

Comprehensive Annual  
**FINANCIAL**  

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**2016** **REPORT**



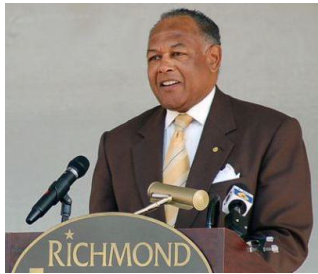
*City of Richmond, Virginia*



CITY OF RICHMOND, VIRGINIA

# Comprehensive Annual Financial Report

For Fiscal Year Ended June 30, 2016



FORMER MAYOR  
Dwight Jones



MAYOR  
Levar M. Stoney  
*\*effective January 1, 2017*

CHIEF ADMINISTRATIVE OFFICER  
Selena Cuffee-Glenn

CITY COUNCIL

Michelle R. Mosby  
*President*

Chris A. Hilbert  
*Vice President*

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



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**THE CITY OF RICHMOND, VIRGINIA  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
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# City of Richmond



**LEVAR M. STONEY**  
MAYOR

May 2, 2017

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

We are pleased to present the City of Richmond, Virginia's (City) Comprehensive Annual Financial Report (CAFR) for the fiscal year (FY) ended June 30, 2016. This report is intended to provide informative and relevant financial data to the residents of the City, the City Council, investors, creditors, and any other interested reader. It includes all statements and disclosures necessary for the reader to obtain a thorough understanding of the City's financial activities. The reader should pay particular attention to the required Management's Discussion and Analysis – a narrative overview and analysis of the financial statements – included in this document. Any individual with comments or questions concerning this report is encouraged to contact the City of Richmond's Department of Finance at (804) 646-5700. This report may also be found online at [www.richmondgov.com/finance](http://www.richmondgov.com/finance).

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

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, 2016 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 220,289 as of the U.S. Census Bureau's 2015 annual population estimate. In the Commonwealth, cities have sole jurisdiction over the entire area within their boundaries and operate independently of any county government. There are no overlapping jurisdictions and, consequently, citizens of Virginia cities are not subject to overlapping debt or taxation.

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

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

Accolades bestowed on the City and the Greater Richmond Area include the following rankings: third Among the “Top 10 Mid- Sized American Cities of the Future 2015/2016 for Economic Potential” (*Foreign Direct Investment Magazine*), third best location in job creation (*Gallup’s Job Creation Index*), third best place for military retirement (USAA and Military.com), one of the nation’s 50 best places for business and careers (*Forbes*), and *Southern Living* magazine named three Richmond restaurants among its “100 Best Restaurants in the South.” ENRMidAtlantic recognized the Quirk Hotel located in the City as the best residential hospitality destination and the Stone Brewing Company as the best project in 2016. The City received KaBOOM’s designation as a 2016 Playful City USA. This designation, the first of its kind for the City, is the result of a partnership between the City’s Department of Parks, Recreation and Community Facilities, the Capital Region Collaborative, and Active RVA - a program of Sports Backers. KaBOOM’s national recognition program honors cities and towns across the country for making their cities more playful. The City’s Department of Emergency Communications was also certified by the National Center for Exploited and Missing Children as a “Child Centered 911 Agency”. Men’s Journal Magazine refers to Richmond the “modern cultural capital of the South”, US News & World Report named Richmond the “28<sup>th</sup> Best Place to live in US”, Zillow has named Richmond the “4<sup>th</sup> Hottest Housing Market in 2016” and the National Geographic Magazine designated Richmond “A Top Destination” for Food Travel.

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

This active educational environment supports the City’s flourishing cultural community, numerous sports and entertainment attractions, and one of the nation’s largest river park systems. The Virginia Museum of Fine Arts, located in the City’s Fan District, is home to the largest public Fabergé collection outside Russia, was the only east coast venue selected to exhibit the “Picasso: Masterpieces from the Musée National Picasso, Paris” collection, and is considered a world class public museum. The Richmond Flying Squirrels, the Minor League AA affiliate of the San Francisco Giants Major League Baseball team, recently announced their intention to remain in Richmond through at least 2017, and 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 *Outside* magazine named Richmond the “best river town in America.” The park system continues to host the XTERRA triathlon and has been recognized as the Southeast’s Best Urban Park and named Best in Dirt for its running trails.

Richmond hosted the 2015 UCI Road World Championships, which had cyclists from 76 countries and an economic impact on the Greater Richmond Region estimated to be \$161 million, from both event staging and visitor spending.



## **Profile of the Government**

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

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

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

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

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

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

## **Budget Process**

The budget serves as the foundation for the City's financial planning and spending control. The City adopts a biennial budget, with amendments made in the second year of that biennium. Fiscal Year 2016 was the first year of the biennium. The proposed biennial budget was presented to City Council in March 2015. City Council, through its Finance and Economic Development Standing Committee, undertook an intensive review of the proposed budget in a series of public meetings and outlined their policy priorities. Prior to adopting the biennial budget, a public hearing was held in April with budget adoption in May 2015.

Legal budgetary restrictions are established at the governmental function (i.e. Department of Public Works), with effective administrative controls maintained through detailed line-item budgets. Any revisions that alter the total

budgeted amounts and/or appropriations of any fund must be approved by the City Council. Budget to actual comparisons are provided in this report for governmental funds where an appropriated budget has been adopted. These comparisons are presented in the “Other Required Supplementary Information” section of the financial statements.

## **Expenditures**

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

## **Revenue**

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

General Fund revenues and other financing sources exceeded the budget by \$9.1 million for fiscal year ended June 30, 2016.

### *Economic Overview*

The national, state, and City economies are back on track after the “Great Recession” of 2008. At the national level, real gross domestic product showed a 1.4% expansion in the Second Quarter of 2016. The national unemployment rate was 4.9% as of June 2016, 0.4 percentage point lower than the 5.3% a year ago.

At the local level, Richmond’s economy also showed steady growth. The City unemployment rate, non-seasonally adjusted, was 4.0% for the month ending June 2016. This was 0.3 percentage point higher than the Virginia rate of 3.7%. However, when compared to the same period a year ago, the rate decreased 1.3%, from 5.3% to 4.0%. 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 220,289 in 2015, according to US Census Bureau estimates.

### *Major Initiatives and Well Managed Government*

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

Throughout the fiscal year, a number of actions that were initiated in FY 2010 were continued through FY 2016, including the continued utilization of a five-year revenue and expenditure forecast, quarterly financial reports including an economic outlook, and introduction and adoption of a structurally balanced budget that maintains core services, protects the fiscal integrity of the City, ensures the City is poised for future growth, and budgets for priorities, just to name a few. Moving forward to FY 2017, the Administration will continue to expand on these accomplishments, making strides toward achieving a goal of a Tier One City with a well-managed government and an AAA bond rating.

In February 2016, the City re-acquired title and ownership of the Richmond Coliseum and the Main Branch Public Library by transferring these properties to the City from the RRHA for a nominal cost. Both of these properties were transferred from the City to RRHA in the mid-1990s to support a RRHA Bond issue, which has been paid in full.

In March 2016, the title and ownership of the 730 Theater Row Building was transferred from RRHA to the City for a nominal cost. Originally built in 1992, using funds made available by the City, the RRHA has owned and managed the property from 1992 to the present. The building serves as office space for several City departments.

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

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

#### **Fund Balance Guidelines**

As of June 30, 2016, the General Fund Unassigned Fund Balance was \$98.0 million, which equals 14.1 percent of the adopted General Fund budgeted expenditures, including transfers. The City considers the Unassigned Fund Balance to be comprised of funds that have no limitations or restrictions or planned use. The Unassigned Fund Balance for the past five fiscal years, as a percent of the Adopted General Fund Budget, are shown below:

FY 2012: 9.0%
FY 2013: 9.7%
FY 2014: 12.3%
FY 2015: 12.1%
FY 2016: 14.1%

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

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

#### **Debt Guidelines**

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

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

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

**A. No Overlapping Debt**

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

**B. Legal Debt Margin**

Article VII, Section 10 of the Constitution of Virginia provides that the legal general obligation debt limit for cities is ten percent of the last preceding assessment for real estate taxes. At June 30, 2016 the City had a legal debt limit of \$2,088,184,000 and the statutory capacity to issue approximately \$824,554,395 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, 2016 <sup>1</sup>	\$2,088,184,0
00 Less: bonds and notes payable <sup>2</sup>	<u>(824,554,395)</u>
Legal margin for creating additional debt	<u>\$1,263,629,605</u>

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

<sup>2</sup> Does not include \$694,547,789 of Richmond Public Utility Revenue Bonds or \$5,125,893 of Lease Revenue Bonds that by State law are not required to be Included in calculations for legal margin for creation of debt.

**C. Short-Term Debt**

The City uses a \$100 million Bond Anticipation Note Line of Credit Facility to provide interim financing for Capital Improvement Plan (CIP) projects. Debt issued on this facility is refinanced periodically as General Obligation Bonds. As of June 30, 2016, the City had \$5 million outstanding balance on the Line of Credit.

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

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

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

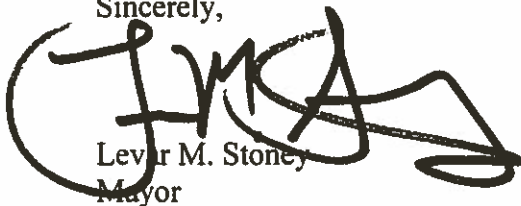
## **E. Authorized but Unissued Bonds and Notes**

As of June 30, 2016, the City had a total of \$454,313,903 in authorized but unissued general obligation bonds or revenue bonds, including \$369,933,000 to be issued as self-supporting revenue bonds to finance self-supporting public utility projects and \$7,500,000 to be issued as General Fund supported general obligation bonds and \$10,200,000 of general obligation five-and seven-year notes to finance the purchase of equipment and vehicles.

### *Acknowledgements*

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

Sincerely,



Levir M. Stoney  
Mayor



Selena Cuffee-Glenn  
Chief Administrative Officer



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# City of Richmond



**LEVAR M. STONEY**  
MAYOR

## MANAGEMENT REPORT ON RESPONSIBILITY FOR FINANCIAL REPORTING

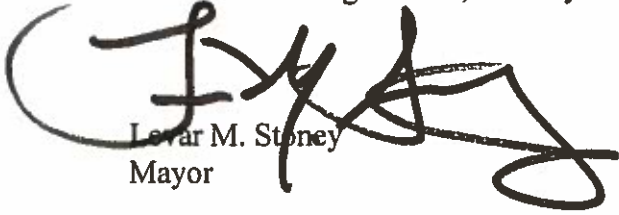
The management of the City of Richmond, Virginia has the responsibility for preparing the accompanying financial statements with integrity and objectivity. The School Board of the City of Richmond, Economic Development Authority of the City of Richmond, Virginia, Richmond Ambulance Authority, Richmond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

The City's financial statements have been audited by 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 auditing program through the City Auditor. The City Auditor independently assesses the effectiveness of internal controls and recommends possible improvements thereto. Management has considered the City Auditor's and 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  
Selena Cuffee-Glenn  
Chief Administrative Officer





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**CITY OF RICHMOND, VIRGINIA**

**STRONG MAYOR - COUNCIL FORM OF GOVERNMENT**

**June 30, 2016**

**FORMER CITY MAYOR  
CITY MAYOR**

Dwight C. Jones      Levar M. Stoney

***CHIEF ADMINISTRATIVE OFFICER***

Selena Cuffee-Glenn

***CITY COUNCIL***

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

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

**CITY  
AUDITOR**

Umesh V. Dalal, CPA, CIA, CA

**ATTORNEY**

Allen L. Jackson

**SUPERINTENDENT  
OF SCHOOLS**

Dr. Dana T. Bedden

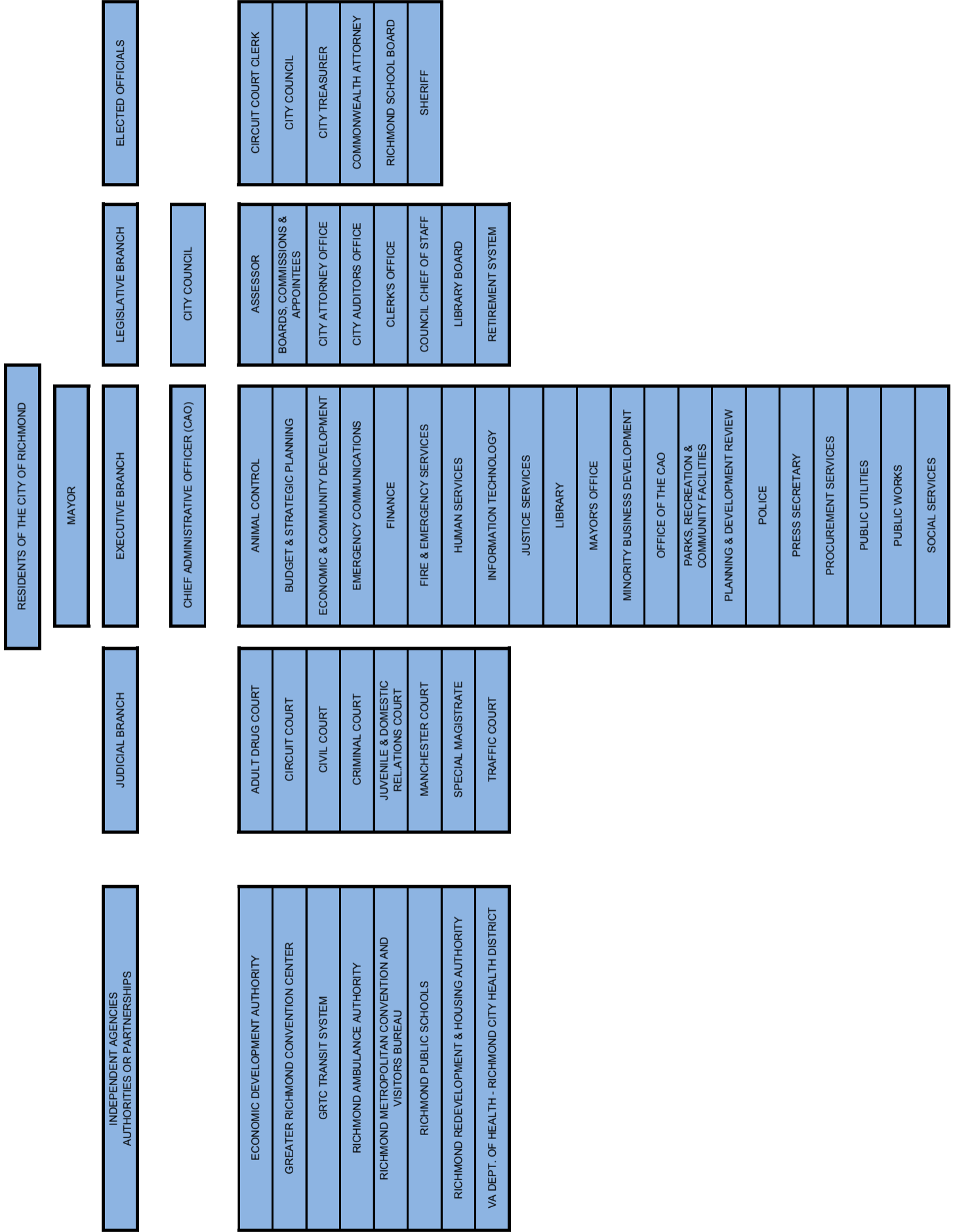
Prepared by  
**DEPARTMENT OF FINANCE**

**INDEPENDENT AUDITORS**

**CliftonLarsonAllen, LLP**



# CITY OF RICHMOND ORGANIZATION OF LOCAL GOVERNMENT 2015 - 2016





## 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, 2016, 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, Richmond Ambulance Authority, and Richmond Behavioral Health Authority which represent 66 percent, 164 percent, and 88 percent, respectively, of the assets, 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 66 percent, 80 percent, and 25 percent, respectively, of the assets, fund balance/net position, and revenues of the aggregate remaining fund information of the City. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Richmond School Board, Richmond Economic Development Authority, Richmond Ambulance 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 financial statements of the Richmond Retirement System were not audited in accordance with Government Auditing Standards.

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

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, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

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

#### ***Other Information***

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

The combining non-major, internal service, and fiduciary fund financial statements are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the



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

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.

**Report on Other Legal and Regulatory Requirements**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 2, 2017, on our consideration of the City of Richmond's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Richmond's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Arlington, Virginia  
May 2, 2017



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**CITY OF RICHMOND, VIRGINIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2016  
(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, 2016. 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.

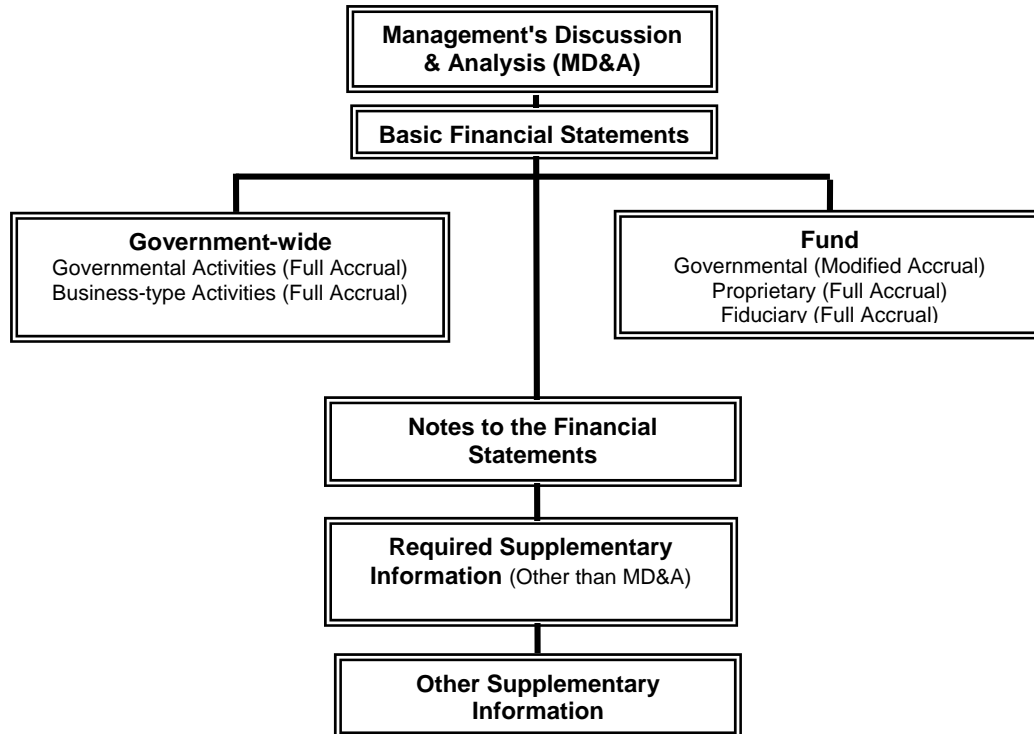
**FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2016**

- At the end of the fiscal year, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$753.7 million. This amount represents a increase of \$69.4 million, or 10.1 percent, from the prior year's amount \$684.3 million. Net position was comprised mainly of \$822.7 million attributable to the City's net investment in capital assets, \$19.8 million restricted, and (\$88.8) million unrestricted.
- Net position for governmental activities increased \$40.5 million, or 88.0 percent, compared to the prior year, largely as a result of the implementation of new pension reporting requirements and capital asset restatement.
- For the fiscal year, General Fund revenues and financing sources were \$702.8 million. General Fund expenditures and other financing uses were \$694.3 million. City taxes accounted for 67.4% percent of revenue.
- The City's business-type activities, net position increased by \$31.0 million, or 4.9 percent.
- The City's General Fund reported an ending fund balance of \$114.4 million, a increase of \$8.2 million, or 7.7 percent, compared to the prior year. Of the total General Fund balance: \$10.0 million is committed to revenue stabilization and economic development initiatives; \$5.9 million is assigned to subsequent years' expenditures; and \$98.2 million is unassigned. The unassigned fund balance represents 14.1 percent of actual expenditures and transfers out of \$694.3 million. The unassigned fund balance exceeds the City's 10 percent fiscal policy.
- The City's total taxable assessed value for real and personal property including machinery and tools increased by \$681.1 million, or 3.2 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.<sup>1</sup>
- **Component Units** – Five separate legal entities are included in this report – The City of Richmond School Board, the Richmond Economic Development Authority, the Richmond Ambulance Authority, the Richmond Behavioral Health Authority and Richmond Redevelopment and Housing Authority. Although legally separate, these component units are important because the City is financially accountable for them, and may provide significant operating or capital funding, or both.

## Fund Financial Statements

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

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

## Notes to the Financial Statements

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

## GOVERNMENT-WIDE ANALYSIS

### Net Position

FY 2016, total assets for the Primary Government were \$2,962.2 million, an increase from prior year total assets by \$46.2 million. Total assets for only governmental activities were \$1,305.0 million, up by \$56.7 million or 4.5 percent. Total assets from business-type activities, although they decreased by \$10.5 million, were still predominant in FY 2016, accounting for 55.9 percent of total Primary Government assets compared to 57.2 percent in FY 2015.

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



Total liabilities were \$2,211.8 million, up \$12.7 million from \$2,199.1 million in FY 2015. Total liabilities associated with governmental type activities increased by \$50.7 million up 4.3 percent while total liabilities associated with business-type activities decreased \$38.0 million or 3.7 percent.

Total net position was \$753.7 million up \$69.4 million over the prior year's balance. Table 1 summarizes the City's government-wide net position at June 30, 2016 and 2015.

**Table 1**  
**City of Richmond's Schedule of Net Position**  
**as of the Fiscal Years Ended June 30, 2016 and 2015**  
**(In Millions, rounded)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Current and Other Assets	\$ 247.0	\$ 252.4	\$ 363.8	\$ 403.5	\$ 610.8	\$ 655.9
Capital Assets, Net	1,058.0	995.9	1,293.6	1,264.4	2,351.6	2,260.3
<b>Total Assets</b>	<b>1,305.0</b>	<b>1,248.3</b>	<b>1,657.4</b>	<b>1,667.9</b>	<b>2,962.4</b>	<b>2,916.2</b>
Deferred Outflow of Resources	77.8	59.9	17.8	15.5	95.6	75.4
Current and Other Liabilities	195.7	178.9	95.5	89.4	291.2	268.3
Long-Term Obligations Outstanding	1,026.2	992.3	894.4	938.5	1,920.6	1,930.8
<b>Total Liabilities</b>	<b>1,221.9</b>	<b>1,171.2</b>	<b>989.9</b>	<b>1,027.9</b>	<b>2,211.8</b>	<b>2,199.1</b>
Deferred Inflows of Resources	76.4	91.0	16.0	17.2	92.4	108.2
<b>Net Position:</b>						
Net Investment in Capital Assets	335.4	314.0	487.3	495.2	822.7	809.2
Restricted	19.8	4.3	--	--	19.8	4.3
Unrestricted	(270.8)	(272.3)	182.0	143.1	(88.8)	(129.2)
<b>Total Net Position</b>	<b>\$ 84.4</b>	<b>\$ 46.0</b>	<b>\$ 669.3</b>	<b>\$ 638.3</b>	<b>\$ 753.7</b>	<b>\$ 684.3</b>

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

### Activities

In FY2016, total Primary Government revenues decreased from the prior year by \$17.6 million or 1.6 percent to \$1,060.9 million. Program revenues (charges for service, grants, and contributions) of \$579.1 million accounted for 54.6 percent of all Primary Government revenues, while property and other local taxes attributable to governmental activities accounted for \$461.1 million, most of the remainder. Total revenues for all governmental activities were \$739.3 million. Governmental Activities' program revenues of \$259.1 million accounted for 35.0 percent.

Total expenses for Primary Government were \$991.5 million. Four activities: general government, public safety and judiciary, education, and business-type activities accounted for the following amounts and percentages: \$134.9 million (13.6 percent), \$191.0 million (19.3 percent), \$175.2 million (17.7 percent), and \$257.9 million (26.0 percent), respectively. Table 2 summarizes the City's government-wide activities for the years ended June 30, 2016 and 2015.



**Table 2**  
**City of Richmond's Schedule of Activities**  
**For the Fiscal Years Ended June 30, 2016 and 2015**  
**(In Millions, rounded)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
<b>Revenues:</b>						
Program Revenues:						
Charges for Services	\$ 80.9	\$ 71.9	\$ 302.6	\$ 338.3	\$ 383.5	\$ 410.2
Operating Grants and Contributions	137.2	136.1	17.4	20.4	154.6	156.5
Capital Grants and Contributions	41.0	44.2	--	--	41.0	44.2
General Revenues:						
Property Taxes	273.0	289.5	--	--	273.0	289.5
Other Taxes	188.1	161.0	--	--	188.1	161.0
Investment Income	0.1	--	--	--	0.1	--
Miscellaneous	19.0	15.7	1.6	1.4	20.6	17.1
Total Revenues	<u>739.3</u>	<u>718.4</u>	<u>321.6</u>	<u>360.1</u>	<u>1,060.9</u>	<u>1,078.5</u>
<b>Expenses:</b>						
Primary Government:						
General Government	134.9	150.9	--	--	134.9	150.9
Public Safety and Judiciary	191.0	233.3	--	--	191.0	233.3
Highway, Street, Sanitation, and Refuse	87.2	94.7	--	--	87.2	94.7
Human Services	81.1	96.5	--	--	81.1	96.5
Culture and Recreation	24.6	33.0	--	--	24.6	33.0
Education	175.2	166.1	--	--	175.2	166.1
Transportation	13.0	13.3	--	--	13.0	13.3
Interest and Fiscal Charges	26.6	22.9	--	--	26.6	22.9
Business-type Activities	--	--	257.9	289.4	257.9	289.4
Total Expenses	<u>\$ 733.6</u>	<u>\$ 810.7</u>	<u>\$ 257.9</u>	<u>\$ 289.4</u>	<u>\$ 991.5</u>	<u>\$ 1,100.1</u>
(Loss) Income Before Transfers	5.7	(92.3)	63.7	70.7	69.4	(21.6)
Transfers	32.7	28.1	(32.7)	(28.1)	--	--
Special Item - Purchase of Diamond	--	1.5	--	--	--	1.5
Changes in Net Position	38.4	(62.7)	31.0	42.6	69.4	(20.1)
Net Position, Beginning of Year	46.0	364.7	638.3	632.2	684.3	996.9
Cumulative effect-Pension Reporting	--	(256.0)	--	(36.5)	--	(292.5)
Net Position, End of Year	<u>\$ 84.4</u>	<u>\$ 46.0</u>	<u>\$ 669.3</u>	<u>\$ 638.3</u>	<u>\$ 753.7</u>	<u>\$ 684.3</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 \$702.8 million in FY 2016, an increase of \$34.6 million from the prior year. Property and other local taxes accounted for \$473.4 million or 67.4 percent of total revenues

On the other side of the ledger, expenditures and transfers out totaled \$694.3 million, an increase of \$5.8 million or 0.8 percent, from the prior year. Public safety and judiciary and education, the two largest program areas, totaled \$354.9 million, or 51.1 percent of total General Fund expenses.

For the Fiscal Years Ended June 30, 2016 and 2015

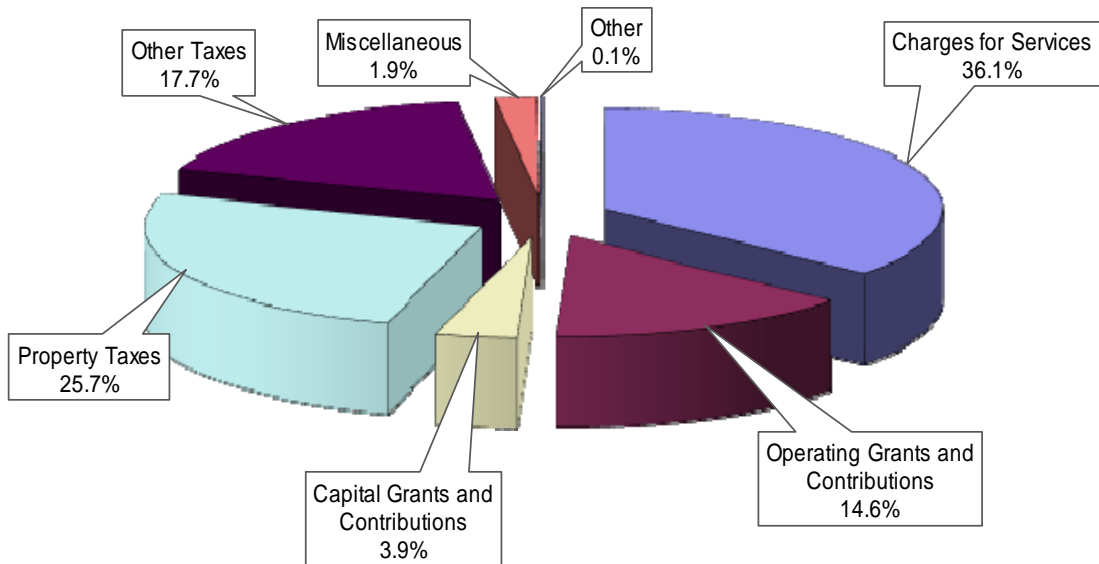
(In Millions, rounded)

	Original Budget		Amended Budget		Actual		Positive (Negative) Variance	
	2016	2015	2016	2015	2016	2015	2016	2015
<b>Revenues:</b>								
Property Taxes	\$ 298.3	\$ 285.5	\$ 296.5	\$ 285.5	\$ 299.1	\$ 290.8	\$ 2.6	\$ 5.3
Other Taxes	165.2	161.7	165.3	161.9	174.3	159.9	9.0	(2.0)
Intergovernmental	108.2	106.8	112.8	110.0	110.9	109.4	1.9	(0.6)
Miscellaneous	116.1	105.0	113.4	103.4	113.0	105.3	.4	1.9
Other Financing Sources	3.4	7.1	5.5	2.8	5.5	2.8	--	--
<b>Total Revenues and Other Financing Sources</b>	<b>\$ 691.2</b>	<b>\$ 666.1</b>	<b>\$ 693.5</b>	<b>\$ 663.6</b>	<b>\$ 702.8</b>	<b>\$ 668.2</b>	<b>\$ 9.3</b>	<b>\$ 4.6</b>
<b>Expenses:</b>								
General Government	\$ 76.5	\$ 83.9	\$ 82.7	\$ 85.1	\$ 74.9	\$ 79.2	\$ 7.8	\$ 5.9
Public Safety and Judiciary	179.6	179.0	186.5	185.1	184.1	182.4	2.4	2.7
Highway, Street, Sanitation, and Refuse	56.9	59.0	58.7	61.2	58.5	59.7	.2	1.5
Human Services	64.2	65.6	64.8	63.6	61.5	63.8	3.3	(0.2)
Culture and Recreation	22.0	21.6	22.0	21.3	20.6	24.0	1.4	(2.7)
Education	170.8	159.8	170.8	162.2	170.8	162.2	--	--
Non-Departmental	50.8	56.7	56.6	55.1	54.6	52.4	2.0	2.7
Other Financing Uses	68.5	68.9	69.3	68.3	69.3	64.8	--	3.5
<b>Total Expenses and Other Financing Uses</b>	<b>\$ 689.3</b>	<b>\$ 694.5</b>	<b>\$ 711.4</b>	<b>\$ 701.9</b>	<b>\$ 694.3</b>	<b>\$ 688.5</b>	<b>\$ 17.1</b>	<b>\$ 13.4</b>

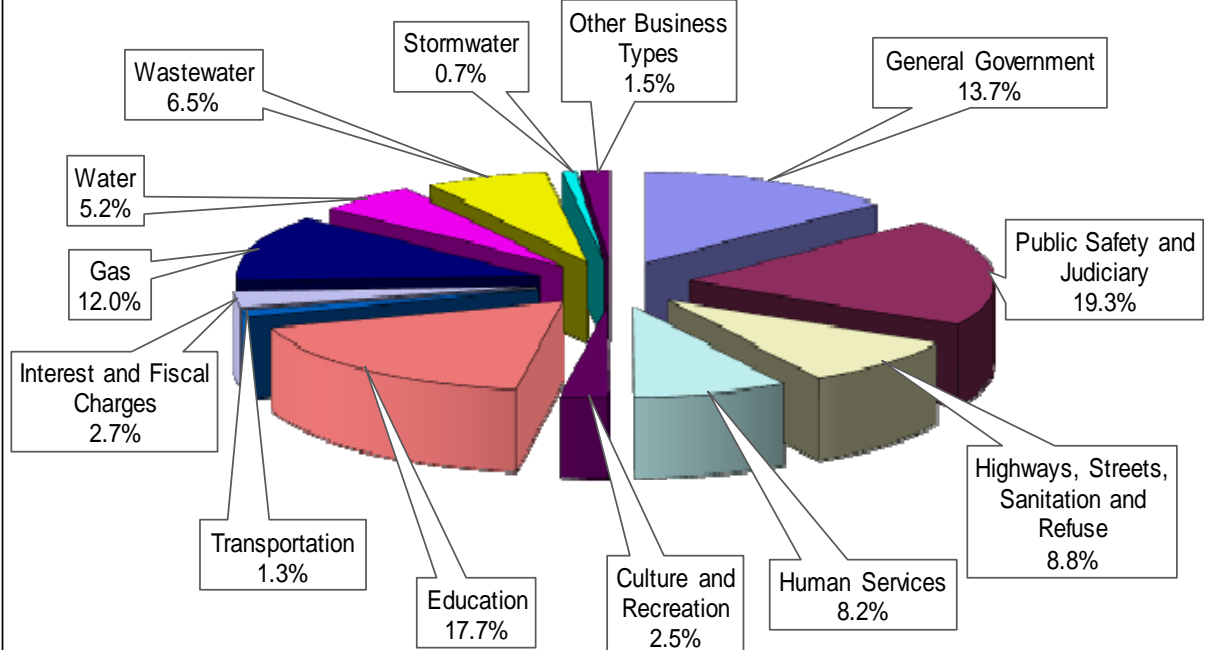
Note-Immaterial rounding differences between the tables in the MD&A and the Exhibits in the Financial Statements may exist



### Primary Government Sources of Revenues Year Ended June 30, 2016



### Primary Government Functional Expenses Year Ended June 30, 2016





## CAPITAL ASSETS

The Department of Public Utilities' capital assets grew by \$20.4 million during the fiscal year. The Gas Utility invested approximately \$4.6 million to support our expanding market base and \$23.6 million in upgrades to existing infrastructure. The Water Utility invested approximately \$17.4 million in upgrades to existing infrastructure including \$8.4 million of investments in major plant improvements. The Wastewater Utility invested approximately \$28.3 million in upgrades to existing infrastructure, of which \$10.4 million was spent on major plant improvements. The Stormwater Utility and Electric Utility invested \$3.8 million and \$.8 million respectfully to upgrade their existing infrastructure.

