

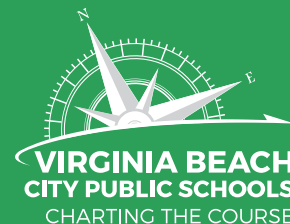
# COMPREHENSIVE ANNUAL FINANCIAL REPORT



## 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, 2016**





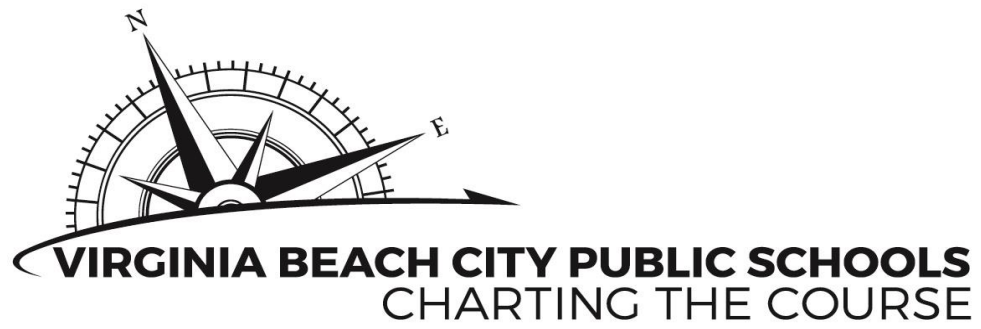
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**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2016**

**PREPARED BY  
OFFICE OF BUSINESS SERVICES**



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*School Board of the City of Virginia Beach, Virginia*  
*Comprehensive Annual Financial Report*  
*for the Fiscal Year Ended June 30, 2016*

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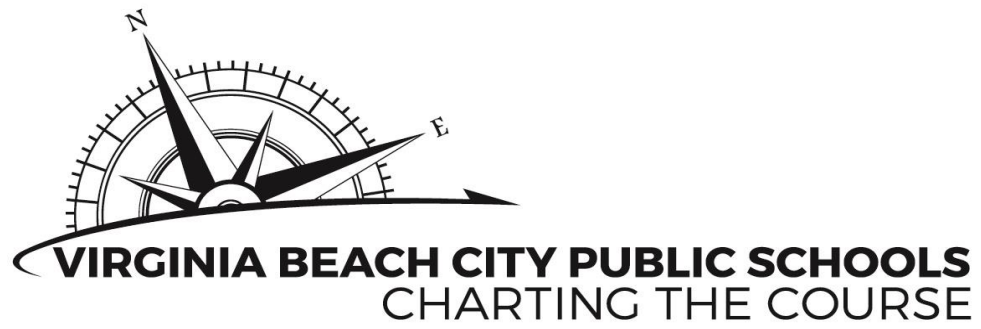
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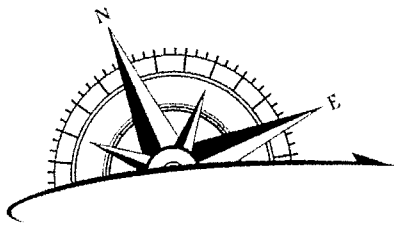
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## **INTRODUCTORY SECTION**



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# **VIRGINIA BEACH CITY PUBLIC SCHOOLS**

## **CHARTING THE COURSE**

Aaron C. Spence, Ed.D.  
Superintendent

November 30, 2016

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, 2016, 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, 2016), and an Organizational Chart (June 30, 2016).

**Financial Section** – includes the Report of Independent Auditor, 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 Auditor 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*.

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. It is the fourth 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 Leadership; School Division Services (such as construction, facilities planning, food services, pupil transportation, distribution services, custodial services, maintenance, safety and loss control, and similar activities); Planning, Innovation, and Accountability; Technology; Budget and Finance; Teaching and Learning; Human Resources; and Media and Communications.

## **ECONOMIC CONDITION AND OUTLOOK**

The School Board serves the largest city in the Commonwealth of Virginia with a population of approximately 450,000 people and oversees the fourth largest school system, with a school enrollment of more than 67,000 students (projected to continue a slight decline over the next few years and stabilize thereafter) and more than 10,000 employees. Situated on the coast of the Atlantic Ocean adjacent to the Chesapeake Bay, Virginia Beach is 146 air miles from Washington, D.C.

Since 1998, Virginia Beach City Public Schools (VBCPS) has invested \$620 million to modernize or replace 31 of the school division's oldest facilities. Although the School Board has made great strides in modernizing and replacing aging schools/facilities, the effects of the Great Recession (Dec. 2007 - June 2009) have reduced considerably the available funding on the local and state level resulting in a much slower pace for modernizing or replacing the division's older assets. The remaining school facilities in need of modernization or replacement are provided limited funding for maintenance/repairs and upgrades (e.g., technological) through the operating budget until funding becomes available through the City's Capital Improvement Program budget process. Table 24 in the Statistical Section of this report provides various school buildings information, including the year that each school opened and any school modernization, replacement, and other related school construction that occurred.

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; advanced manufacturing; information technology; professional services; 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. The city has been designated as one of the "Best-Run Cities in America," by 24/7 Wall Street and a "Manufacturing Boomtown" by Forbes.

In Fiscal Year 2016, Virginia Beach continued to experience "significant growth," according to the director of the city's Department of Economic Development, with the city

attracting more than \$371 million in private investment. These companies created 1,500 new jobs.

The 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 major 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 1,000,000 square feet of Class "A" office space and more than 830,000 square feet of multi-level upscale retail space. It currently includes a business class hotel and conference center, luxury apartments and condominiums, performing arts theater, fine dining, specialty shops, and free structured parking. Recent growth of the project has encouraged many high-end international retailers to move to Town Center, including Anthropologie, Lululemon Athletica, Free People, and West Elm. In Fiscal Year 2016, the newest phase of Town Center was announced. This next phase will open in 2018 and include 33,000 square feet of new retail space, a 17,000 square foot experimental theater, a 5,000 square foot restaurant, public plaza, and 120 new apartments.

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 U.S. markets are readily accessed through a superior multi-modal transportation network, which includes an extensive railway system, an international airport, vast shipping terminals, and one of the East Coast's largest ports.

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 nearly 200 foreign-based companies are located in the area in addition to the many local companies who operate around the globe. With 12 foreign consular offices and direct shipping to all of the world's major ports, the Virginia Beach Metropolitan Statistical Area (MSA) is truly an international business gateway. In Fiscal Year 2016, Telefonica announced plans to lay a transatlantic cable, leased to Microsoft and Facebook, from Virginia Beach to Spain. This will no doubt enable Virginia Beach companies and citizens to gain access to higher speed broadband service and attract additional investment from other major information technology providers.

In addition to being a wonderful place to live, work and play, Virginia Beach is a fun place to visit. The city is well-known as a year-round destination for business and pleasure. Farm Bureau Live at Virginia Beach, one of the nation's top outdoor amphitheaters, held 26 events in 2015 with attendance of nearly 300,000 patrons. The Virginia Beach Convention Center stands at more than 500,000 square feet, including 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 the first Virginia Green certified convention center and is also the largest building in Virginia to achieve LEED (Leadership in Energy and Environmental Design) Gold Certification for Existing Buildings. In the most recent calendar year, Virginia Beach experienced a record year for overall lodging sales. In fact, Virginia Beach was the only city in Hampton Roads to

experience a growth in revenue per available hotel room over recent years. Approximately 5.5 million people visit Virginia Beach overnight on an annual basis, along with an additional 6.8 million day visitors. These visitors spent a record \$1 billion during their stay for accommodations, meals, entertainment, and other services.

## MAJOR INITIATIVES

The 2015-16 school year was a banner year for Virginia Beach City Public School (VBCPS) students and staff members. Led by Superintendent Dr. Aaron C. Spence, the division maintained its focus on its five year strategic framework, *Compass to 2020: Charting the Course*, to help ensure that every student in the division is challenged and supported to reach his or her full potential. The framework includes four goals - high academic expectations, multiple pathways, social-emotional development, and culture of growth and excellence – and multiple strategies to guide this important work. VBCPS has remained dedicated to expanding offerings for students by implementing more initiatives from *Compass to 2020*.

As a result, the school division has seen a number of indicators showcasing increased student performance in 2015-16 school year, including its highest on-time graduation rate – 91.3% - since 2008. Likewise, the division posted its lowest cohort dropout rate in eight years, a record 4.7%. In September, the Virginia Department of Education (VDOE) released its annual state accreditation ratings, which showed that 94 % – or 77 of the division’s 82 testing schools – earned full Standards of Learning (SOL) accreditation. Overall, this is a five percent increase from last year. While there were five schools that missed accreditation – they were by very narrow margins. In fact, out of nearly 158,000 tests administered across VBCPS, the division was just 47 passing tests short of meeting full accreditation benchmarks at all schools in all subject areas.

Additionally, according to the SAT results released by the College Board, for the fifth consecutive year, VBCPS students outperformed the nation on all three components of the SAT. In fact, VBCPS students earned the highest scores for the division since 2005, which was the last time the SAT was previously revised. This year’s scores also led all other school divisions in Hampton roads for reading, math, and writing.

As a whole, each piece of data showcases that VBCPS not only has more students staying in school and graduating on time, they are doing so while meeting increasingly rigorous standards from the division, state, and nation. Along with that rigor comes the opportunity to explore areas of personal interest as pathways to career and college readiness.

For secondary schools, students continue to have a variety of options from the school division’s academy/advanced academic programs. These unique schools-within-schools provide expanded academic opportunities for students across the school division. Six 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. Regarding the

academies, 2015-16 was the first year that students could apply to the division's sixth high school academy, the Entrepreneurship and Business Academy (EBA). The EBA will offer three strands of study: Entrepreneurship and Innovation, Business Information Technology, and Corporate Finance. EBA was approved by the school board in October 2015 and welcomed its first freshmen class in the fall of 2016.

In 2015-16, the school division expanded its Digital Anchor School program from 11 schools to 15 schools. The Digital Anchor School Program is the division's first step in reaching a one-to-one technology to student ratio division wide. Before launching the program in 2014-15, the division's Department of Teaching and Learning staff studied national trends and best practices in digital learning. Anchor Schools incorporate this research with the use of digital resources to prepare students for employment or post-secondary educational opportunities in a globally competitive environment. Throughout the year, Digital Anchor Schools host other schools' leadership for a series of classroom visits so principals can see firsthand what it would be like to become an Anchor School in the future and provide students with a one-to-one computing environment.

In addition, the school division also saw increased interest and performance in Technical and Career Education (TCE) workplace readiness skills and industry certifications. For the 2015-16 school year, 11,327 TCE credentials were earned by VBCPS students. Students earned these credentials through 112 different assessments administered, making the school division a leader in the state. To put this in perspective, since 2002, 68,171 credentials have been earned by VBCPS students, which means the division has seen the benefit in credential offerings and more students are seeing the opportunities available in the TCE studies.

Looking forward, the school division will continue to uphold the excellent service in gifted education for which VBCPS has a local, regional, state, and national reputation. Each school has a gifted program in-house through which gifted students are served via gifted resource teachers. In addition, the division has the Brickell Academy for Advanced Academics and Arts at Old Donation School, which serves students in grades two through eight who have been designated as "gifted". In 2015-16, progress continued on a new Old Donation School building, which is scheduled to open in April 2017.

The Old Donation School is just one of the school division's modernization /replacement projects programmed by VBCPS. These projects 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. VBCPS has completed eight Leadership in Energy and Environmental Design (LEED) certified buildings. Old Donation School will be the ninth completed building and the 10<sup>th</sup> will be the replacement of John B. Dey Elementary School, which is in the design phase. Additionally, VBCPS has 41 ENERGY STAR certified buildings. ENERGY STAR certified buildings meet strict energy performance standards set by the Environmental Protection Agency (EPA). They use less energy, are less expensive to operate, and cause fewer greenhouse gas emissions than their peers.



Students, parents, and staff members have a variety of ways to stay connected with the school division and keep abreast of all these achievements and developments.

At the classroom level, VBCPS has also maintained its commitment to ensuring parents have ready access to information about their children's performance in school. Parent Portal, an online gradebook, allows parents to access their child's school record including grades and attendance as well as standardized achievement data (e.g., SOL, AP, PSAT, SAT, SAT Subject, SELP), student achievement profiles, discipline records, and historical student information. Using this 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.

The school division's AlertNow rapid communications system also remains to be a vital electronic communication vehicle for the division and schools to communicate with parents and communities.

At the division level, VBCPS continues to maintain multiple platforms and publications to keep student families and community members engaged. The school newsletter, *Apple-A-Day*, is sent to more than 50,000 homes throughout the year. Additionally, VBCPS has an active Facebook page, Twitter page and Instagram account as well as a staff blog, *Kaleidoscope*, and a community blog, *The Core*.

In 2015-16, VBCPS launched its *Be Social. Be Smart. Be Safe.* campaign to provide information and insight for students and parents regarding responsible social media use. In December, VBCPS launched the *Be Social. Be Smart. Be Safe.* awareness campaign to help students and families understand what it means to be a responsible digital citizen. In addition to research and articles from social media experts, the campaign has a custom webpage which is home to content and videos aimed at reminding students to be mindful of best practices while using social media.

Moreover, parents can take part in the VBCPS Parent Connection program, which offers workshops, guest columns, daily engagement tips, and other resources to help connect parents and schools to support student learning and growth. In addition, Parent Connection coordinates programs which provide healthy weekend meals and free computers to families facing economic challenges. Furthermore, the school division saw increased involvement and participation in its volunteer and Partners-in Education programs. During the 2015-16 school year, more than 50,300 volunteers and partners donated nearly 599,497 hours of service to the Virginia Beach City Public Schools. The value of this service is estimated at approximately \$14,124,000.

With the help of an active and engaged community, Virginia Beach builds upon its strong foundation of passionate and talented teams of teachers, staff members, and administrators as well as innovative and groundbreaking instructional opportunities for students. As such, under the direction of *Compass to 2020*, staff and administration will continue to identify new challenges and new endeavors that will help secure Virginia Beach as the premier school division in the nation.

## **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. 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.

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, 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 LLP 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, 2015. 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.

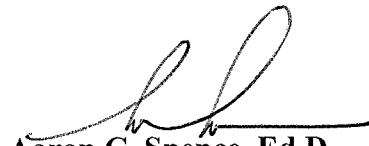
In addition, the Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting to the School Board for its CAFR for the fiscal year ended June 30, 2015. ASBO sponsors this Certificate of Excellence in Financial Reporting program to foster excellence 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

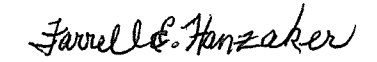
Preparation of this report would not have been possible without the dedicated efforts of the entire staff of the Office of Business Services. During the year, they rendered professional and knowledgeable financial services to and on behalf of the school division, and maintained the financial records 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 their continuing support which is vital to the financial health of the school division and demonstration of the commitment to financial accountability, stewardship, and transparency.

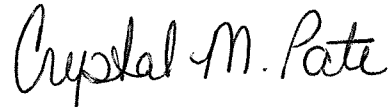
Respectfully Submitted,



Aaron C. Spence, Ed.D.  
Superintendent



Farrell E. Hanzaker, MBA  
Chief Financial Officer



Crystal M. Pate, MPA, CPA  
Director of Business Services



GOVERNMENT FINANCE OFFICERS ASSOCIATION

Certificate of Achievement  
for Excellence  
in Financial Reporting

Presented to

School Board of the City  
of Virginia Beach, Virginia

Executive Director / CEO

2015



# SCHOOL BOARD OF THE

*(June 30, 2016)*



**Daniel D. Edwards**  
Chairman  
District 2 – Kempsville

**Beverly M. Anderson**  
Vice Chairman  
At-Large Seat



**Sharon R. Felton**  
District 6 – Beach



**Dorothy M. Holtz**  
At-Large Seat



**Joel A. McDonald**  
District 3 – Rose Hall



**Ashley K. McLeod**  
At-Large Seat



**Kimberly A. Melnyk**  
District 7 – Princess  
Anne



**Carolyn T. Rye**  
District 5 - Lynnhaven



**Elizabeth E. Taylor**  
At-Large Seat



**Leonard C. Tengco**  
District 1 Centerville



**Carolyn D. Weems**  
District 4 - Bayside



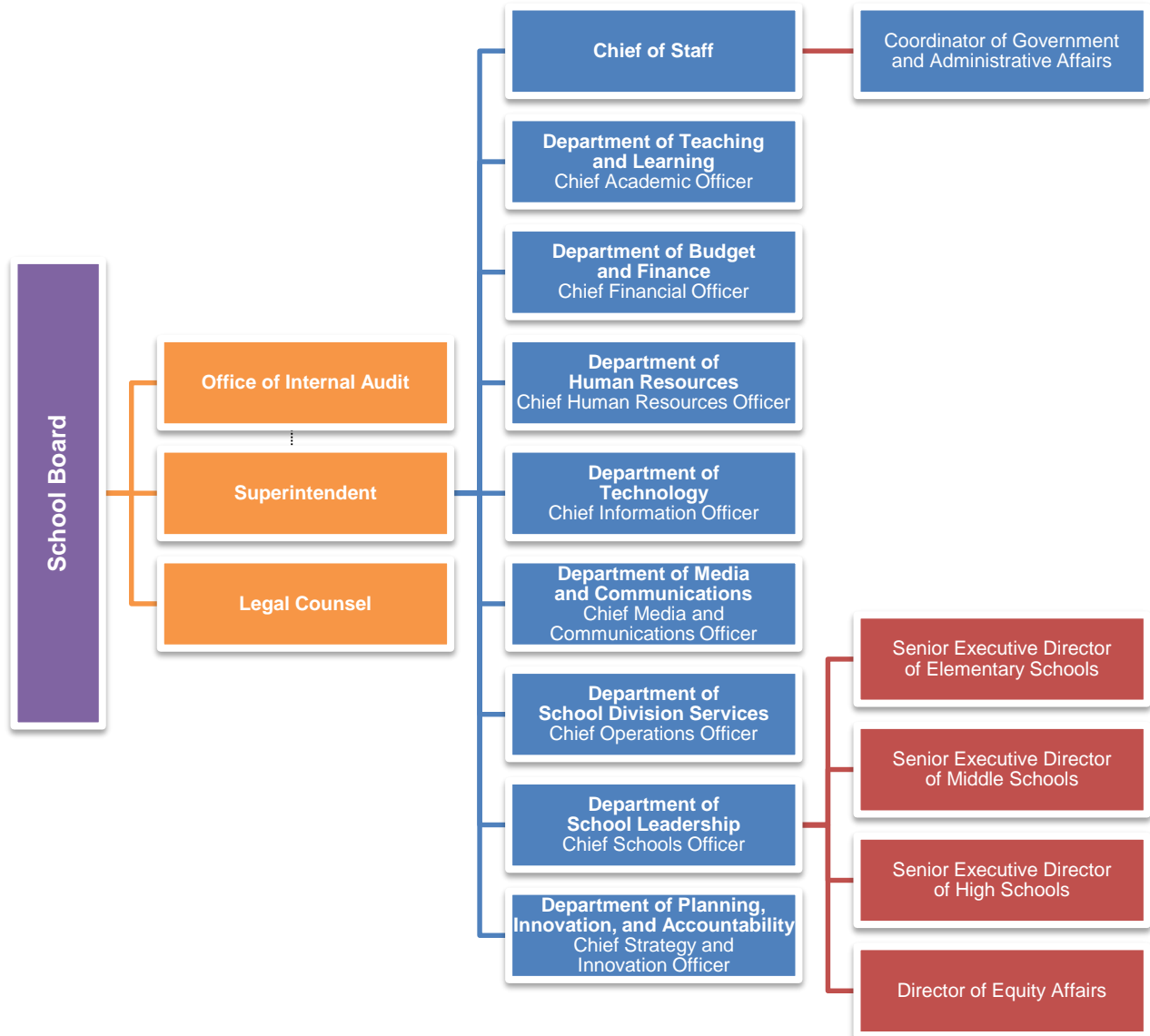
**Dr. Aaron C. Spence**  
Superintendent



# SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA

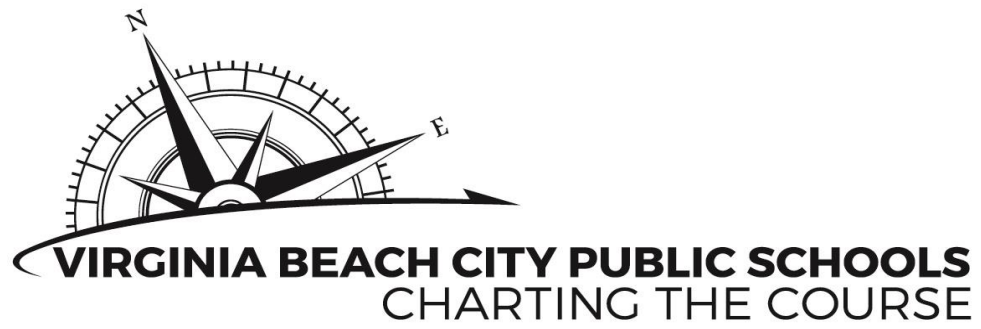
## Organizational Chart

(June 30, 2016)





## **FINANCIAL SECTION**



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## **Report of Independent Auditor**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School Board of the City of Virginia Beach, Virginia (the "School Board"), a component unit of the City of Virginia Beach, Virginia, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School Board's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Specifications for Audits of Counties, Cities and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School Board of the City of Virginia Beach, Virginia, as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, the budgetary comparison schedules of the general fund and major annually budgeted special revenue funds, the schedule of employer's net share of net pension liability – professional employees, the schedule of changes in the net pension liability and related ratios – nonprofessional employees, the schedules of employer pension contributions and the schedule of funding progress and employer contributions for other post-employment benefits be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

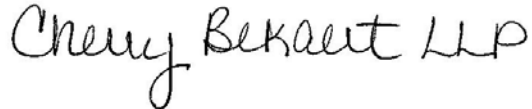
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Board of the City of Virginia Beach, Virginia's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, budgetary comparison schedules of the non-major funds, the statement of changes in assets and liabilities-agency funds and statistical section as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules, budgetary comparison schedules of the non-major funds, and the statement of changes in assets and liabilities-agency funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules, budgetary comparison schedules of the non-major funds, and the statement of changes in assets and liabilities-agency funds are fairly stated in all material respects in relation to the basic financial statements as a whole.

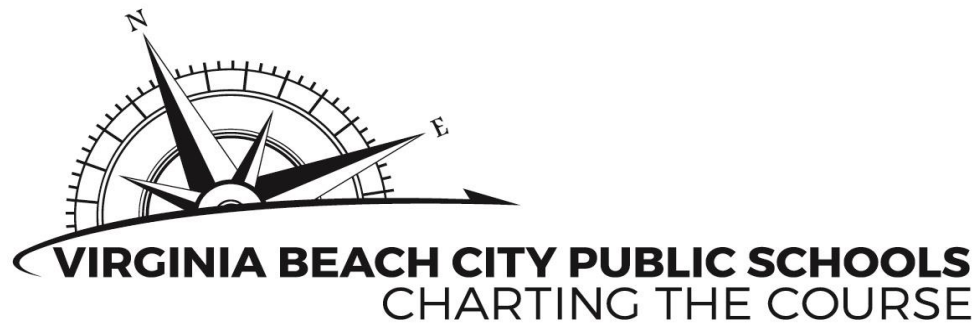
The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2016, on our consideration of the School Board of the City of Virginia Beach, Virginia's internal control over financial reporting and on 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Board's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Cheryl Bekaert LLP". The signature is written in a cursive, flowing style.

Virginia Beach, Virginia  
November 30, 2016



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**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2016**

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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, 2016. 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 and deferred outflows of the School Board were less than its liabilities and deferred inflows by \$118,312,871 (net deficit) at June 30, 2016. Of this amount, \$503,106,097 is investment in capital assets, \$36,967,400 is restricted for capital projects, grants, cafeterias, and textbooks, and (\$658,386,368) is an unrestricted deficit. The deficit is due to the implementation of Governmental Accounting Standards Board (GASB) Statement Number 68 on Accounting and Financial Reporting for Pensions. The Net Pension Liability at June 30, 2016 is \$667,263,000.

On a government-wide basis for governmental activities, the School Board's revenues of \$815,187,328 exceeded expenses of \$772,610,344 by \$42,576,984.

The School Board's Governmental funds reported total fund balances of \$52,762,444 at June 30, 2016. Of this amount, \$2,578,210 is nonspendable (i.e., inventories and prepaid items), \$36,967,400 is restricted (e.g., federal and state grantor agencies, capital projects bond proceeds from local government, textbook adoptions), \$4,824,482 is committed (e.g., capital projects contracts, communication towers/technology, vending, equipment replacement), and \$8,392,352 is assigned (e.g., instructional technology, athletics, instruction, pupil transportation, operations and maintenance, technology).

In the General Fund, the School Board returned unexpended appropriations for the Fiscal Year 2015-16 to the City of Virginia Beach (City) in the amount of \$15,583,197, as required by the Code of Virginia, as amended.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

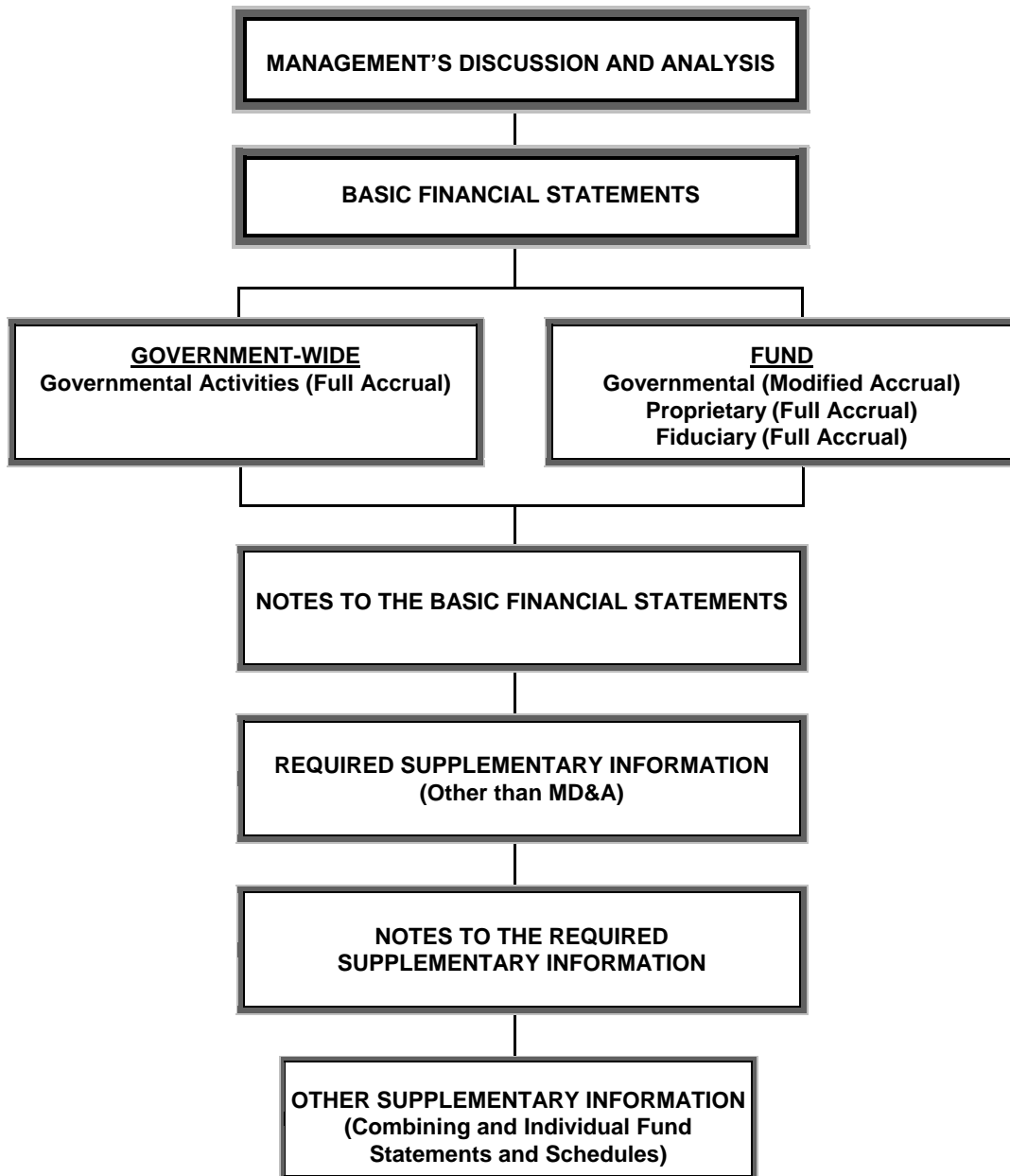
The MD&A serves as an introduction to the School Board's basic financial statements. The School Board's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains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

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2016

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(continued)



**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2016**

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**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 Position presents information on all of the School Board's assets and deferred outflows, and liabilities and deferred inflows, with the difference between the two reported as net position. Increases and decreases in net position 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 position changed during the fiscal year. All changes in net position 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 Position 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.

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2016**

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**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 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 D-1 and D-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 C-1 through C-3) to demonstrate compliance with this budget. Individual fund budgetary comparison schedules for each nonmajor fund are presented in Schedules D-3 through D-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.

(continued)

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2016**

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**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. 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 (Exhibits A-5 through A-7). Individual fund data for the Internal Service funds is presented in the form of combining statements in Statements E-1 through E-3 of this report.

As noted above, 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 F-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 C-3 of this report.

(continued)

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2016**

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**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 retirement plans for the professional and nonprofessional employees through the Virginia Retirement 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.

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**NET POSITION**

Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$118,312,871 (net deficit) at June 30, 2016, as illustrated in the Summary of Net Position (with comparative amounts at June 30, 2015), as follows:

(continued)

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2016**

<b>Summary of Net Position</b>		
	<b>2016</b>	<b>2015</b>
<b>Current Assets</b>	<b>\$ 166,690,558</b>	<b>\$ 148,863,205</b>
<b>Capital Assets</b>	<b>503,106,097</b>	<b>501,205,889</b>
<b>Total Assets</b>	<b>\$ 669,796,655</b>	<b>\$ 650,069,094</b>
<b>Deferred Outflows</b>	<b>\$ 58,321,000</b>	<b>\$ 59,591,000</b>
<b>Current Liabilities</b>	<b>\$ 102,225,313</b>	<b>\$ 103,333,307</b>
<b>Net Pension Liability</b>	<b>667,263,000</b>	<b>634,760,000</b>
<b>Other Noncurrent Liabilities</b>	<b>15,234,213</b>	<b>14,715,642</b>
<b>Total Liabilities</b>	<b>\$ 784,722,526</b>	<b>\$ 752,808,949</b>
<b>Deferred Inflows</b>	<b>\$ 61,708,000</b>	<b>\$ 117,741,000</b>
<b>Net Position:</b>		
<b>Invested in Capital Assets</b>	<b>\$ 503,106,097</b>	<b>\$ 501,205,889</b>
<b>Restricted for:</b>		
<b>Capital Projects</b>	<b>20,731,125</b>	<b>13,318,732</b>
<b>Grants</b>	<b>759,498</b>	<b>456,630</b>
<b>Cafeterias</b>	<b>7,029,421</b>	<b>4,469,528</b>
<b>Textbooks</b>	<b>8,447,356</b>	<b>11,688,657</b>
<b>Unrestricted (Deficit)</b>	<b>(658,386,368)</b>	<b>(692,029,291)</b>
<b>Total Net Position (Deficit)</b>	<b>\$ (118,312,871)</b>	<b>\$ (160,889,855)</b>

The largest portion of the School Board's net position reflects its investment in capital assets (e.g., land, buildings, 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.

An additional portion of the School Board's net position represents resources that are subject to external restrictions on their use. The deficit is due to the effects of GASB Statement Number 68 on Accounting and Financial Reporting for Pensions. The Net Pension Liability at June 30, 2016 is \$667,263,000.

#### **CHANGES IN NET POSITION**

The School Board's revenues of \$815,187,328 exceeded expenses of \$772,610,344 by \$42,576,984 during Fiscal Year 2016, as illustrated in the Changes in Net Position (with comparative amounts for the year ended June 30, 2015), as follows:

(continued)

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2016**

<b>Changes in Net Position</b>		
	<b>2016</b>	<b>2015</b>
<b><u>Revenues</u></b>		
<b>Program Revenues:</b>		
Charges for Services	\$ 15,076,354	\$ 14,549,928
Operating Grants	142,463,184	141,961,728
<b>General Revenues:</b>		
Local Government	403,461,767	378,687,744
State Basic Aid	172,363,914	175,008,994
State Sales Tax	72,382,607	70,376,559
Federal Impact Aid	8,886,385	12,314,580
Interest Earnings	153,334	104,798
Miscellaneous	399,783	842,365
<b>Total Revenues</b>	<b><u>\$ 815,187,328</u></b>	<b><u>\$ 793,846,696</u></b>
<b><u>Expenses</u></b>		
Instruction	\$ 568,912,291	\$ 573,574,157
Admin, Attendance, & Health	20,989,423	20,641,696
Pupil Transportation	30,739,249	33,364,815
Operations and Maintenance	86,966,670	88,194,131
Cafeterias	26,288,628	27,720,826
Technology	38,714,083	38,168,996
<b>Total Expenses</b>	<b><u>\$ 772,610,344</u></b>	<b><u>\$ 781,664,621</u></b>
<b>Change in Net Position</b>	<b>\$ 42,576,984</b>	<b>\$ 12,182,075</b>
<b>Net Position (Deficit) -</b>		
July 1	<u>(160,889,855)</u>	<u>(173,071,930)</u>
<b>Net Position</b>		
<b>(Deficit) – June 30</b>	<b><u>\$ (118,312,871)</u></b>	<b><u>\$ (160,889,855)</u></b>

The Local Government revenue source increased by \$24,774,023 (6.5%) mainly due to an increase to the General fund of \$3,515,711 provided by City Council through a revenue sharing formula and an increase to the Capital Projects Fund of \$21,258,312 due to an increase in available funding (e.g., local bond sales by the City). State Basic Aid decreased by \$2,645,080 (1.5%) due to a decrease in funding from the State Department of Education. State Sales Tax increased by \$2,006,048 (2.9%) due to an increase in consumer sales. Federal Impact Aid decreased by \$3,428,195 (27.8%) due to a decrease in funding from the U.S. Department of Education.

The Instruction expenses decreased by \$4,661,866 (.8%) mainly due to the net effect of an increase in the allocated pension expense credit, an increase in the allocated internal service funds change in net position reported in the fund financials statement not in the government wide statements, and the net book value increase of the school buildings transferred to the City under the “tenancy in common” provisions of the Code of Virginia, as amended (Note 4B). Pupil Transportation expenses decreased by \$2,625,566 (7.9%) due to the amount depreciation

(continued)

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2016**

expense exceeded the amount of capital outlay. Operations and Maintenance expenses decreased \$1,227,461 (1.4%) due to the increase in the allocated internal service funds change in net position reported in the fund financial statements not in the government wide statements. Cafeterias expenses decreased by \$1,432,198 (5.2%) due to implementation of cost saving strategies during the fiscal year and an increase in the health insurance internal service fund balance reported in the fund financial statements not in the government wide statements.

The change in Net Position of \$42,576,984 (net of the allocation of pension expense to the various governmental activities) reflects the effects of GASB Statement Number 68.

**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 2016 and 2015. 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).

<b>Total and Net Cost of Governmental Activities</b>				
	<b>Total Cost of Services 2016</b>	<b>Net Cost of Services 2016</b>	<b>Total Cost of Services 2015</b>	<b>Net Cost of Services 2015</b>
<b><u>Expenses</u></b>				
Instruction	\$ 568,912,291	\$ 449,024,244	\$ 573,574,157	\$ 452,475,941
Admin, Attendance, & Health	20,989,423	20,989,423	20,641,696	20,641,696
Pupil Transportation	30,739,249	30,739,249	33,364,815	33,364,815
Operations and Maintenance	86,966,670	86,239,600	88,194,131	87,534,504
Cafeterias	26,288,628	(3,587,191)	27,720,826	(66,258)
Technology	38,714,083	31,665,481	38,168,996	31,202,267
<b>Total Expenses</b>	<b>\$ 772,610,344</b>	<b>\$ 615,070,806</b>	<b>\$ 781,664,621</b>	<b>\$ 625,152,965</b>

(continued)

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2016**

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**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 the School Board's financing requirements. In particular, the unassigned 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, 2016, the School Board's governmental funds reported combined fund balances of \$52,762,444, an increase of \$6,959,966 in comparison with the prior fiscal year. Of the total amount of the combined fund balances, 4.9% or \$2,578,210 is nonspendable (i.e., inventories and prepaid items), 70.1% or \$36,967,400 is restricted (e.g., federal and state grantor agencies, capital projects bond proceeds from local government, textbook adoptions), 9.1% or \$4,824,482 is committed (e.g., capital projects contracts, communication towers/technology, vending, equipment replacement), and 15.9% or \$8,392,352 is assigned (e.g., instructional technology, athletics, instruction, pupil transportation, operations and maintenance, technology).

