

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

THE SCHOOL BOARD OF THE CITY OF RICHMOND  
A COMPONENT UNIT OF THE CITY OF RICHMOND, VIRGINIA

FOR THE FISCAL YEAR ENDED JUNE 30, 2013



Richmond Public Schools



Richmond, Virginia

**RICHMOND PUBLIC SCHOOLS**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**For the Fiscal Year Ended June 30, 2013**

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**THE SCHOOL BOARD OF THE CITY OF RICHMOND  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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# Introductory Section

(unaudited)

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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

February 28, 2014

### **MEMBERS**

**As of June 30, 2013**

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

THE HONORABLE:

JEFFREY M. BOURNE  
DISTRICT 3  
CHAIR

DONALD L. COLEMAN  
DISTRICT 7  
VICE CHAIR

GLEN H. STURTEVANT, JR.  
DISTRICT 1

KIMBERLY B. GRAY  
DISTRICT 2

KRISTEN N. LARSON  
DISTRICT 4

MAMIE L. TAYLOR  
DISTRICT 5

SHONDA M. HARRIS-  
MUHAMMED  
DISTRICT 6

DERIK E. JONES  
DISTRICT 8

TICHI L. PINKNEY EPPES  
DISTRICT 5

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, 2013 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 LLP 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 SYSTEM

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## OVERVIEW

Richmond Public Schools (RPS) serves over 23,000 students, representing the region's diverse socioeconomic mix. RPS is comprised of three preschool centers, 26 elementary schools, including one elementary charter school (Patrick Henry School of Science and Arts), eight middle schools, five comprehensive high schools and four specialty schools (Franklin Military Academy, Open High School, Richmond Community High School, and the Richmond Alternative School); one school serving students with exceptional needs (Amelia Street); two programs for students with exceptional needs (REAL School and Thirteen Acres) and one secondary charter school serving students with significant cognitive disabilities (Richmond Career Education & Employment Academy).

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 or apply to attend the Maggie L. Walker Governor's School for Governmental and International Studies and the Appomattox Governor's School for the Arts and Technology.

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 annually.

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. Employees of the School Board are responsible for the management of these funds however the School Board 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 as a political subdivision of 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**

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### **LOCAL ECONOMY**

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 210,300 citizens (2012 U.S. Census Bureau Annual Estimates of Resident Population).

Three outstanding higher educational institutions are located in Richmond: Virginia Commonwealth University, a public university with a student population over 33,000 and the East Coast's largest, most comprehensive medical school; University of Richmond, a private liberal arts university with rankings such as one of the top business programs in the country and best liberal arts colleges in the nation; and Virginia Union University, a private university which offers a well-rounded education in liberal arts, teaching and civic engagement. 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.

As of June 30, 2013, all three of the national credit agencies, Moody's Investor Service, Fitch Ratings, and Standard & Poor's, rank Richmond in the "AA" investment grade category which is considered "very strong". The City's ratings are either one or two notches away from "AAA", the highest possible credit rating

### **Demographics**

The City's population, as estimated by the U.S. Census Bureau, is approximately 210,300, and is 41% White, 51% African-American, 6% Hispanic and 2% other and mixed race (data as of 2010 Census count). The population of the City has grown by approximately 3% between April 2010 and July 2012. 81% of persons residing in Richmond are high school graduates or higher.

### **Employment**

According to the U.S. Department of Labor Bureau of Labor Statistics, unemployment in the City of Richmond is 8.2 percent compared to Virginia's seasonally adjusted unemployment rate of 5.5 percent as of June 2013. In January 2013, the Mayor's Anti-Poverty Commission presented strategies for increasing full-time employment within the City. These strategies include: expanding access to jobs through expanded public transit and long-term improvements in school system outcomes, especially preparation for work.

In February 2013, the City opened a new Resource Workforce Center in the city's downtown, to assist citizens with services like job search assistance, training and education resources. The City of Richmond's Workforce Development Program focuses on education and development of a viable workforce in the city. The Workforce Development Program has assisted in the training and employment of hundreds of city residents, and the City wants to encourage more businesses to get involved in providing additional employment opportunities.

### **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.

In 2012, USA Cycling announced that The City of Richmond was selected to host the 2015 UCI World Cycling Championship, an internationally-renowned event that is projected to generate approximately \$158 million in economic impact to the region, net the City \$86 million, host 450,000 on-site spectators and reach a global television audience of more than 300 million viewers. In April 2013, the Richmond 2015 organizing committee reached a major milestone, by raising more than 50% of its approximately \$21 million goal.

In February 2013, the City broke ground on the Bon Secours Washington Redskins Training Center, which opens in summer 2013, as a practice facility for the Washington Redskins football team. The new \$10 million training camp will be a "state-of-the-art" facility expected to bring an estimated \$40 million investment to Richmond and hundreds of new jobs, generating \$8.5 million annually to the City's economy. As part of the enhancements in to the economic development package in this plan, Bon Secours has agreed to an annual commitment of \$100,000 per year for ten years for Richmond Public School's capital projects and the City is dedicating \$195,000 each year for eight years for school's program enhancements.

On the horizon for the City is "Revitalize RVA" economic development plan which will be introduced by the Mayor in the fall of 2013 and is expected to generate up to \$187 million in net new revenue for the City. The plan includes a ballpark, grocery store, hotel and new apartment units in and around the City's Shockoe Bottom area.

### **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.

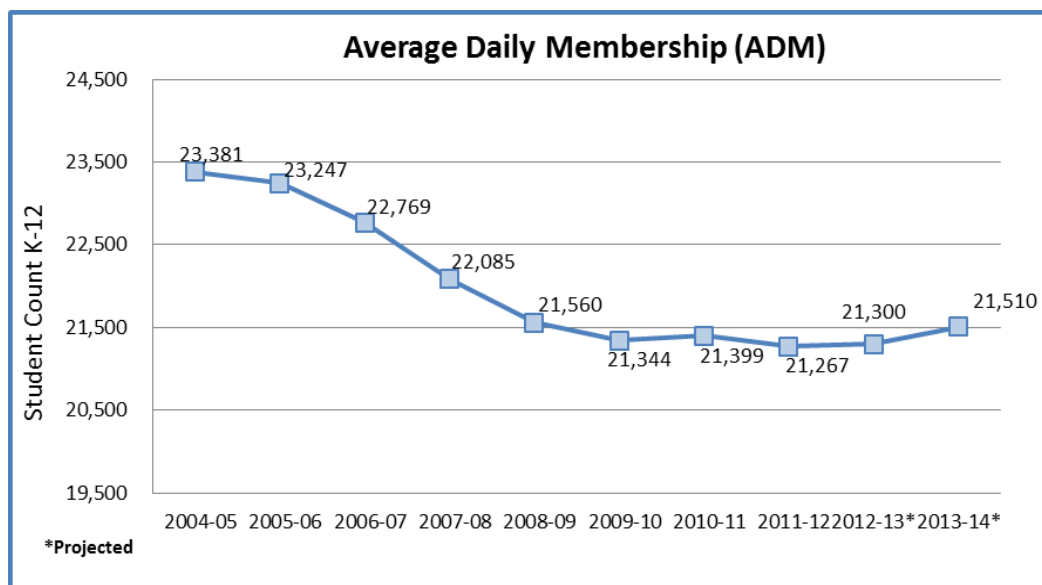
# SCHOOL MEMBERSHIP

## Enrollment

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 2012 membership totaled 23,649, which includes 1,820 pre-kindergarten students.

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 2013 ADM as reported to the Virginia Department of Education is 21,625.9, which is 641.9 more students than the budgeted March 2013 projection of 20,984. The FY2014 budget is based on a projected FY2014 March 31 ADM of 21,510 students.

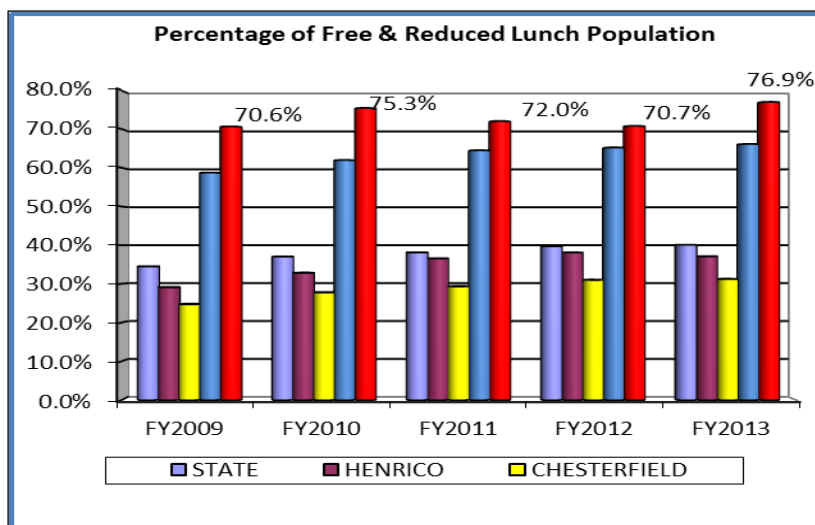


## Special Education Services

Approximately 4,505 students qualify for special education services as reported to the Virginia Department of Education as of December 1, 2012. The Richmond Special Education Advisory Committee works with the school board, administrators, parents, and teachers who are responsible for students receiving special education services. The school division also operates the Parent Resource Center which provides direct assistance to parents and educators of students with disabilities.

### Free and Reduced – Price Meals

Free and reduced lunch population is a measure of poverty. As reflected in the Department of Education's February 15, 2013 report, 18,176 or 76.9% of RPS students receive subsidized meals under the Federal school lunch program.



## ACCOMPLISHMENTS

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### 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 2012-2013, the school division SOL assessments and achievement in English, mathematics, history and science are as follows: 50.04% pass rate in English-reading, 62.86% pass rate in English-writing, 70.65% pass rate in history and social science, a 47% pass rate in mathematics and a 63.01% pass rate in science.

District-wide, 28 percent of schools, or 13 of 46 schools, earned full accreditation based on student standards in English, mathematics, history and science on the SOLs testing program.

#### Graduation

The Virginia On-Time Graduation Rate expresses the percentage of students in a cohort who earned a Board of Education-approved diploma within four years of entering high school for the first time. The on-time graduation rate for Richmond City high schools for 2013 was 76 percent compared to the state's average of 89.1 percent.

## **District-wide and School Recognitions**

Bellevue and Broad Rock elementary schools were named Title I Distinguished Schools by the Virginia Board of Education for meeting all state and federal accountability requirements as well as achieving average reading and mathematics SOL scores at 60th percentile or higher. Broad Rock Elementary also received the 2013 Board of Education Distinguished Achievement Award for meeting all federal and state benchmarks for two consecutive years.

In 2013, for the fifth year, U. S. News and World Report ranked Richmond Community and Open High schools among the state's top 30 public high schools. Richmond Community High is ranked 13<sup>th</sup> within Virginia and Open High is ranked 24<sup>th</sup>.

Bellevue Elementary, Stuart Elementary, Open High and Richmond Community High schools have each been recognized by the U.S. Department of Education as a National Blue Ribbon School, a designation awarded to public and private elementary, middle, and high schools where students perform at very high levels or where significant improvements are being made in students' academic achievement.

# **MAJOR INITIATIVES**

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## **INSTRUCTION**

### **Instruction and Curriculum Initiatives**

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.

### **Online Standards of Learning (SOL) Testing**

In addition to students being tested with more rigorous content standards, school divisions must phase out the use of paper and pencil SOL tests and implement online testing. Beginning in fiscal year 2013, online testing is the primary delivery mode for all SOL assessments. SOL tests are available in paper and pencil format for students with documented needs. School divisions were required to administer SOL tests online for high schools by fiscal year 2011, middle school by fiscal year 2012, and elementary in fiscal year 2013.

## **FACILITIES**

### **New School Facilities**

As part of the "Building a Better Richmond" program, 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. In January 2013, students, staff teachers and administrators entered into two brand new elementary schools at Oak Grove and Broad Rock.



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.

As a result of the new Broad Rock Elementary and Oakgrove Elementary schools, two facilities were closed, Summer Hill Elementary and Ruffin Road Annex building. At the close of school year 2013, the school board also voted to close three additional school buildings: Clark Springs Elementary, Norrell Preschool, and the Adult Career Development Center

### **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 June 2013, the School Board approved new elementary school boundaries with the objectives of achieving efficient utilization of present and projected school facilities and to provide all students the best physical learning environment possible by uniform and equitable utilization of facilities according to the needs of the educational program.

## **RESOURCE ALLOCATION**

Richmond Public Schools is striving to preserve our core mission and values while facing the impact of a global economic recession. For the fourth consecutive year, Richmond Public Schools faced tenuous revenue streams. The general operating revenues were slated to increase by \$14.7 million, representing a 5.9% increase from the FY2012 adopted budget. The main sources of revenue for the operating budget are the City of Richmond and the Virginia Department of Education.

In addition to changes in operating revenue, the district faced issues related to mandatory increases in expenditures. The proposed VRS rate increased from 11.93% to 17.77% which equated to \$8.2 million; the VRS Group Life rate increased from 0.28% to 1.19% an increase in spending of \$1.3 million; health insurance rates rose 10% totaling \$2.4 million; and the delivery of speech therapy services required additional spending totaling \$1 million.

The FY2013 financial plan called for a net increase in staffing of 5 positions related mid-year, Board approved full time equivalent (FTE) increases for Information, Communication and Technology Services and anticipated increases enrollment at Patrick Henry Charter School. The overriding goal of the Richmond School Board in developing the financial plan was to minimize the impact to the classroom.

# FINANCIAL POLICIES

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## 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

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### 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, 2012. 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-two 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 twentieth ASBO Certificate of Excellence for its fiscal 2012 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.

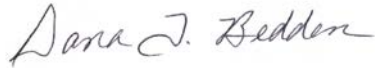
The School Board also received the GFOA Distinguished Budget Presentation Award for the Fiscal Year 2013 Adopted Budget.

# ACKNOWLEDGEMENTS

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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 LLP. Appreciation is also extended to the School Board and the administration whose continuing support is vital to the financial health of the school system.

Respectfully submitted,



Dana T. Bedden, Ed. D.  
Superintendent of Schools  
(Effective January 13, 2014)



Ralph L. Westbay  
Interim Executive Director of Budget and Finance  
(Effective December 31, 2013)

# SCHOOL BOARD MEMBERS AND OFFICIALS

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As of June 30, 2013

## BOARD MEMBERS

Jeffrey Bourne, Chair  
District Three

Donald Coleman, Vice-Chair  
District Seven

Glen Sturtevant  
District One

Kimberly B. Gray  
District Two

Kristen Larson  
District Four

Mamie Taylor  
District Five

Shonda Harris-Muhammed  
District Six

Derik Jones  
District Eight

Tichi Pinkney Eppes  
District Nine

## OFFICIALS

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

Angela C. Lewis  
Clerk of the School Board

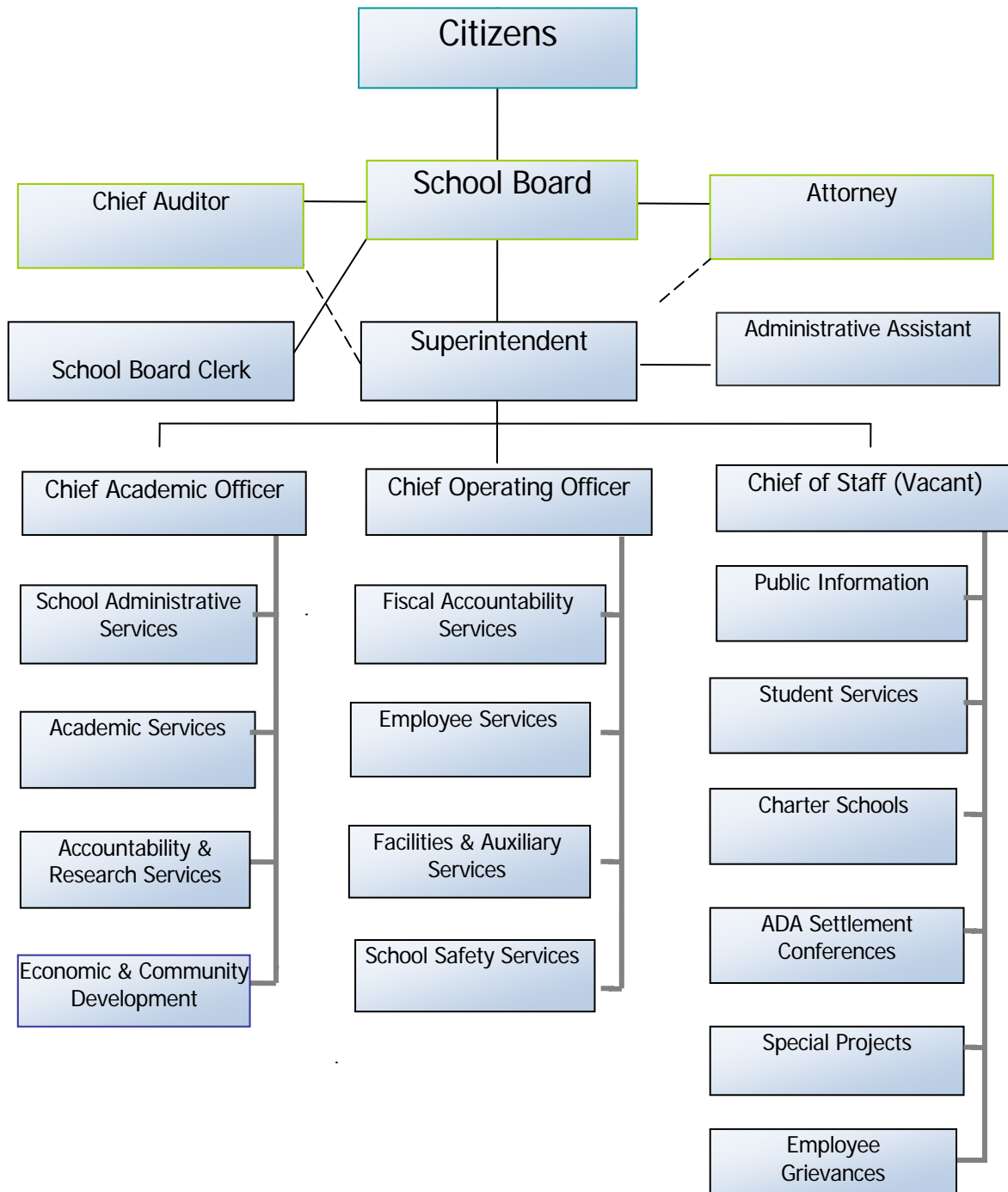
Debora R. Johns, CGAP  
Chief Auditor

Victoria Oakley  
Chief Academic Officer

Paul A. Hawkins  
Chief Operations Officer / Agent

# Organizational chart

As of June 30, 2013





Government Finance Officers Association

**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, 2012**

Executive Director/CEO



# 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 Virginia**

*For Its Comprehensive Annual Financial Report (CAFR)  
For the Fiscal Year Ended June 30, 2012*

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



A handwritten signature in black ink, reading "Ron McCulley".

Ron McCulley, CPPB, RSBO  
President

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

John D. Musso, CAE, RSBA  
Executive Director



## Financial Section

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



## **Report of Independent Auditor**

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, 2013, and the related notes to the financial statements, which collectively comprise the School Board's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards and specifications require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### **Opinions**

In our opinion, 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, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Note 16 to the basic financial statements, the School Board adopted the provisions of Governmental Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, effective July 1, 2012.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison and pension information on pages 7-23, 69-74, and 75-78, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2014, 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* in considering the School Board's internal control over financial reporting and compliance.



Richmond, Virginia  
February 28, 2014



# Management's Discussion and Analysis

(unaudited)

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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, Virginia (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, 2013. 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 2013

#### GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements provide information about the activities of Richmond Public Schools (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 position (assets less liabilities) on a government-wide basis (i.e., for the School Board "taken as a whole") was \$(10.9) million at June 30, 2013, down \$4.4 million from \$(6.5) million at June 30, 2012. The decrease in net position was partially attributable to an increase in total assets of \$4.6 million, which includes an increase in revenue due from state and federal grant programs of approximately \$3.2 million and approximately \$1.4 million increase in prepaid items, the majority of which includes self-insured worker's compensation reserves held to pay claims. This increase in total assets is offset by an increase of \$9.0 million in total liabilities. Total liabilities increased primarily as a result of an increase of \$7.7 million in current liabilities, which includes an increase of \$4.3 million in payables due to vendors at year end, and \$3.9 million related to accrued wages and benefits; and an increase of approximately \$1.0 million in non-current liabilities due in more than one year. Of the noncurrent liabilities, the obligation to pay leave benefits, decreased by \$255 thousand, the actuarially determined obligation to provide future postemployment health and dental benefits to eligible retired employees increased by \$2.2 million and the net pension obligation decreased by \$495 thousand.
- Of the \$(10.9) million net position, \$7.2 million was restricted by outside parties (primarily for capital projects) and \$5.9 million was invested in capital assets net of related debt of approximately \$6.0 million, leaving an unrestricted deficit (after considering all School Board liabilities) of \$(24.0) million. Overall, the net position for the School Board, taken as a whole, decreased by \$4.4 million in FY13 (see the discussion of unrestricted net position 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)

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- The School Board's total revenues of \$315.2 million in fiscal 2013 represented a decrease of \$1.9 million or (.57) percent compared to fiscal 2012 revenues of \$317.1 million. Total revenues consisted of program revenues, which decreased by \$5.2 million, and general revenues, which increased by \$3.3 million. Of the \$5.2 million decrease in total program revenues, state and federal operating grants accounted for a decrease of \$3.1 million. Revenue from charges for services accounted for a decrease of \$233 thousand and revenue from capital grants and contributions decreased by \$1.9 million, 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 Position" beginning on page 13).
- The School Board's total expenses of \$319.6 million in fiscal 2013 represented a decrease of \$13.1 million or 3.9 percent less than fiscal 2012 expenses of \$332.7 million. The decrease in expenses primarily resulted from a decrease of \$7.9 million in instructional expenses, approximately \$5.0 million in support services, and a decrease of \$132 thousand in interest on capital leases. The decrease in support services includes a decrease in expenses in the delivery of attendance and health services of \$535 thousand, primarily due to the end of a federal grant program which funded attendance and truancy reduction initiatives, and a decrease in expenses for operations, maintenance and facility services of approximately \$5.4 million, primarily due to decrease local funding for facility maintenance and major improvements (see the "Summary of Government-wide Expenses, by Function" on page 12; and the "Summary of Changes in Net Position" 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.

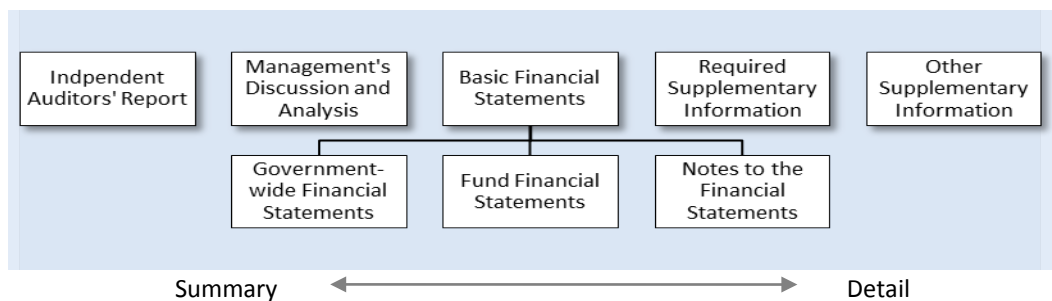
- The School Board's governmental funds reported a combined fund balance of \$20.8 million, a decrease of \$3.6 million from fiscal 2012 combined fund balance of \$24.5 million. Of the \$20.8 million, a total of \$3.4 million represents non-spendable amounts for inventory, prepaid insurance and investments of \$1.0 million in resources held in permanent funds. Restricted fund balances for special revenue funds of \$1.2 million are restricted to expenditures for specific purposes and \$1.0 million for the nutrition service fund and for the operations cafeterias at each school.

