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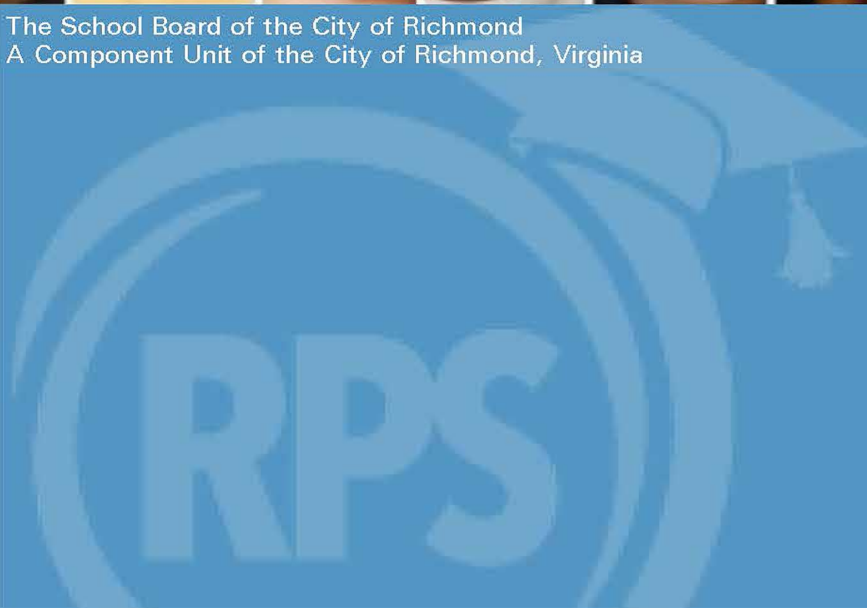


RICHMOND PUBLIC SCHOOLS **Comprehensive Annual** **Financial Report**

For the Fiscal Year Ended June 30, 2017



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





RICHMOND PUBLIC SCHOOLS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2017

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www.rvaschools.net



**THE SCHOOL BOARD OF THE CITY OF RICHMOND
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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Introductory Section

(unaudited)

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

Also included in this section are the following:

- Listing of members of The School Board of the City of Richmond and RPS' administration
- The school division's organizational chart





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

November 10, 2017

MEMBERS

As of June 30, 2017

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

THE HONORABLE:

DAWN PAGE
DISTRICT 8
CHAIR

DR. PATRICK SAPINI
DISTRICT 5
VICE CHAIR

ELIZABETH DOERR
DISTRICT 1

JAMES BARLOW
DISTRICT 2

CINDY MENZ-ERB
DISTRICT 3

JOHNATHAN YOUNG
DISTRICT 4

FALICIA COSBY
DISTRICT 6

NADINE MARSH-
CARTER
DISTRICT 7

LINDA OWEN
DISTRICT 9

The Comprehensive Annual Financial Report (CAFR) of the School Board (the School Board) of the City of Richmond, Virginia (the City) for the fiscal year ended June 30, 2017 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 accounting principles generally accepted in the United States (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 audit in conformity with provisions of the Single Audit Act and the Uniform Grant Guidance Subpart F. 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 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

OVERVIEW

Richmond Public Schools (RPS) serves nearly 24,000 students, representing the region's diverse socioeconomic mix. RPS is comprised of three preschool centers, 26 elementary schools (with one annex building); one charter elementary school, 8 middle schools, 5 comprehensive high schools and 3 specialty schools (Franklin Military Academy, Open High School, Richmond Community High School); one school serving students with exceptional needs (Amelia Street); three programs for students with exceptional needs (REAL located at Henderson MS, Thirteen Acres at Carver ES, and RCEA Charter at Wythe HS); one career & technical education school, the Richmond Technical Center (RTC); and two alternative education schools. U.S. News and World Report ranked Richmond Community and Open high schools among the state's top public high schools. And, Franklin Military Academy stands as the nation's first public military school.

The district also operates 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 either the Maggie L. Walker Governor's School for Government and International Studies or 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 to serve four-year terms. 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, for which the School Board is directly responsible, 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 throughout central and southern Virginia. A separate governing board includes one member from each of the participating localities. 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 revenues, 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

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 Greater Richmond Region to its estimated 1.26 million citizens (2014 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 31,000 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. Additionally, 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.

For public organizations, the highest financial benchmark for a well-managed government is to achieve a Triple-A bond rating from all three major rating agencies, which indicates that an investment in the organization is safe and there is little risk of default. As of March 2017, Richmond has an "AA+" bond rating from two rating agencies and an Aa2 from a third. The City continues to invest in the path to becoming a Triple-A bond rated city.

Demographics

The City's population, as estimated by the U.S. Census Bureau, is approximately 223,170, and is 45% White, 49% African-American, 6% Hispanic and other and mixed race (data as of 2016 Census count). The population of the City has grown by approximately 9% between April 2010 and July 2016. 83.2% of persons residing in Richmond are high school graduates or higher. (<http://www.census.gov/quickfacts/table/PST045215/51760>)

Employment

According to the U.S. Department of Labor Bureau of Labor Statistics, unemployment in the City is 4.4 percent compared to Virginia's seasonally adjusted unemployment rate of 3.8 percent as of July 2017. In 2014, the Office of Community Wealth Building was created to coordinate efforts to reduce poverty and increase wealth building opportunities, particularly related to employment, for the City's low-income population.

In 2016, the Office of Community Wealth Building focused its efforts on the expansion of the Center for Workforce Innovation, an endeavor which allows residents the opportunity to interact with local employers. The Center also encourages residents in their abilities to search for and obtain employment by offering training and support.

Additionally, the Office of Community Wealth Building developed an initiative to establish a Social Enterprise sector, targeted at high-poverty neighborhoods, which seeks to create and sustain locally-owned firms with hopes of increasing employment opportunities.

Economic Development

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

In the summer of 2013, the Bon Secours Washington Redskins Training Center opened as a practice facility for the Washington Redskins football team. The new \$10 million training camp is 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.

In 2017, the city's business community is constantly growing, with new relocations and expansions bringing vitality and creating jobs in the metro area.

CoStar Group — the leading provider of commercial real estate information, analytics and online marketplaces, will invest \$8.17 million in a new research and software development center in Richmond, creating 732 new job.

Owens & Minor, a regionally-based Fortune 500 global healthcare services company, will establish a new Client Engagement Center (CEC) in downtown Richmond's Riverfront Plaza, which will include the addition of 300 newly created positions.

2nd Life, Inc., a consumer electronics wholesaler serving Virginia and the surrounding region, will invest \$1 million to expand its operation in Richmond. The expansion project will create 66 new jobs over the next two years.

Karn Custom Woodwork, an architectural millwork manufacturing and installation company, will invest \$2.55 million to expand its headquarters and manufacturing operation in the city of Richmond.

In addition to the business relocations, in 2017 the city continues its neighborhood revitalization through extensive real estate developments.

Capital One Financial Corp. has bought a building in Shockoe Bottom that two local businessmen are planning to turn into an incubator for startup business. Capital One plans to occupy two floors of the building and lease space back to Startup Virginia.

The Richmond Planning Commission approved the sale of city-owned land across from the Carpenter Theater, a 1.6 acre parcel, to City Center Development LLC for \$3.95 million. Requirements for the sale include providing at least 800 parking spaces, with 600 available to the public, 28,000 sqft of ground-level retail space and 372,000 sqft of residential or commercial space – or a combination.

Additional Information

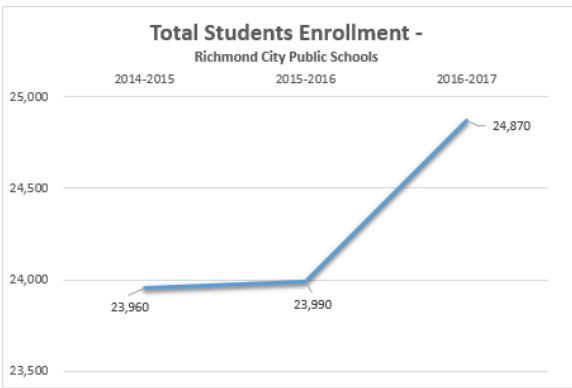
In the Statistical Section, Tables 1 through 15 are the financial trends and demographic information for Richmond Public Schools. Tables 16 through 30 illustrate financial trends, demographics, economic analyses, business and residential tax and assessment valuations and collection statistics that pertain to the City of Richmond, Virginia.

SCHOOL MEMBERSHIP

Enrollment

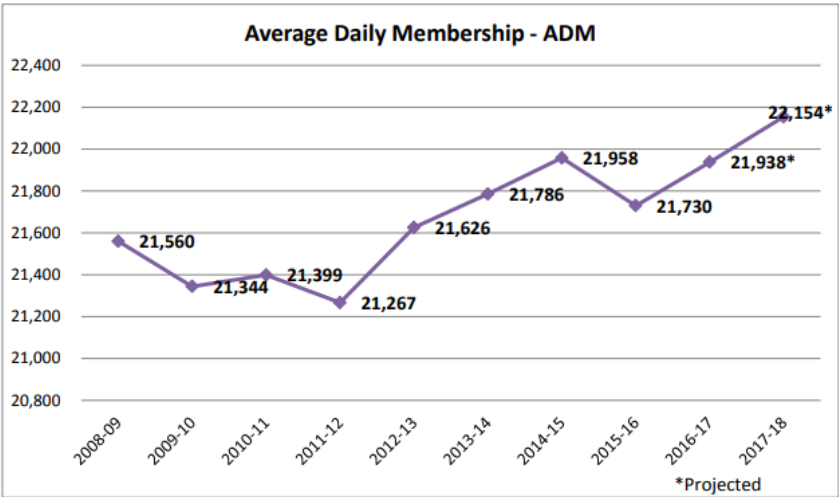
September membership reflects the number of students enrolled in Richmond Public Schools on September 30. Data are collected by school and reported by grade assignment and ethnicity. Excluded from the September 30 count are pupils in hospitals, clinics or detention homes, and local programs such as vocational and alternative education centers (i.e., centers or schools that receive, but do not officially enroll students). September 2016 membership totaled 24,868 students. (Data Source – Virginia Department of Education)

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.



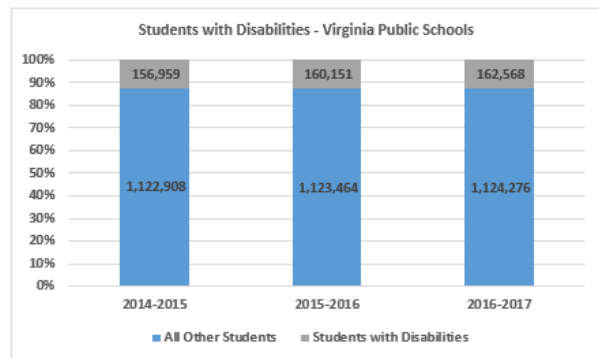
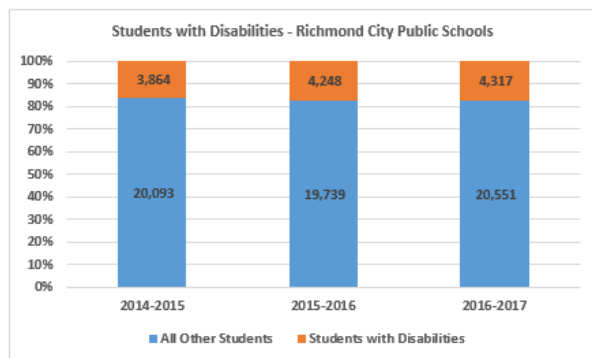
(Data Source: Virginia Department of Education State Report Card)

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 2017 ADM as reported to the Virginia Department of Education is 21,938.

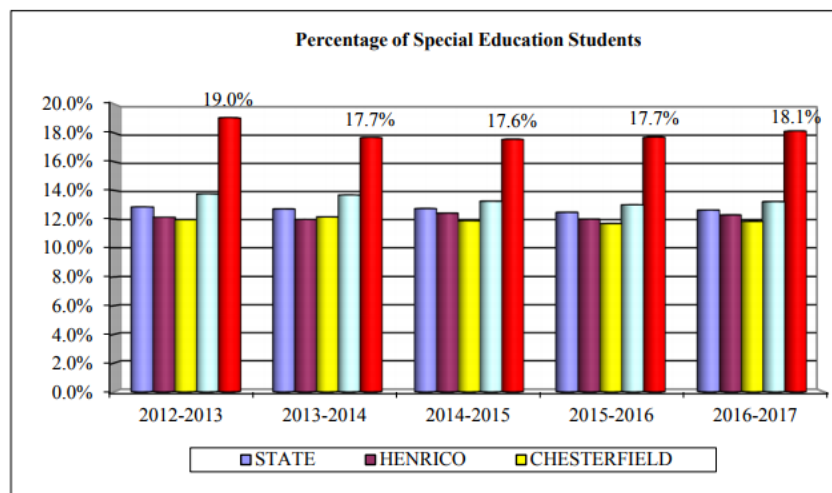


Special Education Services

Approximately 4,300 or 18.1% students qualify for special education services as reported to the Virginia Department of Education per fall enrollment data for 2017. The Richmond Special Education Advisory Committee works with the school board, administrators, parents, and teachers who are responsible for students receiving special education services.



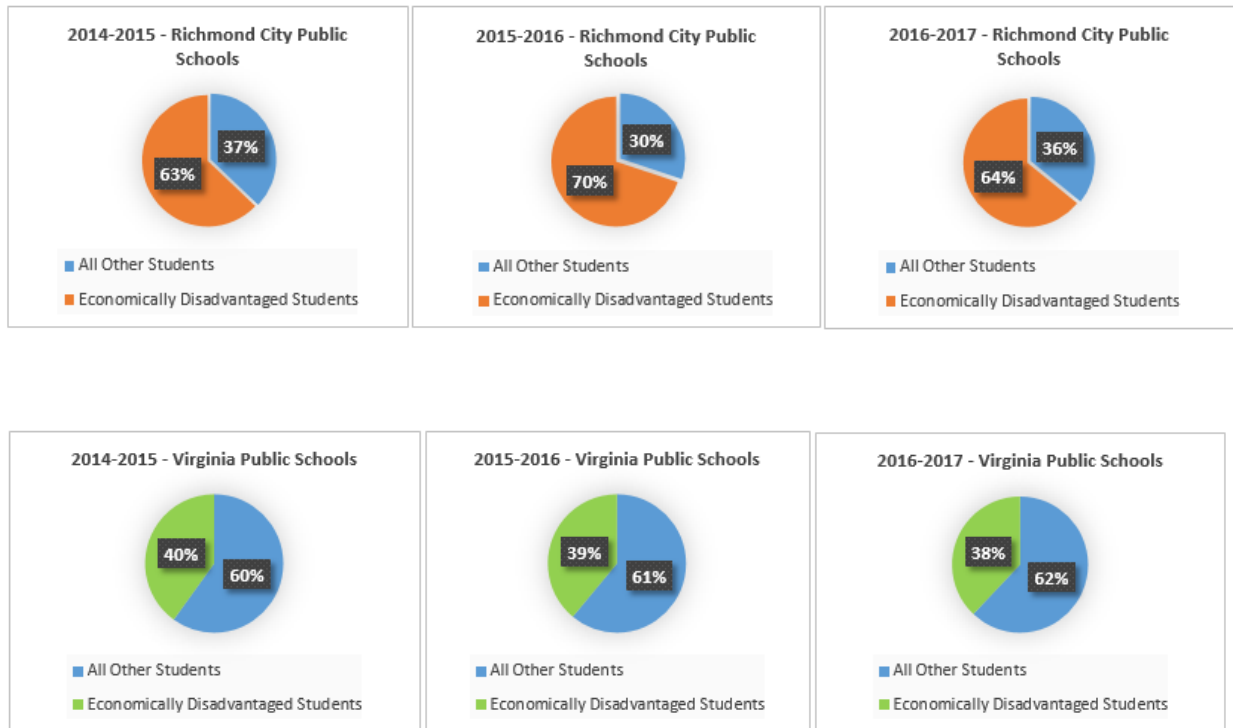
The graph shown below represents the percentage of special education students benched against state-wide averages and surrounding districts; RPS= 18.1%, state average = 12.6%.



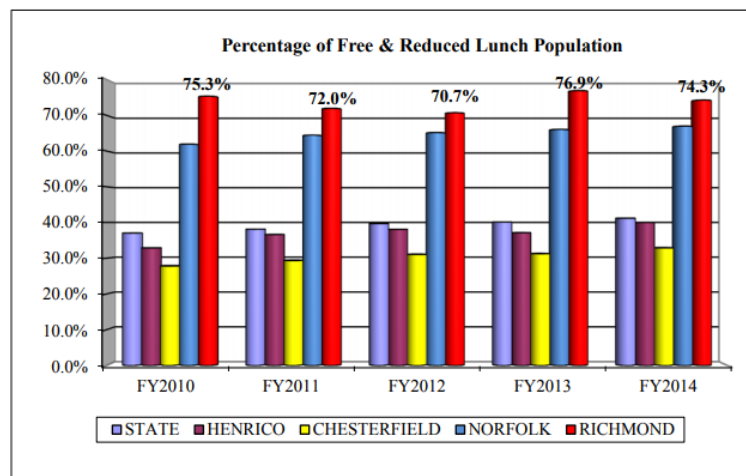
Source:
Virginia Department of Education
Fall Membership Reports
Special Education Child Count Reports

Economically Disadvantaged Students

Approximately 16,000 or 64% students are disadvantaged economically as reported to the Virginia Department of Education per fall enrollment data for 2017.



Free and reduced lunch population is a measure of poverty. As reflected in the Department of Education's October 31, 2013 report, 17,351 or 74.25% of RPS students receive subsidized meals under the Federal school lunch program. In the prior fiscal year, RPS applied and received approval to operate a Community Eligibility Provision (CEP) program, whereby all students can eat breakfast and lunch for free. This works well in districts with significant poverty. Federal programs continue to use the prior year free and reduced applications for a two-year transition period. RPS no longer captures free or reduced eligibility information from students. The most recently captured data is presented below.



Source: Virginia Department of Education
School Nutrition Program Statistics FY2010 - FY2014

ACCOMPLISHMENTS

STUDENT ACHIEVEMENT

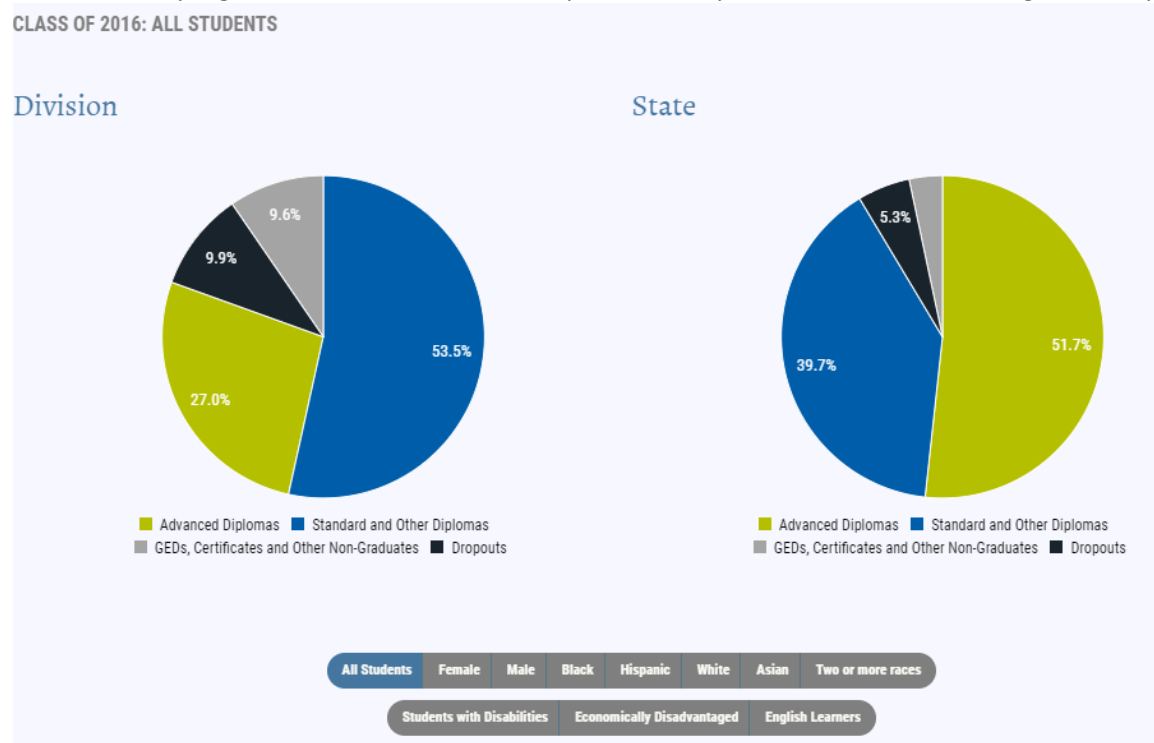
Standards of Learning and Accreditation

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. Additionally, benchmark testing takes place at the end of each nine week reporting period and varied diagnostic assessment tools are used to gauge student growth across all schools.

In school year 2016-2017, the school division SOL assessment results in English, mathematics, history and science are as follows: 58% pass rate in English-reading, 53% pass rate in English-writing, 67% pass rate in history and social science, a 54% pass rate in mathematics and a 59% pass rate in science. (Source: VDOE state report card.) RPS has 17 fully accredited schools.

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 2017 was 80.5 percent compared to the state’s average of 91.4 percent.



(Data Source: Virginia Department of Education School Report Card)

The Blueprint- Creating a Vision for Change

Richmond Public Schools is committed to guiding students to have extraordinary, honorable lives as global leaders who will shape the future through resilience, pride, and success. Education is the foundation for preparing students to reach their highest potential. The blueprint was laid for the entire division to continue demonstrating measurable progress toward attaining the following Academic Improvement Plan (AIP) goals:

- Annual Measurable Objectives (AMO) –students improved in English/Reading with a pass rate of 66%
- Early Childhood Literacy – increased the number of standalone Pre-K centers in the division and increased enrollment by approximately 25%
- Advanced Programs Participation (Dual Enrollment, PSAT/SAT, AP, and IB):
 - Dual Enrollment increased by over 63% going from 408 students to 666 students
 - PSAT/SAT participation increased by almost 15%, from 2294 students to 2638 students, with over 300 more students taking the SAT; SAT scores ranged from 526 to 913 which is an increase of 42%
 - IB participation increased by 13.4%
 - The numbers of student in at least one IB course went from 227 to 350 (54%)
- Enrollment in two and four year colleges increased from 727 to 814 (12%)
- Average attendance rate -93%
- Career and Technical Education number of CTE completers increased from 634 to 689, or 9%

MAJOR INITIATIVES

RPS recognizes the importance of preparing 21st century learners to be competitive. Our goal is to help them excel beyond their Pre-K - 12 experience by making the vision for change a reality through cohesion and collaboration among departments across the school division.

Academic Services

The school district partnered with Reynolds Community College to establish the Early College Academy; providing RPS students the opportunity to earn an Associate of Science Degree in Social Sciences while simultaneously earning their high school diploma. RPS also partnered in the creation of the regional CodeRVA High School, centered on computer science, technology, and digital literacy.

The district's Richmond Technical Center houses the state's only full-size ambulance simulator in a Virginia high school and one of only 22 Governor's Science, Technology, Engineering and Math (STEM) Academies in the Commonwealth of Virginia. The RPS Governor's Career and Technical Education (CTE) STEM Academy offers programs designed to expand options for students to acquire STEM literacy and other critical skills, as well as knowledge and credentials that will prepare them for high-demand, high-wage and high-skill careers.

Student and Family Services

The Office of Family and Community Engagement (FACE) which was established at the start of the 2014-2015 school year and continues to provide added support to schools and encourage family and community

involvement through training, outreach, community collaboration, education and awareness to improve student achievement. FACE also oversees the Multicultural Service Center, created during the 2015-2016 school year to support non-English speaking families within the district.

Rebranding Campaign

RPS launched a districtwide rebranding campaign, unveiling a new logo, tagline and website at the beginning of the 2016-2017 school year. This was the first phase of a strategic integrated marketing plan designed to advance the district's efforts in increasing student achievement and brining the community together to promote a more positive, unified brand. The rebranding campaign included the launch of a new, more user-friendly website and a new tagline, "Resilience.Pride.Success. We Are RPS". The tagline reiterates the district's commitment to student achievement and community partnership building pride, trust and support for RPS.

RESOURCE ALLOCATION

Richmond Public Schools is striving to preserve its core mission and values and improve levels of student achievement while facing significant budgetary influences during a sluggish economic recovery period. The following summary presents operating budget highlights on critical issues facing our school division.

For the eighth consecutive year, Richmond Public Schools faced tenuous revenue streams. Local revenue was \$151.5 million which included a \$1 million increase for capital maintenance and improvements. The majority of the district's state revenue originates from the Virginia Department of Education.

The general operating revenues were slated to increase by \$8.9 million, with the FY2017 revenue budget representing a 3.3% increase from the FY2016 adopted budget. The primary sources of revenue for the operating budget are the City and the Virginia Department of Education. The FY2017 state revenue budget is based on a projected March 31 average daily membership (ADM) in FY2017 of 21,938 students. The projected ADM does not include approximately 1,800 pre-k students.

RPS has the highest ratio of special needs population students in the state. While the state and federal funds decreased per pupil, the needs did not. Health care premiums increased by approximately 4.5%. Additionally, the division provided a 2% mid-year salary increase for Support and Administrative staff. Teachers received an average increase of 4% as a result of the year one phase in of a two-year teacher salary decompression that begins to address teacher salary inequities.

Finally, the School Board exercised their fiduciary responsibility in identifying several areas for budget reductions to be able to achieve the initiatives described above as follows: baseline adjustment, operation and maintenance, transportation, reduction in force positions.

FINANCIAL POLICIES

Internal Control

Management of the School Board is responsible for establishing and maintaining internal control sufficient to provide reasonable assurance that the assets of the School Board are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's

authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. The concept of reasonable assurance recognizes that: 1) the cost of a control should not exceed the benefits likely to be derived, and 2) the evaluation of costs and benefits requires estimates and judgments by management.

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

Budgetary Process and Controls

Budget Process and Development

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

I. Superintendent's Estimate of Needs 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 December or 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 January/February 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 City Council, which must adopt the schools' appropriation by the *Code of Virginia* on or before May 15 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 May or June.

