



City of Richmond, Virginia

Comprehensive Annual
FINANCIAL
2018 **REPORT**
FOR THE FISCAL YEAR ENDED
JUNE 30, 2018



MAYOR LEVAR M. STONEY

CITY OF RICHMOND, VIRGINIA
Comprehensive Annual Financial Report

For Fiscal Year Ended June 30, 2018



MAYOR
Levar M. Stoney

CHIEF ADMINISTRATIVE OFFICER
Selena Cuffee-Glenn

CITY COUNCIL

Chris A. Hilbert
President

Cynthia I. Newbille
Vice President

Andreas D. Addison
Parker C. Agelasto
Kimberly B. Gray
Michael J. Jones
Kirsten N. Larson
Ellen F. Robertson
Reva M. Trammell



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**THE CITY OF RICHMOND, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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City of Richmond



LEVAR M. STONEY
MAYOR

November 6, 2018

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, 2018. This report is intended to provide informative and relevant financial data to the residents of the City, the City Council, investors, creditors, and any other interested reader. It includes all statements and disclosures necessary for the reader to obtain a thorough understanding of the City's financial activities. The reader should pay particular attention to the required Management's Discussion and Analysis – a narrative overview and analysis of the financial statements – included in this document. Any individual with comments or questions concerning this report is encouraged to contact the City of Richmond's Department of Finance at (804) 646-5700. This report may also be found online at www.RVA.gov/finance.

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

CliftonLarsonAllen LLP (CLA), a certified public accounting firm, audited the City's basic financial statements. As an independent auditor, CLA rendered an unmodified opinion stating that the City's basic financial statements for the fiscal year ended June 30, 2018 are fairly presented in all material respects and in conformity with GAAP. The report of independent auditors is presented as the first component of the Financial Section of this report.

Overview of the City of Richmond, Virginia

The City, incorporated in 1782, is a municipal corporation of the Commonwealth of Virginia and is the state capital. The City occupies 62.55 square miles and serves a growing population of 227,032 as of the U.S. Census Bureau's 2017 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 seven Fortune 500 firms – Altria Group, Performance Food Group, CarMax, Dominion Energy, Owens and Minor, Genworth Financial, and Markel.

Accolades bestowed on the City in 2017-2018 include the following: one of the top 25 cities for new college grads (*Smartasset.com*); one of the 10 Coolest U.S. Cities to Visit in 2018 (*Forbes*); #3 on the list of “8 Cities Whose Entrepreneurship Communities are Booming” (*Entrepreneur.com*); #13 on the list of “Best Cities for Adventurous Travelers” (*Travel + Leisure*); Top 10 Destination for 2018 (*Lonely Planet*); One of the East Coast’s Most Intriguing Cities (*New York Daily News*); One of the Most Inspiring Art Cities in America (*Departures Magazine*); One of the South’s Best Food Towns (*Garden & Gun*); One of Most Exciting Food Cities in America (*Zagat*); Top 3 Best Beer Scene 2018 (*USA Today*); and One of the 5 U.S. Cities where Home Ownership is Affordable (*Curbed*). Other recognition’s include the University of Richmond being ranked #61 on the *Wall Street Journal’s* Top 1,000 colleges, and the Lewis Ginter Botanical Garden being ranked #4 on *Conde Nast Traveler’s* Most Beautiful Botanical Gardens in the U.S.

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.

This active educational environment supports the City’s flourishing cultural community, numerous sports and entertainment attractions, and one of the nation’s largest river park systems. The Virginia Museum of Fine Arts, located in the City’s Fan District, is home to the largest public Fabergé collection outside Russia, and is considered a world class public museum. The Richmond Flying Squirrels, the Minor League AA affiliate of the San Francisco Giants Major League Baseball team, play at The Diamond in Richmond, and Richmond is currently home for the Washington Redskins’ summer training camp.

The James River, which runs through Richmond, has made the City the only urban U.S. city with Class IV white water rapids running through downtown. The City’s James River Park system, with 550 acres, is a large part of the reason *The Huffington Post* called Richmond “one of the top 10 cities to relocate to in the U.S.”

Profile of the Government

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

The City remains focused on “Building a Better Richmond,” moving toward the goal of becoming “One City” with a Triple-A (AAA) bond rating, and systematically implementing the building blocks required to accomplish these goals. The City has maintained strong credit ratings in recent years, and in July 2018, Moody’s, Standard & Poors, and Fitch Ratings reaffirmed the City’s Aa2, AA+, AA+ rating respectively, with Fitch assigning their “aaa factor assessment” to the City’s Operating Performance and Moody’s revising upward its outlook from “stable” to “positive”. As this CAFR outlines, the City continues to make progress and is well on its way to achieving the primary goals of managing to balanced budgets and increasing the unassigned fund balance, maintaining existing tax rates, increasing delinquent tax collections, and reducing spending.

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

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

The City provides a full range of general governmental services for its citizens. These services include police and fire protection, sanitation services, the construction and maintenance of roads, streets and other infrastructure, recreational activities, and

cultural events. In addition to general government activities, the City's gas, water and wastewater utilities are regional providers of services to customers in the City as well as in the surrounding counties. The City government also provides the majority of the funding for the public schools systems, though the schools are operated by a legally distinct entity and a separately elected school board.

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

Budget Process

The budget serves as the foundation for the City's financial planning and spending control. The City adopts an annual budget. The proposed Fiscal Year 2018 budget was presented to City Council in March 2017. City Council undertook an intensive review of the proposed budget in a series of public meetings and outlined their policy priorities. Prior to adopting the 2018 budget, a public hearing was held in April with budget adoption in May 2017.

Legal budgetary restrictions for Fiscal Year 2018 were established at the governmental function (e.g. Department of Finance), with effective administrative controls maintained through detailed line-item budgets. Some agencies also maintained subtotal portions of their appropriations at the program/cost center level (e.g. Sheriff's Office) or service code level (e.g. Department of Public Works). Any revisions that alter the total budgeted amounts and/or appropriations of any fund must be approved by the City Council. Budget to actual comparisons are provided in this report for governmental funds where an appropriated budget has been adopted. These comparisons are presented in the "Other Required Supplementary Information" section of the financial statements.

Expenditures

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

Revenue

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

General Fund revenues and other financing sources were under budget by \$(17.2) million for fiscal year ended June 30, 2018.

Economic Overview

The national, state, and city economies remain on track after the "Great Recession" of 2008. At the national level, real gross domestic product showed a 4.2% expansion in the second quarter of 2018. The national unemployment rate was 4.0% as of June 2018, 0.4% lower than the 4.4% rate a year ago. At the local level, Richmond's economy also showed steady strength. The City unemployment rate, non-seasonally adjusted, was 3.4% for the month ending June 2018. This was 0.2% higher than the Virginia rate of 3.2%. 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 227,032 in 2017, according to US Census Bureau estimates.

There were a number of economic development initiatives underway during FY2018. In February 2017, Mayor Stoney announced that Owens & Minor, a regionally-based Fortune 500 global healthcare services company, will establish a new Client Engagement Center (CEC) in downtown Richmond's Riverfront Plaza. The City of Richmond successfully competed against 60 other cities around the nation to win the project, which will include the addition of 300 newly created positions. In August 2017,

the City announced a \$34 million, 10-story Hyatt Place Hotel planned for Canal Walk in downtown Richmond. In November 2017, another \$58 million, 12-story, 236-unit residential tower was announced for development along the canal.

In May 2018, Regency Centers announced plans for Carytown Exchange, a \$45 million shopping center. In June 2018, service began for the Greater Richmond Transit Company's Pulse, a rapid transit system serving a 7.6 mile route along Broad and Main Street, which has a goal of adding over \$1 Billion in additional assessed value over the next 20 years.

Major Initiatives and Accomplishments: Well Managed Government

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

Throughout the fiscal year, a number of proactive financial reporting actions were continued through FY2018, including the continued utilization of a five-year revenue and expenditure forecast, monthly financial reports and quarterly budget projections, and introduction and adoption of a structurally balanced budget that maintains core services, protects the fiscal integrity of the City, ensures the City is poised for future growth, and budgets for priorities. Moving forward to FY2019, the Administration will continue to expand on these accomplishments, making strides toward achieving the goal of a well-managed government with an AAA bond rating.

The City initiated an advanced refunding paired with the issuance of new debt during FY2018. In December 2017, Richmond successfully sold \$119 million in tax-exempt General Obligation Public Improvement Refunding Bonds. The advanced refunding of two outstanding bond issues will result in the City reducing its existing debt service by more than \$13 million over the next 15 years. In June 2018, Mayor Stoney announced that following successful meetings with all three major credit rating agencies, Richmond was issuing \$55 million in tax-exempt and taxable General Obligation Public Improvement and Refunding Bonds.

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.RVA.gov.

Fund Balance Guidelines

As of June 30, 2018, the General Fund Unassigned Fund Balance was \$108.5 Million, which equals 15 percent of the adopted FY2019 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 City has had a fund balance policy in place since 1988. On December 11, 2017, the City Council adopted a revised unassigned fund balance policy, which states:

- It is the goal of the City that the total of the "rainy day" fund be equal to at least 16.67 percent of budgeted general fund operating expenses for the latest fiscal year for which the City Council has adopted a general fund budget.
- It is the goal of the City that the unassigned fund balance be equal to at least 13.67 percent of budgeted general fund operating expenses for the latest fiscal year for which the City Council has adopted a general fund budget. It is the goal of the City that the Budget and Revenue Stabilization Contingency Reserve be equal to three percent of budgeted general fund operating expenses for the latest fiscal year for which the City Council has adopted a general fund budget.

- It is the policy of the City that appropriations be made from the unassigned fund balance only when catastrophic, unforeseen, or unavoidable events cause a reduction in revenue of at least one-half of one percent over the then-current fiscal year's budgeted general fund revenues or an increase in expenditures of at least one-half of one percent over the then-current fiscal year's budgeted general fund operating expenses, either or both.

Debt Guidelines

The City originally adopted a resolution in 1989 establishing guidelines for the planning, issuance and management of debt, for and on behalf of the City. These policy guidelines were revised by resolution adopted on December 11, 2017. The City issues debt for the purpose of acquiring and constructing capital projects and for making major renovations to existing capital assets.

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

- Total debt service to be paid on general obligation, moral obligation, and subject to appropriation debt shall not exceed 10 percent of the General Fund and Richmond Public Schools' budgets plus the non-local portion of the recurring special fund for Street Maintenance.
- General obligation, moral obligation, and subject to appropriation debt will not exceed 3.75 percent of the assessed value of real estate, personal property, and machinery and tools in the City.
- General Fund supported debt will be structured in a manner such that 60 percent of the outstanding debt will be repaid within ten years.
- The City will issue General Fund supported debt with an average life consistent with the useful life of the asset being financed and with a maximum term of 30 years.
- It is a goal of the City to provide cash funding from annual operating funds for a portion of the City's five-year Capital Improvement Plan (pay-as-you-go funding).

A. No Overlapping Debt

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

B. Legal Debt Margin

Article VII, Section 10 of the Constitution of Virginia provides that the legal general obligation debt limit for cities is ten percent of the last preceding assessment for real estate taxes. At June 30, 2018 the City had a legal debt limit of \$2,271,088,300 and the statutory capacity to issue approximately \$1,500,114,447 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, 2018 ¹	\$ 2,271,088,300
Less: bonds and notes payable ²	<u>(770,973,853)</u>
Legal margin for creating additional debt	<u>\$ 1,500,114,447</u>

¹ Source: City Assessor of Real Estate

² Does not include \$738,185,547 of Richmond Public Utility Revenue Bonds or \$3,235,406 of Lease Revenue Bonds that by State law are not required to be included in calculations for legal margin for creation of debt.

C. Short-Term Debt

The City did not have a Bond Anticipation Note Line of Credit Facility in place as of June 30, 2018.

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.

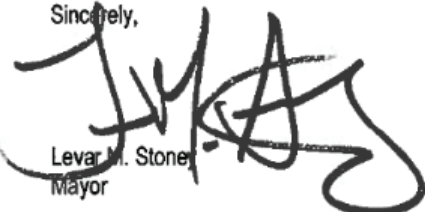
Enterprise Funds and Internal Service Funds pay from user fees the principal of and interest on certain general obligations bonds, revenue bonds and serial equipment notes issued for the program purposes of each fund. All other monies for the principal of and interest on such debt are appropriated in 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, 2018, the City had a total of \$526,253,625 of additional general obligation and revenue bonds authorized but not issued, for funding Capital Improvement Projects and the acquisition of Equipment. Of these authorized but not issued bonds and notes, \$227,876,000 is earmarked for self-supporting Public Utility revenue bond funded projects, \$6,189,722 of General Obligation bond funded projects of the Stormwater Utility, \$282,430,903 for various General Fund supported capital projects, and \$9,757,000 for funding of equipment purchases.

Acknowledgments

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

Sincerely,

Levar M. Stone
Mayor


Selena Cuffee-Glenn
Chief Administrative Officer



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City of Richmond



LEVAR M. STONEY
MAYOR

MANAGEMENT REPORT ON RESPONSIBILITY FOR FINANCIAL REPORTING

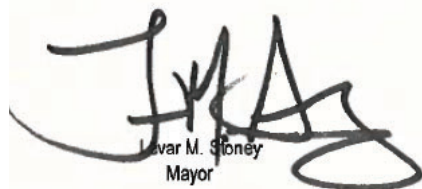
The management of the City of Richmond, Virginia has the responsibility for preparing the accompanying financial statements with integrity and objectivity. The School Board of the City of Richmond, Economic Development Authority of the City of Richmond, Virginia, Richmond Ambulance Authority, Richmond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

The City's financial statements have been audited by Clifton Larson Allen LLP, independent certified public accountants, selected by the City Council. Management has made available to Clifton Larson Allen LLP, 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 Clifton Larson Allen LLP during its audit were valid and appropriate.

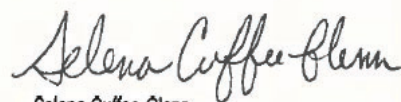
Management of the City is responsible for establishing and maintaining a system of internal controls that provides reasonable assurance as to the integrity and reliability of the financial statements, the protection of assets from unauthorized use or disposition, and the prevention and detection of fraudulent 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 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 Clifton Larson Allen LLP's recommendations concerning the City's system of internal control and has taken actions that we believe are cost-effective in the circumstances to respond appropriately to these recommendations.

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



Levar M. Stoney
Mayor



Selena Cuffee-Glenn
Chief Administrative Officer



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CITY OF RICHMOND, VIRGINIA
STRONG MAYOR – COUNCIL FORM OF GOVERNMENT

June 30, 2018

CITY MAYOR
Levar M. Stoney

CHIEF ADMINISTRATIVE OFFICER
Selena Cuffee-Glenn

CITY COUNCIL

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

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

**CITY
AUDITOR**

Louis Lassiter, CPA

ATTORNEY

Allen L. Jackson

**SUPERINTENDENT
OF SCHOOLS**

Jason Kamras

Prepared by
DEPARTMENT OF FINANCE

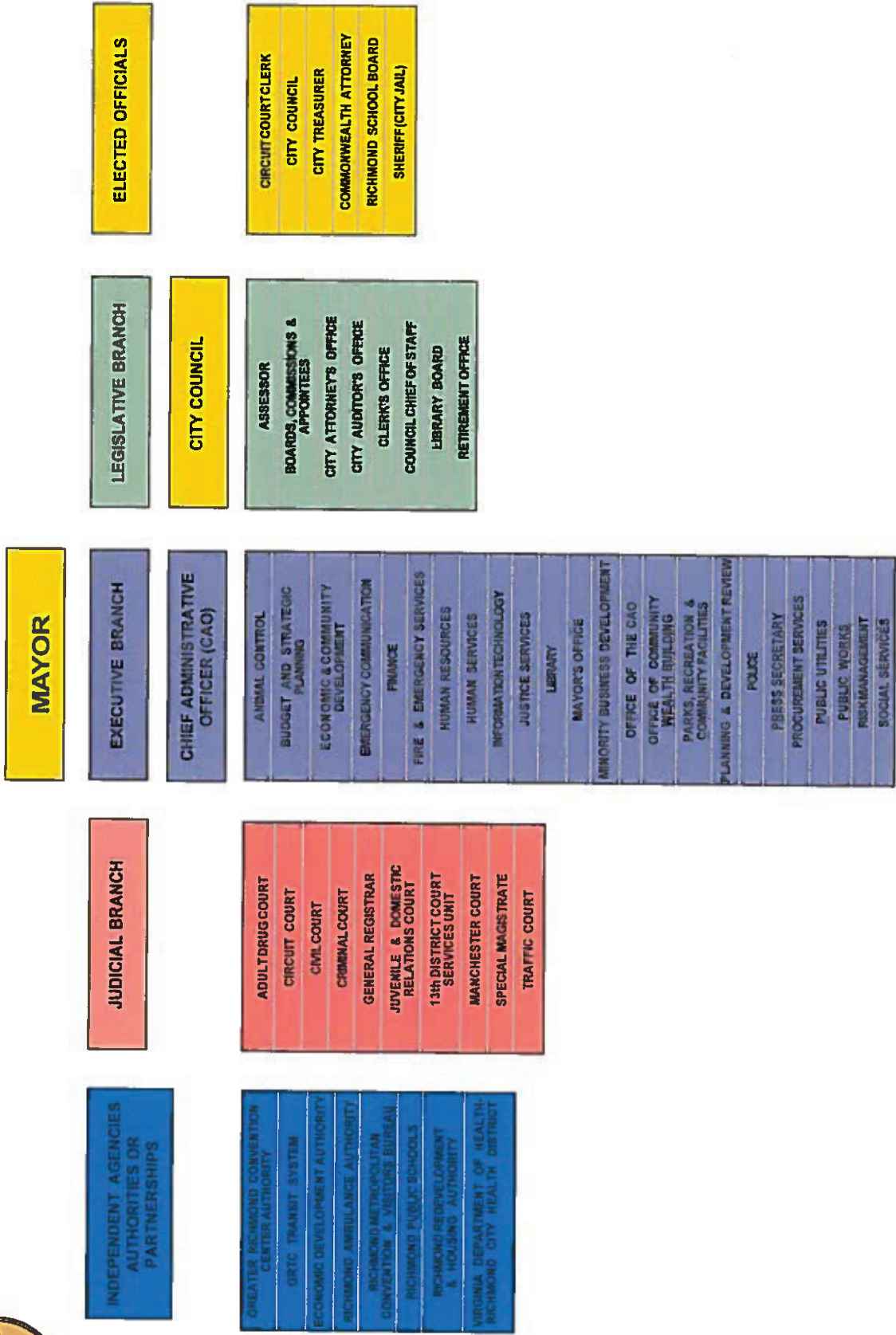
INDEPENDENT AUDITORS

CliftonLarsonAllen, LLP





**CITY OF RICHMOND
ORGANIZATION OF LOCAL GOVERNMENT
2018**



MAYOR

LEGISLATIVE BRANCH

CITY COUNCIL

- ASSESSOR
- BOARDS, COMMISSIONS & APPOINTEES
- CITY ATTORNEY'S OFFICE
- CITY AUDITOR'S OFFICE
- CLERK'S OFFICE
- COUNCIL CHIEF OF STAFF
- LIBRARY BOARD
- RETIREMENT OFFICE

EXECUTIVE BRANCH

CHIEF ADMINISTRATIVE OFFICER (CAO)

- ANIMAL CONTROL
- BUDGET AND STRATEGIC PLANNING
- ECONOMIC & COMMUNITY DEVELOPMENT
- EMERGENCY COMMUNICATION
- FINANCE
- FIRE & EMERGENCY SERVICES
- HUMAN RESOURCES
- HUMAN SERVICES
- INFORMATION TECHNOLOGY
- JUSTICE SERVICES
- LIBRARY
- MAYOR'S OFFICE
- MINORITY BUSINESS DEVELOPMENT
- OFFICE OF THE CAO
- OFFICE OF COMMUNITY HEALTH BUILDING
- PARKS, RECREATION & COMMUNITY FACILITIES
- PLANNING & DEVELOPMENT REVIEW
- POLICE
- PRESS SECRETARY
- PROCUREMENT SERVICES
- PUBLIC UTILITIES
- PUBLIC WORKS
- RISK MANAGEMENT
- SOCIAL SERVICES

JUDICIAL BRANCH

- ADULT DRUG COURT
- CIRCUIT COURT
- CIVIL COURT
- CRIMINAL COURT
- GENERAL REGISTRAR
- JUVENILE & DOMESTIC RELATIONS COURT
- 13th DISTRICT COURT SERVICES UNIT
- MANCHESTER COURT
- SPECIAL MAGISTRATE
- TRAFFIC COURT

INDEPENDENT AGENCIES OR PARTNERSHIPS

- GREATER RICHMOND CONVENTION CENTER AUTHORITY
- GRTC TRANSIT SYSTEM
- ECONOMIC DEVELOPMENT AUTHORITY
- RICHMOND AMBULANCE AUTHORITY
- RICHMOND METROPOLITAN CONVENTION & VISITORS BUREAU
- RICHMOND PUBLIC SCHOOLS
- RICHMOND REDEVELOPMENT & HOUSING AUTHORITY
- VIRGINIA DEPARTMENT OF HEALTH - RICHMOND CITY HEALTH DISTRICT

ELECTED OFFICIALS

- CIRCUIT COURT CLERK
- CITY COUNCIL
- CITY TREASURER
- COMMONWEALTH ATTORNEY
- RICHMOND SCHOOL BOARD
- SHERIFF (CITY JAIL)

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Richmond, Virginia (the "City"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the following aggregate discretely presented component units: Richmond School Board, Richmond Economic Development Authority, and Richmond Behavioral Health Authority, which represent 62 percent, 183 percent, and 81 percent, respectively, of the assets and deferred outflows of resources, fund balance/net position, and revenues of the aggregate discretely presented component units. We also did not audit the financial statements of the Richmond Retirement System, which represent 65 percent, 80 percent, and 28 percent, respectively, of the assets and deferred outflows of resources, fund balance/net position, and revenues of the aggregate remaining fund information of the City. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Richmond School Board, Richmond Economic Development Authority, Richmond Behavioral Health Authority, and Richmond Retirement System, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accountants of the Commonwealth of Virginia (Specifications). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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

Opinions

In our opinion, based on our work and the work of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Richmond, Virginia as of June 30, 2018, 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

Change in Accounting Principle

During the fiscal year ended June 30, 2018, the City adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. As a result of the implementation of this standard, the City reported a restatement for the changes in accounting principle (see Note 16). Our auditors' opinion was not modified with respect to this restatement.

Other Matters

Required Supplementary Information

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

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Richmond's basic financial statements. The combining non-major, internal service, and fiduciary fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining non-major, internal service, and fiduciary fund financial statements are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining non-major, internal service, and fiduciary fund financial statements is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2018, on our consideration of the City of Richmond's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Richmond's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Arlington, Virginia
November 6 2018



Fiscal Year 2018

CITY OF RICHMOND, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2018
(Unaudited)

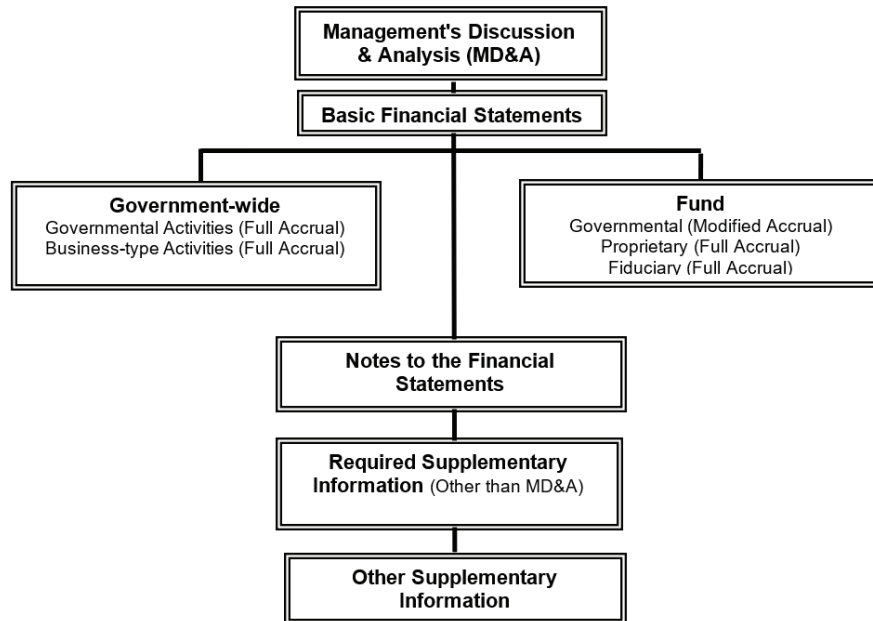
The following discussion and analysis provided by the City's management presents a narrative overview and analysis of the financial activities of the City through the presentation of its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2018. City management encourages readers 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 2018

- At the end of the fiscal year, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$897.9 million. This amount represents an increase of \$25.9 million, or 3.0 percent, from the prior year's amount, \$872.0 million. Net position was comprised mainly of \$941.2 million attributable to the City's net investment in capital assets, \$61.5 million restricted, and \$(104.8) million unrestricted.
- Net position for governmental activities decreased \$(15.4) million, or (9.5) percent, compared to the prior year.
- For the fiscal year, General Fund revenues and financing sources were \$675.7 million. General Fund expenditures and other financing uses were \$674.9 million. City taxes accounted for 70.9 percent of revenue.
- The City's business-type activities, net position increased by \$41.2 million, or 5.8 percent.
- The City's General Fund reported an ending fund balance of \$136.2 million, an increase of \$0.8 million, or 0.6 percent, compared to the prior year. Of the total General Fund balance: \$12.0 million is committed to revenue stabilization, \$2.0 million committed to Retirement System Liability, \$10.0 thousand is non-spendable, \$5.4 million is assigned to subsequent years' expenditures, \$2.2 million to capital reserve, \$5.4 million to City Attorney special funds, \$0.3 million to OPEB Trust, and \$108.5 million is unassigned. The unassigned fund balance represents 16.1 percent of actual expenditures and transfers out of \$674.9 million. The unassigned fund balance exceeds the City's fiscal policy guidelines.
- The City's total taxable assessed value for real and personal property including machinery and tools increased by \$978.0 million, or 4.0 percent.
- The City's general obligation bond ratings were reaffirmed as Aa2, AA+ and, AA+ by Moody's, Standard and Poor's, and Fitch respectively with a stable outlook.

OVERVIEW OF THE FINANCIAL STATEMENTS

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



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

Government-wide Financial Statements

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

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

- **Governmental Activities** – Most of the City's basic services including police, fire, economic and community development, parks, recreation and community facilities, social services, and general administration are reported here. The majority of these activities are supported by property taxes, other local taxes, and federal and state funding.
- **Business-type Activities** – The City's gas, water, wastewater, storm water, parking, coliseum, and cemeteries are reported here. Fees are charged to customers to help cover the costs of providing these services.¹

¹ Stores Fund activities are reported in internal service funds.

- **Component Units** – Five separate legal entities are included in this report – The City of Richmond School Board, the Richmond Economic Development Authority, the Richmond Ambulance Authority, the Richmond Behavioral Health Authority and Richmond Redevelopment and Housing Authority. Although legally separate, these component units are important because the City is financially accountable for them, and may provide significant operating or capital funding, or both.

Fund Financial Statements

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

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

Notes to the Financial Statements

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

GOVERNMENT-WIDE ANALYSIS

Net Position

FY 2018, total assets for the Primary Government were \$3,134.8 million, a decrease from prior year total assets by \$(44.7) million. Total assets for only governmental activities were \$1,357.2 million, down by \$(49.0) million or (3.5) percent. Total assets from business-type activities increased by \$4.4 million and were still predominant in FY 2018, accounting for 56.7 percent of total Primary Government assets compared to 55.8 percent in FY 2017.

Total liabilities were \$2,301.0 million, down \$(69.0) million from \$2,370.0 million in FY 2017. Total liabilities associated with governmental type activities decreased by \$(29.3) million down (2.3) percent while total liabilities associated with business-type activities decreased \$(39.8) million or (3.7) percent.

Total net position was \$897.9 million, up \$25.9 million over the prior year's balance. Table 1 summarizes the City's government-wide net position at June 30, 2018 and 2017.

Table 1
City of Richmond's Schedule of Net Position
as of the Fiscal Years Ended June 30, 2018 and 2017
(In Millions, rounded)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Current and Other Assets	\$ 230.3	\$ 296.7	\$ 424.2	\$ 448.0	\$ 654.5	\$ 744.7
Capital Assets, Net	1,126.8	1,109.5	1,353.5	1,325.3	2,480.3	2,434.8
Total Assets	<u>1,357.1</u>	<u>1,406.2</u>	<u>1,777.7</u>	<u>1,773.3</u>	<u>3,134.8</u>	<u>3,179.5</u>
Deferred Outflow of Resources	<u>109.2</u>	<u>99.1</u>	<u>35.1</u>	<u>37.4</u>	<u>144.3</u>	<u>136.5</u>
Current and Other Liabilities	172.1	277.7	89.5	93.5	261.6	371.2
Long-Term Obligations Outstanding	1,082.4	1,006.1	956.9	992.7	2,039.3	1,998.8
Total Liabilities	<u>1,254.5</u>	<u>1,283.8</u>	<u>1,046.4</u>	<u>1,086.2</u>	<u>2,300.9</u>	<u>2,370.0</u>
Deferred Inflows of Resources	<u>65.1</u>	<u>59.5</u>	<u>15.2</u>	<u>14.5</u>	<u>80.3</u>	<u>74.0</u>
Net Position:						
Net Investment in Capital Assets	411.0	338.4	530.2	523.1	941.2	861.5
Restricted	32.5	29.3	29.0	25.6	61.5	54.9
Unrestricted	(296.8)	(205.7)	192.0	161.3	(104.8)	(44.4)
Total Net Position	<u>\$ 146.7</u>	<u>\$ 162.0</u>	<u>\$ 751.2</u>	<u>\$ 710.0</u>	<u>\$ 897.9</u>	<u>\$ 872.0</u>

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

Activities

In FY2018, total Primary Government revenues decreased from the prior year by \$(10.9) million or (1.0) percent to \$1,093.7, million. Program revenues (charges for service, grants, and contributions) of \$600.1 million accounted for 54.9 percent of all Primary Government revenues, while property and other local taxes attributable to governmental activities accounted for \$470.5 million, most of the remainder. Total revenues for all governmental activities were \$723.1 million. Governmental Activities' program revenues of \$234.0 million accounted for 32.4 percent.

Total expenses for Primary Government were \$1,021.7 million. Four activities: general government, public safety and judiciary, education, and business-type activities accounted for the following amounts and percentages: \$137.5 million (13.5 percent), \$199.7 million (19.5 percent), \$160.6 million (15.7 percent), and \$291 million (28.5 percent), respectively. Table 2 summarizes the City's government-wide activities for the years ended June 30, 2018 and 2017.

Table 2
City of Richmond's Schedule of Activities
as of the Fiscal Years Ended June 30, 2018 and 2017
(In Millions, rounded)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program Revenues:						
Charges for Services	\$ 184.2	\$ 188.3	\$ 347.3	\$ 319.7	\$ 531.5	\$ 508.0
Operating Grants and Contributions	38.5	32.9	0.1	20.6	38.6	53.5
Capital Grants and Contributions	11.3	34.9	18.7	-	30.0	34.9
General Revenues:						
Property Taxes	300.3	297.1	-	-	300.3	297.1
Other Taxes	170.2	188.2	-	-	170.2	188.2
Investment Income	0.2	0.1	-	-	0.2	0.1
Miscellaneous	18.4	19.9	4.5	2.9	22.9	22.8
Total Revenues	<u>723.1</u>	<u>761.4</u>	<u>370.6</u>	<u>343.2</u>	<u>1,093.7</u>	<u>1,104.6</u>
Expenses:						
Primary Government						
General Government	137.5	125.9	-	-	137.5	125.9
Public Safety and Judiciary	199.7	186.1	-	-	199.7	186.1
Highway, Street, Sanitation, and Refuse	83.7	80.9	-	-	83.7	80.9
Human Services	80.4	81.5	-	-	80.4	81.5
Culture and Recreation	24.9	24.3	-	-	24.9	24.3
Education	160.6	180.7	-	-	160.6	180.7
Transportation	14.7	13.0	-	-	14.7	13.0
Capital Outlay	-	-	-	-	-	-
Interest and Fiscal Charges	28.9	27.5	-	-	28.9	27.5
Business-type Activities	-	-	291.3	268.9	291.3	268.9
Total Expenses	<u>\$ 730.4</u>	<u>\$ 719.9</u>	<u>\$ 291.3</u>	<u>\$ 268.9</u>	<u>\$ 1,021.7</u>	<u>\$ 988.8</u>
(Loss) Income Before Transfers	(7.3)	41.5	79.3	74.3	72.0	115.8
Transfers	30.8	33.9	(30.8)	(33.6)	-	0.3
Proceeds from Sect 108 and EDA	2.7	2.2	-	-	2.7	2.2
Changes in Net Position	26.2	77.6	48.8	40.7	74.7	118.3
Net Position, Beginning of Year	120.5	84.4	702.4	669.3	822.9	753.7
Net Position, End of Year	<u>\$ 146.7</u>	<u>\$ 162.0</u>	<u>\$ 751.2</u>	<u>\$ 710.0</u>	<u>\$ 897.5</u>	<u>\$ 872.0</u>

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

GENERAL FUND

The General Fund is by far the City's largest governmental fund and, therefore, deserves special attention. Total revenues and other financing sources totaled \$675.7 million in FY 2018, a decrease of \$(38.1) million from the prior year. Property and other local taxes accounted for \$478.7 million or 70.8 percent of total revenues

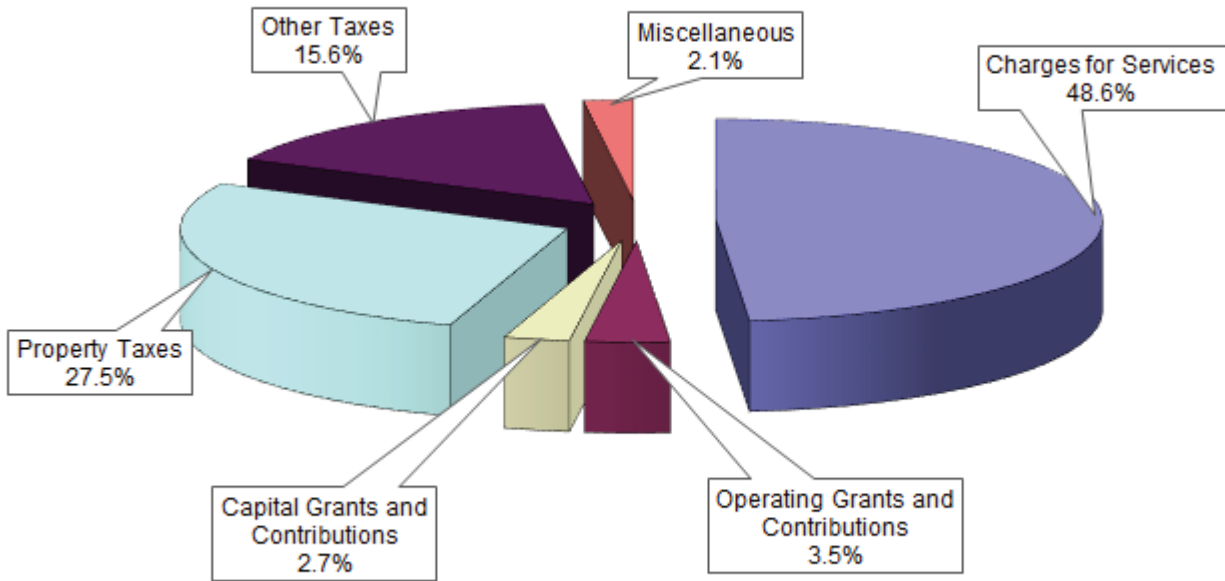
On the other side of the ledger, expenditures and transfers out totaled \$674.9 million, a decrease of \$(17.9) million or (2.6) percent, from the prior year. Public safety, judiciary, and education, the two largest program areas, totaled \$356.8 million, or 52.9 percent of total General Fund expenses.

Table 3
City of Richmond's Budgetary Comparison
General Fund
For the Fiscal Years Ended June 30, 2018 and 2017
(In Millions, rounded)

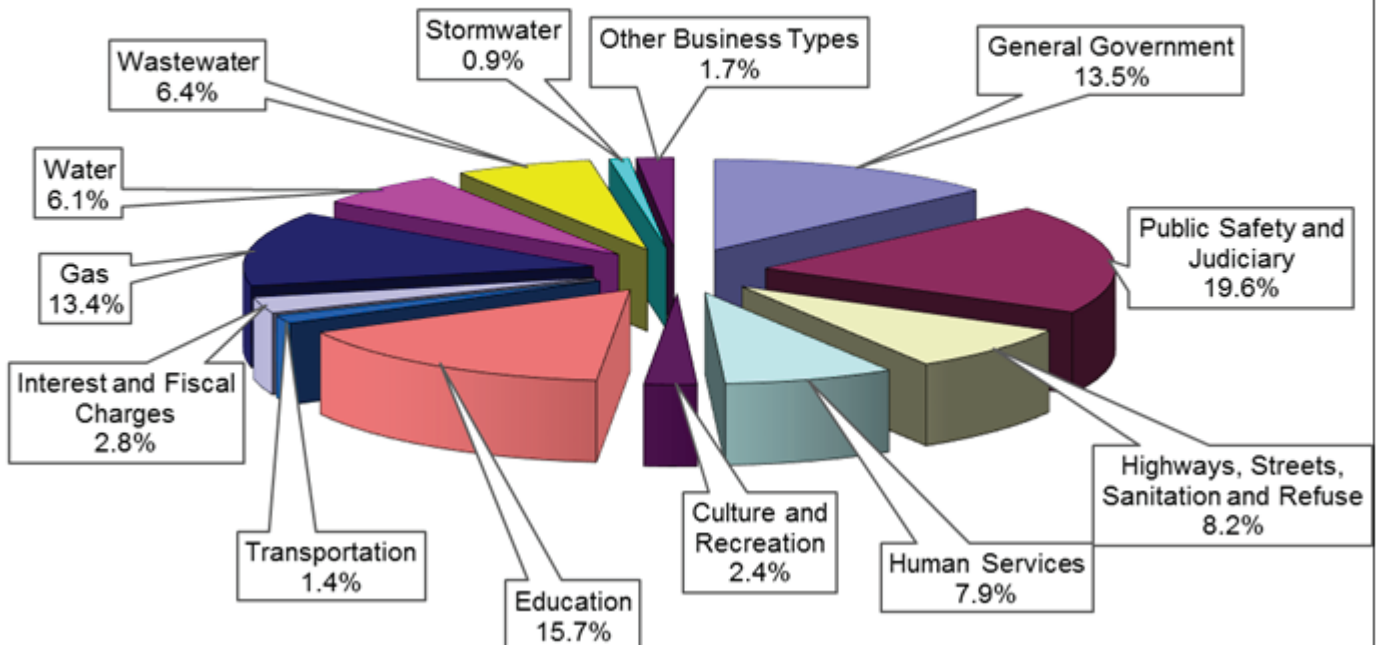
	Original Budget		Amended Budget		Actual		Positive (Negative) Variance	
	2018	2017	2018	2017	2018	2017	2018	2017
Revenues:								
Property Taxes	\$ 328.2	\$ 311.6	\$ 328.3	\$ 311.6	\$ 332.3	\$ 310.7	\$ 4.1	\$ (0.9)
Other Taxes	152.0	172.0	150.0	171.0	146.4	170.6	(3.6)	(0.4)
Intergovernmental	87.7	112.2	86.6	112.3	83.7	113.8	(2.8)	1.5
Miscellaneous	114.2	115.4	112.9	114.5	109.3	112.1	(3.6)	(2.4)
Other Financing Sources	9.8	5.9	15.2	5.9	3.9	6.6	(11.3)	0.7
Total Revenues and Other Financing Sources	<u>\$ 691.9</u>	<u>\$ 717.1</u>	<u>\$ 692.9</u>	<u>\$ 715.3</u>	<u>\$ 675.7</u>	<u>\$ 713.8</u>	<u>\$ (17.2)</u>	<u>\$ (1.5)</u>
Expenses:								
General Government	\$ 49.4	\$ 80.2	\$ 50.0	\$ 80.0	\$ 45.7	\$ 70.1	\$ 4.3	\$ 9.9
Public Safety and Judiciary	198.2	190.3	203.1	190.9	201.6	184.1	1.5	6.8
Highway, Street, Sanitation, and Refuse	38.8	59.4	31.1	62.4	31.4	58.5	(0.2)	3.9
Human Services	71.3	65.2	63.1	62.6	60.7	61.0	2.4	1.6
Culture and Recreation	21.4	23.0	22.6	22.1	22.6	21.4	0.1	0.7
Education	165.0	177.9	165.0	177.0	155.2	177.0	9.8	-
Non-Departmental	78.0	47.1	52.1	51.7	75.5	46.9	(23.4)	4.8
Other Financing Uses	74.7	74.1	113.6	74.5	82.3	73.8	31.3	0.7
Total Expenses and Other Financing Uses	<u>\$ 696.7</u>	<u>\$ 717.2</u>	<u>\$ 700.7</u>	<u>\$ 721.2</u>	<u>\$ 674.9</u>	<u>\$ 692.8</u>	<u>\$ 25.8</u>	<u>\$ 28.4</u>

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

**Primary Government Sources of Revenues
Year Ended June 30, 2018**



**Primary Government Functional Expenses
Year Ended June 30, 2018**



CAPITAL ASSETS

The Department of Public Utilities' spent \$91.0 million during the fiscal year to expand, upgrade, and renew its infrastructure. The Gas Utility invested approximately \$12.6 million to support our expanding market base and \$11.4 million in upgrades to existing infrastructure. The Water Utility invested approximately \$22.6 million in upgrades to existing infrastructure including \$6.3 million of investments in major plant improvements. The Wastewater Utility invested approximately \$34.1 million in upgrades to existing infrastructure, of which \$1.7 million was spent on major plant improvements. The Stormwater Utility and Electric Utility invested \$8.1 million and \$2.0 million respectfully to upgrade their existing infrastructure.

