



COMPREHENSIVE ANNUAL FINANCIAL REPORT

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

For the Fiscal Year Ended June 30, 2015



Richmond Public Schools • Richmond, Virginia

RICHMOND PUBLIC SCHOOLS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2015

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THE SCHOOL BOARD OF THE CITY OF RICHMOND
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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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
- Awards for excellence in financial reporting



SCHOOL BOARD OF THE CITY OF RICHMOND

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

MEMBERS

As of June 30, 2015

July 12, 2016

THE HONORABLE:

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

DONALD L. COLEMAN
DISTRICT 7
CHAIR

KRISTEN N. LARSON
DISTRICT 4
VICE CHAIR

GLEN H. STURTEVANT, JR.
DISTRICT 1

KIMBERLY B. GRAY
DISTRICT 2

JEFFREY M. BOURNE
DISTRICT 3

MAMIE L. TAYLOR
DISTRICT 5

SHONDA M. HARRIS-
MUHAMMED
DISTRICT 6

DERIK E. JONES
DISTRICT 8

TICHI L. PINKNEY EPPES
DISTRICT 9

The Comprehensive Annual Financial Report (CAFR) of the School Board of the City of Richmond, Virginia (the School Board) for the fiscal year ended June 30, 2015 is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with management of the School Board. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations of the various funds and account groups of the School Board. All disclosures necessary to enable the reader to gain an understanding of the School Board's financial activities are included.

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

The School Board is required to undergo an annual single audit in conformity with provisions of the Single Audit Act 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 over 23,000 students, representing the region's diverse socioeconomic mix. RPS is comprised of three preschool centers, 25 elementary schools (with one annex building); one charter elementary school, 7 middle schools, 5 comprehensive high schools and 3 specialty schools (Franklin Military Academy, Open High School, Richmond Community High School); 1 school serving students with exceptional needs (Amelia Street); three programs for students with exceptional needs (REAL located at Henderson MS, Thirteen Acres at Carver ES, and RCEA Charter at Wythe HS); one career & technical education school, the Richmond Technical Center (RTC); and two alternative education schools. U.S. News and World Report ranked Richmond Community and Open high schools among the state's top public high schools. And, Franklin Military Academy stands as the nation's first public military school.

The district also operates two regional Governor's School Programs. Gifted and talented students are served by SPACE (Special Program for Academic and Creative Excellence) at the elementary and middle school levels, and by advanced placement and dual enrollment courses at the high school level. Academically advanced students may also earn the prestigious International Baccalaureate (IB) diploma at Thomas Jefferson High School or apply to attend either the Maggie L. Walker Governor's School for Government and International Studies or the Appomattox Governor's School for the Arts and Technology.

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

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

The Maggie L. Walker Governor's School for Government and International Studies (the Governor's School). The Governor's School operates as an educational consortium and provides specialized and gifted training for students of participating cities and counties throughout central and southern Virginia. A separate governing board includes one member from each of the participating localities. The School Board does not have a continuing financial interest in the Governor's School.

The MathScience Innovation Center (the Center). The Center operates as an educational consortium and provides specialized training to students and teachers of area jurisdictions. A separate board that includes two officials from each of the participating jurisdictions governs the Center. The School Board does not have a continuing financial interest in the Center.

The School Activity Funds are reported as an Agency Fund. Virginia State Department of Education regulations restrict the uses of and accounting for School Activity Funds. Employees of the School Board are responsible for the management of these funds; however the School Board does not have a continuing financial interest in the School Activity Funds.

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

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

ECONOMIC CONDITION AND OUTLOOK

LOCAL ECONOMY

Richmond is located in the eastern-central part of the state of Virginia 100 miles from the nation's capital. The quality of life in the City offers a low cost of living, pleasant climate, unique architecture, and an average 24-minute commute between the surrounding jurisdictions in the Greater Richmond Region to its estimated 1.26 million citizens (2014 U.S. Census Bureau Annual Estimates of Resident Population).

Three outstanding higher educational institutions are located in Richmond: Virginia Commonwealth University, a public university with a student population over 33,000 and the East Coast's largest, most comprehensive medical school; University of Richmond, a private liberal arts university with rankings such as one of the top business programs in the country and best liberal arts colleges in the nation; and Virginia Union University, a private university which offers a well-rounded education in liberal arts, teaching and civic engagement. Additionally, J. Sargeant Reynolds, the state's third largest community college, also has a downtown academic campus that provides one and two-year occupational and technical programs in a number of allied health, business, and community service areas, as well as college transfer programs in liberal arts, business, education, science, and computer science.

As of June 30, 2015, the three national credit agencies, Moody's Investor Service, Fitch Ratings, and Standard & Poor's, rank Richmond in the "AA2" or "AA+" investment grade category, which is considered "very strong". The City's ratings are either one or two notches away from "AAA", the highest possible credit rating

Demographics

The City's population, as estimated by the U.S. Census Bureau, is approximately 217,853, and is 41% White, 51% African-American, 6% Hispanic and 2% other and mixed race (data as of 2010 Census count). The population of the City has grown by approximately 7% between April 2010 and July 2014. 82.4% of persons residing in Richmond are high school graduates or higher.

Employment

According to the U.S. Department of Labor Bureau of Labor Statistics, unemployment in the City is 5.3 percent compared to Virginia's seasonally adjusted unemployment rate of 4.9 percent as of June 2015. 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 2015, 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 2015, the City hosted the UCI Road World Cycling Championships, an internationally-renowned event that generated approximately \$169.8 million in economic impact to the Commonwealth of Virginia; netted the City \$161.5 million; hosted 645,000 on-site spectators; and, reached a global television audience of more than 300 million viewers.

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 2015, the City inked a deal with Stone Brewing Co.—the ninth-largest craft brewer in the United States with annual revenues of more than \$137 million—to establish a brewery and manufacturing plant in the Greater Fulton area. The brewery and distribution center, which sits atop a 14-acre campus, is expected to create approximately 300 new jobs for the area. Future expansions to the site include a restaurant and beer garden, which are expected to open in the coming years.

Additional Information

In the Statistical Section, Tables 1 through 16 are the financial trends and demographic information for Richmond Public Schools. Tables 17 through 31 illustrate financial trends, demographics, economic analyses, business and residential tax and assessment valuations and collection statistics that pertain to the City of Richmond, Virginia.

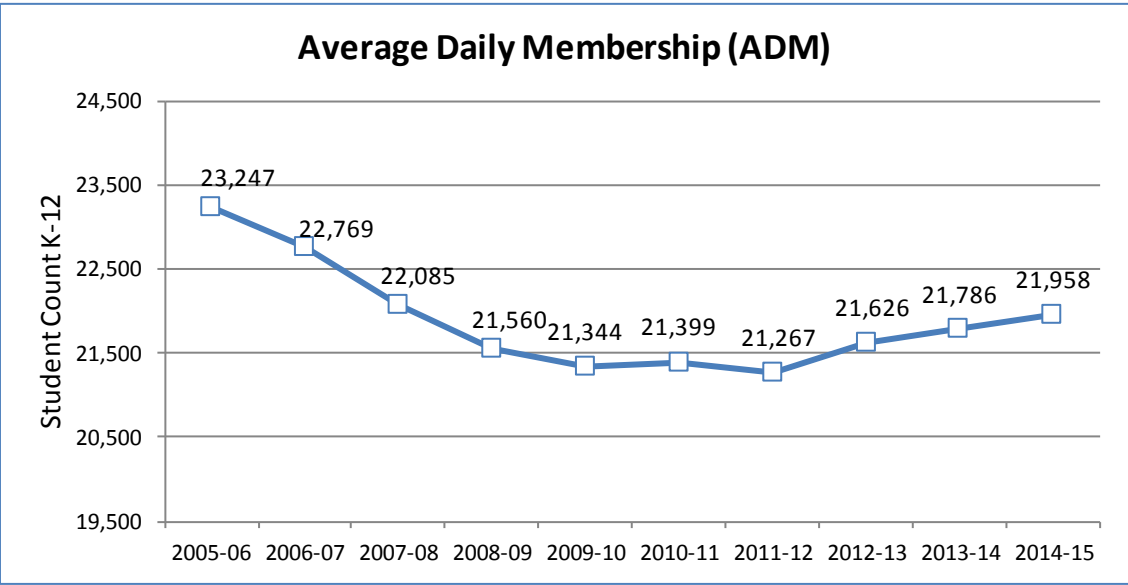
SCHOOL MEMBERSHIP

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 2014 membership totaled 23,957 students.

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

K-12 Average Daily Membership (ADM) is the total aggregate daily membership divided by the number of days school is in session. Virginia school divisions receive state funding based on their students' ADM as of March 31 of the fiscal year. The division's March 2015 ADM as reported to the Virginia Department of Education is 21958.

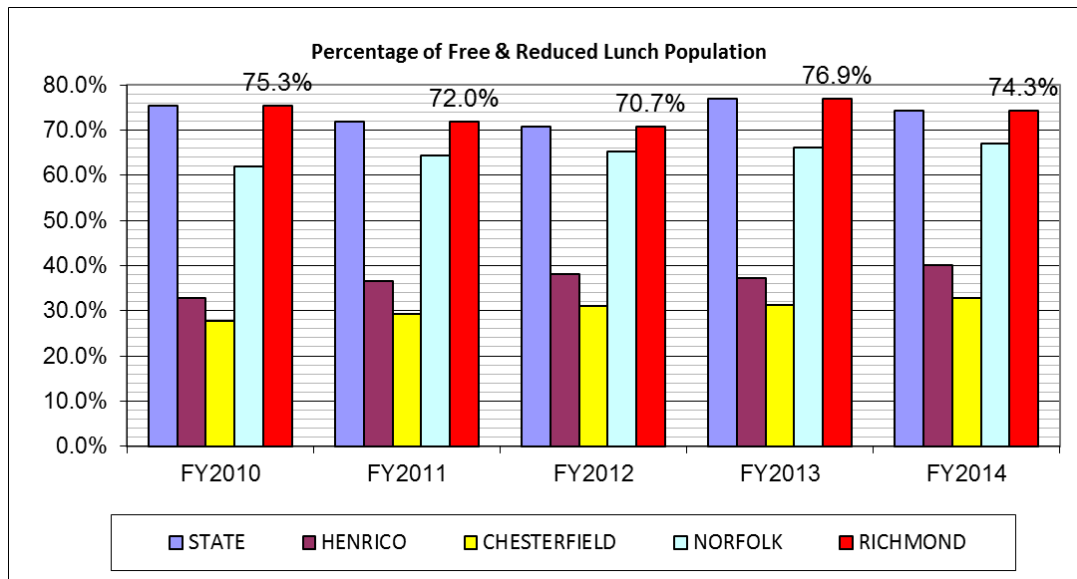


Special Education Services

Approximately 4,396 students qualify for special education services as reported to the Virginia Department of Education as of December 2015. The Richmond Special Education Advisory Committee works with the school board, administrators, parents, and teachers who are responsible for students receiving special education services.

Free and Reduced – Price Meals

Free and reduced lunch population is a measure of poverty. As reflected in the Department of Education’s February 15, 2014 report, 17,351 or 74.3% of RPS students receive subsidized meals under the Federal school lunch program. RPS applied and received approval to operate a Community Eligibility Provision (CEP) program effective July 1, 2014 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 transition period.



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 2014-2015, the school division SOL assessment results in English, mathematics, history and science are as follows: 59% pass rate in English-reading, 48% pass rate in English-writing, 72% pass rate in history and social science, a 62% pass rate in mathematics and a 66% pass rate in science. (Source: VDOE state report card.)

Division-wide, 17 of 44 schools, earned accreditation status based on student standards in English, mathematics, history and science on the SOLs testing program.

Graduation

The Virginia On-Time Graduation Rate expresses the percentage of students in a cohort who earned a Board of Education-approved diploma within four years of entering high school for the first time. The on-time graduation rate for Richmond City high schools for 2015 was 81.4 percent compared to the state's average of 89.9 percent.

Breaking the Cycle

Richmond Public Schools is committed to breaking the cycle to increase academic achievement and reduce gaps among all student groups to reach proficiency in academic standards. The goal is to help continue the journey of student success by developing and implementing a plan with a short-term and long-term impact that focuses on eight key metrics. A multiyear Academic Improvement Plan (AIP) was developed to show measurable increases in academic achievement for every student. The entire district is committed to demonstrating progress toward attaining AIP goals:

- Accreditation – 13.4% improvement in the percentage of schools and 54.5% increase in the number of accredited schools; 26 partially or fully accredited elementary schools, 6 partially or fully accredited middle schools and 6 fully accredited high schools
- Annual Measurable Objectives (AMO) – students improved 6 percentage points in English/reading with a pass rate of 59% and 7 percentage points in math with a pass rate of 62%
- Early Childhood Literacy – increased the number of students enrolled in Virginia Preschool Initiative (VPI) program by approximately 25% adding more than 200 preschoolers to the program
- Advanced Programs Participation (Dual Enrollment, PSAT/SAT, AP, and IB):
 - Dual enrollment increased by over 63% from 408 students to almost 670 students
 - PSAT/SAT participation increased by almost 15%, from 2294 students, with over 300 more students taking SAT
 - AP/IB participation increased by 13.4%
- On-Time Graduation Rate – increased from 80.5% to 81.4%
- Attendance – 93% average attendance rate
- Career and Technical Education (CTE) – number of CTE completers increased 17.1% from 263 students to 308 students.

MAJOR INITIATIVES

INSTRUCTION

Instruction and Curriculum Initiatives

Richmond Public Schools continues to move forward in its quest to continuously provide the most relevant and engaging curriculum and instructional materials for his students. To that end we have undertaken several initiatives geared toward preparing our students for the careers that will await them beyond graduation.

During the 2015-16 school year, we approved Computer Science and Spanish as fixed elective within our elementary schools. We are also launching MakerSpace and Children's Engineering initiatives at the elementary level as well. We also have the curriculum enhancement project that allowed teachers to collaborate in creating Curriculum, Pacing, and Resource (CPR) guides for each grade level in core area subjects.

In an effort to improve instructional capacity in our teaching staff, we modified the professional development provided to teachers. We created a system which allowed teachers to present on topic of interest to their peers. This peer learning was met with reviews of over 4.5/5 in every measured category. We also made a strategic effort to ensure teachers understood how to use the Google Apps for Education as we continue to meaningfully integrate technology into our curriculum.

FACILITIES

New School Facilities

As part of the “Building a Better Richmond” program, Phase 1 of the RPS Design & Construction Program consists of four schools: Broad Rock Elementary School, Oak Grove Elementary School, Martin Luther King, Jr. Middle School and Huguenot High School. Students, teachers, staff and administrators entered into Oak Grove and Broad Rock in January 2013, Martin Luther King, Jr. in January 2014, and Huguenot HS in January 2015. A new Preschool opened in September 2015.

RESOURCE ALLOCATION

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

For the sixth consecutive year, Richmond Public Schools faced tenuous revenue streams. Local revenue was \$137.2 million which included a \$7 million increase for capital maintenance and improvements, \$1.5 million for the return and operation of Truancy, and \$126 thousand for a sales tax increase. State revenues increased by \$5.1 million. The majority of the district’s state revenue originates from the Virginia Department of Education.

The general operating revenues were slated to increase by \$15.4 million, with the FY2015 revenue budget representing a 6.2% increase from the FY2014 adopted budget. The primary sources of revenue for the operating budget are the City and the Virginia Department of Education. The FY2015 state revenue is based on a projected March 31 average daily membership (ADM) in FY2015 of 21,845 students. The projected ADM does not include approximately 1,800 pre-k students.

The district was faced with mandatory increases to expenditures for FY2015. The Virginia Retirement System (VRS) began requiring school division employees to begin paying the 5% member contribution on a pre-tax salary reduction basis effective July 1, 2012. The legislation authorized during the 2012 General Assembly session includes a requirement for offsetting salary increases. School boards may elect to phase in the member contribution and corresponding salary increase for employees over the next five years. Employees hired or rehired on or after July 1, 2012 must pay the full 5% member contribution upon employment; no phase-in option is provided for these employees and school divisions are not required to provide an offsetting 5% salary increase. The FY2015 financial plan implemented the final 1% member contribution (to VRS) and a corresponding salary increase effective July 1, 2014. The VRS employer contribution rates also increased for FY2015.

Other mandatory increases were driven in part by federal sequestration which significantly reduced Individuals with Disability Education Act (IDEA) funds. RPS has the highest ratio of special needs population students in the state. While the state and federal funds decreased per pupil, the needs did not. Health care premiums increased by approximately 7%. Additionally, the division provided a 2% salary increase for Support and Administrative

positions and a 3% increase for Teachers and a text book adoption for the first time in 3 years, and a plan to replace aging buses.

Finally, the School Board exercised their fiduciary responsibility in identifying several areas for budget reductions to be able to achieve the initiatives described above as follows: eliminated sick leave payout for terminations, reduced contributions to retiree health care and retiree transition program.

FINANCIAL POLICIES

Internal Control

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

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

Budgetary Process and Controls

Budget Process and Development

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

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

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

III. School Board's Adopted Budget represents the School Board's adopted budget based on state funding levels and the appropriation ordinance adopted by City Council. The Mayor's recommendation is forwarded to the City Council, which must adopt the schools' appropriation by the Code of Virginia on or before May 15 of each year. Subsequent to the City Council's action, the School Board makes any required adjustments to balance the budget, which is adopted in May or June.

Budgetary Controls

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

Insurance and Risk Management

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

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

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

Cash Management

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

OTHER INFORMATION


Independent Audit

State statutes require an annual audit of the financial statements by independent certified public accountants selected by the School Board. Beyond meeting the requirement set forth in state statutes, the School Board's Single Audit was designed to meet the requirements of the Subpart F of the Uniform Grant Guidance. The auditors' report on the basic financial statements is included in the financial section of this report. The auditors' reports on internal controls and opinion on compliance with applicable laws, regulations, contracts and grant agreements can be found in a separately issued School Board Single Audit report.

ACKNOWLEDGEMENTS

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

Respectfully submitted,



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



Ralph L. Westbay
Assistant Superintendent for Financial Services

SCHOOL BOARD MEMBERS AND OFFICIALS

As of June 30, 2015

BOARD MEMBERS

Donald Coleman, Chair
District Seven

Kristen Larson, Vice-Chair
District Four

Glen Sturtevant
District One

Kimberly B. Gray
District Two

Jeffrey Bourne, Chair
District Three

Mamie Taylor
District Five

Shonda Harris-Muhammed
District Six

Derik Jones
District Eight

Tichi Pinkney Eppes
District Nine

OFFICIALS

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

Andrea Kane
Associate Superintendent of Academic Services

Ralph Westbay
Assistant Superintendent of Financial Services

Thomas Kranz
Assistant Superintendent of Support Services

D. Timothy Billups
Executive Director of Human Resources

Michelle Boyd, Ed.D.
Executive Director Exceptional Education and Student Services

Janice Garland
Executive Director of School Improvement

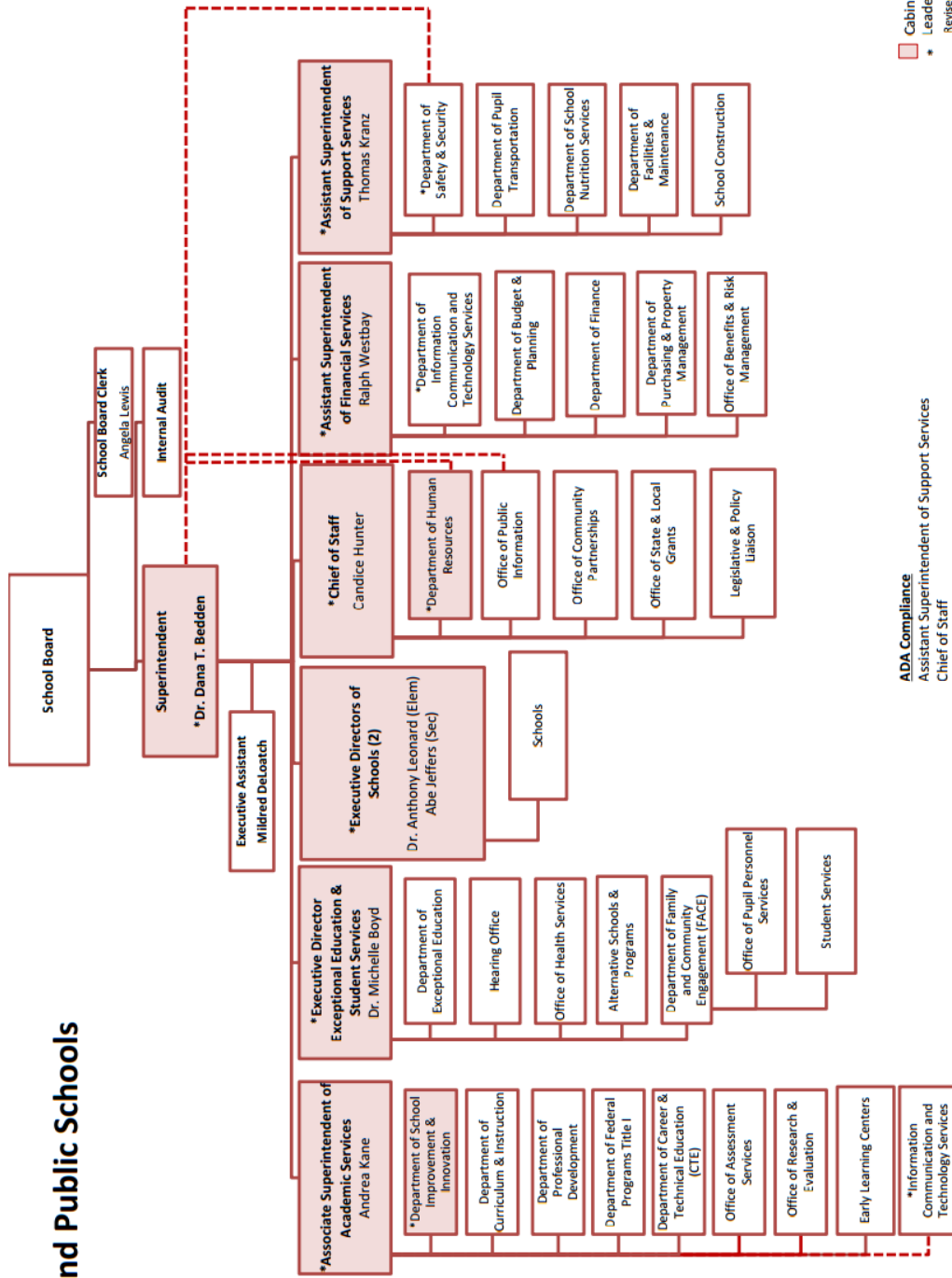
Abe Jeffers
Executive Director of Secondary Schools

Anthony Leonard, Ed.D.
Executive Director of Elementary Schools

Candice Hunter
Chief of Staff

Angela Lewis
Clerk of the School Board

Richmond Public Schools



Cabinet
* Leadership Team
Revised 11/16/15

ADA Compliance
Assistant Superintendent of Support Services
Chief of Staff



Financial Section

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



Report of Independent Auditor

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School Board of the City of Richmond, Virginia (the "School Board"), a component unit of the City of Richmond, Virginia, as of and for the year ended June 30, 2015, 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, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 18 to the basic financial statements, the School Board adopted the provisions of Governmental Accounting Standards Board (the "GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, effective July 1, 2014. As a result, related net position has been restated. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison and pension and other postemployment benefit information on pages 7-21, 76-80, and 81-88, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The Other Supplementary Information, page 91, and the Schedule of Expenditures of Federal Awards, which is presented in the Statistical Section on pages 100 and 101, are the responsibility of management and were derived from and relate 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 and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The Introductory and Statistical Sections, except as discussed in the preceding paragraph regarding the Schedule of Expenditures of Federal Awards, 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 July 11, 2016, on our consideration of the School Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Board's internal control over financial reporting and compliance.