Committed fund balances of \$5.1 million are comprised of \$3.1 million committed for previously executed contracts for on-going projects and initiatives, and \$2.0 million committed for self-supporting programs which will be used specifically for the purpose of the program; \$1.4 million is assigned to bridge an anticipated gap between appropriations and estimated revenues in the FY2014 budget period and \$6.1 million is committed for major renovation and repair projects. The remaining \$2.6 million in unassigned fund balance is available to the School Board to fund its noncurrent liabilities due in more than a year, which totaled \$43.4 million at June 30, 2013, 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) report of independent auditor, 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.

**Components of the Financial Section**



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 “overall” 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.

## 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 Position and a Statement of Activities.

THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA  
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The Statement of Net Position 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 Position reports the School Board's net position - the difference between assets and liabilities - as of the end of the fiscal year. The Statement of Activities reports the change in the net position between the beginning and the end of the current fiscal year, based on the School Board's financial activity for the year.

Net position includes assets that 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). The change in net position from year to year may serve as a gauge of RPS' financial position performance.

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 position 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.

For financial reporting purposes, the Statement of Net Position 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 OF THE CITY OF RICHMOND, VIRGINIA  
(A Component Unit of the City of Richmond, Virginia)

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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.
- **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 Position* and the *Statement of Changes in Fiduciary Net Position*. 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 Position and the Statement of Activities provide the financial status and operating results of the School Board as a whole.

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

The following table presents a condensed Summary of Net Position:

|                                  | <b>Governmental<br/>Activities</b> |                 | <b>Change</b>    | <b>Total<br/>Percentage<br/>Change</b> |
|----------------------------------|------------------------------------|-----------------|------------------|--|
|                                  | <b>2013</b>                        | <b>2012</b>     | <b>2013-2012</b> | <b>2013-2012</b>                       |
| <b>Assets:</b>                   |                                    |                 |                  |  |
| Current and other assets         | \$ 67.3                            | \$ 63.0         | \$ 4.3           | 6.8 %                                  |
| Capital assets, net              | <u>11.7</u>                        | <u>11.4</u>     | <u>0.3</u>       | 2.6                                    |
| Total assets                     | <u>79.0</u>                        | <u>74.4</u>     | <u>4.6</u>       | 6.2                                    |
| <b>Liabilities:</b>              |                                    |                 |                  |  |
| Long-term liabilities            | 43.4                               | 42.4            | 1.0              | 2.4                                    |
| Other liabilities                | <u>46.5</u>                        | <u>38.5</u>     | <u>8.0</u>       | 20.8                                   |
| Total liabilities                | <u>89.9</u>                        | <u>80.9</u>     | <u>9.0</u>       | 11.1                                   |
| <b>Net Position:</b>             |                                    |                 |                  |  |
| Net investment in capital assets | 5.9                                | 5.2             | 0.7              | 13.5                                   |
| Restricted                       | 7.2                                | 7.7             | (0.5)            | (6.5)                                  |
| Unrestricted                     | <u>(24.0)</u>                      | <u>(19.4)</u>   | <u>(4.6)</u>     | 23.7                                   |
| Total net position               | <u>\$ (10.9)</u>                   | <u>\$ (6.5)</u> | <u>\$ (4.4)</u>  | 67.7 %                                 |

## DISCUSSION OF GOVERNMENT-WIDE NET POSITION

As reflected in Table 1 above, the School Board's total liabilities exceeded assets by \$10.9 million on June 30, 2013 representing a decrease in net position of \$4.4 million from June 30, 2012. The School Board's net position is comprised of investments in capital assets of \$11.7 million (equipment and vehicles) less outstanding debt used to acquire any of those assets of \$6.0 million, and restricted resources of \$6.1 million appropriated by ordinance of the City for major renovation and repair improvement projects. The remaining \$1.1 million is restricted by third parties for Permanent Fund purposes, leaving an unrestricted deficit of \$(24.0) million.

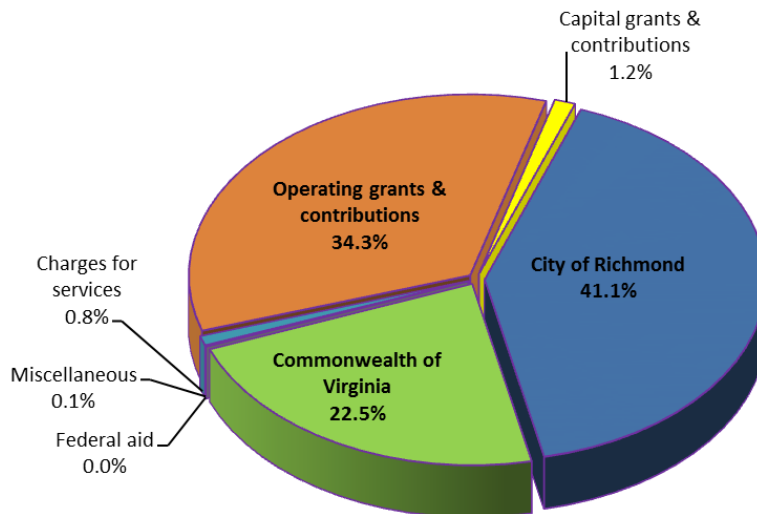
THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA  
(A Component Unit of the City of Richmond, Virginia)

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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 2013. Revenue sources, which originate from *Charges for Services*, *Operating Grants and Contributions*, and *Capital Grants and Contributions*, total 36.3 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 63.7 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 2013



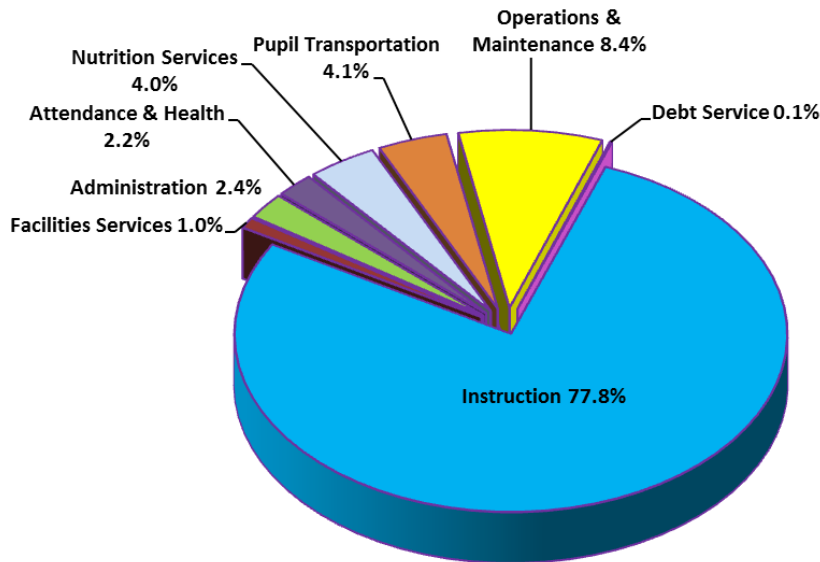
THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA  
(A Component Unit of the City of Richmond, Virginia)

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 2013. As shown, the biggest part of the costs incurred in the School Board's programs, 77.8 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 8.4 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 students amounted to 4.1 percent, 4.0 percent and 2.2 percent of total costs, respectively, totaling another 10.3 percent of costs. Finally, administrative costs were 2.4 percent, facilities services, which include major capital improvement projects, accounted for 1.0 percent and interest on long-term debt accounted for .1 percent of the total costs of School Board operations during fiscal year 2013.

TABLE 3  
FUNCTIONAL EXPENSES FOR FISCAL YEAR 2013





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 position and a more detailed discussion of the changes in the School Board's government-wide net position:

| <b>Table 4</b><br><b>Summary of Changes in Net Position</b><br><b>As of June 30</b><br><b>(in millions of dollars)</b> |                                |             |                                     |  |
|--|--------------------------------|-------------|-------------------------------------|--|
|  | <b>Governmental Activities</b> |             | <b>FY 2013 Increase/ (Decrease)</b> | <b>Total Percentage Change 2012-2013</b> |
|  | <b>2013</b>                    | <b>2012</b> |                                     |  |
| <b>Revenues:</b>   |                                |             |                                     |  |
| Program revenues:  |                                |             |                                     |  |
| Charges for services   | \$ 2.7                         | \$ 2.9      | \$ (0.2)                            | (6.9) %                                  |
| Operating grants and contributions   | 108.1                          | 111.2       | (3.1)                               | (2.8)                                    |
| Capital grants and contributions   | 3.8                            | 5.7         | (1.9)                               | (33.3)                                   |
| Total program revenues   | 114.6                          | 119.8       | (5.2)                               | (4.3)                                    |
| General revenues:  |                                |             |                                     |  |
| Intergovernmental aid - unrestricted:  |                                |             |                                     |  |
| City of Richmond   | 129.4                          | 123.8       | 5.6                                 | 4.5                                      |
| Commonwealth of Virginia   | 70.9                           | 67.5        | 3.4                                 | 5.0                                      |
| Federal government   | -                              | 5.6         | (5.6)                               | (100.0)                                  |
| Miscellaneous  | 0.3                            | 0.4         | (0.1)                               | (25.0)                                   |
| Total general revenues   | 200.6                          | 197.3       | 3.3                                 | 1.7                                      |
| Total revenues   | 315.2                          | 317.1       | (1.9)                               | (0.6)                                    |
| <b>Expenses:</b>   |                                |             |                                     |  |
| Instruction  | 248.8                          | 256.7       | (7.9)                               | (3.1)                                    |
| Support services:  |                                |             |                                     |  |
| Administration   | 7.5                            | 7.2         | 0.3                                 | 4.2                                      |
| Attendance and health  | 7.0                            | 7.6         | (0.6)                               | (7.9)                                    |
| Nutrition services   | 13.0                           | 12.3        | 0.7                                 | 5.7                                      |
| Pupil transportation   | 13.0                           | 13.1        | (0.1)                               | (0.8)                                    |
| Operations and maintenance   | 26.9                           | 30.0        | (3.1)                               | (10.3)                                   |
| Facilities services  | 3.1                            | 5.5         | (2.4)                               | (43.6)                                   |
| Total support services expenses  | 70.5                           | 75.7        | (5.2)                               | (6.9)                                    |
| Interest on long-term debt   | 0.3                            | 0.4         | (0.1)                               |  |
| Total expenses   | 319.6                          | 332.8       | (13.2)                              | (4.0)                                    |
| Change in net position   | (4.4)                          | (15.7)      | 11.3                                | (71.8) %                                 |
| Net position July 1  | (6.5)                          | 9.2         | (15.7)                              |  |
| Net position - June 30   | \$ (10.9)                      | \$ (6.5)    | \$ (4.4)                            |  |

As the above table shows, the School Board's net position decreased by \$4.4 million from fiscal year 2012 to fiscal year 2013. The decrease in net position was mainly attributable to a decrease in total revenue of \$1.9 million, offset by an overall decrease in expenses of \$13.2 million.

Total revenues for RPS' governmental activities totaled \$315.2 million during fiscal year 2013, representing a decrease of \$1.9 million from fiscal year 2012.

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Factors impacting the net decrease in revenues during fiscal year 2013 were:

- A decrease of \$5.2 million in program revenues primarily as a result of a decrease of approximately \$703 thousand in federal grant revenue from Title VI-B grants used to deliver educational services to students with disabilities, a decrease of \$2.5 million due to the final federal reimbursements under American Recovery and Reinvestment Act (ARRA) in fiscal year 2012, and a decrease of \$1.9 million in appropriations for school maintenance and major renovation projects.
- An overall increase of \$3.3 million in general revenues primarily as a result of \$5.6 million increase in local appropriation from the City of Richmond, a \$3.4 million increase in revenue from the state (primarily from an increase of \$2.1 million in Standards of Quality (SOQ) funding). These increases were offset by a decrease in federal revenues of \$5.6 million as a result of one-time funds in fiscal year 2012 from the Education Jobs Fund federal grant.

Total expenses for RPS' governmental activities totaled \$319.6 million during fiscal year 2013, representing a decrease of \$13.2 million from fiscal year 2012. The decrease in expenses of \$13.2 million was primarily due to:

- A decrease of \$7.9 million for Instruction, which is RPS' largest program, primarily attributable salaries and benefits associated with approximately 69 full-time positions eliminated and contract reductions as a result of fiscal 2013 budget cuts;
- A net decrease of \$5.2 million for support services. The most significant reductions in expenses occurred in operations and maintenance, a decrease of \$3.1 million primarily as a result of elimination of approximately 20 full-time positions due to fiscal 2013 budget cuts, and a \$2.4 million decrease in facilities services as primarily as a result of a \$1.9 million reduction in appropriated revenues available for facility repair and major renovations.

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## 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 \$20.9 million at June 30, 2013, a decrease of \$3.6 million. The following table presents a summary of fund balances of governmental funds as of June 30, 2012 and 2013:

| <b>Table 5</b><br><b>Fund Balance of Governmental Funds</b><br><b>As of June 30</b><br><b>(in million of dollars)</b> |                |                |                 |   |
|---|----------------|----------------|-----------------|---|
|   | <b>2013</b>    | <b>2012</b>    | <b>Variance</b> | <b>Percent<br/>Variance<br/>2012-2013</b> |
| General Fund:   |                |                |                 |   |
| Non-Spendable   | \$ 2.4         | \$ 0.8         | \$ 1.6          | 200.0 %                                   |
| Committed   | 5.1            | 5.7            | (0.6)           | (10.5)                                    |
| Assigned  | 1.4            | 8.2            | (6.8)           | (82.9)                                    |
| Unassigned  | 3.8            | 0.6            | 3.2             | 533.3                                     |
| Total General Fund  | <u>12.7</u>    | <u>15.3</u>    | <u>(2.6)</u>    | (17.0)                                    |
| All Other Governmental Funds:   |                |                |                 |   |
| Non-Spendable   | \$ 1.0         | \$ 1.0         | \$ -            | - %                                       |
| Restricted  | 2.3            | 2.8            | (0.5)           | (18.9)                                    |
| Assigned  | 6.1            | 6.7            | (0.6)           | (9.0)                                     |
| Unassigned  | (1.2)          | (1.3)          | 0.1             | (7.7)                                     |
| Total All Other Governmental Funds  | <u>8.2</u>     | <u>9.2</u>     | <u>(1.0)</u>    | (11.2)                                    |
| Total Fund Balances   | <u>\$ 20.9</u> | <u>\$ 24.5</u> | <u>\$ (3.6)</u> | (14.8) %                                  |

The major components of the decrease in fund balance are:

- Current year General Fund expenditures of \$245.1 million (net of expenditures for transfers to other funds of \$1.8 million) exceeded revenues of \$244.2 million by \$890 thousand, which resulted in a net change in the general fund balance of \$(2.6) million. The decrease in the change in General Fund balance from fiscal 2012 of \$11.9 million to \$2.6 in fiscal 2013 represented a decrease in the change in fund balance \$9.3 million.

The \$9.3 million decrease in the change in fund balance of the General Fund resulted from:

- An overall increase in revenue of \$3.9 million, which includes a net increase in local, state and federal operating revenue of \$4.1 million primarily resulting from an increase in local appropriation from the City of \$5.7 million, an increase in state funding of \$3.9 million offset by a decrease in federal revenue of \$5.6 million, attributable primarily to the conclusion of the Education Jobs Fund grant.

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- A net decrease in operating expenditures of \$5.6 million primarily resulting from a decrease of approximately \$4.7 million in compensation and benefits. Compensation and benefits comprise approximately of 82 percent of total general fund expenditures. Decreases in compensation and benefits were related to contract reductions and the elimination of approximately 145 full-time equivalents as a result of fiscal 2013 budget cuts.
- 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 \$1.8 million during FY 2013.
- The Nutrition Services Fund reported a restricted fund balance of \$1.0 million or a decrease of \$442 thousand. Increase in revenue from federal reimbursements under the USDA National Lunch program grant attributed to the majority of the increase in total revenue of \$429 thousand in the Nutrition Services Fund. The increase in revenue was offset by nutrition service expenditures, which increased by \$667 thousand primarily related in increase in expenditures for food supplies of approximately \$541 thousand.
- At the end of the current fiscal year, the Capital Projects Fund reported a total fund balance of \$6.1 million, a decrease of \$611 thousand from fiscal year 2012. During fiscal year 2013, RPS received \$3.8 million in appropriations from the City for major infrastructure maintenance, including remediation projects to ensure all facilities are accessible to persons with disabilities, and expended \$4.4 million on those projects. The decrease in fund balance resulted from reduced revenue available for expenditures in school renovations and facility improvement activities.
- 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 2013, resulting in an increase in the fund balance of the Permanent Funds of \$58 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.

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## GENERAL FUND BUDGETARY HIGHLIGHTS

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

| <b>Table 6</b><br><b>General Fund Budgetary Highlights</b><br><b>For the Fiscal Year Ended June 30, 2013</b><br><b>(in millions of dollars)</b> |                            |                         |   |   |
|---|----------------------------|-------------------------|---|---|
|   | <b>Original<br/>Budget</b> | <b>Final<br/>Budget</b> | <b>Actual<br/>(Budgetary<br/>Basis)</b> | <b>Variance<br/>With Final<br/>Budget<br/>Positive<br/>(Negative)</b> |
| <b>Budgetary fund balances:</b>   | \$ 8.2                     | \$ 11.2                 | \$ 11.2                                 | \$ -  |
| <b>Revenue Sources (inflows):</b>   |                            |                         |   |   |
| City of Richmond  | 129.4                      | 129.4                   | 129.4                                   | -   |
| Commonwealth of Virginia  | 109.8                      | 109.8                   | 111.6                                   | 1.8   |
| Federal government  | 0.7                        | 0.7                     | 0.8                                     | 0.1   |
| Miscellaneous   | 1.8                        | 1.8                     | 0.8                                     | (1.0)   |
| <b>Total amounts available for expenditure</b>  | <b>249.9</b>               | <b>252.9</b>            | <b>253.8</b>                            | <b>0.9</b>  |
| <b>Expenditures (outflows):</b>   |                            |                         |   |   |
| Personnel services - salaries and wages   | \$ 143.9                   | \$ 143.9                | \$ 144.7                                | \$ (0.8)  |
| Employee benefits   | 62.4                       | 62.4                    | 55.8                                    | 6.6   |
| Purchased services  | 16.0                       | 17.3                    | 17.7                                    | (0.4)   |
| Other charges   | 11.5                       | 12.4                    | 11.2                                    | 1.2   |
| Materials and supplies  | 5.8                        | 6.4                     | 5.3                                     | 1.1   |
| Other operating expenditures  | 1.4                        | 1.5                     | 1.1                                     | 0.4   |
| Capital outlay  | 1.5                        | 1.6                     | 1.2                                     | 0.4   |
| <b>Other financing uses:</b>  |                            |                         |   |   |
| Notes payable   | 0.5                        | 0.5                     | 0.7                                     | (0.2)   |
| Transfers out   | 6.9                        | 6.9                     | 6.6                                     | 0.3   |
| <b>Total expenditures and other financing uses</b>  | <b>249.9</b>               | <b>252.9</b>            | <b>244.3</b>                            | <b>8.6</b>  |
| <b>Amounts available for expenditure over expenditures and other financing uses - budgetary basis</b>   | <b>\$ -</b>                | <b>\$ -</b>             | <b>\$ 9.5</b>                           | <b>\$ 9.5</b>   |

As shown on exhibit I, the actual amounts available for expenditures was \$(9.5) million under final budget basis expenditures for FY 2013, the net result of total revenues exceeding budget by approximately \$900 thousand offset by total expenditures under budget of \$8.6 million.

Several factors contributing to the change in total revenues during fiscal year 2013 are as follows:

- Re-appropriated fund balance carried forward from fiscal year 2012 of \$8.2 million were budgeted in anticipation of a fiscal year 2013 funding gap based on revenue estimates and budgeted expenditures. After revised forecast for all revenue sources and expenditures, \$33 thousand was unexpended at fiscal yearend.
- Total revenue from the Commonwealth of Virginia was \$1.8 million above final budget, primarily attributable to: (1) a \$2.1 million increase in Standards of Quality (SOQ) basic aid revenue as a result of mid-year budget adjustments for average daily membership and (2) \$994 thousand shortfall in Categorical and Lottery funded programs primarily attributable to \$882 thousand in K-3 class size

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reduction funding, which is based on elementary enrollment which meet class size ratio requirements.

- Revenue from the Federal government was over budget by \$160 thousand primarily due to funding from the Army Reserve grant support classroom instructional staff.
- Actual operating expenditures were under final budget basis expenditures by \$8.5 million. A portion of these savings were used towards fund balance assigned of \$1.4 million to the fiscal 2014 general operating budget in anticipation of the estimated funding gap in revenue and expenditures of for fiscal 2014.

The major variance between the final budget and actual expenditures includes:

- \$6.6 million under budget for employee benefits. The budgetary savings in employee benefits is primarily attributable to holding back approximately \$1.9 million of the fiscal 2013 budgeted contribution to the Early Retirement Incentive Plan, which has been funded in excess of one-hundred percent of the annual required contribution in the previous fiscal year, and savings of approximately \$2.5 million in health care benefits and approximately \$682 thousand in worker's compensation, based on payment of claims under self-insurance programs.
- A net \$2.2 million under budget in purchased services, other charges, materials and supplies and other operating expenditures. Major variances in these categories include \$762 thousand in garage services for transportation, which includes vehicle fuel, and \$1.0 million in supplies which includes instructional supplies.
- During fiscal year 2013, the School Board amended the legally adopted budget at various times for the following purposes, as detailed on Exhibit I:
  - To appropriate (add) approximately \$3.0 million to pay for commitments in the form of encumbrances established prior to July 1, 2012, 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, 2012, 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.

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## CAPITAL ASSETS

At the end of fiscal year 2013, the School Board had invested \$11.7 million (see financial statement note 5) in vehicles (primarily school buses) and equipment, as reflected in Table 7 below:

| Table 7<br>Capital Assets<br>As of June 30<br>(In millions of dollars) |                            |         |                 |
|--|----------------------------|---------|-----------------|
|  | Governmental<br>Activities |         | Total<br>Change |
|  | 2013                       | 2012    | 2012-2013       |
| Vehicles, net  | \$ 3.2                     | \$ 3.6  | \$ (0.4)        |
| Other equipment, net   | 8.5                        | 7.8     | 0.7             |
| Total  | \$ 11.7                    | \$ 11.4 | \$ 0.3          |

This year's investment in capital assets of approximately \$1.8 million included purchases of 4 replacement vehicles totaling approximately \$66 thousand and \$89 thousand in technology assets including servers and routers, \$1.1 million in accessible and compliant playground equipment, \$8,000 in vocational education equipment, and approximately \$548 thousand in HVAC equipment. Capital asset vehicle disposals amounted to \$259 thousand and equipment disposals amounted to approximately \$230 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 Position. 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 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 \$6.0 million. The capital lease decreased by \$177 thousand as a result of current year 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 2014 BUDGET**

#### ***Revenues***

The school district is striving to preserve its core mission and values and sustain levels of student achievement while facing significant budgetary influences during a sluggish economic recovery period. For the fifth consecutive year, Richmond City Public Schools is facing tenuous revenue streams. Local revenue is projected at \$129.9 million, which is an increase of \$528 thousand, while prior year fund balance is estimated to be \$1.4 million reflecting a decrease of \$6.8 million. State revenues are expected to increase \$4.4 million or 4%. The majority of RPS' state revenue originates from the Virginia Department of Education totaling \$112.7 million. Additional state revenue totaling \$1.5 million is generated by the division's Medicaid reimbursements.

