

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, 2017



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

COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2017

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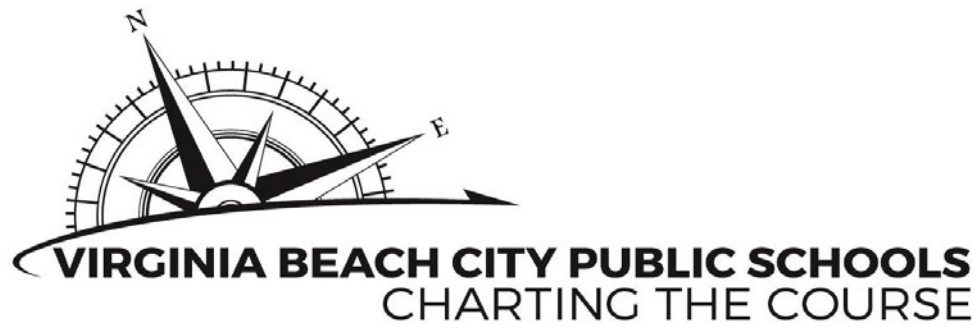
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**School Board of the City of Virginia Beach, Virginia
Comprehensive Annual Financial Report
for the Fiscal Year Ended June 30, 2017**

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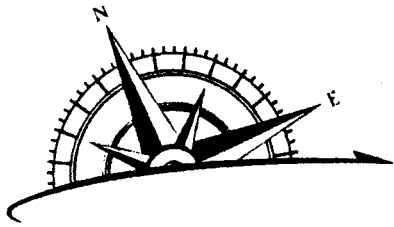
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INTRODUCTORY SECTION



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VIRGINIA BEACH CITY PUBLIC SCHOOLS

CHARTING THE COURSE

Aaron C. Spence, Ed.D.
Superintendent

November 30, 2017

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, 2017, 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, 2017), and an Organizational Chart (June 30, 2017).

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 310 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. School facilities in need of modernization or replacement are provided limited funding for maintenance/repairs and upgrades (e.g., technological) through the operating budget. Table 24 in the Statistical Section of this report provides various school building information, including the year that each school opened and any school modernization, replacement or 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 "America's best big city to live in," by WalletHub and "the most technologically advanced city of its size in America" by The Center for Digital Government.

In the fiscal year ended June 30, 2017, Virginia Beach continued to experience "significant growth," according to the director of the city's Department of Economic Development. In Fiscal Year 2017, the city announced 42 projects which attracted more than \$173 million in private investment and created 1,548 new jobs. The City also finished the fiscal

year with an unemployment rate of 3.7%, more than one-half percent below the national rate.

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 more than 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. The newest phase of Town Center, which will 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, will open in 2018.

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 2016-2017, Telefonica announced plans to lay a transatlantic cable, dubbed MAREA and leased to Microsoft and Facebook, from Virginia Beach to Spain. This establishes Virginia Beach as the mid-Atlantic's digital port city, and is expected to draw some of the world's leading technology companies to accompanying data parks and spur additional investment. The MAREA cable, along with the BRUSA cable, which will connect Virginia Beach to Brazil, will connect the rest of North America to the City's Next Generation Network, a 110-mile municipal infrastructure project providing high-speed connectivity for telecom service 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. Veterans United Home Loans Amphitheater of Virginia Beach, one of the nation's top outdoor amphitheater, held 32 events in 2016 with attendance of more than 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 2016, Virginia Beach experienced another record year for tourism. In fact, Virginia Beach was the only city in Hampton Roads to experience a growth in revenue per available hotel room over recent years. A total of 15.2 million people traveled to Virginia Beach in 2016. These visitors spent nearly \$1.5 billion during their stay for accommodations, meals, entertainment and other services; this represents a 6.2% increase from 2015.

MAJOR INITIATIVES

School year 2016-17 was a record year for Virginia Beach City Public Schools (VBCPS).

For the first time in six years, the school division earned full Standards of Learning (SOL) accreditation. This success included results from all five of the division's schools that did not earn full accreditation the previous year. Each school met or surpassed the state's benchmarks, even earning double-digit gains in some areas.

The school division's successes did not end with full accreditation. According to the College Board, for the seventh consecutive year, VBCPS outperformed the nation on the SAT. Specifically, the VBCPS Class of 2017 bested the national average for overall SAT scores and in scores for the SAT's content areas: reading and writing and math. VBCPS' scores were also the highest among school divisions in the Hampton Roads region.

Additionally, the VBCPS Class of 2017 posted both the division's highest On-Time Graduation (OTG) rate and lowest dropout rate since 2008, which is the first year the Virginia Department of Education (VDOE) began using cohort-based calculations for these reports. Once again, VBCPS outperformed the state this year in both the graduation rate and dropout rate. According to the Virginia Department of Education (VDOE), 91.9 percent of VBCPS' Class of 2017 earned a diploma in four years - higher than the state's 91.1 percent. Furthermore, the division's cohort dropout rate for the Class of 2017 is 4.6 percent, better than the state's rate of 5.8 percent.

These achievements helped the division more than double the number of Virginia Index of Performance (VIP) awards it received from Governor Terry McAuliffe and the State Board of Education. These annual awards recognize school divisions and individual schools that exceed state and federal accountability standards and achieve excellence goals. In 2015-16, VBCPS had 14 schools earn VIP awards. In 2016-17, 28 VBCPS schools earned a VIP award as well as the division itself – for a total of 29 awards.

These accolades are in part result of the breadth of services, resources and options given to VBCPS students. Superintendent Dr. Aaron C. Spence has led the division in maintaining focus on its five-year strategic framework, Compass to 2020: Charting the Course. In fact, for his work, Dr. Spence was named the 2018 Virginia Superintendent of the Year. His leadership and direction helps ensure that every student in the division is challenged and supported to reach his or her full potential. Compass to 2020 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.

For secondary schools, students continue to have an array of choices 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. The new Entrepreneurship and Business Academy at Kempsville High School welcomed its first class of 100 freshmen students in 2016-2017. According to end-of-year survey results from EBA staff, students and families, 98 percent of students who responded to the survey said the academy taught them valuable critical-thinking and problem-solving skills. Additionally, 100 percent of parents and staff members said the program offered the skills students needed to be successful.

VBCPS remains committed to digital learning and the integration of technology in the classroom as the division moves forward with a 1:1 technology initiative. Digital Learning Anchor Schools continue to serve as field test schools as the division incorporates the use of digital resources to prepare students for employment or post-secondary educational opportunities in a globally-competitive environment. They are also the first to examine and deploy new software programs and initiatives. Throughout the year, Anchor schools host a series of classroom visits to share and model best practices for principals and teachers from other schools.

Technology is just one area where the division is working to match student interest and passion with the classroom curriculum. In 2016-17, the school division saw tremendous interest and increased student achievement in the area of Technical and Career Education (TCE); especially related to workplace readiness skills and industry certifications. In fact, 10,621 TCE credentials were earned by VBCPS students. Students earned these credentials through 115 different assessments administered, making the school division a leader in the state.

In 2016-2017, the Office of Facilities Planning and Construction broke ground on the modernization project at John B. Dey Elementary School. The new elementary school will feature a state of the art media center, extended learning areas in classrooms for collaboration as well as a learning courtyard. This modernization project will be the 10th Leadership in Energy and Environmental Design (LEED) certified building for the division. LEED buildings use less energy, are less expensive to operate and cause fewer greenhouse gas emissions than their peers. Through LEED construction of new facilities, and performance contract work in existing buildings, VBCPS has increased the overall square footage of the district by 7 percent while reducing energy consumption by 27.5 percent. During this school year, the division's ninth LEED-certified building, Old Donation School, was completed and opened for students.

Old Donation School is part of the gifted education program in VBCPS. The school is home to the Brickell Academy for Advanced Academics and Arts, and serves students in grades two through eight who have been designated as “gifted.” Additionally, each school has a gifted program in-house through which gifted students are served via gifted resource teachers.

VBCPS has continued to maintain 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 continues to be a vital electronic communication vehicle for the division and schools to communicate with parents and communities. In addition, VBCPS continues to maintain multiple platforms and publications at the division level to keep student families and community members engaged. VBCPS has a division newsletter, Apple-A-Day, an active Facebook page, Twitter page and Instagram account as well as a staff blog, Kaleidoscope, and a community blog, The Core.

In 2016-17, students, families and community members had a new way to learn of division programs and initiatives. A Slice of VBCPS is the division's new weekly digital newsletter, which is delivered to subscribers via email every Monday. A Slice of VBCPS complements the division's print newsletter, Apple-A-Day, and its blog, The Core. Each edition will include feature articles, videos and photos from school events and activities, entries from the division's We Are VBSchools blog as well as a Parent Connection Tip of the Week.

Parents are also always encouraged to 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. The school division also offers robust volunteer and Partners-in-Education programs. In fact, during the 2016-17 school year, more than 21,800 volunteers and partners donated over 500,000 hours of service to the Virginia Beach City Public Schools. The value of this service is estimated at approximately \$14,000,000.

Partnering together students, staff members, families and the community, VBCPS continues to achieve critical successes. Moving forward, the division will continue to identify and implement the best instructional and operational practices in order to meet each and every student where they are and provide the resources necessary for success.

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 CliftonLarsonAllen 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, 2016. 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, 2016. 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.

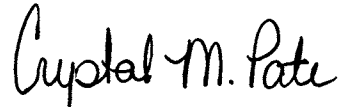
Respectfully Submitted,



Aaron C. Spence, Ed.D.
Superintendent



Farrell E. Hanzaker, MBA
Chief Financial Officer



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

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

June 30, 2017



Beverly M. Anderson
Chair
At-Large Seat



Daniel D. Edwards
Vice Chairman
District 2 - Kempsville



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



Victoria C. Manning
At-Large Seat



Trenace B. Riggs
District 1 Centerville



Carolyn D. Weems
District 4 - Bayside



Dr. Aaron C. Spence
Superintendent



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**School Board of the City
of Virginia Beach, Virginia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

**The Certificate of Excellence in Financial Reporting
is presented to**

School Board of the City of Virginia Beach

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2016.**

The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards.



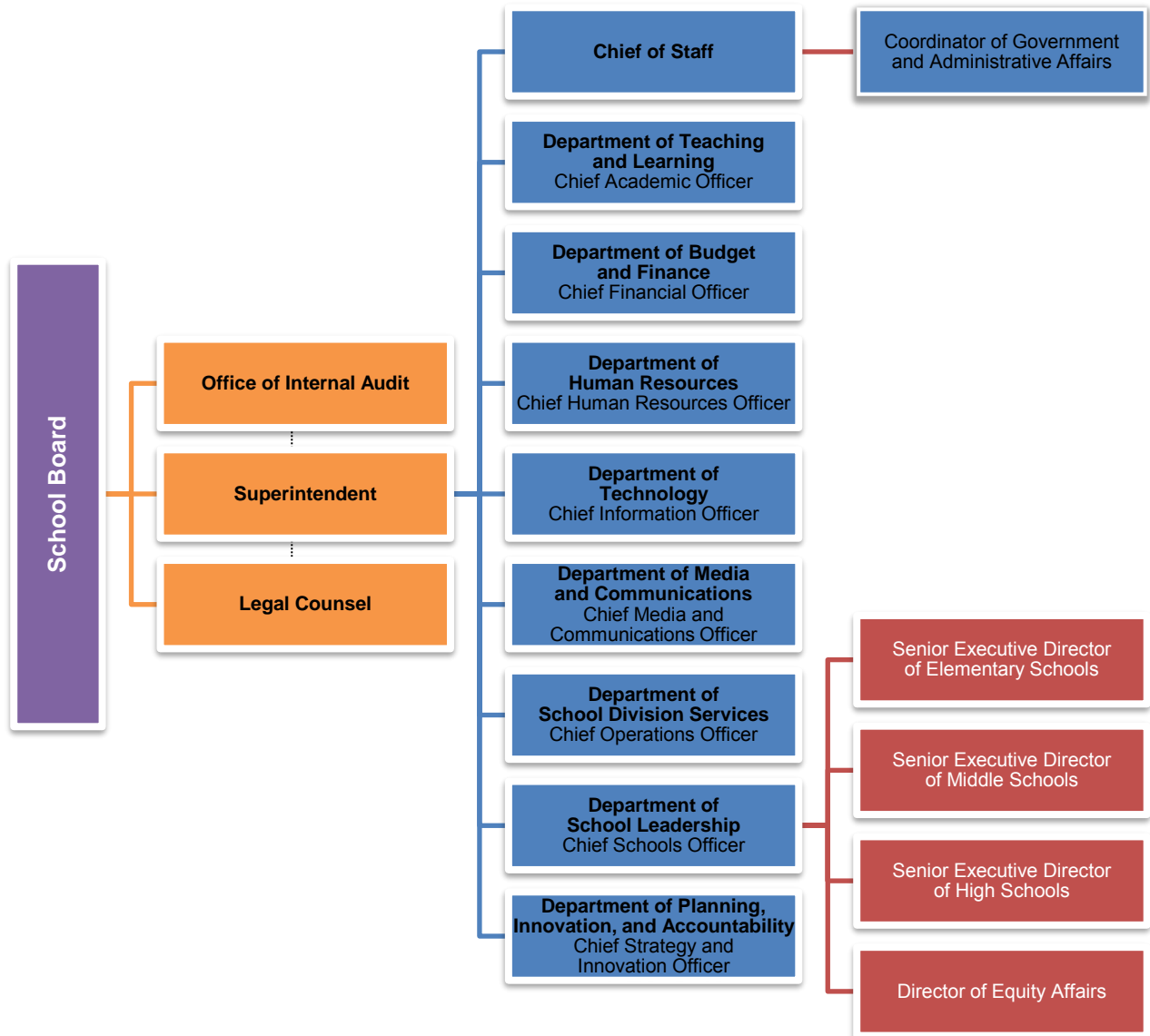
A handwritten signature in black ink, appearing to read 'Anthony N. Dragona', written over a horizontal line.

Anthony N. Dragona, Ed.D., RSBA
President

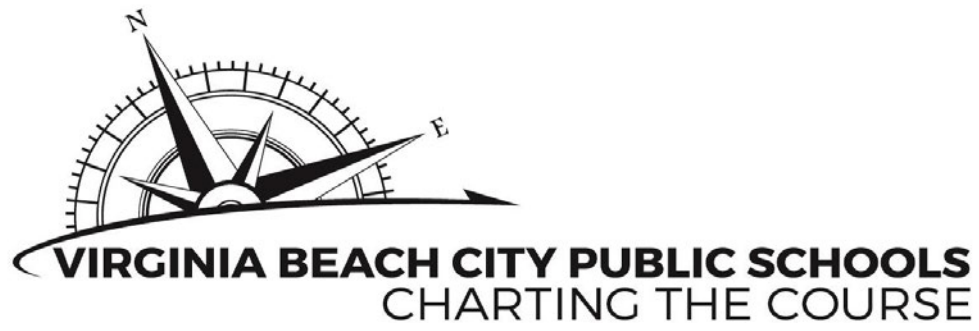
A handwritten signature in black ink, appearing to read 'John D. Musso', written over a horizontal line.

John D. Musso, CAE
Executive Director

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
Organizational Chart
June 30, 2017



FINANCIAL SECTION



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INDEPENDENT AUDITORS' REPORT

The Honorable Members of the School Board
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 Board) (a component unit of the City of Virginia Beach, Virginia), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the 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.

Auditors' 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 and 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 auditors' 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 Board as of June 30, 2017, and the respective changes in financial position and cash flows where applicable, 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 the management discussion and analysis, the budgetary comparison schedules, schedule of funding progress, schedules of employer contributions, schedules of changes in net pension liability, and schedule of employer's share of net pension liability, as referenced in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board's basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

The introductory section and statistical tables listed in the table of contents 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 27, 2017, on our consideration of the Board'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an

opinion on internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of 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 Board's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Arlington, Virginia
November 27, 2017



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**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

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, 2017. 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 \$98,143,741 (net deficit) at June 30, 2017. Of this amount, \$532,437,468 is investment in capital assets, \$17,365,019 is restricted for grants, cafeterias, and textbooks, and (\$647,946,228) 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, 2017 is \$740,779,000.

On a government-wide basis for governmental activities, the School Board's revenues of \$794,390,869 exceeded expenses of \$774,221,739 by \$20,169,130.

The School Board's Governmental funds reported total fund balances of \$29,377,025 at June 30, 2017. Of this amount, \$1,716,720 is nonspendable (i.e., inventories and prepaid items), \$17,365,019 is restricted (e.g., federal and state grantor agencies, capital projects bond proceeds from local government, textbook adoptions), \$4,029,283 is committed (e.g., capital projects contracts, communication towers/technology, vending, equipment replacement), \$8,735,155 is assigned (e.g., instructional technology, athletics, instruction, administration, attendance, and health, pupil transportation, operations and maintenance, technology) and (\$2,469,152) is unassigned for capital projects.

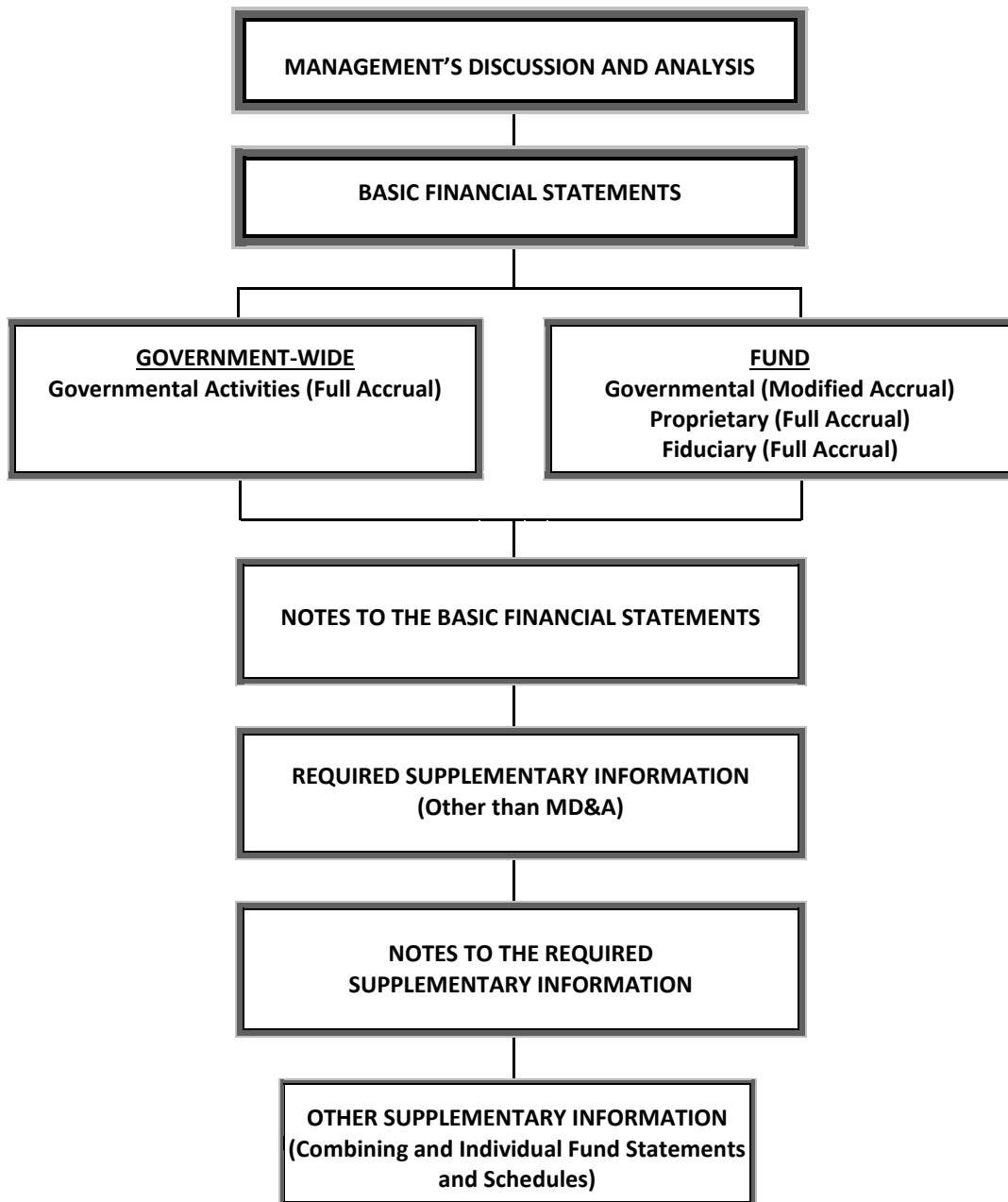
In the General Fund, the School Board returned unexpended appropriations for Fiscal Year 2017 to the City of Virginia Beach (City) in the amount of \$17,063,890, as required by the Code of Virginia, as amended.

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.

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

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



SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

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.

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

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

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.

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

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

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 and Trust 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 Trust funds are for Other Postemployment Benefits and accounts for assets in essentially the same manner as a Proprietary Fund using the economic resources measurement focus.

The basic fiduciary fund financial statements are presented in Exhibit A-8 and A-9 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-9 and the Notes to the Required Supplementary Information begin after Schedule C-3 of this report.

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

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 exceeded assets and deferred outflows of resources by \$98,143,741 (net deficit) at June 30, 2017, as illustrated in the Summary of Net Position (with comparative amounts at June 30, 2016), as follows:

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

Summary of Net Position		
	2017	2016
Current Assets	\$ 160,651,500	\$ 166,690,558
Capital Assets	<u>532,437,468</u>	<u>503,106,097</u>
Total Assets	<u>\$ 693,088,968</u>	<u>\$ 669,796,655</u>
Deferred Outflows	<u>\$ 106,678,000</u>	<u>\$ 58,321,000</u>
Current Liabilities	\$ 105,268,837	\$ 102,225,313
Net Pension Liability	740,779,000	667,263,000
Other Noncurrent Liabilities	<u>15,786,872</u>	<u>15,234,213</u>
Total Liabilities	<u>\$ 861,834,709</u>	<u>\$ 784,722,526</u>
Deferred Inflows	<u>\$ 36,076,000</u>	<u>\$ 61,708,000</u>
Net Position:		
Invested in Capital Assets	\$ 532,437,468	\$ 503,106,097
Restricted for:		
Capital Projects	-	20,731,125
Grants	954,050	759,498
Cafeterias	9,290,189	7,029,421
Textbooks	7,120,780	8,447,356
Unrestricted (Deficit)	<u>(647,946,228)</u>	<u>(658,386,368)</u>
Total Net Position (Deficit)	<u>\$ (98,143,741)</u>	<u>\$ (118,312,871)</u>

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, 2017 is \$740,779,000.

CHANGES IN NET POSITION

The School Board's revenues of \$794,390,869 exceeded expenses of \$774,221,739 by \$20,169,130 during Fiscal Year 2017, as illustrated in the Changes in Net Position (with comparative amounts for the year ended June 30, 2016), as follows:

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

Changes in Net Position		
	2017	2016
<u>Revenues</u>		
Program Revenues:		
Charges for Services	\$ 14,417,518	\$ 15,076,354
Operating Grants	146,611,635	142,463,184
General Revenues:		
Local Government	369,406,287	403,461,767
State Basic Aid	178,909,703	172,363,914
State Sales Tax	73,084,563	72,382,607
Federal Impact Aid	11,264,563	8,886,385
Interest Earnings	245,828	153,334
Miscellaneous	450,772	399,783
Total Revenues	<u>\$ 794,390,869</u>	<u>\$ 815,187,328</u>
<u>Expenses</u>		
Instruction	\$ 556,632,508	\$ 568,912,291
Admin, Attendance, & Health	22,840,163	20,989,423
Pupil Transportation	32,950,076	30,739,249
Operations and Maintenance	91,477,591	86,966,670
Cafeterias	27,285,112	26,288,628
Technology	43,036,289	38,714,083
Total Expenses	<u>\$ 774,221,739</u>	<u>\$ 772,610,344</u>
Change in Net Position	\$ 20,169,130	\$ 42,576,984
Net Position (Deficit) -		
July 1	<u>(118,312,871)</u>	<u>(160,889,855)</u>
Net Position		
(Deficit) – June 30	<u>\$ (98,143,741)</u>	<u>\$ (118,312,871)</u>

The Local Government revenue source decreased by \$34,055,480 (8.4%) mainly due to a decrease to in the Capital Projects Fund as a result of a decrease in local bond sales by the City. State Basic Aid increased by \$6,545,789 (3.8%) due to an increase in funding from the State Department of Education. State Sales Tax increased by \$701,956 (1.0%) due to an increase in consumer sales. Federal Impact Aid increased by \$2,378,178 (26.8%) due to an increase in funding from the U.S. Department of Education.

The Instruction expenses decreased by \$12,279,783 (2.2%) mainly due the net book value reduction of the school buildings transferred to the City under the “tenancy in common” provisions of the Code of Virginia, as amended (Note 4B). Administration, Attendance and Health expenses increased \$1,850,740 (8.8%) due to risk management expenses now included in this classification. Pupil Transportation expenses increased by \$2,210,827 (7.2%) due to increase in capital outlay for Regular Education and Special Education bus replacements. Operations and Maintenance expenses

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

increased \$4,510,921 (5.2%) due to an increase in renovations and a decrease in the allocated pension expense credit. Technology expenses increased \$4,322,206 (11.2%) due to an increase in technology initiatives.

The change in Net Position of \$20,169,130 (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 2017 and 2016. The illustration also shows each activity's net cost (total cost less charges for services, operating grants, and capital grants). The net cost shows the financial impact that is placed on the School Board's general revenue sources (local government, federal and state aid, interest earnings, and other nonspecific revenue sources).

Total and Net Cost of Governmental Activities				
	Total Cost of Services 2017	Net Cost of Services 2017	Total Cost of Services 2016	Net Cost of Services 2016
<u>Expenses</u>				
Instruction	\$ 556,632,508	\$ 436,416,421	\$ 568,912,291	\$ 449,024,244
Admin, Attendance, & Health	22,840,163	22,840,163	20,989,423	20,989,423
Pupil Transportation	32,950,076	32,950,076	30,739,249	30,739,249
Operations and Maintenance	91,477,591	91,025,420	86,966,670	86,239,600
Cafeterias	27,285,112	(2,626,106)	26,288,628	(3,587,191)
Technology	43,036,289	32,586,612	38,714,083	31,665,481
Total Expenses	<u>\$ 774,221,739</u>	<u>\$ 613,192,586</u>	<u>\$ 772,610,344</u>	<u>\$ 615,070,806</u>

FINANCIAL ANALYSIS OF THE SCHOOL BOARD'S FUNDS

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

GOVERNMENTAL FUNDS

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

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

As of June 30, 2017, the School Board's governmental funds reported combined fund balances of \$29,377,025, a decrease of \$23,385,419 in comparison with the prior fiscal year. Of the total amount of the combined fund balances, 5.8% or \$1,716,720 is nonspendable (i.e., inventories and prepaid items), 59.1% or \$17,365,019 is restricted (e.g., federal and state grantor agencies, capital projects bond proceeds from local government, textbook adoptions), 13.7% or \$4,029,283 is committed (e.g., capital projects contracts, communication towers/technology, vending, equipment replacement), 29.8% or \$8,735,155 is assigned (e.g., instructional technology, athletics, instruction, pupil transportation, operations and maintenance, technology), and (8.4%) or (\$2,469,152) is unassigned (capital projects).

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, 2017, the fund balance of the General Fund was \$9,813,536. \$1,078,381 is nonspendable (i.e., prepaid items) and \$8,735,155 is assigned (e.g., instructional technology, athletics, instruction, administration, attendance, and health, pupil transportation, operations and maintenance, technology).

General Fund Budget Amendment

<u>Amount</u>	<u>Purpose</u>
\$ 6,754,643	There was a supplemental budget amendment, other than for encumbrances, during fiscal year 2017. The General Fund budget amendments (e.g., network upgrades, vehicles, school buses, technology, compensation) was funded through an increase in revenue from the local government.

General Fund Original Budget to Final Budget Difference Reconciliation

General Fund:

\$ 7,871,783– FY 2016 Outstanding Encumbrances Appropriated
6,754,643 – Budget Amendment (See above)
\$ 14,626,426 – Original Budget to Final Budget Difference (including the Other Financing
Uses budget)

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

General Fund Final Budget to Actual Expenditures Variance Reconciliation

Instruction Category:

\$ 513,247 – Outstanding Encumbrances as of June 30, 2017
13,055,725 – Remaining Available Balance (2.4% of the category budget less transfers)
\$ 13,568,972 – 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); Special Education (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); Psychological Services (personnel services, fringe benefits); Middle School Classroom (personnel, materials and supplies, capital outlay); and High School Classroom (personnel, materials and supplies, capital outlay) budget units.

Administration, Attendance and Health Category:

\$ 71,469 – Outstanding Encumbrances as of June 30, 2017
1,028,358 – Remaining Available Balance (4.2% of the category budget less transfers)
\$ 1,099,827 – 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 (purchased services); and Benefits Office (purchased services) budget units.

Pupil Transportation Category:

\$ 2,886,092 – Outstanding Encumbrances as of June 30, 2017
1,743,424 – Remaining Available Balance (4.3% of the category budget less transfers)
\$ 4,629,516 – 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, fuel, materials and supplies); Vehicle

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

Operations – Special Education (personnel services, fringe benefits, fuel, materials and supplies) budget units.

Operations and Maintenance Category:

\$ 2,488,072 – Outstanding Encumbrances as of June 30, 2017
3,986,102 – Remaining Available Balance (4.3% of the category budget less transfers)
\$ 6,474,174 – 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); Distribution Services (purchased services, postage); Safety and Loss Control (personnel services, fringe benefits); and Vehicle Services (non-pupil transportation, personnel services, fringe benefits, fuel) budget units.

Technology Category:

\$ 2,479,451 – Outstanding Encumbrances as of June 30, 2017
914,345 – Remaining Available Balance (2.6% of the category budget less transfers)
\$ 3,393,796 – 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:

\$ 119,717 – 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.

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:

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

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 2017, revenues and other financing sources totaled \$42,882,528 and expenditures totaled \$42,687,976. This resulted in an increase in the fund balance of \$194,552, 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 2017 grant proceeds to be disbursed in FY 2018.

