

RPS RICHMOND PUBLIC SCHOOLS

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



Comprehensive Annual **FINANCIAL REPORT**

for the fiscal year ended June 30, 2019



RICHMOND PUBLIC SCHOOLS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2019

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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, 2019**

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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

October 18, 2019

MEMBERS

As of June 30, 2019

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

KENYA GIBSON
DISTRICT 3

JOHNATHAN YOUNG
DISTRICT 4

FALICIA COSBY
DISTRICT 6

CHERYL BURKE
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, 2019 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 5 preschool centers, 25 elementary schools; one charter elementary school, 7 middle schools, 5 comprehensive high schools and 3 specialty high 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 RCEEA Charter at Marshall 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 (the Governor's School) 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 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) 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 including 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, 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 July 2018, Richmond has an "AA+" bond rating from two rating agencies and an Aa2 from a third. Moody's revised upward its credit rating outlook from "Stable" to "Positive". 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 228,783, and is 47% White, 48% African-American, 7% Hispanic and other and mixed race (data as of 2018 Census count). The population of the City has grown by approximately 12% between April 2010 and July 2018. 84% 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 2018. 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 2019, the City's business community is constantly growing, with new relocations and expansions bringing vitality and creating jobs in the metro area.

Amazon —one of the largest and most prominent technology and e-commerce companies in the world, will establish a new specialty fulfillment and last-mile delivery center on the Virginia Interstate 95 Logistics Center in the City of Richmond. The project is estimated to create 150 new jobs in the city.

Ocean Network Express, a Japanese global transport company in international containers shipping, will invest \$2.5 million to expand its North American Regional Headquarters office to accommodate additional personnel as its customer base increases. The project will create 129 new jobs.

Science Applications International Corp. ("SAIC"), a Reston-based government contractor, is hiring 75 people at an office in downtown Richmond as part of the company's contract to coordinate the State's information technology systems.

HalioDX, an immune-oncology cancer diagnostic company, opened its first North American facility at the Virginia Bio+Tech Park in the City of Richmond. HalioDX leased 9,000 square feet in the BioTech 8 building and plans to invest \$1 million and create 20 jobs.

In addition to the business relocations, in 2019 the city continues its neighborhood revitalization through extensive real estate developments.

With construction of its new office tower well underway, Dominion Energy is beginning to cue up a potential sister structure next door. Plans were submitted to the city for a 17-story, 911,000-square-foot building to rise on the site of its existing 21-story One James River Plaza building at 701 E. Cary Street.

A development team led by Richmond-based general contractor Loughridge & Company Construction Services is slated to construct a nearly \$32 million, 224-unit apartment complex near Virginia Union University's campus.

The Nest – a six-story, 118-unit apartment complex will be built in Scott's Addition. Total investment in this project is estimated at \$20 million.

Additional Information

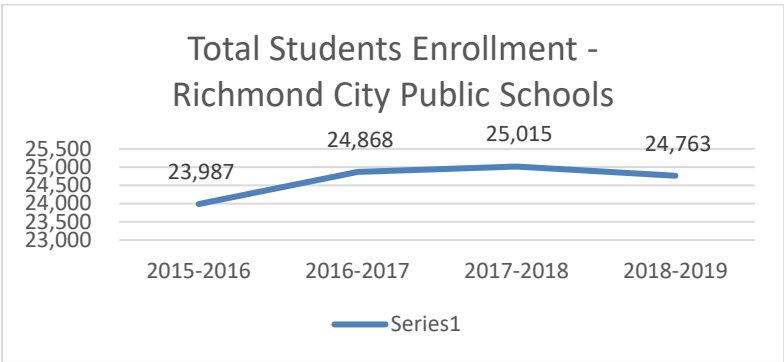
In the Statistical Section, Tables 1 through 15 are the financial trends and demographic information for Richmond Public Schools. Tables 16 through 30 illustrate financial trends, demographics, economic analyses, business and residential tax and assessment valuations and collection statistics that pertain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

SCHOOL MEMBERSHIP

Enrollment

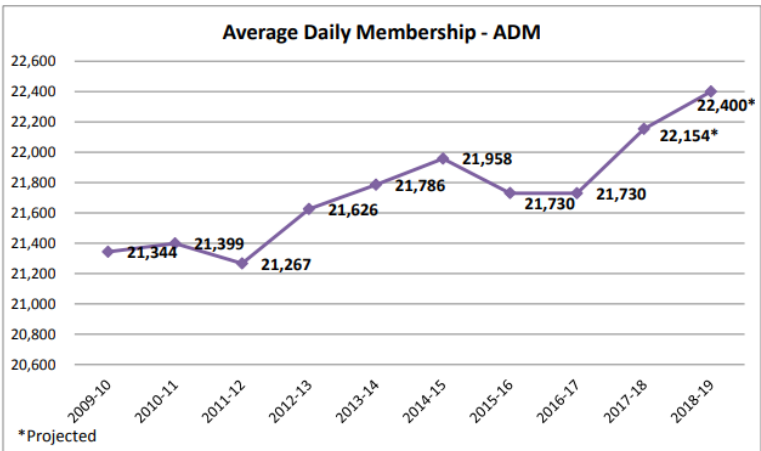
September membership reflects the number of students enrolled in Richmond Public Schools on September 30. Data are collected by school and reported by grade assignment and ethnicity. Excluded from the September 30 count are pupils in hospitals, clinics or detention homes, and local programs such as vocational and alternative education centers (i.e., centers or schools that receive, but do not officially enroll students). September 2018 membership totaled 24,763 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)

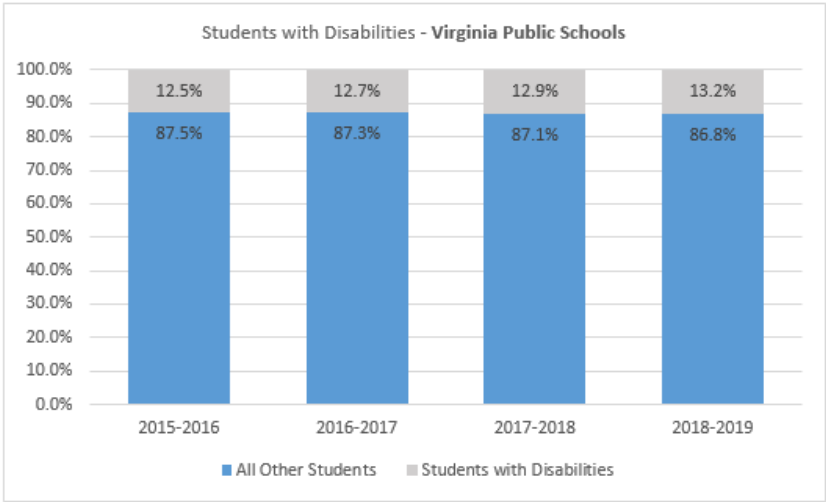
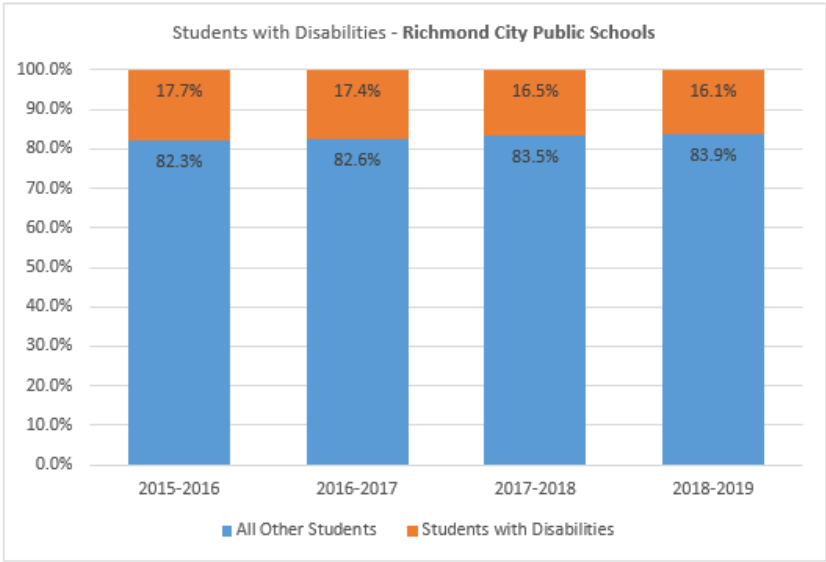
K-12 Average Daily Membership (ADM) is the total aggregate daily membership divided by the number of days school is in session. Virginia school divisions receive state funding based on their students' ADM as of March 31 of the fiscal year. The division's March 2019 ADM as reported to the Virginia Department of Education is 22,400.



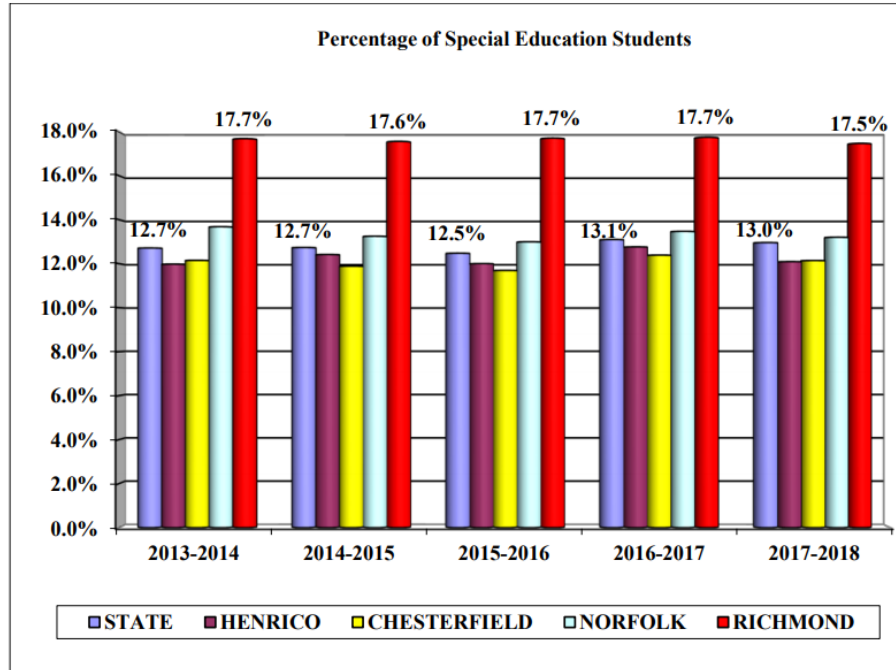
*Projected

Special Education Services

Approximately 4,000 or 16.1% students qualify for special education services as reported to the Virginia Department of Education per fall enrollment data for 2019. The Richmond Special Education Advisory Committee works with the school board, administrators, parents, and teachers who are responsible for students receiving special education services.



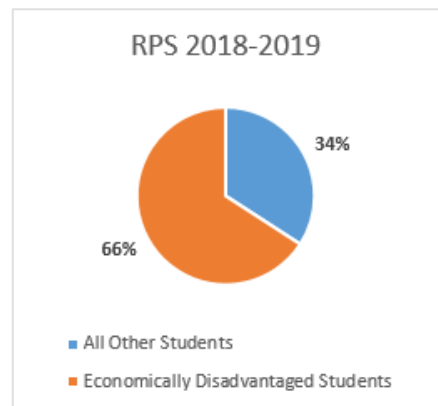
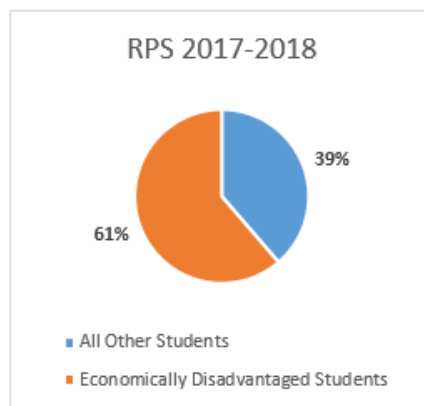
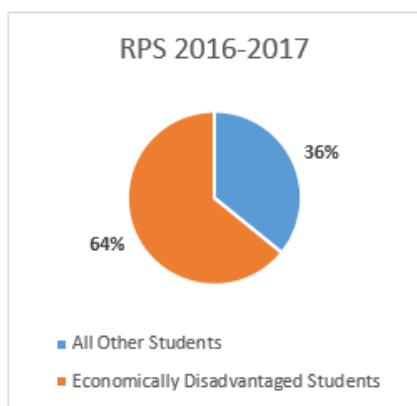
The graph shown below shows RPS with 17.5% of special education students benched against state-wide averages and surrounding districts of 13.0% as of the 2018 fall membership student report.

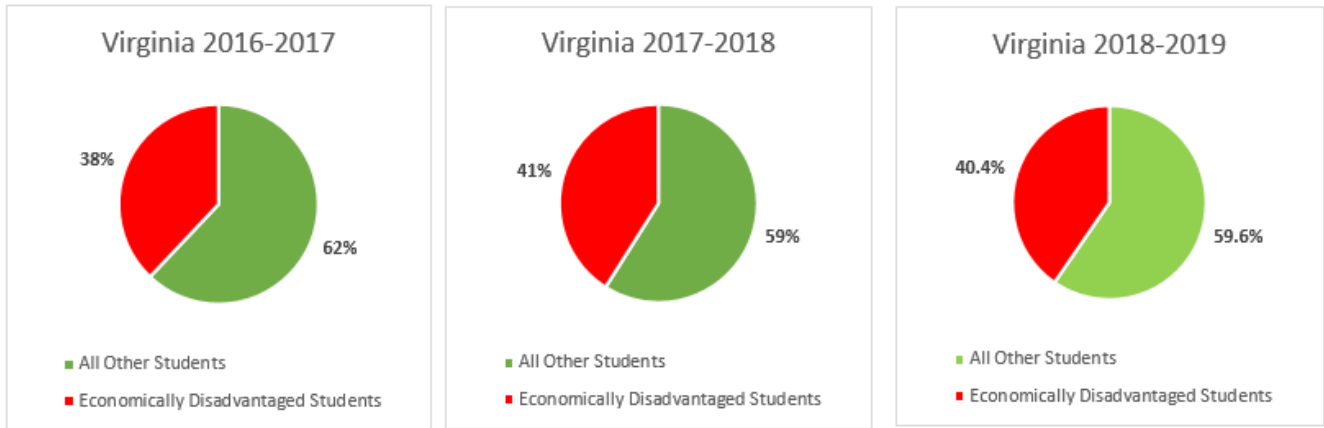


Source:
 Virginia Department of Education
 Fall Membership Reports
 Fall Membership Reports – Student with Disabilities

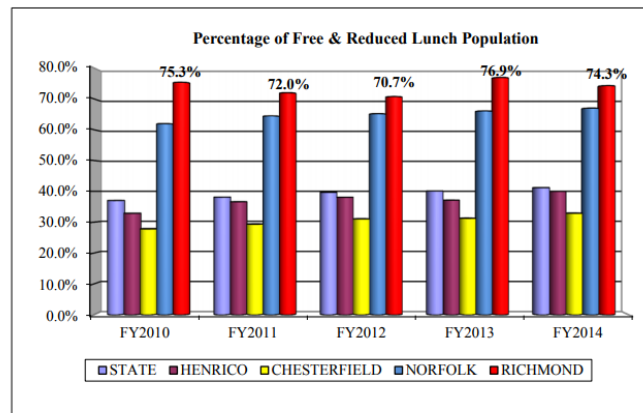
Economically Disadvantaged Students

Approximately 16,000 or 66% students are disadvantaged economically as reported to the Virginia Department of Education per fall enrollment data for 2019.





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 2018-2019, the school division SOL assessment results in English, mathematics, history and science are as follows: 56% pass rate in English-reading, 52% pass rate in English-writing, 55% pass rate in history and social science, a 56% pass rate in mathematics and a 60% pass rate in science. (Source: VDOE School Quality Profiles) RPS has 19 fully accredited schools. (Source: VDOE School Accreditation Report – 2018-2019)

Advanced Programs

In school year 2017-2018, 27.5% of Richmond students were enrolled in a college level course or program. In Virginia, students may substitute Advanced Placement examinations for end of course SOL tests in the same subject areas.

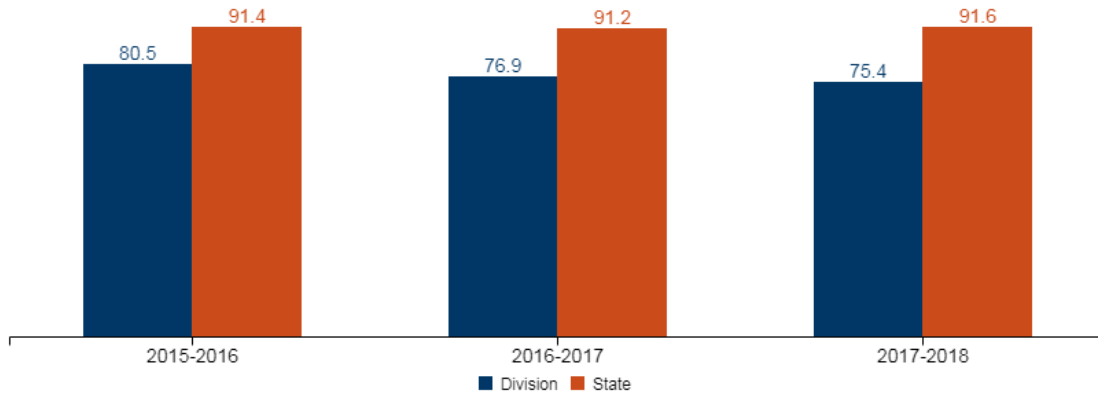
Advanced Program Information			
	Count/Percentage		
Program Type	2015-2016	2016-2017	2017-2018
Advanced Placement Test Taken	-	371 / 6.6%	482 / 8.27%
Advanced Placement Course Enrollment	555 / 9.76%	490 / 8.72%	712 / 12.22%
Dual Enrollment	50 / .88%	0 / 0%	62 / 1.06%
Governor's School Enrollment	289 / 5.08%	276 / 4.91%	285 / 4.89%
IB Course Enrollment	71 / 1.25%	67 / 1.19%	38 / .65%
Senior Enrolled in IB Program	13 / .23%	19 / .34%	22 / .38%

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 2019 was 75.4 percent compared to the state's average of 91.6 percent.