Richmond, Virginia
July 11, 2016

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, 2015. 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 2015

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 less liabilities and deferred inflows) on a government-wide basis (i.e., for the School Board "taken as a whole") was \$(283.1) million at June 30, 2015, down \$(268.4) million from \$(14.7) million at June 30, 2014. Of the \$(283.1) million net position, \$7.4 million was restricted by outside parties (primarily for capital projects). RPS' investment in capital assets, net of related debt of approximately \$11.7 million primarily for 78 school buses, decreased \$379 thousand. The unrestricted deficit (after considering all School Board liabilities) is \$(296.7) million (see the discussion of unrestricted net position under "Government-wide Statements" beginning on page 9).
- Net position was impacted by to the required implementation of Governmental Accounting Standards Board Statement No. 68, "Accounting and Financial Reporting for Pensions, an Amendment of GASB 27" (GASB 68) and GASB Statement No 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date an amendment of GASB Statement No. 68". These new requirements required governments to report net pension liabilities on the government-wide financial statements. Net pension liabilities were \$249.2 million at year end, which is a decrease of \$45 million (15%) compared to net pension liabilities of \$294.2 million estimated in the prior year. The decrease in net pension liabilities is primarily due to the VRS teachers' cost-sharing pool (VRS Teachers' Pool) whose benefit and funding decisions are made by the Commonwealth. The School Board, therefore, has no ability to take actions on their own behalf to improve the funding position for their proportionate shares of the cost-sharing pool. Note 11 of the notes to the financial statements provide additional information regarding the pension plans.
- The School Board's total revenues of \$330.5 million in fiscal 2015 represented an increase of \$23.5 million (7.7%) compared to fiscal 2014 revenues of \$307 million. Total revenues consisted of program revenues, which increased by \$11.7 million, and general revenues, which increased by \$11.8 million. Of the \$11.7 million increase in total program revenues, state and federal operating grants accounted for an increase of \$6.0 million. Revenue from capital grants and contributions increased by \$6.2 million, due to an increase in City appropriations for school maintenance and improvements (see the "Summary of Government-wide Revenue" beginning on page 12 and the "Summary of Changes in Net Position" on page 14).

- The School Board's total expenses of \$325.2 million in fiscal 2015 represented an increase of \$14.4 million (4.6%) more than fiscal 2014 expenses of \$310.8 million. The increase in expenses primarily resulted from increases of \$7.0 million in instruction, \$2 million in attendance and health, \$1.7 million in nutrition services, \$1.3 million in operations and maintenance and \$2.5 million in facilities services (see the "Summary of Government-wide Expenses, by Function" on page 13; and the "Summary of Changes in Net Position" beginning on page 14).

FUND FINANCIAL STATEMENTS

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

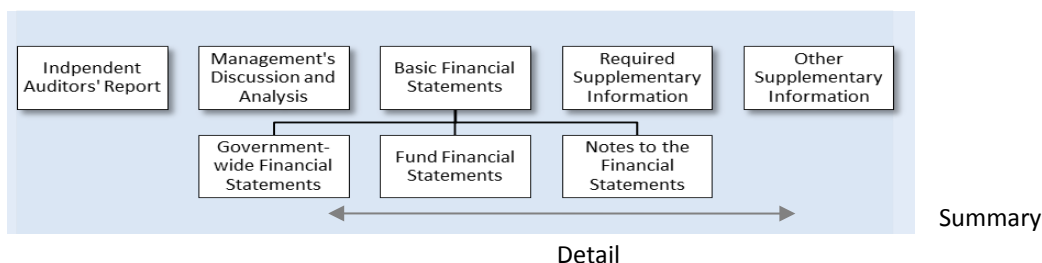
- The School Board's governmental funds reported a combined fund balance of \$19.6 million, an increase of \$1.9 million from fiscal 2014 combined fund balance of \$17.7 million. Of the \$19.6 million, a total of \$581 thousand represents non-spendable amounts for prepaid insurance and investments and \$1.1 million in resources held in permanent funds. Restricted fund balances for special revenue funds of \$2.9 million restricted to expenditures for specific purposes and \$2.3 million for the nutrition service fund for cafeteria operations at each school.

The assigned fund balance of \$10.6 million is comprised of \$2.7 million for previously executed contracts for on-going projects and initiatives, and \$1.6 million self-supporting programs, which will be used specifically for the purpose of the program; and \$6.3 million for major renovation and repair projects. The remaining \$2.1 million in unassigned fund balance is available to the School Board to fund its noncurrent liabilities due in more than a year, which totaled \$300 million at June 30, 2015, or 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.

Components of the Financial Section



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

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

GOVERNMENT-WIDE STATEMENTS

The government-wide statements report information about the School Board as a whole using accounting methods similar to those used by private-sector companies. Accordingly, the government-wide statements include all School Board assets, including capital assets, and all School Board liabilities, regardless of when and how they will be paid. The government-wide financial statements include a Statement of Net Position and a Statement of Activities.

The Statement of Net Position includes all of the School Board’s assets and liabilities. The Statement of Activities includes all of the School Board’s current year revenues and expenses, regardless of when cash is received or paid. The Statement of Net Position reports the School Board’s net position - the difference between assets and liabilities - as of the end of the fiscal year. The Statement of Activities reports the change in the net position between the beginning and the end of the current fiscal year, based on the School Board’s financial activity for the year.

Net position includes assets that are either (1) net investment in capital assets (or thus not available to spend), (2) restricted for specific uses by outside parties (and thus not available for any other use), or (3) unrestricted (available for any use). The change in net position from year to year may serve as a gauge of RPS’ financial position performance.

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

For financial reporting purposes, the Statement of Net Position and the Statement of Activities present all School Board activities by type of activity. All School Board activities are considered Governmental Activities as discussed on the next page:

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

FUND FINANCIAL STATEMENTS

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

The School Board has two types of funds:

- Governmental Funds – The School Board’s basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for future expenditure. In contrast to the government-wide financial statements, which include all assets and all liabilities regardless of when and how they will be paid, the governmental funds’ financial statements focus only on short-term assets that are available for spending (i.e., they exclude capital assets) and near-term liabilities. Consequently, the governmental funds’ statements provide a detailed short-term view that helps financial statement users determine whether there are more or fewer financial resources that can be spent in the future to finance School Board programs. The Governmental Funds’ Balance Sheet reports the School Board’s fund balances as of the end of the fiscal year. Fund balances are either (1) non-spendable – representing amounts that are not in spendable form or required to be maintained intact, (2) restricted – amounts constrained to specific purposes by their providers, (3) committed – amounts constrained to specific purposes by action of the School Board, (4) assigned – amounts the School Board intends to use for specific purposes or (5) unassigned – amounts that are available for any purpose. Because governmental fund information does not encompass the long-term focus of the government-wide statements, additional information is presented in Exhibits D and F to explain the differences between the two sets of financial statements.
- Fiduciary Funds – The School Board is the trustee, or *fiduciary*, for its employees’ *Early Retirement Incentive Pension Plan*. In addition, the School Board uses *Agency Funds* to report resources held by it in a purely custodial capacity (in which the assets equal the liabilities) and involve only the temporary receipt, investment, and remittance of fiduciary resources to individuals, private organizations, or other governments. The School Board’s only agency funds are the *Maggie L. Walker Governor’s School for Government & International Studies* and the *MathScience Innovation Center*, which are regional educational consortiums for which the School Board serves as fiscal agent, and the *School Activity Funds* held at various schools. Management of the School Board shares responsibility with the management of these agencies (which is primarily responsible) for ensuring that the assets reported in these funds are used for their intended purposes. All of the School Board’s fiduciary activities are reported in the separate *Statement of Fiduciary Net Position* and the *Statement of Changes in Fiduciary Net Position*. The School Board excludes these activities from its government-wide financial statements because the School Board cannot use these assets to finance its operations.

REPORTING THE SCHOOL BOARD AS A WHOLE

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

The 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
	2015	2014	2015-2014	2015-2014
Assets:				
Current and other assets	\$ 70.9	\$ 66.0	\$ 4.9	7.4 %
Capital assets, net	17.9	12.1	5.8	48.4
Total assets	88.8	78.1	10.7	13.7
Deferred Outflow of Resources:				
Deferred pension investment experience	0.1	-	0.1	100.0
Deferred pension contributions	23.1	-	23.1	100.0
Total deferred outflow of resources	23.2	-	23.1	100.0
Liabilities:				
Long-term liabilities	302.5	45.7	256.8	561.9
Other liabilities	48.1	47.1	1.0	2.1
Total liabilities	350.6	92.8	257.8	277.8
Deferred Inflow of Resources:				
Deferred pension investment experience	38.5	-	38.5	100.0
Deferred pension proportionate share	6.0	-	6.0	100.0
Total deferred inflow of resources	44.5	-	44.5	100.0
Net Position:				
Net investment in capital assets	6.2	6.6	(0.4)	(5.5)
Restricted	7.4	5.5	1.9	34.5
Unrestricted	(296.7)	(26.8)	(269.9)	1007.1
Total net position	\$ (283.1)	\$ (14.7)	\$ (268.4)	1,820.6 %

Amounts in fiscal year 2014 were restated for the adoption of GASB Statement No. 68. See Notes 11 and 18 of the notes to the financial statements.

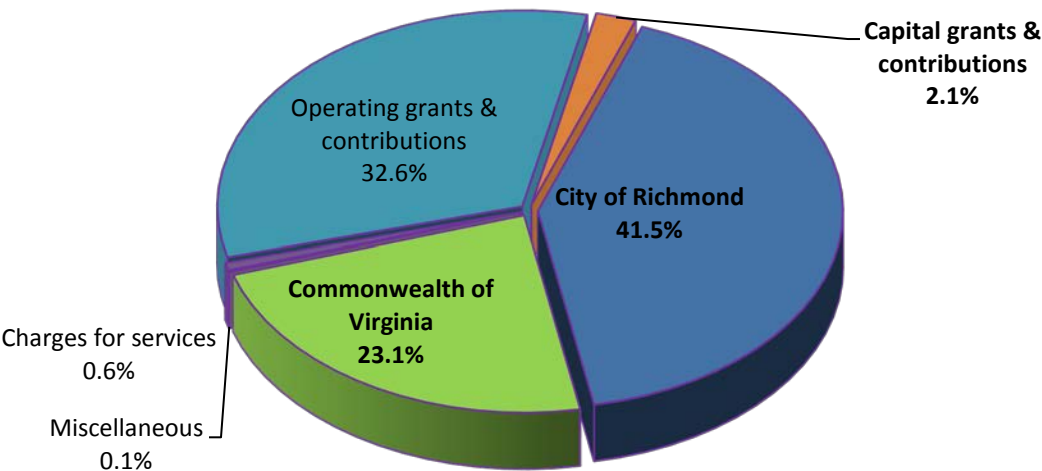
DISCUSSION OF GOVERNMENT - WIDE NET POSITION

As reflected in Table 1 above, the School Board’s total liabilities exceeded assets by \$283.1 million on June 30, 2015 after an increase in net position of \$5.3 million from June 30, 2014. The School Board’s net position is comprised of 1) investments in capital assets of \$17.9 million (equipment and vehicles) less outstanding debt used to acquire any of those assets of \$11.7 million, and 2) restricted resources of \$6.3 million appropriated by ordinance of the City for major renovation and repair improvement projects plus \$1.1 million restricted by third parties for Permanent Fund purposes, leaving an unrestricted deficit of \$(296.7) 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 2015. Revenue sources, which originate from *Charges for Services, Operating Grants and Contributions, and Capital Grants and Contributions*, total 35.3 percent of total revenues and are classified as *Program Revenues*. Program revenues are generated from the program itself, such as Charges for Services, or are given to the School Board by other governments, organizations, or individuals, with restrictions to be used to support particular School Board programs. Thus, program revenues reduce the net cost of the particular School Board programs to which they apply and are necessary for the continuation of many of those School Board programs. The costs that remain must be covered by the *General Revenues* received by the School Board. General revenues comprise the remaining 64.7 percent of School Board revenue and consist of appropriations from the City, aid from the Commonwealth of Virginia and the federal government, and an amount of miscellaneous revenues. As shown, the largest part of the School Board’s general revenue comes from the City, followed closely by operating grants and contributions.

Table 2
Sources of Revenues for Fiscal Year 2015



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 2015. As shown, the biggest part of the costs incurred in the School Board’s programs, 76.4 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 8.9 percent. Accordingly, the combined costs to instruct students and to provide well-maintained and secure facilities amounted to 85.3 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 percent, 4.3 percent and 2.7 percent of total costs, respectively, totaling another 11.1 percent of costs. Finally, administrative costs were 2.2 percent, facilities services, which include major capital improvement projects, accounted for 1.4 percent and interest on long-term debt accounted for .1 percent of the total costs of School Board operations during fiscal year 2015.

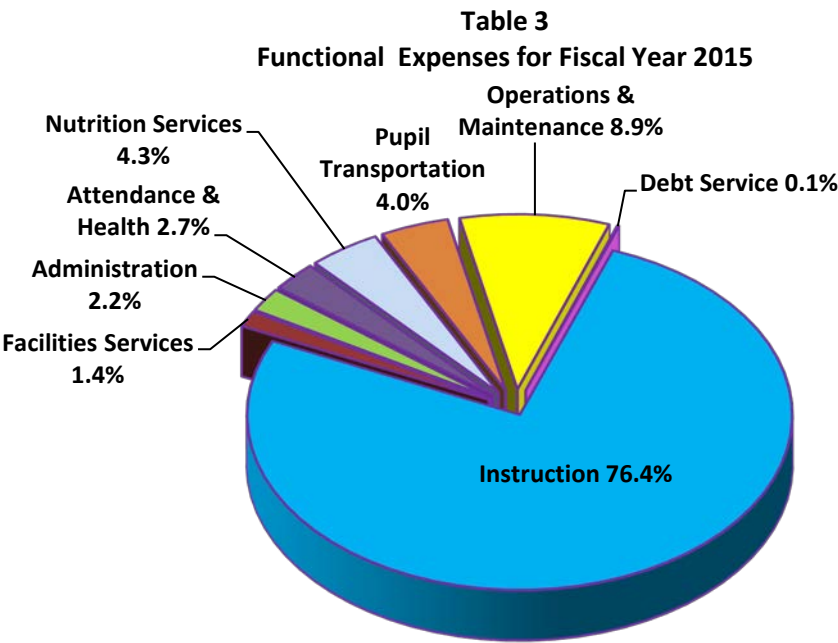


Table 4 following presents a comparative condensed summary of changes in net position and a more detailed discussion of the changes in the School Board's government-wide net position:

Table 4 Summary of Changes in Net Position As of June 30 (in millions of dollars)				
	Governmental Activities		FY 2015 Increase/ (Decrease)	Total Percentage Change 2014-2015
	2015	2014		
Revenues:				
Program revenues:				
Charges for services	\$ 2.0	\$ 2.5	\$ (0.5)	(20.0) %
Operating grants and contributions	107.6	101.6	6.0	5.9
Capital grants and contributions	7.0	0.8	6.2	775.0
Total program revenues	116.6	104.9	11.7	11.2
General revenues:				
Intergovernmental aid - unrestricted:				
City of Richmond	137.2	130.0	7.2	5.5
Commonwealth of Virginia	76.3	71.2	5.1	7.2
Miscellaneous	0.4	0.9	(0.5)	(55.6)
Total general revenues	213.9	202.1	11.8	5.8
Total revenues	330.5	307.0	23.5	7.7
Expenses:				
Instruction	248.3	241.3	7.0	2.9
Support services:				
Administration	7.1	7.3	(0.2)	(2.7)
Attendance and health	8.8	6.8	2.0	29.4
Nutrition services	13.9	12.2	1.7	13.9
Pupil transportation	13.2	13.1	0.1	0.8
Operations and maintenance	28.9	27.6	1.3	4.7
Facilities services	4.7	2.2	2.5	113.6
Total support services expenses	76.6	69.2	7.4	10.7
Interest on long-term debt	0.3	0.3	-	
Total expenses	325.2	310.8	14.4	4.6
Increase (decrease) in net position before restatement	5.3	(3.8)	9.1	(239.5) %
Net position - July 1	(14.7)	(10.9)	(3.8)	
Cumulative effect of change in accounting principle (1)	(273.7)	-	(273.7)	
Net position - June 30	\$ (283.1)	\$ (14.7)	\$ (268.4)	

⁽¹⁾Beginning net position amounts for fiscal year 2015 were restated for the adoption of GASB Statement No. 68. See Note 18 of the notes to the financial statements.

As the above table shows, the School Board's net position increased by \$5.3 million from fiscal year 2014 to fiscal year 2015. Total revenues for RPS' governmental activities totaled \$330.5 million during fiscal year 2015, representing an increase of \$23.5 million from fiscal year 2014. Total expenses were \$325.2 million during fiscal year 2015, representing an increase of \$14.4 million from fiscal year 2014.

Factors impacting the net increase in revenues during fiscal year 2015 were:

- An increase of approximately \$7.2 million in City appropriations including \$732 thousand for emergency school repair, \$126 thousand sales tax revenue increase, and \$1.5 million for the operation of the Truancy program.
- An increase of approximately \$6 million in operating grants and contributions.
- An increase of approximately \$6.2 million for school maintenance and major renovation projects.
- An increase of approximately \$5.1 million in state revenue.
- These increases were offset by decreases of approximately \$467 thousand in charges for services and \$527 thousand in miscellaneous revenues.

Total expenses for RPS' governmental activities totaled \$325.2 million during fiscal year 2015, representing an increase of \$14.4 million from fiscal year 2014. The increase in expenses of \$14.4 million was primarily due to:

- An increase of \$7 million for instruction, which is RPS' largest program, primarily attributable to increased spending in: classroom instruction of approximately \$4 million, instruction improvement payments of approximately \$1.5 million and technology-instruction support of \$1.2 million.
- A net increase of \$7.3 million for support services. The most significant increase in expenses occurred in facilities \$2.4 million, attendance and health \$2 million, nutrition services \$1.7 million and operations and maintenance \$1.2 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 \$19.6 million at June 30, 2015, an increase of \$1.9 million. The following table presents a summary of fund balances of the governmental funds as of June 30, 2014 and 2015:

	2015	2014	Variance	Percent Variance 2014-2015
General Fund:				
Nonspendable	\$ 0.6	\$ 0.3	\$ 0.3	100.0 %
Assigned	4.3	4.2	0.1	2.4
Unassigned	5.0	6.5	(1.5)	(23.1)
Total General Fund	9.9	11.0	(1.1)	(10.0)
All Other Governmental Funds:				
Nonspendable	\$ 1.1	\$ 1.1	\$ 0.02	1.7 %
Restricted	5.2	3.1	2.1	67.7
Assigned	6.3	4.3	2.0	46.5
Unassigned	(2.9)	(1.8)	(1.1)	61.1
Total All Other Governmental Funds	9.6	6.7	3.0	45.0
Total Fund Balances	\$ 19.6	\$ 17.7	\$ 1.9	10.8 %

The major components of the increase in fund balance are:

- Current year General Fund revenues \$262.5 million under expenditures of \$267.3 million (exclusive of transfers to other funds of \$2.5 million) by \$4.8 million, which resulted in a net change in the General Fund balance of \$(1.1) million. The decrease in the change in General Fund balance from fiscal 2014 of \$1.7 million to \$1.1 in fiscal 2015 represented a decrease in the change in fund balance \$632 thousand.

The \$632 thousand decrease in the change in fund balance of the General Fund primarily resulted from an overall increase in revenue of \$17.3 million in local, state and federal operating revenue resulting from an increase in local appropriation from the City of \$7.2 million, an increase in state funding of \$10.3 million.

- A net increase in operating expenditures of \$21.9 million primarily resulting from an increase of approximately \$13.1 million in instruction, \$1.9 million in attendance and health, \$900 thousand in operations and maintenance, \$ 252 thousand in facilities services, \$6.2 million in capital outlay offset by decreases of approximately \$298 thousand in pupil transportation and \$287 thousand in administration.

- The School Board's Special Revenue Fund recognizes revenues based upon expenditures incurred under a reimbursement-basis and restricted-purpose grant awards. Accordingly, reported revenues are equal in amount to expenditures made during the fiscal year. Grant matching requirements and related management objectives resulted in transfers from the General Fund to the Special Revenue Fund to support the grant objectives totaling \$1.8 million during FY 2015.
- The Nutrition Services Fund reported a restricted fund balance of \$2.3 million or an increase of \$958 thousand. Revenues increased by \$2.4 million offset by an increase in overall expenditures of \$1.7 million. The largest expenditure increase was \$1.2 million for food.
- At the end of the current fiscal year, the Capital Projects Fund reported a total fund balance of \$6.3 million, an increase of \$2 million from fiscal year 2014. During fiscal year 2015, RPS received \$7 million in appropriations from the City for major infrastructure maintenance.
- The School Board's Permanent Funds are non-spendable. The earnings and principal must be held in an endowment trust. The earnings may be used in accordance with the Permanent Fund agreements, and the principal must remain in Trust Corpus. Current operating expenditures exceeded net investment income during fiscal 2015, resulting in a decrease in the fund balance of the Permanent Funds of \$17.6 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, 2015 (in millions of dollars)				
	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance With Final Budget Positive (Negative)
Budgetary fund balances:	\$ 3.8	\$ 6.4	\$ 6.4	\$ -
Revenue Sources (inflows):				
City of Richmond	134.8	137.0	137.2	0.2
Commonwealth of Virginia	122.5	122.6	121.9	(0.7)
Federal government	0.7	0.7	0.7	-
Miscellaneous	0.8	0.8	0.6	(0.2)
Total amounts available for expenditure	262.6	267.5	266.8	(0.7)
Expenditures (outflows):				
Personnel services - salaries and wages	\$ 155.5	\$ 153.0	\$ 153.8	\$ (0.8)
Employee benefits	65.1	64.3	60.4	3.9
Purchased services	16.5	22.0	21.2	0.8
Other charges	10.6	11.0	11.7	(0.7)
Materials and supplies	9.2	9.8	8.6	1.2
Other operating expenditures	1.3	1.5	1.1	0.4
Capital outlay	1.5	2.0	1.5	0.5
Other financing uses:				
Lease payable	0.5	0.8	0.8	-
Transfers out	2.4	3.1	2.5	0.6
Total expenditures and other financing uses	262.6	267.5	261.6	5.9
Amounts available for expenditure over expenditures and other financing uses - budgetary basis	\$ -	\$ -	\$ 5.2	\$ 5.2

As shown on exhibit I, the actual amounts available for expenditures was \$5.2 million under final budget basis expenditures for FY 2015, the net result of total revenues under budget by approximately \$800 thousand and total expenditures under budget of \$5.9 million.

Several factors contributing to the change in total revenues during fiscal year 2015 are as follows:

- Total revenue from the City was \$126 thousand above the final budget offset by Commonwealth of Virginia, which was \$705 thousand below the final budget, primarily attributable to: (1) revenue increases of \$281 thousand in Standards of Quality (SOQ), \$103 thousand increase in compensation supplements and a \$343 thousand increase in cultural transition – English as a second language offset by (2) \$(1.5) million shortfall in Lottery funded programs primarily attributable to \$(500) thousand in K-3 class size reduction, which is based on elementary enrollment that meet class size ratio requirements, and \$(1) million in Virginia Preschool Initiative (VPI). VPI revenues were budgeted at levels for the State estimated number of students of 1,204 but the actual number of students served was 882.
- Actual operating expenditures were under final budget basis expenditures by \$5.3 million. A portion of these savings were used towards fund balance in anticipation of the estimated funding gap in revenue and expenditures of for fiscal 2016.

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

- \$4 million under budget for employee benefits. The savings of approximately \$676 thousand in health care benefits and \$573 thousand in worker's compensation and unemployment payments; \$1 million was contributed for the early retirement program but \$2.3 million was budgeted and \$22.5 million was budgeted for VRS employer/employee cost but actual cost was \$21.5.
- \$758 thousand under budget in purchased services.
- \$1.3 million under budget for material and supplies.
- \$1 million over budget in transportation due to a \$1 million shortfall in expense recovery fees budgeted.
- During fiscal year 2015, the School Board amended the legally adopted budget at various times for the following purposes, as detailed on Exhibit I:
 - To appropriate (add) approximately \$2.6 million to pay for commitments in the form of encumbrances established prior to July 1, 2014 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, 2014, 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.
 - \$1.5 million to pay for the operation of the truancy program.
 - \$732 thousand to pay for emergency school repair.

