

CITY OF RICHMOND, VIRGINIA



# Comprehensive Annual Financial Report

FOR THE FISCAL YEAR ENDED JUNE 30, 2014



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

[www.RVA.gov](http://www.RVA.gov)

CITY OF RICHMOND, VIRGINIA

# Comprehensive Annual Financial Report

For Fiscal Year Ended June 30, 2014



MAYOR  
Dwight C. Jones

CHIEF ADMINISTRATIVE OFFICER  
Selena Cuffee-Glenn

## CITY COUNCIL

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*President*

Chris A. Hilbert  
*Vice President*

Parker C. Agelasto  
Jonathan T. Baliles  
Kathy C. Graziano  
Cynthia I. Newbille  
Ellen H. Robertson  
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Reva M. Trammell



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**THE CITY OF RICHMOND, VIRGINIA  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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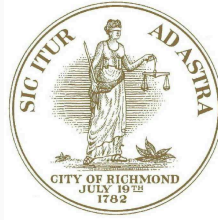




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# ***INTRODUCTORY SECTION***

# City of Richmond



DWIGHT C. JONES  
MAYOR

October 5, 2015

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

We are pleased to present the City of Richmond, Virginia's (City) Comprehensive Annual Financial Report (CAFR) for the fiscal year (FY) ended June 30, 2014. This report is intended to provide informative and relevant financial data to the residents of the City, the City Council, investors, creditors, and any other interested reader. It includes all statements and disclosures necessary for the reader to obtain a thorough understanding of the City's financial activities. The reader should pay particular attention to the required Management's Discussion and Analysis – a narrative overview and analysis of the financial statements – included in this document. Any individual with comments or questions concerning this report is encouraged to contact the City of Richmond's Department of Finance at (804) 646-5829. This report may also be found online at [www.richmondgov.com/finance](http://www.richmondgov.com/finance).

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

Cherry Bekaert LLP, a certified public accounting firm, audited the City's basic financial statements. As an independent auditor, Cherry Bekaert LLP rendered a modified opinion on the Governmental Activities due to capital assets. Cherry Bekaert LLP rendered an unmodified opinion on the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, stating that these financial statements for the fiscal year ended June 30, 2014 are fairly presented in all material respects and in conformity with GAAP. The report of independent auditors is presented as the first component of the Financial Section of this report.

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, incorporated in 1782, is a municipal corporation of the Commonwealth of Virginia and is the state capital. The City occupies 62.55 square miles and serves a growing population of 217,853 as of the U.S. Census Bureau's 2014 annual population estimate. In the Commonwealth, cities have sole jurisdiction over the entire area within their boundaries and operate independently of any county government. There are no overlapping jurisdictions and, consequently, citizens of Virginia cities are not subject to overlapping debt or taxation.

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

The results are a diverse economic base that includes research and development, manufacturing, retail, services, law, distribution, tourism, banking, and state government, which contributes to a stable and positive business environment. Richmond is home to the Fifth District Federal Reserve Bank, one of 12 Federal Reserve Banks, and is also home to the Fourth

Circuit U.S. Court of Appeals, one of 13 in the United States. Richmond has ten Fortune 1000 companies headquartered in the region including five Fortune 500 firms – Altria Group, Dominion Resources, Genworth Financial, Carmax, and MeadWestvaco.

Accolades bestowed on the City and the Greater Richmond Area include the following rankings: 3rd best location in job creation (Gallup's Job Creation Index), 3rd best place for military retirement (USAA and Military.com), one of the nation's 50 best places for business and careers (*Forbes*), one of the 10 hottest housing markets for 2014 (CNN Money), 5th most affordable City to buy a home (homeinsurance.com), one of the 10 Cities you should explore in 2014 (BuzFeed), and 3rd best City in America for food lovers in 2014 (mylife.com). Also in 2014 *Departures* magazine named Richmond "The Next Great American Food City" and Southern Living magazine named three Richmond restaurants among its "100 Best Restaurants in the South."

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

This active educational environment supports the City's flourishing cultural community, numerous sports and entertainment attractions, and one of the nation's largest river park systems. The Virginia Museum of Fine Arts, located in the City's Fan District, is home to the largest public Fabergé collection outside Russia, was the only east coast venue selected to exhibit the "Picasso: Masterpieces from the Musée National Picasso, Paris" collection, and is considered a world class public museum. The Richmond Flying Squirrels, the Minor League AA affiliate of the San Francisco Giants Major League Baseball team, recently announced their intention to remain in Richmond through at least 2017 and the Washington Redskins selected Richmond as the new location of their summer training camp beginning in 2013.

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

### **Profile of the Government**

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

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

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

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

The City provides a full range of general governmental services for its citizens. These services include police and fire protection, sanitation services, the construction and maintenance of roads, streets and other infrastructure, recreational activities, and cultural events. In addition to general government activities, the City's gas, water and wastewater utilities are regional providers of services to customers in the City as well as in the surrounding counties. The City government also provides the majority of the

funding for the public schools systems, though the schools are operated by a legally distinct entity and a separately elected school board.

The City's CAFR includes all funds of the City, the primary government, as well as all of its component units. Five discretely presented component units, the Richmond Ambulance Authority, Richmond Redevelopment and Housing Authority, Richmond Behavioral Health Authority, School Board of the City of Richmond, and the Richmond Economic Development Authority, are included in the reporting entity because of the City's financial accountability for these organizations. These component units are reported in separate columns in the City's basic financial statements. Additional information concerning these legally separate organizations can be found in the notes to the financial statements.

### **Budget Process**

The budget serves as the foundation for the City's financial planning and spending control. The City adopts a biennial budget, with amendments made in the second year of that biennium. Fiscal Year 2014 was the first year of the biennium. The proposed biennial budget was presented to City Council in March 2013. City Council, through its Finance and Economic Development Standing Committee, undertook an intensive review of the proposed budget in a series of public meetings and outlined their policy priorities. Prior to adopting the biennial budget, a public hearing was held in April with budget adoption in May 2013.

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

### **Expenditures**

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

### **Revenue**

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

General Fund revenues and other financing sources were under budget by \$10.4 million for fiscal year ended June 30, 2014.

### ***Economic Overview***

The national, state, and City economies are back on track after the "Great Recession" of 2008. At the national level, real gross domestic product showed a 4.6% expansion in the first six-months of 2014. The national unemployment rate was 6.1% as of June 2014, 1.4 percentage points lower than the 7.5% a year ago. The economy added 1.4 million jobs in the first six months of the year. That's the strongest six months for job growth since 2006.

At the local level, Richmond's economy also showed steady growth. The City unemployment rate, non-seasonally adjusted, was 6.5% for the month ending May 2014. This was 1.2 percentage points higher than the Virginia rate of 5.3%. However, when compared to the same period a year ago, the rate decreased 0.3 %, from 6.8% to 6.5%. Like some other urban areas throughout the country, Richmond has seen a resurgence of people moving back into the City. The City's population has grown each year since 2004 reaching 217,853 in 2014, according to US Census Bureau estimates.

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

In FY 2010, the Mayor outlined his vision of making Richmond a Tier One City through a series of changes in the way government operates. This vision included running a top-notch, well managed organization grounded in accountability and strong financial management that serves the community, runs the business, manages resources and develops employees. In

FY 2011, the City implemented the Mayor's vision with a comprehensive tax compliance program, a one-time tax amnesty program, and twice-per-year real estate billing. Collectively, these programs improved the current real estate tax collection rate and collections of delinquent real estate tax revenue. In FY 2012, the City strengthened its financial foundation by adopting revised debt and unassigned fund balance policies.

Throughout the fiscal year, a number of actions that were initiated in FY 2010 were continued through FY 2014, 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 FY 2015 the Administration will continue to expand on these accomplishments, making strides toward achieving a goal of a Tier One City with a well managed government and a AAA bond rating.

In FY 2015, the Diamond Baseball Stadium property was sold and conveyed to the City from the Richmond Metropolitan Transportation Authority (formerly known as the Richmond Metropolitan Authority).

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

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

#### **Fund Balance Guidelines**

As of June 30, 2014, the General Fund Unassigned Fund Balance was \$79.3 million, which equaled 12.3 percent of the adopted General Fund budgeted expenditures, including transfers. The City considers the Unassigned Fund Balance to be comprised of funds that have no limitations or restrictions or planned use. The Unassigned Fund Balance for the past five fiscal years, as a percent of the Adopted General Fund Budget, is shown below. It should be noted that fiscal years 2008 through 2010 were prior to the implementation of GASB 54:

FY 2008:	7.5%
FY 2009:	7.4%
FY 2010:	9.4%
FY 2011:	10.1%
FY 2012:	9.0%
FY 2013:	9.7%
FY 2014:	12.3%

The unassigned fund balance percentage was calculated differently in fiscal years 2008-2011 as compared to the subsequent years. This change in calculation was the result of a new unassigned fund balance policy adopted on April 23, 2012. The City has had a fund balance policy in place since 1988. On April 23, 2012, the City Council adopted a new unassigned fund balance policy, which states:

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



## Debt Guidelines

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

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

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

### A. No Overlapping Debt

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

### B. Legal Debt Margin

Article VII, Section 10 of the Constitution of Virginia provides that the legal general obligation debt limit for cities is ten percent of the last preceding assessment for real estate taxes. At June 30, 2014 the City had a legal debt limit of \$1,958,825,900 and the statutory capacity to issue approximately \$1,108,350,870 of additional general obligation debt.

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

10% of assessed value of taxable real estate as of January 1, 2014 <sup>1</sup>	\$ 1,958,825,900
Less: bonds and notes payable <sup>2</sup>	<u>(850,475,034)</u>
Legal margin for creating additional debt	<u>\$ 1,108,350,866</u>

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

<sup>2</sup> Does not include \$723,448,460 of self-support City of Richmond Public Utility Revenue Bonds or \$6,827,905 of Lease Revenue Bonds that by State law are not required to be included in calculations for legal margin for creation of additional debt.

### C. Short-Term Debt

The City uses a \$150.0 million Bond Anticipation Note Line of Credit Facility to provide interim financing for Capital Improvement Plan (CIP) projects. Debt issued on this facility is refinanced periodically as General Obligation Bonds. As of June 30, 2014, the City had \$70.0 million outstanding on the Line of Credit.

**D. Long-Term Debt**

Bonds of the City, including general obligation bonds, serial equipment notes and certain public utility bonds, and bond anticipation notes are direct general obligations, to which the full faith and credit of the City are pledged. The Council is authorized and required, unless other funds are lawfully available and appropriated for timely payment, to levy and collect on all property taxable by the City such as ad valorem taxes as may be necessary to pay when due the principal of, premium, if any, and interest on such bonds and notes as the same shall become due and payable. The City has never defaulted in the payment of principal, premium, or interest on any debt.

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

**E. Authorized but Unissued Bonds and Notes**

As of June 30, 2014, the City had a total of \$340,908,386 in authorized but unissued general obligation bonds or revenue bonds, including \$222,759,000 to be issued as self-supporting revenue bonds to finance self-supporting public utility projects and \$118,149,386 to be issued as General Fund supported general obligation bonds.

***Certificate of Achievement***

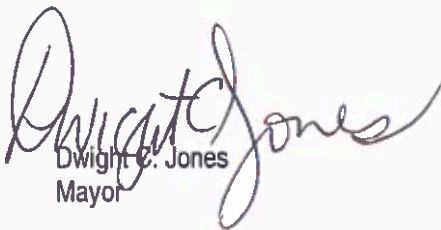
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its CAFR for the fiscal year ended June 30, 2013. This was the 30<sup>th</sup> consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only.

***Acknowledgements***

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

Sincerely,

  
Dwight C. Jones  
Mayor

  
Selena Cuffee-Glenn  
Chief Administrative Officer



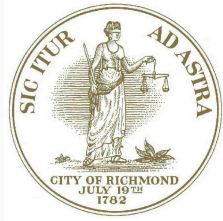


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# City of Richmond



DWIGHT C. JONES  
MAYOR

## MANAGEMENT REPORT ON RESPONSIBILITY FOR FINANCIAL REPORTING

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


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

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

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

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

  
Dwight C. Jones  
Mayor

  
Selena Cuffee-Glenn  
Chief Administrative Officer



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Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Richmond  
Virginia**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2013**

Executive Director/CEO



**CITY OF RICHMOND, VIRGINIA**

**STRONG MAYOR - COUNCIL FORM OF GOVERNMENT**

**June 30, 2014**

**CITY MAYOR**

Dwight C. Jones

***CHIEF ADMINISTRATIVE OFFICER***

Selena Cuffee-Glenn

***CITY COUNCIL***

Michelle R. Mosby – President  
Chris A. Hilbert – Vice President  
Parker C. Agelasto  
Jonathan T. Baliles  
Kathy C. Graziano

Cynthia I. Newbille  
Ellen F. Robertson  
Charles R. Samuels  
Reva M. Trammell

**CITY  
AUDITOR**

Umesh V. Dalal, CPA, CIA, CA

**ATTORNEY**

Allen L. Jackson

**SUPERINTENDENT  
OF SCHOOLS**

Dr. Dana T. Bedden

Prepared by  
**DEPARTMENT OF FINANCE**

**INDEPENDENT AUDITORS**

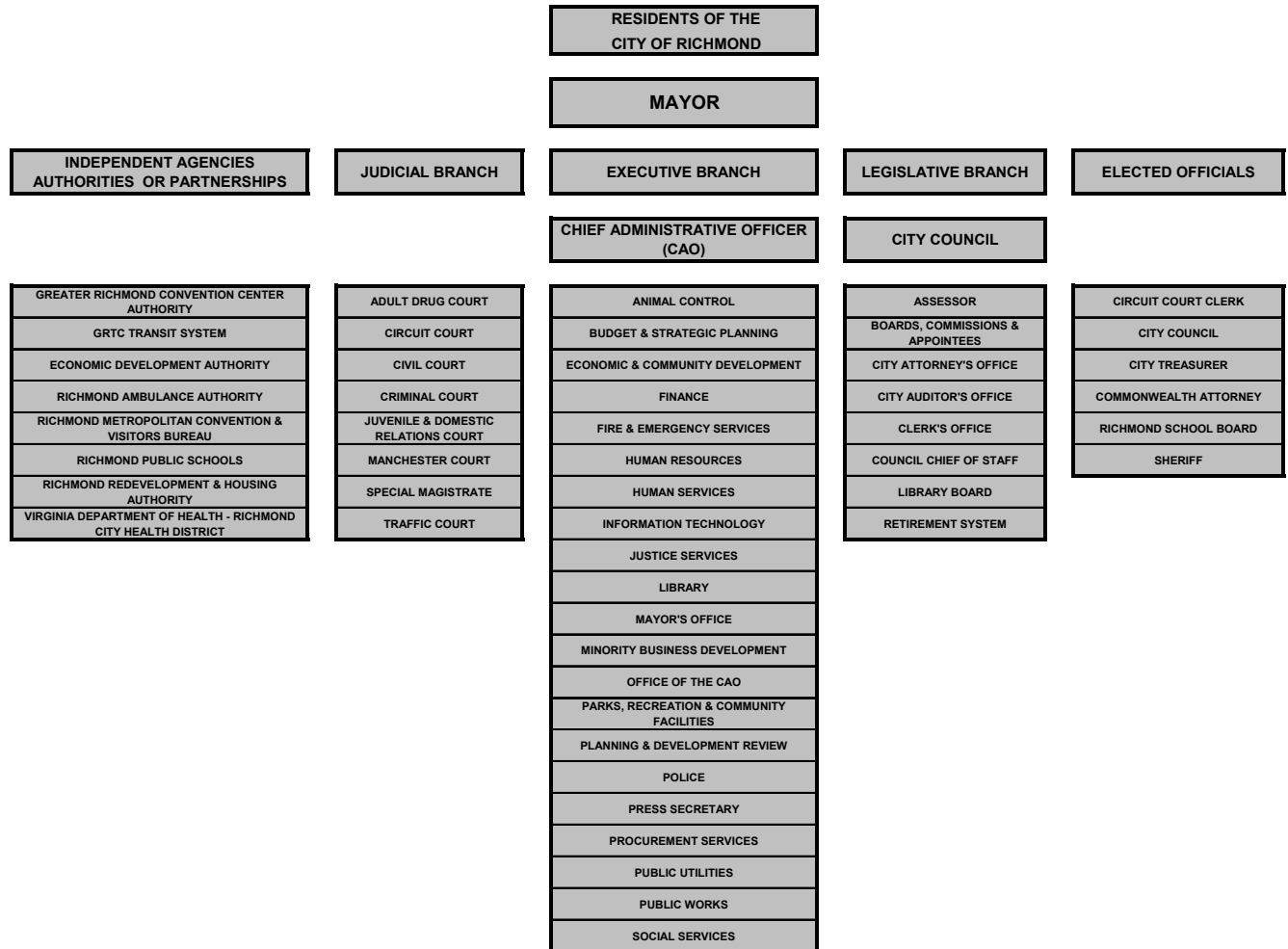
Cherry Bekaert LLP



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# CITY OF RICHMOND ORGANIZATION OF LOCAL GOVERNMENT 2013 - 2014





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# ***FINANCIAL SECTION***

## Report of Independent Auditors

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Richmond, Virginia (the "City") as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Richmond Behavioral Health Authority, the Richmond Redevelopment and Housing Authority, and the Richmond Economic Development Authority, which represent 68.87%, 27.75%, and 102.63%, respectively, of the total assets, revenues, and net position of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinions, insofar as they relate to the amounts included for the Richmond Behavioral Health Authority, the Richmond Redevelopment and Housing Authority, and the Richmond Economic Development Authority, are based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards and specifications require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## **Summary of Opinions**

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Qualified
Business-type Activities	Unmodified
Aggregate Discretely Presented Component Units	Unmodified
Governmental Fund – General Fund	Unmodified
Governmental Fund – Debt Service Fund	Unmodified
Governmental Fund – Capital Projects Fund	Unmodified
Enterprise Fund – Gas Fund	Unmodified
Enterprise Fund – Water Fund	Unmodified
Enterprise Fund – Wastewater Fund	Unmodified
Enterprise Fund – Stormwater Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

### ***Basis for Qualified Opinion on the Governmental Activities***

As of June 30, 2014, City management cannot accurately determine the total amount of governmental activities' capital assets, to include construction in progress and the related in-service dates for any projects that have been completed and should be reclassified as a depreciable asset. Accounting principles generally accepted in the United States of America require that capital assets be recorded when certain established criteria are met and that such assets be depreciated over their remaining useful life. The amount by which this departure would affect the assets, expenses and related net position of the governmental activities has not been determined.

### ***Qualified Opinion***

In our opinion, except for the effects of the matter described in the “*Basis for Qualified Opinion on the Governmental Activities*” paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of the City as of June 30, 2014, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Unmodified Opinions***

In our opinion, based upon our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

As discussed in Note 1 to the basic financial statements, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*, effective July 1, 2013. Our opinions are not modified with respect to this matter.

As discussed in Note 17 to the financial statements, the fund balance as of June 30, 2013 of the Capital Projects fund and the net position as of June 30, 2013 of the governmental activities; the business-type activities; the Gas, Water, Wastewater and Stormwater major proprietary funds, and the aggregate remaining fund information have been restated from the City's previously issued financial statements to reflect the correction of errors. Our opinions are not modified with respect to this matter.

As discussed in Note 17 to the financial statements, the net position as of June 30, 2013 of the aggregate remaining fund information has been restated from the City's previously issued financial statements to reflect a change in fund reporting presentation. Our opinion is not modified with respect to this matter.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison, pension and other postemployment benefits information on pages 5-15, 82-86, and 70-73, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 2015, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Richmond, Virginia  
October 5, 2015



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**CITY OF RICHMOND, VIRGINIA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Fiscal Year Ended June 30, 2014**  
**(Unaudited)**

The following discussion and analysis provided by the City's management presents a narrative overview and analysis of the financial activities of the City through the presentation of its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2014. City management encourages readers to consider the information presented here in conjunction with the information presented in the transmittal letter at the front of this report and the City's basic financial statements which follow this section.

**FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2014**

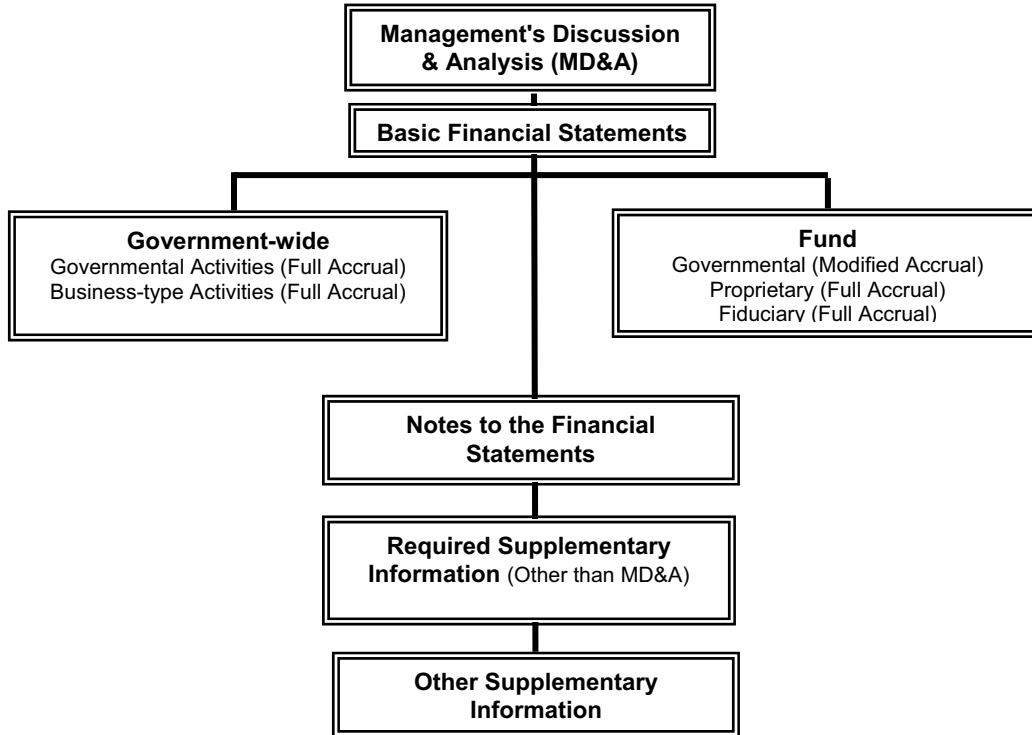
- At the end of the fiscal year the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,013.4 million. This amount represents an increase of \$79.9 million, or 8.6 percent, over the prior year's restated amount of \$933.5 million. Net position was comprised mainly of \$822.2 million attributable to the City's net investment in capital assets, \$3.1 million restricted for debt service and capital projects usage, and \$170.0 million unrestricted to be used to meet ongoing obligations to residents and creditors.
- Net position for governmental activities increased \$36.0 million, or 11.3 percent, compared to the prior year.
- For the fiscal year, General Fund revenues and financing sources of \$644.5 million nearly equaled General Fund expenditures and other financing uses of \$645.2 million. City taxes accounted for 66.9 percent of revenue.
- In the City's business-type activities, net position increased by \$43.9 million, or 7.1 percent.
- The City's General Fund reported an ending balance of \$126.4 million, a decrease of \$0.7 million, or -0.5 percent, compared to the prior year. Of the total General Fund balance: \$10.8 million is committed to revenue stabilization and economic development initiatives; \$35.2 million is assigned to subsequent years' expenditures; and \$80.4 million is unassigned. The unassigned fund balance represents 12.1 percent of budgeted expenditures and transfers out of \$664.4 million. The unassigned fund balance exceeds the City's 10 percent fiscal policy.
- The City is a member of two retirement systems: the Virginia Retirement System (VRS) for constitutional officers and their employees and the Richmond Retirement System (RRS) for all other City employees. The percentage funded ratio for the VRS City component was 81.7 percent. For the RRS the percentage funded ratio was 63.8 percent, an increase of 5 percent over the prior year.
- The City funded its OPEB (Other Postemployment Benefits) obligation at 109 percent of the annual required contribution.
- The City made three changes to the way it reported certain transactions in the CAFR:
  - 1) Reclassified a fiduciary fund to an internal service fund regarding health care benefits;
  - 2) Restated certain capital assets for governmental and business-type activities; and
  - 3) Clarified certain policies and restated bond issuance costs and rate stabilization accounts for water customers.
- The City's total taxable assessed value for real and personal property including machinery and tools increased by \$626.2 million, or 2.9 percent.
- The City's general obligation bond rating was upgraded from AA to AA+ by Standard & Poor's; the ratings from Moody's and Fitch were maintained at Aa2 and AA+ respectively. The City's bond ratings for utility revenue bonds remain at AA for both Standard & Poor's and Fitch and Aa2 from Moody's.





## OVERVIEW OF THE FINANCIAL STATEMENTS

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



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

### Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business. Government-wide financial reporting consists of two statements: the Statement of Net Position and the Statement of Activities. The Statement of Net Position includes all of the City's assets and liabilities, both short-term and long-term, while the Statement of Activities reports all of the current year's revenues and expenses as soon as the underlying event for recognition occurs, regardless of the timing of the related cash flows. Over time, the increase or decreases in the City's net position can be an indicator of the City's financial condition. CAFR users should also consider additional non-financial factors in assessing the overall health of the City.

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

- Governmental Activities** – Most of the City's basic services including police, fire, economic and community development, parks, recreation and community facilities, social services, and general administration are reported here. The majority of these activities are supported by property taxes, other local taxes, and federal and state funding.



- **Business-type Activities** – The City’s gas, water, wastewater, storm water, coliseum, and cemeteries are reported here. Fees are charged to customers to help cover the costs of providing these services.<sup>1</sup>
- **Component Units** – Five separate legal entities are included in this report – The City of Richmond School Board, the Richmond Economic Development Authority, the Richmond Ambulance Authority, the Richmond Behavioral Health Authority and Richmond Redevelopment and Housing Authority. Although legally separate, these component units are important because the City is financially accountable for them, and may provide significant operating or capital funding, or both.

## Fund Financial Statements

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

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

## Notes to the Financial Statements

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

## GOVERNMENT-WIDE ANALYSIS

### Net Position

FY 2014, total assets for the Primary Government were \$2,916.5 million, exceeding prior year total assets by \$191.4 million or 7.0 percent. Total assets for only governmental activities were \$1,298.8 million, up by \$170.0 million or 15.1 percent. Total assets from business-type activities, although they increased by only \$21.4 million, were still pre-dominant in FY 2014 accounting for 55.5 percent of total Primary Government assets compared to 58.6 percent in FY 2013.

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<sup>1</sup> Stores Fund activities are reported in internal service funds.



Total liabilities were \$1,917.3 million, up \$130.3 million from \$1,787.0 million in FY 2013. However, it is interesting to note that total liabilities associated with business-type activities actually decreased 1.8 percent, while total liabilities dealing with governmental activities increased by 18.3 percent. The changes in total liabilities were attributable to long-term debt outstanding with business-type long term outstanding debt declining by \$25.3 million, while governmental long-term debt outstanding rose by \$60.7 million.

Total net position was \$1013.4 million up \$79.9 million, or 8.6 percent, over the prior year's balance with business-type activities accounting for 65.0 percent of total net position. Table 1 summarizes the City's government-wide net position at June 30, 2014 and 2013.

**Table 1**  
**City of Richmond's Schedule of Net Position**  
**as of the Fiscal Years Ended June 30, 2014 and 2013**  
**(In Millions, rounded)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	2013*	2014	2013*	2014	2013*
Current and Other Assets	\$ 289.9	\$ 241.0	\$ 421.1	\$ 438.1	\$ 711.0	\$ 679.1
Capital Assets, Net	1,008.9	887.8	1,196.6	1,158.2	2,205.5	2,046.0
Total Assets	<u>1,298.8</u>	<u>1,128.8</u>	<u>1,617.7</u>	<u>1,596.3</u>	<u>2,916.5</u>	<u>2,725.1</u>
Deferred Outflow of Resources	<u>15.6</u>	<u>17.3</u>	<u>10.5</u>	<u>5.5</u>	<u>26.1</u>	<u>22.8</u>
Current and Other Liabilities	231.0	143.9	89.7	81.9	320.7	225.8
Long-Term Obligations Outstanding	<u>726.4</u>	<u>665.7</u>	<u>870.2</u>	<u>895.5</u>	<u>1,596.6</u>	<u>1,561.2</u>
Total Liabilities	<u>957.4</u>	<u>809.6</u>	<u>959.9</u>	<u>977.4</u>	<u>1,917.3</u>	<u>1,787.0</u>
Deferred Inflows of Resources	<u>1.9</u>	<u>17.4</u>	<u>10.0</u>	<u>10.0</u>	<u>11.9</u>	<u>27.4</u>
Net Position:						
Net Investment in Capital Assets	298.2	240.5	524.0	488.6	822.2	729.1
Restricted	21.3	31.9	--	--	21.3	31.9
Unrestricted	<u>35.6</u>	<u>46.7</u>	<u>134.3</u>	<u>125.8</u>	<u>169.9</u>	<u>172.5</u>
Total Net Position, As Restated	<u>\$ 355.1</u>	<u>\$ 319.1</u>	<u>\$ 658.3</u>	<u>\$ 614.4</u>	<u>\$ 1,013.4</u>	<u>\$ 933.5</u>

\* Balances for FY 2013 have been restated, see Notes to Financial Statements #17 for further discussion.

### Activities

In FY 2014, total Primary Government revenues increased from the prior year by \$15.3 million or 1.5 percent to \$1,037.6 million. Program revenues (charges for service, grants, and contributions) of \$613.3 million accounted for 59.1 percent of all Primary Government revenues, while property and other local taxes attributable to governmental activities accounted for \$426.7 million, most of the remainder. Total revenues for all governmental activities were \$689.6 million. Governmental Activities' program revenues of \$261.3 million accounted for 37.9 percent.

Total expenses for Primary Government activities were \$957.7 million. Four activities: general government, public safety and judiciary, education, and business-type activities accounted for the following amounts and percentages: \$109.4 million (11.4



percent), \$184.2 million (19.2 percent), \$158.1 million (16.5 percent), and \$276.7 million (28.9 percent), respectively. Table 2 summarizes the City's government-wide activities for the years ended June 30, 2014 and 2013.

**Table 2**  
**City of Richmond's Schedule of Activities**  
**For the Fiscal Years Ended June 30, 2014 and 2013**  
**(In Millions, rounded)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	2013*	2014	2013*	2014	2013*
<b>Revenues:</b>						
Program Revenues:						
Charges for Services	\$ 81.7	\$ 93.0	\$ 332.0	\$ 297.5	\$ 413.7	\$ 390.5
Operating Grants and Contributions	144.4	141.5	20.0	19.6	164.4	161.1
Capital Grants and Contributions	35.2	26.8	--	--	35.2	26.8
General Revenues:						
Property Taxes	256.5	263.5	--	--	256.5	263.5
Other Taxes	170.2	175.0	--	--	170.2	175.0
Investment Income	--	0.1	0.8	0.7	0.8	0.8
Miscellaneous	1.6	3.3	(4.8)	1.3	(3.2)	4.6
<b>Total Revenues</b>	<b>689.6</b>	<b>703.2</b>	<b>348.0</b>	<b>319.1</b>	<b>1,037.6</b>	<b>1,022.3</b>
<b>Expenses:</b>						
Primary Government						
General Government	109.4	145.7	--	--	109.4	145.7
Public Safety and Judiciary	184.2	187.8	--	--	184.2	187.8
Highway, Street, Sanitation, and Refuse	86.3	88.9	--	--	86.3	88.9
Human Services	78.2	79.0	--	--	78.2	79.0
Culture and Recreation	26.1	25.0	--	--	26.1	25.0
Education	158.1	158.8	--	--	158.1	158.8
Transportation	12.6	11.6	--	--	12.6	11.6
Interest and Fiscal Charges	26.1	19.8	--	--	26.1	19.8
Business-type Activities	--	--	276.7	250.7	276.7	250.7
<b>Total Expenses</b>	<b>681.0</b>	<b>716.6</b>	<b>276.7</b>	<b>250.7</b>	<b>957.7</b>	<b>967.3</b>
(Loss) Income Before Transfers	8.6	(13.4)	71.3	68.4	79.9	55.0
Transfers	27.4	23.6	(27.4)	(23.6)	--	--
Changes in Net Position	36.0	10.2	43.9	44.8	79.9	55.0
Net Position, Beginning of Year, As Restated	319.1	308.9	614.4	569.6	933.5	878.5
<b>Net Position, End of Year</b>	<b>\$ 355.1</b>	<b>\$ 319.1</b>	<b>\$ 658.3</b>	<b>\$ 614.4</b>	<b>\$ 1,013.4</b>	<b>\$ 933.5</b>

\* Balances for FY 2013 have been restated, see Notes to Financial Statements #17 for further discussion.

### GENERAL FUND

The General Fund is by far the City's largest governmental fund and, therefore, deserves special attention. Total revenues and other financing sources totaled \$644.5 million in FY 2014, a decrease of \$2.0 million from the prior year. Property and other local taxes accounted for \$430.9 million or 66.9 percent of total revenues. One obvious anomaly between FY 2013 and FY 2014 is that the original and amended budgets for FY 2013 show other financing sources in excess of \$140 million, because the City budgeted significant amounts of use of fund balance in the revenue column. This practice was stopped in FY 2014.

On the other side of the ledger, expenditures and transfers out totaled \$645.2 million, a decrease of \$36.2 million or -5.3 percent, from the prior year. Public safety and judiciary and education, the two largest program areas, totaled \$325.4 million, or 50.4 percent of total General Fund expenses. Once again, as with revenues, an obvious anomaly between FY 2013 and FY 2014 is that the original and amended budgets for FY 2013 show non-departmental expenses in excess of \$160 million, because the City budgeted significant amounts of use of fund balance in the expenses column. This pass through of fund balance as expenditures to offset fund balance use in the revenues column was stopped in FY 2014.

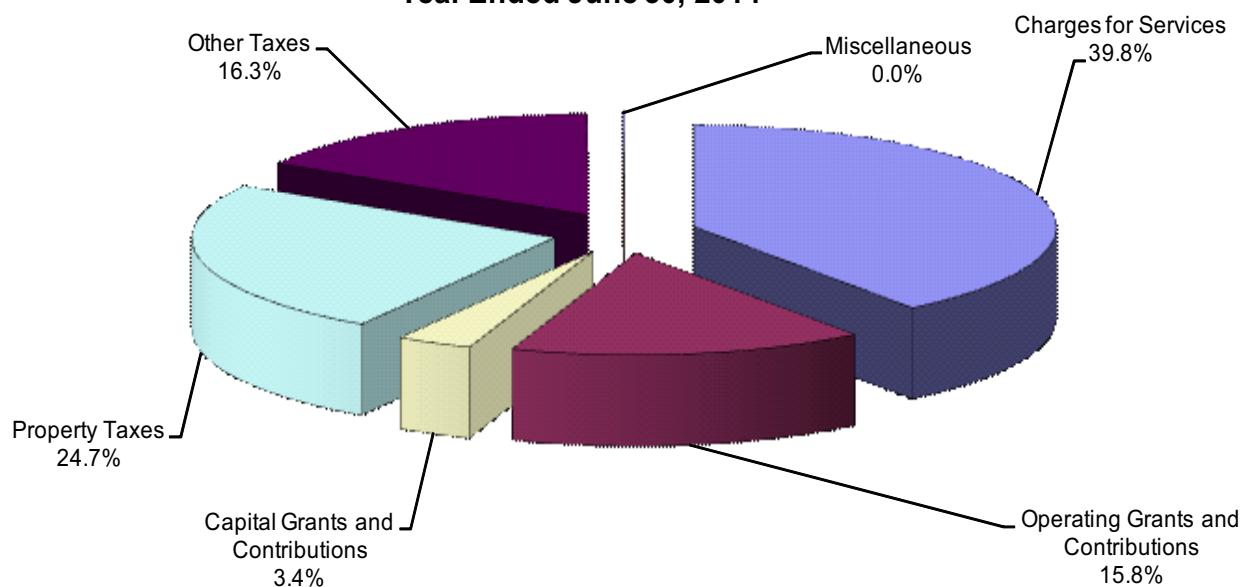


A final observation regarding budgetary comparison: actual expenses and other financing uses exceeded actual revenues and other financing sources by \$34.9 million in FY 2013 and by \$.7 million in FY 2014. In both years, available fund balances were used to bridge the gap.