Tuition and other revenues supporting the general operating budget are projected to decrease by \$912,400 related to an unrealized indirect cost percentage projected from School Nutrition Services in FY2013. Federal revenues are slated to increase \$55,500 through Army Reserve and Impact Aid.

The general operating revenues are slated to decrease \$2.8 million, with the FY2014 revenue budget of approximately \$247 million representing a 1.1% decrease from the FY2013 adopted budget. The primary sources of revenue for the operating budget are the City and the Virginia Department of Education.

The FY2014 state revenue budget is based on a projected March 31 average daily membership (ADM) in FY2014 of 21,510 students. The projected ADM does not include approximately 2,000 pre-k students.

#### ***Expenditures***

The district is facing issues related to mandatory increases in expenditures. The Virginia Retirement System (VRS) began requiring school division employees to begin paying the 5% member contribution on a pre-tax 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. Employees hired or rehired on or after July 1, 2012 must pay the full 5% member contribution upon employment; no phase-in option is provided for these employees and school divisions are not required to provide an offsetting 5% salary increase.

The fiscal year 2014 financial plan includes implementing a 1% member contribution to VRS and a corresponding salary increase effective July 1, 2013. Additionally, the division is providing a 2% mid-year salary increase. Other factors impacting expenditures are health insurance increases, the requirement to reinstate the 5-day furlough imposed in fiscal year 2013, a proposed 50 student increase at Patrick Henry School of Science & Arts, and bringing the Alternative Education Program in-house. To meet the challenges associated with declining revenues and increases in expenditures, RPS is eliminating 67 positions, and reducing support services for staff development, dues and fees, employee tuition reimbursement, work study program, and materials and supplies.



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## **CONTACTING RPS MANAGEMENT**

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

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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.

# **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 Position**

**June 30, 2013**

**Assets**

|   |                                 |
|---|---------------------------------|
| Equity in cash with the City<br>of Richmond, Virginia           | \$ 33,933,135                   |
| Cash on hand or in banks  | 393,358                         |
| Investments   | 1,240,463                       |
| Accounts receivable   | 149,316                         |
| Equity in cash with third-party health<br>claims administrators | 132,000                         |
| Due from other governments                                      | 29,409,448                      |
| Inventory of materials and supplies                             | 273,262                         |
| Prepaid Items   | 1,817,263                       |
| Capital assets, net   | <u>11,699,896</u>               |
| <br>Total assets  | <br><u><u>\$ 79,048,141</u></u> |

**Liabilities and net position**

**Liabilities:**

|  |                       |
|--|-----------------------|
| Accounts payable                                 | \$ 8,029,862          |
| Accrued liabilities                              | 26,432,390            |
| Due to other governments<br>and external parties | 8,085,593             |
| Unearned revenues                                | 2,049,744             |
| Noncurrent liabilities:                          |                       |
| Due within one year                              | 1,901,748             |
| Due in more than one year                        | <u>43,428,783</u>     |
| <br>Total liabilities                            | <br><u>89,928,120</u> |

**Net position:**

|   |                                 |
|---|---------------------------------|
| Net investment in capital assets          | 5,933,816                       |
| Restricted for:                           |                                 |
| Capital Projects                          | 6,128,483                       |
| Permanent fund purposes - nonexpendable   | 203,471                         |
| Permanent fund purposes - expendable      | 831,808                         |
| <br>Unrestricted (deficit)                | <br><u>(23,977,557)</u>         |
| <br>Total net position                    | <br><u>(10,879,979)</u>         |
| <br>Total liabilities and<br>net position | <br><u><u>\$ 79,048,141</u></u> |

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**

**For The Fiscal Year Ended June 30, 2013**

| Functions/Program Activities      | Expenses           | Program Revenues        |  |  | Net (Expense)<br>Revenue and<br>Changes in<br>Net Position |
|-----------------------------------|--------------------|-------------------------|--|--|--|
|                                   |                    | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions |  |
| Governmental activities:          |                    |                         |  |  |  |
| Instruction                       | \$ 248,793,093     | 1,090,847               | 96,440,281                               | -                                      | (151,261,965)  |
| Support services:                 |                    |                         |  |  |  |
| Administration                    | 7,523,707          | -                       | -  | -                                      | (7,523,707)  |
| Attendance and health             | 7,025,854          | -                       | -  | -                                      | (7,025,854)  |
| Nutrition services                | 12,935,055         | 1,267,730               | 11,153,316                               | -                                      | (514,009)  |
| Pupil transportation              | 13,017,562         | -                       | -  | -                                      | (13,017,562)   |
| Operations and maintenance        | 26,928,277         | 311,647                 | 520,927                                  | -                                      | (26,095,703)   |
| Facilities services               | 3,088,205          | -                       | -  | 3,782,000                              | 693,795  |
| Total support services            | 70,518,660         | 1,579,377               | 11,674,243                               | 3,782,000                              | (53,483,040)   |
| Interest on long-term debt        | 337,767            | -                       | -  | -                                      | (337,767)  |
| <br>Total governmental activities | <br>\$ 319,649,520 | <br>2,670,224           | <br>108,114,524                          | <br>3,782,000                          | <br>(205,082,772)  |

General revenues:

Intergovernmental aid not restricted to specific purposes:

|                            |             |
|----------------------------|-------------|
| City of Richmond, Virginia | 129,443,723 |
| Commonwealth of Virginia   | 70,919,364  |
| Miscellaneous              | 333,617     |

Total general revenues 200,696,704

Change in net position (4,386,068)

Net position - July 1, 2012 (6,493,911)

Net position - June 30, 2013 \$ (10,879,979)

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, 2013**

|   | General              | Special<br>Revenue | Nutrition<br>Services | Capital<br>Projects | Permanent        | Total<br>Governmental<br>Funds |
|---|----------------------|--------------------|-----------------------|---------------------|------------------|--------------------------------|
| <b>Assets</b>   |                      |                    |                       |                     |                  |                                |
| Equity in cash with the City<br>of Richmond, Virginia           | \$ 33,933,135        | -                  | -                     | -                   | -                | 33,933,135                     |
| Cash on hand or in banks  | 237,178              | -                  | 156,180               | -                   | -                | 393,358                        |
| Investments   | 147,179              | -                  | -                     | -                   | 1,093,284        | 1,240,463                      |
| Accounts receivable   | 94,326               | -                  | 54,990                | -                   | -                | 149,316                        |
| Equity in cash with third-party health<br>claims administrators | 132,000              | -                  | -                     | -                   | -                | 132,000                        |
| Due from other governments                                      | 728,874              | 19,956,680         | 1,726,964             | 6,996,930           | -                | 29,409,448                     |
| Due from other funds  | 14,743,176           | -                  | 44,725                | -                   | -                | 14,787,901                     |
| Prepaid Items   | 1,817,263            | -                  | -                     | -                   | -                | 1,817,263                      |
| Inventory of materials and supplies                             | 258,780              | -                  | 14,482                | -                   | -                | 273,262                        |
| <b>Total assets</b>   | <b>\$ 52,091,911</b> | <b>19,956,680</b>  | <b>1,997,341</b>      | <b>6,996,930</b>    | <b>1,093,284</b> | <b>82,136,146</b>              |
| <b>Liabilities and fund balances</b>                            |                      |                    |                       |                     |                  |                                |
| <b>Liabilities:</b>   |                      |                    |                       |                     |                  |                                |
| Accounts payable  | \$ 5,890,242         | 1,309,207          | 545,554               | 284,529             | 330              | 8,029,862                      |
| Accrued liabilities   | 25,556,599           | 2,371,010          | 406,529               | -                   | -                | 28,334,138                     |
| Due to fiduciary external parties                               | 3,821,754            | 200,339            | -                     | -                   | -                | 4,022,093                      |
| Due to other funds  | 44,725               | 14,101,583         | -                     | 583,918             | 57,675           | 14,787,901                     |
| Deferred revenues   | 60,721               | 1,974,541          | 14,482                | -                   | -                | 2,049,744                      |
| Due to Primary Government                                       | 4,063,000            | -                  | -                     | -                   | -                | 4,063,000                      |
| Advances from the City<br>of Richmond, Virginia                 | 500                  | -                  | -                     | -                   | -                | 500                            |
| <b>Total liabilities</b>  | <b>39,437,541</b>    | <b>19,956,680</b>  | <b>966,565</b>        | <b>868,447</b>      | <b>58,005</b>    | <b>61,287,238</b>              |
| <b>Fund balance (deficit):</b>                                  |                      |                    |                       |                     |                  |                                |
| <b>Nonspendable:</b>  |                      |                    |                       |                     |                  |                                |
| Inventories   | 258,780              | -                  | -                     | -                   | -                | 258,780                        |
| Prepaid Insurance   | 1,949,263            | -                  | -                     | -                   | -                | 1,949,263                      |
| Investments   | 147,179              | -                  | -                     | -                   | -                | 147,179                        |
| Permanent fund purposes   | -                    | -                  | -                     | -                   | 1,035,279        | 1,035,279                      |
| Restricted  | -                    | 1,243,903          | 1,030,776             | -                   | -                | 2,274,679                      |
| <b>Committed:</b>   |                      |                    |                       |                     |                  |                                |
| Instructional & curriculum initiatives                          | 1,515,669            | -                  | -                     | -                   | -                | 1,515,669                      |
| Administration, attendance & health services                    | 80,470               | -                  | -                     | -                   | -                | 80,470                         |
| Pupil transportation services                                   | 123,986              | -                  | -                     | -                   | -                | 123,986                        |
| Facility operations & maintenance projects                      | 433,596              | -                  | -                     | -                   | -                | 433,596                        |
| Technology projects   | 966,845              | -                  | -                     | -                   | -                | 966,845                        |
| Specific educational puposes                                    | 1,978,334            | -                  | -                     | -                   | -                | 1,978,334                      |
| <b>Assigned:</b>  |                      |                    |                       |                     |                  |                                |
| General Fund - FY 2014 General Operating Budget                 | 1,400,000            | -                  | -                     | -                   | -                | 1,400,000                      |
| Capital Projects Fund   | -                    | -                  | -                     | 6,128,483           | -                | 6,128,483                      |
| Unassigned  | 3,800,248            | (1,243,903)        | -                     | -                   | -                | 2,556,345                      |
| <b>Total fund balances</b>                                      | <b>12,654,370</b>    | <b>-</b>           | <b>1,030,776</b>      | <b>6,128,483</b>    | <b>1,035,279</b> | <b>20,848,908</b>              |
| <b>Total liabilities and fund<br/>balances</b>                  | <b>\$ 52,091,911</b> | <b>19,956,680</b>  | <b>1,997,341</b>      | <b>6,996,930</b>    | <b>1,093,284</b> | <b>82,136,146</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 Position**

**June 30, 2013**

|  |               |
|--|---------------|
| Total fund balances - governmental funds (Exhibit C) | \$ 20,848,908 |
|--|---------------|

Amounts reported for governmental activities in the Statement of Net Position  
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 \$32,849,827 and the accumulated depreciation is \$21,149,931 | 11,699,896 |
|---|------------|

The portion of noncurrent liabilities due in more than one year applicable to the School Board's Governmental Funds (note 7) 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 | (3,435,444)  |              |
| Compensated absences            | (11,462,542) |              |
| Net pension obligations         | (1,639,340)  |              |
| Net OPEB obligations            | (21,125,377) |              |
| Capital leases                  | (5,766,080)  |              |
|                                 |              | (43,428,783) |

|  |                 |
|--|-----------------|
| Total net position - governmental activities (Exhibit A) | \$ (10,879,979) |
|--|-----------------|

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, 2013

|  | General            | Special<br>Revenue | Nutrition<br>Services | Capital<br>Projects | Permanent     | Total<br>Governmental<br>Funds |
|--|--------------------|--------------------|-----------------------|---------------------|---------------|--------------------------------|
| <b>Revenues:</b>   |                    |                    |                       |                     |               |                                |
| Intergovernmental:   |                    |                    |                       |                     |               |                                |
| City of Richmond, Virginia                                   | \$ 129,443,723     | -                  | -                     | 3,782,000           | -             | 133,225,723                    |
| Commonwealth of Virginia                                     | 112,522,670        | 6,247,242          | 276,810               | -                   | -             | 119,046,722                    |
| Federal government   | 845,605            | 47,676,204         | 10,876,099            | -                   | -             | 59,397,908                     |
| Donations and gifts  | 2,150              | 585,371            | -                     | -                   | -             | 587,521                        |
| Charges for goods and services:                              |                    |                    |                       |                     |               |                                |
| Tuition and fees   | 702,340            | 826,601            | -                     | -                   | -             | 1,528,941                      |
| Food sales   | -                  | -                  | 1,167,118             | -                   | -             | 1,167,118                      |
| Investment income, net:                                      |                    |                    |                       |                     |               |                                |
| Net increase in fair value of investments                    | -                  | -                  | -                     | -                   | 76,108        | 76,108                         |
| Interest and dividend income                                 | -                  | -                  | 408                   | -                   | -             | 408                            |
| Miscellaneous  | 725,670            | 44,442             | 100,612               | -                   | -             | 870,724                        |
| <b>Total revenues</b>  | <b>244,242,158</b> | <b>55,379,860</b>  | <b>12,421,047</b>     | <b>3,782,000</b>    | <b>76,108</b> | <b>315,901,173</b>             |
| <b>Expenditures:</b>   |                    |                    |                       |                     |               |                                |
| Current operating:   |                    |                    |                       |                     |               |                                |
| Instruction  | 192,038,630        | 55,784,226         | -                     | -                   | 17,756        | 247,840,612                    |
| Support services:  |                    |                    |                       |                     |               |                                |
| Administration   | 7,545,457          | -                  | -                     | -                   | -             | 7,545,457                      |
| Attendance and health  | 6,329,385          | 655,537            | -                     | -                   | -             | 6,984,922                      |
| Nutrition services   | -                  | 7,398              | 12,863,309            | -                   | -             | 12,870,707                     |
| Pupil transportation   | 12,162,376         | 425,373            | -                     | -                   | -             | 12,587,749                     |
| Operations and maintenance                                   | 26,143,266         | 255,612            | -                     | -                   | -             | 26,398,878                     |
| Facilities services  | 164,273            | 10,500             | -                     | -                   | -             | 174,773                        |
| <b>Total support services</b>                                | <b>52,344,757</b>  | <b>1,354,420</b>   | <b>12,863,309</b>     | <b>-</b>            | <b>-</b>      | <b>66,562,486</b>              |
| <b>Total current operating</b>                               | <b>244,383,387</b> | <b>57,138,646</b>  | <b>12,863,309</b>     | <b>-</b>            | <b>17,756</b> | <b>314,403,098</b>             |
| Capital outlay   | -                  | -                  | -                     | 4,393,138           | -             | 4,393,138                      |
| Debt service:  |                    |                    |                       |                     |               |                                |
| Capital lease principal                                      | 410,803            | -                  | -                     | -                   | -             | 410,803                        |
| Capital lease interest                                       | 337,767            | -                  | -                     | -                   | -             | 337,767                        |
| <b>Total expenditures</b>                                    | <b>245,131,957</b> | <b>57,138,646</b>  | <b>12,863,309</b>     | <b>4,393,138</b>    | <b>17,756</b> | <b>319,544,806</b>             |
| Excess (deficiency) of revenues<br>over (under) expenditures | (889,799)          | (1,758,786)        | (442,262)             | (611,138)           | 58,352        | (3,643,633)                    |
| <b>Other financing sources (uses):</b>                       |                    |                    |                       |                     |               |                                |
| Transfers in (note 4)  | -                  | 1,758,786          | -                     | -                   | -             | 1,758,786                      |
| Transfers out (note 4)                                       | (1,758,786)        | -                  | -                     | -                   | -             | (1,758,786)                    |
| <b>Net change in fund balances</b>                           | <b>(2,648,585)</b> | <b>-</b>           | <b>(442,262)</b>      | <b>(611,138)</b>    | <b>58,352</b> | <b>(3,643,633)</b>             |
| Fund balances - July 1, 2012                                 | 15,302,955         | -                  | 1,473,038             | 6,739,621           | 976,927       | 24,492,541                     |
| Fund balances - June 30, 2013                                | \$ 12,654,370      | -                  | 1,030,776             | 6,128,483           | 1,035,279     | 20,848,908                     |

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, 2013**

Net change in fund balances - total governmental funds (Exhibit E) \$ (3,643,633)

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:

|                      |    |                    |         |
|----------------------|----|--------------------|---------|
| Capital outlay       | \$ | 1,757,007          |         |
| Depreciation expense |    | <u>(1,465,484)</u> | 291,523 |

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>                                    |    | Amounts<br>Incurred<br>(Over)<br>Under<br>Financial<br>Resources<br>Used |                       |
|---|----|--|-----------------------|
| Workers' compensation   | \$ | 29,558   |                       |
| Compensated absences:   |    |  |                       |
| Vacation pay  |    | 187,385  |                       |
| Sick pay  |    | 67,338   |                       |
| Net pension obligation (note 10(c)(iii))                      |    | 495,217  |                       |
| Net OPEB obligation (note 11( c ))                            |    | (2,224,259)  |                       |
| Capital leases:   |    |  |                       |
| Energy improvements   |    | 410,803  |                       |
| Net amount incurred under financial resources used            |    |  | <u>(1,033,958)</u>    |
| Net reconciling items   |    |  | <u>(742,435)</u>      |
| Change in net position of governmental activities (Exhibit B) |    |  | <u>\$ (4,386,068)</u> |

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 Position**

**Fiduciary Funds**

**June 30, 2013**

|   | Employee<br>Early<br>Retirement<br>Incentive<br>Plan | Agency<br>Funds     |
|---|--|---------------------|
| Assets:                                     |  |                     |
| Cash on hand or in banks                    | \$ -   | \$ 1,403,594        |
| Investments - money market fund             | 2,288,603  | -                   |
| Total cash and investments                  | 2,288,603  | 1,403,594           |
| Accounts receivable                         | 26   | 309                 |
| Due from other governments                  | -  | 46,918              |
| Due from General Fund                       | -  | 3,821,754           |
| Total assets                                | <u>\$ 2,288,629</u>                                  | <u>\$ 5,272,575</u> |
| Liabilities:                                |  |                     |
| Accounts payable                            | -  | 50,799              |
| Accrued liabilities                         | -  | 917,899             |
| Amounts held for other organizations        | -  | 4,303,877           |
| Total liabilities                           | -  | <u>\$ 5,272,575</u> |
| Net position:                               |  |                     |
| Held in trust for employee pension benefits | 2,288,629  |                     |
| Total net position                          | <u>\$ 2,288,629</u>                                  |                     |

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 Position**

**Fiduciary Funds**

**For The Fiscal Year Ended June 30, 2013**

|                              | Employee<br>Early<br>Retirement<br>Incentive<br>Plan |
|------------------------------|--|
| Additions:                   |  |
| Contributions                | \$ 1,730,028   |
| Investment Income:           |  |
| Dividends                    | 1,773  |
| Total investment income      | 1,773  |
| Total additions              | 1,731,801  |
| Deductions:                  |  |
| Benefits                     | 1,168,135  |
| Total deductions             | 1,168,135  |
| Change in net position       | 563,666  |
| Net position - July 1, 2012  | 1,724,963  |
| Net position - June 30, 2013 | \$ 2,288,629   |

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, 2013**

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**(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 Position 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 Position** – The Statement of Net Position reports the financial position of the School Board as a whole. In addition to reporting current assets and liabilities, the Statement of Net Position 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 position of the School Board is reported in three categories: 1) net investment 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 position are available. The School Board may defer the use of restricted net position 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.

**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, 2013**

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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. 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 position as shown on the Government-wide Statement of Net Position 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 position 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 Postemployment Employee Benefits program.

**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, 2013**

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**(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 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 \$1,393,184 to the Governor's School for the school year 2012-2013. 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 \$619,270 to the Center for the school year 2012-2013. 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.

**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, 2013**

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**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 private grants and state and federal grant 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.

**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 position restricted for capital projects in the Government-wide Statement of Net Position 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:



**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, 2013**

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**Trust Fund** – The Trust Fund consists of the *Employee Early Retirement Incentive Plan*, a pension trust fund, which 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 Position. Agency funds do not, however, present results of operations, and accordingly are not reported in the Statement of Changes in Fiduciary Net Position. 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**

GAAP 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 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.

**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, 2013**

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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 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

**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, 2013**

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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. 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.

**(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.

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(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 buildings and facilities with a net book value approximating \$24.3 million not including new construction) 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.

(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).

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(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 Revenues**

Unearned and deferred revenues both 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).

(o) **Self-insurance Claims**

The School Board is self-insured for its medical claims, workers' compensation and unemployment compensation. Medical health care coverage is offered to eligible employees and eligible retirees through Cigna Health Service Company (CIGNA). Health care coverage provides medical, hospitalization, prescription drugs, vision, behavioral health and wellness services within a national network.

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The healthcare plan is a joint self-insured plan between the City and Richmond Public Schools which includes individual stop loss and aggregate stop loss. RPS' employer expenditures for healthcare benefits as of June 30, 2013 approximated \$23,928,000 for active employees and \$1,624,000 for retired RPS employees.

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, 2013, the carrying amount and the financial institutions' balances of the School Board's deposits with financial institutions applicable to governmental activities approximated \$393,000. In addition, the carrying amount of deposits with financial institutions held by the School Board's Fiduciary Funds totaled \$1,403,594 and the related financial institutions' balances totaled \$1,794,823. The difference of \$391,229 between the carrying amounts and the financial institutions' balances were attributable to outstanding checks of approximately \$399,949 less deposits in transit of \$8,720 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 \$33,933,135 at June 30, 2013. 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.

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(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, 2013 are monies held with the current dental insurance carrier as an amount required on deposit cover dental claims clearing under the previous employer paid self-insured dental program.

(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, 2013, 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 | \$ 205,844          | \$ 205,844          |
| Mutual Funds             | 831,576             | 887,440             |
| Common Stocks            | 147,179             | 147,179             |
| <b>Total</b>             | <b>\$ 1,184,599</b> | <b>\$ 1,240,463</b> |

Investments related to Permanent Funds include \$205,844 in money market funds and \$887,440 in mutual funds. Investments related to the General Fund include \$147,179 in common stocks.

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

| Investment Type          | Cost         | Fair Value   |
|--------------------------|--------------|--------------|
| Money Market Investments | \$ 2,288,603 | \$ 2,288,603 |

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.

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As of June 30, 2013, the Plan had investments at fair market value in the Heritage Money Market Fund Portfolio, totaling \$2,288,603, or 100 percent of the Plan's net position.

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

**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, 2013, the School Board had investments of \$2,288,603 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.

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

In the Statement of Net Position, 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.