School Textbooks Fund: During Fiscal Year 2017, revenues totaled \$4,557,778 and expenditures totaled \$6,895,497. This resulted in the planned decrease in the fund balance of \$2,337,719 for textbook adoptions and related expenditures. The remaining fund balance will be used for future textbook adoptions and related expenditures.

Nonmajor Special Revenue Funds: During Fiscal Year 2017, revenues totaled \$30,616,221 and expenditures totaled \$28,706,749. This resulted in a combined increase in the fund balances of all nonmajor Special Revenue funds of \$1,909,472. The increase in the combined fund balance was in the School Cafeterias, School Vending Operations Fund, and School Equipment Replacement Special Revenue Funds as the School Communication Towers/Technology Fund incurred a planned decrease

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

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 2017, total revenues including nonoperating revenues amounted to \$153,238,784. Expenses totaled \$139,382,526. This resulted in an increase in net position of \$13,856,258 due to 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 2017, revenues including other financing sources totaled \$8,133,814 and expenditures totaled \$31,862,719. This resulted in a decrease in the fund balance of \$23,728,905 due to decreased bond sales by the City.

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

Kemps Landing Magnet School and Old	Renovations/Replacements-Windows
Donation Center Consolidated Replacement	Instructional Technology
Renovations/Replacements-HVAC Systems	Energy Performance Contracts
Renovations/Replacements-Reroofing	

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

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, 2017. 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, 2017 amounts to \$532,437,468 (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 5.83%, as follows:

Capital Assets (net of accumulated depreciation) As of June 30, 2017 and 2016			
	2017	2016	Percentage Change
Land	\$ 39,048,224	\$ 39,666,627	(1.56)%
Construction in Progress	4,434,661	53,245,854	(91.67)%
Buildings and Improvements	456,540,155	378,550,655	20.60 %
Equipment and Vehicles	<u>32,414,428</u>	<u>31,642,961</u>	2.44%
Total Capital Assets (net)	<u>\$ 532,437,468</u>	<u>\$ 503,106,097</u>	5.83%

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

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

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

ECONOMIC FACTORS

The unemployment rate for Virginia Beach continues to be below the Metropolitan Statistical Area (MSA) and U.S. rates and equal to the Commonwealth of Virginia (state) rates. In September 2017, the unemployment rate was 3.6% for Virginia Beach, 4.1% for the MSA, 3.6% for the state, and 4.1% for the U.S.

Virginia Beach had a per capita personal income of \$52,235 in 2015 (most recent information available), which was 0.4% greater than the per capita income for the state at \$52,052, and 8.6% greater than the nation's at \$48,112 (U.S. Bureau of Economic Analysis). Virginia Beach median household income in 2016 increased 5.7% to \$71,117 from 2015 and is greater than the national median household income by 23.4%.

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, 2017

	Governmental Activities
ASSETS	
Current Assets:	
Cash and Investments (Notes 1J1 and 6)	\$ 137,931,396
Accounts Receivable	1,416,000
Due from Commonwealth (Note 2A)	11,767,246
Due from Federal Government (Note 2B)	7,804,067
Inventories (Note 1F)	518,261
Prepaid Items (Note 1J5)	1,214,530
Total Current Assets	<u>\$ 160,651,500</u>
Noncurrent Assets:	
Capital Assets (Note 4):	
Land	\$ 39,048,224
Buildings, Improvements, Equipment, and Vehicles (net of accumulated depreciation)	488,954,583
Construction in Progress	4,434,661
Total Noncurrent Assets	<u>\$ 532,437,468</u>
 TOTAL ASSETS	 <u>\$ 693,088,968</u>
 <u>DEFERRED OUTFLOWS OF RESOURCES (Note 8)</u>	 <u>\$ 106,678,000</u>
LIABILITIES	
Current Liabilities:	
Salaries Payable (Note 7C)	\$ 57,936,332
Vouchers and	
Accounts Payable	18,076,250
Deposits Payable	75,000
Due to Federal Government	87,914
Unearned Revenue (Note 3)	9,537,252
Long-term Liabilities (due within one year) (Note 5A)	19,556,089
Total Current Liabilities	<u>\$ 105,268,837</u>
Noncurrent Liabilities:	
Net Pension Liability (Notes 5A and 8)	740,779,000
Other Long-term Liabilities (due in more than one year) (Notes 1G, 5A, and 9)	<u>15,786,872</u>
 TOTAL LIABILITIES	 <u>\$ 861,834,709</u>
 <u>DEFERRED INFLOWS OF RESOURCES (Note 8)</u>	 <u>\$ 36,076,000</u>
NET POSITION (DEFICIT) (Note 1I)	
Investment in Capital Assets	\$ 532,437,468
Restricted for: (Note 10D)	
Grants	954,050
Cafeterias	9,290,189
Textbooks	7,120,780
Unrestricted (Deficit)	<u>(647,946,228)</u>
 TOTAL NET POSITION (DEFICIT)	 <u>\$ (98,143,741)</u>

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

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

		Program Revenues			Net (Expenses)
		Charges for	Operating	Capital	Revenues and
Expenses		Services	Grants and	Grants and	Change In
			Contributions	Contributions	Net Position
<u>GOVERNMENTAL ACTIVITIES</u>					
Instruction	\$ 556,632,508	\$ 1,814,028	\$ 118,402,059	\$ -	\$ (436,416,421)
Administration, Attendance, & Health	22,840,163	-	-	-	(22,840,163)
Pupil Transportation	32,950,076	-	-	-	(32,950,076)
Operations and Maintenance	91,477,591	452,171	-	-	(91,025,420)
Cafeterias	27,285,112	10,911,183	19,000,035	-	2,626,106
Technology	43,036,289	1,240,136	9,209,541	-	(32,586,612)
Total Governmental Activities	\$ 774,221,739	\$ 14,417,518	\$ 146,611,635	\$ -	\$ (613,192,586)

General Revenues:

Local Sources:

Local Government	\$ 369,406,287
Miscellaneous	450,772

Federal and State Aid not Restricted
to Specific Purposes:

State Basic Aid	178,909,703
State Sales Tax	73,084,563
Federal Impact Aid	11,264,563

Interest Earnings	<u>245,828</u>
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Total General Revenues	<u>\$ 633,361,716</u>
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Change in Net Position	\$ 20,169,130
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Total Net Position - July 1	<u>(118,312,871)</u>
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Total Net Position (Deficit) - June 30	<u>\$ (98,143,741)</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
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

	General	School Grants	School Textbooks	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and Investments (Notes 1J1 and 6)	\$ 57,567,822	\$ -	\$ 7,121,113	\$ 3,059,483	\$ 14,073,383	\$ 81,821,801
Accounts Receivable	349,718	77,589	950	-	83,017	511,274
Due from Other Funds (Note 10B)	2,013,193	-	-	-	-	2,013,193
Due from Commonwealth (Note 2A)	10,504,047	1,263,199	-	-	-	11,767,246
Due from Federal Government (Note 2B)	-	6,785,175	-	-	1,018,892	7,804,067
Inventories (Note 1F)	-	-	-	-	518,261	518,261
Prepaid Items (Note 1J5)	1,078,381	-	115,445	-	4,633	1,198,459
TOTAL ASSETS	\$ 71,513,161	\$ 8,125,963	\$ 7,237,508	\$ 3,059,483	\$ 15,698,186	\$ 105,634,301
LIABILITIES AND FUND BALANCES						
Liabilities:						
Salaries Payable (Note 7C)	\$ 53,816,722	\$ 3,179,250	\$ -	\$ 24,493	\$ 913,868	\$ 57,934,333
Vouchers and Accounts Payable	7,352,845	1,283,453	1,283	5,416,228	408,129	14,461,938
Deposits Payable	-	-	-	-	75,000	75,000
Due to Other Funds (Note 10B)	-	2,013,193	-	-	-	2,013,193
Due to Federal Government	-	-	-	87,914	-	87,914
Unearned Revenue (Note 3)	530,058	696,017	-	-	458,823	1,684,898
TOTAL LIABILITIES	\$ 61,699,625	\$ 7,171,913	\$ 1,283	\$ 5,528,635	\$ 1,855,820	\$ 76,257,276
Fund Balances: (Notes 1H and 10D)						
Nonspendable	\$ 1,078,381	\$ -	\$ 115,445	\$ -	\$ 522,894	\$ 1,716,720
Restricted	-	954,050	7,120,780	-	9,290,189	17,365,019
Committed	-	-	-	-	4,029,283	4,029,283
Assigned	8,735,155	-	-	-	-	8,735,155
Unassigned	-	-	-	(2,469,152)	-	(2,469,152)
TOTAL FUND BALANCES	\$ 9,813,536	\$ 954,050	\$ 7,236,225	\$ (2,469,152)	\$ 13,842,366	\$ 29,377,025
TOTAL LIABILITIES AND FUND BALANCES	\$ 71,513,161	\$ 8,125,963	\$ 7,237,508	\$ 3,059,483	\$ 15,698,186	\$ 105,634,301

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, 2017

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)	\$ 29,377,025
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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	\$ 966,470,119	
	less: Accumulated Depreciation	<u>434,032,651</u>	532,437,468

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	(20,651,961)
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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	\$ 57,030,392	
	less: Total Liabilities	<u>26,159,665</u>	30,870,727
	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	\$ (740,779,000)	
	Deferred Outflows of Resources	106,678,000	
	Deferred Inflows of Resources	<u>(36,076,000)</u>	<u>(670,177,000)</u>

Total Net Position of Governmental Activities in the Statement of Net Position (Exhibit A-1)	\$ <u>(98,143,741)</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, 2017

	General	School Grants	School Textbooks	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES						
From Use of Money and						
Property	\$ 451,300	\$ -	\$ 32,355	\$ 41,830	\$ 567,742	\$ 1,093,227
Charges for Services	1,214,428	-	280	-	10,327,260	11,541,968
Miscellaneous	1,583,849	286,034	46,664	-	721,184	2,637,731
From Local Government	361,314,303	-	-	4,591,984	-	365,906,287
From Commonwealth	333,368,316	7,325,128	4,478,479	-	651,642	345,823,565
From Federal Government	13,464,377	31,948,094	-	-	18,348,393	63,760,864
Total Revenues	<u>\$ 711,396,573</u>	<u>\$ 39,559,256</u>	<u>\$ 4,557,778</u>	<u>\$ 4,633,814</u>	<u>\$ 30,616,221</u>	<u>\$ 790,763,642</u>
EXPENDITURES						
Current:						
Instruction	\$ 531,207,956	\$ 38,635,670	\$ 2,536,961	\$ 1,833,803	\$ 133,900	\$ 574,348,290
Administration, Attendance, & Health	23,250,610	-	-	-	-	23,250,610
Pupil Transportation	35,791,636	-	-	-	-	35,791,636
Operations and Maintenance	85,737,273	-	-	7,527,110	-	93,264,383
Cafeterias	-	-	-	-	27,623,959	27,623,959
Technology	31,635,871	4,052,306	4,358,536	773,403	948,890	41,769,006
Capital Outlay	-	-	-	21,728,403	-	21,728,403
Total Expenditures	<u>\$ 707,623,346</u>	<u>\$ 42,687,976</u>	<u>\$ 6,895,497</u>	<u>\$ 31,862,719</u>	<u>\$ 28,706,749</u>	<u>\$ 817,776,287</u>
EXCESS (DEFICIENCY) OF						
REVENUES OVER (UNDER)						
EXPENDITURES	<u>\$ 3,773,227</u>	<u>\$ (3,128,720)</u>	<u>\$ (2,337,719)</u>	<u>\$ (27,228,905)</u>	<u>\$ 1,909,472</u>	<u>\$ (27,012,645)</u>
OTHER FINANCING SOURCES						
(USES)						
Transfers In (Note 10A)	\$ -	\$ 3,323,272	\$ -	\$ -	\$ -	\$ 3,323,272
Transfers Out (Note 10A)	(3,323,272)	-	-	-	-	(3,323,272)
Sale of Capital Assets	127,226	-	-	3,500,000	-	3,627,226
Total Other Financing Sources (Uses)	<u>\$ (3,196,046)</u>	<u>\$ 3,323,272</u>	<u>\$ -</u>	<u>\$ 3,500,000</u>	<u>\$ -</u>	<u>\$ 3,627,226</u>
NET CHANGES IN						
FUND BALANCES	<u>\$ 577,181</u>	<u>\$ 194,552</u>	<u>\$ (2,337,719)</u>	<u>\$ (23,728,905)</u>	<u>\$ 1,909,472</u>	<u>\$ (23,385,419)</u>
FUND BALANCES - JULY 1	<u>9,236,355</u>	<u>759,498</u>	<u>9,573,944</u>	<u>21,259,753</u>	<u>11,932,894</u>	<u>52,762,444</u>
FUND BALANCES - JUNE 30	<u><u>\$ 9,813,536</u></u>	<u><u>\$ 954,050</u></u>	<u><u>\$ 7,236,225</u></u>	<u><u>\$ (2,469,152)</u></u>	<u><u>\$ 13,842,366</u></u>	<u><u>\$ 29,377,025</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, 2017

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) \$ (23,385,419)

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).

4,259,692

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	\$ 8,370,430	
Leave Earned	<u>(8,476,510)</u>	(106,080)

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	\$ 527,892	
Health Insurance	<u>13,328,366</u>	13,856,258

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, 2017. This amount is the applicable Net Book Value change and depreciation expense for the fiscal year.

25,071,679

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	\$ (73,516,000)	
Deferred Inflow	25,632,000	
Deferred Outflow	<u>48,357,000</u>	<u>473,000</u>

Change in Net Position of governmental activities in the Statement of Activities (Exhibit A-2) \$ 20,169,130

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, 2017

	Governmental Activities: Internal Service Funds
<u>ASSETS</u>	
Current Assets:	
Cash and Investments (Notes 1J1 and 6)	\$ 56,109,595
Accounts Receivable	904,726
Prepaid Items (Note 1J5)	<u>16,071</u>
TOTAL ASSETS	<u>\$ 57,030,392</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Salaries Payable	\$ 1,999
Vouchers and	
Accounts Payable	3,614,312
Unearned Revenue (Note 3)	7,852,354
Estimated Claims and	
Judgments (due within one year)	
(Notes 5A and 9)	<u>11,018,250</u>
Total Current Liabilities	<u>\$ 22,486,915</u>
Noncurrent Liabilities:	
Estimated Claims and	
Judgments (due in more than one year)	
(Notes 5A and 9)	<u>3,672,750</u>
TOTAL LIABILITIES	<u>\$ 26,159,665</u>
<u>NET POSITION</u>	
Unrestricted	<u>\$ 30,870,727</u>
TOTAL NET POSITION	<u><u>\$ 30,870,727</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, 2017

	Governmental Activities: Internal Service Funds
<hr/>	
<u>OPERATING REVENUES</u>	
Charges for Services	\$ 153,000,227
Miscellaneous Revenue	15,608
Total Operating Revenue	<u>\$ 153,015,835</u>
<u>OPERATING EXPENSES</u>	
Personnel Services	\$ 702,265
Fringe Benefits	248,867
Other Charges (Note 1J2)	138,431,394
Total Operating Expenses	<u>\$ 139,382,526</u>
<u>OPERATING INCOME (LOSS)</u>	<u>\$ 13,633,309</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>	
Interest Income	\$ 222,949
Total Nonoperating Revenues (Expenses)	<u>\$ 222,949</u>
<u>CHANGES IN NET POSITION</u>	<u>\$ 13,856,258</u>
<u>TOTAL NET POSITION - JULY 1</u>	<u>17,014,469</u>
<u>TOTAL NET POSITION - JUNE 30</u>	<u><u>\$ 30,870,727</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, 2017

	Governmental Activities: Internal Service Funds
<u>CASH FLOWS FROM OPERATING</u>	
<u>ACTIVITIES:</u>	
Receipts from Users	\$ 153,532,131
Payments to Vendors for Goods/Services	(138,254,016)
Payments to Employees for Services	(949,362)
Net Cash Provided By Operating Activities	<u>\$ 14,328,753</u>
<u>CASH FLOWS FROM INVESTING</u>	
<u>ACTIVITIES:</u>	
Interest Received on Investments	<u>\$ 222,949</u>
<u>NET INCREASE IN</u>	
<u>CASH AND INVESTMENTS</u>	\$ 14,551,702
<u>CASH AND INVESTMENTS,</u>	
<u>BEGINNING OF YEAR</u>	<u>41,557,893</u>
<u>CASH AND INVESTMENTS,</u>	
<u>END OF YEAR</u>	<u>\$ 56,109,595</u>
<u>RECONCILIATION OF OPERATING</u>	
<u>INCOME TO NET CASH</u>	
<u>PROVIDED BY OPERATING</u>	
<u>ACTIVITIES:</u>	
Operating Income	<u>\$ 13,633,309</u>
Adjustments to Reconcile Operating	
Income to Net Cash Provided	
(Used) by Operating Activities	
(Increase) Decrease in Assets	
Accounts Receivable	\$ 27,477
Prepaid Items	194,809
Increase (Decrease) in Liabilities	
Salaries Payable	1,770
Vouchers and Accounts Payable	384,569
Unearned Revenue	488,819
Estimated Claims and Judgments	(402,000)
Total Adjustments	<u>\$ 695,444</u>
Net Cash Provided By Operating Activities	<u>\$ 14,328,753</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 NET POSITION
JUNE 30, 2017

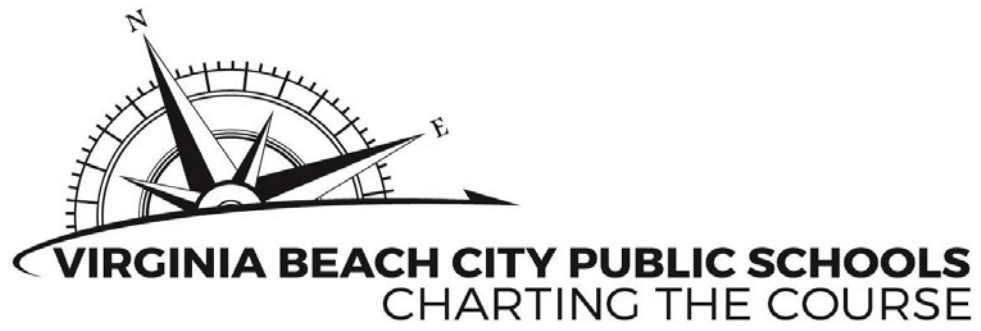
	Other Postemployment Benefits Trust Fund	Agency Funds
<u>ASSETS</u>		
Cash and Investments (Notes 1J1 and 6)	\$ 27,134,224	\$ 18,157,437
Accounts Receivable	<u>-</u>	<u>72,030</u>
TOTAL ASSETS	<u>\$ 27,134,224</u>	<u>\$ 18,229,467</u>
<u>LIABILITIES</u>		
Vouchers and Accounts Payable	<u>\$ -</u>	<u>\$ 18,229,467</u>
TOTAL LIABILITIES	<u>\$ -</u>	<u>\$ 18,229,467</u>
<u>NET PENSION</u>		
Net Position Restricted for Postemployment Benefits Other than Pensions	<u>\$ 27,134,224</u>	

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

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2017

	Other Postemployment Benefits Trust Fund
<u>ADDITIONS</u>	
Contributions:	
Employer	<u>\$ 5,661,710</u>
Investment Earnings:	
Increase (Decrease) in the Fair Value of Investments	<u>\$ 3,098,316</u>
Total Additions	<u>\$ 8,760,026</u>
<u>DEDUCTIONS</u>	
Benefits	\$ 5,661,710
Administrative Expenses	<u>24,357</u>
Total Deductions	<u>\$ 5,686,067</u>
Change in Net Position	\$ 3,073,959
Net Position at Beginning of Year	<u>24,060,265</u>
Net Position at End of Year	<u><u>\$ 27,134,224</u></u>

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



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SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

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SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

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 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.

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

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 government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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.

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

Fiduciary Funds - are used to account for assets held by the School Board in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The Fiduciary Funds are Agency Funds (Payroll Deductions, Fringe Benefits, and School Activity Funds) and the Other Postemployment Benefit Trust Fund. The Agency Funds do not involve the measurement of results of operations, as they are custodial in nature (assets equal liabilities). The Other Postemployment Benefit Trust Fund accounts for assets in essentially the same manner as a Proprietary Fund using the economic resources measurement focus.

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:

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

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 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

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

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 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.

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

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 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:

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

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.

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.

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

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.

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.

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

5. Prepaid Items

Prepaid items are certain required/negotiated payments made during Fiscal Year 2017 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.

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.

L. Pensions

In government-wide financial statements, pensions are required to be recognized and disclosed using the accrual basis of accounting (see Note 8 and the Required Supplementary Information (RSI) section), regardless of the amount recognized as pension expenditures on the governmental fund statements, which use the modified accrual basis of accounting.

The Virginia Retirement System (VRS) Teacher Retirement Plan is a multiple employer cost-sharing plan. The VRS Political Subdivision Retirement Plan is a multiple employer, agent plan.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the VRS Teacher Retirement Plan and the Political Subdivision Retirement Plan and the additions to/deductions from these plan’s 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.

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

2. RECEIVABLES

A. Due from Commonwealth

The following revenues were due from the Commonwealth of Virginia at June 30, 2017:

State Share Sales Tax	\$ 5,932,078
Special Education – Regional Program	4,571,774
Juvenile Detention Center	253,741
Dual Enrollment - TCC	250,398
VA ELearning Backpack Bayside	218,800
VA ELearning Backpack Green Run	193,600
VA ELearning Backpack Kempsville	164,400
Technology Initiative	117,317
Other Grants, Entitlements, and Shared Revenues	65,138
Total Due From Commonwealth (Exhibit A-3 and A-1)	<u>\$ 11,767,246</u>

B. Due from Federal Government

The following revenues were due from various federal agencies at June 30, 2017:

Adult Basic Education	\$ 73,409
Carl Perkins	751,649
DoDEA MCASP	169,665
DoDEA Special Education	102,999
McKinney Homeless	2,493
MTSS B Evaluation	42,218
National School Meal Program	1,018,892
Preschool Incentive	47,161
Title I	3,723,643
Title II	418,058
Title IV	57,676
Title VI-B	1,345,681
Other Grants, Entitlements, and Shared Revenues	50,523
Total Due From Commonwealth (Exhibit A-3 and A-1)	<u>\$ 7,804,067</u>

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

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, 2017:

General Fund – Summer School Tuition	\$ 530,058
School Grants Fund – Early Reading Intervention, Algebra Readiness, VA Initiative At Risk Four Year Old, Assessment of Learning , and other grants	696,017
Other Governmental Funds – School Cafeterias – Charges for Services	458,823
Total Unearned Revenue – Governmental Funds (Exhibit A-3)	<u>\$ 1,684,898</u>
School Health Insurance Internal Service Fund – Prepayment of July health insurance premiums (Exhibit A-5)	7,852,354
Total Unearned Revenue – Governmental Activities (Exhibit A-1)	<u>\$ 9,537,252</u>

4. CAPITAL ASSETS

A. Summary of Changes in Capital Assets

	Balance July 1, 2016	Increases	Decreases	Balance June 30, 2017
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 39,666,627	\$ 28,559	\$ 646,962	\$ 39,048,224
Construction in Progress	53,245,854	14,742,304	63,553,497	4,434,661
Total Capital Assets Not Being Depreciated	<u>\$ 92,912,481</u>	<u>\$ 14,770,863</u>	<u>\$64,200,459</u>	<u>\$ 43,482,885</u>
Capital Assets Being Depreciated:				
Buildings	\$635,834,094	\$109,016,825	\$ 1,564,578	\$743,286,341
Improvements Other Than Buildings	62,109,087	3,769,814	-	65,878,901
Machinery and Equipment	111,036,068	8,230,314	5,444,390	113,821,992
Total Capital Assets Being Depreciated	<u>\$808,979,249</u>	<u>\$121,016,953</u>	<u>\$ 7,008,968</u>	<u>\$922,987,234</u>
Less Accumulated Depreciation for:				
Buildings	\$279,049,584	\$ 31,913,883	\$ 942,635	\$310,020,832
Improvements Other Than Buildings	40,342,942	2,261,313	-	42,604,255
Machinery and Equipment	79,393,107	7,306,169	5,291,712	81,407,564
Total Accumulated Depreciation	<u>\$398,785,633</u>	<u>\$ 41,481,365</u>	<u>\$ 6,234,347</u>	<u>\$434,032,651</u>
Total Capital Assets Being Depreciated, Net	<u>\$410,193,616</u>	<u>\$ 79,535,588</u>	<u>\$ 774,621</u>	<u>\$488,954,583</u>
Governmental Activities Capital Assets, Net	<u>\$503,106,097</u>	<u>\$ 94,306,451</u>	<u>\$64,975,080</u>	<u>\$532,437,468</u>

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

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, 2017, as follows:

School Buildings reported by the City	\$ 323,406,760
Less: Accumulated Depreciation	<u>30,913,446</u>
Net Book Value reported by the City	<u>\$ 292,493,314</u>

C. Depreciation Expense on Capital Assets

Depreciation expense was charged to governmental activities, as follows:

Instruction	\$ 33,780,007
Admin, Attendance, & Health	1,776
Pupil Transportation	3,396,558
Operations and Maintenance	664,161
Cafeterias	333,973
Technology	<u>3,304,890</u>
Total Depreciation Expense	<u>\$ 41,481,365</u>

Note: Approximately \$17 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.

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5. LONG-TERM LIABILITIES

A. Summary of Changes in Long-Term Liabilities

	Balance			Balance	Amounts
Governmental Activities:	<u>July 1, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2017</u>	<u>Due Within</u>
					<u>One Year</u>
Accrued Compensated Leave (Note 5B)	\$ 20,545,881	\$ 8,476,510	\$ 8,370,430	\$ 20,651,961	\$ 8,537,839
Estimated Claims and Judgments (Notes 9A and 9C)	15,093,000	138,431,000	138,833,000	14,691,000	11,018,250
Net Pension Liability (Note 8A)	<u>667,263,000</u>	<u>183,084,000</u>	<u>109,568,000</u>	<u>740,779,000</u>	<u>-</u>
Long-Term Liabilities	<u>\$702,901,881</u>	<u>\$329,991,510</u>	<u>\$ 256,771,430</u>	<u>\$776,121,961</u>	<u>\$19,556,089</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, 2017:

<u>Compensated Leave</u>	
Annual	\$ 10,229,141
Sick	8,446,006
Personal	<u>1,976,814</u>
Total	<u>\$20,651,961</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

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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:

A. 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, 2017, 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.

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	6/30/2017	Active Markets for Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Other Unobservable Inputs (Level 3)	Weighted Average Maturities (in months)
Investments at Fair Value:					
Money Market funds	\$ 10,000,000	\$ -	\$ 10,000,000	\$ -	0.02
Commercial Paper	45,857,199	-	45,857,199	-	0.21
U. S. Government Securities	79,500,000	-	79,500,000	-	0.12
	<u>\$ 135,357,199</u>	<u>\$ -</u>	<u>\$ 135,357,199</u>	<u>\$ -</u>	
Investments Measured at other than Fair Value:					
Certificates of Deposits	\$ 80,000,000				0.72
State Non Arbitrage Program – SNAP	21,679,965				0.03
State Treasurer's Local Government Pool (LGIP)	405,000,000				0.61
Virginia Investment Pool (VIP)	20,316,333				0.02
Total Fair Value	<u>\$ 526,996,298</u>				
Total Investments	<u>\$ 662,353,497</u>				
Portfolio Weighted Average Maturity					<u>0.49</u>

Reconciliation of total deposits and investments:

	Primary Government	School Board Component Unit	Total
Cash and Investments	\$ 401,681,643	\$ 137,931,396	\$ 539,613,039
Restricted Cash and Cash Equivalents	466,686,683	-	466,686,683
Fiduciary Funds	359,776	18,157,437	18,517,213
Total	<u>\$ 868,728,102</u>	<u>\$ 156,088,833</u>	<u>\$ 1,024,816,935</u>
Less: Cash on Deposit			(362,463,438)
Total Market Value of Investments at June 30, 2017			<u>\$ 662,353,497</u>

The City has investments in U.S. Government securities valued at \$79.5 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 \$526,996,298 at June 30, 2017.

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B. 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.

C. Credit Risk

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

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

Custodial credit risk for investments policy – 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

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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, 2017 were rated by Standard & Poor's and Moody's and/or an equivalent national rating organization and the ratings are presented below using the respective rating scale from both agencies.

<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>	
	<u>AAA</u>	<u>A1/P1/F1+</u>
State Treasurer's Local Government Investment Pool (LGIP)	\$ 405,000,000	\$ -
U. S. Government Securities	79,500,000	-
State Non Arbitrage Program (SNAP)	21,679,965	-

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, 2017, 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, 2017 resulted in a net increase of \$701,048.

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. As of June 30, 2017, \$939 in interest income from investments associated with one fund was assigned to another fund.

7. COMMITMENTS AND CONTINGENCIES

A. Litigation

The School Board, as of June 30, 2017, 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.

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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 2017) 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 2017 and not paid until July 2017) 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, 2017, as follows:

<u>Constuction in Progress</u>	<u>Commitments</u>
\$4,434,661	\$31,163,821

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, 2017. 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	\$ 8,438,331
Capital Projects	31,163,821
Other Governmental	98,433
Total	<u>\$ 39,700,585</u>

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8. RETIREMENT AND OTHER POSTEMPLOYMENT BENEFITS

A. Virginia Retirement System

1. Plan Description

All full-time, salaried permanent (professional) employees of Virginia Beach City Public Schools (VBCPS) are automatically covered by the VRS Teacher Retirement Plan, upon employment. All full-time, salaried permanent (non-professional) employees of VBCPS are automatically covered by the VRS Political Subdivision Retirement Plan, upon employment. These plans are administered by the Virginia Retirement System (the System or VRS) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior 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 service.