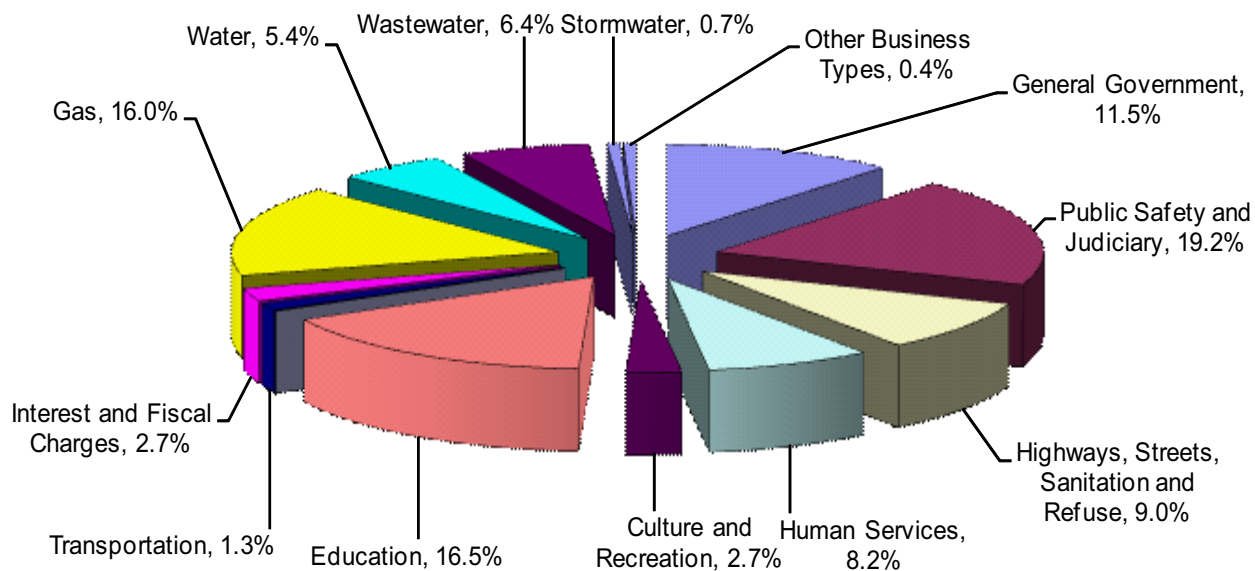
**Table 3**  
**City of Richmond's Budgetary Comparison**  
**General Fund**  
**For the Fiscal Years Ended June 30, 2014 and 2013**  
**(In Millions, rounded)**

	Original Budget		Amended Budget		Actual		Positive (Negative) Variance	
	2014	2013	2014	2013	2014	2013	2014	2013
<b>Revenues:</b>								
Property Taxes	\$ 273.6	\$ 270.7	\$ 273.6	\$ 256.2	\$ 274.3	\$ 260.5	\$ .7	\$ 4.3
Other Taxes	157.8	154.6	157.8	169.2	156.5	173.0	(1.3)	3.8
Intergovernmental	106.8	108.5	107.4	108.5	106.0	99.3	(1.4)	(9.2)
Miscellaneous	107.6	104.1	107.6	104.3	101.3	111.3	(6.3)	7.0
Other Financing Sources	8.1	143.0	8.1	145.5	6.4	2.4	(1.7)	(143.1)
Total Revenues and Other Financing Sources	<u>\$ 653.9</u>	<u>\$ 780.9</u>	<u>\$ 654.5</u>	<u>\$ 783.7</u>	<u>\$ 644.5</u>	<u>\$ 646.5</u>	<u>\$ (10.0)</u>	<u>\$ (137.2)</u>
<b>Expenses:</b>								
General Government	\$ 77.3	\$ 79.5	\$ 76.9	\$ 89.7	\$ 66.0	\$ 82.1	\$ 10.9	\$ 7.6
Public Safety and Judiciary	167.6	163.6	173.7	166.6	171.1	168.2	2.6	(1.6)
Highway, Street, Sanitation, and Refuse	57.6	59.5	61.3	63.4	61.4	59.5	(.1)	3.9
Human Services	64.6	73.1	63.0	73.6	59.7	60.1	3.3	13.5
Culture and Recreation	21.6	21.3	21.7	21.4	22.5	20.7	(.8)	.7
Education	154.3	153.2	154.3	153.2	154.3	153.2	--	--
Non-Departmental	44.0	171.4	43.1	164.4	44.1	72.9	(1.0)	91.5
Other Financing Uses	71.1	59.3	70.4	57.4	66.1	64.7	4.3	(7.3)
Total Expenses and Other Financing Uses	<u>\$ 658.1</u>	<u>\$ 780.9</u>	<u>\$ 664.4</u>	<u>\$ 789.7</u>	<u>\$ 645.2</u>	<u>\$ 681.4</u>	<u>\$ 19.2</u>	<u>\$ 108.3</u>

### Primary Government Sources of Revenues Year Ended June 30, 2014



### Primary Government Functional Expenses Year Ended June 30, 2014





## CAPITAL ASSETS

The City has restated the FY 2014 beginning balance of governmental activities for capital assets, decreasing construction work in progress by \$66.6 million and increasing capital assets, net of depreciation, by \$56.0 million. Net capital assets at June 30, 2013 decreased by \$10.7 million to \$887.8 million after accumulated depreciation was increased by \$11.4 million. For FY 2014, net capital assets for governmental activities increased by \$121.1 million (13.7 percent) to just over \$1 billion, primarily due to the completion of a new City jail and a high school.

The Department of Public Utilities' capital assets grew by \$38.3 million during the fiscal year. The Gas Utility invested approximately \$7.2 million to support our expanding market base and \$18.6 million in upgrades to existing infrastructure. The Water Utility invested approximately \$26.0 million in upgrades to existing infrastructure including \$10.0 million of investments in major plant improvements. The Wastewater Utility invested approximately \$28.0 million in upgrades to existing infrastructure, of which \$8.6 million was spent on major plant improvements. The Stormwater Utility and Electric Utility invested \$4.5 million and \$1.3 million respectively to upgrade their existing infrastructure. The Department of Public Utilities reviewed certain projects that were classified as Construction in Progress at the end of FY 2013 and determined that they were in fact in service. As a result, FY 2014 beginning balances of Construction in Process, Plant-in-service and Accumulated Depreciation have been restated to reflect those projects as in service.



**Table 4**  
**City of Richmond's Capital Assets**  
**For the Fiscal Years Ended June 30, 2014 and 2013**  
**(In Millions, rounded)**

	Governmental Activities		Business-type Activities		Total	
	2014	2013*	2014	2013*	2014	2013*
<b>Capital Assets Not Being Depreciated:</b>						
Land and Land Improvements	\$ 108.0	\$ 103.4	\$ 16.7	\$ 16.7	\$ 124.7	\$ 120.1
Construction In Progress	311.6	253.9	90.7	79.3	402.3	333.2
Works of Art / Historical Treasures	7.0	7.0	--	--	7.0	7.0
<b>Total Assets Not Being Depreciated</b>	<b>426.6</b>	<b>364.3</b>	<b>107.4</b>	<b>96.0</b>	<b>534.0</b>	<b>460.3</b>
<b>Capital Assets Being Depreciated:</b>						
Infrastructure	810.2	786.6	--	--	810.2	786.6
Buildings and Structures	544.2	475.6	1,709.7	1,595.3	2,253.9	2,070.9
Equipment and Other Assets	123.0	118.7	37.8	78.5	160.8	197.2
Improvements Other Than Buildings	17.6	16.7	--	--	17.6	16.7
<b>Total Other Assets</b>	<b>1,495.0</b>	<b>1,397.6</b>	<b>1,747.5</b>	<b>1,673.8</b>	<b>3,242.5</b>	<b>3,071.4</b>
<b>Less Accumulated Depreciation For:</b>						
Infrastructure	505.5	487.5	--	--	505.5	487.5
Buildings and Structures	300.1	287.5	618.3	548.1	918.4	835.6
Equipment and Other Assets	100.8	93.9	40.0	63.4	140.8	157.3
Improvements Other Than Buildings	6.3	5.2	--	--	6.3	5.2
<b>Total Accumulated Depreciation</b>	<b>912.7</b>	<b>874.1</b>	<b>658.3</b>	<b>611.5</b>	<b>1,571.0</b>	<b>1,485.6</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>582.3</b>	<b>523.5</b>	<b>1,089.2</b>	<b>1,062.3</b>	<b>1,671.5</b>	<b>1,585.8</b>
<b>Total Capital Assets, Net</b>	<b>\$ 1,008.9</b>	<b>\$ 887.8</b>	<b>\$ 1,196.6</b>	<b>\$ 1,158.3</b>	<b>\$ 2,205.5</b>	<b>\$ 2,046.1</b>

\* Balances for FY 2013 have been restated, see Notes to Financial Statements #17 for further discussion.

## LONG-TERM OBLIGATIONS

Unlike FY 2013, where the City issued no new general obligation bonds or notes, in FY 2014 the City issued \$149,040,000 new general obligations bonds and \$34,360,000 in general obligation notes. During the year, the City retired total governmental activities' general obligation debt of \$40,065,550. As of June 30, 2014, the major credit rating agencies have rated the City's general obligation debt as follows: Aa2 by Moody's Investors Service, AA+ by Standard and Poor's, and AA+ by Fitch. Additional information can be found in the Notes to the Financial Statements, Note 7 – Obligations.

Article VII, Section 10 of the Constitution of Virginia limits the amount of general obligation debt the City can issue to ten percent of the assessed value of real property. The City's outstanding general obligation debt of \$850,475,034 at June 30, 2014 (including self-supporting public general obligation utility bonds) was 33.5% of the constitutional limit of \$1,958,825,900. Table 5 summarizes the City's long-term obligations at June 30, 2014 and 2013.





**Table 5**  
**City of Richmond's Long-Term Obligations**  
**For the Fiscal Year Ended June 30, 2014**

	Balance			Balance	Not Due Within	Due Within
	July 1, 2013	Additions	Deletions	June 30, 2014	One Year	One Year
<b>Primary Government - Governmental Activities</b>						
General Obligation Bonds	\$ 493,685,536	\$ 149,040,000	\$ 36,875,197	\$ 605,850,339	\$ 571,290,460	\$ 34,559,879
General Obligation Notes	5,300,000	34,360,000	2,200,000	37,460,000	35,035,000	2,425,000
Virginia Public Schools Authority Bonds	125,165	--	237,873	977,282	736,976	240,306
Qualified Zone Academy Bonds	2,024,853	--	192,480	1,832,373	1,639,893	192,480
HUD Section 108 Notes	11,255,000	--	560,000	10,695,000	10,125,000	570,000
Premium on Debt Issued	23,847,759	12,943,870	3,626,824	33,164,805	29,537,981	3,626,824
Total General Obligation Bonds and Notes	<u>\$ 537,328,303</u>	<u>\$ 196,343,870</u>	<u>\$ 43,692,374</u>	<u>\$ 689,979,799</u>	<u>\$ 648,365,310</u>	<u>\$ 416,144,889</u>
Line of Credit-Bond Anticipation Note-Series 2014A	95,855,970	124,144,030	150,000,000	70,000,000	--	70,000,000
Total General Obligation Bonds, Notes and BAN	633,184,273	320,487,900	193,692,374	759,979,799	648,365,310	116,144,889
Capital Leases	2,484,498	--	1,146,566	1,337,932	331,380	1,006,552
Total Obligations	<u>\$ 635,668,771</u>	<u>\$ 320,487,900</u>	<u>\$ 194,838,940</u>	<u>\$ 761,317,731</u>	<u>\$ 648,696,690</u>	<u>\$ 112,621,041</u>
Advantage Richmond Lease Revenue Bond	7,614,180	--	786,275	6,827,905	5,999,238	828,667
Compensated Absences	17,157,087	16,14,590	2,308,638	16,463,039	14,251,564	2,211,475
Net Other Postemployment Benefit Obligations	15,269,554	4,974,250	5,422,850	14,820,954	14,820,954	--
<b>Primary Government - Business-type Activities</b>						
General Obligation Bonds:						
Gas	\$ 62,120,644	\$ --	\$ 7,357,046	\$ 54,763,598	\$ 48,159,354	\$ 6,604,244
Water	48,732,036	--	5,896,465	42,835,571	37,367,150	5,468,421
Wastewater	24,581,894	--	4,096,060	20,485,134	16,242,284	4,242,850
Stormwater	213,750	--	11,250	202,500	191,250	11,250
Premium on Debt, Net	4,007,163	--	130,905	2,876,248	2,876,248	--
Coliseum Enterprise Fund	5,777,205	--	752,054	5,025,151	4,404,895	620,256
Cemeteries Enterprise Fund	391,267	--	43,181	348,086	298,732	49,354
Total G.O. Debt	<u>145,823,249</u>	<u>--</u>	<u>19,286,961</u>	<u>126,536,288</u>	<u>109,539,913</u>	<u>16,996,375</u>
Revenue Bonds:						
Gas	247,291,362	--	4,844,046	242,447,316	238,137,306	4,310,010
Water	199,270,930	--	3,988,022	195,282,908	191,997,933	3,284,975
Wastewater	289,896,546	3,717,048	7,895,359	285,718,235	278,370,866	7,347,369
Premium on Debt, Net	45,968,928	--	2,330,631	43,638,297	43,638,297	--
Total Revenue Bonded Debt	<u>782,427,766</u>	<u>3,717,048</u>	<u>19,058,058</u>	<u>767,086,756</u>	<u>752,144,402</u>	<u>14,942,354</u>
Total Bonded Debt	<u>\$ 928,251,015</u>	<u>\$ 3,717,048</u>	<u>\$ 38,345,019</u>	<u>\$ 893,623,044</u>	<u>\$ 861,684,315</u>	<u>\$ 319,387,729</u>
Capital Leases:						
Other Non-major Enterprise Funds	\$ 203,867	\$ --	\$ 203,867	\$ --	\$ --	\$ --
Compensated Absences:						
Gas	\$ 865,950	\$ 658,167	\$ 704,293	\$ 819,824	\$ 145,812	\$ 674,012
Water	593,796	482,980	514,611	562,165	99,985	462,180
Wastewater	692,762	455,068	515,395	632,435	112,483	519,952
Stormwater	197,932	229,552	216,672	210,812	37,495	173,317
Other Non-major Enterprise Funds	105,249	68,927	71,150	103,026	22,479	80,547
Total Compensated Absences	<u>\$ 2,455,689</u>	<u>\$ 1,894,694</u>	<u>\$ 2,022,121</u>	<u>\$ 2,328,262</u>	<u>\$ 418,254</u>	<u>\$ 191,008</u>



## **ECONOMIC FACTORS**

The City's economy showed steady growth. The unemployment rate, non-seasonally adjusted, was 6.7% for the fiscal year end 2014. This was 1.4 percentage points higher than the Virginia rate of 5.3%. However, when compared to the same period a year ago, the rate decreased 1.5%, from 8.2% to 6.7%. Like some other urban areas throughout the country, the City has seen a resurgence of people moving back into the City. As a result, its population has grown to 217,853 in 2014, according to US Census Bureau estimates.

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

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



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# ***BASIC FINANCIAL STATEMENTS***



**CITY OF RICHMOND, VIRGINIA  
STATEMENT OF NET POSITION  
June 30, 2014**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Current Assets:				
Cash and Cash Equivalents (Note 3)	\$ 102,701,445	\$ 124,002,477	\$ 226,703,922	\$ 25,867,105
Receivables (Net of Allowance for Doubtful Accounts):				
Taxes and Licenses	47,170,925	--	47,170,925	--
Accounts	29,665,276	51,873,970	81,539,246	4,714,060
Internal Balances, Net	726,693	(726,693)	--	--
Due From Primary Government	--	--	--	42,421,146
Due From Other Governments (Note 5)	74,846,558	6,694,337	81,540,895	21,809,118
Inventories of Materials and Supplies	225,843	15,313,390	15,539,233	239,331
Prepaid Assets	219,975	5,415,674	5,635,649	16,487,157
Total Current Assets	<u>255,556,715</u>	<u>202,573,155</u>	<u>458,129,870</u>	<u>111,537,917</u>
Non-Current Assets:				
Restricted Assets - Cash and Investments (Note 3)	34,350,838	218,517,651	252,868,489	16,616,920
Mortgage Loans Receivable and Other Non-Current Assets	--	--	--	23,929,540
Capital Assets, Net (Note 6):				
Land and Works of Art/Historical Treasures	115,002,447	16,656,160	131,658,607	12,295,389
Infrastructure, Net	304,565,214	--	304,565,214	--
Buildings, Structures, Improvements, and Equipment, Net	277,675,991	1,089,217,030	1,366,893,021	110,783,172
Construction in Progress	311,614,843	90,687,984	402,302,827	13,551,599
Total Capital Assets, Net	<u>1,008,858,495</u>	<u>1,196,561,174</u>	<u>2,205,419,669</u>	<u>136,630,160</u>
Total Non-Current Assets	<u>1,043,209,333</u>	<u>1,415,078,825</u>	<u>2,458,288,158</u>	<u>177,176,620</u>
Total Assets	<u>1,298,766,048</u>	<u>1,617,651,980</u>	<u>2,916,418,028</u>	<u>288,714,537</u>
Deferred Outflow of Resources				
Deferred Losses on Refunding	15,625,159	10,528,705	26,153,864	--
Total Deferred outflows of resources	<u>15,625,159</u>	<u>10,528,705</u>	<u>26,153,864</u>	<u>--</u>



**CITY OF RICHMOND, VIRGINIA**  
**STATEMENT OF NET POSITION**  
**June 30, 2014**

**Exhibit A**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Liabilities</b>				
Current Liabilities:				
Accounts Payable	\$ 50,861,172	\$ 31,918,568	\$ 82,779,740	\$ 6,288,680
Accrued Liabilities	7,420,040	4,970,692	12,390,732	34,592,689
Due To Other Governments	98,793	--	98,793	15,200,198
Due To Component Units	42,421,146	--	42,421,146	--
Accrued Interest on Bonds and Notes Payable	10,874,151	16,932,189	27,806,340	--
Unearned Revenues	--	1,987,040	1,987,040	3,776,411
General Obligation Bonds, Serial Notes Payable, and Capital Leases (Note 7 and 15)	112,621,041	16,996,375	129,617,416	405,141
Revenue Bonds Payable (Note 7)	828,667	14,942,354	15,771,021	--
Compensated Absences (Note 7)	2,211,475	1,910,008	4,121,483	--
Other Liabilities and Claims Payable (Note 10)	3,626,627	--	3,626,627	--
Total Current Liabilities	<u>230,963,112</u>	<u>89,657,226</u>	<u>320,620,338</u>	<u>60,263,119</u>
Non-Current Liabilities:				
Customers' Deposits	--	7,972,819	7,972,819	9,329,183
General Obligation Bonds, Serial Notes Payable, and Capital Leases (Note 7 and 15)	648,696,690	109,539,913	758,236,603	8,242,651
Revenue Bonds Payable (Note 7)	5,999,238	752,144,402	758,143,640	--
Unearned Revenues	10,011,737	--	10,011,737	--
Compensated Absences (Note 7)	14,251,564	418,254	14,669,818	12,556,606
Other Liabilities and Claims Payable (Note 10)	32,639,671	126,762	32,766,433	18,483,755
Net Other Postemployment Benefit Obligations (Note 13)	14,820,954	--	14,820,954	27,718,212
Early Retirement Plan Net Pension Obligations	--	--	--	2,655,632
Total Non-Current Liabilities	<u>726,419,854</u>	<u>870,202,150</u>	<u>1,596,622,004</u>	<u>78,986,039</u>
Total Liabilities	<u>957,382,966</u>	<u>959,859,376</u>	<u>1,917,242,342</u>	<u>139,249,158</u>
<b>Deferred Inflows of Resources</b>				
Unearned Revenue-Other	--	--	--	1,116,533
Prepaid Taxes	392,005	--	392,005	--
Unearned Revenue-Grant Proceeds	1,535,596	--	1,535,596	--
Unearned Revenue-Rate Stabilizaton	--	10,000,000	10,000,000	--
Total Deferred Inflows of Resources	<u>1,927,601</u>	<u>10,000,000</u>	<u>11,927,601</u>	<u>1,116,533</u>
<b>Net Position</b>				
Net Investment in Capital Assets	298,234,961	524,011,667	822,246,628	130,939,165
Restricted for:				
Capital Projects	2,042,912	--	2,042,912	10,507,044
Debt Service	3,075,640	--	3,075,640	--
Non-Major Governmental	16,076,177	--	16,076,177	--
Permanent Funds:				
Expendable	--	--	--	932,429
Nonexpendable	74,372	--	74,372	203,471
Unrestricted	35,576,578	134,309,642	169,886,220	5,766,737
Total Net Position	<u>\$ 355,080,640</u>	<u>\$ 658,321,309</u>	<u>\$ 1,013,401,949</u>	<u>\$ 148,348,846</u>

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



**CITY OF RICHMOND, VIRGINIA**  
**STATEMENT OF ACTIVITIES**  
For the Fiscal Year Ended June 30, 2014

Functions/Program Activities	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
<b>Governmental:</b>				
General Government	\$ 109,455,944	\$ 56,368,769	\$ 28,643,849	\$ 19,410,563
Public Safety and Judiciary	184,192,095	7,186,974	32,719,711	11,214,123
Highways, Streets, Sanitation and Refuse	86,301,761	17,641,144	6,673,192	4,606,474
Human Services	78,249,654	287,163	74,708,827	--
Culture and Recreation	26,090,075	216,679	1,619,119	--
Education	158,065,296	--	--	--
Transportation	12,621,480	--	3,220	18,998
Interest and Fiscal Charges	26,100,820	--	--	--
<b>Total Governmental Activities</b>	<b>681,077,125</b>	<b>81,700,729</b>	<b>144,367,918</b>	<b>35,250,158</b>
<b>Business-type:</b>				
Gas	153,143,869	176,794,050	309,369	--
Water	52,161,156	67,512,427	6,576,741	--
Wastewater	61,153,657	73,393,727	11,076,320	--
Stormwater	6,229,426	11,330,268	3,000	--
Coliseum	2,513,548	1,384,868	1,975,824	--
Cemeteries	1,459,299	1,477,507	59,963	--
<b>Total Business-type Activities</b>	<b>276,660,955</b>	<b>331,892,847</b>	<b>20,001,217</b>	<b>--</b>
<b>Total Primary Government</b>	<b>957,738,080</b>	<b>413,593,576</b>	<b>164,369,135</b>	<b>35,250,158</b>
<b>Component Units:</b>				
School Board	310,859,152	2,508,967	101,575,153	771,000
Richmond Economic Development Authority	19,827,321	17,680,979	2,280,400	--
Richmond Ambulance Authority	16,044,216	12,506,264	3,342,739	--
Richmond Behavioral Health Authority	35,756,974	15,550,470	20,183,235	--
Richmond Redevelopment and Housing Authority	67,583,384	61,710,938	--	4,501,847
<b>Total Component Units</b>	<b>\$ 450,071,047</b>	<b>\$ 109,957,618</b>	<b>\$ 127,381,527</b>	<b>\$ 5,272,847</b>

(Continued)

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

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



EXHIBIT B

Net (Expenses) Revenues and Changes in Net Position				
Governmental Activities	Business-type Activities	Totals	Component Units	
\$ (5,032,763)	\$ --	\$ (5,032,763)	\$ --	--
(133,071,287)	--	(133,071,287)	--	--
(57,380,951)	--	(57,380,951)	--	--
(3,253,664)	--	(3,253,664)	--	--
(24,254,277)	--	(24,254,277)	--	--
(158,065,296)	--	(158,065,296)	--	--
(12,599,262)	--	(12,599,262)	--	--
(26,100,820)	--	(26,100,820)	--	--
<u>(419,758,320)</u>	<u>--</u>	<u>(419,758,320)</u>	<u>--</u>	<u>--</u>
--	23,959,550	23,959,550	--	--
--	21,928,012	21,928,012	--	--
--	23,316,390	23,316,390	--	--
--	5,103,842	5,103,842	--	--
--	847,144	847,144	--	--
--	78,171	78,171	--	--
--	75,233,109	75,233,109	--	--
<u>(419,758,320)</u>	<u>75,233,109</u>	<u>(344,525,211)</u>	<u>--</u>	<u>--</u>
--	--	--	(206,004,032)	--
--	--	--	134,058	--
--	--	--	(195,213)	--
--	--	--	(23,269)	--
--	--	--	(1,370,599)	--
<u>--</u>	<u>--</u>	<u>--</u>	<u>(207,459,055)</u>	<u>--</u>
210,389,704	--	210,389,704	--	--
30,944,459	--	30,944,459	--	--
23,612,726	--	23,612,726	--	--
46,100,586	--	46,100,586	--	--
13,746,350	--	13,746,350	--	--
16,680,313	--	16,680,313	--	--
16,839,049	--	16,839,049	--	--
9,328,141	--	9,328,141	--	--
30,065,438	--	30,065,438	--	--
6,326,387	--	6,326,387	--	--
2,923,183	--	2,923,183	--	--
7,895,327	--	7,895,327	--	--
5,614,439	--	5,614,439	--	--
169,729	--	169,729	--	--
3,642,822	--	3,642,822	--	--
6,132	--	6,132	--	--
872,407	--	872,407	--	--
133,774	--	133,774	--	--
855,582	--	855,582	--	--
522,578	--	522,578	--	--
<u>426,669,126</u>	<u>--</u>	<u>426,669,126</u>	<u>--</u>	<u>--</u>
--	--	--	71,249,521	--
--	--	--	129,972,012	--
36,020	811,070	847,090	251,031	--
1,607,458	(4,802,222)	(3,194,764)	2,811,387	--
--	--	--	(6,677)	--
<u>27,377,577</u>	<u>(27,377,577)</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>455,690,181</u>	<u>(31,368,729)</u>	<u>424,321,452</u>	<u>204,277,274</u>	<u>--</u>
35,931,861	43,864,380	79,796,241	(3,181,781)	--
319,148,779	614,456,929	933,605,708	151,530,627	--
<u>\$ 355,080,640</u>	<u>\$ 658,321,309</u>	<u>\$ 1,013,401,949</u>	<u>\$ 148,348,846</u>	<u>--</u>





**CITY OF RICHMOND, VIRGINIA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2014**

**EXHIBIT C**

	General	Debt Service	Capital Projects Fund	Other Governmental Funds	Total
<b>Assets</b>					
Cash and Cash Equivalents (Note 3)	\$ 86,004,700	\$ --	\$ --	\$ --	\$ 86,004,700
Receivables (Net of Allowance for Doubtful Accounts):					
Taxes and Licenses	47,170,931	--	--	--	47,170,931
Accounts	8,299,683	--	--	13,134,936	21,434,619
Due From Other Funds (Note 4)	76,142,377	--	--	37,897,360	114,039,737
Due From Other Governments (Note 5)	31,774,209	--	34,437,358	8,634,991	74,846,558
Restricted Assets - Cash and Investments (Note 3)	--	3,075,640	31,201,943	73,255	34,350,838
Total Assets	<u>249,391,900</u>	<u>3,075,640</u>	<u>65,639,301</u>	<u>59,740,542</u>	<u>377,847,383</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts Payable	26,075,830	--	11,151,635	5,304,694	42,532,159
Accrued Liabilities	6,149,210	--	--	--	6,149,210
Unearned Revenue	--	--	10,011,737	--	10,011,737
Due To Other Funds (Note 4)	11,568,050	945,522	59,966,157	24,996,456	97,476,185
Due To Other Governments	76,395	--	--	22,398	98,793
Due to Component Unit	42,421,146	--	--	--	42,421,146
Total Liabilities	<u>86,290,631</u>	<u>945,522</u>	<u>81,129,529</u>	<u>30,323,548</u>	<u>198,689,230</u>
<b>Deferred Inflows of Resources</b>					
Unavailable Revenue-Property Taxes	36,358,741	--	--	--	36,358,741
Prepaid Taxes	392,005	--	--	--	392,005
Unavailable Revenue-Grant Proceeds	--	412,941	30,828,501	11,223,533	42,464,975
Total Deferred Inflows of Resources	<u>36,750,746</u>	<u>412,941</u>	<u>30,828,501</u>	<u>11,223,533</u>	<u>79,215,721</u>
<b>Fund Balances (Note 8):</b>					
Nonspendable	--	--	--	74,372	74,372
Restricted	--	3,075,640	2,042,912	13,905,871	19,024,423
Committed	10,793,000	--	--	745,000	11,538,000
Assigned	35,163,526	--	--	3,468,218	38,631,744
Unassigned	80,393,997	(1,358,463)	(48,361,641)	--	30,673,893
Total Fund Balances	<u>126,350,523</u>	<u>1,717,177</u>	<u>(46,318,729)</u>	<u>18,193,461</u>	<u>99,942,432</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 249,391,900</u>	<u>\$ 3,075,640</u>	<u>\$ 65,639,301</u>	<u>\$ 59,740,542</u>	<u>\$ 377,847,383</u>

(Continued)

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



**CITY OF RICHMOND, VIRGINIA**  
**RECONCILIATION OF THE STATEMENT OF NET POSITION TO THE BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2014**

**EXHIBIT C, Concluded**

Total fund balances for governmental funds	\$	99,942,432
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Land		111,639,057
Infrastructure, net		284,982,280
Buildings, structures, improvements, and equipment, net		258,572,684
Construction in progress		<u>310,245,099</u>
		965,439,120
Other Assets used in governmental activities are not considered current financial resources and, therefore, are not reported in the governmental funds.		
Deferred inflow of EDA Section 108 loan		10,100,878
Deferred loss on refunding of debt		<u>15,612,062</u>
		25,712,940
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 unavailable revenue in the funds.		
Taxes		36,358,741
Grant revenues		<u>30,828,501</u>
		67,187,242
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		(10,711,455)
Governmental bonds, notes payable, line of credit, and capital lease payable		(750,423,691)
Compensated absences		(16,237,944)
Other liability and claims		(36,266,298)
Net Other Postemployment Benefit Obligations		<u>(14,820,954)</u>
		(828,460,342)
Internal service funds are used by the City to charge costs of certain activities to individual funds. The net position of the internal service funds are reported as components of governmental activities.		
		<u>25,259,248</u>
Net position of governmental activities	\$	<u>355,080,640</u>



**CITY OF RICHMOND, VIRGINIA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended June 30, 2014**

**EXHIBIT D**

	General	Debt Service	Capital Projects Fund	Other Governmental Funds	Total
<b>Revenues</b>					
City Taxes					
Real Estate	\$ 216,006,348	\$ --	\$ --	\$ --	\$ 216,006,348
Sales-1% Local	30,944,459	--	--	--	30,944,459
Sales Tax for Education	23,612,726	--	--	--	23,612,726
Personal Property	44,753,528	--	--	--	44,753,528
Machinery and Tools	13,607,934	--	--	--	13,607,934
Utility Sales Tax Gas	4,833,897	--	--	--	4,833,897
Utility Sales Tax Electric	11,463,513	--	--	--	11,463,513
Utility Sales Tax Telephone	382,903	--	--	--	382,903
State Communication Taxes	16,839,049	--	--	--	16,839,049
Bank Stock	9,328,141	--	--	--	9,328,141
Prepared Food	30,444,280	--	--	--	30,444,280
Lodging Tax	5,974,584	--	--	--	5,974,584
Admission	2,964,390	--	--	--	2,964,390
Real Estate Taxes - Delinquent	7,895,327	--	--	--	7,895,327
Personal Property Taxes - Delinquent	5,614,439	--	--	--	5,614,439
Private Utility Poles and Conduits	169,729	--	--	--	169,729
Penalties and Interest	3,642,822	--	--	--	3,642,822
Titling Tax-Mobile Home	6,132	--	--	--	6,132
State Recordation	872,407	--	--	--	872,407
Property Rental 1%	133,774	--	--	--	133,774
Vehicle Rental Tax	855,582	--	--	--	855,582
Telephone Commissions	522,578	--	--	--	522,578
<b>Total City Taxes</b>	<b>430,868,542</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>430,868,542</b>
Licenses, Permits and Privilege Fees	38,093,334	--	--	--	38,093,334
Intergovernmental	106,011,215	1,551,813	6,298,697	36,370,706	150,232,431
Service Charges	23,205,623	--	--	--	23,205,623
Fines and Forfeitures	10,221,786	--	--	--	10,221,786
Utility Payments	27,175,174	--	--	--	27,175,174
Investment Income	10,435	203	21,799	3,582	36,019
Miscellaneous	2,554,526	--	486,362	7,523,456	10,564,344
<b>Total Revenues</b>	<b>638,140,635</b>	<b>1,552,016</b>	<b>6,806,858</b>	<b>43,897,744</b>	<b>690,397,253</b>
<b>Expenditures</b>					
Current:					
General Government	65,963,315	--	--	11,841,318	77,804,633
Public Safety and Judiciary	171,136,886	--	--	7,575,627	178,712,513
Highways, Streets, Sanitation and Refuse	61,458,292	--	--	5,558,947	67,017,239
Human Services	59,663,811	--	--	16,715,022	76,378,833
Culture and Recreation	22,465,770	--	--	1,860,802	24,326,572
Education	154,267,395	--	--	--	154,267,395
Non-Departmental	44,145,152	--	--	--	44,145,152
Capital Outlay	--	--	153,252,930	--	153,252,930
Debt Service:					
Principal Retirement	--	37,129,044	--	--	37,129,044
Interest Payments	--	24,157,032	--	--	24,157,032
Debt Issuance costs	--	--	738,870	--	738,870
<b>Total Expenditures</b>	<b>579,100,621</b>	<b>61,286,076</b>	<b>153,991,800</b>	<b>43,551,716</b>	<b>837,930,213</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>59,040,014</b>	<b>(59,734,060)</b>	<b>(147,184,942)</b>	<b>346,028</b>	<b>(147,532,960)</b>
<b>Other Financing Sources (Uses)</b>					
Proceeds from Debt and Notes Payable	--	--	193,218,870	--	193,218,870
Proceeds from BAN	--	--	124,144,030	--	124,144,030
Payment to Escrow	--	--	(150,000,000)	--	(150,000,000)
Transfers In-Other Funds	6,402,731	59,549,128	--	7,074,564	73,026,423
Transfers Out-Other Funds	(66,123,692)	--	--	(3,025,293)	(69,148,985)
<b>Total Other Financing Sources (Uses), Net</b>	<b>(59,720,961)</b>	<b>59,549,128</b>	<b>167,362,900</b>	<b>4,049,271</b>	<b>171,240,338</b>
<b>Net Change in Fund Balances</b>	<b>(680,947)</b>	<b>(184,932)</b>	<b>20,177,958</b>	<b>4,395,299</b>	<b>23,707,378</b>
Fund Balances - Beginning of Year	127,031,470	1,902,109	(66,496,687)	13,798,162	76,235,054
Fund Balances - End of Year	<u>\$ 126,350,523</u>	<u>\$ 1,717,177</u>	<u>\$ (46,318,729)</u>	<u>\$ 18,193,461</u>	<u>\$ 99,942,432</u>

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



**CITY OF RICHMOND, VIRGINIA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN THE FUND BALANCES**  
**OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended June 30, 2014**

**EXHIBIT D, Concluded**

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

Net change in fund balances - total governmental funds	\$	23,707,378
<p>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.</p>		
Purchases of assets	137,355,806	
Contributed capital assets	15,758,360	
Depreciation expense	<u>(30,895,352)</u>	122,218,814
<p>The issuance of long term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. These amounts are the net effect of these differences in the treatment of long-term debt and related items.</p>		
Proceeds from borrowing, net of escrow payments	(167,362,900)	
Principal payments of bonds, net of payments on behalf of Component Units	38,275,611	
Amortization of deferred outflows	(1,640,614)	
Amortization of bond premiums	<u>3,626,824</u>	(127,101,079)
<p>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.</p>		
Taxes	(1,499,735)	
Grant Revenues	11,214,123	9,714,388
<p>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.</p>		
Change in accrued interest	(1,635,584)	
Compensated absences	672,412	
Other Liabilities and Claims	2,580,584	
Other Postemployment Benefit Obligations	<u>448,600</u>	2,066,012
<p>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.</p>		
		<u>5,326,348</u>
Change in net position of governmental activities	\$	<u>35,931,861</u>