- 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 2015, the School Board had invested \$17.9 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
	2015	2014	2014-2015
Vehicles, net	\$ 8.9	\$ 2.8	\$ 6.1
Other equipment, net	9	9.3	(0.3)
Total	\$ 17.9	\$ 12.1	\$ 5.8

This year's investment in capital assets of approximately \$7.4 million included purchases of 88 buses totaling approximately \$6.6 million, 22 vehicles at \$414 thousand, \$312 thousand in technology assets, \$81 thousand in cafeteria appliances, and \$7 thousand in facilities services equipment. Capital asset disposals of approximately \$42 thousand included \$11 thousand in facilities service equipment and \$31 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: \$5.5 million capital lease for energy improvements, \$6 million capital lease for 78 buses, and \$252 thousand for technology equipment. The School Board made capital lease principal payments of \$907.8 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 2016 BUDGET

Revenues

Richmond Public Schools is striving to preserve its core mission and values and improve levels of student achievement while facing significant budgetary influences during a low economic recovery period. The beginning of economic recovery is reflected in this budget. While the overall increase in resources is 3.4%, a significant portion is due to a required outlay of expenditures. The VRS retirement rate decreased from 14.5% to 14.06%, which generated a decrease in the state share for professional staff. Local revenue is projected at \$145.9 million, which is an increase of \$11.2 million, while prior year fund balance was reduced to \$1.5 million reflecting a decrease of \$2.3 million. State revenues are expected to remain flat with an increase of \$189,504. A majority of the state revenue originates from the Virginia Department of Education totaling \$121.8 million. Additional state revenues totaling \$900,000 is generated by the division's Medicaid reimbursements.

Tuition and other revenues supporting the general operating budget are projected to decrease by \$159,449 related to lower vendor electronic payment participation. Federal revenues are slated to remain essentially level.

The general operating revenues are slated to increase \$8.9 million, with the FY2016 revenue budget of approximately \$271.5 million representing a 3.4% increase from the FY2015 adopted budget. The primary sources of revenue for the operating budget are the City and the Virginia Department of Education.

The FY2016 state revenue budget is based on a projected March 31 average daily membership (ADM) in FY2016 of 22,035 students. The projected ADM does not include approximately 1,800 pre-k students.

Expenditures

The district is facing issues related to mandatory increases in expenditures. Health Insurance increased by 6.8% or \$991,837, utilities increased by \$561,000, charter school payments (PHSAA) increased by \$578,174 for expected enrollment increase. Expenditures increased by \$1,848,226 for the return of the truancy function from the city and the establishment of the Office of Family and Community Engagement (FACE). Special needs and bilingual initiatives added \$1.9 million and \$1.2 million respectively. An additional 17 K-3 Class Size reduction teachers were budgeted for an increase of \$1.3 million.

The fiscal year 2016 financial plan includes providing a 1.5% for all employees. An additional 3 professional development days was added to teacher contracts as a component of the Academic Improvement Plan. Year 1 of the Academic Improvement Plan was funded for \$3.7 million and a fine arts program model was implemented at Binford Middle school for \$596,201. The School Board redirected a total of \$6.9M in reductions to fund instructional programs.

CONTACTING RPS MANAGEMENT

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

Basic Financial Statements

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

Government-Wide Financial Statements

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

Statement of Net Position

June 30, 2015

Assets	
Equity in cash with the City of Richmond, Virginia	\$ 39,344,827
Cash on hand or in banks	322,219
Investments	1,336,220
Accounts receivable	505,492
Due from other governments	28,854,536
Inventory of materials and supplies	75,810
Prepaid Items	434,042
Capital assets, net	<u>17,900,970</u>
Total assets	<u>88,774,116</u>
Deferred Outflows of Resources	
Deferred pension investment experience	112,644
Deferred pension contributions	<u>23,147,596</u>
Total deferred outflows of resources	<u>23,260,240</u>
Liabilities:	
Accounts payable	3,771,787
Accrued liabilities	33,331,214
Unearned revenues	2,722,289
Due to other governments and external parties	8,345,790
Noncurrent liabilities:	
Due within one year	3,060,884
Due in more than one year	<u>299,417,562</u>
Total liabilities	<u>350,649,526</u>
Deferred Inflows of Resources:	
Deferred pension investment experience	38,499,640
Deferred pension proportionate share	<u>5,989,075</u>
Total deferred outflows of resources	<u>44,488,715</u>
Net position:	
Net investment in capital assets	6,185,885
Restricted for:	
Capital Projects	6,348,369
Permanent fund purposes - nonexpendable	214,058
Permanent fund purposes - expendable	904,251
Unrestricted (deficit)	<u>(296,756,448)</u>
Total net position	<u><u>\$ (283,103,885)</u></u>

See accompanying notes to basic financial statements.

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

Statement of Activities

For The Fiscal Year Ended June 30, 2015

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	\$ 248,355,694	1,130,571	93,129,118	-	\$ (154,096,005)
Support services:					
Administration	7,100,438	-	-	-	(7,100,438)
Attendance and health	8,813,459	-	-	-	(8,813,459)
Nutrition services	13,938,935	627,952	14,227,970	-	916,987
Pupil transportation	13,183,819	-	-	-	(13,183,819)
Operations and maintenance	28,886,797	210,482	275,059	-	(28,401,256)
Facilities services	4,690,014	-	-	7,050,000	2,359,986
Total support services	76,613,462	838,434	14,503,029	7,050,000	(54,221,999)
Interest on long-term debt	296,374	-	-	-	(296,374)
Total governmental activities	\$ 325,265,530	1,969,005	107,632,147	7,050,000	\$ (208,614,378)

General revenues:	
Intergovernmental aid not restricted to specific purposes:	
City of Richmond, Virginia	\$ 137,219,584
Commonwealth of Virginia	76,291,517
Miscellaneous	396,866
Total general revenues	213,907,967
Change in net position	5,293,589
Net position - July 1, 2014, Restated (note 18)	(288,397,474)
Net position - June 30, 2015	\$ (283,103,885)

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, 2015

	General	Special Revenue	Nutrition Services	Capital Projects	Permanent	Total Governmental Funds
Assets						
Equity in cash with the City of Richmond, Virginia	\$ 39,344,827	-	-	-	-	39,344,827
Cash on hand or in banks	302,723	-	19,496	-	-	322,219
Investments	147,179	-	-	-	1,189,041	1,336,220
Accounts receivable	55,998	340,933	108,561	-	-	505,492
Due from other governments	786,627	17,566,337	2,269,464	8,232,108	-	28,854,536
Due from other funds	12,642,057	-	713,452	-	-	13,355,509
Prepaid Items	434,042	-	-	-	-	434,042
Inventory of materials and supplies	-	-	75,810	-	-	75,810
Total assets	\$ 53,713,453	17,907,270	3,186,783	8,232,108	1,189,041	84,228,655
Liabilities						
Accounts payable	\$ 1,513,468	948,698	458,683	850,938	-	3,771,787
Accrued liabilities	33,466,779	2,548,421	376,898	-	-	36,392,098
Unearned revenues	23,796	2,622,683	75,810	-	-	2,722,289
Due to fiduciary external parties	3,426,017	248,944	-	-	-	3,674,961
Due to other funds	713,452	11,538,524	-	1,032,801	70,732	13,355,509
Due to Primary Government	4,670,329	-	-	-	-	4,670,329
Advances from the City of Richmond, Virginia	500	-	-	-	-	500
Total liabilities	43,814,341	17,907,270	911,391	1,883,739	70,732	64,587,473
Fund balance (deficit):						
Nonspendable:						
Inventories	-	-	75,810	-	-	75,810
Prepaid Insurance	434,042	-	-	-	-	434,042
Investments	147,179	-	-	-	-	147,179
Permanent fund purposes	-	-	-	-	1,118,309	1,118,309
Restricted:	-	2,876,732	2,199,582	-	-	5,076,314
Assigned:						
Encumbrances	2,727,011	-	-	-	-	2,727,011
Specific educational puposes	1,597,558	-	-	-	-	1,597,558
Capital Projects Fund	-	-	-	6,348,369	-	6,348,369
Unassigned	4,993,322	(2,876,732)	-	-	-	2,116,590
Total fund balances	9,899,112	-	2,275,392	6,348,369	1,118,309	19,641,182
Total liabilities and fund balances	\$ 53,713,453	\$ 17,907,270	\$ 3,186,783	\$ 8,232,108	\$ 1,189,041	\$ 84,228,655

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, 2015

Total fund balances - governmental funds (Exhibit C)		\$ 19,641,182
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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 \$41,648,843 and the accumulated depreciation is \$23,747,873		17,900,970
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Deferred items:

Deferred pension contributions	23,147,596	
Deferred pension investment experience	<u>112,644</u>	
		23,260,240

The portion of noncurrent liabilities due in more than one year applicable to the School Board's Governmental Funds (note 7) are not due and payable in the current period and accordingly are not reported as liabilities in the Governmental Funds' Balance Sheet. At year-end, those liabilities consisted of:

Workers' compensation liability	(1,752,291)	
Compensated absences	(10,456,153)	
Net pension liabilities	(249,203,599)	
Net OPEB obligations	(27,561,583)	
Capital leases	<u>(10,443,936)</u>	
		(299,417,562)

Deferred inflow items:

Deferred pension investment experience	(38,499,640)	
Deferred pension proportionate share	<u>(5,989,075)</u>	
		<u>(44,488,715)</u>

Total net position - governmental activities (Exhibit A)		<u>\$ (283,103,885)</u>
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See accompanying notes to basic financial statements.

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

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

Governmental Funds

For The Fiscal Year Ended June 30, 2015

	General	Special Revenue	Nutrition Services	Capital Projects	Permanent	Total Governmental Funds
Revenues:						
Intergovernmental:						
City of Richmond, Virginia	\$ 137,219,584	-	-	7,050,000	-	144,269,584
Commonwealth of Virginia	123,309,547	7,772,807	279,132	-	-	131,361,486
Federal government	762,284	37,581,356	13,948,839	-	-	52,292,479
Donations and gifts	-	372,075	-	-	-	372,075
Charges for goods and services:						
Tuition and fees	473,361	994,954	-	-	-	1,468,315
Food sales	-	-	597,329	-	-	597,329
Investment income, net:						
Net increase in fair value of investments	-	-	-	-	5,300	5,300
Miscellaneous	761,529	109,234	28,707	-	-	899,470
Total revenues	262,526,305	46,830,426	14,854,007	7,050,000	5,300	331,266,038
Expenditures:						
Current operating:						
Instruction	204,674,172	47,398,620	-	-	22,891	252,095,683
Support services:						
Administration	7,035,457	-	-	-	-	7,035,457
Attendance and health	8,031,105	772,378	-	-	-	8,803,483
Nutrition services	-	-	13,896,503	-	-	13,896,503
Pupil transportation	11,999,751	360,513	-	-	-	12,360,264
Operations and maintenance	28,395,502	50,814	-	-	-	28,446,316
Facilities services	346,098	6,469	-	-	-	352,567
Miscellaneous	-	2,450	-	-	-	2,450
Total support services	55,807,913	1,192,624	13,896,503	-	-	70,897,040
Total current operating	260,482,085	48,591,244	13,896,503	-	22,891	322,992,723
Capital outlay	6,556,806	-	-	5,100,534	-	11,657,340
Debt service:						
Capital lease principal	316,833	-	-	590,930	-	907,763
Capital lease interest	296,374	-	-	72,435	-	368,809
Total expenditures	267,652,098	48,591,244	13,896,503	5,763,899	22,891	335,926,635
Excess (deficiency) of revenues over (under) expenditures	(5,125,793)	(1,760,818)	957,504	1,286,101	(17,591)	(4,660,597)
Other financing sources (uses):						
Transfers in (note 4)	-	1,760,818	-	732,000	-	2,492,818
Transfers out (note 4)	(2,492,818)	-	-	-	-	(2,492,818)
Capital leases	6,556,806	-	-	-	-	6,556,806
Total other financing sources, net	4,063,988	1,760,818	-	732,000	-	6,556,806
Net change in fund balances	(1,061,805)	-	957,504	2,018,101	(17,591)	1,896,209
Fund balances - July 1, 2014	10,960,917	-	1,317,888	4,330,268	1,135,900	17,744,973
Fund balances - June 30, 2015	\$ 9,899,112	-	2,275,392	6,348,369	1,118,309	19,641,182

See accompanying notes to basic financial statements.

(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, 2015

Net change in fund balances - total governmental funds (Exhibit E) \$ 1,896,209

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	\$ 7,371,147	
Depreciation expense	<u>(1,531,715)</u>	5,839,432

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	\$ 914,194
Compensated absences:	
Vacation pay	(661,999)
Sick pay	590,648
Net OPEB obligation (note 11(c))	(4,219,775)
Capital leases	(4,947,150)
Net Pension Liability	45,021,484
Amortization of Deferred Pension:	
Investment Experience, net	(38,386,996)
Proportionate Share	(5,989,075)
Deferred Pension Contributions	5,236,617
 Net amount incurred under financial resources used	 <u>(2,442,052)</u>

Net reconciling items 3,397,380

Change in net position of governmental activities (Exhibit B) \$ 5,293,589

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, 2015

	Employee Early Retirement Incentive Plan	Agency Funds
Assets:		
Cash on hand or in banks	\$ -	\$ 1,444,525
Investments - money market fund	916,323	-
	<u>916,323</u>	<u>-</u>
Total cash and investments	<u>916,323</u>	<u>1,444,525</u>
Accounts receivable	232	-
Due from other governments	-	70,999
Due from General Fund	-	3,425,799
	<u>-</u>	<u>3,425,799</u>
Total assets	<u>\$ 916,555</u>	<u>\$ 4,941,323</u>
Liabilities:		
Accounts payable	-	\$ 321,593
Accrued liabilities	-	793,150
Amounts held for other organizations	-	3,826,580
	<u>-</u>	<u>3,826,580</u>
Total liabilities	<u>-</u>	<u>\$ 4,941,323</u>
Net position:		
Held in trust for employee pension benefits	<u>916,555</u>	
Total net position	<u>\$ 916,555</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, 2015

	Employee Early Retirement Incentive Plan
Additions:	
Contributions	\$ 1,000,000
Investment Income:	
Dividends	748
Total investment income	748
Total additions	1,000,748
Deductions:	
Benefits	1,246,478
Total deductions	1,246,478
Change in net position	(245,730)
Net position - July 1, 2014	1,162,285
Net position - June 30, 2015	\$ 916,555

See accompanying notes to basic financial statements.

THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA
(A Component Unit of the City of Richmond, Virginia)
Notes to Basic Financial Statements
June 30, 2015

1) Summary of Significant Accounting Policies

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

(a) Financial Reporting Model

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

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

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

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

THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA
(A Component Unit of the City of Richmond, Virginia)
Notes to Basic Financial Statements
June 30, 2015

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

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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.

(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 \$1,520,000 to the Governor's School for the school year 2014-2015. 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 \$629,650 to the Center for the school year 2014-2015. 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 Fund is used to account for proceeds of private grants and state and federal grant revenue sources, other than major capital projects, that are restricted to expenditures for specified purposes. The *Special Revenue Fund* records transactions related to contributions and grant resources derived from specific revenue sources and for specified purposes, that have limitations on spending imposed by contributors, grantors, or other governments and that are not specifically reported in another fund.

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

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

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

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

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

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

(d) **Fund Balances**

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

Non-spendable fund balance – amounts that are not in a spendable form (such as inventory or pre-paid amounts) or are 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.

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

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

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

The School Board has classified fund balances based on the following hierarchy: non-spendable, 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.

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Revenues from City appropriations are recognized in the fiscal year the appropriations become legally effective.

The Pension Trust Fund, not a part of the Government-wide financial statements, uses the full accrual basis of accounting. The Agency Funds, also not a part of the Government-wide financial statements, use the full accrual basis of accounting and do not measure the results of operations.

Governmental Fund Financial Statements – Governmental funds are reported on the *flow of current financial resources measurement focus* and the *modified accrual* basis of accounting, wherein the focus is on the determination of, and changes in, financial position and only current assets and current liabilities are included on the Balance Sheet. Under the 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-two percent of the School Board's revenue is from City appropriation, approximately thirty-nine percent is from the Commonwealth of Virginia, approximately seventeen percent is from federal operating grants and the remaining two 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

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were completed. Encumbrances do not lapse. In the General Fund, encumbrances 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.

(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 as of the trade date and are valued at the last reported sales price. Mutual fund shares are stated at their reported net asset value at year-end.

(i) **Inventories and prepaid items**

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

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

The School Board capitalizes vehicles and equipment (capital assets) having a minimum useful life greater than one year and a cost of \$5,000 or more. Those assets, which have been acquired for general governmental purposes, are accounted for and reported in the Government-wide financial statements. Capital assets are stated at historical cost. Contributed capital assets are stated at their fair market value on the date received. Assets acquired through capital lease agreements are recorded at the present value of the minimum lease payments, as stated in the lease's amortization schedule.

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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 \$21 million not including new construction) are not included in the School Board's Government-wide financial statements. In addition, all long-term debt related to the acquisition of the school sites and buildings are a liability of the City and, accordingly, are not reflected in the financial statements of the School Board. Accumulated depreciation is reported as a reduction of capital assets in the Government-wide financial statements. Depreciation is computed using the straight-line method based upon estimated useful lives ranging from five years for office equipment and ten years for buses to thirty years for certain electrical equipment.

(k) **Interfund Activity**

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

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

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources, which represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The School Board reports deferred outflows of resources related to pensions in the government-wide Statement of Net Position resulting from pension investment returns that exceed projected earnings and pension contributions made subsequent to the measurement date. Changes in actuarial assumptions are deferred and

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amortized over the remaining service life of all participants and investment experience amounts are deferred and amortized over a closed five-year period.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources representing an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources in the government-wide Statement of Net Position represent unavailable revenues and amounts related to pensions. The unearned revenues represent amounts received in advance of meeting eligibility requirements (e.g., unexpended grant proceeds, unused commodities at year-end). Amounts related to pension result from changes in proportionate share of contributions and are deferred and amortized over five years. Deferred inflows resulting from pension investment returns lower than projected earnings are also deferred and amortized over a closed five-year period.

(n) **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.

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

Obligations for postemployment benefits are recorded on a pay-as-you-go basis; accordingly, the aggregate amount of obligations to pay such future benefits, which could be substantial, is not funded (see note 13).

(p) **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, 2015, the carrying amount and the financial institutions' balances of the School Board's deposits with financial institutions applicable to governmental activities approximated \$322,219. In addition, the carrying amount of deposits with financial institutions held by the School Board's Fiduciary Funds totaled \$1,444,525 and the related financial institutions' balances totaled \$1,507,147. The difference of \$62,622 between the carrying amounts and the financial institutions' balances were attributable to outstanding checks of approximately \$62,708 less deposits in transit of \$86 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 \$39,344,827 at

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June 30, 2015. Accordingly, information to categorize the School Board's equity in cash with the City, by level of risk assumed, is not available for disclosure. The City issues a publicly available Comprehensive Annual Financial Report, which includes a disclosure of all City investments by risk category and discloses that all City bank deposits are protected by federal depository insurance or collateral held under the Virginia Security for Public Deposits Act.

(c) **Investments**

The School Board's investment policies are governed by statutes of the Commonwealth of Virginia. Permissible investments primarily include obligations of the United States, the 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, 2015, the School Board had the following investments held separately from all other School Board deposits held with financial institutions:

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

Investment Type	Cost	Fair Value
Money Market Investments	\$ 216,428	\$ 216,428
Mutual Funds	936,478	972,613
Common Stocks	147,179	147,179
Total	\$ 1,300,085	\$ 1,336,220

Investments related to Permanent Funds include \$216,428 in money market funds and \$972,613 in mutual funds. Investments related to the General Fund include \$147,179 in common stocks.

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

Investment Type	Cost	Fair Value
Money Market Investments	\$ <u>916,323</u>	\$ <u>916,323</u>

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.

As of June 30, 2015, the Plan had investments at fair market value in the Heritage Money Market Fund Portfolio, totaling \$916,323.

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

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

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

Interest rate risk

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

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

Custodial credit risk

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

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Concentration of credit risk and credit quality

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

As of June 30, 2015, the School Board had investments of \$916,323 in an Aaa-mf rated money market fund, determined using Moody's Investors Service, Inc. (Moody's) rating of the creditworthiness of money market funds.

3) Due From/To Other Governments

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

The following is a summary of amounts due from other governments at June 30, 2015:

	Federal	State	City	Other	Total
Governmental Funds:					
General Fund	\$ -	\$ 786,555	\$ -	\$ 72	\$ 786,627
Special Revenue Fund	15,975,352	1,440,409	-	150,576	17,566,337
Nutrition Services Fund	2,269,464	-	-	-	2,269,464
Capital Projects Fund	-	-	8,232,108	-	8,232,108
Total	\$ 18,244,816	\$ 2,226,964	\$ 8,232,108	\$ 150,648	\$ 28,854,536
Statement of Fiduciary Net Position:					
Agency Funds	\$ -	\$ 26,395	\$ -	\$ 44,604	\$ 70,999

At June 30, 2015, the School Board's General Fund had \$3,426,017 due to Fiduciary Funds and \$500 of advances from the City.

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4) Interfund Balances and Transfers

In the Fund financial statements, interfund receivable and payable balances as of June 30, 2015 were:

TO FUND	FROM FUND	
	Interfund Receivables	Interfund Payables
General	\$ 12,642,057	\$ 713,452
Special Revenue	-	11,538,524
Nutrition Services	713,452	-
Capital Projects	-	1,032,801
Permanent	-	70,732
Total	<u>\$ 13,355,509</u>	<u>\$ 13,355,509</u>

The balance of \$11,538,524 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, 2015 were as follows:

Transfers In	Transfers Out (General Fund)
Special Revenue Fund	\$ 1,760,818
Capital Projects	\$ 732,000
Total	<u>\$ 2,492,818</u>

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5) Capital Assets

Changes in capital assets during the fiscal year ended June 30, 2015 are summarized below:

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Capital assets being depreciated:				
Vehicles	\$ 16,603,591	\$ 6,970,869	\$ -	\$ 23,574,460
Other equipment	11,514,791	400,278	42,312	11,872,757
Energy and water equipment	6,201,626	-	-	6,201,626
Total being depreciated	<u>34,320,008</u>	<u>7,371,147</u>	<u>42,312</u>	<u>41,648,843</u>
Less: Accumulated depreciation				
Vehicles	13,852,699	803,198	-	14,655,897
Other equipment	7,497,259	501,389	42,312	7,956,336
Energy and water equipment	908,512	227,128	-	1,135,640
Total accumulated depreciation	<u>22,258,470</u>	<u>1,531,715</u>	<u>42,312</u>	<u>23,747,873</u>
Capital assets, net	<u>\$ 12,061,538</u>	<u>\$ 5,839,432</u>	<u>\$ -</u>	<u>\$ 17,900,970</u>

Depreciation expense was charged to functions as follows:

Instruction	\$ 253,253
Support Services	
Administration	1,950
Attendance and Health	20,580
Pupil Transportation	633,335
Operations and Maintenance	258,515
Nutrition Services	19,141
Technology	131,502
Facilities acquisition and improvements	213,439
Total	<u>\$ 1,531,715</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.

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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%.

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

The assets acquired through the capital lease are as follows:

Energy and water equipment	\$ 6,201,626
Less: Accumulated depreciation	<u>(1,135,640)</u>
Total	<u>\$ 5,065,986</u>
School buses	\$ 6,556,806
Less: Accumulated depreciation	<u>(336,723)</u>
Total	<u>\$ 6,220,083</u>
Equipment	\$ 299,962
Less: Accumulated depreciation	<u>(29,996)</u>
Total	<u>\$ 269,966</u>

The total future minimum lease obligations and the total net present value of the minimum lease payments as of June 30, 2015 are as follows:

Fiscal Year	Principal	Interest
2016	1,271,149	378,164
2017	1,329,115	344,026
2018	1,391,506	307,373
2019	1,404,218	268,482
2020	1,445,830	228,489
2021-2025	4,790,573	542,914
2026	82,694	355
Present value of minimum lease obligations	<u>\$ 11,715,085</u>	<u>\$ 2,069,803</u>

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7) Noncurrent Liabilities

Changes in the total noncurrent liabilities during the fiscal year ended June 30, 2015 are summarized below:

	Amounts			Amounts	Due	Due in
	Payable at			Payable at	Within	More Than
	June 30, 2014	Increases	Decreases	June 30, 2015	One Year	One Year
Workers' compensation liability	\$ 3,945,172	-	(992,373)	2,952,799	1,200,508	1,752,291
Vacation pay liability	3,047,675	1,385,448	(776,721)	3,656,402	232,090	3,424,312
Sick pay liability	8,363,845	678,144	(1,653,011)	7,388,978	357,137	7,031,841
Net pension liabilities *	294,225,083	-	(45,021,484)	249,203,599	-	249,203,599
Net OPEB obligations	23,341,808	5,960,250	(1,740,475)	27,561,583	-	27,561,583
Capital leases - energy improvements	5,766,080	-	(269,294)	5,496,786	298,816	5,197,970
Capital leases - equipment	-	299,962	(47,539)	252,423	73,107	179,316
Capital leases - buses	-	6,556,806	(590,930)	5,965,876	899,226	5,066,650
Total	\$ 338,689,663	14,880,610	(51,091,827)	302,478,446	3,060,884	299,417,562

* Net pension liabilities have been restated as of July 1, 2014 in accordance with GAAP requirements.

