

Comprehensive Annual Financial Report

The School Board of the City of Virginia Beach
(a component unit of the City of Virginia Beach, Virginia)



For the Fiscal Year Ended
June 30, 2011

**COMPREHENSIVE
ANNUAL
FINANCIAL REPORT**

**SCHOOL BOARD
OF THE
CITY OF VIRGINIA BEACH**

(A component unit of the City of Virginia Beach, Virginia)

FOR THE FISCAL YEAR ENDED

JUNE 30, 2011

**PREPARED BY
OFFICE OF BUSINESS SERVICES**



VIRGINIA BEACH CITY PUBLIC SCHOOLS

A H E A D O F T H E C U R V E

COMPLIANCE AND ADA STATEMENTS

The Virginia Beach City Public Schools prohibits discrimination on the basis of race, color, religion, sex, ethnicity, national origin, age, disability, pregnancy and childbirth, or marital status. School Board policies and supporting regulation (Policies 2-33, 4-4, 5-7, and 6-7, and Regulation 5-44.1) provide equal access to courses, programs, counseling services, physical education and athletics, vocational education, instructional materials, and extracurricular activities. Violations of these policies should be reported to the Director of Student Leadership at 757-263-2020 or the Assistant Superintendent of Human Resources at 757-263-1133.

Alternative formats of this report, which may include taped, Braille, or large print materials, are available upon request for individuals with disabilities. Call or write the Director of Business Services, Virginia Beach City Public Schools, 2512 George Mason Drive, P.O. Box 6038, Virginia Beach, Virginia 23456-0038, Telephone 757-263-1033 or fax 757-263-1739.

*School Board of the City of Virginia Beach, Virginia
Comprehensive Annual Financial Report
for the Fiscal Year Ended June 30, 2011*

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INTRODUCTORY SECTION



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VIRGINIA BEACH CITY PUBLIC SCHOOLS

A H E A D O F T H E C U R V E

James G. Merrill, Ed.D.
Superintendent

November 23, 2011

**The Honorable Members of the School Board
and the Citizens of the
City of Virginia Beach, Virginia:**

The Comprehensive Annual Financial Report of the School Board of the City of Virginia Beach, Virginia (the School Board) for the fiscal year ended June 30, 2011, is hereby submitted. Responsibility for the accuracy of the data and the completeness and fairness of presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the Governmental Activities and various funds of the School Board. All disclosures necessary to enable the reader to gain an understanding of the School Board's financial activities have been included.

The Comprehensive Annual Financial Report is divided into four sections:

Introductory Section – includes this Transmittal Letter, reproductions of the Government Finance Officers Association (GFOA) and the Association of School Business Officials (ASBO) financial reporting certificate awards, the School Board members (June 30, 2011), and an Organizational Chart (June 30, 2011).

Financial Section – includes the Independent Auditors' Report, Management's Discussion and Analysis (MD&A), Basic Financial Statements, Notes to the Basic Financial Statements, Required Supplementary Information for Retirement and Other Postemployment Benefits, Required Supplementary Information for Major Funds, Notes to the Required Supplementary Information, and Combining and Individual Fund Statements and Schedules for Nonmajor Funds.

Statistical Section – includes a number of tables and graphs that present various financial, student/personnel, demographic, economic, and other information, for the School Board and City of Virginia Beach, generally presented on a multi-year basis.

Compliance Section – includes the Report of Independent Auditors on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.

I

Generally Accepted Accounting Principles require that management provide a narrative introduction, overview, and analysis to accompany the Basic Financial Statements in the form of MD&A. This Transmittal Letter is designed to complement MD&A and should be read in conjunction with it. The School Board's MD&A is presented immediately following the Independent Auditors' Report.

The School Board of the City of Virginia Beach is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996. Information related to this single audit, including the Schedule of Expenditures of Federal Awards, findings and recommendations, if any, and auditors' reports, is included in the City of Virginia Beach's Comprehensive Annual Financial Report.

THE REPORTING ENTITY AND ORGANIZATION

The present City of Virginia Beach (City) was formed on January 1, 1963 by the merger of Princess Anne County and the former, smaller City of Virginia Beach. This merger created one of the largest cities in the Commonwealth of Virginia with an area of 307 square miles and 38 miles of shoreline on the Atlantic Ocean and the Chesapeake Bay.

The School Board is responsible for elementary and secondary education within the city. The elected eleven-member School Board, vested with the legislative powers, appoints the Superintendent who is the executive and administrative head of the public school division. The City Council approves the School Board's operating budget, levies the necessary taxes to finance their portion of the operations, and approves the borrowing of money and issuance of bonds when necessary. The City Council is prohibited from exercising any control over specific appropriations within the operating budget of the School Board. However, City Council may exercise control in total by major categories (e.g., Instruction; Administration, Attendance and Health; Pupil Transportation; Operations and Maintenance; Technology) as prescribed by the Code of Virginia, as amended.

In accordance with the requirements of the Governmental Accounting Standards Board (GASB), the financial reporting entity consists of the primary government (the City of Virginia Beach), as well as its component units, which are legally separate organizations for which the City Council is financially accountable (e.g., a component unit that is fiscally dependent on the primary government). The School Board is considered a component unit of the City and the financial position and results of operations of the School Board are also presented in the City's Comprehensive Annual Financial Report. The School Board has no component units for financial reporting purposes.

The School Board is fiscally dependent (i.e., it does not have taxing or levying authority, or borrowing authority). It derives most of its funding from allocations from the City and the Commonwealth of Virginia. With more than 69,200 students, it is the third largest school division in the Commonwealth of Virginia.

Leadership is provided by the School Board working in concert with the Superintendent. The School Board consists of eleven citizens directly elected to serve four-

year overlapping terms. The City's Charter designates that the composition of the School Board consists of one member from among the residents of each of the seven districts elected from the city at-large, with four additional at-large members. The School Board is responsible for setting policy, while the Superintendent and his administrative staff are charged with managing the school division's operations.

The administrative structure is divided into eight operational areas, as follows: School Administration; Administrative Support Services (such as construction, facilities management, food services, pupil transportation, supply services, custodial services, maintenance, safety and loss control, and similar activities); Educational Leadership and Assessment; Technology; Budget and Finance; Curriculum and Instruction; Human Resources; and Media and Communications Development.

ECONOMIC CONDITION AND OUTLOOK

The School Board is located in the most populous city in the Commonwealth of Virginia with over 447,800 people and oversees the third largest school system, with a school enrollment of over 69,200 students and 10,500 employees. Situated on the coast of the Atlantic Ocean adjacent to the Chesapeake Bay, Virginia Beach is 146 air miles from Washington, D.C.

Virginia Beach is well known as a resort community. Its diversification, however, has been the underlying strength of the city's economy. Major components of the city's economic base include the following: construction/real estate; light industry; wholesale and retail sales; agriculture; the military community consisting of three bases; and the omnipresent resort and convention trade. The largest employment sector in Virginia Beach is the government sector, which is composed of federal, civilian, military, state, and local governments.

In the last fiscal year ending June 30, 2011, Virginia Beach continued to experience "steady growth," according to the Director of the City's Department of Economic Development. In Fiscal Year 2011, the city attracted over \$175 million in private investment. These companies created 2,106 new jobs.

Town Center of Virginia Beach is the heart of a mixed-use, "main street" style development within the City's emerging Central Business District and the home of its entertainment, cultural, business, and retail activities. Town Center will eventually span 25 acres and 17 city blocks in the Pembroke area of the city, bounded by Virginia Beach Boulevard, Constitution Drive, Columbus Street and Independence Boulevard. The complex is projected to ultimately include 800,000 sq. ft. of Class "A" office space, 832,500 sq. ft. of multi-level upscale retail space, and includes a business class hotel and conference center, luxury apartments and condominiums, performing arts theater, fine dining, specialty shops, and free structured parking.

The Virginia Beach Development Authority and Armada Hoffer Holding Co., one of the premier commercial real estate developers in the mid-Atlantic region, are developing Town Center as a public/private partnership. As of July 1, 2011, the total taxable real estate

assessment within the Tax Increment Finance (TIF) district was approximately \$725 million, a growth of over \$572,951,570 million since July 1, 1998. Private investment within the core area of the TIF district is approximately \$376 million.

Virginia Beach is a great city for business, as the City boasts a skilled, educated workforce, strategic location, low tax rates, and a dynamic, diverse economy. Because of its strategic mid-Atlantic location, both global and US markets are readily accessed through a superior multi-modal transportation network, which includes an extensive railway system, an international airport, vast shipping terminals, the East Coast's largest ice-free port, and an efficient and well-maintained highway system.

Virginia Beach offers a low cost environment for doing business, as well as a mix of commercial properties suitable for national and international business operations. International business development is also a key component to the Virginia Beach economy, as more than 180 foreign-based companies are located in the area in addition to the many local companies who operate around the globe. With 13 foreign consular offices and direct shipping to all of the world's major ports, the Virginia Beach MSA is truly an international business gateway.

In addition to being a wonderful place to live, work, and play, Virginia Beach is a fun place to visit. The City aims to become a year-round destination for business and pleasure. The new Virginia Beach Convention Center completed its opening in January 2007, unveiling more than 500,000 square feet. This includes a 31,000 square-foot ballroom with LED lighting, a 150,000 square-foot column-free exhibit hall, 38,999 square feet of meeting space and 2,230 free parking spaces. This award-winning facility is also the first Virginia and American Green certified convention center, as well as the first convention center in America, and the largest building in Virginia to achieve LEED (Leadership in Energy and Environmental Design) Gold Certification for Existing Buildings. More than 175 additional conventions and meetings are scheduled city-wide through 2015 that are expected to generate \$62 million in direct spending. This Center will help the City achieve the vision of lengthening the shoulder seasons of the tourist industry and attracting high-end conventions. In the most recent calendar year, almost 5.6 million visitors arrived in Virginia Beach. These visitors spent approximately \$1.6 billion during their stay for accommodations, meals, entertainment and other services, and created over 15,000 jobs in the City of Virginia Beach.

MAJOR INITIATIVES

Fiscal year 2010-11 proved to be a challenging year in terms of budgetary constraints. However, despite inherent challenges, the School Board continued its focus on the school division's strategic plan, *Compass to 2015: A Strategic Plan for Student Success*. Schools and staff maintained a focus on developing Professional Learning Communities, balanced local assessments, and Plans for Continuous Improvement. Designated schools also elected to take part in the Vanguard Initiative whereby staff devoted itself to incorporating such key strategies as technology integration and response to student needs into instruction. *Compass to 2015* continues to serve as a guide for the school division in meeting the needs of all students while reflecting the priorities of the community it serves.

As the school division moved forward with internalizing the teaching of 21st century skills, staff also worked to continue narrowing gaps in achievement across the school division. Students performed well on high stakes tests as is reflected in 100 percent of the school division's schools earning full accreditation via annual state-mandated Standards of Learning (SOL) tests.

In keeping with its commitment to continuous improvement, the school division worked to move its professional development strategies from a citywide to school focus. At the same time, the district continues to sponsor nationally known speakers and consultants to work with teachers and administrators in value-added training.

The Department of Curriculum and Instruction maintains its commitment to program development, increasing academic opportunities for all students. Data indicate continued success in increasing student access to AP courses and SAT and ACT testing. This is underscored by a remarkable record of student success in Technical and Career Education (TCE) workplace readiness skills and industry certifications. Virginia Beach City Public Schools (VBCPS) is a leader in the Commonwealth in this regard.

The school division's gifted and academy/advanced academic programs remain extremely popular with students and parents. These unique schools-within-schools provide expanded academic opportunities for students across the school division. Five high schools, one middle school, and two elementary schools are designated themed academies while two programs, the International Baccalaureate Program at Princess Anne High School and the Mathematics and Science Academy at Ocean Lakes High School, are advanced academic programs featuring extended learning opportunities. Two schools dedicated to gifted students – Old Donation Center and Kemps Landing Magnet Center, for elementary and middle school students respectively, serve students designated “gifted.” At the same time, each school also has a gifted program in-house through which gifted students are served via gifted resource teachers. VBCPS continues to enjoy a local, regional, state, and national reputation for excellence.

Despite an extremely difficult budget year, VBCPS has succeeded in maintaining a high-quality work force while continuing to provide its students an excellent education. As a result of the fluctuating economy, the school division continues to be extremely cautious with spending in its determination not to compromise in terms of academics or personnel.

Communication with its various stakeholders is of primary importance to the division. One key element in its successful communications efforts is SchoolNet, a parent portal that allows parents access to their child's school record including grades and attendance as well as standardized achievement data (SOL, AP, PSAT, SAT, SAT Subject, SELP, and Stanford 10), student achievement profiles, discipline records, and historical student information. Using the technology, teachers and administrators also have access to curriculum guides and instructional resources as well as a state of the art assessment (for local assessments) and reporting system.

Since 1997, VBCPS has spent \$387 million to modernize or replace 26 of the school division's oldest elementary and middle schools, along with maintenance, supply, custodial and transportation facilities. These improvements have resulted in the modernization or replacement of approximately 2.4 million square feet of school division assets.

Currently there are five projects in various stages of construction, totaling \$206 million. These projects include:

- *Pupil Transportation Services Maintenance Facility.* The new facility on Harpers Road was occupied in March 2011. This facility is the first of its type in the commonwealth to incorporate wind energy into the facility; four sixty-foot wind turbines will feed into the building grid to power 5% of the building's energy needs. This project also includes an 18,000 square foot green roof, planted with native grasses and plant material. Design of this combined 87,500 square foot facility includes space to accommodate all the critical components for managing the school division's pupil transportation needs. This \$21 million project is programmed as a LEED Platinum Certified facility.
- *Virginia Beach Middle School.* Virginia Beach Middle is designed to maintain the unique, pedestrian oriented, seaside community that reflects the historical cottage style and charm of the original Virginia Beach – a family oriented beach resort community. Designed to be in keeping with the cottage/bungalow/arts and crafts style homes of the old beach neighborhood, Virginia Beach Middle is programmed for LEED certification. This \$52 million dollar facility opened to students in April 2010. Demolition of the original Virginia Beach Middle and the remaining site work was completed in time for school opening in September 2011.
- *College Park Elementary School.* The groundbreaking ceremony for this \$22 million replacement school took place on June 3, 2010. A two-story prototype design, College Park Elementary is programmed as a LEED Platinum facility and features a green roof that can be accessed by students and staff. The facility will include natural day lighting, and rain water harvesting. College Park Elementary was constructed on the existing school site while students remained in their original school facility. Students moved into the new school in September 2011, and the old building will be torn down to make way for the balance of the outdoor site facilities in late 2011, early 2012.
- *Great Neck Middle School.* Groundbreaking for this new 223,000 square foot three-story-facility took place in October 2009. The new Great Neck Middle is being constructed to the rear of the existing site, requiring demolition of the old Cox High football stadium. This \$47 million school is \$15 million under budget and is designed as a LEED Gold facility. The project incorporates a “day lighting” design that uses window orientation and lighting controls to increase the amount of natural light in the building while reducing the need for artificial light. Staff and students are currently scheduled to occupy their new school in late 2011, at which time the existing facility will be torn down to make way for the relocated athletic fields.

- ***Kellam High School Replacement.*** Groundbreaking for this new 336,000 square foot facility took place on September 30, 2011. The new Kellam High School is being constructed on a ±108 acre site acquired by the School Board in the summer of 2010 and located on West Neck Road just south of North Landing Road. Site preparation for this \$102 million project started in the spring of 2011, and substantial completion for the entire project is currently scheduled for late 2013. Staff and students are slated to occupy the new school in the spring of 2014. The Kellam High School Replacement project is designed around a LEED Gold certification.

The following project is under design:

- ***Old Donation Center/Kemps Landing Magnet Replacement.*** Old Donation Center and Kemps Landing Magnet will be combined in a single consolidated facility to provide gifted and talented services for grades 2-8. RRMM Architects has been selected to provide design services for this project, with educational programming scheduled to start in November 2011.

All modernization/replacement projects programmed by VBCPS are developed in accordance with the school division's *Comprehensive Long Range Facility Master Plan*, a guiding document that was developed in 2007 in concert with the entire community. All construction projects are designed/constructed to achieve a minimum of a LEED Silver Certification. The LEED rating system was established by the US Green Building Council and recognizes achievements and promotes expertise in sustainable building practices through a comprehensive system offering project certification, professional accreditation, training, and practical resources. LEED provides a complete framework for assessing building performance and meeting sustainable goals. Based on well-founded scientific standards, LEED emphasizes state of the art strategies for sustainable site development, water savings, energy efficiency, materials selection, and indoor air quality.

The Office of Facilities Planning & Construction, a recognized leader in the design and construction of school facilities, accepted two Design Awards for Outstanding Sustainable Development of Public Facilities from the *Virginia Beach Planning Commission* in December 2009. The highest award, an Honor Award, recognized the school division for the Renaissance Academy. This award is for superior development and execution of sustainable building. Brookwood, Windsor Woods, and Windsor Oaks elementary schools all received a merit award for exemplary development and execution of sustainable building.

Since receiving the Governor's Environmental Excellence Award in 2008, VBCPS has received a total of 17 awards for achievements in environmental sustainability. The 2010 Best Green Organization from the Virginia Sustainable Building Network and the 2010 Mid Atlantic Environmental Achievement Award are indicative of the quality of these achievements. The integration of the building as a "teaching tool" has had a profound effect on sustainability practices throughout the school division in both operations and instruction. Because of these efforts, VBCPS is recognized as a leader in sustainability for K-12 education.

School/community engagement and outreach are major ongoing division initiatives. The Department of Media and Communications Development's Community Relations Office (MCD) continues to spearhead the effort using an extremely successful initiative – Parent Connection – as a clearing house for parents to learn about VBCPS and the school and community resources available to them. Additionally, MCD coordinates the highly successful Partners-in-Education program which is an award-winning initiative with 1,400 business/military partners providing services and assistance to schools, students, and staff. In addition, more than 22,000 volunteers donated over 400,000 hours of service to VBCPS, with an estimated value of almost \$9 million. The Virginia Beach Schools Education Foundation also contributed \$100,000 to fund teacher and schoolwide grants for programs to enhance student learning.

The Virginia Beach School Board places a high priority on its staff and community communication initiative. School Board members regularly visit schools and speak before community and school-based organizations and groups. Publications, including *e-Kaleidoscope*, an online divisionwide employee newsletter, and *Apple-a-Day*, a parent newsletter, continue to inform stakeholders of important VBCPS information and issues. *AlertNow* rapid communications system and *My School Mail* continue to be vital electronic communication vehicles for schools to communicate with their own school communities and with parents. Reaching underserved families is a continuing goal. To this end, providing refurbished surplus computers to families along with providing backpacks of food to students (anonymously) on Fridays continue to be essential programs to assist some of the school division's needier students.

VBCPS continues to do its utmost not only to maintain its reputation for excellence but also to remain true to its motto, "Ahead of the Curve."

FINANCIAL INFORMATION

Management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the School Board are protected from loss, theft, or misuse; and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with Generally Accepted Accounting Principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. 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 valuation of costs and benefits requires estimates and judgments by management.

The School Board maintains extensive budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget. Activities of the General Fund and Special Revenue funds are included in the annual appropriated budget. The level of budgetary control (i.e., the level at which expenditures cannot legally exceed the appropriated amount) is the category level (i.e., Instruction; Administration, Attendance and Health; Pupil Transportation; Operations and Maintenance; Technology) for the General Fund and the fund level for the Special Revenue funds. In addition, certain controls are exercised administratively on the General Fund

(e.g., budget units, personnel positions, capital outlay, and certain line-items; and the appropriations related thereto). A budget unit is an activity (e.g., Elementary Classroom, Gifted Education and Academy Programs) of a category (e.g., Instruction). In addition, certain controls are exercised on the Special Revenue funds (e.g., federal and state grants, and the appropriations related thereto). The School Board also maintains an encumbrance accounting system as one method of maintaining budgetary control. Outstanding encumbrances of certain governmental funds at the end of the fiscal year are reappropriated as part of the following fiscal year's operating budget.

The School Board has adopted budgets for the following funds: General, Grants, Cafeterias, Textbooks, Communication Towers/Technology, Vending Operations, and Equipment Replacement Funds. As demonstrated by the statements and schedules included in the financial section of this report, the School Board continues to meet its responsibility for sound financial management.

The local government provides an appropriation for education in excess of the Commonwealth of Virginia Standards of Quality (SOQ) payments, and determines the level of total education support by means of a Revenue Sharing Formula. This formula provides 51.3% of seven designated City General Fund tax revenue streams. These seven revenue streams are the Real Estate Tax, General Sales Tax, Personal Property Tax, Business License Tax, Utility Tax, Cellular Phone Tax, and Cable Franchise Fees. The amount derived from the application of this formula is allocated to Debt Service, "Pay As You Go" Capital Improvements, and the Operating Budget. Debt Service, which is managed and controlled by the City, receives the first allocation of funds; "Pay As You Go" Capital Improvements, which are projects which can reasonably be expected to be completed within one year receives the next allocation; and the balance of the funds are allocated as operating budget support.

During the Fiscal Year 2012 budget process, the City Council adopted an ordinance that required the School Board to transfer by June 30, 2011 \$14.5 million from the School Board's Risk Management Internal Service Fund to the City's General Fund. In addition, the revenue sharing formula allocation amount was reduced by \$9.3 million which effectively reduced the revenue sharing formula to approximately 50% for Fiscal Year 2012. This ordinance adopted by City Council required the School Board to transfer on July 1, 2011 \$5.5 million from the School Board's Risk Management Internal Service Fund and \$3.8 million from the Instructional Technology Special Revenue Fund (combined with the School Board's General Fund for reporting purposes) to the School Board's General Fund. The aforementioned City Council mandated transfers were appropriated to balance the City's and School Board's respective Fiscal Year 2012 Operating Budget.

Long-term financial planning includes a five-year forecast submission to the City, evaluating the budget impact of post-employment benefits, evaluating the risk management program in light of the aforementioned transfers nearly depleting the Risk Management Internal Service Fund's Net Assets balance, and assessing the fiscal impact of the capital improvement program on the school division's operations.

INDEPENDENT AUDIT

An independent audit of the School Board's finances is required each fiscal year by either the Virginia Auditor of Public Accounts or a firm of independent Certified Public Accountants. Accordingly, the records have been audited by Cherry, Bekaert & Holland, L.L.P. and its report on the financial statements is included herein.

FINANCIAL REPORTING CERTIFICATE AWARDS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the School Board for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2010. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of a governmental entity financial report. In order to be awarded a Certificate of Achievement, a governmental entity must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. The CAFR must satisfy both Generally Accepted Accounting Principles and applicable legal requirements. A GFOA Certificate is the highest form of recognition awarded in the field of governmental financial reporting and is valid for a period of one year only. We believe that our current CAFR continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA to determine the School Board's eligibility for another certificate award.

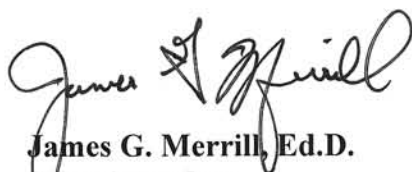
In addition, the Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting to the School Board for its CAFR for the fiscal year ended June 30, 2010. ASBO sponsors this Certificate of Excellence in Financial Reporting program to foster excellence in the preparation and issuance of school system annual financial reports. This prestigious international certificate award is the highest form of recognition in school financial reporting and is valid for a period of one year only. We believe that our current CAFR conforms also to the ASBO Certificate of Excellence program requirements, and we are submitting it to the ASBO to determine the School Board's eligibility for another certificate award.

ACKNOWLEDGMENTS


Preparation of this report would not have been possible without the dedicated efforts of the entire staff of the Office of Business Services. During the year, they rendered professional and knowledgeable financial services to and on behalf of the school division, and maintained the financial records on a current and timely basis. We are most appreciative of these efforts and take this opportunity to recognize these outstanding public servants and their dedication, work ethics, and integrity.

In addition, appreciation and recognition is given for the strong conservative policies and practices dictated by the School Board in the oversight of the financial affairs of the school division, which have achieved the results contained in this financial report. The School Board and the administration are commended for its continuing support that is vital to the financial health of the school division and demonstration of the commitment to financial accountability and stewardship.

Respectfully Submitted,

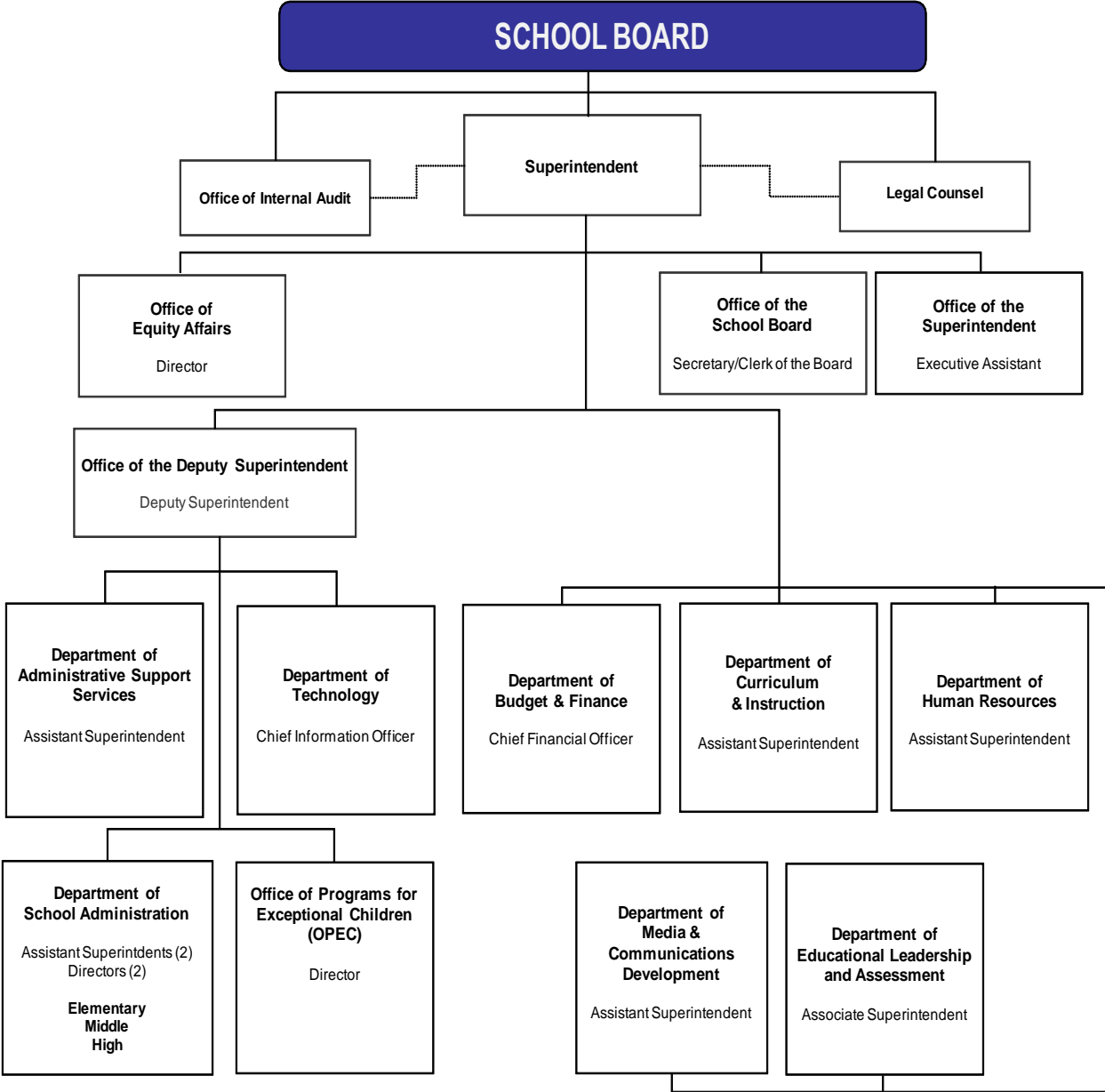

James G. Merrill, Ed.D.
Superintendent


Farrell E. Hanzaker, MBA
Chief Financial Officer


A. S. "Sammy" Cohen, MPA, CPA
Director of Business Services

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA

Organizational Chart (June 30, 2011)



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

(June 30, 2011)



DANIEL D. "DAN" EDWARDS
CHAIRMAN
DISTRICT 1 – CENTERVILLE



William J. "Bill" Brunke, IV
VICE CHAIRMAN
DISTRICT 7 – PRINCESS ANNE



Todd C. Davidson
At-Large



Emma L. "Em" Davis
District 5 – Lynnhaven



Dorothy M. Holtz
At-Large



Brent N. McKenzie
District 3 – Rose Hall



Ashley K. McLeod
At-Large



Patrick S. Salyer
At-Large



Sandra Smith-Jones
District 2 – Kempsville



Sam G. Reid
District 6 – Beach



Carolyn D. Weems
At-Large



Dr. James G. Merrill
Superintendent

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

School Board of the City
of Virginia Beach, Virginia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A stylized, handwritten signature in black ink.

President

A handwritten signature in black ink, appearing to read "Jeffrey L. Esser".

Executive Director



This Certificate of Excellence in
Financial Reporting

is presented to
School Board
of the
City of Virginia Beach

For its Comprehensive Annual
Financial Report
(CAFR)
For the Fiscal Year Ended

June 30, 2010



FINANCIAL SECTION



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Report of Independent Auditors on Financial Statements And Supplementary Schedules

The Members of the School Board
City of Virginia Beach, Virginia

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the School Board of the City of Virginia Beach, Virginia (“School Board”), a component unit of the City of Virginia Beach, Virginia, as of and for the year ended June 30, 2011, which collectively comprise the School Board’s basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School Board’s management. 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 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School Board, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2011 on our consideration of the School Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis, the budgetary comparison statements, and the other required supplementary information are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and express no opinion on it.

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the School Board. The introductory section, other supplementary information and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The other supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion such information is fairly presented in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on them.

Cherry, Bekert & Holland, L.L.P.

Virginia Beach, Virginia
November 23, 2011

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011**

Management's discussion and analysis (MD&A) provides a narrative overview and analysis of the financial activities of the School Board of the City of Virginia Beach, Virginia (the School Board) for the fiscal year ended June 30, 2011. The MD&A should be read in conjunction with the information contained in the transmittal letter, which begins on page I, and the financial statements and notes, which immediately follow the MD&A.

FINANCIAL HIGHLIGHTS

On a government-wide basis for governmental activities, the assets of the School Board exceeded its liabilities by \$574,099,604 (net assets) at June 30, 2011. Of this amount, \$449,745,865 is invested in capital assets, \$45,013,457 is restricted for capital projects and grants, and \$79,340,282 is unrestricted for future use in certain governmental activities.

On a government-wide basis for governmental activities, the School Board's revenues of \$789,410,323 exceeded expenses of \$786,685,723 by \$2,724,600.

The School Board's Governmental funds reported total fund balances of \$107,841,717 at June 30, 2011. Of this amount, \$1,614,452 is nonspendable (i.e., inventories and prepaid items), \$46,271,863 is restricted (e.g., federal and state grantor agencies, capital projects bond proceeds from local government), \$23,487,476 is committed (e.g., capital projects contracts), and \$36,467,926 is assigned (e.g., instructional technology, school athletics, operations and maintenance).

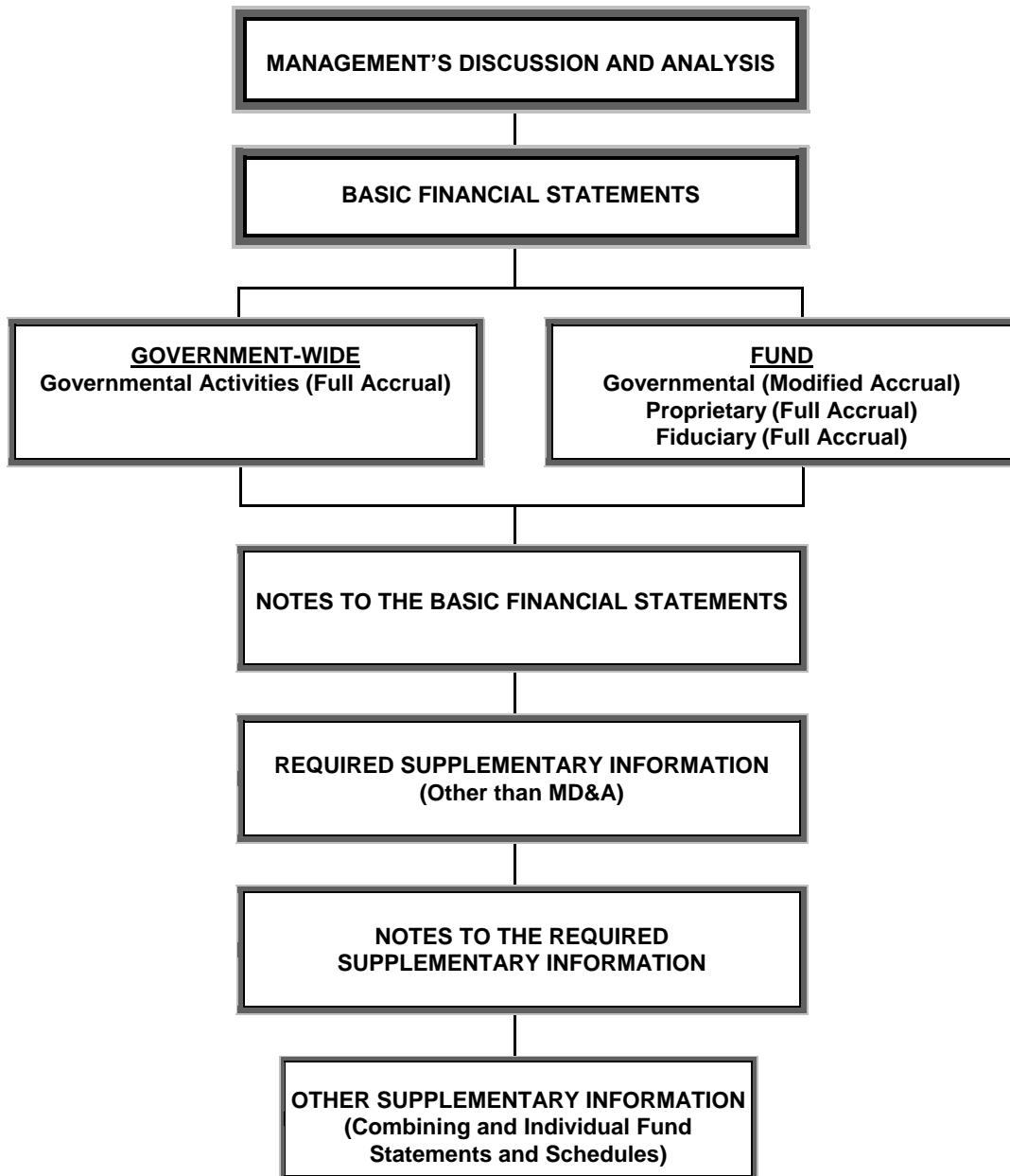
In the General Fund, the School Board returned unexpended appropriations for the Fiscal Year 2010-11 to the City of Virginia Beach (City) in the amount of \$9,654,107, as required by the Code of Virginia, as amended.

OVERVIEW OF THE FINANCIAL STATEMENTS

The MD&A serves as an introduction to the School Board's basic financial statements. The School Board's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements.

This Comprehensive Annual Financial Report (CAFR) consists of four sections, as follows: Introductory, Financial, Statistical, and Compliance. The following presents the components of the Financial Section of the CAFR.

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011**



(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to present a broad overview of the School Board's finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all of the School Board's assets and liabilities, with the difference between the two reported as net assets. Increases and decreases in net assets over time may serve as a useful indicator of whether the financial position of the School Board is improving or deteriorating.

The Statement of Activities presents information showing how the School Board's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave, claims and judgments).

The government-wide financial statements distinguish functions related to governmental activities (principally supported by taxes and intergovernmental revenues) and business-type activities (intended to recover all or a significant portion of costs through user fees and charges). The School Board reports only governmental activities, since it has no business-type activities.

Both of the government-wide financial statements (Statement of Net Assets and Statement of Activities) present governmental activities of the School Board. These governmental activities are principally supported by the City, State sales tax, and intergovernmental revenues. The reported governmental activities of the School Board are Instruction; Administration, Attendance and Health; Pupil Transportation; Operations and Maintenance; Cafeterias; and Technology.

The government-wide financial statements are presented in Exhibits A-1 and A-2 of this report.

FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School Board, like other state and local governments and public school divisions, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the School Board can be divided into three categories: Governmental funds, Proprietary funds, and Fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same activities reported as governmental activities in the government-wide financial statements. However, unlike the

(continued)

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011**

government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By conducting this comparison, a better understanding may be achieved in the long-term impact of the School Board's near-term financing decisions. Both the Governmental Funds Balance Sheet (Exhibit A-3) and the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances (Exhibit A-4) provide a reconciliation for each statement to facilitate this comparison between governmental funds and governmental activities.

The School Board maintains eight individual governmental funds. Information is presented separately in the Governmental Funds Balance Sheet (Exhibit A-3) and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances (Exhibit A-4) for the General, School Grants, School Textbooks, and Capital Projects Funds, which are considered to be major funds. Data from the other four governmental funds, which are considered nonmajor funds, are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is presented in the form of combining statements in Statements C-1 and C-2 of this report.

The School Board adopts an annual appropriated budget for all of its major and nonmajor governmental funds, except the Capital Projects Fund (appropriations for capital projects do not parallel the School Board's fiscal year). Budgetary comparison schedules have been provided for the General, School Grants, and School Textbooks Funds in the Required Supplementary Information section of this report (Schedules B-1 through B-3) to demonstrate compliance with this budget. Individual fund budgetary comparison schedules for each nonmajor fund are presented in Schedules C-3 through C-6 of this report to also demonstrate compliance with this budget.

As noted above, the basic governmental fund financial statements are presented in Exhibits A-3 and A-4 of this report.

Proprietary Funds

The School Board maintains one type of Proprietary fund, which is the Internal Service Fund type. Internal Service funds are an accounting device used to accumulate and allocate costs internally among the School Board's various activities and the City. The School Board uses Internal Service funds to account for its Risk Management and Health Insurance programs.

(continued)

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011**

Because both of these services predominantly benefit governmental functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Both Internal Service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the Internal Service funds is presented in the form of combining statements in Statements D-1 through D-3 of this report.

The basic proprietary fund financial statements are presented in Exhibits A-5 through A-7 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements, because the resources of those funds are not available to support the School Board's programs.

The School Board's Fiduciary funds are Agency funds. Agency funds are used to account for assets held by the School Board as an agent for individuals, private organizations, other governmental units, and/or other funds. Agency funds do not involve the measurement of results of operations, as they are custodial in nature (assets equal liabilities). The Agency funds of the School Board are the Payroll Deductions, Fringe Benefits, and School Activity Accounts Funds and are presented in Schedule E-1 of this report.

The basic fiduciary fund financial statement is presented in Exhibit A-8 of this report.

Notes to the Basic Financial Statements and the Required Supplementary Information

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements and the required supplementary information.

The Notes to the Basic Financial Statements begin after Exhibit A-8 and the Notes to the Required Supplementary Information begin after Schedule B-3 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the School Board's progress in funding the retirement benefits for its nonprofessional employees through the Virginia Retirement

(continued)

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011**

System (VRS), and retirement health benefits for its professional and nonprofessional employees through the Virginia Pooled Other Postemployment Benefits (OPEB) Trust Fund.

Required supplementary information on these retirement benefits begin after the Notes to the Basic Financial Statements.

The combining statements for the Nonmajor Governmental funds are presented in Statements C-1 and C-2; the combining statements for the Internal Service funds are presented in Statements D-1 through D-3; and the combining statement for the Agency funds is presented in Schedule E-1 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

NET ASSETS

The assets of the School Board exceeded its liabilities by \$574,099,604 (net assets) at June 30, 2011, as illustrated in the Summary of Net Assets (with comparative amounts at June 30, 2010), as follows:

| Summary of Net Assets | | |
|-----------------------------------|------------------------------|------------------------------|
| | 2011 | 2010 |
| Current Assets | \$ 245,945,755 | \$ 280,762,810 |
| Capital Assets | <u>449,745,865</u> | <u>411,565,763</u> |
| Total Assets | <u>\$ 695,691,620</u> | <u>\$ 692,328,573</u> |
| Current Liabilities | \$ 107,311,612 | \$ 106,204,744 |
| Noncurrent Liabilities | <u>14,280,404</u> | <u>14,748,825</u> |
| Total Liabilities | <u>\$ 121,592,016</u> | <u>\$ 120,953,569</u> |
| Net Assets: | | |
| Invested in Capital Assets | \$ 449,745,865 | \$ 411,565,763 |
| Restricted for: | | |
| Capital Projects | 44,109,875 | 60,912,528 |
| Grants | 903,582 | 893,092 |
| Unrestricted | <u>79,340,282</u> | <u>98,003,621</u> |
| Total Net Assets | <u>\$ 574,099,604</u> | <u>\$ 571,375,004</u> |

The largest portion of the School Board's net assets (78%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, vehicles). The School Board uses these assets (e.g., schools, buses) for elementary and secondary educational purposes; consequently, these assets are not available for future spending.

(continued)

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011**

An additional portion of the School Board's net assets (8%) represents resources that are subject to external restrictions on their use. The remaining balance of net assets (14%) is unrestricted for future use in certain governmental activities.

CHANGES IN NET ASSETS

The School Board's revenues of \$789,410,323 exceeded expenses of \$786,685,723 by \$2,724,600 during Fiscal Year 2011, as illustrated in the Changes in Net Assets (with comparative amounts for the year ended June 30, 2010), as follows:

| Changes in Net Assets | | |
|------------------------------|------------------------------|------------------------------|
| | 2011 | 2010 |
| <u>Revenues</u> | | |
| Program Revenues: | | |
| Charges for Services | \$ 17,267,397 | \$ 17,029,809 |
| Operating Grants | 146,074,200 | 143,007,213 |
| Capital Grants | 9,710,467 | 9,445,175 |
| General Revenues: | | |
| Local Government | 371,517,109 | 361,465,466 |
| State Basic Aid | 159,342,761 | 181,102,083 |
| State Sales Tax | 70,058,126 | 66,688,947 |
| Federal Impact Aid | 13,987,750 | 17,057,468 |
| Interest Earnings | 488,078 | 734,959 |
| Miscellaneous | 964,435 | 6,283,791 |
| Total Revenues | <u>\$ 789,410,323</u> | <u>\$ 802,814,911</u> |
| <u>Expenses</u> | | |
| Instruction | \$ 567,568,792 | \$ 574,177,165 |
| Admin, Attendance, & Health | 18,401,916 | 19,076,315 |
| Pupil Transportation | 36,105,660 | 31,772,212 |
| Operations and Maintenance | 93,664,818 | 90,426,163 |
| Cafeterias | 26,113,779 | 26,140,730 |
| Technology | 44,830,758 | 32,344,399 |
| Total Expenses | <u>\$ 786,685,723</u> | <u>\$ 773,936,984</u> |
| Change in Net Assets | \$ 2,724,600 | \$ 28,877,927 |
| Net Assets – July 1 | <u>571,375,004</u> | <u>542,497,077</u> |
| Net Assets – June 30 | <u>\$ 574,099,604</u> | <u>\$ 571,375,004</u> |

The Local Government revenue source increased by \$10,051,643 (2.8%) mainly due to the re-appropriation of prior year unexpended funds reverted to the City's General Fund balance. The State Basic Aid revenue source decreased by \$21,759,322 (12.0%) due to the combination of the school division's composite rate increasing (a local ability to pay state formula), the average daily attendance decreasing, and funding reductions by the State General Assembly.

(continued)

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011**

The State Sales Tax revenue source increased by \$3,369,179 (5.1%) due to an increase in consumer spending in the Commonwealth of Virginia. The Federal Impact Aid revenue source decreased by \$3,069,718 (18.0%) due to a decrease in the funding level from the Department of Education. The Miscellaneous general revenue source decreased by \$5,319,356 (84.7%) due to a prior year sale of land.

The Technology expenses increased by \$12,486,359 (38.6%) due to the School Board's concerted efforts in promoting the integration of technology in the K-12 curriculum as required by the Virginia Standards of Learning.