Four-Year Virginia On-Time Graduation Rate

On-Time Graduation Rate Over Time: All Students



(Data Source: Virginia Department of Education School Quality Profiles – Richmond City Public Schools)

MAJOR INITIATIVES

ENGAGEMENT, EQUITY AND EXCELLENCE

In school year 2018-2019, the Superintendent allocated resources around the three core education values which were articulated in the 100-Day Plan. New initiatives and programs were developed based on three core education values:

Engagement – means to actively seek out the unique knowledge families and communities have about their children

Equity – means to close opportunity gaps and dismantle institutional biases that disadvantage students

Excellence – means to be excellent in leading, teaching and supporting students, families, principals, educators and staff

Engagement

Under engagement, the new “Living Room Chat” program was launched to build relationships between teachers, students and families. This program trained RPS teachers to make home visits to better support students’ families and learn more about their lives.

Equity

Additional counselors and support staff were added to schools with the highest English Language Learner populations to better assist students and families who do not speak English as their native language.

New trauma-informed care practices were piloted in 5 schools to help students who face violence, abuse and other trauma develop the skills to cope with that trauma so that they are able to succeed in school. Teachers and support staff received specialized training in trauma-informed care practices. Restorative justice practices were also implemented to seek change behavior through reconciliation were piloted in 5 schools.

Other equity initiatives included additional funding for athletic trainers and athletic equipment; and dedicated nurses for students with disabilities.

Excellence

In school year 2018-2019, the bus hub system was eliminated and new routes were added as well as increases in bus driver pay and incentives. All staff received a 2% raise. Management training was also provided for all new RPS leaders, as an effort to ensure all new leaders are equipped with the skills needed to be successful, and that the individuals they manage are equals successful.

RESOURCE ALLOCATION

Richmond Public Schools is committed to providing high quality educational opportunities to all students. As all school divisions in the Commonwealth, Richmond receives substantially all operating revenues from state and local funds. For FY2020, the School Board General Fund Budget anticipates \$134.5 million or 43.2% of funding from the state (including sales tax), an increase of \$4.1 million over the current year. Also, the budget includes \$175.2 million of funding from the City or 56.3%. This represents an overall increase of \$10.3 million over FY19.

The FY2020 financial plan commits resources to implement a step increase for eligible employees on the teacher pay scales and to cover a 3% salary adjustment for all eligible employees. The budget will continue to fund new initiatives and programs addressing engagement, equity and excellence, and provides resources totaling \$11.7 million for implementing year tow of the Dreams4RPS strategic plan.

FINANCIAL POLICIES

Internal Control

Mmanagement 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.

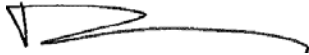
ACKNOWLEDGEMENTS

We would like to express our sincere gratitude to the dedicated personnel in the Finance and Budget departments 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,

A handwritten signature in black ink, appearing to read 'JK' followed by a long horizontal stroke.

Jason Kamras
Superintendent of Schools

A handwritten signature in black ink, appearing to read 'DS' followed by a long horizontal stroke.

Darin Simmons, Jr.
Chief Operating Officer

SCHOOL BOARD MEMBERS AND OFFICIALS

As of June 30, 2019

BOARD MEMBERS

Dawn Page, Chair
District Eight

Dr. Patrick Sapini, Vice-Chair
District Five

Elizabeth Doerr
District One

James “Scott” Barlow
District Two

Kenya Gibson
District Three

Jonathan Young
District Four

Felicia Cosby
District Six

Cheryl Burke
District Seven

Linda Owen
District Nine

OFFICIALS

Jason Kamras
Superintendent of Schools

Tracy Epp
Chief Academic Officer

Darin Simmons, Jr.
Chief Operating Officer

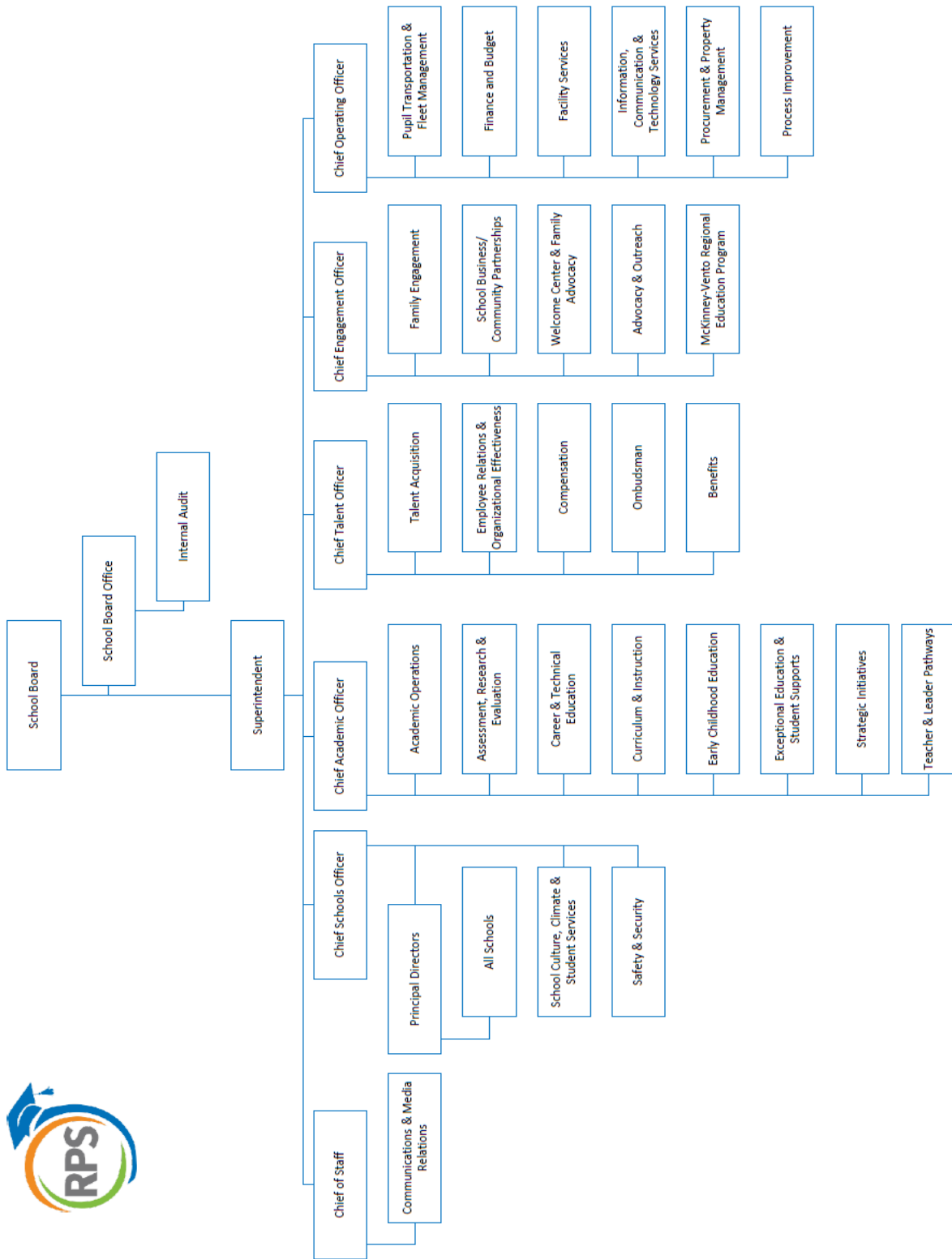
Jenifer Bramble
Chief Talent Officer

Shadae Harris
Chief Engagement Officer

Harry Hughes
Chief Schools Officer

Michelle Hudacsko
Chief of Staff

Angela Lewis
Clerk of the School Board





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, 2019, 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, 2019, 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 and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 October 18, 2019, 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 solely 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 effectiveness of the School Board's 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
October 18, 2019

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, 2019. 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 2019

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 \$(283.5) million at June 30, 2019, a deficit decrease of \$2.6 million from \$(280.9) million. Of the \$(283.5) million net position, \$10.4 million was restricted by outside parties (primarily for capital projects). The unrestricted deficit (after considering all School Board liabilities) is \$(307) 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 and OPEB liabilities on the government-wide financial statements. Net pension liabilities were \$242.4 million at year end, a decrease of \$7.1 million, compared to net pension liabilities of \$249.5 million estimated in the prior year. The decrease in net pension liabilities is primarily due to changes in the VRS teachers' cost-sharing pool (VRS Teachers' Pool) that is proportionally allocated among employers and changes in the VRS political subdivision plan for general employees. Benefit and funding decisions for VRS pension plans are made by the Commonwealth of Virginia. Note 11 of the notes to the financial statements provide additional information regarding the pension plans. Net OPEB liabilities related to the Virginia Retirement System (VRS) multiple-employer cost sharing plans for health and life insurances were \$40.3 million at year end, an increase of \$1 million, compared to net OPEB of \$39.3 million estimated in the prior year. Total OPEB liabilities related to the School Board's healthcare plan were \$28.4 million at year end, an increase of \$3.5 million compared to Total OPEB of \$24.9 million from prior year.
- The School Board's total revenues of \$361.6 million in fiscal 2019 represented a decrease of \$14.3 million (3.79%) compared to fiscal 2018 revenues of \$375.9 million. Total revenues consisted of program revenues, which decreased by \$12.6 million, and general revenues, which decreased by \$1.7 million. Of the \$12.6 million decrease in total program revenues, state and federal operating grants accounted for a decrease of \$11.5 million (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 \$364.2 million in fiscal 2019 represented an increase of \$2.3 million more than fiscal 2018 expenses of \$362 million. The increase in expenses primarily resulted from an increase of \$1.0 million in instruction, \$1.3 million in administration, \$500 thousand in attendance and health, \$900 thousand in nutrition service, \$500 thousand in transportation and \$400 thousand in operations. These increases were offset by a decrease of \$2.4 million in facilities (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

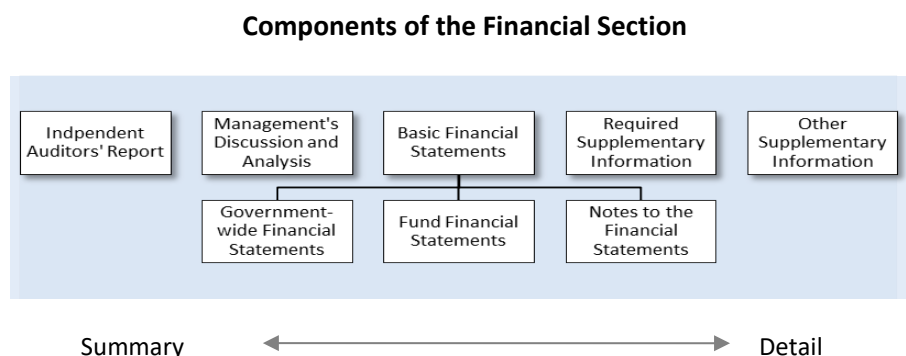
Fund financial statements report RPS’ operations in more detail than government-wide financial statements by providing information about RPS’ most significant funds. These statements reflect activities financed in the short-term as well as resources remaining for future spending.

- The School Board’s governmental funds reported a combined fund balance of \$19.7 million, a decrease of \$13.1 million from fiscal 2018 combined fund balance of \$32.8 million. Of the \$19.7 million, a total of \$379 thousand represents nonspendable amounts for inventory and prepaid insurance and \$1.3 million in resources held in permanent funds. Restricted fund balances for special revenue funds of \$2.2 million restricted to expenditures for specific purposes and \$3.1 million for the nutrition service fund for cafeteria operations at each school.

The assigned fund balance of \$14 million is comprised of \$4.9 million for previously executed contracts for on-going projects and initiatives and \$9.1 million for major renovation and repair projects. The remaining \$974.6 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 (and 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	
	<u>2019</u>	<u>2018</u>	<u>2019-2018</u>	<u>2019-2018</u>	
Assets:					
Current and other assets	\$ 75.4	\$ 92.7	\$ (17.3)	(18.7)	%
Capital assets, net	17.6	18.8	(1.2)	(6.4)	
Total assets	93.0	111.5	(18.5)	(16.6)	
Deferred Outflows of Resources:					
Deferred OPEB contributions	3.0	2.9	0.1	0.0	
Deferred OPEB economic experience	0.7	0.0	0.7	-	
Deferred OPEB proportionate share	0.8	0.0	0.8	-	
Deferred pension change of assumptions	2.9	3.6	(0.7)	(19.4)	
Deferred pension contributions	26.5	27.1	(0.6)	(2.2)	
Deferred pension proportionate share	9.3	6.4	2.9	0.0	
Total deferred outflows of resources	43.2	40.0	3.2	8.0	
Liabilities:					
Long-term liabilities	326.6	330.2	(3.6)	(1.1)	
Other liabilities	55.6	59.7	(4.1)	(6.9)	
Total liabilities	382.2	389.9	(7.7)	(2.0)	
Deferred Inflows of Resources:					
Deferred OPEB assumptions	0.8	1.0	(0.2)	0.0	
Deferred OPEB economic experience	0.4	0.3	0.1	0.0	
Deferred OPEB investment experience	0.5	0.6	(0.1)	0.0	
Deferred OPEB proportionate share	0.7	0.8	(0.1)	0.0	
Deferred pension investment experience, net	5.4	9.6	(4.2)	0.0	
Deferred pension change of assumptions	0.0	0.0	(0.0)	0.0	
Deferred pension proportionate share	21.6	11.8	9.8	83.1	
Deferred pension economic experience	8.1	18.2	(10.1)	(55.5)	
Total deferred inflows of resources	37.5	42.3	(4.8)	(11.4)	
Net Position:					
Net investment in					
capital assets	13.1	13.7	(0.6)	(4.4)	
Restricted	10.4	10.4	0.0	0.0	
Unrestricted	(307.0)	(304.9)	(2.1)	0.7	
Total net position	\$ (283.5)	\$ (280.8)	\$ (2.7)	1.0	%

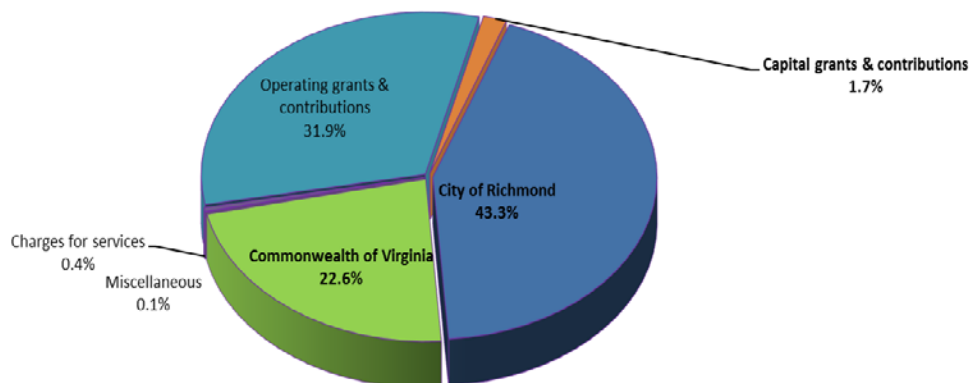
DISCUSSION OF GOVERNMENT - WIDE NET POSITION

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 \$283.5 million on June 30, 2019. 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 \$4.5 million, and 2) restricted resources of \$10.4 million comprised of: \$9.1 million appropriated by ordinance of the City for major renovation and repair improvement projects and \$1.3 million restricted by third parties for Permanent Fund purposes; leaving an unrestricted deficit of \$(307.0) 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 2019. Revenue sources, which originate from *Charges for Services*, *Operating Grants and Contributions*, and *Capital Grants and Contributions*, total 34 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 66 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 2019



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 2019. As shown, the biggest part of the costs incurred in the School Board’s program, 75.5 percent, was spent on instruction. Operations and maintenance of the schools (including buildings and grounds maintenance, custodial services, utilities and supplies costs) and security service came in second at 8.0 percent. Accordingly, the combined costs to instruct students and to provide well-maintained and secure facilities amounted to 83.5 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, 5 percent and 2.8 percent of total costs, respectively, totaling another 12.1 percent of costs. Finally, administrative costs were 2.7 percent, facilities services, which include major capital improvement projects, accounted for 1.6 percent and interest on long-term debt accounted for .1 percent of the total costs of School Board operations during fiscal year 2019.