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 \$1,861,119 for the fiscal year ended June 30, 2015. At June 30, 2015, the annual operating lease commitments are as follows:

Year Ending June 30	Amount
2016	\$ 2,628,079
2017	118,856
2018	8,188
Total minimum lease payments	<u>\$ 2,755,123</u>

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9) Fund Balances

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

- *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 incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

The fund balances in the Governmental Funds' Balance Sheet have been classified to reflect the following:

(a) Nonspendable

Nonspendable General Fund balance for prepaid insurance of \$434,042 represents (i) \$25,000 held as a required deposit for the short-term disability insurance program and (ii) \$247,052 in the self-insured workers' compensation bank account and (iii) \$161,990 prepaid summer school expenditures.

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

Nonspendable Fund balance for Permanent Funds of \$1,118,309 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 \$2,876,732 for proceeds of specific revenue sources that are restricted to expenditures for specific purposes other than debt service and capital projects under various federal and state reimbursement-based grants. Restricted fund balance for the Nutrition Service Fund of \$2,275,392 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 Assistant Superintendent for Financial Services. The Superintendent, as a part of the 2016 financial plan, assigned the following:

- \$2.7 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.
- \$1.6 million of General Funds fund balance is assigned to self-supporting services and programs. Resources of the major programs listed below will be used specifically for the purpose of the program that generated the revenue:
 - Arthur Ashe Athletic Center: Approximately \$292.7 thousand. Funds generated from building rental fees and receipts are specifically used for supplies, equipment and general operations of the center.
 - Driver's Education program: Approximately \$11 thousand deficit. Funds generated from student fees pertaining to the Driver's Education program, which are specifically used for equipment to operate the program.
 - Indirect Cost fund: Approximately \$317 thousand. Funds generated from federal indirect cost recovery to pay contractual salaries and benefits.
 - Medicaid fund: Approximately \$97.9 thousand. Funds generated from administrative and direct service billing claims. Fund balance remaining at June 30, 2015 will be used to support the delivery of special education services to students.

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- Nursing: Approximately \$25.8 thousand. Funds generated from fees and services for health related services provided by nursing professionals.
 - RTC bookstore: Approximately \$67 thousand. Funds generated from student fees to purchase books for the Apprenticeship and evening vocational programs at the Richmond Technical Center.
 - Unemployment and worker's compensation: Approximately \$808.2 thousand. Funds generated from federal direct cost recovery retained to pay insurance cost in current year operations.
- \$6.3 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 balance totals \$4,993,322. These funds will be utilized by the School Board during future budget development.

The negative unassigned fund balance of \$(2,876,732) 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 Department of Benefits & Risk Management manages the plan, ensures statutory compliance. In accordance with the Affordable Care Act (ACA), any employee who works an average of thirty (30) or more hours within a designated "measurement period" will be eligible to enroll in the School-sponsored health plan.

CIGNA Healthcare is contracted as the third-party administrator for the medical plans. RPS offers two medical plan options: Premier and Classic. In-network services for the Premier Plan are covered at 90% with a \$20 office visit co-pay for Primary Care Physicians, and a \$40 office visit co-pay for Specialists. In-network services for the Classic Plan are covered at 80% with a \$25 office visit co-pay for Primary Care Physicians, and a \$50 office visit co-pay for Specialists. Out-of-network providers are covered at 50%. Wellness checkups and services are covered at 100%. Prescription drug coverage is included with both medical plans utilizing a three tier co-pay structure and mandatory mail-order for maintenance medications after three (3) retail fills.

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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 claims, and an additional 125% aggregate stop loss limitation that has been subsequently cancelled effective as of August 2014, for RPS. A liability of \$4 million has been recorded to the General Fund based on an estimate from RPS's outside actuary, Wells Fargo.

11) Defined Benefit Pension Plans

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

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

(i) Description of the Virginia Retirement System

The School Board contributes to the VRS 1) agent and 2) cost-sharing multiple-employer defined benefit pension plans administered by the Virginia Retirement System (System). All full-time, salaried permanent (professional) employees of public school divisions and employees of participating employers are automatically covered by VRS upon employment. The School Board's professional employees (teachers' pool) participate in the cost-sharing multiple-employer plan and nonprofessional employees (political subdivision) participate as a separate group in the agent multiple-employer plan.

Members become vested after five years of service credit. Members earn one month of service credit for each month they are employed and their employer is paying into VRS. Active members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as credit in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. When buying service, members must purchase their most recent period of service first.

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

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

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the member's average final compensation multiplied by the member's total service credit.

Under Plan 1, average final compensation is the average of the member's 36 consecutive months of highest compensation. The retirement multiplier for non-hazardous duty members is 1.7%.

Under Plan 2, average final compensation is the average of the member's 60 consecutive months of highest compensation. The retirement multiplier for non-hazardous duty members is 1.65%.

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Under the Hybrid Plan, defined benefit component, average final compensation is the average of the member's 60 consecutive months of highest compensation. The retirement multiplier is 1.0%. For members that opted into the Hybrid Retirement Plan from VRS Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for those plans.

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

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

Inactive members or their beneficiaries	
currently receiving benefits	313
Inactive members:	
Vested	41
Non-vested	103
Active elsewhere in VRS	<u>95</u>
Total inactive members	239
Active members	<u>436</u>
Total	<u><u>988</u></u>

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.

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VRS issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for the plans administered by VRS. A copy of the most recent report may be obtained by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, Virginia, 23218-2500 or from the VRS' website: <http://www.varetire.org/Pdf/Publications/2012-annual-report.pdf>

(ii) **Contributions**

Plan members are required by Title 51.1-145 of the Code of Virginia (1950), as amended, to contribute 5.00% of their annual reported compensation to the VRS. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5.00% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5.00% member contribution. This could be phased in over a period of 5 years but all employees will be paying the full 5.00% by July 1, 2016. The employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. In addition, the School Board is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The School Board's contribution rate for fiscal year ended June 30, 2015 was 1.00% of the annual covered payroll.

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 contributions were approximately \$22,213,653 and \$24,240,800 for the years ended June 30, 2015 and June 30, 2014, respectively. The School Board's contribution rate applicable to professional employees for the fiscal year ended June 30, 2015 was 14.40% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of the June 30, 2013, actuarial valuation. The actuarially determined rate for the VRS Teachers' Pool was 18.20%. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Based on the provisions of Title 51.1-145 of the Code of Virginia, as amended, the contributions were funded at 79.69% of the actuarial rate for the year ended June 30, 2015.

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VRS Political Subdivision

For non-professional employees participating in the VRS agent multiple-employer plans for both the defined benefit and defined contribution plans, the School Board's contributions were approximately \$933,943 for the year ended June 30, 2015. The School Board's contribution rate applicable to nonprofessional employees for the fiscal years ended June 30, 2015 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, 2015, the School Board reported a Net Pension Liability of \$240,200,000 for professional employees. The Net Pension Liability was measured as of June 30, 2014 and the total pension liability used to calculate 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 actuarially determined employer contributions to the pension plan for the year ended June 30, 2014 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2014, the School Board's proportion was 1.98763% as compared to 2.04070% at June 30, 2013.

For the year ended June 30, 2015, the School Board recognized pension expense of approximately \$17,678,000. Since there was a change in proportionate share between June 30, 2013 and June 30, 2014, 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, 2015, the School Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net differences between projected and actual earnings on pension plan investments	\$ -	\$ 35,648,000
Changes in proportionate share of contributions	-	5,989,075
Contributions subsequent to the measurement date	22,213,653	-
Total	<u>\$ 22,213,653</u>	<u>\$ 41,637,075</u>

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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, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending June 30:</u>	<u>Deferred Inflows of Resources</u>
2016	\$ 10,234,000
2017	10,234,000
2018	10,234,000
2019	10,234,000
2020	701,075
	<u>\$ 41,637,075</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.

	<u>1% decrease 6%</u>	<u>Current rate 7%</u>	<u>1% decrease 8%</u>
Net Pension Liability	\$ 352,709,000	\$ 240,200,000	\$ 147,567,000

VRS Political Subdivision

At June 30, 2015, the School Board reported a Net Pension Liability of \$2,809,678 for non-professional employees. The Net Pension Liability was measured as of June 30, 2014 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

For the year ended June 30, 2015, the School Board recognized pension expense of \$364,840. Deferred outflows of resources and deferred inflows of resources related to pensions were reported from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net differences between projected and actual earnings on pension plan investments	\$ -	\$ 2,851,640
Changes in proportionate share of contributions	-	-
Contributions subsequent to the measurement date	933,943	-
Total	<u>\$ 933,943</u>	<u>\$ 2,851,640</u>

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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, 2016. 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 ending June 30:	Deferred Inflows of Resources
2016	\$ 712,910
2017	712,910
2018	712,910
2019	712,910
	<u>\$2,851,640</u>

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

	1% decrease 6%	Current rate 7%	1% decrease 8%
Net Pension Liability	\$ 9,097,000	\$ 2,809,678	\$ (2,465,000)

(iv) **Actuarial Assumptions**

The total pension liability in the VRS plans was based on an actuarial valuation as of June 30, 2013. The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2008 through June 30, 2012. The Entry Age Normal actuarial cost method and the following assumptions was applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

VRS Teachers' Pool

Inflation	2.50%
Salary increases, including inflation	3.5% - 5.95%
Investment rate of return	7.00%, net of pension plan investment expense, including inflation*
Mortality rates:	
Pre-Retirement	RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 3 years and females set back 5 years

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

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

Long-Term Expected Rate of Return

The long-term expected rate of return on pension investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future

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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:

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

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

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that member

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contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the school division for the VRS Teacher Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, school divisions are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all period of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liabilities

VRS Political Subdivision

	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Balance at June 30, 2013	\$ 47,018,522	\$ 40,759,591	\$ 6,258,931
Changes:			
Service Cost	1,175,744	-	1,175,744
Interest	3,220,446	-	3,220,446
Contributions - employer	-	962,453	(962,453)
Contributions - employee	-	519,729	(519,729)
Net investment income	-	6,397,547	(6,397,547)
Benefit payments, including refunds of employee contributions	(2,024,298)	(2,024,298)	-
Administrative expense	-	(34,623)	34,623
Other changes	-	337	(337)
Net changes	<u>2,371,892</u>	<u>5,821,145</u>	<u>(3,449,253)</u>
Balance at June 30, 2014	<u>\$ 49,390,414</u>	<u>\$ 46,580,736</u>	<u>\$ 2,809,678</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.

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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, 2015:

Retirees currently receiving benefits	361
Active employees eligible for benefits	<u>6</u>
Total	<u><u>367</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 comprehensive annual financial report that includes financial statements and required supplementary information. A copy of that report may be obtained by writing the Richmond Retirement System at P.O. Box 10252, Richmond, Virginia, 23240.

(ii) **Contributions**

The funding policy of the RRS provides that contributions be made by the employer, annually, an amount as determined by the actuary, expressed as a percentage of payroll, equal to the sum of the "normal contribution" and the "actuarial determined contribution". These contributions are designed to accumulate sufficient assets to pay benefits when due. The required contributions are determined using the projected unit credit actuarial cost method. Unfunded actuarial accrued liabilities are being amortized over a period not to exceed 30 years.

The School Board's contributions to the RRS for the fiscal years ended June 30, 2015, 2014, and 2013 were \$49,792, \$77,164, and \$78,257, respectively, and were equal to the required contributions for each year.

(iii) **Pension Liabilities and Pension Expense**

At June 30, 2015, the School Board reported a net pension liability of \$355,000, measured as of June 30, 2014 for its proportionate share (.11475%) of the overall net pension liability. The total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of July 1, 2013. There were no changes in assumptions or benefit terms since the prior measurement period. For the year ended June 30, 2015, the School Board recognized pension expense of \$72,342.

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(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 2.5%</u>	<u>Current rate 3.5%</u>	<u>1% decrease 4.5%</u>
Net Pension Liability	\$ 449,283	\$ 355,000	\$ 274,187

(c) **Early Retirement Plan**

(i) **Plan Description**

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

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

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

Membership in the Plan consisted of the following as of July 1, 2014, the most recent biennial actuarial valuation:

Active employees eligible for benefits	245
Retirees currently receiving benefits	<u>301</u>
Total	<u><u>546</u></u>

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

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

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

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

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

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

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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 Plan contributions based on actuarially determined amounts sufficient to provide the required Plan benefits. Over time, the School Board's contributions to the Plan should approximate the cumulative annual required contributions (ARC's) determined by biennial actuarial valuations. However, the actual contributions made may differ from the annual required contributions. Substantially all investment and administrative costs of the Plan are borne by the General Fund. The School Board contributed \$1,000,000 for the fiscal year ended June 30, 2015.

(iii) **Rate of Return**

For the year ended June 30, 2015, the annual money-weighted rate of return based on cash flows on pension plan investments, net of investment expense, was 0.05%. 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 \$5,838,921, measured as of June 30, 2015. The total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2015. There were no changes to the plan provisions, actuarial assumptions, or actuarial methods since the prior valuation. Pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources related to pensions are related to pensions are allocated to funds based on their proportionate share of projected monthly benefits.

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Pension expense: For the year ended June 30, 2015, the School Board recognized pension expense of \$351,829.

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

	<u>Deferred Outflows of Resources</u>
Net differences between projected and actual earnings on pension plan investments	\$ 112,644
Total	<u>\$ 112,644</u>

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

<u>Year ending June 30:</u>	<u>Deferred Outflows of Resources</u>
2016	\$ 35,143
2017	35,143
2018	35,143
2019	7,215
	<u>\$ 112,644</u>

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

	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Balance at June 30, 2014	\$ 7,648,437	\$ 1,162,285	\$ 6,486,152
Changes:			
Service Cost	103,547	-	103,547
Interest	249,514	-	249,514
Net investment income	-	292	(292)
Contributions - employer	-	1,000,000	(1,000,000)
Benefit payments, including refunds of employee contributions	(1,246,022)	(1,246,022)	-
Net changes	<u>(892,961)</u>	<u>(245,730)</u>	<u>(647,231)</u>
Balance at June 30, 2015	<u>\$ 6,755,476</u>	<u>\$ 916,555</u>	<u>\$ 5,838,921</u>

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

Actuarial Methods and Significant Assumptions: Significant actuarial assumptions used in the valuation include: (a) Individual Entry Age Normal method, (b) rate of return on the investment of present and future assets of 3.5 percent per year compounded annually, (c) projected salary increases of 3.75 percent per year, and (d) 1994 Group Annuity Mortality Table for males and females set back one year (pre-retirement) or 1994 Group Annuity Mortality Table for males and females set back three year (post-retirement).

Discount Rate: The discount rate used to measure the total pension liability was 3.50%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at the current contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members through the life of the plan. The long-term expected rate of return on pension plan investments is 3.5%. It was applied to periods of projected benefit payments, and the expected municipal bond rate was not applied to determine the discount rate.

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

	<u>1% decrease 2.5%</u>	<u>Current rate 3.5%</u>	<u>1% decrease 4.5%</u>
Net Pension Liability	\$ 5,958,319	\$ 5,838,921	\$ 5,720,007

(vii) **Fiduciary Net Position**

As of June 30, 2015, the Plan fiduciary net position of \$916,555 as a percentage of total pension liability is 13.57%.

Total Pension Liability	\$ 6,755,476
Plan Fiduciary Net Position	<u>(916,555)</u>
Net Pension Liability	<u><u>\$ 5,838,921</u></u>

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12) Defined Contribution Plan

Effective August 1, 2005, employees may participate in a 403(b) matching plan. The 403(b) matching plan covers all employees who serve in a contractual annual salary position with RPS. Employees are entitled to defer from 1% to 50% of eligible pay (base salary plus contractual supplements) but not in excess of Internal Revenue Code annual deferral limits. The RPS contribution provides a match of employee voluntary deferrals equal to 20% of the salary deferral up to 3% of pay. RPS contributions are posted on participant accounts monthly. The School Board made contributions of approximately \$358,600 during the fiscal year ended June 30, 2015.

13) Postemployment Health Benefits

(a) Plan Description

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

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

Covered participants of the Plan consisted of the following at June 30, 2015:

Active participants	3,091
Inactive participants (retired or disabled)	195
Total	<u>3,286</u>

The actuarial assumptions at July 1 2014, the most recent actuarial valuation date, included (a) a discount rate of 3.5 percent, (b) zero payroll growth and (c) health care cost trend rate projection of 8.5 Percent.

(b) Funding Policy

Currently, the School Board pays for and reports retiree medical benefits on a "pay as you go" basis, which is the practice of paying for these benefits as they become due each year. The School Board's share of contribution is between 38 and 58 percent of the total insurance premiums, based on annual rates approved as a part of the adopted budget. For the fiscal year ended June 30, 2015, the School Board's share of those payments was \$1,740,475.

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

Projection of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the School Board and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the School Board and plan members to that point.

The School Board's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC). The Projected Unit Credit Method was used to calculate the ARC and related information using a 3.5 percent discount rate and an annual projected increase in medical rates of 8.5 percent. The ARC consists of the normal cost plus amortization of the unfunded actuarial accrued liability (UAAL), which used a level dollar amount over a 30-year amortization period. The UAAL is being amortized by an open or rolling amortization period.

The following table shows the School Board's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the School Board's net OPEB obligation for healthcare benefits for the year ended June 30, 2015:

Annual Required Contribution	\$ 6,390,492
Interest on NOO at Discount Rate to End of Year	816,963
Adjustment to the ARC	<u>(1,247,205)</u>
Annual OPEB Expense	5,960,250
Estimated Employer Costs for Retirees	<u>(1,740,475)</u>
Increase in net OPEB obligation	4,219,775
Net OPEB obligation – beginning of year	<u>23,341,808</u>
Net OPEB obligation – end of year	<u><u>\$ 27,561,583</u></u>

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

Fiscal Year Ended June 30	Annual OPEB Cost	Actual Contributions	Percentage Contributed	Net OPEB Obligation
2013	\$ 5,651,898	\$ 3,427,639	60.6 %	\$ 21,125,377
2014	5,799,312	3,582,881	61.8 %	23,341,808
2015	5,960,250	1,740,475	29.2 %	27,561,583

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

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

As of June 30, 2015, the actuarial accrued liability for benefits totaled \$51,894,829 all of which was unfunded. The covered payroll totaled \$164,674,330 and the ratio of the unfunded actuarial accrued liability was 31.5 percent.

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

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

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.

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(c) **Contractual Commitments**

At June 30, 2015, the School Board had contractual commitments approximating \$2,821,237 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, 2015. 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 2015, the City provided approximately \$2,565,000 in water and gas utilities for all Richmond Public Schools. In addition, the City provided approximately \$28,100 for communication equipment. The City provided approximately \$92,000 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.

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.

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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, 2015, the amount of claim liabilities was \$2,952,799 consisting of incurred but not reported workers' compensation liabilities. This liability is the School Board's best estimate based on available information. Changes in the reported liability since June 30, 2015 are as follows:

	Fiscal Year Liability	Claims and Changes in Estimates	Payments on Claims	Liability at Fiscal Year-End
2013 - 2014	\$ 4,464,282	\$ 1,102,938	\$ 1,622,048	\$ 3,945,172
2014 - 2015	3,945,172	(62,586)	929,787	2,952,799

17) Subsequent Events

The School Board has evaluated subsequent events through May 31, 2016 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 May 16, 2016 which have been incorporated into these financial statements herein.

18) New Pronouncements

In fiscal year 2015, the School Board implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68.* The new requirements established standards of accounting and reporting for pension plans administered through a trust or equivalent arrangement.

The new standards required the School Board to report net pension liabilities and pension expense for all pension related activity on the government-wide financial statements.

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To implement the new requirements of GAAP, total net position at the beginning of the year was restated to reflect beginning net pension liabilities and deferred outflows of resources as follows:

Government-wide restatement:

Net position - July 1, 2014	\$ (14,739,002)
Supplemental retirement plan:	
Retirement plan obligation	2,655,634
Net pension liabilities	(6,486,152)
VRS agent multiple employer plan:	
Deferred outflow - contributions subsequent to measurement date	962,453
Net pension liabilities	(6,258,931)
VRS statewide teacher cost sharing pool:	
Deferred outflow - contributions subsequent to measurement date	16,948,526
Net pension liabilities	(281,125,000)
RRS	
Net pension liabilities	<u>(355,000)</u>
Net position - July 1, 2014, restated	<u><u>\$ (288,397,472)</u></u>

Required Supplementary Information (unaudited)

The Required Supplementary Information subsection includes

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

Budgetary Comparison Schedule (Unaudited)
General Fund
For The Fiscal Year Ended June 30, 2015

	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, 2013	\$ 3,800,000	3,800,000	3,800,000	-
Prior year fund balance committed for encumbrances and other subsequently added to original budget	-	2,577,868	2,577,868	-
Total budgetary fund balances available for expenditure	3,800,000	6,377,868	6,377,868	-
Revenue sources:				
Intergovernmental:				
City of Richmond - appropriation	134,819,807	137,093,657	137,219,584	125,927
Commonwealth of Virginia:				
Department of Education:				
Employee benefits	11,483,305	11,483,305	11,542,895	59,590
Standards of Quality:				
Basic aid	51,018,183	51,018,183	51,299,291	281,108
Textbooks	1,127,473	1,127,473	1,133,324	5,851
Education of the gifted	550,730	550,730	553,588	2,858
Vocational education	831,954	831,954	836,271	4,317
Special education	11,014,599	11,014,599	11,071,756	57,157
Remedial education	4,440,992	4,440,992	4,464,038	23,046
Incentive:				
Compensation supplements	-	-	102,500	102,500
Early Reading Specialist Initiatives	32,648	32,648	32,648	-
Categorical:				
Special education - homebound payments	75,541	75,541	130,708	55,167
Special education - private tuition	-	-	18,839	18,839
Lottery:				
At risk	5,641,763	5,641,763	5,671,141	29,378
Foster children education	129,414	129,414	150,881	21,467
K-3 class size reduction	5,041,690	5,041,690	4,532,597	(509,093)
SOL algebra readiness	383,311	383,311	378,550	(4,761)
Virginia preschool initiative	3,874,954	3,874,954	2,838,629	(1,036,325)
Cultural transition - English as a second language	682,280	682,280	1,025,759	343,479
State sales tax	24,951,256	25,077,183	24,992,226	(84,957)
Other State Agencies	1,200,000	1,200,000	1,125,118	(74,882)
Total Commonwealth of Virginia	122,480,093	122,606,020	121,900,759	(705,261)
Federal government:				
Impact aid Public Law 103-382	225,000	225,000	259,246	34,246
Army Reserve	425,000	425,000	460,803	35,803
Air Force	60,000	60,000	42,235	(17,765)
Total federal government	710,000	710,000	762,284	52,284
Total intergovernmental revenues	258,009,900	260,409,677	259,882,627	(527,050)
Tuition	250,000	250,000	59,636	(190,364)
Miscellaneous revenues	534,100	534,100	524,470	(9,630)
Total revenues	258,794,000	261,193,777	260,466,733	(727,044)
Total amounts available for expenditure	\$ 262,594,000	267,571,645	266,844,601	(727,044)

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

(Continued)

