



17 18

RICHMOND PUBLIC SCHOOLS **Comprehensive Annual Financial Report**

For the Fiscal Year Ended June 30, 2018



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



RICHMOND PUBLIC SCHOOLS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2018

Prepared By: Department of Finance

Jason Kamras
Superintendent of Schools

Darin Simmons Jr.
Chief Operating Officer

Wanda Payne
Director of Finance

www.rvaschools.net



**THE SCHOOL BOARD OF THE CITY OF RICHMOND
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

TABLE OF CONTENTS

INTRODUCTORY SECTION (unaudited)

| | |
|---|-------|
| Letter of Transmittal..... | i |
| School Board Members and School Board Officials | xvii |
| Organizational Chart..... | xviii |

FINANCIAL SECTION

| | |
|---|---|
| Report of Independent Auditor | 4 |
| Management's Discussion and Analysis..... | 7 |

BASIC FINANCIAL STATEMENTS:

Government-wide Financial Statements

| | | |
|-----------|---|----|
| Exhibit A | Statement of Net Position – Governmental Activities | 23 |
| Exhibit B | Statement of Activities – Governmental Activities..... | 24 |

Fund Financial Statements

Governmental Funds' Financial Statements and Reconciliations:

| | | |
|-----------|--|----|
| Exhibit C | Balance Sheet – Governmental Funds | 26 |
| Exhibit D | Reconciliation of the Governmental Funds' Balance Sheet to the Statement of Net Position | 27 |
| Exhibit E | Statement of Revenues, Expenditures and Changes in Fund Balances..... | 28 |
| Exhibit F | Reconciliation of the Governmental Funds' Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities | 29 |

Fiduciary Funds' Financial Statements

| | | |
|-----------|--|----|
| Exhibit G | Statement of Fiduciary Net Position | 30 |
| Exhibit H | Statement of Changes in Fiduciary Net Position | 31 |

**THE SCHOOL BOARD OF THE CITY OF RICHMOND
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

TABLE OF CONTENTS

| | | |
|-----------|--|-----|
| | Notes to Basic Financial Statements | 32 |
| | REQUIRED SUPPLEMENTARY INFORMATION (unaudited): | |
| Exhibit I | General Fund - Budgetary Comparison Schedule | 87 |
| | Defined Benefit Pension and Postemployment Plan Information: | |
| Exhibit J | Virginia Retirement System – Teachers’ Pool Defined Benefit Pension School Board’s Proportionate Share of Net Pension Liability And Schedule of School Board Contributions | 92 |
| Exhibit K | Virginia Retirement System - Agent Multiple-Employer Defined Benefit Pension Schedule of Changes in Net Pension Liability and Related Ratios..... | 93 |
| Exhibit L | Virginia Retirement System - Agent Multiple-Employer Defined Benefit Pension Schedule of School Board Contributions..... | 94 |
| Exhibit M | Early Retirement Incentive Plan for Employees of Richmond Public Schools Schedule of Changes in Net Pension Liability and Related Ratios..... | 95 |
| Exhibit N | Early Retirement Incentive Plan for Employees of Richmond Public Schools Schedule of School Board Contributions..... | 96 |
| Exhibit O | Richmond Retirement System Defined Benefit Pension Schedule of School Board’s Proportionate Share of Net Pension Liability and Schedule of School Board Contributions..... | 97 |
| Exhibit P | School Board Other Postemployment Health Benefits Schedule of Changes in Total OPEB Liability and Employer Contributions..... | 98 |
| Exhibit Q | Virginia Retirement System Teacher Employee Health Insurance Credit Program School Board’s Proportionate Share of Net OPEB Liability and Schedule of School Board Contributions..... | 99 |
| Exhibit R | Virginia Retirement System Group Life Insurance Program School Board’s Proportionate Share of Net OPEB Liability and Schedule of School Board Contributions..... | 100 |

**THE SCHOOL BOARD OF THE CITY OF RICHMOND
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

TABLE OF CONTENTS

OTHER SUPPLEMENTARY INFORMATION:

| | | |
|-----------|--|-----|
| Exhibit S | Fiduciary Funds' Financial Statements: | |
| | Statement of Changes in Assets and Liabilities - Agency Funds..... | 103 |

STATISTICAL SECTION (unaudited)

The School Board of the City of Richmond, Virginia:

| | | |
|----------|---|-----|
| Table 1 | General Fund Expenditures by Function – Last Ten Fiscal Years..... | 106 |
| Table 2 | General Fund Revenues by Source – Last Ten Fiscal Years..... | 108 |
| Table 3 | Net Position of Governmental Activities – Last Ten Fiscal Years | 109 |
| Table 4 | Changes in Net Position of Governmental Activities – Last Ten Fiscal Years..... | 110 |
| Table 5 | Fund Balances of Government Funds – Last Ten Years... .. | 111 |
| Table 6 | Changes in Fund Balances of Government Funds – Last Ten Years | 112 |
| Table 7 | Annual per Pupil Cost – Last Ten Fiscal Years | 113 |
| Table 8 | Attendance/Membership Statistics – Last Ten Fiscal Years..... | 114 |
| Table 9 | Free and Reduced Lunch Data – Last Ten Fiscal Years..... | 115 |
| Table 10 | Full-Time Equivalent Employees by Function – Last Ten Fiscal Years | 116 |
| Table 11 | Teacher Data – Last Ten Fiscal Years | 117 |
| Table 12 | Pupil/Teacher Ratios – Last Ten Fiscal Years | 118 |
| Table 13 | Schedule of School Buildings..... | 119 |
| Table 14 | Schools with Accreditation Scores Reported to the State..... | 122 |
| Table 15 | Ratios of Outstanding Debt – Last Three Fiscal Years..... | 123 |

City of Richmond, Virginia:

| | | |
|----------|---|-----|
| Table 16 | Net Position by Component of the City of Richmond – Last Ten Fiscal Years Available... | 124 |
| Table 17 | Changes in Net Position of the City of Richmond – Last Ten Fiscal Years Available | 125 |
| Table 18 | Governmental Activities Tax Revenue by Source of the City of Richmond – Last Ten Fiscal Years Available..... | 127 |

**THE SCHOOL BOARD OF THE CITY OF RICHMOND
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

TABLE OF CONTENTS

| | | |
|----------|--|------------|
| Table 19 | Fund Balances of Governmental Funds of the City of Richmond – Last Ten Fiscal Years Available | 128 |
| Table 20 | Changes in Fund Balance of Governmental Funds of the City of Richmond – Last Ten Fiscal Years Available | 129 |
| Table 21 | General Governmental Tax Revenues by Source of the City of Richmond – Last Ten Fiscal Years Available..... Assessed Value and Estimated Actual Value of Taxable Property of the City of Richmond – Last Ten Fiscal Years Available..... | 130 130 |
| Table 22 | Real Estate Tax Levies and Collections of the City of Richmond – Last Ten Years Available Personal Property Tax Levies and Collections of the City of Richmond – Last Ten Years Available | 131 131 |
| Table 23 | Principal Property Tax Payers of the City of Richmond Principal Employers of the City of Richmond..... | 132 132 |
| Table 24 | Pledged Revenue Coverage of the City of Richmond – Last Ten Years Available | 133 |
| Table 25 | Legal Debt Margin Information of the City of Richmond – Last Ten Fiscal Years Available | 134 |
| Table 26 | Ratios of Outstanding Debt by Type of the City of Richmond – Last Ten Fiscal Years Available..... Ratios of General Bonded Debt Outstanding of the City of Richmond – Last Ten Fiscal Years Available | 135 135 |
| Table 27 | Demographic and Economic Statistics of the City of Richmond – Last Ten Years Available | 136 |
| Table 28 | Full-Time Equivalent City Government Employees by Function of the City of Richmond – Last Ten Fiscal Years Available..... | 137 |
| Table 29 | Operating Indicators by Function of the City of Richmond – Last Ten Fiscal Years Available | 138 |
| Table 30 | Capital Assets Statistics by Function of the City of Richmond – Last Ten Fiscal Years Available..... | 139 |

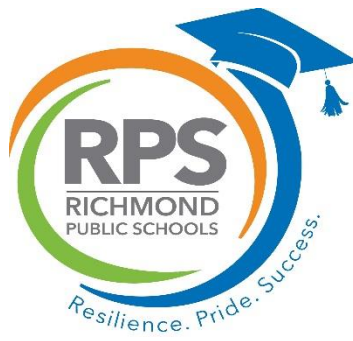
Introductory Section

(unaudited)

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

Also included in this section are the following:

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





SCHOOL BOARD OF THE CITY OF RICHMOND

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

October 30, 2018

MEMBERS

As of June 30, 2018

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

THE HONORABLE:

DAWN PAGE
DISTRICT 8
CHAIR

DR. PATRICK SAPINI
DISTRICT 5
VICE CHAIR

ELIZABETH DOERR
DISTRICT 1

JAMES BARLOW
DISTRICT 2

KENYA GIBSON
DISTRICT 3

JOHNATHAN YOUNG
DISTRICT 4

FALICIA COSBY
DISTRICT 6

CHERYL BURKE
DISTRICT 7

LINDA OWEN
DISTRICT 9

The Comprehensive Annual Financial Report (CAFR) of the School Board (the School Board) of the City of Richmond, Virginia (the City) for the fiscal year ended June 30, 2018 is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with management of the School Board. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations of the various funds and account groups of the School Board. All disclosures necessary to enable the reader to gain an understanding of the School Board's financial activities are included.

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

The School Board is required to undergo an annual audit in conformity with provisions of the Single Audit Act and the Uniform Grant Guidance Subpart F. Information related to this single audit, including a schedule of expenditures of federal awards, the independent auditors' report on internal control and compliance with applicable laws, regulations, contracts and grant agreements, and a schedule of findings and questioned costs, if any, are included in a separately issued report.

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

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

PROFILE OF THE SCHOOL SYSTEM

OVERVIEW

Richmond Public Schools (RPS) serves nearly 24,000 students, representing the region's diverse socioeconomic mix. RPS is comprised of 5 preschool centers, 25 elementary schools; one charter elementary school, 7 middle schools, 5 comprehensive high schools and 3 specialty high schools (Franklin Military Academy, Open High School, Richmond Community High School); one school serving students with exceptional needs (Amelia Street); three programs for students with exceptional needs (REAL located at Henderson MS, Thirteen Acres at Carver ES, and RCEEA Charter at Wythe HS); one career & technical education school, the Richmond Technical Center (RTC); and two alternative education schools. U.S. News and World Report ranked Richmond Community and Open high schools among the state's top public high schools. And, Franklin Military Academy stands as the nation's first public military school.

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

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

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

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

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

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

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

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

ECONOMIC CONDITION AND OUTLOOK

LOCAL ECONOMY

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

Three outstanding higher educational institutions are located in Richmond: Virginia Commonwealth University, a public university with a student population over 31,000 and the East Coast's largest, most comprehensive medical school; University of Richmond, a private liberal arts university with rankings including one of the top business programs in the country and best liberal arts colleges in the nation; and Virginia Union University, a private university which offers a well-rounded education in liberal arts, teaching and civic engagement. Additionally, J. Sargeant Reynolds, the state's third largest community college, has a downtown academic campus that provides one and two-year occupational and technical programs in a number of allied health, business, and community service areas, as well as college transfer programs in liberal arts, business, education, science, and computer science.

For public organizations, the highest financial benchmark for a well-managed government is to achieve a Triple-A bond rating from all three major rating agencies, which indicates that an investment in the organization is safe and there is little risk of default. As of July 2018, Richmond has an "AA+" bond rating from two rating agencies and an Aa2 from a third. Moody's revised upward its credit rating outlook from "Stable" to "Positive". The City continues to invest in the path to becoming a Triple-A bond rated city.

Demographics

The City's population, as estimated by the U.S. Census Bureau, is approximately 227,032, and is 46% White, 49% African-American, 7% Hispanic and other and mixed race (data as of 2017 Census count). The population of the City has grown by approximately 11% between April 2010 and July 2017. 84% of persons residing in Richmond are high school graduates or higher. (<http://www.census.gov/quickfacts/table/PST045215/51760>)

Employment

According to the U.S. Department of Labor Bureau of Labor Statistics, unemployment in the City is 4.4 percent compared to Virginia's seasonally adjusted unemployment rate of 3.8 percent as of July 2018. In 2014, the Office of Community Wealth Building was created to coordinate efforts to reduce poverty and increase wealth building opportunities, particularly related to employment, for the City's low-income population.

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

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

Economic Development

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

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

In 2018, the City's business community is constantly growing, with new relocations and expansions bringing vitality and creating jobs in the metro area.

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

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

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

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

In addition to the business relocations, in 2018 the city continues its neighborhood revitalization through extensive real estate developments.

Capital Square Enhancement project includes a new construction of 426,000 SF 15-story building for the General Assembly. A 1912 façade will be preserved and incorporated into the new building. An extensive renovation of Old City Hall and construction of a new parking deck. Total project investment is estimated at \$300 million.

New construction of 960,000 SF, 20-story Dominion Energy office tower will have 17 office floors, retail space, 6-level covered parking deck with one-acre roof top garden is estimated to be complete in 2019.

Acquisition of 1,000,000 SF office towers of the James Center is completed with total investment of \$108 million as purchase price and estimated millions in renovations.

VCU continues expansion in the downtown area with the new construction of a 43,000 SF art gallery (ICA) of \$41.1 million, a 156,000 SF building for VCU School of Allied Health Professions of \$80.3 million and a 360,000 SF residence hall for housing 1,524 first year students of \$96 million investment.

Redevelopment of Historic Jackson Ward, Jackson Place is a mixed use, mixed income development that will have 154 apartments, 72 designated for replacement housing of residents of RRHA's Frederick A Fay Towers, studios and two-bedroom units, 6,000 SF commercial space, surface parking on a 2.5-acre site. Total investment is estimated at \$32 million.

Working in partnership with the Virginia Department of Rail and Public Transportation, GRTC is developing the Pulse – Bus Rapid Transit (BRT) systems provide frequent, reliable transit service that allows a greater movement of people along a corridor without depending on cars and parking. The first phase of the project is 7.6 miles with 14-stations, connecting Rockett's Landing along East Main Street to 14th Street to Broad Street and west on Broad Street to Willow Lawn.

Additional Information

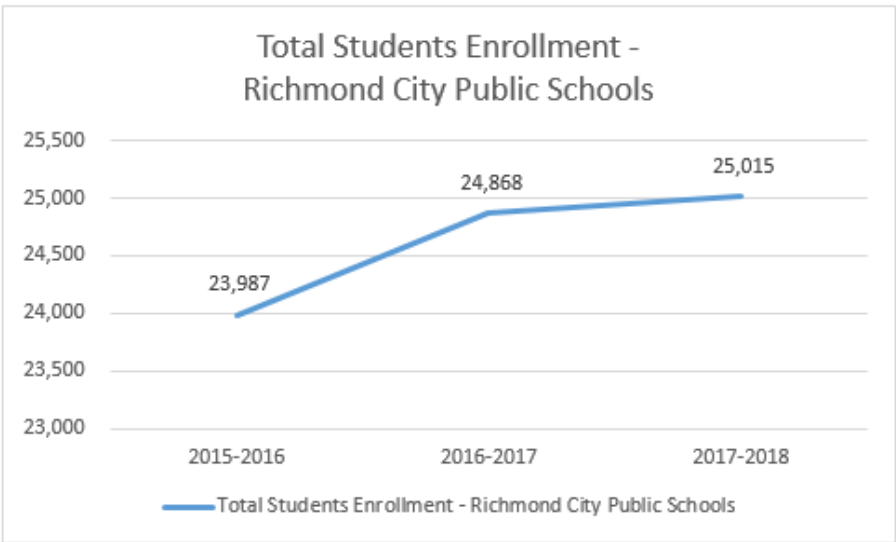
In the Statistical Section, Tables 1 through 15 are the financial trends and demographic information for Richmond Public Schools. Tables 16 through 30 illustrate financial trends, demographics, economic analyses, business and residential tax and assessment valuations and collection statistics that pertain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

SCHOOL MEMBERSHIP

Enrollment

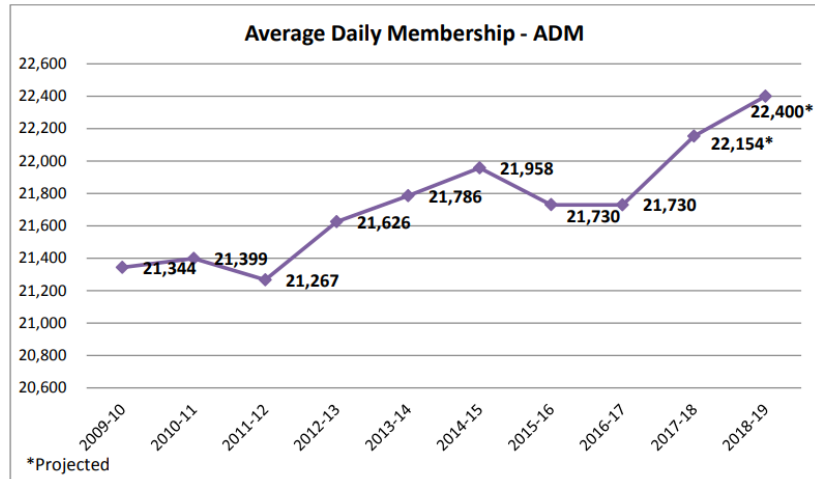
September membership reflects the number of students enrolled in Richmond Public Schools on September 30. Data are collected by school and reported by grade assignment and ethnicity. Excluded from the September 30 count are pupils in hospitals, clinics or detention homes, and local programs such as vocational and alternative education centers (i.e., centers or schools that receive, but do not officially enroll students). September 2017 membership totaled 25,015 students. (Data Source – Virginia Department of Education)

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



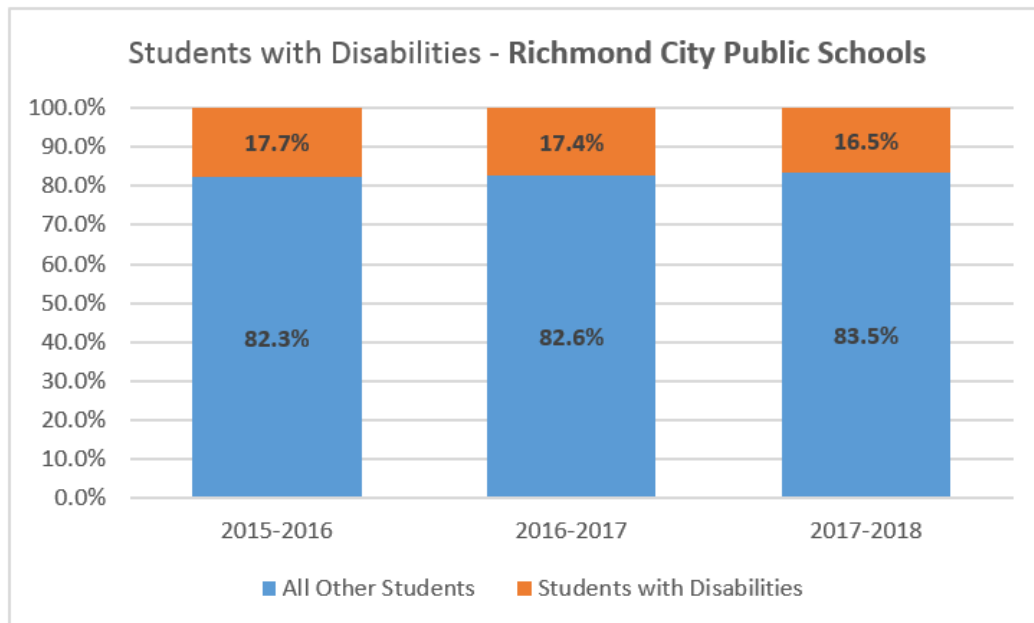
(Data Source: Virginia Department of Education State Report Card)

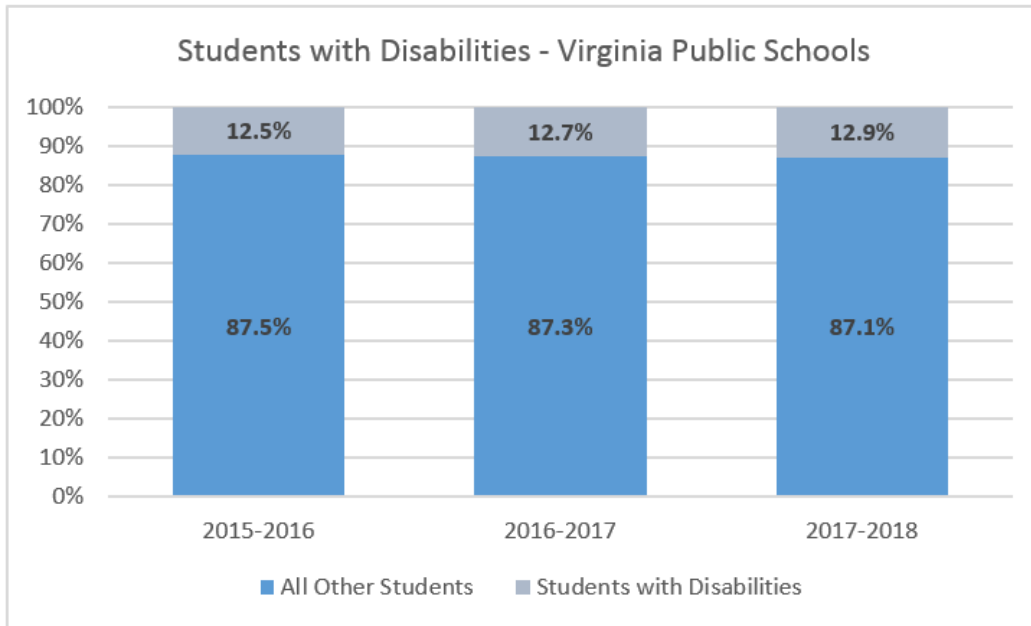
K-12 Average Daily Membership (ADM) is the total aggregate daily membership divided by the number of days school is in session. Virginia school divisions receive state funding based on their students’ ADM as of March 31 of the fiscal year. The division’s March 2018 ADM as reported to the Virginia Department of Education is 22,154.



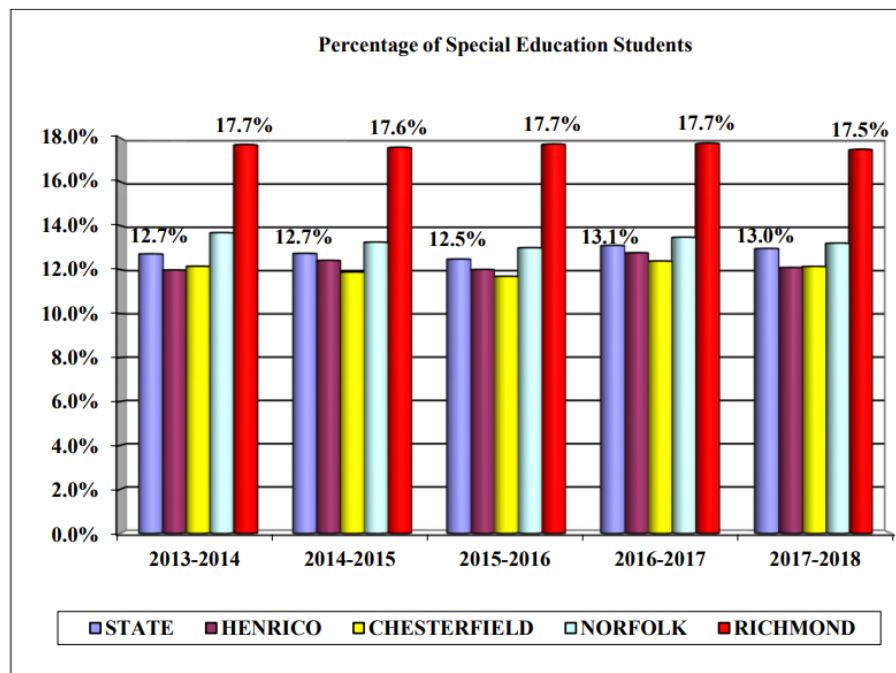
Special Education Services

Approximately 4,100 or 16.5% students qualify for special education services as reported to the Virginia Department of Education per fall enrollment data for 2018. The Richmond Special Education Advisory Committee works with the school board, administrators, parents, and teachers who are responsible for students receiving special education services.





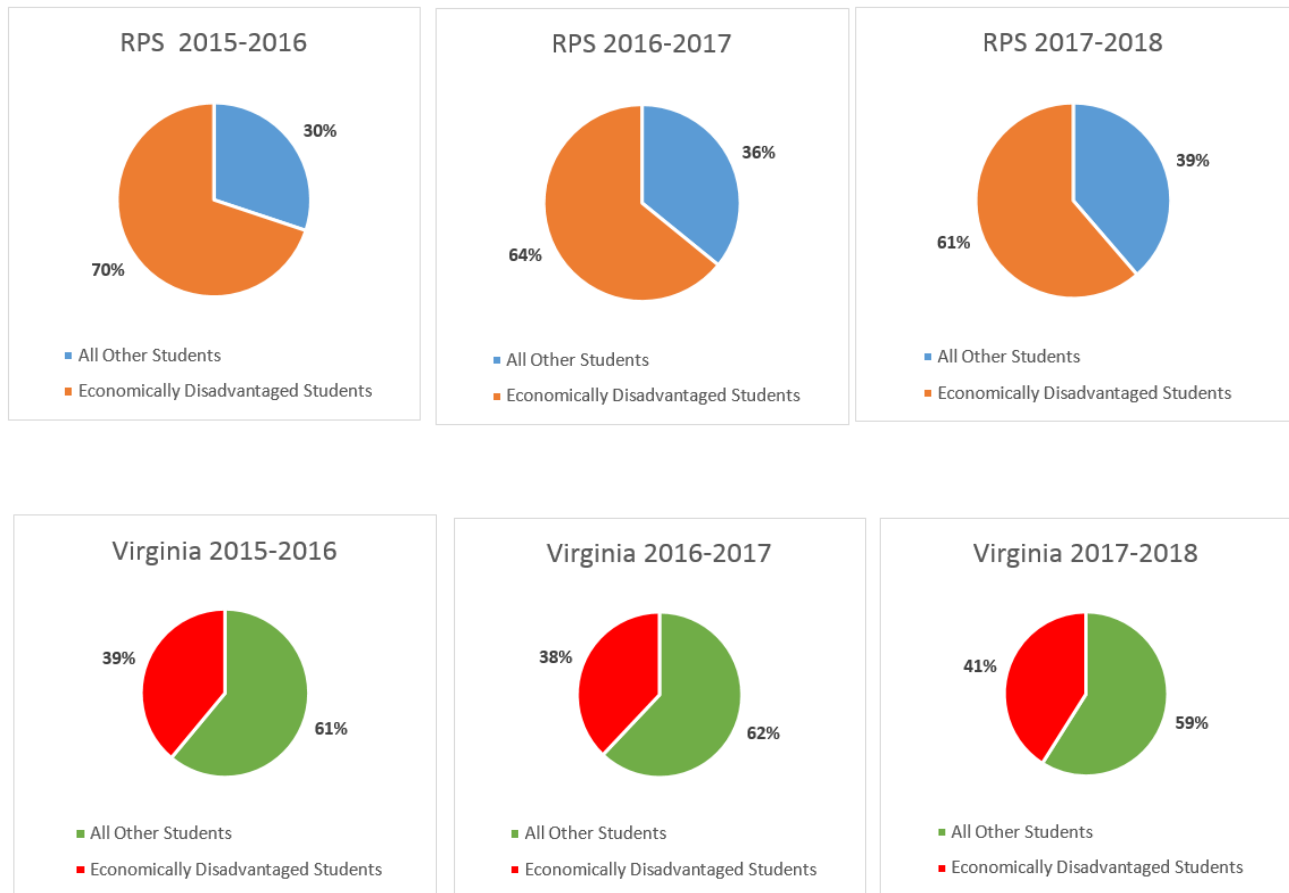
The graph shown below represents the percentage of special education students benched against state-wide averages and surrounding districts; RPS= 17.5%, state average = 13.0%.



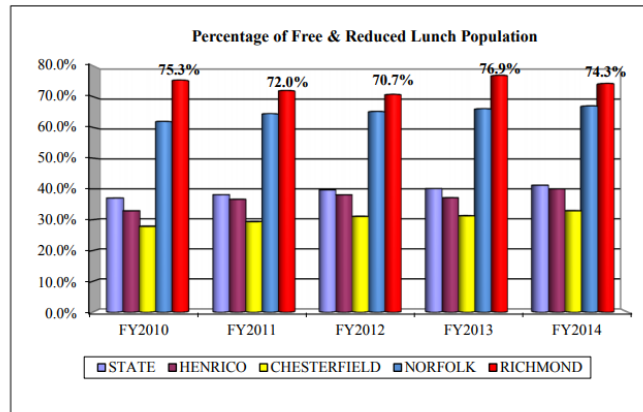
Source:
 Virginia Department of Education
 Fall Membership Reports
 Fall Membership Reports – Student with Disabilities

Economically Disadvantaged Students

Approximately 15,000 or 61% students are disadvantaged economically as reported to the Virginia Department of Education per fall enrollment data for 2018.