**Table 4**  
**City of Richmond's Capital Assets**  
**For the Fiscal Years Ended June 30, 2016 and 2015**  
**(In Millions, rounded)**

	Governmental		Business-type		Total	
	2016	2015	2016	2015	2016	2015
Capital Assets Not Being Depreciated:						
Land and Land Improvements	\$ 96.6	\$ 96.3	\$ 30.9	\$ 30.9	\$ 127.5	\$ 127.2
Construction In Progress	113.6	111.4	102.0	108.1	215.6	219.5
Works of Art / Historical Treasures	7.0	7.0	--	--	7.0	7.0
Total Assets Not Being Depreciated	<u>217.2</u>	<u>214.7</u>	<u>132.9</u>	<u>139.0</u>	<u>350.1</u>	<u>353.7</u>
Capital Assets Being Depreciated:						
Infrastructure	886.8	827.1	--	--	886.8	827.1
Buildings and Structures	807.0	764.8	1,890.8	1,218.7	2,697.8	1,983.5
Equipment and Other Assets	119.9	117.4	39.1	624.6	159.0	742.0
Improvements Other Than Buildings	18.7	17.7	--	--	18.7	17.7
Total Other Assets	<u>1,832.4</u>	<u>1,727.0</u>	<u>1,929.9</u>	<u>1,843.3</u>	<u>3,762.3</u>	<u>3,570.3</u>
Less Accumulated Depreciation For:						
Infrastructure	549.5	525.9	--	--	549.5	525.9
Buildings and Structures	332.7	312.6	762.4	711.4	1,095.1	1,024.0
Equipment and Other Assets	100.9	100.0	6.8	6.5	107.7	106.5
Improvements Other Than Buildings	8.6	7.4	--	--	8.6	7.4
Total Accumulated Depreciation	<u>991.7</u>	<u>945.9</u>	<u>769.2</u>	<u>717.9</u>	<u>1,760.9</u>	<u>1,663.8</u>
Total Capital Assets Being Depreciated, Net	<u>840.7</u>	<u>781.1</u>	<u>1,160.7</u>	<u>1,125.4</u>	<u>2,001.4</u>	<u>1,906.5</u>
Total Capital Assets, Net	<u>\$ 1,057.9</u>	<u>\$ 995.8</u>	<u>\$ 1,293.6</u>	<u>1,264.4</u>	<u>\$ 2,351.5</u>	<u>\$ 2,260.2</u>

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



## LONG-TERM OBLIGATIONS

In FY2016, the City issued \$108,060,186 in several general obligation bond issues, and use \$22,118,835 of the proceeds to refund existing outstanding bonds at lower interest rates, with the remainder going to fund ongoing capital projects of the City. Government Activities' outstanding general obligation bond debt increased by \$52,767,307 during the fiscal year to \$651,437,998. The City also received grant funds from the Commonwealth of Virginia in reimbursement of jail construction capital costs, which were used to pay off a \$31,235,000 outstanding note related to the Jail. Along with other payments made on amortizing notes, the outstanding general obligation note debt of the City was reduced in FY2016 by \$33,160,000 to \$1,875,000. In November 2015, the three of the major bond rating agencies, Moody's Investors Service, Standard and Poor's, and Fitch Ratings, affirmed the City's General Obligation bond ratings of Aa2, AA+ , AA+, respectively, all with a stable outlook.

Article VII, Section 10 of the Constitution of Virginia limits the amount of general obligation debt a local government can issue to 10% of the assessed value of its taxable real property. As of June 30, 2016, the City's total outstanding general Obligation bond debt was \$824,554,395 (including self-supporting general obligation Utility bonds) which is comfortably within the ten percent of the taxable real property in the constitutional limit of \$2,088,184,000. More information about the City's Legal Debt Margin can be seen in a chart in the Statistical Section of this document.

Table 5  
City of Richmond's Long-Term Obligations  
For the Fiscal Year Ended June 30, 2016

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016	Not Due Within One Year	Due Within One Year
<b>Primary Government - Governmental Activities</b>						
General Obligation Bonds	\$ 598,670,691	\$ 108,060,186	\$ 55,292,879	\$ 651,437,998	\$ 619,026,221	\$ 32,411,777
General Obligation Notes	35,035,000	--	33,160,000	1,875,000	1,250,000	625,000
Virginia Public Schools Authority Bonds	736,976	--	242,869	494,107	248,508	245,599
Qualified Zone Academy Bonds	1,639,893	--	192,480	1,447,413	1,254,933	192,480
HUD Section 108 Notes	10,125,000	--	--	10,125,000	9,605,000	520,000
Premium on Debt Issued	47,744,629	3,445,683	4,112,540	47,077,772	42,996,923	4,080,849
Total General Obligation Bonds and Notes	<u>693,952,189</u>	<u>111,505,869</u>	<u>93,000,768</u>	<u>712,457,290</u>	<u>674,381,585</u>	<u>38,075,705</u>
Line of Credit-Bond Anticipation Note-Series 2015A	--	5,000,000	--	5,000,000	--	5,000,000
Total Obligations	<u>693,952,189</u>	<u>116,505,869</u>	<u>93,000,768</u>	<u>717,457,290</u>	<u>674,381,585</u>	<u>43,075,705</u>
Advantage Richmond Lease Revenue Bond	\$ 5,999,238	\$ -	\$ 873,345	\$ 5,125,893	\$ 4,205,462	\$ 920,431
Compensated Absences	\$ 17,851,510	\$ 15,695,758	\$ 16,650,784	\$ 16,896,484	\$ 14,540,556	\$ 2,355,928
Net Other Postemployment Benefit Obligations	\$ 19,227,223	\$ 8,372,260	\$ 3,585,780	\$ 24,013,703	\$ 24,013,703	\$ -
Net Pension Liability	\$ 274,309,306	\$ 48,435,457	\$ 44,630,784	\$ 278,113,979	\$ 278,113,979	\$ -



Table 5  
City of Richmond's Long-Term Obligations  
For the Fiscal Year Ended June 30, 2016

**Primary Government - Business-type Activities**

General Obligation Bonds:						
Gas	\$ 48,159,354	\$ 15,837,428	\$ 22,736,477	\$ 41,260,305	\$ 32,816,121	\$ 8,444,184
Water	37,367,160	14,804,552	20,519,336	31,652,366	24,845,031	6,807,335
Wastewater	16,242,286	3,442,919	7,896,510	11,788,695	7,075,514	4,713,181
Stormwater	19,1250	--	11,250	180,000	168,750	11,250
Premium on Debt, Net	1,895,722	--	702,949	1,192,773	1,192,773	--
Non-Major Enterprise Funds	74,438,400	364,915	5,509,805	69,293,510	64,254,508	5,039,003
Total G.O. Debt	<u>178,294,162</u>	<u>34,449,814</u>	<u>57,376,327</u>	<u>155,367,649</u>	<u>130,352,697</u>	<u>25,014,953</u>
Revenue Bonds:						
Gas	238,137,305	--	4,718,817	233,418,488	229,043,145	4,375,343
Water	191,997,933	--	3,674,224	188,323,709	185,129,395	3,194,314
Wastewater	281,235,701	543,914	8,974,023	272,805,592	264,118,029	8,687,563
Premium on Debt, Net	40,476,076	--	3,139,007	37,337,069	37,337,069	--
Total Revenue Bonded Debt	<u>751,847,015</u>	<u>543,914</u>	<u>20,506,071</u>	<u>731,884,858</u>	<u>715,627,638</u>	<u>16,257,220</u>
Total Bonded Debt	<u>\$ 930,141,177</u>	<u>\$ 34,993,728</u>	<u>\$ 77,882,398</u>	<u>\$ 887,252,507</u>	<u>\$ 845,980,335</u>	<u>\$ 41,272,173</u>
Compensated Absences:						
Gas	\$ 808,808	\$ 774,285	\$ 749,576	\$ 833,517	\$ 133,160	\$ 700,357
Water	554,611	520,528	462,258	612,881	97,912	514,969
Wastewater	623,937	541,091	503,117	661,911	105,745	556,166
Stormwater	207,979	197,712	185,054	220,637	35,248	185,389
Stores Operating Fund	23,109	22,773	21,367	24,515	3,916	20,599
Cemeteries	79,602	68,253	74,381	73,474	63,544	9,930
Other Non-major Enterprise Funds	34,407	--	2,320	32,087	28,143	3,944
Total Compensated Absences	<u>\$ 2,332,453</u>	<u>\$ 2,124,642</u>	<u>\$ 1,998,073</u>	<u>\$ 2,459,022</u>	<u>\$ 467,668</u>	<u>\$ 1,991,354</u>
Net Pension Liability	<u>\$ 39,416,329</u>	<u>\$ 7,152,852</u>	<u>\$ 6,823,266</u>	<u>\$ 39,745,915</u>	<u>\$ 39,745,915</u>	<u>\$ --</u>

## ECONOMIC FACTORS

The City's economy showed steady growth. The City unemployment rate, non-seasonally adjusted, was 4.0% for the month ending June 2016. This was 0.3 percentage point higher than the Virginia rate of 3.7%. However, when compared to the same period a year ago, the rate decreased 1.3%, from 5.3% to 4.0%. 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 220,289 in 2015, 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, 10<sup>th</sup> floor Suite 1300, Richmond, Virginia 23219.



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# ***FINANCIAL STATEMENTS***



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**CITY OF RICHMOND, VIRGINIA**  
**STATEMENT OF NET POSITION**  
**June 30, 2016**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Current Assets:				
Cash and Cash Equivalents (Note 3)	\$ 76,747,954	\$ 219,014,162	\$ 295,762,116	\$ 38,323,653
Receivables (Net of Allowance for Doubtful Accounts):				
Taxes and Licenses	52,265,947	--	52,265,947	--
Accounts	35,549,154	41,034,287	76,583,441	7,908,269
Internal Balances, Net	958,313	(958,313)	--	--
Due From Primary Government	--	--	--	57,710,916
Due From Other Governments (Note 5)	74,716,668	6,668,356	81,385,024	25,663,673
Inventories of Materials and Supplies	287,769	10,722,628	11,010,397	101,975
Prepaid Assets	531,179	6,377,178	6,908,357	11,644,508
Total Current Assets	241,015,969	282,858,298	523,874,267	141,352,994
<b>Non-Current Assets:</b>				
Restricted Assets - Cash and Investments (Note 3)	5,951,573	80,958,721	86,910,294	13,272,801
Mortgage Loans Receivable and Other Non-Current Assets	--	--	--	398,008
Capital Assets, Net (Note 6):				
Land and Works of Art/Historical Treasures	103,625,588	30,924,415	134,550,003	8,636,426
Infrastructure, Net	337,325,390	--	337,325,390	--
Buildings, Structures, Improvements, and Equipment, Net	503,446,348	1,160,644,914	1,664,091,262	156,480,358
Construction in Progress	113,627,874	102,017,595	215,645,469	3,018,233
Total Capital Assets, Net	1,058,025,200	1,293,586,924	2,351,612,124	168,135,017
Total Non-Current Assets	1,063,976,773	1,374,545,645	2,438,522,418	181,805,826
Total Assets	1,304,992,742	1,657,403,943	2,962,396,685	323,158,820
<b>Deferred Outflows of Resources</b>				
Deferred Losses on Refunding	16,096,312	8,641,781	24,738,093	--
Pension Related Activities (Note 11)				
Component Units	--	--	--	38,192,689
Virginia Retirement System (VRS)	3,549,720	--	3,549,720	--
Richmond Retirement System (RRS)	58,172,095	9,184,423	67,356,518	--
Total Deferred outflows of resources	77,818,127	17,826,204	95,644,331	38,192,689





CITY OF RICHMOND, VIRGINIA  
STATEMENT OF NET POSITION  
June 30, 2016

Exhibit A

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Liabilities</b>				
<b>Current Liabilities:</b>				
Accounts Payable	\$ 58,738,074	\$ 28,902,623	\$ 87,640,697	\$ 12,188,124
Accrued Liabilities	18,704,824	6,352,120	25,056,944	42,318,518
Due To Component Units-Schools	57,710,916	--	57,710,916	--
Due To Other Governments	367,695	--	367,695	21,727,424
Accrued Interest on Bonds and Notes Payable	10,453,106	16,520,272	26,973,378	--
Unearned Revenues	--	487,010	487,010	10,493,471
General Obligation Bonds, Serial Notes Payable (Note 7)	43,075,705	25,014,953	68,090,658	932,182
Revenue Bonds Payable (Note 7)	920,431	16,257,220	17,177,651	--
Compensated Absences (Note 7)	2,355,928	1,991,354	4,347,282	2,588,305
Other Liabilities and Claims Payable (Note 9)	3,441,221	--	3,441,221	--
Total Current Liabilities	<u>195,640,370</u>	<u>95,525,552</u>	<u>291,165,922</u>	<u>90,248,024</u>
<b>Non-Current Liabilities</b>				
Customers' Deposits	--	8,222,650	8,222,650	624,863
General Obligation Bonds, Serial Notes Payable (Note 7)	674,381,585	130,352,697	804,734,282	4,121,646
Revenue Bonds Payable (Note 7)	4,205,462	715,627,638	719,833,100	--
Compensated Absences (Note 7)	14,540,556	467,668	15,008,224	10,978,505
Other Liabilities and Claims Payable (Note 9)	30,970,984	19,844	30,990,828	34,576,483
Net Other Postemployment Benefit Obligations (Note 12)	24,013,703	--	24,013,703	41,208,958
Net Pension Liability (Note 11)	278,113,979	39,714,284	317,828,263	287,060,030
Total Non-Current Liabilities	<u>1,026,226,269</u>	<u>894,404,781</u>	<u>1,920,631,050</u>	<u>387,685,305</u>
Total Liabilities	<u>1,221,866,639</u>	<u>989,930,333</u>	<u>2,211,796,972</u>	<u>477,933,329</u>
<b>Deferred Inflows of Resources</b>				
Membership Fees Received in Advance	--	--	--	18,659
Unearned Revenue	12,501,881	--	12,501,881	--
Prepaid Taxes	54,324	--	54,324	--
Grant Proceeds	20,890,383	--	20,890,383	--
Rate Stabilization	--	10,000,000	10,000,000	--
Pension Related Activities (Note 11):				
Virginia Retirement System (VRS)	2,615,925	--	2,615,925	31,517,393
Richmond Retirement System (RRS)	40,375,369	5,968,653	46,344,022	--
Other	--	--	--	465,255
Total Deferred Inflows of Resources	<u>76,437,882</u>	<u>15,968,653</u>	<u>92,406,535</u>	<u>32,001,307</u>
<b>Net Position</b>				
Net Investment in Capital Assets	335,442,017	487,293,137	822,735,154	113,136,440
Restricted for:				
General Fund	--	--	--	--
Capital Projects	506,298	--	506,298	12,769,835
Debt Service	5,362,992	--	5,362,992	--
Permanent Funds:				
Expendable	13,905,962	--	13,905,962	897,262
Nonexpendable	68,565	--	68,565	214,058
Unrestricted	<u>(270,779,486)</u>	<u>182,038,024</u>	<u>(88,741,462)</u>	<u>(275,600,722)</u>
Total Net Position	<u>\$ 84,506,348</u>	<u>\$ 669,331,161</u>	<u>\$ 753,837,509</u>	<u>\$ (148,583,127)</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, 2016

Functions/Program Activities	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
<b>Governmental:</b>				
General Government	\$ 134,946,876	\$ 55,269,092	\$ 25,311,056	\$ 8,723,038
Public Safety and Judiciary	190,970,196	8,680,242	27,986,291	--
Highways, Streets, Sanitation and Refuse	87,187,508	15,278,168	26,880,712	32,224,098
Human Services	81,057,222	668,426	55,910,326	--
Culture and Recreation	24,601,851	1,024,289	502,474	--
Education	175,157,363	--	600,000	100,000
Transportation	13,045,156	--	--	--
Interest and Fiscal Charges	26,591,694	--	--	--
Total Governmental Activities	<u>733,557,866</u>	<u>80,920,217</u>	<u>137,190,859</u>	<u>41,047,136</u>
<b>Business-type:</b>				
Gas	\$ 119,137,386	\$ 128,478,137	\$ 192,317	\$ --
Water	51,634,764	65,836,889	11,967,945	--
Wastewater	64,768,064	79,101,386	3,587,432	--
Stormwater	7,208,967	10,997,422	8,533	--
Coliseum	2,260,443	1,379,423	1,644,924	--
Cemeteries	1,588,932	1,559,770	--	--
Parking	11,329,861	15,273,141	--	--
Total Business-type Activities	<u>257,928,417</u>	<u>302,626,168</u>	<u>17,401,151</u>	<u>--</u>
Total Primary Government	<u>\$ 991,486,283</u>	<u>\$ 383,546,385</u>	<u>\$ 154,592,010</u>	<u>\$ 41,047,136</u>
<b>Component Units:</b>				
School Board	335,294,935	1,942,395	114,437,351	8,326,632
Richmond Economic Development Authority	13,336,864	5,630,960	7,058,920	--
Richmond Ambulance Authority	19,170,777	14,450,921	4,655,053	--
Richmond Behavioral Health Authority	38,979,019	16,805,142	25,168,759	--
Richmond Redevelopment and Housing Authority	66,494,424	10,617,497	43,167,349	2,238,313
Total Component Units	<u>\$ 473,276,019</u>	<u>\$ 49,446,915</u>	<u>\$ 194,487,432</u>	<u>\$ 10,564,945</u>

(Continued)

General Revenues:

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

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



EXHIBIT B

Net (Expenses) Revenues and Changes in Net Position			
Governmental Activities	Business-type Activities	Totals	Component Units
\$ (45,643,690)	\$ --	\$ (45,643,690)	\$ --
(154,303,663)	--	(154,303,663)	--
(12,804,530)	--	(12,804,530)	--
(24,478,470)	--	(24,478,470)	--
(23,075,088)	--	(23,075,088)	--
(174,457,363)	--	(174,457,363)	--
(13,045,156)	--	(13,045,156)	--
(26,591,694)	--	(26,591,694)	--
<u>(474,399,654)</u>	<u>--</u>	<u>(474,399,654)</u>	<u>--</u>
\$ --	\$ 9,533,068	\$ 9,533,068	\$ --
--	26,170,070	26,170,070	--
--	17,920,754	17,920,754	--
--	3,796,988	3,796,988	--
--	763,904	763,904	--
--	(29,162)	(29,162)	--
--	3,943,280	3,943,280	--
<u>--</u>	<u>62,098,902</u>	<u>62,098,902</u>	<u>--</u>
\$ (474,399,654)	\$ 62,098,902	\$ (412,300,752)	\$ --
--	--	--	(210,588,557)
--	--	--	(646,984)
--	--	--	(64,803)
--	--	--	2,994,882
<u>--</u>	<u>--</u>	<u>--</u>	<u>(10,471,265)</u>
\$ --	\$ --	\$ --	\$ (218,776,727)
224,785,116	--	224,785,116	--
33,773,371	--	33,773,371	--
24,997,524	--	24,997,524	--
48,222,257	--	48,222,257	--
14,454,966	--	14,454,966	--
17,659,169	--	17,659,169	--
16,527,290	--	16,527,290	--
9,936,805	--	9,936,805	--
33,206,090	--	33,206,090	--
7,504,354	--	7,504,354	--
3,036,088	--	3,036,088	--
9,703,138	--	9,703,138	--
6,378,267	--	6,378,267	--
68,699	--	68,699	--
7,892,982	--	7,892,982	--
8,266	--	8,266	--
1,156,543	--	1,156,543	--
79,202	--	79,202	--
1,067,535	--	1,067,535	--
628,014	--	628,014	--
<u>461,085,676</u>	<u>--</u>	<u>461,085,676</u>	<u>--</u>
--	--	--	75,676,771
--	--	--	145,999,656
53,281	695,117	748,398	501,374
19,083,117	922,473	20,005,590	3,867,444
--	--	--	7,766
<u>32,669,758</u>	<u>(32,669,758)</u>	<u>--</u>	<u>--</u>
<u>512,891,832</u>	<u>(31,052,168)</u>	<u>481,839,664</u>	<u>226,053,011</u>
38,492,178	31,046,734	69,538,912	7,276,284
<u>46,014,170</u>	<u>638,284,427</u>	<u>684,298,597</u>	<u>(155,859,411)</u>
\$ 84,506,348	\$ 669,331,161	\$ 753,837,509	\$ (148,583,127)



**CITY OF RICHMOND, VIRGINIA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2016**

**EXHIBIT C**

	General	Debt Service	Capital Projects Fund	Other Governmental Funds	Total
<b>Assets</b>					
Cash and Cash Equivalents (Note 3)	\$ 56,496,193	\$ 366,498	\$ --	\$ --	\$ 56,862,691
Receivables (Net of Allowance for Doubtful Accounts):					
Taxes and Licenses	52,265,947	--	--	--	52,265,947
Accounts	13,414,183	--	--	11,529,522	24,943,705
Due From Other Funds (Note 4)	129,253,351	--	4,536,738	17,862,513	151,652,602
Due From Other Governments (Note 5)	32,752,911	--	26,882,865	15,080,892	74,716,668
Prepays	383,338	--	--	--	383,338
Restricted Assets - Cash and Investments (Note 3)	--	5,362,992	520,274	68,307	5,951,573
<b>Total Assets</b>	<b>284,565,923</b>	<b>5,729,490</b>	<b>31,939,877</b>	<b>44,541,234</b>	<b>366,776,524</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts Payable	30,329,911	--	17,996,476	3,437,519	51,763,906
Accrued Liabilities	22,751,522	--	38,643	336,821	23,126,986
Unearned Revenue	--	--	10,011,737	--	10,011,737
Due To Other Funds (Note 4)	27,919,807	--	88,692,778	10,259,326	126,871,911
Due To Other Governments	285,225	--	--	82,470	367,695
Due to Component Unit	49,426,617	--	--	--	49,426,617
<b>Total Liabilities</b>	<b>130,713,082</b>	<b>--</b>	<b>116,739,634</b>	<b>14,116,136</b>	<b>261,568,852</b>
<b>Deferred Inflows of Resources</b>					
Unavailable Revenue-Property Taxes	39,354,130	--	--	--	39,354,130
Prepaid Taxes	54,324	--	--	--	54,324
Unavailable Revenue-Grant Proceeds	--	238,057	--	10,640,589	10,878,646
<b>Total Deferred Inflows of Resources</b>	<b>39,408,454</b>	<b>238,057</b>	<b>--</b>	<b>10,640,589</b>	<b>50,287,100</b>
<b>Fund Balances (Note 8):</b>					
Nonspendable	383,338	--	--	--	383,338
Restricted	--	5,362,992	520,274	13,974,527	19,857,793
Committed	10,000,000	--	--	745,000	10,745,000
Assigned	5,850,728	--	--	3,312,542	9,163,270
Unassigned	98,210,321	128,441	(85,320,031)	1,752,440	14,771,171
<b>Total Fund Balances</b>	<b>114,444,387</b>	<b>5,491,433</b>	<b>(84,799,757)</b>	<b>19,784,509</b>	<b>54,920,572</b>
<b>Total Liabilities, Deferred Inflows of Resources     and Fund Balances</b>	<b>\$ 284,565,923</b>	<b>\$ 5,729,490</b>	<b>\$ 31,939,877</b>	<b>\$ 44,541,234</b>	<b>\$ 366,776,524</b>

(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, 2016

EXHIBIT C, Continued

Total fund balances for governmental funds	\$	54,920,572
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	100,262,199	
Infrastructure, net	326,860,577	
Buildings, structures, improvements, and equipment, net	475,527,631	
Construction in progress	<u>113,440,231</u>	1,016,090,638
Other Assets used in governmental activities are not considered current financial resources and, therefore, are not reported in the governmental funds.		
Deferred loss on refunding of debt	16,087,739	
Deferred outflows related to pensions-RRS	57,208,459	
Deferred outflows related to pensions-VRS	<u>3,549,720</u>	76,845,918
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>26,852,249</u>	26,852,249
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	(10,326,274)	
Governmental bonds, notes payable, and line of credit	(712,602,325)	
Compensated absences	(16,575,112)	
Other liability and claims	(34,412,206)	
Pension related-Deferred Inflow of Resources-RRS	(39,772,601)	
Pension related-Deferred Inflow of Resources-VRS	(2,615,925)	
Pension related-Net Pension Liability-RRS	(259,555,780)	
Pension related-Net Pension Liability-VRS	(14,488,454)	
Net other postemployment benefit obligations	<u>(24,013,703)</u>	(1,114,362,380)
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>24,159,351</u>
Net position of governmental activities	\$	<u>84,506,348</u>



CITY OF RICHMOND, VIRGINIA  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 GOVERNMENTAL FUNDS  
 For the Fiscal Year Ended June 30, 2016

EXHIBIT D

	General	Debt Service	Capital Projects Fund	Other Governmental Funds	Total
<b>Revenues</b>					
City Taxes					
Real Estate	\$ 234,445,036	\$ --	\$ --	\$ --	\$ 234,445,036
Sales-1% Local	33,773,371	--	--	--	33,773,371
Sales Tax for Education	24,997,524	--	--	--	24,997,524
Personal Property	48,531,320	--	--	--	48,531,320
Machinery and Tools	14,060,308	--	--	--	14,060,308
Utility Sales Tax Gas	4,467,916	--	--	--	4,467,916
Utility Sales Tax Electric	12,707,360	--	--	--	12,707,360
Utility Sales Tax Telephone	483,893	--	--	--	483,893
State Communication Taxes	16,527,290	--	--	--	16,527,290
Bank Stock	9,936,805	--	--	--	9,936,805
Prepared Food	35,455,141	--	--	--	35,455,141
Lodging Tax	8,079,083	--	--	--	8,079,083
Admission	2,885,747	--	--	--	2,885,747
Real Estate Taxes - Delinquent	9,703,138	--	--	--	9,703,138
Personal Property Taxes - Delinquent	6,378,267	--	--	--	6,378,267
Private Utility Poles and Conduits	68,699	--	--	--	68,699
Penalties and Interest	7,890,038	1,992	952	--	7,892,982
Titling Tax-Mobile Home	8,266	--	--	--	8,266
State Recordation	1,156,543	--	--	--	1,156,543
Property Rental 1%	79,202	--	--	--	79,202
Vehicle Rental Tax	1,067,535	--	--	--	1,067,535
Telephone Commissions	628,014	--	--	--	628,014
<b>Total City Taxes</b>	<b>473,330,496</b>	<b>1,992</b>	<b>952</b>	<b>--</b>	<b>473,333,440</b>
Licenses, Permits and Privilege Fees	39,552,169	--	--	--	39,552,169
Intergovernmental	110,852,944	2,151,163	71,241,349	31,201,018	215,446,474
Service Charges	24,009,280	--	693,068	--	24,702,348
Fines and Forfeitures	7,543,881	--	--	--	7,543,881
Utility Payments	32,000,694	--	--	--	32,000,694
Investment Income	--	285	37,523	15,473	53,281
Miscellaneous	9,867,526	--	92,050	9,342,647	19,302,223
<b>Total Revenues</b>	<b>697,156,990</b>	<b>2,153,440</b>	<b>72,064,942</b>	<b>40,559,138</b>	<b>811,934,510</b>
<b>Expenditures</b>					
Current:					
General Government	74,901,917	--	--	13,476,115	88,378,032
Public Safety and Judiciary	184,127,937	--	--	6,944,250	191,072,187
Highways, Streets, Sanitation and Refuse	58,493,804	--	--	3,197,975	61,691,779
Human Services	61,513,205	--	--	19,943,355	81,456,560
Culture and Recreation	20,566,175	--	--	2,587,232	23,153,407
Education	170,833,592	--	--	--	170,833,592
Non-Departmental	54,638,951	--	--	--	54,638,951
Capital Outlay	--	--	115,975,232	--	115,975,232
Debt Service:					
Principal Retirement	--	64,113,008	--	--	64,113,008
Interest Payments	--	27,633,704	--	--	27,633,704
Debt Issuance costs	--	17,545	809,894	--	827,439
<b>Total Expenditures</b>	<b>625,075,581</b>	<b>91,764,257</b>	<b>116,785,126</b>	<b>46,148,927</b>	<b>879,773,891</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	72,081,409	(89,610,817)	(44,720,184)	(5,589,789)	(67,839,381)
<b>Other Financing Sources (Uses)</b>					
Proceeds from Debt and Notes Payable	--	--	94,240,683	--	94,240,683
Proceeds from Refunding Debt	--	21,865,202	--	--	21,865,202
Payments to Refund Debt	--	(21,721,208)	--	--	(21,721,208)
Transfers In-Other Funds	5,541,472	90,738,970	--	13,014,512	109,294,954
Transfers Out-Other Funds	(69,344,808)	--	(32,756,397)	(2,513,464)	(104,614,669)
<b>Total Other Financing Sources (Uses), Net</b>	<b>(63,803,336)</b>	<b>90,882,964</b>	<b>61,484,286</b>	<b>10,501,048</b>	<b>99,064,962</b>
Net Change in Fund Balances	8,278,073	1,272,147	16,764,102	4,911,259	31,225,581
Fund Balances - Beginning of Year	106,166,314	4,219,286	(101,563,859)	14,873,250	23,694,991
Fund Balances - End of Year	\$ 114,444,387	\$ 5,491,433	\$ (84,799,757)	\$ 19,784,509	\$ 54,920,572

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, 2016

EXHIBIT D, Continued

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

Net change in fund balances - total governmental funds	\$	31,225,581
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.</p>		
Purchases of assets	114,035,086	
Depreciation expense	<u>(44,256,788)</u>	69,778,298
<p>The issuance of long term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. These amounts are the net effect of these differences in the treatment of long-term debt and related items.</p>		
Proceeds from borrowing, net of escrow payments	(116,105,885)	
Principal payments of bonds, net of payments on behalf of Component Units	85,834,216	
Amortization of bond premiums and refunding	<u>2,017,324</u>	(28,254,345)
<p>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.</p>		
Change in taxes	(11,273,400)	
Capital grants-public safety and judiciary	(30,828,501)	(42,101,901)
<p>Some expenditures in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
Change in accrued interest	(145,786)	
Change in compensated absences	1,044,837	
Change in other liabilities and claims	1,148,965	
Pension Expense	13,674,890	
Change in other postemployment benefit obligations	<u>(4,786,480)</u>	10,936,426
<p>Internal service funds are used by the City to charge costs of certain activities to individual funds. The net revenue of internal service funds is reported as a component of governmental activities.</p>		
		<u>(3,091,881)</u>
Change in net position of governmental activities	\$	<u>38,492,178</u>



CITY OF RICHMOND, VIRGINIA  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
June 30, 2016

EXHIBIT E-1

	Enterprise Funds						Internal Service Funds
	Gas	Water	Wastewater	Stormwater	Other	Total	
<b>Assets</b>							
<b>Current Assets:</b>							
Cash and Cash Equivalents (Note 3)	\$ 32,769,676	\$ 58,685,760	\$ 118,451,179	\$ 5,255,819	\$ 3,851,728	\$ 219,014,162	\$ 19,885,263
Accounts Receivables (Net of Allowance for Doubtful Accounts)	9,381,369	14,281,383	12,447,146	3,933,830	990,559	41,034,287	10,523,420
Due From Other Funds (Note 4)	67,985	26,966	253	335	205,276	300,815	7,876,803
Due From Component Unit	--	--	--	--	--	--	41,015
Due From Other Governments (Note 5)	--	6,668,356	--	--	--	6,668,356	--
Inventories of Materials and Supplies	6,257,283	--	--	--	--	6,257,283	4,753,114
Prepaid Expenses and Other Current Assets	1,971,652	1,960,145	2,311,762	--	30,900	6,274,459	250,560
Total Current Assets	<u>50,447,965</u>	<u>81,622,610</u>	<u>133,210,340</u>	<u>9,189,984</u>	<u>5,078,463</u>	<u>279,549,362</u>	<u>43,330,175</u>
<b>Noncurrent Assets:</b>							
Restricted Assets - Cash and Investments (Note 3)	22,169,411	34,656,637	24,132,673	--	--	80,958,721	--
<b>Capital Assets (Note 6):</b>							
Land	219,200	878,307	1,101,261	--	27,039,115	29,237,883	5,049,921
Buildings and Structures	541,472,835	389,823,654	556,959,733	8,321,413	69,269,305	1,565,846,940	70,179,789
Equipment and Other Assets	68,078,888	129,653,705	111,106,808	12,603,086	7,415,342	328,857,829	112,815,630
Construction in Progress	16,080,743	31,952,069	51,483,181	2,501,602	--	102,017,595	187,643
Less: Accumulated Depreciation	<u>(228,855,305)</u>	<u>(183,971,605)</u>	<u>(273,641,217)</u>	<u>(2,784,963)</u>	<u>(45,980,208)</u>	<u>(735,233,298)</u>	<u>(143,438,446)</u>
Total Capital Assets, Net Accumulated Depreciation	<u>396,996,361</u>	<u>368,336,130</u>	<u>447,009,766</u>	<u>20,641,138</u>	<u>57,743,554</u>	<u>1,290,726,949</u>	<u>44,794,537</u>
Total Noncurrent Assets	<u>419,165,772</u>	<u>402,992,767</u>	<u>471,142,439</u>	<u>20,641,138</u>	<u>57,743,554</u>	<u>1,371,685,670</u>	<u>44,794,537</u>
<b>Total Assets</b>	<u>469,613,737</u>	<u>484,615,377</u>	<u>604,352,779</u>	<u>29,831,122</u>	<u>62,822,017</u>	<u>1,651,235,032</u>	<u>88,124,712</u>
<b>Deferred Outflows of Resources</b>							
Losses on Refunding of Debt	3,425,104	2,831,744	2,384,933	--	--	8,641,781	8,573
Pension Related Activities	3,287,977	2,092,156	2,546,249	821,035	355,172	9,102,589	1,045,470
Total Deferred Outflows of Resources	<u>6,713,081</u>	<u>4,923,900</u>	<u>4,931,182</u>	<u>821,035</u>	<u>355,172</u>	<u>17,744,370</u>	<u>1,054,043</u>
<b>Liabilities</b>							
<b>Current Liabilities:</b>							
Accounts Payable	11,579,326	6,552,654	6,740,807	830,372	2,260,649	27,963,808	8,259,088
Accrued Liabilities	5,291,363	441,337	455,843	148,766	--	6,337,309	3,876,948
Advance Sales	--	--	--	--	487,010	487,010	--
Due To Other Funds (Note 4)	--	--	--	--	1,085,840	1,085,840	31,398,834
Accrued Interest on Bonds Payable	5,653,646	4,524,668	5,010,600	--	1,331,358	16,520,272	126,832
General Obligation Bonds and Notes Payable (Note 7)	8,444,184	6,807,335	4,713,181	11,250	5,039,003	25,014,953	1,375,258
Revenue Bonds Payable (Note 7)	4,375,343	3,194,314	8,687,563	--	--	16,257,220	920,431
Compensated Absences (Note 7)	700,357	514,969	556,166	185,389	13,874	1,970,755	179,496
Total Current Liabilities	<u>36,044,219</u>	<u>22,035,277</u>	<u>26,164,160</u>	<u>1,175,777</u>	<u>10,217,734</u>	<u>95,637,167</u>	<u>46,136,887</u>
<b>Noncurrent Liabilities:</b>							
Customers' Deposits	6,481,276	1,741,374	--	--	--	8,222,650	--
General Obligation Bonds and Notes Payable (Note 7)	33,316,369	25,301,276	7,311,794	168,750	64,254,508	130,352,697	3,479,707
Revenue Bonds Payable (Note 7)	240,672,602	197,870,651	277,084,385	--	--	715,627,638	4,205,462
Compensated Absences (Note 7)	133,160	97,912	105,745	35,248	91,687	463,752	166,391
Net Pension Liability	14,340,109	8,970,463	10,946,899	3,576,246	1,524,444	39,358,161	4,425,868
Other Liabilities	19,844	--	--	--	--	19,844	--
Total Noncurrent Liabilities	<u>294,963,360</u>	<u>233,981,676</u>	<u>295,448,823</u>	<u>3,780,244</u>	<u>65,870,639</u>	<u>894,044,742</u>	<u>12,277,428</u>
<b>Total Liabilities</b>	<u>331,007,579</u>	<u>256,016,953</u>	<u>321,612,983</u>	<u>4,956,021</u>	<u>76,088,373</u>	<u>989,681,909</u>	<u>58,414,315</u>
<b>Deferred Inflows of Resources</b>							
Pension Related Activities	2,166,374	1,341,207	1,639,423	539,850	228,071	5,914,925	656,496
Rate Stabilization	--	--	6,500,000	3,500,000	--	10,000,000	--
Total Deferred Inflows of Resources	<u>2,166,374</u>	<u>1,341,207</u>	<u>8,139,423</u>	<u>4,039,850</u>	<u>228,071</u>	<u>15,914,925</u>	<u>656,496</u>
<b>Net Position</b>							
Net Investment in Capital Assets	132,357,274	169,819,191	173,345,516	20,461,138	(11,549,957)	484,433,162	34,813,679
Unrestricted	10,795,591	62,361,926	106,186,039	1,195,148	(1,589,298)	178,949,406	(4,705,735)
Total Net Position	<u>\$ 143,152,865</u>	<u>\$ 232,181,117</u>	<u>\$ 279,531,555</u>	<u>\$ 21,656,286</u>	<u>\$ (13,139,255)</u>	<u>\$ 663,382,568</u>	<u>\$ 30,107,944</u>