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The following is a summary of amounts due from other governments at June 30, 2013:

|                                      | Federal       | State        | City         | Other      | Total         |
|--------------------------------------|---------------|--------------|--------------|------------|---------------|
| Governmental Funds:                  |               |              |              |            |               |
| General Fund                         | \$ -          | \$ 709,147   | \$ -         | \$ 19,727  | \$ 728,874    |
| Special Revenue Fund                 | 18,298,492    | 1,237,475    | -            | 420,713    | 19,956,680    |
| Nutrition Services Fund              | 1,726,964     | -            | -            | -          | 1,726,964     |
| Capital Projects Fund                | -             | -            | 6,996,930    | -          | 6,996,930     |
| Total                                | \$ 20,025,456 | \$ 1,946,622 | \$ 6,996,930 | \$ 440,440 | \$ 29,409,448 |
| Statement of Fiduciary Net Position: |               |              |              |            |               |
| Agency Funds                         | \$ -          | \$ -         | \$ -         | \$ 46,918  | \$ 46,918     |

At June 30, 2013, the School Board's General Fund also had \$3,821,754 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, 2013 were:

| TO FUND            | FROM FUND                |                       |
|--------------------|--------------------------|-----------------------|
|                    | Interfund<br>Receivables | Interfund<br>Payables |
| General            | \$ 14,743,176            | \$ 44,725             |
| Special Revenue    | -                        | 14,101,583            |
| Nutrition Services | 44,725                   | -                     |
| Capital Projects   | -                        | 583,918               |
| Permanent          | -                        | 57,675                |
| Total              | \$ 14,787,901            | \$ 14,787,901         |

The balance of \$14,101,583 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.

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.

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Interfund transfer balances in the General Fund for the year ended June 30, 2013 were as follows:

| Transfers In         | Transfers Out<br>(General Fund) |
|----------------------|---------------------------------|
| Special Revenue Fund | \$ 1,758,786                    |
| Total                | <u>\$ 1,758,786</u>             |

**(5) Capital Assets**

Changes in capital assets during the fiscal year ended June 30, 2013 are summarized below:

|                                   | Balance<br>July 1, 2012 | Additions         | Deletions      | Balance<br>June 30, 2013 |
|-----------------------------------|-------------------------|-------------------|----------------|--------------------------|
| Capital assets being depreciated: |                         |                   |                |                          |
| Vehicles                          | \$ 16,923,080           | \$ 65,900         | \$ 259,302     | \$ 16,729,678            |
| Other equipment                   | 8,456,964               | 1,691,107         | 229,548        | 9,918,523                |
| Energy and water equipment        | 6,201,626               | -                 | -              | 6,201,626                |
| Total being depreciated           | <u>31,581,670</u>       | <u>1,757,007</u>  | <u>488,850</u> | <u>32,849,827</u>        |
| Less: Accumulated depreciation    |                         |                   |                |                          |
| Vehicles                          | 13,300,529              | 496,289           | 259,302        | 13,537,516               |
| Other equipment                   | 6,418,512               | 742,067           | 229,548        | 6,931,031                |
| Energy and water equipment        | 454,256                 | 227,128           | -              | 681,384                  |
| Total accumulated depreciation    | <u>20,173,297</u>       | <u>1,465,484</u>  | <u>488,850</u> | <u>21,149,931</u>        |
| Capital assets, net               | <u>\$ 11,408,373</u>    | <u>\$ 291,523</u> | <u>\$ -</u>    | <u>\$ 11,699,896</u>     |

Depreciation expense was charged to governmental functions as follows:

Depreciation expense was charged to functions as follows:

|   |                     |
|---|---------------------|
| Instruction                             | \$ 469,962          |
| Support Services                        |                     |
| Administration                          | 2,363               |
| Pupil Transportation                    | 369,223             |
| Operations and Maintenance              | 443,768             |
| Nutrition Services                      | 19,474              |
| Technology                              | 48,076              |
| Facilities acquisition and improvements | 112,618             |
| Total                                   | <u>\$ 1,465,484</u> |

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**(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 | <u>(602,252)</u>  |
| Total                          | <u>\$ 768,534</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, \$5,999,681 remained outstanding at June 30, 2013. 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 | <u>(681,384)</u>    |
| Total                          | <u>\$ 5,520,242</u> |

The total future minimum lease obligations and the total net present value of the minimum lease payments as of June 30, 2013 are as follows:

| Fiscal Year                                | Principal           | Interest            |
|--|---------------------|---------------------|
| 2014                                       | \$ 233,601          | \$ 303,198          |
| 2015                                       | 269,294             | 290,350             |
| 2016                                       | 298,816             | 275,791             |
| 2017                                       | 338,932             | 259,505             |
| 2018-2022                                  | 3,094,815           | 1,079,948           |
| 2023-2025                                  | <u>1,764,223</u>    | <u>105,365</u>      |
| Present value of minimum lease obligations | <u>\$ 5,999,681</u> | <u>\$ 2,314,157</u> |

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**(7) Noncurrent Liabilities**

Changes in the total noncurrent liabilities during the fiscal year ended June 30, 2013 are summarized below:

|                                      | Amounts<br>Payable at |              |                | Amounts<br>Payable at | Due<br>Within | Due in                |
|--------------------------------------|-----------------------|--------------|----------------|-----------------------|---------------|-----------------------|
|                                      | June 30, 2012         | Additions    | Reductions     | June 30, 2013         | One Year      | More Than<br>One Year |
| Workers' compensation liability      | \$ 4,632,493          | \$ 881,479   | \$ (1,049,690) | \$ 4,464,282          | \$ 1,028,838  | \$ 3,435,444          |
| Vacation pay liability               | 3,912,498             | 515,136      | (752,971)      | 3,674,663             | 188,798       | 3,485,865             |
| Sick pay liability                   | 8,519,697             | 1,187,891    | (1,280,400)    | 8,427,188             | 450,511       | 7,976,677             |
| Net pension obligations              | 2,134,557             | -            | (495,217)      | 1,639,340             | -             | 1,639,340             |
| Net OPEB obligations                 | 18,901,118            | 5,651,898    | (3,427,639)    | 21,125,377            | -             | 21,125,377            |
| Capital leases - energy improvements | 6,176,883             | -            | (177,202)      | 5,999,681             | 233,601       | 5,766,080             |
| Total                                | \$ 44,277,246         | \$ 8,236,404 | \$ (7,183,119) | \$ 45,330,531         | \$ 1,901,748  | \$ 43,428,783         |

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 Position (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 \$2,315,093 for the fiscal year ended June 30, 2013.

At June 30, 2013, the annual operating lease commitments are as follows:

| <u>Year Ending June 30</u>   | <u>Amount</u>       |
|------------------------------|---------------------|
| 2014                         | \$ 2,247,733        |
| 2015                         | 2,247,733           |
| 2016                         | 386,556             |
| 2017                         | 270,091             |
| Total minimum lease payments | <u>\$ 5,152,113</u> |

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**(9) Fund Balances**

GAAP 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 \$258,780 and \$14,482 for food inventory, which is not otherwise available for appropriation and expenditure.

Non-spendable General Fund balance for prepaid insurance of \$1,949,263 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 \$1,792,263

Non-spendable General Fund balance for investments of \$147,179 is held in common stock.

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Non-spendable Fund balance for Permanent Funds of \$1,035,279 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.

Restricted fund balance for Special Revenue Funds of \$1,243,903 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 \$1,030,776 is restricted to expenditures for the specific purpose of operating the National School Lunch Program and cafeteria operations.

**(c) Committed**

On June 17, 2013, the School Board voted unanimously to approve the following fund balance commitments:

- \$3.1 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 \$1.5 million. Significant encumbered amounts include: \$840 thousand for curriculum, literacy and instructional software, \$240 thousand for instructional supplies, workbooks, \$170 thousand for instructional computers and technology devices and software, \$150 thousand for student therapy, medical and behavioral services, \$73 thousand for school building copier lease, service and maintenance contracts and \$25 thousand for continued division-wide strategic planning.
- Administration, Attendance & Health: Approximately \$81 thousand. Significant encumbered amounts include: \$48 thousand related to human resource management and recruitment, \$18 thousand for professional and temporary service contracts.
- Pupil transportation: Approximately \$124 thousand. Significant encumbrances for pupil transportation include: \$109 thousand for school bus fuel, seven thousand for school bus commercial repairs, and three thousand for transportation technology equipment.
- Operations and maintenance: Approximately \$433 thousand. Includes \$232 thousand for building repair & maintenance and supply contracts, \$45 thousand for

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risk management services, \$34 thousand for refuse collection contracts, and \$75 thousand for vehicle fuel and commercial repairs.

- Technology: Approximately \$967 thousand for completion of the student information system project, and library, textbook management barcoding project, as well as wiring and infrastructure improvements.
- \$2.0 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 \$229 thousand. Funds generated from building rental fees. Receipts are specifically used for supplies, equipment and general operations of the center.
  - Driver's Education program: Approximately \$133 thousand. 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 \$283 thousand. Funds generated from federal indirect cost recovery to pay contractual salaries and benefits.
  - Medicaid fund: Approximately \$123 thousand. Funds generated from administrative and direct service billing claims. Fund balance remaining at June 30, 2013 will be used to support the delivery of special education services to students.
  - Nursing: Approximately \$28 thousand. Funds generated from fees and services for health related services provided by nursing professionals.
  - RTC bookstore: Approximately \$45 thousand. 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 \$1.1 million. 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 2014 financial plan to eliminate a projected budgetary deficit in the subsequent year's General Fund budget, assigned \$1,400,000 in General Fund balance, which was approved by the School Board's on June 3, 201 as part of the fiscal 2014 adopted budget. These funds are to be re-appropriated by City Council ordinance. The

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Superintendent assigned the Capital Projects fund balance of \$6,128,483 for the purpose of expenditures to complete approved school renovation and facility improvement projects.

(e) **Unassigned**

The unassigned general fund balance totals \$3,800,248. These funds will be utilized by the School Board during future budget development. The negative unassigned fund balance of \$(1,243,903) 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 are as follows:

(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 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.



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- 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 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: <http://www.varetire.org/Pdf/Publications/2012-annual-rpeort.pdf>

(ii) **Funding Policy**

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.0 percent of their annual reported compensation to the VRS. All or part of the 5.0 percent member contribution may be assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5.0 percent member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5.0 percent member contribution. This could be phased in over a period of 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. For fiscal year 2013 the School Board assumed 2.0 percent of the amount of the member contributions. In addition, the School Board is required

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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, 2013, 2012 and 2011 were \$17,138,963, \$16,804,356 and \$13,349,670 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, 2013 was 11.66 percent of the annual covered payroll. The School Board's contribution rate applicable to nonprofessional employees for the fiscal year ended June 30, 2013 was 9.25 percent of the annual covered payroll.

**(iii) Annual Pension Cost**

For the fiscal year ended June 30, 2013, the School Board's annual pension cost of \$1,041,698 for nonprofessional employees and \$17,138,963 for professional employees of was equal to the School Board's required and actual contributions. The fiscal 2013 required contribution was determined as part of the June 30, 2011 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 included (a) 7.0 percent investment rate of return, (b) projected salary increase rates between 3.75 percent and 6.20 percent per year for teachers (c) 2.50 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 2.50 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, 2013 for the Unfunded Actuarial Accrued liability (UAAL) was 29 years, decreasing by one each year in subsequent valuations until reaching 20 years.

**(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:

| <b>Three-Year Trend Information</b> |                                 |                                     |   |                           |
|-------------------------------------|---------------------------------|-------------------------------------|---|---------------------------|
| Fiscal Year<br>Ended June<br>30     | Annual<br>Pension Cost<br>(APC) | Percentage of<br>APC<br>Contributed |   | Net Pension<br>Obligation |
| 2011                                | \$ 1,354,849                    | 100.0                               | % | \$ -                      |
| 2012                                | \$ 1,369,054                    | 100.0                               | % | \$ -                      |
| 2013                                | \$ 1,041,698                    | 100.0                               | % | \$ -                      |

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

As of June 30, 2012, the most recent actuarial valuation date, the actuarial value of the Plan assets was \$37,435,626. The Plan was 78.97 percent funded. The actuarial accrued liability for benefits was \$47,403,387, resulting in an unfunded actuarial liability (UAAL) of \$9,967,761. The covered payroll was \$11,721,182 and the ratio of the UAAL to the covered payroll was 85.04 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 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 7.0 percent investment return assumption. The actuarial value recognizes this excess return (or shortfall) over a five-year period at the rate of 20.0 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.

**(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 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, 2013:

|  |            |
|--|------------|
| Retirees currently receiving benefits  | 352        |
| Active employees eligible for benefits | 7          |
| 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

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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, 2013, the School Board contributed 30.32 percent of annual covered payroll. Due to a significantly lower actual creditable compensation amount than projected in the prior fiscal year, the School Board's prior fiscal year contribution resulted in an overpayment of \$207,842. RRS applied the prior year overpayment of \$207,842 to the projected fiscal year 2013 contribution, for a net refund paid to the School Board of \$94,242.

The School Board's contributions to the RRS for the fiscal years ended June 30, 2013, 2012 and 2011 were \$78,257, \$257,146 and \$421,397 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.

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.

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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  | 238        |
| 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:

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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 \$416,000 during the fiscal year ended June 30, 2013.

(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 \$1,639,340 in the Government-wide Statement of Net Position. Substantially all investment and administrative costs of the Plan are borne by the General Fund.

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**(iii) Annual Pension Cost**

The School Board's annual pension cost for the fiscal year ended June 30, 2013, and its net pension obligation to the Plan as determined by the most recent biennial actuarial valuation, dated July 1, 2012:

|  |                            |
|--|----------------------------|
| Actuarially determined contribution        | \$ 1,730,028               |
| Interest on net pension obligation         | 74,710                     |
| Adjustment to annual required contribution | <u>(569,927)</u>           |
| Annual pension cost                        | 1,234,811                  |
| Contributions made                         | <u>(1,730,028)</u>         |
| Decrease in net pension obligation         | (495,217)                  |
| Net pension obligation – beginning of year | <u>2,134,557</u>           |
| Net pension obligation – end of year       | <u><u>\$ 1,639,340</u></u> |

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

| Fiscal Year<br>Ended<br>June 30 | Annual Pension<br>Cost (APC) | Percentage of APC<br>Contributed | Net Pension<br>Obligation |
|---------------------------------|------------------------------|----------------------------------|---------------------------|
| 2011                            | \$ 2,169,821                 | 184.3 %                          | \$ 450,011                |
| 2012                            | \$ 1,684,546                 | -                                | \$ 2,134,557              |
| 2013                            | \$ 1,234,811                 | 140.1 %                          | \$ 1,639,340              |

The annual required contribution as of June 30, 2013 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 the most recent biennial actuarial valuation, dated July 1, 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 actual value of assets as of June 30, 2013 was \$2,288,629.

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.

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**(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, 2013:

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

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 7.0 Percent for plan year 2013.

**(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, 2013, the School Board's share of those payments was \$3,427,639.

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

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 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 7.0 percent. The ARC consists of the normal cost plus amortization of



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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 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, 2013:

|   |                             |
|---|-----------------------------|
| Annual Required Contribution                    | \$ 6,000,288                |
| Interest on NOO at Discount Rate to End of Year | 661,539                     |
| Adjustment to the ARC                           | <u>(1,009,929)</u>          |
| Annual OPEB Expense                             | 5,651,898                   |
| Estimated Employer Costs for Retirees           | <u>(3,427,639)</u>          |
| Increase in net OPEB obligation                 | 2,224,259                   |
| Net OPEB obligation – beginning of year         | <u>18,901,118</u>           |
| Net OPEB obligation – end of year               | <u><u>\$ 21,125,377</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<br>Ended<br>June 30 | Annual<br>OPEB<br>Cost | Percentage<br>Contributed | Net<br>OPEB<br>Obligation |
|---------------------------------|------------------------|---------------------------|---------------------------|
| 2011                            | \$ 7,025,808           | 29.9 %                    | \$ 15,723,345             |
| 2012                            | \$ 6,945,139           | 54.2 %                    | \$ 18,901,118             |
| 2013                            | \$ 5,651,898           | 60.6 %                    | \$ 21,125,377             |

**(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, 2013, 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.

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

**(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, 2013, the School Board had contractual commitments approximating \$1,257,462 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, 2013. 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 based on fee schedules or time and expenses. During fiscal year 2013, the City provided approximately \$2,209,000 in water and gas utilities for all Richmond Public Schools. In addition, the City provided approximately \$2,093,000 in fuel and repairs and maintenance for school buses and vehicle fleet. The City provided approximately \$27,400 in printing services, and approximately \$1,650 in recreational services.

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

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**(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 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, 2013, the amount of claim liabilities was \$4,464,282 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, 2013 are as follows:

|             | Beginning of<br>Fiscal Year<br>Liability | Current Year<br>Claims and Changes<br>in Estimates | Current Year<br>Payments<br>on Claims | Liability at<br>Fiscal Year End |
|-------------|--|--|---------------------------------------|---------------------------------|
| 2011 - 2012 | \$ 4,842,170                             | \$ 954,648   | \$ 1,164,325                          | \$ 4,632,493                    |
| 2012 - 2013 | \$ 4,632,493                             | \$ 881,479   | \$ 1,049,690                          | \$ 4,464,282                    |

**(15) Subsequent Events**

The School Board has evaluated subsequent events through February 28, 2014 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 February 28, 2014 which have been incorporated into these financial statements herein.

**(16) New Pronouncements**

Effective July 1, 2012, the School Board adopted the provisions of Governmental Accounting Standards Board GASB Statement 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position (Statement No. 63). This implementation required the School Board to present a Statement of Net Position, replacing previously presented Statement of Net Assets, in the School Board's basic financial statements. The School Board's implementation also required the Statement of Net Position to present deferred outflows and inflows of resources in separate sections

**THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA**  
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**Notes to Basic Financial Statements**  
**June 30, 2013**

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following total assets and total liabilities sections, respectively. In practice, Statement No. 63 only impacts activities related to derivative instruments or service concession arrangements. In the case of the School Board, the implementation of this standard was isolated to the presentation of the Statement of Net Position.

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# Required Supplementary Information (unaudited)

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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 Postemployment 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, 2013**

**Exhibit I**

**Budgetary Comparison Schedule (Unaudited)**  
**General Operating Fund**  
**For The Fiscal Year Ended June 30, 2013**

|  | Budgeted Amounts |             | Actual<br>Amounts<br>(Budgetary Basis) | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|------------------|-------------|--|---|
|  | Original         | Final       |  |   |
| <b>Budgetary fund balances:</b>  |                  |             |  |   |
| Prior year assigned fund balance, budgeted at July 1, 2012   | \$ 8,229,300     | 8,229,300   | 8,229,300                              | -   |
| Prior year fund balance committed for encumbrances and other subsequently added to original budget | -                | 2,952,855   | 2,986,123                              | 33,268  |
| Total budgetary fund balances available for expenditure  | 8,229,300        | 11,182,155  | 11,215,423                             | 33,268  |
| <b>Revenue sources:</b>  |                  |             |  |   |
| Intergovernmental:   |                  |             |  |   |
| City of Richmond - appropriation   | 129,443,724      | 129,443,724 | 129,443,724                            | -   |
| Commonwealth of Virginia:  |                  |             |  |   |
| Department of Education:   |                  |             |  |   |
| Employee benefits  | 9,213,958        | 9,213,958   | 9,495,633                              | 281,675   |
| Standards of Quality   |                  |             |  |   |
| Basic aid  | 43,885,656       | 43,885,656  | 45,506,125                             | 1,620,469   |
| Compensation supplements   | -                | -           | -                                      | -   |
| Textbooks  | 983,078          | 983,078     | 1,013,131                              | 30,053  |
| Education of the gifted  | 503,974          | 503,974     | 519,381                                | 15,407  |
| Vocational education   | 668,313          | 668,313     | 688,787                                | 20,474  |
| Special education  | 10,035,655       | 10,035,655  | 10,342,448                             | 306,793   |
| Remedial education   | 3,637,377        | 3,637,377   | 3,748,573                              | 111,196   |
| Incentive  |                  |             |  |   |
| Epipen Grants  | 5,416            | 5,416       | 5,416                                  | -   |
| Add'l Assistance Retire, Inflation & Preschool   | 1,651,427        | 1,651,427   | 1,651,427                              | -   |
| Categorical  |                  |             |  |   |
| Special education - homebound payments   | 120,869          | 120,869     | 93,873                                 | (26,996)  |
| Special education - private tuition  | -                | -           | 8,975                                  | 8,975   |
| Visually handicapped   | 14,100           | 14,100      | 10,875                                 | (3,225)   |
| Lottery  |                  |             |  |   |
| At risk  | 4,414,124        | 4,414,124   | 4,550,838                              | 136,714   |
| Enrollment loss  | -                | -           | -                                      | -   |
| Foster children education  | 155,393          | 155,393     | 162,117                                | 6,724   |
| K-3 class size reduction   | 5,287,845        | 5,287,845   | 4,405,469                              | (882,376)   |
| SOL algebra readiness  | 340,593          | 340,593     | 338,575                                | (2,018)   |
| Virginia preschool initiative  | 3,104,407        | 3,104,407   | 2,762,953                              | (341,454)   |
| Mailing report cards   | -                | -           | -                                      | -   |
| Constructional & operating costs   | -                | -           | -                                      | -   |
| Cultural transition - English as a second language   | 553,184          | 553,184     | 662,451                                | 109,267   |
| State sales tax  | 23,761,811       | 23,761,811  | 23,761,811                             | -   |
| Other State Agencies   | 1,500,000        | 1,500,000   | 1,893,554                              | 393,554   |
| Total Commonwealth of Virginia   | 109,837,180      | 109,837,180 | 111,622,412                            | 1,785,232   |
| Federal government:  |                  |             |  |   |
| Impact aid Public Law 103-382  | 200,000          | 200,000     | 275,429                                | 75,429  |
| Army Reserve   | 380,000          | 380,000     | 480,352                                | 100,352   |
| Air Force  | 70,000           | 70,000      | 58,875                                 | (11,125)  |
| Other  | 4,500            | 4,500       | -                                      | (4,500)   |
| Total federal government   | 654,500          | 654,500     | 814,656                                | 160,156   |
| Total intergovernmental revenues   | 239,935,404      | 239,935,404 | 241,880,792                            | 1,945,388   |
| Tuition  | 300,000          | 300,000     | 85,029                                 | (214,971)   |
| Miscellaneous revenues   | 1,526,500        | 1,526,500   | 698,118                                | (828,382)   |
| Total revenues   | 241,761,904      | 241,761,904 | 242,663,939                            | 902,035   |
| Total amounts available for expenditure  | \$ 249,991,204   | 252,944,059 | 253,879,362                            | 935,303   |

See accompanying note to Budgetary Comparison Schedule and Report of Independent Auditor

(Continued)

**THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA**  
**(A Component Unit of the City of Richmond, Virginia)**  
**June 30, 2013**