Governmental Activities

The following illustration presents the cost of the governmental activities: Instruction; Administration, Attendance and Health; Pupil Transportation; Operations and Maintenance; Cafeterias; and Technology during Fiscal Years 2011 and 2010. The illustration also shows each activity's net cost (total cost less charges for services, operating grants, and capital grants). The net cost shows the financial impact that is placed on the School Board's general revenue sources (local government, federal and state aid, interest earnings, and other nonspecific revenue sources).

| Total and Net Cost of Governmental Activities | | | | |
|--|--|--|--|--|
| | Total Cost of Services 2011 | Net Cost of Services 2011 | Total Cost of Services 2010 | Net Cost of Services 2010 |
| <u>Expenses</u> | | | | |
| Instruction | \$ 567,568,792 | \$ 425,370,929 | \$ 574,177,165 | \$ 435,427,231 |
| Admin, Attendance, & Health | 18,401,916 | 18,401,916 | 19,076,315 | 19,076,315 |
| Pupil Transportation | 36,105,660 | 36,105,660 | 31,772,212 | 31,751,616 |
| Operations and Maintenance | 93,664,818 | 93,296,910 | 90,426,163 | 90,004,137 |
| Cafeterias | 26,113,779 | (844,119) | 26,140,730 | 162,347 |
| Technology | 44,830,758 | 41,302,363 | 32,344,399 | 28,033,141 |
| Total Expenses | <u>\$ 786,685,723</u> | <u>\$ 613,633,659</u> | <u>\$ 773,936,984</u> | <u>\$ 604,454,787</u> |

FINANCIAL ANALYSIS OF THE SCHOOL BOARD'S FUNDS

As noted earlier, the School Board uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

GOVERNMENTAL FUNDS

The focus of the School Board's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing

(continued)

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011**

the School Board's financing requirements. In particular, the unreserved fund balance may serve as a useful measure of the School Board's net resources available for spending at the end of the fiscal year.

As of June 30, 2011, the School Board's governmental funds reported combined fund balances of \$107,841,717, a decrease of \$21,503,352 in comparison with the prior fiscal year. Of the total amount of the combined fund balances, 1.5% or \$1,614,452 is nonspendable (i.e., inventories and prepaid items), 42.9% or \$46,271,863 is restricted (e.g., federal and state grantor agencies, capital projects bond proceeds from local government), 21.8% or \$23,487,476 is committed (e.g., capital projects contracts), and 33.8% or \$36,467,926 is assigned (e.g., instructional technology, school athletics, operations and maintenance).

General Fund

The General Fund is the general operating fund of the School Board that is used to account for all of the financial resources, except those required to be accounted for in another fund. At June 30, 2011, the fund balance of the General Fund was \$32,518,404. \$600,039 is nonspendable (i.e., prepaid items) and \$31,918,365 is assigned (e.g., instructional technology, school athletics, operations and maintenance).

General Fund Revenues

Revenues for the General Fund totaled \$657,614,497 for Fiscal Year 2011, which was approximately 2.1% or \$13.8 million lower than revenues received in Fiscal Year 2010. The following illustration presents the amounts of revenues from all General Fund sources, the relationship of each to the total, and the increase or decrease from the previous fiscal year for each revenue source.

| General Fund Revenues by Source | | | | | | |
|--|-----------------------|---------------------|-----------------------|---------------------|----------------------------------|-------------------|
| Source | FY 2011 | | FY 2010 | | Increase (Decrease) from 2010 | |
| | Amount (thousands) | Percent of Total | Amount (thousands) | Percent of Total | Amount (thousands) | Percent Change |
| Local Government | \$ 328,999 | 50.0% | \$ 318,692 | 47.5% | \$ 10,307 | 3.2% |
| Commonwealth of Virginia | 231,080 | 35.1 | 250,369 | 37.3 | (19,289) | (7.7)% |
| State Sales Tax | 70,058 | 10.7 | 66,689 | 9.9 | 3,369 | 5.1% |
| Federal Government | 23,150 | 3.5 | 32,229 | 4.8 | (9,079) | (28.2)% |
| Other Revenues | <u>4,327</u> | <u>0.7</u> | <u>3,450</u> | <u>0.5</u> | <u>877</u> | 25.4% |
| Total Revenues | <u>\$ 657,614</u> | <u>100.0%</u> | <u>\$ 671,429</u> | <u>100.0%</u> | <u>\$ (13,815)</u> | (2.1)% |

(continued)

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011**

The largest source of revenues (other than the Local Government) was from the Commonwealth of Virginia and it decreased by 7.7% from the prior fiscal year due to the combination of the school division's composite rate increasing (a local ability to pay state formula), the average daily attendance decreasing, and funding reductions by the State General Assembly. This source includes funding for basic school aid, reimbursement of a portion of teachers' fringe benefits, remedial education, vocational education, class size initiative, at-risk initiative, gifted and talented, special education, special education regional program, and other purposes.

The Federal Government source decreased by 28.2% due to a decrease in the funding level of impact aid from the Department of Education. Other revenues increased by 25.4% mainly due to an increase in the sale of capital assets and salvage.

General Fund Expenditures and Other Financing Uses

General Fund expenditures and other financing uses totaled \$663,255,264 for Fiscal Year 2011, which was an increase of approximately \$.8 million, or .1%, over Fiscal Year 2010. The following illustration presents the amounts of General Fund expenditures and other financing uses by function, the relationship of each to the total, and the increase or decrease from the previous fiscal year for each function.

| General Fund Expenditures and Other Financing Uses by Function | | | | | | |
|---|-------------------------------|-----------------------------|-------------------------------|-----------------------------|--|---------------------------|
| Function | FY 2011 | | FY 2010 | | Increase (Decrease) From 2010 | |
| | Amount (thousands) | Percent of Total | Amount (thousands) | Percent of Total | Amount (thousands) | Percent Change |
| Instruction | \$ 483,133 | 72.8% | \$ 496,533 | 75.0% | \$ (13,400) | (2.7)% |
| Administration, Attendance and Health | 18,279 | 2.8 | 18,988 | 2.9 | (709) | (3.7)% |
| Pupil Transportation | 33,859 | 5.1 | 31,579 | 4.8 | 2,280 | 7.2% |
| Operations and Maintenance | 86,228 | 13.0 | 83,236 | 12.6 | 2,992 | 3.6% |
| Technology | 38,825 | 5.9 | 24,199 | 3.7 | 14,626 | 60.4% |
| Transfers | <u>2,931</u> | <u>.4</u> | <u>7,896</u> | <u>1.0</u> | <u>(4,965)</u> | <u>(62.9)%</u> |
| Total Expenditures | <u>\$ 663,255</u> | <u>100.0%</u> | <u>\$ 662,431</u> | <u>100.0%</u> | <u>\$ 824</u> | <u>.1%</u> |

The decreases in the various expenditure functions were due to unexpended appropriations and budget reductions. The Technology increase was due to the School Board's concerted efforts in promoting the integration of technology in the K-12 curriculum as required by the Virginia Standards of Learning.

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011

General Fund Budget Amendment

| <u>Amount</u> | <u>Purpose</u> |
|---------------|---|
| \$7,672,953 | There were supplemental budget amendments, other than for encumbrances, during fiscal year 2011. The budget amendments (e.g., instructional technology, operations and maintenance projects, bus replacements) were funded through an increase in revenue from the local government and related fund balance. |

General Fund Original Budget to Final Budget Difference Reconciliation

General Fund:

\$ 20,119,746 – FY 2010 Outstanding Encumbrances Appropriated

7,672,953 – Budget Amendment (See above)

\$ 27,792,699 – Original Budget to Final Budget Difference (including the Other Financing Uses budget)

General Fund Final Budget to Actual Expenditures Variance Reconciliation

Instruction Category:

\$ 1,466,220 – Outstanding Encumbrances as of June 30, 2011

5,800,494 – Remaining Available Balance (1.2% of the category budget less transfers)

\$ 7,266,714 – Final Budget to Actual Expenditures Variance

The remaining available balance was mainly in the Technical and Career Education (fringe benefits, capital outlay); Gifted Education and Academy Programs (personnel services); Alternative Education – Renaissance Academy (personnel services); Instructional Center for Teacher Leadership (personnel services, fringe benefits, purchased services); Educational Leadership and Assessment (personnel services, purchased services); Remedial Education (personnel services); Office of the Principal – Middle Schools (personnel services); and School Administration (purchased services) budget units.

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011

Administration, Attendance and Health Category:

\$ 140,966 – Outstanding Encumbrances as of June 30, 2011
2,013,935 – Remaining Available Balance (9.9% of the category budget less transfers)
\$ 2,154,901 – Final Budget to Actual Expenditures Variance

The remaining available balance was mainly in the Board, Legal, and Governmental Services (purchased services); Human Resources (purchased services); and Center for Teacher Leadership (personnel services, fringe benefits, purchased services) budget units.

Pupil Transportation Category:

\$ 584,318 – Outstanding Encumbrances as of June 30, 2011
285,556 – Remaining Available Balance (.8% of the category budget less transfers)
\$ 869,874 – Final Budget to Actual Expenditures Variance

The remaining available balance was mainly in the Vehicle Operation (materials and supplies) budget unit.

Operations and Maintenance Category:

\$ 8,297,063 – Outstanding Encumbrances as of June 30, 2011
455,926 – Remaining Available Balance (.5% of the category budget less transfers)
\$ 8,752,989 – Final Budget to Actual Expenditures Variance

The remaining available balance was mainly in the Supply Services (personnel services) and Vehicle Services (materials and supplies) budget units.

Technology Category:

\$ 10,847,439 – Outstanding Encumbrances as of June 30, 2011
584,247 – Remaining Available Balance (1.2% of the category budget less transfers)
\$ 11,431,686 – Final Budget to Actual Expenditures Variance

The remaining available balance was mainly under Operations and Maintenance (School Plant (capital outlay) and Technology Maintenance (purchased services) budget units).

Transfers:

\$ 39,756 – Final Budget to Actual Expenditures Variance

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011

Transfers are budgeted in the Instructional and Technology Categories and presented separately as required for reporting purposes. The variance (1.3% of the category budget) is mainly due to adjustments to the local match requirements of federal and state grants budgeted in the Grants Special Revenue Fund.

Special Revenue Funds

The Special Revenue funds are used to account for the proceeds of specific revenue sources (other than capital projects), which are legally restricted or committed to be expended for specified purposes. These funds are used to finance designated programs and are generally not available for other purposes. The School Board's Special Revenue funds are as follows:

Major Funds:

School Grants – accounts for certain private, Commonwealth of Virginia, and Federal grants (with matching local funds, if required).

School Textbooks – accounts for the financing (e.g., Commonwealth of Virginia) and acquisitions of textbooks and related materials used in the school division.

Nonmajor Funds:

School Cafeterias – accounts for the revenues (e.g., Commonwealth of Virginia, Federal Government) and expenditures associated with the food services operations of the school division.

School Communication Towers/Technology – accounts for the rent receipts (long-term contracts with telecommunication companies) relating to the communication towers constructed on School Board property and technology related expenditures.

School Vending Operations – accounts for receipts (long-term exclusive contract with a vending company) relating to the bottled drinks vending operations of the school division and expenditures (including school-level allocations).

School Equipment Replacement – accounts for the financing (e.g., local government) and acquisition of various replacement equipment.

School Grants Fund: During Fiscal Year 2011, revenues and other financing sources totaled \$52,214,796 and expenditures totaled \$52,204,306. This resulted in an increase in the fund balance of \$10,490. The remaining fund balance will be used for the required local match of Commonwealth of Virginia approved FY 2011 grant proceeds to be disbursed in FY 2011.

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011

School Textbooks Fund: During Fiscal Year 2011, revenues and other financing sources totaled \$2,338,576 and expenditures totaled \$2,485,367. This resulted in a decrease in the fund balance of \$146,791. The remaining fund balance will be used for future textbook adoptions.

Nonmajor Special Revenue Funds: During Fiscal Year 2011, revenues and other financing sources totaled \$27,648,667 and expenditures totaled \$26,572,298. This resulted in a combined increase in the fund balances of all nonmajor Special Revenue funds of \$1,076,369. The main portion of the increase in the combined fund balance was in the School Cafeterias Special Revenue Fund. The remaining fund balances of these nonmajor Special Revenue funds will be used in the future for operating budget funding source, equipment replacements, cafeteria equipment, and other appropriate needs.

Proprietary Funds – Internal Service Funds

The Internal Service funds are used to account for the financing of goods and/or services provided by one department or agency to other departments or agencies of the governmental unit (and to other governmental units), on a cost-reimbursement basis. The School Board operates Internal Service funds for the school division's Risk Management and Self-Insured Health Care Benefits programs.

During Fiscal Year 2011, total revenues including nonoperating revenues amounted to \$115,765,432. Expenses including Nonoperating expenses totaled \$130,514,009. This resulted in a decrease in net assets of \$14,748,577 (which is net of a City Council mandated transfer of \$14,500,000 to the City's General Fund explained below).

During the Fiscal Year 2012 budget process, the City Council adopted an ordinance that required the School Board to transfer by June 30, 2011 \$14,500,000 from the School Board's Risk Management Internal Service Fund to the City's General Fund. Furthermore, this ordinance adopted by City Council required the School Board to transfer on July 1, 2011 an additional \$5,500,000 from the School Board's Risk Management Internal Service Fund to the School Board's General Fund. The aforementioned City Council mandated transfers were appropriated to balance the City's and School Board's respective Fiscal Year 2012 operating budget.

Capital Projects Fund (Major Fund)

Proceeds from public improvement charter bond issues, State Literary Fund Loans, Virginia Public School Authority financing, local funding sources, and construction grants (including lottery proceeds) from the Commonwealth of Virginia are accounted for in the Capital Projects Fund until improvement projects are completed. When capital projects are completed, the costs of the improvements (meeting the capitalization threshold) are transferred from construction in progress to the appropriate capital asset account.

(continued)

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011**

The City provides the aforementioned sources of revenues (classified as From Local Government in the financial statements, except interest earnings and Commonwealth of Virginia revenues). Expenditures for the Capital Projects Fund (a partial list of various capital projects is presented below) during the fiscal year totaled \$69,327,071.

| | |
|--|--|
| Great Neck Middle School Replacement | Renovations/Replacements-Various |
| College Park Elementary School Replacement | Kellam High School Replacement |
| Pupil Transportation Services Maintenance Facility | Energy Performance Contracts |
| Renaissance Academy | Student Data Management System |
| Renovations/Replacements-HVAC Systems | Instructional Technology |
| Renovations/Replacements-Reroofing | Virginia Beach Middle School Replacement |

During Fiscal Year 2011, revenues including other financing sources totaled \$52,524,418 and expenditures totaled \$69,327,071. This resulted in a decrease in the fund balance of \$16,802,653. The remaining fund balance will be used to complete capital projects as appropriated in the Capital Improvement Program.

CAPITAL ASSETS

Section 15.2-1800.1 of the Code of Virginia, as amended, affects the reporting of local School Board capital assets and related debt for financial reporting purposes. Under this legislation, the City has a “tenancy in common” with the School Board whenever the City incurs “on-behalf” of debt for any school property which is payable over more than one year. For financial reporting purposes, the City will report the Net Book Value of School Board property equal to the total outstanding principal balance of the applicable “on-behalf” of debt at June 30, 2011. The below illustration reflects capital assets remaining with the School Board (net of those that have been transferred between the School Board and the City as the outstanding principal balance changes).

The School Board’s investment in capital assets for its governmental activities as of June 30, 2011 amounts to \$449,745,865 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, improvements other than buildings, machinery and equipment, and vehicles. The total increase in the School Board’s investment in capital assets for the current fiscal year was 9.3%, as follows:

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011

| Capital Assets (net of accumulated depreciation) As of June 30, 2011 and 2010 | | | |
|--|-----------------------|-----------------------|----------------------|
| | 2011 | 2010 | Percentage Change |
| Land | \$ 31,115,889 | \$ 29,881,022 | 4.1% |
| Construction in Progress | 68,407,664 | 39,413,411 | 73.6% |
| Buildings and Improvements | 302,007,864 | 296,942,417 | 1.7% |
| Equipment and Vehicles | 48,214,448 | 45,328,913 | 6.4% |
| Total Capital Assets (net) | <u>\$ 449,745,865</u> | <u>\$ 411,565,763</u> | 9.3% |

Additional information on the School Board's capital assets is presented in Note 4 of this report.

ECONOMIC FACTORS

The unemployment rate for Virginia Beach and the region has been below the U.S. rate for the past twenty years. Virginia Beach is 2.8% under the national rate, with an average of 6.3% as of August 2011.

As of 2009 (the latest data available from the U.S. Bureau of Economic Analysis), the City's per capita income was \$44,999, as compared to the nation's per capita income of \$39,635. Virginia Beach's median household income in 2010 increased to \$64,212. This was an increase of 8.3% over 2009 and greater than the nation's median household income.

Factors Influencing Future Budgets

- Employer contributions for employee health insurance and postemployment benefits
- Inadequate state and federal aid and unfunded mandates
- Providing competitive salaries and pay raises
- Continuing to fund various magnet schools and academies
- National and international economic conditions

REQUESTS FOR INFORMATION

This Comprehensive Annual Financial Report is designed to provide a general overview of the School Board's finances and to demonstrate the School Board's commitment to financial accountability and stewardship. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Business Services, Virginia Beach City Public Schools, 2512 George Mason Drive, P.O. Box 6038, Virginia Beach, Virginia 23456-0038.

BASIC FINANCIAL STATEMENTS

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF NET ASSETS
JUNE 30, 2011

| | Governmental Activities |
|---|------------------------------|
| ASSETS | |
| Current Assets: | |
| Cash and Investments (Notes 1J1 and 6) | \$ 202,652,446 |
| Accounts Receivable | 669,324 |
| Due from Commonwealth (Note 2A) | 10,701,540 |
| Due from Federal Government (Note 2B) | 28,171,692 |
| Inventories (Note 1F) | 1,012,962 |
| Prepaid Items (Note 1J5) | 2,737,791 |
| Total Current Assets | <u>\$ 245,945,755</u> |
| Noncurrent Assets: | |
| Capital Assets (Note 4): | |
| Land | \$ 31,115,889 |
| Buildings, Improvements, Equipment, and Vehicles (net of accumulated depreciation) | 350,222,312 |
| Construction in Progress | 68,407,664 |
| Total Noncurrent Assets | <u>\$ 449,745,865</u> |
| TOTAL ASSETS | <u>\$ 695,691,620</u> |
| LIABILITIES | |
| Current Liabilities: | |
| Salaries Payable (Note 7C) | \$ 57,120,630 |
| Vouchers and Accounts Payable | 23,069,046 |
| Deposits Payable | 55,000 |
| Due to Federal Government | 87,916 |
| Unearned Revenue (Note 3) | 6,566,434 |
| Long-term Liabilities (due within one year) (Note 5A) | 20,412,586 |
| Total Current Liabilities | <u>\$ 107,311,612</u> |
| Noncurrent Liabilities: | |
| Long-term Liabilities (due in more than one year) (Notes 1G, 5, and 9) | <u>14,280,404</u> |
| TOTAL LIABILITIES | <u>\$ 121,592,016</u> |
| NET ASSETS (Note 1I) | |
| Invested in Capital Assets | \$ 449,745,865 |
| Restricted for: | |
| Capital Projects | 44,109,875 |
| Grants | 903,582 |
| Unrestricted | <u>79,340,282</u> |
| TOTAL NET ASSETS | <u>\$ 574,099,604</u> |

The accompanying notes are an integral part of the basic financial statements.

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011**

| | Expenses | Program Revenues | | | Net (Expenses) Revenues and Change In Net Assets |
|---------------------------------------|-----------------------|-------------------------|--|--|---|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | |
| <u>GOVERNMENTAL ACTIVITIES</u> | | | | | |
| Instruction | \$ 567,568,792 | \$ 3,185,029 | \$ 129,302,367 | \$ 9,710,467 | \$ (425,370,929) |
| Administration, Attendance, & Health | 18,401,916 | - | - | - | (18,401,916) |
| Pupil Transportation | 36,105,660 | - | - | - | (36,105,660) |
| Operations and Maintenance | 93,664,818 | 367,908 | - | - | (93,296,910) |
| Cafeterias | 26,113,779 | 13,276,414 | 13,681,484 | - | 844,119 |
| Technology | 44,830,758 | 438,046 | 3,090,349 | - | (41,302,363) |
| Total Governmental Activities | \$ 786,685,723 | \$ 17,267,397 | \$ 146,074,200 | \$ 9,710,467 | \$ (613,633,659) |

General Revenues:

Local Sources:

| | |
|------------------|----------------|
| Local Government | \$ 371,517,109 |
| Miscellaneous | 964,435 |

Federal and State Aid not Restricted
to Specific Purposes:

| | |
|--------------------|-------------|
| State Basic Aid | 159,342,761 |
| State Sales Tax | 70,058,126 |
| Federal Impact Aid | 13,987,750 |

| | |
|-------------------|----------------|
| Interest Earnings | <u>488,078</u> |
|-------------------|----------------|

| | |
|------------------------|-----------------------|
| Total General Revenues | <u>\$ 616,358,259</u> |
|------------------------|-----------------------|

| | |
|----------------------|--------------|
| Change in Net Assets | \$ 2,724,600 |
|----------------------|--------------|

| | |
|---------------------------|--------------------|
| Total Net Assets - July 1 | <u>571,375,004</u> |
|---------------------------|--------------------|

| | |
|----------------------------|-----------------------|
| Total Net Assets - June 30 | <u>\$ 574,099,604</u> |
|----------------------------|-----------------------|

The accompanying notes are an integral part of the basic financial statements.

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

| | General | School Grants | School Textbooks | Capital Projects | Other Governmental Funds | Total Governmental Funds |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|--------------------------------|--------------------------------|
| <u>ASSETS</u> | | | | | | |
| Cash and Investments (Notes 1J1 and 6) | \$ 68,029,996 | \$ - | \$ 22,078,460 | \$ 47,521,941 | \$ 8,187,611 | \$ 145,818,008 |
| Accounts Receivable | 292,756 | 4,372 | 2,066 | - | 15,172 | 314,366 |
| Due from Other Funds (Note 10B) | 17,326,256 | - | - | - | - | 17,326,256 |
| Due from Commonwealth (Note 2A) | 9,458,662 | 1,155,340 | - | - | - | 10,614,002 |
| Due from Federal Government (Note 2B) | 251,370 | 21,861,694 | - | 5,300,928 | 754,259 | 28,168,251 |
| Inventories (Note 1F) | - | - | - | - | 1,012,962 | 1,012,962 |
| Prepaid Items (Note 1J5) | 600,039 | - | - | - | 1,450 | 601,489 |
| TOTAL ASSETS | <u>\$ 95,959,079</u> | <u>\$ 23,021,406</u> | <u>\$ 22,080,526</u> | <u>\$ 52,822,869</u> | <u>\$ 9,971,454</u> | <u>\$ 203,855,334</u> |
| <u>LIABILITIES AND FUND BALANCES</u> | | | | | | |
| Liabilities: | | | | | | |
| Salaries Payable (Note 7C) | \$ 52,587,609 | \$ 3,500,783 | \$ 1,681 | \$ 6,719 | \$ 1,023,689 | \$ 57,120,481 |
| Vouchers and Accounts Payable | 10,353,323 | 1,263,743 | 35,895 | 8,618,361 | 225,775 | 20,497,097 |
| Deposits Payable | - | - | - | - | 55,000 | 55,000 |
| Due to Other Funds (Note 10B) | - | 17,326,256 | - | - | - | 17,326,256 |
| Due to Federal Government | - | 2 | - | 87,914 | - | 87,916 |
| Deferred Revenue (Note 3) | 499,743 | 27,040 | - | - | 400,084 | 926,867 |
| TOTAL LIABILITIES | <u>\$ 63,440,675</u> | <u>\$ 22,117,824</u> | <u>\$ 37,576</u> | <u>\$ 8,712,994</u> | <u>\$ 1,704,548</u> | <u>\$ 96,013,617</u> |
| Fund Balances: (Notes 1H and 10D) | | | | | | |
| Nonspendable | \$ 600,039 | \$ - | \$ - | \$ - | \$ 1,014,413 | \$ 1,614,452 |
| Restricted | - | 903,582 | 22,042,950 | 20,622,399 | 2,702,932 | 46,271,863 |
| Committed | - | - | - | 23,487,476 | - | 23,487,476 |
| Assigned | 31,918,365 | - | - | - | 4,549,561 | 36,467,926 |
| TOTAL FUND BALANCES | <u>\$ 32,518,404</u> | <u>\$ 903,582</u> | <u>\$ 22,042,950</u> | <u>\$ 44,109,875</u> | <u>\$ 8,266,906</u> | <u>\$ 107,841,717</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 95,959,079</u> | <u>\$ 23,021,406</u> | <u>\$ 22,080,526</u> | <u>\$ 52,822,869</u> | <u>\$ 9,971,454</u> | <u>\$ 203,855,334</u> |

The accompanying notes are an integral part of the basic financial statements.

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2011**

Amounts reported for governmental activities in the Statement of Net Assets in Exhibit A-1 are different from amounts reported for governmental funds in this exhibit because:

| | |
|---|----------------|
| Total Fund Balances - Governmental Funds (this exhibit) | \$ 107,841,717 |
|---|----------------|

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.

| | | | |
|--|--------------------------------|--------------------|-------------|
| | Cost of Capital Assets | \$ 733,087,166 | |
| | less: Accumulated Depreciation | <u>283,341,301</u> | 449,745,865 |

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year end consist of the following:

| | | | |
|--|----------------------|--|--------------|
| | Compensated Absences | | (20,333,648) |
|--|----------------------|--|--------------|

Internal Service Funds are used to account for the risk management and health insurance programs; and related charges to the various governmental funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets.

| | | | |
|--|-------------------------|-------------------|-------------------|
| | Total Assets | \$ 59,416,677 | |
| | less: Total Liabilities | <u>22,571,007</u> | |
| | Total Net Assets | | <u>36,845,670</u> |

| | |
|--|-----------------------|
| Total Net Assets of governmental activities in the Statement of Net Assets (Exhibit A-1) | <u>\$ 574,099,604</u> |
|--|-----------------------|

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

| | General | School Grants | School Textbooks | Capital Projects | Other Governmental Funds | Total Governmental Funds |
|---|-----------------------|-----------------------|----------------------|------------------------|--------------------------------|--------------------------------|
| REVENUES | | | | | | |
| From Use of Money and | | | | | | |
| Property | \$ 367,908 | \$ - | \$ 83,042 | \$ 135,249 | \$ 459,126 | \$ 1,045,325 |
| Charges for Services | 1,796,596 | - | 93 | - | 13,376,825 | 15,173,514 |
| Miscellaneous | 1,828,411 | 25,187 | 95,212 | - | 131,232 | 2,080,042 |
| From Local Government | 328,999,336 | - | - | 42,517,773 | - | 371,517,109 |
| From Commonwealth | 301,137,502 | 6,057,993 | 2,160,229 | - | 486,856 | 309,842,580 |
| From Federal Government | 23,150,301 | 43,200,985 | - | 9,710,467 | 13,194,628 | 89,256,381 |
| Total Revenues | <u>\$ 657,280,054</u> | <u>\$ 49,284,165</u> | <u>\$ 2,338,576</u> | <u>\$ 52,363,489</u> | <u>\$ 27,648,667</u> | <u>\$ 788,914,951</u> |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| Instruction | \$ 483,132,547 | \$ 49,113,957 | \$ 2,485,367 | \$ 249,147 | \$ 474,473 | \$ 535,455,491 |
| Administration, Attendance, & Health | 18,279,083 | - | - | - | - | 18,279,083 |
| Pupil Transportation | 33,859,385 | - | - | 552,586 | - | 34,411,971 |
| Operations and Maintenance | 86,228,344 | - | - | 10,677,415 | - | 96,905,759 |
| Cafeterias | - | - | - | - | 25,899,229 | 25,899,229 |
| Technology | 38,825,274 | 3,090,349 | - | 1,463,063 | 198,596 | 43,577,282 |
| Capital Outlay | - | - | - | 56,384,860 | - | 56,384,860 |
| Total Expenditures | <u>\$ 660,324,633</u> | <u>\$ 52,204,306</u> | <u>\$ 2,485,367</u> | <u>\$ 69,327,071</u> | <u>\$ 26,572,298</u> | <u>\$ 810,913,675</u> |
| EXCESS (DEFICIENCY) OF | | | | | | |
| REVENUES OVER (UNDER) | | | | | | |
| EXPENDITURES | <u>\$ (3,044,579)</u> | <u>\$ (2,920,141)</u> | <u>\$ (146,791)</u> | <u>\$ (16,963,582)</u> | <u>\$ 1,076,369</u> | <u>\$ (21,998,724)</u> |
| OTHER FINANCING SOURCES | | | | | | |
| (USES) | | | | | | |
| Transfers In (Note 10A) | \$ - | \$ 2,930,631 | \$ - | \$ - | \$ - | \$ 2,930,631 |
| Transfers Out (Note 10A) | (2,930,631) | - | - | - | - | (2,930,631) |
| Sale of Capital Assets | 334,443 | - | - | 160,929 | - | 495,372 |
| Total Other Financing Sources (Uses) | <u>\$ (2,596,188)</u> | <u>\$ 2,930,631</u> | <u>\$ -</u> | <u>\$ 160,929</u> | <u>\$ -</u> | <u>\$ 495,372</u> |
| NET CHANGES IN | | | | | | |
| FUND BALANCES | | | | | | |
| | \$ (5,640,767) | \$ 10,490 | \$ (146,791) | \$ (16,802,653) | \$ 1,076,369 | \$ (21,503,352) |
| FUND BALANCES - | | | | | | |
| JULY 1 (AS RESTATED) | | | | | | |
| | <u>38,159,171</u> | <u>893,092</u> | <u>22,189,741</u> | <u>60,912,528</u> | <u>7,190,537</u> | <u>129,345,069</u> |
| FUND BALANCES - JUNE 30 | | | | | | |
| | <u>\$ 32,518,404</u> | <u>\$ 903,582</u> | <u>\$ 22,042,950</u> | <u>\$ 44,109,875</u> | <u>\$ 8,266,906</u> | <u>\$ 107,841,717</u> |

The accompanying notes are an integral part of the basic financial statements.

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011**

Amounts reported for governmental activities in the Statement of Activities in Exhibit A-2 are different from amounts reported for governmental funds in this exhibit because:

Net Changes in Fund Balances - Governmental Funds (this exhibit) \$ (21,503,352)

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Assets and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities. This is the amount by which capital outlay exceeded depreciation expense (including other transactions (e.g., loss on disposals)) for the fiscal year (Note 10C).

53,298,683

Compensated absences (annual, sick, and personal leave) are reported in governmental funds as expenditures, which are measured by the amount of financial resources used (essentially, the amounts actually paid). However, for governmental activities those costs are shown and measured by the net of the amounts of leave used and earned for the fiscal year in the Statement of Activities.

| | | | |
|--|--------------|--------------------|---------|
| | Leave Used | \$ 9,547,603 | |
| | Leave Earned | <u>(8,821,561)</u> | 726,042 |

Net Pension Obligation (NPO) for the nonprofessional employees in the Virginia Retirement System (VRS) are not reported in governmental funds. However, for governmental activities the net change in the NPO to VRS for the fiscal year is reported in the Statement of Activities.

70,385

Internal Service Funds are used to account for the risk management and health insurance programs, and related charges to the various governmental funds. The change in net assets for the Internal Service Funds for the fiscal year is reported with governmental activities in the Statement of Activities.

| | | | |
|--|------------------|------------------|--------------|
| | Risk Management | \$ (14,180,883) | |
| | Health Insurance | <u>(567,694)</u> | (14,748,577) |

Section 15.2-1800.1 of the Code of Virginia, as amended, affects the reporting of local School Board capital assets and related debt for financial reporting purposes. Under this legislation, the City has a "tenancy in common" with the School Board whenever the City incurs "on-behalf" of debt for any school property owned by the School Board which is payable over more than one year. For financial reporting purposes, the City will report the Net Book Value of School Board property (the School Board incurs the depreciation expense) equal to the total outstanding principal balance of the applicable "on-behalf" of debt at June 30, 2011. This amount is the applicable Net Book Value change and depreciation expense for the fiscal year.

(15,118,581)

Change in Net Assets of governmental activities in the Statement of Activities (Exhibit A-2)

\$ 2,724,600

The accompanying notes are an integral part of the basic financial statements.

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2011

| | Governmental Activities: Internal Service Funds |
|---|--|
| <u>ASSETS</u> | |
| Current Assets: | |
| Cash and Investments (Notes 1J1 and 6) | \$ 56,834,438 |
| Accounts Receivable | 354,958 |
| Due from Commonwealth (Note 2A) | 87,538 |
| Due from Federal Government (Note 2B) | 3,441 |
| Prepaid Items (Note 1J5) | <u>2,136,302</u> |
| TOTAL ASSETS | <u>\$ 59,416,677</u> |
| <u>LIABILITIES</u> | |
| Current Liabilities: | |
| Salaries Payable | \$ 149 |
| Vouchers and Accounts Payable | 2,571,949 |
| Unearned Revenue (Note 3) | 5,639,567 |
| Estimated Claims and Judgments (due within one year) (Notes 5A and 9) | <u>10,769,507</u> |
| Total Current Liabilities | <u>\$ 18,981,172</u> |
| Noncurrent Liabilities: | |
| Estimated Claims and Judgments (due in more than one year) (Notes 5A and 9) | <u>3,589,835</u> |
| TOTAL LIABILITIES | <u>\$ 22,571,007</u> |
| <u>NET ASSETS</u> | |
| Unrestricted | <u>\$ 36,845,670</u> |
| TOTAL NET ASSETS | <u><u>\$ 36,845,670</u></u> |

The accompanying notes are an integral part of the basic financial statements.

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

| | Governmental Activities: Internal Service Funds |
|--|--|
| <hr/> | |
| <u>OPERATING REVENUES</u> | |
| Charges for Services | \$ 115,395,901 |
| Miscellaneous Revenue | 58,973 |
| Total Operating Revenue | <u>\$ 115,454,874</u> |
| <u>OPERATING EXPENSES</u> | |
| Personnel Services | \$ 552,934 |
| Fringe Benefits | 148,956 |
| Other Charges (Note 1J2) | 115,312,119 |
| Total Operating Expenses | <u>\$ 116,014,009</u> |
| <u>OPERATING INCOME (LOSS)</u> | <u>\$ (559,135)</u> |
| <u>NONOPERATING REVENUES (EXPENSES)</u> | |
| From Federal Government | \$ 46,965 |
| To Local Government | (14,500,000) |
| Interest Income | 263,593 |
| Total Nonoperating Revenues (Expenses) | <u>\$ (14,189,442)</u> |
| <u>CHANGE IN NET ASSETS</u> | <u>\$ (14,748,577)</u> |
| <u>TOTAL NET ASSETS - JULY 1</u> | <u>51,594,247</u> |
| <u>TOTAL NET ASSETS - JUNE 30</u> | <u><u>\$ 36,845,670</u></u> |

The accompanying notes are an integral part of the basic financial statements.

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

| | Governmental Activities: Internal Service Funds |
|---|--|
| <u>CASH FLOWS FROM OPERATING</u> | |
| <u>ACTIVITIES:</u> | |
| Receipts from Customers and Users | \$ 115,219,456 |
| Payments to Vendors for Goods and Services | (119,160,498) |
| Payments to Employees for Services | (703,066) |
| Net Cash Provided By Operating Activities | <u>\$ (4,644,108)</u> |
| <u>CASH FLOWS FROM NONCAPITAL</u> | |
| <u>FINANCING ACTIVITIES:</u> | |
| Receipt from Federal Government | 46,965 |
| Payment to Local Government | (14,500,000) |
| <u>CASH FLOWS FROM INVESTING</u> | |
| <u>ACTIVITIES:</u> | |
| Interest Received on Investments | <u>263,593</u> |
| <u>NET INCREASE (DECREASE) IN CASH AND INVESTMENTS</u> | \$ (18,833,550) |
| <u>CASH AND INVESTMENTS, BEGINNING OF YEAR</u> | <u>75,667,988</u> |
| <u>CASH AND INVESTMENTS, END OF YEAR</u> | <u>\$ 56,834,438</u> |
| <u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</u> | |
| Operating Income (Loss) | <u>\$ (559,135)</u> |
| Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities | |
| (Increase) Decrease in Assets | |
| Accounts Receivable | \$ (345,333) |
| Due from Commonwealth | 50,195 |
| Due from Federal Government | 29,611 |
| Prepaid Items | (2,065,609) |
| Increase (Decrease) in Liabilities | |
| Salaries Payable | (1,176) |
| Vouchers and Accounts Payable | (2,307,882) |
| Unearned Revenue | 30,109 |
| Estimated Claims and Judgments | <u>525,112</u> |
| Total Adjustments | <u>\$ (4,084,973)</u> |
| Net Cash Provided By Operating Activities | <u>\$ (4,644,108)</u> |

The accompanying notes are an integral part of the basic financial statements.

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2011

| | Agency Funds |
|--|-----------------------------|
| <u>ASSETS</u> | |
| Cash and Investments (Notes 1J1 and 6) | \$ 13,441,756 |
| Accounts Receivable | <u>172</u> |
| TOTAL ASSETS | <u>\$ 13,441,928</u> |
| <u>LIABILITIES</u> | |
| Vouchers and Accounts Payable | <u>\$ 13,441,928</u> |
| TOTAL LIABILITIES | <u>\$ 13,441,928</u> |

The accompanying notes are an integral part of the basic financial statements.

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

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**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

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SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The present City of Virginia Beach, Virginia (City), was formed on January 1, 1963, by the merger of Princess Anne County and the former smaller City of Virginia Beach. The elected eleven-member School Board of the City of Virginia Beach, Virginia (the School Board), vested with the legislative powers, appoints the Superintendent who is the executive and administrative head of the public school division.

The accounting policies of the School Board conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant accounting policies of the School Board:

A. Government-Wide and Fund Financial Statements

The accounts of the School Board are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts, which comprise its assets, liabilities, fund equity, revenues, and expenditures/expenses, as appropriate.

The basic financial statements and required supplementary information include both the government-wide (based upon the School Board as a whole) financial statements (i.e., Statement of Net Assets and Statement of Activities) and fund financial statements. While the previous reporting model emphasized fund types (i.e., the total of all funds of a particular fund type), the new reporting model emphasizes either the School Board as a whole or a major individual fund (within the basic financial statements and required supplementary information).

In the government-wide Statement of Net Assets, the governmental activities column is presented on a full accrual and economic resources basis. This basis incorporates long-term assets and receivables, and long-term debt and obligations.

The government-wide Statement of Activities demonstrates the degree to which the direct expenses of an activity are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific activity. Program revenues are those that are directly associated with the specific activity (e.g., Instruction, Pupil Transportation, Cafeterias). Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given activity and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular activity. Taxes and other items not properly included among program revenues are reported as general revenues. The School Board does not allocate indirect expenses. The operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

Fund financial statements are provided for governmental funds, proprietary funds (i.e., internal service funds), and fiduciary funds (i.e., agency funds). By definition, the assets of the fiduciary funds are being held for the benefit of a third party and cannot be used to address activities or obligations of the government; therefore, these funds are excluded from the government-wide financial statements. Furthermore, the internal service funds have been incorporated into the governmental activities column in the governmental-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Government-Wide and Fund Financial Statements (continued)

The School Board reports the following major governmental funds:

General Fund - is the general operating fund of the School Board which is used to account for all financial resources, except those required to be accounted for in another fund. Revenues are derived primarily from the Federal Government (including impact aid and grants), Commonwealth of Virginia (including basic aid, grants, and sales tax), and the City of Virginia Beach.

School Grants Special Revenue Fund – accounts for certain private, Commonwealth of Virginia, and Federal grants (with matching local funds, if applicable).

School Textbooks Special Revenue Fund – accounts for the financing (e.g., Commonwealth of Virginia) and acquisitions of textbooks and related materials used in the school division.

Capital Projects Fund – is used to account for the financial resources for the acquisition or construction of major capital facilities.

Additionally, the School Board reports the following fund types:

Special Revenue Funds – (including the above special revenue funds) are used to account for the proceeds of specific revenue sources, which are restricted or committed to be expended for specified purposes. The Special Revenue funds (other than the above Special Revenue funds reported as major governmental funds) of the School Board are the Cafeterias, Communication Towers/Technology, Vending Operations, and Equipment Replacement Funds.

Proprietary Funds-Internal Service Funds – are used to account for the financing of goods and/or services provided by one department or agency to other departments or agencies of the governmental unit (and to other governmental units), on a cost-reimbursement basis. The School Board has established Internal Service Funds for the Risk Management and Health Insurance programs.

Fiduciary Funds-Agency Funds – are used to account for assets held by the School Board as an agent for individuals, private organizations, other governmental units, and/or other funds. Agency Funds do not involve the measurement of results of operations, as they are custodial in nature (assets equal liabilities). The Agency Funds of the School Board are the Payroll Deductions, Fringe Benefits, and School Activity Accounts Funds.

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Financial Reporting Entity

The School Board is responsible for elementary and secondary education within the city. Members of the School Board are elected by the voters and serve staggered terms on the School Board. The City Council approves the School Board's operating budget, levies the necessary taxes to finance the operations, and approves the borrowing of money and issuance of bonds when necessary. The City Council is prohibited from exercising any control over specific appropriations within the operating budget of the School Board. However, City Council may exercise control in total by major categories (e.g., Instruction; Administration, Attendance and Health; Pupil Transportation; Operations and Maintenance) as prescribed by the Code of Virginia, as amended.

The School Board is considered a component unit of the City of Virginia Beach and, accordingly, the financial position and results of operations of the School Board are also presented in the City's Comprehensive Annual Financial Report.

The School Board uses the following criteria in determining reportable component units (legally, separate organizations): 1) economic resources received or held by the separate organization are entirely or almost entirely held for the benefit of the School Board, 2) the School Board is entitled to or has the ability to access a majority of the economic resources of the separate organization, and 3) the economic resources of the separate organization are significant to the School Board. Based on these criteria, the School Board has no component units for financial reporting purposes.

C. Capital Assets

Capital assets, which include land, buildings (e.g., schools, portables), improvements other than buildings (e.g., parking lots, curbs and gutters, sidewalks, drainage systems, fences), machinery and equipment, and vehicles (including school buses) are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the School Board as assets with an initial, individual cost of \$5,000 or more. Capital assets are recorded as expenditures in the governmental funds and as assets in the government-wide financial statements. Depreciation is recorded on the capital assets on a government-wide basis using the straight-line method with the following estimated useful lives:

| | |
|-----------------------------------|--------------|
| Buildings | 50 years |
| Portables | 25 years |
| Improvements other than Buildings | 20 years |
| Machinery and Equipment | 5 – 20 years |
| Vehicles | 8 – 12 years |

All capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value in the year donated.

D. Basis of Accounting and Measurement Focus

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting and Measurement Focus (continued)

statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. The effects of interfund activity have been eliminated from the government-wide financial statements; however, interfund services (e.g., risk management, health insurance) provided and used are not eliminated (elimination of these charges would distort the reported function expenses and program revenues).

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All Proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

The Agency funds are used to account for the assets held by the School Board as an agent for individuals, private organizations, other governmental units, and/or other funds. Agency funds do not involve the measurement of results of operations, as they are custodial in nature (assets equal liabilities).

The modified accrual basis of accounting is used by all governmental fund types and the full accrual basis of accounting is used by the agency funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period (for the most part, revenues are considered available, if they are collected within 90 days of the end of the fiscal year). Expenditures are recorded when the related fund liability is incurred, if measurable.

The following is a list of the major revenue sources, which meet the "susceptible to accrual" criteria:

Commonwealth of Virginia
State Sales Taxes
Federal Government

All Proprietary Funds are reported under the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. Proprietary Funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a Proprietary Fund's

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting and Measurement Focus (continued)

principal ongoing operations. The principal operating revenues of the Internal Service Funds are charges for services. Operating expenses for the Internal Service Funds include administrative expenses, insurance premiums, and claims payments. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for the same purpose, restricted resources are used first, where practicable and permitted.

The School Board reports unearned revenue on its government-wide financial statements, when revenues are received prior to the period in which all eligibility requirements have been met. Unearned revenue at the fund level (presented as Deferred Revenue) arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues also arise when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for unearned revenue (or Deferred Revenue, where applicable) is removed from the balance sheet and revenue is recognized.

E. Encumbrances

Encumbrance accounting, in which purchase orders, contracts, and other commitments for the expenditure of monies are recorded (reduces the applicable available appropriation), is followed in the General, Special Revenue, and Capital Projects Funds. Encumbrances outstanding do not constitute expenditures until expended or accrued as liabilities.

F. Inventories

All inventories are reported using the weighted average cost inventory method. Reported inventories are accounted for under the consumption method (i.e., recorded as expenditures when used) in the governmental funds.

The School Cafeterias Fund's inventory includes United States Department of Agriculture (USDA) commodities under the Donated Commodity Program (operated as an adjunct to the National School Lunch Program). This program provides free agricultural products for use in the preparation of school lunches. The contributions are recorded in the financial statements as revenue upon receipt (*title of products pass upon delivery*) and expenditures at the time of consumption of the products based on the estimated wholesale market value (provided by the USDA). Other inventories are reported using the weighted average cost inventory method.

G. Accrued Compensated Leave

Annual leave, according to a graduated scale based on years of employment, is credited to each employee as it accrues. In general, administrative personnel may accrue a maximum of 50 days. Instructional personnel may accrue a maximum of 8 personal leave days. Upon

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Accrued Compensated Leave (continued)

employment termination, payment is made by the School Board to the respective employee on the unused portion.