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, 2016

EXHIBIT E-2

	Total Enterprise Funds	Internal Service Funds Stores and Transportation Division	Business-type Activities Statement of Net Position
<b>Assets</b>			
<b>Current Assets:</b>			
Cash and Cash Equivalents (Note 3)	\$ 219,014,162	\$ --	\$ 219,014,162
Accounts Receivables (Net of Allowance for Doubtful Accounts)	41,034,287	--	41,034,287
Due from Other Funds (Note 4)	300,815	--	300,815
Due From Other Government (Note 5)	6,668,356	--	6,668,356
Inventories of Materials and Supplies	6,257,283	4,465,345	10,722,628
Prepaid Expenses and Other Current Assets	6,274,459	102,719	6,377,178
Total Current Assets	<u>279,549,362</u>	<u>4,568,064</u>	<u>284,117,426</u>
<b>Noncurrent Assets:</b>			
Restricted Assets - Cash and Investments (Note 3)	80,958,721	--	80,958,721
<b>Capital Assets (Note 6):</b>			
Land	29,237,883	1,686,532	30,924,415
Buildings and Structures	1,565,846,940	3,516,513	1,569,363,453
Equipment	328,857,829	31,693,578	360,551,407
Construction in Progress	102,017,595	--	102,017,595
Less Accumulated Depreciation	<u>(735,233,298)</u>	<u>(34,036,648)</u>	<u>(769,269,946)</u>
Total Capital Assets, Net Accumulated Depreciation	<u>1,290,726,949</u>	<u>2,859,975</u>	<u>1,293,586,924</u>
Total Noncurrent Assets	<u>1,371,685,670</u>	<u>2,859,975</u>	<u>1,374,545,645</u>
Total Assets	<u>1,651,235,032</u>	<u>7,428,039</u>	<u>1,658,663,071</u>
<b>Deferred Outflows of Resources</b>			
Losses on Refunding of Debt	8,641,781	--	8,641,781
Pension Related Activities	9,102,589	81,834	9,184,423
Total Deferred Outflows of Resources	<u>17,744,370</u>	<u>81,834</u>	<u>17,826,204</u>
<b>Liabilities:</b>			
<b>Current Liabilities:</b>			
Accounts Payable	27,963,808	938,815	28,902,623
Accrued Liabilities	6,337,309	14,811	6,352,120
Advance Sales	487,010	--	487,010
Due To Other Funds (Note 4)	1,085,840	173,288	1,259,128
Accrued Interest on Bonds Payable	16,520,272	--	16,520,272
General Obligation Bonds and Notes Payable (Note 7)	25,014,953	--	25,014,953
Revenue Bonds Payable (Note 7)	16,257,220	--	16,257,220
Compensated Absences (Note 7)	1,970,755	20,599	1,991,354
Total Current Liabilities	<u>95,637,167</u>	<u>1,147,513</u>	<u>96,784,680</u>
<b>Noncurrent Liabilities:</b>			
Customers' Deposits	8,222,650	--	8,222,650
General Obligation Bonds and Notes Payable (Note 7)	130,352,697	--	130,352,697
Revenue Bonds Payable (Note 7)	715,627,638	--	715,627,638
Compensated Absences (Note 7)	463,752	3,916	467,668
Net Pension Liability	39,358,161	356,123	39,714,284
Other Liabilities	19,844	--	19,844
Total Noncurrent Liabilities	<u>894,044,742</u>	<u>360,039</u>	<u>894,404,781</u>
Total Liabilities	<u>989,681,909</u>	<u>1,507,552</u>	<u>991,189,461</u>
<b>Deferred Inflows of Resources</b>			
Pension Related Activities	5,914,925	53,728	5,968,653
Rate Stabilization	10,000,000	--	10,000,000
Total Deferred Inflows of Resources	<u>15,914,925</u>	<u>53,728</u>	<u>15,968,653</u>
<b>Net Position:</b>			
Net Investment in Capital Assets	484,433,162	2,859,975	487,293,137
Unrestricted	178,949,406	3,088,618	182,038,024
Total Net Position	<u>\$ 663,382,568</u>	<u>\$ 5,948,593</u>	<u>\$ 669,331,161</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, 2016

EXHIBIT E-3

	Enterprise Funds						Internal Service Funds
	Gas	Water	Wastewater	Stormwater	Other	Total	
<b>Operating Revenues</b>							
Charges for Goods and Services	\$ 127,915,787	\$ 65,613,835	\$ 79,099,295	\$ 10,994,652	\$ 18,212,334	\$ 301,835,903	\$ 71,678,320
<b>Operating Expenses</b>							
Purchased Gas	53,655,296	--	--	--	--	53,655,296	--
Intragovernmental Goods and Services Sold	--	--	--	--	--	--	10,060,775
Salaries and Wages & Benefits	14,540,554	10,899,846	12,175,874	3,961,074	1,507,018	43,084,366	3,400,464
Data Processing	--	--	--	--	--	--	6,869
Materials and Supplies	1,549,315	1,474,181	1,557,056	214,102	361,535	5,156,189	703,561
Rents and Utilities	314,307	3,979,541	4,250,358	49,759	766,773	9,360,738	3,048,951
Maintenance and Repairs	8,985,325	5,351,125	5,478,019	1,933,241	4,477,442	26,225,152	1,714,125
Depreciation and Amortization	20,354,101	13,903,923	22,080,667	610,862	1,790,124	58,739,677	7,064,913
Claims and Settlements	--	--	--	--	--	--	43,689,673
Uncollectible expense	943,649	874,184	101,529	321,364	--	2,240,726	--
Miscellaneous Operating Expenses	13,737,840	15,523,010	19,305,938	116,327	3,362,242	52,045,357	4,769,580
<b>Total Operating Expenses</b>	<b>114,080,387</b>	<b>52,005,810</b>	<b>64,949,441</b>	<b>7,206,729</b>	<b>12,265,134</b>	<b>250,507,501</b>	<b>74,458,911</b>
Operating Income (Loss)	13,835,400	13,608,025	14,149,854	3,787,923	5,947,200	51,328,402	(2,780,591)
<b>Non-Operating Revenues (Expenses)</b>							
Intergovernmental Grants and Contributions	192,317	11,967,945	3,587,432	8,533	783,737	16,539,964	641,813
Interest on Long-Term Debt	(11,914,066)	(9,232,988)	(10,023,250)	--	(2,914,102)	(34,084,406)	(368,547)
Interest Income	199,088	209,613	276,935	9,489	--	695,125	--
Interest Expense	(34,558)	(10,368)	--	--	--	(44,926)	--
Miscellaneous Revenues (Expenses)	23,999	697,007	196,284	(12,349)	--	904,941	(205,180)
<b>Total Non-Operating Revenues (Expenses), Net</b>	<b>(11,533,220)</b>	<b>3,631,209</b>	<b>(5,962,599)</b>	<b>5,673</b>	<b>(2,130,365)</b>	<b>(15,989,302)</b>	<b>68,086</b>
Net Income Before Transfers	2,302,180	17,239,234	8,187,255	3,793,596	3,816,835	35,339,100	(2,712,505)
Transfers In-Other Funds	--	--	--	--	861,187	861,187	--
Transfers Out-Other Funds	(2,566,220)	(1,613,428)	(1,143,255)	--	--	(5,322,903)	(218,569)
Change In Net Position	(264,040)	15,625,806	7,044,000	3,793,596	4,678,022	30,877,384	(2,931,074)
Net Position - Beginning of Year	143,416,905	216,555,311	272,487,555	17,862,690	(17,817,277)	632,505,184	33,039,018
Net Position - End of Year	\$ 143,152,865	\$ 232,181,117	\$ 279,531,555	\$ 21,656,286	\$ (13,139,255)	\$ 663,382,568	\$ 30,107,944

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



CITY OF RICHMOND, VIRGINIA  
 RECONCILIATION OF THE ENTERPRISE FUNDS' STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN  
 NET POSITION TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES  
 For the Fiscal Year Ended June 30, 2016

EXHIBIT E-4

	Enterprise Funds				Total*
	Gas	Water	Wastewater	Stormwater	
<b>Operating Revenues</b>					
Charges for Goods and Services	\$ 127,915,787	\$ 65,613,835	\$ 79,099,295	\$ 10,994,652	\$ 283,623,569
Internal Service Fund Allocation - Stores and Transportation Division	<u>562,350</u>	<u>223,054</u>	<u>2,091</u>	<u>2,770</u>	<u>790,265</u>
Charges for Services - Statement of Activities	<u>128,478,137</u>	<u>65,836,889</u>	<u>79,101,386</u>	<u>10,997,422</u>	<u>284,413,834</u>
<b>Operating Expenses</b>					
Purchased Gas	53,655,296	--	--	--	53,655,296
Salaries, Wages, and Benefits	14,540,554	10,899,846	12,175,874	3,961,074	41,577,348
Materials and Supplies	1,549,315	1,474,181	1,557,056	214,102	4,794,654
Rents and Utilities	314,307	3,979,541	4,250,358	49,759	8,593,965
Maintenance and Repairs	8,985,325	5,351,125	5,478,019	1,933,241	21,747,710
Depreciation and Amortization	20,354,101	13,903,923	22,080,667	610,862	56,949,553
Uncollectible Expense	943,649	874,184	101,529	321,364	2,240,726
Miscellaneous Operating Expenses	<u>13,737,840</u>	<u>15,523,010</u>	<u>19,305,938</u>	<u>116,327</u>	<u>48,683,115</u>
Total Operating Expenses	<u>114,080,387</u>	<u>52,005,810</u>	<u>64,949,441</u>	<u>7,206,729</u>	<u>238,242,367</u>
<b>Non-Operating Expenses</b>					
Interest and Fiscal Charges	<u>11,948,624</u>	<u>9,243,356</u>	<u>10,023,250</u>	--	<u>31,215,230</u>
Total Expenses	<u>126,029,011</u>	<u>61,249,166</u>	<u>74,972,691</u>	<u>7,206,729</u>	<u>269,457,597</u>
Internal Service Fund Allocation - Stores and Transportation Division	454,311	180,201	1,689	2,238	646,989
Transfers to Governmental Activities - Payments In Lieu of Taxes	<u>(7,345,936)</u>	<u>(9,794,603)</u>	<u>(10,206,316)</u>	--	<u>(27,346,855)</u>
Program Expenses - Statement of Activities	<u>\$ 119,137,386</u>	<u>\$ 51,634,764</u>	<u>\$ 64,768,064</u>	<u>\$ 7,208,967</u>	<u>\$ 242,757,731</u>

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

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



CITY OF RICHMOND, VIRGINIA  
 STATEMENTS OF CASH FLOWS  
 PROPRIETARY FUNDS  
 For the Fiscal Year Ended June 30, 2016

EXHIBIT E-5

	Enterprise Funds					Total	Internal Service Funds
	Gas	Water	Wastewater	Stormwater	Other		
<b>Cash Flows From Operating Activities</b>							
Receipts from Customers	\$ 127,247,959	\$ 66,025,084	\$ 80,636,152	\$ 10,409,636	\$ 18,582,396	\$ 302,901,227	\$ 72,829,635
Payments to Suppliers	(67,621,249)	(15,360,439)	(20,848,170)	(1,891,698)	(8,368,775)	(114,090,331)	(60,174,236)
Payments to Employees	(15,989,368)	(11,809,290)	(13,309,906)	(4,317,266)	(1,667,182)	(47,093,012)	(3,714,162)
Payments to Other Funds	(7,213,746)	(9,508,243)	(10,061,252)	--	--	(26,783,241)	(7,903,102)
Other Receipts or (Payments)	57,337	781,273	12,375,679	430	--	13,214,719	(419,332)
Net Cash Provided By Operating Activities	<u>36,480,933</u>	<u>30,128,385</u>	<u>48,792,503</u>	<u>4,201,102</u>	<u>8,546,439</u>	<u>128,149,362</u>	<u>618,803</u>
<b>Cash Flows From Noncapital Financing Activities</b>							
Government Subsidies	192,317	11,369,348	4,081,518	60,871	1,857,071	17,561,125	641,813
Transfers In - Other Funds	--	--	--	--	--	--	--
Transfers Out - Other Funds	(2,566,220)	(1,613,428)	(1,143,255)	--	--	(5,322,903)	--
Due From Other Funds	8,093	9,074	(3)	169	11,184	28,517	--
Due to Other Funds	--	--	--	--	49,780	49,780	10,896,149
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>(2,365,810)</u>	<u>9,764,994</u>	<u>2,938,260</u>	<u>61,040</u>	<u>1,918,035</u>	<u>12,316,519</u>	<u>11,537,962</u>
<b>Cash Flows From Capital and Related Financing Activities</b>							
Acquisition of Capital Assets	(28,674,724)	(21,498,632)	(43,739,284)	(4,414,548)	(212,147)	(98,539,335)	(7,134,567)
Proceeds from Bond Sale	24,928	23,302	549,333	--	--	597,563	--
Repayments of Revenue Bonds, General Obligation Bonds and Capital Leases	(11,642,793)	(9,412,310)	(13,433,034)	(11,250)	(5,144,889)	(39,644,276)	(1,717,403)
Repayments of Notes Payables	--	--	--	--	--	--	(1,925,000)
Interest Paid on Long-Term Debt	(13,119,453)	(10,625,835)	(11,386,807)	--	(2,974,315)	(38,106,410)	(379,332)
Net Cash Used In Capital and Related Financing Activities	<u>(53,412,042)</u>	<u>(41,513,475)</u>	<u>(68,009,792)</u>	<u>(4,425,798)</u>	<u>(8,331,351)</u>	<u>(175,692,458)</u>	<u>(11,153,945)</u>
<b>Cash Flows From Investing Activities</b>							
Interest Earned on Operating Funds	199,088	209,613	276,935	9,489	--	695,125	--
Interest Paid on Customers' Deposits	(34,558)	(10,368)	--	--	--	(44,926)	--
Net Cash Provided By Investing Activities	<u>164,530</u>	<u>199,245</u>	<u>276,935</u>	<u>9,489</u>	<u>--</u>	<u>650,199</u>	<u>--</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(19,132,389)	(1,420,851)	(16,002,094)	(154,167)	2,133,123	(34,576,378)	1,002,820
Cash and Cash Equivalents at July 1, 2015	74,071,476	94,763,248	158,585,946	5,409,986	1,718,605	334,549,261	18,882,443
Cash and Cash Equivalents at June 30, 2016	<u>\$ 54,939,087</u>	<u>\$ 93,342,397</u>	<u>\$ 142,583,852</u>	<u>\$ 5,255,819</u>	<u>\$ 3,851,728</u>	<u>\$ 299,972,883</u>	<u>\$ 19,885,263</u>
<b>Reconciliation of Operating Income To Net Cash Provided By Operating Activities</b>							
Operating Income	\$ 13,835,400	\$ 13,608,025	\$ 14,149,854	\$ 3,787,923	\$ 5,947,200	\$ 51,328,402	\$ (2,780,591)
Adjustment to Reconcile Operating Income to Net Cash Provided By Operating Activities:							
Pension Expense	(1,473,523)	(967,714)	(1,172,005)	(368,850)	(163,973)	(4,146,065)	(494,660)
Depreciation	20,354,101	13,903,923	22,080,667	610,862	1,790,124	58,739,677	7,064,913
Miscellaneous Revenues (Expenses)	(33,089)	756,448	12,375,679	431	--	13,099,469	(419,332)
(Increase) Decrease in Assets and Increase (Decrease) in Liabilities:							
Accounts Receivable	275,820	1,285,433	1,638,386	(263,652)	228,309	3,164,296	1,157,311
Due from General Fund	--	--	--	--	--	--	(7,254,462)
Due From Component Unit	--	--	--	--	--	--	(5,281)
Inventories of Material and Supplies	2,093,683	--	--	--	--	2,093,683	(239,030)
Prepaid Expenses	14,513	(60,963)	80,196	--	23,257	57,003	(23,102)
Accounts Payable	789,029	1,332,332	(524,829)	309,543	575,961	2,482,036	3,248,909
Accrued Liabilities	509,864	187,806	126,582	112,187	--	936,439	272,911
Customers' Deposits	90,426	24,825	--	--	--	115,251	--
Compensated Absences	24,709	58,270	37,973	12,658	3,809	137,419	91,217
Unearned Revenues	--	--	--	--	141,752	141,752	--
Total Adjustments	<u>22,645,533</u>	<u>16,520,360</u>	<u>34,642,649</u>	<u>413,179</u>	<u>2,599,239</u>	<u>76,820,960</u>	<u>3,399,394</u>
Net Cash Provided By Operating Activities	<u>\$ 36,480,933</u>	<u>\$ 30,128,385</u>	<u>\$ 48,792,503</u>	<u>\$ 4,201,102</u>	<u>\$ 8,546,439</u>	<u>\$ 128,149,362</u>	<u>\$ 618,803</u>

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



CITY OF RICHMOND, VIRGINIA  
STATEMENT OF FIDUCIARY NET POSITION  
June 30, 2016

EXHIBIT F-1

	Pension Trust Funds	Agency Funds
Assets:		
Cash and Short-term Investments	\$ 8,455,536	\$ 2,955,225
Receivables:		
Due from Other Funds	--	1,079,865
Due from Brokers on Sale of Securities	2,269,745	--
Interest and Dividends	2,490,929	--
Contributions from Participating Employees	279,786	--
Other Accounts Receivable	3,093,719	1,043
Investments, at Fair Value		
Common Stock	134,912,494	--
International Stocks	84,950,534	--
International Bonds	33,334,805	--
Real Estate Investment Trusts	36,360,485	--
Emerging Market Debt	94,768,118	--
Hedge Funds	65,205,502	--
Private Debt	116,674,458	--
Private Equity	15,919,139	--
Opportunistic Fixed Income	27,745,095	--
Total Investments, at Fair Value	609,870,630	--
Cash Collateral Received - Security Lending Program	24,958,666	--
Assets	651,419,011	4,036,133
Capital Assets:		
Furniture Fixtures and Equipment	228,986	--
Leasehold Improvement	311,748	--
Total Capital Assets	540,734	--
Total Assets	651,959,745	4,036,133
Liabilities:		
Accounts Payable	20,065,794	--
Refundable Deposits	--	838,231
Payable for Collateral Received - Security Lending Program	24,991,229	--
Due to Other Funds	--	1,553,500
Due to Various Agents	--	1,644,402
Total Liabilities	45,057,023	\$ 4,036,133
Net Position Held in Trust for Pension Benefits and Other Purposes	\$ 606,902,722	

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, 2016

EXHIBIT F-2

	Pension Trust Funds
Additions:	
Contributions:	
City of Richmond	\$ 43,552,035
Richmond Behavioral Health Authority	1,268,797
Richmond Public Schools	105,211
Plan Members	9,205,030
Total Contributions	54,131,073
Investment Income:	
Net Depreciation in Fair Value of Investments	(2,839,790)
Interest	602,466
Dividends	2,660,193
Net Increase in the Fair Value of Investments	422,869
Net Income Earned On Securities Lending Transactions:	
Securities Lending Income	160,478
Securities Lending Expense	(113,100)
Total Net Income Earned On Securities Lending Transactions	47,378
Investment Income	470,247
Less: Investment Expense	1,966,927
Net Investment Loss	(1,496,680)
Total Additions, net	52,634,393
Deductions:	
Benefits	(76,469,979)
Refunds of Member Contributions	(202,910)
Administrative Expenses	(1,157,275)
Depreciation Expense	(60,082)
Total Deductions	(77,890,246)
Net Decrease	(25,255,853)
Net Position Held In Trust For Pension Benefits and Other Purposes - Beginning of Year	632,158,575
Net Position Held In Trust For Pension Benefits and Other Purposes - End of Year	\$ 606,902,722

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



CITY OF RICHMOND, VIRGINIA  
STATEMENT OF NET POSITION  
COMPONENT UNITS  
June 30, 2016

EXHIBIT G-1

	School Board	Richmond Economic Development Authority	Richmond Ambulance Authority	Richmond Behavioral Health Authority	Richmond Redevelopment and Housing Authority	Total
<b>Assets</b>						
Cash and Cash Equivalents	\$ 1,692,386	\$ 4,302,308	\$ 4,411,406	\$ 25,190,840	\$ 2,726,713	\$ 38,323,653
Due From Primary Government	57,710,916	--	--	--	--	57,710,916
Due From Other Governments	24,795,354	--	--	868,319	--	25,663,673
Accounts Receivable	569,614	44,690	1,672,615	3,063,797	2,557,553	7,908,269
Inventories of Materials and Supplies	101,975	--	--	--	--	101,975
Prepaid Expenses and Other Current Assets	78,737	23,218	630,503	908,200	10,003,850	11,644,508
Investments	--	--	--	5,529,041	7,743,760	13,272,801
Capital Assets:						
Land	--	--	587,350	682,964	7,366,112	8,636,426
Buildings and Structures	--	16,446,229	--	--	160,894,446	177,340,675
Other Non Current Assets	--	22,546,705	--	2,945,268	21,790,930	47,282,903
Equipment	41,422,163	--	12,784,027	4,320,130	9,083,111	67,609,431
Less: Accumulated Depreciation	(23,637,958)	--	(7,691,810)	(5,534,290)	(101,503,165)	(138,367,223)
Construction in Progress	--	--	--	1,683,578	1,334,655	3,018,233
Total Capital Assets	<u>17,784,205</u>	<u>38,992,934</u>	<u>5,679,567</u>	<u>6,712,222</u>	<u>98,966,089</u>	<u>168,135,017</u>
Total Assets	<u>102,733,187</u>	<u>43,363,150</u>	<u>12,394,091</u>	<u>42,272,419</u>	<u>122,395,973</u>	<u>323,158,820</u>
<b>Deferred Outflows of Resources</b>						
Employer Contributions Subsequent to the Measurement Date	987,783	--	--	--	--	987,783
	11,583,006	--	--	--	--	11,583,006
Other Pension Deferrals	22,594,013	--	--	1,775,255	1,252,632	25,621,900
Total Deferred Outflows of Resources	<u>35,164,802</u>	<u>--</u>	<u>--</u>	<u>1,775,255</u>	<u>1,252,632</u>	<u>38,192,689</u>
<b>Liabilities</b>						
Accounts Payable	7,740,537	657,037	699,240	1,712,489	1,378,821	12,188,124
Accrued Liabilities	38,196,797	662,231	365,156	1,896,116	1,198,218	42,318,518
Due To Other Governments	8,012,847	--	--	12,675,219	1,039,358	21,727,424
Unearned Revenues	2,667,559	24,467	--	7,413,505	387,940	10,493,471
Liabilities to be Paid From Restricted Assets:						
Customers' Deposits	--	290,504	--	--	624,863	915,367
Bonds, Notes Payable and Capital Leases	2,490,574	--	--	--	641,678	3,132,252
Compensated Absences	530,922	--	--	1,342,199	715,184	2,588,305
Non-Current Liabilities:						
Bonds, Notes Payable and Capital Leases	9,114,820	532,422	5,854	--	1,092,796	10,745,892
Due To Primary Government	--	--	--	--	--	--
Compensated Absences	10,978,505	--	--	--	--	10,978,505
Workers' Compensation	1,165,644	--	--	--	--	1,165,644
Deferred Revenue	--	--	--	--	--	--
Other Noncurrent Liabilities	--	33,410,839	--	--	8,599,279	42,010,118
Other Postemployment Benefits	30,637,606	--	--	1,972,073	9,056,822	41,666,501
Net Pension Liability	270,492,436	--	--	7,510,772	--	278,003,208
Total Liabilities	<u>382,028,247</u>	<u>35,577,500</u>	<u>1,070,250</u>	<u>34,522,373</u>	<u>24,734,959</u>	<u>477,933,329</u>
<b>Deferred Inflow of Resources</b>						
Pension-Investments-Experience	4,302,235	--	--	--	--	4,302,235
Pension-Proportionate Change in Employer Share	18,245,848	--	--	--	--	18,245,848
Pension-Deferred Pension Proportionate Share	4,667,075	--	--	--	--	4,667,075
Other Pension Deferrals	--	--	--	1,147,490	3,620,000	4,767,490
Membership Fees Received in Advance	--	--	18,659	--	--	18,659
Total Deferred Inflows of Resources	<u>27,215,158</u>	<u>--</u>	<u>18,659</u>	<u>1,147,490</u>	<u>3,620,000</u>	<u>32,001,307</u>
<b>Net Position</b>						
Net Investment in Capital Assets	7,340,267	16,446,229	5,673,713	6,712,222	76,964,009	113,136,440
Restricted for:						
Capital Projects	6,445,142	351,998	--	--	5,972,695	12,769,835
Permanent Funds:						
Expendable	897,262	--	--	--	--	897,262
Nonexpendable	214,058	--	--	--	--	214,058
Unrestricted	(286,242,145)	(9,012,577)	5,631,469	1,665,589	12,356,942	(275,600,722)
Total Net Position	<u>\$ (271,345,416)</u>	<u>\$ 7,785,650</u>	<u>\$ 11,305,182</u>	<u>\$ 8,377,811</u>	<u>\$ 95,293,646</u>	<u>\$ (148,583,127)</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, 2016

Functions/Program Activities	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
School Board	\$ 335,294,935	\$ 1,942,395	\$ 114,437,351	\$ 8,326,632
Richmond Economic Development Authority	13,336,864	5,630,960	7,058,920	--
Richmond Ambulance Authority	19,170,777	14,450,921	4,655,053	--
Richmond Behavioral Health Authority	38,979,019	16,805,142	25,168,759	--
Richmond Redevelopment and Housing Authority	66,494,424	10,617,497	43,167,349	2,238,313
Total Component Units	<u>\$ 473,276,019</u>	<u>\$ 49,446,915</u>	<u>\$ 194,487,432</u>	<u>\$ 10,564,945</u>

General Revenues:

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

Changes in Net Position

- Net Position - Beginning of Year
- Net Position - End of Year

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





EXHIBIT G-2

Net (Expenses) Revenues and Changes in Net Position

School Board	Richmond Economic Development Authority	Richmond Ambulance Authority	Richmond Behavioral Health Authority	Richmond Redevelopment and Housing Authority	Total
\$ (210,588,557)	\$ --	\$ --	\$ --	\$ --	\$ (210,588,557)
--	(646,984)	--	--	--	(646,984)
--	--	(64,803)	--	--	(64,803)
--	--	--	2,994,882	--	2,994,882
--	--	--	--	(10,471,265)	(10,471,265)
<u>(210,588,557)</u>	<u>(646,984)</u>	<u>(64,803)</u>	<u>2,994,882</u>	<u>(10,471,265)</u>	<u>(218,776,727)</u>
145,999,656	--	--	--	--	145,999,656
75,676,771	--	--	--	--	75,676,771
50,961	21,320	23,204	367,829	38,060	501,374
--	--	--	7,766	--	7,766
<u>619,638</u>	<u>--</u>	<u>(23,213)</u>	<u>337,363</u>	<u>2,933,656</u>	<u>3,867,444</u>
<u>222,347,026</u>	<u>21,320</u>	<u>(9)</u>	<u>712,958</u>	<u>2,971,716</u>	<u>226,053,011</u>
11,758,469	(625,664)	(64,812)	3,707,840	(7,499,549)	7,276,284
<u>(283,103,885)</u>	<u>8,411,314</u>	<u>11,369,994</u>	<u>4,669,971</u>	<u>102,793,195</u>	<u>(155,859,411)</u>
<u>\$ (271,345,416)</u>	<u>\$ 7,785,650</u>	<u>\$ 11,305,182</u>	<u>\$ 8,377,811</u>	<u>\$ 95,293,646</u>	<u>\$ (148,583,127)</u>



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**CITY OF RICHMOND, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2016

**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, 2015 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.

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

**Related Organization:**

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

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

Richmond Metropolitan Transportation Authority (RMTA) – Five of the sixteen directors of the RMTA are appointed by City Council. The mission of the RMTA is to build and operate a variety of public facilities and offer public services, especially transportation related, within the Richmond metropolitan area, each of which is operated and financed primarily by user fees.



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**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.

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 \$12,300,000 for operating subsidies for bus routes and para-transit services within the City for the year ended June 30, 2016. The City also expended \$190,000 to operate reduced fare services for the elderly and disabled, and expended \$555,157 for local match funds needed to secure 80 percent of Federal grant funds that are used for the Company's capital purchases. Complete financial statements for the Greater Richmond Transit Company can be obtained from the Finance Department, GRTC Transit System, 301 East Belt Boulevard, Richmond, VA 23224.

*The Peumansend Creek Regional Jail Authority (Authority)*

The Peumansend Creek Regional Jail Authority (the Authority) was created in fiscal year 1994 to construct and operate a 336 prisoner regional correctional facility. Consequently, the Authority is a joint venture of the City, along with five other local political jurisdictions in Virginia. The formation of the Authority was enabled by Public Law 102-25 and 102-484 that conveyed 150 acres at Fort A.P. Hill. The land for this facility was donated by the United States Government to Caroline County on the condition that Caroline County and at least 3 other jurisdictions named in the legislation construct and operate a regional correctional facility on the site. The Authority is comprised of the CAO of the City, and the County Manager or Chief Executive of the six-member jurisdictions. The Authority employs a Superintendent who is responsible for the operation of the Jail. Annual operating costs of the facility are to be shared among the participating jurisdictions based on a formula set forth in the service agreement. The City and the other participating jurisdictions have no explicit, measurable equity interest in the Authority; however, each jurisdiction does have an ongoing financial responsibility for its share of the Authorities operating cost. The City will fund its share of the annual cost through annual budget appropriations. For fiscal year ended June 30, 2016, the City contributed \$1,068,380 for its share of costs.

**Jointly Governed Organizations:**

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

The Commission is comprised of a fourteen-member board of directors, with four members each appointed by the City, County of Henrico and County of Chesterfield and two members appointed by the County of Hanover. The Commission generates its revenues from service charges to users of the Airport facilities to recover the costs of maintaining, repairing and operating the Airport. Virginia law requires that the Commission submit an annual budget showing estimated revenues and estimated expenditures to the governing bodies. If the Commission's budget contains estimated expenditures which exceed estimated revenues, the governing bodies are required to fund the deficit in proportion to their financial interest in the Commission. If, however, actual revenues are less than estimated revenues identified in the budget (resulting in a deficit), the City and Counties may, at their discretion, appropriate funds necessary to fund the deficit. The City did not provide funding to the Commission during the fiscal year ended June 30, 2016.

*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

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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, 2016 were \$1,168,218.

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 \$611,789 for the year ended June 30, 2016.

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 \$614,170 to the Richmond Region Tourism for the year ended June 30, 2016.

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 \$1,228,340 for the year ended June 30, 2016.

The *Greater Richmond Convention Center Authority (GRCCA)*, a political subdivision of the Commonwealth of Virginia, was created on January 9, 1998 pursuant to the Public Recreational Facilities Authority Act, Chapter 56 of Title 15.2, *Code of Virginia*. The GRCCA was created to acquire, finance, expand, renovate, construct, lease, operate, and maintain the facility and grounds of a visitors and convention center. The political subdivisions participating in the incorporation of the GRCCA are the City and the Counties of Chesterfield, Hanover and Henrico. The GRCCA is governed by a five-member commission comprised of the chief administrative officer of each of the four incorporating political subdivisions and the President/CEO of the Retail Merchants Association of Counties of Chesterfield, Hanover and Henrico. The City contributed \$7,494,964 in transient occupancy tax revenue and \$1,414,277 of general funds for the year ending June 30, 2016.

**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



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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.

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.



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### Proprietary Funds

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

#### Enterprise Funds

Enterprise Funds are used to report activities for which a fee is charged to external users for goods and services. The City maintains 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.

#### Internal Service Funds

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

#### Fiduciary Funds

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

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

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

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



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**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. 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, 2016 were as follows:

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General Fund and Governmental Activities - Tax and Licenses	\$ 19,740,526
Enterprise Funds:	
Utilities:	
Gas	5,777,993
Water	729,211
Wastewater	618,647
Stormwater	3,913,258
Electric-Non Major Internal Service Fund	4,469
Sub-total (Utilities Funds)	<u>11,043,578</u>
Non-major Enterprise Funds (Coliseum and Cemeteries)	<u>--</u>
Total Enterprise Funds	<u>11,043,578</u>
Total Allowances for Doubtful Accounts	<u>\$ 30,784,104</u>

**G. Inventories**

Inventories on hand at June 30, 2016 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 donation. Capital leases are classified as capital assets in amounts equal to the lesser of the fair market value or the discounted present value of net minimum lease payments at the inception of the lease. Accumulated depreciation and amortization are reported as reductions of capital assets.

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

**Governmental:**

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

**Enterprise Funds:**

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

**Enterprise Funds:**

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



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**I. Construction Period Interest**

The City capitalizes, during the construction period only, the net interest cost associated with the acquisition or construction of major additions in the business-type activity funds. During fiscal 2016, interest costs of approximately \$31,170,300 were incurred, with approximately \$1,105,000 being capitalized.

**J. Compensated Absences**

The City's general employees earn vacation pay in varying amounts and can accumulate vacation pay based on length of service. All general employees earn sick pay at the same rate regardless of the length of service. 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 police professional liability claims. The City also carries commercial insurance in a number of smaller, more defined risk areas such as employees' faithful performance, money and securities and medical professional liability. In the fund financial statements, expenditures for judgments and claims, including estimates of claims that have been incurred but not reported, are recorded in the Risk Management agency within the General Fund. The City is self-insured with respect to payments for health care and is reported in the Health Self-Insurance Internal Service Fund (ISF).

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

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

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

For the RRS Pension Plan, the City had deferred inflows of \$46.3 million comprised primarily of 1) the difference between actual and expected investment earnings of \$23.7 million, 2) changes in actuarial assumptions of \$17.6 million, and 3) changes in its proportionate share of contributions of \$.0274 million. Deferred outflows of \$67.4 million comprised primarily of 1) difference between expected and actual experience of \$1.1 million, 2) the difference between actual and

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expected investment earnings of \$19.1 million 3) due to proportion change on beginning NPL of \$.0274 million, and 4) employer contributions subsequent to the measurement date of \$46.9 million.

For the Virginia Retirement System, deferred outflows consisted of total employer contributions made after the measurement date of \$3.5 million and the difference between expected and actual experience of \$.078 million. The difference between projected and actual earnings on plan investments created a deferred inflow of \$2.6 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).

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

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

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

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

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

As required by GAAP, the City has adopted a spending policy indicating that when multiple categories of fund resources are available, they will be expended in a specific order beginning first with restricted resources and



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continuing in a descending order using unassigned resources last. During 2012, City Council adopted Resolution No. 2012-R42-72, which amended the fund balance policy, to further increase the required level of unassigned fund balance from seven percent to ten percent of budgeted General Fund expenditures.

**O. Net Position**

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

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

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

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

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

In the process of aggregating data for the Statement of Net Position and the Statement of Activities, some amounts reported as inter-fund activity and balances in the funds have been eliminated or reclassified. Eliminations are made in the Statement of Net Position to minimize the *grossing-up* effect on assets and liabilities within the governmental and business-type activities columns of the Primary Government. Amounts reported in the funds as inter-fund receivables and payables are 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, 2016, Wastewater Utility and Storm-water Utility have approximately \$6.5 million and \$3.5 million, respectively, for rate stabilization funds.

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

**S. Estimates and Assumptions**

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

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

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



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**U. Permanent Funds**

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

**V. Unearned Revenues**

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

**W. Adoption of New Accounting Pronouncements**

During the year ended June 30, 2016, the City adopted the provisions of:

In February 2015 GASB Statement No. 72, *Fair Value Measurement*, was issued to address accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The City adopted GASB Statement No. 72 in June 2016 and has categorized its fair value measurement as of June 30, 2016 in the fair value hierarchy established by GASB Statement No. 72 (see Note 3-Investments).

In December 2015, GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. The objective of this Statement addresses accounting and financial reporting for certain investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. Significant noncompliance prevents the external investment pool from measuring all of its investments at amortized cost for financial reporting purposes. Professional judgment is required to determine if instances of noncompliance with the criteria established by this Statement during the reporting period, individually or in the aggregate, were significant. The City adopted GASB Statement No. 79 at June 30, 2016. ( See Note 3 Investments).

**X. Future Accounting Pronouncements**

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

In June 2015, GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans other than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*. The City has not completed its evaluation of the impact that the implementation of this Statement will have on the financial statements and disclosures. The City will adopt this Statement for fiscal year ending June 30, 2017.