The System administers three different benefit structures for covered employees in the VRS Teacher Retirement Plan and VRS Political Subdivision Retirement Plan – Plan 1, Plan 2, and Hybrid. The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

PLAN 1 Retirement Plan Provisions	PLAN 2 Retirement Plan Provisions	HYBRID Retirement Plan Provisions
<p><u>Plan 1</u> 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 Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p>	<p><u>Plan 2</u> 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 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>Hybrid Retirement Plan</u> The 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 Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. (See "Eligible Members")</p> <p>The defined benefit is based on a member's age, creditable service, and average final compensation at retirement using a formula.</p>

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PLAN 1 Retirement Plan Provisions	PLAN 2 Retirement Plan Provisions	HYBRID Retirement Plan Provisions
		<p>The benefit from the defined contribution component of the plan depends on the member and 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><u>Eligible Members</u> Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p> <p><u>Hybrid Opt-In Election</u> VRS non-hazardous duty covered 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 Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.</p>	<p><u>Eligible Members</u> Employees are in 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>Hybrid Opt-In Election</u> Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.</p>	<p><u>Eligible Members</u> Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> • School division employees • Political subdivision employees* • Members in Plan 1 or 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 <p><u>*Non-Eligible Members</u> Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p>

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PLAN 1 Retirement Plan Provisions	PLAN 2 Retirement Plan Provisions	HYBRID Retirement Plan Provisions
<p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.</p>	<p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.</p>	<ul style="list-style-type: none"> Political subdivision employees who are covered by enhanced benefits for hazardous duty employees <p>Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.</p>
<p><u>Retirement Contributions</u></p> <p>Employees contribute 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 but 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</p> <p>member and employer contributions to provide funding for the future benefit payment.</p>	<p><u>Retirement Contributions</u></p> <p>Same as Plan 1.</p>	<p><u>Retirement Contributions</u></p> <p>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</p> <p>contributions according to specified percentages.</p>
<p><u>Creditable Service</u></p> <p>Creditable service includes active service. Members earn creditable service for each month they are</p>	<p><u>Creditable Service</u></p> <p>Same as Plan 1.</p>	<p><u>Creditable Service</u></p> <p><u>Defined Benefit Component:</u></p> <p>Under the defined benefit component of the plan, creditable</p>

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PLAN 1 Retirement Plan Provisions	PLAN 2 Retirement Plan Provisions	HYBRID Retirement Plan Provisions
<p>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>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><u>Defined Contribution Component:</u> Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.</p>
<p><u>Vesting</u> 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</p> <p>for their plan. Members also must be vested to receive a full refund of their member</p>	<p><u>Vesting</u> Same as Plan 1.</p>	<p><u>Vesting</u> <u>Defined Benefit Component:</u> 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 Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or</p> <p>Plan 2 members with at least five years (60 months) of creditable service who opted into the</p>

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PLAN 1 Retirement Plan Provisions	PLAN 2 Retirement Plan Provisions	HYBRID Retirement Plan Provisions
<p>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>Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p><u>Defined Contribution Component:</u> 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"> • After two years, a member is 50 % vested and may withdraw 50 % of employer contributions. • After three years, a member is 75 % vested and may withdraw 75 % of employer contributions. • After four or more years, a member is 100 % vested and may withdraw 100 % of employer contributions. <p>Distribution is not required by law until age 70½.</p>

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PLAN 1 Retirement Plan Provisions	PLAN 2 Retirement Plan Provisions	HYBRID Retirement Plan Provisions
<p><u>Calculating the Benefit</u> 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><u>Calculating the Benefit</u> See definition under Plan 1.</p>	<p><u>Calculating the Benefit</u> <u>Defined Benefit Component:</u> See definition under Plan 1</p> <p><u>Defined Contribution Component:</u> 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><u>Average Final Compensation</u> A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p><u>Average Final Compensation</u> A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p>	<p><u>Average Final Compensation</u> Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>
<p><u>Service Retirement Multiplier</u> 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 1.70%.</p>	<p><u>Service Retirement Multiplier</u> Same as Plan 1 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><u>Service Retirement Multiplier</u> <u>Defined Benefit Component:</u> The retirement multiplier is 1.00%.</p> <p>For members that opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.</p> <p><u>Defined Contribution Component:</u> Not applicable.</p>

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PLAN 1 Retirement Plan Provisions	PLAN 2 Retirement Plan Provisions	HYBRID Retirement Plan Provisions
<p><u>Normal Retirement Age</u> Age 65</p>	<p><u>Normal Retirement Age</u> Normal Social Security retirement age.</p>	<p><u>Normal Retirement Age</u> <u>Defined Benefit Component:</u> Same as Plan 2.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p><u>Earliest Unreduced Retirement Eligibility</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>Earliest Unreduced Retirement Eligibility</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>Earliest Unreduced Retirement Eligibility</u> <u>Defined Benefit Component:</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>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p><u>Earliest Reduced Retirement Eligibility</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>Earliest Reduced Retirement Eligibility</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>Earliest Reduced Retirement Eligibility</u> <u>Defined Benefit Component:</u> Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.</p>

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PLAN 1 Retirement Plan Provisions	PLAN 2 Retirement Plan Provisions	HYBRID Retirement Plan Provisions
		<u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.
<p><u>Cost-of-Living Adjustment (COLA) in Retirement</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>Eligibility:</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>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"> • The member is within five 	<p><u>Cost-of-Living Adjustment (COLA) in Retirement</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>Eligibility:</u> Same as Plan 1.</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1.</p>	<p><u>Cost-of-Living Adjustment (COLA) in Retirement</u> <u>Defined Benefit Component:</u> Same as Plan 2.</p> <p><u>Defined Contribution Component:</u> Not applicable.</p> <p><u>Eligibility:</u> Same as Plan 1 and Plan 2.</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1 and Plan 2.</p>

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<p>years of qualifying for an unreduced retirement benefit as of January 1, 2013.</p> <ul style="list-style-type: none"> • The member retires on disability. • The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP). • The member involuntarily separates 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. • 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. 		
<p><u>Disability Coverage</u> Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.70% 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 Plan 1 and 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>Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work related</p>

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		disability benefits.
<p><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</p> <p>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.</p>	<p><u>Purchase of Prior Service</u> Same as Plan 1.</p>	<p><u>Purchase of Prior Service Defined Benefit Component:</u></p> <ul style="list-style-type: none"> • Same as Plan 1, with the following exceptions: • Hybrid Retirement Plan members are ineligible for ported service. • The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation. • 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. <p><u>Defined Contribution Component:</u> Not applicable.</p>

2. Employees Covered by Benefit Terms

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

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Nonprofessional Employees (non-teacher):

Inactive Members or Their Beneficiaries	
Currently Receiving Benefits	<u>1,429</u>
Inactive Members:	
Vested Inactive Members	282
Non-Vested Inactive Members	659
Inactive Members Active Elsewhere in VRS	<u>391</u>
Total Inactive Members	<u>1,332</u>
Active Members	<u>2,092</u>
Total Covered Employees	<u><u>4,853</u></u>

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 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, 2017 was 14.66% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015 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 16.32%. 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 89.84% of the actuarial rate for the year ended June 30, 2017. Contribution to the pension plan from the school division were \$57,698,763 and \$54,463,409 for the years ended June 30, 2017 and June 30, 2016, 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 2017 was 7.02% of annual covered payroll. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015. 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

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any unfunded accrued liability. Contribution to the pension plan from the school division were \$2,956,311 and \$3,857,605 for the years ended June 30, 2017 and June 30, 2016, respectively.

4. Net Pension Liability

At June 30, 2017, the school division reported a net pension liability of \$717,924,000 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, 2016 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, 2016 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2016, the school division's proportion was 5.12286% as compared to 5.19364% at June 30, 2015.

In addition, the school division's Net Pension Liability for the Nonprofessional (non-teacher) Retirement Plan was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2015, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2016. At June 30, 2017, the school division reported a liability of \$22,855,000 for the Nonprofessional (non-teacher) Retirement Plan.

5. Pension Expense

For the year ended June 30, 2017, the school division recognized pension expense of \$57,448,000 of the Teacher Retirement Plan (Professional). Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

In addition, for the year ended June 30, 2017, the school division recognized pension expense of \$2,711,000 for the Nonprofessional (non-teacher) Retirement Plan.

6. Deferred Outflows/Inflows of Resources

At June 30, 2017, 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:

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	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ -	\$ 23,264,000
Net Difference between Projected and Actual Earnings on Pension Plan Investments	41,010,000	-
Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions	-	12,744,000
Employer Contributions Subsequent to the Measurement Date	<u>57,699,000</u>	<u>-</u>
Total	<u>\$ 98,709,000</u>	<u>\$ 36,008,000</u>

\$57,699,000 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, 2018. 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>
2018	(\$9,090,000)
2019	(\$9,090,000)
2020	\$15,300,000
2021	\$10,179,000
2022	<u>(\$2,297,000)</u>
Total	<u>\$5,002,000</u>

In addition, at June 30, 2017, 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:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ -	\$ 68,000
Net Difference between Projected and Actual Earnings on Pension Plan Investments	5,013,000	-
Employer Contributions Subsequent to the Measurement Date	2,956,000	-
Total	<u>\$ 7,969,000</u>	<u>\$ 68,000</u>

\$2,956,000 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ended June 30	Deferred Amounts
2018	(\$116,000)
2019	\$129,000
2020	\$2,920,000
2021	\$2,012,000
2022	\$0
Total	<u>\$4,945,000</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, 2015, 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, 2016.

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

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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.

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, 2015 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, 2015, 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, 2016.

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*

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* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for 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.

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

Largest 10 – LEOS:

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.

All Others (Non 10 Largest) – Non-LEOS:

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, 2015 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:

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- 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:

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

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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 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	Current Discount	1.00% Increase
	6.00%	Rate 7.00%	8.00%
School Division's Proportionate Share of the Net Pension Liability for the VRS Teacher Retirement Plan	\$ 1,023,402,000	\$ 717,924,000	\$ 466,283,000

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:

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	1.00% Decrease	Current Discount	1.00% Increase
	6.00%	Rate 7.00%	8.00%
School Division's Net Pension Liability (Asset) for the NonProfessional (non-teacher) Retirement Plan	\$ 48,247,000	\$ 22,855,000	\$ 1,509,000

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, 2015	\$ 205,828,203	\$ 192,255,288	\$13,572,915
Changes for the fiscal year:			
Service Cost	\$ 4,079,432		\$ 4,079,432
Interest	14,020,741		14,020,741
Diff between Expected/Actual Experience	264,387		264,387
Contribution - Employer	-	3,876,348	(3,876,348)
Contribution - Employee	-	2,113,676	(2,113,676)
Net Investment Income	-	3,214,427	(3,214,427)
Benefit Payments, including refunds of employee contributions	(11,063,812)	(11,063,812)	-
Administrative Expenses	-	(120,635)	120,635
Other Changes	-	(1,394)	1,394
Net Changes	\$ 7,300,748	\$ (1,981,390)	\$ 9,282,138
Balance - June 30, 2016	\$ 213,128,951	\$ 190,273,898	\$22,855,053

12. Pension Plan Fiduciary Net Position – Teacher Retirement Plan

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position or the VRS Political Subdivision is available in the separately issued VRS 2016 Comprehensive Annual Financial Report (CAFR). A copy of the 2016 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2016-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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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.

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, has joined the Virginia Pooled OPEB Trust Fund (Trust) established by the Virginia Municipal League and the Virginia Association of Counties in 2008 for the purpose of accumulating and investing assets to fund post-employment benefits other than pensions for counties, cities, towns, school divisions, and other authorized political subdivision of the Commonwealth of Virginia.

The Trust's Board of Trustees has fiduciary responsibility for the investment of monies and administration of the Trust pursuant to the Trust Agreement. The Board of Trustees is composed of nine members. Trustees are members of Local Finance Boards of participating employers and are elected for staggered three-year terms by the participants in the Trust. In accordance with Section 15.2-1547 of the Virginia Code, City Council appointed the City's Deferred Compensation Board Trust as the OPEB's Local finance Board to serve as the trustee of the City and School Board with respect to the OPEB trust. The board includes City employees, an appointee from City council, a member of the Sheriff's Office, a member of the School Board, and the Schools' Chief Financial Officer. The trust does not administer the retiree health benefits of each participating employer. Deposits to the trust are irrevocable and held solely for the payment of OPEB benefits for the City and School Board.

2. Plan Membership

The membership as of January 1, 2016 includes:

Active plan members	10,062
Retirees and Surviving spouses currently receiving benefits	739
Spouse of Current retirees currently receiving benefits	75
	<u>10,876</u>

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3. Benefits Provided

The School Board provides health insurance benefits for their retirees. These benefits are provided through a self-insured program. Employees that retire under VRS guidelines with at least 25 years of service with the City and/or 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 health insurance coverage. This benefit is payable until the retiree becomes eligible for Medicare.

4. Contributions

Contribution requirements of the City, School Board, and plan members are established and may be amended by the respective legislative bodies. The required contributions were actuarially determined and are based upon projected pay as you go financing requirements with an additional amount to prefund benefits. For the period ending June 30, 2017, the School Board's OPEB cost of \$4,542,400 was equal to its annual required contribution. The School Board's OPEB expected benefit payment for 2017 totaled \$5,661,700 and exceeded its annual required contributions noted above. This overage was not withdrawn from the Trust Accounts. Plan members from each organization contributed \$3,044.40, \$2,082.00, and \$1,444.68 for the POS Premier, POS Standard, and POS Basic plans respectively, annually for retiree-only point of service coverage. The School Board retirees with coverage for their spouses contributed \$10,182.12, \$7,939.80, and \$6,454.68 for the POS Premier, POS Standard, and POS Basic plans, respectively, annually until Medicare eligibility. 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. Rates are calculated by an actuary with the City and School Board health care consultant and finalized by the Benefits Executive Committee, comprised of City and School executive leadership.

The School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 is presented below:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of ARC Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2015	\$5,832,200	100%	\$ -
June 30, 2016	\$4,462,800	100%	\$ -
June 30, 2017	\$4,542,400	100%	\$ -

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

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	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
Actuarial	Actuarial	Actuarial	Unfunded			UAAL as a
Valuation	Value of	Accrued	(Overfunded)	Funded	Covered	Percentage of
Date	Assets	Liability (AAL)	Actuarial Accrued Liability (UAAL)	Ratio	Payroll	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.

5. Investments Policy, Target Allocation, Rate of Return

The OPEB plan's policy in regard to the allocation of invested assets is established and may be amended by the Virginia Pooled OPEB Trust Fund Board of Trustees. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the OPEB plan.

The best estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are per Milliman's investment consulting practice as of June 30, 2017.

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Asset Class	Index	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return	Long-Term Expected Geometric Real Rate of Return
Core Fixed Income	Barclays Aggregate	21.00%	1.76%	1.64%
Core Bonds	Barclays Gov/cred	12.00%	1.99%	1.83%
Large Cap US Equities	S&P 500	22.00%	4.80%	3.62%
Small Cap US Equities	Russell 2000	10.00%	6.02%	4.10%
Developed Foreign Equities	MSCI EAFE NR	10.00%	6.01%	4.40%
Emerging Market Equities	MSCI Emerging Markets	5.00%	8.30%	5.08%
Hedge Funds/Absolute Return	HFRI Fund of Funds	10.00%	3.37%	2.93%
Real Estate (REITS)	FTSE NAREIT Equity REIT	7.00%	5.04%	3.27%
Commodities	DJ UBS	3.00%	3.04%	1.42%
Assumed Inflation - Mean			2.32%	2.30%
Assumed Inflation - Standard Deviation			1.85%	1.85%
Portfolio Real Mean Return			3.90%	3.39%
Portfolio Nominal Mean Return			6.21%	5.77%
Portfolio Standard Deviation				1.79%
Long-term Expected Rate of Return				7.00%

For the year ended June 30, 2017, the annual money-weighted rate of return on investments, net of investment expense, was 12.89%. The money-weighted rate of return considers the changing amounts actually invested during a period and weights the amount of plan investments by the proportion of time they are available to earn a return during that period. External cash flows are determined on a monthly basis and are assumed to occur at the beginning of each month. External cash inflows are netted with external cash outflows, resulting in a net external cash flow in each month. The money-weighted rate of return is calculated net of investment expenses.

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

6. Net OPEB Liability

The components of the net OPEB liability of the School Board at June 30, 2017, were as follows:

Net OPEB Liability	<u>June 30, 2016</u>	<u>June 30, 2017</u>
Total OPEB Liability	\$ 71,666,051	\$ 72,462,906
Fiduciary Net Position	<u>(24,060,265)</u>	<u>(27,134,224)</u>
Net OPEB Liability	\$ 47,605,786	\$ 45,328,682
Fiduciary Net Position as a % of Total OPEB Liability	33.57%	37.45%
Covered Payroll		\$ 426,884,300
Net OPEB Liability as a % of Covered Payroll		10.62%

7. Actuarial Methods and Assumptions

The Total OPEB Liability was determined by an actuarial valuation as of January 1, 2016, calculated based on the discount rate and actuarial assumptions below, and projected forward to the measurement date of June 30, 2017. There have been no significant changes between the valuation date and the fiscal year end.

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.

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

Inflation	2.50%
Salary increases	5.35% up to 2 years of service, 4.75% 3 years of service, 4.45% 4-6 years of service, 4.35% 7 years of service, 4.25% 8 years of service, 4% 9-10 years of service, 3.65% 11-19 years of service, 3.50% for 20 or more years of service, including inflation
Long-Term Expected Rate of Return	7.00%, net of administrative expenses
Healthcare Cost Trend Rates	3.70% in 2016, 9.00% in 2017, 5.4% for 2018 gradually moving to an ultimate rate of 4.50% for 2082 and beyond
Actuarial Cost Method	Entry Age Normal
Mortality	Pre-Retirement: RP-2000 Employee Mortality Table Projected with Scale AA to 2020 2020 with Males set forward 4 years and Females set back 2 years. Post-Retirement: RP2000 Combined Mortality Table Projected with Scale AA to 2020 Males set forward 1 year. Post-Disablement: RP-2000 Disabled Life Mortality Table with Males set back 3 years and no provision for future mortality movement.

8. Discount Rate

The discount rate used to measure the total OPEB liability was 7.00%.

Discount Rate	7.00%	7.00%
Long-Term Expected Rate of Return, Net of Investment Expense	7.00%	7.00%
Municipal Bond Rate	N/A	N/A

The 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 discount rate for calculating the Total OPEB Liability is equal to the long-term expected rate of return.

GASB 74 generally requires that a blended discount rate be used to measure the Total OPEB Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal cost method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year tax-exempt municipal bond yield or index rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 74 will often require the actuary to perform complex projections of future benefit payments and asset values. GASB 74 (paragraph 43) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

The following circumstances justify an alternative evaluation of sufficiency for the School Board:

- The School Board of the City of Virginia Beach has at least a 5-year history of paying at least 100% of the Actuarially Determined Contribution (previously termed the Annual Required Contribution).
- The Actuarially Determined Contribution is based on a closed amortization period, which means that payment of the Actuarially Determined Contribution each year will bring the plan to a 100% funded position by the end of the amortization period.
- GASB 74 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is the professional opinion of Milliman that the detailed depletion date projections outlined in GASB 74 will show that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

9. Sensitivity Analysis

The following presents the Net OPEB liability of the School Board, calculated using the discount rate of 7.00%, as well as what the School Board's Net OPEB Liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate.

	1% Decrease 6.00%	Discount Rate 7.00%	1% Increase 8.00%
Total OPEB Liability	\$ 78,748,599	\$ 72,462,906	\$ 66,819,772
Fiduciary Net Position	(27,134,224)	(27,134,224)	(27,134,224)
Net OPEB Liability	\$ 51,614,375	\$ 45,328,682	\$ 39,685,548

The following presents the Net OPEB Liability of the Schools Board, calculated using the current healthcare cost trend rates, as well as what the School Board's Net OPEB Liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current rates.

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB Liability	\$ 64,744,213	\$ 72,462,906	\$ 81,513,408
Fiduciary Net Position	(27,134,224)	(27,134,224)	(27,134,224)
Net OPEB Liability	\$ 37,609,989	\$ 45,328,682	\$ 54,379,184

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

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 \$2,300,000 per claim; Crime (Employee Dishonesty) coverage is \$1,000 per occurrence; Environmental Impairment and Cyber Liability coverage has a \$1,000,000 each claim / aggregate; 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, 2017 is \$7,367,000 (undiscounted), as follows:

Fiscal Year	Beginning-of- Fiscal-Year Liability	Current-Year		Balance at Fiscal Year-End
		Claims and Changes in Estimates	Claims Payments	
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
2016-17	\$ 7,554,000	\$5,837,000	\$ 6,024,000	\$ 7,367,000

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.

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

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.

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, 2017 is \$7,324,000 (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>
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
2016-17	\$ 7,539,000	\$132,594,000	\$132,809,000	\$7,324,000

**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 2017:

<u>Fund</u>	<u>Interfund Transfers In</u>	<u>Interfund Transfers Out</u>
General Fund	\$ -	\$ 3,323,272
School Grants		
Special Revenue	3,323,272	-
Total per Exhibit A-4	<u>\$ 3,323,272</u>	<u>\$ 3,323,272</u>

Purpose: Operational support during Fiscal Year 2016-17

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

B. Interfund Receivables and Payables

The following are the School Board's interfund receivables and payables as of June 30, 2017:

<u>Fund</u>	Interfund Receivables (Due from Other Funds)	Interfund Payables (Due to Other Funds)
General Fund	\$ 2,013,193	\$ -
School Grants		
Special Revenue	-	2,013,193
Total per Exhibit A-3	<u>\$ 2,013,193</u>	<u>\$ 2,013,193</u>

Purpose: Eliminate School Grants fund negative cash balance at June 30, 2017
 (expected to be repaid within one year)

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). 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	\$ 21,728,403
General Fund	7,470,952
Communications Towers/Tech	498,255
Grants Special Revenue Fund	52,244
School Cafeterias Special Revenue Fund	180,509
Risk Management	26,047
Total Capital Outlay	<u>\$ 29,956,410</u>
Less:	
Depreciation Expense	\$(41,481,365)
Depreciation Expense and Accumulated Depreciation change/transfer related to the Tenancy in Common by the City on certain School Buildings (Notes 4B&C)	\$ 17,206,231
Loss on Disposals	<u>\$ (1,421,584)</u>
Total Depreciation Expense and Other	<u>\$(25,696,718)</u>
Total Amount by which Capital Outlay Exceeded Depreciation Expense and Other (Exhibit A-4)	<u>\$ 4,259,692</u>

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

D. Fund Balance Classifications

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

	General	School Grants	School Textbooks	Capital Projects	Nonmajor Governmental	Total Governmental Funds
<u>Nonspendable</u>						
Inventories and						
Prepays Items	\$ 1,078,381	\$ -	\$ 115,445	\$ -	\$ 522,894	\$ 1,716,720
<u>Restricted</u>						
Federal And State						
Grantor Agencies	\$ -	\$ 954,050	\$ -	\$ -	\$ -	\$ 954,050
Capital Projects						
Bond Proceeds Balance	-	-	-	-	-	-
State DOE/Textbooks	-	-	7,120,780	-	-	7,120,780
USDA/Cafeterias Charges	-	-	-	-	9,290,189	9,290,189
Total Restricted	\$ -	\$ 954,050	\$ 7,120,780	\$ -	\$ 9,290,189	\$ 17,365,019
<u>Committed</u>						
Capital Projects Contracts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Communication Towers/						
Technology	-	-	-	-	2,725,648	2,725,648
Vending Operations/						
School Allocations	-	-	-	-	45,406	45,406
Equipment Replacement	-	-	-	-	1,258,229	1,258,229
Total Committed	\$ -	\$ -	\$ -	\$ -	\$ 4,029,283	\$ 4,029,283
<u>Assigned</u>						
Instructional Technology	\$ 296,823	\$ -	\$ -	\$ -	\$ -	\$ 296,823
School Athletics	6,859	-	-	-	-	6,859
Instruction Category	506,389	-	-	-	-	506,389
Administration, Attendance						
and Health Category	71,469	-	-	-	-	71,469
Pupil Transportation						
Category	2,886,093	-	-	-	-	2,886,093
Operations and						
Maintenance Category	2,488,072	-	-	-	-	2,488,072
Technology Category	2,479,450	-	-	-	-	2,479,450
Total Assigned	\$ 8,735,155	\$ -	\$ -	\$ -	\$ -	\$ 8,735,155
<u>Unassigned</u>						
Capital Projects	\$ -	\$ -	\$ -	\$ (2,469,152)	\$ -	\$ (2,469,152)
Total Fund Balances	\$ 9,813,536	\$ 954,050	\$ 7,236,225	\$ (2,469,152)	\$ 13,842,366	\$ 29,377,025

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 – Funding Status and Progress
Schedule of Changes in Net OPEB Liability and Related Ratios
Schedule of Annual Contributions
Schedule of Investment Returns

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, 2017**

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

Professional/Teacher Retirement Plan

	(a)	(b)	(c)	(d)	(e)
				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
<u>Date</u>	<u>Employer's Proportion of the Net Pension Liability</u>	<u>Employer's Proportionate Share of the Net Pension Liability</u>	<u>Employer's Covered Employee Payroll</u>		
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%
June 30, 2017	5.12286%	\$717,924,000	\$387,364,218	185.34%	68.28%

Schedule is intended to show information for 10 years. Since 2017 is the third year for this presentation, only two additional years 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, 2017

	2016	2015	2014
<u>Total Pension Liability</u>			
Service Cost	\$ 4,079,432	\$ 4,089,939	\$ 4,171,321
Interest	14,020,741	13,574,596	13,051,394
Difference Between Expected and Actual Experience	264,387	(747,303)	-
Benefit Payments	(10,581,181)	(9,558,643)	(9,003,617)
Refunds of Contributions	(482,631)	(465,012)	(469,524)
Net Change in Total Pension Liability	\$ 7,300,748	\$ 6,893,577	\$ 7,749,574
Total Pension Liability - Beginning	205,828,203	198,934,626	191,185,052
Total Pension Liability - Ending (a)	<u>\$ 213,128,951</u>	<u>\$205,828,203</u>	<u>\$198,934,626</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	\$ 3,876,348	\$ 3,739,486	\$ 3,646,317
Contributions - Employee	2,113,676	2,041,468	2,000,972
Net Investment Income	3,214,427	8,507,018	25,850,848
Benefit Payments	(10,581,181)	(9,558,643)	(9,003,617)
Refunds of Contributions	(482,631)	(465,012)	(469,524)
Administrative Expenses	(120,635)	(118,985)	(141,126)
Other Changes	(1,394)	(1,792)	1,363
Net Change in Plan Fiduciary Net Position	\$ (1,981,390)	\$ 4,143,540	\$ 21,885,233
Plan Fiduciary Net Position - Beginning	192,255,288	188,111,748	166,226,515
Plan Fiduciary Net Position - Ending (b)	<u>\$ 190,273,898</u>	<u>\$192,255,288</u>	<u>\$188,111,748</u>
<u>Net Pension Liability - Nonprofessional Employees (a) - (b)</u>	<u>\$ 22,855,053</u>	<u>\$ 13,572,915</u>	<u>\$ 10,822,878</u>
<u>Plan Fiduciary Net Position as a percentage</u>			
<u>of the Total Pension Liability (b) / (a)</u>	<u>89.28%</u>	<u>93.41%</u>	<u>94.56%</u>
<u>Covered-Employee Payroll (c)</u>	<u>\$ 43,230,375</u>	<u>\$ 41,802,052</u>	<u>\$ 40,427,033</u>
<u>Net Pension Liability as a Percentage of Covered-</u>			
<u>Employee Payroll - Nonprofessional Employees</u>	<u>52.87%</u>	<u>32.47%</u>	<u>26.77%</u>

Schedule is intended to show information for 10 years. Since 2017 is the third year for this presentation, only two additional years 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, 2017**

Schedule of Employer Pension Contributions

Professional Employees

	(a)	(b)	(c)	(d)	(e)
		Contributions in Relations to Contractually Required Contributions	Contribution Deficiency (Excess) (a) – (b)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll (b) / (d)
Date	Contractually Required Contributions				
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%
June 30, 2017	\$57,698,763	\$57,698,763	-	\$393,579,555	14.66%

Schedule is intended to show information for 10 years. Since 2017 is the third 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, 2016 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, 2017**

Schedule of Employer Pension Contributions

Nonprofessional Employees

	(a)	(b)	(c)	(d)	(e)
		Contributions in Relations to Contractually Required Contributions	Contribution Deficiency (Excess) (a) – (b)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll (b) / (d)
Date	Contractually Required Contributions				
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	-	\$43,230,375	8.92%
June 30, 2017	\$2,956,311	\$2,956,311	-	\$42,112,697	7.02%

Schedule is intended to show information for 10 years. Since 2017 is the third 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, 2016 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, 2017

Other Postemployment Benefits

Funding Status and Progress

	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
			Unfunded (Overfunded)			UAAL as a Percentage of
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	Covered Payroll
January 1, 2009	\$ 3,897,182	\$ 72,692,511	\$ 68,795,329	5.36%	\$ 440,959,594	15.60%
January 1, 2010	\$ 8,648,413	\$ 75,347,493	\$ 66,699,080	11.47%	\$ 432,476,829	15.42%
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
OTHER POSTEMPLOYMENT BENEFITS
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS
JUNE 30, 2017

	<u>June 30, 2017</u>
Total OPEB Liability	
Service Cost	\$ 1,529,672
Interest on Total OPEB Liability	4,928,893
Changes of Benefit Terms	-
Effect of Economic/Demographic Gains or (Losses)	-
Effect of Assumption Changes or Inputs	-
Benefit Payments	(5,661,710)
Net Change in Total OPEB Liability	<u>796,855</u>
Total OPEB Liability, Beginning	71,666,051
Total OPEB Liability, Ending (a)	<u><u>\$ 72,462,906</u></u>
Fiduciary Net Position	
Employer Contributions	\$ 5,661,710
Net Investment Income	3,098,316
Benefit Payments	(5,661,710)
Administrative Expenses	(24,357)
Net Change in Fiduciary Net Position	<u>3,073,959</u>
Fiduciary Net Position, Beginning	24,060,265
Fiduciary Net Position, Ending (b)	<u><u>\$ 27,134,224</u></u>
 Net OPEB Liability, Ending (a) - (b)	 <u><u>\$ 45,328,682</u></u>
 Fiduciary Net Position as a % of Total OPEB Liability	 37.45%
 Covered Payroll	 \$ 426,884,300
 Net OPEB Liability as a % of Covered Payroll	 10.62%

Notes to Schedule:

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required and until a 10-year trend is complied, OPEB plans should present information for those years for which information is available.

This schedule is presented using the optional format of combining the required schedules in GASB 74 paragraphs 36a and 36b.