School Board employees are granted one sick leave day per month and may accumulate an unlimited number of sick leave days. However, no payment is made by the School Board on the unused portion upon employment termination, except on the condition of retirement. School retirees are paid for their unused sick leave.

An accrual has been made in the financial statements for certain accumulated annual, personal, and sick leave days. This estimate includes salary, and the related Social Security and Medicare taxes.

The estimated amount of accrued compensated leave for the School Board's governmental activities is reported in the government-wide financial statements. See Note 5B for the estimated amounts related thereto.

Accrued compensated leave is typically liquidated by the General Fund, or the applicable special revenue (e.g., School Cafeterias) or internal service (e.g., Risk Management) fund.

H. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the School Board is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable – The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid items.

Restricted – The restricted fund balance classification is used when constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the School Board to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the School Board can be compelled by an external party, such as citizens, public interest groups, or the judiciary, to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) by the School Board and/or the City Council. Those committed amounts cannot be used for any other purpose unless the School Board and/or City Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Fund Balance (continued)

balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the School Board and/or City Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – The assigned fund balance classification is intended to be used by the School Board for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the School Board or a School Board official delegated that authority by School Board resolution, or by State Statute.

Unassigned – The unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The School Board applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

I. Net Assets

The difference between assets and liabilities in the government-wide statement of net assets must be labeled as *net assets*. In addition, net assets must be subdivided into three components: invested in capital assets (net of related debt); restricted net assets; and unrestricted net assets, as follows:

Invested in Capital Assets – The invested in capital assets component presents the net assets that comprise the capital assets (net of accumulated depreciation) less related debt.

Restricted Net Assets – The restricted net assets component presents the net assets that are restricted when constraints placed on the net asset use are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Assets – The unrestricted net assets component consists of net assets that do not meet the “invested in capital assets” or “restricted net assets” definition.

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Miscellaneous

1. Cash and Investments

The School Board's cash and investments are pooled and invested with the City's centralized cash and investment pool (see Note 6). Cash invested at June 30 is included in the various cash accounts reflected in the financial statements. Investments are stated at fair value. Interest earnings on investments are allocated to certain funds based upon the average monthly cash balance of each fund.

2. Proprietary Funds' Other Charges

The Proprietary Funds' Other Charges category mainly consists of premiums and claims payments (including current estimated claims and judgments) in the Risk Management and Health Insurance Internal Service Funds.

3. Statement of Cash Flows

For purposes of the Statement of Cash Flows, all highly liquid debt instruments and certificates of deposit, regardless of maturity date, are grouped into cash and temporary investments. The proprietary funds participate in the City's centralized cash and investment pool (see Note 6); therefore, separate information on cash equivalents (i.e., investments with original maturities of three months or less upon acquisition) for the fund is not available.

4. Long-term Obligations

All long-term liabilities (see Note 5) are reported in the government-wide financial statements.

5. Prepaid Items

Prepaid items are certain required/negotiated payments made during Fiscal Year 2011 for goods/services to be delivered/rendered (and recorded as an expenditure/expense on a consumption basis, accordingly) during the following fiscal year(s).

K. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

2. RECEIVABLES

A. Due from Commonwealth

The following revenues were due from the Commonwealth of Virginia at June 30, 2011:

| | |
|---|----------------------|
| State Share Sales Tax | \$ 5,529,702 |
| Special Education – Regional Program | 3,928,960 |
| Technology Initiative | 866,980 |
| Other Grants, Entitlements, and Shared Revenues | <u>288,360</u> |
| Total Due from Commonwealth – Governmental Funds (Exhibit A-3) | \$ 10,614,002 |
| Reimbursement – Health Insurance | <u>87,538</u> |
| Total Due from Commonwealth – Governmental Activities (Exhibit A-1) | <u>\$ 10,701,540</u> |

B. Due from Federal Government

The following revenues were due from various federal agencies at June 30, 2011:

| | |
|---|----------------------|
| Adult Basic Education | \$ 99,956 |
| ARRA/SFSF Program | 5,878,226 |
| Carl Perkins | 826,961 |
| McKinney Homeless | 55,863 |
| Medicaid | 143,817 |
| National School Meal Program | 754,259 |
| NJROTC | 81,116 |
| Preschool Incentive | 293,217 |
| Preschool Incentive - ARRA | 45,518 |
| Teaching American History – SAIL | 93,502 |
| Title I | 5,299,923 |
| Title I - ARRA | 861,928 |
| Title II | 1,013,378 |
| Title II - ARRA | 45,579 |
| Title III | 146,343 |
| Title VI-B | 1,957,469 |
| Title VI-B - ARRA | 10,470,193 |
| Other Grants, Entitlements, and Shared Revenues | <u>101,003</u> |
| Total Due from Federal Government (Exhibit A-3) | \$ 28,168,251 |
| COBRA Health Insurance Subsidies | <u>3,441</u> |
| Total Due from Federal Government (Exhibit A-1) | <u>\$ 28,171,692</u> |

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

3. DEFERRED/UNEARNED REVENUE

Deferred/Unearned revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available (presented as Deferred Revenue). Under the full accrual basis of accounting, such amounts are measurable, but are unearned (presented as Unearned Revenue). Deferred/Unearned revenue consists of the following as of June 30, 2011:

| | |
|--|---------------------|
| General Fund – Summer School Tuition | \$ 499,743 |
| School Grants Fund – At Risk Four Year Old Initiative and other grants | 27,040 |
| Other Governmental Funds – School Cafeterias – Charges for Services | <u>400,084</u> |
| Total Deferred Revenue – Governmental Funds (Exhibit A-3) | \$ 926,867 |
| School Health Insurance Internal Service Fund – Prepayment of July health insurance premiums (Exhibit A-5) | <u>5,639,567</u> |
| Total Unearned Revenue – Governmental Activities (Exhibit A-1) | <u>\$ 6,566,434</u> |

4. CAPITAL ASSETS

A. Summary of Changes in Capital Assets

| | <u>Balance</u> <u>July 1, 2010</u> | <u>Increases</u> | <u>Decreases</u> | <u>Balance</u> <u>June 30, 2011</u> |
|---|---------------------------------------|----------------------|----------------------|--|
| Governmental Activities: | | | | |
| Capital Assets Not Being Depreciated: | | | | |
| Land | \$ 29,881,022 | \$ 1,243,700 | \$ 8,833 | \$ 31,115,889 |
| Construction in Progress | <u>39,413,411</u> | <u>54,786,676</u> | <u>25,792,423</u> | <u>68,407,664</u> |
| Total Capital Assets Not Being Depreciated | <u>\$ 69,294,433</u> | <u>\$ 56,030,376</u> | <u>\$ 25,801,256</u> | <u>\$ 99,523,553</u> |
| Capital Assets Being Depreciated: | | | | |
| Buildings | \$ 469,214,124 | \$ 31,463,228 | \$ 21,562,741 | \$ 479,114,611 |
| Improvements Other Than Buildings | 49,053,594 | 1,331,287 | 109,236 | 50,275,645 |
| Machinery and Equipment | <u>98,096,085</u> | <u>11,700,950</u> | <u>5,623,678</u> | <u>104,173,357</u> |
| Total Capital Assets Being Depreciated | <u>\$ 616,363,803</u> | <u>\$ 44,495,465</u> | <u>\$ 27,295,655</u> | <u>\$ 633,563,613</u> |
| Less Accumulated Depreciation for: | | | | |
| Buildings | \$ 192,950,481 | \$ 17,375,736 | \$ 13,078,226 | \$ 197,247,991 |
| Improvements Other Than Buildings | 28,374,820 | 1,868,817 | 109,236 | 30,134,401 |
| Machinery and Equipment | <u>52,767,172</u> | <u>8,464,676</u> | <u>5,272,939</u> | <u>55,958,909</u> |
| Total Accumulated Depreciation | <u>\$ 274,092,473</u> | <u>\$ 27,709,229</u> | <u>\$ 18,460,401</u> | <u>\$ 283,341,301</u> |
| Total Capital Assets Being Depreciated, Net | <u>\$ 342,271,330</u> | <u>\$ 16,786,236</u> | <u>\$ 8,835,254</u> | <u>\$ 350,222,312</u> |
| Governmental Activities Capital Assets, Net | <u>\$ 411,565,763</u> | <u>\$ 72,816,612</u> | <u>\$ 34,636,510</u> | <u>\$ 449,745,865</u> |

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

4. CAPITAL ASSETS (continued)

B. Tenancy in Common by the City on Certain School Buildings

Section 15.2-1800.1 of the Code of Virginia, as amended, affects the reporting of local School Board capital assets and related debt for financial reporting purposes. Under this legislation, the City has a “tenancy in common” with the School Board whenever the City incurs “on-behalf” of debt for any school property owned by the School Board which is payable over more than one year. For financial reporting purposes, the City will report the Net Book Value of School Board property (the School Board incurs the depreciation expense) equal to the total outstanding principal balance of the applicable “on-behalf” of debt at June 30, 2011, as follows:

| | |
|---------------------------------------|-----------------------|
| School Buildings reported by the City | \$ 356,053,485 |
| Less: Accumulated Depreciation | <u>33,982,444</u> |
| Net Book Value reported by the City | <u>\$ 322,071,041</u> |

C. Depreciation Expense on Capital Assets

Depreciation expense was charged to governmental activities, as follows:

| | |
|-----------------------------|----------------------|
| Instruction | \$ 20,295,620 |
| Admin, Attendance, & Health | 46,285 |
| Pupil Transportation | 4,240,393 |
| Operations and Maintenance | 622,114 |
| Cafeterias | 286,823 |
| Technology | <u>2,217,994</u> |
| Total Depreciation Expense | <u>\$ 27,709,229</u> |

Note: Approximately \$7 million of the depreciation expense is on buildings owned by the School Board and reported by the City, and the net accumulated depreciation change, if applicable, on buildings owned by the School Board and previously reported by the City as a result of the Tenancy in Common provisions disclosed in Note 4B.

(continued)

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

5. LONG-TERM LIABILITIES

A. Summary of Changes In Long-term Liabilities

| Governmental Activities: | Balance | | | Balance | Amounts |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| | <u>July 1, 2010</u> | <u>Additions</u> | <u>Reductions</u> | <u>June 30, 2011</u> | <u>Due Within</u> |
| | | | | | <u>One Year</u> |
| Accrued Compensated Leave (Note 5B) | \$ 21,059,690 | \$ 8,821,561 | \$ 9,547,603 | \$ 20,333,648 | \$ 9,643,079 |
| Estimated Claims and Judgments (Notes 9A and 9C) | 13,834,230 | 115,312,119 | 114,787,007 | 14,359,342 | 10,769,507 |
| Net Pension Obligation (Note 8) | <u>70,385</u> | <u>-</u> | <u>70,385</u> | <u>-</u> | <u>-</u> |
| Long-Term Liabilities | <u>\$ 34,964,305</u> | <u>\$124,133,680</u> | <u>\$124,404,995</u> | <u>\$ 34,692,990</u> | <u>\$ 20,412,586</u> |

Note: Long-term liabilities are typically liquidated by the General Fund, or the applicable special revenue (e.g., School Cafeterias) or internal service (e.g., Risk Management) fund.

B. Accrued Compensated Leave

The accrued compensated leave is as follows at June 30, 2011:

| <u>Compensated Leave</u> | |
|------------------------------|---------------------|
| Annual | \$ 8,732,605 |
| Sick | 9,775,927 |
| Personal | <u>1,825,116</u> |
| Total | <u>\$20,333,648</u> |

Accrued compensated leave is typically liquidated by the General Fund, or the applicable special revenue (e.g., School Cafeterias) or internal service (e.g., Risk Management) fund.

6. DEPOSITS AND INVESTMENTS

The Constitution of Virginia and the Code of Virginia, as amended, require the election of a City Treasurer. The City's Charter provides that the City Treasurer is the custodian of City cash and has powers and duties prescribed by general law. Cash and temporary investments pertaining to the School Board's funds (except school activity account funds) are pooled and invested with the cash and temporary investments of the City. The bank balance of the City's deposits, which includes the School Board's cash pooled with the City, was covered by Federal Depository Insurance or collateralized in accordance with the Virginia Security for Public Deposits Act. Information to categorize investments for the School Board only, by the level of risk assumed, is unavailable for disclosure. However, information on the pooled deposits and investments (including the investments stated at amortized cost and the investments stated at fair value) for the School Board and City as a whole is presented in the City's Comprehensive Annual Financial Report and below, as follows:

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

6. DEPOSITS AND INVESTMENTS (continued)

Deposits:

Custodial credit risk for deposits policy – All cash of the City including the School Board Component Unit (excluding the School Board’s School Activity Accounts) is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et. seq. of the Code of Virginia or covered by Federal Depository Insurance.

The City has compensating balance arrangements with two financial institutions. Bank of America provides services to the City while a \$3.5 million balance is maintained in a demand deposit account. A fluctuating checking account balance based on monthly investment services is a requirement of Branch Banking & Trust (BB&T).

As of June 30, 2011, the City had the following investments. Except for the investments in the State Non-Arbitrage Program (SNAP) and the Arbitrage Investment Management Program (AIM), all investments are in an internal investment pool.

| <u>Investment Type</u> | <u>Fair Value</u> | <u>Weighted Average Maturities (in months)</u> |
|---|-----------------------|--|
| Certificates of Deposit | \$ 124,194,873 | 1.60 |
| State Treasurer’s Local Government Investment Pool (LGIP) | 335,000,000 | 0.62 |
| Commercial Paper Disc. – Amortizing | 17,468,943 | 0.10 |
| U. S. Government Securities | 48,500,000 | 1.70 |
| State Non Arbitrage Program – SNAP | 4,855,308 | 0.01 |
| Arbitrage Investment Management Program – AIM | 12,901,590 | 0.02 |
| Total Fair Value | \$ 542,920,714 | |
| Portfolio Weighted Average Maturity | | 0.90 |

Reconciliation of total deposits and investments:

| | <u>Primary Government</u> | <u>School Board Component Unit</u> | <u>Total</u> |
|---|---------------------------|------------------------------------|-----------------------|
| Cash and Investments | \$ 302,408,626 | \$ 202,652,446 | \$ 505,061,072 |
| Restricted Cash and Cash Equivalents | 406,009,236 | - | 406,009,236 |
| Fiduciary Funds | 390,180 | 13,441,756 | 13,831,936 |
| Total | \$ 708,808,042 | \$ 216,094,202 | \$ 924,902,244 |
| Less: Cash on Deposit | | | (381,981,530) |
| Total Market Value of Investments at June 30, 2011 | | | \$ 542,920,714 |

Interest Rate Risk:

Interest rate risk represents the risk governments are exposed to as a result of changes in interest rates for their debt investments. The City’s investment policy mitigates its exposure to fair value losses arising from interest rates by structuring the investment portfolio so that securities mature to meet cash requirements reducing the need to seek securities on the open market prior to maturity. In addition, interest rate risk is reduced by investing operating funds primarily in shorter-term securities.

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2011

6. DEPOSITS AND INVESTMENTS (continued)

Credit Risk:

Credit risk is the risk an investor is subject to as a result of the credit quality of investments in debt securities. Statutes, as well as the City's investment policy, authorize the City to invest in obligations of the United States or agencies thereof; the Commonwealth of Virginia or political subdivisions thereof; obligations of the International Bank for Reconstruction and Development (World Bank); the Asian Development Bank; the African Development Bank; commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record; bankers' acceptance instruments; repurchase agreements which are collateralized with securities approved for direct investment, State Treasurer's Local Government Investment Pool (LGIP); and corporate notes with at least a rating of Aa by Moody's or AA by Standard and Poor's.

The LGIP is an externally managed investment pool that is not registered with the Securities Exchange Commission but is managed as a "2a-7 like pool". Pursuant to the Code of Virginia, the Treasury Board of the Commonwealth sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board at their regularly scheduled monthly meetings. The LGIP values portfolio securities by the amortized cost method and on a monthly basis this valuation is compared to current market to monitor any variance. The fair value of the City's position in the pool is the same as the value of the pool shares.

Custodial credit risk for investments policy – The City requires that all investments be clearly marked as to ownership and, to the extent possible, be registered in the name of the City.

The City's rated debt investments as of June 30, 2011 were rated by Standard & Poor's and Moody's and/or an equivalent national rating organization and the ratings are presented below using the respective rating scale from both agencies.

| <u>Rated Debt Investments</u> | <u>Fair Quality Ratings</u> | |
|---|-----------------------------|------------------|
| | <u>AAA</u> | <u>A1/P1/F1+</u> |
| State Treasurer's Local Government Investment Pool (LGIP) | \$ 335,000,000 | - |
| U. S. Government Securities | 48,500,000 | - |
| State Non-Arbitrage Program (SNAP) | 4,855,308 | - |
| Arbitrage Investment Management Program (AIM) | 12,901,590 | - |

Concentration of Credit Risk: Concentration of credit risk represents the risk of investments in any one issue that represents 5% or more of investments. The City's investment policy limits the amount it can invest in commercial paper and bankers acceptance instruments. By policy, investments in commercial paper are limited to 35% of the total available for investment, and not more than 5% of the total available for investment can be invested in any one issuing corporation. Bankers' acceptance instruments shall not exceed 50% of the total investment portfolio's book value on the date of acquisition.

At June 30, 2011, investments in bankers' acceptance instruments and U.S. Government Securities are recorded at fair value. All other investments are reported utilizing amortized cost due to maturity dates less than one year. The fair valuing of bankers' acceptance instruments and U.S. Government Securities at June 30, 2011 resulted in a net increase of \$627,565.

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

6. DEPOSITS AND INVESTMENTS (continued)

All City and School Board Funds participate in a centralized cash and investment pool. Interest earnings on investments are allocated to the appropriate funds based upon the average monthly cash balance of each fund.

7. COMMITMENTS AND CONTINGENCIES

A. Litigation

The School Board, as of June 30, 2011, is a named defendant in various lawsuits. The School Board is vigorously defending all cases, and expects no losses will be incurred which would have a material effect on the School Board's financial position.

B. Intergovernmental Grants, Entitlements, and Shared Revenues

The School Board participates in a number of federal and state grants, entitlements, and shared revenues programs. These programs are subject to program compliance audits by the applicable federal or state agency or their representatives. Furthermore, the U.S. Congress passed legislation entitled the "Single Audit Act Amendments of 1996" which requires most governmental recipients of federal assistance to have an annual independent organization-wide financial and compliance audit. The results thereof are incorporated in the City's Comprehensive Annual Financial Report. The amounts, if any, of expenditures that may be disallowed by these audits cannot be determined at this time, although the School Board expects such amounts, if any, to be immaterial.

C. Salaries Payable

The outstanding Salaries Payable amount represents salaries due (in July and August 2011) to school employees (e.g., teachers) who have opted to be paid over a twelve-month period; and salaries that are due (e.g., for services rendered in June 2011 and not paid until July 2011) to substitutes, part-time employees, and other school personnel.

D. Encumbrances

The School Board has encumbrances such as purchase orders, contracts, and other commitments for the expenditure of monies for goods and/or services not received as of June 30, 2011. These outstanding encumbrances (listed below) do not constitute expenditures until expended or accrued as liabilities and, therefore, are not reflected in the accompanying financial statements.

| <u>Fund</u> | <u>Amount of Encumbrances</u> |
|--------------------|-----------------------------------|
| General | \$21,336,007 |
| School Textbooks | 1,607,395 |
| Capital Projects | 23,280,186 |
| Other Governmental | <u>259,610</u> |
| Total | <u>\$46,483,198</u> |

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

8. RETIREMENT AND OTHER POSTEMPLOYMENT BENEFITS

A. Virginia Retirement System

1. Plan Description

The School Board contributes to the Virginia Retirement System (VRS), an agent and cost-sharing multiple-employer defined benefit pension plan, which is administered by the VRS. VRS is a public employee retirement system that acts as a common investment and administrative agent for political subdivisions in the Commonwealth of Virginia. Professional employees participate in a VRS statewide teacher cost sharing pool, and nonprofessional employees participate as a separate group in the retirement system.

VRS administers two defined benefit plans for political subdivision employees, as follows:

Plan 1 – Members hired before July 1, 2011 and who have service credits before July 1, 2011 are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or age 50 with at least 30 years of service credit. They may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least ten years of service credit.

Plan 2 – Members hired or rehired on or after July 1, 2011 and who have no service credits before July 1, 2011 are covered under Plan 2. Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with at least five years of service credit.

The VRS Basic Benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the member's average final compensation multiplied by the member's total service credit. Under Plan 1, average final compensation is the average of the member's 36 consecutive months of highest compensation. Under Plan 2, average final compensation is the average of the member's 60 consecutive months of highest compensation. The retirement multiplier for non-hazardous duty members is 1.70%. At retirement, members can elect the Basic Benefit, the Survivor Option, a Partial Lump-Sum Option Payment (PLOP) or the Advance Pension Option. A retirement reduction factor is applied to the Basic Benefit amount for members electing the Survivor Option, PLOP, or Advance Pension Option or those retiring with a reduced benefit.

Retirees are eligible for an 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 6.00%. During years of no inflation or deflation, the COLA is 0.00%. The VRS also provides death and disability benefits.

Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia. The VRS issues a publicly available Comprehensive Annual Financial Report that includes financial statements and required supplementary information for the VRS. A copy of the report may be obtained from

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

8. RETIREMENT AND OTHER POSTEMPLOYMENT BENEFITS (continued)

A. Virginia Retirement System (continued)

1. Plan Description (continued)

the VRS Web site at <http://www.varetire.org/Publications/Index.asp> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

2. Funding Status and Progress

As of June 30, 2011, the most recent actuarial valuation date, the plan was 84.39% funded. The actuarial accrued liability for benefits was \$182,222,930, and the actuarial value of assets was \$153,783,371, resulting in an unfunded actuarial accrued liability (UAAL) of \$28,439,559. The covered payroll (annual payroll of active employees covered by the plan) was \$41,493,390, and the ratio of the UAAL to the covered payroll was 68.54%. The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability.

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their annual salary to the VRS. All or part of the 5% member contribution may be assumed by the employer. This 5% member contribution has been assumed by the School Board. The employer is required by State statute to contribute the remaining amounts necessary to fund the VRS using the actuarial basis specified by the Code of Virginia, as amended, and approved by the VRS Board of Trustees. The School Board's nonprofessional employee contribution rate for the fiscal year ended June 30, 2011 was 11.26% of annual covered payroll (includes the 5% member contribution). The School Board's contribution (including the 5% member contribution) for the fiscal year ended June 30, 2011 to the VRS statewide teacher pool was \$34,487,826. This amount represented 8.93% of annual covered payroll for 2011. The contribution for 2010 was \$44,050,383 and 13.81% (0% last quarter) of annual covered payroll. The contribution for 2009 was \$55,006,620 and 13.81% of annual covered payroll. The actual contribution for each of these years was equal to the required contribution.

3. Annual Pension Cost

For the fiscal year ended June 30, 2011, the School Board's annual pension cost for the nonprofessional employees of \$4,363,858 was equal to the School Board's actual contribution. The required contribution was determined as part of the June 30, 2009 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions include: (a) 7.0% investment rate of return (net of administrative expenses), (b) projected salary increases that ranged between 3.75% and 5.60% per year, and (c) 2.50% per year cost-of-living adjustments. Both (a) and (b) include an inflation component of 2.50%. The actuarial value of the School Board's assets is equal to the modified market value of assets. This method was determined using techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The School Board's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2009 for the Unfunded Actuarial Accrued Liability (UAAL) was 20 years.

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2011

8. RETIREMENT AND OTHER POSTEMPLOYMENT BENEFITS (continued)

A. Virginia Retirement System (continued)

4. Trend Information

| Fiscal Year Ended | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation (Assets) |
|----------------------|---------------------------------|-------------------------------------|---------------------------------------|
| June 30, 2009 | \$4,964,405 | 100.0% | \$ - |
| June 30, 2010 | \$4,784,521 | 100.0% | \$ - |
| June 30, 2011 | \$4,363,858 | 100.0% | \$ - |

B. Other Postemployment Benefits

1. Plan Description

The City and School Board Other Postemployment Benefit (OPEB) Plans are a single-employer defined benefit plan, administered in accordance with State and City statutes. Section 15.2-1500 of the Virginia State Code provides that every locality shall provide for the governmental functions of the locality, including employment of the officers and other employees. In connection with this employment, the City and School Board have established certain plans to provide postemployment benefits other than pensions as defined in Section 15.2-1545 of the Virginia Code to retirees and their spouses and eligible dependents. Employees who retire with at least 25 years of service with the City and School Board as well as those who retire on a work-related disability compensable under the Workers' Compensation Act before age 65 are eligible for access to health insurance coverage. This benefit is payable until the retiree becomes eligible for Medicare.

In accordance with Article 8, Chapter 15, Subtitled II of Title 15.2 of the Virginia Code, the City and School Board have elected to establish a trust for the purpose of accumulating and investing assets to fund Other Postemployment Benefits. The City and School Board in accordance with this election have joined the Virginia Pooled OPEB Trust Fund. Deposits to this trust are irrevocable and are held solely for the payment of OPEB benefits for the City and School Board.

Separate financial statements can be obtained from VML/VACO Finance, 1108 East Main Street, Suite 801, Richmond, VA 23219.

2. Funding Policy

Contribution requirements of the City, School Board, and plan members are established and may be amended by the respective legislative bodies. The required contributions were actuarially determined and are based upon projected pay-as-you-go financing requirements with an additional amount to prefund benefits. For the period ending June 30, 2011 the City and School Board contributed \$8,854,121 and \$8,881,926, respectively. Plan members from each organization contributed \$39.50 per month for retiree-only point of service coverage. Retirees who elect HMO coverage will contribute less. City and School Board retirees with coverage for their spouses will contribute \$320 and \$372 per month, respectively, to age 65. The City has determined that all current employees and retirees shall contribute to the cost of their health care coverage and no level of benefit shall be

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2011

8. RETIREMENT AND OTHER POSTEMPLOYMENT BENEFITS (continued)

B. Other Postemployment Benefits (continued)

2. Funding Policy (continued)

provided free of charge. The retiree contribution rate shall be based on the experience of the plan, the City's annual contribution amount, and the remaining premium cost. The below presents the funding status for the School Board.

| Actuarial Valuation Date | (a) Actuarial Value of Assets | (b) Actuarial Accrued Liability (AAL) | (b-a) Unfunded (Overfunded) Actuarial Accrued Liability (UAAL) | (a/b) Funded Ratio | (c) Covered Payroll | ((b-a)/c) UAAL as a Percentage of Covered Payroll |
|--------------------------------|--|--|---|--------------------------|---------------------------|---|
| January 1, 2010 | \$ 8,648,413 | \$ 75,347,493 | \$ 66,699,080 | 11.5% | \$ 432,476,829 | 15.4% |

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

3. Annual OPEB Cost and Contribution

For 2011, the City and School Board's annual OPEB cost of \$8.9 million and \$8.9 million, respectively, was equal to the required contribution. The School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011 is presented below (and presented with multi-year information as RSI following the notes to the financial statements).

| Fiscal Year Ended | Annual OPEB Cost | Percentage of ARC Contributed | Net OPEB Obligation |
|----------------------|---------------------|-------------------------------------|------------------------|
| June 30, 2011 | \$8,881,926 | 100.0% | \$ - |

The financial statements relating to the City and School Board's OPEB trust are presented in the City's Comprehensive Annual Financial Report.

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

8. RETIREMENT AND OTHER POSTEMPLOYMENT BENEFITS (continued)

B. Other Postemployment Benefits (continued)

4. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2010 actuarial valuation for the years ending June 30, 2010 and 2011, the projected unit credit method was used. The actuarial assumptions included a 7.5% investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 8.0% initially, reduced by decrements to an ultimate rate of 4.50% after ten years. Both rates include a 2.5% inflation assumption. Unfunded actuarial accrued liabilities for each organization are being amortized as a level dollar amount over an open period of 30 years. The remaining amortization period is 30 years.

9. RISK MANAGEMENT AND HEALTH CARE BENEFITS

A. School Self-Insurance Program

The School Board is self-insured for a portion of its risks. The self-insurance coverage for Fire and Property Insurance is \$100,000 per occurrence and 1% of the total insured value of the damaged covered property when such loss or damage results from a named storm (minimum deductible – \$250,000 per occurrence); School Leaders Liability (errors and omissions) is \$150,000 per occurrence; General Liability is \$150,000 per occurrence; Vehicle Liability is \$250,000 per occurrence; and Workers' Compensation is \$500,000 per occurrence.

Commercial insurance is purchased to cover the amount in excess of the above self-insured levels for specific losses. This coverage extends to Fire and Property Insurance for losses greater than \$100,000 for each occurrence and 1% of the total insured value of the damaged covered property when such loss or damage results from a named storm (minimum – \$250,000 per occurrence); losses in excess of \$150,000 per occurrence for School Leaders Liability; losses in excess of \$150,000 per occurrence for General Liability; losses in excess of \$250,000 per occurrence for Vehicle liability; and losses in excess of \$500,000 per occurrence for Workers' Compensation.

When economically feasible, commercial insurance is purchased to cover certain exposures completely. The amount of settlements did not exceed insurance coverage for each of the past three fiscal years.

The insurance coverage is substantially the same as in prior fiscal years, except for Fire and Property Insurance. During 2006, the coastal property insurance marketplace faced severe capacity restrictions as reinsurers recovered from the catastrophic losses from Hurricanes

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

9. RISK MANAGEMENT AND HEALTH CARE BENEFITS (continued)

A. School Self-Insurance Program (continued)

Katrina and Rita. The property insurance program for the School Board was greatly affected due to the heavy coastal exposures. The insurance marketplace offered very little capacity for coverage limits and the premiums associated with this coverage were costly. A hurricane modeling study combined with a thorough analysis of insured buildings and their proximity to the water resulted in a considerable reduction in insurance coverage limits.

Claims processing and payments for all insurance claims are made through commercial carriers and third-party administrators.

The School Board uses the information provided by the third-party administrators to aid in the determination of self-insurance liabilities. The computed liability as of June 30, 2011 is \$6,788,342 (undiscounted), as follows:

| Fiscal Year | Beginning-of- Fiscal-Year Liability | Current-Year Claims and Changes in Estimates | Claims Payments | Balance at Fiscal Year-End |
|----------------|---|---|--------------------|----------------------------------|
| 2008-09 | \$5,281,336 | \$5,453,630 | \$4,710,172 | \$6,024,794 |
| 2009-10 | \$6,024,794 | \$4,821,550 | \$4,736,114 | \$6,110,230 |
| 2010-11 | \$6,110,230 | \$5,518,013 | \$4,839,901 | \$6,788,342 |

B. Surety Bonds

All School Board employees are covered by a faithful performance bond in the amount of \$100,000 to protect the School Board in the event of fraudulent acts.

C. Self-Insured Health Care Benefits Program

Effective January 1, 2000, the School Board established a self-insured health care benefits program for all School Board and City employees. Certain claims expenses paid on behalf of each employee during a single policy year are covered by excess loss insurance with a specific stop-loss limit of \$500,000. Claims processing and payments for all health care claims are made through third-party administrators. The School Board uses the information provided by the third-party administrators and a health care benefits consultant to aid in the determination of self-insurance liabilities. The computed liability as of June 30, 2011 is \$7,571,000 (undiscounted), as follows:

| Fiscal Year | Beginning-of- Fiscal-Year Liability | Current-Year Claims and Changes in Estimates | Claims Payments | Balance at Fiscal Year-End |
|----------------|---|---|--------------------|----------------------------------|
| 2008-09 | \$ 7,915,000 | \$ 93,962,037 | \$ 94,451,878 | \$ 7,425,159 |
| 2009-10 | \$ 7,425,159 | \$108,090,373 | \$107,791,532 | \$ 7,724,000 |
| 2010-11 | \$ 7,724,000 | \$109,794,106 | \$109,947,106 | \$ 7,571,000 |

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2011

10. CERTAIN INTERFUND TRANSACTIONS, EXHIBITS A-4 TO A-2 RECONCILIATION FOR CAPITAL OUTLAY, AND FUND BALANCE CLASSIFICATIONS

A. Interfund Transfers

The following are the School Board's interfund transfers in and transfers out that occurred during fiscal year 2011:

| <u>Fund</u> | <u>Interfund Transfers In</u> | <u>Interfund Transfers Out</u> |
|-----------------------|-----------------------------------|------------------------------------|
| General Fund | \$ - | \$ 2,930,631 |
| School Grants | | |
| Special Revenue | <u>2,930,631</u> | <u>-</u> |
| Total per Exhibit A-4 | <u>\$ 2,930,631</u> | <u>\$ 2,930,631</u> |

Purpose: Operational support during Fiscal Year 2010-11

B. Interfund Receivables and Payables

The following are the School Board's interfund receivables and payables as of June 30, 2011:

| <u>Fund</u> | <u>Interfund Receivables (Due from Other Funds)</u> | <u>Interfund Payables (Due to Other Funds)</u> |
|-----------------------|---|--|
| General Fund | \$ 17,326,256 | \$ - |
| School Grants | | |
| Special Revenue | <u>-</u> | <u>17,326,256</u> |
| Total per Exhibit A-3 | <u>\$ 17,326,256</u> | <u>\$ 17,326,256</u> |

Purpose: Eliminate School Grants Fund negative cash balance at June 30, 2011 (expected to be repaid within one year)

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

10. CERTAIN INTERFUND TRANSACTIONS, EXHIBITS A-4 TO A-2 RECONCILIATION FOR CAPITAL OUTLAY, AND FUND BALANCE CLASSIFICATIONS (continued)

C. Exhibits A-4 to A-2 Reconciliation for Capital Outlay

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures (Exhibit A-4). However, for governmental activities those costs are shown in the Statement of Net Assets and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities (Exhibit A-2). The below is the amount by which capital outlay exceeded depreciation expense (including other transactions (e.g., loss on disposals)) for the fiscal year.

| | |
|---|------------------------------|
| Capital Outlay: | |
| Capital Projects Fund | \$ 56,384,860 |
| General Fund | 6,871,206 |
| Grants Special Revenue Fund | 1,022,721 |
| School Cafeterias Special Revenue Fund | 78,323 |
| School Equipment Replacement | |
| Special Revenue Fund | 157,984 |
| School Vending Operations | 14,186 |
| Risk Management Internal Service Fund and other Capital Assets | <u>10,204,138</u> |
| Total Capital Outlay | <u>\$ 74,733,418</u> |
| Less: | |
| Depreciation Expense | \$(27,709,229) |
| Depreciation Expense related to the Tenancy in Common by the City on certain School Buildings (Notes 4B&C) | 6,899,825 |
| Loss on Disposals | <u>(625,331)</u> |
| Total Depreciation Expense and Other | <u>\$(21,434,735)</u> |
| Total Amount by which Capital Outlay Exceeded Depreciation Expense and Other (Exhibit A-4) | |
| | <u>\$ 53,298,683</u> |

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

10. CERTAIN INTERFUND TRANSACTIONS, EXHIBITS A-4 TO A-2 RECONCILIATION FOR CAPITAL OUTLAY, AND FUND BALANCE CLASSIFICATIONS (continued)

D. Fund Balance Classifications

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned (Note 1H) based primarily on the extent to which the School Board is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on the fund balance for the major governmental funds and all of the other governmental funds are presented below.

| | General | School Grants | School Textbooks | Capital Projects | Nonmajor Governmental | Total Governmental Funds |
|--|-------------------|----------------|-------------------|-------------------|-----------------------|--------------------------|
| <u>Nonspendable</u> | | | | | | |
| Inventories and Prepaid Items | \$ 600,039 | \$ - | \$ - | \$ - | \$ 1,014,413 | \$ 1,614,452 |
| <u>Restricted</u> | | | | | | |
| Federal and State Grantor Agencies | \$ - | \$ 903,582 | \$ - | \$ - | \$ - | \$ 903,582 |
| State DOE/Textbooks | - | - | 22,042,950 | - | - | 22,042,950 |
| Capital Projects | | | | | | |
| Bond Proceeds Balance | - | - | - | 20,622,399 | - | 20,622,399 |
| USDA/Cafeterias Charges | - | - | - | - | 2,702,932 | 2,702,932 |
| Total Restricted | \$ - | \$ 903,582 | \$ 22,042,950 | \$ 20,622,399 | \$ 2,702,932 | \$ 46,271,863 |
| <u>Committed</u> | | | | | | |
| Capital Projects Contracts | \$ - | \$ - | \$ - | \$ 23,487,476 | \$ - | \$ 23,487,476 |
| <u>Assigned</u> | | | | | | |
| Instructional Technology | \$ 15,460,412 | \$ - | \$ - | \$ - | \$ - | \$ 15,460,412 |
| School Athletics | 1,157,524 | - | - | - | - | 1,157,524 |
| Communication Towers/Technology | - | - | - | - | 2,295,846 | 2,295,846 |
| Vending Operations/School Allocations | - | - | - | - | 448,511 | 448,511 |
| Equipment Replacement | - | - | - | - | 1,805,204 | 1,805,204 |
| Instruction Category | 1,465,284 | - | - | - | - | 1,465,284 |
| Administration, Attendance and Health Category | 140,966 | - | - | - | - | 140,966 |
| Pupil Transportation Category | 584,318 | - | - | - | - | 584,318 |
| Operations and Maintenance Category | 8,297,063 | - | - | - | - | 8,297,063 |
| Technology Category | 4,812,798 | - | - | - | - | 4,812,798 |
| Total Assigned | \$ 31,918,365 | - | - | - | \$ 4,549,561 | \$ 36,467,926 |
| Total Fund Balances | \$ 32,518,404 | \$ 903,582 | \$ 22,042,950 | \$ 44,109,875 | \$ 8,266,906 | \$ 107,841,717 |

(continued)

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

11. CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF PRIOR YEARS'S FUND BALANCE

Governmental Accounting Standards Board Statement Number 54 enhances the usefulness of the fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The implementation of this statement, which redefines special revenue funds, resulted in the reclassification of certain major and nonmajor special revenue funds and restatement of the School Board's financial statements, as follows:

| Governmental Funds | Fund Balance at June 30, 2010 | Reclassification of Fund due to GASB #54 | Restated Fund Balance at June 30, 2010 |
|---------------------------------|----------------------------------|--|--|
| General | \$ 18,032,017 | \$ 20,127,154 | \$ 38,159,171 |
| School Athletics | 1,111,836 | (1,111,836) | - |
| Instructional Technology | 19,015,318 | (19,015,318) | - |
| Total Governmental Funds | \$ 38,159,171 | \$ - | \$ 38,159,171 |

REQUIRED SUPPLEMENTARY INFORMATION

RETIREMENT AND OTHER POSTEMPLOYMENT BENEFITS

**Retirement Analysis of Funding Progress – Nonprofessional Employees
Other Postemployment Benefits – Annual OPEB Cost and Contribution
Other Postemployment Benefits – Funding Status and Progress**

MAJOR GOVERNMENTAL FUNDS

GENERAL FUND

The General Fund is the general operating fund of the School Board which is used to account for all of the financial resources, except those required to be accounted for in another fund.

SCHOOL GRANTS SPECIAL REVENUE FUND

The School Grants Fund accounts for certain private, Commonwealth of Virginia, and Federal grants (with matching local funds, if required).

SCHOOL TEXTBOOKS SPECIAL REVENUE FUND

The School Textbooks Fund accounts for the financing (e.g., Commonwealth of Virginia) and acquisition of textbooks and related materials used in the school division.

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
RETIREMENT AND OTHER POSTEMPLOYMENT BENEFITS (Unaudited)
JUNE 30, 2011**

**Retirement
Analysis of Funding Progress**

| | (a) | (b) | (b-a) | (a/b) | (c) | ((b-a)/c) |
|--------------------------------|---------------------------------|---|--|-----------------|--------------------|--|
| | | | Unfunded (Overfunded) | | | |
| Actuarial Valuation Date | Actuarial Value of Assets | Actuarial Accrued Liability (AAL) | Actuarial Accrued Liability (UAAL) | Funded Ratio | Covered Payroll | UAAL as a Percentage of Covered Payroll |
| June 30, 2008 | \$ 151,911,320 | \$ 158,571,135 | \$ 6,659,815 | 95.80% | \$ 41,951,424 | 15.88% |
| June 30, 2009 | \$ 153,730,529 | \$ 167,501,425 | \$ 13,770,896 | 91.78% | \$ 42,555,387 | 32.36% |
| June 30, 2010 | \$ 153,783,371 | \$ 182,222,930 | \$ 28,439,559 | 84.39% | \$ 41,493,390 | 68.54% |

Source: Virginia Retirement System Actuarial Valuation Report for June 30, 2010. Revised economic and noneconomic assumptions due to experience review.

**Other Postemployment Benefits
Annual OPEB Cost and Contribution**

For 2011, the School Board's annual OPEB cost of \$8.9 million was equal to the required contribution. The School Board's annual OPEB cost and the percentage of annual OPEB cost contributed to the plan is presented below.

| Fiscal Year Ended | Annual OPEB Cost | Percentage of ARC Contributed |
|----------------------|---------------------|-------------------------------------|
| June 30, 2009 | \$8,829,752 | 100.0% |
| June 30, 2010 | \$8,881,926 | 100.0% |
| June 30, 2011 | \$8,881,926 | 100.0% |

Source: Postretirement Benefit Valuation Report dated January 2010 for the period ending June 30, 2010 and 2011.

The financial statements relating to the City and School Board's OPEB trust are presented in the City's Comprehensive Annual Financial Report.