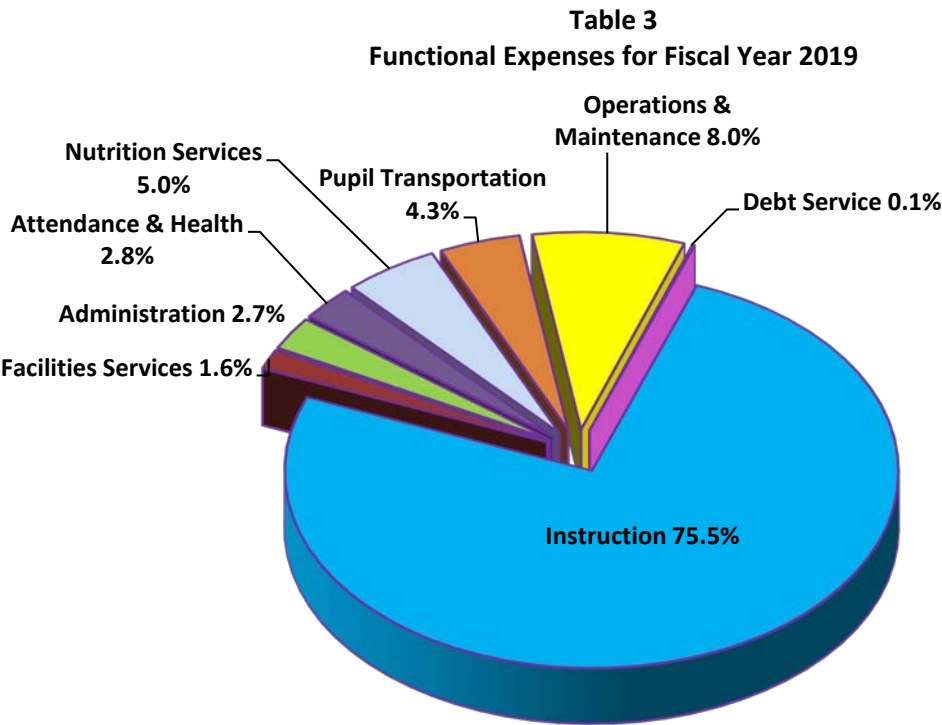


Table 4 following presents a comparative condensed summary of changes in net position and a more detailed discussion of the changes in the School Board's government-wide net position:

Table 4 Summary of Changes in Net Position As of June 30 (in millions of dollars)				
	Governmental Activities		FY 2019 Increase/ (Decrease)	Total Percentage Change 2018-2019
	2019	2018		
Revenues:				
Program revenues:				
Charges for services	\$ 1.40	\$ 2.4	\$ (1.0)	(41.7) %
Operating grants and contributions	115.2	126.7	(11.5)	(9.1)
Capital grants and contributions	6.1	6.2	(0.1)	(1.6)
Total program revenues	122.7	135.3	(12.6)	(9.3)
General revenues:				
Intergovernmental aid - unrestricted:				
City of Richmond	156.7	159.0	(2.3)	(1.4)
Commonwealth of Virginia	81.9	81.2	0.7	0.9
Miscellaneous and interest	0.3	0.4	(0.1)	(25.0)
Total general revenues	238.9	240.6	(1.7)	(0.7)
Total revenues	361.6	375.9	(14.3)	(3.8)
Expenses:				
Instruction	274.8	273.8	1.0	0.4
Support services:				
Administration	10.0	8.7	1.3	0.1
Attendance and health	10.3	9.8	0.5	5.1
Nutrition services	18.4	17.4	1.0	5.7
Pupil transportation	15.5	15.0	0.5	3.3
Operations and maintenance	29.3	28.9	0.4	1.4
Facilities services	5.7	8.1	(2.4)	(29.6)
Total support services expenses	89.2	87.9	1.3	1.5
Interest on long-term debt	0.2	0.2	-	-
Total expenses	364.2	361.9	2.3	0.6
Increase/(Decrease) in net position	(2.61)	13.86	(16.6)	(119.9)
Net position - July 1	(280.89)	(294.75)	13.9	(4.7)
Net position - June 30	<u>\$ (283.50)</u>	<u>\$ (280.89)</u>	<u>\$ (2.6)</u>	0.9 %

Revenues for RPS' governmental activities totaled \$361.6 million during fiscal year 2019, representing a decrease of \$14.3 million from fiscal year 2018.

Factors impacting the net increase in revenues during fiscal year 2019 include:

- A decrease of approximately \$2.3 million in City appropriations.
- A decrease of approximately \$11.4 million in operating grants and contributions.
- A decrease of approximately \$1 million in charges for services.
- An increase of approximately \$700 thousand in state revenues.

Expenses for RPS' governmental activities totaled \$364.2 million during fiscal year 2019, representing an increase of \$2.3 million from fiscal year 2018, primarily due to:

- A net increase of \$1.0 million for instruction, which is RPS' largest program, primarily attributable to increases of \$1.2 million in benefit expenses, \$1.9 million in student transportation, and \$1.9 million in technology; offset by decreases of \$2.5 million in instructional supplies, \$900 thousand in non-professional services and \$600 thousand in communications.
- A net increase of \$1.3 million for support services. The most significant increases in expenses occurred in administration of approximately \$1.3 million and nutrition services \$1 million. Increase also occurred in attendance and health \$500 thousand, pupil transportation \$500 thousand, and operations and maintenance \$400 thousand; offset by a decrease in facilities services of approximately \$2.4 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 \$19.7 million at June 30, 2019, a decrease of \$13.1 million. The following table presents a summary of fund balances of the governmental funds as of June 30, 2018 and 2019:

Table 5 Fund Balance of Governmental Funds As of June 30 (in million of dollars)				
	2019	2018	Variance	Percent Variance 2018-2019
General Fund:				
Nonspendable	\$ 0.0	\$ 0.3	\$ (0.3)	(93.3) %
Assigned	4.9	18.0	(13.1)	(72.8)
Unassigned	1.0	0.4	0.6	143.8
Total General Fund	<u>5.9</u>	<u>18.7</u>	<u>(12.8)</u>	(68.5)
All Other Governmental Funds:				
Nonspendable	1.6	1.5	0.1	6.7
Restricted	5.3	5.7	(0.4)	(7.0)
Assigned	9.1	9.1	-	-
Unassigned	(2.2)	(2.2)	-	-
Total All Other Governmental Funds	<u>13.8</u>	<u>14.1</u>	<u>(0.3)</u>	(2.1)
Total Fund Balances	<u>\$ 19.7</u>	<u>\$ 32.8</u>	<u>\$ (13.1)</u>	(40.0) %

The major components of the decrease in fund balance are:

- Current year General Fund expenditures of \$298.1 million over revenues of \$288.2 million (exclusive of net transfers to other funds of \$2.9 million) resulted in a net change in the General Fund fund balance of \$12.8 million. The decrease in the change in General Fund fund balance from fiscal 2018 of \$(5.7) million to \$(12.8) million in fiscal 2019 represented a decrease in the change in fund balance of \$7.1 million.
- An overall decrease of \$6.2 million in general revenues primarily as a result of \$2.3 million decrease in local appropriation from the City, \$2.9 million decrease in revenue from the state, and a \$1 million decrease in miscellaneous revenues.
- A net increase in operating expenditures of \$10.2 million primarily resulting from an increase of approximately \$7.2 million in instruction.
- 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 \$2.9 million during FY 2019.
- The Nutrition Services Fund reported a restricted fund balance of \$3.1 million with \$353 thousand nonspendable and a decrease of \$290 thousand from prior year. Revenues decreased by \$680 thousand and expenditures increased by \$621 thousand. The largest revenue decrease was \$460 thousand in USDA donations. The largest expenditure increases were \$475 thousand for food, \$251 thousand for salaries and benefits offset by decrease in indirect cost of \$144 thousand.
- At the end of the current fiscal year, the Capital Projects Fund reported a total fund balance of \$9.1 million, there was virtually no change from fiscal year 2018. Total expenditures decreased by \$5.8 million from fiscal 2018 of \$12 million to \$6.2 million in fiscal 2019. Local appropriations decreased \$100 thousand from fiscal 2018 of \$6.2 million to \$6.1 million in fiscal 2019.
- 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 2019, resulting in an increase in the fund balance of the Permanent Funds of \$50 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, 2019 (in millions of dollars)				
	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance With Final Budget Positive (Negative)
Budgetary fund balances	\$ 12.5	\$ 17.3	\$ 17.3	\$ -
Revenue Sources (inflows):				
City of Richmond	156.7	156.7	156.7	-
Commonwealth of Virginia	130.5	129.9	127.8	(2.1)
Federal government	0.6	0.6	0.5	(0.1)
Miscellaneous	0.7	0.7	0.7	-
Total amounts available for expenditure	301.0	305.2	303.0	(2.2)
Expenditures (outflows):				
Personnel services - salaries and wages	166.5	165.4	166.0	(0.6)
Employee benefits	75.3	74.0	71.6	2.4
Purchased services	20.4	21.4	20.6	0.8
Other charges	14.3	19.2	18.2	1.0
Materials and supplies	10.7	10.8	9.3	1.5
Other operating expenditures	2.6	2.3	1.4	0.9
Capital outlay	2.2	3.0	2.5	0.5
Other financing uses:				
Notes payable	0.6	0.7	0.7	-
Transfers out	8.4	8.4	8.1	0.3
Total expenditures and other financing uses	301.0	305.2	298.4	6.8
Amounts available for expenditure over expenditures and other financing uses - budgetary basis	\$ -	\$ -	\$ 4.6	\$ 4.6

As shown on Exhibit I, the actual amounts available for expenditures was \$4.6 million under final budget basis for FY 2019, the net result of actual revenue under budget by approximately \$2.2 million and total expenditures and other financing uses under budget by approximately \$6.8 million.

Actual operating expenditures were under final budget basis expenditures and other financing uses by \$6.8 million. A portion of these savings were used towards fund balance in anticipation of the estimated funding gap in revenue and expenditures for fiscal 2020.

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

- \$500 thousand over budget for salary and wages.
 - \$2.5 million under budget for employee benefits. The savings of approximately \$557 thousand in workers' compensation and unemployment payments; \$382 thousand was contributed for early retirement program but \$793 thousand was budgeted and \$26.4 million was budgeted for VRS employer/employee cost but actual cost was \$25 million.
 - \$1.5 million under budget for material and supplies.
 - \$500 thousand under budget for capital outlay.
 - \$900 thousand under budget for other operating expenditures.
 - \$1 million under budget for other charges.
 - \$750 thousand under budget for purchased services.
- During fiscal year 2019, the School Board amended the legally adopted budget at various times for the following purposes, as detailed on Exhibit I:
 - To appropriate (add) approximately \$12.5 million to pay for commitments in the form of encumbrances established prior to July 1, 2018 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, 2018, 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 2019, 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
	2019	2018	2018-2019
Vehicles, net	\$ 5.8	\$ 6.1	\$ (0.3)
Other equipment, net	11.8	12.7	(0.90)
Total	\$ 17.6	\$ 18.8	\$ (1.2)

This year's investment in capital assets of approximately \$2.6 million included purchases of 8 buses at \$714 thousand, \$1.6 million in technology assets, \$131 thousand in cafeteria appliances, \$22 thousand in facilities services equipment and \$112 thousand in instructional equipment. Capital asset disposals of approximately \$473 thousand included \$377 thousand in vehicles and \$96 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 million capital lease for energy improvements and \$482 thousand for technology equipment. The School Board made capital lease principal payments of approximately \$634 thousand 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 2020 BUDGET

Revenues

Richmond Public Schools is committed to providing high quality educational opportunities to all students. The School Board, Superintendent and Administration, and Instructional and Support Staff strive to make every day a positive and fun learning experience for students expending the local, state, federal and donated resources provided.

As all school divisions in the Commonwealth, RPS receives substantially all operating revenues from state and local funds. For FY20, the School Board General Fund Budget anticipates \$134.5 million or 43.2% of funding from the state (including sales tax), an increase of \$4.1 million over the current year. Also, the budget includes \$175.2 million of funding from the City or 56.3%. This represents an overall increase of \$10.3 million over FY19.

Other revenue includes items such as building rental fees and tuition. These streams of revenue total \$868,496 or 0.3% of the operating budget (net of any local increase). This funding category is projected to increase \$132 thousand for FY20 due to a slight increase in building rental rates, vendor rebates, sale of surplus property (mainly aging buses) and instituting a pilot P-card and textbook buyback program.

Federal funding that remains in the general operating budget consists of Impact Aid, Air Force and Army JROTC programs. These resources total \$630,000 or 0.2% of the operating budget. An increase of \$17.7 thousand is projected for FY20.

Expenditures

The FY20 financial plan includes a budget increase of \$10.3M, or 3.4%. The financial plan commits resources to implement a step increase for eligible employees on the teacher pay scales and a 3% salary adjustment for all eligible employees. This plan also provides resources totaling \$11.7M for implementing year two of the Dreams4RPS strategic plan.

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, 2019

Assets:

Equity in cash with the City of Richmond, Virginia	\$ 43,489,818
Cash on hand or in banks	416,934
Investments	1,521,609
Accounts receivable	990,114
Due from other governments	28,586,169
Inventory of materials and supplies	353,177
Prepaid Items	25,400
Capital assets, net	<u>17,627,911</u>
Total assets	<u>93,011,132</u>

Deferred Outflows of Resources:

Deferred OPEB contributions	2,989,868
Deferred OPEB proportionate share	772,000
Deferred OPEB economic experience	697,000
Deferred pension change of assumptions	2,869,000
Deferred pension proportionate share	9,281,000
Deferred pension contributions	<u>26,596,825</u>
Total deferred outflows of resources	<u>43,205,693</u>

Liabilities:

Accounts payable	5,958,236
Accrued liabilities	34,104,997
Unearned revenues	3,753,774
Due to other governments and external parties	9,014,164
Noncurrent liabilities:	
Due within one year	2,832,727
Due in more than one year	<u>326,517,821</u>
Total liabilities	<u>382,181,719</u>

Deferred Inflows of Resources:

Deferred OPEB assumptions	821,000
Deferred OPEB economic experience	384,000
Deferred OPEB investment experience	483,000
Deferred OPEB proportionate share	696,000
Deferred pension investment experience, net	5,447,625
Deferred pension change of assumptions	17,896
Deferred pension economic experience	21,571,795
Deferred pension proportionate share	<u>8,116,000</u>
Total deferred inflows of resources	<u>37,537,316</u>

Net position:

Net investment in capital assets	13,118,462
Restricted for:	
Capital Projects	9,092,890
Permanent fund purposes - nonexpendable	207,778
Permanent fund purposes - expendable	1,065,044
Unrestricted (deficit)	<u>(306,986,384)</u>
Total net position	<u>\$ (283,502,210)</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, 2019

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	\$ 274,808,115	719,312	96,583,306	-	(177,505,497)
Support services:					
Administration	9,983,574	-	-	-	(9,983,574)
Attendance and health	10,321,994	-	-	-	(10,321,994)
Nutrition services	18,372,198	352,191	18,250,945	-	230,938
Pupil transportation	15,478,318	-	-	-	(15,478,318)
Operations and maintenance	29,317,595	307,631	334,160	-	(28,675,804)
Facilities services	5,699,291	-	-	6,131,000	431,709
Total support services	89,172,970	659,822	18,585,105	6,131,000	(63,797,043)
Interest on long-term debt	238,239	-	-	-	(238,239)
 Total governmental activities	 \$ 364,219,324	 1,379,134	 115,168,411	 6,131,000	 (241,540,779)
 General revenues:					
Intergovernmental aid not restricted to specific purposes:					
City of Richmond, Virginia					156,721,509
Commonwealth of Virginia					81,911,829
Interest					73,418
Miscellaneous					229,280
					<u>229,280</u>
					<u>Total general revenues</u>
					238,936,036
					<u>Change in net position</u>
					(2,604,743)
					<u>Net position - July 1, 2018</u>
					(280,897,467)
					<u>Net position - June 30, 2019</u>
					\$ (283,502,210)

See accompanying notes to basic financial statements.