Table 4
City of Richmond's Capital Assets
As of the Fiscal Years Ended June 30, 2018 and 2017
(In Millions, rounded)

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Capital Assets Not Being Depreciated:						
Land and Land Improvements	\$ 98.8	\$ 96.6	\$ 30.9	\$ 30.9	\$ 129.7	\$ 127.5
Construction In Progress	85.5	150.1	69.4	74.3	154.9	224.4
Works of Art / Historical Treasures	8.5	7.5	-	-	8.5	7.5
Total Assets Not Being Depreciated	<u>192.8</u>	<u>254.2</u>	<u>100.3</u>	<u>105.2</u>	<u>293.1</u>	<u>359.4</u>
Capital Assets Being Depreciated:						
Infrastructure	938.3	889.6	-	-	938.3	889.6
Buildings and Structures	922.2	859.6	2,092.9	2,006.9	3,015.1	2,866.5
Equipment and Other Assets	136.5	121.5	41.5	39.2	178.0	160.7
Improvements Other Than Buildings	21.5	21.4	-	-	21.5	21.4
Total Other Assets	<u>2,018.5</u>	<u>1,892.1</u>	<u>2,134.4</u>	<u>2,046.1</u>	<u>4,152.9</u>	<u>3,938.2</u>
Less Accumulated Depreciation For:						
Infrastructure	592.5	570.9	-	-	592.5	570.9
Buildings and Structures	375.7	354.5	873.7	819.0	1,249.4	1,173.5
Equipment and Other Assets	104.2	100.8	7.6	6.9	111.8	107.7
Improvements Other Than Buildings	11.9	10.6	-	-	11.9	10.6
Total Accumulated Depreciation	<u>1,084.3</u>	<u>1,036.8</u>	<u>881.3</u>	<u>825.9</u>	<u>1,965.6</u>	<u>1,862.7</u>
Total Capital Assets Being Depreciated, Net	<u>934.2</u>	<u>855.3</u>	<u>1,253.1</u>	<u>1,220.2</u>	<u>2,187.3</u>	<u>2,075.5</u>
Total Capital Assets, Net	<u>\$ 1,127.0</u>	<u>\$ 1,109.5</u>	<u>\$ 1,353.4</u>	<u>\$ 1,325.4</u>	<u>\$ 2,480.4</u>	<u>\$ 2,434.9</u>

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

LONG-TERM OBLIGATIONS

On July 14, 2017, the City issued \$185,070,000 of tax-exempt General Obligation Refunding bonds, Series 2017B, and \$43,965,000 of taxable General Obligation Refunding bonds, Series 2017C. Proceeds of these two bond issues, along with \$28,479,847 of bond premiums received, were used to refund certain principal maturities of the City's outstanding Series 2009A, 2010A, 2010D, and 2012A General Obligation bonds, and to payoff \$95,000,000 outstanding on a short term Bond Anticipation Note Line of Credit, which had been used to provide interim financing of City capital projects. Immediately prior to the bond offering, Moody's, Standard and Poor's, and Fitch Ratings each affirmed the City's long-term General Obligation ratings of Aa2, AA+, and AA+, respectively. All three rating agencies indicated a stable outlook for the City.

A portion of the proceeds of the 2017B and all of the 2017C General Obligation refunding bond issues were placed into an irrevocable trust with an escrow agent to provide for all future principal and interest payments due on the refunded Series 2009A, 2010A, 2010D and 2012A General Obligation bonds. The refunding of these series of bonds at lower interest rates and bond yields, achieved cash flow debt service savings to the City's General Fund and Parking Enterprise Fund of approximately \$16,035,888 over the remaining fifteen year life of the bonds. The new Series 2017B bonds have coupon interest rates between 3.00% to 5.00%, with interest payable on January 15th and July 15th of each year. Annual principal amounts of between \$3,930,000 and \$15,815,000 are payable on July 15th of each year beginning in 2018, with a final maturity due July 15, 2037. The new 2017C bonds have coupon interest rates of between 1.15% and 3.125%, with interest payable on January 15th and July 15th of each year. Annual principal amounts of between \$2,675,000 and \$3,745,000 are payable on July 15th of each year beginning in 2018, with a final principal maturity due on July 15, 2031.

On December 21, 2017, the City issued \$118,535,000 of tax-exempt General Obligation Refunding bonds, Series 2017D. Proceeds of this bond issue, including \$28,167,546 of bond premiums received, were used to refund certain principal maturities of the City's outstanding Series 2013A and 2014A General Obligation bonds. Immediately prior to the bond offering, Moody's, Standard and Poor's, and Fitch Ratings each affirmed the City's long-term General Obligation ratings of Aa2, AA+, and AA+, respectively, with all three rating agencies indicating a stable outlook for the City.

The proceeds of the 2017D General Obligation Refunding bond issue were placed into an irrevocable trust with an escrow agent to provide for all future principal and interest payments due on the refunded Series 2013A and 2014A General Obligation bonds. The refunding of these series of bonds at lower interest rates and bond yields, achieved cash flow debt service savings to the City's General Fund and Parking Enterprise Fund of \$13,223,192 over the remaining fifteen year life of the bonds. The new Series 2017D bonds have coupon interest rates between 4.00% to 5.00%, with interest payable on March 1st and September 1st of each year. Principal payments of between \$1,345,000 and \$15,940,000 are payable on March 1st of each year beginning in 2018, with a final principal maturity due July 15, 2033.

**Table 5
City of Richmond's Long-Term Obligations
For the Fiscal Year Ended June 30, 2018**

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018	Not Due Within One Year	Due Within One Year
Primary Government - Governmental Activities						
General Obligation Bonds	\$ 594,887,858	\$ 294,315,000	\$ 257,321,578	\$ 631,881,280	\$ 593,376,726	\$ 38,504,554
General Obligation Bond - Direct Borrowing	21,608,841	-	567,600	\$ 21,041,241	12,472,041	\$ 8,569,200
Total General Obligation Bonds	616,496,699	294,315,000	257,889,178	652,922,521	605,848,767	47,073,754
General Obligation Notes	1,250,000	-	625,000	625,000	-	625,000
Virginia Public Schools Authority Bonds	248,508	-	248,508	-	-	-
Qualified Zone Academy Bonds	1,254,933	-	192,480	1,062,453	439,981	622,472
HUD Section 108 Notes	9,605,000	-	525,000	9,080,000	8,550,000	530,000
Premium on Debt Issued	42,996,923	54,765,293	22,730,762	75,031,454	65,766,050	9,265,404
Total General Obligation Bonds and Notes	671,852,063	349,080,293	282,210,928	738,721,428	680,604,798	58,116,630
Line of Credit-Bond Anticipation Note-Series 2015A	95,000,000	-	95,000,000	-	-	-
Total Obligations	766,852,063	349,080,293	377,210,928	738,721,428	680,604,798	58,116,630
Advantage Richmond Lease Revenue Bond	\$ 4,205,462	\$ -	\$ 970,056	\$ 3,235,406	\$ 2,213,049	\$ 1,022,357
Compensated Absences	\$ 16,679,036	\$ 17,534,400	\$ 15,366,851	\$ 18,846,585	\$ 16,971,554	\$ 1,875,030
Net Other Postemployment Benefit Obligations	\$ 66,135,940	\$ 2,885,884	\$ 80,734	\$ 68,941,090	\$ 68,941,090	\$ -
Net Pension Liability	\$ 305,166,792	\$ 20,221,598	\$ 52,019,703	\$ 273,368,687	\$ 273,368,687	\$ -

**Table 6
City of Richmond's Long-Term Obligations
For the Fiscal Year Ended June 30, 2018**

Primary Government - Business-type Activities						
General Obligation Bonds:						
Utilities						
Gas	\$ 32,816,120	\$ -	\$ 8,760,423	\$ 24,055,697	\$ 18,509,713	\$ 5,545,984
Water	24,845,031	-	7,086,698	17,758,333	13,356,390	4,401,943
Wastewater	7,075,514	-	4,950,514	2,125,000	1,433,000	692,000
Stormwater	838,781	386,626	44,007	1,181,400	1,104,636	76,764
Premium on Debt, Net	624,865	-	323,719	301,146	301,146	-
Utilities General Obligation Debt	66,200,311	386,626	21,165,361	45,421,576	34,704,885	10,716,691
Non-Major						
Non-Major Enterprise Funds	64,254,508	53,255,000	55,346,060	62,163,448	56,177,129	5,986,319
Premium on Debt, Net	-	1,882,100	117,302	1,764,798	1,764,798	-
Non-Major General Obligation Debt	64,254,508	55,137,100	55,463,362	63,928,246	57,941,927	5,986,319
Total General Obligation Debt	130,454,819	55,523,726	76,628,723	109,349,822	92,646,812	16,703,010
Revenue Bonds:						
Gas	261,433,569	-	4,776,785	256,656,784	249,665,102	6,991,682
Water	204,138,085	-	3,489,787	200,648,298	194,684,029	5,964,269
Wastewater	289,947,094	592,203	9,066,632	281,472,665	270,469,194	11,003,471
Premium on Debt, Net	93,039,877	-	6,754,841	86,285,036	86,285,036	-
Total Revenue Bonded Debt	848,558,625	592,203	24,088,045	825,062,783	801,103,361	23,959,422
Total Bonded Debt	\$ 979,013,444	\$ 56,115,929	\$ 100,716,768	\$ 934,412,605	\$ 893,750,173	\$ 40,662,432
Compensated Absences:						
Gas	\$ 857,474	\$ 801,666	\$ 796,146	\$ 862,994	\$ 693,337	\$ 169,657
Water	612,481	660,196	561,977	710,700	570,983	139,717
Wastewater	661,480	565,882	618,191	609,171	489,414	119,757
Stormwater	195,994	212,206	179,761	228,439	183,530	44,909
Stores Operating Fund	24,499	23,578	22,694	25,383	20,393	4,990
Cemeteries	75,783	75,693	69,993	81,483	71,900	9,583
Other Non-major Enterprise Funds	34,377	36,119	31,614	38,882	31,691	7,191
Total Compensated Absences	\$ 2,462,088	\$ 2,375,340	\$ 2,280,376	\$ 2,557,052	\$ 2,061,248	\$ 495,804
Net Other Postemployment Benefit Obligations	\$ 13,304,615	\$ 603,486	\$ 2,432,265	\$ 11,475,836	\$ 11,475,836	\$ -
Net Pension Liability	\$ 43,578,340	\$ 1,714,600	\$ 5,483,890	\$ 39,809,050	\$ 39,809,050	\$ -

ECONOMIC FACTORS

The City's economy showed steady growth. The City unemployment rate, non-seasonally adjusted, was 3.4% for the month ending June 2018. This was 0.2 percentage point higher than the Virginia rate of 3.2%, however, when compared to the same period a year ago, the rate decreased 0.6%, from 4.0% to 3.4%. Like some other urban areas throughout the country, Richmond has seen a resurgence of people moving back into the City. The City's population has grown each year since 2004 reaching 227,032 in 2017, according to US Census Bureau estimates.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide City residents, taxpayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the funds it receives and disburses. Questions concerning this report or requests for additional financial information should be directed to the Director of Finance, City of Richmond 900 East Broad Street, 10th floor Suite 1003, Richmond, Virginia 23219.



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FINANCIAL STATEMENTS

CITY OF RICHMOND, VIRGINIA
STATEMENT OF NET POSITION
June 30, 2018

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Current Assets:				
Cash and Cash Equivalents (Note 3)	\$ 97,811,014	\$ 242,073,040	\$ 339,884,054	\$ 79,253,989
Receivables (Net of Allowance for Doubtful Accounts):				
Taxes and Licenses	51,417,696	-	51,417,696	-
Accounts	28,062,847	37,374,565	65,437,412	9,296,734
Internal Balances, Net	1,572,600	(1,572,600)	-	-
Due From Other Governments (Note 5)	37,427,724	4,037,143	41,464,867	71,710,466
Inventories of Materials and Supplies	287,769	10,747,927	11,035,696	531,545
Prepaid Assets	42,213	6,926,005	6,968,218	10,911,439
Total Current Assets	<u>216,621,863</u>	<u>299,586,080</u>	<u>516,207,943</u>	<u>171,704,173</u>
Non-Current Assets:				
Restricted Assets - Cash and Investments (Note 3)	13,694,649	124,576,407	138,271,056	10,161,499
Mortgage Loans Receivable	-	-	-	22,665,313
Capital Assets, Net (Note 6):				
Land and Works of Art/Historical Treasures	107,252,882	30,924,415	138,177,297	8,042,682
Infrastructure, Net	345,729,160	-	345,729,160	-
Buildings, Structures, Improvements, and Equipment, Net	588,480,977	1,253,091,146	1,841,572,123	128,680,662
Construction in Progress	85,471,946	69,449,741	154,921,687	6,550,656
Total Capital Assets, Net	<u>1,126,934,965</u>	<u>1,353,465,302</u>	<u>2,480,400,267</u>	<u>143,274,000</u>
Total Non-Current Assets	<u>1,140,629,614</u>	<u>1,478,041,709</u>	<u>2,618,671,323</u>	<u>176,100,812</u>
Total Assets	<u>1,357,251,477</u>	<u>1,777,627,789</u>	<u>3,134,879,266</u>	<u>347,804,985</u>
Deferred Outflows of Resources				
Deferred Losses on Refunding	26,012,154	21,416,137	47,428,291	-
OPEB-VRS	2,341,481	-	2,341,481	2,858,089
OPEB-COR	422,479	69,736	492,215	-
Pension Related Activities (Note 11)				
Virginia Retirement System (VRS)	4,821,669	-	4,821,669	41,604,362
Richmond Retirement System (RRS)	75,509,215	13,647,379	89,156,594	-
Total Deferred Outflows of Resources	<u>109,106,998</u>	<u>35,133,252</u>	<u>144,240,250</u>	<u>44,462,451</u>

CITY OF RICHMOND, VIRGINIA
STATEMENT OF NET POSITION
June 30, 2018

Exhibit A

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Liabilities				
Current Liabilities:				
Accounts Payable	\$ 40,529,542	\$ 30,336,804	\$ 70,866,346	\$ 9,880,470
Accrued Liabilities	11,320	1,078,278	1,089,598	45,363,536
Due To Component Units-Schools	63,920,471	-	63,920,471	-
Due To Other Governments	908,472	-	908,472	8,237,042
Accrued Interest on Bonds and Notes Payable	10,905,471	16,586,732	27,492,203	-
Unearned Revenues	-	339,416	339,416	20,691,239
General Obligation Bonds, Serial Notes Payable (Note 7)	49,616,630	16,703,010	66,319,640	6,912
Revenue Bonds Payable (Note 7)	1,022,357	23,959,422	24,981,779	-
Compensated Absences (Note 7)	1,875,030	495,804	2,370,834	2,154,279
Other Liabilities and Claims Payable (Note 9)	3,312,053	-	3,312,053	12,649,137
Total Current Liabilities	<u>172,101,346</u>	<u>89,499,466</u>	<u>261,600,812</u>	<u>98,982,615</u>
Non-Current Liabilities				
Customers' Deposits	-	9,015,338	9,015,338	725,987
General Obligation Bonds, Serial Notes Payable (Note 7)	689,104,798	92,646,812	781,751,610	1,060,471
Revenue Bonds Payable (Note 7)	2,213,049	801,103,361	803,316,410	-
Compensated Absences (Note 7)	16,971,554	2,061,248	19,032,802	-
Other Liabilities and Claims Payable (Note 9)	29,808,478	816,889	30,625,367	370,508,713
OPEB Liability VRS	2,083,000	-	2,083,000	-
Net OPEB Liability-RRS (Note 12)	68,941,090	11,475,836	80,416,926	3,983,219
Net Pension Liability (Note 11)	273,368,688	39,809,050	313,177,738	17,232,753
Total Non-Current Liabilities	<u>1,082,490,657</u>	<u>956,928,534</u>	<u>2,039,419,191</u>	<u>393,511,143</u>
Total Liabilities	<u>1,254,592,003</u>	<u>1,046,428,000</u>	<u>2,301,020,003</u>	<u>492,493,758</u>
Deferred Inflows of Resources				
Membership Fees Received in Advance	-	-	-	13,963
Inflows-Unearned Revenues	12,355,358	-	12,355,358	-
Prepaid Taxes	54,961	-	54,961	-
Grant Proceeds	17,132,560	-	17,132,560	-
Rate Stabilization	-	10,000,000	10,000,000	-
OPEB Deferred Inflows of Resources	308,000	-	308,000	-
Pension Related Activities (Note 11): Inflows-Virginia Retirement System	4,506,547	-	4,506,547	43,115,365
Richmond Retirement System (RRS)	30,715,801	5,174,541	35,890,342	-
Inflow - Other Pension Deferrals	-	-	-	924,192
Total Deferred Inflows of Resources	<u>65,073,227</u>	<u>15,174,541</u>	<u>80,247,768</u>	<u>44,053,520</u>
Net Position				
Net Investment in Capital Assets	410,990,285	530,202,221	941,192,506	116,914,805
Restricted for:				
Debt Service	-	28,962,996	28,962,996	-
Permanent Funds:				
Expendable	-	-	-	1,015,373
Nonexpendable	48,878	-	48,878	207,778
Restricted	32,471,242	-	32,471,242	28,514,578
Unrestricted	(296,817,160)	191,993,283	(104,823,877)	(290,932,376)
Total Net Position	<u>\$ 146,693,245</u>	<u>\$ 751,158,500</u>	<u>\$ 897,851,745</u>	<u>\$ (144,279,842)</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, 2018

EXHIBIT B

Functions/Program Activities	Program Revenues			Net (Expenses) Revenues and Changes in Net Position			Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities		Totals
Primary Government:							
Governmental:							
General Government	\$ 137,501,073	\$ 56,529,913	\$ 15,920,132	\$ 1,936,068	\$ (63,114,960)	\$ -	\$ (63,114,960)
Public Safety and Judiciary	199,718,107	23,879,808	7,523,622	-	(168,308,677)	-	(168,308,677)
Highways, Streets, Sanitation and Refuse	83,664,060	43,006,021	11,257,821	9,379,872	(20,020,346)	-	(20,020,346)
Human Services	80,387,141	59,072,141	3,064,536	-	(18,250,430)	-	(18,250,430)
Culture and Recreation	24,936,175	1,712,264	722,756	-	(22,501,155)	-	(22,501,155)
Education	160,582,780	-	-	-	(160,582,780)	-	(160,582,780)
Transportation	-	-	-	-	(14,694,681)	-	(14,694,681)
Interest and Fiscal Charges	28,919,030	-	-	-	(28,919,030)	-	(28,919,030)
Total Governmental Activities	730,403,013	184,200,147	38,494,867	11,315,940	(496,392,059)	-	(496,392,059)
Business-type:							
Gas	\$ 136,490,923	\$ 155,118,968	\$ -	\$ 540,030	\$ -	\$ 19,168,075	\$ 19,168,075
Water	62,606,233	70,249,766	146,350	12,456,791	-	20,246,674	20,246,674
Wastewater	64,961,045	86,934,435	-	4,227,828	-	26,201,218	26,201,218
Stormwater	9,296,824	11,559,933	-	1,454,862	-	3,717,971	3,717,971
Coliseum	1,769,739	2,744,389	-	-	-	974,650	974,650
Cemeteries	1,765,430	1,618,075	-	-	-	(167,355)	(167,355)
Parking	14,436,223	19,067,327	-	-	-	4,632,104	4,632,104
Total Business-type Activities	291,345,417	347,292,893	146,350	18,679,511	-	74,773,337	74,773,337
Total Primary Government	\$ 1,021,748,430	\$ 531,493,040	\$ 38,641,217	\$ 29,995,451	\$ (496,392,059)	\$ -	\$ (421,618,722)
Component Units:							
School Board	362,003,028	2,457,017	126,650,477	6,165,326	-	-	(226,730,208)
Richmond Economic Development Authority	2,194,263	521,856	1,266,511	-	-	-	(405,896)
Richmond Ambulance Authority	19,124,135	14,608,142	-	-	-	-	(4,515,993)
Richmond Behavioral Health Authority	47,667,984	14,331,570	-	-	-	-	(33,336,414)
Richmond Redevelopment and Housing Authority	65,218,205	10,475,995	47,107,705	7,181,921	-	-	(452,584)
Total Component Units	496,207,615	42,394,580	175,024,693	13,347,247	\$ -	\$ -	(265,441,095)

General Revenues:				
City Taxes				
Real Estate	237,888,652	-	-	237,888,652
Sales Tax	30,282,657	-	-	30,282,657
Personal Property	62,393,129	-	-	62,393,129
Machinery and Tools	14,095,200	-	-	14,095,200
General Utility Sales	19,351,132	-	-	19,351,132
State Communication Taxes	14,138,781	-	-	14,138,781
Bank Stock	8,842,901	-	-	8,842,901
Prepared Food	37,009,033	-	-	37,009,033
Lodging Tax	8,888,653	-	-	8,888,653
Admissions	2,775,821	-	-	2,775,821
Real Estate Taxes - Delinquent	14,295,349	-	-	14,295,349
Personal Property Taxes - Delinquent	9,542,459	-	-	9,542,459
Private Utility Poles and Conduits	163,837	-	-	163,837
Penalties and Interest	8,538,569	-	-	8,538,569
Tiling Tax-Mobile Home	14,583	-	-	14,583
State Recordation	1,001,665	-	-	1,001,665
Property Rental 1%	122,066	-	-	122,066
Vehicle Rental Tax	905,346	-	-	905,346
Telephone Commissions	198,990	-	-	198,990
Total City Taxes	470,448,823	-	-	470,448,823
Intergovernmental Revenue				
Payment From Primary Government - Unrestricted	-	-	-	104,259,095
Investment Earnings	221,163	4,297,491	-	171,892,656
Miscellaneous	18,452,974	102,671	-	680,646
Loss on Disposal of Assets	2,720,280	-	-	17,684,111
Proceeds from Sect 108 and EDA	30,764,389	(30,764,389)	-	(264,587)
Transfers	522,607,629	(26,364,227)	-	(155,630)
Total General Revenues and Transfers	26,215,570	48,409,110	-	294,096,291
Changes in Net Position				
Net Position - Beginning of Year, as restated	120,477,675	702,749,390	-	28,655,196
Net Position - End of Year	146,693,245	751,158,500	\$	(172,935,038)
			\$	(144,279,842)

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

**CITY OF RICHMOND, VIRGINIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2018**

EXHIBIT C

	General	Debt Service	Capital Projects Fund	Other Governmental Funds	Total
Assets					
Cash and Cash Equivalents (Note 3)	\$ 45,942,148	\$ 262,694	\$ 5,923,343	\$ 24,590,404	\$ 76,718,589
Receivables (Net of Allowance for Doubtful Accounts):					
Taxes and Licenses	51,417,697	-	-	-	51,417,697
Accounts Receivable, Net	2,201,269	-	-	16,133,802	18,335,071
Due From Other Funds (Note 4)	129,401,662	-	-	-	129,401,662
Due From Other Governments (Note 5)	30,929,738	-	3,443,006	3,054,980	37,427,724
Prepays	9,953	-	-	-	9,953
Restricted Assets - Cash and Investments (Note 3)	160,155	7,702,984	-	68,266	7,931,405
Total Assets	<u>260,062,622</u>	<u>7,965,678</u>	<u>9,366,349</u>	<u>43,847,452</u>	<u>321,242,101</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities:					
Accounts Payable	17,567,267	-	7,640,266	6,322,240	31,529,773
Accrued Liabilities	10,570	-	-	-	10,570
Due To Other Funds (Note 4)	-	-	95,539,421	5,680,940	101,220,361
Due To Other Governments	908,472	-	-	-	908,472
Due To Component Unit	63,920,471	-	-	-	63,920,471
Total Liabilities	<u>82,406,780</u>	<u>-</u>	<u>103,179,687</u>	<u>12,003,180</u>	<u>197,589,647</u>
Deferred Inflows of Resources					
Unavailable Revenue-Property Taxes	41,434,359	-	-	-	41,434,359
Prepaid Taxes	54,961	-	-	-	54,961
Unavailable Revenue-Grant Proceeds	-	145,355	7,907,207	9,080,000	17,132,562
Total Deferred Inflows of Resources	<u>41,489,320</u>	<u>145,355</u>	<u>7,907,207</u>	<u>9,080,000</u>	<u>58,621,882</u>
Fund Balances (Note 8):					
Nonspendable	9,953	-	-	38,925	48,878
Restricted	-	7,702,983	2,042,912	22,725,347	32,471,242
Committed	14,047,172	-	-	-	14,047,172
Assigned	13,597,476	-	-	-	13,597,476
Unassigned	108,511,921	117,340	(103,763,457)	-	4,865,804
Total Fund Balances	<u>136,166,522</u>	<u>7,820,323</u>	<u>(101,720,545)</u>	<u>22,764,272</u>	<u>65,030,572</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 260,062,622</u>	<u>\$ 7,965,678</u>	<u>\$ 9,366,349</u>	<u>\$ 43,847,452</u>	<u>\$ 321,242,101</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, 2018

EXHIBIT C, Continued

Total fund balances for governmental funds		\$ 65,030,572
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Land, Works of Art/Historical Treasures	103,889,493	
Infrastructure, net	299,970,798	
Buildings, structures, improvements, and equipment, net	596,117,997	
Construction in progress	<u>84,150,495</u>	1,084,128,783
Other Assets used in governmental activities are not considered current financial resources and, therefore, are not reported in the governmental funds		
Deferred loss on refunding debt	12,976,458	
Deferred outflows related to pensions - RRS	74,066,714	
Deferred outflows related to pensions - VRS	<u>7,158,600</u>	94,201,772
Some of the City's assets will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as unavailable revenue in the funds.		
Taxes	<u>29,079,001</u>	29,079,001
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	(10,843,145)	
Governmental bonds, notes payable, and line of credit	(723,764,001)	
Compensated absences	(18,206,323)	
Pension related - Deferred Inflow of Resources - RRS	(30,114,280)	
Pension related - Deferred Inflow of Resources - VRS	(4,506,547)	
Pension related - Net Pension Liability - RRS	(261,618,234)	
Pension related - Net Pension Liability - VRS	(9,711,715)	
Net other postemployment benefit liability	<u>(67,223,985)</u>	(1,125,988,230)
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>241,347</u>
Net position of governmental activities		<u><u>\$ 146,693,245</u></u>

CITY OF RICHMOND, VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2018

EXHIBIT D

	General	Debt Service	Capital Projects Fund	Other Governmental Funds	Total
Revenues					
City Taxes					
Real Estate	\$ 247,700,125	\$ -	\$ -	\$ -	\$ 247,700,125
Sales Tax	30,282,657	-	-	-	30,282,657
Personal Property	60,801,789	-	-	-	60,801,789
Machinery and Tools	13,996,708	-	-	-	13,996,708
Utility Sales Tax Gas	4,600,765	-	-	-	4,600,765
Utility Sales Tax Electric	14,517,989	-	-	-	14,517,989
Utility Sales Tax Telephone	232,377	-	-	-	232,377
State Communications Taxes	14,138,781	-	-	-	14,138,781
Bank Stock	8,842,900	-	-	-	8,842,900
Prepared Food	36,948,484	-	-	-	36,948,484
Lodging Tax	8,823,693	-	-	-	8,823,693
Admission	3,074,924	-	-	-	3,074,924
Real Estate Taxes - Delinquent	14,295,349	-	-	-	14,295,349
Personal Property Taxes - Delinquent	9,542,460	-	-	-	9,542,460
Private Utility Poles and Conduits	163,837	-	-	-	163,837
Penalties and Interest	8,538,256	-	-	24	8,538,280
Titling Tax-Mobile Home	14,583	-	-	-	14,583
State Recordation	1,001,665	-	-	-	1,001,665
Property Rental 1%	122,066	-	-	-	122,066
Vehicle Rental Tax	905,346	-	-	-	905,346
Telephone Commissions	198,990	-	-	-	198,990
Total City Taxes	478,743,744	-	-	24	478,743,768
Licenses, Permits and Privilege Fees	43,521,211	-	-	-	43,521,211
Intergovernmental	83,735,241	1,225,929	15,061,169	56,423,729	156,446,068
Service Charges	26,875,611	-	180,135	985,359	28,041,105
Fines and Forfeitures	5,952,320	-	-	20,582	5,972,902
Utility Payments	30,470,118	-	-	-	30,470,118
Investment Income	-	49,659	151,725	19,757	221,141
Miscellaneous	2,441,599	-	267,550	11,388,472	14,097,621
Total Revenues	671,739,844	1,275,588	15,660,579	68,837,923	757,513,934
Expenditures					
Current:					
General Government	45,713,218	-	-	19,642,512	65,355,730
Public Safety and Judiciary	201,570,294	-	-	7,745,242	209,315,536
Highways, Streets, Sanitation and Refuse	31,379,691	-	-	34,305,680	65,685,371
Human Services	60,725,459	-	-	22,824,009	83,549,468
Culture and Recreation	22,569,964	-	-	1,840,505	24,410,469
Education	155,175,684	-	-	-	155,175,684
Non-Departmental	75,498,843	-	-	-	75,498,843
Capital Outlay	-	-	64,920,024	-	64,920,024
Debt Service:					
Principal Retirement	-	37,079,297	-	-	37,079,297
Interest Payments	-	25,138,282	-	-	25,138,282
Debt Issuance Costs	-	2,583,813	-	-	2,583,813
Total Expenditures	592,633,153	64,801,392	64,920,024	86,357,948	808,712,517
Excess (Deficiency) of Revenues Over (Under) Expenditures	79,106,691	(63,525,804)	(49,259,445)	(17,520,025)	(51,198,583)
Other Financing Sources (Uses)					
Proceeds from Section 108	-	786,818	-	-	786,818
Proceeds from EDA	-	1,933,462	-	-	1,933,462
Proceeds from Refunding Bonds	-	294,315,000	-	-	294,315,000
Premium on Bond Issued	-	54,765,293	-	-	54,765,293
Payment to Refunded Bond Escrow Agent	-	(251,080,703)	-	-	(251,080,703)
Payoff Line of Credit BAN	-	(95,000,000)	-	-	(95,000,000)
Transfers In-Other Funds	3,948,946	59,414,793	3,931,811	18,947,782	86,243,332
Transfers Out-Other Funds	(82,257,424)	-	-	(293,585)	(82,551,009)
Total Other Financing Sources (Uses), Net	(78,308,478)	65,134,663	3,931,811	18,654,197	9,412,193
Net Change in Fund Balances	798,213	1,608,859	(45,327,634)	1,134,172	(41,786,390)
Fund Balances - Beginning of Year	135,368,309	6,211,464	(56,392,911)	21,630,100	106,816,962
Fund Balances - End of Year	\$ 136,166,522	\$ 7,820,323	\$ (101,720,545)	\$ 22,764,272	\$ 65,030,572

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, 2018

EXHIBIT D, Continued

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

Net change in fund balances - Total governmental funds	\$	(41,786,390)
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.

Purchase of assets	63,311,870	
Depreciation expense	<u>(46,042,580)</u>	17,269,290

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

Proceeds from borrowing, net of escrow payments	(349,080,293)	
Principal payments of bonds, net of payments on behalf of Component Units	353,157,172	
Amortization of bond premiums and refunding	<u>29,858,318</u>	33,935,197

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

Change in taxes	(4,547,533)	(4,547,533)
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Some expenditures in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Change in accrued interest	(1,052,231)	
Change in compensated absences	(1,798,663)	
Pension Expense	23,287,638	
Change in other postemployment benefit obligations	<u>(2,486,372)</u>	17,950,372

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

		<u>3,394,634</u>
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Change in net position of governmental activities		<u>\$ 26,215,570</u>
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**CITY OF RICHMOND, VIRGINIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2018**

EXHIBIT E-1

	Enterprise Funds						Internal Service Funds
	Gas	Water	Wastewater	Stormwater	Other	Total	
Assets							
Current Assets:							
Cash and Cash Equivalents (Note 3)	\$ 40,164,304	\$ 66,814,132	\$ 118,414,367	\$ 5,277,228	\$ 11,403,009	\$ 242,073,040	\$ 26,855,674
Accounts Receivables (Net of Allowance for Doubtful Accounts)	4,006,838	14,199,817	12,754,531	3,876,284	2,537,095	37,374,565	9,727,582
Due From Other Funds (Note 4)	113,098	94,287	3,371,248	437	-	3,579,070	-
Due From Other Governments (Note 5)	-	3,531,095	-	506,048	-	4,037,143	-
Inventories of Materials and Supplies	6,617,937	-	-	-	-	6,617,937	4,417,759
Prepaid Expenses and Other Current Assets	2,176,719	2,034,554	2,570,849	-	52,195	6,834,317	123,948
Total Current Assets	53,078,896	86,673,885	137,110,995	9,659,997	13,992,299	300,516,072	41,124,963
Noncurrent Assets:							
Restricted Cash	32,794,479	52,769,061	39,012,867	-	-	124,576,407	-
Capital Assets (Note 6):							
Land	219,200	878,307	1,101,261	-	27,039,115	29,237,883	5,049,921
Buildings and Structures	585,437,277	498,176,961	588,189,247	11,319,411	61,289,526	1,744,412,422	60,062,083
Equipment and Other Assets	76,988,362	60,911,453	172,202,658	26,069,557	18,610,704	354,782,734	128,393,091
Construction in Progress	3,171,175	41,574,407	23,746,892	957,267	-	69,449,741	1,321,456
Less: Accumulated Depreciation	(258,426,059)	(215,544,032)	(318,717,790)	(4,517,248)	(49,846,419)	(847,051,548)	(149,386,288)
Total Capital Assets, Net Accumulated Depreciation	407,389,955	385,997,096	466,522,268	33,828,987	57,092,926	1,350,831,232	45,440,263
Total Noncurrent Assets	440,184,434	438,766,157	505,535,135	33,828,987	57,092,926	1,475,407,639	45,440,263
Total Assets	493,263,330	525,440,042	642,646,130	43,488,984	71,085,225	1,775,923,711	86,565,226
Deferred Outflows of Resources							
Losses on Refunding of Debt	8,461,900	6,198,283	6,755,954	-	-	21,416,137	4,556
Pension Related Activities	4,864,188	3,128,243	3,802,031	1,202,755	525,922	13,523,139	1,500,320
Outflows-OPEB	24,008	18,195	18,154	6,064	2,753	69,174	15,954
Total Deferred Outflows of Resources	13,350,096	9,344,721	10,576,139	1,208,819	528,675	35,008,450	1,520,830
Liabilities							
Current Liabilities:							
Accounts Payable	8,819,924	8,081,800	8,993,977	2,027,557	2,134,500	30,057,758	5,104,528
Accrued Liabilities	438,518	273,867	235,623	91,463	31,969	1,071,440	4,181,893
Advance Sales	-	-	-	-	339,416	339,416	-
Due To Other Funds (Note 4)	-	-	-	3,370,748	1,572,600	4,943,348	26,817,023
Accrued Interest on Bonds Payable	5,914,462	4,635,117	5,201,248	-	835,905	16,586,732	62,327
General Obligation Bonds and Notes Payable (Note 7)	5,545,984	4,401,943	692,000	76,764	5,986,319	16,703,010	753,430
Revenue Bonds Payable (Note 7)	6,991,682	5,964,269	11,003,471	-	-	23,959,422	1,022,357
Notes Payable	-	-	-	-	-	-	625,000
Compensated Absences (Note 7)	169,657	139,717	119,757	44,909	16,774	490,814	67,489
Total Current Liabilities	27,880,227	23,496,713	26,246,076	5,611,441	10,917,483	94,151,940	38,634,047
Noncurrent Liabilities:							
Customers' Deposits	6,889,965	2,125,373	-	-	-	9,015,338	-
General Obligation Bonds and Notes Payable (Note 7)	18,649,639	13,487,192	1,463,418	1,104,636	57,941,927	92,646,812	547,657
Revenue Bonds Payable (Note 7)	281,639,347	220,143,504	299,320,510	-	-	801,103,361	2,213,049
Compensated Absences (Note 7)	693,337	570,983	489,414	183,530	103,591	2,040,855	598,157
OPEB	3,985,038	2,883,442	3,068,499	992,394	448,439	11,377,812	2,136,763
Net Pension Liability	14,404,732	8,891,927	11,047,172	3,579,373	1,523,771	39,446,975	3,992,124
Other Liabilities	203,296	-	-	613,593	-	816,889	33,120,531
Total Noncurrent Liabilities	326,465,354	248,102,421	315,389,013	6,473,526	60,017,728	956,448,042	42,608,281
Total Liabilities	354,345,581	271,599,134	341,635,089	12,084,967	70,935,211	1,050,599,982	81,242,328
Deferred Inflows of Resources							
Pension Related Activities	1,818,739	1,229,636	1,435,248	443,986	199,189	5,126,798	649,264
Rate Stabilization	-	-	6,500,000	3,500,000	-	10,000,000	-
Total Deferred Inflows of Resources	1,818,739	1,229,636	7,935,248	3,943,986	199,189	15,126,798	649,264
Net Position							
Net Investment in Capital Assets	125,476,237	191,833,703	187,816,698	29,276,836	(6,835,320)	527,568,154	40,283,313
Restricted - Debt Service	9,665,364	7,903,934	11,393,698	-	-	28,962,996	-
Unrestricted	15,307,505	62,218,356	104,441,536	(607,986)	7,314,820	188,674,231	(34,088,849)
Total Net Position	\$ 150,449,106	\$ 261,955,993	\$ 303,651,932	\$ 28,668,850	\$ 479,500	\$ 745,205,381	\$ 6,194,464

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, 2018

EXHIBIT E-2

	Total Enterprise Funds	Internal Service Funds Stores and Transportation Division	Business-type Activities Statement of Net Position
Assets			
Current Assets:			
Cash and Cash Equivalents (Note 3)	\$ 242,073,040	\$ -	\$ 242,073,040
Accounts Receivables (Net of Allowance for Doubtful Accounts)	37,374,565	-	37,374,565
Due From Other Funds (Note 4)	3,579,070	-	3,579,070
Due From Other Governments (Note 5)	4,037,143	-	4,037,143
Inventories of Materials and Supplies	6,617,937	4,129,990	10,747,927
Prepaid Expenses and Other Current Assets	6,834,317	91,668	6,926,005
Total Current Assets	<u>300,516,072</u>	<u>4,221,678</u>	<u>304,737,750</u>
Noncurrent Assets:			
Restricted Assets - Cash and Investments (Note 3)	124,576,407	-	124,576,407
Capital Assets (Note 6):			
Land	29,237,883	1,686,532	30,924,415
Buildings and Structures	1,744,412,422	3,478,430	1,747,890,852
Equipment	354,782,734	31,731,662	386,514,396
Construction in Progress	69,449,741	-	69,449,741
Less Accumulated Depreciation	(847,051,548)	(34,262,554)	(881,314,102)
Total Capital Assets, Net Accumulated Depreciation	<u>1,350,831,232</u>	<u>2,634,070</u>	<u>1,353,465,302</u>
Total Noncurrent Assets	<u>1,475,407,639</u>	<u>2,634,070</u>	<u>1,478,041,709</u>
Total Assets	<u>1,775,923,711</u>	<u>6,855,748</u>	<u>1,782,779,459</u>
Deferred Outflows of Resources			
Losses on Refunding of Debt	21,416,137	-	21,416,137
Pension Related Activities	13,523,139	124,240	13,647,379
OPEB	69,174	562	69,736
Total Deferred Outflows of Resources	<u>35,008,450</u>	<u>124,802</u>	<u>35,133,252</u>
Liabilities			
Current Liabilities:			
Accounts Payable	30,057,758	279,046	30,336,804
Accrued Liabilities	1,071,440	6,838	1,078,278
Advance Sales	339,416	-	339,416
Due To Other Funds (Note 4)	4,943,348	208,322	5,151,670
Accrued Interest on Bonds Payable	16,586,732	-	16,586,732
General Obligation Bonds and Notes Payable (Note 7)	16,703,010	-	16,703,010
Revenue Bonds Payable (Note 7)	23,959,422	-	23,959,422
Compensated Absences (Note 7)	490,814	4,990	495,804
Total Current Liabilities	<u>94,151,940</u>	<u>499,196</u>	<u>94,651,136</u>
Noncurrent Liabilities:			
Customers' Deposits	9,015,338	-	9,015,338
General Obligation Bonds and Notes Payable (Note 7)	92,646,812	-	92,646,812
Revenue Bonds Payable (Note 7)	801,103,361	-	801,103,361
Compensated Absences (Note 7)	2,040,855	20,393	2,061,248
Net Other Postemployment Benefit Obligations (Note 12)	11,377,812	98,024	11,475,836
Net Pension Liability	39,446,975	362,075	39,809,050
Other Liabilities	816,889	-	816,889
Total Noncurrent Liabilities	<u>956,448,042</u>	<u>480,492</u>	<u>956,928,534</u>
Total Liabilities	<u>1,050,599,982</u>	<u>979,688</u>	<u>1,051,579,670</u>
Deferred Inflows of Resources			
Pension Related Activities	5,126,798	47,743	5,174,541
Rate Stabilization	10,000,000	-	10,000,000
Total Deferred Inflows of Resources	<u>15,126,798</u>	<u>47,743</u>	<u>15,174,541</u>
Net Position			
Net Investment in Capital Assets	527,568,154	2,634,067	530,202,221
Restricted - Debt Service	28,962,996	-	28,962,996
Unrestricted	188,674,231	3,319,052	191,993,283
Total Net Position	<u>\$ 745,205,381</u>	<u>\$ 5,953,119</u>	<u>\$ 751,158,500</u>