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



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

ACCOMPLISHMENTS

STUDENT ACHIEVEMENT

Standards of Learning and Accreditation

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

In school year 2017-2018, the school division SOL assessment results in English, mathematics, history and science are as follows: 59% pass rate in English-reading, 50% pass rate in English-writing, 62% pass rate in history and social science, a 52% pass rate in mathematics and a 59% pass rate in science. (Source: VDOE state report card) RPS has 19 fully accredited schools.

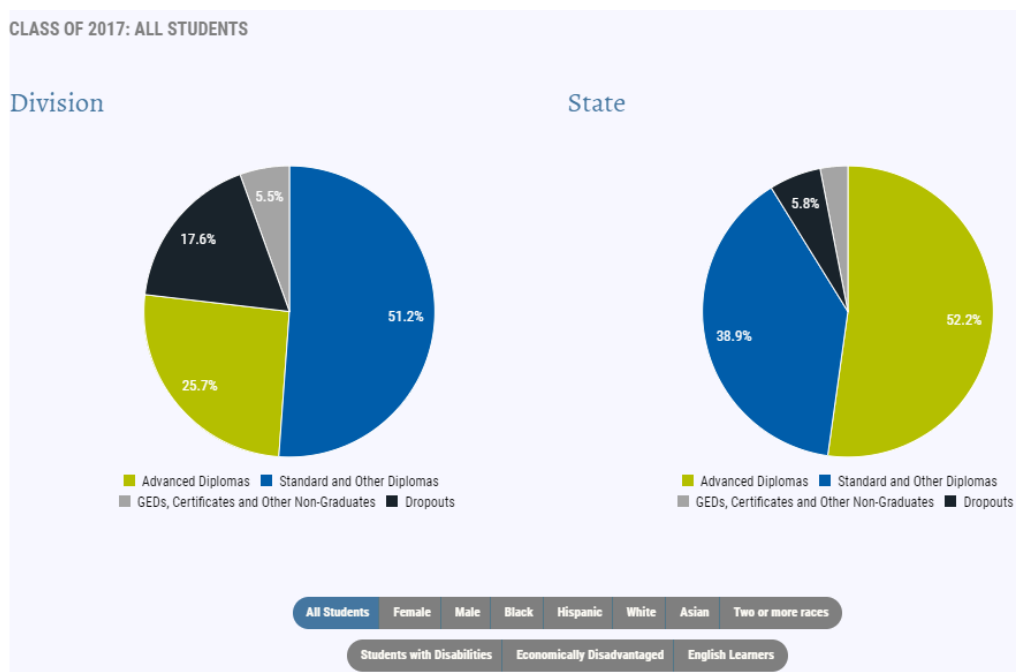
Advanced Programs

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

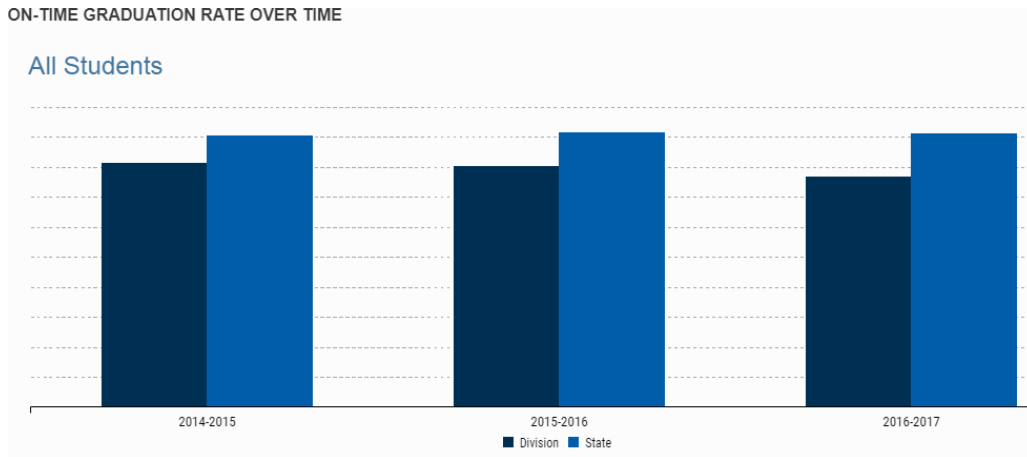
| Advanced Program Information | | | |
|--------------------------------------|------------------|-------------|--------------|
| | Count/Percentage | | |
| Program Type | 2015-2016 | 2016-2017 | 2017-2018 |
| Advanced Placement Test Taken | - | 371 / 6.6% | 482 / 8.27% |
| Advanced Placement Course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

Graduation

The Virginia On-Time Graduation Rate expresses the percentage of students in a cohort who earned a Board of Education-approved diploma within four years of entering high school for the first time. The on-time graduation rate for Richmond City high schools for 2018 was 76.9 percent compared to the state's average of 91.1 percent.



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



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

MAJOR INITIATIVES

Dream4RPS

During the spring, RPS set a goal of holding at least 150 community meetings to ensure that all stakeholders would have multiple opportunities to share perspectives as the proposed 2018-2023 RPS Strategic Plan is being crafted. These sessions were designed to be “visioning sessions” to find out what stakeholders love most about RPS, what the dreams for the school division are, and what priorities should be set for the next five years.

Over 170 community meetings were held with over 3,000 stakeholders participating. The school district’s plan will be built on five strategic priorities:

- 1) Exciting and Rigorous Teaching and Learning***
- 2) Skilled and Supported Staff***
- 3) Safe and Loving School Cultures***
- 4) Deep Partnership with Families and Community***
- 5) Modern Systems and Infrastructure***

The proposed strategic plan will include the school division’s top 10 goals for the next 5 years. These goals include achievement of 100% full accreditation, increase teacher retention and increase student enrollment. Key action steps are being developed for each of these priorities. The final proposed strategic plan will be developed and launched in the fall of 2018.

Advisory Councils

In school year 2018, four superintendent advisory councils were created to engage parents, students, teachers and administrators in shaping the future of the school division. The Parent Advisory Council (PAC) consists of 25 members working on issues to promote the social, emotional and academic success of all students. The Student

Advisory Council (SAC) consists of 25 students in grades 9-11, selected by school leadership to participate. The Teacher Advisory Council (TAC) consist of 25 members who are appointed for a one-year term working to help cultivate a safe, nurturing teaching and learning environment for all students. And the School Leadership Advisory Council (SLAC) consists of principals who are also appointed for a one-year term providing input in the development of best practices, policies and educational programs related to leading the future of the school division.

Academic Services

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

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

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

Student and Family Services

The Office of Family and Community Engagement (FACE) which was established at the start of the 2014-2015 school year and continues to provide added support to schools and encourage family and community involvement through training, outreach, community collaboration, education and awareness to improve student achievement. FACE also oversees the Multicultural Service Center, created during the 2015-2016 school year to support non-English speaking families within the district.

RESOURCE ALLOCATION

Richmond Public Schools is committed to providing high quality educational opportunities to all students. As all school divisions in the Commonwealth, Richmond receives substantially all operating revenues from state and local funds. For FY2019, the School Board General Fund Budget anticipates \$130.5 million or 43% of funding from the state (including sales tax), an increase of \$45,700 over the current year. Also, the budget includes \$156.7 million of funding from the City or 52% and \$12.5 million in one-time funding. This represents an overall increase of \$8.7 million over FY18.

The FY2019 financial plan commits resources to cover a 2% salary and a 6% health insurance increase and the addition of 18 staff positions to support ESL and bilingual student populations and internal audit. Additionally, bus drivers and monitors will receive a 10% salary increase as part of a retention and recruitment initiative. The budget will fund new initiatives and programs addressing engagement, equity and excellence such as trauma-

informed care and restorative justice; instructional materials increase for schools, funding for athletic programs and dedicated nurses for students with disabilities.

FINANCIAL POLICIES

Internal Control

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

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

Budgetary Process and Controls

Budget Process and Development

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

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

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

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

Budgetary Controls

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

Insurance and Risk Management

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

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

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

Cash Management

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

OTHER INFORMATION

Independent Audit

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

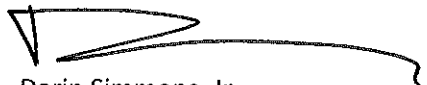
ACKNOWLEDGEMENTS

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

Respectfully submitted,



Jason Kamras
Superintendent of Schools



Darin Simmons, Jr.
Chief Operating Officer

SCHOOL BOARD MEMBERS AND OFFICIALS

As of June 30, 2018

BOARD MEMBERS

Dawn Page, Chair
District Eight

Dr. Patrick Sapini, Vice-Chair
District Five

Elizabeth Doerr
District One

James “Scott” Barlow
District Two

Kenya Gibson
District Three

Jonathan Young
District Four

Felicia Cosby
District Six

Cheryl Burke
District Seven

Linda Owen
District Nine

OFFICIALS

Jason Kamras
Superintendent of Schools

Tracy Epp
Chief Academic Officer

Darin Simmons, Jr.
Chief Operating Officer

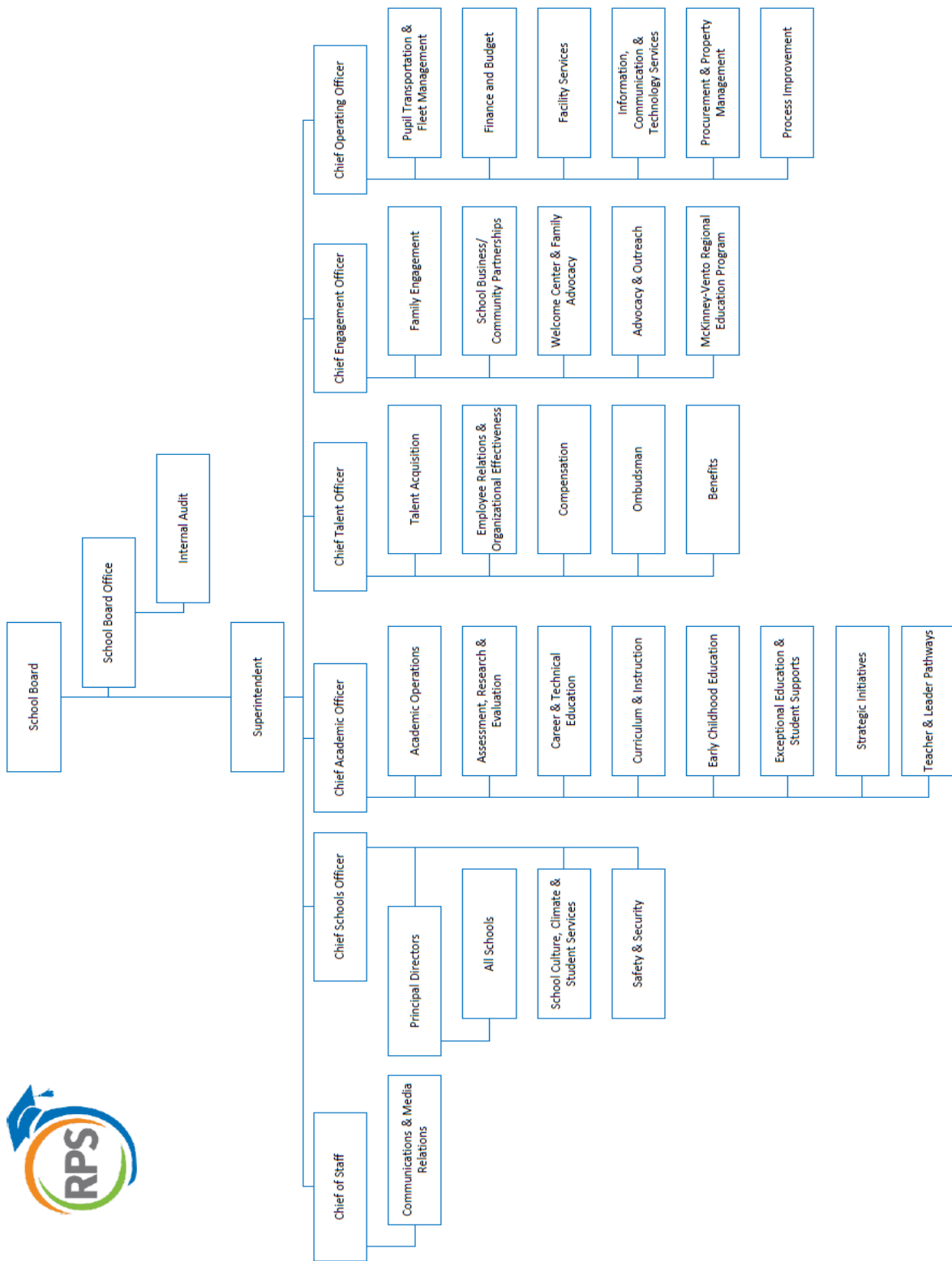
Mark Paiser
Interim Executive Director of Human Resources

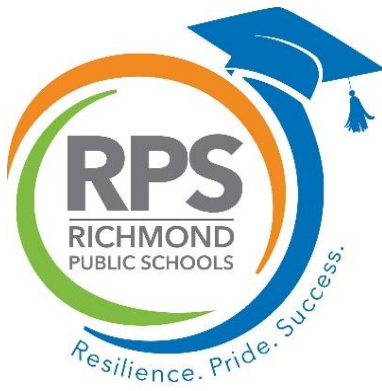
Shadae Harris
Chief Engagement Officer

Harry Hughes
Chief Schools Officer

Michelle Hudacsko
Chief of Staff

Angela Lewis
Clerk of the School Board





Financial Section

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



Report of Independent Auditor

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School Board of the City of Richmond, Virginia (the "School Board"), a component unit of the City of Richmond, Virginia, as of and for the year ended June 30, 2018, 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, 2018, 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 Matters

As discussed in Note 18 to the financial statements, effective July 1, 2017, the School Board adopted the provisions of Governmental Accounting Standards Board (the "GASB") Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. 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 and Required Supplementary Information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2018, on our consideration of the School Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School Board's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Board's internal control over financial reporting and compliance.



Richmond, Virginia
October 30, 2018

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, 2018. 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 2018

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

- The School Board's net position (assets and deferred outflows of resources less liabilities and deferred inflows of resources) on a government-wide basis (i.e., for the School Board "taken as a whole") was \$(280.8) million at June 30, 2018, a deficit decrease of \$14 million from \$(294.8) million, as restated, at June 30, 2017. Of the \$(280.8) million net position, \$10.4 million was restricted by outside parties (primarily for capital projects). The unrestricted deficit (after considering all School Board liabilities) is \$(304.9) million (see the discussion of unrestricted net position under "Government-wide Statements" beginning on page 9).
- The unrestricted deficit decrease in net position was primarily impacted by the required implementation of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75). This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for Other Postemployment Benefits (OPEB). This new principle required governments to report net OPEB liabilities on the government-wide financial statements. Net OPEB liabilities related to the Virginia Retirement System (VRS) multiple-employer cost sharing plans for health and life insurances were \$39.3 million at year end. Total OPEB liabilities related to the School Board's healthcare plan were \$24.9 million at year end.
- The deficit decrease in net position was also impacted by a decrease in net pension liabilities of \$47.2 million (15.9%). Net pension liabilities were \$249.5 million at year end compared to net pension liabilities of \$296.7 million in the prior year. The decrease in net pension liabilities is primarily due to changes in the VRS teachers' cost-sharing pool (VRS Teachers' Pool) that is proportionally allocated among employers and changes in the VRS political subdivision plan for general employees. Benefit and funding decisions for VRS pension plans are made by the Commonwealth of Virginia. Note 11 of the notes to the financial statements provide additional information regarding the pension plans.
- The School Board's total revenues of \$375.9 million in fiscal 2018 represented an increase of \$11.8 million (3.2%) compared to fiscal 2017 revenues of \$364.1 million. Total revenues consisted of program revenues, which increased by \$1.6 million, and general revenues, which increased by \$10.2 million. Of the \$1.6 million

increase in total program revenues, state and federal operating grants accounted for an increase of \$4.5 million. Revenue from capital grants and contributions decreased by \$2.8 million, due to a decrease in City appropriations for school maintenance and improvements (see the “Summary of Government-wide Revenue” beginning on page 13 and the “Summary of Changes in Net Position” on page 15).

- The School Board’s total expenses of \$361.9 million in fiscal 2018 represented an increase of \$1.3 million (.40%) more than fiscal 2017 expenses of \$360.6 million. The increase in expenses primarily resulted from an increase of \$2.9 million in instruction, \$700 thousand in administration, attendance and health, \$400 thousand in nutrition service and \$600 thousand in operations. These increases were offset by decreases of \$400 thousand in transportation and \$2.8 million in facilities (see the “Summary of Government-wide Expenses, by Function” on page 14; and the “Summary of Changes in Net Position” beginning on page 15).

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.

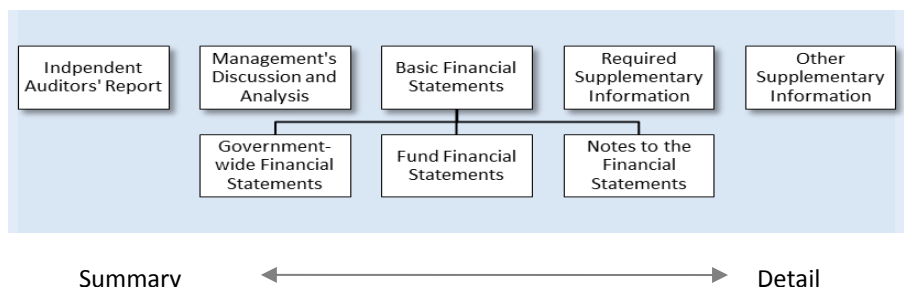
- The School Board’s governmental funds reported a combined fund balance of \$32.8 million, a decrease of \$486 thousand from fiscal 2017 combined fund balance of \$33.3 million. Of the \$32.8 million, a total of \$594 thousand represents nonspendable amounts for inventory and prepaid insurance of \$1.2 million in resources held in permanent funds. Restricted fund balances for special revenue funds of \$2.3 million restricted to expenditures for specific purposes and \$3.4 million for the nutrition service fund for cafeteria operations at each school.

The assigned fund balance of \$27.1 million is comprised of \$170 thousand held in investments, \$5.4 million for previously executed contracts for on-going projects and initiatives; \$12.5 million carried forward from FY18 general operating budget, and \$9.1 million for major renovation and repair projects. The remaining \$417 thousand in unassigned fund balance is available to the School Board to meet shorter-term objectives to meet future instructional and operational initiatives, obligations and contingencies. Therefore, future School Board operations will require future General Fund appropriations to fund its long-term obligations as they mature (see the discussion of unassigned fund balances under “Fund Financial Statements”- Governmental Funds on page 10).

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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 and net deferred flows of resources - as of the end of the fiscal year. The Statement of Activities reports the change in the net position between the beginning and the end of the current fiscal year, based on the School Board’s financial activity for the year.

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

The School Board’s net assets on hand at the end of a fiscal year may be budgeted or designated for specific uses in providing instructional programs in the upcoming year. Thus, increases or decreases in net position typically result from and are in accordance with the adopted plan to provide educational services in any given year, and fluctuate dollar for dollar with changes in the amount of net capital assets and noncurrent liabilities due in more

than one year. Finally, to assess the overall health of the School Board, additional non-financial factors need to be considered, such as changes in the property tax base of the City, the condition of the school buildings and equipment, and the supply of and demand for instructional staff.

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

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

FUND FINANCIAL STATEMENTS

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

The School Board has two types of funds:

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

primarily responsible) for ensuring that the assets reported in these funds are used for their intended purposes. All of the School Board's fiduciary activities are reported in the separate *Statement of Fiduciary Net Position* and the *Statement of Changes in Fiduciary Net Position*. The School Board excludes these activities from its government-wide financial statements because the School Board cannot use these assets to finance its operations.

REPORTING THE SCHOOL BOARD AS A WHOLE

The Statement of Net Position and the Statement of Activities provide the financial status and operating results of the School Board as a whole. The following table presents a condensed Summary of Net Position:

| Table 1 Summary of Net Position As of June 30 (in millions of dollars) | | | | | |
|---|----------------------------|------------|-----------|-------------------------------|---|
| | Governmental Activities | | Change | Total Percentage Change | |
| | 2018 | 2017 | 2018-2017 | 2018-2017 | |
| Assets: | | | | | |
| Current and other assets | \$ 92.7 | \$ 94.8 | \$ (2.1) | (2.2) | % |
| Capital assets, net | 18.8 | 17.6 | 1.2 | 6.8 | |
| Total assets | 111.5 | 112.4 | (0.9) | (0.8) | |
| Deferred Outflows of Resources: | | | | | |
| Deferred OPEB contributions | 2.9 | 0.0 | 2.9 | 0.0 | |
| Deferred pension investment experience, net | - | 17.8 | (17.8) | (100.0) | |
| Deferred pension change of assumptions | 3.6 | 0.0 | 3.6 | 0.0 | |
| Deferred pension proportionate share | 6.4 | 9.0 | (2.6) | - | |
| Deferred pension contributions | 27.1 | 23.2 | 3.9 | 16.8 | |
| Total deferred outflows of resources | 40.0 | 50.0 | (10.0) | (20.0) | |
| Liabilities: | | | | | |
| Long-term liabilities | 330.2 | 355.4 | (25.2) | (7.1) | |
| Other liabilities | 59.7 | 57.8 | 1.9 | 3.3 | |
| Total liabilities | 389.9 | 413.2 | (23.3) | (5.6) | |
| Deferred Inflows of Resources: | | | | | |
| Deferred OPEB assumptions | 1.0 | - | 1.0 | 0.0 | |
| Deferred OPEB economic experience | 0.3 | - | 0.3 | 0.0 | |
| Deferred OPEB investment experience | 0.6 | - | 0.6 | 0.0 | |
| Deferred OPEB proportionate share | 0.8 | - | 0.8 | 0.0 | |
| Deferred pension investment experience, net | 9.6 | - | 9.6 | 0.0 | |
| Deferred pension change of assumptions | 0.0 | - | 0.0 | 0.0 | |
| Deferred pension proportionate share | 11.8 | 7.2 | 4.6 | 63.9 | |
| Deferred pension economic experience | 18.2 | 9.8 | 8.4 | 85.7 | |
| Total deferred inflows of resources | 42.3 | 17.0 | 25.3 | 149.1 | |
| Net Position: | | | | | |
| Net investment in capital assets | 13.7 | 8.5 | 5.2 | 61.2 | |
| Restricted | 10.4 | 6.2 | 4.2 | 67.7 | |
| Unrestricted | (304.9) | (282.5) | (22.4) | 7.9 | |
| Total net position | \$ (280.8) | \$ (267.8) | \$ (13.0) | 4.9 | % |
| Amounts for OPEB liabilities and Deferred Outflows of Resources in fiscal year 2017 were restated for the adoption of GASB Statement No. 75. See Notes 13 and 18 of the notes to the financial statements. | | | | | |

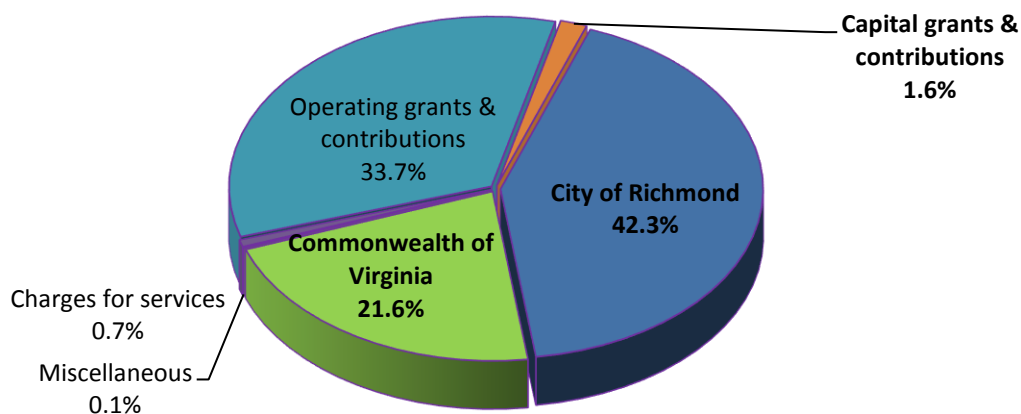
DISCUSSION OF GOVERNMENT - WIDE NET POSITION

As reflected in Table 1 above, the School Board's total liabilities and deferred inflows of resources exceeded total assets and deferred outflows of resources by \$280.8 million on June 30, 2018 after a net position deficit increase of \$(14) million, restated, from June 30, 2017. The School Board's net position is comprised of 1) investments in capital assets of \$18.8 million (equipment and vehicles) less outstanding debt used to acquire any of those assets of \$5.1 million, and 2) restricted resources of \$10.4 million comprised of: \$9.2 million appropriated by ordinance of the City for major renovation and repair improvement projects and \$1.2 million restricted by third parties for Permanent Fund purposes; leaving an unrestricted deficit of \$(305) 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 2018. Revenue sources, which originate from *Charges for Services*, *Operating Grants and Contributions*, and *Capital Grants and Contributions*, total 36 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 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 2018



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 2018. As shown, the biggest part of the costs incurred in the School Board's program, 75.6 percent, was spent on instruction. Operations and maintenance of the schools (including buildings and grounds maintenance, custodial services, utilities and supplies costs) and security service came in second at 8.0 percent. Accordingly, the combined costs to instruct students and to provide well-maintained and secure facilities amounted to 83.6 percent of all School Board costs.

The cost to transport, provide nutrition service, and to track attendance and provide health services to students amounted to 4.1 percent, 4.8 percent and 2.7 percent of total costs, respectively, totaling another 11.6 percent of costs. Finally, administrative costs were 2.4 percent, facilities services, which include major capital improvement projects, accounted for 2.3 percent and interest on long-term debt accounted for .1 percent of the total costs of School Board operations during fiscal year 2018.

Table 3
Functional Expenses for Fiscal Year 2018

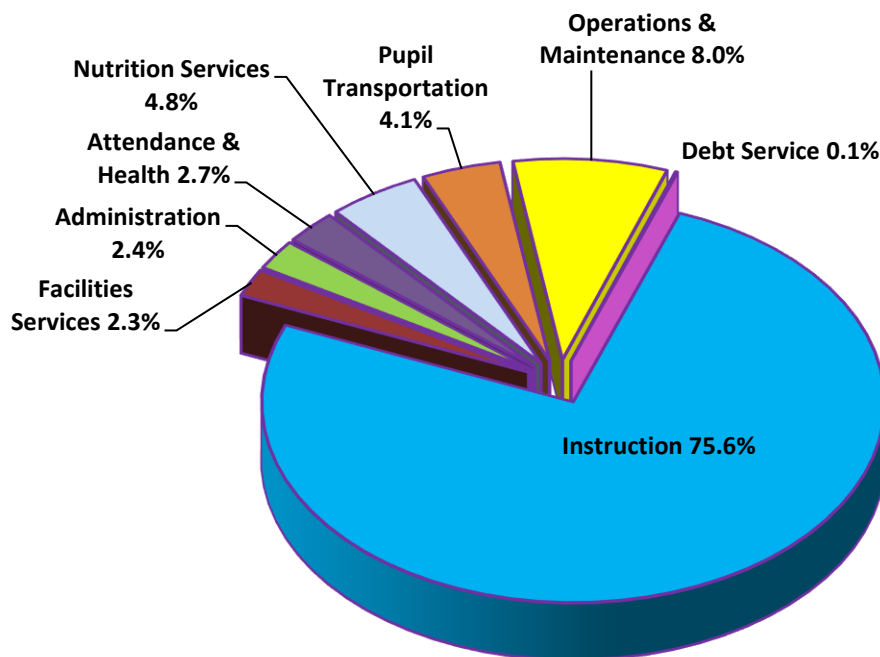


Table 4 following presents a comparative condensed summary of changes in net position and a more detailed discussion of the changes in the School Board's government-wide net position:

| Table 4 Summary of Changes in Net Position As of June 30 (in millions of dollars) | | | | |
|--|--------------------------------|-------------|-------------------------------------|--|
| | Governmental Activities | | FY 2018 Increase/ (Decrease) | Total Percentage Change 2017-2018 |
| | 2018 | 2017 | | |
| Revenues: | | | | |
| Program revenues: | | | | |
| Charges for services | \$ 2.4 | \$ 2.5 | \$ (0.1) | (4.0) % |
| Operating grants and contributions | 126.7 | 122.2 | 4.5 | 3.7 |
| Capital grants and contributions | 6.2 | 9.0 | (2.8) | (31.1) |
| Total program revenues | 135.3 | 133.7 | 1.6 | 1.2 |
| General revenues: | | | | |
| Intergovernmental aid - unrestricted: | | | | |
| City of Richmond | 159.0 | 151.5 | 7.5 | 5.0 |
| Commonwealth of Virginia | 81.2 | 78.4 | 2.8 | 3.6 |
| Miscellaneous and interest | 0.4 | 0.5 | (0.1) | (25.9) |
| Total general revenues | 240.6 | 230.4 | 10.2 | 4.4 |
| Total revenues | 375.9 | 364.1 | 11.8 | 3.2 |
| Expenses: | | | | |
| Instruction | 273.8 | 270.9 | 2.9 | 1.1 |
| Support services: | | | | |
| Administration | 8.7 | 8.2 | 0.5 | 0.1 |
| Attendance and health | 9.8 | 9.6 | 0.2 | 2.1 |
| Nutrition services | 17.4 | 17.0 | 0.4 | 2.4 |
| Pupil transportation | 15.0 | 15.4 | (0.4) | (2.6) |
| Operations and maintenance | 28.9 | 28.3 | 0.6 | 2.1 |
| Facilities services | 8.1 | 10.9 | (2.8) | (25.7) |
| Total support services expenses | 87.9 | 89.4 | (1.5) | (1.7) |
| Interest on long-term debt | 0.2 | 0.3 | (0.1) | (33.3) |
| Total expenses | 361.9 | 360.6 | 1.3 | 0.4 |
| Increase in net position | 14.0 | 3.5 | 10.5 | 300.0 |
| Net position - July 1 | (267.8) | (271.3) | 3.5 | (1.3) |
| Cumulative effect of change in accounting principle ⁽¹⁾ | (27.0) | - | (27.0) | |
| Net position - June 30 | \$ (280.8) | \$ (267.8) | \$ (13.0) | 4.9 % |
| ⁽¹⁾ Beginning net position amounts for fiscal year 2017 were restated for the adoption of GASB Statement No. 75. See Note 18 of the notes to the financial statements. | | | | |

Revenues for RPS' governmental activities totaled \$375.9 million during fiscal year 2018, representing an increase of \$11.8 million from fiscal year 2017.