Fund Financial Statements

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

Balance Sheet

Governmental Funds

June 30, 2019

	General	Special Revenue	Nutrition Services	Capital Projects	Permanent	Total Governmental Funds
Assets:						
Equity in cash with the City of Richmond, Virginia	\$ 43,489,818	-	-	-	-	43,489,818
Cash on hand or in banks	415,026	-	1,908	-	-	416,934
Investments	171,473	-	-	-	1,350,136	1,521,609
Accounts receivable	228,781	750,355	10,978	-	-	990,114
Due from other governments	-	13,699,882	4,525,067	10,361,220	-	28,586,169
Due from other funds	7,699,009	-	-	-	-	7,699,009
Prepaid items	25,400	-	-	-	-	25,400
Inventory of materials and supplies	-	-	353,177	-	-	353,177
Total assets	\$ 52,029,507	14,450,237	4,891,130	10,361,220	1,350,136	83,082,230
Liabilities and fund balances						
Liabilities:						
Accounts payable	\$ 3,738,227	1,339,138	291,628	589,243	-	5,958,236
Accrued liabilities	33,607,459	2,878,470	451,795	-	-	36,937,724
Due to fiduciary funds	3,469,167	-	-	-	-	3,469,167
Due to external parties	-	342,649	-	-	-	342,649
Due to City	5,201,848	-	-	-	-	5,201,848
Due to other funds	-	6,577,509	365,099	679,087	77,314	7,699,009
Unearned revenues	88,127	3,312,471	353,176	-	-	3,753,774
Advances from the City of Richmond, Virginia	500	-	-	-	-	500
Total liabilities	46,105,328	14,450,237	1,461,698	1,268,330	77,314	63,362,907
Fund balance:						
Nonspendable:						
Inventories	-	-	353,176	-	-	353,176
Prepaid insurance	25,400	-	-	-	-	25,400
Permanent fund purposes	-	-	-	-	1,272,822	1,272,822
Restricted	-	2,185,191	3,076,256	-	-	5,261,447
Assigned:						
General Fund	4,924,195	-	-	-	-	4,924,195
Capital Projects Fund	-	-	-	9,092,890	-	9,092,890
Unassigned	974,584	(2,185,191)	-	-	-	(1,210,607)
Total fund balances	5,924,179	-	3,429,432	9,092,890	1,272,822	19,719,323
Total liabilities and fund balances	\$ 52,029,507	\$ 14,450,237	\$ 4,891,130	\$ 10,361,220	\$ 1,350,136	\$ 83,082,230

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, 2019

Total fund balances - governmental funds (Exhibit C)	\$	19,719,323
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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 \$50,436,383 and the accumulated depreciation is \$32,808,472		17,627,911
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Deferred outflow items:

Deferred OPEB contributions	2,989,868	
Deferred pension contributions	26,596,825	
Deferred pension change of assumptions	2,869,000	
Deferred OPEB economic experience	697,000	
Deferred pension proportionate share	9,281,000	
Deferred OPEB proportionate share	772,000	43,205,693

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	(841,208)	
Compensated absences	(10,701,390)	
Net Pension liabilities	(242,382,756)	
Net OPEB liabilities	(40,306,441)	
Total OPEB liability	(28,440,823)	
Capital leases, net	(3,845,203)	(326,517,821)

Deferred inflow items:

Deferred OPEB change of assumptions	(821,000)	
Deferred OPEB economic experience	(384,000)	
Deferred OPEB investment experience	(483,000)	
Deferred OPEB proportionate share	(696,000)	
Deferred pension investment experience, net	(5,447,625)	
Deferred pension change of assumptions	(17,896)	
Deferred pension economic experience	(21,571,795)	
Deferred pension proportionate share	(8,116,000)	(37,537,316)

Total net position - governmental activities (Exhibit A)	\$	(283,502,210)
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**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, 2019

	General	Special Revenue	Nutrition Services	Capital Projects	Permanent	Total Governmental Funds
Revenues:						
Intergovernmental:						
City of Richmond, Virginia	\$ 156,721,265	2,103	-	6,131,000	-	162,854,368
Commonwealth of Virginia	129,091,995	10,331,545	414,674	-	-	139,838,214
Federal government	501,022	38,570,572	17,836,270	-	-	56,907,864
Donations and gifts	-	349,666	-	-	-	349,666
Charges for goods and services:						
Tuition and fees	380,067	674,158	-	-	-	1,054,225
Food sales	-	-	195,001	-	-	195,001
Investment income, net:						
Net increase in fair value of investments	1,233	-	-	-	30,704	31,937
Interest and dividend income	-	-	96,620	-	35,318	131,938
Miscellaneous	1,489,753	121,186	60,571	-	-	1,671,510
Total revenues	288,185,335	50,049,230	18,603,136	6,131,000	66,022	363,034,723
Expenditures:						
Current operating:						
Instruction	234,604,825	51,657,521	-	-	1,620	286,263,966
Support services:						
Administration	9,624,343	572,126	-	-	14,731	10,211,200
Attendance and health	9,859,460	460,363	-	-	-	10,319,823
Nutrition services	68,962	-	18,892,667	-	-	18,961,629
Pupil transportation	14,385,405	128,301	-	-	-	14,513,706
Operations and maintenance	28,667,996	131,045	-	-	-	28,799,041
Facilities services	26,826	27,240	-	-	-	54,066
Total support services	62,632,992	1,319,075	18,892,667	-	14,731	82,859,465
Total current operating	297,237,817	52,976,596	18,892,667	-	16,351	369,123,431
Capital outlay	-	-	-	6,185,964	-	6,185,964
Debt service:						
Capital lease principal	634,272	-	-	-	-	634,272
Capital lease interest	238,238	-	-	-	-	238,238
Total expenditures	298,110,327	52,976,596	18,892,667	6,185,964	16,351	376,181,905
Excess (deficiency) of revenues over (under) expenditures	(9,924,992)	(2,927,366)	(289,531)	(54,964)	49,671	(13,147,182)
Other financing sources (uses):						
Transfers in (note 4)	5,216,013	2,927,366	-	-	-	8,143,379
Transfers out (note 4)	(8,143,379)	-	-	-	-	(8,143,379)
Total other financing sources (uses), net	(2,927,366)	2,927,366	-	-	-	-
Net change in fund balances	(12,852,358)	-	(289,531)	(54,964)	49,671	(13,147,182)
Fund balances - July 1, 2018	18,776,537	-	3,718,963	9,147,854	1,223,151	32,866,505
Fund balances - June 30, 2019	\$ 5,924,179	-	3,429,432	9,092,890	1,272,822	19,719,323

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, 2019

Net change in fund balances - total governmental funds (Exhibit E) \$ (13,147,182)

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	\$	2,098,853	
Depreciation expense		<u>(3,312,163)</u>	(1,213,310)

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	\$ 456,010
Compensated absences:	
Vacation pay	(349,721)
Sick pay	277,224
Net OPEB Liabilities	(1,012,575)
Total OPEB Liability	(3,512,854)
Capital leases	664,246
Net Pension Liability	7,147,955
Amortization of Deferred Pension Investment Experience	4,126,810
Amortization of Deferred Pension Change of Assumptions	(684,435)
Amortization of Deferred Pension Proportionate Share	6,553,994
Amortization of Deferred Pension Economic Experience	(3,329,378)
Amortization of Deferred OPEB Change of Assumptions	153,000
Amortization of Deferred OPEB Economic Experience	620,000
Amortization of Deferred OPEB Investment Experience	85,000
Amortization of Deferred OPEB Proportionate Share	907,000
Deferred OPEB Contributions	131,779
Deferred Pension Contributions	<u>(478,306)</u>

Net amount incurred under financial resources used 11,755,749

Net reconciling items 10,542,439

Change in net position of governmental activities (Exhibit B) \$ (2,604,743)

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, 2019

	Employee Early Retirement Incentive Plan	Agency Funds
Assets:		
Cash on hand or in banks	\$ -	\$ 1,528,129
Investments - money market fund	1,558,415	-
Total cash and investments	<u>1,558,415</u>	<u>1,528,129</u>
Accounts receivable	1,341	5,845
Due from other governments	-	-
Due from General Fund	-	3,469,167
Total assets	<u>\$ 1,559,756</u>	<u>\$ 5,003,141</u>
Liabilities:		
Accounts payable	-	110,110
Accrued liabilities	-	820,333
Amounts held for other organizations	-	4,072,698
Total liabilities	<u>-</u>	<u>\$ 5,003,141</u>
Net position:		
Held in trust for employee pension benefits	<u>1,559,756</u>	
Total net position	<u>\$ 1,559,756</u>	

See accompanying notes to basic financial statements.

**The School Board of the City of Richmond, Virginia
(A Component Unit of the City of Richmond, Virginia)
Statement of Changes in Fiduciary Net Position**

Fiduciary Funds

For The Fiscal Year Ended June 30, 2019

	Employee Early Retirement Incentive Plan
Additions:	
Contributions	\$ 1,000,000
Investment Income:	
Dividends	9,533
Total investment income	9,533
Total additions	1,009,533
Deductions:	
Benefits	703,012
Total deductions	703,012
Change in net position	306,521
Net position - July 1, 2018	1,253,235
Net position - June 30, 2019	\$ 1,559,756

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, 2019

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.

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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 \$1,647,000 to the Governor's School for the school year 2018-2019. 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 2018-2019. Complete financial statements for the Center may be obtained from the Center's administrative office at 2401 Hartman Street, Richmond, Virginia, 23223.

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(c) **Basis of Presentation**

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

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

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

Special Revenue Fund – The special revenue funds are by definition 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.

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Governmental Fund Financial Statements – Governmental funds are reported on the *flow of current financial resources measurement focus* and the *modified accrual* basis of accounting, wherein the focus is on the determination of, and changes in, financial position and only current assets and current liabilities are included on the Balance Sheet. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become susceptible to accrual – that is, in the fiscal year in which they become both measurable and available to finance expenditures of the fiscal period. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance.

There are, however, essentially two types of these revenues. In one, monies must be expended for the specific purpose or project before any amounts will be paid to the School Board; therefore, revenues are recognized based upon the expenditures incurred. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. Approximately forty-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 \$188 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 and obligations for postemployment benefits in the government-wide Statement of Net Position resulting from investment returns that exceed projected earnings, contributions made subsequent to the measurement date and changes in proportionate share. Investment experience amounts are deferred and amortized over a closed five-year period. All other deferred outflows of resources, except contributions made subsequent to the measurement date, are amortized over a period equal to the average of the expected remaining service lives of all employees that are provided with pensions and OPEB benefits through the plans (active employees and inactive employees) determined as of the beginning of the measurement 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 obligations for postemployment benefits from investment returns that are lower than projected earnings, changes in proportionate share of contributions, changes in economic experience and changes in assumptions. Investment returns lower than projected earnings are also deferred and amortized over a period no greater than five years. All other deferred inflows of resources are amortized over a period

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equal to the average of the expected remaining service lives of all employees that are provided with pensions and OPEB benefits through the plans (active employees and inactive employees) determined as of the beginning of the measurement period.

(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

School Board 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. The School Board records its proportionate share liability of health and life insurance postemployment defined benefits provided through the Virginia Retirement System multi-employer, cost-sharing plans (see note 13).

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(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 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, 2019, the carrying amount and the financial institutions' balances of the School Board's deposits with financial institutions applicable to governmental activities was \$415,026. In addition, the carrying amount of deposits with financial institutions held by the School Board's Fiduciary Funds totaled \$1,528,129 and the related financial institutions' balances totaled \$1,607,844. The difference of \$79,715 between the carrying amounts and the financial institutions' balances were attributable to outstanding checks of \$80,154 less deposits in transit of \$339 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 \$43,489,818 at June 30, 2019. Accordingly, information to categorize the School Board's equity in cash with the City, by level of risk assumed, is not available for disclosure. The City issues a publicly available Comprehensive Annual Financial Report, which includes a disclosure of all City investments by risk category and discloses that all City bank deposits are protected by federal depository insurance or collateral held under the Virginia Security for Public Deposits Act.

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(c) **Investments**

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

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

As of June 30, 2019, 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	\$ 229,658
Mutual Funds	1,120,478
Common Stock	171,473
Total	<u>\$ 1,521,609</u>

Investments related to Permanent Funds include \$229,658 in money market funds and \$1,120,478 in mutual funds. Investments related to the General Fund include \$171,473 in common stocks.

(2) As of June 30, 2019, the Employee Early Retirement Incentive Plan had investments in the Heritage Money Market Fund Portfolio, totaling \$1,558,415.

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.

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Interest rate risk

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

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

Custodial credit risk

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

Concentration of credit risk and credit quality

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

As of June 30, 2019, the School Board had investments of \$1,559,756, 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.

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Level 3:

Unobservable inputs for an asset or liability. 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, 2019:

	Balance June 30, 2018	Fair Value Measurement Using Level 1
Investments by fair value levels		
Common Stocks	\$ 171,474	\$ 171,474
Mutual Funds	1,120,478	1,120,478
Total	\$ 1,291,952	\$ 1,291,952

3) Due From/To Other Governments

On 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, 2019:

	Federal	State	City	Other	Total
Governmental Funds:					
General Fund	\$ -	\$ -	\$ -	\$ -	\$ -
Special Revenue Fund	11,837,437	1,810,147	-	52,298	13,699,882
Nutrition Services Fund	4,525,067	-	-	-	4,525,067
Capital Projects Fund	-	-	10,361,220	-	10,361,220
Total	\$ 16,362,504	\$ 1,810,147	\$ 10,361,220	\$ 52,298	\$ 28,586,169
Statement of Fiduciary Net Position:					
Agency Funds	\$ -	\$ -	\$ -	\$ -	\$ -

At June 30, 2019, the School Board's General Fund had \$3,469,167 due to Fiduciary Funds, \$500 of advances from the City, and \$5,201,848 due the City comprised of: 1) \$4,585,000 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, 2019 were:

TO FUND	FROM FUND	
	Interfund Receivables	Interfund Payables
General	\$ 7,699,009	\$ -
Special Revenue	-	6,577,509
Nutrition Services	-	365,099
Capital Projects	-	679,087
Permanent	-	77,314
Total	<u>\$ 7,699,009</u>	<u>\$ 7,699,009</u>

The balance of \$6,577,509 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, 2019 were as follows:

Transfers In	Transfers Out (General Fund)
General Fund	\$ 5,216,013
Special Revenue Fund	2,927,366
Total	<u>\$ 8,143,379</u>

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5) Capital Assets

Changes in capital assets during the fiscal year ended June 30, 2019 are summarized below:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Capital assets being depreciated:				
Vehicles	\$ 20,935,684	\$ 714,232	\$ 376,895	\$ 21,273,021
Other equipment	21,200,220	1,857,627	96,111	22,961,736
Energy and water equipment	6,201,626	-	-	6,201,626
Total being depreciated	<u>48,337,530</u>	<u>2,571,859</u>	<u>473,006</u>	<u>50,436,383</u>
Less: Accumulated depreciation				
Vehicles	14,882,801	963,036	376,895	15,468,942
Other equipment	12,796,484	2,595,005	96,111	15,295,378
Energy and water equipment	1,817,024	227,128	-	2,044,152
Total accumulated depreciation	<u>29,496,309</u>	<u>3,785,169</u>	<u>473,006</u>	<u>32,808,472</u>
Capital assets, net	<u>\$ 18,841,221</u>	<u>\$ (1,213,310)</u>	<u>\$ -</u>	<u>\$ 17,627,911</u>

Depreciation expense was charged to functions as follows:

Instruction	\$ 2,037,266
Support Services:	
Administration	43,874
Pupil Transportation	778,947
Operations and Maintenance	283,565
Nutrition Services	120,553
Technology	299,020
Facilities acquisition and improvements	221,944
Total	<u>\$ 3,785,169</u>

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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During 2017-2018 school year, RPS acquired computer equipment as follows: computer equipment acquired in July 2017 with an implicit interest rate of 1.956% for \$292,000 and computer equipment acquired in May 2018 with an implicit interest rate of 3.20% for \$437,434.

The assets acquired through the existing capital leases are as follows:

Energy and water equipment	\$ 6,201,626
Less: Accumulated depreciation	<u>(2,044,152)</u>
Total	<u><u>\$ 4,157,474</u></u>
 Equipment	 \$ 299,962
Less: Accumulated depreciation	<u>(269,964)</u>
Total	<u><u>\$ 29,998</u></u>
 Computer Equipment	 \$ 729,434
Less: Accumulated depreciation	<u>(218,868)</u>
Total	<u><u>\$ 510,566</u></u>

The total future minimum lease obligations and the total net present value of the minimum lease payments as of June 30, 2019 are as follows:

Fiscal Year	Principal	Interest
2020	\$ 664,246	\$ 207,630
2021	724,812	176,553
2022	693,718	143,085
2023	662,451	109,414
2023	731,916	73,719
2025-2026	<u>1,032,306</u>	<u>31,645</u>
Present value of minimum lease obligations	<u><u>\$ 4,509,449</u></u>	<u><u>\$ 742,046</u></u>

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7) Noncurrent Liabilities

Changes in the total noncurrent liabilities during the fiscal year ended June 30, 2019 are summarized below:

	Amounts			Amounts	Due	Due in
	Payable at			Payable at	Within	More Than
	June 30, 2018	Increases	Decreases	June 30, 2019	One Year	One Year
Workers' compensation liability	\$ 2,553,800	162,712	(456,010)	2,260,502	1,419,294	841,208
Vacation pay liability	3,564,314	1,159,924	(749,544)	3,974,694	266,698	3,707,996
Sick pay liability	7,672,578	786,348	(983,043)	7,475,883	482,489	6,993,394
Net pension liability	249,530,711	-	(7,147,955)	242,382,756	-	242,382,756
Net OPEB liability - VRS	39,293,866	1,012,575		40,306,441	-	40,306,441
Total OPEB liability	24,927,969	3,512,854		28,440,823	-	28,440,823
Capital leases - energy improvements	4,475,905	-	(430,881)	4,045,024	482,416	3,562,608
Capital leases - equipment	667,816	-	(203,391)	464,425	181,830	282,595
Capital leases - buses	-	-	-	-	-	-
Total	\$ 332,686,959	6,634,413	(9,970,824)	329,350,548	2,832,727	326,517,821

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 \$1,973,860 for the fiscal year ended June 30, 2019. At June 30, 2019, the annual operating lease commitments are as follows:

Year Ending June 30	Amount
2020	\$ 1,985,243
2021	1,315,808
2022	217,624
Total minimum lease payments	\$ 3,518,675

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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 \$25,400 represents (1) \$25,000 held as a required deposit for the short-term disability insurance program and (2) \$400 prepaid summer school expenditures.

Nonspendable Nutrition Services balance for inventories of \$353,176 represents the portion of fund balance for food inventory, which is not otherwise available for appropriation and expenditure.

Nonspendable fund balance for Permanent Funds of \$1,272,822 represents amounts legally restricted to the extent only earning, and not principal, may be used for purposes supporting School Board programs.

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(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 \$2,185,191 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 \$3,076,256 is restricted to expenditures for the specific purpose of operating the National School Lunch Program and cafeteria operations.

(c) **Assigned:**

The School Board has delegated the responsibility to assign funds to the Superintendent or the Chief Operating Officer. The assigned fund balance totals of \$9,092,890 consisting of the following:

- \$4.9 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.
- \$9.1 million of Capital Projects fund balance for the purpose of expenditures to complete approved school renovation and facility improvement projects.

(d) **Unassigned**

The unassigned General Fund fund balance totals \$974,584. These funds will be utilized by the School Board during future budget development.

The negative unassigned fund balance of \$(2,185,191) in the Special Revenue fund is equal to contractual obligations related to specific purposes.

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 Talent Office 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 Choice Fund. In-network services for the Premier Plan are covered at 90% with a \$20 office visit co-pay for Primary Care Physicians,

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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 Choice Fund Plan are covered at 80% with Primary Care and Specialists office visits after the plan deductible is met.

Employees who elect the Choice Fund Plan are automatically enrolled in a Health Savings Account. Beginning January 2016, RPS made a one-time employer contribution of \$1,250 for family coverage and \$750 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 for all plans 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 \$4.6 million has been recorded to the General Fund based on an estimate from RPS's outside actuary, USI.