**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, 2016, the fund balance of the General Fund was \$9,236,355. \$844,003 is nonspendable (i.e., prepaid items) and \$8,392,352 is assigned (e.g., instructional technology, athletics, instruction, pupil transportation, operations and maintenance, technology).

**General Fund Budget Amendment**

<b><u>Amount</u></b>	<b><u>Purpose</u></b>
\$ 2,994,733	There was a supplemental budget amendment, other than for encumbrances, during fiscal year 2016. The General Fund budget amendments (e.g., instructional support for SOL improvements and collaborative teacher planning time, school buses, fleet vehicles, technology) was funded through an increase in revenue from the local government.

(continued)



**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2016**

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**General Fund Original Budget to Final Budget Difference Reconciliation**

**General Fund:**

**\$ 9,312,570 – FY 2015 Outstanding Encumbrances Appropriated**  
**2,994,733 – Budget Amendment (See above)**  
**\$ 12,307,303 – Original Budget to Final Budget Difference (including the Other**  
**Financing Uses budget)**

**General Fund Final Budget to Actual Expenditures Variance Reconciliation**

**Instruction Category:**

**\$ 347,404 – Outstanding Encumbrances as of June 30, 2016**  
**8,100,600 – Remaining Available Balance (1.5% of the category budget less transfers)**  
**\$ 8,448,004 – Final Budget to Actual Expenditures Variance**

The remaining available balance, which is not expected to affect future services, was mainly in the Elementary Classroom (personnel services, fringe benefits, materials and supplies, capital outlay); Technical and Career Education (personnel services, fringe benefits, materials and supplies, capital outlay); Gifted Education and Academy Programs (personnel services, fringe benefits, materials and supplies, capital outlay); Alternative Education (personnel services, fringe benefits, materials and supplies); Office of the Principal – Elementary (personnel services, fringe benefits, purchased services, materials and supplies); Educational Leadership and Assessment (personnel services, fringe benefits, purchased services, materials and supplies); and Middle School Classroom (personnel, materials and supplies, capital outlay) budget units.

**Administration, Attendance and Health Category:**

**\$ 8,700 – Outstanding Encumbrances as of June 30, 2016**  
**1,070,235 – Remaining Available Balance (4.70% of the category budget less transfers)**  
**\$ 1,078,935 – Final Budget to Actual Expenditures Variance**

The remaining available balance, which is not expected to affect future services, was mainly in the Board, Legal, And Governmental Services (purchased services, other charges); Office of the Superintendent (personnel services, fringe benefits, purchased services); Budget and Finance (personnel services, fringe benefits, purchased services, materials and supplies); Human Resources (personnel services, fringe benefits); Benefits Office (purchased services); and Professional Growth & Innovation (purchased services, materials and supplies) budget units.

(continued)

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2016**

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**Pupil Transportation Category:**

**\$ 2,299,188 – Outstanding Encumbrances as of June 30, 2016**  
**1,243,754 – Remaining Available Balance (3.6% of the category budget less transfers)**  
**\$ 3,542,942 – Final Budget to Actual Expenditures Variance**

The remaining available balance, which is not expected to affect future services, was mainly in the Vehicle Operations (personnel services, materials and supplies); Vehicle Operations – Special Education (personnel services, fringe benefits) budget units.

**Operations and Maintenance Category:**

**\$ 3,766,637 – Outstanding Encumbrances as of June 30, 2016**  
**4,107,220 – Remaining Available Balance (4.4% of the category budget less transfers)**  
**\$ 7,873,857 – Final Budget to Actual Expenditures Variance**

The remaining available balance, which is not expected to affect future services, was mainly in the School Plant (personnel services, other charges); Custodial Services (personnel services, fringe benefits, purchased services, materials and supplies); Safety and Loss Control (personnel services, fringe benefits); Vehicle Services (non-pupil transportation, materials and supplies, capital outlay); and Telecommunications (capital outlay) budget units.

**Technology Category:**

**\$ 1,449,854 – Outstanding Encumbrances as of June 30, 2016**  
**1,356,583 – Remaining Available Balance (4.2% of the category budget less transfers)**  
**\$ 2,806,437 – Final Budget to Actual Expenditures Variance**

The remaining available balance, which is not expected to affect future services, was mainly in the Instructional Technology and Technology Maintenance budget units.

**Transfers:**

**\$ 870,506 – Final Budget to Actual Expenditures Variance**

Transfers are budgeted in the Instructional and Technology Categories and presented separately as required for reporting purposes. The budget is mainly for the local match requirements of federal and state grants budgeted in the Grants Special Revenue Fund.

(continued)

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2016**

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**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 2016, revenues and other financing sources totaled \$43,851,324 and expenditures totaled \$43,548,456. This resulted in an increase in the fund balance of \$302,868, due to a net increase in local match requirements. The remaining fund balance will be used for the required local match of Commonwealth of Virginia approved FY 2016 grant proceeds to be disbursed in FY 2017.

**School Textbooks Fund:** During Fiscal Year 2016, revenues totaled \$3,978,373 and expenditures totaled \$6,093,086. This resulted in the planned decrease in the fund balance of \$2,114,713 for textbook adoptions and related expenditures. The remaining fund balance will be used for future textbook adoptions and related expenditures.

(continued)

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2016**

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**Nonmajor Special Revenue Funds:** During Fiscal Year 2016, revenues totaled \$30,615,517 and expenditures totaled \$27,819,768. This resulted in a combined increase in the fund balances of all nonmajor Special Revenue funds of \$2,795,749. The increase in the combined fund balance was in the School Cafeterias, School Communication Towers/Technology, and School Equipment Replacement Special Revenue Funds as the School Vending Operations Fund incurred a planned decrease in fund balance. The remaining fund balances of these nonmajor Special Revenue funds will be used in the future for technology purposes, 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 2016, total revenues including nonoperating revenues amounted to \$150,673,158. Expenses totaled \$138,645,791. This resulted in an increase in net position of \$12,027,367 due to the planned transfer to the Risk Management Fund of \$1,600,000 and a combination of health care plan modifications and favorable claims experience during the plan year creating a positive impact on the School Health Insurance Fund Net Position Balance.

**Capital Projects Fund (Major Fund)**

During Fiscal Year 2016, revenues including other financing sources totaled \$47,808,239 and expenditures totaled \$40,305,171. This resulted in a planned increase in the fund balance of \$7,503,068. The remaining fund balance consisting of the below Capital Projects Fund revenue proceeds will be used to complete capital projects as approved by the School Board and appropriated in the Capital Improvement Program by City Council, accordingly.

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. 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).

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

(continued)

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2016**

account. The various significant active capital projects for the current fiscal year are presented below.

Kellam High School Replacement Renovations/Replacements-HVAC Systems Renovations/Replacements-Reroofing Renovations/Replacements-Grounds Renovations/Replacements-Various	Instructional Technology Energy Performance Contracts Kemps Landing Magnet School and Old Donation Center Consolidated Replacement
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**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, 2016. 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, 2016 amounts to \$503,106,097 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements other than buildings, machinery/equipment and vehicles. The total increase in the School Board’s investment in capital assets for the current fiscal year was .38%, as follows:

<b>Capital Assets</b> <b>(net of accumulated depreciation)</b> <b>As of June 30, 2016 and 2015</b>			
	2016	2015	Percentage Change
Land	\$ 39,666,627	\$ 39,670,603	(0.01)%
Construction in Progress	53,245,854	26,318,706	102.31%
Buildings and Improvements	378,550,655	399,975,800	(5.36)%
Equipment and Vehicles	31,642,961	35,240,780	(10.21)%
Total Capital Assets (net)	<u>\$ 503,106,097</u>	<u>\$ 501,205,889</u>	.38%

The increase in Construction in Progress is mainly due to the Kemps Landing Magnet School and Old Donation Center Consolidated Replacement capital project.

(continued)

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2016**

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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 continues to be below the Metropolitan Statistical Area (MSA), Commonwealth of Virginia (state), and U.S. rates. In August 2016, the unemployment rate was 4.0% for Virginia Beach, 4.7% for the MSA, 4.1% for the state, and 5.0% for the U.S.

Virginia Beach had a per capita personal income of \$51,161 in 2014 (most recent information available), which was 2.1% greater than the per capita income for the state at \$50,105, and 10.2% greater than the nation's at \$46,414 (U.S. Bureau of Economic Analysis). Virginia Beach median household income in 2015 decreased 2.2% to \$67,281 from 2014 and is greater than the national median household income by 20.6%.

**Factors Influencing Future Budgets**

- Employee health care costs
- Employee postemployment benefits
- Inadequate state and federal aid
- Unfunded state and federal mandates
- Competitive salaries and pay raises
- Various magnet schools and academies
- Public charter schools
- Implementation of Full Day Kindergarten
- Expansion of Pre-Kindergarten
- Global and national economic conditions
- Student enrollment slightly declining

**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, stewardship, and transparency. 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 POSITION**  
**JUNE 30, 2016**

	Governmental Activities
<b><u>ASSETS</u></b>	
Current Assets:	
Cash and Investments (Notes 1J1 and 6)	\$ 143,185,316
Accounts Receivable	1,276,599
Due from Commonwealth (Note 2A)	13,263,422
Due from Federal Government (Note 2B)	6,176,131
Inventories (Note 1F)	598,456
Prepaid Items (Note 1J5)	2,190,634
Total Current Assets	<u>\$ 166,690,558</u>
Noncurrent Assets:	
Capital Assets (Note 4):	
Land	\$ 39,666,627
Buildings, Improvements, Equipment, and Vehicles (net of accumulated depreciation)	410,193,616
Construction in Progress	53,245,854
Total Noncurrent Assets	<u>\$ 503,106,097</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 669,796,655</u></b>
<b><u>DEFERRED OUTFLOWS OF RESOURCES (Note 8)</u></b>	<b><u>\$ 58,321,000</u></b>
<b><u>LIABILITIES</u></b>	
Current Liabilities:	
Salaries Payable (Note 7C)	\$ 56,667,997
Vouchers and Accounts Payable	16,420,958
Deposits Payable	75,000
Due to Federal Government	87,914
Unearned Revenue (Note 3)	8,568,776
Long-term Liabilities (due within one year) (Note 5A)	20,404,668
Total Current Liabilities	<u>\$ 102,225,313</u>
Noncurrent Liabilities:	
Net Pension Liability (Notes 5A and 8)	667,263,000
Other Long-term Liabilities (due in more than one year) (Notes 1G, 5A, and 9)	15,234,213
<b>TOTAL LIABILITIES</b>	<b><u>\$ 784,722,526</u></b>
<b><u>DEFERRED INFLOWS OF RESOURCES (Note 8)</u></b>	<b><u>\$ 61,708,000</u></b>
<b><u>NET POSITION (DEFICIT) (Note 1I)</u></b>	
Investment in Capital Assets	\$ 503,106,097
Restricted for: (Note 10D)	
Capital Projects	20,731,125
Grants	759,498
Cafeterias	7,029,421
Textbooks	8,447,356
Unrestricted (Deficit)	<u>(658,386,368)</u>
<b>TOTAL NET POSITION (DEFICIT)</b>	<b><u>\$ (118,312,871)</u></b>

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, 2016**

		Program Revenues			Net (Expenses)
		Charges for	Operating	Capital	Revenues and
	Expenses	Services	Grants and	Grants and	Change In
			Contributions	Contributions	Net Position
<b><u>GOVERNMENTAL ACTIVITIES</u></b>					
Instruction	\$ 568,912,291	\$ 2,696,121	\$ 117,191,926	\$ -	\$ (449,024,244)
Administration, Attendance, & Health	20,989,423	-	-	-	(20,989,423)
Pupil Transportation	30,739,249	-	-	-	(30,739,249)
Operations and Maintenance	86,966,670	628,300	98,770	-	(86,239,600)
Cafeterias	26,288,628	11,266,046	18,609,773	-	3,587,191
Technology	38,714,083	485,887	6,562,715	-	(31,665,481)
Total Governmental Activities	\$ 772,610,344	\$ 15,076,354	\$ 142,463,184	\$ -	\$ (615,070,806)

**General Revenues:****Local Sources:**

Local Government	\$ 403,461,767
Miscellaneous	399,783

**Federal and State Aid not Restricted  
to Specific Purposes:**

State Basic Aid	172,363,914
State Sales Tax	72,382,607
Federal Impact Aid	8,886,385

Interest Earnings	153,334
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<b>Total General Revenues</b>	<b>\$ 657,647,790</b>
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<b>Change in Net Position</b>	<b>\$ 42,576,984</b>
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<b>Total Net Position - July 1</b>	<b>(160,889,855)</b>
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<b>Total Net Position (Deficit) - June 30</b>	<b>\$ (118,312,871)</b>
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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, 2016**

	General	School Grants	School Textbooks	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b><u>ASSETS</u></b>						
Cash and Investments (Notes 1J1 and 6)	\$ 52,906,664	\$ -	\$ 8,451,069	\$ 28,143,065	\$ 12,126,625	\$ 101,627,423
Accounts Receivable	230,721	92,137	6,674	-	14,864	344,396
Due from Other Funds (Note 10B)	2,688,762	-	-	-	-	2,688,762
Due from Commonwealth (Note 2A)	10,303,446	2,959,976	-	-	-	13,263,422
Due from Federal Government (Note 2B)	773,839	4,356,724	-	-	1,045,568	6,176,131
Inventories (Note 1F)	-	-	-	-	598,456	598,456
Prepaid Items (Note 1J5)	844,003	-	1,126,588	-	9,163	1,979,754
<b>TOTAL ASSETS</b>	<b><u>\$ 67,747,435</u></b>	<b><u>\$ 7,408,837</u></b>	<b><u>\$ 9,584,331</u></b>	<b><u>\$ 28,143,065</u></b>	<b><u>\$ 13,794,676</u></b>	<b><u>\$ 126,678,344</u></b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>						
<b>Liabilities:</b>						
Salaries Payable (Note 7C)	\$ 52,726,337	\$ 2,979,606	\$ -	\$ 15,863	\$ 945,962	\$ 56,667,768
Vouchers and Accounts Payable	5,399,698	562,103	10,387	6,779,535	439,492	13,191,215
Deposits Payable	-	-	-	-	75,000	75,000
Due to Other Funds (Note 10B)	-	2,688,762	-	-	-	2,688,762
Due to Federal Government	-	-	-	87,914	-	87,914
Unearned Revenue (Note 3)	385,045	418,868	-	-	401,328	1,205,241
<b>TOTAL LIABILITIES</b>	<b><u>\$ 58,511,080</u></b>	<b><u>\$ 6,649,339</u></b>	<b><u>\$ 10,387</u></b>	<b><u>\$ 6,883,312</u></b>	<b><u>\$ 1,861,782</u></b>	<b><u>\$ 73,915,900</u></b>
<b>Fund Balances: (Notes 1H and 10D)</b>						
Nonspendable	\$ 844,003	\$ -	\$ 1,126,588	\$ -	\$ 607,619	\$ 2,578,210
Restricted	-	759,498	8,447,356	20,731,125	7,029,421	36,967,400
Committed	-	-	-	528,628	4,295,854	4,824,482
Assigned	8,392,352	-	-	-	-	8,392,352
<b>TOTAL FUND BALANCES</b>	<b><u>\$ 9,236,355</u></b>	<b><u>\$ 759,498</u></b>	<b><u>\$ 9,573,944</u></b>	<b><u>\$ 21,259,753</u></b>	<b><u>\$ 11,932,894</u></b>	<b><u>\$ 52,762,444</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 67,747,435</u></b>	<b><u>\$ 7,408,837</u></b>	<b><u>\$ 9,584,331</u></b>	<b><u>\$ 28,143,065</u></b>	<b><u>\$ 13,794,676</u></b>	<b><u>\$ 126,678,344</u></b>

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 POSITION  
JUNE 30, 2016**

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

Total Fund Balances - Governmental Funds (this exhibit)	\$ 52,762,444
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.

	Cost of Capital Assets	\$ 901,891,730	
	less: Accumulated Depreciation	<u>398,785,633</u>	503,106,097

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	(20,545,881)
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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 Position.

	Total Assets	\$ 42,700,976	
	less: Total Liabilities	<u>25,686,507</u>	17,014,469
	Total Net Position		

Governmental Accounting Standards Board Statement Number 68 on Accounting and Financial Reporting for Pensions was implemented in Fiscal Year 2015. Pensions are not reported in the governmental funds (Note 8).

	Net Pension Liability	\$ (667,263,000)	
	Deferred Outflows of Resources	58,321,000	
	Deferred Inflows of Resources	<u>(61,708,000)</u>	<u>(670,650,000)</u>

Total Net Position of Governmental Activities in the Statement of Net Position (Exhibit A-1)	<u>\$ (118,312,871)</u>
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The accompanying notes are an integral part of the basic financial statements.

**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, 2016**

	General	School Grants	School Textbooks	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b><u>REVENUES</u></b>						
From Use of Money and						
Property	\$ 562,376	\$ -	\$ 24,120	\$ 53,382	\$ 547,148	\$ 1,187,026
Charges for Services	1,309,542	-	273	-	10,963,755	12,273,570
Miscellaneous	1,601,538	204,541	56,781	-	503,841	2,366,701
From Local Government	355,706,910	-	-	47,754,857	-	403,461,767
From Commonwealth	321,967,608	9,078,539	3,897,199	-	588,066	335,531,412
From Federal Government	10,984,116	31,354,314	-	-	18,012,707	60,351,137
Total Revenues	<u>\$ 692,132,090</u>	<u>\$ 40,637,394</u>	<u>\$ 3,978,373</u>	<u>\$ 47,808,239</u>	<u>\$ 30,615,517</u>	<u>\$ 815,171,613</u>
<b><u>EXPENDITURES</u></b>						
Current:						
Instruction	\$ 522,827,006	\$ 39,645,577	\$ 3,433,250	\$ 40,375	\$ 215,522	\$ 566,161,730
Administration, Attendance, & Health	21,867,909	-	-	-	-	21,867,909
Pupil Transportation	30,772,076	-	-	-	-	30,772,076
Operations and Maintenance	85,640,251	-	-	5,591,165	-	91,231,416
Cafeterias	-	-	-	-	27,118,359	27,118,359
Technology	29,353,639	3,902,879	2,659,836	658,248	485,887	37,060,489
Capital Outlay	-	-	-	34,015,383	-	34,015,383
Total Expenditures	<u>\$ 690,460,881</u>	<u>\$ 43,548,456</u>	<u>\$ 6,093,086</u>	<u>\$ 40,305,171</u>	<u>\$ 27,819,768</u>	<u>\$ 808,227,362</u>
<b><u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u></b>						
	<u>\$ 1,671,209</u>	<u>\$ (2,911,062)</u>	<u>\$ (2,114,713)</u>	<u>\$ 7,503,068</u>	<u>\$ 2,795,749</u>	<u>\$ 6,944,251</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>						
Transfers In (Note 10A)	\$ -	\$ 3,213,930	\$ -	\$ -	\$ -	\$ 3,213,930
Transfers Out (Note 10A)	(3,213,930)	-	-	-	-	(3,213,930)
Sale of Capital Assets	15,715	-	-	-	-	15,715
Total Other Financing Sources (Uses)	<u>\$ (3,198,215)</u>	<u>\$ 3,213,930</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,715</u>
<b><u>NET CHANGES IN FUND BALANCES</u></b>						
	<u>\$ (1,527,006)</u>	<u>\$ 302,868</u>	<u>\$ (2,114,713)</u>	<u>\$ 7,503,068</u>	<u>\$ 2,795,749</u>	<u>\$ 6,959,966</u>
<b><u>FUND BALANCES - JULY 1</u></b>	<u>10,763,361</u>	<u>456,630</u>	<u>11,688,657</u>	<u>13,756,685</u>	<u>9,137,145</u>	<u>45,802,478</u>
<b><u>FUND BALANCES - JUNE 30</u></b>	<u><u>\$ 9,236,355</u></u>	<u><u>\$ 759,498</u></u>	<u><u>\$ 9,573,944</u></u>	<u><u>\$ 21,259,753</u></u>	<u><u>\$ 11,932,894</u></u>	<u><u>\$ 52,762,444</u></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, 2016**

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) \$ 6,959,966

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 Position 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).

17,817,387

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	\$ 8,820,310	
Leave Earned	<u>(9,390,866)</u>	(570,556)

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 position for the Internal Service Funds for the fiscal year is reported with governmental activities in the Statement of Activities.

Risk Management	\$ 2,609,152	
Health Insurance	<u>9,418,215</u>	12,027,367

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, 2016. This amount is the applicable Net Book Value change and depreciation expense for the fiscal year.

(15,917,180)

Governmental Accounting Standards Board Statement Number 68 on Accounting and Financial Reporting for Pensions was implemented in Fiscal Year 2015. This amount is the Pension Expense and Deferred Outflow (pension contributions paid) for the fiscal year (Note 8).

Pension Expense	\$ (32,503,000)	
Deferred Inflow	56,033,000	
Deferred Outflow	<u>(1,270,000)</u>	<u>22,260,000</u>

Change in Net Position of governmental activities in the Statement of Activities (Exhibit A-2) \$ 42,576,984

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

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2016

	Governmental Activities: Internal Service Funds
<b><u>ASSETS</u></b>	
Current Assets:	
Cash and Investments (Notes 1J1 and 6)	\$ 41,557,893
Accounts Receivable	932,203
Prepaid Items (Note 1J5)	<u>210,880</u>
TOTAL ASSETS	<u>\$ 42,700,976</u>
<b><u>LIABILITIES</u></b>	
Current Liabilities:	
Salaries Payable	\$ 229
Vouchers and	
Accounts Payable	3,229,743
Unearned Revenue (Note 3)	7,363,535
Estimated Claims and	
Judgments (due within one year)	
(Notes 5A and 9)	<u>11,319,750</u>
Total Current Liabilities	<u>\$ 21,913,257</u>
Noncurrent Liabilities:	
Estimated Claims and	
Judgments (due in more than one year)	
(Notes 5A and 9)	<u>3,773,250</u>
TOTAL LIABILITIES	<u>\$ 25,686,507</u>
<b><u>NET POSITION</u></b>	
Unrestricted	<u>\$ 17,014,469</u>
TOTAL NET POSITION	<u><u>\$ 17,014,469</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 NET POSITION  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2016

	Governmental Activities: Internal Service Funds
<b><u>OPERATING REVENUES</u></b>	
Charges for Services	\$ 148,978,812
Miscellaneous Revenue	13,520
Total Operating Revenue	<u>\$ 148,992,332</u>
<b><u>OPERATING EXPENSES</u></b>	
Personnel Services	\$ 695,312
Fringe Benefits	261,141
Other Charges (Note 1J2)	137,689,338
Total Operating Expenses	<u>\$ 138,645,791</u>
<b><u>OPERATING INCOME (LOSS)</u></b>	<u>\$ 10,346,541</u>
<b><u>NONOPERATING REVENUES (EXPENSES)</u></b>	
Transfers In-General Fund	\$ 1,600,000
Interest Income	80,826
Total Nonoperating Revenues (Expenses)	<u>\$ 1,680,826</u>
<b><u>CHANGES IN NET POSITION</u></b>	<u>\$ 12,027,367</u>
<b><u>TOTAL NET POSITION - JULY 1</u></b>	<u>4,987,102</u>
<b><u>TOTAL NET POSITION - JUNE 30</u></b>	<u><u>\$ 17,014,469</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, 2016

	Governmental Activities: Internal Service Funds
<b><u>CASH FLOWS FROM OPERATING</u></b>	
<b><u>ACTIVITIES:</u></b>	
Receipts from Customers and Users	\$ 149,017,537
Payments to Vendors for Goods/Services	(140,317,789)
Payments to Employees for Services	(956,833)
Net Cash Provided By Operating Activities	<u>\$ 7,742,915</u>
<b><u>CASH FLOWS FROM NONCAPITAL</u></b>	
<b><u>FINANCING ACTIVITIES:</u></b>	
Intergovernmental Receipts	\$ 1,600,000
<b><u>CASH FLOWS FROM INVESTING</u></b>	
<b><u>ACTIVITIES:</u></b>	
Interest Received on Investments	<u>80,826</u>
<b><u>NET INCREASE IN</u></b>	
<b><u>CASH AND INVESTMENTS</u></b>	<b>\$ 9,423,741</b>
<b><u>CASH AND INVESTMENTS,</u></b>	
<b><u>BEGINNING OF YEAR</u></b>	<b><u>32,134,152</u></b>
<b><u>CASH AND INVESTMENTS,</u></b>	
<b><u>END OF YEAR</u></b>	<b><u>\$ 41,557,893</u></b>
<b><u>RECONCILIATION OF OPERATING</u></b>	
<b><u>INCOME TO NET CASH</u></b>	
<b><u>PROVIDED BY OPERATING</u></b>	
<b><u>ACTIVITIES:</u></b>	
Operating Income	<u>\$ 10,346,541</u>
Adjustments to Reconcile Operating	
Income to Net Cash Provided	
(Used) by Operating Activities	
(Increase) Decrease in Assets	
Accounts Receivable	\$ (435,882)
Due from Commonwealth	117,419
Prepaid Items	(209,076)
Increase (Decrease) in Liabilities	
Salaries Payable	(380)
Vouchers and Accounts Payable	(394,375)
Unearned Revenue	343,668
Estimated Claims and Judgments	<u>(2,025,000)</u>
Total Adjustments	<u>\$ (2,603,626)</u>
Net Cash Provided By Operating Activities	<u>\$ 7,742,915</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, 2016

	Agency Funds
<b><u>ASSETS</u></b>	
Cash and Investments (Notes 1J1 and 6)	\$ 17,585,415
Accounts Receivable	2,157
Due from Federal Government	<u>930</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 17,588,502</u></b>
<b><u>LIABILITIES</u></b>	
Vouchers and Accounts Payable	<u>\$ 17,588,502</u>
<b>TOTAL LIABILITIES</b>	<b><u>\$ 17,588,502</u></b>

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, 2016**

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**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

---

**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 Position 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 Position, 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, 2016

---

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 – are used to account for the proceeds of specific revenue sources, other than for the above special revenue funds, which are restricted or committed to be expended for specified purposes. The Cafeterias Fund accounts for sales and proceeds from the school cafeterias. The Communication Towers/Technology Fund accounts for rent receipts relating to the communication towers constructed on School Board property. The Vending Operations Fund accounts for receipts and expenditures relating to the soft drink vending operations. The Equipment Replacement Fund accounts for financial resources provided for equipment replacement cycle for selected capital equipment for schools and central offices.

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, 2016

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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; Technology) 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) significance of their operational or financial relationship with the School Board, 2) for which the School Board is financially accountable, and 3) whose relationship with the School Board is such that exclusion would cause the School Board's financial statements to be misleading or incomplete. The School Board has no component units.

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 acquisition 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, 2016

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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 position.

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, 2016

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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 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 meeting all eligibility requirements. 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 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, 2016

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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 Board 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, if applicable, that can be used only for the specific purposes imposed by a resolution adopted by the School Board. Those committed amounts cannot be used for any other purpose unless the School Board removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Fund Balance (continued)

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 represents amounts intended to be used by the School Board for specific purposes. Assigned amounts are established by the School Board (see Note 10D).

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 Position

The difference between assets and deferred outflows, and liabilities and deferred inflows in the government-wide statement of net position must be labeled as *net position*. In addition, net position must be subdivided into three components: net investment in capital assets; restricted net position; and unrestricted net position, as follows:

Investment in Capital Assets – The investment in capital assets component presents the net position that comprise the capital assets (net of accumulated depreciation).

Restricted Net Position – The restricted net position component presents the net position that is restricted when constraints placed on the net position 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 Position – The unrestricted net position component consists of net position that does not meet the “investment in capital assets” or “restricted net position” definition.

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016

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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 amortized cost or 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. The School Board implemented Governmental Accounting Standards Board Statement Number 68 on Accounting and Financial Reporting for Pensions during Fiscal Year 2015.

5. Prepaid Items

Prepaid items are certain required/negotiated payments made during Fiscal Year 2016 for goods/services to be delivered/rendered (and recorded as an expenditure/expense on a consumption basis, accordingly) during the following fiscal year(s).

6. Debt Service

The School Board has debt service payments on debt incurred by the City "on behalf of" the School Board (see Note 4B for related information). However, information on the School Board and City debt service payments and outstanding debt as a whole 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, 2016

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

2. RECEIVABLES

A. Due from Commonwealth

The following revenues were due from the Commonwealth of Virginia at June 30, 2016:

State Share Sales Tax	\$ 5,638,396
Special Education – Regional Program	4,665,050
Technology Initiative	2,064,657
Juvenile Detention Center	253,516
VA ELearning Backpack Bayside	217,056
VA ELearning Backpack Green Run	179,550
VA ELearning Backpack Kempsville	166,782
Other Grants, Entitlements, and Shared Revenues	<u>78,415</u>
Total Due from Commonwealth (Exhibit A-3 and A-1)	<u>\$ 13,263,422</u>

B. Due from Federal Government

The following revenues were due from various federal agencies at June 30, 2016:

Adult Basic Education	\$ 63,054
Carl Perkins	664,888
DoDEA MCASP	239,310
DoDEA Special Education	49,581
McKinney Homeless	104,670
Medicaid	694,936
MTSS B Evaluation	76,689
National School Meal Program	1,033,489
NJROTC	78,903
Preschool Incentive	50,854
Title I	1,355,964
Title II	492,097
Title IV	37,247
Title VI-B	1,166,778
Other Grants, Entitlements, and Shared Revenues	<u>67,671</u>
Total Due from Federal Government (Exhibits A-3 and A-1)	<u>\$ 6,176,131</u>

(continued)

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**3. UNEARNED REVENUE**

Unearned revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Unearned revenue consists of the following as of June 30, 2016:

General Fund – Summer School Tuition and Behind the Wheel	\$ 385,045
School Grants Fund – Early Reading Intervention, Algebra Readiness, VA Initiative At Risk Four Year Old, Assessment of Learning , and other grants	418,868
Other Governmental Funds – School Cafeterias – Charges for Services	<u>401,328</u>
Total Unearned Revenue – Governmental Funds (Exhibit A-3)	\$ 1,205,241
School Health Insurance Internal Service Fund – Prepayment of July health insurance premiums (Exhibit A-5)	<u>7,363,535</u>
Total Unearned Revenue – Governmental Activities (Exhibit A-1)	<u>\$ 8,568,776</u>

**4. CAPITAL ASSETS**

**A. Summary of Changes in Capital Assets**

	Balance <u>July 1, 2015</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>June 30, 2016</u>
<b>Governmental Activities:</b>				
<b>Capital Assets Not Being Depreciated:</b>				
Land	\$ 39,670,603	\$ -	\$ 3,976	\$ 39,666,627
Construction in Progress	<u>26,318,706</u>	<u>27,327,976</u>	<u>400,828</u>	<u>53,245,854</u>
Total Capital Assets Not Being Depreciated	<u>\$ 65,989,309</u>	<u>\$ 27,327,976</u>	<u>\$ 404,804</u>	<u>\$ 92,912,481</u>
<b>Capital Assets Being Depreciated:</b>				
Buildings	\$ 646,164,845	\$ 6,806,533	\$ 17,137,284	\$ 635,834,094
Improvements Other Than Buildings	62,051,591	57,496	-	62,109,087
Machinery and Equipment	<u>109,144,166</u>	<u>3,818,909</u>	<u>1,927,007</u>	<u>111,036,068</u>
Total Capital Assets Being Depreciated	<u>\$ 817,360,602</u>	<u>\$ 10,682,938</u>	<u>\$ 19,064,291</u>	<u>\$ 808,979,249</u>
<b>Less Accumulated Depreciation for:</b>				
Buildings	\$ 270,063,581	\$ 20,202,628	\$ 11,216,625	\$ 279,049,584
Improvements Other Than Buildings	38,177,055	2,165,887	-	40,342,942
Machinery and Equipment	<u>73,903,386</u>	<u>7,341,540</u>	<u>1,851,819</u>	<u>79,393,107</u>
Total Accumulated Depreciation	<u>\$ 382,144,022</u>	<u>\$ 29,710,055</u>	<u>\$ 13,068,444</u>	<u>\$ 398,785,633</u>
<b>Total Capital Assets Being Depreciated, Net</b>	<u><b>\$ 435,216,580</b></u>	<u><b>\$ (19,027,117)</b></u>	<u><b>\$ 5,995,847</b></u>	<u><b>\$ 410,193,616</b></u>
<b>Governmental Activities Capital Assets, Net</b>	<u><b>\$ 501,205,889</b></u>	<u><b>\$ 8,300,859</b></u>	<u><b>\$ 6,400,651</b></u>	<u><b>\$ 503,106,097</b></u>

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016

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4. CAPITAL ASSETS (continued)

B. Tenancy in Common with 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, 2016, as follows:

School Buildings reported by the City	\$ 365,684,669
Less: Accumulated Depreciation	<u>42,158,101</u>
Net Book Value reported by the City	<u>\$ 323,526,568</u>

C. Depreciation Expense on Capital Assets

Depreciation expense was charged to governmental activities, as follows:

Instruction	\$ 21,971,484
Admin, Attendance, & Health	630
Pupil Transportation	3,463,091
Operations and Maintenance	647,169
Cafeterias	331,773
Technology	<u>3,295,908</u>
Total Depreciation Expense	<u>\$ 29,710,055</u>

Note: Approximately \$10 million of the depreciation expense is on buildings owned by the School Board and reported by the City, and the net accumulated depreciation change/transfer 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, 2016**

**5. LONG-TERM LIABILITIES**

**A. Summary of Changes in Long-Term Liabilities**

	Balance July 1, 2015	Additions	Reductions	Balance June 30, 2016	Amounts Due Within One Year
Governmental Activities:					
Accrued Compensated Leave (Note 5B)	\$ 19,975,324	\$ 9,390,866	\$ 8,820,309	\$ 20,545,881	\$ 9,084,918
Estimated Claims and Judgments (Notes 9A and 9C)	17,118,000	137,690,000	139,715,000	15,093,000	11,319,750
Net Pension Liability (Note 8A)	<u>634,760,000</u>	<u>200,914,000</u>	<u>168,411,000</u>	<u>667,263,000</u>	<u>-</u>
Long-Term Liabilities	<u>\$ 671,853,324</u>	<u>\$ 347,994,866</u>	<u>\$ 316,946,309</u>	<u>\$ 702,901,881</u>	<u>\$ 20,404,668</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, 2016:

<u>Compensated Leave</u>	
Annual	\$10,016,205
Sick	8,573,293
Personal	<u>1,956,383</u>
Total	<u>\$20,545,881</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, is 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, 2016**

**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).

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quote prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs (the City does not value any of its investments using level 3 inputs).

As of June 30, 2016, the City had the following recurring investments. Except for the investments in the State Non-Arbitrage Program (SNAP), Virginia Investment Pool (VIP), and Local Government Investment Pool (LGIP), all investments are in an internal investment pool.

	6/30/2016	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)	Weighted Average Maturities (in months)
<b><u>Investments at Fair Value:</u></b>					
Money Market funds	\$ 100,401,154	\$ -	\$ 100,401,154	\$ -	0.13
Commercial Paper	99,897,639	-	99,897,639	-	0.54
U. S. Government Securities	70,000,000	-	70,000,000	-	0.09
	<u>\$ 270,298,793</u>	<u>\$ -</u>	<u>\$ 270,298,793</u>	<u>\$ -</u>	
<b><u>Investments Measured at other than Fair Value:</u></b>					
Certificates of Deposits	\$ 85,000,000				0.91
State Non Arbitrage Program – SNAP	21,342,602				0.03
State Treasurer's Local Government Pool	360,000,000				0.48
Virginia Investment Pool (VIP)	10,251,382				0.01
Total Fair Value	<u>\$ 476,593,984</u>				
Total Investments	<u>\$ 746,892,777</u>				
Portfolio Weighted Average Maturity					<u>0.44</u>

**Reconciliation of total deposits and investments:**

	Primary Government	School Board Component Unit	Total
Cash and Investments	\$ 377,524,746	\$ 143,185,316	\$ 520,710,062
Restricted Cash and Cash Equivalents	494,361,190	-	494,361,190
Fiduciary Funds	135,531	17,585,415	17,720,946
Total	<u>\$ 872,021,467</u>	<u>\$ 160,770,731</u>	<u>\$ 1,032,792,198</u>
Less: Cash on Deposit			(285,899,421)
Total Market Value of Investments at June 30, 2016			<u>\$ 746,892,777</u>

(continued)



**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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**6. DEPOSITS AND INVESTMENTS (continued)**

The City has investments in U.S. Government securities valued at \$70 million (Level 2 inputs). These investments are classified in Level 2 at the fair value hierarchy and are valued using matrix pricing techniques maintained by various pricing vendors. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Fair value is defined as the quoted market value on the last trading day of the period. These prices are obtained from various pricing sources by the City's custodian bank.