**Exhibit I**

**Budgetary Comparison Schedule (Unaudited)**  
**General Operating Fund**  
**For The Fiscal Year Ended June 30, 2013**

|   | Budgeted Amounts |             | Actual<br>Amounts<br>(Budgetary Basis) | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|------------------|-------------|--|---|
|   | Original         | Final       |  |   |
| Expenditures:                                 |                  |             |  |   |
| Personnel services - salaries and wages       | \$ 143,965,430   | 143,918,514 | 144,691,215                            | (772,701)   |
| Employee benefits                             | 62,411,394       | 62,414,268  | 55,848,422                             | 6,565,846   |
| Purchased services:                           |                  |             |  |   |
| Service contracts                             | 1,784,869        | 2,649,797   | 2,430,680                              | 219,117   |
| Professional services                         | 2,805,633        | 2,913,390   | 2,777,728                              | 135,662   |
| Tuition                                       | 5,862,421        | 5,923,408   | 7,093,603                              | (1,170,195)   |
| Temporary services                            | 226,550          | 242,064     | 95,066                                 | 146,998   |
| Nonprofessional services                      | 3,461,309        | 3,601,815   | 3,518,791                              | 83,024  |
| Repairs and maintenance                       | 1,819,733        | 2,009,308   | 1,793,864                              | 215,444   |
| Total purchased services                      | 15,960,515       | 17,339,782  | 17,709,732                             | (369,950)   |
| Other charges:                                |                  |             |  |   |
| Advertising                                   | 91,025           | 97,242      | 41,694                                 | 55,548  |
| Student transportation                        | 846,105          | 839,899     | 893,864                                | (53,965)  |
| Garage services                               | 2,400,981        | 3,218,003   | 2,455,769                              | 762,234   |
| Transportation expense recovery - field trips | (3,900,000)      | (3,985,000) | (2,681,724)                            | (1,303,276)   |
| Warehouse service                             | 1,200,000        | 1,305,635   | 1,236,561                              | 69,074  |
| Insurance                                     | 2,108,691        | 2,108,691   | 851,515                                | 1,257,176   |
| Utilities                                     | 6,805,000        | 6,799,965   | 6,664,562                              | 135,403   |
| Communications                                | 1,527,752        | 1,597,743   | 1,438,703                              | 159,040   |
| Rentals                                       | 373,530          | 373,464     | 347,313                                | 26,151  |
| Total other charges                           | 11,453,084       | 12,355,642  | 11,248,257                             | 1,107,385   |
| Materials and supplies:                       |                  |             |  |   |
| Supplies                                      | 4,756,972        | 5,157,561   | 4,114,316                              | 1,043,245   |
| Printing and binding                          | 165,310          | 155,731     | 122,463                                | 33,268  |
| Books and periodicals                         | 295,763          | 324,270     | 299,796                                | 24,474  |
| Textbooks                                     | 501,500          | 624,841     | 610,520                                | 14,321  |
| Other   | 121,921          | 146,360     | 120,822                                | 25,538  |
| Total materials and supplies                  | 5,841,466        | 6,408,763   | 5,267,917                              | 1,140,846   |
| Other operating expenditures:                 |                  |             |  |   |
| Staff development                             | 456,977          | 470,924     | 370,324                                | 100,600   |
| Dues and fees                                 | 229,803          | 229,618     | 156,828                                | 72,790  |
| Travel  | 232,999          | 223,284     | 148,156                                | 75,128  |
| Commencement                                  | 57,085           | 61,803      | 46,005                                 | 15,798  |
| Awards  | 34,275           | 43,237      | 4,656                                  | 38,581  |
| Contribution to School Activity Funds         | 255,632          | 260,677     | 263,197                                | (2,520)   |
| Other   | 163,360          | 210,464     | 148,608                                | 61,856  |
| Total other operating expenditures            | 1,430,131        | 1,500,007   | 1,137,774                              | 362,233   |
| Capital outlay:                               |                  |             |  |   |
| Land & Building Improvements                  | 2,500            | 2,653       | 1,455                                  | 1,198   |
| Equipment additions                           | 1,048,216        | 1,114,740   | 874,608                                | 240,132   |
| Equipment replacement                         | 495,022          | 500,332     | 296,599                                | 203,733   |
| Total capital outlay                          | 1,545,738        | 1,617,725   | 1,172,662                              | 445,063   |
| Total expenditures                            | \$ 242,607,758   | 245,554,701 | 237,075,979                            | 8,478,722   |

See accompanying note to Budgetary Comparison Schedule and Report of Independent Auditor

(Continued)



**THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA**  
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**June 30, 2013**

**Exhibit I**

**Budgetary Comparison Schedule (Unaudited)**  
**General Operating Fund**  
**For The Fiscal Year Ended June 30, 2013**

|  | Budgeted Amounts |             | Actual            | Variance with |
|--|------------------|-------------|-------------------|---------------|
|  | Original         | Final       | Amounts           | Final Budget  |
|  |                  |             | (Budgetary Basis) | Positive      |
|  |                  |             |                   | (Negative)    |
| Other financing uses:                                      |                  |             |                   |               |
| Payments for Debt Service                                  | \$ 500,000       | 505,912     | 748,570           | (242,658)     |
| Transfers in From Other Funds                              | -                | -           | -                 | -             |
| Transfers out to Other Funds                               | 6,883,446        | 6,883,446   | 6,566,052         | 317,394       |
| Total other financing uses                                 | 7,383,446        | 7,389,358   | 7,314,622         | 74,736        |
| Total expenditures and other financing uses                | 249,991,204      | 252,944,059 | 244,390,601       | 8,553,458     |
| Amounts available for expenditure over expenditures, other |                  |             |                   |               |
| financing uses and encumbrances - budgetary basis          | \$ -             | -           | 9,488,761         | 9,488,761     |

See accompanying note to Budgetary Comparison Schedule and Report of Independent Auditor

(Continued)

**THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA**  
**(A Component Unit of the City of Richmond, Virginia)**  
**June 30, 2013**

**Exhibit I**

**Budgetary Comparison Schedule (Unaudited)**  
**General Operating Fund**  
**For The Fiscal Year Ended June 30, 2013**

|   |                             |
|---|-----------------------------|
| Amounts available for expenditure (under) expenditures,<br>other financing uses and encumbrances - budgetary basis (Exhibit I)  | \$ <u>9,488,761</u>         |
| Reconciliation of amounts available for expenditure over expenditures,<br>other financing uses and encumbrances - budgetary basis, to net<br>change in fund balance - General Fund (Exhibit E):   |                             |
| The amount of prior year committed fund balance budgeted for<br>expenditure in the current year is a budgetary resource above,<br>but is not a current year revenue for financial reporting purposes  | (8,229,300)                 |
| Changes in fund balance committed for encumbrances:   |                             |
| The amount of the prior year fund balance reserved for encumbrances,<br>which was added to the current year's original budget (a "budgetary<br>fund balance"), is a budgetary resource, above, but is not a current<br>year revenue for financial reporting purposes:<br>Prior year General Operating Fund fund balance reserved for<br>encumbrances, added to original budget  | (2,986,123)                 |
| Encumbrances at June 30, 2013 for supplies and equipment ordered but<br>not received as of June 30, 2013 are reported in the fiscal year the<br>order is placed and are included in actual expenditures (budgetary<br>basis), but are not current year expenditures for financial<br>reporting purposes:<br>Current year General Operating Fund fund balance reserved for<br>encumbrances, included in budgetary basis expenditures | <u>3,120,566</u>            |
| Net change in General Operating Fund fund balance reserved for encumbrances   | <u>134,443</u>              |
| Net reconciling items - legally adopted General Operating fund budget   | <u>(8,094,857)</u>          |
| Net change in fund balance - legally adopted General Operating fund budget  | 1,393,904                   |
| Revenues and other financing sources less than expenditures<br>and other financing uses for General Fund activities not included in the<br>General Operating fund's legally adopted budget, as amended  | <u>(4,042,489)</u>          |
| Net change in fund balance - General Fund (Exhibit E)   | <u>(2,648,585)</u>          |
| General Fund fund balance - July 1, 2012 (Exhibit E)  | <u>15,302,955</u>           |
| General Fund fund balance - June 30, 2013 (Exhibit E)   | \$ <u><u>12,654,370</u></u> |

See accompanying note to Budgetary Comparison Schedule and Report of Independent Auditor

**Required Supplementary Information (Unaudited)**  
**Budgetary Comparison Schedule – General Fund**  
**For the Period Ended June 30, 2013**

**(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 2013 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 \$2,952,855. Additionally, the final budget amounts include all other adjustments to the fiscal year 2013 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 2012 that remain outstanding at June 30, 2013. 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 2013. Revenues and expenditures in the Schedule do not reflect \$10,214,517 in debt service expenditures paid by the City during fiscal year 2013 on City debt incurred for construction and renovation of School Board occupied buildings.

See page 17 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 2013 budget.

**THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA**  
**(A Component Unit of the City of Richmond, Virginia)**  
**June 30, 2013**

**Exhibit I**

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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, 2013

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, 2013**

**(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<br>Valuation<br>Date | Actuarial<br>Value of<br>Assets | Actuarial<br>Accrued<br>Liability<br>(AAL) | Unfunded<br>Actuarial<br>Accrued<br>Assets<br>(UAAL) | Funded Ratio<br>Assets as<br>% of AAL | Annual<br>Covered<br>Payroll | UAAL as a<br>% of Covered<br>Payroll |  |
| 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%                               |  |
| 6/30/2012                      | \$ 37,435,626                   | \$ 47,403,387                              | \$ (9,967,761)                                       | 79.0%                                 | \$ 11,721,182                | -85.0%                               |  |

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, 2013

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, 2013**

**(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 five 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.

| SCHEDULE OF FUNDING PROGRESS   |  |   |  |  |                                     |   |
|--------------------------------|--|---|--|--|-------------------------------------|---|
| Actuarial<br>Valuation<br>Date | (a)<br>Actuarial<br>Value of<br>Assets | (b)<br>Actuarial<br>Accrued<br>Liability<br>(AAL) | (a-b)<br>Unfunded<br>Actuarial<br>Accrued Assets<br>(UAAL) | (a/b)<br>Funded Ratio<br>Assets as<br>% of AAL | (c)<br>Annual<br>Covered<br>Payroll | ((a-b)/c)<br>UAAL as a<br>Percentage<br>of Covered<br>Payroll |
| 7/1/2002                       | \$ 14,020,545                          | \$ 48,579,206                                     | \$ (34,558,661)  | 28.9%  | \$ 95,034,768                       | -36.4%  |
| 7/1/2004                       | \$ 11,078,824                          | \$ 32,525,440                                     | \$ (21,446,616)  | 34.1%  | \$ 32,171,266                       | -66.7%  |
| 7/1/2008                       | \$ 2,047,371                           | \$ 17,724,796                                     | \$ (15,677,425)  | 11.6%  | \$ 28,203,706                       | -55.6%  |
| 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 SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA**  
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**June 30, 2013**

**Exhibit K**

The following is a schedule of School Board contributions to the Plan for fiscal years ended June 30, 2008 through 2013:

| <b>SCHEDULE OF EMPLOYER CONTRIBUTIONS</b> |                      |    |                      |                    |
|---|----------------------|----|----------------------|--------------------|
| <b>Fiscal Year Ended</b>                  | <b>Annual</b>        |    | <b>Actual</b>        | <b>Percentage</b>  |
| <b>June 30</b>                            | <b>Required</b>      |    | <b>Contributions</b> | <b>Contributed</b> |
|   | <b>Contributions</b> |    |                      |                    |
| 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%               |
| 2013                                      | \$ 1,730,028         | \$ | 1,730,028            | 100.0%             |

**THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA**  
**(A Component Unit of the City of Richmond, Virginia)**  
**June 30, 2013**

**Exhibit L**

**Required Supplementary Information (Unaudited)**  
**Other Postretirement Employee Benefits**  
**Schedules of Funding Progress and Employer Contributions**  
**For the Period Ended June 30, 2013**

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.

| <b>SCHEDULE OF FUNDING PROGRESS</b> |  |  |                                      |  |                                       |  |
|-------------------------------------|--|--|--------------------------------------|--|---------------------------------------|--|
| <b>Actuarial Valuation Date</b>     | <b>(a)<br/>Actuarial Value of Assets</b> | <b>(b)<br/>Actuarial Accrued Liability (AAL)</b> | <b>(a-b)<br/>Unfunded AAL (UAAL)</b> | <b>(a/b)<br/>Funded Ratio Assets as % of AAL</b> | <b>(c)<br/>Annual Covered Payroll</b> | <b>((a-b)/c)<br/>UAAL as a Percentage of Covered Payroll</b> |
| 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, 2013:

| <b>Fiscal Year Ended June 30</b> | <b>Annual Required Contributions</b> | <b>Actual Contributions</b> | <b>Percentage Contributed</b> |
|----------------------------------|--------------------------------------|-----------------------------|-------------------------------|
| 2011                             | \$ 7,025,808                         | \$ 2,009,142                | 28.6%                         |
| 2012                             | \$ 6,945,139                         | \$ 3,767,366                | 54.2%                         |
| 2013                             | \$ 5,651,898                         | \$ 3,427,639                | 60.6%                         |



## Other Supplementary Information

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

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

**Statement of Changes in Net Assets and Liabilities**

**Agency Funds**

**For the Fiscal Year Ended June 30, 2013**

|                                      | Balance<br>July 1, 2012 | Additions        | Deletions        | Balance<br>June 30, 2013 |
|--------------------------------------|-------------------------|------------------|------------------|--------------------------|
| Assets:                              |                         |                  |                  |                          |
| Cash on hand or in banks             | \$ 1,432,193            | 1,403,594        | 1,432,193        | 1,403,594                |
| Accounts receivable                  | 503                     | 309              | 503              | 309                      |
| Due from other governments           | 103,047                 | 46,918           | 103,047          | 46,918                   |
| Due from General Fund                | <u>3,890,684</u>        | <u>3,821,754</u> | <u>3,890,684</u> | <u>3,821,754</u>         |
| Total assets                         | <u>\$ 5,426,427</u>     | <u>5,272,575</u> | <u>5,426,427</u> | <u>5,272,575</u>         |
| Liabilities:                         |                         |                  |                  |                          |
| Accounts payable                     | 69,480                  | 50,799           | 69,480           | 50,799                   |
| Accrued liabilities                  | 1,048,400               | 917,899          | 1,048,400        | 917,899                  |
| Amounts held for other organizations | <u>4,308,547</u>        | <u>4,303,877</u> | <u>4,308,547</u> | <u>4,303,877</u>         |
| Total liabilities                    | <u>\$ 5,426,427</u>     | <u>5,272,575</u> | <u>5,426,427</u> | <u>5,272,575</u>         |

See Report of Independent Auditor.

# Statistical Section (unaudited)

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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

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**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**

| <u>Fiscal<br/>Year Ended<br/>June 30 <sup>(1)</sup></u> | <u>Instruction</u> | <u>Administration</u> | <u>Attendance<br/>and<br/>Health</u> | <u>Pupil<br/>Transportation</u> |
|---|--------------------|-----------------------|--------------------------------------|---------------------------------|
| 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                      |
| 2013  | 192,038,630        | 7,545,457             | 6,329,385                            | 12,162,376                      |

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)**

| <b>Last Ten Fiscal Years</b>              |                                |   |
|---|--------------------------------|---|
| <b>Operations<br/>and<br/>Maintenance</b> | <b>Facilities<br/>Services</b> | <b>Total<br/>Operating<br/>Expenditures</b> |
| <hr/>                                     | <hr/>                          | <hr/>                                       |
| \$ 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                                 |
| 26,143,266                                | 164,273                        | 244,383,387                                 |

**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<br/>Year Ended<br/>June 30</b> | <b>City of<br/>Richmond</b> | <b>Commonwealth<br/>of<br/>Virginia</b> | <b>Federal<br/>Government</b> | <b>Other</b> | <b>Total</b>   |
|--|-----------------------------|---|-------------------------------|--------------|----------------|
| 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    |
| 2013                                     | 129,443,723                 | 112,522,670                             | 845,605                       | 1,430,160    | 244,242,158    |

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

|                                  | Fiscal Year   |             |             |             |             |             |             |             |              |              |
|----------------------------------|---------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|--------------|
|                                  | 2004          | 2005        | 2006        | 2007        | 2008        | 2009        | 2010        | 2011        | 2012         | 2013         |
| Current and other assets         | \$ 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   | 79,048,141   |
| Capital assets, net              | 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   | 11,699,896   |
| Total assets                     | 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   | 90,748,037   |
| Long-term liabilities            | 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   | 43,428,783   |
| Other liabilities                | 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   | 46,499,337   |
| Total liabilities                | 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   | 89,928,120   |
| Net Position                     |               |             |             |             |             |             |             |             |              |              |
| Net investment in capital assets | 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    | 5,933,816    |
| Restricted                       | 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    | 7,163,762    |
| Unrestricted                     | 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) | (23,977,557) |
| Total net position               | \$ 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)  | (10,879,979) |

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

Table 4

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

**Changes in Net Position (unaudited)**

**Last Ten Fiscal Years**

|  | Fiscal Year    |               |               |               |               |               |               |               |               |               |
|--|----------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|  | 2004           | 2005          | 2006          | 2007          | 2008          | 2009          | 2010          | 2011          | 2012          | 2013          |
| <b>Expenses</b>  |                |               |               |               |               |               |               |               |               |               |
| Governmental Activities:                                   |                |               |               |               |               |               |               |               |               |               |
| Instruction  | \$ 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   | 248,793,093   |
| Support Services:  |                |               |               |               |               |               |               |               |               |               |
| Administration   | 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     | 7,523,707     |
| Attendance and Health                                      | 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     | 7,025,854     |
| Nutrition Services   | 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    | 12,935,055    |
| Pupil Transportation                                       | 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    | 13,017,562    |
| Operations and Maintenance                                 | 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    | 26,928,277    |
| Facilities services  | 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     | 3,088,205     |
| Total Support Services                                     | 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    | 70,518,660    |
| Interest on long-term debt                                 | -              | -             | -             | -             | -             | -             | -             | -             | 469,342       | 337,767       |
| Total School Board   | 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   | 319,649,520   |
| <b>Program Revenues</b>                                    |                |               |               |               |               |               |               |               |               |               |
| Governmental Activities:                                   |                |               |               |               |               |               |               |               |               |               |
| Charges for services:                                      |                |               |               |               |               |               |               |               |               |               |
| Instruction  | \$ 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     | 1,090,847     |
| Support Services   | 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     | 1,579,377     |
| Operating Grants and Contributions                         | 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   | 108,114,524   |
| Capital Grants and Contributions                           | 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     | 3,782,000     |
| Total School Board   | 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   | 114,566,748   |
| Total Net (expense)/revenue                                | (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) | (205,082,772) |
| <b>General Revenues</b>                                    |                |               |               |               |               |               |               |               |               |               |
| Intergovernmental aid not restricted to specific purposes: |                |               |               |               |               |               |               |               |               |               |
| City of Richmond, Virginia                                 | 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   | 129,443,723   |
| Commonwealth of Virginia                                   | 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    | 70,919,364    |
| Federal Government   | 84,012         | 85,646        | 79,500        | 175,812       | 222,301       | 715,686       | 10,329,484    | 1,994,626     | 5,611,358     | 0             |
| Other  | 292,279        | 161,188       | 120,429       | 134,836       | 176,267       | 206,778       | 599,363       | 199,194       | 442,577       | 333,617       |
| Extraordinary Item <sup>(2)</sup>                          | -              | 1,206,281     | -             | -             | -             | -             | -             | -             | -             | -             |
| Total General Revenues                                     | 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   | 200,696,704   |
| <b>Change in Net Position</b>                              | \$ (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)  | (4,386,068)   |

<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          |                   |                   |                   |                   |                   |                   |                   |                   |                   |
|------------------------------------|----------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|                                    | 2004                 | 2005              | 2006              | 2007              | 2008              | 2009              | 2010              | 2011              | 2012              | 2013              |
| General Fund                       |                      |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Non-Spendable                      | \$ -                 | -                 | -                 | -                 | -                 | -                 | -                 | 7,298,472         | 833,669           | 2,355,222         |
| Restricted                         | -                    | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 |
| Committed                          | -                    | -                 | -                 | -                 | -                 | -                 | -                 | 8,523,298         | 5,680,960         | 5,098,900         |
| Assigned                           | -                    | -                 | -                 | -                 | -                 | -                 | -                 | 6,000,000         | 8,229,300         | 1,400,000         |
| Unassigned                         | -                    | -                 | -                 | -                 | -                 | -                 | -                 | 5,229,325         | 559,026           | 3,800,248         |
| Reserved                           | 3,115,948            | 6,999,297         | 9,562,782         | 8,269,312         | 13,984,120        | 16,239,878        | 13,997,878        | -                 | -                 | -                 |
| Unreserved                         | 14,272,891           | 65,757            | 35,016            | 1,101,073         | 1,117,988         | 4,914,198         | 7,470,096         | -                 | -                 | -                 |
| Total General Fund                 | 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        | 12,654,370        |
| All Other Governmental Funds       |                      |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Non-Spendable                      | \$ -                 | -                 | -                 | -                 | -                 | -                 | -                 | 910,854           | 976,927           | 1,035,279         |
| Restricted                         | -                    | -                 | -                 | -                 | -                 | -                 | -                 | 4,491,024         | 2,786,287         | 2,274,679         |
| Committed                          | -                    | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 |
| Assigned                           | -                    | -                 | -                 | -                 | -                 | -                 | -                 | 8,059,640         | 6,739,621         | 6,128,483         |
| Unassigned                         | -                    | -                 | -                 | -                 | -                 | -                 | -                 | (4,491,024)       | (1,313,249)       | (1,243,903)       |
| Reserved                           | 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                        | (2,159,346)          | (1,260,421)       | (527,765)         | (601,826)         | (546,888)         | (768,381)         | (1,284,438)       | -                 | -                 | -                 |
| Nutrition Services <sup>(1)</sup>  | 303,669              | (183,272)         | -                 | 265,817           | 569,610           | 891,163           | 1,409,130         | -                 | -                 | -                 |
| Capital Project Funds              | 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 | 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         | 8,194,538         |
| Total Fund Balances                | <u>\$ 30,572,636</u> | <u>13,970,573</u> | <u>13,197,146</u> | <u>13,803,246</u> | <u>20,223,147</u> | <u>32,546,702</u> | <u>31,676,968</u> | <u>36,021,589</u> | <u>24,492,541</u> | <u>20,848,908</u> |

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         |                     |                    |                    |                    |                    |                    |                    |                     |                    |
|--|---------------------|---------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------|--------------------|
|  | 2004                | 2005                | 2006               | 2007               | 2008               | 2009               | 2010               | 2011               | 2012                | 2013               |
| <b>Revenues</b>                                    |                     |                     |                    |                    |                    |                    |                    |                    |                     |                    |
| Intergovernmental                                  | \$ 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         | 311,670,353        |
| Donations and special gifts                        | 1,312,360           | 880,096             | 990,762            | 1,234,438          | 1,044,433          | 2,643,217          | 1,637,511          | 1,185,296          | 810,899             | 587,521            |
| Charges for goods and services                     | 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           | 2,696,059          |
| Investment income                                  | 63,880              | 68,769              | 105,227            | 142,521            | 8,831              | (11,982)           | 92,591             | 50,184             | 88,879              | 76,516             |
| Other  | 516,317             | 1,046,991           | 761,078            | 587,836            | 563,566            | 804,482            | 1,272,601          | 845,588            | 881,947             | 870,724            |
| Total Revenues                                     | <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>  | <u>315,901,173</u> |
| <b>Expenditures</b>                                |                     |                     |                    |                    |                    |                    |                    |                    |                     |                    |
| Instruction  | \$ 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         | 247,840,612        |
| Support Services                                   | 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          | 66,562,486         |
| Capital Outlay                                     | 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           | 4,393,138          |
| Debt Service:                                      |                     |                     |                    |                    |                    |                    |                    |                    |                     |                    |
| Interest   | -                   | -                   | -                  | -                  | -                  | -                  | -                  | 436,262            | 469,342             | 337,767            |
| Principal  | -                   | -                   | -                  | -                  | -                  | -                  | -                  | -                  | 24,743              | 410,803            |
| Total Expenditures                                 | <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>  | <u>319,544,806</u> |
| Excess (deficiency) of revenues over expenditures  | (974,626)           | (11,589,904)        | (773,427)          | 606,101            | 6,419,901          | 10,952,769         | (7,071,360)        | 2,160,513          | (11,646,048)        | (3,643,633)        |
| <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           | 1,758,786          |
| Transfers in                                       | 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                                      | (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)         | (1,758,786)        |
| Capital Lease                                      | -                   | -                   | -                  | -                  | -                  | 1,370,786          | 6,201,626          | -                  | -                   | -                  |
| Total other financing sources (uses)               | <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>            | <u>-</u>           |
| <b>Extraordinary Item</b>                          |                     |                     |                    |                    |                    |                    |                    |                    |                     |                    |
| Disaster recovery-Hurricane Gaston <sup>(2)</sup>  | -                   | 1,206,281           | -                  | -                  | -                  | -                  | -                  | -                  | -                   | -                  |
| Net change in fund balances                        | <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> | <u>(3,643,633)</u> |