Factors impacting the net increase in revenues during fiscal year 2018 include:

- An increase of approximately \$7.5 million in City appropriations.
- An increase of approximately \$4.5 million in operating grants and contributions.

- An increase of approximately \$2.8 million in state revenues.
- A decrease of approximately \$2.8 million for school maintenance and major renovation projects.
- A decrease of approximately \$55 thousand in miscellaneous revenue and interest.

Expenses for RPS' governmental activities totaled \$361.9 million during fiscal year 2018, representing an increase of \$1.3 million from fiscal year 2017, primarily due to:

- A net increase of \$2.9 million for instruction, which is RPS' largest program, primarily attributable to increased spending in: direct classroom instruction of approximately \$8.9 million, improvement of instruction of approximately \$3.4 million for expenses that support teacher professional development and student learning such as field trips and learning software aids, and a net decrease in pension and other postemployment benefit expenses of approximately \$9.4 million related to the changes in net pension liabilities, net OPEB liabilities and current year amortization of deferred pension outflows and inflows of resources, primarily related to VRS.
- A net decrease of \$1.5 million for support services. The most significant decrease in expenses occurred in facilities \$2.8 million offset by increases in operations and maintenance of approximately \$540 thousand, administration \$494 thousand, nutrition services \$425 thousand.

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 \$32.8 million at June 30, 2018, a decrease of \$486 thousand. The following table presents a summary of fund balances of the governmental funds as of June 30, 2017 and 2018:

| | 2018 | 2017 | Variance | Percent Variance 2017-2018 |
|---|----------------|----------------|-----------------|---|
| General Fund: | | | | |
| Nonspendable | \$ 0.3 | \$ 0.3 | \$ - | - % |
| Committed | - | 6.0 | (6.0) | 100.0 |
| Assigned | 18.1 | 16.5 | 1.6 | 9.5 |
| Unassigned | 0.4 | 1.6 | (1.2) | (75.0) |
| Total General Fund | 18.8 | 24.4 | (5.6) | (23.1) |
| All Other Governmental Funds: | | | | |
| Nonspendable | 1.5 | 1.6 | (0.1) | (6.3) |
| Restricted | 5.7 | 3.7 | 2.0 | 54.1 |
| Assigned | 9.1 | 5.0 | 4.1 | 82.0 |
| Unassigned | (2.3) | (1.4) | (0.9) | 64.3 |
| Total All Other Governmental Funds | 14.0 | 8.9 | 5.1 | 57.3 |
| Total Fund Balances | \$ 32.8 | \$ 33.3 | \$ (0.5) | (1.6) % |

The major components of the decrease in fund balance are:

- Current year General Fund revenues of \$294.4 million over expenditures of \$288.5 million (exclusive of net transfers to other funds of \$11.5 million) resulted in a net change in the General Fund balance of \$5.7 million. The decrease in the change in General Fund balance from fiscal 2017 of \$8.3 million to \$(5.7) million in fiscal 2018 represented a decrease in the change in fund balance of \$14.1 million.
- An overall increase of \$10.5 million in general revenues primarily as a result of \$7.4 million increase in local appropriation from the City and a \$3.1 million increase in revenue from the state.
- A net increase in operating expenditures of \$15.1 million primarily resulting from an increase of approximately \$14.4 million in instruction.
- The School Board's Special Revenue Fund recognizes revenues based upon expenditures incurred under a reimbursement-basis and restricted-purpose grant awards. Accordingly, reported revenues are equal in amount to expenditures made during the fiscal year. Grant matching requirements and related management objectives resulted in transfers from the General Fund to the Special Revenue Fund to support the grant objectives totaling \$2.3 million during FY 2018.
- The Nutrition Services Fund reported a restricted fund balance of \$3.4 million with \$272 thousand nonspendable and an increase of \$1 million from prior year. Revenues increased by \$142.6 thousand offset by an increase in overall expenditures of \$176 thousand. The largest expenditure increases were \$175.6 thousand for food, and \$143.2 thousand for salaries and benefits offset by a decrease of \$159.3 thousand for machinery and equipment.
- At the end of the current fiscal year, the Capital Projects Fund reported a total fund balance of \$9.1 million, an increase of \$4.1 million from fiscal year 2017. Total expenditures increased by \$1.6 million from fiscal 2017 of \$10.4 million to \$12 million in fiscal 2018. Local appropriations decreased \$2.8 million from fiscal 2017 of \$9 million to \$6.2 million in fiscal 2018.
- The School Board's Permanent Funds are nonspendable. The earnings and principal must be held in an endowment trust. The earnings may be used in accordance with the Permanent Fund agreements and the principal must remain in Trust Corpus. Net investment income exceeded current operating expenditures during fiscal 2018, resulting in an increase in the fund balance of the Permanent Funds of \$47 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, 2018 (in millions of dollars) | | | | |
|---|----------------------------|-------------------------|---|---|
| | Original Budget | Final Budget | Actual (Budgetary Basis) | Variance With Final Budget Positive (Negative) |
| Budgetary fund balances | \$ 1.5 | \$ 6.1 | \$ 6.1 | \$ - |
| Revenue Sources (inflows): | | | | |
| City of Richmond | 159.0 | 159.0 | 159.0 | - |
| Commonwealth of Virginia | 130.4 | 130.4 | 130.5 | 0.1 |
| Federal government | 0.7 | 0.7 | 0.5 | (0.2) |
| Miscellaneous | 0.6 | 0.6 | 0.8 | 0.2 |
| Total amounts available for expenditure | 292.2 | 296.8 | 296.9 | 0.1 |
| Expenditures (outflows): | | | | |
| Personnel services - salaries and wages | 159.9 | 159.6 | 163.3 | (3.7) |
| Employee benefits | 73.8 | 73.7 | 68.2 | 5.5 |
| Purchased services | 19.1 | 20.4 | 20.1 | 0.3 |
| Other charges | 14.2 | 15.9 | 15.6 | 0.3 |
| Materials and supplies | 9.6 | 11.1 | 7.5 | 3.6 |
| Other operating expenditures | 2.4 | 2.3 | 1.5 | 0.8 |
| Capital outlay | 4.9 | 5.5 | 3.5 | 2.0 |
| Other financing uses: | | | | |
| Notes payable | 0.5 | 0.5 | 0.5 | - |
| Transfers out | 7.8 | 7.8 | 17.2 | (9.4) |
| Total expenditures and other financing uses | 292.2 | 296.8 | 297.4 | (0.6) |
| Amounts available for expenditure over expenditures and other financing uses - budgetary basis | \$ - | \$ - | \$ (0.5) | \$ (0.5) |

As shown on Exhibit I, the actual amounts available for expenditures was \$560 thousand under final budget basis for FY 2018, the net result of actual revenue over budget by approximately \$36 thousand and total expenditures and other financing uses over budget by approximately \$600 thousand.

Actual operating expenditures were under final budget basis expenditures by \$8.7 million. A portion of these savings were used towards fund balance in anticipation of the estimated funding gap in revenue and expenditures for fiscal 2019.

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

- \$3.7 million over budget for salary and wages.
- \$5.5 million under budget for employee benefits. The savings of approximately \$1.9 million in Health Insurance; \$597 thousand was contributed for the early retirement program, but \$2.3

million was budgeted and \$25 million was budgeted for VRS employer/employee cost but actual cost was \$23.6 million.

- \$3.6 million under budget for material and supplies.
 - \$2 million under budget for capital outlay.
 - \$800 thousand under budget for other operating expenditures.
- During fiscal year 2018, the School Board amended the legally adopted budget at various times for the following purposes, as detailed on Exhibit I:
 - To appropriate (add) approximately \$1.5 million to pay for commitments in the form of encumbrances established prior to July 1, 2017 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, 2017, but for which the goods or services were not received by that date. As one method of budgetary control, the School Board encumbers the budget and fund balance when those obligations are established and increases the budget in the ensuing year by supplemental appropriation for encumbrances, which were outstanding at the end of the previous year.
 - To re-allocate the total expenditure budget as needed between various expenditure budget areas as needs change during the year.

CAPITAL ASSETS

At the end of fiscal year 2018, the School Board had invested \$18.8 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 |
| | 2018 | 2017 | 2017-2018 |
| Vehicles, net | \$ 6.1 | \$ 6.9 | \$ (0.8) |
| Other equipment, net | 12.7 | 10.7 | 2.0 |
| Total | <u>\$ 18.8</u> | <u>\$ 17.6</u> | \$ 1.2 |

This year's investment in capital assets of approximately \$5.2 million included purchases of 9 vehicles at \$208 thousand, \$4.6 million in technology assets, which includes \$729 thousand in servers acquired through a capital lease; \$143 thousand in cafeteria appliances, \$148 thousand in facilities services equipment and \$78 thousand in instructional equipment. Capital asset disposals of approximately \$848 thousand included \$685 thousand in vehicles and \$163 thousand in technology and equipment disposals.

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

All debt related to the acquisition of the School Board's land and buildings is a liability of the City and, accordingly, is not reflected in the School Board's basic financial statements. The School Board has no infrastructure capital assets. Information about the School Board's capital assets is presented in notes one and five to the basic financial statements. Contractual commitments in the Capital Projects Fund are disclosed in note 14.

LONG-TERM DEBT

Except for the long-term liabilities disclosed in notes 6 and 7 to the basic financial statements, the School Board does have the following liabilities for long-term debt: \$4.5 million capital lease for energy improvements and \$668 thousand for technology equipment. The School Board made capital lease principal payments of approximately \$4.7 million during the current year, which including paying off \$4.2 capital leases for 78 buses. The School Board does not have any legal debt limit, debt margin, or bonds outstanding.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

FISCAL YEAR 2019 BUDGET

Revenues

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

Local appropriations, since the economic recovery in 2015, continue to provide a fair share of funding for the school division. State funding is still below 2009 funding levels. In addition to the funding the state provides for the Standards of Quality, the Local Composite Index (LCI) continues to rise, which penalizes the school division from a funding perspective, and places an inequitable burden on City resources.

For FY19, the School Board General Fund Budget anticipates \$130.5 million or 43% of funding from the state (including sales tax), an increase of \$45,700 over the current year. Also, the budget includes \$156.7 million of funding from the City or 52% and \$12.5 million in one-time funding. This represents an overall increase of \$8.7 million over FY18.

Other revenue includes items such as building rental fees and tuition. These streams of revenue total \$735,851 or 0.3% of the operating budget (net of any local increase). This funding category is projected to increase \$111K for FY19 and is based on actual collections.

Federal funding that remains in the general operating budget consists of Impact Aid, Air Force and Army JROTC programs. These resources total \$612,300 or 0.2% of the operating budget. A decrease of \$107K is projected for FY19.

Expenditures

The FY19 financial plan includes a budget increase of \$8.7M, or 3%. The financial plan commits resources to cover a 2% salary and 6% health insurance increase; the addition of 17 bilingual fte's and one internal auditor; a 10% salary increase for bus drivers and monitors; new initiatives addressing engagement, equity and excellence – “Trauma-Informed Care” and “Restorative Justice” practices and the “Living Room Chat” program; instructional materials increase for schools; funding for athletic trainers and athletic equipment; and dedicated nurses for students with disabilities.

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, 2018

Assets:

| | |
|---|---------------------------|
| Equity in cash with the City of Richmond, Virginia | \$ 19,280,521 |
| Cash on hand or in banks | 406,497 |
| Investments | 1,469,222 |
| Accounts receivable | 733,641 |
| Due from other governments | 70,139,595 |
| Inventory of materials and supplies | 272,303 |
| Prepaid Items | 322,120 |
| Capital assets, net | <u>18,841,221</u> |
| Total assets | <u>111,465,120</u> |

Deferred Outflows of Resources:

| | |
|---|--------------------------|
| Deferred OPEB contributions | 2,858,089 |
| Deferred pension change of assumptions | 3,579,000 |
| Deferred pension proportionate share | 6,401,006 |
| Deferred pension contributions | <u>27,075,127</u> |
| Total deferred outflows of resources | <u>39,913,222</u> |

Liabilities:

| | |
|---|---------------------------|
| Accounts payable | 5,056,235 |
| Accrued liabilities | 41,218,447 |
| Unearned revenues | 3,220,461 |
| Due to other governments and external parties | 7,763,395 |
| Noncurrent liabilities: | |
| Due within one year | 2,498,856 |
| Due in more than one year | <u>330,188,103</u> |
| Total liabilities | <u>389,945,497</u> |

Deferred Inflows of Resources:

| | |
|---|--------------------------|
| Deferred OPEB assumptions | 974,000 |
| Deferred OPEB economic experience | 307,000 |
| Deferred OPEB investment experience | 568,000 |
| Deferred OPEB proportionate share | 831,000 |
| Deferred pension investment experience, net | 9,574,434 |
| Deferred pension change of assumptions | 43,461 |
| Deferred pension economic experience | 18,242,417 |
| Deferred pension proportionate share | <u>11,790,000</u> |
| Total deferred inflows of resources | <u>42,330,312</u> |

Net position:

| | |
|---|--------------------------------|
| Net investment in capital assets | 13,697,500 |
| Restricted for: | |
| Capital Projects | 9,147,854 |
| Permanent fund purposes - nonexpendable | 207,778 |
| Permanent fund purposes - expendable | 1,015,373 |
| Unrestricted (deficit) | <u>(304,965,972)</u> |
| Total net position | <u>\$ (280,897,467)</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, 2018

| 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 | \$ 273,780,265 | 1,659,775 | 107,252,776 | - | (164,867,714) |
| Support services: | | | | | |
| Administration | 8,727,557 | - | - | - | (8,727,557) |
| Attendance and health | 9,811,064 | - | - | - | (9,811,064) |
| Nutrition services | 17,444,128 | 452,599 | 18,845,710 | - | 1,854,181 |
| Pupil transportation | 14,977,506 | - | - | - | (14,977,506) |
| Operations and maintenance | 28,902,254 | 344,643 | 551,991 | - | (28,005,620) |
| Facilities services | 8,136,218 | - | - | 6,165,326 | (1,970,892) |
| Total support services | 87,998,727 | 797,242 | 19,397,701 | 6,165,326 | (61,638,458) |
| Interest on long-term debt | 224,036 | - | - | - | (224,036) |
| Total governmental activities | \$ 362,003,028 | 2,457,017 | 126,650,477 | 6,165,326 | (226,730,208) |

General revenues:

Intergovernmental aid not restricted to specific purposes:

| | |
|----------------------------|-------------|
| City of Richmond, Virginia | 158,976,674 |
| Commonwealth of Virginia | 81,182,372 |
| Interest | 34,639 |
| Miscellaneous | 392,800 |

Total general revenues 240,586,485

Change in net position 13,856,277

Net position - July 1, 2017, Restated (note 18) (294,753,744)

Net position - June 30, 2018 \$ (280,897,467)

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, 2018

| | General | Special Revenue | Nutrition Services | Capital Projects | Permanent | Total Governmental Funds |
|---|----------------------|----------------------|-----------------------|---------------------|---------------------|--------------------------------|
| Assets: | | | | | | |
| Equity in cash with the City of Richmond, Virginia | \$ 19,280,521 | - | - | - | - | 19,280,521 |
| Cash on hand or in banks | 400,928 | - | 5,569 | - | - | 406,497 |
| Investments | 170,241 | - | - | - | 1,298,981 | 1,469,222 |
| Accounts receivable | 75,032 | 623,257 | 35,352 | - | - | 733,641 |
| Due from other governments | 39,743,920 | 19,236,384 | 1,397,665 | 9,761,626 | - | 70,139,595 |
| Due from other funds | 12,424,538 | - | 2,961,929 | 62,278 | - | 15,448,745 |
| Prepaid items | 322,120 | - | - | - | - | 322,120 |
| Inventory of materials and supplies | - | - | 272,303 | - | - | 272,303 |
| Total assets | \$ 72,417,300 | 19,859,641 | 4,672,818 | 9,823,904 | 1,298,981 | 108,072,644 |
| Liabilities and fund balances | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable | \$ 2,599,859 | 1,530,725 | 245,791 | 676,050 | 3,810 | 5,056,235 |
| Accrued liabilities | 40,502,561 | 2,779,981 | 434,761 | - | - | 43,717,303 |
| Due to fiduciary funds | 3,433,967 | - | - | - | - | 3,433,967 |
| Due to external parties | - | 325,080 | - | - | - | 325,080 |
| Due to City | 4,002,848 | - | - | - | - | 4,002,848 |
| Due to other funds | 3,024,207 | 12,352,518 | - | - | 72,020 | 15,448,745 |
| Unearned revenues | 76,821 | 2,871,337 | 272,303 | - | - | 3,220,461 |
| Advances from the City of Richmond, Virginia | 500 | - | 1,000 | - | - | 1,500 |
| Total liabilities | 53,640,763 | 19,859,641 | 953,855 | 676,050 | 75,830 | 75,206,139 |
| Fund balance: | | | | | | |
| Nonspendable: | | | | | | |
| Inventories | - | - | 272,303 | - | - | 272,303 |
| Prepaid insurance | 322,120 | - | - | - | - | 322,120 |
| Permanent fund purposes | - | - | - | - | 1,223,151 | 1,223,151 |
| Restricted | - | 2,286,768 | 3,446,660 | - | - | 5,733,428 |
| Assigned: | | | | | | |
| General Fund | 18,037,409 | - | - | - | - | 18,037,409 |
| Capital Projects Fund | - | - | - | 9,147,854 | - | 9,147,854 |
| Unassigned | 417,008 | (2,286,768) | - | - | - | (1,869,760) |
| Total fund balances | 18,776,537 | - | 3,718,963 | 9,147,854 | 1,223,151 | 32,866,505 |
| Total liabilities and fund balances | \$ 72,417,300 | \$ 19,859,641 | \$ 4,672,818 | \$ 9,823,904 | \$ 1,298,981 | \$ 108,072,644 |

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, 2018

Total fund balances - governmental funds (Exhibit C) \$ 32,866,505

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 \$48,337,530 and the accumulated depreciation is \$29,496,309 18,841,221

Deferred outflow items:

| | | |
|--|------------|------------|
| Deferred OPEB contributions | 2,858,089 | |
| Deferred pension contributions | 27,075,127 | |
| Deferred pension change of assumptions | 3,579,000 | |
| Deferred pension proportionate share | 6,401,006 | 39,913,222 |

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 | (1,297,218) | |
| Compensated absences | (10,628,889) | |
| Net Pension liabilities | (249,530,711) | |
| Net OPEB liabilities | (39,293,866) | |
| Total OPEB liability | (24,927,969) | |
| Capital leases, net | (4,509,450) | (330,188,103) |

Deferred inflow items:

| | | |
|--|--------------|--------------|
| Deferred OPEB change of assumptions | (974,000) | |
| Deferred OPEB econcomic experience | (307,000) | |
| Deferred OPEB investment experience | (568,000) | |
| Deferred OPEB proportionate share | (831,000) | |
| Deferred pension investment experience,net | (9,574,434) | |
| Deferred pension change of assumptions | (43,461) | |
| Deferred pension economic experience | (18,242,417) | |
| Deferred pension proportionate share | (11,790,000) | (42,330,312) |

Total net position - governmental activities (Exhibit A) \$ (280,897,467)

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, 2018

| | General | Special Revenue | Nutrition Services | Capital Projects | Permanent | Total Governmental Funds |
|--|----------------------|--------------------|-----------------------|---------------------|------------------|--------------------------------|
| Revenues: | | | | | | |
| Intergovernmental: | | | | | | |
| City of Richmond, Virginia | \$ 158,975,683 | 1,379 | - | 6,165,326 | - | 165,142,388 |
| Commonwealth of Virginia | 132,022,970 | 10,609,082 | 476,429 | - | - | 143,108,481 |
| Federal government | 469,730 | 45,317,691 | 18,369,282 | - | - | 64,156,703 |
| Donations and gifts | - | 579,695 | - | - | - | 579,695 |
| Charges for goods and services: | | | | | | |
| Tuition and fees | 432,608 | 722,134 | - | - | - | 1,154,742 |
| Food sales | - | - | 369,894 | - | - | 369,894 |
| Investment income, net: | | | | | | |
| Net (increase) in fair value of investments | (22,155) | - | - | - | 37,830 | 15,675 |
| Interest and dividend income | - | - | - | - | 28,727 | 28,727 |
| Miscellaneous | 2,513,600 | 132,965 | 67,399 | - | - | 2,713,964 |
| Total revenues | 294,392,436 | 57,362,946 | 19,283,004 | 6,165,326 | 66,557 | 377,270,269 |
| Expenditures: | | | | | | |
| Current operating: | | | | | | |
| Instruction | 227,395,507 | 58,685,121 | - | - | 4,509 | 286,085,137 |
| Support services: | | | | | | |
| Administration | 8,602,114 | 59,207 | - | - | 14,848 | 8,676,169 |
| Attendance and health | 9,343,539 | 485,314 | - | - | - | 9,828,853 |
| Nutrition services | 70,062 | - | 18,271,346 | - | - | 18,341,408 |
| Pupil transportation | 13,901,503 | 192,774 | - | - | - | 14,094,277 |
| Operations and maintenance | 27,614,280 | 217,641 | - | - | - | 27,831,921 |
| Facilities services | 146,538 | 58,605 | - | - | - | 205,143 |
| Total support services | 59,678,036 | 1,013,541 | 18,271,346 | - | 14,848 | 78,977,771 |
| Total current operating | 287,073,543 | 59,698,662 | 18,271,346 | - | 19,357 | 365,062,908 |
| Capital outlay | 729,435 | - | - | 7,768,524 | - | 8,497,959 |
| Debt service: | | | | | | |
| Capital lease principal | 548,744 | - | - | 4,151,790 | - | 4,700,534 |
| Capital lease interest | 174,319 | - | - | 49,717 | - | 224,036 |
| Total expenditures | 288,526,041 | 59,698,662 | 18,271,346 | 11,970,031 | 19,357 | 378,485,437 |
| Excess (deficiency) of revenues over (under) expenditures | 5,866,395 | (2,335,716) | 1,011,658 | (5,804,705) | 47,200 | (1,215,168) |
| Other financing sources (uses): | | | | | | |
| Transfers in (note 4) | 4,916,524 | 2,335,716 | - | 9,912,330 | - | 17,164,570 |
| Transfers out (note 4) | (17,164,570) | - | - | - | - | (17,164,570) |
| Capital leases | 729,434 | - | - | - | - | 729,434 |
| Total Other financing sources (uses), net | (11,518,612) | 2,335,716 | - | 9,912,330 | - | 729,434 |
| Net change in fund balances | (5,652,217) | - | 1,011,658 | 4,107,625 | 47,200 | (485,734) |
| Fund balances - July 1, 2017 | 24,428,754 | - | 2,707,305 | 5,040,229 | 1,175,951 | 33,352,239 |
| Fund balances - June 30, 2018 | \$ 18,776,537 | - | 3,718,963 | 9,147,854 | 1,223,151 | 32,866,505 |

See accompanying notes to basic financial statements.

The School Board of the City of Richmond, Virginia
(A Component Unit of the City of Richmond, Virginia)
Reconciliation of the Governmental Funds' Statement of Revenues,
Expenditures, and Changes in Fund Balances
to the Statement of Activities
For The Fiscal Year Ended June 30, 2018

Net change in fund balances - total governmental funds (Exhibit E) \$ (485,734)

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 | \$ | 5,177,176 | |
| Depreciation expense | | <u>(3,957,074)</u> | 1,220,102 |

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 | \$ 319,608 |
| Compensated absences: | |
| Vacation pay | 314,848 |
| Sick pay | 247,849 |
| Net OPEB Liabilities | 3,212,818 |
| Total OPEB Liability | (3,283,112) |
| Capital leases | 3,213,865 |
| Net Pension Liability | 47,183,252 |
| Amortization of Deferred Pension Investment Experience | (27,347,559) |
| Amortization of Deferred Pension Change of Assumptions | 3,535,539 |
| Amortization of Deferred Pension Proportionate Share | (7,140,000) |
| Amortization of Deferred Pension Economic Experience | (8,493,083) |
| Amortization of Deferred OPEB Change of Assumptions | (974,000) |
| Amortization of Deferred OPEB Economic Experience | (307,000) |
| Amortization of Deferred OPEB Investment Experience | (568,000) |
| Amortization of Deferred OPEB Proportionate Share | (831,000) |
| Deferred OPEB Contributions | 218,341 |
| Deferred Pension Contributions | <u>3,819,543</u> |

Net amount incurred under financial resources used 13,121,909

Net reconciling items 14,342,011

Change in net position of governmental activities (Exhibit B) \$ 13,856,277

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, 2018

| | Employee Early Retirement Incentive Plan | Agency Funds |
|---|--|---------------------|
| Assets: | | |
| Cash on hand or in banks | \$ - | \$ 1,451,461 |
| Investments - money market fund | 1,252,182 | - |
| Total cash and investments | 1,252,182 | 1,451,461 |
| Accounts receivable | 1,053 | 4,066 |
| Due from other governments | - | 100,532 |
| Due from General Fund | - | 3,433,967 |
| Total assets | <u>\$ 1,253,235</u> | <u>\$ 4,990,026</u> |
| Liabilities: | | |
| Accounts payable | - | 119,495 |
| Accrued liabilities | - | 835,217 |
| Amounts held for other organizations | - | 4,035,314 |
| Total liabilities | - | <u>\$ 4,990,026</u> |
| Net position: | | |
| Held in trust for employee pension benefits | 1,253,235 | |
| Total net position | <u>\$ 1,253,235</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, 2018

| | |
|------------------------------|--|
| | Employee Early Retirement Incentive Plan |
| Additions: | |
| Contributions | \$ 1,200,000 |
| Investment Income: | |
| Dividends | 5,752 |
| Total investment income | 5,752 |
| Total additions | 1,205,752 |
| Deductions: | |
| Benefits | 900,129 |
| Total deductions | 900,129 |
| Change in net position | 305,623 |
| Net position - July 1, 2017 | 947,612 |
| Net position - June 30, 2018 | \$ 1,253,235 |

See accompanying notes to basic financial statements.

THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA
(A Component Unit of the City of Richmond, Virginia)
Notes to the Basic Financial Statements
June 30, 2018

1) Summary of Significant Accounting Policies

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

(a) Financial Reporting Model

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

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

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

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

THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA
(A Component Unit of the City of Richmond, Virginia)
Notes to the Basic Financial Statements
June 30, 2018

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

Program revenues include: (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) City appropriations, grants and contributions that are restricted to meet the operational or capital requirements of a particular program. Indirect expense allocations that have been made in the funds have been reversed for the Statement of Activities. Revenues that are not classified as program revenues, including intergovernmental aid not restricted to specific purposes, are presented as *general revenues*. The Statement of Activities reports all of the revenues and costs of providing services each year, including depreciation expense on the School Board’s vehicles and equipment.