Investments in Money Market Funds (Level 2 inputs) and Commercial Paper (Level 2 inputs) are classified in Level 2 of the fair value hierarchy and are valued in accordance with pricing sources by the City's custodian bank.

The remaining investments are measured in accordance with existing GASB standards and at amortized costs totaled \$476,593,984 at June 30, 2016.

**Interest Rate Risk:**

As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits maximum final stated maturities of investments to five years. In addition, the City will structure the investment portfolio so that securities mature to meet cash requirements and by investing operating funds primarily in shorter-term securities.

Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements. Reverse and escrow funds may be invested in securities exceeding five years to maturity if the maturities of such investments are made to coincide as nearly as practicable with the expected use of the funds.

The City assumes all investments will be held until maturity or until called at their par value. However, an investment may be sold at an earlier date to meet certain obligations or if the investment's credit quality drops. This makes the City's investments sensitive to market rate fluctuations. To mitigate the impact of market rate fluctuations, the City maintains enough liquidity to meet its short-term needs with a smaller portion invested in long-term government-sponsored organizations and high-quality corporate notes.

**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

(continued)

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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**6. DEPOSITS AND INVESTMENTS (continued)**

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 – For an investment, this is the risk that, in the event of a failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. 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. In addition, the City pre-qualifies the financial institutions, brokers/dealers, intermediaries and advisors with which the City will do business.

The City's rated debt investments as of June 30, 2016 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><b>Rated Debt Investments</b></u>	<u><b>Fair Quality Ratings</b></u>	
	<u><b>AAA</b></u>	<u><b>A1/P1/F1+</b></u>
State Treasurer's Local Government Investment Pool (LGIP)	\$ 360,000,000	\$ -
U. S. Government Securities	70,000,000	-
State Non Arbitrage Program (SNAP)	21,342,602	-

**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, 2016, 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, 2016 resulted in a net increase of \$372,994.

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, 2016, 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.

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016

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7. COMMITMENTS AND CONTINGENCIES (continued)

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 2016) 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 2016 and not paid until July 2016) to substitutes, part-time employees, and other school personnel.

D. Construction Projects

The School Board has active construction projects and related contractual commitments as of June 30, 2016, as follows:

<u>Construction in Progress</u>	<u>Commitments</u>
<u>\$53,245,854</u>	<u>\$12,980,506</u>

E. 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, 2016. 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	\$ 7,871,783
Capital Projects	12,980,506
Other Governmental	619,843
Total	<u>\$21,472,132</u>

8. RETIREMENT AND OTHER POSTEMPLOYMENT BENEFITS

A. Virginia Retirement System

1. Plan Description

Name of Plan: Virginia Retirement System (VRS)  
Identification of Plan: Agent and Cost-Sharing, Multiple Employer Pension Plan  
Administering Entity: Virginia Retirement System (System)

(continued)

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**8. RETIREMENT AND OTHER POSTEMPLOYMENT BENEFITS (continued)**

**A. Virginia Retirement System (continued)**

Governmental Accounting Standards Board Statement Number 68 on Accounting and Financial Reporting for Pensions was implemented in Fiscal Year 2015.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Virginia Retirement System (VRS) Professional and Nonprofessional Retirement Plans and the additions to/deductions from the VRS Professional and Nonprofessional Retirement Plans' net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

All full-time, salaried permanent professional employees of public school divisions are automatically covered by the VRS Teacher Retirement Plan, a cost-sharing multiple-employer defined benefit plan, upon employment. All full-time, salaried permanent non-professional employees (non-teacher) are automatically covered by the VRS Retirement Plan, an agent multiple-employer defined benefit plan, upon employment. Members earn one month of service credit for each month they are employed and they and their employer are paying contributions to VRS. Members are eligible to purchase prior public service, based on specific criteria as defined in the Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active duty military service, certain periods of leave, and previously refunded VRS service.

Within the VRS Plan, the System administers three different benefit plans for local government and School Board employees – Plan 1, Plan 2, and Hybrid. Each plan has different eligibility and benefit structures as set forth in the table below:

VRS PLAN 1 Retirement Plan Provisions	VRS PLAN 2 Retirement Plan Provisions	VRS HYBRID Retirement Plan Provisions
<p><u>About VRS Plan 1</u>  VRS Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p>	<p><u>About VRS Plan 2</u>  VRS Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for VRS Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p>	<p><u>About the VRS Hybrid Plan</u>  The VRS Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as VRS Plan 1 and VRS Plan 2 members who were eligible and opted into the plan during a special election window. (See "Eligible Members")</p> <ul style="list-style-type: none"> <li>• The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.</li> <li>• The benefit from the defined contribution component of the plan depends on the member and</li> </ul>

(continued)

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

VRS PLAN 1 Retirement Plan Provisions	VRS PLAN 2 Retirement Plan Provisions	VRS HYBRID Retirement Plan Provisions
		<p>employer contributions made to the plan and the investment performance of those contributions.</p> <p>• In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.</p>
<p><b><u>Eligible Members</u></b>  Employees are in VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p> <p><b><u>VRS Hybrid Opt-In Election</u></b>  VRS non-hazardous duty covered VRS Plan 1 members were allowed to make an irrevocable decision to opt into the VRS Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The VRS Hybrid Retirement Plan's effective date for eligible VRS Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the VRS Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and had prior service under VRS Plan 1 were not eligible to elect the VRS Hybrid Retirement Plan and remain as VRS Plan 1 or ORP.</p>	<p><b><u>Eligible Members</u></b>  Employees are in VRS Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p> <p><b><u>VRS Hybrid Opt-In Election</u></b>  VRS Plan 2 members were allowed to make an irrevocable decision to opt into the VRS Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The VRS Hybrid Retirement Plan's effective date for eligible VRS Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the VRS Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and have prior service under VRS Plan 2 were not eligible to elect the VRS Hybrid Retirement Plan and remain as VRS Plan 2 or ORP.</p>	<p><b><u>Eligible Members</u></b>  Employees are in the VRS Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> <li>• School division employees</li> <li>• Members in VRS Plan 1 or VRS Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014</li> </ul> <p>Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the VRS Hybrid Retirement Plan. If these members have prior service under VRS Plan 1 or VRS Plan 2, they are not eligible to elect the VRS Hybrid Retirement Plan and must select VRS Plan 1 or VRS Plan 2 (as applicable) or ORP.</p>

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**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
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VRS PLAN 1 Retirement Plan Provisions	VRS PLAN 2 Retirement Plan Provisions	VRS HYBRID Retirement Plan Provisions
<p><b><u>Retirement Contributions</u></b>  Members contribute up to 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some school divisions and political subdivisions elected to phase in the required 5% member contribution; all employees will be paying the full 5% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.</p>	<p><b><u>Retirement Contributions</u></b>  Members contribute up to 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some school divisions and political subdivisions elected to phase in the required 5% member contribution; all employees will be paying the full 5% by July 1, 2016.</p>	<p><b><u>Retirement Contributions</u></b>  A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.</p>
<p><b><u>Creditable Service</u></b>  Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p>	<p><b><u>Creditable Service</u></b>  Same as VRS Plan 1.</p>	<p><b><u>Creditable Service</u></b>  <b><u>Defined Benefit Component:</u></b>  Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p> <p><b><u>Defined Contribution Component:</u></b>  Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.</p>

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VRS PLAN 1 Retirement Plan Provisions	VRS PLAN 2 Retirement Plan Provisions	VRS HYBRID Retirement Plan Provisions
<p><b><u>Vesting</u></b>  Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions that they make.</p>	<p><b><u>Vesting</u></b>  Same as VRS Plan 1.</p>	<p><b><u>Vesting</u></b>  <b><u>Defined Benefit Component:</u></b>  Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the VRS Hybrid Retirement Plan when they reach five years (60 months) of creditable service. VRS Plan 1 or VRS Plan 2 members with at least five years (60 months) of creditable service who opted into the VRS Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p><b><u>Defined Contribution Component:</u></b>  Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.</p> <p>Members are always 100% vested in the contributions that they make.</p> <p>Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none"> <li>• After two years, a member is 50% vested and may withdraw 50% of employer contributions.</li> <li>• After three years, a member is 75% vested and may withdraw 75% of employer contributions.</li> <li>• After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.</li> </ul> <p>Distribution is not required by law until age 70½.</p>

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VRS PLAN 1 Retirement Plan Provisions	VRS PLAN 2 Retirement Plan Provisions	VRS HYBRID Retirement Plan Provisions
<p><b><u>Calculating the Benefit</u></b> The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.</p> <p>An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.</p>	<p><b><u>Calculating the Benefit</u></b> See definition under VRS Plan 1.</p>	<p><b><u>Calculating the Benefit</u></b> <b><u>Defined Benefit Component:</u></b> See definition under VRS Plan 1</p> <p><b><u>Defined Contribution Component:</u></b> The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.</p>
<p><b><u>Average Final Compensation</u></b> A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p><b><u>Average Final Compensation</u></b> A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p>	<p><b><u>Average Final Compensation</u></b> Same as VRS Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>
<p><b><u>Service Retirement Multiplier</u></b> The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.7%.</p>	<p><b><u>Service Retirement Multiplier</u></b> Same as Plan1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.</p>	<p><b><u>Service Retirement Multiplier</u></b> <b><u>Defined Benefit Component:</u></b> The retirement multiplier is 1.0%.</p> <p>For members that opted into the VRS Hybrid Retirement Plan from VRS Plan 1 or VRS Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.</p> <p><b><u>Defined Contribution Component:</u></b> Not applicable.</p>
<p><b><u>Normal Retirement Age</u></b> Age 65.</p>	<p><b><u>Normal Retirement Age</u></b> Normal Social Security retirement age.</p>	<p><b><u>Normal Retirement Age</u></b> <b><u>Defined Benefit Component:</u></b> Same as VRS Plan 2.</p> <p><b><u>Defined Contribution Component:</u></b> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>

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**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
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VRS PLAN 1 Retirement Plan Provisions	VRS PLAN 2 Retirement Plan Provisions	VRS HYBRID Retirement Plan Provisions
<p><u><b>Earliest Unreduced Retirement Eligibility</b></u>  Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit at age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.</p>	<p><u><b>Earliest Unreduced Retirement Eligibility</b></u>  Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.</p>	<p><u><b>Earliest Unreduced Retirement Eligibility</b></u>  <u><b>Defined Benefit Component:</b></u>  Members are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.</p> <p><u><b>Defined Contribution Component:</b></u>  Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p><u><b>Earliest Reduced Retirement Eligibility</b></u>  Members may retire with a reduced benefit as early as age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.</p>	<p><u><b>Earliest Reduced Retirement Eligibility</b></u>  Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.</p>	<p><u><b>Earliest Unreduced Retirement Eligibility</b></u>  <u><b>Defined Benefit Component:</b></u>  Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.</p> <p><u><b>Defined Contribution Component:</b></u>  Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p><u><b>Cost-of-Living Adjustment (COLA) in Retirement</b></u>  The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p> <p><u><b>Eligibility:</b></u>  For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</p>	<p><u><b>Cost-of-Living Adjustment (COLA) in Retirement</b></u>  The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.</p> <p><u><b>Eligibility:</b></u>  Same as VRS Plan 1</p>	<p><u><b>Cost-of-Living Adjustment (COLA) in Retirement</b></u>  <u><b>Defined Benefit Component:</b></u>  Same as VRS Plan 2.</p> <p><u><b>Defined Contribution Component:</b></u>  Not applicable.</p> <p><u><b>Eligibility:</b></u>  Same as VRS Plan 1 and VRS Plan 2.</p>

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**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
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VRS PLAN 1 Retirement Plan Provisions	VRS PLAN 2 Retirement Plan Provisions	VRS HYBRID Retirement Plan Provisions
<p>For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p> <p><u>Exceptions to COLA Effective Dates:</u>  The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> <li>• The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.</li> <li>• The member retires on disability.</li> <li>• The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).</li> <li>• The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.</li> <li>• The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.</li> </ul>	<p><u>Exceptions to COLA Effective Dates:</u>  Same as VRS Plan 1</p>	<p><u>Exceptions to COLA Effective Dates:</u>  Same as VRS Plan 1 and VRS Plan 2.</p>
<p><u>Disability Coverage</u>  Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.</p> <p>Virginia Sickness and Disability Program (VSDP) members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</p>	<p><u>Disability Coverage</u>  Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</p>	<p><u>Disability Coverage</u>  Eligible school divisions (including VRS Plan 1 and VRS Plan2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.</p> <p>VRS Hybrid members (including VRS Plan 1 and VRS Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before</p>

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**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
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VRS PLAN 1 Retirement Plan Provisions	VRS PLAN 2 Retirement Plan Provisions	VRS HYBRID Retirement Plan Provisions
		becoming eligible for non-work related disability benefits.
<u>Purchase of Prior Service</u> Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.	<u>Purchase of Prior Service</u> Same as VRS Plan 1.	<u>Purchase of Prior Service</u> <b>Defined Benefit Component:</b> Same as VRS Plan 1, with the following exceptions: <ul style="list-style-type: none"> <li>• VRS Hybrid Retirement Plan members are ineligible for ported service.</li> <li>• The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation.</li> <li>• Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost. After that one-year period, the rate for most categories of service will change to actuarial cost.</li> </ul> <u>Defined Contribution Component:</u> Not applicable.

**2. Employees Covered by Benefit Terms**

As of June 30, 2015 actuarial valuation, the following Nonprofessional employees (non-teacher) were covered by the benefit terms of the pension plan:

**Nonprofessional Employees (non-teacher):**

Inactive Members or Their Beneficiaries	
Currently Receiving Benefits	1,364
Inactive Members:	
Vested Inactive Members	284
Non-Vested Inactive Members	882
Inactive Members Active Elsewhere in VRS	397
Total Inactive Members	1,563
Active Members	2,055
Total Covered Employees	4,982

**3. Contributions**

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been assumed by the

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8. RETIREMENT AND OTHER POSTEMPLOYMENT BENEFITS (continued)

A. Virginia Retirement System (continued)

employer. Beginning July 1, 2012 new employees were required to pay the 5.00% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5.00% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. Each school division's contractually required contribution rate for the year ended June 30, 2016 was 14.06% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013 adjusted for the transfer in June 2015 of \$192,884,000 as an accelerated payback of the deferred contribution in the 2010-12 biennium. The actuarial rate for the Professional Plan (Teacher Retirement Plan) was 18.20%; however, it was reduced to 17.64% as a result of the transfer. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Based on the provisions of §51.1-145 of the Code of Virginia, as amended, the contributions were funded at 79.69% of the actuarial rate for the year ended June 30, 2016. Contribution to the pension plan from the school division were \$54,463,409 and \$55,858,551 for the years ended June 30, 2016 and June 30, 2015, respectively.

For the Nonprofessional (non-teacher) employees, the school division is contractually required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The school division contribution rate for the fiscal year ended 2016 was 9.11% of annual covered payroll. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013. When combined with employee contributions, this rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contribution to the pension plan from the school division were \$3,857,605 and \$3,739,486 for the years ended June 30, 2016 and June 30, 2015, respectively.

4. Net Pension Liability

At June 30, 2016, the school division reported a net pension liability of \$653,690,000 for its proportionate share of the Net Pension Liability of the Teacher Retirement Plan (Professional). The Net Pension Liability was measured as of June 30, 2015 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2015 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2015, the school division's proportion was 5.19364% as compared to 5.16303% at June 30, 2014.

In addition, the school division's Net Pension Liability for the Nonprofessional (non-teacher) Retirement Plan was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2014, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2015. At June 30, 2016, the school division reported a liability of \$13,573,000 for the Nonprofessional (non-teacher) Retirement Plan.

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**8. RETIREMENT AND OTHER POSTEMPLOYMENT BENEFITS (continued)**

**A. Virginia Retirement System (continued)**

**5. Pension Expense**

For the year ended June 30, 2016, the school division recognized pension expense of \$45,516,000 of the Teacher Retirement Plan (Professional). Since there was a change in proportionate share between June 30, 2014 and June 30, 2015, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

In addition, for the year ended June 30, 2016, the school division recognized pension expense of \$509,000 for the Nonprofessional (non-teacher) Retirement Plan.

**6. Deferred Outflows/Inflows of Resources**

At June 30, 2016, for the Teacher Retirement Plan (Professional), the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ -	\$ 9,001,000
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	40,031,000
Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions	-	7,173,000
Employer Contributions Subsequent to the Measurement Date	54,463,000	-
Total	<u>\$ 54,463,000</u>	<u>\$ 56,205,000</u>

\$54,463,000 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ended June 30</u>	<u>Deferred Amounts</u>
2017	(\$20,082,000)
2018	(\$20,082,000)
2019	(\$20,082,000)
2020	\$4,625,000
2021	(\$584,000)
Total	<u>(\$56,205,000)</u>

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**8. RETIREMENT AND OTHER POSTEMPLOYMENT BENEFITS (continued)**

**A. Virginia Retirement System (continued)**

In addition, at June 30, 2016, for the Nonprofessional (non-teacher) Retirement Plan, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ -	\$ 497,000
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	5,006,000
Employer Contributions Subsequent to the Measurement Date	3,858,000	-
Total	<u>\$ 3,858,000</u>	<u>\$ 5,503,000</u>

\$3,858,000 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ended June 30</u>	<u>Deferred Amounts</u>
2017	(\$2,220,000)
2018	(\$2,215,000)
2019	(\$1,969,000)
2020	\$901,000
Total	<u>(\$5,503,000)</u>

**7. Actuarial Assumptions**

**Professional/Teacher Retirement Plan**

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2014, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2015.

Inflation	2.5 percent
Salary increases, including Inflation	3.5 percent – 5.95%
Investment rate of return	7.0 Percent, net of pension plan investment expense, including inflation*

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

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SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA  
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8. RETIREMENT AND OTHER POSTEMPLOYMENT BENEFITS (continued)

A. Virginia Retirement System (continued)

Mortality rates:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 3 years and females were set back 5 years.

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females were set back 3 years.

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 1 year and no provision for future mortality improvement

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

- Update mortality table
- Adjustments to the rates of service retirement
- Decrease in rates of withdrawals for 3 through 9 years of service
- Decrease in rates of disability
- Reduce rates of salary increase by 0.25% per year

Nonprofessional (non-teacher) Retirement Plan

The total pension liability for Nonprofessional Retirement Plan (non-teacher) was based on an actuarial valuation as of June 30, 2014, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2015.

Inflation	2.5 percent
Salary increases, including Inflation	3.5 percent – 5.35%
Investment rate of return	7.0 Percent, net of pension plan investment expense, including inflation*

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

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**8. RETIREMENT AND OTHER POSTEMPLOYMENT BENEFITS (continued)**

**A. Virginia Retirement System (continued)**

**Mortality rates: 14% of deaths are assumed to be service related**

**Pre-Retirement:**

**RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females were set back 2 years.**

**Post-Retirement:**

**RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year.**

**Post-Disablement:**

**RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement.**

**The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:**

- Update mortality table**
- Decrease in rates of service retirement**
- Decrease in rates of disability retirement**
- Reduce rates of salary increase by 0.25% per year**

**8. Long-Term Expected Rate of Return**

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

(continued)



**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**8. RETIREMENT AND OTHER POSTEMPLOYMENT BENEFITS (continued)**

**A. Virginia Retirement System (continued)**

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
U.S. Equity	19.50%	6.46%	1.26%
Developed Non U.S. Equity	16.50%	6.28%	1.04%
Emerging Market Equity	6.00%	10.00%	0.60%
Fixed Income	15.00%	0.09%	0.01%
Emerging Debt	3.00%	3.51%	0.11%
Rate Sensitive Credit	4.50%	3.51%	0.16%
Non Rate Sensitive Credit	4.50%	5.00%	0.23%
Convertibles	3.00%	4.81%	0.14%
Public Real Estate	2.25%	6.12%	0.14%
Private Real Estate	12.75%	7.10%	0.91%
Private Equity	12.00%	10.41%	1.25%
Cash	1.00%	-1.50%	-0.02%
Total	100.00%		5.83%
			Inflation
			2.50%
			*Expected arithmetic nominal return
			8.33%

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

**9. Discount Rate**

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

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

**10. Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the school division's proportionate share of the net pension liability for the Professional/Teacher Retirement Plan using the discount rate of 7.00%, as well as what the school division's

(continued)

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**8. RETIREMENT AND OTHER POSTEMPLOYMENT BENEFITS (continued)**

**A. Virginia Retirement System (continued)**

proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
School Division's Proportionate Share of the Net Pension Liability for the VRS Teacher Retirement Plan	\$956,613,000	\$653,690,000	\$404,320,000

In addition, the following presents the net pension liability of the Nonprofessional (non-teacher) Retirement Plan using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
School Division's Net Pension Liability (Asset) for the Nonprofessional (non-teacher) Retirement Plan	\$38,495,000	\$13,573,000	(\$7,346,000)

**11. Changes in Net Pension Liability – Nonprofessional (non-teacher) Retirement Plan**

	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balance – July 1	\$198,934,626	\$188,111,748	\$ 10,822,878
Changes for the fiscal year:			
Service Cost	\$ 4,089,939		\$ 4,089,939
Interest	13,574,596		13,574,596
Diff between Expected/Actual Experience	(747,303)		(747,303)
Contribution – Employer	-	\$ 3,739,486	(3,739,486)
Contribution – Employee	-	2,041,468	(2,041,468)
Net Investment Income	-	8,507,018	(8,507,018)
Benefit Payments	(9,558,643)	(9,558,643)	-
Refunds of Contributions	(465,012)	(465,012)	-
Administrative Expenses	-	(118,985)	118,985
Other Changes	-	(1,792)	1,792
Net Changes	\$ 6,893,577	\$ 4,143,540	\$ 2,750,037
Balance – June 30	\$205,828,203	\$192,255,288	\$ 13,572,915

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016

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8. RETIREMENT AND OTHER POSTEMPLOYMENT BENEFITS (continued)

A. Virginia Retirement System (continued)

12. Pension Plan Fiduciary Net Position – Teacher Retirement Plan

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2015 Comprehensive Annual Financial Report (CAFR). A copy of the 2015 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2015-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

B. Other Postemployment Benefits

**1. Plan Description.** The City and School Board Other Postemployment Benefit (OPEB) Plans are each a single-employer, defined benefit plan, administered by the City and School Board 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 School Board has established certain plans to provide post-employment 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 School Board as well 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.

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

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 OPEB. The School Board in accordance with this election have joined the Virginia Pooled OPEB Trust Fund which invests funds contributed by each participating employer. It does not administer the retiree health benefits of each participating employer. Deposits to this trust are irrevocable and are held solely for the payment of OPEB benefits for the School Board.

**2. Funding Policy.** Contribution requirements of the 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, 2016 the School Board contributed \$4,462,800. Plan members from each organization contributed \$132.77 per month for retiree-only point of services coverage. The School Board retirees with coverage for their spouses will contribute \$563.49 per month to age 65. Employees who retire with at least 25 years of service with the 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. The School Board 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 provided free of charge. The retiree contribution rate shall be based on the experience of the plan, the School Board's annual contribution amount and the remaining premium cost.

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016

**8. RETIREMENT AND OTHER POSTEMPLOYMENT BENEFITS (continued)**

**B. Other Postemployment Benefits (continued)**

**3. Annual OPEB Cost and Contribution.** For 2016, the School Board's OPEB cost of \$4,462,800 was equal to its annual required contribution. The School Board's OPEB expected benefit payment for 2016 totaled \$5,748,000 and exceeded its annual required contributions noted above. This overage was not withdrawn from the Trust Accounts. The School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 is presented below (and presented with multi-year information as RSI following the notes to the financial statements).

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of ARC Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2016	\$4,462,800	100.0%	\$ -

**Funded Status and Funding Progress.** The funded status of the plan as of January 1, 2016, was as follows:

	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded (Overfunded) Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll
	January 1, 2016	\$ 27,364,500	\$ 57,839,900	\$ 30,475,400	47.31%	\$ 426,884,300
						7.14%

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 required supplemental information 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.

**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, 2016, actuarial valuation, for the years ending June 30, 2016 and 2017, 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 assumption of 3.7% in 2016, 9% in 2017 initially, graded to 4.5% over 65 years with no projected salary increase assumed. An inflation rate assumption of 2.5% was incorporated in the actuarial valuation. Employer and retiree contributions are assumed to increase at the same rate as the medical cost trend assumptions. There were no additional postretirement benefit increases assumed. Unfunded actuarial accrued liabilities are being amortized as a level dollar amount over an open 30 year period. The remaining amortization period is 30 years.

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016

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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 (includes unnamed windstorm and earthquake damage) and 1% of the total insured value of the damaged covered property when such loss or damage results from a named windstorm (minimum deductible – \$250,000 per occurrence); Boiler and Machinery Breakdown coverage is \$10,000 per occurrence; School Leaders Liability (errors and omissions) coverage is \$350,000 per occurrence; Student Professional & International Travel Liability coverage is \$2,250,000 per claim; Crime (Employee Dishonesty) coverage is \$1,000 per occurrence; Environmental Impairment and Cyber Liability coverage has a \$1,000,000 limit per occurrence; General Liability and Wrongful Act coverage is \$350,000 per occurrence; Automobile Liability coverage (engine on) is \$450,000 per occurrence; Automobile Physical Damage coverage (engine off) is \$60,000 per occurrence; General and Automobile Liability has a \$4,000,000 excess limit per occurrence; and Workers' Compensation Excess coverage is \$850,000 per claim.

Commercial insurance is purchased to cover the amount in excess of the above self-insured levels for specific losses. 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 and the insurance coverage is substantially the same as in recent prior fiscal years.

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, 2016 is \$7,554,000 (undiscounted), as follows:

<u>Fiscal Year</u>	<u>Beginning-of- Fiscal-Year Liability</u>	<u>Current-Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Balance at Fiscal Year-End</u>
2013-14	\$7,272,000	\$6,246,000	\$5,622,000	\$7,896,000
2014-15	\$7,896,000	\$6,588,000	\$5,894,000	\$8,590,000
2015-16	\$8,590,000	\$5,052,000	\$6,088,000	\$7,554,000

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 \$600,000. The amount of settlements did not exceed insurance coverage for each of the past three fiscal years.

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016

9. RISK MANAGEMENT AND HEALTH CARE BENEFITS (continued)

C. Self-Insured Health Care Benefits Program (continued)

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, 2016 is \$7,539,000 (undiscounted), as follows:

<u>Fiscal Year</u>	<u>Beginning-of-Fiscal-Year Liability</u>	<u>Current-Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Balance at Fiscal Year-End</u>
2013-14	\$ 8,578,000	\$136,996,000	\$136,182,000	\$ 9,392,000
2014-15	\$ 9,392,000	\$138,879,000	\$139,743,000	\$ 8,528,000
2015-16	\$ 8,528,000	\$132,638,000	\$133,627,000	\$ 7,539,000

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 2016:

<u>Fund</u>	<u>Interfund Transfers In</u>	<u>Interfund Transfers Out</u>
General Fund	\$ -	\$ 3,213,930
School Grants		
Special Revenue	3,213,930	-
Total per Exhibit A-4	<u>\$ 3,213,930</u>	<u>\$ 3,213,930</u>

Purpose: Operational support during Fiscal Year 2015-16

B. Interfund Receivables and Payables

The following are the School Board's interfund receivables and payables as of June 30, 2016:

<u>Fund</u>	<u>Interfund Receivables (Due from Other Funds)</u>	<u>Interfund Payables (Due to Other Funds)</u>
General Fund	\$ 2,688,762	\$ -
School Grants		
Special Revenue	-	2,688,762
Total per Exhibit A-3	<u>\$ 2,688,762</u>	<u>\$ 2,688,762</u>

Purpose: Eliminate School Grants Fund negative cash balance at June 30, 2016 (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, 2016

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**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 Position 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	\$ 34,015,383
General Fund	3,391,717
Grants Special Revenue Fund	111,882
School Cafeterias Special Revenue Fund	91,103
Total Capital Outlay	<u>\$ 37,610,085</u>
Less:	
Depreciation Expense	\$(29,710,055)
Depreciation Expense and Accumulated	
Depreciation change/transfer related to	
the Tenancy in Common by the City on	
certain School Buildings (Notes 4B&C)	10,035,415
Loss on Disposals	<u>(118,058)</u>
Total Depreciation Expense and Other	<u>\$(19,792,698)</u>
Total Amount by which Capital	
Outlay Exceeded Depreciation	
Expense and Other (Exhibit A-4)	<u>\$ 17,817,387</u>

**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.

(continued)

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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

**D. Fund Balance Classifications (continued)**

	General	School Grants	School Textbooks	Capital Projects	Nonmajor Governmental	Total Governmental Funds
<b><u>Nonspendable</u></b>						
Inventories and Prepaid Items	\$ 844,003	\$ -	\$ 1,126,588	\$ -	\$ 607,619	\$ 2,578,210
<b><u>Restricted</u></b>						
Federal and State Grantor Agencies	\$ -	\$ 759,498	\$ -	\$ -	\$ -	\$ 759,498
Capital Projects						
Bond Proceeds Balance	-	-	-	20,731,125	-	20,731,125
State DOE/Textbooks	-	-	8,447,356	-	-	8,447,356
USDA/Cafeterias Charges	-	-	-	-	7,029,421	7,029,421
Total Restricted	\$ -	\$ 759,498	\$ 8,447,356	\$ 20,731,125	\$ 7,029,421	\$ 36,967,400
<b><u>Committed</u></b>						
Capital Projects Contracts	\$ -	\$ -	\$ -	\$ 528,628	\$ -	\$ 528,628
Communication Towers/Technology	-	-	-	-	3,002,341	3,002,341
Vending Operations/School Allocations	-	-	-	-	42,019	42,019
Equipment Replacement	-	-	-	-	1,251,494	1,251,494
Total Committed	\$ -	\$ -	\$ -	\$ 528,628	\$ 4,295,854	\$ 4,824,482
<b><u>Assigned</u></b>						
Instructional Technology	\$ 200,950	\$ -	\$ -	\$ -	\$ -	\$ 200,950
School Athletics	333,089	-	-	-	-	333,089
Instruction Category	333,934	-	-	-	-	333,934
Administration, Attendance and Health Category	8,700	-	-	-	-	8,700
Pupil Transportation Category	2,299,188	-	-	-	-	2,299,188
Operations and Maintenance Category	3,766,637	-	-	-	-	3,766,637
Technology Category	1,449,854	-	-	-	-	1,449,854
Total Assigned	\$ 8,392,352	\$ -	\$ -	\$ -	\$ -	\$ 8,392,352
Total Fund Balances	\$ 9,236,355	\$ 759,498	\$ 9,573,944	\$ 21,259,753	\$ 11,932,894	\$ 52,762,444



## **REQUIRED SUPPLEMENTARY INFORMATION**

### **RETIREMENT AND OTHER POSTEMPLOYMENT BENEFITS**

**Schedule of Employer's Share of Net Pension Liability – Professional Employees**  
**Schedule of Changes in the Net Pension Liability and Related Ratios – Nonprofessional Employees**  
**Schedule of Employer Pension Contributions – Professional Employees**  
**Schedule of Employer Pension Contributions – 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  
SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY  
PROFESSIONAL EMPLOYEES  
JUNE 30, 2016**

**Schedule of Employer's Share  
of Net Pension Liability**

**Professional/Teacher Retirement Plan**

	(a)	(b)	(c)	(d)	(e)
	Employer's Proportion of the Net Pension Liability	Employer's Proportionate Share of the Net Pension Liability	Employer's Covered Employee Payroll	Employer's Proportionate Share of the NPL as a % of its Covered Employee Payroll (b) / (c)	Plan Fiduciary Net Position as a % of the Total Pension Liability
Date					
June 30, 2015	5.16303%	\$623,937,000	\$377,297,007	165.37%	70.88%
June 30, 2016	5.19364%	\$653,690,000	\$385,231,385	169.69%	70.68%

Schedule is intended to show information for 10 years. Since 2016 is the second year for this presentation, only one additional year of data is available. However, additional years will be included as they become available.

The amounts presented have a measurement date of the previous fiscal year end.

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA  
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS  
NONPROFESSIONAL EMPLOYEES  
FOR THE YEAR ENDED JUNE 30, 2016**

	2015	2014
<b><u>Total Pension Liability</u></b>		
Service Cost	\$ 4,089,939	\$ 4,171,321
Interest	13,574,596	13,051,394
Difference Between Expected and Actual Experience	(747,303)	-
Benefit Payments	(9,558,643)	(9,003,617)
Refunds of Contributions	(465,012)	(469,524)
Net Change in Total Pension Liability	\$ 6,893,577	\$ 7,749,574
Total Pension Liability - Beginning	198,934,626	191,185,052
Total Pension Liability - Ending (a)	<u>\$ 205,828,203</u>	<u>\$ 198,934,626</u>
<b><u>Plan Fiduciary Net Position</u></b>		
Contributions - Employer	\$ 3,739,486	\$ 3,646,317
Contributions - Employee	2,041,468	2,000,972
Net Investment Income	8,507,018	25,850,848
Benefit Payments	(9,558,643)	(9,003,617)
Refunds of Contributions	(465,012)	(469,524)
Administrative Expenses	(118,985)	(141,126)
Other Changes	(1,792)	1,363
Net Change in Plan Fiduciary Net Position	\$ 4,143,540	\$ 21,885,233
Plan Fiduciary Net Position - Beginning	188,111,748	166,226,515
Plan Fiduciary Net Position - Ending (b)	<u>\$ 192,255,288</u>	<u>\$ 188,111,748</u>
<b><u>Net Pension Liability - Nonprofessional Employees (a) – (b)</u></b>	<u>\$ 13,572,915</u>	<u>\$ 10,822,878</u>
<b><u>Plan Fiduciary Net Position as a percentage of the Total Pension Liability (b) / (a)</u></b>	<u>93.41%</u>	<u>94.56%</u>
<b><u>Covered-Employee Payroll (c)</u></b>	<u>\$ 41,802,052</u>	<u>\$ 40,427,033</u>
<b><u>Net Pension Liability as a Percentage of Covered- Employee Payroll - Nonprofessional Employees</u></b>	<u>32.47%</u>	<u>26.77%</u>

Schedule is intended to show information for 10 years. Since 2016 is the second year for this presentation, only one additional year of data is available. However, additional years will be included as they become available.

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA  
SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS  
PROFESSIONAL EMPLOYEES  
JUNE 30, 2016**

**Schedule of Employer Pension Contributions**

**Professional Employees**

Date	(a) Contractually Required Contributions	(b) Contributions in Relations to Contractually Required Contributions	(c) Contribution Deficiency (Excess) (a) – (b)	(d) Employer's Covered Employee Payroll	(e) Contributions as a % of Covered Employee Payroll (b) / (d)
June 30, 2007	\$35,134,635	-	-	\$381,898,211	-
June 30, 2008	\$20,642,395	-	-	\$389,479,158	-
June 30, 2009	\$35,091,117	-	-	\$398,310,068	-
June 30, 2010	\$24,481,748	-	-	\$391,372,694	-
June 30, 2011	\$15,177,733	-	-	\$386,201,856	-
June 30, 2012	\$23,959,120	-	-	\$378,501,098	-
June 30, 2013	\$44,228,510	-	-	\$379,318,265	-
June 30, 2014	\$43,992,831	\$43,992,831	-	\$377,297,007	11.66%
June 30, 2015	\$55,858,551	\$55,858,551	-	\$385,231,385	14.50%
June 30, 2016	\$54,463,409	\$54,463,409	-	\$387,364,218	14.06%

Schedule is intended to show information for 10 years. Since 2016 is the second year for this presentation, only data related to employer contributions and covered payroll are presented for prior years. Additional years will be included as they become available.

**Changes of benefit terms –** There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement Plan members for the first time. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. The impact on the liabilities as of the measurement date of June 30, 2015 are not material due to the hybrid plan being a new benefit with a relatively small number of participants.