Budgetary Controls

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

Insurance and Risk Management

The insurance and risk management program involves maintaining several comprehensive commercial insurance policies and self-insurance programs, conducting various loss control activities, and a program to manage claims filed against the school system. Additionally, risk management monitors other individual insurance policies such as

disability, intensive care, cancer, and life insurance that are marketed to School Board employees by various approved insurers.

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

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

Cash Management

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

OTHER INFORMATION

Independent Audit

State statutes require an annual audit of the financial statements by independent certified public accountants selected by the School Board. Beyond meeting the requirement set forth in state statutes, the School Board's Single Audit was designed to meet the requirements of the Subpart F of the Uniform Grant Guidance. 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 School Board Single Audit report.

ACKNOWLEDGEMENTS

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

Respectfully submitted,



Thomas Kranz
Interim Superintendent of Schools
(Effective July 1, 2017)



T. David Myers
Chief Financial Officer

SCHOOL BOARD MEMBERS AND OFFICIALS

As of June 30, 2017

BOARD MEMBERS

Dawn Page, Chair
District Eight

Dr. Patrick Sapini, Vice-Chair
District Five

Elizabeth Doerr
District One

James “Scott” Barlow
District Two

Cindy Menz-Erb
District Three

Jonathan Young
District Four

Felicia Cosby
District Six

Nadine Marsh-Carter
District Seven

Linda Owen
District Nine

OFFICIALS

Dana T. Bedden, Ed.D.
Superintendent of Schools

Andrea Kane
Associate Superintendent of Academic Services

T. David Myers
Chief Financial Officer

Thomas Kranz
Chief Operating Officer

Tamica Epps
Executive Director of Human Resources

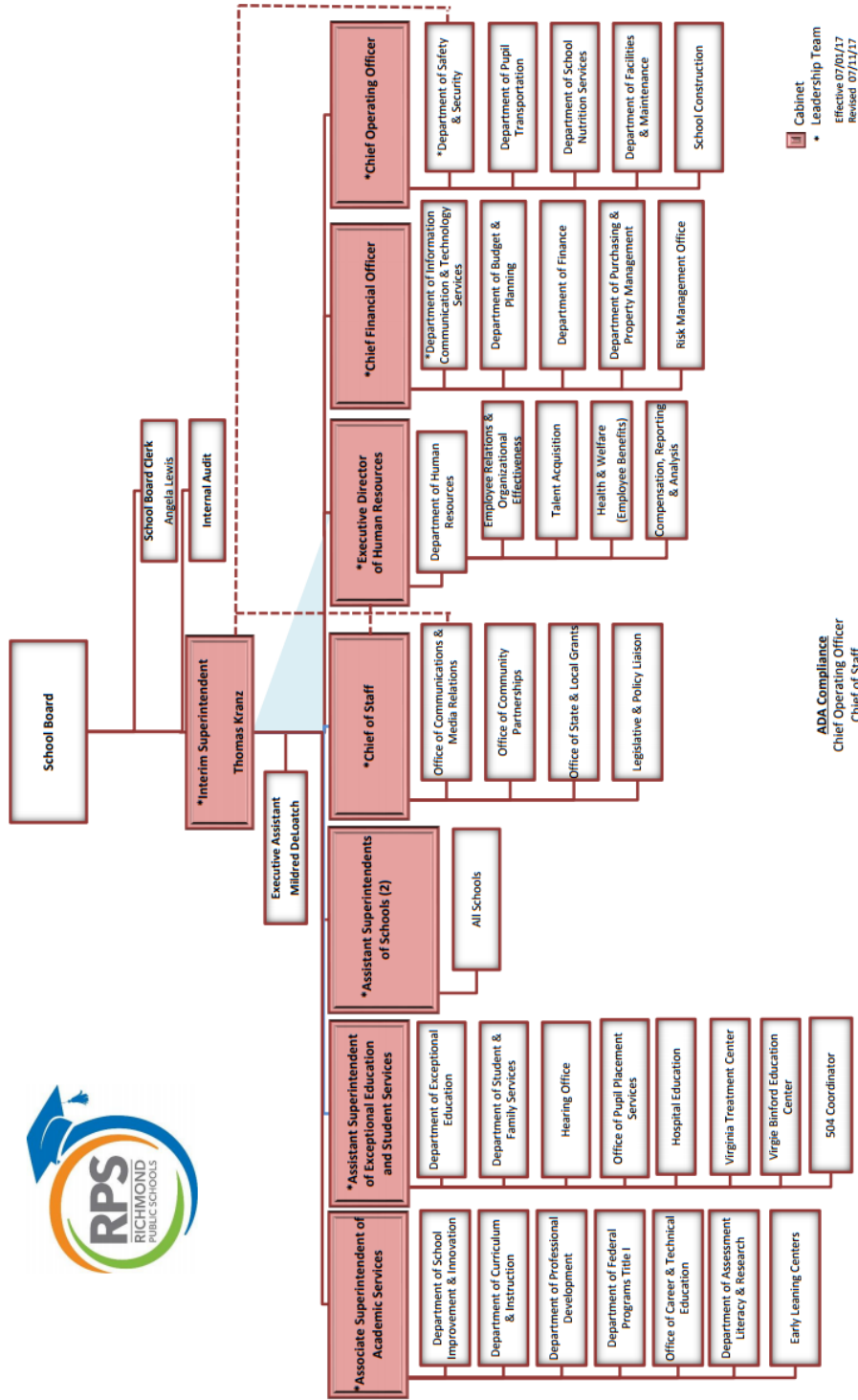
Michelle Boyd, Ed.D.
Assistant Superintendent of Exceptional Education and
Student Services

Abe Jeffers
Assistant Superintendent of Schools

Anthony Leonard, Ed.D.
Assistant Superintendent of Schools

Candice Hunter
Chief of Staff

Angela Lewis
Clerk of the School Board



Cabinet
 • Leadership Team
 Effective 07/01/17
 Revised 07/11/17

ADA Compliance
 Chief Operating Officer
 Chief of Staff



Financial Section

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

Report on the Financial Statements

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, 2017, 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, 2017, 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.

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

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 November 10, 2017, 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
November 10, 2017

Management's Discussion and Analysis

(unaudited)

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

It is an honor to present to the Citizens of the City of Richmond, Virginia (the City) this report of the financial performance of the School Board of the City of Richmond, 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, 2017. 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 2017

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 and deferred outflows of resources less liabilities and deferred inflows of resources) on a government-wide basis (i.e., for the School Board "taken as a whole") was \$(267.8) million at June 30, 2017, down \$3.5 million from \$(271.3) million at June 30, 2016. Of the \$(267.8) million net position, \$6.2 million was restricted by outside parties (primarily for capital projects). The unrestricted deficit (after considering all School Board liabilities) is \$(282.5) million (see the discussion of unrestricted net position under "Government-wide Statements" beginning on page 9).
- Net position has been primarily impacted by the required reporting of net pension liabilities on the government-wide financial statements. Net pension liabilities were \$296.7 million at year end, which is an increase of \$26.2 million (9.7%) compared to net pension liabilities of \$270.5 million estimated in the prior year. The increase in net pension liabilities is primarily due to the Virginia Retirement System (VRS) teachers' cost-sharing pool (VRS Teachers' Pool) whose benefit and funding decisions are made by the Commonwealth of Virginia. The School Board, therefore, has no ability to take actions on their own behalf to improve the funding position for their proportionate shares of the cost-sharing pool. Note 11 of the notes to the financial statements provide additional information regarding the pension plans.
- The School Board's total revenues of \$364.1 million in fiscal 2017 represented an increase of \$17.1 million (4.9%) compared to fiscal 2016 revenues of \$347.0 million. Total revenues consisted of program revenues, which increased by \$9.0 million, and general revenues, which increased by \$8.1 million. Of the \$9.0 million increase in total program revenues, state and federal operating grants accounted for an increase of \$7.8 million. Revenue from capital grants and contributions increased by \$700 thousand, due to an increase in City appropriations for school maintenance and improvements (see the "Summary of Government-wide Revenue" beginning on page 12 and the "Summary of Changes in Net Position" on page 14).
- The School Board's total expenses of \$360.6 million in fiscal 2017 represented an increase of \$25.4 million (7.6%) more than fiscal 2016 expenses of \$335.2 million. The increase in expenses primarily resulted from increases of \$18.5 million in instruction, \$3.4 million in facilities services, \$1.1 million in administration, and \$1.5 million in nutrition services (see the "Summary of Government-wide Expenses, by Function" on page 13; and the "Summary of Changes in Net Position" beginning on page 14).

FUND FINANCIAL STATEMENTS

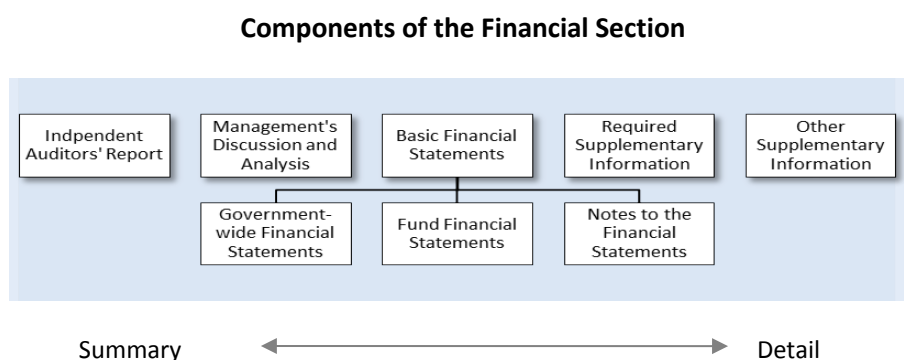
Fund financial statements report RPS' operations in more detail than government-wide financial statements by providing information about RPS' most significant funds. These statements reflect activities financed in the short-term as well as resources remaining for future spending.

- The School Board's governmental funds reported a combined fund balance of \$33.3 million, an increase of \$8.0 million from fiscal 2016 combined fund balance of \$25.3 million. Of the \$33.3 million, a total of \$288 thousand represents nonspendable amounts for inventory, prepaid insurance and investments and \$1.2 million in resources held in permanent funds. Restricted fund balances for special revenue funds of \$1.4 million restricted to expenditures for specific purposes and \$2.3 million for the nutrition service fund for cafeteria operations at each school.

The assigned fund balance of \$21.5 million is comprised of \$5.0 million for previously executed contracts for on-going projects and initiatives and \$3.7 million self-supporting programs, which will be used specifically for the purpose of the program; \$1.5 million carried forward from FY 17 general operating budget, \$2 million to settle workers' compensation claims, \$1.1 million to cover unreimbursed CIP cost, \$3.4 million to fully fund the School Board's early retirement program and \$5 million for major renovation and repair projects. The remaining \$179.8 thousand in unassigned fund balance is available to the School Board to meet shorter-term objectives 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 10).

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.



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 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 and net deferred flows of resources - 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) net investment 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 as discussed on the next page:

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

FUND FINANCIAL STATEMENTS

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

The School Board has two types of funds:

- Governmental Funds – The School Board’s basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for future expenditure. In contrast to the government-wide financial statements, which include all assets and all liabilities regardless of when and how they will be paid, the governmental funds’ financial statements focus only on short-term assets that are available for spending (i.e., they exclude capital assets) and near-term liabilities. Consequently, the governmental funds’ statements provide a detailed short-term view that helps financial statement users determine whether there are more or fewer financial resources that can be spent in the future to finance School Board programs. The Governmental Funds’ Balance Sheet reports the School Board’s fund balances as of the end of the fiscal year. Fund balances are either (1) nonspendable – 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 following table presents a condensed Summary of Net Position:

Table 1 Summary of Net Position As of June 30 (in millions of dollars)					
	Governmental Activities		Change	Total Percentage Change	
	2017	2016	2017-2016	2017-2016	
Assets:					
Current and other assets	\$ 94.8	\$ 85.0	\$ 9.8	11.5	%
Capital assets, net	17.6	17.8	(0.2)	(1.1)	
Total assets	112.4	102.8	9.6	9.3	
Deferred Outflows of Resources:					
Deferred pension investment experience, net	17.8	1.0	16.8	1680.0	
Deferred pension proportionate share	9.0	11.6	(2.6)	-	
Deferred pension contributions	23.2	22.6	0.6	2.7	
Total deferred outflows of resources	50.0	35.2	14.8	42.0	
Liabilities:					
Long-term liabilities	355.4	325.4	30.0	9.2	
Other liabilities	57.8	56.7	1.1	1.9	
Total liabilities	413.2	382.1	31.1	8.1	
Deferred Inflows of Resources:					
Deferred economic experience	9.8	4.3	5.5	-	
Deferred pension investment experience	-	18.2	(18.2)	(100.0)	
Deferred pension proportionate share	7.2	4.7	2.5	53.2	
Total deferred inflows of resources	17.0	27.2	(10.3)	(37.7)	
Net Position:					
Net investment in capital assets	8.5	7.3	1.2	16.4	
Restricted	6.2	7.6	(1.4)	(18.4)	
Unrestricted	(282.5)	(286.2)	3.7	(1.3)	
Total net position	\$ (267.8)	\$ (271.3)	\$ 3.5	(1.3)	%

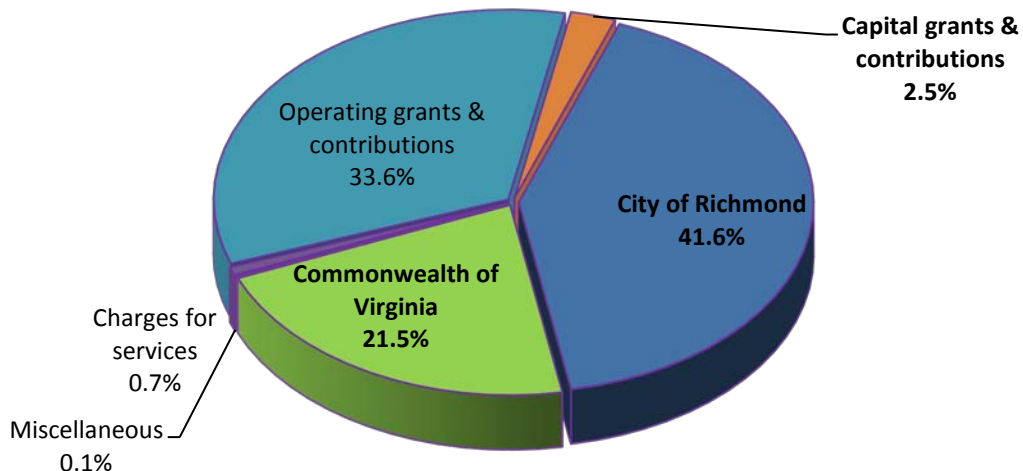
DISCUSSION OF GOVERNMENT - WIDE NET POSITION

As reflected in Table 1 above, the School Board's total liabilities and deferred inflows of resources exceeded total assets and deferred outflows of resources by \$267.8 million on June 30, 2017 after an increase in net position of \$3.5 million from June 30, 2016. The School Board's net position is comprised of 1) investments in capital assets of \$17.6 million (equipment and vehicles) less outstanding debt used to acquire any of those assets of \$7.7 million, and 2) restricted resources of \$6.2 million comprised of 1) \$5 million appropriated by ordinance of the City for major renovation and repair improvement projects and 2) \$1.2 million restricted by third parties for Permanent Fund purposes; leaving an unrestricted deficit of \$(282.5) million.

SUMMARY OF GOVERNMENT - WIDE REVENUES

Table 2 following shows a visual representation of the major sources of School Board revenue, by percentages, for fiscal year 2017. Revenue sources, which originate from *Charges for Services*, *Operating Grants and Contributions*, and *Capital Grants and Contributions*, total 36.8 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 63.2 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 2017



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 2017. As shown, the biggest part of the costs incurred in the School Board's program, 75.1 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 7.9 percent. Accordingly, the combined costs to instruct students and to provide well-maintained and secure facilities amounted to 83.0 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 4.3 percent, 4.7 percent and 2.3 percent of total costs, respectively, totaling another 11.3 percent of costs. Finally, administrative costs were 2.6 percent, facilities services, which include major capital improvement projects, accounted for 3.0 percent and interest on long-term debt accounted for .1 percent of the total costs of School Board operations during fiscal year 2017.

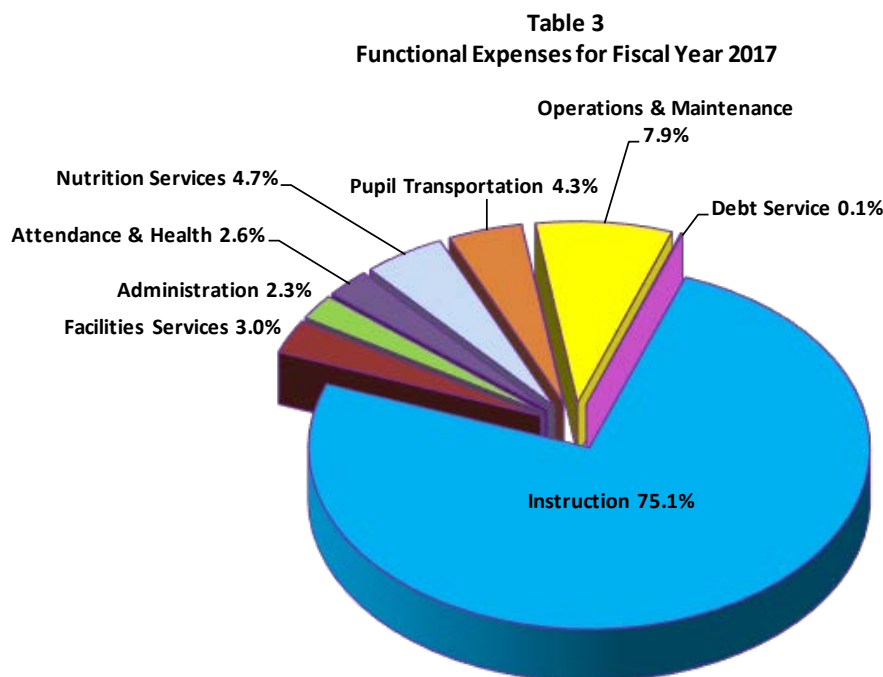


Table 4 following presents a comparative condensed summary of changes in net position and a more detailed discussion of the changes in the School Board's government-wide net position:

Table 4 Summary of Changes in Net Position As of June 30 (in millions of dollars)				
	Governmental Activities		FY 2017 Increase/ (Decrease)	Total Percentage Change 2016-2017
	2017	2016		
Revenues:				
Program revenues:				
Charges for services	\$ 2.5	\$ 2.0	\$ 0.5	25.0 %
Operating grants and contributions	122.2	114.4	7.8	6.8
Capital grants and contributions	9.0	8.3	0.7	8.4
Total program revenues	133.7	124.7	9.0	7.2
General revenues:				
Intergovernmental aid - unrestricted:				
City of Richmond	151.5	146.0	5.5	3.8
Commonwealth of Virginia	78.4	75.7	2.7	3.6
Miscellaneous and interest	0.5	0.6	(0.1)	(16.7)
Total general revenues	230.4	222.3	8.1	3.6
Total revenues	364.1	347.0	17.1	4.9
Expenses:				
Instruction	270.9	252.4	18.5	7.3
Support services:				
Administration	8.2	7.1	1.1	0.2
Attendance and health	9.6	9.3	0.3	3.2
Nutrition services	17.0	15.5	1.5	9.7
Pupil transportation	15.4	15.5	(0.1)	(0.6)
Operations and maintenance	28.3	27.6	0.7	2.5
Facilities services	10.9	7.5	3.4	45.3
Total support services expenses	89.4	82.5	6.9	8.4
Interest on long-term debt	0.3	0.3	-	-
Total expenses	360.6	335.2	25.4	7.6
Increase in net position	3.5	11.8	(8.3)	(70.3)
Net position - July 1	(271.3)	(283.1)	11.8	(4.2)
Net position - June 30	\$ (267.8)	\$ (271.3)	\$ 3.5	(1.3) %

Revenues for RPS' governmental activities totaled \$364.1 million during fiscal year 2017, representing an increase of \$17.1 million from fiscal year 2016.

Factors impacting the net increase in revenues during fiscal year 2017 include:

- An increase of approximately \$5.5 million in City appropriations.
- An increase of approximately \$7.8 million in operating grants and contributions.
- An increase of approximately \$700 thousand for school maintenance and major renovation projects.
- An increase of approximately \$2.7 million in state revenue.
- A decrease of approximately \$100 thousand in miscellaneous revenue and interest.

Expenses for RPS' governmental activities totaled \$360.6 million during fiscal year 2017, representing an increase of \$25.4 million from fiscal year 2016, primarily due to:

- A net increase of \$18.5 million for instruction, which is RPS' largest program, primarily attributable to increased spending in: direct classroom instruction of approximately \$7.9 million, improvement of instruction of approximately \$1.1 million for expenses that support teacher professional development and student learning such as field trips and learning software aides, and a net increase in pension expenses of approximately \$8.5 million related to the change in net pension liabilities, and current year amortization of deferred pension outflows and inflows of resources, primarily related to VRS.
- A net increase of \$6.9 million for support services. The most significant increases in expenses occurred in facilities \$3.4 million each, administration \$1.1 million, and nutrition services \$1.5 million.

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 \$33.3 million at June 30, 2017, an increase of \$8.0 million. The following table presents a summary of fund balances of the governmental funds as of June 30, 2016 and 2017:

Table 5 Fund Balance of Governmental Funds As of June 30 (in million of dollars)				
	2017	2016	Variance	Percent Variance 2016-2017
General Fund:				
Nonspendable	\$ 0.3	\$ 0.2	\$ 0.1	50.0 %
Committed	6.0	-	6.0	100.0
Assigned	16.5	7.5	9.0	120.0
Unassigned	1.6	8.3	(6.7)	(80.7)
Total General Fund	<u>24.4</u>	<u>16.0</u>	<u>8.4</u>	52.5
All Other Governmental Funds:				
Nonspendable	1.6	1.2	0.4	33.3
Restricted	3.7	5.1	(1.4)	(27.5)
Assigned	5.0	6.5	(1.5)	(23.1)
Unassigned	(1.4)	(3.5)	2.1	(60.0)
Total All Other Governmental Funds	<u>8.9</u>	<u>9.3</u>	<u>(0.4)</u>	(4.3)
Total Fund Balances	<u>\$ 33.3</u>	<u>\$ 25.3</u>	<u>\$ 8.0</u>	31.6 %

The major components of the increase in fund balance are:

- Current year General Fund revenues of \$283.9 million over expenditures of \$273.6 million (exclusive of net transfers to other funds of \$2 million) resulted in a net change in the General Fund balance of \$10.3 million. The increase in the change in General Fund balance from fiscal 2016 of \$6.1 million to \$8.3 million in fiscal 2017 represented an increase in the change in fund balance of \$2.2 million.
- An overall increase of \$11.5 million in general revenues primarily as a result of \$5.5 million increase in local appropriation from the City and a \$5.6 million increase in revenue from the state.
- A net increase in operating expenditures of \$10.4 million primarily resulting from an increase of approximately \$6.0 million in instruction, \$1.9 million in pupil transportation, and \$1.2 million in administration.
- 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 \$2 million during FY 2017.
- The Nutrition Services Fund reported a restricted fund balance of \$2.3 million with \$387 thousand nonspendable or an increase of \$1 million. Revenues increased by \$3.4 million offset by an increase in overall expenditures of \$1.7 million. The largest expenditure increases were \$1.1 million for food, and \$464 thousand for salaries and benefits.
- At the end of the current fiscal year, the Capital Projects Fund reported a total fund balance of \$5 million, a decrease of \$1.4 million from fiscal year 2016. Total expenditures increased by \$1.2 million from fiscal 2016 of \$10.4 million to \$9.2 million in fiscal 2017. Local appropriations increased \$673 thousand from fiscal 2016 of \$8.3 million to \$9 million in fiscal 2017.
- The School Board's Permanent Funds are nonspendable. 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 2017, resulting in an increase in the fund balance of the Permanent Funds of \$65 thousand for the fiscal year. The ending fund balance represents the amount reserved for Permanent Fund purposes, as reported on Exhibit C, in accordance with the Permanent Fund agreements.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

Table 6 General Fund Budgetary Highlights For the Fiscal Year Ended June 30, 2017 (in millions of dollars)				
	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance With Final Budget Positive (Negative)
Budgetary fund balances	\$ 1.5	\$ 4.7	\$ 4.7	\$ -
Revenue Sources (inflows):				
City of Richmond	152.2	152.2	152.4	(0.2)
Commonwealth of Virginia	126.0	126.0	127.3	1.3
Federal government	0.7	0.7	0.6	(0.1)
Total amounts available for expenditure	280.4	283.6	285.0	1.4
Expenditures (outflows):				
Personnel services - salaries and wages	161.4	156.5	155.1	1.4
Employee benefits	69.3	67.3	62.8	4.5
Purchased services	18.5	20.5	20.4	0.1
Other charges	11.0	14.5	15.3	(0.8)
Materials and supplies	9.7	10.7	8.2	2.5
Other operating expenditures	1.8	2.0	1.0	1.0
Capital outlay	2.5	4.2	3.1	1.1
Other financing uses:				
Notes payable	0.5	0.5	0.6	(0.1)
Transfers out	5.7	7.4	6.4	1.0
Total expenditures and other financing uses	280.4	283.6	272.9	10.7
Amounts available for expenditure over expenditures and other financing uses - budgetary basis	\$ -	\$ -	\$ 12.1	\$ 12.1

As shown on Exhibit I, the actual amounts available for expenditures was \$12.3 million under final budget basis expenditures for FY 2017, the net result of total revenue over budget by \$1.4 million and total expenditures under budget by approximately \$10.9 million.

Several factors contributing to the change in total revenues during fiscal year 2017 are as follows:

- Total revenue from the Commonwealth of Virginia, which was \$1.3 million over the final budget, primarily attributable to: (1) revenue increases of \$328 thousand in Standards of Quality (SOQ), \$491 thousand in Lottery funded programs, and \$1.7 million in other state agencies offset by decreases of (2) \$384 thousand in Incentives, \$740 thousand in State sales tax, and \$100 thousand in Categorical programs.
- Actual operating expenditures were under final budget basis expenditures by \$9.7 million. A portion of these savings were used towards fund balance in anticipation of the estimated funding gap in revenue and expenditures of for fiscal 2018.