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pension*. The objective of this Statement is to improve accounting and financial reporting by state and local



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governments for postemployment benefits other than pensions (OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended*, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. The City has not completed its evaluation of the impact that the implementation of this Statement will have on the financial statements and disclosures. The City will adopt this Statement for fiscal year ending June 30, 2018.

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

In December 2015, GASB issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. This Statement amends the scope and applicability of GASB Statement No. 68 to exclude certain pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that do not have the characteristics of a state or local governmental pension plan. GASB No. 78 excludes plans that are not a state or local governmental pension plan, is used to provide defined benefit pensions both to employees of employers that are not state or local governmental employers, and has no predominate state or local governmental employers either individually or collectively that provide pensions through the pension plan. The City has not completed the evaluation of the impact that the implementation of this Statement will have on the financial statements and disclosures. The City will adopt this Statement for fiscal year ending June 30, 2017.

In January 2016, GASB issued Statement No. 80, *Blending Requirements for Certain Component Units*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The City has not completed the evaluation of the impact that the implementation of this Statement will have on the financial statements and disclosures. The City will adopt this Statement for fiscal year ending June 30, 2017.

In March 2016, GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. 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. Split-interest agreements are a type of giving agreement used by donors to provide resources to two or more beneficiaries, including governments. 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. The City has not completed the evaluation of the impact that the implementation of this Statement will have on the financial statements and disclosures. The City of Richmond will adopt this Statement for fiscal year ending June 30, 2018.

In March 2016, GASB issued Statement No. 82, *Pension Issues-An Amendment of GASB Statements No. 67, No. 68, and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee/plan member contribution requirements. The City has not completed the evaluation of the impact that the implementation of this Statement will have on the financial statements and disclosures. The City will adopt this Statement for fiscal year ending June 30, 2017.



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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, abatements, and refunds are rounded to the nearest full month.

Personal property taxes may be paid without penalty and interest on or before June 5<sup>th</sup>, or 60 days from the date the vehicle acquired situs in Richmond. Effective January 1, 2011, real estate taxes are billed on a semi-annual basis. These taxes may be paid without penalty and interest on or before January 14 and June 14. Penalty for late payment is 10% or \$10, whichever is greater, not to exceed the full amount of the tax. In 2016, the interest rate for unpaid taxes was 5%.

The City bills and collects its own property taxes. Delinquent property taxes may be sent to collection services. Property taxes levied January 1, 2016 are intended to finance operations of the fiscal year ended June 30, 2016. The real estate taxes assessed and due on January 14, 2016 and June 14, 2016 are intended to finance operations of the fiscal year ended June 30, 2016.

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

**A. Cash and Cash Equivalents – Primary Government**

At June 30, 2016, cash on hand, cash items and petty cash totaled approximately \$66,792 and the carrying value of the City's demand deposits, savings accounts, and time certificates of deposit with institutions totaled \$77,610,748 and is included in cash and cash equivalents. The City's deposits of \$77,610,748 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 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, 2016, all non-system investments were in either LGIP or SNAP, which were respectively rated AAA, and the length of the investments for both programs was less than 90 days. Additionally, the City is authorized to place investments of the RRS in common stocks, corporate debt securities, U.S. Government and Agency Securities, international stocks and bonds, money market, and mutual funds. At no time, shall more than 35 percent of the portfolio be invested in commercial paper. No more than five percent of the portfolio shall be invested in the commercial paper of a single entity.

*Custodial credit risk for deposits:*

All cash of the City is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act (the Act), Section 2.2-4400 et. Seq. of the *Code of Virginia* or covered by federal depository insurance. Under the Act, banks holding public deposits in excess of the amounts insured by the FDIC must pledge collateral of 50 percent of the excess deposits to a collateral pool in the name of the State Treasury Board. Savings and loan institutions are required to collateralize 100 percent of deposits in excess of the FDIC limits and are considered insured. At June 30, 2016, 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:*



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At June 30, 2016, the City holds its investment securities primarily in external investments pools and thus is not subject to custodial credit risk disclosure.

*Concentration Risk:*

At June 30, 2016, the City does not have concentration of credit risk, as no investments were with any one issuer representing more than five percent of total investments.

A summary of deposits and investments held by the Primary Government at June 30, 2016 is as follows:

Deposits	
Cash on hand	\$ 66,792
Demand deposits	76,800,059
Investments	
LGIP	234,768,966
Trusts	5,362,992
Money markets	65,673,601
Total deposits and investments	<u>\$ 382,672,410</u>

**Reconciliation to Statements of Net Position:**

	Government-wide Statement of Net Position	Fiduciary Funds Statement of Net position			Total
		Pension	Other		
		Trust	Employee Benefits	Agency	
Cash and cash equivalents	\$ 295,762,116	\$ 8,455,536	\$ --	\$ 2,955,225	\$ 307,172,877
Investments	--	521,108,312	88,762,318	--	609,870,630
Restricted assets	86,910,294	-	--	--	86,910,294
Total	<u>\$ 382,672,410</u>	<u>\$ 529,563,848</u>	<u>\$ 88,762,318</u>	<u>\$ 2,955,225</u>	<u>\$ 1,003,953,801</u>

The Richmond Retirement System categorizes the fair value measurements of its assets within their fair value hierarchy established by generally accepted accounting principles outlined in GASB 72. There were no restatements to the prior year reported values of the RRS assets or Liabilities as of June 30, 2015 resulting from implementation of GASB 72. The fair market valuation was unchanged from what was reported in 2015. The following table shows the Richmond Retirement System fair value measurements as of June 30, 2016.

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Investments Measured at Fair Value

	Fair Value at June 30, 2016	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments by Fair Value Level</b>				
<b>Equity Securities by Industry Class</b>				
Information Technology	\$ 18,858,342	\$ 18,858,342	\$ -	\$ -
Consumer Spending	13,390,595	13,390,595	-	-
Financial	9,765,812	9,765,812	-	-
Energy & Industrial	9,251,638	9,251,638	-	-
Healthcare	8,594,921	8,594,921	-	-
Real Estate Investment Trusts	7,469,865	7,469,865	-	-
Other	3,595,133	3,595,133	-	-
<b>Total Equity Securities</b>	<b>70,926,306</b>	<b>70,926,306</b>	<b>-</b>	<b>-</b>

**Fixed Income Securities by Industry Class**

Corporate Bonds	9,859,922	-	9,859,922	-
Mortgage Pass- Through	5,706,717	-	5,706,717	-
Us Treasuries	5,287,141	-	5,287,141	-
Collateralized Mortgage Obligation	3,279,980	-	3,279,980	-
Other	13,585,804	11,819,796	1,766,008	-
<b>Total Debt Securities</b>	<b>37,719,564</b>	<b>11,819,796</b>	<b>25,899,768</b>	<b>-</b>

**Alternative Asset Investments**

	7,104,744	-	-	7,104,744
Private Equity - Small Buyout Funds	4,007,830	-	-	4,007,830
Private Equity - Secondary Funds	4,806,565	-	-	4,806,565
Other Private Equity Funds	2,104,540	-	-	2,104,540
Private Real Estate Debt Funds	22,967,905	-	-	22,967,905
Private Debt- Direct Lending Funds	4,944,235	-	-	4,944,235
<b>Total Alternative Asset Investments</b>	<b>45,935,819</b>	<b>-</b>	<b>-</b>	<b>45,935,819</b>

Derivative Investment Instruments

Foreign Currency Options	5,104.00			5,104.00
Credit Default Swaps	(57,188.00)			(57,188.00)
<b>Total Derivative Investment Instruments</b>	<b>(52,084.00)</b>			<b>(52,084.00)</b>

**Total Investments Measured At Fair Value Levels**

154,529,605	\$ 82,746,102	\$ 25,899,768	\$ 45,883,735
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**Total Investments Measured at Net Asset Value (NAV)**

Global Multi Sector Fixed Income Funds	90,383,359
US equity Funds	76,241,291
Hedge Fund of Funds	65,257,586
Developed International Equities Funds	43,590,986
Emerging Market Equities Funds	36,574,310
Opportunistic Fixed Income Funds	27,745,095
Private Real Estate Fund	26,786,080
<b>Total Investments Measured at Net Asset Value (NAV)</b>	<b>366,578,707</b>
<b>Total Investments Measured at Fair Value</b>	<b>\$ 521,108,312</b>

<b>Investments Measured at Net Asset Value (NAV)</b>	<b>Fair Value</b>	<b>Unfunded Commitments</b>	<b>Redemption Frequency</b>	<b>Required Redemption Notice</b>
Global Multi-Sector Fixed Income Funds	\$ 90,383,357	\$ -	Daily	1-10 days
US Equity Funds	76,241,291	-	Daily	1-3 days
Hedge Fund of Funds	65,257,587	-	Daily, Quarterly	1-95 days
Developed International Equities Funds	43,590,986	-	Daily, Semi-Monthly	3-30 days
Emerging Market Equity Funds	36,574,310	-	Daily, Monthly	1-15 days
Opportunistic Fixed Income Funds	27,745,095	-	Quarterly	60-120 days
Private Real Estate Fund	26,786,080	-	Quarterly	45 days
<b>Total Investments Measured at Net Asset Value (NAV)</b>	<b>\$ 366,578,706</b>			



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

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Investment by Funds Class	Fair Value at June 30, 2016	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Stable Value Cash Management Funds	30,850,143	30,850,143	\$ -	\$ -
Bond Funds	3,154,703	3,154,703	-	-
Guaranteed Lifetime Income Funds	161,735	161,735	-	-
Balance/Asset Allocation Funds	17,267,446	17,267,446	-	-
US Stock Funds	33,312,235	33,312,235	-	-
International Global Stock Funds	2,226,100	2,226,100	-	-
Specialty Funds	1,789,955	1,789,955	-	-
Total Mutual Funds	<u>88,762,318</u>	<u>88,762,318</u>	<u>-</u>	<u>-</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 provided by the individual managers of each fund. The managers within each investment class determine the fair value of the underlying investments of the fund then allocate fair value to the RRS based on the percentage of ownership the System has in the fund. In some instances, due to timing of reports from each manager, the fair value of the System's investments is adjusted by the incoming and outgoing cash flows for each fund.

**1. Opportunistic Fixed Income Funds** – All managers within this category have the ability to invest in different strategies outlined in the agreements entered into. All investments in this category report fair value using a NAV and have lock-up periods ranging from 12 - 24 months. 14.1% of the total fair value for this asset class falls within that non-redemption period. The restriction periods for these types of investments range from 60 to 120 days.

**2. Hedge Fund of Funds** – This category consists of four different managers that invest in hedge fund of funds. These managers 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. All investments within this category are reported at NAV and have lock-up periods up to 12 months. No investments fall under this restricted period. Redemptions periods vary from daily to quarterly. Notice is required from one day to 95 days for redemptions, depending on the manager.

**3. Developed International Equities Funds** – This category includes two investments in managers that focus on international equities. These funds focus on active All-Cap management or follow the specified index as described in the Agreement. Both funds report fair value at NAV. Redemptions are either semi-monthly with notice due at least three days prior to the trade date or daily with 30 days prior written notice. There is a 180-day lock-up period for one fund, but no assets fall within that restricted period.

**4. Global Multi-Sector Fixed Income** – This type of investment consists of two managers invested in global fixed income securities. The 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 market, as outlined in the investment

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guidelines. There is daily redemptions ranging from one to 10 day written notice prior to redemptions. There is no restriction period related to redemption payments.

**5. Emerging Markets Equities Fund** – This category includes investments in two different managers that invests primarily in Emerging Market Equities. The managers have the ability to invest in other global equities including long/short strategies. Fair value has been determined using the NAV. Redemption periods for these two funds varies from daily to monthly with one to 15 days required for withdrawals. There are no lockup periods on either investment.

**6. Private Real Estate Fund** – This category includes an investment in one private real estate fund that invests in residential, office, retail, and industrial real estate. NAV is used in the measurement of the fair value of this investment. There are quarterly redemptions that require at least 45 days written notice. There is no lockup period on this investment.

**7. U.S. Equity Funds** – This investment category includes two investment managers that focus on small/mid cap companies as well as the S&P 500 index. One manager has the ability to invest in different industries and can change those strategies within the small/mid-cap space. The other focuses on the S&P 500 index and mirrors its investment strategy to the index. NAV is used for the fair value of both investments. Redemptions are priced daily and require one to three days written notice for trading. There is no lock-up for these investments.

#### **Participation in External Investment Pools**

The City of Richmond has invested bond proceeds subject to rebate of arbitrage earnings in the Virginia State Non-Arbitrage Program ("SNAP"). SNAP is designed to assist local governments in complying with the arbitrage rebate requirements of the Tax Reform Act of 1986. These programs provide comprehensive investment management, accounting and arbitrage rebate calculation services for proceeds of general obligation and revenue tax-exempt bond financings of Virginia cities, counties, and towns. As of June 30, 2016, the City had \$22,279,852 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 and Poor's and managed in a manner to comply with their 'AAAm' rating requirements.
- b) The portfolio securities are valued by the amortized cost method, and on a daily basis this valuation is compared to the current market to monitor any variance.
- c) Investments are limited to short-term, high quality credits that can be readily converted into cash with limited price variation.

The City is a participant in the Local Government Investment Pool (LGIP), which is administered by the Commonwealth of Virginia Treasury Board. As of June 30, 2016, the City had \$234,768,966 in the LGIP short term investment. The Board is committed to managing certain risk limiting provisions to maintain a stable net asset value (NAV) at \$1.00 per share, which is determined at the close of each business day. The goal of maintaining NAV is facilitated as follows:

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



**CITY OF RICHMOND, VIRGINIA**  
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 June 30, 2016

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

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

		Due From						
		General	Capital	Non-Major	Non-Major	Internal	Agency	
		Fund	Projects	Governmental	Proprietary	Service	Fund	Total
Due To	General	\$ --	\$ 88,692,778	\$ 10,180,329	\$ 886,912	\$ 27,939,832	\$ 1,553,500	\$ 129,253,351
	Non-Major Government	17,596,845	--	66,740	198,928	--	--	17,862,513
	Capital Projects	1,161,018	--	12,257	--	3,363,463	--	4,536,738
	Gas	--	--	--	--	67,985	--	67,985
	Water	--	--	--	--	26,966	--	26,966
	Wastewater	--	--	--	--	253	--	253
	Stormwater	--	--	--	--	335	--	335
	Agency	1,079,865	--	--	--	--	--	1,079,865
	Internal Service	7,876,803	--	--	--	--	--	7,876,803
	Non-Major Proprietary	205,276	--	--	--	--	--	205,276
	<b>Total</b>	<b>\$ 27,919,807</b>	<b>\$ 88,692,778</b>	<b>\$ 10,259,326</b>	<b>\$ 1,085,840</b>	<b>\$ 31,398,834</b>	<b>\$ 1,553,500</b>	<b>\$ 160,910,085</b>

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, 2016 consisted of the following:

		Transfer From							
		General	Capital	Major Proprietary Funds			Non-Major		
		Fund	Project	Gas	Water	Wastewater	Electric	Governmental	Total
Transfer To	General	\$ --	\$ --	\$ 2,566,220	\$ 1,613,428	\$ 1,143,255	\$ 218,569	\$ --	\$ 5,541,472
	Debt Service	57,982,573	32,756,397	--	--	--	--	--	90,738,970
	Non-Major Enterprise	861,187	--	--	--	--	--	--	861,187
	Non-Major Governmental	10,501,048	--	--	--	--	--	2,513,464	13,014,512
	<b>Total</b>	<b>\$69,344,808</b>	<b>\$32,756,397</b>	<b>\$ 2,566,220</b>	<b>\$ 1,613,428</b>	<b>\$ 1,143,255</b>	<b>\$ 218,569</b>	<b>\$ 2,513,464</b>	<b>\$ 110,156,141</b>

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

**5. DUE FROM OTHER GOVERNMENTS**

Amounts due from other governments at June 30, 2016 are as follows:

Primary Government	Federal	State	Other Localities	Total
General Fund	\$ --	\$ 32,752,911	\$ --	\$ 32,752,911
Capital Projects Fund	15,384,407	11,498,458	--	26,882,865
Non-major Governmental Funds	7,455,214	7,349,518	276,160	15,080,892
Water Fund	--	--	6,668,356	6,668,356
	<u>\$ 22,839,621</u>	<u>\$ 51,600,887</u>	<u>\$ 6,944,516</u>	<u>\$ 81,385,024</u>

**CITY OF RICHMOND, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2016**



**6. CAPITAL ASSETS**

**Primary Government – Governmental Activities**

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Capital Assets Not Being Depreciated:				
Land and Land Improvements	\$ 96,257,130	\$ 377,422	\$ --	\$ 96,634,552
Construction In Progress	111,372,705	124,675,925	122,420,756	113,627,874
Works of Art/Historical Treasures	6,990,396	640	--	6,991,036
Total Capital Assets Not Being Depreciated	<u>214,620,231</u>	<u>125,053,987</u>	<u>122,420,756</u>	<u>217,253,462</u>
Capital Assets Being Depreciated:				
Infrastructure	827,158,115	59,712,048	96,886	886,773,277
Building and Structures	764,932,452	42,090,943	--	807,023,395
Equipment	117,374,170	7,977,535	5,498,878	119,852,827
Improvements Other Than Buildings	17,703,021	1,043,883	--	18,746,904
Total Other Capital Assets	<u>1,727,167,758</u>	<u>110,824,409</u>	<u>5,595,764</u>	<u>1,832,396,403</u>
Less Accumulated Depreciation For:				
Infrastructure	525,942,447	23,505,440	--	549,447,887
Building and Structures	312,550,100	20,102,380	--	332,652,480
Equipment	100,013,006	6,310,349	5,385,129	100,938,226
Improvements Other Than Buildings	7,365,466	1,220,606	--	8,586,072
Total Accumulated Depreciation	<u>945,871,019</u>	<u>51,138,775</u>	<u>5,385,129</u>	<u>991,624,665</u>
Total Capital Assets Being Depreciated, Net	<u>781,296,739</u>	<u>59,685,634</u>	<u>210,635</u>	<u>840,771,738</u>
Governmental Activities, Capital Assets, Net	<u>\$ 995,916,970</u>	<u>\$ 184,739,621</u>	<u>\$ 122,631,391</u>	<u>\$ 1,058,025,200</u>

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

General Government	\$ 13,398,934
Public Safety and Judiciary	1,233,809
Highways, Streets, Sanitation and Refuse	30,137,396
Human Services	19,826
Non-Departmental	504,980
Culture and Recreation	1,155,877
Education	4,687,953
Subtotal	<u>51,138,775</u>
Allocation related to Internal Services Funds	<u>6,881,987</u>
Total	<u>\$ 44,256,788</u>



**CITY OF RICHMOND, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
 June 30, 2016

**Primary Government – Business-type Activities**

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
<b>Gas Utility:</b>				
Capital Assets Not Being Depreciated -				
Land	\$ 219,200	\$ --	\$ --	\$ 219,200
Construction in Progress	22,244,484	30,337,066	36,500,807	16,080,743
Capital Assets Being Depreciated -				
Plant-in-service	578,877,231	36,557,894	5,883,402	609,551,723
Total Capital Assets Being Depreciated	<u>578,877,231</u>	<u>36,557,894</u>	<u>5,883,402</u>	<u>609,551,723</u>
Less - Accumulated Depreciation For -				
Plant-in-service	214,353,823	20,354,101	5,852,619	228,855,305
Total Accumulated Depreciation	<u>214,353,823</u>	<u>20,354,101</u>	<u>5,852,619</u>	<u>228,855,305</u>
Total Capital Assets Being Depreciated, Net	<u>364,523,408</u>	<u>16,203,793</u>	<u>30,783</u>	<u>380,696,418</u>
Gas Utility Capital Assets, Net	<u>\$ 386,987,092</u>	<u>\$ 46,540,859</u>	<u>\$ 36,531,590</u>	<u>\$ 396,996,361</u>
<b>Water Utility:</b>				
Capital Assets Not Being Depreciated -				
Land	\$ 878,307	\$ --	\$ --	\$ 878,307
Construction in Progress	28,618,937	22,118,561	18,785,429	31,952,069
Capital Assets Being Depreciated -				
Plant-in-service	502,330,195	18,725,987	1,578,823	519,477,359
Total Capital Assets Being Depreciated	<u>502,330,195</u>	<u>18,725,987</u>	<u>1,578,823</u>	<u>519,477,359</u>
Less - Accumulated Depreciation For -				
Plant-in-service	17,164,535	13,903,923	1,572,853	183,971,605
Total Accumulated Depreciation	<u>17,164,535</u>	<u>13,903,923</u>	<u>1,572,853</u>	<u>183,971,605</u>
Total Capital Assets Being Depreciated, Net	<u>330,689,660</u>	<u>4,822,064</u>	<u>5,970</u>	<u>335,505,754</u>
Water Utility Capital Assets, Net	<u>\$ 360,186,904</u>	<u>\$ 26,940,625</u>	<u>\$ 18,791,399</u>	<u>\$ 368,336,130</u>
<b>Wastewater Utility:</b>				
Capital Assets Not Being Depreciated -				
Land	\$ 1,101,261	\$ --	\$ --	\$ 1,101,261
Construction in Progress	52,536,278	31,103,299	32,156,396	51,483,181
Capital Assets Being Depreciated -				
Plant-in-service	635,938,187	32,144,215	15,861	668,066,541
Total Capital Assets Being Depreciated	<u>635,938,187</u>	<u>32,144,215</u>	<u>15,861</u>	<u>668,066,541</u>
Less - Accumulated Depreciation For -				
Plant-in-service	251,569,133	22,080,667	8,583	273,641,217
Total Accumulated Depreciation	<u>251,569,133</u>	<u>22,080,667</u>	<u>8,583</u>	<u>273,641,217</u>
Total Capital Assets Being Depreciated, Net	<u>384,369,054</u>	<u>10,063,548</u>	<u>7,278</u>	<u>394,425,324</u>
Wastewater Utility Capital Assets, Net	<u>\$ 438,006,593</u>	<u>\$ 41,166,847</u>	<u>\$ 32,163,674</u>	<u>\$ 447,009,766</u>



CITY OF RICHMOND, VIRGINIA  
 NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2016



	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
<b>Stormwater Utility:</b>				
Capital Assets Not Being Depreciated - Construction in Progress	\$ 4,713,010	\$ 4,346,594	\$ 6,558,002	\$ 2,501,602
Capital Assets Being Depreciated - Plant-in-service	14,379,279	6,545,220	--	20,924,499
Total Capital Assets Being Depreciated	<u>14,379,279</u>	<u>6,545,220</u>	<u>--</u>	<u>20,924,499</u>
Less - Accumulated Depreciation For - Plant-in-service	2,174,102	610,861	--	2,784,963
Total Accumulated Depreciation	<u>2,174,102</u>	<u>610,861</u>	<u>--</u>	<u>2,784,963</u>
Total Capital Assets Being Depreciated, Net	<u>12,205,177</u>	<u>5,934,359</u>	<u>--</u>	<u>18,139,536</u>
Stormwater Utility Capital Assets, Net	<u>\$ 16,918,187</u>	<u>\$ 10,280,953</u>	<u>\$ 6,558,002</u>	<u>\$ 20,641,138</u>
<b>Other Business-type Activity:</b>				
Capital Assets Not Being Depreciated - Land and Land Improvements*	\$ 27,039,115	\$ --	\$ --	\$ 27,039,115
Capital Assets Being Depreciated - Buildings and Structures	69,057,158	212,147	--	69,269,305
Equipment and Other Capital Assets	7,415,342	--	--	7,415,342
Total Capital Assets Being Depreciated*	<u>76,472,500</u>	<u>212,147</u>	<u>--</u>	<u>76,684,647</u>
Less - Accumulated Depreciation For:* Buildings and Structures	37,714,526	1,443,159	--	39,157,685
Equipment and Other Assets	6,478,127	344,396	--	6,822,523
Total Accumulated Depreciation	<u>44,192,653</u>	<u>1,787,555</u>	<u>--</u>	<u>45,980,208</u>
Total Capital Assets Being Depreciated, Net*	<u>32,279,847</u>	<u>(1,575,408)</u>	<u>--</u>	<u>30,704,439</u>
Other Business-type Activity Capital Assets, Net	<u>\$ 59,318,962</u>	<u>(1,575,408)</u>	<u>--</u>	<u>\$ 57,743,554</u>
 Enterprise Funds Capital Assets, Net	 <u>\$ 1,261,417,738</u>	 <u>\$ 123,353,876</u>	 <u>\$ 94,044,665</u>	 <u>\$ 1,290,726,949</u>
 Internal Service Fund - Stores Utility, Net	 <u>\$ 2,974,156</u>	 <u>\$ --</u>	 <u>\$ 114,181</u>	 <u>\$ 2,859,975</u>
	<u>\$ 1,264,391,893</u>	<u>\$ 123,353,876</u>	<u>\$ 94,158,846</u>	<u>\$ 1,293,586,924</u>



**CITY OF RICHMOND, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
 June 30, 2016

**7. OBLIGATIONS**

Changes in obligations during the fiscal year ended June 30, 2016 are summarized below:

**Primary Government - Governmental Activities**

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016	Not Due Within One Year	Due Within One Year
General Obligation Bonds	\$ 598,670,691	\$ 108,060,186	\$ 55,292,879	\$ 651,437,998	\$ 619,026,221	\$ 32,411,777
General Obligation Serial Notes	35,035,000	--	33,160,000	1,875,000	1,250,000	625,000
Virginia Public Schools Authority Bonds	736,976	--	242,869	494,107	248,508	245,599
Qualified Zone Academy Bonds	1,639,893	--	192,480	1,447,413	1,254,933	192,480
HUD Section 108 Notes	10,125,000	--	--	10,125,000	9,605,000	520,000
Premium on Debt Issued	47,744,629	3,445,683	4,112,540	47,077,772	42,996,923	4,080,849
Total General Obligation Bonds and Notes	<u>693,952,189</u>	<u>111,505,869</u>	<u>93,000,768</u>	<u>712,457,290</u>	<u>674,381,585</u>	<u>38,075,705</u>
Line of Credit - Bond Anticipation Note - Series 2015A	-	5,000,000	-	5,000,000	--	5,000,000
Total Obligations	<u>693,952,189</u>	<u>116,505,869</u>	<u>93,000,768</u>	<u>717,457,290</u>	<u>674,381,585</u>	<u>43,075,705</u>
Advantage Richmond Lease Revenue Bond	\$ 5,999,238	\$ --	\$ 873,345	\$ 5,125,893	\$ 4,205,462	\$ 920,431
Compensated Absences	\$ 17,851,510	\$ 15,695,758	\$ 16,650,784	\$ 16,896,484	\$ 14,540,556	\$ 2,355,928
Net Other Postemployment Benefit Obligations	\$ 19,227,223	\$ 8,372,260	\$ 3,585,780	\$ 24,013,703	\$ 24,013,703	\$ --
Net Pension Liability	<u>\$ 274,309,306</u>	<u>\$ 48,435,457</u>	<u>\$ 44,630,784</u>	<u>\$ 278,113,979</u>	<u>\$ 278,113,979</u>	<u>\$ --</u>

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 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, 2016



**Primary Government - Business-type Activities**

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016	Not Due Within One Year	Due Within One Year
<b>General Obligation Bonds:</b>						
Gas	\$ 48,159,354	\$ 15,837,428	\$ 22,736,477	\$ 41,260,305	\$ 32,816,121	\$ 8,444,184
Water	37,367,150	14,804,552	20,519,336	31,652,366	24,845,031	6,807,335
Wastewater	16,242,286	3,442,919	7,896,510	11,788,695	7,075,514	4,713,181
Stormwater	191,250	--	11,250	180,000	168,750	11,250
Premium on Debt, Net	1,895,722	--	702,949	1,192,773	1,192,773	--
Non-Major Enterprise Funds	74,438,400	364,915	5,509,805	69,293,510	64,254,508	5,039,003
<b>Total G.O. Bonded Debt</b>	<u>178,294,162</u>	<u>34,449,814</u>	<u>57,376,327</u>	<u>155,367,649</u>	<u>130,352,697</u>	<u>25,014,953</u>
<b>Revenue Bonds:</b>						
Gas	238,137,305	--	4,718,817	233,418,488	229,043,145	4,375,343
Water	191,997,933	--	3,674,224	188,323,709	185,129,395	3,194,314
Wastewater	281,235,701	543,914	8,974,023	272,805,592	264,118,029	8,687,563
Premium on Debt, Net	40,476,076	--	3,139,007	37,337,069	37,337,069	--
<b>Total Revenue Bonded Debt</b>	<u>751,847,015</u>	<u>543,914</u>	<u>20,506,071</u>	<u>731,884,858</u>	<u>715,627,638</u>	<u>16,257,220</u>
<b>Total Bonded Debt</b>	<u>\$ 930,141,177</u>	<u>\$ 34,993,728</u>	<u>\$ 77,882,398</u>	<u>\$ 887,252,507</u>	<u>\$ 845,980,335</u>	<u>\$ 41,272,173</u>
<b>Compensated Absences:</b>						
Gas	\$ 808,808	\$ 774,285	\$ 749,576	\$ 833,517	\$ 133,160	\$ 700,357
Water	554,611	520,528	462,258	612,881	97,912	514,969
Wastewater	623,937	541,091	503,117	661,911	105,745	556,166
Stormwater	207,979	197,712	185,054	220,637	35,248	185,389
Stores Operating Fund	23,109	22,773	21,367	24,515	3,916	20,599
Cemeteries	79,602	68,253	74,381	73,474	63,544	9,930
Parking Garages	34,407	--	2,320	32,087	28,143	3,944
<b>Total Compensated Absences</b>	<u>\$ 2,332,453</u>	<u>\$ 2,124,642</u>	<u>\$ 1,998,073</u>	<u>\$ 2,459,022</u>	<u>\$ 467,668</u>	<u>\$ 1,991,354</u>



**CITY OF RICHMOND, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2016**

**Details of Bonds and Notes Outstanding:**

	Interest Rates	Issue Date	Maturity Date	Original Issue	Balance at June 30, 2016		
					Governmental Activities	Enterprise Funds	
<b>General Obligation Bonds</b>							
Public Improvement Bonds 2006	4.00% - 5.00%	11/21/2006	7/15/2026	\$ 44,550,000	\$ 2,085,000	\$ --	
Public Improvement Bonds 2009A	2.00% - 5.00%	12/22/2009	7/15/2029	78,580,000	40,040,000	--	
Public Improvement Refunding Bonds 2009B	2.00% - 5.00%	12/22/2009	7/15/2022	34,340,000	23,260,000	--	
Public Improvement Bonds 2010A (RZEDB)	5.72%	3/10/2010	7/15/2025	22,482,875	20,417,875	--	
Public Improvement Bonds 2010B (QSCB)	5.27%	11/16/2010	11/1/2029	14,980,000	14,980,000	--	
Public Improvement Refunding Bonds 2010C	1.50% - 5.00%	11/16/2010	7/15/2023	85,180,000	14,024,900	23,200,100	
Public Improvement Bonds 2010D	2.00% - 5.00%	11/30/2010	7/15/2031	65,420,000	--	55,025,000	
Public Improvement Bonds 2011A (VRA)	0.00%	6/1/2011	1/15/2032	225,000	--	180,000	
Public Improvement Bonds 2012A	2.00% - 5.00%	6/28/2012	3/1/2032	98,835,000	83,115,000	--	
Public Improvement Refunding Bonds 2012B	2.00% - 5.00%	6/28/2012	7/15/2024	46,870,000	40,050,000	--	
Public Improvement Refunding Bonds 2012C	0.35% - 2.85%	6/28/2012	7/15/2023	100,030,000	39,105,039	41,319,961	
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	117,320,000	--	
Public Improvement Bonds 2013B	3.00%-4.80%	9/26/2013	3/1/2033	11,295,000	10,830,000	--	
Public Improvement Bonds 2013C	Variable	11/21/2013	9/1/2018	10,000,000	9,000,000	--	
Public Improvement Bonds 2014A	3.00%-5.00%	12/23/2014	3/1/2035	99,295,000	96,045,000	--	
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	22,265,184	34,449,816	
Public Improvement Bonds 2015B	3.00%-5.00%	12/8/2015	3/1/2038	62,795,000	62,795,000	--	
Public Improvement Bonds 2015C	3.00%-4.00%	12/8/2015	6/1/2041	23,000,000	23,000,000	--	
VPSA Bonds 1997A	4.35% - 5.35%	11/20/1997	7/15/2017	4,578,704	494,107	--	
Qualified Zone Academy Bonds - 2004	0%	5/6/2004	5/6/2019	2,142,167	772,427	--	
Qualified Zone Academy Bonds - 2004B	0%	12/30/2004	12/30/2020	1,536,671	674,986	--	
<b>General Obligation Notes</b>							
Serial Equipment Notes Series 2014	1.28%	6/19/2014	6/1/2019	3,125,000	1,875,000	--	
<b>HUD Section 108 Notes</b>							
HUD Section 108 Note Series 2015A	0.83% - 3.60%	5/28/2015	8/1/2032	10,125,000	10,125,000	--	
<b>Revenue Bonds</b>							
Public Utility Revenue Bonds 1998C - VRA	3.00%	4/9/1998	7/15/2018	10,000,000	--	1,609,140	
Public Utility Revenue Bonds 1998D - VRA	3.00%	4/9/1998	7/15/2018	8,600,000	--	1,391,914	
Public Utility Revenue Bonds 2006 - VRA	3.10%	6/29/2006	1/15/2028	11,000,000	--	7,477,632	
Public Utility Revenue Bonds 2007A	3.50% - 5.00%	4/25/2007	1/15/2037	323,180,000	--	276,790,000	
Public Utility Revenue Bonds 2008A - VRA	3.00%	6/27/2008	1/15/2029	6,900,000	--	4,832,157	
Public Utility Revenue Bonds 2009A	3.00% - 5.00%	4/28/2009	1/15/2040	146,495,000	--	132,600,000	
Public Utility Revenue Bonds 2009B - VRA	0%	6/24/2009	7/15/2030	32,000,000	--	23,200,000	
Public Utility Revenue Bonds 2010A - VRA	0%	2/3/2010	7/15/2040	188,218	--	154,154	
Public Utility Revenue Bonds 2012A - VRA	0%	4/17/2012	1/15/2035	23,289,955	--	20,716,714	
Public Utility Revenue Bonds 2013A	2.00% - 5.00%	5/2/2013	1/15/2043	214,220,000	--	202,895,000	
Public Utility Revenue Bonds 2013B	5.00%	5/2/2013	1/15/2018	22,160,000	--	22,160,000	
Public Utility Revenue Bonds 2015A - VRA	0%	3/5/2015	1/15/2036	2,600,000	--	721,078	
Premium on Debt Issued					47,077,772	38,529,842	
<b>Sub-total Outstanding Bonded Debt</b>						<u>712,457,290</u>	<u>887,252,508</u>
Line of Credit BAN, Series 2015A	Variable	11/10/2015	4/18/2017	--	5,000,000	--	
<b>Total General Obligation Bonds, Notes and BAN</b>						<u>\$ 717,457,290</u>	<u>\$ 887,252,508</u>
Lease Revenue Bond - Advantage Richmond	5.25%	10/26/2005	10/1/2020	12,100,000	\$ 5,125,893	\$ --	

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

**Governmental Activities:**

Fiscal Year	(in \$1,000s)					
	General Obligation Bonds		General Obligation Notes		HUD Section 108 Notes	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 34,940	\$ 27,862	\$ 625	\$ 24	\$ 520	\$ 266
2018	34,966	26,580	625	16	525	262
2019	45,264	25,132	625	8	530	256
2020	37,950	23,632	--	--	540	247
2021	40,814	21,991	--	--	545	237
2022-2026	199,178	82,302	--	--	2,910	974
2027-2031	163,140	40,503	--	--	3,200	514
2032-2036	80,811	9,888	--	--	1,355	49
2037-2042	14,375	1,210	--	--	--	--
Subtotal	<u>651,438</u>	<u>259,100</u>	<u>1,875</u>	<u>48</u>	<u>10,125</u>	<u>2,805</u>
Premium	<u>46,740</u>	<u>--</u>	<u>338</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total	<u>\$ 698,178</u>	<u>\$ 259,100</u>	<u>\$ 2,213</u>	<u>\$ 48</u>	<u>\$ 10,125</u>	<u>\$ 2,805</u>

Fiscal Year	(in \$1,000s)					
	Qualified Zone Academy Bonds		VPSA Bonds		Lease Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 192	\$ --	\$ 246	\$ 19	\$ 921	\$ 245
2018	193	--	248	7	970	195
2019	622	--	--	--	1,022	143
2020	78	--	--	--	1,077	88
2021	362	--	--	--	1,136	30
Total	<u>\$ 1,447</u>	<u>\$ --</u>	<u>\$ 494</u>	<u>\$ 26</u>	<u>\$ 5,126</u>	<u>\$ 701</u>



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<u>Fiscal Year</u>	(in \$1,000s)			
	General Obligation		Revenue	
	Bonds		Bonds	
	Principal	Interest	Principal	Interest
2017	\$ 25,015	\$ 4,959	\$ 16,257	\$ 30,637
2018	26,065	4,114	39,038	30,081
2019	16,107	3,477	23,560	28,390
2020	16,652	3,071	21,831	27,439
2021	14,838	2,659	21,688	26,554
Subtotal	<u>98,677</u>	<u>18,280</u>	<u>122,374</u>	<u>143,101</u>
Premium	<u>1,193</u>	--	<u>37,337</u>	--
Total	<u>\$ 99,870</u>	<u>\$ 18,280</u>	<u>\$ 159,711</u>	<u>\$ 467,727</u>

**Debt issued during the fiscal year ended June 30, 2016**

On July 15, 2015, the City issued \$56,715,000 of General Obligation Public Improvement Bonds, Series 2015A, which were purchased by a commercial bank. The proceeds of the 2015A General Obligation bonds were used to refund certain outstanding maturities of the City's outstanding Series 2005A and 2005B General Obligation bonds at lower interest rates and to pay for the costs of issuance. The refunded 2005A bonds totaling \$22,140,000, along with the 2005B General Obligation bonds totaling \$34,375,000, were called for early redemption and paid off. The refunding of these General Obligation bonds was undertaken to reduce the City's debt service payments over the next eight years by \$3,886,060 and to achieve an economic gain equal to \$3,564,766. The Series 2015A General Obligation Bonds were issued with a fixed coupon interest rate of 2.34 percent with interest being payable on January 15 and July 15 of each year. Principal amounts of between \$6,070,000 and \$16,110,000 are payable on July 15, with a final maturity on the debt due on July 15, 2023.