**Changes of assumptions –** The following changes in actuarial assumptions were made effective June 30, 2013 based on the most recent experience study of the System for the four-year period ending June 30, 2012:

- Update mortality table
- Adjustments to the rates of service retirement
- Decrease in rates of withdrawals for 3 through 9 years of service
- Decrease in rates of disability
- Reduce rates of salary increase by 0.25% per year

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA  
SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS  
NONPROFESSIONAL EMPLOYEES  
JUNE 30, 2016**

**Schedule of Employer Pension Contributions**

**Nonprofessional Employees**

Date	(a) Contractually Required Contributions	(b) Contributions in Relations to Contractually Required Contributions	(c) Contribution Deficiency (Excess) (a) – (b)	(d) Employer's Covered Employee Payroll	(e) Contributions as a % of Covered Employee Payroll (b) / (d)
June 30, 2007	\$3,021,164	-	-	\$40,175,050	-
June 30, 2008	\$2,171,728	-	-	\$41,764,006	-
June 30, 2009	\$2,831,929	-	-	\$42,649,526	-
June 30, 2010	\$2,729,315	-	-	\$41,104,135	-
June 30, 2011	\$2,426,088	-	-	\$38,755,403	-
June 30, 2012	\$2,495,274	-	-	\$39,860,613	-
June 30, 2013	\$3,671,537	-	-	\$40,302,269	-
June 30, 2014	\$3,646,317	\$3,646,317	-	\$40,427,033	9.02%
June 30, 2015	\$3,739,486	\$3,739,486	-	\$41,802,052	8.95%
June 30, 2016	\$3,857,605	\$3,857,605	-	\$42,344,732	9.11%

Schedule is intended to show information for 10 years. Since 2016 is the second year for this presentation, only data related to employer contributions and covered payroll are presented for prior years. Additional years will be included as they become available.

**Changes of benefit terms –** There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement Plan members for the first time. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. The impact on the liabilities as of the measurement date of June 30, 2015 are not material due to the hybrid plan being a new benefit with a relatively small number of participants.

**Changes of assumptions –** The following changes in actuarial assumptions were made effective June 30, 2013 based on the most recent experience study of the System for the four-year period ending June 30, 2012:

**Largest 10 – Non-LEOS:**

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA  
OTHER POSTEMPLOYMENT BENEFITS (Unaudited)  
PROFESSIONAL AND NONPROFESSIONAL EMPLOYEES  
JUNE 30, 2016**

**Other Postemployment Benefits**

**Annual OPEB Cost and Contribution**

For 2016, the School Board's annual OPEB cost of \$4.5 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.

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of ARC Contributed</u>
June 30, 2014	\$5,700,900	100.0%
June 30, 2015	\$5,832,200	100.0%
June 30, 2016	\$4,462,800	100.0%

Source: Postretirement Benefit Valuation Reports.

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, 2016 was, as follows:

	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
			Unfunded (Overfunded)			
<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Actuarial Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
January 1, 2012	\$ 17,306,300	\$ 77,083,800	\$ 59,777,500	22.45%	\$ 409,662,700	14.59%
January 1, 2014	\$ 23,164,800	\$ 65,951,300	\$ 42,786,500	35.12%	\$ 421,065,100	10.16%
January 1, 2016	\$ 27,364,500	\$ 57,839,900	\$ 30,475,400	47.31%	\$ 426,884,300	7.14%

Source: Postretirement Benefit Valuation Reports.

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, 2016**  
 with comparative actual amounts for the year ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance - Positive (Negative)	2015 Actual
<b><u>REVENUES</u></b>					
<b><u>From Use of Money and Property</u></b>					
Rents	\$ 450,000	\$ 450,000	\$ 562,376	\$ 112,376	\$ 531,220
<b><u>Charges for Services</u></b>					
Tuition and Educational Fees	\$ 1,481,100	\$ 1,481,100	\$ 1,309,542	\$ (171,558)	\$ 1,502,667
<b><u>Miscellaneous Revenue</u></b>					
Sale of Salvage	\$ 12,000	\$ 12,000	\$ 118,121	\$ 106,121	\$ 597,314
Insurance Proceeds	-	-	40,232	40,232	39,636
Donations	-	-	21,110	21,110	20,566
Miscellaneous	224,703	224,703	195,800	(28,903)	158,416
Indirect Costs	600,000	600,000	655,908	55,908	669,224
Athletics	504,000	504,000	529,095	25,095	525,326
Instructional Technology	-	-	41,272	41,272	33,443
Total Miscellaneous Revenue	\$ 1,340,703	\$ 1,340,703	\$ 1,601,538	\$ 260,835	\$ 2,043,925
<b><u>From Local Government</u></b>					
City - General Fund	\$ 359,360,518	\$ 362,355,251	\$ 346,772,054	\$ (15,583,197)	\$ 335,555,661
City - School Reserve Fund	8,299,318	8,299,318	8,299,318	-	16,000,000
City for Consolidated Benefits Office	635,538	635,538	635,538	-	635,538
Total From Local Government	\$ 368,295,374	\$ 371,290,107	\$ 355,706,910	\$ (15,583,197)	\$ 352,191,199
<b><u>From Commonwealth</u></b>					
Basic Aid	\$ 172,797,329	\$ 172,797,329	\$ 172,363,914	\$ (433,415)	\$ 175,008,994
Reimbursement-Social Security	10,175,132	10,175,132	10,166,255	(8,877)	10,235,297
Reimbursement-Retirement	20,188,110	20,188,110	20,048,988	(139,122)	20,796,818
Reimbursement-Life Insurance	648,614	648,614	648,048	(566)	652,449
Remedial Education	4,013,299	4,013,299	4,009,798	(3,501)	4,037,029
Remedial Education-Summer School	434,254	434,254	250,985	(183,269)	382,674
Special Education	17,877,423	17,877,423	17,861,826	(15,597)	18,023,909
Special Education-Regional Program	9,106,315	9,106,315	9,455,957	349,642	8,981,792
Special Education-Homebound	97,163	97,163	145,795	48,632	95,258
Special Education-Foster Children	-	-	170,399	170,399	95,177
Foster Home Children	278,407	278,407	151,320	(127,087)	166,861
Vocational	2,107,995	2,107,995	2,106,156	(1,839)	2,120,460
Vocational-Occupational/Tech	251,471	251,471	202,458	(49,013)	216,771
Vocational-Adult Education	-	-	30,866	30,866	87,538
Sales Tax	71,783,907	71,783,907	72,382,607	598,700	70,376,559
Class Size Initiative	4,355,747	4,355,747	4,227,867	(127,880)	4,385,528
At-Risk Initiative	2,321,931	2,321,931	2,319,901	(2,030)	2,336,911
English as a Second Language	595,615	595,615	637,066	41,451	594,967
Salary Supplement	2,847,553	2,847,553	2,845,412	(2,141)	-
Math/Reading Instructional Specialists	37,911	37,911	38,349	438	38,012
Gifted and Talented Aid	1,905,304	1,905,304	1,903,641	(1,663)	1,916,570
Total From Commonwealth	\$ 321,823,480	\$ 321,823,480	\$ 321,967,608	\$ 144,128	\$ 320,549,574

(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, 2016**  
with comparative actual amounts for the year ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance - Positive (Negative)	2015 Actual
<b>REVENUES (continued)</b>					
<b>From Federal Government</b>					
Public Law 874	\$ 10,211,723	\$ 10,211,723	\$ 6,187,097	\$ (4,024,626)	\$ 8,711,239
Public Law 874-Special Education	-	-	930,424	930,424	1,170,595
Dept of the Navy-NJROTC	100,000	100,000	309,354	209,354	323,105
Department of Defense	1,500,000	1,500,000	1,267,686	(232,314)	1,939,688
Dept of Defense-Special Education	-	-	501,177	501,177	493,058
Medicaid Reimbursement	664,809	664,809	1,545,593	880,784	1,360,103
Medicaid Reimbursement-Transportation	-	-	242,085	242,085	217,628
Library of Congress	-	-	-	-	74,944
Other Federal Funds	-	-	700	700	581
Total From Federal Government	<u>\$ 12,476,532</u>	<u>\$ 12,476,532</u>	<u>\$ 10,984,116</u>	<u>\$ (1,492,416)</u>	<u>\$ 14,290,941</u>
Total Revenues	<u>\$ 705,867,189</u>	<u>\$ 708,861,922</u>	<u>\$ 692,132,090</u>	<u>\$ (16,729,832)</u>	<u>\$ 691,109,526</u>
<b>EXPENDITURES</b>					
<b>Instruction</b>					
Elementary Classroom	\$ 140,768,824	\$ 139,122,542	\$ 138,366,126	\$ 756,416	\$ 142,017,147
Senior High Classroom	71,955,100	72,112,740	71,938,939	173,801	73,200,811
Technical and Career Education	17,993,028	18,025,372	16,316,721	1,708,651	16,866,793
Gifted Education and Academy Programs	13,704,944	13,713,745	13,042,194	671,551	12,772,627
Special Education	87,753,107	89,818,143	89,508,209	309,934	85,319,759
Summer School	1,998,296	1,951,480	1,904,463	47,017	1,907,372
General Adult Education	1,810,645	1,755,056	1,738,322	16,734	1,622,467
Alternative Education - Renaissance	6,834,209	6,700,237	6,195,789	504,448	6,240,217
Student Activities	3,164,870	3,222,965	3,219,533	3,432	3,073,880
Student Athletics	4,922,642	4,940,705	4,679,599	261,106	4,940,010
Office/Principal - Elementary	25,496,312	25,458,248	24,539,974	918,274	24,282,678
Office/Principal - Senior High	11,115,510	11,063,682	10,871,325	192,357	10,034,221
Office/Principal - Tech & Career	641,093	637,064	585,798	51,266	568,239
Guidance Services	16,177,984	15,988,112	15,787,355	200,757	15,827,697
Social Work Services	3,208,933	3,435,121	3,395,828	39,293	3,222,485
Media and Communications	1,716,938	1,797,139	1,785,821	11,318	1,545,455
Instructional Support	12,147,496	12,022,243	11,778,289	243,954	11,697,737
Instructional Center for Teacher Leadership	1,364,061	1,267,199	1,052,606	214,593	1,209,138
Diversity	72,624	75,672	68,237	7,435	5,043
Special Education Support	3,035,882	3,009,502	3,002,544	6,958	2,702,286
Gifted Educ & Academy Programs Support	2,213,000	2,211,892	2,118,746	93,146	2,069,247
Media Services Support	12,886,079	12,839,632	12,564,402	275,230	12,557,365
Educational Leadership and Assessment	2,922,155	2,617,251	2,113,071	504,180	2,207,776
Middle School Classroom	57,389,493	57,258,516	56,629,729	628,787	58,064,237
Remedial Education	7,589,351	7,560,953	7,402,434	158,519	7,192,356
Office/Principal - Middle Schools	9,947,079	9,961,467	9,951,735	9,732	9,004,956
Homebound Services	407,977	407,977	376,617	31,360	373,973
Technical and Career Ed Support	928,000	950,000	920,391	29,609	888,338
Student Leadership	1,370,950	1,370,950	1,353,658	17,292	1,290,462
Psychological Services	3,579,714	3,530,532	3,464,815	65,717	3,405,330
Audiological Services	442,357	530,432	445,567	84,865	427,331
School Administration	1,804,537	1,827,137	1,717,068	110,069	1,440,597
Alternative Education	1,446,292	1,426,314	1,339,552	86,762	1,288,897
Green Run Collegiate Public Charter	2,508,529	2,664,990	2,651,549	13,441	2,039,710
Total Instruction	<u>\$ 531,318,011</u>	<u>\$ 531,275,010</u>	<u>\$ 522,827,006</u>	<u>\$ 8,448,004</u>	<u>\$ 521,306,637</u>

(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, 2016**  
with comparative actual amounts for the year ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance - Positive (Negative)	2015 Actual
<b><u>EXPENDITURES (continued)</u></b>					
<b><u>Admin, Attendance, &amp; Health</u></b>					
Board, Legal, & Governmental	\$ 1,006,142	\$ 1,002,392	\$ 877,986	\$ 124,406	\$ 1,002,060
Office of the Superintendent	1,096,644	1,053,478	903,042	150,436	1,264,513
Department of Budget & Finance	4,258,303	4,056,317	3,760,801	295,516	3,531,398
Department of Human Resources	5,062,853	5,046,223	4,752,889	293,334	4,735,781
Internal Audit	436,063	436,494	390,330	46,164	416,057
Purchasing	1,012,206	1,047,830	1,040,657	7,173	1,020,691
Center for Teacher Leadership	564,960	802,253	726,302	75,951	460,155
Consolidated Benefits Office	2,012,781	2,151,542	2,121,086	30,456	1,678,193
Health Services	7,341,485	7,341,315	7,294,816	46,499	6,930,315
Green Run Collegiate Public Charter	-	9,000	-	9,000	25
Total Admin, Attendance, & Health	<u>\$ 22,791,437</u>	<u>\$ 22,946,844</u>	<u>\$ 21,867,909</u>	<u>\$ 1,078,935</u>	<u>\$ 21,039,188</u>
<b><u>Pupil Transportation</u></b>					
Management	\$ 2,204,125	\$ 2,266,725	\$ 2,250,424	\$ 16,301	\$ 2,162,144
Vehicle Operation	18,082,173	18,440,210	16,199,707	2,240,503	16,694,518
Vehicle Operation - Special Education	5,237,355	7,059,661	5,864,284	1,195,377	5,013,360
Vehicle Maintenance	3,103,202	3,301,795	3,212,477	89,318	2,884,210
Monitoring Services	2,858,499	3,057,499	3,056,056	1,443	2,870,480
Green Run Collegiate Public Charter	-	189,128	189,128	-	159,060
Total Pupil Transportation	<u>\$ 31,485,354</u>	<u>\$ 34,315,018</u>	<u>\$ 30,772,076</u>	<u>\$ 3,542,942</u>	<u>\$ 29,783,772</u>
<b><u>Operations and Maintenance</u></b>					
Facility Planning & Construction	\$ 770,187	\$ 805,002	\$ 792,847	\$ 12,155	\$ 710,605
School Plant	44,358,591	47,650,168	43,091,533	4,558,635	42,916,463
Supply Services	1,622,458	1,642,376	1,609,028	33,348	1,501,532
Grounds Services	3,884,352	3,884,352	3,884,352	-	3,884,352
Custodial Services	29,398,920	28,685,480	27,149,155	1,536,325	26,890,109
Safety and Loss Control	7,355,785	7,281,092	7,005,367	275,725	6,600,432
Vehicle Services	1,042,597	2,180,808	842,893	1,337,915	1,243,607
Telecommunications	1,065,030	1,363,430	1,265,076	98,354	1,280,141
Green Run Collegiate Public Charter	376,494	21,400	-	21,400	-
Total Operations & Maintenance	<u>\$ 89,874,414</u>	<u>\$ 93,514,108</u>	<u>\$ 85,640,251</u>	<u>\$ 7,873,857</u>	<u>\$ 85,027,241</u>
<b><u>Technology</u></b>					
Instruction	\$ 13,837,637	\$ 15,778,439	\$ 15,035,088	\$ 743,351	\$ 15,576,712
Admin, Attendance & Health	1,757,551	1,674,355	1,415,071	259,284	1,302,596
Pupil Transportation	89,947	349,931	349,224	707	272,380
Operations and Maintenance	10,774,635	14,280,515	12,480,309	1,800,206	10,194,397
Green Run Collegiate Public Charter	-	76,836	73,947	2,889	46,121
Total Technology	<u>\$ 26,459,770</u>	<u>\$ 32,160,076</u>	<u>\$ 29,353,639</u>	<u>\$ 2,806,437</u>	<u>\$ 27,392,206</u>
Total Expenditures	<u>\$ 701,928,986</u>	<u>\$ 714,211,056</u>	<u>\$ 690,460,881</u>	<u>\$ 23,750,175</u>	<u>\$ 684,549,044</u>
<b><u>EXCESS (DEFICIENCY) OF REVENUES</u></b>					
<b><u>OVER (UNDER) EXPENDITURES</u></b>	<u>\$ 3,938,203</u>	<u>\$ (5,349,134)</u>	<u>\$ 1,671,209</u>	<u>\$ 7,020,343</u>	<u>\$ 6,560,482</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>					
Transfers Out	\$ (4,059,203)	\$ (4,084,436)	\$ (3,213,930)	\$ 870,506	\$ (3,146,753)
Sale of Capital Assets	15,000	15,000	15,715	715	-
Total Other Financing Sources (Uses)	<u>\$ (4,044,203)</u>	<u>\$ (4,069,436)</u>	<u>\$ (3,198,215)</u>	<u>\$ 871,221</u>	<u>\$ (3,146,753)</u>
<b><u>NET CHANGE IN FUND BALANCE</u></b>	<u>\$ (106,000)</u>	<u>\$ (9,418,570)</u>	<u>\$ (1,527,006)</u>	<u>\$ 7,891,564</u>	<u>\$ 3,413,729</u>
<b><u>FUND BALANCE - JULY 1</u></b>	<u>10,763,361</u>	<u>10,763,361</u>	<u>10,763,361</u>	<u>-</u>	<u>7,349,632</u>
<b><u>FUND BALANCE - JUNE 30</u></b>	<u>\$ 10,657,361</u>	<u>\$ 1,344,791</u>	<u>\$ 9,236,355</u>	<u>\$ 7,891,564</u>	<u>\$ 10,763,361</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, 2016  
with comparative actual amounts for the year ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance - Positive (Negative)	2015 Actual
<b>REVENUES</b>					
Miscellaneous	\$ 322,284	\$ 477,640	\$ 204,541	\$ (273,099)	\$ 254,101
From Commonwealth	9,423,343	10,212,603	9,078,539	(1,134,064)	9,562,057
From Federal Government	37,125,326	37,804,013	31,354,314	(6,449,699)	33,885,642
Contingency	7,200,000	5,162,499	-	(5,162,499)	-
Total Revenues	\$ 54,070,953	\$ 53,656,755	\$ 40,637,394	\$ (13,019,361)	\$ 43,701,800
<b>EXPENDITURES</b>					
<b>Instruction</b>					
Adult Education & Family Literacy Act - FY15	\$ 415,113	\$ 356,545	\$ 356,545	\$ -	\$ 381,092
Adult Education & Family Literacy Act - FY16	-	24,946	24,946	-	-
Advanced Placement Program FY15	-	-	-	-	57,180
Advanced Placement Program FY16	57,180	66,497	66,497	-	-
Algebra Readiness FY14	-	-	-	-	20,934
Algebra Readiness FY15	-	91,214	91,214	-	745,953
Algebra Readiness FY16	837,167	827,521	750,097	77,424	-
Allstate Foundation Safe Teen Driving FY07	-	396	396	-	1,502
Alternative Assessment Assist Incentive FY16	-	5,998	5,998	-	-
Asia Society Confucius Classroom Network FY13	-	4,120	1,255	2,865	770
Assessment for Learning Project FY16	-	50,568	4,170	46,398	-
Career & Technical Ed State Equip Alloc FY16	8,427	27,451	27,451	-	-
Career Switcher Program Mentor Reimb. FY14	-	-	-	-	1,430
Career Switcher Program Mentor Reimb. FY15	-	-	-	-	11,000
Career Switcher Program Mentor Reimb. FY16	11,000	15,000	15,000	-	-
C. Perkins Vocational & Tech. Act FY15	-	70,386	70,386	-	574,704
C. Perkins Vocational & Tech. Act FY16	717,807	549,643	523,869	25,774	-
College Exposure Program-Rosemont ES FY15	-	-	-	-	1,283
DNA Building Block for MS Literacy FY15	38,360	29,129	25,245	3,884	16,525
DoDEA MCASP FY13	33,269	33,269	33,269	-	355,142
DoDEA MCASP FY15	155,491	374,159	374,159	-	333,023
DoDEA MCASP Operation PRIDE FY14	31,019	31,019	31,019	-	487,044
DoDEA MCASP Operation PRIDE FY15	395,701	450,395	444,777	5,618	266,851
DoDEA MCASP Operation PRIDE FY16	672,118	750,229	174,330	575,899	-
DoDEA S-FLEP FY12	-	-	-	-	277
DoDEA S-FLEP FY13	-	-	-	-	7,434
DoDEA S-FLEP FY15	60,615	52,229	44,600	7,629	104,821
DoDEA Special Education FY15	45,707	97,832	97,832	-	4,952
DoDEA Special Education FY16	305,430	297,959	130,613	167,346	-
Dominion Educational Partnership FY15	-	4,249	4,249	-	3,249
Dual Enrollment - TCC FY15	-	-	-	-	349,422
Dual Enrollment - TCC FY16	275,918	501,886	501,886	-	-
Early Reading Initiative FY14	-	-	-	-	452,810
Early Reading Initiative FY15	-	417,903	417,903	-	801,754
Early Reading Initiative FY16	1,275,124	1,093,353	958,381	134,972	-
General Adult Education FY15	-	-	-	-	34,586
General Adult Education FY16	34,586	34,586	34,586	-	-
Girls on the Run Program-Rosemont ES FY15	-	-	-	-	2,310
Girls on the Run Program-Rosemont ES FY16	-	3,341	1,149	2,192	-
Governors STEM Academy Landstown HS FY15	-	524	502	22	-
Green Run Collegiate Support FY14	-	4,744	4,744	-	56
Green Run Collegiate Support FY15	-	-	-	-	8,000
Green Run Collegiate Support FY16	-	12,500	12,500	-	-
Inclusion Leadership Support-Salem HS FY13	-	457	-	457	-
Industry Credentials for Students FY15	-	-	-	-	78,176
Industry Credentials for Students FY16	78,176	80,333	80,333	-	-
ISAP FY15	-	-	-	-	62,869

(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, 2016  
with comparative actual amounts for the year ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance - Positive (Negative)	2015 Actual
<b>EXPENDITURES (continued)</b>					
<b>Instruction (continued)</b>					
ISAEP FY16	\$ 62,869	\$ 61,220	\$ 61,220	\$ -	\$ -
Jail Education Program FY15	-	-	-	-	156,560
Jail Education Program FY16	233,301	176,550	162,568	13,982	58,873
Jail Education Program FY16 LQ	-	231,403	66,247	165,156	-
Juvenile Detention Center FY15	-	-	-	-	710,832
Juvenile Detention Center FY16	722,796	699,493	686,861	12,632	243,251
Juvenile Detention Center FY16 LQ	-	699,493	252,636	446,857	-
LENS FY14	-	-	-	-	71,649
LTG (RET) Pete Taylor Partnership Excell. FY14	-	6,273	2,445	3,828	305
McKinney Homeless FY14	-	-	-	-	2,548
McKinney Homeless FY15	35,001	58,279	55,158	3,121	11,721
McKinney Homeless FY16	70,000	63,000	49,513	13,487	-
MTSS-B Evaluation FY16	-	477,523	96,330	381,193	-
MyCAA - ALC Courses FY15	-	-	-	-	2,098
MyCAA - ALC Courses FY16	5,000	3,210	3,210	-	-
MyCAA - LPN Program FY15	-	-	-	-	1,000
MyCAA - LPN Program FY16	10,000	4,000	4,000	-	-
Nat'l Board Certified Teachers Stipend FY15	-	-	-	-	352,500
Nat'l Board Certified Teachers Stipend FY16	352,500	335,000	335,000	-	-
New Teacher Mentor FY15	-	-	-	-	38,401
New Teacher Mentor FY16	38,401	29,622	29,622	-	-
NJROTC FY15	-	-	-	-	27,574
NJROTC FY16	-	41,935	41,935	-	-
Opportunity Inc. - STEM Grant FY14	-	-	-	-	35,091
Opportunity Inc. - STEM Grant FY15	-	-	-	-	157,490
Opportunity Inc. - STEM Grant FY16	220,492	311,814	148,271	163,543	-
Opportunity Inc. - Adult Learning Center FY14	-	-	-	-	38,268
Opportunity Inc. - Adult Learning Center FY16	101,792	90,000	41,930	48,070	-
Positive Behavior Interventions & Support FY14	-	1,184	1,131	53	29,120
Positive Behavior Interventions & Support FY15	-	12,473	12,473	-	3,301
Positive Behavior Interventions & Support FY16	-	25,000	9,563	15,437	-
Post 9/11 GI Bill FY15	-	2,724	2,724	-	2,473
Preschool Incentive Grant FY13	-	-	-	-	10,725
Preschool Incentive Grant FY14	-	202	202	-	103,795
Preschool Incentive Grant FY15	182,015	103,088	103,088	-	371,844
Preschool Incentive Grant FY16	474,237	469,814	392,757	77,057	-
Project Hope - City Wide SCA FY14	-	4,673	489	4,184	210
Race to GED FY15	-	-	-	-	64,188
Race to GED FY16	64,188	64,188	64,188	-	-
Region 2 Teacher of the Year Award FY15	-	-	-	-	1,077
School Improvement - Title VI B FY14	-	-	-	-	55,076
School Security Equipment Grant FY15	-	1,169	1,169	-	1,365
School Security Equipment Grant FY16	-	18,701	18,701	-	-
SpEd Gov's STEM Acad.-Landstown HS FY14	-	-	-	-	21,379
Startalk Elementary Chinese Academy FY14	-	-	-	-	65,026
Startalk Elementary Chinese Academy FY15	88,195	75,877	75,259	618	12,940
Startalk Elementary Chinese Academy FY16	-	81,304	18,223	63,081	-
STEM Teacher Recruitment/Retention FY15	-	-	-	-	1,000
STEM Teacher Recruitment/Retention FY16	-	11,000	11,000	-	-
Title I Distinguished School Rosemont FY16	-	8,500	-	8,500	-
Title I Part A Rosemont Award FY15	-	9,698	9,698	-	-
Title I Part A 128-13 FY13	-	-	-	-	32,424
Title I Part A 128-14 FY14	-	-	-	-	2,025,826

(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, 2016  
with comparative actual amounts for the year ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance - Positive (Negative)	2015 Actual
<b>EXPENDITURES (continued)</b>					
<b>Instruction (continued)</b>					
Title I Part A 128-15 FY15	\$ 3,063,455	\$ 3,351,827	\$ 3,351,827	\$ -	\$ 7,462,025
Title I Part A 128-16 FY16	9,320,594	10,286,601	6,434,176	3,852,425	-
Title I Part D Subpart 1 FY13	-	-	-	-	11,983
Title I Part D Subpart 1 FY14	-	-	-	-	5,000
Title I Part D Subpart 1 FY15	-	-	-	-	12,000
Title I Part D Subpart 1 FY16	5,000	20,500	15,514	4,986	-
Title I Part D Subpart 1 Library Materials FY16	-	1,000	893	107	-
Title I Part D Subpart 2 FY13	-	-	-	-	13,894
Title I Part D Subpart 2 FY14	16,592	19,709	19,709	-	150,398
Title I Part D Subpart 2 FY15	164,031	174,093	148,746	25,347	16,992
Title I Part D Subpart 2 FY16	190,762	158,897	-	158,897	-
Title II NCLB128-13 FY13	-	-	-	-	78,966
Title II NCLB128-14 FY14	26,675	26,082	26,082	-	261,603
Title II NCLB128-15 FY15	342,934	241,962	223,139	18,823	1,939,760
Title II NCLB128-16 FY16	2,181,723	2,160,657	2,004,490	156,167	-
Title III Part A Immigrant & Youth FY14	-	-	-	-	26,705
Title III Part A Immigrant & Youth FY15	16,128	19,727	19,727	-	10,138
Title III Part A Immigrant & Youth FY16	29,865	25,247	1,077	24,170	-
Title III Part A Immig. & Youth Supplement FY16	-	5,975	5,975	-	-
Title III Part A Language Acquisition FY13	-	-	-	-	2,328
Title III Part A Language Acquisition FY14	-	-	-	-	98,900
Title III Part A Language Acquisition FY15	94,695	93,039	93,039	-	9,857
Title III Part A Language Acquisition FY16	102,720	104,973	23,391	81,582	-
Title IV Pell Grant FY15	-	-	-	-	44,282
Title IV Pell Grant FY16	-	39,361	39,361	-	-
Title IV Part B 21st CCLC-Bayside MS FY14	-	-	-	-	42,814
Title IV Part B 21st CCLC-Williams ES FY14	-	-	-	-	117,108
Title IV Part B 21st CCLC-Williams ES FY15	68,272	94,218	93,986	232	105,692
Title IV Part B 21st CCLC-GRC FY15	109,362	72,334	72,334	-	58,860
Title IV Part B 21st CCLC-GRC FY16	162,626	113,991	53,069	60,922	-
Title VI B Early Childhood Supplement FY14	-	7,253	7,253	-	-
Title VI B PL 105-17 FY14	-	-	-	-	3,122,503
Title VI B PL 105-17 FY15	1,325,873	855,554	794,836	60,718	13,379,217
Title VI B PL 105-17 FY16	14,206,952	14,161,180	14,086,818	74,362	-
VA Beach Historic Preserv Research Prog FY16	-	1,480	-	1,480	-
VA Geographic Alliance FY11	-	36	-	36	-
VA Initiative-At Risk Four-Year Olds FY14	-	-	-	-	143,439
VA Initiative-At Risk Four-Year Olds FY15	-	13,910	13,910	-	4,126,090
VA Initiative-At Risk Four-Year Olds FY16	4,224,000	4,224,000	4,010,090	213,910	-
VA Star FY12	-	504	-	504	-
Virginia Bch Police Benevolent Assoc. FY10	-	-	-	-	6
Virginia Middle School Teacher Corps. FY15	-	-	-	-	55,000
Virginia Middle School Teacher Corps. FY16	35,000	20,000	20,000	-	-
Virtual VA Advanced Placement FY15	-	-	-	-	11,070
Virtual VA Advanced Placement FY16	-	11,537	-	11,537	-
Workplace Readiness Skills Comm Exam FY16	-	18,623	18,623	-	-
Contingency	7,200,000	5,162,499	-	5,162,499	-
Total Instruction	\$ 50,996,254	\$ 52,025,560	\$ 39,645,577	\$ 12,379,983	\$ 41,181,709
<b>Technology</b>					
Algebra Readiness FY15	\$ -	\$ -	\$ -	\$ -	\$ 30,915
Algebra Readiness FY16	30,915	24,230	24,230	-	-
Career & Technical Education Equipment FY15	-	-	-	-	88,427
Career & Technical Education Equipment FY16	80,000	63,362	63,362	-	-

(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, 2016  
with comparative actual amounts for the year ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance - Positive (Negative)	2015 Actual
<b>EXPENDITURES (continued)</b>					
<b>Technology (continued)</b>					
C. Perkins Vocational & Tech. Act FY14	\$ -	\$ -	\$ -	\$ -	\$ 55,645
C. Perkins Vocational & Tech. Act FY15	-	5,264	5,264	-	223,354
C. Perkins Vocational & Tech. Act FY16	155,899	263,983	141,019	122,964	-
DNA Building Blocks for MS Literacy FY15	389	224	224	-	111
DoDEA MCASP FY13	-	-	-	-	40,936
DoDEA MCASP FY15	55,379	368	368	-	123,434
DoDEA MCASP Operation PRIDE FY14	-	-	-	-	13,099
DoDEA MCASP Operation PRIDE FY15	31,450	73,600	69,369	4,231	88,994
DoDEA MCASP Operation PRIDE FY16	142,412	64,300	966	63,334	-
DoDEA S-FLEP FY15	400	19	19	-	157
DoDEA Special Education FY15	2,566	740	740	-	1,727
DoDEA Special Education FY16	2,450	5,606	3,052	2,554	-
Early Reading Initiative FY14	-	-	-	-	139,518
Early Reading Initiative FY15	-	81,292	81,292	-	2,208
Early Reading Initiative FY16	21,693	181,267	47,504	133,763	-
Governors STEM Academy Landstown HS FY15	-	2,476	2,476	-	-
ISAEF FY16	-	1,649	1,649	-	-
Jail Education Program FY15	-	-	-	-	3,230
Jail Education Program FY16	3,250	400	98	302	-
Jail Education Program FY16 LQ	-	400	-	400	-
Juvenile Detention Center FY15	-	-	-	-	5,213
Juvenile Detention Center FY16	8,200	15,100	14,569	531	1,025
Juvenile Detention Center FY16 LQ	-	8,900	879	8,021	-
LENS FY14	-	-	-	-	362
Opportunity Inc. - STEM Grant FY14	-	-	-	-	590
Opportunity Inc. - STEM Grant FY15	-	-	-	-	13,023
Opportunity Inc. - STEM Grant FY16	-	186	186	-	-
Positive Behavior Interventions & Support FY15	-	1,225	1,225	-	-
Preschool Incentive Grant FY13	-	-	-	-	1,887
Preschool Incentive Grant FY14	-	8,784	8,784	-	10,235
Preschool Incentive Grant FY15	780	86	86	-	-
Preschool Incentive Grant FY16	780	5,373	5,373	-	-
School Improvement - Title VI B FY14	-	-	-	-	52,555
School Security Equipment Grant FY15	-	-	-	-	76,739
School Security Equipment Grant FY16	-	103,593	103,593	-	-
SpEd Gov's STEM Acad.-Landstown HS FY14	-	-	-	-	599
Startalk Elementary Chinese Academy FY14	-	-	-	-	339
Startalk Elementary Chinese Academy FY15	1,094	400	400	-	74
Startalk Elementary Chinese Academy FY16	-	594	86	508	-
Technology Initiative FY13	-	-	-	-	308,612
Technology Initiative FY14	435,997	109,897	109,897	-	955,186
Technology Initiative FY15	435,997	139,466	86,970	52,496	2,478,934
Technology Initiative FY16	2,618,400	2,618,400	2,129,001	489,399	-
Title I Part A Rosemont Award FY15	-	7,303	7,303	-	-
Title I Part A 128-14 FY14	-	-	-	-	464,117
Title I Part A 128-15 FY15	541,583	336,285	336,285	-	416,880
Title I Part A 128-16 FY16	968,337	392,990	46,458	346,532	-
Title I Part D Subpart 1 FY13	-	-	-	-	8,984
Title I Part D Subpart 1 FY16	-	1,500	-	1,500	-
Title I Part D Subpart 2 FY14	2,493	7,950	7,950	-	24,461
Title I Part D Subpart 2 FY15	19,593	16,430	-	16,430	-
Title I Part D Subpart 2 FY16	16,743	5,576	-	5,576	-
Title IV Part B 21st CCLC-Williams ES FY15	500	-	-	-	90

(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, 2016  
with comparative actual amounts for the year ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance - Positive (Negative)	2015 Actual
<b><u>EXPENDITURES (continued)</u></b>					
<b><u>Technology (continued)</u></b>					
Title IV Part B 21st CCLC-GRC FY15	\$ 1,000	\$ 15,411	\$ -	\$ 15,411	\$ 17,020
Title IV Part B 21st CCLC-GRC FY16	1,000	11,962	4,084	7,878	-
Title IV Early Childhood Supplement FY14	-	3,740	3,740	-	-
Title VI B PL 105-17 FY14	-	-	-	-	25,154
Title VI B PL 105-17 FY15	-	10,833	-	10,833	-
Title VI B PL 105-17 FY16	26,000	-	-	-	-
VA Elearning Backpack Bayside FY15	-	10,213	10,213	-	234,888
VA Elearning Backpack Bayside FY16	267,696	263,347	217,056	46,291	-
VA Elearning Backpack Green Run FY15	-	8,011	8,011	-	184,242
VA Elearning Backpack Green Run FY16	212,784	218,340	183,137	35,203	-
VA Elearning Backpack Kempsville FY15	-	7,662	7,662	-	176,223
VA Elearning Backpack Kempsville FY16	205,920	203,018	168,299	34,719	-
Total Technology	<u>\$ 6,291,700</u>	<u>\$ 5,301,755</u>	<u>\$ 3,902,879</u>	<u>\$ 1,398,876</u>	<u>\$ 6,269,187</u>
Total Expenditures	<u>\$ 57,287,954</u>	<u>\$ 57,327,315</u>	<u>\$ 43,548,456</u>	<u>\$ 13,778,859</u>	<u>\$ 47,450,896</u>
<b><u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u></b>	<b>\$ (3,217,001)</b>	<b>\$ (3,670,560)</b>	<b>\$ (2,911,062)</b>	<b>\$ 759,498</b>	<b>\$ (3,749,096)</b>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>					
Transfers In	3,217,001	3,670,560	3,213,930	(456,630)	3,146,753
<b><u>NET CHANGE IN FUND BALANCE</u></b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 302,868</b>	<b>\$ 302,868</b>	<b>\$ (602,343)</b>
<b><u>FUND BALANCE - JULY 1</u></b>	<b>456,630</b>	<b>456,630</b>	<b>456,630</b>	<b>-</b>	<b>1,058,973</b>
<b><u>FUND BALANCE - JUNE 30</u></b>	<b><u>\$ 456,630</u></b>	<b><u>\$ 456,630</u></b>	<b><u>\$ 759,498</u></b>	<b><u>\$ 302,868</u></b>	<b><u>\$ 456,630</u></b>

**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, 2016**  
**with comparative actual amounts for the year ended June 30, 2015**

	Original Budget	Final Budget	Actual	Variance - Positive (Negative)	2015 Actual
<b><u>REVENUES</u></b>					
From Use of Money and Property	\$ 100,000	\$ 100,000	\$ 24,120	\$ (75,880)	\$ 29,102
Charges for Services	-	-	273	273	975
Miscellaneous	10,000	10,000	56,781	46,781	53,445
From Commonwealth	3,900,602	3,900,602	3,897,199	(3,403)	3,923,666
Total Revenues	<u>\$ 4,010,602</u>	<u>\$ 4,010,602</u>	<u>\$ 3,978,373</u>	<u>\$ (32,229)</u>	<u>\$ 4,007,188</u>
<b><u>EXPENDITURES</u></b>					
<b><u>Instruction</u></b>					
Personnel Services	\$ 71,794	\$ 71,794	\$ 79,870	\$ (8,076)	\$ 72,468
Fringe Benefits	27,995	27,995	33,672	(5,677)	31,723
Purchased Services	1,500	1,500	-	1,500	-
Materials and Supplies	8,992,858	8,997,753	3,319,708	5,678,045	8,408,221
Total Instruction	<u>\$ 9,094,147</u>	<u>\$ 9,099,042</u>	<u>\$ 3,433,250</u>	<u>\$ 5,665,792</u>	<u>\$ 8,512,412</u>
<b><u>Technology</u></b>					
Purchased Services	\$ -	\$ -	\$ 2,659,836	\$ (2,659,836)	\$ 71,605
Materials and Supplies	-	-	-	-	-
Total Technology	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,659,836</u>	<u>\$ (2,659,836)</u>	<u>\$ 71,605</u>
Total Expenditures	<u>\$ 9,094,147</u>	<u>\$ 9,099,042</u>	<u>\$ 6,093,086</u>	<u>\$ 3,005,956</u>	<u>\$ 8,584,017</u>
<b><u>EXCESS (DEFICIENCY) OF</u></b>					
<b><u>REVENUES OVER (UNDER)</u></b>					
<b><u>EXPENDITURES</u></b>	<u>\$ (5,083,545)</u>	<u>\$ (5,088,440)</u>	<u>\$ (2,114,713)</u>	<u>\$ 2,973,727</u>	<u>\$ (4,576,829)</u>
<b><u>NET CHANGE IN FUND BALANCE</u></b>	<u>\$ (5,083,545)</u>	<u>\$ (5,088,440)</u>	<u>\$ (2,114,713)</u>	<u>\$ 2,973,727</u>	<u>\$ (4,576,829)</u>
<b><u>FUND BALANCE - JULY 1</u></b>	<u>11,688,657</u>	<u>11,688,657</u>	<u>11,688,657</u>	<u>-</u>	<u>16,265,486</u>
<b><u>FUND BALANCE - JUNE 30</u></b>	<u>\$ 6,605,112</u>	<u>\$ 6,600,217</u>	<u>\$ 9,573,944</u>	<u>\$ 2,973,727</u>	<u>\$ 11,688,657</u>

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2016**

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**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 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.