<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

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

**Schedule of Expenditures of Federal Awards  
Fiscal year ended June 30, 2013**

|   | <u>Federal<br/>Catalog<br/>Number</u> | <u>Federal<br/>Expenditures/<br/>Expenses</u> |
|---|---------------------------------------|---|
| <b>DEPARTMENT OF DEFENSE</b>  |                                       |   |
| Direct Payments:  |                                       |   |
| Air Force ROTC  |                                       | 58,875  |
| Army ROTC   |                                       | <u>480,352</u>                                |
| Total Department of Defense   |                                       | <u>539,227</u>                                |
| <b>DEPARTMENT OF AGRICULTURE</b>                                    |                                       |   |
| Direct Payments:  |                                       |   |
| Summer Food Service Program for Children                            | 10.559                                | 221,085                                       |
| Farm to School Grant Program  | 10.575                                | 40,500  |
| Passed Through Va. Department of Agriculture and Consumer Services: |                                       |   |
| National School Lunch Program                                       | 10.555                                | 485,632                                       |
| Passed Through Va. Department of Health                             |                                       |   |
| Child and Adult Care Food Program                                   | 10.558                                | 2,532   |
| Passed Through Virginia Department of Education:                    |                                       |   |
| School Breakfast Program  | 10.553                                | 2,848,468                                     |
| National School Lunch Program                                       | 10.555                                | 6,753,568                                     |
| Fresh Fruit & Vegetables Program                                    | 10.582                                | <u>649,629</u>                                |
| Total Department of Agriculture                                     |                                       | <u>11,001,414</u>                             |
| <b>DEPARTMENT OF LABOR</b>  |                                       |   |
| Passed Through Captial Region Workforce Partnership                 |                                       |   |
| WIA-Youth Activities  | 17.259                                | <u>401,059</u>                                |
| Total Department of Labor   |                                       | <u>401,059</u>                                |
| <b>DEPARTMENT OF TRANSPORTATION</b>                                 |                                       |   |
| Passed Through Virginia Department of Transportation                |                                       |   |
| Highway Planning and Construction                                   | 20.205                                | <u>12,074</u>                                 |
| Total Department of Transportation                                  |                                       | <u>12,074</u>                                 |

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

**Schedule of Expenditures of Federal Awards  
Fiscal year ended June 30, 2013**

**DEPARTMENT OF EDUCATION**

Direct Payments:

|                                       |        |         |
|---------------------------------------|--------|---------|
| Impact Aid                            | 84.041 | 275,429 |
| Fund for the Improvement of Education | 84.215 | 236,767 |

Passed Through Virginia Department of Education:

|  |        |            |
|--|--------|------------|
| Adult Education - State Grant Program                              | 84.002 | 1,028,918  |
| Title I Grants to Local Educational Agencies                       | 84.010 | 25,018,727 |
| Title I State Agency Program for Neglected and Delinquent Children | 84.013 | 32,248     |
| Special Education - Grants to States                               | 84.027 | 6,621,408  |
| Career & Technical Education - Basic Grants to States              | 84.048 | 693,293    |
| Special Education - Preschool Grants                               | 84.173 | 116,096    |
| Twenty-First Century Community Learning Centers                    | 84.287 | 33,892     |
| Education Technology State Grants                                  | 84.318 | 37,416     |
| English Language Acquisition Grants                                | 84.365 | 72,419     |
| Improving Teacher Quality State Grants                             | 84.367 | 2,127,873  |
| Striving Readers   | 84.371 | 27,980     |
| Education Technology State Grants, Recovery Act                    | 84.386 | 1,479      |
| School Improvement Grants, Recovery Act                            | 84.388 | 2,021,522  |

Passed Through National Board for Professional Teaching Standards

|                        |        |           |
|------------------------|--------|-----------|
| Teacher Incentive Fund | 84.374 | 1,408,620 |
|------------------------|--------|-----------|

Passed Through the College of William and Mary:

|   |        |                   |
|---|--------|-------------------|
| Education for Homeless Children and Youth | 84.196 | 110,505           |
| Total Department of Education             |        | <u>39,864,592</u> |

**DEPARTMENT OF HEALTH AND HUMAN SERVICES**

Direct Payment:

|   |        |                  |
|---|--------|------------------|
| Head Start                                    | 93.600 | 7,135,599        |
| Total Department of Health and Human Services |        | <u>7,135,599</u> |

**DEPARTMENT OF HOMELAND SECURITY**

Passed Through Virginia Department of Emergency Services

|   |        |               |
|---|--------|---------------|
| Disaster Grants-Public Assistance (Presidentially Declared Disasters) | 97.036 | 59,677        |
| Total Department of Homeland Security                                 |        | <u>59,677</u> |

|                      |  |                      |
|----------------------|--|----------------------|
| Total Federal Awards |  | <u>\$ 59,013,642</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<br>Year | Per Pupil<br>Cost     |
|-------------------------|-----------------------|
| 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               | 13,730 <sup>(1)</sup> |
| 2012-2013               | 12,939 *              |

\* Projected Per Pupil Cost

<sup>(1)</sup> Starting in FY 2012, Table 15 includes 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<br/>Year Ended<br/>June 30</b> | <b>Year End<br/>Average Daily<br/>Attendance *</b> | <b>Year End<br/>Average Daily<br/>Membership*</b> | <b>Average Daily<br/>Attendance<br/>as a Percent of<br/>Average Daily<br/>Membership</b> |
|--|--|---|--|
| 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                                     | 19,970   | 21,381  | 93.4%  |
| 2013 **                                  | 20,274   | 21,707  | 93.4%  |

\* 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)**

**Last Ten Fiscal Years**

| <u>Fiscal / School<br/>Year</u> | <u>SNP<br/>Membership</u> | <u>Number<br/>Free</u> | <u>Percent<br/>Free</u> | <u>Number<br/>Reduced</u> | <u>Percent<br/>Reduced</u> | <u>Number<br/>Free / Reduced</u> | <u>Percent<br/>Free / Reduced</u> |
|---------------------------------|---------------------------|------------------------|-------------------------|---------------------------|----------------------------|----------------------------------|-----------------------------------|
| 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%                             |
| 2012 - 2013                     | 23,635                    | 17,245                 | 73.0%                   | 931                       | 3.9%                       | 18,176                           | 76.9%                             |

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

**THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA**  
**(A Component Unit of the City of Richmond, Virginia)**  
**Full-Time Equivalent Employees by Function (unaudited)**

**Last Ten Fiscal Years**

| Function   | Fiscal Year    |                |                |                |                |                |                |                |                |                |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|  | <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>    | <u>2013*</u>   |
| Instruction <sup>(1)</sup>                                       | 2,785.0        | 2,763.5        | 2,769.0        | 2,757.0        | 2,924.5        | 2,931.0        | 2,696.5        | 2,937.0        | 2,934.0        | 2,806.0        |
| Support Services:  |                |                |                |                |                |                |                |                |                |                |
| Administration, Attendance & Health                              | 221.5          | 239.6          | 220.6          | 208.1          | 208.6          | 198.5          | 206.5          | 229.5          | 202.0          | 198.0          |
| Nutrition Services   | 267.3          | 268.3          | 184.6          | 176.1          | 169.3          | 163.4          | 160.0          | 160.5          | 163.0          | 158.0          |
| Pupil Transportation   | 275.3          | 276.3          | 291.3          | 271.3          | 257.1          | 261.3          | 242.9          | 227.0          | 239.0          | 256.0          |
| Operations & Maintenance   | 451.3          | 455.3          | 474.3          | 490.3          | 488.3          | 403.0          | 399.0          | 398.0          | 387.0          | 379.0          |
| Facilities   | 4.3            | 5.3            | 3.0            | 3.3            | 2.8            | 1.5            | 1.0            | 2.5            | 4.0            | 4.0            |
| Technology   | 40.3           | 41.3           | 48.3           | 48.3           | 44.5           | 68.0           | 51.0           | 50.0           | 52.0           | 50.0           |
| Other instructional and support service personnel <sup>(2)</sup> | 306.0          | 313.5          | 333.5          | 337.8          | 323.4          | 282.52         | 324.5          | 192.5          | 356.0          | 327.0          |
| <b>Total</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>4,197.0</b> | <b>4,337.0</b> | <b>4,178.0</b> |

\*2013 - as reported to the Virginia Department of Education on the 2013 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

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

**Teacher Data (unaudited)**

**Last Ten Fiscal Years**

| Fiscal Year              | Elementary<br>Teaching<br>Positions<br>(K-7)* | Elementary<br>Teachers<br>Average<br>Annual Salary | Secondary<br>Teaching<br>Positions<br>(8-12)* | Secondary<br>Teachers<br>Average Annual<br>Salary | All Teaching<br>Positions* | Average<br>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                | 1,346.3                                       | 47,613   | 755.2   | 55,606  | 2,101.5                    | 51,609                   |
| 2012-2013 <sup>(1)</sup> | 1,199.0                                       | 46,142   | 668.0   | 53,438  | 1,867.0                    | 49,790                   |

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

<sup>(1)</sup> As reported for Fiscal 2013 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                | 1,269.8                        | 14,307                     | 11.3                    | 709.2                         | 6,716                       | 9.5                      |
| 2012-2013 <sup>(1)</sup> | 1,199.0                        | 14,705                     | 12.3                    | 668.0                         | 6,675                       | 10.0                     |

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

<sup>(1)</sup> Estimated- subject to calculation adjustments. As reported for membership to the Virginia Department of Education

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

Source 2012: Virginia Department of Education, Annual School Report, Table #17a (Formerly Table 2)

**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 Addition or Renovation | Square Footage | Number Of Standard Classrooms | Capacity Based On Number Of Standard Classrooms |
|------------------------------------|------------|-------------|-----------------------------|----------------|-------------------------------|---|
| <b><u>Elementary Schools</u></b>   |            |             |                             |                |                               |   |
| Bellevue                           | 1914       | 99          | 1983                        | 55,623         | 22                            | 440   |
| Blackwell *                        | 1998       | 15          |                             | 83,251         | 32                            | 800   |
| Blackwell Primary (Round Building) | 1967       | 46          |                             | 37,512         | 20                            | 500   |
| Broad Rock - New                   | 2013       | 1           | 2013                        | 94,136         |                               | 650   |
| Carver                             | 1915       | 98          | 1992                        | 100,000        | 42                            | 840   |
| Cary, John B.                      | 1953       | 60          | 1990                        | 46,711         | 20                            | 400   |
| Chimborazo                         | 1968       | 45          |                             | 75,370         | 32                            | 640   |
| Fairfield Court                    | 1957       | 56          | 1990                        | 44,398         | 27                            | 540   |
| Fisher, J. B.                      | 1966       | 47          | 1969                        | 44,222         | 16                            | 320   |
| Fox                                | 1911       | 102         | 1922                        | 58,260         | 17                            | 340   |
| Francis, J. L.                     | 1968       | 45          | 1996                        | 56,954         | 27                            | 540   |
| Ginter Park                        | 1915       | 98          | 1981                        | 60,371         | 24                            | 480   |
| Ginter Park Annex (Mary Scott)     | 1952       | 61          | 1981                        | 47,507         | 19                            | 380   |
| Greene, E. S. H.                   | 1955       | 58          | 1969                        | 41,490         | 23                            | 460   |
| Holton, Linwood *                  | 1999       | 14          |                             | 80,548         | 32                            | 640   |
| Mason, George                      | 1922       | 91          | 1980                        | 67,048         | 29                            | 580   |
| Maymont                            | 1957       | 56          |                             | 35,959         | 18                            | 360   |
| Miles Jones *                      | 1999       | 14          |                             | 80,548         | 32                            | 640   |
| Munford, Mary                      | 1950       | 63          | 1954                        | 64,468         | 24                            | 480   |
| Oak Grove - New                    | 2013       | 1           |                             | 91,000         |                               | 650   |
| Overby - Sheppard                  | 1976       | 37          | 1996                        | 49,300         | 25                            | 500   |
| Redd, Elizabeth                    | 1951       | 62          | 1982                        | 74,471         | 21                            | 420   |
| Reid, G. H.                        | 1958       | 55          | 1969                        | 64,964         | 38                            | 760   |
| Southampton                        | 1959       | 54          | 1982                        | 56,521         | 29                            | 580   |
| Stuart, J. E. B.                   | 1921       | 92          | 1990                        | 44,408         | 25                            | 500   |
| Summer Hill                        | 1919       | 94          | 1986                        | 37,282         | 19                            | 380   |
| Swansboro                          | 1912       | 101         | 1982                        | 48,183         | 17                            | 340   |
| Westover Hills                     | 1955       | 58          | 1980                        | 50,008         | 21                            | 420   |
| Woodville                          | 1954       | 59          | 1985                        | 76,928         | 31                            | 620   |
| <b>Total</b>                       |            |             |                             |                | <b>682</b>                    | <b>15,200</b>                                   |

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

**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>Middle Schools</b> |      |    |      |         |            |              |
| Binford               | 1914 | 99 | 1926 | 98,013  | 27         | 540          |
| Boushall              | 1986 | 27 |      | 128,530 | 42         | 840          |
| Elkhardt              | 1941 | 72 | 1988 | 91,575  | 26         | 520          |
| Henderson             | 1972 | 41 |      | 188,131 | 44         | 880          |
| Hill, Albert          | 1925 | 88 |      | 81,152  | 30         | 600          |
| Lucille Brown         | 1997 | 16 |      | 129,775 | 26         | 520          |
| King                  | 1962 | 51 | 2013 | 201,042 | 67         | 1,340        |
| Thompson              | 1965 | 48 |      | 108,364 | 35         | 700          |
| <b>Total</b>          |      |    |      |         | <b>297</b> | <b>6,580</b> |

|                                     |      |     |      |         |            |              |
|-------------------------------------|------|-----|------|---------|------------|--------------|
| <b>High Schools</b>                 |      |     |      |         |            |              |
| Franklin Military (Onslow Minnis)   | 1928 | 85  | 1995 | 95,017  | 30         | 600          |
| Huguenot                            | 1961 | 52  | 2013 | 175,245 | 50         | 1,000        |
| Jefferson, Thomas                   | 1929 | 84  | 1970 | 179,993 | 57         | 1,140        |
| Armstrong (formerly Kennedy, J. F.) | 1968 | 45  | 1990 | 237,532 | 53         | 1,060        |
| Marshall, John                      | 1959 | 54  |      | 230,994 | 46         | 920          |
| Open High (Grace Arents Bldg )      | 1911 | 102 | 1985 | 18,699  | 8          | 160          |
| Richmond Community                  | 1977 | 36  | 1993 | 62,210  | 20         | 400          |
| Wythe, George                       | 1959 | 54  | 1989 | 243,114 | 50         | 1,000        |
| <b>Total</b>                        |      |     |      |         | <b>314</b> | <b>6,280</b> |

|                                      |      |    |      |        |           |            |
|--------------------------------------|------|----|------|--------|-----------|------------|
| <b>Exceptional education schools</b> |      |    |      |        |           |            |
| Amelia                               | 1959 | 54 | 1991 | 33,908 | 18        | 360        |
| <b>Total</b>                         |      |    |      |        | <b>18</b> | <b>360</b> |

|   |      |    |      |         |            |              |
|---|------|----|------|---------|------------|--------------|
| <b>Vocational and Alternative Schools</b> |      |    |      |         |            |              |
| Adult Career Development Center           | 1924 | 89 | 1983 | 80,643  | 33         | 660          |
| Baker Building                            | 1940 | 73 |      | 60,781  | 33         | 660          |
| RTC-North Building                        | 1971 | 42 |      | 49,939  | 16         | 320          |
| RTC-South Building                        | 1966 | 47 |      | 187,425 | 26         | 520          |
| <b>Total</b>                              |      |    |      |         | <b>108</b> | <b>2,160</b> |

|  |              |  |               |  |
|--|--------------|--|---------------|--|
| <b>Grand Total of Standard Classrooms and Capacity</b> | <b>1,419</b> |  | <b>30,580</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<br>(Old)Armstrong                 | 1951 | 1966 | 62 | 1,240 |
| This school was closed at the end of school year 2006-2007<br>Patrick Henry <sup>(1)</sup>   | 1921 | 1985 | 24 | 480   |
| Whitcomb Court   | 1957 | 1962 | 25 | 500   |
| These school were closed at the end of school year 2007-2008<br>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<br>Chandler Middle School         | 1925 | 1993 | 32 | 640   |
| These school were closed at the end of school year 2012-2013<br>Clark Springs (not surplusd) | 1966 | 1996 | 20 | 400   |
| Summer Hill/Ruffin Road Annex  | 1919 | 1986 | 19 | 380   |

<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)**

**2012-2013 Schools With Accreditation Scores Reported to the State of Virginia**

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

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 2012-2013  
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 Four Fiscal Years**

| Fiscal Year | <u>Governmental Activities <sup>(2)</sup></u> |                | Per Capita<br>Personal<br>Income <sup>(3)</sup> | Percent of<br>Personal<br>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      | 43,239  | 0.7%                             | 205,533                   | 30.2            |
| 2012        |   | 6,176,883      | N/A   | N/A                              | 210,309                   | 29.4            |
| 2013        |   | 5,999,681      | 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 POSITION BY COMPONENT**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

|  | <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>           | <u>2013</u>           |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Governmental Activities</b>                   |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Net Investment in Capital Assets                 | \$ 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        | \$ 255,236,212        |
| Restricted                                       | 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            | 21,822,862            |
| Unrestricted                                     | <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>    | <u>9,371,527</u>      |
| Total Governmental Activities Net Position       | <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> | <u>\$ 286,430,601</u> |
| <b>Business-type Activities</b>                  |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Net Investment in Capital Assets                 | \$ 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        | \$ 496,666,957        |
| Restricted                                       | 8,650,941             | 40,067,236            | --                    | --                    | --                    | --                    | --                    | --                    | --                    | --                    |
| Unrestricted                                     | <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>     | <u>2,921,208</u>      |
| Total Business-type Activities Net Position      | <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> | <u>\$ 499,588,165</u> |
| <b>Primary Government</b>                        |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Net Investment in Capital Assets                 | \$ 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        | \$ 751,903,169        |
| Restricted                                       | 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            | 21,822,862            |
| Unrestricted                                     | <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>    | <u>12,292,735</u>     |
| Total Primary Government Activities Net Position | <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> | <u>\$ 786,018,766</u> |

**Table 18**

| CITY OF RICHMOND, VIRGINIA<br>CHANGES IN NET POSITION<br>Last Ten Fiscal Years<br>(accrual basis of accounting) |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
|   | 2004             | 2005             | 2006             | 2007             | 2008             | 2009             | 2010             | 2011             | 2012             | 2013             |
| <b>Expenses</b>   |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Governmental Activities:  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| General Government  | \$ 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   | \$ 143,674,453   |
| Public Safety and Judiciary   | 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      | 182,200,921      |
| Highways, Streets, Sanitation and Refuse  | 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       | 87,445,170       |
| Human Services  | 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       | 76,897,223       |
| Culture and Recreation  | 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       | 24,416,023       |
| Education   | 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      | 159,080,741      |
| Transportation  | 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       | 11,598,422       |
| Interest and Fiscal Changes   | 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       | 21,875,185       |
| Extraordinary Item <sup>1</sup>   | 14,728,475       | 4,020,240        | —                | —                | —                | —                | —                | —                | —                | —                |
| Total Governmental Activities Expenses  | 641,809,981      | 607,013,480      | 657,248,057      | 693,437,698      | 689,166,227      | 708,991,797      | 690,257,818      | 747,897,697      | 690,009,753      | 707,188,138      |
| Business-type Activities:   |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Gas   | 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      | 138,150,486      |
| Water   | 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       | 56,760,870       |
| Wastewater  | 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       | 55,954,305       |
| Stormwater  | —                | —                | —                | —                | —                | —                | 7,613,092        | 7,541,005        | 7,487,569        | 7,744,194        |
| Coliseum  | 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        | 3,218,416        |
| Landmark Theatre  | 1,876,343        | 1,730,408        | 1,835,924        | 1,788,114        | 1,829,565        | 567,990          | —                | —                | —                | —                |
| Cemeteries  | 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        | 1,343,807        |
| Total Business-type Activities Expenses   | 262,578,245      | 300,711,000      | 343,344,098      | 321,240,609      | 319,899,589      | 331,118,753      | 277,861,137      | 275,063,896      | 241,519,639      | 263,172,078      |
| Total Primary Government Expenses   | \$ 904,388,226   | \$ 907,724,480   | \$ 1,000,592,155 | \$ 1,014,678,307 | \$ 1,009,065,816 | \$ 1,040,110,550 | \$ 968,118,955   | \$ 1,022,961,593 | \$ 931,529,392   | \$ 970,360,216   |
| <b>Program Revenues</b>   |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Governmental Activities:  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Charges for Services:   |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| General Government  | \$ 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   | \$ 65,019,167    |
| Culture and Recreation  | 611,105          | 561,893          | 759,632          | 109,692          | 719,586          | 686,911          | 727,597          | 406,036          | 377,643          | 428,613          |
| Other Activities  | 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       | 27,544,471       |
| Operating Grants and Contributions  | 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      | 131,341,843      |
| Capital Grants and Contributions  | 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        | 7,165,870        |
| Total Governmental Activities Program Revenues  | \$ 209,816,762   | \$ 220,195,818   | \$ 227,621,615   | \$ 253,684,575   | \$ 256,435,912   | \$ 242,639,596   | \$ 240,995,415   | \$ 247,096,739   | \$ 310,557,576   | \$ 231,499,964   |
| Business-type Activities:   |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Charges for Services:   |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Gas   | \$ 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   | \$ 148,282,997   |
| Water   | 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       | 67,827,452       |
| Wastewater  | 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       | 68,533,168       |
| Stormwater  | —                | —                | —                | —                | —                | —                | 9,537,834        | 9,778,441        | 9,505,006        | 9,845,346        |
| Coliseum  | 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        | 1,686,346        |
| Landmark Theatre  | 724,250          | 390,879          | 594,775          | 255,549          | 463,078          | 520              | —                | —                | —                | —                |
| Cemeteries  | 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        | 1,329,673        |
| Operating Grants and Contributions  | 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       | 16,065,333       |
| Total Business-type Activities Program Revenues   | 286,674,826      | 324,241,481      | 364,433,375      | 339,280,871      | 346,360,166      | 358,364,466      | 317,140,348      | 313,114,571      | 285,537,737      | 313,570,315      |
| Total Primary Government Program Revenues   | \$ 496,491,588   | \$ 544,437,299   | \$ 592,054,990   | \$ 592,965,446   | \$ 602,796,078   | \$ 601,004,062   | \$ 558,135,763   | \$ 560,211,310   | \$ 596,095,313   | \$ 545,070,279   |
| <b>Net (Expense)/Revenue</b>  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Governmental Activities   | \$ (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) | \$ (475,688,174) |
| Business-type Activities  | 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       | 50,398,237       |
| Total Primary Government Net Expense  | \$ (407,896,639) | \$ (363,287,181) | \$ (408,537,165) | \$ (421,712,862) | \$ (406,269,738) | \$ (439,106,488) | \$ (409,983,192) | \$ (462,750,283) | \$ (335,434,079) | \$ (425,289,937) |