**Other Postemployment Benefits
Funding Status and Progress**

The funded status of the plan as of January 1, 2010 was, as follows:

| | (a) | (b) | (b-a) | (a/b) | (c) | ((b-a)/c) |
|--------------------------------|---------------------------------|---|--|-----------------|--------------------|--|
| | | | Unfunded (Overfunded) | | | |
| Actuarial Valuation Date | Actuarial Value of Assets | Actuarial Accrued Liability (AAL) | Actuarial Accrued Liability (UAAL) | Funded Ratio | Covered Payroll | UAAL as a Percentage of Covered Payroll |
| January 1, 2008 | \$ - | \$ 72,279,351 | \$ 72,279,351 | - % | \$ 431,243,164 | 16.8% |
| January 1, 2009 | \$ 3,897,182 | \$ 72,692,511 | \$ 68,795,329 | 5.4% | \$ 440,959,594 | 15.6% |
| January 1, 2010 | \$ 8,648,413 | \$ 75,347,493 | \$ 66,699,080 | 11.5% | \$ 432,476,829 | 15.4% |

Source: Postretirement Benefit Valuation Report dated January 2010 for the period ending June 30, 2010.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress above presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011
with comparative actual amounts for the year ended June 30, 2010

| | Original Budget | Final Budget | Actual | Variance - Positive (Negative) | 2010 Actual |
|--|--------------------|-----------------|----------------|--------------------------------------|----------------|
| REVENUES | | | | | |
| <u>From Use of Money and Property</u> | | | | | |
| Rents | \$ 450,000 | \$ 450,000 | \$ 367,908 | \$ (82,092) | \$ 422,026 |
| <u>Charges for Services</u> | | | | | |
| Tuition and Educational Fees | \$ 1,979,070 | \$ 1,979,070 | \$ 1,796,596 | \$ (182,474) | \$ 1,503,939 |
| <u>Miscellaneous Revenue</u> | | | | | |
| Sale of Salvage | 12,000 | 12,000 | 346,446 | 334,446 | 88,130 |
| Insurance Proceeds | - | - | 26,951 | 26,951 | 11,251 |
| Flex Benefit Forfeitures | 15,000 | 15,000 | - | (15,000) | - |
| Donations | - | - | 1,860 | 1,860 | 2 |
| Miscellaneous | 95,000 | 95,000 | 70,477 | (24,523) | 87,968 |
| Indirect Costs | 550,000 | 550,000 | 563,562 | 13,562 | 469,693 |
| Natl Institute of Aerospace-Other | - | - | 49,156 | 49,156 | - |
| Athletics | 531,848 | 531,848 | 537,511 | 5,663 | 506,405 |
| Instructional Technology | - | - | 232,448 | 232,448 | 280,169 |
| Total Miscellaneous Revenue | \$ 1,203,848 | \$ 1,203,848 | \$ 1,828,411 | \$ 624,563 | \$ 1,443,618 |
| <u>From Local Government</u> | | | | | |
| City - General Fund | \$ 321,902,260 | \$ 324,991,160 | \$ 315,337,053 | \$ (9,654,107) | \$ 317,182,229 |
| City - School Reserve Fund | 13,000,000 | 13,000,000 | 13,000,000 | - | 800,000 |
| City for Consolidated Benefits Office | 712,582 | 712,582 | 662,283 | (50,299) | 710,097 |
| Total From Local Government | \$ 335,614,842 | \$ 338,703,742 | \$ 328,999,336 | \$ (9,704,406) | \$ 318,692,326 |
| <u>From Commonwealth</u> | | | | | |
| Basic Aid | \$ 166,591,426 | \$ 159,063,156 | \$ 159,342,761 | \$ 279,605 | \$ 181,102,083 |
| Reimbursement-Social Security | 9,980,734 | 9,980,734 | 10,073,393 | 92,659 | 10,852,484 |
| Reimbursement-Retirement | 5,906,965 | 5,906,965 | 5,961,804 | 54,839 | 10,503,810 |
| Reimbursement-Life Insurance | 366,639 | 366,639 | 370,043 | 3,404 | 305,090 |
| Remedial Education | 2,770,163 | 2,770,163 | 2,795,881 | 25,718 | 2,920,146 |
| Remedial Education-Summer School | 1,201,110 | 1,201,110 | 1,160,030 | (41,080) | 1,287,411 |
| Special Education | 19,268,928 | 19,268,928 | 19,447,816 | 178,888 | 21,835,721 |
| Special Education-Regional Program | 8,748,142 | 8,748,142 | 7,871,956 | (876,186) | 8,428,371 |
| Special Education-Homebound | 129,247 | 129,247 | 84,546 | (44,701) | 129,850 |
| Special Education-Foster Children | - | - | 318,481 | 318,481 | 267,389 |
| Foster Home Children | 538,109 | 538,109 | 199,291 | (338,818) | 213,426 |
| Vocational | 3,014,589 | 3,014,589 | 3,042,576 | 27,987 | 3,704,663 |
| Vocational-Occupational/Tech | 334,436 | 334,436 | 207,694 | (126,742) | 209,536 |
| Vocational-Adult Education | - | - | 32,684 | 32,684 | - |
| Vocational-Equipment-State | - | - | 88,608 | 88,608 | 89,557 |
| Sales Tax | 67,116,477 | 67,116,477 | 70,058,126 | 2,941,649 | 66,688,947 |
| Class Size Initiative | 2,241,253 | 2,241,253 | 2,218,993 | (22,260) | 3,927,539 |
| Enrollment Loss | - | - | - | - | 138,671 |
| At-Risk Initiative | 1,592,986 | 1,592,986 | 1,607,755 | 14,769 | 1,751,613 |
| English as a Second Language | 581,632 | 581,632 | 547,324 | (34,308) | 643,183 |
| Visually Impaired | - | - | 28,665 | 28,665 | 26,855 |
| Composite Index Hold Harmless | 14,923,023 | 14,923,023 | 13,776,652 | (1,146,371) | - |
| Dual Enrollment | - | - | 52,208 | 52,208 | 70,171 |
| Gifted and Talented Aid | 1,833,196 | 1,833,196 | 1,850,215 | 17,019 | 1,961,292 |
| Total From Commonwealth | \$ 307,139,055 | \$ 299,610,785 | \$ 301,137,502 | \$ 1,526,717 | \$ 317,057,808 |

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011
with comparative actual amounts for the year ended June 30, 2010

| | Original Budget | Final Budget | Actual | Variance - Positive (Negative) | 2010 Actual |
|---|-----------------------|-----------------------|-----------------------|--------------------------------------|-----------------------|
| REVENUES (continued) | | | | | |
| From Federal Government | | | | | |
| Public Law 874 | \$ 14,461,723 | \$ 14,461,723 | \$ 10,389,713 | \$ (4,072,010) | \$ 12,937,259 |
| Public Law 874-Special Education | - | - | 1,077,799 | 1,077,799 | 1,362,102 |
| Dept of the Navy-NJROTC | 100,000 | 100,000 | 310,175 | 210,175 | 298,406 |
| Department of Defense | 1,500,000 | 1,500,000 | 2,017,599 | 517,599 | 2,245,761 |
| Dept of Defense-Special Education | - | - | 502,639 | 502,639 | 512,346 |
| Medicaid Reimbursement | 575,000 | 575,000 | 1,196,050 | 621,050 | 1,047,666 |
| Basic School Aid ARRA/SFSF | - | 7,528,270 | 7,528,270 | - | 13,695,072 |
| Natl Institute of Aerospace | - | - | 104,762 | 104,762 | - |
| Other Federal Funds | - | - | 23,294 | 23,294 | 130,466 |
| Total From Federal Government | \$ 16,636,723 | \$ 24,164,993 | \$ 23,150,301 | \$ (1,014,692) | \$ 32,229,078 |
| Total Revenues | \$ 663,023,538 | \$ 666,112,438 | \$ 657,280,054 | \$ (8,832,384) | \$ 671,348,795 |
| EXPENDITURES | | | | | |
| Instruction | | | | | |
| Elementary Classroom | \$ 129,825,522 | \$ 129,089,752 | \$ 128,643,954 | \$ 445,798 | \$ 133,125,494 |
| Senior High Classroom | 73,755,309 | 73,215,274 | 73,170,200 | 45,074 | 74,154,053 |
| Technical and Career Education | 19,322,171 | 17,806,555 | 17,298,213 | 508,342 | 18,247,549 |
| Gifted Education and Academy Programs | 11,857,067 | 11,952,513 | 11,506,793 | 445,720 | 11,736,932 |
| Special Education | 79,366,268 | 79,116,302 | 78,648,796 | 467,506 | 79,660,608 |
| Summer School | 3,269,702 | 2,857,702 | 2,674,716 | 182,986 | 2,699,685 |
| General Adult Education | 1,764,947 | 1,542,368 | 1,490,893 | 51,475 | 1,581,690 |
| Alternative Education - Renaissance | 5,858,305 | 5,756,936 | 5,401,454 | 355,482 | 5,030,758 |
| Student Activities | 2,771,001 | 2,772,320 | 2,708,341 | 63,979 | 2,754,941 |
| Student Athletics | 4,752,933 | 4,760,605 | 4,642,587 | 118,018 | 4,573,462 |
| Office/Principal - Elementary | 22,329,442 | 21,929,357 | 21,718,387 | 210,970 | 22,483,753 |
| Office/Principal - Senior High | 9,306,938 | 9,336,150 | 9,078,153 | 257,997 | 9,489,973 |
| Office/Principal - Tech & Career | 499,960 | 499,960 | 473,451 | 26,509 | 485,812 |
| Guidance Services | 15,123,018 | 15,113,081 | 14,876,900 | 236,181 | 15,237,934 |
| Social Work Services | 2,394,831 | 2,637,831 | 2,637,112 | 719 | 2,651,251 |
| Media and Communications | 1,728,781 | 1,711,936 | 1,537,040 | 174,896 | 1,528,795 |
| Instructional Support | 10,615,361 | 9,872,211 | 9,832,856 | 39,355 | 10,135,004 |
| Instructional Center for Teacher Leadership | 1,680,605 | 1,527,530 | 630,640 | 896,890 | 755,135 |
| Diversity | - | 28,000 | 22,917 | 5,083 | - |
| Special Education Support | 2,525,184 | 2,461,184 | 2,448,196 | 12,988 | 2,582,887 |
| Gifted Educ & Academy Programs Support | 2,002,946 | 2,014,865 | 1,922,704 | 92,161 | 1,950,065 |
| Media Services Support | 12,264,730 | 12,263,511 | 12,000,352 | 263,159 | 12,449,179 |
| Educational Leadership and Assessment | 2,480,326 | 2,293,361 | 1,820,939 | 472,422 | 2,067,109 |
| Middle School Classroom | 54,582,042 | 53,814,779 | 53,715,186 | 99,593 | 55,230,344 |
| Remedial Education | 8,978,696 | 8,939,671 | 8,414,691 | 524,980 | 6,583,620 |
| Office/Principal - Middle Schools | 8,145,856 | 8,047,143 | 7,705,001 | 342,142 | 8,210,663 |
| Homebound Services | 602,891 | 602,891 | 557,354 | 45,537 | 616,184 |
| Technical and Career Ed Support | 952,986 | 952,986 | 831,566 | 121,420 | 938,345 |
| Student Leadership | 1,302,295 | 1,302,295 | 1,147,886 | 154,409 | 1,248,774 |
| Psychological Services | 3,081,396 | 3,045,628 | 3,018,217 | 27,411 | 3,147,674 |
| Audiological Services | 375,376 | 355,663 | 343,808 | 11,855 | 345,966 |
| School Administration | 1,227,154 | 1,102,373 | 788,732 | 313,641 | 881,331 |
| Alternative Education | 1,863,332 | 1,676,528 | 1,424,512 | 252,016 | 3,948,081 |
| Total Instruction | \$ 496,607,371 | \$ 490,399,261 | \$ 483,132,547 | \$ 7,266,714 | \$ 496,533,051 |

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011
with comparative actual amounts for the year ended June 30, 2010

| | Original Budget | Final Budget | Actual | Variance - Positive (Negative) | 2010 Actual |
|---|-----------------------|------------------------|-----------------------|--------------------------------------|-----------------------|
| <u>EXPENDITURES (continued)</u> | | | | | |
| <u>Admin, Attendance, & Health</u> | | | | | |
| Board, Legal, & Governmental | \$ 1,107,334 | \$ 1,105,264 | \$ 863,185 | \$ 242,079 | \$ 902,494 |
| Office of the Superintendent | 1,206,082 | 1,103,391 | 951,643 | 151,748 | 934,143 |
| Department of Budget & Finance | 3,493,195 | 3,275,241 | 3,092,656 | 182,585 | 3,194,650 |
| Department of Human Resources | 4,343,158 | 4,226,343 | 3,830,744 | 395,599 | 3,837,854 |
| Internal Audit | 338,634 | 338,634 | 291,391 | 47,243 | 324,505 |
| Purchasing | 991,603 | 983,497 | 980,363 | 3,134 | 998,705 |
| Center for Teacher Leadership | 2,088,639 | 1,661,769 | 680,439 | 981,330 | 1,037,418 |
| Consolidated Benefits Office | 1,617,275 | 1,464,040 | 1,463,511 | 529 | 1,466,844 |
| Health Services | 6,274,054 | 6,275,805 | 6,125,151 | 150,654 | 6,291,567 |
| Total Admin, Attendance, & Health | <u>\$ 21,459,974</u> | <u>\$ 20,433,984</u> | <u>\$ 18,279,083</u> | <u>\$ 2,154,901</u> | <u>\$ 18,988,180</u> |
| <u>Pupil Transportation</u> | | | | | |
| Management | \$ 1,830,254 | \$ 1,829,114 | \$ 1,811,705 | \$ 17,409 | \$ 1,937,377 |
| Vehicle Operation | 17,538,334 | 21,162,942 | 20,739,333 | 423,609 | 19,949,907 |
| Vehicle Operation - Special Education | 5,038,593 | 6,232,160 | 5,919,922 | 312,238 | 4,419,588 |
| Vehicle Maintenance | 2,912,739 | 2,905,959 | 2,851,681 | 54,278 | 2,766,361 |
| Monitoring Services | 2,606,014 | 2,599,084 | 2,536,744 | 62,340 | 2,506,012 |
| Total Pupil Transportation | <u>\$ 29,925,934</u> | <u>\$ 34,729,259</u> | <u>\$ 33,859,385</u> | <u>\$ 869,874</u> | <u>\$ 31,579,245</u> |
| <u>Operations and Maintenance</u> | | | | | |
| Facility Planning & Construction | \$ 716,215 | \$ 717,960 | \$ 666,870 | \$ 51,090 | \$ 667,858 |
| School Plant | 47,625,680 | 51,266,294 | 44,104,406 | 7,161,888 | 42,296,847 |
| Supply Services | 1,305,402 | 1,603,119 | 1,457,436 | 145,683 | 1,352,895 |
| Grounds Services | 3,867,990 | 3,867,990 | 3,867,990 | - | 3,867,990 |
| Custodial Services | 26,952,009 | 27,420,750 | 27,318,847 | 101,903 | 26,645,941 |
| Safety and Loss Control | 6,224,497 | 6,216,179 | 6,174,046 | 42,133 | 6,224,976 |
| Vehicle Services | 1,022,772 | 1,549,799 | 861,413 | 688,386 | 890,815 |
| Telecommunications | 1,545,786 | 2,339,242 | 1,777,336 | 561,906 | 1,288,477 |
| Total Operations & Maintenance | <u>\$ 89,260,351</u> | <u>\$ 94,981,333</u> | <u>\$ 86,228,344</u> | <u>\$ 8,752,989</u> | <u>\$ 83,235,799</u> |
| <u>Technology</u> | | | | | |
| Instruction | \$ 15,396,269 | \$ 38,502,182 | \$ 28,332,576 | \$ 10,169,606 | \$ 13,795,386 |
| Admin, Attendance & Health | 1,107,836 | 1,267,144 | 1,214,697 | 52,447 | 1,142,892 |
| Pupil Transportation | 117,190 | 126,734 | 113,409 | 13,325 | 16,146 |
| Operations and Maintenance | 9,209,592 | 10,360,900 | 9,164,592 | 1,196,308 | 9,244,461 |
| Total Technology | <u>\$ 25,830,887</u> | <u>\$ 50,256,960</u> | <u>\$ 38,825,274</u> | <u>\$ 11,431,686</u> | <u>\$ 24,198,885</u> |
| Total Expenditures | <u>\$ 663,084,517</u> | <u>\$ 690,800,797</u> | <u>\$ 660,324,633</u> | <u>\$ 30,476,164</u> | <u>\$ 654,535,160</u> |
| <u>EXCESS (DEFICIENCY) OF REVENUES</u> | | | | | |
| <u>OVER (UNDER) EXPENDITURES</u> | | | | | |
| | <u>\$ (60,979)</u> | <u>\$ (24,688,359)</u> | <u>\$ (3,044,579)</u> | <u>\$ 21,643,780</u> | <u>\$ 16,813,635</u> |
| <u>OTHER FINANCING SOURCES (USES)</u> | | | | | |
| Transfers Out | \$ (2,462,768) | \$ (2,539,187) | \$ (2,509,831) | \$ 29,356 | \$ (7,418,259) |
| Transfers Out-Technology Category | (431,200) | (431,200) | (420,800) | 10,400 | (478,000) |
| Total Transfers Out | <u>\$ (2,893,968)</u> | <u>\$ (2,970,387)</u> | <u>\$ (2,930,631)</u> | <u>\$ 39,756</u> | <u>\$ (7,896,259)</u> |
| Sale of Capital Assets | 15,000 | 15,000 | 334,443 | 319,443 | 79,905 |
| Total Other Financing Sources (Uses) | <u>\$ (2,878,968)</u> | <u>\$ (2,955,387)</u> | <u>\$ (2,596,188)</u> | <u>\$ 359,199</u> | <u>\$ (7,816,354)</u> |
| <u>NET CHANGE IN FUND BALANCE</u> | <u>\$ (2,939,947)</u> | <u>\$ (27,643,746)</u> | <u>\$ (5,640,767)</u> | <u>\$ 22,002,979</u> | <u>\$ 8,997,281</u> |
| <u>FUND BALANCE - JULY 1 (AS RESTATED)</u> | <u>38,159,171</u> | <u>38,159,171</u> | <u>38,159,171</u> | <u>-</u> | <u>29,161,890</u> |
| <u>FUND BALANCE - JUNE 30</u> | <u>\$ 35,219,224</u> | <u>\$ 10,515,425</u> | <u>\$ 32,518,404</u> | <u>\$ 22,002,979</u> | <u>\$ 38,159,171</u> |

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
SCHOOL GRANTS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011
with comparative actual amounts for the year ended June 30, 2010

| | Original Budget | Final Budget | Actual | Variance - Positive (Negative) | 2010 Actual |
|---|----------------------|----------------------|----------------------|--------------------------------------|----------------------|
| REVENUES | | | | | |
| Miscellaneous | \$ - | \$ 42,146 | \$ 25,187 | \$ (16,959) | \$ 5,275 |
| From Commonwealth | 10,582,702 | 9,786,692 | 6,057,993 | (3,728,699) | 8,328,241 |
| From Federal Government | 63,287,048 | 70,147,265 | 43,200,985 | (26,946,280) | 37,798,262 |
| Contingency | 5,655,908 | 3,844,347 | - | (3,844,347) | - |
| Total Revenues | <u>\$ 79,525,658</u> | <u>\$ 83,820,450</u> | <u>\$ 49,284,165</u> | <u>\$ (34,536,285)</u> | <u>\$ 46,131,778</u> |
| EXPENDITURES | | | | | |
| Instruction | | | | | |
| Adult Basic Education-ABE FY09 | \$ - | \$ - | \$ - | \$ - | \$ 4,548 |
| Adult Basic Education-ABE FY10 | - | 1,805 | 1,805 | - | 354,673 |
| Adult Basic Education-ABE FY11 | 397,104 | 397,103 | 397,103 | - | - |
| Adult Basic Education-ABE Incentive FY10 | - | 1,242 | 1,242 | - | 16,583 |
| Advanced Placement Program FY10 | - | 2,400 | 2,400 | - | 4,020 |
| Advanced Placement Program FY11 | - | 26,049 | 26,049 | - | - |
| AFCEA Science Teaching Tools FY11 | - | 1,000 | 951 | 49 | - |
| Algebra Readiness FY09 | - | - | - | - | 24,888 |
| Algebra Readiness FY10 | - | - | - | - | 695,704 |
| Algebra Readiness FY11 | 666,396 | 665,057 | 663,170 | 1,887 | - |
| Allstate Foundation Safe Teen Driving FY07 | - | 7,761 | 2,770 | 4,991 | 1,059 |
| ARRA/SFSF Program FY10 | 2,083,453 | 3,371,139 | 2,872,703 | 498,436 | 2,814,791 |
| Asia Society Confucius Classroom Network FY11 | - | 23,299 | 18,402 | 4,897 | - |
| Career Switcher FY09 | - | - | - | - | 4,000 |
| Career Switcher FY11 | - | 11,000 | 11,000 | - | - |
| C. Perkins Vocational & Tech Act FY09 | - | - | - | - | 1,554 |
| C. Perkins Vocational & Tech Act FY10 | - | 510 | 510 | - | 790,731 |
| C. Perkins Vocational & Tech Act FY11 | 734,585 | 708,887 | 632,055 | 76,832 | - |
| Chesapeake Restoration Grant FY10 | - | 15,000 | 7,304 | 7,696 | - |
| Early Reading Initiative FY09 | - | - | - | - | 18,846 |
| Early Reading Initiative FY10 | 37,690 | 54,899 | 54,899 | - | 1,169,940 |
| Early Reading Initiative FY11 | 1,203,244 | 1,033,056 | 1,027,970 | 5,086 | - |
| English Literacy/Civics Education FY10 | - | - | - | - | 65,385 |
| English Literacy/Civics Education FY11 | 52,005 | 59,458 | 59,458 | - | - |
| Equipment Assistance Grant - ARRA FY10 | - | - | - | - | 60,368 |
| ESRI Geocenter Workshop Award FY10 | - | - | - | - | 500 |
| GED Expansion Grant FY10 | - | - | - | - | 10,000 |
| GED Expansion Grant FY11 | 10,000 | 10,000 | 10,000 | - | - |
| General Adult Education FY10 | - | - | - | - | 42,632 |
| General Adult Education FY11 | 42,632 | 36,712 | 36,712 | - | - |
| HSTW-Cox FY10 | - | 1,397 | 1,397 | - | 15,000 |
| HSTW-Cox FY11 | 15,000 | - | - | - | - |
| Industry Credentials for Students FY10 | - | - | - | - | 34,726 |
| Industry Credentials for Students FY11 | - | 67,737 | 67,737 | - | - |
| ISAEP FY10 | - | - | - | - | 62,869 |
| ISAEP FY11 | 62,869 | 62,869 | 62,869 | - | - |
| Jail Education Program FY10 | - | - | - | - | 190,684 |
| Jail Education Program FY11 | 197,679 | 217,794 | 187,773 | 30,021 | - |
| Juvenile Detention Center FY10 | - | - | - | - | 806,080 |
| Juvenile Detention Center FY11 | 827,834 | 877,131 | 818,087 | 59,044 | - |
| MARAMA Idle Reduction Project FY10 | - | - | - | - | 20,596 |
| McKinney Homeless FY09 | - | 11,749 | 11,749 | - | 30,112 |
| McKinney Homeless FY10 | 3,375 | 68,000 | 68,000 | - | - |
| McKinney Homeless FY11 | 68,000 | 68,000 | 55,863 | 12,137 | - |
| McKinney Homeless - ARRA FY10 | - | - | - | - | 8,000 |

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
SCHOOL GRANTS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011
with comparative actual amounts for the year ended June 30, 2010

| | Original Budget | Final Budget | Actual | Variance - Positive (Negative) | 2010 Actual |
|---|--------------------|-----------------|-----------|--------------------------------------|----------------|
| EXPENDITURES (continued) | | | | | |
| Instruction (continued) | | | | | |
| MyCAA - ALC Courses FY10 | \$ - | \$ - | \$ - | \$ - | \$ 13,939 |
| MyCAA - ALC Courses FY11 | - | 3,543 | 3,543 | - | - |
| MyCAA-LPN Program FY10 | - | - | - | - | 18,239 |
| MyCAA-LPN Program FY11 | - | 10,203 | 10,203 | - | - |
| Natl. Board Certified Teachers Stipend FY10 | - | - | - | - | 222,500 |
| Natl. Board Certified Teachers Stipend FY11 | - | 265,000 | 265,000 | - | - |
| NBC Learn Archives on Demand FY11 | - | 4,200 | 4,200 | - | - |
| New Teacher Mentor FY10 | - | - | - | - | 59,325 |
| New Teacher Mentor FY11 | 58,712 | 51,246 | 51,246 | - | - |
| NJROTC FY10 | - | - | - | - | 27,793 |
| NJROTC FY11 | - | 23,960 | 23,960 | - | - |
| Preschool Incentive Grant FY09 | - | 10,583 | 10,583 | - | 68,892 |
| Preschool Incentive Grant FY10 | 48,072 | 61,757 | 59,483 | 2,274 | 395,440 |
| Preschool Incentive Grant FY11 | 499,969 | 499,957 | 362,385 | 137,572 | - |
| Preschool Incentive Grant - ARRA FY10 | 104,873 | 131,096 | 99,158 | 31,938 | 220,456 |
| Race to GED FY10 | - | - | - | - | 53,485 |
| Race to GED FY11 | 64,064 | 47,396 | 47,396 | - | - |
| Safe and Drug Free Schools FY09 | - | - | - | - | 32,897 |
| Safe and Drug Free Schools FY10 | 711 | 50,481 | 50,481 | - | 187,252 |
| Safe and Drug Free Schools FY11 | 238,090 | - | - | - | - |
| School Improvement-Title I, College Park FY11 | - | 13,350 | 6,500 | 6,850 | - |
| SFSF CIP College Park Project FY10 | 7,936,308 | - | - | - | - |
| Startalk Elementary Chinese Academy FY09 | - | - | - | - | 47,861 |
| Startalk Elementary Chinese Academy FY10 | - | 58,972 | 58,472 | 500 | 5,555 |
| Startalk Elementary Chinese Academy FY11 | - | 66,215 | 4,206 | 62,009 | - |
| State Academic Grant FY10 | - | 6,695 | 6,695 | - | 17,099 |
| Stem-Opp. Inc. FY10 | - | - | - | - | 14,404 |
| Stem-Opp. Inc. Green House Sustain. FY10 | - | - | - | - | 2,825 |
| Teaching American History-WHO FY06 | - | - | - | - | 118,530 |
| Teaching American History-SAIL FY10 | 751,072 | 826,466 | 442,832 | 383,634 | 137,724 |
| Title I Part A 128-09 FY09 | - | - | - | - | 1,476,762 |
| Title I Part A 128-10 FY10 | 1,963,973 | 3,741,897 | 3,741,897 | - | 8,515,429 |
| Title I Part A 128-11 FY11 | 12,220,458 | 12,063,045 | 5,678,724 | 6,384,321 | - |
| Title I Part A 128-10 - ARRA FY10 | 3,608,549 | 4,727,234 | 3,720,688 | 1,006,546 | 4,074,629 |
| Title I Distinguished Schools FY11 | - | 13,658 | 13,658 | - | - |
| Title I Part D FY09 | - | 1,602 | 1,602 | - | 112,040 |
| Title I Part D Subpart 1 FY09 | - | - | - | - | 18,751 |
| Title I Part D Subpart 1 FY10 | 15,926 | 12,813 | 12,813 | - | 20,370 |
| Title I Part D Subpart 1 FY11 | 36,781 | 44,183 | 25,651 | 18,532 | - |
| Title I Part D Subpart 2 FY10 | 162,889 | 146,595 | 140,922 | 5,673 | 60,968 |
| Title I Part D Subpart 2 FY11 | 207,094 | 299,685 | 49,617 | 250,068 | - |
| Title I Part D Subpart 2 - ARRA FY10 | 33,689 | 42,180 | 39,405 | 2,775 | 34,294 |
| Title II NCLB128-08 FY09 | - | 2,143 | 2,143 | - | 692,198 |
| Title II NCLB128-09 FY10 | 605,536 | 794,991 | 751,771 | 43,220 | 1,920,751 |
| Title II NCLB128-10 FY11 | 2,813,933 | 2,725,164 | 1,680,887 | 1,044,277 | - |
| Title III Part A Immigrant & Youth FY09 | - | 2,075 | 2,075 | - | 19,966 |
| Title III Part A Immigrant & Youth FY10 | 28,463 | 28,463 | 23,601 | 4,862 | - |
| Title III Part A Immigrant & Youth FY11 | 28,463 | 80,121 | 38,511 | 41,610 | - |
| Title III Part A Language Acquisition FY08 | - | - | - | - | 22,713 |
| Title III Part A Language Acquisition FY09 | - | 26,482 | 26,482 | - | 104,298 |
| Title III Part A Language Acquisition FY10 | 129,640 | 115,735 | 96,197 | 19,538 | - |

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
SCHOOL GRANTS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011
with comparative actual amounts for the year ended June 30, 2010

| | Original Budget | Final Budget | Actual | Variance - Positive (Negative) | 2010 Actual |
|---|----------------------|----------------------|----------------------|--------------------------------------|----------------------|
| EXPENDITURES (continued) | | | | | |
| Instruction (continued) | | | | | |
| Title III Part A Language Acquisition FY11 | \$ 129,640 | \$ 129,876 | \$ 3,943 | \$ 125,933 | \$ - |
| Title IV Pell Grant FY10 | - | - | - | - | 24,590 |
| Title IV Pell Grant FY11 | - | 39,660 | 39,660 | - | - |
| Title V 128-T5-08 FY08 | - | - | - | - | 1,409 |
| Title VI B PL 105-17 FY08 | - | - | - | - | 316,912 |
| Title VI B PL 105-17 FY09 | - | - | - | - | 4,402,499 |
| Title VI B PL 105-17 FY10 | 3,820,858 | 7,282,479 | 7,281,823 | 656 | 8,038,696 |
| Title VI B PL 105-17 FY11 | 15,279,619 | 15,247,693 | 2,503 | 15,245,190 | - |
| Title VI B PL 105-17 - ARRA FY10 | 8,395,679 | 13,194,765 | 12,839,549 | 355,216 | 1,809,993 |
| VA Commission for the Arts-Bayside ES FY11 | - | 350 | 350 | - | - |
| VA Incentive Program for Speech Lang FY10 | - | - | - | - | 24,000 |
| VA Incentive Program for Speech Lang FY11 | - | 19,500 | - | 19,500 | - |
| VA Initiative-At Risk Four-Year Olds FY09 | - | - | - | - | 8,331 |
| VA Initiative-At Risk Four-Year Olds FY10 | - | 397 | 397 | - | 4,223,603 |
| VA Initiative-At Risk Four-Year Olds FY11 | 4,224,000 | 4,224,000 | 4,214,000 | 10,000 | - |
| VA Geographic Alliance FY03 | - | - | - | - | 3,352 |
| VA Geographic Alliance FY11 | - | 5,050 | 949 | 4,101 | - |
| VA Middle School Teacher Corps FY10 | - | - | - | - | 45,000 |
| VA Middle School Teacher Corps FY11 | 40,000 | 75,000 | 71,875 | 3,125 | - |
| Virginia Bch Police Benevolent Asso FY10 | - | 3,036 | 441 | 2,595 | 364 |
| Virtual Enterprise MOU FY09 | - | - | - | - | 1,377 |
| Virtual Enterprise MOU FY10 | - | 6,095 | 3,433 | 2,662 | 1,405 |
| Virtual VA Placement FY10 | - | - | - | - | 1,014 |
| Virtual VA Advanced Placement FY11 | - | 395 | 395 | - | - |
| Youngsters Yearning for More-Thalia ES FY11 | - | 2,000 | 1,674 | 326 | - |
| Contingency | 5,655,908 | 3,844,347 | - | 3,844,347 | - |
| Total Instruction | \$ 75,504,835 | \$ 78,874,883 | \$ 49,113,957 | \$ 29,760,926 | \$ 44,868,219 |
| Technology | | | | | |
| Adult Basic Education-ABE FY10 | \$ - | \$ - | \$ - | \$ - | \$ 26,500 |
| Algebra Readiness FY11 | - | 4,679 | 4,679 | - | - |
| C. Perkins Vocational & Tech Act FY10 | - | 490 | 490 | - | 127,854 |
| C. Perkins Vocational & Tech Act FY11 | 185,000 | 194,906 | 194,906 | - | - |
| Early Reading Initiative FY10 | - | 2,187 | 2,187 | - | 214 |
| Early Reading Initiative FY11 | 3,000 | - | - | - | - |
| English Literacy/Civics Education FY09 | 7,436 | - | - | - | - |
| Jail Education Program FY11 | 1,200 | 4,358 | 3,269 | 1,089 | - |
| Juvenile Detention Center FY10 | - | - | - | - | 23,216 |
| Juvenile Detention Center FY11 | 6,000 | 9,000 | 6,618 | 2,382 | - |
| Preschool Incentive Grant FY10 | - | 42,772 | 42,772 | - | - |
| Preschool Incentive Grant - ARRA FY10 | 23,772 | 100,797 | 76,797 | 24,000 | 119,030 |
| Safe and Drug Free Schools FY10 | - | - | - | - | 356 |
| Startalk Elementary Chinese Academy FY09 | - | - | - | - | 1,455 |
| Startalk Elementary Chinese Academy FY10 | - | 601 | 601 | - | - |
| State Academic Grant FY10 | - | - | - | - | 1,670 |
| Stem-Opp. Inc. Green House Sustain. FY10 | - | - | - | - | 8,754 |
| Teaching American History-SAIL FY10 | 5,448 | 8,366 | 8,366 | - | 25,398 |
| Technology Initiative FY08 | - | - | - | - | 782,218 |
| Technology Initiative FY09 | 467,600 | 393,145 | 393,145 | - | 2,412,455 |
| Technology Initiative FY10 | 2,868,000 | 2,805,600 | 873,151 | 1,932,449 | - |
| Technology Initiative FY11 | 2,587,200 | 2,587,200 | - | 2,587,200 | - |
| Title I Part A 128-09 FY09 | - | - | - | - | 89 |

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SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
SCHOOL GRANTS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011
with comparative actual amounts for the year ended June 30, 2010

| | Original Budget | Final Budget | Actual | Variance - Positive (Negative) | 2010 Actual |
|--|----------------------|----------------------|----------------------|--------------------------------------|----------------------|
| <u>EXPENDITURES (continued)</u> | | | | | |
| <u>Technology (continued)</u> | | | | | |
| Title I Part A 128-10 FY10 | \$ - | \$ - | \$ - | \$ - | \$ 8,838 |
| Title I Part A 128-10 - ARRA FY10 | - | 149,153 | 44,169 | 104,984 | 190,359 |
| Title I Part A 128-11 FY11 | 18,000 | 51,793 | 40,685 | 11,108 | - |
| Title II Part D FY08 | - | - | - | - | 34,981 |
| Title II Part D FY09 | 28,464 | 556 | 556 | - | 67,260 |
| Title II Part D FY10 | 64,334 | 87,653 | 67,133 | 20,520 | 6,478 |
| Title II Part D FY11 | 94,131 | 71,563 | 13,402 | 58,161 | - |
| Title II Part D - ARRA FY10 | 90,291 | 184,193 | 80,495 | 103,698 | 54,128 |
| Title III Part A Language Acquisition FY10 | - | 16,924 | 16,924 | - | - |
| Title VI B PL 105-17 FY10 | 219,396 | 48,174 | 15,438 | 32,736 | - |
| Title VI B PL 105-17 FY11 | 89,730 | 89,730 | - | 89,730 | - |
| Title VI B PL 105-17 - ARRA FY10 | 155,789 | 1,915,449 | 1,204,566 | 710,883 | 49,476 |
| Total Technology | <u>\$ 6,914,791</u> | <u>\$ 8,769,289</u> | <u>\$ 3,090,349</u> | <u>\$ 5,678,940</u> | <u>\$ 3,940,729</u> |
| Total Expenditures | <u>\$ 82,419,626</u> | <u>\$ 87,644,172</u> | <u>\$ 52,204,306</u> | <u>\$ 35,439,866</u> | <u>\$ 48,808,948</u> |
| <u>EXCESS (DEFICIENCY) OF</u> | | | | | |
| <u>REVENUES OVER (UNDER)</u> | | | | | |
| <u>EXPENDITURES</u> | | | | | |
| | \$ (2,893,968) | \$ (3,823,722) | \$ (2,920,141) | \$ 903,581 | \$ (2,677,170) |
| <u>OTHER FINANCING</u> | | | | | |
| <u>SOURCES (USES)</u> | | | | | |
| Transfers In | <u>2,893,968</u> | <u>3,823,722</u> | <u>2,930,631</u> | <u>(893,091)</u> | <u>2,896,259</u> |
| <u>NET CHANGE IN FUND BALANCE</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 10,490</u> | <u>\$ 10,490</u> | <u>\$ 219,089</u> |
| <u>FUND BALANCE - JULY 1</u> | <u>893,092</u> | <u>893,092</u> | <u>893,092</u> | <u>-</u> | <u>674,003</u> |
| <u>FUND BALANCE - JUNE 30</u> | <u>\$ 893,092</u> | <u>\$ 893,092</u> | <u>\$ 903,582</u> | <u>\$ 10,490</u> | <u>\$ 893,092</u> |

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
SCHOOL TEXTBOOKS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011
 with comparative actual amounts for the year ended June 30, 2010

| | Original Budget | Final Budget | Actual | Variance - Positive (Negative) | 2010 Actual |
|--|----------------------|----------------------|----------------------|--------------------------------------|----------------------|
| REVENUES | | | | | |
| From Use of Money and Property | \$ 100,000 | \$ 100,000 | \$ 83,042 | \$ (16,958) | \$ 114,076 |
| Charges for Services | - | - | 93 | 93 | 17 |
| Miscellaneous | 10,000 | 10,000 | 95,212 | 85,212 | 84,978 |
| From Commonwealth | 2,140,358 | 2,140,358 | 2,160,229 | 19,871 | - |
| Total Revenues | <u>\$ 2,250,358</u> | <u>\$ 2,250,358</u> | <u>\$ 2,338,576</u> | <u>\$ 88,218</u> | <u>\$ 199,071</u> |
| EXPENDITURES | | | | | |
| Instruction | | | | | |
| Personnel Services | \$ 64,250 | \$ 64,250 | \$ 42,030 | \$ 22,220 | \$ 22,132 |
| Fringe Benefits | 19,318 | 19,318 | 11,869 | 7,449 | 7,053 |
| Purchased Services | 1,500 | 1,500 | - | 1,500 | - |
| Materials and Supplies | 6,437,302 | 7,242,712 | 2,431,468 | 4,811,244 | 5,946,844 |
| Total Expenditures | <u>\$ 6,522,370</u> | <u>\$ 7,327,780</u> | <u>\$ 2,485,367</u> | <u>\$ 4,842,413</u> | <u>\$ 5,976,029</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | | | | | |
| | \$ (4,272,012) | \$ (5,077,422) | \$ (146,791) | \$ 4,930,631 | \$ (5,776,958) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers In | - | - | - | - | 5,000,000 |
| NET CHANGE IN FUND BALANCE | | | | | |
| | \$ (4,272,012) | \$ (5,077,422) | \$ (146,791) | \$ 4,930,631 | \$ (776,958) |
| FUND BALANCE - JULY 1 | | | | | |
| | <u>22,189,741</u> | <u>22,189,741</u> | <u>22,189,741</u> | <u>-</u> | <u>22,966,699</u> |
| FUND BALANCE - JUNE 30 | | | | | |
| | <u>\$ 17,917,729</u> | <u>\$ 17,112,319</u> | <u>\$ 22,042,950</u> | <u>\$ 4,930,631</u> | <u>\$ 22,189,741</u> |

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2011**

A. Budget Information

The following presents the procedures followed by the School Board in establishing the budgetary data reflected in the financial statements and other budget information:

1. The Superintendent is required by Section 22.1-92 of the Code of Virginia, as amended, to prepare and submit to the City Council, with the approval of the School Board, the estimate of the amount of money deemed to be needed during the next fiscal year for the support of the public schools of the school division. Before the School Board gives final approval to its operating and capital improvement program budgets, the School Board is required to hold at least one public hearing.
2. The City Manager is required by the City Charter to present a proposed operating budget to the City Council, which includes the School Board's operating budget, at least 90 days before the beginning of each fiscal year, which begins July 1. The proposed operating budget must be balanced with projected expenditures equal to estimated revenues and/or the required financing from the proper undesignated fund balances. The necessary budget ordinances are also submitted at this time.
3. The City Council is required by the City Charter to hold a public hearing on the budget at which time all interested persons are given an opportunity to comment.
4. If the proposed operating budget is not legally adopted by the City Council upon one reading of the budget ordinances by June 1, the operating budget is automatically adopted as proposed.
5. Annual budgets are legally adopted for the General and Special Revenue funds. The budgets for these funds are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP). The legal level of budgetary control for the General Fund is at the category level (i.e., Instruction; Administration, Attendance and Health; Pupil Transportation; Operations and Maintenance; Technology); and for the Special Revenue Funds, they are at the fund level. These categories or funds cannot legally be exceeded.
6. Additional appropriations require one reading of the ordinance for approval by the School Board and the City Council, and must be offset by additional estimated revenues and/or a transfer from the proper undesignated fund balances. Additional appropriations, which exceed 1% of the total estimated revenues shown in the adopted City budget, require one reading by City Council for approval after a public hearing.
7. The Superintendent is authorized to transfer appropriations up to a maximum of \$250,000. Transfers in excess of \$250,000 require one reading by the School Board for approval.

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2011

A. Budget Information (continued)

8. The accounting system is employed as a budgetary management control device to monitor the individual schools and departments. In addition, certain controls are exercised administratively on the General Fund (e.g., budget units, personnel positions, capital outlay, and certain line-items; and the appropriations related thereto). A budget unit is an activity (e.g., Elementary Classroom, Gifted Education and Academy Programs) of a category (e.g., Instruction). Also, certain controls are exercised on the Special Revenue Funds (e.g., federal and state grants, and school athletic programs; and the appropriations related thereto).
9. Unexpended appropriations lapse (except for the School Capital Projects Fund) and are closed to the proper fund balances at the end of each fiscal year (June 30). However, the General Fund's net assets balance (i.e., total assets (e.g., cash) less liabilities (e.g., salaries payable), outstanding encumbrances, prepaid items, and net assets relating to the Instructional Technology and Athletics programs) is paid back (i.e., reverts) to the City (\$9,654,107 Fiscal Year 2011) before the aforementioned closing process. Appropriations for the subsequent fiscal year are increased in the amount necessary to satisfy the outstanding encumbrances at June 30.
10. Capital Projects for the School Board and City are budgeted separately from the Operating Budget. Since the School Board and City have hundreds of projects in its Capital Improvement Program and the City has an annual limitation (without a referendum) on the amount of bonds that may be issued, allocations for capital projects represent funding by phases of a number of projects based upon their anticipated execution of contractual obligations. The appropriations for Capital Projects do not parallel the School Board's fiscal year. Upon approval by the School Board, the School Board's Capital Improvement Program appropriation requests are submitted to the City Council. The appropriations require one reading of the ordinance for approval after public hearings on the Capital Improvement Program. The accounting, encumbering, and controlling of the funds are based upon the project length of each individual project which may be over several years. Therefore, budgetary comparisons are not presented for Capital Projects in this report. Appropriations reallocated to new or existing capital projects require one reading of the ordinance by City Council for approval.

B. Budget Amendments

1. There were supplemental budget amendments, other than for encumbrances, totaling \$7,672,953 for the General Fund during fiscal year 2011. The General Fund budget amendments (e.g., instructional technology, operations and maintenance projects, bus replacements) were funded through an increase in revenue from the local government and related fund balance.

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than capital projects) that are legally restricted or dedicated to be expended for specified purposes. The School Board has the following Special Revenue Funds:

School Cafeterias – accounts for the revenues (e.g., Commonwealth of Virginia, Federal Government) and expenditures associated with the food services operations of the school division.

School Communication Towers/Technology – accounts for the rent receipts (long-term contracts with telecommunication companies) relating to the communication towers constructed on School Board property and technology related expenditures.

School Vending Operations – accounts for the receipts (long-term exclusive contract with a vending company) relating to the bottled drinks vending operations of the school division and expenditures (including school-level allocations).

School Equipment Replacement – accounts for the financing (e.g., local government) and acquisition of various replacement equipment.