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**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2016**

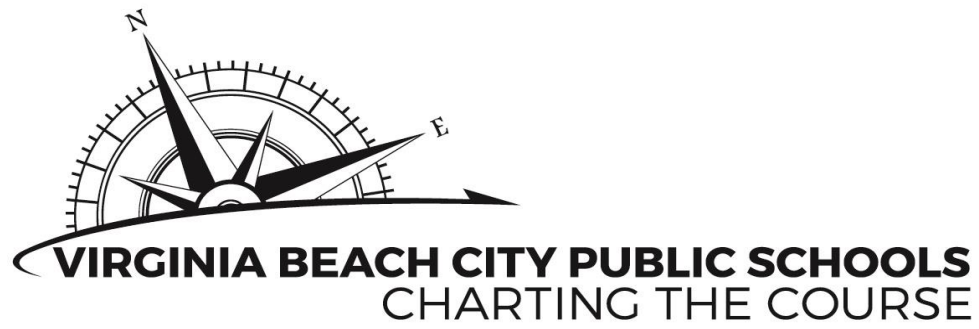
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**A. Budget Information (continued)**

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, 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).
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 fund balance (i.e., total assets (e.g., cash) less liabilities (e.g., salaries payable), outstanding encumbrances, prepaid items, and prior fiscal year fund balances relating to the Instructional Technology and Athletics programs) is paid back (i.e., reverts) to the City (\$15,583,197 Fiscal Year 2016) 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 was a supplemental budget amendment, other than for encumbrances, for \$2,994,733 for the General Fund during fiscal year 2016. The General Fund budget amendment was funded through an increase in revenue from the local government of \$1,600,000 for school bus and bus garage fleet replacement; \$808,812 required local match under E-Rate to upgrade the Wide Area Network Edge and Distribution Switches; \$285,921 for white fleet replacement; and \$300,000 for support to schools for SOL improvements and collaborative planning time for teachers.



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## **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, 2016  
 with comparative totals for June 30, 2015

	School Cafeterias	School Communication Towers/ Technology	School Vending Operations	School Equipment Replacement	Totals	
					2016	2015
<b><u>ASSETS</u></b>						
Cash and Investments	\$ 7,755,256	\$ 3,077,634	\$ 42,241	\$ 1,251,494	\$ 12,126,625	\$ 9,544,596
Accounts Receivable	13,527	1,337	-	-	14,864	20,167
Due from Federal						
Government	1,045,568	-	-	-	1,045,568	1,092,349
Inventories	598,456	-	-	-	598,456	486,640
Prepaid Items	9,163	-	-	-	9,163	3,074
<b>TOTAL ASSETS</b>	<b>\$ 9,421,970</b>	<b>\$ 3,078,971</b>	<b>\$ 42,241</b>	<b>\$ 1,251,494</b>	<b>\$ 13,794,676</b>	<b>\$ 11,146,826</b>
<b><u>LIABILITIES AND FUND</u></b>						
<b><u>BALANCES</u></b>						
Liabilities:						
Salaries Payable	\$ 945,962	\$ -	\$ -	\$ -	\$ 945,962	\$ 937,986
Vouchers and						
Accounts Payable	437,640	1,630	222	-	439,492	593,080
Deposits Payable	-	75,000	-	-	75,000	75,000
Unearned Revenue	401,328	-	-	-	401,328	403,615
<b>TOTAL LIABILITIES</b>	<b>\$ 1,784,930</b>	<b>\$ 76,630</b>	<b>\$ 222</b>	<b>\$ -</b>	<b>\$ 1,861,782</b>	<b>\$ 2,009,681</b>
Fund Balances:						
Nonspendable	\$ 607,619	\$ -	\$ -	\$ -	\$ 607,619	\$ 489,714
Restricted	7,029,421	-	-	-	7,029,421	4,469,528
Committed	-	3,002,341	42,019	1,251,494	4,295,854	4,177,903
<b>TOTAL FUND</b>						
<b>BALANCES</b>	<b>\$ 7,637,040</b>	<b>\$ 3,002,341</b>	<b>\$ 42,019</b>	<b>\$ 1,251,494</b>	<b>\$ 11,932,894</b>	<b>\$ 9,137,145</b>
<b>TOTAL LIABILITIES</b>						
<b>AND FUND</b>						
<b>BALANCES</b>	<b>\$ 9,421,970</b>	<b>\$ 3,078,971</b>	<b>\$ 42,241</b>	<b>\$ 1,251,494</b>	<b>\$ 13,794,676</b>	<b>\$ 11,146,826</b>

**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, 2016**  
**with comparative totals for the fiscal year ended June 30, 2015**

	School Cafeterias D-3	School Communication Towers/ Technology D-4	School Vending Operations D-5	School Equipment Replacement D-6	Totals	
					2016	2015
<b><u>REVENUES</u></b>						
From Use of Money and Property	\$ 16,317	\$ 527,135	\$ 100	\$ 3,596	\$ 547,148	\$ 537,025
Charges for Services	10,771,205	-	192,550	-	10,963,755	10,418,077
Miscellaneous	503,841	-	-	-	503,841	365,678
From Commonwealth	588,066	-	-	-	588,066	527,152
From Federal Government	18,012,707	-	-	-	18,012,707	16,668,726
Total Revenues	<u>\$ 29,892,136</u>	<u>\$ 527,135</u>	<u>\$ 192,650</u>	<u>\$ 3,596</u>	<u>\$ 30,615,517</u>	<u>\$ 28,516,658</u>
<b><u>EXPENDITURES</u></b>						
Current:						
Instruction	\$ -	\$ -	\$ 215,522	\$ -	\$ 215,522	\$ 299,010
Cafeterias	27,118,359	-	-	-	27,118,359	28,051,308
Technology	95,979	389,908	-	-	485,887	873,007
Total Expenditures	<u>\$ 27,214,338</u>	<u>\$ 389,908</u>	<u>\$ 215,522</u>	<u>\$ -</u>	<u>\$ 27,819,768</u>	<u>\$ 29,223,325</u>
<b><u>EXCESS (DEFICIENCY) OF</u></b>						
<b><u>REVENUES OVER (UNDER)</u></b>						
<b><u>EXPENDITURES</u></b>	<u>\$ 2,677,798</u>	<u>\$ 137,227</u>	<u>\$ (22,872)</u>	<u>\$ 3,596</u>	<u>\$ 2,795,749</u>	<u>\$ (706,667)</u>
<b><u>NET CHANGES IN</u></b>						
<b><u>FUND BALANCES</u></b>	<u>\$ 2,677,798</u>	<u>\$ 137,227</u>	<u>\$ (22,872)</u>	<u>\$ 3,596</u>	<u>\$ 2,795,749</u>	<u>\$ (706,667)</u>
<b><u>FUND BALANCES - JULY 1</u></b>	<u>4,959,242</u>	<u>2,865,114</u>	<u>64,891</u>	<u>1,247,898</u>	<u>9,137,145</u>	<u>9,843,812</u>
<b><u>FUND BALANCES - JUNE 30</u></b>	<u>\$ 7,637,040</u>	<u>\$ 3,002,341</u>	<u>\$ 42,019</u>	<u>\$ 1,251,494</u>	<u>\$ 11,932,894</u>	<u>\$ 9,137,145</u>

**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, 2016**  
**with comparative actual amounts for the year ended June 30, 2015**

	Original Budget	Final Budget	Actual	Variance - Positive (Negative)	2015 Actual
<b><u>REVENUES</u></b>					
From Use of Money and Property	\$ 7,000	\$ 7,000	\$ 16,317	\$ 9,317	\$ 10,218
Charges for Services	12,486,006	12,486,006	10,771,205	(1,714,801)	10,225,527
Miscellaneous	200,000	200,000	503,841	303,841	365,678
From Commonwealth	500,000	500,000	588,066	88,066	527,152
From Federal Government	16,254,782	16,254,782	18,012,707	1,757,925	16,668,726
Total Revenues	<u>\$ 29,447,788</u>	<u>\$ 29,447,788</u>	<u>\$ 29,892,136</u>	<u>\$ 444,348</u>	<u>\$ 27,797,301</u>
<b><u>EXPENDITURES</u></b>					
<b><u>Cafeterias</u></b>					
Personnel Services	\$ 9,152,685	\$ 9,152,685	\$ 8,276,333	\$ 876,352	\$ 8,221,949
Fringe Benefits	4,379,524	4,379,524	3,456,951	922,573	3,488,250
Purchased Services	358,323	358,323	392,792	(34,469)	224,169
Other Charges	82,673	82,673	60,208	22,465	63,056
Materials and Supplies	15,404,583	15,404,583	14,840,972	563,611	15,948,368
Capital Outlay	250,000	250,000	91,103	158,897	105,516
Total Cafeterias	<u>\$ 29,627,788</u>	<u>\$ 29,627,788</u>	<u>\$ 27,118,359</u>	<u>\$ 2,509,429</u>	<u>\$ 28,051,308</u>
<b><u>Technology</u></b>					
Purchased Services	\$ -	\$ -	\$ 54,846	\$ (54,846)	\$ 54,846
Materials and Supplies	70,000	70,000	41,133	28,867	47,912
Capital Outlay	529,562	529,562	-	529,562	-
Total Technology	<u>\$ 599,562</u>	<u>\$ 599,562</u>	<u>\$ 95,979</u>	<u>\$ 503,583</u>	<u>\$ 102,758</u>
Total Expenditures	<u>\$ 30,227,350</u>	<u>\$ 30,227,350</u>	<u>\$ 27,214,338</u>	<u>\$ 3,013,012</u>	<u>\$ 28,154,066</u>
<b><u>EXCESS (DEFICIENCY) OF</u></b>					
<b><u>REVENUES OVER (UNDER)</u></b>					
<b><u>EXPENDITURES</u></b>	<u>\$ (779,562)</u>	<u>\$ (779,562)</u>	<u>\$ 2,677,798</u>	<u>\$ 3,457,360</u>	<u>\$ (356,765)</u>
<b><u>NET CHANGE IN FUND BALANCE</u></b>	<u>\$ (779,562)</u>	<u>\$ (779,562)</u>	<u>\$ 2,677,798</u>	<u>\$ 3,457,360</u>	<u>\$ (356,765)</u>
<b><u>FUND BALANCE - JULY 1</u></b>	<u>4,959,242</u>	<u>4,959,242</u>	<u>4,959,242</u>	<u>-</u>	<u>5,316,007</u>
<b><u>FUND BALANCE - JUNE 30</u></b>	<u>\$ 4,179,680</u>	<u>\$ 4,179,680</u>	<u>\$ 7,637,040</u>	<u>\$ 3,457,360</u>	<u>\$ 4,959,242</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, 2016**  
**with comparative actual amounts for the year ended June 30, 2015**

	Original Budget	Final Budget	Actual	Variance - Positive (Negative)	2015 Actual
<b><u>REVENUES</u></b>					
From Use of Money and Property	\$ 260,000	\$ 260,000	\$ 527,135	\$ 267,135	\$ 523,079
<b><u>EXPENDITURES</u></b>					
<u>Technology</u>					
Purchased Services	\$ -	\$ 31,797	\$ -	\$ 31,797	\$ 7,971
Materials and Supplies	600,000	600,000	389,908	210,092	403,192
Capital Outlay	-	-	-	-	209,779
Total Expenditures	\$ 600,000	\$ 631,797	\$ 389,908	\$ 241,889	\$ 620,942
<b><u>EXCESS (DEFICIENCY) OF</u></b>					
<b><u>REVENUES OVER (UNDER)</u></b>					
<b><u>EXPENDITURES</u></b>	\$ (340,000)	\$ (371,797)	\$ 137,227	\$ 509,024	\$ (97,863)
<b><u>NET CHANGE IN FUND BALANCE</u></b>	\$ (340,000)	\$ (371,797)	\$ 137,227	\$ 509,024	\$ (97,863)
<b><u>FUND BALANCE - JULY 1</u></b>	2,865,114	2,865,114	2,865,114	-	2,962,977
<b><u>FUND BALANCE - JUNE 30</u></b>	\$ 2,525,114	\$ 2,493,317	\$ 3,002,341	\$ 509,024	\$ 2,865,114

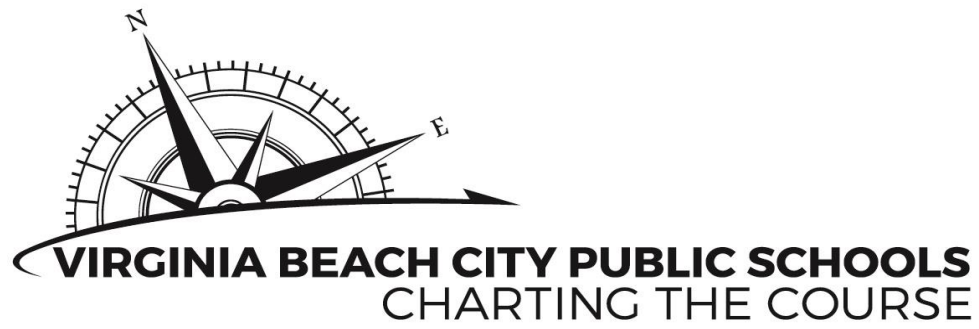
**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**SCHOOL VENDING OPERATIONS SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2016**  
**with comparative actual amounts for the year ended June 30, 2015**

	Original Budget	Final Budget	Actual	Variance - Positive (Negative)	2015 Actual
<b><u>REVENUES</u></b>					
From Use of Money and Property	\$ -	\$ -	\$ 100	\$ 100	\$ 139
Charges for Services	192,550	192,550	192,550	-	192,550
Total Revenues	<u>\$ 192,550</u>	<u>\$ 192,550</u>	<u>\$ 192,650</u>	<u>\$ 100</u>	<u>\$ 192,689</u>
<b><u>EXPENDITURES</u></b>					
<b><u>Instruction</u></b>					
Other Charges	\$ 135,804	\$ 135,804	\$ 214,913	\$ (79,109)	\$ 215,964
Materials and Supplies	9,651	9,651	609	9,042	620
Capital Outlay	74,834	74,834	-	74,834	-
Total Instruction	<u>\$ 220,289</u>	<u>\$ 220,289</u>	<u>\$ 215,522</u>	<u>\$ 4,767</u>	<u>\$ 216,584</u>
<b><u>Technology</u></b>					
Materials and Supplies	\$ -	\$ -	\$ -	\$ -	\$ 100
Total Technology	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100</u>
Total Expenditures	<u>\$ 220,289</u>	<u>\$ 220,289</u>	<u>\$ 215,522</u>	<u>\$ 4,767</u>	<u>\$ 216,684</u>
<b><u>EXCESS (DEFICIENCY) OF</u></b>					
<b><u>REVENUES OVER (UNDER)</u></b>					
<b><u>EXPENDITURES</u></b>	<u>\$ (27,739)</u>	<u>\$ (27,739)</u>	<u>\$ (22,872)</u>	<u>\$ 4,867</u>	<u>\$ (23,995)</u>
<b><u>NET CHANGE IN FUND BALANCE</u></b>	<u>\$ (27,739)</u>	<u>\$ (27,739)</u>	<u>\$ (22,872)</u>	<u>\$ 4,867</u>	<u>\$ (23,995)</u>
<b><u>FUND BALANCE - JULY 1</u></b>	<u>64,891</u>	<u>64,891</u>	<u>64,891</u>	<u>-</u>	<u>88,886</u>
<b><u>FUND BALANCE - JUNE 30</u></b>	<u>\$ 37,152</u>	<u>\$ 37,152</u>	<u>\$ 42,019</u>	<u>\$ 4,867</u>	<u>\$ 64,891</u>



**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, 2016**  
**with comparative actual amounts for the year ended June 30, 2015**

	Original Budget	Final Budget	Actual	Variance - Positive (Negative)	2015 Actual
<b><u>REVENUES</u></b>					
From Use of Money and Property	\$ -	\$ -	\$ 3,596	\$ 3,596	\$ 3,589
<b><u>EXPENDITURES</u></b>					
<u>Instruction</u>					
Capital Outlay	\$ 1,106,301	\$ 1,106,301	\$ -	\$ 1,106,301	\$ 82,426
<u>Technology</u>					
Capital Outlay	-	-	-	-	149,207
Total Expenditures	\$ 1,106,301	\$ 1,106,301	\$ -	\$ 1,106,301	\$ 231,633
<b><u>EXCESS (DEFICIENCY) OF</u></b>					
<b><u>REVENUES OVER (UNDER)</u></b>					
<b><u>EXPENDITURES</u></b>	\$ (1,106,301)	\$ (1,106,301)	\$ 3,596	\$ (1,109,897)	\$ (228,044)
<b><u>NET CHANGE IN FUND BALANCE</u></b>	\$ (1,106,301)	\$ (1,106,301)	\$ 3,596	\$ (1,109,897)	\$ (228,044)
<b><u>FUND BALANCE - JULY 1</u></b>	1,247,898	1,247,898	1,247,898	-	1,475,942
<b><u>FUND BALANCE - JUNE 30</u></b>	\$ 141,597	\$ 141,597	\$ 1,251,494	\$ (1,109,897)	\$ 1,247,898



## **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 POSITION  
JUNE 30, 2016  
with comparative totals for June 30, 2015

	School Risk Management	School Health Insurance	Totals	
			2016	2015
<b>ASSETS</b>				
Current Assets:				
Cash and Investments	\$ 11,525,427	\$ 30,032,466	\$ 41,557,893	\$ 32,134,152
Accounts Receivable	-	932,203	932,203	496,321
Due from Commonwealth	-	-	-	117,419
Prepaid Items	210,880	-	210,880	1,804
TOTAL ASSETS	<u>\$ 11,736,307</u>	<u>\$ 30,964,669</u>	<u>\$ 42,700,976</u>	<u>\$ 32,749,696</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Salaries Payable	\$ 9	\$ 220	\$ 229	\$ 609
Vouchers and				
Accounts Payable	69,612	3,160,131	3,229,743	3,624,118
Unearned Revenue	-	7,363,535	7,363,535	7,019,867
Estimated Claims and				
Judgments (due within				
one year)	5,665,500	5,654,250	11,319,750	12,838,500
Total Current Liabilities	<u>\$ 5,735,121</u>	<u>\$ 16,178,136</u>	<u>\$ 21,913,257</u>	<u>\$ 23,483,094</u>
Noncurrent Liabilities:				
Estimated Claims and				
Judgments (due in more				
than one year)	1,888,500	1,884,750	3,773,250	4,279,500
TOTAL LIABILITIES	<u>\$ 7,623,621</u>	<u>\$ 18,062,886</u>	<u>\$ 25,686,507</u>	<u>\$ 27,762,594</u>
<b>NET POSITION</b>				
Unrestricted	<u>\$ 4,112,686</u>	<u>\$ 12,901,783</u>	<u>\$ 17,014,469</u>	<u>\$ 4,987,102</u>
TOTAL NET POSITION	<u><u>\$ 4,112,686</u></u>	<u><u>\$ 12,901,783</u></u>	<u><u>\$ 17,014,469</u></u>	<u><u>\$ 4,987,102</u></u>

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2016**  
**with comparative totals for the year ended June 30, 2015**

	School Risk Management	School Health Insurance	Totals	
			2016	2015
<b><u>OPERATING REVENUES</u></b>				
Charges for Services	\$ 6,505,724	\$ 142,473,088	\$ 148,978,812	\$ 145,345,687
Miscellaneous Revenue	13,520	-	13,520	8,004
Total Operating Revenues	<u>\$ 6,519,244</u>	<u>\$ 142,473,088</u>	<u>\$ 148,992,332</u>	<u>\$ 145,353,691</u>
<b><u>OPERATING EXPENSES</u></b>				
Personnel Services	\$ 358,037	\$ 337,275	\$ 695,312	\$ 682,281
Fringe Benefits	132,002	129,139	261,141	251,411
Other Charges	5,051,816	132,637,522	137,689,338	145,467,470
Total Operating Expenses	<u>\$ 5,541,855</u>	<u>\$ 133,103,936</u>	<u>\$ 138,645,791</u>	<u>\$ 146,401,162</u>
<b><u>OPERATING INCOME (LOSS)</u></b>	<u>\$ 977,389</u>	<u>\$ 9,369,152</u>	<u>\$ 10,346,541</u>	<u>\$ (1,047,471)</u>
<b><u>NONOPERATING REVENUES (EXPENSES)</u></b>				
Transfers In-General Fund	\$ 1,600,000	\$ -	\$ 1,600,000	\$ -
Interest Income	31,763	49,063	80,826	58,821
Total Nonoperating Revenues (Expenses)	<u>\$ 1,631,763</u>	<u>\$ 49,063</u>	<u>\$ 1,680,826</u>	<u>\$ 58,821</u>
<b><u>CHANGES IN NET POSITION</u></b>	<u>\$ 2,609,152</u>	<u>\$ 9,418,215</u>	<u>\$ 12,027,367</u>	<u>\$ (988,650)</u>
<b><u>TOTAL NET POSITION - JULY 1</u></b>	<u>1,503,534</u>	<u>3,483,568</u>	<u>4,987,102</u>	<u>5,975,752</u>
<b><u>TOTAL NET POSITION - JUNE 30</u></b>	<u>\$ 4,112,686</u>	<u>\$ 12,901,783</u>	<u>\$ 17,014,469</u>	<u>\$ 4,987,102</u>

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2016  
with comparative totals for the year ended June 30, 2015

	School Risk Management	School Health Insurance	Totals	
			2016	2015
<b><u>CASH FLOWS FROM OPERATING</u></b>				
<b><u>ACTIVITIES:</u></b>				
Receipts from Customers and Users	\$ 6,519,244	\$ 142,498,293	\$ 149,017,537	\$ 145,086,702
Payments to Vendors for Goods/Services	(6,802,055)	(133,515,734)	(140,317,789)	(142,472,843)
Payments to Employees for Services	(490,545)	(466,288)	(956,833)	(933,509)
Net Cash Provided (Used)				
By Operating Activities	\$ (773,356)	\$ 8,516,271	\$ 7,742,915	\$ 1,680,350
<b><u>CASH FLOWS FROM NONCAPITAL</u></b>				
<b><u>FINANCING ACTIVITIES:</u></b>				
Intergovernmental Receipts	\$ 1,600,000	\$ -	\$ 1,600,000	\$ -
<b><u>CASH FLOWS FROM INVESTING</u></b>				
<b><u>ACTIVITIES:</u></b>				
Interest Received on Investments	31,763	49,063	80,826	58,821
<b><u>NET INCREASE IN</u></b>				
<b><u>CASH AND INVESTMENTS</u></b>				
	\$ 858,407	\$ 8,565,334	\$ 9,423,741	\$ 1,739,171
<b><u>CASH AND INVESTMENTS,</u></b>				
<b><u>BEGINNING OF YEAR</u></b>				
	10,667,020	21,467,132	32,134,152	30,394,981
<b><u>CASH AND INVESTMENTS,</u></b>				
<b><u>END OF YEAR</u></b>				
	\$ 11,525,427	\$ 30,032,466	\$ 41,557,893	\$ 32,134,152
<b><u>RECONCILIATION OF OPERATING INCOME</u></b>				
<b><u>(LOSS) TO NET CASH PROVIDED</u></b>				
<b><u>(USED) BY OPERATING ACTIVITIES:</u></b>				
Operating Income (Loss)	\$ 977,389	\$ 9,369,152	\$ 10,346,541	\$ (1,047,471)
Adjustments to Reconcile Operating				
Income (Loss) to Net Cash Provided				
(Used) by Operating Activities				
(Increase) Decrease in Assets				
Accounts Receivable	\$ -	\$ (435,882)	\$ (435,882)	\$ (125,638)
Due from Commonwealth	-	117,419	117,419	15,889
Prepaid Items	(209,076)	-	(209,076)	20,332
Increase (Decrease) in Liabilities				
Salaries Payable	(506)	126	(380)	183
Vouchers and Accounts Payable	(505,163)	110,788	(394,375)	3,144,295
Unearned Revenue	-	343,668	343,668	(157,240)
Estimated Claims and Judgments	(1,036,000)	(989,000)	(2,025,000)	(170,000)
Total Adjustments	\$ (1,750,745)	\$ (852,881)	\$ (2,603,626)	\$ 2,727,821
Net Cash Provided (Used)				
By Operating Activities	\$ (773,356)	\$ 8,516,271	\$ 7,742,915	\$ 1,680,350

## **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, 2016

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
<b><u>PAYROLL DEDUCTIONS</u></b>				
<b><u>ASSETS</u></b>				
Cash and Investments	\$ 5,517,605	\$ 135,728,703	\$ 135,656,864	\$ 5,589,444
Accounts Receivable	6,788	-	4,631	2,157
Due from Federal Government	-	465	-	465
<b>TOTAL ASSETS</b>	<b>\$ 5,524,393</b>	<b>\$ 135,729,168</b>	<b>\$ 135,661,495</b>	<b>\$ 5,592,066</b>
<b><u>LIABILITIES</u></b>				
Vouchers and Accounts Payable	\$ 5,524,393	\$ 135,729,168	\$ 135,661,495	\$ 5,592,066
<b><u>FRINGE BENEFITS</u></b>				
<b><u>ASSETS</u></b>				
Cash and Investments	\$ 8,721,606	\$ 105,721,352	\$ 106,156,755	\$ 8,286,203
Due from Federal Government	-	465	-	465
<b>TOTAL ASSETS</b>	<b>\$ 8,721,606</b>	<b>\$ 105,721,817</b>	<b>\$ 106,156,755</b>	<b>\$ 8,286,668</b>
<b><u>LIABILITIES</u></b>				
Vouchers and Accounts Payable	\$ 8,721,606	\$ 105,721,817	\$ 106,156,755	\$ 8,286,668
<b><u>SCHOOL ACTIVITY ACCOUNTS</u></b>				
<b><u>ASSETS</u></b>				
Cash and Investments	\$ 3,310,682	\$ 11,473,022	\$ 11,073,936	\$ 3,709,768
<b><u>LIABILITIES</u></b>				
Vouchers and Accounts Payable	\$ 3,310,682	\$ 11,473,022	\$ 11,073,936	\$ 3,709,768
<b><u>TOTAL - AGENCY FUNDS</u></b>				
<b><u>ASSETS</u></b>				
Cash and Investments	\$ 17,549,893	\$ 252,923,077	\$ 252,887,555	\$ 17,585,415
Accounts Receivable	6,788	-	4,631	2,157
Due from Federal Government	-	930	-	930
<b>TOTAL ASSETS</b>	<b>\$ 17,556,681</b>	<b>\$ 252,924,007</b>	<b>\$ 252,892,186</b>	<b>\$ 17,588,502</b>
<b><u>LIABILITIES</u></b>				
Vouchers and Accounts Payable	\$ 17,556,681	\$ 252,924,007	\$ 252,892,186	\$ 17,588,502
<b>TOTAL LIABILITIES</b>	<b>\$ 17,556,681</b>	<b>\$ 252,924,007</b>	<b>\$ 252,892,186</b>	<b>\$ 17,588,502</b>



## 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.

<b><u>Contents</u></b>	<b><u>Tables</u></b>
<b>Financial Trends</b>	<b>1 – 10</b>
These tables contain trend information to help the reader understand how the School Board's financial performance and well-being have changed over time.	
<b>Operating Information</b>	<b>11 – 24</b>
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.	
<b>Demographic and Economic Information</b>	<b>25 – 29</b>
These tables offer demographic and economic indicators to help the reader understand the environment within which the School Board's financial activities take place.	
<b>Revenue Capacity</b>	<b>30 – 33</b>
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.	
<b>Debt Capacity</b>	<b>34 – 35</b>
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 POSITION BY COMPONENT**  
**Last Ten Fiscal Years**

	Fiscal Year			
	2007	2008	2009	2010
<b>NET POSITION (DEFICIT)</b>				
Invested in Capital Assets	\$ 316,759,489	\$ 337,880,626	\$ 384,102,886	\$ 411,565,763
Restricted for:				
Capital Projects	65,850,137	81,794,572	69,172,375	60,912,528
Grants	588,734	578,724	674,003	893,092
Cafeterias	-	-	-	-
Textbooks	-	-	-	-
Unrestricted (Deficit)	<u>45,933,553</u>	<u>60,867,058</u>	<u>88,547,813</u>	<u>98,003,621</u>
<b>TOTAL NET POSITION (DEFICIT)</b>	<u><u>\$ 429,131,913</u></u>	<u><u>\$ 481,120,980</u></u>	<u><u>\$ 542,497,077</u></u>	<u><u>\$ 571,375,004</u></u>

**Note:** Governmental Accounting Standards Board Statement Number 68 on Accounting and Financial Reporting for Pensions was implemented in fiscal year 2015. The July 1, 2014 Net Position amount was restated, as financial information for fiscal years prior to 2014 is not available.

Table 1

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Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ 449,745,865	\$ 484,947,961	\$ 503,613,147	\$ 492,959,880	\$ 501,205,889	\$ 503,106,097
20,622,399	5,465,425	-	15,947,262	13,318,732	20,731,125
903,582	1,205,050	1,060,524	1,058,973	456,630	759,498
2,702,932	3,402,900	3,825,795	4,556,868	4,469,528	7,029,421
22,042,950	17,964,543	16,044,853	16,247,585	11,688,657	8,447,356
<u>78,081,876</u>	<u>25,924,228</u>	<u>4,805,735</u>	<u>(703,842,498)</u>	<u>(692,029,291)</u>	<u>(658,386,368)</u>
<u>\$ 574,099,604</u>	<u>\$ 538,910,107</u>	<u>\$ 529,350,054</u>	<u>\$ (173,071,930)</u>	<u>\$ (160,889,855)</u>	<u>\$ (118,312,871)</u>

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

	Fiscal Year			
	2007	2008	2009	2010
<b>Expenses:</b>				
Governmental Activities:				
Instruction	\$ 600,453,668	\$ 609,866,678	\$ 602,074,151	\$ 574,177,165
Admin, Attendance, & Health	20,799,559	21,304,108	20,480,010	19,076,315
Pupil Transportation	29,714,501	31,593,740	31,046,691	31,772,212
Operations and Maintenance	95,849,815	105,258,243	106,804,955	90,426,163
Cafeterias	24,028,248	25,435,324	25,803,414	26,140,730
Technology	-	-	-	32,344,399
Total Expenses	<u>\$ 770,845,791</u>	<u>\$ 793,458,093</u>	<u>\$ 786,209,221</u>	<u>\$ 773,936,984</u>
<b>Program Revenues:</b>				
Governmental Activities:				
Charges for Services:				
Instruction	\$ 4,007,024	\$ 3,757,993	\$ 3,134,713	\$ 2,756,285
Operations and Maintenance	-	-	440,686	422,026
Cafeterias	13,372,457	13,711,915	14,126,748	13,480,969
Technology	-	-	-	370,529
Operating Grants and Contributions	139,853,815	143,803,458	133,607,276	143,007,213
Capital Grants and Contributions	11,859,375	11,275,914	11,075,378	9,445,175
Total Program Revenues	<u>\$ 169,092,671</u>	<u>\$ 172,549,280</u>	<u>\$ 162,384,801</u>	<u>\$ 169,482,197</u>
Net Expenses	<u>\$ (601,753,120)</u>	<u>\$ (620,908,813)</u>	<u>\$ (623,824,420)</u>	<u>\$ (604,454,787)</u>
<b>General Revenues:</b>				
Local Sources:				
Local Government	\$ 367,354,176	\$ 383,315,703	\$ 384,210,051	\$ 361,465,466
Miscellaneous	402,152	340,667	461,504	6,283,791
Federal and State Aid not Restricted to Specific Purposes:				
State Basic Aid	196,584,793	193,474,314	217,584,685	181,102,083
State Sales Tax	72,151,255	72,904,963	69,168,038	66,688,947
Federal Impact Aid	16,834,283	18,404,950	11,437,201	17,057,468
Interest Earnings	4,566,500	4,457,283	2,339,038	734,959
Total General Revenues	<u>\$ 657,893,159</u>	<u>\$ 672,897,880</u>	<u>\$ 685,200,517</u>	<u>\$ 633,332,714</u>
Change in Net Position	<u>\$ 56,140,039</u>	<u>\$ 51,989,067</u>	<u>\$ 61,376,097</u>	<u>\$ 28,877,927</u>

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

Governmental Accounting Standards Board Statement Number 68 on Accounting and Financial Reporting for Pensions was implemented in fiscal year 2015. The Change in Net Position for fiscal year 2015 reflects this implementation (net of the allocation of pension expense to the various governmental activities), as financial information for fiscal years prior to 2015 is not available.