**CITY OF RICHMOND, VIRGINIA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**June 30, 2014**

**EXHIBIT E-1**

	Enterprise Funds						Internal Service Funds
	Gas	Water	Wastewater	Stormwater	Other	Total	
<b>Assets</b>							
<b>Current Assets:</b>							
Cash and Cash Equivalents (Note 3)	\$ 8,128,936	\$ 27,414,154	\$ 82,417,791	\$ 6,041,596	\$ --	\$ 124,002,477	\$ 16,696,746
Accounts Receivables (Net of Allowance for Doubtful Accounts)	22,896,208	12,131,969	11,277,697	2,774,070	2,794,026	51,873,970	8,327,966
Due From Other Funds (Note 4)	279,231	118,567	1,355	11,541	59,963	470,657	--
Due From Other Governments (Note 5)	--	4,754,494	1,939,843	--	--	6,694,337	--
Inventories of Materials and Supplies	11,455,222	--	--	--	--	11,455,222	4,084,012
Prepaid Expenses and Other Current Assets	1,583,422	1,779,810	1,706,134	--	66,336	5,135,702	402,625
<b>Total Current Assets</b>	<b>44,343,019</b>	<b>46,198,994</b>	<b>97,342,820</b>	<b>8,827,207</b>	<b>2,920,325</b>	<b>199,632,365</b>	<b>29,511,349</b>
<b>Noncurrent Assets:</b>							
Restricted Assets - Cash and Investments (Note 3)	62,948,527	70,713,760	84,855,364	--	--	218,517,651	--
Capital Assets (Note 6):							
Land	219,200	878,307	1,101,261	--	12,770,860	14,969,628	5,049,921
Buildings and Structures	470,720,380	351,843,412	236,829,101	668,575	33,982,882	1,094,044,350	67,362,377
Equipment and Other Assets	84,886,573	125,457,560	390,626,848	11,243,191	5,756,731	617,970,903	109,773,391
Construction in Progress	17,706,992	36,494,408	32,974,790	3,473,837	--	90,650,027	1,407,701
Less: Accumulated Depreciation	(194,543,325)	(157,245,871)	(231,275,764)	(1,722,939)	(39,376,805)	(624,164,704)	(137,083,045)
<b>Total Capital Assets, Net Accumulated Depreciation</b>	<b>378,989,820</b>	<b>357,427,816</b>	<b>430,256,236</b>	<b>13,662,664</b>	<b>13,133,668</b>	<b>1,193,470,204</b>	<b>46,510,345</b>
<b>Total Noncurrent Assets</b>	<b>441,938,347</b>	<b>428,141,576</b>	<b>515,111,600</b>	<b>13,662,664</b>	<b>13,133,668</b>	<b>1,411,987,855</b>	<b>46,510,345</b>
<b>Total Assets</b>	<b>486,281,366</b>	<b>474,340,570</b>	<b>612,454,420</b>	<b>22,489,871</b>	<b>16,053,993</b>	<b>1,611,620,220</b>	<b>76,021,694</b>
<b>Deferred Outflow of Resources</b>							
Deferred Losses on Refunding	4,298,125	3,481,217	2,749,363	--	--	10,528,705	13,097
<b>Total Deferred Outflow of Resources</b>	<b>4,298,125</b>	<b>3,481,217</b>	<b>2,749,363</b>	<b>--</b>	<b>--</b>	<b>10,528,705</b>	<b>13,097</b>
<b>Liabilities</b>							
<b>Current Liabilities:</b>							
Accounts Payable	12,662,535	8,586,953	8,021,510	1,090,316	939,795	31,301,109	4,618,558
Accrued Liabilities	4,527,477	231,552	211,663	--	--	4,970,692	6,072,822
Advance Sales	--	--	--	--	1,987,040	1,987,040	--
Due To Other Funds (Note 4)	--	--	--	--	786,658	786,658	15,773,468
Accrued Interest on Bonds Payable	6,277,545	5,115,766	5,433,448	--	105,430	16,932,189	162,696
General Obligation Bonds, Capital Leases, and Notes Payable (Note 7)	6,604,244	5,468,421	4,242,850	11,250	669,610	16,996,375	728,435
Revenue Bonds Payable (Note 7)	4,310,010	3,284,975	7,347,369	--	--	14,942,354	828,667
Notes Payable (Note 7)	--	--	--	--	--	--	2,425,000
Compensated Absences (Note 7)	674,012	462,180	519,952	173,317	61,290	1,890,751	168,949
<b>Total Current Liabilities</b>	<b>35,055,823</b>	<b>23,149,847</b>	<b>25,776,792</b>	<b>1,274,883</b>	<b>4,549,823</b>	<b>89,807,168</b>	<b>30,778,595</b>
<b>Noncurrent Liabilities:</b>							
Customers' Deposits'	6,317,993	1,654,826	--	--	--	7,972,819	--
General Obligation Bonds, Capital Leases, and Notes Payable (Note 7)	49,286,354	38,376,493	16,982,189	191,250	4,703,627	109,539,913	3,940,605
Revenue Bonds Payable (Note 7)	251,728,244	206,888,566	293,527,592	--	--	752,144,402	5,999,238
Notes Payable (Note 7)	--	--	--	--	--	--	3,800,000
Compensated Absences (Note 7)	145,812	99,985	112,483	37,495	18,313	414,088	79,569
Other Liabilities	126,762	--	--	--	--	126,762	--
<b>Total Noncurrent Liabilities</b>	<b>307,605,165</b>	<b>247,019,870</b>	<b>310,622,264</b>	<b>228,745</b>	<b>4,721,940</b>	<b>870,197,984</b>	<b>13,819,412</b>
<b>Total Liabilities</b>	<b>342,660,988</b>	<b>270,169,717</b>	<b>336,399,056</b>	<b>1,503,628</b>	<b>9,271,763</b>	<b>960,005,152</b>	<b>44,598,007</b>
<b>Deferred Inflow of Resources</b>							
Rate Stabilization	--	--	6,500,000	3,500,000	--	10,000,000	--
<b>Total Deferred Inflow of Resources</b>	<b>--</b>	<b>--</b>	<b>6,500,000</b>	<b>3,500,000</b>	<b>--</b>	<b>10,000,000</b>	<b>--</b>
<b>Net Position</b>							
Net Investment in Capital Assets	127,989,627	175,949,512	195,760,963	13,460,164	7,760,431	520,920,697	28,801,497
Unrestricted	19,928,876	31,702,558	76,543,764	4,026,079	(978,201)	131,223,076	2,635,287
<b>Total Net Position</b>	<b>\$ 147,918,503</b>	<b>\$ 207,652,070</b>	<b>\$ 272,304,727</b>	<b>\$ 17,486,243</b>	<b>\$ 6,782,230</b>	<b>\$ 652,143,773</b>	<b>\$ 31,436,784</b>

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



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

June 30, 2014

EXHIBIT E-2

	Total Enterprise Fund	Internal Service Funds Stores and Transportation Division	Business-type Activities Statement of Net Position
<b>Assets</b>			
<b>Current Assets:</b>			
Cash and Cash Equivalents (Note 3)	\$ 124,002,477	\$ --	\$ 124,002,477
Accounts Receivables (Net of Allowance for Doubtful Accounts)	51,873,970	--	51,873,970
Due from Other Funds (Note 4)	470,657	--	470,657
Due From Other Government (Note 5)	6,694,337	--	6,694,337
Inventories of Materials and Supplies	11,455,222	3,858,169	15,313,391
Prepaid Expenses and Other Current Assets	5,135,702	279,972	5,415,674
Total Current Assets	<u>199,632,365</u>	<u>4,138,141</u>	<u>203,770,506</u>
<b>Noncurrent Assets:</b>			
Restricted Assets - Cash and Investments (Note 3)	218,517,651	--	218,517,651
<b>Capital Assets (Note 6):</b>			
Land	14,969,628	1,686,532	16,656,160
Buildings and Structures	1,094,044,350	3,478,430	1,097,522,780
Equipment	617,970,903	32,033,465	650,004,368
Construction in Progress	90,650,027	37,957	90,687,984
Less Accumulated Depreciation	(624,164,704)	(34,145,414)	(658,310,118)
Total Capital Assets, Net Accumulated Depreciation	<u>1,193,470,204</u>	<u>3,090,970</u>	<u>1,196,561,174</u>
Total Noncurrent Assets	<u>1,411,987,855</u>	<u>3,090,970</u>	<u>1,415,078,825</u>
Total Assets	<u>1,611,620,220</u>	<u>7,229,111</u>	<u>1,618,849,331</u>
<b>Deferred Outflow of Resources</b>			
Deferred Losses on Refunding	10,528,705	--	10,528,705
Total Deferred Outflow of Resources	<u>10,528,705</u>	<u>--</u>	<u>10,528,705</u>
<b>Liabilities:</b>			
<b>Current Liabilities:</b>			
Accounts Payable	31,301,109	617,458	31,918,567
Accrued Liabilities	4,970,692	--	4,970,692
Advance Sales	1,987,040	--	1,987,040
Due To Other Funds (Note 4)	786,658	410,694	1,197,352
Accrued Interest on Bonds Payable	16,932,189	--	16,932,189
General Obligation Bonds and Capital Leases (Note 7)	16,996,375	--	16,996,375
Revenue Bonds Payable (Note 7)	14,942,354	--	14,942,354
Compensated Absences (Note 7)	1,890,751	19,257	1,910,008
Total Current Liabilities	<u>89,807,168</u>	<u>1,047,409</u>	<u>90,854,577</u>
<b>Noncurrent Liabilities:</b>			
Customers' Deposits	7,972,819	--	7,972,819
General Obligation Bonds and Capital Leases (Note 7)	109,539,913	--	109,539,913
Revenue Bonds Payable (Note 7)	752,144,402	--	752,144,402
Compensated Absences (Note 7)	414,088	4,166	418,254
Other Liabilities	126,762	--	126,762
Total Noncurrent Liabilities	<u>870,197,984</u>	<u>4,166</u>	<u>870,202,150</u>
Total Liabilities	<u>960,005,152</u>	<u>1,051,575</u>	<u>961,056,727</u>
<b>Deferred Inflow of Resources</b>			
Rate Stabilization	10,000,000	--	10,000,000
Total Deferred Outflow of Resources	<u>10,000,000</u>	<u>--</u>	<u>10,000,000</u>
<b>Net Position:</b>			
Net Investment in Capital Assets	520,920,697	3,090,970	524,011,667
Unrestricted	131,223,076	3,086,566	134,309,642
Total Net Position	<u>\$ 652,143,773</u>	<u>\$ 6,177,536</u>	<u>\$ 658,321,309</u>

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

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

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

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



**CITY OF RICHMOND, VIRGINIA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN THE NET POSITION**  
**PROPRIETARY FUNDS**  
**For the Fiscal Year Ended June 30, 2014**

**EXHIBIT E-3**

	Enterprise Funds					Total	Internal Service Funds
	Gas	Water	Wastewater	Stormwater	Other		
<b>Operating Revenues</b>							
Charges for Goods and Services	\$ 172,079,048	\$ 65,510,337	\$ 73,370,842	\$ 11,135,399	\$ 2,862,375	\$ 324,958,001	\$ 81,586,434
<b>Operating Expenses</b>							
Purchased Gas	93,367,184	--	--	--	--	93,367,184	--
Intragovernmental Goods and Services Sold	--	--	--	--	--	--	14,500,807
Salaries and Wages & Benefits	15,692,168	10,981,254	12,700,113	4,325,488	1,171,134	44,870,157	3,198,085
Data Processing	--	--	--	--	--	--	18,882
Materials and Supplies	1,500,382	1,408,214	782,404	146,954	350,214	4,188,168	653,535
Rents and Utilities	71,170	4,191,351	3,605,833	17,707	541,071	8,427,132	3,190,304
Maintenance and Repairs	5,498,059	3,333,208	3,931,870	1,465,321	164,512	14,392,970	931,324
Depreciation and Amortization	17,280,432	13,177,051	17,765,088	235,071	133,785	48,591,427	7,806,290
Claims and Settlements	--	--	--	--	--	--	35,419,381
Uncollectible expense	1,400,817	766,978	912,158	(23,542)	--	3,056,411	--
Miscellaneous Operating Expenses	14,105,358	15,180,433	17,077,090	41,065	1,362,910	47,766,856	4,101,441
<b>Total Operating Expenses</b>	<b>148,915,570</b>	<b>49,038,489</b>	<b>56,774,556</b>	<b>6,208,064</b>	<b>3,723,626</b>	<b>264,660,305</b>	<b>69,820,049</b>
Operating Income (Loss)	23,163,478	16,471,848	16,596,286	4,927,335	(861,251)	60,297,696	11,766,385
<b>Non-Operating Revenues (Expenses)</b>							
Intergovernmental Grants and Contributions	309,369	6,576,741	11,076,320	3,000	2,035,787	20,001,217	506,155
Interest on Long-Term Debt	(13,049,265)	(10,387,648)	(11,012,584)	--	--	(34,449,497)	(454,546)
Interest Income	274,181	271,949	264,940	--	--	811,070	--
Interest Expense	(33,867)	(7,981)	--	--	(249,221)	(291,069)	--
Miscellaneous Revenues (Expenses)	(1,800,460)	(970,076)	(2,037,790)	3,191	--	(4,805,135)	(314,110)
<b>Total Non-Operating Revenues (Expenses),Net</b>	<b>(14,300,042)</b>	<b>(4,517,015)</b>	<b>(1,709,114)</b>	<b>6,191</b>	<b>1,786,566</b>	<b>(18,733,414)</b>	<b>(262,501)</b>
<b>Net Income Before Transfers</b>	<b>8,863,436</b>	<b>11,954,833</b>	<b>14,887,172</b>	<b>4,933,526</b>	<b>925,315</b>	<b>41,564,282</b>	<b>11,503,884</b>
Transfers Out-Other Funds	(1,332,108)	(1,075,580)	(1,469,750)	--	--	(3,877,438)	--
<b>Change In Net Position</b>	<b>7,531,328</b>	<b>10,879,253</b>	<b>13,417,422</b>	<b>4,933,526</b>	<b>925,315</b>	<b>37,686,844</b>	<b>11,503,884</b>
Net Position - Beginning of Year (Restated Note 17)	140,387,175	196,772,817	258,887,305	12,552,717	5,856,915	614,456,929	19,932,900
<b>Net Position - End of Year</b>	<b>\$ 147,918,503</b>	<b>\$ 207,652,070</b>	<b>\$ 272,304,727</b>	<b>\$ 17,486,243</b>	<b>\$ 6,782,230</b>	<b>\$ 652,143,773</b>	<b>\$ 31,436,784</b>

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



**CITY OF RICHMOND, VIRGINIA**  
**RECONCILIATION OF THE ENTERPRISE FUNDS' STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN**  
**NET POSITION TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2014**

**EXHIBIT E-4**

	Enterprise Funds				Total*
	Gas	Water	Wastewater	Stormwater	
<b>Operating Revenues</b>					
Charges for Goods and Services	\$ 172,079,048	\$ 65,510,337	\$ 73,370,842	\$ 11,135,399	\$ 322,095,626
Internal Service Fund Allocation - Stores and Transportation Division	4,715,002	2,002,090	22,885	194,869	6,934,846
Charges for Services - Statement of Activities	<u>176,794,050</u>	<u>67,512,427</u>	<u>73,393,727</u>	<u>11,330,268</u>	<u>329,030,472</u>
<b>Operating Expenses</b>					
Purchased Gas	93,367,184	--	--	--	93,367,184
Salaries and Wages	15,692,168	10,981,254	12,700,113	4,325,488	43,699,023
Materials and Supplies	1,500,382	1,408,214	782,404	146,954	3,837,954
Rents and Utilities	71,170	4,191,351	3,605,833	17,707	7,886,061
Maintenance and Repairs	5,498,059	3,333,208	3,931,870	1,465,321	14,228,458
Depreciation and Amortization	17,280,432	13,177,051	17,765,088	235,071	48,457,642
Uncollectible Expense	1,400,817	766,978	912,158	(23,542)	3,056,411
Miscellaneous Operating Expenses	14,105,358	15,180,433	17,077,090	41,065	46,403,946
Total Operating Expenses	<u>148,915,570</u>	<u>49,038,489</u>	<u>56,774,556</u>	<u>6,208,064</u>	<u>260,936,679</u>
<b>Non-Operating Expenses</b>					
Interest and Fiscal Charges	13,083,132	10,395,629	11,012,584	--	34,491,345
Total Expenses	<u>161,998,702</u>	<u>59,434,118</u>	<u>67,787,140</u>	<u>6,208,064</u>	<u>295,428,024</u>
Internal Service Fund Allocation - Stores and Transportation Division	516,876	219,476	2,509	21,362	760,223
Reclass As Transfers to Governmental Activities - Payments In Lieu of Taxes	<u>(9,371,709)</u>	<u>(7,492,438)</u>	<u>(6,635,992)</u>	<u>--</u>	<u>(23,500,139)</u>
Program Expenses - Statement of Activities	<u>\$ 153,143,869</u>	<u>\$ 52,161,156</u>	<u>\$ 61,153,657</u>	<u>\$ 6,229,426</u>	<u>\$ 272,688,108</u>

\* The Total column does not include the Coliseum and Cemeteries funds.  
Stores and Transportation Division serves only the major proprietary funds; thus, its assets, liabilities and net position are included in the Business-type Activities totals at the government-wide level.

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





**CITY OF RICHMOND, VIRGINIA**  
**STATEMENTS OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Fiscal Year Ended June 30, 2014**

**EXHIBIT E-5**

	Enterprise Funds					Total	Internal
	Gas	Water	Wastewater	Stormwater	Other		Service Funds
<b>Cash Flows From Operating Activities</b>							
Receipts from Customers	\$ 158,992,442	\$ 65,081,772	\$ 71,738,256	\$ 9,199,704	\$ 2,932,184	\$ 307,944,358	\$ 78,015,057
Payments to Suppliers	(106,026,805)	(12,814,277)	(18,819,377)	(1,684,922)	(2,534,833)	(141,880,214)	(57,982,551)
Payments to Employees	(15,738,296)	(11,012,885)	(12,760,439)	(4,312,608)	(1,172,041)	(44,996,269)	(3,333,562)
Payments to Other Funds	(9,002,507)	(7,373,142)	(6,853,825)	--	--	(23,229,474)	(563,327)
Other Receipts or (Payments)	(1,483,867)	(860,673)	(2,037,790)	3,191	--	(4,379,139)	(320,748)
Net Cash Provided By (Used In) Operating Activities	<u>26,740,967</u>	<u>33,020,795</u>	<u>31,266,825</u>	<u>3,205,365</u>	<u>(774,690)</u>	<u>93,459,262</u>	<u>15,814,869</u>
<b>Cash Flows From Noncapital Financing Activities</b>							
Transfers In and Government Subsidies	309,369	1,822,246	10,821,803	3,000	2,035,787	14,992,205	506,155
Transfers Out - Other Funds	(1,332,108)	(1,075,580)	(1,469,750)	--	--	(3,877,438)	--
Due From Other Funds	(6,579,231)	(118,567)	(1,355)	(11,541)	(59,963)	(6,770,657)	--
Due to Other Funds	--	--	--	--	65,660	65,660	5,912,191
Advances from Other Funds	10,469,364	13,344,325	11,176,591	--	--	34,990,280	(34,990,280)
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>2,867,394</u>	<u>13,972,424</u>	<u>20,527,289</u>	<u>(8,541)</u>	<u>2,041,484</u>	<u>39,400,050</u>	<u>(28,571,934)</u>
<b>Cash Flows From Capital and Related Financing Activities</b>							
Acquisition of Capital Assets	(26,386,240)	(22,476,126)	(28,764,419)	(4,470,865)	--	(82,097,650)	(3,610,791)
Proceeds from Bond Sale	--	--	3,717,048	--	--	3,717,048	--
Proceeds from Notes Payable	--	--	--	--	--	--	3,125,000
Repayments of Revenue Bonds, General Obligation Bonds and Capital Leases	(12,201,092)	(9,884,487)	(11,991,419)	(11,250)	(999,102)	(35,087,350)	(1,522,781)
Repayments of Notes Payables	--	--	--	--	--	--	(2,200,000)
Interest Paid on Long-Term Debt	(13,046,504)	(10,326,639)	(11,171,303)	--	(267,692)	(34,812,138)	(703,609)
Net Cash Used In Capital and Related Financing Activities	<u>(51,633,836)</u>	<u>(42,687,252)</u>	<u>(48,210,093)</u>	<u>(4,482,115)</u>	<u>(1,266,794)</u>	<u>(148,280,090)</u>	<u>(4,912,181)</u>
<b>Cash Flows From Investing Activities</b>							
Interest Earned on Operating Funds	274,181	271,948	264,940	--	--	811,069	--
Interest Paid on Customers' Deposits	(33,867)	(7,981)	--	--	--	(41,848)	--
Net Cash Provided By Investing Activities	<u>240,314</u>	<u>263,967</u>	<u>264,940</u>	<u>--</u>	<u>--</u>	<u>769,221</u>	<u>--</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(21,785,161)	4,569,934	3,848,961	(1,285,291)	--	(14,651,557)	(17,669,246)
Cash and Cash Equivalents at July 1, 2013 as restated (Note 17)	92,862,624	93,557,980	163,424,194	7,326,887	--	357,171,685	34,365,992
Cash and Cash Equivalents at June 30, 2014	<u>\$ 71,077,463</u>	<u>\$ 98,127,914</u>	<u>\$ 167,273,155</u>	<u>\$ 6,041,596</u>	<u>\$ --</u>	<u>\$ 342,520,128</u>	<u>\$ 16,696,746</u>
<b>Reconciliation of Operating Income (Loss) To Net Cash Provided By (Used In) Operating Activities</b>							
Operating Income (Loss)	\$ 23,163,478	\$ 16,471,848	\$ 16,596,286	\$ 4,927,335	\$ (861,251)	\$ 60,297,696	\$ 11,766,385
Adjustment to Reconcile Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:							
Depreciation	17,280,432	13,177,051	17,765,088	235,071	133,785	48,591,427	7,806,290
Miscellaneous Revenues (Expenses)	(1,800,460)	(970,076)	(2,037,790)	3,191	--	(4,805,135)	(314,110)
(Increase) Decrease in Assets and Increase (Decrease) in Liabilities:							
Accounts Receivable	(11,685,789)	338,413	(720,428)	(1,959,238)	(1,917,234)	(15,944,276)	(3,846,307)
Due From Component Unit	--	--	--	--	--	--	302,917
Inventories of Material and Supplies	(1,114,543)	307,141	--	--	--	(807,402)	(310,149)
Prepaid Expenses	(91,482)	(134,972)	(1,066)	--	9,895	(217,625)	(83,662)
Accounts Payable	824,471	539,980	681,789	94,312	(126,021)	2,014,531	2,340,163
Accrued Liabilities	(143,253)	(329,261)	(956,727)	(108,186)	--	(1,537,427)	(1,823,704)
Customers' Deposits	316,594	109,403	--	--	--	425,997	--
Compensated Absences	(46,128)	(31,631)	(60,327)	12,880	(904)	(126,110)	(22,954)
Unearned Revenues	--	--	--	--	1,987,040	1,987,040	--
Outstanding Liabilities and Claims	37,647	3,542,899	--	--	--	3,580,546	--
Total Adjustments	<u>3,577,489</u>	<u>16,548,947</u>	<u>14,670,539</u>	<u>(1,721,970)</u>	<u>86,561</u>	<u>33,161,566</u>	<u>4,048,484</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ 26,740,967</u>	<u>\$ 33,020,795</u>	<u>\$ 31,266,825</u>	<u>\$ 3,205,365</u>	<u>\$ (774,690)</u>	<u>\$ 93,459,262</u>	<u>\$ 15,814,869</u>
<b>Significant Non-Cash Transactions</b>							
Acquisition/Disposition of Fixed Assets from Stores	\$ 9,135,747	\$ 5,736,743	\$ 10,357,751	\$ --	\$ --	\$ 25,230,241	\$ (25,230,241)
Due To/From Other Funds	\$ 6,300,000	\$ --	\$ --	\$ --	\$ --	\$ 6,300,000	\$ (6,300,000)
Advances To/From Other Funds	\$ (15,435,747)	\$ (5,736,743)	\$ (10,357,751)	\$ --	\$ --	\$ (31,530,241)	\$ 31,530,241

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



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**CITY OF RICHMOND, VIRGINIA**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**June 30, 2014**

**EXHIBIT F-1**

	Pension Trust Funds	Agency Funds
<b>Assets:</b>		
Cash and Short-term Investments	\$ 12,443,520	\$ 1,907,703
<b>Receivables:</b>		
Due from Other Funds	--	1,079,417
Due from Brokers on Sale of Securities	2,272,890	--
Interest and Dividends	712,441	--
Contributions from Participating Employees	1,848,643	--
Employee Loans Receivable	2,418,994	--
Other Accounts Receivable	16,198	--
<b>Investments, at Fair Value</b>		
U.S. Government and Agency Securities	16,454,690	--
Corporate Bonds	62,546,230	--
Common Stock	168,963,956	--
International Stocks	96,150,418	--
International Bonds	47,364,825	--
Real Estate Investment Trusts	6,963,363	--
Emerging Market Debt	6,199,789	--
Hedge Funds	65,303,836	--
Mutual funds	106,747,016	--
Private Debt	19,073,916	--
Private Equity	13,639,003	--
Private Real Estate	23,909,232	--
Cash Collateral Received - Security Lending Program	32,384,739	--
Total Investments, at Fair Value	665,701,013	--
Total Assets	685,413,699	\$ 2,987,120
<b>Liabilities:</b>		
Accounts Payable	18,918,936	--
Refundable Deposits	--	784,996
Payable for Collateral Received - Security Lending Program	32,384,739	--
Due to Other Funds	--	1,553,500
Due to Various Agents	--	648,624
Total Liabilities	\$ 51,303,675	\$ 2,987,120
 Net Position Held in Trust for Pension Benefits and Other Purposes	 \$ 634,110,024	

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



**CITY OF RICHMOND, VIRGINIA**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**For the Fiscal Year Ended June 30, 2014**

**EXHIBIT F-2**

	Pension Trust Funds
<b>Additions:</b>	
Contributions:	
City of Richmond	\$ 41,131,188
Richmond Behavioral Health Authority	1,113,946
Richmond Public Schools	49,792
Revenue for DC Plan Expense	47,695
Plan Members	7,670,817
Total Contributions	50,013,438
Investment Income:	
Net Appreciation in Fair Value of Investments	81,934,603
Interest	2,496,511
Dividends	4,773,694
Net Increase in the Fair Value of Investments	89,204,808
Net Income Earned On Securities Lending Transactions:	
Securities Lending Income	111,104
Securities Lending Expense	(45,722)
Total Net Income Earned On Securities Lending Transactions	65,382
Investment Income	89,270,190
Less: Investment Expense	2,379,575
Net Investment Income	86,890,615
Total Additions, net	136,904,053
<b>Deductions:</b>	
Benefits	(73,386,628)
Refunds of Member Contributions	(46,678)
Administrative Expenses	(1,373,617)
Total Deductions	(74,806,923)
Net Increase	62,097,130
Net Position Held In Trust For Pension Benefits and Other Purposes - Beginning of Year	572,012,894
Net Position Held In Trust For Pension Benefits and Other Purposes - End of Year	\$ 634,110,024

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



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**CITY OF RICHMOND, VIRGINIA**  
**STATEMENT OF NET POSITION**  
**COMPONENT UNITS**  
**June 30, 2014**

**EXHIBIT G-1**

	School Board	Richmond Economic Development Authority	Richmond Ambulance Authority	Richmond Behavioral Health Authority	Richmond Redevelopment and Housing Authority	Total
<b>Assets</b>						
Cash and Cash Equivalents	\$ 1,739,233	\$ 2,257,969	\$ 4,813,503	\$ 13,014,917	\$ 4,041,483	\$ 25,867,105
Due From Primary Government	42,421,146	--	--	--	--	42,421,146
Due From Other Governments	21,176,029	--	--	633,089	--	21,809,118
Accounts Receivable	448,155	22,276	1,478,530	1,292,446	1,472,653	4,714,060
Inventories of Materials and Supplies	239,331	--	--	--	--	239,331
Prepaid Expenses and Other Current Assets	5,937	102,450	776,395	2,030,458	13,571,917	16,487,157
Restricted Assets	--	--	--	8,730,959	7,885,961	16,616,920
Mortgage Loans Receivable and Other Non-Current Assets	--	--	--	664,784	23,264,756	23,929,540
Capital Assets:						
Land	--	1,670,743	391,570	--	10,233,076	12,295,389
Buildings and Structures	--	31,645,480	--	--	164,226,327	195,871,807
Other Improvements	--	--	--	2,458,766	--	2,458,766
Equipment	34,320,008	548,645	10,964,251	3,945,099	8,119,892	57,897,895
Less: Accumulated Depreciation	(22,258,470)	(16,114,058)	(6,652,830)	(4,248,587)	(96,171,351)	(145,445,296)
Construction in Progress	--	--	--	196,937	13,354,662	13,551,599
Total Capital Assets	<u>12,061,538</u>	<u>17,750,810</u>	<u>4,702,991</u>	<u>2,352,215</u>	<u>99,762,606</u>	<u>136,630,160</u>
Total Assets	<u>78,091,369</u>	<u>20,133,505</u>	<u>11,771,419</u>	<u>28,718,868</u>	<u>149,999,376</u>	<u>288,714,537</u>
<b>Liabilities</b>						
Accounts Payable	3,206,000	16,156	644,923	1,540,309	881,292	6,288,680
Accrued Liabilities	31,018,827	--	229,252	1,145,327	2,199,283	34,592,689
Due To Other Governments	8,932,278	--	--	--	6,267,920	15,200,198
Unearned Revenues	2,553,054	1,223,357	--	--	--	3,776,411
Liabilities to be Paid From Restricted Assets:						
Customers' Deposits	--	52,297	--	8,730,959	545,927	9,329,183
Bonds, Notes Payable and Capital Leases	--	--	13,351	--	391,790	405,141
Non-Current Liabilities:						
Bonds, Notes Payable and Capital Leases	5,766,080	--	18,491	--	2,458,080	8,242,651
Compensated Absences	11,411,520	--	--	1,145,086	--	12,556,606
Worker's Compensation	3,945,172	--	--	--	--	3,945,172
Other Noncurrent Liabilities	--	10,000,000	--	--	4,538,583	14,538,583
Net Other Postemployment Benefit Obligations	23,341,808	--	--	1,882,600	2,493,804	27,718,212
Early Retirement Plan Net Pension Obligation	2,655,632	--	--	--	--	2,655,632
Total Liabilities	<u>92,830,371</u>	<u>11,291,810</u>	<u>906,017</u>	<u>14,444,281</u>	<u>19,776,679</u>	<u>139,249,158</u>
Deferred Inflow of Resources						
Membership Fees Received in Advance	--	--	29,850	--	--	29,850
Unearned Revenues-Other	--	--	--	1,086,683	--	1,086,683
Total Deferred Inflows of Resources	<u>--</u>	<u>--</u>	<u>29,850</u>	<u>1,086,683</u>	<u>--</u>	<u>1,116,533</u>
<b>Net Position</b>						
Net Investment in Capital Assets	6,564,752	17,750,810	4,671,149	2,352,215	99,600,239	130,939,165
Restricted for:						
Capital Projects	4,330,268	502,545	--	--	5,674,231	10,507,044
Permanent Funds:						
Expendable	932,429	--	--	--	--	932,429
Nonexpendable	203,471	--	--	--	--	203,471
Unrestricted	(26,769,922)	(9,411,660)	6,164,403	10,835,689	24,948,227	5,766,737
Total Net Position	<u>\$ (14,739,002)</u>	<u>\$ 8,841,695</u>	<u>\$ 10,835,552</u>	<u>\$ 13,187,904</u>	<u>\$ 130,222,697</u>	<u>\$ 148,348,846</u>

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



**CITY OF RICHMOND, VIRGINIA**  
**STATEMENT OF ACTIVITIES**  
**COMPONENT UNITS**  
 For the Fiscal Year Ended June 30, 2014

<u>Functions/Program Activities</u>	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
School Board	\$ 310,859,152	\$ 2,508,967	\$ 101,575,153	\$ 771,000
Richmond Economic Development Authority	19,827,321	17,680,979	2,280,400	--
Richmond Ambulance Authority	16,044,216	12,506,264	3,342,739	--
Richmond Behavioral Health Authority	35,756,974	15,550,470	20,183,235	--
Richmond Redevelopment and Housing Authority	<u>67,583,384</u>	<u>61,710,938</u>	<u>--</u>	<u>4,501,847</u>
Total Component Units	<u>\$ 450,071,047</u>	<u>\$ 109,957,618</u>	<u>\$ 127,381,527</u>	<u>\$ 5,272,847</u>

General Revenues:

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

Changes in Net Position

Net Position - Beginning of Year

Net Position - End of Year

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



EXHIBIT G-2

Net (Expenses) Revenues and Changes in Net Position

School Board	Richmond Economic Development Authority	Richmond Ambulance Authority	Richmond Behavioral Health Authority	Richmond Redevelopment and Housing Authority	Total
\$ (206,004,032)	\$ --	\$ --	\$ --	\$ --	\$ (206,004,032)
--	134,058	--	--	--	134,058
--	--	(195,213)	--	--	(195,213)
--	--	--	(23,269)	--	(23,269)
--	--	--	--	(1,370,599)	(1,370,599)
<u>(206,004,032)</u>	<u>134,058</u>	<u>(195,213)</u>	<u>(23,269)</u>	<u>(1,370,599)</u>	<u>(207,459,055)</u>
129,972,012	--	--	--	--	129,972,012
71,249,521	--	--	--	--	71,249,521
--	3,477	12,835	178,269	56,450	251,031
--	--	--	(5,112)	(1,565)	(6,677)
<u>923,476</u>	<u>--</u>	<u>--</u>	<u>1,887,911</u>	<u>--</u>	<u>2,811,387</u>
<u>202,145,009</u>	<u>3,477</u>	<u>12,835</u>	<u>2,061,068</u>	<u>54,885</u>	<u>204,277,274</u>
(3,859,023)	137,535	(182,378)	2,037,799	(1,315,714)	(3,181,781)
<u>(10,879,979)</u>	<u>8,704,160</u>	<u>11,017,930</u>	<u>11,150,105</u>	<u>131,538,411</u>	<u>151,530,627</u>
<u>\$ (14,739,002)</u>	<u>\$ 8,841,695</u>	<u>\$ 10,835,552</u>	<u>\$ 13,187,904</u>	<u>\$ 130,222,697</u>	<u>\$ 148,348,846</u>





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**CITY OF RICHMOND, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**



**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Financial Reporting Entity**

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

**Component Units**

**Blended Component Units:**

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

**The Richmond Retirement System**

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

**Advantage Richmond Corporation**

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



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**Discretely Presented Component Units:**

The Component Unit column in the government-wide financial statements comprises financial data on the City's discretely presented component units. The governing bodies of all Component Units are appointed by the City Council, except the School Board of the City of Richmond, which is elected. The following Component Units are included in the Reporting Entity because they are financially accountable to the City and there is a financial burden and/or a benefit relationship between the City and the component unit.

**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.

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

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

**Richmond Ambulance Authority (RAA)**

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

**Richmond Behavioral Health Authority (RBHA)**

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

**Richmond Redevelopment and Housing Authority (RRHA)**

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

RRHA and the City have different fiscal years, which can result in timing differences in transactions between RRHA and the City as noted in the basic financial statement balances for Due To and From Primary Government and Component Units.

**Related Organization:**

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

**CITY OF RICHMOND, VIRGINIA**  
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The following organization is a related organization, which has not been included in the reporting entity:

**Richmond Metropolitan Authority (RMA)**

Six of the eleven directors of the RMA are appointed by City Council. RMA's purpose is to operate a toll expressway system and to own and operate vehicular parking facilities.

**Joint Ventures:**

**Greater Richmond Transit Company (GRTC)**

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

Fare revenues and route subsidies pay all costs associated with each locality utilizing the GRTC Transit System services only to the extent that each locality operates routes within their jurisdiction. The City expended \$11,950,000 for operating subsidies for bus routes and para-transit services within the City for the year ended June 30, 2014. The City also expended \$175,000 to operate reduced fare services for the elderly and disabled, and expended \$496,480 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.

**The Peumansend Creek Regional Jail Authority (Authority)**

The Authority was created in fiscal year 1994 to construct and operate a 336 prisoner regional correctional facility. Consequently, the Authority is a joint venture of the City, along with five other local political jurisdictions in Virginia. The formation of the Authority was enabled by Public Law 102-25 and 102-484 that conveyed 150 acres at Fort A.P. Hill. The land for this facility was donated by the United States Government to Caroline County on the condition that Caroline County and at least 3 other jurisdictions named in the legislation construct and operate a regional correctional facility on the site. The Authority is comprised of the Chief Administrative Officer of the City, and the County Manager or Chief Executive of the six member jurisdictions. The Authority employs a Superintendent who is responsible for the operation of the Jail. Annual operating costs of the facility are to be shared among the participating jurisdictions based on a formula set forth in the service agreement. The City and the other participating jurisdictions have no explicit, measurable equity interest in the Authority, however, each jurisdiction does have an ongoing financial responsibility for their share of the Authorities operating cost. The City will fund its share of the annual cost through annual budget appropriations. For fiscal year ended June 30, 2014, the City contributed \$1,291,430 for its share of costs.

**Jointly Governed Organizations:**

**Capital Region Airport Commission (Commission)**

The 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.



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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, 2014.

**Central Virginia Waste Management Authority (CVWMA)**

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 CVWMA. The City is a member of the CVWMA. 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, 2014 were \$1,654,696.

**Greater Richmond Partnership (GRP)**

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, 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 contributed \$320,000 for the year ended June 30, 2014.

**Richmond Metropolitan Convention and Visitors Bureau (RMCVB) – also "DBA" Richmond Region Tourism**

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 the Richmond Region Tourism Board of Directors and contributed \$1,120,384 to the Richmond Region Tourism for the year ended June 30, 2014.

**Richmond Regional Planning District Commission (RRPDC)**

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 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 RRPDC and contributed \$145,300 for the year ended June 30, 2014.

**Greater Richmond Convention Center Authority (GRCCA)**

GRCCA is a political subdivision of the Commonwealth of Virginia, created on January 9, 1998 pursuant to the Public Recreational Facilities Authority Act, Chapter 56 of Title 15.2, *Code of Virginia*. 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 GRCCA are the City and the Counties of Chesterfield, Hanover and Henrico. GRCCA is governed by a five-member commission comprised of

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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 \$5,974,488 in transient occupancy tax revenue and \$1,273,393 of general funds for the year ending June 30, 2014.

**B. Basis of Presentation**

**Government-wide and Fund Financial Statements**

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

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

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

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

The City's Fiduciary Funds are presented in the fund financial statements by type (pension and agency). Since by definition these assets are being held for the benefit of a third party (i.e., private parties, pension participants, etc.) and



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cannot be used to address activities or obligations of the City, these funds are not incorporated into the government-wide financial statements.

The following is a brief description of the specific funds used by the City:

**Governmental Funds**

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

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

**Proprietary Funds**

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

- *Enterprise Funds* – Enterprise Funds are used to report activities for which a fee is charged to external users for goods and services. The City maintains 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 enterprise funds are as follows:
  - *Gas* – The Gas Utility provides natural gas service to the City and surrounding counties. Operation of the Gas Utility is designed to be self-supporting through user charges.
  - *Water* – The Water Utility provides retail water service to the City and surrounding counties. Operation of the Water Utility is designed to be self-supporting through user charges.
  - *Wastewater* – The Wastewater Utility provides wastewater service to the City and portions of the surrounding counties. Operation of the Wastewater Utility is designed to be self-supporting through user charges.