On November 10, 2015, the City established a \$100.0 million Bond Anticipation Note Line of Credit with a commercial bank to provide interim financing for certain capital improvement projects of the City. This interim financing vehicle is being used to finance General Government capital projects budgeted in the City's Capital Improvement Program (CIP). Interest on this bank line accrues at a spread over the index, One-Month LIBOR (London Interbank Offered Rate), with interest payments on outstanding borrowings due quarterly. This borrowing facility has an April 18, 2017 final maturity and is expected to be renewed prior to that date.

On December 8, 2015, the City issued \$62,795,000 of tax-exempt General Obligation Public Improvement Bonds, Series 2015B, and \$23,000,000 of taxable General Obligation Public Improvement Bonds, Series 2015C. At the time of the debt offering, Moody's, Standard & Poor's, and Fitch Ratings affirmed the City's long-term General Obligation bond ratings of Aa2, AA+ and AA+, respectively. All three rating agency indicated a stable outlook. The \$62,795,000 par amount of the Series 2015B General Obligation bond proceeds, along with an \$3,369,760 premium received, were used to fund general capital projects as well as to pay for the costs of issuance. The Series 2015B bonds have coupon interest rates ranging from 3.0 percent to 5.0 percent, with interest being payable on March 1 and September 1 of each year. Serial annual principal amounts of between \$975,000 and \$4,050,000 are payable on March 1, with a final maturity due on March 1, 2038. The \$23,000,000 Series 2015C taxable General Obligation bond proceeds, along with a \$75,923 premium, were used to finance the construction of the Stone Brewing Project, to pay the legal and underwriting cost of issuing the bonds, and to make the initial interest payment. The Series 2015C General Obligation Bonds have coupon interest rates ranging from 0.9 percent to 4.0 percent with interest payable on June 1 and December 1 of each year. Serial annual principal amounts of between \$585,000 and \$1,385,000 are payable on June 1 of each year, with a final maturity due on June 1, 2041.

On April 28, 2016, the City received a payment of \$32,756,397 from the Commonwealth of Virginia as reimbursement for 25% of the qualifying construction cost of the new Richmond Justice Center (Jail) Facility. The Commonwealth's payment

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included \$31,195,969 as reimbursement of qualified construction costs plus \$1,560,428 as reimbursement of a portion of the Jail related interest expense the City had incurred. These funds were used to pay off the outstanding \$31,235,000 Series 2013A Note and to pay a portion of the interest expense incurred in FY2016 related to the Justice Center.

**Defeasance of Debt**

On June 28, 2012, the City purchased U.S. Government Securities with proceeds of the General Obligation Public Improvement Refunding Bonds Series 2012B to advance refund \$16,670,000 of the General Obligation Bonds Series 2006. 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 2006 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 2006 bonds is July 15, 2016.

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 \$4,160,000 of the General Obligation Bonds Series 2006 and \$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 2006 and 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 2006 bonds is July 15, 2016 and the call date for the Series 2009A is July 15, 2019.

As of June 30, 2016, the City has an aggregate \$43,955,000 of defeased General Obligation bond debt.

**Legal Debt Limit**

Article VII, Section 10 of the Constitution of Virginia provides that the legal debt limit for cities for issuing General Obligation debt is ten percent of the last preceding assessment for real estate taxes. At June 30, 2016, the City had a legal debt limit of \$2,088,184,000 (ten percent of the taxable real estate value) and the statutory capacity to issue approximately \$1,263,629,605 of additional General Obligation debt (remaining debt margin).

**Authority to Issue Debt**

As of June 30, 2016, the City had a total of \$454,313,903 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, \$369,933,000 is earmarked for self-supporting Public Utility revenue bond funded projects, \$7,500,000 of General Obligation bond funded projects of the Storm-water Utility, \$66,680,903 for various General Fund supported capital projects and \$10,200,000 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

**Subsequent Events**

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



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affirmed the City's long-term Public Utility Revenue bond ratings of Aa2, AA and AA, respectively. All three rating agencies indicated a stable outlook for the three Utilities.

The portion of the 2016A bond issue designated as refunding proceeds were placed into an irrevocable trust with an escrow agent to provide for all future principal and interest payments due on the refunded Series 2007A and 2009A Bonds. The refunding of the Series 2007A and 2009A bonds, at lower interest rates, along with not having to provide a cash funded debt service reserve fund with this new issue, achieved cash flow debt service savings to the Gas, Water and Wastewater Utilities of \$104,717,046 over the remaining 24 year life of the bonds. The Series 2016A bonds have coupon interest rates of between 4.00% and 5.00%, with interest being payable on January 15 and July 15 of each year. Annual principal amounts of between \$4,965,000 and \$33,835,000 are payable on January 15<sup>th</sup> of each year beginning in 2017 with a final maturity due on January 15, 2046.

**8. FUND BALANCES**

Fund balances have been classified to reflect the limitations and restrictions placed on the respective funds. Fund balances at June 30, 2016 are composed of the following:

	General Fund	Debt Service	Capital Projects Fund	Other Non-Major Governmental Funds
<b>Nonspendable:</b>				
Prepaid	\$ 383,338	\$ --	\$ --	\$ --
Total Nonspendable	<u>383,338</u>	<u>--</u>	<u>--</u>	<u>--</u>
<b>Restricted To:</b>				
Culture and Recreation	--	--	--	13,974,527
Bond Sinking Fund	--	5,362,992	--	--
Capital Projects	--	--	520,274	--
Total Restricted	<u>--</u>	<u>5,362,992</u>	<u>520,274</u>	<u>13,974,527</u>
<b>Committed To:</b>				
Revenue Stabilization and Contingency Policy	10,000,000	--	--	--
General Government	--	--	--	745,000
Total Committed	<u>10,000,000</u>	<u>--</u>	<u>--</u>	<u>745,000</u>
<b>Assigned To:</b>				
Encumbrance Roll Forward	5,850,728	--	--	--
Other	--	--	--	3,312,542
Total Assigned	<u>5,850,728</u>	<u>--</u>	<u>--</u>	<u>3,312,542</u>
<b>Unassigned:</b>				
Total Unassigned	<u>98,210,321</u>	<u>128,441</u>	<u>(85,320,031)</u>	<u>1,752,440</u>
Total Fund Balances*	<u>\$ 114,444,387</u>	<u>\$ 5,491,433</u>	<u>\$ (84,799,757)</u>	<u>\$ 19,784,509</u>

\* Negative Fund Balance will be resolved with future bond issues.

**9. RISK MANAGEMENT**

The City's non-health care related risk management activities are conducted through the Risk Management Unit within the General Fund and have been accounted for in accordance with GAAP.

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



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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 General Fund.

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

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

During the fiscal year ended June 30, 2016, 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, 2016 was \$45,062,586 (undiscounted) and \$34,412,205 (discounted at 3.5 percent). Changes in the aggregate for these liabilities for FY 2015 and FY 2016 were:

Fiscal Year	Fiscal Year Liability	Current Year Claims		
		and Changes in Estimates	Claims and Premium Payments	Balance at Fiscal Year End
2015	\$ 36,266,298	\$ 5,943,430	\$ (6,648,556)	\$ 35,561,172
2016	\$ 35,561,172	\$ 6,179,001	\$ (7,327,968)	\$ 34,412,205

Workers' compensation, general liability, and automobile liability future payment projections for fiscal year 2017 are as follows:

Probability Level	Discounted	Undiscounted
90%	\$8,944,464	\$9,099,646
75%	\$7,777,508	\$7,912,444
Central Estimate	\$7,005,146	\$7,126,682

**10. HEALTH CARE PLAN**

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

**Retiree Eligibility**

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

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



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

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

**City Subsidy**

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

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

**Benefits**

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

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

	<b>HEALTH INSURANCE</b>	
	<b>PRIMARY GOVERNMENT</b>	
	<u>Fiscal Year 2016</u>	<u>Fiscal Year 2015</u>
Unpaid Claims Beginning of Fiscal Year	\$ 3,543,001	\$ 4,802,000
Incurred Claims (including IBNR)	43,688,958	37,605,002
Claim Payments	<u>43,565,959</u>	<u>38,864,001</u>
Unpaid Claims End of Fiscal Year	<u>\$ 3,666,000</u>	<u>\$ 3,543,001</u>

**11. RETIREMENT PLANS**

**Richmond Retirement System (RRS)**

***Defined Benefit Plan***

**A. Plan Description**

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

The RRS is single-employer Defined Benefit Plan. The RRS has one participating employer, the City, including its component unit Richmond Behavioral Health Authority and a small portion of Richmond Public Schools. The plan covers all full-time permanent employees, with the exception of those elected officials and persons eligible for membership in the Judicial Retirement System and the Virginia Retirement System. A majority of the employees of the School Board

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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.

**B. Contribution Policy**

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

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

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

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

- Actuarial cost method – Entry Age Normal
- Amortization method – level percent of pay over a closed period not to exceed 30 years for police and fire employees; level dollar amount over a closed period, not to exceed 30 years for general members.
- Remaining amortization period – 20 years for remaining unfunded accrued liability as of July 1, 2006; 20 years for subsequent changes.
- Asset valuation method – five year spread of actual over expected investment earnings with the restriction that the resulting value must be within 90% to 110% of market value.
- Inflation rate of 3.0%.
- Salary increases general employees – 3.0% to 5.0%.
- Salary Increases – police and fire employees from 3.0% to 4.5%.
- Investment rate of return – 7.50%.
- Retirement Age General Employees – 20% in the 1st year of unreduced retirement eligibility; 3% at age 55 increasing to 100% at age 75.
- Retirement Age Police and Fire Employees – 40% in 1st year of unreduced retirement eligibility; 9% at age 50 increasing to 100% at age 64.
- Mortality General Employees – RP – 2000 Mortality Table with 2 year set-forward for males.
- Mortality Police and Fire employees – RP-2000 Mortality Table.
- Annual Money Weighted Rate of Return, Net of Investment - 2.40%.
- Annual money-weighted rate of return is calculated net of all investment management expenses and additional plan investment related expenses that are reported by the plan's custodian and/or were provided to NEPC by the client. The methodology used to determine the money weighted rate of return is different from the calculation of the fiscal year rate of return (which was -.1% net of fees). Cash flows have a larger impact on the money-weighted rate of return than the fiscal year rate of return, which uses a time-weighted calculation.
- For purposes of determining contribution rates, the difference between actual investment earnings and expected investment earnings is recognized over a five-year period, with the restriction that the actuarial asset value cannot be less than 90% or more than 110% of market value. This smoothing method is utilized in order to minimize the impact of short term market fluctuations on the RRS contribution rates and funded status. Fair market value of investments was used to determine NPL.



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**D. Plan Membership**

As of the June 30, 2016, membership in the RRS was comprised as follows:

Active vested Plan members	1,691
Active Non-vested Plan members	220
Terminated Vested Plan members	1,618
Retirees and beneficiaries receiving benefits	4,322
	7,851
	7,851

**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, 2016 for the RRS was as follows.

Total pension liability (TPL)	\$ 830,351,723
Plan fiduciary net position	527,011,914
City's net pension liability (NPL)	\$ 303,339,809
Plan fiduciary net position as a percentage of the total pension liability	63.5%
Covered-employee payroll	\$ 109,038,530
City's net pension liability as a percentage of covered employee payroll	278.2%

**Expected Rate of Return and Target allocation**

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

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

Investment	30-Yr. 2016 RRS Assumption	
	Arithmetic Return	Target Allocation
Large Cap Equities	8.83%	18.00%
SMID Cap Equities	9.64%	5.00%
Developed International Equities	9.89%	8.00%
Emerging International Equities	12.50%	7.00%
Hedge Funds	6.86%	12.00%
Private Equity	11.72%	8.00%
Global Multi-Sector Fixed Income	5.23%	22.50%
Opportunistic Fixed Income	5.64%	5.00%
Private Debt	8.98%	8.00%
Real Estate (core)	7.50%	5.00%
Cash	3.00%	1.50%

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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 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 percent) or one percentage point higher (8 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	\$ 381,419,707	\$ 303,339,809	\$ 236,034,705

**G. Summary of Deferred Outflows and Inflows of Resources**

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

Summary of Deferred Outflows and Inflows of Resources		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,086,153	\$ 4,788,591
Change in assumptions	--	17,612,913
Difference between expected and actual investment earnings	19,093,879	23,668,098
Change in proportion and difference between employer contribution and proportion share of contribution	274,421	274,421
Due to proportion change on beginning NPL	--	
Employer contributions subsequent to the measurement date	46,902,065	--
Total	<u>\$ 67,356,518</u>	<u>\$ 46,344,023</u>

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

Amortization Schedule of Deferred Outflows and Inflows of Resources		
Year Ended June 30,	Deferred Outflows	Deferred Inflows
2017	\$ 5,204,126	\$ 15,026,090
2018	5,204,126	15,026,090
2019	5,204,126	15,026,090
2020	4,842,075	1,265,753
Total	<u>\$ 20,454,453</u>	<u>\$ 46,344,023</u>



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H. Components of Pension Expense

PENSION EXPENSE -RRS	
Service Cost	9,243,126
Interest Cost	60,070,179
Experience Loss/(Gain)	(1,197,148)
Contribution Employee	(2,290,451)
Net Investment Income	
Expected Return on Investments	(39,130,756)
Investment Gain or Losses Expensed	4,773,470
Administrative Expense	1,218,004
Amortization	(13,398,287)
Pension Expense	\$ 19,288,137

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 1,865 city employees currently enrolled in the plan.

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

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

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

RRS Financials can be accessed at: [www.RVA.gov/retirement/publications.aspx](http://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.

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

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





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**B. Contribution Policy**

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

The City's contractually required contribution rate for the year ended June 30, 2016 was 12.37 percent of covered employee payroll. This rate was based on an actuarially determined rate from an actuarial valuation of June 30, 2015. This rate, when combined with employee contributions, is expected to finance the costs of benefits earned by the employee during the year, with an additional amount to finance any unfunded accrued liability.

**C. Plan Membership**

At June 30, 2016, City Membership in the VRS was comprised as follows:

Active Members	544
Inactive Members	
Members or their beneficiaries receiving benefits	321
Members active elsewhere in VRS	233
Non-vested members	169
Vested members	86
Sub-total Inactive Members	809
Total Members	1,353

**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	\$ 118,031,659
VRS Fiduciary Net Position	(103,543,205)
Net Pension Liability	\$ 14,488,454
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	87.7%
Covered Employee Payroll	\$ 25,093,420
City's Net Pension Liability as a Percentage of Covered Employee Payroll	57.7%

**E. Actuarial Methods and Assumptions**

The City's net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2014, using updated actuarial



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assumptions, applied to every period included in the measurement and rolled forward to the measurement date of June 30, 2015.

**Actuarial Assumptions for General Employees**

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

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

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

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

Largest 10 – Non-LEOS:

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

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

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

**Actuarial Assumptions – Public Safety Employees**

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

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



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

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

Largest 10 – LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) – LEOS:

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

**Long Term Expected Rate of Return**

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

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

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

**F. Summary of Deferred Outflows and Inflows of Resources VRS**

The schedules presented below reflect information required under GAAP and were prepared using an actuarial valuation performed as of June 30, 2014. 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		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 78,377	\$ --
Net difference between projected and actual earnings on plan investments	--	2,615,925
Employer contribution subsequent to the measurement date	3,471,343	--
	<u>\$ 3,549,720</u>	<u>\$ 2,615,925</u>



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

Amortization Schedule of Deferred Outflows and Inflows of Resources	
Year Ended June 30,	
2017	\$ (1,001,756)
2018	(1,001,756)
2019	(1,019,351)
2020	485,315
Total	<u>\$ (2,537,548)</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 percent and 8 percent comparing the total change in the NPL for a 1 percentage increase or decrease.

Sensitivity of the NPL to Changes in the Discount Rate			
	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Plan Net Pension Liability	\$ 29,537,213	\$ 14,488,454	\$ 1,979,684

**G. Components of Pension Expense**

PENSION EXPENSE-VRS	
Service Costs	\$ 3,421,683
Interest on the total pension liability	7,689,675
Expensed portion of current-period difference between expected and actual experience in the total pension liability	31,990
Member contributions	(1,258,265)
Projected earning on plan investments	(6,979,021)
Expensed portion of current-period differences between actual and projected earnings on plan investments	485,314
Administrative expense \$	62,657
Other	962
Recognition of beginning deferred inflows of resources as pension expense	<u>(1,519,060)</u>
<b>Pension Expense</b>	<b>\$ 1,935,935</b>

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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. Recognition of the liability accumulated from prior years will be phased in over 13 years.

**A. Plan Description**

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

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

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

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

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

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

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

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

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

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

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

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



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The number of employee participants as of July 1, 2015, the effective date of the biennial OPEB valuation, follows. There have been no significant changes in the number covered or the type of coverage since that date.

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

**B. Contribution Policy**

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

**C. Actuarial Methods and Assumptions**

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

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

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

The liabilities were computed using the projected unit credit method and the 13 year level Percentage Amortization dollar amortization. The actuarial assumptions utilized a 4% discount rate. Because the plan is unfunded, reference to the general assets, which are short-term in nature (such as money market funds), was considered in the selection of the 4% rate. The valuation assumes a 8% healthcare cost trend increase for plan year 2014, reduced by decrements to a rate of 5.0% after 6 years. These estimates reflect the potential impact of the Patient Protection and Affordable Care Act (PPACA).

***The assumptions used in the basis of the July 2016 valuation include:***

- Salary Scale – Not applicable
- Discount Rate – 4.0% per annum
- Valuation Date - July 1, 2014
- Expected Long – Term Rate of Return on Plan Assets – Not applicable
- Dependent Coverage – 30% of retirees who elect coverage at retirement will also cover their spouse at retirement
- Participation Assumption – 65% of employees will elect coverage at retirement.

***Actuarial Methods:***

- Asset Valuation Method – Not applicable
- Actuarial Cost Method – Retiree postemployment benefit expenses are determined under the Projected Unit Credit actuarial cost method. Under this method, benefits are projected for life and their present value is determined. The present value is then amortized from the hire date to the date of full eligibility.

Sources:  
Mortality - 1983 Group Annuity Mortality Table for males and females

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Disability - Same disability table as used for the City's prior valuation combined general and duty disability based on age.  
 Termination Tables - Same termination table used for the City's prior valuation based on age.  
 Retirement Tables – 2004 Fire and Police retirement table that was used for the City's prior valuation based on age and years of service.

**D. Annual Per Capita Healthcare Cost**

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

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

July 1, 2015 annual per capita claim

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

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

**E. Net OPEB Obligation**

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

<b>NET OPEB OBLIGATION</b>			
	<u>2016</u>	<u>2015</u>	<u>2014</u>
Net OPEB Obligation - July 1	\$ 19,227,223	\$ 14,820,954	\$ 15,269,554
Annual Required Contribution	9,246,427	8,687,683	5,668,526
Interest on Net OPEB Obligation	769,089	592,838	610,782
Adjustment on Annual Required Contribution	(1,643,256)	(1,266,717)	(1,305,058)
Annual OPEB Cost	8,372,260	8,013,804	4,974,250
Estimated Employer Payments for Retiree Benefits	(3,585,780)	(3,607,535)	(5,422,850)
Increase/(Decrease) in Net OPEB Obligation	4,786,480	4,406,269	(448,600)
Net OPEB Obligation - June 30	\$ 24,013,703	\$ 19,227,223	\$ 14,820,954
Percent of Annual OPEB Cost Contributed	43%	45%	109%



**CITY OF RICHMOND, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2016**

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

**13. DEFERRED COMPENSATION PLAN**

The City offers its employees a deferred compensation plan (the Plan) created in accordance with Internal Revenue Code (IRC) Section 457. The Plan is available to all City employees and permits deferral until future years of up to 100% of salary with a maximum deferral of \$18,000 for calendar year 2015, whichever is less. The compensation deferred is not available to employees until termination, retirement, death, an unforeseeable emergency, or a small balance account withdrawal. Employees are eligible to initiate a one-time disbursement of an account if the balance is greater than \$1,000 but less than \$5,000 and neither the employee nor the employer has contributed to the account for at least two years. If the balance is under \$1,000, the participant is automatically notified by ICMA-RC and provided a form to request the distribution. In accordance with the amended provisions of IRC Section 457, all assets and income of the plan were transferred to a trust and are held for the exclusive benefit of participants and their beneficiaries. The City is the Trustee for the plan and has contracted with a nongovernmental third party administrator to administer the plan. This plan is reported in accordance with GAAP as an Other Employee Benefits Trust Fund.

At June 30, 2016, the contributions for the year ended and the fair value of the plan investments were \$7,229,008 and \$88,762,318, respectively.

**14. LEASES**

All lease transactions have been determined to be operating leases. At June 30, 2016, the future operating lease commitments are as follows:

<u>Fiscal Year</u>	<u>Governmental Activities</u>
2017	\$ 1,383,966
2018	1,278,103
2019	837,704
2020	440,054
Total minimum lease payments	3,939,827
Lease expenses for the year ended June 30, 2016	\$ 2,826,457

**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



**CITY OF RICHMOND, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2016**



combined systems with the wastewater treatment plant. There is a mechanical or hydraulic regulator structure at each of the twenty-nine (29) CSO outfalls and each has the capacity to divert dry weather flow and some storm water flow to the wastewater treatment plant for complete treatment. Phases I and II of the City's CSO control plan are complete. Phase III has begun and will continue into the future.

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

The City CSO control plan was estimated at \$295 million in 1995 dollars and is now estimated at \$776 million in 2011 dollars (\$284 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 1.74% of MHI as of July 2016

**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 2028. The aggregate commitments under these contracts amounted to approximately \$394 million at June 30, 2016.

**D. Subsequent Events**

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

The portion of the 2016A bond issue, designated as refunding proceeds, were placed into an irrevocable trust with an escrow agent to provide for all future principal and interest payments due on the refunded Series 2007A and 2009A Bonds. The refunding of the Series 2007A and 2009A bonds, at lower interest rates, along with not having to provide a cash funded debt service reserve fund with this new issue, achieved cash flow debt service savings to the Gas, Water and Wastewater Utilities of \$104,717,046 over the remaining 24-year life of the bonds. The Series 2016A bonds have coupon interest rates of between 4.00 percent and 5.00 percent, with interest being payable on January 15 and July 15 of each year. Annual principal amounts of between \$4,965,000 and \$33,835,000 are payable on January 15<sup>th</sup> of each year beginning in 2017 with a final maturity due on January 15, 2046.



CITY OF RICHMOND, VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2016

**16. PARKING ENTERPRISE FUND**

**A. Background**

A Parking Enterprise Fund was created in FY 2015 to maximize the opportunity for greater efficiency, accountability and to allow parking related operating expenses and debt service to be supported by parking revenue. The establishment of a properly structured City-wide Parking Enterprise Fund system added to the City's ability and capacity to affect economic development. A self-supporting Parking Enterprise Fund now segregates the parking related revenue streams, operations and maintenance, and existing debt service.

For many years, the City and related entities, such as the Broad Street Community Development Authority, the Richmond Redevelopment and Housing Authority, and the Richmond Metropolitan Authority, operated numerous public parking structures in downtown Richmond. There was little or no coordination between the four public entities as to pricing or in choosing parking management operators. From FY 2010 through FY 2014, the City began to take back ownership, control, and day-to-day management of each of these parking facilities by initially establishing a Parking Division within the Department of Public Works.

With the creation of the Parking Enterprise Fund on July 1, 2014, \$74,028,269 of outstanding General Obligation Bond debt was reallocated to the Fund. This amount represented the portion of the City's debt which had been issued to finance the acquisition and construction of seven of the parking garages and surface lots.

A good parking management system:

- Allows for a centralized organization;
- Establishes financial unity among assets;
- Provides a clear mission statement with a singular focus on delivering parking;
- Enhances growth in the Central Business District;
- Creates incentive for visitors and restaurant goers to come downtown;
- Develops adequate revenue to support parking infrastructure improvements;
- Provides a clearer mission statement with a singular focus on delivering parking; and
- Potentially will allow for bonding capacity for future parking initiatives (construction and renovation).

**B. Ordinances**

The City took steps to consolidate parking operations with the adoption of the following ordinances of parking facilities managed by other entities:

1. Ordinance No. 2010-213-196, adopted November 22, 2010, authorized the Chief Administrative Officer to execute an Agreement on behalf of the City for the purpose of purchasing the assets of the Broad Street Community Development Authority (CDA). By acquiring all of the CDA's assets, the City took over the management of the five public parking facilities. The acquisition added a total of 1,945 off-street parking spaces to the City's inventory.
2. Ordinance No. 2012-139-107, adopted July 9, 2012, declared a public necessity for and to authorize the acquisition of the parcel of real property owned by the Richmond Redevelopment and Housing Authority located at 501 N. 7th Street (Coliseum Garage) and 1310-D E. Canal Street (Shockoe Plaza Garage). The acquisition added a total of 1,457 off-street parking spaces to the City's inventory.
3. Ordinance No. 2013-76-48, adopted April 8, 2013, declared a public necessity for and to authorize the acquisition of the parcel of real property owned by the Richmond Metropolitan Authority located at 7 S. Crenshaw Street and 16 S. Colonial Street. The acquisition added a total of 220 off-street parking spaces to the City's inventory.
4. Ordinance No. 2013-122-126, adopted June 24, 2013, declared a public necessity for and to authorize the acquisition of the parcel of real property owned by the Richmond Metropolitan Authority located at 201 E. Grace Street. The acquisition added a total of 350 off-street parking spaces to the City's inventory.
5. Ordinance No. 2013-167-184, adopted October 14, 2013, declared a public necessity for and to authorize the acquisition of the parcel of real property owned by the Richmond Metropolitan Authority located at 901 E. Canal Street. The acquisition added a total of 991 off-street parking spaces to the City's inventory.



**C. Parking Facilities**

The Parking Enterprise consists of 1,475 on-street spaces and 5,463 off-street spaces at the following parking facilities:

1. Former CDA five parking facilities:
  - a. 401 E. Broad Street surface lot - (117 parking spaces)
  - b. 609 E. Grace Street surface lot - (124 parking spaces)
  - c. 500 E. Marshall Street garage - (1,000 parking spaces)
  - d. 607 E. Marshall Street garage - (610 parking spaces)
  - e. 612 E. Franklin Street garage - (94 parking spaces)
2. Biotech Garage, 600 N. 5th St, is a shared facility with six levels; i.e. three below grade level operated by the Commonwealth of Virginia and three above grade level operated by the City. Biotech facilities staff (Commonwealth of Virginia) performs general maintenance. There is a condominium agreement in place between the City and the State, and all expenses are reconciled between the two. (216 parking spaces)
3. Former RRHA parking facilities:
  - a. Coliseum garage, 501 N. 7th Street - (923 parking spaces)
  - b. Shockoe Plaza garage, 1310-D E. Canal Street - (534 parking spaces)
4. Former Richmond Metropolitan Transportation Authority (RMTA) parking facilities:
  - a. Carytown garages - 7 S. Crenshaw Street and 16 S. Colonial Street (220 parking spaces)
  - b. 201 East Grace Street garage (350 parking spaces)
  - c. Downtown Expressway garage - 901 E. Canal Street (991 parking spaces)
5. 8th & Clay Street surface lot - (70 parking spaces)
6. 17th Street Farmers Market - (145 parking spaces)
7. 100 block of W. Grace Street - (69 parking spaces)

**D. Accounting and Operations**

As part of the City's consolidation, the parking functions of the Departments of Finance, Police, and Public Works were integrated into the new parking division as part of the Department of Public Works (DPW) which is responsible for payment and fine collections, processing of parking tickets, scheduling times for citizens to appear in General District Court to appeal their parking tickets, final administrative voids, and the administration of the distribution and tracking for the residential parking permit program. DPW is the collection liaison with Clancy Systems Inc., the vendor responsible for the computer system that issues parking tickets. Clancy Systems Inc. also supplies on-street enforcement, with ticket writing devices, envelopes, and citations. The DPW, in conjunction with the Police Department, has the responsibility to enforce parking regulations. However, as with many police departments of comparable size and demographics, this responsibility has been partially outsourced to ensure that adequate attention is given to the issuance of parking citations, although the Police Department still retains the sole responsibility for towing both abandoned and illegally parked vehicles.

In 2012, the City hired a third-party operator, SP Plus, to handle day to day operations of both on and off street parking operations. The scope of work includes all services required to manage and operate the City's parking assets, including but not limited to: 1) operational maintenance, 2) bookkeeping, accounting and auditing functions, 3) administering and accounting for monthly parkers, and 4) maintaining all operating equipment to successfully manage the listed parking facility spaces. The operator shall manage facilities in a clean, safe, secure, and presentable manner at all times, furnish all labor, equipment, materials, tools, insurance, and all other items necessary to manage successfully all off-street parking facilities, on-street parking enforcement, immobilization, parking meter collections, parking citation management, and parking meter maintenance and replacement services program.

As of July 1, 2014, capital assets associated with the Parking Enterprise Fund were transferred from General Government funds to the Parking Enterprise Fund. Total book values of assets and related debt cost transferred as follows:

The related operating activities were reported previously in the Special Revenue Fund and are now reported in Business-type Activities Non-Major Enterprise Funds.