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:

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

(i) Description of the Virginia Retirement System

The VRS Teacher Employee Retirement Plan is a multiple employer, cost-sharing plan. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Virginia Retirement System (VRS) Teacher Retirement Plan and the additions to/deductions from the VRS Teacher Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

All full-time, salaried permanent (professional) employees of the school division are automatically covered by the VRS Teacher Retirement Plan upon employment. This plan is administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of

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service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

The System administers three different benefit structures for covered employees in the VRS Teacher Retirement Plan – Plan 1, Plan 2, and Hybrid. Each of these benefit structures has different eligibility criteria:

- Plan 1 - 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.
- Plan 2- Members hired or rehired on or after July 1, 2010 and Plan 1 members who were not vested as of 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.
- Hybrid Retirement Plan - 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 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.

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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% for creditable service earned, purchased or granted on or after January 1, 2013.

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 1.00%. 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 after one full calendar year from the retirement date. Under Plan 1, the maximum COLA is 5.00%; under Plan 2, the maximum COLA is 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 are as follows:

	Number
Inactive Members or Their Beneficiaries	
Currently Receiving Benefits	351
Inactive Members:	
Vested	40
Non-Vested	119
Active Elsewhere in VRS	<u>93</u>
Total Inactive Members	252
Active Members	408
Total	1,011

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

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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/2018-annual-report.pdf>

(ii) Contributions

The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. The School Board's contractually required employer contribution rate for the year ended June 30, 2019 was 15.68% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. 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.

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 \$26,088,980 and \$26,416,038 for the years ended June 30, 2019 and June 30, 2018, respectively.

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 \$507,841 and \$659,089 for the years ended June 30, 2019 and June 30, 2018, respectively. The School Board's contribution rate applicable to nonprofessional employees for the fiscal year ended June 30, 2019 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, 2019, the School Board reported a Net Pension Liability of \$240,372,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was determined by an actuarial valuation as of that date. The School Board's proportion of the Net Pension Liability was based on the School Board's actuarially determined employer contributions to the pension plan for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At the June 30, 2018 measurement date, the School Board's proportion was 2.04398% as compared to 1.99429% at June 30, 2017.

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For the year ended June 30, 2019, the School Board recognized pension expense of approximately \$15,073,000. Since there was a change in proportionate share between measurement dates, 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, 2019, 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	\$ -	\$ 5,097,000
Changes in proportionate share of contributions	9,281,000	8,116,000
Changes of assumptions	2,869,000	-
Difference between expected and actual economic experience	-	20,554,000
Contributions subsequent to the measurement date	26,088,984	-
Total	<u>\$ 38,238,984</u>	<u>\$ 33,767,000</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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30	Deferred Outflows/Inflows of Resources
FY 2020	\$ (2,119,000)
FY 2021	(5,304,000)
FY 2022	(11,257,000)
FY 2023	(2,712,000)
Thereafter	(225,000)
	<u>\$ (21,617,000)</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:

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	1% decrease (6%)	Current rate (7%)	1% increase (8%)
School Board's proportionate share of the Net Pension Liability	\$ 367,174,000	\$ 240,372,000	\$ 135,415,000

VRS Political Subdivision

At June 30, 2019, the School Board reported a Net Pension (Asset) of \$(43,747) 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, 2017, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

For the year ended June 30, 2019, the School Board recognized pension expense of \$(960,837). 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	\$ -	414,875
Difference between expected and actual experience	-	1,017,795
Change of assumptions	-	17,896
Contributions subsequent to the measurement date	507,841	-
Total	<u>\$ 507,841</u>	<u>\$ 1,450,566</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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30	Deferred Outflows/Inflows of Resources
FY 2020	\$ (588,127)
FY 2021	(286,030)
FY 2022	(533,225)
FY 2023	(43,184)
Thereafter	-
	<u>\$ (1,450,566)</u>

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The following represents the School Board's net pension liability (asset) 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(Asset)	\$ 6,145,266	\$ (43,747)	\$ (5,282,370)

(iv) Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2017, 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, 2018.

VRS Teachers' Pool and VRS Political Subdivision

Inflation	2.50%
Salary increases, including inflation	3.50% - 5.95%
Investment rate of return	7.00%, net of pension plan investment expense, including inflation*
Mortality rates:	
Pre-Retirement	RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.
Post-Retirement	RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back to 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.
Post-Disablement	RP-2014 Disability Mortality Rates projected with Scale BB to 2020; 115% of rates for males and females.

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- * 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.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change

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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<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Aritmetic Long-term Expected Real Rate of Return</u>	<u>Weighted Average Long- term Expected Real Rate of Return</u>
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	<u>100.00%</u>		<u>4.80%</u>
		Inflation	<u>2.50%</u>
*Expected arithmetic nominal return			<u>7.30%</u>

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

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. 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 which was 100% of the actuarially determined contribution rate. From July 1, 2018 on, school divisions are assumed to continue 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 expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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

Schedule of changes in net pension liability:	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at June 30, 2017	\$ 53,298,041	\$ 51,916,712	\$ 1,381,329
Changes:			
Service Cost	924,704	-	924,704
Interest	3,631,149	-	3,631,149
Differences between expected and actual experience	(1,091,421)	-	(1,091,421)
Contributions - employer	-	652,943	(652,943)
Contributions - employee	-	484,459	(484,459)
Net investment income	-	3,788,890	(3,788,890)
Benefit payments, including refunds of employee contributions	(2,848,964)	(2,848,964)	-
Administrative expense	-	(33,435)	33,435
Other changes	-	(3,349)	3,349
Net changes	<u>615,468</u>	<u>2,040,544</u>	<u>(1,425,076)</u>
Balance at June 30, 2018	<u>\$ 53,913,509</u>	<u>\$ 53,957,256</u>	<u>\$ (43,747)</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, 2019:

Retirees currently receiving benefits	290
Active employees eligible for benefits	<u>1</u>
Total	<u><u>291</u></u>

Retirement benefits are determined as a percentage of the average of the five highest years' salaries. Normal retirement age is 65. The plan provides for early retirement at age 55 for School Board employees. The RRS issues a publicly available CAFR that

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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, 2019, and June 30, 2018 were \$13,535 and \$35,487 respectively, and were equal to the required contributions for each year.

(iii) Pension Liabilities and Pension Expense

At June 30, 2019, the School Board reported a net pension liability of \$371,426 measured as of June 30, 2018 for its proportionate share (.07624) of the overall net pension liability as of June 30, 2018. The total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of July 1, 2016. There were no changes in assumptions or benefit terms since the prior measurement period. For the year ended June 30, 2019, the School Board recognized pension expense of \$(4,251).

(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>
School Board's proportionate share of the Net Pension Liability	468,344	371,426	287,652

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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.

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, 2018, the most recent biennial actuarial valuation:

Active employees eligible for benefits	128
Retirees currently receiving benefits	<u>135</u>
Total	<u>263</u>

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

Monthly benefits are paid based on one of the following service options as elected by the participant:

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

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- 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.
- (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

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the Plan are borne by the General Fund. The School Board contributed \$1,000,000 for the fiscal year ended June 30, 2019.

(iii) Rate of Return

For the year ended June 30, 2019, the annual money-weighted rate of return based on cash flows on pension plan investments, net of investment expense, was 1.04%. 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 \$1,683,077 based on the June 30, 2018 actuarial valuation with a measurement and reporting date of June 30, 2019.

Pension expense: For the year ended June 30, 2019, the School Board recognized pension expense of \$157,079.

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

	Deferred Outflows of Resources
Net differences between projected and actual earnings on pension plan investments	\$ 64,250
Total	\$ 64,250

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

	Deferred Outflows of Resources
Year ended June 30	
FY 2020	\$ 23,023
FY 2021	18,883
FY 2022	14,440
FY 2023	7,904
Thereafter	-
	\$ 64,250

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

	<u>Total Pension Liability</u>	<u>Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Change in total pension liability:			
Balance at June 30, 2018	\$ 3,769,940	\$ 1,253,235	\$ 2,516,705
Service cost	54,357	-	54,357
Interest cost on TPL	121,548	-	121,548
Net investment income	-	9,533	(9,533)
Employer contribution	-	1,000,000	(1,000,000)
Benefit payments	<u>(703,012)</u>	<u>(703,012)</u>	<u>-</u>
Net changes	<u>(527,107)</u>	<u>306,521</u>	<u>(833,628)</u>
Balance at June 30, 2019	<u><u>\$ 3,242,833</u></u>	<u><u>\$ 1,559,756</u></u>	<u><u>\$ 1,683,077</u></u>

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

Significant actuarial assumptions used in the valuation include:

Actuarial valuation method	Individual Entry Age Normal method
Rate of return on the investment	3.50% per year compounded annually
Salary increases	3.50% per year
Mortality rates	Pre-Retirement: RP-2000 Employee Mortality Table projected with Scale AA to 2020; then set back 3 years for males and set back 5 years for females. Future mortality improvement is projected to be fully generational with Scale AA. Post-Retirement: RP2000 Combined Mortality Table projected with Scale AA to 2020; then set back 2 years for males and set back 3 years for females. Future mortality improvement is projected to be fully generational with Scale AA.

No changes were made to the plan provisions, actuarial assumptions, or actuarial methods since the prior valuation.

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

The following represents the net pension liability calculated using the state discount rate, as well as what the pension liability would be if it were calculated using a discount rate that is 1.0% lower or 1.0% higher than the current rate:

	1% decrease (2.5%)	Current rate (3.5%)	1% increase (4.5%)
Net Pension Liability	\$ 1,737,045	\$ 1,683,077	\$ 1,629,519

(viii) Fiduciary Net Position

As of June 30, 2019, the Plan fiduciary net position of \$1,559,756 as a percentage of total pension liability is 48.10%.

Total Pension Liability	\$ 3,242,833
Plan Fiduciary Net Position	(1,559,756)
Net Pension Liability	<u>\$ 1,683,077</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 \$342,821 during the fiscal year ended June 30, 2019.

13) Postemployment Health Benefit Plans

The School Board provides certain postemployment medical and dental benefits to eligible 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. A retiree, eligible for postretirement medical coverage, is defined as a full-time employee who retires directly from the Schools, and is eligible to receive an early, regular retirement, or disability benefit from the VRS. In addition, they must immediately begin receiving a retirement annuity from VRS.

The School Board also participates in the VRS Employee Teacher Health Insurance Credit (HIC) Plan and the VRS Group Life Insurance (GLI) Program for teachers and political subdivisions.

- The VRS Teacher Employee Health Insurance Credit Program is a multiple-employer, cost-sharing plan. The Teacher Employee Health Insurance Credit Program was established pursuant to §51.1-1400 et seq. of the *Code of Virginia*, as amended, and which provides the

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authority under which benefit terms are established or may be amended. The Teacher Employee Health Insurance Credit Program is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired teachers. For purposes of measuring the net Teacher Employee Health Insurance Credit Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Teacher Employee Health Insurance Credit Program OPEB, and the Teacher Employee Health Insurance Credit Program OPEB expense, information about the fiduciary net position of the Virginia Retirement System (VRS) Teacher Employee Health Insurance Credit Program; and the additions to/deductions from the VRS Teacher Employee Health Insurance Credit Program's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

- The VRS Group Life Insurance Program is a multiple employer, cost-sharing plan. It provides coverage to state employees, teachers, and employees of participating political subdivisions. The Group Life Insurance Program was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The Group Life Insurance Program is a defined benefit plan that provides a basic group life insurance benefit for employees of participating employers. For purposes of measuring the net Group Life Insurance Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Group Life Insurance Program OPEB, and Group Life Insurance Program OPEB expense, information about the fiduciary net position of the VRS Group Life Insurance program OPEB and the additions to/deductions from the VRS Group Life Insurance Program OPEB's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Detailed descriptions of each plan follow:

(a) **School Board Medical and Dental Plan**

(i) **Plan Description**

The School Board's health plan (Health 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.

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Covered participants of the Health Plan consisted of the following at June 30, 2019:

Active participants	3,115
Inactive participants (retired or disabled)	104
Total	<u>3,219</u>

(ii) **Funding Policy**

No assets are accumulated in a trust that meet the criteria in GAAP. 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.

(iii) **Total OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to School Board Health Plan OPEB**

The School Board’s total OPEB liability (TOL) of \$28,440,823 was based on the June 30, 2018 actuarial valuation measured as of June 30, 2019. For the year ended June 30, 2019, the School Board recognized Health Plan OPEB expense of \$4,210,511. There were no deferred outflows of resources or deferred inflows of resources for the Health Plan.

(iv) **Actuarial assumptions and other inputs**

The TOL as of the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and inputs, applied to all periods included in the measurement, unless other specified:

Actuarial valuation method	Entry Age Normal
Discount rate	2.98%
Healthcare cost trend rates	8.0 % for 2018, graded down to 5% over 10 years
	5.0% per year administrative fees
	10.0% per year stop loss expenses
Retirees’ share of benefit-related	25.0% of total medical, dental, and vision costs
Mortality rates	Pre-Retirement: RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020
	Post-Retirement: RP-2014 White Collar Employee Rates to age 49, White Collar Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males

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1% increase compounded from ages 70 to 90; females setback 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90

Post-Disablement: RP-2014 Disabled Mortality Rates projected with Scale BB to 2020; 115% of rates for males and females

The discount rate was based on the S&P Municipal Bond 20 Year High Grade Rate Index as of June 30, 2018.

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(v) **Sensitivity of the TOL to changes in the discount rate**

The following presents the School Board's TOL calculated using the stated discount rate, as well as what TOL 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 (1.98%)</u>	<u>Current rate (2.98%)</u>	<u>1% Increase (3.98%)</u>
Total OPEB liability	\$ 31,555,424	\$ 28,440,823	\$ 25,666,244

(vi) **Sensitivity of the TOL to changes in the healthcare cost trend rates**

The following presents the School Board's TOL calculated using the stated discount rate, as well as what the TOL would be if it were calculated using a healthcare cost trend of 1.0% lower or 1.0% higher than the current rate:

	<u>1% Decrease 7% decreasing to 4 % over 10 years</u>	<u>Current 8% decreasing to 5 % over 10 years</u>	<u>1% Increase 9% decreasing to 6 % over 10 years</u>
Total OPEB liability	\$ 24,391,202	\$ 28,440,823	\$ 33,359,306

(vii) **Changes in the Total OPEB Liability**

	<u>Total OPEB Liability</u>
Balance at June 30, 2018	\$ 24,927,969
Changes:	
Service cost	3,387,500
Interest	823,011
Benefit Payments	<u>(697,657)</u>
Net changes	<u>3,512,854</u>
Balance at June 30, 2019	<u>\$ 28,440,823</u>

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(b) VRS Teacher Employee Health Insurance Credit (HIC) Program

(i) Plan Description

All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Employee HIC Program. This plan is administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The health insurance credit is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of premiums and ends upon the retiree's death.

(ii) Contributions

The contribution requirement for active employees is governed by §51.1-1401(E) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2019 was 1.20% of covered employee compensation for employees in the VRS Teacher Employee Health Insurance Credit Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the School Board to the VRS Teacher Employee HIC Program were \$2,043,645 and \$1,923,687 for the years ended June 30, 2019 and June 30, 2018, respectively.

(iii) OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Teacher Employee HIC Program OPEB

At June 30, 2019, the School Board reported a liability of \$26,052,441 or its proportionate share of the VRS Teacher Employee HIC Program Net OPEB Liability. The Net VRS Teacher Employee HIC Program OPEB Liability was measured as of June 30, 2018 and the total VRS Teacher Employee HIC Program OPEB liability used to calculate the Net VRS Teacher Employee HIC Program OPEB Liability was determined by an actuarial valuation as of that date. The School Board's proportionate of the Net VRS Teacher Employee HIC Program OPEB Liability was based on the School Board's actuarially determined employer contributions for all participating employers. At June 30, 2018, the School Board's proportion of the VRS Teacher Employee HIC Program was 2.05190% as compared to 2.00564% at June 30, 2017.

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For the year ended June 30, 2019, the School Board recognized VRS Teacher Employee HIC Program OPEB expense of \$2,121,000. Since there was a change in proportionate share between June 30, 2017 and June 30, 2018, a portion of the VRS Teacher Employee HIC Program Net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2019, the School Board reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC Program OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings of Teacher HIC OPEB plan investments	\$ -	19,000
Change of assumptions	-	227,000
Economic experience	-	129,000
Changes in proportionate share	515,000	460,000
Contributions subsequent to the measurement date	<u>2,043,645</u>	<u>-</u>
Total	<u>\$ 2,558,645</u>	<u>\$ 835,000</u>

Deferred outflows of resources resulting from \$2,043,645 in contributions made subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC Program OPEB Liability in the Fiscal Year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

Year ending June 30:	Deferred Outflows/ Inflows of Resources
2020	\$ (71,000)
2021	(71,000)
2022	(71,000)
2023	(59,000)
2024	(63,000)
Thereafter	<u>15,000</u>
	<u>\$ (320,000)</u>

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(iv) **Actuarial Assumptions**

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee HIC Program was based on an actuarial valuation as of June 30, 2017, 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, 2018:

Inflation	2.5 %
Salary increases, including inflation	3.5% - 5.95 %
Investment rate of return	7.0 %, net of plan investment expenses including inflation*
Mortality rates	Pre-Retirement: RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020. Post-Retirement: RP-2014 White Collar Employee Rates to age 49, White Collar Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males 1% increase compounded from ages 70 to 90; females setback 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90. Post-Disablement: RP-2014 Disabled Mortality Rates projected with Scale BB to 2020; 115% of rates for males and females.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement, healthy and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service

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Disability Rates	Adjusted rates to better match experience
Salary Scale	No change

* 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 OPEB liabilities.