- *Stormwater Utility* – The Stormwater Utility provides stormwater service to the City. Operation of the Stormwater Utility is designed to be self-supporting through user charges.
- *Internal Service Funds* – Internal Service Funds account for operations that provide services to City departments/agencies on a cost reimbursement basis. The City maintains six internal service funds: 1) Fleet Management, 2) Radio Maintenance, 3) Health Self-Insurance, 4) Advantage Richmond Corporation, 5) Electric Utility and 6) Stores and Transportation (which exclusively serves the City's major proprietary funds).

### **Fiduciary Funds**

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

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

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

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

### **C. Basis of Accounting**

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

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.





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

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

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

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

**D. Cash and Cash Equivalents**

Cash and cash equivalents are stated at cost, which approximates fair value. Cash and cash equivalents include cash on hand, checking and savings accounts and short-term investments with original maturities of one year or less from the date of acquisition. For the purpose of the Statement of Cash Flows, the City considers cash and highly liquid investments, including restricted assets, with a maturity of three months or less as cash and cash equivalents.

**E. Investments**

Investments are reported at fair value which is based on quotations obtained from readily available sources.

**F. Allowances for Doubtful Accounts**

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

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Allowances for doubtful accounts at June 30, 2014 were as follows:

General Fund and Governmental Activities - Tax and Licenses	\$	22,278,631
Enterprise Funds:		
Non-major Enterprise Funds (Coliseum and Cemeteries)		13,046
Utilities:		
Gas Utility		5,312,832
Water Utility		571,336
Wastewater Utility		527,857
Stormwater Utility		4,960,467
Electric		17,286
Total Utilities Funds		11,389,778
Total Enterprise Funds	\$	11,402,824

**G. Inventories**

Inventories on hand at June 30, 2014 have been reported on the government-wide Statement of Net Position. Inventories of consumable supplies are recorded at cost determined on a first in, first out basis. Inventories in the Proprietary Funds are accounted for under the lower of cost (determined by using weighted average cost or first-in, first-out methods) or market.

**H. Capital Assets**

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

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



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

**Governmental:**

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

**Enterprise Funds:**

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

**Enterprise Funds:**

Buildings and structures	20 to 60 years
Equipments and other assets	2 to 20 years

**I. Construction Period Interest**

The City capitalizes, during the construction period only, the net interest cost associated with the acquisition or construction of major additions in the business-type activity funds. During fiscal 2014, interest costs of approximately \$34,481,700 were incurred with approximately \$833,500 being capitalized.

**J. Compensated Absences**

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

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

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

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

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



#### **K. Judgment and Claims**

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

#### **L. Deferred Outflows and Inflows of Resources**

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

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

#### **M. Restricted Assets**

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

#### **N. Net Position**

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

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

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

*Unrestricted* - Unrestricted net position is net position not reported as net invested in capital assets or restricted assets.



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**O. Fund Balance**

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

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

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

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

*Assigned* – Amounts constrained by the City's expressed intent to use resources for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body has delegated the authority.

Resolution No. 2011-65-69 and Chapter 8 of the City Charter provided that the Director of Finance is in charge of the financial affairs of the City, and to that end, he/she shall have authority and shall be responsible for the management of City finances in a professionally accountable and responsible manner. In order for assigned funds to be expended for the assigned purpose, an ordinance would need to be adopted by City Council. Assigned funds lapse at the end of the fiscal year in which they were assigned. With the exception of the General Fund, this is the residual fund balance of the classification of all governmental funds with positive balances.

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

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

**P. Revenue Stabilization and Contingency Policy**

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



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

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

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

**R. Rate Stabilization**

City Code section 106-37 authorizes the Utilities Enterprise Funds to establish rate stabilization accounts within each utility. The purpose of rate stabilization is to mitigate and smooth any rate increases that otherwise might be required from year to year by increasing the rate stabilization amounts in years when revenues exceed those needed to meet reasonable rates of return. For the year ended June 30, 2014, Wastewater Utility and Stormwater Utility have \$6.5 million and \$3.5 million, respectively, for rate stabilization funds.

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

**S. Estimates and Assumptions**

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

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

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

**U. Permanent Funds**

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

**V. Unearned Revenues**

Unearned revenue represents assets recognized which are related to amounts received but not yet earned, or for which an enforceable lien is in place but the tax has not been received. At the government-wide level, unearned revenue is primarily comprised of money received from federal and/or state grants in advance of services to be



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provided. At the fund level, unearned revenue is primarily comprised of taxes with an enforceable lien but not available, prepaid taxes and money received from federal and/or state grants in advance of services to be provided.

**W. Adoption of New Accounting Pronouncement**

During the year ended June 30, 2014, the City adopted the provisions of:

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

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

*GASB Statement No. 66, Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62*

The objective of this statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

*GASB Statement No. 67, Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*

The objective of this statement is to improve financial reporting by state and local government pension plans. This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 25 and 50 remain applicable to pension plans that are not administered through trusts covered by the scope of the Statement and to define contribution plans that provide post-employment benefits other than pensions.

*GASB Statement No. 69, Governmental Combinations and Disposals of Government Operations*

This statement establishes accounting and financial reporting standards, related to government combinations and disposals of government operations including a variety of transactions such as mergers, acquisitions, and transfers of operations.

*GASB Statement No. 70, Accounting and Financial Reporting for Non-exchange Financial Guarantees*

The objective of this statement is to enhance the comparability and disclosure of financial statements among governments by requiring consistent reporting by governments that extend non-exchange financial guarantees and by those governments that receive non-exchange financial guarantees.

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

*GASB Statement No. 68, Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27)*

The objective of this statement is to improve accounting and financial reporting by state and local governments for pensions.



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*GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date (an amendment of GASB Statement No. 6)*

The objective of this statement is to address the amounts associated with contributions made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The City will be implementing this Statement in fiscal year 2015 simultaneously with the provisions of Statement 68.

*GASB Statement 72 Fair Value Measurement and Application*

The objective of this statement is to improve financial reporting by clarifying the definition of fair value for financial reporting purposes, establishing general principles for measuring fair value, providing additional fair value application guidance, and enhancing disclosures about fair value measurements. These improvements are based in part on the concepts and definitions established in Concepts Statement No. 6, *Measurement of Elements of Financial Statements*, and other relevant literature.

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

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

Personal property taxes may be paid without penalty and interest on or before June 5<sup>th</sup>, or 60 days from the date the vehicle acquired situs in Richmond. Effective January 1, 2011, real estate taxes are billed on a semi-annual basis. These taxes may be paid without penalty and interest on or before January 14 and June 14. Penalty for late payment is 10% or \$10, whichever is greater, not to exceed the full amount of the tax. In 2014 the interest rate for unpaid taxes was 5%.

The City bills and collects its own property taxes. Delinquent property taxes may be sent to collection services. Property taxes levied January 1, 2014 are intended to finance operations of the fiscal year ended June 30, 2014. The real estate taxes assessed and due on January 14, 2014 and June 14, 2014 are intended to finance operations of the fiscal year ended June 30, 2014.

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

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

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

At June 30, 2014, cash on hand, cash items and petty cash totaled approximately \$42,255 and the carrying value of the City's demand deposits, savings accounts and time certificates of deposit with financial institutions totaled \$57,798,012 and is included in cash and cash equivalents. The bank balance of the City's deposits, totaling \$67,783,148, was covered by federal depository insurance or was insured in accordance with provisions of the Virginia Security for Public Deposit Act (the Act). This Act requires financial institutions holding public deposits in excess of amounts covered by federal insurance to pledge collateral in the amount of 50% of excess deposits, while savings and loans are required to collateralize 100% of excess deposits. The State Treasury Board can assess additional collateral from participating financial institutions to cover collateral shortfalls in the event of default and is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and for notifying local governments of compliance by financial institutions. All funds, unless otherwise classified as restricted, are deposited into pooled bank accounts; the major account defined as the General Fund concentration account. As disbursements are made from the payroll, budget, and social services bank accounts, funds from the general fund concentration account are automatically transferred to those bank accounts to cover those disbursements on a daily basis. All cash classified as restricted are related to grantor or debtor requirements.





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**B. 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, 2014, 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, 2014, 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, 2014, 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, 2014, the City does not have concentration of credit risk as no investments are with any one issuer representing more than 5% of total investments.

A summary of deposits and investments is held by the Primary Government at June 30, 2014 as follows:

Deposits	
Cash on hand	\$ 42,255
Demand deposits	69,419,307
Investments	
LGIP	205,698,727
Money markets	204,412,123
Total deposits and investments	\$ 479,572,412

**Reconciliation to Statements of Net Position:**

	Government-wide Statement of Net Position	Fiduciary Funds Statement of Net position			Total
		Pension	Other		
		Trust	Employee Benefits	Agency	
Cash and cash equivalents	\$ 226,703,922	\$ 12,443,520	\$ --	\$ 1,907,703	\$ 241,055,145
Investments	--	578,914,284	86,786,729	--	665,701,013
Restricted assets	252,868,490	-	--	--	252,868,490
Total	\$ 479,572,412	\$ 591,357,804	\$ 86,786,729	\$ 1,907,703	\$ 1,159,624,648

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

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

		<b>Due From</b>							
		General	Debt	Capital	Non-Major	Non-Major	Internal	Fiduciary	
		Fund	Service	Projects	Governmental	Proprietary	Service	Fund	Total
<b>Due To</b>	General	\$ --	\$ 945,522	\$ 59,966,157	\$ --	\$ 786,658	\$ 12,890,540	\$ 1,553,500	\$ 76,142,377
	Non-Major Government	10,488,633	--	--	24,996,456	--	2,412,271	--	37,897,360
	Gas	--	--	--	--	--	279,231	--	279,231
	Water	--	--	--	--	--	118,567	--	118,567
	Wastewater	--	--	--	--	--	1,355	--	1,355
	Stormwater	--	--	--	--	--	11,541	--	11,541
	Agency	1,079,417	--	--	--	--	--	--	1,079,417
	Non-Major Proprietary	--	--	--	--	--	59,963	--	59,963
	<b>Total</b>	<u>\$ 11,568,050</u>	<u>\$ 945,522</u>	<u>\$ 59,966,157</u>	<u>\$ 24,996,456</u>	<u>\$ 786,658</u>	<u>\$ 15,773,468</u>	<u>\$ 1,553,500</u>	<u>\$ 115,589,811</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 among funds are made.

The City reports interfund transfers among many of its funds. Interfund transfers for the year ended June 30, 2013 consisted of the following:

		<b>Transfer From</b>					
		General	Major Proprietary Funds			Non-Major	
		Fund	Gas	Water	Wastewater	Governmental	Total
<b>Transfer To</b>	General	\$ --	\$ 1,332,108	\$ 1,075,580	\$ 1,469,750	\$ 2,525,293	\$ 6,402,731
	Debt Service	59,049,128	--	--	--	500,000	59,549,128
	Non-Major Governmental	7,074,564	--	--	--	--	7,074,564
	<b>Total</b>	<u>\$ 66,123,692</u>	<u>\$ 1,332,108</u>	<u>\$ 1,075,580</u>	<u>\$ 1,469,750</u>	<u>\$ 3,025,293</u>	<u>\$ 73,026,423</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.

**5. DUE FROM OTHER GOVERNMENTS**

Amounts due from other governments at June 30, 2014 are as follows:

Primary Government	Federal	State	Other Localities	Total
General Fund	\$ --	\$ 31,774,209	\$ --	\$ 31,774,209
Capital Projects Fund	--	34,437,358	--	34,437,358
Non-major Governmental Funds	6,034,879	2,600,112	--	8,634,991
Water Fund	--	--	4,754,494	4,754,494
Wastewater Fund	--	1,939,843	--	1,939,843
	<u>\$ 6,034,879</u>	<u>\$ 70,751,522</u>	<u>\$ 4,754,494</u>	<u>\$ 81,540,895</u>



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**6. CAPITAL ASSETS**

**Primary Government – Government Activities**

**Primary Government - Governmental Activities**

	Balance			Balance June 30, 2014
	July 1, 2013			
	As Restated*	Additions	Deletions	
Capital Assets Not Being Depreciated:				
Land and Land Improvements	\$ 103,446,345	\$ 4,565,706	\$ --	\$ 108,012,051
Construction In Progress	253,879,927	140,061,350	82,326,434	311,614,843
Works of Art/Historical Treasures	6,942,681	47,715	--	6,990,396
<b>Total Capital Assets</b>				
Not Being Depreciated	<u>364,268,953</u>	<u>144,674,771</u>	<u>82,326,434</u>	<u>426,617,290</u>
Capital Assets Being Depreciated:				
Infrastructure	786,648,880	23,402,231	--	810,051,111
Building and Structures	475,608,128	68,710,709	--	544,318,837
Equipment	118,661,415	5,223,190	919,376	122,965,229
Improvements Other Than Buildings	16,734,404	820,092	--	17,554,496
<b>Total Other Capital Assets</b>	<u>1,397,652,827</u>	<u>98,156,222</u>	<u>919,376</u>	<u>1,494,889,673</u>
Less Accumulated Depreciation For:				
Infrastructure	487,462,840	18,023,057	--	505,485,897
Building and Structures	287,505,348	12,616,611	--	300,121,959
Equipment	93,920,195	7,733,313	894,916	100,758,592
Improvements Other Than Buildings	5,209,188	1,072,832	--	6,282,020
<b>Total Accumulated Depreciation</b>	<u>874,097,571</u>	<u>39,445,813</u>	<u>894,916</u>	<u>912,648,468</u>
<b>Total Capital Assets Being Depreciated, Net</b>	<u>523,555,256</u>	<u>58,710,409</u>	<u>24,460</u>	<u>582,241,205</u>
<b>Governmental Activities, Capital Assets, Net</b>	<u>\$ 887,824,209</u>	<u>\$ 203,385,180</u>	<u>\$ 82,350,894</u>	<u>\$ 1,008,858,495</u>

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

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

General Government	\$ 7,367,049
Public Safety and Judiciary	3,649,970
Highways, Streets, Sanitation and Refuse	20,918,495
Human Services	1,331,284
Culture and Recreation	1,527,003
Education	3,797,901
Subtotal**	<u>38,591,702</u>
Allocation related to Internal Services Funds	<u>7,696,350</u>
<b>Total</b>	<u>\$ 30,895,352</u>

\*\*On July 1, 2013, certain assets were transferred from Internal Service Fund - Stores Utility to the Electric Utility Fund at book value. Therefore, additions to accumulated depreciation includes a transfer of \$854,112, and total additions of \$39,445,814 equal the combination of \$38,591,702 and \$854,112.

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**Primary Government – Business-type Activities**

	Balance July 1, 2013 <u>As Restated*</u>	Additions	Deletions	Balance June 30, 2014
<b>Gas Utility:</b>				
Capital Assets Not Being Depreciated -				
Land	\$ 219,200	\$ --	\$ --	\$ 219,200
Construction in Progress	8,990,090	32,828,879	24,111,977	17,706,992
Capital Assets Being Depreciated -				
Plant-in-service**	<u>521,180,091</u>	<u>34,917,882</u>	<u>491,020</u>	<u>555,606,953</u>
Total Capital Assets Being Depreciated	<u>521,180,091</u>	<u>34,917,882</u>	<u>491,020</u>	<u>555,606,953</u>
Less - Accumulated Depreciation For -				
Plant-in-service**	<u>17,138,182</u>	<u>23,652,503</u>	<u>491,020</u>	<u>194,543,325</u>
Total Accumulated Depreciation	<u>17,138,182</u>	<u>23,652,503</u>	<u>491,020</u>	<u>194,543,325</u>
Total Capital Assets Being Depreciated, Net	<u>349,798,249</u>	<u>11,265,379</u>	<u>-</u>	<u>361,063,628</u>
Gas Utility Capital Assets, Net	<u>\$ 359,007,539</u>	<u>\$ 44,094,258</u>	<u>\$ 24,111,977</u>	<u>\$ 378,989,820</u>
<b>Water Utility:</b>				
Capital Assets Not Being Depreciated -				
Land	\$ 878,307	\$ --	\$ --	\$ 878,307
Construction in Progress	24,481,924	31,138,163	19,125,679	36,494,408
Capital Assets Being Depreciated -				
Plant-in-service**	<u>45,165,648</u>	<u>25,860,427</u>	<u>215,503</u>	<u>477,300,972</u>
Total Capital Assets Being Depreciated	<u>45,165,648</u>	<u>25,860,427</u>	<u>215,503</u>	<u>477,300,972</u>
Less - Accumulated Depreciation For -				
Plant-in-service**	<u>138,558,621</u>	<u>18,902,753</u>	<u>215,503</u>	<u>157,245,871</u>
Total Accumulated Depreciation	<u>138,558,621</u>	<u>18,902,753</u>	<u>215,503</u>	<u>157,245,871</u>
Total Capital Assets Being Depreciated, Net	<u>313,097,427</u>	<u>6,957,674</u>	<u>-</u>	<u>320,055,101</u>
Water Utility Capital Assets, Net	<u>\$ 338,457,658</u>	<u>\$ 38,095,837</u>	<u>\$ 19,125,679</u>	<u>\$ 357,427,816</u>
<b>Wastewater Utility:</b>				
Capital Assets Not Being Depreciated -				
Land	\$ 1,101,261	\$ --	\$ --	\$ 1,101,261
Construction in Progress	31,692,647.00	29,300,174	28,018,031	32,974,790
Capital Assets Being Depreciated -				
Plant-in-service**	<u>580,483,385</u>	<u>47,071,004</u>	<u>98,440</u>	<u>627,455,949</u>
Total Capital Assets Being Depreciated	<u>580,483,385</u>	<u>47,071,004</u>	<u>98,440</u>	<u>627,455,949</u>
Less - Accumulated Depreciation For -				
Plant-in-service**	<u>204,299,700</u>	<u>27,074,504</u>	<u>98,440</u>	<u>231,275,764</u>
Total Accumulated Depreciation	<u>204,299,700</u>	<u>27,074,504</u>	<u>98,440</u>	<u>231,275,764</u>
Total Capital Assets Being Depreciated, Net	<u>376,183,685</u>	<u>19,996,500</u>	<u>--</u>	<u>396,180,185</u>
Wastewater Utility Capital Assets, Net	<u>\$ 408,977,593</u>	<u>\$ 49,296,674</u>	<u>\$ 28,018,031</u>	<u>\$ 430,256,236</u>

(Continued)



**CITY OF RICHMOND, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

	Balance July 1, 2013 As Restated*	Additions	Deletions	Balance June 30, 2014
<b>Stormwater Utility:</b>				
Capital Assets Not Being Depreciated -				
Construction in Progress	\$ 4,691,594	\$ 4,799,299	\$ 6,017,056	\$ 3,473,837
Capital Assets Being Depreciated -				
Plant-in-service**	4,499,090	7,412,676	--	11,911,766
Total Capital Assets Being Depreciated	<u>4,499,090</u>	<u>7,412,676</u>	<u>--</u>	<u>11,911,766</u>
Less - Accumulated Depreciation For -				
Plant-in-service**	370,063	1,352,876	--	1,722,939
Total Accumulated Depreciation	<u>370,063</u>	<u>1,352,876</u>	<u>--</u>	<u>1,722,939</u>
Total Capital Assets Being Depreciated, Net	<u>4,129,027</u>	<u>6,059,800</u>	<u>--</u>	<u>10,188,827</u>
Stormwater Utility Capital Assets, Net	<u>\$ 8,820,621</u>	<u>\$ 10,859,099</u>	<u>\$ 6,017,056</u>	<u>\$ 13,662,664</u>
<b>Other Business-type Activity:</b>				
Capital Assets Not Being Depreciated -				
Land and Land Improvements	\$ 12,770,860	\$ --	\$ --	\$ 12,770,860
Capital Assets Being Depreciated -				
Buildings and Structures	33,982,882	--	--	33,982,882
Equipment and Other Capital Assets	5,756,731	--	--	5,756,731
Total Capital Assets Being Depreciated	<u>39,739,613</u>	<u>--</u>	<u>--</u>	<u>39,739,613</u>
Less - Accumulated Depreciation For:				
Buildings and Structures	33,512,574	35,098	--	33,547,672
Equipment and Other Assets	5,730,446	98,687	--	5,829,133
Total Accumulated Depreciation	<u>39,243,020</u>	<u>133,785</u>	<u>--</u>	<u>39,376,805</u>
Total Capital Assets Being Depreciated, Net	<u>496,593</u>	<u>(133,785)</u>	<u>--</u>	<u>362,808</u>
Other Business-type Activity Capital Assets, Net	<u>\$ 13,267,453</u>	<u>\$ (133,785)</u>	<u>\$ --</u>	<u>\$ 13,133,668</u>
Business-type Activities, Capital Assets, Net	<u>\$ 1,128,530,864</u>	<u>\$ 142,212,083</u>	<u>\$ 77,272,743</u>	<u>\$ 1,193,470,204</u>
Internal Service Fund - Stores Utility, Net	<u>\$ 29,760,141</u>	<u>\$ 38,083</u>	<u>\$ 26,707,254</u>	<u>\$ 3,090,970</u>
	<u>\$ 1,158,291,005</u>	<u>\$ 142,250,166</u>	<u>\$ 103,979,997</u>	<u>\$ 1,196,561,174</u>

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

\*\*On July 1, 2013, certain assets were transferred from Internal Service Fund - Stores Utility to the Gas, Water, Wastewater and Stormwater Utility Funds at book value. Therefore, additions to Accumulated Depreciation includes transfers of \$6,372,071, \$5,725,702, \$9,309,416 and \$1,117,805 for Gas, Water, Wastewater and Stormwater, respectively.

**7. OBLIGATIONS**

Changes in the short-term liabilities during the fiscal year ended June 30, 2014 are summarized below:

**Primary Government - Governmental Activities**

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
Line of Credit - Bond Anticipation Note - Series 2012	\$ 95,855,970	\$ 54,144,030	\$ 150,000,000	\$ --
Line of Credit - Bond Anticipation Note - Series 2014A	--	70,000,000	--	70,000,000
Totals	<u>\$ 95,855,970</u>	<u>\$ 124,144,030</u>	<u>\$ 150,000,000</u>	<u>\$ 70,000,000</u>

On April 30, 2014, the City established a \$150.0 million Bond Anticipation Note Line of Credit with a commercial bank to provide interim financing for certain capital improvement projects of the City. This interim financing vehicle is being used to finance General Government capital projects budgeted in the City's Capital Improvement Program (CIP). Interest on this bank line

**CITY OF RICHMOND, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**



borrowings due quarterly. This borrowing facility has an October 18, 2015 final maturity and is expected to be repaid prior to that date from proceeds of long term general obligation bonds to be issued in the next fiscal year.

As of June 30, 2014, the outstanding balance borrowed on the line was \$70 million to fund interim financing for Governmental Activities' capital projects. As the \$70 million was refinanced between the fiscal year end and with the issuance of the financial statements, this balance is not a liability at the fund level financial statements. It is recorded as a current liability on the Statement of Net Position for Governmental Activities.

Changes in the long-term liabilities during the fiscal year ended June 30, 2014 are summarized below:

**Primary Government - Governmental Activities**

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014	Not Due Within One Year	Due Within One Year
General Obligation Bonds	\$ 493,685,536	\$ 149,040,000	\$ 36,875,197	\$ 605,850,339	\$ 57,129,460	\$ 34,559,879
General Obligation Serial Notes	5,300,000	34,360,000	2,200,000	37,460,000	35,035,000	2,425,000
Virginia Public Schools Authority Bonds	125,155	--	237,873	977,282	736,976	240,306
Qualified Zone Academy Bonds	2,024,853	--	192,480	1,832,373	1,639,893	192,480
HUD Section 108 Notes	11,255,000	--	560,000	10,695,000	10,125,000	570,000
Premium on Debt Issued	23,847,759	12,943,870	3,626,824	33,164,805	29,537,981	3,626,824
Total General Obligation Bonds and Notes	<u>537,328,303</u>	<u>196,343,870</u>	<u>43,692,374</u>	<u>689,979,799</u>	<u>648,365,310</u>	<u>416,14,489</u>
Line of Credit - Bond Anticipation Note - Series 2014A	95,855,970	12,144,030	150,000,000	70,000,000	--	70,000,000
Total General Obligation Bonds, Notes and BAN	<u>633,184,273</u>	<u>320,487,900</u>	<u>193,692,374</u>	<u>759,979,799</u>	<u>648,365,310</u>	<u>111,614,489</u>
Capital Leases	2,484,498	--	1,146,566	1,337,932	331,380	1,006,552
Total Obligations	<u>\$ 635,668,771</u>	<u>\$ 320,487,900</u>	<u>\$ 194,838,940</u>	<u>\$ 761,317,731</u>	<u>\$ 648,696,690</u>	<u>\$ 112,621,041</u>
Advantage Richmond Lease Revenue Bond	\$ 7,614,180	\$ --	\$ 786,275	\$ 6,827,905	\$ 5,999,238	\$ 828,667
Compensated Absences	\$ 17,157,087	\$ 1614,590	\$ 2,308,638	\$ 16,463,039	\$ 14,251,564	\$ 2,211,475
Net Other Postemployment Benefit Obligations	\$ 15,269,554	\$ 4,974,250	\$ 5,422,850	\$ 14,820,954	\$ 14,820,954	\$ --

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

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

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



**CITY OF RICHMOND, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2014**

**Primary Government -  
Business-type Activities**

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014	Not Due Within One Year	Due Within One Year
<b>General Obligation Bonds:</b>						
Gas	\$ 62,120,644	\$ --	\$ 7,357,046	\$ 54,763,598	\$ 48,159,354	\$ 6,604,244
Water	48,732,036	--	5,896,465	42,835,571	37,367,150	5,468,421
Wastewater	24,581,194	--	4,096,060	20,485,134	16,242,284	4,242,850
Stormwater	213,750	--	11,250	202,500	191,250	11,250
Premium on Debt, Net	4,007,153	--	1,130,905	2,876,248	2,876,248	--
Coliseum Enterprise Fund	5,777,205	--	752,054	5,025,151	4,404,895	620,256
Cemeteries Enterprise Fund	391,267	--	43,181	348,086	298,732	49,354
<b>Total G.O. Bonded Debt</b>	<u>145,823,249</u>	<u>--</u>	<u>19,286,961</u>	<u>126,536,288</u>	<u>109,539,913</u>	<u>16,996,375</u>
<b>Revenue Bonds:</b>						
Gas	247,291,362	--	4,844,046	242,447,316	238,137,306	4,310,010
Water	199,270,930	--	3,988,022	195,282,908	191,997,933	3,284,975
Wastewater	289,896,546	3,717,048	7,895,359	285,718,235	278,370,866	7,347,369
Premium on Debt, Net	45,968,928	--	2,330,631	43,638,297	43,638,297	--
<b>Total Revenue Bonded Debt</b>	<u>782,427,766</u>	<u>3,717,048</u>	<u>19,058,058</u>	<u>767,086,756</u>	<u>752,144,402</u>	<u>14,942,354</u>
<b>Total Bonded Debt</b>	<u>\$ 928,251,015</u>	<u>\$ 3,717,048</u>	<u>\$ 38,345,019</u>	<u>\$ 893,623,044</u>	<u>\$ 861,684,315</u>	<u>\$ 31,938,729</u>
<b>Capital Leases:</b>						
Other Non-Major Enterprise Funds	<u>\$ 203,867</u>	<u>\$ --</u>	<u>\$ 203,867</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
<b>Compensated Absences:</b>						
Gas	\$ 865,950	\$ 658,167	\$ 704,293	\$ 819,824	\$ 145,812	\$ 674,012
Water	593,796	482,980	514,611	562,165	99,985	462,180
Wastewater	692,762	455,068	515,395	632,435	12,483	519,952
Stormwater	197,932	229,552	216,672	210,812	37,495	173,317
Other Non-Major Enterprise Funds	105,249	68,927	71,150	103,026	22,479	80,547
<b>Total Compensated Absences</b>	<u>\$ 2,455,689</u>	<u>\$ 1,894,694</u>	<u>\$ 2,022,121</u>	<u>\$ 2,328,262</u>	<u>\$ 418,254</u>	<u>\$ 1,910,008</u>

**CITY OF RICHMOND, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**



**Details of Bonds and Notes Outstanding:**

	Interest Rates	Issue Date	Maturity Date	Original Issue	Balance at June 30, 2014	
					Governmental Activities	Enterprise Funds
<b>General Obligation Bonds</b>						
Public Improvement Bonds 2004A	3.00% - 5.50%	6/24/2004	7/15/2024	\$ 55,655,000	\$ 2,485,000	\$ --
Public Improvement Refunding Bonds 2004B	3.00% - 5.00%	6/24/2004	7/15/2015	9,300,000	3,281,910	238,090
Public Improvement Refunding Bonds 2005A	3.00% - 5.00%	7/28/2005	7/15/2023	93,245,000	39,702,265	547,735
Public Improvement Refunding Bonds 2005B	3.00% - 5.00%	10/18/2005	7/15/2020	61,890,000	459,000	45,441,000
Public Improvement Bonds 2006	4.00% - 5.00%	11/21/2006	7/15/2026	44,550,000	10,420,000	--
Public Improvement Bonds 2009A	2.00% - 5.00%	12/22/2009	7/15/2029	78,580,000	69,460,000	--
Public Improvement Refunding Bonds 2009B	2.00% - 5.00%	12/22/2009	7/15/2022	34,340,000	26,240,229	2,669,777
Public Improvement Bonds 2010A (RZEDB)	5.72%	3/10/2010	7/15/2025	22,482,875	22,482,875	--
Public Improvement Bonds 2010B (QSCB)	5.27%	11/16/2010	11/1/2029	14,980,000	14,980,000	--
Public Improvement Refunding Bonds 2010C	1.50% - 5.00%	11/16/2010	7/15/2023	85,180,000	17,615,750	42,169,250
Public Improvement Bonds 2010D	2.00% - 5.00%	11/30/2010	7/15/2031	65,420,000	59,645,000	--
Public Improvement Bonds 2011A (VRA)	0.00%	6/1/2011	1/15/2032	225,000	--	202,500
Public Improvement Bonds 2012A	2.00% - 5.00%	6/28/2012	3/1/2032	98,835,000	88,475,000	--
Public Improvement Refunding Bonds 2012B	2.00% - 5.00%	6/28/2012	7/15/2024	46,870,000	44,275,000	--
Public Improvement Refunding Bonds 2012C	0.35% - 2.85%	6/28/2012	7/15/2023	100,030,000	56,373,310	32,391,690
Public Improvement Bonds 2012 D (QSCB)	4.15%	6/28/2012	1/15/2033	7,500,000	7,500,000	--
Public Improvement Bonds 2013A	2.00%-5.00%	9/26/2013	3/1/2033	127,745,000	121,160,000	--
Public Improvement Bonds 2013B	3.00%-4.80%	9/26/2013	3/1/2033	11,295,000	11,295,000	--
Public Improvement Bonds 2013C	Variable	11/21/2013	9/1/2018	10,000,000	10,000,000	--
VPSA Bonds 1997A	4.35% - 5.35%	11/20/1997	7/15/2017	4,578,704	977,282	--
Qualified Zone Academy Bonds - 2004	0%	5/6/2004	5/6/2019	2,142,167	1,000,717	--
Qualified Zone Academy Bonds - 2004B	0%	12/30/2004	12/30/2020	1,536,671	831,656	--
<b>General Obligation Notes</b>						
Serial Equipment Notes Series 2010	2.32%	6/24/2010	6/15/2015	2,500,000	500,000	--
Serial Equipment Notes Series 2011	1.74%	6/16/2011	6/15/2016	6,500,000	2,600,000	--
Serial Equipment Notes Series 2014	1.28%	6/19/2014	6/1/2019	3,125,000	3,125,000	--
Bond Anticipation Notes Series 2013A	0.98%	11/7/2013	9/1/2016	31,235,000	31,235,000	--
<b>HUD Section 108 Notes</b>						
HUD Section 108 Note Series 2003	1.21% - 4.93%	8/7/2003	8/1/2014	800,000	65,000	--
HUD Section 108 Note Series 2004	2.31% - 5.19%	6/30/2004	8/1/2014	585,000	75,000	--
HUD Section 108 Note Series 2010A1	0.56% - 1.80%	7/21/2010	8/1/2014	530,000	130,000	--
HUD Section 108 Note Series 2010A2	0.56% - 1.80%	7/21/2010	8/1/2014	1,200,000	300,000	--
HUD Section 108 Note Series 2012	Variable	9/26/2012	8/1/2032	10,125,000	10,125,000	--
<b>Revenue Bonds</b>						
Public Utility Revenue Bonds 1998C - VRA	3.00%	4/9/1998	7/15/2018	10,000,000	--	2,848,309
Public Utility Revenue Bonds 1998D - VRA	3.00%	4/9/1998	7/15/2018	8,600,000	--	2,463,802
Public Utility Revenue Bonds 2006 - VRA	3.10%	6/29/2006	1/15/2028	11,000,000	--	8,536,316
Public Utility Revenue Bonds 2007A	3.50% - 5.00%	4/25/2007	1/15/2037	323,180,000	--	288,530,000
Public Utility Revenue Bonds 2008A - VRA	3.00%	6/27/2008	1/15/2029	6,900,000	--	5,439,754
Public Utility Revenue Bonds 2009A	3.00% - 5.00%	4/28/2009	1/15/2040	146,495,000	--	138,485,000
Public Utility Revenue Bonds 2009B - VRA	0%	6/24/2009	7/15/2030	32,000,000	--	26,400,000
Public Utility Revenue Bonds 2010A - VRA	0%	2/3/2010	7/15/2040	188,218	--	166,738
Public Utility Revenue Bonds 2012A - VRA	0%	4/17/2012	1/15/2035	23,289,955	--	19,193,538
Public Utility Revenue Bonds 2013A	2.00% - 5.00%	5/2/2013	1/15/2043	214,220,000	--	209,225,000
Public Utility Revenue Bonds 2013B	5.00%	5/2/2013	1/15/2018	22,160,000	--	22,160,000
Premium on Debt Issued					33,164,805	46,514,545
<b>Sub-total Outstanding Bonded Debt</b>					<u>689,979,799</u>	<u>893,623,044</u>
Line of Credit BAN, Series 2014A	Variable	4/30/2014	10/18/2015	--	70,000,000	--
<b>Total General Obligation Bonds, Notes and BAN</b>					<u>\$ 759,979,799</u>	<u>\$ 893,623,044</u>
Lease Revenue Bond - Advantage Richmond	5.25%	10/26/2005	10/1/2020	12,100,000	\$ 6,827,905	\$ --





**CITY OF RICHMOND, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

The annual requirements to amortize to maturity all long-term debt outstanding (General Obligation Bonds, General Obligation Serial Equipment and Bond Anticipation Notes, Virginia Public School Authority Bonds, Public Utility Revenue Bonds, Advantage Richmond Lease Revenue Bond, and Section 108 Promissory Notes), including interest payable is as follows:

**Governmental Activities:**

Fiscal Year	(in \$1,000s)					
	General Obligation Bonds		General Obligation Notes		HUD Section 108 Notes	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 34,560	\$ 26,669	\$ 72,425	\$ 401	\$ 570	\$ 47
2016	33,891	25,205	1,925	361	--	41
2017	32,679	23,687	31,860	177	--	41
2018	32,535	22,301	625	16	--	41
2019	43,632	21,081	625	8	500	39
2020-2024	197,158	82,080	--	--	2,500	165
2025-2029	135,122	41,816	--	--	2,500	115
2030-2033	96,274	9,328	--	--	4,625	48
Subtotal	<u>605,851</u>	<u>252,167</u>	<u>107,460</u>	<u>963</u>	<u>10,695</u>	<u>537</u>
Premium	32,602	--	563	--	--	--
Total	<u>\$638,453</u>	<u>\$252,167</u>	<u>\$108,023</u>	<u>\$ 963</u>	<u>\$ 10,695</u>	<u>\$ 537</u>

Fiscal Year	(in \$1,000s)					
	Qualified Zone Academy Bonds		VPSA Bonds		Lease Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 192	\$ -	\$ 240	\$ 45	\$ 829	\$ 337
2016	193	--	243	32	873	292
2017	192	--	245	19	921	245
2018	193	--	249	7	970	195
2019	622	--	--	--	1,022	143
2020-2024	440	--	--	--	2,212	118
Total	<u>\$ 1,832</u>	<u>\$ -</u>	<u>\$ 977</u>	<u>\$ 103</u>	<u>\$ 6,827</u>	<u>\$ 1,330</u>

**Business-type Activities:**

Fiscal Year	(in \$1,000s)			
	General Obligation Bonds		Revenue Bonds	
	Principal	Interest	Principal	Interest
2015	\$ 16,996	\$ 4,757	\$ 14,942	\$ 31,743
2016	17,811	3,940	17,362	31,218
2017	20,252	3,093	16,123	30,649
2018	21,067	2,201	38,904	30,093
2019	11,084	1,532	23,426	28,400
2020-2024	36,361	2,304	122,478	127,904
2025-2029	56	--	171,085	98,521
2030-2034	33	--	177,477	58,761
2035-2039	--	--	95,242	25,207
2040-2043	--	--	46,410	5,231
Subtotal	<u>123,660</u>	<u>17,827</u>	<u>723,449</u>	<u>467,727</u>
Premium	2,876	--	43,638	--
Total	<u>\$126,536</u>	<u>\$ 17,827</u>	<u>\$767,087</u>	<u>\$467,727</u>



***Debt issued during the fiscal year ended June 30, 2014***

On April 17, 2012 the City entered into a \$23,289,955 Public Utility Revenue Bond Financing Agreement – Series 2012A, with the Virginia Resources Authority (VRA), the Administrator for the Commonwealth of Virginia's Water Facilities Revolving Fund. The Series 2012A Public Utility Revenue Bond issue is an interest-free loan, and thus only the principal borrowed will be paid on this bond issue. Proceeds of this borrowing facility are being used to finance \$23.3 million of capital improvements to the City's Wastewater Treatment Plant. During the 2012 and 2013 fiscal years, the City drew bond proceeds on this facility of \$2,166,376 and \$13,310,117 respectively, as reimbursement for capital spending under this Agreement. In the fiscal year ending June 30, 2014, the City drew an additional \$3,717,048 of proceeds bringing the total principal outstanding on the Series 2012A Bond issue to \$19,193,541. The remaining \$4,096,414 of available proceeds is expected to be drawn during the coming year. Semi-annual principal payments of \$582,248.88 will be due every six months beginning on July 15, 2015 and will continue thereafter, each January 15 and July 15 with the final payment due on January 15, 2035. The 2012A Public Utility Revenue Bonds are limited obligations of the City and are payable solely from certain revenues derived by the City from its natural gas, water and wastewater utilities.

