

Comprehensive Annual Financial Report

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



For the Fiscal Year Ended
June 30, 2011



VIRGINIA BEACH CITY PUBLIC SCHOOLS
A H E A D O F T H E C U R V E

**COMPREHENSIVE
ANNUAL
FINANCIAL REPORT**

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

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

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2011**

**PREPARED BY
OFFICE OF BUSINESS SERVICES**



VIRGINIA BEACH CITY PUBLIC SCHOOLS

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

COMPLIANCE AND ADA STATEMENTS

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

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

School Board of the City of Virginia Beach, Virginia
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INTRODUCTORY SECTION



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James G. Merrill, Ed.D.
Superintendent

November 23, 2011

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

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

The Comprehensive Annual Financial Report is divided into four sections:

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

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

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

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

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

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

THE REPORTING ENTITY AND ORGANIZATION

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

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

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

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

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

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

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

ECONOMIC CONDITION AND OUTLOOK

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

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

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

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

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

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

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

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

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

MAJOR INITIATIVES

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

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

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

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

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

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

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

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

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

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

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

The following project is under design:

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

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

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

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

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

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

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

FINANCIAL INFORMATION

Management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the School Board are protected from loss, theft, or misuse; and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with Generally Accepted Accounting Principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

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

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

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

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

INDEPENDENT AUDIT

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

FINANCIAL REPORTING CERTIFICATE AWARDS

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


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

ACKNOWLEDGMENTS

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

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


Respectfully Submitted,



James G. Merrill, Ed.D.
Superintendent



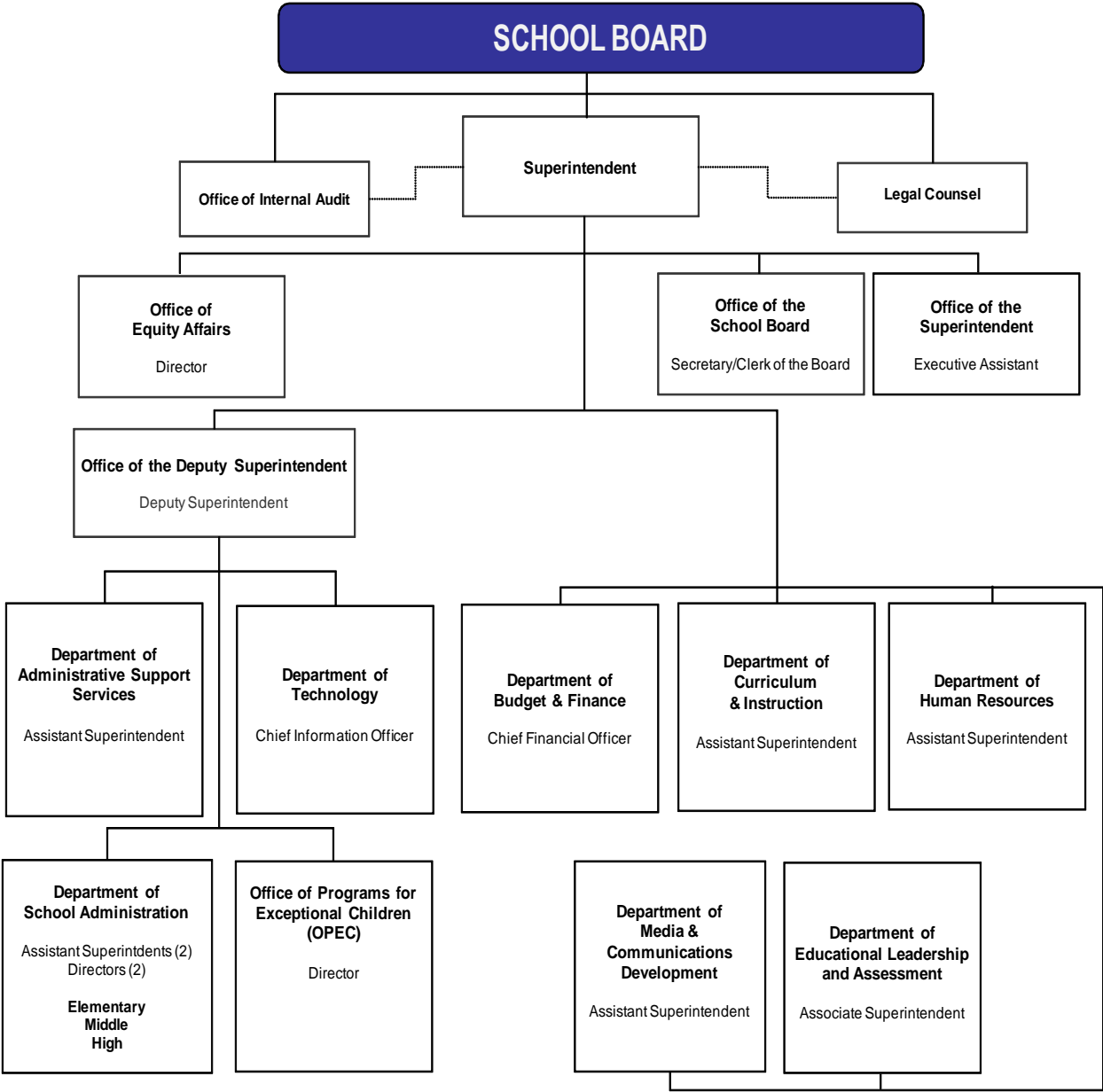
Farrell E. Hanzaker, MBA
Chief Financial Officer