(Continued)

Table 18

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

|   | 2004            | 2005           | 2006            | 2007           | 2008           | 2009            | 2010           | 2011            | 2012           | 2013            |
|---|-----------------|----------------|-----------------|----------------|----------------|-----------------|----------------|-----------------|----------------|-----------------|
| <b>General Revenues and Other Changes in Net Position</b> |                 |                |                 |                |                |                 |                |                 |                |                 |
| <b>Governmental Activities:</b>                           |                 |                |                 |                |                |                 |                |                 |                |                 |
| Taxes:  |                 |                |                 |                |                |                 |                |                 |                |                 |
| Real Estate   | \$ 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 | \$ 215,611,658  |
| Sales-1% Local  | 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     | 30,549,022      |
| Sales Tax For Education                                   | --              | --             | --              | 27,558,938     | 26,959,337     | 25,312,005      | 24,943,835     | 25,914,852      | 26,406,848     | 23,673,198      |
| Personal Property   | 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     | 48,005,747      |
| Machinery and Tools                                       | 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     | 14,792,937      |
| General Utility Sales                                     | 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     | 17,066,009      |
| State Communication Taxes                                 | --              | --             | --              | --             | --             | --              | --             | 17,439,622      | 17,085,208     | 17,130,526      |
| Bank Stock  | 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     | 9,221,721       |
| Prepared Food   | 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     | 29,986,231      |
| Lodging Tax   | --              | --             | --              | 5,272,618      | 5,984,286      | 5,366,015       | 4,789,681      | 4,789,957       | 5,200,817      | 6,392,330       |
| Admissions  | 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      | 2,448,962       |
| Real Estate Taxes - Delinquent                            | --              | --             | --              | --             | --             | --              | 9,711,901      | 10,746,487      | 7,006,446      | 8,953,219       |
| Personal property Taxes - Delinquent                      | --              | --             | --              | --             | --             | --              | 5,023,503      | 4,117,223       | 3,959,980      | 8,524,442       |
| Delinquent Tax Payments-All Classes                       | 10,303,069      | 9,589,601      | 11,083,065      | 11,812,062     | 19,581,751     | --              | --             | --              | --             | --              |
| Private Utility Poles and Conduits                        | 93,506          | 150,549        | 94,894          | 95,067         | 95,186         | 96,164          | 156,478        | 158,268         | 154,881        | 158,568         |
| Penalties and Interest                                    | 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      | 4,471,897       |
| Titling Tax-Mobile Home                                   | 7,324           | 16,942         | 7,197           | 5,800          | 9,014          | 10,635          | 10,858         | 4,704           | 8,051          | 5,817           |
| State Recordation   | 605,153         | 609,343        | 749,102         | 843,137        | 954,315        | 710,115         | 759,637        | 681,049         | 656,449        | 731,956         |
| Property Rental 1%  | 158,960         | 120,684        | 144,979         | 136,469        | 126,334        | 126,534         | 101,748        | 109,871         | 131,021        | 139,796         |
| Vehicle Rental Tax  | 868,115         | 864,415        | 752,941         | 1,004,229      | 889,582        | 626,040         | 424,599        | 579,654         | 1,149,088      | 371,425         |
| Rolling Stock Tax   | 2,018,645       | 466,562        | 6,029,547       | 416,003        | --             | --              | --             | --              | --             | --              |
| Telephone Commissions                                     | --              | --             | --              | --             | 477,935        | 449,292         | 450,000        | 390,739         | 338,499        | 337,349         |
| Intergovernmental Revenue Not Restricted to Specific Pr   | 575,697         | 13,860,051     | 6,159,363       | --             | 171,162        | 166,361         | 156,211        | --              | --             | --              |
| Investment Earnings                                       | 360,647         | 1,501,725      | 1,764,937       | 2,425,883      | 2,102,922      | 89,955          | 105,672        | 165,111         | 125,526        | 80,854          |
| Miscellaneous   | 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      | 2,823,922       |
| Transfers   | 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     | 23,612,453      |
| Special Item <sup>2</sup>                                 | --              | 773,106        | --              | 3,701          | --             | --              | --             | --              | --             | 485,000         |
| Extraordinary Item <sup>1</sup>                           | 12,754,707      | --             | (323,858)       | (402,390)      | 306,076        | (130,470)       | 15,352         | --              | (1,320,829)    | --              |
| Total Governmental Activities                             | 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    | 465,575,039     |
| <b>Business-type Activities:</b>                          |                 |                |                 |                |                |                 |                |                 |                |                 |
| Investment Earnings                                       | \$ 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   | \$ 685,839      |
| Miscellaneous   | 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      | 1,271,707       |
| Transfers   | (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)   | (23,612,453)    |
| Total Business-type Activities                            | (14,197,827)    | (16,052,294)   | (12,648,206)    | (10,654,308)   | (14,814,587)   | (14,170,785)    | (19,585,933)   | (19,398,348)    | (19,828,883)   | (21,654,907)    |
| Total Primary Government                                  | \$ 390,000,330  | \$ 409,559,096 | \$ 399,646,929  | \$ 451,951,272 | \$ 465,284,632 | \$ 434,987,188  | \$ 436,243,488 | \$ 431,899,322  | \$ 430,960,078 | \$ 443,920,132  |
| <b>Change in Net Position</b>                             |                 |                |                 |                |                |                 |                |                 |                |                 |
| Governmental Activities                                   | \$ (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  | \$ (10,113,135) |
| Business-type Activities                                  | 9,898,753       | 7,478,187      | 8,441,071       | 7,385,953      | 11,645,990     | 13,074,928      | 19,693,278     | 18,652,327      | 24,189,215     | 28,743,330      |
| Total Primary Government                                  | \$ (17,896,309) | \$ 46,271,915  | \$ (8,890,236)  | \$ 30,238,410  | \$ 59,014,894  | \$ (4,119,300)  | \$ 26,260,296  | \$ (30,850,961) | \$ 95,525,999  | \$ 18,630,195   |

<sup>1</sup>Extraordinary Item:  
Disaster Costs

<sup>2</sup>Special Item:  
Fiscal Year 2005 - Gain on Sale of Land  
Fiscal Year 2005 & 2007 - Disaster Recovery  
Fiscal Year 2013 - Gain on Sale of Land

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

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

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

**Table 19**

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

|                                    | Fiscal Year          |                      |                      |                      |                      |                        |                      |                        |                       |                         |
|------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|------------------------|----------------------|------------------------|-----------------------|-------------------------|
|                                    | 2004                 | 2005                 | 2006                 | 2007                 | 2008                 | 2009                   | 2010                 | 2011                   | 2012                  | 2013                    |
| General Fund                       |                      |                      |                      |                      |                      |                        |                      |                        |                       |                         |
| Non-Spendable                      | \$ --                | \$ --                | \$ --                | \$ --                | \$ --                | \$ --                  | \$ --                | \$ 1,029,600           | \$ 1,029,600          | \$ 1,029,600            |
| Restricted                         | --                   | --                   | --                   | --                   | --                   | --                     | --                   | 1,391,917              | --                    | --                      |
| Committed                          | --                   | --                   | --                   | --                   | --                   | --                     | --                   | 14,672,765             | 53,073,041            | 39,427,954              |
| Assigned                           | --                   | --                   | --                   | --                   | --                   | --                     | --                   | 15,460,647             | 35,002,000            | 11,573,916              |
| Unassigned                         | --                   | --                   | --                   | --                   | --                   | --                     | --                   | 64,062,309             | 72,908,854            | 75,000,000              |
| Reserved                           | 14,150,287           | 22,216,671           | 16,144,418           | 15,894,601           | 16,908,547           | 2,094,186              | 16,598,886           | --                     | --                    | --                      |
| Unreserved                         | 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>\$ 61,840,820</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> | <u>\$ 127,031,470</u>   |
| All Other Governmental Funds       |                      |                      |                      |                      |                      |                        |                      |                        |                       |                         |
| Non-Spendable                      | \$ --                | \$ --                | \$ --                | \$ --                | \$ --                | \$ --                  | \$ --                | \$ 212,141             | \$ 193,729            | \$ 74,327               |
| Restricted                         | --                   | --                   | --                   | --                   | --                   | --                     | --                   | 16,262,282             | 16,264,733            | 15,294,132              |
| Committed                          | --                   | --                   | --                   | --                   | --                   | --                     | --                   | 9,426,306              | 9,756,967             | 5,587,993               |
| Assigned                           | --                   | --                   | --                   | --                   | --                   | --                     | --                   | 295,105                | (138,320)             | 866,410                 |
| Unassigned                         | --                   | --                   | --                   | --                   | --                   | --                     | --                   | (37,000,000)           | (3,508,434)           | (168,475,248)           |
| Reserved                           | 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              | 12,249,538           | 11,473,432           | 12,894,614           | 7,502,105            | 7,478,784            | 8,385,421              | 10,861,875           | --                     | --                    | --                      |
| Capital Project Funds              | --                   | --                   | --                   | --                   | --                   | (67,443,896)           | --                   | --                     | --                    | --                      |
| Debt Service Fund                  | 11,461               | 11,461               | (8,058)              | --                   | --                   | --                     | --                   | --                     | --                    | --                      |
| Total All Other Governmental Funds | <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>  | <u>\$ (146,652,386)</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.

Table 20

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

|  | Fiscal Year          |                        |                        |                      |                        |                        |                      |                       |                      |                         |
|--|----------------------|------------------------|------------------------|----------------------|------------------------|------------------------|----------------------|-----------------------|----------------------|-------------------------|
|  | 2004                 | 2005                   | 2006                   | 2007                 | 2008                   | 2009                   | 2010                 | 2011                  | 2012                 | 2013                    |
| <b>Revenues:</b>                                       |                      |                        |                        |                      |                        |                        |                      |                       |                      |                         |
| Taxes  | \$ 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       | \$ 433,518,092          |
| Licenses, Permits and Privilege Fees                   | 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           | 42,404,133              |
| Intergovernmental                                      | 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          | 133,166,823             |
| Service Charges  | 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           | 28,093,614              |
| Fines and Forfeitures                                  | 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            | 10,200,629              |
| Sales of Land  | -                    | -                      | -                      | -                    | -                      | -                      | -                    | -                     | -                    | -                       |
| Payment in Lieu of Taxes                               | 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           | 25,266,237              |
| Investment Income                                      | 365,825              | 1,501,725              | 1,764,937              | 2,425,882            | 2,103,022              | 540,676                | 105,672              | 165,111               | 125,526              | 80,854                  |
| Miscellaneous  | 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           | 18,100,667              |
| Total Revenues   | 610,820,162          | 655,622,701            | 669,683,338            | 729,146,651          | 716,285,587            | 689,963,393            | 689,073,607          | 699,713,428           | 763,671,429          | 690,831,049             |
| <b>Expenditures:</b>                                   |                      |                        |                        |                      |                        |                        |                      |                       |                      |                         |
| General Government                                     | 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           | 99,140,475              |
| Public Safety and Judiciary                            | 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          | 179,438,014             |
| Highways, Streets, Sanitation and Refuse               | 44,054,142           | 54,373,540             | 57,844,351             | 62,404,860           | 61,007,410             | 44,632,867             | 46,687,139           | 58,398,783            | 61,164,440           | 60,345,016              |
| Human Services   | 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           | 74,156,376              |
| Culture and Recreation                                 | 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           | 22,746,588              |
| Education  | 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          | 153,205,535             |
| Non-Departmental                                       | 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           | 72,870,264              |
| Capital Outlay   | 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           | 179,946,671             |
| Debt Service:  |                      |                        |                        |                      |                        |                        |                      |                       |                      |                         |
| Principal Retirement                                   | 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           | 36,604,656              |
| Interest Payments                                      | 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           | 19,517,107              |
| Issuance Costs   | 683,283              | 625,909                | 671,476                | 846,451              | -                      | 955,068                | 806,838              | 647,705               | -                    | -                       |
| Total Expenditures                                     | 668,753,780          | 672,286,694            | 704,065,828            | 747,515,154          | 740,925,597            | 781,859,646            | 725,154,435          | 795,385,962           | 779,163,751          | 897,970,702             |
| <b>Other Financing Sources (Uses):</b>                 |                      |                        |                        |                      |                        |                        |                      |                       |                      |                         |
| Transfers In   | 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           | 67,750,346              |
| Transfers Out  | (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)         | (65,335,266)            |
| Proceeds from Refunding Bonds                          | 9,300,000            | -                      | 90,847,799             | -                    | -                      | -                      | -                    | -                     | -                    | -                       |
| Payment to Escrow Agent                                | (9,300,000)          | -                      | (90,622,799)           | -                    | -                      | -                      | -                    | -                     | -                    | -                       |
| Contributed Capital                                    | -                    | -                      | -                      | -                    | -                      | -                      | -                    | -                     | -                    | 36,487                  |
| Proceeds from Issuance of Bonds                        | 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             | -                    | -                       |
| Total Other Financing Sources, Net                     | 73,431,693           | 6,279,310              | 2,623,363              | 45,383,703           | 2,210,069              | 3,180,772              | 110,894,424          | 87,779,344            | 116,488,645          | 2,451,567               |
| <b>Special Items:</b>                                  |                      |                        |                        |                      |                        |                        |                      |                       |                      |                         |
| Gain on Sale of Land                                   | -                    | -                      | -                      | -                    | -                      | -                      | -                    | -                     | -                    | 485,000                 |
| Disaster Recovery                                      | 12,754,707           | 773,106                | -                      | -                    | -                      | -                      | -                    | -                     | -                    | -                       |
| Total Special Items                                    | 12,754,707           | 773,106                | -                      | -                    | -                      | -                      | -                    | -                     | -                    | 485,000                 |
| <b>Extraordinary Item:</b>                             |                      |                        |                        |                      |                        |                        |                      |                       |                      |                         |
| Disaster Costs   | (14,728,475)         | (4,020,240)            | (323,858)              | (402,390)            | 306,076                | -                      | 15,352               | -                     | 1,320,829            | -                       |
| Total Extraordinary Item                               | (14,728,475)         | (4,020,240)            | (323,858)              | (402,390)            | 306,076                | -                      | 15,352               | -                     | 1,320,829            | -                       |
| <b>Net Change in Fund Balances</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> | <b>\$ (204,203,086)</b> |
| ebt Service as a Percentage of Noncapital Expenditure: | 12.4%                | 13.0%                  | 12.7%                  | 12.1%                | 8.5%                   | 7.5%                   | 7.6%                 | 6.8%                  | 7.6%                 | 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.

**Table 21**

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

|                                      | Fiscal Year           |                       |                       |                       |                       |                       |                       |                       |                       |                       |
|--------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                                      | <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>           | <u>2013</u>           |
| <b>City Taxes</b>                    |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Real Estate                          | \$ 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        | \$ 215,611,658        |
| Sales-1% Local                       | 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            | 30,549,022            |
| Sales Tax for Education              | --                    | --                    | --                    | 27,558,938            | 26,959,337            | 25,312,005            | 24,943,835            | 25,914,852            | 26,406,848            | 23,673,198            |
| Personal Property                    | 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            | 48,005,747            |
| Machinery and Tools                  | 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            | 14,792,937            |
| General Utility Sales                | 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            | 17,066,009            |
| State Communication Taxes            | --                    | --                    | --                    | --                    | --                    | --                    | --                    | 17,439,622            | 17,085,208            | 17,130,526            |
| Bank Stock                           | 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            | 9,221,721             |
| Prepared Food                        | 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            | 29,986,231            |
| Transient Lodging                    | --                    | --                    | --                    | 5,272,618             | 5,984,286             | 5,366,015             | 4,789,681             | 4,789,957             | 5,200,817             | 6,392,330             |
| Admissions                           | 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             | 2,448,962             |
| Real Estate Taxes - Delinquent       | --                    | --                    | --                    | --                    | --                    | --                    | 9,711,901             | 10,746,487            | 7,006,446             | 8,953,219             |
| Personal Property Taxes - Delinquent | --                    | --                    | --                    | --                    | --                    | --                    | 5,023,503             | 4,117,223             | 3,959,980             | 8,524,442             |
| Delinquent Tax Payments-All Classes  | 10,303,069            | 9,589,601             | 11,083,065            | 11,812,062            | 19,581,751            | --                    | --                    | --                    | --                    | --                    |
| Private Utility Poles and Conduits   | 93,506                | 150,549               | 94,894                | 95,067                | 95,186                | 96,164                | 156,478               | 158,268               | 154,881               | 158,568               |
| Penalties and Interest               | 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             | 4,471,897             |
| Titling Tax-Mobile Home              | 7,324                 | 16,942                | 7,197                 | 5,800                 | 9,014                 | 10,635                | 10,858                | 4,704                 | 8,051                 | 5,817                 |
| State Recordation                    | 605,153               | 609,343               | 749,102               | 843,137               | 954,315               | 710,115               | 759,637               | 681,049               | 656,449               | 731,956               |
| Property Rental 1%                   | 158,960               | 120,684               | 144,979               | 136,469               | 126,334               | 126,534               | 101,748               | 109,871               | 131,021               | 139,796               |
| Vehicle Rental Tax                   | 868,115               | 864,415               | 752,941               | 1,004,229             | 889,582               | 626,040               | 424,599               | 579,654               | 1,149,088             | 371,425               |
| Rolling Stock Tax                    | 2,018,645             | 466,562               | 6,029,547             | 416,003               | --                    | --                    | --                    | --                    | --                    | --                    |
| Telephone Commissions                | --                    | --                    | --                    | --                    | 477,935               | 449,292               | 450,000               | 390,739               | 338,499               | 337,349               |
| <b>Total Primary Government</b>      | <u>\$ 325,253,537</u> | <u>\$ 334,498,995</u> | <u>\$ 348,579,014</u> | <u>\$ 409,108,338</u> | <u>\$ 451,012,546</u> | <u>\$ 425,152,613</u> | <u>\$ 432,985,894</u> | <u>\$ 428,529,872</u> | <u>\$ 426,873,003</u> | <u>\$ 438,572,810</u> |

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

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

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

|   | Fiscal Year    |                |                |                |                |                |                |                |                |                |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|   | 2004           | 2005           | 2006           | 2007           | 2008           | 2009           | 2010           | 2011           | 2012           | 2013           |
| Real Estate                             | \$ 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 | \$ 213,234,953 |
| Sales-1% Local                          | 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     | 30,549,022     |
| Sales Tax for Education                 | --             | --             | --             | 27,558,938     | 26,959,337     | 25,312,005     | 24,943,835     | 25,914,852     | 26,406,848     | 23,673,198     |
| Personal Property                       | 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     | 47,234,956     |
| Machinery and Tools                     | 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     | 15,001,324     |
| Utility Sales Tax Gas                   | -              | -              | -              | -              | -              | -              | -              | 4,617,822      | 4,256,292      | 4,761,197      |
| Utility Sales Tax Electric              | -              | -              | -              | -              | -              | -              | -              | 12,480,255     | 12,121,920     | 12,303,832     |
| General Utility Sales                   | 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     | 17,130,526     |
| Bank Stock                              | 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     | 9,221,721      |
| Prepared Food                           | 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     | 28,320,613     |
| Lodging Tax                             | -              | --             | --             | 5,272,618      | 5,984,286      | 5,366,015      | 4,789,681      | 4,623,900      | 5,685,427      | 6,018,453      |
| Admission                               | 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      | 2,372,848      |
| Real Estate Taxes - Delinquent          | --             | --             | --             | --             | --             | --             | 9,711,901      | 10,746,487     | 7,006,446      | 8,953,219      |
| Personal Property Taxes - Delinquent    | --             | --             | --             | --             | --             | --             | 5,023,503      | 4,117,223      | 3,959,980      | 8,524,442      |
| Delinquent Tax Payments-All Classes     | 10,303,069     | 9,589,601      | 11,083,065     | 11,812,062     | 19,581,751     | --             | --             | --             | --             | --             |
| Private Utility Poles and Conduits      | 93,506         | 150,549        | 94,894         | 95,067         | 95,186         | 96,164         | 156,478        | 158,268        | 154,881        | 158,568        |
| Penalties and Interest                  | 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      | 4,471,897      |
| Titling Tax-Mobile Home                 | 7,324          | 16,942         | 7,197          | 5,800          | 9,014          | 10,635         | 10,858         | 4,704          | 8,051          | 5,817          |
| State Recordation                       | 605,153        | 609,343        | 749,102        | 843,137        | 954,315        | 710,115        | 759,637        | 681,049        | 656,449        | 731,956        |
| Property Rental 1%                      | 158,960        | 120,684        | 144,979        | 136,469        | 126,334        | 126,534        | 101,748        | 109,871        | 131,021        | 139,796        |
| Vehicle Rental Tax                      | 868,115        | 864,415        | 752,941        | 1,004,229      | 889,582        | 626,040        | 424,599        | 579,654        | 1,149,088      | 371,425        |
| Telephone Commissions                   | 547,411        | 466,562        | 356,249        | 416,003        | 477,935        | 449,292        | 450,000        | 390,739        | 338,499        | 337,349        |
| Total General Governmental Tax Revenues | \$ 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 | \$ 433,518,092 |

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

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

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

| Calendar Year | Real Property        |                     | Personal Property | Machinery & Tools | Less: Tax Exempt Real Property | Total Taxable Assessed Value | Tax Rate Per \$100 of Assessed Value |                   |                   | Estimated Actual Taxable Value | Assessed Value as a Percentage of Actual Value |
|---------------|----------------------|---------------------|-------------------|-------------------|--------------------------------|------------------------------|--------------------------------------|-------------------|-------------------|--------------------------------|--|
|               | Residential Property | Commercial Property |                   |                   |                                |                              | Real Property                        | Personal Property | Machinery & Tools |                                |  |
| 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%  |
| 2013          | \$ 11,527,422,000    | \$ 13,981,508,000   | \$ 1,458,546,482  | \$ 636,293,988    | \$ 6,024,864,000               | \$ 21,578,906,470            | \$1.20                               | \$3.70            | \$2.30            | \$ 21,578,906,470              | 100.00%  |

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<br/>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> |
| 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%                     |
| 2013            | 1.20            | \$224,663,796                     | \$207,677,432                              | 92.4%                     | \$9,296,883                                       | \$216,974,315                | 96.6%                     |

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<br/>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> |
| 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%                     |
| 2013            | 3.70            | \$56,335,465                      | \$45,804,689                               | 81.3%                     | \$10,115,195                                      | \$55,919,884                         | 99.3%                     |