On September 26, 2013 the City issued \$127,745,000 of tax-exempt General Obligation Bonds, Series 2013A and \$11,295,000 of taxable General Obligation Bonds, Series 2013B. The Series 2013A General Obligation Bond proceeds, along with a premium in the amount of \$12,907,418, were used to pay off \$140,000,000 principal balance outstanding on an interim Bond Anticipation Note Line of Credit, which had funded general capital projects. The Series 2013A Bonds have coupon interest rates ranging from 2.00% to 5.00% with interest due and payable on March 1 and September 1 of each year. Serial annual principal amounts of between \$1,150,000 and \$10,695,000 are payable on March 1st of each year with a final maturity on the debt due on March 1, 2033.

The Series 2013B General Obligation (taxable debt) Bond proceeds along with a premium in the amount \$36,452, were used to finance the acquisition of approximately 306 parking spaces within the new Gateway Plaza office tower being built in downtown Richmond. The Series 2013B Bonds were sold with coupon interest rates ranging between 3.00% and 4.80%, and with interest being due on March 1 and September 1 of each year. Serial annual principal amounts of between \$465,000 and \$870,000 are payable on March 1st of each year with a final maturity on the debt due on March 1, 2033.

On November 7, 2013, the City issued a \$31,235,000 million General Obligation Public Improvement Bond Anticipation Note to a commercial bank to provide financing for a portion of the construction costs of Richmond's Justice Center, a new jail facility being built in the City. This note provides bridge financing for the approximately 25% of the overall Jail construction costs that is expected to be reimbursed by the Commonwealth of Virginia upon completion of the project. The note was issued with a fixed interest rate of 0.98% with interest payments due semiannually on March 1<sup>st</sup> and September 1<sup>st</sup> of each year. Principal is due in a single payment on September 1, 2016.

On November 21, 2013 the City issued \$10,000,000 of taxable General Obligation Public Improvement Variable Rate Bonds, Series 2013C and used the proceeds to repay in full a like amount outstanding on the Series 2012 Line of Credit Bond Anticipation Note. Borrowings on the line had originally been used to finance a grant made to the Economic Development Authority of Richmond for the construction of the Bon Secours Redskins Training Camp Facility. Interest on the bond is due monthly and the interest rate resets each month to a spread over one-month LIBOR (London Interbank Offered Rate). Principal is due in a single payment on September 1, 2018.

On June 19, 2014, the City issued a \$3,125,000 five-year, Series 2014 Equipment Note to finance the purchase of vehicles and equipment purchased by the City's Fleet Management Internal Service Fund during the fiscal year. The note was privately placed with a commercial bank which agreed to provide the five year financing at a fixed tax exempt interest rate of 1.28%. The note calls for the City to make annual principal repayment of \$625,000 on June 1st of each year with interest due semi-annually on December 1st and June 1st of each year with a final maturity due on the debt due on June 1, 2019.



**CITY OF RICHMOND, VIRGINIA  
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**Refunded Debt – Prior Years Defeased Obligations**

In prior years the City defeased certain bonds by placing proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. At June 30, 2014 the City had \$156,910,000 in outstanding prior year bonds that are considered defeased.

**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 percent of the last preceding assessment for real estate taxes. At June 30, 2014, the City had a legal debt limit of \$1,958,825,900 (10 percent of the taxable real estate value) and the statutory capacity to issue approximately \$1,108,350,870 of additional general obligation debt (remaining debt margin).

**Authority to Issue Debt**

As of June 30, 2014, the City had a total of \$340,908,386 of additional general obligation and revenue bonds authorized, but not issued, for funding Capital Improvement Projects and the acquisition of equipment. Of these authorized, but not issued bonds and notes, \$222,759,000 is earmarked for self-supporting Public Utility projects and \$118,149,386 for various General Fund supported capital projects and equipment purchases.

**Bond Ratings**

The City of Richmond periodically has three bond rating firms provide credit evaluations of the City's outstanding general obligation and public utility revenue bond debt. The current bond rating of the City's outstanding bond debt by each firm is as follows:

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

**CITY OF RICHMOND, VIRGINIA**  
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**8. FUND BALANCES**

Fund balances have been classified to reflect the limitations and restrictions placed on the respective funds. Fund balances at June 30, 2014 are composed of the following:

	General Fund	Debt Service	Capital Projects Fund	Other Non-Major Governmental Funds
<b>Nonspendable: Inventories and Prepaids</b>				
Permanent Funds	\$ --	\$ --	\$ --	\$ 74,372
Total Nonspendable	<u>--</u>	<u>--</u>	<u>--</u>	<u>74,372</u>
<b>Restricted To:</b>				
Virginia Department of Transportation (VDOT) Urban Program	--	--	2,042,912	--
Culture and Recreation	--	--	--	59,467
General Government	--	--	--	5,053,965
Highways, Streets, Sanitation and Refuse	--	--	--	104,996
Human Services	--	--	--	56,263
Public Safety and Judiciary	--	--	--	8,631,180
Bond Sinking Fund	--	3,075,640	--	--
Total Restricted	<u>--</u>	<u>3,075,640</u>	<u>2,042,912</u>	<u>13,905,871</u>
<b>Committed To:</b>				
Revenue Stabilization and Contingency Policy	10,000,000	--	--	--
General Government	--	--	--	745,000
Economic Development Initiatives	793,000	--	--	--
Total Committed	<u>10,793,000</u>	<u>--</u>	<u>--</u>	<u>745,000</u>
<b>Assigned To:</b>				
Subsequent Years Expenditures	34,878,526	--	--	--
Culture and Recreation	--	--	--	1,494,694
General Government	--	--	--	993,754
Highways, Streets, Sanitation and Refuse	--	--	--	347,789
Human Services	--	--	--	178,484
Public Safety and Judiciary	--	--	--	453,497
Digital Innovation	220,000	--	--	--
Community Development	65,000	--	--	--
Total Assigned	<u>35,163,526</u>	<u>--</u>	<u>--</u>	<u>3,468,218</u>
<b>Unassigned:</b>				
Total Unassigned	<u>80,393,997</u>	<u>(1,358,463)</u>	<u>(48,361,641)</u>	<u>--</u>
Total Fund Balances	<u>\$ 126,350,523</u>	<u>\$ 1,717,177</u>	<u>\$ (46,318,729)</u>	<u>\$ 18,193,461</u>

**9. DEFICIT NET POSITION**

The Fleet Management, Radio Maintenance, and Health Self-insurance Internal Service Funds had deficit net positions of \$6,734,133, \$3,798,104 and \$286,226 respectively at June 30, 2014. In addition, the Coliseum Enterprise Fund had a deficit net position of \$949,447 at June 30, 2014. 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 non-health care related 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's Department of Public Utilities (DPU) is a member of the Associated Electric Gas and Insurance Services, Ltd., a member-owned company based in New Jersey. In exchange for an annual premium, the utilities are provided insurance coverage to a limit of \$35 million per occurrence for excess liability with self-insured retention of \$1,000,000 per occurrence for General and Employers' Liability, and \$1,000,000 per occurrence for Pollution Liability. DPU is also a member of Energy Insurance Mutual Ltd., which provides excess liability coverage with limits of \$100 million in excess of the \$35 million underlying coverage.

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

During the fiscal year ended June 30, 2014, premiums for excess coverage and claims paid for self-insured coverage were recognized as revenue and recorded as expenditures/expenses in the appropriate Governmental and Proprietary Funds, respectively.

The City's aggregate actuarially determined liability for uninsured workers' compensation, general liability, and automobile liability at June 30, 2014 was \$45,062,586 (undiscounted) and \$36,266,298 (discounted at 3.5%). Changes in the aggregate for these liabilities for fiscal years 2013 and 2014 were:

Fiscal Year	Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims and Premium Payments	Balance at Fiscal Year End
2013	\$ 37,451,657	\$ 5,257,194	\$ (3,861,969)	\$ 38,846,882
2014	\$ 38,846,882	\$ 2,584,653	\$ (5,165,237)	\$ 36,266,298

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

Probability Level	Discounted	Undiscounted
90%	\$ 9,241,239	\$ 9,401,570
75%	\$ 6,107,614	\$ 6,213,578
Central Estimate	\$ 7,063,582	\$ 7,186,132



**11. HEALTH CARE PLAN**

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

**Retiree Eligibility**

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

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

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

**City Subsidy**

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

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

**Benefits**

CIGNA Healthcare is contracted as the third-party administrator for the medical plans. The City offers two medical plan options: Premier and Classic. In-network services for the Premier Plan are covered at 90% with a \$20 office visit co-pay for Primary Care Physicians, and a \$40 office visit co-pay for Specialists. In-network services for the Classic Plan are covered at 80% with a \$25 office visit co-pay for Primary Care Physicians, and a \$50 office visit co-pay for Specialists. Out-of-network providers are covered at 50%. Wellness checkups and services are covered at 100%. Prescription drug coverage is included with both medical plans utilizing a three tier co-pay structure and mandatory<sup>1</sup> mail-order for maintenance medications after three (3) retail fills. The City pays the full cost of the coverage for life for Line of Service Retirees.

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

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<sup>1</sup> Prescription mail order will become voluntary on July 1, 2015.



**CITY OF RICHMOND, VIRGINIA**  
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	HEALTH INSURANCE	
	PRIMARY GOVERNMENT	
	Fiscal Year 2014	Fiscal Year 2013
Unpaid Claims Beginning of Fiscal Year	\$ 4,896,000	\$ 5,456,698
Incurred Claims (including IBNR)	40,089,618	37,392,673
Claim Payments	40,183,618	37,953,371
Unpaid Claims End of Fiscal Year	\$ 4,802,000	\$ 4,896,000

**12. RETIREMENT PLANS**

**Virginia Retirement System Plan**

**A. Plan Description**

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

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

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



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

Retirees are eligible for an annual cost-of-living adjustment (COLA) effective July 1 of the second calendar year of retirement. Under Plan 1, the COLA cannot exceed 5.00%; under Plan 2, the COLA cannot exceed 3%. During years of no inflation or deflation, the COLA is 0.00%. The VRS also provides death and disability benefits. Title 51.1 of the *Code of Virginia* (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The system issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for the plans administered by VRS. A copy of the report may be obtained from the VRS web site located at <http://www.varetire.org/Pdf/Publications/2013annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

**B. Funding Policy**

Plan members are required by Title 51.1 of the *Code of Virginia* (1950), as amended, to contribute 5% of their compensation toward their retirement. Beginning July 1, 2012, new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. In addition, the City is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by *Code of Virginia* and approved by the VRS Board of Trustees. The City's contribution rates for the fiscal year ended June 30, 2014, was 14.20% of the annual covered payroll.

**C. Annual Pension Cost**

For the fiscal year ended June 30, 2014, the City's annual pension costs of \$3,538,052 was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2011 actuarial valuation, using the entry age actuarial cost method. The actuarial assumptions at June 30, 2011 included:

- An investment rate of return (net of administrative expenses) of 7%,
- Projected salary increases of 3.75% to 5.60% per year for general government employees and 3.50% to 4.75% per year for employees eligible for enhanced benefits available to law enforcement, firefighters, and sheriffs, and
- A cost-of-living adjustment of 2.50% per year for Plan 1 employees and 2.25% for Plan 2 employees.

Both plans 1 and 2 included an inflation component of 2.50%. The actuarial value of the City's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The City's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2014 for the Unfunded Actuarial Accrued Liability (UAAL) was thirty years.

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



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Actuarial Valuation Date June 30	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Projected Unit Credit	Unfunded AAL (UAAL)	Percentage Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
2012*	\$ 80,808,870	\$ 105,403,864	\$ 24,594,994	76.67%	\$ 23,115,189	106.40%
2013*	\$ 83,762,883	\$ 108,332,204	\$ 24,569,321	77.32%	\$ 23,348,043	105.23%
2014	\$ 92,343,542	\$ 112,998,207	\$ 20,654,665	81.72%	\$ 24,751,869	83.45%

\* Amounts represent Required Supplementary Information, which is unaudited.

**Richmond Retirement System**

**Defined Benefit Plan**

**A. Plan Description**

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

The RRS is of the cost-sharing multiple-employer defined benefit variety. The RRS has three participating employers – the City, the School Board, and the RBHA – 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 VRS, which offers both agent and cost sharing multiple-employer retirement plan options to Virginia localities and acts as a common investment and administrative agent for certain political subdivisions in the Commonwealth of Virginia. Members are vested after five years of creditable service or at their normal retirement age (age 65 for general employees; age 60 for public safety employees). The plan is contributory for employees.

**B. Funding Policy**

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

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

The following is a schedule of the City’s contributions to the RRS, exclusive of City employee contributions, for fiscal years ended June 30, 2009 through 2014:

Fiscal Year Ended June 30	Annual Required Contribution	Percentage Contributed
2009	\$ 33,241,128	100.00%
2010	\$ 32,129,757	100.00%
2011	\$ 39,769,898	100.00%
2012	\$ 38,420,692	101.00%
2013	\$ 40,446,209	100.00%
2014	\$ 42,342,620	100.00%

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

Actuarial Valuation Date June 30	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Projected Unit Credit	Unfunded AAL (UAAL)	Percentage Funded Ratio	Covered Payroll	UAAAL as a Percentage of Covered Payroll
2009*	\$ 424,532	\$ 779,825	\$ 355,293	54.44%	\$ 145,868	243.57%
2010*	459,436	787,931	328,495	58.31%	137,473	238.95%
2011*	493,375	841,362	347,987	58.64%	130,971	265.70%
2012*	476,123	846,442	370,319	56.25%	125,060	296.11%
2013*	475,451	850,867	375,416	55.88%	116,666	321.79%
2014	502,023	854,284	352,261	58.77%	110,748	318.07%

\* Amounts represent Required Supplementary Information, which is unaudited.

The Defined Benefit Plan is considered part of the City financial reporting entity and is included in the financial statements as a Pension Trust Fund.

**Defined Contribution Plan**

**A. Plan Description**

The RRS also offers a Defined Contribution 401(a) Plan as another retirement option to the City and RBHA. This plan is mandatory for general employees hired on/or after July 1, 2006, and optional for senior executives and public safety officers. The RRS is the administrator for this plan and has contracted with an independent, not-for-profit financial services organization to be the record keeper of the plan. The City contributes a percentage of an employee's creditable compensation, based on years of service, to a portable account for investment by the employee. This plan is non-contributory for employees. There are 1,865 city employees currently enrolled in the plan.

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

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

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



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**13. POSTEMPLOYMENT BENEFITS**

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

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

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

The number of participants as of July 1, 2013, 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	1,648
Retired Employees	470
Total	2,118

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

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

Level Dollar Amortization	2012	2013	2014
Calculation of ARC under the Projected Unit Credit Method:			
ARC Normal Cost	\$ 865,498	\$ 900,118	\$ 1,028,023
Interest at Discount Rate to End of Year	647,526	628,028	610,782
Adjustment to ARC	(1,383,568)	(1,341,907)	(1,305,058)
Amortization	5,162,571	4,940,769	4,640,503
Annual required contribution	5,292,027	5,127,008	4,974,250
Contribution for fiscal year ended June 30,	(5,779,471)	(5,558,153)	(5,422,850)
Decrease in net OPEB	(487,444)	(431,145)	(448,600)
Net OPEB Obligation - beginning of year	16,188,143	15,700,699	15,269,554
Net OPEB Obligation - end of year	\$ 15,700,699	\$ 15,269,554	\$ 14,820,954
Percent of annual OPEB cost contributed	109%	108%	109%

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	Actuarial Value of Assets	Actuarial Accrued Liability		Unfunded Actuarial Liability (UAAL)	Funded Ratio	Normal Cost - Beginning of Year	Amortization Factor Based on 13 years	Annual Covered Pay roll	UAAL as a Percentage of Covered Pay roll
		Retired Employees	Active Employees						
2009*	\$ -	\$ 33,560,284	\$ 42,594,368	\$ 76,154,652	-%	\$ 1,413,487	24/30	\$ 102,430,176	74%
2010*	\$ -	\$ 26,912,382	\$ 35,772,758	\$ 62,685,140	-%	\$ 1,040,076	12	\$ 90,516,083	69%
2011*	\$ -	\$ 23,847,131	\$ 38,285,348	\$ 62,132,479	-%	\$ 1,081,679	13	\$ 90,516,083	69%
2012*	\$ -	\$ 27,543,353	\$ 32,860,214	\$ 60,403,567	-%	\$ 848,691	13	\$ 73,016,515	83%
2013*	\$ -	\$ 22,751,160	\$ 35,057,261	\$ 57,808,421	-%	\$ 882,639	13	\$ 61,547,770	94%
2014	\$ -	\$ 18,340,649	\$ 49,674,241	\$ 68,014,890	-%	\$ 917,945	13	\$ 76,526,909	89%

\*Amounts represent Required Supplementary Information, which is unaudited.

*Actuarial Methods and Assumptions.* Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. Most included coverages are “community-rated” and annual premiums for community-rated coverage’s were used as a proxy for claims costs without age adjustment. The unfunded actuarial accrued liability is being amortized over 13 years on a level dollar open basis for June 30, 2014.

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, 2014 actuarial valuation, the liabilities were computed using the projected unit credit method and the level dollar amortization. The actuarial assumptions utilized a 4% discount rate. Because the plan is unfunded, reference to the general assets, which are short-term in nature (such as money market funds), was considered in the selection of the 4% rate. The valuation assumes a 7% healthcare cost trend increase for plan year 2013, reduced by decrements to a rate of 5.5% after 6 years. These estimates reflect the potential impact of the Patient Protection and Affordable Care Act (PPACA). Provisions to any law were taken into consideration that is effective as of the valuation date as well as those that will go into effect in 2018.

**14. DEFERRED COMPENSATION PLAN**

The City offers its employees a deferred compensation plan (the Plan) created in accordance with Internal Revenue Code (IRC) Section 457. The Plan is available to all City employees and permits deferral until future years of up to 100% of salary with a maximum deferral of \$17,500 for calendar year 2013, whichever is less. In calendar year 2014, the maximum deferral amount is unchanged. The compensation deferred is not available to employees until termination, retirement, death, an unforeseeable emergency, or a small balance account withdrawal. Employees are eligible to initiate a one-time disbursement of an account if the balance is greater than \$1,000 but less than \$5,000 and neither the employee nor the employer has contributed to the account for at least two years. If the balance is under \$1,000, the participant is automatically notified by ICMA-RC and provided a form to request the distribution. In accordance with the amended provisions of IRC



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Section 457, all assets and income of the plan were transferred to a trust and are held for the exclusive benefit of participants and their beneficiaries. The City is the Trustee for the plan and has contracted with a nongovernmental third party administrator to administer the plan. This plan is reported in accordance with GAAP as an Other Employee Benefits Trust Fund.

At June 30, 2014, the contributions for the year ended and the fair value of the plan investments were \$5,552,324 and \$86,786,729, respectively.

**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, 2014, the annual operating lease commitments are as follows:

<u>Fiscal Year</u>	<u>Governmental Activities</u>
2015	\$ 1,084,503
2016	916,704
2017	371,824
2018	<u>349,625</u>
Total minimum lease payments	<u>2,722,656</u>
Lease expense for the year ended	
June 30, 2014	<u>\$ 1,108,785</u>

**Capital Leases**

The City leases various computer, electronic and office equipment through capital lease agreements. All capital lease obligations are subject to annual appropriation of funds. At June 30, 2014, the annual capital lease commitments are as follows:

<u>Fiscal Year</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2015	\$ 1,006,552	\$ 82,765
2016	<u>331,380</u>	<u>29,600</u>
Total minimum lease payments	<u>1,337,932</u>	<u>112,365</u>
Lease expense for the year ended		
June 30, 2014	<u>\$ 1,122,875</u>	<u>\$ 100,300</u>

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



## 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 the City's service area, 35% of the main lines and interceptor lines are combined sewers. A system of retention facilities, storage tunnels, intercepting and trunk sewers links the separate and combined systems with the wastewater treatment plant. There is a mechanical or hydraulic regulator structure at each of the twenty-nine (29) CSO outfalls and each has the capacity to divert dry weather flow and some storm water flow to the wastewater treatment plant for complete treatment. Phases I and II of the City's CSO control plan are complete. Phase III has begun and will continue into the future.

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

The City CSO control plan was estimated at \$295 million in 1995 dollars and is now estimated at \$776 million in 2011 dollars (\$278 million spent to date). Funding for the CSO control plan implementation is a combination of ratepayer dollars, state revolving loan funds, bond proceeds and state and federal grants. By agreement with the Board, the City is required to raise revenue for implementation of its CSO Control Plan by raising and maintaining sewer rates such that the annual sewer bill for a typical residential customer will be at least 1.25% of the median household income (MHI) supplemented by the availability of federal and state grants. The City's sewer rates have exceeded the 1.25% of MHI requirement since July 2009 and are at 1.7% of MHI as of July 2014.

### 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. 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 \$652 million at June 30, 2014.

### D. Subsequent Events

On December 23, 2014, the City issued \$99,295,000 of General Obligation Public Improvement Bonds, Series 2014A, and \$25,605,000 of General Obligation Public Improvement Refunding Bonds, Series 2014B. At the time of the debt offering, Moody's, Standard & Poor's, and Fitch Ratings affirmed the City's long-term General Obligation bond ratings of Aa2, AA+ and AA+, respectively. All three rating agency indicated a stable outlook.

The \$99,295,000 par amount of the Series 2014A General Obligation bond proceeds, along with an \$11,840,336 net premium received, were used to pay off the \$110,000,000 outstanding balance of an interim Bond Anticipation Note Line of Credit, which had funded general capital projects, as well as to pay for the costs of issuance. The Series 2013A bonds have



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coupon interest rates ranging from 3.00% to 5.00% with interest being payable on March 1 and September 1 of each year. Serial annual principal amounts of between \$3,250,000 and \$6,255,000 are payable on March 1st of each year with a final maturity on March 1, 2035.

The \$25,605,000 par amount of the Series 2014B General Obligation bond proceeds, along with a \$6,366,312 net premium was used to refund certain maturities of the City's outstanding Series 2006 and Series 2009A General Obligation bonds to reduce the annual debt service on this debt. The refunding proceeds were used to establish an irrevocable trust with an escrow agent to provide for all future principal and interest payments due on the refunded Series 2006 and 2009A GO bonds. The refunding of these two bond issues achieved cash flow debt service savings over the next thirteen years of \$2,743,588. The Series 2014B General Obligation Refunding Bonds have coupon interest rates of 5.00% with interest payable on January 15 and July 15 of each year. Annual principal amounts of between \$3,740,000 and \$6,755,000 are payable on July 15 with a final maturity on the debt due on July 15, 2026.

On December 16, 2014, the Richmond Metropolitan Transportation Authority (formerly known as the Richmond Metropolitan Authority), sold and conveyed the Diamond Baseball Stadium property to the City for the sum of \$10,000. (Tax Parcel N0001510020, 3001 and 3003 N. Boulevard, Richmond, VA) The conveyed assets also included the following: mechanical fixtures, electrical fixtures, appliances and field accessories.

On September 11, 2015, the City called certain principal maturities of the Series 2005A (\$22,140,000) and 2005B (\$34,375,000) General Obligation bonds. The closing date for settlement is October 12, 2015.

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

The modifications detailed below represent the City's restatement of beginning balances mainly related to capital assets, the implementation GASB Statement No. 65 *Items Previously Reported as Assets and Liabilities* and the reclassification of the Fiduciary Fund-Joint Healthcare to the Internal Service Fund-Health Self-Insurance Fund.

**A. Reclassification of Fiduciary Fund to Internal Service Fund**

On July 1, 2010, the City and RPS transitioned to self-insurance for health care benefits. The City and RPS jointly contracted with a third party administrator (TPA) to provide administrative services only. The City created a fiduciary trust fund to account for the transactions as if a trust has been established by the City and RPS. The City has determined that the agreement with the TPA did not provide the basis for establishing a trust and transferred the City's respective assets, liabilities and net position to an internal service fund on July 1, 2013.

**B. Capital Assets**

During fiscal year 2014, the City identified multiple instances where activities in the previous fiscal years were inaccurately recorded within the general ledger and issued financial statements as follows:

- 1) The City corrected land and land improvements with a restatement of \$2,410. The City also identified capital assets in the governmental and business-type activities recorded in prior years as construction in progress that were placed in service in previous years. The governmental activities were corrected by increasing the beginning balances of the respective capital asset categories, with a corresponding decrease in construction in progress and appropriate adjustments to accumulated depreciation as follows:



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**Primary Government - Governmental Activities**

	June 30, 2013 As Previously Reported	Restatement	June 30, 2013 As Restated
<b>Capital Asset Change</b>			
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 103,443,935	\$ 2,410	\$ 103,446,345
Construction In Progress	320,528,448	(66,648,521)	253,879,927
Works of Art/Historical Treasures	6,942,681	--	6,942,681
Total Capital Assets Not Being Depreciated	<u>430,915,064</u>	<u>(66,646,111)</u>	<u>364,268,953</u>
Capital Assets Being Depreciated:			
Infrastructure	751,762,788	34,886,092	786,648,880
Building and Structures	448,776,226	26,831,902	475,608,128
Equipment and Other Assets	117,708,309	953,106	118,661,415
Improvements Other Than Buildings	<u>12,096,183</u>	<u>4,638,221</u>	<u>16,734,404</u>
Total Other Capital Assets	<u>1,330,343,506</u>	<u>67,309,321</u>	<u>1,397,652,827</u>
Less Accumulated Depreciation For:			
Infrastructure	481,100,789	6,362,051	487,462,840
Building and Structures	282,934,475	4,570,873	287,505,348
Equipment and Other Assets	93,630,026	290,169	93,920,195
Improvements Other Than Buildings	<u>5,074,116</u>	<u>135,072</u>	<u>5,209,188</u>
Total Accumulated Depreciation	<u>862,739,406</u>	<u>11,358,165</u>	<u>874,097,571</u>
Total Capital Assets Being Depreciated, Net	<u>467,604,100</u>	<u>55,951,156</u>	<u>523,555,256</u>
Governmental Activities' Capital Assets, Net	<u>\$ 898,519,164</u>	<u>\$ (10,694,955)</u>	<u>\$ 887,824,209</u>

The business-type activities were also corrected by increasing the beginning balances of the respective capital asset categories, with a corresponding decrease in construction in progress and appropriate adjustments to accumulated depreciation as follows:

	June 30, 2013 As Previously Reported	Restatement	June 30, 2013 As Restated
<b>Primary Government-Business-type Activities</b>			
<b>Capital Asset Change</b>			
<b>Enterprise Funds:</b>			
<b>Gas Utility:</b>			
Capital Assets Not Being Depreciated -			
Land	\$ 237,745	\$ (18,545)	\$ 219,200
Construction in Progress	65,250,607	(56,260,517)	8,990,090
Capital Assets Being Depreciated -			
Plant-in-service	<u>464,901,029</u>	<u>56,279,062</u>	<u>521,180,091</u>
Total Capital Assets Being Depreciated	<u>464,901,029</u>	<u>56,279,062</u>	<u>521,180,091</u>
Less - Accumulated Depreciation For -			
Plant-in-service	<u>166,882,694</u>	<u>4,499,148</u>	<u>171,381,842</u>
Total Accumulated Depreciation	<u>166,882,694</u>	<u>4,499,148</u>	<u>171,381,842</u>
Total Capital Assets Being Depreciated, Net	<u>298,018,335</u>	<u>51,779,914</u>	<u>349,798,249</u>
Gas Utility Capital Assets, Net	<u>\$ 363,506,687</u>	<u>\$ (4,499,148)</u>	<u>\$ 359,007,539</u>





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	June 30, 2013			June 30, 2013
	As Previously Reported	Restatement		As Restated
<b>Primary Government-Business-type Activities</b>				
<b>Enterprise Funds:</b>				
<b>Water Utility:</b>				
Capital Assets Not Being Depreciated -				
Land	\$ 679,409	\$ 198,898		\$ 878,307
Construction in Progress	44,280,808	(19,798,884)		24,481,924
Capital Assets Being Depreciated -				
Plant-in-service	432,056,062	19,599,986		451,656,048
Total Capital Assets Being Depreciated	432,056,062	19,599,986		451,656,048
Less - Accumulated Depreciation For -				
Plant-in-service	137,048,107	1,510,514		138,558,621
Total Accumulated Depreciation	137,048,107	1,510,514		138,558,621
Total Capital Assets Being Depreciated, Net	295,007,955	18,089,472		313,097,427
Water Utility Capital Assets, Net	\$ 339,968,172	\$ (1,510,514)		\$ 338,457,658
<b>Wastewater Utility:</b>				
Capital Assets Not Being Depreciated -				
Land	\$ 1,101,261	\$ --		\$ 1,101,261
Construction in Progress	132,066,330	(100,373,683)		31,692,647
Capital Assets Being Depreciated -				
Plant-in-service	480,109,702	100,373,683		580,483,385
Total Capital Assets Being Depreciated	480,109,702	100,373,683		580,483,385
Less - Accumulated Depreciation For -				
Plant-in-service	196,855,985	7,443,715		204,299,700
Total Accumulated Depreciation	196,855,985	7,443,715		204,299,700
Total Capital Assets Being Depreciated, Net	283,253,717	92,929,968		376,183,685
Wastewater Utility Capital Assets, Net	\$ 416,421,308	\$ (7,443,715)		\$ 408,977,593

- 2) The City identified incorrectly recorded vehicle and equipment costs (\$8,030,877) purchased under the fleet maintenance program as expenses in the Fleet Management Internal Service fund. The net restatement of \$4,456,993 included accumulated depreciation of \$3,573,884. The City identified capital assets in the Electric Utility Internal Service fund recorded in prior years as construction in progress that were placed in service in previous years (\$6,976,407). The Electric Utility Internal Service fund activities were corrected by increasing the beginning balance of Building and Structures with a corresponding decrease in Construction in Progress. The net restatement of (\$915,449) included accumulated depreciation of \$6,060,958.

**C. Implementation of GASB Statement No. 65 *Items Previously Reported as Assets and Liabilities***

During the fiscal year 2014, the City implemented the provisions of GASB Statement No. 65 *Items Previously Reported as Assets and Liabilities*. The City's application of the new standard resulted in the restatement of the governmental and business-type activities' net positions as of June 30, 2013 as follows:

- 3) The statement clarifies that debt issuance costs should be expensed in the period incurred except any portion of prepaid insurance costs, which should be reported as a prepaid asset and amortized over the life of the debt. Previous guidance had required debt issuance costs be reported as an asset and amortized over the life of the debt. The net position of the business-type activities were restated in the amount of \$5,514,190 and the net position of the Electric Utility internal service fund was restated in the amount of \$6,639.

**CITY OF RICHMOND, VIRGINIA**  
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**June 30, 2014**



**D. Restatements In Accordance With GAAP**

During fiscal year 2014, the City identified instances where activities in the previous fiscal years were inaccurately recorded within the general ledger and issued financial statements as follows:

- 4) The City reviewed its policies for establishing and utilizing rate stabilization amounts and determined that the balances were not appropriately being recognized as revenue systematically over time. Accordingly, the net position of the applicable enterprise funds were restated in the amount of \$99,664,219 (Gas - \$29,337,851, Water - \$42,616,446, Wastewater - \$23,939,356, Stormwater - \$3,770,566) and the net position of the Electric Utility Internal Service fund was restated in the amount of \$3,093,543.
- 5) The City reviewed its policies for inflows for state of readiness costs charged to other local government utility customers. The City determined that amounts previously received under local water supply agreements are revenue from an exchange transaction. Accordingly, the net position of the Water Utility was restated in the amount of \$30,629,213
- 6) The City reviewed its policies for inflows for state of readiness costs charged to other local government utility customers. The City determined that amounts received under local water supply agreements are revenue from an exchange transaction and should be recorded as revenue when the underlying capital expenditures are incurred. Accordingly, the net position of the Water Utility was restated in the amount of \$3,542,899 for income that was earned but not yet received.
- 7) At June 30, 2013, the outstanding borrowed balance on the City's line of credit was \$95.8 million. As the line was refinanced between that fiscal year end and the issuance of the 2013 financial statements, the balance should not have been presented as a liability of the Capital Projects fund and should have only been presented as a current liability on the Statement of Net Position for Governmental Activities.
- 8) The City entered into a Section 108 loan from the United States Department of Housing and Urban Development during the fiscal year ended June 30, 2013. The proceeds of the loan (\$10,125,000) were forwarded to the Economic Development Authority to fund a revolving loan program; however, at the governmental activities' level, the City did not record a corresponding receivable from the Economic Development Authority when the cash was forwarded.
- 9) The City previously had not recognized its deferred outflow of resources related to its loss on refunding of debt of \$17,267,294.
- 10) During fiscal year 2011, the Commonwealth of Virginia's Board of Corrections approved the request from the City to fund up to 25 percent of the construction costs for a new 1,032-bed jail. At June 30, 2013, eligible reimbursement costs had been incurred but not reimbursed by the Commonwealth and not recorded by the City as revenue on a full accrual basis at the governmental activities level.