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
OTHER POSTEMPLOYMENT BENEFITS
SCHEDULE OF ANNUAL CONTRIBUTIONS
LAST TEN FISCAL YEARS
JUNE 30, 2017**

Fiscal Year Ending June 30	Actuarially Determined Contribution	Actual Employer Contribution*	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a % of Covered Payroll
2009	\$ 8,829,800	\$ 8,829,800	\$ -	\$440,959,600	2.00%
2010	\$ 8,881,900	\$ 8,881,900	\$ -	\$432,476,800	2.05%
2011	\$ 8,881,900	\$ 8,881,900	\$ -	\$432,476,800	2.05%
2012	\$ 7,721,500	\$ 7,721,500	\$ -	\$409,662,700	1.88%
2013	\$ 7,858,100	\$ 7,858,100	\$ -	\$409,662,700	1.92%
2014	\$ 5,700,900	\$ 5,700,900	\$ -	\$421,065,100	1.35%
2015	\$ 5,832,200	\$ 5,832,200	\$ -	\$421,065,100	1.39%
2016	\$ 4,462,800	\$ 5,748,000	\$(1,285,200)	\$426,884,300	1.35%
2017	\$ 4,542,400	\$ 5,661,700	\$(1,119,300)	\$426,884,300	1.33%

*Employer contributions include trust contributions and explicit subsidy payments provided directly to retirees from the School Board's own resources. They also include estimated implicit subsidy payments for retirees from the School Board's own resources.

Notes to the Schedule:

Valuation Timing	Actuarial valuations for OPEB funding purposes are performed annually as of January 1. The most recent valuation was performed as of January 1, 2016.
Actuarial Cost Method	Projected Unit Credit
Amortization Method	
Level percent or Level Dollar	Level Dollar
Closed, Open, or Layered Periods	Closed
Amortization Period	29 Years Remaining as of January 1, 2017
Amortization Growth Rate	0.00%
Asset Valuation Method	5-year asset smoothing
Salary Increases	5.35% up to 2 years of service, 4.75% 3 years of service, 4.45% 4-6 years of service, 4.35% 7 years of service, 4.25% 8 years of service, 4% 9-10 years of service, 3.65% 11-19 years of service, 3.50% for 20 or more years of service, including inflation
Inflation	
Payroll Growth	
Discount Rate	7.50%
Retirement Age	VRS Plan 1: 65 and VRS Plans 2/Hybrid: Normal Social Security Retirement Age
Mortality	Based on the RP-2000 Employee Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
OTHER POSTEMPLOYMENT BENEFITS
SCHEDULE OF INVESTMENT RETURNS
LAST TEN FISCAL YEARS
JUNE 30, 2017

Fiscal Year Ending June 30	Net Money-Weighted Rate of Return
2009	N/A
2010	N/A
2011	N/A
2012	N/A
2013	N/A
2014	N/A
2015	N/A
2016	N/A
2017	12.89%

Notes to Schedule:

This schedule is intended to show information for 10 years. The first year for this presentation is 2017; additional years will be presented as they become available.

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, 2017
with comparative actual amounts for the year ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance - Positive (Negative)	2016 Actual
REVENUES					
<u>From Use of Money and Property</u>					
Rents	\$ 450,000	\$ 450,000	\$ 451,300	\$ 1,300	\$ 562,376
<u>Charges for Services</u>					
Tuition and Educational Fees	\$ 1,481,100	\$ 1,481,100	\$ 1,214,428	\$ (266,672)	\$ 1,309,542
<u>Miscellaneous Revenue</u>					
Sale of Salvage	\$ 12,000	\$ 12,000	\$ 87,877	\$ 75,877	\$ 118,121
Insurance Proceeds	-	-	-	-	40,232
Donations	-	-	12,000	12,000	21,110
Miscellaneous	224,703	224,703	216,191	(8,512)	195,800
Indirect Costs	600,000	600,000	645,768	45,768	655,908
Athletics	504,000	504,000	526,140	22,140	529,095
Instructional Technology	-	-	95,873	95,873	41,272
Total Miscellaneous Revenue	\$ 1,340,703	\$ 1,340,703	\$ 1,583,849	\$ 243,146	\$ 1,601,538
<u>From Local Government</u>					
City - General Fund	\$ 365,988,012	\$ 372,742,655	\$ 355,678,765	\$ (17,063,890)	\$ 346,772,054
City - School Reserve Fund	5,000,000	5,000,000	5,000,000	-	8,299,318
City for Consolidated Benefits Office	635,538	635,538	635,538	-	635,538
Total From Local Government	\$ 371,623,550	\$ 378,378,193	\$ 361,314,303	\$ (17,063,890)	\$ 355,706,910
<u>From Commonwealth</u>					
Basic Aid	\$ 178,303,720	\$ 178,303,720	\$ 178,909,703	\$ 605,983	\$ 172,363,914
Reimbursement-Social Security	10,633,352	10,633,352	10,606,709	(26,643)	10,166,255
Reimbursement-Retirement	21,961,962	21,961,962	21,906,933	(55,029)	20,048,988
Reimbursement-Life Insurance	736,155	736,155	734,311	(1,844)	648,048
Remedial Education	4,703,213	4,703,213	4,691,429	(11,784)	4,009,798
Remedial Education-Summer School	341,793	341,793	245,921	(95,872)	250,985
Special Education	19,221,829	19,221,829	19,173,666	(48,163)	17,861,826
Special Education-Regional Program	9,564,375	9,564,375	9,135,013	(429,362)	9,455,957
Special Education-Homebound	151,428	151,428	157,513	6,085	145,795
Special Education-Foster Children	-	-	272,597	272,597	170,399
Foster Home Children	322,314	322,314	132,354	(189,960)	151,320
Vocational	1,881,285	1,881,285	1,876,572	(4,713)	2,106,156
Vocational-Occupational/Tech	392,736	392,736	166,852	(225,884)	202,458
Vocational-Adult Education	-	-	45,403	45,403	30,866
Sales Tax	74,741,805	74,741,805	73,084,563	(1,657,242)	72,382,607
Class Size Initiative	4,702,190	4,702,190	4,551,750	(150,440)	4,227,867
At-Risk Initiative	2,968,406	2,968,406	2,961,005	(7,401)	2,319,901
English as a Second Language	726,035	726,035	613,673	(112,362)	637,066
Supplemental Lottery per Pupil Alloc	2,143,847	2,143,847	2,144,187	340	-
Salary Supplement	2,665,416	2,665,416	-	(2,665,416)	2,845,412
Math/Reading Instructional Specialists	40,689	40,689	-	(40,689)	38,349
Gifted and Talented Aid	1,963,080	1,963,080	1,958,162	(4,918)	1,903,641
Total From Commonwealth	\$ 338,165,630	\$ 338,165,630	\$ 333,368,316	\$ (4,797,314)	\$ 321,967,608
<u>From Federal Government</u>					
Public Law 874	\$ 10,211,723	\$ 10,211,723	\$ 10,080,214	\$ (131,509)	\$ 6,187,097
Public Law 874-Special Education	-	-	585,273	585,273	930,424
Dept of the Navy-NJROTC	100,000	100,000	306,341	206,341	309,354

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, 2017
with comparative actual amounts for the year ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance - Positive (Negative)	2016 Actual
Department of Defense	\$ 1,500,000	\$ 1,500,000	\$ -	\$ (1,500,000)	\$ 1,267,686
Dept of Defense-Special Education	-	-	599,076	599,076	501,177
Medicaid Reimbursement	664,809	664,809	1,787,121	1,122,312	1,545,593
Medicaid Reimbursement-Transportation	-	-	105,947	105,947	242,085
Other Federal Funds	-	-	405	405	700
Total From Federal Government	<u>\$ 12,476,532</u>	<u>\$ 12,476,532</u>	<u>\$ 13,464,377</u>	<u>\$ 987,845</u>	<u>\$ 10,984,116</u>
Total Revenues	<u>\$ 725,537,515</u>	<u>\$ 732,292,158</u>	<u>\$ 711,396,573</u>	<u>\$ (20,895,585)</u>	<u>\$ 692,132,090</u>
EXPENDITURES					
Instruction					
Elementary Classroom	\$ 142,060,609	\$ 140,632,693	\$ 139,273,011	\$ 1,359,682	\$ 138,366,126
Senior High Classroom	74,909,964	74,967,845	73,607,766	1,360,079	71,938,939
Technical and Career Education	17,937,007	17,315,176	16,183,968	1,131,208	16,316,721
Gifted Education and Academy Programs	13,891,461	13,870,509	13,605,368	265,141	13,042,194
Special Education	91,476,751	91,380,624	89,736,757	1,643,867	89,508,209
Summer School	2,006,768	1,958,260	1,921,729	36,531	1,904,463
General Adult Education	1,902,327	1,900,478	1,819,595	80,883	1,738,322
Alternative Education - Renaissance	6,621,170	6,610,012	6,124,555	485,457	6,195,789
Student Activities	3,282,646	3,305,537	3,277,971	27,566	3,219,533
Student Athletics	4,922,642	4,936,112	4,683,593	252,519	4,679,599
Office/Principal - Elementary	25,108,034	27,455,431	25,152,674	2,302,757	24,539,974
Office/Principal - Senior High	11,670,128	11,559,932	11,123,596	436,336	10,871,325
Office/Principal - Tech & Career	648,235	642,641	621,343	21,298	585,798
Guidance Services	16,870,916	16,729,840	16,446,563	283,277	15,787,355
Social Work Services	3,750,657	4,106,782	4,100,945	5,837	3,395,828
Media and Communications	2,011,060	2,002,861	1,914,974	87,887	1,785,821
Instructional Support	12,350,867	12,727,228	12,395,567	331,661	11,778,289
Instructional Center for Teacher Leadership	1,245,608	1,093,807	1,022,225	71,582	1,052,606
Opportunity & Achievement	89,860	89,612	44,542	45,070	68,237
Special Education Support	3,586,296	3,552,259	3,472,663	79,596	3,002,544
Gifted Educ & Academy Programs Support	2,275,604	2,261,872	2,153,791	108,081	2,118,746
Media Services Support	13,069,624	13,061,625	12,610,614	451,011	12,564,402
Educational Leadership and Assessment	2,462,386	2,468,317	2,319,031	149,286	2,113,071
Middle School Classroom	58,639,962	57,707,071	56,597,431	1,109,640	56,629,729
Remedial Education	7,577,647	7,880,847	7,880,794	53	7,402,434
Office/Principal - Middle Schools	10,479,268	10,561,480	10,465,416	96,064	9,951,735
Homebound Services	409,786	390,486	375,846	14,640	376,617
Technical and Career Ed Support	973,995	1,115,440	914,411	201,029	920,391
Student Leadership	1,403,561	1,403,561	1,384,906	18,655	1,353,658
Psychological Services	4,133,277	3,981,779	3,410,786	570,993	3,464,815
Audiological Services	458,732	550,153	544,753	5,400	445,567
School Administration	1,732,516	1,767,980	1,720,029	47,951	1,717,068
Alternative Education	1,475,480	1,479,162	1,302,004	177,158	1,339,552
Green Run Collegiate Public Charter	3,365,054	3,309,516	2,998,739	310,777	2,651,549
Total Instruction	<u>\$ 544,799,898</u>	<u>\$ 544,776,928</u>	<u>\$ 531,207,956</u>	<u>\$ 13,568,972</u>	<u>\$ 522,827,006</u>
Admin, Attendance, & Health					
Board, Legal, & Governmental	\$ 1,134,263	\$ 1,134,263	\$ 1,047,520	\$ 86,743	\$ 877,986
Office of the Superintendent	1,037,745	1,037,745	903,192	134,553	903,042
Department of Budget & Finance	4,916,483	4,981,837	4,586,959	394,878	3,760,801
Department of Human Resources	5,112,529	5,094,528	4,831,295	263,233	4,752,889

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, 2017
with comparative actual amounts for the year ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance - Positive (Negative)	2016 Actual
Internal Audit	\$ 441,842	\$ 441,842	\$ 426,778	\$ 15,064	\$ 390,330
Purchasing	1,062,890	1,062,890	1,034,886	28,004	1,040,657
Center for Teacher Leadership	843,231	816,168	799,596	16,572	726,302
Consolidated Benefits Office	2,173,630	2,165,630	2,058,610	107,020	2,121,086
Health Services	7,558,422	7,604,534	7,561,774	42,760	7,294,816
Green Run Collegiate Public Charter	11,000	11,000	-	11,000	-
Total Admin, Attendance, & Health	\$ 24,292,035	\$ 24,350,437	\$ 23,250,610	\$ 1,099,827	\$ 21,867,909
<u>Pupil Transportation</u>					
Management	\$ 2,355,836	\$ 2,565,187	\$ 2,363,850	\$ 201,337	\$ 2,250,424
Vehicle Operation	20,838,915	24,191,431	21,168,066	3,023,365	16,199,707
Vehicle Operation - Special Education	5,194,458	6,607,415	5,612,533	994,882	5,864,284
Vehicle Maintenance	3,187,393	3,209,220	2,994,277	214,943	3,212,477
Monitoring Services	2,878,172	3,559,133	3,368,956	190,177	3,056,056
Green Run Collegiate Public Charter	260,766	288,766	283,954	4,812	189,128
Total Pupil Transportation	\$ 34,715,540	\$ 40,421,152	\$ 35,791,636	\$ 4,629,516	\$ 30,772,076
<u>Operations and Maintenance</u>					
Facility Planning & Construction	\$ 875,830	\$ 869,066	\$ 805,403	\$ 63,663	\$ 792,847
School Plant	44,390,952	47,549,218	42,978,129	4,571,089	43,091,533
Distribution Services	1,687,729	1,714,652	1,611,383	103,269	1,609,028
Grounds Services	4,167,908	4,167,908	4,167,908	-	3,884,352
Custodial Services	28,226,355	27,671,070	26,905,686	765,384	27,149,155
Safety and Loss Control	6,937,465	6,913,119	6,525,509	387,610	7,005,367
Vehicle Services	1,102,674	2,227,589	1,730,641	496,948	842,893
Telecommunications	989,687	1,079,425	1,012,381	67,044	1,265,076
Green Run Collegiate Public Charter	19,400	19,400	233	19,167	-
Total Operations & Maintenance	\$ 88,398,000	\$ 92,211,447	\$ 85,737,273	\$ 6,474,174	\$ 85,640,251
<u>Technology</u>					
Instruction	\$ 15,440,986	\$ 17,070,586	\$ 15,601,599	\$ 1,468,987	\$ 15,035,088
Admin, Attendance & Health	1,603,490	1,680,646	1,471,848	208,798	1,415,071
Pupil Transportation	451,033	438,952	416,841	22,111	349,224
Operations and Maintenance	12,587,272	15,781,479	14,088,646	1,692,833	12,480,309
Green Run Collegiate Public Charter	30,466	58,004	56,937	1,067	73,947
Total Technology	\$ 30,113,247	\$ 35,029,667	\$ 31,635,871	\$ 3,393,796	\$ 29,353,639
Total Expenditures	\$ 722,318,720	\$ 736,789,631	\$ 707,623,346	\$ 29,166,285	\$ 690,460,881
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	\$ 3,218,795	\$ (4,497,473)	\$ 3,773,227	\$ 8,270,699	\$ 1,671,209
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers Out	\$ (3,287,473)	\$ (3,442,988)	\$ (3,323,272)	\$ 119,717	\$ (3,213,930)
Sale of Capital Assets	15,000	15,000	127,226	112,226	15,715
Total Other Financing Sources (Uses)	\$ (3,272,473)	\$ (3,427,988)	\$ (3,196,046)	\$ 231,943	\$ (3,198,215)
<u>NET CHANGE IN FUND BALANCE</u>	\$ (53,678)	\$ (7,925,461)	\$ 577,181	\$ 8,502,642	\$ (1,527,006)
<u>FUND BALANCE - JULY 1</u>	9,236,355	9,236,355	9,236,355	-	10,763,361
<u>FUND BALANCE - JUNE 30</u>	\$ 9,182,677	\$ 1,310,894	\$ 9,813,536	\$ 8,502,642	\$ 9,236,355

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, 2017
with comparative actual amounts for the year ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance - Positive (Negative)	2016 Actual
REVENUES					
Miscellaneous	\$ 484,121	\$ 642,198	\$ 286,034	\$ (356,164)	\$ 204,541
From Commonwealth	9,120,594	10,804,896	7,325,128	(3,479,768)	9,078,539
From Federal Government	35,051,377	37,472,359	31,948,094	(5,524,265)	31,354,314
Contingency	7,200,000	2,074,019	-	(2,074,019)	-
Total Revenues	<u>\$ 51,856,092</u>	<u>\$ 50,993,472</u>	<u>\$ 39,559,256</u>	<u>\$ (11,434,216)</u>	<u>\$ 40,637,394</u>
EXPENDITURES					
<u>Instruction</u>					
Adult Education & Family Literacy Act - FY15	\$ -	\$ -	\$ -	\$ -	\$ 356,545
Adult Education & Family Literacy Act - FY16	-	18,825	18,825	-	24,946
Adult Education & Family Literacy Act - FY17	355,545	356,545	356,545	-	-
Advanced Placement Program FY16	-	-	-	-	66,497
Advanced Placement Program FY17	66,497	71,370	71,370	-	-
Algebra Readiness FY15	-	-	-	-	91,214
Algebra Readiness FY16	-	77,425	77,425	-	750,097
Algebra Readiness FY17	961,979	988,309	828,770	159,539	-
Allstate Foundation Safe Teen Driving FY07	-	-	-	-	396
Alternative Assessment Assist Incentive FY16	-	-	-	-	5,998
Asia Society Confucius Classroom Network FY13	-	2,865	-	2,865	1,255
Assessment for Learning Project FY16	-	46,397	7,667	38,730	4,170
Career & Technical Ed State Equip Alloc FY16	-	-	-	-	27,451
Career & Technical Ed State Equip Alloc FY17	25,813	-	-	-	-
Career Switcher Program Mentor Reimb. FY16	-	-	-	-	15,000
Career Switcher Program Mentor Reimb. FY17	11,000	20,000	20,000	-	-
C. Perkins Secondary Program Reserve FY17	-	18,077	18,077	-	-
C. Perkins Vocational & Tech. Act FY15	-	-	-	-	70,386
C. Perkins Vocational & Tech. Act FY16	-	25,775	25,775	-	523,869
C. Perkins Vocational & Tech. Act FY17	655,902	442,567	394,817	47,750	-
DNA Building Block for MS Literacy FY15	-	-	-	-	25,245
DoDEA MCASP FY13	-	-	-	-	33,269
DoDEA MCASP FY15	-	-	-	-	374,159
DoDEA MCASP Operation GRIT FY17	-	213,097	142,018	71,079	-
DoDEA MCASP Operation PRIDE FY14	-	-	-	-	31,019
DoDEA MCASP Operation PRIDE FY15	-	5,611	5,611	-	444,777
DoDEA MCASP Operation PRIDE FY16	596,597	414,576	354,352	60,224	174,330
DoDEA S-FLEP FY15	-	7,629	2,988	4,641	44,600
DoDEA Special Education FY15	-	-	-	-	97,832
DoDEA Special Education FY16	130,016	131,181	131,036	145	130,613
DoDEA Special Education FY17	301,011	299,750	156,094	143,656	-
Dominion Educational Partnership FY15	-	-	-	-	4,249
Dual Enrollment - TCC FY16	-	-	-	-	501,886
Dual Enrollment - TCC FY17	275,918	507,676	507,676	-	-
Early Reading Initiative FY15	-	-	-	-	417,903
Early Reading Initiative FY16	-	187,543	187,543	-	958,381
Early Reading Initiative FY17	1,213,049	1,401,049	1,181,980	219,069	-
General Adult Education FY16	-	-	-	-	34,586
General Adult Education FY17	34,586	34,586	34,586	-	-
Girls on the Run Program-Rosemont ES FY16	-	-	-	-	1,149
Governors STEM Academy Landstown HS FY15	-	-	-	-	502
Green Run Collegiate Support FY14	-	-	-	-	4,744

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, 2017
with comparative actual amounts for the year ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance - Positive (Negative)	2016 Actual
Green Run Collegiate Support FY16	\$ -	\$ -	\$ -	\$ -	\$ 12,500
Green Run Collegiate Support FY17	-	10,000	10,000	-	-
HS Program Planning FY17 GRHS	-	50,000	43,876	6,124	-
IDEA Co-Teaching Initiative Three Oaks FY17 Pt1	-	4,891	4,891	-	-
IDEA Co-Teaching Initiative Three Oaks FY17 Pt2	-	3,750	3,750	-	-
Inclusion Leadership Support-Salem HS FY13	-	457	-	457	-
Industry Credentials for Students FY16	-	-	-	-	80,333
Industry Credentials for Students FY17	80,333	70,253	70,253	-	-
Industry Credentials for Students STEM FY17	-	27,099	27,099	-	-
ISAEP FY16	-	-	-	-	61,220
ISAEP FY17	62,869	67,343	61,974	5,369	-
Jail Education Program FY16	-	-	-	-	162,568
Jail Education Program FY17	176,050	165,554	157,718	7,836	66,247
Jail Education Program FY17 LQ	-	206,749	51,635	155,114	-
Juvenile Detention Center FY16	-	-	-	-	686,861
Juvenile Detention Center FY17	731,431	700,476	689,234	11,242	252,636
Juvenile Detention Center FY17 LQ	-	703,624	253,304	450,320	-
LTG (RET) Pete Taylor Partnership Excell. FY14	-	3,828	328	3,500	2,445
McKinney Homeless FY15	38,464	3,122	3,122	-	55,158
McKinney Homeless FY16	63,000	13,487	13,487	-	49,513
McKinney Homeless FY17	63,000	69,100	2,493	66,607	-
MTSS-B Evaluation FY16	340,043	325,084	101,518	223,566	96,330
MyCAA - ALC Courses FY16	-	-	-	-	3,210
MyCAA - ALC Courses FY17	5,000	3,333	3,333	-	-
MyCAA - LPN Program FY16	-	-	-	-	4,000
MyCAA - LPN Program FY17	10,000	1,000	1,000	-	-
Nat'l Board Certified Teachers Stipend FY16	-	-	-	-	335,000
Nat'l Board Certified Teachers Stipend FY17	352,500	317,500	317,500	-	-
New Teacher Mentor FY16	-	-	-	-	29,622
New Teacher Mentor FY17	38,401	40,649	40,649	-	-
NJROTC FY16	-	-	-	-	41,935
NJROTC FY17	-	51,871	51,871	-	-
ODU Research Foundation Cyber Sec Internships	-	6,000	1,500	4,500	-
Opportunity Inc. - STEM Grant FY16	67,764	163,203	30,352	132,851	148,271
Opportunity Inc. - STEM (ISY) Grant FY17	311,814	130,000	84,845	45,155	-
Opportunity Inc. - STEM (OSY) Grant FY17	-	149,500	91,666	57,834	-
Opportunity Inc. - Adult Learning Center FY16	12,857	48,070	6,860	41,210	41,930
Opportunity Inc. - Adult Learning Center FY17	90,000	91,291	60,843	30,448	-
Positive Behavior Interventions & Support FY14	-	53	53	-	1,131
Positive Behavior Interventions & Support FY15	-	-	-	-	12,473
Positive Behavior Interventions & Support FY16	-	15,437	873	14,564	9,563
Positive Behavior Interventions & Support FY17	-	25,000	12,527	12,473	-
Post 9/11 GI Bill FY15	-	-	-	-	2,724
Post 9/11 GI Bill FY17	-	1,086	1,086	-	-
Preschool Incentive Grant FY14	-	-	-	-	202
Preschool Incentive Grant FY15	-	-	-	-	103,088
Preschool Incentive Grant FY16	94,277	74,328	74,328	-	392,757
Preschool Incentive Grant FY17	474,408	488,436	438,237	50,199	-
Project Graduation FY17	-	36,500	7,482	29,018	-
Project Hope - City Wide SCA FY14	-	4,184	705	3,479	489
Race to GED FY16	-	-	-	-	64,188

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, 2017
with comparative actual amounts for the year ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance - Positive (Negative)	2016 Actual
Race to GED FY17	\$ 64,188	\$ 64,188	\$ 64,188	\$ -	\$ -
SASED MTSS-B FY17	-	9,740	9,740	-	-
School Security Equipment Grant FY15	-	-	-	-	1,169
School Security Equipment Grant FY16	-	-	-	-	18,701
School Security Equipment Grant FY17	-	60,591	60,591	-	-
Startalk Elementary Chinese Academy FY15	-	-	-	-	75,259
Startalk Elementary Chinese Academy FY16	60,988	63,209	59,858	3,351	18,223
Startalk Elementary Chinese Academy FY17	81,303	80,727	17,863	62,864	-
STEM Teacher Recruitment/Retention FY16	-	-	-	-	11,000
STEM Teacher Recruitment/Retention FY17	-	7,000	7,000	-	-
Title I Distinguished School Rosemont FY17	-	8,500	8,500	-	-
Title I Part A Rosemont Award FY15	-	-	-	-	9,698
Title I Part A 128-15 FY15	-	-	-	-	3,351,827
Title I Part A 128-16 FY16	3,194,736	2,797,412	2,797,412	-	6,434,176
Title I Part A 128-16 FY17	10,294,726	10,710,929	8,098,834	2,612,095	-
Title I Part D Subpart 1 FY16	3,800	6,486	6,486	-	15,514
Title I Part D Subpart 1 FY17	22,000	21,000	10,952	10,048	-
Title I Part D Subpart 1 Library Materials FY16	-	-	-	-	893
Title I Part D Subpart 2 FY14	-	-	-	-	19,709
Title I Part D Subpart 2 FY15	11,870	28,093	28,093	-	148,746
Title I Part D Subpart 2 FY16	158,898	146,594	122,494	24,100	-
Title I Part D Subpart 2 FY17	160,207	172,091	367	171,724	-
Title II NCLB128-14 FY14	-	-	-	-	26,082
Title II NCLB128-15 FY15	21,125	18,824	18,824	-	223,139
Title II NCLB128-16 FY16	132,783	156,167	124,029	32,138	2,004,490
Title II NCLB128-16 FY17	2,160,657	2,128,931	1,931,293	197,638	-
Title III Part A Immigrant & Youth FY15	4,200	-	-	-	19,727
Title III Part A Immigrant & Youth FY16	25,247	24,170	20,170	4,000	1,077
Title III Part A Immigrant & Youth FY17	25,247	-	-	-	-
Title III Part A Immig. & Youth Supplement FY16	-	-	-	-	5,975
Title III Part A Language Acquisition FY15	-	-	-	-	93,039
Title III Part A Language Acquisition FY16	77,208	81,582	81,582	-	23,391
Title III Part A Language Acquisition FY17	104,712	114,891	26,568	88,323	-
Title IV Part B 21st CCLC-GRC FY15	-	-	-	-	72,334
Title IV Part B 21st CCLC-GRC FY16	70,284	66,299	66,299	-	53,069
Title IV Part B 21st CCLC-GRC FY17	124,952	142,314	51,139	91,175	-
Title IV Part B 21st CCLC-Lynn ES FY17	-	106,073	76,107	29,966	-
Title IV Part B 21st CCLC-Williams ES FY15	-	232	232	-	93,986
Title IV Pell Grant FY16	-	-	-	-	39,361
Title IV Pell Grant FY17	-	52,392	52,392	-	-
Title VI B Early Childhood Supplement FY14	-	-	-	-	7,253
Title VI B PL 105-17 FY15	43,029	71,551	71,551	-	794,836
Title VI B PL 105-17 FY16	79,907	74,362	74,362	-	14,086,818
Title VI B PL 105-17 FY17	14,137,977	14,531,816	13,395,377	1,136,439	-
VA Beach Historic Preserv Research Prog FY16	-	1,480	1,480	-	-
VA Geographic Alliance FY11	-	36	36	-	-
VA Initiative-At Risk Four-Year Olds FY15	-	-	-	-	13,910
VA Initiative-At Risk Four-Year Olds FY16	214,411	213,910	213,910	-	4,010,090
VA Initiative-At Risk Four-Year Olds FY17	4,224,000	4,312,000	3,867,161	444,839	-
VA Star FY12	-	504	504	-	-
Virginia Middle School Teacher Corps. FY16	-	-	-	-	20,000

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, 2017
with comparative actual amounts for the year ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance - Positive (Negative)	2016 Actual
Virginia Middle School Teacher Corps. FY17	\$ 25,000	\$ 10,000	\$ 10,000	\$ -	\$ -
Virtual VA Advanced Placement FY16	-	11,537	-	11,537	-
Virtual VA Advanced Placement FY17	-	9,072	-	9,072	-
Workplace Readiness Skills Comm Exam FY16	-	-	-	-	18,623
Workplace Readiness Skills Comm Exam FY17	18,623	16,729	16,729	-	-
Contingency	7,200,000	2,074,019	-	2,074,019	-
Total Instruction	\$ 50,382,202	\$ 47,738,562	\$ 38,635,670	\$ 9,102,892	\$ 39,645,577