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

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA

Organizational Chart
(June 30, 2011)



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

(June 30, 2011)



DANIEL D. "DAN" EDWARDS

**CHAIRMAN
DISTRICT 1 – CENTERVILLE**

William J. "Bill" Brunke, IV

**VICE CHAIRMAN
DISTRICT 7 – PRINCESS ANNE**



Todd C. Davidson
At-Large



Emma L. "Em" Davis
District 5 – Lynnhaven



Dorothy M. Holtz
At-Large



Brent N. McKenzie
District 3 – Rose Hall



Ashley K. McLeod
At-Large



Patrick S. Salyer
At-Large



Sandra Smith-Jones
District 2 – Kempsville



Sam G. Reid
District 6 – Beach



Carolyn D. Weems
At-Large



Dr. James G. Merrill
Superintendent

Certificate of Achievement for Excellence in Financial Reporting

Presented to

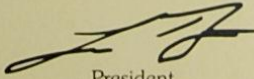
School Board of the City
of Virginia Beach, Virginia

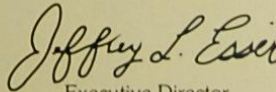
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2010

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




President


Executive Director



This Certificate of Excellence in
Financial Reporting

is presented to
School Board
of the
City of Virginia Beach

For its Comprehensive Annual
Financial Report
(CAFR)

For the Fiscal Year Ended

June 30, 2010



FINANCIAL SECTION



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Report of Independent Auditors on Financial Statements And Supplementary Schedules

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

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the School Board of the City of Virginia Beach, Virginia ("School Board"), a component unit of the City of Virginia Beach, Virginia, as of and for the year ended June 30, 2011, which collectively comprise the School Board's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School Board's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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