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

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

Required Supplementary Information – The Budgetary Comparison Schedule (Exhibit I) demonstrates compliance with the adopted budget, and is an important component of a government’s accountability to the public. The School Board, like most other governments, revises its original budgets over the course of the year for a variety of reasons. The School Board has provided budgetary comparison information for its legally adopted General Fund budget, which includes both the original and final budgets and actual results as required supplementary information. Additionally, the School Board has provided Exhibit J through N to disclose pension and other postemployment benefits trend data.

THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA
(A Component Unit of the City of Richmond, Virginia)
Notes to the Basic Financial Statements
June 30, 2018

(b) Financial Reporting Entity

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

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

Jointly Governed Organizations

The Governor's School operates as an educational consortium and provides specialized and gifted training for students of participating cities and counties from central and southern Virginia. The Governor's School is governed by a separate board that includes one member from each of the participating localities. The School Board is not financially accountable for the Governor's School and has no continuing financial interest in the Governor's School. The School Board made tuition payments approximating \$1,565,000 to the Governor's School for the school year 2017-2018. Complete financial statements for the Governor's School may be obtained from the Governor's School's administrative office at 1000 North Lombardy Street, Richmond, Virginia, 23220.

The MathScience Innovation Center (the Center) operates as an educational consortium and provides specialized training to students of the Counties of Chesterfield, Henrico, Hanover, Goochland, King William and Powhatan; the cities of Petersburg and Colonial Heights and the City. The Center is governed by a separate board that includes the school superintendent and one member of the School Board from the City and each of the counties noted above. The School Board is not financially accountable for the Center and has no continuing financial interest in the Center. The School Board made tuition payments approximating \$656,500 to the Center for the school year 2017-2018. Complete financial statements for the Center may be obtained from the Center's administrative office at 2401 Hartman Street, Richmond, Virginia, 23223.

(c) Basis of Presentation

THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA
(A Component Unit of the City of Richmond, Virginia)
Notes to the Basic Financial Statements
June 30, 2018

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

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

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

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

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

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

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

THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA
(A Component Unit of the City of Richmond, Virginia)
Notes to the Basic Financial Statements
June 30, 2018

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

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

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

(d) Fund Balances

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

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

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

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

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

THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA
(A Component Unit of the City of Richmond, Virginia)
Notes to the Basic Financial Statements
June 30, 2018

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

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

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

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

(e) Basis of Accounting/Measurement Focus

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

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

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

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

THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA
(A Component Unit of the City of Richmond, Virginia)
Notes to the Basic Financial Statements
June 30, 2018

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

There are, however, essentially two types of these revenues. In one, monies must be expended for the specific purpose or project before any amounts will be paid to the School Board; therefore, revenues are recognized based upon the expenditures incurred. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. Approximately forty-four percent of the School Board's revenue is from City appropriations, approximately thirty-eight percent is from the Commonwealth of Virginia, approximately seventeen percent is from federal operating grants and the remaining one percent is from donations, tuition and fees. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met. Revenues from each specific type of nonexchange transaction are recorded as described above and when available. The School Board considers all revenues reported in the Governmental funds to be available if the revenues are collected within sixty days after year-end, except for revenues from reimbursement-based grants, which are generally considered available if received within one year after the fiscal year-end. Revenue from the City for capital projects is recognized in the period to which the City appropriation applies. Expenditures are recognized in the accounting period when the related fund liabilities are incurred, if measurable, with the exception of governmental fund liabilities for sick and vacation pay, postretirement health care and dental benefits, and self-insurance claims, which are recognized as described in notes 1(n), (o) and (p), respectively. The current portion of the capital lease liability is considered paid from expendable available financial resources and therefore recorded as a liability of the current period.

(f) **Encumbrances**

The School Board uses encumbrance accounting, which represents the estimated amount of future expenditures if all open purchase orders, unfinished contracts, or other commitments were completed. Encumbrances do not lapse. In the General Fund, encumbrances are classified as assigned fund balance to indicate that they cannot be used for any other purpose.

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

THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA
(A Component Unit of the City of Richmond, Virginia)
Notes to the Basic Financial Statements
June 30, 2018

(g) **Cash**

Equity in cash with the City represents the School Board's share of the cash and investment pool held and administered by the City. The City allocates interest to the Nutrition Services Fund based on the average monthly balance held on its behalf. Cash on hand or in banks in the General, Nutrition Services and Fiduciary Funds includes cash on hand, checking and saving accounts, certificates of deposit and liquid investments, which generally have maturities of less than three months at the time of acquisition.

(h) **Investments**

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

(i) **Inventories and prepaid items**

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

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

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

The School Board has no infrastructure capital assets. In addition, the City retains legal title to the land and buildings occupied by the schools and provides such assets, at no cost, to the School Board for its use; consequently, these capital assets (numbering 54 school buildings and facilities with a net book value approximating \$178.9 million) are not included in the School Board's Government-wide financial statements. In addition, all long-term debt related to the acquisition of the school sites and buildings are a liability of the City and, accordingly, are not reflected in the financial statements of the School Board. Accumulated depreciation is reported as a reduction of capital assets in the Government-wide financial statements. Depreciation is computed using the straight-line method based upon estimated useful lives ranging from five years for office equipment and ten years for buses to thirty years for certain electrical equipment.

THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA
(A Component Unit of the City of Richmond, Virginia)
Notes to the Basic Financial Statements
June 30, 2018

(k) Interfund Activity

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

Transfers to and from other funds are reported as other financing uses in the funds making the transfers and as other financing sources in the funds receiving the transfers. All such payments were routine in nature and consistent with the activities of the fund making the transfers, and include transfers to meet grant-matching requirements and for other management purposes (see notes 3 and 4).

(l) Accrued Liabilities

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

(m) Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources, which represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The School Board reports deferred outflows of resources related to pensions and obligations for postemployment benefits in the government-wide Statement of Net Position resulting from investment returns that exceed projected earnings, changes of assumptions, contributions made subsequent to the measurement date and changes in proportionate share. Investment experience amounts are deferred and amortized over a closed five-year period. All other deferred outflows of resources, except contributions made subsequent to the measurement date, are amortized over a period equal to the average of the expected remaining service lives of all employees that are provided with pensions and OPEB benefits through the plans (active employees and inactive employees) determined as of the beginning of the measurement period.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources representing an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources in the government-wide Statement of Net Position represent amounts related to pensions and obligations for postemployment benefits from investment returns that are lower than projected earnings, changes in proportionate share of contributions, changes in economic experience and changes in assumptions. Investment returns lower than projected earnings are also deferred and amortized over a period no greater than five years. All other deferred inflows of resources are amortized over a period

THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA
(A Component Unit of the City of Richmond, Virginia)
Notes to the Basic Financial Statements
June 30, 2018

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

(n) Unearned Revenues

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

(o) Vacation and Sick Pay

Employees are granted vacation and sick pay in varying amounts as services are provided. Employees may accumulate, subject to certain limitations, unused vacation and sick pay earned and, upon leaving School Board employment, may be compensated for qualifying hours earned at their then-current rates of pay for accrued vacation leave. Employees may accumulate an unlimited amount of earned but unused sick leave benefit, which is forfeited upon separation from service, except when separation is caused by retirement. Unused sick pay earned is paid at rates established by administrative policy (the sick leave rate).

The current pay rates and the sick leave rate, including certain additional salary-related fringe benefits, are used in the vacation and sick leave accruals, respectively.

In the Government-wide financial statements, the amounts of vacation and sick pay recognized as expense are the total amounts earned during the fiscal year and the liabilities at year end include the amounts currently due, which are based on employee resignations and retirements on or prior to year-end, and noncurrent amounts, which will be paid upon future resignations and retirements or used as paid time off.

In the Governmental Funds' financial statements, vacation and sick pay liabilities are normally paid from expendable available financial resources and the expenditures and liabilities are recognized only when payments are due and payable upon employee resignations and retirements. Accordingly, the year-end liabilities are limited to the amounts currently due to employees who have resigned or retired at, or prior to fiscal year end.

(p) Postemployment Health and Dental Care Benefits

School Board obligations for postemployment benefits are recorded on a pay-as-you-go basis; accordingly, the aggregate amount of obligations to pay such future benefits, which could be substantial, is not funded. The School Board records its proportionate share liability of health and life insurance postemployment defined benefits provided through the Virginia Retirement System multi-employer, cost-sharing plans (see note 13).

THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA
(A Component Unit of the City of Richmond, Virginia)
Notes to the Basic Financial Statements
June 30, 2018

(q) Self-insurance Claims

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

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

(a) Cash in Banks

At June 30, 2018, the carrying amount and the financial institutions' balances of the School Board's deposits with financial institutions applicable to governmental activities was \$400,928. In addition, the carrying amount of deposits with financial institutions held by the School Board's Fiduciary Funds totaled \$1,451,461 and the related financial institutions' balances totaled \$1,676,647. The difference of \$225,186 between the carrying amounts and the financial institutions' balances were attributable to outstanding checks of approximately \$233,633 less deposits in transit of \$8,447 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 \$19,280,521 at June 30, 2018. 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.

THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA
(A Component Unit of the City of Richmond, Virginia)
Notes to the Basic Financial Statements
June 30, 2018

(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, 2018, the School Board had the following investments held separately from all other School Board deposits held with financial institutions:

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

Investment Type

| | |
|--------------------------|----------------------------|
| Money Market Investments | \$ 210,804 |
| Mutual Funds | 1,088,177 |
| Common Stock | <u>170,241</u> |
| Total | <u><u>\$ 1,469,222</u></u> |

Investments related to Permanent Funds include \$210,804 in money market funds and \$1,088,177 in mutual funds. Investments related to the General Fund include \$170,241 in common stocks.

(2) As of June 30, 2018, the Employee Early Retirement Incentive Plan had investments in the Heritage Money Market Fund Portfolio, totaling \$1,252,182.

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

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

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

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

THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA
(A Component Unit of the City of Richmond, Virginia)
Notes to the Basic Financial Statements
June 30, 2018

Interest rate risk

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

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

Custodial credit risk

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

Concentration of credit risk and credit quality

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

As of June 30, 2018, the School Board had investments of \$1,252,182, in a collateralized bank deposit account.

Fair Value of Investments

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

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

Level 1:

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

Level 2:

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

THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA
(A Component Unit of the City of Richmond, Virginia)
Notes to the Basic Financial Statements
June 30, 2018

Level 3:

Unobservable inputs for an asset or liability. The following table presents the fair value of measurements of investments held separately from all other School Board deposits held with financial institutions measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurement falls at June 30, 2018:

| | Balance June 30, 2018 | Fair Value Measurement Using Level 1 |
|---|--------------------------|--|
| Investments by fair value levels | | |
| Common Stocks | \$ 170,241 | \$ 170,241 |
| Mutual Funds | 1,088,177 | 1,088,177 |
| Total | <u>\$ 1,258,418</u> | <u>\$ 1,258,418</u> |

3) Due From/To Other Governments

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

The following is a summary of amounts due from other governments at June 30, 2018:

| | Federal | State | City | Other | Total |
|---|----------------------|---------------------|----------------------|-------------------|----------------------|
| Governmental Funds: | | | | | |
| General Fund | \$ - | \$ - | \$ 39,743,920 | \$ - | \$ 39,743,920 |
| Special Revenue Fund | 16,787,532 | 1,690,009 | - | 758,843 | 19,236,384 |
| Nutrition Services Fund | 1,397,665 | - | - | - | 1,397,665 |
| Capital Projects Fund | - | - | 9,761,626 | - | 9,761,626 |
| Total | <u>\$ 18,185,197</u> | <u>\$ 1,690,009</u> | <u>\$ 49,505,546</u> | <u>\$ 758,843</u> | <u>\$ 70,139,595</u> |
| Statement of Fiduciary Net Position: | | | | | |
| Agency Funds | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 100,532</u> | <u>\$ 100,532</u> |

At June 30, 2018, the School Board's General Fund had \$3,433,967 due to Fiduciary Funds, \$500 of advances from the City, and \$4,002,848 due the City comprised of: 1) \$3,386,000 in Incurred but Not Reported (IBNR) liabilities under the joint health care program, and 2) \$616,848 related to the difference between appropriated and actual sales tax revenue received at year-end.

THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA
(A Component Unit of the City of Richmond, Virginia)
Notes to the Basic Financial Statements
June 30, 2018

4) Interfund Balances and Transfers

In the Fund financial statements, interfund receivable and payable balances as of June 30, 2018 were:

| TO FUND | FROM FUND | |
|--------------------|----------------------------------|-------------------------------|
| | Interfund Receivables | Interfund Payables |
| General | \$ 12,424,538 | \$ 3,024,207 |
| Special Revenue | - | 12,352,518 |
| Nutrition Services | 2,961,929 | - |
| Capital Projects | 62,278 | - |
| Permanent | - | 72,020 |
| Total | <u>\$ 15,448,745</u> | <u>\$ 15,448,745</u> |

The balance of \$12,352,518 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, 2018 were as follows:

| Transfers In | Transfers Out (General Fund) |
|-----------------------|---|
| General Fund | \$ 4,916,524 |
| Special Revenue Fund | 2,335,716 |
| Capital Projects Fund | 9,912,330 |
| Total | <u>\$ 17,164,570</u> |

THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA
(A Component Unit of the City of Richmond, Virginia)
Notes to the Basic Financial Statements
June 30, 2018

5) Capital Assets

Changes in capital assets during the fiscal year ended June 30, 2018 are summarized below:

| | Balance July 1, 2017 | Additions | Deletions | Balance June 30, 2018 |
|-----------------------------------|-------------------------|--------------|------------|--------------------------|
| Capital assets being depreciated: | | | | |
| Vehicles | \$ 21,412,399 | \$ 207,794 | \$ 684,509 | \$ 20,935,684 |
| Other equipment | 16,394,256 | 4,969,382 | 163,418 | 21,200,220 |
| Energy and water equipment | 6,201,626 | - | - | 6,201,626 |
| Total being depreciated | 44,008,281 | 5,177,176 | 847,927 | 48,337,530 |
| Less: Accumulated depreciation | | | | |
| Vehicles | 14,486,711 | 1,080,599 | 684,509 | 14,882,801 |
| Other equipment | 10,310,555 | 2,649,347 | 163,418 | 12,796,484 |
| Energy and water equipment | 1,589,896 | 227,128 | - | 1,817,024 |
| Total accumulated depreciation | 26,387,162 | 3,957,074 | 847,927 | 29,496,309 |
| Capital assets, net | \$ 17,621,119 | \$ 1,220,102 | \$ - | \$ 18,841,221 |

Depreciation expense was charged to functions as follows:

| | |
|---|--------------|
| Instruction | \$ 2,180,556 |
| Support Services: | |
| Administration | 1,903 |
| Attendance & Health | 41,002 |
| Pupil Transportation | 898,631 |
| Operations and Maintenance | 285,242 |
| Nutrition Services | 110,560 |
| Technology | 217,236 |
| Facilities acquisition and improvements | 221,944 |
| Total | \$ 3,957,074 |

6) Capital Leases

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

Financing for the purchase of this equipment was structured through a lease-purchase transaction. The School Board entered into a Master Lease Purchase Agreement as lessee in July 2009. The total amount financed was \$6,201,626 with an interest rate of 5.14%.

THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA
(A Component Unit of the City of Richmond, Virginia)
Notes to the Basic Financial Statements
June 30, 2018

The School Board acquired school buses and computer equipment, during the 2014-2015 school year under capital lease arrangements as follows: 78 school buses with an interest rate of 1.72% for \$6,556,806, and computer equipment with an implicit interest rate of 2.99% for \$299,962. As of June 30, 2018, the capital lease for the 78 school buses is completely paid off.

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

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

| | |
|--------------------------------|---------------------|
| Energy and water equipment | \$ 6,201,626 |
| Less: Accumulated depreciation | <u>(1,817,024)</u> |
| Total | <u>\$ 4,384,602</u> |
| Equipment | \$ 299,962 |
| Less: Accumulated depreciation | <u>(209,972)</u> |
| Total | <u>\$ 89,990</u> |
| Computer Equipment | \$ 729,434 |
| Less: Accumulated depreciation | <u>(72,981)</u> |
| Total | <u>\$ 656,453</u> |

The total future minimum lease obligations and the total net present value of the minimum lease payments as of June 30, 2018 are as follows:

| Fiscal Year | Principal | Interest |
|--|---------------------|-------------------|
| 2019 | \$ 634,271 | \$ 235,987 |
| 2020 | 664,246 | 207,630 |
| 2021 | 724,812 | 176,553 |
| 2022 | 693,718 | 143,085 |
| 2023 | 662,451 | 109,414 |
| 2024-2026 | <u>1,764,224</u> | <u>105,365</u> |
| Present value of minimum lease obligations | <u>\$ 5,143,721</u> | <u>\$ 978,033</u> |

THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA
(A Component Unit of the City of Richmond, Virginia)
Notes to the Basic Financial Statements
June 30, 2018

7) Noncurrent Liabilities

Changes in the total noncurrent liabilities during the fiscal year ended June 30, 2018 are summarized below:

| | Amounts Payable at June 30, 2017 | Increases | Decreases | Amounts Payable at June 30, 2018 | Due Within One Year | Due in More Than One Year |
|--------------------------------------|--|-----------|--------------|--|---------------------------|---------------------------------|
| Workers' compensation | | | | | | |
| liability | \$ 2,689,414 | 183,994 | (319,608) | 2,553,800 | 1,256,582 | 1,297,218 |
| Vacation pay liability | 3,939,409 | 309,633 | (684,728) | 3,564,314 | 206,041 | 3,358,273 |
| Sick pay liability | 8,363,742 | 633,985 | (1,325,149) | 7,672,578 | 401,962 | 7,270,616 |
| Net pension liability | 296,713,963 | - | (47,183,252) | 249,530,711 | - | 249,530,711 |
| Net OPEB liability - VRS * | 42,506,684 | - | (3,212,818) | 39,293,866 | - | 39,293,866 |
| Total OPEB liability * | 21,644,857 | 3,283,112 | - | 24,927,969 | - | 24,927,969 |
| Capital leases - energy improvements | 4,859,038 | - | (383,133) | 4,475,905 | 430,881 | 4,045,024 |
| Capital leases - equipment | 103,993 | 729,434 | (165,611) | 667,816 | 203,390 | 464,426 |
| Capital leases - buses | 4,151,790 | - | (4,151,790) | - | - | - |
| Total | \$ 384,972,890 | 5,140,158 | (57,426,089) | 332,686,959 | 2,498,856 | 330,188,103 |

*Total OPEB liability and Net OPEB liabilities have been restated as of July 1, 2017 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 \$1,890,326 for the fiscal year ended June 30, 2018. At June 30, 2018, the annual operating lease commitments are as follows:

| Year Ending June 30 | Amount |
|------------------------------|--------------|
| 2019 | \$ 1,969,468 |
| 2020 | 1,368,924 |
| 2021 | 1,305,742 |
| 2022 | 217,624 |
| Total minimum lease payments | \$ 4,861,758 |

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).

THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA
(A Component Unit of the City of Richmond, Virginia)
Notes to the Basic Financial Statements
June 30, 2018

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

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

(a) **Nonspendable**

Nonspendable General Fund balance for prepaid insurance of \$322,120 represents (1) \$25,000 held as a required deposit for the short-term disability insurance program (2) \$296,720 in the self-insured workers' compensation bank account and (3) \$400 prepaid summer school expenditures.

Nonspendable Nutrition Services balance for inventories of \$272,303 represents the portion of fund balance for food inventory, which is not otherwise available for appropriation and expenditure.

Nonspendable fund balance for Permanent Funds of \$1,223,151 represents amounts legally restricted to the extent only earning, and not principal, may be used for purposes supporting School Board programs.

(b) **Restricted**

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

Restricted fund balance for Special Revenue Funds of \$2,286,768 for proceeds of specific revenue sources that are restricted to expenditures for specific purposes, other than debt

THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA
(A Component Unit of the City of Richmond, Virginia)
Notes to the Basic Financial Statements
June 30, 2018

service and capital projects, under various federal and state reimbursement-based grants. Restricted fund balance for the Nutrition Service Fund of \$3,442,928 is restricted to expenditures for the specific purpose of operating the National School Lunch Program and cafeteria operations.

(c) Assigned:

The School Board has delegated the responsibility to assign funds to the Superintendent or the Chief Operating Officer. The assigned fund balance totals \$18,037,409 consisting of the following:

- \$170 thousand of General Fund's fund balance held in investment of common stock.
- \$12.5 million of General Fund's fund balance to eliminate a projected budgetary deficit in the subsequent year's General Fund budget.
- \$5.4 million of General Fund's fund balance to pay during the fiscal year for goods and services not received prior to the end of the fiscal year.
- \$9.1 million of Capital Projects fund balance for the purpose of expenditures to complete approved school renovation and facility improvement projects.

(d) Unassigned

The unassigned general fund balance totals \$417,008. These funds will be utilized by the School Board during future budget development.

The negative unassigned fund balance of \$(2,286,768) 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 three medical plan options: Premier, Classic and Open Access HSA High Deductible. In-network services for the Premier Plan are covered at 90% with a \$20 office visit co-pay for Primary Care Physicians, and a \$40 office visit co-pay for Specialists. In-network services for the Classic Plan are covered at 80% with a \$25 office visit co-pay for Primary Care Physicians, and a \$50 office visit co-pay for Specialists. In network services for the Open Access HSA High Deductible Plan are covered at 70% with a 30% co-insurance. Employees who elect the Open Access HSA High

THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA
(A Component Unit of the City of Richmond, Virginia)
Notes to the Basic Financial Statements
June 30, 2018

Deductible Plan are automatically enrolled in a Health Savings Account. Beginning January 2016, RPS made a one-time employer contribution of \$1,000 for family coverage and \$500 for single coverage. The amounts are prorated for new hires hired after the annual enrollment date. Out-of-network providers are covered at 50%. Wellness checkups and services are covered at 100%. Prescription drug coverage is included with the three medical plans utilizing a three tier co-pay structure and optional mail-order for maintenance medications.

RPS purchases specific stop-loss insurance from Connecticut General Life Insurance Company (CIGNA) limiting claims against the self-insurance program to \$300,000 per occurrence for individual claim. A liability of \$3.4 million has been recorded to the General Fund based on an estimate from RPS's outside actuary, USI.

11) Defined Benefit Pension Plans

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

Detailed descriptions of each plan follow:

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

(i) Description of the Virginia Retirement System

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

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

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

THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA
(A Component Unit of the City of Richmond, Virginia)
Notes to the Basic Financial Statements
June 30, 2018

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

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

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

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

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

THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA
(A Component Unit of the City of Richmond, Virginia)
Notes to the Basic Financial Statements
June 30, 2018

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 | 333 |
| Inactive Members | |
| Vested | 41 |
| Non-Vested | 123 |
| Active Elsewhere in VRS | <u>99</u> |
| Total Inactive Members | 263 |
| Active Members | <u>409</u> |
| Total | <u>1,005</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.

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/2018-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

THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA
(A Component Unit of the City of Richmond, Virginia)
Notes to the Basic Financial Statements
June 30, 2018

be phased in over a period of 5 years but all employees will be paying the full 5.00% by July 1, 2016. The employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. In addition, the School Board is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the *Code of Virginia* and approved by the VRS Board of Trustees.

VRS Teachers' Pool

For professional employees participating in the VRS cost-sharing multiple-employer plan for both the defined benefit and defined contribution plans, the School Board's actual contributions to the VRS Teachers' Pool were \$26,416,038 and \$22,625,071 for the years ended June 30, 2018 and June 30, 2017, respectively. The School Board's contractually required contribution rate applicable to professional employees for the fiscal year ended June 30, 2018, excluding the 5.00% member rate, was 16.32% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of the June 30, 2013 actuarial valuation adjusted for the transfer in June 2015 of \$192,884,000 as an accelerated payback of the contribution deferred in the 2010-2012 biennium. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

VRS 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 \$659,089 for the year ended June 30, 2018. The School Board's contribution rate applicable to nonprofessional employees for the fiscal year ended June 30, 2018 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, 2018, the School Board reported a Net Pension Liability of \$245,257,000 for professional employees measured as of June 30, 2017. 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, 2017 relative to the total of the actuarially determined employer contributions for all participating employers. At the June 30, 2017 measurement date, the School Board's proportion was 1.99429% as compared to 2.05445% at June 30, 2016.

For the year ended June 30, 2018, the School Board recognized pension expense of approximately \$16,993,000. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA
(A Component Unit of the City of Richmond, Virginia)
Notes to the Basic Financial Statements
June 30, 2018

At June 30, 2018, the School Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|----------------------------------|
| Net differences between projected and actual earnings on pension plan investments | \$ - | \$ 8,910,000 |
| Changes in proportionate share of contributions | 6,401,006 | 11,790,000 |
| Changes of assumptions | 3,579,000 | - |
| Difference between expected and actual economic experience | - | 17,366,000 |
| Contributions subsequent to the measurement date-from finance | 26,416,038 | - |
| Total | <u>\$ 36,396,044</u> | <u>\$ 38,066,000</u> |

Deferred outflows of resources resulting from contributions made subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2019. 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 Outflows/ Inflows of Resources |
|----------------------|--|
| 2019 | \$ (10,735,000) |
| 2020 | (1,172,000) |
| 2021 | (4,297,000) |
| 2022 | (10,122,000) |
| Thereafter | (1,759,994) |
| | <u>\$ (28,085,994)</u> |

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

| | 1% decrease 6% | Current rate 7% | 1% increase 8% |
|---|----------------|-----------------|----------------|
| School Board's proportionate share of the Net Pension Liability | \$ 366,251,000 | \$ 245,257,000 | \$ 145,170,000 |

VRS Political Subdivision

At June 30, 2018, the School Board reported a Net Pension Liability of \$1,381,329 for non-professional employees. The Total Pension Liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2016, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA
(A Component Unit of the City of Richmond, Virginia)
Notes to the Basic Financial Statements
June 30, 2018

For the year ended June 30, 2018, the School Board recognized pension expense of \$(504,922). Deferred outflows of resources and deferred inflows of resources related to pensions were reported from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|----------------------------------|
| Net differences between projected and actual earnings on pension plan investments | \$ 1,953,687 | 2,673,078 |
| Difference between actual and expected experience | - | 876,417 |
| Change of assumptions | - | 43,461 |
| School Board contributions subsequent to the measurement date | 659,089 | - |
| Total | <u>\$ 2,612,776</u> | <u>\$ 3,592,956</u> |

Deferred outflows of resources resulting from contributions made subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2019. 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 Outflows/ Inflows of Resources |
|----------------------|---|
| 2019 | \$ (1,034,686) |
| 2020 | (126,776) |
| 2021 | 12,235 |
| 2022 | (490,042) |
| | <u>\$ (1,639,269)</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% increase 8% |
|-----------------------|----------------|-----------------|----------------|
| Net Pension Liability | \$ 7,681,221 | \$ 1,381,329 | \$ (3,936,791) |

THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA
(A Component Unit of the City of Richmond, Virginia)
Notes to the Basic Financial Statements
June 30, 2018

(iv) **Actuarial Assumptions**

The total pension liability in the VRS Plans was based on an actuarial valuation as of June 30, 2016, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017:

VRS Teachers' Pool and VRS Political Subdivision

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

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

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2012 through June 30, 2016.

THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA
(A Component Unit of the City of Richmond, Virginia)
Notes to the Basic Financial Statements
June 30, 2018

Long-Term Expected Rate of Return

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

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

| <u>Asset Class (Strategy)</u> | <u>Target Allocation</u> | <u>Long-term Expected Real Rate of Return</u> | <u>Weighted Average Long-term Expected Real Rate of Return</u> |
|-------------------------------|--------------------------|---|--|
| Public Equity | 40.00% | 4.54% | 1.82% |
| Fixed Income | 15.00% | 69.00% | 0.10% |
| Credit Strategies | 15.00% | 3.96% | 0.59% |
| Real Assets | 15.00% | 5.76% | 0.86% |
| Private Equity | 15.00% | 9.93% | 1.43% |
| Total | <u>100.00%</u> | | 4.80% |
| | | Inflation | <u>2.50%</u> |
| | | *Expected arithmetic nominal return | <u>7.30%</u> |

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

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, 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.

THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA
(A Component Unit of the City of Richmond, Virginia)
Notes to the Basic Financial Statements
June 30, 2018

From July 1, 2019 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.