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
 JUNE 30, 2011
 with comparative totals for June 30, 2010

| | School Cafeterias | School Communication Towers/ Technology | School Vending Operations | School Equipment Replacement | Totals | |
|-----------------------------|----------------------|--|---------------------------------|------------------------------------|---------------------|---------------------|
| | | | | | 2011 | 2010 |
| ASSETS | | | | | | |
| Cash and Investments | \$ 3,563,611 | \$ 2,369,789 | \$ 449,007 | \$ 1,805,204 | \$ 8,187,611 | \$ 7,135,840 |
| Accounts Receivable | 15,172 | - | - | - | 15,172 | 97,524 |
| Due from Federal | | | | | | |
| Government | 754,259 | - | - | - | 754,259 | 767,597 |
| Inventories | 1,012,962 | - | - | - | 1,012,962 | 928,866 |
| Prepaid Items | 1,450 | - | - | - | 1,450 | 3,852 |
| TOTAL ASSETS | \$ 5,347,454 | \$ 2,369,789 | \$ 449,007 | \$ 1,805,204 | \$ 9,971,454 | \$ 8,933,679 |
| LIABILITIES AND FUND | | | | | | |
| BALANCES | | | | | | |
| Liabilities: | | | | | | |
| Salaries Payable | \$ 1,023,689 | \$ - | \$ - | \$ - | \$ 1,023,689 | \$ 1,021,595 |
| Vouchers and | | | | | | |
| Accounts Payable | 206,336 | 18,943 | 496 | - | 225,775 | 316,087 |
| Deposits Payable | - | 55,000 | - | - | 55,000 | 45,000 |
| Deferred Revenue | 400,084 | - | - | - | 400,084 | 360,460 |
| TOTAL LIABILITIES | \$ 1,630,109 | \$ 73,943 | \$ 496 | \$ - | \$ 1,704,548 | \$ 1,743,142 |
| Fund Balances: | | | | | | |
| Nonspendable | \$ 1,014,413 | \$ - | \$ - | \$ - | \$ 1,014,413 | \$ 932,718 |
| Restricted | 2,702,932 | - | - | - | 2,702,932 | 1,722,504 |
| Assigned | - | 2,295,846 | 448,511 | 1,805,204 | 4,549,561 | 4,535,315 |
| TOTAL FUND | | | | | | |
| BALANCES | \$ 3,717,345 | \$ 2,295,846 | \$ 448,511 | \$ 1,805,204 | \$ 8,266,906 | \$ 7,190,537 |
| TOTAL LIABILITIES | | | | | | |
| AND FUND | | | | | | |
| BALANCES | \$ 5,347,454 | \$ 2,369,789 | \$ 449,007 | \$ 1,805,204 | \$ 9,971,454 | \$ 8,933,679 |

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2011
with comparative totals for the fiscal year ended June 30, 2010

| | School | School | School | School | Totals | |
|-----------------------------------|----------------------|---|------------------------------|---------------------------------|----------------------|----------------------|
| | Cafeterias C-3 | Communication Towers/ Technology C-4 | Vending Operations C-5 | Equipment Replacement C-6 | 2011 | 2010 |
| REVENUES | | | | | | |
| From Use of Money and Property | \$ 8,386 | \$ 442,190 | \$ 1,621 | \$ 6,929 | \$ 459,126 | \$ 404,896 |
| Charges for Services | 13,145,182 | - | 231,643 | - | 13,376,825 | 13,548,109 |
| Miscellaneous | 131,232 | - | - | - | 131,232 | 148,555 |
| From Local Government | - | - | - | - | - | 334,440 |
| From Commonwealth | 486,856 | - | - | - | 486,856 | 445,844 |
| From Federal Government | 13,194,628 | - | - | - | 13,194,628 | 11,991,202 |
| Total Revenues | \$ 26,966,284 | \$ 442,190 | \$ 233,264 | \$ 6,929 | \$ 27,648,667 | \$ 26,873,046 |
| EXPENDITURES | | | | | | |
| Current | | | | | | |
| Instruction | \$ - | \$ - | \$ 316,489 | \$ 157,984 | \$ 474,473 | \$ 1,123,193 |
| Cafeterias | 25,899,229 | - | - | - | 25,899,229 | 25,969,666 |
| Technology | 4,932 | 193,664 | - | - | 198,596 | 547,312 |
| Total Expenditures | \$ 25,904,161 | \$ 193,664 | \$ 316,489 | \$ 157,984 | \$ 26,572,298 | \$ 27,640,171 |
| EXCESS (DEFICIENCY) OF | | | | | | |
| REVENUES OVER (UNDER) | | | | | | |
| EXPENDITURES | \$ 1,062,123 | \$ 248,526 | \$ (83,225) | \$ (151,055) | \$ 1,076,369 | \$ (767,125) |
| NET CHANGES IN | | | | | | |
| FUND BALANCES | \$ 1,062,123 | \$ 248,526 | \$ (83,225) | \$ (151,055) | \$ 1,076,369 | \$ (767,125) |
| FUND BALANCES - JULY 1 | 2,655,222 | 2,047,320 | 531,736 | 1,956,259 | 7,190,537 | 7,957,662 |
| FUND BALANCES - JUNE 30 | \$ 3,717,345 | \$ 2,295,846 | \$ 448,511 | \$ 1,805,204 | \$ 8,266,906 | \$ 7,190,537 |

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
SCHOOL CAFETERIAS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011
with comparative actual amounts for the year ended June 30, 2010

| | Original Budget | Final Budget | Actual | Variance - Positive (Negative) | 2010 Actual |
|--|----------------------|----------------------|----------------------|--------------------------------------|----------------------|
| REVENUES | | | | | |
| From Use of Money and Property | \$ 36,000 | \$ 36,000 | \$ 8,386 | \$ (27,614) | \$ 8,829 |
| Charges for Services | 16,323,753 | 16,323,753 | 13,145,182 | (3,178,571) | 13,332,415 |
| Miscellaneous | 140,000 | 140,000 | 131,232 | (8,768) | 148,555 |
| From Local Government | - | - | - | - | 91,348 |
| From Commonwealth | 330,000 | 330,000 | 486,856 | 156,856 | 445,844 |
| From Federal Government | 10,411,162 | 10,411,162 | 13,194,628 | 2,783,466 | 11,991,202 |
| Total Revenues | <u>\$ 27,240,915</u> | <u>\$ 27,240,915</u> | <u>\$ 26,966,284</u> | <u>\$ (274,631)</u> | <u>\$ 26,018,193</u> |
| EXPENDITURES | | | | | |
| Cafeterias | | | | | |
| Personnel Services | \$ 8,800,234 | \$ 8,800,234 | \$ 8,190,584 | \$ 609,650 | \$ 8,210,513 |
| Fringe Benefits | 3,873,757 | 3,873,757 | 3,520,179 | 353,578 | 3,692,473 |
| Purchased Services | 278,416 | 278,416 | 399,060 | (120,644) | 426,181 |
| Other Charges | 83,280 | 83,280 | 52,709 | 30,571 | 41,771 |
| Materials and Supplies | 14,202,972 | 14,203,796 | 13,658,374 | 545,422 | 13,507,672 |
| Capital Outlay | 2,256 | 14,048 | 78,323 | (64,275) | 91,056 |
| Total Cafeterias | <u>\$ 27,240,915</u> | <u>\$ 27,253,531</u> | <u>\$ 25,899,229</u> | <u>\$ 1,354,302</u> | <u>\$ 25,969,666</u> |
| Technology | | | | | |
| Materials and Supplies | - | - | 4,932 | (4,932) | 14,077 |
| Total Expenditures | <u>\$ 27,240,915</u> | <u>\$ 27,253,531</u> | <u>\$ 25,904,161</u> | <u>\$ 1,349,370</u> | <u>\$ 25,983,743</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | | | | | |
| | \$ - | \$ (12,616) | \$ 1,062,123 | \$ 1,074,739 | \$ 34,450 |
| FUND BALANCE - JULY 1 | | | | | |
| | <u>2,655,222</u> | <u>2,655,222</u> | <u>2,655,222</u> | <u>-</u> | <u>2,620,772</u> |
| FUND BALANCE - JUNE 30 | | | | | |
| | <u>\$ 2,655,222</u> | <u>\$ 2,642,606</u> | <u>\$ 3,717,345</u> | <u>\$ 1,074,739</u> | <u>\$ 2,655,222</u> |

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
SCHOOL COMMUNICATION TOWERS/TECHNOLOGY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011
 with comparative actual amounts for the year ended June 30, 2010

| | Original Budget | Final Budget | Actual | Variance - Positive (Negative) | 2010 Actual |
|--|----------------------------|----------------------------|----------------------------|--------------------------------------|----------------------------|
| REVENUES | | | | | |
| From Use of Money and Property | \$ 260,000 | \$ 260,000 | \$ 442,190 | \$ 182,190 | \$ 382,419 |
| EXPENDITURES | | | | | |
| Technology | | | | | |
| Materials and Supplies | - | - | 193,664 | (193,664) | 34,776 |
| Capital Outlay | 560,000 | 560,000 | - | 560,000 | 455,646 |
| Total Expenditures | <u>\$ 560,000</u> | <u>\$ 560,000</u> | <u>\$ 193,664</u> | <u>\$ 366,336</u> | <u>\$ 490,422</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>\$ (300,000)</u> | <u>\$ (300,000)</u> | <u>\$ 248,526</u> | <u>\$ 548,526</u> | <u>\$ (108,003)</u> |
| NET CHANGE IN FUND BALANCE | <u>\$ (300,000)</u> | <u>\$ (300,000)</u> | <u>\$ 248,526</u> | <u>\$ 548,526</u> | <u>\$ (108,003)</u> |
| FUND BALANCE - JULY 1 | <u>2,047,320</u> | <u>2,047,320</u> | <u>2,047,320</u> | <u>-</u> | <u>2,155,323</u> |
| FUND BALANCE - JUNE 30 | <u><u>\$ 1,747,320</u></u> | <u><u>\$ 1,747,320</u></u> | <u><u>\$ 2,295,846</u></u> | <u><u>\$ 548,526</u></u> | <u><u>\$ 2,047,320</u></u> |

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
SCHOOL VENDING OPERATIONS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011
 with comparative actual amounts for the year ended June 30, 2010

| | Original Budget | Final Budget | Actual | Variance - Positive (Negative) | 2010 Actual |
|--|---------------------|---------------------|--------------------|--------------------------------------|---------------------|
| REVENUES | | | | | |
| From Use of Money and Property | \$ 10,000 | \$ 10,000 | \$ 1,621 | \$ (8,379) | \$ 2,571 |
| Charges for Services | 180,000 | 180,000 | 231,643 | 51,643 | 215,694 |
| Total Revenues | \$ 190,000 | \$ 190,000 | \$ 233,264 | \$ 43,264 | \$ 218,265 |
| EXPENDITURES | | | | | |
| <u>Instruction</u> | | | | | |
| Other Charges | \$ 403,000 | \$ 403,450 | \$ 301,255 | \$ 102,195 | \$ 425,650 |
| Materials and Supplies | 12,000 | 11,550 | 1,048 | 10,502 | 1,217 |
| Capital Outlay | 155,539 | 155,539 | 14,186 | 141,353 | - |
| Total Expenditures | \$ 570,539 | \$ 570,539 | \$ 316,489 | \$ 254,050 | \$ 426,867 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | \$ (380,539) | \$ (380,539) | \$ (83,225) | \$ 297,314 | \$ (208,602) |
| NET CHANGE IN FUND BALANCE | \$ (380,539) | \$ (380,539) | \$ (83,225) | \$ 297,314 | \$ (208,602) |
| FUND BALANCE - JULY 1 | 531,736 | 531,736 | 531,736 | - | 740,338 |
| FUND BALANCE - JUNE 30 | \$ 151,197 | \$ 151,197 | \$ 448,511 | \$ 297,314 | \$ 531,736 |

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
SCHOOL EQUIPMENT REPLACEMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011
 with comparative actual amounts for the year ended June 30, 2010

| | Original Budget | Final Budget | Actual | Variance - Positive (Negative) | 2010 Actual |
|--|-----------------------|-----------------------|---------------------|--------------------------------------|---------------------|
| REVENUES | | | | | |
| From Use of Money and Property | \$ - | \$ - | \$ 6,929 | \$ 6,929 | \$ 11,077 |
| From Local Government | - | - | - | - | 243,092 |
| Total Revenues | \$ - | \$ - | \$ 6,929 | \$ 6,929 | \$ 254,169 |
| EXPENDITURES | | | | | |
| Instruction | | | | | |
| Materials and Supplies | \$ - | \$ - | \$ - | \$ - | \$ - |
| Capital Outlay | 1,784,597 | 1,937,613 | 157,984 | 1,779,629 | 696,326 |
| Total Instruction | \$ 1,784,597 | \$ 1,937,613 | \$ 157,984 | \$ 1,779,629 | \$ 696,326 |
| Technology | | | | | |
| Materials and Supplies | - | - | - | - | 42,813 |
| Total Expenditures | \$ 1,784,597 | \$ 1,937,613 | \$ 157,984 | \$ 1,779,629 | \$ 739,139 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | | | | | |
| | \$ (1,784,597) | \$ (1,937,613) | \$ (151,055) | \$ 1,786,558 | \$ (484,970) |
| NET CHANGE IN FUND BALANCE | \$ (1,784,597) | \$ (1,937,613) | \$ (151,055) | \$ 1,786,558 | \$ (484,970) |
| FUND BALANCE - JULY 1 | 1,956,259 | 1,956,259 | 1,956,259 | - | 2,441,229 |
| FUND BALANCE - JUNE 30 | \$ 171,662 | \$ 18,646 | \$ 1,805,204 | \$ 1,786,558 | \$ 1,956,259 |



INTERNAL SERVICE FUNDS

The Internal Service Funds are used to account for the financing of goods and/or services provided by one department or agency to other departments or agencies of the governmental unit (and to other governmental units), on a cost reimbursement basis. The School Board has established Internal Service Funds for the following activities:

***School Risk Management* - provides insurance and the administration thereof for the School Board.**

***School Health Insurance* - provides health insurance and the administration thereof for the School Board and City employees.**

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2011
with comparative totals for June 30, 2010

| | School Risk Management | School Health Insurance | Totals | |
|--|------------------------------|-------------------------------|----------------------|----------------------|
| | | | 2011 | 2010 |
| ASSETS | | | | |
| Current Assets: | | | | |
| Cash and Investments | \$ 13,086,740 | \$ 43,747,698 | \$ 56,834,438 | \$ 75,667,988 |
| Accounts Receivable | - | 354,958 | 354,958 | 9,625 |
| Due from Commonwealth | - | 87,538 | 87,538 | 137,733 |
| Due from Federal Government | - | 3,441 | 3,441 | 33,052 |
| Prepaid Items | 2,136,302 | - | 2,136,302 | 70,693 |
| TOTAL ASSETS | \$ 15,223,042 | \$ 44,193,635 | \$ 59,416,677 | \$ 75,919,091 |
| LIABILITIES | | | | |
| Current Liabilities: | | | | |
| Salaries Payable | \$ 103 | \$ 46 | \$ 149 | \$ 1,325 |
| Vouchers and Accounts Payable | 2,014,716 | 557,233 | 2,571,949 | 4,879,831 |
| Unearned Revenue | - | 5,639,567 | 5,639,567 | 5,609,458 |
| Estimated Claims and Judgments (due within one year) | 5,091,257 | 5,678,250 | 10,769,507 | 10,375,673 |
| Total Current Liabilities | \$ 7,106,076 | \$ 11,875,096 | \$ 18,981,172 | \$ 20,866,287 |
| Noncurrent Liabilities: | | | | |
| Estimated Claims and Judgments (due in more than one year) | 1,697,085 | 1,892,750 | 3,589,835 | 3,458,557 |
| TOTAL LIABILITIES | \$ 8,803,161 | \$ 13,767,846 | \$ 22,571,007 | \$ 24,324,844 |
| NET ASSETS | | | | |
| Unrestricted | \$ 6,419,881 | \$ 30,425,789 | \$ 36,845,670 | \$ 51,594,247 |
| TOTAL NET ASSETS | \$ 6,419,881 | \$ 30,425,789 | \$ 36,845,670 | \$ 51,594,247 |

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2011
with comparative totals for the year ended June 30, 2010

| | School Risk Management | School Health Insurance | Totals | |
|---|------------------------------|-------------------------------|------------------------|-----------------------|
| | | | 2011 | 2010 |
| <u>OPERATING REVENUES</u> | | | | |
| Charges for Services | \$ 6,069,357 | \$ 109,326,544 | \$ 115,395,901 | \$ 114,367,893 |
| Miscellaneous Revenue | 58,973 | - | 58,973 | 362,392 |
| Total Operating Revenues | \$ 6,128,330 | \$ 109,326,544 | \$ 115,454,874 | \$ 114,730,285 |
| <u>OPERATING EXPENSES</u> | | | | |
| Personnel Services | \$ 315,883 | \$ 237,051 | \$ 552,934 | \$ 602,327 |
| Fringe Benefits | 79,791 | 69,165 | 148,956 | 157,571 |
| Other Charges | 5,518,013 | 109,794,106 | 115,312,119 | 112,911,923 |
| Total Operating Expenses | \$ 5,913,687 | \$ 110,100,322 | \$ 116,014,009 | \$ 113,671,821 |
| <u>OPERATING INCOME (LOSS)</u> | \$ 214,643 | \$ (773,778) | \$ (559,135) | \$ 1,058,464 |
| <u>NONOPERATING REVENUES (EXPENSES)</u> | | | | |
| From Federal Government | \$ - | \$ 46,965 | \$ 46,965 | \$ 103,750 |
| To Local Government | (14,500,000) | - | (14,500,000) | - |
| Interest Income | 104,474 | 159,119 | 263,593 | 396,491 |
| Total Nonoperating Revenues (Expenses) | \$ (14,395,526) | \$ 206,084 | \$ (14,189,442) | \$ 500,241 |
| <u>CHANGES IN NET ASSETS</u> | \$ (14,180,883) | \$ (567,694) | \$ (14,748,577) | \$ 1,558,705 |
| <u>TOTAL NET ASSETS - JULY 1</u> | 20,600,764 | 30,993,483 | 51,594,247 | 50,035,542 |
| <u>TOTAL NET ASSETS - JUNE 30</u> | \$ 6,419,881 | \$ 30,425,789 | \$ 36,845,670 | \$ 51,594,247 |

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2011
with comparative totals for the year ended June 30, 2010

| | School Risk Management | School Health Insurance | Totals | |
|---|------------------------------|-------------------------------|-----------------|----------------|
| | | | 2011 | 2010 |
| <u>CASH FLOWS FROM OPERATING</u> | | | | |
| <u>ACTIVITIES:</u> | | | | |
| Receipts from Customers and Users | \$ 6,128,448 | \$ 109,091,008 | \$ 115,219,456 | \$ 114,566,263 |
| Payments to Vendors for Goods and Services | (5,061,375) | (114,099,123) | (119,160,498) | (111,005,803) |
| Payments to Employees for Services | (395,817) | (307,249) | (703,066) | (760,336) |
| Net Cash Provided By Operating Activities | \$ 671,256 | \$ (5,315,364) | \$ (4,644,108) | \$ 2,800,124 |
| <u>CASH FLOWS FROM NONCAPITAL</u> | | | | |
| <u>FINANCING ACTIVITIES:</u> | | | | |
| Receipt from Federal Government | - | 46,965 | 46,965 | 103,750 |
| Payment to Local Government | (14,500,000) | - | (14,500,000) | - |
| <u>CASH FLOWS FROM INVESTING</u> | | | | |
| <u>ACTIVITIES:</u> | | | | |
| Interest Received on Investments | 104,474 | 159,119 | 263,593 | 396,491 |
| <u>NET INCREASE (DECREASE) IN CASH AND INVESTMENTS</u> | \$ (13,724,270) | \$ (5,109,280) | \$ (18,833,550) | \$ 3,300,365 |
| <u>CASH AND INVESTMENTS, BEGINNING OF YEAR</u> | 26,811,010 | 48,856,978 | 75,667,988 | 72,367,623 |
| <u>CASH AND INVESTMENTS, END OF YEAR</u> | \$ 13,086,740 | \$ 43,747,698 | \$ 56,834,438 | \$ 75,667,988 |
| <u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</u> | | | | |
| Operating Income (Loss) | \$ 214,643 | \$ (773,778) | \$ (559,135) | \$ 1,058,464 |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities | | | | |
| (Increase) Decrease in Assets | | | | |
| Accounts Receivable | \$ 118 | \$ (345,451) | \$ (345,333) | \$ (1,034) |
| Due from Commonwealth | - | 50,195 | 50,195 | (57,737) |
| Due from Federal Government | - | 29,611 | 29,611 | (24,766) |
| Prepaid Items | (2,065,609) | - | (2,065,609) | 4,491 |
| Increase (Decrease) in Liabilities | | | | |
| Salaries Payable | (143) | (1,033) | (1,176) | (438) |
| Vouchers and | | | | |
| Accounts Payable | 1,844,135 | (4,152,017) | (2,307,882) | 1,517,352 |
| Unearned Revenue | - | 30,109 | 30,109 | (80,485) |
| Estimated Claims and Judgments | 678,112 | (153,000) | 525,112 | 384,277 |
| Total Adjustments | \$ 456,613 | \$ (4,541,586) | \$ (4,084,973) | \$ 1,741,660 |
| Net Cash Provided By Operating Activities | \$ 671,256 | \$ (5,315,364) | \$ (4,644,108) | \$ 2,800,124 |

AGENCY FUNDS

The Agency Funds are used to account for the assets held by the School Board as an agent for individuals, private organizations, other governmental units, and/or other funds. Agency Funds do not involve the measurement of results of operations, as they are custodial in nature (assets equal liabilities). The School Board has the following Agency Funds:

Payroll Deductions - accounts for employee payroll deductions.

Fringe Benefits - accounts for the School Board contributions for certain fringe benefits (e.g., life insurance, retirement).

School Activity Accounts - accounts for the individual school activity accounts.

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2011

| | Balance July 1, 2010 | Additions | Deductions | Balance June 30, 2011 |
|--|-------------------------|-----------------------|-----------------------|--------------------------|
| <u>PAYROLL DEDUCTIONS</u> | | | | |
| <u>ASSETS</u> | | | | |
| Cash and Investments | \$ 4,455,290 | \$ 118,130,530 | \$ 118,450,690 | \$ 4,135,130 |
| Accounts Receivable | 115 | 172 | 115 | 172 |
| Due from Commonwealth | 542 | - | 542 | - |
| TOTAL ASSETS | \$ 4,455,947 | \$ 118,130,702 | \$ 118,451,347 | \$ 4,135,302 |
| <u>LIABILITIES</u> | | | | |
| Vouchers and Accounts Payable | \$ 4,455,947 | \$ 118,130,702 | \$ 118,451,347 | \$ 4,135,302 |
| <u>FRINGE BENEFITS</u> | | | | |
| <u>ASSETS</u> | | | | |
| Cash and Investments | \$ 3,777,176 | \$ 77,314,717 | \$ 75,571,102 | \$ 5,520,791 |
| <u>LIABILITIES</u> | | | | |
| Vouchers and Accounts Payable | \$ 3,777,176 | \$ 77,314,717 | \$ 75,571,102 | \$ 5,520,791 |
| <u>SCHOOL ACTIVITY ACCOUNTS</u> | | | | |
| <u>ASSETS</u> | | | | |
| Cash and Investments | \$ 3,928,999 | \$ 13,312,505 | \$ 13,455,669 | \$ 3,785,835 |
| <u>LIABILITIES</u> | | | | |
| Vouchers and Accounts Payable | \$ 3,928,999 | \$ 13,312,505 | \$ 13,455,669 | \$ 3,785,835 |
| <u>TOTAL - AGENCY FUNDS</u> | | | | |
| <u>ASSETS</u> | | | | |
| Cash and Investments | \$ 12,161,465 | \$ 208,757,752 | \$ 207,477,461 | \$ 13,441,756 |
| Accounts Receivable | 115 | 172 | 115 | 172 |
| Due from Commonwealth | 542 | - | 542 | - |
| TOTAL ASSETS | \$ 12,162,122 | \$ 208,757,924 | \$ 207,478,118 | \$ 13,441,928 |
| <u>LIABILITIES</u> | | | | |
| Vouchers and Accounts Payable | \$ 12,162,122 | \$ 208,757,924 | \$ 207,478,118 | \$ 13,441,928 |
| TOTAL LIABILITIES | \$ 12,162,122 | \$ 208,757,924 | \$ 207,478,118 | \$ 13,441,928 |

STATISTICAL SECTION

This part of the School Board of the City of Virginia Beach Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the School Board's financial health.

| <u>Contents</u> | <u>Tables</u> |
|--|----------------|
| Financial Trends | 1 – 10 |
| These tables contain trend information to help the reader understand how the School Board's financial performance and well-being have changed over time. | |
| Operating Information | 11 – 24 |
| These tables contain service and infrastructure data to help the reader understand how the information in the School Board's financial report relates to the services the School Board provides and the activities it performs. | |
| Demographic and Economic Information | 25 – 29 |
| These tables offer demographic and economic indicators to help the reader understand the environment within which the School Board's financial activities take place. | |
| Revenue Capacity | 30 – 33 |
| These tables contain information to help the reader assess the factors affecting the City's ability to generate property taxes. Additional information can be found in the City of Virginia Beach Comprehensive Annual Financial Report. | |
| Debt Capacity | 34 – 35 |
| These tables present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. Additional information can be found in the City of Virginia Beach Comprehensive Annual Financial Report. | |

Sources: Unless otherwise noted, the information in these tables is derived from the Comprehensive Annual Financial Report for the relevant year.

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
GOVERNMENT-WIDE NET ASSETS BY COMPONENT
Last Ten Fiscal Years**

| | Fiscal Year | | | |
|----------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| | 2002 | 2003 | 2004 | 2005 |
| NET ASSETS | | | | |
| Invested in Capital Assets | \$ 163,624,777 | \$ 173,390,491 | \$ 199,502,424 | \$ 249,301,625 |
| Restricted for: | | | | |
| Capital Projects | 30,386,358 | 46,355,516 | 48,015,632 | 48,449,451 |
| Grants | - | 841,912 | 894,544 | 924,505 |
| Unrestricted | <u>6,960,054</u> | <u>16,736,460</u> | <u>16,551,947</u> | <u>22,600,519</u> |
| TOTAL NET ASSETS | <u><u>\$ 200,971,189</u></u> | <u><u>\$ 237,324,379</u></u> | <u><u>\$ 264,964,547</u></u> | <u><u>\$ 321,276,100</u></u> |

| Fiscal Year | | | | | |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| \$ 277,400,599 | \$ 316,759,489 | \$ 337,880,626 | \$ 384,102,886 | \$ 411,565,763 | \$ 449,745,865 |
| 64,359,412 | 65,850,137 | 81,794,572 | 69,172,375 | 60,912,528 | 44,109,875 |
| 769,517 | 588,734 | 578,724 | 674,003 | 893,092 | 903,582 |
| <u>30,462,346</u> | <u>45,933,553</u> | <u>60,867,058</u> | <u>88,547,813</u> | <u>98,003,621</u> | <u>79,340,282</u> |
| <u>\$ 372,991,874</u> | <u>\$ 429,131,913</u> | <u>\$ 481,120,980</u> | <u>\$ 542,497,077</u> | <u>\$ 571,375,004</u> | <u>\$ 574,099,604</u> |

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
GOVERNMENT-WIDE CHANGES IN NET ASSETS
Last Ten Fiscal Years

| | Fiscal Year | | | |
|---|------------------------|------------------------|------------------------|------------------------|
| | 2002 | 2003 | 2004 | 2005 |
| Expenses: | | | | |
| Governmental Activities: | | | | |
| Instruction | \$ 416,750,496 | \$ 449,909,068 | \$ 470,564,728 | \$ 488,199,561 |
| Admin, Attendance, & Health | 14,992,651 | 17,345,980 | 18,825,783 | 19,724,530 |
| Pupil Transportation | 19,493,761 | 20,796,431 | 22,562,797 | 25,832,870 |
| Operations and Maintenance | 61,288,766 | 79,552,283 | 80,250,298 | 77,268,466 |
| Cafeterias | 19,597,508 | 19,982,667 | 20,925,959 | 22,084,424 |
| Technology | - | - | - | - |
| Total Expenses | \$ 532,123,182 | \$ 587,586,429 | \$ 613,129,565 | \$ 633,109,851 |
| Program Revenues: | | | | |
| Governmental Activities: | | | | |
| Charges for Services: | | | | |
| Instruction | \$ 4,570,890 | \$ 3,837,736 | \$ 4,159,427 | \$ 4,600,297 |
| Operations and Maintenance | - | - | - | - |
| Cafeterias | 10,711,715 | 10,999,327 | 11,541,231 | 12,150,115 |
| Technology | - | - | - | - |
| Operating Grants and Contributions | 94,104,284 | 92,260,664 | 98,775,611 | 112,724,410 |
| Capital Grants and Contributions | 13,395,935 | 13,298,383 | 12,210,734 | 13,064,667 |
| Total Program Revenues | \$ 122,782,824 | \$ 120,396,110 | \$ 126,687,003 | \$ 142,539,489 |
| Net Expenses | \$(409,340,358) | \$(467,190,319) | \$(486,442,562) | \$(490,570,362) |
| General Revenues: | | | | |
| Local Sources: | | | | |
| Local Government | \$ 236,238,913 | \$ 273,276,664 | \$ 279,216,604 | \$ 283,549,713 |
| Miscellaneous | 135,368 | 163,587 | 200,090 | 152,251 |
| Federal and State Aid not Restricted to Specific Purposes: | | | | |
| State Basic Aid | 143,582,574 | 159,563,492 | 162,367,121 | 181,785,490 |
| State Sales Tax | 52,074,158 | 51,447,271 | 55,338,502 | 64,861,559 |
| Federal Impact Aid | 14,648,945 | 18,928,205 | 16,543,544 | 15,162,530 |
| Interest Earnings | 316,144 | 164,290 | 416,869 | 1,370,372 |
| Total General Revenues | \$ 446,996,102 | \$ 503,543,509 | \$ 514,082,730 | \$ 546,881,915 |
| Change in Net Assets | \$ 37,655,744 | \$ 36,353,190 | \$ 27,640,168 | \$ 56,311,553 |

Note: Beginning in fiscal year 2010, the Technology governmental activity is separately reported. Financial information for fiscal years prior to 2010 is not available.

Table 2

| Fiscal Year | | | | | |
|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| \$ 517,979,616 | \$ 600,453,668 | \$ 609,866,678 | \$ 602,074,151 | \$ 574,177,165 | \$ 567,568,792 |
| 20,125,163 | 20,799,559 | 21,304,108 | 20,480,010 | 19,076,315 | 18,401,916 |
| 27,183,720 | 29,714,501 | 31,593,740 | 31,046,691 | 31,772,212 | 36,105,660 |
| 89,576,446 | 95,849,815 | 105,258,243 | 106,804,955 | 90,426,163 | 93,664,818 |
| 22,767,136 | 24,028,248 | 25,435,324 | 25,803,414 | 26,140,730 | 26,113,779 |
| - | - | - | - | 32,344,399 | 44,830,758 |
| <u>\$ 677,632,081</u> | <u>\$ 770,845,791</u> | <u>\$ 793,458,093</u> | <u>\$ 786,209,221</u> | <u>\$ 773,936,984</u> | <u>\$ 786,685,723</u> |
| \$ 4,537,352 | \$ 4,007,024 | \$ 3,757,993 | \$ 3,134,713 | \$ 2,756,285 | \$ 3,185,029 |
| - | - | - | 440,686 | 422,026 | 367,908 |
| 12,698,749 | 13,372,457 | 13,711,915 | 14,126,748 | 13,480,969 | 13,276,414 |
| - | - | - | - | 370,529 | 438,046 |
| 121,182,452 | 139,853,815 | 143,803,458 | 133,607,276 | 143,007,213 | 146,074,200 |
| 12,811,040 | 11,859,375 | 11,275,914 | 11,075,378 | 9,445,175 | 9,710,467 |
| <u>\$ 151,229,593</u> | <u>\$ 169,092,671</u> | <u>\$ 172,549,280</u> | <u>\$ 162,384,801</u> | <u>\$ 169,482,197</u> | <u>\$ 173,052,064</u> |
| <u>\$(526,402,488)</u> | <u>\$(601,753,120)</u> | <u>\$(620,908,813)</u> | <u>\$(623,824,420)</u> | <u>\$(604,454,787)</u> | <u>\$(613,633,659)</u> |
| \$ 313,396,238 | \$ 367,354,176 | \$ 383,315,703 | \$ 384,210,051 | \$ 361,465,466 | \$ 371,517,109 |
| 261,141 | 402,152 | 340,667 | 461,504 | 6,283,791 | 964,435 |
| 176,296,388 | 196,584,793 | 193,474,314 | 217,584,685 | 181,102,083 | 159,342,761 |
| 70,134,239 | 72,151,255 | 72,904,963 | 69,168,038 | 66,688,947 | 70,058,126 |
| 14,838,644 | 16,834,283 | 18,404,950 | 11,437,201 | 17,057,468 | 13,987,750 |
| 3,191,612 | 4,566,500 | 4,457,283 | 2,339,038 | 734,959 | 488,078 |
| <u>\$ 578,118,262</u> | <u>\$ 657,893,159</u> | <u>\$ 672,897,880</u> | <u>\$ 685,200,517</u> | <u>\$ 633,332,714</u> | <u>\$ 616,358,259</u> |
| <u>\$ 51,715,774</u> | <u>\$ 56,140,039</u> | <u>\$ 51,989,067</u> | <u>\$ 61,376,097</u> | <u>\$ 28,877,927</u> | <u>\$ 2,724,600</u> |

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
GOVERNMENT-WIDE EXPENSES BY FUNCTION
Last Ten Fiscal Years**

| Fiscal Year | Total Expenses | Instruction | | Adminis- tration, Attendance & Health | | Pupil Trans- portation | | Operations and Maintenance | | Cafeterias | | Technology | |
|-------------|----------------|---------------|------|--|-----|------------------------------|-----|----------------------------------|------|--------------|-----|------------|-----|
| | | | % | | % | | % | | % | | % | | % |
| 2002 | \$532,123,182 | \$416,750,496 | 78.3 | \$14,992,651 | 2.8 | \$19,493,761 | 3.7 | \$61,288,766 | 11.5 | \$19,597,508 | 3.7 | \$ - | - |
| 2003 | 587,586,429 | 449,909,068 | 76.6 | 17,345,980 | 3.0 | 20,796,431 | 3.5 | 79,552,283 | 13.5 | 19,982,667 | 3.4 | - | - |
| 2004 | 613,129,565 | 470,564,728 | 76.7 | 18,825,783 | 3.1 | 22,562,797 | 3.7 | 80,250,298 | 13.1 | 20,925,959 | 3.4 | - | - |
| 2005 | 633,109,851 | 488,199,561 | 77.1 | 19,724,530 | 3.1 | 25,832,870 | 4.1 | 77,268,466 | 12.2 | 22,084,424 | 3.5 | - | - |
| 2006 | 677,632,081 | 517,979,616 | 76.4 | 20,125,163 | 3.0 | 27,183,720 | 4.0 | 89,576,446 | 13.2 | 22,767,136 | 3.4 | - | - |
| 2007 | 770,845,791 | 600,453,668 | 77.9 | 20,799,559 | 2.7 | 29,714,501 | 3.9 | 95,849,815 | 12.4 | 24,028,248 | 3.1 | - | - |
| 2008 | 793,458,093 | 609,866,678 | 76.9 | 21,304,108 | 2.7 | 31,593,740 | 4.0 | 105,258,243 | 13.3 | 25,435,324 | 3.1 | - | - |
| 2009 | 786,209,221 | 602,074,151 | 76.6 | 20,480,010 | 2.6 | 31,046,691 | 3.9 | 106,804,955 | 13.6 | 25,803,414 | 3.3 | - | - |
| 2010 | 773,936,984 | 574,177,165 | 74.2 | 19,076,315 | 2.5 | 31,772,212 | 4.1 | 90,426,163 | 11.7 | 26,140,730 | 3.4 | 32,344,399 | 4.1 |
| 2011 | 786,685,723 | 567,568,792 | 72.1 | 18,401,916 | 2.3 | 36,105,660 | 4.6 | 93,664,818 | 11.9 | 26,113,779 | 3.3 | 44,830,758 | 5.8 |

Note: Beginning in fiscal year 2010, the Technology governmental activity is separately reported. Financial information for fiscal years prior to 2010 is not available.

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
GOVERNMENT-WIDE REVENUES
Last Ten Fiscal Years**

| Fiscal Year | Total Revenues | Program Revenues | | | | General Revenues | | | | | |
|-------------|----------------|-----------------------|-----|--|------|------------------|------|-------------------------|------|-------------------|-----|
| | | Charges for Services* | | Operating and Capital Grants and Contributions | | Local Sources | | Federal and State Aid** | | Interest Earnings | |
| | | \$ | % | \$ | % | \$ | % | \$ | % | \$ | % |
| 2002 | \$569,462,782 | \$15,282,605 | 2.7 | \$107,500,219 | 18.9 | \$236,374,281 | 41.5 | \$210,305,677 | 36.9 | \$316,144 | 0.0 |
| 2003 | 623,775,329 | 14,837,063 | 2.4 | 105,559,047 | 16.9 | 273,440,251 | 43.8 | 229,938,968 | 36.9 | 164,290 | 0.0 |
| 2004 | 640,352,864 | 15,700,658 | 2.5 | 110,986,345 | 17.3 | 279,416,694 | 43.6 | 234,249,167 | 36.6 | 416,869 | 0.0 |
| 2005 | 689,421,404 | 16,750,412 | 2.4 | 125,789,077 | 18.2 | 283,701,964 | 41.2 | 261,809,579 | 38.0 | 1,370,372 | 0.2 |
| 2006 | 729,347,855 | 17,236,101 | 2.4 | 133,993,492 | 18.4 | 313,657,379 | 43.0 | 261,269,271 | 35.8 | 3,191,612 | 0.4 |
| 2007 | 826,985,830 | 17,379,481 | 2.1 | 151,713,190 | 18.3 | 367,756,328 | 44.5 | 285,570,331 | 34.5 | 4,566,500 | 0.6 |
| 2008 | 845,447,160 | 17,469,908 | 2.1 | 155,079,372 | 18.3 | 383,656,370 | 45.4 | 284,784,227 | 33.7 | 4,457,283 | 0.5 |
| 2009 | 847,585,318 | 17,702,147 | 2.1 | 144,682,654 | 17.1 | 384,671,555 | 45.4 | 298,189,924 | 35.2 | 2,339,038 | 0.2 |
| 2010 | 802,079,952 | 17,029,809 | 2.1 | 152,452,388 | 19.0 | 367,749,257 | 45.8 | 264,848,498 | 33.0 | 734,959 | 0.1 |
| 2011 | 788,922,245 | 17,267,397 | 2.2 | 155,784,667 | 19.7 | 372,481,544 | 47.2 | 243,388,637 | 30.9 | 488,078 | 0.0 |

* See Table 2 for Charges for Services categories

** Not restricted to specific programs

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years

| | Fiscal Year | | | |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | 2002 | 2003 | 2004 | 2005 |
| General Fund: | | | | |
| Reserved for: | | | | |
| Encumbrances | \$ 6,876,158 | \$ 14,590,008 | \$ 11,330,557 | \$ 10,279,890 |
| Prepaid Items | 107,558 | 321,672 | 127,352 | 280,593 |
| <i>Nonspendable</i> | - | - | - | - |
| <i>Assigned</i> | - | - | - | - |
| Total Fund Balance - General Fund | <u>\$ 6,983,716</u> | <u>\$ 14,911,680</u> | <u>\$ 11,457,909</u> | <u>\$ 10,560,483</u> |
| All Other Governmental Funds: | | | | |
| Reserved for: | | | | |
| Encumbrances | \$ 24,741,850 | \$ 28,020,809 | \$ 23,288,535 | \$ 14,754,992 |
| Inventories | 846,666 | 656,055 | 576,862 | 794,625 |
| Prepaid Items | - | 85,117 | 86,393 | 88,975 |
| Unreserved, reported in: | | | | |
| Designated: | | | | |
| Capital Projects Fund | 5,914,037 | 20,131,025 | 25,060,883 | 34,954,057 |
| Special Revenue Funds | 1,904,385 | 6,193,542 | 7,559,711 | 10,736,104 |
| Undesignated: | | | | |
| Special Revenue Funds | 6,254,304 | 4,864,457 | 6,703,624 | 11,852,225 |
| <i>Nonspendable</i> | - | - | - | - |
| <i>Restricted</i> | - | - | - | - |
| <i>Committed</i> | - | - | - | - |
| <i>Assigned</i> | - | - | - | - |
| Total Fund Balance - Other Governmental Funds | <u>\$ 39,661,242</u> | <u>\$ 59,951,005</u> | <u>\$ 63,276,008</u> | <u>\$ 73,180,978</u> |

Note: Governmental Accounting Standards Board (GASB) Statement Number 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which requires the above fund balance classifications (*in italics*), was adopted by the School Board as of July 1, 2010. Hence, the financial information for fiscal years prior to 2011 is not available.

Table 5

| Fiscal Year | | | | | |
|----------------------|----------------------|-----------------------|-----------------------|-----------------------|----------------------|
| 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| \$ 9,707,917 | \$ 15,229,736 | \$ 10,062,745 | \$ 15,420,804 | \$ 17,799,721 | |
| 351,056 | 338,420 | 348,816 | 430,209 | 232,296 | |
| - | - | - | - | - | \$ 600,039 |
| - | - | - | - | - | 31,918,365 |
| <u>\$ 10,058,973</u> | <u>\$ 15,568,156</u> | <u>\$ 10,411,561</u> | <u>\$ 15,851,013</u> | <u>\$ 18,032,017</u> | <u>\$ 32,518,404</u> |
| | | | | | |
| \$ 42,519,718 | \$ 25,662,390 | \$ 64,421,034 | \$ 33,532,579 | \$ 64,124,641 | |
| 1,100,624 | 1,275,145 | 1,323,099 | 1,207,205 | 928,866 | |
| 141,226 | 137,640 | 137,670 | 92,279 | 50,794 | |
| | | | | | |
| 22,059,878 | 40,511,332 | 17,485,107 | 35,699,416 | 102,796 | |
| 9,497,143 | 9,716,650 | 6,915,613 | 8,365,033 | 10,570,187 | |
| | | | | | |
| 22,074,961 | 22,277,792 | 30,350,756 | 35,185,104 | 35,535,768 | |
| - | - | - | - | - | \$ 1,014,413 |
| - | - | - | - | - | 46,271,863 |
| - | - | - | - | - | 23,487,476 |
| - | - | - | - | - | 4,549,561 |
| <u>\$ 97,393,550</u> | <u>\$ 99,580,949</u> | <u>\$ 120,633,279</u> | <u>\$ 114,081,616</u> | <u>\$ 111,313,052</u> | <u>\$ 75,323,313</u> |

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years

| | Fiscal Year | | | |
|---------------------------------------|------------------------|-----------------------|-----------------------|-----------------------|
| | 2002 | 2003 | 2004 | 2005 |
| <u>REVENUES</u> | | | | |
| From Use of Money and Property | \$ 985,665 | \$ 888,044 | \$ 1,132,557 | \$ 2,176,173 |
| Charges for Services | 13,984,272 | 13,429,440 | 14,111,106 | 15,064,342 |
| Miscellaneous | 773,961 | 865,623 | 1,083,770 | 1,378,147 |
| From Local Government | 236,238,913 | 273,276,664 | 279,216,604 | 283,549,713 |
| From Commonwealth | 270,726,791 | 280,860,686 | 289,062,443 | 328,292,202 |
| From Federal Government | 47,069,324 | 54,619,162 | 56,163,253 | 58,960,827 |
| Total Revenues | <u>\$ 569,778,926</u> | <u>\$ 623,939,619</u> | <u>\$ 640,769,733</u> | <u>\$ 689,421,404</u> |
| <u>EXPENDITURES</u> | | | | |
| Current: | | | | |
| Instruction | \$ 413,916,829 | \$ 433,864,731 | \$ 464,395,393 | \$ 501,882,687 |
| Admin, Attendance, & Health | 15,268,351 | 17,046,058 | 18,359,783 | 19,004,766 |
| Pupil Transportation | 20,852,323 | 20,653,630 | 24,850,664 | 24,142,000 |
| Operations and Maintenance | 61,993,422 | 77,801,673 | 79,627,809 | 75,512,186 |
| Cafeterias | 19,875,481 | 19,888,816 | 20,891,411 | 21,859,248 |
| Technology | - | - | - | - |
| Capital Outlay | 49,961,283 | 26,466,984 | 32,773,441 | 38,012,973 |
| Total Expenditures | <u>\$ 581,867,689</u> | <u>\$ 595,721,892</u> | <u>\$ 640,898,501</u> | <u>\$ 680,413,860</u> |
| <u>EXCESS (DEFICIENCY) OF</u> | | | | |
| <u>REVENUES OVER (UNDER)</u> | | | | |
| <u>EXPENDITURES</u> | <u>\$ (12,088,763)</u> | <u>\$ 28,217,727</u> | <u>\$ (128,768)</u> | <u>\$ 9,007,544</u> |
| <u>OTHER FINANCING SOURCES</u> | | | | |
| <u>(USES)</u> | | | | |
| Transfers In | \$ 6,465,447 | \$ 7,107,182 | \$ 9,088,705 | \$ 9,558,953 |
| Transfers Out | (6,465,447) | (7,107,182) | (9,088,705) | (9,558,953) |
| Sale of Capital Assets | - | - | - | - |
| Total Other Financing Sources (Uses) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| <u>NET CHANGE IN</u> | | | | |
| <u>FUND BALANCES</u> | <u>\$ (12,088,763)</u> | <u>\$ 28,217,727</u> | <u>\$ (128,768)</u> | <u>\$ 9,007,544</u> |

Note: Beginning in fiscal year 2010, the Technology category is separately reported. Beginning in fiscal year 2011, Sale of Capital Assets is separately reported and the Cafeterias category is separately reported retroactively. Financial information relating to the Technology category and Sale of Capital Assets for fiscal years prior to 2010 and 2011, respectively, is not available.