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

- \$1.3 million under budget for salary and wages.
- \$4.5 million under budget for employee benefits. The savings of approximately \$1.2 million in FICA employer taxes; \$586 thousand was contributed for the early retirement program but \$2.3 million was budgeted and \$23.4 million was budgeted for VRS employer/employee cost but actual cost was \$21.8 million.
- \$2.5 million under budget for material and supplies.
- During fiscal year 2017, the School Board amended the legally adopted budget at various times for the following purposes, as detailed on Exhibit I:
 - To appropriate (add) approximately \$1.5 million to pay for commitments in the form of encumbrances established prior to July 1, 2016 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, 2016, 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.

CAPITAL ASSETS

At the end of fiscal year 2017, the School Board had invested \$17.6 million (see financial statement note 5) in vehicles (primarily school buses) and equipment, as reflected in Table 7 below:

Table 7 Capital Assets As of June 30 (In millions of dollars)			
	Governmental Activities		Total Change
	2017	2016	2015-2016
Vehicles, net	\$ 6.9	\$ 7.9	\$ (1.0)
Other equipment, net	10.7	9.9	0.8
Total	<u>\$ 17.6</u>	<u>\$ 17.8</u>	\$ (0.2)

This year's investment in capital assets of approximately \$2.9 million included purchases of 4 vehicles at \$93 thousand, \$2.1 million in technology assets, \$502.4 thousand in cafeteria appliances, \$25.5 thousand in facilities services equipment and \$170.5 thousand in learning equipment. Capital asset disposals of approximately \$340 thousand included \$267 thousand in vehicles and \$73 thousand in technology and equipment disposals.

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 14.

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 the following liabilities for long-term debt: \$4.9 million capital lease for energy improvements, \$4.2 million capital lease for 78 buses, and \$104 thousand for technology equipment. The School Board made capital lease principal payments of approximately \$1.3 million during the current year. The School Board does not have any legal debt limit, debt margin, or bonds outstanding.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

FISCAL YEAR 2018 BUDGET

Revenues

Richmond Public Schools is striving to preserve its core mission and values and improve levels of student achievement while facing significant budgetary influences during a low economic recovery period. The beginning of economic recovery is reflected in this budget. While the overall increase in resources is 4.2%, a significant portion is due to a required outlay of expenditures. Local revenue is projected at \$159 million, which is an increase of \$7.5 million over FY2017. State revenues are increased by \$4.4. A majority of the state revenue originates from the Virginia Department of Education totaling \$129.5 million. Additional state revenues totaling \$900,000 is generated by the division's Medicaid reimbursements.

Tuition and other revenues supporting the general operating budget are projected to be the same as in FY 2017. Federal revenues for JROTC and Impact Aid collections are projected to the same as in FY 2017 as well.

The general operating revenues are slated to increase \$11.9 million, with the FY2018 revenue budget of approximately \$292.2 million representing a 4.2% increase over the FY2017 adopted budget. The primary sources of revenue for the operating budget are the City and the Virginia Department of Education.

The FY2018 state revenue budget is based on a projected FY2018 March 31 average daily membership (ADM) of 22,154 students. The projected ADM does not include approximately 1,800 pre-k students.

Expenditures

The FY2018 School Board budget for RPS is increasing \$11.8 million, 4.2% overall. The FY2018 spending plan for the operating budget focuses on phase 2 of the teacher salary schedule decompression. The decompression plan was initially implemented in FY2017 to establish internal equity in our teacher salary schedule. The compression was experienced by many localities across the Commonwealth and was exacerbated by the Great Recession of 2008/2009. We had hundreds of teachers that had been teaching for ten years, but were being compensated the same as a first year teacher right out of college and the new decompression teacher salary scales began to address this inequity issue.

For those employees on the support salary schedule, the budget includes a 2.5% salary adjustment. Additionally, funding will cover mandates such as retirement and group life contributions to the Virginia Retirement System, IDEA set-aside requirements and sequestration, vehicle insurance, and tuition increases for consortium and ancillary programs.

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 Services at the School Board of The City of Richmond, 301 North Ninth Street, Richmond, Virginia 23219-1927.

Basic Financial Statements

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

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, 2017

Assets:

Equity in cash with the City of Richmond, Virginia	\$ 20,267,604
Cash on hand or in banks	399,613
Investments	1,439,929
Accounts receivable	737,081
Due from other governments	71,473,281
Inventory of materials and supplies	387,370
Prepaid Items	95,736
Capital assets, net	<u>17,621,119</u>
Total assets	<u>112,421,733</u>

Deferred Outflows of Resources:

Deferred pension investment experience, net	17,773,125
Deferred pension proportionate share	8,992,006
Deferred pension contributions	<u>23,255,584</u>
Total deferred outflows of resources	<u>50,020,715</u>

Liabilities:

Accounts payable	6,346,393
Accrued liabilities	40,829,657
Unearned revenues	2,978,224
Due to other governments and external parties	7,718,442
Noncurrent liabilities:	
Due within one year	3,575,659
Due in more than one year	<u>351,814,284</u>
Total liabilities	<u>413,262,659</u>

Deferred Inflows of Resources:

Deferred economic experience	9,749,334
Deferred pension proportionate share	<u>7,241,000</u>
Total deferred inflows of resources	<u>16,990,334</u>

Net position:

Net investment in capital assets	8,506,298
Restricted for:	
Capital Projects	5,040,229
Permanent fund purposes - nonexpendable	214,059
Permanent fund purposes - expendable	961,892
Unrestricted (deficit)	<u>(282,533,023)</u>
Total net position	<u>\$ (267,810,545)</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, 2017

Functions/Program Activities	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Instruction	\$ 270,858,988	1,617,774	102,814,875	-	(166,426,339)
Support services:					
Administration	8,233,311	-	-	-	(8,233,311)
Attendance and health	9,575,303	-	-	-	(9,575,303)
Nutrition services	17,019,464	499,909	18,541,818	-	2,022,263
Pupil transportation	15,399,783	-	-	-	(15,399,783)
Operations and maintenance	28,362,353	361,386	910,650	-	(27,090,317)
Facilities services	10,880,133	-	-	9,000,000	(1,880,133)
Total support services	89,470,347	861,295	19,452,468	9,000,000	(60,156,584)
Interest on long-term debt	309,684	-	-	-	(309,684)
 Total governmental activities	 \$ 360,639,019	 2,479,069	 122,267,343	 9,000,000	 (226,892,607)

General revenues:

Intergovernmental aid not restricted to specific purposes:

City of Richmond, Virginia	151,521,909
Commonwealth of Virginia	78,423,498
Interest	26,487
Miscellaneous	455,584

Total general revenues 230,427,478

Change in net position 3,534,871

Net position - July 1, 2016 (271,345,416)

Net position - June 30, 2017 \$ (267,810,545)

See accompanying notes to basic financial statements.

Fund Financial Statements

Exhibit C

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

Balance Sheet

Governmental Funds

June 30, 2017

	General	Special Revenue	Nutrition Services	Capital Projects	Permanent	Total Governmental Funds
Assets:						
Equity in cash with the City of Richmond, Virginia	\$ 20,267,604	-	-	-	-	20,267,604
Cash on hand or in banks	385,396	-	14,217	-	-	399,613
Investments	192,396	-	-	-	1,247,533	1,439,929
Accounts receivable	158,263	536,784	42,034	-	-	737,081
Due from other governments	43,603,087	15,713,980	1,319,884	10,836,330	-	71,473,281
Due from other funds	15,251,092	-	2,330,732	-	-	17,581,824
Prepaid items	95,736	-	-	-	-	95,736
Inventory of materials and supplies	-	-	387,370	-	-	387,370
Total assets	\$ 79,953,574	16,250,764	4,094,237	10,836,330	1,247,533	112,382,438
Liabilities and fund balances						
Liabilities:						
Accounts payable	\$ 4,128,553	1,577,499	577,939	62,402	-	6,346,393
Accrued liabilities	41,519,919	2,413,774	421,623	50,000	-	44,405,316
Due to fiduciary funds	3,174,316	-	-	-	-	3,174,316
Due to external parties	-	245,778	-	-	-	245,778
Due to City	4,297,848	-	-	-	-	4,297,848
Due to other funds	2,330,732	9,495,811	-	5,683,699	71,582	17,581,824
Unearned revenues	72,952	2,517,902	387,370	-	-	2,978,224
Advances from the City of Richmond, Virginia	500	-	-	-	-	500
Total liabilities	55,524,820	16,250,764	1,386,932	5,796,101	71,582	79,030,199
Fund balance (deficit):						
Nonspendable:						
Inventories	-	-	387,370	-	-	387,370
Prepaid insurance	95,736	-	-	-	-	95,736
Investments	192,396	-	-	-	-	192,396
Permanent fund purposes	-	-	-	-	1,175,951	1,175,951
Restricted	-	1,390,854	2,319,935	-	-	3,710,789
Committed	6,043,982	-	-	-	-	6,043,982
Assigned	16,526,024	-	-	5,040,229	-	21,566,253
Unassigned	1,570,616	(1,390,854)	-	-	-	179,762
Total fund balances	24,428,754	-	2,707,305	5,040,229	1,175,951	33,352,239
Total liabilities and fund balances	\$ 79,953,574	\$ 16,250,764	\$ 4,094,237	\$ 10,836,330	\$ 1,247,533	\$ 112,382,438

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, 2017

Total fund balances - governmental funds (Exhibit C) \$ 33,352,239

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 \$44,008,281 and the accumulated depreciation is \$26,387,162 17,621,119

Deferred outflow items:

Deferred pension contributions	23,255,584	
Deferred pension investment experience, net	17,773,125	
Deferred pension proportionate share	8,992,006	50,020,715

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	(1,616,826)	
Compensated absences	(11,191,586)	
Net Pension liabilities	(296,713,963)	
Net OPEB obligations	(34,568,594)	
Capital leases	(7,723,315)	(351,814,284)

Deferred inflow items:

Deferred pension economic experience	(9,749,334)	
Deferred pension proportionate share	(7,241,000)	(16,990,334)

Total net position - governmental activities (Exhibit A) \$ (267,810,545)

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, 2017

	General	Special Revenue	Nutrition Services	Capital Projects	Permanent	Total Governmental Funds
Revenues:						
Intergovernmental:						
City of Richmond, Virginia	\$ 151,521,909	-	-	9,000,000	-	160,521,909
Commonwealth of Virginia	128,864,668	8,597,660	457,584	-	-	137,919,912
Federal government	612,190	43,065,600	18,084,235	-	-	61,762,025
Donations and gifts	-	988,073	98,713	-	-	1,086,786
Charges for goods and services:						
Tuition and fees	440,729	748,110	-	-	-	1,188,839
Food sales	-	-	493,033	-	-	493,033
Investment income, net:						
Net increase in fair value of investments	36,769	-	-	-	82,173	118,942
Interest and dividend income	-	-	2,931	-	-	2,931
Miscellaneous	2,448,222	63,003	3,945	-	-	2,515,170
Total revenues	283,924,487	53,462,446	19,140,441	9,000,000	82,173	365,609,547
Expenditures:						
Current operating:						
Instruction	212,982,638	54,031,005	-	-	17,542	267,031,185
Support services:						
Administration	8,094,545	44,615	-	-	-	8,139,160
Attendance and health	8,901,457	791,833	-	-	-	9,693,290
Nutrition services	65,750	-	18,094,993	-	-	18,160,743
Pupil transportation	14,065,274	171,878	-	-	-	14,237,152
Operations and maintenance	27,519,894	410,199	-	-	-	27,930,093
Facilities services	331,719	-	-	-	-	331,719
Total support services	58,978,639	1,418,525	18,094,993	-	-	78,492,157
Total current operating	271,961,277	55,449,530	18,094,993	-	17,542	345,523,342
Capital outlay	-	-	-	10,404,913	-	10,404,913
Debt service:						
Capital lease principal	1,329,115	-	-	-	-	1,329,115
Capital lease interest	309,684	-	-	-	-	309,684
Total expenditures	273,600,076	55,449,530	18,094,993	10,404,913	17,542	357,567,054
Excess (deficiency) of revenues over (under) expenditures	10,324,411	(1,987,084)	1,045,448	(1,404,913)	64,631	8,042,493
Other financing sources (uses):						
Transfers in (note 4)	4,441,485	1,987,084	-	-	-	6,428,569
Transfers out (note 4)	(6,428,569)	-	-	-	-	(6,428,569)
Total Other financing sources (uses), net	(1,987,084)	1,987,084	-	-	-	-
Net change in fund balances	8,337,327	-	1,045,448	(1,404,913)	64,631	8,042,493
Fund balances - July 1, 2016	16,091,427	-	1,661,857	6,445,142	1,111,320	25,309,746
Fund balances - June 30, 2017	\$ 24,428,754	-	2,707,305	5,040,229	1,175,951	33,352,239

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, 2017

Net change in fund balances - total governmental funds (Exhibit E) \$ 8,042,493

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	\$	2,925,999	
Depreciation expense		<u>(3,089,085)</u>	(163,086)

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:

Applicable expenses	Amounts Incurred (Over) Under Financial Resources Used
Workers' compensation	\$ (451,182)
Compensated absences:	
Vacation pay	(508,659)
Sick pay	295,578
Net OPEB obligation	(3,930,988)
Capital leases	1,391,505
Net Pension Liability	(26,221,527)
Amortization of Deferred Pension Investment Experience, Net	35,031,190
Amortization of Deferred Pension Proportionate Share	(5,164,925)
Amortization of Deferred Pension Economic Experience	(5,447,099)
Deferred Pension Contributions	661,571
 Net amount incurred under financial resources used	 <u>(4,344,536)</u>

Net reconciling items (4,507,622)

Change in net position of governmental activities (Exhibit B) \$ 3,534,871

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, 2017

	Employee Early Retirement Incentive Plan	Agency Funds
Assets:		
Cash on hand or in banks	\$ -	\$ 1,371,154
Investments - money market fund	946,623	-
Total cash and investments	946,623	1,371,154
Accounts receivable	989	-
Due from other governments	-	171,953
Due from General Fund	-	3,174,316
Total assets	\$ 947,612	\$ 4,717,423
Liabilities:		
Accounts payable	-	130,853
Accrued liabilities	-	825,344
Amounts held for other organizations	-	3,761,226
Total liabilities	-	\$ 4,717,423
Net position:		
Held in trust for employee pension benefits	947,612	
Total net position	\$ 947,612	

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, 2017

	Employee Early Retirement Incentive Plan
Additions:	
Contributions	\$ 1,202,536
Investment Income:	
Dividends	5,966
Total investment income	5,966
Total additions	1,208,502
Deductions:	
Benefits	1,037,451
Total deductions	1,037,451
Change in net position	171,051
Net position - July 1, 2016	776,561
Net position - June 30, 2017	\$ 947,612

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 the Basic Financial Statements
June 30, 2017

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 accounting principles generally accepted in the United States of America (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.

THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA
(A Component Unit of the City of Richmond, Virginia)
Notes to the Basic Financial Statements
June 30, 2017

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

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

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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 \$1,565,000 to the Governor's School for the school year 2016-2017. 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 \$656,500 to the Center for the school year 2016-2017. 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

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financial statements organize and report the financial transactions and balances of the School Board on the basis of fund types. The following is a brief description of the major funds reported by the School Board in each of its fund types in the Fund financial statements.

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

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

Special Revenue Fund – 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 balance 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.

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

Trust Fund – The Trust Fund consists of the *Employee Early Retirement Incentive Plan*, a pension trust fund, 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:

Nonspendable fund balance – amounts that are not in a spendable form (such as inventory or pre-paid amounts) or are legally required to remain 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.

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

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

The School Board considers restricted amounts to have been spent when expenditure is incurred for purposes for which both restricted and unrestricted amounts are available. The School Board has not established a policy for use of unrestricted fund balance amounts.

Management considers committed amounts would be reduced first and then continuing in descending order using unassigned resources last.

(e) Basis of Accounting/Measurement Focus

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

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

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

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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-four percent of the School Board's revenue is from City appropriations, approximately thirty-eight percent is from the Commonwealth of Virginia, approximately seventeen 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(n), (o) and (p), 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, encumbrances are classified as assigned fund balance to indicate that they cannot be used for any other purpose.

Encumbrances in the Special Revenue and Nutrition Services funds are included as part of the restricted fund balance. Encumbrances in the Capital Project funds are classified as assigned in fund balance at year-end.

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(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.

(h) **Investments**

Investments are stated at fair value. Securities traded on a national exchange are recorded using quoted prices in active markets for those securities. Mutual fund shares are stated at fair value at year-end.

(i) **Inventories and prepaid items**

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

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

The School Board capitalizes vehicles and equipment (capital assets) having a minimum useful life greater than one year and a cost of \$5,000 or more. Those assets, which have been acquired for general governmental purposes, are accounted for and reported in the Government-wide financial statements. Capital assets are stated at historical cost. Contributed capital assets are stated at their acquisition 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 \$186.1 million) are not included in the School Board's Government-wide financial statements. In addition, all long-term debt related to the acquisition of the school sites and buildings are a liability of the City and, accordingly, are not reflected in the financial statements of the School Board. Accumulated depreciation is reported as a reduction of capital assets in the Government-wide financial statements. Depreciation is computed using the straight-line method based upon estimated useful lives ranging from five years for office equipment and ten years for buses to thirty years for certain electrical equipment.

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(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 notes 3 and 4).

(l) Accrued Liabilities

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

(m) Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources, which represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The School Board reports deferred outflows of resources related to pensions in the government-wide Statement of Net Position resulting from pension investment returns that exceed projected earnings, pension contributions made subsequent to the measurement date and changes in proportionate share. Changes in proportionate share are deferred and amortized over the remaining service life of all participants and investment experience amounts are deferred and amortized over a closed five-year period. In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources representing an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources in the government-wide Statement of Net Position represent amounts related to pensions and result from changes in proportionate share of contribution, and changes in economic experience. Changes in proportionate share are deferred and amortized over five years and changes from pension experience are deferred and amortized over and investment returns lower than projected earnings, which are also deferred and amortized over a period no greater than five years.

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(n) **Unearned Revenues**

The unearned revenues on the Balance Sheet and Statement of Net Position represent amounts received in advance of meeting eligibility requirements (e.g., unexpended grant proceeds, unused commodities at year-end).

(o) **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. Employees may accumulate an unlimited amount of earned but unused sick leave benefit, which is forfeited upon separation from service, except when separation is caused by retirement. Unused sick pay earned is paid at rates established by administrative policy (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.

(p) **Postemployment Health and Dental Care Benefits**

Obligations for postemployment 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 13).

(q) **Self-insurance Claims**

The School Board is self-insured for its medical claims, workers' compensation and unemployment compensation. All known outstanding claims have been recorded consistent with the various funds' accounting policies. The School Board uses information provided by third-party insurance administrators to determine the self-insurance liability for Incurred

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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 and health care claims liabilities are limited to the amounts expected to be paid from expendable available financial resources. Claims are reported in the 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, 2017, the carrying amount and the financial institutions' balances of the School Board's deposits with financial institutions applicable to governmental activities was \$348,755. In addition, the carrying amount of deposits with financial institutions held by the School Board's Fiduciary Funds totaled \$1,371,154 and the related financial institutions' balances totaled \$1,552,692. The difference of \$181,538 between the carrying amounts and the financial institutions' balances were attributable to outstanding checks of approximately \$186,566 less deposits in transit of \$5,028 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 \$20,267,604 at June 30, 2017. Accordingly, information to categorize the School Board's equity in cash with the City, by level of risk assumed, is not available for disclosure. The City issues a publicly available Comprehensive Annual Financial Report, which includes a disclosure of all City investments by risk category and discloses that all City bank deposits are protected by federal depository insurance or collateral held under the Virginia Security for Public Deposits Act.

(c) 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

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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, 2017, 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	
Money Market Investments	\$ 207,364
Mutual Funds	1,040,169
Common Stock	192,396
Total	\$ 1,439,929

Investments related to Permanent Funds include \$207,364 in money market funds and \$1,040,169 in mutual funds. Investments related to the General Fund include \$192,396 in common stocks.

(2) As of June 30, 2017, the Employee Early Retirement Incentive Plan had investments in the Heritage Money Market Fund Portfolio, totaling \$946,623.

The *Code of Virginia* (Code) also authorizes the Early Retirement Incentive Plan for Employees of Richmond Public Schools (The Plan – see note 11(c)) to place investments in common stocks, corporate debt and other securities.

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.

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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.

As of June 30, 2017, the School Board had investments of \$946,623, in a collateralized bank deposit account.

Fair Value of Investments

The School Board categorizes its fair value measurements within the fair value hierarchy established by general accepted accounting principles.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1:

Quoted prices (unadjusted) in active markets for an identical asset or liability that a government can access at the measurement date.

Level 2:

Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3:

Unobservable inputs for an asset or liability.

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The following table presents the fair value of measurements of investments held separately from all other School Board deposits held with financial institutions measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurement falls at June 30, 2017:

	Balance June 30, 2017	Fair Value Measurement Using Level 1
Investments by fair value levels		
Common Stocks	\$ 192,396	\$ 192,396
Mutual Funds	1,040,169	1,040,169
Total	\$ 1,232,565	\$ 1,232,565

3) Due From/To Other Governments

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

The following is a summary of amounts due from other governments at June 30, 2017:

	Federal	State	City	Other	Total
Governmental Funds:					
General Fund	\$ -	\$ 7,663	\$ 43,595,313	\$ 111	\$ 43,603,087
Special Revenue Fund	13,533,732	1,527,979	-	652,269	15,713,980
Nutrition Services Fund	1,319,884	-	-	-	1,319,884
Capital Projects Fund	-	-	10,836,330	-	10,836,330
Total	\$ 14,853,616	\$ 1,535,642	\$ 54,431,643	\$ 652,380	\$ 71,473,281
Statement of Fiduciary Net Position:					
Agency Funds	\$ -	\$ -	\$ -	\$ 171,953	\$ 171,953

At June 30, 2017, the School Board's General Fund had \$3,174,316 due to Fiduciary Funds, \$500 of advances from the City, and \$4,297,848 due the City comprised of: 1) \$3,681,000 in Incurred but Not Reported (IBNR) liabilities under the joint health care program, and 2) \$616,848 related to the difference between appropriated and actual sales tax revenue received at year-end.

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4) Interfund Balances and Transfers

In the Fund financial statements, interfund receivable and payable balances as of June 30, 2017 were:

TO FUND	FROM FUND	
	Interfund Receivables	Interfund Payables
General	\$ 15,251,092	\$ 2,330,732
Special Revenue	-	9,495,811
Nutrition Services	2,330,732	-
Capital Projects	-	5,683,699
Permanent	-	71,582
Total	<u>\$ 17,581,824</u>	<u>\$ 17,581,824</u>

The balance of \$9,495,811 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.

Interfund transfer balances in the General Fund for the year ended June 30, 2017 were as follows:

Transfers In	Transfers Out (General Fund)
General Fund	\$ 4,441,485
Special Revenue Fund	1,987,084
Total	<u>\$ 6,428,569</u>

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5) Capital Assets

Changes in capital assets during the fiscal year ended June 30, 2017 are summarized below:

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Capital assets being depreciated:				
Vehicles	\$ 21,585,665	\$ 93,447	\$ 266,713	\$ 21,412,399
Other equipment	13,634,872	2,832,552	73,168	16,394,256
Energy and water equipment	6,201,626	-	-	6,201,626
Total being depreciated	41,422,163	2,925,999	339,881	44,008,281
Less: Accumulated depreciation				
Vehicles	13,676,917	1,076,507	266,713	14,486,711
Other equipment	8,598,273	1,785,450	73,168	10,310,555
Energy and water equipment	1,362,768	227,128	-	1,589,896
Total accumulated depreciation	23,637,958	3,089,085	339,881	26,387,162
Capital assets, net	\$ 17,784,205	\$ (163,086)	\$ -	\$ 17,621,119

Depreciation expense was charged to functions as follows:

Instruction	\$ 1,426,482
Support Services:	
Administration	1,070
Attendance & Health	41,002
Pupil Transportation	898,631
Operations and Maintenance	276,424
Nutrition Services	77,999
Technology	145,533
Facilities acquisition and improvements	221,944
Total	\$ 3,089,085

6) Capital Leases

The School Board 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 in July 2009. The total amount financed was \$6,201,626 with an interest rate of 5.14%.

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The School Board acquired school buses and computer equipment, during the 2014-2015 school year under capital lease arrangements as follows: 78 school buses with an interest rate of 1.72% for \$6,556,806, and computer equipment with an implicit interest rate of 2.99% for \$299,962.

The assets acquired through the capital lease are as follows:

Energy and water equipment	\$ 6,201,626
Less: Accumulated depreciation	<u>(1,589,896)</u>
Total	<u><u>\$ 4,611,730</u></u>
School buses	\$ 6,556,806
Less: Accumulated depreciation	<u>(1,648,085)</u>
Total	<u><u>\$ 4,908,721</u></u>
Equipment	\$ 299,962
Less: Accumulated depreciation	<u>(149,980)</u>
Total	<u><u>\$ 149,982</u></u>

The total future minimum lease obligations and the total net present value of the minimum lease payments as of June 30, 2017 are as follows:

Fiscal Year	Principal	Interest
2018	1,391,506	307,373
2019	1,404,218	268,483
2020	1,445,830	228,489
2021	1,518,180	185,628
2022	928,413	142,863
2023-2026	<u>2,426,674</u>	<u>214,779</u>
Present value of minimum lease obligations	<u><u>\$ 9,114,821</u></u>	<u><u>\$ 1,347,615</u></u>

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7) Noncurrent Liabilities

Changes in the total noncurrent liabilities during the fiscal year ended June 30, 2017 are summarized below:

	Amounts Payable at			Amounts Payable at	Due Within	Due in
	June 30, 2016	Increases	Decreases	June 30, 2017	One Year	More Than One Year
Workers' compensation liability	\$ 2,327,102	1,717,748	(1,355,436)	2,689,414	1,072,588	1,616,826
Vacation pay liability	3,253,759	1,174,112	(488,462)	3,939,409	266,288	3,673,121
Sick pay liability	8,255,668	1,140,501	(1,032,427)	8,363,742	845,277	7,518,465
Net pension liability	270,492,436	27,183,659	(962,132)	296,713,963	-	296,713,963
Net OPEB obligations	30,637,606	3,930,988	-	34,568,594	-	34,568,594
Capital leases - energy improvements	5,197,970	-	(338,932)	4,859,038	383,133	4,475,905
Capital leases - equipment	179,316	-	(75,323)	103,993	77,606	26,387
Capital leases - buses	5,066,650	-	(914,860)	4,151,790	930,767	3,221,023
Total	\$ 325,410,507	35,147,008	(5,167,572)	355,389,943	3,575,659	351,814,284

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 Funds' 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 business machines under various operating lease agreements, which are subject to annual appropriation of funds. Total costs for such leases were \$2,170,799 for the fiscal year ended June 30, 2017. At June 30, 2017, the annual operating lease commitments are as follows:

Year Ending June 30	Amount
2018	\$ 1,904,714
2019	1,338,486
2020	1,338,486
2021	1,305,742
2022 - thereafter	217,624
Total minimum lease payments	\$ 6,105,053

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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:

- *Nonspendable 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 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) Nonspendable

Nonspendable General Fund balance for prepaid insurance of \$95,736 represents (1) \$25,000 held as a required deposit for the short-term disability insurance program (2) \$59,225 in the self-insured workers' compensation bank account and (3) \$11,511 prepaid summer school expenditures.