(v) Net Teacher Employee HIC OPEB Liability

	Teacher Employee HIC OPEB Plan (\$ in Thousands)
Total Teacher HIC OPEB Liability	\$ 1,381,313
Plan Fiduciary Net Position	111,639
Teacher Employee net HIC OPEB Liability (Asset)	<u>\$ 1,269,674</u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability	8.08%

The total Teacher Employee HIC OPEB liability is calculated by the System's actuary, and the plan's fiduciary net position is reported in the System's financial statements. The net Teacher Employee HIC OPEB liability is disclosed in accordance with the requirements of GAAP Statement No. 74 in the System's notes to the financial statements and required supplementary information.

(vi) Long-term Expected Rate of Return

The long-term expected rate of return on VRS System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension 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

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estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Aritmetic Long-term Expected Real Rate of Return	Weighted Average Long- term Expected Real Rate of Return
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.30%

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

(vii) Discount Rate

The discount rate used to measure the total Teacher Employee HIC OPEB was 7.00%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2018, the rate contributed by each school division for the VRS Teacher Employee Health Insurance Credit Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2018 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB 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 expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

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(viii) Sensitivity of the School Board's Proportionate Share of the Teacher Employee HIC Net OPEB Liability to Changes in the Discount Rate

The following presents the School Board's proportionate share of the VRS Teacher Employee HIC Program net HIC OPEB liability using the discount rate of 7.00%, as well as what the School Board's proportionate share of the net HIC OPEB liability would be if were calculated using a discount rate of 1.0% lower or 1.0% higher than the current rate:

	<u>1% Decrease(6.0%)</u>	<u>Current rate (7.0%)</u>	<u>1% Increase (8.0%)</u>
School Board's proportionate share of			
the VRS Teacher Employee HIC OPEB Plan \$	29,098,000	\$ 26,052,441	\$ 23,462,000
Net HIC OPEB Liability			

Detailed information about the VRS Teacher Employee HIC Program is available in the separately issued VRS 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/2018-annual-report.pdf>

(c) VRS Group Life Insurance Program

(i) Plan Description

All full-time, salaried permanent employees of the state agencies, teachers and employees of participating political subdivisions are automatically covered by the VRS GLI Program upon employment. This plan is administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

In addition to the Basic Group Life Insurance benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional Group Life Insurance Program. For members who elect the optional group life coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the Group Life Insurance Program OPEB.

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(ii) **Contributions**

The contribution requirements for the GLI Program are governed by §51.1-506 and §51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Program was 1.31% of covered employee compensation. The employee component was .79% and the employer component was .52%. Employers may elect to pay all or part of the employee contribution, however the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2019 was .52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. School Board contributions for professionals and nonprofessionals to the GLI Program were \$946,223 and \$934,402 for the years ended June 30, 2019 and June 30, 2018, respectively.

(iii) **OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to GLI Program**

At June 30, 2019, the School Board reported a liability of \$14,254,000 for its proportionate share of the VRS GLI Program Net OPEB Liability, comprised of \$13,425,000 for teachers and \$829,000 for general employees. The Net VRS GLI Program OPEB Liability was measured as of June 30, 2018 and the total VRS GLI Program OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of that date. The School Board's proportionate of the Net GLI OPEB Liability was based on the school division's actuarially determined employer contributions for all participating employers. At June 30, 2018, the School Board's proportion of the VRS GLI Program for teachers was .88397% as compared to .86623% at June 30, 2017; and for general employees was .05461% at June 30, 2018 as compared to .05414% at June 30, 2017.

For the year ended June 30, 2019, the School Board recognized GLI OPEB expense of \$95,000. Since there was a change in proportionate share between June 30, 2017 and June 30, 2018, a portion of the GLI Net OPEB expense was related to deferred amounts from changes in proportion.

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At June 30, 2019, the School Board reported deferred outflows of resources and deferred inflows of resources related to the VRS GLI Program OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings of the GLI OPEB plan investments	\$ -	464,000
Economic experience	697,000	255,000
Change of assumptions	-	594,000
Changes in proportionate share	257,000	236,000
Contributions subsequent to the measurement date	946,223	-
Total	<u>\$ 1,900,223</u>	<u>1,549,000</u>

Deferred outflows of resources resulting from \$946,223 in contributions made subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the Fiscal Year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year ending June 30:	Deferred Outflows/ Inflows of Resources
2020	\$ (215,000)
2021	(215,000)
2022	(215,000)
2023	(83,000)
2024	68,000
Thereafter	65,000
	<u>\$ (595,000)</u>

(iv) Actuarial Assumptions

The total GLI OPEB liability for the VRS GLI Program was based on an actuarial valuation as of June 30, 2017, 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, 2018:

Inflation	2.5 %
Salary increases, including inflation-	
Teachers	3.5% - 5.95 %
Locality – General employees	3.5 % -5.35 %

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Investment rate of return	7.0 %, net of plan investment expenses including inflation*
Mortality rates - Teachers	Pre-Retirement: RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020. Post-Retirement: RP-2014 White Collar Employee Rates to age 49, White Collar Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males 1% increase compounded from ages 70 to 90; females setback 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90. Post-Disablement: RP-2014 Disabled Mortality Rates projected with Scale BB to 2020; 115% of rates for males; females.
Mortality rates - Non-Largest Ten Locality Employers General employees	Pre-Retirement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 95% of rates; females 105% of rates. Post-Retirement: RP-2014 Employee Rates to age 49, Health Annuitant Rates at age 50 and older projected with Scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90. Post-Disablement: RP-2014 Disabled Mortality Rates projected with Scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

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The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement, healthy and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change

* 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 OPEB liabilities.

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(v) **Net GLI OPEB Liability**

The net OPEB liability (NOL) for the GLI Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the Measurement Date of June 30, 2018, NOL amounts for the Group Life Insurance Program is as follows (amounts expressed in thousands):

	Group Life Insurance OPEB Program
Total GLI OPEB Liability	\$ 3,113,508
Plan Fiduciary Net Position	<u>1,594,773</u>
Employer's Net GLI OPEB Liability	<u><u>\$ 1,518,735</u></u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	51.22%

The total GLI OPEB liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net GLI OPEB liability is disclosed in accordance with the requirements of GAAP in the System's notes to the financial statements and required supplementary information.

(vi) **Long-term Expected Rate of Return**

The long-term expected rate of return on VRS System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension 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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<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Aritmetic Long-term Expected Real Rate of Return</u>	<u>Weighted Average Long- term Expected Real Rate of Return</u>
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.30%

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

(vii) Discount Rate

The discount rate used to measure the total GLI OPEB 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 guidance 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 entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2018 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

(viii) Sensitivity of the School Board's Proportionate Share of the GLI Net OPEB Liability to Changes in the Discount Rate

The following presents the School Board's proportionate share of the VRS GLI Program net GLI OPEB liability using the discount rate of 7.00%, as well as what the School Board's proportionate share of the net GLI OPEB liability would be if were calculated using a discount rate of 1.0% lower or 1.0% higher than the current rate:

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	<u>1% Decrease (6.0%)</u>	<u>Current rate (7.0%)</u>	<u>1% Increase (8.0%)</u>
School Board's proportionate share of the Group Life Insurance Program Net GLI OPEB Liability	\$ 18,629,000	\$ 14,254,000	\$ 10,704,000

Detailed information about the GLI Program's Fiduciary Net Position is available in the separately issued VRS 2017 CAFR, which may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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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, 2018, the School Board had contractual commitments of \$2,392,548 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, 2019. 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 2019, the City provided \$2,936,790 in water and gas utilities for all Richmond Public Schools. In addition, the City provided \$89,376 for communications equipment. The City provided \$43,672 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.

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.

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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, 2019, the amount of claim liabilities was \$2,260,502 consisting of known and estimated 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, 2019 are as follows:

	Fiscal Year Liability	Claims and Changes in Estimates	Payments on Claims	Liability at Fiscal Year-End
2017-2018	\$ 2,689,414	\$ 350,713	\$ 486,327	\$ 2,553,800
2018-2019	2,553,800	162,712	456,010	2,260,502

17) Subsequent Events

The School Board has evaluated subsequent events through October 18, 2019 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 October 18, 2019 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
- Schedule of Changes in Net Pension Liability and Related Ratios
- Schedule of Changes in Total Other Postemployment Employee Benefits Liability and Related Ratios
- The notes to the required supplementary information

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Budgetary Comparison Schedule (Unaudited)

General Fund

For The Fiscal Year Ended June 30, 2019

	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, 2018	\$ 12,470,800	12,470,800	12,470,800	-
Prior year fund balance committed for encumbrances and other subsequently added to original budget	-	4,811,944	4,811,944	-
Total budgetary fund balances available				
for expenditure	12,470,800	17,282,744	17,282,744	-
Revenue sources:				
Intergovernmental:				
City of Richmond - appropriation	156,675,683	156,675,683	156,721,265	45,582
Commonwealth of Virginia:				
Department of Education:				
Employee benefits	12,311,544	12,311,544	11,844,106	(467,438)
Standards of Quality:				
Basic aid	53,030,018	53,030,018	50,383,963	(2,646,055)
Textbooks	1,144,644	1,144,644	1,101,185	(43,459)
Education of the gifted	557,032	557,032	535,883	(21,149)
Vocational education	1,148,168	1,148,168	1,104,575	(43,593)
Special education	9,992,472	9,992,472	9,191,610	(800,862)
Remedial education	5,058,760	5,058,760	4,866,692	(192,068)
Incentive:				
Add'l Assistance Retire, Inflation & Preschool	3,267,242	3,267,242	4,102,994	835,752
Compensation supplements	-	-	232,628	232,628
Early Reading Specialist Initiatives	235,136	235,136	-	(235,136)
Categorical:				
Special education - homebound payments	126,724	126,724	113,729	(12,995)
Lottery:				
At risk	5,576,228	5,576,228	5,979,379	403,151
Foster children education	114,960	114,960	147,007	32,047
K-3 class size reduction	5,124,964	4,755,564	4,755,549	(15)
SOL algebra readiness	414,430	414,430	400,860	(13,570)
Virginia preschool initiative	2,800,000	2,594,600	2,186,313	(408,287)
Cultural transition - English as a second language	1,556,218	1,556,218	1,184,747	(371,471)
State sales tax	27,107,353	27,107,353	27,424,871	317,518
Other State Agencies	900,000	900,000	2,243,119	1,343,119
Total Commonwealth of Virginia	130,465,893	129,891,093	127,799,210	(2,091,883)
Federal government:				
Impact aid Public Law 103-382	180,000	180,000	20,817	(159,183)
Army Reserve	430,000	430,000	480,205	50,205
Air Force	2,300	2,300	-	(2,300)
Total federal government	612,300	612,300	501,022	(111,278)
Total intergovernmental revenues	287,753,876	287,179,076	285,021,497	(2,157,579)
Miscellaneous revenues	735,851	735,851	736,662	811
Total revenues	288,489,727	287,914,927	285,758,159	(2,156,768)
Total amounts available for expenditure	\$ 300,960,527	305,197,671	303,040,903	(2,156,768)

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, 2019

Amounts available for expenditure over expenditures, other financing uses and encumbrances - budgetary basis (Exhibit I)	\$ <u>4,680,814</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	(12,470,800)
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	(4,811,944)
Encumbrances at June 30, 2019 for supplies and equipment ordered but not received as of June 30, 2019 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>4,002,341</u>
Net change in General Fund fund balance reserved for encumbrances	<u>(809,603)</u>
Net reconciling items - legally adopted General Fund budget	<u>(13,280,403)</u>
Net change in fund balance - legally adopted General Fund budget	(8,599,589)
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>(4,252,769)</u>
Net change in fund balance - General Fund (Exhibit E)	<u>(12,852,358)</u>
General Fund fund balance - July 1, 2018 (Exhibit E)	<u>18,776,537</u>
General Fund fund balance - June 30, 2019 (Exhibit E)	\$ <u><u>5,924,179</u></u>

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

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Budgetary Comparison Schedule (Unaudited)
General Fund
For The Fiscal Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures:				
Personnel services - salaries and wages	\$ 166,556,911	165,407,451	165,905,421	(497,970)
Employee benefits	75,326,449	74,052,871	71,552,730	2,500,141
Purchased services:				
Service contracts	1,979,041	2,169,407	1,718,769	450,638
Professional services	3,948,750	4,211,557	3,991,245	220,312
Tuition	8,625,243	9,167,962	9,017,838	150,124
Temporary services	870,000	858,397	977,126	(118,729)
Nonprofessional services	3,260,013	2,980,012	3,289,549	(309,537)
Repairs and maintenance	1,691,300	1,977,321	1,617,951	359,370
Total purchased services	20,374,347	21,364,656	20,612,478	752,178
Other charges:				
Advertising	68,200	92,476	80,468	12,008
Student transportation	4,085,545	7,562,714	7,411,956	150,758
Insurance	1,369,950	1,366,986	1,343,451	23,535
Utilities	7,134,975	8,388,225	8,381,842	6,383
Communications	1,352,560	1,490,564	763,198	727,366
Rentals	320,200	289,348	253,512	35,836
Total other charges	14,331,430	19,190,313	18,234,427	955,886
Materials and supplies:				
Supplies	5,969,199	7,158,420	5,881,505	1,276,915
Printing and binding	172,375	160,512	85,974	74,538
Books and periodicals	219,302	225,277	212,051	13,226
Textbooks	4,280,000	3,197,087	3,101,462	95,625
Other	30,062	47,027	32,196	14,831
Total materials and supplies	10,670,938	10,788,323	9,313,188	1,475,135
Other operating expenditures:				
Staff development	608,023	669,898	516,840	153,058
Dues and fees	173,803	179,390	118,649	60,741
Travel	210,060	191,672	125,272	66,400
Commencement	56,290	61,586	23,122	38,464
Awards	42,430	36,610	25,129	11,481
Other	1,510,948	1,157,394	631,067	526,327
Total other operating expenditures	2,601,554	2,296,550	1,440,079	856,471
Capital outlay:				
Lease purchase - principal	-	-	219,157	(219,157)
Equipment additions	1,654,932	2,454,512	1,968,139	486,373
Equipment replacement	512,900	581,229	327,340	253,889
Total capital outlay	2,167,832	3,035,741	2,514,636	521,105
Total expenditures	\$ 292,029,461	296,135,905	289,572,959	6,562,946

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, 2019

Budgetary Comparison Schedule (Unaudited)
General Fund

For The Fiscal Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Other financing uses:				
Payments for Debt Service	\$ 550,500	681,200	653,353	27,847
Transfers out to Other Funds	8,380,566	8,380,566	8,133,777	246,789
Total other financing uses	8,931,066	9,061,766	8,787,130	274,636
Total expenditures and other financing uses	300,960,527	305,197,671	298,360,089	6,837,582
Amounts available for expenditure over expenditures, other financing uses and encumbrances - budgetary basis	\$ -	-	4,680,814	4,680,814

THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA
(A Component Unit of The City of Richmond, Virginia)
June 30, 2019

Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule – General Fund
For the Fiscal Year Ended June 30, 2018

(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 2019 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 \$5,924,179. Additionally, the final budget amounts include all other adjustments to the fiscal year 2019 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 2018 that remain outstanding at June 30, 2019. 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 2019. Revenues and expenditures in the Schedule do not reflect \$17,810,432 in debt service expenditures paid by the City during fiscal year 2019 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 2019 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>	<u>2017</u>	<u>2018</u>
Employer's Proportion of the Net Pension Liability	1.98763%	2.08976%	2.05445%	1.99429%	2.04398%
Employer's Proportionate Share of the Net Pension Liability	\$ 240,200,000	\$ 263,025,000	\$ 287,913,000	\$ 245,257,000	\$ 240,372,000
Employer's Covered Payroll	145,411,575	154,302,499	156,534,418	157,824,657	165,997,769
Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	165.19%	170.46%	183.93%	155.40%	144.80%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.88%	70.88%	68.28%	72.92%	74.81%

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

Schedule of School Board Contributions

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Contractually Required Contribution	\$ 22,213,653	\$ 21,698,577	\$ 22,625,071	\$ 26,416,038	\$ 26,088,980
Contributions in Relation to Contractually Required Contribution	<u>22,213,653</u>	<u>21,698,577</u>	<u>22,625,071</u>	<u>26,416,038</u>	<u>26,088,980</u>
Contribution Excess	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's Covered Payroll	\$ 154,302,499	\$ 156,534,418	\$ 157,824,657	\$ 165,997,769	\$ 171,700,103
Contributions as a Percentage of Covered Payroll	14.40%	13.86%	14.34%	15.91%	15.19%

Notes to Schedule:

Contractually determined contributions are developed using the entry age normal 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:

Actuarial cost method	Entry Age Normal Actuarial Cost
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

The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to a more current mortality table - RP-2014 project to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change