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Fiscal Year 2013 Fund Balance and Net Position balance net adjustments are as follows:

	Governmental		Business-type		Enterprise Funds			Internal Service Funds				
	Activities	Projects	Activities	Projects	Gas	Water	Wastewater	Stormwater	Total	Fleet	Electric	Insurance
Balance as previously reported	\$ 286,430,601	\$ 499,588,165	\$ 499,588,165	\$ (62,352,657)	\$ 117,756,398	\$ 23,160,711	\$ 244,031,990	\$ 8,782,151	\$ 9,960,773	\$ (8,265,846)	\$ 25,875,628	\$ --
A. Change in Reporting Entity: Health Care Fund Creation	(6,656,321)	--	--	--	--	--	--	--	(6,656,321)	--	--	(6,656,321)
Restatements:												
1. Capital Asset (inclusive of restatement 2.)	(10,694,955)	(13,453,377)	(13,453,377)	--	(4,499,148)	(15,015,141)	(7,443,715)	--	--	--	--	--
2. Capital Asset	--	--	--	--	--	--	--	--	3,541,544	4,456,993	(915,449)	--
3. GASB #65	(6,639)	(5,514,190)	(5,514,190)	--	(2,207,926)	(1665,938)	(1640,326)	--	(6,639)	--	(6,639)	--
4. Rate Stabilization	3,093,543	99,664,219	99,664,219	--	29,337,851	42,616,446	23,939,356	3,770,566	3,093,543	--	3,093,543	--
5. Contractual Obligations	--	30,629,213	30,629,213	--	--	30,629,213	--	--	--	--	--	--
6. Contractual Obligations	--	3,542,899	3,542,899	--	--	3,542,899	--	--	--	--	--	--
7. Bond Anticipation Note	--	--	--	95,855,970	--	--	--	--	--	--	--	--
8. Loan to EDA	10,100,878	--	--	--	--	--	--	--	--	--	--	--
9. Loss on Refunding of Debt	17,267,294	--	--	--	--	--	--	--	--	--	--	--
10. Reimbursement Grant Revenues	19,614,378	--	--	--	--	--	--	--	--	--	--	--
Balance as adjusted	\$ 319,148,779	\$ 614,456,929	\$ 614,456,929	\$ (66,496,687)	\$ 140,387,175	\$ 166,772,817	\$ 258,887,305	\$ 12,552,717	\$ 19,932,900	\$ (3,808,853)	\$ 28,047,083	\$ (6,656,321)

**A. Statement of Cash Flows -  
Exhibit E-5**

	Enterprise Funds - Internal Services Funds
Balance as previously reported	\$ 32,649,701
Cash restatement	17,16,291
Restated balance per the CAFR	\$ 34,365,992



***REQUIRED SUPPLEMENTARY  
INFORMATION***



**CITY OF RICHMOND, VIRGINIA**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**For the Fiscal Year Ended June 30, 2014**

**EXHIBIT H-1**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
<b>City Taxes</b>				
Real Estate	\$ 215,507,000	\$ 215,507,000	\$ 216,006,348	\$ 499,348
Sales-1% Local	31,925,700	31,925,700	30,944,459	(981,241)
Sales Tax for Education	24,295,400	24,295,400	23,612,726	(682,674)
Personal Property	43,502,300	43,502,300	44,753,528	1,251,228
Machinery and Tools	15,519,200	15,519,200	13,607,934	(1,911,266)
Utility Sales Tax Gas	4,654,700	4,654,700	4,833,897	179,197
Utility Sales Tax Electric	12,146,100	12,146,100	11,463,513	(682,587)
Utility Sales Tax Telephone	--	--	382,903	382,903
State Communication Taxes	17,084,800	17,084,800	16,839,049	(245,751)
Bank Stock	8,386,700	8,386,700	9,328,141	941,441
Prepared Food	28,328,500	28,328,500	30,444,280	2,115,780
Lodging Tax	5,938,300	5,938,300	5,974,584	36,284
Admission	2,847,500	2,847,500	2,964,390	116,890
Real Estate Taxes - Delinquent	8,597,200	8,597,200	7,895,327	(701,873)
Personal Property Taxes - Delinquent	5,978,000	5,978,000	5,614,439	(363,561)
Private Utility Poles and Conduits	50,000	50,000	169,729	119,729
Penalties and Interest	4,620,300	4,620,300	3,642,822	(977,478)
Titling Tax-Mobile Home	11,000	11,000	6,132	(4,868)
State Recordation	820,100	820,100	872,407	52,307
Property Rental 1%	101,700	101,700	133,774	32,074
Vehicle Rental Tax	689,900	689,900	855,582	165,682
Telephone Commissions	390,000	390,000	522,578	132,578
Total City Taxes	<u>431,394,400</u>	<u>431,394,400</u>	<u>430,868,542</u>	<u>(525,858)</u>
<b>Licenses, Permits and Privilege Fees</b>				
Business and Professional	30,830,100	30,830,100	31,626,326	796,226
Vehicle	3,632,200	3,632,200	3,303,242	(328,958)
Transfers, Penalties, Interest & Delinquent Collections	11,000	11,000	8,395	(2,605)
Parking Fees & Permits	1,257,700	1,257,700	1,323,020	65,320
Utilities Right of Way Fees	649,000	649,000	1,257,324	608,324
Other Licenses, Permits and Fees	1,610,900	1,610,900	575,027	(1,035,873)
Total Licenses, Permits and Privilege Fees	<u>37,990,900</u>	<u>37,990,900</u>	<u>38,093,334</u>	<u>102,434</u>
<b>Intergovernmental</b>				
State Shared Expense	20,613,700	20,613,700	18,426,367	(2,187,333)
Total State Block Grant	4,361,000	4,361,000	4,606,735	245,735
Department of Social Services	38,989,600	38,989,600	39,031,529	41,929
Federal Revenues	867,200	867,200	763,540	(103,660)
Street Maintenance	24,392,400	24,392,400	24,617,662	225,262
State Aid to Localities	13,894,000	13,894,000	13,894,020	20
Service Charges on Tax Exempt Property (State PILOT)	2,909,300	2,909,300	4,200,530	1,291,230
All Other Intergovernmental Revenues	754,400	1,354,400	470,832	(883,568)
Total Intergovernmental	<u>\$ 106,781,600</u>	<u>\$ 107,381,600</u>	<u>\$ 106,011,215</u>	<u>\$ (1,370,385)</u>

(Continued)



**CITY OF RICHMOND, VIRGINIA**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**For the Fiscal Year Ended June 30, 2014**

**EXHIBIT H-1, Continued**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Service Charges</b>				
Commercial Dumping Fees	\$ 255,000	\$ 255,000	\$ 144,472	\$ (110,528)
Refuse Collection Fees	11,882,600	11,969,200	12,049,160	79,960
Safety Related Charges	119,100	119,100	359,997	240,897
Rental of Property	311,600	311,600	1,155,972	844,372
Building Service Charges	675,200	741,500	1,105,788	364,288
Inspection Fees	4,596,800	4,530,500	3,363,368	(1,167,132)
Recycling Proceeds	1,776,200	1,776,200	1,570,890	(205,310)
Health Related Charges	58,500	58,500	105,105	46,605
Other Sales - Income	47,000	47,000	558,834	511,834
Printing and Telecom Charges	247,300	247,300	797,988	550,688
Self Insurance	5,547,000	5,547,000	272,812	(5,274,188)
Other Service Charges	1,958,300	1,871,700	1,721,237	(150,463)
Total Service Charges	<u>27,474,600</u>	<u>27,474,600</u>	<u>23,205,623</u>	<u>(4,268,977)</u>
<b>Fines and Forfeitures</b>				
Richmond Public Library	92,100	92,100	85,168	(6,932)
Circuit Court	3,897,000	3,897,000	4,374,681	477,681
General District Court	1,858,800	1,857,800	1,448,479	(409,321)
Juvenile and Domestic Relations District Court	8,400	9,400	5,680	(3,720)
Parking Violations	5,217,100	5,217,100	4,307,778	(909,322)
Total Fines and Forfeitures	<u>11,073,400</u>	<u>11,073,400</u>	<u>10,221,786</u>	<u>(851,614)</u>
<b>Utility Payments</b>				
Utility Pilot Payment	23,792,800	23,792,800	23,842,579	49,779
Utility Payment - City Services	2,941,500	2,941,500	2,914,500	(27,000)
Utilities Payment for Collection Service	547,500	547,500	418,095	(129,405)
Total Utility Payments	<u>27,281,800</u>	<u>27,281,800</u>	<u>27,175,174</u>	<u>(106,626)</u>
<b>Miscellaneous Revenues</b>				
Department of Information Technology Charges	700,000	700,000	432,879	(267,121)
Reimbursement of Interest on Long-term Debt	1,631,500	1,631,500	1,201,066	(430,434)
Internal Service Fund Payments	356,300	356,300	--	(356,300)
Miscellaneous Revenues	359,900	359,900	517,692	157,792
Other Payments to General Fund	683,800	683,800	413,324	(270,476)
Total Miscellaneous Revenues	<u>3,731,500</u>	<u>3,731,500</u>	<u>2,564,961</u>	<u>(1,166,539)</u>
Total General Fund Revenues	<u>\$ 645,728,200</u>	<u>\$ 646,328,200</u>	<u>\$ 638,140,635</u>	<u>\$ (8,187,565)</u>

(Continued)



**CITY OF RICHMOND, VIRGINIA**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**For the Fiscal Year Ended June 30, 2014**

**EXHIBIT H-1, Continued**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Expenditures</b>				
<b>Current</b>				
<b>General Government</b>				
City Council	\$ 1,293,166	\$ 1,313,314	\$ 1,221,600	\$ 91,714
City Clerk	892,256	908,900	765,292	143,608
Planning and Development Review	9,435,311	9,070,514	8,508,138	562,376
Assessor of Real Estate	3,000,059	3,081,485	3,015,184	66,301
City Auditor	1,829,582	1,870,432	1,728,236	142,196
Department of Law	2,396,873	2,330,208	2,297,090	33,118
General Registrar	1,624,807	1,289,956	1,320,100	(30,144)
Department of Information Technology	17,401,798	17,855,003	17,946,333	(91,330)
Chief Administrative Officer	1,810,675	1,763,098	1,460,600	302,498
Budget and Strategic Planning	1,199,632	1,030,557	999,091	31,466
Department of Human Resources	3,317,634	3,334,533	3,089,641	244,892
Department of Finance	23,528,228	22,946,990	14,445,483	8,501,507
Procurement Services	1,230,555	1,193,077	1,143,856	49,221
Office of Press Secretary to Mayor	496,204	493,576	465,311	28,265
City Treasurer	178,396	186,898	185,422	1,476
Economic/Community Development	4,655,779	5,395,328	4,571,411	823,917
Council Chief of Staff	1,124,614	1,066,186	1,049,339	16,847
Minority Business Development	739,709	686,699	659,658	27,041
City Mayor's Office	1,118,558	1,120,619	1,091,530	29,089
Total General Government	<u>77,273,836</u>	<u>76,937,373</u>	<u>65,963,315</u>	<u>10,974,058</u>
<b>Public Safety and Judiciary</b>				
Judiciary	9,618,339	10,015,424	9,844,932	170,492
Juvenile and Domestic Relations District Court	464,070	514,632	386,714	127,918
City Sheriff	31,589,913	34,100,037	33,579,559	520,478
Department of Police	83,837,035	85,381,601	83,423,135	1,958,466
Department of Fire and Emergency Services	40,643,364	42,367,348	42,447,518	(80,170)
Animal Control	1,404,199	1,359,267	1,455,028	(95,761)
Total Public Safety and Judiciary	<u>167,556,920</u>	<u>173,738,309</u>	<u>171,136,886</u>	<u>2,601,423</u>
<b>Highways, Streets, Sanitation and Refuse</b>				
Department of Public Works	<u>57,578,774</u>	<u>61,250,351</u>	<u>61,458,292</u>	<u>(207,941)</u>
<b>Human Services</b>				
Office of DCAO for Human Services	1,836,181	1,749,834	1,811,715	(61,881)
Department of Social Services	50,032,429	47,980,675	45,167,426	2,813,249
Justice Services	9,544,475	10,054,978	9,483,881	571,097
Department of Public Health	3,200,789	3,200,789	3,200,789	--
Total Human Services	<u>64,613,874</u>	<u>62,986,276</u>	<u>59,663,811</u>	<u>3,322,465</u>
<b>Culture and Recreation</b>				
Richmond Public Library	5,203,748	5,282,335	5,205,837	76,498
Department of Parks, Recreation and Community Facilities	16,444,460	16,434,225	17,259,933	(825,708)
Total Culture and Recreation	<u>21,648,208</u>	<u>21,716,560</u>	<u>22,465,770</u>	<u>(749,210)</u>
<b>Education</b>				
Richmond Public Schools	\$ 154,267,395	\$ 154,267,395	\$ 154,267,395	\$ --

(Continued)



**CITY OF RICHMOND, VIRGINIA**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**For the Fiscal Year Ended June 30, 2014**

**EXHIBIT H-1, Concluded**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Non-Departmental</b>				
Payments to Other Government Agencies	\$ 12,555,555	\$ 12,570,089	\$ 15,884,787	\$ (3,314,698)
Tax Relief	3,000,000	3,000,000	2,738,466	261,534
GRTC	12,621,480	12,621,480	12,621,480	--
RRS Contributions/Retiree's Health Care Program	3,334,490	3,334,490	4,149,824	(815,334)
Contributions	12,523,100	11,579,314	8,750,595	2,828,719
Total Non-Departmental	<u>44,034,625</u>	<u>43,105,373</u>	<u>44,145,152</u>	<u>(1,039,779)</u>
Total General Fund Expenditures	<u>586,973,632</u>	<u>594,001,637</u>	<u>579,100,621</u>	<u>14,901,016</u>
Excess of Revenues Over Expenditures	<u>58,754,568</u>	<u>52,326,563</u>	<u>59,040,014</u>	<u>6,713,451</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In - Other Funds	8,145,200	8,145,200	6,402,731	(1,742,469)
Transfers Out - Other Funds	<u>(71,131,028)</u>	<u>(70,381,028)</u>	<u>(66,123,692)</u>	<u>4,257,336</u>
Total Other Financing Sources (Uses), Net	<u>(62,985,828)</u>	<u>(62,235,828)</u>	<u>(59,720,961)</u>	<u>2,514,867</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(4,231,260)</u>	<u>(9,909,265)</u>	<u>(680,947)</u>	<u>9,228,318</u>
Fund Balance - Beginning of Year	<u>127,031,470</u>	<u>127,031,470</u>	<u>127,031,470</u>	<u>--</u>
Fund Balance - End of Year	<u>\$ 122,800,210</u>	<u>\$ 117,122,205</u>	<u>\$ 126,350,523</u>	<u>\$ 9,228,318</u>





CITY OF RICHMOND, VIRGINIA  
NOTE TO BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
For the Fiscal Year Ended June 30, 2014

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

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

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

The following departments' expenditures exceeded appropriations for the year June 30, 2014:

General Registrar	(30,144)
Department of Information Technology	(91,330)
Department of Fire and Emergency Services	(80,170)
Animal Control	(95,761)
Department of Public Works	(207,941)
Office of DCAO for Human Services	(61,881)
Department of Parks, Recreation and Community Facilities	(825,708)
Payments to Other Government Agencies	(3,314,698)
RRS Contributions/Retiree's Health Care Program	(815,334)



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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.*



CITY OF RICHMOND, VIRGINIA  
 COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENTAL FUNDS  
 June 30, 2014

EXHIBIT I-1

	Special Revenue		Permanent Funds					Total
	Grant Revenue Funds	Consolidated HUD Funds	J. Fulmer Bright Park Funds	Memorial	Recreation	Richmond Public Library	PPEA Deposit	
<b>Assets</b>								
Accounts Receivable, Net	\$ 2,330,908	\$ 10,804,028	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 13,134,936
Due From Other Funds	35,653,735	2,044,495	--	139	832	146	198,013	37,897,360
Due From Other Governments	5,498,928	3,136,063	--	--	--	--	--	8,634,991
Restricted Assets	--	--	--	27,354	33,020	12,881	--	73,255
<b>Total Assets</b>	<b>\$ 43,300,951</b>	<b>\$ 16,167,206</b>	<b>\$ --</b>	<b>\$ 27,493</b>	<b>\$ 33,852</b>	<b>\$ 13,027</b>	<b>\$ 198,013</b>	<b>\$ 59,740,542</b>
<b>Liabilities and Fund Balances</b>								
<b>Liabilities:</b>								
Accounts Payable	\$ 3,691,434	\$ 1,415,247	\$ --	\$ --	\$ --	\$ --	\$ 198,013	\$ 5,304,694
Due To Other Funds	20,404,737	4,591,719	--	--	--	--	--	24,996,456
Due To Other Governments	22,398	--	--	--	--	--	--	22,398
<b>Total Liabilities</b>	<b>24,118,569</b>	<b>6,006,966</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>198,013</b>	<b>30,323,548</b>
<b>Deferred Inflows of Resources</b>								
Unavailable Revenue-Grant Proceeds	1,063,293	10,160,240	--	--	--	--	--	11,223,533
<b>Total deferred inflows of resources</b>	<b>1,063,293</b>	<b>10,160,240</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>11,223,533</b>
<b>Fund Balances:</b>								
Nonspendable	--	--	--	27,493	33,852	13,027	--	74,372
Restricted	13,905,871	--	--	--	--	--	--	13,905,871
Committed	745,000	--	--	--	--	--	--	745,000
Assigned	3,468,218	--	--	--	--	--	--	3,468,218
<b>Total Fund Balances</b>	<b>18,119,089</b>	<b>--</b>	<b>--</b>	<b>27,493</b>	<b>33,852</b>	<b>13,027</b>	<b>--</b>	<b>18,193,461</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 43,300,951</b>	<b>\$ 16,167,206</b>	<b>\$ --</b>	<b>\$ 27,493</b>	<b>\$ 33,852</b>	<b>\$ 13,027</b>	<b>\$ 198,013</b>	<b>\$ 59,740,542</b>



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, 2014

EXHIBIT I-2

	Special Revenue		Permanent Funds					Total
	Grant Revenue	Consolidated	J. Fulmer Bright	Memorial	Recreation	Richmond Public	PPEA	
	Funds	HUD Funds	Park Funds			Library	Deposit	
<b>Revenues</b>								
Intergovernmental	\$ 29,484,953	\$ 6,885,753	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 36,370,706
Investment Income	3,477	--	--	4	71	30	--	3,582
Miscellaneous	7,420,111	103,345	--	--	--	--	--	7,523,456
Total Revenues	<u>36,908,541</u>	<u>6,989,098</u>	<u>--</u>	<u>4</u>	<u>71</u>	<u>30</u>	<u>--</u>	<u>43,897,744</u>
<b>Expenditures</b>								
Current:								
General Government	5,387,130	6,454,188	--	--	--	--	--	11,841,318
Public Safety and Judiciary	7,575,627	--	--	--	--	--	--	7,575,627
Highways, Streets, Sanitation and Refuse	5,558,947	--	--	--	--	--	--	5,558,947
Human Services	16,622,177	92,845	--	--	--	--	--	16,715,022
Culture and Recreation	1,867,241	(6,499)	60	--	--	--	--	1,860,802
Total Expenditures	<u>37,011,122</u>	<u>6,540,534</u>	<u>60</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>43,551,716</u>
Excess (Deficiency) of Revenues								
Over (Under) Expenditures	<u>(102,581)</u>	<u>448,564</u>	<u>(60)</u>	<u>4</u>	<u>71</u>	<u>30</u>	<u>--</u>	<u>346,028</u>
<b>Other Financing Sources (Uses)</b>								
Transfers In-Other Funds	7,023,128	51,436	--	--	--	--	--	7,074,564
Transfers Out-Other Funds	(2,525,293)	(500,000)	--	--	--	--	--	(3,025,293)
Total Other Financing Sources (Uses), Net	<u>4,497,835</u>	<u>(448,564)</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>4,049,271</u>
Net Change in Fund Balances	4,395,254	--	(60)	4	71	30	--	4,395,299
Fund Balance - Beginning of Year	13,723,835	--	60	27,489	33,781	12,997	--	13,798,162
Fund Balance - End of Year	<u>\$ 18,119,089</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 27,493</u>	<u>\$ 33,852</u>	<u>\$ 13,027</u>	<u>\$ --</u>	<u>\$ 18,193,461</u>





CITY OF RICHMOND, VIRGINIA  
 BUDGETARY COMPARISON SCHEDULE  
 SPECIAL REVENUE FUNDS  
 For the Fiscal Year Ended June 30, 2014

EXHIBIT I-3

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Intergovernmental Revenues	\$ 59,826,867	\$ 60,991,925	\$ 36,370,706	\$ (24,621,219)
Investment Earnings	--	--	3,477	3,477
Miscellaneous Revenues	<u>23,518,265</u>	<u>23,614,639</u>	<u>7,523,456</u>	<u>(16,091,183)</u>
Total Revenues	<u>83,345,132</u>	<u>84,606,564</u>	<u>43,897,639</u>	<u>(40,708,925)</u>
<b>Expenditures</b>				
Current				
General Government	38,683,274	37,828,822	11,841,318	25,987,504
Public Safety and Judiciary	18,408,230	14,903,933	7,575,627	7,328,306
Highways, Streets, Sanitation and Refuse	1,497,265	6,688,564	5,558,947	1,129,617
Human Services	21,081,403	21,219,485	16,715,022	4,504,463
Culture and Recreation	<u>3,674,960</u>	<u>3,674,960</u>	<u>1,860,742</u>	<u>1,814,218</u>
Total Expenditures	<u>83,345,132</u>	<u>84,315,764</u>	<u>43,551,656</u>	<u>40,764,108</u>
Excess of Revenues Over Expenditures	<u>--</u>	<u>290,800</u>	<u>345,983</u>	<u>55,183</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In - Other Funds	--	787,349	7,074,564	6,287,215
Transfers Out - Other Funds	<u>--</u>	<u>--</u>	<u>(3,025,293)</u>	<u>(3,025,293)</u>
Total Other Financing Sources, Net	<u>--</u>	<u>787,349</u>	<u>4,049,271</u>	<u>3,261,922</u>
Net Change in Fund Balance	--	1,078,149	4,395,254	3,317,105
Fund Balance - Beginning of Year	<u>13,773,835</u>	<u>13,723,835</u>	<u>13,723,835</u>	<u>--</u>
Fund Balance - End of Year	<u>\$ 13,773,835</u>	<u>\$ 14,801,984</u>	<u>\$ 18,119,089</u>	<u>\$ 3,317,105</u>



**CITY OF RICHMOND, VIRGINIA**  
**BUDGETARY COMPARISON SCHEDULE**  
**CAPITAL PROJECTS FUND**  
**For the Fiscal Year Ended June 30, 2014**

**EXHIBIT I-4**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Intergovernmental Revenues	\$ 4,348,352	\$ 4,348,352	\$ 6,298,697	\$ 1,950,345
Total Intergovernmental Revenues	<u>4,348,352</u>	<u>4,348,352</u>	<u>6,298,697</u>	<u>1,950,345</u>
<b>Investment Earnings and Contributions</b>				
Interest Earned on Restricted Funds	--	--	21,799	21,799
Local Matches and Contributions	--	--	<u>486,362</u>	<u>486,362</u>
Total Investment Earnings	<u>--</u>	<u>--</u>	<u>508,161</u>	<u>508,161</u>
<b>Miscellaneous Revenues</b>				
Special Revenue Funds	<u>260,000</u>	<u>260,000</u>	--	<u>(260,000)</u>
Total Miscellaneous Revenues	<u>260,000</u>	<u>260,000</u>	--	<u>(260,000)</u>
Total Revenues	<u>4,608,352</u>	<u>4,608,352</u>	<u>6,806,858</u>	<u>2,198,506</u>
<b>Expenditures</b>				
<b>Capital Outlay:</b>				
City Facility Maintenance & Improvements	8,950,311	8,950,311	5,873,208	3,077,103
Culture & Recreation	22,788,213	22,788,213	16,791,179	5,997,034
Economic & Community Development	9,736,500	21,740,306	17,158,124	4,582,182
Education	32,031,148	32,131,148	54,253,725	(22,122,577)
Public Safety	26,141,000	26,141,000	34,747,370	(8,606,370)
Transportation	13,789,657	21,483,461	24,331,728	(2,848,267)
City Equipment & Other Infrastructure Investment	3,760,000	3,760,000	97,596	3,662,404
Debt Issuance Cost	--	--	<u>738,870</u>	<u>(738,870)</u>
Total Expenditures	<u>117,196,829</u>	<u>136,994,439</u>	<u>153,991,800</u>	<u>(16,997,361)</u>
Deficiency of Revenues Under Expenditures	<u>(112,588,477)</u>	<u>(132,386,087)</u>	<u>(147,184,942)</u>	<u>(14,798,855)</u>
<b>Other Financing Sources (Uses)</b>				
Proceeds from Issuance of General Obligation Bonds	112,588,477	112,588,477	263,218,870	150,630,393
Payments to Escrow Agent	--	--	<u>(95,855,970)</u>	<u>(95,855,970)</u>
Total Other Financing Sources, Net	<u>112,588,477</u>	<u>112,588,477</u>	<u>167,362,900</u>	<u>54,774,423</u>
Net Change in Fund Balance	<u>--</u>	<u>(19,797,610)</u>	<u>20,177,958</u>	<u>39,975,568</u>
Fund Balance - Beginning of Year	<u>40,705,107</u>	<u>40,705,107</u>	<u>(66,496,687)</u>	<u>(107,201,794)</u>
Fund Balance - End of Year	<u>\$ 40,705,107</u>	<u>\$ 20,907,497</u>	<u>\$ (46,318,729)</u>	<u>\$ (67,226,226)</u>



**CITY OF RICHMOND, VIRGINIA**  
**BUDGETARY COMPARISON SCHEDULE**  
**DEBT SERVICE FUND**  
**For the Fiscal Year Ended June 30, 2014**

EXHIBIT I-5

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Principal Payments</b>				
<b>General Obligation Bonds</b>				
General Government Projects	\$ 20,396,529	\$ 20,396,529	\$ 21,745,327	\$ (1,348,798)
Justice Center Project	3,425,595	3,425,595	3,425,595	--
Carpenter Center Project	954,441	954,441	954,441	--
Transportation Projects	3,528,640	3,528,640	3,528,640	--
School Capital Improvement Projects	6,568,771	6,568,771	6,568,771	--
Landmark Theatre Project	346,270	346,270	346,270	--
Total General Obligation Bonds	<u>35,220,246</u>	<u>35,220,246</u>	<u>36,569,044</u>	<u>(1,348,798)</u>
<b>Other Debt Instruments</b>				
HUD Section 108 Notes	560,000	560,000	560,000	--
Total Other Debt Instruments	<u>560,000</u>	<u>560,000</u>	<u>560,000</u>	<u>--</u>
Total Principal Payments	<u>35,780,246</u>	<u>35,780,246</u>	<u>37,129,044</u>	<u>(1,348,798)</u>
Total Payments	<u>35,780,246</u>	<u>35,780,246</u>	<u>37,129,044</u>	<u>(1,348,798)</u>
<b>Interest Payments</b>				
<b>General Obligation Bonds</b>				
General Government Projects	14,830,592	14,830,592	12,604,538	2,226,054
Justice Center Project	2,377,314	2,377,314	1,891,948	485,366
Carpenter Center Project	1,011,358	1,011,358	1,011,358	--
Transportation Projects	2,633,666	2,633,666	2,355,370	278,296
Schools Capital Improvement Projects	5,949,896	5,949,896	5,949,896	--
Landmark Theater Project	69,184	69,184	69,184	--
Total General Obligation Bonds	<u>26,872,010</u>	<u>26,872,010</u>	<u>23,882,294</u>	<u>2,989,716</u>
<b>Other Debt Instruments</b>				
HUD Section 108 Notes	20,939	20,939	20,939	--
Total Other Debt Instruments	<u>20,939</u>	<u>20,939</u>	<u>20,939</u>	<u>--</u>
<b>Interest - Short Term Debt</b>				
GO Bond Anticipation Notes	1,700,000	1,700,000	253,799	1,446,201
Total Interest Payments	<u>28,592,949</u>	<u>28,592,949</u>	<u>24,157,032</u>	<u>4,435,917</u>
Total	<u>\$ 64,373,195</u>	<u>\$ 64,373,195</u>	<u>\$ 61,286,076</u>	<u>\$ 3,087,119</u>



## **Non-major Proprietary Funds**

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

*The Non-major Proprietary Funds are:*

### **Richmond Coliseum**

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

### **Cemeteries**

*(Cemeteries) maintains and operates cemeteries.*



CITY OF RICHMOND, VIRGINIA  
 COMBINING STATEMENT OF NET POSITION  
 NON-MAJOR PROPRIETARY FUNDS  
 June 30, 2014

EXHIBIT J-1

	Coliseum	Cemeteries	Total
<b>Assets</b>			
Current Assets:			
Accounts Receivable, Net	\$ 2,715,866	\$ 78,160	\$ 2,794,026
Due from Other Funds	--	59,963	59,963
Prepaid Expenses and Other Current Assets	66,336	--	66,336
Total Current Assets	2,782,202	138,123	2,920,325
Noncurrent Assets:			
Capital Assets:			
Land	4,582,160	8,188,700	12,770,860
Buildings and Structures	33,381,453	601,429	33,982,882
Equipment	5,543,463	213,268	5,756,731
Less Accumulated Depreciation	(38,770,742)	(606,063)	(39,376,805)
Total Noncurrent Assets	4,736,334	8,397,334	13,133,668
Total Assets	7,518,536	8,535,457	16,053,993
<b>Liabilities</b>			
Current Liabilities:			
Accounts Payable	932,570	7,225	939,795
Advance Sales	1,987,040	--	1,987,040
Due To Other Funds	425,000	361,658	786,658
Compensated Absences	--	61,290	61,290
Accrued Interest on Bonds	98,222	7,208	105,430
General Obligation Bonds	620,256	49,354	669,610
Total Current Liabilities	4,063,088	486,735	4,549,823
Noncurrent Liabilities:			
Compensated Absences	--	18,313	18,313
General Obligation Bonds	4,404,895	298,732	4,703,627
Total Noncurrent Liabilities	4,404,895	317,045	4,721,940
Total Liabilities	8,467,983	803,780	9,271,763
<b>Net Position</b>			
Net Investment in Capital Assets	(288,817)	8,049,248	7,760,431
Unrestricted	(660,630)	(317,571)	(978,201)
Total Net Position	\$ (949,447)	\$ 7,731,677	\$ 6,782,230



CITY OF RICHMOND, VIRGINIA  
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
 NON-MAJOR PROPRIETARY FUNDS  
 For the Fiscal Year Ended June 30, 2014

EXHIBIT J-2

	Coliseum	Cemeteries	Total
<b>Operating Revenues</b>			
Charges for Goods and Services	\$ 1,384,868	\$ 1,477,507	\$ 2,862,375
<b>Operating Expenses</b>			
Salaries and Wages	--	1,171,134	1,171,134
Materials and Supplies	297,360	52,854	350,214
Rents and Utilities	508,586	32,485	541,071
Maintenance and Repairs	133,052	31,460	164,512
Depreciation and Amortization	103,028	30,757	133,785
Miscellaneous Operating Expenses	1,238,115	124,795	1,362,910
Total Operating Expenses	2,280,141	1,443,485	3,723,626
Operating Income (Loss)	(895,273)	34,022	(861,251)
<b>Non-Operating Revenues (Expenses)</b>			
Government Subsidies and Contributions	1,975,824	59,963	2,035,787
Interest and Fiscal Charges	(233,407)	(15,814)	(249,221)
Total Non-Operating Revenues, Net	1,742,417	44,149	1,786,566
Change In Net Position	847,144	78,171	925,315
Net Position - Beginning of Year	(1,796,591)	7,653,506	5,856,915
Net Position - End of Year	\$ (949,447)	\$ 7,731,677	\$ 6,782,230



CITY OF RICHMOND, VIRGINIA  
 COMBINING STATEMENT OF CASH FLOWS  
 NON-MAJOR PROPRIETARY FUNDS  
 For the Fiscal Year Ended June 30, 2014

EXHIBIT J-3

	Coliseum	Cemeteries	Total
<b>Cash Flows From Operating Activities</b>			
Receipts from Customers	\$ 1,489,816	\$ 1,442,368	\$ 2,932,184
Payments to Suppliers	(2,258,809)	(276,024)	(2,534,833)
Payments to Employees	--	(1,172,041)	(1,172,041)
Net Cash Used In Operating Activities	(768,993)	(5,697)	(774,690)
<b>Cash Flows From Noncapital Financing Activities</b>			
Government Subsidies and Contributions	1,975,824	59,963	2,035,787
Due from Other Funds	--	(59,963)	(59,963)
Due to Other Funds	--	65,660	65,660
Net Cash Provided By Noncapital Financing Activities	1,975,824	65,660	2,041,484
<b>Cash Flows From Capital and Related Financing Activities</b>			
Repayments of GO Bonds and Capital Leases	(955,921)	(43,181)	(999,102)
Interest Paid on Long-Term Debt	(250,910)	(16,782)	(267,692)
Net Cash Used In Capital and Related Financing Activities	(1,206,831)	(59,963)	(1,266,794)
Net Increase in Cash and Cash Equivalents	--	--	--
Cash and Cash Equivalents at July 1, 2013	--	--	--
Cash and Cash Equivalents at June 30, 2014	\$ --	\$ --	\$ --
<b>Reconciliation of Operating Income (Loss) to Net Cash Used In Operating Activities</b>			
Operating Income (Loss)	\$ (895,273)	\$ 34,022	\$ (861,251)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Used In Operating Activities:			
Depreciation	103,028	30,757	133,785
(Increase) Decrease in Assets and Increase (Decrease) in Liabilities:			
Accounts Receivable	(1,882,092)	(35,142)	(1,917,234)
Prepaid Expenses	9,895	--	9,895
Accounts Payable	(91,591)	(34,430)	(126,021)
Advance Sales	1,987,040	--	1,987,040
Compensated Absences	--	(904)	(904)
Total Adjustments	126,280	(39,719)	86,561
Net Cash Used In Operating Activities	\$ (768,993)	\$ (5,697)	\$ (774,690)



## **Internal Service Funds**

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

*The Internal Service Funds are:*

### **Fleet Management**

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

### **Radio Maintenance**

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

### **Joint Healthcare**

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

### **Advantage Richmond Corporation**

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

### **Electric Utility**

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

### **Stores and Transportation Division**

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





**CITY OF RICHMOND, VIRGINIA**  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**June 30, 2014**

**EXHIBIT K-1**

	Fleet Management	Radio Maintenance	Health Self-Insurance	Advantage Richmond Corporation	Electric Utility	Stores and Transportation Division	Total
<b>Assets</b>							
Current Assets:							
Cash and Cash Equivalents	\$ --	\$ --	\$ 4,954,535	\$ 5,363,457	\$ 6,378,754	\$ --	\$ 16,696,746
Accounts Receivable, Net	215,935	33,047	3,742,649	--	4,336,335	--	8,327,966
Inventory	--	225,843	--	--	--	3,858,169	4,084,012
Prepaid Expenses	--	--	--	--	122,653	279,972	402,625
Total Current Assets	<u>215,935</u>	<u>258,890</u>	<u>8,697,184</u>	<u>5,363,457</u>	<u>10,837,742</u>	<u>4,138,141</u>	<u>29,511,349</u>
Noncurrent Assets:							
Capital Assets:							
Land	98,000	--	--	3,000,000	265,389	1,686,532	5,049,921
Buildings and Structures	1,211,217	--	--	9,000,000	53,672,730	3,478,430	67,362,377
Equipment	76,252,844	407,770	--	--	1,079,312	32,033,465	109,773,391
Less Accumulated Depreciation	(66,067,175)	(299,627)	--	(1,982,426)	(34,588,403)	(34,145,414)	(137,083,045)
Construction in Progress	--	--	--	--	1,369,744	37,957	1,407,701
Total Capital Assets	<u>11,494,886</u>	<u>108,143</u>	<u>--</u>	<u>10,017,574</u>	<u>21,798,772</u>	<u>3,090,970</u>	<u>46,510,345</u>
Total Noncurrent Assets	<u>11,494,886</u>	<u>108,143</u>	<u>--</u>	<u>10,017,574</u>	<u>21,798,772</u>	<u>3,090,970</u>	<u>46,510,345</u>
Total Assets	<u>11,710,821</u>	<u>367,033</u>	<u>8,697,184</u>	<u>15,381,031</u>	<u>32,636,514</u>	<u>7,229,111</u>	<u>76,021,694</u>
<b>Deferred Outflow of Resources</b>							
Deferred Losses on Refundings	--	--	--	--	13,097	--	13,097
Total Deferred Outflows of Resources	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>13,097</u>	<u>--</u>	<u>13,097</u>
<b>Liabilities</b>							
Current Liabilities:							
Accounts Payable	1,795,384	64,298	1,040,640	138,309	962,469	617,458	4,618,558
Accrued Liabilities	--	--	4,802,000	750	1,270,072	--	6,072,822
Due To Other Funds	6,610,565	4,083,893	3,140,770	1,527,546	--	410,694	15,773,468
Accrued Interest on Bonds and Notes Payable	56,693	--	--	90,612	15,391	--	162,696
General Obligation Bonds Payable	615,899	--	--	--	112,536	--	728,435
Revenue Bonds Payable	--	--	--	828,667	--	--	828,667
Notes Payable	2,425,000	--	--	--	--	--	2,425,000
Compensated Absences	62,695	9,967	--	--	77,030	19,257	168,949
Total Current Liabilities	<u>11,566,236</u>	<u>4,158,158</u>	<u>8,983,410</u>	<u>2,585,884</u>	<u>2,437,498</u>	<u>1,047,409</u>	<u>30,778,595</u>
Noncurrent Liabilities:							
General Obligation Bonds Payable	3,026,958	--	--	--	913,647	--	3,940,605
Revenue Bonds Payable	--	--	--	5,999,238	--	--	5,999,238
Notes Payable	3,800,000	--	--	--	--	--	3,800,000
Compensated Absences	51,760	6,979	--	--	16,664	4,166	79,569
Total Noncurrent Liabilities	<u>6,878,718</u>	<u>6,979</u>	<u>--</u>	<u>5,999,238</u>	<u>930,311</u>	<u>4,166</u>	<u>13,819,412</u>
Total Liabilities	<u>18,444,954</u>	<u>4,165,137</u>	<u>8,983,410</u>	<u>8,585,122</u>	<u>3,367,809</u>	<u>1,051,575</u>	<u>44,598,007</u>
<b>Net Position</b>							
Net Investment in Capital Assets	1,627,029	108,143	--	3,189,669	20,785,686	3,090,970	28,801,497
Unrestricted	(8,361,162)	(3,906,247)	(286,226)	3,606,240	8,496,116	3,086,566	2,635,287
Total Net Position	<u>\$ (6,734,133)</u>	<u>\$ (3,798,104)</u>	<u>\$ (286,226)</u>	<u>\$ 6,795,909</u>	<u>\$ 29,281,802</u>	<u>\$ 6,177,536</u>	<u>\$ 31,436,784</u>



CITY OF RICHMOND, VIRGINIA  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**For the Fiscal Year Ended June 30, 2014**

**EXHIBIT K-2**

	Fleet Management	Radio Maintenance	Health Self-Insurance	Advantage Richmond Corporation	Electric Utility	Stores and Transportation Division	Total
<b>Operating Revenues</b>							
Charges for Goods and Services	\$ 17,922,282	\$ 614,560	\$ 44,932,750	\$ 2,400,000	\$ 8,781,996	\$ 6,934,846	\$ 81,586,434
<b>Operating Expenses</b>							
Cost of Goods and Services Sold	13,712,182	788,625	--	--	--	--	14,500,807
Salaries and Wages and Benefits	850,250	92,193	--	--	1,847,153	408,489	3,198,085
Data Processing	18,882	--	--	--	--	--	18,882
Materials and Supplies	119,329	20,359	--	--	482,573	31,274	653,535
Rents and Utilities	286,487	19,400	--	162,416	2,698,441	23,560	3,190,304
Maintenance and Repairs	123,729	--	--	303,336	504,259	--	931,324
Depreciation and Amortization	5,509,058	39,384	--	225,000	1,922,908	109,940	7,806,290
Claims and Settlements	--	--	35,391,398	--	27,983	--	35,419,381
Miscellaneous Operating Expenses	173,996	16,586	3,171,257	331,777	220,865	186,960	4,101,441
Total Operating Expenses	<u>20,793,913</u>	<u>976,547</u>	<u>38,562,655</u>	<u>1,022,529</u>	<u>7,704,182</u>	<u>760,223</u>	<u>69,820,049</u>
Operating Income (Loss)	<u>(2,871,631)</u>	<u>(361,987)</u>	<u>6,370,095</u>	<u>1,377,471</u>	<u>1,077,814</u>	<u>6,174,623</u>	<u>11,766,385</u>
<b>Non-Operating Revenues (Expenses)</b>							
Government Subsidies and Contributions	--	--	--	--	506,155	--	506,155
Interest and Fiscal Charges	(53,649)	--	--	(368,670)	(32,227)	--	(454,546)
Miscellaneous Revenue (Expenses)	--	--	--	--	(317,023)	2,913	(314,110)
Total Non-Operating Revenues (Expenses), Net	<u>(53,649)</u>	<u>--</u>	<u>--</u>	<u>(368,670)</u>	<u>156,905</u>	<u>2,913</u>	<u>(262,501)</u>
Change In Net Position	(2,925,280)	(361,987)	6,370,095	1,008,801	1,234,719	6,177,536	11,503,884
Net Position - Beginning of Year	<u>(3,808,853)</u>	<u>(3,436,117)</u>	<u>(6,656,321)</u>	<u>5,787,108</u>	<u>28,047,083</u>	<u>--</u>	<u>19,932,900</u>
Net Position - End of Year	<u>\$ (6,734,133)</u>	<u>\$ (3,798,104)</u>	<u>\$ (286,226)</u>	<u>\$ 6,795,909</u>	<u>\$ 29,281,802</u>	<u>\$ 6,177,536</u>	<u>\$ 31,436,784</u>