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

CITY OF RICHMOND, VIRGINIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN THE NET POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2018

EXHIBIT E-3

	Enterprise Funds					Total	Internal Service Funds
	Gas	Water	Wastewater	Stormwater	Other		
Operating Revenues							
Charges for Goods and Services	\$ 154,720,858	\$ 69,917,873	\$ 86,932,675	\$ 11,558,393	\$ 22,342,268	\$ 345,472,067	\$ 112,580,979
Operating Expenses							
Purchased Gas	67,059,781	-	-	-	-	67,059,781	-
Intragovernmental Goods and Services Sold	-	-	-	-	-	-	10,225,343
Salaries and Wages & Benefits	16,053,837	13,811,336	11,549,587	4,345,501	1,720,142	47,480,403	11,025,648
Data Processing	-	-	-	-	-	-	7,504,084
Materials and Supplies	1,289,738	1,845,991	1,015,796	184,011	349,679	4,685,215	1,531,255
Rents and Utilities	376,398	4,654,264	3,834,559	64,969	960,366	9,890,556	3,046,300
Maintenance and Repairs	11,527,047	7,240,158	4,583,464	2,315,494	4,864,816	30,530,979	1,656,085
Depreciation and Amortization	21,198,511	16,613,864	22,885,686	1,012,475	2,265,494	63,976,030	7,743,433
Claims and Settlements	-	-	-	-	-	-	57,571,619
Uncollectible Capital	1,069,493	1,206,504	1,205,400	733,184	-	4,214,581	(44,916)
Miscellaneous Operating Expenses	16,046,562	14,536,512	21,351,680	619,864	665,846	53,220,464	8,266,988
Total Operating Expenses	134,621,367	59,908,629	66,426,172	9,275,498	10,826,343	281,058,009	108,525,839
Operating Income (Loss)	20,099,491	10,009,244	20,506,503	2,282,895	11,515,925	64,414,058	4,055,140
Non-Operating Revenues (Expenses)							
Intergovernmental Grants and Contributions	540,030	12,603,141	4,227,828	1,454,862	464,894	19,290,755	93,984
Debt Issuance Costs	-	-	-	-	(508,764)	(508,764)	-
Payments to Escrow	-	-	-	-	(4,538,336)	(4,538,336)	-
Interest on Long-Term Debt	(11,209,244)	(8,690,719)	(9,692,496)	(20,013)	(1,750,943)	(31,363,415)	(139,194)
Interest Income	1,343,020	1,221,992	1,669,219	63,260	-	4,297,491	786
Interest Expense	(43,213)	(12,548)	-	-	-	(55,761)	-
Miscellaneous Revenues (Expenses)	(27,769)	85,708	20,000	319	-	78,258	(128,889)
Total Non-Operating Revenues (Expenses), Net	(9,397,176)	5,207,574	(3,775,449)	1,498,428	(6,333,149)	(12,799,772)	(173,313)
Net Income Before Transfers	10,702,315	15,216,818	16,731,054	3,781,323	5,182,776	51,614,286	3,881,827
Transfers In-Other Funds	-	-	-	-	622,629	622,629	-
Transfers Out-Other Funds	(632,959)	(1,581,387)	(1,379,947)	-	(366,006)	(3,960,299)	(354,653)
Change in Net Position	10,069,356	13,635,431	15,351,107	3,781,323	5,439,399	48,276,616	3,527,174
Net Position - Beginning of Year, as restated	140,379,750	248,320,562	288,300,825	24,887,527	(4,959,899)	696,928,765	2,667,290
Net Position - End of Year	\$ 150,449,106	\$ 261,955,993	\$ 303,651,932	\$ 28,668,850	\$ 479,500	\$ 745,205,381	\$ 6,194,464

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

CITY OF RICHMOND, VIRGINIA
RECONCILIATION OF THE ENTERPRISE FUNDS' STATEMENT REVENUE, EXPENSES, AND CHANGES IN
NET POSITION TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2018

EXHIBIT E-4

	Enterprise Funds				Total*
	Gas	Water	Wastewater	Stormwater	
Operating Revenues					
Charges for Goods and Services	\$ 154,720,858	\$ 69,917,873	\$ 86,932,675	\$ 11,558,393	\$ 323,129,799
Internal Service Fund Allocation - Stores and Transportation Division	398,110	331,893	1,760	1,540	733,303
Charges for Services - Statement of Activities	155,118,968	70,249,766	86,934,435	11,559,933	323,863,102
Operating Expenses					
Purchased Gas	67,059,781	-	-	-	67,059,781
Salaries, Wages, and Benefits	16,053,837	13,811,336	11,549,587	4,345,501	45,760,261
Materials and Supplies	1,289,738	1,845,991	1,015,796	184,011	4,335,536
Rents and Utilities	376,398	4,654,264	3,834,559	64,969	8,930,190
Maintenance and Repairs	11,527,047	7,240,158	4,583,464	2,315,494	25,666,163
Depreciation and Amortization	21,198,511	16,613,864	22,885,686	1,012,475	61,710,536
Uncollectible Expense	-	-	-	-	-
Miscellaneous Operating Expenses	16,046,562	14,536,512	21,351,680	619,864	52,554,618
Total Operating Expenses	133,551,874	58,702,125	65,220,772	8,542,314	266,017,085
Non-Operating Expenses					
Interest and Fiscal Charges	11,252,457	8,703,267	9,692,496	20,013	29,668,233
Total Expenses	144,804,331	67,405,392	74,913,268	8,562,327	295,685,318
Internal Service Fund Allocation - Stores and Transportation Division	339,434	282,975	1,500	1,313	625,222
Transfers to Governmental Activities - Payment in Lieu of Taxes	(9,722,335)	(6,288,638)	(11,159,123)	-	(27,170,096)
Program Expenses - Statement of Activities	\$ 135,421,430	\$ 61,399,729	\$ 63,755,645	\$ 8,563,640	\$ 269,140,444

* 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, 2018

EXHIBIT E-5

	Enterprise Funds					Total	Internal
	Gas	Water	Wastewater	Stormwater	Other		Service Funds
Cash Flows From Operating Activities							
Receipts from Customers	\$ 160,714,259	\$ 70,942,520	\$ 86,579,542	\$ 11,043,445	\$ 20,875,731	\$ 350,155,497	\$ 118,698,602
Payments to Suppliers	(88,518,405)	(20,437,991)	(19,661,202)	(3,142,547)	(6,098,568)	(137,858,713)	(86,212,001)
Payments to Employees	(16,997,490)	(14,432,496)	(12,319,625)	(4,552,800)	(1,817,284)	(50,119,695)	(11,172,667)
Payments to Other Funds	(9,480,827)	(6,156,595)	(10,925,360)	-	-	(26,562,782)	-
Receipts from Other Funds	-	-	-	-	-	-	(714,597)
Other Receipts or (Payments)	307,235	260,487	20,000	319	233,233	821,274	543,423
Net Cash Provided By Operating Activities	<u>46,024,772</u>	<u>30,175,925</u>	<u>43,693,355</u>	<u>3,348,417</u>	<u>13,193,112</u>	<u>136,435,581</u>	<u>21,142,760</u>
Cash Flows From Noncapital Financing Activities							
Government Subsidies	540,030	14,396,836	4,227,828	976,863	721,517	20,863,074	93,984
Transfers In - Other Funds	-	-	-	-	-	-	-
Transfers Out - Other Funds	(632,959)	(1,581,387)	(1,379,947)	-	-	(3,594,293)	-
Due From Other Funds	144,476	81,166	318	115	-	226,075	-
Due to Other Funds	-	-	-	-	-	-	(8,604,616)
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>51,547</u>	<u>12,896,615</u>	<u>2,848,199</u>	<u>976,978</u>	<u>721,517</u>	<u>17,494,856</u>	<u>(8,510,632)</u>
Cash Flows From Capital and Related Financing Activities							
Acquisition of Capital Assets	(24,206,605)	(23,583,163)	(32,430,089)	(7,211,810)	(3,283,907)	(90,715,574)	(7,708,419)
Proceeds from Bond Sale	-	-	592,203	386,626	-	978,829	-
Repayments of Revenue Bonds, General Obligation Bonds and Capital Leases	(13,537,207)	(10,446,485)	(14,147,145)	(44,007)	(326,262)	(38,501,106)	(1,780,724)
Repayments of Notes Payables	-	-	-	-	-	-	(625,000)
Interest Paid on Long-Term Debt	(13,279,775)	(10,349,344)	(11,639,324)	(20,013)	(2,191,393)	(37,479,849)	(180,224)
Net Cash Used in Capital and Related Financing Activities	<u>(51,023,587)</u>	<u>(44,378,992)</u>	<u>(57,624,355)</u>	<u>(6,889,204)</u>	<u>(10,848,662)</u>	<u>(170,764,800)</u>	<u>(10,294,367)</u>
Cash Flows From Investing Activities							
Interest Earned on Operating Funds	1,343,020	1,221,992	1,669,219	63,260	-	4,297,491	-
Interest Paid on Customers' Deposits	(43,213)	(12,548)	-	-	-	(55,761)	-
Net Cash Provided By Investing Activities	<u>1,299,807</u>	<u>1,209,444</u>	<u>1,669,219</u>	<u>63,260</u>	<u>-</u>	<u>4,241,730</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(3,647,461)	(97,008)	(9,413,582)	(2,500,549)	3,065,967	(12,592,633)	2,337,761
Cash and Cash Equivalents at July 1, 2017	76,606,244	119,680,201	166,840,816	7,777,777	8,337,042	379,242,080	24,517,913
Cash and Cash Equivalents at June 30, 2018	<u>\$ 72,958,783</u>	<u>\$ 119,583,193</u>	<u>\$ 157,427,234</u>	<u>\$ 5,277,228</u>	<u>\$ 11,403,009</u>	<u>\$ 366,649,447</u>	<u>\$ 26,855,674</u>
Reconciliation of Operating Income							
To Net Cash Provided By Operating Activities							
Operating Income	\$ 20,099,491	\$ 10,009,244	\$ 20,506,503	\$ 2,282,895	\$ 11,515,925	\$ 64,414,058	\$ 4,055,141
Adjustment to Reconcile Operating Income to Net Cash Provided By Operating Activities:							
Pension Expense	(949,173)	(719,379)	(717,730)	(239,745)	(108,873)	(2,734,900)	(630,770)
Depreciation	21,198,511	16,613,864	22,885,686	1,012,475	2,265,494	63,976,030	7,743,433
Miscellaneous Revenues (Expenses)	(27,769)	85,708	20,000	319	-	78,258	(483,542)
(Increase) Decrease in Assets and Increase (Decrease) in Liabilities:							
Accounts Receivable	7,062,894	2,231,151	852,267	218,236	(523,443)	9,841,105	6,072,704
Due from General Fund	-	-	-	-	-	-	672,312
Due From Component Unit	-	-	-	-	-	-	-
Inventories of Material and Supplies	11,388	-	-	-	-	11,388	219,725
Prepaid Expenses	(141,743)	(48,873)	(233,321)	-	7,004	(416,933)	112,047
Accounts Payable	(2,122,549)	1,539,025	298,931	(329,376)	736,660	122,691	1,169,202
Accrued Liabilities	349,902	192,187	133,327	91,463	-	766,879	1,895,938
Due from Other Funds	-	-	-	-	233,233	233,233	-
Due to Other Funds	-	-	-	-	-	-	-
Customers' Deposits	335,004	174,779	-	-	(943,094)	(433,311)	-
Compensated Absences	5,520	98,219	(52,308)	32,445	10,206	94,082	316,570
Other Liabilities	203,296	-	-	279,705	-	483,001	-
Total Adjustments	<u>25,925,281</u>	<u>20,166,681</u>	<u>23,186,852</u>	<u>1,065,522</u>	<u>1,677,187</u>	<u>72,021,523</u>	<u>17,087,619</u>
Net Cash Provided By Operating Activities	<u>\$ 46,024,772</u>	<u>\$ 30,175,925</u>	<u>\$ 43,693,355</u>	<u>\$ 3,348,417</u>	<u>\$ 13,193,112</u>	<u>\$ 136,435,581</u>	<u>\$ 21,142,760</u>

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

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

CITY OF RICHMOND, VIRGINIA
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2018

EXHIBIT F-1

	Pension Trust Funds	Agency Funds
Assets:		
Cash and Short-term Investments	\$ 8,893,458	\$ 3,325,826
Receivables:		
Due from Other Funds	-	-
Due from Brokers on Sale of Securities	7,319,879	-
Interest and Dividends	264,603	-
Contributions from Participating Employees	1,044,711	-
Other Accounts Receivable	2,819,860	340
Investments, at Fair Value		
Common Stock	139,417,743	-
International Stocks	104,730,927	-
International Bonds	98,473,242	-
Real Estate Investment Trusts	35,958,505	-
US Fixed Income	27,256,398	-
Hedge Funds	77,992,802	-
Private Debt	155,991,738	-
Private Equity	21,293,255	-
Opportunistic Fixed Income	24,730,981	-
Total Investment, at Fair Value	685,845,591	3,326,166
Cash Collateral Received - Security Lending Program	670,173	-
Assets	706,858,275	3,326,166
Capital Assets:		
Furniture Fixtures and Equipment	178,100	-
Leasehold Improvement	242,470	-
Total Capital Assets	420,570	-
Total Assets	707,278,845	3,326,166
Liabilities:		
Accounts Payable	24,247,943	-
Refundable Deposits	-	860,113
Payable for Collateral Received - Security Lending Program	679,436	-
Due to Other Funds	-	-
Due to Various Agents	-	2,466,053
Total Liabilities	24,927,379	\$ 3,326,166
Net Position Held in Trust for Pension Benefits and Other Purposes	\$ 682,351,466	

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, 2018

EXHIBIT F-2

	Pension Trust Funds
Additions:	
Contributions:	
City of Richmond	\$ 45,459,066
Richmond Behavioral Health Authority	1,024,279
Richmond Public Schools	65,557
Plan Members	12,286,536
Total Contributions	58,835,438
Investment Income:	
Net Depreciation in Fair Value of Investments	47,508,122
Interest	737,884
Dividends	1,771,975
Net Increase in the Fair Value of Investments	50,017,981
Net Income Earned on Securities Lending Transactions:	
Securities Lending Income	59,155
Securities Lending Expense	(48,279)
Total Net Income Earned on Securities Lending Transactions	10,876
Investment Income	50,028,857
Less: Investment Expense	(2,167,181)
Net Investment Loss	47,861,676
Total Additions, net	106,697,114
Deductions:	
Benefits	(78,435,249)
Refunds of Member Contributions	(66,597)
Administrative Expenses	(1,206,787)
Depreciation Expense	(60,082)
Other	(49,224)
Total Deductions	(79,817,939)
Net Increase	26,879,175
Net Position Held In Trust For Pension Benefits and Other Purposes - Beginning of Year	655,472,291
Net Position Held In Trust For Pension Benefits and Other Purposes - End of Year	\$ 682,351,466

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

CITY OF RICHMOND, VIRGINIA
STATEMENT OF NET POSITION
COMPONENT UNITS
June 30, 2018

EXHIBIT G-1

	School Board	Richmond Economic Development Authority	Richmond Ambulance Authority	Richmond Behavioral Health Authority	Richmond Redevelopment and Housing Authority	Total
Assets						
Cash and Cash Equivalents	\$ 19,687,018	\$ 6,298,996	\$ 3,092,266	\$ 22,153,857	\$ 28,021,852	\$ 79,253,989
Due From Primary Government	-	-	-	-	-	-
Due From Other Governments	70,139,595	-	-	1,570,871	-	71,710,466
Accounts Receivable	733,641	50,341	2,665,747	3,118,554	2,728,451	9,296,734
Inventories of Materials and Supplies	272,303	-	259,242	-	-	531,545
Prepaid Expenses and Other Current Assets	322,120	23,625	659,352	1,886,988	8,019,354	10,911,439
Investments	1,469,222	442,965	2,760,788	5,418,356	70,168	10,161,499
Mortgage Loans Receivable and Other Non-Current Assets	-	-	-	-	22,665,313	22,665,313
Capital Assets:						
Land	-	-	-	861,203	7,181,479	8,042,682
Buildings and Structures	-	13,960,883	1,211,320	6,178,861	151,718,019	173,069,083
Plant-in-Service	-	-	-	-	-	-
Other Non-Current Assets	-	21,195,513	-	2,984,689	-	24,180,202
Net Investment in Capital Lease Receivable less current position	-	-	-	-	-	-
Equipment	48,337,530	-	11,287,538	4,783,544	12,643,166	77,051,778
Less: Accumulated Depreciation	(29,496,309)	-	(8,602,108)	(6,882,013)	(100,639,971)	(145,620,401)
Construction in Progress	-	-	-	3,794,883	2,755,773	6,550,656
Total Capital Assets	<u>18,841,221</u>	<u>35,156,396</u>	<u>3,896,750</u>	<u>11,721,167</u>	<u>73,658,466</u>	<u>143,274,000</u>
Total Assets	<u>111,465,120</u>	<u>41,972,323</u>	<u>13,334,145</u>	<u>45,869,793</u>	<u>135,163,604</u>	<u>347,804,985</u>
Deferred Outflows of Resources						
Deferred OPEB contributions	2,858,089	-	-	-	-	2,858,089
Deferred Pension Investment Experience	-	-	-	-	1,445,095	1,445,095
Deferred pension change of assumptions	3,579,000	-	-	-	-	3,579,000
Deferred pension proportionate Share	6,401,006	-	-	-	-	6,401,006
Deferred pension contributions	27,075,127	-	-	2,046,174	1,057,960	30,179,261
Total Deferred Outflows of Resources	<u>39,913,222</u>	<u>-</u>	<u>-</u>	<u>2,046,174</u>	<u>2,503,055</u>	<u>44,462,451</u>
Liabilities						
Accounts Payable	5,056,235	28,562	1,257,435	2,363,722	1,174,516	9,880,470
Accrued Liabilities	41,218,447	73,261	455,100	879,954	2,736,774	45,363,536
Due To Primary Government	-	-	-	-	-	-
Due To Other Governments	7,763,395	-	-	-	473,647	8,237,042
Unearned Revenues	3,220,461	22,000	-	16,629,466	819,312	20,691,239
Liabilities to be Paid From Restricted Assets:						
Customers' Deposits	-	84,000	-	-	641,987	725,987
Bonds, Notes Payable and Capital Leases	-	-	6,912	-	-	6,912
Other Current Liabilities	2,498,856	635,000	-	9,488,903	26,378	12,649,137
Compensated Absences	-	-	-	1,524,714	629,565	2,154,279
Non-Current Liabilities:						
Bonds, Notes Payable and Capital Leases	-	282,422	13,049	-	765,000	1,060,471
Other Noncurrent Liabilities	330,188,103	30,779,174	-	-	9,541,436	370,508,713
Net Other Postemployment Benefit Obligations	-	-	-	2,060,173	1,923,046	3,983,219
Early Retirement Plan Net Pension Obligation	-	-	-	-	-	-
Net Pension Liability	-	-	-	7,814,383	9,418,370	17,232,753
Total Liabilities	<u>389,945,497</u>	<u>31,904,419</u>	<u>1,732,496</u>	<u>40,761,315</u>	<u>28,150,031</u>	<u>492,493,758</u>
Deferred Inflow of Resources						
Net Difference Between Projected and Actual Earnings on Pension Plan	-	-	-	-	717,169	717,169
Deferred OPEB	2,680,000	-	-	-	-	2,680,000
Deferred Economic Experience	18,242,417	-	-	-	-	18,242,417
Deferred pension investment experience	9,574,434	-	-	-	-	9,574,434
Deferred pension proportionate share	11,790,000	-	-	-	-	11,790,000
Deferred Inflow Change in Assumptions	43,461	-	-	67,884	-	111,345
Other Pension Deferrals	-	-	-	924,192	-	924,192
Membership fees received in advance	-	-	13,963	-	-	13,963
Unavailable Revenue-Other	-	-	-	-	-	-
Total Deferred Inflows of Resources	<u>42,330,312</u>	<u>-</u>	<u>13,963</u>	<u>992,076</u>	<u>717,169</u>	<u>44,053,520</u>
Net Position						
Net Investment in Capital Assets	13,697,500	13,960,883	3,876,789	11,721,167	73,658,466	116,914,805
Restricted for:						
Capital Projects	9,147,854	1,808,590	-	-	17,558,134	28,514,578
Permanent Funds:						
Expendable	1,015,373	-	-	-	-	1,015,373
Nonexpendable	207,778	-	-	-	-	207,778
Unrestricted	(304,965,972)	(5,701,569)	7,710,897	(5,558,591)	17,582,859	(290,932,376)
Total Net Position	<u>\$ (280,897,467)</u>	<u>\$ 10,067,904</u>	<u>\$ 11,587,686</u>	<u>\$ 6,162,576</u>	<u>\$ 108,799,459</u>	<u>\$ (144,279,842)</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, 2018

Functions/Program Activities	Program Revenues			Net (Expenses) Revenues and Changes in Net Position						
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	School Board	Richmond Economic Development Authority	Richmond Ambulance Authority	Richmond Behavioral Health Authority	Richmond Redevelopment and Housing Authority	Total
School Board	\$ 362,003,028	\$ 2,457,017	\$ 126,650,477	\$ 6,165,326	\$ (226,730,208)	\$ -	\$ -	\$ -	\$ -	\$ (226,730,208)
Richmond Economic Development Authority	2,194,263	521,856	1,266,511	(405,896)	-	-	-	-	-	(405,896)
Richmond Ambulance Authority	19,124,135	14,608,142	-	-	-	(4,515,993)	-	-	-	(4,515,993)
Richmond Behavioral Health Authority	47,667,984	14,331,570	-	-	-	-	(33,336,414)	-	-	(33,336,414)
Richmond Redevelopment and Housing Authority	65,218,205	10,475,995	47,107,705	7,181,921	-	-	-	(452,584)	-	(452,584)
Total Component Units	\$ 496,207,615	\$ 42,394,580	\$ 175,024,693	\$ 13,347,247	\$ (226,730,208)	\$ (405,896)	\$ (4,515,993)	\$ (33,336,414)	\$ (452,584)	\$ (265,441,095)
General Revenues:										
Payment From Primary Government					158,976,674	4,687,689	4,405,500	3,822,793	-	171,892,656
Intergovernmental Revenue Not Restricted to Specific Programs					81,182,372	(2,986,929)	-	26,063,652	-	104,259,095
Investment Earnings					-	1,323,393	-	-	86,415	1,409,808
Gain (Loss) on Disposal of Assets					392,800	15,966	149,086	31,249	(295,836)	(264,587)
Miscellaneous					-	(840,408)	-	664,305	16,461,954	17,684,111
Interest Expense					34,639	22,992	49,379	4,236	-	111,246
Interest Income					-	-	-	-	(155,630)	(155,630)
Transfer					240,586,485	2,222,703	4,603,965	30,586,235	16,096,903	294,096,291
Total General Revenues					13,856,277	1,816,807	87,972	(2,750,179)	15,644,319	28,655,196
Changes in Net Position					(294,753,744)	8,251,097	11,499,714	8,912,755	93,155,140	(172,935,038)
Net Position - Beginning of Year, As Restated (Note 17)					(280,897,467)	10,067,904	11,587,686	6,162,576	108,799,459	(144,279,842)
Net Position - End of Year										

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

CITY OF RICHMOND, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Financial Reporting Entity

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

Component Units

Blended Component Units:

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

The Richmond Retirement System (RRS)

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

<http://www.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.

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.

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

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

Proprietary Component Units

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

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

Richmond Ambulance Authority (RAA)

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

Richmond Behavioral Health Authority (RBHA)

RBHA provides behavioral health services to residents of the City under Sections 15.1-1676 of the *Code of Virginia* (1950), as amended. The City annually provides significant operating subsidies to RBHA, thus, a financial burden relationship exists between the City and RBHA. Complete financial statements for RBHA may be obtained from the administrative offices located at 501 S. 5th Street, Richmond, VA 23219.

Richmond Redevelopment and Housing Authority (RRHA)

RRHA is responsible for operating a low-rent housing program, which provides housing for eligible families, for operating redevelopment and conservation programs in accordance with the City's Master Plan, and for the delivery of services to citizens of low-rent housing and urban renewal areas through the encouragement and development of social and economic opportunities. The City Council appoints the Commissioners of RRHA and is financially accountable for RRHA's operations. RRHA's September 30, 2017 year-end Audited Financial Statements are included in the City's component unit combining financial statements. Complete financial statements for RRHA may be obtained from the administrative offices located at 901 Chamberlayne Avenue, Richmond, VA 23220. Note: The discretely presented component unit's financial statements were unaudited or unavailable at the issuance date of the City's CAFR.

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

Joint Ventures:

Greater Richmond Transit Company (GRTC)

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

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Fare revenues and route subsidies pay all costs associated with each locality utilizing the GRTC Transit System services only to the extent that each locality operates routes within their jurisdiction. The City expended \$13,963,118 for operating subsidies for bus routes and para-transit services within the City for the year ended June 30, 2018. The City also expended \$190,000 to operate reduced fare services for the elderly and disabled, and expended \$541,493 for local match funds needed to secure 80 percent of Federal grant funds that are used for the Company's capital purchases. Complete financial statements for the Greater Richmond Transit Company can be obtained from the Finance Department, GRTC Transit System, 301 East Belt Boulevard, Richmond, VA 23224.

Jointly Governed Organizations:

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

The Commission is comprised of a fourteen-member board of directors, with four members each appointed by the City, County of Henrico and County of Chesterfield and two members appointed by the County of Hanover. The Commission generates its revenues from service charges to users of the Airport facilities to recover the costs of maintaining, repairing and operating the Airport. Virginia law requires that the Commission submit an annual budget showing estimated revenues and estimated expenditures to the governing bodies. If the Commission's budget contains estimated expenditures which exceed estimated revenues, the governing bodies are required to fund the deficit in proportion to their financial interest in the Commission. If, however, actual revenues are less than estimated revenues identified in the budget (resulting in a deficit), the City and Counties may, at their discretion, appropriate funds necessary to fund the deficit. The City did not provide funding to the Commission during the fiscal year ended June 30, 2018.

Central Virginia Waste Management Authority (CVWMA) was created pursuant to the Virginia Water and Waste Authorities Act (Chapter 51, Title 15.2 of the Code of Virginia (1950), as amended). CVWMA's purpose is to plan, acquire, construct, reconstruct, improve, extend, operate, contract for and maintain any garbage and refuse collection, transfer and disposal program or system, including waste reduction, waste material recovery, recycling as mandated by law or otherwise, resource recovery, waste incineration, landfill operation, ash management, sludge disposal from water and wastewater treatment facilities, household hazardous waste management and disposal, and similar programs within one or more political subdivisions which are members of the CVWMA. The City is a member of the CVWMA. The CVWMA is governed by a Board of Directors consisting of one or more representatives appointed by each of the thirteen member cities, town and counties. The City appointed three of the twenty-member board of directors. The City's contribution and direct payments for the fiscal year ended June 30, 2018 were \$2,323,027.

The *Greater Richmond Partnership* (GRP) is comprised of members from the City and the counties of Chesterfield, Hanover, and Henrico. Together in partnership with the business leadership of the area, the GRP's purpose is to further economic development of the metropolitan Richmond area. The City has one member on the board that is an elected official and one alternate member. The City contributed \$385,600 for the year ended June 30, 2018.

The *Richmond Metropolitan Convention and Visitors Bureau* (RMCVB) – also "DBA" Richmond Region Tourism - serves the City and the Counties of Chesterfield, Hanover, Henrico and New Kent by promoting conventions, tourism and development in the Metropolitan Richmond area in order to increase revenues, provide increased employment and improve the economic health of all jurisdictions involved. The City has three representatives serving on the Richmond Region Tourism Board of Directors and contributed \$1,621,611 to the Richmond Region Tourism for the year ended June 30, 2018.

The *Richmond Regional Planning District Commission* (RRPDC) is comprised of representatives from nine local jurisdictions which include Counties of Charles City, Chesterfield, Goochland, Hanover, Henrico, New Kent, Powhatan, the City of Richmond, and the Town of Ashland. The major functions of the RRPDC are to promote regional cooperation; coordinate the activities and policies of local member governments; resolve service delivery challenges involving more than one government within the region; and provide planning assistance to local governments. The City has seven representatives serving on the RRPDC and contributed \$130,337 for the year ended June 30, 2018.

The *Greater Richmond Convention Center Authority* (GRCCA), a political subdivision of the Commonwealth of Virginia, was created on January 9, 1998 pursuant to the Public Recreational Facilities Authority Act, Chapter 56 of Title 15.2, *Code of Virginia*. The GRCCA was created to acquire, finance, expand, renovate, construct, lease, operate, and maintain the facility and grounds of a visitors and convention center. The political subdivisions participating in the incorporation of the

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GRCCA are the City and the Counties of Chesterfield, Hanover and Henrico. The GRCCA is governed by a five-member commission comprised of the chief administrative officer of each of the four incorporating political subdivisions and the President/CEO of the Retail Merchants Association of Counties of Chesterfield, Hanover and Henrico. The City contributed \$8,837,142 in transient occupancy tax revenue for the year ending June 30, 2018.

B. Basis of Presentation

Government-wide and Fund Financial Statements

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

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

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

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

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

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

Governmental Funds

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

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

Proprietary Funds

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

Enterprise Funds

Enterprise Funds are used to report activities for which a fee is charged to external users for goods and services. The City maintains seven Enterprise Funds consisting of the gas, water, wastewater operations and stormwater operations (all of which are considered major funds), Cemeteries, Richmond Coliseum (Coliseum) and Parking Enterprise (which are combined into a single, aggregated presentation as non-major proprietary funds). A description of the major enterprise funds are as follows:

- *Gas* – The Gas Utility provides natural gas service to the City and surrounding counties. Operation of the Gas Utility is designed to be self-supporting through user charges.
- *Water* – The Water Utility provides retail water service to the City and surrounding counties. Operation of the Water Utility is designed to be self-supporting through user charges.
- *Wastewater* – The Wastewater Utility provides wastewater service to the City and portions of the surrounding counties. Operation of the Wastewater Utility is designed to be self-supporting through user charges.
- *Stormwater Utility* – The Storm-water Utility provides storm-water service to the City. Operation of the Storm-water Utility is designed to be self-supporting through user charges.

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Internal Service Funds

Internal Service Funds account for operations that provide services to City departments/agencies on a cost reimbursement basis. The city maintains eight internal service funds consisting of Fleet Management, Radio Management, Health Self-Insurance, Advantage Richmond Corporation, Information Technology, Risk Management, Electric Utility, and Stores and Transportation, which exclusively serves the City's major proprietary funds.

Fiduciary Funds

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

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

Reconciliation of Government-wide and Fund Financial Statements

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

C. Basis of Accounting

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

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

The government-wide financial statements are reported and accounted for on the economic resources measurement focus and the accrual basis of accounting, which include all assets and deferred outflows of resources and liabilities and deferred inflows of resources associated with governmental and business-type activities. Assets and liabilities associated with fiduciary activities are included in the Statement of Fiduciary Net Position. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the City either gives or receives value without directly receiving or giving equal value in exchange, include sales and income taxes, real estate and personal property taxes, grants, entitlements, and donations.

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On an accrual basis, revenue from sales taxes are recognized when the underlying exchange transaction takes place. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

D. Cash and Cash Equivalents

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

E. Investments

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

F. Allowances for Doubtful Accounts

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

Allowances for doubtful accounts at June 30, 2018 were as follows:

General Fund and Governmental Activities	\$	19,377,388
Enterprise Funds:		
Utilities:		
Gas		1,230,415
Water		1,144,214
Wastewater		962,061
Stormwater		4,948,232
Electric - Non Major Internal Service Fund		5,281
Total Enterprise Funds		8,290,203
Total Allowances for Doubtful Accounts	\$	27,667,591

G. Inventories

Inventories on hand at June 30, 2018 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 two years and having an initial cost of more than \$5,000. Capital assets, which are used for general governmental purposes and are not available for expenditure, are accounted for and reported in the government-wide financial statements. Infrastructure elements include the roads, bridges, curbs and gutters, streets and sidewalks, park land, and improvements.

Capital assets are stated at historical cost or estimated historical cost based on appraisals or on other acceptable methods when historical cost is not available. Donated capital assets are stated at their fair market values as of the date of the

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donation. Capital leases are classified as capital assets in amounts equal to the lesser of the fair market value or the discounted present value of net minimum lease payments at the inception of the lease. Accumulated depreciation and amortization are reported as reductions of capital assets.

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

Governmental:	
Infrastructure	20 to 50 years
Buildings and structures	20 to 50 years
Equipment and other assets	2 to 20 years
Enterprise Funds:	
Gas production, distribution, equipment	17 to 34 years
Water pumping, treatment, distribution, equipment	20 to 50 years
Sewage gathering and treatment equipment	20 to 50 years
Coliseum	2 to 20 years
Cemeteries	2 to 20 years
Buildings and structures	20 to 60 years
Equipment and other assets	2 to 20 years

I. Construction Period Interest

The City adopted GASB 89. GASB Statement No. 89 *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

J. Compensated Absences

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

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

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

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

The current portions of the Governmental Activities' compensated absences liabilities are recorded as accrued liabilities when they are expected to be liquidated within the next year. The current and noncurrent portions are recorded in the 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

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

L. Deferred Outflows and Inflows of Resources

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

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

For the RRS Pension Plan, the City had deferred inflows of \$35.9 million comprised primarily of 1) difference between expected and actual investment earnings \$27.5 million and 2) change in assumptions \$5.9 million, 3) difference between expected and actual experience \$2.4 million. Deferred outflows of \$89.2 million was comprised primarily of 1) difference between expected and actual experience of \$5.9 million, 2) the difference between actual and expected investment earnings of \$33.6 million, 3) employer contributions subsequent to the measurement date of \$49.5 million.

For the Virginia Retirement System, deferred outflows consisted of total employer contributions made after the measurement date of \$4.8 million and the difference between expected and actual experience of \$.014 million. Deferred Inflows for the VRS plan totaled \$4.5 million which consisted of \$2.2 million for the difference between expected and actual experience and, change in assumptions of \$.74 million and the difference between projected and actual earnings on plan investments of \$1.6 million.

For OPEB under the RRS deferred outflows of resources was \$.492 million which represented employer contributions subsequent to the measurement date. The VRS Deferred Outflow of Resources were \$2.3 million which also represents employer contributions subsequent to the measurement date, The VRS OPEB also had a Deferred Inflow of .308 million, made primarily of changes in assumptions of .107 million, difference between projected and actual earnings of .078 million; changes in proportion of .076 million and difference between expected and actual experience of .047 million.

M. Restricted Assets

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

N. Categories of Fund Balance

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

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

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Restricted – Amounts constrained to specific purposes by either a third party (such as grantors, bondholders, or 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.

City Council, through Ordinance No. 2010-181-163 adopted September 27, 2010, created a new reservation of fund balance called the Revenue Stabilization Fund for the purpose of helping the City manage through the immediate effects of economic factors including, but not limited to, revenue reductions and unanticipated cuts in state funding, and to set aside \$2 million in fiscal year 2010 as a reservation of fund balance. During 2012, City Council adopted Resolution No. 2012-R41-69, which amended the policy. To state, "The Mayor will prepare and administer General Fund budgets such that funding will be budgeted annually for a Revenue Stabilization and Contingency Fund (the "RSCF") until the RSCF reaches a minimum of \$10,000,000. On December 11, 2017, the City Council further strengthened this policy by adopting Ordinance No. 2017-215 which sets the target balance of the Committed RSCF to 3.0 percent of budgeted General Fund expenditures. Accordingly, an appropriation from the RSCF cannot be proposed unless; (a) projected general fund revenue reflects a 0.5 percent or greater decrease from current year's authorized budget due to a catastrophic, unforeseen or unavoidable event; or (b) expenses increase by 0.5 percent or greater over the current year's authorization due to a catastrophic, unforeseen or unavoidable event. These events must be quantifiable and distinguishable from other events that may occur during the normal course of government operations. If funds are withdrawn from the RSCF, a plan must be put in place, within 60 days, to replenish the fund to the required minimum level. The City shall dedicate up to one half of any year end surplus or other one time revenue toward reaching the targeted goal."

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

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

As required by GAAP, the City has adopted a spending policy indicating that when multiple categories of fund resources are available, they will be expended in a specific order beginning first with restricted resources and continuing in a descending order using unassigned resources last. On December 11, 2017, City Council adopted Ordinance No. 2017-215, which amended the fund balance policy, to further increase the required level of unassigned fund balance from 10.0 percent to 13.67 percent of budgeted General Fund expenditures.

O. Net Position

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

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

Restricted – 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 – Net position not reported as net investment in capital assets or restricted assets.

CITY OF RICHMOND, VIRGINIA
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P. Internal and Intra-entity Activity

In the process of aggregating data for the Statement of Net Position and the Statement of Activities, some amounts reported as 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.

Q. Advances to Other Funds

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

R. Rate Stabilization

City Code section 106-37 authorizes the Utilities Enterprise Funds to establish rate stabilization accounts within each utility. The purpose of rate stabilization is to mitigate and smooth any rate increases that otherwise might be required from year to year by increasing the rate stabilization amounts in years when revenues exceed those needed to meet reasonable rates of return. For the year ended June 30, 2018, Wastewater Utility and Stormwater Utility have approximately \$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 a portion of the expenses that will be required to meet total maximum daily load requirements as imposed by the United States Environmental Protection Agency and the Virginia Department of Environmental Quality.

S. Estimates and Assumptions

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

T. Identification of Major Revenue Sources Susceptible to Accrual

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

U. Permanent Funds

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

V. Unearned Revenues

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

CITY OF RICHMOND, VIRGINIA
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W. Adoption of New Accounting Pronouncements

During the year ended June 30, 2018, the City adopted the provisions of:

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

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

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

In March 2017, GASB issued Statement No. 85 *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]).

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

GASB Statement No. 89 *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62 *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

CITY OF RICHMOND, VIRGINIA
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X. Future Accounting Pronouncements

In April 2018 GASB Statement No. 88 Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements was issued. The primary objective of this Statement is to improve the information that is disclosed in government financial statement notes related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This statement becomes effective in fiscal year 2019.

This Statement defines debt for purposes of disclosure in notes to financial statements and requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit, assets pledged as collateral, and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

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

Issued in January 2017, Statement No. 84 Fiduciary Activities seeks to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The city will review the impact of this statement and implement it in fiscal year 2020.

In November 2016, GASB issued Statement No. 83 Certain Asset Retirement Obligations. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The city will review the impact of this statement and implement it in fiscal year 2019.

CITY OF RICHMOND, VIRGINIA
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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, abatement, and refunds are rounded to the nearest full month.

Personal property taxes may be paid without penalty and interest on or before June 5 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 percent or \$10, whichever is greater, not to exceed the full amount of the tax. In 2017, the interest rate for unpaid taxes was 5 percent through 12/31/16 and 10% beginning 1/1/17.

The City bills and collects its own property taxes. Delinquent property taxes may be sent to collection services. Property taxes levied January 1, 2018 are intended to finance operations of the fiscal year ended June 30, 2018. The real estate taxes assessed and due on January 14, 2018 and June 14, 2018 are intended to finance operations of the fiscal year ended June 30, 2018.

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

A. Cash and Cash Equivalents – Primary Government

At June 30, 2018, cash on hand, cash items and petty cash totaled approximately \$48,798 and the carrying value of the City's demand deposits, savings accounts, and time certificates of deposit with institutions totaled \$69,811,642 and is included in cash and cash equivalents. The City's deposits of \$69,811,642 were covered by federal depository insurance or insured in accordance with provisions of the Virginia Security for Public Deposit Act (the Act). This Act requires financial institutions holding public deposits in excess of amounts covered by federal insurance to pledge collateral in the amount of 50 percent of excess deposits, while savings and loans are required to collateralize 100 percent of excess deposits. The State Treasury Board can assess additional collateral from participating financial institutions to cover collateral shortfalls in the event of default and is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and for notifying local governments of compliance by financial institutions. All funds, unless otherwise classified as restricted, are deposited into pooled bank accounts; the major account defined as the General Fund concentration account. As disbursements are made from the payroll, budget and social services bank accounts, funds from the general fund concentration account are automatically transferred to those bank accounts to cover those disbursements on a daily basis. All cash classified as restricted are related to grantor or debtor requirements.

B. Investments

Investment Policy:

City policy is consistent with the statutes of the Commonwealth of Virginia governing investment, wherein permissible investments include obligations of the Commonwealth, the United States, its agencies and instrumentalities, time certificates of deposit, bankers' acceptances, repurchase agreements, demand notes, commercial paper, the State Treasurer's Local Government Investments Pool (the Virginia LGIP, a 2a-7 like pool), and the State Non-Arbitrage Program (SNAP). As of June 30, 2018, all non-system investments were in either LGIP or SNAP, which were respectively rated AAA, and the length of the investments for both programs was less than 90 days. Additionally, the City is authorized to place investments of the RRS in common stocks, corporate debt securities, U.S. Government and Agency Securities, international stocks and bonds, money market, and mutual funds. At no time, shall more than 35 percent of the portfolio be invested in commercial paper. No more than 5 percent of the portfolio shall be invested in the commercial paper of a single entity.