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

| VRS Political Subdivision | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability |
|---|--------------------------------|--|----------------------------------|
| Balance at June 30, 2016 | \$ 52,751,285 | \$ 47,736,923 | \$ 5,014,362 |
| Changes: | | | |
| Service Cost | 984,675 | - | 984,675 |
| Interest | 3,599,682 | - | 3,599,682 |
| Change of assumptions | (69,026) | - | (69,026) |
| Differences between expected and actual experience | (1,314,051) | - | (1,314,051) |
| Contributions - employer | - | 654,603 | (654,603) |
| Contributions - employee | - | 481,420 | (481,420) |
| Net investment income | - | 5,737,284 | (5,737,284) |
| Benefit payments, including refunds of employee contributions | (2,654,524) | (2,654,524) | - |
| Administrative expense | - | (33,920) | 33,920 |
| Other changes | - | (5,074) | 5,074 |
| Net changes | 546,756 | 4,179,789 | (3,633,033) |
| Balance at June 30, 2017 | \$ 53,298,041 | \$ 51,916,712 | \$ 1,381,329 |

(b) **Richmond Retirement System**

(i) **Plan Description**

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

The City Council is responsible for establishing benefit provisions and funding requirements. Benefits vest after five years of service, and the City pays the entire cost of the plan. The School Board reimburses the City for contributions made on its behalf.

Membership in RRS consisted of the following as of June 30, 2018:

THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA
(A Component Unit of the City of Richmond, Virginia)
Notes to the Basic Financial Statements
June 30, 2018

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

Retirement benefits are determined as a percentage of the average of the five highest years' salaries. Normal retirement age is 65. The plan provides for early retirement at age 55 for School Board employees. The RRS issues a publicly available CAFR that 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, 2018, 2017 and 2016 were \$35,487, \$60,924 and \$78,625, respectively, and were equal to the required contributions for each year.

(iii) Pension Liabilities and Pension Expense

At June 30, 2018, the School Board reported a net pension liability of \$375,677 measured as of June 30, 2017 for its proportionate share (.07287) of the overall net pension liability as of June 30, 2017. The total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of July 1, 2014. There were no changes in assumptions or benefit terms since the prior measurement period. For the year ended June 30, 2018, the School Board recognized pension expense of \$(20,651).

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

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

| | <u>1% decrease 6.5%</u> | <u>Current rate 7.5%</u> | <u>1% increase 8.5%</u> |
|-----------------------|-------------------------|--------------------------|-------------------------|
| Net Pension Liability | \$ 305,442 | \$ 375,677 | \$ 197,474 |

THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA
(A Component Unit of the City of Richmond, Virginia)
Notes to the Basic Financial Statements
June 30, 2018

(c) **Early Retirement Plan**

(i) **Plan Description**

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

The School Board has an actuarial valuation of the Plan prepared biennially using the individual entry age normal actuarial cost method. The actuarial value of the Plan's assets was determined using a market value method.

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

Membership in the Plan consisted of the following as of July 1, 2018, the most recent biennial actuarial valuation:

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

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

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

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

THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA
(A Component Unit of the City of Richmond, Virginia)
Notes to the Basic Financial Statements
June 30, 2018

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

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

Effective July 1, 2005, the above benefit structure of the Early Retirement Incentive Plan was frozen. RPS employees eligible to retire under the Early Retirement Incentive Program as of June 30, 2005 who had submitted an application by March 31, 2005 were also entitled to receive the benefits under the Plan as described above.

Some employees who have substantial service with RPS may be entitled to a transition benefit as described below:

Transition Benefit:

Employees who had at least 20 years of VRS eligible service (including the last 10) consecutive years with RPS as of June 30, 2005 who did not elect to retire prior to

March 31, 2005 were eligible for a transition benefit under the Plan upon their retirement after age 50 as follows:

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

(ii) Contributions

The entire cost of Plan benefits is borne by the School Board. The School Board's policy is to make irrevocable Plan contributions based on actuarially determined amounts sufficient to provide the required Plan benefits. Over time, the School Board's contributions to the Plan should approximate the cumulative annual required contributions (ARC's) determined by biennial actuarial valuations. However, the actual contributions made may differ from the annual required contributions. Substantially all investment and administrative costs of

THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA
(A Component Unit of the City of Richmond, Virginia)
Notes to the Basic Financial Statements
June 30, 2018

the Plan are borne by the General Fund. The School Board contributed \$1,200,000 for the fiscal year ended June 30, 2018.

(iii) Rate of Return

For the year ended June 30, 2018, the annual money-weighted rate of return based on cash flows on pension plan investments, net of investment expense, was 0.80%. 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 \$2,516,705 measured as of June 30, 2018. The total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of July 1, 2018.

Pension expense: For the year ended June 30, 2018, the School Board recognized pension expense of \$344,029.

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

| | <u>Outflows of Resources</u> |
|---|----------------------------------|
| Net differences between projected and actual earnings on pension plan investments | \$ 54,957 |
| Total | <u>\$ 54,957</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> |
|-----------------------------|---|
| 2019 | \$ 22,333 |
| 2020 | 15,116 |
| 2021 | 10,976 |
| 2022 | 6,532 |
| | <u>\$ 54,957</u> |

THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA
(A Component Unit of the City of Richmond, Virginia)
Notes to the Basic Financial Statements
June 30, 2018

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

| | Total Pension Liability | Fiduciary Net Position | Net Pension Liability |
|---------------------------|------------------------------------|-----------------------------------|----------------------------------|
| Balance at June 30, 2017 | \$ 4,337,885 | \$ 947,612 | \$ 3,390,273 |
| Changes: | | | |
| Service cost | 69,158 | - | 69,158 |
| Interest cost on TPL | 138,494 | - | 138,494 |
| Experience losses | 110,861 | - | 110,861 |
| Change in assumptions | 13,671 | - | 13,671 |
| Net investment income | - | 5,752 | (5,752) |
| Plan member contributions | - | 1,200,000 | (1,200,000) |
| Benefit payments | (900,129) | (900,129) | - |
| Net changes | (567,945) | 305,623 | (873,568) |
| Balance at June 30, 2018 | <u>\$ 3,769,940</u> | <u>\$ 1,253,235</u> | <u>\$ 2,516,705</u> |

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

Significant actuarial assumptions used in the valuation include:

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

The following changes were made to the plan provisions, actuarial assumptions, or actuarial method since the prior valuation:

| | |
|------------------|--|
| Salary increases | Salary increase changed from 3.75% to 3.5% |
|------------------|--|

THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA
(A Component Unit of the City of Richmond, Virginia)
Notes to the Basic Financial Statements
June 30, 2018

| | |
|-------------------|--|
| Mortality rates | <p>Pre-Retirement: Changed from the 1994 Group Annuity Mortality Table for males and females to the RP-2000 Employee Mortality Table.</p> <p>Post-Retirement: Changed from the 1994 Group Annuity Mortality Table for males and females to the RP-2000 Combined Mortality Table.</p> |
| Termination rates | Updated from rates previously in Virginia Retirement System reporting to the same termination rates reflected in the Virginia Retirement System Comprehensive Annual Report for the Year Ended June 30, 2017 for teachers under Plan 1. |

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

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

| | 1% decrease 2.5% | Current rate 3.5% | 1% increase 4.5% |
|-----------------------|------------------|-------------------|------------------|
| Net Pension Liability | \$ 2,592,953 | \$ 2,516,705 | \$ 2,440,986 |

(vii) **Fiduciary Net Position**

As of June 30, 2018, the Plan fiduciary net position of \$1,253,235 as a percentage of total pension liability is 33.24%.

| | |
|-----------------------------|----------------------------|
| Total Pension Liability | \$ 3,769,940 |
| Plan Fiduciary Net Position | <u>(1,253,235)</u> |
| Net Pension Liability | <u><u>\$ 2,516,705</u></u> |

THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA
(A Component Unit of the City of Richmond, Virginia)
Notes to the Basic Financial Statements
June 30, 2018

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 \$330,234 during the fiscal year ended June 30, 2018.

13) Postemployment Health Benefit Plans

The School Board provides certain postemployment medical and dental benefits to eligible retired employees, their spouses and widows up to the age of 65 through the School Board's group health insurance plan, which covers both active and retired employees. A retiree, eligible for postretirement medical coverage, is defined as a full-time employee who retires directly from the Schools, and is eligible to receive an early, regular retirement, or disability benefit from the VRS. In addition, they must immediately begin receiving a retirement annuity from VRS.

The School Board also participates in the VRS Employee Teacher Health Insurance Credit (HIC) Plan and the VRS Group Life Insurance (GLI) Program for teachers and political subdivisions. The VRS Teacher Employee Health Insurance Credit Program is a multiple-employer, cost-sharing plan, established pursuant to §51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The Teacher Employee HIC Program is a defined benefit plan that provides a credit towards the cost of health insurance coverage for retired teachers. For purposes of measuring the net Teacher Employee HIC Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC Program OPEB, and the Teacher Employee HIC Program OPEB expense, information about the fiduciary net position of the VRS Teacher Employee HIC Program; and the additions to/deductions from the VRS Teacher Employee HIC Program's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The VRS GLI Program is a multiple-employer, cost-sharing plan. It provides coverage to state employees, teachers, and employees of participating political subdivisions. The GLI Program was established pursuant to §51.1-500 et seq. of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended. The GLI Program is a defined benefit plan that provides a basic group life insurance benefit for employees of participating employers. For purposes of measuring the net Group Life Insurance Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the GLI Program OPEB, and GLI Program OPEB expense, information about the fiduciary net position of the VRS GLI program OPEB and the additions to/deductions

THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA
(A Component Unit of the City of Richmond, Virginia)
Notes to the Basic Financial Statements
June 30, 2018

from the VRS GLI Program OPEB's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Detailed descriptions of each plan follow:

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

(i) **Plan Description**

The School Board's health plan (Health Plan) is a single-employer defined benefit plan, and substantially all of the employees may become eligible for those benefits if they retire while working for the School Board. The School Board establishes and amends benefits and obligations of the plan.

Covered participants of the Health Plan consisted of the following at June 30, 2018:

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

(ii) **Funding Policy**

No assets are accumulated in a trust that meet the criteria in GAAP. Currently, the School Board pays for and reports retiree medical benefits on a "pay as you go" basis, which is the practice of paying for these benefits as they become due each year.

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

The School Board's total OPEB liability (TOL) of \$24,927,969 was measured as of June 30, 2018, and was determined by an actuarial valuation as of that date. For the year ended June 30, 2018, the School Board recognized Health Plan OPEB expense of \$3,947,547. There were no deferred outflows of resources or deferred inflows of resources for the Health Plan.

THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA
(A Component Unit of the City of Richmond, Virginia)
Notes to the Basic Financial Statements
June 30, 2018

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

The TOL as of the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and inputs, applied to all periods included in the measurement, unless other specified:

| | |
|------------------------------------|--|
| Actuarial valuation method | Entry Age Normal |
| Discount rate | 2.98% |
| Healthcare cost trend rates | 8.0 % for 2018, graded down to 5% over 10 years |
| | 5.0% per year administrative fees |
| | 10.0% per year stop loss expenses |
| Retirees' share of benefit-related | 25.0% of total medical, dental, and vision costs |
| Mortality rates | Pre-Retirement: RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020 |
| | Post-Retirement: RP-2014 White Collar Employee Rates to age 49, White Collar Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males 1% increase compounded from ages 70 to 90; females setback 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90 |
| | Post-Disablement: RP-2014 Disabled Mortality Rates projected with Scale BB to 2020; 115% of rates for males and females |

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

THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA
(A Component Unit of the City of Richmond, Virginia)
Notes to the Basic Financial Statements
June 30, 2018

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

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

| | 1% Decrease 1.98% | Current rate 2.98% | 1% Increase 3.98% |
|----------------------|----------------------|-----------------------|----------------------|
| Total OPEB liability | \$ 27,621,017 | \$ 24,927,969 | \$ 22,519,286 |

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

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

| | 1% Decrease 7% decreasing to 4 % over 10 years | Current 8% decreasing to 5 % over 10 years | 1% Increase 9% decreasing to 6 % over 10 years |
|----------------------|--|--|--|
| Total OPEB liability | \$ 21,554,693 | \$ 24,927,969 | \$ 28,991,641 |

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

| | <u>Total OPEB Liability</u> |
|--------------------------|--|
| Balance at June 30, 2017 | \$ 21,644,857 |
| Changes: | |
| Service cost | 3,226,190 |
| Interest | 721,357 |
| Benefit Payments | (664,435) |
| Net changes | <u>3,283,112</u> |
| Balance at June 30, 2018 | <u>\$ 24,927,969</u> |

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

(i) **Plan Description**

All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Employee HIC Program. This plan is administered by the Virginia Retirement System (the System), along with pension and

THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA
(A Component Unit of the City of Richmond, Virginia)
Notes to the Basic Financial Statements
June 30, 2018

other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The health insurance credit is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of premiums and ends upon the retiree's death.

(ii) Contributions

The contribution requirement for active employees is governed by §51.1-1400 et seq. of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2018 was 1.23% of covered employee compensation for employees in the VRS Teacher Employee HIC Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the School Board to the VRS Teacher Employee HIC Program were \$1,923,687 and \$1,756,965 for the years ended June 30, 2018 and June 30, 2017, respectively.

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

At June 30, 2018, the School Board reported a liability of \$25,443,770 for its proportionate share of the VRS Teacher Employee HIC Program Net OPEB Liability. The Net VRS Teacher Employee HIC Program OPEB Liability was measured as of June 30, 2017 and the total VRS Teacher Employee HIC Program OPEB liability used to calculate the Net VRS Teacher Employee HIC Program OPEB Liability was determined by an actuarial valuation as of that date. The School Board's proportionate of the Net VRS Teacher Employee HIC Program OPEB Liability was based on the school division's actuarially determined employer contributions for all participating employers. At June 30, 2017, the School Board's proportion of the VRS Teacher Employee HIC Program was 2.00564% as compared to 2.05485% at June 30, 2016.

For the year ended June 30, 2018, the School Board recognized VRS Teacher Employee HIC Program OPEB expense of \$1,988,000. Since there was a change in proportionate share between June 30, 2016 and June 30, 2017, a portion of the VRS Teacher Employee HIC Program Net OPEB expense was related to deferred amounts from changes in proportion.

THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA
(A Component Unit of the City of Richmond, Virginia)
Notes to the Basic Financial Statements
June 30, 2018

At June 30, 2018, the School Board reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC Program OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|----------------------------------|
| Net difference between projected and actual earnings of Teacher HIC OPEB plan investments | \$ - | \$ 46,000 |
| Change of assumptions | - | 261,000 |
| Changes in proportionate share | - | 542,000 |
| Contributions subsequent to the measurement date | 1,923,687 | - |
| Total | <u>\$ 1,923,687</u> | <u>\$ 849,000</u> |

Deferred outflows of resources resulting from \$1,923,687 in contributions made subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC Program OPEB Liability in the Fiscal Year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

| Year ending June 30: | Deferred Outflows/ Inflows of Resources |
|----------------------|---|
| 2018 | \$ (133,000) |
| 2019 | (133,000) |
| 2020 | (133,000) |
| 2021 | (133,000) |
| 2022 | (121,000) |
| Thereafter | (196,000) |
| | <u>\$ (849,000)</u> |

(iv) **Actuarial Assumptions**

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee HIC Program was based on an actuarial valuation as of June 30, 2016, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017:

| | |
|---------------------------------------|---|
| Inflation | 2.5 % |
| Salary increases, including inflation | 3.5% - 5.95 % |
| Investment rate of return | 7.0 %, net of plan investment expenses including inflation* |

THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA
(A Component Unit of the City of Richmond, Virginia)
Notes to the Basic Financial Statements
June 30, 2018

Mortality rates

Pre-Retirement: RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020.

Post-Retirement: RP-2014 White Collar Employee Rates to age 49, White Collar Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males 1% increase compounded from ages 70 to 90; females setback 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

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

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

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

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

THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA
(A Component Unit of the City of Richmond, Virginia)
Notes to the Basic Financial Statements
June 30, 2018

(v) **Net Teacher Employee HIC OPEB Liability**

| | Teacher Employee HIC OPEB Plan (\$ in Thousands) |
|---|---|
| Total Teacher HIC OPEB Liability | \$ 1,364,702 |
| Plan Fiduciary Net Position | 96,091 |
| Teacher Employee net HIC OPEB Liability | <u>\$ 1,268,611</u> |
| | |
| Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability | 7.04% |

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

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

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

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

| Asset Class (Strategy) | Target Allocation | Long-term Expected Real Rate of Return | Weighted Average Long- term Expected Real Rate of Return |
|-------------------------------------|----------------------|--|--|
| Public Equity | 40.00% | 4.54% | 1.82% |
| Fixed Income | 15.00% | 69.00% | 0.10% |
| Credit Strategies | 15.00% | 3.96% | 0.59% |
| Real Assets | 15.00% | 5.76% | 0.86% |
| Private Equity | 15.00% | 9.93% | 1.43% |
| Total | <u>100.00%</u> | | 4.80% |
| Inflation | | | <u>2.50%</u> |
| *Expected arithmetic nominal return | | | <u>7.30%</u> |

THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA
(A Component Unit of the City of Richmond, Virginia)
Notes to the Basic Financial Statements
June 30, 2018

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

(vii) Discount Rate

The discount rate used to measure the total Teacher Employee HIC OPEB was 7.00%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal years ending June 30, 2019, the rate contributed by each school division for the VRS Teacher Employee HIC Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly.

From July 1, 2019 on, all agencies are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

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

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

| | <u>1% Decrease 6.00%</u> | <u>Current rate 7.00%</u> | <u>1% Increase 8.00%</u> |
|--|--------------------------|---------------------------|--------------------------|
| School Board's proportionate share of | | | |
| the VRS Teacher Employee HIC OPEB Plan | \$ 28,398,000 | \$ 25,443,770 | \$ 22,933,000 |
| Net HIC OPEB Liability | | | |

Detailed information about the VRS Teacher Employee HIC Program is available in the separately issued VRS CAFR that includes financial statements and required supplementary information for the plans administered by VRS. A copy of the most recent report may be obtained by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, Virginia, 23218-2500 or from the VRS' website:
<http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf>

THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA
(A Component Unit of the City of Richmond, Virginia)
Notes to the Basic Financial Statements
June 30, 2018

(c) **VRS Group Life Insurance Program**

(i) **Plan Description**

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

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

(ii) **Contributions**

The contribution requirements for the GLI Program are governed by §51.1-506 and §51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Program was 1.31% of covered employee compensation. The employee component was .79% and the employer component was .52%. Employers may elect to pay all or part of the employee contribution, however the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2018 was .52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. School Board contributions for professionals and nonprofessionals to the GLI Program were \$934,402 and \$882,783 for the years ended June 30, 2018 and June 30, 2017, respectively.

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

At June 30, 2018, the School Board reported a liability of \$13,850,096 for its proportionate share of the VRS GLI Program Net OPEB Liability, comprised of \$13,035,376 for teachers and \$814,720 for general employees. The Net VRS GLI Program OPEB Liability was measured as of June 30, 2017 and the total VRS GLI Program OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of that date. The School Board's proportionate of the Net GLI OPEB Liability was based on the

THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA
(A Component Unit of the City of Richmond, Virginia)
Notes to the Basic Financial Statements
June 30, 2018

school division's actuarially determined employer contributions for all participating employers. At June 30, 2017, the School Board's proportion of the VRS GLI Program for teachers was .86623% as compared to .88269% at June 30, 2016; and for general employees was .05414% at June 30, 2017 as compared to .05720% at June 30, 2016.

For the year ended June 30, 2018, the School Board recognized GLI OPEB expense of \$102,000. Since there was a change in proportionate share between June 30, 2016 and June 30, 2017, a portion of the GLI Net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2018, the School Board reported deferred outflows of resources and deferred inflows of resources related to the VRS GLI Program OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|----------------------------------|
| Net difference between projected and actual earnings of the GLI OPEB plan investments | \$ - | 522,000 |
| Economic experience | - | 307,000 |
| Change of assumptions | - | 713,000 |
| Changes in proportionate share | - | 289,000 |
| Contributions subsequent to the measurement date | 934,402 | - |
| Total | <u>\$ 934,402</u> | <u>\$ 1,831,000</u> |

Deferred outflows of resources resulting from \$934,402 in contributions made subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the Fiscal Year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

| Year ending June 30: | Deferred Outflows/ Inflows of Resources |
|----------------------|---|
| 2018 | \$ (371,000) |
| 2019 | (371,000) |
| 2020 | (371,000) |
| 2021 | (371,000) |
| 2022 | (240,000) |
| Thereafter | (107,000) |
| | <u>\$ (1,831,000)</u> |

THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA
(A Component Unit of the City of Richmond, Virginia)
Notes to the Basic Financial Statements
June 30, 2018

(iv) **Actuarial Assumptions**

The total GLI OPEB liability for the VRS GLI Program was based on an actuarial valuation as of June 30, 2016, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017:

| | |
|--|---|
| Inflation | 2.5 % |
| Salary increases, including inflation- | |
| Teachers | 3.5% - 5.95 % |
| Locality – General employees | 3.5 % -5.35 % |
| Investment rate of return | 7.0 %, net of plan investment expenses including inflation* |
| Mortality rates - | |
| Teachers | Pre-Retirement: RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020. |
| | Post-Retirement: RP-2014 White Collar Employee Rates to age 49, White Collar Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males 1% increase compounded from ages 70 to 90; females setback 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90. |
| | Post-Disablement: RP-2014 Disabled Mortality Rates projected with Scale BB to 2020; 115% of rates for males; females. |
| Mortality rates - | |
| Non-Largest Ten Locality Employers | |
| General employees | Pre-Retirement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 95% of rates; females 105% of rates. |

THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA
(A Component Unit of the City of Richmond, Virginia)
Notes to the Basic Financial Statements
June 30, 2018

Post-Retirement: RP-2014 Employee Rates to age 49, Health Annuitant Rates at age 50 and older projected with Scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement: RP-2014 Disabled Mortality Rates projected with Scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

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

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

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

THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA
(A Component Unit of the City of Richmond, Virginia)
Notes to the Basic Financial Statements
June 30, 2018

(v) **Net GLI OPEB Liability**

The net OPEB liability (NOL) for the GLI Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2017, NOL amounts for the Group Life Insurance Program is as follows (amounts expressed in thousands):

| | Group Life Insurance OPEB Program |
|--|--|
| Total GLI OPEB Liability | \$ 2,942,426 |
| Plan Fiduciary Net Position | 1,437,586 |
| Employer's Net GLI OPEB Liability | <u>\$ 1,504,840</u> |
| Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability | 48.86% |

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

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

The long-term expected rate of return on VRS System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

| Asset Class (Strategy) | Target Allocation | Long-term Expected Real Rate of Return | Weighted Average Long- term Expected Real Rate of Return |
|------------------------|----------------------|--|--|
| Public Equity | 40.00% | 4.54% | 1.82% |
| Fixed Income | 15.00% | 69.00% | 0.10% |
| Credit Strategies | 15.00% | 3.96% | 0.59% |
| Real Assets | 15.00% | 5.76% | 0.86% |
| Private Equity | 15.00% | 9.93% | 1.43% |
| Total | <u>100.00%</u> | | 4.80% |
| | | Inflation | <u>2.50%</u> |
| | | *Expected arithmetic nominal return | <u>7.30%</u> |

THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA
(A Component Unit of the City of Richmond, Virginia)
Notes to the Basic Financial Statements
June 30, 2018

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

(vii) Discount Rate

The discount rate used to measure the total GLI OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal years ending June 30, 2019, the rate contributed by each school division for the VRS GLI Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, all agencies are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

| | <u>1% Decrease 6.00%</u> | <u>Current rate 7.00%</u> | <u>1% Increase 8.00%</u> |
|---|--------------------------|---------------------------|--------------------------|
| School Board's proportionate share of the Group Life Insurance Program Net GLI OPEB Liability | \$ 17,914,000 | \$ 13,850,096 | \$ 10,556,000 |

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

THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA
(A Component Unit of the City of Richmond, Virginia)
Notes to the Basic Financial Statements
June 30, 2018

14) Commitments and Contingencies

(a) Litigation

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

(b) Federal Award Programs

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

(c) Contractual Commitments

At June 30, 2018, the School Board had contractual commitments of \$2,392,548 in the Capital Projects Fund for various capital projects, all of which are included in the Capital Projects Fund's assigned fund balance.

15) Related-Party Transactions

The School Board operates by authority of the charter of the City. In connection therewith, the City provides annual appropriations to the School Board for operating the school system, retains title to all land and buildings of the School Board and is obligated for all bonded indebtedness relating to the School Board. The City is also the custodian of the majority of the School Board's cash and investments. See note 3 for a summary of various amounts due from the City at June 30, 2018. 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 2018, the City provided \$2,761,416 in water and gas utilities for all Richmond Public Schools. In addition, the City provided \$65,450 for communications equipment, and \$1,173 for building permits. The City provided \$136,635 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 OF THE CITY OF RICHMOND, VIRGINIA
(A Component Unit of the City of Richmond, Virginia)
Notes to the Basic Financial Statements
June 30, 2018

The School Board maintains a comprehensive property and casualty policy, a commercial general liability policy, a comprehensive liability vehicle policy, and coverage for School Board errors and omissions, workers' compensation and employer's liability, and certain other risks with commercial insurance companies. The General Fund retains the risk up to \$350,000 for each workers' compensation claim and \$100,000 for each property damage claim, and retains the full risk for unemployment compensation and health care benefits.

All workers' compensation claims are paid through third-party administrators from General Fund resources. For all retained risks, claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of loss can be reasonably estimated.

These losses include an estimate of claims that have been incurred but not reported. There have been no significant reductions in insurance coverage in comparison to coverage in the prior year and settled claims have not exceeded the amount of insurance coverage in any of the past three fiscal years.

At June 30, 2018, the amount of claim liabilities was \$2,553,796 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, 2018 are as follows:

| | Fiscal Year Liability | Claims and Changes in Estimates | Payments on Claims | Liability at Fiscal Year-End |
|-----------|--------------------------|------------------------------------|-----------------------|---------------------------------|
| 2016-2017 | \$ 2,327,102 | \$ 1,717,747 | \$ 1,355,436 | \$ 2,689,414 |
| 2017-2018 | 2,689,414 | 350,713 | 486,327 | 2,553,800 |

17) Subsequent Events

The School Board has evaluated subsequent events through November 10, 2018 in connection with the preparation of these financial statements, which is the date the financial statements were available to be issued. There were no subsequent events requiring recognition as of November 10, 2018 which have been incorporated into these financial statements herein.

18) New Pronouncements

In fiscal year 2018, the School Board implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement established standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense for other postemployment benefits (including medical insurance, dental insurance, and or long-term care coverage) that are provided to employees through a trust. Plans not administered as a trust or equivalent arrangement report a total OPEB liability in the financial statements.

The provisions of GASB Statement No. 75 are effective for financial statement periods beginning after June 30, 2017. The new standards required the School Board to report related total OPEB liability activity on the government-wide financial statements.

THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA
(A Component Unit of the City of Richmond, Virginia)
Notes to the Basic Financial Statements
June 30, 2018

To implement the accounting changes to conform to the changes in GAAP, total net position at the beginning of the year was restated to reflect beginning total OPEB liability as follows:

| | <u>School Board</u> |
|---|-------------------------|
| Government-wide restatement: | |
| Net position - July 1, 2017 | \$ (267,810,545) |
| School Board Health Plan: | |
| Net OPEB obligation, July 1, 2017 | 34,568,594 |
| Total OPEB liability | (21,644,857) |
| VRS Teacher Employee Health Insurance Credit Program: | |
| Deferred outflow-contributions subsequent to measurement date | 1,756,965 |
| VRS HIC Net OPEB liabilities | (26,062,669) |
| VRS Cost-Sharing Teacher Employer Group Life Program: | |
| Deferred outflow-contributions subsequent to measurement date | 830,855 |
| VRS GLI Net OPEB liabilities | (15,443,032) |
| VRS Cost-Sharing Political Subdivision Employer Group Life Program: | |
| Deferred outflow-contributions subsequent to measurement date | 51,928 |
| VRS GLI Net OPEB liabilities | <u>(1,000,983)</u> |
| Net position - July 1, 2017, restated | <u>\$ (294,753,744)</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
- Schedule of Changes in Net Pension Liability and Related Ratios
- Schedule of Changes in Total Other Postemployment Employee Benefits Liability and Related Ratios
- The notes to the required supplementary information

THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA
(A Component Unit of The City of Richmond, Virginia)
June 30, 2018

Budgetary Comparison Schedule (Unaudited)

General Fund

For The Fiscal Year Ended June 30, 2018

| | 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, 2017 | \$ 1,500,000 | 1,500,000 | 1,500,000 | - |
| Prior year fund balance committed for encumbrances and other subsequently added to original budget | - | 4,607,802 | 4,607,802 | - |
| Total budgetary fund balances available | | | | |
| for expenditure | 1,500,000 | 6,107,802 | 6,107,802 | - |
| Revenue sources: | | | | |
| Intergovernmental: | | | | |
| City of Richmond - appropriation | 158,975,683 | 158,975,683 | 158,975,683 | - |
| Commonwealth of Virginia: | | | | |
| Department of Education: | | | | |
| Employee benefits | 12,937,023 | 12,937,023 | 12,809,755 | (127,268) |
| Standards of Quality: | | | | |
| Basic aid | 52,477,153 | 52,477,153 | 51,628,488 | (848,665) |
| Textbooks | 1,274,889 | 1,274,889 | 1,262,348 | (12,541) |
| Education of the gifted | 557,430 | 557,430 | 551,946 | (5,484) |
| Vocational education | 998,729 | 998,729 | 988,904 | (9,825) |
| Special education | 11,125,375 | 11,125,375 | 10,732,936 | (392,439) |
| Remedial education | 5,086,550 | 5,086,550 | 5,036,511 | (50,039) |
| Incentive: | | | | |
| Add'l Assistance Retire, Inflation & Preschool | 2,615,857 | 2,615,857 | 3,224,532 | 608,675 |
| Compensation supplements | 1,028,929 | 1,028,929 | 624,391 | (404,538) |
| Early Reading Specialist Initiatives | 100,528 | 100,528 | - | (100,528) |
| Categorical: | | | | |
| Special education - homebound payments | 74,712 | 74,712 | 130,242 | 55,530 |
| Special education - private tuition | 22,179 | 22,179 | - | (22,179) |
| Lottery: | | | | |
| At risk | 5,521,047 | 5,521,047 | 5,626,295 | 105,248 |
| Foster children education | 16,957 | 16,957 | 101,999 | 85,042 |
| K-3 class size reduction | 5,124,964 | 5,124,964 | 5,151,116 | 26,152 |
| SOL algebra readiness | 399,040 | 399,040 | 408,479 | 9,439 |
| Virginia preschool initiative | 2,706,641 | 2,706,641 | 2,247,508 | (459,133) |
| Cultural transition - English as a second language | 1,239,110 | 1,239,110 | 1,394,042 | 154,932 |
| State sales tax | 26,213,079 | 26,213,079 | 26,329,353 | 116,274 |
| Other State Agencies | 900,000 | 900,000 | 2,275,509 | 1,375,509 |
| Total Commonwealth of Virginia | 130,420,192 | 130,420,192 | 130,524,354 | 104,162 |
| Federal government: | | | | |
| Impact aid Public Law 103-382 | 210,000 | 210,000 | 11,019 | (198,981) |
| Army Reserve | 450,000 | 450,000 | 458,710 | 8,710 |
| Air Force | 60,000 | 60,000 | - | (60,000) |
| Total federal government | 720,000 | 720,000 | 469,729 | (250,271) |
| Total intergovernmental revenues | 290,115,875 | 290,115,875 | 289,969,766 | (146,109) |
| Miscellaneous revenues | 624,651 | 624,651 | 806,384 | 181,733 |
| Total revenues | 290,740,526 | 290,740,526 | 290,776,150 | 35,624 |
| Total amounts available for expenditure | \$ 292,240,526 | 296,848,328 | 296,883,952 | 35,624 |

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

(Continued)

THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA
(A Component Unit of The City of Richmond, Virginia)
June 30, 2018

Budgetary Comparison Schedule (Unaudited)
General Fund
For The Fiscal Year Ended June 30, 2018

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
|---|------------------|-------------|--|---|
| | Original | Final | | |
| Expenditures: | | | | |
| Personnel services - salaries and wages | \$ 159,919,753 | 159,623,636 | 163,272,772 | (3,649,136) |
| Employee benefits | 73,767,356 | 73,667,354 | 68,217,913 | 5,449,441 |
| Purchased services: | | | | |
| Service contracts | 1,748,851 | 1,890,613 | 1,977,534 | (86,921) |
| Professional services | 3,943,916 | 4,260,108 | 4,121,603 | 138,505 |
| Tuition | 8,316,390 | 8,404,485 | 8,340,313 | 64,172 |
| Temporary services | 497,500 | 499,659 | 892,781 | (393,122) |
| Nonprofessional services | 2,882,121 | 3,307,167 | 2,841,747 | 465,420 |
| Repairs and maintenance | 1,684,103 | 2,027,773 | 1,879,617 | 148,156 |
| Total purchased services | 19,072,881 | 20,389,805 | 20,053,595 | 336,210 |
| Other charges: | | | | |
| Advertising | 76,845 | 80,032 | 59,265 | 20,767 |
| Student transportation | 4,094,933 | 5,683,335 | 6,055,536 | (372,201) |
| Insurance | 1,375,400 | 1,353,145 | 1,324,218 | 28,927 |
| Utilities | 7,016,000 | 7,024,435 | 6,928,956 | 95,479 |
| Communications | 1,349,810 | 1,451,002 | 993,613 | 457,389 |
| Rentals | 299,217 | 299,342 | 232,764 | 66,578 |
| Total other charges | 14,212,205 | 15,891,291 | 15,594,352 | 296,939 |
| Materials and supplies: | | | | |
| Supplies | 4,871,219 | 5,846,025 | 4,627,713 | 1,218,312 |
| Printing and binding | 222,614 | 252,774 | 107,026 | 145,748 |
| Books and periodicals | 224,827 | 229,332 | 214,848 | 14,484 |
| Textbooks | 4,285,300 | 4,716,481 | 2,552,528 | 2,163,953 |
| Other | 18,987 | 25,839 | 19,168 | 6,671 |
| Total materials and supplies | 9,622,947 | 11,070,451 | 7,521,283 | 3,549,168 |
| Other operating expenditures: | | | | |
| Staff development | 462,354 | 604,239 | 508,653 | 95,586 |
| Dues and fees | 181,914 | 187,938 | 116,061 | 71,877 |
| Travel | 219,307 | 224,826 | 133,189 | 91,637 |
| Commencement | 51,700 | 51,876 | 75,888 | (24,012) |
| Awards | 38,810 | 40,082 | 24,280 | 15,802 |
| Other | 1,483,941 | 1,269,720 | 676,918 | 592,802 |
| Total other operating expenditures | 2,438,026 | 2,378,681 | 1,534,989 | 843,692 |
| Capital outlay: | | | | |
| Lease purchase - principal | - | 39,921 | 175,052 | (135,131) |
| Equipment additions | 4,163,107 | 4,533,862 | 2,566,210 | 1,967,652 |
| Equipment replacement | 695,534 | 904,610 | 797,131 | 107,479 |
| Total capital outlay | 4,858,641 | 5,478,393 | 3,538,393 | 1,940,000 |
| Total expenditures | \$ 283,891,809 | 288,499,611 | 279,733,297 | 8,766,314 |

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

(Continued)

THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA
(A Component Unit of The City of Richmond, Virginia)
June 30, 2018

Budgetary Comparison Schedule (Unaudited)
General Fund
For The Fiscal Year Ended June 30, 2018

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
|--|------------------|-------------|--|---|
| | Original | Final | | |
| Other financing uses: | | | | |
| Payments for Debt Service | \$ 549,475 | 549,475 | 548,012 | 1,463 |
| Transfers out to Other Funds | 7,799,242 | 7,799,242 | 17,164,570 | (9,365,328) |
| Total other financing uses | 8,348,717 | 8,348,717 | 17,712,582 | (9,363,865) |
| Total expenditures and other financing uses | 292,240,526 | 296,848,328 | 297,444,169 | (595,841) |
| Amounts available for expenditure over expenditures, other | | | | |
| financing uses and encumbrances - budgetary basis | \$ - | - | (561,927) | (560,217) |

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

(Continued)

THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA
(A Component Unit of The City of Richmond, Virginia)
June 30, 2018

Budgetary Comparison Schedule (Unaudited)

General Fund

For The Fiscal Year Ended June 30, 2018

| | | |
|---|------------------|-----------------------------|
| Amounts available for expenditure over expenditures, other financing uses and encumbrances - budgetary basis (Exhibit I) | | \$ <u>(561,927)</u> |
| Reconciliation of amounts available for expenditure over expenditures, other financing uses and encumbrances - budgetary basis, to net change in fund balance - General Fund (Exhibit E): | | |
| The amount of prior year assigned fund balance budgeted for expenditure in the current year is a budgetary resource above, but is not a current year revenue for financial reporting purposes | (1,500,000) | |
| Changes in fund balance assigned for encumbrances: | | |
| The amount of the prior year fund balance reserved for encumbrances, which was added to the current year's original budget (a "budgetary fund balance"), is a budgetary resource, above, but is not a current year revenue for financial reporting purposes: Prior year General Fund fund balance reserved for encumbrances, added to original budget | (4,607,802) | |
| Encumbrances at June 30, 2018 for supplies and equipment ordered but not received as of June 30, 2018 are reported in the fiscal year the order is placed and are included in actual expenditures (budgetary basis), but are not current year expenditures for financial reporting purposes: Current year General Fund fund balance reserved for encumbrances, included in budgetary basis expenditures | <u>4,811,917</u> | |
| Net change in General Fund fund balance reserved for encumbrances | | <u>204,115</u> |
| Net reconciling items - legally adopted General Fund budget | | <u>(1,295,885)</u> |
| Net change in fund balance - legally adopted General Fund budget | | <u>(1,857,812)</u> |
| Revenues and other financing sources less than expenditures and other financing uses for General Fund activities not included in the General Fund's legally adopted budget, as amended | | <u>(3,794,405)</u> |
| Net change in fund balance - General Fund (Exhibit E) | | <u>(5,652,217)</u> |
| General Fund fund balance - July 1, 2017 (Exhibit E) | | <u>24,428,754</u> |
| General Fund fund balance - June 30, 2018 (Exhibit E) | | \$ <u><u>18,776,537</u></u> |

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

THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA
(A Component Unit of The City of Richmond, Virginia)
June 30, 2018

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

(A) Budgetary Accounting and Reporting

In accordance with accounting principles generally accepted in the United States of America (GAAP), the preceding Budgetary Comparison Schedule (the Schedule), which presents the School Board's original and final fiscal year 2018 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 \$4,607,802. Additionally, the final budget amounts include all other adjustments to the fiscal year 2018 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 2017 that remain outstanding at June 30, 2018. 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 2018. Revenues and expenditures in the Schedule do not reflect \$16,621,928 in debt service expenditures paid by the City during fiscal year 2018 on City debt incurred for construction and renovation of School Board occupied buildings. See page 20 in the accompanying Management's Discussion and Analysis section of this report for a brief discussion of significant budget amendments made to the fiscal year 2018 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.

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

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

| | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> |
|---|----------------|----------------|----------------|----------------|
| Proportionate of the Net Pension Liability | 1.98763% | 2.08976% | 2.05445% | 1.99429% |
| Proportionate Share of the Net Pension Liability | \$ 240,200,000 | \$ 263,025,000 | \$ 287,913,000 | \$ 245,257,000 |
| Covered payroll | 154,302,499 | 156,534,418 | 157,824,657 | 165,997,769 |
| Proportionate Share of the Net Pension Liability as a percentage of covered payroll | 155.67% | 168.03% | 182.43% | 147.75% |
| Plan Fiduciary Net Position as a percentage of the Total Pension Liability | 70.88% | 70.88% | 68.28% | 72.92% |

Schedule of School Board Contributions

| | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
|--|-------------------|-------------------|-------------------|-------------------|
| Contractually required contribution | \$ 22,213,653 | \$ 21,698,577 | \$ 22,625,071 | \$ 26,416,038 |
| Contributions in relation to contractually required contribution | <u>22,213,653</u> | <u>21,698,577</u> | <u>22,625,071</u> | <u>26,416,038</u> |
| Contribution excess | \$ - | \$ - | \$ - | \$ - |
| Covered payroll | \$ 154,302,499 | \$ 156,534,418 | \$ 157,824,657 | \$ 165,997,769 |
| Contributions as a percentage of covered payroll | 14.40% | 13.86% | 14.34% | 15.91% |

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 |

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

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

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

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

Schedule of Changes in Net Pension Liability and Related Ratios

| | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Total pension liability | | | | |
| Service Cost | \$ 1,175,744 | \$ 1,123,622 | \$ 1,072,503 | \$ 984,675 |
| Interest | 3,220,446 | 3,386,810 | 3,471,546 | 3,599,682 |
| Changes of assumptions | - | - | - | (69,026) |
| Differences between expected and actual experience | - | (1,015,494) | (109,269) | (1,314,051) |
| Benefit payments, including refunds of employee contributions | <u>(2,024,298)</u> | <u>(2,014,839)</u> | <u>(2,554,008)</u> | <u>(2,654,524)</u> |
| Net Change in total pension liability | 2,371,892 | 1,480,099 | 1,880,772 | 546,756 |
| Plan total pension liability - beginning | <u>47,018,522</u> | <u>49,390,414</u> | <u>50,870,513</u> | <u>52,751,285</u> |
| Plan total pension liability - ending | <u><u>\$ 49,390,414</u></u> | <u><u>\$ 50,870,513</u></u> | <u><u>\$ 52,751,285</u></u> | <u><u>\$ 53,298,041</u></u> |
| Plan fiduciary net position | | | | |
| Contributions - employer | \$ 962,453 | \$ 938,862 | \$ 901,358 | \$ 654,603 |
| Contributions - employee | 519,729 | 515,006 | 492,294 | 481,420 |
| Net investment income | 6,397,547 | 2,122,831 | 814,849 | 5,737,284 |
| Benefit payments, including refunds of employee contributions | <u>(2,024,298)</u> | <u>(2,014,839)</u> | <u>(2,554,008)</u> | <u>(2,654,524)</u> |
| Administrative expense | <u>(34,623)</u> | <u>(29,190)</u> | <u>(30,179)</u> | <u>(33,920)</u> |
| Other changes | <u>337</u> | <u>(447)</u> | <u>(350)</u> | <u>(5,074)</u> |
| Net change in Plan fiduciary net position | 5,821,145 | 1,532,223 | (376,036) | 4,179,789 |
| Plan fiduciary net position - beginning | <u>40,759,591</u> | <u>46,580,736</u> | <u>48,112,959</u> | <u>47,736,923</u> |
| Plan fiduciary net position - ending | <u><u>\$ 46,580,736</u></u> | <u><u>\$ 48,112,959</u></u> | <u><u>\$ 47,736,923</u></u> | <u><u>\$ 51,916,712</u></u> |
| Plan net pension liability - ending | <u><u>\$ 2,809,678</u></u> | <u><u>\$ 2,757,554</u></u> | <u><u>\$ 5,014,362</u></u> | <u><u>\$ 1,381,329</u></u> |
| Plan fiduciary net position as a percentage of the total pension liability | 94.31% | 94.58% | 90.49% | 97.41% |
| Covered payroll | \$ 10,371,830 | \$ 10,006,621 | \$ 9,665,197 | \$ 10,289,245 |
| Plan net pension liability as a percentage of covered payroll | 27.09% | 27.56% | 51.88% | 13.42% |

Notes to Schedule:

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

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

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

Schedule of School Board Contributions

| | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
|--|--------------------|--------------------|--------------------|--------------------|
| Contractually required contribution | \$ 933,943 | \$ 895,436 | \$ 630,513 | \$ 659,089 |
| Contributions in relation to contractually required contribution | <u>933,943</u> | <u>895,436</u> | <u>630,513</u> | <u>659,089</u> |
| Contribution excess | \$ - | \$ - | \$ - | \$ - |
| Covered payroll | \$ 10,371,830 | \$ 10,006,621 | \$ 9,665,197 | \$ 10,289,245 |
| Contributions as a percentage of covered payroll | 9.00% | 9.00% | 7.00% | 6.00% |

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 |

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

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

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

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

Schedule of Changes in Net Pension Liability and Related Ratios

| | 2014 | 2015 | 2016 | 2017 | 2018 |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| Total pension liability | | | | | |
| Service Cost | \$ 159,179 | \$ 103,547 | \$ 93,753 | \$ 83,958 | \$ 69,158 |
| Interest | 227,498 | 249,514 | 217,870 | 164,265 | 138,494 |
| Differences between expected and actual experience | 1,484,614 | - | (689,366) | - | 110,861 |
| Changes in assumptions | - | - | - | - | 13,671 |
| Benefit payments, including refunds of employee contributions | (1,127,237) | (1,246,022) | (1,248,767) | (1,039,304) | (900,129) |
| Net Change in total pension liability | 744,054 | (892,961) | (1,626,510) | (791,081) | (567,945) |
| Plan total pension liability - beginning | 6,904,383 | 7,648,437 | 6,755,476 | 5,128,966 | 4,337,885 |
| Plan total pension liability - ending | <u>\$ 7,648,437</u> | <u>\$ 6,755,476</u> | <u>\$ 5,128,966</u> | <u>\$ 4,337,885</u> | <u>\$ 3,769,940</u> |
| Plan fiduciary net position | | | | | |
| Contributions - employer | \$ - | \$ 1,000,000 | \$ 1,100,000 | \$ 1,202,536 | \$ 1,200,000 |
| Net investment income | 2,195 | 292 | 8,773 | 7,819 | 5,752 |
| Benefit payments, including refunds of employee contributions | (1,127,237) | (1,246,022) | (1,248,767) | (1,039,304) | (900,129) |
| Administrative expense | (1,302) | - | - | - | - |
| Net change in Plan fiduciary net position | \$ (1,126,344) | \$ (245,730) | \$ (139,994) | \$ 171,051 | \$ 305,623 |
| Plan fiduciary net position - beginning | 2,288,629 | 1,162,285 | 916,555 | 776,561 | 947,612 |
| Plan fiduciary net position - ending | <u>\$ 1,162,285</u> | <u>\$ 916,555</u> | <u>\$ 776,561</u> | <u>\$ 947,612</u> | <u>\$ 1,253,235</u> |
| Plan net pension liability - ending | <u>\$ 6,486,152</u> | <u>\$ 5,838,921</u> | <u>\$ 4,352,405</u> | <u>\$ 3,390,273</u> | <u>\$ 2,516,705</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 15.20% | 13.57% | 15.14% | 21.85% | 33.24% |
| Covered payroll | \$ 13,900,000 | \$ 13,900,000 | \$ 12,200,000 | \$ 12,200,000 | \$ 7,827,462 |
| Plan net position liability as a percentage of covered payroll | 46.66% | 42.01% | 35.68% | 27.79% | 32.15% |

Notes to Schedule:

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

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

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

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

Schedule of School Board Contributions

| | 2014 | 2015 | 2016 | 2017 | 2018 |
|--|--------------|--------------|--------------|--------------|--------------|
| Actuarially determined contribution | \$ 1,397,361 | \$ 1,841,364 | \$ 1,600,000 | \$ 1,192,570 | \$ 932,769 |
| Contributions in relation to contractually required contribution | - | 1,000,000 | 1,100,000 | 1,202,536 | 1,200,000 |
| Contribution deficiency (excess) | \$ 1,397,361 | \$ 841,364 | \$ 500,000 | \$ (9,966) | \$ (267,231) |
| Covered payroll | \$13,900,000 | \$13,900,000 | \$12,200,000 | \$12,200,000 | \$ 7,827,462 |
| Contributions as a percentage of covered payroll | 10.05% | 13.25% | 13.11% | 9.78% | 11.92% |

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.

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

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

Methods and assumptions used to determine contribution rates:

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

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

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

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

| | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
|---|--------------------|--------------------|--------------------|--------------------|
| Proportionate of the Net Pension Liability | 0.114750% | 0.168420% | 0.135030% | 0.072870% |
| Proportionate Share of the Net Pension Liability | \$ 355,000 | \$ 357,477 | \$ 396,328 | \$ 375,677 |
| Covered payroll | 210,844 | 165,528 | 113,567 | 61,469 |
| Proportionate Share of the Net Pension Liability as a percentage of covered payroll | 168.37% | 215.96% | 348.98% | 611.16% |
| Plan Fiduciary Net Position as a percentage of the Total Pension Liability | 63.47% | 63.31% | 60.30% | 64.00% |

Schedule of School Board Contributions

| | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
|--|--------------------|--------------------|--------------------|--------------------|
| Contractually required contribution | \$ 49,792 | \$ 78,625 | \$ 60,924 | \$ 31,267 |
| Contributions in relation to contractually required contribution | <u>49,792</u> | <u>78,625</u> | <u>60,924</u> | <u>31,267</u> |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - |
| Covered payroll | 210,844 | 165,528 | 113,567 | 61,469 |
| Contributions as a percentage of covered payroll | 23.62% | 47.50% | 53.65% | 50.87% |

Notes to Schedule:

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

The School Board of The City of Richmond, Virginia
(A Component Unit of The City of Richmond, Virginia)
Required Supplementary Information (Unaudited)
Other Postemployment Health Benefits

Schedule of Changes in Total OPEB Liability and Related Ratios

| | 2018 |
|---|-----------------------------|
| Total OPEB liability | |
| Service Cost | \$ 3,226,190 |
| Interest | 721,357 |
| Benefit payments | <u>(664,435)</u> |
| Net Change in total OPEB liability | 3,283,112 |
| Plan total OPEB liability - beginning | <u>21,644,857</u> |
| Plan total OPEB liability - ending | <u><u>\$ 24,927,969</u></u> |
| Covered - employee payroll | \$ 176,287,014 |
| Total OPEB liability as a percentage of covered payroll | 14.14% |

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

**The School Board of the City of Richmond, Virginia
(A Component Unit of the City of Richmond, Virginia)
Required Supplementary Information (Unaudited)
Virginia Retirement System - Teacher Employee Health Insurance Credit Program**

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

| | <u>2017</u> |
|--|--------------------|
| Proportionate of the Net HIC OPEB Liability | 2.00564% |
| Proportionate Share of the Net HIC OPEB Liability | \$ 25,443,770 |
| Covered payroll | 176,287,014 |
| Proportionate Share of the Net HIC OPEB Liability as a percentage of covered payroll | 14.43% |
| Plan Fiduciary Net Position as a percentage of the Total HIC OPEB Liability | 7.04% |

Schedule of School Board Contributions

| | <u>2017</u> |
|--|--------------------|
| Contractually required contribution | \$ 1,923,687 |
| Contributions in relation to contractually required contribution | <u>1,923,687</u> |
| Contribution excess | \$ - |
| Covered payroll | \$ 165,997,769 |
| Contributions as a percentage of covered payroll | 1.16% |

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 |
| Inflation rate | 2.50% |
| Projected salary increases | 3.5% - 5.95% per annum, compounded annually |
| Investment rate of return | 7.0% -net pension plan investment expense, including inflation |

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

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

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

**The School Board of the City of Richmond, Virginia
(A Component Unit of the City of Richmond, Virginia)
Required Supplementary Information (Unaudited)
Virginia Retirement System - Group Life Insurance Program**

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

| | <u>2017</u> |
|--|--------------------|
| Proportionate of the Net GLI OPEB Liability | 0.86623% |
| Proportionate Share of the Net GLI OPEB Liability | \$ 13,035,376 |
| Covered payroll | 165,997,769 |
| Proportionate Share of the Net GLI OPEB Liability as a percentage of covered payroll | 7.85% |
| Plan Fiduciary Net Position as a percentage of the Total GLI OPEB Liability | 48.86% |

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

| | <u>2017</u> |
|--|--------------------|
| Proportionate of the Net GLI OPEB Liability | 0.05414% |
| Proportionate Share of the Net GLI OPEB Liability | \$ 814,720 |
| Covered payroll | 10,289,245 |
| Proportionate Share of the Net GLI OPEB Liability as a percentage of covered payroll | 7.92% |
| Plan Fiduciary Net Position as a percentage of the Total GLI OPEB Liability | 48.86% |

Schedule of School Board Contributions

| | <u>2017</u> |
|--|--------------------|
| Contractually required contribution | \$ 934,402 |
| Contributions in relation to contractually required contribution | <u>934,402</u> |
| Contribution excess | \$ - |
| Covered payroll | \$ 10,289,245 |
| Contributions as a percentage of covered payroll | 9.08% |

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 |
| Inflation rate | 2.50% |
| Projected salary increases | |
| Teachers- | 3.5% - 5.95% per annum, compounded annually |
| Locality - General employees | 3.5% - 5.35% per annum, compounded annually |
| Investment rate of return | 7.0% -net pension plan investment expense, including inflation |

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

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

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

Other Supplementary Information

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



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

Statement of Changes in Net Assets and Liabilities

Agency Funds

For the Fiscal Year Ended June 30, 2018

| | Balance July 1, 2017 | Additions | Deletions | Balance June 30, 2018 |
|--------------------------------------|----------------------------|-------------------------|-------------------------|--------------------------|
| Assets: | | | | |
| Cash on hand or in banks | \$ 1,371,154 | 1,451,461 | 1,371,154 | 1,451,461 |
| Accounts receivable | - | 4,066 | - | 4,066 |
| Due from other governments | 171,953 | 100,532 | 171,953 | 100,532 |
| Due from General Fund | 3,174,316 | 3,433,967 | 3,174,316 | 3,433,967 |
| | <u>3,174,316</u> | <u>3,433,967</u> | <u>3,174,316</u> | <u>3,433,967</u> |
| Total assets | <u><u>\$ 4,717,423</u></u> | <u><u>4,990,026</u></u> | <u><u>4,717,423</u></u> | <u><u>4,990,026</u></u> |
| Liabilities: | | | | |
| Accounts payable | 130,853 | 119,495 | 130,853 | 119,495 |
| Accrued liabilities | 825,344 | 835,217 | 825,344 | 835,217 |
| Amounts held for other organizations | 3,761,226 | 4,035,314 | 3,761,226 | 4,035,314 |
| | <u>3,761,226</u> | <u>4,035,314</u> | <u>3,761,226</u> | <u>4,035,314</u> |
| Total liabilities | <u><u>\$ 4,717,423</u></u> | <u><u>4,990,026</u></u> | <u><u>4,717,423</u></u> | <u><u>4,990,026</u></u> |

See Report of Independent Auditor.