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)
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>	<u>2017</u>	<u>2018</u>
Total Pension Liability					
Service Cost	\$ 1,175,744	\$ 1,123,622	\$ 1,072,503	\$ 984,675	\$ 924,704
Interest	3,220,446	3,386,810	3,471,546	3,599,682	3,631,149
Changes of assumptions	-	-	-	(69,026)	-
Differences between expected and actual experience	-	(1,015,494)	(109,269)	(1,314,051)	(1,091,421)
Benefit payments, including refunds of employee contributions	<u>(2,024,298)</u>	<u>(2,014,839)</u>	<u>(2,554,008)</u>	<u>(2,654,524)</u>	<u>(2,848,964)</u>
Net Change in total pension liability	2,371,892	1,480,099	1,880,772	546,756	615,468
Plan total pension liability - beginning	<u>47,018,522</u>	<u>49,390,414</u>	<u>50,870,513</u>	<u>52,751,285</u>	<u>53,298,041</u>
Plan total pension liability - ending	<u>\$ 49,390,414</u>	<u>\$ 50,870,513</u>	<u>\$ 52,751,285</u>	<u>\$ 53,298,041</u>	<u>\$ 53,913,509</u>
Plan Fiduciary Net Position					
Contributions - employer	\$ 962,453	\$ 938,862	\$ 901,358	\$ 654,603	\$ 652,943
Contributions - employee	519,729	515,006	492,294	481,420	484,459
Net investment income	6,397,547	2,122,831	814,849	5,737,284	3,788,890
Benefit payments, including refunds of employee contributions	(2,024,298)	(2,014,839)	(2,554,008)	(2,654,524)	(2,848,964)
Administrative expense	(34,623)	(29,190)	(30,179)	(33,920)	(33,435)
Other changes	<u>337</u>	<u>(447)</u>	<u>(350)</u>	<u>(5,074)</u>	<u>(3,349)</u>
Net change in Plan fiduciary net position	5,821,145	1,532,223	(376,036)	4,179,789	2,040,544
Plan fiduciary net position - beginning	<u>40,759,591</u>	<u>46,580,736</u>	<u>48,112,959</u>	<u>47,736,923</u>	<u>51,916,712</u>
Plan fiduciary net position - ending	<u>\$ 46,580,736</u>	<u>\$ 48,112,959</u>	<u>\$ 47,736,923</u>	<u>\$ 51,916,712</u>	<u>\$ 53,957,256</u>
Plan Net Pension Liability (Asset) - ending	<u>\$ 2,809,678</u>	<u>\$ 2,757,554</u>	<u>\$ 5,014,362</u>	<u>\$ 1,381,329</u>	<u>\$ (43,747)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	94.31%	94.58%	90.49%	97.41%	100.08%
Covered Payroll	10,439,997	\$ 10,371,830	\$ 10,006,621	\$ 9,665,197	\$ 10,289,245
Plan Net Pension Liability (Asset) as a Percentage of Covered Payroll	26.91%	26.59%	50.11%	14.29%	-0.43%

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

	<u>Schedule of School Board Contributions</u>				
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Contractually Required Contribution	\$ 933,943	\$ 895,436	\$ 630,513	\$ 659,089	\$ 507,841
Contributions in Relation to Contractually Required Contribution	<u>933,943</u>	<u>895,436</u>	<u>630,513</u>	<u>659,089</u>	<u>507,841</u>
Contribution Excess	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's Covered Payroll	\$ 10,371,830	\$ 10,006,621	\$ 9,665,197	\$ 10,289,245	\$ 10,363,973
Contributions as a Percentage of Covered Payroll	9.00%	9.00%	7.00%	6.00%	5.00%

Notes to Schedule:

Actuarially determined contributions are developed using the entry age normal 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:

Actuarial cost method	Entry age normal cost method
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

The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to a more current mortality table - RP-2014 project to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change

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 Changes in Net Pension Liability and Related Ratios

	2014	2015	2016	2017	2018	2019
Total pension liability						
Service Cost	\$ 159,179	\$ 103,547	\$ 93,753	\$ 83,958	\$ 69,158	\$ 54,357
Interest	227,498	249,514	217,870	164,265	138,494	121,548
Differences between expected and actual experience	1,484,614	-	(689,366)	-	110,861	-
Changes in assumptions	-	-	-	-	13,671	-
Benefit payments, including refunds of employee contributions	(1,127,237)	(1,246,022)	(1,248,767)	(1,039,304)	(900,129)	(703,012)
Net Change in total pension liability	744,054	(892,961)	(1,626,510)	(791,081)	(567,945)	(527,107)
Plan total pension liability - beginning	6,904,383	7,648,437	6,755,476	5,128,966	4,337,885	3,769,940
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>	<u>\$ 3,769,940</u>	<u>\$ 3,242,833</u>
Plan fiduciary net position						
Contributions - employer	\$ -	\$ 1,000,000	\$ 1,100,000	\$ 1,202,536	\$ 1,200,000	\$ 1,000,000
Net investment income	2,195	292	8,773	7,819	5,752	9,533
Benefit payments, including refunds of employee contributions	(1,127,237)	(1,246,022)	(1,248,767)	(1,039,304)	(900,129)	(703,012)
Administrative expense	(1,302)	-	-	-	-	-
Net change in Plan fiduciary net position	\$ (1,126,344)	\$ (245,730)	\$ (139,994)	\$ 171,051	\$ 305,623	\$ 306,521
Plan fiduciary net position - beginning	2,288,629	1,162,285	916,555	776,561	947,612	1,253,235
Plan fiduciary net position - ending	<u>\$ 1,162,285</u>	<u>\$ 916,555</u>	<u>\$ 776,561</u>	<u>\$ 947,612</u>	<u>\$ 1,253,235</u>	<u>\$ 1,559,756</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>	<u>\$ 2,516,705</u>	<u>\$ 1,683,077</u>
Plan fiduciary net position as a percentage of the total pension liability	15.20%	13.57%	15.14%	21.85%	33.24%	48.10%
Covered employee payroll	\$ 13,900,000	\$ 13,900,000	\$ 12,200,000	\$ 12,200,000	\$ 7,827,462	\$ 7,827,462
Plan net position liability as a percentage of covered payroll	46.66%	42.01%	35.68%	27.79%	32.15%	21.50%

Notes to Schedule:

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

	2014	2015	2016	2017	2018	2019
Annual money-weighted rate of return	0.12%	0.05%	0.89%	0.48%	0.80%	1.04%

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

	2014	2015	2016	2017	2018	2019 *
Actuarially Determined Contribution	\$ 1,397,361	\$ 1,841,364	\$ 1,600,000	\$ 1,192,570	\$ 932,769	\$ 695,495
Contributions in Relation to Contractually Required Contribution	-	1,000,000	1,100,000	1,202,536	1,200,000	1,000,000
Contribution Deficiency (Excess)	\$ 1,397,361	\$ 841,364	\$ 500,000	\$ (9,966)	\$ (267,231)	\$ (304,505)
Covered Employee Payroll	\$ 13,900,000	\$ 13,900,000	\$ 12,200,000	\$ 12,200,000	\$ 7,827,462	\$ 7,827,462
Contributions as a Percentage of Covered Payroll	10.05%	13.25%	13.11%	9.78%	11.92%	12.78%

Notes to Schedule:

Actuarially determined contributions are developed using the entry age normal 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.

*Prior to 2019, the contributions as a percentage of covered-payroll were calculated based on the actuarially determined contribution. Starting in 2019, it was calculated using the actual contributions made.

The following changes were made to the actuarial assumptions since July 1, 2016 (the prior valuation):

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2000 project to 2020
Assumed salary increase	Changed from 3.75% to 3.5%
Assumed terminated rates	Updated from rates previously provided in Virginia Retirement System reporting to the same termination rates reflected in the Virginia Retirement System Comprehensive Annual Financial Report for the Year Ended June 30, 2017 for teachers under Plan 1

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal cost method
Amortization method	Level Dollar
Amortization period	5 years
Asset valuation method	market value method
	3.5% per annum,
Projected salary increases	compounded annually
	3.5% per annum,
Investment rate of return	compounded annually
	RP-2000 Employee
	Mortality Table projected
Mortality- Pre Retirement	with Scale AA to 2020;
	then set back 3 years for
	males and set back 5 years
	for females
	RP-2000 Combined
	Mortality Table projected
Mortality- Post Retirement	with Scale AA to 2020;
	then set back 2 years for
	males and set back 3 years
	for females.

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>	<u>2018</u>	<u>2019</u>
Employer's proportion of the Net Pension Liability	0.114750%	0.168420%	0.135030%	0.072870%	0.076240%
Employer's proportionate share of the Net Pension Liability	\$ 355,000	\$ 357,477	\$ 396,328	\$ 375,677	\$ 371,426
Employer's covered payroll	210,844	165,528	113,567	61,469	62,698
Employer's proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	168.37%	215.96%	348.98%	611.16%	592.40%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	63.47%	63.31%	60.30%	64.00%	64.00%

Schedule of School Board Contributions

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Contractually Required Contribution	\$ 49,792	\$ 78,625	\$ 60,924	\$ 31,267	\$ 13,535
Contributions in Relation to Contractually Required Contribution	<u>49,792</u>	<u>78,625</u>	<u>60,924</u>	<u>31,267</u>	<u>13,535</u>
Contribution Excess	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's Covered Payroll	210,844	165,528	113,567	61,469	62,698
Contributions as a Percentage of Covered Payroll	23.62%	47.50%	53.65%	50.87%	21.59%

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**

Schedule of Changes in Total OPEB Liability and Related Ratios

	2018	2019
Total OPEB Liability		
Service Cost	\$ 3,226,190	\$ 3,387,500
Interest	721,357	823,011
Benefit payments	<u>(664,435)</u>	<u>(697,657)</u>
Net Change in total OBEB Liability	3,283,112	3,512,854
Plan total OBEB liability - beginning	<u>21,644,857</u>	<u>24,927,969</u>
Plan total OBEB liability - ending	<u><u>\$ 24,927,969</u></u>	<u><u>\$ 28,440,823</u></u>
 Covered employee payroll	 \$ 176,287,014	 \$ 182,064,076
Total OPEB liability as a percentage of covered payroll	14.14%	15.62%

Schedule of School Board Contributions

	2018	2019
Actuarially Determined Contribution	\$ 4,704,928	\$ 5,149,522
Contributions in Relation to Actuarially Required Contribution	<u>664,435</u>	<u>697,657</u>
Contribution Deficiency	<u><u>\$ 4,040,493</u></u>	<u><u>\$ 4,451,865</u></u>
 Covered employee payroll	 \$ 176,287,014	 \$ 182,064,076
Total Contributions as a Percentage of Covered Payroll	0.38%	0.38%

Note: Schedules are intended to show information for 10 years. Additional years will be included as they become available. No assets are accumulated in a trust that meets the requirements under GAAP to be considered an irrevocable trust.

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 - Teacher Employee Health Insurance Credit Program

Schedule of School Board's Proportionate Share of the Net HIC OPEB Liability

	<u>2017</u>	<u>2018</u>
Employer's Proportion of the Net HIC OPEB Liability	2.00564%	2.05190%
Employer's Proportionate Share of the Net HIC OPEB Liability	\$ 25,444,000	\$ 26,052,441
Employer's Covered Payroll	165,997,769	176,287,014
Employer's Proportionate Share of the Net HIC OPEB Liability as a Percentage of Covered Payroll	15.33%	14.78%
Plan Fiduciary Net Position as a Percentage of the Total HIC OPEB Liability	7.04%	8.08%

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

Schedule of School Board Contributions

	<u>2017</u>	<u>2018</u>	<u>2019</u>
Contractually Required Contribution	\$ 1,756,965	\$ 1,923,687	\$ 2,043,645
Contributions in Relation to Contractually Required Contribution	1,756,965	1,923,687	2,043,645
Contribution Excess	\$ -	\$ -	\$ -
Employer's Covered Payroll	\$ 165,997,769	\$ 176,287,014	\$ 182,064,076
Contributions as a Percentage of Covered Payroll	1.06%	1.09%	1.12%

Notes to Schedule:

Actuarially determined contributions are developed using the entry age normal 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:

Actuarial cost method	Entry Age Normal Actuarial Cost
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

The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to a more current mortality table - RP-2014 project to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change

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)
Virginia Retirement System - Group Life Insurance Program**

Schedule of School Board's Proportionate Share of the Net GLI OPEB Liability - Teachers

	<u>2017</u>	<u>2018</u>
Employer's Proportion of the Net GLI OPEB Liability	0.86623%	0.88397%
Employer's Proportionate Share of the Net GLI OPEB Liability	\$ 13,035,000	\$ 13,425,000
Employer's Covered Payroll	165,997,769	176,287,014
Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of Covered Payroll	7.85%	7.62%
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	48.86%	51.22%

Schedule of School Board's Proportionate Share of the Net GLI OPEB Liability - General Employees

	<u>2017</u>	<u>2018</u>
Employer's Proportion of the Net GLI OPEB Liability	0.05414%	0.54610%
Employer's Proportionate Share of the Net GLI OPEB Liability	\$ 815,000	\$ 829,000
Employer's Covered Payroll	9,665,197	10,289,245
Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of Covered Payroll	8.43%	8.06%
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	48.86%	51.22%

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

Schedule of School Board Contributions

	<u>2017</u>	<u>2018</u>	<u>2019</u>
Contractually Required Contribution	\$ 882,783	\$ 934,402	\$ 946,223
Contributions in Relation to Contractually Required Contribution	<u>882,783</u>	<u>934,402</u>	<u>946,223</u>
Contribution Excess	\$ -	\$ -	\$ -
Employer's Covered Payroll	\$ 9,665,197	\$ 10,289,245	\$ 10,363,973
Contributions as a Percentage of Covered Payroll	9.13%	9.08%	9.13%

Notes to Schedule:

Actuarially determined contributions are developed using the entry age normal 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:

Actuarial cost method	Entry Age Normal Actuarial Cost
Inflation rate	2.50%
Projected salary increases	
Teachers-	
	3.5% - 5.95% per annum, compounded annually
Locality - General employees	
	3.5% - 5.35% per annum, compounded annually
Investment rate of return	7.0% -net pension plan investment expense, including inflation

The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to a more current mortality table - RP-2014 project to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates - Teachers	Adjusted rates to better match experience
Disability Rates - Non -Largest Ten Locality Employers -General Employees	Lowered disability rates
Salary Scale	No change

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

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, 2019

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Assets:				
Cash on hand or in banks	\$ 1,451,461	1,528,129	1,451,461	1,528,129
Accounts receivable	4,066	5,845	4,066	5,845
Due from other governments	100,532	-	100,532	-
Due from General Fund	3,433,967	3,469,167	3,433,967	3,469,167
	<u>3,433,967</u>	<u>3,469,167</u>	<u>3,433,967</u>	<u>3,469,167</u>
Total assets	<u>\$ 4,990,026</u>	<u>5,003,141</u>	<u>4,990,026</u>	<u>5,003,141</u>
Liabilities:				
Accounts payable	119,495	110,110	119,495	110,110
Accrued liabilities	835,217	820,333	835,217	820,333
Amounts held for other organizations	4,035,314	4,072,698	4,035,314	4,072,698
	<u>4,035,314</u>	<u>4,072,698</u>	<u>4,035,314</u>	<u>4,072,698</u>
Total liabilities	<u>\$ 4,990,026</u>	<u>5,003,141</u>	<u>4,990,026</u>	<u>5,003,141</u>

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

Fiscal Year Ended June 30	Instruction	Administration	Attendance and Health	Pupil Transportation
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
2018	227,395,507	8,602,114	9,343,539	13,901,503
2019	234,604,825	9,624,343	9,859,460	14,385,405

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)**

General Fund Expenditures by Function (Unaudited)

Last Ten Fiscal Years

Nutrition Services	Operations and Maintenance	Facilities Services	Total Operating Expenditures
\$ -	\$ 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
70,062	27,614,280	146,538	287,073,543
68,962	28,667,996	26,826	297,237,817

**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

<u>Fiscal Year Ended June 30</u>	<u>City of Richmond</u>	<u>Commonwealth of Virginia</u>	<u>Federal Government</u>	<u>Other</u>	<u>Total</u>
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
2018	158,975,683	132,022,970	469,730	2,924,053	294,392,436
2019	156,721,265	129,091,995	501,022	1,871,053	288,185,335

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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Current, other assets and deferred outflows	\$ 80,308,938	\$ 70,088,402	\$ 62,994,039	\$ 79,048,141	\$ 66,029,831	\$ 94,133,386	\$ 120,113,784	\$ 144,821,329	\$ 132,537,121	\$ 118,588,914
Capital assets, net	<u>11,170,412</u>	<u>10,448,482</u>	<u>11,408,373</u>	<u>11,699,896</u>	<u>12,061,538</u>	<u>17,900,970</u>	<u>17,784,205</u>	<u>17,621,119</u>	<u>18,841,221</u>	<u>17,627,911</u>
Total assets and deferred outflows	<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>	<u>162,442,448</u>	<u>151,378,342</u>	<u>136,216,825</u>
Long-term liabilities	33,802,634	37,400,886	42,394,825	43,428,783	44,545,513	299,417,562	322,389,011	351,814,284	330,188,103	326,517,821
Other liabilities and deferred inflows	<u>48,631,970</u>	<u>33,949,813</u>	<u>38,501,498</u>	<u>46,499,337</u>	<u>48,284,858</u>	<u>95,720,679</u>	<u>86,854,394</u>	<u>78,438,709</u>	<u>102,087,706</u>	<u>93,201,214</u>
Total liabilities and deferred inflows	<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>	<u>430,252,993</u>	<u>432,275,809</u>	<u>419,719,035</u>
Net Position										
Net investment in capital assets	4,563,292	4,246,856	5,231,490	5,933,816	6,564,752	6,185,885	7,340,267	8,506,298	13,697,500	13,118,462
Restricted	8,482,385	7,293,362	7,716,548	7,163,762	5,466,168	7,466,678	7,556,462	6,216,180	10,371,005	10,365,712
Unrestricted	<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>	<u>(282,533,023)</u>	<u>(304,965,972)</u>	<u>(306,986,384)</u>
Total net position	<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>	<u>\$ (267,810,545)</u>	<u>\$ (280,897,467)</u>	<u>\$ (283,502,210)</u>

Source: Department Finance-Comprehensive Annual Financial Report

Table 4

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

Changes in Net Position (unaudited)