Nonspendable General Fund balance for investments of \$192,396 is held in common stock.

Nonspendable Nutrition Services balance for inventories of \$387,370 represents the portion of fund balance for food inventory, which is not otherwise available for appropriation and expenditure.

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Nonspendable fund balance for Permanent Funds of \$1,175,951 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 \$1,390,854 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 \$2,319,935 is restricted to expenditures for the specific purpose of operating the National School Lunch Program and cafeteria operations.

(c) **Committed:**

The School Board has approved the following fund balance commitments:

- \$4.2 million of the General Fund's fund balance to pay off the current bus lease obligation.
- \$1.8 million of the General Fund's fund balance for building repair & maintenance and supply contracts.

(d) **Assigned:**

The School Board has delegated the responsibility to assign funds to the Superintendent or the Chief Financial Officer. The Superintendent, as a part of the 2018 financial plan, assigned the following:

- \$1.5 million of General Fund's fund balance to eliminate a projected budgetary deficit in the subsequent year's General Fund budget.
- \$4.8 million of General Fund's fund balance to pay during the fiscal year for goods and services not received prior to the end of the fiscal year.
- \$2 million of General Fund's fund balance is assigned to school level identified needs.
- \$1.1 million of General Fund's fund balance is assigned to pay for building repair & maintenance and supply contracts that may not be covered with capital fund appropriations.
- \$3.4 million of General Fund's fund balance is assigned to fully fund the RPS early retirement program (ERIP) liability.
- \$3.7 million of General Fund's fund balance is assigned 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:

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- Arthur Ashe Athletic Center: Approximately \$312 thousand. Funds generated from building rental fees and receipts are specifically used for supplies, equipment and general operations of the center.
 - Driver's Education program: Approximately (\$101.4) thousand deficit. Funds generated from student fees pertaining to the Driver's Education program, which are specifically used for equipment to operate the program. The program is expected to recover from a deficit position with student fees and School Board appropriations.
 - Indirect Cost fund: Approximately \$1.7 million. Funds generated from federal indirect cost recovery to pay contractual salaries and benefits.
 - Health Services Nursing fund: Approximately \$84.8 thousand. Funds accumulated over prior fiscal years from student fees. Fund balance remaining at June 30, 2017 will be used to support the delivery of special education health and nursing services to students.
 - Nursing: Approximately \$18.7 thousand. Funds generated from fees and services for health related services provided by nursing professionals.
 - RTC bookstore: Approximately \$68.7 thousand. Funds generated from student fees to purchase books for the Apprenticeship and evening vocational programs at the Richmond Technical Center.
 - Unemployment and workers' compensation: Approximately \$1.1 thousand. Funds generated from federal direct cost recovery retained to pay insurance cost in current year operations.
 - Virtual Virginia program: Approximately \$491.6 thousand. Funds generated from tuition payments to enroll in online Advance Placement, world language, core academic, and elective courses.
- \$5 million of Capital Projects fund balance for the purpose of expenditures to complete approved school renovation and facility improvement projects.

(e) **Unassigned**

The unassigned general fund balance totals \$1,570,616. These funds will be utilized by the School Board during future budget development.

The negative unassigned fund balance of \$(1,390,854) in the Special Revenue fund is equal to contractual obligations related to specific purposes.

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10) Health Care Plan

On July 1, 2010, RPS began to self-insure health care for all eligible employees and retirees by contracting with providers for administrative services only. Services under these contracts include claims adjudication, disease management, lifestyle programs and wellness initiatives.

The Department of Benefits & Risk Management manages the plan, ensures statutory compliance. In accordance with the Affordable Care Act (ACA), any employee who works an average of thirty (30) or more hours within a designated "measurement period" will be eligible to enroll in the School-sponsored health plan.

CIGNA Healthcare is contracted as the third-party administrator for the medical plans. RPS offers three medical plan options: Premier, Classic and Open Access HSA High Deductible. In-network services for the Premier Plan are covered at 90% with a \$20 office visit co-pay for Primary Care Physicians, and a \$40 office visit co-pay for Specialists. In-network services for the Classic Plan are covered at 80% with a \$25 office visit co-pay for Primary Care Physicians, and a \$50 office visit co-pay for Specialists. In network services for the Open Access HSA High Deductible Plan are covered at 70% with a 30% co-insurance. Employees who elect the Open Access HSA High Deductible Plan are automatically enrolled in a Health Savings Account. Beginning January 2016, RPS made a one-time employer contribution of \$1,000 for family coverage and \$500 for single coverage. The amounts are prorated for new hires hired after the annual enrollment date. Out-of-network providers are covered at 50%. Wellness checkups and services are covered at 100%. Prescription drug coverage is included with the three medical plans utilizing a three tier co-pay structure and optional mail-order for maintenance medications.

RPS purchases specific stop-loss insurance from Connecticut General Life Insurance Company (CIGNA) limiting claims against the self-insurance program to \$300,000 per occurrence for individual claim. A liability of \$3.7 million has been recorded to the General Fund based on an estimate from RPS's outside actuary, Wells Fargo.

11) Defined Benefit Pension Plans

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

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(a) **Virginia Retirement System – Teachers’ Pool and Political Subdivision**

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

The School Board contributes to the VRS 1) agent and 2) cost-sharing multiple-employer defined benefit pension plans 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 (teachers’ pool) participate in the cost-sharing multiple-employer plan and nonprofessional employees (political subdivision) participate as a separate group in the agent multiple-employer plan.

Members become vested 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. Active 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. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. When buying service, members must purchase their most recent period of service first.

Within the VRS Plan, VRS administers three different benefit plans for local government employees – Plan 1, Plan 2, and Hybrid:

- Members hired before July 1, 2010, and who were vested as of January 1, 2013 are covered under Plan 1, a defined benefit plan. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of creditable service or age 50 with at least 30 years of service credit. Non-hazardous duty members may retire with a reduced benefit as early as age 55 with at least 5 years of creditable service or age 50 with at least 10 years of service.
- Members hired or rehired on or after July 1, 2010 and Plan 1 members who were not vested as of January 1, 2013 are covered under Plan 2, a defined benefit plan. Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of creditable service or when the sum of their age and service equals 90. Non-hazardous duty members may retire with a reduced benefit as early as age 60 with at least 5 years of creditable service.
- Non-hazardous duty members hired or rehired on or after January 1, 2014 are covered under the Hybrid plan, as well as VRS Plan 1 and VRS Plan 2 members who were eligible and opted into the plan during a special election window held January 1-April 30, 2014. The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Members covered by this hybrid plan are eligible for an unreduced retirement benefit, under the defined benefit component, when they reach

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the normal social security retirement age and have at least five years of creditable service or when their age and service equal 90. Members may retire with a reduced benefit as early as age 60 with at least five years of creditable service. Members are eligible to receive distributions upon leaving employment, subject to restrictions, under the defined contribution component.

The VRS defined 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. The retirement multiplier for non-hazardous duty members is 1.7%.

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 1.65%.

Under the Hybrid Plan, defined benefit component, average final compensation is the average of the member's 60 consecutive months of highest compensation.

The retirement multiplier is 1.0%. For members that opted into the Hybrid Retirement Plan from VRS Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for those plans.

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 5.00%; under Plan 2, the COLA cannot exceed 3.00%. COLA is not applicable under the Hybrid Plan. 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.

Employees covered by the benefit terms of the VRS Political Subdivision plan is as follows:

Inactive Members or Their Beneficiaries	
currently Receiving Benefits	313
Inactive Members	
Vested	41
Non-Vested	103
Active Elsewhere in VRS	<u>95</u>
Total Inactive Members	239
Active Members	<u>436</u>
Total	<u>988</u>

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Members under the Hybrid Plan, including Plan 1 and Plan 2 opt-ins, participate in the Virginia Local Disability Program (VLDP) unless the School Board provided an employer-paid comparable program. Hybrid members, including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.

VRS issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for the plans administered by VRS. A copy of the most recent report may be obtained by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, Virginia, 23218-2500 or from the VRS' website: <http://www.varetire.org/Pdf/Publications/2017-annual-report.pdf>

(ii) **Contributions**

Plan members are required by Title 51.1-145 of the *Code of Virginia* (1950), as amended, to contribute 5.00% of their annual reported compensation to the VRS. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5.00% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5.00% member contribution. This could be phased in over a period of 5 years but all employees will be paying the full 5.00% by July 1, 2016. The employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. In addition, the School Board is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the *Code of Virginia* and approved by the VRS Board of Trustees.

VRS Teachers' Pool

For professional employees participating in the VRS cost-sharing multiple-employer plan for both the defined benefit and defined contribution plans, the School Board's actual contributions to the VRS Teachers' Pool were \$22,625,071 and \$21,698,577 for the years ended June 30, 2017 and June 30, 2016, respectively. The School Board's contractually required contribution rate applicable to professional employees for the fiscal year ended June 30, 2016 (the Measurement Date), excluding the 5.00% member rate, was 14.06% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of the June 30, 2013 actuarial valuation adjusted for the transfer in June 2015 of \$192,884,000 as an accelerated payback of the contribution deferred in the 2010-2012 biennium. The actuarially determined rate for the VRS Teachers' Pool was 18.20%; however, it was reduced to 17.64% as a result of the transfer. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Based on the provisions of Title 51.1-145 of the *Code of Virginia*, as amended, the contributions were funded at 79.69% of the actuarial rate for the year ended June 30, 2016 (the Measurement Date).

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VRS Political Subdivision

For non-professional employees participating in the VRS agent multiple-employer plans for both the defined benefit and defined contribution plans, the School Board's contributions were \$630,513 for the year ended June 30, 2017. The School Board's contribution rate applicable to nonprofessional employees for the fiscal years ended June 30, 2016 (the Measurement Date) was 9.00% of covered employee compensation.

(iii) **Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

VRS Teachers' Pool

At June 30, 2017, the School Board reported a Net Pension Liability of \$287,913,000 for professional employees measured as of June 30, 2016. The School Board's proportion of the Net Pension Liability was based on the actuarially determined employer contributions to the pension plan for the year ended June 30, 2016 relative to the total of the actuarially determined employer contributions for all participating employers. At the June 30, 2016 measurement date, the School Board's proportion was 2.05445% as compared to 2.08976% at June 30, 2015.

For the year ended June 30, 2017, the School Board recognized pension expense of approximately \$25,033,000. Since there was a change in proportionate share between June 30, 2015 and June 30, 2016, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2017, the School Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net differences between projected and actual earnings on pension plan investments	\$ 16,447,000	\$ -
Changes in proportionate share of contributions	8,992,006	7,241,000
Difference between expected and actual economic experience	-	9,330,000
School Board contributions subsequent to the measurement date	22,625,071	-
Total	<u>\$ 48,064,077</u>	<u>\$ 16,571,000</u>

Deferred outflows of resources resulting from contributions made subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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Year ending June 30:	Deferred Outflows/ Inflows of Resources
2018	\$ 2,438,640
2019	2,438,640
2020	2,438,640
2021	2,438,646
Thereafter	(886,560)
	<u>\$ 8,868,006</u>

The following represents the School Board's proportionate share of the net pension liability calculated using the stated discount rate, as well as what the net pension liability would be if it were calculated using a discount rate of 1.0% lower or 1.0% higher than the current rate:

	1% decrease 6%	Current rate 7%	1% increase 8%
School Board's proportionate share of the Net Pension Liability	410,421,000	287,913,000	186,996,000

VRS Political Subdivision

At June 30, 2017, the School Board reported a Net Pension Liability of \$5,014,362 for non-professional employees. The Total Pension Liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2015, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2016.

For the year ended June 30, 2017, the School Board recognized pension expense of \$398,571. Deferred outflows of resources and deferred inflows of resources related to pensions were reported from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net differences between projected and actual earnings on pension plan investments	\$ 2,679,392	1,425,820
Difference between actual and expected experience	-	419,334
School Board contributions subsequent to the measurement date	630,513	-
Total	<u>\$ 3,309,905</u>	<u>\$ 1,845,154</u>

Deferred outflows of resources resulting from contributions made subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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<u>Year ending June 30:</u>	<u>Deferred Outflows/ Inflows of Resources</u>
2017	\$ (357,487)
2018	(32,393)
2019	721,841
2020	502,277
	<u>\$ 834,238</u>

The following represents the School Board's net pension liability calculated using the stated discount rate, as well as what the net pension liability would be if it were calculated using a discount rate of 1.0% lower or 1.0% higher than the current rate:

	<u>1% decrease 6%</u>	<u>Current rate 7%</u>	<u>1% increase 8%</u>
Net Pension Liability	11,406,982	5,014,362	(370,694)

(iv) **Actuarial Assumptions**

The total pension liability in the VRS Plans was based on an actuarial valuation as of June 30, 2015, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2016:

VRS Teachers' Pool

Inflation	2.50%
Salary increases, including inflation	3.5% - 5.95%
Investment rate of return	7.00%, net of pension plan investment expense, including inflation*
Mortality rates:	
Pre-Retirement	RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 3 years and females set back 5 years
Post-Retirement	RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 3 years
Post-Disablement	RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 1 year and no provision for future mortality improvement

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VRS Political Subdivision

Inflation	2.50%
Salary increases, including inflation	3.5% - 5.35%
Investment rate of return	7.00%, net of pension plan investment expense, including inflation*
Mortality rates:	
Pre-Retirement	RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 3 years and females set back 5 years
Post-Retirement	RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 3 years
Post-Disablement	RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 1 year and no provision for future mortality improvement

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

Long-Term Expected Rate of Return

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

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

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Asset Class (Strategy)		Long-term Expected Real Rate of Return	Weighted Average Long- term Expected Real Rate of Return
U.S. Equity	19.50%	6.46%	1.26%
Developed Non U.S. Equity	16.50%	6.28%	1.04%
Emerging Market Equity	6.00%	10.00%	0.60%
Fixed Income	15.00%	9.00%	0.01%
Emerging Debt	3.00%	3.51%	0.11%
Rate Sensitive Credit	4.50%	3.51%	0.16%
Non-Rate Sensitive Credit	4.50%	5.00%	0.23%
Convertibles	3.00%	4.81%	0.14%
Public Real Estate	2.25%	6.12%	0.14%
Private Real Estate	12.75%	7.10%	0.91%
Private Equity	12.00%	10.41%	1.25%
Cash	<u>1.00%</u>	-1.50%	<u>-0.02%</u>
Total	<u>100.00%</u>		5.83%
		Inflation	2.50%
		*Expected arithmetic nominal return	<u>8.33%</u>

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

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the school division for the VRS Teacher Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly.

From July 1, 2018 on, school divisions are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term

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expected rate of return was applied to all period of projected benefit payments to determine the total pension liability.

(v) **Changes in Net Pension Liabilities**

VRS Political Subdivision	Total Pension Liability	Plan Fiduciary Net Position
Balance at June 30, 2015	\$ 50,870,513	\$ 48,112,959
Changes:		
Service Cost	1,072,503	-
Interest	3,471,546	-
Differences between expected and actual experience	(109,269)	-
Contributions - employer	-	901,358
Contributions - employee	-	492,294
Net investment income	-	814,849
Benefit payments, including refunds of employee contributions	(2,554,008)	(2,554,008)
Administrative expense	-	(30,179)
Other changes	-	(350)
Net changes	<u>1,880,772</u>	<u>(376,036)</u>
Balance at June 30, 2016	<u>\$ 52,751,285</u>	<u>\$ 47,736,923</u>

(b) **Richmond Retirement System**

(i) **Plan Description**

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.

Membership in RRS consisted of the following as of June 30, 2017:

Retirees currently receiving benefits	288
Active employees eligible for benefits	<u>3</u>
Total	<u>291</u>

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

(ii) Contributions

The funding policy of the RRS provides that contributions be made by the employer, annually, an amount as determined by the actuary, expressed as a percentage of payroll, equal to the sum of the "normal contribution" and the "actuarial determined contribution". 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 not to exceed 30 years.

The School Board's contributions to the RRS for the fiscal years ended June 30, 2017, 2016 and 2015 were \$60,924, \$78,625, and \$49,792, respectively, and were equal to the required contributions for each year.

(iii) Pension Liabilities and Pension Expense

At June 30, 2017, the School Board reported a net pension liability of \$396,328 measured as of June 30, 2016 for its proportionate share (.13503 of the overall net pension liability). The total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of July 1, 2014. There were no changes in assumptions or benefit terms since the prior measurement period. For the year ended June 30, 2017, the School Board recognized pension expense of \$38,851.

(iv) Sensitivity of Net Pension Liability to Changes in the Discount Rate

The following represents the School Board's proportionate share of the net pension liability calculated using the stated discount rate, as well as what the net pension liability would be if it were calculated using a discount rate of 1.0% lower or 1.0% higher than the current rate:

	<u>1% decrease 6.5%</u>	<u>Current rate 7.5%</u>	<u>1% increase 8.5%</u>
Net Pension Liability	\$ 489,148	\$ 396,328	\$ 316,243

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(c) **Early Retirement Plan**

(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 and (b) projected salary increases of 3.75 percent per year.

Membership in the Plan consisted of the following as of July 1, 2016, the most recent biennial actuarial valuation:

Active employees eligible for benefits	209
Retirees currently receiving benefits	<u>178</u>
Total	<u>387</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.

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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:

Transition Benefit:

Employees who had at least 20 years of VRS eligible service (including the last 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: 50% of final pay in the last 12 months paid evenly (12.5% annually) over the first 4 years of retirement.
- (b) 20 to 29 years of service: 30% of the final pay in the last 12 months paid evenly (7.5% annually) over the first 4 years of retirement.

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- (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 30 credit hours beyond master's degree (10 month contract employee).

(ii) **Contributions**

The entire cost of Plan benefits is borne by the School Board. The School Board's policy is to make irrevocable 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. Substantially all investment and administrative costs of the Plan are borne by the General Fund. The School Board contributed \$1,202,536 for the fiscal year ended June 30, 2017.

(iii) **Rate of Return**

For the year ended June 30, 2017, the annual money-weighted rate of return based on cash flows on pension plan investments, net of investment expense, was 0.48%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

(iv) **Pension Liabilities, Pension Expense, and Deferred Outflows of Resources Related to Pensions**

Pension liabilities: The School Board reported a Net Pension Liability of \$3,390,273 measured as of June 30, 2017. The total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of July 1, 2016.

There were no changes to the plan provisions, actuarial assumptions, or actuarial methods since the prior valuation. Pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources related to pensions are related to pensions are allocated to funds based on their proportionate share of projected monthly benefits.

Pension expense: For the year ended June 30, 2017, the School Board recognized pension expense of \$261,914

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Deferred outflows of resources related to pensions: Were reported from the following sources:

	<u>Deferred Outflows of Resources</u>
Net differences between projected and actual earnings on pension plan investments	\$ 72,553
Total	<u>\$ 72,553</u>

Amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending June 30:</u>	<u>Deferred Outflows of Resources</u>
2018	\$ 43,727
2019	15,800
2020	8,583
2021	4,443
	<u>\$ 72,553</u>

(v) **Changes in Net Pension Liability**

	<u>Total Pension Liability</u>	<u>Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Balance at June 30, 2016	\$ 5,128,966	\$ 776,561	\$ 4,352,405
Changes:			
Service cost	83,958	-	83,958
Interest cost on TPL	164,265	-	164,265
Net investment income	-	7,819	(7,819)
Plan member contributions	-	1,202,536	(1,202,536)
Benefit payments	(1,039,304)	(1,039,304)	-
Net changes	<u>(791,081)</u>	<u>171,051</u>	<u>(962,132)</u>
Balance at June 30, 2017	<u>\$ 4,337,885</u>	<u>\$ 947,612</u>	<u>\$ 3,390,273</u>

(vi) **Actuarial Methods and Significant Assumptions**

Actuarial Methods and Significant Assumptions: Significant actuarial assumptions used in the valuation include: (a) Individual Entry Age Normal method, (b) rate of return on the investment of present and future assets of 3.5 percent per year compounded annually, (c) projected salary increases of 3.75 percent per year, and

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(d) 1994 Group Annuity Mortality Table for males and females set back one year (pre-retirement) or 1994 Group Annuity Mortality Table for males and females set back three year (post-retirement).

Discount Rate: The discount rate used to measure the total pension liability was 3.5%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at the current contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members through the life of the plan. The long-term expected rate of return on pension plan investments is 3.5%. It was applied to periods of projected benefit payments, and the expected municipal bond rate was not applied to determine the discount rate.

Sensitivity of Net Pension Liability to Changes in the Discount Rate: The following represents the School Board's net pension liability calculated using the stated discount rate, as well as what the net pension liability calculated using the stated discount rate, as well as what the net pension liability would be if it were calculated using a discount rate of 1.0% lower or 1.0% higher than the current rate:

	<u>1% decrease 2.5%</u>	<u>Current rate 3.5%</u>	<u>1% increase 4.5%</u>
Net Pension Liability	\$ 3,464,908	\$ 3,390,273	\$ 3,315,500

(vii) **Fiduciary Net Position**

As of June 30, 2017, the Plan fiduciary net position of \$947,612 as a percentage of total pension liability is 21.85%.

Total Pension Liability	\$ 4,337,885
Plan Fiduciary Net Position	<u>(947,612)</u>
Net Pension Liability	<u><u>\$ 3,390,273</u></u>

12) Defined Contribution 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 1% to 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 20% of the salary deferral up to 3% of pay. RPS contributions are posted on participant accounts monthly. The School Board made contributions of approximately \$334,259 during the fiscal year ended June 30, 2017.

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13) Postemployment Health Benefits

(a) Plan Description

The School Board provides certain postemployment health 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, 2017:

Active participants	3,240
Inactive participants (retired or disabled)	95
Total	<u>3,335</u>

The actuarial assumptions at July 1 2016, the most recent actuarial valuation date, included (a) a discount rate of 3.5 percent, (b) zero payroll growth and (c) medical health care cost trend rate projection of 7.5 percent graded down to 5.0% over 5 years.

(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 5.4 and 14.5 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, 2017, the School Board's share of those payments was \$176,355.

(c) Annual OPEB Cost and Net OPEB Liability

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 7.5 percent. The ARC consists of the normal cost plus amortization of the unfunded actuarial accrued liability (UAAL), which used a level

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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 liability (NOL) for healthcare benefits for the year ended June 30, 2017:

Annual Required Contribution	\$ 4,672,427
Interest on NOO at Discount Rate to End of Year	1,072,316
Adjustment to the ARC	<u>(1,637,400)</u>
Annual OPEB Expense	4,107,343
Employer Payments for Retiree Benefits	<u>(176,355)</u>
Increase in net OPEB liability	3,930,988
Net OPEB liability – beginning of year	<u>30,637,606</u>
Net OPEB liability – end of year	<u><u>\$ 34,568,594</u></u>

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

Fiscal Year Ended June 30	Annual OPEB Cost	Actual Contributions	Percentage Contributed	Net OPEB Obligation
2015	\$ 5,960,250	\$ 1,740,475	29.2 %	\$ 27,561,583
2016	3,875,426	799,403	20.6 %	30,637,606
2017	4,107,343	176,355	4.3 %	34,568,594

(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, 2017, the actuarial accrued liability for benefits totaled \$34,568,594 all of which was unfunded. The covered payroll totaled \$167,489,854 and the ratio of the unfunded actuarial accrued liability was 20.6 percent.

- (e) The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The other postemployment benefits plan does not issue a stand-alone financial report and is not included in the report of another entity.

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14) 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 Uniform Grant Guidance Subpart F. 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, 2017, the School Board had contractual commitments approximating \$5,114,316 in the Capital Projects Fund for various capital projects, all of which are included in the Capital Projects Fund's assigned fund balance.

15) 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, 2017. In addition, certain School Board employees participate in the Richmond Retirement System (see note 11(b)).

The City provides various services to the School Board based on fee schedules or time and expenses. During fiscal year 2017, the City provided approximately \$2,302,296 in water and gas utilities for all Richmond Public Schools. In addition, the City provided approximately \$105,000 for communication equipment and \$12,976 for building permits. The City provided approximately \$34,800 in printing 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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16) 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, 2017, the amount of claim liabilities was \$2,689,414 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, 2017 are as follows:

	Fiscal Year Liability	Claims and Changes in Estimates	Payments on Claims	Liability at Fiscal Year-End
2015-2016	\$ 2,952,799	\$ 306,843	\$ 932,540	\$ 2,327,102
2016-2017	2,327,102	1,717,747	1,355,436	2,689,414

17) Subsequent Events

The School Board has evaluated subsequent events through November 10, 2017 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 November 10, 2017 which have been incorporated into these financial statements herein.