Table 2

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ 567,568,792	\$ 573,843,860	\$ 577,046,558	\$ 587,975,312	\$ 573,574,157	\$ 568,912,291
18,401,916	19,526,549	20,504,499	20,499,059	20,641,696	20,989,423
36,105,660	34,922,875	34,224,798	33,585,459	33,364,815	30,739,249
93,664,818	93,706,524	89,634,735	88,060,958	88,194,131	86,966,670
26,113,779	27,294,432	26,525,914	28,720,848	27,720,826	26,288,628
44,830,758	47,835,843	36,593,114	36,119,783	38,168,996	38,714,083
<u>\$ 786,685,723</u>	<u>\$ 797,130,083</u>	<u>\$ 784,529,618</u>	<u>\$ 794,961,419</u>	<u>\$ 781,664,621</u>	<u>\$ 772,610,344</u>
\$ 3,185,029	\$ 3,212,855	\$ 2,530,353	\$ 2,841,159	\$ 2,735,642	\$ 2,696,121
367,908	332,257	424,637	456,559	597,144	628,300
13,276,414	12,772,266	12,195,744	12,047,776	10,591,205	11,266,046
438,046	447,530	829,946	620,441	625,937	485,887
146,074,200	149,600,791	134,612,328	143,414,642	141,961,728	142,463,184
9,710,467	1,812,470	-	-	-	-
<u>\$ 173,052,064</u>	<u>\$ 168,178,169</u>	<u>\$ 150,593,008</u>	<u>\$ 159,380,577</u>	<u>\$ 156,511,656</u>	<u>\$ 157,539,538</u>
<u>\$ (613,633,659)</u>	<u>\$ (628,951,914)</u>	<u>\$ (633,936,610)</u>	<u>\$ (635,580,842)</u>	<u>\$ (625,152,965)</u>	<u>\$ (615,070,806)</u>
\$ 371,517,109	\$ 343,802,519	\$ 368,549,605	\$ 392,169,735	\$ 378,687,744	\$ 403,461,767
964,435	841,995	655,857	530,505	842,365	399,783
159,342,761	165,011,640	166,739,680	167,421,241	175,008,994	172,363,914
70,058,126	72,266,667	68,889,270	67,915,112	70,376,559	72,382,607
13,987,750	11,630,646	19,404,512	10,145,630	12,314,580	8,886,385
488,078	208,950	137,633	145,635	104,798	153,334
<u>\$ 616,358,259</u>	<u>\$ 593,762,417</u>	<u>\$ 624,376,557</u>	<u>\$ 638,327,858</u>	<u>\$ 637,335,040</u>	<u>\$ 657,647,790</u>
<u>\$ 2,724,600</u>	<u>\$ (35,189,497)</u>	<u>\$ (9,560,053)</u>	<u>\$ 2,747,016</u>	<u>\$ 12,182,075</u>	<u>\$ 42,576,984</u>

Table 3

**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	
			%		%		%		%		%		%
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
2012	797,130,083	573,843,860	72.0	19,526,549	2.4	34,922,875	4.4	93,706,524	11.8	27,294,432	3.4	47,835,843	6.0
2013	784,529,618	577,046,558	73.6	20,504,499	2.6	34,224,798	4.4	89,634,735	11.4	26,525,914	3.4	36,593,114	4.6
2014	794,961,419	587,975,312	74.0	20,499,059	2.6	33,585,459	4.2	88,060,958	11.1	28,720,848	3.6	36,119,783	4.5
2015	781,664,621	573,574,157	73.4	20,641,696	2.6	33,364,815	4.3	88,194,131	11.3	27,720,826	3.5	38,168,996	4.9
2016	772,610,344	568,912,291	73.6	20,989,423	2.7	30,739,249	4.0	86,966,670	11.3	26,288,628	3.4	38,714,083	5.0

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

Governmental Accounting Standards Board Statement Number 68 on Accounting and Financial Reporting for Pensions was implemented in fiscal year 2015. The Total Expenses for fiscal year 2015 reflects this implementation (net of the allocation of pension expense to the various governmental activities), as financial information for fiscal years prior to 2015 is not available.

Table 4

**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	%
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	802,814,911	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	789,410,323	17,267,397	2.2	155,784,667	19.7	372,481,544	47.2	243,388,637	30.8	488,078	0.1
2012	761,940,586	16,764,908	2.2	151,413,261	19.9	344,644,514	45.2	248,908,953	32.7	208,950	0.0
2013	774,969,565	15,980,680	2.1	134,612,328	17.4	369,205,462	47.6	255,033,462	32.9	137,633	0.0
2014	797,708,435	15,965,935	2.0	143,414,642	18.0	392,700,240	49.2	245,481,983	30.8	145,635	0.0
2015	793,846,696	14,549,928	1.8	141,961,728	17.9	379,530,109	47.8	257,700,133	32.5	104,798	0.0
2016	815,187,328	15,076,354	1.8	142,463,184	17.5	403,861,550	49.5	253,632,906	31.1	153,334	0.1

\* 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			
	2007	2008	2009	2010
<b>General Fund:</b>				
Reserved for:				
Encumbrances	\$ 15,229,736	\$ 10,062,745	\$ 15,420,804	\$ 17,799,721
Prepaid Items	338,420	348,816	430,209	232,296
<i>Nonspendable</i>	-	-	-	-
<i>Assigned</i>	-	-	-	-
Total Fund Balance - General Fund	<u>\$ 15,568,156</u>	<u>\$ 10,411,561</u>	<u>\$ 15,851,013</u>	<u>\$ 18,032,017</u>
<b>All Other Governmental Funds:</b>				
Reserved for:				
Encumbrances	\$ 25,662,390	\$ 64,421,034	\$ 33,532,579	\$ 64,124,641
Inventories	1,275,145	1,323,099	1,207,205	928,866
Prepaid Items	137,640	137,670	92,279	50,794
Unreserved, reported in:				
Designated:				
Capital Projects Fund	40,511,332	17,485,107	35,699,416	102,796
Special Revenue Funds	9,716,650	6,915,613	8,365,033	10,570,187
Undesignated:				
Special Revenue Funds	22,277,792	30,350,756	35,185,104	35,535,768
<i>Nonspendable:</i>				
<i>Special Revenue Funds</i>	-	-	-	-
<i>Restricted:</i>				
<i>Special Revenue Funds</i>	-	-	-	-
<i>Capital Projects Funds</i>	-	-	-	-
<i>Committed:</i>				
<i>Special Revenue Funds</i>	-	-	-	-
<i>Capital Projects Funds</i>	-	-	-	-
<i>Unassigned:</i>				
<i>Capital Projects Funds</i>	-	-	-	-
Total Fund Balance - Other Governmental Funds	<u>\$ 99,580,949</u>	<u>\$ 120,633,279</u>	<u>\$ 114,081,616</u>	<u>\$ 111,313,052</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					
2011	2012	2013	2014	2015	2016
\$ 600,039	\$ 357,968	\$ 511,177	\$ 761,330	\$ 1,095,915	\$ 844,003
31,918,365	11,626,203	5,651,929	6,588,302	9,667,446	8,392,352
<u>\$ 32,518,404</u>	<u>\$ 11,984,171</u>	<u>\$ 6,163,106</u>	<u>\$ 7,349,632</u>	<u>\$ 10,763,361</u>	<u>\$ 9,236,355</u>
\$ 1,014,413	\$ 1,326,178	\$ 1,284,493	\$ 777,040	\$ 489,714	\$ 1,734,207
25,649,464	22,218,911	20,777,535	21,863,426	16,614,815	16,236,275
20,622,399	5,465,425	-	15,947,262	13,318,732	20,731,125
4,549,561	4,600,173	4,837,677	4,527,805	4,177,903	4,295,854
23,487,476	9,055,815	6,839,100	3,298,600	437,953	528,628
-	-	(3,403,665)	-	-	-
<u>\$ 75,323,313</u>	<u>\$ 42,666,502</u>	<u>\$ 30,335,140</u>	<u>\$ 46,414,133</u>	<u>\$ 35,039,117</u>	<u>\$ 43,526,089</u>

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

	Fiscal Year			
	2007	2008	2009	2010
<b><u>REVENUES</u></b>				
From Use of Money and Property	\$ 5,366,067	\$ 5,235,264	\$ 3,146,373	\$ 1,527,514
Charges for Services	15,773,901	15,916,990	16,192,326	15,542,788
Miscellaneous	1,649,927	1,708,877	1,544,296	6,983,533
From Local Government	367,354,176	383,315,703	384,210,051	361,465,466
From Commonwealth	375,581,848	377,306,856	385,248,073	330,863,697
From Federal Government	61,259,911	61,963,470	57,244,199	86,431,913
Total Revenues	<u>\$ 826,985,830</u>	<u>\$ 845,447,160</u>	<u>\$ 847,585,318</u>	<u>\$ 802,814,911</u>
<b><u>EXPENDITURES</u></b>				
Current:				
Instruction	\$ 582,691,565	\$ 583,207,135	\$ 585,463,504	\$ 552,368,410
Admin, Attendance, & Health	20,558,582	20,992,318	20,264,766	18,988,180
Pupil Transportation	32,095,470	34,308,536	33,354,153	31,579,245
Operations and Maintenance	95,717,780	107,558,378	110,441,124	91,466,557
Cafeterias	24,247,958	25,790,724	26,084,462	25,983,743
Technology	-	-	-	30,462,146
Capital Outlay	63,977,893	57,694,334	73,089,520	52,554,190
Total Expenditures	<u>\$ 819,289,248</u>	<u>\$ 829,551,425</u>	<u>\$ 848,697,529</u>	<u>\$ 803,402,471</u>
<b><u>EXCESS (DEFICIENCY) OF</u></b>				
<b><u>REVENUES OVER (UNDER)</u></b>				
<b><u>EXPENDITURES</u></b>	<u>\$ 7,696,582</u>	<u>\$ 15,895,735</u>	<u>\$ (1,112,211)</u>	<u>\$ (587,560)</u>
<b><u>OTHER FINANCING SOURCES</u></b>				
<b><u>(USES)</u></b>				
Transfers In	\$ 9,176,562	\$ 9,327,290	\$ 9,814,672	\$ 19,093,344
Transfers Out	(9,176,562)	(9,327,290)	(9,814,672)	(19,093,344)
Sale of Capital Assets	-	-	-	-
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b><u>NET CHANGE IN</u></b>				
<b><u>FUND BALANCES</u></b>	<u>\$ 7,696,582</u>	<u>\$ 15,895,735</u>	<u>\$ (1,112,211)</u>	<u>\$ (587,560)</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					
2011	2012	2013	2014	2015	2016
\$ 1,045,325	\$ 901,726	\$ 898,066	\$ 990,556	\$ 1,112,326	\$ 1,187,026
15,173,514	14,540,665	13,760,887	13,586,261	11,921,719	12,273,570
2,080,042	2,317,353	2,150,879	2,411,989	2,717,149	2,366,701
371,517,109	343,802,519	368,549,605	392,169,735	378,687,744	403,461,767
309,842,580	315,182,365	318,519,061	326,629,536	334,562,449	335,531,412
89,256,381	84,973,890	70,800,124	61,914,947	64,845,309	60,351,137
<u>\$ 788,914,951</u>	<u>\$ 761,718,518</u>	<u>\$ 774,678,622</u>	<u>\$ 797,703,024</u>	<u>\$ 793,846,696</u>	<u>\$ 815,171,613</u>
\$ 535,455,491	\$ 548,953,371	\$ 552,817,372	\$ 549,280,427	\$ 571,442,017	\$ 566,161,730
18,279,083	19,064,917	20,158,024	20,265,565	21,039,188	21,867,909
34,411,971	29,582,245	30,850,164	31,613,426	29,783,772	30,772,076
96,905,759	93,526,365	88,576,353	87,673,842	89,729,140	91,231,416
25,899,229	26,474,564	26,139,487	28,369,866	28,051,308	27,118,359
43,577,282	45,877,615	36,174,823	35,732,637	35,714,932	37,060,489
56,384,860	57,152,553	38,405,769	27,507,153	26,047,626	34,015,383
<u>\$ 810,913,675</u>	<u>\$ 820,631,630</u>	<u>\$ 793,121,992</u>	<u>\$ 780,442,916</u>	<u>\$ 801,807,983</u>	<u>\$ 808,227,362</u>
<u>\$ (21,998,724)</u>	<u>\$ (58,913,112)</u>	<u>\$ (18,443,370)</u>	<u>\$ 17,260,108</u>	<u>\$ (7,961,287)</u>	<u>\$ 6,944,251</u>
\$ 2,930,631	\$ 8,494,199	\$ 3,059,471	\$ 3,185,724	\$ 3,146,753	\$ 3,213,930
(2,930,631)	(2,994,199)	(3,059,471)	(3,185,724)	(3,146,753)	(3,213,930)
495,372	222,068	290,943	5,411	-	15,715
<u>\$ 495,372</u>	<u>\$ 5,722,068</u>	<u>\$ 290,943</u>	<u>\$ 5,411</u>	<u>\$ -</u>	<u>\$ 15,715</u>
<u>\$ (21,503,352)</u>	<u>\$ (53,191,044)</u>	<u>\$ (18,152,427)</u>	<u>\$ 17,265,519</u>	<u>\$ (7,961,287)</u>	<u>\$ 6,959,966</u>

Table 7

**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	
			%		%		%		%		%		%
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
2012	656,882,672	477,573,144	72.7	19,064,917	2.9	29,578,124	4.5	88,326,990	13.4	39,345,298	6.0	2,994,199	0.5
2013	675,262,669	506,336,353	75.0	20,158,024	3.0	30,850,164	4.6	85,225,055	12.6	29,633,602	4.4	3,059,471	0.4
2014	667,719,887	501,762,265	75.1	20,265,565	3.0	31,613,426	4.7	84,881,195	12.7	26,011,712	3.9	3,185,724	0.6
2015	687,695,797	521,306,637	75.8	21,039,188	3.1	29,783,772	4.3	85,027,241	12.4	27,392,206	4.0	3,146,753	0.4
2016	693,674,811	522,827,006	75.4	21,867,909	3.2	30,772,076	4.4	85,640,251	12.3	29,353,639	4.2	3,213,930	0.5

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

Governmental Accounting Standards Board (GASB) Statement Number 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which requires for reporting purposes the School Athletics and School Instructional Technology Funds be included (retroactively beginning in fiscal year 2011) in the above table with the School Operating Fund, was adopted by the School Board as of July 1, 2010.

Beginning in Fiscal Year 2009, the Technology category is separately reported. Financial information relating to the Technology category for fiscal years prior to 2009 is not available.

**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	%	Common-wealth of Virginia	%	State Sales Tax	%	Federal Government	%	Other Revenues*	%
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
2012*	636,348,439	307,940,295	48.4	233,276,203	36.7	72,266,667	11.4	13,155,684	2.1	9,709,590	1.4
2013	669,441,604	337,975,782	50.5	238,513,521	35.6	68,889,270	10.3	20,486,105	3.1	3,576,926	0.5
2014	668,901,002	341,558,045	51.1	243,244,523	36.4	67,915,112	10.2	12,316,895	1.8	3,866,427	0.5
2015	691,109,526	352,191,199	51.0	250,173,015	36.2	70,376,559	10.2	14,290,941	2.1	4,077,812	0.5
2016	692,132,090	355,706,910	51.4	249,585,001	36.1	72,382,607	10.5	10,984,116	1.6	3,473,456	0.4

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

Governmental Accounting Standards Board (GASB) Statement Number 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which requires for reporting purposes the School Athletics and School Instructional Technology Funds be included (retroactively beginning in fiscal year 2011) in the above table with the School Operating Fund, was adopted by the School Board as of July 1, 2010.

\* The Other Revenues column for Fiscal Year 2012 includes \$5,500,000 transferred from the Risk Management Internal Service Fund.

Other Financial Data			
Fiscal Year	June 30 Reversion to City	June 30 Fund Balance	Debt Service
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	-
2012	15,954,726	11,984,171	\$44,337,710
2013	18,831,522	6,163,106	44,747,986
2014	15,554,787	7,349,632	42,537,774
2015	12,316,533	10,763,361	44,986,273
2016	15,583,197	9,236,355	44,115,909

**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 after Fiscal Year 2010 it includes the fund balances of the School Athletics and School Instructional Technology Funds, as required by GASB #54 for reporting purposes. Beginning in FY 2012, Debt Service Payments (funded by the City) are presented.

**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
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	5,166	5,371	3,469	3,375	1,009	928
2012	5,172	5,549	3,489	3,420	1,035	935
2013	5,237	5,776	3,600	3,652	991	954
2014	5,277	5,823	3,705	3,676	978	959
2015	5,392	5,949	3,828	3,798	1,016	1,004
2016	-	-	-	-	-	-

- 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.

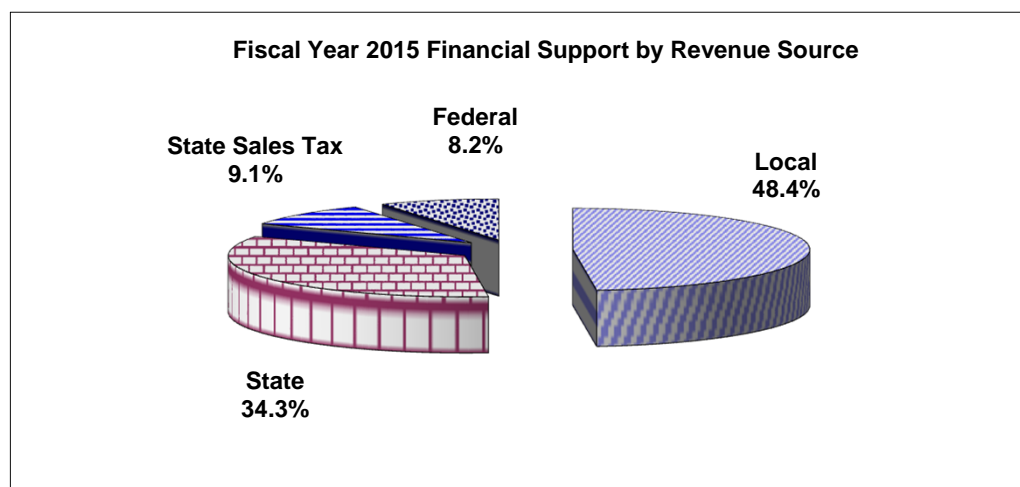
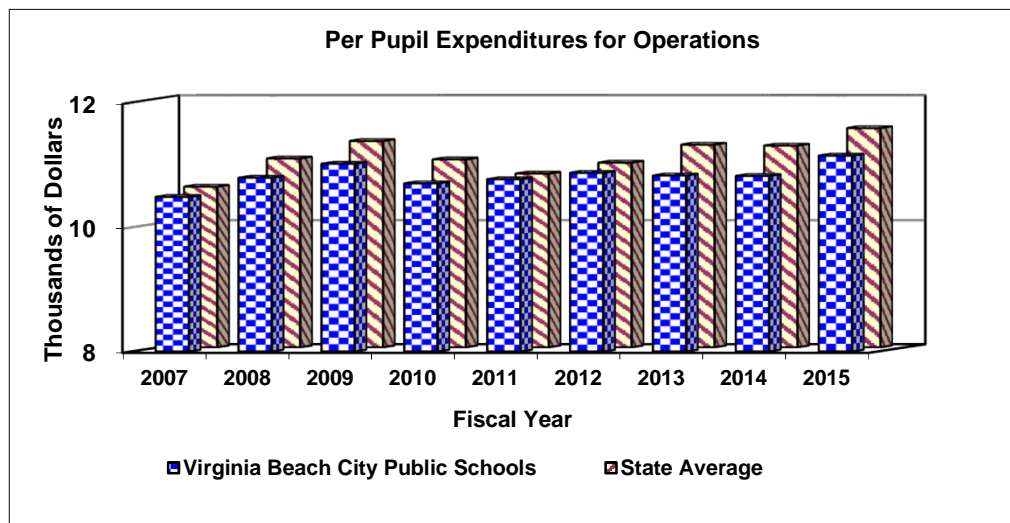
The State amount includes all the monies sent to the LEA by the DOE minus an amount sent by the DOE for the running of the Hospital, Clinics, and Detention Home project and an amount sent by the DOE for vocational equipment. The State Sales Tax is the 1 cent tax on goods and services allocated to a particular 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

Table 9

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	
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	1,128	1,119	10,772	10,793	69,458
2012	1,180	1,065	10,876	10,969	69,856
2013	1,004	875	10,832	11,257	69,512
2014	865	784	10,825	11,242	69,441
2015	914	772	11,150	11,523	69,242
2016	-	-	-	-	-

- 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**

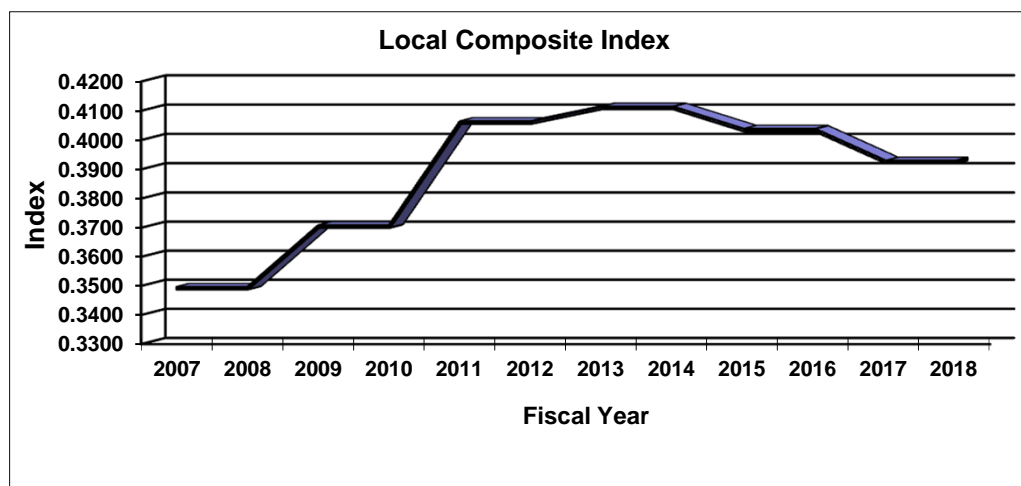
Fiscal Year	Indicators of Ability Base Year	Local Composite Index	Local Share of SOQ Factor
2007	2003	.3492	.4500
2008	2003	.3492	.4500
2009	2005	.3704	.4500
2010	2005	.3704	.4500
2011	2007	.4060	.4500
2012	2007	.4060	.4500
2013	2009	.4110	.4500
2014	2009	.4110	.4500
2015	2011	.4034	.4500
2016	2011	.4034	.4500
2017	2013	.3925	.4500
2018	2013	.3925	.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





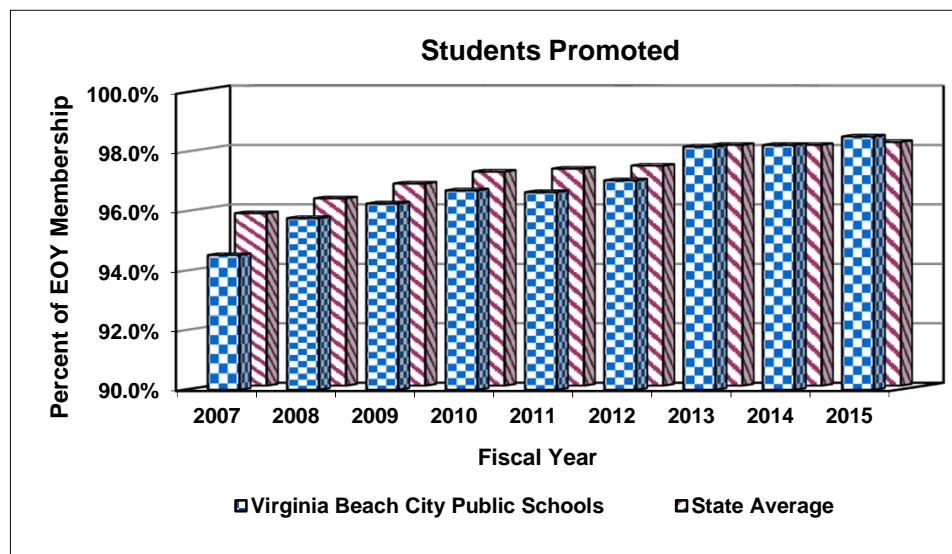
**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**STUDENTS PROMOTED**  
**Last Ten Fiscal Years**

Fiscal Year	End-of-Year Membership	Number Promoted	Percent Promoted	Percent Promoted State Average
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	68,935	66,624	96.6%	97.3%
2012	68,585	66,558	97.0%	97.4%
2013	69,105	67,847	98.2%	98.1%
2014	69,385	68,160	98.2%	98.1%
2015	68,934	67,914	98.5%	98.2%
2016	-	-	-	-

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

**Note:** This table represents the number of pupils promoted as a percentage of end of the year membership. Beginning in fiscal year 2014, the calculation was updated which employs the Virginia Department of Education longitudinal database. This calculation counts the students in the current fiscal year's fall enrollment that were in the same grade for the previous fiscal year's fall enrollment, instead of the students who were identified as retained by the school division on the last day of school. 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



**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
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
2012	183	42,519	26,796	69,315	40,984	25,544	66,528
2013	183	42,481	26,509	68,990	40,767	25,164	65,931
2014	183	42,405	26,513	68,918	40,743	25,063	65,806
2015	183	42,122	26,564	68,686	40,512	25,224	65,736
2016	183	41,909	26,335	68,244	40,180	24,877	65,057

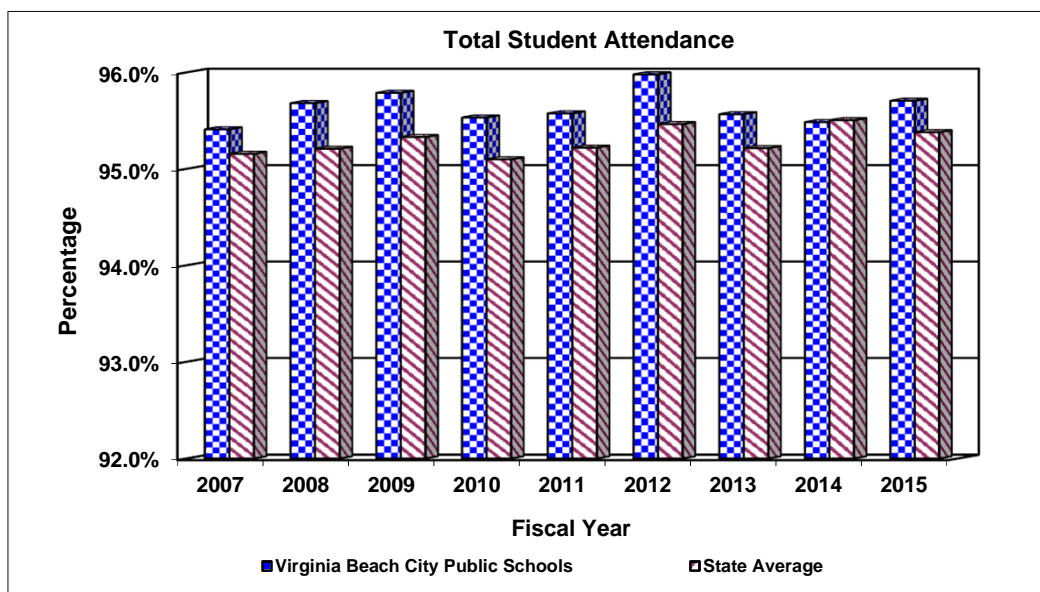
**Note:** This table represents the average daily membership and the average daily attendance along with the percentage of attendance to membership. Average Daily Membership (ADM) is the average number of students belonging each day in a school system for the period of report. ADM is determined by dividing 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 2016 - school division submission by the Department of Technology)

Table 12

Fiscal Year	Student Attendance Percent			Student Attendance Percent State Average		
	Elementary	Secondary	Local Average	Elementary	Secondary	State Average
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%	95.8%	94.3%	95.2%
2012	96.4%	95.3%	96.0%	96.1%	94.4%	95.5%
2013	96.0%	94.9%	95.6%	95.7%	94.4%	95.2%
2014	96.1%	94.5%	95.5%	96.1%	94.6%	95.5%
2015	96.2%	95.0%	95.7%	95.9%	94.5%	95.4%
2016	95.9%	94.5%	95.3%	-	-	-

- 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**

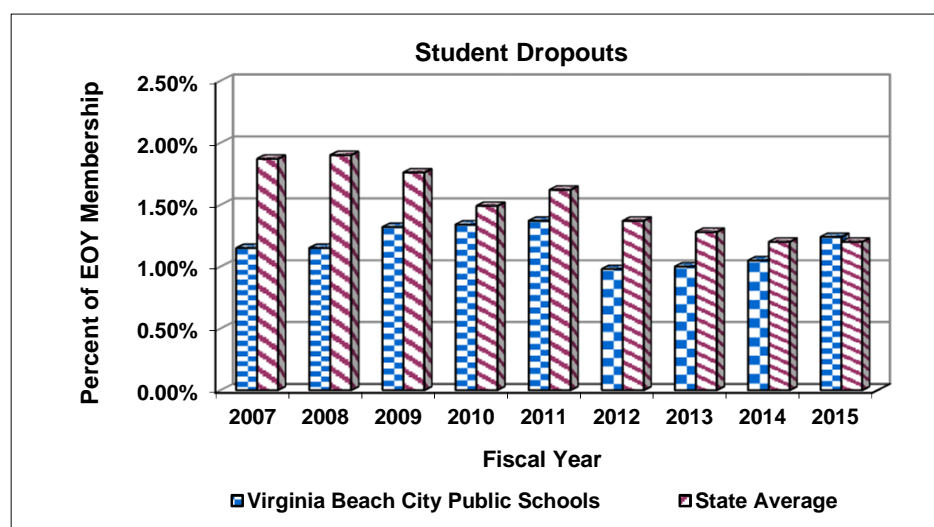
<b>Fiscal Year</b>	<b>September 30 Membership (Grades 7-12)</b>	<b>Number of Dropouts</b>	<b>Percent</b>	<b>Percent State Average</b>
2007	35,165	406	1.15%	1.87%
2008	34,471	397	1.15%	1.90%
2009	33,706	446	1.32%	1.76%
2010	33,364	447	1.34%	1.49%
2011	33,036	451	1.37%	1.62%
2012	32,524	319	0.98%	1.37%
2013	32,223	322	1.00%	1.28%
2014	32,213	337	1.05%	1.20%
2015	32,056	396	1.24%	1.20%
2016	-	-	-	-

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

**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.

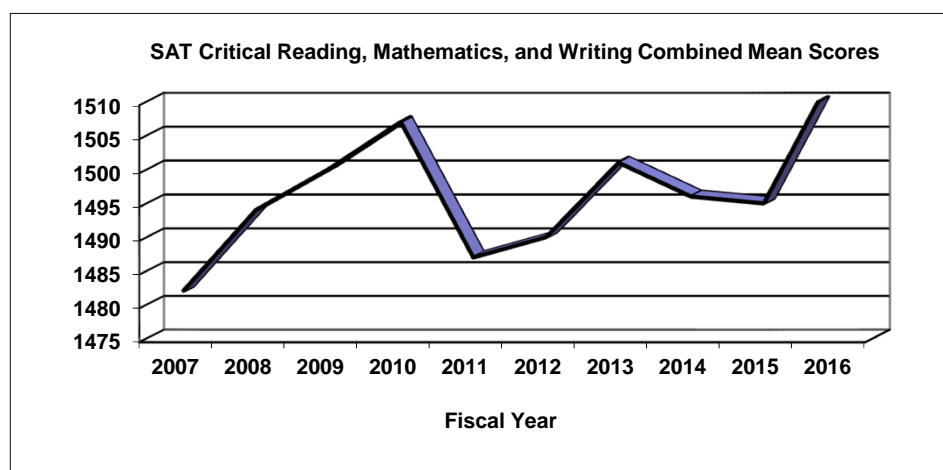
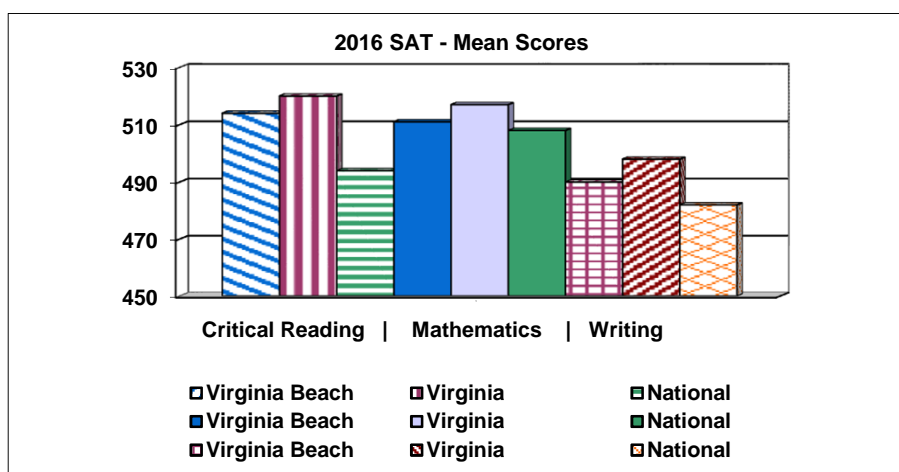
Source: Commonwealth of Virginia, Superintendent's Annual Report for Virginia



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

	Critical Reading - Mean Scores			Mathematics - Mean Scores			Writing - Mean Scores		
Fiscal Year	Virginia Beach	Virginia	National	Virginia Beach	Virginia	National	Virginia Beach	Virginia	National
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
2012	499	510	496	509	512	514	482	495	488
2013	505	516	496	509	514	514	487	498	488
2014	508	518	497	505	515	513	483	497	487
2015	507	518	495	504	516	511	484	499	484
2016	514	520	494	511	517	508	490	498	482

Source: The College Board and the Department of Planning, Innovation, and Accountability (SAT I: Reasoning Test)



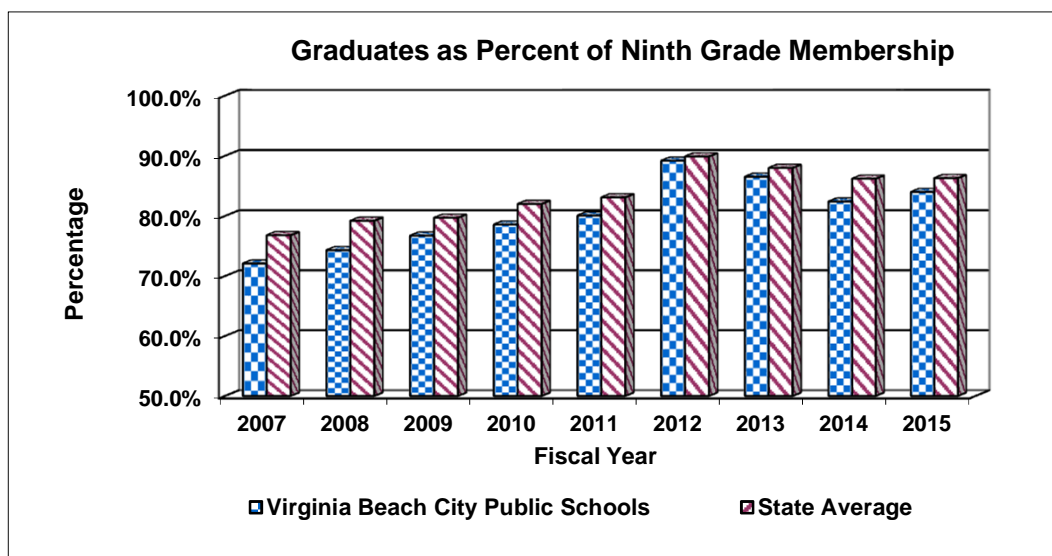
**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**GRADUATES AS PERCENT OF NINTH GRADE MEMBERSHIP FOUR YEARS EARLIER**  
**Last Ten Fiscal Years**

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 Graduates and Completers	Percentage	Percentage <i>State Average</i>
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	6,589	1,891	2,939	42	181	223	5,276	80.1%	83.1%
2012	5,939	1,878	2,949	39	152	279	5,297	89.2%	89.9%
2013	5,815	1,815	2,863	25	141	187	5,031	86.5%	88.0%
2014	6,079	1,852	2,830	34	160	133	5,009	82.4%	86.2%
2015	5,939	1,806	2,903	26	160	93	4,988	84.0%	86.3%
2016	-	-	-	-	-	-	-	-	-

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

**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



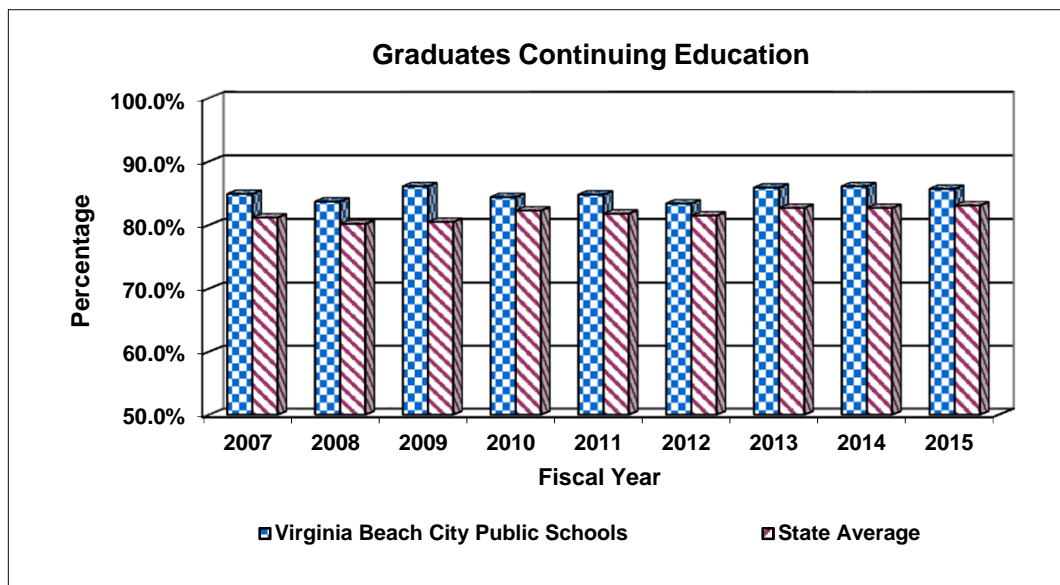
**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**GRADUATES CONTINUING EDUCATION**  
**Last Ten Fiscal Years**