Last Ten Fiscal Years

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental Activities:										
Instruction	\$ 252,709,931	\$ 234,433,357	\$ 256,715,702	\$ 248,793,093	\$ 241,275,324	\$ 248,355,694	\$ 252,484,468	\$ 270,858,988	\$ 273,780,265	\$ 274,808,115
Support Services:										
Administration	7,111,413	7,144,859	7,199,283	7,523,707	7,286,658	7,100,438	7,056,032	8,233,311	8,727,557	9,983,574
Attendance and Health	7,574,018	7,397,645	7,560,791	7,025,854	6,838,649	8,813,459	9,266,650	9,575,303	9,811,064	10,321,994
Nutrition Services	10,893,806	11,447,257	12,300,932	12,935,055	12,187,901	13,938,935	15,583,098	17,019,464	17,444,128	18,372,198
Pupil Transportation	10,713,703	10,791,692	13,067,688	13,017,562	13,085,753	13,183,819	15,553,132	15,399,783	14,977,506	15,478,318
Operations and Maintenance	30,130,034	30,774,255	29,976,859	26,928,277	27,641,138	28,886,797	27,597,089	28,362,353	28,902,254	29,317,595
Facilities services	7,301,134	7,611,884	5,462,937	3,088,205	2,239,173	4,690,014	7,461,333	10,880,133	8,136,218	5,699,291
Total Support Services	73,724,108	75,167,592	75,568,490	70,518,660	69,279,272	76,613,462	82,517,334	89,470,347	87,998,727	89,172,970
Interest on long-term debt	-	-	469,342	337,767	304,556	296,374	293,133	309,684	224,036	238,239
Total School Board	\$ 326,434,039	\$ 309,600,949	\$ 332,753,534	\$ 319,649,520	\$ 310,859,152	\$ 325,265,530	\$ 335,294,935	\$ 360,639,019	\$ 362,003,028	\$ 364,219,324
Program Revenues										
Governmental Activities:										
Charges for services:										
Instruction	\$ 1,201,590	\$ 1,070,017	\$ 1,190,286	\$ 1,090,847	\$ 969,978	\$ 1,130,571	\$ 1,018,931	\$ 1,617,774	\$ 1,659,775	\$ 719,312
Support Services	2,046,665	1,691,216	1,713,212	1,579,377	1,538,989	838,434	923,464	861,295	797,242	659,822
Operating Grants and Contributions	101,290,648	106,820,664	111,223,459	108,114,524	101,575,153	107,632,147	114,437,351	122,267,343	126,650,477	115,168,411
Capital Grants and Contributions	6,695,973	6,072,480	5,717,528	3,782,000	771,000	7,050,000	8,326,632	9,000,000	6,165,326	6,131,000
Total School Board	111,234,876	115,654,377	119,844,485	114,566,748	104,855,120	116,651,152	124,706,378	133,746,412	135,272,820	122,678,545
Total Net (expense)/revenue	\$ (215,199,163)	\$ (193,946,572)	\$ (212,909,049)	\$ (205,082,772)	\$ (206,004,032)	\$ (208,614,378)	\$ (210,588,557)	\$ (226,892,607)	\$ (226,730,208)	\$ (241,540,779)
General Revenues										
Intergovernmental aid not restricted to specific purposes:										
City of Richmond, Virginia	\$ 127,102,268	\$ 124,234,268	\$ 123,756,791	\$ 129,443,723	\$ 129,972,012	\$ 137,219,584	\$ 145,999,656	\$ 151,521,909	\$ 158,976,674	\$ 156,721,509
Commonwealth of Virginia	74,016,676	65,358,815	67,418,227	70,919,364	71,249,521	76,291,517	75,676,771	78,423,498	81,182,372	81,911,829
Federal Government	10,329,484	1,994,626	5,611,358	-	-	-	-	-	-	-
Other	599,363	199,194	442,577	333,617	923,476	396,866	670,599	482,071	427,439	302,698
Total General Revenues	212,047,791	191,786,903	197,228,953	200,696,704	202,145,009	213,907,967	222,347,026	230,427,478	240,586,485	238,936,036
Change in Net Position	\$ (3,151,372)	\$ (2,159,669)	\$ (15,680,096)	\$ (4,386,068)	\$ (3,859,023)	\$ 5,293,589	\$ 11,758,469	\$ 3,534,871	\$ 13,856,277	\$ (2,604,743)

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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Non-Spendable	\$ -	\$ 7,298,472	\$ 833,669	\$ 2,355,222	\$ 322,440	\$ 581,221	\$ 234,365	\$ 288,132	\$ 322,120	\$ 25,400
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	18,037,409	4,924,195
Unassigned	-	5,229,325	559,026	3,800,248	6,470,566	4,993,322	8,343,982	1,570,616	417,008	974,584
Reserved	13,997,878	-	-	-	-	-	-	-	-	-
Unreserved	7,470,096	-	-	-	-	-	-	-	-	-
Total General Fund	21,467,974	27,051,095	15,302,955	12,654,370	10,960,917	9,899,112	16,091,427	24,428,754	18,776,537	5,924,179
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	1,495,454	1,625,998
Restricted	-	4,491,024	2,786,287	2,274,679	3,082,024	5,076,314	5,108,338	3,710,789	5,733,428	5,261,447
Assigned	-	8,059,640	6,739,621	6,128,483	4,330,268	6,348,369	6,445,142	5,040,229	9,147,854	9,092,890
Unassigned	-	(4,491,024)	(1,313,249)	(1,243,903)	(1,764,136)	(2,876,732)	(3,548,456)	(1,390,854)	(2,286,768)	(2,185,191)
Reserved	7,061,025	-	-	-	-	-	-	-	-	-
Unreserved, reported in:										
Grants Fund	(1,284,438)	-	-	-	-	-	-	-	-	-
Nutrition Services	1,409,130	-	-	-	-	-	-	-	-	-
Capital Project Funds	3,023,277	-	-	-	-	-	-	-	-	-
Total All Other Governmental Funds	10,208,994	8,970,494	9,189,586	8,194,538	6,784,056	9,742,070	9,218,319	8,923,485	14,089,968	13,795,144
Total Fund Balances	\$ 31,676,968	\$ 36,021,589	\$ 24,492,541	\$ 20,848,908	\$ 17,744,973	\$ 19,641,182	\$ 25,309,746	\$ 33,352,239	\$ 32,866,505	\$ 19,719,323

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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Intergovernmental	\$ 317,618,827	\$ 303,330,008	\$ 312,947,802	\$ 311,670,353	\$ 303,250,480	\$ 327,923,549	\$ 343,606,068	\$ 360,203,846	\$ 372,407,572	\$ 359,600,446
Donations and special gifts	1,637,511	1,185,296	810,899	587,521	512,600	372,075	955,472	1,086,786	579,695	349,666
Charges for goods and services	3,298,844	2,810,910	3,015,731	2,696,059	2,555,772	2,065,644	1,981,205	1,681,872	1,154,742	1,249,226
Investment income	92,591	50,184	88,879	76,516	122,218	5,300	17,693	121,873	369,894	163,875
Other	1,272,601	845,588	881,947	870,724	1,396,041	899,470	2,138,992	2,515,170	2,758,366	1,671,510
Total Revenues	<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>	<u>377,270,269</u>	<u>363,034,723</u>
Expenditures										
Instruction	252,038,755	231,690,122	254,243,955	247,840,612	241,002,535	252,095,683	259,646,218	267,031,185	286,085,137	286,263,966
Support services	65,602,332	66,670,892	69,293,359	66,562,486	66,743,743	70,897,040	73,494,685	78,492,157	78,977,771	82,859,465
Capital outlay	13,350,647	7,264,197	5,359,907	4,393,138	2,569,215	11,657,340	8,229,859	10,404,913	8,497,959	6,185,964
Debt service:										
Interest	-	436,262	469,342	337,767	304,556	368,809	388,955	309,684	224,036	238,238
Principal	-	-	24,743	410,803	320,997	907,763	1,271,149	1,329,115	4,700,534	634,272
Total Expenditures	<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>	<u>378,485,437</u>	<u>376,181,905</u>
Excess (deficiency) of revenues over (under) expenditures	(7,071,360)	2,160,513	(11,646,048)	(3,643,633)	(3,103,935)	(4,660,597)	5,668,564	8,042,493	(1,215,168)	(13,147,182)
Other Financing sources (uses)										
Transfers in	1,743,827	1,591,405	1,734,512	1,758,786	1,579,288	2,492,818	6,266,477	6,428,569	17,164,570	8,143,379
Transfers out	(1,743,827)	(1,591,405)	(1,734,512)	(1,758,786)	(1,579,288)	(2,492,818)	(6,266,477)	(6,428,569)	(17,164,570)	(8,143,379)
Capital Lease	6,201,626	-	-	-	-	6,556,806	-	-	729,434	-
Total other financing sources, net	<u>6,201,626</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,556,806</u>	<u>-</u>	<u>-</u>	<u>729,434</u>	<u>-</u>
Net change in fund balances	<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>	<u>\$ (485,734)</u>	<u>\$ (13,147,182)</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
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	13,567
2017-2018	14,497
2018-2019	14,494 ⁽²⁾

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

⁽²⁾ As projected on Table 15 of the FY19 Annual School Report

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
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	21,368	22,927	93.2%
2018	21,504	23,048	93.3%
2019**	20,226	21,558	93.8%

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

** As reported on the 2018-2019 End-of-Year Financial Verification Report; excluding enrollment in Virtual Program

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
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%
2017 - 2018	22,798	22,798	100.0%	-	0.0%	22,798	100.0%
2018 - 2019	22,516	22,516	100.0%	-	0.0%	22,516	100.0%

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

Table 10

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

**Full-Time Equivalent Employees by Function (u audited)
Last Ten Fiscal Years**

Function	Fiscal Year									
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019*</u>
Instruction ⁽¹⁾	2,696.5	2,937.0	2,934.0	2,806.0	2,814.0	2,976.0	3,123.0	3,203.0	2,923.0	2,785.7
Support Services:										
Administration, Attendance & Health	206.5	229.5	202.0	198.0	181.0	212.0	215.0	235.0	236.0	227.8
Nutrition Services	160.0	160.5	163.0	158.0	145.0	143.0	151.0	150.0	151.0	141.0
Pupil Transportation	242.9	227.0	239.0	256.0	271.0	267.0	223.0	233.0	248.0	228.0
Operations & Maintenance	399.0	398.0	387.0	379.0	326.0	297.0	284.0	283.0	283.0	291.0
Facilities	1.0	2.5	4.0	4.0	5.0	3.0	3.0	2.0	1.0	1.0
Technology	51.0	50.0	52.0	50.0	48.0	47.0	45.0	47.0	40.0	50.0
Other instructional and support service personnel ⁽²⁾	<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>	<u>210.0</u>	<u>226.7</u>
Total	<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>4,346.0</u>	<u>4,092.0</u>	<u>3,951.2</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 - Reported on the 2018-2019 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
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
2016 - 2017	1,427.7	48,270	738.1	50,644	2,165.8	49,079
2017 - 2018	1,244.0	51,104	1,028.0	56,001	2,272.0	50,306
2018 - 2019	1,125.8	52,126	1,082.0	57,121	2,207.8	51,312

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

Source: Fiscal Years before 2017-2018 - Virginia Department of Education, Annual School Report, Table #

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
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	1,350.7	15,742	11.7	691.9	6,802	9.8
2017-2018	1,194.0	15,762	13.2	1,028.0	6,853	6.7
2018-2019 ⁽¹⁾	1,069.8	15,939	14.9	1,022.0	5,619	5.5

* Classroom Teachers, Homebound Teachers Media and Technology Instructional Teachers; 2018-2019 does not include Guidance Counselors and Librarians

⁽¹⁾ Membership as reported on the 2018-2019 End-of-Year Financial Verification Report; excluding enrollment in Virtual Program

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
<u>Middle Schools</u>						
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
<u>High Schools</u>						
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
<u>Exceptional education schools</u>						
Amelia	1959	58	1991	33,908	18	360
Total					18	360
<u>Vocational and Alternative Schools</u>						
Richmond Alternative School (RAS)	1924	93	1983	80,643	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	Accredited Pending Review of Alternative Accreditation Plan
2 Amelia Street Special Education	Accredited with Conditions
3 Armstrong High	Accredited with Conditions
4 Barack Obama Elementary	Accredited
5 Bellevue Elementary	Accredited
6 Binford Middle	Accredited with Conditions
7 Blackwell Elementary	Accredited with Conditions
8 Broad Rock Elementary	Accredited
9 Chimborazo Elementary	Accredited with Conditions
10 E.S.H. Greene Elementary	Accredited
11 Elizabeth D. Redd Elementary	Accredited
12 Elkhardt Thompson Middle	Accredited with Conditions
13 Fairfield Court Elementary	Accredited
14 Franklin Military Academy	Accredited
15 G.H. Reid Elementary	Accredited
16 George Mason Elementary	Accredited with Conditions
17 George W. Carver Elementary	Accredited with Conditions
18 George Wythe High	Accredited with Conditions
19 Ginter Park Elementary	Accredited with Conditions
20 Henderson Middle	Accredited with Conditions
21 Huguenot High	Accredited with Conditions
22 J.B. Fisher Elementary	Accredited
23 J.L. Francis Elementary	Accredited with Conditions
24 John B. Cary Elementary	Accredited
25 John Marshall High	Accredited with Conditions
26 Linwood Holton Elementary	Accredited
27 Lucille M. Brown Middle	Accredited with Conditions
28 Martin Luther King Jr. Middle	Accredited with Conditions
29 Mary Munford Elementary	Accredited
30 Miles Jones Elementary	Accredited with Conditions
31 Oak Grove/Bellemeade Elementary	Accredited with Conditions
32 Open High	Accredited
33 Overby-Sheppard Elementary	Accredited with Conditions
34 Patrick Henry School Of Science And Arts	Accredited
35 Richmond Alternative Education	Accredited Pending Review of Alternative Accreditation Plan
36 Richmond Career Education and Employment (Charter School)	Accredited
37 Richmond Community High	Accredited
38 Southampton Elementary	Accredited
39 Swansboro Elementary	Accredited with Conditions
40 Thomas C. Boushall Middle	Accredited with Conditions
41 Thomas Jefferson High	Accredited with Conditions
42 Westover Hills Elementary	Accredited
43 William Fox Elementary	Accredited
44 Woodville Elementary	Accredited with Conditions

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

Governmental Activities ⁽²⁾		Per Capita Personal Income ⁽³⁾	Percent of Personal Income	Population ⁽³⁾	Debt Per Capita
Fiscal Year	Capital leases				
2017	\$ 9,114,822	41,187	0.5%	227,032	\$ 40.1
2018	5,143,721	N/A	N/A	N/A	N/A
2019	4,509,449	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 Available
(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

Table 17



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

	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	11,600,000	12,143,357	11,600,000	12,621,480	13,244,050	13,045,156	13,045,157
Interest and Fiscal Changes	<u>25,030,424</u>	<u>23,925,766</u>	<u>20,204,271</u>	<u>21,418,947</u>	<u>18,648,049</u>	<u>19,800,000</u>	<u>26,100,820</u>	<u>22,885,035</u>	<u>26,591,694</u>	<u>27,522,522</u>
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	--	--	--	--	--	--	--	<u>12,178,193</u>	<u>11,329,861</u>	<u>10,734,673</u>
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	<u>12,566,194</u>	<u>5,228,211</u>	<u>5,545,450</u>	<u>7,312,467</u>	<u>8,364,411</u>	<u>26,780,248</u>	<u>35,250,158</u>	<u>44,185,991</u>	<u>41,047,136</u>	<u>33,089,807</u>
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	11,330,268	11,137,971	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>69,311,339</u>	<u>62,098,902</u>	<u>71,266,435</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 Available
(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>
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
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	522,578	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 Available
(accrual basis of accounting)

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
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	\$ 451,012,546	\$ 425,152,613	\$ 432,985,894	\$ 428,529,872	\$ 426,873,003	\$ 438,572,810	\$ 426,669,126	\$ 450,410,332	\$ 461,085,676	\$ 485,236,643

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 Available
 (modified accrual basis of accounting)

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund:										
Nondisposable	\$ --	\$ --	\$ --	\$ 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:										
Nondisposable	\$ --	\$ --	\$ --	\$ 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 Available
(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 Available
(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
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
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 Available
(modified accrual basis of accounting)

Calendar Year	Real Property		Personal Property	Machinery & Tools	Less: Tax Exempt Real Property	Total Taxable Assessed Value	Tax Rate Per \$100 of Assessed Value			Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property					Real Property	Personal Property	Machinery & Tools		
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 Available

<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 Available

<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 & RHODS	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%	SIW 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%	HRPL 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 Tax payers	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
FY2017 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%
Market 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 Available**

Fiscal Year	Gross Revenue	Less:		Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
		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 Available**

	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 Available**

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 Available**

Virginia Public							Percentage of Estimated Actual Taxable		
Fiscal Year	General Obligation Bonds	School Authority Bonds	General Obligation Notes	HUD Section 108 Notes	Lease Revenue Bond	Certificates of Participation Series 2001A	Total	Value of Property	Debt Per Capita
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 Available**

Fiscal		Personal Income	Per Capita			City	State
Year	Population(1)	(Amounts expressed in thousands)	Personal Income(2)	Median Age	School Enrollment(3)	Unemployment Rate(4)	Unemployment Rate(4)
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 Available

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 Available**

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 Available**

	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 Course)	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 equal opportunities and treatment of all individuals regardless of sexual orientation. The Section 504 Coordinator is the Assistant Superintendent of Exceptional Education and Student Services, Richmond Public Schools, 301 North Ninth Street, Richmond, Virginia 23219, (804) 780-7911. The ADA Coordinator is the Assistant Superintendent, Operations, 301 N. Ninth St., 17th Floor, Richmond, VA 23219, (804) 780-7707. The Title IX Officer is the Chief of Staff, 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) 401-2000 or 1-800-872-5327.

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