Required Supplementary Information (unaudited)

The Required Supplementary Information subsection includes

- Budgetary comparison schedule for the General Operating Fund, which accounts for all revenues and expenditures of Richmond Public Schools that are not required to be accounted for in other funds
- Schedules of Changes in Net Pension Liability and Related Ratios
- Trend data, the Schedule of Funding Progress and the Schedule of Employer Contributions, for Other Postemployment Employee Benefits
- The notes to the required supplementary information

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Budgetary Comparison Schedule (Unaudited)

General Fund

For The Fiscal Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balances:				
Prior year assigned fund balance, budgeted at July 1, 2016	\$ 1,500,000	1,500,000	1,500,000	-
Prior year fund balance committed for encumbrances and other subsequently added to original budget	-	3,206,079	3,206,079	-
Total budgetary fund balances available				
for expenditure	1,500,000	4,706,079	4,706,079	-
Revenue sources:				
Intergovernmental:				
City of Richmond - appropriation	152,146,560	152,146,560	152,428,070	281,510
Commonwealth of Virginia:				
Department of Education:				
Employee benefits	11,943,222	11,943,222	11,934,935	(8,287)
Standards of Quality:				
Basic aid	51,610,321	51,610,321	52,217,049	606,728
Textbooks	1,265,566	1,265,566	1,264,689	(877)
Education of the gifted	553,354	553,354	552,970	(384)
Vocational education	991,426	991,426	990,738	(688)
Special education	11,044,022	11,044,022	10,771,024	(272,998)
Remedial education	5,049,354	5,049,354	5,045,851	(3,503)
Incentive:				
Add'l Assistance Retire, Inflation & Preschool	604,309	604,309	617,206	12,897
Compensation supplements	920,310	920,310	85,000	(835,310)
Math and Reading Instructional Specialist Incentives	-	-	438,213	438,213
Categorical:				
Special education - homebound payments	152,040	152,040	73,247	(78,793)
Special education - private tuition	21,178	21,178	-	(21,178)
Lottery:				
At risk	5,471,215	5,471,215	5,467,454	(3,761)
Foster children education	62,739	62,739	16,301	(46,438)
K-3 class size reduction	4,789,000	4,789,000	5,380,903	591,903
SOL algebra readiness	353,051	353,051	392,007	38,956
Virginia preschool initiative	2,831,859	2,831,859	2,706,641	(125,218)
Cultural transition - English as a second language	1,126,176	1,126,176	1,161,771	35,595
State sales tax	26,328,770	26,328,770	25,589,242	(739,528)
Other State Agencies	900,000	900,000	2,631,761	1,731,761
Total Commonwealth of Virginia	126,017,912	126,017,912	127,337,002	1,319,090
Federal government:				
Impact aid Public Law 103-382	210,000	210,000	177,724	(32,276)
Army Reserve	450,000	450,000	432,096	(17,904)
Air Force	60,000	60,000	2,370	(57,630)
Total federal government	720,000	720,000	612,190	(107,810)
Total intergovernmental revenues	278,884,472	278,884,472	280,377,262	1,492,790
Miscellaneous revenues	-	-	36,768	36,768
Total revenues	278,884,472	278,884,472	280,414,030	1,529,558
Total amounts available for expenditure	\$ 280,384,472	283,590,551	285,120,109	1,529,558

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

(Continued)

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Budgetary Comparison Schedule (Unaudited)

General Fund

For The Fiscal Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures:				
Personnel services - salaries and wages	\$ 161,377,119	156,469,730	155,146,250	1,323,480
Employee benefits	69,300,109	67,291,154	62,782,059	4,509,095
Purchased services:				
Service contracts	1,729,546	1,903,126	1,599,411	303,715
Professional services	3,654,689	3,984,262	3,863,860	120,402
Tuition	6,618,318	7,318,104	7,944,739	(626,635)
Temporary services	429,100	449,993	685,231	(235,238)
Nonprofessional services	4,409,153	4,771,722	4,448,341	323,381
Repairs and maintenance	1,686,103	2,042,150	1,852,595	189,555
Total purchased services	18,526,909	20,469,357	20,394,177	75,180
Other charges:				
Advertising	97,345	96,416	55,094	41,322
Student transportation	880,895	4,207,120	4,886,790	(679,670)
Insurance	1,325,400	1,321,400	1,396,633	(75,233)
Utilities	7,016,000	7,018,180	7,317,599	(299,419)
Communications	1,351,210	1,524,938	1,370,072	154,866
Rentals	300,067	301,247	305,628	(4,381)
Total other charges	10,970,917	14,469,301	15,331,816	(862,515)
Materials and supplies:				
Supplies	4,848,199	5,528,730	4,346,197	1,182,533
Printing and binding	237,234	241,721	90,857	150,864
Books and periodicals	226,912	227,565	209,050	18,515
Textbooks	4,285,300	4,717,143	3,551,978	1,165,165
Other	67,237	30,650	21,355	9,295
Total materials and supplies	9,664,882	10,745,809	8,219,437	2,526,372
Other operating expenditures:				
Staff development	428,634	556,223	417,559	138,664
Dues and fees	188,655	197,338	167,696	29,642
Travel	226,385	241,672	135,126	106,546
Commencement	49,500	52,162	28,877	23,285
Awards	39,215	45,523	24,944	20,579
Other	847,766	912,007	190,164	721,843
Total other operating expenditures	1,780,155	2,004,925	964,366	1,040,559
Capital outlay:				
Lease purchase - principal	-	1,000,000	1,074,706	(74,706)
Equipment additions	1,732,922	1,960,785	1,418,649	542,136
Equipment replacement	756,779	1,221,622	650,049	571,573
Total capital outlay	2,489,701	4,182,407	3,143,404	1,039,003
Total expenditures	\$ 274,109,792	275,632,683	265,981,509	9,651,174

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, 2017

Budgetary Comparison Schedule (Unaudited)
General Fund
For The Fiscal Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	(Budgetary Basis)	Positive (Negative)
Other financing uses:				
Payments for Debt Service	\$ 549,475	549,475	550,454	(979)
Transfers out to Other Funds	5,725,205	7,408,393	6,428,569	979,824
Total other financing uses	6,274,680	7,957,868	6,979,023	978,845
Total expenditures and other financing uses	280,384,472	283,590,551	272,960,532	10,630,019
Amounts available for expenditure over expenditures, other financing uses and encumbrances - budgetary basis	\$ -	-	12,159,577	12,159,577

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, 2017

Budgetary Comparison Schedule (Unaudited)

General Fund

For The Fiscal Year Ended June 30, 2017

Amounts available for expenditure over expenditures, other financing uses and encumbrances - budgetary basis (Exhibit I)		\$ <u>12,159,577</u>
Reconciliation of amounts available for expenditure over expenditures, other financing uses and encumbrances - budgetary basis, to net change in fund balance - General Fund (Exhibit E):		
The amount of prior year assigned fund balance budgeted for expenditure in the current year is a budgetary resource above, but is not a current year revenue for financial reporting purposes	(1,500,000)	
Changes in fund balance assigned for encumbrances:		
The amount of the prior year fund balance reserved for encumbrances, which was added to the current year's original budget (a "budgetary fund balance"), is a budgetary resource, above, but is not a current year revenue for financial reporting purposes: Prior year General Fund fund balance reserved for encumbrances, added to original budget	(3,206,079)	
Encumbrances at June 30, 2017 for supplies and equipment ordered but not received as of June 30, 2017 are reported in the fiscal year the order is placed and are included in actual expenditures (budgetary basis), but are not current year expenditures for financial reporting purposes: Current year General Fund fund balance reserved for encumbrances, included in budgetary basis expenditures	<u>4,607,802</u>	
Net change in General Fund fund balance reserved for encumbrances		<u>1,401,723</u>
Net reconciling items - legally adopted General Fund budget		<u>(98,277)</u>
Net change in fund balance - legally adopted General Fund budget		12,061,300
Revenues and other financing sources less than expenditures and other financing uses for General Fund activities not included in the General Fund's legally adopted budget, as amended		<u>(3,723,973)</u>
Net change in fund balance - General Fund (Exhibit E)		<u>8,337,327</u>
General Fund fund balance - July 1, 2016 (Exhibit E)		<u>16,091,427</u>
General Fund fund balance - June 30, 2017 (Exhibit E)		\$ <u>24,428,754</u>

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

THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA
(A Component Unit of The City of Richmond, Virginia)
June 30, 2017

Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule – General Fund
For the Fiscal Year Ended June 30, 2017

(A) Budgetary Accounting and Reporting

In accordance with accounting principles generally accepted in the United States of America (GAAP), the preceding Budgetary Comparison Schedule (the Schedule), which presents the School Board's original and final fiscal year 2017 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 \$3,206,079. Additionally, the final budget amounts include all other adjustments to the fiscal year 2017 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 2016 that remain outstanding at June 30, 2017. 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 the School Board.

The School Board did not receive any supplemental appropriations during fiscal year 2017. Revenues and expenditures in the Schedule do not reflect \$17,279,652 in debt service expenditures paid by the City during fiscal year 2017 on City debt incurred for construction and renovation of School Board occupied buildings. See page 20 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 2017 budget.

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.

Exhibit J

The School Board of the City of Richmond, Virginia
(A Component Unit of the City of Richmond, Virginia)
Required Supplementary Information (Unaudited)
Virginia Retirement System - Teachers' Pool Defined Benefit Pension

Schedule of School Board's Proportionate Share of the Net Pension Liability

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Proportionate of the Net Pension Liability	1.98763%	2.08976%	2.05445%
Proportionate Share of the Net Pension Liability	\$ 240,200,000	\$ 263,025,000	\$ 287,913,000
Covered-employee payroll	154,302,499	156,534,418	157,824,657
Proportionate Share of the Net Pension Liability as a percentage of covered employee payroll	155.67%	168.03%	182.43%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	70.88%	70.88%	68.28%

Schedule of School Board Contributions

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Contractually required contribution	\$ 22,213,653	\$ 21,698,577	\$ 22,625,071
Contributions in relation to contractually required contribution	<u>22,213,653</u>	<u>21,698,577</u>	<u>22,625,071</u>
Contribution excess	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 154,302,499	\$ 156,534,418	\$ 157,824,657
Contributions as a percentage of covered-employee payroll	14.40%	13.86%	14.34%

Notes to Schedule:

Actuarially determined contributions are developed using the entry age cost method for both normal costs and amortization of the unfunded actuarial accrued liability. There have been no significant changes to the benefit provisions since the prior actuarial valuation.

Methods and assumptions used to determine contribution rates:

Amortization method	Level percent closed
Amortization period	30 years
Asset valuation method	5-year smoothed market
Inflation rate	2.50%
Projected salary increases	3.5% - 5.95% per annum, compounded annually
Investment rate of return	7.0% -net pension plan investment expense, including inflation

Note: Schedules are intended to show information for 10 years. Additional years will be included as they become available. Per GAAP, net pension liabilities are reported using the measurement date, which is one year prior to the reporting date.

The School Board of the City of Richmond, Virginia
(A Component Unit of the City of Richmond, Virginia)
Required Supplementary Information (Unaudited)
Virginia Retirement System - Agent Multiple Employer Defined Benefit Pension

Schedule of Changes in Net Pension Liability and Related Ratios

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Total pension liability			
Service Cost	\$ 1,175,744	\$ 1,123,622	\$ 1,072,503
Interest	3,220,446	3,386,810	3,471,546
Differences between expected and actual experience	-	(1,015,494)	(109,269)
Benefit payments, including refunds of employee contributions	<u>(2,024,298)</u>	<u>(2,014,839)</u>	<u>(2,554,008)</u>
Net Change in total pension liability	2,371,892	1,480,099	1,880,772
Plan total pension liability - beginning	<u>47,018,522</u>	<u>49,390,414</u>	<u>50,870,513</u>
Plan total pension liability - ending	<u><u>\$ 49,390,414</u></u>	<u><u>\$ 50,870,513</u></u>	<u><u>\$ 52,751,285</u></u>
Plan fiduciary net position			
Contributions - employer	\$ 962,453	\$ 938,862	\$ 901,358
Contributions - employee	519,729	515,006	492,294
Net investment income	6,397,547	2,122,831	814,849
Benefit payments, including refunds of employee contributions	(2,024,298)	(2,014,839)	(2,554,008)
Administrative expense	(34,623)	(29,190)	(30,179)
Other changes	<u>337</u>	<u>(447)</u>	<u>(350)</u>
Net change in Plan fiduciary net position	5,821,145	1,532,223	(376,036)
Plan fiduciary net position - beginning	<u>40,759,591</u>	<u>46,580,736</u>	<u>48,112,959</u>
Plan fiduciary net position - ending	<u><u>\$ 46,580,736</u></u>	<u><u>\$ 48,112,959</u></u>	<u><u>\$ 47,736,923</u></u>
Plan net pension liability - ending	<u><u>\$ 2,809,678</u></u>	<u><u>\$ 2,757,554</u></u>	<u><u>\$ 5,014,362</u></u>
Plan fiduciary net position as a percentage of the total pension liability	94.31%	94.58%	90.49%
Covered-employee payroll	\$ 10,371,830	\$ 10,006,621	\$ 9,665,197
Plan net position liability as a percentage of covered-employee payroll	27.09%	27.56%	51.88%

Notes to Schedule:

There have been no significant changes to the benefit provisions since the prior actuarial valuation.

Per GAAP, net pension liabilities are reported using the measurement date, which is one year prior to the reporting date.

The School Board of the City of Richmond, Virginia
(A Component Unit of the City of Richmond, Virginia)
Required Supplementary Information (Unaudited)
Virginia Retirement System - Agent Multiple Employer Defined Benefit Pension

Schedule of School Board Contributions

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Contractually required contribution	\$ 933,943	\$ 895,436	\$ 630,513
Contributions in relation to contractually required contribution	<u>933,943</u>	<u>895,436</u>	<u>630,513</u>
Contribution excess	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 10,371,830	\$ 10,006,621	\$ 9,665,197
Contributions as a percentage of covered-employee payroll	9.00%	9.00%	7.00%

Notes to Schedule:

Actuarially determined contributions are developed using the entry age cost method for both normal costs and amortization of the unfunded actuarial accrued liability. There have been no significant changes to the benefit provisions since the prior actuarial valuation.

Methods and assumptions used to determine contribution rates:

Amortization method	Level percent closed
Amortization period	30 years
Asset valuation method	5-year smoothed market
Inflation rate	2.50%
Projected salary increases	3.5% - 5.35% per annum, compounded annually
Investment rate of return	7.0% per annum, compounded annually

Note: Schedules are intended to show information for 10 years. Additional years will be included as they become available.

Exhibit M

The School Board of The City of Richmond, Virginia
(A Component Unit of The City of Richmond, Virginia)
Required Supplementary Information (Unaudited)
Early Retirement Incentive Plan For Employees of Richmond Public Schools

Schedule of Changes in Net Pension Liability and Related Ratios

	2014	2015	2016	2017
Total pension liability				
Service Cost	\$ 159,179	\$ 103,547	\$ 93,753	\$ 83,958
Interest	227,498	249,514	217,870	164,265
Differences between expected and actual experience	1,484,614	-	(689,366)	-
Benefit payments, including refunds of employee contributions	<u>(1,127,237)</u>	<u>(1,246,022)</u>	<u>(1,248,767)</u>	<u>(1,039,304)</u>
Net Change in total pension liability	744,054	(892,961)	(1,626,510)	(791,081)
Plan total pension liability - beginning	6,904,383	7,648,437	6,755,476	5,128,966
Plan total pension liability - ending	<u>\$ 7,648,437</u>	<u>\$ 6,755,476</u>	<u>\$ 5,128,966</u>	<u>\$ 4,337,885</u>
Plan fiduciary net position				
Contributions - employer	\$ -	\$ 1,000,000	\$ 1,100,000	\$ 1,202,536
Net investment income	2,195	292	8,773	7,819
Benefit payments, including refunds of employee contributions	<u>(1,127,237)</u>	<u>(1,246,022)</u>	<u>(1,248,767)</u>	<u>(1,039,304)</u>
Administrative expense	<u>(1,302)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in Plan fiduciary net position	\$ (1,126,344)	\$ (245,730)	\$ (139,994)	\$ 171,051
Plan fiduciary net position - beginning	2,288,629	1,162,285	916,555	776,561
Plan fiduciary net position - ending	<u>\$ 1,162,285</u>	<u>\$ 916,555</u>	<u>\$ 776,561</u>	<u>\$ 947,612</u>
Plan net pension liability - ending	<u>\$ 6,486,152</u>	<u>\$ 5,838,921</u>	<u>\$ 4,352,405</u>	<u>\$ 3,390,273</u>
Plan fiduciary net position as a percentage of the total pension liability	15.20%	13.57%	15.14%	21.85%
Covered-employee payroll	\$ 13,900,000	\$ 13,900,000	\$ 12,200,000	\$ 12,200,000
Plan net position liability as a percentage of covered-employee payroll	46.66%	42.01%	35.68%	27.79%

Notes to Schedule:

There have been no significant changes to the benefit provisions since the prior actuarial valuation.

	2014	2015	2016	2017
Annual money-weighted rate of return	0.12%	0.05%	0.89%	0.48%

Note: Schedules are intended to show information for 10 years. Additional years will be included as they become available.

The School Board of The City of Richmond, Virginia
(A Component Unit of The City of Richmond, Virginia)
Required Supplementary Information (Unaudited)
Early Retirement Incentive Plan For Employees of Richmond Public Schools

Schedule of School Board Contributions

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Contractually required contribution	\$ 1,397,361	\$ 1,841,364	\$ 1,600,000	\$ 1,192,570
Contributions in relation to contractually required contribution	<u>-</u>	<u>1,000,000</u>	<u>1,100,000</u>	<u>1,202,536</u>
Contribution deficiency (excess)	\$ 1,397,361	\$ 841,364	\$ 500,000	\$ (9,966)
Covered-employee payroll	\$ 13,900,000	\$ 13,900,000	\$ 12,200,000	\$ 12,200,000
Contributions as a percentage of covered-employee payroll	10.05%	13.25%	13.11%	9.78%

Notes to Schedule:

Actuarially determined contributions are developed using the entry age cost method for both normal costs and amortization of the unfunded actuarial accrued liability. There have been no significant changes to the benefit provisions since the prior actuarial valuation.

Methods and assumptions used to determine contribution rates:

Amortization method	Level Dollar
Amortization period	5 years
Asset valuation method	market value method
	3.75% per annum,
Projected salary increases	compounded annually
	3.5% per annum,
Investment rate of return	compounded annually
Mortality-Pre Retirement	1994 Group Annuity
	Mortality Table for males
	and females set back one
	year
Mortality-Post Retirement	1994 Group Annuity
	Mortality Table for males
	and females set back
	three years

Note: Schedules are intended to show information for 10 years. Additional years will be included as they become available.

The School Board of the City of Richmond, Virginia
(A Component Unit of the City of Richmond, Virginia)
Required Supplementary Information (Unaudited)
Richmond Retirement System - Defined Benefit Pension

Schedule of School Board's Proportionate Share of the Net Pension Liability

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Proportionate of the Net Pension Liability	0.114750%	0.168420%	0.135030%
Proportionate Share of the Net Pension Liability	\$ 355,000	\$ 357,477	\$ 396,328
Covered-employee payroll	210,844	165,528	113,567
Proportionate Share of the Net Pension Liability as a percentage of covered-employee payroll	168.37%	215.96%	348.98%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	63.47%	63.31%	60.30%

Schedule of School Board Contributions

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Contractually required contribution	\$ 49,792	\$ 78,625	\$ 60,924
Contributions in relation to contractually required contribution	<u>49,792</u>	<u>78,625</u>	<u>60,924</u>
Contribution deficiency	\$ -	\$ -	\$ -
Covered-employee payroll	210,844	165,528	113,567
Contributions as a percentage of covered-employee payroll	23.62%	47.50%	53.65%

Notes to Schedule:

There have been no significant changes to the benefit provisions since the prior actuarial valuation.

**The School Board of the City of Richmond, Virginia
(A Component Unit of the City of Richmond, Virginia)
Required Supplementary Information (Unaudited)**

**Other Postemployment Health Benefits
Schedules of Funding Progress and Employer Contributions
For the Period Ended June 30, 2017**

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 Postemployment Health 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, 2017). 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.

Actuarial Valuation Date	Actuarial Value of Assets	Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio Assets as % of AAL	Annual Covered Payroll	Percentage of Covered Payroll
7/1/2010	\$ -	\$ 56,705,967	\$ (56,705,967)	0.00%	\$ 161,840,397	(35.0)%
7/1/2011	-	62,370,144	(62,370,144)	0.00%	160,918,060	(38.8)%
7/1/2012	-	55,583,957	(55,583,957)	0.00%	159,893,427	(34.8)%
7/1/2014	-	51,894,829	(51,894,829)	0.00%	155,851,571	(33.3)%
7/1/2015	-	51,894,829	(51,894,829)	0.00%	164,674,330	(31.5)%
7/1/2016	-	33,626,736	(33,626,736)	0.00%	166,541,039	(20.2)%
7/1/2017	-	34,568,594	(34,568,594)	0.00%	167,489,854	(20.6)%

The following is a schedule of School Board contributions to the Plan for fiscal year ended June 30, 2017:

Fiscal Year Ended June 30	Annual Required Contributions	Actual Contributions	Percentage Contributed
2012	\$ 6,945,139	\$ 3,767,366	54.2%
2013	5,651,898	3,427,639	60.6%
2014	5,799,312	3,582,881	61.8%
2015	5,960,250	1,740,475	29.2%
2016	3,875,426	799,403	20.6%
2017	4,672,427	176,355	3.8%

Other Supplementary Information

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



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

Statement of Changes in Net Assets and Liabilities

Agency Funds

For the Fiscal Year Ended June 30, 2017

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Assets:				
Cash on hand or in banks	\$ 1,386,210	1,371,154	1,386,210	1,371,154
Due from other governments	64,231	171,953	64,231	171,953
Due from General Fund	3,570,563	3,174,316	3,570,563	3,174,316
Total assets	\$ 5,021,004	4,717,423	5,021,004	4,717,423
Liabilities:				
Accounts payable	92,544	130,853	92,544	130,853
Accrued liabilities	761,540	825,344	761,540	825,344
Unearned revenues	498,745	-	498,745	-
Amounts held for other organizations	3,668,175	3,761,226	3,668,175	3,761,226
Total liabilities	\$ 5,021,004	4,717,423	5,021,004	4,717,423

See Report of Independent Auditor.

Statistical Section (unaudited)

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

Tables 1 – 6

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 7-15

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 16-21

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 22-23

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 24-26

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 27-30

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



Table 1

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

General Fund Expenditures by Function (Unaudited)

Last Ten Fiscal Years

<u>Fiscal Year Ended June 30</u>	<u>Instruction</u>	<u>Administration</u>	<u>Attendance and Health</u>	<u>Pupil Transportation</u>
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
2014	191,475,518	7,321,981	6,147,526	12,297,290
2015	204,674,172	7,035,457	8,031,105	11,999,751
2016	207,000,623	6,881,216	8,618,021	13,042,019
2017	212,982,638	8,094,545	8,901,457	14,065,274

Source: Department Finance-Comprehensive Annual Financial Report

Table 1

THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA
(A Component Unit of the City of Richmond, Virginia)
General Fund Expenditures by Function (Unaudited)

Last Ten Fiscal Years

Nutrition Services	Operations and Maintenance	Facilities Services	Total Operating Expenditures
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
-	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
-	27,408,239	94,105	244,744,659
-	28,395,502	346,098	260,482,085
38,397	26,564,369	323,510	262,468,155
65,750	27,519,894	331,719	271,961,277

Table 2

**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

Fiscal Year Ended June 30	City of Richmond	Commonwealth of Virginia	Federal Government	Other	Total
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
2014	129,972,012	112,997,327	775,154	1,511,554	245,256,047
2015	137,219,584	123,309,547	762,284	1,234,890	262,526,305
2016	145,999,656	123,266,394	653,832	2,515,045	272,434,927
2017	151,521,909	128,864,668	612,190	2,925,720	283,924,487

Source: Department Finance-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								
	2008	2009	2010	2011	2012	2013	2014	2015	2016
Current, other assets and deferred outflows	\$ 68,402,094	\$ 77,830,965	\$ 80,308,938	\$ 70,088,402	\$ 62,994,039	\$ 79,048,141	\$ 66,029,831	\$ 94,133,386	\$ 120,113,784
Capital assets, net	3,904,881	4,997,020	11,170,412	10,448,482	11,408,373	11,699,896	12,061,538	17,900,970	17,784,205
Total assets and deferred outflows	<u>72,306,975</u>	<u>82,827,985</u>	<u>91,479,350</u>	<u>80,536,884</u>	<u>74,402,412</u>	<u>90,748,037</u>	<u>78,091,369</u>	<u>112,034,356</u>	<u>137,897,989</u>
Long-term liabilities	22,014,825	25,347,604	33,802,634	37,400,886	42,394,825	43,428,783	44,545,513	299,417,562	322,389,011
Other liabilities and deferred inflows	48,178,947	45,284,263	48,631,970	33,949,813	38,501,498	46,499,337	48,284,858	95,720,679	86,854,394
Total liabilities and deferred inflows	<u>70,193,772</u>	<u>70,631,867</u>	<u>82,434,604</u>	<u>71,350,699</u>	<u>80,896,323</u>	<u>89,928,120</u>	<u>92,830,371</u>	<u>395,138,241</u>	<u>409,243,405</u>
Net Position									
Net investment in capital assets	3,904,881	4,997,020	4,563,292	4,246,856	5,231,490	5,933,816	6,564,752	6,185,885	7,340,267
Restricted	4,453,049	10,176,772	8,482,385	7,293,362	7,716,548	7,163,762	5,466,168	7,466,678	7,556,462
Unrestricted	<u>(6,244,727)</u>	<u>(2,977,674)</u>	<u>(4,000,931)</u>	<u>(2,354,033)</u>	<u>(19,441,949)</u>	<u>(23,977,557)</u>	<u>(26,769,922)</u>	<u>(296,756,448)</u>	<u>(286,242,145)</u>
Total net position	<u>\$ 2,113,203</u>	<u>\$ 12,196,118</u>	<u>\$ 9,044,746</u>	<u>\$ 9,186,185</u>	<u>\$ (6,493,911)</u>	<u>\$ (10,879,979)</u>	<u>\$ (14,739,002)</u>	<u>\$ (283,103,885)</u>	<u>\$ (271,345,416)</u>

Source: Department Finance-Comprehensive Annual Financial Report

Table 4**(A Component Unit of the City of Richmond, Virginia)****Changes in Net Position (unaudited)****Last Ten Fiscal Years**