CITY OF RICHMOND, VIRGINIA
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Custodial credit risk for deposits:

All cash of the City is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act (the Act), Section 2.2-4400 et. Seq. of the *Code of Virginia* or covered by federal depository insurance. Under the Act, banks holding public deposits in excess of the amounts insured by the FDIC must pledge collateral of 50 percent of the excess deposits to a collateral pool in the name of the State Treasury Board. Savings and loan institutions are required to collateralize 100 percent of deposits in excess of the FDIC limits and are considered insured. At June 30, 2018, 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, 2018, the City holds its investment securities primarily in external investment pools and thus is not subject to custodial credit risk disclosure.

Concentration Risk:

At June 30, 2018, the City does not have concentration of credit risk, as no investments were with any one issuer representing more than 5 percent of total investments.

A summary of deposits and investments held by the Primary Government at June 30, 2018 is as follows:

Deposits	
Cash on hand	\$ 48,798
Demand deposits	66,486,362
Investments	
LGIP	295,963,047
Trusts	7,702,983
Money markets	107,953,920
Total deposits and investments	\$ 478,155,110

Reconciliation of Cash Schedule to Statements of Net Position:

	Government-wide	Fiduciary Funds Statement of Net Position			Total
	Statement of Net Position	Pension Trust	Other Employee Benefits	Agency	
Cash and cash equivalents	339,884,054	\$ 8,893,458	\$ -	\$ 3,325,826	\$ 352,103,338
Investments	-	\$ 575,391,031	110,454,560	-	685,845,591
Restricted assets	138,271,056	-	-	-	138,271,056
Total	\$ 478,155,110	\$ 584,284,489	\$ 110,454,560	\$ 3,325,826	\$ 1,176,219,985

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

CITY OF RICHMOND, VIRGINIA
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The Richmond Retirement System (RRS) categorizes the fair value measurements of its assets within their fair value hierarchy established by generally accepted accounting principles (GAAP) outlined in GASB 72. The following table shows the Richmond Retirement System fair value measurements as of June 30, 2018.

Investments Measured at Fair Value

	Fair Value at June 30, 2018	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Equity Securities by Industry Class				
Consumer Spending	\$ 3,724,252	\$ 3,724,252	\$ -	\$ -
Energy and Industrials	4,310,976	4,310,976	-	-
Information Technology	2,984,606	2,984,606	-	-
Financials	5,492,680	5,492,680	-	-
Healthcare	2,926,269	2,926,269	-	-
Other	2,169,494	2,169,494	-	-
Total Equity Securities	<u>21,608,277</u>	<u>21,608,277</u>	<u>-</u>	<u>-</u>
Fixed Income Securities by Industry Class				
Corporate Bonds	16,858,870	13,008,597	3,850,273	-
Mortgage Pass - Through	5,247,224	-	5,247,224	-
US Treasuries	5,150,304	5,150,304	-	-
Collateralized Mortgage Obligation	-	-	-	-
Total Debt Securities	<u>27,256,398</u>	<u>18,158,901</u>	<u>9,097,497</u>	<u>-</u>
Total US Fixed Income				
Global Multi Sector Fixed Income Funds	8,280,449	3,863,684	4,416,765	-
US Equity Funds	-	-	-	-
Hedge Fund of Funds	31,263,701	-	-	31,263,701
Private Debt	45,537,178	-	-	45,537,178
Private Equity	21,293,255	-	-	21,293,255
Opportunistic Fixed Income Funds	24,730,981	-	-	24,730,981
Private Real Estate Fund	9,229,162	5,868,869	-	3,360,293
Total Investments Measured at Net Asset Value (NAV)	<u>140,334,726</u>	<u>9,732,553</u>	<u>4,416,765</u>	<u>126,185,408</u>
Total Investments Measured at Fair Value	<u>\$ 189,199,401</u>	<u>\$ 49,499,731</u>	<u>\$ 13,514,262</u>	<u>\$ 126,185,408</u>

	Fair Value	Unfunded Commitments	Redemption Frequency	Required Redemption Notice
Investments Measured at Net Asset Value (NAV)				
Global Multi-Sector Fixed Income Funds	\$ 90,192,793	\$ -	Daily	1-10 days
US Equity Funds	117,809,466	-	Daily	3-5 days
Hedge Fund of Funds	46,729,101	-	Daily, Quarterly	1-95 days
Developed International Equities Funds	104,730,927	-	Daily	1-30 days
Private Real Estate Fund	26,729,343	-	Quarterly	45 days
Total Investments Measured at Net Asset Value (NAV)	<u>\$ 386,191,630</u>			
Total Investments at Fair Value	<u>\$ 575,391,031</u>			

Level 1 investments are valued at active market quoted prices.

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

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

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

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

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

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

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

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

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

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

The City of Richmond also has investments measured at fair value in its ICMA-RC 457 Deferred Compensation Plan and they are categorized according to the fair value hierarchy established by GAAP outlined in GASB 72. The following table shows the fair value measurement as of June 30, 2018.

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ICMA-RC
Investments Measured at Fair Value
June 30, 2018

<u>Investments Measured at Fair Value</u>	Fair Value	Quoted Price in Active Market (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Stable Value Cash Management Funds	\$ 31,845,873	\$ 31,845,873	\$ -	\$ -
Bonds	1,689,274	1,689,274	-	-
Guaranteed Lifetime Income Funds	246,324	246,324	-	-
Balance Asset Allocation	1,505,654	1,505,654	-	-
US Stock	12,062,748	12,062,748	-	-
Specialty	1,640,753	1,640,753	-	-
International Global Stock	1,059,416	1,059,416	-	-
Total Investments at Fair Value	<u>\$ 50,050,042</u>	<u>\$ 50,050,042</u>	<u>\$ -</u>	<u>\$ -</u>

Investments Measured at Net Asset Value (NAV)

Bonds	\$ 1,641,564
Balance Asset Allocation	22,441,837
US Stock	34,283,402
International Global Stock	2,037,715
Total Investments Measured at Net Asset Value	<u>60,404,518</u>
Total Investment at Fair Value	<u>\$ 110,454,560</u>

<u>Investments Measured at Net Asset Value (NAV)</u>	Fair Value	Unfunded Commitments	Redemption Frequency	Required Redemption Notice
Bonds	\$ 1,641,564	-	Daily	1 day
Balance Asset Allocation	22,441,837	-	Daily	1 day
US Stock	34,283,402	-	Daily	1 day
International Global Stock	2,037,715	-	Daily	1 day
Total Investments Measured at Net Asset Value	<u>\$ 60,404,518</u>			

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

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

Level 3 investments measured at net asset value represent VT Vantage Point mutual funds which is closed as of June 30, 2018.

CITY OF RICHMOND, VIRGINIA
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Participation in External Investment Pools

The City of Richmond has invested bond proceeds subject to rebate of arbitrage earnings in the Virginia State Non-Arbitrage Program ("SNAP"). SNAP is designed to assist local governments in complying with the arbitrage rebate requirements of the Tax Reform Act of 1986. These programs provide comprehensive investment management, accounting and arbitrage rebate calculation services for proceeds of general obligation and revenue tax-exempt bond financing of Virginia cities, counties and towns. As of June 30, 2018, the City had \$95,613,411 in the SNAP short-term investment. SNAP is administered by the Commonwealth of Virginia Treasury Board. The Board is committed to managing certain risk limiting provisions to maintain a stable net asset value (NAV) at \$1.00 per share, which is determined at the close of each business day. The goal of maintaining NAV is facilitated as follows:

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

The City is a participant in the Local Government Investment Pool (LGIP) which is administered by the Commonwealth of Virginia Treasury Board. As of June 30, 2018, the City had \$295,963,047 in the LGIP short-term investment. The Board is committed to managing certain risk limiting provisions to maintain a stable net asset value (NAV) at \$1.00 per share, which is determined at the close of each business day. The goal of maintaining NAV is facilitated as follows:

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

CITY OF RICHMOND, VIRGINIA
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4. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

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

		Due From					
		Capital Projects	Non-Major Governmental	Non-Major Proprietary	Stormwater	Internal Service	Total
Due To	General	\$ 95,539,421	\$ 5,680,940	\$ 1,572,600	\$ -	\$ 26,608,701	\$ 129,401,662
	Gas	-	-	-	-	113,098	113,098
	Water	-	-	-	-	94,287	94,287
	Wastewater	-	-	-	3,370,748	500	3,371,248
	Stormwater	-	-	-	-	437	437
	Total	\$ 95,539,421	\$ 5,680,940	\$ 1,572,600	\$ 3,370,748	\$ 26,817,023	\$ 132,980,732

The balances resulted from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur and payments among funds are made. The City reports interfund transfers among many of its funds. Interfund transfers for the year ended June 30, 2018, consisted of the following:

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

The City report interfund transfers among many of its funds. Interfund transfers for the year ended June 30, 2018, consisted of the following:

		Transfer From							
		General Fund	Major Proprietary Funds			Internal Service	Non-Major Governmental	Non-Major Enterprise	Total
			Gas	Water	Wastewater				
Transfer To	General	\$ -	\$ 632,959	\$ 1,581,387	\$ 1,379,947	\$ 354,653	\$ -	\$ -	\$ 3,948,946
	Capital Projects	3,931,811	-	-	-	-	-	-	3,931,811
	Debt Service	59,414,793	-	-	-	-	-	-	59,414,793
	Non-Major Enterprise	622,629	-	-	-	-	-	-	622,629
	Non-Major Governmental	18,288,191	-	-	-	-	293,585	366,006	18,947,782
	Total	\$ 82,257,424	\$ 632,959	\$ 1,581,387	\$ 1,379,947	\$ 354,653	\$ 293,585	\$ 366,006	\$ 86,865,961

5. DUE FROM OTHER GOVERNMENTS

Amounts due from other governments at June 30, 2018 are as follows:

Primary Government	Federal	State	Other Localities	Total
General Fund	\$ -	\$ 30,929,738	\$ -	\$ 30,929,738
Capital Projects Fund	1,212,252	2,230,755	-	\$ 3,443,007
Non-major Governmental Funds	3,054,980	-	-	\$ 3,054,980
Water Fund	-	146,350	3,384,745	\$ 3,531,095
Stormwater Fund	-	506,048	-	506,048
	\$ 4,267,232	\$ 33,812,891	\$ 3,384,745	\$ 41,464,867

CITY OF RICHMOND, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

6. CAPITAL ASSETS

Primary Government – Governmental Activities

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Capital Assets Not Being Depreciated:				
Land and Land Improvements	\$ 96,634,552	\$ 2,445,751	\$ 290,338	\$ 98,789,965
Construction in Progress	150,055,064	67,110,731	131,693,849	85,471,946
Works of Art/Historical Treasures	7,534,002	928,915	-	8,462,917
Total Capital Assets Not Being Depreciated	254,223,618	70,485,397	131,984,187	192,724,828
Capital Assets Being Depreciated:				
Infrastructure	889,640,157	48,696,161	79,257	938,257,061
Building and Structures	859,567,033	64,717,765	2,048,526	922,236,272
Equipment	121,523,651	21,739,905	6,773,845	136,489,711
Improvements Other Than Buildings	21,400,794	83,061	-	21,483,855
Total Other Capital Assets	1,892,131,635	135,236,892	8,901,628	2,018,466,899
Less Accumulated Depreciation For:				
Infrastructure	570,974,327	21,553,574	-	592,527,901
Building and Structures	354,496,722	23,123,294	1,951,256	375,668,760
Equipment	100,772,184	7,744,274	4,356,007	104,160,451
Improvements Other Than Buildings	10,647,464	1,252,186	-	11,899,650
Total Accumulated Depreciation	1,036,890,697	53,673,328	6,307,263	1,084,256,762
Total Capital Assets Being Depreciated, Net	855,240,938	81,563,564	2,594,365	934,210,137
Governmental Activities, Capital Assets, Net	\$ 1,109,464,556	\$ 152,048,961	\$ 134,578,552	\$ 1,126,934,965

Depreciation expense was charged to functions as follows:

General Government	\$ 24,853,550
Public Safety and Judiciary	936,165
Highways, Streets, Sanitation and Refuse	20,585,887
Human Services	5,776
Non-Departmental	181,008
Culture and Recreation	1,703,846
Education	5,407,096
Subtotal	53,673,328
Allocation related to Internal Service Funds	7,630,748
Total	\$ 46,042,580

CITY OF RICHMOND, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Primary Government – Business-type Activities

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Gas Utility				
Capital Assets Not Being Depreciated -				
Land	\$ 219,200	\$ -	\$ -	\$ 219,200
Construction in Progress	8,405,643	24,143,618	29,378,086	3,171,175
Capital Assets Being Depreciated -				
Plant-in-service	641,322,398	29,378,086	8,274,845	662,425,639
Total Capital Assets Being Depreciated	<u>641,322,398</u>	<u>29,378,086</u>	<u>8,274,845</u>	<u>662,425,639</u>
Less Accumulated Depreciation For -				
Plant-in-service	245,473,928	21,198,511	8,246,380	258,426,059
Total Accumulated Depreciation	<u>245,473,928</u>	<u>21,198,511</u>	<u>8,246,380</u>	<u>258,426,059</u>
Total Capital Assets Being Depreciated, Net	395,848,470	8,179,575	28,465	403,999,580
Gas Utility Capital Assets, Net	<u>\$ 404,473,313</u>	<u>\$ 32,323,193</u>	<u>\$ 29,406,551</u>	<u>\$ 407,389,955</u>
Water Utility				
Capital Assets Not Being Depreciated -				
Land	\$ 878,307	\$ -	\$ -	\$ 878,307
Construction in Progress	35,343,881	22,614,415	16,383,889	41,574,407
Capital Assets Being Depreciated -				
Plant-in-service	541,097,216	18,310,850	319,652	559,088,414
Total Capital Assets Being Depreciated	<u>541,097,216</u>	<u>18,310,850</u>	<u>319,652</u>	<u>559,088,414</u>
Less Accumulated Depreciation For -				
Plant-in-service	199,240,499	16,613,864	310,331	215,544,032
Total Accumulated Depreciation	<u>199,240,499</u>	<u>16,613,864</u>	<u>310,331</u>	<u>215,544,032</u>
Total Capital Assets Being Depreciated, Net	341,856,717	1,696,986	9,321	343,544,382
Water Utility Capital Assets, Net	<u>\$ 378,078,905</u>	<u>\$ 24,311,401</u>	<u>\$ 16,393,210</u>	<u>\$ 385,997,096</u>
Wastewater Utility				
Capital Assets Not Being Depreciated -				
Land	\$ 1,101,261	\$ -	\$ -	\$ 1,101,261
Construction in Progress	28,922,321	34,099,055	39,274,484	23,746,892
Capital Assets Being Depreciated -				
Plant-in-service	726,499,162	33,976,783	84,040	760,391,905
Total Capital Assets Being Depreciated	<u>726,499,162</u>	<u>33,976,783</u>	<u>84,040</u>	<u>760,391,905</u>
Less Accumulated Depreciation For -				
Plant-in-service	295,907,299	22,885,686	75,195	318,717,790
Total Accumulated Depreciation	<u>295,907,299</u>	<u>22,885,686</u>	<u>75,195</u>	<u>318,717,790</u>
Total Capital Assets Being Depreciated, Net	430,591,863	11,091,097	8,845	441,674,115
Wastewater Utility Capital Assets, Net	<u>\$ 460,615,445</u>	<u>\$ 45,190,152</u>	<u>\$ 39,283,329</u>	<u>\$ 466,522,268</u>

CITY OF RICHMOND, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Stormwater Utility				
Capital Assets Not Being Depreciated -				
Construction in Progress	\$ 1,673,493	\$ 8,127,845	\$ 8,844,071	\$ 957,267
Capital Assets Being Depreciated -				
Plant-in-service	25,174,147	12,214,821	-	37,388,968
Total Capital Assets Being Depreciated	25,174,147	12,214,821	-	37,388,968
Less Accumulated Depreciation For -				
Plant-in-service	3,504,774	1,012,474	-	4,517,248
Total Accumulated Depreciation	3,504,774	1,012,474	-	4,517,248
Total Capital Assets Being Depreciated, Net	21,669,373	11,202,347	-	32,871,720
Stormwater Utility Capital Assets, Net	23,342,866	19,330,192	8,844,071	\$ 33,828,987
Other Business-type Activity:				
Capital Assets Not Being Depreciated -				
Land and Land Improvements	\$ 27,039,115	\$ -	\$ -	\$ 27,039,115
Capital Assets Being Depreciated -				
Buildings and Structures	69,306,557	977,136	120,377	70,163,316
Equipment and Other Capital Assets	7,516,429	2,306,770	86,286	9,736,913
Total Capital Assets Being Depreciated	76,822,986	3,283,906	206,663	79,900,229
Less-Accumulated Depreciation For				
Buildings and Structures	40,867,091	1,469,171	120,377	42,215,885
Equipment and Other Assets	6,920,496	796,323	86,286	7,630,533
Total Accumulated Depreciation	47,787,587	2,265,494	206,663	49,846,418
Total Capital Assets Being Depreciated, Net	29,035,399	1,018,412	-	30,053,811
Other Business-type Activity Capital Assets, Net	\$ 56,074,514	\$ 1,018,412	\$ -	\$ 57,092,926
Enterprise Funds Capital Assets, Net	\$ 1,322,585,043	\$ 122,173,350	\$ 93,927,161	\$ 1,350,831,232
Internal Service Fund - Stores Utility, Net	\$ 2,746,751	\$ -	\$ 112,681	\$ 2,634,070
	\$ 1,325,331,794	\$ 122,173,350	\$ 94,039,842	\$ 1,353,465,302

CITY OF RICHMOND, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

7. OBLIGATIONS

Changes in obligations during the fiscal year ended June 30, 2018 are summarized below:

Primary Government – Governmental Activities

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018	Not Due Within One Year	Due Within One Year
General Obligation Bonds	\$ 594,887,858	\$ 294,315,000	\$ 257,321,578	\$ 631,881,280	\$ 593,376,726	\$ 38,504,554
General Obligation Bond - Direct Borrowing	21,608,841	-	567,600	21,041,241	12,472,041	8,569,200
Total General Obligation Bonds	616,496,699	294,315,000	257,889,178	652,922,521	605,848,767	47,073,754
General Obligation Serial Notes	1,250,000	-	625,000	625,000	-	625,000
Virginia Public Schools Authority Bonds	248,508	-	248,508	-	-	-
Qualified Zone Academy Bonds	1,254,933	-	192,480	1,062,453	439,981	622,472
HUD Section 108 Notes	9,605,000	-	525,000	9,080,000	8,550,000	530,000
Premium on Debt Issued	42,996,923	54,765,293	22,730,762	75,031,454	65,766,050	9,265,404
Total General Obligation Bonds and Notes	671,852,063	349,080,293	282,210,928	738,721,428	680,604,798	58,116,630
Line of Credit - Bond Anticipation Note - Series 2015A	95,000,000	-	95,000,000	-	-	-
Total Obligations	<u>\$ 766,852,063</u>	<u>\$ 349,080,293</u>	<u>\$ 377,210,928</u>	<u>\$ 738,721,428</u>	<u>\$ 680,604,798</u>	<u>\$ 58,116,630</u>
Advantage Richmond Lease Revenue Bond	\$ 4,205,462	\$ -	\$ 970,056	\$ 3,235,406	\$ 2,213,049	\$ 1,022,357
Compensated Absences	\$ 16,679,036	\$ 17,534,400	\$ 15,366,851	\$ 18,846,585	\$ 16,971,554	\$ 1,875,030
Net Other Postemployment Benefit Liability	\$ 66,135,940	\$ 2,885,884	\$ 80,734	\$ 68,941,090	\$ 68,941,090	\$ -
Net Pension Liability	\$ 305,166,792	\$ 20,221,598	\$ 52,019,703	\$ 273,368,687	\$ 273,368,687	\$ -

As of June 30, 2018, the City's Primary Government has outstanding general obligation bonds and notes of \$738,721,428, including direct borrowings totaling \$31,808,694. Directly borrowed debt includes bonds and notes borrowed from Commercial Banks, the Commonwealth of Virginia (VPSA), and from the Federal Department of Housing and Urban Development (HUD). During the FY2018 fiscal year the City used a \$100.0 million Bond Anticipation Note Line of Credit Facility which was paid off completely during the year by the issuance of long term general obligation bonds during the year, and the Line of Credit was canceled.

See Note 12 for additional information regarding Other Postemployment Benefits (OPEB). The contributions for OPEB by the City are determined annually by the City's Department of Budget & Strategic Planning and subsequently approved and adopted through the City's biennial budget process.

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

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

CITY OF RICHMOND, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Primary Government – Business Type Activities

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018	Not Due Within One Year	Due Within One Year
<i>General Obligation Bonds</i>						
Gas Utility - Bonds	\$ 23,041,120	\$ -	\$ 5,650,823	\$ 17,390,297	\$ 15,027,513	\$ 2,362,784
Gas Utility - Direct Borrowing	9,775,000	-	3,109,600	6,665,400	3,482,200	3,183,200
Total General Obligation Debt	32,816,120	-	8,760,423	24,055,697	18,509,713	5,545,984
Water Utility - Bonds	15,707,531	-	4,179,898	11,527,633	10,101,290	1,426,343
Water Utility - Direct Borrowing	9,137,500	-	2,906,800	6,230,700	3,255,100	2,975,600
Total General Obligation Bonds	24,845,031	-	7,086,698	17,758,333	13,356,390	4,401,943
Wastewater Utility - Bonds	4,274,514	-	4,274,514	-	-	-
Wastewater Utility - Direct Borrowing	2,801,000	-	676,000	2,125,000	1,433,000	692,000
Total General Obligation Bonds	7,075,514	-	4,950,514	2,125,000	1,433,000	692,000
Stormwater Utility - Direct Borrowing	838,781	386,626	44,007	1,181,400	1,104,636	76,764
Premium on Debt, Net	624,865	-	323,719	301,146	301,146	-
Total Utilities - General Obligation Bonds	66,200,311	386,626	21,165,361	45,421,576	34,704,885	10,716,691
Non-Major Enterprise Funds Bonds	63,988,249	53,255,000	55,346,060	61,897,189	55,910,870	5,986,319
Non-Major Enterprise Funds - Direct Borrowing	266,259	-	-	266,259	266,259	-
Total - Non-Major Enterprise Funds	64,254,508	53,255,000	55,346,060	62,163,448	56,177,129	5,986,319
Premium on Debt, Net	-	1,882,100	117,302	1,764,798	1,764,798	-
Total General Obligation Debt	130,454,819	55,523,726	76,628,723	109,349,822	92,646,812	16,703,010
<i>Revenue Bonds:</i>						
Gas Utility - Bonds	261,433,569	-	4,776,785	256,656,784	249,665,102	6,991,682
Gas Utility - Direct Borrowing	-	-	-	-	-	-
Total Revenue Bonds	261,433,569	-	4,776,785	256,656,784	249,665,102	6,991,682
Water Utility - Bonds	203,990,223	-	3,483,495	200,506,728	194,548,751	5,957,977
Water Utility - Direct Borrowing	147,862	-	6,292	141,570	135,278	6,292
Total Revenue Bonds	204,138,085	-	3,489,787	200,648,298	194,684,029	5,964,269
Wastewater Utility - Bonds	232,891,209	-	4,079,723	228,811,486	222,221,145	6,590,341
Wastewater Utility - Direct Borrowing	57,055,885	592,203	4,986,909	52,661,179	48,248,049	4,413,130
Total Revenue Bonds	289,947,094	592,203	9,066,632	281,472,665	270,469,194	11,003,471
Premium on Revenue Bond Debt, Net	93,039,877	-	6,754,841	86,285,036	86,285,036	-
Total Revenue Bonded Debt	848,558,625	592,203	24,088,045	825,062,783	801,103,361	23,959,422
Total Bonded Debt	\$ 979,013,444	\$ 56,115,929	\$ 100,716,768	\$ 934,412,605	\$ 893,750,173	\$ 40,662,432
<i>Compensated Absences:</i>						
Gas	\$ 857,474	\$ 801,666	\$ 796,146	\$ 862,994	\$ 693,337	\$ 169,657
Water	612,481	660,196	561,977	710,700	570,983	139,717
Wastewater	661,480	565,882	618,191	609,171	489,414	119,757
Stormwater	195,994	212,206	179,761	228,439	183,530	44,909
Stores Operating Fund	24,499	23,578	22,694	25,383	20,393	4,990
Cemeteries	75,783	75,693	69,993	81,483	71,900	9,583
Parking Garages	34,377	36,119	31,614	38,882	31,691	7,191
Total Compensated Absences	\$ 2,462,088	\$ 2,375,340	\$ 2,280,376	\$ 2,557,052	\$ 2,061,248	\$ 495,804
Other Postemployment Benefit Liability	\$ 13,304,615	\$ 603,486	\$ 2,432,265	\$ 11,475,836	\$ 11,475,836	\$ -
Net Pension Liability	\$ 43,578,340	\$ 1,714,600	\$ 5,483,890	\$ 39,809,050	\$ 39,809,050	\$ -

As of June 30, 2018, the City's Utilities Enterprise Funds had \$15,021,100 of direct borrowings from a commercial bank and \$53,984,150 of direct borrowing from the Commonwealth of Virginia's Virginia Resources Authority.

CITY OF RICHMOND, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Details of Bonds and Notes Outstanding

	Interest Rates	Issue Date	Maturity Date	Original Issue	Balance at June 30, 2018	
					Governmental Activities	Enterprise Funds
General Obligation Bonds						
Public Improvement Bonds 2009A	2 00% - 5 00%	12/22/2009	7/15/2029	78,580,000	7,365,000	-
Public Improvement Refunding Bonds 2009B	2 00% - 5 00%	12/22/2009	7/15/2022	34,340,000	23,260,000	-
Public Improvement Bonds 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	10,434,050	2,310,950
Public Improvement Bonds 2011A (VRA)	0 00%	6/1/2011	1/15/2032	225,000	-	157,500
Public Improvement Bonds 2012A	2 00% - 5 00%	6/28/2012	3/1/2032	98,835,000	25,520,000	-
Public Improvement Refunding Bonds 2012B	2 00% - 5 00%	6/28/2012	7/15/2024	46,870,000	31,260,000	-
Public Improvement Refunding Bonds 2012C	.35% - 2 85%	6/28/2012	7/15/2023	100,030,000	26,542,232	29,232,768
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	19,695,000	-
Public Improvement Bonds 2013B	3 00% - 4 80%	9/26/2013	3/1/2033	11,295,000	9,860,000	-
Public Improvement Bonds 2013C	Variable	11/21/2013	9/1/2018	10,000,000	8,500,000	-
Public Improvement Bonds 2014A	3 00% - 5 00%	12/23/2014	3/1/2035	99,295,000	58,285,000	-
Public Improvement Refunding Bonds 2014B	5 00%	12/23/2014	7/15/2026	25,605,000	25,605,000	-
Public Improvement Refunding Bonds 2015A	2 34%	7/15/2015	7/15/2023	56,715,000	12,541,241	21,303,759
Public Improvement Bonds 2015B	3 00% - 5 00%	12/8/2015	3/1/2038	62,795,000	56,800,000	-
Public Improvement Bonds 2015C	3 00% - 4 00%	12/8/2015	6/1/2041	23,000,000	21,805,000	-
Public Improvement Bonds 2017A (VRA)	0 00%	3/30/2017	7/15/2037	1,310,278	-	1,023,900
Public Improvement Refunding Bonds 2017B	3 00% - 5 00%	7/14/2017	7/15/2037	185,070,000	175,780,000	9,290,000
Public Improvement Refunding Bonds 2017C	1.15% - 3 13%	7/14/2017	7/15/2031	43,965,000	-	43,965,000
Public Improvement Refunding Bonds 2017D	4 00% - 5 00%	12/21/2017	3/1/2033	118,535,000	117,190,000	-
Qualified Zone Academy Bonds - 2004	0%	5/6/2004	5/6/2019	2,142,167	544,137	-
Qualified Zone Academy Bonds - 2004B	0%	12/30/2004	12/30/2020	1,536,671	518,316	-
General Obligation Notes						
Serial Equipment Notes Series 2014	1 28%	6/19/2014	6/1/2019	3,125,000	625,000	-
HUD Section 108 Notes						
HUD Section 108 Note Series 2015A	0 83% - 3 60%	5/28/2015	8/1/2032	10,125,000	9,080,000	-
Revenue Bonds						
Public Utility Revenue Bonds 1998C-VRA	1 70%	4/9/1998	7/15/2018	10,000,000	-	327,299
Public Utility Revenue Bonds 1998D-VRA	1 70%	4/9/1998	7/15/2018	8,600,000	-	283,115
Public Utility Revenue Bonds 2006 - VRA	2 20%	6/29/2006	1/15/2028	11,000,000	-	6,369,402
Public Utility Revenue Bonds 2008A- VRA	2 52%	6/27/2008	1/15/2029	6,900,000	-	4,187,187
Public Utility Revenue Bonds 2009B-VRA	0%	6/24/2009	7/15/2030	32,000,000	-	20,000,000
Public Utility Revenue Bonds 2010A-VRA	0%	2/3/2010	7/15/2040	188,218	-	141,570
Public Utility Revenue Bonds 2012A-VRA	0%	4/17/2012	1/15/2035	23,289,955	-	19,796,461
Public Utility Revenue Bonds 2013A	2 00% - 5 00%	5/2/2013	1/15/2043	214,220,000	-	199,010,000
Public Utility Revenue Bonds 2015A - VRA	0%	3/5/2015	1/15/2036	2,600,000	-	1,697,716
Public Utility Revenue Bonds 2016A	4 00% - 5 00%	12/7/2016	1/15/2046	502,260,000	-	486,965,000
Premium on Debt Issued					75,031,454	88,350,980
Total Bonds and Notes					\$ 738,721,428	\$ 934,412,605
Lease Revenue Bond - Advantage Richmond	5 25%	10/26/2005	10/1/2020	12,100,000	\$ 3,235,406	\$ -

CITY OF RICHMOND, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

The annual requirements to amortize to maturity all long-term debt outstanding (General Obligation Bonds, General Obligation Serial Equipment Notes, 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 (Bonds)		General Obligation Bonds (Direct Borrowing)		General Obligation Notes (Direct Borrowing)	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 38,505	\$ 27,330	\$ 8,569	\$ 364	\$ 625	\$ 8
2020	40,329	25,735	71	291	-	-
2021	43,342	23,979	72	289	-	-
2022	39,974	22,103	5,944	219	-	-
2023	46,388	19,897	-	149	-	-
2024-2028	179,994	72,694	6,385	75	-	-
2029-2033	173,635	30,859	-	-	-	-
2034-2038	65,720	6,487	-	-	-	-
2039-2043	3,995	324	-	-	-	-
Subtotal	631,882	229,408	21,041	1,387	625	8
Premium	75,031	-	-	-	-	-
Total	\$ 706,913	\$ 229,408	\$ 21,041	\$ 1,387	\$ 625	\$ 8

Fiscal Year	(in \$1,000)					
	HUD Section 108 Note (Direct borrowing)		Qualified Zone Academy Bonds (Direct Borrowing)		Lease Revenue Bonds (Direct Borrowing)	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 530	\$ 256	\$ 622	\$ -	\$ 1,022	\$ 174
2020	540	247	78	-	1,077	107
2021	545	237	362	-	1,136	36
2022	555	225	-	-	-	-
2023	570	211	-	-	-	-
2024-2028	3,035	806	-	-	-	-
2029-2033	3,305	295	-	-	-	-
Total	\$ 9,080	\$ 2,277	\$ 1,062	\$ -	\$ 3,235	\$ 317

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Business-type Activities:

(in \$1,000s)

Fiscal Year	General Obligation Bonds - Bonds		General Obligation Bonds - Direct Borrowing	
	Principal	Interest	Principal	Interest
2019	\$ 9,775	\$ 2,278	\$ 6,928	\$ 418
2020	10,116	2,074	7,091	256
2021	8,114	1,859	7,249	90
2022	8,015	1,652	203	5
2023	7,867	1,421	77	5
2024-2028	23,252	4,461	524	2
2029-2033	17,660	1,158	372	-
2034-2038	-	-	41	-
Subtotal	84,799	14,903	22,485	776
Premium	2,065	-	-	-
Total	\$ 86,864	\$ 14,903	\$ 22,485	\$ 776

(in \$1,000s)

Fiscal Year	Utility Revenue Bonds- Bonds		Utility Revenue Bonds- Direct Borrowing	
	Principal	Interest	Principal	Interest
2019	\$ 19,540	\$ 33,043	\$ 4,419	\$ 252
2020	18,455	32,067	3,831	\$ 225
2021	18,350	31,144	3,853	\$ 203
2022	23,095	30,227	3,876	\$ 180
2023	23,235	29,071	3,899	\$ 156
2024-2028	147,060	125,935	19,867	\$ 411
2029-2033	194,710	84,263	10,682	\$ 8
2034-2038	116,805	42,769	2,360	\$ -
2039-2044	100,200	17,533	16	\$ -
2045-2048	24,525	1,988	-	\$ -
Subtotal	685,975	428,040	52,803	\$ 1,435
Premium	86,285	-	-	\$ -
Total	\$ 772,260	\$ 428,040	\$ 52,803	\$ 1,435

Debt issued during the fiscal year ended June 30, 2018

On July 14, 2017, the City issued \$185,070,000 of tax-exempt General Obligation Refunding bonds, Series 2017B, and \$43,965,000 of taxable General Obligation Refunding bonds, Series 2017C. Proceeds of these two bond issues, along with \$28,479,847 of bond premiums received, were used to refund certain principal maturities of the City's outstanding Series 2009A, 2010A, 2010D, and 2012A General Obligation bonds, and to payoff \$95,000,000 outstanding on a short term Bond Anticipation Note Line of Credit, which had been used to provide interim financing of City capital projects. Immediately prior to the bond offering, Moody's, Standard and Poor's, and Fitch Ratings each affirmed the City's long-term General Obligation ratings of Aa2, AA+, and AA+, respectively. All three rating agencies indicated a stable outlook for the City.

A portion of the proceeds of the 2017B and all of the 2017C General Obligation refunding bond issues were placed into an irrevocable trust with an escrow agent to provide for all future principal and interest payments due on the refunded Series 2009A, 2010A, 2010D and 2012A General Obligation bonds. The refunding of these series of bonds at lower interest rates and bond yields, achieved cash flow debt service savings to the City's General Fund and Parking Enterprise Fund of approximately \$16,035,888 over the remaining fifteen year life of the bonds. The new Series 2017B bonds have coupon interest rates between 3.00% and 5.00%, with interest payable on January 15th and July 15th of each year. Annual principal amounts between \$3,930,000 and \$15,815,000

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are payable on July 15th of each year beginning in 2018, with a final maturity due July 15, 2037. The new 2017C bonds have coupon interest rates of between 1.15% and 3.125%, with interest payable on January 15th and July 15th of each year. Annual principal amounts between \$2,675,000 and \$3,745,000 are payable on July 15th of each year beginning in 2018, with a final principal maturity due on July 15, 2031.

On December 21, 2017, the City issued \$118,535,000 of tax-exempt General Obligation Refunding bonds, Series 2017D. Proceeds of this bond issue, including \$28,167,546 of bond premiums received, were used to refund certain principal maturities of the City's outstanding Series 2013A and 2014A General Obligation bonds. Immediately prior to the bond offering, Moody's, Standard and Poor's, and Fitch Ratings each affirmed the City's long-term General Obligation ratings of Aa2, AA+, and AA+, respectively, with all three rating agencies indicating a stable outlook for the City.

The proceeds of the 2017D General Obligation Refunding bond issue were placed into an irrevocable trust with an escrow agent to provide for all future principal and interest payments due on the refunded Series 2013A and 2014A General Obligation bonds. The refunding of these series of bonds at lower interest rates and bond yields, achieved cash flow debt service savings to the City's General Fund and Parking Enterprise Fund of \$13,223,192 over the remaining fifteen year life of the bonds. The new Series 2017D bonds have coupon interest rates between 4.00% and 5.00%, with interest payable on March 1st and September 1st of each year. Principal payments of between \$1,345,000 and \$15,940,000 are payable on March 1st of each year beginning in 2018, with a final principal maturity due July 15, 2033.

Defeasance of Debt

On December 23, 2014, the City purchased U.S. Government Securities with proceeds of the General Obligation Public Improvement Refunding Bonds Series 2014B to advance refund \$23,125,000 of the General Obligation Bonds, Series 2009A. These U.S. Government Securities were deposited into an irrevocable trust with an escrow agent to provide for all future debt service payments due on the refunded Series 2009A bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. The call date for the Series 2009A Bonds is July 15, 2019.

On December 7, 2016, the City purchased U.S. Government Securities with proceeds of the Public Utility Revenue and Refunding bonds, Series 2016A to advance refund \$129,480,000 of the Public Utility Revenue Bonds, Series 2009A. These U.S. Government Securities were deposited into an irrevocable trust with an escrow agent to provide for all future debt service payments due on the refunded Series 2009A Public Utility Revenue bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. The call date for the Series 2009A Public Utility Revenue Bonds is January 15, 2019. As of June 30, 2018, the City has an aggregate \$126,235,000 of defeased Public Utility Revenue bond debt.

On July 14, 2017, the City purchased U.S. Government Securities with proceeds of the General Obligation Public Improvement Refunding Bonds, Series 2017B and 2017C to advance refund principal maturities of the Series 2009A, 2010D, and 2012A General Obligation Bonds. These U.S. Government Securities were deposited into an irrevocable trust with an escrow agent to provide for all future debt service payments due on the refunded bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. As of 6/30/2018, the principal amount of defeased bonds is \$127,525,000. The call date for the Series 2009A Bonds is July 15, 2019, for the Series 2010D is July 15, 2020, and for the 2012A is March 1, 2022.

On December 21, 2017 the City purchased U.S. Government Securities with proceeds of the General Obligation Public Improvement Refunding Bonds, Series 2017D to advance refund principal maturities of the Series 2013A, and 2014A General Obligation Bonds. These U.S. Government Securities were deposited into an irrevocable trust with an escrow agent to provide for all future debt service payments due on the refunded bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. As of 6/30/2018, the principal amount of defeased bonds is \$125,420,000. The call date for the Series 2013A Bonds is March 1, 2023 and for the Series 2014A is March 1, 2024.

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Legal Debt Limit

Article VII, Section 10 of the Constitution of Virginia provides that the legal debt limit for cities for issuing General Obligation debt is ten (10) percent of the last preceding assessment for real estate taxes. At June 30, 2018, the City had a legal debt limit of \$2,271,088,300 (10% of the taxable real estate value) and the statutory capacity to issue approximately \$1,500,114,447 of additional General Obligation debt (remaining debt margin).

Authority to Issue Debt

As of June 30, 2018, the City had a total of \$526,253,625 of additional general obligation and revenue bonds authorized, but not issued, for funding Capital Improvement Projects and the acquisition of Equipment. Of these authorized, but not issued bonds and notes, \$227,876,000 is earmarked for self-supporting Public Utility revenue bond funded projects, \$6,189,722 of General Obligation bond funded projects of the Stormwater Utility, \$282,430,903 for various General Fund supported capital projects and \$9,757,000 for funding of equipment purchases.

Bond Ratings

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

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

On August 15, 2018, the City issued \$46,890,000 of tax-exempt General Obligation Public Improvement Bonds, Series 2018A, and \$8,310,000 of taxable General Obligation Public Improvement Bonds, Series 2018B. 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. Moody's rating also indicated a Positive outlook for the City.

The \$46,890,000 par amount of the Series 2018A General Obligation bond proceeds, along with a \$3,578,133 premium received, were used to reimburse the city for ongoing capital spending which occurred during the last eleven months. The Series 2018A bonds have coupon interest rates ranging from 2.00% to 5.00%, with interest being payable on March 1st and September 1st of each year. Serial annual principal amounts of between \$1,300,000 and \$3,020,000 are payable on March 1st of each year, with a final maturity due on March 1, 2041.

The \$8,310,000 Series 2018B taxable General Obligation bond proceeds, along with an \$85,098 premium, were used to refinance the City's outstanding Series 2013C General Obligation Bonds. The Series 2018B General Obligation Bonds have coupon interest rates ranging from 2.45% to 3.75% with interest payable on July March 1st and September 1st of each year. Serial annual principal amounts of between \$370,000 and \$710,000 are payable on March 1st of each year, with a final principal maturity due on March 1, 2033.

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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, 2018 are composed of the following:

	General Fund	Debt Service	Capital Projects Fund	Other Non-Major Governmental Funds
Nonspendable:				
Prepaid	\$ 9,953	\$ -	\$ -	\$ -
Total Nonspendable	<u>9,953</u>	<u>-</u>	<u>-</u>	<u>-</u>
Restricted To:				
Capital Projects	-	7,702,983	5,923,343	-
Bond Sinking Fund	-	-	-	-
NM Governmental Funds	-	-	-	22,764,272
Total Restricted	<u>-</u>	<u>7,702,983</u>	<u>5,923,343</u>	<u>22,764,272</u>
Committed To:				
Revenue Stabilization and Contingency Policy	12,000,000	-	-	-
Retirement	2,000,000	-	-	-
School Board Operations	47,172	-	-	-
Total Committed	<u>14,047,172</u>	<u>-</u>	<u>-</u>	<u>-</u>
Assigned To:				
Encumbrance Roll Forward	5,432,399	-	-	-
Capital Reserve	2,225,585	-	-	-
City Attorney Special Funds	5,383,096	-	-	-
Percent for the Arts	306,396	-	-	-
OPEB Trust	250,000	-	-	-
Total Assigned	<u>13,597,476</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unassigned:				
Total Unassigned	108,511,921	117,340	(106,593,357)	-
Total Fund Balances	<u>\$ 136,166,522</u>	<u>\$ 7,820,323</u>	<u>\$ (100,670,014)</u>	<u>\$ 22,764,272</u>

9. RISK MANAGEMENT

The City's non-health care related risk management activities are conducted through the Risk Management Unit within an Internal Service Fund 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, claim 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 Unit within the Internal Service 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.