Budgetary Comparison Schedule (Unaudited)
General Operating Fund
For The Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures:				
Personnel services - salaries and wages	\$ 155,505,609	153,006,106	153,766,861	(760,755)
Employee benefits	65,107,388	64,336,323	60,382,950	3,953,373
Purchased services:				
Service contracts	1,679,869	2,822,979	2,304,879	518,100
Professional services	2,718,469	4,126,225	4,100,852	25,373
Tuition	5,939,506	7,404,344	7,676,548	(272,204)
Temporary services	214,050	450,286	446,988	3,298
Nonprofessional services	4,171,216	4,837,109	4,526,200	310,909
Repairs and maintenance	1,731,593	2,303,908	2,131,018	172,890
Total purchased services	16,454,703	21,944,851	21,186,485	758,366
Other charges:				
Advertising	88,225	87,128	50,535	36,593
Student transportation	843,587	1,046,736	1,098,873	(52,137)
Garage services	2,400,981	2,468,631	1,847,588	621,043
Transportation expense recovery - field trips	(3,400,000)	(3,400,000)	(2,359,345)	(1,040,655)
Warehouse service	1,200,000	1,224,589	907,540	317,049
Insurance	1,187,152	1,198,151	1,192,062	6,089
Utilities	6,575,000	6,580,927	7,505,887	(924,960)
Communications	1,519,972	1,618,994	1,301,726	317,268
Rentals	189,400	219,370	223,538	(4,168)
Total other charges	10,604,317	11,044,526	11,768,404	(723,878)
Materials and supplies:				
Supplies	4,449,074	5,114,979	4,274,105	840,874
Printing and binding	154,718	155,750	111,757	43,993
Books and periodicals	222,863	277,947	265,917	12,030
Textbooks	4,280,300	4,238,442	3,738,719	499,723
Other	69,327	60,470	196,354	(135,884)
Total materials and supplies	9,176,282	9,847,588	8,586,852	1,260,736
Other operating expenditures:				
Staff development	357,563	435,865	355,925	79,940
Dues and fees	132,684	164,930	173,686	(8,756)
Travel	207,402	239,121	161,244	77,877
Commencement	40,000	44,779	35,556	9,223
Awards	31,815	48,377	(18,256)	66,633
Contribution to School Activity Funds	255,632	262,290	310,875	(48,585)
Other	291,315	257,348	96,854	160,494
Total other operating expenditures	1,316,411	1,452,710	1,115,884	336,826
Capital outlay:				
Land & Building Improvements	-	688	535	153
Equipment additions	977,714	1,454,629	1,176,218	278,411
Equipment replacement	482,485	567,105	346,216	220,889
Total capital outlay	1,460,199	2,022,422	1,522,969	499,453
Total expenditures	\$ 259,624,909	263,654,526	258,330,405	5,324,121

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

(Continued)

Budgetary Comparison Schedule (Unaudited)
General Fund

For The Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	(Budgetary Basis)	Positive Negative
Other financing uses:				
Payments for Debt Service	\$ 550,000	750,000	765,668	(15,668)
Transfers out to Other Funds	2,419,091	3,151,091	2,492,818	658,273
Total other financing uses	2,969,091	3,901,091	3,258,486	642,605
Total expenditures and other financing uses	262,594,000	267,555,617	261,588,891	5,966,726
Amounts available for expenditure over expenditures, other financing uses and encumbrances - budgetary basis	\$ -	16,028	5,255,710	5,239,682

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

(Continued)

Budgetary Comparison Schedule (Unaudited)

General Fund

For The Fiscal Year Ended June 30, 2015

Amounts available for expenditure over expenditures, other financing uses and encumbrances - budgetary basis (Exhibit I)		\$ <u>5,255,710</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	(3,800,000)	
Changes in fund balance assigned for encumbrances:		
The amount of the prior year fund balance reserved for encumbrances, which was added to the current year's original budget (a "budgetary fund balance"), is a budgetary resource, above, but is not a current year revenue for financial reporting purposes:		
Prior year General Fund fund balance reserved for encumbrances, added to original budget	(2,577,868)	
Encumbrances at June 30, 2015 for supplies and equipment ordered but not received as of June 30, 2015 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>2,727,011</u>	
Net change in General Fund fund balance reserved for encumbrances		<u>149,143</u>
Net reconciling items - legally adopted General Fund budget		<u>(3,650,857)</u>
Net change in fund balance - legally adopted General Fund budget		1,604,853
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>(2,606,156)</u>
Net change in fund balance - General Fund (Exhibit E)		<u>(1,061,805)</u>
General Fund fund balance - July 1, 2014 (Exhibit E)		<u>10,960,917</u>
General Fund fund balance - June 30, 2015 (Exhibit E)		\$ <u><u>9,899,112</u></u>

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

Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule – General Fund
For the Fiscal Year Ended June 30, 2015

(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 2015 legally adopted budgets and actual revenues and expenditures on a budgetary basis, is presented as required supplementary information to the basic financial statements. The data in the Schedule is presented on a basis consistent with the format, terminology and classifications of the School Board's legally adopted budget. Accordingly, the original budgeted amounts are presented as contained in the budget document first legally adopted by the School Board and City Council before the beginning of the fiscal year.

The final budgeted amounts include prior year encumbrances totaling \$2,577,868. Additionally, the final budget amounts include all other adjustments to the fiscal year 2015 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 2014 that remain outstanding at June 30, 2015. 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 2015. Revenues and expenditures in the Schedule do not reflect \$13,679,467 in debt service expenditures paid by the City during fiscal year 2015 on City debt incurred for construction and renovation of School Board occupied buildings. See page 18 in the accompanying Management's Discussion and Analysis section of this report for a brief discussion of significant budget amendments made to the fiscal year 2015 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.

Required Supplementary Information (Unaudited)
Virginia Retirement System - Teachers' Pool Defined Benefit Pension
Schedule of Changes in Net Pension Liability and Related Ratios

Total pension liability	
Service Cost	\$ 16,527,000
Interest	54,119,000
Change in proportionate share	(7,311,075)
Benefit payments, including refunds of employee contributions	(37,261,000)
Other changes	(715,925)
Net Change in total pension liability	25,358,000
Plan total pension liability - beginning	813,267,000
Plan total pension liability - ending	<u>\$ 838,625,000</u>
Plan fiduciary net position	
Contributions - employer	\$ 16,948,526
Contributions - employee	7,379,000
Net investment income	80,349,000
Benefit payments, including refunds of employee contributions	(37,261,000)
Administrative expense	(438,000)
Other changes	(694,526)
Net change in Plan fiduciary net position	\$ 66,283,000
Plan fiduciary net position - beginning	532,142,000
Plan fiduciary net position - ending	<u>\$ 598,425,000</u>
Plan net pension liability - ending	<u>\$ 240,200,000</u>

Notes to Schedule:

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

Schedules are intended to show information for 10 years. Since 2015 is the first year of this presentation, no other data is available. Additional years will be included as they become available.

Exhibit K

Required Supplementary Information (Unaudited)
Virginia Retirement System - Teachers' Pool Defined Benefit Pension
Schedule of School Board's Proportionate Share of the Net Pension Liability

Proportionate of the Net Pension Liability	1.98763%
Proportionate Share of the Net Pension Liability	\$ 240,200,000
Covered employee payroll	<u>154,302,499</u>
Proportionate Share of the Net Pension Liability as a percentage of covered employee payroll	155.67%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	70.88%

Schedule of School Board Contributions

Contractually required contribution	\$ 22,213,653
Contributions in relation to contractually required contribution	<u>22,213,653</u>
Contribution excess	\$ -
Covered-employee payroll	\$ 154,302,499
Contributions as a percentage of covered-employee payroll	14.40%

Notes to Schedule:

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age 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

Note: Schedules are intended to show information for 10 years. Since 2015 is the first year of this presentation, no other data is available. Additional years will be included as they become available.

Required Supplementary Information (Unaudited)
Virginia Retirement System - Agent Multiple Employer Defined Benefit Pension
Schedule of Changes in Net Pension Liability and Related Ratios

Total pension liability	
Service Cost	\$ 1,175,744
Interest	3,220,446
Benefit payments, including refunds of employee contributions	(2,024,298)
Net Change in total pension liability	2,371,892
Plan total pension liability - beginning	47,018,522
Plan total pension liability - ending	<u>\$ 49,390,414</u>
Plan fiduciary net position	
Contributions - employer	\$ 962,453
Contributions - employee	519,729
Net investment income	6,397,547
Benefit payments, including refunds of employee contributions	(2,024,298)
Administrative expense	(34,623)
Other changes	337
Net change in Plan fiduciary net position	5,821,145
Plan fiduciary net position - beginning	40,759,591
Plan fiduciary net position - ending	<u>\$ 46,580,736</u>
Plan net pension liability - ending	<u>\$ 2,809,678</u>
Plan fiduciary net position as a percentage of the total pension liability	94.31%
Covered-employee payroll	\$ 10,371,830
Plan net position liability as a percentage of covered-employee payroll	27.09%

Notes to Schedule:

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

(continued)

Schedule of School Board Contributions

Contractually required contribution	\$ 933,943
Contributions in relation to contractually required contribution	<u>933,943</u>
Contribution excess	\$ -
Covered-employee payroll	\$ 10,371,830
Contributions as a percentage of covered-employee payroll	9.00%

Notes to Schedule:

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

Methods and assumptions used to determine contribution rates:

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

Note: Schedules are intended to show information for 10 years. Since 2015 is the first year of this presentation, no other data is available. Additional years will be included as they become available.

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
Total pension liability		
Service Cost	\$ 159,179	\$ 103,547
Interest	227,498	249,514
Differences between expected and actual experience	1,484,614	-
Benefit payments, including refunds of employee contributions	(1,127,237)	(1,246,022)
Net Change in total pension liability	744,054	(892,961)
Plan total pension liability - beginning	6,904,383	7,648,437
Plan total pension liability - ending	<u>\$ 7,648,437</u>	<u>\$ 6,755,476</u>
Plan fiduciary net position		
Contributions - employer	\$ -	\$ 1,000,000
Net investment income	2,195	292
Benefit payments, including refunds of employee contributions	(1,127,237)	(1,246,022)
Administrative expense	(1,302)	-
Net change in Plan fiduciary net position	\$ (1,126,344)	\$ (245,730)
Plan fiduciary net position - beginning	2,288,629	1,162,285
Plan fiduciary net position - ending	<u>\$ 1,162,285</u>	<u>\$ 916,555</u>
Plan net pension liability - ending	<u>\$ 6,486,152</u>	<u>\$ 5,838,921</u>
Plan fiduciary net position as a percentage of the total pension liability	15.20%	13.57%
Covered-employee payroll	\$ 13,900,000	\$ 13,900,000
Plan net position liability as a percentage of covered-employee payroll	46.66%	42.01%
Notes to Schedule:		
There have been no significant changes to the benefit provisions since the prior actuarial valuation.		
	2014	2015
Annual money-weighted rate of return	0.12%	0.05%

(continued)

Schedule of School Board Contributions

	2014	2015
Contractually required contribution	\$ 1,397,361	\$ 1,841,364
Contributions in relation to contractually required contribution	-	1,000,000
Contribution deficiency	\$ 1,397,361	\$ 841,364
Covered-employee payroll	\$ 13,900,000	\$ 13,900,000
Contributions as a percentage of covered-employee payroll	10.05%	13.25%

Notes to Schedule:

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

Methods and assumptions used to determine contribution rates:

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

Note: Schedules are intended to show information for 10 years. Since 2014 is the first year of this presentation, no other data is available. Additional years will be included as they become available.

Required Supplementary Information (Unaudited)
Richmond Retirement System Defined Benefit Pension
Schedule of Related Ratios

Proportionate of the Net Pension Liability	0.11475%
Proportionate Share of the Net Pension Liability	\$ 355,000
Covered employee payroll	210,844
Proportionate Share of the Net Pension Liability as a percentage of covered employee payroll	168.37%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	63.47%

Schedule of School Board Contributions

Contractually required contribution	\$ 49,792
Contributions in relation to contractually required contribution	49,792
Contribution excess	\$ -
Covered-employee payroll	210,844
Contributions as a percentage of covered-employee payroll	23.62%

Notes to Schedule:

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

Required Supplementary Information (Unaudited)
Other Postretirement Employee Benefits
Schedules of Funding Progress and Employer Contributions
For the Period Ended June 30, 2015

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

As allowed by GAAP, the Schedule of Funding Progress is presented as of the beginning of the current applicable biennial period (actuarial valuation date of July 1, 2014). This information is intended to help users assess the funded status of the Plan and the progress made in accumulating sufficient assets to pay benefits when due.

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

The following is a schedule of School Board contributions to the Plan for fiscal year ended June 30, 2015:

Fiscal Year Ended June 30	Annual Required Contributions	Actual Contributions	Percentage Contributed
2012	\$ 6,945,139	\$ 3,767,366	54.2%
2013	5,651,898	3,427,639	60.6%
2014	5,799,312	3,582,881	61.8%
2015	5,960,250	1,740,475	29.2%

Other Supplementary Information

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

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

Statement of Changes in Assets and Liabilities

Agency Funds

For the Fiscal Year Ended June 30, 2015

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Assets:				
Cash on hand or in banks	\$ 1,318,701	1,444,525	1,318,701	1,444,525
Due from other governments	70,999	70,999	70,999	70,999
Due from General Fund	<u>3,425,799</u>	<u>3,425,799</u>	<u>3,425,799</u>	<u>3,425,799</u>
Total assets	<u><u>\$ 4,815,499</u></u>	<u><u>4,941,323</u></u>	<u><u>4,815,499</u></u>	<u><u>4,941,323</u></u>
Liabilities:				
Accounts payable	\$ 321,593	321,593	321,593	321,593
Accrued liabilities	793,150	793,150	793,150	793,150
Amounts held for other organizations	<u>3,700,756</u>	<u>3,826,580</u>	<u>3,700,756</u>	<u>3,826,580</u>
Total liabilities	<u><u>\$ 4,815,499</u></u>	<u><u>4,941,323</u></u>	<u><u>4,815,499</u></u>	<u><u>4,941,323</u></u>

See Report of Independent Auditor.

Statistical Section (unaudited)

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

Tables 1 – 7

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

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

Tables 8-16

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

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

Tables 17-23

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

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

Tables 23-24

These tables assess the City’s tax revenue sources

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

Tables 25-26

These tables present information on the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future

Demographic and Economic Information of the City of Richmond, Virginia of which the School Board is a component unit

Tables 27-31

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

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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
2006	\$ 188,518,886	\$ 7,339,222	\$ 5,731,626	\$ 11,383,602
2007	201,484,145	7,998,608	6,437,839	10,226,603
2008	197,516,866	7,668,658	6,562,821	10,624,548
2009	204,784,983	6,835,463	6,759,101	10,672,021
2010	202,025,903	6,981,132	6,439,732	10,044,866
2011	179,765,928	7,334,538	6,361,842	10,266,722
2012	194,712,449	7,116,834	6,561,888	12,840,508
2013	192,038,630	7,545,457	6,329,385	12,162,376
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

Source: Department of Finance-Comprehensive Annual Financial Report

(A Component Unit of the City of Richmond, Virginia)**General Fund Expenditures by Function (Unaudited)****Last Ten Fiscal Years**

	<u>Operations and Maintenance</u>	<u>Facilities Services</u>	<u>Total Operating Expenditures</u>
\$	31,032,367	\$ 257,641	\$ 244,263,344
	31,695,834	524,239	258,367,268
	28,898,151	1,008,128	252,279,172
	31,360,502	850,285	261,262,355
	28,446,228	143,586	254,081,447
	28,931,586	333,190	232,993,806
	28,669,382	95,171	249,996,232
	26,143,266	164,273	244,383,387
	27,408,239	94,105	244,744,659
	28,395,502	346,098	260,482,085

Table 2

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

General Fund Revenues by Sources (Unaudited)

Last Ten Fiscal Years

Fiscal Year Ended June 30	City of Richmond	Commonwealth of Virginia	Federal Government	Other	Total
2006	\$ 132,431,214	\$ 114,551,860	\$ 564,627	\$ 1,802,268	\$ 249,349,969
2007	132,026,487	126,438,392	587,780	1,493,490	260,546,149
2008	132,026,487	125,541,723	1,037,375	1,345,145	259,950,730
2009	131,334,130	135,655,988	715,686	1,646,848	269,352,652
2010	127,102,268	116,051,338	11,067,338	1,918,228	256,139,172
2011	124,234,268	109,858,138	2,814,934	1,527,432	238,434,772
2012	123,756,791	108,584,322	6,401,489	1,617,087	240,359,689
2013	129,443,723	112,522,670	845,605	1,430,160	244,242,158
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

Source: Department of 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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Current, other assets	\$ 50,051,777	54,805,167	68,402,094	77,830,965	80,308,938	70,088,402	62,994,039	79,048,141	66,029,831	70,873,146
Capital assets, net	5,071,394	4,548,199	3,904,881	4,997,020	11,170,412	10,448,482	11,408,373	11,699,896	12,061,538	17,900,970
Total assets	55,123,171	59,353,366	72,306,975	82,827,985	91,479,350	80,536,884	74,402,412	90,748,037	78,091,369	88,774,116
Deferred pension investment experience	-	-	-	-	-	-	-	-	-	112,644
Deferred pension contributions	-	-	-	-	-	-	-	-	-	23,147,596
Total deferred outflows of resources	-	-	-	-	-	-	-	-	-	23,260,240
Long-term liabilities	18,579,050	16,829,031	22,014,825	25,347,604	33,802,634	37,400,886	42,394,825	43,428,783	44,545,513	299,417,562
Other liabilities	36,854,631	41,001,920	48,178,947	45,284,263	48,631,970	33,949,813	38,501,498	46,499,337	48,284,858	51,231,964
Total liabilities and deferred inflows	55,433,681	57,830,951	70,193,772	70,631,867	82,434,604	71,350,699	80,896,323	89,928,120	92,830,371	350,649,526
Deferred pension investment experience	-	-	-	-	-	-	-	-	-	38,499,640
Deferred pension proportionate share	-	-	-	-	-	-	-	-	-	5,989,075
Total deferred inflows of resources	-	-	-	-	-	-	-	-	-	44,488,715
Net Position										
Net investment in capital assets	5,071,394	4,548,199	3,904,881	4,997,020	4,563,292	4,246,856	5,231,490	5,933,816	6,564,752	6,185,885
Restricted	3,584,317	4,106,081	4,453,049	10,176,772	8,482,385	7,293,362	7,716,548	7,163,762	5,466,168	7,466,678
Unrestricted	(8,966,221)	(7,131,865)	(6,244,727)	(2,977,674)	(4,000,931)	(2,354,033)	(19,441,949)	(23,977,557)	(26,769,922)	(296,756,448)
Total net position	\$ (310,510)	1,522,415	2,113,203	12,196,118	9,044,746	9,186,185	(6,493,911)	(10,879,979)	(14,739,002)	(283,103,885)

Table 4

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

Changes in Net Position of Governmental Activities (unaudited)

	Last Ten Fiscal Years									
	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental Activities:										
Instruction	\$ 232,214,067	243,839,962	245,391,774	253,283,675	252,709,931	234,433,357	256,715,702	248,793,093	241,275,324	248,355,694
Support Services:										
Administration	7,364,887	7,967,415	7,809,749	6,932,833	7,111,413	7,144,859	7,199,283	7,523,707	7,286,658	7,100,438
Attendance and Health	6,865,786	7,449,333	7,609,883	7,885,700	7,574,018	7,397,645	7,560,791	7,025,854	6,838,649	8,813,459
Nutrition Services	10,916,735	10,497,502	10,814,918	10,932,368	10,893,806	11,447,257	12,300,932	12,935,055	12,187,901	13,938,935
Pupil Transportation	11,811,271	11,308,710	11,620,030	8,937,843	10,713,703	10,791,692	13,067,688	13,017,562	13,085,753	13,183,819
Operations and Maintenance	31,304,605	32,152,478	29,682,315	33,112,629	30,130,034	30,774,255	29,976,859	26,928,277	27,641,138	28,886,797
Facilities services	5,685,286	3,820,187	3,535,188	3,982,025	7,301,134	7,611,884	5,462,937	3,088,205	2,239,173	4,690,014
Total Support Services	73,948,570	73,195,625	71,072,083	71,783,398	73,724,108	75,167,592	75,568,490	70,518,660	69,279,272	76,613,462
Interest on long-term debt	-	-	-	-	-	-	469,342	337,767	304,556	296,374
Total School Board	306,162,637	317,035,587	316,463,857	325,067,073	326,434,039	309,600,949	332,753,534	319,649,520	310,859,152	325,265,530
Program Revenues										
Governmental Activities:										
Charges for services:										
Instruction	\$ 1,354,203	1,372,462	1,192,112	1,174,247	1,201,590	1,070,017	1,190,286	1,090,847	969,978	1,130,571
Support Services	2,211,606	2,426,151	2,211,214	2,363,728	2,046,665	1,691,216	1,713,212	1,579,377	1,538,989	838,434
Operating Grants and Contributions	88,288,599	94,139,933	96,192,111	100,531,637	101,290,648	106,820,664	111,223,459	108,114,524	101,575,153	107,632,147
Capital Grants and Contributions	2,472,195	3,768,429	3,373,815	9,216,231	6,695,973	6,072,480	5,717,528	3,782,000	771,000	7,050,000
Total School Board	94,326,603	101,706,975	102,969,252	113,285,843	111,234,876	115,654,377	119,844,485	114,566,748	104,855,120	116,651,152
Total Net Expense	(211,836,034)	(215,328,612)	(213,494,605)	(211,781,230)	(215,199,163)	(193,946,572)	(212,909,049)	(205,082,772)	(206,004,032)	(208,614,378)
General Revenues										
Intergovernmental aid not restricted to specific purposes:										
City of Richmond, Virginia	132,431,214	132,032,424	132,027,386	131,336,375	127,102,268	124,234,268	123,756,791	129,443,723	129,972,012	137,219,584
Commonwealth of Virginia	76,319,039	84,818,465	81,659,439	89,605,306	74,016,676	65,358,815	67,418,227	70,919,364	71,249,521	76,291,517
Federal Government	79,500	175,812	222,301	715,686	10,329,484	1,994,626	5,611,358	-	-	-
Other	120,429	134,836	176,267	206,778	599,363	199,194	442,577	333,617	923,476	396,866
Total General Revenues	208,950,182	217,161,537	214,085,393	221,864,145	212,047,791	191,786,903	197,228,953	200,696,704	202,145,009	213,907,967
Change in Net Position	\$ (2,885,852)	1,832,925	590,788	10,082,915	(3,151,372)	(2,159,669)	(15,680,096)	(4,386,068)	(3,859,023)	5,293,589

Source: Department of Finance-Comprehensive Annual Financial Report

Table 5

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

FUND BALANCES OF GOVERNMENTAL FUNDS (unaudited)

Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Non-Spendable	\$ -	-	-	-	-	7,298,472	833,669	2,355,222	322,440	581,221
Committed	-	-	-	-	-	8,523,298	5,680,960	5,098,900	-	-
Assigned	-	-	-	-	-	6,000,000	8,229,300	1,400,000	4,167,911	4,324,569
Unassigned	-	-	-	-	-	5,229,325	559,026	3,800,248	6,470,566	4,993,322
Reserved	9,562,782	8,269,312	13,984,120	16,239,878	13,997,878	-	-	-	-	-
Unreserved	35,016	1,101,073	1,117,988	4,914,198	7,470,096	-	-	-	-	-
Total General Fund	9,597,798	9,370,385	15,102,108	21,154,076	21,467,974	27,051,095	15,302,955	12,654,370	10,960,917	9,899,112
All Other Governmental Funds										
Non-Spendable	\$ -	-	-	-	-	910,854	976,927	1,035,279	1,135,900	1,118,309
Restricted	-	-	-	-	-	4,491,024	2,786,287	2,274,679	3,082,024	5,152,124
Assigned	-	-	-	-	-	8,059,640	6,739,621	6,128,483	4,330,268	6,348,369
Unassigned	-	-	-	-	-	(4,491,024)	(1,313,249)	(1,243,903)	(1,764,136)	(2,876,732)
Reserved	2,753,447	3,731,082	2,523,355	7,484,652	7,061,025	-	-	-	-	-
Unreserved, reported in:										
Grants Fund	(527,765)	(601,826)	(546,888)	(768,381)	(1,284,438)	-	-	-	-	-
Nutrition Services	-	265,817	569,610	891,163	1,409,130	-	-	-	-	-
Capital Project Funds	1,373,666	1,037,788	2,574,962	3,785,192	3,023,277	-	-	-	-	-
Total All Other Governmental Funds	3,599,348	4,432,861	5,121,039	11,392,626	10,208,994	8,970,494	9,189,586	8,194,538	6,784,056	9,742,070
Total Fund Balances	\$ 13,197,146	13,803,246	20,223,147	32,546,702	31,676,968	36,021,589	24,492,541	20,848,908	17,744,973	19,641,182

