



# **RICHMOND CITY PUBLIC SCHOOLS** **2012**

## **Comprehensive Annual Financial Report**

For the Fiscal Year Ended June 30, 2012



A Component Unit  
of the City of Richmond, Virginia



# **RICHMOND CITY PUBLIC SCHOOLS**

# **2012**

## **Comprehensive Annual Financial Report**

Prepared By:

For the Fiscal Year Ended June 30, 2012

### **DEPARTMENT OF BUDGET AND FINANCIAL REPORTING**

**Yvonne W. Brandon, Ed.D.**

Superintendent

**Andy Hawkins**

Chief Operating Officer

**Lynn G. Bragga**

Director, Budget and Financial Reporting

**Angela R. Anderson**

Chief of Financial Reporting



A Component Unit  
of the City of Richmond, Virginia

[www.richmond.k12.va.us](http://www.richmond.k12.va.us)



**THE SCHOOL BOARD OF THE CITY OF RICHMOND  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**TABLE OF CONTENTS**

**INTRODUCTORY SECTION** (unaudited)

Letter of Transmittal.....	i
School Board Members and School Board Officials .....	xx
Organizational Chart .....	xxi
GFOA Certificate of Achievement for Excellence in Financial Reporting .....	xxii
ASBO Certificate of Excellence in Financial Reporting .....	xxiii

**FINANCIAL SECTION**

Independent Auditors' Report .....	1
Management's Discussion and Analysis .....	5

**BASIC FINANCIAL STATEMENTS:**

**Government-wide Financial Statements**

Exhibit A	Statement of Net Assets – Governmental Activities.....	25
Exhibit B	Statement of Activities – Governmental Activities .....	26

**Fund Financial Statements**

Governmental Funds' Financial Statements and Reconciliations:

Exhibit C	Balance Sheet – Governmental Funds.....	28
Exhibit D	Reconciliation of the Governmental Funds' Balance Sheet to the Statement of Net Assets .....	29
Exhibit E	Statement of Revenues, Expenditures and Changes in Fund Balances .....	30
Exhibit F	Reconciliation of the Governmental Funds' Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities .....	31

**Fiduciary Funds Financial Statements**

Exhibit G	Statement of Fiduciary Net Assets .....	32
Exhibit H	Statement of Changes in Fiduciary Net Assets .....	33

**THE SCHOOL BOARD OF THE CITY OF RICHMOND  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**TABLE OF CONTENTS**

	<b>Notes to Basic Financial Statements</b> .....	34
	<b>REQUIRED SUPPLEMENTARY INFORMATION</b> (unaudited):	
Exhibit I	General Fund: Budgetary Comparison Schedule – Budget and Actual .....	65
	<b>Defined Benefit Pension Plan Information:</b>	
Exhibit J	Virginia Retirement System Agent Multiple-Employer Defined Benefit Pension Plan Participation – Schedule of Funding Progress .....	71
Exhibit K	Early Retirement Incentive Plan for Employees of Richmond Public Schools – Schedules of Funding Progress and Employer Contributions .....	72
Exhibit L	Other Post employment Employee Benefits – Schedules of Funding Progress and Employer Contributions .....	73
	<b>OTHER SUPPLEMENTARY INFORMATION:</b>	
Exhibit M	Fiduciary Funds Financial Statements: Statement of Changes in Assets and Liabilities-Agency Funds.....	75
	<b>STATISTICAL SECTION</b> (unaudited)	
	<b>The School Board of the City of Richmond, Virginia:</b>	
Table 1	General Fund Expenditures by Function – Last Ten Fiscal Years .....	78
Table 2	General Fund Revenues by Source – Last Ten Fiscal Years.....	80
Table 3	Net Assets of Governmental Activities – Last Ten Fiscal Years .....	81
Table 4	Changes in Net Assets of Governmental Activities – Last Ten Fiscal Years.....	82
Table 5	Fund Balances of Government Funds – Last Ten Years .....	83
Table 6	Changes in Fund Balances of Government Funds – Last Ten Years .....	84
Table 7	Schedule of Expenditures of Federal Awards .....	85
Table 8	Annual per Pupil Cost – Last Ten Fiscal Years .....	87
Table 9	Attendance/Membership Statistics – Last Ten Fiscal Years.....	88
Table 10	Free & Reduced Lunch Data – Last Ten Fiscal Years .....	89

**THE SCHOOL BOARD OF THE CITY OF RICHMOND  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**TABLE OF CONTENTS**

Table 11	Full-Time Equivalent Employees by Function – Last Ten Fiscal Years ... ..	90
Table 12	Teacher Data – Last Ten Fiscal Years.....	91
Table 13	Pupil/Teacher Ratios – Last Ten Fiscal Years .....	92
Table 14	Schedule of School Buildings .....	93
Table 15	Schools with Accreditation Scores Reported to the State .....	95
Table 16	Ratios of Outstanding Debt – Last Three Fiscal Years .....	96
<b>City of Richmond, Virginia:</b>		
Table 17	Net Assets by Component of the City of Richmond – Last Ten Fiscal Years.....	97
Table 18	Changes in Net Assets of the City of Richmond – Last Ten Fiscal Years.....	98
Table 19	Fund Balances of Governmental Funds of the City of Richmond – Last Ten Fiscal Years .....	99
Table 20	Changes in Fund Balance of Governmental Funds of the City of Richmond – Last Ten Fiscal Years .....	100
Table 21	Governmental Activities Tax Revenue by Source of the City of Richmond – Last Ten Fiscal Years .....	101
Table 22	General Governmental Tax Revenues by Source of the City of Richmond – Last Ten Fiscal Years .....	102
	Assessed Value and Estimated Actual Value of Taxable Property of the City of Richmond- Last Ten Fiscal Years .....	103
Table 23	Real Estate Tax Levies and Collections of the City of Richmond – Last Ten Years .....	104
	Personal Property Tax Levies and Collections of the City of Richmond – Last Ten Years .....	104
Table 24	Principal Property Tax Payers of the City of Richmond .....	105
	Principal Employers of the City of Richmond.....	105

**THE SCHOOL BOARD OF THE CITY OF RICHMOND  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**TABLE OF CONTENTS**

Table 25	Pledged Revenue Coverage of the City of Richmond – Last Ten Years .....	106
Table 26	Legal Debt Margin Information of the City of Richmond – Last Ten Fiscal Years.....	107
Table 27	Ratios of Outstanding Debt by Type of the City of Richmond – Last Ten Fiscal Years .....	108
	Ratios of General Bonded Debt Outstanding of the City of Richmond – Last Ten Fiscal Years.....	108
Table 28	Demographic and Economic Statistics of the City of Richmond – Last Ten Years .....	109
Table 29	Full-Time Equivalent City Government Employees by Function of the City of Richmond – Last Ten Fiscal Years.....	110
Table 30	Operating Indicators by Function of the City of Richmond – Last Ten Fiscal Years .....	111
Table 31	Capital Assets Statistics by Function of the City of Richmond – Last Ten Fiscal Years .....	112
	<b>Acknowledgements</b> .....	113

# Introductory Section

(unaudited)

---

The Introductory Section contains the letter of transmittal, which provides a profile of Richmond Public Schools (RPS) and an overview of its school membership, accomplishments, major initiatives, financial policies, future planning, awards and acknowledgements

Also included in this section are the following:

- Listing of members of The School Board of the City of Richmond and RPS' administration
- The school division's organizational chart
- Awards for excellence in financial reporting



**SCHOOL BOARD OF THE CITY OF RICHMOND**  
**SCHOOL BOARD ROOM - 17TH FLOOR, CITY HALL**  
**301 NORTH NINTH STREET RICHMOND, VA 23219-1927 (804) 780-7716**

December 12, 2012

**MEMBERS**

THE HONORABLE:

**The Citizens and Members of the School Board  
City of Richmond, Virginia:**

DAWN C. PAGE  
DISTRICT 8  
CHAIR

MAURICE A. HENDERSON  
DISTRICT 5  
VICE CHAIR

KIMBERLY M. BRIDGES  
DISTRICT 1

KIMBERLY B. GRAY  
DISTRICT 2

NORMA H. MURDOCH-KITT  
DISTRICT 3

ADRIA A. GRAHAM SCOTT  
DISTRICT 4

CHANDRA H. SMITH  
DISTRICT 6

DONALD L. COLEMAN  
DISTRICT 7

EVETTE WILSON  
DISTRICT 9

The Comprehensive Annual Financial Report (CAFR) of the School Board of the City of Richmond, Virginia (the School Board) for the fiscal year ended June 30, 2012 is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with management of the School Board. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations of the various funds and account groups of the School Board. All disclosures necessary to enable the reader to gain an understanding of the School Board's financial activities are included.

The financial statements included in the CAFR have been prepared in conformance with United States generally accepted accounting principles (GAAP) for governmental units as promulgated by the Governmental Accounting Standards Board (GASB). The public accounting firm of Cherry, Bekaert & Holland, L.L.P. (CBH) has audited the financial statements contained in this report. The auditors' report precedes the basic financial statements. The unqualified auditors' report expresses their opinion that the School Board's basic financial statements are fairly presented in all material respects in accordance with GAAP.

The School Board is required to undergo an annual single audit in conformity with provisions of the Single Audit Act Amendments of 1996 and the U. S. Office of Management and Budget's Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Information related to this single audit, including a schedule of expenditures of federal awards, the independent auditors' report on internal control and compliance with applicable laws, regulations, contracts and grant agreements, and a schedule of findings and questioned costs, if any, are included in a separately issued City of Richmond, Virginia (the City) and School Board combined single audit report.

GAAP requires management to provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The School Board's MD&A can be found immediately following the report of the independent auditors.

The School Board is a component unit of the City, accordingly, the financial position and results of operations of the School Board are reflected in the financial statements included in the CAFR of the City.

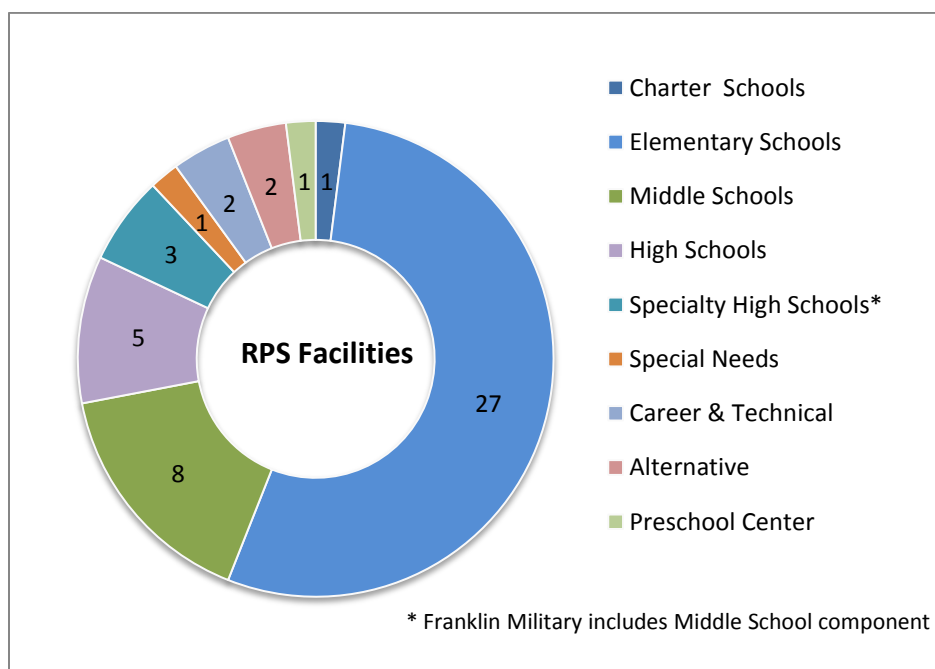


# PROFILE OF THE SCHOOL DISTRICT

## OVERVIEW

Richmond Public Schools (RPS) serves approximately 24,000 students, representing the region's diverse socioeconomic mix. Richmond City Public Schools is comprised of three preschool centers, 27 elementary schools (with four annex buildings); one charter elementary school, eight middle schools; five comprehensive high schools; three specialty high schools (Franklin Military, Open and Richmond Community); one school serving students with exceptional needs (Amelia Street); two programs for students with exceptional needs (REAL located at Henderson MS and Thirteen Acres located at Clark Springs ES); two career & technical education schools, the Richmond Technical Center (RTC) North & South; and two alternative education schools, the Adult Career Development Center (ACDC), and the Capital City Program (CCP).

The district also participates with two regional Governor's School programs. Gifted and talented students are served by SPACE (Special Program for Academic and Creative Excellence) at the elementary and middle school levels, and by advanced placement and dual enrollment courses at the high school level. Academically advanced students may also earn the prestigious International Baccalaureate (IB) diploma at Thomas Jefferson High School.



The School Board was established in 1868 to provide educational opportunities to the residents of the City. It is governed by a nine-member board, one for each City district, elected by the citizens of the City. Board members are elected by the citizens to a four-year term of office. The Chairman, Vice Chairman and other officers are elected by the other members of the School Board.

The School Board's CAFR includes all activities, which the School Board is directly responsible for managing, as well as the following organizations for which the School Board has a fiduciary responsibility in its capacity as fiscal agent:

- The Maggie L. Walker Governor's School for Government and International Studies (the Governor's School). The Governor's School operates as an educational consortium and provides specialized and gifted training for students of participating cities and counties from throughout central and southern Virginia. A separate board that includes one member from each of the participating localities governs it. The School Board does not have a continuing financial interest in the Governor's School.
- The MathScience Innovation Center (the Center). The Center operates as an educational consortium and provides specialized training to students and teachers of area jurisdictions. A separate board that includes two officials from each of the participating jurisdictions governs the Center. The School Board does not have a continuing financial interest in the Center.
- The School Activity Funds are reported as an Agency Fund. Virginia State Department of Education regulations restrict the uses of and accounting for School Activity Funds. Thus, the School Board is not responsible for the management of these funds and does not have a continuing financial interest in the School Activity Funds.

Richmond Public Schools is a fiscally dependent school division pursuant to State law. As a fiscally dependent school division, Richmond Public Schools does not levy taxes or issue debt. The School Board derives its authority from the State and has the constitutional responsibility to provide public education to the residents of Richmond.

The School Board revenues consist of City appropriations from local taxation, state revenue based on student populations and sales tax receipts, federal revenue usually targeted to specific programs, and other revenues such as school cafeteria sales, tuition and building rental fees. The main sources of revenue for the operating budget are the City of Richmond and the Commonwealth of Virginia.

## **ECONOMIC CONDITION AND OUTLOOK**

Richmond is located in the eastern-central part of the state of Virginia 100 miles from the nation's capital. The quality of life in the City offers a low cost of living, pleasant climate, unique architecture, and an average 24-minute commute between the surrounding jurisdictions in the central region to its estimated 205,500 citizens (2011 U.S. Census Bureau Annual Estimates of Resident Population).

Three outstanding higher educational institutions are located in Richmond: Virginia Commonwealth University, one of the nation's top research universities, as well as University of Richmond and Virginia Union University. In addition to these universities, J. Sargeant Reynolds, the state's third largest community college, also has a downtown academic campus that provides one and two-year occupational and technical programs in a number of allied health, business, and community service areas, as well as college transfer programs in liberal arts, business, education, science, and computer science.

In June 2012, Forbes Magazine ranked the Richmond metropolitan area 49 on its "Best Places for Businesses and Careers". The City also received the Foreign Direct Investment (fDi) magazine's Best Small American City of the Future award for 2011/12, a notable recognition for the City's small business strategies.

The City is ranked in the “AA” investment grade category which is considered “very strong”. The City’s ratings are very close to “AAA”, the highest possible credit rating. This fact, coupled with near historic low interest rates, provided the City the opportunity to achieve continued funding for the City’s \$500 million multi-year Capital Improvement Program, which includes the construction of four new schools, a new Justice Center, street and sidewalk projects

### **Economic Development**

Economic development activities of the City are carried out through the City’s Department of Economic Development (DED). Retail, professional services, technology and light industry are essential anchors for Richmond’s neighborhood economies.

Several economic initiatives are underway within the City, which include: The City’s Downtown Plan targets economic development and revitalization within six focus areas of downtown, which includes the City’s Arts and Cultural District and the Shockoe Bottom area; Revitalization and development in the Eastern community is part of the City’s vision to revitalize housing and increase educational and economic opportunities; Richmond Connects, the brand name for the Richmond Strategic Multimodal Transportation Plan, is a study in progress that will update, revise and re-invent a multimodal transportation system, which is vital to the local and regional economy of Richmond and; The Business First Richmond Program, a business assistance program that utilizes face-to-face interviews with top leaders of existing businesses in the City to gather feedback on doing business in Richmond, helping to build an even better business climate.

The City is also investing in small business development through its economic development programs like Richmond’s Commercial Area Revitalization Effort (CARE) program. The CARE program offers an alternative source of lower interest lending for small businesses as well as incentives for businesses looking to invest in rehabilitation or revitalization projects.

The city established a City-wide Revolving Loan Fund of \$2 million which is available to stimulate the revitalization of Richmond’s neighborhoods and promote job creation for low and moderate income residents by helping to bridge the credit gap for independent real estate developers and smaller employers. Affordable live-work spaces and a new restaurant in the Broad Street corridor and Arts District are among the first projects that received gap funding from the loan fund.

### **Employment**

The combined Federal, State and local government industry employs the largest number of workers in the City and Richmond Public Schools ranks as the City’s third largest employer. The preliminary unemployment rate for the metro Richmond area is reported at 8.3% as of May 2012, 0.4% higher than the state average of 7.9% and 0.1% higher than the national average of 8.2% according to the Bureau of Labor Statistics.

Richmond was ranked the 3<sup>rd</sup> Best Place for Military Retirement and Second Careers by USAA.com in December 2011. Throughout its 62.5 square miles, the City offers a diversified employment base that extends from chemical, food and tobacco manufacturing to banking, biotechnology, semiconductors and high-tech fibers. There are five fortune 500 companies headquartered in Richmond, Altria Group, Genworth Financial, CarMax, Mead Westvaco and Dominion Resources

## Demographics

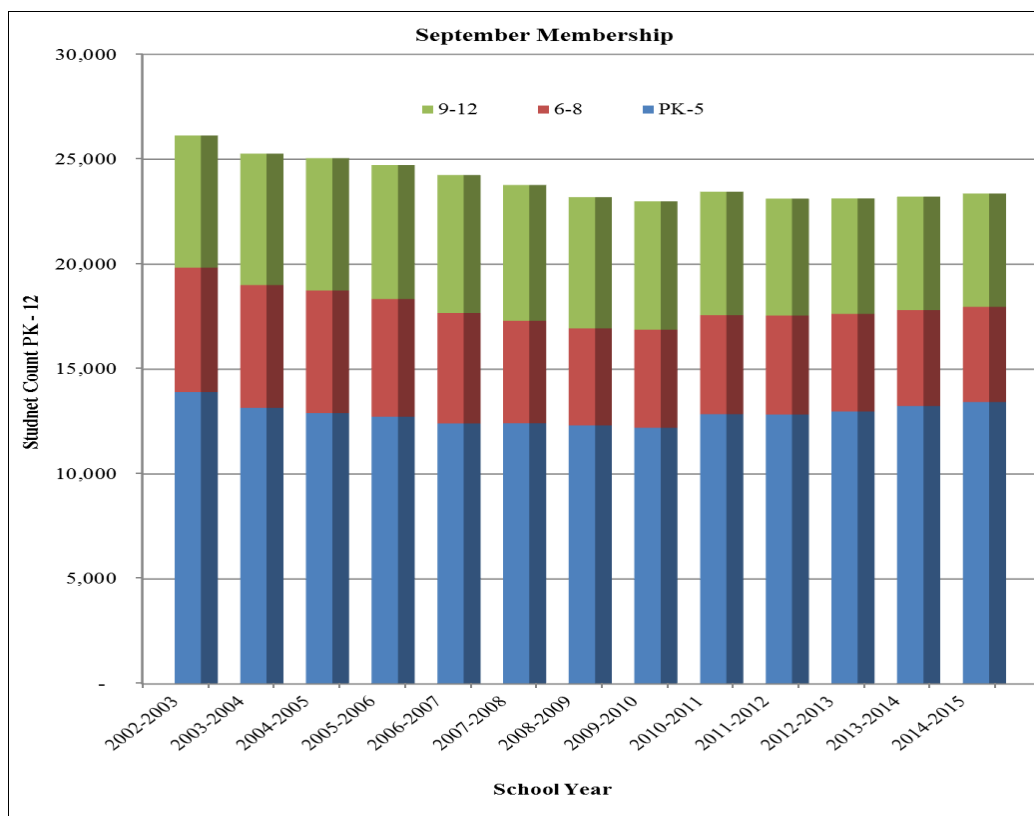
The City's population, as estimated by the U.S. Census Bureau, is approximately 204,000, and is 41% White, 52% African-American, 6% Hispanic and 1% other and mixed race. The population of the City has grown by approximately 3.2% between the 2000 and 2010 Census count. The fastest sector of population growth has occurred within Richmond's Hispanic population, which has grown 95% since the 2000 census.

## Additional Information

In the Statistical Section, Tables 1 through 16 are the financial trends and demographic information for Richmond Public Schools. Tables 17 through 30 illustrate financial trends, demographics, economic analyses, business and residential tax and assessment valuations and collection statistics that pertain to the City of Richmond, Virginia.

## SCHOOL MEMBERSHIP

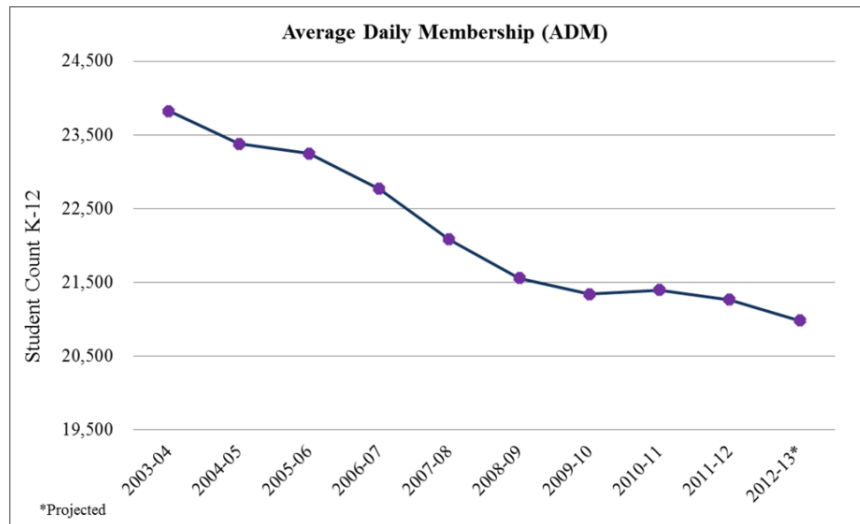
September membership reflects the number of students enrolled in Richmond Public Schools on September 30. Data are collected by school and reported by grade assignment and ethnicity. Excluded from the September 30 count are pupils in hospitals, clinics or detention homes, and local programs such as vocational and alternative education centers (i.e., centers or schools that receive, but do not officially enroll students). September 2011 membership totaled 23,336.



## Enrollment

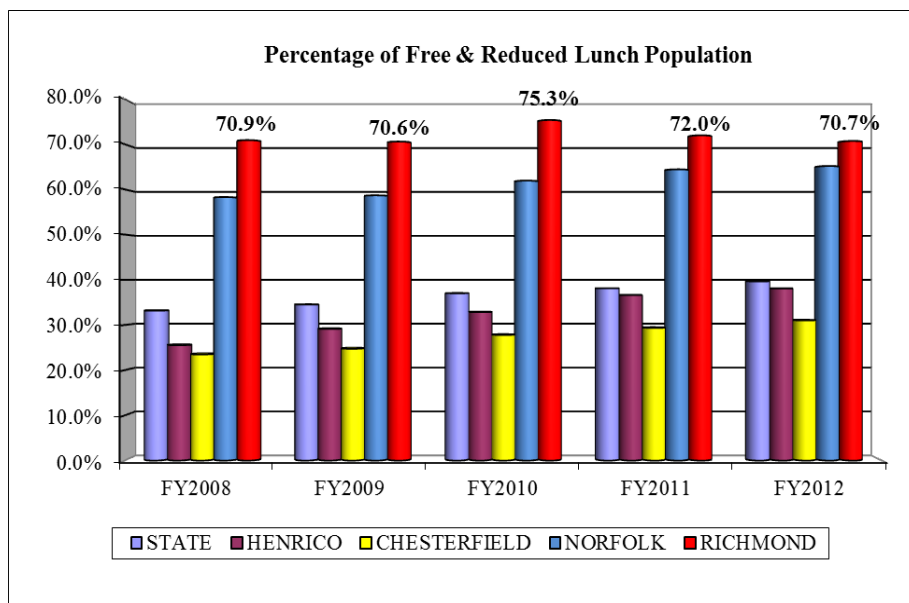
Student enrollment drives the amount of state and federal funding the school division receives. It is also significant because it impacts instructional and support staffing needs that must continue to improve educational and support services to students.

K-12 Average Daily Membership (ADM) is the total aggregate daily membership divided by the number of days school is in session. Virginia school divisions receive state funding based on their students' ADM as of March 31 of the fiscal year. The division's March 2012 ADM as reported to the Virginia Department of Education is 21,450. This is 88 more students than the budgeted March 2012 projection of 21,362.



## Free and Reduced – Price Meals

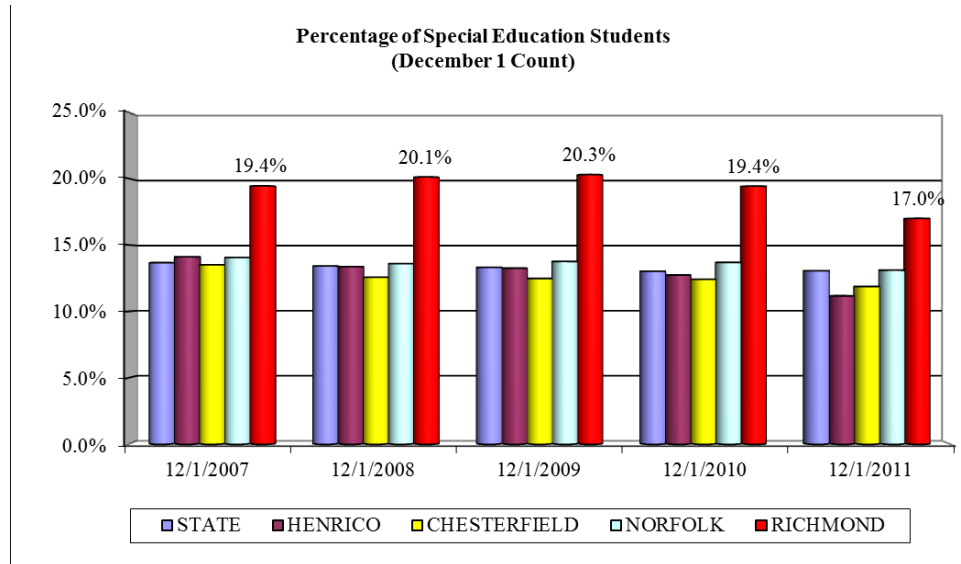
Free and reduced lunch population is a measure of poverty. As reflected in the Department of Education's January 25, 2012 report, RPS ranks as the 11th highest free and reduced lunch population in the Commonwealth with 16,316 or over 70% of our students receiving subsidized meals under the Federal school lunch program. The graph shown below depicts Richmond's status as compared to neighboring districts and the state average.





## Special Education Services

Approximately 4,000 or slightly over seventeen percent of students qualify for special education services. The following graph represents the percentage of special education students benched against statewide averages and surrounding districts RPS = 17%, state average = 13.0%.



# STUDENT ACHIEVEMENT

---

## Standards of Learning and Accreditation

The primary assessment used in Virginia is the SOL (Standards of Learning) tests. SOL tests are administered each spring to students in grades three through eight and End of Course in language arts, writing, science, social studies and math. These test scores are used to determine whether or not a school meets the federal and state guidelines for accreditation and school improvement. Additionally, benchmark testing takes place at the end of each nine week reporting period.

In school year 2011-2012, twenty- two Richmond City schools exceeded the state-wide pass rate on at least one of the 2012 State's Standards of Learning (SOL) subject area tests, including perfect scores of 100 in both reading and writing by students at Open and Richmond Community high schools. Overall, 19 of the schools scored 90 percent or higher on at least one of the tests given in reading, writing, history and/or social science, math and science. Specifically, 16 of the city's elementary schools exceeded the state's pass rate, as well as five Richmond City high schools.

District-wide, 70 percent of schools, or 32 of 46 schools, earned full accreditation based on student standards in English, mathematics, history and science on the SOLs testing program. 96.4 percent of traditional elementary schools are fully accredited. At the middle school level, one school earned full accreditation, and at the high school level, four high schools are full accredited.

## Graduation

The on-time graduation rate for Richmond City high schools reached its highest percent ever as the district posted a nearly 3 percent gain, rising from 70.95 percent to 73.62 percent. 82.02 percent of students graduated on-time, surpassing the state average of 81.7 percent.

The overall rise in the four-year on-time graduation cohort rate reflects several of the district's educational initiatives launched in recent years, including Performance Learning Centers, Twilight Academies, extended day activities and freshman academies at several of the high schools. Moreover, the district's four-year cohort dropout rate decreased from 14.1 percent to 11.2 percent.

## District-wide and School Recognitions

**U.S. News Ranks Richmond Community and Open High Among Nation's Best High Schools - *Both schools also rank in Virginia's Top 20*** - Two Richmond City high schools rank among the best in both the state and nation, according to a report released by *U.S. News* earlier this month. The two schools, Richmond Community and Open High, were among nearly 22,000 public high schools that were judged on how well students performed on state assessments, how well disadvantaged students performed and how successful the school was in providing college-level coursework, as indicated by Advanced Placement and/or International Baccalaureate test data.

Richmond Community High School (RCHS) is one of just 500 schools nationwide to receive a Gold Medal. According to *U.S. News*, the school is ranked as the 343rd best school in the nation and the 17th best high school in Virginia. The AP® participation rate at the school is 100 percent. Open High earned a Silver Medal and is ranked by *U.S. News* as Virginia's 20th best high school. Nationally, Open is ranked as America's 518th best high school. Open's AP® participation rate is 98 percent. *U.S. News* teamed with the Washington, D.C.-based American Institutes for Research (AIR) to analyze data from 21,776 high schools in 49 states and the District of Columbia. Nebraska was the only state that did not report enough data to be included in the rankings.

**Two Richmond City High School Seniors Rank among Top Three Percent on National Test** - Two Richmond City high school seniors scored in the top 3 percent of the more than 160,000 African-American students who took the 2010 Preliminary SAT/National Merit Scholarship Qualifying Test. The two, Nezhiah Goodman from Thomas Jefferson High School and Tashiara Scott from Richmond Community High School, have been recognized by the National Achievement Scholarship Program.

**Two Richmond City high school seniors named 2012 Gates Millennium Scholars** - the nation's largest minority scholarship program funded by the Bill and Melinda Gates Foundation. The two Richmond City students selected are Kia Watson from Richmond Community High School and Shaquille Christmas from Franklin Military Academy. Both are their respective schools' 2012 valedictorians.

**Munford Elementary & Richmond Community High Earn 2012 State Board of Education Excellence Awards Six Other Richmond City Schools Earn VIP Awards** - The Virginia Board of Education created the VIP incentive program in 2007 to recognize schools and divisions that achieve excellence and far exceed minimum state and federal accountability standards. Richmond's Mary Munford Elementary School and Richmond Community High School have earned 2012 State Board of Education Excellence Awards. The two were among 188 schools and two small school divisions that have met all state and federal accountability benchmarks for at least two consecutive years and have made significant progress toward goals for increased student achievement and expanded educational opportunities set by the Board.

Additionally, six more Richmond City schools earned the Board of Education's 2012 Competence to Excellence Award. Again, qualifying schools must meet all state and federal achievement benchmarks for at least two consecutive years. Schools recognized with the Board's Competence to Excellence Award are: Bellevue Elementary, Broad Rock Elementary, John B. Cary Elementary, Albert Hill Middle, Open High and Swansboro Elementary.

**Teams from Cary, Fisher and Brown Win 2012 Mind Games Competitions** - Teams from John B. Cary Elementary, J.B. Fisher Elementary and Lucille Brown Middle schools captured titles at the 2012 Richmond Public Schools Mind Games. The competitions, coordinated by the district's programs for the gifted, were held last month at Brown. Each event challenged students in the areas of general information, productive thinking and logic and also featured a long-term problem-solving construction contest.

**Binford Middle & Richmond Technical Center Students Advance to National FCCLA Event** - Two Binford Middle School students and one Richmond Technical Center student have qualified to compete at the Family, Career and Community Leaders of America (FCCLA) National Leadership Conference. Binford's Anika Hanks and Krishonda Jackson qualified for the nationals after winning first place for their service project manual on breast cancer awareness at the state competition held in Virginia Beach, Virginia. Richmond Technical Center student Bryon Hughes advanced to the national competition by placing second in the job interview category at the state event. Hughes also received a \$750 scholarship. Several other Binford students won medals at the state event. Brooke Hunter, Kayla Battles and Diamond Thompson captured gold for their presentation on identifying and discouraging bullying. Kamari Stokes earned a silver medal for her project that promoted the benefits of FCCLA. And, Monique Ross, Maddie Dynes and Tyasha Carey received a bronze medal for their service project that raised more than \$600 for the Leukemia and Lymphoma Society.

**Richmond City Students Win Awards at Regional FBLA Conference** - Richmond Public Schools students captured 51 awards, including 14 first place honors, at the 2012 Future Business Leaders of America (FBLA) Regional Leadership Conference held on March 1 and sponsored by J. Sargeant Reynolds Community College (JSRCC). More than 480 FBLA students from nine school districts competed at the event.

**Albert Hill Seventh-Grader Captures Gold Key in 2012 Scholastic Art Awards Competition** - Mac Todd, a seventh-grader at Albert Hill Middle School, captured a regional Gold Key for photography in the 2012 Scholastic

Art Awards competition. Todd's winning photo, "Through the Window II," will now compete for national honors at the Scholastic Art Awards judging in New York City. National winners will be announced in March 2013.

**Six Richmond City Teachers Earn National Board Certification** - Six current Richmond Public Schools teachers earned National Board Certification from the National Board for Professional Teaching Standards, a nonpartisan, independent and nonprofit organization. The Metropolitan Educational Training Alliance (META) and the Virginia Commonwealth University School of Education sponsor the National Board Certification program.

To become nationally board certified, teachers must submit a school-site portfolio of student work samples, videotaped lessons and reflective commentaries. Applicants must also pass test questions that demonstrate their subject matter knowledge. The program requires an additional 200-400 hours of preparation that must be completed within three years.

**John B. Cary Principal Receives R.E.B. Leadership Award** – Brenda Phillips, principal at Richmond's John B. Cary Elementary School, is one of four area principals to receive the 2012 R.E.B. Award for Distinguished Educational Leadership. The awards include \$15,000 grants and are sponsored by the R.E.B. Foundation in partnership with the Community Foundation. The program recognizes one principal from Chesterfield, Hanover, Henrico and Richmond City public schools.

The R.E.B. Awards for Distinguished Educational Leadership were launched in 2004. Recipients are nominated for the award based on their accomplishments in fostering a learning environment that promotes student success, motivates and supports teachers and fosters community partnerships.

**Two Richmond City Teachers Receive R.E.B. Awards for Teaching Excellence** - Two Richmond City teachers among 127 teachers nominated within the region, were awarded more than \$21,000 in cash grants as recipients of the 2012 R.E.B. Awards for Teaching Excellence. 15 Richmond City teachers were selected to receive 2011-2012 R.E.B. Awards for Teaching Excellence. Additionally, 17 other teachers were named finalists and received a \$750 cash grant. In all, 32 teachers were awarded cash grants totaling more than \$163,000.