Table 6

| Fiscal Year | | | | | |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|------------------------|
| 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| \$ 3,971,256 | \$ 5,366,067 | \$ 5,235,264 | \$ 3,146,373 | \$ 1,527,514 | \$ 1,045,325 |
| 15,698,680 | 15,773,901 | 15,916,990 | 16,192,326 | 15,542,788 | 15,173,514 |
| 1,575,604 | 1,649,927 | 1,708,877 | 1,544,296 | 6,983,533 | 2,080,042 |
| 313,396,238 | 367,354,176 | 383,315,703 | 384,210,051 | 361,465,466 | 371,517,109 |
| 336,272,205 | 375,581,848 | 377,306,856 | 385,248,073 | 330,863,697 | 309,842,580 |
| 58,433,872 | 61,259,911 | 61,963,470 | 57,244,199 | 86,431,913 | 89,256,381 |
| <u>\$ 729,347,855</u> | <u>\$ 826,985,830</u> | <u>\$ 845,447,160</u> | <u>\$ 847,585,318</u> | <u>\$ 802,814,911</u> | <u>\$ 788,914,951</u> |
| | | | | | |
| \$ 516,678,731 | \$ 582,691,565 | \$ 583,207,135 | \$ 585,463,504 | \$ 552,368,410 | \$ 535,455,491 |
| 19,630,600 | 20,558,582 | 20,992,318 | 20,264,766 | 18,988,180 | 18,279,083 |
| 25,929,481 | 32,095,470 | 34,308,536 | 33,354,153 | 31,579,245 | 34,411,971 |
| 89,654,919 | 95,717,780 | 107,558,378 | 110,441,124 | 91,466,557 | 96,905,759 |
| 22,790,369 | 24,247,958 | 25,790,724 | 26,084,462 | 25,983,743 | 25,899,229 |
| - | - | - | - | 30,462,146 | 43,577,282 |
| 30,952,693 | 63,977,893 | 57,694,334 | 73,089,520 | 52,554,190 | 56,384,860 |
| <u>\$ 705,636,793</u> | <u>\$ 819,289,248</u> | <u>\$ 829,551,425</u> | <u>\$ 848,697,529</u> | <u>\$ 803,402,471</u> | <u>\$ 810,913,675</u> |
| | | | | | |
| <u>\$ 23,711,062</u> | <u>\$ 7,696,582</u> | <u>\$ 15,895,735</u> | <u>\$ (1,112,211)</u> | <u>\$ (587,560)</u> | <u>\$ (21,998,724)</u> |
| | | | | | |
| \$ 15,633,190 | \$ 9,176,562 | \$ 9,327,290 | \$ 9,814,672 | \$ 19,093,344 | \$ 2,930,631 |
| (15,633,190) | (9,176,562) | (9,327,290) | (9,814,672) | (19,093,344) | (2,930,631) |
| - | - | - | - | - | 495,372 |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 495,372</u> |
| | | | | | |
| <u>\$ 23,711,062</u> | <u>\$ 7,696,582</u> | <u>\$ 15,895,735</u> | <u>\$ (1,112,211)</u> | <u>\$ (587,560)</u> | <u>\$ (21,503,352)</u> |

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
GENERAL FUND EXPENDITURES AND OTHER FINANCING USES BY FUNCTION
Last Ten Fiscal Years

| Fiscal Year | Total Expenditures and Other Financing Uses | Instruction | | Administration, Attendance, & Health | | Pupil Transportation | | Operations and Maintenance | | Technology | | Transfers | |
|-------------|---|---------------|------|--------------------------------------|-----|----------------------|-----|----------------------------|------|------------|-----|-------------|-----|
| | | | % | | % | | % | | % | | % | | % |
| 2002 | \$478,002,692 | \$374,398,803 | 78.3 | \$15,268,351 | 3.2 | \$20,852,323 | 4.4 | \$61,993,422 | 13.0 | \$ - | 0.0 | \$5,489,793 | 1.1 |
| 2003 | 494,931,919 | 385,833,914 | 78.0 | 17,046,058 | 3.4 | 20,514,783 | 4.1 | 66,043,764 | 13.3 | - | 0.0 | 5,493,400 | 1.2 |
| 2004 | 534,286,199 | 414,598,181 | 77.6 | 18,359,247 | 3.4 | 24,840,231 | 4.6 | 70,669,852 | 13.2 | - | 0.0 | 5,818,688 | 1.2 |
| 2005 | 572,709,409 | 448,847,686 | 78.4 | 18,982,883 | 3.3 | 24,052,995 | 4.2 | 74,630,511 | 13.0 | - | 0.0 | 6,195,334 | 1.1 |
| 2006 | 598,351,856 | 464,982,665 | 77.7 | 19,630,600 | 3.3 | 25,887,449 | 4.3 | 81,289,805 | 13.6 | - | 0.0 | 6,561,337 | 1.1 |
| 2007 | 675,635,336 | 531,541,516 | 78.7 | 20,558,582 | 3.0 | 32,095,470 | 4.8 | 86,386,348 | 12.8 | - | 0.0 | 5,053,420 | 0.7 |
| 2008 | 689,747,477 | 531,787,235 | 77.1 | 20,992,318 | 3.0 | 34,298,966 | 5.0 | 97,470,465 | 14.1 | - | 0.0 | 5,198,493 | 0.8 |
| 2009 | 695,764,181 | 519,980,975 | 74.7 | 19,160,164 | 2.8 | 33,326,146 | 4.8 | 90,159,213 | 13.0 | 27,510,126 | 4.0 | 5,627,557 | 0.7 |
| 2010 | 662,431,419 | 496,533,051 | 75.0 | 18,988,180 | 2.9 | 31,579,245 | 4.8 | 83,235,799 | 12.6 | 24,198,885 | 3.7 | 7,896,259 | 1.0 |
| 2011 | 663,255,264 | 483,132,547 | 72.8 | 18,279,083 | 2.8 | 33,859,385 | 5.1 | 86,228,344 | 13.0 | 38,825,274 | 5.9 | 2,930,631 | 0.4 |

Note: This table represents financial data of the School Operating Fund.

Beginning in Fiscal Year 2009, the Technology category is separately reported. Beginning in fiscal year 2011, the School Athletic and School Instructional Technology Funds are included retroactively. Financial information relating to the Technology category for fiscal years prior to 2009 is not available.

Governmental Accounting Standards Board (GASB) Statement Number 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which requires for reporting purposes the School Athletic and School Instructional Technology Funds be included in the above table with the School Operating Fund, was adopted by the School Board as of July 1, 2010.

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
GENERAL FUND REVENUES BY SOURCE
Last Ten Fiscal Years

| Fiscal Year | Total Revenues | City of Virginia Beach | | Commonwealth of Virginia | | State Sales Tax | | Federal Government | | Other Revenues | |
|-------------|----------------|------------------------|------|--------------------------|------|-----------------|------|--------------------|-----|----------------|-----|
| | | | % | | % | | % | | % | | % |
| 2002 | \$473,234,619 | \$209,096,679 | 44.2 | \$193,746,952 | 40.9 | \$52,074,158 | 11.0 | \$15,416,792 | 3.3 | \$2,900,038 | 0.6 |
| 2003 | 503,290,387 | 223,971,375 | 44.5 | 205,026,774 | 40.7 | 51,447,271 | 10.2 | 19,706,892 | 3.9 | 3,138,075 | 0.7 |
| 2004 | 532,112,767 | 245,573,190 | 46.2 | 210,218,748 | 39.5 | 55,338,502 | 10.4 | 17,740,491 | 3.3 | 3,241,836 | 0.6 |
| 2005 | 578,358,164 | 253,873,724 | 43.9 | 239,229,348 | 41.4 | 64,861,559 | 11.2 | 16,459,127 | 2.8 | 3,934,406 | 0.7 |
| 2006 | 605,676,840 | 270,711,665 | 44.7 | 244,499,748 | 40.4 | 70,134,239 | 11.6 | 16,003,175 | 2.6 | 4,328,013 | 0.7 |
| 2007 | 677,521,883 | 305,018,668 | 45.0 | 277,484,029 | 41.0 | 72,151,255 | 10.6 | 18,272,087 | 2.7 | 4,595,844 | 0.7 |
| 2008 | 684,201,855 | 306,954,787 | 44.9 | 279,852,150 | 40.9 | 72,904,963 | 10.7 | 19,870,660 | 2.9 | 4,619,295 | 0.6 |
| 2009 | 701,884,797 | 321,862,271 | 45.9 | 292,200,624 | 41.6 | 69,168,038 | 9.9 | 14,100,023 | 2.0 | 4,553,841 | 0.6 |
| 2010 | 671,428,700 | 318,692,326 | 47.5 | 250,368,861 | 37.3 | 66,688,947 | 9.9 | 32,229,078 | 4.8 | 3,449,488 | 0.5 |
| 2011 | 657,614,497 | 328,999,336 | 50.0 | 231,079,376 | 35.1 | 70,058,126 | 10.7 | 23,150,301 | 3.5 | 4,327,358 | 0.7 |

Note: This table represents financial data of the School Operating Fund.

Beginning in fiscal year 2011, the School Athletic and School Instructional Technology Funds are included retroactively.

Governmental Accounting Standards Board (GASB) Statement Number 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which requires for reporting purposes the School Athletic and School Instructional Technology Funds be included in the above table with the School Operating Fund, was adopted by the School Board as of July 1, 2010.

Other Financial Data

| Fiscal Year | June 30 Reversion to City | June 30 Fund Balance |
|-------------|---------------------------|----------------------|
| 2002 | \$18,290,278 | \$6,983,716 |
| 2003 | 12,198,021 | 14,911,680 |
| 2004 | 13,205,888 | 11,457,909 |
| 2005 | 10,440,838 | 10,560,483 |
| 2006 | 5,392,061 | 10,058,973 |
| 2007 | 15,749,630 | 15,568,156 |
| 2008 | 35,268,898 | 10,411,561 |
| 2009 | 14,868,382 | 15,851,013 |
| 2010 | 17,691,437 | 18,032,017 |
| 2011 | 9,654,107 | 32,518,404 |

Note: The above Other Financial Data presents the amount of cash that was necessary to revert to the City to yield a fund balance equal to the outstanding encumbrances and prepaid items at June 30 of each fiscal year, except Fiscal Year 2011 (includes the fund balances of the School Athletic and School Instructional Technology Funds, as required by GASB #54 for reporting purposes).

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
PER PUPIL FINANCIAL SUPPORT FOR EXPENDITURES BY MAJOR REVENUE SOURCE
Last Ten Fiscal Years**

| Fiscal Year | Local Revenues | | State Revenues | | State Sales Tax Revenues | |
|-------------|----------------|-------------------------|----------------|-------------------------|--------------------------|-------------------------|
| | Per Pupil | Per Pupil State Average | Per Pupil | Per Pupil State Average | Per Pupil | Per Pupil State Average |
| 2002 | \$3,309 | \$3,983 | \$2,744 | \$2,663 | \$693 | \$674 |
| 2003 | 3,192 | 4,231 | 2,821 | 2,714 | 681 | 677 |
| 2004 | 3,573 | 4,408 | 2,909 | 2,793 | 734 | 734 |
| 2005 | 3,641 | 4,539 | 3,333 | 3,154 | 874 | 853 |
| 2006 | 3,919 | 4,890 | 3,446 | 3,250 | 960 | 925 |
| 2007 | 4,561 | 5,145 | 4,071 | 3,770 | 1,012 | 955 |
| 2008 | 4,848 | 5,508 | 4,049 | 3,851 | 1,031 | 962 |
| 2009 | 4,790 | 5,505 | 4,459 | 4,175 | 993 | 907 |
| 2010 | 4,891 | 5,423 | 3,700 | 3,509 | 959 | 890 |
| 2011 | - | - | - | - | - | - |

- Not Available (officially published by the Commonwealth of Virginia, Department of Education)

Note: This table represents the per pupil cost of operations of the Virginia Beach City Public Schools broken down by source of support. The per pupil amount for the Total Expenditures for Operations is the total expenditures of the Local Educational Agency (LEA) minus the amount for the Facilities Function (e.g., Capital Improvement Program), Debt Service, Non LEA Programs, and Capital Outlay Additions to yield Total Expenditures for Operations. The Total Expenditures for Operations include regular day school, school food services, summer school, adult education, athletics, textbooks, and other educational functions.

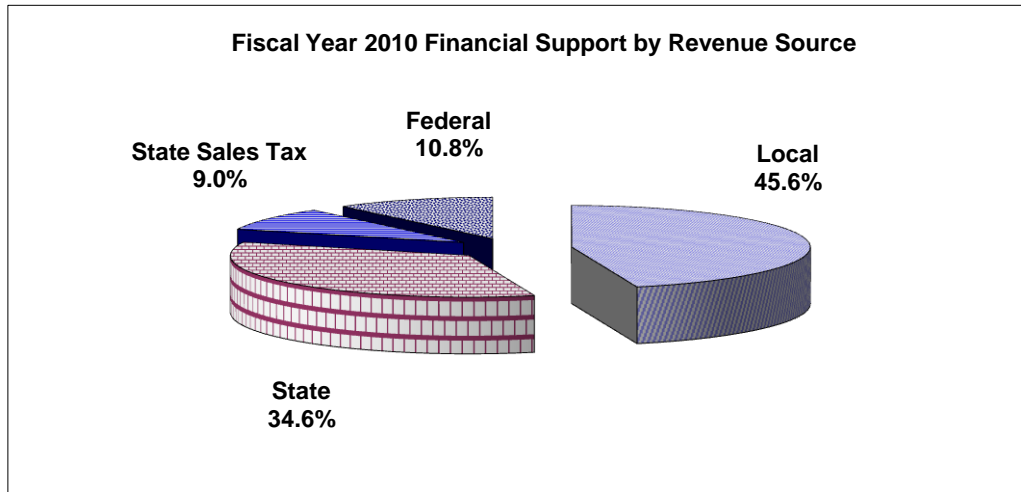
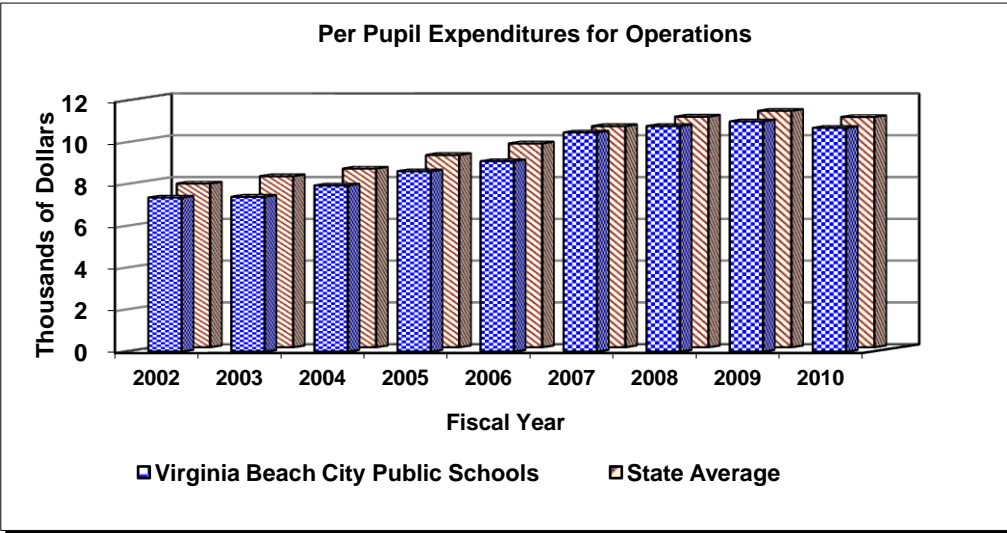
The aforementioned methodology and computations were developed by the Commonwealth of Virginia Department of Education (DOE). The assumption taken by the DOE is that the LEA would spend all of its State money received, all of the Sales Tax money received, and all of its Federal money received, before spending any of the local appropriations and other local receipts. Therefore, the Total Expenditures for Operations is the sum of the State portion, the Sales Tax portion, and the Federal portion, with the local portion (City appropriations and other local receipts) being the remainder after the others have been deducted.

The State amount includes all the monies sent to the LEA by the DOE minus an amount sent by the DOE for the running of the Hospital, Clinics, and Detention Home project and an amount sent by the DOE for vocational equipment. The State Sales Tax is the 1 cent tax on goods and services allocated to a particular LEA (plus a 1/8 of one percent increase allocation). The Federal portion includes all federal funds sent to the LEA directly from the Federal Government or through the State to the LEA minus an amount for additional capital outlay paid for by Federal funds. The local funds portion is equal to the Total Expenditures for Operations minus the amounts for State funds, State Sales Tax, and Federal funds.

Source: Commonwealth of Virginia, Superintendent's Annual Report for Virginia

| Fiscal Year | Federal Revenues | | Total Expenditures for Operations | | ADM for Determining Cost Per Pupil |
|-------------|------------------|-------------------------|-----------------------------------|-------------------------|------------------------------------|
| | Per Pupil | Per Pupil State Average | Per Pupil | Per Pupil State Average | |
| 2002 | \$626 | \$516 | \$7,372 | \$7,836 | 75,090 |
| 2003 | 720 | 564 | 7,414 | 8,186 | 75,554 |
| 2004 | 735 | 617 | 7,951 | 8,552 | 75,355 |
| 2005 | 785 | 656 | 8,633 | 9,202 | 74,230 |
| 2006 | 788 | 690 | 9,113 | 9,755 | 73,075 |
| 2007 | 845 | 714 | 10,489 | 10,584 | 71,270 |
| 2008 | 868 | 716 | 10,796 | 11,037 | 70,690 |
| 2009 | 778 | 729 | 11,020 | 11,316 | 69,654 |
| 2010 | 1,156 | 1,198 | 10,706 | 11,020 | 69,549 |
| 2011 | - | - | - | - | - |

- Not Available (officially published by the Commonwealth of Virginia, Department of Education)



**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
COMPOSITE INDEX OF LOCAL ABILITY-TO-PAY COSTS OF STANDARDS OF QUALITY
Last Ten Fiscal Years**

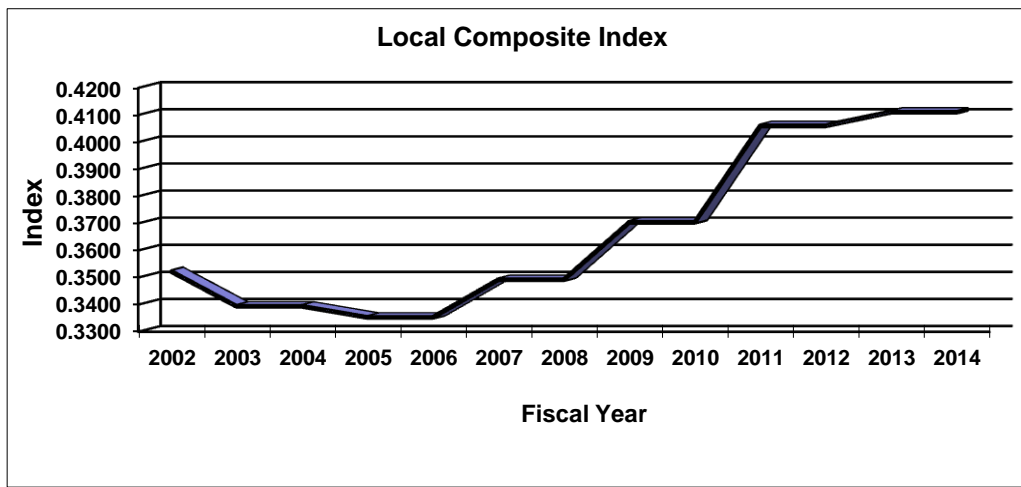
| Fiscal Year | Indicators of Ability Base Year | Local Composite Index | Local Share of SOQ Factor |
|-------------|---------------------------------|-----------------------|---------------------------|
| 2002 | 1997 | .3523 | .4500 |
| 2003 | 1999 | .3394 | .4500 |
| 2004 | 1999 | .3394 | .4500 |
| 2005 | 2001 | .3353 | .4500 |
| 2006 | 2001 | .3353 | .4500 |
| 2007 | 2003 | .3492 | .4500 |
| 2008 | 2003 | .3492 | .4500 |
| 2009 | 2005 | .3704 | .4500 |
| 2010 | 2005 | .3704 | .4500 |
| 2011 | 2007 | .4060 | .4500 |
| 2012 | 2007 | .4060 | .4500 |
| 2013 | 2009 | .4110 | .4500 |
| 2014 | 2009 | .4110 | .4500 |

Note: The components used in the formula for calculating the school divisions' composite index (used to distribute basic aid, standards of quality, and various other state payments) are:

- True Value of Real Property
- Adjusted Gross Income
- Taxable Retail Sales
- March 31 ADM (year after base year)
- Total Population

The Local Share of Standards of Quality (SOQ) Factor is multiplied by the original calculated local composite index of each school division. This factor provides the apportioned cost of the SOQ between the State and school divisions of average ability to pay as established by the Appropriations Act.

Source: Commonwealth of Virginia, Superintendent's Annual Report for Virginia



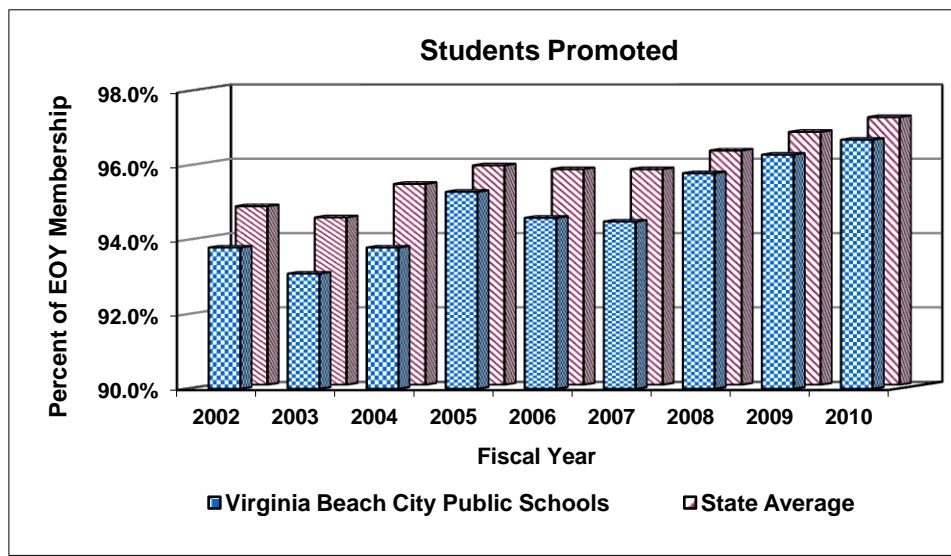
**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
STUDENTS PROMOTED
Last Ten Fiscal Years**

| Fiscal Year | End-of-Year Membership | Number Promoted | Percent Promoted | Percent Promoted State Average |
|-------------|------------------------|-----------------|------------------|--------------------------------|
| 2002 | 74,178 | 69,597 | 93.8% | 94.8% |
| 2003 | 74,393 | 69,286 | 93.1 | 94.5 |
| 2004 | 74,321 | 69,746 | 93.8 | 95.4 |
| 2005 | 73,072 | 69,605 | 95.3 | 95.9 |
| 2006 | 71,768 | 67,901 | 94.6 | 95.8 |
| 2007 | 70,920 | 67,042 | 94.5 | 95.8 |
| 2008 | 69,858 | 66,906 | 95.8 | 96.3 |
| 2009 | 69,015 | 66,438 | 96.3 | 96.8 |
| 2010 | 68,988 | 66,718 | 96.7 | 97.2 |
| 2011 | - | - | - | - |

Note: This table represents the number of pupils promoted as a percentage of end of the year membership. The data is reported to the Commonwealth of Virginia Department of Education by the school divisions.

Source: Commonwealth of Virginia, Superintendent's Annual Report for Virginia

- Not Available (officially published by the Commonwealth of Virginia, Department of Education)



SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
STUDENT ATTENDANCE
Last Ten Fiscal Years

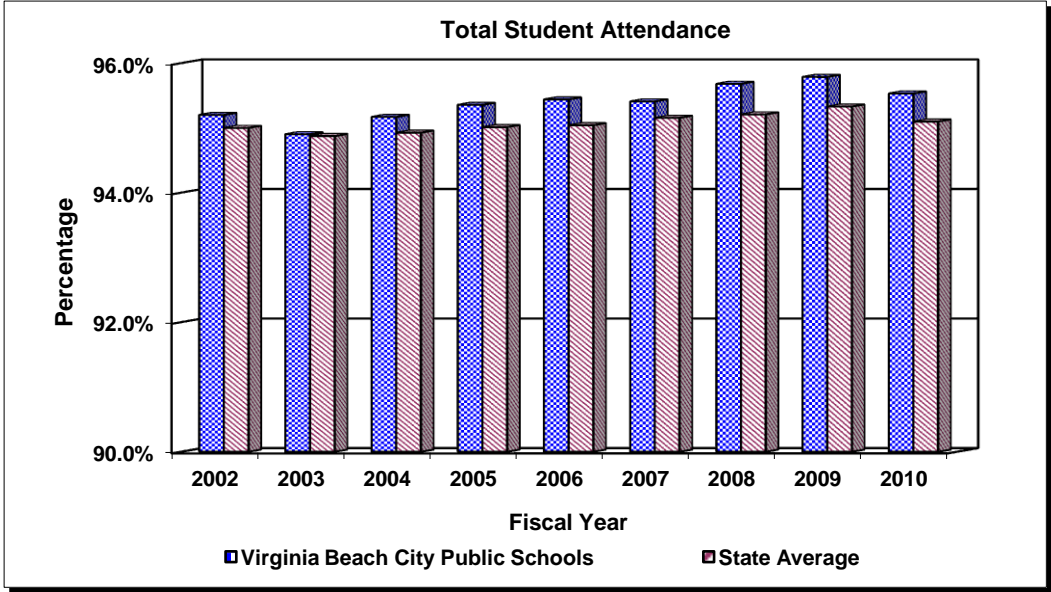
| Fiscal Year | Number of Days Taught | Average Daily Membership | | | Average Daily Attendance | | |
|-------------|-----------------------|--------------------------|-----------|--------|--------------------------|-----------|--------|
| | | Elementary | Secondary | Total | Elementary | Secondary | Total |
| 2002 | 181 | 46,980 | 28,110 | 75,090 | 45,088 | 26,416 | 71,504 |
| 2003 | 182 | 46,488 | 28,673 | 75,161 | 44,381 | 26,949 | 71,330 |
| 2004 | 177 | 45,876 | 29,053 | 74,929 | 43,978 | 27,332 | 71,310 |
| 2005 | 183 | 45,111 | 29,116 | 74,227 | 43,263 | 27,517 | 70,780 |
| 2006 | 183 | 43,928 | 29,140 | 73,068 | 42,175 | 27,561 | 69,736 |
| 2007 | 183 | 42,946 | 28,760 | 71,706 | 41,188 | 27,226 | 68,414 |
| 2008 | 183 | 42,253 | 28,430 | 70,683 | 40,642 | 26,988 | 67,630 |
| 2009 | 183 | 41,840 | 27,805 | 69,645 | 40,235 | 26,476 | 66,711 |
| 2010 | 183 | 41,984 | 27,602 | 69,586 | 40,266 | 26,211 | 66,477 |
| 2011 | 183 | 42,184 | 27,337 | 69,521 | 40,433 | 26,011 | 66,444 |

Note: This table represents the average daily membership and the average daily attendance along with the percentage of attendance to membership. Average Daily Membership (ADM) is the average number of students belonging each day in a school system for the period of report. ADM is determined by dividing the sum of the days present and absent of all students when school is in session during a given period by the number of days school is in session during this period.

Source: Commonwealth of Virginia, Superintendent's Annual Report for Virginia (except FY 2011 - school division submission by the Department of Technology)

| Fiscal Year | Student Attendance Percent | | | Student Attendance Percent State Average | | |
|-------------|----------------------------|-----------|---------------|--|-----------|---------------|
| | Elementary | Secondary | Local Average | Elementary | Secondary | State Average |
| 2002 | 96.0% | 94.0% | 95.2% | 95.6% | 93.8% | 95.0% |
| 2003 | 95.5 | 94.0 | 94.9 | 95.5 | 93.8 | 94.9 |
| 2004 | 95.9 | 94.1 | 95.2 | 95.6 | 93.8 | 94.9 |
| 2005 | 95.9 | 94.5 | 95.4 | 95.7 | 94.0 | 95.0 |
| 2006 | 96.0 | 94.6 | 95.4 | 95.7 | 94.0 | 95.0 |
| 2007 | 95.9 | 94.7 | 95.4 | 95.8 | 94.1 | 95.2 |
| 2008 | 96.2 | 94.9 | 95.7 | 95.9 | 94.1 | 95.2 |
| 2009 | 96.2 | 95.2 | 95.8 | 96.0 | 94.3 | 95.3 |
| 2010 | 95.9 | 95.0 | 95.5 | 95.7 | 94.2 | 95.1 |
| 2011 | 95.8 | 95.1 | 95.6 | - | - | - |

- Not Available (officially published by the Commonwealth of Virginia, Department of Education)



**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
STUDENT DROPOUTS
Last Ten Fiscal Years**

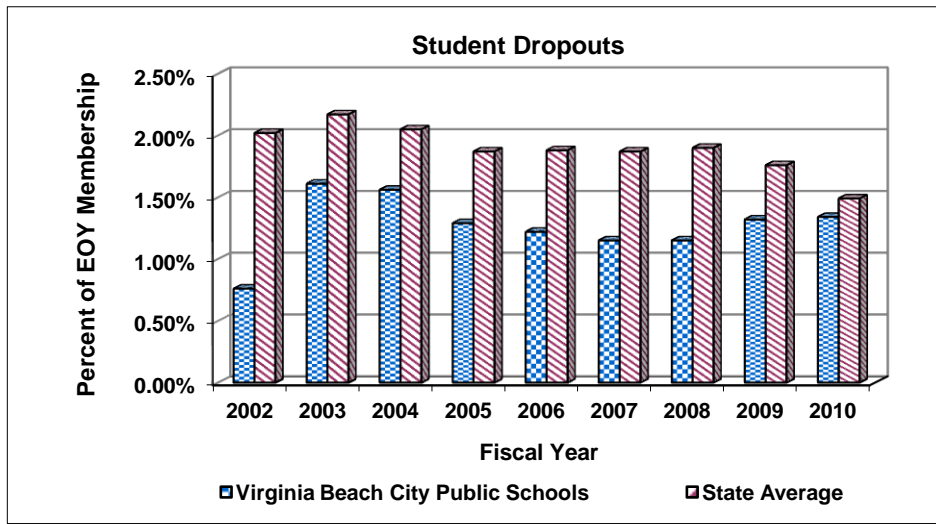
| Fiscal Year | September 30 Membership (Grades 7-12) | Number of Dropouts | Percent | Percent State Average |
|-------------|---------------------------------------|--------------------|---------|-----------------------|
| 2002 | 34,973 | 267 | 0.76% | 2.02% |
| 2003 | 35,633 | 572 | 1.61 | 2.17 |
| 2004 | 36,038 | 563 | 1.56 | 2.05 |
| 2005 | 36,138 | 465 | 1.29 | 1.87 |
| 2006 | 35,711 | 435 | 1.22 | 1.88 |
| 2007 | 35,165 | 406 | 1.15 | 1.87 |
| 2008 | 34,471 | 397 | 1.15 | 1.90 |
| 2009 | 33,706 | 446 | 1.32 | 1.76 |
| 2010 | 33,364 | 447 | 1.34 | 1.49 |
| 2011 | - | - | - | - |

Note: This table represents a percentage of dropouts compared to membership in grades 7-12 and ungraded pupils ages 12 and older as reported to the Commonwealth of Virginia Department of Education by the school divisions. Dropouts are defined as pupils who withdraw from school for reasons other than promotion, transfer, death, or graduation, and do not enter another school during the school year. Also included are pupils who are in attendance on the last day of the school year who fail to return to school by October 31 of the following school year.

The dropout percentage is calculated as the number of dropouts divided by the membership on September 30th of that school year. A dropout is an individual in grades 7-12 or ungraded (UG) (due to not successfully completing the Literacy Testing Program (LTP)) who was enrolled in school at some time during the previous school year and was not enrolled on October 1 of the current school year, or was not enrolled following exclusionary conditions: transfer to another public school district, private school, or state- or district-approved education program, temporary school-recognized absence due to suspension, illness, or death.

Source: Commonwealth of Virginia, Superintendent's Annual Report for Virginia

- Not Available (officially published by the Commonwealth of Virginia, Department of Education)



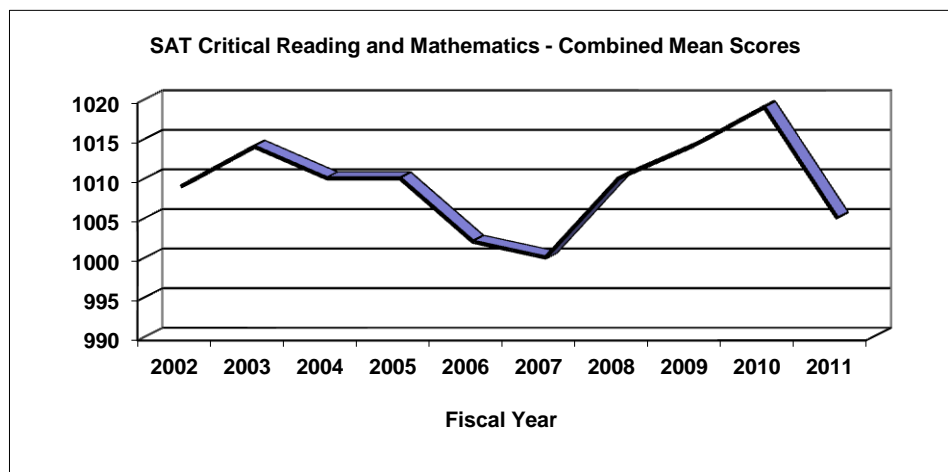
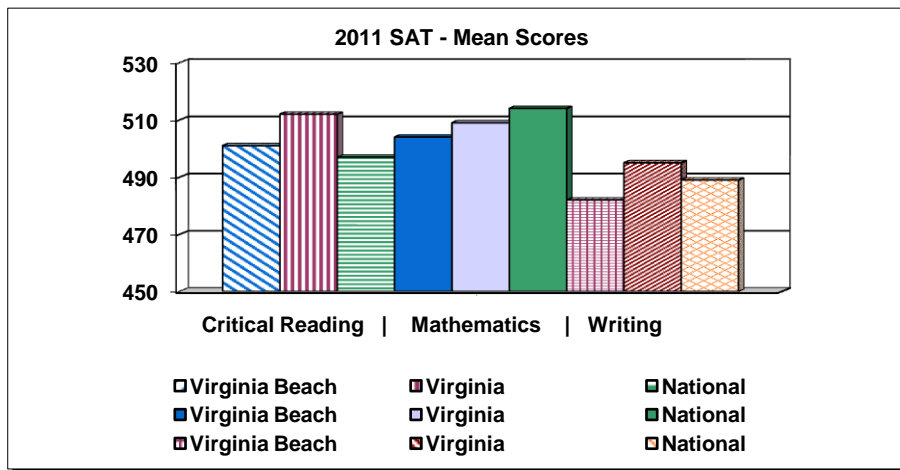
SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
 SCHOLASTIC APTITUDE TEST (SAT) - MEAN SCORES
 Last Ten Fiscal Years

| Fiscal Year | Critical Reading* - Mean Scores | | | Mathematics - Mean Scores | | | Writing - Mean Scores | | |
|-------------|---------------------------------|----------|----------|---------------------------|----------|----------|-----------------------|----------|----------|
| | Virginia Beach | Virginia | National | Virginia Beach | Virginia | National | Virginia Beach | Virginia | National |
| 2002 | 506 | 510 | 504 | 503 | 506 | 516 | - | - | - |
| 2003 | 509 | 514 | 507 | 505 | 510 | 519 | - | - | - |
| 2004 | 508 | 515 | 508 | 502 | 509 | 518 | - | - | - |
| 2005 | 506 | 516 | 508 | 504 | 514 | 520 | - | - | - |
| 2006 | 497 | 512 | 503 | 505 | 513 | 518 | 485 | 500 | 497 |
| 2007 | 496 | 511 | 502 | 504 | 511 | 515 | 482 | 498 | 494 |
| 2008 | 500 | 511 | 502 | 510 | 512 | 515 | 484 | 499 | 494 |
| 2009 | 503 | 511 | 501 | 511 | 512 | 515 | 486 | 498 | 493 |
| 2010 | 503 | 512 | 501 | 516 | 512 | 516 | 488 | 497 | 492 |
| 2011 | 501 | 512 | 497 | 504 | 509 | 514 | 482 | 495 | 489 |

*Prior to 2006, the Critical Reading section was called the Verbal section

-Beginning in 2006, the Writing section was implemented

Source: The College Board and the Department of Research, Evaluation, and Assessment (SAT I: Reasoning Test)



SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
GRADUATES AS PERCENT OF NINTH GRADE MEMBERSHIP FOUR YEARS EARLIER
Last Ten Fiscal Years

| Fiscal Year | Membership Ninth Grade Four Years Earlier | Standard Diploma | Advanced Studies Diploma | Modified Standard Diploma | Special Diploma | Certificate of Program Completion/ GAD/GED/ ISAEP | Total Completers | Percentage | |
|-------------|---|------------------|--------------------------|---------------------------|-----------------|---|------------------|------------|---------------|
| | | | | | | | | Percentage | State Average |
| 2002 | 6,769 | 2,261 | 2,072 | 2 | 120 | 103 | 4,558 | 67.3% | 76.8% |
| 2003 | 7,180 | 2,098 | 2,283 | 3 | 148 | 163 | 4,695 | 65.4 | 78.7 |
| 2004 | 6,840 | 2,134 | 2,246 | 30 | 189 | 117 | 4,716 | 68.9 | 76.3 |
| 2005 | 6,667 | 2,005 | 2,375 | 36 | 224 | 138 | 4,778 | 71.7 | 76.7 |
| 2006 | 7,006 | 2,024 | 2,467 | 24 | 218 | 168 | 4,901 | 70.0 | 76.3 |
| 2007 | 7,141 | 2,043 | 2,617 | 41 | 201 | 245 | 5,147 | 72.1 | 76.8 |
| 2008 | 7,187 | 2,041 | 2,746 | 39 | 203 | 312 | 5,341 | 74.3 | 79.2 |
| 2009 | 6,824 | 2,151 | 2,638 | 51 | 177 | 219 | 5,236 | 76.7 | 79.7 |
| 2010 | 6,763 | 1,965 | 2,887 | 25 | 211 | 226 | 5,314 | 78.6 | 82.0 |
| 2011 | - | - | - | - | - | - | - | - | - |

Note: This table represents the number of graduates (includes the following summer) as a percentage of ninth grade membership four years earlier and the type of diploma awarded. No adjustments have been made to reflect the mobility of the population. This data is reported to the Commonwealth of Virginia Department of Education by the school divisions.

Source: Commonwealth of Virginia, Superintendent's Annual Report for Virginia

- Not Available (officially published by the Commonwealth of Virginia, Department of Education)

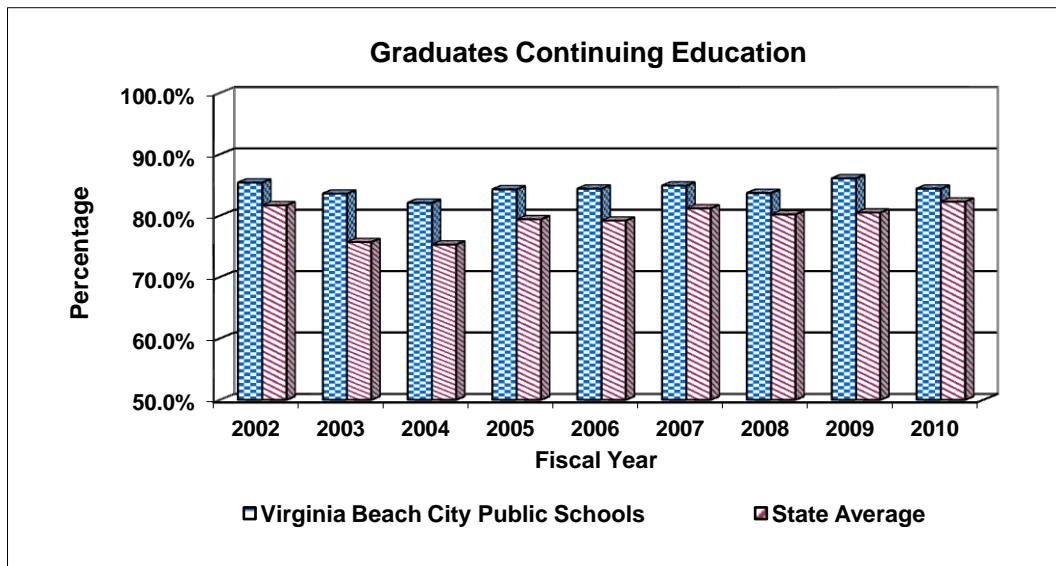
**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
GRADUATES CONTINUING EDUCATION
Last Ten Fiscal Years**

| Fiscal Year | Attending Two-year Colleges Percent | Attending Two-year Colleges Percent State Average | Attending Four-year Colleges Percent | Attending Four-year Colleges Percent State Average | Other Continuing Education Percent | Other Continuing Education Percent State Average | Total Continuing Education Percent | Total Continuing Education Percent State Average |
|-------------|-------------------------------------|---|--------------------------------------|--|------------------------------------|--|------------------------------------|--|
| 2002 | 25.5% | 25.2% | 49.3% | 48.2% | 10.6% | 8.3% | 74.8% | 81.7% |
| 2003 | 25.0 | 23.3 | 49.3 | 45.8 | 9.3 | 6.6 | 83.6 | 75.7 |
| 2004 | 28.0 | 23.4 | 46.3 | 45.1 | 7.8 | 6.8 | 82.1 | 75.3 |
| 2005 | 28.0 | 24.3 | 47.1 | 49.3 | 9.2 | 5.8 | 84.3 | 79.4 |
| 2006 | 26.7 | 25.4 | 49.9 | 48.7 | 7.8 | 5.1 | 84.4 | 79.2 |
| 2007 | 29.1 | 27.5 | 49.4 | 49.3 | 6.4 | 4.4 | 84.9 | 81.2 |
| 2008 | 27.8 | 28.7 | 47.6 | 46.9 | 8.3 | 4.6 | 83.7 | 80.2 |
| 2009 | 31.6 | 30.3 | 46.0 | 45.7 | 8.5 | 4.5 | 86.1 | 80.5 |
| 2010 | 28.1 | 31.2 | 48.7 | 46.3 | 7.6 | 4.8 | 84.4 | 82.3 |
| 2011 | - | - | - | - | - | - | - | - |

Note: This table represents the percentage of graduates (includes the following summer) that pursued continuing education and the type of education pursued. Data is reported to the Commonwealth of Virginia Department of Education by the school divisions.

Source: Commonwealth of Virginia, Superintendent's Annual Report for Virginia

- Not Available (officially published by the Commonwealth of Virginia, Department of Education)



SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
RATIO OF STUDENTS TO TEACHING/INSTRUCTIONAL PERSONNEL
Last Ten Fiscal Years

| Fiscal Year | Elementary Teaching Positions | Elementary End-of-Year Membership K-7 | Elementary Student/Teacher Ratio | Elementary | Secondary Teaching Positions | Secondary End-of-Year Membership 8-12 | Secondary Student/Teacher Ratio |
|-------------|-------------------------------|---------------------------------------|----------------------------------|-------------------------------------|------------------------------|---------------------------------------|---------------------------------|
| | | | | Student/Teacher Ratio State Average | | | |
| 2002 | 3,068.92 | 46,813 | 15.3 | 13.4 | 2,283.82 | 27,365 | 12.0 |
| 2003 | 3,114.42 | 46,404 | 14.9 | 13.2 | 2,394.08 | 27,988 | 11.7 |
| 2004 | 3,073.63 | 45,859 | 14.9 | 13.1 | 2,395.47 | 28,460 | 11.9 |
| 2005 | 3,192.80 | 44,681 | 14.0 | 12.7 | 2,507.40 | 28,391 | 11.3 |
| 2006 | 3,188.20 | 43,365 | 13.6 | 12.6 | 2,486.40 | 28,396 | 11.4 |
| 2007 | 3,177.20 | 42,755 | 13.5 | 12.5 | 2,474.70 | 28,160 | 11.4 |
| 2008 | 3,106.80 | 42,008 | 13.5 | 12.5 | 2,442.80 | 27,844 | 11.4 |
| 2009 | 3,119.00 | 41,675 | 13.4 | 12.4 | 2,437.00 | 27,329 | 11.2 |
| 2010 | 3,138.00 | 42,008 | 13.4 | 12.2 | 2,388.00 | 27,844 | 11.7 |
| 2011 | - | - | - | - | - | - | - |

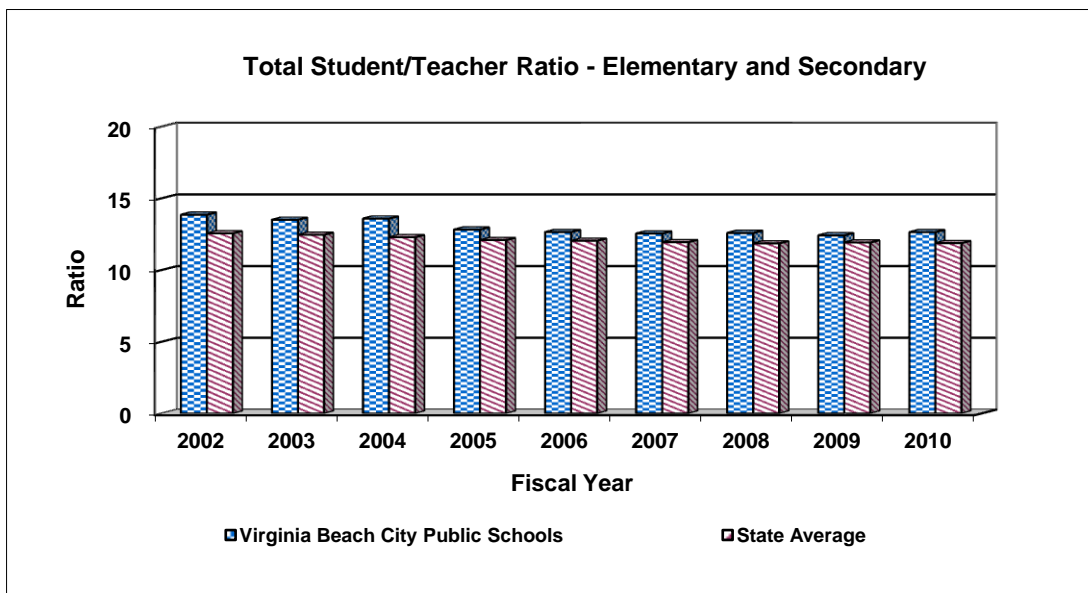
- Not Available (officially published by the Commonwealth of Virginia, Department of Education)

Note: This table represents student teacher ratios based on End-of-Year Membership to full-time equivalent teaching positions, excluding special education teachers, principals, assistant principals, guidance counselors, and librarians.