**CITY OF RICHMOND, VIRGINIA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**For the Fiscal Year Ended June 30, 2014**

**EXHIBIT K-3**

	Fleet Management	Radio Maintenance	Health Self-Insurance	Advantage Richmond Corporation	Electric Utility	Stores and Transportation Division	Total
<b>Cash Flows From Operating Activities</b>							
Receipts from Customers	\$ 18,049,526	\$ 581,512	\$ 41,190,100	\$ 2,400,000	\$ 8,859,073	\$ 6,934,846	\$ 78,015,057
Payments to Suppliers	(13,856,701)	(855,292)	(37,512,235)	(762,781)	(4,407,807)	(587,735)	(57,982,551)
Payments to Employees	(979,382)	(91,948)	--	--	(1,852,425)	(409,807)	(3,333,562)
Receipts From Other Funds	--	--	--	--	(427,910)	(135,417)	(563,327)
Other Receipts or (Payments)	--	--	--	--	(323,660)	2,912	(320,748)
Net Cash Provided By (Used In)							
Operating Activities	<u>3,213,443</u>	<u>(365,728)</u>	<u>3,677,865</u>	<u>1,637,219</u>	<u>1,847,271</u>	<u>5,804,799</u>	<u>15,814,869</u>
<b>Cash Flows From Noncapital Financing Activities</b>							
Government Subsidies and Contributions	--	--	--	--	506,155	--	506,155
Advances to Other Funds	--	--	--	--	2,459,027	(37,449,307)	(34,990,280)
Due to Other Funds	(665,756)	445,118	(439,621)	(138,244)	--	6,710,694	5,912,191
Net Cash Provided By (Used In)							
Noncapital Financing Activities	<u>(665,756)</u>	<u>445,118</u>	<u>(439,621)</u>	<u>(138,244)</u>	<u>2,965,182</u>	<u>(30,738,613)</u>	<u>(28,571,934)</u>
<b>Cash Flows From Capital and Related Financing Activities</b>							
(Acquisition)/Disposal of Capital Assets	(2,568,596)	(79,390)	--	--	(1,455,915)	493,110	(3,610,791)
Proceeds from Issuance of Notes Payable	3,125,000	--	--	--	--	--	3,125,000
Repayments of Revenue and GO Bonds	(615,900)	--	--	(786,275)	(120,606)	--	(1,522,781)
Repayments of Notes Payable	(2,200,000)	--	--	--	--	--	(2,200,000)
Interest Paid on Long-Term Debt	(288,191)	--	--	(379,104)	(36,314)	--	(703,609)
Net Cash Provided by (Used In)							
Capital and Related Financing Activities	<u>(2,547,687)</u>	<u>(79,390)</u>	<u>--</u>	<u>(1,165,379)</u>	<u>(1,612,835)</u>	<u>493,110</u>	<u>(4,912,181)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	--	--	3,238,244	333,596	3,199,618	(24,440,704)	(17,669,246)
Cash and Cash Equivalents at July 1, 2013	--	--	1,716,291	5,029,861	3,179,136	24,440,704	34,365,992
Cash and Cash Equivalents at June 30, 2014	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 4,954,535</u>	<u>\$ 5,363,457</u>	<u>\$ 6,378,754</u>	<u>\$ --</u>	<u>\$ 16,696,746</u>
<b>Reconciliation of Operating Income (Loss)</b>							
To Net Cash Provided By (Used In) Operating Activities							
Operating Income (Loss)	\$ (2,871,631)	\$ (361,987)	\$ 6,370,095	\$ 1,377,471	\$ 1,077,814	\$ 6,174,623	\$ 11,766,385
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:							
Depreciation	5,509,058	39,384	--	225,000	1,922,908	109,940	7,806,290
Miscellaneous Income	--	--	--	--	(317,023)	2,913	(314,110)
(Increase) Decrease in Assets and Increase (Decrease) in Liabilities:							
Accounts Receivable	(175,671)	(33,047)	(3,742,649)	--	105,060	--	(3,846,307)
Due From Component Unit	302,917	--	--	--	--	--	302,917
Inventories of Material and Supplies	1,220	(28,951)	--	--	--	(282,418)	(310,149)
Prepaid Expenses	--	--	--	--	(9,417)	(74,245)	(83,662)
Accounts Payable	576,682	35,085	1,050,419	34,748	758,014	(114,785)	2,340,163
Accrued Liabilities	(112,523)	(16,457)	--	--	(1,684,813)	(9,911)	(1,823,704)
Compensated Absences	(16,609)	245	--	--	(5,272)	(1,318)	(22,954)
Total Adjustments	<u>6,085,074</u>	<u>(3,741)</u>	<u>(2,692,230)</u>	<u>259,748</u>	<u>769,457</u>	<u>(369,824)</u>	<u>4,048,484</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ 3,213,443</u>	<u>\$ (365,728)</u>	<u>\$ 3,677,865</u>	<u>\$ 1,637,219</u>	<u>\$ 1,847,271</u>	<u>\$ 5,804,799</u>	<u>\$ 15,814,869</u>
<b>Significant Non-Cash Transactions</b>							
Acquisition/Disposition of Fixed Assets from Stores	\$ -	\$ -	\$ -	\$ -	\$ 835,881	\$ (26,066,122)	\$ (25,230,241)
Due To/From Other Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (6,300,000)	\$ (6,300,000)
Advances To/From Other Funds	\$ -	\$ -	\$ -	\$ -	\$ (835,881)	\$ 32,366,122	\$ 31,530,241



## **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.*



CITY OF RICHMOND, VIRGINIA  
 COMBINING STATEMENT OF FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 June 30, 2014

EXHIBIT L-1

	Richmond Retirement System	Other Employee Benefits	Total
<b>Assets:</b>			
Cash and Short-term Investments	\$ 12,443,520	\$ -	\$ 12,443,520
<b>Receivables:</b>			
Due from Brokers on Sale of Securities	2,272,890	--	2,272,890
Interest and Dividends	712,441	--	712,441
Contributions from Participating Employees	1,848,643	--	1,848,643
Employee Loans	--	2,418,994	2,418,994
Other Accounts Receivable	16,198	--	16,198
<b>Investments, at Fair Value:</b>			
U.S. Government and Agency Obligations	16,454,690	--	16,454,690
Corporate Bonds	62,546,230	--	62,546,230
Common Stock	168,963,956	--	168,963,956
International Stocks	96,150,418	--	96,150,418
International Bonds	47,364,825	--	47,364,825
Real Estate Investment Trusts	6,963,363	--	6,963,363
Emerging Market Debt	6,199,789	--	6,199,789
Hedge Funds	65,303,836	--	65,303,836
Mutual Funds	19,960,287	86,786,729	106,747,016
Private Debt	19,073,916	--	19,073,916
Private Equity	13,639,003	--	13,639,003
Private Real Estate	<u>23,909,232</u>	--	<u>23,909,232</u>
Total Investments, at Fair Value	546,529,545	86,786,729	633,316,274
Cash Collateral Received - Security Lending Program	<u>32,384,739</u>	--	<u>32,384,739</u>
Total Assets	<u>596,207,976</u>	<u>89,205,723</u>	<u>685,413,699</u>
<b>Liabilities:</b>			
Accounts Payable	18,918,936	--	18,918,936
Payable for Collateral Received - Security Lending Program	<u>32,384,739</u>	--	<u>32,384,739</u>
Total Liabilities	<u>51,303,675</u>	--	<u>51,303,675</u>
 Net Position Held in Trust for Pension Benefits and Other Purposes	 <u>\$ 544,904,301</u>	 <u>\$ 89,205,723</u>	 <u>\$ 634,110,024</u>



CITY OF RICHMOND, VIRGINIA  
 COMBINING STATEMENT OF CHANGES IN NET POSITION  
 FIDUCIARY FUNDS  
 For the Fiscal Year Ended June 30, 2014

EXHIBIT L-2

	Richmond Retirement System	Other Employee Benefits	Total
<b>Additions:</b>			
<b>Contributions:</b>			
City of Richmond	\$ 41,131,188	\$ --	\$ 41,131,188
Richmond Behavioral Health Authority	1,113,946	--	1,113,946
Richmond Public Schools	49,792	--	49,792
Revenue for DC Plan Expense	47,695	--	47,695
Plan Members	2,118,493	5,552,324	7,670,817
Total Contributions	44,461,114	5,552,324	50,013,438
<b>Investment Income:</b>			
Net Appreciation in Fair Value of Investments	71,592,775	10,341,828	81,934,603
Interest	2,411,010	85,501	2,496,511
Dividends	4,773,694	--	4,773,694
<b>Net Income Earned On Securities Lending Transactions:</b>			
Securities Lending Income	111,104	--	111,104
Securities Lending Expense	(45,722)	--	(45,722)
Total Net Income Earned on Securities Lending Transactions	65,382	--	65,382
Investment Income	78,842,861	10,427,329	89,270,190
Less Investment Expense	2,379,575	--	2,379,575
Net Investment Income	76,463,286	10,427,329	86,890,615
Total Additions, Net	120,924,400	15,979,653	136,904,053
<b>Deductions:</b>			
Benefits	(67,274,187)	(6,112,441)	(73,386,628)
Refunds of Member Contributions	(46,678)	--	(46,678)
Administrative Expenses	(1,318,016)	(55,601)	(1,373,617)
Total Deductions	(68,638,881)	(6,168,042)	(74,806,923)
Net Increase	52,285,519	9,811,611	62,097,130
Net Position Held In Trust For Pension Benefits and Other Purposes - Beginning of Year	492,618,782	79,394,112	572,012,894
Net Position Held In Trust For Pension Benefits and Other Purposes - End of Year	\$ 544,904,301	\$ 89,205,723	\$ 634,110,024



**CITY OF RICHMOND, VIRGINIA**  
**AGENCY FUNDS**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**For the Fiscal Year Ended June 30, 2014**

EXHIBIT L-3

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
<b>Assets</b>				
Cash and Cash Equivalents	\$ 1,851,102	\$ 6,305,479	\$ 6,248,878	\$ 1,907,703
Due From Other Funds	--	4,028,489	2,949,072	1,079,417
Total Assets	\$ 1,851,102	\$ 10,333,968	\$ 9,197,950	\$ 2,987,120
<b>Liabilities</b>				
Refundable Deposits	\$ 589,386	\$ 310,252	\$ 114,642	\$ 784,996
Due to Other Funds	23,370	3,675,369	2,145,239	1,553,500
Due to Various Agents	1,238,346	3,259,503	3,849,225	648,624
Total Liabilities	\$ 1,851,102	\$ 7,245,124	\$ 6,109,106	\$ 2,987,120

# ***STATISTICAL SECTION***





## Statistical Section

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

### Contents

#### Financial Trends

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

#### Revenue Capacity

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

#### Debt Capacity

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

#### Demographic and Economic Information

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

#### Operating Information

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



**CITY OF RICHMOND, VIRGINIA  
MISCELLANEOUS STATISTICAL DATA  
June 30, 2014**

**DATE OF INCORPORATION**

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

**AREA OF CITY**

The area of the City consists of 62.46 square miles.

**POPULATION**

United States Census 2004 <sup>(1)</sup>	.....	197,401
United States Census 2005 <sup>(1)</sup>	.....	197,861
United States Census 2006 <sup>(1)</sup>	.....	198,624
United States Census 2007 <sup>(1)</sup>	.....	200,123
United States Census 2008 <sup>(1)</sup>	.....	202,002
United States Census 2009 <sup>(1)</sup>	.....	204,451
United States Census 2010 <sup>(1)</sup>	.....	204,214
United States Census 2011 <sup>(1)</sup>	.....	205,533
United States Census 2012 <sup>(1)</sup>	.....	210,309
United States Census 2013 <sup>(1)</sup>	.....	214,114
United States Census 2014 <sup>(1)</sup>	.....	217,853

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

**FORM OF GOVERNMENT**

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

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

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

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



## ASSESSMENTS

The City Assessor of Real Estate assesses real estate annually at "fair market value". The assessment to sales ratio is estimated to be 97.0%. The 2014 real estate assessments for the semi-annual real estate billing were based on an effective valuation date of July 1, 2013. The due dates for the semi billing were January 14 and June 14 in the 2014 tax year. The 2015 Land Book will be updated with fair market values as of July 1, 2014; new construction and renovations will be added to the land book through December 31, 2014.

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 - 2014
- \$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 - 2014

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

- \$2.30 per \$100 of Assessed Value: 1992 - 2014

### 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: 2004-2014

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 2014, which begins January 1, 2014, real estate taxes are billed on a semi-annual basis with the payments due on January 14 and June 14. Penalty and interest will be assessed after each of the payment due dates if the taxes due on the respective due dates are paid thereafter.

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

## DELINQUENT TAXES

As of January 1, 2014, real estate taxes are billed semi-annually with due dates of January 14 and June 14. Taxes will be reported as delinquent on January 15 and June 15, respectively of the tax year for which assessed. Personal property taxes are reported as delinquent on June 6<sup>th</sup> of the tax year for which assessed or 61 days after acquiring taxable situs. A penalty of 10% and a \$30 administrative fee is added to all delinquent taxes. Interest at a rate equal to the interest rate established and announced for the underpayment of State income taxes by the Virginia Department of Taxation for the first calendar quarter of each tax year is added to the delinquent tax. Personal property taxes incur an additional 10% late payment penalty if not paid within 60 days of the due date.

## OVERLAPPING AREAS AND DEBT

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

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



## CITY INDEBTEDNESS

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

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

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

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

## DEBT MANAGEMENT POLICIES

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

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

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



## FUND BALANCE POLICY

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

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

- The Mayor will prepare and administer General Fund budgets that will provide operating surpluses of one-half of one percent (1/2%) of expenditures until the unassigned General Fund balance reaches at least 10% of the total budgeted expenditures. Total budgeted expenditures will include General Fund Budgeted Expenditures plus RPS Budgeted Expenditures, less the budgeted transfer to RPS from the General Fund to prevent double counting in the calculation. As of June 30, 2014, the Unassigned General Fund Balance was \$80.4 million, which is 12.0% of total budgeted expenditures.
- The City Council, in adoption of the annual operating General Fund budget, will provide that General Fund budget operating surpluses be no less than those recommended by the City Mayor in the submission of the General Fund budget.
- The City will not make appropriation from the Unassigned General Fund balance except when faced with an unusual, unanticipated and seemingly insurmountable hardship, and only after all other reserve or contingency funds have been exhausted.
- To the extent that the Unassigned General Fund balance is ever drawn upon, the City shall budget the replenishment of the amount drawn over the next three subsequent fiscal years.



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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ 198,513,944	\$ 257,995,107	\$ 276,834,506	\$ 304,606,896	\$ 311,326,711	\$ 280,800,936	\$ 188,531,273	\$ 269,060,408	\$ 240,536,212	\$ 288,234,961
Restricted	50,038,794	11,902,266	14,911,689	14,992,862	15,356,206	5,772,722	12,590,642	16,458,462	31,900,000	21,269,101
Unrestricted	40,670,738	25,435,347	26,438,982	45,954,323	21,676,936	67,421,848	71,414,987	103,428,935	46,700,000	35,576,578
Total Governmental Activities' Net Position	<u>\$ 289,223,476</u>	<u>\$ 295,332,720</u>	<u>\$ 318,185,177</u>	<u>\$ 365,554,081</u>	<u>\$ 348,359,853</u>	<u>\$ 353,995,506</u>	<u>\$ 282,536,902</u>	<u>\$ 388,947,805</u>	<u>\$ 319,136,212</u>	<u>\$ 355,080,640</u>
<b>Business-type Activities</b>										
Net Investment in Capital Assets	\$ 277,073,800	\$ 305,313,014	\$ 302,815,193	\$ 316,259,057	\$ 351,767,886	\$ 369,683,330	\$ 381,909,942	\$ 419,526,304	\$ 488,600,000	\$ 524,011,667
Restricted	40,067,236	--	--	--	--	--	--	--	--	--
Unrestricted	43,272,098	69,958,764	79,842,538	78,044,664	55,610,764	58,319,963	64,745,678	51,318,531	125,800,000	134,309,642
Total Business-type Activities' Net Position	<u>\$ 360,413,134</u>	<u>\$ 375,271,778</u>	<u>\$ 382,657,731</u>	<u>\$ 394,303,721</u>	<u>\$ 407,378,650</u>	<u>\$ 428,003,293</u>	<u>\$ 446,655,620</u>	<u>\$ 470,844,835</u>	<u>\$ 614,400,000</u>	<u>\$ 658,321,309</u>
<b>Primary Government</b>										
Net Investment in Capital Assets	\$ 475,587,744	\$ 563,308,121	\$ 579,649,699	\$ 620,865,953	\$ 663,094,597	\$ 650,484,266	\$ 580,441,215	\$ 688,586,712	\$ 729,136,212	\$ 822,246,628
Restricted	90,106,030	11,902,266	14,911,689	14,992,862	15,356,206	5,772,722	12,590,642	16,458,462	31,900,000	21,269,101
Unrestricted	83,942,836	95,394,111	106,281,520	123,998,987	77,287,700	125,741,811	136,160,665	154,747,466	172,500,000	169,886,220
Total Primary Government Activities' Net Position	<u>\$ 649,636,610</u>	<u>\$ 670,604,498</u>	<u>\$ 700,842,908</u>	<u>\$ 759,857,802</u>	<u>\$ 755,738,503</u>	<u>\$ 781,998,799</u>	<u>\$ 729,192,522</u>	<u>\$ 859,792,640</u>	<u>\$ 933,536,212</u>	<u>\$ 1,013,401,949</u>



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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Expenses</b>										
Governmental Activities:										
General Government	\$ 82,897,797	\$ 108,538,958	\$ 108,443,704	\$ 82,078,049	\$ 132,001,804	\$ 137,836,800	\$ 135,582,802	\$ 126,274,797	\$ 145,700,000	\$ 109,455,944
Public Safety and Judiciary	150,077,017	159,938,162	175,163,038	170,498,404	185,536,625	175,820,069	178,142,702	182,724,471	187,800,000	184,192,095
Highways, Streets, Sanitation and Refuse	80,327,346	75,459,598	72,673,872	90,808,054	59,964,571	61,502,223	104,103,996	86,067,163	88,900,000	86,301,761
Human Services	93,480,016	90,316,536	95,346,598	110,423,497	105,618,194	93,697,780	96,333,003	84,629,401	79,000,000	78,249,654
Culture and Recreation	14,914,204	21,978,162	24,350,136	41,009,121	25,635,473	26,009,978	28,502,174	24,348,709	25,000,000	26,090,075
Education	131,661,501	152,646,701	165,971,219	158,858,678	164,359,364	163,586,697	173,214,073	155,173,806	158,800,000	158,065,296
Transportation	6,766,376	8,216,356	9,405,588	10,460,000	11,950,000	11,600,000	11,600,000	12,143,357	11,600,000	12,621,460
Interest and Fiscal Changes	42,868,983	40,153,584	42,083,543	25,030,424	23,925,766	20,204,271	21,418,947	18,648,049	19,800,000	26,100,820
Extraordinary Item <sup>1</sup>	4,020,240	--	--	--	--	--	--	--	--	--
<b>Total Governmental Activities Expenses</b>	<b>607,013,480</b>	<b>657,248,057</b>	<b>693,437,698</b>	<b>689,166,227</b>	<b>708,991,797</b>	<b>690,257,818</b>	<b>747,897,697</b>	<b>690,009,753</b>	<b>716,600,000</b>	<b>681,077,125</b>
Business-type Activities:										
Gas	207,682,064	248,535,630	216,255,114	216,059,214	221,285,311	163,063,730	154,527,763	120,738,025	133,137,550	153,143,869
Water	39,004,189	41,362,442	44,232,832	46,158,648	49,074,068	49,934,491	52,819,429	53,201,110	49,803,247	52,161,156
Wastewater	45,976,722	44,944,833	51,596,901	48,364,007	53,000,556	50,679,153	54,073,862	54,615,656	58,438,940	61,163,657
Stormwater	--	--	--	--	--	7,613,092	7,541,005	7,487,569	4,744,194	6,229,426
Coliseum	4,973,332	5,249,095	5,968,440	5,846,334	5,718,103	5,171,178	4,682,080	4,066,315	3,218,416	2,513,548
Landmark Theatre	1,730,408	1,835,924	1,788,114	1,829,565	567,990	--	--	--	--	--
Cemeteries	1,344,285	1,416,174	1,399,208	1,641,821	1,472,725	1,399,493	1,419,756	1,410,964	1,343,807	1,459,299
<b>Total Business-type Activities Expenses</b>	<b>300,711,000</b>	<b>343,344,098</b>	<b>321,240,609</b>	<b>319,889,589</b>	<b>331,118,753</b>	<b>277,861,137</b>	<b>275,063,896</b>	<b>241,519,639</b>	<b>250,686,155</b>	<b>276,680,955</b>
<b>Total Primary Government Expenses</b>	<b>907,724,480</b>	<b>1,000,592,155</b>	<b>1,014,678,307</b>	<b>1,009,055,816</b>	<b>1,040,110,550</b>	<b>968,118,955</b>	<b>1,022,961,593</b>	<b>931,529,392</b>	<b>967,286,155</b>	<b>957,738,080</b>
<b>Program Revenues</b>										
Governmental Activities:										
Charges for Services:										
General Government	\$ 41,636,438	\$ 46,887,330	\$ 48,008,623	\$ 43,593,817	\$ 51,086,930	\$ 52,084,531	\$ 58,638,216	\$ 126,215,625	\$ 65,019,167	\$ 56,388,769
Culture and Recreation	561,893	759,632	109,692	719,586	686,911	727,597	406,036	377,643	428,613	216,679
Other Activities	20,602,746	29,109,017	27,368,011	30,450,928	29,948,260	30,759,315	26,567,540	26,053,492	27,544,471	25,115,281
Operating Grants and Contributions	149,167,449	147,151,168	159,269,020	169,105,387	155,689,284	151,878,522	154,172,480	149,946,405	141,500,000	144,367,918
Capital Grants and Contributions	8,227,292	3,714,468	18,929,229	12,566,194	5,228,211	5,545,450	7,312,467	8,364,411	26,780,248	35,250,158
<b>Total Governmental Activities Program Revenues</b>	<b>220,195,818</b>	<b>227,621,615</b>	<b>253,684,575</b>	<b>256,435,912</b>	<b>242,639,596</b>	<b>240,995,415</b>	<b>247,096,739</b>	<b>310,557,576</b>	<b>261,272,499</b>	<b>261,318,805</b>
Business-type Activities:										
Charges for Services:										
Gas	\$ 221,309,436	\$ 255,994,336	\$ 225,162,779	\$ 225,882,538	\$ 231,136,014	\$ 172,587,241	\$ 164,890,242	\$ 130,742,982	\$ 148,282,997	\$ 176,794,050
Water	44,853,864	47,689,474	49,995,955	51,616,053	54,406,899	57,386,552	59,596,957	61,814,881	67,827,452	67,512,427
Wastewater	48,599,478	51,484,083	55,541,836	56,795,731	58,803,531	60,220,635	61,356,769	65,709,241	68,533,168	73,393,727
Stormwater	--	--	--	--	--	9,537,834	9,778,441	9,505,006	9,845,346	11,330,268
Coliseum	2,088,567	2,284,149	2,149,644	2,202,374	1,829,195	1,463,233	1,255,551	1,423,979	1,686,346	1,384,868
Landmark Theatre	390,879	594,775	255,549	463,078	520	--	--	--	--	--
Cemeteries	1,412,205	1,458,283	1,395,957	1,423,292	1,368,588	1,320,251	1,222,954	1,198,476	1,329,673	1,477,507
Operating Grants and Contributions	5,607,052	4,928,275	4,779,151	7,967,099	10,819,719	14,624,603	15,013,658	15,143,172	19,608,232	20,001,217
<b>Total Business-type Activities Program Revenues</b>	<b>324,241,481</b>	<b>364,433,375</b>	<b>339,280,871</b>	<b>346,360,166</b>	<b>358,364,466</b>	<b>317,140,348</b>	<b>313,114,571</b>	<b>285,537,737</b>	<b>317,113,214</b>	<b>351,894,064</b>
<b>Total Primary Government Revenues</b>	<b>544,437,299</b>	<b>592,054,990</b>	<b>592,965,446</b>	<b>602,796,078</b>	<b>601,004,062</b>	<b>558,135,763</b>	<b>560,211,310</b>	<b>596,095,313</b>	<b>578,385,713</b>	<b>613,212,869</b>
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (386,817,662)	\$ (429,626,442)	\$ (439,753,123)	\$ (432,730,315)	\$ (466,352,201)	\$ (449,262,403)	\$ (500,800,958)	\$ (379,452,177)	\$ (455,327,501)	\$ (419,768,320)
Business-type Activities	23,530,481	21,089,277	18,040,261	26,460,577	27,245,713	39,279,211	38,050,675	44,918,088	66,427,059	75,233,109
<b>Total Primary Government Net Expense</b>	<b>\$ (363,287,181)</b>	<b>\$ (408,537,165)</b>	<b>\$ (421,712,862)</b>	<b>\$ (406,269,738)</b>	<b>\$ (439,106,488)</b>	<b>\$ (409,983,192)</b>	<b>\$ (462,750,283)</b>	<b>\$ (335,434,079)</b>	<b>\$ (388,900,442)</b>	<b>\$ (344,525,211)</b>



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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Taxes:										
Real Estate	\$ 181,172,923	\$ 202,214,700	\$ 211,480,260	\$ 225,336,583	\$ 231,467,579	\$ 219,121,286	\$ 217,159,681	\$ 214,208,839	\$ 215,611,858	\$ 210,389,704
Sales-1% Local	26,302,100	27,116,326	31,019,396	31,274,790	30,935,300	26,093,786	26,315,613	30,595,853	30,549,022	30,944,459
Sales Tax for Education	--	--	27,558,938	26,959,337	25,312,005	24,943,835	25,914,852	26,406,848	23,673,198	23,612,726
Personal Property	45,091,878	25,156,191	42,095,364	55,220,158	45,878,338	50,186,338	38,461,849	44,579,120	48,005,747	46,100,586
Machinery and Tools	14,618,256	15,140,256	13,149,199	13,486,040	13,762,378	17,119,371	16,914,447	15,421,045	14,792,937	13,746,350
General Utility Sales	31,124,964	30,413,522	31,586,945	37,118,110	35,263,745	34,483,451	17,098,077	16,378,212	17,066,009	16,680,313
State Communication Taxes	--	--	--	--	--	--	17,439,622	17,085,208	17,130,526	16,839,049
Bank Stock	2,904,338	2,891,777	3,085,172	3,317,298	4,494,835	8,247,534	13,933,727	12,480,183	9,221,721	9,328,141
Prepared Food	16,028,093	20,889,281	23,154,114	24,076,647	24,489,056	23,756,424	26,429,441	25,051,579	29,986,231	30,065,438
Lodging Tax	--	--	5,272,618	5,984,286	5,366,015	4,789,681	4,789,957	5,200,817	6,392,330	6,326,387
Admissions	1,195,603	1,218,238	1,073,673	2,447,670	1,604,376	2,181,971	2,335,970	2,939,527	2,448,962	2,923,183
Real Estate Taxes - Delinquent	--	--	--	--	--	9,711,901	10,746,487	7,006,446	8,953,219	7,895,327
Personal property Taxes - Delinquent	--	--	--	--	--	5,023,503	4,117,223	3,959,980	8,524,442	5,614,439
Delinquent Tax Payments-All Classes	9,589,601	11,083,065	11,812,062	19,581,751	--	--	--	--	--	--
Private Utility Poles and Conduits	150,549	94,894	95,067	95,186	96,164	156,478	158,268	154,881	158,568	169,729
Penalties and Interest	4,242,744	4,676,998	5,319,892	3,657,510	4,570,206	5,423,493	4,948,641	3,660,357	4,471,897	3,642,822
Tiling Tax-Mobile Home	16,942	7,197	5,800	9,014	10,635	10,658	4,704	8,051	5,817	6,132
State Reconciliation	609,343	749,102	843,137	954,315	710,115	759,637	681,049	656,449	731,956	872,407
Property Rental 1%	120,684	144,979	136,469	126,334	126,534	101,748	109,871	131,021	139,796	133,774
Vehicle Rental Tax	864,415	752,941	1,004,229	889,582	626,040	424,599	579,654	1,149,088	371,425	855,582
Rolling Stock Tax	466,562	6,029,547	416,003	--	--	--	--	--	--	--
Telephone Commissions	--	--	477,935	449,292	450,000	390,739	337,349	337,349	337,349	522,578
Intergovernmental Revenue Not Restricted to Specific Programs	13,860,051	6,159,363	171,162	166,361	166,361	156,211	--	--	--	--
Investment Earnings	1,501,725	1,784,937	2,425,883	2,102,922	89,955	105,672	165,111	125,526	80,854	36,020
Miscellaneous	53,846,842	35,950,451	30,585,867	2,224,002	2,319,473	225,661	1,143,368	1,963,714	2,823,922	1,607,458
Transfers	21,130,671	20,165,228	20,884,181	24,282,511	21,560,041	22,340,631	21,459,319	23,147,547	23,612,453	27,377,577
Special Item <sup>2</sup>	773,106	--	3,701	--	--	--	--	--	485,000	--
Extraordinary Item <sup>1</sup>	--	(323,858)	(402,350)	306,076	(130,470)	15,352	--	(1,320,829)	--	--
Total Governmental Activities	425,611,390	412,295,135	462,605,580	480,099,219	449,157,973	455,829,421	451,297,670	450,788,961	465,575,039	455,690,181
Business-type Activities:										
Investment Earnings	\$ 1,285,313	\$ 4,166,286	\$ 5,626,435	\$ 4,594,016	\$ 5,601,170	\$ 1,060,118	\$ 897,530	\$ 1,736,623	\$ 685,839	\$ 811,070
Miscellaneous	3,793,064	3,350,736	4,603,438	4,873,908	1,788,086	1,694,580	1,163,441	1,580,041	1,271,707	(4,802,222)
Transfers	(21,130,671)	(20,165,228)	(20,884,181)	(24,282,511)	(21,560,041)	(22,340,631)	(21,459,319)	(23,147,547)	(23,612,453)	(27,377,577)
Total Business-type Activities	(16,052,294)	(12,648,206)	(10,654,308)	(14,814,587)	(14,170,785)	(19,585,933)	(19,398,348)	(19,828,883)	(21,654,907)	(31,368,729)
Total Primary Government	\$ 409,559,096	\$ 399,646,929	\$ 451,951,272	\$ 465,284,632	\$ 434,987,188	\$ 436,243,488	\$ 431,899,322	\$ 430,960,078	\$ 443,920,132	\$ 424,321,452
<b>Change in Net Position</b>										
Governmental Activities	\$ 38,793,728	\$ (17,331,307)	\$ 22,852,457	\$ 47,368,904	\$ (17,194,228)	\$ 6,567,018	\$ (49,503,288)	\$ 71,336,784	\$ 10,247,538	\$ 35,931,861
Business-type Activities	7,478,187	8,441,071	7,385,953	11,645,990	13,074,928	19,693,278	18,652,327	24,189,215	44,772,152	43,864,380
Total Primary Government	\$ 46,271,915	\$ (8,890,236)	\$ 30,238,410	\$ 59,014,894	\$ (4,119,300)	\$ 26,260,296	\$ (30,850,961)	\$ 95,525,999	\$ 55,019,690	\$ 79,796,241
<b>Extraordinary Item:</b>										
Disaster Costs	--	--	--	--	--	--	--	--	--	--
<b>*Special Item:</b>										
Fiscal Year 2005 - Gain on Sale of Land	--	--	--	--	--	--	--	--	--	--
Fiscal Year 2005 & 2007 - Disaster Recovery	--	--	--	--	--	--	--	--	--	--
Fiscal Year 2013 - Gain on Sale of Land	--	--	--	--	--	--	--	--	--	--

Note: The changes in net position for both Governmental and Business-type activities are explained in the Management's Discussion and Analysis Section.  
 Note: In FY09, the City classified current and delinquent taxes as a combined unit.  
 Note: In FY11, the City modified the classification and grouping of General Fund Revenue compared to prior years.