Statistical Section (unaudited)

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

Tables 1 – 6

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

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

Tables 7-15

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

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

Tables 16-21

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

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

Tables 22-23

These tables assess the City's tax revenue sources

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

Tables 24-26

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

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

Tables 27-30

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



Table 1

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

General Fund Expenditures by Function (Unaudited)

Last Ten Fiscal Years

| Fiscal Year Ended June 30 | Instruction | Administration | Attendance and Health | Pupil Transportation |
|--|--------------------|-----------------------|--------------------------------------|---------------------------------|
| 2009 | 204,784,983 | 6,835,463 | 6,759,101 | 10,672,021 |
| 2010 | 202,025,903 | 6,981,132 | 6,439,732 | 10,044,866 |
| 2011 | 179,765,928 | 7,334,538 | 6,361,842 | 10,266,722 |
| 2012 | 194,712,449 | 7,116,834 | 6,561,888 | 12,840,508 |
| 2013 | 192,038,630 | 7,545,457 | 6,329,385 | 12,162,376 |
| 2014 | 191,475,518 | 7,321,981 | 6,147,526 | 12,297,290 |
| 2015 | 204,674,172 | 7,035,457 | 8,031,105 | 11,999,751 |
| 2016 | 207,000,623 | 6,881,216 | 8,618,021 | 13,042,019 |
| 2017 | 212,982,638 | 8,094,545 | 8,901,457 | 14,065,274 |
| 2018 | 227,395,507 | 8,602,114 | 9,343,539 | 13,901,503 |

Source: Department Finance-Comprehensive Annual Financial Report

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

General Fund Expenditures by Function (Unaudited)

Last Ten Fiscal Years

| Nutrition Services | Operations and Maintenance | Facilities Services | Total Operating Expenditures |
|-----------------------|----------------------------------|------------------------|------------------------------------|
| <hr/> | <hr/> | <hr/> | <hr/> |
| \$ - | \$ 31,360,502 | \$ 850,285 | \$ 261,262,355 |
| - | 28,446,228 | 143,586 | 254,081,447 |
| - | 28,931,586 | 333,190 | 232,993,806 |
| - | 28,669,382 | 95,171 | 249,996,232 |
| - | 26,143,266 | 164,273 | 244,383,387 |
| - | 27,408,239 | 94,105 | 244,744,659 |
| - | 28,395,502 | 346,098 | 260,482,085 |
| 38,397 | 26,564,369 | 323,510 | 262,468,155 |
| 65,750 | 27,519,894 | 331,719 | 271,961,277 |
| 70,062 | 27,614,280 | 146,538 | 287,073,543 |

**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 |
|--|-----------------------------|---|-------------------------------|--------------|--------------|
| 2009 | 131,334,130 | 135,655,988 | 715,686 | 1,646,848 | 269,352,652 |
| 2010 | 127,102,268 | 116,051,338 | 11,067,338 | 1,918,228 | 256,139,172 |
| 2011 | 124,234,268 | 109,858,138 | 2,814,934 | 1,527,432 | 238,434,772 |
| 2012 | 123,756,791 | 108,584,322 | 6,401,489 | 1,617,087 | 240,359,689 |
| 2013 | 129,443,723 | 112,522,670 | 845,605 | 1,430,160 | 244,242,158 |
| 2014 | 129,972,012 | 112,997,327 | 775,154 | 1,511,554 | 245,256,047 |
| 2015 | 137,219,584 | 123,309,547 | 762,284 | 1,234,890 | 262,526,305 |
| 2016 | 145,999,656 | 123,266,394 | 653,832 | 2,515,045 | 272,434,927 |
| 2017 | 151,521,909 | 128,864,668 | 612,190 | 2,925,720 | 283,924,487 |
| 2018 | 158,975,683 | 132,022,970 | 469,730 | 2,924,053 | 294,392,436 |

Source: Department Finance-Comprehensive Annual Financial Report

Table 3

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

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

| | Fiscal Year | | | | | | | | | |
|---|----------------------|---------------------|---------------------|-----------------------|------------------------|------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| Current, other assets and deferred outflows | \$ 77,830,965 | \$ 80,308,938 | \$ 70,088,402 | \$ 62,994,039 | \$ 79,048,141 | \$ 66,029,831 | \$ 94,133,386 | \$ 120,113,784 | \$ 144,821,329 | \$ 132,537,121 |
| Capital assets, net | 4,997,020 | 11,170,412 | 10,448,482 | 11,408,373 | 11,699,896 | 12,061,538 | 17,900,970 | 17,784,205 | 17,621,119 | 18,841,221 |
| Total assets and deferred outflows | <u>82,827,985</u> | <u>91,479,350</u> | <u>80,536,884</u> | <u>74,402,412</u> | <u>90,748,037</u> | <u>78,091,369</u> | <u>112,034,356</u> | <u>137,897,989</u> | <u>162,442,448</u> | <u>151,378,342</u> |
| Long-term liabilities | 25,347,604 | 33,802,634 | 37,400,886 | 42,394,825 | 43,428,783 | 44,545,513 | 299,417,562 | 322,389,011 | 351,814,284 | 330,188,103 |
| Other liabilities and deferred inflows | 45,284,263 | 48,631,970 | 33,949,813 | 38,501,498 | 46,499,337 | 48,284,858 | 95,720,679 | 86,854,394 | 78,438,709 | 102,087,706 |
| Total liabilities and deferred inflows | <u>70,631,867</u> | <u>82,434,604</u> | <u>71,350,699</u> | <u>80,896,323</u> | <u>89,928,120</u> | <u>92,830,371</u> | <u>395,138,241</u> | <u>409,243,405</u> | <u>430,252,993</u> | <u>432,275,809</u> |
| Net Position | | | | | | | | | | |
| Net investment in capital assets | 4,997,020 | 4,563,292 | 4,246,856 | 5,231,490 | 5,933,816 | 6,564,752 | 6,185,885 | 7,340,267 | 8,506,298 | 13,697,500 |
| Restricted | 10,176,772 | 8,482,385 | 7,293,362 | 7,716,548 | 7,163,762 | 5,466,168 | 7,466,678 | 7,556,462 | 6,216,180 | 10,371,005 |
| Unrestricted | <u>(2,977,674)</u> | <u>(4,000,931)</u> | <u>(2,354,033)</u> | <u>(19,441,949)</u> | <u>(23,977,557)</u> | <u>(26,769,922)</u> | <u>(296,756,448)</u> | <u>(286,242,145)</u> | <u>(282,533,023)</u> | <u>(304,965,972)</u> |
| Total net position | <u>\$ 12,196,118</u> | <u>\$ 9,044,746</u> | <u>\$ 9,186,185</u> | <u>\$ (6,493,911)</u> | <u>\$ (10,879,979)</u> | <u>\$ (14,739,002)</u> | <u>\$ (283,103,885)</u> | <u>\$ (271,345,416)</u> | <u>\$ (267,810,545)</u> | <u>\$ (280,897,467)</u> |

Source: Department Finance-Comprehensive Annual Financial Report

Table 5

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

Changes in Net Position (unaudited)

Last Ten Fiscal Years

| | Fiscal Year | | | | | | | | | |
|--|----------------|----------------|----------------|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| Expenses | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Instruction | \$ 253,283,675 | \$ 252,709,931 | \$ 234,433,357 | \$ 256,715,702 | \$ 248,793,093 | \$ 241,275,324 | \$ 248,355,694 | \$ 252,484,468 | \$ 270,858,988 | \$ 273,780,265 |
| Support Services: | | | | | | | | | | |
| Administration | 6,932,833 | 7,111,413 | 7,144,859 | 7,199,283 | 7,523,707 | 7,286,658 | 7,100,438 | 7,056,032 | 8,233,311 | 8,727,557 |
| Attendance and Health | 7,885,700 | 7,574,018 | 7,397,645 | 7,560,791 | 7,025,854 | 6,838,649 | 8,813,459 | 9,266,650 | 9,575,303 | 9,811,064 |
| Nutrition Services | 10,932,368 | 10,893,806 | 11,447,257 | 12,300,932 | 12,935,055 | 12,187,901 | 13,938,935 | 15,583,098 | 17,019,464 | 17,444,128 |
| Pupil Transportation | 8,937,843 | 10,713,703 | 10,791,692 | 13,067,688 | 13,017,562 | 13,085,753 | 13,183,819 | 15,553,132 | 15,399,783 | 14,977,506 |
| Operations and Maintenance | 33,112,629 | 30,130,034 | 30,774,255 | 29,976,859 | 26,928,277 | 27,641,138 | 28,886,797 | 27,597,089 | 28,362,353 | 28,902,254 |
| Facilities services | 3,982,025 | 7,301,134 | 7,611,884 | 5,462,937 | 3,088,205 | 2,239,173 | 4,690,014 | 7,461,333 | 10,880,133 | 8,136,218 |
| Total Support Services | 71,783,398 | 73,724,108 | 75,167,592 | 75,568,490 | 70,518,660 | 69,279,272 | 76,613,462 | 82,517,334 | 89,470,347 | 87,998,727 |
| Interest on long-term debt | - | - | - | 469,342 | 337,767 | 304,556 | 296,374 | 293,133 | 309,684 | 224,036 |
| Total School Board | 325,067,073 | 326,434,039 | 309,600,949 | 332,753,534 | 319,649,520 | 310,859,152 | 325,265,530 | 335,294,935 | 360,639,019 | 362,003,028 |
| Program Revenues | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Instruction | \$ 1,174,247 | \$ 1,201,590 | \$ 1,070,017 | \$ 1,190,286 | \$ 1,090,847 | \$ 969,978 | \$ 1,130,571 | \$ 1,018,931 | \$ 1,617,774 | \$ 1,659,775 |
| Support Services | 2,363,728 | 2,046,665 | 1,691,216 | 1,713,212 | 1,579,377 | 1,538,989 | 838,434 | 923,464 | 861,295 | 797,242 |
| Operating Grants and Contributions | 100,531,637 | 101,290,648 | 106,820,664 | 111,223,459 | 108,114,524 | 101,575,153 | 107,632,147 | 114,437,351 | 122,267,343 | 126,650,477 |
| Capital Grants and Contributions | 9,216,231 | 6,695,973 | 6,072,480 | 5,717,528 | 3,782,000 | 771,000 | 7,050,000 | 8,326,632 | 9,000,000 | 6,165,326 |
| Total School Board | 113,285,843 | 111,234,876 | 115,654,377 | 119,844,485 | 114,566,748 | 104,855,120 | 116,651,152 | 124,706,378 | 133,746,412 | 135,272,820 |
| Total Net (expense)/revenue | (211,781,230) | (215,199,163) | (193,946,572) | (212,909,049) | (205,082,772) | (206,004,032) | (208,614,378) | (210,588,557) | (226,892,607) | (226,730,208) |
| General Revenues | | | | | | | | | | |
| Intergovernmental aid not restricted to specific purposes: | | | | | | | | | | |
| City of Richmond, Virginia | 131,336,375 | 127,102,268 | 124,234,268 | 123,756,791 | 129,443,723 | 129,972,012 | 137,219,584 | 145,999,656 | 151,521,909 | 158,976,674 |
| Commonwealth of Virginia | 89,605,306 | 74,016,676 | 65,358,815 | 67,418,227 | 70,919,364 | 71,249,521 | 76,291,517 | 75,676,771 | 78,423,498 | 81,182,372 |
| Federal Government | 715,686 | 10,329,484 | 1,994,626 | 5,611,358 | - | - | - | - | - | - |
| Other | 206,778 | 599,363 | 199,194 | 442,577 | 333,617 | 923,476 | 396,866 | 670,599 | 482,071 | 427,439 |
| Total General Revenues | 221,864,145 | 212,047,791 | 191,786,903 | 197,228,953 | 200,696,704 | 202,145,009 | 213,907,967 | 222,347,026 | 230,427,478 | 240,586,485 |
| Change in Net Position | \$ 10,082,915 | \$ (3,151,372) | \$ (2,159,669) | \$ (15,680,096) | \$ (4,386,068) | \$ (3,859,023) | \$ 5,293,589 | \$ 11,758,469 | \$ 3,534,871 | \$ 13,856,277 |

Source: Department Finance-Comprehensive Annual Financial Report

Table 5

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

FUND BALANCES OF GOVERNMENTAL FUNDS (unaudited)
Last Ten Fiscal Years
(modified accrual basis of accounting)

| | Fiscal Year | | | | | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| General Fund | | | | | | | | | | |
| Non-Spendable | - | - | 7,298,472 | 833,669 | 2,355,222 | 322,440 | 581,221 | 234,365 | 288,132 | 322,120 |
| Committed | - | - | 8,523,298 | 5,680,960 | 5,098,900 | - | - | - | 6,043,982 | - |
| Assigned | - | - | 6,000,000 | 8,229,300 | 1,400,000 | 4,167,911 | 4,324,569 | 7,513,080 | 16,526,024 | 18,037,409 |
| Unassigned | - | - | 5,229,325 | 559,026 | 3,800,248 | 6,470,566 | 4,993,322 | 8,343,982 | 1,570,616 | 417,008 |
| Reserved | 16,239,878 | 13,997,878 | - | - | - | - | - | - | - | - |
| Unreserved | 4,914,198 | 7,470,096 | - | - | - | - | - | - | - | - |
| Total General Fund | 21,154,076 | 21,467,974 | 27,051,095 | 15,302,955 | 12,654,370 | 10,960,917 | 9,899,112 | 16,091,427 | 24,428,754 | 18,776,537 |
| All Other Governmental Funds | | | | | | | | | | |
| Non-Spendable | - | - | 910,854 | 976,927 | 1,035,279 | 1,135,900 | 1,194,119 | 1,213,295 | 1,563,321 | 1,495,454 |
| Restricted | - | - | 4,491,024 | 2,786,287 | 2,274,679 | 3,082,024 | 5,076,314 | 5,108,338 | 3,710,789 | 5,733,428 |
| Assigned | - | - | 8,059,640 | 6,739,621 | 6,128,483 | 4,330,268 | 6,348,369 | 6,445,142 | 5,040,229 | 9,147,854 |
| Unassigned | - | - | (4,491,024) | (1,313,249) | (1,243,903) | (1,764,136) | (2,876,732) | (3,548,456) | (1,390,854) | (2,286,768) |
| Reserved | 7,484,652 | 7,061,025 | - | - | - | - | - | - | - | - |
| Unreserved, reported in: | | | | | | | | | | |
| Grants Fund | (768,381) | (1,284,438) | - | - | - | - | - | - | - | - |
| Nutrition Services | 891,163 | 1,409,130 | - | - | - | - | - | - | - | - |
| Capital Project Funds | 3,785,192 | 3,023,277 | - | - | - | - | - | - | - | - |
| Total All Other Governmental Funds | 11,392,626 | 10,208,994 | 8,970,494 | 9,189,586 | 8,194,538 | 6,784,056 | 9,742,070 | 9,218,319 | 8,923,485 | 14,089,968 |
| Total Fund Balances | 32,546,702 | 31,676,968 | 36,021,589 | 24,492,541 | 20,848,908 | 17,744,973 | 19,641,182 | 25,309,746 | 33,352,239 | 32,866,505 |

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

Source: Department Finance-Comprehensive Annual Financial Report

Table 6

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

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS (unaudited)
Last Ten Fiscal Years

| | Fiscal Year | | | | | | | | | |
|---|-------------|-------------|-------------|--------------|-------------|-------------|-------------|-------------|-------------|--------------|
| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| Revenues | | | | | | | | | | |
| Intergovernmental | 328,952,653 | 317,618,827 | 303,330,008 | 312,947,802 | 311,670,353 | 303,250,480 | 327,923,549 | 343,606,068 | 360,203,846 | 372,407,572 |
| Donations and special gifts | 2,643,217 | 1,637,511 | 1,185,296 | 810,899 | 587,521 | 512,600 | 372,075 | 955,472 | 1,086,786 | 579,695 |
| Charges for goods and services | 3,459,961 | 3,298,844 | 2,810,910 | 3,015,731 | 2,696,059 | 2,555,772 | 2,065,644 | 1,981,205 | 1,681,872 | 1,154,742 |
| Investment income | (11,982) | 92,591 | 50,184 | 88,879 | 76,516 | 122,218 | 5,300 | 17,693 | 121,873 | 369,894 |
| Other | 804,482 | 1,272,601 | 845,588 | 881,947 | 870,724 | 1,396,041 | 899,470 | 2,138,992 | 2,515,170 | 2,758,366 |
| Total Revenues | 335,848,331 | 323,920,374 | 308,221,986 | 317,745,258 | 315,901,173 | 307,837,111 | 331,266,038 | 348,699,430 | 365,609,547 | 377,270,269 |
| Expenditures | | | | | | | | | | |
| Instruction | 250,197,514 | 252,038,755 | 231,690,122 | 254,243,955 | 247,840,612 | 241,002,535 | 252,095,683 | 259,646,218 | 267,031,185 | 286,085,137 |
| Support Services | 70,205,966 | 65,602,332 | 66,670,892 | 69,293,359 | 66,562,486 | 66,743,743 | 70,897,040 | 73,494,685 | 78,492,157 | 78,977,771 |
| Capital Outlay | 4,492,082 | 13,350,647 | 7,264,197 | 5,359,907 | 4,393,138 | 2,569,215 | 11,657,340 | 8,229,859 | 10,404,913 | 8,497,959 |
| Debt Service: | | | | | | | | | | |
| Interest | - | - | 436,262 | 469,342 | 337,767 | 304,556 | 368,809 | 388,955 | 309,684 | 224,036 |
| Principal | - | - | - | 24,743 | 410,803 | 320,997 | 907,763 | 1,271,149 | 1,329,115 | 4,700,534 |
| Total Expenditures | 324,895,562 | 330,991,734 | 306,061,473 | 329,391,306 | 319,544,806 | 310,941,046 | 335,926,635 | 343,030,866 | 357,567,054 | 378,485,437 |
| Excess (deficiency) of revenues over expenditures | 10,952,769 | (7,071,360) | 2,160,513 | (11,646,048) | (3,643,633) | (3,103,935) | (4,660,597) | 5,668,564 | 8,042,493 | (1,215,168) |
| Other Financing sources (uses) | | | | | | | | | | |
| Transfers in | 2,038,328 | 1,743,827 | 1,591,405 | 1,734,512 | 1,758,786 | 1,579,288 | 2,492,818 | 6,266,477 | 6,428,569 | 17,164,570 |
| Transfers out | (2,038,328) | (1,743,827) | (1,591,405) | (1,734,512) | (1,758,786) | (1,579,288) | (2,492,818) | (6,266,477) | (6,428,569) | (17,164,570) |
| Capital Lease | 1,370,786 | 6,201,626 | - | - | - | - | 6,556,806 | - | - | 729,434 |
| Total other financing sources (uses) | 1,370,786 | 6,201,626 | - | - | - | - | 6,556,806 | - | - | 729,434 |
| Net change in fund balances | 12,323,555 | (869,734) | 2,160,513 | (11,646,048) | (3,643,633) | (3,103,935) | 1,896,209 | 5,668,564 | 8,042,493 | (485,734) |

Source: Department Finance-Comprehensive Annual Financial Report

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

Annual Per Pupil Cost (Unaudited)

Last Ten Fiscal Years

| Fiscal / School Year | Per Pupil Cost |
|-------------------------|-----------------------|
| 2008-2009 | 13,601 |
| 2009-2010 | 13,773 |
| 2010-2011 | 13,040 |
| 2011-2012 | 13,730 ⁽¹⁾ |
| 2012-2013 | 12,945 |
| 2013-2014 | 12,731 |
| 2014-2015 | 13,413 |
| 2015-2016 | 13,843 |
| 2016-2017 | 13,567 ⁽²⁾ |
| 2017-2018 | 14,233 ⁽³⁾ |

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

⁽²⁾ As reported by the Virginia Department of Education on the FY17 Superintendent's Annual Report Table-15

⁽³⁾ As reported to the Virginia Department of Education on the FY18 Annual School Report, Schedule K

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

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

Attendance/Membership Statistics (Unaudited)

Last Ten Fiscal Years

| Fiscal Year Ended June 30 | Year End Average Daily Attendance * | Year End Average Daily Membership* | Average Daily Attendance as a Percent of Average Daily Membership |
|---------------------------------|---|--|---|
| 2009 | 20,051 | 21,695 | 92.4% |
| 2010 | 19,889 | 21,492 | 92.5% |
| 2011 | 19,937 | 21,450 | 92.9% |
| 2012 | 19,970 | 21,381 | 93.4% |
| 2013 | 20,274 | 21,707 | 93.4% |
| 2014 | 20,525 | 21,911 | 93.7% |
| 2015 | 20,432 | 21,935 | 93.1% |
| 2016 | 20,221 | 21,837 | 92.6% |
| 2017 | 21,368 | 22,927 | 93.2% |
| 2018** | 21,506 | 23,050 | 93.3% |

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

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

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

Table 9

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

Free and Reduced Lunch Data (unaudited)

| Last Ten Fiscal Years | | | | | | | |
|------------------------------|-------------------|----------------|-----------------|-------------------|--------------------|--------------------------|---------------------------|
| Fiscal / School Year | SNP Membership | Number Free | Percent Free | Number Reduced | Percent Reduced | Number Free / Reduced | Percent Free / Reduced |
| 2008 - 2009 | 23,356 | 15,146 | 64.8% | 1,337 | 5.7% | 16,483 | 70.6% |
| 2009 - 2010 | 23,356 | 16,061 | 68.8% | 1,449 | 6.2% | 17,510 | 75.0% |
| 2010 - 2011 | 23,183 | 15,756 | 68.0% | 925 | 4.0% | 16,681 | 72.0% |
| 2011 - 2012 | 23,078 | 15,399 | 66.7% | 917 | 4.0% | 16,316 | 70.7% |
| 2012 - 2013 | 23,635 | 17,245 | 73.0% | 931 | 3.9% | 18,176 | 76.9% |
| 2013 - 2014 | 23,367 | 16,506 | 70.6% | 845 | 3.6% | 17,351 | 74.3% |
| 2014 - 2015 | 23,079 | 22,527 | 97.6% | - | 0.0% | 22,527 | 97.6% |
| 2015 - 2016 | 23,222 | 22,664 | 97.6% | - | 0.0% | 22,664 | 97.6% |
| 2016 - 2017 | 22,903 | 22,849 | 99.8% | - | 0.0% | 22,849 | 99.8% |
| 2017 - 2018 | 22,798 | 22,798 | 100.0% | - | 0.0% | 22,798 | 100.0% |

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>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018*</u> |
| Instruction ⁽¹⁾ | 2,931.0 | 2,696.5 | 2,937.0 | 2,934.0 | 2,806.0 | 2,814.0 | 2,976.0 | 3,123.0 | 3,203.0 | 2,923.0 |
| Support Services: | | | | | | | | | | |
| Administration, Attendance & Health | 198.5 | 206.5 | 229.5 | 202.0 | 198.0 | 181.0 | 212.0 | 215.0 | 236.0 | 236.0 |
| Nutrition Services | 163.4 | 160.0 | 160.5 | 163.0 | 158.0 | 145.0 | 143.0 | 151.0 | 150.0 | 151.0 |
| Pupil Transportation | 261.3 | 242.9 | 227.0 | 239.0 | 256.0 | 271.0 | 267.0 | 223.0 | 233.0 | 248.0 |
| Operations & Maintenance | 403.0 | 399.0 | 398.0 | 387.0 | 379.0 | 326.0 | 297.0 | 284.0 | 283.0 | 283.0 |
| Facilities | 1.5 | 1.0 | 2.5 | 4.0 | 4.0 | 5.0 | 3.0 | 3.0 | 2.0 | 1.0 |
| Technology | 68.0 | 51.0 | 50.0 | 52.0 | 50.0 | 48.0 | 47.0 | 45.0 | 47.0 | 40.0 |
| Other instructional and support service personnel ⁽²⁾ | <u>282.52</u> | <u>324.5</u> | <u>192.5</u> | <u>356.0</u> | <u>327.0</u> | <u>272.0</u> | <u>197.0</u> | <u>193.0</u> | <u>193.0</u> | <u>210.0</u> |
| Total | <u>4,309.2</u> | <u>4,081.4</u> | <u>4,197.0</u> | <u>4,337.0</u> | <u>4,178.0</u> | <u>4,062.0</u> | <u>4,142.0</u> | <u>4,237.0</u> | <u>4,347.0</u> | <u>4,092.0</u> |

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

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

* Preliminary - Calculated by Virginia Department of Education, FY18 Annual School Report FTE Analysis Schedule; calculation includes a full-time equivalency correlation for substitute and non-contracted (temporary) personnel expenditures.

**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 |
|---------------|---|--|---|---|----------------------------|-----------------------------|
| 2008 - 2009 | 1,374.4 | 48,492 | 779.4 | 51,010 | 2,153.8 | 49,751 |
| 2009 - 2010 | 1,351.4 | 48,021 | 786.1 | 51,756 | 2,137.5 | 49,889 |
| 2010 - 2011 | 1,359.8 | 45,908 | 756.7 | 52,725 | 2,116.5 | 48,345 |
| 2011 - 2012 | 1,346.3 | 47,613 | 755.2 | 55,606 | 2,101.5 | 51,609 |
| 2012 - 2013 | 1,199.0 | 46,142 | 668.0 | 53,438 | 1,867.0 | 49,790 |
| 2013 - 2014 | 1,295.5 | 48,750 | 740.5 | 52,593 | 2,036.0 | 50,148 |
| 2014 - 2015 | 1,291.1 | 49,292 | 784.9 | 52,546 | 2,076.0 | 50,522 |
| 2015 - 2016 | 1,355.5 | 49,099 | 765.4 | 51,201 | 2,120.9 | 49,858 |
| 2016 - 2017 | 1,427.7 | 48,270 | 738.1 | 50,644 | 2,165.8 | 49,079 |
| 2017 - 2018** | 1,244.0 | 51,104 | 1,028.0 | 56,001 | 2,272.0 | 50,306 |

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

** Preliminary - Calculated by Virginia Department of Education, FY18 Annual School Report FTE Analysis Schedule

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

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

Pupil / Teacher Ratios (unaudited)

Last Ten Fiscal Years

| Fiscal Year | Elementary | | | Secondary | | |
|--------------------------|--------------------------------|----------------------------|-------------------------|-------------------------------|-----------------------------|--------------------------|
| | Elementary Teaching Positions* | End-of-Year Membership K-7 | Pupil/Teacher Ratio K-7 | Secondary Teaching Positions* | End-of-Year Membership 8-12 | Pupil/Teacher Ratio 8-12 |
| 2008-2009 | 1,364.0 | 14,133 | 10.4 | 769.0 | 7,453 | 9.7 |
| 2009-2010 | 1,341.0 | 14,309 | 10.7 | 776.0 | 7,567 | 9.8 |
| 2010-2011 | 1,282.8 | 14,166 | 11.0 | 710.2 | 6,907 | 9.7 |
| 2011-2012 | 1,269.8 | 14,307 | 11.3 | 709.2 | 6,716 | 9.5 |
| 2012-2013 | 1,199.0 | 14,705 | 12.3 | 668.0 | 6,675 | 10.0 |
| 2013-2014 | 1,224.0 | 14,945 | 12.2 | 713.0 | 6,630 | 9.3 |
| 2014-2015 | 1,218.0 | 14,850 | 12.2 | 740.5 | 6,717 | 9.1 |
| 2015-2016 | 1,279.5 | 14,870 | 11.6 | 720.9 | 6,606 | 9.2 |
| 2016-2017 | 1,350.7 | 15,742 | 11.7 | 691.9 | 6,802 | 9.8 |
| 2017-2018 ⁽¹⁾ | 1,244.0 | 15,814 | 12.7 | 1,028.0 | 7,236 | 7.0 |

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

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

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

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

Table 13

THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA
(A Component Unit of the City of Richmond, Virginia)
Schedule of School Building Statistics (unaudited)

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

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

NOTE: Only Regular Classrooms are Counted in Elementary School Capacity

Table 13

THE SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA
(A Component Unit of the City of Richmond, Virginia
Schedule of School Building Statistics (unaudited)

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

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

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

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

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

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

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

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

Source:

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

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

Ratios of Debt Outstanding ⁽¹⁾

Last Three Fiscal Years

| Governmental Activities ⁽²⁾ | | | | | |
|---|-----------------------|--|-----------------------------------|----------------------------------|------------------------|
| <u>Fiscal Year</u> | <u>Capital leases</u> | <u>Per Capita Personal Income ⁽³⁾</u> | <u>Percent of Personal Income</u> | <u>Population ⁽³⁾</u> | <u>Debt Per Capita</u> |
| 2015 | \$ 11,715,085 | N/A | N/A | 217,853 | 53.8 |
| 2016 | 10,443,936 | N/A | N/A | N/A | N/A |
| 2017 | 9,114,821 | N/A | N/A | N/A | N/A |
| 2018 | 5,143,721 | N/A | N/A | N/A | N/A |

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

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

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

(3) See Table 27 for demographic and economic statistics of the City of Richmond. Calculations are based on available data provided by the City of Richmond.