The program, a partnership between The Community Foundation Serving Richmond and Central Virginia and the R.E.B. Foundation, recognizes outstanding public school teachers from Chesterfield, Hanover, Henrico, Richmond and the Department of Correctional Education with cash awards to fund postgraduate studies, professional workshops or world travel.

**Swansboro Exceptional Education Teacher is Named City's 2011-2012 Educator of the Year** - Suhani S. Vakil, an exceptional education teacher, was named Richmond Public Schools' 2012 Teacher of the Year. Vakil, one of 47 nominees for this year's award, received her honor at a special reception at the Virginia Museum of Fine Arts.

**Four Richmond City Schools Receive Partners in the Arts Awards** - Four Richmond City schools were awarded more than \$30,000 in grants from Partners in the Arts, a program of the University Of Richmond School Of Continuing Studies. The four schools selected to receive grants for this school year are Franklin Military Academy, Linwood Holton Elementary, Albert Hill Middle and George Wythe High. Franklin, the nation's first public military secondary school, received \$8,965 to fund the project, *Franklin Military's Walk through History Mural*.

## Instruction and Curriculum Initiatives

**Schools for Excellence Initiative** - Richmond Public Schools launched its “Schools for Excellence” initiative funded by a five-year, \$27 million grant from the U.S. Department of Education Teacher Incentive Fund. The program is designed to help schools recruit and retain National Board certified teachers.

**Middle School Renaissance** – is an initiative providing a program of rigorous academics and after-school enrichment opportunities specifically for middle school students.

**The Performance Learning Center** - an alternative, self-paced educational program designed for students who do not succeed in the traditional school setting. The Performance Learning Center is funded by a grant from the Bill and Melinda Gates Foundation. It is the first Center to be launched in Virginia.

**Franklin Military Middle Leadership Academy** – a sixth, seventh and eighth grade component of the military curriculum aimed to improve academic achievement by ensuring that middle school students get the support and attention they need to be successful in a rigorous college preparatory course of study. The major objectives of the program include academic achievement, enhance effective communication and logical thinking skills, leadership development, strengthening character and integrity; and develop positive response to authority.

**Academic Rigor and 21st Century Workplace Skills** - in recent years, the district has launched several programs to address increased academic rigor and 21st Century workplace skills. These include high-level Chinese and Latin classes at the middle school level through the Virtual Virginia Distance Learning initiative, expanding Franklin Military Academy to serve sixth-graders, and launching the Governor’s Career and Technical Education Academy for Science, Technology, Engineering and Math (STEM) at the Richmond Technical Center.

**Career and Technical Education** - As part of the 21st Century workforce preparedness, RPS Career and Technical Education (CTE) offerings include 13 dual enrollment and 14 honors courses; and 76 certification opportunities in the areas of business and information technology, trade and industrial education, health and medical sciences, marketing and consumer services, adult and continuing education, and apprenticeship programs.

CTE is also offered at the elementary school level through career awareness curriculum and at the middle school level through career exploration curriculum. At all school levels, CTE integration within the curriculum is further evidenced by student participation in advanced learning and competitive events such as FIRST Robotics and the Lego League.

**Workforce Investment** - The district recently received a \$500 thousand grant through the Workforce Investment Act (WIA) to establish Career Service Centers (CSC) at Armstrong and Huguenot high schools. The program targets economically disadvantaged youth who are high risk, potential school dropouts.

**Virtual Virginia Distance Learning Initiative** – RPS allows eligible secondary students to enroll and participate in Virtual Virginia. Virtual Virginia offers online Advanced Placement, world language, elective, and core academic courses to students across the Commonwealth, the nation, and throughout the world. The courses utilize course management software to maximize the interactivity of each class. Each course contains video segments, audio clips, whiteboard interaction, multimedia activities, and online discussions, as well as text. Virtual Virginia courses offer a rich multimedia learning environment that appeals to a variety of learning styles. Virtual Virginia courses can be scheduled flexibly throughout the day, as courses do not have to be taken in 'real' time.

## Technology

RPS adopted, and currently mandates and endorses the Virginia Department of Education student computer technology standards. Under the direction of the RPS Department of Instruction, lead teachers in the district annually review and update parts of the K-12 curriculum for four core subject areas (Language Arts, Mathematics, Science, and



Social Studies), which is subsequently reviewed by staff, and disseminated to teachers on CDs and the RPS intranet. The Instructional Resources include Curriculum Compasses, Pacing Guides, Teaching by Design Lesson Plans, Released State SOL Tests, the Instructional Model, and various other documents such as the Teacher Observation Form, test taking strategies, and homework guidelines. The Curriculum Compasses include technology resources and suggests ways to integrate technology (such as websites) into the curriculum.

**Technology Plan** – The Educational Technology Plan for the City of Richmond Public Schools outlines the multiyear strategic goals for technology in Richmond Public Schools (RPS). The Technology Plan presents a vision, or serves as a blueprint for use of technology in RPS, and helps to fulfill the Richmond School Board mission of ensuring students learn essential skills, become life-long learners and lead productive lives.

The scope of the Educational Technology Plan for Richmond Public Schools makes certain that RPS is in alignment with the state technology plan by utilizing as a basis, the five components outlined in the states' plan, and includes the following five components: *Integration, Professional Development, Connectivity, Educational Applications and Accountability*.

### **Partnerships and Collaborations**

Richmond Public Schools continues to partner with parents, community agencies, the corporate sector, and other stakeholders to strengthen academic programs and access new resources.

The Office of School Community Partnerships develops, promotes and assists in the coordination of collaborative efforts between the schools and the business, faith and civic communities in an effort to create and foster relationships beneficial to Richmond Public Schools and to the community at large.

Some of these partnerships include:

- **Virginia Commonwealth University** – a partner with Richmond Public Schools launched the Richmond Teacher Residency program to prepare current teachers for leadership roles in an urban high school setting. The program is funded by a \$5.8 million federal grant.
- **A Robins Foundation** grant - generously funds a program to train volunteer and partnership coordinators for twenty Richmond City schools.
- **Yale Alumni Club** – in coordination with Communities in Schools, partnered with George Washington Carver Elementary School to spruce up the schools' landscaping. They plan to return in the near future to develop a new and exciting partnership opportunity.
- **Neighbor-to-Neighbor (N2N)** – a volunteer initiative involving City of Richmond employees that mentor students at Overby-Sheppard Elementary School.
- **Franklin Federal Savings** – hosts the Making Money Count Program to teach students how to responsibly save, spend and share money. The curriculum is focused on second graders and builds on first grade Economics Standards of Learning.
- **The Micah Initiative** - created in 2003 to support student achievement in Richmond Public Schools, provides support to students serving as tutors, mentors and library aides, and organizes needed services such as book and clothing collections, and cultural and camping experiences. The Micah Initiative is known as one of the most organized, committed and innovative mentoring and tutoring initiatives in the area.
- **Capital One** - provided nine Richmond City high school seniors scholarships through the Power of 9 scholarship program. This marks the 15th year of the partnership with Capital One to help district seniors realize their dreams of pursuing college.

# MAJOR INITIATIVES

---

Richmond Public Schools is a story of phenomenal success and unparalleled student achievement. Great achievements have been attained in developing and meeting federal, state and local educational standards for the children of Richmond Public Schools. The School Board of the City of Richmond and its Administration are extremely proud of these achievements, and they will be discussed in the succeeding paragraphs.

## Resource Allocation

Each year the School Board dedicates considerable time and energy to determine the appropriate level of educational services needed to ensure students can reach their full potential. As the spending plan for fiscal year 2012 was developed, the School Board's goals focused on moving the district from competence to competitiveness, preparing student for the 21<sup>st</sup> Century and limiting the impact on programs and employees instrumental to achieving these goals.

### **Cost Saving Initiatives**

#### Fiscal Year 2012

The Fiscal Year 2012 Approved General Fund Budget includes \$7.3 million in increased revenue offset by \$11.6 million in increased expenditures.

Reductions totaling near \$4.4 million and 10 non-classroom positions were implemented to close the funding gap.

Non-instructional program support was reduced by 5 percent.

All non-personnel budgets, system-wide were reduced by 2.5 percent.

Funding of \$6 million was assigned from fiscal year 2011 fund balance towards the 2012 funding gap; and use of health care reserves of \$4.9 million were budgeted towards the 2012 funding gap.

Source: Richmond City Public Schools Adopted FY2011-2012 Budget

Although the district projected an increase in operating revenue for fiscal year 2012 of \$7.3 million, issues related to mandatory increases in expenditures proved challenging. Reflecting the economic climate, non-personnel increases in spending were limited to local matches for state supported programs and contractual services. The 2012 financial plan did not include funding for a salary adjustment for employees, however to minimize the impact of the economic recession on employees, elimination of vacancies and non-mission critical positions were used as mechanisms for meeting the division's fund funding gap.

## Accountability

Richmond Public Schools has embraced a comprehensive data-driven accountability structure called the Balanced Score Card (BSC). This system defines the district's mission, vision, goals and strategies for achieving success. The BSC, which uses baseline data and benchmark targets, measures how effectively each

strategy is working to ascertain, in a dynamic manner, the school divisions overall progress and performance. The BSC system clearly defines where the district seeks to go in the future.

Further, it outlines a series of challenging tasks to be performed district-wide, while also holding employees accountable for achieving these targets. This system represents a series of proven techniques traditionally used in the private sector to help deliver high quality services. In Richmond Public Schools, the successful implementation of the Balanced Score Card ensures that efforts remain focused on improving academic achievement for all students and improving effectiveness in all operations.

## **Strategic Planning**

Richmond Public Schools began an ambitious project to develop an actionable, long-range strategic plan that aligns financial resources with specific goals, objectives, and action plans. Beginning in the fall of 2010, the division held a series of summits to gather input from community members and business leaders. Our superintendent invited a team comprised of a broad cross-section of our community to join together for a three-day strategic planning session to create a draft plan for the school system.

Following the development of the draft plan, business leaders, community members, partners, parents, staff, and students volunteered to serve on one of six Action Teams (one team for each strategy in the plan). These teams met from January through April 2011 and developed action plans to accomplish the mission, objectives, and strategies of the Strategic Plan. On June 6, 2011, the School Board of the City of Richmond adopted the Strategic Plan. School based strategic planning has been implemented in one school, with a schedule to have additional schools to participate in future years.

## **For the Future**

### **New Facilities**

The city of Richmond and Richmond Public Schools are committed to the education of the city's youth by building new facilities equipped with the technology and educational specifications needed for students to become globally competitive in the 21st century workforce, to streamline operational costs with more modern, energy-efficient buildings and to encourage enrollment by offering top-tier learning facilities.

Phase 1 of the RPS Design & Construction Program consists of four schools: Broad Rock Elementary School, Oak Grove Elementary School, Martin Luther King, Jr. Middle School and Huguenot High School. Ground-breaking and site preparation for both Broad Rock ES and Oak Grove ES began in the fall of 2010. Final completion of construction is estimated in November 2012 with students occupying the facilities in January 2013.

Ground-breaking for Martin Luther King, Jr. MS began October 2011, with the completion of construction scheduled for December 2013. Students are slated to occupy the space in January 2014. Ground-breaking for Huguenot HS began in November 2011, and students are slated to occupy the space on the first day of school in September 2015.

### **District Rezoning**

In addition to the need to build new school facilities, changes in demographics and population over time have created imbalances in building utilization. In August 2011, the school district hired a K-12 school planning firm to develop a 10-year forecast by school attendance area, calculate building capacities to be used for rezoning and facilitate a community based rezoning process. The community helped to drive the process through the development of a committee, consisting of citizens from all areas of the City. A Rezoning Task Force was created to include the citizen committee and other key stakeholders. Among the guiding principles of the Rezoning Task Force were to balance utilization, minimize the impact on students, to establish clear feeder patterns establish contiguous zones and use efficient systems of school bus transportation.

# FINANCIAL POLICIES

---

## Internal Control

Management of the School Board is responsible for establishing and maintaining internal control sufficient to provide reasonable assurance that the assets of the School Board are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. The concept of reasonable assurance recognizes that: 1) the cost of a control should not exceed the benefits likely to be derived, and 2) the evaluation of costs and benefits requires estimates and judgments by management.

As a recipient of Federal, State and Local financial assistance, the School Board is also responsible for ensuring that adequate internal controls are in place to ensure and document that federal award programs and state and local resources are managed in compliance with applicable laws, regulations, grants and contracts. These internal controls are subject to periodic evaluation by management, the internal audit staff and the Finance and Budget committee and the Audit committee of the School Board, as well as by the external auditors on an annual basis.

## Budgetary Process and Controls

### *Budget Process and Development*

Richmond City Public Schools has three budget phases in the development process:

**I. Superintendent's Proposed Budget** is the beginning phase of budget development used to gather input from parents, business leaders, and other community stakeholders. This phase represents the Superintendent's recommended financial plan for the upcoming school year presented to the School Board in January.

**II. School Board's Approved Budget** is the School Board's recommended spending plan submitted to the Mayor, the City Administration, and the City Council. This phase consists of numerous work sessions and at least one public hearing to ensure input from all interested stakeholders. The budget is approved in February/March so it can be incorporated into the Mayor's financial plan for submission to City Council in March.

**III. School Board's Adopted Budget** represents the School Board's adopted budget based on state funding levels and the appropriation ordinance adopted by City Council. The Mayor's recommendation is forwarded to the Richmond City Council, which must adopt the schools' appropriation by legal ordinance on or before May 31 of each year. Subsequent to the City Council's action, the School Board makes any required adjustments to balance the budget, which is adopted in June.

### *Budgetary Controls*

The School Board maintains budgetary controls to ensure compliance with the annually appropriated (legally adopted) General Fund budget approved by the City Council. Budgetary controls ensure that the legal level of expenditure for the General Fund is not exceeded. Project budgets are also prepared, but not legally adopted, for the Special Revenue and Permanent funds. Management control is exercised over the budget at the budgetary line item level within each fund. The School Board also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts are carried forward at year-end.

## **Insurance and Risk Management**

The insurance and risk management program involves maintaining several comprehensive commercial insurance policies and self-insurance programs, conducting various loss control activities, and a program to manage claims filed against the school system. Additionally, risk management monitors other individual insurance policies such as disability, intensive care, cancer, and life insurance that are marketed to School Board employees by various approved insurers.

The School Board's commercial insurance coverage includes the following: a comprehensive property and casualty policy; a commercial general liability policy; a comprehensive liability vehicle fleet policy; and other insurance coverage for boiler & machinery, School Board errors and omissions, workers' compensation for federal programs, student nurse liability, student accident insurance, physician malpractice, special equipment coverage and excess workers' compensation for accidents in excess of \$350,000.

The School Board provides self-insurance for workers' compensation for all employees not involved with federally funded programs. The workers' compensation claims are handled by a third-party administrator and the cost of medical claims are contained using a panel of physicians. The medical providers are restricted to charging for services in accordance with a negotiated fee schedule. Likewise, a group self-insured short-term disability program is managed by a third-party administrator, and a long-term disability insurance program is in place through a major insurance company.

## **Cash Management**

The City is the custodian of all cash and investments of the School Board except certain cash on hand or in banks and certain cash and investments of the Fiduciary Funds held by financial institutions. The City policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. The City's investments are made as allowed in the Code of Virginia, which include obligations of the United States and its agencies, time certificates of deposit, banker's acceptances, repurchase agreements, demand notes and commercial paper. Additionally, all bank deposits of the City and the School Board are insured by the Federal Deposit Insurance Corporation up to the allowable maximum amount and are collateralized under the Virginia Security for Public Deposits Act.



# OTHER INFORMATION

---

## Independent Audit

State statutes require an annual audit of the financial statements by independent certified public accountants selected by the School Board. In addition to meeting the requirement set forth in state statutes, the City of Richmond, Virginia and School Board combined single audit was designed to meet the requirements of the Single Audit Act Amendments of 1996 and the related U.S. Office of Management and Budget's Circular A-133. The auditors' report on the basic financial statements is included in the financial section of this report. The auditors' reports on internal controls and opinion on compliance with applicable laws, regulations, contracts and grant agreements can be found in a separately issued City of Richmond, Virginia and School Board combined single audit report.

## Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the School Board of the City of Richmond, Virginia for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2011. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR, the contents of which conform to program standards. Such CAFRs must satisfy both generally accepted accounting principles and applicable legal requirements. The School Board has received a Certificate of Achievement for the last twenty-one consecutive years and believes our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA.

In addition, the Association of School Business Officials (ASBO) sponsors a Certificate of Excellence in Financial Reporting program to foster excellence in the preparation and issuance of school system annual financial reports. The ASBO program is the highest form of recognition in school financial reporting. The School Board was awarded its nineteenth ASBO Certificate of Excellence for its fiscal 2011 report. We believe that the current CAFR also conforms to the ASBO Certificate of Excellence program requirements, and we are therefore submitting it to the ASBO.

The School Board also received its first GFOA Distinguished Budget Presentation Award for the Fiscal Year 2012 Approved Budget.

# ACKNOWLEDGEMENTS

---

We would like to express our sincere gratitude to the dedicated personnel in the Departments of Budget and Financial Reporting and Finance who participated in the preparation of this report and to our independent auditors, Cherry, Bekaert & Holland L.L.P. Appreciation is also extended to the School Board and the administration, whose continuing support is vital, the financial health of the school system.

Respectfully submitted,



**Yvonne W. Brandon, Ed. D.**  
Superintendent



**Paul A. Hawkins**  
Chief Operations Officer



**Lynn G. Bragga, MBA**  
Director of Budget and Financial  
Reporting

# SCHOOL BOARD MEMBERS AND ADMINISTRATORS

---

AS OF JUNE 30, 2012

## BOARD MEMBERS

Dawn C. Page, Chair  
District Eight

Maurice Henderson, Vice Chair  
District Five

Kimberly M. Bridges  
District One

Kimberly B. Gray  
District Two

Norma H. Murdoch-Kitt  
District Three

Adria A. Graham Scott  
District Four

Chandra H. Smith  
District Six

Donald L. Coleman  
District Seven

Evette L. Wilson  
District Nine

## OFFICIALS

Yvonne W. Brandon, Ed.D.  
Superintendent of Schools

Angela C. Lewis  
Clerk of the School Board

Victoria Oakley  
Chief Academic Officer

Paul A. Hawkins  
Chief Operations Officer / Agent

Ronald L. Carey, Ed.D.  
Chief of Staff  
Administrative and Support Services / Deputy Agent

Irene Williams, Ph.D.  
Executive Director  
Elementary Education

Thomas Beatty, Ed.D.  
Executive Director  
Secondary Education

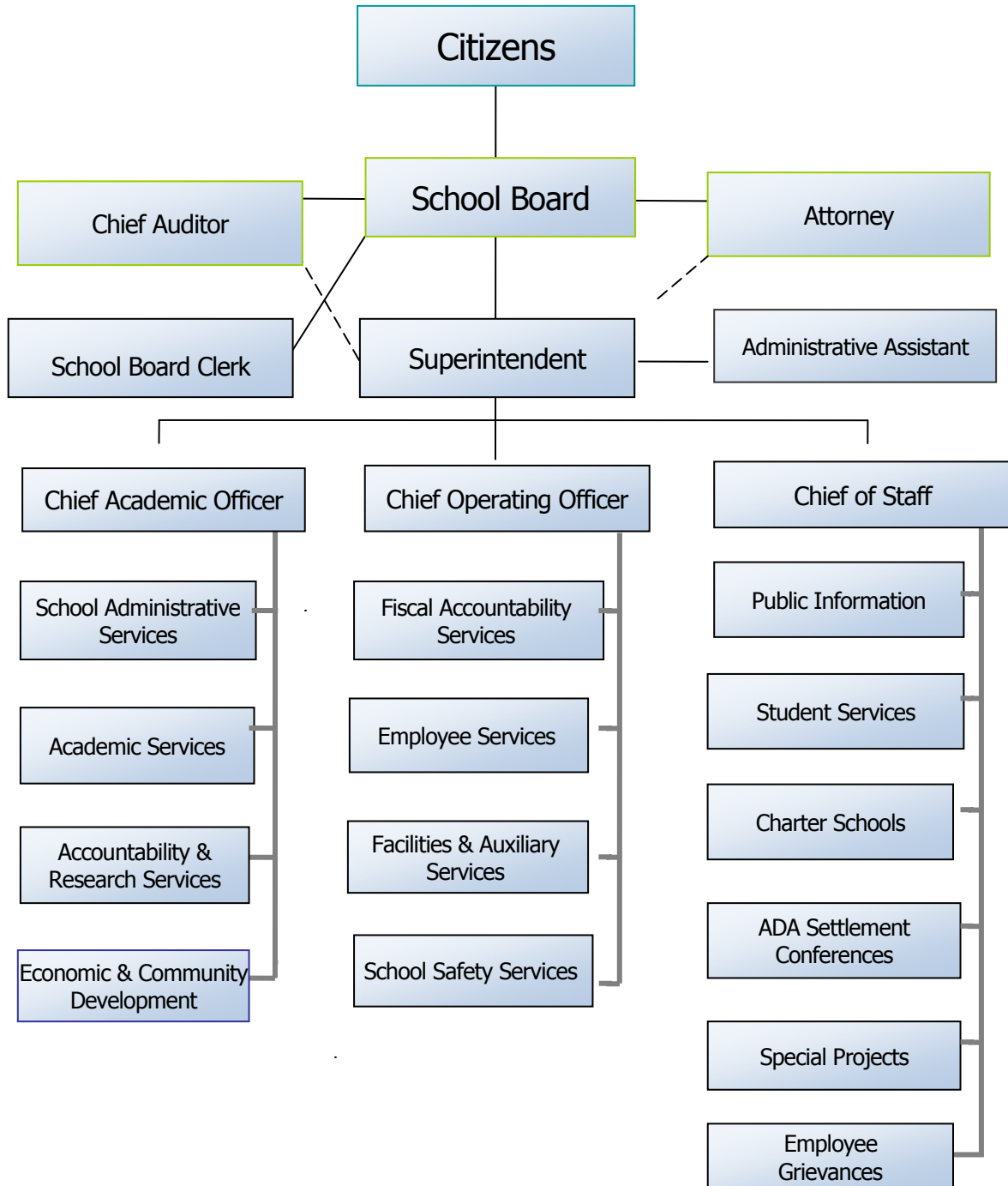
Lynn G. Bragga, MBA  
Director  
Budget and Financial Reporting

Wanda H. Payne  
Interim Director  
Finance

Debora R. Johns, CGAP  
Chief Auditor

# ORGANIZATIONAL CHART

---



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

The School Board  
of the City of Richmond

Virginia

For its Comprehensive Annual

Financial Report

for the Fiscal Year Ended

June 30, 2011

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



*Christopher P. Mosier*

President

*Jeffrey R. Ennis*

Executive Director



# Association of School Business Officials International



*The Certificate of Excellence in Financial Reporting Award  
is presented to*

## **The School Board of the City of Richmond**

*For Its Comprehensive Annual Financial Report (CAFR)  
For the Fiscal Year Ended June 30, 2011*

The CAFR has been reviewed and met or exceeded  
ASBO International's Certificate of Excellence standards



A handwritten signature in black ink, reading "Brian L. Mee".

Brian L. Mee, SFO, RSBA  
President

A handwritten signature in black ink, reading "John D. Musso".

John D. Musso, CAE, RSBA  
Executive Director

## Financial Section

---

The Financial Section includes the independent auditor's report, management's discussion and analysis, basic financial statements, including the accompanying notes, required supplementary information, and other supplementary information.



## **Independent Auditors' Report**

To the Honorable Members of the  
School Board of the City of  
Richmond, Virginia

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School Board of the City of Richmond, Virginia (the "School Board"), a component unit of the City of Richmond, Virginia, as of and for the year ended June 30, 2012, which collectively comprise the School Board's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School Board's management. Our responsibility is to express opinions on these financial statements based on our audit.

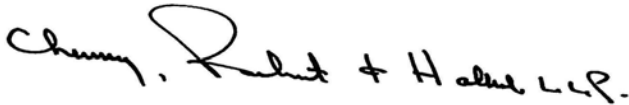
We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School Board of the City of Richmond, Virginia, as of June 30, 2012, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2012, on our consideration of the School Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Board's financial statements as a whole. The introductory section, other supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The other supplementary information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



Richmond, Virginia  
December 12, 2012

# Management's Discussion and Analysis

(unaudited)

---

The Management's Discussion and Analysis subsection provides a narrative introduction to and overview and analysis of the basic financial statements. It includes a description of the government-wide and fund financial statements, as well as an analysis of Richmond Public Schools' financial position and results of operations.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

It is an honor to present to the Citizens of the City of Richmond, Virginia (the City) this report of the financial performance of the School Board of the City of Richmond (the School Board). This section of the Comprehensive Annual Financial Report (CAFR) presents management's discussion and analysis of the overall financial performance of the School Board's financial activities for the fiscal year (FY) ended June 30, 2012. We encourage our readers to read this information in conjunction with the transmittal letter at the front of this report and the School Board's financial statements, which follow this section (amounts rounded to the nearest hundred thousand dollars or to the nearest thousand dollars are approximate).

### FINANCIAL HIGHLIGHTS FOR FY 2012

#### GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements provide information about the activities of RPS as a whole, and present both a long-term and short-term view of RPS' property and debt obligations, and other financial matters.

- The School Board's net assets (assets less liabilities) on a government-wide basis (i.e., for the School Board "taken as a whole") were \$(6.5) million at June 30, 2012, down \$15.7 million from \$9.2 million at June 30, 2011. The decrease in net assets was partially attributable to the reduction of \$6.1 million in reserves held with third-party health claims administrators used to support the fiscal 2012 budget, offset by an increase of \$9.5 million in total liabilities. Total liabilities increased primarily as a result of an increase of \$4.5 million in current liabilities, which includes an increase of \$4.6 million primarily related health care claims incurred but not paid; and an increase of \$5.0 million in non-current liabilities due in more than one year. Of the noncurrent liabilities, the obligation to pay leave benefits, increased by \$636 thousand, the actuarially determined obligation to provide future postretirement health and dental benefits to eligible retired employees increased by \$3.2 million, and the actuarially determined obligation to pay early retirement benefits to future retirees who meet eligibility requirements increased by \$1.7 million.
- Of the \$(6.5) million in net assets, \$6.7 million was restricted by outside parties (primarily for capital projects) and \$5.2 million invested in capital assets net of related debt of \$6.2 million, leaving unrestricted negative net assets (after considering all School Board liabilities) of \$(19.4) million. Overall, net assets for the School Board, taken as a whole, decreased by \$15.7 million in FY12 (see the discussion of unrestricted net assets under "Government-wide Statements" beginning on page 10).

THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA  
(A Component Unit of the City of Richmond, Virginia)

---

- The School Board's total revenues of \$317.1 million in fiscal 2012 represented an increase of \$9.6 million or 3.1 percent compared to fiscal 2011 revenues of \$307.5 million. Total revenues consisted of program revenues, which increased by \$4.2 million, and general revenues, which increased by \$5.4 million. Of the \$4.2 million increase in total program revenues, state and federal operating grants accounted for an increase of \$4.4 million. Revenue from charges for services accounted for an increase of \$142 thousand and revenue from capital grants and contributions decreased by \$355 thousand, due to a decrease in City appropriations for major renovations and repairs to school facilities (see the "Summary of Government-wide Revenue" on page 11 and the "Summary of Changes in Net Assets" beginning on page 13).
- The School Board's total expenses of \$332.8 million in fiscal 2012 represented an increase of \$23.2 million or 7.5 percent more than fiscal 2011 expenses of \$309.6 million. The increase in expenses primarily resulted from an increase in employer contribution rates for both medical insurance and retirement contributions under the Virginia Retirement System; an increase in cost of delivery of comprehensive educational and health services to at-risk children under the Comprehensive Services Act, a state mandated interagency program; an increase in the cost of delivery of nutrition services to students as a result of increase participation in the breakfast and lunch program; and an increase in transportation services attributable to an increase in wages for bus operators and increased fuel cost (see the "Summary of Government-wide Expenses, by Function" on page 12 ; and the "Summary of Changes in Net Assets" beginning on page 13).

## FUND FINANCIAL STATEMENTS

Fund financial statements report RPS' operations in more detail than government-wide financial statements by providing information about RPS' most significant funds. These statements reflect activities financed in the short-term as well as resources remaining for future spending.

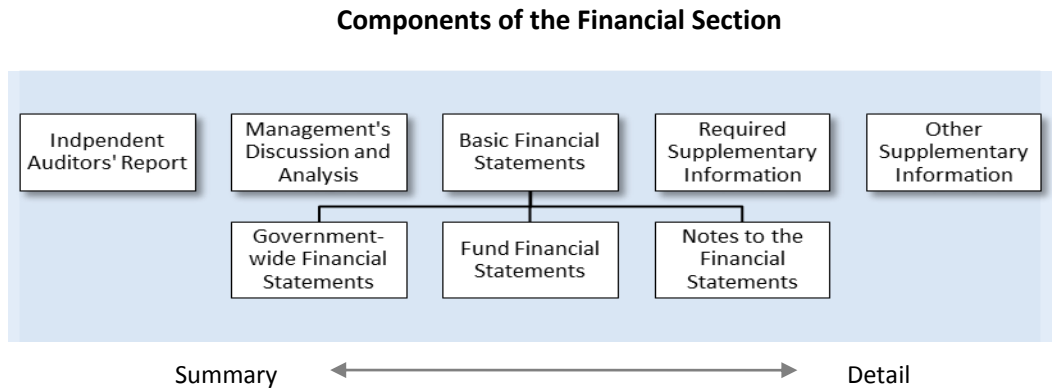
- The School Board's governmental funds reported a combined fund balance of \$24.5 million, a decrease of \$11.6 million over fiscal 2011 combined fund balance of \$36.1 million. Of the \$24.5 million, a total of \$834 thousand represents non-spendable amounts for inventory, prepaid insurance and investments and \$977 thousand in resources held in permanent funds. Restricted fund balances for special revenue funds of \$1.3 million are restricted to expenditures for specific purposes and \$1.5 million for the nutrition service fund for the operations cafeterias at each school.

Committed fund balances of \$3.0 million are committed for previously executed contracts and \$2.7 million are committed for self-supporting programs which will be used specifically for the purpose of the program; \$8.2 million is assigned to bridge an anticipated gap between appropriations and estimated revenues in the FY2013 budget period and \$6.7 million is committed for major renovation and repair project. The remaining \$(754) thousand in unassigned fund balance is available to the School Board to fund its noncurrent liabilities due in more than a year, which totaled \$42.4 million at June 30, 2012, or to meet shorter-term objectives, and has been designated in its entirety to meet future instructional and operational initiatives, obligations and contingencies. Therefore, future School Board operations will require future General Fund appropriations to fund its long-term obligations as they mature (see the discussion of unassigned fund balances under "Fund Financial Statements"- Governmental Funds on page 9).



## OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of this CAFR consists of the: 1) independent auditors' report, 2) management's discussion and analysis (presented here), 3) basic financial statements, 4) required supplementary information and 5) other supplementary information. As the following chart shows, the basic financial statements include three components: the government-wide financial statements, the fund financial statements, and notes to the financial statements.



The basic financial statements include two types of statements, the Government-wide financial statements and the Fund financial statements, each of which provide a unique perspective on School Board finances. The government-wide financial statements present the “over-all” financial position and results of activities of the School Board as a whole, and include long-term as well as current financial information. The fund financial statements focus on individual parts (or “funds”) of the School Board, and thus present the School Board’s activities in more detail than the government-wide statements, and include only current financial information. Both the government-wide financial statements and the fund financial statements are described in detail in the following narrative.

The basic financial statements also include notes, which explain some of the information in the financial statements and provide more data that are detailed. The statements are followed by a section of Required Supplementary Information, which further explains and supports certain information in the financial statements.

THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA  
(A Component Unit of the City of Richmond, Virginia)

---

## GOVERNMENT-WIDE STATEMENTS

The government-wide statements report information about the School Board as a whole using accounting methods similar to those used by private-sector companies. Accordingly, the government-wide statements include all School Board assets, including capital assets, and all School Board liabilities, regardless of when and how they will be paid. The government-wide financial statements include a Statement of Net Assets and a Statement of Activities. The Statement of Net Assets includes all of the School Board's assets and liabilities. The Statement of Activities includes all of the School Board's current year revenues and expenses, regardless of when cash is received or paid. The Statement of Net Assets reports the School Board's net assets — the difference between assets and liabilities — as of the end of the fiscal year. The Statement of Activities reports the change in the net assets between the beginning and the end of the current fiscal year, based on the School Board's financial activity for the year.

Net assets are either (1) invested in capital assets (or thus not available to spend), (2) restricted for specific uses by outside parties (and thus not available for any other use), or (3) unrestricted (available for any use). Over time, increases or decreases in the School Board's net assets (especially in its unrestricted net assets) are one indicator of whether the financial health, or position, of the School Board is improving or deteriorating. For example, a break-even position in unrestricted net assets (zero net assets) at the end of a fiscal year means that the School Board has the ability at that date to pay all of its existing noncurrent liabilities when they come due. A positive balance of unrestricted net assets allows the School Board to meet all of its noncurrent liabilities when due, and, to the extent of the positive balance, provides an additional resource to meet future needs or contingencies as they arise. Finally, should short-term needs of any of the School Board's individual funds result in expenses that use more than the School Board's total unrestricted net assets, negative net assets for the School Board as a whole would result, in which case future General Fund appropriations would fund the School Board's noncurrent liabilities as they mature.

The School Board's net assets on hand at the end of a fiscal year may be budgeted or designated for specific uses in providing instructional programs in the upcoming year. Thus, increases or decreases in net assets typically result from and are in accordance with the adopted plan to provide educational services in any given year, and fluctuate dollar for dollar with changes in the amount of net capital assets and noncurrent liabilities due in more than one year. Finally, to assess the overall health of the School Board, additional non-financial factors need to be considered, such as changes in the property tax base of the City, the condition of the school buildings and equipment, and the supply of and demand for instructional staff.

THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA  
(A Component Unit of the City of Richmond, Virginia)

---

For financial reporting purposes, the Statement of Net Assets and the Statement of Activities present all School Board activities by type of activity. All School Board activities are considered Governmental Activities:

- Governmental Activities – All of the School Board’s basic services are reported here, including all instructional and all support services, including administration, attendance and health, nutrition services, pupil transportation, operations and maintenance, and facilities services. City appropriations, state and federal entitlements and grants finance substantially all of these activities, although nutrition services and certain tuition-supported educational programs are financed in whole or in part by charges to users for services provided.

## FUND FINANCIAL STATEMENTS

The fund financial statements provide information about the School Board’s major funds – not the School Board as a whole. The School Board uses funds to keep track of specific sources of funding and spending for particular purposes.

The School Board has two types of funds:

- Governmental Funds – The School Board’s basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for future expenditure. In contrast to the government-wide financial statements, which include all assets and all liabilities, regardless of when and how they will be paid, the governmental funds’ financial statements focus only on short-term assets that are available for spending (i.e., they exclude capital assets), and near-term liabilities. Consequently, the governmental funds statements provide a detailed short-term view that helps financial statement users determine whether there are more or fewer financial resources that can be spent in the future to finance School Board programs. The Governmental Funds’ Balance Sheet reports the School Board’s fund balances as of the end of the fiscal year. Fund balances are either (1) non spendable – representing amounts that are not in spendable form or required to be maintained intact (2) restricted – amounts constrained to specific purposes by their providers (3) committed – amounts constrained to specific purposes by action of the School Board (4) assigned – amounts the School Board intends to use for specific purposes or (5) unassigned – amounts that are available for any purpose. Because governmental fund information does not encompass the long-term focus of the government-wide statements, additional information is presented in Exhibits D and F to explain the differences between the two sets of financial statements.

THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA  
(A Component Unit of the City of Richmond, Virginia)

- **Fiduciary Funds** – The School Board is the trustee, or *fiduciary*, for its employees' *Early Retirement Incentive Pension Plan*. In addition, the School Board uses *Agency Funds* to report resources held by it in a purely custodial capacity (in which the assets equal the liabilities) and involve only the temporary receipt, investment, and remittance of fiduciary resources to individuals, private organizations, or other governments. The School Board's only agency funds are the *Maggie L. Walker Governor's School for Government & International Studies* and the *MathScience Innovation Center*, which are regional educational consortiums for which the School Board serves as fiscal agent, and the *School Activity Funds* held at various schools. Management of the School Board shares responsibility with the management of these agencies (which is primarily responsible) for ensuring that the assets reported in these funds are used for their intended purposes. All of the School Board's fiduciary activities are reported in the separate *Statement of Fiduciary Net Assets* and the *Statement of Changes in Fiduciary Net Assets*. The School Board excludes these activities from its government-wide financial statements because the School Board cannot use these assets to finance its operations.

## REPORTING THE SCHOOL BOARD AS A WHOLE

The Statement of Net Assets and the Statement of Activities provide the financial status and operating results of the School Board as a whole.

The following table presents a condensed Summary of Net Assets:

<b>Table 1</b> <b>Summary of Net Assets</b> <b>As of June 30</b> <b>(in millions of dollars)</b>				
	<b>Governmental Activities</b>		<b>Change</b>	<b>Total Percentage Change</b>
	<b>2012</b>	<b>2011</b>	<b>2012-2011</b>	<b>2012-2011</b>
<b>Assets:</b>				
Current and other assets	\$ 63.0	\$ 70.1	\$ (7.1)	(10.1) %
Capital assets, net	11.4	10.4	1.0	9.6
Total assets	74.4	80.5	(6.1)	(7.6)
<b>Liabilities:</b>				
Long-term liabilities	42.4	37.4	5.0	13.4
Other liabilities	38.5	33.9	4.6	13.6
Total liabilities	80.9	71.3	9.6	13.5
<b>Net assets:</b>				
Invested in capital assets, net of related debt	5.2	4.3	0.9	20.9
Restricted	7.7	7.3	0.4	5.5
Unrestricted	(19.4)	(2.4)	(17.0)	708.3
Total net assets	\$ (6.5)	\$ 9.2	\$ (15.7)	(170.7)

THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA  
(A Component Unit of the City of Richmond, Virginia)

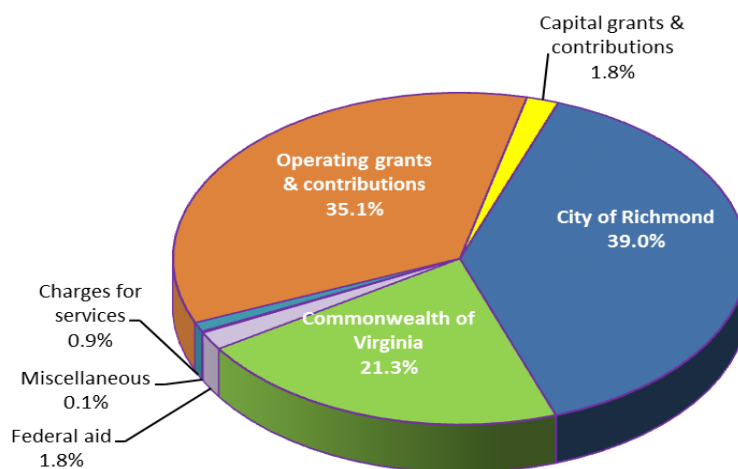
## DISCUSSION OF GOVERNMENT-WIDE NET ASSETS

As reflected in Table 1 above, the School Board's total liabilities exceeded assets by \$6.5 million on June 30, 2012 representing a decrease of \$15.7 million, over net assets at June 30, 2011. The largest portions of the School Board's net assets are \$6.7 million in restricted resources appropriated by ordinance of the City for major renovation and repair improvement projects and the investment in capital assets (equipment and vehicles) less any outstanding debt used to acquire those assets of \$5.2 million. The remaining \$976 thousand is restricted by third parties for Permanent Fund purposes, leaving an unrestricted net asset deficit of \$(19.4) million.

## SUMMARY OF GOVERNMENT-WIDE REVENUES

Table 2 following shows a visual representation of the major sources of School Board revenue, by percentages, for fiscal year 2012. Revenue sources, which originate from *Charges for Services*, *Operating Grants and Contributions*, and *Capital Grants and Contributions*, total 38 percent of total revenues and are classified as *Program Revenues*. Program revenues are generated from the program itself, such as Charges for Services, or are given to the School Board by other governments, organizations, or individuals, with restrictions to be used to support particular School Board programs. Thus, program revenues reduce the net cost of the particular School Board programs to which they apply and are necessary for the continuation of many of those School Board programs. The costs that remain must be covered by the *General Revenues* received by the School Board. General revenues comprise the remaining 62 percent of School Board revenue and consist of appropriations from the City, aid from the Commonwealth of Virginia and the federal government, and an amount of miscellaneous revenues. As shown, the largest part of the School Board's general revenue comes from the City, followed closely by operating grants and contributions.

TABLE 2  
SOURCES OF REVENUES FOR FISCAL YEAR 2012



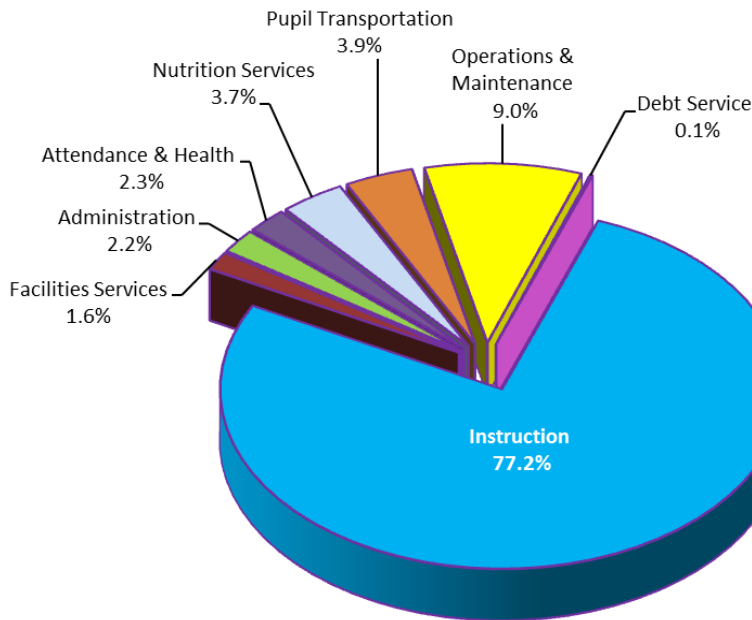
THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA  
(A Component Unit of the City of Richmond, Virginia)

SUMMARY OF GOVERNMENT –WIDE EXPENSES, BY FUNCTION

Table 3 following shows a visual representation of the overall expenses of the School Board, by function, on a percentage basis for fiscal year 2012. As shown, the biggest part of the costs incurred in the School Board's programs, 77.2 percent was spent on instruction. Operations and maintenance of the schools, (including buildings and grounds maintenance, custodial services, utilities and supplies costs) and security service came in second at 9.0 percent. Accordingly, the combined costs to instruct students and to provide well-maintained and secure facilities amounted to 86.2 percent of all School Board costs.

The cost to transport, provide nutrition service, and to track attendance and provide health services to our students amounted to 3.9 percent, 3.7 percent and 2.3 percent of total costs, respectively, totaling another 9.9 percent of costs. Finally, administrative costs were 2.2 percent, facilities services, which include major capital improvement projects, accounted for 1.6 percent and interest on long-term debt accounted for .1 percent of the total costs of School Board operations during fiscal year 2012.

TABLE 3  
FUNCTIONAL EXPENSES FOR FISCAL YEAR 2012



THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA  
(A Component Unit of the City of Richmond, Virginia)

Table four following presents a comparative condensed summary of changes in net assets and a more detailed discussion of the changes in the School Board's government-wide net assets:

<b>Table 4</b> <b>Summary of Changes in Net Assets</b> <b>As of June 30</b> <b>(in millions of dollars)</b>				
	<b>Governmental Activities</b>		<b>FY 2012 Increase/ (Decrease)</b>	<b>Total Percentage Change 2011-2012</b>
	<b>2012</b>	<b>2011</b>		
<b>Revenues:</b>				
Program revenues:				
Charges for services	\$ 2.9	\$ 2.8	\$ 0.1	3.6 %
Operating grants and contributions	111.2	106.8	4.4	4.1
Capital grants and contributions	5.7	6.1	(0.4)	(6.6)
Total program revenues	119.8	115.7	4.1	3.5
General revenues:				
Intergovernmental aid - unrestricted:				
City of Richmond	123.8	124.2	(0.4)	(0.3)
Commonwealth of Virginia	67.5	65.4	2.1	3.2
Federal government	5.6	2.0	3.6	180.0
Miscellaneous	0.4	0.2	0.2	100.0
Total general revenues	197.3	191.8	5.5	2.9
Total revenues	317.1	307.5	9.6	3.1
<b>Expenses:</b>				
Instruction	256.7	234.4	22.3	9.5
Support services:				
Administration	7.2	7.1	0.1	1.4
Attendance and health	7.6	7.4	0.2	2.7
Nutrition services	12.3	11.4	0.9	7.9
Pupil transportation	13.1	10.8	2.3	21.3
Operations and maintenance	30.0	30.8	(0.8)	(2.6)
Facilities services	5.5	7.6	(2.1)	(27.6)
Total support services expenses	75.7	75.2	0.5	0.7
Interest on long-term debt	0.4	-	0.4	
Total expenses	332.8	309.6	23.2	7.5
Change in net assets	(15.7)	(2.1)	(13.6)	647.6
Net assets - July 1	9.2	11.3	(2.1)	
Net assets - June 30	\$ (6.5)	9.2	(15.7)	

Amount may not add due to rounding

As the above table shows, the School Board's net assets decreased by \$15.7 million from fiscal year 2011 to fiscal year 2012. The decrease in net assets was mainly attributable to an overall increase in revenue of \$9.6 million, offset by an overall increase in expenses of \$23.2 million.

THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA  
(A Component Unit of the City of Richmond, Virginia)

---

Total revenues for RPS' governmental activities totaled \$317.1 million during fiscal year 2012, representing an increase of \$9.6 million over fiscal year 2011.

Key events contributing to the increase in revenues during fiscal year 2012 were:

- A \$4.2 million net increase in program revenue primarily due to the following increases and decreases:
  - An increase of \$7.4 million in Title I grant funds, an increase of \$1.1 million in Title VI-B grants used to deliver educational services to students with disabilities and a \$500 thousand increase in Nutrition Service revenue as a result of increased breakfast and lunch participation.
  - A decrease of \$ \$3.4 million related to final federal reimbursements under the American Recovery and Reinvestment Act (ARRA) in fiscal year 2012, which included two primary sources of funding: IDEA ARRA and Title I Part A ARRA; \$355 thousand capital contributions relating to decrease City appropriations for major renovation, improvement and repair projects.
- A \$5.4 million net increase in general revenue, which includes:
  - An additional \$3.6 million in federal revenue primarily from the Education Jobs Fund grant, which was used to support instructional staff salaries and related costs; an increase in revenue from state funds of \$2.0 million, which includes an increase of \$1.2 million in Basic Aid funding from state Standards of Quality revenue, and \$615 thousand from state reimbursements through the Virginia Medicaid program for related services such as speech language pathology, physical therapy and nursing provided to recipient students; and an increase of \$243 thousand in revenue from miscellaneous activity.
  - The increase in general revenues was offset by a decrease of \$477 thousand in revenue from City appropriations as a result of consolidation of grounds maintenance services with the City.

Total expenses for RPS' governmental activities totaled \$332.8 million during fiscal year 2012, representing an increase of \$23.2 million over fiscal year 2011. The change in expenses of \$23.2 million was primarily due to:

- An increase of \$22.3 million for Instruction, which is RPS' largest program, primarily attributable to increase employer costs for health care and retirement contributions, and increase in mandated spending to provide comprehensive educational and related services to at risk students.
- A net increase of \$401 thousand in the cost of providing support services such as nutrition services, pupil transportation and health services.



THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA  
(A Component Unit of the City of Richmond, Virginia)

## FINANCIAL ANALYSIS OF THE SCHOOL BOARD'S FUNDS

As reported on Exhibit C of the basic financial statements, the School Board's governmental funds reflect a combined fund balance of \$24.5 million at June 30, 2012, a decrease of \$11.6 million.

The following table presents a summary of fund balances of governmental funds as of June 30, 2011 and 2012:

	2012	2011	Variance	Percent Variance 2011-2012
General Fund				
Non-Spendable	\$ 0.8	7.4	(6.6)	(89.2) %
Restricted	-	-	-	-
Committed	5.7	8.5	(2.8)	(32.9)
Assigned	8.2	6.0	2.2	36.7
Unassigned	0.6	5.2	(4.6)	(88.5)
Total General Fund	<u>15.3</u>	<u>27.1</u>	<u>(11.8)</u>	(43.5)
All Other Governmental Funds				
Non-Spendable	\$ 1.0	0.9	0.1	11.1 %
Restricted	2.8	4.5	(1.7)	(37.8)
Committed	-	-	-	-
Assigned	6.7	8.1	(1.4)	(17.3)
Unassigned	(1.3)	(4.5)	3.2	(71.1)
Total All Other Governmental Funds	<u>9.2</u>	<u>9.0</u>	<u>0.2</u>	2.2
Total Fund Balances	<u>\$ 24.5</u>	<u>36.1</u>	<u>(11.6)</u>	(32.1)

The major components of the decrease in fund balance are:

- Current year general fund expenditures of \$250.5 (net of expenditures for transfers to other funds of \$1.7 million) exceeded revenues of \$240.4 million by \$10.1 million, which resulted in a net change in the general fund balance of \$(11.8) million. The \$11.8 million decrease in the general fund balance represented an increase in the change in fund balance from fiscal 2011 to fiscal 2012 of \$15.3 million.

The \$15.3 million increase in the change in fund balance of the General Fund resulted from:

- A net increase in operating revenue of \$1.9 million primarily resulting from an increase in federal revenue of \$3.6 million, attributable primarily to the Education Jobs Fund grant, offset by a decrease in local appropriations and state funds \$1.7 million.

THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA  
(A Component Unit of the City of Richmond, Virginia)

---

- A net increase in operating expenditures of \$17.0 million primarily resulting from an increase of approximately \$15.6 million in compensation and benefits. Compensation and benefits comprise approximately of 83 percent of total general fund expenditures. Increases in compensation and benefits were related to 39 instructional positions added to the general fund, due to expiration of ARRA funds and an increase in employer contribution rates for employee health care and retirement under the Virginia Retirement System. Increases in other expenditure categories included an increase for contracted services primarily related to mandated expenditures for the delivery of comprehensive services to at-risk students under the Comprehensive Services Act; and an increase in capital outlay expenditures primarily related to purchase of replacement school buses and vehicles.
- The School Board's Special Revenue Fund recognizes revenues based upon expenditures incurred under a reimbursement-basis and restricted-purpose grant awards. Accordingly, reported revenues are equal in amount to expenditures made during the fiscal year. Grant matching requirements and related management objectives resulted in transfers from the General Fund to the Special Revenue Fund to support the grant objectives totaling \$1.7 million during FY 2012.
- The Nutrition Services Fund reported a restricted fund balance of \$1.5 million; a decrease of \$205 thousand. Nutrition Service Fund revenues increased by \$638 thousand, primarily as a result of an increase of \$696 in income from meal sales and state and federal reimbursements from increased participation in the National School Lunch program. Sales and reimbursement revenue increases were offset by a decrease in miscellaneous revenue of \$56 thousand. Nutrition Services Fund expenditures increased by \$757 thousand primarily due to food costs, which increased by \$584 thousand over prior year.
- At the end of the current fiscal year, the Capital Projects Fund reported a total fund balance of \$6.7 million, an increase of \$358 thousand from fiscal year 2011. During fiscal year 2012, RPS received \$5.7 in appropriations from the City for major infrastructure maintenance, including remediation projects to ensure all facilities are accessible to persons with disabilities, and expended \$5.4 million on those projects. The increase in fund balance resulted from a greater time lag in school renovations and facility improvement activities completed with the current year compared to prior year.
- The School Board's Permanent Funds are non-spendable. The earnings and principal must be held in an endowment trust. The earnings may be used in accordance with the Permanent Fund agreements, and the principal must remain in Trust Corpus. Net investment income exceeded current operating expenditures during fiscal 2012, resulting in an increase in the fund balance of the Permanent Funds of \$66 thousand for the fiscal year. This ending fund balance represents the amount reserved for Permanent Fund purposes, as reported on Exhibit C, in accordance with the Permanent Fund agreements.

THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA  
(A Component Unit of the City of Richmond, Virginia)

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The following is a condensed General Fund Budgetary Comparison Schedule (see detail at Exhibit I):

<b>Table 6</b> <b>General Fund Budgetary Highlights</b> <b>For the Fiscal Year Ended June 30, 2012</b> <b>(in millions of dollars)</b>				
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual (Budgetary Basis)</b>	<b>Variance With Final Budget Positive (Negative)</b>
<b>Budgetary fund balances:</b>	\$ 10.9	17.0	\$ 12.1	\$ (4.9)
<b>Revenue Sources (inflows):</b>				
City of Richmond	123.8	123.8	123.8	-
Commonwealth of Virginia	107.5	107.5	106.8	(0.7)
Federal government	6.2	6.2	6.4	0.2
Miscellaneous	0.8	0.8	1.1	0.3
<b>Total amounts available for expenditure</b>	<b>249.1</b>	<b>255.1</b>	<b>250.1</b>	<b>(5.0)</b>
<b>Expenditures (outflows):</b>				
Personnel services - salaries and wages	147.8	147.9	152.2	(4.3)
Employee benefits	57.5	57.5	53.0	4.5
Purchased services	15.5	17.8	17.2	0.6
Other charges	11.1	12.8	12.7	0.1
Materials and supplies	5.8	6.3	6.0	0.3
Other operating expenditures	1.6	1.8	1.7	0.1
Capital outlay	1.5	2.7	2.7	-
<b>Other financing uses:</b>				
Notes payable	0.5	0.5	0.5	-
Transfers out	7.7	7.7	7.3	0.4
<b>Total expenditures and other financing uses</b>	<b>249.1</b>	<b>255.1</b>	<b>253.3</b>	<b>1.8</b>
<b>Amounts available for expenditure over expenditures and other financing uses - budgetary basis</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (3.2)</b>	<b>\$ (3.2)</b>

Amount may not add due to rounding

As shown on exhibit I, the actual amounts available for expenditures was \$(3.2) million under final budget basis expenditures for FY 2012, the net result of total revenues under budget by \$5.0 million offset by total expenditures under budget of \$1.8 million.

Several factors contributing to the change in total revenues during fiscal year 2012 are as follows:

- Re-appropriated fund balance carried forward from fiscal year 2011 of \$6.0 million and prior year reserves held with third party health administrators of \$4.9 million were budgeted in anticipation of a fiscal year 2012 funding gap based on revenue estimates and budgeted expenditures. After revised forecast for all revenue sources and expenditures, \$4.9 million was unexpended at fiscal yearend.
- Total revenue from the Commonwealth of Virginia was \$615 thousand below final budget, primarily attributable to: (1) a \$431 thousand decrease in Standards of Quality (SOQ) basic aid revenue as a result

THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA  
(A Component Unit of the City of Richmond, Virginia)

---

of mid-year budget reductions (2) \$45 thousand in Incentive based funding under the composite index change hold harmless category; and (3) \$181 thousand shortfall in Lottery funded programs attributable to the Virginia preschool initiative funding which is based on final enrollment. These budget shortfalls were offset by \$42 thousand in additional categorical funding for special education.

- Revenue from the Federal government was over budget by \$247 thousand, primarily due to funding from the Education Jobs Fund grant which was used to support instruction.

Actual expenditures were under final budget basis expenditures by \$1.8 million. The major variance between the final budget and actual expenditures includes:

- \$4.5 million under budget for employee benefits. The budgetary savings in employee benefits is primarily attributable to holding the fiscal 2012 contribution to the Early Retirement Incentive Plan, which was funded in excess of one-hundred percent of the annual required contribution in the previous fiscal year. These savings were used towards fund balance assigned to the fiscal 2013 general operating budget in anticipation of the estimated funding gap in revenue and expenditures for fiscal 2013.
- A net \$650 thousand under budget for purchased services in fiscal year 2012 primarily as a result of savings garnered by mid-year reviews of major service contracts and non-professional contracts.
- A net \$514 thousand under budget in other charges, materials and supplies and other operating expenditures. A major variance in these categories includes \$327 thousand in utility cost savings, partially attributable to energy efficiency enhancements.

During fiscal year 2012, the School Board amended the legally adopted budget at various times for the following purposes, as detailed on Exhibit I:

- To appropriate (add) approximately \$6.1 million to pay for commitments in the form of encumbrances established prior to July 1, 2011, but not paid by that date. The encumbrances were for purchase orders authorized and issued, and for contracts and other commitments which existed at June 30, 2011, but for which the goods or services were not received by that date. As one method of budgetary control, the School Board encumbers the budget and fund balance when those obligations are established and increases the budget in the ensuing year by supplemental appropriation for encumbrances, which were outstanding at the end of the previous year.
- To re-allocate the total expenditure budget as needed between various expenditure budget areas as needs change during the year.

THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA  
(A Component Unit of the City of Richmond, Virginia)

---

## CAPITAL ASSETS

At the end of fiscal year 2012, the School Board had invested \$10.4 million (see financial statement note 5) in vehicles (primarily school buses) and equipment, as reflected in Table 6 below:

Table 7 Capital Assets As of June 30 (In millions of dollars)			
	Governmental Activities		Total Change
	2012	2011	2011-2012
Vehicles, net	\$ 3.6	\$ 2.2	1.4
Other equipment, net	7.8	8.2	(0.4)
Total	\$ 11.4	\$ 10.4	1.0

This year's investment in capital assets included purchases of 19 replacement school buses and 11 replacement vehicles totaling of \$1.7 million and \$188 thousand respectively; and acquired \$564 thousand in technology, vocational education and kitchen equipment. Capital asset vehicle disposals amounted to \$443 thousand and equipment disposals amounted to \$633 thousand.

The City retains legal title to the land and buildings occupied by the School Board, and provide such assets, at no cost, to the School Board for its use. Consequently, these assets, including construction in progress, are only reported on the City's Statement of Net Assets. However, the School Board manages all construction contracts for school buildings, and capital appropriations from the City and the expenditure of those monies by the School Board for school major repairs and renovations are reported in the School Board's Capital Projects Fund.

All debt related to the acquisition of the School Board's land and buildings is a liability of the City, and, accordingly, is not reflected in the School Board's basic financial statements. The School Board has no infrastructure capital assets. Information about the School Board's capital assets is presented in notes one and five to the basic financial statements. Contractual commitments totaling \$3.1 million in the Capital Projects Fund are disclosed in note 12.

## LONG-TERM DEBT

Except for the long-term liabilities disclosed in notes 6 and 7 to the basic financial statements, the School Board does have a liability for long-term debt related to a capital lease for energy improvements of \$6.2 million. The capital lease decreased by \$25 thousand as a result of principal payments. The School Board does not have any legal debt limit, debt margin, or bonds outstanding.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

### FISCAL YEAR 2013 BUDGET

#### *Revenue*

For the fourth consecutive year, Richmond City Public Schools is facing tenuous revenue streams. The change in operating revenue for fiscal year 2013 totals \$934 thousand or 0.4% when compared to fiscal year 2012. Local revenue appropriated from the City of Richmond totals \$129.4 million, a \$5.7 million increase over fiscal year 2012; while prior year fund balance is estimated to be \$8.2 million reflecting a decrease of \$2.7 million.

State revenues are showing a net increase of \$2.4 million or 2.2%. The majority of the district's state revenue originates from the Virginia Department of Education totaling \$108.3 million; representing an increase of \$884 thousand. Newly represented under state revenue are the division's Medicaid reimbursements. Prior to fiscal year 2013, reimbursements for Medicaid-related services were accounted for separately from the general operating budget.

Tuition and other revenues supporting the general operating budget are projected to increase by \$1 million related to charging School Nutrition Services an indirect cost percentage to cover building usage and instituting the new P-Card initiative. Federal revenues are slated to decrease \$5.5 million with the loss of funding from the Education Jobs Fund.

#### *Expenditures*

The district is facing issues related to mandatory increases in expenditures. The Virginia Retirement System (VRS), under Senate Bill 497, is requiring school division employees to begin paying the 5 percent member contribution on a pretax salary reduction basis effective July 1, 2012. The legislation authorized during the 2012 General Assembly session includes a requirement for offsetting salary increases. School boards may elect to phase in the member contribution and corresponding salary increase for employees over the next five years, and must submit formal signed resolutions documenting this election. Employees hired or rehired on or after July 1, 2012 must pay the full 5 percent member contribution upon employment; no phase-in option is provided for these employees and school divisions are not required to provide an offsetting 5 percent salary increase. The Richmond School Board has elected to implement a 3 percent member contribution and corresponding salary increase in fiscal year 2013.

Over 82 percent of the school division's operating budget goes to support wages and benefits costs; to meet the challenges associated with mandatory expenditure increases, the school division is eliminating 145 full-time equivalents (FTE's), and instituting a 5-day furlough, resulting in salaries and wages decreasing \$3.9 million. The dramatic changes in employee benefits require additional resources totaling \$4.9 million, thus increasing overall spending in personnel services \$941 thousand.

THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA  
(A Component Unit of the City of Richmond, Virginia)

---

This financial report is designed to provide the citizens and taxpayers of the City of Richmond, Virginia and the School Board's creditors with a general overview of the School Board's finances and to demonstrate the School Board's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the School Board's Department of Budget and Financial Reporting at the School Board of The City of Richmond, 301 North Ninth Street, Richmond, Virginia 23219-1927.

# Basic Financial Statements

---

The Basic Financial Statements subsection includes the government-wide statements, which incorporates the governmental activities of Richmond Public Schools in order to provide an overview of the financial position and results of operations for the reporting entity. This subsection also includes the fund financial statements and the accompanying notes to the financial statements.



**This page intentionally left blank**

# **Government-Wide Financial Statements**

**The School Board of the City of Richmond, Virginia  
(A Component Unit of the City of Richmond, Virginia)**

**Statement of Net Assets - Governmental Activities**

**June 30, 2012**

<b>Assets</b>	
Equity in cash with the City of Richmond, Virginia	\$ 34,408,466
Cash on hand or in banks	304,095
Investments	1,161,544
Accounts receivable	286,553
Equity in cash with third-party health claims administrators	132,000
Due from other governments	26,116,089
Inventory of materials and supplies	228,142
Prepaid Items	357,150
Capital assets, net	<u>11,408,373</u>
<b>Total assets</b>	<b><u>\$ 74,402,412</u></b>
<b>Liabilities and net assets</b>	
<b>Liabilities:</b>	
Accounts payable	\$ 3,737,751
Accrued liabilities	22,484,617
Due to other governments and external parties	8,540,184
Unearned revenue	1,856,525
Noncurrent liabilities:	
Due within one year	1,882,421
Due in more than one year	<u>42,394,825</u>
<b>Total liabilities</b>	<b><u>80,896,323</u></b>
<b>Net assets:</b>	
Invested in capital assets, net of related debt	5,231,490
Restricted for:	
Capital Projects	6,739,621
Permanent fund purposes - nonexpendable	203,471
Permanent fund purposes - expendable	773,456
Unrestricted (deficit)	<u>(19,441,949)</u>
<b>Total net assets</b>	<b><u>(6,493,911)</u></b>
<b>Total liabilities and net assets</b>	<b><u>\$ 74,402,412</u></b>

See accompanying notes to basic financial statements.

**The School Board of the City of Richmond, Virginia  
(A Component Unit of the City of Richmond, Virginia )**

**Statement of Activities - Governmental Activities**

**For The Fiscal Year Ended June 30, 2012**

Functions/Program Activities	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Instruction	\$ 256,715,702	1,190,286	100,019,801	-	(155,505,615)
Support services:					
Administration	7,199,283	-	-	-	(7,199,283)
Attendance and health	7,560,791	-	-	-	(7,560,791)
Nutrition services	12,300,932	1,409,167	10,403,008	-	(488,757)
Pupil transportation	13,067,688	-	-	-	(13,067,688)
Operations and maintenance	29,976,859	304,045	800,650	-	(28,872,164)
Facilities services	5,462,937			5,717,528	254,591
Total support services	75,568,490	1,713,212	11,203,658	5,717,528	(56,934,092)
Interest on long-term debt	469,342	-	-	-	(469,342)
 Total governmental activities	 \$ 332,753,534	 2,903,498	 111,223,459	 5,717,528	 (212,909,049)

General revenues:

Intergovernmental aid not restricted to specific purposes:

City of Richmond, Virginia	123,756,791
Commonwealth of Virginia	67,418,227
Federal government	5,611,358
Miscellaneous	442,577

Total general revenues 197,228,953

Change in net assets (15,680,096)

Net assets - July 1, 2011 9,186,185

Net assets - June 30, 2012 \$ (6,493,911)

See accompanying notes to basic financial statements.

## **Fund Financial Statements**

**The School Board of the City of Richmond, Virginia  
(A Component Unit of the City of Richmond, Virginia)**

**Balance Sheet  
Governmental Funds  
June 30, 2012**

	General	Special Revenue	Nutrition Services	Capital Projects	Permanent	Total Governmental Funds
<b>Assets</b>						
Equity in cash with the City of Richmond, Virginia	\$ 34,408,466	-	-	-	-	34,408,466
Cash on hand or in banks	257,922	-	46,173	-	-	304,095
Investments	129,992	-	-	-	1,031,552	1,161,544
Accounts receivable	68,731	-	217,822	-	-	286,553
Equity in cash with third-party health claims administrators	132,000	-	-	-	-	132,000
Due from other governments	64,772	18,028,148	501,318	7,521,851	-	26,116,089
Due from other funds	13,307,254	-	1,533,620	-	-	14,840,874
Prepaid Items	357,150	-	-	-	-	357,150
Inventory of materials and supplies	228,142	-	-	-	-	228,142
<b>Total assets</b>	<b>\$ 48,954,429</b>	<b>18,028,148</b>	<b>2,298,933</b>	<b>7,521,851</b>	<b>1,031,552</b>	<b>77,834,913</b>
<b>Liabilities and fund balances</b>						
<b>Liabilities:</b>						
Accounts payable	\$ 1,972,763	1,020,671	421,888	322,244	185	3,737,751
Accrued liabilities	21,554,254	2,408,777	404,007	-	-	24,367,038
Due to fiduciary external parties	3,890,684	-	-	-	-	3,890,684
Due to other funds	1,533,620	12,792,828	-	459,986	54,440	14,840,874
Deferred revenue	50,653	1,805,872	-	-	-	1,856,525
Due to Primary Government	4,649,000	-	-	-	-	4,649,000
Advances from the City of Richmond, Virginia	500	-	-	-	-	500
<b>Total liabilities</b>	<b>33,651,474</b>	<b>18,028,148</b>	<b>825,895</b>	<b>782,230</b>	<b>54,625</b>	<b>53,342,372</b>
<b>Fund balance (deficit):</b>						
<b>Nonspendable:</b>						
Inventories	228,142	-	-	-	-	228,142
Prepaid Insurance	475,535	-	-	-	-	475,535
Investments	129,992	-	-	-	-	129,992
Permanent fund purposes	-	-	-	-	976,927	976,927
<b>Restricted</b>		1,313,249	1,473,038	-	-	2,786,287
<b>Committed:</b>						
Encumbrances	2,952,855	-	-	-	-	2,952,855
Specific educational puposes	2,728,105	-	-	-	-	2,728,105
<b>Assigned:</b>						
General Fund - FY 2013 General Operating Budget	8,229,300	-	-	-	-	8,229,300
Capital Projects Fund	-	-	-	6,739,621	-	6,739,621
Unassigned	559,026	(1,313,249)	-	-	-	(754,223)
<b>Total fund balances</b>	<b>15,302,955</b>	<b>-</b>	<b>1,473,038</b>	<b>6,739,621</b>	<b>976,927</b>	<b>24,492,541</b>
<b>Total liabilities and fund balances</b>	<b>\$ 48,954,429</b>	<b>18,028,148</b>	<b>2,298,933</b>	<b>7,521,851</b>	<b>1,031,552</b>	<b>77,834,913</b>

See accompanying notes to basic financial statements.

**The School Board of the City of Richmond, Virginia**  
**(A Component Unit of the City of Richmond, Virginia)**  
**Reconciliation of the Governmental Funds' Balance Sheet to the**  
**Statement of Net Assets**

**June 30, 2012**

Total fund balances - governmental funds (Exhibit C)	\$	24,492,541
--	----	------------

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

Capital assets used in Governmental Funds (note 5) are not financial resources and therefore are not reported as assets in the Governmental Funds' Balance Sheet. The cost of the assets, which consist of vehicles and equipment, is \$31,581,670 and the accumulated depreciation is \$20,173,297		11,408,373
---	--	------------

The portion of noncurrent liabilities due in more than one year applicable to the School Board's Governmental Funds (note 6) are not due and payable in the current period and accordingly are not reported as liabilities in the Governmental Funds Balance Sheet. At year-end, those liabilities consisted of:

Workers' compensation liability	(3,465,002)	
Compensated absences	(11,717,265)	
Net pension obligations	(2,134,557)	
Net OPEB obligations	(18,901,118)	
Capital leases	(6,176,883)	
		(42,394,825)

Total net assets - governmental activities (Exhibit A)	\$	(6,493,911)
--	----	-------------

See accompanying notes to basic financial statements.

**The School Board of the City of Richmond, Virginia  
(A Component Unit of the City of Richmond, Virginia)**

**Statement of Revenues, Expenditures and  
Changes in Fund Balances**

**Governmental Funds**

**For The Fiscal Year Ended June 30, 2012**

	General	Special Revenue	Nutrition Services	Capital Projects	Permanent	Total Governmental Funds
<b>Revenues:</b>						
Intergovernmental:						
City of Richmond, Virginia	\$ 123,756,791	-	-	5,717,528	-	129,474,319
Commonwealth of Virginia	108,584,322	8,014,577	231,489	-	-	116,830,388
Federal government	6,401,489	49,884,078	10,357,528	-	-	66,643,095
Donations and gifts	794	810,105	-	-	-	810,899
Charges for goods and services:						
Tuition and fees	832,998	803,373	-	-	-	1,636,371
Food sales	-	-	1,379,360	-	-	1,379,360
Investment income, net:						
Net increase in fair value of investments	-	-	-	-	87,946	87,946
Interest and dividend income	-	-	933	-	-	933
Miscellaneous	783,295	76,052	22,600	-	-	881,947
<b>Total revenues</b>	<b>240,359,689</b>	<b>59,588,185</b>	<b>11,991,910</b>	<b>5,717,528</b>	<b>87,946</b>	<b>317,745,258</b>
<b>Expenditures:</b>						
Current operating:						
Instruction	194,712,449	59,509,633	-	-	21,873	254,243,955
Support services:						
Administration	7,116,834	-	-	-	-	7,116,834
Attendance and health	6,561,888	817,653	-	-	-	7,379,541
Nutrition services	-	-	12,196,512	-	-	12,196,512
Pupil transportation	12,840,508	450,114	-	-	-	13,290,622
Operations and maintenance	28,669,382	544,765	-	-	-	29,214,147
Facilities services	95,171	532	-	-	-	95,703
<b>Total support services</b>	<b>55,283,783</b>	<b>1,813,064</b>	<b>12,196,512</b>	<b>-</b>	<b>-</b>	<b>69,293,359</b>
<b>Total current operating</b>	<b>249,996,232</b>	<b>61,322,697</b>	<b>12,196,512</b>	<b>-</b>	<b>21,873</b>	<b>323,537,314</b>
Capital outlay	-	-	-	5,359,907	-	5,359,907
Debt service:						
Principal	24,743	-	-	-	-	24,743
Interest	469,342	-	-	-	-	469,342
<b>Total expenditures</b>	<b>250,490,317</b>	<b>61,322,697</b>	<b>12,196,512</b>	<b>5,359,907</b>	<b>21,873</b>	<b>329,391,306</b>
Excess (deficiency) of revenues over (under) expenditures	(10,130,628)	(1,734,512)	(204,602)	357,621	66,073	(11,646,048)
<b>Other financing sources (uses):</b>						
Transfers in (note 4)	-	1,734,512	-	-	-	1,734,512
Transfers out (note 4)	(1,734,512)	-	-	-	-	(1,734,512)
<b>Net change in fund balances</b>	<b>(11,865,140)</b>	<b>-</b>	<b>(204,602)</b>	<b>357,621</b>	<b>66,073</b>	<b>(11,646,048)</b>
Fund balances - July 1, 2011	27,168,095	-	1,677,640	6,382,000	910,854	36,138,589
Fund balances - June 30, 2012	\$ 15,302,955	-	1,473,038	6,739,621	976,927	24,492,541

See accompanying notes to basic financial statements.