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

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

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

Source: City of Richmond - Department of Finance



Table 24

**CITY OF RICHMOND, VIRGINIA**  
**REAL ESTATE ASSESSED VALUES OF LARGEST TAXPAYERS**  
**As of January 1, 2013**

| 2013                                    |                       |             |  | 2004                                |                       |             |  |
|---|-----------------------|-------------|--|-------------------------------------|-----------------------|-------------|--|
| <u>Taxpayer</u>                         | Taxable               |             | Percentage of                          | <u>Taxpayer</u>                     | Taxable               |             | Percentage of                          |
|   | <u>Assessed Value</u> | <u>Rank</u> | Total Taxable<br><u>Assessed Value</u> |                                     | <u>Assessed Value</u> | <u>Rank</u> | Total Taxable<br><u>Assessed Value</u> |
| Philip Morris Inc.                      | \$ 645,316,000        | 1           | 3.31%                                  | Philip Morris Inc.                  | \$ 228,442,600        | 1           | 1.72%                                  |
| Hines Riverfront Plaza LP               | 229,000,000           | 2           | 1.18%                                  | Boston Properties                   | 176,400,000           | 2           | 1.33%                                  |
| James Center Property LLC               | 173,661,000           | 3           | 0.89%                                  | SunTrust Banks, Inc.                | 156,225,200           | 3           | 1.18%                                  |
| Dominion Resources, Inc.                | 157,727,000           | 4           | 0.81%                                  | Federal Reserve Bank                | 152,445,900           | 4           | 1.15%                                  |
| Chippenham Hospital, Inc.               | 106,605,000           | 5           | 0.55%                                  | Chippenham Hospital, Inc.           | 92,258,400            | 5           | 0.70%                                  |
| Federal Reserve Bank                    | 103,856,000           | 6           | 0.53%                                  | Orton Val T Trustee                 | 76,118,500            | 6           | 0.57%                                  |
| SIR Properties Trust                    | 81,209,000            | 7           | 0.42%                                  | One James Center Associates         | 64,760,000            | 7           | 0.49%                                  |
| Parmenter 919 Main Street LP            | 78,527,000            | 8           | 0.40%                                  | Ethyl Corporation                   | 62,097,600            | 8           | 0.47%                                  |
| AREP Riverside I LLC                    | 66,844,000            | 9           | 0.34%                                  | First States Investors 3500         | 55,120,000            | 9           | 0.42%                                  |
| American Retirement Corp.               | 63,150,000            | 10          | 0.32%                                  | Two James Center Associates         | 52,120,000            | 10          | 0.39%                                  |
| A T Main Street Richmond LLC            | 59,158,000            | 11          | 0.30%                                  | Stony Point Fashion Park Associates | 50,400,000            | 11          | 0.38%                                  |
| Stony Point Fashion Park Associates LLC | 57,000,000            | 12          | 0.29%                                  | Highwood Realty LP                  | 46,092,000            | 12          | 0.35%                                  |
| AH Richmond Tower I LLC                 | 54,832,000            | 13          | 0.28%                                  | Dominion Resources, Inc             | 46,089,000            | 13          | 0.35%                                  |
| A.H. Robins Co., Inc.                   | 48,065,000            | 14          | 0.25%                                  | American Retirement Corp.           | 42,163,900            | 14          | 0.32%                                  |
| Cellco Partnership                      | 47,550,000            | 15          | 0.24%                                  | AH Robins                           | 40,639,200            | 15          | 0.31%                                  |
| Miller & Rhoads Building LLC            | 42,010,000            | 16          | 0.22%                                  | AAPOP, LLP                          | 37,142,800            | 16          | 0.28%                                  |
| John Marshall Building                  | 39,530,000            | 17          | 0.20%                                  | Alleghany Warehouse Co., Inc.       | 36,265,600            | 17          | 0.27%                                  |
| Total of Taxpayers                      | 2,054,040,000         |             | 10.54%                                 | Total of Taxpayers                  | 1,414,780,700         |             | 10.67%                                 |
| All Other Properties                    | 17,430,026,000        |             | 89.46%                                 | All Other Properties                | 11,843,676,694        |             | 89.33%                                 |
| Totals                                  | \$ 19,484,066,000     |             | 100.00%                                | Totals                              | \$ 13,258,457,394     |             | 100.00%                                |

Source: City's Real Estate Assessor

**CITY OF RICHMOND, VIRGINIA**  
**PRINCIPAL EMPLOYERS**  
**As of June 30, 2013**

| 2013                                    |                            |             |                                | 2004                                    |                            |             |                                |
|---|----------------------------|-------------|--------------------------------|---|----------------------------|-------------|--------------------------------|
| <u>Employer</u>                         | Approximate                |             | Percentage of                  | <u>Employer</u>                         | Approximate                |             | Percentage of                  |
|   | <u>Number of Employees</u> | <u>Rank</u> | Principal<br><u>Employment</u> |   | <u>Number of Employees</u> | <u>Rank</u> | Principal<br><u>Employment</u> |
| Capital One Financial Corp.             | 10,918                     | 1           | 10.78%                         | Commonwealth of Virginia                | 39,200                     | 1           | 24.26%                         |
| Virginia Commonwealth University Health | 8,226                      | 2           | 8.12%                          | Federal Government                      | 15,100                     | 2           | 9.35%                          |
| HCA Virginia Health System              | 6,904                      | 3           | 6.82%                          | Chesterfield County                     | 9,995                      | 3           | 6.19%                          |
| Bon Secours Richmond Health System      | 5,892                      | 4           | 5.82%                          | Henrico County                          | 9,484                      | 4           | 5.87%                          |
| Walmart                                 | 5,023                      | 5           | 4.96%                          | Capital One Financial Corp.             | 9,018                      | 5           | 5.58%                          |
| Dominion Resources Inc.                 | 5,328                      | 6           | 5.26%                          | Richmond City                           | 8,761                      | 6           | 5.42%                          |
| Altria Group Inc.                       | 4,400                      | 7           | 4.34%                          | Philip Morris, USA                      | 6,462                      | 7           | 4.00%                          |
| SunTrust Banks                          | 3,900                      | 8           | 3.85%                          | Virginia Commonwealth University Health | 6,454                      | 8           | 4.00%                          |
| DuPont                                  | 3,830                      | 9           | 3.78%                          | HCA, Inc.                               | 6,216                      | 9           | 3.85%                          |
| Wells Fargo & Co.                       | 3,010                      | 10          | 2.97%                          | Wal-mart Stores, Inc.                   | 5,804                      | 10          | 3.59%                          |
| WellPoint Inc.                          | 2,771                      | 11          | 2.74%                          | Wachovia Corporation                    | 4,521                      | 11          | 2.80%                          |
| Bank of America                         | 2,700                      | 12          | 2.67%                          | Sun Trust Banks, Inc.                   | 4,044                      | 12          | 2.50%                          |
| Food Lion                               | 2,627                      | 13          | 2.59%                          | Ukrop's Super Markets, Inc.             | 3,804                      | 13          | 2.35%                          |
| United Parcel Service Inc.              | 2,388                      | 14          | 2.36%                          | Bon Secours Richmond Health System      | 3,646                      | 14          | 2.26%                          |
| Verizon Communications Inc.             | 2,225                      | 15          | 2.20%                          | Dominion Resources, Inc.                | 3,584                      | 15          | 2.22%                          |
| Federal Reserve Bank of Richmond        | 1,950                      | 16          | 1.93%                          | Circuit City Stores, Inc.               | 3,498                      | 16          | 2.17%                          |
| The Kroger Co.                          | 1,847                      | 17          | 1.82%                          | Hanover County                          | 3,190                      | 17          | 1.97%                          |
| University of Richmond                  | 1,728                      | 18          | 1.71%                          | DuPont                                  | 3,110                      | 18          | 1.93%                          |
| Total of Principal Employers            | 75,667                     |             | 74.70%                         | Total of Principal Employers            | 145,891                    |             | 90.31%                         |
| Other Principal Employers <sup>1</sup>  | 25,630                     |             | 25.30%                         |   | 15,660                     |             | 9.69%                          |
| Totals                                  | 101,297                    |             | 100.00%                        | Totals                                  | 161,551                    |             | 100.00%                        |

**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 2013.

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

| <b>Fiscal<br/>Year</b> | <b>Gross<br/>Revenue</b> | <b>Less:</b>                         |                  | <b>Net Revenue<br/>Available for<br/>Debt Service</b> | <b>Debt Service Requirements</b> |                 |               | <b>Coverage</b> |
|------------------------|--------------------------|--------------------------------------|------------------|---|----------------------------------|-----------------|---------------|-----------------|
|                        |                          | <b>Direct Operating<br/>Expenses</b> | <b>Operating</b> |   | <b>Principal</b>                 | <b>Interest</b> | <b>Total</b>  |                 |
| 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            |
| 2013                   | \$ 282,150,417           | \$ 201,221,582                       |                  | \$ 80,928,835   | \$ 29,825,100                    | \$ 30,221,538   | \$ 60,046,638 | 1.35            |

**Debt Service Coverage Covenant**

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

Source: City of Richmond - Department of Public Utilities

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

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

**Table 26**

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

|   | Fiscal Year           |                       |                         |                         |                         |                         |                         |                         |                         |                         |
|---|-----------------------|-----------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|   | <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>             | <u>2013</u>             |
| Debt Limit  | \$ 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        | \$ 1,948,406,600        |
| Total net applicable to limit   | <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>      | <u>751,152,603</u>      |
| Legal Debt Margin   | <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> | <u>\$ 1,197,253,997</u> |
| Total net debt applicable to the limit<br>as a percentage of debt limit | 55.68%                | 45.45%                | 38.19%                  | 33.29%                  | 28.75%                  | 28.68%                  | 29.88%                  | 35.39%                  | 35.56%                  | 38.55%                  |

**Legal Debt Margin Calculation for Fiscal Year 2013**

|  |                         |
|--|-------------------------|
| Assessed Value (Taxable)                 | \$ 19,484,066,000       |
| Debt limit (10% of total assessed value) | 1,948,406,600           |
| General Obligation Bonds                 | <u>751,152,603</u>      |
| Legal Debt Margin                        | <u>\$ 1,197,253,997</u> |

Source: City of Richmond - Department of Finance

Note: Article VII, Section 10 of the Constitution of Virginia provides that the legal debt limit for municipalities is ten (10) percent of the preceding assessment for real estate taxes. The Total Net Debt Applicable to Limit shown on 6/30/2013 does not include \$736,458,840 of self-supporting Public Utility Revenue Bonds or \$7,614,180 of Lease Revenue Bonds that, by State law, are not required to be included in calculation for legal margin for the creation of additional debt.

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 |
| 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          | 14.41%                        | \$6,231    |
| 2012        | \$524,298,582            | \$1,450,834                            | \$14,034,000             | \$1,690,000           | \$8,360,231        | \$12,325,000                               | \$159,595,376            | \$556,645,429         | \$1,278,399,452          | N/A                           | \$6,079    |
| 2013        | \$495,710,389            | \$1,215,155                            | \$101,155,970            | \$11,255,000          | \$7,614,180        | -  | \$141,816,089            | \$736,458,840         | \$1,495,225,623          | N/A                           | N/A        |

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

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

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

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

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

| Fiscal Year |                          |  |                          |                       |                    |  | 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 | Certificates of Participation Series 2001A | Total   | Property |                 |
| 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%    | \$3,432         |
| 2013        | \$637,526,478            | \$1,215,155                            | \$101,155,970            | \$11,255,000          | \$7,614,180        | -  | \$758,766,783                                   | 3.89%    | N/A             |

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

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

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

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

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

| <b>Fiscal</b> |                      | <b>Personal Income</b>    | <b>Per Capita</b> |               |                      | <b>City</b>         | <b>State</b>        |
|---------------|----------------------|---------------------------|-------------------|---------------|----------------------|---------------------|---------------------|
| <b>Year</b>   | <b>Population(1)</b> | <b>(Amounts expressed</b> | <b>Personal</b>   | <b>Median</b> | <b>School</b>        | <b>Unemployment</b> | <b>Unemployment</b> |
|               |                      | <b>in thousands)</b>      | <b>Income(2)</b>  | <b>Age</b>    | <b>Enrollment(3)</b> | <b>Rate(4)</b>      | <b>Rate(4)</b>      |
| 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              | \$8,887,105               | \$43,239          | N/A           | 23,454               | 9.3%                | 6.3%                |
| 2012          | 210,309              | N/A                       | N/A               | N/A           | 23,336               | 9.0%                | 6.0%                |
| 2013          | N/A                  | N/A                       | N/A               | N/A           | 23,649               | 8.2%                | 5.9%                |

**(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.

**Table 29**

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

| Function                                 | Fiscal Year  |              |              |              |              |              |              |              |              |              |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|  | 2004         | 2005         | 2006         | 2007         | 2008         | 2009         | 2010         | 2011         | 2012         | 2013         |
| Governmental Activities:                 |              |              |              |              |              |              |              |              |              |              |
| General Government                       | 554          | 583          | 502          | 650          | 731          | 681          | 696          | 696          | 620          | 764          |
| Public Safety and Judiciary              |              |              |              |              |              |              |              |              |              |              |
| Police                                   | 846          | 905          | 982          | 979          | 1,028        | 1,000        | 980          | 942          | 923          | 915          |
| Firefighters and Officers                | 416          | 423          | 426          | 425          | 463          | 413          | 406          | 434          | 425          | 411          |
| Others                                   | 671          | 690          | 658          | 588          | 603          | 590          | 577          | 573          | 557          | 528          |
| Highways, Streets, Sanitation and Refuse |              |              |              |              |              |              |              |              |              |              |
| Engineering & Maintenance                | 521          | 532          | 551          | 538          | 566          | 527          | 452          | 454          | 497          | 389          |
| Human Services                           |              |              |              |              |              |              |              |              |              |              |
| Human Services Advocacy                  | 21           | 37           | 47           | 26           | 24           | 34           | 35           | 43           | 34           | 13           |
| Social Services                          | 461          | 466          | 411          | 455          | 481          | 472          | 456          | 443          | 441          | 426          |
| Public Health                            | 104          | 112          | -            | -            | -            | -            | -            | -            | -            | -            |
| Culture and Recreation                   | 247          | 266          | 235          | 295          | 260          | 273          | 276          | 261          | 158          | 161          |
| Transportation                           | 8            | 7            | 5            | -            | -            | -            | -            | -            | -            | -            |
| Business-type Activities:                |              |              |              |              |              |              |              |              |              |              |
| Stormwater Utility                       | -            | -            | -            | -            | -            | -            | -            | -            | -            | 55           |
| Gas Utility                              | 314          | 304          | 213          | 320          | 322          | 425          | 404          | 359          | 367          | 284          |
| Water Utility                            | 90           | 81           | 214          | 101          | 102          | 128          | 110          | 110          | 117          | 106          |
| Wastewater Utility                       | 98           | 90           | 61           | 108          | 113          | 164          | 139          | 131          | 168          | 176          |
| Electric Utility                         | 19           | 18           | 32           | 15           | 19           | 24           | 24           | 24           | 39           | 26           |
| Stores and Transportation Division       | 14           | 13           | 11           | 12           | 13           | 10           | 6            | 6            | 6            | 6            |
| Coliseum                                 | 25           | 25           | 28           | 25           | 25           | 25           | 17           | 17           | 14           | 14           |
| Landmark Theatre                         | 7            | 7            | -            | 5            | 5            | -            | -            | -            | -            | -            |
| Cemeteries NCO                           | 18           | 18           | 21           | 20           | 20           | 20           | 20           | 21           | 19           | 19           |
| Total                                    | <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> | <u>4,293</u> |

Source: Various City departments

**Table 30**

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

| Function   | Fiscal Year |            |            |            |            |            |            |            |            |            |
|--|-------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
|  | 2004        | 2005       | 2006       | 2007       | 2008       | 2009       | 2010       | 2011       | 2012       | 2013       |
| Governmental Activities:                         |             |            |            |            |            |            |            |            |            |            |
| Police:  |             |            |            |            |            |            |            |            |            |            |
| Physical Arrests                                 | 15,911      | 17,536     | 17,034     | 19,210     | 20,064     | 20,425     | 14,487     | 13,595     | 13,179     | 11,184     |
| Parking Violations                               | 101,813     | 103,594    | 19,455     | 73,335     | 101,675    | 104,380    | 134,151    | 128,038    | 125,171    | 125,905    |
| Traffic Violations                               | 21,224      | 30,516     | 22,474     | 25,047     | 28,195     | 30,965     | 31,518     | 30,454     | 25,026     | 18,168     |
| Fire:  |             |            |            |            |            |            |            |            |            |            |
| Number of calls answered                         | 28,258      | 30,956     | 31,746     | 28,234     | 19,864     | 29,098     | 29,587     | 32,450     | 32,287     | 33,774     |
| Inspections                                      | 3,662       | 1,853      | 2,104      | 2,660      | 1,322      | 1,090      | 5,336      | 4,093      | 5,675      | 6,392      |
| Highways and Streets:                            |             |            |            |            |            |            |            |            |            |            |
| Street resurfacing (miles)                       | 82          | 70         | 102        | 85         | 70         | 62         | 122        | 115        | 118        | 108        |
| Potholes repaired                                | 12,167      | 21,011     | 10,691     | 7,500      | 898        | 6,128      | 11,409     | 9,158      | 15,135     | 13,126     |
| Sanitation and Refuse:                           |             |            |            |            |            |            |            |            |            |            |
| Refuse collected (tons/day)                      | 307         | N/A        | 338        | 293        | 335        | 374        | 291        | 300        | 290        | 295        |
| Recyclables collected (tons/day)                 | 39          | 38         | 37         | 35         | 25         | 213        | 21         | 42         | 25         | 37         |
| Culture and Recreation:                          |             |            |            |            |            |            |            |            |            |            |
| Parks permits issued                             | 482         | 539        | 610        | 584        | 543        | 598        | 579        | 546        | 546        | 546        |
| Business-type Activities:                        |             |            |            |            |            |            |            |            |            |            |
| Gas:   |             |            |            |            |            |            |            |            |            |            |
| Maximum daily sendout (MCF)                      | 151,823     | 163,129    | 129,755    | 151,996    | 147,713    | 160,509    | 139,351    | 153,078    | 137,485    | 150,761    |
| Annual Sendout (MCF)                             | 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 | 17,522,110 |
| Water:   |             |            |            |            |            |            |            |            |            |            |
| Average daily consumptions (MGC)                 | 88          | 75         | 67         | 63         | 66         | 62         | 58         | 59         | 53         | 57         |
| Maximum daily consumptions (MGC)                 | 105         | 95         | 98         | 98         | 90         | 90         | 89         | 99         | 89         | 88         |
| 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 (MGC)             | 60          | 64         | 51         | 59         | 49         | 49         | 55         | 46         | 52         | 51         |
| Maximum daily sewage treatment (MGC)             | 85          | 85         | 83         | 84         | 84         | 84         | 96         | 84         | 80         | 82         |
| Coliseum:  |             |            |            |            |            |            |            |            |            |            |
| Average daily attendance per activity            | 1,013       | 883        | 921        | 1,220      | 1,193      | 4,169      | 4,895      | 4,957      | 4,161      | 3,889      |
| Landmark Theatre:                                |             |            |            |            |            |            |            |            |            |            |
| Total tickets sold for all activities            | 141,726     | 129,598    | 140,097    | 150,596    | 139,506    | 122,645    | 156,448    | 100,032    | 217,104    | 121,144    |
| Total attendance for all activities <sup>2</sup> | 14,303      | 221,602    | 220,615    | 180,155    | 196,893    | 195,790    | 177,105    | 139,749    | 234,035    | 129,800    |
| Cemeteries:                                      |             |            |            |            |            |            |            |            |            |            |
| Number of interments                             | 1,080       | 1,050      | 973        | 777        | 841        | 901        | 790        | 777        | 790        | 860        |
| Number of lot sales                              | 24          | 22         | 17         | 23         | 18         | 14         | 16         | 20         | 6          | 13         |
| Number of single grave sales                     | 700         | 646        | 382        | 664        | 601        | 568        | 504        | 473        | 468        | 607        |
| Number of foundations                            | 649         | 637        | 627        | 525        | 532        | 560        | 494        | 522        | 493        | 519        |

Source: Various City departments

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

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

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

**Table 31**

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

|   | Fiscal Year |             |             |             |             |             |             |             |             |             |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
|   | <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> | <u>2013</u> |
| <b>Function</b>                         |             |             |             |             |             |             |             |             |             |             |
| Police:                                 |             |             |             |             |             |             |             |             |             |             |
| Stations                                | 7           | 7           | 7           | 10          | 4           | 8           | 7           | 7           | 7           | 7           |
| Patrol Units                            | 132         | 128         | 232         | 222         | 323         | 204         | 173         | 164         | 213         | 223         |
| Fire:                                   |             |             |             |             |             |             |             |             |             |             |
| Stations                                | 20          | 20          | 20          | 20          | 20          | 20          | 20          | 20          | 20          | 20          |
| Fire trucks                             | 46          | 46          | 46          | 55          | 64          | 51          | 54          | 54          | 61          | 51          |
| Highways and Streets:                   |             |             |             |             |             |             |             |             |             |             |
| Streets (miles) <sup>1</sup>            | 1,867       | 1,865       | 1,857       | 1,865       | 1,858       | 822         | 822         | 822         | 822         | 822         |
| Streetlights                            | 33,063      | 33,184      | 32,900      | 33,188      | 33,000      | 30,548      | 30,783      | 36,027      | 35,834      | 36,230      |
| Traffic Signals <sup>2</sup>            | 456         | 460         | 502         | 511         | 465         | 468         | 476         | 469         | 474         | 471         |
| Sanitation and Refuse:                  |             |             |             |             |             |             |             |             |             |             |
| Collection Trucks                       | 33          | 38          | 45          | 38          | 37          | 47          | 34          | 33          | 33          | 33          |
| Culture and Recreation:                 |             |             |             |             |             |             |             |             |             |             |
| Parks acreage                           | 2,801       | 2,801       | 2,807       | 2,805       | 2,805       | 2,818       | 2,808       | 2,810       | 2,808       | 2,808       |
| Parks                                   | 58          | 58          | 67          | 71          | 71          | 71          | 71          | 71          | 72          | 72          |
| Baseball/Softball Diamonds              | 54          | 54          | 55          | 48          | 48          | 48          | 48          | 48          | 48          | 48          |
| Athletic Fields                         | 25          | 25          | 27          | 31          | 31          | 31          | 31          | 31          | 31          | 31          |
| Golf Courses (Driving Range/Par 3 Cours | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           |
| Swimming Pools                          | 9           | 9           | 9           | 9           | 9           | 8           | 9           | 9           | 9           | 9           |
| Tennis Courts                           | 141         | 138         | 138         | 130         | 130         | 130         | 140         | 140         | 140         | 140         |
| Community Centers                       | 18          | 18          | 24          | 24          | 24          | 24          | 20          | 20          | 20          | 20          |
| Theatres                                | 2           | 2           | 2           | 1           | 2           | 2           | 2           | 2           | 2           | 2           |
| Coliseums                               | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           |
| Gas :                                   |             |             |             |             |             |             |             |             |             |             |
| Miles of Service Lines <sup>3</sup>     | 1,777       | 1,796       | 1,818       | 1,850       | 1,013       | 1,033       | 1,050       | 1,057       | 1,069       | 1,138       |
| 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          | 13          | 13          | 12          | 12          | 12          | 12          | 12          | 12          | 12          |
| Wastewater:                             |             |             |             |             |             |             |             |             |             |             |
| Miles of Sewer Lines                    | 1,500       | 1,500       | 1,500       | 1,500       | 1,500       | 1,500       | 1,500       | 1,500       | 1,500       | 1,500       |
| Miles of Interceptors                   | 42          | 47          | 47          | 47          | 47          | 47          | 47          | 47          | 47          | 47          |
| Sewer Pumping Stations                  | 3           | 3           | 3           | 5           | 5           | 5           | 5           | 5           | 5           | 5           |

Source: Various City departments

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

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

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



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

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