Technology

Adult Education & Family Literacy Act - FY17	\$ 1,000	\$ -	\$ -	\$ -	\$ -
Algebra Readiness FY16	-	-	-	-	24,230
Algebra Readiness FY17	24,230	7,520	7,520	-	-
Career & Technical Education Equipment FY16	-	-	-	-	63,362
Career & Technical Education Equipment FY17	65,000	81,780	81,780	-	-
C. Perkins Vocational & Tech. Act FY15	-	-	-	-	5,264
C. Perkins Vocational & Tech. Act FY16	-	122,964	122,964	-	141,019
C. Perkins Vocational & Tech. Act FY17	157,725	356,832	356,832	-	-
CTE Special Education Equipment FY17	-	64,045	64,045	-	-
DNA Building Blocks for MS Literacy FY16	-	-	-	-	224
DoDEA MCASP FY15	-	-	-	-	368
DoDEA MCASP Operation GRIT FY17	-	99,258	97,654	1,604	-
DoDEA MCASP Operation PRIDE FY15	-	4,240	4,240	-	69,369
DoDEA MCASP Operation PRIDE FY16	12,750	224,658	224,658	-	966
DoDEA S-FLEP FY15	-	-	-	-	19
DoDEA Special Education FY15	-	-	-	-	740
DoDEA Special Education FY16	2,554	38,718	29,983	8,735	3,052
DoDEA Special Education FY17	2,554	3,814	-	3,814	-
Early Reading Initiative FY15	-	-	-	-	81,292
Early Reading Initiative FY16	-	81,193	81,193	-	47,504
Early Reading Initiative FY17	86,500	120,535	126	120,409	-
Governors STEM Academy Landstown HS FY15	-	-	-	-	2,476
IDEA Co-Teaching Initiative Three Oaks FY17 Pt2	-	3,859	3,859	-	-
ISAEP FY16	-	-	-	-	1,649
Jail Education Program FY16	-	-	-	-	98
Jail Education Program FY17	900	-	-	-	-
Juvenile Detention Center FY16	-	-	-	-	14,569
Juvenile Detention Center FY16 LQ	-	-	-	-	879
Juvenile Detention Center FY17	14,793	29,488	27,698	1,790	-
Juvenile Detention Center FY17 LQ	-	5,069	437	4,632	-
McKinney Homeless FY17	-	900	-	900	-
Opportunity Inc. - STEM Grant FY16	1,500	340	340	-	186
Opportunity Inc. - STEM (ISY) Grant FY17	186	-	-	-	-
Opportunity Inc. - STEM (OSY) Grant FY17	-	500	410	90	-
Positive Behavior Interventions & Support FY15	-	-	-	-	1,225
Preschool Incentive Grant FY14	-	-	-	-	8,784
Preschool Incentive Grant FY15	-	-	-	-	86
Preschool Incentive Grant FY16	-	2,730	2,730	-	5,373
Preschool Incentive Grant FY17	780	4,132	20	4,112	-
Project Graduation FY17	-	38,500	38,500	-	-
SASED MTSS-B FY17	-	1,360	1,360	-	-

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, 2017
with comparative actual amounts for the year ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance - Positive (Negative)	2016 Actual
School Security Equipment Grant FY16	\$ -	\$ -	\$ -	\$ -	\$ 103,593
School Security Equipment Grant FY17	-	61,136	61,136	-	-
Startalk Elementary Chinese Academy FY15	-	-	-	-	400
Startalk Elementary Chinese Academy FY16	446	379	379	-	86
Startalk Elementary Chinese Academy FY17	594	487	16	471	-
Technology Initiative FY14	-	-	-	-	109,897
Technology Initiative FY15	85,800	52,496	52,496	-	86,970
Technology Initiative FY16	109,100	489,398	423,180	66,218	2,129,001
Technology Initiative FY17	2,618,400	2,618,400	8,085	2,610,315	-
Title I Part A Rosemont Award FY15	-	-	-	-	7,303
Title I Part A 128-14 FY15	-	-	-	-	336,285
Title I Part A 128-14 FY16	335,987	1,439,940	1,439,940	-	46,458
Title I Part A 128-14 FY17	384,865	506,132	163,049	343,083	-
Title I Part D Subpart 2 FY14	-	-	-	-	7,950
Title I Part D Subpart 2 FY15	2,000	13,684	13,684	-	-
Title I Part D Subpart 2 FY16	5,576	17,913	5,340	12,573	-
Title I Part D Subpart 2 FY17	4,267	12,733	-	12,733	-
Title IV Part B 21st CCLC-GRC FY15	-	15,411	15,411	-	-
Title IV Part B 21st CCLC-GRC FY16	500	2,499	2,499	-	4,084
Title IV Part B 21st CCLC-GRC FY17	1,000	-	-	-	-
Title IV Part B 21st CCLC-Lynn ES FY17	-	500	489	11	-
Title IV Early Childhood Supplement FY14	-	-	-	-	3,740
Title VI B PL 105-17 FY15	12,000	-	-	-	-
VA Elearning Backpack Bayside FY15	-	-	-	-	10,213
VA Elearning Backpack Bayside FY16	10,000	46,291	40,241	6,050	217,056
VA Elearning Backpack Bayside FY17	258,240	265,440	220,398	45,042	-
VA Elearning Backpack Green Run FY15	-	-	-	-	8,011
VA Elearning Backpack Green Run FY16	10,000	35,203	35,203	-	183,137
VA Elearning Backpack Green Run FY17	217,920	235,200	201,387	33,813	-
VA Elearning Backpack Kempsville FY15	-	-	-	-	7,662
VA Elearning Backpack Kempsville FY16	10,000	34,719	34,719	-	168,299
VA Elearning Backpack Kempsville FY17	204,480	197,280	188,305	8,975	-
Total Technology	\$ 4,641,647	\$ 7,337,676	\$ 4,052,306	\$ 3,285,370	\$ 3,902,879
Total Expenditures	\$ 55,023,849	\$ 55,076,238	\$ 42,687,976	\$ 12,388,262	\$ 43,548,456
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$ (3,167,757)	\$ (4,082,766)	\$ (3,128,720)	\$ 954,046	\$ (2,911,062)
OTHER FINANCING SOURCES (USES)					
Transfers In	3,167,757	4,082,766	3,323,272	(759,494)	3,213,930
NET CHANGE IN FUND BALANCE	\$ -	\$ -	\$ 194,552	\$ 194,552	\$ 302,868
FUND BALANCE - JULY 1	759,498	759,498	759,498	-	456,630
FUND BALANCE - JUNE 30	\$ 759,498	\$ 759,498	\$ 954,050	\$ 194,552	\$ 759,498

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, 2017
with comparative actual amounts for the year ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance - Positive (Negative)	2016 Actual
REVENUES					
From Use of Money and Property	\$ 100,000	\$ 100,000	\$ 32,355	\$ (67,645)	\$ 24,120
Charges for Services	-	-	280	280	273
Miscellaneous	10,000	10,000	46,664	36,664	56,781
From Commonwealth	4,489,728	4,489,728	4,478,479	(11,249)	3,897,199
Total Revenues	<u>\$ 4,599,728</u>	<u>\$ 4,599,728</u>	<u>\$ 4,557,778</u>	<u>\$ (41,950)</u>	<u>\$ 3,978,373</u>
EXPENDITURES					
Instruction					
Personnel Services	\$ 79,856	\$ 79,856	\$ 85,391	\$ (5,535)	\$ 79,870
Fringe Benefits	29,010	29,010	34,664	(5,654)	33,672
Purchased Services	1,500	1,500	-	1,500	-
Materials and Supplies	6,116,175	6,116,485	2,416,906	3,699,579	3,319,708
Total Instruction	<u>\$ 6,226,541</u>	<u>\$ 6,226,851</u>	<u>\$ 2,536,961</u>	<u>\$ 3,689,890</u>	<u>\$ 3,433,250</u>
Technology					
Purchased Services	\$ 2,956,333	\$ 2,956,333	\$ 2,988,648	\$ (32,315)	\$ 2,659,836
Materials and Supplies	-	-	1,369,888	(1,369,888)	-
Total Technology	<u>\$ 2,956,333</u>	<u>\$ 2,956,333</u>	<u>\$ 4,358,536</u>	<u>\$ (1,402,203)</u>	<u>\$ 2,659,836</u>
Total Expenditures	<u>\$ 9,182,874</u>	<u>\$ 9,183,184</u>	<u>\$ 6,895,497</u>	<u>\$ 2,287,687</u>	<u>\$ 6,093,086</u>
EXCESS (DEFICIENCY) OF					
REVENUES OVER (UNDER)					
EXPENDITURES	<u>\$ (4,583,146)</u>	<u>\$ (4,583,456)</u>	<u>\$ (2,337,719)</u>	<u>\$ 2,245,737</u>	<u>\$ (2,114,713)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (4,583,146)</u>	<u>\$ (4,583,456)</u>	<u>\$ (2,337,719)</u>	<u>\$ 2,245,737</u>	<u>\$ (2,114,713)</u>
FUND BALANCE - JULY 1	<u>9,573,944</u>	<u>9,573,944</u>	<u>9,573,944</u>	<u>-</u>	<u>11,688,657</u>
FUND BALANCE - JUNE 30	<u>\$ 4,990,798</u>	<u>\$ 4,990,488</u>	<u>\$ 7,236,225</u>	<u>\$ 2,245,737</u>	<u>\$ 9,573,944</u>

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2017

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:

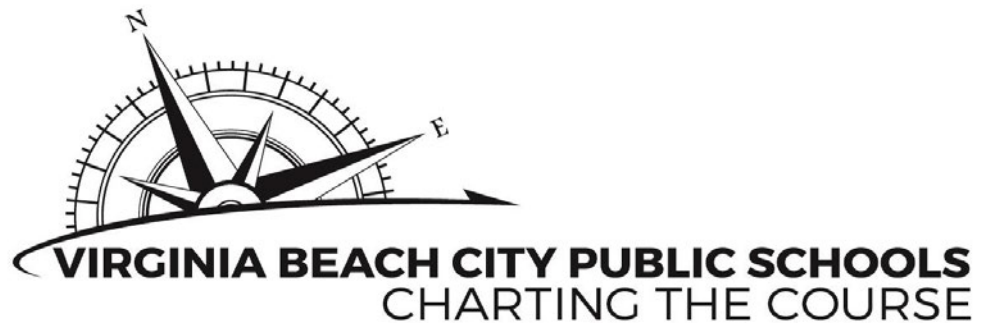
1. The Superintendent is required by Section 22.1-92 of the Code of Virginia, as amended, to prepare and submit to the City Council, with the approval of the School Board, the estimate of the amount of money deemed to be needed during the next fiscal year for the support of the public schools of the 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.

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2017

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 (\$17,063,890 Fiscal Year 2017) 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 \$6,754,643 for the General Fund during fiscal year 2017. The General Fund budget amendment was funded through an increase in revenue from the local government of \$2,700,000 for employee compensation; \$2,116,415 for school bus and other vehicle replacement; \$809,625 required local match for wireless network upgrade; \$154,670 for replacement vehicles; \$500,000 for "Access for all Students" technology initiative; and \$473,933 for electronic door access at schools.



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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, 2017
 with comparative totals for June 30, 2016

	School Cafeterias	School Communication Towers/ Technology	School Vending Operations	School Equipment Replacement	Totals	
					2017	2016
ASSETS						
Cash and Investments	\$ 9,999,775	\$ 2,799,873	\$ 15,506	\$ 1,258,229	\$ 14,073,383	\$ 12,126,625
Accounts Receivable	51,992	1,125	29,900	-	83,017	14,864
Due from Federal						
Government	1,018,892	-	-	-	1,018,892	1,045,568
Inventories	518,261	-	-	-	518,261	598,456
Prepaid Items	4,633	-	-	-	4,633	9,163
TOTAL ASSETS	\$ 11,593,553	\$ 2,800,998	\$ 45,406	\$ 1,258,229	\$ 15,698,186	\$ 13,794,676
LIABILITIES AND FUND						
BALANCES						
Liabilities:						
Salaries Payable	\$ 913,868	\$ -	\$ -	\$ -	\$ 913,868	\$ 945,962
Vouchers and						
Accounts Payable	407,779	350	-	-	408,129	439,492
Deposits Payable	-	75,000	-	-	75,000	75,000
Unearned Revenue	458,823	-	-	-	458,823	401,328
TOTAL LIABILITIES	\$ 1,780,470	\$ 75,350	\$ -	\$ -	\$ 1,855,820	\$ 1,861,782
Fund Balances:						
Nonspendable	\$ 522,894	\$ -	\$ -	\$ -	\$ 522,894	\$ 607,619
Restricted	9,290,189	-	-	-	9,290,189	7,029,421
Committed	-	2,725,648	45,406	1,258,229	4,029,283	4,295,854
TOTAL FUND BALANCES	\$ 9,813,083	\$ 2,725,648	\$ 45,406	\$ 1,258,229	\$ 13,842,366	\$ 11,932,894
TOTAL LIABILITIES AND FUND BALANCES	\$ 11,593,553	\$ 2,800,998	\$ 45,406	\$ 1,258,229	\$ 15,698,186	\$ 13,794,676

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, 2017
 with comparative totals for the fiscal year ended June 30, 2016

	School Cafeterias D-3	School Communication Towers/ Technology D-4	School Vending Operations D-5	School Equipment Replacement D-6	Totals	
					2017	2016
REVENUES						
From Use of Money and Property	\$ 39,202	\$ 521,779	\$ 26	\$ 6,735	\$ 567,742	\$ 547,148
Charges for Services	10,189,999	-	137,261	-	10,327,260	10,963,755
Miscellaneous	721,184	-	-	-	721,184	503,841
From Commonwealth	651,642	-	-	-	651,642	588,066
From Federal Government	18,348,393	-	-	-	18,348,393	18,012,707
Total Revenues	<u>\$ 29,950,420</u>	<u>\$ 521,779</u>	<u>\$ 137,287</u>	<u>\$ 6,735</u>	<u>\$ 30,616,221</u>	<u>\$ 30,615,517</u>
EXPENDITURES						
Current:						
Instruction	\$ -	\$ -	\$ 133,900	\$ -	\$ 133,900	\$ 215,522
Cafeterias	27,623,959	-	-	-	27,623,959	27,118,359
Technology	150,418	798,472	-	-	948,890	485,887
Total Expenditures	<u>\$ 27,774,377</u>	<u>\$ 798,472</u>	<u>\$ 133,900</u>	<u>\$ -</u>	<u>\$ 28,706,749</u>	<u>\$ 27,819,768</u>
EXCESS (DEFICIENCY) OF						
REVENUES OVER (UNDER)						
EXPENDITURES	<u>\$ 2,176,043</u>	<u>\$ (276,693)</u>	<u>\$ 3,387</u>	<u>\$ 6,735</u>	<u>\$ 1,909,472</u>	<u>\$ 2,795,749</u>
NET CHANGES IN						
FUND BALANCES	<u>\$ 2,176,043</u>	<u>\$ (276,693)</u>	<u>\$ 3,387</u>	<u>\$ 6,735</u>	<u>\$ 1,909,472</u>	<u>\$ 2,795,749</u>
FUND BALANCES - JULY 1	<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>
FUND BALANCES - JUNE 30	<u><u>\$ 9,813,083</u></u>	<u><u>\$ 2,725,648</u></u>	<u><u>\$ 45,406</u></u>	<u><u>\$ 1,258,229</u></u>	<u><u>\$ 13,842,366</u></u>	<u><u>\$ 11,932,894</u></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, 2017
with comparative actual amounts for the year ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance - Positive (Negative)	2016 Actual
REVENUES					
From Use of Money and Property	\$ 7,000	\$ 7,000	\$ 39,202	\$ 32,202	\$ 16,317
Charges for Services	12,014,495	12,014,495	10,189,999	(1,824,496)	10,771,205
Miscellaneous	200,000	200,000	721,184	521,184	503,841
From Commonwealth	500,000	500,000	651,642	151,642	588,066
From Federal Government	18,021,131	18,021,131	18,348,393	327,262	18,012,707
Total Revenues	<u>\$ 30,742,626</u>	<u>\$ 30,742,626</u>	<u>\$ 29,950,420</u>	<u>\$ (792,206)</u>	<u>\$ 29,892,136</u>
EXPENDITURES					
Cafeterias					
Personnel Services	\$ 9,804,527	\$ 9,804,527	\$ 8,409,534	\$ 1,394,993	\$ 8,276,333
Fringe Benefits	4,371,209	4,371,209	3,416,930	954,279	3,456,951
Purchased Services	398,329	398,329	158,651	239,678	392,792
Other Charges	72,623	72,623	78,011	(5,388)	60,208
Materials and Supplies	15,746,376	15,746,376	15,380,324	366,052	14,840,972
Capital Outlay	250,000	250,000	180,509	69,491	91,103
Total Cafeterias	<u>\$ 30,643,064</u>	<u>\$ 30,643,064</u>	<u>\$ 27,623,959</u>	<u>\$ 3,019,105</u>	<u>\$ 27,118,359</u>
Technology					
Purchased Services	\$ -	\$ -	\$ 70,836	\$ (70,836)	\$ 54,846
Materials and Supplies	70,000	70,000	79,582	(9,582)	41,133
Capital Outlay	29,562	29,562	-	29,562	-
Total Technology	<u>\$ 99,562</u>	<u>\$ 99,562</u>	<u>\$ 150,418</u>	<u>\$ (50,856)</u>	<u>\$ 95,979</u>
Total Expenditures	<u>\$ 30,742,626</u>	<u>\$ 30,742,626</u>	<u>\$ 27,774,377</u>	<u>\$ 2,968,249</u>	<u>\$ 27,214,338</u>
EXCESS (DEFICIENCY) OF					
REVENUES OVER (UNDER)					
EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,176,043</u>	<u>\$ 2,176,043</u>	<u>\$ 2,677,798</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,176,043</u>	<u>\$ 2,176,043</u>	<u>\$ 2,677,798</u>
FUND BALANCE - JULY 1	<u>7,637,040</u>	<u>7,637,040</u>	<u>7,637,040</u>	<u>-</u>	<u>4,959,242</u>
FUND BALANCE - JUNE 30	<u><u>\$ 7,637,040</u></u>	<u><u>\$ 7,637,040</u></u>	<u><u>\$ 9,813,083</u></u>	<u><u>\$ 2,176,043</u></u>	<u><u>\$ 7,637,040</u></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, 2017
 with comparative actual amounts for the year ended June 30, 2016

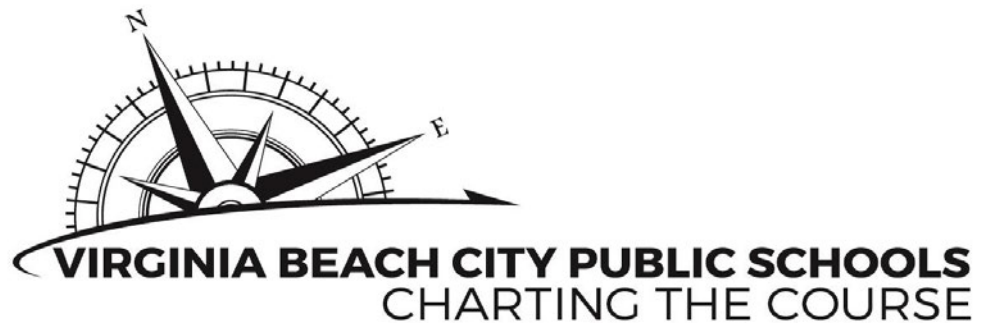
	Original Budget	Final Budget	Actual	Variance - Positive (Negative)	2016 Actual
REVENUES					
From Use of Money and Property	\$ 260,000	\$ 260,000	\$ 521,779	\$ 261,779	\$ 527,135
EXPENDITURES					
Technology					
Purchased Services	\$ -	\$ 31,797	\$ 325	\$ 31,472	\$ -
Materials and Supplies	600,000	600,000	299,892	300,108	389,908
Capital Outlay	-	198,822	498,255	(299,433)	-
Total Expenditures	\$ 600,000	\$ 830,619	\$ 798,472	\$ 32,147	\$ 389,908
EXCESS (DEFICIENCY) OF					
REVENUES OVER (UNDER)					
EXPENDITURES	\$ (340,000)	\$ (570,619)	\$ (276,693)	\$ 293,926	\$ 137,227
NET CHANGE IN FUND BALANCE	\$ (340,000)	\$ (570,619)	\$ (276,693)	\$ 293,926	\$ 137,227
FUND BALANCE - JULY 1	3,002,341	3,002,341	3,002,341	-	2,865,114
FUND BALANCE - JUNE 30	\$ 2,662,341	\$ 2,431,722	\$ 2,725,648	\$ 293,926	\$ 3,002,341

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, 2017
with comparative actual amounts for the year ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance - Positive (Negative)	2016 Actual
REVENUES					
From Use of Money and Property	\$ -	\$ -	\$ 26	\$ 26	\$ 100
Charges for Services	192,550	192,550	137,261	(55,289)	192,550
Total Revenues	<u>\$ 192,550</u>	<u>\$ 192,550</u>	<u>\$ 137,287</u>	<u>\$ (55,263)</u>	<u>\$ 192,650</u>
EXPENDITURES					
<u>Instruction</u>					
Other Charges	\$ 216,248	\$ 216,248	\$ 133,630	\$ 82,618	\$ 214,913
Materials and Supplies	13,454	13,454	270	13,184	609
Capital Outlay	-	-	-	-	-
Total Expenditures	<u>\$ 229,702</u>	<u>\$ 229,702</u>	<u>\$ 133,900</u>	<u>\$ 95,802</u>	<u>\$ 215,522</u>
EXCESS (DEFICIENCY) OF					
REVENUES OVER (UNDER)					
EXPENDITURES	<u>\$ (37,152)</u>	<u>\$ (37,152)</u>	<u>\$ 3,387</u>	<u>\$ 40,539</u>	<u>\$ (22,872)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (37,152)</u>	<u>\$ (37,152)</u>	<u>\$ 3,387</u>	<u>\$ 40,539</u>	<u>\$ (22,872)</u>
FUND BALANCE - JULY 1	<u>42,019</u>	<u>42,019</u>	<u>42,019</u>	<u>-</u>	<u>64,891</u>
FUND BALANCE - JUNE 30	<u><u>\$ 4,867</u></u>	<u><u>\$ 4,867</u></u>	<u><u>\$ 45,406</u></u>	<u><u>\$ 40,539</u></u>	<u><u>\$ 42,019</u></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, 2017
with comparative actual amounts for the year ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance - Positive (Negative)	2016 Actual
<u>REVENUES</u>					
From Use of Money and Property	\$ -	\$ -	\$ 6,735	\$ 6,735	\$ 3,596
<u>EXPENDITURES</u>					
Instruction Capital Outlay	\$ 1,106,301	\$ 1,106,301	\$ -	\$ 1,106,301	\$ -
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	\$ (1,106,301)	\$ (1,106,301)	\$ 6,735	\$ (1,113,036)	\$ 3,596
<u>NET CHANGE IN FUND BALANCE</u>	\$ (1,106,301)	\$ (1,106,301)	\$ 6,735	\$ (1,113,036)	\$ 3,596
<u>FUND BALANCE - JULY 1</u>	1,251,494	1,251,494	1,251,494	-	1,247,898
<u>FUND BALANCE - JUNE 30</u>	\$ 145,193	\$ 145,193	\$ 1,258,229	\$ (1,113,036)	\$ 1,251,494



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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, 2017
with comparative totals for June 30, 2016

	School Risk Management	School Health Insurance	Totals	
			2017	2016
ASSETS				
Current Assets:				
Cash and Investments	\$ 12,463,577	\$ 43,646,018	\$ 56,109,595	\$ 41,557,893
Accounts Receivable	-	904,726	904,726	932,203
Prepaid Items	16,071	-	16,071	210,880
TOTAL ASSETS	\$ 12,479,648	\$ 44,550,744	\$ 57,030,392	\$ 42,700,976
LIABILITIES				
Current Liabilities:				
Salaries Payable	\$ 1,952	\$ 47	\$ 1,999	\$ 229
Vouchers and				
Accounts Payable	470,118	3,144,194	3,614,312	3,229,743
Unearned Revenue	-	7,852,354	7,852,354	7,363,535
Estimated Claims and				
Judgments (due within				
one year)	5,525,250	5,493,000	11,018,250	11,319,750
Total Current Liabilities	\$ 5,997,320	\$ 16,489,595	\$ 22,486,915	\$ 21,913,257
Noncurrent Liabilities:				
Estimated Claims and				
Judgments (due in more				
than one year)	1,841,750	1,831,000	3,672,750	3,773,250
TOTAL LIABILITIES	\$ 7,839,070	\$ 18,320,595	\$ 26,159,665	\$ 25,686,507
NET POSITION				
Unrestricted	\$ 4,640,578	\$ 26,230,149	\$ 30,870,727	\$ 17,014,469
TOTAL NET POSITION	\$ 4,640,578	\$ 26,230,149	\$ 30,870,727	\$ 17,014,469

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, 2017
with comparative totals for the year ended June 30, 2016

	School Risk Management	School Health Insurance	Totals	
			2017	2016
<u>OPERATING REVENUES</u>				
Charges for Services	\$ 6,805,724	\$ 146,194,503	\$ 153,000,227	\$ 150,578,812
Miscellaneous Revenue	15,608	-	15,608	13,520
Total Operating Revenues	<u>\$ 6,821,332</u>	<u>\$ 146,194,503</u>	<u>\$ 153,015,835</u>	<u>\$ 150,592,332</u>
<u>OPERATING EXPENSES</u>				
Personnel Services	\$ 394,571	\$ 307,694	\$ 702,265	\$ 695,312
Fringe Benefits	138,530	110,337	248,867	261,141
Other Charges	5,837,054	132,594,340	138,431,394	137,689,338
Total Operating Expenses	<u>\$ 6,370,155</u>	<u>\$ 133,012,371</u>	<u>\$ 139,382,526</u>	<u>\$ 138,645,791</u>
<u>OPERATING INCOME (LOSS)</u>	<u>\$ 451,177</u>	<u>\$ 13,182,132</u>	<u>\$ 13,633,309</u>	<u>\$ 11,946,541</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>				
Interest Income	\$ 76,715	\$ 146,234	\$ 222,949	\$ 80,826
Total Nonoperating Revenues (Expenses)	<u>\$ 76,715</u>	<u>\$ 146,234</u>	<u>\$ 222,949</u>	<u>\$ 80,826</u>
<u>CHANGES IN NET POSITION</u>	<u>\$ 527,892</u>	<u>\$ 13,328,366</u>	<u>\$ 13,856,258</u>	<u>\$ 12,027,367</u>
<u>TOTAL NET POSITION - JULY 1</u>	<u>4,112,686</u>	<u>12,901,783</u>	<u>17,014,469</u>	<u>4,987,102</u>
<u>TOTAL NET POSITION - JUNE 30</u>	<u>\$ 4,640,578</u>	<u>\$ 26,230,149</u>	<u>\$ 30,870,727</u>	<u>\$ 17,014,469</u>

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017
with comparative totals for the year ended June 30, 2016

	School Risk Management	School Health Insurance	Totals	
			2017	2016
CASH FLOWS FROM OPERATING				
ACTIVITIES:				
Receipts from Customers and Users	\$ 6,821,332	\$ 146,710,799	\$ 153,532,131	\$ 150,617,537
Payments to Vendors for Goods/Services	(5,428,739)	(132,825,277)	(138,254,016)	(140,317,789)
Payments to Employees for Services	(531,158)	(418,204)	(949,362)	(956,833)
Net Cash Provided (Used)				
By Operating Activities	\$ 861,435	\$ 13,467,318	\$ 14,328,753	\$ 9,342,915
CASH FLOWS FROM INVESTING				
ACTIVITIES:				
Interest Received on Investments	76,715	146,234	222,949	80,826
NET INCREASE IN				
CASH AND INVESTMENTS	\$ 938,150	\$ 13,613,552	\$ 14,551,702	\$ 9,423,741
CASH AND INVESTMENTS,				
BEGINNING OF YEAR	11,525,427	30,032,466	41,557,893	32,134,152
CASH AND INVESTMENTS,				
END OF YEAR	\$ 12,463,577	\$ 43,646,018	\$ 56,109,595	\$ 41,557,893
RECONCILIATION OF OPERATING INCOME				
(LOSS) TO NET CASH PROVIDED				
(USED) BY OPERATING ACTIVITIES:				
Operating Income (Loss)	\$ 451,177	\$ 13,182,132	\$ 13,633,309	\$ 11,946,541
Adjustments to Reconcile Operating				
Income (Loss) to Net Cash Provided				
(Used) by Operating Activities				
(Increase) Decrease in Assets				
Accounts Receivable	\$ -	\$ 27,477	\$ 27,477	\$ (435,882)
Due from Commonwealth	-	-	-	117,419
Prepaid Items	194,809	-	194,809	(209,076)
Increase (Decrease) in Liabilities				
Salaries Payable	1,943	(173)	1,770	(380)
Vouchers and Accounts Payable	400,506	(15,937)	384,569	(394,375)
Unearned Revenue	-	488,819	488,819	343,668
Estimated Claims and Judgments	(187,000)	(215,000)	(402,000)	(2,025,000)
Total Adjustments	\$ 410,258	\$ 285,186	\$ 695,444	\$ (2,603,626)
Net Cash Provided (Used)				
By Operating Activities	\$ 861,435	\$ 13,467,318	\$ 14,328,753	\$ 9,342,915

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, 2017

	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
<u>PAYROLL DEDUCTIONS</u>				
<u>ASSETS</u>				
Cash and Investments	\$ 5,589,444	\$ 142,478,922	\$ 142,744,200	\$ 5,324,166
Accounts Receivable	2,157	72,030	2,157	72,030
Due from Federal Government	465	-	465	-
TOTAL ASSETS	\$ 5,592,066	\$ 142,550,952	\$ 142,746,822	\$ 5,396,196
<u>LIABILITIES</u>				
Vouchers and Accounts Payable	\$ 5,592,066	\$ 142,550,952	\$ 142,746,822	\$ 5,396,196
<u>FRINGE BENEFITS</u>				
<u>ASSETS</u>				
Cash and Investments	\$ 8,286,203	\$ 107,185,862	\$ 106,192,183	\$ 9,279,882
Due from Federal Government	465	-	465	-
TOTAL ASSETS	\$ 8,286,668	\$ 107,185,862	\$ 106,192,648	\$ 9,279,882
<u>LIABILITIES</u>				
Vouchers and Accounts Payable	\$ 8,286,668	\$ 107,185,862	\$ 106,192,648	\$ 9,279,882
<u>SCHOOL ACTIVITY ACCOUNTS</u>				
<u>ASSETS</u>				
Cash and Investments	\$ 3,709,768	\$ 10,863,605	\$ 11,019,984	\$ 3,553,389
<u>LIABILITIES</u>				
Vouchers and Accounts Payable	\$ 3,709,768	\$ 10,863,605	\$ 11,019,984	\$ 3,553,389
<u>TOTAL - AGENCY FUNDS</u>				
<u>ASSETS</u>				
Cash and Investments	\$ 17,585,415	\$ 260,528,389	\$ 259,956,367	\$ 18,157,437
Accounts Receivable	2,157	72,030	2,157	72,030
Due from Federal Government	930	-	930	-
TOTAL ASSETS	\$ 17,588,502	\$ 260,600,419	\$ 259,959,454	\$ 18,229,467
<u>LIABILITIES</u>				
Vouchers and Accounts Payable	\$ 17,588,502	\$ 260,600,419	\$ 259,959,454	\$ 18,229,467
TOTAL LIABILITIES	\$ 17,588,502	\$ 260,600,419	\$ 259,959,454	\$ 18,229,467

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.