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental Activities:										
Instruction	\$ 245,391,774	\$ 253,283,675	\$ 252,709,931	\$ 234,433,357	\$ 256,715,702	\$ 248,793,093	\$ 241,275,324	\$ 248,355,694	\$ 252,484,468	\$ 270,858,988
Support Services:										
Administration	7,809,749	6,932,833	7,111,413	7,144,859	7,199,283	7,523,707	7,286,658	7,100,438	7,056,032	8,233,311
Attendance and Health	7,609,883	7,885,700	7,574,018	7,397,645	7,560,791	7,025,854	6,838,649	8,813,459	9,266,650	9,575,303
Nutrition Services	10,814,918	10,932,368	10,893,806	11,447,257	12,300,932	12,935,055	12,187,901	13,938,935	15,583,098	17,019,464
Pupil Transportation	11,620,030	8,937,843	10,713,703	10,791,692	13,067,688	13,017,562	13,085,753	13,183,819	15,553,132	15,399,783
Operations and Maintenance	29,682,315	33,112,629	30,130,034	30,774,255	29,976,859	26,928,277	27,641,138	28,886,797	27,597,089	28,362,353
Facilities services	3,535,188	3,982,025	7,301,134	7,611,884	5,462,937	3,088,205	2,239,173	4,690,014	7,461,333	10,880,133
Total Support Services	71,072,083	71,783,398	73,724,108	75,167,592	75,568,490	70,518,660	69,279,272	76,613,462	82,517,334	89,470,347
Interest on long-term debt	-	-	-	-	469,342	337,767	304,556	296,374	293,133	309,684
Total School Board	316,463,857	325,067,073	326,434,039	309,600,949	332,753,534	319,649,520	310,859,152	325,265,530	335,294,935	360,639,019
Program Revenues										
Governmental Activities:										
Charges for services:										
Instruction	\$ 1,192,112	\$ 1,174,247	\$ 1,201,590	\$ 1,070,017	\$ 1,190,286	\$ 1,090,847	\$ 969,978	\$ 1,130,571	\$ 1,018,931	\$ 1,617,774
Support Services	2,211,214	2,363,728	2,046,665	1,691,216	1,713,212	1,579,377	1,538,989	838,434	923,464	861,295
Operating Grants and Contributions	96,192,111	100,531,637	101,290,648	106,820,664	111,223,459	108,114,524	101,575,153	107,632,147	114,437,351	122,267,343
Capital Grants and Contributions	3,373,815	9,216,231	6,695,973	6,072,480	5,717,528	3,782,000	771,000	7,050,000	8,326,632	9,000,000
Total School Board	102,969,252	113,285,843	111,234,876	115,654,377	119,844,485	114,566,748	104,855,120	116,651,152	124,706,378	133,746,412
Total Net (expense)/revenue	(213,494,605)	(211,781,230)	(215,199,163)	(193,946,572)	(212,909,049)	(205,082,772)	(206,004,032)	(208,614,378)	(210,588,557)	(226,892,607)
General Revenues										
Intergovernmental aid not restricted to specific purposes:										
City of Richmond, Virginia	132,027,386	131,336,375	127,102,268	124,234,268	123,756,791	129,443,723	129,972,012	137,219,584	145,999,656	151,521,909
Commonwealth of Virginia	81,659,439	89,605,306	74,016,676	65,358,815	67,418,227	70,919,364	71,249,521	76,291,517	75,676,771	78,423,498
Federal Government	222,301	715,686	10,329,484	1,994,626	5,611,358	-	-	-	-	-
Other	176,267	206,778	599,363	199,194	442,577	333,617	923,476	396,866	670,599	482,071
Total General Revenues	214,085,393	221,864,145	212,047,791	191,786,903	197,228,953	200,696,704	202,145,009	213,907,967	222,347,026	230,427,478
Change in Net Position	\$ 590,788	\$ 10,082,915	\$ (3,151,372)	\$ (2,159,669)	\$ (15,680,096)	\$ (4,386,068)	\$ (3,859,023)	\$ 5,293,589	\$ 11,758,469	\$ 3,534,871

Source: Department Finance-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									
		2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund											
Non-Spendable	\$	-	-	-	7,298,472	833,669	2,355,222	322,440	581,221	234,365	288,132
Committed		-	-	-	8,523,298	5,680,960	5,098,900	-	-	-	6,043,982
Assigned		-	-	-	6,000,000	8,229,300	1,400,000	4,167,911	4,324,569	7,513,080	16,526,024
Unassigned		-	-	-	5,229,325	559,026	3,800,248	6,470,566	4,993,322	8,343,982	1,570,616
Reserved		13,984,120	16,239,878	13,997,878	-	-	-	-	-	-	-
Unreserved		1,117,988	4,914,198	7,470,096	-	-	-	-	-	-	-
Total General Fund		15,102,108	21,154,076	21,467,974	27,051,095	15,302,955	12,654,370	10,960,917	9,899,112	16,091,427	24,428,754
All Other Governmental Funds											
Non-Spendable	\$	-	-	-	910,854	976,927	1,035,279	1,135,900	1,194,119	1,213,295	1,563,321
Restricted		-	-	-	4,491,024	2,786,287	2,274,679	3,082,024	5,076,314	5,108,338	3,710,789
Assigned		-	-	-	8,059,640	6,739,621	6,128,483	4,330,268	6,348,369	6,445,142	5,040,229
Unassigned		-	-	-	(4,491,024)	(1,313,249)	(1,243,903)	(1,764,136)	(2,876,732)	(3,548,456)	(1,390,854)
Reserved		2,523,355	7,484,652	7,061,025	-	-	-	-	-	-	-
Unreserved, reported in:											
Grants Fund		(546,888)	(768,381)	(1,284,438)	-	-	-	-	-	-	-
Nutrition Services		569,610	891,163	1,409,130	-	-	-	-	-	-	-
Capital Project Funds		2,574,962	3,785,192	3,023,277	-	-	-	-	-	-	-
Total All Other Governmental Funds		5,121,039	11,392,626	10,208,994	8,970,494	9,189,586	8,194,538	6,784,056	9,742,070	9,218,319	8,923,485
Total Fund Balances	\$	20,223,147	32,546,702	31,676,968	36,021,589	24,492,541	20,848,908	17,744,973	19,641,182	25,309,746	33,352,239

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 Finance-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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Intergovernmental	\$ 312,291,219	328,952,653	317,618,827	303,330,008	312,947,802	311,670,353	303,250,480	327,923,549	343,606,068	360,203,846
Donations and special gifts	1,044,433	2,643,217	1,637,511	1,185,296	810,899	587,521	512,600	372,075	955,472	1,086,786
Charges for goods and services	3,558,242	3,459,961	3,298,844	2,810,910	3,015,731	2,696,059	2,555,772	2,065,644	1,981,205	1,681,872
Investment income	8,831	(11,982)	92,591	50,184	88,879	76,516	122,218	5,300	17,693	121,873
Other	563,566	804,482	1,272,601	845,588	881,947	870,724	1,396,041	899,470	2,138,992	2,515,170
Total Revenues	<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>	<u>307,837,111</u>	<u>331,266,038</u>	<u>348,699,430</u>	<u>365,609,547</u>
Expenditures										
Instruction	\$ 241,452,173	250,197,514	252,038,755	231,690,122	254,243,955	247,840,612	241,002,535	252,095,683	259,646,218	267,031,185
Support Services	67,059,696	70,205,966	65,602,332	66,670,892	69,293,359	66,562,486	66,743,743	70,897,040	73,494,685	78,492,157
Capital Outlay	2,534,521	4,492,082	13,350,647	7,264,197	5,359,907	4,393,138	2,569,215	11,657,340	8,229,859	10,404,913
Debt Service:										
Interest	-	-	-	436,262	469,342	337,767	304,556	368,809	388,955	309,684
Principal	-	-	-	-	24,743	410,803	320,997	907,763	1,271,149	1,329,115
Total Expenditures	<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>	<u>310,941,046</u>	<u>335,926,635</u>	<u>343,030,866</u>	<u>357,567,054</u>
Excess (deficiency) of revenues over expenditures	6,419,901	10,952,769	(7,071,360)	2,160,513	(11,646,048)	(3,643,633)	(3,103,935)	(4,660,597)	5,668,564	8,042,493
Other Financing sources (uses)										
Transfers in	1,939,834	2,038,328	1,743,827	1,591,405	1,734,512	1,758,786	1,579,288	2,492,818	6,266,477	6,428,569
Transfers out	(1,939,834)	(2,038,328)	(1,743,827)	(1,591,405)	(1,734,512)	(1,758,786)	(1,579,288)	(2,492,818)	(6,266,477)	(6,428,569)
Capital Lease	-	1,370,786	6,201,626	-	-	-	-	6,556,806	-	-
Total other financing sources (uses),net	<u>-</u>	<u>1,370,786</u>	<u>6,201,626</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,556,806</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<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>	<u>(3,103,935)</u>	<u>1,896,209</u>	<u>5,668,564</u>	<u>8,042,493</u>

Source: Department Finance-Comprehensive Annual Financial Report

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

Annual Per Pupil Cost (Unaudited)

Last Ten Fiscal Years

Fiscal / School Year	Per Pupil Cost
2007-2008	13,088
2008-2009	13,601
2009-2010	13,773
2010-2011	13,040
2011-2012	13,730 ⁽¹⁾
2012-2013	12,945
2013-2014	12,731
2014-2015	13,413
2015-2016	13,843
2016-2017	13,548 ⁽²⁾

⁽¹⁾ Starting in FY 2012, Table 15 includes Pre-kindergarten expenditures. The FY 2011 expenditures do not contain Pre-kindergarten.

⁽²⁾ As reported to the Virginia Department of Education on the FY17 Annual School Report, Schedule K

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

Fiscal Year Ended June 30	Year End Average Daily Attendance *	Year End Average Daily Membership*	Average Daily Attendance as a Percent of Average Daily Membership
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%
2014	20,525	21,911	93.7%
2015	20,432	21,935	93.1%
2016	20,221	21,837	92.6%
2017**	20,559	21,938	93.7%

* 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

Table 9

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							
Fiscal / School Year	SNP Membership	Number Free	Percent Free	Number Reduced	Percent Reduced	Number Free / Reduced	Percent Free / Reduced
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%
2013 - 2014	23,367	16,506	70.6%	845	3.6%	17,351	74.3%
2014 - 2015	23,079	22,527	97.6%	-	0.0%	22,527	97.6%
2015 - 2016	23,222	22,664	97.6%	-	0.0%	22,664	97.6%
2016 - 2017	22,903	22,849	99.8%	-	0.0%	22,849	99.8%

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>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017*</u>
Instruction ⁽¹⁾	2,924.5	2,931.0	2,696.5	2,937.0	2,934.0	2,806.0	2,814.0	2,976.0	3,123.0	3,203.0
Support Services:										
Administration, Attendance & Health	208.6	198.5	206.5	229.5	202.0	198.0	181.0	212.0	215.0	236.0
Nutrition Services	169.3	163.4	160.0	160.5	163.0	158.0	145.0	143.0	151.0	150.0
Pupil Transportation	257.1	261.3	242.9	227.0	239.0	256.0	271.0	267.0	223.0	233.0
Operations & Maintenance	488.3	403.0	399.0	398.0	387.0	379.0	326.0	297.0	284.0	283.0
Facilities	2.8	1.5	1.0	2.5	4.0	4.0	5.0	3.0	3.0	2.0
Technology	44.5	68.0	51.0	50.0	52.0	50.0	48.0	47.0	45.0	47.0
Other instructional and support service personnel ⁽²⁾	<u>323.4</u>	<u>282.52</u>	<u>324.5</u>	<u>192.5</u>	<u>356.0</u>	<u>327.0</u>	<u>272.0</u>	<u>197.0</u>	<u>193.0</u>	<u>193.0</u>
Total	<u>4,418.5</u>	<u>4,309.2</u>	<u>4,081.4</u>	<u>4,197.0</u>	<u>4,337.0</u>	<u>4,178.0</u>	<u>4,062.0</u>	<u>4,142.0</u>	<u>4,237.0</u>	<u>4,347.0</u>

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

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

* Preliminary - Calculated by Virginia Department of Education, FY17 Annual School Report FTE Analysis Schedule; calculation includes a full-time equivalency correlation for substitute and non-contracted (temporary) personnel expenditures.

Source: Virginia Department of Education Annual School Report Table 18

**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 Teaching Positions (K-7)*	Elementary Teachers Average Annual Salary	Secondary Teaching Positions (8-12)*	Secondary Teachers Average Annual Salary	All Teaching Positions*	Average Annual Salary
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	1,199.0	46,142	668.0	53,438	1,867.0	49,790
2013 - 2014	1,295.5	48,750	740.5	52,593	2,036.0	50,148
2014 - 2015	1,291.1	49,292	784.9	52,546	2,076.0	50,522
2015 - 2016	1,355.5	49,099	765.4	51,201	2,120.9	49,858
2015 - 2017 ⁽¹⁾	1,350.7	49,858	691.9	54,635	2,042.6	52,247

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

(1) Preliminary - Calculated by Virginia Department of Education, FY17 Annual School Report FTE Analysis Schedule

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

Table 12

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
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	1,199.0	14,705	12.3	668.0	6,675	10.0
2013-2014	1,224.0	14,945	12.2	713.0	6,630	9.3
2014-2015	1,218.0	14,850	12.2	740.5	6,717	9.1
2015-2016	1,279.5	14,870	11.6	720.9	6,606	9.2
2016-2017 ⁽¹⁾	1,350.7	15,773	11.7	691.9	6,824	9.9

* Classroom Teachers, Homebound Teachers Media and Technology Instructional Teachers; does not include Guidance Counselors and Librarians

⁽¹⁾ Preliminary as reported to the Virginia Department of Education FY17 Annual School Report.

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

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

Table 13

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
<u>Elementary Schools</u>						
Bellevue	1914	103	1983	55,623	22	440
Blackwell *	1998	19		83,251	32	800
Blackwell Primary (Round Building)	1967	50		37,512	20	500
Broad Rock - New	2013	4	2013	94,136	42	650
Carver	1915	102	1992	100,000	42	840
Cary, John B.	1953	64	1990	46,711	20	400
Chimborazo	1968	49		75,370	32	640
Fairfield Court	1957	60	1990	44,398	27	540
Fisher, J. B.	1966	51	1969	44,222	16	320
Fox	1911	106	1922	58,260	17	340
Francis, J. L.	1968	49	1996	56,954	27	540
Ginter Park	1915	102	1981	60,371	24	480
Ginter Park Annex (Mary Scott)	1952	65	1981	47,507	19	380
Greene, E. S. H.	1955	62	1969	41,490	23	460
Holton, Linwood *	1999	18		80,548	32	640
Mason, George	1922	95	1980	67,048	29	580
Maymont	1957	60		35,959	18	360
Miles Jones *	1999	18		80,548	32	640
Munford, Mary	1950	67	1954	64,468	24	480
Oak Grove - New	2013	4		91,000	42	650
Overby - Sheppard	1976	41	1996	49,300	25	500
Redd, Elizabeth	1951	66	1982	74,471	21	420
Reid, G. H.	1958	59	1969	64,964	38	760
Southampton	1959	58	1982	56,521	29	580
Stuart, J. E. B.	1921	96	1990	44,408	25	500
Summer Hill	1919	98	1986	37,282	19	380
Swansboro	1912	105	1982	48,183	17	340
Westover Hills	1955	62	1980	50,008	21	420
Woodville	1954	63	1985	76,928	31	620
Total					766	15,200

NOTE: Only Regular Classrooms are Counted in Elementary School Capacity

Table 13

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
Middle Schools						
Binford	1914	103	1926	98,013	27	540
Boushall	1986	31		128,530	42	840
Elkhardt	1941	76	1988	91,575	26	520
Henderson	1972	45		188,131	44	880
Hill, Albert	1925	92		81,152	30	600
Lucille Brown	1997	20		129,775	26	520
King	2014	3		201,042	67	1,340
Thompson	1965	52		108,364	35	700
Total					297	5,940
High Schools						
Franklin Military (Onslow Minnis)	1928	89	1995	95,017	30	600
Huguenot	1961	56	2013	175,245	50	1,000
Jefferson, Thomas	1929	88	1970	179,993	57	1,140
Armstrong (formerly Kennedy, J. F.)	1968	49	1990	237,532	53	1,060
Marshall, John	1959	58		230,994	46	920
Open High (Grace Arents Bldg)	1911	106	1985	18,699	8	160
Richmond Community	1977	40	1993	62,210	20	400
Wythe, George	1959	58	1989	243,114	50	1,000
Total					314	6,280
Exceptional education schools						
Amelia	1959	58	1991	33,908	18	360
Total					18	360
Vocational and Alternative Schools						
Richmond Alternative School (RAS)	1924	93	1983	80,643	33	660
Baker Building	1940	74		60,781	33	660
RTC-North Building	1971	46		49,939	16	320
RTC-South Building	1966	51		187,425	26	520
Total					108	2,160
Grand Total of Standard Classrooms and Capacity					1,503	29,940

Table 13**20 STUDENTS PER EACH STANDARD CLASSROOM WAS USED TO CALCULATE CAPACITY.**

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

This school was closed at the end of school year 2004-2005					
(Old)Armstrong	1951	1966	62	1,240	
This school was closed at the end of school year 2006-2007					
Patrick Henry ⁽¹⁾	1921	1985	24	480	
Whitcomb Court	1957	1962	25	500	
These schools were closed at the end of school year 2007-2008					
Norrell	1964		19	380	
Norrell Annex	1954	1977	8	160	
REAL	1925		5	100	
Thirteen Acres	1900		0	0	
This school was closed at the end of school year 2008-2009					
Chandler Middle School	1925	1993	32	640	
These school were closed at the end of school year 2012-2013					
Clark Springs (not surplusd)	1966	1996	20	400	
Summer Hill/Ruffin Road Annex	1919	1986	19	380	
This schoool was closed on 2/12/2015					
Elkhardt					

⁽¹⁾ 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)

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

Source:

http://www.doe.virginia.gov/statistics_reports/accreditation_federal_reports/accreditation/index.shtml

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

Ratios of Debt Outstanding⁽¹⁾

Last Three Fiscal Years

<u>Governmental Activities⁽²⁾</u>					
<u>Fiscal Year</u>	<u>Capital leases</u>	<u>Per Capita Personal Income⁽³⁾</u>	<u>Percent of Personal Income</u>	<u>Population⁽³⁾</u>	<u>Debt Per Capita</u>
2015	\$ 11,715,085	N/A	N/A	217,853	53.8
2016	10,443,936	N/A	N/A	N/A	N/A
2017	9,114,821	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 27 for demographic and economic statistics of the City of Richmond. Calculations are based on available data provided by the City of Richmond.

Source: Department Finance-Comprehensive Annual Financial Report

Table 16

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Governmental Activities										
Net Investment in Capital Assets	\$ 304,606,896	\$ 311,326,711	\$ 280,800,936	\$ 198,531,273	\$ 269,060,408	\$ 226,429,295	\$ 306,400,000	\$ 314,046,028	\$ 335,442,017	\$ 337,583,744
Restricted	14,992,862	15,356,206	5,772,722	12,590,642	16,458,462	31,900,000	21,269,101	4,292,533	19,843,817	31,533,373
Unrestricted	<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>46,700,000</u>	<u>(219,000,000)</u>	<u>(272,324,391)</u>	<u>(270,779,486)</u>	<u>(210,707,608)</u>
Total Governmental Activities' Net Position	<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>\$ 305,029,295</u>	<u>\$ 108,669,101</u>	<u>\$ 46,014,170</u>	<u>\$ 84,506,348</u>	<u>\$ 158,409,509</u>
Business-type Activities										
Net Investment in Capital Assets	\$ 316,259,057	\$ 351,767,886	\$ 369,683,330	\$ 381,909,942	\$ 419,526,304	\$ 488,600,000	\$ 497,111,667	\$ 495,162,064	\$ 487,293,137	\$ 523,105,159
Restricted	--	--	--	--	--	--	--	--	--	25,602,020
Unrestricted	<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>125,800,000</u>	<u>98,609,642</u>	<u>143,122,363</u>	<u>182,038,024</u>	<u>161,296,665</u>
Total Business-type Activities' Net Position	<u>\$ 394,303,721</u>	<u>\$ 407,378,650</u>	<u>\$ 428,003,293</u>	<u>\$ 446,655,620</u>	<u>\$ 470,844,835</u>	<u>\$ 614,400,000</u>	<u>\$ 595,721,309</u>	<u>\$ 638,284,427</u>	<u>\$ 669,331,161</u>	<u>\$ 710,003,844</u>
Primary Government										
Net Investment in Capital Assets	\$ 620,865,953	\$ 663,094,597	\$ 650,484,266	\$ 580,441,215	\$ 688,586,712	\$ 715,029,295	\$ 803,511,667	\$ 809,208,092	\$ 822,735,154	\$ 860,688,903
Restricted	14,992,862	15,356,206	5,772,722	12,590,642	16,458,462	31,900,000	21,269,101	4,292,533	19,843,817	57,135,393
Unrestricted	<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>172,500,000</u>	<u>(120,390,358)</u>	<u>(129,202,028)</u>	<u>(88,741,462)</u>	<u>(49,410,943)</u>
Total Primary Government Activities' Net Position	<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>\$ 919,429,295</u>	<u>\$ 704,390,410</u>	<u>\$ 684,298,597</u>	<u>\$ 753,837,509</u>	<u>\$ 868,413,353</u>

Source: City of Richmond Department of Finance



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

Table 17

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental Activities:										
General Government	\$ 82,078,049	\$ 132,001,804	\$ 137,836,800	\$ 135,582,802	\$ 126,274,797	\$ 145,700,000	\$ 109,455,944	\$ 150,935,993	\$ 134,946,876	\$ 125,878,780
Public Safety and Judiciary	170,498,404	185,536,625	175,820,069	178,142,702	182,724,471	187,800,000	184,192,095	233,336,534	190,970,196	186,133,476
Highways, Streets, Sanitation and Refuse	90,808,054	59,964,571	61,502,223	104,103,996	86,067,163	88,900,000	86,301,761	94,672,443	87,187,508	80,927,188
Human Services	110,423,497	105,618,194	93,697,780	95,333,003	84,629,401	79,000,000	78,249,654	96,529,866	81,057,222	81,512,645
Culture and Recreation	41,009,121	25,635,473	26,009,978	28,502,174	24,348,709	25,000,001	26,090,075	33,004,436	24,601,851	24,328,301
Education	158,858,678	164,359,364	163,586,697	173,214,073	155,173,806	158,800,000	158,065,296	166,128,726	175,157,363	180,714,967
Transportation	10,460,000	11,950,000	11,600,000	12,143,357	12,143,357	11,600,000	12,621,480	13,244,050	13,045,156	13,045,157
Interest and Fiscal Changes	25,030,424	23,925,766	20,204,271	21,418,947	18,648,049	19,800,000	26,100,820	22,885,035	26,591,694	27,522,522
Total Governmental Activities Expenses	<u>693,437,698</u>	<u>689,166,227</u>	<u>708,991,797</u>	<u>690,257,818</u>	<u>747,897,697</u>	<u>690,009,753</u>	<u>681,077,125</u>	<u>810,737,083</u>	<u>733,557,866</u>	<u>720,063,036</u>
Business-type Activities:										
Gas	216,059,214	221,285,311	163,063,730	154,527,763	120,738,025	133,137,550	153,143,869	144,436,371	119,137,386	127,316,121
Water	46,158,648	49,074,068	49,934,491	52,819,429	53,201,110	49,803,247	52,161,156	53,276,025	51,634,764	53,402,794
Wastewater	48,364,007	53,000,556	50,679,153	54,073,862	54,615,656	58,438,940	61,153,657	67,382,447	64,768,064	65,175,833
Stormwater	--	--	7,613,092	7,541,005	7,487,569	4,744,194	6,229,426	7,610,350	7,208,967	8,002,822
Coliseum	5,846,334	5,718,103	5,171,178	4,682,080	4,066,315	3,218,416	2,513,548	2,571,848	2,260,443	2,661,938
Landmark Theatre	1,829,565	567,990	--	--	--	--	--	--	--	--
Cemeteries	1,641,821	1,472,725	1,399,493	1,419,756	1,410,964	1,343,807	1,459,300	1,913,533	1,588,932	1,751,891
Parking	--	--	--	--	--	--	--	12,178,193	11,329,861	10,734,673
Total Business-type Activities Expenses	<u>321,240,609</u>	<u>319,899,589</u>	<u>331,118,753</u>	<u>277,861,137</u>	<u>275,063,895</u>	<u>241,519,639</u>	<u>276,660,955</u>	<u>289,368,767</u>	<u>257,928,417</u>	<u>269,046,072</u>
Total Primary Government Expenses	<u>\$ 1,014,678,307</u>	<u>\$ 1,009,065,816</u>	<u>\$ 1,040,110,550</u>	<u>\$ 968,118,955</u>	<u>\$ 1,022,961,592</u>	<u>\$ 931,529,392</u>	<u>\$ 957,738,080</u>	<u>\$ 1,100,105,850</u>	<u>\$ 991,486,283</u>	<u>\$ 989,109,108</u>
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	\$ 43,593,817	\$ 51,086,930	\$ 52,084,531	\$ 58,638,216	\$ 126,215,625	\$ 65,019,167	\$ 56,368,769	\$ 49,393,546	\$ 55,269,092	\$ 66,432,830
Culture and Recreation	719,586	686,911	727,597	406,036	377,643	428,613	216,679	248,813	1,024,289	365,656
Other Activities	30,450,928	29,948,260	30,759,315	26,567,540	26,053,492	27,544,471	25,115,281	22,248,389	24,626,836	121,526,052
Operating Grants and Contributions	169,105,387	155,689,284	151,878,522	154,172,480	149,546,405	141,500,000	144,367,918	136,101,577	137,190,859	32,906,250
Capital Grants and Contributions	12,566,194	5,228,211	5,545,450	7,312,467	8,364,411	26,780,248	35,250,158	44,185,991	41,047,136	33,089,807
Total Governmental Activities Program Revenues	<u>\$ 253,684,575</u>	<u>\$ 256,435,912</u>	<u>\$ 242,639,596</u>	<u>\$ 240,995,415</u>	<u>\$ 247,096,739</u>	<u>\$ 310,557,576</u>	<u>\$ 261,318,805</u>	<u>\$ 252,178,316</u>	<u>\$ 259,158,212</u>	<u>\$ 254,320,595</u>
Business-type Activities:										
Charges for Services:										
Gas	\$ 225,892,538	\$ 231,136,014	\$ 172,587,241	\$ 164,890,242	\$ 130,742,982	\$ 148,282,997	\$ 176,794,050	\$ 162,902,984	\$ 128,478,137	\$ 135,691,059
Water	51,616,053	54,406,899	57,386,552	59,596,957	61,814,881	67,827,452	67,512,427	63,912,519	65,836,889	68,181,546
Wastewater	56,795,731	58,803,531	60,220,635	61,356,769	65,709,241	68,533,168	73,393,727	82,343,230	79,101,386	83,251,997
Stormwater	--	--	9,537,834	9,778,441	9,505,006	9,845,346	11,137,971	11,330,268	10,997,422	11,208,637
Coliseum	2,202,374	1,829,195	1,463,233	1,255,551	1,423,979	1,686,346	1,384,868	1,585,548	1,379,423	2,034,341
Landmark Theatre	463,078	520	--	--	--	--	--	--	--	--
Cemeteries	1,423,292	1,368,588	1,320,251	1,222,954	1,198,476	1,329,673	1,477,507	1,592,307	1,559,770	1,261,806
Parking	--	--	--	--	--	--	--	14,803,836	15,273,141	18,091,685
Operating Grants and Contributions	<u>7,967,099</u>	<u>10,819,719</u>	<u>14,624,603</u>	<u>15,013,658</u>	<u>15,143,172</u>	<u>19,608,232</u>	<u>20,001,217</u>	<u>20,401,711</u>	<u>17,401,151</u>	<u>20,591,436</u>
Total Business-type Activities Program Revenues	<u>339,280,871</u>	<u>346,360,165</u>	<u>358,364,466</u>	<u>317,140,349</u>	<u>313,114,572</u>	<u>285,537,737</u>	<u>351,894,064</u>	<u>358,680,106</u>	<u>320,027,319</u>	<u>340,312,507</u>
Total Primary Government Program Revenues	<u>\$ 592,965,446</u>	<u>\$ 602,796,078</u>	<u>\$ 601,004,062</u>	<u>\$ 558,135,763</u>	<u>\$ 560,211,311</u>	<u>\$ 596,095,313</u>	<u>\$ 613,212,869</u>	<u>\$ 610,858,422</u>	<u>\$ 579,185,531</u>	<u>\$ 594,633,102</u>
Net (Expense)/Revenue										
Governmental Activities	\$ (439,753,123)	\$ (432,730,315)	\$ (466,352,201)	\$ (449,262,403)	\$ (500,800,958)	\$ (379,452,177)	\$ (419,758,320)	\$ (558,558,767)	\$ (474,399,654)	\$ (465,742,441)
Business-type Activities	<u>18,040,261</u>	<u>26,460,577</u>	<u>27,245,713</u>	<u>39,279,211</u>	<u>38,050,675</u>	<u>44,018,098</u>	<u>75,233,109</u>	<u>69,311,339</u>	<u>62,098,902</u>	<u>71,266,435</u>
Total Primary Government Net Expense	<u>\$ (421,712,862)</u>	<u>\$ (406,269,738)</u>	<u>\$ (439,106,488)</u>	<u>\$ (409,983,192)</u>	<u>\$ (462,750,283)</u>	<u>\$ (335,434,079)</u>	<u>\$ (344,525,211)</u>	<u>\$ (489,247,428)</u>	<u>\$ (412,300,752)</u>	<u>\$ (394,476,006)</u>