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
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	26.8%	30.6%	53.7%	47.2%	4.3%	4.0%	84.8%	81.8%
2012	29.2%	30.9%	50.5%	46.7%	3.7%	3.9%	83.4%	81.5%
2013	27.8%	31.4%	54.5%	47.2%	3.6%	4.1%	85.9%	82.7%
2014	29.2%	31.2%	52.8%	47.3%	4.1%	4.2%	86.1%	82.7%
2015	30.2%	30.5%	51.0%	48.6%	4.5%	4.0%	85.7%	83.1%
2016	-	-	-	-	-	-	-	-

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

**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



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

Fiscal Year	Elementary			Elementary Student/Teacher Ratio State Average	Secondary		
	Teaching Positions	End-of-Year Membership K-7	Student/Teacher Ratio		Secondary Teaching Positions	End-of-Year Membership 8-12	Secondary Student/Teacher Ratio
2007	3,177	42,755	13.5	12.5	2,475	28,160	11.4
2008	3,107	42,008	13.5	12.5	2,443	27,844	11.4
2009	3,119	41,675	13.4	12.4	2,437	27,329	11.2
2010	3,138	42,008	13.4	12.2	2,388	27,844	11.7
2011	2,986	41,937	14.0	13.2	2,184	27,091	12.4
2012	2,923	42,251	14.5	13.2	2,069	26,357	12.7
2013	2,814	42,217	15.0	13.3	1,976	26,082	13.2
2014	2,714	42,156	15.5	13.2	1,924	26,088	13.6
2015	2,789	41,896	15.0	13.2	1,942	26,141	13.5
2016	-	-	-	-	-	-	-

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

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

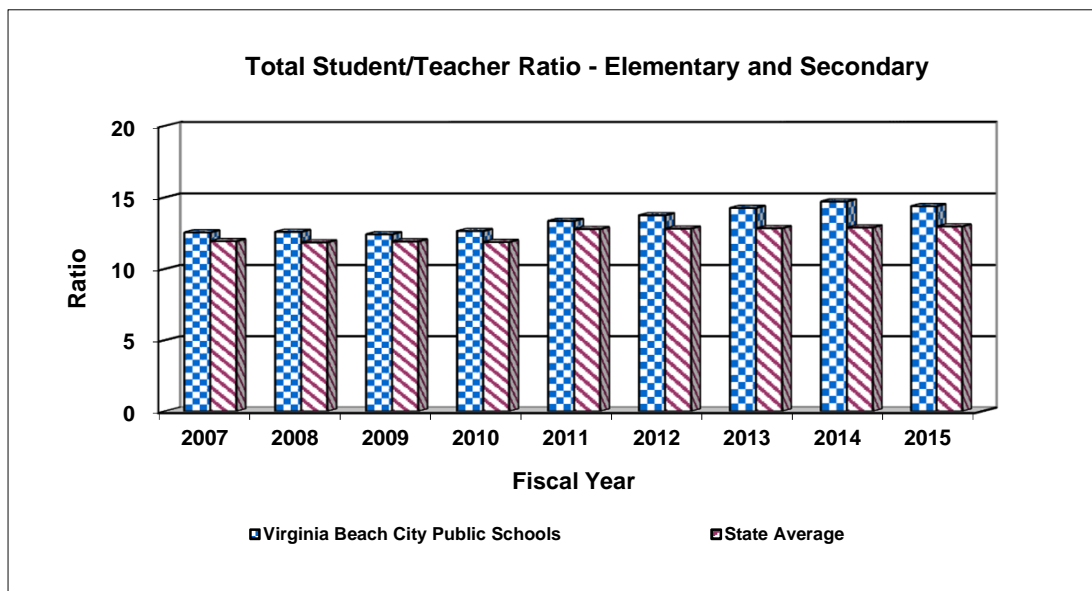
**Source:** Commonwealth of Virginia, Superintendent's Annual Report for Virginia



Table 17

Fiscal Year	Secondary Student/Teacher Ratio State Average	Total Student/Teacher Ratio	Total Student/Teacher Ratio State Average
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	12.1	13.35	12.78
2012	12.2	13.74	12.82
2013	12.2	14.26	12.84
2014	12.4	14.71	12.90
2015	12.5	14.38	12.97
2016	-	-	-

- 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			
	2007	2008	2009	2010
<b><u>Full-Time Staff</u></b>				
Office/Admin/Managers	40	39	40	38
Principals	85	89	90	86
Assistant Principals	151	160	161	155
Elementary Classroom Teachers	2,114	2,106	2,110	2,117
Secondary Classroom Teachers	2,702	2,643	2,614	2,513
Other Classroom Teachers	273	290	291	326
Guidance	187	182	182	175
Psychological	68	68	66	70
Librarians/AV	106	111	108	104
Supervisory	134	69	66	68
Other Professionals	337	363	383	378
Teacher Aides	1,093	1,117	1,130	1,138
Technicians	107	106	107	110
Clerical/Secretarial	606	600	599	579
Service Workers	1,116	1,109	1,137	1,099
Skilled Crafts	236	234	230	236
Total Full-Time Staff	<u>9,355</u>	<u>9,286</u>	<u>9,314</u>	<u>9,192</u>
<b><u>Part-Time Staff</u></b>				
Professional/Instructional	255	264	277	239
Other	1,155	1,178	1,179	1,143
Total Part-Time Staff	<u>1,410</u>	<u>1,442</u>	<u>1,456</u>	<u>1,382</u>

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

Table 18

Fiscal Year					
2011	2012	2013	2014	2015	2016
40	40	43	43	44	47
86	86	87	87	86	87
151	150	147	153	152	157
2,087	2,101	2,068	2,108	2,059	2,096
2,466	2,395	2,353	2,359	2,304	2,298
339	334	316	318	302	297
179	174	175	174	171	176
79	83	75	75	77	76
105	105	106	106	105	106
77	82	83	90	84	86
377	375	371	378	371	380
1,154	1,126	1,121	1,113	1,100	1,127
112	108	111	111	197	203
586	584	578	596	534	530
1,100	1,092	1,072	1,058	1,058	1,061
231	238	234	234	229	232
<u>9,169</u>	<u>9,073</u>	<u>8,940</u>	<u>9,003</u>	<u>8,873</u>	<u>8,959</u>
201	193	170	153	138	142
<u>1,103</u>	<u>1,082</u>	<u>1,073</u>	<u>1,095</u>	<u>1,079</u>	<u>1,050</u>
<u>1,304</u>	<u>1,275</u>	<u>1,243</u>	<u>1,248</u>	<u>1,217</u>	<u>1,192</u>

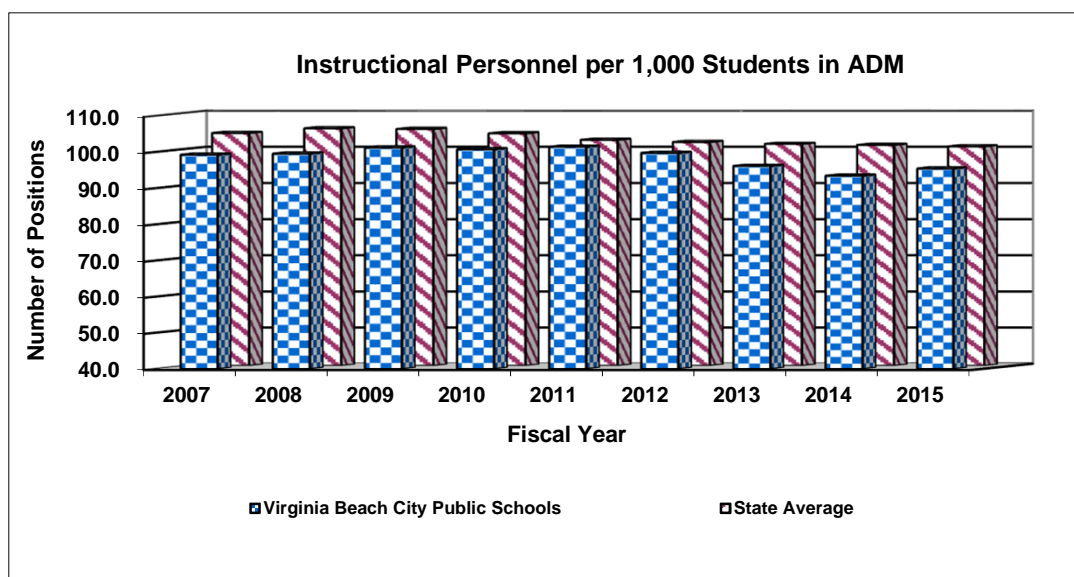
**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**INSTRUCTIONAL PERSONNEL POSITIONS PER 1,000 STUDENTS IN ADM**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Number of Instructional Personnel Positions (End of Year)</b>	<b>Student Average Daily Membership (End of Year)</b>	<b>Instructional Personnel Per 1,000 Students</b>	<b>Instructional Personnel Per 1,000 Students State Average</b>
2007	7,145	71,934	99.3	104.4
2008	7,082	70,930	99.6	105.7
2009	7,082	69,886	101.3	105.5
2010	7,034	69,763	100.8	104.3
2011	7,078	69,727	101.5	102.5
2012	6,909	69,203	99.8	101.9
2013	6,622	68,857	96.2	101.4
2014	6,433	68,806	93.5	101.1
2015	6,551	68,614	95.5	100.7
2016	-	-	-	-

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

**Note:** The number of Instructional Personnel includes all teachers, teacher assistants, guidance counselors, librarians, principals, assistant principals, and divisionwide instructors based on positions reported by the school division. Divisionwide positions include Summer School, Adult Education, Pre-Kindergarten, and other non-regular day and non-LEA instructional positions. 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 (includes Pre-K through Post-graduate).

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



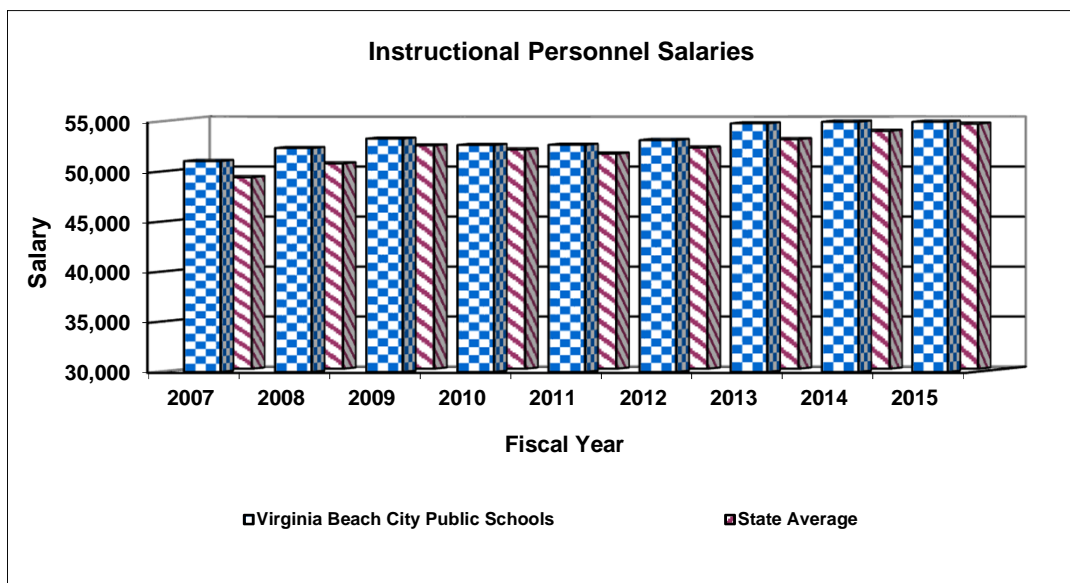
**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA  
INSTRUCTIONAL PERSONNEL SALARIES  
Last Ten Fiscal Years**

Fiscal Year	Minimum Salary	Maximum Salary	Average Salary	State Average
2007	37,280	62,982	51,075	49,152
2008	38,026	64,242	52,377	50,525
2009	38,596	65,585	53,315	52,319
2010	38,596	65,585	52,680	51,918
2011	38,596	65,585	52,701	51,494
2012	38,597	65,914	53,172	52,115
2013	39,369	66,904	54,839	52,942
2014	40,624	69,835	56,018	53,767
2015	41,916	71,930	56,096	54,486
2016	43,559	75,294	54,342	-

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

**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



**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
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
2012	2,470	1,175	1,522	267	44.4	45.6	45.5	46.8	1,152	540	746	123
2013	2,448	1,171	1,450	278	44.2	45.3	45.7	46.5	1,114	534	705	127
2014	2,398	1,138	1,414	299	44.2	45.0	45.6	46.3	1,061	524	692	133
2015	2,395	1,170	1,409	310	43.9	45.1	45.4	46.0	1,047	531	685	134
2016	2,334	1,140	1,354	305	43.8	44.9	45.5	45.5	1,015	528	650	133

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
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
2012	1,201	570	686	124	109	60	65	17	8	5	25	3
2013	1,211	568	660	135	112	64	62	15	11	5	23	1
2014	1,211	565	648	149	116	54	59	15	10	2	19	2
2015	1,230	570	647	157	109	62	59	16	9	7	18	3
2016	1,203	551	631	151	107	53	53	17	9	8	20	4

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

	Fiscal Year			
	2007	2008	2009	2010
<b>Student Enrollment (October)</b>				
<b>in Meal Programs:</b>				
Reduced	7,473	5,960	6,380	6,067
Free	15,087	13,909	14,276	16,067
<b>Lunch Meals:</b>				
Full	4,287,661	3,808,695	3,462,417	3,272,401
Reduced	791,084	743,790	792,105	754,574
Free	1,833,033	1,878,081	1,960,458	2,180,856
<b>Breakfast Meals:</b>				
Full	547,189	644,638	680,158	670,224
Reduced	243,182	260,166	303,012	283,304
Free	872,513	981,774	1,070,866	1,200,453
<b>Lunch Price:</b>				
Full:				
Elementary	\$1.75	\$1.75	\$2.00	\$2.00
Middle	\$1.80	\$1.80	\$2.00	\$2.00
High	\$1.80	\$1.80	\$2.00	\$2.00
Adult	\$2.75	\$2.75	\$3.00	\$3.00
Reduced	\$0.40	\$0.40	\$0.40	\$0.40

Source: The Department of Administrative Support Services/Food Services



Table 22

Fiscal Year					
2011	2012	2013	2014	2015	2016
4,793	5,526	5,269	5,193	5,496	5,407
16,185	17,918	17,531	20,307	21,022	20,534
3,114,574	2,964,309	2,570,509	2,308,524	2,404,313	2,321,870
664,741	727,425	655,024	648,134	684,986	697,649
2,407,642	2,492,788	2,516,178	2,831,723	2,803,646	2,893,495
603,169	585,022	505,281	482,588	508,932	545,907
257,782	274,128	251,116	250,159	274,032	305,573
1,326,183	1,418,257	1,397,768	1,584,832	1,556,228	1,745,450
\$2.15	\$2.20	\$2.30	\$2.40	\$2.50	\$2.75
\$2.15	\$2.20	\$2.30	\$2.40	\$2.50	\$2.75
\$2.15	\$2.20	\$2.30	\$2.40	\$2.50	\$2.75
\$3.00	\$3.75	\$3.75	\$3.75	\$3.75	\$3.75
\$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			
	2007	2008	2009	2010
<b><u>Instruction:</u></b>				
Elementary Schools	55	56	56	55
Middle Schools *	13	13	13	13
High Schools	11	11	11	11
Auxiliary Schools/Centers	11	11	11	7
Public Charter School	-	-	-	-
Portables	357	343	324	266
<b><u>Operations and Maintenance:</u></b>				
Vehicles	276	294	282	282
<b><u>Pupil Transportation:</u></b>				
Buses	754	791	789	766
Other Vehicles	44	44	45	44

Source: School Board Capital Assets Inventory Records

\* Note: In FY15 Bayside Middle School took the 6th graders out of that location and put them into the Bayside 6th Grade Campus, creating another Middle School. FY15 number for Middle Schools has been adjusted.

Table 23

Fiscal Year					
2011	2012	2013	2014	2015	2016
55	55	55	55	55	55
13	13	13	13	14	14
11	11	11	11	11	11
7	7	7	7	7	7
-	-	-	1	1	1
255	239	239	221	209	149
285	279	274	276	276	272
785	767	761	786	785	791
39	43	42	53	57	60

Table 24

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b><u>Elementary Schools</u></b>										
Alanton Elementary (Opened Sept 1966; Addition Sept 1995; Sept 2006)										
Square Feet	74,049	74,049	74,049	74,049	74,049	74,049	74,049	74,049	74,049	74,049
Program Capacity	680	629	613	602	650	662	699	681	681	764
Enrollment	574	584	562	606	629	592	599	642	659	662
Arrowhead Elementary (Opened Sept 1964; Replaced Sept 2003)										
Square Feet	79,480	79,480	79,480	79,480	79,480	79,480	79,480	79,480	79,480	79,480
Program Capacity	646	591	584	537	540	524	525	547	547	597
Enrollment	553	549	576	439	454	466	473	497	490	451
Bayside Elementary (Opened Sept 1941; Replaced Dec 2000)										
Square Feet	77,428	77,428	77,428	77,428	77,428	77,428	77,428	77,428	77,428	77,428
Program Capacity	566	490	521	526	527	536	587	547	547	599
Enrollment	456	437	414	451	453	488	468	501	534	518
Birdneck Elementary (Opened Sept 1986)										
Square Feet	137,250	137,250	137,250	137,250	137,250	137,250	137,250	137,250	137,250	137,250
Program Capacity	1,100	1,075	902	962	753	815	757	818	818	732
Enrollment	1,041	991	980	784	722	631	668	665	631	634
Brookwood Elementary (Opened Sept 1967; Replaced Sept 2007)										
Square Feet	51,875	80,065	80,065	80,065	80,065	80,065	80,065	80,065	80,065	80,065
Program Capacity	554	600	607	638	689	647	661	626	631	586
Enrollment	452	522	538	692	710	784	715	701	746	720
Centerville Elementary (Opened Sept 1984)										
Square Feet	67,082	67,082	67,082	67,082	67,082	67,082	67,082	67,082	67,082	67,082
Program Capacity	695	693	641	731	695	687	660	639	678	602
Enrollment	644	659	672	668	668	650	714	720	704	739
Christopher Farms Elementary (Opened Sept 1997)										
Square Feet	78,740	78,740	78,740	78,740	78,740	78,740	78,740	78,740	78,740	78,740
Program Capacity	781	760	693	738	752	716	737	724	724	701
Enrollment	732	754	732	737	714	706	663	678	642	636
College Park Elementary (Opened Sept 1973; Gym Added Sept 1982; Replaced Sept 2011)										
Square Feet	58,743	58,743	58,743	58,743	58,743	94,861	94,861	94,861	94,861	94,861
Program Capacity	542	485	420	468	450	476	431	438	438	500
Enrollment	447	422	407	407	402	388	392	428	471	502
W. T. Cooke Elementary (Opened Sept 1913; Replaced Sept 1962; Gym Added Sept 1991; Replaced Sept 1999)										
Square Feet	92,256	92,256	92,256	92,256	92,256	92,256	92,256	92,256	92,256	92,256
Program Capacity	561	545	555	574	587	575	581	536	536	673
Enrollment	505	490	502	601	660	687	545	586	558	501
Corporate Landing Elementary (Opened Sept 1993)										
Square Feet	96,620	96,620	96,620	96,620	96,620	96,620	96,620	96,620	96,620	96,620
Program Capacity	631	606	610	624	642	698	655	642	642	598
Enrollment	545	510	495	541	543	570	545	523	452	437
Creeds Elementary (Opened Sept 1939; Gym Added Sept 1949; Modernized Sept 1969; Modernized Sept 2001)										
Square Feet	69,285	69,285	69,285	69,285	69,285	69,285	69,285	69,285	69,285	69,285
Program Capacity	425	426	426	448	425	373	360	360	360	395
Enrollment	285	298	292	312	297	320	296	297	301	315

(continued)

Table 24

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**SCHOOL BUILDINGS INFORMATION**  
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	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>John B. Dey Elementary (Opened Sept 1956; Addition Sept 1959; Gym Added Sept 1978; Addition Sept 1995)</b>										
Square Feet	76,641	76,641	76,641	76,641	76,641	76,641	76,641	76,641	76,641	76,641
Program Capacity	778	735	756	799	821	838	860	860	860	756
Enrollment	742	728	781	769	817	849	842	868	826	834
<b>Diamond Springs Elementary (Opened Sept 2007)</b>										
Square Feet	-	97,000	97,000	97,000	97,000	97,000	97,000	97,000	97,000	97,000
Program Capacity	-	535	504	489	482	512	550	519	519	537
Enrollment	-	509	504	516	475	559	562	558	566	587
<b>Fairfield Elementary (Opened Sept 1976)</b>										
Square Feet	58,280	58,280	58,280	58,280	58,280	58,280	58,280	58,280	58,280	58,280
Program Capacity	555	526	504	482	526	547	503	526	526	561
Enrollment	511	499	479	479	499	491	474	506	520	513
<b>Glenwood Elementary (Opened Sept 1990)</b>										
Square Feet	139,600	139,600	139,600	139,600	139,600	139,600	139,600	139,600	139,600	139,600
Program Capacity	1,057	972	1,002	995	1,024	1,036	993	1,001	1,001	945
Enrollment	955	914	894	916	900	867	880	877	884	898
<b>Green Run Elementary (Opened Sept 1976; Addition Sept 2005)</b>										
Square Feet	58,275	58,275	58,275	58,275	58,275	58,275	58,275	58,275	58,275	58,275
Program Capacity	494	479	424	513	451	459	412	420	420	446
Enrollment	458	473	487	478	494	508	448	491	427	403
<b>Hermitage Elementary (Opened Nov 1964; Addition Sept 1974; Gym Added Sept 1995; Replaced Mar 2005)</b>										
Square Feet	94,018	94,018	94,018	94,018	94,018	94,018	94,018	94,018	94,018	94,018
Program Capacity	575	565	583	637	637	663	633	640	640	641
Enrollment	537	507	559	582	622	620	641	656	635	645
<b>Holland Elementary (Opened Sept 1967; Addition Sept 1995)</b>										
Square Feet	73,956	73,956	73,956	73,956	73,956	73,956	73,956	73,956	73,956	73,956
Program Capacity	687	564	510	605	480	503	526	503	503	558
Enrollment	561	558	553	516	527	537	536	532	536	524
<b>Indian Lakes Elementary (Opened Sept 1979)</b>										
Square Feet	66,816	66,816	66,816	66,816	66,816	66,816	66,816	66,816	66,816	66,816
Program Capacity	556	574	552	569	529	598	569	526	526	546
Enrollment	550	520	523	489	528	567	537	527	534	539
<b>Kempsville Elementary (Opened Sept 1961; Addition Sept 1963; Gym Added Sept 1990; Modernized Sept 2003)</b>										
Square Feet	78,146	78,146	78,146	78,146	78,146	78,146	78,146	78,146	78,146	78,146
Program Capacity	521	521	502	520	542	558	563	586	586	513
Enrollment	467	478	445	463	457	475	490	455	472	454
<b>Kempsville Meadows Elementary (Opened Sept 1959; Gym Added Sept 1990; Replaced Sept 2002)</b>										
Square Feet	77,239	77,239	77,239	77,239	77,239	77,239	77,239	77,239	77,239	77,239
Program Capacity	540	540	540	514	514	585	518	512	512	509
Enrollment	527	530	532	468	502	515	504	470	528	506
<b>Kings Grant Elementary (Opened Sept 1960; Replaced Sept 1969; Addition Sept 1995)</b>										
Square Feet	72,043	72,043	72,043	72,043	72,043	72,043	72,043	72,043	72,043	72,043
Program Capacity	688	648	653	648	616	679	666	648	648	666
Enrollment	624	632	606	611	609	638	596	598	632	641

(continued)

Table 24

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**SCHOOL BUILDINGS INFORMATION**  
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	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Kingston Elementary (Opened Sept 1965; Gym Added Sept 1989; Addition Sept 1997)</b>										
Square Feet	65,223	65,223	65,223	65,223	65,223	65,223	65,223	65,223	65,223	65,223
Program Capacity	608	626	550	568	581	566	591	641	641	624
Enrollment	565	573	523	556	521	555	572	574	551	531
<b>Landstown Elementary (Opened Sept 1993)</b>										
Square Feet	81,634	81,634	81,634	81,634	81,634	81,634	81,634	81,634	81,634	81,634
Program Capacity	876	883	839	817	838	838	854	868	868	816
Enrollment	783	798	759	739	724	731	804	788	751	760
<b>Linkhorn Park Elementary (Opened Sept 1955; Addition Sept 1967; Replaced Sept 1998; former bldg. used for administrative offices)</b>										
Square Feet	76,285	76,285	76,285	76,285	76,285	76,285	76,285	76,285	76,285	76,285
Program Capacity	696	715	707	702	747	762	719	728	728	689
Enrollment	685	725	716	731	798	789	772	753	732	685
<b>Luxford Elementary (Opened Sept 1961; Gym Added Sept 1990; Replaced Sept 2002; former bldg. used for instructional purposes)</b>										
Square Feet	82,242	82,242	82,242	82,242	82,242	82,242	82,242	82,242	82,242	82,242
Program Capacity	562	580	554	583	536	495	495	506	506	567
Enrollment	522	507	512	507	522	476	497	524	531	537
<b>Lynnhaven Elementary (Opened Sept 1963; Addition Sept 1968; Gym Added Sept 1990; Modernized Nov 2004)</b>										
Square Feet	80,670	80,670	80,670	80,670	80,670	80,670	80,670	80,670	80,670	80,670
Program Capacity	562	546	478	488	472	472	494	494	494	489
Enrollment	414	397	434	445	437	444	446	471	441	407
<b>Malibu Elementary (Opened Sept 1962; Addition Sept 1968; Gym Added Sept 1989; Replaced Nov 2003)</b>										
Square Feet	73,182	73,182	73,182	73,182	73,182	73,182	73,182	73,182	73,182	73,182
Program Capacity	438	398	416	380	423	402	437	437	437	414
Enrollment	304	327	316	341	319	313	353	366	380	374
<b>New Castle Elementary (Opened Sept 1999)</b>										
Square Feet	87,060	87,060	87,060	87,060	87,060	87,060	87,060	87,060	87,060	87,060
Program Capacity	788	780	803	797	847	846	831	853	853	824
Enrollment	743	749	776	815	793	783	802	771	796	763
<b>Newtown Road Elementary (Opened Sept 1970; Addition Sept 1988; Replaced Sept 2007)</b>										
Square Feet	76,141	88,711	88,711	88,711	88,711	88,711	88,711	88,711	88,711	88,711
Program Capacity	520	398	505	482	466	436	436	482	482	497
Enrollment	573	410	460	490	470	467	460	517	524	511
<b>North Landing Elementary (Opened Mar 1975; Gym Added Sept 1990)</b>										
Square Feet	60,280	60,280	60,280	60,280	60,280	60,280	60,280	60,280	60,280	60,280
Program Capacity	600	615	591	582	545	505	483	455	455	443
Enrollment	564	548	553	531	527	515	507	482	462	464
<b>Ocean Lakes Elementary (Opened Sept 1989)</b>										
Square Feet	69,917	69,917	69,917	69,917	69,917	69,917	69,917	69,917	69,917	69,917
Program Capacity	680	687	722	699	647	607	658	649	649	626
Enrollment	600	583	623	553	516	570	574	568	552	533
<b>Old Donation Center (Relocated to former Princess Anne MS Bldg with Kemps Landing Sept 2014; Building opened Sept. 1974; Addition Sept. 1995)</b>										
Square Feet	59,827	59,827	59,827	59,827	59,827	59,827	59,827	59,827	57,774	57,774
Program Capacity	394	394	273	372	393	393	393	393	495	512
Enrollment	501	511	510	507	501	504	506	495	503	482

(continued)

Table 24

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
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	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Parkway Elementary (Opened Sept 1987)</b>										
Square Feet	67,840	67,840	67,840	67,840	67,840	67,840	67,840	67,840	67,840	67,840
Program Capacity	615	556	420	494	473	496	476	514	514	473
Enrollment	503	476	452	482	514	511	507	561	527	475
<b>Pembroke Elementary (Opened Dec 1962; Addition Sept 1968; Addition Sept 1988; Modernized May 2005)</b>										
Square Feet	108,773	108,773	108,773	108,773	108,773	108,773	108,773	108,773	108,773	108,773
Program Capacity	572	581	606	600	680	663	626	617	617	534
Enrollment	488	475	493	500	528	533	514	486	476	477
<b>Pembroke Meadows Elementary (Opened Sept 1969; Modernized Oct 2006)</b>										
Square Feet	75,926	75,926	75,926	75,926	75,926	75,926	75,926	75,926	75,926	75,926
Program Capacity	592	592	590	540	513	504	473	430	430	539
Enrollment	545	501	465	459	429	445	433	447	453	434
<b>Plaza Elementary (Opened Sept 1961; Gym Added Sept 1990; Addition Dec 1999; Closed Jun 2009; used for administrative offices)</b>										
Square Feet	68,390	68,390	68,390	-	-	-	-	-	-	-
Program Capacity	505	500	414	-	-	-	-	-	-	-
Enrollment	399	358	333	-	-	-	-	-	-	-
<b>Point O'View Elementary (Opened Sept 1969; Addition Sept 1999)</b>										
Square Feet	75,219	75,219	75,219	75,219	75,219	75,219	75,219	75,219	75,219	75,219
Program Capacity	653	572	599	599	581	628	628	772	772	765
Enrollment	468	440	404	521	530	522	584	631	666	717
<b>Princess Anne Elementary (Opened Sept 1956; Addition Sept 1969; Gym Added Sept 1990; Addition Sept 1996)</b>										
Square Feet	77,953	77,953	77,953	77,953	77,953	77,953	77,953	77,953	77,953	77,953
Program Capacity	627	585	650	634	635	659	585	586	586	563
Enrollment	533	539	559	532	529	511	498	502	519	531
<b>Providence Elementary (Opened Sept 1981)</b>										
Square Feet	61,831	61,831	61,831	61,831	61,831	61,831	61,831	61,831	61,831	61,831
Program Capacity	642	555	620	511	554	590	572	617	617	648
Enrollment	579	583	534	526	534	516	559	585	559	551
<b>Red Mill Elementary (Opened Sept 1989; Addition Sept 2006)</b>										
Square Feet	69,788	69,788	69,788	69,788	69,788	69,788	69,788	69,788	69,788	69,788
Program Capacity	728	752	664	687	708	687	663	694	694	734
Enrollment	685	661	658	692	682	658	653	676	676	679
<b>Rosemont Elementary (Opened Sept 1981)</b>										
Square Feet	63,667	63,667	63,667	63,667	63,667	63,667	63,667	63,667	63,667	63,667
Program Capacity	439	439	427	444	421	404	423	423	423	433
Enrollment	336	338	360	338	327	376	380	403	414	409
<b>Rosemont Forest Elementary (Opened Jan 1987)</b>										
Square Feet	69,788	69,788	69,788	69,788	69,788	69,788	69,788	69,788	69,788	69,788
Program Capacity	571	592	590	590	590	592	606	583	583	562
Enrollment	515	542	500	521	510	513	540	513	509	523
<b>Salem Elementary (Opened Sept 1988)</b>										
Square Feet	66,890	66,890	66,890	66,890	66,890	66,890	66,890	66,890	66,890	66,890
Program Capacity	497	515	469	469	482	520	559	559	559	514
Enrollment	468	447	433	430	442	426	431	453	467	435

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**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
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	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Seatack Elementary (Opened Mar 1952; Addition Sept 1955; Addition Sept 1959; Gym Added Sept 1968; Replaced Mar 2000)</b>										
Square Feet	74,375	74,375	74,375	74,375	74,375	74,375	74,375	74,375	74,375	74,375
Program Capacity	446	455	432	467	395	462	447	410	410	425
Enrollment	341	330	318	433	404	418	388	381	387	383
<b>Shelton Park Elementary (Opened Sept 1954; Addition Sept 1961; Gym Added Sept 1977; Modernized Jan 2001)</b>										
Square Feet	81,576	81,576	81,576	81,576	81,576	81,576	81,576	81,576	81,576	81,576
Program Capacity	491	419	428	408	418	437	437	410	410	428
Enrollment	365	320	325	330	383	394	369	399	373	372
<b>Strawbridge Elementary (Opened Sept 1991)</b>										
Square Feet	84,948	84,948	84,948	84,948	84,948	84,948	84,948	84,948	84,948	84,948
Program Capacity	788	723	722	744	746	746	782	716	716	692
Enrollment	791	757	760	751	756	745	691	697	678	694
<b>Tallwood Elementary (Opened Sept 1989; Addition Jan 2006)</b>										
Square Feet	69,988	69,988	69,988	69,988	69,988	69,988	69,988	69,988	69,988	69,988
Program Capacity	709	621	628	650	606	625	620	620	620	590
Enrollment	616	610	570	602	598	601	593	546	527	558
<b>Thalia Elementary (Opened Sept 1956; Addition Sept 1963; Gym Added Sept 1989; Modernized Sept 2001)</b>										
Square Feet	91,550	91,550	91,550	91,550	91,550	91,550	91,550	91,550	91,550	91,550
Program Capacity	705	680	645	669	692	728	771	779	779	728
Enrollment	641	636	647	615	667	634	637	595	585	625
<b>Thoroughgood Elementary (Opened Sept 1958; Gym Added Sept 1990; Modernized Sept 1995)</b>										
Square Feet	66,259	66,259	66,259	66,259	66,259	66,259	66,259	66,259	66,259	66,259
Program Capacity	635	688	615	711	598	604	646	613	713	627
Enrollment	608	634	641	637	630	662	698	710	734	708
<b>Three Oaks Elementary (Opened Sept 2005)</b>										
Square Feet	92,210	92,210	92,210	92,210	92,210	92,210	92,210	92,210	92,210	92,210
Program Capacity	780	752	759	686	765	811	811	842	842	716
Enrollment	592	643	653	703	765	784	798	768	746	759
<b>Trantwood Elementary (Opened Sept 1963; Addition Sept 1969; Gym Added Sept 1990; Modernized Sept 2003)</b>										
Square Feet	81,040	81,040	81,040	81,040	81,040	81,040	81,040	81,040	81,040	81,040
Program Capacity	637	651	606	599	555	542	555	556	556	533
Enrollment	562	532	522	508	506	502	493	504	487	461
<b>White Oaks Elementary (Opened Sept 1978)</b>										
Square Feet	77,333	77,333	77,333	77,333	77,333	77,333	77,333	77,333	77,333	77,333
Program Capacity	715	687	638	751	680	741	705	648	648	688
Enrollment	701	711	722	725	740	730	670	683	673	651
<b>Bettie F. Williams Elementary (Opened Sept 1961; Addition Sept 1963; Gym Added Sept 1990; Addition Sept 1995)</b>										
Square Feet	77,656	77,656	77,656	77,656	77,656	77,656	77,656	77,656	77,656	77,656
Program Capacity	595	500	473	455	513	518	518	518	518	487
Enrollment	704	403	401	410	437	436	404	431	418	463
<b>Windsor Oaks Elementary (Opened Jul 1968; Replaced Sept 2009)</b>										
Square Feet	55,367	55,367	55,367	88,340	88,340	88,340	88,340	88,340	88,340	88,340
Program Capacity	552	552	552	623	621	635	690	601	601	591
Enrollment	513	526	494	622	633	641	617	600	583	559

(continued)