Contents

Tables

Financial Trends

1 – 10

These tables contain trend information to help the reader understand how the School Board's financial performance and well-being have changed over time.

Operating Information

11 – 24

These tables contain service and infrastructure data to help the reader understand how the information in the School Board's financial report relates to the services the School Board provides and the activities it performs.

Demographic and Economic Information

25 – 29

These tables offer demographic and economic indicators to help the reader understand the environment within which the School Board's financial activities take place.

Revenue Capacity

30 – 33

These tables contain information to help the reader assess the factors affecting the City's ability to generate property taxes. Additional information can be found in the City of Virginia Beach Comprehensive Annual Financial Report.

Debt Capacity

34 – 35

These tables present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. Additional information can be found in the City of Virginia Beach Comprehensive Annual Financial Report.

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

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

	Fiscal Year			
	2008	2009	2010	2011
NET POSITION (DEFICIT)				
Invested in Capital Assets	\$ 337,880,626	\$ 384,102,886	\$ 411,565,763	\$ 449,745,865
Restricted for:				
Capital Projects	81,794,572	69,172,375	60,912,528	20,622,399
Grants	578,724	674,003	893,092	903,582
Cafeterias	-	-	-	2,702,932
Textbooks	-	-	-	22,042,950
Unrestricted (Deficit)	<u>60,867,058</u>	<u>88,547,813</u>	<u>98,003,621</u>	<u>78,081,876</u>
TOTAL NET POSITION (DEFICIT)	<u><u>\$ 481,120,980</u></u>	<u><u>\$ 542,497,077</u></u>	<u><u>\$ 571,375,004</u></u>	<u><u>\$ 574,099,604</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

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 484,947,961	\$ 503,613,147	\$ 492,959,880	\$ 501,205,889	\$ 503,106,097	\$ 532,437,468
5,465,425	-	15,947,262	13,318,732	20,731,125	-
1,205,050	1,060,524	1,058,973	456,630	759,498	954,050
3,402,900	3,825,795	4,556,868	4,469,528	7,029,421	9,290,189
17,964,543	16,044,853	16,247,585	11,688,657	8,447,356	7,120,780
<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>(647,946,228)</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>	<u>\$ (98,143,741)</u>

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

	Fiscal Year			
	2008	2009	2010	2011
Expenses:				
Governmental Activities:				
Instruction	\$ 609,866,678	\$ 602,074,151	\$ 574,177,165	\$ 567,568,792
Admin, Attendance, & Health	21,304,108	20,480,010	19,076,315	18,401,916
Pupil Transportation	31,593,740	31,046,691	31,772,212	36,105,660
Operations and Maintenance	105,258,243	106,804,955	90,426,163	93,664,818
Cafeterias	25,435,324	25,803,414	26,140,730	26,113,779
Technology	-	-	32,344,399	44,830,758
Total Expenses	<u>\$ 793,458,093</u>	<u>\$ 786,209,221</u>	<u>\$ 773,936,984</u>	<u>\$ 786,685,723</u>
Program Revenues:				
Governmental Activities:				
Charges for Services:				
Instruction	\$ 3,757,993	\$ 3,134,713	\$ 2,756,285	\$ 3,185,029
Operations and Maintenance	-	440,686	422,026	367,908
Cafeterias	13,711,915	14,126,748	13,480,969	13,276,414
Technology	-	-	370,529	438,046
Operating Grants and Contributions	143,803,458	133,607,276	143,007,213	146,074,200
Capital Grants and Contributions	11,275,914	11,075,378	9,445,175	9,710,467
Total Program Revenues	<u>\$ 172,549,280</u>	<u>\$ 162,384,801</u>	<u>\$ 169,482,197</u>	<u>\$ 173,052,064</u>
Net Expenses	<u>\$ (620,908,813)</u>	<u>\$ (623,824,420)</u>	<u>\$ (604,454,787)</u>	<u>\$ (613,633,659)</u>
General Revenues:				
Local Sources:				
Local Government	\$ 383,315,703	\$ 384,210,051	\$ 361,465,466	\$ 371,517,109
Miscellaneous	340,667	461,504	6,283,791	964,435
Federal and State Aid not Restricted to Specific Purposes:				
State Basic Aid	193,474,314	217,584,685	181,102,083	159,342,761
State Sales Tax	72,904,963	69,168,038	66,688,947	70,058,126
Federal Impact Aid	18,404,950	11,437,201	17,057,468	13,987,750
Interest Earnings	4,457,283	2,339,038	734,959	488,078
Total General Revenues	<u>\$ 672,897,880</u>	<u>\$ 685,200,517</u>	<u>\$ 633,332,714</u>	<u>\$ 616,358,259</u>
Change in Net Position	<u>\$ 51,989,067</u>	<u>\$ 61,376,097</u>	<u>\$ 28,877,927</u>	<u>\$ 2,724,600</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					
2012	2013	2014	2015	2016	2017
\$ 573,843,860	\$ 577,046,558	\$ 587,975,312	\$ 573,574,157	\$ 568,912,291	\$ 556,632,508
19,526,549	20,504,499	20,499,059	20,641,696	20,989,423	22,840,163
34,922,875	34,224,798	33,585,459	33,364,815	30,739,249	32,950,076
93,706,524	89,634,735	88,060,958	88,194,131	86,966,670	91,477,591
27,294,432	26,525,914	28,720,848	27,720,826	26,288,628	27,285,112
47,835,843	36,593,114	36,119,783	38,168,996	38,714,083	43,036,289
<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>	<u>\$ 774,221,739</u>
\$ 3,212,855	\$ 2,530,353	\$ 2,841,159	\$ 2,735,642	\$ 2,696,121	\$ 1,814,028
332,257	424,637	456,559	597,144	628,300	452,171
12,772,266	12,195,744	12,047,776	10,591,205	11,266,046	10,911,183
447,530	829,946	620,441	625,937	485,887	1,240,136
149,600,791	134,612,328	143,414,642	141,961,728	142,463,184	146,611,635
1,812,470	-	-	-	-	-
<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>\$ 161,029,153</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>	<u>\$ (613,192,586)</u>
\$ 343,802,519	\$ 368,549,605	\$ 392,169,735	\$ 378,687,744	\$ 403,461,767	\$ 369,406,287
841,995	655,857	530,505	842,365	399,783	450,772
165,011,640	166,739,680	167,421,241	175,008,994	172,363,914	178,909,703
72,266,667	68,889,270	67,915,112	70,376,559	72,382,607	73,084,563
11,630,646	19,404,512	10,145,630	12,314,580	8,886,385	11,264,563
208,950	137,633	145,635	104,798	153,334	245,828
<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>\$ 633,361,716</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>	<u>\$ 20,169,130</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	
			%		%		%		%		%		%
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
2017	774,221,739	556,632,508	71.9	22,840,163	3.0	32,950,076	4.3	91,477,591	11.8	27,285,112	3.5	43,036,289	5.5

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	%
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
2017	794,390,869	14,417,518	1.8	146,611,635	18.5	369,857,059	46.6	263,258,829	33.1	245,828	0.0

* See Table 2 for Charges for Services categories

** Not restricted to specific programs

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

	Fiscal Year			
	2008	2009	2010	2011
General Fund:				
Reserved for:				
Encumbrances	\$ 10,062,745	\$ 15,420,804	\$ 17,799,721	
Prepaid Items	348,816	430,209	232,296	
<i>Nonspendable</i>	-	-	-	\$ 600,039
<i>Assigned</i>	-	-	-	31,918,365
Total Fund Balance - General Fund	<u>\$ 10,411,561</u>	<u>\$ 15,851,013</u>	<u>\$ 18,032,017</u>	<u>\$ 32,518,404</u>
All Other Governmental Funds:				
Reserved for:				
Encumbrances	\$ 64,421,034	\$ 33,532,579	\$ 64,124,641	
Inventories	1,323,099	1,207,205	928,866	
Prepaid Items	137,670	92,279	50,794	
Unreserved, reported in:				
Designated:				
Capital Projects Fund	17,485,107	35,699,416	102,796	
Special Revenue Funds	6,915,613	8,365,033	10,570,187	
Undesignated:				
Special Revenue Funds	30,350,756	35,185,104	35,535,768	
<i>Nonspendable:</i>				
<i>Special Revenue Funds</i>	-	-	-	\$ 1,014,413
<i>Restricted:</i>				
<i>Special Revenue Funds</i>	-	-	-	25,649,464
<i>Capital Projects Funds</i>	-	-	-	20,622,399
<i>Committed:</i>				
<i>Special Revenue Funds</i>	-	-	-	4,549,561
<i>Capital Projects Funds</i>	-	-	-	23,487,476
<i>Unassigned:</i>				
<i>Capital Projects Funds</i>	-	-	-	-
Total Fund Balance - Other Governmental Funds	<u>\$ 120,633,279</u>	<u>\$ 114,081,616</u>	<u>\$ 111,313,052</u>	<u>\$ 75,323,313</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					
2012	2013	2014	2015	2016	2017
\$ 357,968	\$ 511,177	\$ 761,330	\$ 1,095,915	\$ 844,003	\$ 1,078,381
<u>11,626,203</u>	<u>5,651,929</u>	<u>6,588,302</u>	<u>9,667,446</u>	<u>8,392,352</u>	<u>8,735,155</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>	<u>\$ 9,813,536</u>
\$ 1,326,178	\$ 1,284,493	\$ 777,040	\$ 489,714	\$ 1,734,207	\$ 638,339
22,218,911	20,777,535	21,863,426	16,614,815	16,236,275	17,365,019
5,465,425	-	15,947,262	13,318,732	20,731,125	-
4,600,173	4,837,677	4,527,805	4,177,903	4,295,854	4,029,283
9,055,815	6,839,100	3,298,600	437,953	528,628	-
<u>-</u>	<u>(3,403,665)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,469,152)</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>	<u>\$ 19,563,489</u>

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

	Fiscal Year			
	2008	2009	2010	2011
<u>REVENUES</u>				
From Use of Money and Property	\$ 5,235,264	\$ 3,146,373	\$ 1,527,514	\$ 1,045,325
Charges for Services	15,916,990	16,192,326	15,542,788	15,173,514
Miscellaneous	1,708,877	1,544,296	6,983,533	2,080,042
From Local Government	383,315,703	384,210,051	361,465,466	371,517,109
From Commonwealth	377,306,856	385,248,073	330,863,697	309,842,580
From Federal Government	61,963,470	57,244,199	86,431,913	89,256,381
Total Revenues	<u>\$ 845,447,160</u>	<u>\$ 847,585,318</u>	<u>\$ 802,814,911</u>	<u>\$ 788,914,951</u>
<u>EXPENDITURES</u>				
Current:				
Instruction	\$ 583,207,135	\$ 585,463,504	\$ 552,368,410	\$ 535,455,491
Admin, Attendance, & Health	20,992,318	20,264,766	18,988,180	18,279,083
Pupil Transportation	34,308,536	33,354,153	31,579,245	34,411,971
Operations and Maintenance	107,558,378	110,441,124	91,466,557	96,905,759
Cafeterias	25,790,724	26,084,462	25,983,743	25,899,229
Technology	-	-	30,462,146	43,577,282
Capital Outlay	57,694,334	73,089,520	52,554,190	56,384,860
Total Expenditures	<u>\$ 829,551,425</u>	<u>\$ 848,697,529</u>	<u>\$ 803,402,471</u>	<u>\$ 810,913,675</u>
<u>EXCESS (DEFICIENCY) OF</u>				
<u>REVENUES OVER (UNDER)</u>				
<u>EXPENDITURES</u>	<u>\$ 15,895,735</u>	<u>\$ (1,112,211)</u>	<u>\$ (587,560)</u>	<u>\$ (21,998,724)</u>
<u>OTHER FINANCING SOURCES</u>				
<u>(USES)</u>				
Transfers In	\$ 9,327,290	\$ 9,814,672	\$ 19,093,344	\$ 2,930,631
Transfers Out	(9,327,290)	(9,814,672)	(19,093,344)	(2,930,631)
Sale of Capital Assets	-	-	-	495,372
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 495,372</u>
<u>NET CHANGE IN</u>				
<u>FUND BALANCES</u>	<u>\$ 15,895,735</u>	<u>\$ (1,112,211)</u>	<u>\$ (587,560)</u>	<u>\$ (21,503,352)</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					
2012	2013	2014	2015	2016	2017
\$ 901,726	\$ 898,066	\$ 990,556	\$ 1,112,326	\$ 1,187,026	\$ 1,093,227
14,540,665	13,760,887	13,586,261	11,921,719	12,273,570	11,541,968
2,317,353	2,150,879	2,411,989	2,717,149	2,366,701	2,637,731
343,802,519	368,549,605	392,169,735	378,687,744	403,461,767	365,906,287
315,182,365	318,519,061	326,629,536	334,562,449	335,531,412	345,823,565
84,973,890	70,800,124	61,914,947	64,845,309	60,351,137	63,760,864
<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>	<u>\$ 790,763,642</u>
\$ 548,953,371	\$ 552,817,372	\$ 549,280,427	\$ 571,442,017	\$ 566,161,730	\$ 574,348,290
19,064,917	20,158,024	20,265,565	21,039,188	21,867,909	23,250,610
29,582,245	30,850,164	31,613,426	29,783,772	30,772,076	35,791,636
93,526,365	88,576,353	87,673,842	89,729,140	91,231,416	93,264,383
26,474,564	26,139,487	28,369,866	28,051,308	27,118,359	27,623,959
45,877,615	36,174,823	35,732,637	35,714,932	37,060,489	41,769,006
57,152,553	38,405,769	27,507,153	26,047,626	34,015,383	21,728,403
<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>\$ 817,776,287</u>
\$ (58,913,112)	\$ (18,443,370)	\$ 17,260,108	\$ (7,961,287)	\$ 6,944,251	\$ (27,012,645)
\$ 8,494,199	\$ 3,059,471	\$ 3,185,724	\$ 3,146,753	\$ 3,213,930	\$ 3,323,272
(2,994,199)	(3,059,471)	(3,185,724)	(3,146,753)	(3,213,930)	(3,323,272)
222,068	290,943	5,411	-	15,715	3,627,226
<u>\$ 5,722,068</u>	<u>\$ 290,943</u>	<u>\$ 5,411</u>	<u>\$ -</u>	<u>\$ 15,715</u>	<u>\$ 3,627,226</u>
\$ (53,191,044)	\$ (18,152,427)	\$ 17,265,519	\$ (7,961,287)	\$ 6,959,966	\$ (23,385,419)

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	
			%		%		%		%		%		%
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
2017	710,946,618	531,207,956	74.7	23,250,610	3.3	35,791,636	5.0	85,737,273	12.1	31,635,871	4.4	3,323,272	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.

Table 8

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

Fiscal Year	Total Revenues	City of Virginia Beach		Commonwealth of Virginia		State Sales Tax		Federal Government		Other Revenues*	
			%		%		%		%		%
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
2017	711,396,573	361,314,303	50.8	260,283,753	36.6	73,084,563	10.3	13,464,377	1.9	3,249,577	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
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
2017	17,063,890	9,813,536	45,704,383

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	Per Pupil	Per Pupil	Per Pupil	Per Pupil
		<i>State Average</i>		<i>State Average</i>		<i>State Average</i>
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	5,450	6,084	3,835	3,813	1,051	1,036
2017	-	-	-	-	-	-

- 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.

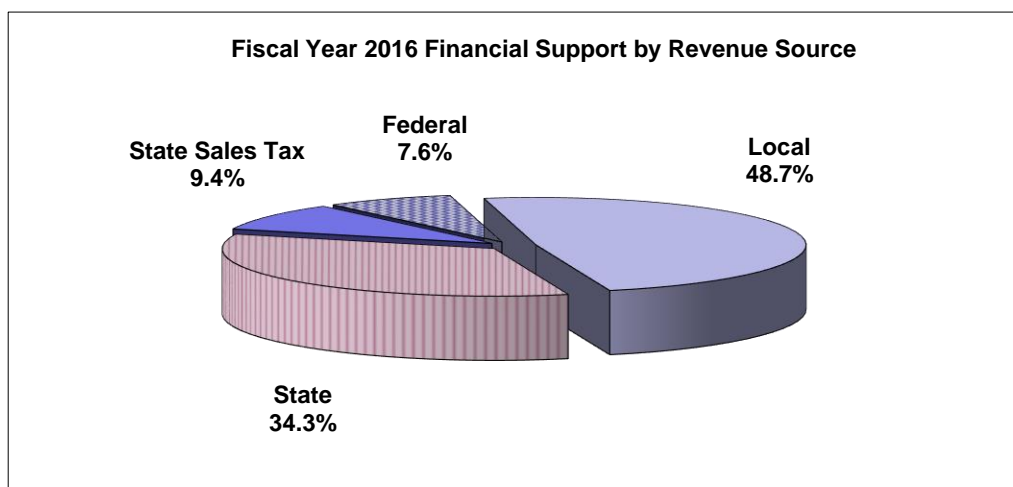
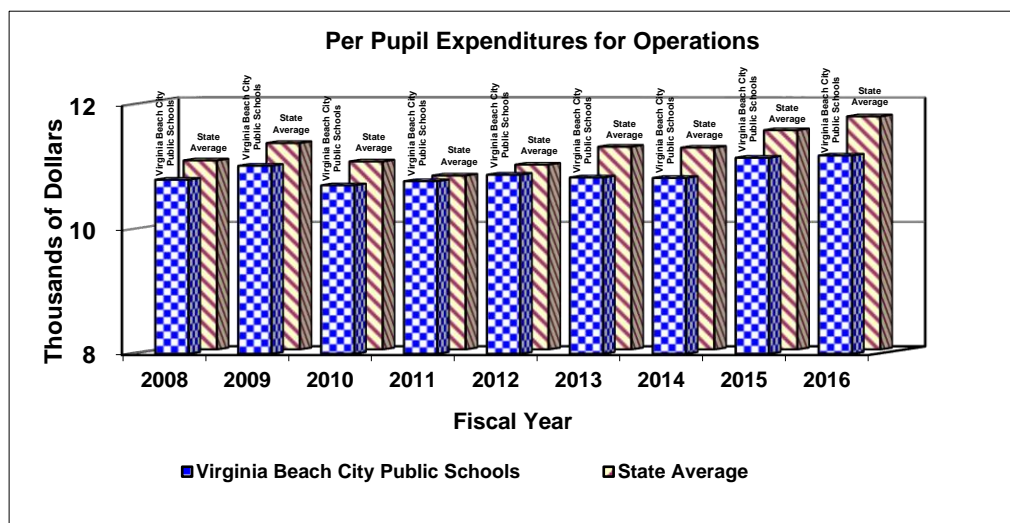
The State amount includes all the monies sent to the LEA by the DOE minus an amount sent by the DOE for the running of the Hospital, Clinics, and Detention Home project and an amount sent by the DOE for vocational equipment. The State Sales Tax is the 1 cent tax on goods and services allocated to a particular 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	
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	849	812	11,185	11,745	68,880
2017	-	-	-	-	-

- 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

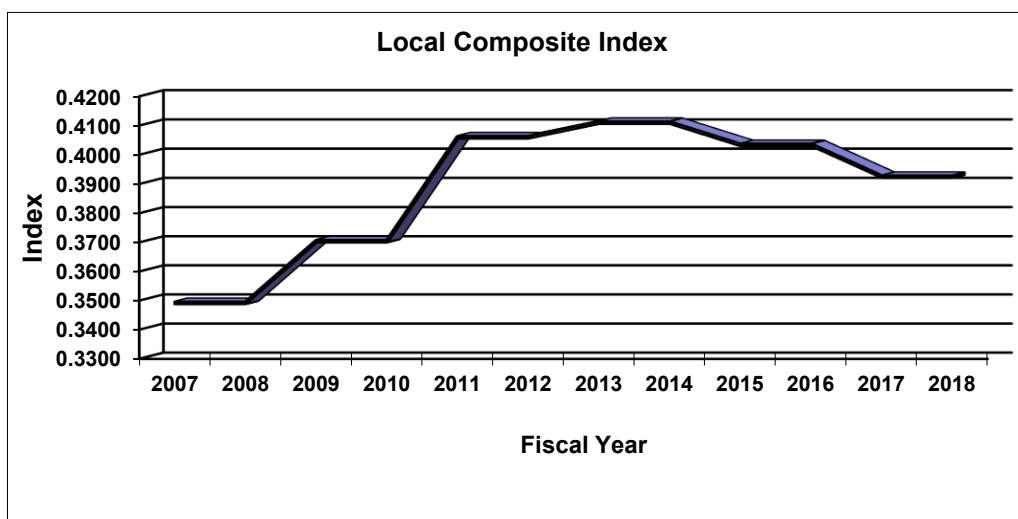
Fiscal Year	Indicators of Ability Base Year	Local Composite Index	Local Share of SOQ Factor
2007	2003	.3492	.4500
2008	2003	.3492	.4500
2009	2005	.3704	.4500
2010	2005	.3704	.4500
2011	2007	.4060	.4500
2012	2007	.4060	.4500
2013	2009	.4110	.4500
2014	2009	.4110	.4500
2015	2011	.4034	.4500
2016	2011	.4034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



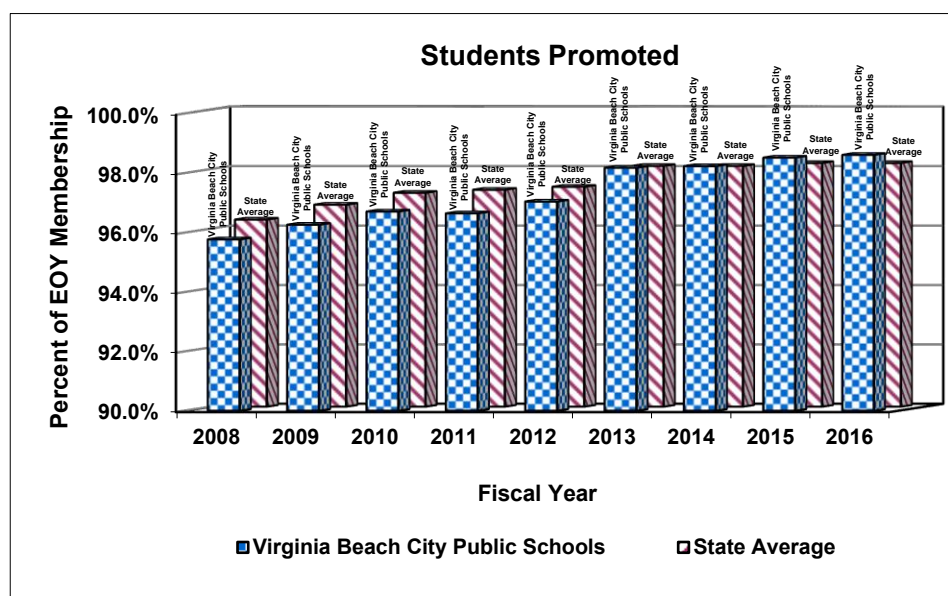
SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
STUDENTS PROMOTED
Last Ten Fiscal Years

Fiscal Year	End-of-Year Membership	Number Promoted	Percent Promoted	Percent Promoted <i>State Average</i>
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	68,568	67,616	98.6%	98.2%
2017	-	-	-	-

- 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
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
2017	181	41,430	26,072	67,502	39,617	24,625	64,242

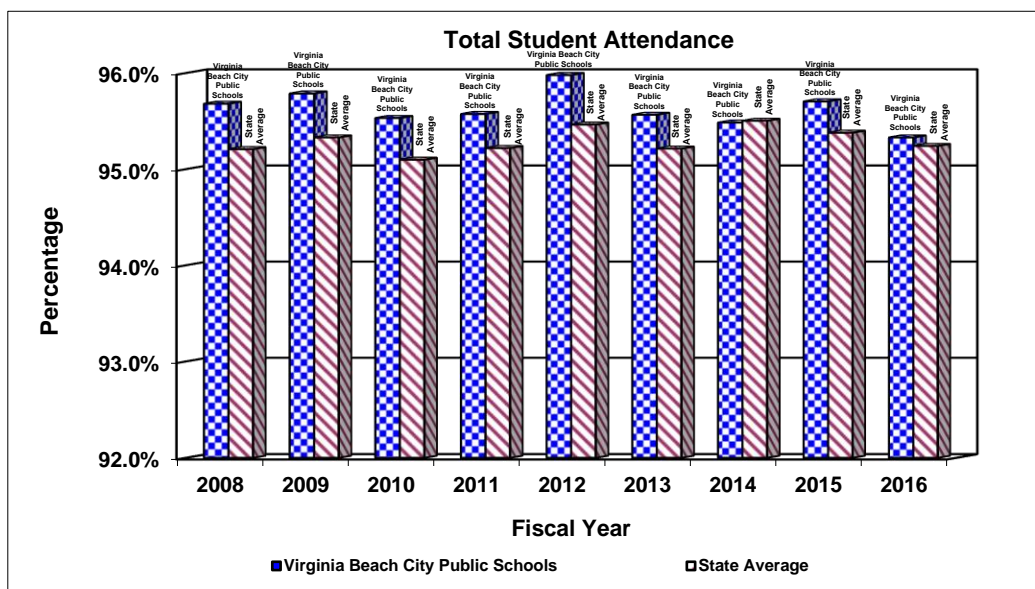
Note: This table represents the average daily membership and the average daily attendance along with the percentage of attendance to membership. Average Daily Membership (ADM) is the average number of students belonging each day in a school system for the period of report. ADM is determined by dividing 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 2017 - 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
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%	95.8%	94.4%	95.2%
2017	95.6%	94.4%	95.2%	-	-	-

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



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

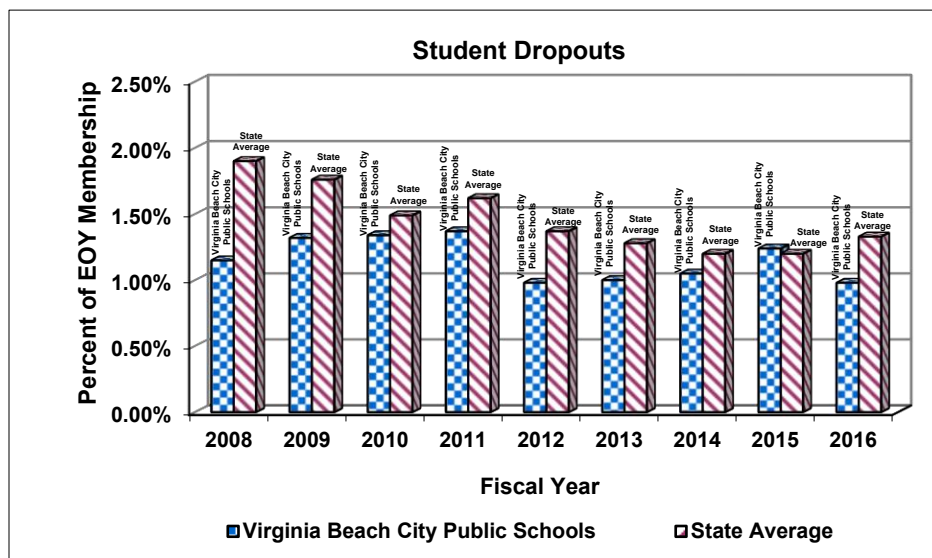
Fiscal Year	September 30 Membership (Grades 7-12)	Number of Dropouts	Percent	Percent State Average
2008	34,471	397	1.15%	1.90%
2009	33,706	446	1.32%	1.76%
2010	33,364	447	1.34%	1.49%
2011	33,036	451	1.37%	1.62%
2012	32,524	319	0.98%	1.37%
2013	32,223	322	1.00%	1.28%
2014	32,213	337	1.05%	1.20%
2015	32,056	396	1.24%	1.20%
2016	31,839	313	0.98%	1.33%
2017	-	-	-	-

- 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

	Mathematics - Mean Scores			Evidence-Based Reading and Writing (ERW) - Mean Scores **			Writing - Mean Scores		
Fiscal Year	Virginia Beach	Virginia	National	Virginia Beach	Virginia	National	Virginia Beach	Virginia	National
2008	510	512	515	500	511	502	484	499	494
2009	511	512	515	503	511	501	486	498	493
2010	516	512	516	503	512	501	488	497	492
2011	504	509	514	501	512	497	482	495	489
2012	509	512	514	499	510	496	482	495	488
2013	509	514	514	505	516	496	487	498	488
2014	505	515	513	508	518	497	483	497	487
2015	504	516	511	507	518	495	484	499	484
2016	511	517	508	514	520	494	490	498	482
2017*	534	541	527	557	561	533	-	-	-

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

* In January 2016 the format of the SAT changed from a 3-section (Mathematics, Critical Reading, and Writing) to a 2-section (Mathematics and Evidence-based Reading and Writing (ERW)). The data for 2017 graduates was based on the newer 2-section format only and isn't comparable to previous years.

** Evidence-Based Reading and Writing (ERW) replaced Critical Reading in 2017. Stats prior to 2017 are for Critical Reading and Stats for 2017 and after are for ERW.