Table 17



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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes:										
Real Estate	\$ 225,336,583	\$ 231,467,579	\$ 219,121,286	\$ 217,159,681	\$ 214,209,839	\$ 215,611,658	\$ 210,389,704	\$ 221,704,082	\$ 224,785,116	\$ 237,853,883
Sales-1% Local	31,274,790	30,935,300	26,093,786	26,315,613	30,595,853	30,549,022	30,944,459	32,567,648	33,773,371	34,176,816
Sales Tax For Education	26,959,337	25,312,005	24,943,835	25,914,852	26,406,848	23,673,198	23,612,726	25,102,851	24,997,524	25,661,559
Personal Property	55,220,158	45,878,338	50,186,338	38,461,849	44,579,120	48,005,747	46,100,586	49,740,946	48,222,257	59,223,115
Machinery and Tools	13,486,040	13,762,378	17,119,371	16,914,447	15,421,045	14,792,937	13,746,350	12,752,759	14,454,966	12,758,274
General Utility Sales	37,118,110	35,253,745	34,483,451	17,098,077	16,378,212	17,066,009	16,680,313	17,646,514	17,659,169	18,455,308
State Communication Taxes	--	--	--	17,439,622	17,085,208	17,130,526	16,839,049	16,691,917	16,527,290	15,760,395
Bank Stock	3,317,298	4,494,835	8,247,534	13,933,727	12,480,183	9,221,721	9,328,141	8,816,474	9,936,805	8,364,990
Prepared Food	24,076,647	24,489,056	23,756,424	26,429,441	25,051,579	29,986,231	30,065,438	32,290,063	33,206,090	36,002,917
Lodging Tax	5,984,286	5,366,015	4,789,681	4,789,957	5,200,817	6,392,330	6,326,387	5,433,289	7,504,354	8,025,516
Admissions	2,447,670	1,604,376	2,181,971	2,335,970	2,399,527	2,448,962	2,923,183	2,866,718	3,036,088	2,747,268
Real Estate Taxes - Delinquent	--	--	9,711,901	10,746,487	7,006,446	8,953,219	7,895,327	9,155,708	9,703,138	8,937,806
Personal property Taxes - Delinquent	--	--	5,023,503	4,117,223	3,959,980	8,524,442	5,614,439	8,867,316	6,378,267	9,836,983
Delinquent Tax Payments-All Classes	19,581,751	--	--	--	--	--	--	--	--	--
Private Utility Poles and Conduits	95,186	96,164	156,478	158,268	154,881	158,568	169,729	160,950	68,699	260,117
Penalties and Interest	3,657,510	4,570,206	5,423,493	4,948,641	3,660,357	4,471,897	3,642,822	4,384,082	7,892,982	5,023,749
Tifling Tax-Mobile Home	9,014	10,635	10,858	4,704	8,051	5,817	6,132	9,083	8,266	9,474
State Recordation	954,315	710,115	759,637	681,049	656,449	731,956	872,407	661,291	1,156,543	942,127
Property Rental 1%	126,334	126,534	101,748	109,871	131,021	139,796	133,774	82,388	79,202	154,115
Vehicle Rental Tax	889,582	626,040	424,599	579,654	1,149,088	371,425	855,582	937,779	1,067,535	845,652
Rolling Stock Tax	--	--	--	--	--	--	--	--	--	--
Telephone Commissions	477,935	449,292	450,000	390,739	338,499	337,349	522,578	538,474	628,014	196,579
Intergovernmental Revenue Not Restricted to Specific Programs	171,162	166,361	156,211	--	--	--	--	--	--	--
Investment Earnings	2,102,922	89,955	105,672	165,111	125,526	80,854	36,020	38,344	53,281	114,158
Miscellaneous	2,224,002	2,319,473	225,661	1,143,368	1,963,714	2,823,922	1,607,458	15,739,412	19,083,117	18,170,556
Transfers	24,282,511	21,560,041	22,340,631	21,459,319	23,147,547	23,612,453	27,377,577	28,080,617	32,669,758	33,908,419
Special Item ¹	--	--	--	--	--	485,000	--	1,500,000	--	2,215,826
Extraordinary Item	306,076	(130,470)	15,352	--	(1,320,829)	--	--	--	--	--
Total Governmental Activities	412,295,135	462,605,580	480,099,219	449,157,973	455,829,421	451,297,670	455,690,181	495,768,705	512,891,832	539,645,602
Business-type Activities:										
Investment Earnings	\$ 4,594,016	\$ 5,601,170	\$ 1,060,118	\$ 897,530	\$ 1,738,623	\$ 685,839	\$ 811,070	\$ 675,983	\$ 695,117	\$ 1,937,972
Miscellaneous	4,873,908	1,788,086	1,694,580	1,163,441	1,580,041	1,271,707	(4,802,222)	643,748	922,473	1,019,326
Transfers	(24,282,511)	(21,560,041)	(22,340,631)	(21,459,319)	(23,147,547)	(23,612,453)	(27,377,577)	(28,080,617)	(32,669,758)	(33,551,050)
Total Business-type Activities	(12,648,206)	(10,654,308)	(14,814,587)	(14,170,785)	(19,585,933)	(19,398,348)	(31,368,729)	(26,760,886)	(31,052,168)	(30,593,752)
Total Primary Government	\$ 399,646,929	\$ 451,951,272	\$ 465,284,632	\$ 434,987,188	\$ 436,243,488	\$ 431,899,322	\$ 424,321,452	\$ 469,007,819	\$ 481,839,664	\$ 509,051,850
Change in Net Position										
Governmental Activities	\$ 47,368,904	\$ (17,194,228)	\$ 6,567,018	\$ (49,503,288)	\$ 71,336,784	\$ 71,845,493	\$ 35,931,861	\$ (62,790,062)	\$ 38,492,178	\$ 73,903,161
Business-type Activities	7,385,953	11,645,990	13,074,928	19,693,278	18,652,327	24,189,215	43,864,380	42,550,453	31,046,734	40,672,683
Total Primary Government	\$ (8,890,236)	\$ 30,238,410	\$ 59,014,894	\$ (4,119,300)	\$ 26,260,296	\$ (30,850,961)	\$ 79,796,241	\$ (20,239,609)	\$ 69,538,912	\$ 114,575,844

¹Special Item:

Fiscal Year 2007 - Disaster Recovery
Fiscal Year 2013 - Gain on Sale of Land
Fiscal Year 2015 - Bargain Purchase of Property-Diamond

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

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

Source: City of Richmond Department of Finance

Table 18



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

	Fiscal Year									
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
City Taxes										
Real Estate	\$ 225,336,583	\$ 231,467,579	\$ 219,121,286	\$ 217,159,681	\$ 214,209,839	\$ 215,611,658	\$ 210,389,704	\$ 221,704,082	\$ 224,785,116	\$ 237,853,883
Sales-1% Local	31,274,790	30,935,300	26,093,786	26,315,613	30,595,853	30,549,022	30,944,459	32,567,648	33,773,371	34,176,816
Sales Tax for Education	26,959,337	25,312,005	24,943,835	25,914,852	26,406,848	23,673,198	23,612,726	25,102,851	24,997,524	25,661,559
Personal Property	55,220,158	45,878,338	50,186,338	38,461,849	44,579,120	48,005,747	46,100,586	49,740,946	48,222,257	59,223,115
Machinery and Tools	13,486,040	13,762,378	17,119,371	16,914,447	15,421,045	14,792,937	13,746,350	12,752,759	14,454,966	12,758,274
General Utility Sales	37,118,110	35,253,745	34,483,451	17,098,077	16,378,212	17,066,009	16,680,313	17,646,514	17,659,169	18,455,308
State Communication Taxes	--	--	--	17,439,622	17,085,208	17,130,526	16,839,049	16,691,917	16,527,290	15,760,395
Bank Stock	3,317,298	4,494,835	8,247,534	13,933,727	12,480,183	9,221,721	9,328,141	8,816,474	9,936,805	8,364,990
Prepared Food	24,076,647	24,489,056	23,756,424	26,429,441	25,051,579	29,986,231	30,065,438	32,290,063	33,206,090	36,002,917
Transient Lodging	5,984,286	5,366,015	4,789,681	4,789,957	5,200,817	6,392,330	6,326,387	5,433,289	7,504,354	8,025,516
Admissions	2,447,670	1,604,376	2,181,971	2,335,970	2,399,527	2,448,962	2,923,183	2,866,718	3,036,088	2,747,268
Real Estate Taxes - Delinquent	--	--	9,711,901	10,746,487	7,006,446	8,953,219	7,895,327	9,155,708	9,703,138	8,937,806
Personal Property Taxes - Delinquent	--	--	5,023,503	4,117,223	3,959,980	8,524,442	5,614,439	8,867,316	6,378,267	9,836,983
Delinquent Tax Payments-All Classes	19,581,751	--	--	--	--	--	--	--	--	--
Private Utility Poles and Conduits	95,186	96,164	156,478	158,268	154,881	158,568	169,729	160,950	68,699	260,117
Penalties and Interest	3,657,510	4,570,206	5,423,493	4,948,641	3,660,357	4,471,897	3,642,822	4,384,082	7,892,982	5,023,749
Titling Tax-Mobile Home	9,014	10,635	10,858	4,704	8,051	5,817	6,132	9,083	8,266	9,474
State Recordation	954,315	710,115	759,637	681,049	656,449	731,956	872,407	661,291	1,156,543	942,127
Property Rental 1%	126,334	126,534	101,748	109,871	131,021	139,796	133,774	82,388	79,202	154,115
Vehicle Rental Tax	889,582	626,040	424,599	579,654	1,149,088	371,425	855,582	937,779	1,067,535	845,652
Rolling Stock Tax	--	--	--	--	--	--	--	--	--	--
Telephone Commissions	477,935	449,292	450,000	390,739	338,499	337,349	522,580	538,474	628,014	196,579
Total Primary Government	<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>	<u>\$ 426,669,126</u>	<u>\$ 450,410,332</u>	<u>\$ 461,085,676</u>	<u>\$ 485,236,643</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.

Source: City of Richmond Department of Finance

Table 19



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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund:										
Nonspendable	\$ --	\$ --	\$ --	\$ 1,029,600	\$ 1,029,600	\$ 1,029,600	\$ --	\$ 382,200	\$ 383,338	\$ 399,742
Restricted	--	--	--	1,391,917	--	--	--	--	--	--
Committed	--	--	--	14,672,765	53,073,041	39,427,954	10,793,000	13,000,000	10,000,000	12,019,176
Assigned	--	--	--	15,460,647	35,002,000	11,573,916	35,163,526	7,788,553	5,850,728	12,219,451
Unassigned	--	--	--	64,062,309	72,908,854	75,000,000	80,393,997	84,995,561	98,210,321	108,865,511
Reserved	16,908,547	2,094,186	16,598,886	--	--	--	--	--	--	--
Unreserved	47,638,753	48,644,484	59,423,096	--	--	--	--	--	--	--
Total General Fund	<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>	<u>\$ 126,350,523</u>	<u>\$ 106,166,314</u>	<u>\$ 114,444,387</u>	<u>\$ 133,503,880</u>
All Other Governmental Funds:										
Nonspendable	\$ --	\$ --	\$ --	\$ 212,141	\$ 193,729	\$ 74,327	\$ 74,372	\$ 38,930	\$ --	\$ --
Restricted	--	--	--	16,262,282	16,264,733	15,294,132	19,024,423	4,253,603	19,857,793	29,302,519
Committed	--	--	--	9,426,306	9,756,967	5,587,993	745,000	--	745,000	--
Assigned	--	--	--	295,105	(138,320)	866,410	3,468,218	14,800,003	3,312,542	--
Unassigned	--	--	--	(37,000,000)	(3,508,434)	(168,475,248)	(49,720,104)	(101,563,859)	(83,439,150)	(58,803,676)
Reserved	25,399,353	17,029,761	6,822,405	--	--	--	--	--	--	--
Unreserved, reported in:										
Special Revenue Funds	7,478,784	8,385,421	10,861,875	--	--	--	--	--	--	--
Capital Project Funds	--	(67,443,896)	--	--	--	--	--	--	--	--
Debt Service Fund	--	--	--	--	--	--	--	--	--	--
Total All Other Governmental Funds	<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>	<u>\$ (26,408,091)</u>	<u>\$ (82,471,323)</u>	<u>\$ (59,523,815)</u>	<u>\$ (29,501,157)</u>

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

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

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

Source: City of Richmond Department of Finance

Table 20



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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues:										
Taxes	\$ 435,695,263	\$ 427,338,579	\$ 425,707,122	\$ 433,782,081	\$ 431,705,312	\$ 433,518,092	\$ 430,868,542	\$ 450,712,602	\$ 473,333,440	\$ 481,288,421
Licenses, Permits and Privilege Fees	35,514,381	36,190,387	35,374,043	34,326,099	39,403,213	42,404,133	38,093,334	39,403,545	39,552,169	37,131,444
Intergovernmental	163,694,270	156,307,233	151,219,441	152,816,149	152,837,949	133,166,823	150,232,431	144,718,110	215,446,474	177,403,926
Service Charges	21,761,128	21,451,494	24,407,838	25,559,661	26,390,218	28,093,614	23,205,623	23,437,359	24,702,348	33,085,235
Fines and Forfeitures	10,706,248	9,246,562	9,760,055	9,583,749	9,744,457	10,200,629	10,221,786	5,822,882	7,543,881	6,586,811
Payment in Lieu of Taxes	19,357,177	19,234,942	19,780,983	--	--	--	--	--	--	--
Utility Payments	-	--	--	22,577,356	24,141,572	25,266,237	27,175,174	28,848,885	32,000,694	31,162,094
Investment Income	2,103,022	540,676	105,672	165,111	125,526	80,854	36,019	38,344	53,281	114,158
Miscellaneous	27,454,098	19,653,520	22,718,453	20,903,222	79,323,182	18,100,667	10,564,344	15,345,228	19,302,223	16,216,054
Total Revenues	716,285,587	689,963,393	689,073,607	699,713,428	763,671,429	690,831,049	690,397,253	708,326,955	811,934,510	782,988,143
Expenditures:										
General Government	77,967,920	90,936,507	92,896,369	86,018,066	90,060,892	99,140,475	77,804,633	91,170,260	88,378,032	84,393,859
Public Safety and Judiciary	167,022,262	177,057,319	169,704,353	168,930,921	177,042,195	179,438,014	178,712,513	190,291,231	191,072,187	192,552,805
Highways, Streets, Sanitation and Refuse	61,007,410	44,632,867	46,687,139	58,398,783	61,164,440	60,345,016	67,017,239	61,720,615	61,691,779	61,226,383
Human Services	105,983,727	101,156,059	89,445,759	89,251,029	80,913,299	74,156,376	76,378,833	81,890,683	81,456,560	83,890,504
Culture and Recreation	22,420,288	22,869,119	21,791,546	23,274,978	22,988,592	22,746,588	24,326,572	26,212,041	23,153,407	23,606,485
Education	158,858,678	159,155,815	151,332,379	150,585,819	150,651,924	153,205,535	154,267,395	162,170,840	170,833,592	176,983,321
Non-Departmental	51,273,499	50,990,595	46,454,002	43,629,933	46,835,962	72,870,264	44,145,152	52,352,720	54,638,951	46,901,510
Capital Outlay	37,969,088	81,224,196	55,093,465	125,099,224	96,796,091	179,946,671	153,252,930	106,538,511	115,975,232	97,055,999
Debt Service:										
Principal Retirement	33,368,115	28,077,064	31,748,820	29,839,337	30,683,823	36,604,656	37,129,045	31,040,730	64,113,008	35,149,119
Interest Payments	25,054,610	24,805,037	19,193,765	19,710,167	22,026,533	19,517,107	24,157,031	24,077,465	27,633,704	28,505,952
Issuance Costs	-	955,068	806,838	647,705	--	--	738,870	1,324,747	827,439	556,713
Total Expenditures	740,925,597	781,859,646	725,154,435	795,385,962	779,163,751	897,970,702	837,930,213	828,789,843	879,773,891	830,822,650
Other Financing Sources (Uses):										
Transfers In	82,480,356	70,306,914	67,559,251	66,240,273	66,995,617	67,750,346	73,001,130	69,642,441	109,294,954	79,998,362
Transfers Out	(79,507,387)	(67,126,142)	(64,147,702)	(63,243,383)	(63,886,685)	(65,335,266)	(69,123,692)	(66,809,741)	(104,614,669)	(75,297,532)
Proceeds from Refunding Bonds	-	--	--	--	--	--	193,218,870	--	21,865,202	--
Payment to Escrow Agent	-	--	--	--	--	--	(150,000,000)	--	--	--
Proceeds from Section 108	-	--	--	--	--	--	--	--	--	786,418
Proceeds from EDA	-	--	--	--	--	--	--	--	--	1,429,408
Payments for Refunding Bonds	-	--	--	--	--	--	--	(141,723,901)	(21,721,208)	--
Proceeds from Issuance of Bonds	-	--	100,917,875	80,341,209	113,379,713	36,487	124,144,030	183,106,648	94,240,683	90,000,000
Premium on Issuance of Bonds	(762,900)	--	6,565,000	4,441,245	--	--	--	--	--	--
Total Other Financing Sources, Net	2,210,069	3,180,772	110,894,424	87,779,344	116,488,645	2,451,567	171,240,338	44,215,447	99,064,962	96,916,656
Special Items:										
Gain on Sale of Land	--	--	--	--	--	485,000	--	--	--	--
Total Special Items	--	--	--	--	--	485,000	--	--	--	--
Extraordinary Item:										
Disaster Costs	306,076	--	15,352	--	1,320,829	--	--	--	--	--
Total Extraordinary Item	306,076	--	15,352	--	1,320,829	--	--	--	--	--
Net Change in Fund Balances	\$ (22,123,865)	\$ (88,715,481)	\$ 74,828,948	\$ (7,893,190)	\$ 99,675,494	\$ (204,203,086)	\$ 23,707,378	\$ (76,247,441)	\$ 31,225,581	\$ 49,082,149
Debt Service as a Percentage of Noncapital Expenditures ¹	8.1%	6.9%	7.3%	6.6%	7.5%	6.7%	8.0%	7.4%	11.8%	8.4%

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

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

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

Source: City of Richmond Department of Finance

Table 21



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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Real Estate	\$ 220,312,237	\$ 227,921,229	\$ 218,027,758	\$ 221,948,834	\$ 216,991,101	\$ 213,234,953	\$ 216,006,348	\$ 223,491,278	\$ 234,445,036	\$ 234,294,879
Sales-1% Local	31,274,790	30,935,300	26,093,786	26,315,613	30,595,853	30,549,022	30,944,459	32,567,648	33,773,371	34,176,816
Sales Tax for Education	26,959,337	25,312,005	24,943,835	25,914,852	26,406,848	23,673,198	23,612,726	25,102,851	24,997,524	25,661,559
Personal Property	44,734,218	51,107,922	44,081,997	44,343,976	43,780,792	47,234,956	44,753,528	49,260,306	48,531,320	57,603,912
Machinery and Tools	13,679,043	14,265,110	17,038,468	16,857,051	15,519,223	15,001,324	13,607,934	12,838,347	14,060,308	13,828,602
Utility Sales Tax Gas	-	-	-	4,617,822	4,256,292	4,761,197	4,833,897	4,872,622	4,467,916	4,711,342
Utility Sales Tax Electric	-	-	-	12,480,255	12,121,920	12,303,832	11,463,513	12,479,100	12,707,360	13,494,359
Utility Sales Tax Tele	-	-	-	-	-	-	382,903	294,792	483,893	249,607
General Utility Sales	37,118,110	35,253,745	34,483,451	-	-	-	-	-	-	-
State Communication Taxes	-	-	-	17,439,622	17,085,208	17,130,526	16,839,049	16,691,917	16,527,290	15,760,395
Bank Stock	3,317,298	4,494,835	8,247,534	13,933,727	12,480,183	9,221,721	9,328,141	8,816,474	9,936,805	8,364,990
Prepared Food	24,076,647	24,489,056	23,756,424	21,726,664	26,991,476	28,320,613	30,444,280	31,686,926	35,455,141	35,605,363
Lodging Tax	5,984,286	5,366,015	4,789,681	4,623,900	5,685,427	6,018,453	5,974,584	5,456,014	8,079,083	8,042,016
Admission	2,447,670	1,604,376	2,181,971	1,843,129	2,726,217	2,372,848	2,964,390	2,357,256	2,885,747	3,287,979
Real Estate Taxes - Delinquent	-	-	9,711,901	10,746,487	7,006,446	8,953,219	7,895,327	9,155,708	9,703,138	8,937,806
Personal Property Taxes - Delinquent	-	-	5,023,503	4,117,223	3,959,980	8,524,442	5,614,439	8,867,316	6,378,267	9,836,983
Delinquent Tax Payments-All Classes	19,581,751	-	-	-	-	-	-	-	-	-
Private Utility Poles and Conduits	95,186	96,164	156,478	158,268	154,881	158,568	169,729	160,950	68,699	260,117
Penalties and Interest	3,657,510	4,570,206	5,423,493	4,948,641	3,660,357	4,471,897	3,642,822	4,384,082	7,892,982	5,023,749
Tolling Tax-Mobile Home	9,014	10,635	10,858	4,704	8,051	5,817	6,132	9,083	8,266	9,474
State Recordation	954,315	710,115	759,637	681,049	656,449	731,956	872,407	661,291	1,156,543	942,127
Property Rental 1%	126,334	126,534	101,748	109,871	131,021	139,796	133,774	82,388	79,202	154,115
Vehicle Rental Tax	889,582	626,040	424,599	579,654	1,149,088	371,425	855,582	937,779	1,067,535	845,652
Telephone Commissions	477,935	449,292	450,000	390,739	338,499	337,349	522,578	538,474	628,014	196,579
Total General Governmental Tax Revenues	\$ 435,695,263	\$ 427,338,579	\$ 425,707,122	\$ 433,782,081	\$ 431,705,312	\$ 433,517,112	\$ 430,868,542	\$ 450,712,602	\$ 473,333,440	\$ 481,288,421