# ***REQUIRED SUPPLEMENTARY INFORMATION***



CITY OF RICHMOND, VIRGINIA  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 For the Fiscal Year Ended June 30, 2016

EXHIBIT H-1

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
<b>City Taxes</b>				
Real Estate	\$ 230,681,017	\$ 232,291,917	\$ 234,445,036	\$ 2,153,119
Sales-1% Local	33,204,966	33,399,594	33,773,371	373,777
Sales Tax for Education	24,833,935	24,833,935	24,997,524	163,589
Personal Property	46,566,673	48,351,315	48,531,320	180,005
Machinery and Tools	15,500,000	12,672,500	14,060,308	1,387,808
Utility Sales Tax Gas	4,600,000	4,595,743	4,467,916	(127,827)
Utility Sales Tax Electric	12,325,598	12,480,277	12,707,360	227,083
Utility Sales Tax Telephone	271,609	352,665	483,893	131,228
State Communication Taxes	17,227,533	16,276,207	16,527,290	251,083
Bank Stock	8,454,227	9,011,594	9,936,805	925,211
Prepared Food	31,419,954	33,397,690	35,455,141	2,057,451
Lodging Tax	7,070,496	7,265,543	8,079,083	813,540
Admission	2,990,398	2,455,846	2,885,747	429,901
Real Estate Taxes - Delinquent	9,547,841	9,706,367	9,703,138	(3,229)
Personal Property Taxes - Delinquent	11,547,376	6,164,163	6,378,267	214,104
Private Utility Poles and Conduits	157,933	161,356	68,699	(92,657)
Penalties and Interest	4,880,806	5,435,901	7,890,038	2,454,137
Titling Tax-Mobile Home	6,050	9,995	8,266	(1,729)
State Recordation	801,368	1,208,683	1,156,543	(52,140)
Property Rental 1%	147,588	95,887	79,202	(16,685)
Vehicle Rental Tax	960,634	1,079,804	1,067,535	(12,269)
Telephone Commissions	370,686	605,654	628,014	22,360
Total City Taxes	<u>463,566,688</u>	<u>461,852,636</u>	<u>473,330,496</u>	<u>11,477,860</u>
<b>Licenses, Permits and Privilege Fees</b>				
Business and Professional	34,154,691	32,239,266	33,554,889	1,315,623
Vehicle	3,989,495	3,947,422	4,526,036	578,614
Transfers, Penalties, Interest & Delinquent Collections	19,488	9,488	8,757	(731)
Parking Fees & Permits	--	--	520	520
Utilities Right of Way Fees	780,210	1,019,624	407,404	(612,220)
Other Licenses, Permits and Fees	1,334,776	949,476	1,054,563	105,087
Total Licenses, Permits and Privilege Fees	<u>40,278,660</u>	<u>38,165,276</u>	<u>39,552,169</u>	<u>1,386,893</u>
<b>Intergovernmental</b>				
State Shared Expense	17,232,991	20,636,053	21,113,281	477,228
Total State Block Grant	4,280,605	4,091,322	4,469,808	378,486
Department of Social Services	42,100,922	43,425,956	39,951,794	(3,474,162)
Federal Revenues	395,778	400,000	112,527	(287,473)
Street Maintenance	24,539,223	26,304,943	26,304,943	--
State Aid to Localities	13,600,000	13,894,018	13,894,020	2
Service Charges on Tax Exempt Property (State PILOT)	3,422,138	3,414,378	3,461,126	46,748
All Other Intergovernmental Revenues	2,582,269	618,284	1,545,445	927,161
Total Intergovernmental	<u>\$ 108,153,926</u>	<u>\$ 112,784,954</u>	<u>\$ 110,852,944</u>	<u>\$ (1,932,010)</u>

(Continued)



CITY OF RICHMOND, VIRGINIA  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 For the Fiscal Year Ended June 30, 2016

EXHIBIT H-1, Continued

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Service Charges</b>				
Commercial Dumping Fees	\$ 325,624	\$ 449	\$ 449	\$ --
Refuse Collection Fees	12,028,867	12,227,138	12,208,135	(19,003)
Safety Related Charges	202,347	201,737	184,680	(17,057)
Rental of Property	416,870	275,097	349,357	74,260
Building Service Charges	1,047,209	994,959	1,070,325	75,366
Inspection Fees	4,777,527	4,768,040	4,814,175	46,135
Recycling Proceeds	1,650,723	1,574,820	1,574,624	(196)
Health Related Charges	47,488	92,958	99,177	6,219
Other Sales - Income	209,390	316,156	545,153	228,997
Printing and Telecom Charges	510,275	362,502	452,931	90,429
Self Insurance	5,944,424	4,941,604	1,055,622	(3,885,982)
Other Service Charges	1,905,816	1,612,159	1,654,652	42,493
Total Service Charges	<u>29,066,560</u>	<u>27,367,619</u>	<u>24,009,280</u>	<u>(3,358,339)</u>
<b>Fines and Forfeitures</b>				
Richmond Public Library	93,592	72,408	74,457	2,049
Circuit Court	4,413,045	5,506,114	6,344,743	838,629
General District Court	1,201,826	879,222	1,111,704	232,482
Juvenile and Domestic Relations District Court	5,288	5,722	5,514	(208)
Parking Violations	--	--	7,463	7,463
Total Fines and Forfeitures	<u>5,713,751</u>	<u>6,463,466</u>	<u>7,543,881</u>	<u>1,080,415</u>
<b>Utility Payments</b>				
Utility Pilot Payment	27,760,229	27,760,230	27,761,615	1,385
Utility Payment - City Services	3,554,065	3,554,065	4,018,787	464,722
Utilities Payment for Collection Service	570,000	570,000	220,292	(349,708)
Total Utility Payments	<u>31,884,294</u>	<u>31,884,295</u>	<u>32,000,694</u>	<u>116,399</u>
<b>Miscellaneous Revenues</b>				
Department of Information Technology Charges	520,745	520,745	578,802	58,057
Reimbursement of Interest on Long-term Debt	1,754,479	1,754,479	1,344,635	(409,844)
Internal Service Fund Payments	353,416	353,416	152,806	(200,610)
Miscellaneous Revenues	5,948,703	5,931,057	6,101,181	170,124
Other Payments to General Fund	599,999	981,200	1,690,102	708,902
Total Miscellaneous Revenues	<u>9,177,342</u>	<u>9,540,897</u>	<u>9,867,526</u>	<u>326,629</u>
Total General Fund Revenues	<u>\$ 687,841,221</u>	<u>\$ 688,059,143</u>	<u>\$ 697,156,990</u>	<u>\$ 9,097,847</u>

(Continued)



CITY OF RICHMOND, VIRGINIA  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 For the Fiscal Year Ended June 30, 2016

EXHIBIT H-1, Continued

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Expenditures</b>				
<b>Current</b>				
<b>General Government</b>				
City Council	\$ 1,325,096	\$ 1,284,592	\$ 1,253,770	\$ 30,822
City Clerk	926,711	887,453	849,051	38,402
Planning and Development Review	9,378,421	9,530,033	9,782,024	(251,991)
Assessor of Real Estate	3,038,863	2,955,384	2,957,159	(1,775)
City Auditor	1,673,890	2,031,965	1,673,158	358,807
Department of Law	2,739,943	2,630,445	2,576,783	53,662
General Registrar	2,170,483	2,166,064	2,105,626	60,438
Department of Information Technology	17,985,820	19,483,975	19,081,748	402,227
Chief Administrative Officer	1,294,391	1,258,246	1,259,152	(906)
Budget and Strategic Planning	1,260,775	1,268,885	1,259,816	9,069
Department of Human Resources	2,858,061	3,047,876	2,683,616	364,260
Department of Finance	22,151,953	25,298,135	19,970,707	5,327,428
Procurement Services	1,146,608	1,147,877	1,087,796	60,081
Office of Press Secretary to Mayor	516,120	522,139	514,778	7,361
City Treasurer	184,507	178,018	166,699	11,319
Economic/Community Development	5,118,237	5,030,689	3,662,448	1,368,241
Council Chief of Staff	1,155,089	1,151,828	1,141,465	10,363
Minority Business Development	571,433	577,238	583,465	(6,227)
Office of Community Wealth Building	--	1,307,504	1,298,959	8,545
City Mayor's Office	970,793	986,394	993,697	(7,303)
Total General Government	<u>76,467,194</u>	<u>82,744,739</u>	<u>74,901,917</u>	<u>7,842,822</u>
<b>Public Safety and Judiciary</b>				
Judiciary	10,428,609	10,464,312	10,306,010	158,302
Juvenile and Domestic Relations District Court	461,361	457,778	385,232	72,546
City Sheriff	34,190,271	36,959,560	36,765,307	194,253
Department of Police	84,779,923	86,360,134	85,617,786	742,348
Department of Emergency Communications	4,105,961	4,246,054	3,901,272	344,782
Department of Fire and Emergency Services	44,017,152	46,420,201	45,448,129	972,072
Animal Control	1,580,169	1,609,208	1,704,201	(94,993)
Total Public Safety and Judiciary	<u>179,563,446</u>	<u>186,517,247</u>	<u>184,127,937</u>	<u>2,389,310</u>
<b>Highways, Streets, Sanitation and Refuse</b>				
Department of Public Works	<u>56,894,595</u>	<u>58,741,339</u>	<u>58,493,804</u>	<u>247,535</u>
<b>Human Services</b>				
Office of DCAO for Human Services	2,043,060	1,708,720	1,639,898	68,822
Department of Social Services	49,692,391	50,277,227	46,783,675	3,493,552
Justice Services	8,718,400	9,042,203	9,308,142	(265,939)
Department of Public Health	3,781,490	3,781,490	3,781,490	--
Total Human Services	<u>64,235,341</u>	<u>64,809,640</u>	<u>61,513,205</u>	<u>3,296,435</u>
<b>Culture and Recreation</b>				
Richmond Public Library	5,732,713	5,597,189	5,331,964	265,225
Department of Parks, Recreation and Community Facilities	16,275,307	16,411,307	15,234,211	1,177,096
Total Culture and Recreation	<u>22,008,020</u>	<u>22,008,496</u>	<u>20,566,175</u>	<u>1,442,321</u>
<b>Education</b>				
Richmond Public Schools	\$ 170,833,592	\$ 170,833,592	\$ 170,833,592	\$ --



(Continued)

CITY OF RICHMOND, VIRGINIA  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 For the Fiscal Year Ended June 30, 2016

EXHIBIT H-1, Concluded

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Non-Departmental</b>				
Payments to Other Government Agencies	\$ 21,157,376	\$ 17,402,498	\$ 18,174,912	\$ (772,414)
Tax Relief	3,000,000	3,000,000	2,462,850	537,150
GRTC	13,045,157	13,045,157	13,045,156	1
RRS Contributions/Retiree's Health Care Program Contributions	3,543,436	3,761,670	3,345,255	416,415
	<u>10,009,496</u>	<u>19,358,210</u>	<u>17,610,778</u>	<u>1,747,432</u>
Total Non-Departmental	<u>50,755,465</u>	<u>56,567,535</u>	<u>54,638,951</u>	<u>1,928,584</u>
Total General Fund Expenditures	<u>620,757,653</u>	<u>642,222,589</u>	<u>625,075,581</u>	<u>17,147,008</u>
Excess of Revenues Over Expenditures	<u>67,083,568</u>	<u>45,836,554</u>	<u>72,081,409</u>	<u>26,244,855</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In - Other Funds	3,419,714	5,541,472	5,541,472	--
Transfers Out - Other Funds	<u>(68,503,280)</u>	<u>(69,313,850)</u>	<u>(69,344,808)</u>	<u>(30,958)</u>
Total Other Financing Uses, Net	<u>(65,083,566)</u>	<u>(63,772,378)</u>	<u>(63,803,336)</u>	<u>(30,958)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>2,000,002</u>	<u>(17,935,824)</u>	<u>8,278,073</u>	<u>26,213,897</u>
Fund Balance - Beginning of Year	<u>106,166,314</u>	<u>106,166,314</u>	<u>106,166,314</u>	<u>--</u>
Fund Balance - End of Year	<u>\$ 108,166,316</u>	<u>\$ 88,230,490</u>	<u>\$ 114,444,387</u>	<u>\$ 26,213,897</u>





CITY OF RICHMOND, VIRGINIA  
NOTE TO BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
For the Fiscal Year Ended June 30, 2016

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

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

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

The following departments' expenditures exceeded appropriations for the year June 30, 2016:

Planning and Development Review	(251,991)
Assessor of Real Estate	(1,775)
Chief Administrative Officer	(906)
Minority Business Development	(6,227)
City Mayor's Office	(7,303)
Animal Control	(94,993)
Justice Services	(265,939)
Non-Departmental	(772,414)



**Richmond Retirement System**

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

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



**Schedule of Employer's Contribution RRS**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Actuarially determined employer contribution	30,712,306	30,889,221	32,026,054	33,241,128	32,129,757	39,769,898	38,420,692	40,446,209	41,228,674	45,556,498
Employer contributions in relation to the actuarially determined contribution	31,633,675	30,889,221	32,026,054	33,241,128.00	32,129,757.00	39,769,898.00	38,804,898.92	40,446,209.00	41,228,674.00	45,556,498.00
Excess	(921,369.18)	-	-	-	-	-	(384,206.92)	-	-	-
Covered employee payroll	163,193,191	147,897,543	144,832,611	145,868,000	137,473,000	130,971,000	125,060,000	116,666,000	110,748,000	107,834,516
Contributions as a percentage of covered employee payroll	18.8%	20.9%	22.1%	22.8%	23.4%	30.4%	30.7%	34.7%	37.2%	42.2%



**Virginia Retirement System**

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

	<b>2015</b>	<b>2016</b>
<b>Total pension liability</b>		
Service cost	\$ 3,295,894	\$ 3,421,683
Interest	7,369,694	7,689,675
Change in benefit terms	--	
Differences between expected and actual experience	(479,419)	110,367
Change in assumptions		
Benefit payments, including refunds of member contributions	(5,623,313)	(6,085,126)
Net change in total pension liability	\$ 4,562,856	\$ 5,136,599
Total pension liability - beginning	\$ 108,332,204	\$ 112,895,060
<b>Total pension liability - ending (a)</b>	<b>\$ 112,895,060</b>	<b>\$ 118,031,659</b>
<b>Plan fiduciary net position</b>		
Contributions - employer	\$ 3,497,052	\$ 3,471,373
Contributions - member	1,276,061	1,258,265
Net investment income	13,713,152	4,552,450
Benefit payments, including refunds of member contributions	(6,101,732)	6,085,126
Administrative expense	(74,396)	(62,657)
Other	723	
<b>Net change in plan fiduciary net position</b>	<b>\$ 12,310,860</b>	<b>\$ 15,304,557</b>
<b>Plan fiduciary net position - beginning</b>	<b>\$ 88,099,002</b>	<b>\$ 100,409,862</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 100,409,862</b>	<b>\$ 103,543,205</b>
<b>City's net pension liability - ending (a) minus (b)</b>	<b>\$ 12,485,198</b>	<b>\$ 14,488,454</b>
Plan fiduciary net position as a percentage of the total pension liability	88.9%	87.7%
Covered payroll	\$ 25,652,406	\$ 25,093,420
City's net pension liability as a percentage of covered payroll	48.7%	57.7%



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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, 2016

EXHIBIT I-1

	Special Revenue		Permanent Funds			
	Grant Revenue Funds	Consolidated HUD Funds	Memorial	Recreation	Richmond Public Library	Total
<b>Assets</b>						
Cash and Cash Equivalents	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Accounts Receivable, Net	1,404,522	10,125,000	--	--	--	11,529,522
Due From Other Funds	17,862,513	--	--	--	--	17,862,513
Due From Other Governments	9,269,278	5,811,614	--	--	--	15,080,892
Restricted Assets	--	--	6,537	28,068	33,702	68,307
Total Assets	28,536,313	15,936,614	6,537	28,068	33,702	44,541,234
<b>Liabilities, Deferred Inflows, and Fund Balances</b>						
<b>Liabilities:</b>						
Accounts Payable	1,729,439	1,708,080	--	--	--	3,437,519
Accrued Liabilities	310,869	25,952	--	--	--	336,821
Due To Other Funds	7,515,871	2,743,391	64	--	--	10,259,326
Due To Other Governments	--	82,470	--	--	--	82,470
Total Liabilities	9,556,179	4,559,893	64	--	--	14,116,136
<b>Deferred Inflows of Resources</b>						
Unavailable Revenue-Grant Proceeds	202,857	10,437,732	--	--	--	10,640,589
Total Deferred Inflows of Resources	202,857	10,437,732	--	--	--	10,640,589
<b>Fund Balances:</b>						
Restricted	13,905,871	--	6,336	28,068	34,252	13,974,527
Committed	745,000	--	--	--	--	745,000
Assigned	3,468,218	(155,676)	--	--	--	3,312,542
Unassigned	658,188	1,094,665	137	--	(550)	1,752,440
Total Fund Balances	18,777,277	938,989	6,473	28,068	33,702	19,784,509
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 28,536,313	\$ 15,936,614	\$ 6,537	\$ 28,068	\$ 33,702	\$ 44,541,234



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, 2016

EXHIBIT I-2

	Special Revenue		Permanent Funds				Total
	Grant Revenue	Consolidated	Richmond Public		Total		
	Funds	HUD Funds*	Memorial	Recreation		Library	
<b>Revenues</b>							
Intergovernmental	\$ 21,914,491	\$ 9,286,527	\$ --	\$ --	\$ --	\$ 31,201,018	
Investment Income	15,448	--	1	11	13	15,473	
Miscellaneous	9,217,770	124,874	--	--	3	9,342,647	
<b>Total Revenues</b>	<b>31,147,709</b>	<b>9,411,401</b>	<b>1</b>	<b>11</b>	<b>16</b>	<b>40,559,138</b>	
<b>Expenditures</b>							
Current:							
General Government	5,246,967	8,224,143	--	5,000	5	13,476,115	
Public Safety and Judiciary	6,944,250	--	--	--	--	6,944,250	
Highways, Streets, Sanitation and Refuse	3,197,975	--	--	--	--	3,197,975	
Human Services	19,858,277	85,078	--	--	--	19,943,355	
Culture and Recreation	2,579,687	7,515	--	--	30	2,587,232	
<b>Total Expenditures</b>	<b>37,827,156</b>	<b>8,316,736</b>	<b>--</b>	<b>5,000</b>	<b>35</b>	<b>46,148,927</b>	
Excess (Deficiency) of Revenues							
Over (Under) Expenditures	(6,679,447)	1,094,665	1	(4,989)	(19)	(5,589,789)	
<b>Other Financing Sources (Uses)</b>							
Transfers In-Other Funds	13,014,512	--	--	--	--	13,014,512	
Transfers Out-Other Funds	(2,513,464)	--	--	--	--	(2,513,464)	
<b>Total Other Financing Sources (Uses), Net</b>	<b>10,501,048</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>10,501,048</b>	
Net Change in Fund Balances	3,821,601	1,094,665	1	(4,989)	(19)	4,911,259	
Fund Balance - Beginning of Year	14,955,676	(155,676)	6,472	33,057	33,721	14,873,250	
Fund Balance - End of Year*	\$ 18,777,277	\$ 938,989	\$ 6,473	\$ 28,068	\$ 33,702	\$ 19,784,509	





CITY OF RICHMOND, VIRGINIA  
 BUDGETARY COMPARISON SCHEDULE  
 CAPITAL PROJECTS FUND  
 For the Fiscal Year Ended June 30, 2016

EXHIBIT I-3

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Intergovernmental Revenues and Service Charges	\$ 40,240,000	\$ 57,485,738	\$ 71,935,369	\$ 14,449,631
Total Intergovernmental Revenues	<u>40,240,000</u>	<u>57,485,738</u>	<u>71,935,369</u>	<u>14,449,631</u>
<b>Investment Earnings and Contributions</b>				
Interest Earned on Restricted Funds	--	--	37,523	37,523
Local Matches and Contributions	100,000	520,000	92,050	(427,950)
Total Investment Earnings	<u>100,000</u>	<u>520,000</u>	<u>129,573</u>	<u>(390,427)</u>
<b>Miscellaneous Revenues</b>				
Special Revenue Funds	260,000	260,000	--	(260,000)
Miscellaneous	--	--	--	--
Total Miscellaneous Revenues	<u>260,000</u>	<u>260,000</u>	<u>--</u>	<u>(260,000)</u>
Total Revenues	<u>40,600,000</u>	<u>58,265,738</u>	<u>72,064,942</u>	<u>13,799,204</u>
<b>Expenditures</b>				
<b>Capital Outlay:</b>				
City Facility Maintenance & Improvements	1,450,000	1,450,000	5,174,869	(3,724,869)
Culture & Recreation	5,879,426	5,879,426	7,197,828	(1,318,402)
Economic & Community Development	17,521,976	19,521,976	54,016,975	(34,494,999)
Education	31,641,632	31,641,632	12,602,667	19,038,965
Public Safety	14,579,000	14,579,000	3,636,079	10,942,921
Transportation	10,905,963	21,525,563	30,107,360	(8,581,797)
City Equipment & Other Infrastructure Investment	5,873,302	5,972,427	3,239,454	2,732,973
Debt Issuance Cost	--	--	809,894	(809,894)
Total Expenditures	<u>87,851,299</u>	<u>100,570,024</u>	<u>116,785,126</u>	<u>(16,215,102)</u>
Excess(Deficiency) of Revenues Over(Under) Expenditures	<u>(47,251,299)</u>	<u>(42,304,286)</u>	<u>(44,720,184)</u>	<u>(2,415,898)</u>
<b>Other Financing Sources (Uses)</b>				
Proceeds from Issuance of General Obligation Bonds	76,108,841	99,108,841	94,240,683	(4,868,158)
Transfers In-Other Funds	1,930,487	1,930,487	--	(1,930,487)
Transfers Out-Other Funds	(200,000)	(200,000)	(32,756,397)	(32,556,397)
Total Other Financing Sources, Net	<u>77,839,328</u>	<u>100,839,328</u>	<u>61,484,286</u>	<u>(39,355,042)</u>
Net Change in Fund Balance	<u>30,588,029</u>	<u>58,535,042</u>	<u>16,764,102</u>	<u>(41,770,940)</u>
Fund Balance - Beginning of Year	<u>4,075,107</u>	<u>40,705,107</u>	<u>(101,563,859)</u>	<u>(142,268,966)</u>
Fund Balance - End of Year	<u>\$ 34,663,136</u>	<u>\$ 99,240,149</u>	<u>\$ (84,799,757)</u>	<u>\$ (184,039,906)</u>



CITY OF RICHMOND, VIRGINIA  
 BUDGETARY COMPARISON SCHEDULE  
 DEBT SERVICE FUND  
 For the Fiscal Year Ended June 30, 2016

EXHIBIT I-4

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Principal Payments</b>				
<b>General Obligation Bonds</b>				
General Government Projects	\$ 16,922,911	\$ 16,922,911	\$ 16,922,910	\$ 1
Justice Center Project	32,801,307	32,801,307	32,801,307	--
Carpenter Center Project	1,019,661	1,019,661	1,019,661	--
Transportation Projects	3,776,403	3,776,403	3,776,403	--
School Capital Improvement Projects	8,016,793	8,016,793	8,016,793	--
730 Theater Row Building Project	1,075,934	1,075,934	1,075,934	--
Total General Obligation Bonds	<u>63,613,009</u>	<u>63,613,009</u>	<u>63,613,008</u>	<u>1</u>
<b>Other Debt Instruments</b>				
HUD Section 108 Notes	--	--	--	--
Leigh Street Project	1,000,000	1,000,000	500,000	500,000
Total Other Debt Instruments	<u>1,000,000</u>	<u>1,000,000</u>	<u>500,000</u>	<u>500,000</u>
Total Principal Payments	<u>64,613,009</u>	<u>64,613,009</u>	<u>64,113,008</u>	<u>500,001</u>
<b>Interest Payments</b>				
<b>General Obligation Bonds</b>				
General Government Projects	9,822,901	9,822,901	10,467,285	(644,384)
Justice Center Project	4,621,420	4,621,420	4,734,062	(112,642)
Carpenter Center Project	928,313	928,313	928,313	--
Transportation Projects	2,737,558	2,737,558	2,840,098	(102,540)
Schools Capital Improvement Projects	8,134,662	8,134,662	8,306,095	(171,433)
730 Theater Row Project	123,228	123,228	123,228	--
Total General Obligation Bonds	<u>26,368,082</u>	<u>26,368,082</u>	<u>27,399,081</u>	<u>(1,030,999)</u>
<b>Other Debt Instruments</b>				
HUD Section 108 Notes	--	--	134,288	(134,288)
Total Other Debt Instruments	<u>--</u>	<u>--</u>	<u>134,288</u>	<u>(134,288)</u>
<b>Interest - Short Term Debt</b>				
GO Bond Anticipation Notes	1,875,000	1,875,000	23,802	1,851,198
Leigh Street Projects	250,000	250,000	76,533	173,467
Total Interest Payments	<u>28,493,082</u>	<u>28,493,082</u>	<u>27,633,704</u>	<u>859,378</u>
Total	<u>\$ 93,106,091</u>	<u>\$ 93,106,091</u>	<u>\$ 91,746,712</u>	<u>\$ 1,359,379</u>



## ***Non-major Proprietary Funds***

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

*The Non-major Proprietary Funds are:*

### ***Richmond Coliseum***

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

### ***Cemeteries***

*(Cemeteries) maintains and operates cemeteries.*

### ***Parking Enterprise***

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



CITY OF RICHMOND, VIRGINIA  
 COMBINING STATEMENT OF NET POSITION  
 NON-MAJOR PROPRIETARY FUNDS  
 June 30, 2016

EXHIBIT J-1

	Coliseum	Cemeteries	Parking Garages	Total
<b>Assets</b>				
Current Assets:				
Cash and Cash Equivalents	\$ --	\$ --	\$ 3,851,728	\$ 3,851,728
Accounts Receivable, Net	951,963	38,596	--	990,559
Due from Other Funds	--	205,276	--	205,276
Prepaid Expenses and Other Current Assets	30,900	--	--	30,900
Total Current Assets	<u>982,863</u>	<u>243,872</u>	<u>3,851,728</u>	<u>5,078,463</u>
Noncurrent Assets:				
Capital Assets:				
Land	4,582,160	8,188,700	14,268,255	27,039,115
Buildings and Structures	34,578,836	601,429	34,089,040	69,269,305
Equipment	5,723,463	213,268	1,478,611	7,415,342
Less Accumulated Depreciation	<u>(39,149,128)</u>	<u>(650,237)</u>	<u>(6,180,843)</u>	<u>(45,980,208)</u>
Total Noncurrent Assets	<u>5,735,331</u>	<u>8,353,160</u>	<u>43,655,063</u>	<u>57,743,554</u>
Total Assets	<u>6,718,194</u>	<u>8,597,032</u>	<u>47,506,791</u>	<u>62,822,017</u>
<b>Deferred Outflow of Resources</b>				
Employer Contributions to Pension				
Subsequent to the Measurement Date	--	<u>287,360</u>	<u>67,812</u>	<u>355,172</u>
Total Deferred Outflows of Resources	<u>--</u>	<u>287,360</u>	<u>67,812</u>	<u>355,172</u>
<b>Liabilities</b>				
Current Liabilities:				
Accounts Payable	639,711	74,586	1,546,352	2,260,649
Advance Sales	487,010	--	--	487,010
Due To Other Funds	425,001	660,839	--	1,085,840
Accrued Interest on Bonds	67,990	5,087	1,258,281	1,331,358
General Obligation Bonds	452,263	30,969	4,555,771	5,039,003
Compensated Absences	--	9,930	3,944	13,874
Total Current Liabilities	<u>2,071,975</u>	<u>781,411</u>	<u>7,364,348</u>	<u>10,217,734</u>
Noncurrent Liabilities:				
General Obligation Bonds	3,323,965	218,059	60,712,484	64,254,508
Compensated Absences	--	63,544	28,143	91,687
Net Pension Liability	--	<u>1,327,379</u>	<u>197,065</u>	<u>1,524,444</u>
Total Noncurrent Liabilities	<u>3,323,965</u>	<u>1,608,982</u>	<u>60,937,692</u>	<u>65,870,639</u>
Total Liabilities	<u>5,395,940</u>	<u>2,390,393</u>	<u>68,302,040</u>	<u>76,088,373</u>
<b>Deferred Inflow of Resources</b>				
Net Difference Between Project and Actual Earnings on Pension				
Plan Investments	--	<u>207,240</u>	<u>20,831</u>	<u>228,071</u>
Total Deferred Inflow of Resources	<u>--</u>	<u>207,240</u>	<u>20,831</u>	<u>228,071</u>
<b>Net Position</b>				
Net Investment in Capital Assets	1,959,103	8,104,132	(21,613,192)	(11,549,957)
Unrestricted	<u>(636,849)</u>	<u>(1,817,373)</u>	<u>864,924</u>	<u>(1,589,298)</u>
Total Net Position	<u>\$ 1,322,254</u>	<u>\$ 6,286,759</u>	<u>\$ (20,748,268)</u>	<u>\$ (13,139,255)</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, 2016

EXHIBIT J-2

	<u>Coliseum</u>	<u>Cemeteries</u>	<u>Parking Garages*</u>	<u>Total</u>
<b>Operating Revenues</b>				
Charges for Goods and Services	\$ 1,379,423	\$ 1,559,770	\$ 15,273,141	\$ 18,212,334
<b>Operating Expenses</b>				
Salaries and Wages	--	1,079,167	427,851	1,507,018
Materials and Supplies	322,990	36,750	1,795	361,535
Rents and Utilities	464,125	27,648	275,000	766,773
Maintenance and Repairs	97,676	85,876	4,293,890	4,477,442
Depreciation and Amortization	93,015	23,693	1,673,416	1,790,124
Miscellaneous Operating Expenses	1,128,938	324,582	1,908,722	3,362,242
Total Operating Expenses	<u>2,106,744</u>	<u>1,577,716</u>	<u>8,580,674</u>	<u>12,265,134</u>
Operating Income (Loss)	<u>(727,321)</u>	<u>(17,946)</u>	<u>6,692,467</u>	<u>5,947,200</u>
<b>Non-Operating Revenues (Expenses)</b>				
Government Subsidies and Contributions	783,737	--	--	783,737
Operational Transfer-Debt	--	--	--	--
Interest and Fiscal Charges	(153,699)	(11,216)	(2,749,187)	(2,914,102)
Total Non-Operating Revenues(Expenses), Net	<u>630,038</u>	<u>(11,216)</u>	<u>(2,749,187)</u>	<u>(2,130,365)</u>
Transfer In-Other Funds	<u>799,199</u>	<u>61,988</u>	<u>--</u>	<u>861,187</u>
Change In Net Position	701,916	32,826	3,943,280	4,678,022
Net Position - Beginning of Year	<u>620,338</u>	<u>6,253,933</u>	<u>(24,691,548)</u>	<u>(17,817,277)</u>
Net Position - End of Year	<u>\$ 1,322,254</u>	<u>\$ 6,286,759</u>	<u>\$ (20,748,268)</u>	<u>\$ (13,139,255)</u>



CITY OF RICHMOND, VIRGINIA  
 COMBINING STATEMENT OF CASH FLOWS  
 NON-MAJOR PROPRIETARY FUNDS  
 For the Fiscal Year Ended June 30, 2016

EXHIBIT J-3

	Coliseum	Cemeteries	Parking Garages	Total
<b>Cash Flows From Operating Activities</b>				
Receipts from Customers	\$ 1,722,330	\$ 1,586,925	\$ 15,273,141	\$ 18,582,396
Payments to Suppliers	(2,506,069)	(460,525)	(5,402,181)	(8,368,775)
Payments to Employees	--	(1,187,357)	(479,825)	(1,667,182)
Net Cash Provided by (Used In) Operating Activities	(783,739)	(60,957)	9,391,135	8,546,439
<b>Cash Flows From Noncapital Financing Activities</b>				
Government Subsidies and Contributions	1,795,083	61,988	--	1,857,071
Due from Other Funds	1	11,183	--	11,184
Due to Other Funds	--	49,780	--	49,780
Net Cash Provided By Noncapital Financing Activities	1,795,084	122,951	--	1,918,035
<b>Cash Flows From Capital and Related Financing Activities</b>				
(Acquisition)/Transfer in of Capital Assets	(212,147)	--	--	(212,147)
Repayments of GO Bonds	(628,667)	(49,704)	(4,466,518)	(5,144,889)
Interest Paid on Long-Term Debt	(170,531)	(12,290)	(2,791,494)	(2,974,315)
Net Cash Used In Capital and Related Financing Activities	(1,011,345)	(61,994)	(7,258,012)	(8,331,351)
Net Increase in Cash and Cash Equivalents	--	--	2,133,123	2,133,123
Cash and Cash Equivalents at July 1, 2015	--	--	1,718,605	1,718,605
Cash and Cash Equivalents at June 30, 2016	\$ --	\$ --	\$ 3,851,728	\$ 3,851,728
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities</b>				
Operating Income (Loss)	\$ (727,321)	\$ (17,946)	\$ 6,692,467	\$ 5,947,200
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities:				
Depreciation	93,015	23,693	1,673,416	1,790,124
Pension Expense	--	(114,319)	(49,654)	(163,973)
(Increase) Decrease in Assets and Increase (Decrease) in Liabilities:				
Accounts Receivable	201,155	27,154	--	228,309
Prepaid Expenses	23,257	--	--	23,257
Accounts Payable	(515,597)	14,332	1,077,226	575,961
Advance Sales	141,752	--	--	141,752
Compensated Absences	--	6,129	(2,320)	3,809
Total Adjustments	(56,418)	(43,011)	2,698,668	2,599,239
Net Cash Provided by (Used In) Operating Activities	\$ (783,739)	\$ (60,957)	\$ 9,391,135	\$ 8,546,439



## **Internal Service Funds**

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

*The Internal Service Funds are:*

### **Fleet Management**

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

### **Radio Maintenance**

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

### **Joint Healthcare**

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

### **Advantage Richmond Corporation**

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

### **Electric Utility**

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

### **Stores and Transportation Division**

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



CITY OF RICHMOND, VIRGINIA  
 COMBINING STATEMENT OF NET POSITION  
 INTERNAL SERVICE FUNDS  
 June 30, 2016

EXHIBIT K-1

	Fleet Management	Radio Maintenance	Health Self-Insurance	Advantage Richmond Corporation	Electric Utility	Stores and Transportation Division	Total
<b>Assets</b>							
<b>Current Assets:</b>							
Cash and Cash Equivalents	\$ --	\$ --	\$ 3,716,578	\$ 5,158,208	\$ 11,010,477	\$ --	\$ 19,885,263
Accounts Receivable, Net	4,110	3,825	5,933,135	200,000	4,382,350	--	10,523,420
Due From the General Fund	6,547,772	83,159	541,477	704,395	--	--	7,876,803
Due from Component Unit	12,226	28,789	--	--	--	--	41,015
Inventory	--	287,769	--	--	--	4,465,345	4,753,114
Prepaid Expenses	--	--	--	--	147,841	102,719	250,560
Total Current Assets	<u>6,564,108</u>	<u>403,542</u>	<u>10,191,190</u>	<u>6,062,603</u>	<u>15,540,668</u>	<u>4,568,064</u>	<u>43,330,175</u>
<b>Noncurrent Assets:</b>							
<b>Capital Assets:</b>							
Land	98,000	--	--	3,000,000	265,389	1,686,532	5,049,921
Buildings and Structures	1,211,217	--	--	9,000,000	56,452,059	3,516,513	70,179,789
Equipment	79,562,460	374,875	--	--	1,184,717	31,693,578	112,815,630
Less Accumulated Depreciation	(67,916,279)	(351,626)	--	(2,432,426)	(38,701,467)	(34,036,648)	(143,438,446)
Construction in Progress	--	--	--	--	187,643	--	187,643
Total Capital Assets	<u>12,955,398</u>	<u>23,249</u>	<u>--</u>	<u>9,567,574</u>	<u>19,388,341</u>	<u>2,859,975</u>	<u>44,794,537</u>
Total Noncurrent Assets	<u>12,955,398</u>	<u>23,249</u>	<u>--</u>	<u>9,567,574</u>	<u>19,388,341</u>	<u>2,859,975</u>	<u>44,794,537</u>
Total Assets	<u>19,519,506</u>	<u>426,791</u>	<u>10,191,190</u>	<u>15,630,177</u>	<u>34,929,009</u>	<u>7,428,039</u>	<u>88,124,712</u>
<b>Deferred Outflow of Resources</b>							
Deferred Losses on Refundings	--	--	--	--	8,573	--	8,573
Pension Related Activities	522,506	24,824	--	--	416,306	81,834	1,045,470
Total Deferred Outflows of Resources	<u>522,506</u>	<u>24,824</u>	<u>--</u>	<u>--</u>	<u>424,879</u>	<u>81,834</u>	<u>1,054,043</u>
<b>Liabilities</b>							
<b>Current Liabilities:</b>							
Accounts Payable	1,790,227	43,195	2,903,036	68,391	2,515,424	938,815	8,259,088
Accrued Liabilities	108,427	16,491	3,666,000	751	70,468	14,811	3,876,948
Due To Other Funds	21,024,952	5,066,287	3,340,623	1,793,684	--	173,288	31,398,834
Accrued Interest on Bonds and Notes Payable	44,669	--	--	79,615	2,548	--	126,832
General Obligation Bonds Payable	615,899	--	--	--	134,359	--	750,258
Revenue Bond Payable	--	--	--	920,431	--	--	920,431
Notes Payable	625,000	--	--	--	--	--	625,000
Compensated Absences	14,334	62,168	--	--	82,395	20,599	179,496
Total Current Liabilities	<u>24,223,508</u>	<u>5,188,141</u>	<u>9,909,659</u>	<u>2,862,872</u>	<u>2,805,194</u>	<u>1,147,513</u>	<u>46,136,887</u>
<b>Noncurrent Liabilities:</b>							
General Obligation Bonds Payable	1,569,815	--	--	--	659,892	--	2,229,707
Revenue Bond Payable	--	--	--	4,205,462	--	--	4,205,462
Notes Payable	1,250,000	--	--	--	--	--	1,250,000
Compensated Absences	141,397	5,412	--	--	15,666	3,916	166,391
Net Pension Liability	2,211,749	100,823	--	--	1,757,173	356,123	4,425,868
Total Noncurrent Liabilities	<u>5,172,961</u>	<u>106,235</u>	<u>--</u>	<u>4,205,462</u>	<u>2,432,731</u>	<u>360,039</u>	<u>12,277,428</u>
Total Liabilities	<u>29,396,469</u>	<u>5,294,376</u>	<u>9,909,659</u>	<u>7,068,334</u>	<u>5,237,925</u>	<u>1,507,552</u>	<u>58,414,315</u>
<b>Deferred Inflows of Resources:</b>							
Pension Related Activities	328,052	14,558	--	--	260,158	53,728	656,496
Total Deferred Inflows of Resources	<u>328,052</u>	<u>14,558</u>	<u>--</u>	<u>--</u>	<u>260,158</u>	<u>53,728</u>	<u>656,496</u>
<b>Net Position</b>							
Net Investment in Capital Assets	8,894,684	23,249	--	4,441,681	18,594,090	2,859,975	34,813,679
Unrestricted	(18,577,193)	(4,880,568)	281,531	4,120,162	11,261,715	3,088,618	(4,705,735)
Total Net Position	<u>\$ (9,682,509)</u>	<u>\$ (4,857,319)</u>	<u>\$ 281,531</u>	<u>\$ 8,561,843</u>	<u>\$ 29,855,805</u>	<u>\$ 5,948,593</u>	<u>\$ 30,107,944</u>

Internal Service Funds' negative Net Position will be alleviated by increases in user fees.