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

Source: Department of 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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Intergovernmental	\$ 298,563,724	313,746,989	312,291,219	328,952,653	317,618,827	303,330,008	312,947,802	311,670,353	303,250,480	327,923,549
Donations and special gifts	990,762	1,234,438	1,044,433	2,643,217	1,637,511	1,185,296	810,899	587,521	512,600	372,075
Charges for goods and services	3,560,154	3,629,669	3,558,242	3,459,961	3,298,844	2,810,910	3,015,731	2,696,059	2,555,772	2,065,644
Investment income	105,227	142,521	8,831	(11,982)	92,591	50,184	88,879	76,516	122,218	5,300
Other	761,078	587,836	563,566	804,482	1,272,601	845,588	881,947	870,724	1,396,041	899,470
Total Revenues	<u>303,980,945</u>	<u>319,341,453</u>	<u>317,466,291</u>	<u>335,848,331</u>	<u>323,920,374</u>	<u>308,221,986</u>	<u>317,745,258</u>	<u>315,901,173</u>	<u>307,837,111</u>	<u>331,266,038</u>
Expenditures										
Instruction	\$ 231,003,751	245,909,810	241,452,173	250,197,514	252,038,755	231,690,122	254,243,955	247,840,612	241,002,535	252,095,683
Support Services	68,332,876	69,399,451	67,059,696	70,205,966	65,602,332	66,670,892	69,293,359	66,562,486	66,743,743	70,897,040
Capital Outlay	5,417,745	3,426,091	2,534,521	4,492,082	13,350,647	7,264,197	5,359,907	4,393,138	2,569,215	11,657,340
Debt Service:										
Interest	-	-	-	-	-	436,262	469,342	337,767	304,556	907,763
Principal	-	-	-	-	-	-	24,743	410,803	320,997	368,809
Total Expenditures	<u>304,754,372</u>	<u>318,735,352</u>	<u>311,046,390</u>	<u>324,895,562</u>	<u>330,991,734</u>	<u>306,061,473</u>	<u>329,391,306</u>	<u>319,544,806</u>	<u>310,941,046</u>	<u>335,926,635</u>
Excess (deficiency) of revenues over expenditures	(773,427)	606,101	6,419,901	10,952,769	(7,071,360)	2,160,513	(11,646,048)	(3,643,633)	(3,103,935)	(4,660,597)
Other Financing sources (uses)										
Transfers in	2,553,881	2,406,292	1,939,834	2,038,328	1,743,827	1,591,405	1,734,512	1,758,786	1,579,288	2,492,818
Transfers out	(2,553,881)	(2,406,292)	(1,939,834)	(2,038,328)	(1,743,827)	(1,591,405)	(1,734,512)	(1,758,786)	(1,579,288)	(2,492,818)
Capital Lease	-	-	-	1,370,786	6,201,626	-	-	-	-	6,556,806
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,370,786</u>	<u>6,201,626</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,556,806</u>
Net change in fund balances	<u>\$ (773,427)</u>	<u>606,101</u>	<u>6,419,901</u>	<u>12,323,555</u>	<u>(869,734)</u>	<u>2,160,513</u>	<u>(11,646,048)</u>	<u>(3,643,633)</u>	<u>(3,103,935)</u>	<u>1,896,209</u>

Source: Department of Finance-Comprehensive Annual Financial Report

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

**Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2015**

	<u>Federal Catalog Number</u>	<u>Federal Expenditures/ Expenses</u>
DEPARTMENT OF DEFENSE		
Direct Payments:		
Air Force ROTC		\$ 42,235
Army ROTC		460,803
Total Department of Defense		<u>503,038</u>
DEPARTMENT OF AGRICULTURE		
Direct Payments:		
Summer Food Service Program for Children	10.559	270,790
Passed Through Va. Department of Agriculture and Consumer Services:		
National School Lunch Program	10.555	539,872
Passed Through Va. Department of Health		
Child and Adult Care Food Program	10.558	5,923
Passed Through Virginia Department of Education:		
School Breakfast Program	10.553	3,748,300
National School Lunch Program	10.555	8,648,597
Fresh Fruit & Vegetables Program	10.582	741,280
Total Department of Agriculture		<u>13,954,762</u>
DEPARTMENT OF LABOR		
Passed Through Captial Region Workforce Partnership		
WIA-Youth Activities	17.259	66,584
Total Department of Labor		<u>66,584</u>
NATIONAL SCIENCE FOUNDATION		
Passed Through University of Washington		
Education and Human Resources	47.076	1,909
Total National Science Foundation		<u>1,909</u>

Table 7

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

**Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2015**

	<u>Federal Catalog Number</u>	<u>Federal Expenditures/ Expenses</u>
DEPARTMENT OF EDUCATION		
Direct Payments:		
Impact Aid	84.041	\$ 259,246
Passed Through Virginia Department of Education:		
Adult Education - State Grant Program	84.002	1,269,819
Title I Grants to Local Educational Agencies	84.010	17,952,597
Title I State Agency Program for Neglected and Delinquent Children	84.013	134,165
Special Education - Grants to States	84.027	6,059,925
Career & Technical Education - Basic Grants to States	84.048	378,855
Special Education - Preschool Grants	84.173	104,955
Twenty-First Century Community Learning Centers	84.287	241,771
Advanced Placement Program	84.330	17,906
English Language Acquisition Grants	84.365	151,737
Improving Teacher Quality State Grants	84.367	1,659,354
School Improvement Grants	84.377	753,037
Preschool Development Grants-Expansion Grants	84.419	14,230
Passed Through National Board for Professional Teaching Standards		
Teacher Incentive Fund	84.374	915,519
Passed Through the College of William and Mary:		
Education for Homeless Children and Youth	84.196	74,164
Passed Through Virginia Commonwealth University		
School Leadership	84.363	18,000
Teacher Quality Partnerships Recovery Act	84.405	277,289
Total Department of Education		<u>30,282,569</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Direct Payment:		
Head Start	93.600	7,483,617
Total Department of Health and Human Services		<u>7,483,617</u>
Total Federal Awards		<u>\$ 52,292,479</u>

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

Annual Per Pupil Cost (Unaudited)

Last Ten Fiscal Years

Fiscal / School Year	Per Pupil Cost
2005-2006	\$ 12,219
2006-2007	13,119
2007-2008	13,088
2008-2009	13,601
2009-2010	13,773
2010-2011	13,040
2011-2012	13,730 ⁽¹⁾
2012-2013	12,945
2013-2014	12,731
2014-2015	

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

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

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

Attendance/Membership Statistics (Unaudited)

Last Ten Fiscal Years

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
2005	21,548	23,381	92.2%
2006	21,381	23,247	92.0%
2007	20,955	22,769	92.0%
2008	20,326	22,085	92.0%
2009	20,051	21,695	92.4%
2010	19,889	21,492	92.5%
2011	19,937	21,450	92.9%
2012	19,970	21,381	93.4%
2013	20,274	21,707	93.4%
2014	20,525	21,911	93.7%
2015	20,432	21,935	93.1%

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

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

Table 10

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
2005 - 2006	25,079	16,000	63.8%	1,527	6.1%	17,527	69.9%
2006 - 2007	24,555	16,408	66.8%	1,768	7.2%	18,176	74.0%
2007 - 2008	23,881	15,301	64.1%	1,628	6.8%	16,929	70.9%
2008 - 2009	23,356	15,146	64.8%	1,337	5.7%	16,483	70.6%
2009 - 2010	23,356	16,061	68.8%	1,449	6.2%	17,510	75.0%
2010 - 2011	23,183	15,756	68.0%	925	4.0%	16,681	72.0%
2011 - 2012	23,078	15,399	66.7%	917	4.0%	16,316	70.7%
2012 - 2013	23,635	17,245	73.0%	931	3.9%	18,176	76.9%
2013 - 2014	23,367	16,506	70.6%	845	3.6%	17,351	74.3%
2014 - 2015	23,079	22,527	97.6%	0	0.0%	22,527	97.6%

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

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

Last Ten Fiscal Years

Function	Fiscal Year									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Instruction ⁽¹⁾	2,769.0	2,757.0	2,924.5	2,931.0	2,696.5	2,937.0	2,934.0	2,806.0	2,814.0	2,976.0
Support Services:										
Administration, Attendance & Health	220.6	208.1	208.6	198.5	206.5	229.5	202.0	198.0	181.0	212.0
Nutrition Services	184.6	176.1	169.3	163.4	160.0	160.5	163.0	158.0	145.0	143.0
Pupil Transportation	291.3	271.3	257.1	261.3	242.9	227.0	239.0	256.0	271.0	267.0
Operations & Maintenance	474.3	490.3	488.3	403.0	399.0	398.0	387.0	379.0	326.0	297.0
Facilities	3.0	3.3	2.8	1.5	1.0	2.5	4.0	4.0	5.0	3.0
Technology	48.3	48.3	44.5	68.0	51.0	50.0	52.0	50.0	48.0	47.0
Other instructional and support service personnel ⁽²⁾	<u>333.5</u>	<u>337.8</u>	<u>323.4</u>	<u>282.52</u>	<u>324.5</u>	<u>192.5</u>	<u>356.0</u>	<u>327.0</u>	<u>272.0</u>	<u>197.0</u>
Total	<u>4,324.6</u>	<u>4,292.2</u>	<u>4,418.5</u>	<u>4,309.2</u>	<u>4,081.4</u>	<u>4,197.0</u>	<u>4,337.0</u>	<u>4,178.0</u>	<u>4,062.0</u>	<u>4,142.0</u>

*2014 - as reported to the Virginia Department of Education on the 2013 Annual School Report; subject to adjustment

⁽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

Source: Virginia Department of Education Annual School Report

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

Teacher Data (unaudited)

Last Ten Fiscal Years

Fiscal Year	Elementary 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
2005 - 2006	1,325.4	\$ 45,808	791.6	\$ 45,988	2,117.0	\$ 45,875
2006 - 2007	1,265.0	46,013	955.0	47,893	2,220.0	46,822
2007 - 2008	1,105.2	47,712	1,063.3	49,661	2,168.5	46,822
2008 - 2009	1,374.4	48,492	779.4	51,010	2,153.8	49,751
2009 - 2010	1,351.4	48,021	786.1	51,756	2,137.5	49,889
2010 - 2011	1,359.8	45,908	756.7	52,725	2,116.5	48,345
2011 - 2012	1,346.3	47,613	755.2	55,606	2,101.5	51,609
2012 - 2013	1,199.0	46,142	668.0	53,438	1,867.0	49,790
2013 - 2014	1,295.5	48,750	740.5	52,593	2,036.0	50,148
2014 - 2015	1,291.1	49,292	784.9	52,546	2,076.0	50,522

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

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

Table 13

**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
2005-2006	1,311.4	15,224	11.6	781.6	6,677	8.5
2006-2007	1,251.0	14,696	11.7	945.0	7,756	8.2
2007-2008	1,094.5	14,309	13.1	1,054.0	7,567	7.2
2008-2009	1,364.0	14,133	10.4	769.0	7,453	9.7
2009-2010	1,341.0	14,309	10.7	776.0	7,567	9.8
2010-2011	1,282.8	14,166	11.0	710.2	6,907	9.7
2011-2012	1,269.8	14,307	11.3	709.2	6,716	9.5
2012-2013	1,199.0	14,705	12.3	668.0	6,675	10.0
2013-2014	1,224.0	14,945	12.2	713.0	6,609	9.3
2014-2015 ⁽¹⁾	1,218.0	14,930	12.3	740.0	6,776	9.2

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

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

Source 2005-2010: Virginia Department of Education, Annual School Report, Table # 2

Source 2012-2014: Virginia Department of Education, Annual School Report, Table #17a (Formerly Table 2)

Source 2015: Virginia Department of Education Annual School Report

Table 14

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

Schedule of School Building Statistics (unaudited)

"Standard Classrooms" are defined as: Regular classrooms*, Science, Science lecture, Vocational, Special Education, and Business, or any classroom without permanent equipment.						
Building Name	Year Built	Age (Years)	Last Addition or Renovation	Square Footage	Number Of Standard Classrooms	Capacity Based On Number Of Standard Classrooms
<u>Elementary Schools</u>						
Bellevue	1914	100	1983	55,623	22	440
Blackwell *	1998	16		83,251	32	800
Blackwell Primary (Round Building)	1967	47		37,512	20	500
Broad Rock - New	2013	1	2013	94,136		650
Carver	1915	99	1992	100,000	42	840
Cary, John B.	1953	61	1990	46,711	20	400
Chimborazo	1968	46		75,370	32	640
Fairfield Court	1957	57	1990	44,398	27	540
Fisher, J. B.	1966	48	1969	44,222	16	320
Fox	1911	103	1922	58,260	17	340
Francis, J. L.	1968	46	1996	56,954	27	540
Ginter Park	1915	99	1981	60,371	24	480
Ginter Park Annex (Mary Scott)	1952	62	1981	47,507	19	380
Greene, E. S. H.	1955	59	1969	41,490	23	460
Holton, Linwood *	1999	15		80,548	32	640
Mason, George	1922	92	1980	67,048	29	580
Maymont	1957	57		35,959	18	360
Miles Jones *	1999	15		80,548	32	640
Munford, Mary	1950	64	1954	64,468	24	480
Oak Grove - New	2013	1		91,000		650
Overby - Sheppard	1976	38	1996	49,300	25	500
Redd, Elizabeth	1951	63	1982	74,471	21	420
Reid, G. H.	1958	56	1969	64,964	38	760
Southampton	1959	55	1982	56,521	29	580
Stuart, J. E. B.	1921	93	1990	44,408	25	500
Summer Hill	1919	95	1986	37,282	19	380
Swansboro	1912	102	1982	48,183	17	340
Westover Hills	1955	59	1980	50,008	21	420
Woodville	1954	60	1985	76,928	31	620
Total					682	15,200
NOTE: Only Regular Classrooms are Counted in Elementary School Capacity						

Table 14

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

Schedule of School Building Statistics (unaudited)

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

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	100	1926	98,013	27	540
Boushall	1986	28		128,530	42	840
Elkhardt	1941	73	1988	91,575	26	520
Henderson	1972	42		188,131	44	880
Hill, Albert	1925	89		81,152	30	600
Lucille Brown	1997	17		129,775	26	520
King	2014	0		201,042	67	1,340
Thompson	1965	49		108,364	35	700
Total					297	6,580
<u>High Schools</u>						
Franklin Military (Onslow Minnis)	1928	86	1995	95,017	30	600
Huguenot	1961	53	2013	175,245	50	1,000
Jefferson, Thomas	1929	85	1970	179,993	57	1,140
Armstrong (formerly Kennedy, J. F.)	1968	46	1990	237,532	53	1,060
Marshall, John	1959	55		230,994	46	920
Open High (Grace Arents Bldg)	1911	103	1985	18,699	8	160
Richmond Community	1977	37	1993	62,210	20	400
Wythe, George	1959	55	1989	243,114	50	1,000
Total					314	6,280
<u>Exceptional education schools</u>						
Amelia	1959	55	1991	33,908	18	360
Total					18	360
<u>Vocational and Alternative Schools</u>						
Richmond Alternative School (RAS)	1924	90	1983	80,643	33	660
RTC-North Building	1971	43		49,939	16	320
RTC-South Building	1966	48		187,425	26	520
Total					108	2,160
Grand Total of Standard Classrooms and Capacity					1,419	30,580

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 school 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

⁽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)**

2014-2015 Schools With Accreditation Scores Reported to the State of Virginia

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

Note: The above list shows all Richmond Public Schools for which accreditation scores are reported annually to the Virginia Department of Education.
Source: Virginia Department of Education School Accreditation Ratings 2013-2014
Up to date information on the accreditation status of each school may be obtained by calling the Richmond Public Schools Office of
of Public Information at (804) 780-7100, or by visiting the Richmond Public Schools' web site at www.richmond.k12.va.us.

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

Ratios of Debt Outstanding ⁽¹⁾

Last Three Fiscal Years

Fiscal Year	<u>Governmental Activities ⁽²⁾</u>		Per Capita Personal Income ⁽³⁾	Percent of Personal Income	Population ⁽³⁾	<u>Debt Per Capita</u>	
	Capital leases						
2013	\$	5,999,681	N/A	N/A	214,114	\$	28.0
2014		5,766,080	N/A	N/A	217,853		26.5
2015		11,715,085	N/A	N/A	217,853		53.8

(1) See Notes 5, 6, and 7 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 can incur or have outstanding; however, the City Council has imposed limits. The School Board's capital leases are not applicable to the City's self-imposed debt limits.

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

Source: Department Finance-Comprehensive Annual Financial Report

Table 17

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Governmental Activities										
Net Investment in Capital Assets	\$ 257,995,107	\$ 276,834,506	\$ 304,606,896	\$ 311,326,711	\$ 280,800,936	\$ 198,531,273	\$ 269,060,408	\$ 240,536,212	\$ 298,234,961	\$ 322,524,287
Restricted	11,902,266	14,911,689	14,992,862	15,356,206	5,772,722	12,590,642	16,458,462	31,900,000	21,269,101	4,292,533
Unrestricted	<u>25,435,347</u>	<u>26,438,982</u>	<u>45,954,323</u>	<u>21,676,936</u>	<u>67,421,848</u>	<u>71,414,987</u>	<u>103,428,935</u>	<u>46,700,000</u>	<u>35,576,578</u>	<u>(271,436,689)</u>
Total Governmental Activities' Net Position	<u>\$ 295,332,720</u>	<u>\$ 318,185,177</u>	<u>\$ 365,554,081</u>	<u>\$ 348,359,853</u>	<u>\$ 353,995,506</u>	<u>\$ 282,536,902</u>	<u>\$ 388,947,805</u>	<u>\$ 319,136,212</u>	<u>\$ 355,080,640</u>	<u>\$ 55,380,131</u>
Business-type Activities										
Net Investment in Capital Assets	\$ 305,313,014	\$ 302,815,193	\$ 316,259,057	\$ 351,767,886	\$ 369,683,330	\$ 381,909,942	\$ 419,526,304	\$ 488,600,000	\$ 524,011,667	\$ 484,192,043
Unrestricted	<u>69,958,764</u>	<u>79,842,538</u>	<u>78,044,664</u>	<u>55,610,764</u>	<u>58,319,963</u>	<u>64,745,678</u>	<u>51,318,531</u>	<u>125,800,000</u>	<u>134,309,642</u>	<u>154,100,935</u>
Total Business-type Activities' Net Position	<u>\$ 375,271,778</u>	<u>\$ 382,657,731</u>	<u>\$ 394,303,721</u>	<u>\$ 407,378,650</u>	<u>\$ 428,003,293</u>	<u>\$ 446,655,620</u>	<u>\$ 470,844,835</u>	<u>\$ 614,400,000</u>	<u>\$ 658,321,309</u>	<u>\$ 638,292,978</u>
Primary Government										
Net Investment in Capital Assets	\$ 563,308,121	\$ 579,649,699	\$ 620,865,953	\$ 663,094,597	\$ 650,484,266	\$ 580,441,215	\$ 688,586,712	\$ 729,136,212	\$ 822,246,628	\$ 806,716,330
Restricted	11,902,266	14,911,689	14,992,862	15,356,206	5,772,722	12,590,642	16,458,462	31,900,000	21,269,101	4,292,533
Unrestricted	<u>95,394,111</u>	<u>106,281,520</u>	<u>123,998,987</u>	<u>77,287,700</u>	<u>125,741,811</u>	<u>136,160,665</u>	<u>154,747,466</u>	<u>172,500,000</u>	<u>169,886,220</u>	<u>(117,335,754)</u>
Total Primary Government Activities' Net Position	<u>\$ 670,604,498</u>	<u>\$ 700,842,908</u>	<u>\$ 759,857,802</u>	<u>\$ 755,738,503</u>	<u>\$ 781,998,799</u>	<u>\$ 729,192,522</u>	<u>\$ 859,792,640</u>	<u>\$ 933,536,212</u>	<u>\$ 1,013,401,949</u>	<u>\$ 693,673,109</u>

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Expenses										
Governmental Activities:										
General Government	\$ 108,538,958	\$ 108,443,704	\$ 82,078,049	\$ 132,001,804	\$ 137,836,800	\$ 135,582,802	\$ 126,274,797	\$ 145,700,000	\$ 109,455,944	\$ 150,935,993
Public Safety and Judiciary	159,938,162	175,163,038	170,498,404	185,536,625	175,820,069	178,142,702	182,724,471	187,800,000	184,192,095	233,336,534
Highways, Streets, Sanitation and Refuse	75,459,598	72,673,872	90,808,054	59,964,571	61,502,223	104,103,996	86,067,163	88,900,000	86,301,761	94,672,443
Human Services	90,316,536	95,346,598	110,423,497	105,618,194	93,697,780	95,333,003	84,629,401	79,000,000	78,249,654	96,529,866
Culture and Recreation	21,978,162	24,350,136	41,009,121	25,635,473	26,009,978	28,502,174	24,348,709	25,000,000	26,090,075	33,004,436
Education	152,646,701	165,971,219	158,858,678	164,359,364	163,586,697	173,214,073	155,173,806	158,800,000	158,065,296	166,128,726
Transportation	8,216,356	9,405,588	10,460,000	11,950,000	11,600,000	11,600,000	12,143,357	11,600,000	12,621,480	13,244,050
Interest and Fiscal Changes	40,153,584	42,083,543	25,030,424	23,925,766	20,204,271	21,418,947	18,648,049	19,800,000	26,100,820	22,885,035
Total Governmental Activities Expenses	<u>657,248,057</u>	<u>693,437,698</u>	<u>689,166,227</u>	<u>708,991,797</u>	<u>690,257,818</u>	<u>747,897,697</u>	<u>690,009,753</u>	<u>716,600,000</u>	<u>681,077,125</u>	<u>810,737,083</u>
Business-type Activities:										
Gas	248,535,630	216,255,114	216,059,214	221,285,311	163,063,730	154,527,763	120,738,025	133,137,550	153,143,869	144,430,608
Water	41,362,442	44,232,832	46,158,648	49,074,068	49,934,491	52,819,429	53,201,110	49,803,247	52,161,156	53,273,295
Wastewater	44,944,833	51,596,901	48,364,007	53,000,556	50,679,153	54,073,862	54,615,656	58,438,940	61,153,657	67,382,430
Stormwater	--	--	--	--	7,613,092	7,541,005	7,487,569	4,744,194	6,229,426	7,610,312
Coliseum	5,249,095	5,968,440	5,846,334	5,718,103	5,171,178	4,682,080	4,066,315	3,218,416	2,513,548	2,571,848
Landmark Theatre	1,835,924	1,788,114	1,829,565	567,990	--	--	--	--	--	--
Cemeteries	1,416,174	1,399,208	1,641,821	1,472,725	1,399,493	1,419,756	1,410,964	1,343,807	1,459,299	1,913,533
Parking	--	--	--	--	--	--	--	--	--	12,178,193
Total Business-type Activities Expenses	<u>343,344,098</u>	<u>321,240,609</u>	<u>319,899,589</u>	<u>331,118,753</u>	<u>277,861,137</u>	<u>275,063,896</u>	<u>241,519,639</u>	<u>250,686,155</u>	<u>276,660,955</u>	<u>289,360,219</u>
Total Primary Government Expenses	<u>\$ 1,000,592,155</u>	<u>\$ 1,014,678,307</u>	<u>\$ 1,009,065,816</u>	<u>\$ 1,040,110,550</u>	<u>\$ 968,118,955</u>	<u>\$ 1,022,961,593</u>	<u>\$ 931,529,392</u>	<u>\$ 967,286,155</u>	<u>\$ 957,738,080</u>	<u>\$ 1,100,097,302</u>
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	\$ 46,887,330	\$ 48,008,623	\$ 43,593,817	\$ 51,086,930	\$ 52,084,531	\$ 58,638,216	\$ 126,215,625	\$ 65,019,167	\$ 56,368,769	\$ 49,393,546
Culture and Recreation	759,632	109,692	719,586	686,911	727,597	406,036	377,643	428,613	216,679	248,813
Other Activities	29,109,017	27,368,011	30,450,928	29,948,260	30,759,315	26,567,540	26,053,492	27,544,471	25,115,281	22,248,389
Operating Grants and Contributions	147,151,168	159,269,020	169,105,387	155,689,284	151,878,522	154,172,480	149,546,405	141,500,000	144,367,918	136,101,577
Capital Grants and Contributions	3,714,468	18,929,229	12,566,194	5,228,211	5,545,450	7,312,467	8,364,411	26,780,248	35,250,158	39,445,035
Total Governmental Activities Program Revenues	<u>\$ 227,621,615</u>	<u>\$ 253,684,575</u>	<u>\$ 256,435,912</u>	<u>\$ 242,639,596</u>	<u>\$ 240,995,415</u>	<u>\$ 247,096,739</u>	<u>\$ 310,557,576</u>	<u>\$ 261,272,499</u>	<u>\$ 261,318,805</u>	<u>\$ 247,437,360</u>
Business-type Activities:										
Charges for Services:										
Gas	\$ 255,994,336	\$ 225,162,779	\$ 225,892,538	\$ 231,136,014	\$ 172,587,241	\$ 164,890,242	\$ 130,742,982	\$ 148,282,997	\$ 176,794,050	\$ 162,902,984
Water	47,689,474	49,995,955	51,616,053	54,406,899	57,386,552	59,596,957	61,814,881	67,827,452	67,512,427	63,912,519
Wastewater	51,484,083	55,541,836	56,795,731	58,803,531	60,220,635	61,356,769	65,709,241	68,533,168	73,393,727	82,343,231
Stormwater	--	--	--	--	9,537,834	9,778,441	9,505,006	9,845,346	11,330,268	11,137,971
Coliseum	2,284,149	2,149,644	2,202,374	1,829,195	1,463,233	1,255,551	1,423,979	1,686,346	1,384,868	1,585,548
Landmark Theatre	594,775	255,549	463,078	520	--	--	--	--	--	--
Cemeteries	1,458,283	1,395,957	1,423,292	1,368,588	1,320,251	1,222,954	1,198,476	1,329,673	1,477,507	1,592,307
Parking	--	--	--	--	--	--	--	--	--	14,803,836
Operating Grants and Contributions	<u>4,928,275</u>	<u>4,779,151</u>	<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>
Total Business-type Activities Program Revenues	<u>364,433,375</u>	<u>339,280,871</u>	<u>346,360,165</u>	<u>358,364,466</u>	<u>317,140,348</u>	<u>313,114,571</u>	<u>285,537,737</u>	<u>317,113,214</u>	<u>351,894,064</u>	<u>358,680,107</u>
Total Primary Government Program Revenues	<u>\$ 592,054,990</u>	<u>\$ 592,965,446</u>	<u>\$ 602,796,078</u>	<u>\$ 601,004,062</u>	<u>\$ 558,135,763</u>	<u>\$ 560,211,311</u>	<u>\$ 596,095,313</u>	<u>\$ 578,385,713</u>	<u>\$ 613,212,869</u>	<u>\$ 606,117,467</u>
Net (Expense)/Revenue										
Governmental Activities	\$ (429,626,442)	\$ (439,753,123)	\$ (432,730,315)	\$ (466,352,201)	\$ (449,262,403)	\$ (500,800,958)	\$ (379,452,177)	\$ (455,327,501)	\$ (419,758,320)	\$ (563,299,723)
Business-type Activities	<u>21,089,277</u>	<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>66,427,059</u>	<u>75,233,109</u>	<u>69,319,888</u>
Total Primary Government Net Expense	<u>\$ (408,537,165)</u>	<u>\$ (421,712,862)</u>	<u>\$ (406,269,738)</u>	<u>\$ (439,106,488)</u>	<u>\$ (409,983,192)</u>	<u>\$ (462,750,283)</u>	<u>\$ (335,434,079)</u>	<u>\$ (388,900,442)</u>	<u>\$ (344,525,211)</u>	<u>\$ (493,979,835)</u>