Table 24

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
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	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Windsor Woods Elementary (Opened Sept 1966; Gym Added Sept 1990; Replaced Sept 2007)</b>										
Square Feet	53,709	84,265	84,265	84,265	84,265	84,265	84,265	84,265	84,265	84,265
Program Capacity	477	415	392	411	429	459	437	463	463	433
Enrollment	389	384	388	407	403	392	376	362	385	357
<b>Woodstock Elementary (Opened Sept 1957; Addition Sept 1962; Gym Added Sept 1977; Replaced Nov 2002)</b>										
Square Feet	82,707	82,707	82,707	82,707	82,707	82,707	82,707	82,707	82,707	82,707
Program Capacity	692	734	731	779	735	723	687	687	687	752
Enrollment	617	625	616	640	663	688	676	736	718	688
<b><u>Middle Schools</u></b>										
<b>Bayside Middle (Opened Sept 1969; Addition Sept 2004)</b>										
Square Feet	180,134	180,134	180,134	180,134	180,134	180,134	180,134	180,134	180,134	180,134
Program Capacity	1,187	1,129	1,088	1,089	1,070	1,046	1,176	1,112	892	960
Enrollment	1,104	1,071	1,005	1,033	977	1,006	996	992	657	649
<b>Bayside 6th (Opened Sept 2014; Formerly Kemps Landing Magnet; 6th grade previously housed at Bayside Middle)</b>										
Square Feet	-	-	-	-	-	-	-	-	56,516	56,516
Program Capacity	-	-	-	-	-	-	-	-	504	500
Enrollment	-	-	-	-	-	-	-	-	351	375
<b>Brandon Middle (Opened Aug 1978)</b>										
Square Feet	190,586	190,586	190,586	190,586	190,586	190,586	190,586	190,586	190,586	190,586
Program Capacity	1,290	1,198	1,198	1,156	1,205	1,247	1,328	1,308	1,232	1,286
Enrollment	1,326	1,248	1,208	1,203	1,237	1,254	1,237	1,189	1,130	1,155
<b>Corporate Landing Middle (Opened Sept 1997)</b>										
Square Feet	235,093	235,093	235,093	235,093	235,093	235,093	235,093	235,093	235,093	235,093
Program Capacity	1,554	1,494	1,412	1,412	1,370	1,370	1,436	1,408	1,432	1,538
Enrollment	1,456	1,496	1,410	1,419	1,328	1,347	1,307	1,294	1,285	1,268
<b>Great Neck Middle (Opened Sept 1961; Addition Sept 1963; Replaced Jan 2012)</b>										
Square Feet	126,034	126,034	126,034	126,034	126,034	219,370	219,370	219,370	219,370	219,370
Program Capacity	1,007	965	915	1,200	1,200	1,200	1,360	1,360	1,360	1,460
Enrollment	1,015	989	1,019	1,054	1,106	1,106	1,085	1,097	1,147	1,161
<b>Independence Middle (Opened Sept 1974; Addition Sept 1996)</b>										
Square Feet	137,656	137,656	137,656	137,656	137,656	137,656	137,656	137,656	137,656	137,656
Program Capacity	1,224	1,165	1,191	1,224	1,216	1,290	1,332	1,276	1,312	1,370
Enrollment	1,391	1,324	1,238	1,250	1,234	1,278	1,244	1,289	1,280	1,269
<b>Kemps Landing Magnet (Relocated to former Princess Anne Middle School Sept. 2014; Current Building opened Sept. 1974; Addition Sept. 1995)</b>										
Square Feet	54,516	54,516	54,516	54,516	54,516	54,516	54,516	54,516	80,939	80,939
Program Capacity	600	600	600	600	600	600	600	672	672	666
Enrollment	599	588	587	600	596	577	594	595	595	627
<b>Kempsville Middle (Opened Sept 1969)</b>										
Square Feet	136,287	136,287	136,287	136,287	136,287	136,287	136,287	136,287	136,287	136,287
Program Capacity	873	857	807	815	798	781	828	828	828	868
Enrollment	1,007	1,015	947	904	860	856	841	834	789	805

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Table 24

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
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	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Landstown Middle (Opened Sept 1992)</b>										
Square Feet	201,000	201,000	201,000	201,000	201,000	201,000	201,000	201,000	201,000	201,000
Program Capacity	1,596	1,522	1,621	1,596	1,513	1,494	1,692	1,628	1,552	1,634
Enrollment	1,587	1,566	1,536	1,543	1,477	1,477	1,482	1,516	1,485	1,464
<b>Larkspur Middle (Opened Nov 1994)</b>										
Square Feet	247,264	247,264	247,264	247,264	247,264	247,264	247,264	247,264	247,264	247,264
Program Capacity	1,709	1,601	1,552	1,536	1,551	1,593	1,684	1,684	1,776	1,910
Enrollment	1,639	1,638	1,574	1,561	1,530	1,527	1,584	1,632	1,620	1,520
<b>Lynnhaven Middle (Opened Sept 1974; Addition Sept 1995)</b>										
Square Feet	140,099	140,099	140,099	140,099	140,099	140,099	140,099	140,099	140,099	140,099
Program Capacity	1,231	1,231	1,206	1,206	1,205	1,116	1,138	1,092	1,160	1,250
Enrollment	1,222	1,165	1,198	1,184	1,213	1,131	1,060	962	866	863
<b>Plaza Middle (Opened Sept 1969)</b>										
Square Feet	157,869	157,869	157,869	157,869	157,869	157,869	157,869	157,869	157,869	157,869
Program Capacity	1,195	1,135	1,110	1,098	1,033	1,073	1,172	1,172	1,165	1,129
Enrollment	1,156	1,126	1,121	1,113	1,073	1,066	1,083	1,095	1,066	1,083
<b>Princess Anne Middle (Relocated to former Floyd E. Kellam HS Bldg on Holland Road April 2014; Opened Sept 1962, Addition Sept 1967; Modernization Sept 1990; Addition Sept 1996)</b>										
Square Feet	135,592	135,592	135,592	135,592	135,592	135,592	135,592	135,592	222,571	222,571
Program Capacity	1,275	1,250	1,225	1,300	1,299	1,332	1,456	1,474	1,563	1,671
Enrollment	1,514	1,447	1,440	1,398	1,365	1,382	1,414	1,467	1,459	1,479
<b>Salem Middle (Opened Sept 1988)</b>										
Square Feet	217,500	217,500	217,500	217,500	217,500	217,500	217,500	217,500	217,500	217,500
Program Capacity	1,164	1,095	1,008	983	999	999	1,072	1,044	1,016	1,070
Enrollment	1,200	1,124	1,054	1,027	1,042	1,057	1,026	1,009	1,034	1,044
<b>Virginia Beach Middle (Opened Sept 1952; Addition Sept 1964; Gym Added Sept 1977; Modernized Sept 1993; Replaced Mar 2010)</b>										
Square Feet	104,015	104,015	104,015	189,730	189,730	189,730	189,730	189,730	189,730	189,730
Program Capacity	699	699	699	925	847	923	968	968	968	1,040
Enrollment	676	688	679	614	740	767	899	917	873	839
<b>High Schools</b>										
<b>Bayside High (Opened Sept 1964; Addition Sept 1967; Modernized Sept 1990; Addition Sept 1995)</b>										
Square Feet	200,816	200,816	200,816	200,816	200,816	200,816	200,816	200,816	200,816	200,816
Program Capacity	1,895	1,760	1,733	1,708	1,708	1,895	1,895	1,895	1,905	1,912
Enrollment	1,996	1,999	1,870	1,842	1,860	1,803	1,803	1,801	1,824	1,825
<b>Frank W. Cox High (Opened Sept 1961; Replaced Sept 1983)</b>										
Square Feet	236,744	236,744	236,744	236,744	236,744	236,744	236,744	236,744	236,744	236,744
Program Capacity	1,850	1,740	1,740	1,754	1,740	1,937	1,937	1,937	1,939	1,946
Enrollment	1,991	1,925	1,889	1,927	1,932	1,947	1,947	1,894	1,858	1,889
<b>First Colonial High (Opened Sept 1966; Addition Sept 1968; Addition Sept 1996)</b>										
Square Feet	178,266	178,266	178,266	178,266	178,266	178,266	178,266	178,266	178,266	178,266
Program Capacity	1,707	1,591	1,591	1,601	1,601	1,808	1,808	1,818	1,810	1,813
Enrollment	2,073	2,047	1,999	2,008	1,947	1,908	1,908	1,993	2,004	1,923

(continued)

Table 24

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Green Run High (Opened Sept 1979; Green Run Collegiate Public Charter School opened in Sept 2013 using part of this building.*)										
Square Feet	235,721	235,721	235,721	235,721	235,721	235,721	235,721	225,221	225,221	225,221
Program Capacity	1,821	1,709	1,709	1,709	1,714	1,927	1,927	1,510	1,546	1,556
Enrollment	1,809	1,737	1,725	1,675	1,631	1,636	1,636	1,566	1,276	1,528
Floyd E. Kellam High (Opened New Building on West Neck Road Jan 2014)										
Square Feet	222,571	222,571	222,571	222,571	222,571	222,571	222,571	336,410	349,350	349,350
Program Capacity	1,832	1,805	1,728	1,762	1,762	1,762	1,961	2,000	1,861	1,867
Enrollment	2,078	1,956	1,803	1,838	1,843	1,799	1,833	1,838	1,986	2,029
Kempsville High (Opened Sept 1966; Addition Sept 1968; Modernized Sept 1991; Addition Sept 1995)										
Square Feet	202,665	202,665	202,665	202,665	202,665	202,665	202,665	202,665	202,665	202,665
Program Capacity	1,933	1,933	1,826	1,807	1,786	1,793	2,009	1,985	1,971	1,985
Enrollment	2,013	1,892	1,819	1,764	1,734	1,712	1,648	1,559	1,522	1,465
Landstown High (Opened Sept 2001; Addition Jan 2007)										
Square Feet	308,924	308,924	308,924	308,924	308,924	308,924	308,924	308,924	308,924	308,924
Program Capacity	2,181	2,185	2,064	2,068	2,068	2,072	2,332	2,332	2,368	2,385
Enrollment	2,270	2,297	2,404	2,396	2,330	2,304	2,196	2,195	2,195	2,208
Ocean Lakes High (Opened Sept 1994; Addition Jan 2007)										
Square Feet	330,525	330,525	330,525	330,525	330,525	330,525	330,525	330,525	330,525	330,525
Program Capacity	2,403	2,417	2,283	2,269	2,269	2,239	2,501	2,501	2,570	2,586
Enrollment	2,516	2,446	2,449	2,407	2,367	2,291	2,211	2,177	2,157	2,126
Princess Anne High (Opened Aug 1954; Modernized Sept 1987; Modernized (due to major fire damage) Jan 1997)										
Square Feet	228,860	228,860	228,860	228,860	228,860	228,860	228,860	228,860	228,860	228,860
Program Capacity	1,603	1,611	1,505	1,521	1,534	1,539	1,652	1,675	1,704	1,737
Enrollment	1,925	1,814	1,819	1,866	1,934	1,842	1,850	1,822	1,780	1,800
Salem High (Opened Sept 1989)										
Square Feet	260,889	260,889	260,889	260,889	260,889	260,889	260,889	260,889	260,889	260,889
Program Capacity	1,874	1,847	1,787	1,759	1,766	1,749	1,932	1,932	1,930	1,938
Enrollment	1,908	1,908	1,933	1,897	1,854	1,794	1,782	1,774	1,766	1,726
Tallwood High (Opened Sept 1992)										
Square Feet	294,457	294,457	294,457	294,457	294,457	294,457	294,457	294,457	294,457	294,457
Program Capacity	2,143	2,143	2,003	1,990	2,028	2,020	2,237	2,237	2,219	2,233
Enrollment	1,974	2,001	2,042	2,112	2,095	1,981	1,950	1,931	1,942	1,956
Renaissance Academy - Middle/High Campuses (Opened Dec 2009)										
Square Feet	-	-	-	284,968	284,968	284,968	284,968	284,968	284,968	284,968
Program Capacity	-	-	-	1,600	1,435	1,215	1,232	1,226	1,236	1,197
Enrollment	-	-	-	709	558	634	616	556	510	438
Green Run Collegiate Public Charter School (Opened Sept 2013; located at Green Run High School*)										
Square Feet	-	-	-	-	-	-	-	10,500	10,500	10,500
Program Capacity	-	-	-	-	-	-	-	400	400	400
Enrollment	-	-	-	-	-	-	-	123	221	282

Note: Program Capacity is 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).

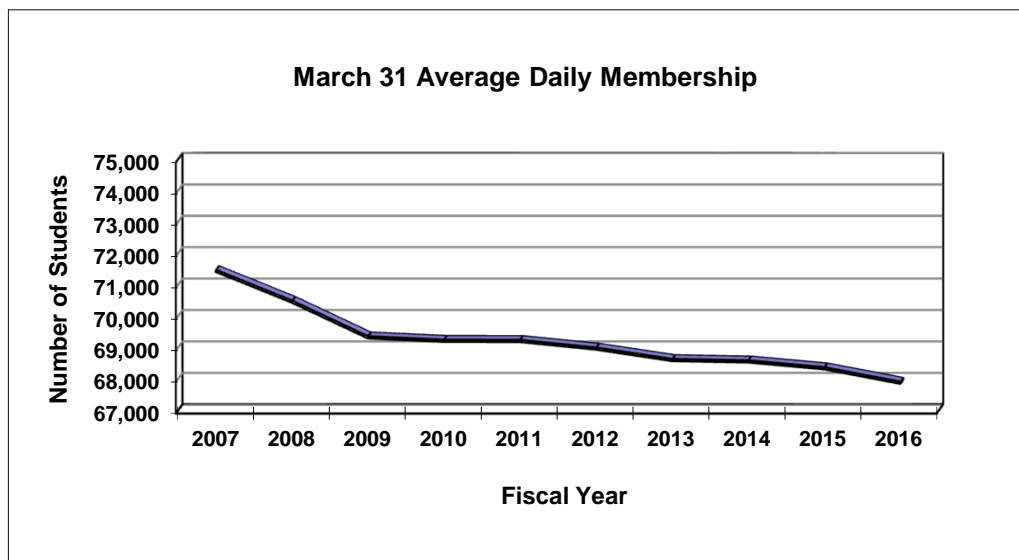
Source: The Department of School Division Services

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

<b>Fiscal Year</b>	<b>September 30 Membership</b>	<b>March 31 Average Daily Membership</b>	<b>End-of-Year Membership</b>	<b>Average Daily End-of-Year Membership</b>
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	68,935	69,521
2012	69,856	68,977	68,585	69,315
2013	68,138	68,614	68,511	68,990
2014	69,385	68,569	68,403	68,918
2015	68,934	68,351	68,233	68,686
2016	68,568	67,890	67,779	68,244

**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

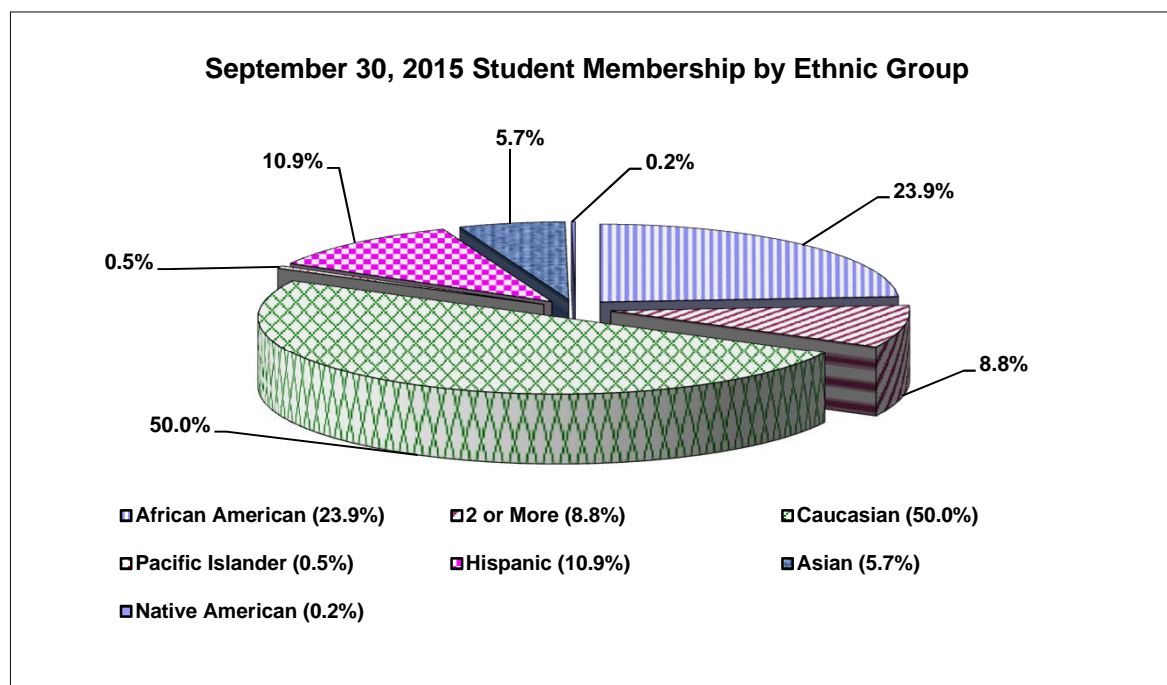


**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**STUDENT MEMBERSHIP BY ETHNIC GROUP**  
**Last Ten Fiscal Years**

Fiscal Year	African American	%	Caucasian	%	Hispanic	%	Asian	%	Pacific Islander	%	Native American	%	Unspecified or 2 or More	%
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
2012	17,274	24.3	37,228	52.5	6,656	9.4	3,937	5.5	335	0.5	223	0.3	5,325	7.5
2013	16,898	24.0	36,439	51.8	6,961	9.9	3,911	5.6	337	0.5	216	0.3	5,530	7.9
2014	16,990	24.1	36,000	51.0	7,251	10.3	3,998	5.7	328	0.5	237	0.3	5,752	8.1
2015	16,886	24.1	35,428	50.5	7,389	10.5	3,947	5.6	331	0.5	203	0.3	5,937	8.5
2016	16,666	23.9	34,866	50.0	7,599	10.9	4,005	5.7	342	0.5	167	0.2	6,132	8.8

**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, 2016**

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<b>Date of Incorporation</b>	<b>January 1, 1963</b>
<b>Form of Government</b>	<b>Council - Manager</b>
<b>Area - Square Miles</b>	<b>307</b>
Land	248
Water	59
<b>Culture and Recreation:</b>	
Developed District Parks	8
Developed Community Parks	13
Developed Neighborhood Parks	169
Natural Parks	5
Other Park Areas	48
Acres in Developed Parks	3,664
Golf Courses (City Owned)	5
Recreation Centers	7
<b>Population:</b>	
Census 1970	172,106
Census 1980	262,199
Census 1990	393,069
Census 2000	425,257
Census 2010	437,994
<b>Current Estimate</b>	<b>448,653</b>

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

	Approximate Number of Employees	Percent of Total City Employment	Rank	Approximate Number of Employees	Percent of Total City Employment	Rank
	2016			2007		
City of Virginia Beach / Schools	16,998	7.40 %	1	17,533	6.66 %	1
Joint Expeditionary Base Little Creek*	6,000	2.61	2	-	-	-
Sentara Healthcare	5,189	2.26	3	2,343	0.89	3
Naval Air Station Oceana/Dam Neck*	3,600	1.57	4	-	-	-
GEICO	2,700	1.18	5	2,000	0.76	4
Lynnhaven Mall	2,600	1.13	6	2,600	0.99	2
STIHL Inc	2,067	0.90	7	1,300	0.49	7
Amerigroup	1,850	0.81	8	1,400	0.53	6
Navy Exchange Service Command	1,550	0.67	9	1,888	0.72	5
Gold Key/PHR Hotels and Resorts*	1,000	0.44	10	-	-	-
Hall Auto Group	-	-	-	1,300	0.49	7
Cox Communications	-	-	-	1,200	0.46	9
Lillian Vernon	-	-	-	1,000	0.38	10
Totals	<u>43,554</u>	<u>18.97 %</u>		<u>32,564</u>	<u>12.37 %</u>	

Source: City of Virginia Beach - Department of Finance and Department of Economic Development

\*Note: Information is not available for 2007

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

<b>Fiscal Year</b>	<b>Population*</b>	<b>Personal Income (thousands)</b>	<b>Per Capita Personal Income**</b>	<b>Median Age</b>	<b>Number of City Employees</b>	<b>Education Level in Years of Formal Schooling</b>	<b>Local Unemployment Rate</b>
2007	434,058	19,622,635	45,137	35.0	6,898	13.8	2.7%
2008	436,944	20,052,028	46,274	36.0	7,131	13.6	3.7%
2009	437,275	19,705,822	45,300	36.6	7,700	14.0	6.4%
2010	437,994	20,243,395	46,105	36.7	7,713	13.9	6.5%
2011	441,246	21,347,691	48,191	34.9	7,481	14.0	6.0%
2012	447,489	22,420,699	50,297	34.7	7,477	13.8	5.5%
2013	449,628	22,348,209	49,739	35.0	7,477	13.9	5.6%
2014	451,672	23,072,795	51,161	35.7	7,669	13.9	5.5%
2015	453,500	-	-	35.9	7,560	14.0	4.4%
2016	454,247	-	-	35.9	7,370	13.9	3.8%

\* Weldon Cooper Center for Public Service (except FY 2016 which is projected)

\*\* Bureau of Economic Analysis (except FY 2016 which is projected)

- 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**

	Real Property Assessed Value	Percent of Total Real Property Assessed Value	Rank	Real Property Assessed Value	Percent of Total Real Property Assessed Value	Rank
	2016			2007		
Virginia Electric & Power Company	\$350,475,577	0.55 %	1	\$143,031,647	0.31 %	6
Armada Hoffer	348,578,500	0.55	2	232,069,617	0.50	2
Ramon W. Breeden, Jr.	345,708,500	0.55	3	213,319,441	0.46	3
Lynnhaven Mall LLC	284,948,200	0.45	4	303,052,414	0.66	1
E. D. & A. F. Ruffin & B. L. Thompson	266,804,000	0.42	5	198,279,618	0.43	4
J. M. , R.J.F. , A.D. & L.E. Caplan	257,436,900	0.41	6	-	-	-
Pembroke Square Assoc.	187,416,300	0.30	7	177,861,445	0.39	5
Verizon Virginia, Inc.	170,066,425	0.27	8	130,961,541	0.28	8
Christian Broadcasting Assoc./Net, Inc.	148,392,200	0.23	9	97,074,546	0.21	16
Cheryl P. McLeskey	138,061,200	0.22	10	127,301,797	0.28	9
Thomas J. Lyons, Jr.	136,130,900	0.21	11	124,720,183	0.27	11
Lake Gem	117,789,600	0.19	12	110,826,587	0.24	14
Watergate Treehouse Associates LP	113,616,200	0.18	13	79,782,601	0.17	18
Westminster Canterbury	97,935,900	0.15	14	98,930,833	0.21	15
Aimco Maple Bay & Aimco Reflections LLC	95,318,900	0.15	15	-	-	-
Windsor Lake & Shoreline Apartments LLC.	93,780,100	0.15	16	63,457,104	0.14	21
Virginia Natural Gas	92,538,234	0.15	17	44,427,660	0.10	23
Potter Properties	85,706,400	0.14	18	83,707,791	0.18	17
Inland Diversified Virginia Beach Landstown LLC	81,565,700	0.13	19	-	-	-
Wal Mart Real Estate Business Trust	73,359,200	0.12	20	43,630,036	0.09	24
Atlantic Shores Cooperative	72,796,100	0.11	21	138,355,440	0.30	7
Sifen, Michael D.	64,944,300	0.10	22	70,497,747	0.15	20
Occidental Development, Ltd.	62,928,000	0.10	23	57,876,900	0.13	22
BBR/Marina Shores LLC	51,116,800	0.08	24	-	-	-
Jack Rabbit Self Storage	47,393,100	0.07	25	-	-	-
CLPF Town Square LP	-	-	-	43,508,700	0.09	25
Gale M. Levine	-	-	-	73,814,326	0.16	19
Kemp River & Bonneys Corner Associates	-	-	-	118,822,809	0.26	13
Sandler Development at Towne, etc.	-	-	-	123,743,711	0.27	12
Tidewater Oxford Ltd Partnership	-	-	-	126,559,200	0.27	10
Totals	<u>\$ 3,784,807,236</u>	<u>5.98 %</u>		<u>\$ 3,025,613,694</u>	<u>6.55 %</u>	

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

Table 31

**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				
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%
2012	42,582,797,354	7,925,225,472	3,225,216,284	1,079,909,616	938,693,399	55,751,842,125	55,751,842,125	100.0%
2013	40,815,993,416	8,036,001,242	3,306,948,272	942,744,260	929,843,170	54,031,530,360	54,031,530,360	100.0%
2014	40,590,297,065	8,147,317,125	3,362,985,338	971,033,585	889,050,800	53,960,683,913	53,960,683,913	100.0%
2015	42,110,642,755	8,466,636,425	3,446,918,395	1,122,915,183	875,496,571	56,022,609,329	56,022,609,329	100.0%
2016	43,302,214,028	8,714,160,476	3,552,544,174	1,029,515,444	945,094,380	57,543,528,502	57,543,528,502	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

Table 32

**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
2007	\$527,465,143	\$505,518,196	95.8%	\$17,601,644	\$523,119,840	99.2%
2008	562,044,329	537,526,149	95.6%	20,712,902	558,239,051	99.3%
2009	570,582,069	547,934,162	96.0%	19,539,212	567,473,374	99.5%
2010	546,129,490	526,040,648	96.3%	17,017,665	543,058,313	99.4%
2011	523,586,269	504,769,073	96.4%	14,987,003	519,756,076	99.3%
2012	522,586,852	501,282,299	95.9%	15,492,833	516,775,132	98.9%
2013	536,618,666	516,542,429	96.3%	15,396,501	531,938,930	99.1%
2014	527,036,431	509,339,982	96.6%	13,980,043	523,320,025	99.3%
2015	558,420,893	537,056,367	96.2%	13,368,962	550,425,329	98.6%
2016	613,105,892	589,411,524	96.1%	-	589,411,524	96.1%

**Note:** Collections in subsequent years represent delinquent accounts collected during the course of any fiscal year subsequent to the fiscal year of the tax levy.

**Source:** City of Virginia Beach - Department of Finance

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**CITY OF VIRGINIA BEACH, VIRGINIA - REVENUE RATES FOR REAL ESTATE AND PERSONAL PROPERTY**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Base Real Property Tax Rate</b>	<b>Additional Real Property Tax Rate Sandbridge SSD</b>	<b>Additional Real Property Tax Rate Town Center SSD</b>	<b>Additional Real Property Tax Rate Old Donation SSD</b>	<b>Additional Real Property Tax Rate Bayville Creek SSD</b>	<b>Additional Real Property Tax Rate Shadowlawn SSD</b>	<b>Personal Property Tax Rate</b>
2007	\$0.9900	\$0.0600	\$0.5700	-	-	-	\$3.7000
2008	0.8900	0.0600	0.5000	-	-	-	3.7000
2009	0.8900	0.0600	0.4500	-	-	-	3.7000
2010	0.8900	0.0600	0.4500	-	-	-	3.7000
2011	0.8900	0.0600	0.4500	-	-	-	3.7000
2012	0.8900	0.0600	0.4500	\$0.1840	-	-	3.7000
2013	0.9500	0.0600	0.4500	0.1840	\$0.3630	-	3.7000
2014	0.9300	0.0600	0.4500	0.1840	0.3630	\$0.1594	3.7000
2015	0.9300	0.0600	0.4500	0.1840	0.3630	0.1594	4.0000
2016	0.9900	0.0600	0.4500	0.1840	0.3630	0.1594	4.0000

<b>Fiscal Year</b>	<b>Base Real Property Tax Rate</b>	<b>Additional Real Property Tax Rate Chesapeake SSD</b>	<b>Additional Real Property Tax Rate Harbor Point SSD</b>	<b>Additional Real Property Tax Rate Gills Cove SSD</b>	<b>Additional Real Property Tax Rate Hurds Cove SSD</b>
2007	\$0.9900	-	-	-	-
2008	0.8900	-	-	-	-
2009	0.8900	-	-	-	-
2010	0.8900	-	-	-	-
2011	0.8900	-	-	-	-
2012	0.8900	-	-	-	-
2013	0.9500	-	-	-	-
2014	0.9300	-	-	-	-
2015	0.9300	\$0.2913	\$0.0790	\$0.0630	-
2016	0.9900	0.2913	0.0790	0.0630	\$0.4380

- Notes: (1) The City is the only entity with local taxing authority within its boundaries.  
(2) Real Property Tax Rate is applied to real estate such as land and buildings.  
(3) Personal Property Tax Rate is applied to Personal Property such as automobiles and equipment  
(4) The tax bases are mutually exclusive

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**

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>State Literary Fund Loans</b>	<b>Appropriation Backed Debt*</b>	<b>Total</b>	<b>Percentage of Estimated Actual Full Value of Property</b>	<b>General Bonded Debt Per Capita***</b>
2007	\$562,335,734	\$9,933,046	\$376,717,500	\$948,986,280	1.9%	2,194
2008	599,561,596	8,676,546	364,322,500	972,560,642	1.6%	2,234
2009	623,700,693	7,620,046	346,422,500	977,743,239	1.6%	2,244
2010	631,597,701	6,563,546	346,197,500	984,358,747	1.6%	2,256
2011	669,514,476	5,507,046	323,367,500	998,389,022	1.8%	2,271
2012 **	727,803,047	4,750,000	363,387,004	1,095,940,051	2.0%	2,244
2013 **	686,766,362	4,125,000	361,183,173	1,052,074,535	1.9%	2,162
2014 **	720,118,515	3,500,000	382,190,239	1,105,808,754	2.0%	2,256
2015 **	716,612,342	2,875,000	405,725,325	1,125,212,667	2.0%	2,258
2016 **	721,605,082	2,250,000	373,133,427	1,096,988,509	1.9%	2,195

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

\*Appropriation Backed Debt includes all Governmental Public Facility Revenue Bonds, Capital Leases, COPs, Williams Farm, and Business Type Virginia Beach Development Authority debt.

\*\*Fiscal Years 2012-2016 have been adjusted to reflect the related unamortized premium. Detailed premium information for prior fiscal years is not available and, therefore, is not adjusted.

\*\*\*Computation of Net Debt Per Capita is net of premiums and discounts.

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

	Fiscal Year			
	2007	2008	2009	2010
Debt Limit	\$ 4,630,515,462	\$ 5,579,429,624	\$ 5,757,464,367	\$ 5,627,020,280
Total Net Debt Applicable to Limit	<u>596,810,346</u>	<u>635,045,232</u>	<u>661,855,123</u>	<u>670,254,683</u>
Legal Debt Margin	<u>\$ 4,033,705,116</u>	<u>\$ 4,944,384,392</u>	<u>\$ 5,095,609,244</u>	<u>\$ 4,956,765,597</u>
Total Net Debt Applicable to the Limit as a percentage of the Debt Limit	12.89%	11.38%	11.50%	11.91%

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. 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.

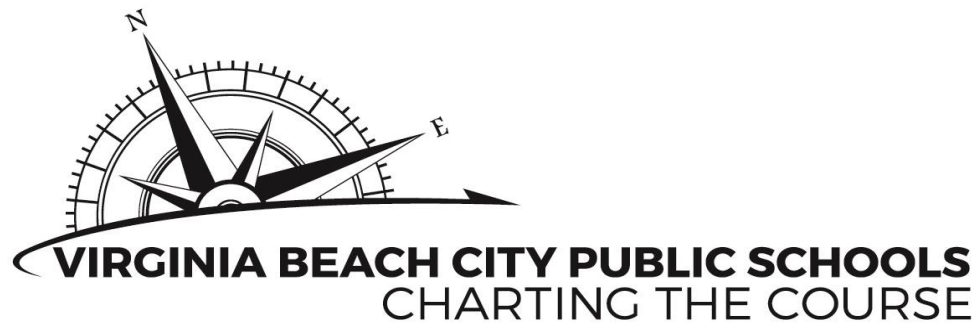
Table 35

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ 5,290,291,119	\$ 5,144,671,623	\$ 4,978,183,783	\$ 4,962,666,499	\$ 5,145,277,575	\$ 5,296,146,888
<u>713,387,034</u>	<u>716,177,198</u>	<u>685,988,698</u>	<u>712,384,323</u>	<u>697,079,775</u>	<u>697,520,721</u>
<u>\$ 4,576,904,085</u>	<u>\$ 4,428,494,425</u>	<u>\$ 4,292,195,085</u>	<u>\$ 4,250,282,176</u>	<u>\$ 4,448,197,800</u>	<u>\$ 4,598,626,167</u>
13.48%	13.92%	13.78%	14.35%	13.55%	13.17%

**Legal Debt Margin Calculation For Fiscal  
Year 2016 Assessed Value of Real  
Property (Taxable):**

Regular	\$ 52,016,374,504
Public Service	945,094,380
Total Assessed Value of Real Property	<u>\$ 52,961,468,884</u>

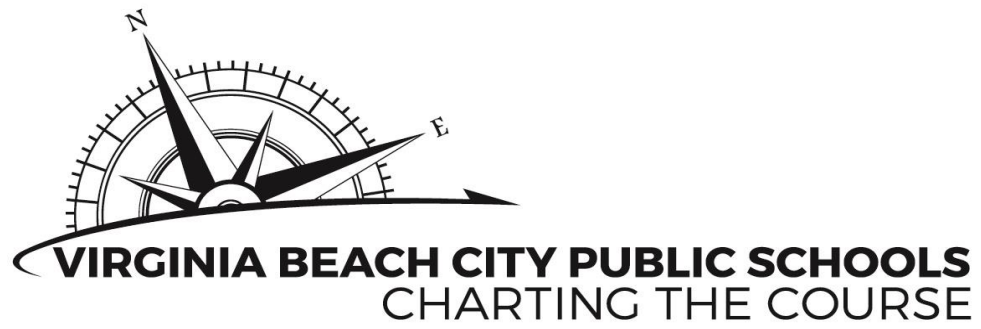
Debt Limit (10% of Total Assessed Value)	\$ 5,296,146,888
Debt Applicable to Limit: General Obligation Bonds	<u>697,520,721</u>
Legal Debt Margin	<u>\$ 4,598,626,167</u>



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## **COMPLIANCE SECTION**



**Report of Independent Auditor 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 Honorable Members of the School Board  
City of Virginia Beach, Virginia

We have audited, 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, 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, 2016, and the related notes to the financial statements, which collectively comprise the School Board's basic financial statements, and have issued our report thereon dated November 30, 2016.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the School Board's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School Board's internal control. 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

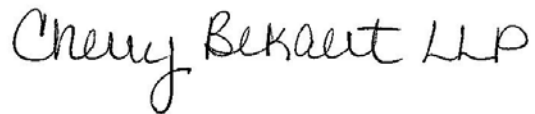
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the School Board's 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*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School Board's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Board's internal control and compliance. Accordingly, this communication is not suitable for any other purposes.

A handwritten signature in black ink that reads "Cheryl Bekaert LLP". The signature is written in a cursive, flowing style.

Virginia Beach, Virginia  
November 30, 2016



Aaron C. Spence, Ed.D., *Superintendent*  
**Virginia Beach City Public Schools**  
2512 George Mason Drive, Virginia Beach, Virginia 23456-0038

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Virginia Beach City Public Schools does not discriminate on the basis of race, color, religion, national origin, sex, sexual orientation/gender identity, pregnancy, childbirth or related medical condition, disability, marital status, age, genetic information or veteran status in its programs and activities and provides equal access to the Boy Scouts and other designated youth groups. School Board policies and regulations (including, but not limited to, Policies 2-33, 4-4, 4-6, 4-43, 5-7, 5-19, 5-20, 5-44, 6-7, 7-48, 7-49, 7-57 and Regulations 4-4.1, 4-4.2, 4-6.1, 4-43.1, 5-44.1, 7-11.1, 7-17.1 and 7-57.1) provide equal access to courses, programs, counseling services, physical education and athletic, vocational education, instructional materials and extracurricular activities.

To seek resolution of grievances resulting from alleged discrimination or to report violations of these policies, please contact the Title VI/Title IX Coordinator/Director of Student Leadership at (757) 263-2020, 1413 Laskin Road, Virginia Beach, Virginia, 23451 (for student complaints) or the Section 504/ADA Coordinator/Chief Human Resources Officer at (757) 263-1133, 2512 George Mason Drive, Municipal Center, Building 6, Virginia Beach, Virginia, 23456 (for employees or other citizens). Concerns about the application of Section 504 of the Rehabilitation Act should be addressed to the Section 504 Coordinator/Director of Student Support Services at (757) 263-1980, 2512 George Mason Drive, Virginia Beach, Virginia, 23456 or the Section 504 Coordinator at the student's school. For students who are eligible or suspected of being eligible for special education or related services under IDEA, please contact the Office of Programs for Exceptional Children at (757) 263-2400, Laskin Road Annex, 1413 Laskin Road, Virginia Beach, Virginia, 23451.

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November 2016