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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, 2018, premiums for excess coverage and claims paid for self-insured coverage were recognized as revenue and recorded as expenditures or expenses in the appropriate Governmental and Proprietary Funds, respectively.

The City's aggregate actuarially determined liability for uninsured workers' compensation, general liability, and automobile liability at June 30, 2018 was \$40,390,113 (undiscounted) and \$33,120,531 (discounted at 3.5 percent). Changes in the aggregate for these liabilities for FY 2017 and FY 2018 were:

Fiscal Year	Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims and Premium Payments	Balance at Fiscal Year End
2017	\$ 34,412,205	\$ 2,411,238	\$ (5,320,965)	\$ 31,502,478
2018	\$ 31,502,478	\$ 3,255,876	\$ (1,637,823)	\$ 33,120,531

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

Probability Level	Discounted	Undiscounted
90%	\$ 9,194,517	\$ 9,354,037
75%	\$ 8,151,976	\$ 8,293,408
Central Estimate	\$ 7,222,201	\$ 7,347,502

10. HEALTH CARE PLAN

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

Retiree Eligibility

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

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

Sworn Police, Sworn Fire, Sworn VRS, and Executives currently are not in the defined contribution group are also able to participate in the post-retirement medical coverage even if they were hired after January 1, 1997.

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

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City Subsidy

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

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

Benefits

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

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

	HEALTH INSURANCE	
	PRIMARY GOVERNMENT	
	Fiscal Year 2018	Fiscal Year 2017
Unpaid Claims Beginning of Fiscal Year	\$ 3,850,000	\$ 3,666,000
Incurred Claims (including IBNR)	43,859,563	40,628,486
Claim Payments	43,792,563	40,444,486
Unpaid Claims End of Fiscal Year	\$ 3,917,000	\$ 3,850,000

11. RETIREMENT PLANS

Richmond Retirement System (RRS)

Defined Benefit Plan

A. Plan Description

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

The RRS is single-employer Defined Benefit Plan. The RRS has one participating employer, the City, including its component unit Richmond Behavioral Health Authority and a small portion of Richmond Public Schools. The plan covers all full-time permanent employees, with the exception of those elected officials and persons eligible for membership in the Judicial Retirement System and the Virginia Retirement System. A majority of the employees of the School Board participate in the Virginia Retirement System (VRS), which offers both agent and cost sharing multiple-employer retirement plan options to Virginia localities and acts as a common investment and administrative agent for certain political subdivisions in the Commonwealth of Virginia. Members are vested after five years of creditable service or at their normal retirement age (age 65 for General Employees; age 60 for Public Safety Employees). The plan is contributory for employees.

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B. Contribution Policy

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

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

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

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

- Actuarial cost method – Entry Age Normal
- Amortization method – Level percent of pay over a closed period not to exceed 30 years for Police and Fire Employees; level dollar amount over a closed period, not to exceed 30 years for General Members.
- Remaining amortization period – 20 years for remaining unfunded accrued liability as of July 1, 2006; 20 years for subsequent changes.
- Asset valuation method – five year spread of the difference between actual investment earnings and assumed investment earnings a 7.5% with the restriction that the resulting value must be within 90% to 110% of market value.
- Inflation rate of 3.0%.
- Salary increases General Employees – 3.0% to 4.00.
- Salary Increases – Police and Fire Employees from 3.0% to 4.5%.
- Investment rate of return – 7.5%.
- Retirement Age General Employees – 20% in the 1st year of unreduced retirement eligibility; 3% at age 55 increasing to 100% at age 75.
- Retirement Age Police and Fire Employees – 40% in 1st year of unreduced retirement eligibility; 9% at age 50 increasing to 100% at age 64.
- Mortality General Employees – RP – 2000 Mortality Table with 2 year set-forward for males.
- Mortality Police and Fire employees – RP-2000 Mortality Table.
- Turnover Rate General Employees - 1.37% to 16.68% depending on attained age
- Turnover Rate Fire and Police 0.0 to 5.67% depending on attained age
- Disability Rate General Employees - 0.04% to .49% based on attained age
- Disability Rate Fire and Police -.017% to .271% based on attained age.
- Duty Disability Rate General Employees - 0.0037% 0.2032% based on attained age
- Duty Disability Rate - Fire and Police - Age 25 Rate 0.00163% to Age 55 Rate 0.3835% based on attained age.
- Interest rate- The expected long term rate of return of 7.5% was used to determine the Entry Age Actuarial Liability and Normal Cost for purposes of determining contribution rates. For financial reporting, under GASB67, the same 7.5% rate was used because it was projected that under the funding policy there will be no future date at which time system assets will be depleted. If that were the case, a blended rate using 7.50% long term rate of return assumption would have been used for years until assets are projected to be depleted and a high quality 20 year municipal bond yield would have been used thereafter.
- Annual Money Weighted Rate of Return, Net of Investment Fess - 7.2%.
- Annual money-weighted rate of return is calculated net of all investment management expenses and additional plan investment related expenses that are reported by the plan’s custodian and/or were provided to NEPC by the client. The methodology used to determine the money weighted rate of return is different from the calculation of

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the fiscal year rate of return, which was 7.20% net of fees. Cash flows have a larger impact on the money-weighted rate of return than the fiscal year rate of return, which uses a time-weighted calculation.

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

D. Plan Membership

As of the June 30, 2018, membership in the RRS was comprised as follows:

Active vested Plan members	1,522
Active Non-vested Plan members	259
Terminated Vested Plan members	1,603
Retirees and beneficiaries receiving benefits	4,318
	7,702

E. Net Pension Liability

A detailed schedule of changes in the net pension liability is presented under required supplementary information. This information is intended to help users assess the extent of the City's obligation to the Defined Benefit Plan. The net pension liability of the City at June 30, 2018 for the RRS was as follows.

Total pension liability (TPL)	\$ 842,303,287
Plan fiduciary net position	538,837,265
City's net pension liability (NPL)	303,466,022
Plan fiduciary net position as a percentage of the total pension liability	64.0%
Covered-employee payroll	\$ 105,164,784
City's net pension liability as a percentage of covered employee payroll	288.6%

Expected Rate of Return and Target allocation

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

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2018 are summarized below:

<u>Investment</u>	<u>30-Yr. 2018 NEPC Arithmetic Return</u>
Large Cap Equities	8.83%
SMID Cap Equities	9.64%
Developed International Equities	9.64%
Emerging International Equities	12.47%
Hedge Funds	6.71%
Private Equity	11.72%
Global Multi-Sector Fixed Income	5.29%
Opportunistic Fixed Income	5.32%
Private Debt	8.25%
Real Estate (core)	7.25%
Cash	2.75%

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F. Sensitivity of the Net Pension Liability

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

Sensitivity of the NPL to Changes in the Discount Rate			
	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Plan Net Pension Liability	\$ 380,851,522	\$ 303,466,022	\$ 236,626,975

G. Summary of Deferred Outflows and Inflows of Resources

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

Summary of Deferred Outflows and Inflows of Resources-RRS		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 5,940,779	\$ 2,391,985
Change in assumptions		5,865,300
Difference between expected and actual investment earnings	33,595,660	27,495,979
Change in proportion and difference between employer contribution and proportion share of contribution	137,078	137,078
Due to proportion change on beginning NPL	-	-
Employer contributions subsequent to the measurement date	49,483,077	-
Total	\$ 89,156,594	\$ 35,890,342

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Deferred outflows associated with contributions subsequent to the measurement date will be recognized as a reduction to net pension liability in FY 2018. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions are amortized over specific years and recognized in pension expense in future years as shown below:

Amortization Schedule of Deferred Outflows and Inflows of Resources			
Year Ended June 30,	Deferred Outflows	Deferred Inflows	
2019	\$ 15,078,107	\$ 19,915,138	
2020	14,716,404	6,168,089	
2021	9,879,006	4,903,557	
2022	-	4,903,558	
2023	-	-	
2024	-	-	
2025	-	-	
Total	\$ 39,673,517	\$ 35,890,342	

H. Components of Pension Expense

PENSION EXPENSE - RRS	
Service Cost	9,996,926
Interest Cost	60,018,265
Experience Loss/(Gain)	1,609,215
Contribution Employee	(2,096,642)
Net Investment Income	
Expected Return on Investments	(36,745,964)
Investment Gain or Loss Expensed	(4,903,557)
Administrative Expense	1,112,650
Amortization	(1,542,696)
Pension Expense	27,448,197

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

Defined Contribution Plan

The RRS also offers a Defined Contribution 401(a) Plan as another retirement option to the City and RBHA. This plan is mandatory for general employees hired on/or after July 1, 2006, and optional for senior executives and public safety officers. The RRS is the administrator for this plan and has contracted with an independent, not-for-profit financial services organization to be the record keeper of the plan. The City contributes a percentage of an employee's creditable compensation, based on years of service, to a portable account for investment by the employee. This plan is non-contributory for employees. There are 1,938 city employees currently enrolled in the plan.

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

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

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

RRS Financials can be accessed at: www.RVA.gov/retirement/publications.aspx

Virginia Retirement System (VRS)

A. Plan Description

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

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

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

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

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

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

B. Contribution Policy

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

The City's contractually required contribution rate for the year ended June 30, 2018, was 14.3 percent of covered employee payroll. This rate was based on an actuarially determined rate from an actuarial valuation of June 30, 2016. This rate, when combined with employee contributions, is expected to finance the costs of benefits earned by the employee during the year, with an additional amount to finance any unfunded accrued liability.

C. Plan Membership

At June 30, 2018, the valuation date, City Membership in the VRS was comprised as follows:

Active Members	556
Inactive Members Members and their beneficiaries receiving benefits	362
Members active elsewhere in VRS	249
Non-vested members	142
Vested members	103
Subtotal Inactive Members	856
TOTAL	1,412

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D. Net Pension Liability

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

Total Pension Liability	\$ 124,108,292
VRS Fiduciary Net Position	(114,396,577)
Net Pension Liability	<u>\$ 9,711,715</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	92.2%
Covered Employee Payroll	\$ 25,215,253
City's Net Pension Liability as a Percentage of Covered Employee Payroll	38.5%

E. Actuarial Methods and Assumptions

The City's net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2016, using updated actuarial assumptions, applied to every period included in the measurement and rolled forward to the measurement date of June 30, 2018.

Actuarial Assumptions for General Employees

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

- Inflation 2.5%
- Salary Increase 3.5%-5.35%
- Investment Rate of Return net of pension plan investment expense 7.00%
- Mortality rates: Assumed to be service related deaths 20.00%

General Employees		
Largest 10 - Non-LEOS		
Mortality Rates		
<u>Pre-Retirement</u>	<u>Post-Retirement</u>	<u>Post-Disablement</u>
RP-2014 Employee rates to age 80, Healthy Annuitant rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates	RP-2014 Employee rates to age 49, Healthy Annuitant rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90	RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates
All Others (Non 10 Largest)- Non LEOS		
Mortality Rates		
<u>Pre-Retirement</u>	<u>Post-Retirement</u>	<u>Post-Disablement</u>
RP-2014 Employee rates to age 80, Healthy Annuitant rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates	RP-2014 Employee rates to age 49, Healthy Annuitant rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90	RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates

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The actuarial assumptions used in the June 30, 2016, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 Non Hazardous Duty

- Mortality Rates(Pre-retirement, post retirement healthy, and disabled) were updated to a more current mortality table RP 2014 projected to 2020
- Retirement Rates-Lower rates at older ages and changed final retirement from 70 to 75
- Withdrawal Rates - Adjusted rates to better fit experience at each year, age and service through 9 years of service.
- Disability Rates- Lowered rates
- Salary Scale- No change
- Line of Duty Disability-Increase rate from 14% to 20%.

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

- Mortality Rates were updated to a more current mortality table RP 2014 projected to 2020
- Retirement Rates-Lower rates at older ages and changed final retirement from 70 to 75
- Withdrawal Rates - Adjusted rates to better fit experience at each year, age and service through 9 years of service.
- Disability Rates- Lowered rates
- Salary Scale- No change
- Line of Duty Disability-Increase rate from 14% to 15%

Actuarial Assumptions – Public Safety Employees

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

- Inflation 2.5%
- Salary Increase 3.5%-4.75%
- Investment Rate of Return net of pension plan investment expense 7.00%
- Mortality rates: Assumed to be service related deaths 70.00%

Public Safety Employees		
Largest 10 - Non-LEOS		
Mortality Rates		
<u>Pre-Retirement</u>	<u>Post-Retirement</u>	<u>Post-Disablement</u>
RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.	RP-2014 Employee rates to age 49. Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years.	RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.
All Others (Non 10 Largest) - Non-LEOS		
Mortality Rates		
<u>Pre-Retirement</u>	<u>Post-Retirement</u>	<u>Post-Disablement</u>
RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.	RP-2014 Employee rates to age 49. Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years.	RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

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

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Largest 10 – Hazardous Duty:

- Mortality Rates-Update to a more current mortality table RP 2014 projected to 2020
- Retirement Rates-Lowered rates at older ages
- Withdrawal Rates- Adjusted rates to better fit experience
- Disability rates Increased rates
- Salary Scale-No change
- Line of Duty Disability-Increase rates from 60% to 70%
 Decrease rate from 60% to 45%
 Decrease in male rates of disability

All Others (Non 10 Largest) – LEOS:

- Mortality Rates-Update to a more current mortality table RP 2014 projected to 2020
- Retirement Rates-Increased age 50 rates, and lowered rates at older ages
- Withdrawal Rates- Adjusted rates to better fit experience at each year age and service through 9 years of service
- Disability rates-Adjusted rates to better fit experience
- Salary Scale-No change
- Line of Duty Disability-Decrease rates from 60% to 45%

Long Term Expected Rate of Return

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

Long Term Expected Rate of Return			
	Target Allocation	Arithmetic Long- term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
	100%		4.80%
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	7.30%

* The above allocation provides a one year return of 7.30%. However, one year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total pension liability was 7%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS statutes and the employer contribution will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rated contributed by the City of Richmond for the retirement plan will be subject to the portion of the VRS board certified rates that are funded by the Virginia General Assembly. From July 1, 2019, on participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all

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projected future benefit payments of current active and inactive employees. Therefore the Long -term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

F. Summary of Deferred Outflows and Inflows of Resources VRS

The schedules presented below reflect information required under GAAP and were prepared using an actuarial valuation performed as of June 30, 2016. The valuation was based upon data furnished by the VRS staff concerning active, retired and inactive members, along with pertinent financial information. The projected cash flows used to determine the discount rate assumed that plan member contributions will be made per the VRS statutes and the employer contributions will be made in accordance with the policies established by VRS at rates equal to the difference between actuarially determined contribution rates adopted by the VRS board and the member rate.

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

Summary of Deferred Outflows and Inflows of Resources	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 14,397	\$ 2,166,830
Changes in assumptions	-	743,579
Net difference between projected and actual earnings on plan investments	-	1,596,138
Employer contribution subsequent to the measurement date	4,807,272	-
Total	<u><u>\$ 4,821,669</u></u>	<u><u>\$ 4,506,547</u></u>

The deferred inflows of the VRS are amortized over a period of 4 years and are presented below to show the amount to be recognized in pension expense in future years. The deferred outflows made subsequent to the measurement date will be recognized as a reduction to NPL in 2018 and are not amortized.

Amortization Schedule of Deferred Outflows and Inflows of Resources		
2019	\$	(2,399,162)
2020		(802,344)
2021		(218,241)
2022		(1,072,403)
2023		-
Thereafter		-
Total	\$	<u><u>(4,492,150)</u></u>

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

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Sensitivity of the NPL to Changes in Discount Rate			
	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Plan Net Pension Liability	\$ 25,238,188	\$ 9,711,715	\$ (3,213,103)

Components of Pension Expense

PENSION EXPENSE - VRS	
Service Costs	\$ 3,589,830
Interest on the total pension liability	8,348,430
Expensed portion of current-period difference between expected and actual experience in the total pension liability	(2,719,281)
Expensed portion of current period changes in assumptions	(1,083,113)
Member contributions	(1,401,096)
Projected earning on plan investments	(7,199,996)
Expensed portion of current-period differences between actual and projected earnings on plan investments	(1,072,402)
Administrative expenses	72,905
Other	11,180
Recognition of beginning deferred outflows of resources as pension expense	1,597,938
Recognition of beginning deferred inflows of resources as pension expense	(1,715,130)
Pension Expense	<u>\$ (1,570,735)</u>

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12. OTHER POSTEMPLOYMENT BENEFITS

From an accrual accounting perspective, the cost of postemployment healthcare benefits, like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid. In accordance with GAAP, the City recognizes the cost of postemployment healthcare in the year when the employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the City's future cash flows. The City has employees participating in one of two OPEB Plans. The City of Richmond OPEB Plan and the Virginia Retirement System (VRS) OPEB Plan.

Other Post Employment Benefit Plans

A. City of Richmond OPEB Plan Description

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

The plan has been changed to only value participants who are currently retired and active members that were hired prior to January 1, 1997. Sworn Police, Sworn Fire, Sworn VRS, and Executives currently not in the defined contribution group are also able to participate in the post-retirement medical coverage even if they were hired after January 1, 1997. All other members hired after this date are assumed to pay the full cost of the program with no implicit rate subsidy and, therefore, have no liability reported under GAAP.

Retirees that become Medicare eligible are no longer eligible for the City retiree medical plan. Surviving spouses of retirees may elect to remain in the deceased member's health insurance plan for up to 36 months after the death of the member paying the same rate as the retiree, but without the City's contribution.

Currently the plans offered to retirees provided by the Connecticut General Life Insurance Co. are the Open Access Plus Copay Plan-OAPA Premier Plan and the Open Access Plus Copay Plan-OAPB Classic Plan. Retirees that become Medicare Eligible are no longer eligible for the City of Richmond retiree medical plan.

Surviving spouses of retirees may elect to remain in the deceased member's health insurance plan for up to 36 months after the death of the member. They pay the same rate as the retiree, but without the City's contribution.

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

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

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

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

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

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

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

The number of employee participants as of July 1, 2017, the effective date of the biennial OPEB valuation, follows. There have been no significant changes in the number covered or the type of coverage since that date.

Active Employees	1,664
Retired Employees	404
Total	2,068

Pre-Medicare retirees who participate in the plan pay the full active rate less the contribution from the City of Richmond if they are eligible for the subsidy. The monthly rate for the available plans are as follows:

Health Plan Tier	OAPA Premier Plan	OAPB Classic Plan	High Deductible Plan
Employee	\$990.02	\$1,049.03	\$815.29
Employee Plus Spouse	\$1,980.05	\$2,098.07	\$1,630.58

The City contributes the following to the above rates based on the participants' years of service at retirement

Years of Service	OAPA Premier Plan	OAPB Classic Plan	High Deductible Plan
10 to 15	\$573.91	\$615.65	\$472.62
15 to 25	\$654.80	\$696.53	\$539.23
25+	\$735.69	\$777.45	\$605.85

These rates are a blend of the rates paid if a retiree completes an annual health assessment and if they do not complete the health assessment. Retiree contributions are assumed to increase at the health care cost trend rate.

The City Of Richmond does not produce a separate stand-alone OPEB financial report.

a. Funding Policy

The City currently pays for postemployment healthcare benefits on a pay-as-you-go basis. The City funds on a cash basis as benefits are paid. No assets have been segregated or restricted to provide for post-retirement benefits. 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.

b. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. Most included coverage is *community-rated* and annual premiums for community-rated coverage's were used as a proxy for claims costs without age adjustment.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality,

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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.

These estimates reflect the potential impact of the Patient Protection and Affordable Care Act (PPACA).

The assumptions used in the basis of the July 2017 valuation include:

Salary Increases – Not applicable

Discount Rate – For GASB Statement No. 74 and No. 75 the discount rate is 3.11% per annum based on the S&P Municipal Bond 20 Year High Grade Index as of June 30th 2017

Valuation Date - July 1, 2017

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

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

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

The Healthcare cost trend rate- for Medical is 8.0% to grade uniformly to 5.0% over a 6 year period.

Administrative Expenses- are assumed to be included in the medical claims costs.

Investment Policy- Not Applicable

Coordination with Medicare- The OPEB program provides primary coverage for pre Medicare eligible participants.

Retiree coverage terminates once a retiree becomes Medicare Eligible

Actuarial Methods:

Actuarial Method - Retiree postemployment benefit expenses are determined under the Entry Age Normal cost method.

Asset Valuation Method – Not applicable

Amortization Period-For GASB Statements No. 74 and No.75 contribution calculations: 20 Years (closed). Experience gains and losses are amortized over the average working lifetime of all participants which for the current year is 11 year

Mortality Rates - were based on the following depending on the class of employees and the commencement status.

Class of Employee	Pre-Commencement	Post Commencement	Post Disablement
Constitutional Officers	RP-2000 Employee Mortality Table projected with Scale AA to 2020 then set forward 2 years for males and back 3 years for females. Future mortality improvement is projected to be fully generational with Scale AA	RP-2000 Employee Mortality Table projected with Scale AA to 2020 then set back 1 year for females. Future mortality improvement is projected to be fully generational with Scale AA	RP-2000 Disability Life Mortality Table; then set back 3 years for males. No future mortality improvement is projected
Police and Fire Employees	1983 Group Annuity Mortality Table for males and females	1983 Group Annuity Mortality Table for males and females	
General Employees	1983 Group Annuity Mortality Table for males and females	1983 Group Annuity Mortality Table for males and females	

Disability Rates

Age	State Employee Male	State Employee Female	Fire and Police Unisex	General Employee Unisex
20	0.09%	0.10%	0.08%	0.07%
35	0.18%	0.15%	0.11%	0.07%
50	0.45%	0.55%	0.77%	0.32%
55	0.45%	0.55%	1.69%	0.58%
60	0.72%	1.00%	4.64%	1.60%

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Withdrawal Rates

Age	Male				Female			
	0-2 Years	3-4 Years	5-9 Years	10+ Years	0-2 Years	3-4 Years	5-9 Years	10+ Years
25	22.10%	13.00%	13.00%	0.00%	25.60%	15.70%	15.70%	0.00%
35	16.70%	9.30%	9.00%	4.50%	17.80%	11.00%	11.00%	5.00%
45	12.90%	7.00%	7.00%	2.30%	13.90%	7.40%	7.40%	2.50%
55	10.20%	6.00%	6.00%	0.00%	12.50%	6.00%	0.00%	0.00%
65	11.30%	11.00%	0.00%	0.00%	14.00%	12.00%	0.00%	0.00%

Age	Years of Service					
		1	2	3	4	5+
25	20.00%	0.18%	17.80%	17.80%	17.80%	9.50%
35	20.00%	0.15%	14.70%	14.70%	14.70%	5.90%
45	20.00%	0.12%	12.20%	12.20%	12.20%	3.30%
55	20.00%	0.10%	10.30%	10.30%	10.30%	1.30%
65	0.05%	0.00%	0.00%	0.00%	0.00%	0.00%

Age	Withdrawal Rate
25	5.06%
35	2.77%
45	0.61%
55	0.09%
65	0.00%

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Retirement Rates

Constitutional Officers	Male		Female	
	<30 Years	30+ Years	<30 Years	30+ Years
Age				
50-	3.00%	10.00%	3.22%	10.00%
51	3.32%	10.00%	3.52%	10.00%
52	3.68%	10.00%	3.84%	10.00%
53	4.08%	10.00%	4.19%	10.00%
54	4.51%	10.00%	4.58%	10.00%
55	5.00%	10.00%	5.00%	10.00%
56	5.00%	10.00%	5.12%	10.00%
57	5.00%	10.00%	5.24%	10.00%
58	5.00%	10.00%	5.37%	10.00%
59	5.00%	10.00%	5.50%	10.00%
60	5.00%	10.00%	5.50%	15.00%
61	10.00%	15.00%	10.00%	20.00%
62	15.00%	25.00%	15.00%	30.00%
63	15.00%	25.00%	15.00%	24.49%
64	15.00%	20.00%	15.00%	20.00%
65	30.00%	30.00%	30.00%	40.00%
66	30.00%	30.00%	30.00%	25.00%
67-69	30.00%	25.00%	30.00%	25.00%
70+	100.00%	100.00%	100.00%	100.00%

Fire and Police Employees		
Age	< 25 Years Unisex	25+ Years Unisex
50	0.00%	25.00%
55	8.00%	25.00%
60	5.00%	25.00%
65	50.00%	50.00%
70	100.00%	100.00%

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General Employees		
Age	< 25 Years Unisex	25+ Years Unisex
50	0.00%	25.00%
55	8.00%	25.00%
60	5.00%	25.00%
65	50.00%	50.00%
70	100.00%	100.00%

The actuarial projections are based on established patterns of practice as promulgated by the Actuarial Standards Board.

c. Annual Per Capita Healthcare Cost

Effective for the July 1, 2017 actuarial valuation, an analysis of the City's claims experience was performed for the purposes of setting the retiree medical claims cost. The main purpose is to project the expected annual per capita claims cost for current retirees and future retirees who are currently active.

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

July 1, 2017 annual per capita claim

	<u>Medical/RX*</u>
Retiree Age 65 Pre-Medicare	\$14,050
Spouse Age 65 Pre-Medicare	\$14,050

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

d. Net OPEB Liability

The following table shows the components of City's annual OPEB liability at June 30, 2018:

NET OPEB LIABILITY	
	2018
Total OPEB Liability	\$ 80,416,926
Plan Fiduciary Net Position	-
Net OPEB Liability - June 30	<u>\$ 80,416,926</u>
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	0%

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e. Sensitivity of Net OPEB Liability to Changes in the Discount Rate

The following table represents the net OPEB liability calculated using the stated discount rate, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the assumed trend rate.

	1% Decrease	Current Rate	1% Increase
	2.11%	3.11%	4.11%
Net OPEB Liability	\$ 92,141,952	\$ 80,416,926	\$ 76,651,767

f. Sensitivity of Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following table represents the net OPEB liability calculated using the stated health care cost trend assumption, as well as what the OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the assumed trend rate.

	1% Decrease	Current	1% Increase
	7% decreasing to 4% over 6 years	8% decreasing to 5% over 6 years	9% decreasing to 6% over 6 years
Net OPEB Liability	\$ 74,044,349	\$ 80,416,926	\$ 95,798,266

g. Summary of Deferred Inflows and Outflows of Resources for OPEB

	<u>Deferred Inflows</u>	<u>Deferred Outflows</u>
Contributions Subsequent to the Measurement Date (Prior Years)	\$ -	\$ (2,958,026)
Post Measurement Contributions	-	3,450,241
Total	\$ -	\$ 492,215

B. Virginia Retirement System Other Post Employment Benefits (OPEB)

a. VRS Plan Description

The Virginia Retirement System (VRS) Group Life Insurance Program is a multiple employer, cost-sharing plan and provides coverage to state employees, teachers, and employees of participating political subdivisions. For the City of Richmond these eligible employees include Constitutional Officer Employees only.

The Group Life Insurance Program was established in July 1, 1960 pursuant to §51.1-500 et seq. of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended. The Group Life Insurance Program is a defined benefit plan that provides a basic group life insurance benefit for employees of participating employers. For purposes of measuring the net Group Life Insurance Program OPEB liability, deferred outflows of resources and

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deferred inflows of resources related to the Group Life Insurance Program OPEB, and Group Life Insurance Program OPEB expense, information about the fiduciary net position of the Virginia Retirement System (VRS) Group Life Insurance program OPEB and the additions to/deductions from the VRS Group Life Insurance Program OPEB's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Eligible Employees

Basic group life insurance coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their member contributions and accrued interest.

Benefit Amounts

The benefits payable under the Group Life Insurance Program have several components.

- **Natural Death Benefit** – The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled.
- **Accidental Death Benefit** – The accidental death benefit is double the natural death benefit.
- **Other Benefit Provisions** – In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include:
 - Accidental dismemberment benefit
 - Safety belt benefit
 - Repatriation benefit
 - Felonious assault benefit
 - Accelerated death benefit option

Reduction in Benefit Amounts

The benefit amounts provided to members covered under the Group Life Insurance Program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.

Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)

For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the Group Life Insurance Program. The minimum benefit was set at \$8,000 by statute. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and is currently \$8,111.

b. Contributions

The contribution requirements for the Group Life Insurance Program are governed by §51.1-506 and §51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the Group Life Insurance Program was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% and the employer component was 0.52%. Employers may elect to pay all or part of the employee contribution, however the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2018 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contribution to the Group Life Insurance Program from the entity were \$132,787 and \$123,871 for the years ended June 30, 2018 and June 30, 2017, respectively.

c. Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2016, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

Inflation	2.5 percent
Salary increases, including inflation –	

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General state employees	3.5 percent – 5.35 percent
VaLORS employees	3.5 percent – 4.75 percent
Locality – General employees	3.5 percent – 5.35 percent
Locality – Hazardous Duty employees	3.5 percent – 4.75 percent
Investment rate of return	7.0 Percent, net of investment expenses, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of the OPEB liabilities.

Mortality Rates

	<u>Pre Retirement</u>	<u>Post Retirement</u>	<u>Post Disablement</u>
General State Employees	RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males set back 1 year, 85% of rates; females set back 1 year.	RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year; females set back 1 year with 1.5% increase compounded from ages 70 to 85	RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males 115% of rates; females 130% of rates.
Largest Ten Locality Employers - General Employees	RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 95% of rates; females 105% of rates.	RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.	RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates
Non-Largest Ten Locality Employers - General Employees	RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 95% of rates; females 105% of rates.	RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.	RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.
Largest Ten Locality Employers – Hazardous Duty Employees	RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward 1 year.	RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.	RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

Mortality rates – Largest Ten Locality Employers - General Employees

For the Largest Ten Locality Employers - General Employees The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

CITY OF RICHMOND, VIRGINIA
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Mortality rates – Non-Largest Ten Locality Employers - General Employees

For the Non-Largest Ten Locality Employers - General Employees The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75.
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14 to 15%

d. Net GLI OPEB Liability

The net OPEB liability (NOL) for the Group Life Insurance Program represents the program’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2017, NOL amounts for the Group Life Insurance Program is as follows:

	Group Life Insurance OPEB Program
Total GLI OPEB Liability	\$ 4,073,000
Plan Fiduciary Net Position	<u>1,990,000</u>
Employers’ Net GLI OPEB Liability (Asset)	<u>\$2,083,000</u>
Plan Fiduciary Net Position as a Percentage	
Total GLI OPEB Liability	48.86%

At June 30, 2018, the City of Richmond reported a liability of \$ 2,083,000 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2017 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of that date. The City’s proportion of the Net GLI OPEB Liability was based on the covered employer’s actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2017 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2017, the City of Richmond proportion was .13844%as compared to .14361 %at June 30, 2016.

For the year ended June 30, 2018, the City recognized GLI OPEB expense of \$9,000. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

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e. Deferred Inflows and Outflows

At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB program from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	-	\$ 47,000
Net Difference between projected and actual earnings on GLI OPEB program investments	-	78,000
Change in assumptions	-	107,000
Change in proportion	-	76,000
Employer Contributions subsequent to the measurement date	\$ 2,341,481	-
Total	\$ 2,341,481	\$ 308,000

\$2,341,481 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the Fiscal Year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year ended June 30,	Amortization of Deferred Inflows
2019	62,000
2020	62,000
2021	62,000
2022	62,000
2023	42,000
Thereafter	18,000

f. Sensitivity of Net OPEB Liability to Changes in the Discount Rate

The following table represents the VRS net OPEB liability calculated using the stated discount rate, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the assumed trend rate.

	1% Decrease	Current Rate	1% Increase
	6%	7%	8%
VRS Net OPEB Liability	2,695,000	2,083,000	1,588,000

CITY OF RICHMOND, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

g. Long-Term Expected Rate of Return

The long-term expected rate of return on the VRS investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of VRS investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Arithmetic Long Term Expected Rate of Return	Weighted Average Long Term Expected Rate of Return
Public Equity	40%	4.54%	1.82%
Fixed Income	15%	0.69%	0.10%
Credit Strategies	15%	3.96%	0.59%
Real Assets	15%	5.76%	0.86%
Private Equity	15%	9.53%	1.43%
Total	<u><u>100.00%</u></u>		<u><u>4.80%</u></u>
		Inflation	<u>2.50%</u>
		* Expected arithmetic nominal return	<u><u>7.30%</u></u>

*The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the VRS, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

13. DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan (the Plan) created in accordance with Internal Revenue Code (IRC) Section 457. The Plan is available to all City employees and permits deferral until future years of up to 100% of salary with a maximum deferral of \$18,500 for calendar year 2018, whichever is less. The compensation deferred is not available to employees until termination, retirement, death, an unforeseeable emergency, or a small balance account withdrawal. Employees are eligible to initiate a one-time disbursement of an account if the balance is greater than \$1,000 but less than \$5,000 and neither the employee nor the employer has contributed to the account for at least two years. If the balance is under \$1,000, the participant is automatically notified by ICMA-RC and provided a form to request the distribution. In accordance with the amended provisions of IRC Section 457, all assets and income of the plan were transferred to a trust and are held for the exclusive benefit of participants and their beneficiaries. The City is the Trustee for the plan and has contracted with a nongovernmental third party administrator to administer the plan. This plan is reported in accordance with GAAP as an Other Employee Benefits Trust Fund.

As of June 30, 2018, the contributions for the year ended and the fair value of the plan investments were \$10,323,585 and \$110,454,560 respectively.

CITY OF RICHMOND, VIRGINIA
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June 30, 2018

14. LEASES

All lease transactions have been determined to be operating leases. As of June 30, 2018, the future operating lease commitments are as follows:

<u>Fiscal Year</u>	<u>Governmental Activities</u>
2019	\$ 1,284,348
2020	1,070,396
2021	835,660
2022	545,371
Total minimum lease payments	3,735,775
Lease expenses for the year ended June 30, 2018	\$ 1,939,074

15. CONTINGENCIES, COMMITMENTS, AND OTHER MATTERS

A. Combined Sewer Overflow (CSO)

The City operates an advanced wastewater treatment facility with a service area of 81.3 square miles that collects and treats a dry weather flow up to 45 million gallons per day (MGD) and a combination of dry weather flow and combined storm water at flows up to 75 MGD. Within about 35% of the City's service area, the main lines and interceptor lines are combined sewers. A system of retention facilities, storage tunnels, intercepting and trunk sewers links the separate and combined systems with the wastewater treatment plant. There is a mechanical or hydraulic regulator structure at each of the twenty-nine (29) CSO outfalls and each has the capacity to divert dry weather flow and some storm water flow to the wastewater treatment plant for complete treatment. Phases I and II of the City's CSO control plan are complete. Phase III began in 2006 and will continue into the future.

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

The City CSO control plan was estimated at \$295 million in 1995 dollars and is now estimated at \$751 million in 2018 dollars (\$288 million spent to date). Funding for the CSO control plan implementation is a combination of ratepayer dollars, state revolving loan funds, bond proceeds and state and federal grants. By agreement with the Board, the City is required to raise revenue for implementation of its CSO Control Plan by raising and maintaining sewer rates such that the annual sewer bill for a typical residential customer will be at least 1.25% of the median household income (MHI) supplemented by the availability of federal and state grants. The City's sewer rates have exceeded the 1.25% of MHI requirement since July 2009 and are at 1.79% of MHI as of July 2018.

B. Grants

Grant programs are subject to financial and compliance audits by the federal government, which may result in disallowed expenditures. Based on prior experience, City management believes such disallowances, if any, will be immaterial.

C. Gas Utility Enterprise Fund

To ensure the continuity of natural gas supplies and transmission facilities, the City's Gas Utility Enterprise Fund has entered into various long-term supply and transmission contracts through the year 2038. The aggregate commitments under these contracts amounted to approximately \$349 million at June 30, 2018.

16 Restatements

- A. GASB 75 requires The City of Richmond to restate its OPEB liability due to changes in actuarial assumptions and reporting requirements. Therefore the City has to restate the beginning balance of our OPEB liability as well as Deferred Outflow of Resources (DOR). The schedule below illustrates this.
- B. In FY18 the City created two new Funds, IT and Risk Management. These Funds were formally reported in the General Fund as the IT and Risk Management Agencies. When these new Funds were created there was \$155,735 of capital assets associated with IT and \$31,502,478 of liabilities associated with Risk Management. These adjustments to Net Position are illustrated below.