Source: Commonwealth of Virginia, Superintendent's Annual Report for Virginia

| Fiscal Year | Secondary Student/Teacher Ratio State Average | Total Student/Teacher Ratio | Total Student/Teacher Ratio State Average |
|-------------|---|-----------------------------|---|
| 2002 | 11.3 | 13.86 | 12.56 |
| 2003 | 11.3 | 13.50 | 12.45 |
| 2004 | 11.2 | 13.59 | 12.29 |
| 2005 | 11.2 | 12.82 | 12.09 |
| 2006 | 11.2 | 12.65 | 12.04 |
| 2007 | 11.1 | 12.55 | 11.94 |
| 2008 | 11.0 | 12.59 | 11.86 |
| 2009 | 11.2 | 12.42 | 11.92 |
| 2010 | 11.3 | 12.64 | 11.88 |
| 2011 | - | - | - |

- Not Available (officially published by the Commonwealth of Virginia, Department of Education)



**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
PERSONNEL POSITIONS
Last Ten Fiscal Years**

| | Fiscal Year | | | |
|-------------------------------|---------------|---------------|--------------|--------------|
| | 2002 | 2003 | 2004 | 2005 |
| <u>Full-time Staff</u> | | | | |
| Office/Admin/Managers | 84 | 85 | 37 | 38 |
| Principals | 86 | 86 | 83 | 84 |
| Assistant Principals | 154 | 165 | 156 | 159 |
| Elementary Classroom Teachers | 2,119 | 2,103 | 2,083 | 2,094 |
| Secondary Classroom Teachers | 2,624 | 2,697 | 2,740 | 2,775 |
| Other Classroom Teachers | 429 | 446 | 274 | 289 |
| Guidance | 201 | 198 | 194 | 193 |
| Psychological | 49 | 51 | 68 | 65 |
| Librarians/AV | 109 | 110 | 107 | 106 |
| Supervisory | 59 | 65 | 121 | 130 |
| Other Professionals | 278 | 286 | 316 | 321 |
| Teacher Aides | 1,012 | 1,005 | 1,010 | 1,052 |
| Technicians | 33 | 37 | 105 | 105 |
| Clerical/Secretarial | 543 | 556 | 542 | 591 |
| Service Workers | 2,060 | 2,100 | 1,074 | 1,105 |
| Skilled Crafts | 237 | 241 | 225 | 233 |
| Unskilled Labor | - | - | - | - |
| Total Full-Time Staff | <u>10,077</u> | <u>10,231</u> | <u>9,135</u> | <u>9,340</u> |
| <u>Part-Time Staff</u> | | | | |
| Professional/Instructional | 191 | 195 | 210 | 244 |
| Other | 77 | 77 | 1,103 | 1,096 |
| Total Part-Time Staff | <u>268</u> | <u>272</u> | <u>1,313</u> | <u>1,340</u> |

- Not Available (see Note 1 below)

Note: (1) Prior to FY 2002 the Unskilled Labor category contained custodians. Beginning in FY 2002, custodians were classified as Service Workers.

(2) Prior to FY 2004, the Service Workers category contained Bus Drivers, Assistants, and Cafeteria Workers including those less than 1 FTE. Beginning in FY 2004, Bus Drivers, Assistants, and Cafeteria Workers less than 1 FTE were reclassified as Part-time Staff Other.

Source: Department of Human Resources (EEO-5 Report)

Table 18

| Fiscal Year | | | | | |
|--------------|--------------|--------------|--------------|--------------|--------------|
| 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| 37 | 40 | 39 | 40 | 38 | 40 |
| 84 | 85 | 89 | 90 | 86 | 86 |
| 156 | 151 | 160 | 161 | 155 | 151 |
| 2,104 | 2,114 | 2,106 | 2,110 | 2,117 | 2,087 |
| 2,760 | 2,702 | 2,643 | 2,614 | 2,513 | 2,466 |
| 279 | 273 | 290 | 291 | 326 | 339 |
| 190 | 187 | 182 | 182 | 175 | 179 |
| 65 | 68 | 68 | 66 | 70 | 79 |
| 108 | 106 | 111 | 108 | 104 | 105 |
| 133 | 134 | 69 | 66 | 68 | 77 |
| 330 | 337 | 363 | 383 | 378 | 377 |
| 1,054 | 1,093 | 1,117 | 1,130 | 1,138 | 1,154 |
| 107 | 107 | 106 | 107 | 110 | 112 |
| 601 | 606 | 600 | 599 | 579 | 586 |
| 1,107 | 1,116 | 1,109 | 1,137 | 1,099 | 1,100 |
| 230 | 236 | 234 | 230 | 236 | 231 |
| - | - | - | - | - | - |
| <u>9,345</u> | <u>9,355</u> | <u>9,286</u> | <u>9,314</u> | <u>9,192</u> | <u>9,169</u> |
| 236 | 255 | 264 | 277 | 239 | 201 |
| <u>1,087</u> | <u>1,155</u> | <u>1,178</u> | <u>1,179</u> | <u>1,143</u> | <u>1,103</u> |
| <u>1,323</u> | <u>1,410</u> | <u>1,442</u> | <u>1,456</u> | <u>1,382</u> | <u>1,304</u> |

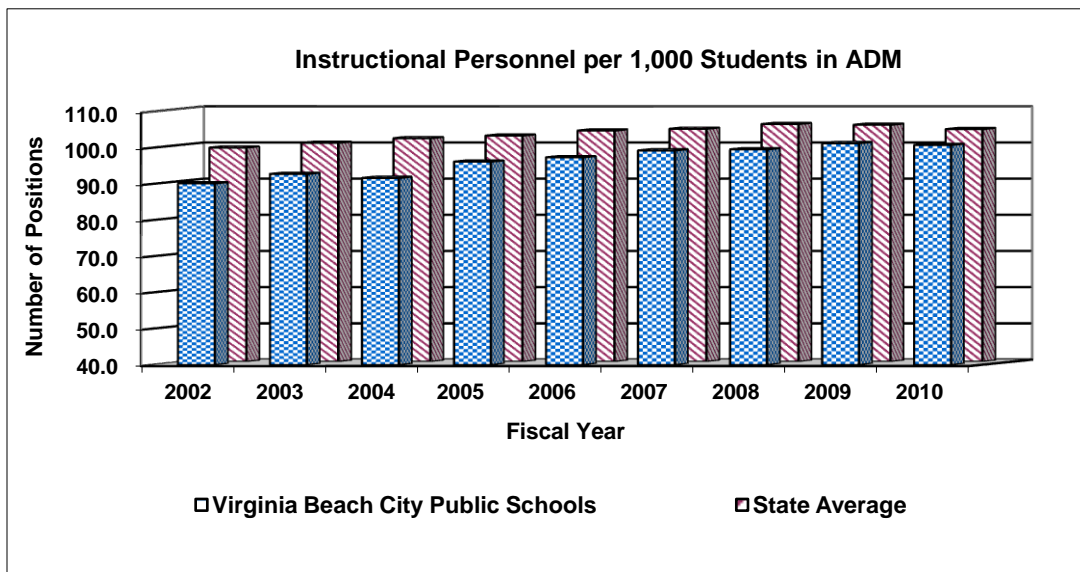
**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
INSTRUCTIONAL PERSONNEL POSITIONS PER 1,000 STUDENTS IN ADM
Last Ten Fiscal Years**

| Fiscal Year | Number of Instructional Personnel Positions (End of Year) | Student Average Daily Membership (End of Year) | Instructional Personnel Per 1,000 Students | Instructional Personnel Per 1,000 Students State Average |
|-------------|---|--|--|--|
| 2002 | 6,771.34 | 75,090 | 90.2 | 99.2 |
| 2003 | 6,971.59 | 75,161 | 92.8 | 100.5 |
| 2004 | 6,868.60 | 74,880 | 91.7 | 101.8 |
| 2005 | 7,135.53 | 74,161 | 96.2 | 102.5 |
| 2006 | 7,103.98 | 72,948 | 97.4 | 103.9 |
| 2007 | 7,145.43 | 71,934 | 99.3 | 104.4 |
| 2008 | 7,082.10 | 70,930 | 99.6 | 105.7 |
| 2009 | 7,082.31 | 69,886 | 101.3 | 105.5 |
| 2010 | 7,034.28 | 69,763 | 100.8 | 104.3 |
| 2011 | - | - | - | - |

Note: The number of Instructional Personnel includes all teachers, guidance counselors, librarians, principals, and assistant principals paid with federal, state, and local funds. The Student Average Daily Membership is the end-of-year unadjusted average daily membership as reported to the Commonwealth of Virginia Department of Education by the school divisions. Beginning in Fiscal Year 2001, teacher assistants were included as part of the Instructional Personnel number.

Source: Commonwealth of Virginia, Superintendent’s Annual Report for Virginia

- Not Available (officially published by the Commonwealth of Virginia, Department of Education)



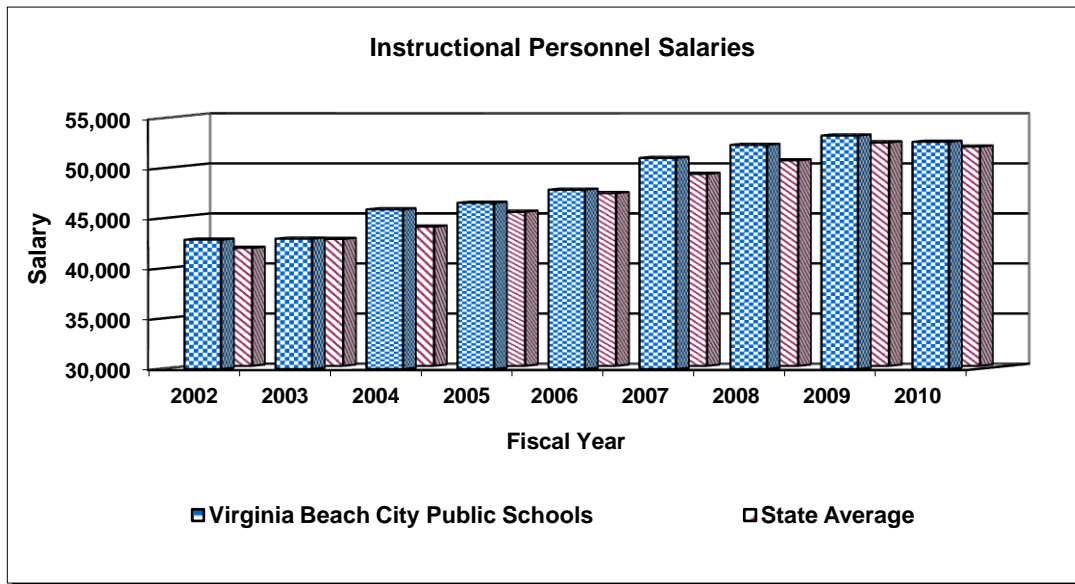
**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
INSTRUCTIONAL PERSONNEL SALARIES
Last Ten Fiscal Years**

| Fiscal Year | Minimum Salary | Maximum Salary | Average Salary | State Average |
|-------------|----------------|----------------|----------------|---------------|
| 2002 | \$30,835 | \$52,454 | \$42,906 | \$41,771 |
| 2003 | 32,500 | 57,230 | 43,001 | 42,665 |
| 2004 | 33,069 | 58,232 | 45,937 | 43,892 |
| 2005 | 34,227 | 60,271 | 46,591 | 45,377 |
| 2006 | 35,767 | 62,982 | 47,900 | 47,248 |
| 2007 | 37,280 | 62,982 | 51,075 | 49,164 |
| 2008 | 38,026 | 64,242 | 52,377 | 50,511 |
| 2009 | 38,596 | 65,585 | 53,315 | 52,309 |
| 2010 | 38,596 | 65,585 | 52,680 | 51,894 |
| 2011 | 38,597 | 65,914 | 52,701 | - |

Note: Instructional Personnel includes teachers, guidance counselors, librarians, and technology instructors.

Source: Department of Human Resources and Commonwealth of Virginia, Superintendent's Annual Report for Virginia

- Not Available (officially published by the Commonwealth of Virginia, Department of Education)



**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
TEACHERS INFORMATION
Last Ten Fiscal Years**

| Fiscal Year | Number of Teachers | | | | Average Teacher Age | | | | Bachelors | | | |
|-------------|--------------------|--------|-------|-------|---------------------|--------|------|-------|-----------|--------|------|-------|
| | Elem | Middle | High | Other | Elem | Middle | High | Other | Elem | Middle | High | Other |
| 2002 | 2,363 | 1,301 | 1,491 | 110 | 43.0 | 42.9 | 43.3 | 46.6 | 1,300 | 684 | 780 | 55 |
| 2003 | 2,525 | 1,390 | 1,634 | 122 | 43.2 | 43.4 | 43.6 | 46.5 | 1,368 | 727 | 858 | 60 |
| 2004 | 2,517 | 1,394 | 1,668 | 129 | 43.6 | 43.6 | 43.9 | 46.3 | 1,346 | 715 | 878 | 66 |
| 2005 | 2,543 | 1,403 | 1,713 | 134 | 43.5 | 43.7 | 43.9 | 46.8 | 1,364 | 734 | 914 | 67 |
| 2006 | 2,537 | 1,372 | 1,718 | 133 | 43.6 | 44.1 | 44.1 | 48.3 | 1,353 | 705 | 911 | 72 |
| 2007 | 2,534 | 1,327 | 1,711 | 139 | 43.9 | 44.7 | 44.2 | 48.2 | 1,334 | 654 | 899 | 74 |
| 2008 | 2,533 | 1,299 | 1,671 | 146 | 44.0 | 44.9 | 44.6 | 48.7 | 1,312 | 644 | 867 | 71 |
| 2009 | 2,545 | 1,277 | 1,667 | 151 | 44.1 | 45.4 | 44.9 | 49.2 | 1,303 | 626 | 869 | 71 |
| 2010 | 2,539 | 1,217 | 1,560 | 240 | 44.4 | 46.0 | 46.0 | 47.5 | 1,242 | 578 | 786 | 114 |
| 2011 | 2,509 | 1,200 | 1,566 | 249 | 44.5 | 45.6 | 45.5 | 46.7 | 1,189 | 563 | 774 | 117 |

Source: Department of Human Resources

Table 21

| Fiscal Year | Masters | | | | Certificate Advance Studies | | | | Doctorate | | | |
|----------------|---------|--------|------|-------|-----------------------------|--------|------|-------|-----------|--------|------|-------|
| | Elem | Middle | High | Other | Elem | Middle | High | Other | Elem | Middle | High | Other |
| 2002 | 959 | 551 | 643 | 48 | 101 | 60 | 58 | 6 | 3 | 6 | 10 | 1 |
| 2003 | 1,052 | 589 | 703 | 55 | 101 | 66 | 62 | 6 | 4 | 8 | 11 | 1 |
| 2004 | 1,068 | 603 | 707 | 55 | 99 | 68 | 69 | 7 | 4 | 8 | 14 | 1 |
| 2005 | 1,074 | 593 | 707 | 56 | 100 | 68 | 74 | 10 | 5 | 8 | 18 | 1 |
| 2006 | 1,079 | 592 | 704 | 52 | 100 | 64 | 85 | 8 | 5 | 11 | 18 | 1 |
| 2007 | 1,095 | 598 | 715 | 55 | 101 | 64 | 77 | 8 | 4 | 11 | 20 | 2 |
| 2008 | 1,122 | 578 | 699 | 65 | 95 | 68 | 83 | 9 | 4 | 9 | 22 | 1 |
| 2009 | 1,131 | 579 | 697 | 69 | 106 | 65 | 81 | 10 | 5 | 7 | 20 | 1 |
| 2010 | 1,181 | 565 | 670 | 102 | 109 | 68 | 82 | 23 | 7 | 6 | 22 | 1 |
| 2011 | 1,206 | 567 | 693 | 111 | 108 | 64 | 76 | 20 | 6 | 6 | 23 | 1 |

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
SCHOOL CAFETERIAS INFORMATION
Last Ten Fiscal Years**

| | Fiscal Year | | | |
|-------------------------------------|-------------|-----------|-----------|-----------|
| | 2002 | 2003 | 2004 | 2005 |
| Student Enrollment (October) | | | | |
| in Meal Programs: | | | | |
| Reduced | 6,604 | 8,585 | 8,734 | 7,121 |
| Free | 12,571 | 14,570 | 15,250 | 14,844 |
| Lunch Meals: | | | | |
| Full | 3,909,894 | 3,908,389 | 3,683,643 | 3,896,141 |
| Reduced | 841,024 | 869,047 | 882,920 | 847,029 |
| Free | 1,754,854 | 1,784,674 | 1,824,700 | 1,952,837 |
| Breakfast Meals: | | | | |
| Full | 358,713 | 367,587 | 346,221 | 411,658 |
| Reduced | 190,092 | 208,048 | 197,080 | 204,590 |
| Free | 865,432 | 896,981 | 867,209 | 900,772 |
| Lunch Price: | | | | |
| Full: | | | | |
| Elementary | \$1.20 | \$1.40 | \$1.40 | \$1.60 |
| Middle | \$1.30 | \$1.50 | \$1.50 | \$1.70 |
| High | \$1.30 | \$1.50 | \$1.50 | \$1.70 |
| Adult | \$1.75 | \$2.20 | \$2.50 | \$2.50 |
| Reduced | \$0.40 | \$0.40 | \$0.40 | \$0.40 |

Source: The Department of Administrative Support Services/Food Services

Table 22

| Fiscal Year | | | | | |
|-------------|-----------|-----------|-----------|-----------|-----------|
| 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| 6,185 | 7,473 | 5,960 | 6,380 | 6,067 | 4,793 |
| 13,596 | 15,087 | 13,909 | 14,276 | 16,067 | 16,185 |
| 4,264,832 | 4,287,661 | 3,808,695 | 3,462,417 | 3,272,401 | 3,114,574 |
| 772,341 | 791,084 | 743,790 | 792,105 | 754,574 | 664,741 |
| 1,807,692 | 1,833,033 | 1,878,081 | 1,960,458 | 2,180,856 | 2,407,642 |
| 484,429 | 547,189 | 644,638 | 680,158 | 670,224 | 603,169 |
| 208,668 | 243,182 | 260,166 | 303,012 | 283,304 | 257,782 |
| 855,595 | 872,513 | 981,774 | 1,070,866 | 1,200,453 | 1,326,183 |
| \$1.60 | \$1.75 | \$1.75 | \$2.00 | \$2.00 | \$2.15 |
| \$1.70 | \$1.80 | \$1.80 | \$2.00 | \$2.00 | \$2.15 |
| \$1.70 | \$1.80 | \$1.80 | \$2.00 | \$2.00 | \$2.15 |
| \$2.75 | \$2.75 | \$2.75 | \$3.00 | \$3.00 | \$3.00 |
| \$0.40 | \$0.40 | \$0.40 | \$0.40 | \$0.40 | \$0.40 |

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
CAPITAL ASSETS INFORMATION BY GOVERNMENTAL ACTIVITIES
Last Ten Fiscal Years**

| | Fiscal Year | | | |
|---|-------------|------|------|------|
| | 2002 | 2003 | 2004 | 2005 |
| <u>Instruction:</u> | | | | |
| Elementary Schools | 54 | 54 | 54 | 54 |
| Middle Schools | 13 | 13 | 13 | 13 |
| High Schools | 11 | 11 | 11 | 11 |
| Auxiliary Schools/Centers | 9 | 9 | 10 | 11 |
| Portables | 365 | 365 | 364 | 363 |
| <u>Operations and Maintenance:</u> | | | | |
| Vehicles | 260 | 265 | 276 | 278 |
| <u>Pupil Transportation:</u> | | | | |
| Buses | 685 | 675 | 694 | 760 |
| Other Vehicles | 42 | 42 | 42 | 45 |

Source: School Board Capital Assets Inventory Records

| Fiscal Year | | | | | | |
|-------------|------|------|------|------|------|--|
| 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | |
| 55 | 55 | 56 | 56 | 55 | 55 | |
| 13 | 13 | 13 | 13 | 13 | 13 | |
| 11 | 11 | 11 | 11 | 11 | 11 | |
| 11 | 11 | 11 | 11 | 7 | 7 | |
| 361 | 357 | 343 | 324 | 266 | 255 | |
| 279 | 276 | 294 | 282 | 282 | 285 | |
| 758 | 754 | 791 | 789 | 766 | 785 | |
| 47 | 44 | 44 | 45 | 44 | 39 | |

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
SCHOOL BUILDINGS INFORMATION
Last Ten Fiscal Years

| | Fiscal Year | | | | | | | | | |
|-------------------------------------|-------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| Elementary Schools | | | | | | | | | | |
| Alanton Elementary | | | | | | | | | | |
| Square Feet | 73,761 | 73,761 | 73,761 | 73,761 | 73,761 | 74,049 | 74,049 | 74,049 | 74,049 | 74,049 |
| Program Capacity | 768 | 738 | 693 | 680 | 668 | 680 | 629 | 613 | 602 | 650 |
| Enrollment | 682 | 664 | 634 | 649 | 644 | 574 | 584 | 562 | 606 | 629 |
| Arrowhead Elementary | | | | | | | | | | |
| Square Feet | 52,228 | 52,228 | 79,480 | 79,480 | 79,480 | 79,480 | 79,480 | 79,480 | 79,480 | 79,480 |
| Program Capacity | 654 | 662 | 559 | 571 | 594 | 646 | 591 | 584 | 537 | 540 |
| Enrollment | 519 | 501 | 467 | 600 | 572 | 553 | 549 | 576 | 439 | 454 |
| Bayside Elementary | | | | | | | | | | |
| Square Feet | 77,428 | 77,428 | 77,428 | 77,428 | 77,428 | 77,428 | 77,428 | 77,428 | 77,428 | 77,428 |
| Program Capacity | 610 | 635 | 550 | 540 | 551 | 566 | 490 | 521 | 526 | 527 |
| Enrollment | 568 | 547 | 545 | 530 | 490 | 456 | 437 | 414 | 451 | 453 |
| Birdneck Elementary | | | | | | | | | | |
| Square Feet | 137,250 | 137,250 | 137,250 | 137,250 | 137,250 | 137,250 | 137,250 | 137,250 | 137,250 | 137,250 |
| Program Capacity | 1,068 | 1,069 | 1,022 | 1,037 | 1,057 | 1,100 | 1,075 | 902 | 962 | 753 |
| Enrollment | 903 | 899 | 926 | 938 | 920 | 1,041 | 991 | 980 | 784 | 722 |
| Brookwood Elementary | | | | | | | | | | |
| Square Feet | 51,875 | 51,875 | 51,875 | 51,875 | 51,875 | 51,875 | 51,875 | 51,875 | 80,065 | 80,065 |
| Program Capacity | 608 | 553 | 517 | 503 | 542 | 554 | 600 | 607 | 638 | 689 |
| Enrollment | 527 | 522 | 535 | 529 | 499 | 452 | 522 | 538 | 692 | 710 |
| Centerville Elementary | | | | | | | | | | |
| Square Feet | 67,082 | 67,082 | 67,082 | 67,082 | 67,082 | 67,082 | 67,082 | 67,082 | 67,082 | 67,082 |
| Program Capacity | 696 | 722 | 638 | 641 | 611 | 695 | 693 | 641 | 731 | 695 |
| Enrollment | 571 | 560 | 597 | 608 | 614 | 644 | 659 | 672 | 668 | 668 |
| Christopher Farms Elementary | | | | | | | | | | |
| Square Feet | 78,740 | 78,740 | 78,740 | 78,740 | 78,740 | 78,740 | 78,740 | 78,740 | 78,740 | 78,740 |
| Program Capacity | 872 | 870 | 777 | 780 | 778 | 781 | 760 | 693 | 738 | 752 |
| Enrollment | 808 | 794 | 775 | 748 | 758 | 732 | 754 | 732 | 737 | 714 |
| College Park Elementary | | | | | | | | | | |
| Square Feet | 58,743 | 58,743 | 58,743 | 58,743 | 58,743 | 58,743 | 58,743 | 58,743 | 58,743 | 58,743 |
| Program Capacity | 589 | 597 | 520 | 542 | 542 | 542 | 485 | 420 | 468 | 450 |
| Enrollment | 678 | 646 | 525 | 503 | 464 | 447 | 422 | 407 | 407 | 402 |
| W. T. Cooke Elementary | | | | | | | | | | |
| Square Feet | 92,256 | 92,256 | 92,256 | 92,256 | 92,256 | 92,256 | 89,122 | 89,122 | 89,122 | 89,122 |
| Program Capacity | 638 | 680 | 551 | 527 | 505 | 561 | 545 | 555 | 574 | 587 |
| Enrollment | 576 | 582 | 554 | 517 | 536 | 505 | 490 | 502 | 601 | 660 |
| Corporate Landing Elementary | | | | | | | | | | |
| Square Feet | 96,620 | 96,620 | 96,620 | 96,620 | 96,620 | 96,620 | 96,620 | 96,620 | 96,620 | 96,620 |
| Program Capacity | 806 | 851 | 728 | 698 | 655 | 631 | 606 | 610 | 624 | 642 |
| Enrollment | 711 | 686 | 657 | 582 | 557 | 545 | 510 | 495 | 541 | 543 |
| Creeds Elementary | | | | | | | | | | |
| Square Feet | 69,285 | 69,285 | 69,285 | 69,285 | 69,285 | 69,285 | 69,285 | 69,285 | 69,285 | 69,285 |
| Program Capacity | 476 | 501 | 425 | 419 | 421 | 425 | 426 | 426 | 448 | 425 |
| Enrollment | 330 | 309 | 295 | 295 | 307 | 285 | 298 | 292 | 312 | 297 |

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
SCHOOL BUILDINGS INFORMATION
Last Ten Fiscal Years

| | Fiscal Year | | | | | | | | | |
|---|-------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| John B. Dey Elementary | | | | | | | | | | |
| Square Feet | 76,641 | 76,641 | 76,641 | 76,641 | 76,641 | 76,641 | 76,641 | 76,641 | 76,641 | 76,641 |
| Program Capacity | 906 | 882 | 786 | 796 | 793 | 778 | 735 | 756 | 799 | 821 |
| Enrollment | 757 | 779 | 738 | 784 | 759 | 742 | 728 | 781 | 769 | 817 |
| Diamond Springs Elementary (Opened 2008) | | | | | | | | | | |
| Square Feet | - | - | - | - | - | - | 97,000 | 97,000 | 97,000 | 97,000 |
| Program Capacity | - | - | - | - | - | - | 535 | 504 | 489 | 482 |
| Enrollment | - | - | - | - | - | - | 509 | 504 | 516 | 475 |
| Fairfield Elementary | | | | | | | | | | |
| Square Feet | 58,280 | 58,280 | 58,280 | 58,280 | 58,280 | 58,280 | 58,280 | 58,280 | 58,280 | 58,280 |
| Program Capacity | 604 | 627 | 489 | 491 | 540 | 555 | 526 | 504 | 482 | 526 |
| Enrollment | 555 | 505 | 519 | 522 | 498 | 511 | 499 | 479 | 479 | 499 |
| Glenwood Elementary | | | | | | | | | | |
| Square Feet | 139,600 | 139,600 | 139,600 | 139,600 | 139,600 | 139,600 | 139,600 | 139,600 | 139,600 | 139,600 |
| Program Capacity | 1,276 | 1,350 | 1,201 | 1,120 | 1,101 | 1,057 | 972 | 1,002 | 995 | 1,024 |
| Enrollment | 1,123 | 1,052 | 1,042 | 923 | 1,003 | 955 | 914 | 894 | 916 | 900 |
| Green Run Elementary | | | | | | | | | | |
| Square Feet | 58,040 | 58,040 | 58,040 | 58,040 | 58,275 | 58,275 | 58,275 | 58,275 | 58,275 | 58,275 |
| Program Capacity | 563 | 533 | 547 | 520 | 511 | 494 | 479 | 424 | 513 | 451 |
| Enrollment | 555 | 522 | 537 | 484 | 463 | 458 | 473 | 487 | 478 | 494 |
| Hermitage Elementary | | | | | | | | | | |
| Square Feet | 63,243 | 63,243 | 63,243 | 94,018 | 94,018 | 94,018 | 94,018 | 94,018 | 94,018 | 94,018 |
| Program Capacity | 585 | 578 | 567 | 630 | 672 | 575 | 565 | 583 | 637 | 637 |
| Enrollment | 533 | 474 | 405 | 475 | 552 | 537 | 507 | 559 | 582 | 622 |
| Holland Elementary | | | | | | | | | | |
| Square Feet | 73,956 | 73,956 | 73,956 | 73,956 | 73,956 | 73,956 | 73,956 | 73,956 | 73,956 | 73,956 |
| Program Capacity | 840 | 808 | 669 | 665 | 688 | 687 | 564 | 510 | 605 | 480 |
| Enrollment | 786 | 729 | 669 | 658 | 583 | 561 | 558 | 553 | 516 | 527 |
| Indian Lakes Elementary | | | | | | | | | | |
| Square Feet | 66,816 | 66,816 | 66,816 | 66,816 | 66,816 | 66,816 | 66,816 | 66,816 | 66,816 | 66,816 |
| Program Capacity | 751 | 767 | 659 | 545 | 617 | 556 | 574 | 552 | 569 | 529 |
| Enrollment | 713 | 650 | 618 | 590 | 573 | 550 | 520 | 523 | 489 | 528 |
| Kempsville Elementary | | | | | | | | | | |
| Square Feet | 59,689 | 59,689 | 78,146 | 78,146 | 78,146 | 78,146 | 78,146 | 78,146 | 78,146 | 78,146 |
| Program Capacity | 650 | 629 | 539 | 520 | 519 | 521 | 521 | 502 | 520 | 542 |
| Enrollment | 512 | 483 | 462 | 447 | 469 | 467 | 478 | 445 | 463 | 457 |
| Kempsville Meadows Elementary | | | | | | | | | | |
| Square Feet | 54,236 | 77,239 | 77,239 | 77,239 | 77,239 | 77,239 | 77,239 | 77,239 | 77,239 | 77,239 |
| Program Capacity | 668 | 607 | 509 | 519 | 518 | 540 | 540 | 540 | 514 | 514 |
| Enrollment | 493 | 522 | 556 | 521 | 533 | 527 | 530 | 532 | 468 | 502 |
| Kings Grant Elementary | | | | | | | | | | |
| Square Feet | 71,808 | 71,808 | 71,808 | 71,808 | 72,043 | 72,043 | 72,043 | 72,043 | 72,043 | 72,043 |
| Program Capacity | 857 | 760 | 711 | 683 | 648 | 688 | 648 | 653 | 648 | 616 |
| Enrollment | 684 | 696 | 672 | 687 | 669 | 624 | 632 | 606 | 611 | 609 |

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
SCHOOL BUILDINGS INFORMATION
Last Ten Fiscal Years

| | Fiscal Year | | | | | | | | | |
|---------------------------------|-------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| Kingston Elementary | | | | | | | | | | |
| Square Feet | 65,223 | 65,223 | 65,223 | 65,223 | 65,223 | 65,223 | 65,223 | 65,223 | 65,223 | 65,223 |
| Program Capacity | 706 | 741 | 649 | 627 | 626 | 608 | 626 | 550 | 568 | 581 |
| Enrollment | 648 | 635 | 633 | 602 | 598 | 565 | 573 | 523 | 556 | 521 |
| Landstown Elementary | | | | | | | | | | |
| Square Feet | 81,634 | 81,634 | 81,634 | 81,634 | 81,634 | 81,634 | 81,634 | 81,634 | 81,634 | 81,634 |
| Program Capacity | 969 | 1,005 | 854 | 860 | 863 | 876 | 883 | 839 | 817 | 838 |
| Enrollment | 898 | 907 | 852 | 860 | 799 | 783 | 798 | 759 | 739 | 724 |
| Linkhorn Park Elementary | | | | | | | | | | |
| Square Feet | 76,285 | 76,285 | 76,285 | 76,285 | 76,285 | 76,285 | 76,285 | 76,285 | 76,285 | 76,285 |
| Program Capacity | 736 | 702 | 646 | 657 | 716 | 696 | 715 | 707 | 702 | 747 |
| Enrollment | 695 | 647 | 659 | 690 | 691 | 685 | 725 | 716 | 731 | 798 |
| Luxford Elementary | | | | | | | | | | |
| Square Feet | 82,242 | 82,242 | 82,242 | 82,242 | 82,242 | 82,242 | 82,242 | 82,242 | 82,242 | 82,242 |
| Program Capacity | 596 | 605 | 570 | 554 | 540 | 562 | 580 | 554 | 583 | 536 |
| Enrollment | 443 | 545 | 530 | 533 | 552 | 522 | 507 | 512 | 507 | 522 |
| Lynnhaven Elementary | | | | | | | | | | |
| Square Feet | 55,989 | 55,989 | 55,989 | 80,670 | 80,670 | 80,670 | 80,670 | 80,670 | 80,670 | 80,670 |
| Program Capacity | 541 | 712 | 586 | 451 | 516 | 562 | 546 | 478 | 488 | 472 |
| Enrollment | 469 | 429 | 415 | 419 | 440 | 414 | 397 | 434 | 445 | 437 |
| Malibu Elementary | | | | | | | | | | |
| Square Feet | 54,863 | 54,863 | 73,182 | 73,182 | 73,182 | 73,182 | 73,182 | 73,182 | 73,182 | 73,182 |
| Program Capacity | 480 | 480 | 442 | 424 | 431 | 438 | 398 | 416 | 380 | 423 |
| Enrollment | 324 | 316 | 322 | 300 | 292 | 304 | 327 | 316 | 341 | 319 |
| New Castle Elementary | | | | | | | | | | |
| Square Feet | 87,060 | 87,060 | 87,060 | 87,060 | 87,060 | 87,060 | 87,060 | 87,060 | 87,060 | 87,060 |
| Program Capacity | 810 | 849 | 806 | 839 | 784 | 788 | 780 | 803 | 797 | 847 |
| Enrollment | 718 | 724 | 807 | 799 | 746 | 743 | 749 | 776 | 815 | 793 |
| Newtown Road Elementary | | | | | | | | | | |
| Square Feet | 76,141 | 76,141 | 76,141 | 76,141 | 76,141 | 76,141 | 88,711 | 88,711 | 88,711 | 88,711 |
| Program Capacity | 662 | 764 | 680 | 556 | 543 | 520 | 398 | 505 | 482 | 466 |
| Enrollment | 947 | 868 | 886 | 856 | 609 | 573 | 410 | 460 | 490 | 470 |
| North Landing Elementary | | | | | | | | | | |
| Square Feet | 60,280 | 60,280 | 60,280 | 60,280 | 60,280 | 60,280 | 60,280 | 60,280 | 60,280 | 60,280 |
| Program Capacity | 651 | 690 | 628 | 603 | 609 | 600 | 615 | 591 | 582 | 545 |
| Enrollment | 590 | 611 | 658 | 684 | 597 | 564 | 548 | 553 | 531 | 527 |
| Ocean Lakes Elementary | | | | | | | | | | |
| Square Feet | 69,917 | 69,917 | 69,917 | 69,917 | 69,917 | 69,917 | 69,917 | 69,917 | 69,917 | 69,917 |
| Program Capacity | 816 | 846 | 724 | 666 | 710 | 680 | 687 | 722 | 699 | 647 |
| Enrollment | 678 | 643 | 584 | 563 | 589 | 600 | 583 | 623 | 553 | 516 |
| Old Donation Center | | | | | | | | | | |
| Square Feet | 59,827 | 59,827 | 59,827 | 59,827 | 59,827 | 59,827 | 59,827 | 59,827 | 59,827 | 59,827 |
| Program Capacity | 438 | 438 | 394 | 438 | 394 | 394 | 394 | 273 | 372 | 393 |
| Enrollment | 500 | 499 | 500 | 499 | 501 | 501 | 511 | 510 | 507 | 501 |

(continued)

Table 24

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
SCHOOL BUILDINGS INFORMATION
Last Ten Fiscal Years

| | Fiscal Year | | | | | | | | | |
|---------------------------------------|-------------|--------|--------|---------|---------|---------|---------|---------|---------|---------|
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| Parkway Elementary | | | | | | | | | | |
| Square Feet | 67,840 | 67,840 | 67,840 | 67,840 | 67,840 | 67,840 | 67,840 | 67,840 | 67,840 | 67,840 |
| Program Capacity | 629 | 654 | 578 | 568 | 578 | 615 | 556 | 420 | 494 | 473 |
| Enrollment | 548 | 564 | 554 | 582 | 529 | 503 | 476 | 452 | 482 | 514 |
| Pembroke Elementary | | | | | | | | | | |
| Square Feet | 90,544 | 90,544 | 90,544 | 108,773 | 108,773 | 108,773 | 108,773 | 108,773 | 108,773 | 108,773 |
| Program Capacity | 704 | 749 | 633 | 569 | 591 | 572 | 581 | 606 | 600 | 680 |
| Enrollment | 530 | 489 | 488 | 488 | 503 | 488 | 475 | 493 | 500 | 528 |
| Pembroke Meadows Elementary | | | | | | | | | | |
| Square Feet | 55,009 | 55,249 | 55,249 | 55,249 | 55,249 | 75,926 | 75,926 | 75,926 | 75,926 | 75,926 |
| Program Capacity | 595 | 644 | 571 | 566 | 562 | 592 | 592 | 590 | 540 | 513 |
| Enrollment | 543 | 512 | 543 | 515 | 526 | 545 | 501 | 465 | 459 | 429 |
| Plaza Elementary (Closed 2010) | | | | | | | | | | |
| Square Feet | 68,390 | 68,390 | 68,390 | 68,390 | 68,390 | 68,390 | 68,390 | 68,390 | - | - |
| Program Capacity | 640 | 605 | 531 | 476 | 476 | 505 | 500 | 414 | - | - |
| Enrollment | 522 | 481 | 387 | 380 | 389 | 399 | 358 | 333 | - | - |
| Point O'View Elementary | | | | | | | | | | |
| Square Feet | 75,219 | 75,219 | 75,219 | 75,219 | 75,219 | 75,219 | 75,219 | 75,219 | 75,219 | 75,219 |
| Program Capacity | 830 | 795 | 723 | 688 | 648 | 653 | 572 | 599 | 599 | 581 |
| Enrollment | 700 | 722 | 731 | 558 | 488 | 468 | 440 | 404 | 521 | 530 |
| Princess Anne Elementary | | | | | | | | | | |
| Square Feet | 77,953 | 77,953 | 77,953 | 77,953 | 77,953 | 77,953 | 77,953 | 77,953 | 77,953 | 77,953 |
| Program Capacity | 928 | 1,003 | 886 | 899 | 664 | 627 | 585 | 650 | 634 | 635 |
| Enrollment | 891 | 947 | 969 | 945 | 572 | 533 | 539 | 559 | 532 | 529 |
| Providence Elementary | | | | | | | | | | |
| Square Feet | 61,831 | 61,831 | 61,831 | 61,831 | 61,831 | 61,831 | 61,831 | 61,831 | 61,831 | 61,831 |
| Program Capacity | 761 | 756 | 643 | 621 | 598 | 642 | 555 | 620 | 511 | 554 |
| Enrollment | 639 | 630 | 616 | 586 | 569 | 579 | 583 | 534 | 526 | 534 |
| Red Mill Elementary | | | | | | | | | | |
| Square Feet | 69,500 | 69,500 | 69,500 | 69,500 | 69,500 | 69,500 | 69,788 | 69,788 | 69,788 | 69,788 |
| Program Capacity | 909 | 910 | 782 | 782 | 788 | 728 | 752 | 664 | 687 | 708 |
| Enrollment | 907 | 866 | 865 | 880 | 677 | 685 | 661 | 658 | 692 | 682 |
| Rosemont Elementary | | | | | | | | | | |
| Square Feet | 63,667 | 63,667 | 63,667 | 63,667 | 63,667 | 63,667 | 63,667 | 63,667 | 63,667 | 63,667 |
| Program Capacity | 625 | 545 | 482 | 481 | 464 | 439 | 439 | 427 | 444 | 421 |
| Enrollment | 505 | 441 | 417 | 389 | 353 | 336 | 338 | 360 | 338 | 327 |
| Rosemont Forest Elementary | | | | | | | | | | |
| Square Feet | 69,788 | 69,788 | 69,788 | 69,788 | 69,788 | 69,788 | 69,788 | 69,788 | 69,788 | 69,788 |
| Program Capacity | 756 | 757 | 616 | 593 | 567 | 571 | 592 | 590 | 590 | 590 |
| Enrollment | 642 | 614 | 563 | 534 | 516 | 515 | 542 | 500 | 521 | 510 |
| Salem Elementary | | | | | | | | | | |
| Square Feet | 66,890 | 66,890 | 66,890 | 66,890 | 66,890 | 66,890 | 66,890 | 66,890 | 66,890 | 66,890 |
| Program Capacity | 702 | 681 | 583 | 497 | 515 | 497 | 515 | 469 | 469 | 482 |
| Enrollment | 575 | 579 | 537 | 529 | 523 | 468 | 447 | 433 | 430 | 442 |

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
SCHOOL BUILDINGS INFORMATION
Last Ten Fiscal Years

| | Fiscal Year | | | | | | | | | |
|--|-------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| Seatack Elementary | | | | | | | | | | |
| Square Feet | 74,375 | 74,375 | 74,375 | 74,375 | 74,375 | 74,375 | 74,375 | 74,375 | 74,375 | 74,375 |
| Program Capacity | 458 | 518 | 471 | 449 | 439 | 446 | 455 | 432 | 467 | 395 |
| Enrollment | 414 | 415 | 399 | 399 | 389 | 341 | 330 | 318 | 433 | 404 |
| Shelton Park Elementary | | | | | | | | | | |
| Square Feet | 81,576 | 81,576 | 81,576 | 81,576 | 81,576 | 81,576 | 81,576 | 81,576 | 81,576 | 81,576 |
| Program Capacity | 616 | 623 | 575 | 533 | 490 | 491 | 419 | 428 | 408 | 418 |
| Enrollment | 480 | 475 | 488 | 421 | 426 | 365 | 320 | 325 | 330 | 383 |
| Strawbridge Elementary | | | | | | | | | | |
| Square Feet | 84,948 | 84,948 | 84,948 | 84,948 | 84,948 | 84,948 | 84,948 | 84,948 | 84,948 | 84,948 |
| Program Capacity | 881 | 894 | 785 | 724 | 777 | 788 | 723 | 722 | 744 | 746 |
| Enrollment | 866 | 860 | 818 | 814 | 808 | 791 | 757 | 760 | 751 | 756 |
| Tallwood Elementary | | | | | | | | | | |
| Square Feet | 69,700 | 69,700 | 69,700 | 69,700 | 69,988 | 69,988 | 69,988 | 69,988 | 69,988 | 69,988 |
| Program Capacity | 737 | 720 | 649 | 665 | 674 | 709 | 621 | 628 | 650 | 606 |
| Enrollment | 652 | 620 | 634 | 637 | 594 | 616 | 610 | 570 | 602 | 598 |
| Thalia Elementary | | | | | | | | | | |
| Square Feet | 91,550 | 91,550 | 91,550 | 91,550 | 91,550 | 91,550 | 91,550 | 91,550 | 91,550 | 91,550 |
| Program Capacity | 835 | 825 | 730 | 728 | 727 | 705 | 680 | 645 | 669 | 692 |
| Enrollment | 707 | 709 | 690 | 694 | 677 | 641 | 636 | 647 | 615 | 667 |
| Thoroughgood Elementary | | | | | | | | | | |
| Square Feet | 66,259 | 66,259 | 66,259 | 66,259 | 66,259 | 66,259 | 66,259 | 66,259 | 66,259 | 66,259 |
| Program Capacity | 665 | 684 | 678 | 649 | 662 | 635 | 688 | 615 | 711 | 598 |
| Enrollment | 600 | 606 | 655 | 661 | 642 | 608 | 634 | 641 | 637 | 630 |
| Three Oaks Elementary (Opened 2005) | | | | | | | | | | |
| Square Feet | - | - | - | - | 92,210 | 92,210 | 92,210 | 92,210 | 92,210 | 92,210 |
| Program Capacity | - | - | - | - | 744 | 780 | 752 | 759 | 686 | 765 |
| Enrollment | - | - | - | - | 608 | 592 | 643 | 653 | 703 | 765 |
| Trantwood Elementary | | | | | | | | | | |
| Square Feet | 55,790 | 55,790 | 81,040 | 81,040 | 81,040 | 81,040 | 81,040 | 81,040 | 81,040 | 81,040 |
| Program Capacity | 682 | 775 | 612 | 705 | 682 | 637 | 651 | 606 | 599 | 555 |
| Enrollment | 623 | 587 | 567 | 565 | 560 | 562 | 532 | 522 | 508 | 506 |
| White Oaks Elementary | | | | | | | | | | |
| Square Feet | 77,333 | 77,333 | 77,333 | 77,333 | 77,333 | 77,333 | 77,333 | 77,333 | 77,333 | 77,333 |
| Program Capacity | 769 | 797 | 795 | 597 | 653 | 715 | 687 | 638 | 751 | 680 |
| Enrollment | 422 | 619 | 572 | 582 | 626 | 701 | 711 | 722 | 725 | 740 |
| Bettie F. Williams Elementary | | | | | | | | | | |
| Square Feet | 77,656 | 77,656 | 77,656 | 77,656 | 77,656 | 77,656 | 77,656 | 77,656 | 77,656 | 77,656 |
| Program Capacity | 719 | 673 | 545 | 627 | 598 | 595 | 500 | 473 | 455 | 513 |
| Enrollment | 839 | 743 | 707 | 674 | 731 | 704 | 403 | 401 | 410 | 437 |
| Windsor Oaks Elementary | | | | | | | | | | |
| Square Feet | 55,367 | 55,367 | 55,367 | 55,367 | 55,367 | 55,367 | 55,367 | 55,367 | 85,940 | 85,940 |
| Program Capacity | 613 | 598 | 588 | 577 | 538 | 552 | 552 | 552 | 623 | 621 |
| Enrollment | 576 | 561 | 586 | 520 | 528 | 513 | 526 | 494 | 622 | 633 |