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/ ISAP	Total Graduates and Completers	Percentage	Percentage State Average
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	5,815	1,831	2,857	13	173	113	4,987	85.8%	88.7%
2017	-	-	-	-	-	-	-	-	-

- 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

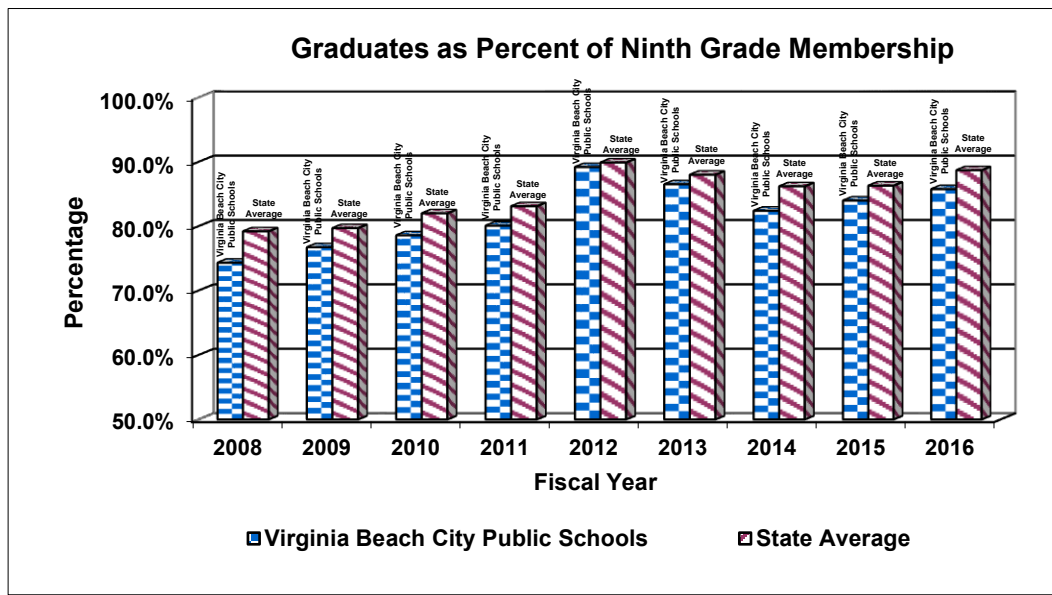


Table 16

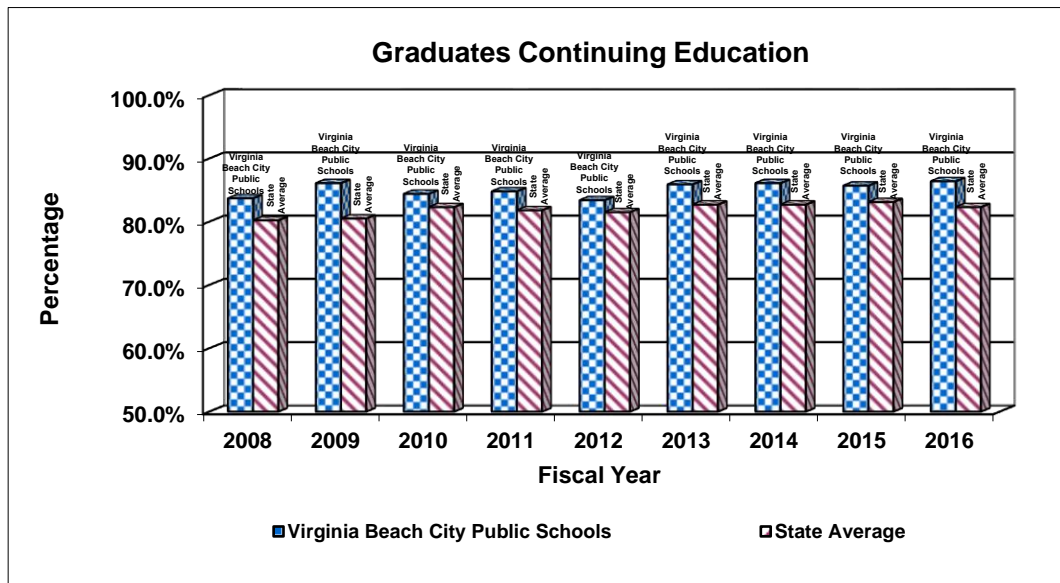
**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
GRADUATES CONTINUING EDUCATION
Last Ten Fiscal Years**

Fiscal Year	Attending Two-year Colleges Percent	Attending Two-year Colleges State Average	Attending Four-year Colleges Percent	Attending Four-year Colleges State Average	Other Continuing Education Percent	Other Continuing Education State Average	Total Continuing Education Percent	Total Continuing Education State Average
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	33.3%	29.8%	48.4%	48.4%	4.7%	4.1%	86.4%	82.3%
2017	-	-	-	-	-	-	-	-

- 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				Secondary		
	Elementary		Student/ Teacher Ratio	State Average	Secondary		Secondary Student/ Teacher Ratio
	Teaching Positions	End-of- Year Membership K-7			Teaching Positions	End-of- Year Membership 8-12	
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	2,897	41,668	14.4	13.1	2,003	25,926	12.9
2017	-	-	-	-	-	-	-

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

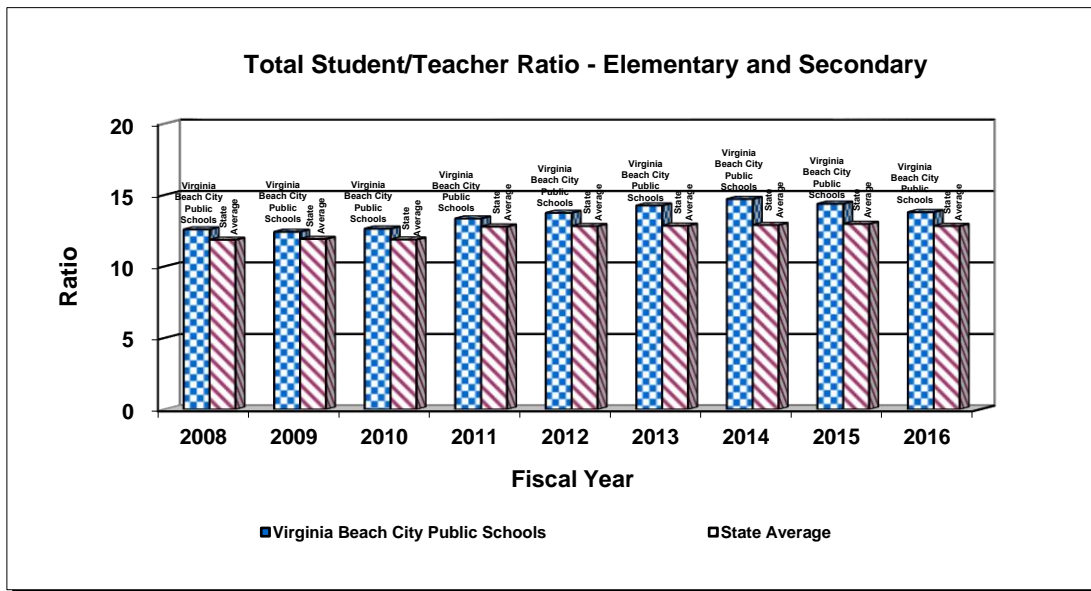
Note: This table represents student teacher ratios based on End-of-Year Average Daily Membership to full-time equivalent teaching positions, excluding special education teachers, principals, assistant principals, guidance counselors, and librarians.

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
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	12.5	13.79	12.83
2017	-	-	-

- 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			
	2008	2009	2010	2011
<u>Full-Time Staff</u>				
Office/Admin/Managers	39	40	38	40
Principals	89	90	86	86
Assistant Principals	160	161	155	151
Elementary Classroom Teachers	2,106	2,110	2,117	2,087
Secondary Classroom Teachers	2,643	2,614	2,513	2,466
Other Classroom Teachers	290	291	326	339
Guidance	182	182	175	179
Psychological	68	66	70	79
Librarians/AV	111	108	104	105
Supervisory	69	66	68	77
Other Professionals	363	383	378	377
Teacher Aides	1,117	1,130	1,138	1,154
Technicians	106	107	110	112
Clerical/Secretarial	600	599	579	586
Service Workers	1,109	1,137	1,099	1,100
Skilled Crafts	234	230	236	231
Total Full-Time Staff	<u>9,286</u>	<u>9,314</u>	<u>9,192</u>	<u>9,169</u>
<u>Part-Time Staff</u>				
Professional/Instructional	264	277	239	201
Other	1,178	1,179	1,143	1,103
Total Part-Time Staff	<u>1,442</u>	<u>1,456</u>	<u>1,382</u>	<u>1,304</u>

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

Table 18

Fiscal Year					
2012	2013	2014	2015	2016	2017
40	43	43	44	47	47
86	87	87	86	87	87
150	147	153	152	157	156
2,101	2,068	2,108	2,059	2,096	2,073
2,395	2,353	2,359	2,304	2,298	2,301
334	316	318	302	297	358
174	175	174	171	176	179
83	75	75	77	76	85
105	106	106	105	106	106
82	83	90	84	86	93
375	371	378	371	380	379
1,126	1,121	1,113	1,100	1,127	1,160
108	111	111	197	203	197
584	578	596	534	530	527
1,092	1,072	1,058	1,058	1,061	1,060
238	234	234	229	232	227
<u>9,073</u>	<u>8,940</u>	<u>9,003</u>	<u>8,873</u>	<u>8,959</u>	<u>9,035</u>
193	170	153	138	142	135
<u>1,082</u>	<u>1,073</u>	<u>1,095</u>	<u>1,079</u>	<u>1,050</u>	<u>1,030</u>
<u>1,275</u>	<u>1,243</u>	<u>1,248</u>	<u>1,217</u>	<u>1,192</u>	<u>1,165</u>

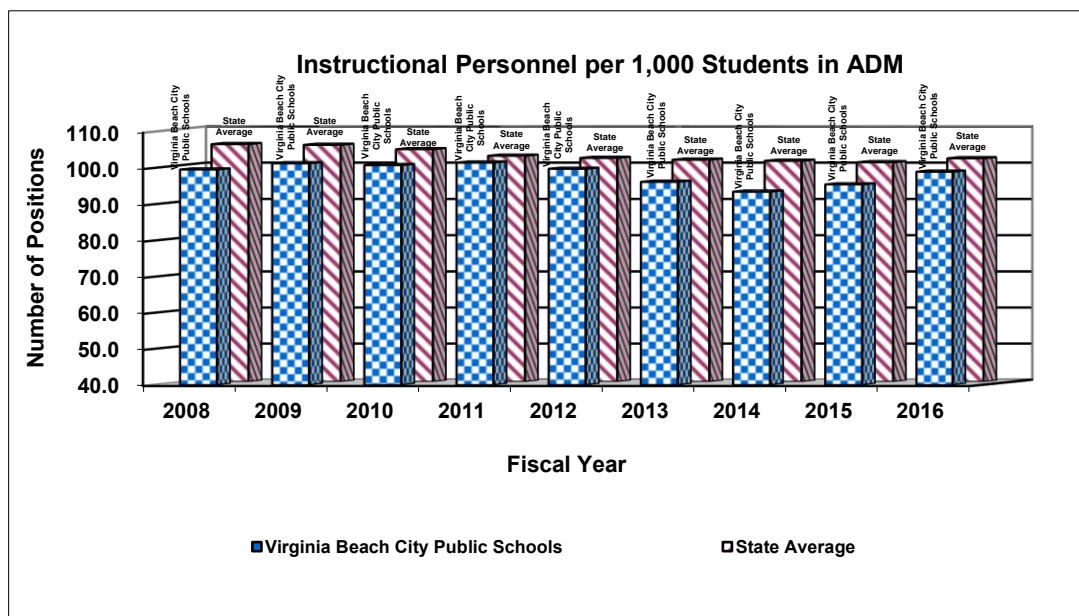
SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
INSTRUCTIONAL PERSONNEL POSITIONS PER 1,000 STUDENTS IN ADM
Last Ten Fiscal Years

Fiscal Year	Number of Instructional Personnel Positions (End of Year)	Student Average Daily Membership (End of Year)	Instructional Personnel Per 1,000 Students	Instructional Personnel Per 1,000 Students <i>State Average</i>
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	6,758	68,265	99.0	101.8
2017	-	-	-	-

- 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



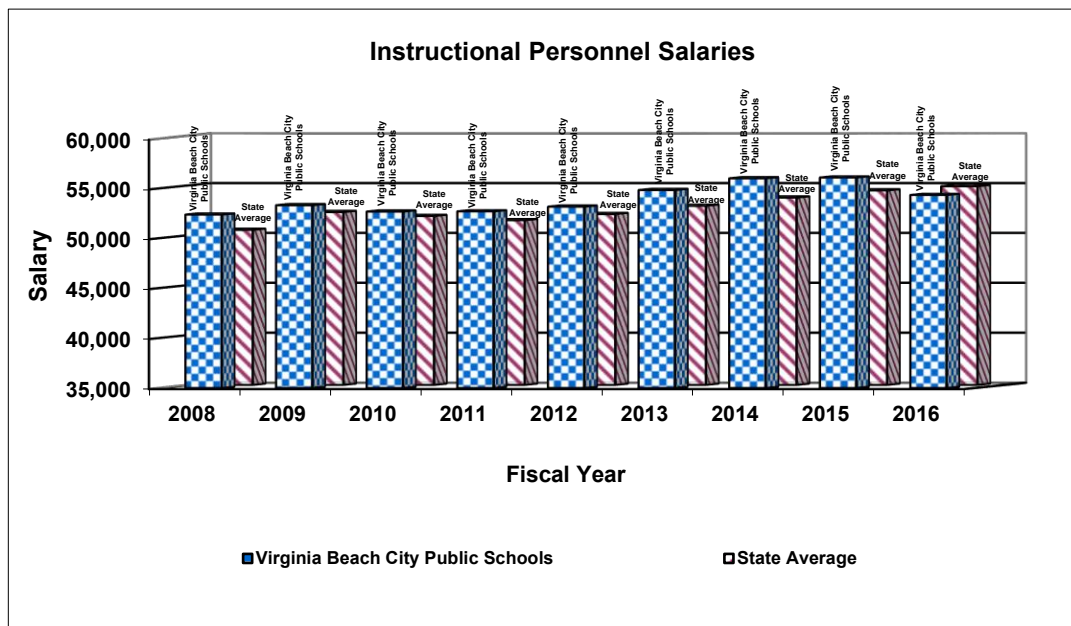
SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
INSTRUCTIONAL PERSONNEL SALARIES
Last Ten Fiscal Years

Fiscal Year	Minimum Salary	Maximum Salary	Average Salary	State Average
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	54,910
2017	44,796	77,809	54,541	-

- 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
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
2017	2,351	1,148	1,345	318	43.4	44.2	45.4	45.4	1,029	522	635	124

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
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
2017	1,205	566	631	172	105	52	58	17	12	8	21	5

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

	Fiscal Year			
	2008	2009	2010	2011
Student Enrollment (October)				
in Meal Programs:				
Reduced	5,960	6,380	6,067	4,793
Free	13,909	14,276	16,067	16,185
Lunch Meals:				
Full	3,808,695	3,462,417	3,272,401	3,114,574
Reduced	743,790	792,105	754,574	664,741
Free	1,878,081	1,960,458	2,180,856	2,407,642
Breakfast Meals:				
Full	644,638	680,158	670,224	603,169
Reduced	260,166	303,012	283,304	257,782
Free	981,774	1,070,866	1,200,453	1,326,183
Lunch Price:				
Full:				
Elementary	\$1.75	\$2.00	\$2.00	\$2.15
Middle	\$1.80	\$2.00	\$2.00	\$2.15
High	\$1.80	\$2.00	\$2.00	\$2.15
Adult	\$2.75	\$3.00	\$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					
2012	2013	2014	2015	2016	2017
5,526	5,269	5,193	5,496	5,407	5,281
17,918	17,531	20,307	21,022	20,534	20,374
2,964,309	2,570,509	2,308,524	2,404,313	2,321,870	2,319,592
727,425	655,024	648,134	684,986	697,649	649,776
2,492,788	2,516,178	2,831,723	2,803,646	2,893,495	2,816,749
585,022	505,281	482,588	508,932	545,907	610,096
274,128	251,116	250,159	274,032	305,573	291,426
1,418,257	1,397,768	1,584,832	1,556,228	1,745,450	1,762,591
\$2.20	\$2.30	\$2.40	\$2.50	\$2.75	\$2.75
\$2.20	\$2.30	\$2.40	\$2.50	\$2.75	\$2.75
\$2.20	\$2.30	\$2.40	\$2.50	\$2.75	\$2.75
\$3.75	\$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			
	2008	2009	2010	2011
<u>Instruction:</u>				
Elementary Schools	56	56	55	55
Middle Schools *	13	13	13	13
High Schools	11	11	11	11
Auxiliary Schools/Centers **	11	11	7	7
Public Charter School	-	-	-	-
Portables	343	324	266	255
<u>Operations and Maintenance:</u>				
Vehicles	294	282	282	285
<u>Pupil Transportation:</u>				
Buses	791	789	766	785
Other Vehicles	44	45	44	39

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 Middle 6th Grade Campus, creating another Middle School. FY15 number for Middle Schools has been adjusted.

** Note: In FY17 Old Donation Center and Kemps Landing Magnet were combined into one Auxiliary Center and renamed Old Donation School to house Grades 2-8 Gifted Students.

Table 23

Fiscal Year					
2012	2013	2014	2015	2016	2017
55	55	55	55	55	55
13	13	13	14	14	14
11	11	11	11	11	11
7	7	7	7	7	6
-	-	1	1	1	1
239	239	221	209	149	132
279	274	276	276	272	291
767	761	786	785	791	802
43	42	53	57	60	39

Table 24

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Elementary Schools										
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	629	613	602	650	662	699	681	681	764	702
Enrollment	584	562	606	629	592	599	642	659	662	650
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	591	584	537	540	524	525	547	547	597	486
Enrollment	549	576	439	454	466	473	497	490	451	447
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	490	521	526	527	536	587	547	547	599	585
Enrollment	437	414	451	453	488	468	501	534	518	472
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	1,075	902	962	753	815	757	818	818	732	787
Enrollment	991	980	784	722	631	668	665	631	634	568
Brookwood Elementary (Opened Sept 1967; Replaced Sept 2007)										
Square Feet	80,065	80,065	80,065	80,065	80,065	80,065	80,065	80,065	80,065	80,065
Program Capacity	600	607	638	689	647	661	626	631	586	617
Enrollment	522	538	692	710	784	715	701	746	720	641
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	693	641	731	695	687	660	639	678	602	669
Enrollment	659	672	668	668	650	714	720	704	739	732
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	760	693	738	752	716	737	724	724	701	738
Enrollment	754	732	737	714	706	663	678	642	636	677
College Park Elementary (Opened Sept 1973; Gym Added Sept 1982; Replaced Sept 2011)										
Square Feet	58,743	58,743	58,743	58,743	94,861	94,861	94,861	94,861	94,861	94,861
Program Capacity	485	420	468	450	476	431	438	438	500	506
Enrollment	422	407	407	402	388	392	428	471	502	469
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	545	555	574	587	575	581	536	536	673	570
Enrollment	490	502	601	660	687	545	586	558	501	513
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	606	610	624	642	698	655	642	642	598	585
Enrollment	510	495	541	543	570	545	523	452	437	426
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	426	426	448	425	373	360	360	360	395	432
Enrollment	298	292	312	297	320	296	297	301	315	306

Table 24

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
John B. Dey Elementary (Opened Sept 1956; Addition Sept 1959; Gym Added Sept 1978; Addition Sept 1995)										
Square Feet	76,641	76,641	76,641	76,641	76,641	76,641	76,641	76,641	76,641	76,641
Program Capacity	735	756	799	821	838	860	860	860	756	815
Enrollment	728	781	769	817	849	842	868	826	834	815
Diamond Springs Elementary (Opened Sept 2007)										
Square Feet	97,000	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	581
Enrollment	509	504	516	475	559	562	558	566	587	535
Fairfield Elementary (Opened Sept 1976)										
Square Feet	58,280	58,280	58,280	58,280	58,280	58,280	58,280	58,280	58,280	58,280
Program Capacity	526	504	482	526	547	503	526	526	561	558
Enrollment	499	479	479	499	491	474	506	520	513	517
Glenwood Elementary (Opened Sept 1990)										
Square Feet	139,600	139,600	139,600	139,600	139,600	139,600	139,600	139,600	139,600	139,600
Program Capacity	972	1,002	995	1,024	1,036	993	1,001	1,001	945	1,053
Enrollment	914	894	916	900	867	880	877	884	898	896
Green Run Elementary (Opened Sept 1976; Addition Sept 2005)										
Square Feet	58,275	58,275	58,275	58,275	58,275	58,275	58,275	58,275	58,275	58,275
Program Capacity	479	424	513	451	459	412	420	420	446	432
Enrollment	473	487	478	494	508	448	491	427	403	397
Hermitage Elementary (Opened Nov 1964; Addition Sept 1974; Gym Added Sept 1995; Replaced Mar 2005)										
Square Feet	94,018	94,018	94,018	94,018	94,018	94,018	94,018	94,018	94,018	94,018
Program Capacity	565	583	637	637	663	633	640	640	641	698
Enrollment	507	559	582	622	620	641	656	635	645	678
Holland Elementary (Opened Sept 1967; Addition Sept 1995)										
Square Feet	73,956	73,956	73,956	73,956	73,956	73,956	73,956	73,956	73,956	73,956
Program Capacity	564	510	605	480	503	526	503	503	558	596
Enrollment	558	553	516	527	537	536	532	536	524	523
Indian Lakes Elementary (Opened Sept 1979)										
Square Feet	66,816	66,816	66,816	66,816	66,816	66,816	66,816	66,816	66,816	66,816
Program Capacity	574	552	569	529	598	569	526	526	546	563
Enrollment	520	523	489	528	567	537	527	534	539	577
Kempsville Elementary (Opened Sept 1961; Addition Sept 1963; Gym Added Sept 1990; Modernized Sept 2003)										
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	502	520	542	558	563	586	586	513	482
Enrollment	478	445	463	457	475	490	455	472	454	429
Kempsville Meadows Elementary (Opened Sept 1959; Gym Added Sept 1990; Replaced Sept 2002)										
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	514	514	585	518	512	512	509	527
Enrollment	530	532	468	502	515	504	470	528	506	488
Kings Grant Elementary (Opened Sept 1960; Replaced Sept 1969; Addition Sept 1995)										
Square Feet	72,043	72,043	72,043	72,043	72,043	72,043	72,043	72,043	72,043	72,043
Program Capacity	648	653	648	616	679	666	648	648	666	716
Enrollment	632	606	611	609	638	596	598	632	641	608

Table 24

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Kingston Elementary (Opened Sept 1965; Gym Added Sept 1989; Addition Sept 1997)										
Square Feet	65,223	65,223	65,223	65,223	65,223	65,223	65,223	65,223	65,223	65,223
Program Capacity	626	550	568	581	566	591	641	641	624	648
Enrollment	573	523	556	521	555	572	574	551	531	517
Landstown Elementary (Opened Sept 1993)										
Square Feet	81,634	81,634	81,634	81,634	81,634	81,634	81,634	81,634	81,634	81,634
Program Capacity	883	839	817	838	838	854	868	868	816	797
Enrollment	798	759	739	724	731	804	788	751	760	736
Linkhorn Park Elementary (Opened Sept 1955; Addition Sept 1967; Replaced Sept 1998; former bldg. used for administrative offices)										
Square Feet	76,285	76,285	76,285	76,285	76,285	76,285	76,285	76,285	76,285	76,285
Program Capacity	715	707	702	747	762	719	728	728	689	682
Enrollment	725	716	731	798	789	772	753	732	685	634
Luxford Elementary (Opened Sept 1961; Gym Added Sept 1990; Replaced Sept 2002; former bldg. used for instructional purposes)										
Square Feet	82,242	82,242	82,242	82,242	82,242	82,242	82,242	82,242	82,242	82,242
Program Capacity	580	554	583	536	495	495	506	506	567	548
Enrollment	507	512	507	522	476	497	524	531	537	516
Lynnhaven Elementary (Opened Sept 1963; Addition Sept 1968; Gym Added Sept 1990; Modernized Nov 2004)										
Square Feet	80,670	80,670	80,670	80,670	80,670	80,670	80,670	80,670	80,670	80,670
Program Capacity	546	478	488	472	472	494	494	494	489	403
Enrollment	397	434	445	437	444	446	471	441	407	405
Malibu Elementary (Opened Sept 1962; Addition Sept 1968; Gym Added Sept 1989; Replaced Nov 2003)										
Square Feet	73,182	73,182	73,182	73,182	73,182	73,182	73,182	73,182	73,182	73,182
Program Capacity	398	416	380	423	402	437	437	437	414	396
Enrollment	327	316	341	319	313	353	366	380	374	375
New Castle Elementary (Opened Sept 1999)										
Square Feet	87,060	87,060	87,060	87,060	87,060	87,060	87,060	87,060	87,060	87,060
Program Capacity	780	803	797	847	846	831	853	853	824	869
Enrollment	749	776	815	793	783	802	771	796	763	784
Newtown Road Elementary (Opened Sept 1970; Addition Sept 1988; Replaced Sept 2007)										
Square Feet	88,711	88,711	88,711	88,711	88,711	88,711	88,711	88,711	88,711	88,711
Program Capacity	398	505	482	466	436	436	482	482	497	514
Enrollment	410	460	490	470	467	460	517	524	511	554
North Landing Elementary (Opened Mar 1975; Gym Added Sept 1990)										
Square Feet	60,280	60,280	60,280	60,280	60,280	60,280	60,280	60,280	60,280	60,280
Program Capacity	615	591	582	545	505	483	455	455	443	423
Enrollment	548	553	531	527	515	507	482	462	464	448
Ocean Lakes Elementary (Opened Sept 1989)										
Square Feet	69,917	69,917	69,917	69,917	69,917	69,917	69,917	69,917	69,917	69,917
Program Capacity	687	722	699	647	607	658	649	649	626	657
Enrollment	583	623	553	516	570	574	568	552	533	538
Old Donation Center (Relocated to new Building on Honeygrove Rd, Apr. 2017; Relocated to former Princess Anne MS Bldg with Kemps Landing Sept 2014; Building opened Sept. 1974; Addition Sept. 1995)										
Square Feet	59,827	59,827	59,827	59,827	59,827	59,827	59,827	57,774	57,774	57,774
Program Capacity	394	273	372	393	393	393	393	495	512	378
Enrollment	511	510	507	501	504	506	495	503	482	459

Table 24

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Parkway Elementary (Opened Sept 1987)										
Square Feet	67,840	67,840	67,840	67,840	67,840	67,840	67,840	67,840	67,840	67,840
Program Capacity	556	420	494	473	496	476	514	514	473	467
Enrollment	476	452	482	514	511	507	561	527	475	426
Pembroke Elementary (Opened Dec 1962; Addition Sept 1968; Addition Sept 1988; Modernized May 2005)										
Square Feet	108,773	108,773	108,773	108,773	108,773	108,773	108,773	108,773	108,773	108,773
Program Capacity	581	606	600	680	663	626	617	617	534	567
Enrollment	475	493	500	528	533	514	486	476	477	494
Pembroke Meadows Elementary (Opened Sept 1969; Modernized Oct 2006)										
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	590	540	513	504	473	430	430	539	495
Enrollment	501	465	459	429	445	433	447	453	434	443
Plaza Elementary (Opened Sept 1961; Gym Added Sept 1990; Addition Dec 1999; Closed Jun 2009; used for administrative offices)										
Square Feet	68,390	68,390	-	-	-	-	-	-	-	-
Program Capacity	500	414	-	-	-	-	-	-	-	-
Enrollment	358	333	-	-	-	-	-	-	-	-
Point O'View Elementary (Opened Sept 1969; Addition Sept 1999)										
Square Feet	75,219	75,219	75,219	75,219	75,219	75,219	75,219	75,219	75,219	75,219
Program Capacity	572	599	599	581	628	628	772	772	765	680
Enrollment	440	404	521	530	522	584	631	666	717	670
Princess Anne Elementary (Opened Sept 1956; Addition Sept 1969; Gym Added Sept 1990; Addition Sept 1996)										
Square Feet	77,953	77,953	77,953	77,953	77,953	77,953	77,953	77,953	77,953	77,953
Program Capacity	585	650	634	635	659	585	586	586	563	612
Enrollment	539	559	532	529	511	498	502	519	531	569
Providence Elementary (Opened Sept 1981)										
Square Feet	61,831	61,831	61,831	61,831	61,831	61,831	61,831	61,831	61,831	61,831
Program Capacity	555	620	511	554	590	572	617	617	648	576
Enrollment	583	534	526	534	516	559	585	559	551	552
Red Mill Elementary (Opened Sept 1989; Addition Sept 2006)										
Square Feet	69,788	69,788	69,788	69,788	69,788	69,788	69,788	69,788	69,788	69,788
Program Capacity	752	664	687	708	687	663	694	694	734	734
Enrollment	661	658	692	682	658	653	676	676	679	662
Rosemont Elementary (Opened Sept 1981)										
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	427	444	421	404	423	423	423	433	458
Enrollment	338	360	338	327	376	380	403	414	409	411
Rosemont Forest Elementary (Opened Jan 1987)										
Square Feet	69,788	69,788	69,788	69,788	69,788	69,788	69,788	69,788	69,788	69,788
Program Capacity	592	590	590	590	592	606	583	583	562	635
Enrollment	542	500	521	510	513	540	513	509	523	502
Salem Elementary (Opened Sept 1988)										
Square Feet	66,890	66,890	66,890	66,890	66,890	66,890	66,890	66,890	66,890	66,890
Program Capacity	515	469	469	482	520	559	559	559	514	491
Enrollment	447	433	430	442	426	431	453	467	435	463