		Enterprise Funds										Internal Service Funds (ISF)																		
		Governmental		Business-Type		Other						Risk		Total ISF																
		Activities	Activities	Gas	Water	Wastewater	Stormwater	Cemeteries	Parking	Fleet	Radio	IT	Mgt		Electric	Stores														
Balance as previously reported	\$	162,047,034	\$	710,003,844	\$	142,877,189	\$	250,213,373	\$	290,189,296	\$	25,518,337	\$	5,837,973	\$(12,653,427)	\$	(10,768,685)	\$(5,058,634)	\$	-	\$	30,891,186	\$	5,879,072	\$	20,742,939				
Effect of:																														
- GASB # 75 - OPEB Restatement		(39,056,359)		(7,254,455)		(2,497,439)		(1,892,811)		(1,888,471)		(630,810)		(191,451)		(95,025)		(426,263)		(22,963)		(848,288)		(11,620)		(292,086)		(58,448)		(1,659,668)
- GASB # 75 - OPEB VRS		(2,513,000)		-		-		-		-		-		-		-		-		-		-		-		-		-		-
- New ISF Funds		-		-		-		-		-		-		155,735		-		-		-		-		(31,502,478)		-		-		(31,346,743)
Balance as Restated	\$	120,477,675	\$	702,749,389	\$	140,379,750	\$	248,320,562	\$	288,300,825	\$	24,887,527	\$	5,646,522	\$(12,748,452)	\$	(11,194,948)	\$(5,081,597)	\$	(692,553)	\$(31,514,098)	\$	30,399,100	\$	5,820,624	\$	(12,263,472)			

***REQUIRED SUPPLEMENTARY
INFORMATION***

CITY OF RICHMOND, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2018

EXHIBIT H-1

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
City Taxes				
Real Estate	\$ 253,689,025	\$ 253,800,865	\$ 247,700,125	\$ (6,100,740)
Sales Tax	34,109,045	34,109,045	30,282,657	(3,826,388)
Personal Property	49,570,574	49,570,574	60,801,789	11,231,215
Machinery and Tools	15,388,289	14,388,289	13,996,708	(391,581)
Utility Sales Tax Gas	4,954,462	4,954,462	4,600,765	(353,697)
Utility Sales Tax Electric	12,563,100	12,563,100	13,785,874	1,222,774
Utility Sales Tax Telephone	176,945	176,945	232,377	55,432
State Communication Taxes	16,134,020	16,134,020	14,138,781	(1,995,239)
Bank Stock	9,545,799	9,545,799	8,842,900	(702,899)
Prepared Food	36,605,939	36,605,939	36,948,484	342,545
Lodging Tax	8,026,319	8,026,319	8,823,693	797,374
Admission	3,181,250	3,181,250	3,074,924	(106,326)
Real Estate Taxes - Delinquent	11,563,279	11,513,279	14,295,349	2,782,070
Personal Property Taxes - Delinquent	13,379,695	13,379,695	9,542,460	(3,837,235)
Private Utility Poles and Conduits	126,076	126,076	163,837	37,761
Penalties and Interest	8,233,129	7,233,129	8,538,256	1,305,127
Titling Tax-Mobile Home	6,000	6,000	14,583	8,583
State Recordation	1,003,113	1,003,113	1,001,665	(1,448)
Property Rental 1%	68,112	68,112	122,066	53,954
Vehicle Rental Tax	1,382,844	1,382,844	905,346	(477,498)
Telephone Commissions	475,241	475,241	198,990	(276,251)
Total City Taxes	<u>480,182,256</u>	<u>478,244,096</u>	<u>478,011,629</u>	<u>(232,467)</u>
Licenses, Permits, and Privilege Fees				
Business and Professional	35,201,010	35,201,010	36,565,061	1,364,051
Vehicle	6,387,030	6,387,030	6,283,047	(103,983)
Transfers, Penalties, Interest & Delinquent Collections	8,668	8,668	10,988	2,320
Utilities Right of Way Fees	722,912	722,912	613,686	(109,226)
Other Licenses, Permits and Fees	1,315,539	1,315,539	1,111,696	(203,843)
Total Licenses, Permits and Privilege Fees	<u>43,635,159</u>	<u>43,635,159</u>	<u>44,584,478</u>	<u>949,319</u>
Intergovernmental				
State Shared Expense	48,327,908	20,796,459	20,195,690	(600,769)
Total State Block Grant	4,404,700	4,116,420	3,507,699	(608,721)
Department of Social Services	14,899,947	42,719,676	39,796,975	(2,922,701)
Federal Revenues	20,000	20,000	(4,308)	(24,308)
State Aid to Localities	14,341,364	14,341,364	14,346,024	4,660
Service Charges on Tax Exempt Property (State PILOT)	5,027,417	3,897,168	3,662,062	(235,106)
All Other Intergovernmental Revenues	662,709	662,709	2,231,099	1,568,390
Total Intergovernmental	<u>\$ 87,684,045</u>	<u>\$ 86,553,796</u>	<u>\$ 83,735,241</u>	<u>\$ (2,818,555)</u>

CITY OF RICHMOND, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2018

EXHIBIT H-1, Continued

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Service Charges				
Commerical Dumping Fees	\$ 11,000	\$ 11,000	\$ -	\$ (11,000)
Refuse Collection Fees	14,529,691	14,529,691	13,566,946	(962,745)
Safety Related Charges	722,590	722,590	307,851	(414,739)
Rental of Property	328,280	328,280	271,251	(57,029)
Building Service Charges	321,364	321,364	1,449,400	1,128,036
Inspection Fees	5,340,951	5,340,951	7,173,544	1,832,593
Recycling Proceeds	2,175,944	2,175,944	1,706,582	(469,362)
Health Related Charges	125,000	125,000	121,489	(3,511)
Other Sales - Income	246,924	246,924	198,766	(48,158)
Printing and Telecom Charges	17,826	17,826	17,236	(590)
Other Service Charges	1,650,289	1,650,289	1,731,394	81,105
Total Service Charges	<u>25,469,859</u>	<u>25,469,859</u>	<u>26,544,459</u>	<u>1,074,600</u>
Fines and Forfeitures				
Richmond Public Library	88,781	88,781	57,356	(31,425)
Circuit Court	30,000	30,000	100,610	70,610
General District Court	1,727	1,727	24,036	22,309
Juvenile and Domestic Relations District Court	6,920,766	5,204,964	5,794,354	589,390
Total Fines and Forfeitures	<u>7,041,274</u>	<u>5,325,472</u>	<u>5,976,356</u>	<u>650,884</u>
Utility Payments				
Utility Pilot Payment	27,170,096	27,170,096	27,056,109	(113,987)
Utility Payment - City Services	5,992,289	6,321,153	3,173,708	(3,147,445)
Utilities Payment for Collection Service	282,385	282,385	240,301	(42,084)
Total Utility Payments	<u>33,444,770</u>	<u>33,773,634</u>	<u>30,470,118</u>	<u>(3,303,516)</u>
Miscellaneous Revenues				
Reimbursement of Interest on Long-term Debt	1,049,946	1,049,946	1,577,768	527,822
Internal Service Fund Payments	547,372	547,372	-	(547,372)
Miscellaneous Revenues	1,570,598	1,666,234	590,485	(1,075,749)
Other Payments to General Fund	1,397,500	1,397,500	249,310	(1,148,190)
Total Miscellaneous Revenues	<u>4,565,416</u>	<u>4,661,052</u>	<u>2,417,563</u>	<u>(2,243,489)</u>
Total General Fund Revenues	<u>\$ 682,022,779</u>	<u>\$ 677,663,068</u>	<u>\$ 671,739,844</u>	<u>\$ (5,923,224)</u>

CITY OF RICHMOND, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2018

EXHIBIT H-1, Continued

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Expenditures				
Current				
General Government				
City Council	\$ 1,371,107	\$ 1,350,948	\$ 1,319,825	\$ 31,123
City Clerk	940,974	975,710	770,477	205,233
Planning and Development Review	9,866,927	10,481,691	9,682,676	799,015
Assessor of Real Estate	3,239,563	3,276,076	3,176,667	99,409
City Auditor	1,879,169	2,218,061	2,140,190	77,871
Department of Law	2,969,266	3,029,995	2,891,664	138,331
General Registrar	1,629,662	1,634,506	1,451,894	182,612
Chief Administrative Officer	969,302	957,097	888,296	68,801
Budget and Strategic Planning	1,246,188	1,269,544	1,266,169	3,375
Department of Human Resources	2,798,968	3,044,079	3,032,322	11,757
Department of Finance	10,258,630	10,750,289	9,237,022	1,513,267
Procurement Services	756,160	869,596	740,589	129,007
Office of Press Secretary to Mayor	479,536	488,673	479,544	9,129
City Treasurer	186,486	185,324	186,310	(986)
Economic/Community Development	5,763,310	4,515,479	3,780,732	734,747
Council Chief of Staff	1,160,079	1,118,090	1,070,935	47,155
Minority Business Development	646,436	666,110	786,107	(119,997)
Office of Community Wealth Building	2,101,414	2,045,325	1,772,067	273,258
City Mayors Office	1,156,014	1,158,914	1,032,512	126,402
Total General Government	<u>49,419,191</u>	<u>50,035,507</u>	<u>45,705,998</u>	<u>4,329,509</u>
Public Safety and Judiciary				
Judiciary	11,016,377	11,072,190	10,985,474	86,716
Juvenile and Domestic Relations District Court	493,985	480,447	470,803	9,644
City Sheriff	38,186,808	38,188,850	36,773,482	1,415,368
Department of Police	92,475,638	93,679,759	94,968,103	(1,288,344)
Department of Emergency Communications	5,522,512	5,952,841	4,899,091	1,053,750
Department of Fire and Emergency Services	48,908,102	51,974,217	51,756,340	217,877
Animal Control	1,584,965	1,736,977	1,717,001	19,976
Total Public Safety and Judiciary	<u>198,188,387</u>	<u>203,085,281</u>	<u>201,570,294</u>	<u>1,514,987</u>
Highways, Streets, Sanitation and Refuse				
Department of Public Works	<u>38,774,859</u>	<u>31,149,776</u>	<u>31,379,691</u>	<u>(229,915)</u>
Human Services				
Office of DCAO for Human Services	1,522,126	1,211,163	1,078,643	132,520
Department of Social Services	56,697,400	48,748,947	46,418,110	2,330,837
Justice Services	9,344,734	9,372,410	9,447,216	(74,806)
Department of Public Health	3,781,490	3,781,490	3,781,490	-
Total Human Services	<u>71,345,750</u>	<u>63,114,010</u>	<u>60,725,459</u>	<u>2,388,551</u>
Culture and Recreation				
Richmond Public Library	5,531,626	5,988,400	5,497,232	491,168
Department of Parks, Recreation and Community Faci	15,834,659	16,647,303	17,072,732	(425,429)
Total Culture and Recreation	<u>21,366,285</u>	<u>22,635,703</u>	<u>22,569,964</u>	<u>65,739</u>
Education				
Richmond Public Schools	\$ 158,975,683	\$ 158,975,683	\$ 149,131,702	\$ 9,843,981
Richmond Public Schools-Capital Spending	6,043,982	6,043,982	6,043,982	-
Total Education	<u>165,019,665</u>	<u>165,019,665</u>	<u>155,175,684</u>	<u>9,843,981</u>

CITY OF RICHMOND, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2018

EXHIBIT H-1, Continued

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Non-Departmental				
Payments to Other Government Agencies	\$ 46,925,686	\$ 18,652,338	\$ 18,592,717	\$ 59,621
Tax Relief	3,000,000	3,000,000	2,760,411	239,589
GRTC	14,694,681	14,694,681	14,694,681	-
RRS Contributions/Retiree's Health Care Program	3,600,000	3,400,000	2,880,607	519,393
Contributions	9,757,299	12,400,139	36,577,649	(24,177,510)
Total Non-Departmental	<u>77,977,666</u>	<u>52,147,158</u>	<u>75,506,065</u>	<u>(23,358,907)</u>
Total General Fund Expenditures	<u>622,091,803</u>	<u>587,187,100</u>	<u>592,633,155</u>	<u>(5,446,055)</u>
Excess of Revenues Over Expenditures	<u>59,930,976</u>	<u>90,475,968</u>	<u>79,106,689</u>	<u>(11,369,279)</u>
Other Financing Sources (Uses)				
Transfers In - Other Funds	9,843,982	15,243,982	3,948,946	(11,295,036)
Transfers Out - Other Funds	(74,668,693)	(113,554,590)	(82,257,422)	31,297,168
Total Other Financing Uses, Net	<u>(64,824,711)</u>	<u>(98,310,608)</u>	<u>(78,308,476)</u>	<u>20,002,132</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(4,893,735)</u>	<u>(7,834,640)</u>	<u>798,213</u>	<u>8,632,853</u>
Fund Balance - Beginning of Year	<u>135,368,309</u>	<u>135,368,309</u>	<u>135,368,309</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 130,474,574</u>	<u>\$ 127,533,669</u>	<u>\$ 136,166,522</u>	<u>\$ 8,632,853</u>

This schedule is prepared on the basis of Generally Accepted Accounting Principles.

**CITY OF RICHMOND, VIRGINIA
NOTE TO BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2018**

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

- The General, Special Revenue, and Debt Service Funds have legally adopted annual budgets. The Capital Projects Fund has a five-year spending plan which is legally adopted on an annual basis. On a day to be fixed by the City Council, but in no case earlier than the second Monday of February or later than the seventh day of April 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 to 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 total expenditures of any department or agency must be approved by the City Council.
- Formal budgetary integration is employed as management control during the year for all funds.
- Budgets for the General Fund, Debt Service Funds, 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 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, 2018:

City Treasurer	(986)
Minority Business Development	(119,997)
Department of Police	(1,288,344)
Department of Public Works	(229,915)
Justice Services	(74,806)
Department of Parks, Recreation, and Community Facilities	(425,429)
Contributions	(24,177,510)

Richmond Retirement System

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

For The Last Ten Fiscal Years

	2015	2016	2017	2018
Total pension liability				
Service cost	\$ 10,368,390	\$ 9,243,126	\$ 10,158,640	\$ 9,996,926
Interest	60,753,726	60,070,179	59,552,622	60,018,265
Changes of benefit terms	8,476,904	-	-	-
Differences between expected and actual expenses	1,608,297	(5,985,740)	1,248,504	6,436,861
Changes of assumptions	(26,079,951)	-	-	-
Benefit Payments, including refunds of member contributions	<u>(65,549,787)</u>	<u>(66,618,770)</u>	<u>(67,107,482)</u>	<u>(67,563,176)</u>
Net change in total pension liability	(10,422,421)	(3,291,205)	3,852,284	8,888,876
Total pension liability - beginning	<u>842,232,056</u>	<u>831,809,634</u>	<u>828,518,429</u>	<u>833,414,411</u>
Total pension liability - ending (a)	<u>\$ 831,809,635</u>	<u>\$ 828,518,429</u>	<u>\$ 832,370,713</u>	<u>\$ 842,303,287</u>
Plan fiduciary net position				
Contributions - employer	\$ 41,228,673	\$ 45,556,509	\$ 43,662,633	\$ 41,833,836
Contributions - member	2,062,759	2,290,451	1,920,452	2,096,642
Net investment income	74,451,688	15,263,407	(1,456,427)	61,263,751
Benefit payments, including refunds of member contributions	(65,549,788)	(66,618,770)	(67,107,482)	(67,563,176)
Administrative expense	(1,283,342)	(1,218,004)	(1,128,623)	(1,112,650)
Other	-	<u>(663,929)</u>	-	-
Net change in plan fiduciary net position	50,909,990	(5,390,336)	(24,109,447)	36,518,403
Plan fiduciary net position - beginning	<u>479,658,967</u>	<u>530,568,957</u>	<u>526,409,589</u>	<u>502,318,862</u>
Plan fiduciary net position - ending (b)	<u>\$ 530,568,957</u>	<u>\$ 525,178,621</u>	<u>\$ 502,300,142</u>	<u>\$ 538,837,265</u>
City's net pension liability - ending (a) - (b)	\$ 301,240,678	\$ 303,339,808	\$ 330,070,571	\$ 303,466,022
Plan fiduciary net position as a percentage of the total pension liability	63.8%	63.4%	60.3%	64.0%
Covered-employee payroll	\$ 116,666,000	\$ 110,748,000	\$ 107,839,516	\$ 105,164,784
City's net pension liability as a percentage of covered-employee payroll	258.2%	273.9%	306.1%	288.6%

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

* Note- The above schedules are presented to illustrate the requirement for information covering the last Ten Fiscal years, however, until a full ten years is compiled, information is only presented for those years for which information is available.

Schedule of Employer's Contributions
For The Last Ten Fiscal Years

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Actuarially determined employer contribution	33,241,128	32,129,757	39,769,898	38,420,692	40,446,209	41,228,674	45,556,498	43,848,606	43,396,928	41,833,850
Employer contributions in relation to the actuarially determined contribution	33,241,128	32,129,757	39,769,898	38,420,692	40,850,671	41,228,674	45,556,498	43,848,606	43,396,928	41,833,850
Excess	-	-	-	-	(404,462)	-	-	-	-	-
Covered employee payroll	145,896,862	144,832,611	145,868,000	137,473,000	130,971,000	125,060,000	116,666,000	107,834,516	108,798,739	105,164,784
Contributions as a percentage of covered employee payroll	22.8%	22.2%	27.3%	27.9%	30.9%	33.0%	39.0%	40.7%	39.9%	39.8%
	VRS									
Actual Contribution	<u>3,264,527</u>	<u>3,341,990</u>	<u>3,523,772</u>	<u>3,470,877</u>	<u>3,291,603</u>	<u>3,077,272</u>	<u>3,497,052</u>	<u>3,471,373</u>	<u>4,547,035</u>	<u>4,807,272</u>
Actuarially Determined Contribution	3,264,527	3,341,990	3,523,772	3,470,877	3,291,603	3,077,272	3,497,052	3,471,373	3,621,503	4,807,272
Excess (deficient)	-	-	-	-	-	-	-	-	925,532	-
Covered Payroll	24,655,921	24,712,544	24,996,188	24,218,366	24,086,589	23,115,189	23,348,043	25,652,406	25,093,420	25,215,255
Contributions as a percentage of covered employee payroll	13.2%	13.5%	14.1%	14.3%	13.7%	13.3%	15.0%	13.5%	18.1%	19.1%

REQUIRED SUPPLEMENTARY INFORMATION
NET OPEB LIABILITY

Virginia Retirement System

Schedule of Changes in the Employers' Net Pension Liability and Related Ratios
For The Last Ten Fiscal Years

	FY 2015	FY 2016	FY 2017	FY 2018
Total pension liability				
Service cost	\$ 3,295,894	\$ 3,421,683	\$ 3,583,801	\$ 3,589,830
Interest	7,369,694	7,689,675	8,037,966	8,348,430
Differences between expected and actual expenses	(479,419)	110,367	(196,070)	(2,719,281)
Changes in assumptions	-	-	-	(1,083,113)
Deferred Inflow Expected vs Actual Experience	-	-	(496,058)	-
Benefit Payments, including refunds of member contributions	(5,623,313)	(6,085,126)	(6,407,155)	(6,581,717)
Changes in assumptions				
Net change in total pension liability	4,562,856	5,136,599	4,522,484	1,554,149
Total pension liability - beginning	108,332,204	112,895,060	118,031,659	122,554,143
Total pension liability - ending (a)	\$ 112,895,060	\$ 118,031,659	\$ 122,554,143	\$ 124,108,292
Plan fiduciary net position				
Contributions - employer	\$ 3,497,052	\$ 3,471,373	\$ 3,621,503	\$ 3,219,694
Contributions - member	1,276,061	1,258,265	1,393,001	1,401,096
Net investment income	13,713,152	4,552,450	1,793,841	12,562,007
Benefit payments, including refunds of member contributions	(6,101,732)	(6,085,126)	(6,407,155)	(6,581,717)
Administrative expense	(74,396)	(62,657)	(64,054)	(72,905)
Other	723	(962)	(759)	(11,180)
Net change in plan fiduciary net position	12,310,860	3,133,343	336,377	10,516,995
Plan fiduciary net position - beginning	88,099,002	100,409,862	103,543,205	103,879,582
Plan fiduciary net position - ending (b)	\$ 100,409,862	\$ 103,543,205	\$ 103,879,582	\$ 114,396,577
City's net pension liability - ending (a) minus (b)	\$ 12,485,198	\$ 14,488,454	\$ 18,674,561	\$ 9,711,715
Plan fiduciary net position as a percentage of the total pension liability	88.9%	87.7%	84.8%	92.2%
Covered employee payroll				
City's net pension liability as a percentage of covered-employee payroll	\$ 23,348,043	\$ 25,652,406	\$ 25,093,420	\$ 25,215,253
	53.5%	56.5%	74.4%	38.5%

*Note - The above schedules are presented to illustrate the requirement for information covering the last Ten Fiscal Years, however, until a full ten years trend is compiled, information is only presented for those years which information is available.

REQUIRED SUPPLEMENTARY INFORMATION
NET OPEB LIABILITY
CITY OF RICHMOND PLAN SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS

For The Last Ten Fiscal Years

	2018
Total OPEB Liability	
Service cost	\$ 4,021,165
Interest	2,425,532
Benefit Payments/Refunds	<u>(2,958,026)</u>
Net Change in Total OPEB Liability	3,489,371
Total OPEB Liability - beginning	<u>76,927,555</u>
Total OPEB Liability -ending (a)	<u>\$ 80,416,926</u>
Plan Fiduciary Net Position	
Contributions - employer	\$ 2,958,026
Benefit Payments/Refunds	<u>(2,958,026)</u>
Net Changes in Plan Fiduciary Net Position	\$ -
Plan Fiduciary Net Position - beginning	-
Plan Fiduciary Net Position - ending (b)	-
Net OPEB Liability - ending (a) - (b)	<u>\$ 80,416,926</u>
Plan Fiduciary Net Position as a % of the Total OPEB Liability	0.00%
Covered employee payroll	\$ 105,107,915
City's new OPEB liability as a percentage of covered employee payroll	76.5%

*Note - The above schedules are presented to illustrate the requirement for information covering the last Ten Fiscal Years, however, until a full ten years trend is compiled, information is only presented for the year in which information is available.

REQUIRED SUPPLEMENTARY INFORMATION
NET OPEB LIABILITY
CITY OF RICHMOND OPEB PLAN SCHEDULE OF CONTRIBUTIONS
For The Last Ten Fiscal Years

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Actuarially determined contribution	4,612,168	9,538,680	6,413,437	5,292,027	5,840,887	5,668,526	8,687,683	9,246,427	9,614,693	9,228,017
Contributions in relation to the actuarially determined contribution	1,448,670	1,499,574	1,427,898	5,779,471	5,558,153	5,422,850	3,607,535	3,585,780	3,854,714	2,958,026
Contribution deficiency (excess)	3,163,498	8,039,106	4,985,539	(487,444)	282,734	245,676	5,080,148	5,660,647	5,759,979	6,269,991
Covered-employee payroll	\$ 144,832,611	\$ 145,868,000	\$ 137,473,000	\$ 130,971,000	\$ 125,060,000	\$ 116,666,000	\$ 110,748,000	\$ 107,834,516	\$ 105,164,784	\$ 105,107,915

CITY OF RICHMOND OPEB PLAN SCHEDULE OF INVESTMENT RETURNS
For The Last Ten Fiscal Years

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Annual money-weighted rate of return, net of investment expense	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

SCHEDULE OF RICHMOND'S SHARE OF NET OPEB LIABILITY VRS GROUP LIFE PROGRAM

	<u>2018</u>
Richmond's Proportion % of the Net GLI OPEB Liability	0.13844%
Richmonds Proportionate Share of the NET GLI OPEB Liability	2,083,000
Covered Payroll	25,215,253
Employer's Proportionate Share of the NET GLI OPEB Liability as a Percentage of its Covered Payroll	8.26%
Plan Fiduciary Net Position as a Percentage of the total GLI OPEB Liability	48.86%

**REQUIRED SUPPLEMENTARY INFORMATION
NET OPEB LIABILITY**

SCHEDULE OF EMPLOYER CONTRIBUTIONS-VRS OPEB GROUP LIFE PROGRAM

For the Last Ten Fiscal Years*

Date	Contractually Required Contribution	Contribution in Relation to Contractually Required Contribution	Contribution Deficiency/(Excess)	Covered Payroll	Contributions as a % of Covered Payroll
2018	133,566	132,787	779	25,685,753	0.52%
2017	131,119	130,880	239	25,215,255	0.52%
2016	120,448	121,276	(828)	25,093,420	0.49%
2015	123,132	121,395	1,737	25,652,406	0.47%
2014	118,809	118,003	806	24,751,869	0.48%
2013	112,071	111,506	565	23,348,043	0.48%

*The City was not required to report this data until 2018. Information is not available for years prior to 2013



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Non-major Governmental Funds

Special Revenue Funds

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

Grant Revenue Funds

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

Consolidated HUD Funds

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

Permanent Funds

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

Memorial

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

Recreation

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

Richmond Public Library

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

**CITY OF RICHMOND, VIRGINIA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2018**

EXHIBIT I-1

	Special Revenue		Permanent Funds			Total
	Grants Revenue Funds	Consolidated HUD Funds	Memorial	Recreation	Richmond Public Library	
Assets						
Cash and Cash Equivalents	\$ 24,590,404	\$ -	\$ -	\$ -	\$ -	\$ 24,590,404
Accounts Receivable, Net	3,782,246	12,351,556	-	-	-	16,133,802
Due From Other Governments	-	3,054,980	-	-	-	3,054,980
Restricted Assets	-	-	6,479	28,104	33,683	68,266
Total Assets	28,372,650	15,406,536	6,479	28,104	33,683	43,847,452
Liabilities, Deferred Inflows, and Fund Balances						
Liabilities:						
Accounts Payable	5,055,896	1,266,344	-	-	-	6,322,240
Due To Other Funds	2,510,080	3,170,860	-	-	-	5,680,940
Total Liabilities	7,565,976	4,437,204	-	-	-	12,003,180
Deferred Inflows of Resources						
Unavailable Revenue-Grant Proceeds	-	9,080,000	-	-	-	9,080,000
Total Deferred Inflows of Resources	-	9,080,000	-	-	-	9,080,000
Fund Balances:						
Nonspendable	-	-	1,927	25,000	11,998	38,925
Restricted	20,806,674	1,889,332	4,552	3,104	21,685	22,725,347
Total Fund Balances	20,806,674	1,889,332	6,479	28,104	33,683	22,764,272
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 28,372,650	\$ 15,406,536	\$ 6,479	\$ 28,104	\$ 33,683	\$ 43,847,452

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, 2018

EXHIBIT I-2

	Special Revenue		Permanent Funds			Total
	Grant Revenue Funds	Consolidated HUD Funds*	Memorial	Recreation	Richmond Public Library	
Revenues						
Penalties and Interest	\$ -	\$ -	\$ -	\$ 24	\$ -	\$ 24
Intergovernmental	48,830,938	7,592,791	-	-	-	56,423,729
Service Charges	985,359	-	-	-	-	985,359
Fines and Forfeitures	20,582	-	-	-	-	20,582
Investment Income	19,742	-	3	-	12	19,757
Miscellaneous	10,981,247	407,225	-	-	-	11,388,472
Total Revenues	60,837,868	8,000,016	3	24	12	68,837,923
Expenditures						
Current:						
General Government	13,446,682	6,195,806	-	-	24	19,642,512
Public Safety and Judiciary	7,745,242	-	-	-	-	7,745,242
Highways, Streets, Sanitation and Refuse	34,305,680	-	-	-	-	34,305,680
Human Services	22,728,766	95,243	-	-	-	22,824,009
Culture and Recreation	1,840,505	-	-	-	-	1,840,505
Total Expenditures	80,066,875	6,291,049	-	-	24	86,357,948
Excess (Deficiency) of Revenues Over (Under) Expenditures	(19,229,007)	1,708,967	3	24	(12)	(17,520,025)
Other Financing Sources (Uses)						
Transfers In-Other Funds	18,832,782	115,000	-	-	-	18,947,782
Transfers Out-Other Funds	-	(293,585)	-	-	-	(293,585)
Total Other Financing Sources (Uses), Net	18,832,782	(178,585)	-	-	-	18,654,197
Net Change in Fund Balances	(396,225)	1,530,382	3	24	(12)	1,134,172
Fund Balance - Beginning of Year	21,202,899	358,950	6,476	28,080	33,695	21,630,100
Fund Balance - End of Year	\$ 20,806,674	\$ 1,889,332	\$ 6,479	\$ 28,104	\$ 33,683	\$ 22,764,272

**CITY OF RICHMOND, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS FUND
For the Fiscal Year Ended June 30, 2018**

EXHIBIT I-3

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Intergovernmental Revenues and Service Charges	\$ 14,962,469	\$ 21,038,469	\$ 15,061,169	\$ (5,977,300)
Total Intergovernmental Revenues	14,962,469	21,038,469	15,061,169	(5,977,300)
Investment Earnings and Contributions				
Interest Earned on Restricted Funds	-	-	151,725	151,725
Local Matches and Contributions	-	-	180,135	180,135
Total Investment Earnings	-	-	331,860	331,860
Miscellaneous Revenues				
Insurance Proceeds	-	20,000	-	(20,000)
Special Revenue Funds	5,271,828	-	-	-
Miscellaneous	100,000	-	267,550	267,550
Total Miscellaneous Revenues	5,371,828	20,000	267,550	247,550
 Total Revenues	20,334,297	21,058,469	15,660,579	(5,397,890)
Expenditures				
Capital Outlay:				
City Facility Maintenance & Improvements	2,914,000	2,934,000	2,955,031	(21,031)
Culture & Recreation	4,851,863	4,851,863	9,264,929	(4,413,066)
Economic & Community Development	10,371,027	10,371,027	15,578,903	(5,207,876)
Education	9,393,957	10,393,957	11,707,489	(1,313,532)
Public Safety	11,910,436	11,910,436	6,265,385	5,645,051
Transportation	31,213,244	39,289,244	17,802,604	21,486,640
City Equipment & Other Infrastructure Investment	3,665,000	3,665,000	1,345,683	2,319,317
Total Expenditures	74,319,527	83,415,527	64,920,024	18,495,503
Excess (Deficiency) of Revenues Over (Under) Expenditures	(53,985,230)	(62,357,058)	(49,259,445)	13,097,613
Other Financing Sources (Uses)				
Proceeds from Issuance of General Obligation Bonds	44,538,795	-	-	-
Transfers In-Other Funds	9,446,435	12,446,435	3,931,811	(8,514,624)
Transfers Out-Other Funds				
Total Other Financing Sources, Net	53,985,230	12,446,435	3,931,811	(8,514,624)
Net Change in Fund Balance	-	(49,910,623)	(45,327,634)	4,582,989
Fund Balance - Beginning of Year	(56,392,911)	(56,392,911)	(56,392,911)	(56,392,911)
Fund Balance - End of Year	\$ (56,392,911)	\$ (106,303,534)	\$ (101,720,545)	\$ (51,809,922)

**CITY OF RICHMOND, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
For the Fiscal Year Ended June 30, 2018**

EXHIBIT I-4

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Principal Payments				
General Obligation Bonds				
General Government Projects	\$ 16,841,387	\$ 16,841,387	\$ 17,104,554	\$ (263,167)
Justice Center Project	2,070,653	2,070,653	2,642,828	(572,175)
Carpenter Center Project	1,097,607	1,097,607	1,097,607	-
Transportation Projects	4,153,575	4,153,575	4,260,683	(107,108)
School Capital Improvement Projects	8,929,360	8,929,360	9,331,911	(402,551)
730 Theater Row Building Project	1,006,714	1,006,714	1,006,714	-
Stone Brewing Project	610,000	610,000	610,000	-
New General Obligation Bond Issue	2,966,261	-	-	-
Total General Obligation Bonds	<u>37,675,557</u>	<u>34,709,296</u>	<u>36,054,297</u>	<u>(1,345,001)</u>
Other Debt Instruments				
HUD Section 108 Notes	525,000	525,000	525,000	-
Leigh Street Project	500,000	500,000	500,000	-
Total Other Debt Instruments	<u>1,025,000</u>	<u>1,025,000</u>	<u>1,025,000</u>	<u>-</u>
Total Principal Payments	<u>38,700,557</u>	<u>35,734,296</u>	<u>37,079,297</u>	<u>(1,345,001)</u>
Interest Payments				
General Obligation Bonds				
General Government Projects	9,294,278	9,294,278	9,242,889	51,389
Justice Center Project	4,421,651	4,421,651	3,428,320	993,331
Carpenter Center Project	850,510	850,510	836,088	14,422
Transportation Projects	2,825,206	2,928,814	2,928,814	-
Schools Capital Improvement Projects	8,101,819	8,101,819	7,290,016	811,803
730 Theater Row Bldg Project	97,319	97,319	97,319	-
Stone Brewing Project	828,163	828,163	828,163	-
New General Obligation Bond	3,371,181	-	-	-
Total General Obligation Bonds	<u>29,790,127</u>	<u>26,522,554</u>	<u>24,651,609</u>	<u>1,870,945</u>
Other Debt Instruments				
HUD Section 108 Notes	261,818	261,818	261,818	-
Total Other Debt Instruments	<u>261,818</u>	<u>261,818</u>	<u>261,818</u>	<u>-</u>
Interest - Short Term Debt				
GO Bond Anticipation Notes	1,200,000	733,834	51,422	682,412
Leigh Street Project	225,000	225,000	173,433	51,567
Total Short Term Interest Payments	<u>1,425,000</u>	<u>958,834</u>	<u>224,855</u>	<u>733,979</u>
Total Interest Payments	<u>31,476,945</u>	<u>27,743,206</u>	<u>25,138,282</u>	<u>2,604,924</u>
Total	<u>\$ 70,177,502</u>	<u>\$ 63,477,502</u>	<u>\$ 62,217,579</u>	<u>\$ 1,259,923</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.

Richmond Coliseum

(Coliseum) promotes and operates the Coliseum facility.

Cemeteries

(Cemeteries) maintains and operates cemeteries.

Parking Enterprise

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

CITY OF RICHMOND, VIRGINIA
COMBINING STATEMENT OF NET POSITION
NON-MAJOR PROPRIETARY FUNDS
June 30, 2018

EXHIBIT J-1

	Coliseum	Cemeteries	Parking Garages	Total
Assets				
Current Assets:				
Cash and Cash Equivalents	\$ -	\$ -	\$ 11,403,009	\$ 11,403,009
Accounts Receivable, Net	1,169,462	44,244	1,323,389	2,537,095
Prepaid Expenses and Other Current Assets	52,195	-	-	52,195
Total Current Assets	<u>1,221,657</u>	<u>44,244</u>	<u>12,726,398</u>	<u>13,992,299</u>
Noncurrent Assets:				
Capital Assets:				
Land	4,582,160	8,188,700	14,268,255	27,039,115
Buildings and Structures	26,259,614	601,429	34,428,483	61,289,526
Equipment	14,510,967	213,268	3,886,469	18,610,704
Less Accumulated Depreciation	<u>(39,139,422)</u>	<u>(689,911)</u>	<u>(10,017,086)</u>	<u>(49,846,419)</u>
Total Noncurrent Assets	<u>6,213,319</u>	<u>8,313,486</u>	<u>42,566,121</u>	<u>57,092,926</u>
Total Assets	<u>7,434,976</u>	<u>8,357,730</u>	<u>55,292,519</u>	<u>71,085,225</u>
Deferred Outflow of Resources				
Employer Contributions to Pension				
Subsequent to the Measurement Date	-	404,823	121,099	525,922
Pension and OPEB Expense	<u>-</u>	<u>1,840</u>	<u>913</u>	<u>2,753</u>
Total Deferred Outflows of Resources	<u>-</u>	<u>406,663</u>	<u>122,012</u>	<u>528,675</u>
Liabilities				
Current Liabilities:				
Accounts Payable	\$ 644,146	\$ 74,991	\$ 1,415,363	\$ 2,134,500
Accrued Liabilities	-	21,935	10,034	31,969
Advance Sales	339,416	-	-	339,416
Due To Other Funds	425,000	1,147,600	-	1,572,600
Accrued Interest on Bonds	49,947	3,681	782,277	835,905
General Obligation Bonds	461,178	31,048	5,494,093	5,986,319
Compensated Absences	<u>-</u>	<u>9,583</u>	<u>7,191</u>	<u>16,774</u>
Total Current Liabilities	<u>1,919,687</u>	<u>1,288,838</u>	<u>7,708,958</u>	<u>10,917,483</u>
Noncurrent Liabilities:				
General Obligation Bonds	2,398,608	156,017	55,387,302	57,941,927
Compensated Absences	-	71,900	31,691	103,591
Net Other Postemployment Benefit Obligations (Note 12)	-	302,583	145,856	448,439
Net Pension Liability	<u>-</u>	<u>1,329,625</u>	<u>194,146</u>	<u>1,523,771</u>
Total Noncurrent Liabilities	<u>2,398,608</u>	<u>1,860,125</u>	<u>55,758,995</u>	<u>60,017,728</u>
Total Liabilities	<u>4,318,295</u>	<u>3,148,963</u>	<u>63,467,953</u>	<u>70,935,211</u>
Deferred Inflow of Resources				
Net Difference Between Project and Actual Earnings on Pension				
Plan Investments	<u>-</u>	<u>136,263</u>	<u>62,926</u>	<u>199,189</u>
Total Deferred Inflows of Resources	<u>-</u>	<u>136,263</u>	<u>62,926</u>	<u>199,189</u>
Net Position				
Net Investment in Capital Assets	3,353,533	8,126,422	(18,315,275)	(6,835,320)
Unrestricted	<u>(236,852)</u>	<u>(2,647,255)</u>	<u>10,198,927</u>	<u>7,314,820</u>
Total Net Position	<u>\$ 3,116,681</u>	<u>\$ 5,479,167</u>	<u>\$ (8,116,348)</u>	<u>\$ 479,500</u>

CITY OF RICHMOND, VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
NON-MAJOR PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2018

EXHIBIT J-2

	Coliseum	Cemeteries	Parking Garages	Total
Operating Revenues				
Charges for Goods and Services	\$ 1,696,658	\$ 1,578,283	\$ 19,067,327	\$ 22,342,268
Operating Expenses				
Salaries and Wages	-	1,212,438	507,704	1,720,142
Materials and Supplies	266,493	79,259	3,927	349,679
Rents and Utilities	517,567	28,487	414,312	960,366
Maintenance and Repairs	119,192	62,233	4,683,391	4,864,816
Depreciation and Amortization	88,572	18,549	2,158,373	2,265,494
Miscellaneous Operating Expenses	668,132	376,368	(378,654)	665,846
Total Operating Expenses	1,659,956	1,777,334	7,389,053	10,826,343
Operating Income (Loss)	36,702	(199,051)	11,678,274	11,515,925
Non-Operating Revenues (Expenses)				
Government Subsidies and Contributions	464,894	-	-	464,894
Debt Issuance Costs	-	-	(508,764)	(508,764)
Payments to Escrow	-	-	(4,538,336)	(4,538,336)
Interest and Fiscal Charges	(109,783)	(8,096)	(1,633,064)	(1,750,943)
Total Non-Operating Revenues (Expenses), Net	355,111	(8,096)	(6,680,164)	(6,333,149)
Other Financing Sources (Uses)				
Transfers In-Other Funds	582,837	39,792	-	622,629
Transfers Out-Other Funds	-	-	(366,006)	(366,006)
Total Other Financing Uses, Net	582,837	39,792	(366,006)	256,623
Change In Net Position	974,650	(167,355)	4,632,104	5,439,399
Net Position - Beginning of Year, as restated	2,142,031	5,646,522	(12,748,452)	(4,959,899)
Net Position - End of Year	\$ 3,116,681	\$ 5,479,167	\$ (8,116,348)	\$ 479,500

CITY OF RICHMOND, VIRGINIA
COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2018

EXHIBIT J-3

	Coliseum	Cemeteries	Parking Garages	Total
Cash Flows From Operating Activities				
Receipts from Customers	\$ 1,597,754	\$ 1,534,039	\$ 17,743,938	\$ 20,875,731
Receipts from Other Funds	-	233,233	-	233,233
Payments to Suppliers	(1,424,955)	(487,771)	(4,185,842)	(6,098,568)
Payments to Employees		(1,279,501)	(537,783)	(1,817,284)
Net Cash Provided by (Used In)				
Operating Activities	<u>172,799</u>	<u>-</u>	<u>13,020,313</u>	<u>13,193,112</u>
Cash Flows From Noncapital Financing Activities				
Government Subsidies and Contributions	1,047,731	39,792	(366,006)	721,517
Due from Other Funds	-	-	-	-
Due to Other Funds	-	-	-	-
Net Cash Provided By				
Noncapital Financing Activities	<u>1,047,731</u>	<u>39,792</u>	<u>(366,006)</u>	<u>721,517</u>
Cash Flows From Capital and Related Financing Activities				
(Acquisition)/Transfer in of Capital Assets	(637,693)	-	(2,646,214)	(3,283,907)
Repayments of GO Bonds	(464,179)	(30,994)	168,911	(326,262)
Debt Issuance Costs	-	-	(508,764)	(508,764)
Payments to Escrow	-	-	(4,538,336)	(4,538,336)
Interest Paid on Long-Term Debt	(118,658)	(8,798)	(2,063,937)	(2,191,393)
Net Cash Used In				
Capital and Related Financing Activities	<u>(1,220,530)</u>	<u>(39,792)</u>	<u>(9,588,340)</u>	<u>(10,848,662)</u>
Net Increase in Cash and Cash Equivalents	-	-	3,065,967	3,065,967
Cash and Cash Equivalents at July 1, 2017	-	-	8,337,042	8,337,042
Cash and Cash Equivalents at June 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,403,009</u>	<u>\$ 11,403,009</u>
Reconciliation of Operating Income (Loss) to Net Cash				
Provided by (Used in Operating Activities)				
Operating Income (Loss)	\$ 36,702	\$ (199,051)	\$ 11,678,274	\$ 11,515,925
Adjustments to Reconcile Operating Income (Loss) to Net Cash				
Provided by (Used In) Operating Activities:				
Depreciation	88,572	18,549	2,158,373	2,265,494
Pension Expense	-	(72,759)	(36,114)	(108,873)
(Increase) Decrease in Assets and Increase				
(Decrease) in Liabilities:				
Accounts Receivable	844,190	(44,244)	(1,323,389)	(523,443)
Prepaid Expenses	7,004	-	-	7,004
Accounts Payable	139,425	58,572	538,663	736,660
Due from Other Funds	-	-	-	-
Due to Other Funds	-	233,233	-	233,233
Advance Sales	(943,094)	-	-	(943,094)
Compensated Absences	-	5,700	4,506	10,206
Total Adjustments	<u>136,097</u>	<u>199,051</u>	<u>1,342,039</u>	<u>1,677,187</u>
Net Cash Provided by (Used In) Operating Activities	<u>\$ 172,799</u>	<u>\$ -</u>	<u>\$ 13,020,313</u>	<u>\$ 13,193,112</u>

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

Internal Service Funds

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

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.

Health Self-Insurance

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.

Information Technology

provides the computing, communications, IT infrastructure, and application development for the City of Richmond departments to support their business operations and service delivery to the public.

Risk Management

responsible for the preservation and protection of the human, physical, and financial assets of the City, including administration of the safety & loss prevention and worker's compensation claims against the City, and processing certificate of insurance requests.

Electric Utility

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

Stores and Transportation Division

provides supplies and vehicle related services exclusively to utility departments.

CITY OF RICHMOND, VIRGINIA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2018

EXHIBIT K-1

	Fleet Management	Radio Maintenance	Health Self-Insurance	Advantage Richmond Corporation	Information Tech	Risk Management	Electric Utility	Stores and Transportation Division	Total
Assets									
Current Assets:									
Cash and Cash Equivalents	\$ -	\$ -	\$ 6,807,788	\$ 3,884,436	\$ 2,194,569	\$ 58,177	\$ 13,910,704	\$ -	\$ 26,855,674
Accounts Receivables, Net	55,120	4,120	4,310,155	400,000	-	620,000	4,338,187	-	9,727,582
Inventory	-	287,769	-	-	-	-	-	4,129,990	4,417,759
Prepaid Expenses	-	-	-	-	-	-	32,260	91,688	123,948
Total Current Assets	55,120	291,889	11,117,943	4,284,436	2,194,569	678,177	18,281,151	4,221,678	41,124,963
Noncurrent Assets:									
Capital Assets:									
Land	98,000	-	-	3,000,000	-	-	265,389	1,686,532	5,049,921
Buildings and Structures	1,211,217	13,218	-	9,000,000	-	-	46,359,218	3,478,430	60,062,083
Equipment	80,446,483	394,450	-	-	2,734,136	-	13,086,360	31,731,662	128,393,091
Construction in Progress	-	-	-	-	-	-	1,321,456	-	1,321,456
Less Accumulated Depreciation	(67,430,098)	(373,080)	-	(2,882,426)	(1,636,706)	-	(42,801,424)	(34,262,554)	(149,386,288)
Total Capital Assets	14,325,602	34,588	-	9,117,574	1,097,430	-	18,230,999	2,634,070	45,440,263
Total Noncurrent Assets	14,325,602	34,588	-	9,117,574	1,097,430	-	18,230,999	2,634,070	45,440,263
Total Assets	14,380,722	326,477	11,117,943	13,402,010	3,291,999	678,177	36,512,150	6,855,748	86,565,226
Deferred Outflows of Resources									
Losses on Refunding of Debt	-	-	-	-	-	-	4,556	-	4,556
Pension Related Activities	771,360	37,763	-	-	(39,852)	(546)	607,355	124,240	1,500,320
Outflows-OPEB	4,097	221	-	-	8,154	112	2,808	562	15,954
Total Deferred Outflows of Resources	775,457	37,984	-	-	(31,698)	(434)	614,719	124,802	1,520,830
Liabilities									
Current Liabilities:									
Accounts Payable	1,113,262	147,283	-	156,672	1,186,479	28,813	2,192,973	279,046	5,104,528
Accrued Liabilities	60,244	10,537	3,917,000	750	143,845	5,814	36,865	6,838	4,181,893
Due To Other Funds	20,543,608	5,392,781	-	-	-	672,312	-	208,322	26,817,023
Accrued Interest on Bonds and Notes Payable	10,931	-	-	42,466	-	-	8,930	-	62,327
General Obligation Bonds	615,899	-	-	-	-	-	137,531	-	753,430
Revenue Bond Payable	-	-	-	1,022,357	-	-	-	-	1,022,357
Notes Payable	625,000	-	-	-	-	-	-	-	625,000
Compensated Absences	36,182	4,907	-	-	1,451	-	19,959	4,990	67,489
Total Current Liabilities	23,005,126	5,555,508	3,917,000	1,222,245	1,331,775	706,939	2,396,258	499,196	38,634,047
Noncurrent Liabilities									
General Obligation Bonds Payable	112,671	-	-	-	-	-	434,986	-	547,657
Revenue Bond Payable	-	-	-	2,213,049	-	-	-	-	2,213,049
Compensated Absences	92,719	23,277	-	-	373,243	6,956	81,569	20,393	598,157
OPEB	662,755	35,300	-	-	857,090	11,741	471,853	98,024	2,136,763
Net Pension Liability	2,206,552	100,167	-	-	(440,756)	(6,038)	1,770,124	362,075	3,992,124
Other Liabilities	-	-	-	-	-	33,120,531	-	-	33,120,531
Total Noncurrent Liabilities	3,074,697	158,744	-	2,213,049	789,577	33,133,190	2,758,532	480,492	42,608,281
Total Liabilities	26,079,823	5,714,252	3,917,000	3,435,294	2,121,352	33,840,129	5,154,790	979,688	81,242,328
Deferred Inflows of Resources									
Pension Related Activities	289,748	15,174	-	-	77,856	1,067	217,676	47,743	649,264
Total Deferred Inflows of Resources	289,748	15,174	-	-	77,856	1,067	217,676	47,743	649,264
Net Position									
Net Investment in Capital Assets	12,972,032	34,588	-	5,882,168	1,097,430	-	17,663,028	2,634,067	40,283,313
Unrestricted	(24,185,424)	(5,399,553)	7,200,943	4,084,548	(36,337)	(33,163,453)	14,091,375	3,319,052	(34,088,849)
Total Net Position	\$ (11,213,392)	\$ (5,364,965)	\$ 7,200,943	\$ 9,966,716	\$ 1,061,093	\$ (33,163,453)	\$ 31,754,403	\$ 5,953,119	\$ 6,194,464

Internal Service Funds' negative Net Position will be alleviated by increases in user fees.
Pension Related-DOR and NPL amounts for Information Technology and Risk Management are due to being newly created Funds.