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes:										
Real Estate	\$ 202,214,700	\$ 211,480,260	\$ 225,336,583	\$ 231,467,579	\$ 219,121,286	\$ 217,159,681	\$ 214,209,839	\$ 215,611,658	\$ 210,389,704	\$ 221,704,082
Sales-1% Local	27,116,326	31,019,396	31,274,790	30,935,300	26,093,786	26,315,613	30,595,853	30,549,022	30,944,459	32,567,648
Sales Tax For Education	--	27,558,938	26,959,337	25,312,005	24,943,835	25,914,852	26,406,848	23,673,198	23,612,726	25,102,851
Personal Property	25,156,191	42,095,364	55,220,158	45,878,338	50,186,338	38,461,849	44,579,120	48,005,747	46,100,586	49,740,946
Machinery and Tools	15,140,256	13,149,199	13,486,040	13,762,378	17,119,371	16,914,447	15,421,045	14,792,937	13,746,350	12,752,759
General Utility Sales	30,413,522	31,586,945	37,118,110	35,253,745	34,483,451	17,098,077	16,378,212	17,066,009	16,680,313	17,646,514
State Communication Taxes	--	--	--	--	--	17,439,622	17,085,208	17,130,526	16,839,049	16,691,917
Bank Stock	2,891,777	3,085,172	3,317,298	4,494,835	8,247,534	13,933,727	12,480,183	9,221,721	9,328,141	8,816,474
Prepared Food	20,889,281	23,154,114	24,076,647	24,489,056	23,756,424	26,429,441	25,051,579	29,986,231	30,065,438	32,290,063
Lodging Tax	--	5,272,618	5,984,286	5,366,015	4,789,681	4,789,957	5,200,817	6,392,330	6,326,387	5,433,289
Admissions	1,218,238	1,073,673	2,447,670	1,604,376	2,181,971	2,335,970	2,399,527	2,448,962	2,923,183	2,866,718
Real Estate Taxes - Delinquent	--	--	--	--	9,711,901	10,746,487	7,006,446	8,953,219	7,895,327	9,155,708
Personal property Taxes - Delinquent	--	--	--	--	5,023,503	4,117,223	3,959,980	8,524,442	5,614,439	8,867,316
Delinquent Tax Payments-All Classes	11,083,065	11,812,062	19,581,751	--	--	--	--	--	--	--
Private Utility Poles and Conduits	94,894	95,067	95,186	96,164	156,478	158,268	154,881	158,568	169,729	160,950
Penalties and Interest	4,676,998	5,319,892	3,657,510	4,570,206	5,423,493	4,948,641	3,660,357	4,471,897	3,642,822	4,384,082
Titling Tax-Mobile Home	7,197	5,800	9,014	10,635	10,858	4,704	8,051	5,817	6,132	9,083
State Recordation	749,102	843,137	954,315	710,115	759,637	681,049	656,449	731,956	872,407	661,291
Property Rental 1%	144,979	136,469	126,334	126,534	101,748	109,871	131,021	139,796	133,774	82,388
Vehicle Rental Tax	752,941	1,004,229	889,582	626,040	424,599	579,654	1,149,088	371,425	855,582	937,779
Rolling Stock Tax	6,029,547	416,003	--	--	--	--	--	--	--	--
Telephone Commissions	--	--	477,935	449,292	450,000	390,739	338,499	337,349	522,578	538,474
Intergovernmental Revenue Not Restricted to Specific Programs	6,159,363	--	171,162	166,361	156,211	--	--	--	--	--
Investment Earnings	1,764,937	2,425,883	2,102,922	89,955	105,672	165,111	125,526	80,854	36,020	38,344
Miscellaneous	35,950,451	30,585,867	2,224,002	2,319,473	225,661	1,143,368	1,963,714	2,823,922	1,607,458	15,739,412
Transfers	20,165,228	20,884,181	24,282,511	21,560,041	22,340,631	21,459,319	23,147,547	23,612,453	27,377,577	28,080,617
Special Item ¹	--	3,701	--	--	--	--	--	485,000	--	1,500,000
Extraordinary Item	(323,858)	(402,390)	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	450,788,961	465,575,039	455,690,181	495,768,705
Business-type Activities:										
Investment Earnings	\$ 4,166,286	\$ 5,626,435	\$ 4,594,016	\$ 5,601,170	\$ 1,060,118	\$ 897,530	\$ 1,738,623	\$ 685,839	\$ 811,070	\$ 675,983
Miscellaneous	3,350,736	4,603,438	4,873,908	1,788,086	1,694,580	1,163,441	1,580,041	1,271,707	(4,802,222)	643,747
Transfers	(20,165,228)	(20,884,181)	(24,282,511)	(21,560,041)	(22,340,631)	(21,459,319)	(23,147,547)	(23,612,453)	(27,377,577)	(28,080,617)
Total Business-type Activities	(12,648,206)	(10,654,308)	(14,814,587)	(14,170,785)	(19,585,933)	(19,398,348)	(19,828,883)	(21,654,907)	(31,368,729)	(26,760,887)
Total Primary Government	\$ 399,646,929	\$ 451,951,272	\$ 465,284,632	\$ 434,987,188	\$ 436,243,488	\$ 431,899,322	\$ 430,960,078	\$ 443,920,132	\$ 424,321,452	\$ 469,007,818
Change in Net Position										
Governmental Activities	\$ (17,331,307)	\$ 22,852,457	\$ 47,368,904	\$ (17,194,228)	\$ 6,567,018	\$ (49,503,288)	\$ 71,336,784	\$ 10,247,538	\$ 35,931,861	\$ (67,531,018)
Business-type Activities	8,441,071	7,385,953	11,645,990	13,074,928	19,693,278	18,652,327	24,189,215	44,772,152	43,864,380	42,559,001
Total Primary Government	\$ (8,890,236)	\$ 30,238,410	\$ 59,014,894	\$ (4,119,300)	\$ 26,260,296	\$ (30,850,961)	\$ 95,525,999	\$ 55,019,690	\$ 79,796,241	\$ (24,972,017)

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.

Table 19

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

	Fiscal Year									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
City Taxes										
Real Estate	\$ 202,214,700	\$ 211,480,260	\$ 225,336,583	\$ 231,467,579	\$ 219,121,286	\$ 217,159,681	\$ 214,209,839	\$ 215,611,658	\$ 210,389,704	\$ 221,704,082
Sales-1% Local	27,116,326	31,019,396	31,274,790	30,935,300	26,093,786	26,315,613	30,595,853	30,549,022	30,944,459	32,567,648
Sales Tax for Education	--	27,558,938	26,959,337	25,312,005	24,943,835	25,914,852	26,406,848	23,673,198	23,612,726	25,102,851
Personal Property	25,156,191	42,095,364	55,220,158	45,878,338	50,186,338	38,461,849	44,579,120	48,005,747	46,100,586	49,740,946
Machinery and Tools	15,140,256	13,149,199	13,486,040	13,762,378	17,119,371	16,914,447	15,421,045	14,792,937	13,746,350	12,752,759
General Utility Sales	30,413,522	31,586,945	37,118,110	35,253,745	34,483,451	17,098,077	16,378,212	17,066,009	16,680,313	17,646,514
State Communication Taxes	--	--	--	--	--	17,439,622	17,085,208	17,130,526	16,839,049	16,691,917
Bank Stock	2,891,777	3,085,172	3,317,298	4,494,835	8,247,534	13,933,727	12,480,183	9,221,721	9,328,141	8,816,474
Prepared Food	20,889,281	23,154,114	24,076,647	24,489,056	23,756,424	26,429,441	25,051,579	29,986,231	30,065,438	32,290,063
Transient Lodging	--	5,272,618	5,984,286	5,366,015	4,789,681	4,789,957	5,200,817	6,392,330	6,326,387	5,433,289
Admissions	1,218,238	1,073,673	2,447,670	1,604,376	2,181,971	2,335,970	2,399,527	2,448,962	2,923,183	2,866,718
Real Estate Taxes - Delinquent	--	--	--	--	9,711,901	10,746,487	7,006,446	8,953,219	7,895,327	9,155,708
Personal Property Taxes - Delinquent	--	--	--	--	5,023,503	4,117,223	3,959,980	8,524,442	5,614,439	8,867,316
Delinquent Tax Payments-All Classes	11,083,065	11,812,062	19,581,751	--	--	--	--	--	--	--
Private Utility Poles and Conduits	94,894	95,067	95,186	96,164	156,478	158,268	154,881	158,568	169,729	160,950
Penalties and Interest	4,676,998	5,319,892	3,657,510	4,570,206	5,423,493	4,948,641	3,660,357	4,471,897	3,642,822	4,384,082
Titling Tax-Mobile Home	7,197	5,800	9,014	10,635	10,858	4,704	8,051	5,817	6,132	9,083
State Recordation	749,102	843,137	954,315	710,115	759,637	681,049	656,449	731,956	872,407	661,291
Property Rental 1%	144,979	136,469	126,334	126,534	101,748	109,871	131,021	139,796	133,774	82,388
Vehicle Rental Tax	752,941	1,004,229	889,582	626,040	424,599	579,654	1,149,088	371,425	855,582	937,779
Rolling Stock Tax	6,029,547	416,003	--	--	--	--	--	--	--	--
Telephone Commissions	--	--	477,935	449,292	450,000	390,739	338,499	337,349	522,578	538,474
Total Primary Government	\$ 348,579,014	\$ 409,108,338	\$ 451,012,546	\$ 425,152,613	\$ 432,985,894	\$ 428,529,872	\$ 426,873,003	\$ 438,572,810	\$ 426,669,126	\$ 450,410,332

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.

Table 20

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

	Fiscal Year									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Fund:										
Nonspendable	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 1,029,600	\$ 1,029,600	\$ 1,029,600	\$ --	\$ --
Restricted	--	--	--	--	--	1,391,917	--	--	--	--
Committed	--	--	--	--	--	14,672,765	53,073,041	39,427,954	10,793,000	13,000,000
Assigned	--	--	--	--	--	15,460,647	35,002,000	11,573,916	35,163,526	7,788,553
Unassigned	--	--	--	--	--	64,062,309	72,908,854	75,000,000	80,393,997	85,377,761
Reserved	16,144,418	15,894,601	16,908,547	2,094,186	16,598,886	--	--	--	--	--
Unreserved	<u>45,442,420</u>	<u>47,507,086</u>	<u>47,638,753</u>	<u>48,644,484</u>	<u>59,423,096</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total General Fund	<u>\$ 61,586,838</u>	<u>\$ 63,401,687</u>	<u>\$ 64,547,300</u>	<u>\$ 50,738,670</u>	<u>\$ 76,021,982</u>	<u>\$ 96,617,238</u>	<u>\$ 162,013,495</u>	<u>\$ 127,031,470</u>	<u>\$ 126,350,523</u>	<u>\$ 106,166,314</u>
All Other Governmental Funds:										
Nonspendable	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 212,141	\$ 193,729	\$ 74,327	\$ 74,372	\$ 38,930
Restricted	--	--	--	--	--	16,262,282	16,264,733	15,294,132	19,024,423	4,253,603
Committed	--	--	--	--	--	9,426,306	9,756,967	5,587,993	745,000	--
Assigned	--	--	--	--	--	295,105	(138,320)	866,410	3,468,218	14,800,003
Unassigned	--	--	--	--	--	(37,000,000)	(3,508,434)	(168,475,248)	(49,720,104)	(101,563,859)
Reserved	22,836,669	48,645,510	25,399,353	17,029,761	6,822,405	--	--	--	--	--
Unreserved, reported in:										
Special Revenue Funds	12,894,614	7,502,105	7,478,784	8,385,421	10,861,875	--	--	--	--	--
Capital Project Funds	--	--	--	(67,443,896)	--	--	--	--	--	--
Debt Service Fund	<u>(8,058)</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total All Other Governmental Funds	<u>\$ 35,723,225</u>	<u>\$ 56,147,615</u>	<u>\$ 32,878,137</u>	<u>\$ (42,028,714)</u>	<u>\$ 17,684,280</u>	<u>\$ (10,804,166)</u>	<u>\$ 22,568,675</u>	<u>\$ (146,652,386)</u>	<u>\$ (26,408,091)</u>	<u>\$ (82,471,323)</u>

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

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

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

Table 21

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues:										
Taxes	\$ 350,466,022	\$ 409,441,193	\$ 435,695,263	\$ 427,338,579	\$ 425,707,122	\$ 433,782,081	\$ 431,705,312	\$ 433,518,092	\$ 430,868,542	\$ 450,712,602
Licenses, Permits and Privilege Fees	37,275,652	37,543,533	35,514,381	36,190,387	35,374,043	34,326,099	39,403,213	42,404,133	38,093,334	39,403,545
Intergovernmental	158,577,638	164,137,422	163,694,270	156,307,233	151,219,441	152,816,149	152,837,949	133,166,823	150,232,431	144,718,110
Service Charges	20,421,258	21,119,157	21,761,128	21,451,494	24,407,838	25,559,661	26,390,218	28,093,614	23,205,623	23,437,359
Fines and Forfeitures	11,429,454	11,023,780	10,706,248	9,246,562	9,760,055	9,583,749	9,744,457	10,200,629	10,221,786	5,822,882
Payment in Lieu of Taxes	18,898,355	18,635,494	19,357,177	19,234,942	19,780,983	--	--	--	--	--
Utility Payments	-	-	--	--	--	22,577,356	24,141,572	25,266,237	27,175,174	28,848,885
Investment Income	1,764,937	2,425,882	2,103,022	540,676	105,672	165,111	125,526	80,854	36,019	38,344
Miscellaneous	70,850,022	64,820,190	27,454,098	19,653,520	22,718,453	20,903,222	79,323,182	18,100,667	10,564,344	15,345,228
Total Revenues	669,683,338	729,146,651	716,285,587	689,963,393	689,073,607	699,713,428	763,671,429	690,831,049	690,397,253	708,326,955
Expenditures:										
General Government	80,895,144	76,901,063	77,967,920	90,936,507	92,896,369	86,018,066	90,060,892	99,140,475	77,804,633	91,170,260
Public Safety and Judiciary	157,743,772	175,232,251	167,022,262	177,057,319	169,704,353	168,930,921	177,042,195	179,438,014	178,712,513	190,291,231
Highways, Streets, Sanitation and Refuse	57,844,351	62,404,860	61,007,410	44,632,867	46,687,139	58,398,783	61,164,440	60,345,016	67,017,239	61,720,615
Human Services	88,715,030	96,880,070	105,983,727	101,156,059	89,445,759	89,251,029	80,913,299	74,156,376	76,378,833	81,890,683
Culture and Recreation	19,540,997	21,399,788	22,420,288	22,869,119	21,791,546	23,274,978	22,988,592	22,746,588	24,326,572	26,212,041
Education	142,303,624	159,927,313	158,858,678	159,155,815	151,332,379	150,585,819	150,651,924	153,205,535	154,267,395	162,170,840
Non-Departmental	33,373,394	41,164,869	51,273,499	50,990,595	46,454,002	43,629,933	46,835,962	72,870,264	44,145,152	52,352,720
Capital Outlay	35,531,084	26,247,426	37,969,088	81,224,196	55,093,465	125,099,224	96,796,091	179,946,671	153,252,930	106,538,511
Debt Service:										
Principal Retirement	48,061,126	48,020,086	33,368,115	28,077,064	31,748,820	29,839,337	30,683,823	36,604,656	37,129,045	31,040,730
Interest Payments	39,385,830	38,490,977	25,054,610	24,805,037	19,193,765	19,710,167	22,026,533	19,517,107	24,157,031	24,077,465
Issuance Costs	671,476	846,451	--	955,068	806,838	647,705	--	--	738,870	1,324,747
Total Expenditures	704,065,828	747,515,154	740,925,597	781,859,646	725,154,435	795,385,962	779,163,751	897,970,702	837,930,213	828,789,843
Other Financing Sources (Uses):										
Transfers In	61,784,636	60,691,246	82,480,356	70,306,914	67,559,251	66,240,273	66,995,617	67,750,346	73,001,130	69,642,441
Transfers Out	(59,386,273)	(57,501,875)	(79,507,387)	(67,126,142)	(64,147,702)	(63,243,383)	(63,886,685)	(65,335,266)	(69,123,692)	(66,809,741)
Proceeds from Refunding Bonds	90,847,799	-	--	--	--	--	--	--	193,218,870	--
Payment to Escrow Agent	(90,622,799)	-	--	--	--	--	--	--	(150,000,000)	--
Payments for Refunding Bonds	--	-	--	--	--	--	--	--	--	(137,285,000)
Proceeds from Issuance of Bonds	--	42,194,332	--	--	100,917,875	80,341,209	113,379,713	36,487	124,144,030	183,106,648
Premium on Issuance of Bonds	--	--	(762,900)	--	6,565,000	4,441,245	--	--	--	--
Total Other Financing Sources, Net	2,623,363	45,383,703	2,210,069	3,180,772	110,894,424	87,779,344	116,488,645	2,451,567	171,240,338	44,215,447
Special Items:										
Gain on Sale of Land	--	--	--	--	--	--	--	485,000	--	--
Total Special Items	--	--	--	--	--	--	--	485,000	--	--
Extraordinary Item:										
Disaster Costs	(323,858)	(402,390)	306,076	--	15,352	--	1,320,829	--	--	--
Total Extraordinary Item	(323,858)	(402,390)	306,076	--	15,352	--	1,320,829	--	--	--
Net Change in Fund Balances	\$ (32,082,985)	\$ 26,612,810	\$ (22,123,865)	\$ (88,715,481)	\$ 74,828,948	\$ (7,893,190)	\$ 99,675,494	\$ (204,203,086)	\$ 23,707,378	\$ (76,247,441)
Debt Service as a Percentage of Noncapital Expenditures ¹	12.8%	11.8%	8.2%	7.2%	7.9%	6.7%	7.4%	6.9%	8.2%	7.3%

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

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

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

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Real Estate	\$ 195,007,601	\$ 211,744,174	\$ 220,312,237	\$ 227,921,229	\$ 218,027,758	\$ 221,948,834	\$ 216,991,101	\$ 213,234,953	\$ 216,006,348	\$ 223,491,278
Sales-1% Local	27,116,326	31,019,396	31,274,790	30,935,300	26,093,786	26,315,613	30,595,853	30,549,022	30,944,459	32,567,648
Sales Tax for Education	-	27,558,938	26,959,337	25,312,005	24,943,835	25,914,852	26,406,848	23,673,198	23,612,726	25,102,851
Personal Property	43,819,129	42,147,896	44,734,218	51,107,922	44,081,997	44,343,976	43,780,792	47,234,956	44,753,528	49,260,306
Machinery and Tools	14,729,382	13,165,608	13,679,043	14,265,110	17,038,468	16,857,051	15,519,223	15,001,324	13,607,934	12,838,347
Utility Sales Tax Gas	-	-	-	-	-	4,617,822	4,256,292	4,761,197	4,833,897	4,872,622
Utility Sales Tax Electric	-	-	-	-	-	12,480,255	12,121,920	12,303,832	11,463,513	12,479,100
Utility Sales Tax Tele	-	-	-	-	-	-	-	-	382,903	294,792
General Utility Sales	30,413,522	31,586,945	37,118,110	35,253,745	34,483,451	-	-	-	-	-
State Communication Taxes	-	-	-	-	-	17,439,622	17,085,208	17,130,526	16,839,049	16,691,917
Bank Stock	2,891,777	3,085,172	3,317,298	4,494,835	8,247,534	13,933,727	12,480,183	9,221,721	9,328,141	8,816,474
Prepared Food	17,404,622	23,154,114	24,076,647	24,489,056	23,756,424	21,726,664	26,991,476	28,320,613	30,444,280	31,686,926
Lodging Tax	-	5,272,618	5,984,286	5,366,015	4,789,681	4,623,900	5,685,427	6,018,453	5,974,584	5,456,014
Admission	1,218,238	1,073,673	2,447,670	1,604,376	2,181,971	1,843,129	2,726,217	2,372,848	2,964,390	2,357,256
Real Estate Taxes - Delinquent	-	-	-	-	9,711,901	10,746,487	7,006,446	8,953,219	7,895,327	9,155,708
Personal Property Taxes - Delinquent	-	-	-	-	5,023,503	4,117,223	3,959,980	8,524,442	5,614,439	8,867,312
Delinquent Tax Payments-All Classes	11,083,065	11,812,062	19,581,751	-	-	-	-	-	-	-
Private Utility Poles and Conduits	94,894	95,067	95,186	96,164	156,478	158,268	154,881	158,568	169,729	160,950
Penalties and Interest	4,676,998	5,319,892	3,657,510	4,570,206	5,423,493	4,948,641	3,660,357	4,471,897	3,642,822	4,384,082
Titling Tax-Mobile Home	7,197	5,800	9,014	10,635	10,858	4,704	8,051	5,817	6,132	9,083
State Recordation	749,102	843,137	954,315	710,115	759,637	681,049	656,449	731,956	872,407	661,291
Property Rental 1%	144,979	136,469	126,334	126,534	101,748	109,871	131,021	139,796	133,774	82,388
Vehicle Rental Tax	752,941	1,004,229	889,582	626,040	424,599	579,654	1,149,088	371,425	855,582	937,779
Telephone Commissions	356,249	416,003	477,935	449,292	450,000	390,739	338,499	337,349	522,578	538,474
Total General Governmental Tax Revenues	\$ 350,466,022	\$ 409,441,193	\$ 435,695,263	\$ 427,338,579	\$ 425,707,122	\$ 433,782,081	\$ 431,705,312	\$ 433,517,112	\$ 430,868,542	\$ 450,712,022