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
SCHOOL BUILDINGS INFORMATION
Last Ten Fiscal Years

| | Fiscal Year | | | | | | | | | |
|---------------------------------|-------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| Windsor Woods Elementary | | | | | | | | | | |
| Square Feet | 53,709 | 53,709 | 53,709 | 53,709 | 53,709 | 53,709 | 53,709 | 53,709 | 84,265 | 84,265 |
| Program Capacity | 550 | 540 | 449 | 436 | 440 | 477 | 415 | 392 | 411 | 429 |
| Enrollment | 459 | 429 | 401 | 408 | 418 | 389 | 384 | 388 | 407 | 403 |
| Woodstock Elementary | | | | | | | | | | |
| Square Feet | 55,317 | 82,707 | 82,707 | 82,707 | 82,707 | 82,707 | 82,707 | 82,707 | 82,707 | 82,707 |
| Program Capacity | 794 | 794 | 736 | 754 | 734 | 692 | 734 | 731 | 779 | 735 |
| Enrollment | 522 | 526 | 668 | 665 | 646 | 617 | 625 | 616 | 640 | 663 |
| <u>Middle Schools</u> | | | | | | | | | | |
| Bayside Middle | | | | | | | | | | |
| Square Feet | 155,379 | 155,379 | 155,379 | 155,379 | 180,134 | 180,134 | 180,134 | 180,134 | 180,134 | 180,134 |
| Program Capacity | 1,240 | 1,230 | 1,282 | 1,218 | 1,269 | 1,187 | 1,129 | 1,088 | 1,089 | 1,070 |
| Enrollment | 1,258 | 1,301 | 1,289 | 1,283 | 1,189 | 1,104 | 1,071 | 1,005 | 1,033 | 977 |
| Brandon Middle | | | | | | | | | | |
| Square Feet | 190,586 | 190,586 | 190,586 | 190,586 | 190,586 | 190,586 | 190,586 | 190,586 | 190,586 | 190,586 |
| Program Capacity | 1,690 | 1,740 | 1,340 | 1,374 | 1,382 | 1,290 | 1,198 | 1,198 | 1,156 | 1,205 |
| Enrollment | 1,469 | 1,450 | 1,474 | 1,416 | 1,389 | 1,326 | 1,248 | 1,208 | 1,203 | 1,237 |
| Corporate Landing Middle | | | | | | | | | | |
| Square Feet | 235,093 | 235,093 | 235,093 | 235,093 | 235,093 | 235,093 | 235,093 | 235,093 | 235,093 | 235,093 |
| Program Capacity | 2,130 | 2,115 | 1,780 | 1,702 | 1,619 | 1,554 | 1,494 | 1,412 | 1,412 | 1,370 |
| Enrollment | 1,764 | 1,727 | 1,720 | 1,668 | 1,541 | 1,456 | 1,496 | 1,410 | 1,419 | 1,328 |
| Great Neck Middle | | | | | | | | | | |
| Square Feet | 126,034 | 126,034 | 126,034 | 126,034 | 126,034 | 126,034 | 126,034 | 126,034 | 126,034 | 126,034 |
| Program Capacity | 1,300 | 1,330 | 1,065 | 1,033 | 1,032 | 1,007 | 965 | 915 | 1,200 | 1,200 |
| Enrollment | 1,154 | 1,141 | 1,170 | 1,168 | 1,124 | 1,015 | 989 | 1,019 | 1,054 | 1,106 |
| Independence Middle | | | | | | | | | | |
| Square Feet | 137,656 | 137,656 | 137,656 | 137,656 | 137,656 | 137,656 | 137,656 | 137,656 | 137,656 | 137,656 |
| Program Capacity | 1,670 | 1,670 | 1,347 | 1,324 | 1,307 | 1,224 | 1,165 | 1,191 | 1,224 | 1,216 |
| Enrollment | 1,485 | 1,520 | 1,538 | 1,524 | 1,413 | 1,391 | 1,324 | 1,238 | 1,250 | 1,234 |
| Kemps Landing Magnet | | | | | | | | | | |
| Square Feet | 54,516 | 54,516 | 54,516 | 54,516 | 54,516 | 54,516 | 57,748 | 57,748 | 54,516 | 54,516 |
| Program Capacity | 725 | 725 | 540 | 540 | 600 | 600 | 600 | 600 | 600 | 600 |
| Enrollment | 598 | 590 | 585 | 603 | 601 | 599 | 588 | 587 | 600 | 596 |
| Kempsville Middle | | | | | | | | | | |
| Square Feet | 136,287 | 136,287 | 136,287 | 136,287 | 136,287 | 136,287 | 136,287 | 136,287 | 136,287 | 136,287 |
| Program Capacity | 1,305 | 1,320 | 990 | 908 | 906 | 873 | 857 | 807 | 815 | 798 |
| Enrollment | 1,231 | 1,253 | 1,254 | 1,045 | 1,049 | 1,007 | 1,015 | 947 | 904 | 860 |
| Landstown Middle | | | | | | | | | | |
| Square Feet | 201,000 | 201,000 | 201,000 | 201,000 | 201,000 | 201,000 | 201,000 | 201,000 | 201,000 | 201,000 |
| Program Capacity | 2,125 | 2,143 | 1,622 | 1,563 | 1,588 | 1,596 | 1,522 | 1,621 | 1,596 | 1,513 |
| Enrollment | 1,625 | 1,617 | 1,653 | 1,602 | 1,612 | 1,587 | 1,566 | 1,536 | 1,543 | 1,477 |

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
SCHOOL BUILDINGS INFORMATION
Last Ten Fiscal Years

| | Fiscal Year | | | | | | | | | |
|------------------------------|-------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| Larkspur Middle | | | | | | | | | | |
| Square Feet | 247,264 | 247,264 | 247,264 | 247,264 | 247,264 | 247,264 | 247,264 | 247,264 | 247,264 | 247,264 |
| Program Capacity | 2,055 | 2,020 | 1,858 | 1,866 | 1,844 | 1,709 | 1,601 | 1,552 | 1,536 | 1,551 |
| Enrollment | 1,916 | 1,894 | 1,944 | 1,822 | 1,767 | 1,639 | 1,638 | 1,574 | 1,561 | 1,530 |
| Lynnhaven Middle | | | | | | | | | | |
| Square Feet | 140,099 | 140,099 | 140,099 | 140,099 | 140,099 | 140,099 | 140,099 | 140,099 | 140,099 | 140,099 |
| Program Capacity | 1,730 | 1,730 | 1,388 | 1,289 | 1,256 | 1,231 | 1,231 | 1,206 | 1,206 | 1,205 |
| Enrollment | 1,384 | 1,368 | 1,381 | 1,304 | 1,274 | 1,222 | 1,165 | 1,198 | 1,184 | 1,213 |
| Plaza Middle | | | | | | | | | | |
| Square Feet | 157,869 | 157,869 | 157,869 | 157,869 | 157,869 | 157,869 | 157,869 | 157,869 | 157,869 | 157,869 |
| Program Capacity | 1,360 | 1,402 | 1,148 | 1,136 | 1,215 | 1,195 | 1,135 | 1,110 | 1,098 | 1,033 |
| Enrollment | 1,060 | 1,119 | 1,190 | 1,208 | 1,201 | 1,156 | 1,126 | 1,121 | 1,113 | 1,073 |
| Princess Anne Middle | | | | | | | | | | |
| Square Feet | 135,592 | 135,592 | 135,592 | 135,592 | 135,592 | 135,592 | 135,592 | 135,592 | 135,592 | 135,592 |
| Program Capacity | 1,615 | 1,658 | 1,438 | 1,468 | 1,250 | 1,275 | 1,250 | 1,225 | 1,300 | 1,299 |
| Enrollment | 1,424 | 1,511 | 1,526 | 1,552 | 1,542 | 1,514 | 1,447 | 1,440 | 1,398 | 1,365 |
| Salem Middle | | | | | | | | | | |
| Square Feet | 217,500 | 217,500 | 217,500 | 217,500 | 217,500 | 217,500 | 217,500 | 217,500 | 217,500 | 217,500 |
| Program Capacity | 1,460 | 1,470 | 1,191 | 1,198 | 1,187 | 1,164 | 1,095 | 1,008 | 983 | 999 |
| Enrollment | 1,297 | 1,299 | 1,226 | 1,289 | 1,264 | 1,200 | 1,124 | 1,054 | 1,027 | 1,042 |
| Virginia Beach Middle | | | | | | | | | | |
| Square Feet | 104,015 | 104,015 | 104,015 | 104,015 | 104,015 | 104,015 | 104,015 | 104,015 | 189,730 | 189,730 |
| Program Capacity | 1,075 | 1,043 | 743 | 699 | 724 | 699 | 699 | 699 | 925 | 847 |
| Enrollment | 775 | 814 | 768 | 732 | 706 | 676 | 688 | 679 | 614 | 740 |
| <u>High Schools</u> | | | | | | | | | | |
| Bayside High | | | | | | | | | | |
| Square Feet | 200,816 | 200,816 | 200,816 | 200,816 | 200,816 | 200,816 | 200,816 | 200,816 | 200,816 | 200,816 |
| Program Capacity | 1,995 | 2,003 | 1,860 | 1,886 | 1,896 | 1,901 | 1,895 | 1,760 | 1,733 | 1,708 |
| Enrollment | 1,845 | 1,907 | 1,982 | 2,068 | 2,012 | 2,023 | 1,996 | 1,999 | 1,870 | 1,842 |
| Frank W. Cox High | | | | | | | | | | |
| Square Feet | 236,744 | 236,744 | 236,744 | 236,744 | 236,744 | 236,744 | 236,744 | 236,744 | 236,744 | 236,744 |
| Program Capacity | 2,025 | 2,018 | 1,811 | 1,811 | 1,854 | 1,850 | 1,850 | 1,740 | 1,740 | 1,754 |
| Enrollment | 2,056 | 2,040 | 2,041 | 2,045 | 2,116 | 2,054 | 1,991 | 1,925 | 1,889 | 1,927 |
| First Colonial High | | | | | | | | | | |
| Square Feet | 178,266 | 178,266 | 178,266 | 178,266 | 178,266 | 178,266 | 178,266 | 178,266 | 178,266 | 178,266 |
| Program Capacity | 1,775 | 1,788 | 1,697 | 1,697 | 1,730 | 1,730 | 1,707 | 1,591 | 1,591 | 1,601 |
| Enrollment | 1,843 | 1,951 | 2,030 | 2,061 | 2,146 | 2,151 | 2,073 | 2,047 | 1,999 | 2,008 |
| Green Run High | | | | | | | | | | |
| Square Feet | 235,721 | 235,721 | 235,721 | 235,721 | 235,721 | 235,721 | 235,721 | 235,721 | 235,721 | 235,721 |
| Program Capacity | 1,870 | 1,983 | 1,798 | 1,798 | 1,798 | 1,798 | 1,821 | 1,709 | 1,709 | 1,709 |
| Enrollment | 1,664 | 1,750 | 1,761 | 1,659 | 1,712 | 1,756 | 1,809 | 1,737 | 1,725 | 1,675 |

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
SCHOOL BUILDINGS INFORMATION
Last Ten Fiscal Years

| | Fiscal Year | | | | | | | | | |
|---|-------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| Floyd E. Kellam High | | | | | | | | | | |
| Square Feet | 222,571 | 222,571 | 222,571 | 222,571 | 222,571 | 222,571 | 222,571 | 222,571 | 222,571 | 222,571 |
| Program Capacity | 1,995 | 1,990 | 1,850 | 1,839 | 1,798 | 1,832 | 1,805 | 1,728 | 1,762 | 1,762 |
| Enrollment | 2,200 | 2,276 | 2,346 | 2,410 | 2,388 | 2,078 | 1,956 | 1,803 | 1,838 | 1,843 |
| Kempsville High | | | | | | | | | | |
| Square Feet | 202,665 | 202,665 | 202,665 | 202,665 | 202,665 | 202,665 | 202,665 | 202,665 | 202,665 | 202,665 |
| Program Capacity | 2,110 | 2,085 | 1,933 | 1,933 | 1,933 | 1,933 | 1,933 | 1,826 | 1,807 | 1,786 |
| Enrollment | 1,990 | 2,039 | 1,968 | 1,938 | 1,989 | 2,013 | 1,892 | 1,819 | 1,764 | 1,734 |
| Landstown High (Opened 2001) | | | | | | | | | | |
| Square Feet | 274,791 | 274,791 | 274,791 | 274,791 | 274,791 | 308,924 | 308,924 | 308,924 | 308,924 | 308,924 |
| Program Capacity | 1,935 | 1,931 | 1,781 | 1,799 | 1,822 | 2,181 | 2,185 | 2,064 | 2,068 | 2,068 |
| Enrollment | 1,650 | 1,910 | 2,054 | 2,091 | 2,124 | 2,270 | 2,297 | 2,404 | 2,396 | 2,330 |
| Ocean Lakes High | | | | | | | | | | |
| Square Feet | 306,792 | 306,792 | 306,792 | 306,792 | 306,792 | 330,525 | 330,525 | 330,525 | 330,525 | 330,525 |
| Program Capacity | 2,275 | 2,273 | 2,107 | 2,107 | 2,122 | 2,403 | 2,417 | 2,283 | 2,269 | 2,269 |
| Enrollment | 2,215 | 2,241 | 2,304 | 2,350 | 2,370 | 2,516 | 2,446 | 2,449 | 2,407 | 2,367 |
| Princess Anne High | | | | | | | | | | |
| Square Feet | 228,860 | 228,860 | 228,860 | 228,860 | 228,860 | 228,860 | 228,860 | 228,860 | 228,860 | 228,860 |
| Program Capacity | 2,020 | 2,003 | 1,751 | 1,688 | 1,670 | 1,603 | 1,611 | 1,505 | 1,521 | 1,534 |
| Enrollment | 2,248 | 2,250 | 2,185 | 2,104 | 2,110 | 1,925 | 1,814 | 1,819 | 1,866 | 1,934 |
| Salem High | | | | | | | | | | |
| Square Feet | 260,889 | 260,889 | 260,889 | 260,889 | 260,889 | 260,889 | 260,889 | 260,889 | 260,889 | 260,889 |
| Program Capacity | 1,995 | 1,988 | 1,829 | 1,775 | 1,793 | 1,874 | 1,847 | 1,787 | 1,759 | 1,766 |
| Enrollment | 1,991 | 1,888 | 1,843 | 1,941 | 1,959 | 1,908 | 1,908 | 1,933 | 1,897 | 1,854 |
| Tallwood High | | | | | | | | | | |
| Square Feet | 294,457 | 294,457 | 294,457 | 294,457 | 294,457 | 294,457 | 294,457 | 294,457 | 294,457 | 294,457 |
| Program Capacity | 2,370 | 2,283 | 2,056 | 2,096 | 2,143 | 2,143 | 2,143 | 2,003 | 1,990 | 2,028 |
| Enrollment | 2,123 | 1,991 | 1,999 | 2,067 | 1,961 | 1,974 | 2,001 | 2,042 | 2,112 | 2,095 |
| Renaissance Academy - Middle/High Campuses (Opened 2010) | | | | | | | | | | |
| Square Feet | - | - | - | - | - | - | - | - | 289,000 | 284,968 |
| Program Capacity | - | - | - | - | - | - | - | - | 1,600 | 1,435 |
| Enrollment | - | - | - | - | - | - | - | - | 709 | 558 |

Source: The Department of Administrative Support Services

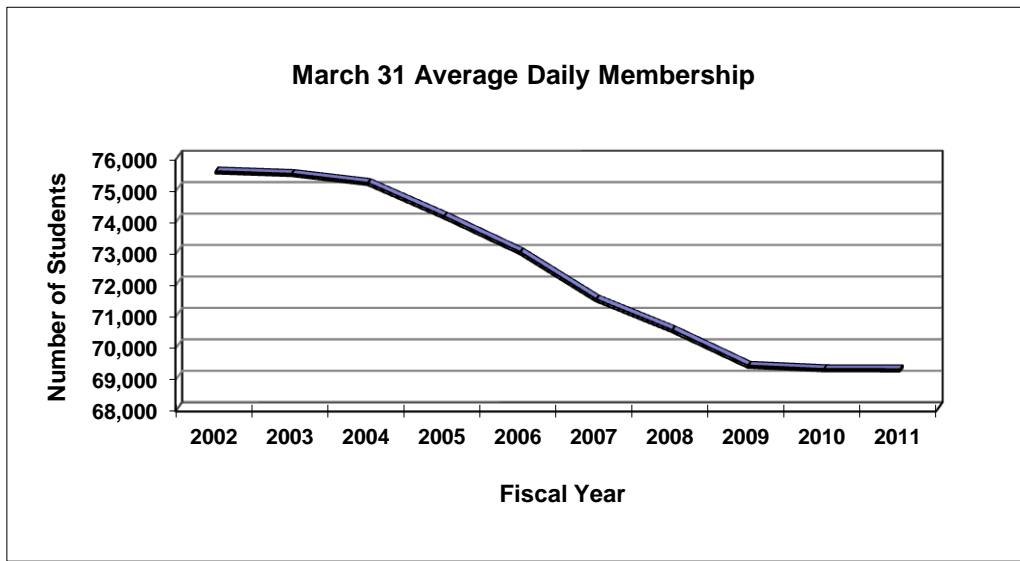
Program Capacity - the maximum capacity of the school building for a particular school year and particular student population, taking into account the number of first seats in the building (without counting portables currently on site).

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
STUDENT MEMBERSHIP
Last Ten Fiscal Years**

| Fiscal Year | September 30 Membership | March 31 Average Daily Membership | End-of-Year Membership | Average Daily End-of-Year Membership |
|-------------|-------------------------|-----------------------------------|------------------------|--------------------------------------|
| 2002 | 75,970 | 75,518 | 74,178 | 75,090 |
| 2003 | 75,902 | 75,436 | 74,393 | 75,161 |
| 2004 | 75,900 | 75,151 | 74,321 | 74,929 |
| 2005 | 75,142 | 74,091 | 73,072 | 74,227 |
| 2006 | 73,927 | 72,953 | 71,768 | 73,068 |
| 2007 | 72,252 | 71,452 | 70,920 | 71,706 |
| 2008 | 71,196 | 70,473 | 69,858 | 70,683 |
| 2009 | 70,240 | 69,335 | 69,015 | 69,645 |
| 2010 | 69,956 | 69,225 | 68,988 | 69,586 |
| 2011 | 69,959 | 69,219 | 68,936 | 69,521 |

Note: This table represents membership data reported to the Commonwealth of Virginia Department of Education at different points during the year. The September 30 Membership is the sum of pupils present and absent on September 30 or the school day closest to September 30 (however, excludes pre-kindergarten pupils). The March 31 Average Daily Membership is the average daily membership for the first seven months of the school year. The End-of-Year Membership is the sum of the pupils present and absent on the last day of the school year. The Average Daily End-of-Year Membership is the average daily membership for the school year.

Source: Commonwealth of Virginia, Superintendent's Annual Report for Virginia

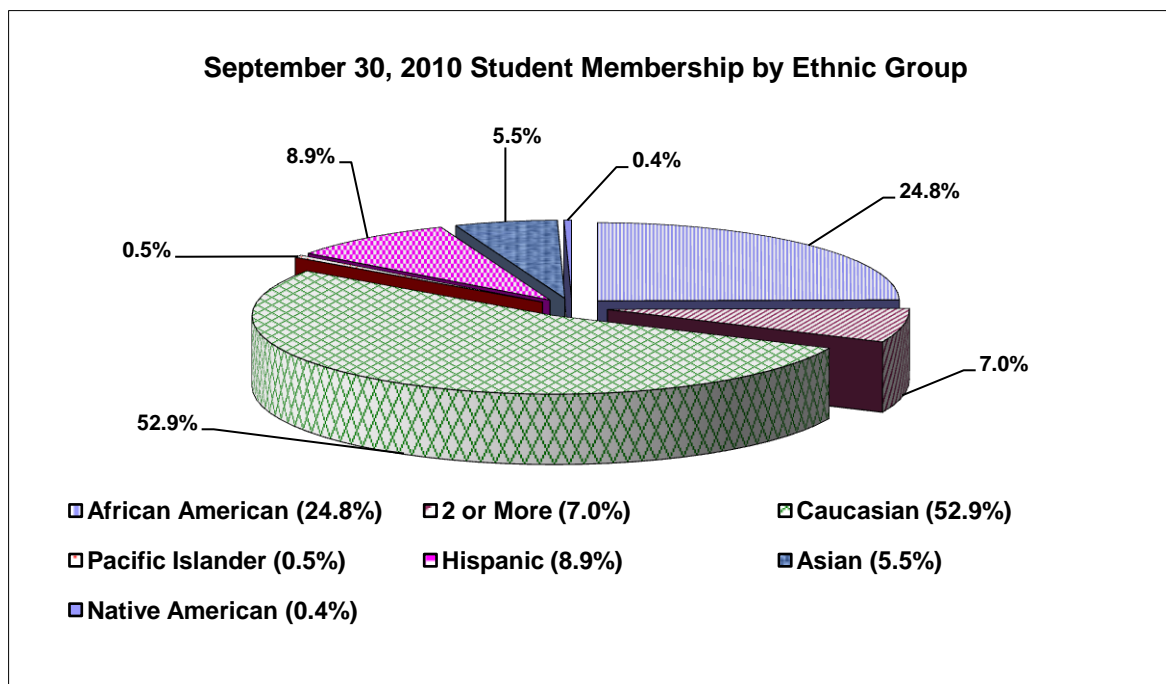


**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
STUDENT MEMBERSHIP BY ETHNIC GROUP
Last Ten Fiscal Years**

| Fiscal Year | African American | % | Caucasian | % | Hispanic | % | Asian | % | Pacific Islander | % | Native American | % | Unspecified or 2 or More | % |
|-------------|------------------|------|-----------|------|----------|-----|-------|-----|------------------|-----|-----------------|-----|--------------------------|-----|
| 2002 | 21,272 | 28.0 | 47,101 | 62.0 | 3,039 | 4.0 | 4,330 | 5.7 | 0 | 0.0 | 228 | 0.3 | 0 | 0.0 |
| 2003 | 21,675 | 28.6 | 46,377 | 61.1 | 3,328 | 4.4 | 4,310 | 5.6 | 0 | 0.0 | 212 | 0.3 | 0 | 0.0 |
| 2004 | 21,828 | 28.6 | 45,808 | 60.0 | 3,476 | 4.6 | 4,359 | 5.7 | 0 | 0.0 | 236 | 0.3 | 590 | 0.8 |
| 2005 | 21,370 | 28.3 | 44,646 | 59.1 | 3,596 | 4.8 | 4,361 | 5.8 | 101 | 0.1 | 254 | 0.3 | 1,187 | 1.6 |
| 2006 | 20,591 | 27.7 | 42,797 | 57.6 | 3,789 | 5.1 | 4,123 | 5.5 | 482 | 0.6 | 327 | 0.4 | 2,204 | 3.1 |
| 2007 | 19,943 | 27.5 | 41,434 | 57.1 | 3,885 | 5.4 | 4,024 | 5.5 | 546 | 0.8 | 304 | 0.4 | 2,407 | 3.3 |
| 2008 | 20,173 | 27.8 | 40,614 | 56.0 | 4,147 | 5.7 | 4,095 | 5.7 | 578 | 0.8 | 277 | 0.4 | 2,593 | 3.6 |
| 2009 | 19,729 | 27.6 | 39,745 | 55.5 | 4,322 | 6.0 | 4,042 | 5.6 | 593 | 0.8 | 284 | 0.4 | 2,849 | 4.1 |
| 2010 | 19,456 | 27.3 | 39,282 | 55.2 | 4,375 | 6.1 | 4,118 | 5.8 | 660 | 0.9 | 273 | 0.4 | 3,034 | 4.3 |
| 2011 | 17,679 | 24.8 | 37,667 | 52.9 | 6,303 | 8.9 | 3,931 | 5.5 | 338 | 0.5 | 257 | 0.4 | 5,034 | 7.0 |

Note: This table is based on the September 30 student membership (includes pre-kindergarten pupils).

Source: Departments of Technology and School Administration



**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
CITY OF VIRGINIA BEACH, VIRGINIA - MISCELLANEOUS STATISTICAL DATA
JUNE 30, 2011**

| | |
|--|--------------------------|
| Date of Incorporation | January 1, 1963 |
| Form of Government | Council - Manager |
| Area - Square Miles | 307 |
| Land | 248 |
| Water | 59 |
| Culture and Recreation: | |
| Number of Developed District Parks | 8 |
| Number of Developed Community Parks | 13 |
| Number of Developed Neighborhood Parks | 180 |
| Number of Natural Parks | 3 |
| Other Park Areas | 45 |
| Number of Acres in Developed Parks | 3,174 |
| Golf Courses (City Owned) | 5 |
| Recreation Centers | 6 |
| Population: | |
| Census 1970 | 172,106 |
| Census 1980 | 262,199 |
| Census 1990 | 393,069 |
| Census 2000 | 425,257 |
| Census 2010* | 434,412 |
| Current Estimate | 437,994 |

* Projected by the City Department of Management Services

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
CITY OF VIRGINIA BEACH, VIRGINIA - PRINCIPAL EMPLOYERS
Current Fiscal Year and Nine Years Ago**

| | Approximate | Percent of | Rank | Approximate | Percent of | Rank |
|----------------------------------|---------------|----------------|------|---------------|----------------|------|
| | Number of | Total City | | Number of | Total City | |
| | Employees | Employment | | Employees | Employment | |
| | 2011 | | | 2002 | | |
| City of Virginia Beach / Schools | 18,114 | 8.52 % | 1 | 16,568 | 7.99 % | 1 |
| Sentara Medical | 4,600 | 2.16 | 2 | 2,800 | 1.35 | 3 |
| SAIC | 2,500 | 1.18 | 3 | - | - | - |
| GEICO | 2,300 | 1.08 | 4 | 911 | 0.44 | 10 |
| STIHL, Inc. | 2,000 | 0.94 | 5 | 1,800 | 0.87 | 4 |
| Navy Exchange Service Command | 2,000 | 0.94 | 6 | - | - | - |
| Gold Key PHR | 1,943 | 0.91 | 7 | 1,200 | 0.58 | 7 |
| Amerigroup Corporation ** | 1,850 | 0.87 | 8 | 1,000 | 0.48 | 8 |
| Christian Broadcasting Network | 1,000 | 0.47 | 9 | - | - | - |
| LifeNet Health | 500 | 0.24 | 10 | - | - | - |
| Avis Rent a Car System, Inc. | - | - | - | 933 | 0.45 | 9 |
| Pembroke Mall * | - | - | - | 1,700 | 0.82 | 6 |
| Lillian Vernon Corp. | - | - | - | 1,700 | 0.82 | 5 |
| Lynnhaven Mall * | - | - | - | 3,500 | 1.69 | 2 |
| Total | <u>36,807</u> | <u>17.31 %</u> | | <u>32,112</u> | <u>15.49 %</u> | |

Source: City of Virginia Beach - Department of Finance and Department of Economic Development (data reported for FY 2011 is based on current Community Profile as of 10/27/2011)

* Current source of data focus is by individual employers

** Fortune 500 Company

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
CITY OF VIRGINIA BEACH, VIRGINIA - DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years**

| Fiscal Year | Population | Personal Income (thousands) | Per Capita Personal Income | Median Age | Number of City Employees | Education Level in Years of Formal Schooling | Local Unemployment Rate |
|--------------------|-------------------|------------------------------------|-----------------------------------|-------------------|---------------------------------|---|--------------------------------|
| 2002 | 426,800 | \$14,272,651 | \$33,152 | 32.7 | 6,137 | 13.7 | 3.5% |
| 2003 | 426,900 | 15,311,803 | 35,135 | 33.8 | 6,228 | 12.7 | 3.7% |
| 2004 | 428,200 | 16,313,369 | 37,156 | 34.2 | 6,378 | 13.3 | 3.4% |
| 2005 | 434,000 | 17,206,799 | 39,333 | 34.4 | 6,580 | 13.6 | 3.3% |
| 2006 | 433,470 | 18,485,529 | 42,281 | 34.7 | 6,831 | 13.5 | 2.9% |
| 2007 | 431,820 | 19,165,012 | 44,145 | 35.0 | 6,898 | 13.8 | 2.7% |
| 2008 | 430,349 | 19,459,762 | 45,022 | 36.0 | 7,131 | 13.6 | 3.7% |
| 2009 | 432,696 | 19,510,331 | 44,999 | 36.6 | 7,700 | 14.0 | 6.4% |
| 2010 | 434,412 | * | - | 36.7 | 7,713 | 13.9 | 6.5% |
| 2011 | 437,994 | * | - | 34.9 | 7,481 | 14.0 | 6.0% |

* Projected figures from the City of Virginia Beach - Department of Management Services

- Not Available

Source: City of Virginia Beach - Department of Finance

The following sources were used by the City in compiling the above information:

Labor Market Statistics
Virginia Employment Commission
Bureau of Economic Analysis
Experian Data Solutions

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
CITY OF VIRGINIA BEACH, VIRGINIA - PRINCIPAL PROPERTY TAXPAYERS
CURRENT FISCAL YEAR AND NINE YEARS AGO**

| | 2011 | | | 2002 | | |
|---|------------------------------|---|------|------------------------------|---|------|
| | Real Property Assessed Value | Percent of Total Real Property Assessed Value | Rank | Real Property Assessed Value | Percent of Total Real Property Assessed Value | Rank |
| Virginia Electric & Power Company | \$ 487,715,425 | 0.94 % | 1 | 321,783,670 | 1.38 % | 1 |
| Armada Hoffler | 318,436,000 | 0.61 | 2 | - | - | - |
| Lynnhaven Mall LLC* | 283,277,900 | 0.55 | 3 | 213,876,670 | 0.91 | 2 |
| E. D. & A. F. Ruffin & B. L. Thompson | 265,167,300 | 0.51 | 4 | 62,803,181 | 0.27 | 12 |
| Verizon Virginia, Inc. | 236,412,822 | 0.45 | 5 | 188,568,191 | 0.81 | 3 |
| Ramon W. Breeden, Jr. | 234,437,638 | 0.45 | 6 | 109,668,085 | 0.47 | 5 |
| J. M. , R.J.F. , A.D. & L.E. Caplan | 198,042,900 | 0.38 | 7 | - | - | - |
| Pembroke Square Assoc. | 182,616,100 | 0.35 | 8 | 114,995,270 | 0.49 | 4 |
| F. Wayne McLeskey, Jr. | 140,327,424 | 0.27 | 9 | 65,713,749 | 0.28 | 11 |
| Christian Broadcasting Assoc./Net, Inc. | 138,896,300 | 0.27 | 10 | 55,121,148 | 0.24 | 14 |
| Atlantic Shores Cooperative, Etc. | 119,486,100 | 0.23 | 11 | 75,544,154 | 0.32 | 9 |
| Westminster Canterbury | 107,406,300 | 0.21 | 12 | 76,509,100 | 0.33 | 8 |
| Lake Gem | 103,883,400 | 0.20 | 13 | 36,403,073 | 0.16 | 19 |
| Thomas J. Lyons, Jr. | 100,189,600 | 0.19 | 14 | 77,691,674 | 0.33 | 7 |
| Virginia Natural Gas | 91,596,053 | 0.18 | 15 | - | - | - |
| Watergate Treehouse Associates LP | 88,676,900 | 0.17 | 16 | 71,564,704 | 0.31 | 10 |
| Sifen, Michael D. | 86,014,600 | 0.17 | 17 | - | - | - |
| Potter Properties | 83,552,800 | 0.16 | 18 | 58,701,315 | 0.25 | 13 |
| Aimco Maple Bay & Aimco Reflections LLC | 80,037,300 | 0.15 | 19 | - | - | - |
| Windsor Lake & Shoreline Apartments LLC, Etc. | 77,952,800 | 0.15 | 20 | 41,750,186 | 0.18 | 15 |
| Higgs, Scott E and Gale Levine Higgs | 74,988,700 | 0.14 | 21 | 39,390,471 | 0.17 | 17 |
| Inland Diversified Virginia Beach Landstown LLC | 62,114,500 | 0.12 | 22 | - | - | - |
| Occidental Development, Ltd. | 56,266,200 | 0.11 | 23 | - | - | - |
| Wal Mart Real Estate Business Trust | 47,394,200 | 0.09 | 24 | 36,266,936 | 0.16 | 20 |
| Princess Anne Porperties, Inc. | 42,700,500 | 0.08 | 25 | 39,742,342 | 0.17 | 16 |
| Tidewater Oxford Ltd Partnership | - | - | - | 87,357,189 | 0.37 | 6 |
| N H P Pembroke, Pembroke Courts, & Woodshire | - | - | - | 38,141,150 | 0.16 | 18 |
| ABC Mini Whse. Co. & Jack Rabbit Self Storage | - | - | - | 34,977,844 | 0.15 | 21 |
| Lucy F. Reasor | - | - | - | 34,682,712 | 0.15 | 22 |
| Liberty Property Limited Partnership | - | - | - | 31,551,400 | 0.13 | 23 |
| Kemp River & Bonneys Corner Associates | - | - | - | 30,099,722 | 0.13 | 24 |
| Pavilion & Rosemont Interstate Center Assoc. Etc. | - | - | - | 30,006,606 | 0.13 | 25 |
| Totals | \$ 3,707,589,762 | 7.13 % | | \$ 1,972,910,542 | 8.45 % | |

Source: City of Virginia Beach - Department of Finance, Office of Real Estate Assessor, and Commissioner of the Revenue

* Formerly Knickerbocker Properties

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
CITY OF VIRGINIA BEACH, VIRGINIA - ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years

| Fiscal Year | Real Property Assessed Value | | Personal Property Assessed Value | | Public Service Assessed Value | Total Taxable Assessed Value | Estimated Actual Taxable Value | Assessed Value as a Percentage of Actual Value |
|----------------|---------------------------------|-----------------|-------------------------------------|---------------|--|---------------------------------|--------------------------------------|---|
| | Residential | Commercial | Residential | Commercial | | | | |
| 2002 | \$19,059,902,303 | \$4,320,606,845 | \$2,323,789,727 | \$591,700,772 | \$731,786,118 | \$27,027,785,765 | \$27,027,785,765 | 100.0% |
| 2003 | 21,434,954,497 | 4,514,290,861 | 2,367,600,955 | 636,937,587 | 753,259,714 | 29,707,043,614 | 29,707,043,614 | 100.0% |
| 2004 | 22,767,618,113 | 4,746,370,613 | 2,485,568,403 | 766,618,714 | 743,170,991 | 31,509,346,834 | 31,509,346,834 | 100.0% |
| 2005 | 25,956,007,302 | 5,325,837,162 | 2,707,998,050 | 661,169,653 | 624,562,746 | 35,275,574,913 | 35,275,574,913 | 100.0% |
| 2006 | 32,231,908,260 | 6,147,104,498 | 2,935,301,133 | 775,663,085 | 530,465,288 | 42,620,442,264 | 42,620,442,264 | 100.0% |
| 2007 | 39,343,218,144 | 6,778,924,250 | 2,918,848,554 | 869,072,522 | 545,140,581 | 50,455,204,051 | 50,455,204,051 | 100.0% |
| 2008 | 47,862,927,769 | 7,283,463,230 | 3,260,237,123 | 892,229,360 | 647,905,245 | 59,946,762,727 | 59,946,762,727 | 100.0% |
| 2009 | 48,889,366,712 | 7,877,386,575 | 2,807,028,410 | 905,268,622 | 807,890,384 | 61,286,940,703 | 61,286,940,703 | 100.0% |
| 2010 | 47,128,334,239 | 8,251,639,426 | 2,860,711,763 | 751,063,121 | 890,229,132 | 59,881,977,681 | 59,881,977,681 | 100.0% |
| 2011 | 43,967,169,845 | 8,008,231,601 | 3,105,575,058 | 972,520,233 | 927,509,746 | 56,981,006,483 | 56,981,006,483 | 100.0% |

Source: City of Virginia Beach - Department of Finance, Office of Real Estate Assessor, Commissioner of the Revenue, and City Adopted Resource Management Plan

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
CITY OF VIRGINIA BEACH, VIRGINIA - PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years**

| Fiscal Year | Total Tax Levy | Collected within the Fiscal Year of the Levy | | Collections in Subsequent Years | Total Collections to Date | |
|-------------|----------------|--|--------------------|---------------------------------|---------------------------|--------------------|
| | | Amount | Percentage of Levy | | Amount | Percentage of Levy |
| 2002 | \$420,060,733 | \$396,051,828 | 94.3% | \$16,856,375 | \$412,908,203 | 98.3% |
| 2003 | 445,787,734 | 420,490,211 | 94.3% | 17,638,904 | 438,129,115 | 98.3% |
| 2004 | 458,846,761 | 421,236,325 | 91.8% | 18,001,045 | 439,237,370 | 95.7% |
| 2005 | 505,050,845 | 468,796,012 | 92.8% | 20,030,354 | 488,826,366 | 96.8% |
| 2006 | 531,438,288 | 483,649,302 | 91.0% | 13,798,610 | 497,447,912 | 93.6% |
| 2007 | 527,465,143 | 505,518,196 | 95.8% | 16,871,382 | 522,389,578 | 99.0% |
| 2008 | 562,044,329 | 537,526,149 | 95.6% | 18,471,365 | 555,997,514 | 98.9% |
| 2009 | 570,582,069 | 547,934,162 | 96.0% | 14,969,028 | 562,903,190 | 98.7% |
| 2010 | 546,129,490 | 526,040,648 | 96.3% | 14,091,427 | 540,132,075 | 98.9% |
| 2011 | 523,586,269 | 504,769,073 | 96.4% | - | 504,769,073 | 96.4% |

Note: Collections in subsequent years represent delinquent accounts collected during the course of the fiscal year for all prior fiscal years

Source: City of Virginia Beach - Department of Finance

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
CITY OF VIRGINIA BEACH, VIRGINIA - REVENUE RATES
Last Ten Fiscal Years**

| Fiscal Year | Real Property Tax Rate | Additional Real Property Tax Rate Sandbridge SSD | Additional Real Property Tax Rate Town Center SSD | Personal Property Tax Rate | Direct Tax Rate |
|----------------|---------------------------|---|--|----------------------------------|--------------------|
| 2002 | \$1.2200 | \$0.1200 | \$0.5700 | \$3.7000 | \$1.4748 |
| 2003 | 1.2200 | 0.1200 | 0.5700 | 3.7000 | 1.4567 |
| 2004 | 1.2200 | 0.1200 | 0.5700 | 3.7000 | 1.4608 |
| 2005 | 1.1964 | 0.1200 | 0.5700 | 3.7000 | 1.4169 |
| 2006 | 1.0239 | 0.1200 | 0.5700 | 3.7000 | 1.2394 |
| 2007 | 0.9900 | 0.0600 | 0.5700 | 3.7000 | 1.1754 |
| 2008 | 0.8900 | 0.0600 | 0.5000 | 3.7000 | 1.0691 |
| 2009 | 0.8900 | 0.0600 | 0.4500 | 3.7000 | 1.0736 |
| 2010 | 0.8900 | 0.0600 | 0.4500 | 3.7000 | 1.0742 |
| 2011 | 0.8900 | 0.0600 | 0.4500 | 3.7000 | 1.0742 |

Note: Assessments under Town Center Special Service District began in Fiscal Year 2002.

The Real Estate Tax Rate was \$0.89 for the fiscal years 2008 through 2011. The Real Estate Tax Rate for Town Center Special Service District was \$0.50 in fiscal year 2008 and changed in fiscal year 2009 to \$0.45.

The Direct Tax Rate is calculated using a weighted formula that includes the City's current tax rate of \$0.89 for Real Property and \$3.70 for Personal Property.

Source: City of Virginia Beach - Department of Finance/City Adopted Resource Management Plan

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
CITY OF VIRGINIA BEACH, VIRGINIA - RATIOS OF OUTSTANDING GENERAL BONDED DEBT BY TYPE
Last Ten Fiscal Years

| Fiscal Year | General Obligation Bonds | State Literary Fund Loans | Total | Percentage of Estimated Actual Full Value of Property | Overall Net Debt Per Capita |
|-------------|--------------------------|---------------------------|---------------|---|-----------------------------|
| 2002 | \$548,541,643 | \$16,415,546 | \$564,957,189 | 2.1% | \$1,428 |
| 2003 | 549,108,352 | 15,059,046 | 564,167,398 | 1.9% | 1,418 |
| 2004 | 560,920,130 | 13,702,546 | 574,622,676 | 1.8% | 1,814 |
| 2005 | 507,825,172 | 12,446,046 | 520,271,218 | 1.5% | 1,894 |
| 2006 | 537,412,163 | 11,189,546 | 548,601,709 | 1.3% | 1,944 |
| 2007 | 562,335,734 | 9,933,046 | 572,268,780 | 1.1% | 2,213 |
| 2008 | 599,561,596 | 8,676,546 | 608,238,142 | 1.0% | 2,256 |
| 2009 | 623,700,693 | 7,620,046 | 631,320,739 | 1.0% | 2,259 |
| 2010 | 631,597,701 | 6,563,546 | 638,161,247 | 1.1% | 2,274 |
| 2011 | 669,514,476 | 5,507,046 | 675,021,522 | 1.2% | 2,287 |

Source: City of Virginia Beach - Department of Finance/Annual Long-Term Debt Report

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
CITY OF VIRGINIA BEACH, VIRGINIA - LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years**

| | Fiscal Year | | | |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
| | 2002 | 2003 | 2004 | 2005 |
| Debt Limit | \$ 2,411,229,527 | \$ 2,670,250,507 | \$ 2,825,715,972 | \$ 3,190,640,721 |
| Total Net Debt Applicable to Limit | <u>583,406,341</u> | <u>584,630,486</u> | <u>596,165,128</u> | <u>542,613,308</u> |
| Legal Debt Margin | <u>\$ 1,827,823,186</u> | <u>\$ 2,085,620,021</u> | <u>\$ 2,229,550,844</u> | <u>\$ 2,648,027,413</u> |
| Total Net Debt Applicable to the Limit as a percentage of the Debt Limit | 24.20% | 21.89% | 21.10% | 17.01% |

Source: City of Virginia Beach - Department of Finance/Annual Long-Term Debt Report

Note: Under state law, the City's outstanding general obligation debt should not exceed 10 percent of total assessed property value. However, the City has established financial affordability indicators in addition to keeping debt per capita at \$2,800 or less. The affordability indicators are as follows:

- The total annual debt service for general government supported debt will not exceed 10% of general government expenditures (excluding interfund transfers).
- The City's overall net debt will not exceed 3.5% of the estimated full value of taxable real property.
- The City's overall net debt per capita will not exceed \$2,800.
- The City's overall net debt per capita shall not exceed 6.5% of per capita personal income.

| Fiscal Year | | | | | |
|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| \$ 3,860,707,700 | \$ 4,630,515,462 | \$ 5,579,429,624 | \$ 5,757,464,367 | \$ 5,627,020,280 | \$ 5,290,291,119 |
| <u>571,245,135</u> | <u>596,810,346</u> | <u>635,045,232</u> | <u>661,855,123</u> | <u>670,254,683</u> | <u>713,387,034</u> |
| <u>\$ 3,289,462,565</u> | <u>\$ 4,033,705,116</u> | <u>\$ 4,944,384,392</u> | <u>\$ 5,095,609,244</u> | <u>\$ 4,956,765,597</u> | <u>\$ 4,576,904,085</u> |
| 14.80% | 12.89% | 11.38% | 11.50% | 11.91% | 13.48% |

Legal Debt Margin Calculation For
Fiscal Year 2011 Assessed Value of Real
Property (Taxable):

| | |
|---|--------------------------|
| Regular | \$ 51,975,401,446 |
| Public Service | 927,509,746 |
| Total Assessed Value of Real Property | <u>\$ 52,902,911,192</u> |
| Debt limit (10% of Total Assessed Value) | \$ 5,290,291,119 |
| Debt applicable to limit: General Obligation Bonds | <u>713,387,034</u> |
| Legal Debt Margin | <u>\$ 4,576,904,085</u> |



COMPLIANCE SECTION





Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

The Members of the School Board
City of Virginia Beach, Virginia

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School Board of the City of Virginia Beach ("School Board") as of and for the year ended June 30, 2011, and have issued our report thereon dated November 23, 2011. 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 Audit of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School Board's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School Board's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weakness. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Board's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the School Board, management, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Cherry, Bekert & Holland, L.L.P.

Virginia Beach, Virginia
November 23, 2011



VIRGINIA BEACH CITY PUBLIC SCHOOLS

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