CITY OF RICHMOND, VIRGINIA  
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
 INTERNAL SERVICE FUNDS  
 For the Fiscal Year Ended June 30, 2016

EXHIBIT K-2

	Fleet Management*	Radio Maintenance*	Health Self-Insurance	Advantage Richmond Corporation	Electric Utility	Stores and Transportation Division	Total
<b>Operating Revenues</b>							
Charges for Goods and Services	\$ 15,912,333	\$ 914,117	\$ 41,687,137	\$ 2,597,271	\$ 9,777,197	\$ 790,265	\$ 71,678,320
<b>Operating Expenses</b>							
Cost of Goods and Services Sold	9,579,226	481,549	--	--	--	--	10,060,775
Salaries and Wages and Benefits	628,922	520,221	--	--	1,910,598	340,723	3,400,464
Data Processing	343	6,526	--	--	--	--	6,869
Materials and Supplies	51,456	3,911	--	--	642,767	5,427	703,561
Rents and Utilities	141,814	13,247	--	184,214	2,690,726	18,950	3,048,951
Maintenance and Repairs	44,972	266,042	--	666,822	736,289	--	1,714,125
Depreciation and Amortization	4,693,142	21,182	--	225,000	2,011,408	114,181	7,064,913
Claims and Settlements	--	--	43,688,958	--	715	--	43,689,673
Miscellaneous Operating Expenses	405,365	151,695	3,039,193	419,429	586,190	167,708	4,769,580
Total Operating Expenses	<u>15,545,240</u>	<u>1,464,373</u>	<u>46,728,151</u>	<u>1,495,465</u>	<u>8,578,693</u>	<u>646,989</u>	<u>74,458,911</u>
Operating Income (Loss)	<u>367,093</u>	<u>(550,256)</u>	<u>(5,041,014)</u>	<u>1,101,806</u>	<u>1,198,504</u>	<u>143,276</u>	<u>(2,780,591)</u>
<b>Non-Operating Revenues (Expenses)</b>							
Government Subsidies and Contributions	--	--	--	--	641,813	--	641,813
Interest and Fiscal Charges	(65,127)	--	800	(292,035)	(12,185)	--	(368,547)
Miscellaneous Revenue (Expenses)	--	--	--	--	(222,711)	17,531	(205,180)
Total Non-Operating Revenues (Expenses), Net	<u>(65,127)</u>	<u>--</u>	<u>800</u>	<u>(292,035)</u>	<u>406,917</u>	<u>17,531</u>	<u>68,086</u>
Transfer Out-Other Funds	--	--	--	--	(218,569)	--	(218,569)
Change In Net Position	301,966	(550,256)	(5,040,214)	809,771	1,386,852	160,807	(2,931,074)
Net Position - Beginning of Year	<u>(9,984,475)</u>	<u>(4,307,063)</u>	<u>5,321,745</u>	<u>7,752,072</u>	<u>28,468,953</u>	<u>5,787,786</u>	<u>33,039,018</u>
Net Position - End of Year	<u>\$ (9,682,509)</u>	<u>\$ (4,857,319)</u>	<u>\$ 281,531</u>	<u>\$ 8,561,843</u>	<u>\$ 29,855,805</u>	<u>\$ 5,948,593</u>	<u>\$ 30,107,944</u>

\*Internal Service Funds' negative Net Position will be addressed by increases in user fees.



CITY OF RICHMOND, VIRGINIA  
 COMBINING STATEMENT OF CASH FLOWS  
 INTERNAL SERVICE FUNDS  
 For the Fiscal Year Ended June 30, 2016

EXHIBIT K-3

	Fleet Management	Radio Maintenance	Health Self-Insurance	Advantage Richmond Corporation	Electric Utility	Stores and Transportation Division	Total
<b>Cash Flows From Operating Activities</b>							
Receipts from Customers	\$ 16,000,718	\$ 923,796	\$ 42,666,903	\$ 2,397,272	\$ 10,050,681	\$ 790,265	\$ 72,829,635
Payments to Suppliers	(10,070,817)	(908,567)	(43,702,117)	(1,270,465)	(3,914,329)	(307,941)	(60,174,236)
Payments to Employees	(757,738)	(477,317)	--	--	(2,102,962)	(376,145)	(3,714,162)
Payments To Other Funds	(6,484,034)	(66,033)	--	(704,395)	(462,919)	(185,721)	(7,903,102)
Other Receipts or (Payments)	--	--	--	--	(436,863)	17,531	(419,332)
Net Cash Provided By (Used In) Operating Activities	<u>(1,311,871)</u>	<u>(528,121)</u>	<u>(1,035,214)</u>	<u>422,412</u>	<u>3,133,608</u>	<u>(62,011)</u>	<u>618,803</u>
<b>Cash Flows From Noncapital Financing Activities</b>							
Government Subsidies and Contributions	--	--	--	--	641,813	--	641,813
Due to Other Funds	<u>10,307,611</u>	<u>528,121</u>	--	--	--	<u>60,417</u>	<u>10,896,149</u>
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>10,307,611</u>	<u>528,121</u>	--	--	<u>641,813</u>	<u>60,417</u>	<u>11,537,962</u>
<b>Cash Flows From Capital and Related Financing Activities</b>							
Acquisition of Capital Assets	(6,277,041)	--	--	--	(857,526)	--	(7,134,567)
Repayments of Revenue and GO Bonds	(728,572)	--	--	(873,345)	(115,486)	--	(1,717,403)
Repayments of Notes Payable	(1,925,000)	--	--	--	--	--	(1,925,000)
Interest Paid on Long-Term Debt	(65,127)	--	800	(292,035)	(22,970)	--	(379,332)
Net Cash Provided by (Used In) Capital and Related Financing Activities	<u>(8,995,740)</u>	<u>--</u>	<u>800</u>	<u>(1,165,380)</u>	<u>(993,625)</u>	<u>--</u>	<u>(11,153,945)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	--	--	(1,034,414)	(742,968)	2,781,796	(1,594)	1,002,820
Cash and Cash Equivalents at July 1, 2015	--	--	4,750,992	5,901,176	8,228,681	1,594	18,882,443
Cash and Cash Equivalents at June 30, 2016	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 3,716,578</u>	<u>\$ 5,158,208</u>	<u>\$ 11,010,477</u>	<u>\$ --</u>	<u>\$ 19,885,263</u>
<b>Reconciliation of Operating Income (Loss)</b>							
To Net Cash Provided By (Used In) Operating Activities							
Operating Income (Loss)	<u>\$ 367,093</u>	<u>\$ (550,256)</u>	<u>\$ (5,041,014)</u>	<u>\$ 1,101,806</u>	<u>\$ 1,198,504</u>	<u>\$ 143,276</u>	<u>\$ (2,780,591)</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:							
Depreciation	4,693,142	21,182	--	225,000	2,011,408	114,181	7,064,913
Pension Expense	(247,262)	(12,580)	--	--	(197,989)	(36,829)	(494,660)
Miscellaneous Income/(Expense)	--	--	--	--	(436,863)	17,531	(419,332)
(Increase) Decrease in Assets and Increase (Decrease) in Liabilities:							
Accounts Receivable	88,385	14,960	979,766	(199,999)	274,199	--	1,157,311
Due From General Fund	(6,484,034)	(66,033)	--	(704,395)	--	--	(7,254,462)
Due From Component Unit	--	(5,281)	--	--	--	--	(5,281)
Inventories of Material and Supplies	--	--	--	--	--	(239,030)	(239,030)
Prepaid Expenses	--	--	--	--	(3,384)	(19,718)	(23,102)
Accounts Payable	152,359	1,515	2,903,035	--	246,129	(54,129)	3,248,909
Accrued Liabilities	89,745	12,888	122,999	--	35,979	11,300	272,911
Compensated Absences	28,701	55,484	--	--	5,626	1,406	91,217
Total Adjustments	<u>(1,678,964)</u>	<u>22,135</u>	<u>4,005,800</u>	<u>(679,394)</u>	<u>1,935,104</u>	<u>(205,287)</u>	<u>3,399,394</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ (1,311,871)</u>	<u>\$ (528,121)</u>	<u>\$ (1,035,214)</u>	<u>\$ 422,412</u>	<u>\$ 3,133,608</u>	<u>\$ (62,011)</u>	<u>\$ 618,803</u>



## ***Fiduciary Funds***

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

*The Fiduciary Funds are:*

### **Trust Funds**

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

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

#### ***Other Employee Benefits***

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

### **Agency Funds**

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



CITY OF RICHMOND, VIRGINIA  
 COMBINING STATEMENT OF FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 June 30, 2016

EXHIBIT L-1

	Richmond Retirement System	Other Employee Benefits	Total
Assets:			
Cash and Short-term Investments	\$ 8,455,536	\$ --	\$ 8,455,536
Receivables:			
Due from Brokers on Sale of Securities	2,269,745	--	2,269,745
Interest and Dividends	2,490,929	--	2,490,929
Contributions from Participating Employees	279,786	--	279,786
Other Accounts Receivable	207,110	2,886,609	3,093,719
Investments, at Fair Value:			
Common Stock	134,912,494	--	134,912,494
International Stocks	84,950,534	--	84,950,534
International Bonds	33,334,805	--	33,334,805
Real Estate Investment Trusts	36,360,485	--	36,360,485
Emerging Market Debt	94,768,118	--	94,768,118
Hedge Funds	65,205,502	--	65,205,502
Private Debt	27,912,140	88,762,318	116,674,458
Private Equity	15,919,139	--	15,919,139
Opportuniistic Fixed Income	27,745,095	--	27,745,095
Total Investments, at Fair Value	521,108,312	88,762,318	609,870,630
Cash Collateral Received - Security Lending Program	24,958,666	--	24,958,666
Assets	559,770,084	91,648,927	651,419,011
Fixed Assets:			
Furniture Fixtures and Equipment	228,986	--	228,986
Leasehold Improvement	311,748	--	311,748
Total Fixed Assets	540,734	--	540,734
Total Assets	560,310,818	91,648,927	651,959,745
Liabilities:			
Accounts Payable	20,065,794	--	20,065,794
Payable for Collateral Received - Security Lending Program	24,991,229	--	24,991,229
Total Liabilities	45,057,023	--	45,057,023
Net Position Held in Trust for Pension Benefits and Other Purposes	\$ 515,253,795	\$ 91,648,927	\$ 606,902,722



CITY OF RICHMOND, VIRGINIA  
 COMBINING STATEMENT OF CHANGES IN NET POSITION  
 FIDUCIARY FUNDS  
 For the Fiscal Year Ended June 30, 2016

EXHIBIT L-2

	Richmond Retirement System	Other Employee Benefits	Total
<b>Additions:</b>			
<b>Contributions:</b>			
City of Richmond	\$ 43,552,035	\$ --	\$ 43,552,035
Richmond Behavioral Health Authority	1,268,797	--	1,268,797
Richmond Public Schools	105,211	--	105,211
Plan Members	1,976,022	7,229,008	9,205,030
Total Contributions	46,902,065	7,229,008	54,131,073
<b>Investment Income:</b>			
Net Appreciation (Depreciation) in Fair Value of Investments	(2,848,476)	8,686	(2,839,790)
Interest	602,466	--	602,466
Dividends	2,666,989	(6,796)	2,660,193
<b>Net Income Earned On Securities Lending Transactions:</b>			
Securities Lending Income	160,478	--	160,478
Securities Lending Expense	(113,100)	--	(113,100)
Total Net Income Earned on Securities Lending Transactions	47,378	--	47,378
Investment Income	468,357	1,890	470,247
Less Investment Expense	1,966,927	--	1,966,927
Net Investment Loss	(1,498,570)	1,890	(1,496,680)
Total Additions, Net	45,403,495	7,230,898	52,634,393
<b>Deductions:</b>			
Benefits	(68,846,376)	(7,623,603)	(76,469,979)
Refunds of Member Contributions	(202,910)	--	(202,910)
Administrative Expenses	(1,101,199)	(56,076)	(1,157,275)
Depreciation Expense	(60,082)	--	(60,082)
Total Deductions	(70,210,567)	(7,679,679)	(77,890,246)
Net (Decrease) Increase	(24,807,072)	(448,781)	(25,255,853)
Net Position Held In Trust For Pension Benefits and Other Purposes - Beginning of Year	540,060,867	92,097,708	632,158,575
Net Position Held In Trust For Pension Benefits and Other Purposes - End of Year	\$ 515,253,795	\$ 91,648,927	\$ 606,902,722



CITY OF RICHMOND, VIRGINIA  
 AGENCY FUNDS  
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 For the Fiscal Year Ended June 30, 2016

EXHIBIT L-3

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
<b>Assets</b>				
Cash and Cash Equivalents	\$ 2,469,097	\$ 3,101,645	\$ 2,615,517	\$ 2,955,225
Accounts Receivable	27,375	1,043	27,375	1,043
Due From Other Funds	1,079,830	7,786	7,751	1,079,865
Total Assets	\$ 3,576,302	\$ 3,110,474	\$ 2,650,643	\$ 4,036,133
<b>Liabilities</b>				
Refundable Deposits	\$ 909,723	\$ 345,246	\$ 416,738	\$ 838,231
Due to Other Funds	1,553,500	2,191	2,191	1,553,500
Due to Various Agents	1,113,079	3,442,327	2,911,004	1,644,402
Total Liabilities	\$ 3,576,302	\$ 3,789,764	\$ 3,329,933	\$ 4,036,133



## **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, 2016**

**DATE OF INCORPORATION**

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

**AREA OF CITY**

The area of the City consists of 62.46 square miles.

**POPULATION**

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

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

**FORM OF GOVERNMENT**

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

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

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

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





## ASSESSMENTS

The City Assessor of Real Estate assesses real estate annually at “fair market value”. The assessment to sales ratio is estimated to be 95.0%. The 2016 real estate assessments for the semi-annual real estate billing were based on an effective valuation date of January 1, 2016. The due dates for the semi billing were January 14 and June 14 in the 2016 tax year. The 2017 Land Book will be updated with fair market values as of July 1, 2016; new construction and renovations will be added to the land book through December 31, 2015.

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 - 2016
- \$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 - 2016

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

- \$2.30 per \$100 of Assessed Value: 1992 - 2016

### 2016 Other taxes and fees imposed include:

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

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

### Utility Consumers’ Tax:

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



- Gas – \$1.78 plus .010091 per 100 CCF delivered per month and the amount of tax shall not exceed \$4.00 per month.
- Monthly Commercial and Industrial Billing:
  - Commercial Metered Electricity- \$2.75 plus .016462 per kilowatt-hour (kWh) first 8,945, and .002160 per kWh in excess of 8,945 kWh.
  - Industrial Metered Electricity- \$2.75 plus .0119521 per kilowatt-hour (kWh) first 1,232, .001837 per kWh in excess of 1,232 kWh.
  - Commercial Gas - \$2.88 plus \$.01739027 per CCF delivered (small volume).
  - Commercial Gas - \$ 24.00 plus \$.07163081 per CCF delivered (large volume).
  - Industrial Metered Gas- \$ 120.00 plus \$.0011835 per CCF delivered.
  - Commercial Telephone – 5% Communication Tax.\*
- Electric Utility Consumption Tax:
  - Less than 2,500 kWh per month .00038 per kWh.
  - Excess of 2,501 kWh per month but not in excess of 50,000 kWh per month .00024 per kWh.
  - All excess of 50,000 kWh per month .00018 per kWh.

Business, Professional, and Occupational Licenses:

For Business with Gross Receipts Exceeding Threshold:

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

Motor Vehicle License:

- Private passenger vehicles - \$23 on 4,000 lbs. or less; \$28 on 4,001 lbs. or more
- Trucks - Rates graduated in accordance with gross weight; minimum rate \$17; maximum rate \$250

Admission Tax:

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

Bank Franchise Tax:

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



Sales and Use Tax:

- 4.3% State and 1% Local: 2004-2016

Prepared Meals Tax:

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

Lodging Tax:

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

Cable TV Tax:

- 5% Communications Tax\*

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

### TAXES DUE

Real estate properties are assessed by the City of Richmond Assessor's office and assessments are mailed to tax payers by mid-June of each year. As of tax year 2011 real estate taxes are billed on a semi-annual basis with the payments due on January 14 and June 14 of each tax year. Penalty and interest will be assessed after each of the payment due dates if the taxes due on the respective due dates are paid thereafter.

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

### DELINQUENT TAXES

As of January 1, 2016, 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 5% and a \$30 administrative fee is added to all delinquent taxes. Interest at a rate equal to the interest rate established and announced for the underpayment of State income taxes by the Virginia Department of Taxation for the first calendar quarter of each tax year is added to the delinquent tax. Business personal property taxes incur an additional 10% late payment penalty if not paid within 60 days of the due date.

### OVERLAPPING AREAS AND DEBT

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

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



## CITY INDEBTEDNESS

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

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

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

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

## DEBT MANAGEMENT POLICIES

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

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

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



## FUND BALANCE POLICY

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

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

- The Mayor will prepare and administer General Fund budgets that will provide operating surpluses of one-half of one percent (1/2%) of expenditures until the unassigned General Fund balance reaches at least 10% of the total budgeted expenditures. Total budgeted expenditures will include General Fund Budgeted Expenditures plus RPS Budgeted Expenditures, less the budgeted transfer to RPS from the General Fund to prevent double counting in the calculation. As of June 30, 2016, the Unassigned General Fund Balance was \$98.0 million, which is 14.1% of annual expenditures and transfers out totaling \$694.3 million.
- The City Council, in adoption of the annual operating General Fund budget, will provide that General Fund budget operating surpluses be no less than those recommended by the City Mayor in the submission of the General Fund budget.
- The City will not make appropriation from the Unassigned General Fund balance except when faced with an unusual, unanticipated and seemingly insurmountable hardship, and only after all other reserve or contingency funds have been exhausted.
- To the extent that the Unassigned General Fund balance is ever drawn upon, the City shall budget the replenishment of the amount drawn over the next three subsequent fiscal years.



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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ 276,834,506	\$ 304,606,896	\$ 311,326,711	\$ 280,800,936	\$ 198,531,273	\$ 269,060,408	\$ 226,429,295	\$ 306,400,000	\$ 314,046,028	\$ 335,442,017
Restricted	14,911,689	14,992,862	15,356,206	5,772,722	12,590,642	16,458,462	31,900,000	21,269,101	4,292,533	19,843,817
Unrestricted	26,438,982	45,954,323	21,676,936	67,421,848	71,414,987	103,428,935	46,700,000	(219,000,000)	(272,324,391)	(270,779,486)
Total Governmental Activities' Net Position	\$ 318,185,177	\$ 365,554,081	\$ 348,359,853	\$ 353,995,506	\$ 282,536,902	\$ 388,947,805	\$ 305,029,295	\$ 108,669,101	\$ 46,014,170	\$ 84,506,348
<b>Business-type Activities</b>										
Net Investment in Capital Assets	\$ 302,815,193	\$ 316,259,057	\$ 351,767,886	\$ 369,683,330	\$ 381,909,942	\$ 419,526,304	\$ 488,600,000	\$ 497,111,667	\$ 495,162,064	\$ 487,293,137
Unrestricted	79,842,538	78,044,664	55,610,764	58,319,963	64,745,678	51,318,531	125,800,000	98,609,642	143,122,363	182,038,024
Total Business-type Activities' Net Position	\$ 382,657,731	\$ 394,303,721	\$ 407,378,650	\$ 428,003,293	\$ 446,655,620	\$ 470,844,835	\$ 614,400,000	\$ 595,721,309	\$ 638,284,427	\$ 669,331,161
<b>Primary Government</b>										
Net Investment in Capital Assets	\$ 579,649,699	\$ 620,865,953	\$ 663,094,597	\$ 650,484,266	\$ 580,441,215	\$ 688,586,712	\$ 715,029,295	\$ 803,511,667	\$ 809,208,092	\$ 822,735,154
Restricted	14,911,689	14,992,862	15,356,206	5,772,722	12,590,642	16,458,462	31,900,000	21,269,101	4,292,533	19,843,817
Unrestricted	106,281,520	123,998,987	77,287,700	125,741,811	136,160,665	154,747,466	172,500,000	(120,390,358)	(129,202,028)	(88,741,462)
Total Primary Government Activities' Net Position	\$ 700,842,908	\$ 759,857,802	\$ 755,738,503	\$ 781,998,799	\$ 729,192,522	\$ 859,792,640	\$ 919,429,295	\$ 704,390,410	\$ 684,298,597	\$ 753,837,509



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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Expenses</b>										
Governmental Activities:										
General Government	\$ 108,443,704	\$ 82,078,049	\$ 132,001,804	\$ 137,836,800	\$ 135,582,802	\$ 126,274,797	\$ 145,700,000	\$ 105,469,866	\$ 150,935,993	\$ 134,946,876
Public Safety and Judiciary	175,163,038	170,498,404	185,536,625	175,820,069	178,142,702	182,724,471	187,800,000	177,484,337	233,336,534	190,970,196
Highways, Streets, Sanitation and Refuse	72,673,872	90,808,054	59,964,571	61,502,223	104,103,996	86,067,163	88,900,000	83,158,894	94,672,443	87,187,508
Human Services	95,346,598	110,423,497	105,618,194	93,697,780	95,333,003	84,629,401	79,000,000	75,400,022	96,529,866	81,057,222
Culture and Recreation	24,350,136	41,009,121	25,635,473	26,009,978	28,502,174	24,348,709	25,000,001	25,139,948	33,004,436	24,601,851
Education	165,971,219	158,858,678	164,359,364	163,586,697	173,214,073	155,173,806	158,800,000	152,309,002	166,128,726	175,157,363
Transportation	9,405,588	10,460,000	11,950,000	11,600,000	11,600,000	12,143,357	11,600,000	12,161,841	13,244,050	13,045,156
Interest and Fiscal Changes	42,083,543	25,030,424	23,925,766	20,204,271	21,418,947	18,648,049	19,800,000	26,100,820	22,885,035	26,591,694
Total Governmental Activities Expenses	693,437,698	689,166,227	708,991,797	690,257,818	747,897,697	690,009,753	716,600,001	666,747,000	810,737,083	733,557,866
Business-type Activities:										
Gas	216,255,114	216,059,214	221,285,311	163,063,730	154,527,763	120,738,025	133,137,550	167,603,757	144,436,371	119,137,386
Water	44,232,832	46,158,648	49,074,068	49,934,491	52,819,429	53,201,110	49,803,247	57,086,227	53,276,025	51,634,764
Wastewater	51,596,901	48,364,007	53,000,556	50,679,153	54,073,862	54,615,656	58,438,940	66,927,803	67,382,447	64,768,064
Stormwater	--	--	--	7,613,092	7,541,005	7,487,569	4,744,194	487,293,137	7,610,350	7,208,967
Coliseum	5,968,440	5,846,334	5,718,103	5,171,178	4,682,080	4,066,315	3,218,416	2,750,878	2,571,848	2,260,443
Landmark Theatre	1,788,114	1,829,565	567,990	--	--	--	--	182,038,024	--	--
Cemeteries	1,399,208	1,641,821	1,472,725	1,399,493	1,419,756	1,410,964	1,343,807	1,597,086	1,913,533	1,588,932
Parking	--	--	--	--	--	--	--	--	12,178,193	11,329,861
Total Business-type Activities Expenses	321,240,609	319,899,589	331,118,753	277,861,137	275,063,895	241,519,639	250,686,154	965,296,912	289,368,767	257,928,417
Total Primary Government Expenses	\$ 1,014,678,307	\$ 1,009,065,816	\$ 1,040,110,550	\$ 968,118,955	\$ 1,022,961,592	\$ 931,529,392	\$ 967,286,155	\$ 1,957,963,659	\$ 1,100,105,850	\$ 991,486,283
<b>Program Revenues</b>										
Governmental Activities:										
Charges for Services:										
General Government	\$ 48,008,623	\$ 43,593,817	\$ 51,086,930	\$ 52,084,531	\$ 58,638,216	\$ 126,215,625	\$ 65,019,167	\$ 56,368,769	\$ 49,393,546	\$ 55,269,092
Culture and Recreation	109,692	719,586	686,911	727,597	406,036	377,643	428,613	216,679	248,813	1,024,289
Other Activities	27,368,011	30,450,928	29,948,260	30,759,315	26,567,540	26,053,492	27,544,471	25,115,281	22,248,389	24,626,836
Operating Grants and Contributions	159,269,020	169,105,387	155,689,284	151,878,522	154,172,480	149,546,405	141,500,000	144,367,918	136,101,577	137,190,859
Capital Grants and Contributions	18,929,229	12,566,194	5,228,211	5,545,460	7,312,467	8,364,411	26,780,248	35,250,158	44,185,991	41,047,136
Total Governmental Activities Program Revenues	\$ 253,684,575	\$ 256,435,912	\$ 242,639,596	\$ 240,995,415	\$ 247,096,739	\$ 310,557,576	\$ 261,272,499	\$ 261,318,805	\$ 252,178,316	\$ 259,158,212
Business-type Activities:										
Charges for Services:										
Gas	\$ 225,162,779	\$ 225,892,538	\$ 231,136,014	\$ 172,587,241	\$ 164,890,242	\$ 130,742,982	\$ 164,282,997	\$ 176,794,050	\$ 162,902,984	\$ 128,478,137
Water	49,995,955	51,616,053	54,406,899	57,386,552	59,596,957	61,814,881	67,827,452	67,512,427	63,912,519	65,836,889
Wastewater	55,541,836	56,795,731	58,800,531	60,220,635	61,356,769	65,709,241	68,533,168	73,393,727	82,343,230	79,101,386
Stormwater	--	--	--	9,537,834	9,778,441	9,505,006	9,845,346	11,330,268	11,137,971	10,997,422
Coliseum	2,149,644	2,202,374	1,829,195	1,463,233	1,255,551	1,423,979	1,686,346	1,384,868	1,585,548	1,379,423
Landmark Theatre	255,549	463,078	520	--	--	--	--	--	--	--
Cemeteries	1,395,957	1,423,292	1,368,588	1,320,251	1,222,954	1,198,476	1,329,673	1,477,507	1,592,307	1,589,770
Parking	4,779,151	7,967,099	10,819,719	14,624,603	15,013,658	15,143,172	19,608,232	20,001,217	20,401,711	17,401,151
Operating Grants and Contributions	339,280,871	346,360,165	358,364,466	317,140,349	313,114,572	285,537,737	317,113,214	351,894,064	358,680,106	320,027,319
Total Business-type Activities Program Revenues	\$ 592,965,446	\$ 602,796,078	\$ 601,004,062	\$ 558,135,763	\$ 560,211,311	\$ 596,095,313	\$ 578,385,713	\$ 613,212,869	\$ 610,858,422	\$ 579,185,531
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (439,753,123)	\$ (432,730,315)	\$ (466,352,201)	\$ (449,262,403)	\$ (500,800,958)	\$ (379,452,177)	\$ (455,327,502)	\$ (731,347,942)	\$ (558,558,767)	\$ (474,399,654)
Business-type Activities	18,040,261	26,460,577	27,245,713	39,279,211	38,050,675	44,018,098	66,427,060	(613,402,848)	69,311,339	62,098,902
Total Primary Government Net Expense	\$ (421,712,862)	\$ (406,269,738)	\$ (439,106,488)	\$ (409,983,192)	\$ (462,750,283)	\$ (335,434,079)	\$ (388,900,442)	\$ (1,344,750,790)	\$ (489,247,428)	\$ (412,300,752)



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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Taxes:										
Real Estate	\$ 211,480,260	\$ 225,336,583	\$ 231,467,579	\$ 219,121,286	\$ 217,159,681	\$ 214,209,839	\$ 215,611,658	\$ 210,389,704	\$ 221,704,082	\$ 224,785,116
Sales-1% Local	31,019,396	31,274,790	30,935,300	26,093,786	26,315,613	30,595,853	30,549,022	30,944,459	32,567,648	33,773,371
Sales Tax For Education	27,558,938	26,959,337	25,312,005	24,943,835	25,914,852	26,406,848	23,673,198	23,612,726	25,102,851	24,997,524
Personal Property	42,095,364	55,220,158	45,878,338	50,186,338	38,461,849	44,579,120	48,005,747	46,100,586	49,740,946	48,222,257
Machinery and Tools	13,149,199	13,486,040	13,762,378	17,119,371	16,914,447	15,421,045	14,792,937	13,746,350	12,752,759	14,454,966
General Utility Sales	31,586,945	37,118,110	35,253,745	34,483,451	17,098,077	16,378,212	17,066,009	16,680,313	17,646,514	17,659,169
State Communication Taxes					17,439,622	17,085,208	17,130,526	16,839,049	16,691,917	16,527,290
Bank Stock	3,085,172	3,317,298	4,494,835	8,247,534	13,933,727	12,480,183	9,221,721	9,328,141	8,816,474	9,936,805
Prepared Food	23,154,114	24,076,647	24,489,056	23,756,424	26,429,441	25,051,579	29,986,231	30,065,438	32,290,063	33,206,090
Lodging Tax	5,272,618	5,984,286	5,366,015	4,789,681	4,789,957	5,200,817	6,392,330	6,326,387	5,433,289	7,504,354
Admissions	1,073,673	2,447,670	1,604,376	2,181,971	2,335,970	2,399,527	2,448,962	2,923,183	2,866,718	3,036,088
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
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
Delinquent Tax Payments-All Classes	11,812,062	19,581,751								
Private Utility Poles and Conduits	95,067	95,186	96,164	156,478	158,268	154,881	158,568	169,729	160,950	68,699
Penalties and Interest	5,319,892	3,657,150	4,570,206	5,423,493	4,948,641	3,660,357	4,471,897	3,642,822	4,384,082	7,892,982
Tiling Tax-Mobile Home	5,800	9,014	10,635	10,858	4,704	8,051	5,817	6,132	9,083	8,266
Slate Recordation	843,137	954,315	710,115	759,637	681,049	656,449	731,956	872,407	661,291	1,156,543
Property Rental 1%	136,469	126,334	126,534	101,748	109,871	131,021	139,796	133,774	82,388	79,202
Vehicle Rental Tax	1,004,229	889,592	626,040	424,599	579,654	1,149,088	371,425	855,582	937,779	1,067,535
Rolling Stock Tax	416,003									
Telephone Commissions		477,935	449,292	450,000	390,739	338,499	337,349	522,578	538,474	628,014
Intergovernmental Revenue Not Restricted to Specific Programs		171,162	166,361	156,211						
Investment Earnings	2,425,883	2,102,922	89,955	105,672	165,111	125,526	80,854	36,020	38,344	53,281
Miscellaneous	30,585,867	2,224,002	2,319,473	225,661	1,143,368	1,963,714	2,823,922	1,607,458	15,739,412	19,083,117
Transfers	20,884,181	24,282,511	21,560,041	22,340,631	21,459,319	23,147,547	23,612,453	27,371,571	28,080,617	32,669,758
Special Item <sup>1</sup>	3,701									
Extraordinary Item	(402,390)	306,076	(130,470)	15,352		(1,320,829)	485,000		1,500,000	
Total Governmental Activities	412,295,135	462,605,580	480,099,219	449,157,973	455,829,421	451,297,670	450,788,961	455,690,181	495,768,705	512,891,832
Business-type Activities:										
Investment Earnings	\$ 5,626,435	\$ 4,594,016	\$ 5,601,170	\$ 1,060,118	\$ 897,530	\$ 1,738,623	\$ 685,839	\$ 811,070	\$ 675,983	\$ 695,117
Miscellaneous	4,603,438	4,873,908	1,788,086	1,694,580	1,163,441	1,580,041	1,271,707	(4,802,222)	643,748	922,473
Transfers	(20,884,181)	(24,282,511)	(21,560,041)	(22,340,631)	(21,459,319)	(23,147,547)	(23,612,453)	(27,371,571)	(28,080,617)	(32,669,758)
Total Business-type Activities	(12,648,206)	(10,654,308)	(14,814,587)	(14,170,785)	(19,885,933)	(19,398,348)	(19,828,883)	(31,368,729)	(26,760,886)	(31,052,168)
Total Primary Government	\$ 399,646,929	\$ 451,951,272	\$ 465,284,632	\$ 434,987,188	\$ 436,243,488	\$ 431,899,322	\$ 430,940,078	\$ 424,321,452	\$ 469,007,819	\$ 481,839,664
<b>Change in Net Position</b>										
Governmental Activities	\$ 47,368,904	\$ (17,194,228)	\$ 6,567,018	\$ (49,503,288)	\$ 71,336,784	\$ 71,845,493	\$ (4,538,541)	\$ (275,657,761)	\$ (62,790,062)	\$ 38,492,178
Business-type Activities	7,385,953	11,645,990	13,074,928	19,693,278	18,652,327	24,189,215	46,598,177	(644,771,577)	42,550,453	31,046,734
Total Primary Government	(8,890,236)	30,238,410	59,014,894	(4,119,300)	26,260,296	(30,850,961)	95,525,999	(920,429,338)	(20,239,609)	69,538,912

<sup>1</sup>Special Item:  
Fiscal Year 2007 - Disaster Recovery  
Fiscal Year 2013 - Gain on Sale of Land  
Fiscal Year 2015 - Bargain Purchase of Property-Diamond

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





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

	Fiscal Year									
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>City Taxes</b>										
Real Estate	\$ 211,480,260	\$ 225,336,583	\$ 231,467,579	\$ 219,121,286	\$ 217,159,681	\$ 214,209,839	\$ 215,611,658	\$ 210,389,704	\$ 221,704,082	\$ 224,785,116
Sales-1% Local	31,019,396	31,274,790	30,935,300	26,093,786	26,315,613	30,595,853	30,549,022	30,944,459	(270,779,486)	33,773,371
Sales Tax for Education	27,558,938	26,959,337	25,312,005	24,943,835	25,914,852	26,406,848	23,673,198	23,612,726	25,102,851	24,997,524
Personal Property	42,095,364	55,220,158	45,878,338	50,186,338	38,461,849	44,579,120	48,005,747	46,100,586	49,740,946	48,222,257
Machinery and Tools	13,149,199	13,486,040	13,762,378	17,119,371	16,914,447	15,421,045	14,792,937	13,746,350	12,752,759	14,454,966
General Utility Sales	31,586,945	37,118,110	35,253,745	34,483,451	17,098,077	16,378,212	17,066,009	16,680,313	17,646,514	17,659,169
State Communication Taxes	--	--	--	--	17,439,622	17,085,208	17,130,526	16,839,049	487,293,137	16,527,290
Bank Stock	3,085,172	3,317,298	4,494,835	8,247,534	13,933,727	12,480,183	9,221,721	9,328,141	8,816,474	9,936,805
Prepared Food	23,154,114	24,076,647	24,489,056	23,756,424	26,429,441	25,051,579	29,986,231	30,065,438	182,038,024	33,206,090
Transient Lodging	5,272,618	5,984,286	5,366,015	4,789,681	4,789,957	5,200,817	6,392,330	6,326,387	5,433,289	7,504,354
Admissions	1,073,673	2,447,670	1,604,376	2,181,971	2,335,970	2,399,527	2,448,962	2,923,183	2,866,718	3,036,088
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
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
Delinquent Tax Payments-All Classes	11,812,062	19,581,751	--	--	--	--	--	--	--	--
Private Utility Poles and Conduits	95,067	95,186	96,164	156,478	158,268	154,881	158,568	169,729	160,950	68,699
Penalties and Interest	5,319,892	3,657,510	4,570,206	5,423,493	4,948,641	3,660,357	4,471,897	3,642,822	4,384,082	7,892,982
Titling Tax-Mobile Home	5,800	9,014	10,635	10,858	4,704	8,051	5,817	6,132	9,083	8,266
State Recordation	843,137	954,315	710,115	759,637	681,049	656,449	731,956	872,407	661,291	1,156,543
Property Rental 1%	136,469	126,334	126,534	101,748	109,871	131,021	139,796	133,774	82,388	79,202
Vehicle Rental Tax	1,004,229	889,582	626,040	424,599	579,654	1,149,088	371,425	855,582	937,779	1,067,535
Rolling Stock Tax	416,003	--	--	--	--	--	--	--	--	--
Telephone Commissions	--	477,935	449,292	450,000	390,739	338,499	337,349	522,578	538,474	628,014
<b>Total Primary Government</b>	<b>\$ 409,108,338</b>	<b>\$ 451,012,546</b>	<b>\$ 425,152,613</b>	<b>\$ 432,985,894</b>	<b>\$ 428,529,872</b>	<b>\$ 426,873,003</b>	<b>\$ 438,572,810</b>	<b>\$ 426,669,124</b>	<b>\$ 1,102,854,398</b>	<b>\$ 461,085,676</b>

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

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



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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund:										
Nonspendable	\$ --	\$ --	\$ --	\$ --	\$ 1,029,600	\$ 1,029,600	\$ 1,029,600	\$ --	\$ 382,200	\$ 383,338
Restricted	--	--	--	--	1,391,917	--	--	--	--	--
Committed	--	--	--	--	14,672,765	53,073,041	39,427,954	10,793,000	13,000,000	10,000,000
Assigned	--	--	--	--	15,460,647	35,002,000	11,573,916	35,163,526	7,788,553	5,850,728
Unassigned	--	--	--	--	64,062,309	72,908,854	75,000,000	80,393,997	84,995,561	98,210,321
Reserved	15,894,601	16,908,547	2,094,186	16,598,886	--	--	--	--	--	--
Unreserved	47,507,086	47,638,753	48,644,484	59,423,096	--	--	--	--	--	--
<b>Total General Fund</b>	<b>\$ 63,401,687</b>	<b>\$ 64,547,300</b>	<b>\$ 50,738,670</b>	<b>\$ 76,021,982</b>	<b>\$ 96,617,238</b>	<b>\$ 162,013,495</b>	<b>\$ 127,031,470</b>	<b>\$ 126,350,523</b>	<b>\$ 106,166,314</b>	<b>\$ 114,444,387</b>