CITY OF RICHMOND, VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2018

EXHIBIT K-2

	Fleet Management	Radio Maintenance	Health Self-Insurance	Advantage Richmond Corporation	Information Tech	Risk Management	Electric Utility	Stores and Transportation Division	Total
Operating Revenues									
Charges for Goods and Services	\$ 16,955,883	\$ 929,003	\$ 47,676,753	\$ 2,400,000	\$ 21,372,527	\$ 12,855,471	\$ 9,658,039	\$ 733,303	\$ 112,580,979
Operating Expenses									
Cost of Goods and Services Sold	9,674,742	550,601	-	-	-	-	-	-	10,225,343
Salaries and Wages and Benefits	718,203	427,829	-	-	7,499,516	287,571	1,762,970	329,559	11,025,648
Data Processing	17,109	2,177	-	-	7,479,472	5,326	-	-	7,504,084
Materials and Supplies	71,145	9,237	-	-	1,073,066	3,248	370,422	4,137	1,531,255
Rents and Utilities	44,603	51,433	-	204,809	-	-	2,725,989	19,466	3,046,300
Maintenance and Repairs	60,440	11,898	-	589,494	141,798	624	851,831	-	1,656,085
Depreciation and Amortization	5,175,871	12,154	-	225,000	170,438	-	2,047,287	112,683	7,743,433
Claims and Settlements	-	-	43,859,563	-	-	13,712,056	-	-	57,571,619
Uncollectible Capital	-	-	-	-	-	-	(44,916)	-	(44,916)
Miscellaneous Operating Expenses	1,250,280	147,042	2,406,960	396,643	3,254,591	496,001	156,094	159,377	8,266,988
Total Operating Expenses	17,012,393	1,212,371	46,266,523	1,415,946	19,618,881	14,504,826	7,869,677	625,222	108,525,839
Operating Income (Loss)	(56,510)	(283,368)	1,410,230	984,054	1,753,646	(1,649,355)	1,788,362	108,081	4,055,140
Non-Operating Revenues (Expenses)									
Government Subsidies and Contributions	-	-	-	-	-	-	93,984	-	93,984
Interest and Fiscal Charges	38,066	-	-	(158,173)	-	-	(19,087)	-	(139,194)
Interest Income	-	-	786	-	-	-	-	-	786
Miscellaneous Revenue (Expenses)	-	-	-	-	-	-	(153,303)	24,414	(128,889)
Total Non-Operating Revenues (Expenses), Net	38,066	-	786	(158,173)	-	-	(78,406)	24,414	(173,313)
Transfers Out-Other Funds	-	-	-	-	-	-	(354,653)	-	(354,653)
Change In Net Position	(18,444)	(283,368)	1,411,016	825,881	1,753,646	(1,649,355)	1,355,303	132,495	3,527,174
Net Position - Beginning of Year, as restated	(11,194,948)	(5,081,597)	5,789,927	9,140,835	(692,553)	(31,514,098)	30,399,100	5,820,624	2,667,290
Net Position - End of Year	\$ (11,213,392)	\$ (5,364,965)	\$ 7,200,943	\$ 9,966,716	\$ 1,061,093	\$ (33,163,453)	\$ 31,754,403	\$ 5,953,119	\$ 6,194,464

**CITY OF RICHMOND, VIRGINIA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS**

For the Fiscal Year Ended June 30, 2018

EXHIBIT K-3

	Fleet Management	Radio Maintenance	Health Self-Insurance	Advantage Richmond Corporation	Information Tech	Risk Management	Electric Utility	Stores and Transportation Division	Total
Cash Flows From Operating Activities									
Receipts from Customers	\$ 16,900,763	\$ 924,883	\$ 54,482,259	\$ 2,400,000	\$ 21,372,527	\$ 12,235,471	\$ 9,649,394	\$ 733,305	\$ 118,698,602
Payments to Suppliers	(10,625,293)	(627,124)	(46,556,492)	(1,115,539)	(10,762,448)	(12,570,389)	(3,953,518)	(1,198)	(86,212,001)
Payments to Employees	(890,036)	(478,701)	-	-	(7,303,376)	(279,217)	(1,870,447)	(350,890)	(11,172,667)
Receipts From Other Funds	-	-	-	-	-	-	(524,034)	(190,563)	(714,597)
Other Receipts or (Payments)	-	-	-	-	-	672,312	(153,303)	24,414	543,423
Net Cash Provided by (Used In) Operating Activities	5,385,434	(180,942)	7,925,767	1,284,461	3,306,703	58,177	3,148,092	215,068	21,142,760
Cash Flows From Non-Capital Financing Activities									
Government Subsidies and Contributions	-	-	-	-	-	-	93,984	-	93,984
Due From Other Funds	-	-	-	-	-	-	-	-	-
Due to Other Funds	495,972	213,734	(9,088,248)	-	-	-	-	(226,074)	(8,604,616)
Net Cash Provided By (Used In) Noncapital Financing Activities	495,972	213,734	(9,088,248)	-	-	-	93,984	(226,074)	(8,510,632)
Cash Flows From Capital and Related Financing Activities									
Acquisition of Capital Assets	(4,554,968)	(32,792)	-	-	(1,112,134)	-	(2,008,525)	-	(7,708,419)
Repayments of Revenue and GO Bonds	(728,572)	-	-	(970,056)	-	-	(82,096)	-	(1,780,724)
Repayments of Notes Payable	(625,000)	-	-	-	-	-	-	-	(625,000)
Interest Paid on Long-Term Debt	27,134	-	786	(195,322)	-	-	(12,822)	-	(180,224)
Net Cash Provided by (Used In) Capital and Related Financing Activities	(5,881,406)	(32,792)	786	(1,165,378)	(1,112,134)	-	(2,103,443)	-	(10,294,367)
Net Increase (Decrease) in Cash and Cash Equivalents	-	-	(1,161,695)	119,083	2,194,569	58,177	1,138,633	(11,006)	2,337,761
Cash and Cash Equivalents at July 1, 2017	-	-	7,969,483	3,765,353	-	-	12,772,071	11,006	24,517,913
Cash and Cash Equivalents at June 30, 2018	-	-	\$ 6,807,788	\$ 3,884,436	\$ 2,194,569	\$ 58,177	\$ 13,910,704	\$ -	\$ 26,855,674
Reconciliation of Operating Income (Loss)									
To Net Cash Provided by (Used In) Operating Activities	\$ (56,510)	\$ (283,368)	\$ 1,410,231	\$ 984,054	\$ 1,753,646	\$ (1,649,355)	\$ 1,788,362	\$ 108,081	\$ 4,055,141
Operating Income (Loss)	5,175,871	12,154	-	225,000	170,438	-	2,047,287	112,683	7,743,433
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities	(162,005)	(8,727)	-	-	(322,399)	(4,416)	(111,010)	(22,213)	(630,770)
Depreciation	-	-	-	-	-	-	(507,956)	24,414	(483,542)
Pension Expense	(55,120)	(4,120)	6,805,505	-	-	(620,000)	(53,561)	-	6,072,704
Miscellaneous Income/(Expense)	-	-	-	-	-	672,312	-	-	672,312
(Increase) Decrease in Assets and Increase (Decrease) in Liabilities:									
Accounts Receivable	-	-	-	-	-	-	-	-	-
Due From General Fund	-	-	-	-	-	-	-	-	-
Due From Component Unit	-	-	-	-	-	-	-	-	-
Inventories of Material and Supplies	-	-	-	-	-	-	-	219,725	219,725
Prepaid Expenses	493,025	145,264	(356,969)	75,407	1,186,479	28,813	(160,288)	(242,529)	1,169,202
Accounts Payable	14,393	3,130	67,000	-	143,845	1,623,867	36,865	6,838	1,895,938
Accrued Liabilities	(24,220)	(45,275)	-	-	374,694	6,956	3,532	883	316,570
Compensated Absences	-	-	-	-	-	-	-	-	-
Total Adjustments	5,441,944	102,426	6,515,536	300,407	1,553,057	1,707,532	1,359,730	106,987	17,087,619
Net Cash Provided by (Used In) Operating Activities	\$ 5,385,434	\$ (180,942)	\$ 7,925,767	\$ 1,284,461	\$ 3,306,703	\$ 58,177	\$ 3,148,092	\$ 215,068	\$ 21,142,760

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

Fiduciary Funds

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

Trust Funds.

The Richmond Retirement System

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

Other Employee Benefits

is a deferred compensation plan created in accordance with the Internal Revenue Code (IRC) Section 457. The plan is available to all City employees and permits deferral until future years of up to 25% of salary with a maximum deferral of \$18,500 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, 2018

EXHIBIT L-1

	Richmond Retirement System	Other Employee Benefits	Total
Assets:			
Cash and Short-term Investments	\$ 8,893,458	\$ -	\$ 8,893,458
Receivables:			
Due from Brokers on Sale of Securities	7,319,879	-	7,319,879
Interest and Dividends	264,603	-	264,603
Contributions from Participating Employees	1,044,711	-	1,044,711
Other Accounts Receivable	8,264	2,811,596	2,819,860
Investments, at Fair Value:			
Common Stock	139,417,743	-	139,417,743
International Stocks	104,730,927	-	104,730,927
International Bonds	98,473,242	-	98,473,242
Real Estate Investment Trusts	35,958,505	-	35,958,505
US Fixed Income	27,256,398	-	27,256,398
Hedge Funds	77,992,802	-	77,992,802
Private Debt	45,537,178	110,454,560	155,991,738
Private Equity	21,293,255	-	21,293,255
Opportunistic Fixed Income	24,730,981	-	24,730,981
Total Investments, at Fair Value	575,391,031	110,454,560	685,845,591
Cash Collateral Received - Security Lending Program	670,173	-	670,173
Assets	593,592,119	113,266,156	706,858,275
Fixed Assets:			
Furniture Fixtures and Equipment	178,100	-	178,100
Leasehold Improvements	242,470	-	242,470
Total Fixed Assets	420,570	-	420,570
Total Assets	594,012,689	113,266,156	707,278,845
Liabilities:			
Accounts Payable	24,247,943	-	24,247,943
Payable for Collateral Received - Security Lending Program	679,436	-	679,436
Total Liabilities	24,927,379	-	24,927,379
 Net Position Held in Trust for Pension Benefits and Other Purposes	 \$ 569,085,310	 \$ 113,266,156	 \$ 682,351,466

CITY OF RICHMOND, VIRGINIA
COMBINING STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
For the Fiscal year Ended June 30, 2018

EXHIBIT L-2

	Richmond Retirement System	Other Employee Benefits	Total
Additions:			
Contributions:			
City of Richmond	\$ 45,459,066	\$ -	\$ 45,459,066
Richmond Behavioral Health Authority	1,024,279	-	1,024,279
Other	65,557	-	65,557
Plan Members	1,962,951	10,323,585	12,286,536
Total Contributions	<u>48,511,853</u>	<u>10,323,585</u>	<u>58,835,438</u>
Investment Income:			
Net Appreciation (Depreciation) in Fair Value of Investments	38,489,471	9,018,651	47,508,122
Interest	737,884	-	737,884
Dividends	1,771,975	-	1,771,975
Net Income Earned On Securities Lending Transactions:			
Securities Lending Income	59,155	-	59,155
Securities Lending Expense	(48,279)	-	(48,279)
Total Net Income Earned on Securities Lending Transactions	<u>10,876</u>	<u>-</u>	<u>10,876</u>
Investment Income	<u>41,010,206</u>	<u>9,018,651</u>	<u>50,028,857</u>
Less Investment Expense	<u>(2,167,181)</u>	<u>-</u>	<u>(2,167,181)</u>
Net Investment Loss	<u>38,843,025</u>	<u>9,018,651</u>	<u>47,861,676</u>
Total Additions, Net	<u>87,354,878</u>	<u>19,342,236</u>	<u>106,697,114</u>
Deductions:			
Benefits	(69,707,384)	(8,727,865)	(78,435,249)
Refunds of Member Contributions	(66,597)	-	(66,597)
Administrative Expenses	(1,148,066)	(58,721)	(1,206,787)
Depreciation Expense	(60,082)	-	(60,082)
Other	-	(49,224)	(49,224)
Total Deductions	<u>(70,982,129)</u>	<u>(8,835,810)</u>	<u>(79,817,939)</u>
Net Increase	16,372,749	10,506,426	26,879,175
Net Position Held in Trust For Pension Benefits and Other Purposes - Beginning of Year	<u>552,712,561</u>	<u>102,759,730</u>	<u>655,472,291</u>
Net Position Held in Trust For Pension Benefits and Other Purposes - End of Year	<u>\$ 569,085,310</u>	<u>\$ 113,266,156</u>	<u>\$ 682,351,466</u>

**CITY OF RICHMOND, VIRGINIA
 AGENCY FUNDS
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 For the Fiscal Year Ended June 30, 2018**

EXHIBIT L-3

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Assets				
Cash and Cash Equivalents	\$ 3,165,555	\$ 1,570,984	\$ 1,410,713	\$ 3,325,826
Accounts Receivable	-	340	-	340
Total Assets	<u>\$ 3,165,555</u>	<u>\$ 1,571,324</u>	<u>\$ 1,410,713</u>	<u>\$ 3,326,166</u>
Liabilities				
Refundable Deposits	\$ 979,672	\$ 9,854	\$ 129,413	\$ 860,113
Due to Other Funds	40,198	2,191	42,389	-
Due to Various Agents	2,145,685	2,945,155	2,624,787	2,466,053
Total Liabilities	<u>\$ 3,165,555</u>	<u>\$ 2,957,200</u>	<u>\$ 2,796,589</u>	<u>\$ 3,326,166</u>

Statistical Section

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

Contents

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

**CITY OF RICHMOND, VIRGINIA
MISCELLANEOUS STATISTICAL DATA
June 30, 2018**

DATE OF INCORPORATION

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

AREA OF CITY

The area of the City consists of 62.46 square miles.

POPULATION

United States Census 2004 (1)	.....	197,401
United States Census 2005 (1)	.....	197,861
United States Census 2006 (1)	.....	198,624
United States Census 2007 (1)	.....	200,123
United States Census 2008 (1)	.....	202,002
United States Census 2009 (1)	.....	204,451
United States Census 2010 (1)	.....	204,214
United States Census 2011 (1)	.....	205,533
United States Census 2012 (1)	.....	210,309
United States Census 2013 (1)	.....	214,114
United States Census 2014 (1)	.....	217,853
United States Census 2015 (1)	.....	220,289
United States Census 2016 (1)	.....	223,170
United States Census 2017 (1)	.....	227,032
United States Census 2018 (1)	.....	N/A

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

FORM OF GOVERNMENT

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

SEGREGATION OF TAXABLE SUBJECTS FOR LOCAL TAXATION ONLY

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

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

ASSESSMENTS

The City Assessor of Real Estate assesses real estate annually at “fair market value”. The assessment to sales ratio is estimated to be 95.0%. The real estate assessments for the semi-annual real estate billing were based on an effective valuation date of January 1, 2018. The due dates for the semi billing were January 14 and June 14 in the 2018 tax year. The 2018 Land Book will be updated with fair market values as of July 1, 2018; new construction and renovations will be added to the land book through December 31, 2018.

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

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

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

TAX RATES

Real Estate:

- \$1.20 per \$100 of Assessed Value: 2008-2018
- \$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: 1992-2018

Machinery and Tools Used for Manufacturing and Mining:

- \$2.30 per \$100 of Assessed Value: 1992-2018

2018 Other taxes and fees imposed include:

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

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

Utility Consumers' Tax:

- Monthly Residential Billing:
 - Electricity - \$1.40 plus .015116 per kilowatt-hour and the amount of tax shall not exceed \$4.00 per month.
 - Gas - \$1.78 plus .010091 per 100 CCF delivered per month and the amount of tax shall not exceed \$4.00 per month
- Monthly Commercial and Industrial Billing:
 - Commercial Metered Electricity - \$2.75 plus .016462 per kilowatt-hour (kWh) first 8,945, and .002160 per kWh in excess of 8,945 kWh.
 - Industrial Metered Electricity - \$2.75 plus .0119521 per kilowatt-hour (kWh) first 1,242, .001837 per kWh in excess of 1,242 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 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 - \$33 on 4,000 lbs. or less; \$38 on 4,001 lbs. or more
- Trucks – Rates graduated in accordance with gross weight; minimum rate \$17, maximum rate \$250

Admission Tax:

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

Bank Franchise Tax:

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

Sales and Use Tax:

- 4.3% State and 1% Local: 2004-2018

Prepared Meals Tax:

- A tax of 7.5% on prepared meals sold in the City in addition to the Sales Tax, effective July 1, 2018.

Lodging Tax:

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

Cable TV Tax:

- 5% Communications Tax*

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

TAXES DUE

Real estate properties are assessed by the City of Richmond Assessor's office and assessments are mailed to tax payers by mid-June of each year. As of tax year 2011 real estate taxes are billed on a semi-annual basis with the payments due on January 14 and June 14 of each tax year. Penalty and interest will be assessed after each of the payment due dates in 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, 2018, real estate taxes are billed semi-annually with due dates of January 14 and June 14. Taxes will be reported as delinquent on January 15 and June 15, respectively of the tax year for which assessed. Personal property taxes are reported as delinquent on June 6th of the tax year for which assessed or 61 days after acquiring taxable situs. A penalty of 10% and a \$30 administrative fee is added to all delinquent taxes. In FY2018, the interest rate for unpaid taxes was 5% through 12/31/2017 and 10% beginning 1/1/2018. Business personal property taxes incur an additional 10% late payment penalty if not paid within 60 days of the due date.

OVERLAPPING AREAS AND DEBT

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

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

CITY INDEBTEDNESS

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

Enterprise Funds and Internal Service Funds pay the principal and interest on certain debt (general obligation bonds, revenue and refunding bonds and serial equipment notes), issued for the program purposes of each fund, from user fees. All other debt

redemption and interest requirements are appropriated in the General Fund budget. Neither long-term bonds, nor revenue anticipation notes are sold to finance current operations.

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

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

DEBT MANAGEMENT POLICIES

The City Council adopted a resolution in 1989 that was amended in 1991, 2012 and again in 2017 (Resolution No. 2017-R088), establishing guidelines for the planning, issuance and management of debt, for and on behalf of, the City of Richmond. The City will issue long-term debt for the purpose of planning, designing, purchasing, and constructing capital projects and for making major renovations to existing City infrastructure. The City may also incur debt for acquiring vehicles, machinery and equipment with the maturity of any debt offering not exceeding the expected useful life of the acquired asset. It will be the policy of the City to budget annual operating funds for expenditures that are primarily of an on-going maintenance type activity.

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

- Total Debt shall not exceed 3.75% of the combined total assessed taxable valuation of taxable real estate, personal property, and machinery and tools.
- Debt Service to be paid on total debt shall not exceed 10% of the sum of the General Fund budget, the Richmond Public Schools (RPS) budget, and the City funding from the State for Highway and Street Maintenance, less the transfer portion RPS receives from the City's General Fund to prevent double counting in the calculation.
- The City's ten-year payout ratio of the City's total debt (i.e. the principal amount of debt retired within ten years) shall not be less than 60%
- The City will issue tax supported debt with an average life consistent with the useful life of the assets being financed, with a maximum maturity not to exceed 30 years.
- The City will issue general fund supported debt with an average life that is consistent with the useful life of the project.
- The City shall target to provide cash funding from the annual operating budget for a portion of the five-year Capital Improvement Plan (CIP) budget.

FUND BALANCE POLICIES

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 a which further increased the required level of unassigned fund balance to 10% of budgeted General Fund expenditures.

On December 11, 2017 the City Council adopted Ordinance No. 2017-215 amending the prior Fund Balance Policies. The Ordinance establishes goals for the Unassigned Fund Balance and the Budget and Revenue Stabilization Contingency Reserve.

Unassigned Fund Balance Policy

- It is the goal of the City that the General Fund's Unassigned Fund Balance be equal to at least 13.67% of budgeted General Fund operating expenses for the latest fiscal year for which City Council has adopted a General Fund Budget.
- It is the policy of the City that appropriations from the Unassigned Fund Balance will be made (i) only in the event of unusual, unanticipated, and seemingly insurmountable hardship, and (ii) only after all other reserves or contingency funds have been exhausted.
- To the extent that the Unassigned Fund Balance is ever drawn upon, the Mayor shall submit to City Council, within 90 days after the date on which such funds have been expended, a plan to restore the amount expended within three years. As of June 30, 2018 the Unassigned Fund Balance was \$108.5 million, which is 15% of annual adopted FY2019 budgeted expenditures and transfers out.

Budget and Revenue Stabilization Contingency Reserve

- It is the goal of the City that the Budget and Revenue Stabilization Contingency Reserve be equal to at least 3.00% of budgeted General Fund operating expenses for the latest fiscal year in which City Council has adopted a General Fund Budget.
- It is the policy of the City that appropriations from the Budget and Revenue Stabilization Contingency Reserve will be made only when catastrophic, unforeseen, or unavoidable events cause a reduction in revenue of at least 0.50% over the then current fiscal year's budgeted General Fund revenues or an increase in expenditures of at least 0.50% over the then current fiscal year's budgeted General Fund operating expenses , either or both.
- To the extent that the Budget and revenue Stabilization Contingency Reserve is ever drawn upon , the mayor shall submit to city Council, within 90 days after the date on which such funds were expended, a plan to restore the amount expended within three years. As of June 30, 2018 the Budget and Revenue Stabilization Contingency Reserve balance was \$12 million, which is 1.7% of annual adopted budgeted FY2019 expenditures and transfers out.

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Governmental Activities										
Net Investment in Capital Assets	\$ 311,326,711	\$ 280,800,936	\$ 198,531,273	\$ 269,060,408	\$ 226,429,295	\$ 306,400,000	\$ 314,046,028	\$ 335,442,017	\$ 338,407,031	\$ 410,990,285
Restricted	15,356,206	5,772,722	12,590,642	16,458,462	31,900,000	21,269,101	4,292,533	19,843,817	29,302,519	32,520,120
Unrestricted	21,676,936	67,421,848	71,414,987	103,428,935	46,700,000	(219,000,000)	(272,324,391)	(270,779,486)	(205,662,515)	(296,817,160)
Total Governmental Activities' Net Position	\$ 348,359,853	\$ 353,995,506	\$ 282,536,902	\$ 388,947,805	\$ 305,029,295	\$ 108,669,101	\$ 46,014,170	\$ 84,506,348	\$ 162,047,035	\$ 146,693,245
Business-type Activities										
Net Investment in Capital Assets	\$ 351,767,886	\$ 369,683,330	\$ 381,909,942	\$ 419,526,304	\$ 488,600,000	\$ 497,111,667	\$ 495,162,064	\$ 487,293,137	\$ 523,105,159	\$ 530,202,221
Restricted	-	-	-	-	-	-	-	-	25,602,020	28,962,996
Unrestricted	55,610,764	58,319,963	64,745,678	51,318,531	125,800,000	98,609,642	143,122,363	182,038,024	161,296,665	191,993,283
Total Business-type Activities' Net Position	\$ 407,378,650	\$ 428,003,293	\$ 446,655,620	\$ 470,844,835	\$ 614,400,000	\$ 595,721,309	\$ 638,284,427	\$ 669,331,161	\$ 710,003,844	\$ 751,158,500
Primary Government										
Net Investment in Capital Assets	\$ 663,094,597	\$ 650,484,266	\$ 580,441,215	\$ 688,586,712	\$ 715,029,295	\$ 803,511,667	\$ 809,208,092	\$ 822,735,154	\$ 861,512,190	\$ 941,192,506
Restricted	15,356,206	5,772,722	12,590,642	16,458,462	31,900,000	21,269,101	4,292,533	19,843,817	54,904,539	61,483,116
Unrestricted	77,287,700	125,741,811	136,160,665	154,747,466	172,500,000	(120,390,358)	(129,202,028)	(88,741,462)	(44,365,850)	(104,823,877)
Total Primary Government Activities' Net Position	\$ 755,738,503	\$ 781,998,799	\$ 729,192,522	\$ 859,792,640	\$ 919,429,295	\$ 704,390,410	\$ 684,298,597	\$ 753,837,509	\$ 872,050,879	\$ 897,851,745

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Expenses										
Governmental Activities:										
General Government	\$ 132,001,804	\$ 137,836,800	\$ 135,582,802	\$ 126,274,797	\$ 145,700,000	\$ 109,455,944	\$ 150,935,993	\$ 134,946,876	\$ 125,878,780	\$ 137,501,073
Public Safety and Judiciary	185,536,625	175,820,069	178,142,702	182,724,471	187,800,000	184,192,095	233,336,534	190,970,196	186,133,476	199,718,107
Highways, Streets, Sanitation and Refuse	59,964,571	61,502,223	104,103,996	86,067,163	88,900,000	86,301,761	94,672,443	87,187,508	80,927,188	83,664,060
Human Services	105,618,194	93,697,780	95,333,003	84,629,401	79,000,000	78,249,654	96,529,866	81,057,222	81,512,645	80,387,107
Culture and Recreation	25,635,473	26,009,978	28,502,174	24,348,709	25,000,001	26,090,075	33,004,436	24,328,301	24,936,175	24,936,175
Education	164,359,364	163,586,697	173,214,073	155,173,806	158,800,000	158,065,296	163,000,000	175,157,363	180,714,967	160,582,760
Transportation	11,950,000	11,600,000	11,600,000	12,143,357	11,600,000	12,621,480	13,444,050	13,045,156	13,045,157	14,694,681
Interest and Fiscal Charges	23,925,766	20,204,271	21,418,947	18,648,049	19,800,000	26,100,820	22,885,035	26,591,694	27,522,522	28,919,030
Total Governmental Activities Expenses	<u>708,991,797</u>	<u>690,257,818</u>	<u>747,997,697</u>	<u>690,009,753</u>	<u>716,600,001</u>	<u>681,077,125</u>	<u>810,737,083</u>	<u>733,557,866</u>	<u>720,063,036</u>	<u>730,403,013</u>
Business-type Activities:										
Gas	221,285,311	163,063,730	154,527,763	120,738,025	133,137,550	153,143,869	144,436,371	119,137,386	127,316,121	136,490,923
Water	49,074,068	49,934,491	52,819,429	53,201,110	49,803,247	52,161,156	53,276,025	51,634,764	53,402,794	62,606,233
Wastewater	53,000,556	50,679,153	54,073,862	54,615,656	58,438,940	61,153,657	67,382,447	64,768,064	65,175,833	64,961,045
Stormwater	-	7,613,092	7,541,005	7,487,589	4,744,194	6,229,426	7,610,350	7,208,967	8,002,822	9,296,824
Coliseum	5,718,103	5,171,178	4,682,080	4,066,315	3,218,416	2,513,548	2,571,848	2,260,443	2,661,938	1,769,739
Landmark Theatre	567,990	1,399,493	1,419,756	1,410,964	1,343,807	1,459,300	1,913,533	1,588,932	1,751,891	1,785,430
Cemeteries	1,472,725	-	-	-	-	-	12,178,193	11,329,861	10,734,673	14,435,223
Parking	-	-	-	-	-	-	-	-	-	-
Total Business-type Activities Expenses	<u>331,118,753</u>	<u>277,861,137</u>	<u>275,063,895</u>	<u>241,519,639</u>	<u>250,686,154</u>	<u>276,660,956</u>	<u>289,388,767</u>	<u>257,928,417</u>	<u>269,046,072</u>	<u>291,345,417</u>
Total Primary Government Expenses	<u>\$ 1,040,110,550</u>	<u>\$ 968,118,955</u>	<u>\$ 1,022,361,592</u>	<u>\$ 931,529,392</u>	<u>\$ 967,286,155</u>	<u>\$ 957,738,081</u>	<u>\$ 1,100,105,850</u>	<u>\$ 991,486,283</u>	<u>\$ 989,109,108</u>	<u>\$ 1,021,748,430</u>
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	\$ 51,086,930	\$ 52,084,531	\$ 58,638,216	\$ 126,215,625	\$ 65,019,167	\$ 56,368,769	\$ 49,393,546	\$ 55,269,092	\$ 66,432,831	\$ 56,529,913
Culture and Recreation	686,911	727,597	406,036	377,643	428,613	216,679	248,813	1,024,289	365,656	1,712,264
Other Activities	29,948,260	30,759,315	26,567,540	28,053,492	27,544,471	25,115,281	22,248,389	24,626,836	121,526,052	125,954,970
Operating Grants and Contributions	155,689,284	151,878,522	154,172,480	149,546,405	141,500,000	144,367,918	136,101,577	137,190,859	32,906,250	38,494,867
Capital Grants and Contributions	5,228,211	5,545,450	7,312,467	8,364,411	26,780,248	35,250,158	44,185,991	41,407,136	34,862,903	11,315,940
Total Governmental Activities Program Revenues	<u>\$ 242,639,596</u>	<u>\$ 240,995,415</u>	<u>\$ 247,096,739</u>	<u>\$ 310,557,576</u>	<u>\$ 261,272,499</u>	<u>\$ 261,318,805</u>	<u>\$ 252,178,316</u>	<u>\$ 259,158,212</u>	<u>\$ 256,093,692</u>	<u>\$ 234,010,954</u>
Business-type Activities:										
Charges for Services:										
Gas	\$ 231,136,014	\$ 172,587,241	\$ 164,890,242	\$ 130,742,982	\$ 148,282,997	\$ 176,794,050	\$ 162,902,984	\$ 128,478,137	\$ 135,691,059	\$ 155,118,968
Water	54,406,899	57,386,552	59,596,957	61,814,881	67,827,452	67,512,427	63,912,519	65,836,889	68,181,546	70,249,766
Wastewater	58,803,531	60,220,635	61,356,769	65,709,241	68,533,168	73,393,727	82,343,230	79,101,386	83,251,997	86,934,435
Stormwater	-	9,537,834	9,778,441	9,505,006	9,845,346	11,330,288	11,137,971	10,997,422	11,208,637	11,569,933
Coliseum	1,829,195	1,463,233	1,255,551	1,423,979	1,686,346	1,384,868	1,585,548	1,379,423	2,034,341	2,744,369
Landmark Theatre	520	-	-	-	-	-	-	-	-	-
Cemeteries	1,368,588	1,320,251	1,222,954	1,199,476	1,329,673	1,477,507	1,592,307	1,569,770	1,261,806	1,618,075
Parking	-	-	-	-	-	-	-	-	-	-
Operating Grants and Contributions	10,819,719	14,624,603	15,013,658	15,143,172	19,608,232	20,001,217	14,803,836	15,273,141	18,091,685	19,067,327
Total Business-type Activities Program Revenues	<u>358,364,466</u>	<u>317,140,349</u>	<u>285,537,737</u>	<u>285,537,737</u>	<u>317,113,214</u>	<u>351,894,064</u>	<u>358,680,106</u>	<u>320,027,319</u>	<u>340,312,507</u>	<u>366,118,754</u>
Total Primary Government Program Revenues	<u>\$ 601,004,062</u>	<u>\$ 558,135,764</u>	<u>\$ 560,211,311</u>	<u>\$ 596,095,313</u>	<u>\$ 578,395,713</u>	<u>\$ 613,212,869</u>	<u>\$ 610,858,422</u>	<u>\$ 579,185,531</u>	<u>\$ 596,406,199</u>	<u>\$ 600,129,708</u>
Net (Expense)/Revenue										
Governmental Activities	\$ (466,352,201)	\$ (449,262,403)	\$ (479,452,177)	\$ (379,452,177)	\$ (455,327,502)	\$ (419,758,320)	\$ (558,558,767)	\$ (474,399,654)	\$ (463,969,344)	\$ (496,392,059)
Business-type Activities	27,245,713	39,279,211	38,050,675	44,018,098	66,427,060	75,233,109	69,311,339	62,098,902	71,266,435	74,773,337
Total Primary Government Net Expense	<u>\$ (439,106,488)</u>	<u>\$ (409,983,192)</u>	<u>\$ (462,750,283)</u>	<u>\$ (335,434,079)</u>	<u>\$ (388,900,442)</u>	<u>\$ (344,525,211)</u>	<u>\$ (489,247,428)</u>	<u>\$ (412,300,752)</u>	<u>\$ (392,702,909)</u>	<u>\$ (421,618,722)</u>

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes:										
Real Estate	\$ 231,467,579	\$ 219,121,286	\$ 217,159,681	\$ 214,209,839	\$ 215,611,658	\$ 210,389,704	\$ 221,704,082	\$ 224,785,116	\$ 237,853,883	\$ 237,888,652
Sales Tax	30,935,300	26,093,786	26,315,613	30,595,853	30,549,022	30,944,459	32,567,648	33,177,371	34,176,816	30,282,657
Sales Tax for Education	25,312,005	24,943,835	25,914,852	26,406,848	26,312,726	26,673,122	25,102,851	24,962,524	25,661,559	25,661,559
Personal Property	45,878,338	50,186,338	38,461,849	44,579,120	48,005,747	46,100,586	49,740,946	48,222,257	59,223,115	62,393,129
Machinery and Tools	13,762,378	17,119,371	16,914,447	15,421,045	14,792,937	13,746,350	12,752,759	14,494,966	12,758,274	14,095,200
General Utility Sales	35,253,745	34,483,451	17,098,077	16,378,212	17,066,009	16,680,313	17,646,514	17,659,169	18,455,308	19,351,132
State Communication Taxes	-	-	17,439,622	17,085,208	17,130,526	16,839,049	16,691,917	16,527,290	15,760,395	14,138,781
Bank Stock	4,494,835	8,247,534	13,933,727	12,480,183	9,221,721	9,328,141	8,816,474	9,936,805	8,364,990	8,842,901
Prepared Food	24,489,056	23,756,424	26,429,441	25,051,579	29,986,231	30,065,438	32,290,063	33,206,090	36,002,917	37,009,033
Lodging Tax	5,366,015	4,789,681	4,789,957	5,200,817	6,392,330	6,326,387	5,433,289	7,504,354	8,025,516	8,888,653
Admissions	1,604,376	2,181,971	2,335,970	2,399,527	2,448,962	2,923,183	2,866,718	3,036,088	2,747,268	2,775,821
Real Estate Taxes - Delinquent	-	9,711,901	10,746,487	7,006,446	8,953,219	7,895,327	9,155,708	9,703,138	8,937,806	14,295,349
Personal Property Taxes - Delinquent	-	5,023,503	4,117,223	3,959,980	8,524,442	5,614,439	8,867,316	6,378,267	9,836,983	9,542,459
Delinquent Tax Payments-All Classes	-	-	-	-	-	-	-	-	-	-
Private Utility Poles and Conduits	96,164	156,478	158,268	154,881	158,568	169,729	160,950	68,699	260,117	163,837
Penalties and Interest	4,570,206	5,423,493	4,948,641	3,660,357	4,471,897	3,642,822	4,384,082	7,892,982	5,023,749	8,538,569
Tiling Tax-Mobile Home	10,635	10,858	4,704	8,051	5,817	6,132	9,083	8,266	9,474	14,583
State Recordation	710,115	759,637	681,049	656,449	731,956	872,407	661,291	1,156,543	942,127	1,001,665
Property Rental 1%	126,534	101,748	109,871	131,021	139,796	133,774	82,388	79,202	154,115	122,066
Vehicle Rental Tax	628,040	424,599	579,654	1,149,088	371,425	855,582	937,779	1,067,535	845,652	905,346
Rolling Stock Tax	-	-	-	-	-	-	-	-	-	-
Telephone Commissions	449,292	450,000	390,739	338,499	337,349	522,578	538,474	628,014	196,579	198,990
Intergovernmental Revenue Not Restricted to Specific Programs	166,361	156,211	-	-	-	-	-	-	-	-
Investment Earnings	89,955	105,672	165,111	125,526	80,854	36,020	38,344	53,281	114,158	221,163
Miscellaneous	2,319,473	225,661	1,143,368	1,963,714	2,823,922	1,607,458	15,739,412	19,083,117	20,034,985	18,452,974
Transfers	21,560,041	22,340,631	21,459,319	23,147,547	23,612,453	27,377,577	28,080,617	32,669,758	33,908,419	30,764,389
Special Item 1	(130,470)	15,352	-	(1,320,829)	486,000	-	1,500,000	-	2,215,826	2,720,280
Extraordinary Item	449,157,973	455,829,421	451,297,670	450,788,961	465,575,039	455,690,181	495,768,705	512,891,832	541,510,031	522,607,629
Total Governmental Activities	\$ 5,601,170	\$ 1,060,118	\$ 897,530	\$ 1,738,623	\$ 685,839	\$ 811,070	\$ 675,983	\$ 695,117	\$ 1,937,972	\$ 4,297,491
Business-type Activities:										
Investment Earnings	1,788,086	1,694,580	1,163,441	1,580,041	1,271,707	(4,802,222)	643,748	922,473	1,019,326	102,671
Miscellaneous	(21,560,041)	(22,340,631)	(21,459,319)	(23,147,547)	(23,612,453)	(27,377,577)	(28,080,617)	(32,669,758)	(33,551,050)	(30,764,389)
Transfers	(14,170,785)	(19,585,933)	(19,398,346)	(19,828,883)	(21,654,907)	(31,368,729)	(26,760,866)	(31,052,168)	(30,593,752)	(26,364,227)
Total Business-type Activities	\$ 434,987,188	\$ 436,243,488	\$ 431,899,322	\$ 430,960,078	\$ 443,920,132	\$ 424,321,452	\$ 469,007,819	\$ 481,839,664	\$ 510,916,279	\$ 496,243,402
Total Primary Government	\$ 6,036,158	\$ 1,523,606	\$ 1,336,852	\$ 1,669,593	\$ 1,129,969	\$ 1,235,522	\$ 1,144,991	\$ 1,176,981	\$ 2,454,948	\$ 4,793,893
Change in Net Position										
Governmental Activities	\$ 6,567,018	\$ (49,503,288)	\$ 71,336,784	\$ 71,845,493	\$ (4,538,541)	\$ (275,657,761)	\$ (62,790,062)	\$ 38,492,178	\$ 77,540,687	\$ 26,215,570
Business-type Activities	13,074,928	19,693,278	18,652,327	24,189,215	46,598,177	(644,771,577)	42,550,453	31,046,734	40,672,683	48,409,110
Total Primary Government	\$ 19,641,946	\$ (29,810,010)	\$ 89,989,111	\$ 96,034,708	\$ (42,059,636)	\$ (920,429,338)	\$ (20,239,609)	\$ 69,538,912	\$ 118,213,370	\$ 74,624,680
Special Item:										
Fiscal Year 2013 - Gain on Sale of Land										
Fiscal Year 2015 - Bargain Purchase of Property-Diamond										

Note: The changes in net position for both Governmental and Business-type activities are explained in the Management's Discussion and Analysis Section
Note: In FY09, the City classified current and delinquent taxes as a combined unit.