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

	Fiscal Year										
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	
<b>City Taxes</b>											
Real Estate	\$ 181,172,923	\$ 202,214,700	\$ 211,480,260	\$ 225,336,583	\$ 231,467,579	\$ 219,121,286	\$ 217,159,681	\$ 214,209,839	\$ 215,611,658	\$ 210,389,704	
Sales-1% Local	26,302,100	27,116,326	31,019,396	31,274,790	30,935,300	26,093,786	26,315,613	30,595,853	30,549,022	30,944,459	
Sales Tax for Education	--	--	27,558,938	26,959,337	25,312,005	24,943,835	25,914,852	26,406,848	23,673,198	23,612,726	
Personal Property	45,091,878	25,156,191	42,095,364	55,220,158	45,878,338	50,186,338	38,461,849	44,579,120	48,005,747	46,100,586	
Machinery and Tools	14,618,256	15,140,256	13,149,199	13,486,040	13,762,378	17,119,371	16,914,447	15,421,045	14,792,937	13,746,350	
General Utility Sales	31,124,964	30,413,522	31,586,945	37,118,110	35,253,745	34,483,451	17,098,077	16,378,212	17,066,009	16,680,313	
State Communication Taxes	--	--	--	--	--	--	17,439,622	17,085,208	17,130,526	16,839,049	
Bank Stock	2,904,338	2,891,777	3,085,172	3,317,298	4,494,835	8,247,534	13,933,727	12,480,183	9,221,721	9,328,141	
Prepared Food	16,028,093	20,889,281	23,154,114	24,076,647	24,489,056	23,756,424	26,429,441	25,051,579	29,986,231	30,065,438	
Transient Lodging	--	--	5,272,618	5,984,286	5,366,015	4,789,681	4,789,957	5,200,817	6,392,330	6,326,387	
Admissions	1,195,603	1,218,238	1,073,673	2,447,670	1,604,376	2,181,971	2,335,970	2,399,527	2,448,962	2,923,183	
Real Estate Taxes - Delinquent	--	--	--	--	--	9,711,901	10,746,487	7,006,446	8,953,219	7,895,327	
Personal Property Taxes - Delinquent	--	--	--	--	--	5,023,503	4,117,223	3,959,980	8,524,442	5,614,439	
Delinquent Tax Payments-All Classes	9,589,601	11,083,065	11,812,062	19,581,751	--	--	--	--	--	--	
Private Utility Poles and Conduits	150,549	94,894	95,067	95,186	96,164	156,478	158,268	154,881	158,568	169,729	
Penalties and Interest	4,242,744	4,676,998	5,319,892	3,657,510	4,570,206	5,423,493	4,948,641	3,660,357	4,471,897	3,642,822	
Titling Tax-Mobile Home	16,942	7,197	5,800	9,014	10,635	10,858	4,704	8,051	5,817	6,132	
State Recordation	609,343	749,102	843,137	954,315	710,115	759,637	681,049	656,449	731,956	872,407	
Property Rental 1%	120,684	144,979	136,469	126,334	126,534	101,748	109,871	131,021	139,796	133,774	
Vehicle Rental Tax	864,415	752,941	1,004,229	889,582	626,040	424,599	579,654	1,149,088	371,425	855,582	
Rolling Stock Tax	466,562	6,029,547	416,003	--	--	--	--	--	--	--	
Telephone Commissions	--	--	--	477,935	449,292	450,000	390,739	338,499	337,349	522,578	
<b>Total Primary Government</b>	<b>\$ 334,498,995</b>	<b>\$ 348,579,014</b>	<b>\$ 409,108,338</b>	<b>\$ 451,012,546</b>	<b>\$ 425,152,613</b>	<b>\$ 432,985,894</b>	<b>\$ 428,529,872</b>	<b>\$ 426,873,003</b>	<b>\$ 438,572,810</b>	<b>\$ 426,669,126</b>	

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

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



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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Nonspendable	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 1,029,600	\$ 1,029,600	\$ 1,029,600	\$ --
Restricted	--	--	--	--	--	--	1,391,917	--	--	--
Committed	--	--	--	--	--	--	14,672,765	53,073,041	39,427,954	10,793,000
Assigned	--	--	--	--	--	--	15,460,647	35,002,000	11,573,916	35,163,526
Unassigned	--	--	--	--	--	--	64,062,309	72,908,854	75,000,000	80,393,997
Reserved	22,216,671	16,144,418	15,894,601	16,908,547	2,094,186	16,588,886	--	--	--	--
Unreserved	45,278,440	45,442,420	47,507,086	47,638,753	48,644,484	59,423,096	--	--	--	--
<b>Total General Fund</b>	<b>\$ 67,495,111</b>	<b>\$ 61,586,838</b>	<b>\$ 63,401,687</b>	<b>\$ 64,547,300</b>	<b>\$ 50,738,670</b>	<b>\$ 76,021,982</b>	<b>\$ 96,617,238</b>	<b>\$ 162,013,495</b>	<b>\$ 127,031,470</b>	<b>\$ 126,350,523</b>
All Other Governmental Funds										
Nonspendable	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 212,141	\$ 193,729	\$ 74,327	\$ 74,372
Restricted	--	--	--	--	--	--	16,262,282	16,264,733	15,294,132	19,024,423
Committed	--	--	--	--	--	--	9,426,306	9,756,967	5,587,993	745,000
Assigned	--	--	--	--	--	--	295,105	(138,320)	886,410	3,468,218
Unassigned	--	--	--	--	--	--	(37,000,000)	(3,508,434)	(168,475,248)	(49,720,104)
Reserved	50,413,044	22,836,669	48,645,510	25,399,353	17,029,761	6,822,405	--	--	--	--
Unreserved, reported in:										
Special Revenue Funds	11,473,432	12,894,614	7,502,105	7,478,784	8,385,421	10,861,875	--	--	--	--
Capital Project Fund	--	--	--	--	(67,443,896)	--	--	--	--	--
Debt Service Fund	11,461	(8,058)	--	--	--	--	--	--	--	--
<b>Total All Other Governmental Funds</b>	<b>\$ 61,897,937</b>	<b>\$ 35,723,225</b>	<b>\$ 56,147,615</b>	<b>\$ 32,878,137</b>	<b>\$ (42,028,714)</b>	<b>\$ 17,684,280</b>	<b>\$ (10,804,166)</b>	<b>\$ 22,568,675</b>	<b>\$ (146,632,386)</b>	<b>\$ (26,408,091)</b>

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									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Revenues:</b>										
Taxes	\$ 334,498,995	\$ 350,466,022	\$ 409,441,193	\$ 435,695,263	\$ 427,338,579	\$ 425,707,122	\$ 433,782,081	\$ 431,705,312	\$ 433,518,092	\$ 430,868,542
Licenses, Permits and Privilege Fees	35,302,990	37,275,652	37,543,533	35,514,381	36,190,387	35,374,043	34,326,089	39,403,213	42,404,133	38,093,334
Intergovernmental	173,750,992	158,577,638	164,137,422	163,694,270	156,307,233	151,219,441	152,816,149	152,837,949	133,166,823	150,232,431
Service Charges	16,343,955	20,421,258	21,119,157	21,761,128	21,451,494	24,407,838	28,559,661	26,390,218	28,093,614	23,205,623
Fines and Forfeitures	10,328,752	11,429,454	11,023,780	10,706,248	9,246,562	9,760,055	9,583,749	9,744,457	10,200,629	10,221,786
Payment in Lieu of Taxes	19,630,782	18,898,355	18,635,494	19,357,177	19,234,942	19,780,983	--	--	--	--
Utility Payments	--	--	--	--	--	--	22,577,356	24,141,572	25,266,237	27,175,174
Investment Income	1,501,725	1,764,937	2,425,882	2,103,022	540,676	105,672	165,111	125,526	80,854	36,019
Miscellaneous	64,264,540	70,850,022	64,820,190	27,454,098	19,653,520	22,718,453	20,903,222	79,323,182	18,100,667	10,564,344
<b>Total Revenues</b>	<b>655,622,701</b>	<b>669,683,338</b>	<b>729,146,651</b>	<b>716,285,587</b>	<b>689,963,393</b>	<b>689,073,607</b>	<b>699,713,428</b>	<b>763,671,429</b>	<b>690,831,049</b>	<b>690,397,253</b>
<b>Expenditures:</b>										
General Government	72,082,519	80,895,144	76,901,063	77,967,920	90,936,507	92,896,369	86,018,066	90,060,892	99,140,475	77,804,633
Public Safety and Judiciary	151,733,584	157,743,772	175,232,251	167,022,262	177,057,319	169,704,353	168,930,921	177,042,195	179,438,014	178,712,513
Highways, Streets, Sanitation and Refuse	54,373,540	57,844,351	62,404,860	61,007,410	44,632,867	46,687,139	58,398,783	61,164,440	60,345,016	67,017,239
Human Services	90,924,428	88,715,030	96,880,070	105,983,727	101,156,059	89,445,759	89,251,029	80,913,299	74,156,376	76,378,833
Culture and Recreation	19,628,668	19,540,997	21,399,788	22,420,288	22,869,119	21,791,546	23,274,978	22,988,592	22,746,588	24,326,572
Education	129,041,941	142,303,624	159,927,313	158,858,678	159,155,815	151,332,379	150,585,819	150,651,924	153,205,535	154,267,395
Non-Departmental	26,211,317	33,373,394	41,164,869	51,273,499	50,990,595	46,454,002	43,629,933	46,835,962	72,870,264	44,145,152
Capital Outlay	43,109,262	35,531,084	26,247,426	37,969,088	81,224,196	55,093,465	125,099,224	96,796,091	179,946,871	153,252,930
Debt Service:										
Principal Retirement	43,743,522	48,061,126	48,020,086	33,368,115	28,077,064	31,748,820	29,839,337	30,683,823	36,604,656	37,129,044
Interest Payments	40,812,004	39,385,830	38,490,977	25,054,610	24,805,037	19,193,765	19,710,167	22,026,533	19,517,107	24,157,032
Insurance Costs	625,909	671,476	846,451	--	955,068	806,838	647,705	--	--	738,870
<b>Total Expenditures</b>	<b>672,286,694</b>	<b>704,065,828</b>	<b>747,515,154</b>	<b>740,925,597</b>	<b>781,859,646</b>	<b>725,154,435</b>	<b>795,385,962</b>	<b>779,163,751</b>	<b>897,970,702</b>	<b>837,930,213</b>
<b>Other Financing Sources (Uses):</b>										
Transfers In	57,680,867	61,784,636	60,691,246	82,480,356	70,306,914	67,559,251	66,240,273	66,995,617	67,750,346	73,026,423
Transfers Out	(54,938,228)	(59,386,273)	(57,501,875)	(79,507,387)	(67,126,142)	(64,147,702)	(63,243,383)	(63,886,685)	(65,335,266)	(69,148,985)
Proceeds from Refunding Bonds	--	90,847,799	--	--	--	--	--	--	--	193,218,870
Payment to Escrow Agent	--	(90,622,799)	--	--	--	--	--	--	--	(150,000,000)
Proceeds from BAN	--	--	--	--	--	--	--	--	--	124,144,030
Proceeds from Issuance of Bonds	3,536,671	--	42,194,332	--	--	100,917,875	80,341,209	113,379,713	36,487	--
Premium on Issuance of Bonds	--	--	--	(762,900)	--	6,565,000	4,441,245	--	--	--
<b>Total Other Financing Sources, Net</b>	<b>6,279,310</b>	<b>2,623,363</b>	<b>45,383,703</b>	<b>2,210,069</b>	<b>3,180,772</b>	<b>110,894,424</b>	<b>87,779,344</b>	<b>116,488,645</b>	<b>2,451,567</b>	<b>171,240,338</b>
<b>Special Items:</b>										
Gain on Sale of Land	--	--	--	--	--	--	--	--	485,000	--
Disaster Recovery	773,106	--	--	--	--	--	--	--	--	--
Total Special Items	773,106	--	--	--	--	--	--	--	--	--
<b>Extraordinary Item:</b>										
Disaster Costs	(4,020,240)	(323,858)	(402,390)	306,076	--	15,352	--	1,320,829	--	--
Total Extraordinary Item	(4,020,240)	(323,858)	(402,390)	306,076	--	15,352	--	1,320,829	--	--
<b>Net Change in Fund Balances</b>	<b>\$ (13,631,817)</b>	<b>\$ (32,082,985)</b>	<b>\$ 26,612,810</b>	<b>\$ (22,123,865)</b>	<b>\$ (88,715,481)</b>	<b>\$ 74,828,948</b>	<b>\$ (7,893,190)</b>	<b>\$ 99,675,494</b>	<b>\$ (204,203,086)</b>	<b>\$ 23,707,378</b>
Debt Service as a Percentage of Noncapital Expenditures <sup>1</sup>	13.0%	12.7%	12.1%	8.5%	7.5%	7.6%	6.8%	7.6%	6.9%	-17.9%

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									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Real Estate	\$ 181,172,923	\$ 195,007,601	\$ 211,744,174	\$ 220,312,237	\$ 227,921,229	\$ 218,027,758	\$ 221,948,834	\$ 216,991,101	\$ 213,234,953	\$ 216,006,348
Sales-1% Local	26,302,100	27,116,326	31,019,396	31,274,790	30,935,300	26,093,786	26,315,613	30,595,853	30,549,022	30,944,459
Sales Tax for Education	--	--	27,558,938	26,959,337	25,312,005	24,943,835	25,914,852	26,406,848	23,673,198	23,612,726
Personal Property	45,091,878	43,819,129	42,147,896	44,734,218	51,107,922	44,081,997	44,343,976	43,780,792	47,234,956	44,753,528
Machinery and Tools	14,618,256	14,729,382	13,165,608	13,679,043	14,265,110	17,038,468	16,857,051	15,519,223	15,001,324	13,607,934
Utility Sales Tax Gas	--	--	--	--	--	--	4,617,822	4,256,292	4,761,197	4,833,897
Utility Sales Tax Electric	--	--	--	--	--	--	12,480,255	12,121,920	12,303,832	11,463,513
General Utility Sales	31,124,964	30,413,522	31,586,945	37,118,110	35,253,745	34,483,451	--	--	--	382,903
State Communication Taxes	--	--	--	--	--	--	17,439,622	17,065,208	17,130,526	16,839,049
Bank Stock	2,904,338	2,891,777	3,085,172	3,317,298	4,494,835	8,247,534	13,933,727	12,480,183	9,221,721	9,328,141
Prepared Food	16,028,093	17,404,622	23,154,114	24,076,647	24,489,056	23,756,424	21,726,664	26,891,476	28,320,613	30,444,280
Lodging Tax	--	--	5,272,618	5,984,286	5,366,015	4,789,681	4,623,900	5,685,427	6,018,453	5,974,584
Admission	1,195,603	1,218,238	1,073,673	2,447,670	1,604,376	2,181,971	1,843,129	2,726,217	2,372,848	2,964,390
Real Estate Taxes - Delinquent	--	--	--	--	--	9,711,901	10,746,487	7,006,446	8,953,219	7,895,327
Personal Property Taxes - Delinquent	--	--	--	--	--	5,023,503	4,117,223	3,959,980	8,524,442	5,614,439
Delinquent Tax Payments-All Classes	9,589,601	11,083,065	11,812,062	19,581,751	--	156,478	158,268	154,881	158,568	169,729
Private Utility Poles and Conduits	150,549	94,894	95,067	95,186	96,164	5,423,493	4,948,641	3,660,357	4,471,897	3,642,822
Penalties and Interest	4,242,744	4,676,998	5,319,892	3,657,510	4,570,206	5,423,493	4,948,641	3,660,357	4,471,897	3,642,822
Titling Tax-Mobile Home	16,942	7,197	5,800	9,014	10,635	10,858	4,704	8,051	5,817	6,132
State Recordation	609,343	749,102	843,137	954,315	710,115	759,637	681,049	656,449	731,956	872,407
Property Rental 1%	120,684	144,979	136,469	126,334	126,534	101,748	109,871	131,021	139,796	133,774
Vehicle Rental Tax	864,415	752,941	1,004,229	889,582	626,040	424,599	573,654	1,149,088	371,425	855,582
Telephone Commissions	466,562	356,249	416,003	477,335	449,292	450,000	390,739	338,499	337,349	522,578
<b>Total General Governmental Tax Revenues</b>	<b>\$ 334,498,995</b>	<b>\$ 350,466,022</b>	<b>\$ 409,441,193</b>	<b>\$ 435,695,263</b>	<b>\$ 427,338,579</b>	<b>\$ 425,707,122</b>	<b>\$ 433,782,081</b>	<b>\$ 431,705,312</b>	<b>\$ 433,517,112</b>	<b>\$ 430,868,542</b>

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

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



**CITY OF RICHMOND, VIRGINIA**  
**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
**Last Ten Fiscal Years**  
 (modified accrual basis of accounting)

Calendar Year	Real Property		Personal Property	Machinery & Tools	Less: Tax Exempt Real Property	Total Taxable Assessed Value	Tax Rate Per \$100 of Assessed Value		Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property					Real Property	Machinery & Tools		
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	\$ 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	\$ 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	\$ 21,108,843,872	100.00%
2008	\$ 13,189,929,800	\$ 12,416,702,435	\$ 1,468,366,859	\$ 627,888,746	\$ 5,000,713,800	\$ 22,702,174,240	\$1.20	\$ 3.70	\$ 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	\$ 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	\$ 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	\$ 22,134,560,204	100.00%
2012	\$ 11,908,691,000	\$ 13,751,070,000	\$ 1,475,484,028	\$ 682,677,850	\$ 5,943,230,000	\$ 21,874,692,878	\$1.20	\$ 3.70	\$ 21,874,692,878	100.00%
2013	\$ 11,527,422,000	\$ 13,981,508,000	\$ 1,458,546,482	\$ 636,293,988	\$ 6,024,864,000	\$ 21,578,906,470	\$1.20	\$ 3.70	\$ 21,578,906,470	100.00%
2014	\$ 13,873,758,000	\$ 11,897,960,000	\$ 1,385,403,241	\$ 594,339,539	\$ 6,183,459,000	\$ 21,568,001,780	\$1.20	\$ 3.70	\$ 21,568,001,780	100.00%

Source: Assessor's Office



**CITY OF RICHMOND, VIRGINIA**  
**REAL ESTATE ASSESSED VALUES OF LARGEST TAXPAYERS**  
**As of January 1, 2014**



		2014		2005			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable		Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
			Assessed Value				
PHILIP MORRIS INC	\$ 645,063,000	1	3.29%		\$ 244,695,700	1	1.62%
HINES RIVERFRONT PLAZA LP	213,000,000	2	1.09%		165,500,000	2	1.10%
JAMES CENTER PROPERTY LLC	188,625,000	3	0.86%		156,817,100	3	1.04%
DOMINION RESOURCES INC	152,892,000	4	0.78%		98,341,000	4	0.65%
SIR PROPERTIES TRUST	112,610,000	5	0.57%		86,500,000	5	0.57%
CHIPPENHAM HOSPITAL INC	106,605,000	6	0.54%		82,051,000	6	0.54%
FEDERAL RESERVE BANK	104,542,000	7	0.53%		74,000,000	7	0.49%
PARMENTER 919 MAIN STREET LP	78,527,000	8	0.40%		64,836,600	8	0.43%
AREP RIVERSIDE I LLC	66,779,000	9	0.34%		64,100,000	9	0.43%
AMERICAN RETIREMENT CORP	63,000,000	10	0.32%		63,082,697	10	0.42%
BIOTECH 8 LLC	58,913,000	11	0.30%		47,000,000	11	0.31%
STONY POINT FASHION PK ASSOC LLC	57,000,000	12	0.29%		44,772,400	12	0.30%
A T MAIN STREET RICHMOND LLC	56,858,000	13	0.29%		41,216,500	13	0.27%
AH RICHMOND TOWER I LLC	54,832,000	14	0.28%		40,000,000	14	0.27%
ROBINS A H CO INC	48,065,000	15	0.25%		39,500,000	15	0.26%
SOUTHWOOD APARTMENTS LLC	45,569,000	16	0.23%		37,087,800	16	0.25%
MILLER & RHOADS BUILDING LLC	42,010,000	17	0.21%		34,320,000	17	0.23%
JOHN MARSHALL BUILDING	39,530,000	18	0.20%		32,005,000	18	0.21%
APPLE SEVEN SPE RICHMOND INC	35,722,000	19	0.18%		30,800,000	19	0.20%
GAMBLES HILL LAB LLC	34,972,000	20	0.18%		30,701,800	20	0.20%
VCU HOLDINGS LLC	33,625,000	21	0.17%		28,880,000	21	0.19%
SJW II LLC	33,000,000	22	0.17%		27,576,700	22	0.18%
TABAC LC	30,544,000	23	0.16%		23,150,000	23	0.15%
COUNTRY CLUB OF VIRGINIA	30,400,000	24	0.16%		23,045,000	24	0.15%
LOWES HOME CENTERS	26,870,000	25	0.14%		21,262,300	25	0.14%
Total of Taxpayers	2,339,553,000		11.93%		1,601,241,597		10.60%
All Other Properties	17,248,706,000		88.07%		13,477,991,754		89.40%
Totals	\$ 19,588,259,000		100.00%		\$ 15,079,233,351		100.00%

Source: City's Real Estate Assessor



**CITY OF RICHMOND, VIRGINIA**  
**Current Year and Nine Years Ago**

	2014			2005			
<u>Employer</u>	<u>Approximate Number of Employees</u>	<u>Rank</u>	<u>Percentage of Principal Employment</u>	<u>Employer</u>	<u>Approximate Number of Employees</u>	<u>Rank</u>	<u>Percentage of Principal Employment</u>
Capital One Financial Corp.	11,309	1	10.65%	Commonwealth of Virginia	39,200	1	14.16%
VCU Health System	8,491	2	8.00%	Federal Government	15,100	2	5.46%
HCA Virginia Health System	7,051	3	6.64%	Chesterfield County	9,995	3	3.61%
Bon Secours Richmond Health System	6,646	4	6.26%	Henrico County	9,484	4	3.43%
Walmart	5,351	5	5.04%	Richmond City	9,018	5	3.26%
Dominion Resources Inc.	5,220	6	4.92%	Capital One Financial Corp.	8,761	6	3.17%
SunTrust Banks Inc.	4,432	7	4.17%	HCA, Inc.	6,462	7	2.33%
Food Lion LLC	3,986	8	3.75%	Virginia Commonwealth University Health System	6,454	8	2.33%
Altria Group Inc.	3,900	9	3.67%	Philip Morris, USA	6,216	9	2.25%
Amazon.com	3,127	10	2.94%	Wal-Mart Stores, Inc.	5,804	10	2.10%
WellPoint Inc.	2,822	11	2.66%	Wachovia Corporation	4,521	11	1.63%
Wells Fargo & Co.	2,766	12	2.60%	Dominion Resources, Inc.	4,044	12	1.46%
United Parcel Services Inc.	2,662	13	2.51%	Bon Secours Richmond Health System	3,804	13	1.37%
DuPont	2,535	14	2.39%	Hanover County	3,646	14	1.32%
Bank of America	2,500	15	2.35%	Ukrop's Super Markets, Inc.	3,584	15	1.29%
The Kroger Co.	2,212	16	2.08%	Sun Trust Banks, Inc.	3,488	16	1.26%
Federal Reserve Bank of Richmond	1,884	17	1.77%	DuPont	3,190	17	1.15%
Verizon Communications Inc.	1,750	18	1.65%	Bank of America Corporation	3,110	18	1.12%
<b>Total of Principal Employers</b>	<b>78,644</b>		<b>74.05%</b>	<b>Total of Principal Employers</b>	<b>145,891</b>		<b>52.71%</b>
<b>Other Principal Employers<sup>1</sup></b>	<b>27,558</b>		<b>25.95%</b>	<b>Totals</b>	<b>130,894</b>		<b>47.29%</b>
<b>Totals</b>	<b>106,202</b>		<b>100.00%</b>	<b>Totals</b>	<b>276,785</b>		<b>100.00%</b>

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



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

Tax Year	Tax Rate	Total Tax Levy <sup>3</sup>		Current Tax Collections <sup>1</sup>		Delinquent Tax Collections <sup>2</sup>	Total Tax Collections	
		Amount	Percentage of Levy	Amount	Percentage of Levy		Amount	Percentage of Levy
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%
2012	1.20	\$227,351,927	94.1%	\$213,930,311	94.1%	\$8,196,450	\$222,126,761	97.7%
2013	1.20	\$224,663,796	92.4%	\$207,677,432	92.4%	\$9,296,883	\$216,974,315	96.6%
2014	1.20	\$217,520,214	93.1%	\$202,460,782	93.1%	\$12,381,260	\$214,842,042	98.8%

Source: City of Richmond - Department of Finance

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

Tax Year	Tax Rate	Total Tax Levy <sup>3</sup>		Current Tax Collections <sup>1</sup>		Delinquent Tax Collections <sup>2</sup>	Total Tax Collections to Date	
		Amount	Percentage of Levy	Amount	Percentage of Levy		Amount	Percentage of Levy
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	\$53,820,752	83.7%	\$45,050,368	83.7%	\$4,740,164	\$49,790,532	92.5%
2012	3.70	\$54,205,843	85.5%	\$46,364,216	85.5%	\$4,779,895	\$51,144,111	94.4%
2013	3.70	\$56,335,465	81.3%	\$45,804,689	81.3%	\$10,115,195	\$55,919,884	99.3%
2014	3.70	\$60,309,698	84.2%	\$50,764,046	84.2%	\$13,386,275	\$64,150,321	106.4%

**Current Tax Collections<sup>1</sup>:** These columns represent the amount and percentage on the tax levy within the respective tax year reporting period. These amounts are adjusted to reflect the state's personal property relief payments in the proper period.

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

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

Source: City of Richmond - Department of Finance



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

Total Primary Government

Business-type Activities

Governmental Activities

Fiscal Year	Governmental Activities					Business-type Activities					Total Primary Government	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				
2005	\$392,957,068	\$3,042,389	\$7,000,000	\$5,595,000	—	\$17,585,000	\$259,195,982	\$320,815,598	\$1,006,191,037	13.19%	\$5,084		
2006	\$376,095,157	\$2,820,514	\$5,600,000	\$5,020,000	\$12,100,000	\$16,920,000	\$246,092,420	\$320,513,843	\$985,161,934	11.71%	\$4,951		
2007	\$387,222,408	\$2,597,288	\$4,700,000	\$4,465,000	\$11,555,580	\$16,230,000	\$234,580,147	\$414,194,548	\$1,075,544,971	12.13%	\$5,360		
2008	\$354,881,308	\$2,372,353	\$8,500,000	\$3,910,000	\$10,981,807	\$15,510,000	\$222,734,874	\$406,325,632	\$1,025,215,974	11.28%	\$5,054		
2009	\$327,097,155	\$2,145,328	\$63,560,000	\$3,355,000	\$10,377,099	\$14,760,000	\$208,811,286	\$551,289,644	\$1,181,395,512	13.46%	\$5,778		
2010	\$400,951,978	\$1,916,098	\$33,220,000	\$2,800,000	\$9,739,788	\$13,980,000	\$191,239,793	\$553,815,743	\$1,207,663,400	14.07%	\$5,914		
2011	\$453,213,764	\$1,684,543	\$74,780,000	\$2,245,000	\$9,068,116	\$13,170,000	\$171,845,174	\$554,658,872	\$1,280,665,469	14.41%	\$6,231		
2012	\$524,298,582	\$1,450,834	\$14,034,000	\$1,690,000	\$8,360,231	\$12,325,000	\$159,595,376	\$556,645,429	\$1,278,399,452	N/A	\$6,079		
2013	\$495,710,389	\$1,215,155	\$101,155,970	\$11,255,000	\$7,614,180	—	\$141,816,089	\$736,458,840	\$1,495,225,623	N/A	\$6,983		
2014	\$607,682,712	\$977,282	\$107,460,000	\$10,695,000	\$6,827,905	—	\$123,660,040	\$723,448,459	\$1,580,751,395	N/A	N/A		

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

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

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

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

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

Fiscal Year	Governmental Activities					Total	Percentage of Estimated Actual Taxable Value of Property
	General Obligation Bonds	Virginia Public School Authority Bonds	General Obligation Notes	HUD Section 108 Notes	Lease Revenue Bond		
2005	\$652,153,050	\$3,042,389	\$7,000,000	\$5,595,000	—	\$685,375,439	2.50%
2006	\$622,187,577	\$2,820,514	\$5,600,000	\$5,020,000	\$12,100,000	\$664,648,091	2.30%
2007	\$621,802,555	\$2,597,288	\$4,700,000	\$4,465,000	\$11,555,580	\$661,350,423	2.02%
2008	\$577,616,182	\$2,372,353	\$8,500,000	\$3,910,000	\$10,981,807	\$618,890,342	3.00%
2009	\$535,908,441	\$2,145,328	\$63,560,000	\$3,355,000	\$10,377,099	\$630,105,868	2.99%
2010	\$592,191,771	\$1,916,098	\$33,220,000	\$2,800,000	\$9,739,788	\$653,847,657	3.10%
2011	\$625,058,938	\$1,684,543	\$74,780,000	\$2,245,000	\$9,068,116	\$726,006,597	3.65%
2012	\$683,893,958	\$1,450,834	\$14,034,000	\$1,690,000	\$8,360,231	\$721,754,023	3.66%
2013	\$637,526,478	\$1,215,155	\$101,155,970	\$11,255,000	\$7,614,180	\$758,766,783	3.89%
2014	\$731,342,752	\$977,282	\$107,460,000	\$10,695,000	\$6,827,905	\$857,302,939	4.38%

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

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

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

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



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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt Limit	\$ 1,507,923,335	\$ 1,665,270,552	\$ 1,904,252,245	\$ 2,060,991,864	\$ 2,109,902,904	\$ 2,109,403,867	\$ 1,988,745,212	\$ 1,971,653,100	\$ 1,948,406,600	\$ 1,968,825,900
Total net applicable to limit	685,384,668	635,988,545	633,857,964	592,625,025	605,137,771	630,231,266	703,768,481	701,068,792	751,152,603	850,475,030
Legal Debt Margin	\$ 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	\$ 1,270,584,308	\$ 1,197,253,997	\$ 1,108,350,870
Total net debt applicable to the limit as a percentage of debt limit	45.45%	38.19%	33.29%	28.75%	28.68%	29.88%	35.39%	35.56%	38.55%	43.42%

**Legal Debt Margin Calculation for Fiscal Year 2014**

Assessed Value (Taxable)	\$ 19,588,259,000
Debt limit (10% of total assessed value)	1,958,825,900
General Obligation Bonds	<u>850,475,034</u>
Legal Debt Margin	<u>\$ 1,108,350,866</u>

Source: City of Richmond - Department of Finance

Note: Article VII, Section 10 of the Constitution of Virginia provides that the legal debt limit for municipalities is ten (10) percent of the preceding assessment for real estate taxes. The Total Net Debt Applicable to Limit shown as of 6/30/2014 does not include \$723,448,460 of self-supporting Public Utility Revenue Bonds or \$6,827,905 of Lease Revenue Bonds that, by State law, are not required to be included in calculation for legal margin for the creation of additional debt.



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

Fiscal Year	Gross Revenue	Less:		Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
		Direct Operating Expenses			Principal	Interest	Total	
2005	\$ 311,528,607	\$ 248,572,360		\$ 62,956,247	\$ 15,117,801	\$ 27,684,009	\$ 42,801,810	1.47
2006	\$ 354,513,119	\$ 267,435,241		\$ 87,077,878	\$ 13,877,566	\$ 28,234,697	\$ 42,112,263	2.07
2007	\$ 332,534,070	\$ 264,341,546		\$ 68,192,524	\$ 15,512,828	\$ 28,242,331	\$ 43,755,159	1.56
2008	\$ 335,154,223	\$ 270,811,760		\$ 64,342,463	\$ 20,562,701	\$ 29,429,144	\$ 49,991,845	1.29
2009	\$ 347,058,210	\$ 278,970,601		\$ 68,087,609	\$ 20,508,027	\$ 29,939,215	\$ 50,447,242	1.35
2010 <sup>1,2</sup>	\$ 297,479,213	\$ 220,452,796		\$ 77,026,417	\$ 21,104,375	\$ 34,343,862	\$ 55,448,237	1.39
2011 <sup>2</sup>	\$ 292,376,014	\$ 214,249,704		\$ 78,126,310	\$ 23,548,199	\$ 31,501,282	\$ 55,049,481	1.42
2012 <sup>2</sup>	\$ 264,583,790	\$ 185,232,686		\$ 79,351,104	\$ 27,860,480	\$ 30,343,026	\$ 58,203,506	1.36
2013 <sup>2</sup>	\$ 291,885,805	\$ 208,615,753		\$ 83,270,052	\$ 29,836,350	\$ 30,284,845	\$ 60,121,195	1.39
2014	\$ 322,906,697	\$ 212,520,886		\$ 110,385,811	\$ 34,088,248	\$ 36,736,199	\$ 70,824,447	1.56

**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.

(2) 2010 thru 2013 have been revised to include the Stormwater Utility.

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



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

<b>Fiscal</b>		<b>Personal Income</b>	<b>Per Capita</b>			<b>City</b>	<b>State</b>
<b>Year</b>	<b>Population(1)</b>	<b>(Amounts expressed</b>	<b>Personal</b>	<b>Median</b>	<b>School</b>	<b>Unemployment</b>	<b>Unemployment</b>
		<b>in thousands)</b>	<b>Income(2)</b>	<b>Age</b>	<b>Enrollment(3)</b>	<b>Rate(4)</b>	<b>Rate(4)</b>
2005	197,915	\$7,630,295	\$38,553	35.4	24,726	5.5%	3.8%
2006	198,992	\$8,409,514	\$42,261	34.0	24,247	4.6%	3.2%
2007	200,655	\$8,864,854	\$44,180	34.0	23,987	4.4%	3.1%
2008	202,867	\$9,088,603	\$44,801	35.3	24,226	5.8%	4.0%
2009	204,451	\$8,774,262	\$42,916	35.5	23,200	10.2%	7.1%
2010	204,214	\$8,582,284	\$42,037	32.0	22,994	10.5%	7.1%
2011	205,533	\$8,887,105	\$43,239	NA	23,454	9.3%	6.3%
2012	210,309	\$9,400,001	\$44,696	NA	23,336	9.0%	6.0%
2013	214,114	NA	NA	NA	23,649	8.2%	5.9%
2014	217,853	NA	NA	NA	23,775	6.7%	5.3%

\*NA-Not Available

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

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

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

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

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

Unemployment rates are not seasonally adjusted.



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

Function	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental Activities:										
General Government	583	502	650	731	681	696	696	620	764	739
Public Safety and Judiciary										
Police	905	982	979	1,028	1,000	980	942	923	915	918
Firefighters and Officers	423	426	425	463	413	406	434	425	411	439
Others	690	658	588	603	590	577	573	557	528	542
Highways, Streets, Sanitation and Refuse										
Engineering & Maintenance	532	551	538	566	527	452	454	497	389	391
Human Services										
Human Services Advocacy	37	47	26	24	34	35	43	34	13	15
Social Services	466	411	455	481	472	456	443	441	426	353
Public Health	112	-	-	-	-	-	-	-	-	-
Culture and Recreation	266	235	295	260	273	276	261	158	161	146
Transportation	7	5	-	-	-	-	-	-	-	-
Business-type Activities:										
Stormwater Utility	-	-	-	-	-	-	-	-	55	52
Gas Utility	304	213	320	322	425	404	359	367	284	291
Water Utility	81	214	101	102	128	110	110	117	106	101
Wastewater Utility	90	61	108	113	164	139	131	168	176	166
Electric Utility	18	32	15	19	24	24	24	39	26	24
Stores and Transportation Division	13	11	12	13	10	6	6	6	6	8
Coliseum	25	28	25	25	25	17	17	14	14	14
Landmark Theatre	7	-	5	5	-	-	-	-	-	-
Cemeteries NCO	18	21	20	20	20	20	21	19	19	17
<b>Total</b>	<b>4,577</b>	<b>4,397</b>	<b>4,562</b>	<b>4,775</b>	<b>4,786</b>	<b>4,598</b>	<b>4,514</b>	<b>4,385</b>	<b>4,293</b>	<b>4,216</b>

Source: Various City departments





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

Function	Fiscal Year									
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Governmental Activities:										
Police:										
Physical Arrests	17,536	17,034	19,210	20,064	20,425	14,487	13,595	13,179	11,184	10,668
Parking Violations	103,594	19,455	73,335	101,675	104,380	134,151	128,038	125,171	125,905	115,961
Traffic Violations	30,516	22,474	25,047	28,195	30,965	31,518	30,454	25,026	18,168	17,233
Fire:										
Number of calls answered	30,956	31,746	28,234	19,864	29,098	29,587	32,450	32,287	33,774	34,236
Inspections	1,853	2,104	2,660	1,322	1,090	5,336	4,093	5,675	6,392	2,921
Highways and Streets:										
Street resurfacing (miles)	70	102	85	70	62	122	115	118	108	130
Potholes repaired	21,011	10,691	7,500	898	6,128	11,409	9,158	15,135	13,126	20,957
Sanitation and Refuse:										
Refuse collected (tons/day)	N/A	338	293	335	374	291	300	290	295	295
Recyclables collected (tons/day)	38	37	35	25	213	21	42	25	37	37
Culture and Recreation:										
Parks permits issued	539	610	584	543	598	579	546	546	546	546
Business-type Activities:										
Gas:										
Maximum daily sendout (MCF)	163,129	129,755	151,996	147,713	160,509	139,351	153,078	137,485	150,761	169,141
Annual Sendout (MCF)	18,500,224	16,620,288	16,551,672	17,722,952	17,056,844	16,006,116	17,662,077	14,673,455	17,522,110	19,014,696
Water:										
Average daily consumptions (MGD)	75	67	63	66	62	58	59	53	57	55
Maximum daily consumptions (MCD)	95	98	98	90	90	89	99	89	88	83
Water in Storage (gallons) <sup>1</sup>	73,000,000	73,000,000	73,000,000	73,000,000	73,000,000	73,000,000	73,000,000	73,000,000	73,000,000	73,000,000
Wastewater:										
Average daily sewage treatment (MGD)	64	51	59	49	49	55	46	52	51	53
Maximum daily sewage treatment (MGD)	85	83	84	84	84	96	84	80	82	79
Coliseum:										
Average daily attendance per activity	883	921	1,220	1,193	4,169	4,895	4,957	4,161	3,889	1,038
Landmark Theatre:										
Total tickets sold for all activities <sup>2</sup>	129,598	140,097	150,596	139,506	122,645	156,448	100,032	217,104	121,144	143,855
Total attendance for all activities <sup>2</sup>	221,602	220,615	180,155	196,893	195,790	177,105	139,749	234,035	129,800	160,014
Cemeteries:										
Number of interments	1,050	973	777	841	901	790	777	790	860	826
Number of lot sales	22	17	23	18	14	16	20	6	13	7
Number of single grave sales	646	382	664	601	568	504	473	468	607	555
Number of foundations	637	627	525	532	560	494	522	493	519	512

Source: Various City departments

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

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

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



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

Function	Fiscal Year									
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Police:										
Stations	7	7	10	4	8	7	7	7	7	7
Patrol Units	128	232	222	323	204	173	164	213	223	223
Fire:										
Stations	20	20	20	20	20	20	20	20	20	20
Fire trucks	46	46	55	64	51	54	54	61	51	41
Highways and Streets:										
Streets (miles) <sup>1</sup>	1,865	1,857	1,865	1,858	822	822	822	822	822	1,860
Streetlights	33,184	32,900	33,188	33,000	30,548	30,783	36,027	35,834	36,230	31,247
Traffic Signals <sup>2</sup>	460	502	511	465	468	476	469	474	471	521
Sanitation and Refuse:										
Collection Trucks	38	45	38	37	47	34	33	33	33	33
Culture and Recreation:										
Parks acreage	2,801	2,807	2,805	2,805	2,818	2,808	2,810	2,808	2,808	2,808
Parks	58	67	71	71	71	71	71	72	72	73
Baseball/Softball Diamonds	54	55	48	48	48	48	48	48	48	48
Athletic Fields	25	27	31	31	31	31	31	31	31	31
Golf Courses (Driving Range/Par 3 Course)	1	1	1	1	1	1	1	1	1	1
Swimming Pools	9	9	9	9	8	9	9	9	9	9
Tennis Courts	138	138	130	130	130	140	140	140	140	140
Community Centers	18	24	24	24	24	20	20	20	20	20
Theatres	2	2	1	2	2	2	2	2	2	2
Coliseums	1	1	1	1	1	1	1	1	1	1
Gas :										
Miles of Service Lines <sup>3</sup>	1,796	1,818	1,850	1,013	1,033	1,050	1,057	1,069	1,138	1,149
Number of Gate Stations	8	8	8	8	8	8	8	8	8	8
Water:										
Miles of Water Lines	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Water Pumping Stations	13	13	12	12	12	12	12	12	12	12
Wastewater:										
Miles of Sewer Lines	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Miles of Interceptors	47	47	47	47	47	47	47	47	47	47
Sewer Pumping Stations	3	3	5	5	5	5	5	5	5	5

Source: Various City departments

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

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

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

# Comprehensive Annual Financial Report

FOR THE FISCAL YEAR ENDED JUNE 30, 2014



DEPARTMENT OF FINANCE  
900 EAST BROAD STREET, 10TH FLOOR  
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