All Other Governmental Funds:

Nonspendable	\$ --	\$ --	\$ --	\$ --	\$ 212,141	\$ 193,729	\$ 74,327	\$ 74,372	\$ 38,930	\$ --
Restricted	--	--	--	--	16,262,282	16,264,733	15,294,132	19,024,423	4,253,603	19,857,793
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)
Reserved	48,645,510	25,399,353	17,029,761	6,822,405	--	--	--	--	--	--
Unreserved, reported in:										
Special Revenue Funds	7,502,105	7,478,784	8,385,421	10,861,875	--	--	--	--	--	--
Capital Project Funds	--	--	(67,443,896)	--	--	--	--	--	--	--
Debt Service Fund	--	--	--	--	--	--	--	--	--	--
<b>Total All Other Governmental Funds</b>	<b>\$ 56,147,615</b>	<b>\$ 32,878,137</b>	<b>\$ (42,028,714)</b>	<b>\$ 17,684,280</b>	<b>\$ (10,804,166)</b>	<b>\$ 22,568,675</b>	<b>\$ (146,652,386)</b>	<b>\$ (26,408,091)</b>	<b>\$ (82,471,323)</b>	<b>\$ (59,523,815)</b>

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

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

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



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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Revenues:</b>										
Taxes	\$ 409,441,193	\$ 435,695,263	\$ 427,338,579	\$ 425,707,122	\$ 433,782,081	\$ 431,705,312	\$ 433,518,092	\$ 430,868,542	\$ 450,712,602	\$ 473,333,440
Licenses, Permits and Privilege Fees	37,543,533	35,514,381	36,190,387	35,374,043	34,326,099	39,403,213	42,404,133	38,093,334	39,403,545	39,552,169
Intergovernmental	164,137,422	163,694,270	156,307,233	151,219,441	152,816,149	152,837,949	133,166,823	150,232,431	144,718,110	215,446,474
Service Charges	21,119,157	21,761,128	21,451,494	24,407,838	25,559,661	26,390,218	28,093,614	23,205,623	23,437,359	24,702,348
Fines and Forfeitures	11,023,780	10,706,248	9,246,562	9,760,055	9,583,749	9,744,457	10,200,629	10,221,786	335,442,017	7,543,881
Payment in Lieu of Taxes	18,635,494	19,357,177	19,234,942	19,780,983	--	--	--	--	(270,779,486)	--
Utility Payments	--	--	--	--	22,577,356	24,141,572	25,266,237	27,175,174	28,848,885	32,000,694
Investment Income	2,425,882	2,103,022	540,676	105,672	165,111	125,526	80,854	36,019	38,344	53,281
Miscellaneous	64,820,190	27,454,098	19,653,520	22,718,453	20,903,222	79,323,182	18,100,667	10,564,344	15,345,228	19,302,223
Total Revenues	729,146,651	716,285,587	689,963,393	689,073,607	699,713,428	763,671,429	690,331,049	690,397,253	767,166,604	811,934,510
<b>Expenditures:</b>										
General Government	76,901,063	77,967,920	90,936,507	92,896,369	86,018,066	90,060,892	99,140,475	77,804,633	91,170,260	88,378,032
Public Safety and Judiciary	175,232,251	167,022,262	177,057,319	169,704,353	168,930,921	177,042,195	179,438,014	178,712,513	190,291,231	191,072,187
Highways, Streets, Sanitation and Refuse	62,404,860	61,007,410	44,632,867	46,687,139	58,398,783	61,164,440	60,345,016	67,017,239	61,720,615	61,691,779
Human Services	96,880,070	105,983,727	101,156,059	89,445,759	89,251,029	80,913,299	74,156,376	76,378,833	81,890,683	81,456,560
Culture and Recreation	21,399,188	22,420,288	22,869,119	21,791,546	23,274,978	22,988,592	22,746,588	24,326,572	26,212,041	23,153,407
Education	159,927,313	158,858,678	159,155,815	151,332,379	150,585,819	150,651,924	153,205,535	154,267,395	162,170,840	170,833,592
Non-Departmental	41,164,869	51,273,499	50,990,595	46,454,002	43,629,933	46,835,962	72,870,264	44,145,152	52,352,720	54,638,951
Capital Outlay	26,247,426	37,969,088	81,224,196	55,093,465	125,099,224	96,796,091	179,946,671	153,252,930	106,538,511	115,975,232
Debt Service:										
Principal Retirement	48,020,086	33,368,115	28,077,064	31,748,820	29,839,337	36,683,823	36,604,656	37,129,045	31,040,730	64,113,008
Interest Payments	38,490,977	25,054,610	24,805,037	19,193,765	19,710,167	22,026,533	19,517,107	24,157,031	24,077,465	27,633,704
Issuance Costs	846,451	--	955,068	806,838	647,705	--	--	738,870	1,324,747	827,439
Total Expenditures	747,515,154	740,925,597	781,859,646	725,154,435	795,385,962	779,163,751	897,970,702	837,930,213	828,789,843	879,773,891
<b>Other Financing Sources (Uses):</b>										
Transfers In	60,691,246	82,480,356	70,306,914	67,559,251	66,240,273	66,995,617	67,750,346	73,001,130	69,642,441	109,294,954
Transfers Out	(57,501,875)	(79,507,387)	(67,126,142)	(64,147,702)	(63,243,383)	(63,886,685)	(65,335,266)	(69,123,692)	(66,809,741)	(104,614,669)
Proceeds from Refunding Bonds	--	--	--	--	--	--	--	193,218,870	--	21,865,202
Payment to Escrow Agent	--	--	--	--	--	--	--	(150,000,000)	--	--
Payments for Refunding Bonds	--	--	--	--	--	--	--	--	--	--
Proceeds from Issuance of Bonds	42,194,332	--	--	100,917,875	80,341,209	113,379,713	36,487	124,144,030	(141,723,901)	(21,721,208)
Premium on Issuance of Bonds	--	(762,900)	--	6,565,000	4,441,245	--	--	--	183,106,648	94,240,683
Total Other Financing Sources, Net	45,383,703	2,210,069	3,180,772	110,894,424	87,779,344	116,488,645	2,451,567	171,240,338	44,215,447	99,064,962
<b>Special Items:</b>										
Gain on Sale of Land	--	--	--	--	--	--	485,000	--	--	--
Total Special Items	--	--	--	--	--	--	485,000	--	--	--
<b>Extraordinary Item:</b>										
Disaster Costs	(402,390)	306,076	--	15,352	--	1,320,829	--	--	--	--
Total Extraordinary Item	(402,390)	306,076	--	15,352	--	1,320,829	--	--	--	--
Net Change in Fund Balances	\$ 26,612,810	\$ (22,123,865)	\$ (88,715,481)	\$ 74,828,948	\$ (7,893,190)	\$ 99,675,494	\$ (204,203,086)	\$ 23,707,378	\$ (17,407,792)	\$ 31,225,581
Debt Service as a Percentage of Noncapital Expenditures <sup>1</sup>	11.9%	8.1%	7.0%	7.5%	6.9%	7.3%	6.8%	8.2%	7.3%	11.8%

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

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

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



**CITY OF RICHMOND, VIRGINIA**  
**GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE**  
 Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Real Estate	\$ 211,744,174	\$ 220,312,237	\$ 227,921,229	\$ 218,027,758	\$ 221,948,834	\$ 216,991,101	\$ 213,234,953	\$ 216,006,348	\$ 223,491,278	\$ 234,445,036
Sales-1% Local	31,019,396	31,274,790	30,935,300	26,093,786	26,315,613	30,595,853	30,549,022	30,944,459	32,567,648	33,773,371
Sales Tax for Education	27,558,938	26,959,337	25,312,005	24,943,835	25,914,852	26,406,848	23,612,726	23,612,726	335,442,017	24,997,524
Personal Property	42,147,896	44,734,218	51,107,922	44,081,997	44,343,976	43,780,792	47,234,956	44,753,528	49,260,306	48,531,320
Machinery and Tools	13,165,608	13,679,043	14,265,110	17,038,468	16,857,051	15,519,223	15,001,324	13,607,934	(270,779,486)	14,060,308
Utility Sales Tax Gas	-	-	-	-	4,617,822	4,256,292	4,761,197	4,833,897	4,872,622	4,467,916
Utility Sales Tax Electric	-	-	-	-	12,480,255	12,121,920	12,303,832	11,463,513	12,479,100	12,707,360
Utility Sales Tax Tele	-	-	-	-	-	-	-	382,903	294,792	483,893
General Utility Sales	31,586,945	37,118,110	35,253,745	34,483,451	-	-	-	-	-	-
State Communication Taxes	-	-	-	-	17,439,622	17,085,208	17,130,526	16,839,049	487,293,137	16,527,290
Bank Stock	3,085,172	3,317,298	4,494,835	8,247,534	13,933,727	12,480,183	9,221,721	9,328,141	8,816,474	9,936,805
Prepared Food	23,154,114	24,076,647	24,489,056	23,756,424	21,726,664	26,991,476	28,320,613	30,444,280	182,038,024	35,455,141
Lodging Tax	5,272,618	5,984,286	5,366,015	4,789,681	4,623,900	5,685,427	6,018,453	5,974,584	5,456,014	8,079,083
Admission	1,073,673	2,447,670	1,604,376	2,181,971	1,843,129	2,726,217	2,372,848	2,964,390	2,357,256	2,885,747
Real Estate Taxes - Delinquent	-	-	-	-	10,746,487	7,006,446	8,953,219	7,895,327	9,155,708	9,703,138
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
Delinquent Tax Payments-All Classes	11,812,062	19,581,751	-	-	-	-	-	-	-	-
Private Utility Poles and Conduits	95,067	95,186	96,164	156,478	158,268	154,881	158,568	169,729	160,950	68,699
Penalties and Interest	5,319,892	3,657,510	4,570,206	5,423,493	4,948,641	3,660,357	4,471,897	3,642,822	4,384,082	7,892,982
Titling Tax-Mobile Home	5,800	9,014	10,635	10,858	4,704	8,051	5,817	6,132	9,083	8,266
State Recordation	843,137	954,315	710,115	759,637	681,049	656,449	731,956	872,407	661,291	1,156,543
Property Rental 1%	136,469	126,334	126,534	101,748	109,871	131,021	139,796	133,774	82,388	79,202
Vehicle Rental Tax	1,004,229	889,582	626,040	424,599	579,654	1,149,088	371,425	855,582	937,779	1,067,535
Telephone Commissions	416,003	477,935	449,292	450,000	390,739	338,499	337,349	522,578	538,474	628,014
<b>Total General Governmental Tax Revenues</b>	<b>\$ 409,441,193</b>	<b>\$ 435,695,263</b>	<b>\$ 427,338,579</b>	<b>\$ 425,707,122</b>	<b>\$ 433,782,081</b>	<b>\$ 431,705,312</b>	<b>\$ 433,517,112</b>	<b>\$ 430,868,542</b>	<b>\$ 1,098,386,253</b>	<b>\$ 473,333,440</b>

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

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



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

Calendar Year	Real Property		Personal Property	Machinery & Tools	Less: Tax Exempt Real Property	Total Taxable Assessed Value	Real Property	Tax Rate Per \$100 of Assessed Value		Machinery & Tools	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property						Personal Property	Real Property			
2007	\$ 12,273,304,550	\$ 11,495,448,724	\$ 1,418,934,404	\$ 647,387,014	\$ 4,726,230,820	\$ 21,108,843,872	\$ 1.23	\$ 3.70	\$ 2.30	\$ 21,108,843,872	100.00%	
2008	\$ 13,189,929,800	\$ 12,416,702,435	\$ 1,468,366,859	\$ 627,888,746	\$ 5,000,713,600	\$ 22,702,174,240	\$ 1.20	\$ 3.70	\$ 2.30	\$ 22,702,174,240	100.00%	
2009	\$ 14,501,085,200	\$ 12,117,784,643	\$ 1,387,622,846	\$ 625,752,634	\$ 5,519,840,800	\$ 23,112,404,523	\$ 1.20	\$ 3.70	\$ 2.30	\$ 23,112,404,523	100.00%	
2010	\$ 12,657,788,000	\$ 14,263,768,672	\$ 1,420,344,916	\$ 765,598,939	\$ 5,827,518,000	\$ 23,279,982,527	\$ 1.20	\$ 3.70	\$ 2.30	\$ 23,279,982,527	100.00%	
2011	\$ 12,019,466,000	\$ 13,786,267,222	\$ 1,484,823,134	\$ 762,284,948	\$ 5,918,281,100	\$ 22,134,560,204	\$ 1.20	\$ 3.70	\$ 2.30	\$ 22,134,560,204	100.00%	
2012	\$ 11,908,691,000	\$ 13,751,070,000	\$ 1,475,484,028	\$ 682,677,850	\$ 5,943,230,000	\$ 21,874,692,878	\$ 1.20	\$ 3.70	\$ 2.30	\$ 21,874,692,878	100.00%	
2013	\$ 11,527,422,000	\$ 13,981,508,000	\$ 1,458,546,482	\$ 636,293,988	\$ 6,024,864,000	\$ 21,578,906,470	\$ 1.20	\$ 3.70	\$ 2.30	\$ 21,578,906,470	100.00%	
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%	

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, 2016**

		2016			2007		
<u>Taxpayer</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Total Taxable Assessed Value</u>	<u>Taxpayer</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Total Taxable Assessed Value</u>
PHILIP MORRIS INC.	\$632,963,000	1	3.03%	PHILIP MORRIS INC	\$ 386,567,300	1	2.09%
HINES RIVERFRONT PLAZA LP	214,517,000	2	1.03%	COMMERZ GRUNDBESITZ	255,200,000	2	1.38%
JAMES CENTER PROPERTY LLC	171,325,000	3	0.82%	JAMES CENTER PROPERTY LLC	186,737,000	3	1.01%
DOMINION RESOURCES, INC	152,906,000	4	0.73%	SUNTRUST BANKS, INC	181,534,700	4	0.98%
FEDERAL RESERVE BANK	117,285,000	5	0.56%	CHIPPENHAM HOSPITAL INC.	114,976,300	5	0.62%
SIR PROPERTIES TRUST	112,610,000	6	0.54%	DOMINION RESOURCES, INC	107,631,400	6	0.58%
CHIPPENHAM HOSPITAL INC.	110,596,000	7	0.53%	FEDERAL RESERVE BANK	95,498,200	7	0.52%
TM STONY POINT PARK LP	70,328,000	8	0.34%	ORTON VAL T TRUSTEE	94,793,400	8	0.51%
PARMENTER 919 MAIN STREET LP	67,885,000	9	0.33%	RIVERSIDE OWNER LLC	80,830,000	9	0.44%
HRIPI MILLER & RHOADS	67,208,000	10	0.32%	STONY POINT FASHION PARK ASSOCIATION	78,388,000	10	0.42%
AREP RIVERSIDE I LLC	66,779,000	11	0.32%	ETHYL CORPORATION	70,473,200	11	0.38%
AMERICAN RETIREMENT CORP	65,161,000	12	0.31%	FIRST STATE INVESTORS 3500 LLC	66,410,000	12	0.36%
BIOTECH 8 LLC	63,087,000	13	0.30%	AAPOP 1 LP	47,219,000	13	0.26%
A T MAIN STREET RICHMOND LLC	58,068,000	14	0.28%	ROBINS A H CO. INC	45,916,700	14	0.25%
CANAL WALK LOFTS IV LP	57,307,000	15	0.27%	AMERICAN RETIREMENT CORP	44,975,000	15	0.24%
AH RICHMOND TOWER I LLC	56,494,000	16	0.27%	S J W LIMITED PARTNERSHIP	38,565,000	16	0.21%
ROBINS A H CO. INC	48,490,000	17	0.23%	ALLEGHENY WAREHOUSE CO, INC	38,054,400	17	0.21%
SOUTHWOOD APARTMENTS LLC	47,718,000	18	0.23%	EIGHTH & MAIN LP	37,892,000	18	0.21%
ECK ENTERPRISES INC	42,222,000	19	0.20%	HISTORIC HOTELS LLC	36,410,000	19	0.20%
JOHN MARSHAL BUILDING LLC	41,996,000	20	0.20%	OMNI CENTER CORPORATION	34,997,000	20	0.19%
APPLE SEVEN SPE RICHMOND INC	39,631,000	21	0.19%	PRVA II LP	34,979,000	21	0.19%
GAMBLES HILL LAB LLC	34,972,000	22	0.17%	LOWES HOME CENTERS	29,603,000	22	0.16%
HCA HEALTH SERVICES OF VA INC	34,438,000	23	0.16%	HRLP LLC	29,487,800	23	0.16%
GAMBLES HILL LLC	28,250,000	24	0.14%	DUPONT E I NEMOURS & CO	23,735,500	24	0.13%
COLD STORAGE III LP	11,714,000	25	0.06%	CRIT-VA INC	16,779,200	25	0.09%
<b>Total of Taxpayers</b>	<b>2,413,950,000</b>		<b>11.56%</b>	<b>Total of Taxpayers</b>	<b>2,177,653,100</b>		<b>11.80%</b>
<b>All Other Properties</b>	<b>18,467,690,000</b>		<b>88.44%</b>	<b>All Other Properties</b>	<b>16,274,614,450</b>		<b>88.20%</b>
<b>Totals</b>	<b>\$ 20,881,640,000</b>		<b>100.00%</b>	<b>Totals</b>	<b>\$ 18,452,267,550</b>		<b>100.00%</b>

Source: City's Real Estate Assessor



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

	2016	2007
<u>Employer</u>	<u>Approximate Number of Employees</u>	<u>Approximate Number of Employees</u>
	<u>Rank</u>	<u>Rank</u>
	<u>Percentage of Principal Employment</u>	<u>Percentage of Principal Employment</u>
Capital One Financial Corp.	11,262	26,463
VCU Health System	9,313	15,100
HCA Virginia Health System	7,628	10,826
Bon Secours Richmond Health System	7,136	10,124
Walmart	5,605	8,940
Dominion Resources Inc.	5,433	7,719
Food Lion LLC	3,963	7,389
SunTrust Banks Inc.	3,810	6,990
Altria Group Inc.	3,800	6,100
Amazon.com	3,800	5,862
Wells Fargo & Co.	2,902	5,349
Anthem Blue Cross and Blue Shield	2,655	5,114
The Kroger Co.	2,513	5,021
UPS	2,490	3,960
DuPont	2,376	3,674
Bank of America	1,921	3,563
Markel Corp.	1,886	3,200
Federal Reserve Bank of Richmond	1,882	3,100
Total of Principal Employers	80,375	138,494
Other Principal Employers <sup>1</sup>	27,989	44,803
Totals	108,364	183,297
	74.17%	75.56%
	25.83%	24.44%
	100.00%	100.00%

**Other Principal Employers** : 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	Tax Rate	Total Tax Levy <sup>3</sup>	Current Tax Collections <sup>1</sup>		Delinquent Tax Collections <sup>2</sup>	Total Tax Collections	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2007	1.23	\$224,815,976	\$218,210,831	97.1%	\$5,696,407	\$223,907,238	99.6%
2008	1.20	\$233,179,816	\$221,199,403	94.9%	\$15,227,545	\$236,426,948	101.4%
2009	1.20	\$236,538,376	\$223,155,601	94.3%	\$6,001,432	\$229,157,033	96.9%
2010	1.20	\$234,474,521	\$222,858,692	95.0%	\$9,711,902	\$232,570,594	99.2%
2011	1.20	\$234,035,458	\$222,720,502	95.2%	\$10,742,828	\$233,463,330	99.8%
2012	1.20	\$227,351,927	\$213,930,311	94.1%	\$8,196,450	\$222,126,761	97.7%
2013	1.20	\$224,663,796	\$207,677,432	92.4%	\$9,296,883	\$216,974,315	96.6%
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%

Source: City of Richmond - Department of Finance

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

Tax Year	Tax Rate	Total Tax Levy <sup>3</sup>	Current Tax Collections <sup>1</sup>		Delinquent Tax Collections <sup>2</sup>	Total Tax Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2007	3.70	\$52,721,272	\$44,112,841	83.7%	\$5,826,972	\$49,939,813	94.7%
2008	3.70	\$53,094,279	\$43,226,559	81.4%	\$2,687,649	\$45,914,208	86.5%
2009	3.70	\$53,145,714	\$45,087,886	84.8%	\$5,957,159	\$51,045,045	96.0%
2010	3.70	\$53,716,305	\$45,700,784	85.1%	\$4,740,164	\$50,440,948	93.9%
2011	3.70	\$53,820,752	\$45,050,368	83.7%	\$4,740,164	\$49,790,532	92.5%
2012	3.70	\$54,205,843	\$46,364,216	85.5%	\$4,779,895	\$51,144,111	94.4%
2013	3.70	\$56,335,465	\$45,804,689	81.3%	\$10,115,195	\$55,919,884	99.3%
2014	3.70	\$60,309,698	\$50,764,046	84.2%	\$13,386,275	\$64,150,321	106.4%
2015	3.70	\$62,330,180	\$52,363,405	84.0%	\$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%

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

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

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

Source: City of Richmond - Department of Finance





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

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	
2007	\$387,222,408	\$2,597,288	\$4,700,000	\$4,465,000	\$11,555,580	\$16,230,000	\$234,580,147	\$414,194,548	\$1,075,544,971	11.97%	\$5,374	
2008	\$354,881,308	\$2,372,353	\$8,500,000	\$3,910,000	\$10,981,807	\$15,510,000	\$222,734,874	\$406,325,632	\$1,025,215,974	10.95%	\$5,075	
2009	\$327,097,155	\$2,145,328	\$63,560,000	\$3,355,000	\$10,377,099	\$14,760,000	\$208,811,286	\$551,289,644	\$1,181,395,512	13.90%	\$5,778	
2010	\$400,951,978	\$1,916,098	\$33,220,000	\$2,800,000	\$9,739,788	\$13,980,000	\$191,239,793	\$553,815,743	\$1,207,663,400	13.77%	\$5,914	
2011	\$453,213,764	\$1,684,543	\$74,780,000	\$2,245,000	\$9,068,116	\$13,170,000	\$171,845,174	\$554,658,872	\$1,280,665,469	13.46%	\$6,231	
2012	\$524,298,582	\$1,450,834	\$14,034,000	\$1,690,000	\$8,360,231	\$12,325,000	\$159,595,376	\$556,645,429	\$1,278,399,452	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	\$652,885,411	\$494,107	\$6,875,000	\$10,125,000	\$5,125,893	-	\$154,174,876	\$694,547,789	\$1,524,228,077	N/A	N/A	

N/A: Information is not available from the U.S. Department of Commerce Bureau of Economic Analysis  
 Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.  
 Note: See Demographic and Economic Statistics chart for personal income and population data. These ratios are calculated using personal income and population for the most current year available.  
 Note: The Certificate of Participation was paid off during 2013.

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

Fiscal Year	Governmental Activities					Business-type Activities		Debt Per Capita
	General Obligation Bonds	Virginia Public School Authority Bonds	General Obligation Notes	HUD Section 108 Notes	Lease Revenue Bond	Certificates of Participation Series 2001A	Percentage of Estimated Actual Taxable Value of Property	
2007	\$621,802,555	\$2,597,288	\$4,700,000	\$4,465,000	\$11,555,580	\$16,230,000	2.02%	\$3,296
2008	\$577,616,182	\$2,372,353	\$8,500,000	\$3,910,000	\$10,981,807	\$15,510,000	3.00%	\$3,051
2009	\$535,908,441	\$2,145,328	\$63,560,000	\$3,355,000	\$10,377,099	\$14,760,000	2.99%	\$3,082
2010	\$592,191,771	\$1,916,098	\$33,220,000	\$2,800,000	\$9,739,788	\$13,980,000	3.10%	\$3,202
2011	\$625,058,938	\$1,684,543	\$74,780,000	\$2,245,000	\$9,068,116	\$13,170,000	3.65%	\$3,532
2012	\$683,893,958	\$1,450,834	\$14,034,000	\$1,690,000	\$8,360,231	\$12,325,000	3.66%	\$3,432
2013	\$637,526,478	\$1,215,155	\$101,155,970	\$11,255,000	\$7,614,180	-	3.89%	\$3,544
2014	\$731,342,748	\$977,282	\$107,460,000	\$10,695,000	\$6,827,905	-	4.38%	\$3,935
2015	\$776,709,024	\$736,976	\$35,035,000	\$10,125,000	\$5,999,238	-	4.14%	\$3,761
2016	\$807,060,288	\$494,107	\$6,875,000	\$10,125,000	\$5,125,893	-	3.97%	N/A

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



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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt Limit	\$ 1,904,252,245	\$ 2,060,991,864	\$ 2,109,902,904	\$ 2,109,403,867	\$ 1,988,745,212	\$ 1,971,653,100	\$ 1,948,406,600	\$ 1,958,825,900	\$ 2,003,129,500	\$ 2,088,184,000
Total net debt applicable to limit	<u>633,857,964</u>	<u>592,625,025</u>	<u>605,137,771</u>	<u>630,231,266</u>	<u>703,768,481</u>	<u>701,068,792</u>	<u>751,152,603</u>	<u>850,475,030</u>	<u>822,605,994</u>	<u>824,554,395</u>
Legal Debt Margin	\$ <u>1,270,394,281</u>	\$ <u>1,468,366,839</u>	\$ <u>1,504,765,133</u>	\$ <u>1,479,172,601</u>	\$ <u>1,284,976,731</u>	\$ <u>1,270,584,308</u>	\$ <u>1,197,253,997</u>	\$ <u>1,108,350,870</u>	\$ <u>1,180,523,506</u>	\$ <u>1,263,629,605</u>
Total net debt applicable to the limit as a percentage of debt limit	33.29%	28.75%	28.68%	29.88%	35.39%	35.56%	38.55%	43.42%	41.07%	39.49%

**Legal Debt Margin Calculation for Fiscal Year 2016**

Assessed Value (Taxable)	\$ 20,881,840,000
Debt limit (10% of total assessed value)	2,088,184,000
General Obligation Bonds	<u>824,554,395</u>
Legal Debt Margin	<u>\$ 1,263,629,605</u>

Source: City of Richmond - Department of Finance

Note: Article VII, Section 10 of the Constitution of Virginia provides that the legal debt limit for municipalities is ten (10) percent of the preceding assessment for real estate taxes. The Total Debt Applicable to Limit shown on 6/30/2016 does not include \$694,547,789 of self supporting Public Utility Revenue Bonds or \$5,125,893 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  
PLEGDED-REVENUE COVERAGE  
Last Ten Years**

Fiscal Year	Gross Revenue	Less:		Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
		Direct Operating Expenses			Principal	Interest	Total	
2007	\$ 332,534,070	\$ 264,341,546		\$ 68,192,524	\$ 15,512,828	\$ 28,242,331	\$ 43,755,159	1.56
2008	\$ 335,154,223	\$ 270,811,760		\$ 64,342,463	\$ 20,562,701	\$ 29,429,144	\$ 49,991,845	1.29
2009	\$ 347,058,210	\$ 278,970,601		\$ 68,087,609	\$ 20,508,027	\$ 29,939,215	\$ 50,447,242	1.35
2010 <sup>1</sup>	\$ 297,479,213	\$ 220,452,796		\$ 77,026,417	\$ 21,104,375	\$ 34,343,862	\$ 55,448,237	1.39
2011	\$ 292,376,014	\$ 214,249,704		\$ 78,126,310	\$ 23,548,199	\$ 31,501,282	\$ 55,049,481	1.42
2012	\$ 264,583,790	\$ 185,232,686		\$ 79,351,104	\$ 27,860,480	\$ 30,343,026	\$ 58,203,506	1.36
2013	\$ 291,885,805	\$ 208,615,753		\$ 83,270,052	\$ 29,836,350	\$ 30,284,845	\$ 60,121,195	1.39
2014	\$ 322,906,697	\$ 212,520,886		\$ 110,385,811	\$ 34,088,248	\$ 36,736,199	\$ 70,824,447	1.56
2015	\$ 320,307,318	\$ 208,875,736		\$ 111,431,582	\$ 31,269,119	\$ 35,701,455	\$ 66,970,575	1.66
2016	\$ 296,741,775	\$ 181,337,736		\$ 115,404,039	\$ 34,934,079	\$ 33,895,709	\$ 68,829,788	1.68

**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)
2007	200,655	\$8,864,854	\$44,105	34.0	23,987	4.4%	3.1%
2008	202,867	\$9,291,735	\$45,941	35.3	24,226	5.8%	4.0%
2009	204,451	\$8,564,729	\$42,050	33.8	23,200	10.2%	7.1%
2010	204,214	\$8,736,377	\$42,772	32.6	22,994	10.5%	7.1%
2011	205,533	\$9,345,201	\$45,151	32.4	23,454	9.3%	6.3%
2012	210,309	\$10,148,048	\$47,975	32.2	23,336	9.0%	6.0%
2013	214,114	9,848,358	45,869	32.6	23,649	8.2%	5.9%
2014	217,853	10,194,285	46,794	32.6	23,775	6.7%	5.3%
2015	220,289	10,717,448	48,652	NA	23,957	5.2%	4.7%
2016	223,170	NA	40,758	32.0	25,299	4.1%	4.0%

\*NA-Not Available

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

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

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

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

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

Unemployment rates are not seasonally adjusted.



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

Function	Fiscal Year									
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Governmental Activities:										
General Government	650	731	681	696	696	620	764	739	739	684
Public Safety and Judiciary										
Police	979	1,028	1,000	980	942	923	915	918	918	849
Firefighters and Officers	425	463	413	406	434	425	411	439	439	432
Others	588	603	590	577	573	557	528	542	542	521
Highways, Streets, Sanitation and Refuse										
Engineering & Maintenance	538	566	527	452	454	497	389	391	391	327
Human Services										
Human Services Advocacy	26	24	34	35	43	34	13	15	15	14
Social Services	455	481	472	456	443	441	426	353	353	392
Culture and Recreation	295	260	273	276	261	158	161	146	146	235
Transportation	-	-	-	-	-	-	-	-	-	-
Business-type Activities:										
Stormwater Utility	-	-	-	-	-	-	55	52	52	52
Gas Utility	320	322	425	404	359	367	284	291	291	281
Water Utility	101	102	128	110	110	117	106	101	101	112
Wastewater Utility	108	113	164	139	131	168	176	166	166	169
Electric Utility	15	19	24	24	24	39	26	24	24	21
Stores and Transportation Division	12	13	10	6	6	6	6	8	8	7
Coliseum	25	25	25	17	17	14	14	14	14	-
Landmark Theatre	5	5	-	-	-	-	-	-	-	-
Cemeteries NCO	20	20	20	20	21	19	19	17	17	18
Parking	-	-	-	-	-	-	-	-	-	6
<b>Total</b>	<b>4,562</b>	<b>4,775</b>	<b>4,786</b>	<b>4,598</b>	<b>4,514</b>	<b>4,385</b>	<b>4,293</b>	<b>4,216</b>	<b>4,216</b>	<b>4,120</b>

Source: Various City departments



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

Function	Fiscal Year									
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Governmental Activities:										
Police:										
Physical Arrests	19,210	20,064	20,425	14,487	13,595	13,179	11,184	10,668	11,453	14,156
Parking Violations	73,335	101,675	104,380	134,151	128,038	125,171	125,905	115,961	131,783	118,263
Traffic Violations	25,047	28,195	30,965	31,518	30,454	25,026	18,168	17,233	17,434	10,440
Fire:										
Number of calls answered	28,234	19,864	29,098	29,587	32,450	32,287	33,774	34,236	34,616	36,079
Inspections	2,660	1,322	1,090	5,336	4,093	5,675	6,392	2,921	3,254	2,657
Highways and Streets:										
Street resurfacing (miles)	85	70	62	122	115	118	108	130	127	138
Potholes repaired	7,500	898	6,128	11,409	9,158	15,135	13,126	20,957	20,161	19,476
Sanitation and Refuse:										
Refuse collected (tons/day)	293	335	374	291	300	290	295	295	300	356
Recyclables collected (tons/day)	35	25	213	21	42	25	37	37	37	49
Culture and Recreation:										
Parks permits issued	584	543	598	579	546	546	546	546	644	448
Business-type Activities:										
Gas:										
Maximum daily sendout (MCF)	151,996	147,713	160,509	139,351	153,078	137,485	150,761	169,141	183,745	163,678
Annual Sendout (MCF)	16,551,672	17,722,952	17,056,844	16,006,116	17,662,077	14,673,455	17,522,110	19,014,696	19,997,009	18,230,067
Water:										
Average daily consumptions (MGD)	63	66	62	58	59	53	57	55	61	60
Maximum daily consumptions (MCD)	98	90	90	89	99	89	88	83	83	81
Water in Storage (gallons) <sup>1</sup>	73,000,000	73,000,000	73,000,000	73,000,000	73,000,000	73,000,000	73,000,000	73,000,000	73,000,000	73,000,000
Wastewater:										
Average daily sewage treatment (MGD)	59	49	49	55	46	52	51	53	46	54
Maximum daily sewage treatment (MGD)	84	84	84	96	84	80	82	79	54	83
Coliseum:										
Average daily attendance per activity	1,220	1,193	4,169	4,895	4,957	4,161	3,889	1,038	994	4,133
Landmark Theatre:										
Total tickets sold for all activities <sup>2</sup>	150,596	139,506	122,645	156,448	100,032	217,104	121,144	143,855	101,878	177,124
Total attendance for all activities <sup>2</sup>	180,155	196,893	195,790	177,105	139,749	234,035	129,800	160,014	156,321	247,291
Cemeteries:										
Number of interments	777	841	901	790	777	790	860	826	875	804
Number of lot sales	23	18	14	16	20	6	13	7	12	7
Number of single grave sales	664	601	568	504	473	468	607	555	584	547
Number of foundations	525	532	560	494	522	493	519	512	544	572

Source: Various City departments

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

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

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



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

Function	Fiscal Year									
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Police:										
Stations	10	4	8	7	7	7	7	7	9	4
Patrol Units	222	323	204	173	164	213	223	223	220	194
Fire:										
Stations	20	20	20	20	20	20	20	20	20	20
Fire trucks	55	64	51	54	54	61	51	41	39	67
Highways and Streets:										
Streets (miles) <sup>1</sup>	1,865	1,858	822	822	822	822	822	1,860	1,860	1,835
Streetlights	33,188	33,000	30,548	30,783	36,027	35,834	36,230	31,247	31,247	31,247
Traffic Signals <sup>2</sup>	511	465	468	476	469	474	471	521	475	475
Sanitation and Refuse:										
Collection Trucks	38	37	47	34	33	33	33	33	33	33
Culture and Recreation:										
Parks acreage	2,805	2,805	2,818	2,808	2,810	2,808	2,808	2,808	2,844	2,844
Parks	71	71	71	71	71	72	72	73	73	73
Baseball/Softball Diamonds	48	48	48	48	48	48	48	48	48	48
Athletic Fields	31	31	31	31	31	31	31	31	30	30
Golf Courses (Driving Range/Par 3 Course)	1	1	1	1	1	1	1	1	1	1
Swimming Pools	9	9	8	9	9	9	9	9	9	9
Tennis Courts	130	130	130	140	140	140	140	140	136	136
Community Centers	24	24	24	20	20	20	20	20	20	20
Theatres	1	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 <sup>3</sup>	1,850	1,013	1,033	1,050	1,057	1,069	1,138	1,149	1,130	1,139
Number of Gate Stations	8	8	8	8	8	8	8	8	8	8
Water:										
Miles of Water Lines	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Water Pumping Stations	12	12	12	12	12	12	12	12	12	12
Wastewater:										
Miles of Sewer Lines	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Miles of Interceptors	47	47	47	47	47	47	47	47	47	47
Sewer Pumping Stations	5	5	5	5	5	5	5	5	5	5

Source: Various City departments

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

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

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



*City of Richmond, Virginia*

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