**The School Board of the City of Richmond, Virginia  
(A Component Unit of the City of Richmond, Virginia)**

**Reconciliation of the Governmental Funds' Statement of Revenues,  
Expenditures, and Changes in Fund Balances  
to the Statement of Activities**

**For The Fiscal Year Ended June 30, 2012**

Net change in fund balances - total governmental funds (Exhibit E) \$ (11,646,048)

Amounts reported for governmental activities in the Statement of Activities (Exhibit B) are different because:

Capital asset acquisitions are reported in Governmental Funds as expenditures. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays, net of deletions of \$2,399,360 exceeded depreciation expense of \$1,439,469 in the period. 959,891

In the government-wide Statement of Activities, operating expenses are measured by the total amounts incurred during the year. In the Governmental Funds; however, expenditures are measured by the amount of financial resources used during the year. The differences between the applicable expenses incurred and the related amounts of financial resources used during the fiscal year were as follows:

<u>Applicable expenses</u>	<u>Amounts Incurred (Over) Under Financial Resources Used</u>
Workers' compensation	\$ 504,667
Compensated absences:	
Vacation pay	(371,212)
Sick pay	(265,078)
Net pension obligation (note 10(c)(iii))	(1,684,546)
Net OPEB obligation (note 11( c ))	(3,177,770)
Capital leases:	
Energy improvements	-
Net amount incurred under financial resources used	<u>(4,993,939)</u>

Net reconciling items (4,034,048)

Change in net assets of governmental activities (Exhibit B) \$ (15,680,096)

See accompanying notes to basic financial statements.

**The School Board of the City of Richmond, Virginia  
(A Component Unit of the City of Richmond, Virginia)**

**Statement of Fiduciary Net Assets**

**Fiduciary Funds**

**June 30, 2012**

	Employee Early Retirement Incentive Plan	Agency Funds
Assets:		
Cash on hand or in banks	\$ -	\$ 1,432,193
Investments - money market fund	1,724,886	-
Total investments	1,724,886	-
Accounts receivable	77	503
Due from other governments	-	103,047
Due from General Fund	-	3,890,684
Total assets	\$ 1,724,963	\$ 5,426,427
Liabilities:		
Accounts payable	-	69,480
Accrued liabilities	-	1,048,400
Amounts held for other organizations	-	4,308,547
Total liabilities	-	\$ 5,426,427
Net assets:		
Held in trust for employee pension benefits	1,724,963	
Total net assets	\$ 1,724,963	

See accompanying notes to basic financial statements.

**The School Board of the City of Richmond, Virginia  
(A Component Unit of the City of Richmond, Virginia)**

**Statement of Changes in Fiduciary Net Assets**

**Fiduciary Funds**

**For The Fiscal Year Ended June 30, 2012**

	Employee Early Retirement Incentive Plan
Additions:	
Contributions	\$ -
Investment Income:	
Dividends	2,374
Total investment income	2,374
Total additions	2,374
Deductions:	
Benefits	1,651,235
Total deductions	1,651,235
Change in net assets	(1,648,861)
Net assets - July 1, 2011	3,373,824
Net assets - June 30, 2012	\$ 1,724,963

See accompanying notes to basic financial statements.

**THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA**  
**(A Component Unit of the City of Richmond, Virginia)**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

---

**(1) Summary of Significant Accounting Policies**

The School Board of the City of Richmond, Virginia (the School Board) was established in 1868 to provide educational opportunities to the residents of the City of Richmond, Virginia (the City). The accounting policies of the School Board conform to U.S. generally accepted accounting principles (GAAP) as applicable to governmental units. The following is a summary of the more significant policies:

**(a) Financial Reporting Model**

GAAP establishes accounting and financial reporting standards for general purpose external financial reporting by state and local governments. The School Board's financial statements include the Management's Discussion and Analysis (MD&A), the Basic Financial Statements, and certain other Required Supplemental Information (RSI), described as follows:

**Management's Discussion and Analysis** – GAAP requires that financial statements be accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of Management's Discussion and Analysis. This analysis is similar to analysis the private sector provides in its annual reports.

**Government-wide Financial Statements** – The Government-wide financial statements are prepared using full accrual accounting for all of the government's activities, and consist of a Statement of Net Assets and a Statement of Activities, as described below. The Government-wide financial statements display information about the School Board as a whole, except for its *fiduciary activities* (the resources of which are not available to finance School Board programs), and distinguish between governmental and business-type activities, if any. Eliminations have been made to minimize the double counting of internal activities. *Governmental activities* generally are financed through intergovernmental revenues. *Business-type activities* are financed in part by fees charged to external parties. The School Board does not have any business-type activities.

**Statement of Net Assets** – The Statement of Net Assets reports the financial position of the School Board as a whole. In addition to reporting current assets and liabilities, the Statement of Net Assets includes both noncurrent assets and noncurrent liabilities of the School Board (such as vehicles and other equipment and long-term liabilities for various employee benefits). The net assets of the School Board are reported in three categories: 1) invested in capital assets; 2) restricted; and 3) unrestricted. The School Board generally first uses restricted resources for expenses incurred for which both restricted and unrestricted net assets are available. The School Board may defer the use of restricted net assets based on a review of the specific transaction.

**Statement of Activities** – The Statement of Activities is presented in a format that reports expenses by function, reduced by program revenues directly generated by each function, resulting in a measurement of "net expense or revenue" for each of the School Board's functions.

Program revenues include: (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) City appropriations, grants and contributions that are restricted to meet the operational or capital requirements of a particular program. Indirect expense allocations that have been made in the funds have been reversed for the Statement of Activities.

**THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA**  
**(A Component Unit of the City of Richmond, Virginia)**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

---

Revenues that are not classified as program revenues, including intergovernmental aid not restricted to specific purposes, are presented as *general revenues*. The Statement of Activities reports all of the revenues and costs of providing services each year, including depreciation expense on the School Board's vehicles and equipment.

**Fund Financial Statements** – The *Fund* financial statements organize and report the financial transactions and balances of the School Board on the basis of fund categories. Separate statements for each of the School Board's two fund categories – *Governmental* (including *General*, *Special Revenue*, *Capital Projects*, and *Permanent* funds) and *Fiduciary* are presented. The emphasis of Governmental Fund financial statements is on *major* funds, each of which is required to be displayed in a separate column. All reported governmental funds of the School Board are considered major funds.

**Reconciliation of Government-wide and Fund Financial Statements** – As further discussed in note 1(d), since the Governmental Funds financial statements are presented on a different measurement focus and basis of accounting than the Government-wide financial statements, a summary reconciliation of the difference between total fund balances as reflected on the Governmental Funds' Balance Sheet and total governmental activities' net assets as shown on the Government-wide Statement of Net Assets is presented in Exhibit D. In addition, a summary reconciliation of the difference between the total net change in fund balances as reflected on the Governmental Funds' Statement of Revenues, Expenditures, and Changes in Fund Balances and the change in net assets of governmental activities as shown on the Government-wide Statement of Activities is presented in Exhibit F.

**Required Supplementary Information** – The Budgetary Comparison Schedule (Exhibit I) demonstrates compliance with the adopted budget, and is an important component of a government's accountability to the public. The School Board, like most other governments, revises its original budgets over the course of the year for a variety of reasons. The School Board has provided budgetary comparison information for its legally adopted General Fund budget, which includes both the original and final budgets and actual results as required supplementary information. Additionally, the School Board has provided Exhibit J to disclose the schedule of funding progress for the Virginia Retirement System Agent Multiple-Employer Defined Benefit Pension Plan Participation. Exhibit K discloses the funding progress and the schedule of employer contributions for the Early Retirement Incentive Plan for employees of the Richmond Public Schools. Exhibit L discloses the funding progress and the schedule of employer contributions for the School Board's Other Postretirement Employee Benefits program.

**(b) Financial Reporting Entity**

The School Board is a *component unit* of the City because the School Board is fiscally dependent on the City and the majority of the School Board's funding is provided by annual appropriations from the City. Accordingly, the financial position and results of operations of the School Board are discretely presented in the financial statements included in the Comprehensive Annual Financial Report of the City. The School Board, however, is not financially accountable for any other entity, and thus has no component units of its own. Members of the School Board are elected and serve four-year terms. The City Council approves the School Board's operating budget in total but is prohibited from exercising any control over specific expenditures.

**THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA**  
**(A Component Unit of the City of Richmond, Virginia)**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

---

The School Board serves as fiscal agent for the Maggie L. Walker Governor's School for Government & International Studies (the Governor's School), the MathScience Innovation Center and the School Activity Funds. Accordingly, these funds are reported as Agency Funds. The School Board also makes certain contributions or payments to these organizations.

**Jointly Governed Organizations**

The Governor's School operates as an educational consortium and provides specialized and gifted training for students of participating cities and counties from central and southern Virginia. The Governor's School is governed by a separate board that includes one member from each of the participating localities. The School Board is not financially accountable for the Governor's School and has no continuing financial interest in the Governor's School. The School Board made tuition payments approximating \$1,452,000 to the Governor's School for the school year 2011-2012. Complete financial statements for the Governor's School may be obtained from the Governor's School's administrative office at 1000 North Lombardy Street, Richmond, Virginia, 23220.

The MathScience Innovation Center (the Center) operates as an educational consortium and provides specialized training to students of the Counties of Chesterfield, Henrico, Hanover, Goochland, King William and Powhatan; the cities of Petersburg and Colonial Heights and the City. The Center is governed by a separate board that includes the school superintendent and one member of the School Board from the City and each of the counties noted above. The School Board is not financially accountable for the Center and has no continuing financial interest in the Center. The School Board made tuition payments approximating \$648,000 to the Center for the school year 2011-2012. Complete financial statements for the Center may be obtained from the Center's administrative office at 2401 Hartman Street, Richmond, Virginia, 23223.

(c) **Basis of Presentation**

The financial information about the School Board as a whole, except for its fiduciary activities, is reported in the Government-wide financial statements. Additionally, the Fund financial statements organize and report the financial transactions and balances of the School Board on the basis of fund types. The following is a brief description of the major funds reported by the School Board in each of its fund types in the Fund financial statements.

**Governmental Funds** – Governmental funds are those through which most functions of the School Board are financed. The School Board considers all its reported governmental funds to be major, and reports the following funds:

**General Fund** – The General Fund is the School Board's primary operating fund. It is used to account for all financial resources, except those required to be included in another fund.

**Special Revenue Funds** – The Special Revenue Fund is used to account for proceeds of specific revenue sources, other than major capital projects, that are restricted to expenditures for specified purposes. The *Special Revenue Fund* records transactions related to contributions and grant resources derived from specific revenue sources and for specified purposes, that have limitations on spending imposed by contributors, grantors, or other governments and that are not specifically reported in another fund.

**THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA**  
**(A Component Unit of the City of Richmond, Virginia)**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

---

**Nutrition Services Fund** - accounts for the operations of cafeterias at each school. The *Nutrition Services Fund* accounts for sales proceeds from the school cafeterias which includes state grants and federal reimbursement from participation in the National School Lunch Program.

**Capital Projects Fund** – The Capital Projects Fund is used to account for financial resources to be used for the acquisition, construction or maintenance of major capital facilities, other than those financed by the General Fund. The net assets restricted for capital projects in the Government-wide Statement of Net Assets consist of amounts restricted by City ordinance for capital projects, while the capital projects fund balances in the Governmental Funds Balance Sheet also include amounts transferred from the General Fund and designated for capital projects.

**Permanent Fund** – The Permanent Fund is used to account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the School Board's programs. These resources support instructional purposes at specific schools, the Richmond Humanities Center, and the School Board's vocational education program.

**Fiduciary Funds** - Fiduciary Funds account for assets held by the School Board in a trustee capacity or as an agent for individuals, private organizations, and other governmental units. The School Board's fiduciary funds are presented in the Fund financial statements by type (pension or agency). Since by definition these assets are being held for the benefit of a third party (private parties or pension participants) and cannot be used to address activities or obligations of the School Board, these funds are not incorporated into the Government-wide statements. The following are the School Board's fiduciary funds:

**Trust Fund** – The Trust Fund consists of the *Employee Early Retirement Incentive Plan*, a pension trust fund. The Employee Early Retirement Incentive Plan accounts for the assets of the School Board's early retirement plan.

**Agency Funds** – Agency Funds are custodial in nature. Therefore, their assets equal their liabilities, the balances of which are reported in the Statement of Fiduciary Net Assets. Agency funds do not, however, present results of operations, and accordingly are not reported in the Statement of Changes in Fiduciary Net Assets. The Agency Funds consist of the assets and liabilities of the two jointly governed organizations for which the School Board serves as fiscal agent – the Governor's School and the MathScience Innovation Center – and the School Activity Funds.

**(d) Fund Balances**

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the following fund balance categories:

**THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA**  
**(A Component Unit of the City of Richmond, Virginia)**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

---

**Non-spendable fund balance** – amounts that are not in a spendable form (such as inventory or pre-paid amounts) or are required to be maintained intact (such as the corpus of an endowment fund).

**Restricted fund balance** – amounts constrained to specific purposes by their providers (such as grantors and higher levels of government), through constitutional provisions or enabling legislation.

**Committed fund balance** – amounts constrained to specific purposes by the School Board itself, using its highest level of decision making authority; to be reported as committed, amounts cannot be used for any other purpose unless the School Board takes the same highest-level action to remove or change the constraint. A majority vote action is required to be taken to establish, modify, or rescind a fund balance commitment.

**Assigned fund balance** – amounts the School Board intends to use for a specific purpose; intent can be expressed by the School Board itself or by an official or body to which the School Board delegates authority.

**Unassigned fund balance** – amounts that are available for any purpose; these amounts are reported only in the general fund. Negative unassigned fund balance may be reported in other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

The School Board has classified fund balances based on the following hierarchy: Nonspendable, restricted, committed, assigned and unassigned.

The School Board considers restricted amounts to have been spent when expenditure is incurred for purposes for which both restricted and unrestricted amounts are available. The School Board has not established a policy for use of unrestricted fund balance amounts. Management considers committed amounts would be reduced first, and then continuing in descending order using unassigned resources last.

**(e) Basis of Accounting/Measurement Focus**

The accounting and financial reporting treatment applied to a financial statement or to a fund is determined by its measurement focus.

**Government-wide and Fiduciary Fund Financial Statements** – The government-wide and fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis* of accounting. Accordingly, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place (except for the plan liabilities of pension trust funds, which are recognized when due and payable in accordance with the terms of the plan). *Nonexchange transactions*, in which the School Board receives value without directly giving equal value in exchange, include appropriations from the City, state sales taxes, grants, entitlements, and donations. Revenue from state sales taxes is recognized on the accrual basis in the fiscal year during which the underlying exchange transaction takes place. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements, including time requirements, if any, have been satisfied and if received within one year. Revenues from City appropriations are recognized in the fiscal year the



**THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA**  
**(A Component Unit of the City of Richmond, Virginia)**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

---

appropriations become legally effective.

Pension Trust Fund contributions from the School Board are recognized in the fiscal year during which the contributions are paid to the Trust Fund. The Pension Trust Fund, not a part of the Government-wide financial statements, uses the full accrual basis of accounting. The Agency Funds, also not a part of the Government-wide financial statements, use the full accrual basis of accounting and do not measure the results of operations.

**Governmental Fund Financial Statements** – Governmental funds are reported on the *flow of current financial resources measurement focus* and the *modified accrual* basis of accounting, wherein the focus is on the determination of, and changes in, financial position and only current assets and current liabilities are included on the Balance Sheet. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become susceptible to accrual – that is, in the fiscal year in which they become both measurable and available to finance expenditures of the fiscal period. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended for the specific purpose or project before any amounts will be paid to the School Board; therefore, revenues are recognized based upon the expenditures incurred. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. Approximately forty-one percent of the School Board's revenue is from City appropriation, approximately thirty-seven percent is from the Commonwealth of Virginia, approximately twenty-one percent is from federal operating grants and the remaining one percent is from donations, tuition and fees. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met. Revenues from each specific type of nonexchange transaction are recorded as described above and when available. The School Board considers all revenues reported in the Governmental funds to be available if the revenues are collected within sixty days after year-end, except for revenues from reimbursement-based grants, which are generally considered available if received within one year after the fiscal year-end. Revenue from the City for capital projects is recognized in the period to which the City appropriation applies has begun. Expenditures are recognized in the accounting period when the related fund liabilities are incurred, if measurable, with the exception of governmental fund liabilities for sick and vacation pay, postretirement health care and dental benefits, and self-insurance claims, which are recognized as described in notes 1(m), (n) and (o), respectively. The current portion of the capital lease liability is considered paid from expendable available financial resources and therefore recorded as a liability of the current period.

(f) **Encumbrances**

The School Board uses encumbrance accounting, which represents the estimated amount of future expenditures if all open purchase orders, unfinished contracts, or other commitments were completed. Encumbrances do not lapse. In the General Fund, the School Board, by formal action, approves encumbrances classified as committed fund balance, to indicate that they cannot be used for any other purpose unless the School Board takes the same action to remove the encumbrance. Encumbrances in the Special Revenue fund are included as part of the restricted fund balance. Encumbrances in the Nutrition Service and Capital Project funds are classified as assigned in fund balance at year-end.

**THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA**  
**(A Component Unit of the City of Richmond, Virginia)**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

---

(g) **Cash**

Equity in cash with the City represents the School Board's share of the cash and investment pool held and administered by the City. The City allocates interest to the Nutrition Services Fund based on the average monthly balance held on its behalf. Cash on hand or in banks in the General, Nutrition Services and Fiduciary Funds includes cash on hand, checking and saving accounts, certificates of deposit and liquid investments, which generally have maturities of less than three months at the time of acquisition. Equity in cash with third party health claims administrators includes monies paid to insurance carriers in excess of claims incurred, which will be used to pay future health care and workers compensation claims.

(h) **Investments**

Investments are stated at fair value. Securities traded on a national exchange are recorded as of the trade date and are valued at the last reported sales price. Mutual fund shares are stated at their reported net asset value at year-end.

(i) **Inventories and prepaid items**

Inventory is stated at cost. Inventories are recorded as expenses when consumed on the government-wide financial statements and as expenditures when purchased on the fund financial statements. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The governmental funds record prepayments using the purchases method. Prepayments are recorded as expenditures when paid and at fiscal year-end an adjustment is made to reflect the correct expenditure and prepaid asset balance.

(j) **Capital Assets, Net – Government-wide Financial Statements**

The School Board capitalizes vehicles and equipment (capital assets) having a minimum useful life greater than one year and a cost of \$5,000 or more. Those assets, which have been acquired for general governmental purposes, are accounted for and reported in the Government-wide financial statements. Capital assets are stated at historical cost. Contributed capital assets are stated at their fair market value on the date received. Assets acquired through capital lease agreements are recorded at the present value of the minimum lease payments, as stated in the lease's amortization schedule. The School Board has no infrastructure capital assets. In addition, the City retains legal title to the land and buildings occupied by the schools and provides such assets, at no cost, to the School Board for its use; consequently, these capital assets (numbering 54 school building facilities with a net book value approximating \$40 million) are not included in the School Board's Government-wide financial statements. In addition, all long-term debt related to the acquisition of the school sites and buildings are a liability of the City and, accordingly, are not reflected in the financial statements of the School Board. Accumulated depreciation is reported as a reduction of capital assets in the Government-wide financial statements. Depreciation is computed using the straight-line method based upon estimated useful lives ranging from five years for office equipment and ten years for buses to thirty years for certain electrical equipment.

**THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA**  
**(A Component Unit of the City of Richmond, Virginia)**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

---

(k) **Interfund Activity**

The General Fund receives most cash receipts and makes most cash disbursements on behalf of all School Board funds. Accordingly, the timing differences between the payment of expenditures and the receipt of cash to cover them, and vice-versa, result in interfund receivable and payable balances, all of which are typically expected to be liquidated within the coming fiscal year in the due course of receiving and disbursing cash for grant, capital project and operational purposes.

Transfers to and from other funds are reported as other financing uses in the funds making the transfers and as other financing sources in the funds receiving the transfers. All such payments were routine in nature and consistent with the activities of the fund making the transfers, and include transfers to meet grant-matching requirements and for other management purposes (see note 4).

(l) **Accrued Liabilities**

Accrued liabilities consist of accrued salaries and wages and related payroll taxes, accrued compensated absences (sick and vacation pay) and estimated incurred but not reported medical and workers' compensation claim liabilities.

(m) **Deferred Revenue**

Unearned revenues consist primarily of summer school tuition collected in advance of the fiscal year to which it applies, unexpended grant proceeds, and the amount of unused commodities at year-end.

(m) **Vacation and Sick Pay**

Employees are granted vacation and sick pay in varying amounts as services are provided. Employees may accumulate, subject to certain limitations, unused vacation and sick pay earned and, upon leaving School Board employment, may be compensated for qualifying hours earned at their then-current rates of pay for accrued vacation leave and at rates established by administrative policy for sick leave (the sick leave rate). The current pay rates and the sick leave rate, including certain additional salary-related fringe benefits, are used in the vacation and sick leave accruals, respectively. In the Government-wide financial statements, the amounts of vacation and sick pay recognized as expense are the total amounts earned during the fiscal year and the liabilities at year end include the amounts currently due, which are based on employee resignations and retirements on or prior to year-end, and noncurrent amounts which will be paid upon future resignations and retirements or used as paid time off. In the Governmental Funds' financial statements, vacation and sick pay liabilities are normally paid from expendable available financial resources, and the expenditures and liabilities are recognized only when payments are due and payable upon employee resignations and retirements. Accordingly, the year-end liabilities are limited to the amounts currently due to employees who have resigned or retired at, or prior to fiscal year end.

(n) **Postretirement Health and Dental Care Benefits**

Obligations for postretirement benefits are recorded on a pay-as-you-go basis; accordingly, the aggregate amount of obligations to pay such future benefits, which could be substantial, is not funded (see note 11).

**THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA**  
**(A Component Unit of the City of Richmond, Virginia)**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

---

(o) **Self-insurance Claims**

The School Board is self-insured for its medical claims, workers' compensation and unemployment compensation. All known outstanding claims have been recorded consistent with the various funds' accounting policies. The School Board uses information provided by third-party insurance administrators to determine the self-insurance liability for Incurred but Not Reported medical and workers' compensation claims (IBNR). The liabilities for IBNR medical and workers' compensation claims included in the Government-wide financial statements consist of the total actuarially determined estimated liability amounts. In the Governmental Funds' financial statements, the amount of the estimated IBNR workers' compensation claims liabilities are limited to the amounts expected to be paid from expendable available financial resources. Claims are reported in governmental funds only if they come due each period.

**(2) Cash in Banks, Equity in Cash, and Investments**

(a) **Cash in Banks**

At June 30, 2012, the carrying amount and the financial institutions' balances of the School Board's deposits with financial institutions applicable to governmental activities approximated \$304,000. In addition, the carrying amount of deposits with financial institutions held by the School Board's Fiduciary Funds totaled \$1,432,193 and the related financial institutions' balances totaled \$1,723,225. The difference of \$291,032 between the carrying amounts and the financial institutions' balances were attributable to outstanding checks of approximately \$292,700 less deposits in transit of \$1,700 in student activity funds. The entire financial institutions' balances were protected by federal depository insurance or collateral held under the provisions of the Virginia Security for Public Deposits Act (the Act); Section 2.1-359 et seq. This Act requires financial institutions holding public deposits in excess of amounts covered by federal insurance to pledge collateral in the amount of 50 percent of excess deposits to a collateral pool in the name of the State Treasury Board. The State Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and for notifying local governments of compliance by financial institutions.

(b) **Equity in Cash with the City of Richmond**

The majority of the School Board's cash is pooled with the City's cash and investment pool and is reported as equity in cash with the City of Richmond, which totaled \$34,408,466 at June 30, 2012. Accordingly, information to categorize the School Board's equity in cash with the City, by level of risk assumed, is not available for disclosure. The City issues a publicly available Comprehensive Annual Financial Report, which includes a disclosure of all City investments by risk category and discloses that all City bank deposits are protected by federal depository insurance or collateral held under the Virginia Security for Public Deposits Act.

(c) **Equity in Cash With Third Party Health Claims Administrators**

Equity in cash with third party health claims administrators of \$132,000 at June 30, 2012 are monies held with the current dental insurance carrier as an amount required to be on deposit at all times to cover dental claims clearing on a monthly basis.

**THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA**  
**(A Component Unit of the City of Richmond, Virginia)**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

---

(d) **Investments**

The School Board's investment policies are governed by statutes of the Commonwealth of Virginia. Permissible investments primarily include obligations of the United States, the Commonwealth of Virginia and other States, agencies and instrumentalities of those governments, and certain mutual funds.

It is the City's policy to pool for investing purposes all available deposits of the City and its component units that are not otherwise required to be kept separate. The City's investment policy, therefore, applies to the activities of the City's reporting entity, including the School Board with regards to investing the financial assets of its pooled investments.

As of June 30, 2012, the School Board had the following investments held separately from all other School Board deposits held with financial institutions:

**(1) Investments related to General Fund and Permanent Fund:**

Investment Type	Cost	Fair Value
Money Market Investments	\$ 218,303	\$ 218,303
Mutual Funds	768,413	813,249
Common Stocks	129,992	129,992
<b>Total</b>	<b>\$ 1,116,708</b>	<b>\$ 1,161,544</b>

Investments related to Permanent Funds include \$218,303 in money market funds and \$813,249 in mutual funds. Investments related to the General Fund include \$129,992 in common stocks.

Investment Type	Cost	Fair Value
Money Market Investments	\$ 1,724,886	\$ 1,724,886

**(2) Investments related to the Employee Early Retirement Incentive Plan Fiduciary Fund:**

The Code of Virginia (Code) also authorizes the Early Retirement Incentive Plan for Employees of Richmond Public Schools (The Plan – see note 10(c)) to place investments in common stocks, corporate debt and other securities. As of June 30, 2012, the Plan had investments at fair market value in the Heritage Money Market Fund Portfolio, totaling \$1,724,886, or 100 percent of the Plan's net assets.

The Heritage Money Market Fund's portfolio consists of certificates of deposits, asset backed commercial paper, financial company commercial paper, variable rate demand notes, other notes, government agency repurchase agreements, other commercial paper and U.S. treasuries.

**THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA**  
**(A Component Unit of the City of Richmond, Virginia)**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

---

The Plan is indirectly exposed to interest rate and credit risks associated with its ownership interest in the Portfolio.

The School Board does not have a formal policy for custodial credit risk for its investments.

**Interest rate risk**

Interest rate risk represents the risk the School Board is exposed to as a result of changes in interest rates for debt securities. The School Board does not have a formal policy for interest rate risk.

Investments in money market funds are subject to income risk, which is the possibility that the Fund's yield will decline due to falling interest rates.

**Custodial credit risk**

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School Board will not be able to recover the value of its investments that are in the possession of outside parties. There is no custodial credit risk associated with the money market fund.

**Concentration of credit risk and credit quality**

Concentration of credit risk is the risk of loss attributed to the magnitude of the Plan's investment in a single issuer. The Plan prohibits the purchase of securities of any issuer (other than U.S. Treasury or U.S. Government Agency obligations) in excess of 5 percent of the portfolio at the time of purchase. The Plan does not have exposure to concentration of credit risk. The Plan does not have any investment in any one issuer that represents 5 percent or more of the total investments.

As of June 30, 2012, the School Board had investments of \$1,724,886 in an Aaa-mf rated money market fund, determined using Moody's Investors Service, Inc. (Moody's) rating of the creditworthiness of money market funds.

**THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA**  
**(A Component Unit of the City of Richmond, Virginia)**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

**(3) Due From/To Other Governments**

In the Statement of Net Assets, amounts due from other governments include appropriations due from the Commonwealth of Virginia, capital appropriations receivable from the City, amounts due under Federal and state grants, and appropriations due from other local government agencies. A capital appropriation receivable from the City is recorded in the period to which the appropriation applies has begun.

The following is a summary of amounts due from other governments at June 30, 2012:

	Federal	State	City	Other	Total
Governmental Funds:					
General Fund	\$ -	48,264	-	16,508	64,772
Special Revenue Fund	16,323,892	1,366,196	-	338,060	18,028,148
Nutrition Services Fund	501,318	-	-	-	501,318
Capital Projects Fund	-	-	7,521,851	-	7,521,851
Total	\$ 16,825,210	1,414,460	7,521,851	354,568	26,116,089
Statement of Fiduciary Net Assets:					
Agency Funds	\$ -	-	-	103,047	103,047

At June 30, 2012, the School Board's General Fund also had \$3,890,684 due to Fiduciary Funds and \$500 of advances from the City.

**(4) Interfund Balances and Transfers**

In the Fund financial statements, interfund receivable and payable balances as of June 30, 2012 were:

TO FUND	FROM FUND	
	Interfund Receivables	Interfund Payables
General	\$ 13,307,254	1,533,620
Special Revenue	-	12,792,828
Nutrition Services	1,533,620	-
Capital Projects		459,986
Permanent	-	54,440
Total	\$ 14,840,874	14,840,874

The balance of \$12,792,828 due to the General Fund from the Special Revenue Fund resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur and (2) when payments between funds are performed.

**THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA**  
**(A Component Unit of the City of Richmond, Virginia)**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

Transfers are used to (1) move revenue from the funds that the State statute or the Schools budget requires to collect them to the fund that the State statute or Schools budget requires to expend them and/or (2) move receipts collected to finance various programs accounted for in other funds in accordance with budgetary obligations and/or requests dictated by the City's Mayor and City Council.

Interfund transfer balances in the General Fund for the year ended June 30, 2012 were as follows:

Transfers In	Transfers Out (General Fund)
Special Revenue Fund	\$ 1,734,512
Total	<u>\$ 1,734,512</u>

**(5) Capital Assets**

Changes in capital assets during the fiscal year ended June 30, 2012 are summarized below:

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
Capital assets being depreciated:				
Vehicles	\$ 15,443,149	1,923,278	443,347	16,923,080
Other equipment	8,526,250	563,857	633,143	8,456,964
Energy and water equipment	6,201,626	-	-	6,201,626
Total being depreciated	<u>30,171,025</u>	<u>2,487,135</u>	<u>1,076,490</u>	<u>31,581,670</u>
Less: Accumulated depreciation				
Vehicles	13,212,033	531,843	443,347	13,300,529
Other equipment	6,283,382	680,498	545,368	6,418,512
Energy and water equipment	227,128	227,128	-	454,256
Total accumulated depreciation	<u>19,722,543</u>	<u>1,439,469</u>	<u>988,715</u>	<u>20,173,297</u>
Capital assets, net	<u>\$ 10,448,482</u>	<u>1,047,666</u>	<u>87,775</u>	<u>11,408,373</u>

Depreciation expense was charged to governmental functions as follows:

Depreciation expense was charged to functions as follows:

Instruction	\$ 465,573
Support Services	
Administration	22,560
Pupil Transportation	436,740
Operations and Maintenance	426,565
Nutrition Services	21,294
Technology	64,910
Facilities acquisition and improvements	1,827
Total	<u>\$ 1,439,469</u>



**THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA**  
**(A Component Unit of the City of Richmond, Virginia)**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

---

**(6) Capital Leases**

The School Board entered into a lease agreement as lessee for school buses. This lease is a capital lease and, therefore, has been recorded at the present value of the future minimum lease payment as of the inception date.

The assets acquired through the capital lease are as follows:

Assets:	
School buses	\$ 1,370,786
Less: Accumulated depreciation	(463,271)
Total	<u>\$ 907,515</u>

Additionally, RPS performed an energy audit to determine potential energy savings from energy performance contracts. The audit concluded such contracts would reduce the energy and operating costs of RPS, while improving energy and water systems. The project consisted of the purchase and installation of energy and water savings equipment at ten school buildings.

Financing for the purchase of this equipment was structured through a lease-purchase transaction. The School Board entered into a Master Lease Purchase Agreement as lessee. The total amount financed was \$6,201,626 of which, \$6,176,883 remained outstanding at June 30, 2012. This capital lease is recorded at the present value of the future minimum lease payments as of the inception date, July 29, 2009.

The assets acquired through the capital lease are as follows:

Assets:	
Energy and water equipment	\$ 6,201,626
Less: Accumulated depreciation	(454,256)
Total	<u>\$ 5,747,370</u>

The total future minimum lease obligations and the total net present value of the minimum lease payments as of June 30, 2012 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 177,202	\$ 337,767
2014	233,601	303,198
2015	269,294	290,350
2016	298,816	275,791
2017-2021	2,173,377	1,088,365
2022-2025	3,024,593	356,452
Present value of minimum lease obligations	<u>\$ 6,176,883</u>	<u>\$ 2,651,923</u>

**THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA**  
**(A Component Unit of the City of Richmond, Virginia)**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

**(7) Noncurrent Liabilities**

Changes in the total noncurrent liabilities during the fiscal year ended June 30, 2012 are summarized below:

	Amounts Payable at June 30, 2011	Increases	Decreases	Amounts Payable at June 30, 2012	Due Within One Year	Due in More Than One Year
Workers' compensation liability	\$ 4,842,170	954,648	1,164,325	4,632,493	1,167,491	3,465,002
Vacation pay liability	3,437,061	761,531	286,094	3,912,498	239,249	3,673,249
Sick pay liability	8,062,471	895,700	438,474	8,519,697	475,681	8,044,016
Net pension obligations	450,011	1,684,546	-	2,134,557	-	2,134,557
Net OPEB obligations	15,723,348	6,945,139	3,767,369	18,901,118	-	18,901,118
Capital leases - energy improvements	6,201,626	-	24,743	6,176,883	-	6,176,883
Total	\$ 38,716,687	11,241,564	5,681,005	44,277,246	1,882,421	42,394,825

The above noncurrent liability amounts due in more than one year will be funded in future years by the General Fund, primarily through City appropriations, and are not reported as liabilities on the Governmental Fund balance sheet (Exhibit C). These liabilities are reported as an obligation on the Government-wide Statement of Net Assets (Exhibit A).

**(8) Lease Commitments**

The School Board leases buildings, classroom facilities and office equipment under various operating lease agreements, which are subject to annual appropriation of funds. Total costs for such leases approximated \$2,067,000 for the fiscal year ended June 30, 2012.

At June 30, 2012, the annual operating lease commitments are as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2013	\$ 2,240,243
2014	2,247,733
2015	2,247,733
2016	386,556
2017	270,091
Total minimum lease payments	\$ 7,392,356

**(9) Fund Balances**

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial purposes.

**THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA**  
**(A Component Unit of the City of Richmond, Virginia)**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

---

GASB 54 requires the fund balance amounts to be properly reported within one of the following fund balance categories:

- *Non-spendable fund balance* – amounts that are not in a spendable form (such as inventory or prepaid insurance) or are required to be maintained intact (such as the corpus of an endowment fund)
- *Restricted fund balance* – amounts constrained to specific purposes by their providers (such as grantors and higher levels of government), through constitutional provisions or enabling legislation
- *Committed fund balance* – amounts constrained to specific purposes by the School Board itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the School Board takes the same highest-level action to remove or change the constraint
- *Assigned fund balance* – amounts the School Board intends to use for a specific purpose; intent can be expressed by the School Board itself or by an official or body to which the School Board delegates authority
- *Unassigned fund balance* – amounts that are available for any purpose; these amounts are reported only in the general fund unless a deficit balance exists in another fund. Negative unassigned fund balance may be reported in other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

The fund balances in the Governmental Funds' balance sheet have been classified to reflect the following:

(a) **Non-spendable**

Non-spendable Fund balance for inventory of materials and supplies indicates the portion of fund balance related to the General fund for warehouse inventory of \$228,142 which is not otherwise available for appropriation and expenditure.

Non-spendable General Fund balance for prepaid insurance of \$475,535 represents (i) \$132,000 held by the current dental care insurance carrier as prepaid insurance (ii) \$25,000 held as a required deposits for the short-term disability insurance program and (iii) monies held as required deposits self-insured workers' compensation of \$318,535.

Non-spendable General Fund balance for investments of \$129,992 is held in common stock.

Non-spendable Fund balance for Permanent Funds of \$976,927 represents amounts legally restricted to the extent only earning, and not principal, may be used for purposes supporting School Board programs.

(b) **Restricted**

The portion of fund balance that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

**THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA**  
**(A Component Unit of the City of Richmond, Virginia)**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

---

Restricted fund balance for Special Revenue Funds of \$1,313,249 for proceeds of specific revenue sources that are restricted to expenditures for specific purposes other than debt service and capital projects under various federal and state reimbursement-based grants. Restricted fund balance for the Nutrition Service Fund of \$1,473,038 is restricted to expenditures for the specific purpose of operating the National School Lunch Program and cafeteria operations.

**(c) Committed**

The School Board passed a motion on June 18, 2012 to approve the following fund balance commitments:

- \$2.9 million for amounts in the General fund that the school district has committed to pay during the fiscal year for goods and services not received prior to the end of the fiscal year.

Significant encumbrances by functional category at June 30 were:

- Instruction: Approximately \$1.6 million. Significant encumbered amounts include: \$800 thousand for copier lease, service and maintenance contract, \$297 thousand for software, library resources and instructional supplies, \$124 thousand for textbooks, \$99 thousand for student therapy, medical and behavioral services; and \$66 thousand for continued district redistricting project.
  - Pupil transportation: Approximately \$772 thousand. Significant encumbrances for pupil transportation include: \$677 thousand for school bus fuel and \$89 thousand for school bus commercial repairs.
  - Operations and maintenance: Approximately \$393 thousand. Includes \$241 thousand for building repair & maintenance and supply contract, \$49 thousand for vehicle commercial repairs and \$44 thousand for property and casualty insurance.
  - Technology: Approximately \$187 thousand for on-going student information system project and wiring and infrastructure improvements.
- \$2.7 million in General fund balance pertaining to self-supporting services and programs. Resources of the major programs listed below will be used specifically for the purpose of the program that generated the revenue:
    - Arthur Ashe Athletic Center: Approximately \$202,000. Funds generated from building rental fees. Receipts are specifically used for supplies, equipment and general operations of the center.
    - Driver's Education program: Approximately \$215,000. Funds generated from student fees pertaining to the Driver's Education program and are specifically used for equipment to operate the program.
    - Indirect Cost fund: Approximately \$289,000. Funds generated from federal indirect cost recovery to pay contractual salaries and benefits.

**THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA**  
**(A Component Unit of the City of Richmond, Virginia)**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

---

- Medicaid fund: Approximately \$716,000. Funds generated from administrative and direct service billing claims. Fund balance remaining at June 30, 2012 will be used to support the delivery of special education services to students.
- Nursing: Approximately \$38,000. Funds generated from fees and services for health related services provided by nursing professionals.
- RTC bookstore: Approximately \$44,000. Funds generated from student fees to purchase books for the Apprenticeship and evening vocational programs at the Richmond Technical Center.
- Unemployment and worker's compensation: Approximately \$1,100,000. Funds generated from federal direct cost recovery retained to pay insurance cost in current year operations.

**(d) Assigned**

The School Board has delegated the responsibility to assign funds to the Superintendent or the Chief Operating Officer. The Superintendent, as part of the 2013 financial plan to eliminate a projected budgetary deficit in the subsequent year's General Fund budget, assigned \$8,229,300 in general fund balance, which was approved by the School Board's on June 4, 2012 as part of the fiscal 2013 adopted budget. These funds are to be re-appropriated by City Council ordinance. The Superintendent assigned the Capital Projects fund balance of \$6,739,621 for the purpose of expenditures to complete approved school renovation and facility improvement projects.

**(e) Unassigned**

The unassigned general fund balance totals \$559,026. These funds will be utilized by the School Board during future budget development. The negative unassigned fund balance of \$(1,313,249) in the Special Revenue fund is equal to contractual obligations related for specific purposes.

**(10) Defined Benefit Pension Plans**

The School Board participates in the Virginia Retirement System (VRS), which provides retirement benefits to substantially all employees, with the exception of certain nonexempt employees who have elected instead to participate in the Richmond Retirement System (RRS). In addition, the School Board maintains a single-employer, defined benefit pension plan, the Early Retirement Incentive Plan for Employees of Richmond Public Schools (the Plan), to supplement retirement benefits under VRS or RRS for qualifying employees who elect early retirement under the Plan.

Detailed descriptions of each plan follow:

**(a) Virginia Retirement System**

**(i) Description of the Virginia Retirement System**

The School Board contributes to the VRS an agent and cost-sharing multiple-employer defined benefit pension plan administered by the Virginia Retirement System (System). All full-time, salaried permanent (professional) employees of public school divisions and employees of

**THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA**  
**(A Component Unit of the City of Richmond, Virginia)**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

---

participating employers are automatically covered by VRS upon employment. The School Board's professional employees participate in the cost-sharing multiple-employer plan and nonprofessional employees participate as a separate group in the agent multiple-employer plan.

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 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.

VRS administers two defined benefit plans for local government employees – Plan 1 and Plan 2:

- Members hired before July 1, 2010 and who have service credits before July 1, 2010 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 10 years of service credit or age 50 with at least five years of service.
- Members hired or rehired on or after July 1, 2010 and who have no service credits before July 1, 2010 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 year of service credit.

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%.

At retirement, members can elect the Basic Benefits, the Survivor Option, a Partial Lump-Sum Option Payment (PLOP) or the Advanced 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.

Retirees are eligible for annual cost-of-living adjustment (COLA) effective July 1 of the second calendar year of retirement. Under Plan 1, the COLA cannot exceed 5 percent; under Plan 2, the COLA cannot exceed six percent. During years of no inflation or deflation, the COLA is zero. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

**THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA**  
**(A Component Unit of the City of Richmond, Virginia)**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

---

The System issues a publicly available Comprehensive Annual Financial Report that includes financial statements and required supplementary information for VRS. A copy of that report may be obtained by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, Virginia, 23218-2500 or downloading the files from the VRS' website:

**(ii) Funding Policy**

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5 percent of their annual reported compensation to the VRS; however, the School Board has assumed the full amount of the member contributions. In addition, the School Board is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees.

For professional employees participating in the VRS cost-sharing multiple-employer plan, the School Board's contributions for the years ended June 30, 2012, 2011 and 2010 were \$16,804,356, \$13,349,670 and \$16,877,754 respectively, and were equal to the required contributions. The School Board's contribution rate applicable to professional employees for the fiscal year ended June 30, 2012 was 6.33 percent of the annual covered payroll. The School Board's contribution rate applicable to nonprofessional employees for the fiscal year ended June 30, 2011 was 6.86 percent of the annual covered payroll.

**(iii) Annual Pension Cost**

For the fiscal year ended June 30, 2012, the School Board's annual pension cost applicable to School Board nonprofessional employees of \$1,369,054 was equal to the School Board's required and actual contributions. The fiscal 2012 required contribution was determined as part of the June 30, 2009 actuarial valuation using the entry age normal actuarial cost method. The contribution rate is determined by the excess (shortfall) between expected and actual investment income recognized over a five-year period.

The actuarial assumptions at June 30, 2011, the most recent actuarial valuation date, included (a) 7 percent investment rate of return, (b) projected salary increase rates between 3.75 percent and 5.6 percent per year (c) 2.5 percent per year cost-of-living adjustments compounded annually for Plan 1 members and 2.25 percent per year for Plan 2 members and (d) an inflation rate of 2.5 percent per year. The School Board's assets are equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The School Board's unfunded actuarial accrued liability is being amortized as a level percent of payroll on an open basis. The remaining amortization period at June 30, 2011 for the Unfunded Actuarial Accrued liability (UAAL) was 20 years.

**THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA**  
**(A Component Unit of the City of Richmond, Virginia)**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

---

(iv) **Trend Information**

The trend information applicable to the participation of the School Board's nonprofessional employees in the VRS agent multiple-employer plan is as follows:

**Three-Year Trend Information**

Fiscal Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2010	\$ 815,997	100.0	-
2011	1,354,849	100.0	-
2012	1,369,054	100.0	-

(v) **Funding Status and Funding Progress**

As of June 30, 2011, the most recent actuarial valuation date, the actuarial value of the Plan assets was \$37,136,620. The Plan was 81 percent funded. The actuarial accrued liability for benefits was \$45,870,197, resulting in an unfunded actuarial liability (UAAL) of \$8,733,577. The covered payroll was \$11,761,415 and the ratio of the UAAL to the covered payroll was 74.3 percent. The schedule of funding progress, presented as required supplementary information following the notes the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The method of valuing the School Board's assets is intended to recognize a smoothed market value of assets. Under this method, the difference between actual return on market value is recognized over a five-year period. The actuarial value reflects only a portion of the excess (or shortfall) between recent market value returns and the corresponding expected returns based on the 7 percent investment return assumption. The actuarial value recognizes this excess return (or shortfall) over a five-year period at the rate of 20 percent per year. This approach dampens year-to-year fluctuations in the contribution rates. The actuarial value of assets cannot be less than 80 percent or more than 120 percent of the market value of assets.

The actuarial value of the Plan's assets at June 30, 2011, the most recent actuarial valuation date, is \$37,136,620.

(b) **Richmond Retirement System**

(i) **Description of the Richmond Retirement System Plan**

The School Board also contributes to the RRS, a cost-sharing multiple-employer public employee retirement system. The RRS is a defined benefit plan that covers substantially all City employees (police, fire and general employees, including certain School Board employees not covered by the VRS) and provides retirement benefits as well as disability benefits. The RRS plan is administered by the Richmond Retirement System Board of Trustees.



**THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA**  
**(A Component Unit of the City of Richmond, Virginia)**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

---

The City Council is responsible for establishing benefit provisions and funding requirements. Benefits vest after five years of service, and the City pays the entire cost of the plan. The School Board reimburses the City for contributions made on its behalf. Employees do not make contributions to the plan.

Membership in RRS consisted of the following as of June 30, 2012:

Retirees currently receiving benefits	349
Active employees eligible for benefits	10
Terminated members	17
Total	<u>376</u>

Retirement benefits are determined as a percentage of the average of the five highest years' salaries. Normal retirement age is 65. The plan provides for early retirement at age 55 for School Board employees. The RRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information. A copy of that report may be obtained by writing the Richmond Retirement System at P.O. Box 10252, Richmond, Virginia, 23240.

**(ii) Funding Policy**

The funding policy of the RRS provides that contributions be made by the employer at actuarially determined rates expressed as a percent of annual payroll. These contributions are designed to accumulate sufficient assets to pay benefits when due. The required contributions are determined using the projected unit credit actuarial cost method. Unfunded actuarial accrued liabilities are being amortized over a period of 20 years.

During the fiscal year ended June 30, 2012, the School Board contributed 48.2 percent of annual covered payroll. The School Board's contributions to the RRS for the fiscal years ended June 30, 2012, 2011 and 2010 were \$257,146, \$421,397 and \$348,866 respectively, and were equal to the required contributions for each year.

**(c) Early Retirement Incentive Plan for Employees of Richmond Public Schools**

**(i) Plan Description**

The Plan is a legally separate single-employer defined benefit pension plan established in fiscal year 1995 under Section 51.1-800 of the *Code of Virginia* (1950), as amended, to provide early retirement benefits for eligible School Board employees. The School Board is the sole participating employer in the Plan, functions as the Plan administrator, and has authority to establish and amend its contribution requirements and benefit provisions. The Plan does not issue a stand-alone financial report.

The School Board has an actuarial valuation of the Plan prepared biennially using the individual entry age normal actuarial cost method. The actuarial value of the Plan's assets was determined using a market value method. The Plan's unfunded actuarial accrued liability is amortized using the level dollar method over an open amortization period of four years.

**THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA**  
**(A Component Unit of the City of Richmond, Virginia)**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

---

Significant actuarial assumptions used in the valuation include: (a) a rate of return on the investment of present and future assets of 3.5 percent per year compounded annually, (b) projected salary increases of 3.75 percent per year.

Membership in the Plan consisted of the following as of July 1, 2012, the most recent biennial actuarial valuation:

Active employees eligible for benefits	364
Retirees currently receiving benefits	<u>238</u>
Total	<u>602</u>

The Plan provides early retirement benefits only. Participants in the Plan became eligible for benefits when they met basic requirements and provided services immediately following their early retirement date in accordance with one of the three service options described as follows: Basic requirements prescribe that employees must (1) be an eligible retiree under either VRS or RRS, (2) be between 55 and 62 years of age, (3) have completed 10 years of service with RPS, at least 5 of which must immediately precede the date of retirement, and (4) meet other plan provisions. Monthly benefits are paid based on one of the following service options as elected by the participant:

- Option A – The participant must provide services for 1 full academic year (175 days) and will receive 25 percent of final annual compensation each year for 7 years.
- Option B – The participant must provide services for 1 full academic year (175 days) and will receive 35 percent of final annual compensation each year for 5 years.
- Option C – The participant must provide services for 1/2 an academic year (105 days) and will receive 35 percent of final annual compensation each year for 3 years.

The Plan does not provide for postretirement benefit increases. During the required service period, benefits are paid by the School Board based on services rendered. Thereafter, vested benefits are paid by the pension trustee out of plan assets. All benefits vest after completion of the required service option. School Board contributions are recognized by the Plan when received. Benefits and refunds of the Plan are recognized when due and payable in accordance with the terms of the Plan. Investments are valued as discussed in note 1(h).

Effective July 1, 2005, the above benefit structure of the Early Retirement Incentive Plan was frozen. RPS employees eligible to retire under the Early Retirement Incentive Program as of June 30, 2005 who had submitted an application by March 31, 2005 were also entitled to receive the benefits under the Plan as described above. Some employees who have substantial service with RPS may be entitled to a transition benefit as described below:

**THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA**  
**(A Component Unit of the City of Richmond, Virginia)**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

---

Transition Benefit:

Employees who had at least twenty (20) years of VRS eligible service (including the last ten (10) consecutive years with RPS as of June 30, 2005 who did not elect to retire prior to March 31, 2005 were eligible for a transition benefit under the Plan upon their retirement after age 50 as follows:

- (a) 30 - years of service: fifty percent (50%) of final pay in the last twelve (12) months paid evenly (twelve and one-half percent (12.5%) annually) over the first four (4) years of retirement.
- (b) 20 to 29 years of service: thirty percent (30%) of final pay in the last twelve (12) months paid evenly (seven and one-half percent (7.5%) annually) over the first four (4) years of retirement.
- (c) Less than 20 years of service: no transition benefit. Final pay shall be limited to the maximum pay of the highest teacher scale with master's degree plus thirty (30) credit hours beyond master's degree (ten (10) month contract employee).

403(b) Matching Plan:

Effective August 1, 2005, employees may participate in a 403(b) matching plan. The 403(b) matching plan covers all employees who serve in a contractual annual salary position with RPS. Employees are entitled to defer from one percent (1%) to fifty percent (50%) of eligible pay (base salary plus contractual supplements) but not in excess of Internal Revenue Code annual deferral limits. The RPS contribution provides a match of employee voluntary deferrals equal to twenty percent (20%) of the salary deferral up to three percent (3%) of pay. RPS contributions are posted on participant accounts monthly. The School Board made contributions of approximately \$429,000 during the fiscal year ended June 30, 2012.

(ii) **Funding Policy**

The entire cost of Plan benefits is borne by the School Board. The School Board's policy is to make Plan contributions based on actuarially determined amounts sufficient to provide the required Plan benefits. Over time, the School Board's contributions to the Plan should approximate the cumulative annual required contributions (ARC's) determined by biennial actuarial valuations. However, the actual contributions made may differ from the annual required contributions. Since the inception of the Plan, the cumulative required annual contributions have exceeded the actual contributions made to the Plan, which has resulted in the recognition of a noncurrent net pension obligation (NPO) totaling \$2,134,557 in the Government-wide Statement of Net Assets. Substantially all investment and administrative costs of the Plan are borne by the General Fund.

**THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA**  
**(A Component Unit of the City of Richmond, Virginia)**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

---

**(iii) Annual Pension Cost**

The School Board's annual pension cost for the fiscal year ended June 30, 2012, and its net pension obligation to the Plan at June 30, 2012, was as follows:

Actuarially determined contribution	\$	1,789,240
Interest on net pension obligation		15,750
Adjustment to annual required contribution		<u>(120,444)</u>
Annual pension cost		1,684,546
Contributions made		<u>-</u>
Increase in net pension obligation		1,684,546
Net pension obligation – beginning of year		<u>450,011</u>
Net pension obligation – end of year	\$	<u><u>2,134,557</u></u>

**(iv) Three-Year Trend Information**

Fiscal Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligations
2010	\$ 4,292,270	93.2	\$ 2,280,190
2011	2,169,821	184.3	450,011
2012	1,684,546	0.0	2,134,557

The annual required contribution as of June 30, 2012 was determined as part of the most recent biennial actuarial valuation, dated July 1, 2012, using the individual entry age normal actuarial cost method. The actuarial value of the Plan's assets was determined using a market value method. The Plan's unfunded actuarial accrued liability is being amortized using the level dollar method over an open amortization period of 4 years.

**(v) Funded Status and Funding Progress**

As of June 30, 2012 the plan was 22.5 percent funded. The actuarial accrued liability for benefits of \$7,659,247 and the actuarial value of assets was \$1,724,963 resulting in an unfunded actuarial liability (UAAL) of \$5,934,284. The covered payroll was \$18,925,507, and the ratio of the UAAL to the covered payroll was 31.4 percent.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear 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 SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA**  
**(A Component Unit of the City of Richmond, Virginia)**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

---

**(11) Postretirement Health and Dental Benefits**

**(a) Plan Description**

The School Board provides certain postretirement health and dental care medical benefits to retired employees, their spouses and widows up to the age of 65 through the School Board's group health insurance plan, which covers both active and retired employees. The plan is a single-employer defined benefit plan, and substantially all of the employees may become eligible for those benefits if they retire while working for the School Board. The School Board establishes and amends benefits and obligations of the plan.

Coverage is provided through the School Board for employees covered under the VRS plans and through the RRS for employees covered under the RRS plan, (the School Board then reimburses the RRS for the employer portion of those payments).

Covered participants of the Plan consisted of the following at June 30, 2012:

Active participants	3,305
Inactive participants (retired or disabled)	529
Total	<u>3,834</u>

Projection of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the School Board and 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 School Board and plan members to that point.

The actuarial assumptions at July 1 2012, the most recent actuarial valuation date, included (a) a discount rate of 3.5 percent, (b) zero payroll growth and (c) health care cost trend rate projection of 8 percent as of fiscal year 2012. The School Board's funded actuarial unfunded accrued liability is being amortized as a level percent of payroll on an amortization period of 30 years. The Projection Unit Credit Cost Method was used to determine the plan liabilities.

**(b) Funding Policy**

Currently, the School Board pays for and reports retiree medical benefits on a "pay as you go" basis, which is the practice of paying for these benefits as they become due each year. The School Board's share of contribution is between 38 and 58 percent of the total insurance premiums, based on annual rates approved as a part of the adopted budget. For the fiscal year ended June 30, 2012, the School Board's share of those payments was \$3,767,366.

**(c) Annual OPEB Cost and Net OPEB Obligation**

The School Board's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC). The Projected Unit Credit Method was used to calculate the ARC and related information using a 3.5 percent discount rate and an annual projected increase in medical rates of 8 percent. The ARC consists of the normal cost plus amortization of the unfunded actuarial accrued liability (UAAL), which used a level dollar amount over a 30-year amortization period. The UAAL is being amortized by an open or rolling amortization period.

**THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA**  
**(A Component Unit of the City of Richmond, Virginia)**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

---

The following table shows the School Board's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the School Board's net OPEB obligation for healthcare and dental benefits for the year ended June 30, 2012:

Annual Required Contribution	\$ 7,234,955
Interest on NOO at Discount Rate to End of Year	550,317
Adjustment to the ARC	<u>(840,133)</u>
Annual OPEB Expense	6,945,139
Employer Costs for Retirees	<u>(3,767,366)</u>
Increase in net OPEB obligation	3,177,773
Net OPEB obligation – beginning of year	<u>15,723,345</u>
Net OPEB obligation – end of year	<u><u>\$ 18,901,118</u></u>

The School Board's annual OPEB required contribution, the percentage of annual OPEB contributed to the plan, and the net OPEB obligation for the last three fiscal years was as follows:

Fiscal Year Ended June 30	Annual Required Contribution (ARC)	Actual Contributions	Percentage Contributed	Net OPEB Obligation
2010	\$ 6,027,357	\$ 2,608,646	43.3	\$ 10,796,679
2011	7,025,808	2,099,142	29.9	15,723,345
2012	6,945,139	3,767,366	54.2	18,901,118

**(d) Funded Status and Funding Progress**

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. Assumptions about the probability of occurrence of events far into the future include future employment, mortality, and the health care cost trend. Amounts determined regarding the funded status of the plan and the ARC of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

As of June 30, 2012, the actuarial accrued liability for benefits totaled \$55,583,957 all of which was unfunded. The covered payroll totaled \$159,893,427 and the ratio of the unfunded actuarial accrued liability was 34.8 percent.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

- (e) The other postemployment benefit plan does not issue a stand-alone financial report and is not included in the report of another entity.

**THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA**  
**(A Component Unit of the City of Richmond, Virginia)**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

---

**(12) Commitments and Contingencies**

**(a) Litigation**

At any point in time, various claims and lawsuits are pending against the School Board. In the opinion of outside legal counsel, resolution of these cases would not involve a material liability.

**(b) Federal Award Programs**

The School Board participates in a number of federal award programs. The School Board is subject to audit annually in accordance with the provisions of the Office of Management and Budget Circular A-133. These programs are also potentially subject to financial and compliance audits by the grantors or their representatives. Such audits could lead to requests for reimbursements to the grantor agencies in the event that any expenditure was to be disallowed under terms of the grants. Based on prior experience, the School Board's management believes such disallowances, if any, will be immaterial.

**(c) Contractual Commitments**

At June 30, 2012, the School Board had contractual commitments approximating \$3,142,552 in the Capital Projects Fund for various capital projects, all of which are included in the Capital Projects Fund's assigned fund balance.

**(13) Related-Party Transactions**

The School Board operates by authority of the charter of the City. In connection therewith, the City provides annual appropriations to the School Board for operating the school system, retains title to all land and buildings of the School Board and is obligated for all bonded indebtedness relating to the School Board. The City is also the custodian of the majority of the School Board's cash and investments. See note 3 for a summary of various amounts due from the City at June 30, 2012. In addition, certain School Board employees participate in the Richmond Retirement System (see note 10(b)).

The City provides various services to the School Board including vehicle maintenance, central postage and certain data processing services, and facility charges the School Board based on fee schedules or time and expenses. The City provides water and gas utilities for all Richmond Public Schools. In addition, the School Board purchases fuel for its bus fleet from the City and remits health insurance premiums for retirees covered under the Richmond Retirement System. The cost of these services provided by the City during fiscal year 2012 approximated \$5,662,000.

The City also provides administrative office space in City Hall to the School Board for which the School Board is not charged.

**(14) Risk Management**

The School Board 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. The School Board reports all of its risk management activities in its General Fund and pays all claims for retained risks from General Fund resources. The School Board maintains a comprehensive property and casualty policy, a commercial general liability policy, a comprehensive liability vehicle policy, and coverage for School Board errors and omissions, workers' compensation and employer's liability, and certain other risks with

**THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA**  
**(A Component Unit of the City of Richmond, Virginia)**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

---

commercial insurance companies. The General Fund retains the risk up to \$350,000 for each workers' compensation claim and \$100,000 for each property damage claim, and retains the full risk for unemployment compensation and health care benefits.

All workers' compensation claims are paid through third-party administrators from General Fund resources. 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 in comparison to coverage in the prior year and settled claims have not exceeded the amount of insurance coverage in any of the past three fiscal years.

At June 30, 2012, the amount of claim liabilities was \$4,632,493 consisting of incurred but not reported workers' compensation liabilities. This liability is the School Board's best estimate based on available information. Changes in the reported liability since June 30, 2012 are as follows:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Current Year Payments on Claims	Liability at Fiscal Year End
2009 - 2010	\$ 8,733,499	\$ 28,783,266	\$ 29,663,018	\$ 7,853,747
2010 - 2011	7,853,747	339,176	3,350,753	4,842,170
2011 - 2012	4,842,170	954,648	1,164,325	4,632,493

**(15) Subsequent Events**

The School Board has evaluated subsequent events through December 12, 2012 in connection with the preparation of these financial statements, which is the date the financial statements were available to be issued. There were no subsequent events requiring recognition as of December 12, 2012, which have been incorporated into these financial statements herein.



**This page intentionally left blank**

# Required Supplementary Information (unaudited)

---

The Required Supplementary Information subsection includes

- Budgetary comparison schedule for the General Operating Fund which accounts for all revenues and expenditures of Richmond Public Schools that are not required to be accounted for in other funds
- Trend data, the schedule of funding progress and the schedule of employer contributions, for the Virginia Retirement System, the Early Retirement Incentive Plan for Employees of Richmond Public Schools and Other Postretirement Employee Benefits
- The notes to the required supplementary information

**THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA**  
**(A Component Unit of the City of Richmond, Virginia)**  
**June 30, 2012**

**Exhibit I**

**Budgetary Comparison Schedule (Unaudited)**

**General Operating Fund**

**For The Fiscal Year Ended June 30, 2012**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Budgetary fund balances:</b>				
Prior year assigned fund balance, budgeted at July 1, 2011	\$ 6,000,000	6,000,000	6,000,000	-
Prior year insurance reserve, budgeted at July 1, 2011	4,900,000	4,900,000	-	(4,900,000)
Prior year fund balance committed for encumbrances and other subsequently added to original budget	-	6,050,872	6,050,872	-
<b>Total budgetary fund balances available</b>				
for expenditure	10,900,000	16,950,872	12,050,872	(4,900,000)
<b>Revenue sources:</b>				
<b>Intergovernmental:</b>				
City of Richmond - appropriation	123,756,791	123,756,791	123,756,791	-
Commonwealth of Virginia:				
Department of Education:				
Employee benefits	6,392,721	6,392,721	6,364,412	(28,309)
Standards of Quality				
Basic aid	41,037,699	41,037,699	40,594,094	(443,605)
Textbooks	437,988	437,988	544,663	106,675
Education of the gifted	485,933	485,933	483,781	(2,152)
Vocational education	896,277	896,277	892,308	(3,969)
Special education	10,517,755	10,517,755	10,471,178	(46,577)
Remedial education	2,915,599	2,915,599	2,902,688	(12,911)
Incentive				
Composite index - hold harmless	3,863,563	3,863,563	3,824,573	(38,990)
Supplemental support	1,399,704	1,399,704	1,393,505	(6,199)
Categorical				
Special education - homebound payments	82,273	82,273	113,068	30,795
Special education - private tuition	-	-	8,699	8,699
Visually handicapped	15,100	15,100	17,703	2,603
Lottery				
At risk	4,248,673	4,248,673	4,229,964	(18,709)
Enrollment loss	-	-	-	-
Foster children education	219,364	219,364	152,202	(67,162)
K-3 class size reduction	4,604,478	4,604,478	4,574,502	(29,976)
SOL algebra readiness	319,357	319,357	310,218	(9,139)
Virginia preschool initiative	2,673,000	2,673,000	2,675,106	2,106
Cultural transition - English as a second language	519,908	519,908	456,173	(63,735)
State sales tax	26,824,133	26,824,133	26,824,133	-
Other State Agencies	-	-	5,369	5,369
<b>Total Commonwealth of Virginia</b>	<b>107,453,525</b>	<b>107,453,525</b>	<b>106,838,339</b>	<b>(615,186)</b>
<b>Federal government:</b>				
Education Jobs Fund 84.410	5,500,000	5,500,000	5,611,358	111,358
Impact aid Public Law 103-382	200,000	200,000	278,137	78,137
Army Reserve	380,000	380,000	452,650	72,650
Air Force	70,000	70,000	59,344	(10,656)
Other	4,500	4,500	-	(4,500)
<b>Total federal government</b>	<b>6,154,500</b>	<b>6,154,500</b>	<b>6,401,489</b>	<b>246,989</b>
<b>Total intergovernmental revenues</b>	<b>237,364,816</b>	<b>237,364,816</b>	<b>236,996,619</b>	<b>(368,197)</b>
Tuition	300,000	300,000	241,993	(58,007)
Miscellaneous revenues	492,500	492,500	816,151	323,651
<b>Total revenues</b>	<b>238,157,316</b>	<b>238,157,316</b>	<b>238,054,763</b>	<b>(102,553)</b>
<b>Total amounts available for expenditure</b>	<b>\$ 249,057,316</b>	<b>255,108,188</b>	<b>250,105,635</b>	<b>(5,002,553)</b>

See accompanying note to Budgetary Comparison Schedule and independent auditors' report

(Continued)

**THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA**  
**(A Component Unit of the City of Richmond, Virginia)**  
**June 30, 2012**

**Exhibit I**

**Budgetary Comparison Schedule (Unaudited)**  
**General Operating Fund**  
**For The Fiscal Year Ended June 30, 2012**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures:				
Personnel services - salaries and wages	\$ 147,832,550	147,942,250	152,201,063	(4,258,813)
Employee benefits	57,526,184	57,526,184	53,040,425	4,485,759
Purchased services:				
Service contracts	2,163,384	3,311,673	2,655,914	655,759
Professional services	1,961,233	2,355,101	2,352,893	2,208
Tuition	5,934,582	6,321,404	6,451,024	(129,620)
Temporary services	226,550	244,222	237,931	6,291
Nonprofessional services	3,368,033	3,692,571	3,592,463	100,108
Repairs and maintenance	1,815,362	1,921,615	1,906,089	15,526
Total purchased services	15,469,144	17,846,586	17,196,314	650,272
Other charges:				
Advertising	95,075	85,264	83,537	1,727
Student transportation	660,421	682,329	949,151	(266,822)
Garage services	2,410,981	3,772,803	3,592,172	180,631
Transportation expense recovery - field trips	(3,900,000)	(3,930,000)	(3,207,183)	(722,817)
Warehouse service	1,200,000	1,268,504	1,273,153	(4,649)
Insurance	2,091,682	2,087,682	1,476,536	611,146
Utilities	6,685,000	6,887,021	6,560,257	326,764
Communications	1,522,203	1,556,037	1,548,302	7,735
Rentals	368,980	369,169	384,652	(15,483)
Total other charges	11,134,342	12,778,809	12,660,577	118,232
Materials and supplies:				
Supplies	4,720,718	5,044,329	4,816,766	227,563
Printing and binding	175,879	174,284	146,490	27,794
Books and periodicals	294,319	303,503	296,898	6,605
Textbooks	501,500	652,701	652,510	191
Other	97,916	116,432	105,424	11,008
Total materials and supplies	5,790,332	6,291,249	6,018,088	273,161
Other operating expenditures:				
Staff development	451,101	477,391	431,311	46,080
Dues and fees	225,303	222,728	172,916	49,812
Travel	238,136	244,918	198,398	46,520
Commencement	53,736	54,936	49,843	5,093
Awards	33,990	37,328	29,564	7,764
Contribution to School Activity Funds	255,921	258,639	288,057	(29,418)
Other	341,040	484,787	488,433	(3,646)
Total other operating expenditures	1,599,227	1,780,727	1,658,522	122,205
Capital outlay:				
Land & Building Improvements	13,500	14,125	11,253	2,872
Equipment additions	968,905	1,292,872	1,265,536	27,336
Equipment replacement	491,008	1,403,262	1,392,177	11,085
Total capital outlay	1,473,413	2,710,259	2,668,966	41,293
Total expenditures	\$ 240,825,192	246,876,064	245,443,955	1,432,109

See accompanying note to Budgetary Comparison Schedule and independent auditors' report

(Continued)

**THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA**  
**(A Component Unit of the City of Richmond, Virginia)**  
**June 30, 2012**

**Exhibit I**

**Budgetary Comparison Schedule (Unaudited)**  
**General Operating Fund**  
**For The Fiscal Year Ended June 30, 2012**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Other financing uses:				
Payments for Debt Service	\$ 500,000	500,000	499,998	2
Transfers in From Other Funds	-	-	-	-
Transfers out to Other Funds	7,732,124	7,732,124	7,339,167	392,957
Total other financing uses	8,232,124	8,232,124	7,839,165	392,959
Total expenditures and other financing uses	249,057,316	255,108,188	253,283,120	1,825,068
Amounts available for expenditure (under) expenditures, other financing uses and encumbrances - budgetary basis	\$ -	-	(3,177,485)	(3,177,485)

See accompanying note to Budgetary Comparison Schedule and independent auditors' report

(Continued)

**THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA**  
**(A Component Unit of the City of Richmond, Virginia)**  
**June 30, 2012**

**Exhibit I**

**Budgetary Comparison Schedule (Unaudited)**  
**General Operating Fund**  
**For The Fiscal Year Ended June 30, 2012**

Amounts available for expenditure (under) expenditures, other financing uses and encumbrances - budgetary basis (Exhibit I)	\$ <u>(3,177,485)</u>
Reconciliation of amounts available for expenditure over expenditures, other financing uses and encumbrances - budgetary basis, to net change in fund balance - General Fund (Exhibit E):	
The amount of prior year committed fund balance budgeted for expenditure in the current year is a budgetary resource above, but is not a current year revenue for financial reporting purposes	(6,000,000)
Changes in fund balance committed for encumbrances:	
The amount of the prior year fund balance reserved for encumbrances, which was added to the current year's original budget (a "budgetary fund balance"), is a budgetary resource, above, but is not a current year revenue for financial reporting purposes:	
Prior year General Operating Fund fund balance reserved for encumbrances, added to original budget	(6,050,872)
Encumbrances at June 30, 2012 for supplies and equipment ordered but not received as of June 30, 2012 are reported in the fiscal year the order is placed and are included in actual expenditures (budgetary basis), but are not current year expenditures for financial reporting purposes:	
Current year General Operating Fund fund balance reserved for encumbrances, included in budgetary basis expenditures	<u>2,952,855</u>
Net change in General Operating Fund fund balance reserved for encumbrances	<u>(3,098,017)</u>
Net reconciling items - legally adopted General Operating fund budget	<u>(9,098,017)</u>
Net change in fund balance - legally adopted General Operating fund budget	(12,275,502)
Excess of revenues and other financing sources over expenditures and other financing uses for General Fund activities not included in the General Operating fund's legally adopted budget, as amended	<u>410,362</u>
Net change in fund balance - General Fund (Exhibit E)	<u>(11,865,140)</u>
General Fund fund balance - July 1, 2011 (Exhibit E)	<u>27,168,095</u>
General Fund fund balance - June 30, 2012 (Exhibit E)	\$ <u><u>15,302,955</u></u>

See accompanying note to Budgetary Comparison Schedule beginning on page 69

**Required Supplementary Information (Unaudited)**  
**Budgetary Comparison Schedule – General Fund**  
**For the Period Ended June 30, 2012**

**(A) Budgetary Accounting and Reporting**

In accordance with U.S. Generally Accepted Accounting Principles (GAAP), the preceding Budgetary Comparison Schedule (the Schedule), which presents the School Board's original and final fiscal year 2011 legally adopted budgets, and actual revenues and expenditures on a budgetary basis, is presented as required supplementary information to the basic financial statements. The data in the Schedule is presented on a basis consistent with the format, terminology and classifications of the School Board's legally adopted budget. Accordingly, the original budgeted amounts are presented as contained in the budget document first legally adopted by the School Board and City Council before the beginning of the fiscal year.