Table 24

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Seatack Elementary (Opened Mar 1952; Addition Sept 1955; Addition Sept 1959; Gym Added Sept 1968; Replaced Mar 2000)										
Square Feet	74,375	74,375	74,375	74,375	74,375	74,375	74,375	74,375	74,375	74,375
Program Capacity	455	432	467	395	462	447	410	410	425	382
Enrollment	330	318	433	404	418	388	381	387	383	398
Shelton Park Elementary (Opened Sept 1954; Addition Sept 1961; Gym Added Sept 1977; Modernized Jan 2001)										
Square Feet	81,576	81,576	81,576	81,576	81,576	81,576	81,576	81,576	81,576	81,576
Program Capacity	419	428	408	418	437	437	410	410	428	414
Enrollment	320	325	330	383	394	369	399	373	372	355
Strawbridge Elementary (Opened Sept 1991)										
Square Feet	84,948	84,948	84,948	84,948	84,948	84,948	84,948	84,948	84,948	84,948
Program Capacity	723	722	744	746	746	782	716	716	692	734
Enrollment	757	760	751	756	745	691	697	678	694	665
Tallwood Elementary (Opened Sept 1989; Addition Jan 2006)										
Square Feet	69,988	69,988	69,988	69,988	69,988	69,988	69,988	69,988	69,988	69,988
Program Capacity	621	628	650	606	625	620	620	620	590	657
Enrollment	610	570	602	598	601	593	546	527	558	565
Thalia Elementary (Opened Sept 1956; Addition Sept 1963; Gym Added Sept 1989; Modernized Sept 2001)										
Square Feet	91,550	91,550	91,550	91,550	91,550	91,550	91,550	91,550	91,550	91,550
Program Capacity	680	645	669	692	728	771	779	779	728	662
Enrollment	636	647	615	667	634	637	595	585	625	611
Thoroughgood Elementary (Opened Sept 1958; Gym Added Sept 1990; Modernized Sept 1995)										
Square Feet	66,259	66,259	66,259	66,259	66,259	66,259	66,259	66,259	66,259	66,259
Program Capacity	688	615	711	598	604	646	613	713	627	666
Enrollment	634	641	637	630	662	698	710	734	708	700
Three Oaks Elementary (Opened Sept 2005)										
Square Feet	92,210	92,210	92,210	92,210	92,210	92,210	92,210	92,210	92,210	92,210
Program Capacity	752	759	686	765	811	811	842	842	716	761
Enrollment	643	653	703	765	784	798	768	746	759	733
Trantwood Elementary (Opened Sept 1963; Addition Sept 1969; Gym Added Sept 1990; Modernized Sept 2003)										
Square Feet	81,040	81,040	81,040	81,040	81,040	81,040	81,040	81,040	81,040	81,040
Program Capacity	651	606	599	555	542	555	556	556	533	545
Enrollment	532	522	508	506	502	493	504	487	461	466
White Oaks Elementary (Opened Sept 1978)										
Square Feet	77,333	77,333	77,333	77,333	77,333	77,333	77,333	77,333	77,333	77,333
Program Capacity	687	638	751	680	741	705	648	648	688	626
Enrollment	711	722	725	740	730	670	683	673	651	608
Bettie F. Williams Elementary (Opened Sept 1961; Addition Sept 1963; Gym Added Sept 1990; Addition Sept 1995)										
Square Feet	77,656	77,656	77,656	77,656	77,656	77,656	77,656	77,656	77,656	77,656
Program Capacity	500	473	455	513	518	518	518	518	487	531
Enrollment	403	401	410	437	436	404	431	418	463	476
Windsor Oaks Elementary (Opened Jul 1968; Replaced Sept 2009)										
Square Feet	55,367	55,367	88,340	88,340	88,340	88,340	88,340	88,340	88,340	88,340
Program Capacity	552	552	623	621	635	690	601	601	591	630
Enrollment	526	494	622	633	641	617	600	583	559	582

Table 24

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Windsor Woods Elementary (Opened Sept 1966; Gym Added Sept 1990; Replaced Sept 2007)										
Square Feet	84,265	84,265	84,265	84,265	84,265	84,265	84,265	84,265	84,265	84,265
Program Capacity	415	392	411	429	459	437	463	463	433	473
Enrollment	384	388	407	403	392	376	362	385	357	343
Woodstock Elementary (Opened Sept 1957; Addition Sept 1962; Gym Added Sept 1977; Replaced Nov 2002)										
Square Feet	82,707	82,707	82,707	82,707	82,707	82,707	82,707	82,707	82,707	82,707
Program Capacity	734	731	779	735	723	687	687	687	752	765
Enrollment	625	616	640	663	688	676	736	718	688	699
<u>Middle Schools</u>										
Bayside Middle (Opened Sept 1969; Addition Sept 2004)										
Square Feet	180,134	180,134	180,134	180,134	180,134	180,134	180,134	180,134	180,134	180,134
Program Capacity	1,129	1,088	1,089	1,070	1,046	1,176	1,112	892	960	918
Enrollment	1,071	1,005	1,033	977	1,006	996	992	657	649	659
Bayside 6th (Opened Sept 2014; Formerly Kemps Landing Magnet; 6th grade previously housed at Bayside Middle)										
Square Feet	-	-	-	-	-	-	-	56,516	56,516	56,516
Program Capacity	-	-	-	-	-	-	-	504	500	346
Enrollment	-	-	-	-	-	-	-	351	375	348
Brandon Middle (Opened Aug 1978)										
Square Feet	190,586	190,586	190,586	190,586	190,586	190,586	190,586	190,586	190,586	190,586
Program Capacity	1,198	1,198	1,156	1,205	1,247	1,328	1,308	1,232	1,286	1,247
Enrollment	1,248	1,208	1,203	1,237	1,254	1,237	1,189	1,130	1,155	1,214
Corporate Landing Middle (Opened Sept 1997)										
Square Feet	235,093	235,093	235,093	235,093	235,093	235,093	235,093	235,093	235,093	235,093
Program Capacity	1,494	1,412	1,412	1,370	1,370	1,436	1,408	1,432	1,538	1,620
Enrollment	1,496	1,410	1,419	1,328	1,347	1,307	1,294	1,285	1,268	1,237
Great Neck Middle (Opened Sept 1961; Addition Sept 1963; Replaced Jan 2012)										
Square Feet	126,034	126,034	126,034	126,034	219,370	219,370	219,370	219,370	219,370	219,370
Program Capacity	965	915	1,200	1,200	1,200	1,360	1,360	1,360	1,460	1,373
Enrollment	989	1,019	1,054	1,106	1,106	1,085	1,097	1,147	1,161	1,175
Independence Middle (Opened Sept 1974; Addition Sept 1996)										
Square Feet	137,656	137,656	137,656	137,656	137,656	137,656	137,656	137,656	137,656	137,656
Program Capacity	1,165	1,191	1,224	1,216	1,290	1,332	1,276	1,312	1,370	1,215
Enrollment	1,324	1,238	1,250	1,234	1,278	1,244	1,289	1,280	1,269	1,192
Kemps Landing Magnet (Relocated to new Bldg on Honeygrove Rd. Apr. 2017; Relocated to former Princess Anne Middle School Sept. 2014; Current Building opened Sept. 1974; Addition Sept. 1995)										
Square Feet	54,516	54,516	54,516	54,516	54,516	54,516	54,516	80,939	80,939	80,939
Program Capacity	600	600	600	600	600	600	672	672	666	567
Enrollment	588	587	600	596	577	594	595	595	627	688
Kempsville Middle (Opened Sept 1969)										
Square Feet	136,287	136,287	136,287	136,287	136,287	136,287	136,287	136,287	136,287	136,287
Program Capacity	857	807	815	798	781	828	828	828	868	797
Enrollment	1,015	947	904	860	856	841	834	789	805	820

Table 24

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Landstown Middle (Opened Sept 1992)										
Square Feet	201,000	201,000	201,000	201,000	201,000	201,000	201,000	201,000	201,000	201,000
Program Capacity	1,522	1,621	1,596	1,513	1,494	1,692	1,628	1,552	1,634	1,499
Enrollment	1,566	1,536	1,543	1,477	1,477	1,482	1,516	1,485	1,464	1,452
Larkspur Middle (Opened Nov 1994)										
Square Feet	247,264	247,264	247,264	247,264	247,264	247,264	247,264	247,264	247,264	247,264
Program Capacity	1,601	1,552	1,536	1,551	1,593	1,684	1,684	1,776	1,910	1,763
Enrollment	1,638	1,574	1,561	1,530	1,527	1,584	1,632	1,620	1,520	1,544
Lynnhaven Middle (Opened Sept 1974; Addition Sept 1995)										
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	1,206	1,206	1,205	1,116	1,138	1,092	1,160	1,250	1,071
Enrollment	1,165	1,198	1,184	1,213	1,131	1,060	962	866	863	896
Plaza Middle (Opened Sept 1969)										
Square Feet	157,869	157,869	157,869	157,869	157,869	157,869	157,869	157,869	157,869	157,869
Program Capacity	1,135	1,110	1,098	1,033	1,073	1,172	1,172	1,165	1,129	1,053
Enrollment	1,126	1,121	1,113	1,073	1,066	1,083	1,095	1,066	1,083	1,062
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)										
Square Feet	135,592	135,592	135,592	135,592	135,592	135,592	135,592	222,571	222,571	222,571
Program Capacity	1,250	1,225	1,300	1,299	1,332	1,456	1,474	1,563	1,671	1,449
Enrollment	1,447	1,440	1,398	1,365	1,382	1,414	1,467	1,459	1,479	1,460
Salem Middle (Opened Sept 1988)										
Square Feet	217,500	217,500	217,500	217,500	217,500	217,500	217,500	217,500	217,500	217,500
Program Capacity	1,095	1,008	983	999	999	1,072	1,044	1,016	1,070	1,031
Enrollment	1,124	1,054	1,027	1,042	1,057	1,026	1,009	1,034	1,044	1,041
Virginia Beach Middle (Opened Sept 1952; Addition Sept 1964; Gym Added Sept 1977; Modernized Sept 1993; Replaced Mar 2010)										
Square Feet	104,015	104,015	189,730	189,730	189,730	189,730	189,730	189,730	189,730	189,730
Program Capacity	699	699	925	847	923	968	968	968	1,040	923
Enrollment	688	679	614	740	767	899	917	873	839	835
High Schools										
Bayside High (Opened Sept 1964; Addition Sept 1967; Modernized Sept 1990; Addition Sept 1995)										
Square Feet	200,816	200,816	200,816	200,816	200,816	200,816	200,816	200,816	200,816	200,816
Program Capacity	1,760	1,733	1,708	1,708	1,895	1,895	1,895	1,905	1,912	1,827
Enrollment	1,999	1,870	1,842	1,860	1,803	1,803	1,801	1,824	1,825	1,799
Frank W. Cox High (Opened Sept 1961; Replaced Sept 1983)										
Square Feet	236,744	236,744	236,744	236,744	236,744	236,744	236,744	236,744	236,744	236,744
Program Capacity	1,740	1,740	1,754	1,740	1,937	1,937	1,937	1,939	1,946	1,955
Enrollment	1,925	1,889	1,927	1,932	1,947	1,947	1,894	1,858	1,889	1,784
First Colonial High (Opened Sept 1966; Addition Sept 1968; Addition Sept 1996)										
Square Feet	178,266	178,266	178,266	178,266	178,266	178,266	178,266	178,266	178,266	178,266
Program Capacity	1,591	1,591	1,601	1,601	1,808	1,808	1,818	1,810	1,813	1,919
Enrollment	2,047	1,999	2,008	1,947	1,908	1,908	1,993	2,004	1,923	1,873

Table 24

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
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	225,221	225,221	225,221	225,221
Program Capacity	1,709	1,709	1,709	1,714	1,927	1,927	1,510	1,546	1,556	1,663
Enrollment	1,737	1,725	1,675	1,631	1,636	1,636	1,566	1,276	1,528	1,425
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	336,410	349,350	349,350	349,350
Program Capacity	1,805	1,728	1,762	1,762	1,762	1,961	2,000	1,861	1,867	1,857
Enrollment	1,956	1,803	1,838	1,843	1,799	1,833	1,838	1,986	2,029	2,021
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	1,826	1,807	1,786	1,793	2,009	1,985	1,971	1,985	1,908
Enrollment	1,892	1,819	1,764	1,734	1,712	1,648	1,559	1,522	1,465	1,549
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	2,185	2,064	2,068	2,068	2,072	2,332	2,332	2,368	2,385	2,543
Enrollment	2,297	2,404	2,396	2,330	2,304	2,196	2,195	2,195	2,208	2,183
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	2,417	2,283	2,269	2,269	2,239	2,501	2,501	2,570	2,586	2,705
Enrollment	2,446	2,449	2,407	2,367	2,291	2,211	2,177	2,157	2,126	2,102
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	1,611	1,505	1,521	1,534	1,539	1,652	1,675	1,704	1,737	1,945
Enrollment	1,814	1,819	1,866	1,934	1,842	1,850	1,822	1,780	1,800	1,833
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	1,847	1,787	1,759	1,766	1,749	1,932	1,932	1,930	1,938	1,850
Enrollment	1,908	1,933	1,897	1,854	1,794	1,782	1,774	1,766	1,726	1,677
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	2,003	1,990	2,028	2,020	2,237	2,237	2,219	2,233	2,168
Enrollment	2,001	2,042	2,112	2,095	1,981	1,950	1,931	1,942	1,956	1,938
Renaissance Academy - Middle/High Campuses (Opened Dec 2009)										
Square Feet	-	-	284,968	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	1,191
Enrollment	-	-	709	558	634	616	556	510	438	429
Green Run Collegiate Public Charter School (Opened Sept 2013; located at Green Run High School*)										
Square Feet	-	-	-	-	-	-	10,500	10,500	10,500	10,500
Program Capacity	-	-	-	-	-	-	400	400	400	400
Enrollment	-	-	-	-	-	-	123	221	282	364

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).

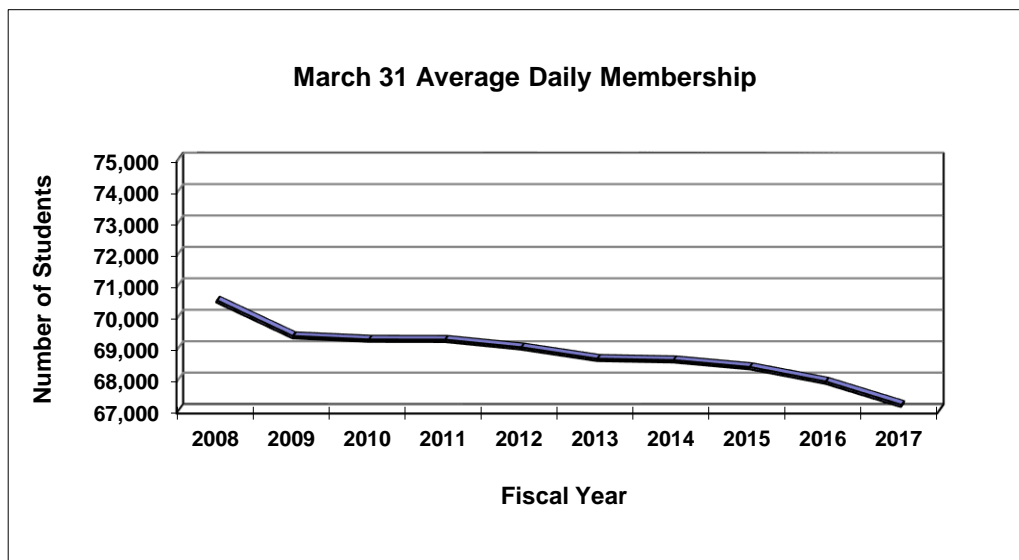
Source: The Department of School Division Services

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

Fiscal Year	September 30 Membership	March 31 Average Daily Membership	End-of-Year Membership	Average Daily End-of-Year Membership
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
2017	67,868	67,152	67,061	67,502

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

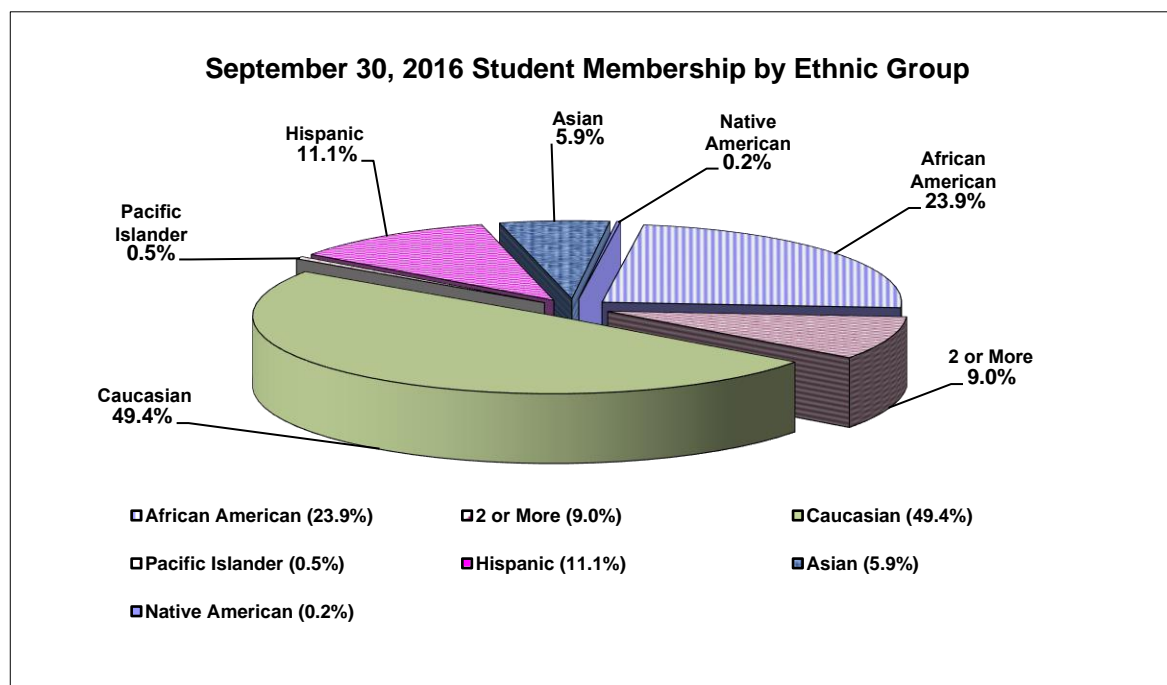


SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
STUDENT MEMBERSHIP BY ETHNIC GROUP
Last Ten Fiscal Years

Fiscal Year	African American	%	Caucasian	%	Hispanic	%	Asian	%	Pacific Islander	%	Native American	%	Unspecified or 2 or More	%
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
2017	16,543	23.9	34,144	49.4	7,664	11.1	4,051	5.9	340	0.5	157	0.2	6,186	9.0

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

Source: Departments of Technology and School Administration



**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
CITY OF VIRGINIA BEACH, VIRGINIA - MISCELLANEOUS STATISTICAL DATA
JUNE 30, 2017**

Date of Incorporation	January 1, 1963
Form of Government	Council - Manager
Area - Square Miles	310
Land	259
Water	51
Culture and Recreation:	
Developed District Parks	8
Developed Community Parks	13
Developed Neighborhood Parks	167
Natural Parks	5
Other Park Areas	48
Acres in Developed Parks	3,685
Golf Courses (City Owned)	5
Recreation Centers	7
Population:	
Census 1970	172,106
Census 1980	262,199
Census 1990	393,069
Census 2000	425,257
Census 2010	437,994
Current Estimate	455,856

Source: City of Virginia Beach - Department of Finance

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
	2017			2008		
City of Virginia Beach / Schools	17,242	7.65 %	1	17,533	7.92 %	1
Naval Air Station Oceana/Dam Neck*	5,850	2.59	2	-	-	-
Sentara Healthcare	5,200	2.31	3	2,413	1.09	7
Joint Expeditionary Base Little Creek*	3,600	1.60	4	-	-	-
GEICO	2,700	1.20	5	2,200	0.99	3
Lynnhaven Mall	2,600	1.15	6	2,600	1.17	2
Gold Key/PHR Hotels and Resorts*	2,365	1.05	7	-	-	-
STIHL Inc	2,113	0.94	8	1,863	0.84	6
Amerigroup	1,850	0.82	9	2,100	0.95	4
Navy Exchange Service Command	1,550	0.69	10	1,888	0.85	5
Hall Auto Group	-	-	-	1,300	0.59	8
Cox Communications	-	-	-	1,200	0.54	9
CBN	-	-	-	1,000	0.45	10
Totals	<u>45,070</u>	<u>20.00 %</u>		<u>34,097</u>	<u>15.39 %</u>	

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

*Note: Information is not available for 2008

Table 29

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

Fiscal Year	Population*	Personal Income (thousands)	Per Capita Personal Income**	Median Age	Number of City Employees	Education Level in Years of Formal Schooling	Local Unemployment Rate
2008	436,944	20,052,028	45,448	36.0	7,131	13.6	3.7%
2009	437,275	19,705,822	43,891	36.6	7,700	14.0	6.4%
2010	437,994	20,243,395	44,812	36.7	7,713	13.9	6.5%
2011	441,246	21,347,691	46,684	34.9	7,481	14.0	6.0%
2012	447,489	22,420,699	48,718	34.7	7,477	13.8	5.5%
2013	449,628	22,348,209	48,114	35.0	7,477	13.9	5.6%
2014	451,672	23,072,795	50,220	35.7	7,669	13.9	5.5%
2015	453,500	23,649,281	52,235	35.9	7,560	14.0	4.4%
2016	453,628	-	-	35.9	7,370	13.9	3.8%
2017	455,856	-	-	36.4	9,327	13.9	3.8%

* Weldon Cooper Center for Public Service (except FY 2017 which is projected)

** Bureau of Economic Analysis (except FY 2017 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:

Weldon Cooper Center for Public Service
 Virginia Employment Commission
 Bureau of Economic Analysis

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
	2017				2008		
Armada Hoffer	\$373,315,300	0.57 %	1		\$314,222,700	0.68 %	1
Ramon W. Breeden, Jr.	354,406,300	0.54	2		224,816,538	0.49	5
Virginia Electric & Power Company	350,475,577	0.54	3		228,591,490	0.50	4
Lynnhaven Mall LLC	297,491,200	0.46	4		307,053,500	0.67	2
E. D. & A. F. Ruffin & B. L. Thompson	279,020,100	0.43	5		230,688,553	0.50	3
J. M. , R.J.F. , A.D. & L.E. Caplan	273,951,600	0.42	6		-	-	-
Pembroke Square Assoc.	193,027,100	0.30	7		209,748,228	0.46	6
Verizon Virginia, Inc.	170,066,425	0.26	8		190,194,201	0.41	7
Christian Broadcasting Assoc./Net, Inc.	149,949,700	0.23	9		144,069,900	0.31	10
Cheryl P. McLeskey	144,580,900	0.22	10		132,816,147	0.29	12
Thomas J. Lyons, Jr.	140,923,300	0.22	11		105,002,900	0.23	15
Lake Gem	119,831,000	0.18	12		115,921,000	0.25	13
Watergate Treehouse Associates LP	114,317,500	0.18	13		97,078,200	0.21	17
Aimco Maple Bay & Aimco Reflections LLC	100,183,100	0.15	14		-	-	-
Westminster Canterbury	97,701,600	0.15	15		105,584,600	0.23	14
Windsor Lake & Shoreline Apartments LLC.	97,336,100	0.15	16		66,222,300	0.14	21
Potter Properties	94,475,100	0.14	17		90,070,041	0.20	18
Virginia Natural Gas	92,538,234	0.14	18		52,575,106	0.11	23
Wal Mart Real Estate Business Trust	91,346,600	0.14	19		-	-	-
Inland Diversified Virginia Beach Landstown LLC	78,144,000	0.12	20		-	-	-
Atlantic Shores Cooperative	75,457,900	0.12	21		145,010,140	0.31	9
Sifen, Michael D.	67,877,500	0.10	22		75,799,382	0.16	20
Occidental Development, Ltd.	65,550,000	0.10	23		62,059,300	0.13	22
BBR/Marina Shores LLC	49,397,600	0.08	24		-	-	-
Latitudes LLC	46,242,100	0.07	25		-	-	-
CLPF Town Square LP	-	-	-		43,508,700	0.09	24
Gale M. Levine	-	-	-		88,519,400	0.19	19
Kemp River & Bonneys Corner Associates	-	-	-		139,081,200	0.30	11
Mountain Ventures Virginia Beach LLC	-	-	-		50,044,200	0.11	25
Sandler Development at Towne, etc.	-	-	-		164,492,714	0.36	8
Tidewater Oxford Ltd Partnership	-	-	-		101,483,900	0.22	16
Totals	<u>\$ 3,917,605,836</u>	<u>6.01 %</u>			<u>\$ 3,484,654,340</u>	<u>7.55 %</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				
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	895,479,945	57,493,914,067	57,493,914,067	100.0%
2017	45,017,777,981	8,822,768,056	3,612,948,282	1,079,435,074	945,094,380	59,478,023,773	59,478,023,773	100.0%

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

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

Fiscal Year	Total Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2008	\$562,044,329	\$537,526,149	95.6%	\$20,719,540	\$558,245,689	99.3%
2009	570,582,069	547,934,162	96.0%	19,571,362	567,505,524	99.5%
2010	546,129,490	526,040,648	96.3%	17,082,666	543,123,314	99.4%
2011	523,586,269	504,769,073	96.4%	15,108,438	519,877,511	99.3%
2012	522,586,852	501,282,299	95.9%	15,740,663	517,022,962	98.9%
2013	536,618,666	516,542,429	96.3%	15,920,597	532,463,026	99.2%
2014	527,036,431	509,339,982	96.6%	15,189,025	524,529,007	99.5%
2015	558,420,893	537,056,367	96.2%	15,421,100	552,477,467	98.9%
2016	613,105,892	589,411,524	96.1%	13,092,961	602,504,485	98.3%
2017	634,993,466	609,085,906	95.9%	-	609,085,906	95.9%

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

Fiscal Year	Base Real Property Tax Rate	Additional Real Property Tax Rate Sandbridge SSD	Additional Real Property Tax Rate Town Center SSD	Additional Real Property Tax Rate Old Donation SSD	Additional Real Property Tax Rate Bayville Creek SSD	Additional Real Property Tax Rate Shadowlawn SSD	Personal Property Tax Rate
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
2017	0.9900	0.0600	0.4500	0.1840	0.3630	0.1594	4.0000

Fiscal Year	Base Real Property Tax Rate	Additional Real Property Tax Rate Chesapeake SSD	Additional Real Property Tax Rate Harbor Point SSD	Additional Real Property Tax Rate Gills Cove SSD	Additional Real Property Tax Rate Hurds Cove SSD
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
2017	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

Fiscal Year	General Obligation Bonds	State Literary Fund Loans	Appropriation Backed Debt*	Total	Percentage of Estimated Actual Full Value of Property	General Bonded Debt Per Capita***
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	** 721,310,401	2,250,000	373,133,427	1,096,693,828	1.9%	2,195
2017	** 655,854,925	1,875,000	360,528,148	1,018,258,073	1.7%	2,034

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 2012-2017 have been adjusted to reflect the related unamortized premium. Detailed premium information for prior fiscal years is not available and therefore 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			
	2008	2009	2010	2011
Debt Limit	\$ 5,579,429,624	\$ 5,757,464,367	\$ 5,627,020,280	\$ 5,290,291,119
Total Net Debt Applicable to Limit	635,045,232	661,855,123	670,254,683	713,387,034
Legal Debt Margin	\$ 4,944,384,392	\$ 5,095,609,244	\$ 4,956,765,597	\$ 4,576,904,085
Total Net Debt Applicable to the Limit as a percentage of the Debt Limit	11.38%	11.50%	11.91%	13.48%

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 \$3,000.
- The City's overall net debt per capita shall not exceed 6.5% of per capita personal income.

Table 35

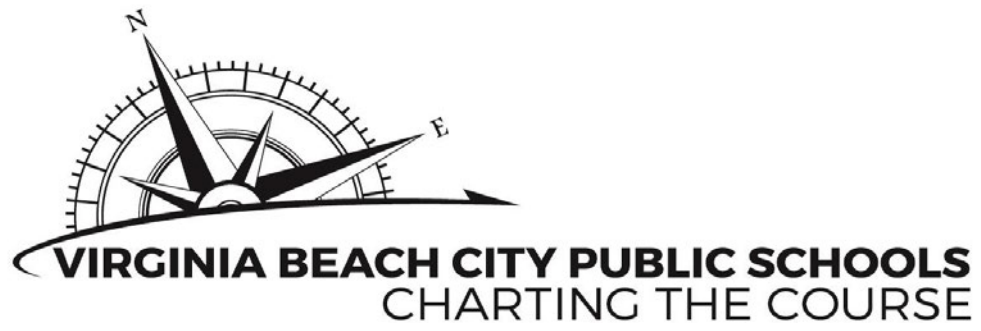
Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 5,144,671,623	\$ 4,978,183,783	\$ 4,962,666,499	\$ 5,145,277,575	\$ 5,291,185,445	\$ 5,478,360,985
716,177,198	685,988,698	712,384,323	697,079,775	697,520,721	641,749,326
<u>\$ 4,428,494,425</u>	<u>\$ 4,292,195,085</u>	<u>\$ 4,250,282,176</u>	<u>\$ 4,448,197,800</u>	<u>\$ 4,593,664,724</u>	<u>\$ 4,836,611,659</u>
13.92%	13.78%	14.35%	13.55%	13.18%	11.71%

Legal Debt Margin Calculation For Fiscal Year
2017 Assessed Value of Real Property

(Taxable):

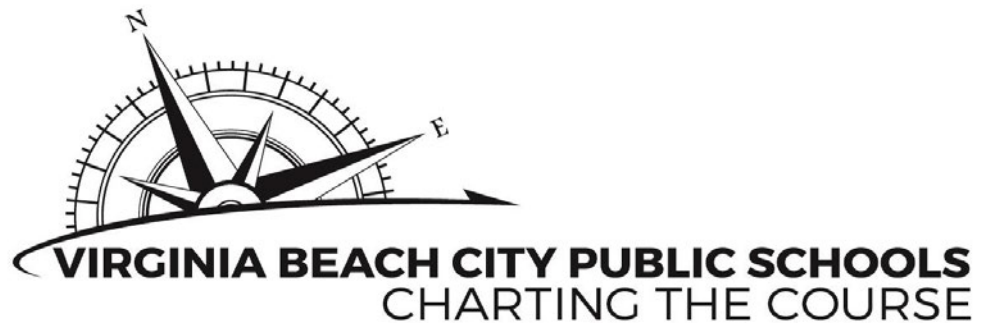
Regular	\$ 53,840,546,037
Public Service	943,063,814
Total Assessed Value of Real Property	<u>\$ 54,783,609,851</u>

Debt Limit (10% of Total Assessed Value)	\$ 5,478,360,985
Debt Applicable to Limit: General Obligation Bonds	641,749,326
Legal Debt Margin	<u>\$ 4,836,611,659</u>



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COMPLIANCE SECTION



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**INDEPENDENT AUDITORS' REPORT 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
of the City of Virginia Beach
Virginia Beach, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, 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, Virginia (the Board), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated November 27, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control.

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 a 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.

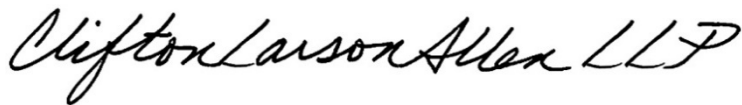
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 Board's financial statements are free from 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 over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose.

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

CliftonLarsonAllen LLP

Arlington, Virginia
November 27, 2017

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

Produced by the Department of Media and Communications.
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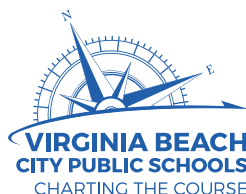
Notice of Non-Discrimination Policy

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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