Source: Department Finance-Comprehensive Annual Financial Report

Table 16



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

| | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Governmental Activities | | | | | | | | | | |
| Net Investment in Capital Assets | \$ 304,606,896 | \$ 311,326,711 | \$ 280,800,936 | \$ 198,531,273 | \$ 269,060,408 | \$ 226,429,295 | \$ 306,400,000 | \$ 314,046,028 | \$ 335,442,017 | \$ 337,583,744 |
| Restricted | 14,992,862 | 15,356,206 | 5,772,722 | 12,590,642 | 16,458,462 | 31,900,000 | 21,269,101 | 4,292,533 | 19,843,817 | 31,533,373 |
| Unrestricted | <u>45,954,323</u> | <u>21,676,936</u> | <u>67,421,848</u> | <u>71,414,987</u> | <u>103,428,935</u> | <u>46,700,000</u> | <u>(219,000,000)</u> | <u>(272,324,391)</u> | <u>(270,779,486)</u> | <u>(210,707,608)</u> |
| Total Governmental Activities' Net Position | <u>\$ 365,554,081</u> | <u>\$ 348,359,853</u> | <u>\$ 353,995,506</u> | <u>\$ 282,536,902</u> | <u>\$ 388,947,805</u> | <u>\$ 305,029,295</u> | <u>\$ 108,669,101</u> | <u>\$ 46,014,170</u> | <u>\$ 84,506,348</u> | <u>\$ 158,409,509</u> |
| Business-type Activities | | | | | | | | | | |
| Net Investment in Capital Assets | \$ 316,259,057 | \$ 351,767,886 | \$ 369,683,330 | \$ 381,909,942 | \$ 419,526,304 | \$ 488,600,000 | \$ 497,111,667 | \$ 495,162,064 | \$ 487,293,137 | \$ 523,105,159 |
| Restricted | -- | -- | -- | -- | -- | -- | -- | -- | -- | 25,602,020 |
| Unrestricted | <u>78,044,664</u> | <u>55,610,764</u> | <u>58,319,963</u> | <u>64,745,678</u> | <u>51,318,531</u> | <u>125,800,000</u> | <u>98,609,642</u> | <u>143,122,363</u> | <u>182,038,024</u> | <u>161,296,665</u> |
| Total Business-type Activities' Net Position | <u>\$ 394,303,721</u> | <u>\$ 407,378,650</u> | <u>\$ 428,003,293</u> | <u>\$ 446,655,620</u> | <u>\$ 470,844,835</u> | <u>\$ 614,400,000</u> | <u>\$ 595,721,309</u> | <u>\$ 638,284,427</u> | <u>\$ 669,331,161</u> | <u>\$ 710,003,844</u> |
| Primary Government | | | | | | | | | | |
| Net Investment in Capital Assets | \$ 620,865,953 | \$ 663,094,597 | \$ 650,484,266 | \$ 580,441,215 | \$ 688,586,712 | \$ 715,029,295 | \$ 803,511,667 | \$ 809,208,092 | \$ 822,735,154 | \$ 860,688,903 |
| Restricted | 14,992,862 | 15,356,206 | 5,772,722 | 12,590,642 | 16,458,462 | 31,900,000 | 21,269,101 | 4,292,533 | 19,843,817 | 57,135,393 |
| Unrestricted | <u>123,998,987</u> | <u>77,287,700</u> | <u>125,741,811</u> | <u>136,160,665</u> | <u>154,747,466</u> | <u>172,500,000</u> | <u>(120,390,358)</u> | <u>(129,202,028)</u> | <u>(88,741,462)</u> | <u>(49,410,943)</u> |
| Total Primary Government Activities' Net Position | <u>\$ 759,857,802</u> | <u>\$ 755,738,503</u> | <u>\$ 781,998,799</u> | <u>\$ 729,192,522</u> | <u>\$ 859,792,640</u> | <u>\$ 919,429,295</u> | <u>\$ 704,390,410</u> | <u>\$ 684,298,597</u> | <u>\$ 753,837,509</u> | <u>\$ 868,413,353</u> |

Source: City of Richmond Department of Finance

Table 17



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

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

Table 17



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

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

¹Special Item:

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

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

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

Source: City of Richmond Department of Finance

Table 18



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

| | Fiscal Year | | | | | | | | | |
|--------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
| City Taxes | | | | | | | | | | |
| Real Estate | \$ 225,336,583 | \$ 231,467,579 | \$ 219,121,286 | \$ 217,159,681 | \$ 214,209,839 | \$ 215,611,658 | \$ 210,389,704 | \$ 221,704,082 | \$ 224,785,116 | \$ 237,853,883 |
| Sales-1% Local | 31,274,790 | 30,935,300 | 26,093,786 | 26,315,613 | 30,595,853 | 30,549,022 | 30,944,459 | 32,567,648 | 33,773,371 | 34,176,816 |
| Sales Tax for Education | 26,959,337 | 25,312,005 | 24,943,835 | 25,914,852 | 26,406,848 | 23,673,198 | 23,612,726 | 25,102,851 | 24,997,524 | 25,661,559 |
| Personal Property | 55,220,158 | 45,878,338 | 50,186,338 | 38,461,849 | 44,579,120 | 48,005,747 | 46,100,586 | 49,740,946 | 48,222,257 | 59,223,115 |
| Machinery and Tools | 13,486,040 | 13,762,378 | 17,119,371 | 16,914,447 | 15,421,045 | 14,792,937 | 13,746,350 | 12,752,759 | 14,454,966 | 12,758,274 |
| General Utility Sales | 37,118,110 | 35,253,745 | 34,483,451 | 17,098,077 | 16,378,212 | 17,066,009 | 16,680,313 | 17,646,514 | 17,659,169 | 18,455,308 |
| State Communication Taxes | -- | -- | -- | 17,439,622 | 17,085,208 | 17,130,526 | 16,839,049 | 16,691,917 | 16,527,290 | 15,760,395 |
| Bank Stock | 3,317,298 | 4,494,835 | 8,247,534 | 13,933,727 | 12,480,183 | 9,221,721 | 9,328,141 | 8,816,474 | 9,936,805 | 8,364,990 |
| Prepared Food | 24,076,647 | 24,489,056 | 23,756,424 | 26,429,441 | 25,051,579 | 29,986,231 | 30,065,438 | 32,290,063 | 33,206,090 | 36,002,917 |
| Transient Lodging | 5,984,286 | 5,366,015 | 4,789,681 | 4,789,957 | 5,200,817 | 6,392,330 | 6,326,387 | 5,433,289 | 7,504,354 | 8,025,516 |
| Admissions | 2,447,670 | 1,604,376 | 2,181,971 | 2,335,970 | 2,399,527 | 2,448,962 | 2,923,183 | 2,866,718 | 3,036,088 | 2,747,268 |
| Real Estate Taxes - Delinquent | -- | -- | 9,711,901 | 10,746,487 | 7,006,446 | 8,953,219 | 7,895,327 | 9,155,708 | 9,703,138 | 8,937,806 |
| Personal Property Taxes - Delinquent | -- | -- | 5,023,503 | 4,117,223 | 3,959,980 | 8,524,442 | 5,614,439 | 8,867,316 | 6,378,267 | 9,836,983 |
| Delinquent Tax Payments-All Classes | 19,581,751 | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Private Utility Poles and Conduits | 95,186 | 96,164 | 156,478 | 158,268 | 154,881 | 158,568 | 169,729 | 160,950 | 68,699 | 260,117 |
| Penalties and Interest | 3,657,510 | 4,570,206 | 5,423,493 | 4,948,641 | 3,660,357 | 4,471,897 | 3,642,822 | 4,384,082 | 7,892,982 | 5,023,749 |
| Titling Tax-Mobile Home | 9,014 | 10,635 | 10,858 | 4,704 | 8,051 | 5,817 | 6,132 | 9,083 | 8,266 | 9,474 |
| State Recordation | 954,315 | 710,115 | 759,637 | 681,049 | 656,449 | 731,956 | 872,407 | 661,291 | 1,156,543 | 942,127 |
| Property Rental 1% | 126,334 | 126,534 | 101,748 | 109,871 | 131,021 | 139,796 | 133,774 | 82,388 | 79,202 | 154,115 |
| Vehicle Rental Tax | 889,582 | 626,040 | 424,599 | 579,654 | 1,149,088 | 371,425 | 855,582 | 937,779 | 1,067,535 | 845,652 |
| Rolling Stock Tax | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Telephone Commissions | 477,935 | 449,292 | 450,000 | 390,739 | 338,499 | 337,349 | 522,580 | 538,474 | 628,014 | 196,579 |
| Total Primary Government | \$ 451,012,546 | \$ 425,152,613 | \$ 432,985,894 | \$ 428,529,872 | \$ 426,873,003 | \$ 438,572,810 | \$ 426,669,126 | \$ 450,410,332 | \$ 461,085,676 | \$ 485,236,643 |

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

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

Source: City of Richmond Department of Finance

Table 19



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

| | Fiscal Year | | | | | | | | | |
|------------------------------------|----------------------|------------------------|----------------------|------------------------|-----------------------|-------------------------|------------------------|------------------------|------------------------|------------------------|
| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
| General Fund: | | | | | | | | | | |
| Nondisposable | \$ -- | \$ -- | \$ -- | \$ 1,029,600 | \$ 1,029,600 | \$ 1,029,600 | \$ -- | \$ 382,200 | \$ 383,338 | \$ 399,742 |
| Restricted | -- | -- | -- | 1,391,917 | -- | -- | -- | -- | -- | -- |
| Committed | -- | -- | -- | 14,672,765 | 53,073,041 | 39,427,954 | 10,793,000 | 13,000,000 | 10,000,000 | 12,019,176 |
| Assigned | -- | -- | -- | 15,460,647 | 35,002,000 | 11,573,916 | 35,163,526 | 7,788,553 | 5,850,728 | 12,219,451 |
| Unassigned | -- | -- | -- | 64,062,309 | 72,908,854 | 75,000,000 | 80,393,997 | 84,995,561 | 98,210,321 | 108,865,511 |
| Reserved | 16,908,547 | 2,094,186 | 16,598,886 | -- | -- | -- | -- | -- | -- | -- |
| Unreserved | 47,638,753 | 48,644,484 | 59,423,096 | -- | -- | -- | -- | -- | -- | -- |
| Total General Fund | <u>\$ 64,547,300</u> | <u>\$ 50,738,670</u> | <u>\$ 76,021,982</u> | <u>\$ 96,617,238</u> | <u>\$ 162,013,495</u> | <u>\$ 127,031,470</u> | <u>\$ 126,350,523</u> | <u>\$ 106,166,314</u> | <u>\$ 114,444,387</u> | <u>\$ 133,503,880</u> |
| All Other Governmental Funds: | | | | | | | | | | |
| Nondisposable | \$ -- | \$ -- | \$ -- | \$ 212,141 | \$ 193,729 | \$ 74,327 | \$ 74,372 | \$ 38,930 | \$ -- | \$ -- |
| Restricted | -- | -- | -- | 16,262,282 | 16,264,733 | 15,294,132 | 19,024,423 | 4,253,603 | 19,857,793 | 29,302,519 |
| Committed | -- | -- | -- | 9,426,306 | 9,756,967 | 5,587,993 | 745,000 | -- | 745,000 | -- |
| Assigned | -- | -- | -- | 295,105 | (138,320) | 866,410 | 3,468,218 | 14,800,003 | 3,312,542 | -- |
| Unassigned | -- | -- | -- | (37,000,000) | (3,508,434) | (168,475,248) | (49,720,104) | (101,563,859) | (83,439,150) | (58,803,676) |
| Reserved | 25,399,353 | 17,029,761 | 6,822,405 | -- | -- | -- | -- | -- | -- | -- |
| Unreserved, reported in: | | | | | | | | | | |
| Special Revenue Funds | 7,478,784 | 8,385,421 | 10,861,875 | -- | -- | -- | -- | -- | -- | -- |
| Capital Project Funds | -- | (67,443,896) | -- | -- | -- | -- | -- | -- | -- | -- |
| Debt Service Fund | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Total All Other Governmental Funds | <u>\$ 32,878,137</u> | <u>\$ (42,028,714)</u> | <u>\$ 17,684,280</u> | <u>\$ (10,804,166)</u> | <u>\$ 22,568,675</u> | <u>\$ (146,652,386)</u> | <u>\$ (26,408,091)</u> | <u>\$ (82,471,323)</u> | <u>\$ (59,523,815)</u> | <u>\$ (29,501,157)</u> |

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

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

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

Source: City of Richmond Department of Finance

Table 20



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

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

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

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

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

Source: City of Richmond Department of Finance

Table 21



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

| | Fiscal Year | | | | | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
| Real Estate | \$ 220,312,237 | \$ 227,921,229 | \$ 218,027,758 | \$ 221,948,834 | \$ 216,991,101 | \$ 213,234,953 | \$ 216,006,348 | \$ 223,491,278 | \$ 234,445,036 | \$ 234,294,879 |
| Sales-1% Local | 31,274,790 | 30,935,300 | 26,093,786 | 26,315,613 | 30,595,853 | 30,549,022 | 30,944,459 | 32,567,648 | 33,773,371 | 34,176,816 |
| Sales Tax for Education | 26,959,337 | 25,312,005 | 24,943,835 | 25,914,852 | 26,406,848 | 23,673,198 | 23,612,726 | 25,102,851 | 24,997,524 | 25,661,559 |
| Personal Property | 44,734,218 | 51,107,922 | 44,081,997 | 44,343,976 | 43,780,792 | 47,234,956 | 44,753,528 | 49,260,306 | 48,531,320 | 57,603,912 |
| Machinery and Tools | 13,679,043 | 14,265,110 | 17,038,468 | 16,857,051 | 15,519,223 | 15,001,324 | 13,607,934 | 12,838,347 | 14,060,308 | 13,828,602 |
| Utility Sales Tax Gas | - | - | - | 4,617,822 | 4,256,292 | 4,761,197 | 4,833,897 | 4,872,622 | 4,467,916 | 4,711,342 |
| Utility Sales Tax Electric | - | - | - | 12,480,255 | 12,121,920 | 12,303,832 | 11,463,513 | 12,479,100 | 12,707,360 | 13,494,359 |
| Utility Sales Tax Tele | - | - | - | - | - | - | 382,903 | 294,792 | 483,893 | 249,607 |
| General Utility Sales | 37,118,110 | 35,253,745 | 34,483,451 | - | - | - | - | - | - | - |
| State Communication Taxes | - | - | - | 17,439,622 | 17,085,208 | 17,130,526 | 16,839,049 | 16,691,917 | 16,527,290 | 15,760,395 |
| Bank Stock | 3,317,298 | 4,494,835 | 8,247,534 | 13,933,727 | 12,480,183 | 9,221,721 | 9,328,141 | 8,816,474 | 9,936,805 | 8,364,990 |
| Prepared Food | 24,076,647 | 24,489,056 | 23,756,424 | 21,726,664 | 26,991,476 | 28,320,613 | 30,444,280 | 31,686,926 | 35,455,141 | 35,605,363 |
| Lodging Tax | 5,984,286 | 5,366,015 | 4,789,681 | 4,623,900 | 5,685,427 | 6,018,453 | 5,974,584 | 5,456,014 | 8,079,083 | 8,042,016 |
| Admission | 2,447,670 | 1,604,376 | 2,181,971 | 1,843,129 | 2,726,217 | 2,372,848 | 2,964,390 | 2,357,256 | 2,885,747 | 3,287,979 |
| Real Estate Taxes - Delinquent | - | - | 9,711,901 | 10,746,487 | 7,006,446 | 8,953,219 | 7,895,327 | 9,155,708 | 9,703,138 | 8,937,806 |
| Personal Property Taxes - Delinquent | - | - | 5,023,503 | 4,117,223 | 3,959,980 | 8,524,442 | 5,614,439 | 8,867,316 | 6,378,267 | 9,836,983 |
| Delinquent Tax Payments-All Classes | 19,581,751 | - | - | - | - | - | - | - | - | - |
| Private Utility Poles and Conduits | 95,186 | 96,164 | 156,478 | 158,268 | 154,881 | 158,568 | 169,729 | 160,950 | 68,699 | 260,117 |
| Penalties and Interest | 3,657,510 | 4,570,206 | 5,423,493 | 4,948,641 | 3,660,357 | 4,471,897 | 3,642,822 | 4,384,082 | 7,892,982 | 5,023,749 |
| Titling Tax-Mobile Home | 9,014 | 10,635 | 10,858 | 4,704 | 8,051 | 5,817 | 6,132 | 9,083 | 8,266 | 9,474 |
| State Recordation | 954,315 | 710,115 | 759,637 | 681,049 | 656,449 | 731,956 | 872,407 | 661,291 | 1,156,543 | 942,127 |
| Property Rental 1% | 126,334 | 126,534 | 101,748 | 109,871 | 131,021 | 139,796 | 133,774 | 82,388 | 79,202 | 154,115 |
| Vehicle Rental Tax | 889,582 | 626,040 | 424,599 | 579,654 | 1,149,088 | 371,425 | 855,582 | 937,779 | 1,067,535 | 845,652 |
| Telephone Commissions | 477,935 | 449,292 | 450,000 | 390,739 | 338,499 | 337,349 | 522,578 | 538,474 | 628,014 | 696,579 |
| Total General Governmental Tax Revenues | \$ 435,695,263 | \$ 427,338,579 | \$ 425,707,122 | \$ 433,782,081 | \$ 431,705,312 | \$ 433,517,112 | \$ 430,868,542 | \$ 450,712,602 | \$ 473,333,440 | \$ 481,288,421 |

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

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

Source: City of Richmond Department of Finance

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

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

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

Department of Finance (Personal Property and Machinery & Tools)

Table 22



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

| <u>Tax Year</u> | <u>Tax Rate</u> | <u>Total Tax Levy³</u> | <u>Current Tax Collections¹</u> | | <u>Delinquent Tax Collections²</u> | <u>Total Tax Collections</u> | |
|-----------------|-----------------|-----------------------------------|--|---------------------------|---|------------------------------|---------------------------|
| | | | <u>Amount</u> | <u>Percentage of Levy</u> | | <u>Amount</u> | <u>Percentage of Levy</u> |
| 2008 | 1.20 | \$233,179,816 | \$221,199,403 | 94.9% | \$15,227,545 | \$236,426,948 | 101.4% |
| 2009 | 1.20 | \$236,538,376 | \$223,155,601 | 94.3% | \$6,001,432 | \$229,157,033 | 96.9% |
| 2010 | 1.20 | \$234,474,521 | \$222,858,692 | 95.0% | \$9,711,902 | \$232,570,594 | 99.2% |
| 2011 | 1.20 | \$234,035,458 | \$222,720,502 | 95.2% | \$10,742,828 | \$233,463,330 | 99.8% |
| 2012 | 1.20 | \$227,351,927 | \$213,930,311 | 94.1% | \$8,196,450 | \$222,126,762 | 97.7% |
| 2013 | 1.20 | \$224,663,796 | \$207,677,432 | 92.4% | \$9,296,883 | \$216,974,315 | 96.6% |
| 2014 | 1.20 | \$217,520,214 | \$202,460,782 | 93.1% | \$6,568,610 | \$209,029,392 | 96.1% |
| 2015 | 1.20 | \$225,916,636 | \$210,327,124 | 93.1% | \$9,155,708 | \$219,482,832 | 97.2% |
| 2016 | 1.20 | \$233,675,912 | \$220,474,082 | 94.4% | \$9,702,731 | \$230,176,813 | 98.5% |
| 2017 | 1.20 | \$246,301,342 | \$234,294,879 | 95.1% | \$8,937,806 | \$243,232,685 | 98.8% |

Source: City of Richmond Department of Finance

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

| <u>Tax Year</u> | <u>Tax Rate</u> | <u>Total Tax Levy³</u> | <u>Current Tax Collections¹</u> | | <u>Delinquent Tax Collections²</u> | <u>Total Tax Collections to Date</u> | |
|-----------------|-----------------|-----------------------------------|--|---------------------------|---|--------------------------------------|---------------------------|
| | | | <u>Amount</u> | <u>Percentage of Levy</u> | | <u>Amount</u> | <u>Percentage of Levy</u> |
| 2008 | 3.70 | \$53,094,279 | \$43,226,559 | 81.4% | \$2,687,649 | \$45,914,208 | 86.5% |
| 2009 | 3.70 | \$53,145,714 | \$45,087,886 | 84.8% | \$5,957,159 | \$51,045,045 | 96.0% |
| 2010 | 3.70 | \$53,716,305 | \$45,700,784 | 85.1% | \$4,740,164 | \$50,440,948 | 93.9% |
| 2011 | 3.70 | \$49,636,035 | \$45,050,368 | 90.8% | \$4,740,164 | \$49,790,532 | 92.5% |
| 2012 | 3.70 | \$49,995,079 | \$46,364,216 | 92.7% | \$4,779,895 | \$51,144,111 | 94.4% |
| 2013 | 3.70 | \$56,335,465 | \$45,804,689 | 81.3% | \$10,115,195 | \$55,919,884 | 99.3% |
| 2014 | 3.70 | \$60,309,698 | \$50,764,046 | 84.2% | \$13,386,275 | \$64,150,321 | 106.4% |
| 2015 | 3.70 | \$61,537,220 | \$52,363,405 | 85.1% | \$7,102,096 | \$59,465,502 | 95.4% |
| 2016 | 3.70 | \$66,205,914 | \$57,262,094 | 86.5% | \$6,378,170 | \$63,640,264 | 96.1% |
| 2017 | 3.70 | \$67,884,998 | \$57,603,912 | 84.9% | \$9,836,983 | \$51,586,300 | 76.0% |

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

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

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

Source: City of Richmond Department of Finance

Table 23



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

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

Source: City of Richmond Real Estate Assessor

CITY OF RICHMOND, VIRGINIA
PRINCIPAL EMPLOYERS
FY2017 and Nine Years Ago

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

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

Source: Richmond Times-Dispatch



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

| Fiscal Year | Gross Revenue | Less: | | Net Revenue Available for Debt Service | Debt Service Requirements | | | Coverage |
|-------------------|------------------|------------------------------|--|--|---------------------------|---------------|---------------|----------|
| | | Direct Operating Expenses | | | Principal | Interest | Total | |
| 2008 | \$ 335,154,223 | \$ 270,811,760 | | \$ 64,342,463 | \$ 20,562,701 | \$ 29,429,144 | \$ 49,991,845 | 1.29 |
| 2009 | \$ 347,058,210 | \$ 278,970,601 | | \$ 68,087,609 | \$ 20,508,027 | \$ 29,939,215 | \$ 50,447,242 | 1.35 |
| 2010 ¹ | \$ 297,479,213 | \$ 220,452,796 | | \$ 77,026,417 | \$ 21,104,375 | \$ 34,343,862 | \$ 55,448,237 | 1.39 |
| 2011 | \$ 292,376,014 | \$ 214,249,704 | | \$ 78,126,310 | \$ 23,548,199 | \$ 31,501,282 | \$ 55,049,481 | 1.42 |
| 2012 | \$ 264,583,790 | \$ 185,232,686 | | \$ 79,351,104 | \$ 27,860,480 | \$ 30,343,026 | \$ 58,203,506 | 1.36 |
| 2013 | \$ 291,885,805 | \$ 208,615,753 | | \$ 83,270,052 | \$ 29,836,350 | \$ 30,284,845 | \$ 60,121,195 | 1.39 |
| 2014 | \$ 322,906,697 | \$ 212,520,886 | | \$ 110,385,811 | \$ 34,088,248 | \$ 36,736,199 | \$ 70,824,447 | 1.56 |
| 2015 | \$ 320,307,318 | \$ 208,875,736 | | \$ 111,431,582 | \$ 31,269,119 | \$ 35,701,455 | \$ 66,970,575 | 1.66 |
| 2016 | \$ 296,741,775 | \$ 181,337,736 | | \$ 115,404,039 | \$ 34,934,079 | \$ 33,895,709 | \$ 68,829,788 | 1.68 |
| 2017 | \$ 313,083,986 | \$ 189,142,582 | | \$ 123,941,403 | \$ 31,768,170 | \$ 26,875,875 | \$ 58,644,045 | 2.11 |

Debt Service Coverage Covenant

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

Source: City of Richmond - Department of Public Utilities

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

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

Source: City of Richmond - Department of Public Utilities



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

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

Legal Debt Margin Calculation for Fiscal Year 2017

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

Source: City of Richmond Department of Finance

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

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

Table 26



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

| Fiscal Year | Governmental Activities | | | | | | Business-type Activities | | Total Primary Government | | |
|-------------|--------------------------------|---|--------------------------------|--------------------------|--------------------------|--|--------------------------------|--------------------------|-----------------------------|-------------------------------------|------------|
| | General Obligation Bonds | Virginia Public School Authority Bonds | General Obligation Notes | HUD Section 108 Notes | Lease Revenue Bond | Certificates of Participation Series 2001A | General Obligation Bonds | Utility Revenue Bonds | Total Primary Government | Percentage of Personal Income | Per Capita |
| 2008 | \$354,881,308 | \$2,372,353 | \$8,500,000 | \$3,910,000 | \$10,981,807 | \$15,510,000 | \$222,734,874 | \$406,325,632 | \$1,025,215,974 | 10.95% | \$5,075 |
| 2009 | 327,097,155 | 2,145,328 | 63,560,000 | 3,355,000 | 10,377,099 | 14,760,000 | 208,811,286 | 551,289,644 | 1,181,395,512 | 13.90% | 5,778 |
| 2010 | 400,951,978 | 1,916,098 | 33,220,000 | 2,800,000 | 9,739,788 | 13,980,000 | 191,239,793 | 553,815,743 | 1,207,663,400 | 13.77% | 5,914 |
| 2011 | 604,863,844 | 1,684,543 | 74,780,000 | 2,245,000 | 9,068,116 | 13,170,000 | 171,845,174 | 554,658,872 | 1,280,665,469 | 13.46% | 6,231 |
| 2012 | 647,464,912 | 1,450,834 | 14,034,000 | 1,690,000 | 8,360,231 | 12,325,000 | 159,595,376 | 556,645,429 | 1,278,399,452 | 12.24% | 6,079 |
| 2013 | 495,710,389 | 1,215,155 | 101,155,970 | 11,255,000 | 7,614,180 | - | 141,816,089 | 736,458,840 | 1,495,225,623 | 14.93% | 6,983 |
| 2014 | 607,682,714 | 977,282 | 107,460,000 | 10,695,000 | 6,827,905 | - | 123,660,034 | 723,448,460 | 1,580,751,395 | 15.20% | 7,256 |
| 2015 | 600,310,584 | 736,976 | 35,035,000 | 10,125,000 | 5,999,238 | - | 176,398,433 | 711,370,940 | 1,539,976,171 | 14.37% | 6,991 |
| 2016 | 652,885,412 | 494,107 | 6,875,000 | 10,125,000 | 5,125,893 | - | 154,174,876 | 694,547,789 | 1,524,228,077 | N/A | 6,830 |
| 2017 | 617,751,633 | 248,508 | 96,250,000 | 9,605,000 | 4,205,462 | - | 129,829,955 | 755,518,747 | 1,613,409,306 | N/A | N/A |

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

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

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

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

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

| Virginia Public | | | | | | | | Percentage of Estimated Actual Taxable | |
|-----------------|--------------------------|------------------------|--------------------------|-----------------------|--------------------|--|---------------|--|-----------------|
| Fiscal Year | General Obligation Bonds | School Authority Bonds | General Obligation Notes | HUD Section 108 Notes | Lease Revenue Bond | Certificates of Participation Series 2001A | Total | Value of Property | Debt Per Capita |
| 2008 | \$577,616,182 | \$2,372,353 | \$8,500,000 | \$3,910,000 | \$10,981,807 | \$15,510,000 | \$618,890,342 | 3.00% | \$3,064 |
| 2009 | 535,908,441 | 2,145,328 | 63,560,000 | 3,355,000 | 10,377,099 | 14,760,000 | 630,105,868 | 2.99% | 3,082 |
| 2010 | 592,191,771 | 1,916,098 | 33,220,000 | 2,800,000 | 9,739,788 | 13,980,000 | 653,847,657 | 3.10% | 3,202 |
| 2011 | 625,058,938 | 1,684,543 | 74,780,000 | 2,245,000 | 9,068,116 | 13,170,000 | 726,006,597 | 3.65% | 3,532 |
| 2012 | 683,893,958 | 1,450,834 | 14,034,000 | 1,690,000 | 8,360,231 | 12,325,000 | 721,754,023 | 3.66% | 3,432 |
| 2013 | 637,526,478 | 1,215,155 | 101,155,970 | 11,255,000 | 7,614,180 | - | 758,766,783 | 3.89% | 3,544 |
| 2014 | 731,342,748 | 977,282 | 107,460,000 | 10,695,000 | 6,827,905 | - | 857,302,935 | 4.38% | 3,935 |
| 2015 | 776,709,018 | 736,976 | 35,035,000 | 10,125,000 | 5,999,238 | - | 828,605,232 | 4.14% | 3,761 |
| 2016 | 807,060,288 | 494,107 | 6,875,000 | 10,125,000 | 5,125,893 | - | 829,680,288 | 3.97% | 3,718 |
| 2017 | 747,581,589 | 248,508 | 96,250,000 | 9,605,000 | 4,205,462 | - | 857,890,559 | 3.97% | N/A |

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

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

Source: City of Richmond Department of Finance



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

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

*NA-Not Available

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

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

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

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

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

Unemployment rates are not seasonally adjusted.

Table 28



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

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

Source: Various City of Richmond departments

Table 29



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

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

Source: Various City of Richmond departments

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

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

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

Table 30



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

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

Source: Various City of Richmond departments

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

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

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

ACKNOWLEDGEMENTS

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

The personnel of the

Financial Services Division

301 N. Ninth Street

Richmond, Virginia 23219

(804) 780-7710

www.rvaschools.net

Darin Simmons, Jr.
Chief Operating Officer

The Department of Finance
Wanda Payne
Director

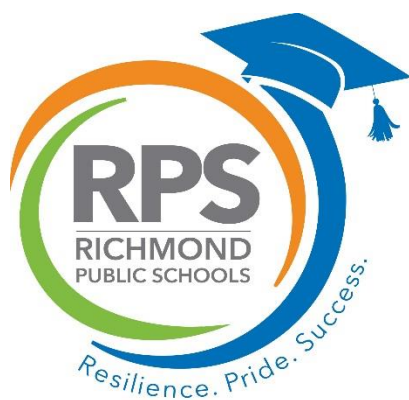
Nishawn Lee
Accounting Manager for General Ledger and Reporting

Sonya Howell
Accounting Manager for Operations

Meiling Qu
Senior Accountant

Angela R. Anderson
Department of Budget and Planning

This page intentionally left blank





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

In accordance with federal laws, the laws of the Commonwealth of Virginia and the policies of the School Board of the City of Richmond, the Richmond Public Schools does not discriminate on the basis of sex, race, color, age, religion, disabilities or national origin in the provision of employment and services. The Richmond Public Schools operates equal opportunity and affirmative action programs for students and staff. The Richmond Public Schools is an equal opportunity/affirmative action employer. The School Board also supports equal opportunities and treatment of all individuals regardless of sexual orientation. The Section 504 Coordinator is the Assistant Superintendent of Exceptional Education and Student Services, Richmond Public Schools, 301 North Ninth Street, Richmond, Virginia 23219, (804) 780-7911. The ADA Coordinator is the Assistant Superintendent, Operations, 301 N. Ninth St., 17th Floor, Richmond, VA 23219, (804) 780-7707. The Title IX Officer is the Chief of Staff, Richmond Public Schools, 301 North Ninth Street, Richmond, Virginia 23219, (804) 780-7686. The United States Department of Education's Office of Civil Rights may also be contacted at 400 Maryland Avenue, SW, Washington, DC 20202, (202) 401-2000 or 1-800-872-5327.

School Board

Dawn Page, Chair
Patrick Sapini, Vice Chair
Elizabeth Doerr
J. Scott Barlow
Kenya Gibson
Jonathan Young
Felicia Cosby
Cheryl Burke
Linda Owen

Jason Kamras, Superintendent