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

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

Source: City of Richmond Department of Finance

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

Calendar Year	Real Property		Personal Property	Machinery & Tools	Less:		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			Tax Exempt Real Property	Real Property		Real Property	Personal Property	Machinery & Tools		
2008	\$ 13,189,929,800	\$ 12,416,702,435	\$ 1,468,366,859	\$ 627,888,746	\$ 5,000,713,600	\$ 22,702,174,240	\$ 1.23	\$ 3.70	\$ 2.30	\$ 22,702,174,240	100.00%	
2009	\$ 14,501,085,200	\$ 12,117,784,643	\$ 1,387,622,846	\$ 625,752,634	\$ 5,519,840,800	\$ 23,112,404,523	\$ 1.20	\$ 3.70	\$ 2.30	\$ 23,112,404,523	100.00%	
2010	\$ 12,657,788,000	\$ 14,263,768,672	\$ 1,420,344,916	\$ 765,598,939	\$ 5,827,518,000	\$ 23,279,982,527	\$ 1.20	\$ 3.70	\$ 2.30	\$ 23,279,982,527	100.00%	
2011	\$ 12,019,466,000	\$ 13,786,267,222	\$ 1,484,823,134	\$ 762,284,948	\$ 5,918,281,100	\$ 22,134,560,204	\$ 1.20	\$ 3.70	\$ 2.30	\$ 22,134,560,204	100.00%	
2012	\$ 11,908,691,000	\$ 13,751,070,000	\$ 1,475,484,028	\$ 682,677,850	\$ 5,943,230,000	\$ 21,874,692,878	\$ 1.20	\$ 3.70	\$ 2.30	\$ 21,874,692,878	100.00%	
2013	\$ 11,527,422,000	\$ 13,981,508,000	\$ 1,458,546,482	\$ 636,293,988	\$ 6,024,864,000	\$ 21,578,906,470	\$ 1.20	\$ 3.70	\$ 2.30	\$ 21,578,906,470	100.00%	
2014	\$ 13,873,758,000	\$ 11,897,960,000	\$ 1,385,403,241	\$ 594,339,539	\$ 6,183,459,000	\$ 21,568,001,780	\$ 1.20	\$ 3.70	\$ 2.30	\$ 21,568,001,780	100.00%	
2015	\$ 14,322,697,000	\$ 11,976,725,000	\$ 1,629,774,285	\$ 588,032,927	\$ 6,268,127,000	\$ 22,249,102,212	\$ 1.20	\$ 3.70	\$ 2.30	\$ 22,249,102,212	100.00%	
2016	\$ 14,986,306,000	\$ 12,803,864,000	\$ 1,955,517,305	\$ 577,169,740	\$ 6,908,330,000	\$ 23,414,527,045	\$ 1.20	\$ 3.70	\$ 2.30	\$ 23,414,527,045	100.00%	
2017	\$ 15,650,193,000	\$ 13,250,426,000	\$ 2,391,005,104	\$ 599,972,231	\$ 7,304,849,000	\$ 24,586,747,335	\$ 1.20	\$ 3.70	\$ 2.30	\$ 24,586,747,335	100.00%	

Source: City of Richmond Assessor's Office (Real Property)

Department of Finance (Personal Property and Machinery & Tools)

Table 22



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

<u>Tax Year</u>	<u>Tax Rate</u>	<u>Total Tax Levy³</u>	<u>Current Tax Collections¹</u>		<u>Delinquent Tax Collections²</u>	<u>Total Tax Collections</u>	
			<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
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	\$222,126,762	97.7%
2013	1.20	\$224,663,796	\$207,677,432	92.4%	\$9,296,883	\$216,974,315	96.6%
2014	1.20	\$217,520,214	\$202,460,782	93.1%	\$6,568,610	\$209,029,392	96.1%
2015	1.20	\$225,916,636	\$210,327,124	93.1%	\$9,155,708	\$219,482,832	97.2%
2016	1.20	\$233,675,912	\$220,474,082	94.4%	\$9,702,731	\$230,176,813	98.5%
2017	1.20	\$246,301,342	\$234,294,879	95.1%	\$8,937,806	\$243,232,685	98.8%

Source: City of Richmond Department of Finance

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

<u>Tax Year</u>	<u>Tax Rate</u>	<u>Total Tax Levy³</u>	<u>Current Tax Collections¹</u>		<u>Delinquent Tax Collections²</u>	<u>Total Tax Collections to Date</u>	
			<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
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	\$49,636,035	\$45,050,368	90.8%	\$4,740,164	\$49,790,532	92.5%
2012	3.70	\$49,995,079	\$46,364,216	92.7%	\$4,779,895	\$51,144,111	94.4%
2013	3.70	\$56,335,465	\$45,804,689	81.3%	\$10,115,195	\$55,919,884	99.3%
2014	3.70	\$60,309,698	\$50,764,046	84.2%	\$13,386,275	\$64,150,321	106.4%
2015	3.70	\$61,537,220	\$52,363,405	85.1%	\$7,102,096	\$59,465,502	95.4%
2016	3.70	\$66,205,914	\$57,262,094	86.5%	\$6,378,170	\$63,640,264	96.1%
2017	3.70	\$67,884,998	\$57,603,912	84.9%	\$9,836,983	\$51,586,300	76.0%

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

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

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

Source: City of Richmond Department of Finance

Table 23



CITY OF RICHMOND, VIRGINIA
REAL ESTATE ASSESSED VALUES OF LARGEST TAXPAYERS
As of January 1, 2017

2017				2007			
<u>Taxpayer</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Total Taxable Assessed Value</u>	<u>Taxpayer</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Total Taxable Assessed Value</u>
PHILIP MORRIS INC.	\$630,975,000	1	2.92%	PHILIP MORRIS INC	\$ 720,633,800	1	3.86%
RICHMOND RIVERFRONT PLAZA LP	163,634,000	2	0.76%	HINES RIVERFRONT PLAZA LP	272,500,000	2	1.46%
GMACC 2006 C1 EAST CARY STREET	159,861,000	3	0.74%	JAMES CENTER PROPERTY LLC	190,517,000	3	1.02%
SIR PROPERTIES TRUST	117,887,000	4	0.55%	DOMINION RESOURCES, INC.	138,568,000	4	0.74%
CHIPPENHAM HOSPITAL INC.	110,534,000	5	0.51%	CHIPPENHAM HOSPITAL INC.	105,595,100	5	0.57%
FEDERAL RESERVE BANK	103,454,000	6	0.48%	FEDERAL RESERVE BANK	95,498,200	6	0.51%
UEX RICHMOND TENANT LP	98,052,000	7	0.45%	SUNTRUST BANK	89,985,700	7	0.48%
DOMINION RESOURCES INC	89,778,000	8	0.42%	PARAMENTER 919 MAIN ST LP	89,120,000	8	0.48%
KIRELAND SOUTH 10TH STREET LLC	76,186,000	9	0.35%	RIVERSIDE OWNER LLC	81,450,000	9	0.44%
TIM STONY POINT PARK LP	70,328,000	10	0.33%	STONY POINT FASHION PARK ASSOCIATION	78,388,000	10	0.42%
HRIP MILLER & RHOADS	67,594,000	11	0.31%	FIRST STATE INVESTORS 3500 LLC	64,402,000	11	0.35%
AREP RIVERSIDE I LLC	66,779,000	12	0.31%	ROBINS A H CO. INC	48,212,400	12	0.26%
AMERICAN RETIREMENT CORP	65,161,000	13	0.30%	ATLANTIC AMERICAN PROPERTIS	47,519,000	13	0.25%
PARMA RICHMOND LLC	64,481,000	14	0.30%	MEDIA GENERAL	47,156,000	14	0.25%
BIOTECH BUILDINGS LLC	63,087,000	15	0.29%	AMERICAN RETIREMENT CORP	46,324,000	15	0.25%
CRESTAR BANK	61,218,000	16	0.28%	SJW LIMITED PARTNERSHP	39,722,000	16	0.21%
DOMINION RESOURCES SERV INC	52,449,000	17	0.24%	ALLEGHENY WAREHOUSE CO. INC	39,052,200	17	0.21%
ROBINS A H CO INC	48,490,000	18	0.22%	EIGHTH & MAIN LP	28,236,000	18	0.15%
SOUTHWOOD APARTMENTS LLC	47,718,000	19	0.22%	HISTORIC HOTELS LLC	27,161,700	19	0.15%
RVA 1111 EAST MAIN TOWER LP	44,298,000	20	0.21%	OMNI CENTER CORPORATION	26,078,700	20	0.14%
ECK INTERPRISES INC	43,117,000	21	0.20%	PRVA II LP	26,065,300	21	0.14%
JOHN MARSHALL BUILDING LLC	41,996,000	22	0.19%	LOWES HOME CENTERS	22,059,300	22	0.12%
APPLE SEVEN SPE RICHMOND INC	39,631,000	23	0.18%	HRLP LLC	21,973,400	23	0.12%
CBD DEVELOPMENT LLC	36,386,000	24	0.17%	DUPONT E I NEMOURS & CO	17,687,000	24	0.09%
GAMBLES HILL LAB LLC	34,984,000	25	0.16%	CRIT-VA INC	12,503,400	25	0.07%
Total of Taxpayers	2,398,078,000		11.10%	Total of Taxpayers	2,376,408,200		12.74%
All Other Properties	19,197,692,000		88.90%	All Other Properties	16,274,614,450		87.26%
Totals	\$ 21,595,770,000		100.00%	Totals	\$ 18,651,022,650		100.00%

Source: City of Richmond Real Estate Assessor

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

2016				2007			
<u>Employer</u>	<u>Approximate Number of Employees</u>	<u>Rank</u>	<u>Percentage of Principal Employment</u>	<u>Employer</u>	<u>Approximate Number of Employees</u>	<u>Rank</u>	<u>Percentage of Principal Employment</u>
Capital One Financial Corp.	11,262	1	10.39%	Commonwealth of Virginia	26,463	1	14.44%
VCU Health System	9,313	2	8.59%	Federal Government	15,100	2	8.24%
HCA Virginia Health System	7,628	3	7.04%	Chesterfield County	10,826	3	5.91%
Bon Secours Richmond Health System	7,136	4	6.59%	Henrico County	10,124	4	5.52%
Walmart	5,605	5	5.17%	Richmond City	8,940	5	4.88%
Dominion Resources Inc.	5,433	6	5.01%	HCA, Inc.	7,719	6	4.21%
Food Lion LLC	3,963	7	3.66%	Capital One Financial Corp.	7,389	7	4.03%
SunTrust Banks Inc.	3,810	8	3.52%	Virginia Commonwealth University Health System	6,990	8	3.81%
Altria Group Inc.	3,800	9	3.51%	Philip Morris, USA	6,100	9	3.33%
Amazon.com	3,800	10	3.51%	Wal-mart Stores, Inc.	5,862	10	3.20%
Wells Fargo & Co.	2,902	11	2.68%	Wachovia Corporation	5,349	11	2.92%
Anthem Blue Cross and Blue Shield	2,655	12	2.45%	Dominion Resources, Inc.	5,114	12	2.79%
The Kroger Co.	2,513	13	2.32%	Bon Secours Richmond Health System	5,021	13	2.74%
UPS	2,490	14	2.30%	Hanover County	3,960	14	2.16%
DuPont	2,376	15	2.19%	SunTrust Bank	3,674	15	2.00%
Bank of America	1,921	16	1.77%	Ukrop's Super Markets, Inc.	3,563	16	1.94%
Markel Corp.	1,886	17	1.74%	DuPont	3,200	17	1.75%
Federal Reserve Bank of Richmond	1,882	18	1.74%	Bank of America Corporation	3,100	18	1.69%
Total of Principal Employers	80,375		74.17%	Total of Principal Employers	138,494		75.56%
Other Principal Employers ¹	27,989		25.83%		44,803		24.44%
Totals	108,364		100.00%	Totals	183,297		100.00%

Other Principal Employers¹: These numbers represent the amount and percentage of the remaining top 18 employers for the citizens within the Richmond Metropolitan Statistical Area.

Source: Richmond Times-Dispatch



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

Fiscal Year	Less:		Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
	Gross Revenue	Direct Operating Expenses		Principal	Interest	Total	
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 ¹	\$ 297,479,213	\$ 220,452,796	\$ 77,026,417	\$ 21,104,375	\$ 34,343,862	\$ 55,448,237	1.39
2011	\$ 292,376,014	\$ 214,249,704	\$ 78,126,310	\$ 23,548,199	\$ 31,501,282	\$ 55,049,481	1.42
2012	\$ 264,583,790	\$ 185,232,686	\$ 79,351,104	\$ 27,860,480	\$ 30,343,026	\$ 58,203,506	1.36
2013	\$ 291,885,805	\$ 208,615,753	\$ 83,270,052	\$ 29,836,350	\$ 30,284,845	\$ 60,121,195	1.39
2014	\$ 322,906,697	\$ 212,520,886	\$ 110,385,811	\$ 34,088,248	\$ 36,736,199	\$ 70,824,447	1.56
2015	\$ 320,307,318	\$ 208,875,736	\$ 111,431,582	\$ 31,269,119	\$ 35,701,455	\$ 66,970,575	1.66
2016	\$ 296,741,775	\$ 181,337,736	\$ 115,404,039	\$ 34,934,079	\$ 33,895,709	\$ 68,829,788	1.68
2017	\$ 313,083,986	\$ 189,142,582	\$ 123,941,403	\$ 31,768,170	\$ 26,875,875	\$ 58,644,045	2.11

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.

Source: City of Richmond - Department of Public Utilities



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

	Fiscal Year									
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Debt Limit	\$ 2,060,991,864	\$ 2,109,902,904	\$ 2,109,403,867	\$ 1,988,745,212	\$ 1,971,653,100	\$ 1,948,406,600	\$ 1,958,825,900	\$ 2,003,129,500	\$ 2,088,184,000	\$ 2,159,577,000
Total net debt applicable to limit	<u>592,625,025</u>	<u>605,137,771</u>	<u>630,231,266</u>	<u>703,768,481</u>	<u>701,068,792</u>	<u>751,152,603</u>	<u>850,475,030</u>	<u>822,605,994</u>	<u>824,554,395</u>	<u>853,685,097</u>
Legal Debt Margin	<u>\$ 1,468,366,839</u>	<u>\$ 1,504,765,133</u>	<u>\$ 1,479,172,601</u>	<u>\$ 1,284,976,731</u>	<u>\$ 1,270,584,308</u>	<u>\$ 1,197,253,997</u>	<u>\$ 1,108,350,870</u>	<u>\$ 1,180,523,506</u>	<u>\$ 1,263,629,605</u>	<u>\$ 1,305,891,903</u>
Total net debt applicable to the limit as a percentage of debt limit	28.75%	28.68%	29.88%	35.39%	35.56%	38.55%	43.42%	41.07%	39.49%	39.53%

Legal Debt Margin Calculation for Fiscal Year 2017

Assessed Value (Taxable)	\$ 21,595,770,000
Debt limit (10% of total assessed value)	2,159,577,000
Debt applicable to limit:	
General Obligation Bonds	<u>853,685,097</u>
Legal Debt Margin	<u>\$ 1,305,891,903</u>

Source: City of Richmond Department of Finance

Note: Article VII, Section 10 of the Constitution of Virginia provides that the legal debt limit for municipalities is ten (10) percent of the preceeding assessment for real estate taxes.

The Total Debt Applicable to Limit shown on 6/30/2017 does not include \$755,518,747 of self supporting Public Utility Revenue Bonds or \$4,205,462 of Lease Revenue Bonds that by State law are not required to be included in calculations for legal margin for the creation of additional debt.

Table 26



**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
2008	\$354,881,308	\$2,372,353	\$8,500,000	\$3,910,000	\$10,981,807	\$15,510,000	\$222,734,874	\$406,325,632	\$1,025,215,974	10.95%	\$5,075
2009	327,097,155	2,145,328	63,560,000	3,355,000	10,377,099	14,760,000	208,811,286	551,289,644	1,181,395,512	13.90%	5,778
2010	400,951,978	1,916,098	33,220,000	2,800,000	9,739,788	13,980,000	191,239,793	553,815,743	1,207,663,400	13.77%	5,914
2011	604,863,844	1,684,543	74,780,000	2,245,000	9,068,116	13,170,000	171,845,174	554,658,872	1,280,665,469	13.46%	6,231
2012	647,464,912	1,450,834	14,034,000	1,690,000	8,360,231	12,325,000	159,595,376	556,645,429	1,278,399,452	12.24%	6,079
2013	495,710,389	1,215,155	101,155,970	11,255,000	7,614,180	-	141,816,089	736,458,840	1,495,225,623	14.93%	6,983
2014	607,682,714	977,282	107,460,000	10,695,000	6,827,905	-	123,660,034	723,448,460	1,580,751,395	15.20%	7,256
2015	600,310,584	736,976	35,035,000	10,125,000	5,999,238	-	176,398,433	711,370,940	1,539,976,171	14.37%	6,991
2016	652,885,412	494,107	6,875,000	10,125,000	5,125,893	-	154,174,876	694,547,789	1,524,228,077	N/A	6,830
2017	617,751,633	248,508	96,250,000	9,605,000	4,205,462	-	129,829,955	755,518,747	1,613,409,306	N/A	N/A

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

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

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

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

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

Fiscal Year	Governmental Activities						Business-type Activities		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
2008	\$577,616,182	\$2,372,353	\$8,500,000	\$3,910,000	\$10,981,807	\$15,510,000	\$618,890,342	3.00%	\$3,064	
2009	535,908,441	2,145,328	63,560,000	3,355,000	10,377,099	14,760,000	630,105,868	2.99%	3,082	
2010	592,191,771	1,916,098	33,220,000	2,800,000	9,739,788	13,980,000	653,847,657	3.10%	3,202	
2011	625,058,938	1,684,543	74,780,000	2,245,000	9,068,116	13,170,000	726,006,597	3.65%	3,532	
2012	683,893,958	1,450,834	14,034,000	1,690,000	8,360,231	12,325,000	721,754,023	3.66%	3,432	
2013	637,526,478	1,215,155	101,155,970	11,255,000	7,614,180	-	758,766,783	3.89%	3,544	
2014	731,342,748	977,282	107,460,000	10,695,000	6,827,905	-	857,302,935	4.38%	3,935	
2015	776,709,018	736,976	35,035,000	10,125,000	5,999,238	-	828,605,232	4.14%	3,761	
2016	807,060,288	494,107	6,875,000	10,125,000	5,125,893	-	829,680,288	3.97%	3,718	
2017	747,581,589	248,508	96,250,000	9,605,000	4,205,462	-	857,890,559	3.97%	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.

Source: City of Richmond Department of Finance



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

Fiscal		Personal Income	Per Capita			City	State
<u>Year</u>	<u>Population(1)</u>	(Amounts expressed <u>in thousands</u>)	Personal <u>Income(2)</u>	Median <u>Age</u>	School <u>Enrollment(3)</u>	Unemployment <u>Rate(4)</u>	Unemployment <u>Rate(4)</u>
2008	202,867	\$9,291,735	\$45,941	35.3	24,226	5.8%	4.0%
2009	204,451	\$8,564,729	\$42,050	33.8	23,200	10.2%	7.1%
2010	204,214	\$8,736,377	\$42,772	32.6	22,994	10.5%	7.1%
2011	205,533	\$9,345,201	\$45,151	32.4	23,454	9.3%	6.3%
2012	210,309	\$10,148,048	\$47,975	32.2	23,336	9.0%	6.0%
2013	214,114	9,848,358	45,869	32.6	23,649	8.2%	5.9%
2014	217,853	10,194,285	46,794	32.6	23,775	6.7%	5.3%
2015	220,289	10,717,448	48,652	NA	23,957	5.2%	4.7%
2016	223,170	NA	40,758	32.0	23,987	4.1%	4.0%
2017	N/A	NA	NA	NA	24,868	4.4%	3.9%

*NA-Not Available

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

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

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

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

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

Unemployment rates are not seasonally adjusted.



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

Function	Fiscal Year									
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Governmental Activities:										
General Government	731	681	696	696	620	764	739	739	684	566
Public Safety and Judiciary										
Police	1,028	1,000	980	942	923	915	918	918	849	845
Firefighters and Officers	463	413	406	434	425	411	439	439	432	409
Others	603	590	577	573	557	528	542	542	521	526
Highways, Streets, Sanitation and Refuse										
Engineering & Maintenance	566	527	452	454	497	389	391	391	327	318
Human Services										
Human Services Advocacy	24	34	35	43	34	13	15	15	14	12
Social Services	481	472	456	443	441	426	353	353	392	368
Culture and Recreation	260	273	276	261	158	161	146	146	235	232
Transportation	-	-	-	-	-	-	-	-	-	-
Business-type Activities:										
Stormwater Utility	-	-	-	-	-	55	52	52	52	47
Gas Utility	322	425	404	359	367	284	291	291	281	282
Water Utility	102	128	110	110	117	106	101	101	112	116
Wastewater Utility	113	164	139	131	168	176	166	166	169	150
Electric Utility	19	24	24	24	39	26	24	24	21	15
Stores and Transportation Division	13	10	6	6	6	6	8	8	7	6
Coliseum	25	25	17	17	14	14	14	14	-	-
Landmark Theatre	5	-	-	-	-	-	-	-	-	-
Cemeteries NCO	20	20	20	21	19	19	17	17	18	18
Parking	-	-	-	-	-	-	-	-	6	6
Total	<u>4,775</u>	<u>4,786</u>	<u>4,598</u>	<u>4,514</u>	<u>4,385</u>	<u>4,293</u>	<u>4,216</u>	<u>4,216</u>	<u>4,120</u>	<u>3,916</u>

Source: Various City of Richmond departments

Table 29



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

Function	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental Activities:										
Police:										
Physical Arrests	20,064	20,425	14,487	13,595	13,179	11,184	10,668	11,453	14,156	14,482
Parking Violations	101,675	104,380	134,151	128,038	125,171	125,905	115,961	131,783	118,263	87,503
Traffic Violations	28,195	30,965	31,518	30,454	25,026	18,168	17,233	17,434	10,440	22,068
Fire:										
Number of calls answered	19,864	29,098	29,587	32,450	32,287	33,774	34,236	34,616	36,079	38,516
Inspections	1,322	1,090	5,336	4,093	5,675	6,392	2,921	3,254	2,657	2,367
Highways and Streets:										
Street resurfacing (miles)	70	62	122	115	118	108	130	127	138	82
Potholes repaired	898	6,128	11,409	9,158	15,135	13,126	20,957	20,161	19,476	20,232
Sanitation and Refuse:										
Refuse collected (tons/day)	335	374	291	300	290	295	295	300	356	350
Recyclables collected (tons/day)	25	213	21	42	25	37	37	37	49	50
Culture and Recreation:										
Parks permits issued	543	598	579	546	546	546	546	644	448	606
Business-type Activities:										
Gas:										
Maximum daily sendout (MCF)	147,713	160,509	139,351	153,078	137,485	150,761	169,141	183,745	163,678	171,337
Annual Sendout (MCF)	17,722,952	17,056,844	16,006,116	17,662,077	14,673,455	17,522,110	19,014,696	19,997,009	18,230,067	17,588,052
Water:										
Average daily consumptions (MGD)	66	62	58	59	53	57	55	61	60	60
Maximum daily consumptions (MCD)	90	90	89	99	89	88	83	83	81	87
Water in Storage (gallons) ¹	73,000,000	73,000,000	73,000,000	73,000,000	73,000,000	73,000,000	73,000,000	73,000,000	73,000,000	73,000,000
Wastewater:										
Average daily sewage treatment (MGD)	49	49	55	46	52	51	53	46	54	54
Maximum daily sewage treatment (MGD)	84	84	96	84	80	82	79	54	83	83
Coliseum:										
Average daily attendance per activity	1,193	4,169	4,895	4,957	4,161	3,889	1,038	994	4,133	4,857
Landmark Theatre:										
Total tickets sold for all activities ²	139,506	122,645	156,448	100,032	217,104	121,144	143,855	101,878	177,124	143,364
Total attendance for all activities ²	196,893	195,790	177,105	139,749	234,035	129,800	160,014	156,321	247,291	209,785
Cemeteries:										
Number of interments	841	901	790	777	790	860	826	875	804	790
Number of lot sales	18	14	16	20	6	13	7	12	7	14
Number of single grave sales	601	568	504	473	468	607	555	584	547	526
Number of foundations	532	560	494	522	493	519	512	544	572	593

Source: Various City of Richmond 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 30



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

	Fiscal Year									
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Function										
Police:										
Stations	4	8	7	7	7	7	7	9	4	4
Patrol Units	323	204	173	164	213	223	223	220	194	222
Fire:										
Stations	20	20	20	20	20	20	20	20	20	20
Fire trucks	64	51	54	54	61	51	41	39	67	51
Highways and Streets:										
Streets (miles) ¹	1,858	822	822	822	822	822	1,860	1,860	1,835	1,832
Streetlights	33,000	30,548	30,783	36,027	35,834	36,230	31,247	31,247	31,247	31,247
Traffic Signals ²	465	468	476	469	474	471	521	475	475	475
Sanitation and Refuse:										
Collection Trucks	37	47	34	33	33	33	33	33	33	33
Culture and Recreation:										
Parks acreage	2,805	2,818	2,808	2,810	2,808	2,808	2,808	2,844	2,844	2,844
Parks	71	71	71	71	72	72	73	73	73	73
Baseball/Softball Diamonds	48	48	48	48	48	48	48	48	48	48
Athletic Fields	31	31	31	31	31	31	31	30	30	30
Golf Courses (Driving Range/Par 3 Cours	1	1	1	1	1	1	1	1	1	1
Swimming Pools	9	8	9	9	9	9	9	9	9	9
Tennis Courts	130	130	140	140	140	140	140	136	136	136
Community Centers	24	24	20	20	20	20	20	20	20	20
Theatres	2	2	2	2	2	2	2	2	2	2
Coliseums	1	1	1	1	1	1	1	1	1	1
Gas :										
Miles of Service Lines ³	1,013	1,033	1,050	1,057	1,069	1,138	1,149	1,130	1,139	1,146
Number of Gate Stations	8	8	8	8	8	8	8	8	8	8
Water:										
Miles of Water Lines	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Water Pumping Stations	12	12	12	12	12	12	12	12	12	12
Wastewater:										
Miles of Sewer Lines	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Miles of Interceptors	47	47	47	47	47	47	47	47	47	47
Sewer Pumping Stations	5	5	5	5	5	5	5	5	5	5

Source: Various City of Richmond 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.

ACKNOWLEDGEMENTS

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

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

In accordance with federal laws, the laws of the Commonwealth of Virginia and the policies of the School Board of the City of Richmond, the Richmond Public Schools does not discriminate on the basis of sex, race, color, age, religion, disabilities or national origin in the provision of employment and services. The Richmond Public Schools operates equal opportunity and affirmative action programs for students and staff. The Richmond Public Schools is an equal opportunity/affirmative action employer. The School Board also supports the equal opportunities and treatment of all individuals regardless of sexual orientation. The Section 504 Coordinator is Dr. Michelle Boyd, Richmond Public Schools, 301 North Ninth Street, Richmond, Virginia 23219, (804) 780-7911. The ADA Coordinator is Mr. Thomas Kranz, Assistant Superintendent, Operations, 301 North Ninth St., 17th Floor, Richmond, VA 23219, (804) 780-7707. The Title IX Officer is Ms. Candice Hunter, Richmond Public Schools, 301 North Ninth Street, Richmond, Virginia 23219, (804) 780-7686. The United States Department of Education's Office of Civil Rights may also be contacted at 400 Maryland Avenue, SW, Washington, DC 20202, (202) 404-2000 or 1-800-872-5327.

School Board

June 30, 2017

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Cindy Menz-Erb

Jonathan Young

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