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
City Taxes										
Real Estate	\$ 231,467,579	\$ 219,121,286	\$ 217,159,681	\$ 214,209,839	\$ 215,611,658	\$ 210,389,704	\$ 221,704,082	\$ 224,785,116	\$ 237,853,883	\$ 237,888,652
Sales-1% Local	30,935,300	26,093,786	26,315,613	30,595,853	30,549,022	30,944,459	32,567,648	33,773,371	34,176,816	30,282,657
Sales Tax for Education	25,312,005	24,943,835	25,914,852	26,406,848	23,673,198	23,612,726	25,102,851	24,997,524	25,661,559	-
Personal Property	45,878,338	50,186,338	38,461,849	44,579,120	48,005,747	46,100,586	49,740,946	48,222,257	59,223,115	62,393,129
Machinery and Tools	13,762,378	17,119,371	16,914,447	15,421,045	14,792,337	13,746,350	12,752,759	14,454,966	12,758,274	14,095,200
General Utility Sales	35,253,745	34,483,451	17,098,077	16,378,212	17,066,009	16,680,313	17,646,514	17,659,169	18,455,308	19,351,132
Slate Communication Taxes	-	-	17,439,622	17,085,208	17,130,526	16,839,049	16,691,917	16,527,290	15,760,395	14,138,781
Bank Stock	4,494,835	8,247,534	13,983,727	12,480,183	9,221,721	9,328,141	8,816,474	9,936,805	8,364,990	8,842,901
Prepared Food	24,489,056	23,756,424	26,429,441	25,051,579	29,986,231	30,065,438	32,290,063	33,206,090	36,002,917	37,009,033
Transient Lodging	5,366,015	4,789,681	4,789,957	5,200,817	6,392,330	6,326,387	5,433,289	7,504,354	8,025,516	8,888,653
Admissions	1,604,376	2,181,971	2,335,970	2,399,527	2,448,962	2,923,183	2,866,718	3,036,088	2,747,268	2,775,821
Real Estate Taxes - Delinquent	-	9,711,901	10,746,487	7,006,446	8,953,219	7,895,327	9,155,708	9,703,138	8,937,806	14,295,349
Personal Property Taxes - Delinquent	-	5,023,503	4,117,223	3,959,980	8,524,442	5,614,439	8,867,316	6,378,267	9,836,983	9,542,459
Delinquent Tax Payments-All Classes	-	-	-	-	-	-	-	-	-	-
Private Utility Poles and Conduits	96,164	156,478	158,268	154,881	158,568	169,729	160,950	68,699	260,117	163,837
Penalties and Interest	4,570,206	5,423,493	4,948,641	3,660,357	4,471,897	3,642,822	4,384,082	7,892,982	5,023,749	8,538,569
Titling Tax-Mobile Home	10,635	10,858	4,704	8,051	5,817	6,132	9,083	8,266	9,474	14,583
Slate Recordation	710,115	759,637	681,049	656,449	731,956	872,407	661,291	1,156,543	942,127	1,001,665
Property Rental 1%	126,534	101,748	109,871	131,021	139,796	133,774	82,388	79,202	154,115	122,066
Vehicle Rental Tax	626,040	424,599	579,654	1,149,088	371,425	855,582	937,779	1,067,535	845,652	905,346
Rolling Stock Tax	-	-	-	-	-	-	-	-	-	-
Telephone Commissions	449,292	450,000	390,739	338,499	337,349	522,578	538,474	628,014	196,579	198,990
Total Primary Government	\$ 425,152,613	\$ 432,985,894	\$ 428,529,872	\$ 426,873,003	\$ 438,572,810	\$ 426,669,126	\$ 450,410,332	\$ 461,085,676	\$ 485,236,643	\$ 470,448,823

Note: In FY09, the City classified current and delinquent taxes as a combined unit.
 Note: In FY11, the City modified the classification and grouping of General Fund Revenues compared to prior years.

CITY OF RICHMOND, VIRGINIA
FUND BALANCES OF GOVERNMENTAL FUNDS
 Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year									
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General Fund:										
Nonspendable	\$ -	\$ -	\$ 1,029,600	\$ 1,029,600	\$ 1,029,600	\$ -	\$ 382,200	\$ 383,338	\$ 399,742	\$ 9,953
Restricted	-	-	1,391,917	-	-	-	-	-	-	-
Committed	-	-	14,672,765	53,073,041	39,427,954	10,793,000	13,000,000	10,000,000	12,019,176	14,047,172
Assigned	-	-	15,460,647	35,002,000	11,573,916	35,163,526	7,788,553	5,850,728	15,219,451	13,597,476
Unassigned	-	-	64,062,309	72,908,854	75,000,000	80,393,997	84,995,561	98,210,321	107,729,940	108,511,921
Reserved	2,094,186	16,598,886	-	-	-	-	-	-	-	-
Unreserved	48,644,484	59,423,096	-	-	-	-	-	-	-	-
Total General Fund	<u>\$ 50,738,670</u>	<u>\$ 76,021,982</u>	<u>\$ 96,617,238</u>	<u>\$ 162,013,495</u>	<u>\$ 127,031,470</u>	<u>\$ 126,350,523</u>	<u>\$ 106,166,314</u>	<u>\$ 114,444,387</u>	<u>\$ 135,368,309</u>	<u>\$ 136,166,522</u>
All Other Governmental Funds:										
Nonspendable	\$ -	\$ -	\$ 212,141	\$ 193,729	\$ 74,327	\$ 74,372	\$ 38,930	\$ -	\$ -	\$ 38,925
Restricted	-	-	16,262,282	16,264,733	15,294,132	19,024,423	4,253,603	19,857,793	29,302,519	32,471,242
Committed	-	-	9,426,306	9,756,967	5,587,993	745,000	-	745,000	-	-
Assigned	-	-	295,105	(138,320)	866,410	3,468,218	14,800,003	3,312,542	-	-
Unassigned	-	-	(37,000,000)	(3,508,434)	(168,475,248)	(49,720,104)	(101,563,859)	(83,439,150)	(57,853,866)	(103,646,117)
Reserved	17,029,761	6,822,405	-	-	-	-	-	-	-	-
Unreserved, reported in:										
Special Revenue Funds	8,385,421	10,861,875	-	-	-	-	-	-	-	-
Capital Project Funds	(67,443,896)	-	-	-	-	-	-	-	-	-
Debt Service Fund	-	-	-	-	-	-	-	-	-	-
Total All Other Governmental Funds	<u>\$ (42,028,714)</u>	<u>\$ 17,684,280</u>	<u>\$ (10,804,166)</u>	<u>\$ 22,568,675</u>	<u>\$ (146,652,386)</u>	<u>\$ (26,408,091)</u>	<u>\$ (82,471,323)</u>	<u>\$ (59,523,815)</u>	<u>\$ (28,551,347)</u>	<u>\$ (71,135,950)</u>

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

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

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

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

	Fiscal Year									
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Revenues:										
Taxes	\$ 427,338,579	\$ 425,707,122	\$ 433,782,081	\$ 431,705,312	\$ 433,518,092	\$ 430,868,542	\$ 450,712,602	\$ 473,333,440	\$ 481,288,421	\$ 478,743,768
Licenses, Permits and Privilege Fees	36,190,387	35,374,043	34,326,099	39,403,213	42,404,133	38,093,334	39,403,545	39,552,169	37,131,444	43,521,211
Intergovernmental	156,307,233	151,219,441	152,816,149	152,837,949	133,166,823	150,232,431	144,718,110	215,446,474	179,177,023	156,446,068
Service Charges	21,451,494	24,407,838	25,559,661	26,390,218	28,093,614	23,205,623	23,437,359	24,702,348	33,085,235	28,041,105
Fines and Forfeitures	9,246,562	9,760,055	9,583,749	9,744,457	10,200,629	10,221,786	5,822,882	7,543,881	6,586,811	5,972,902
Payment in Lieu of Taxes	19,234,942	19,780,983	-	-	-	-	-	-	-	-
Utility Payments	-	-	22,577,356	24,141,572	25,266,237	27,175,174	28,848,885	32,000,694	31,162,094	30,470,118
Investment Income	540,676	105,672	165,111	125,526	80,854	36,019	38,344	53,281	114,158	221,141
Miscellaneous	19,653,520	22,718,453	20,903,222	79,323,182	18,100,667	10,564,344	15,345,228	19,302,223	18,080,483	14,097,621
Total Revenues	689,963,393	689,073,607	699,713,428	763,671,429	690,831,049	690,397,253	708,326,955	811,934,510	786,625,669	757,513,934
Expenditures:										
General Government	90,936,507	92,896,369	86,018,066	90,060,892	99,140,475	77,804,633	91,170,260	88,378,032	84,393,859	65,355,730
Public Safety and Judiciary	177,057,319	169,704,353	168,930,921	177,042,195	179,438,014	178,712,513	190,291,231	191,072,187	192,552,805	209,315,536
Highways, Streets, Sanitation and Refuse	44,632,967	46,687,139	58,398,783	61,164,440	60,345,016	67,017,239	61,720,615	61,691,779	61,226,383	65,685,371
Human Services	101,156,059	89,445,759	89,251,029	80,913,299	74,156,376	76,378,833	81,890,683	81,456,560	83,890,504	83,549,468
Culture and Recreation	22,869,119	21,791,546	23,274,978	22,988,592	22,746,588	26,212,041	26,212,041	23,153,407	23,606,485	24,410,469
Education	159,155,815	151,332,379	150,585,819	150,651,924	153,205,535	154,267,395	162,170,840	170,833,592	176,983,321	155,175,684
Non-Departmental	50,990,595	46,454,002	43,629,933	46,835,962	72,870,264	44,145,152	52,352,720	54,638,951	46,901,510	75,498,843
Capital Outlay	81,224,196	55,093,465	125,099,224	96,796,091	179,946,671	153,252,930	106,538,511	115,975,232	97,879,286	64,920,024
Debt Service:										
Principal Retirement	28,077,064	31,748,820	29,839,337	30,683,823	36,604,656	37,129,045	31,040,730	64,113,008	35,149,119	37,079,297
Interest Payments	24,805,037	19,193,765	19,710,167	22,026,533	19,517,107	24,457,031	24,077,465	27,633,704	28,505,952	25,138,282
Issuance Costs	955,068	806,838	647,705	-	738,870	-	1,324,747	827,439	556,713	2,563,813
Total Expenditures	781,859,646	725,154,435	795,385,962	779,163,751	897,970,702	837,930,213	828,789,843	879,773,891	831,645,937	808,712,517
Other Financing Sources (Uses):										
Transfers In	70,306,914	67,559,251	66,240,273	66,995,617	67,750,346	73,001,130	69,642,441	109,294,954	79,998,362	86,243,332
Transfers Out	(67,126,142)	(64,147,702)	(63,243,383)	(63,886,685)	(65,335,266)	(69,123,692)	(66,809,741)	(104,614,669)	(75,297,532)	(82,551,009)
Proceeds from Refunding Bonds	-	-	-	-	-	193,218,870	-	21,865,202	-	294,315,000
Payment to Escrow Agent	-	-	-	-	-	(150,000,000)	-	-	-	(251,080,703)
Proceeds from Section 108	-	-	-	-	-	-	-	-	786,418	786,818
Proceeds from EDA	-	-	-	-	-	-	-	-	1,429,408	1,933,462
Payments for Refunding Bonds	-	-	-	-	-	-	(141,723,901)	(21,721,208)	-	(95,000,000)
Proceeds from Issuance of Bonds	-	100,917,875	80,341,209	113,379,713	36,487	124,144,030	183,106,648	94,240,683	90,000,000	-
Premium on Issuance of Bonds	-	6,565,000	4,441,245	-	-	-	-	-	-	54,765,293
Net Other Financing Sources, Net	3,180,772	110,894,424	87,779,344	116,488,645	2,451,567	171,240,338	44,215,447	99,064,962	96,916,656	9,412,193
Special Items:										
Gain on Sale of Land	-	-	-	-	485,000	-	-	-	-	-
Total Special Items	-	-	-	-	485,000	-	-	-	-	-
Extraordinary Item:										
Disaster Costs	-	15,352	-	1,320,829	-	-	-	-	-	-
Total Extraordinary Item	-	15,352	-	1,320,829	-	-	-	-	-	-
Net Change in Fund Balances	\$ (88,715,481)	\$ 74,829,948	\$ (7,693,190)	\$ 99,675,694	\$ (204,203,086)	\$ 23,707,378	\$ (17,407,792)	\$ 31,225,581	\$ 51,896,388	\$ (41,786,390)
Debt Service as a Percentage of Noncapital Expenditures 1	7.0%	7.5%	6.9%	7.3%	6.8%	8.2%	7.3%	11.8%	8.4%	7.7%

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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Real Estate	\$ 227,921,229	\$ 218,027,758	\$ 221,948,834	\$ 216,991,101	\$ 213,234,953	\$ 216,006,348	\$ 223,491,278	\$ 234,445,036	\$ 234,294,879	\$ 247,700,125
Sales-1% Local	30,935,300	26,093,786	26,315,613	30,595,853	30,549,022	30,944,459	32,567,648	33,773,371	34,176,816	30,282,657
Sales Tax for Education	25,312,005	24,943,835	25,914,852	26,406,848	23,673,198	23,612,726	25,102,851	24,997,524	25,661,559	-
Personal Property	51,107,922	44,081,997	44,343,976	43,780,792	47,234,956	44,753,528	49,260,306	48,531,320	57,603,912	60,801,789
Machinery and Tools	14,265,110	17,038,468	16,857,051	15,519,223	15,001,324	13,607,934	12,838,347	14,060,308	13,828,602	13,996,708
Utility Sales Tax Gas	-	-	4,617,822	4,256,292	4,761,197	4,833,897	4,872,622	4,467,916	4,711,342	4,600,765
Utility Sales Tax Electric	-	-	12,480,255	12,121,920	12,303,832	11,463,513	12,479,100	12,707,360	13,494,359	14,517,989
Utility Sales Tax Tele	-	-	-	-	-	382,903	294,792	483,893	249,607	232,377
General Utility Sales	35,253,745	34,483,451	-	-	-	-	-	-	-	-
State Communication Taxes	-	-	17,439,622	17,085,208	17,130,526	16,839,049	16,691,917	16,527,290	15,760,395	14,138,781
Bank Stock	4,494,835	8,247,534	13,933,727	12,480,183	9,221,721	9,328,141	8,816,474	9,936,805	8,364,990	8,842,900
Prepared Food	24,489,056	23,756,424	21,726,664	26,991,476	28,320,613	30,444,280	31,686,926	35,455,141	35,605,363	36,948,484
Lodging Tax	5,366,015	4,789,681	4,623,900	5,685,427	6,018,453	5,974,584	5,456,014	8,079,083	8,042,016	8,823,693
Admission	1,604,376	2,181,971	1,843,129	2,726,217	2,372,848	2,964,390	2,357,256	2,885,747	3,287,979	3,074,924
Real Estate Taxes - Delinquent	-	9,711,901	10,746,487	7,006,446	8,953,219	7,895,327	9,155,708	9,703,138	8,937,806	14,295,349
Personal Property Taxes - Delinquent	-	5,023,503	4,117,223	3,959,980	8,524,442	5,614,439	8,867,316	6,378,267	9,836,983	9,542,460
Delinquent Tax Payments-All Classes	-	-	-	-	-	-	-	-	-	-
Private Utility Poles and Conduits	96,164	156,478	158,268	154,881	158,568	169,729	160,950	68,699	260,117	163,837
Penalties and Interest	4,570,206	5,423,493	4,948,641	3,660,357	4,471,897	3,642,822	4,384,082	7,892,982	5,023,749	8,538,280
Titling Tax-Mobile Home	10,635	10,858	4,704	8,051	5,817	6,132	9,083	8,266	9,474	14,583
State Recordation	710,115	759,637	681,049	656,449	731,956	872,407	661,291	1,156,543	942,127	1,001,665
Property Rental 1%	126,534	101,748	109,871	131,021	139,796	133,774	82,388	79,202	154,115	122,066
Vehicle Rental Tax	626,040	424,599	579,654	1,149,088	371,425	855,582	937,779	1,067,535	845,652	905,346
Telephone Commissions	449,292	450,000	390,739	338,499	337,349	522,578	538,474	628,014	196,579	198,990
Total General Governmental Tax Revenues	\$ 427,338,579	\$ 425,707,122	\$ 433,782,081	\$ 431,705,312	\$ 433,517,112	\$ 430,868,542	\$ 450,712,602	\$ 473,333,440	\$ 481,288,421	\$ 478,743,768

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			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	Personal Property				Real Property	Personal Property	Machinery & Tools			Real Property
2009	\$ 14,501,085,200	\$ 12,117,784,643	\$ 1,387,622,846	\$ 625,752,634	\$ 5,519,840,800	\$ 23,112,404,523	\$ 1.20	\$ 3.70	\$ 2.30	\$ 23,112,404,523	100.00%
2010	\$ 12,657,788,000	\$ 14,263,768,672	\$ 1,420,344,916	\$ 765,598,939	\$ 5,827,518,000	\$ 23,279,982,527	\$ 1.20	\$ 3.70	\$ 2.30	\$ 23,279,982,527	100.00%
2011	\$ 12,019,466,000	\$ 13,786,267,222	\$ 1,484,823,134	\$ 762,284,948	\$ 5,918,281,100	\$ 22,134,560,204	\$ 1.20	\$ 3.70	\$ 2.30	\$ 22,134,560,204	100.00%
2012	\$ 11,908,691,000	\$ 13,751,070,000	\$ 1,475,484,028	\$ 682,677,850	\$ 5,943,230,000	\$ 21,874,692,878	\$ 1.20	\$ 3.70	\$ 2.30	\$ 21,874,692,878	100.00%
2013	\$ 11,527,422,000	\$ 13,981,508,000	\$ 1,458,546,482	\$ 636,293,988	\$ 6,024,864,000	\$ 21,578,906,470	\$ 1.20	\$ 3.70	\$ 2.30	\$ 21,578,906,470	100.00%
2014	\$ 13,873,758,000	\$ 11,897,960,000	\$ 1,385,403,241	\$ 594,339,539	\$ 6,183,459,000	\$ 21,568,001,780	\$ 1.20	\$ 3.70	\$ 2.30	\$ 21,568,001,780	100.00%
2015	\$ 14,322,697,000	\$ 11,976,725,000	\$ 1,629,774,285	\$ 588,032,927	\$ 6,268,127,000	\$ 22,249,102,212	\$ 1.20	\$ 3.70	\$ 2.30	\$ 22,249,102,212	100.00%
2016	\$ 14,986,306,000	\$ 12,803,864,000	\$ 1,955,517,305	\$ 577,169,740	\$ 6,908,330,000	\$ 23,414,527,045	\$ 1.20	\$ 3.70	\$ 2.30	\$ 23,414,527,045	100.00%
2017	\$ 15,650,193,000	\$ 13,250,426,000	\$ 2,391,005,104	\$ 599,972,231	\$ 7,304,849,000	\$ 24,586,747,335	\$ 1.20	\$ 3.70	\$ 2.30	\$ 24,586,747,335	100.00%
2018	\$ 16,632,993,000	\$ 13,536,643,000	\$ 2,240,666,165	\$ 613,217,909	\$ 7,458,753,000	\$ 25,564,767,074	\$ 1.20	\$ 3.70	\$ 2.30	\$ 25,564,767,074	100.00%

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

CITY OF RICHMOND, VIRGINIA
REAL ESTATE ASSESSED VALUES OF LARGEST TAXPAYERS
As of January 1, 2018

2018		2009					
Taxpayer	Taxable Assessed Value	Rank	Total Taxable Assessed Value	Taxpayer	Taxable Assessed Value	Rank	Total Taxable Assessed Value
Philip Morris Inc.	\$ 627,445,000	1	2.76%	Philip Morris, Inc & Philip Morris USA	\$ 715,271,200	1	3.39%
Richmond Riverfront Piza LP	163,634,000	2	0.72%	Hines Riverfront Plaza LP	272,500,000	2	1.29%
JC Richmond LLC	150,151,000	3	0.66%	James Center Property LLC	194,177,300	3	0.92%
Sir Properties Trust	120,331,000	4	0.53%	Dominion Resources, Inc	144,568,000	4	0.69%
Chippenham Hospital Inc	110,534,000	5	0.49%	Chippenham Hospital, Inc	105,604,600	5	0.50%
Federal Reserve Bank	108,264,000	6	0.48%	Federal Reserve Bank of Richmond	96,629,100	6	0.46%
LEX Richmond Tennant LP	98,052,000	7	0.43%	Gambles Hill Third Street LLC	91,918,000	7	0.44%
Dominion Resources Services Inc	90,802,000	8	0.40%	Parmenter 919 Main St LP	83,574,000	8	0.40%
Dominion Resources Inc	89,778,000	9	0.40%	Riverside Owner LLC	83,324,000	9	0.39%
Kireland South 10th Street LLC	76,267,000	10	0.34%	Stony Point Fashion Pk Assoc LLC	78,388,000	10	0.37%
Tm Stony Point Park LP	70,328,000	11	0.31%	Sun Trust Bank	71,513,900	11	0.34%
HRIP Miller & Rhoads	67,594,000	12	0.30%	First States Invest 3500 LLC	70,410,000	12	0.33%
AREP Riverside I LLC	66,779,000	13	0.29%	Gambles Hill LLC	70,120,800	13	0.33%
American Retirement Corp	65,161,000	14	0.29%	Robins A H Co, Inc	48,212,400	14	0.23%
Parma Richmond LLC	64,481,000	15	0.28%	Media General, Inc	47,156,000	15	0.22%
LS Biotech Eight LLC	63,087,000	16	0.28%	American Retirement Corp	46,324,000	16	0.22%
Crestar (Suntrust) Bank	61,218,000	17	0.27%	Miller & Rhoads Building LLC	42,010,000	17	0.20%
Robins AH Co, Inc	48,491,000	18	0.21%	Apple Seven SPE Richmond	41,072,000	18	0.19%
Southwood Apartments LLC	47,718,000	19	0.21%	S J W Limited Partnership	40,909,000	19	0.19%
Div Sr River City Renaissance	45,967,000	20	0.20%	Historic Hotels LLC	37,269,000	20	0.18%
RVA 1111 East Main Tower LP	44,298,000	21	0.20%	Overnite Transportation Co	37,255,000	21	0.18%
John Marshall Building LLC	41,996,000	22	0.18%	Alleghany Warehouse Co, Inc	36,004,600	22	0.17%
Eck Enterprises Inc	41,052,000	23	0.18%	Eck Enterprises	36,275,300	23	0.17%
ALTA Stony Point LLC	40,106,000	24	0.18%	Omni Center Corporation	35,197,000	24	0.17%
Apple Seven Spe Richmond Inc	39,631,000	25	0.17%	CRIT-VA Inc	32,455,000	25	0.15%
Total of Taxpayers	2,443,165,000		10.76%	Total of Taxpayers	2,558,138,200		12.12%
All Other Properties	20,267,718,000		89.24%	All Other Properties	18,540,890,843		87.88%
Totals	\$ 22,710,883,000		100.00%	Totals	\$ 21,099,029,043		100.0%

Source: City's Real Estate Assessor

**CITY OF RICHMOND, VIRGINIA
PRINCIPAL EMPLOYERS
Current Year and Ten Years Ago**

2018		2009					
<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.	11,252	1	11.55%	Commonwealth of Virginia	25,728	1	14.25%
Virginia Commonwealth University Health System	9,313	2	9.56%	Federal Government	15,300	2	8.47%
HCA Virginia Health System	7,628	3	7.83%	Chesterfield County	11,369	3	6.30%
Bon Secours Richmond Health System	7,136	4	7.33%	Henrico County	10,545	4	5.84%
Dominion Virginia Power	5,433	5	5.58%	Richmond City	8,672	5	4.80%
SunTrust Banks Inc.	3,810	6	3.91%	Virginia Commonwealth University Health System	7,399	6	4.10%
Altria Group Inc.	3,800	7	3.90%	Capital One Financial Corp.	6,703	7	3.71%
Amazon.com	3,800	8	3.90%	HCA, Inc.	6,624	8	3.67%
Wells Fargo	2,902	9	2.98%	Wal-mart Stores, Inc.	6,238	9	3.46%
Anthem Blue Cross and Blue Shield	2,655	10	2.73%	Dominion Resources, Inc.	5,761	10	3.19%
United Parcel Service	2,490	11	2.56%	Bon Secours Richmond Health System	5,480	11	3.04%
Bank of America	1,921	12	1.97%	Altria Group Inc.	5,460	12	3.02%
Federal Reserve Bank of Richmond	1,882	13	1.93%	Hanover County	4,088	13	2.26%
Market Corporation	1,846	14	1.90%	Wells Fargo & Co.	4,035	14	2.23%
DowDuPont	1,800	15	1.85%	SunTrust Banks, Inc	3,825	15	2.12%
Verizon Communications	1,700	16	1.75%	Ukrop's Super Markets, Inc.	3,363	16	1.86%
University of Richmond	1,578	17	1.62%	WellPoint Inc.	3,149	17	1.74%
General Dynamics Corp.	1,450	18	1.49%	DuPont	3,122	18	1.73%
Total of Principal Employers	72,396		74.34%	Total of Principal Employers	136,861		75.80%
Other Principal Employers ¹	24,994		25.66%		43,686		24.20%
Totals	97,390		100%	Totals	180,547		100%

Other Principal Employers¹: These numbers represent the amount and percentage of the remaining top 18 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	Current Tax Collections(1)			Delinquent Tax Collections(2)		Total Tax Collections	
	Tax Rate	Total Tax Levy(3)	Amount	Percentage of Levy	Tax Collections(2)	Amount	Percentage of Levy
2009	1.20	\$ 236,538,376	\$ 223,155,601	94.3%	\$ 6,001,432	\$ 229,157,033	96.9%
2010	1.20	\$ 234,474,521	\$ 222,858,692	95.0%	\$ 9,711,902	\$ 232,570,594	99.2%
2011	1.20	\$ 234,035,458	\$ 222,720,502	95.2%	\$ 10,742,828	\$ 233,463,330	99.8%
2012	1.20	\$ 227,351,927	\$ 213,930,311	94.1%	\$ 8,196,450	\$ 222,126,761	97.7%
2013	1.20	\$ 224,663,796	\$ 207,677,432	92.4%	\$ 9,296,883	\$ 216,974,315	96.6%
2014	1.20	\$ 217,520,214	\$ 202,460,782	93.1%	\$ 12,381,260	\$ 214,842,042	98.8%
2015	1.20	\$ 225,091,868	\$ 210,309,436	93.4%	\$ 10,412,879	\$ 220,722,315	98.1%
2016	1.20	\$ 233,675,912	\$ 220,474,082	94.4%	\$ 9,702,731	\$ 230,176,813	98.5%
2017	1.20	\$ 246,301,342	\$ 234,294,879	95.1%	\$ 8,937,806	\$ 243,232,685	98.8%
2018	1.20	\$ 255,951,747	\$ 245,246,847	95.8%	\$ 14,295,349	\$ 259,542,196	101.4%

Source: City of Richmond - Department of Finance

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

Tax Year	Current Tax Collections(1)			Delinquent Tax Collections(2)		Total Tax Collections to Date	
	Tax Rate	Total Tax Levy(3)	Amount	Percentage of Levy	Tax Collections(2)	Amount	Percentage of Levy
2009	3.70	\$ 53,145,714	\$ 45,087,886	84.8%	\$ 5,957,159	\$ 51,045,045	96.0%
2010	3.70	\$ 53,716,305	\$ 45,700,784	85.1%	\$ 4,740,164	\$ 50,440,948	93.9%
2011	3.70	\$ 49,636,035	\$ 45,050,368	90.8%	\$ 4,740,164	\$ 49,790,532	92.5%
2012	3.70	\$ 49,995,079	\$ 46,364,216	92.7%	\$ 4,779,895	\$ 51,144,111	94.4%
2013	3.70	\$ 56,335,465	\$ 45,804,689	81.3%	\$ 10,115,195	\$ 55,919,884	99.3%
2014	3.70	\$ 60,309,698	\$ 50,764,046	84.2%	\$ 13,386,275	\$ 64,150,321	106.4%
2015	3.70	\$ 61,537,220	\$ 52,363,405	85.1%	\$ 7,102,096	\$ 59,465,502	95.4%
2016	3.70	\$ 66,205,914	\$ 57,262,094	86.5%	\$ 6,378,170	\$ 63,640,264	96.1%
2017	3.70	\$ 67,884,998	\$ 57,603,912	84.9%	\$ 9,836,983	\$ 51,856,300	76.0%
2018	3.70	\$ 70,750,402	\$ 59,861,884	84.6%	\$ 9,542,459	\$ 69,404,343	98.1%

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

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

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

Source: City of Richmond - Department of Finance

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

Fiscal Year	Governmental Activities				Business-type Activities				Total Primary Government		
	General Obligation Bonds	Virginia Public School Authority Bonds	General Obligation Notes	HUD Section 108 Notes	Lease Revenue Bond	Certificates of Participation Series 2001A	General Obligation Bonds	Utility Revenue Bonds	Total Primary Government	Percentage of Personal Income	Per Capita
2009	327,097,155	2,145,328	63,560,000	3,355,000	10,377,099	14,760,000	208,811,286	551,289,644	1,181,395,512	13.90%	5,778
2010	400,951,978	1,916,098	33,220,000	2,800,000	9,739,788	13,980,000	191,239,793	553,815,743	1,207,663,400	13.77%	5,914
2011	604,863,844	1,684,543	74,780,000	2,245,000	9,068,116	13,170,000	171,845,174	584,658,872	1,280,665,469	13.46%	6,231
2012	647,464,912	1,450,834	14,034,000	1,690,000	8,360,231	12,325,000	159,595,376	556,645,429	1,276,399,452	12.24%	6,079
2013	495,710,389	1,215,155	101,155,970	11,255,000	7,614,180	-	141,816,089	736,458,840	1,495,225,623	14.93%	6,983
2014	607,682,714	977,282	107,460,000	10,695,000	6,827,905	-	123,660,034	723,448,460	1,580,751,395	15.20%	7,256
2015	600,310,584	736,976	35,035,000	10,125,000	5,999,238	-	176,398,440	711,370,939	1,539,976,177	14.37%	6,991
2016	652,885,412	494,107	6,875,000	10,125,000	5,125,893	-	154,174,876	694,547,789	1,524,228,077	13.35%	6830
2017	617,751,633	248,508	96,250,000	9,605,000	4,205,462	-	129,829,955	755,518,747	1,613,409,306	N/A	7107
2018	653,984,975	-	625,000	9,080,000	3,235,406	-	107,283,878	738,185,547	1,512,394,805	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

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Virginia Public School Authority Bonds</u>	<u>General Obligation Notes</u>	<u>HUD Section 108 Notes</u>	<u>Lease Revenue Bond</u>	<u>Certificates of Participation Series 2001A</u>	<u>Total</u>	<u>Percentage of Actual Taxable Value of Property</u>	<u>Debt Per Capita</u>
2009	535,908,441	2,145,328	63,560,000	3,355,000	10,377,099	14,760,000	630,105,868	2.99%	3,082
2010	592,191,771	1,916,098	33,220,000	2,800,000	9,739,788	13,980,000	653,847,657	3.10%	3,202
2011	625,058,938	1,684,543	74,780,000	2,245,000	9,068,116	13,170,000	726,006,597	3.65%	3,532
2012	683,893,958	1,450,834	14,034,000	1,690,000	8,360,231	12,325,000	721,754,023	3.66%	3,432
2013	637,526,478	1,215,155	101,155,970	11,255,000	7,614,180	-	758,766,783	3.89%	3,544
2014	731,342,748	977,282	107,460,000	10,695,000	6,827,905	-	857,302,935	4.38%	3,935
2015	776,709,024	736,976	35,035,000	10,125,000	5,999,238	-	828,605,238	4.14%	3,761
2016	807,060,288	494,107	6,875,000	10,125,000	5,125,893	-	829,680,288	3.97%	3,718
2017	747,581,589	248,508	96,250,000	9,605,000	4,205,462	-	857,890,559	3.97%	3,779
2018	761,268,853	-	625,000	9,080,000	3,235,406	-	774,209,259	3.41%	N/A

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

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Debt Limit	\$ 2,109,902,904	\$ 2,109,403,867	\$ 1,988,745,212	\$ 1,971,653,100	\$ 1,948,406,600	\$ 1,958,825,900	\$ 2,003,129,500	\$ 2,088,184,000	\$ 2,169,577,000	\$ 2,271,088,300
Total net debt applicable to limit	605,137,771	630,231,266	703,768,481	701,068,792	751,152,603	850,475,030	822,605,994	824,554,395	853,685,097	770,973,853
Legal Debt Margin	\$ 1,504,765,133	\$ 1,479,172,601	\$ 1,284,976,731	\$ 1,270,584,308	\$ 1,197,253,997	\$ 1,108,350,870	\$ 1,180,523,506	\$ 1,263,629,605	\$ 1,305,891,903	\$ 1,500,114,447
Total net debt applicable to the limit as a percentage of debt limit	28.68%	29.88%	35.39%	35.56%	38.55%	43.42%	41.07%	39.49%	39.53%	33.95%
Legal Debt Margin Calculation for Fiscal Year 2018										
	Assessed Value (Taxable)									
	Debt limit (10% of total assessed value)									
	Debt applicable to limit:									
	General Obligation Bonds									
	Legal Debt Margin									
										\$ 22,710,883,000
										2,271,088,300
										770,973,853
										\$ 1,500,114,447

Source: City of Richmond - Department of Finance

Note: Article VII, Section 10 of the Constitution of Virginia provides that the legal debt limit for municipalities is ten (10) percent of the preceding assessment for real estate taxes. The Total Debt Applicable to Limit shown on 6/30/2018 does not include \$738,185,547 of self supporting Public Utility Revenue Bonds or \$3,235,406 of Lease Revenue Bonds that by State law are not required to be included in calculations for legal margin for the creation of additional debt.

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

<u>Fiscal Year</u>	<u>Gross Revenue</u>	<u>Less: Direct Operating Expenses</u>	<u>Net Revenue Available for Debt Service</u>	<u>Debt Service Requirements</u>			<u>Coverage</u>
				<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2009	\$ 347,058,210	\$ 278,970,601	\$ 68,087,609	\$ 20,508,027	\$ 29,939,215	\$ 50,447,242	1.35
2010	\$ 297,479,213	\$ 220,452,796	\$ 77,026,417	\$ 21,104,375	\$ 34,343,862	\$ 55,448,237	1.39
2011	\$ 292,376,014	\$ 214,249,704	\$ 78,126,310	\$ 23,548,199	\$ 31,501,282	\$ 55,049,481	1.42
2012	\$ 264,583,790	\$ 185,232,686	\$ 79,351,104	\$ 27,860,480	\$ 30,343,026	\$ 58,203,506	1.36
2013	\$ 291,885,805	\$ 208,615,753	\$ 83,270,052	\$ 29,836,350	\$ 30,284,845	\$ 60,121,195	1.39
2014	\$ 322,906,697	\$ 212,520,886	\$ 110,385,811	\$ 34,088,248	\$ 36,736,199	\$ 70,824,447	1.56
2015	\$ 320,307,318	\$ 208,875,736	\$ 111,431,582	\$ 31,269,119	\$ 35,701,455	\$ 66,970,574	1.66
2016	\$ 296,741,775	\$ 181,337,736	\$ 115,404,039	\$ 34,934,079	\$ 33,895,709	\$ 68,829,788	1.68
2017	\$ 313,083,986	\$ 189,142,582	\$ 123,941,404	\$ 31,768,170	\$ 26,875,875	\$ 58,644,045	2.11
2018	\$ 341,231,639	\$ 208,431,669	\$ 132,799,970	\$ 38,174,843	\$ 34,657,826	\$ 72,832,669	1.82

Debt Service Coverage Covenant

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

Source: City of Richmond - Department of Public Utilities

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

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

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

Fiscal Year	Population (1)	Personal Income (Amounts expressed in thousands)	Per Capita Personal Income (2)	Median Age	School Enrollment (3)	City Unemployment Rate (4)	State Unemployment Rate (4)
2009	204,451	\$ 8,564,729	\$ 42,050	33.8	23,200	10.2%	7.1%
2010	204,214	8,736,377	42,772	32.6	22,994	10.5%	7.1%
2011	205,533	9,345,201	45,151	32.4	23,454	9.3%	6.3%
2012	210,309	10,148,048	47,975	32.2	23,336	9.0%	6.0%
2013	214,114	9,848,358	45,869	32.6	23,649	8.2%	5.9%
2014	217,853	10,194,285	46,794	32.6	23,775	6.7%	5.3%
2015	220,289	10,717,448	48,652	N/A	23,957	5.2%	4.7%
2016	223,170	9,095,963	40,758	32.0	23,987	4.1%	4.0%
2017	227,032	9,350,767	41,187	32.0	24,868	4.4%	3.9%
2018	N/A	N/A	N/A	N/A	25,015	3.4%	3.2%

*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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental Activities:	-	-	-	-	-	-	-	-	-	-
General Government	681	696	696	620	764	739	739	684	566	763
Public Safety and Judiciary										
Police	1,000	980	942	923	915	918	918	849	845	847
Firefighters and Officers	413	406	434	425	411	439	439	432	409	411
Others	590	577	573	557	528	542	542	521	526	563
Highways, Streets, Sanitation and Refuse										
Engineering & Maintenance	527	452	454	497	389	391	391	327	318	340
Human Services										
Human Services Advocacy	34	35	43	34	13	15	15	14	12	10
Social Services	472	456	443	441	426	353	353	392	368	349
Culture and Recreation	273	276	261	158	161	146	146	235	232	163
Transportation	-	-	-	-	-	-	-	-	-	-
Business-type Activities:										
Stormwater Utility	-	-	-	-	55	52	52	52	47	54
Gas Utility	425	404	359	367	284	291	291	281	282	275
Water Utility	128	110	110	117	106	101	101	112	116	132
Wastewater Utility	164	139	131	168	176	166	166	169	150	147
Electric Utility	24	24	24	39	26	24	24	21	15	15
Stores and Transportation Division	10	6	6	6	6	8	8	7	6	6
Coliseum	25	17	17	14	14	14	14	-	-	-
Landmark Theatre	-	-	-	-	-	-	-	-	-	-
Cemeteries NCO	20	20	21	19	19	17	17	18	18	18
Parking	-	-	-	-	-	-	-	6	6	6
Total	4,786	4,598	4,514	4,385	4,293	4,216	4,216	4,120	3,916	4,099

Source: Various City departments

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

Function	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental Activities:										
Police:										
Physical Arrests	20,425	14,487	13,595	13,179	11,184	10,668	11,453	14,156	14,482	13,646
Parking Violations	104,380	134,151	128,038	125,171	125,905	115,961	131,783	118,263	87,503	131,571
Traffic Violations	30,965	31,518	30,454	25,026	18,168	17,233	17,434	10,440	22,068	15,540
Fire:										
Number of calls answered	29,098	29,587	32,450	32,287	33,774	34,236	34,616	36,079	38,516	38,267
Inspections	1,090	5,336	4,093	5,675	6,392	2,921	3,254	2,657	2,367	1,449
Highways and Streets:										
Street resurfacing (miles)	62	122	115	118	108	130	127	138	82	94
Potholes repaired	6,128	11,409	9,158	15,135	13,126	20,957	20,161	19,476	20,232	23,547
Sanitation and Refuse:										
Refuse collected (tons/day)	374	291	300	290	295	295	300	356	350	303
Recyclables collected (tons/day)	213	21	42	25	37	37	37	49	50	50
Culture and Recreation:										
Parks permits issued	598	579	546	546	546	546	644	448	606	666
Business-type Activities:										
Gas:										
Maximum daily sendout (MCF)	160,509	139,351	153,078	137,485	150,761	169,141	183,745	163,678	171,337	190,134
Annual Sendout (MCF)	17,056,844	16,006,116	17,662,077	14,673,455	17,522,110	19,014,696	19,997,009	18,230,067	17,588,052	19,394,749
Water:										
Average daily consumptions (MGD)	62	58	59	53	57	55	61	60	60	59
Maximum daily consumptions (MCD)	90	89	99	89	88	83	83	81	87	87
Water in Storage (gallons) ¹	73,000,000	73,000,000	73,000,000	73,000,000	73,000,000	73,000,000	73,000,000	73,000,000	73,000,000	73,000,000
Wastewater:										
Average daily sewage treatment (MGD)	49	55	46	52	51	53	46	54	54	54
Maximum daily sewage treatment (MGD)	84	96	84	80	82	79	54	83	83	83
Coliseum:										
Average daily attendance per activity	4,169	4,895	4,957	4,161	3,889	1,038	994	4,133	4,857	4,403
Landmark Theatre:										
Total tickets sold for all activities ²	122,645	156,448	100,032	217,104	121,144	143,855	101,878	177,124	143,364	138,006
Total attendance for all activities ²	195,790	177,105	139,749	234,035	129,800	160,014	156,321	247,291	209,785	214,402
Cemeteries:										
Number of interments	901	790	777	790	860	826	875	804	790	695
Number of lot sales	14	16	20	6	13	7	12	7	14	14
Number of single grave sales	568	504	473	468	607	555	584	547	526	456
Number of foundations	560	494	522	493	519	512	544	572	593	514

Source: Various City departments

(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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Police:										
Stations	8	7	7	7	7	7	9	4	4	4
Patrol Units	204	173	164	213	223	223	220	194	222	275
Fire:										
Stations	20	20	20	20	20	20	20	20	20	20
Fire trucks	51	54	54	61	51	41	39	67	51	42
Highways and Streets:										
Streets (miles) ¹	822	822	822	822	822	1,860	1,860	1,835	1,832	1,836
Streetlights	30,548	30,783	36,027	35,834	36,230	31,247	31,247	31,247	31,247	34,000
Traffic Signals ²	468	476	469	474	471	521	475	475	475	475
Sanitation and Refuse:										
Collection Trucks	47	34	33	33	33	33	33	33	33	46
Culture and Recreation:										
Parks acreage	2,818	2,808	2,810	2,808	2,808	2,808	2,844	2,844	2,844	2,844
Parks	71	71	71	72	72	73	73	73	73	73
Baseball/Softball Diamonds	48	48	48	48	48	48	48	48	48	48
Athletic Fields	31	31	31	31	31	31	30	30	30	30
Golf Courses (Driving Range/Par 3 Course)	1	1	1	1	1	1	1	1	1	1
Swimming Pools	8	9	9	9	9	9	9	9	9	9
Tennis Courts	130	140	140	140	140	140	136	136	136	136
Community Centers	24	20	20	20	20	20	20	20	20	20
Theatres	2	2	2	2	2	2	2	2	2	2
Coliseums	1	1	1	1	1	1	1	1	1	1
Gas:										
Miles of Service Lines ³	1,033	1,050	1,057	1,069	1,138	1,149	1,130	1,139	1,146	1,157
Number of Gate Stations	8	8	8	8	8	8	8	8	8	8
Water:										
Miles of Water Lines	976	976	976	976	976	976	976	976	976	976
Water Pumping Stations	12	12	12	12	12	12	12	12	12	12
Wastewater:										
Miles of Sewer Lines	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Miles of Interceptors	41	41	41	41	41	41	41	41	41	41
Sewer Pumping Stations	5	5	5	5	5	5	5	5	5	5

Source: Various City departments

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



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