The final budgeted amounts include prior year encumbrances totaling \$6,050,872. Additionally, the final budget amounts include all other adjustments to the fiscal year 2012 budget as subsequently adopted by the School Board within the limitations described in the following paragraph. The budget and Schedule are principally prepared on the modified accrual basis of accounting, except that the expenditures in the "Actual Amounts" column of the Schedule are stated on the School Board's budgetary basis, which includes in actual expenditures the encumbrances established in fiscal year 2011 that remain outstanding at June 30, 2012. The Schedule also presents a reconciliation of the following (1) the amounts available for expenditure over expenditures, other financing uses and encumbrances – budgetary basis, and (2) the net change in fund balance of the General Fund, as presented on Exhibit E in accordance with GAAP.

The School Board's budget is controlled at certain legal as well as administrative levels. The legal level is placed at the fund level of the School Board's legally adopted budget, and the administrative controls are placed at the area level (e.g., elementary education, secondary education, instruction and accountability, operations, financial services, etc.). Management may amend the approved budget at the administrative control level (i.e., between areas) within the legally adopted budget. Revisions, other than federal and state revenues received in excess of budgeted amounts, which alter the total expenditures of the School Board's legally adopted operating budget, must be approved by the City Council and School Board.

The School Board did not receive any supplemental appropriations during fiscal year 2012. Revenues and expenditures in the Schedule do not reflect \$9,223,838 in debt service expenditures paid by the City during fiscal year 2012 on City debt incurred for construction and renovation of School Board occupied buildings.

See page 18 in the accompanying Management's Discussion and Analysis section of this report for a brief discussion of significant budget amendments made to the fiscal year 2012 budget.

**THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA**  
**(A Component Unit of the City of Richmond, Virginia)**  
**June 30, 2012**

**Exhibit I**

---

The School Board follows these procedures, which comply with legal requirements, in establishing the budgetary data reflected in the Budgetary Comparison Schedule:

- On or before April 7, the School Board submits to the City Council a proposed operating budget for the General Fund (excluding certain activities) for the forthcoming fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to May 31, the budget is legally enacted through passage of an ordinance by the City Council.



THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA  
(A Component Unit of the City of Richmond, Virginia)  
June 30, 2012

Exhibit J

**Required Supplementary Information (Unaudited)**  
**Virginia Retirement System Agent Multiple-Employer Defined Benefit Pension Plan Participation**  
**Schedule of Funding Progress**  
**For the Period Ended June 30, 2012**

**(B) Pension Trend Data**

The following Schedule of Funding Progress is presented as unaudited required supplementary information applicable to the participation of the School Board's nonprofessional employees in the VRS agent multiple-employer defined benefit pension plan, as described in note 10(a) (ii), (iii) and (iv) the accompanying basic financial statements. GAAP requires presentation of this information in employer financial statements for the participation of employees in all agent multiple-employer plans, other than those using the aggregate actuarial cost method, (this plan uses the entry age normal actuarial cost method). This information is intended to help users assess the funded status of the plan and the progress made in accumulating sufficient assets to pay benefits when due.

SCHEDULE OF FUNDING PROGRESS							
	(a)	(b)	(a-b)	(a/b)	(c)	((a-b)/c)	
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Assets (UAAL)	Funded Ratio Assets as % of AAL	Annual Covered Payroll	UAAL as a % of Covered Payroll	
6/30/2009	\$ 35,311,273	\$ 39,934,275	\$ (4,623,002)	88.4%	\$ 12,049,789	-38.4%	
6/30/2010	35,993,765	43,776,928	(7,783,163)	82.2%	11,856,003	-65.6%	
6/30/2011	37,136,620	45,870,197	(8,733,577)	81.0%	11,761,415	-74.3%	

GAAP does not require presentation of required supplementary information in employer financial statements for participation of employees in cost-sharing multiple-employer public employee retirement plans when the assets thereof are held by a third party, rather than by the employer in a fiduciary capacity. Accordingly, no required supplementary information is presented for the participation of the School Board's professional employees in the VRS cost-sharing multiple-employer plan, which is described in note 10 to the basic financial statements.

THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA  
(A Component Unit of the City of Richmond, Virginia)  
June 30, 2012

Exhibit K

**Required Supplementary Information (Unaudited)**  
**Early Retirement Incentive Plan for Employees of Richmond Public Schools**  
**Schedules of Funding Progress and Employer Contributions**  
**For the Period Ended June 30, 2012**

**(C) Pension Trend Data**

The following Schedule of Funding Progress and the related Schedule of Employer Contributions are presented as unaudited required supplementary information applicable to the School Board's Early Retirement Incentive Plan for Employees of Richmond Public Schools (the Plan), as described in note 10(c) to the accompanying basic financial statements. Actuarial valuations of the Plan are prepared every two years to determine School Board contributions required to fund the Plan on an actuarial basis.

As allowed by GAAP, the Schedule of Funding Progress is presented as of the beginning of the current applicable biennial period (actuarial valuation date of July 1, 2012) and for the preceding two biennial periods of the Plan. This information is intended to help users assess the funded status of the Plan and the progress made in accumulating sufficient assets to pay benefits when due.

<b>SCHEDULE OF FUNDING PROGRESS</b>						
<b>Actuarial Valuation Date</b>	<b>(a) Actuarial Value of Assets</b>	<b>(b) Actuarial Accrued Liability (AAL)</b>	<b>(a-b) Unfunded Actuarial Accrued Assets (UAAL)</b>	<b>(a/b) Funded Ratio Assets as % of AAL</b>	<b>(c) Annual Covered Payroll</b>	<b>((a-b)/c) UAAL as a Percentage of Covered Payroll</b>
7/1/2009	\$ 2,356,858	\$ 12,857,747	\$ (10,500,889)	18.3%	\$ 29,472,873	-35.6%
7/1/2010	1,855,191	11,182,465	(9,327,274)	16.6%	25,524,838	-36.5%
7/1/2012	1,724,963	7,659,247	(5,934,284)	22.5%	18,925,507	-31.4%

The following is a schedule of School Board contributions to the Plan for fiscal years ended June 30, 2007 through 2012:

<b>SCHEDULE OF EMPLOYER CONTRIBUTIONS</b>			
<b>Fiscal Year Ended June 30</b>	<b>Annual Required Contributions</b>	<b>Actual Contributions</b>	<b>Percentage Contributed</b>
2007	\$ 4,503,932	\$ 6,600,000	146.5
2008	3,682,527	3,800,000	103.2
2009	6,012,676	6,475,685	107.7
2010	4,716,000	4,000,000	84.8
2011	2,700,302	4,000,000	148.1
2012	1,789,240	-	0.0

THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA  
(A Component Unit of the City of Richmond, Virginia)  
June 30, 2012

Exhibit L

**Required Supplementary Information (Unaudited)**  
**Other Postretirement Employee Benefits**  
**Schedules of Funding Progress and Employer Contributions**  
**For the Period Ended June 30, 2012**

The following Schedule of Funding Progress and the related Schedule of Employer Contributions are presented as unaudited required supplementary information applicable to the School Board's Postretirement Health and Dental Benefits Plan for retirees of Richmond Public Schools (the Plan), as described in note 11(c) to the accompanying basic financial statements.

As allowed by GAAP, the Schedule of Funding Progress is presented as of the beginning of the current applicable biennial period (actuarial valuation date of July 1, 2012). This information is intended to help users assess the funded status of the Plan and the progress made in accumulating sufficient assets to pay benefits when due.

SCHEDULE OF FUNDING PROGRESS						
Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(a-b) Unfunded AAL (UAAL)	(a/b) Funded Ratio Assets as % of AAL	(c) Annual Covered Payroll	((a-b)/c) UAAL as a Percentage of Covered Payroll
7/1/2010	\$ -	\$ 56,705,967	\$ (56,705,967)	0.0	\$ 161,840,397	-35.0%
7/1/2011	-	62,370,144	(62,370,144)	0.0	160,918,060	-38.8%
7/1/2012	-	55,583,957	(55,583,957)	0.0	159,893,427	-34.8%

The following is a schedule of School Board contributions to the Plan for fiscal year ended June 30, 2012:

SCHEDULE OF EMPLOYER CONTRIBUTIONS				
Fiscal Year Ended June 30	Annual Required Contributions	Actual Contributions	Percentage Contributed	
2010	\$ 6,027,357	\$ 2,608,646	43.3%	
2011	7,025,808	2,009,142	28.6%	
2012	6,945,139	3,767,366	54.2%	

## Other Supplementary Information

---

The Other Supplementary Information subsection includes the Statement of changes in assets and liabilities for the Student Activity Fund

**The School Board of the City of Richmond, Virginia  
(A Component Unit of the City of Richmond, Virginia)**

**Statement of Changes in Assets and Liabilities**

**Agency Funds**

**For the Fiscal Year Ended June 30, 2012**

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
Assets:				
Cash on hand or in banks	\$ 1,377,762	1,432,193	1,377,762	\$ 1,432,193
Accounts receivable	-	503	-	503
Due from other governments	121,291	103,047	121,291	103,047
Due from General Fund	3,816,949	3,890,684	3,816,949	3,890,684
	<u>3,816,949</u>	<u>3,890,684</u>	<u>3,816,949</u>	<u>3,890,684</u>
Total assets	<u>\$ 5,316,002</u>	<u>5,426,427</u>	<u>5,316,002</u>	<u>\$ 5,426,427</u>
Liabilities:				
Accounts payable	26,879	69,480	26,879	69,480
Accrued liabilities	949,402	1,048,400	949,402	1,048,400
Amounts held for other organizations	4,339,721	4,308,547	4,339,721	4,308,547
	<u>4,339,721</u>	<u>4,308,547</u>	<u>4,339,721</u>	<u>4,308,547</u>
Total liabilities	<u>\$ 5,316,002</u>	<u>5,426,427</u>	<u>5,316,002</u>	<u>\$ 5,426,427</u>

See independent auditors' report.

# Statistical Section (unaudited)

---

This part of the School Board’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.

Except for the liabilities for workers’ compensation, vacation pay, sick pay, incurred but not reported health claims and its net pension obligations, the School Board does not have a liability for any long-term debt nor does the School Board have any legal debt limit, debt margin, or revenue bonds.

## **Financial Trends of the School Board of the City of Richmond, Virginia**

**Tables 1 – 7**

These tables contain trend information on the School Board’s financial performance and how the financial health of the School Board has changed over time

## **Demographic Information of the School Board of the City of Richmond, Virginia**

**Tables 8-16**

These tables offer demographic and economic indicators of the environment within which the School Board’s financial activities take place

## **Financial Trends of the City of Richmond, Virginia, of which the School Board is a component unit**

**Tables 17-23**

These tables contain trend information on the City’s financial performance and how the financial health of the City has changed over time

## **Revenue Capacity of the City of Richmond, Virginia, of which the School Board is a component unit**

**Tables 23-24**

These tables assess the City’s tax revenue sources

## **Debt Capacity of the City of Richmond, Virginia, of which the School Board is a component unit**

**Tables 25-26**

These tables present information on 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 of the City of Richmond, Virginia of which the School Board is a component unit**

**Tables 27-31**

These tables offer demographic and economic indicators of the environment within which the City’s financial activities take place

**This page intentionally left blank**

**Table 1**

**THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA  
(A Component Unit of the City of Richmond, Virginia)**

**General Fund Expenditures by Function (Unaudited)**

**Last Ten Fiscal Years**

Fiscal Year Ended June 30 <sup>(1)</sup>	Instruction	Administration	Attendance and Health	Pupil Transportation
2003	\$ 153,337,613	\$ 10,958,866	\$ 4,504,800	\$ 9,760,587
2004	162,449,684	8,363,937	5,094,999	11,283,078
2005	182,378,384	8,977,565	5,505,809	10,922,444
2006	188,518,886	7,339,222	5,731,626	11,383,602
2007	201,484,145	7,998,608	6,437,839	10,226,603
2008	197,516,866	7,668,658	6,562,821	10,624,548
2009	204,784,983	6,835,463	6,759,101	10,672,021
2010	202,025,903	6,981,132	6,439,732	10,044,866
2011	179,765,928	7,334,538	6,361,842	10,266,722
2012	194,712,449	7,116,834	6,561,888	12,840,508

Source: Department of Budget and Financial Reporting-Comprehensive Annual Financial Report



**THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA  
(A Component Unit of the City of Richmond, Virginia)**

**General Fund Expenditures by Function (Unaudited)**

Last Ten Fiscal Years		
Operations and Maintenance	Facilities Services	Total Operating Expenditures
\$ 28,593,274	\$ 203,052	\$ 207,358,192
30,895,676	232,550	218,319,924
32,560,617	222,572	240,567,391
31,032,367	257,641	244,263,344
31,695,834	524,239	258,367,268
28,898,151	1,008,128	252,279,172
31,360,502	850,285	261,262,355
28,446,228	143,586	254,081,447
28,931,586	333,190	232,993,806
28,669,382	95,171	249,996,232

**THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA  
(A Component Unit of the City of Richmond, Virginia)**

**General Fund Revenues by Sources (Unaudited)**

**Last Ten Fiscal Years**

<b>Fiscal Year Ended June 30</b>	<b>City of Richmond</b>	<b>Commonwealth of Virginia</b>	<b>Federal Government</b>	<b>Other</b>	<b>Total</b>
2003	\$ 121,087,528	\$ 93,269,381	\$ 679,688	\$ 2,159,841	\$ 217,196,438
2004	122,390,724	93,989,507	466,231	1,307,947	218,154,409
2005	125,586,825	111,175,999	709,843	1,846,454	239,319,121
2006	132,431,214	114,551,860	564,627	1,802,268	249,349,969
2007	132,026,487	126,438,392	587,780	1,493,490	260,546,149
2008	132,026,487	125,541,723	1,037,375	1,345,145	259,950,730
2009	131,334,130	135,655,988	715,686	1,646,848	269,352,652
2010	127,102,268	116,051,338	11,067,338	1,918,228	256,139,172
2011	124,234,268	109,858,138	2,814,934	1,527,432	238,434,772
2012	123,756,791	108,584,322	6,401,489	1,617,087	240,359,689

Source: Department of Budget and Financial Reporting-Comprehensive Annual Financial Report

**Table 3**

**THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA**  
**(A Component Unit of the City of Richmond, Virginia)**

**NET ASSETS OF GOVERNMENTAL ACTIVITIES (unaudited)**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Current and other assets	\$ 63,055,434	62,347,433	49,708,327	50,051,777	54,805,167	68,402,094	77,830,965	80,308,938	70,088,402	62,994,039
Capital assets, net	5,687,394	5,741,139	5,389,541	5,071,394	4,548,199	3,904,881	4,997,020	11,170,412	10,448,482	11,408,373
Total assets	68,742,828	68,088,572	55,097,868	55,123,171	59,353,366	72,306,975	82,827,985	91,479,350	80,536,884	74,402,412
Long-term liabilities	14,927,161	17,053,368	16,784,773	18,579,050	16,829,031	22,014,825	25,347,604	33,802,634	37,400,886	42,394,825
Other liabilities	31,508,172	31,774,797	35,737,754	36,854,631	41,001,920	48,178,947	45,284,263	48,631,970	33,949,813	38,501,498
Total liabilities	46,435,333	48,828,165	52,522,527	55,433,681	57,830,951	70,193,772	70,631,867	82,434,604	71,350,699	80,896,323
Net Assets										
Invested in capital assets, net of related debt	5,687,394	5,741,139	5,389,541	5,071,394	4,548,199	3,904,881	4,997,020	4,563,292	4,246,856	5,231,490
Restricted	9,687,780	11,231,484	6,905,789	3,584,317	4,106,081	4,453,049	10,176,772	8,482,385	7,293,362	7,716,548
Unrestricted	6,932,321	2,287,784	(9,719,989)	(8,966,221)	(7,131,865)	(6,244,727)	(2,977,674)	(4,000,931)	(2,354,033)	(19,441,949)
Total net assets	\$ 22,307,495	19,260,407	2,575,341	(310,510)	1,522,415	2,113,203	12,196,118	9,044,746	9,186,185	(6,493,911)

Table 4

**THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA**  
**(A Component Unit of the City of Richmond, Virginia)**

**Changes in Net Assets (unaudited)**

**Last Ten Fiscal Years**

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Expenses</b>										
Governmental Activities:										
Instruction	\$ 192,371,792	203,695,614	223,563,640	232,214,067	243,839,962	245,391,774	253,283,675	252,709,931	234,433,357	256,715,702
Support Services:										
Administration	11,118,627	8,603,520	9,058,311	7,364,887	7,967,415	7,809,749	6,932,833	7,111,413	7,144,859	7,199,283
Attendance and Health	5,978,627	6,239,715	6,726,730	6,865,786	7,449,333	7,609,883	7,885,700	7,574,018	7,397,645	7,560,791
Nutrition Services	9,615,070	9,659,633	11,583,774	10,916,735	10,497,502	10,814,918	10,932,368	10,893,806	11,447,257	12,300,932
Pupil Transportation	10,962,985	11,653,169	11,717,471	11,811,271	11,308,710	11,620,030	8,937,843	10,713,703	10,791,692	13,067,688
Operations and Maintenance	29,384,255	31,795,474	38,432,499	31,304,605	32,152,478	29,682,315	33,112,629	30,130,034	30,774,255	29,976,859
Facilities services	5,488,796	5,855,249	12,621,694	5,685,286	3,820,187	3,535,188	3,982,025	7,301,134	7,611,884	5,462,937
Total Support Services	72,548,360	73,806,760	90,140,479	73,948,570	73,195,625	71,072,083	71,783,398	73,724,108	75,167,592	75,568,490
Interest on long-term debt	-	-	-	-	-	-	-	-	-	469,342
Total School Board	264,920,152	277,502,374	313,704,119	306,162,637	317,035,587	316,463,857	325,067,073	326,434,039	309,600,949	332,753,534
<b>Program Revenues</b>										
Governmental Activities:										
Charges for services:										
Instruction	\$ 1,448,824	1,022,497	1,687,590	1,354,203	1,372,462	1,192,112	1,174,247	1,201,590	1,070,017	1,190,286
Support Services	2,345,984	2,476,055	2,265,562	2,211,606	2,426,151	2,211,214	2,363,728	2,046,665	1,691,216	1,713,212
Operating Grants and Contributions	73,740,974	74,624,186	85,356,027	88,288,599	94,139,933	96,192,111	100,531,637	101,290,648	106,820,664	111,223,459
Capital Grants and Contributions	8,507,349	7,391,300	5,035,556	2,472,195	3,768,429	3,373,815	9,216,231	6,695,973	6,072,480	5,717,528
Total School Board	86,043,131	85,514,038	94,344,735	94,326,603	101,706,975	102,969,252	113,285,843	111,234,876	115,654,377	119,844,485
Total Net (expense)/revenue	(178,877,021)	(191,988,336)	(219,359,384)	(211,836,034)	(215,328,612)	(213,494,605)	(211,781,230)	(215,199,163)	(193,946,572)	(212,909,049)
<b>General Revenues</b>										
Intergovernmental aid not restricted to specific purposes:										
City of Richmond, Virginia	121,087,528	122,390,724	125,586,825	132,431,214	132,032,424	132,027,386	131,336,375	127,102,268	124,234,268	123,756,791
Commonwealth of Virginia	65,571,902	66,174,233	75,634,378	76,319,039	84,818,465	81,659,439	89,605,306	74,016,676	65,358,815	67,418,227
Federal Government	74,277	84,012	85,646	79,500	175,812	222,301	715,686	10,329,484	1,994,626	5,611,358
Other	206,491	292,279	161,188	120,429	134,836	176,267	206,778	599,363	199,194	442,577
Extraordinary Item <sup>(2)</sup>	-	-	1,206,281	-	-	-	-	-	-	-
Total General Revenues	186,940,198	188,941,248	202,674,318	208,950,182	217,161,537	214,085,393	221,864,145	212,047,791	191,786,903	197,228,953
<b>Change in Net Assets</b>	\$ 8,063,177	(3,047,088)	(16,685,066)	(2,885,852)	1,832,925	590,788	10,082,915	(3,151,372)	(2,159,669)	(15,680,096)

<sup>(2)</sup> **Extraordinary Item:**

Fiscal Year 2005 Disaster Recovery Cost from Hurricane Gaston

Source: Department of Budget and Financial Reporting-Comprehensive Annual Financial Report

**Table 5**

**THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA**  
**(A Component Unit of the City of Richmond, Virginia)**

**FUND BALANCES OF GOVERNMENTAL FUNDS (unaudited)**

**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund	\$ -	-	-	-	-	-	-	-	-	-
Non-Spendable	-	-	-	-	-	-	-	-	7,298,472	833,669
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	8,523,298	5,680,960
Assigned	-	-	-	-	-	-	-	-	6,000,000	8,229,300
Unassigned	-	-	-	-	-	-	-	-	5,229,325	559,026
Reserved	1,877,935	3,115,948	6,999,297	9,562,782	8,269,312	13,984,120	16,239,878	13,997,878	-	-
Unreserved	19,597,317	14,272,891	65,757	35,016	1,101,073	1,117,988	4,914,198	7,470,096	-	-
Total General Fund	21,475,252	17,388,839	7,065,054	9,597,798	9,370,385	15,102,108	21,154,076	21,467,974	27,051,095	15,302,955
All Other Governmental Funds										
Non-Spendable	\$ -	-	-	-	-	-	-	-	910,854	976,927
Restricted	-	-	-	-	-	-	-	-	4,491,024	2,786,287
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	8,059,640	6,739,621
Unassigned	-	-	-	-	-	-	-	-	(4,491,024)	(1,313,249)
Reserved	4,383,504	7,815,079	5,296,631	2,753,447	3,731,082	2,523,355	7,484,652	7,061,025	-	-
Unreserved, reported in:										
Grants Fund	(1,168,108)	(2,159,346)	(1,260,421)	(527,765)	(601,826)	(546,888)	(768,381)	(1,284,438)	-	-
Nutrition Services <sup>(1)</sup>	384,230	303,669	(183,272)	-	265,817	569,610	891,163	1,409,130	-	-
Capital Project Funds	6,472,384	7,224,395	3,052,581	1,373,666	1,037,788	2,574,962	3,785,192	3,023,277	-	-
Total All Other Governmental Funds	10,072,010	13,183,797	6,905,519	3,599,348	4,432,861	5,121,039	11,392,626	10,208,994	8,970,494	9,189,586
Total Fund Balances	\$ 31,547,262	30,572,636	13,970,573	13,197,146	13,803,246	20,223,147	32,546,702	31,676,968	36,021,589	24,492,541

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

Source: Department of Budget and Financial Reporting-Comprehensive Annual Financial Report

Table 6

**THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA**  
**(A Component Unit of the City of Richmond, Virginia)**

**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS (unaudited)**

**Last Ten Fiscal Years**

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Revenues</b>										
Intergovernmental	\$ 267,050,241	269,304,606	290,541,993	298,563,724	313,746,989	312,291,219	328,952,653	317,618,827	303,330,008	312,947,802
Donations and special gifts	1,371,995	1,312,360	880,096	990,762	1,234,438	1,044,433	2,643,217	1,637,511	1,185,296	810,899
Charges for goods and services	3,710,411	3,328,188	3,982,555	3,560,154	3,629,669	3,558,242	3,459,961	3,298,844	2,810,910	3,015,731
Investment income	30,803	63,880	68,769	105,227	142,521	8,831	(11,982)	92,591	50,184	88,879
Other	1,571,900	516,317	1,046,991	761,078	587,836	563,566	804,482	1,272,601	845,588	881,947
Total Revenues	<u>273,735,350</u>	<u>274,525,351</u>	<u>296,520,404</u>	<u>303,980,945</u>	<u>319,341,453</u>	<u>317,466,291</u>	<u>335,848,331</u>	<u>323,920,374</u>	<u>308,221,986</u>	<u>317,745,258</u>
<b>Expenditures</b>										
Instruction	\$ 192,758,505	202,200,645	224,211,876	231,003,751	245,909,810	241,452,173	250,197,514	252,038,755	231,690,122	254,243,955
Support Services	65,965,911	67,796,649	72,311,504	68,332,876	69,399,451	67,059,696	70,205,966	65,602,332	66,670,892	69,293,359
Capital Outlay	5,256,126	5,502,683	11,586,928	5,417,745	3,426,091	2,534,521	4,492,082	13,350,647	7,264,197	5,359,907
Debt Service	-	-	-	-	-	-	-	-	436,262	494,085
Total Expenditures	<u>263,980,542</u>	<u>275,499,977</u>	<u>308,110,308</u>	<u>304,754,372</u>	<u>318,735,352</u>	<u>311,046,390</u>	<u>324,895,562</u>	<u>330,991,734</u>	<u>306,061,473</u>	<u>329,391,306</u>
Excess (deficiency) of revenues over expenditures	9,754,808	(974,626)	(11,589,904)	(773,427)	606,101	6,419,901	10,952,769	(7,071,360)	2,160,513	(11,646,048)
<b>Other Financing sources (uses)</b>										
Proceeds from note payable to the City of Richmond	-	-	-	-	-	-	-	-	-	-
Proceeds from note payable to others	-	-	-	-	-	-	-	-	1,591,405	1,734,512
Transfers in	2,433,019	3,920,898	2,969,075	2,553,881	2,406,292	1,939,834	2,038,328	1,743,827	-	-
Transfers out to Primary Government <sup>(1)</sup>	-	-	(6,218,440)	-	-	-	-	-	-	-
Transfers out	(2,433,019)	(3,920,898)	(2,969,075)	(2,553,881)	(2,406,292)	(1,939,834)	(2,038,328)	(1,743,827)	(1,591,405)	(1,734,512)
Capital Lease	-	-	-	-	-	-	1,370,786	6,201,626	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(6,218,440)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,370,786</u>	<u>6,201,626</u>	<u>-</u>	<u>-</u>
<b>Extraordinary Item</b>										
Disaster recovery-Hurricane Gaston <sup>(2)</sup>	<u>-</u>	<u>-</u>	<u>1,206,281</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>\$ 9,754,808</u>	<u>(974,626)</u>	<u>(16,602,063)</u>	<u>(773,427)</u>	<u>606,101</u>	<u>6,419,901</u>	<u>12,323,555</u>	<u>(869,734)</u>	<u>2,160,513</u>	<u>(11,646,048)</u>
Debt service as a percentage of noncapital expenditures	0%	0%	0%	0%	0%	0%	0%	0%	0.15%	0.15%

<sup>(1)</sup> Transfers out to Primary Government:  
Fiscal Year 2005 the School Board transferred \$6,218,440 to the City of Richmond in accordance with budgetary obligations as requested by the City of Richmond's Mayor and City Council.

<sup>(2)</sup> Extraordinary Item:  
Fiscal Year 2005 Disaster Recovery Cost from Hurricane Gaston

Source: Department of Budget and Financial Reporting-Comprehensive Annual Financial Report

**Table 7**

**THE SCHOOL BOARD OF THE  
CITY OF RICHMOND, VIRGINIA**

**Schedule of Expenditures of Federal Awards  
Fiscal year ended June 30, 2012**

	<u>Federal Catalog Number</u>	<u>Federal Expenditures/ Expenses</u>
<b>DEPARTMENT OF DEFENSE</b>		
Direct Payments:		
Air Force ROTC		59,344
Army ROTC		452,650
Total Department of Defense		<u>511,994</u>
<b>DEPARTMENT OF AGRICULTURE</b>		
Direct Payments:		
Summer Food Service Program for Children	10.559	240,742
Passed Through Va. Department of Agriculture and Consumer Services:		
National School Lunch Program	10.555	437,953
Passed Through Virginia Department of Education:		
School Breakfast Program	10.553	2,704,621
National School Lunch Program	10.555	6,623,203
Child Nutrition Discretionary Grants Limited Availability	10.579	11,357
Fresh Fruit & Vegetables Program	10.582	339,653
Total Department of Agriculture		<u>10,357,529</u>
<b>DEPARTMENT OF LABOR</b>		
Passed Through Virginia Department of Education:		
WIA-Adult Program	17.258	38,000
Passed Through Captial Region Workforce Partnership		
WIA-Youth Activities	17.259	224,027
Total Department of Labor		<u>262,027</u>
<b>DEPARTMENT OF TRANSPORTATION</b>		
Passed Through Virginia Department of Transportation		
Highway Planning and Construction	20.205	3,300
Total Department of Transportation		<u>3,300</u>
<b>DEPARTMENT OF EDUCATION</b>		
Direct Payments:		
Impact Aid	84.041	278,137
Fund for the Improvement of Education	84.215	291,527
Passed Through Virginia Department of Education:		
Adult Eduction - State Grant Program	84.002	428,466
Title I Grants to Local Educational Agencies	84.010	22,484,165
Title I State Agency Program for Neglected and Delinquent Children	84.013	44,427
Special Education - Grants to States	84.027	7,230,699
Career & Technical Education - Basic Grants to States	84.048	786,568
Special Education - Preschool Grants	84.173	125,682
Safe and Drug-Free Schools and Communities - State Grants	84.186	118,019
Twenty-First Century Community Learning Centers	84.287	437,283
Education Technology State Grants	84.318	132,255
English Language Acquisition Grants	84.365	118,258
Improving Teacher Quality State Grants	84.367	2,170,746
Striving Readers	84.371	29,698
Education Technology State Grants, Recovery Act	84.386	82,224

**THE SCHOOL BOARD OF THE  
CITY OF RICHMOND, VIRGINIA**

**Schedule of Expenditures of Federal Awards  
Fiscal year ended June 30, 2012**

	<u>Federal Catalog Number</u>	<u>Federal Expenditures/ Expenses</u>
<b>DEPARTMENT OF EDUCATION -continued</b>		
School Improvement Grants, Recovery Act	84.388	2,255,859
Title I Grants to Local Educational Agencies, Recovery Act	84.389	2,650,192
Special Education - Grants to States, Recovery Act	84.391	2,469,555
Special Education - Preschool Grants, Recovery Act	84.392	28,196
Education Jobs Fund	84.410	5,611,358
Passed Through Virginia Commonwealth University:		
Early Reading First	84.359	13,847
Passed Through National Board for Professional Teaching Standards		
Teacher Incentive Fund	84.374	275,884
Passed Through the College of William and Mary:		
Education for Homeless Children and Youth	84.196	123,309
Total Department of Education		<u>48,186,354</u>
 <b>DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>		
Direct Payment:		
Head Start	93.600	7,272,143
Total Department of Health and Human Services		<u>7,272,143</u>
 <b>DEPARTMENT OF HOMELAND SECURITY</b>		
Passed Through Virginia Department of Emergency Services		
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	49,749
Total Department of Homeland Security		<u>49,749</u>
 Total Federal Awards		<u><u>66,643,096</u></u>



**THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA**  
**(A Component Unit of the City of Richmond, Virginia)**

**Annual Per Pupil Cost (Unaudited)**

**Last Ten Fiscal Years**

Fiscal / School Year	Per Pupil Cost
2002-2003	9,955
2003-2004	10,710
2004-2005	12,201
2005-2006	12,219
2006-2007	13,119
2007-2008	13,088
2008-2009	13,601
2009-2010	13,773
2010-2011	13,040
2011-2012	13,810 * <sup>(1)</sup>

\* Projected Per Pupil Cost

<sup>(1)</sup> Starting in FY 2012, Table 15 will contain Pre-kindergarten expenditures. The FY 2011 expenditures do not contain Pre-kindergarten.