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

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

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

Calendar Year	Real Property		Personal Property	Machinery & Tools	Less: Tax Exempt Real Property	Total Taxable Assessed Value	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		
2006	\$ 10,739,603,660	\$ 9,246,483,112	\$ 1,522,890,436	\$ 637,469,276	\$ 3,914,062,202	\$ 18,232,384,282	\$1.29	\$3.70	\$2.30	\$ 18,232,384,282	100.00%
2007	\$ 12,273,304,550	\$ 11,495,448,724	\$ 1,418,934,404	\$ 647,387,014	\$ 4,726,230,820	\$ 21,108,843,872	\$1.23	\$3.70	\$2.30	\$ 21,108,843,872	100.00%
2008	\$ 13,189,929,800	\$ 12,416,702,435	\$ 1,468,366,859	\$ 627,888,746	\$ 5,000,713,600	\$ 22,702,174,240	\$1.20	\$3.70	\$2.30	\$ 22,702,174,240	100.00%
2009	\$ 14,501,085,200	\$ 12,117,784,643	\$ 1,387,622,846	\$ 625,752,634	\$ 5,519,840,800	\$ 23,112,404,523	\$1.20	\$3.70	\$2.30	\$ 23,112,404,523	100.00%
2010	\$ 12,657,788,000	\$ 14,263,768,672	\$ 1,420,344,916	\$ 765,598,939	\$ 5,827,518,000	\$ 23,279,982,527	\$1.20	\$3.70	\$2.30	\$ 23,279,982,527	100.00%
2011	\$ 12,019,466,000	\$ 13,786,267,222	\$ 1,484,823,134	\$ 762,284,948	\$ 5,918,281,100	\$ 22,134,560,204	\$1.20	\$3.70	\$2.30	\$ 22,134,560,204	100.00%
2012	\$ 11,908,691,000	\$ 13,751,070,000	\$ 1,475,484,028	\$ 682,677,850	\$ 5,943,230,000	\$ 21,874,692,878	\$1.20	\$3.70	\$2.30	\$ 21,874,692,878	100.00%
2013	\$ 11,527,422,000	\$ 13,981,508,000	\$ 1,458,546,482	\$ 636,293,988	\$ 6,024,864,000	\$ 21,578,906,470	\$1.20	\$3.70	\$2.30	\$ 21,578,906,470	100.00%
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%

Source: Assessor's Office

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

<u>Tax Year</u>	<u>Tax Rate</u>	<u>Total Tax 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>
2006	1.29	\$214,819,901	\$206,416,778	96.1%	\$6,901,572	\$213,318,350	99.3%
2007	1.23	\$224,815,976	\$218,210,831	97.1%	\$5,696,407	\$223,907,238	99.6%
2008	1.20	\$233,179,816	\$221,199,403	94.9%	\$15,227,545	\$236,426,948	101.4%
2009	1.20	\$236,538,376	\$223,155,601	94.3%	\$6,001,432	\$229,157,033	96.9%
2010	1.20	\$234,474,521	\$222,858,692	95.0%	\$9,711,902	\$232,570,594	99.2%
2011	1.20	\$234,035,458	\$222,720,502	95.2%	\$10,742,828	\$233,463,330	99.8%
2012	1.20	\$227,351,927	\$213,930,311	94.1%	\$8,196,450	\$222,126,761	97.7%
2013	1.20	\$224,663,796	\$207,677,432	92.4%	\$9,296,883	\$216,974,315	96.6%
2014	1.20	\$217,520,214	\$202,460,782	93.1%	\$12,381,260	\$214,842,042	98.8%
2015	1.20	\$225,091,868	\$210,309,436	93.4%	\$10,412,879	\$220,722,315	98.1%

Source: City of Richmond - Department of Finance

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

<u>Tax Year</u>	<u>Tax Rate</u>	<u>Total Tax 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>
2006	3.70	\$50,187,847	\$43,230,723	86.1%	\$4,328,616	\$47,559,339	94.8%
2007	3.70	\$52,721,272	\$44,112,841	83.7%	\$5,826,972	\$49,939,813	94.7%
2008	3.70	\$53,094,279	\$43,226,559	81.4%	\$2,687,649	\$45,914,208	86.5%
2009	3.70	\$53,145,714	\$45,087,886	84.8%	\$5,957,159	\$51,045,045	96.0%
2010	3.70	\$53,716,305	\$45,700,784	85.1%	\$4,740,164	\$50,440,948	93.9%
2011	3.70	\$53,820,752	\$45,050,368	83.7%	\$4,740,164	\$49,790,532	92.5%
2012	3.70	\$54,205,843	\$46,364,216	85.5%	\$4,779,895	\$51,144,111	94.4%
2013	3.70	\$56,335,465	\$45,804,689	81.3%	\$10,115,195	\$55,919,884	99.3%
2014	3.70	\$60,309,698	\$50,764,046	84.2%	\$13,386,275	\$64,150,321	106.4%
2015	3.70	\$62,330,180	\$52,363,405	84.0%	\$7,102,096	\$59,465,502	95.4%

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

CITY OF RICHMOND, VIRGINIA
REAL ESTATE ASSESSED VALUES OF LARGEST TAXPAYERS
As of January 1, 2015

2015				2006			
<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.	\$634,995,000	1	2.85%	PHILIP MORRIS INC	\$ 266,051,100	1	1.60%
HINES RIVERFRONT PLAZA LP	213,000,000	2	0.96%	COMMERZ GRUNDBESITZ	197,000,000	2	1.18%
JAMES CENTER PROPERTY LLC	174,091,000	3	0.78%	SUNTRUST BANKS,INC	164,126,400	3	0.99%
DOMINION RESOURCES, INC	152,906,000	4	0.69%	JAMES CENTER PROPERTY LLC	157,435,000	4	0.95%
SIR PROPERTIES TRUST	112,610,000	5	0.51%	CHIPPENHAM HOSPITAL INC.	100,336,000	5	0.60%
CHIPPENHAM HOSPITAL INC.	110,561,000	6	0.50%	FEDERAL RESERVE BANK	90,457,000	6	0.54%
FEDERAL RESERVE BANK	105,256,000	7	0.47%	STONY POINT FASHION PARK ASSOCIATION	86,500,000	7	0.52%
TM STONY POINT PARK LP	70,310,000	8	0.32%	ORTON VAL T TRUSTEE	84,809,600	8	0.51%
HRIP MILLER & RHOADS	67,205,000	9	0.30%	ETHYL CORPORATION	68,998,200	9	0.41%
PARMENTER 919 MAIN STREET LP	67,039,000	10	0.30%	RIVERSIDE OWNER LLC	68,500,000	10	0.41%
AREP RIVERSIDE I LLC	66,779,000	11	0.30%	FIRST STATE INVESTORS 3500 LLC	59,526,020	11	0.36%
AMERICAN RETIREMENT CORP	63,150,000	12	0.28%	DOMINION RESOURCES, INC	52,997,000	12	0.32%
BIOTECH 8 LLC	63,087,000	13	0.28%	AMERICAN RETIREMENT CORP	44,975,000	13	0.27%
A T MAIN STREET RICHMOND LLC	56,858,000	14	0.26%	ROBINS A H CO. INC	43,010,200	14	0.26%
CANAL WALK LOFTS IV LP	56,206,000	15	0.25%	AAPOP 1 LP	40,016,000	15	0.24%
AH RICHMOND TOWER I LLC	54,832,000	16	0.25%	ALLEGHENY WAREHOUSE CO, INC	37,024,100	16	0.22%
GAMBLES HILL LLC	50,658,000	17	0.23%	PRVA II LP	34,265,000	17	0.21%
ROBINS A H CO. INC	48,065,000	18	0.22%	S J W LIMITED PARTNERSHIP	32,987,000	18	0.20%
SOUTHWOOD APARTMENTS LLC	45,813,000	19	0.21%	HISTORIC HOTELS LLC	32,274,300	19	0.19%
JOHN MARSHAL BUILDING LLC	41,808,000	20	0.19%	EIGHTH & MAIN LP	32,064,220	20	0.19%
ECK ENTERPRISES INC	39,136,000	21	0.18%	OMNI CENTER CORPORATION	29,658,500	21	0.18%
COLD STORAGE III LP	36,660,000	22	0.16%	CRIT-VA INC	28,509,100	22	0.17%
GAMBLES HILL LAB LLC	36,305,000	23	0.16%	HURLP LLC	27,824,400	23	0.17%
APPLE SEVEN SPE RICHMOND INC	35,722,000	24	0.16%	DUPONT E I NEMOURS & CO	23,957,000	24	0.14%
HCA HEALTH SERVICES OF VA INC	34,148,000	25	0.15%	LOWES HOME CENTERS	22,325,400	25	0.13%
Total of Taxpayers	2,437,200,000		10.95%	Total of Taxpayers	1,825,626,540		10.96%
All Other Properties	19,811,902,212		89.05%	All Other Properties	14,827,078,980		89.04%
Totals	\$ 22,249,102,212		100.00%	Totals	\$ 16,652,705,520		100.00%

Source: City's Real Estate Assessor

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

2015				2006			
<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.	11,491	1	10.65%	Commonwealth of Virginia	25,405	1	14.35%
VCU Health System	9,054	2	8.39%	Federal Government	15,100	2	8.53%
HCA Virginia Health System	7,325	3	6.79%	Chesterfield County	10,467	3	5.91%
Bon Secours Richmond Health System	6,852	4	6.35%	Henrico County	9,848	4	5.56%
Walmart	5,526	5	5.12%	Richmond City	8,833	5	4.99%
Dominion Resources Inc.	5,317	6	4.93%	Capital One Financial Corp.	7,057	6	3.99%
SunTrust Banks Inc.	4,010	7	3.72%	HCA, Inc.	6,678	7	3.77%
Food Lion LLC	3,966	8	3.68%	Virginia Commonwealth University Health System	6,729	8	3.80%
Altria Group Inc.	3,900	9	3.61%	Philip Morris, USA	6,300	9	3.56%
Amazon.com	3,300	10	3.06%	Wal-mart Stores, Inc.	5,371	10	3.03%
Wells Fargo & Co.	2,912	11	2.70%	Wachovia Corporation	5,315	11	3.00%
DuPont	2,834	12	2.63%	Dominion Resources, Inc.	4,763	12	2.69%
Anthem Blue Cross and Blue Shield	2,777	13	2.57%	Bon Secours Richmond Health System	4,351	13	2.46%
Bank of America	2,500	14	2.32%	Hanover County	3,853	14	2.18%
UPS	2,426	15	2.25%	Ukrop's Super Markets, Inc.	3,733	15	2.11%
The Kroger Co.	2,172	16	2.01%	Sun Trust Banks, Inc.	3,542	16	2.00%
Federal Reserve Bank of Richmond	1,875	17	1.74%	DuPont	2,900	17	1.64%
Verizon Communications Inc.	1,735	18	1.61%	Bank of America Corporation	3,100	18	1.75%
Total of Principal Employers	79,972		74.12%	Total of Principal Employers	133,345		75.32%
Other Principal Employers ¹	27,923		25.88%		43,676		24.67%
Totals	107,895		100.00%	Totals	177,021		100.00%

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

Source: Richmond Times-Dispatch

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

Fiscal Year	Less:		Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
	Gross Revenue	Direct Operating Expenses		Principal	Interest	Total	
2006	\$ 354,513,119	\$ 267,435,241	\$ 87,077,878	\$ 13,877,566	\$ 28,234,697	\$ 42,112,263	2.07
2007	\$ 332,534,070	\$ 264,341,546	\$ 68,192,524	\$ 15,512,828	\$ 28,242,331	\$ 43,755,159	1.56
2008	\$ 335,154,223	\$ 270,811,760	\$ 64,342,463	\$ 20,562,701	\$ 29,429,144	\$ 49,991,845	1.29
2009	\$ 347,058,210	\$ 278,970,601	\$ 68,087,609	\$ 20,508,027	\$ 29,939,215	\$ 50,447,242	1.35
2010 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

Debt Service Coverage Covenant

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

Source: City of Richmond - Department of Public Utilities

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

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

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

	Fiscal Year									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Debt Limit	\$ 1,665,270,552	\$ 1,904,252,245	\$ 2,060,991,864	\$ 2,109,902,904	\$ 2,109,403,867	\$ 1,988,745,212	\$ 1,971,653,100	\$ 1,948,406,600	\$ 1,958,825,900	\$ 2,003,129,500
Total net debt applicable to limit	<u>635,988,545</u>	<u>633,857,964</u>	<u>592,625,025</u>	<u>605,137,771</u>	<u>630,231,266</u>	<u>703,768,481</u>	<u>701,068,792</u>	<u>751,152,603</u>	<u>850,475,030</u>	<u>822,605,994</u>
Legal Debt Margin	<u>\$ 1,029,282,007</u>	<u>\$ 1,270,394,281</u>	<u>\$ 1,468,366,839</u>	<u>\$ 1,504,765,133</u>	<u>\$ 1,479,172,601</u>	<u>\$ 1,284,976,731</u>	<u>\$ 1,270,584,308</u>	<u>\$ 1,197,253,997</u>	<u>\$ 1,108,350,870</u>	<u>\$ 1,180,523,506</u>
Total net debt applicable to the limit as a percentage of debt limit	38.19%	33.29%	28.75%	28.68%	29.88%	35.39%	35.56%	38.55%	43.42%	41.07%

Legal Debt Margin Calculation for Fiscal Year 2014

Assessed Value (Taxable)	\$ 20,031,295,000
Debt limit (10% of total assessed value)	2,003,129,500
General Obligation Bonds	<u>822,605,994</u>
Legal Debt Margin	<u>\$ 1,180,523,506</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 6/30/2015 does not include \$711,370,939 of self supporting Public Utility Revenue Bonds or \$5,999,238 of Lease Revenue Bonds that by State law are not required to be included in calculations for legal margin for the creation of additional debt.

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

Fiscal Year	Governmental Activities						Business-type Activities		Total Primary Government		
	General Obligation Bonds	Virginia Public School Authority Bonds	General Obligation Notes	HUD Section 108 Notes	Lease Revenue Bond	Certificates of Participation Series 2001A	General Obligation Bonds	Utility Revenue Bonds	Total Primary Government	Percentage of Personal Income	Per Capita
2006	\$376,095,157	\$2,820,514	\$5,600,000	\$5,020,000	\$12,100,000	\$16,920,000	\$246,092,420	\$320,513,843	\$985,161,934	11.71%	\$4,951
2007	\$387,222,408	\$2,597,288	\$4,700,000	\$4,465,000	\$11,555,580	\$16,230,000	\$234,580,147	\$414,194,548	\$1,075,544,971	12.13%	\$5,360
2008	\$354,881,308	\$2,372,353	\$8,500,000	\$3,910,000	\$10,981,807	\$15,510,000	\$222,734,874	\$406,325,632	\$1,025,215,974	11.28%	\$5,054
2009	\$327,097,155	\$2,145,328	\$63,560,000	\$3,355,000	\$10,377,099	\$14,760,000	\$208,811,286	\$551,289,644	\$1,181,395,512	13.46%	\$5,778
2010	\$400,951,978	\$1,916,098	\$33,220,000	\$2,800,000	\$9,739,788	\$13,980,000	\$191,239,793	\$553,815,743	\$1,207,663,400	14.07%	\$5,914
2011	\$453,213,764	\$1,684,543	\$74,780,000	\$2,245,000	\$9,068,116	\$13,170,000	\$171,845,174	\$554,658,872	\$1,280,665,469	14.41%	\$6,231
2012	\$524,298,582	\$1,450,834	\$14,034,000	\$1,690,000	\$8,360,231	\$12,325,000	\$159,595,376	\$556,645,429	\$1,278,399,452	13.60%	\$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	15.29%	\$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	N/A	\$7,256
2015	\$600,310,584	\$736,976	\$35,035,000	\$10,125,000	\$5,999,238	-	\$176,398,440	\$711,370,939	\$1,539,976,177	N/A	N/A

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

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

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

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

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

Fiscal Year	General Obligation Bonds	Virginia Public School Authority Bonds	General Obligation Notes	HUD Section 108 Notes	Lease Revenue Bond	Certificates of Participation Series 2001A	Total	Percentage of Estimated Actual Taxable Value of Property	Debt Per Capita
2006	\$622,187,577	\$2,820,514	\$5,600,000	\$5,020,000	\$12,100,000	\$16,920,000	\$664,648,091	2.30%	\$3,340
2007	\$621,802,555	\$2,597,288	\$4,700,000	\$4,465,000	\$11,555,580	\$16,230,000	\$661,350,423	2.02%	\$3,296
2008	\$577,616,182	\$2,372,353	\$8,500,000	\$3,910,000	\$10,981,807	\$15,510,000	\$618,890,342	3.00%	\$3,051
2009	\$535,908,441	\$2,145,328	\$63,560,000	\$3,355,000	\$10,377,099	\$14,760,000	\$630,105,868	2.99%	\$3,082
2010	\$592,191,771	\$1,916,098	\$33,220,000	\$2,800,000	\$9,739,788	\$13,980,000	\$653,847,657	3.10%	\$3,202
2011	\$625,058,938	\$1,684,543	\$74,780,000	\$2,245,000	\$9,068,116	\$13,170,000	\$726,006,597	3.65%	\$3,532
2012	\$683,893,958	\$1,450,834	\$14,034,000	\$1,690,000	\$8,360,231	\$12,325,000	\$721,754,023	3.66%	\$3,432
2013	\$637,526,478	\$1,215,155	\$101,155,970	\$11,255,000	\$7,614,180	-	\$758,766,783	3.89%	\$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	\$776,709,024	\$736,976	\$35,035,000	\$10,125,000	\$5,999,238	-	\$828,605,238	4.14%	N/A

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

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

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

Fiscal		Personal Income	Per Capita			City	State
<u>Year</u>	<u>Population(1)</u>	(Amounts expressed <u>in thousands</u>)	Personal <u>Income(2)</u>	Median <u>Age</u>	<u>School</u> <u>Enrollment(3)</u>	Unemployment <u>Rate(4)</u>	Unemployment <u>Rate(4)</u>
2006	198,992	\$8,409,514	\$42,261	34.0	24,247	4.6%	3.2%
2007	200,655	\$8,864,854	\$44,105	34.0	23,987	4.4%	3.1%
2008	202,867	\$9,291,735	\$45,941	35.3	24,226	5.8%	4.0%
2009	204,451	\$8,564,729	\$42,050	33.8	23,200	10.2%	7.1%
2010	204,214	\$8,736,377	\$42,772	32.6	22,994	10.5%	7.1%
2011	205,533	\$9,345,201	\$45,151	32.4	23,454	9.3%	6.3%
2012	210,309	\$10,148,048	\$47,975	32.2	23,336	9.0%	6.0%
2013	214,114	9,848,358	45,869	32.6	23,649	8.2%	5.9%
2014	217,853	10,194,285	46,794	32.6	23,775	6.7%	5.3%
2015	NA	NA	NA	NA	23,957	5.2%	4.7%

*NA-Not Available

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

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

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

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

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

Unemployment rates are not seasonally adjusted.

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

Function	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental Activities:										
General Government	502	650	731	681	696	696	620	764	739	766
Public Safety and Judiciary										
Police	982	979	1,028	1,000	980	942	923	915	918	830
Firefighters and Officers	426	425	463	413	406	434	425	411	439	440
Others	658	588	603	590	577	573	557	528	542	600
Highways, Streets, Sanitation and Refuse										
Engineering & Maintenance	551	538	566	527	452	454	497	389	391	357
Human Services										
Human Services Advocacy	47	26	24	34	35	43	34	13	15	16
Social Services	411	455	481	472	456	443	441	426	353	404
Culture and Recreation	235	295	260	273	276	261	158	161	146	148
Transportation	5	-	-	-	-	-	-	-	-	-
Business-type Activities:										
Stormwater Utility	-	-	-	-	-	-	-	55	52	49
Gas Utility	213	320	322	425	404	359	367	284	291	279
Water Utility	214	101	102	128	110	110	117	106	101	100
Wastewater Utility	61	108	113	164	139	131	168	176	166	160
Electric Utility	32	15	19	24	24	24	39	26	24	25
Stores and Transportation Division	11	12	13	10	6	6	6	6	8	7
Coliseum	28	25	25	25	17	17	14	14	14	15
Landmark Theatre	-	5	5	-	-	-	-	-	-	-
Cemeteries NCO	21	20	20	20	20	21	19	19	17	18
Total	<u>4,397</u>	<u>4,562</u>	<u>4,775</u>	<u>4,786</u>	<u>4,598</u>	<u>4,514</u>	<u>4,385</u>	<u>4,293</u>	<u>4,216</u>	<u>4,214</u>

Source: Various City departments

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

Function	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental Activities:										
Police:										
Physical Arrests	17,034	19,210	20,064	20,425	14,487	13,595	13,179	11,184	10,668	11,453
Parking Violations	19,455	73,335	101,675	104,380	134,151	128,038	125,171	125,905	115,961	131,783
Traffic Violations	22,474	25,047	28,195	30,965	31,518	30,454	25,026	18,168	17,233	17,434
Fire:										
Number of calls answered	31,746	28,234	19,864	29,098	29,587	32,450	32,287	33,774	34,236	34,616
Inspections	2,104	2,660	1,322	1,090	5,336	4,093	5,675	6,392	2,921	3,254
Highways and Streets:										
Street resurfacing (miles)	102	85	70	62	122	115	118	108	130	127
Potholes repaired	10,691	7,500	898	6,128	11,409	9,158	15,135	13,126	20,957	20,161
Sanitation and Refuse:										
Refuse collected (tons/day)	338	293	335	374	291	300	290	295	295	300
Recyclables collected (tons/day)	37	35	25	213	21	42	25	37	37	37
Culture and Recreation:										
Parks permits issued	610	584	543	598	579	546	546	546	546	644
Business-type Activities:										
Gas:										
Maximum daily sendout (MCF)	129,755	151,996	147,713	160,509	139,351	153,078	137,485	150,761	169,141	183,745
Annual Sendout (MCF)	16,620,288	16,551,672	17,722,952	17,056,844	16,006,116	17,662,077	14,673,455	17,522,110	19,014,696	19,997,009
Water:										
Average daily consumptions (MGD)	67	63	66	62	58	59	53	57	55	61
Maximum daily consumptions (MCD)	98	98	90	90	89	99	89	88	83	83
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)	51	59	49	49	55	46	52	51	53	46
Maximum daily sewage treatment (MGD)	83	84	84	84	96	84	80	82	79	54
Coliseum:										
Average daily attendance per activity	921	1,220	1,193	4,169	4,895	4,957	4,161	3,889	1,038	994
Landmark Theatre:										
Total tickets sold for all activities ²	140,097	150,596	139,506	122,645	156,448	100,032	217,104	121,144	143,855	101,878
Total attendance for all activities ²	220,615	180,155	196,893	195,790	177,105	139,749	234,035	129,800	160,014	156,321
Cemeteries:										
Number of interments	973	777	841	901	790	777	790	860	826	875
Number of lot sales	17	23	18	14	16	20	6	13	7	12
Number of single grave sales	382	664	601	568	504	473	468	607	555	584
Number of foundations	627	525	532	560	494	522	493	519	512	544

Source: Various City departments

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

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

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

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

Function	Fiscal Year									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Police:										
Stations	7	10	4	8	7	7	7	7	7	9
Patrol Units	232	222	323	204	173	164	213	223	223	220
Fire:										
Stations	20	20	20	20	20	20	20	20	20	20
Fire trucks	46	55	64	51	54	54	61	51	41	39
Highways and Streets:										
Streets (miles) ¹	1,857	1,865	1,858	822	822	822	822	822	1,860	1,860
Streetlights	32,900	33,188	33,000	30,548	30,783	36,027	35,834	36,230	31,247	31,247
Traffic Signals ²	502	511	465	468	476	469	474	471	521	475
Sanitation and Refuse:										
Collection Trucks	45	38	37	47	34	33	33	33	33	33
Culture and Recreation:										
Parks acreage	2,807	2,805	2,805	2,818	2,808	2,810	2,808	2,808	2,808	2,844
Parks	67	71	71	71	71	71	72	72	73	73
Baseball/Softball Diamonds	55	48	48	48	48	48	48	48	48	48
Athletic Fields	27	31	31	31	31	31	31	31	31	30
Golf Courses (Driving Range/Par 3 Course)	1	1	1	1	1	1	1	1	1	1
Swimming Pools	9	9	9	8	9	9	9	9	9	9
Tennis Courts	138	130	130	130	140	140	140	140	140	136
Community Centers	24	24	24	24	20	20	20	20	20	20
Theatres	2	1	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	1,818	1,850	1,013	1,033	1,050	1,057	1,069	1,138	1,149	1,130
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	13	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	3	5	5	5	5	5	5	5	5	5

Source: Various City departments

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

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

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

ACKNOWLEDGEMENTS

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

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

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

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