Source: Virginia Department of Education, Annual School Report, Table # 15

**THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA  
(A Component Unit of the City of Richmond, Virginia)**

**Attendance/Membership Statistics (Unaudited)**

**Last Ten Fiscal Years**

<b>Fiscal Year Ended June 30</b>	<b>Year End Average Daily Attendance *</b>	<b>Year End Average Daily Membership*</b>	<b>Average Daily Attendance as a Percent of Average Daily Membership</b>
2003	22,401	24,456	91.6%
2004	21,883	23,823	91.9%
2005	21,548	23,381	92.2%
2006	21,381	23,247	92.0%
2007	20,955	22,769	92.0%
2008	20,326	22,085	92.0%
2009	20,051	21,695	92.4%
2010	19,889	21,492	92.5%
2011	19,937	21,450	92.9%
2012 **	19,826	21,272	93.2%

\* Average Daily Attendance and Average Daily Membership for students in K-12 grades

\*\* Projected. Actual will be certified by Virginia Department of Education

Source: Virginia Department of Education Annual School Report Table # 8

**THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA**  
**(A Component Unit of the City of Richmond, Virginia)**

**Free and Reduced Lunch Data (unaudited)**

<b>Last Ten Fiscal Years</b>							
<b>Fiscal / School Year</b>	<b>SNP Membership</b>	<b>Number Free</b>	<b>Percent Free</b>	<b>Number Reduced</b>	<b>Percent Reduced</b>	<b>Number Free / Reduced</b>	<b>Percent Free / Reduced</b>
2002 - 2003	26,755	15,426	57.7%	2,077	7.8%	17,503	65.4%
2003 - 2004	26,091	16,516	63.3%	2,363	9.1%	18,879	72.4%
2004 - 2005	25,664	15,811	61.6%	1,835	7.2%	17,646	68.8%
2005 - 2006	25,079	16,000	63.8%	1,527	6.1%	17,527	69.9%
2006 - 2007	24,555	16,408	66.8%	1,768	7.2%	18,176	74.0%
2007 - 2008	23,881	15,301	64.1%	1,628	6.8%	16,929	70.9%
2008 - 2009	23,356	15,146	64.8%	1,337	5.7%	16,483	70.6%
2009 - 2010	23,356	16,061	68.8%	1,449	6.2%	17,510	75.0%
2010 - 2011	23,183	15,756	68.0%	925	4.0%	16,681	72.0%
2011 - 2012	23,078	15,399	66.7%	917	4.0%	16,316	70.7%

Source: Virginia Department of Education-School Nutrition Programs(SNP); Free and Reduced Price Lunch Eligibility Report

**Table 11****Full-Time Equivalent Employees by Function (unaudited)****Last Ten Fiscal Years**

<b>Function</b>	<b>Fiscal Year</b>									
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012*</u>
Instruction <sup>(1)</sup>	2,716.5	2,785.0	2,763.5	2,769.0	2,757.0	2,924.5	2,931.0	2,696.5	2,655.0	2,679.0
Support Services:										
Administration, Attendance & Health	238.3	221.5	239.6	220.6	208.1	208.6	198.5	206.5	206.0	201.0
Nutrition Services	264.3	267.3	268.3	184.6	176.1	169.3	163.4	160.0	161.0	162.5
Pupil Transportation	278.3	275.3	276.3	291.3	271.3	257.1	261.3	242.9	227.0	186.0
Operations & Maintenance	445.3	451.3	455.3	474.3	490.3	488.3	403.0	399.0	398.0	387.0
Facilities	4.0	4.3	5.3	3.0	3.3	2.8	1.5	1.0	2.5	3.5
Technology	30.3	40.3	41.3	48.3	48.3	44.5	68.0	51.0	50.0	51.5
Other instructional and support service personnel <sup>(2)</sup>	312.0	306.0	313.5	333.5	337.8	323.4	282.52	324.50	438.00	488.00
<b>Total</b>	<b>4,289.0</b>	<b>4,351.0</b>	<b>4,363.1</b>	<b>4,324.6</b>	<b>4,292.2</b>	<b>4,418.5</b>	<b>4,309.2</b>	<b>4,081.4</b>	<b>4,137.5</b>	<b>4,158.5</b>

\*2012 - as reported to the Virginia Department of Education on the 2012 Annual School Report; subject to adjustment

<sup>(1)</sup> Instruction includes: Principals, Assistant Principals, Teachers, Teacher Aides, Librarians and Guidance Counselors; does not include substitute teachers

<sup>(2)</sup> Other Instructional and Support Service personnel includes: Instructional Administrative, Technical, Clerical, Instructional Support and Other Professionals

Source: Virginia Department of Education Annual School Report

**Table 12**

Fiscal Year	Elementary Teaching Positions (K-7)*	Elementary Teachers Average Annual Salary	Secondary Teaching Positions (8-12)*	Secondary Teachers Average Annual Salary	All Teaching Positions*	Average Annual Salary
2002 - 2003	1,031.0	43,092	1,032.5	44,465	2,063.5	43,779
2003 - 2004	1,078.0	42,245	1,047.0	44,310	2,104.0	43,461
2004 -2005	1,072.8	45,439	1,024.8	46,013	2,097.5	45,720
2005 - 2006	1,325.4	45,808	791.6	45,988	2,117.0	45,875
2007-2008	1,105.2	47,712	1,063.3	49,661	2,168.5	46,822
2008-2009	1,374.4	48,492	779.4	51,010	2,153.8	49,751
2009-2010	1,351.4	48,021	786.1	51,756	2,137.5	49,889
2010-2011	1,359.8	45,908	756.7	52,725	2,116.5	48,345
2011-2012 <sup>(1)</sup>	1,397.3	47,613	815.2	55,606	2,212.5	51,609

\* Teaching Positions include: classroom teachers, guidance counselors, librarians and technology instructors (all funds)

<sup>(1)</sup> As reported for Fiscal 2012 to the Virginia Department of Education. Subject to calculation adjustments on the Annual School Report, Table #19

Source: Virginia Department of Education, Annual School Report, Table # 19

**THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA  
(A Component Unit of the City of Richmond, Virginia)**

**Pupil / Teacher Ratios (unaudited)**

**Last Ten Fiscal Years**

Fiscal Year	Elementary			Secondary		
	Elementary Teaching Positions*	End-of-Year Membership K-7	Pupil/Teacher Ratio K-7	Secondary Teaching Positions*	End-of-Year Membership 8-12	Pupil/Teacher Ratio 8-12
2002-2003	1,019.0	16,623	16.3	1,028.5	6,491	6.3
2003-2004	1,062.0	16,011	15.1	1,042.0	Data unavailable	
2004-2005	1,057.8	15,474	14.6	1,018.8	6,503	6.4
2005-2006	1,311.4	15,224	11.6	781.6	6,677	8.5
2006-2007	1,251.0	14,696	11.7	945.0	7,756	8.2
2007-2008	1,094.5	14,309	13.1	1,054.0	7,567	7.2
2008-2009	1,364.0	14,133	10.4	769.0	7,453	9.7
2009-2010	1,341.0	14,309	10.7	776.0	7,567	9.8
2010-2011	1,282.8	14,166	11.0	710.2	6,907	9.7
2011-2012 <sup>(1)</sup>	1,270.0	14,306	11.3	709.0	6,726	9.5

\* Classroom Teachers, Guidance Counselors, Homebound Teachers and Librarians; does not include Technology Instructors

<sup>(1)</sup> Estimated- subject to calculation adjustments. As reported on the 2012 Annual School Report to the Virginia Department of Education

Source 2003-2010: Virginia Department of Education, Annual School Report, Table # 2

Source 2011: Virginia Department of Education, Annual School Report, Table #17 (formerly Table #2)

**Table 14**

**THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA**  
**(A Component Unit of the City of Richmond, Virginia)**

**Schedule of School Building Statistics (unaudited)**

"Standard Classrooms" are defined as: Regular classrooms\*, Science, Science lecture, Vocational, Special Education, and Business, or any classroom without permanent equipment.

Building Name	Year Built	Age (Years)	Last	Square Footage	Number	Capacity Based
			Addition or Renovation		Of Standard Classrooms	On Number Of Standard Classrooms
<u>Elementary Schools</u>						
Bellevue	1914	97	1983	55,623	22	440
Blackwell *	1999	12		83,251	32	800
Blackwell Primary (Round Building)	1967	44		37,512	20	500
Broad Rock	1936	75	1989	43,279	18	360
Carver	1888	123	1992	100,000	42	840
Cary, John B.	1953	58	1990	46,711	20	400
Chimborazo	1968	43		75,370	32	640
Clark Springs	1966	45	1996	50,376	20	400
Fairfield Court	1957	54	1990	44,398	27	540
Fisher, J. B.	1966	45	1969	44,222	16	320
Fox	1911	100	1922	58,260	17	340
Francis, J. L.	1968	43	1996	56,954	27	540
Ginter Park	1915	96	1981	60,371	24	480
Ginter Park Annex (Mary Scott)	1952	59	1981	47,507	19	380
Greene, E. S. H.	1955	56	1969	41,490	23	460
Holton, Linwood *	1999	12		80,548	32	640
Mason, George	1922	89	1980	67,048	29	580
Maymont	1957	54		35,959	18	360
Miles Jones *	1999	12		80,548	32	640
Munford, Mary	1950	61	1954	64,468	24	480
Oak Grove	1950	61	1986	42,041	18	360
Oak Grove Annex (Bellmeade)	1936	75	1986	28,100	11	220
Overby - Sheppard	1976	35	1996	49,300	25	500
Redd, Elizabeth	1951	60	1982	74,471	21	420
Reid, G. H.	1958	53	1969	64,964	38	760
Summer Hill Annex (Ruffin Road)	1965	46		11,390	7	140
Southampton	1959	52	1982	56,521	29	580
Stuart, J. E. B.	1921	90	1990	44,408	25	500
Summer Hill	1919	92	1986	37,282	19	380
Swansboro	1912	99	1982	48,183	17	340
Westover Hills	1955	56	1980	50,008	21	420
Woodville	1954	57	1985	76,928	31	620
Total					756	15,380

**NOTE: Only Regular Classrooms are Counted in Elementary School Capacity**

**Table 14**

**THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA**  
**(A Component Unit of the City of Richmond, Virginia)**

**Schedule of School Building Statistics (unaudited)**

**"Standard Classrooms" are defined as: Regular classrooms\*, Science, Science lecture, Vocational, Special Education, and Business, or any classroom without permanent equipment.**

<b><u>Middle Schools</u></b>						
Binford	1914	97	1926	98,013	27	540
Boushall	1986	25		128,530	42	840
Elkhardt	1941	70	1988	91,575	26	520
Henderson	1972	39		188,131	44	880
Hill, Albert	1925	86		81,152	30	600
Lucille Brown	1997	14		129,775	26	520
King (Includes Head Start & Round Bldgs)	1962	49		201,042	67	1,340
Thompson	1965	46		108,364	35	700
<b>Total</b>					<b>297</b>	<b>6,580</b>

<b><u>High Schools</u></b>						
Franklin Military (Onslow Minnis)	1928	83	1995	95,017	30	600
Huguenot	1961	50	1992	175,245	50	1,000
Jefferson, Thomas	1929	82	1970	179,993	57	1,140
Armstrong (formerly Kennedy, J. F.)	1968	43	1990	237,532	53	1,060
Marshall, John	1959	52		230,994	46	920
Open High (Grace Arents Bldg )	1911	100	1985	18,699	8	160
Richmond Community (Westhampton Bldg)	1916	95	1990	62,210	20	400
Wythe, George	1959	52	1989	243,114	50	1,000
<b>Total</b>					<b>314</b>	<b>6,280</b>

<b><u>Exceptional education schools</u></b>						
Amelia	1959	52	1991	33,908	18	360
<b>Total</b>					<b>18</b>	<b>360</b>

<b><u>Vocational and Alternative Schools</u></b>						
Adult Career Development Center	1924	87	1983	80,643	33	660
Educare (Includes, Head Start & Home Base)	1940	71		60,781	33	660
RTC-North Building	1971	40		49,939	16	320
RTC-South Building	1966	45		187,425	26	520
<b>Total</b>					<b>108</b>	<b>2,160</b>

<b>Grand Total of Standard Classrooms and Capacity</b>	<b>1,493</b>		<b>30,760</b>	
--	--------------	--	---------------	--

**20 STUDENTS PER EACH STANDARD CLASSROOM WAS USED TO CALCULATE CAPACITY.**

\* Maximum capacity for three new elementary schools based on school board directives effective in 1998

This school was closed at the end of school year 2004-2005 (Old)Armstrong	1951	1966	62	1,240
This school was closed at the end of school year 2006-2007 Patrick Henry <sup>(1)</sup>	1921	1985	24	480
Whitcomb Court	1957	1962	25	500
This school was closed at the end of school year 2007-2008 Norrell	1964		19	380
Norrell Annex	1954	1977	8	160
REAL	1925		5	100
Thirteen Acres	1900		0	0
This school was closed at the end of school year 2008-2009 Chandler Middle School	1925	1993	32	640

<sup>(1)</sup> Patrick Henry facility was re-opened in 2011 as the Patrick Henry School of Science and Arts Charter School



**THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA  
(A Component unit of the City of Richmond, Virginia)**

**2011-2012 Schools With Accreditation Scores Reported to the State of Virginia (unaudited)**

1	Albert Hill Middle	Fully Accredited
2	Amelia Street Special Education	Fully Accredited
3	Armstrong High	Accredited with Warning
4	Bellevue Elementary	Fully Accredited
5	Binford Middle	Fully Accredited
6	Blackwell Elementary	Fully Accredited
7	Broad Rock Elementary	Fully Accredited
8	Chimborazo Elementary	Fully Accredited
9	Clark Springs Elementary/Thirteen Acres	Fully Accredited
10	E.S.H. Greene Elementary	Fully Accredited
11	Elizabeth D. Redd Elementary	Fully Accredited
12	Elkhardt Middle	Fully Accredited
13	Fairfield Court Elementary	Fully Accredited
14	Franklin Military Academy	Fully Accredited
15	Fred D. Thompson Middle	Accredited with Warning
16	G.H. Reid Elementary	Fully Accredited
17	George Mason Elementary	Fully Accredited
18	George W. Carver Elementary	Fully Accredited
19	George Wythe High	Accredited with Warning
20	Ginter Park Elementary	Fully Accredited
21	Henderson Middle/Real School	Fully Accredited
22	Huguenot High	Fully Accredited
23	J.B. Fisher Elementary	Fully Accredited
24	J.E.B. Stuart Elementary	Fully Accredited
25	J.L. Francis Elementary	Fully Accredited
26	John B. Cary Elementary	Fully Accredited
27	John Marshall High	Accredited with Warning
28	Linwood Holton Elementary	Fully Accredited
29	Lucille M. Brown Middle	Fully Accredited
30	Martin Luther King Jr. Middle	Fully Accredited
31	Mary Munford Elementary	Fully Accredited
32	Miles Jones Elementary	Fully Accredited
33	Oak Grove/Bellemeade Elementary	Fully Accredited
34	Open High	Fully Accredited
35	Overby-Sheppard Elementary	Fully Accredited
36	Patrick Henry School of Science And Arts	Fully Accredited
37	Richmond Alternative	Fully Accredited
38	Richmond Community High	Fully Accredited
39	Southampton Elementary	Fully Accredited
40	Summer Hill/Ruffin Road Elementary	Fully Accredited
41	Swansboro Elementary	Fully Accredited
42	Thomas C. Boushall Middle	Accredited with Warning
43	Thomas Jefferson High	Fully Accredited
44	Westover Hills Elementary	Fully Accredited
45	William Fox Elementary	Fully Accredited
46	Woodville Elementary	Fully Accredited

Note: The above list shows all Richmond Public Schools for which accreditation scores are reported annually to the Virginia Department of Education.  
Source: Virginia Department of Education School Accreditation Ratings 2011-2012  
Up to date information on the accreditation status of each school may be obtained by calling the Richmond Public Schools Office of Public Information at (804) 780-7100, or by visiting the Richmond Public Schools' web site at [www.richmond.k12.va.us](http://www.richmond.k12.va.us).

**THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA**  
**(A Component Unit of the City of Richmond, Virginia)**

**Ratios of Debt Outstanding<sup>(1)</sup>**

**Last Three Fiscal Years**

Fiscal Year	<u>Governmental Activities<sup>(2)</sup></u>		Per Capita Personal Income <sup>(3)</sup>	Percent of Personal Income	Population <sup>(3)</sup>	Debt Per Capita
		Capital leases				
2010	\$	6,201,626	\$ 42,037	0.7%	204,214	30.4
2011		6,201,626	N/A	N/A	205,533	30.2
2012		6,176,883	N/A	N/A	N/A	N/A

(1) See Note 6 in the notes to the financial statements for additional details on the Capital Leases.

(2) The Code of Virginia (Code) prohibits the School Board from issuing general obligation debt.

As a result, the City issues general obligation bonds for the School Board and reports in its statements, the general obligation debt related to the School Board. The code does not impose a legal limit on the amount of long-term indebtedness that the City of Richmond can incur or have outstanding; however, the City Council has imposed limits. The School Board's capital leases are not applicable to the City's self-imposed debt limits.

(3) See Table 28 for demographic and economic statistics of the City of Richmond. Calculations are based on available data provided by the City of Richmond.

Source: Department of Budget and Financial Reporting-Comprehensive Annual Financial Report

**Table 17**

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>Governmental Activities</b>										
Invested In Capital Assets, Net of Related Debt	\$ 199,865,572	\$ 191,556,995	\$ 198,513,944	\$ 257,995,107	\$ 276,834,506	\$ 304,606,896	\$ 311,326,711	\$ 280,800,936	\$ 198,531,273	\$ 269,060,408
Restricted	46,983,399	68,923,046	50,038,794	11,902,266	14,911,689	14,992,862	15,356,206	5,772,722	12,590,642	16,458,462
Unrestricted	<u>31,375,839</u>	<u>(10,050,293)</u>	<u>40,670,738</u>	<u>25,435,347</u>	<u>26,438,982</u>	<u>45,954,323</u>	<u>21,676,936</u>	<u>67,421,848</u>	<u>71,414,987</u>	<u>103,428,935</u>
Total Governmental Activities Net Assets	<u>\$ 278,224,810</u>	<u>\$ 250,429,748</u>	<u>\$ 289,223,476</u>	<u>\$ 295,332,720</u>	<u>\$ 318,185,177</u>	<u>\$ 365,554,081</u>	<u>\$ 348,359,853</u>	<u>\$ 353,995,506</u>	<u>\$ 282,536,902</u>	<u>\$ 388,947,805</u>
<b>Business-type Activities</b>										
Invested In Capital Assets, Net of Related Debt	\$ 280,898,657	\$ 274,968,276	\$ 277,073,800	\$ 305,313,014	\$ 302,815,193	\$ 316,259,057	\$ 351,767,886	\$ 369,683,330	\$ 381,909,942	\$ 419,526,304
Restricted	49,509,466	8,650,941	40,067,236	--	--	--	--	--	--	--
Unrestricted	<u>21,266,273</u>	<u>69,315,730</u>	<u>43,272,098</u>	<u>69,958,764</u>	<u>79,842,538</u>	<u>78,044,664</u>	<u>55,610,764</u>	<u>58,319,963</u>	<u>64,745,678</u>	<u>51,318,531</u>
Total Business-type Activities Net Assets	<u>\$ 351,674,396</u>	<u>\$ 352,934,947</u>	<u>\$ 360,413,134</u>	<u>\$ 375,271,778</u>	<u>\$ 382,657,731</u>	<u>\$ 394,303,721</u>	<u>\$ 407,378,650</u>	<u>\$ 428,003,293</u>	<u>\$ 446,655,620</u>	<u>\$ 470,844,835</u>
<b>Primary Government</b>										
Invested In Capital Assets, Net of Related Debt	\$ 480,764,229	\$ 466,525,271	\$ 475,587,744	\$ 563,308,121	\$ 579,649,699	\$ 620,865,953	\$ 663,094,597	\$ 650,484,266	\$ 580,441,215	\$ 688,586,712
Restricted	96,492,865	77,573,987	90,106,030	11,902,266	14,911,689	14,992,862	15,356,206	5,772,722	12,590,642	16,458,462
Unrestricted	<u>52,642,112</u>	<u>59,265,437</u>	<u>83,942,836</u>	<u>95,394,111</u>	<u>106,281,520</u>	<u>123,998,987</u>	<u>77,287,700</u>	<u>125,741,811</u>	<u>136,160,665</u>	<u>154,747,466</u>
Total Primary Government Activities Net Assets	<u>\$ 629,899,206</u>	<u>\$ 603,364,695</u>	<u>\$ 649,636,610</u>	<u>\$ 670,604,498</u>	<u>\$ 700,842,908</u>	<u>\$ 759,857,802</u>	<u>\$ 755,738,503</u>	<u>\$ 781,998,799</u>	<u>\$ 729,192,522</u>	<u>\$ 859,792,640</u>

Source: City of Richmond - Comprehensive Annual Financial Report

**Table 18**

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>Expenses</b>										
Governmental Activities:										
General Government	\$ 85,220,510	\$ 102,182,099	\$ 82,897,797	\$ 108,538,958	\$ 108,443,704	\$ 82,078,049	\$ 132,001,804	\$ 137,836,800	\$ 135,582,802	\$ 126,274,797
Public Safety and Judiciary	141,560,046	147,054,040	150,077,017	159,938,162	175,163,038	170,498,404	185,536,625	175,820,069	178,142,702	182,724,471
Highways, Streets, Sanitation and Refuse	76,549,273	76,654,334	80,327,346	75,459,598	72,673,872	90,808,054	59,964,571	61,502,223	104,103,996	86,067,163
Human Services	89,294,156	91,316,190	93,480,016	90,316,536	95,346,598	110,423,497	105,618,194	93,697,780	95,333,003	84,629,401
Culture and Recreation	26,127,447	24,856,175	14,914,204	21,978,162	24,350,136	41,009,121	25,635,473	26,009,978	28,502,174	24,348,709
Education	138,209,993	137,780,535	131,661,501	152,646,701	165,971,219	158,858,678	164,359,364	163,586,697	173,214,073	155,173,806
Transportation	6,114,308	6,699,852	6,766,376	8,216,356	9,405,588	10,460,000	11,950,000	11,600,000	11,600,000	12,143,357
Interest and Fiscal Changes	35,659,959	40,538,281	42,868,983	40,153,584	42,083,543	25,030,424	23,925,766	20,204,271	21,418,947	18,648,049
Extraordinary Item <sup>1</sup>	--	14,728,475	4,020,240	--	--	--	--	--	--	--
Total Governmental Activities Expenses	<u>598,735,692</u>	<u>641,809,981</u>	<u>607,013,480</u>	<u>657,248,057</u>	<u>693,437,698</u>	<u>689,166,227</u>	<u>708,991,797</u>	<u>690,257,818</u>	<u>747,897,697</u>	<u>690,009,753</u>
Business-type Activities:										
Gas	167,936,098	178,520,751	207,682,064	248,535,630	216,255,114	216,059,214	221,285,311	163,063,730	154,527,763	120,738,025
Water	34,294,537	36,523,533	39,004,189	41,362,442	44,232,832	46,158,648	49,074,068	49,934,491	52,819,429	53,201,110
Wastewater	37,587,401	40,115,362	45,976,722	44,944,833	51,596,901	48,364,007	53,000,556	50,679,153	54,073,862	54,615,656
Stormwater	--	--	--	--	--	--	--	7,613,092	7,541,005	7,487,569
Coliseum	4,066,451	4,152,274	4,973,332	5,249,095	5,968,440	5,846,334	5,718,103	5,171,178	4,682,080	4,066,315
Landmark Theatre	1,580,618	1,876,343	1,730,408	1,835,924	1,788,114	1,829,565	567,990	--	--	--
Cemeteries	1,602,606	1,389,982	1,344,285	1,416,174	1,399,208	1,641,821	1,472,725	1,399,493	1,419,756	1,410,964
Total Business-type Activities Expenses	<u>247,067,711</u>	<u>262,578,245</u>	<u>300,711,000</u>	<u>343,344,098</u>	<u>321,240,609</u>	<u>319,899,589</u>	<u>331,118,753</u>	<u>277,861,137</u>	<u>275,063,896</u>	<u>241,519,639</u>
Total Primary Government Expenses	<u>\$ 845,803,403</u>	<u>\$ 904,388,226</u>	<u>\$ 907,724,480</u>	<u>\$ 1,000,592,155</u>	<u>\$ 1,014,678,307</u>	<u>\$ 1,009,065,816</u>	<u>\$ 1,040,110,550</u>	<u>\$ 968,118,955</u>	<u>\$ 1,022,961,593</u>	<u>\$ 931,529,392</u>
<b>Program Revenues</b>										
Governmental Activities:										
Charges for Services:										
General Government	\$ 40,875,918	\$ 37,367,491	\$ 41,636,438	\$ 46,887,330	\$ 48,008,623	\$ 43,593,817	\$ 51,086,930	\$ 52,084,531	\$ 58,638,216	\$ 126,215,625
Culture and Recreation	663,061	611,105	561,893	759,632	109,692	719,586	686,911	727,597	406,036	377,643
Other Activities	20,715,420	27,671,318	20,602,746	29,109,017	27,368,011	30,450,928	29,948,260	30,759,315	26,567,540	26,053,492
Operating Grants and Contributions	143,710,347	133,650,110	149,167,449	147,151,168	159,269,020	169,105,387	155,689,284	151,878,522	154,172,480	149,546,405
Capital Grants and Contributions	10,610,426	10,516,738	8,227,292	3,714,468	18,929,229	12,566,194	5,228,211	5,545,450	7,312,467	8,364,411
Total Governmental Activities Program Revenues	<u>\$ 216,575,172</u>	<u>\$ 209,816,762</u>	<u>\$ 220,195,818</u>	<u>\$ 227,621,615</u>	<u>\$ 253,684,575</u>	<u>\$ 256,435,912</u>	<u>\$ 242,639,596</u>	<u>\$ 240,995,415</u>	<u>\$ 247,096,739</u>	<u>\$ 310,557,576</u>
Business-type Activities:										
Charges for Services:										
Gas	\$ 173,251,482	\$ 187,051,036	\$ 221,309,436	\$ 255,994,336	\$ 225,162,779	\$ 225,892,538	\$ 231,136,014	\$ 172,587,241	\$ 164,890,242	\$ 130,742,982
Water	42,239,247	45,205,312	44,853,864	47,689,474	49,995,955	51,616,053	54,406,899	57,386,552	59,596,957	61,814,881
Wastewater	44,784,105	46,317,014	48,599,478	51,484,083	55,541,836	56,795,731	58,803,531	60,220,635	61,356,769	65,709,241
Stormwater	--	--	--	--	--	--	--	9,537,834	9,778,441	9,505,006
Coliseum	2,337,854	2,358,184	2,068,567	2,284,149	2,149,644	2,202,374	1,829,195	1,463,233	1,255,551	1,423,979
Landmark Theatre	318,101	724,250	390,879	594,775	255,549	463,078	520	--	--	--
Cemeteries	1,386,577	1,440,051	1,412,205	1,458,283	1,395,957	1,423,292	1,368,588	1,320,251	1,222,954	1,198,476
Operating Grants and Contributions	7,048,589	3,578,979	5,607,052	4,928,275	4,779,151	7,967,099	10,819,719	14,624,603	15,013,658	15,143,172
Total Business-type Activities Program Revenues	<u>271,365,955</u>	<u>286,674,826</u>	<u>324,241,481</u>	<u>364,433,375</u>	<u>339,280,871</u>	<u>346,360,166</u>	<u>358,364,466</u>	<u>317,140,348</u>	<u>313,114,571</u>	<u>285,537,737</u>
Total Primary Government Program Revenues	<u>\$ 487,941,127</u>	<u>\$ 496,491,588</u>	<u>\$ 544,437,299</u>	<u>\$ 592,054,990</u>	<u>\$ 592,965,446</u>	<u>\$ 602,796,078</u>	<u>\$ 601,004,062</u>	<u>\$ 558,135,763</u>	<u>\$ 560,211,310</u>	<u>\$ 596,095,313</u>
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (382,160,520)	\$ (431,993,219)	\$ (386,817,662)	\$ (429,626,442)	\$ (439,753,123)	\$ (432,730,315)	\$ (466,352,201)	\$ (449,262,403)	\$ (500,800,958)	\$ (379,452,177)
Business-type Activities	24,298,243	24,096,580	23,530,481	21,089,277	18,040,261	26,460,577	27,245,713	39,279,211	38,050,675	44,018,098
Total Primary Government Net Expense	<u>\$ (357,862,277)</u>	<u>\$ (407,896,639)</u>	<u>\$ (363,287,181)</u>	<u>\$ (408,537,165)</u>	<u>\$ (421,712,862)</u>	<u>\$ (406,269,738)</u>	<u>\$ (439,106,488)</u>	<u>\$ (409,983,192)</u>	<u>\$ (462,750,283)</u>	<u>\$ (335,434,079)</u>

(Continued)

**Table 18**

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>General Revenues and Other Changes in Net Assets</b>										
Governmental Activities:										
Taxes:										
Real Estate	\$ 165,361,803	\$ 172,166,634	\$ 181,172,923	\$ 202,214,700	\$ 211,480,260	\$ 225,336,583	\$ 231,467,579	\$ 219,121,286	\$ 217,159,681	\$ 214,209,839
Sales-1% Local	20,979,945	24,067,131	26,302,100	27,116,326	31,019,396	31,274,790	30,935,300	26,093,786	26,315,613	30,595,853
Sales Tax For Education	--	--	--	--	27,558,938	26,959,337	25,312,005	24,943,835	25,914,852	26,406,848
Personal Property	43,200,390	41,918,417	45,091,878	25,156,191	42,095,364	55,220,158	45,878,338	50,186,338	38,461,849	44,579,120
Machinery and Tools	16,408,110	14,831,660	14,618,256	15,140,256	13,149,199	13,486,040	13,762,378	17,119,371	16,914,447	15,421,045
General Utility Sales	33,760,985	33,405,551	31,124,964	30,413,522	31,586,945	37,118,110	35,253,745	34,483,451	17,098,077	16,378,212
State Communication Taxes	--	--	--	--	--	--	--	--	17,439,622	17,085,208
Bank Stock	2,976,847	2,362,154	2,904,338	2,891,777	3,085,172	3,317,298	4,494,835	8,247,534	13,933,727	12,480,183
Prepared Food	13,722,642	16,078,165	16,028,093	20,889,281	23,154,114	24,076,647	24,489,056	23,756,424	26,429,441	25,051,579
Lodging Tax	--	--	--	--	5,272,618	5,984,286	5,366,015	4,789,681	4,789,957	5,200,817
Admissions	1,465,338	1,804,701	1,195,603	1,218,238	1,073,673	2,447,670	1,604,376	2,181,971	2,335,970	2,399,527
Rreal Estate Taxes - Delinquent	--	--	--	--	--	--	--	9,711,901	10,746,487	7,006,446
Personal property Taxes - Delinquent	--	--	--	--	--	--	--	5,023,503	4,117,223	3,959,980
Delinquent Tax Payments-All Classes	13,035,895	10,303,069	9,589,601	11,083,065	11,812,062	19,581,751	--	--	--	--
Private Utility Poles and Conduits	93,137	93,506	150,549	94,894	95,067	95,186	96,164	156,478	158,268	154,881
Penalties and Interest	5,203,306	4,564,352	4,242,744	4,676,998	5,319,892	3,657,510	4,570,206	5,423,493	4,948,641	3,660,357
Titling Tax-Mobile Home	10,402	7,324	16,942	7,197	5,800	9,014	10,635	10,858	4,704	8,051
State Recordation	675,810	605,153	609,343	749,102	843,137	954,315	710,115	759,637	681,049	656,449
Property Rental 1%	236,383	158,960	120,684	144,979	136,469	126,334	126,534	101,748	109,871	131,021
Vehicle Rental Tax	955,513	868,115	864,415	752,941	1,004,229	889,582	626,040	424,599	579,654	1,149,088
ABC Board Receipts	400,770	--	--	--	--	--	--	--	--	--
Rolling Stock Tax	33,591	2,018,645	466,562	6,029,547	416,003	--	--	--	--	--
Telephone Commissions	--	--	--	--	--	477,935	449,292	450,000	390,739	338,499
Intergovernmental Revenue Not Restricted to Specific Programs	112,628	575,697	13,860,051	6,159,363	--	171,162	166,361	156,211	--	--
Investment Earnings	669,795	360,647	1,501,725	1,764,937	2,425,883	2,102,922	89,955	105,672	165,111	125,526
Miscellaneous	45,050,330	47,259,923	53,846,842	35,950,451	30,585,867	2,224,002	2,319,473	225,661	1,143,368	1,963,714
Transfers	17,219,836	17,993,646	21,130,671	20,165,228	20,884,181	24,282,511	21,560,041	22,340,631	21,459,319	23,147,547
Special Item <sup>2</sup>	174,264	--	773,106	--	3,701	--	--	--	--	--
Extraordinary Item <sup>1</sup>	--	12,754,707	--	(323,858)	(402,390)	306,076	(130,470)	15,352	--	(1,320,829)
Total Governmental Activities	381,747,720	404,198,157	425,611,390	412,295,135	462,605,580	480,099,219	449,157,973	455,829,421	451,297,670	450,788,961

(continued)

**Table 18**

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Business-type Activities:										
Investment Earnings	\$ 1,855,899	\$ 750,057	\$ 1,285,313	\$ 4,166,286	\$ 5,626,435	\$ 4,594,016	\$ 5,601,170	\$ 1,060,118	\$ 897,530	\$ 1,738,623
Miscellaneous	2,771,621	3,045,762	3,793,064	3,350,736	4,603,438	4,873,908	1,788,086	1,694,580	1,163,441	1,580,041
Transfers	(17,219,836)	(17,993,646)	(21,130,671)	(20,165,228)	(20,884,181)	(24,282,511)	(21,560,041)	(22,340,631)	(21,459,319)	(23,147,547)
Total Business-type Activities	<u>(12,592,316)</u>	<u>(14,197,827)</u>	<u>(16,052,294)</u>	<u>(12,648,206)</u>	<u>(10,654,308)</u>	<u>(14,814,587)</u>	<u>(14,170,785)</u>	<u>(19,585,933)</u>	<u>(19,398,348)</u>	<u>(19,828,883)</u>
Total Primary Government	<u>\$ 369,155,404</u>	<u>\$ 390,000,330</u>	<u>\$ 409,559,096</u>	<u>\$ 399,646,929</u>	<u>\$ 451,951,272</u>	<u>\$ 465,284,632</u>	<u>\$ 434,987,188</u>	<u>\$ 436,243,488</u>	<u>\$ 431,899,322</u>	<u>\$ 430,960,078</u>
<b>Change in Net Assets</b>										
Governmental Activities	\$ (412,800)	\$ (27,795,062)	\$ 38,793,728	\$ (17,331,307)	\$ 22,852,457	\$ 47,368,904	\$ (17,194,228)	\$ 6,567,018	\$ (49,503,288)	\$ 71,336,784
Business-type Activities	<u>11,705,927</u>	<u>9,898,753</u>	<u>7,478,187</u>	<u>8,441,071</u>	<u>7,385,953</u>	<u>11,645,990</u>	<u>13,074,928</u>	<u>19,693,278</u>	<u>18,652,327</u>	<u>24,189,215</u>
Total Primary Government	<u>\$ 11,293,127</u>	<u>\$ (17,896,309)</u>	<u>\$ 46,271,915</u>	<u>\$ (8,890,236)</u>	<u>\$ 30,238,410</u>	<u>\$ 59,014,894</u>	<u>\$ (4,119,300)</u>	<u>\$ 26,260,296</u>	<u>\$ (30,850,961)</u>	<u>\$ 95,525,999</u>

**<sup>1</sup>Extraordinary Item:**

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

**<sup>2</sup>Special Item:**

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

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

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

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

Source: City of Richmond Comprehensive Annual Financial Report

**Table 19**

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

	Fiscal Year									
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General Fund										
Non-Spendable	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 1,029,600	\$ 1,029,600
Restricted	--	--	--	--	--	--	--	--	1,391,917	--
Committed	--	--	--	--	--	--	--	--	14,672,765	53,073,041
Assigned	--	--	--	--	--	--	--	--	15,460,647	35,002,000
Unassigned	--	--	--	--	--	--	--	--	64,062,309	72,908,854
Reserved	21,328,801	14,150,287	22,216,671	16,144,418	15,894,601	16,908,547	2,094,186	16,598,886	--	--
Unreserved	40,552,729	47,690,533	45,278,440	45,442,420	47,507,086	47,638,753	48,644,484	59,423,096	--	--
Total General Fund	<u>\$ 61,881,530</u>	<u>\$ 61,840,820</u>	<u>\$ 67,495,111</u>	<u>\$ 61,586,838</u>	<u>\$ 63,401,687</u>	<u>\$ 64,547,300</u>	<u>\$ 50,738,670</u>	<u>\$ 76,021,982</u>	<u>\$ 96,617,238</u>	<u>\$ 162,013,495</u>
All Other Governmental Funds										
Non-Spendable	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 212,141	\$ 193,729
Restricted	--	--	--	--	--	--	--	--	16,262,282	16,264,733
Committed	--	--	--	--	--	--	--	--	9,426,306	9,756,967
Assigned	--	--	--	--	--	--	--	--	295,105	(138,320)
Unassigned	--	--	--	--	--	--	--	--	(37,000,000)	(3,508,434)
Reserved	46,983,399	68,923,046	50,413,044	22,836,669	48,645,510	25,399,353	17,029,761	6,822,405	--	--
Unreserved, reported in:										
Special Revenue Funds	20,589,668	12,249,538	11,473,432	12,894,614	7,502,105	7,478,784	8,385,421	10,861,875	--	--
Capital Project Funds	34,500	--	--	--	--	--	(67,443,896)	--	--	--
Debt Service Fund	11,461	11,461	11,461	(8,058)	--	--	--	--	--	--
Total All Other Governmental Funds	<u>\$ 67,619,028</u>	<u>\$ 81,184,045</u>	<u>\$ 61,897,937</u>	<u>\$ 35,723,225</u>	<u>\$ 56,147,615</u>	<u>\$ 32,878,137</u>	<u>\$ (42,028,714)</u>	<u>\$ 17,684,280</u>	<u>\$ (10,804,166)</u>	<u>\$ 22,568,675</u>

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

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

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

Source: City of Richmond Comprehensive Annual Financial Report

**Table 20**

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Revenues</b>										
Taxes	\$ 306,292,416	\$ 317,204,260	\$ 334,498,995	\$ 350,466,022	\$ 409,441,193	\$ 435,695,263	\$ 427,338,579	\$ 425,707,122	\$ 433,782,081	\$ 431,705,312
Licenses, Permits and Privilege Fees	33,259,137	31,821,328	35,302,960	37,275,652	37,543,533	35,514,381	36,190,387	35,374,043	34,326,099	39,403,213
Intergovernmental	154,433,332	146,970,902	173,750,992	158,577,638	164,137,422	163,694,270	156,307,233	151,219,441	152,816,149	152,837,949
Service Charges	17,924,528	14,933,169	16,343,955	20,421,258	21,119,157	21,761,128	21,451,494	24,407,838	25,559,661	26,390,218
Fines and Forfeitures	7,774,458	8,559,606	10,328,752	11,429,454	11,023,780	10,706,248	9,246,562	9,760,055	9,583,749	9,744,457
Sales of Land	-	-	-	-	-	-	-	-	-	-
Payment in Lieu of Taxes	17,518,465	18,102,353	19,630,782	18,898,355	18,635,494	19,357,177	19,234,942	19,780,983	-	-
Utility Payments	-	-	-	-	-	-	-	-	22,577,356	24,141,572
Investment Income	669,795	365,825	1,501,725	1,764,937	2,425,882	2,103,022	540,676	105,672	165,111	125,526
Miscellaneous	57,211,587	72,862,719	64,264,540	70,850,022	64,820,190	27,454,098	19,653,520	22,718,453	20,903,222	79,323,182
<b>Total Revenues</b>	<b>595,083,718</b>	<b>610,820,162</b>	<b>655,622,701</b>	<b>669,683,338</b>	<b>729,146,651</b>	<b>716,285,587</b>	<b>689,963,393</b>	<b>689,073,607</b>	<b>699,713,428</b>	<b>763,671,429</b>
<b>Expenditures</b>										
General Government	66,113,349	68,978,772	72,082,519	80,895,144	76,901,063	77,967,920	90,936,507	92,896,369	86,018,066	90,060,892
Public Safety and Judiciary	139,318,995	145,509,707	151,733,584	157,743,772	175,232,251	167,022,262	177,057,319	169,704,353	168,930,921	177,042,195
Highways, Streets, Sanitation and Refuse	46,004,841	44,054,142	54,373,540	57,844,351	62,404,860	61,007,410	44,687,139	46,687,139	58,398,783	61,164,440
Human Services	87,637,237	89,044,511	90,924,428	88,715,030	96,880,070	105,983,727	101,156,059	89,445,759	89,251,029	80,913,299
Culture and Recreation	22,101,310	23,539,612	19,628,668	19,540,997	21,399,788	22,420,288	22,869,119	21,791,546	23,274,978	22,988,592
Education	128,823,925	131,762,289	129,041,941	142,303,624	159,927,313	158,858,678	159,155,815	151,332,379	150,585,819	150,651,924
Non-Departmental	23,461,527	25,153,039	26,211,317	33,373,394	41,164,869	51,273,499	50,990,595	46,454,002	43,629,933	46,835,962
Capital Outlay	35,347,332	58,250,207	43,109,262	35,531,084	26,247,426	37,969,088	81,224,196	55,093,465	125,099,224	96,796,091
Debt Service:										
Principal Retirement	37,206,080	41,473,735	43,743,522	48,061,126	48,020,086	33,368,115	28,077,064	31,748,820	29,839,337	30,683,823
Interest Payments	34,974,162	40,304,483	40,812,004	39,385,830	38,490,977	25,054,610	24,805,037	19,193,765	19,710,167	22,026,533
Issuance Costs	382,904	683,283	625,909	671,476	846,451	-	955,068	806,838	647,705	-
<b>Total Expenditures</b>	<b>621,371,662</b>	<b>668,753,780</b>	<b>672,286,694</b>	<b>704,065,828</b>	<b>747,515,154</b>	<b>740,925,597</b>	<b>781,859,646</b>	<b>725,154,435</b>	<b>795,385,962</b>	<b>779,163,751</b>
<b>Other Financing Sources (Uses)</b>										
Transfers In	47,449,811	53,904,655	57,680,867	61,784,636	60,691,246	82,480,356	70,306,914	67,559,251	66,240,273	66,995,617
Transfers Out	(46,073,628)	(51,675,655)	(54,938,228)	(59,386,273)	(57,501,875)	(79,507,387)	(67,126,142)	(64,147,702)	(63,243,383)	(63,886,685)
Proceeds from Refunding Bonds	36,630,116	9,300,000	-	90,847,799	-	-	-	-	-	-
Payment to Escrow Agent	(36,630,116)	(9,300,000)	-	(90,622,799)	-	-	-	-	-	-
Proceeds from Issuance of Bonds	50,097,993	68,297,167	3,536,671	-	42,194,332	-	-	100,917,875	80,341,209	113,379,713
Premium on Issuance of Bonds	-	2,905,526	-	-	-	(762,900)	-	6,565,000	4,441,245	-
<b>Total Other Financing Sources (Uses)</b>	<b>51,474,176</b>	<b>73,431,693</b>	<b>6,279,310</b>	<b>2,623,363</b>	<b>45,383,703</b>	<b>2,210,069</b>	<b>3,180,772</b>	<b>110,894,424</b>	<b>87,779,344</b>	<b>116,488,645</b>
<b>Special Item</b>										
Gain on Sale of Land	174,264	-	-	-	-	-	-	-	-	-
Disaster Recovery	-	12,754,707	773,106	-	-	-	-	-	-	-
<b>Total Special Item</b>	<b>174,264</b>	<b>12,754,707</b>	<b>773,106</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Extraordinary Item</b>										
Disaster Costs	-	(14,728,475)	(4,020,240)	(323,858)	(402,390)	306,076	-	15,352	-	1,320,829
<b>Total Extraordinary Item</b>	<b>-</b>	<b>(14,728,475)</b>	<b>(4,020,240)</b>	<b>(323,858)</b>	<b>(402,390)</b>	<b>306,076</b>	<b>-</b>	<b>15,352</b>	<b>-</b>	<b>1,320,829</b>
<b>Net Change in Fund Balances</b>	<b>\$ 25,360,496</b>	<b>\$ 13,524,307</b>	<b>\$ (13,631,817)</b>	<b>\$ (32,082,985)</b>	<b>\$ 26,612,810</b>	<b>\$ (22,123,865)</b>	<b>\$ (88,715,481)</b>	<b>\$ 74,828,948</b>	<b>\$ (7,893,190)</b>	<b>\$ 99,675,494</b>
Debt Service as a Percentage of Noncapital Expenditures <sup>1</sup>	11.7%	12.4%	13.0%	12.7%	12.1%	8.5%	7.5%	7.6%	6.8%	7.6%

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.

Source: City of Richmond Comprehensive Annual Financial Report



**Table 21**

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

	Fiscal Year									
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>City Taxes</b>										
Real Estate	\$ 165,361,803	\$ 172,166,634	\$ 181,172,923	\$ 202,214,700	\$ 211,480,260	\$ 225,336,583	\$ 231,467,579	\$ 219,121,286	\$ 217,159,681	\$ 214,209,839
Sales-1% Local	20,979,945	24,067,131	26,302,100	27,116,326	31,019,396	31,274,790	30,935,300	26,093,786	26,315,613	30,595,853
SalesTax for Education	--	--	--	--	27,558,938	26,959,337	25,312,005	24,943,835	25,914,852	26,406,848
Personal Property	43,200,390	41,918,417	45,091,878	25,156,191	42,095,364	55,220,158	45,878,338	50,186,338	38,461,849	44,579,120
Machinery and Tools	16,408,110	14,831,660	14,618,256	15,140,256	13,149,199	13,486,040	13,762,378	17,119,371	16,914,447	15,421,045
General Utility Sales	33,760,985	33,405,551	31,124,964	30,413,522	31,586,945	37,118,110	35,253,745	34,483,451	17,098,077	16,378,212
State Communication Taxes	--	--	--	--	--	--	--	--	17,439,622	17,085,208
Bank Stock	2,976,847	2,362,154	2,904,338	2,891,777	3,085,172	3,317,298	4,494,835	8,247,534	13,933,727	12,480,183
Prepared Food	13,722,642	16,078,165	16,028,093	20,889,281	23,154,114	24,076,647	24,489,056	23,756,424	26,429,441	25,051,579
Transient Lodging	--	--	--	--	5,272,618	5,984,286	5,366,015	4,789,681	4,789,957	5,200,817
Admissions	1,465,338	1,804,701	1,195,603	1,218,238	1,073,673	2,447,670	1,604,376	2,181,971	2,335,970	2,399,527
Real Estate Taxes - Delinquent	--	--	--	--	--	--	--	9,711,901	10,746,487	7,006,446
Personal Property Taxes - Delinquent	--	--	--	--	--	--	--	5,023,503	4,117,223	3,959,980
Delinquent Tax Payments-All Classes	13,035,895	10,303,069	9,589,601	11,083,065	11,812,062	19,581,751	--	--	--	--
Private Utility Poles and Conduits	93,137	93,506	150,549	94,894	95,067	95,186	96,164	156,478	158,268	154,881
Penalties and Interest	5,203,306	4,564,352	4,242,744	4,676,998	5,319,892	3,657,510	4,570,206	5,423,493	4,948,641	3,660,357
Titling Tax-Mobile Home	10,402	7,324	16,942	7,197	5,800	9,014	10,635	10,858	4,704	8,051
State Recordation	675,810	605,153	609,343	749,102	843,137	954,315	710,115	759,637	681,049	656,449
Property Rental 1%	236,383	158,960	120,684	144,979	136,469	126,334	126,534	101,748	109,871	131,021
Vehicle Rental Tax	955,513	868,115	864,415	752,941	1,004,229	889,582	626,040	424,599	579,654	1,149,088
ABC Board Receipts	400,770	--	--	--	--	--	--	--	--	--
Rolling Stock Tax	33,591	2,018,645	466,562	6,029,547	416,003	--	--	--	--	--
Telephone Commissions	--	--	--	--	--	477,935	449,292	450,000	390,739	338,499
<b>Total Primary Government</b>	<b>\$ 318,520,867</b>	<b>\$ 325,253,537</b>	<b>\$ 334,498,995</b>	<b>\$ 348,579,014</b>	<b>\$ 409,108,338</b>	<b>\$ 451,012,546</b>	<b>\$ 425,152,613</b>	<b>\$ 432,985,894</b>	<b>\$ 428,529,872</b>	<b>\$ 426,873,003</b>

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.

Source: City of Richmond Comprehensive Annual Financial Report

**Table 22**

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Real Estate	\$ 159,003,009	\$ 170,251,093	\$ 181,172,923	\$ 195,007,601	\$ 211,744,174	\$ 220,312,237	\$ 227,921,229	\$ 218,027,758	\$ 221,948,834	\$ 216,991,101
Sales-1% Local	20,123,954	24,067,131	26,302,100	27,116,326	31,019,396	31,274,790	30,935,300	26,093,786	26,315,613	30,595,853
Sales Tax for Education	--	--	--	--	27,558,938	26,959,337	25,312,005	24,943,835	25,914,852	26,406,848
Personal Property	41,488,407	41,918,417	45,091,878	43,819,129	42,147,896	44,734,218	51,107,922	44,081,997	44,343,976	43,780,792
Machinery and Tools	15,674,402	14,831,660	14,618,256	14,729,382	13,165,608	13,679,043	14,265,110	17,038,468	16,857,051	15,519,223
Utility Sales Tax Gas	--	--	--	--	--	--	--	--	4,617,822	4,256,292
Utility Sales Tax Electric	--	--	--	--	--	--	--	--	12,480,255	12,121,920
General Utility Sales	32,415,856	30,272,507	31,124,964	30,413,522	31,586,945	37,118,110	35,253,745	34,483,451	--	--
State Communication Taxes	--	--	--	--	--	--	--	--	17,439,622	17,085,208
Bank Stock	2,854,562	2,362,154	2,904,338	2,891,777	3,085,172	3,317,298	4,494,835	8,247,534	13,933,727	12,480,183
Prepared Food	13,111,219	14,548,707	16,028,093	17,404,622	23,154,114	24,076,647	24,489,056	23,756,424	21,726,664	26,991,476
Lodging Tax	--	--	--	--	5,272,618	5,984,286	5,366,015	4,789,681	4,623,900	5,685,427
Admission	1,465,338	1,804,701	1,195,603	1,218,238	1,073,673	2,447,670	1,604,376	2,181,971	1,843,129	2,726,217
Real Estate Taxes - Delinquent	--	--	--	--	--	--	--	9,711,901	10,746,487	7,006,446
Personal Property Taxes - Delinquent	--	--	--	--	--	--	--	5,023,503	4,117,223	3,959,980
Delinquent Tax Payments-All Classes	12,546,757	10,303,069	9,589,601	11,083,065	11,812,062	19,581,751	--	--	--	--
Private Utility Poles and Conduits	93,137	93,506	150,549	94,894	95,067	95,186	96,164	156,478	158,268	154,881
Penalties and Interest	5,203,306	4,564,352	4,242,744	4,676,998	5,319,892	3,657,510	4,570,206	5,423,493	4,948,641	3,660,357
Titling Tax-Mobile Home	10,402	7,324	16,942	7,197	5,800	9,014	10,635	10,858	4,704	8,051
State Recordation	675,810	605,153	609,343	749,102	843,137	954,315	710,115	759,637	681,049	656,449
Property Rental 1%	236,383	158,960	120,684	144,979	136,469	126,334	126,534	101,748	109,871	131,021
Vehicle Rental Tax	955,513	868,115	864,415	752,941	1,004,229	889,582	626,040	424,599	579,654	1,149,088
ABC Board Receipts	400,770	--	--	--	--	--	--	--	--	--
Rolling Stock Tax	33,591	--	--	--	--	--	--	--	--	--
Telephone Commissions	--	547,411	466,562	356,249	416,003	477,935	449,292	450,000	390,739	338,499
Total General Governmental Tax Revenues	\$ 306,292,416	\$ 317,204,260	\$ 334,498,995	\$ 350,466,022	\$ 409,441,193	\$ 435,695,263	\$ 427,338,579	\$ 425,707,122	\$ 433,782,081	\$ 431,705,312

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.

Source: City of Richmond Comprehensive Annual Financial Report

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

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

Source: Assessor's Office

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

<u>Tax Year</u>	<u>Tax Rate</u>	<u>Total Tax Levy<sup>3</sup></u>	<u>Current Tax Collections<sup>1</sup></u>		<u>Delinquent Tax Collections<sup>2</sup></u>	<u>Total Tax Collections</u>	
			<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
2003	1.38	\$175,100,400	\$165,330,253	94.4%	\$9,498,935	\$174,829,188	99.8%
2004	1.38	184,806,582	179,024,489	96.9%	7,715,852	186,740,341	101.0%
2005	1.33	201,274,826	191,839,265	95.3%	7,619,922	199,459,187	99.1%
2006	1.29	214,819,901	206,416,778	96.1%	6,901,572	213,318,350	99.3%
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%

Source: City of Richmond - Department of Finance

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

<u>Tax Year</u>	<u>Tax Rate</u>	<u>Total Tax Levy<sup>3</sup></u>	<u>Current Tax Collections<sup>1</sup></u>		<u>Delinquent Tax Collections<sup>2</sup></u>	<u>Total Tax Collections to Date</u>	
			<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
2003	3.70	\$46,689,746	\$41,662,589	89.2%	\$3,864,364	\$45,526,953	97.5%
2004	3.70	46,468,895	42,080,193	90.6%	3,297,269	45,377,462	97.7%
2005	3.70	48,443,250	43,739,697	90.3%	4,868,959	48,608,656	100.3%
2006	3.70	50,187,847	43,230,723	86.1%	4,328,616	47,559,339	94.8%
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%

**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 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

Table 24

**CITY OF RICHMOND, VIRGINIA  
REAL ESTATE ASSESSED VALUES OF LARGEST TAXPAYERS  
As of January 1, 2012**

<u>Taxpayer</u>	<b>2012</b>			<u>Taxpayer</u>	<b>2003</b>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>		<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
Philip Morris Inc.	\$ 645,316,000	1	3.27%	Philip Morris, Inc. & Philip Morris USA	\$ 238,732,000	1	1.99%
Hines Riverfront Plaza LP	237,150,000	2	1.20%	Boston Properties	176,000,000	2	1.47%
James Center Property LLC	174,954,000	3	0.89%	Sun Trust Banks, Inc.	158,477,700	3	1.32%
Dominion Resources Inc.	159,127,000	4	0.81%	Federal Reserve Bank of Richmond	75,357,300	4	0.63%
Chippenham Hospital Inc.	106,434,000	5	0.54%	One James Center Associates	64,500,000	5	0.54%
Federal Reserve Bank	103,142,000	6	0.52%	Orton Val T Trustee	63,667,900	6	0.53%
Foundry Park I LLC	81,209,000	7	0.41%	Chippenham Hospital, Inc	59,286,000	7	0.50%
Parmenter 919 Main Street LP	78,527,000	8	0.40%	First States Investors 3500 LLC	57,257,500	8	0.48%
AREP Riverside I LLC	66,779,000	9	0.34%	Ethyl Corporation	56,553,000	9	0.47%
A T Main Street Richmond LLC	63,811,000	10	0.32%	Two James Center Associates	52,000,000	10	0.43%
Stony Point Fashion Park Associates LLC	57,000,000	11	0.29%	Dominion Resources, Inc	44,391,500	11	0.37%
AH Richmond Tower I LLC	54,832,000	12	0.28%	American Retirement Corp.	41,041,400	12	0.34%
Robins A H Co Inc.	48,065,000	13	0.24%	AH Robins	40,320,000	13	0.34%
Media General, Inc.	43,062,000	14	0.22%	AAPOP, LLP	37,000,000	14	0.31%
Miller & Rhoads Building LLC	42,010,000	15	0.21%	Alleghany Warehouse Co., Inc.	36,641,100	15	0.31%
Apple Seven SPE Richmond Inc.	35,722,000	16	0.18%	Eighth & Main LP	31,741,000	16	0.27%
Gambles Hill LLC	31,801,000	17	0.16%	Highwood Forsyth Limited	30,463,000	17	0.25%
Total of Taxpayers	2,028,941,000		10.28%	Total of Taxpayers	1,263,429,400		10.55%
All Other Properties	17,687,590,000		89.72%	All Other Properties	10,703,340,676		89.45%
Totals	<u>\$ 19,716,531,000</u>		<u>100.00%</u>	Totals	<u>\$ 11,966,770,076</u>		<u>100.00%</u>

Source: City's Real Estate Assessor

**CITY OF RICHMOND, VIRGINIA  
PRINCIPAL EMPLOYERS  
As of June 30, 2012**

<u>Employer</u>	<b>2012</b>			<u>Employer</u>	<b>2003</b>		
	<u>Approximate Number of Employees</u>	<u>Rank</u>	<u>Percentage of Principal Employment</u>		<u>Approximate Number of Employees</u>	<u>Rank</u>	<u>Percentage of Principal Employment</u>
Capital One Financial Corp.	9,995	1	9.88%	Commonwealth of Virginia	40,500	1	24.73%
Virginia Commonwealth University Health System	7,935	2	7.84%	Federal Government	15,200	2	9.28%
HCA Virginia Health System	7,236	3	7.15%	Chesterfield County	10,064	3	6.15%
Bon Secours Richmond Health System	5,991	4	5.92%	Henrico County	9,282	4	5.67%
Walmart	5,462	5	5.40%	Capital One Financial Corp.	9,279	5	5.67%
Dominion Resources Inc.	5,378	6	5.31%	Richmond City	8,490	6	5.19%
Altria Group Inc.	4,110	7	4.06%	Philip Morris, USA	6,570	7	4.01%
SunTrust Banks	4,100	8	4.05%	Virginia Commonwealth University Health System	6,056	8	3.70%
DuPont	3,084	9	3.05%	HCA, Inc.	5,762	9	3.52%
Wells Fargo & Co.	2,851	10	2.82%	Wal-mart Stores, Inc.	5,429	10	3.32%
WellPoint Inc.	2,801	11	2.77%	Wachovia Corporation	4,500	11	2.75%
Bank of America	2,700	12	2.67%	Sun Trust Banks, Inc.	4,200	12	2.57%
Food Lion	2,680	13	2.65%	Ukrop's Super Markets, Inc.	3,938	13	2.41%
United Parcel Service Inc.	2,300	14	2.27%	Bon Secours Richmond Health System	3,885	14	2.37%
Verizon Communications Inc.	2,070	15	2.05%	Dominion Resources, Inc.	3,749	15	2.29%
Federal Reserve Bank of Richmond	1,851	16	1.83%	Circuit City Stores, Inc.	3,590	16	2.19%
The Kroger Co.	1,720	17	1.70%	Hanover County	3,371	17	2.06%
University of Richmond	1,655	18	1.64%	DuPont	3,197	18	1.95%
Total of Principal Employers	73,919		73.06%	Total of Principal Employers	147,062		89.83%
Other Principal Employers <sup>1</sup>	27,285		26.94%		16,676		10.17%
Totals	<u>101,204</u>		<u>100.00%</u>	Totals	<u>163,738</u>		<u>100.00%</u>

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

Source: Richmond Times-Dispatch

Note: Public employer's data was not available for 2012.

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

Fiscal Year	Less:		Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
	Gross Revenue	Direct Operating Expenses		Principal	Interest	Total	
2003	\$ 257,454,148	\$ 200,480,366	\$ 56,973,782	\$ 9,378,904	\$ 23,896,768	\$ 33,275,672	1.71
2004	273,973,867	214,894,187	59,079,680	14,015,416	27,051,440	41,066,856	1.44
2005	311,528,607	248,572,360	62,956,247	15,117,801	27,684,009	42,801,810	1.47
2006	354,513,119	267,435,241	87,077,878	13,877,566	28,234,697	42,112,263	2.07
2007	332,534,070	264,341,546	68,192,524	15,512,828	28,242,331	43,755,159	1.56
2008	335,154,223	270,811,760	64,342,463	20,562,701	29,429,144	49,991,845	1.29
2009	347,058,210	278,970,601	68,087,609	20,508,027	29,939,215	50,447,242	1.35
2010 <sup>1</sup>	288,046,809	212,931,591	75,115,218	21,104,375	34,343,862	55,448,237	1.35
2011	282,734,644	206,819,854	75,914,790	23,548,199	31,501,282	55,049,481	1.38
2012	255,253,674	177,928,128	77,325,546	27,860,480	30,343,026	58,203,506	1.33

**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 City of Richmond's notes to the financial statements.

**Table 26**

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

	Fiscal Year									
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Debt Limit	\$ 1,196,677,008	\$ 1,325,845,739	\$ 1,507,923,335	\$ 1,665,270,552	\$ 1,904,252,245	\$ 2,060,991,864	\$ 2,109,902,904	\$ 2,109,403,867	\$ 1,988,745,212	\$ 1,971,653,100
Total net applicable to limit	<u>689,578,088</u>	<u>738,231,520</u>	<u>685,384,668</u>	<u>635,988,545</u>	<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>
Legal Debt Margin	<u>\$ 507,098,920</u>	<u>\$ 587,614,219</u>	<u>\$ 822,538,667</u>	<u>\$ 1,029,282,007</u>	<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>
Total net debt applicable to the limit as a percentage of debt limit	57.62%	55.68%	45.45%	38.19%	33.29%	28.75%	28.68%	29.88%	35.39%	35.56%

**Legal Debt Margin Calculation for Fiscal Year 2011**

Assessed Value (Taxable)	\$ 19,716,531,000
Debt limit (10% of total assessed value)	1,971,653,100
General Obligation Bonds	<u>701,068,792</u>
Legal Debt Margin	<u>\$ 1,270,584,308</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 preceeding assessment for real estate taxes.  
The Total Net Debt Applicable to Limit shown on 6/30/2012 does not include \$556,645,429 of self-supporting Public Utility Revenue Bonds, \$12,325,000 of Certificates of Participation, and \$8,360,231 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.

**Table 27**

**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
2003	\$376,693,205	\$3,483,946	\$5,290,000	\$6,765,000	-	\$18,840,000	\$278,982,829	\$260,504,754	\$950,559,734	13.89% \$4,798
2004	418,075,775	3,263,521	1,820,000	6,125,000	-	18,225,000	270,503,062	256,891,626	974,903,984	13.17% 4,938
2005	392,957,068	3,042,389	7,000,000	5,595,000	-	17,585,000	259,195,982	320,815,598	1,006,191,037	13.19% 5,084
2006	376,095,157	2,820,514	5,600,000	5,020,000	12,100,000	16,920,000	246,092,420	320,513,843	985,161,934	11.71% 4,951
2007	387,222,408	2,597,288	4,700,000	4,465,000	11,555,580	16,230,000	234,580,147	414,194,548	1,075,544,971	12.13% 5,360
2008	354,881,308	2,372,353	8,500,000	3,910,000	10,981,807	15,510,000	222,734,874	406,325,632	1,025,215,974	11.28% 5,054
2009	327,097,155	2,145,328	63,560,000	3,355,000	10,377,099	14,760,000	208,811,286	551,289,644	1,181,395,512	13.46% 5,778
2010	400,951,978	1,916,098	33,220,000	2,800,000	9,739,788	13,980,000	191,239,793	553,815,743	1,207,663,400	14.07% 5,914
2011	453,213,764	1,684,543	74,780,000	2,245,000	9,068,116	13,170,000	171,845,174	554,658,872	1,280,665,469	N/A 6,231
2012	524,298,582	1,450,834	14,034,000	1,690,000	8,360,231	12,325,000	159,595,376	556,645,429	1,278,399,452	N/A 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 City of Richmond's notes to the financial statements.

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

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

Fiscal Year						Certificates of Participation Series 2001A	Percentage of Estimated Actual Taxable Value of		Debt Per Capita
	General Obligation Bonds	Virginia Public School Authority Bonds	General Obligation Notes	HUD Section 108 Notes	Lease Revenue Bond		Total	Property	
2003	\$655,676,034	\$3,483,946	\$5,290,000	\$6,765,000	-	\$18,840,000	\$690,054,980	2.79%	\$3,483
2004	688,578,837	3,263,521	1,820,000	6,125,000	-	18,225,000	718,012,358	2.98%	3,637
2005	652,153,050	3,042,389	7,000,000	5,595,000	-	17,585,000	685,375,439	2.50%	3,463
2006	622,187,577	2,820,514	5,600,000	5,020,000	12,100,000	16,920,000	664,648,091	2.30%	3,340
2007	621,802,555	2,597,288	4,700,000	4,465,000	11,555,580	16,230,000	661,350,423	2.02%	3,296
2008	577,616,182	2,372,353	8,500,000	3,910,000	10,981,807	15,510,000	618,890,342	3.00%	3,051
2009	535,908,441	2,145,328	63,560,000	3,355,000	10,377,099	14,760,000	630,105,868	2.99%	3,082
2010	592,191,771	1,916,098	33,220,000	2,800,000	9,739,788	13,980,000	653,847,657	3.10%	3,202
2011	625,058,938	1,684,543	74,780,000	2,245,000	9,068,116	13,170,000	726,006,597	3.65%	3,532
2012	683,893,958	1,450,834	14,034,000	1,690,000	8,360,231	12,325,000	721,754,023	3.66%	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 City of Richmond's notes to the financial statements.

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

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

<b>Fiscal</b>		<b>Personal Income</b>	<b>Per Capita</b>			<b>City</b>	<b>State</b>
<b>Year</b>	<b>Population(1)</b>	<b>(Amounts expressed in thousands)</b>	<b>Personal Income(2)</b>	<b>Median Age</b>	<b>School Enrollment(3)</b>	<b>Unemployment Rate(4)</b>	<b>Unemployment Rate(4)</b>
2003	198,098	\$6,844,354	\$34,550	36.7	25,266	6.2%	4.5%
2004	197,432	7,399,970	37,481	35.9	25,054	6.0%	4.0%
2005	197,915	7,630,295	38,553	35.4	24,726	5.5%	3.8%
2006	198,992	8,409,514	42,261	34.0	24,247	4.6%	3.2%
2007	200,655	8,864,854	44,180	34.0	23,987	4.4%	3.1%
2008	202,867	9,088,603	44,801	35.3	24,226	5.8%	4.0%
2009	204,451	8,774,262	42,916	35.5	23,200	10.2%	7.1%
2010	204,214	8,582,284	42,037	32.0	22,994	10.5%	7.1%
2011	205,533	N/A	N/A	N/A	23,454	9.3%	6.3%
2012	N/A	N/A	N/A	N/A	23,336	9.0%	6.0%

(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									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental Activities:										
General Government	553	554	583	502	650	731	681	696	696	620
Public Safety and Judiciary										
Police	793	846	905	982	979	1,028	1,000	980	942	923
Firefighters and Officers	241	416	423	426	425	463	413	406	434	425
Others	652	671	690	658	588	603	590	577	573	557
Highways, Streets, Sanitation and Refuse										
Engineering & Maintenance	540	521	532	551	538	566	527	452	454	497
Human Services										
Human Services Advocacy	28	21	37	47	26	24	34	35	43	34
Social Services	465	461	466	411	455	481	472	456	443	441
Public Health	98	104	112	0	0	0	0	0	0	0
Culture and Recreation	283	247	266	235	295	260	273	276	261	158
Transportation	8	8	7	5	0	0	0	0	0	0
Business-type Activities:										
Gas Utility	333	314	304	213	320	322	425	404	359	367
Water Utility	92	90	81	214	101	102	128	110	110	117
Wastewater Utility	100	98	90	61	108	113	164	139	131	168
Electric Utility	21	19	18	32	15	19	24	24	24	39
Stores and Transportation Division	14	14	13	11	12	13	10	6	6	6
Coliseum	25	25	25	28	25	25	25	17	17	14
Landmark Theatre	9	7	7	0	5	5	0	0	0	0
Cemeteries NCO	22	18	18	21	20	20	20	20	21	19
Total	<u>4,277</u>	<u>4,434</u>	<u>4,577</u>	<u>4,397</u>	<u>4,562</u>	<u>4,775</u>	<u>4,786</u>	<u>4,598</u>	<u>4,514</u>	<u>4,385</u>

Source: Various City departments

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

Function	2003	2004	2005	2006	Fiscal Year 2007	2008	2009	2010	2011	2012
<b>Governmental Activities:</b>										
Police										
Physical Arrests	14,252	15,911	17,536	17,034	19,210	20,064	20,425	14,487	13,595	13,179
Parking Violations	96,079	101,813	103,594	19,455	73,335	101,675	104,380	134,151	128,038	125,171
Traffic Violations	23,150	21,224	30,516	22,474	25,047	28,195	30,965	31,518	30,454	25,026
Fire										
Number of calls answered	25,817	28,258	30,956	31,746	28,234	19,864	29,098	29,587	32,450	32,287
Inspections	2,774	3,662	1,853	2,104	2,660	1,322	1,090	5,336	4,093	5,675
Highways and Streets										
Street resurfacing (miles)	95	82	70	102	85	70	62	122	115	118
Potholes repaired	14,833	12,167	21,011	10,691	7,500	898	6,128	11,409	9,158	15,135
Sanitation and Refuse										
Refuse collected (tons/day)	317	307	N/A	338	293	335	374	291	300	290
Recyclables collected (tons/day)	41	39	38	37	35	25	213	21	42	25
Culture and Recreation										
Parks permits issued	505	482	539	610	584	543	598	579	546	546
<b>Business-type Activities:</b>										
Gas										
Maximum daily sendout (MCF)	162,574	151,823	163,129	129,755	151,996	147,713	160,509	139,351	153,078	137,485
Annual Sendout (MCF)	19,168,315	17,952,764	18,500,224	16,620,288	16,551,672	17,722,952	17,056,844	16,006,116	17,662,077	14,673,455
Water										
Average daily consumptions (MGD)	78	88	75	67	63	66	62	58	59	53
Maximum daily consumptions (MCD)	127	105	95	98	98	90	90	89	99	89
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)	54	60	64	51	59	49	49	55	46	52
Maximum daily sewage treatment (MGD)	78	85	85	83	84	84	84	96	84	80
Coliseum										
Average daily attendance per activity	1,010	1,013	883	921	1,220	1,193	4,169	4,895	4,957	4,161
Landmark Theatre										
Total tickets sold for all activities	145,296	141,726	129,598	140,097	150,596	139,506	122,645	156,448	100,032	217,104
Total attendances for all activities	15,773	14,303	221,602	220,615	180,155	196,893	195,790	177,105	139,749	234,035
Cemeteries										
Number of interments	1,079	1,080	1,050	973	777	841	901	790	777	790
Number of lot sales	20	24	22	17	23	18	14	16	20	6
Number of single grave sales	688	700	646	382	664	601	568	504	473	468
Number of foundations	645	649	637	627	525	532	560	494	522	493

Source: Various City departments

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

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

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

	Fiscal Year									
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>Function</b>										
Police										
Stations	7	7	7	7	10	4	8	7	7	7
Patrol Units	133	132	128	232	222	323	204	173	164	213
Fire										
Stations	20	20	20	20	20	20	20	20	20	20
Fire trucks	46	46	46	46	55	64	51	54	54	61
Highways and Streets										
Streets (miles) <sup>1</sup>	1,867	1,867	1,865	1,857	1,865	1,858	822	822	822	822
Streetlights	32,977	33,063	33,184	32,900	33,188	33,000	30,548	30,783	36,027	35,834
Traffic Signals	453	456	460	502	511	465	468	476	469	474
Sanitation and Refuse										
Collection Trucks	N/A	33	38	45	38	37	47	34	33	33
Culture and Recreation										
Parks acreage	2,801	2,801	2,801	2,807	2,805	2,805	2,818	2,808	2,810	2,808
Parks	58	58	58	67	71	71	71	71	71	72
Baseball/Softball Diamonds	54	54	54	55	48	48	48	48	48	48
Athletic Fields	25	25	25	27	31	31	31	31	31	31
Golf Courses (Driving Range/Par 3 Course)	1	1	1	1	1	1	1	1	1	1
Swimming Pools	10	9	9	9	9	9	8	9	9	9
Tennis Courts	141	141	138	138	130	130	130	140	140	140
Community Centers	18	18	18	24	24	24	24	20	20	20
Theatres	2	2	2	2	1	2	2	2	2	2
Coliseums	1	1	1	1	1	1	1	1	1	1
Gas										
Miles of Service Lines <sup>2</sup>	1,766	1,777	1,796	1,818	1,850	1,013	1,033	1,050	1,057	1,069
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	13	13	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	42	42	47	47	47	47	47	47	47	47
Sewer Pumping Stations	3	3	3	3	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) 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.

## ACKNOWLEDGEMENTS

This Comprehensive Annual Financial Report (CAFR) was prepared by:

The personnel of the  
**Financial Services Division**

301 N. Ninth Street

Richmond, Virginia 23219

(804) 780-7710

[www.richmond.k12.va.us](http://www.richmond.k12.va.us)

P. Andy Hawkins  
Chief Operations Officer

The Department of Budget and Financial Reporting  
Lynn G. Bragga, Director

Angela R. Anderson, Chief of Financial Reporting

LaTanya Bouldin, Budget Analyst

Judy Bretzman, Budget Analyst

*And* very special thanks to:  
Bridget Davis, Administrative Office Associate  
for the cover design, layout and significant technical support

The personnel of the Department of Finance  
Wanda H. Payne, Interim Finance Director

Barry Hill, Senior Accountant

Nishawn Lee, Senior Accountant

The staff of the Internal Audit Department  
Debora Johns, CGAP, Chief Auditor

\*\*\*\*\*

**This page intentionally left blank**





**A Publication of Richmond Public Schools  
Richmond, Virginia**

In accordance with federal laws, the laws of the Commonwealth of Virginia and the policies of the School Board of the City of Richmond, the Richmond Public Schools does not discriminate on the basis of sex, race, color, age, religion, disabilities or national origin in the provision of employment and services. The Richmond Public Schools operates equal opportunity and affirmative action programs for students and staff. The Richmond Public Schools is an equal opportunity/affirmative action employer. The School Board also supports equal opportunities and treatment of all individuals regardless of sexual orientation. The Section 504 Coordinator is Ms. Michelle Boyd, Richmond Public Schools, 301 North Ninth Street, Richmond, Virginia 23219, (804) 780-7911. The ADA Coordinator is Ms. Valarie Abbott Jones, 2015 Seddon Way, 1<sup>st</sup> Floor, Richmond, VA 23230-4117 (804) 780-6211 The Title IX Officer is Ms. Angela C. Lewis, Richmond Public Schools, 301 North Ninth Street, Richmond, Virginia 23219, (804) 780-7716. The United States Department of Education's Office of Civil Rights may also be contacted at P. O. Box 14620, Washington, DC 20044-4620, (202) 208-2545.

**School Board**

Dawn C. Page, Chair

Maurice Henderson, Vice Chair

Kimberly M. Bridges

Donald L. Coleman

Adria A. Graham-Scott

Kimberly B. Gray

Norma H. Murdoch-Kitt

Chandra H. Smith

Evette L. Wilson

**Superintendent**

Dr. Yvonne W. Brandon