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

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

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

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

Virginia Beach, Virginia
November 23, 2011

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

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

FINANCIAL HIGHLIGHTS

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

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

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

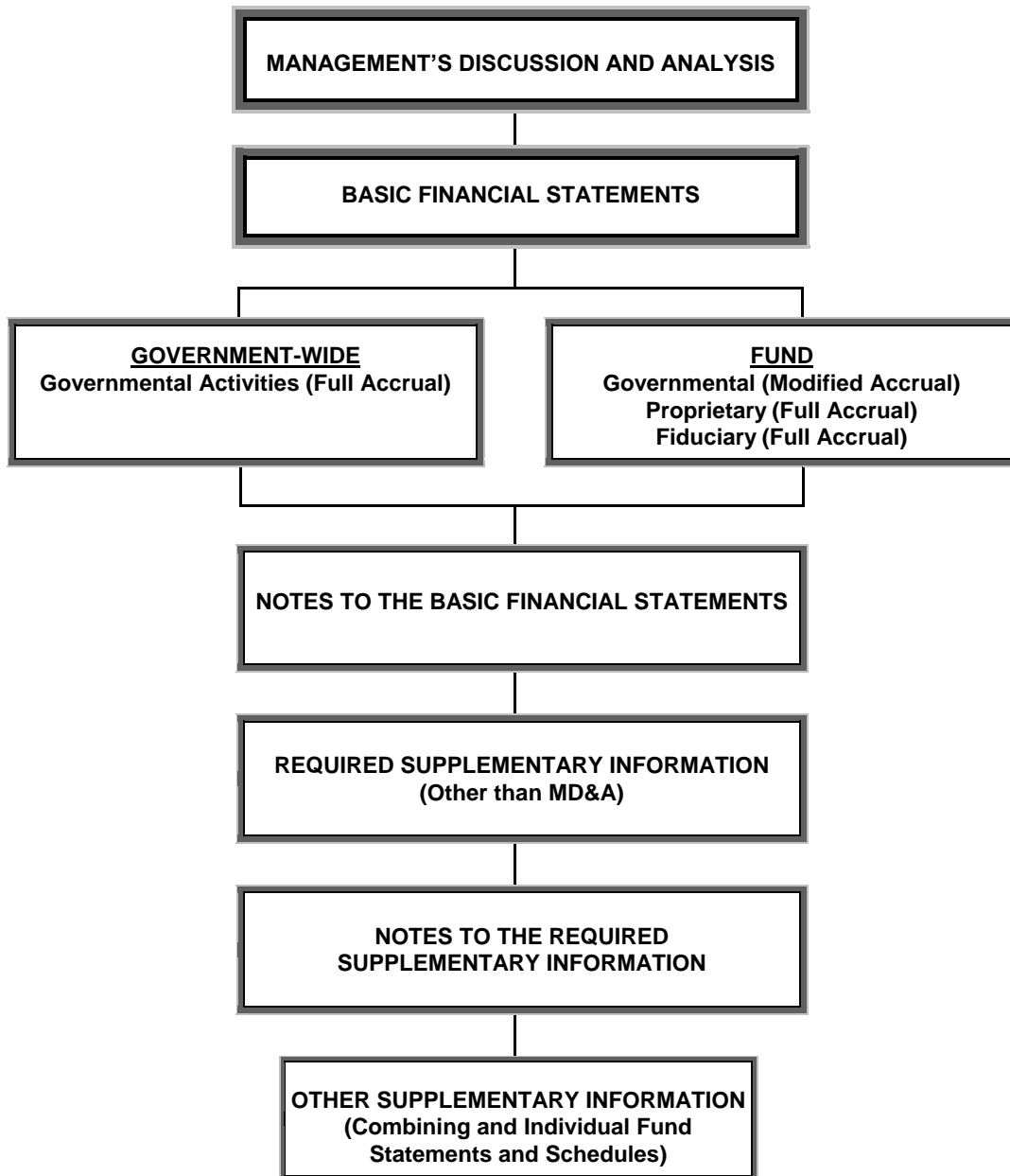
In the General Fund, the School Board returned unexpended appropriations for the Fiscal Year 2010-11 to the City of Virginia Beach (City) in the amount of \$9,654,107, as required by the Code of Virginia, as amended.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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



(continued)

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

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

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

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

FUND FINANCIAL STATEMENTS

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

Governmental Funds

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

(continued)

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

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

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

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

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

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

Proprietary Funds

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

(continued)

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

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

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

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

Fiduciary Funds

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

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

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

Notes to the Basic Financial Statements and the Required Supplementary Information

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

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

Other Information

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

NET ASSETS

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

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

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

(continued)

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

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

CHANGES IN NET ASSETS

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

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

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

(continued)

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

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

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

Governmental Activities

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

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

FINANCIAL ANALYSIS OF THE SCHOOL BOARD'S FUNDS

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

GOVERNMENTAL FUNDS

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

(continued)

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

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

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

General Fund

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

General Fund Revenues

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

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

(continued)

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

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

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

General Fund Expenditures and Other Financing Uses

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

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

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

(continued)

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

General Fund Budget Amendment

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

General Fund Original Budget to Final Budget Difference Reconciliation

General Fund:

\$ 20,119,746 – FY 2010 Outstanding Encumbrances Appropriated
7,672,953 – Budget Amendment (See above)
\$ 27,792,699 – Original Budget to Final Budget Difference (including the Other
Financing Uses budget)

General Fund Final Budget to Actual Expenditures Variance Reconciliation

Instruction Category:

\$ 1,466,220 – Outstanding Encumbrances as of June 30, 2011
5,800,494 – Remaining Available Balance (1.2% of the category budget less transfers)
\$ 7,266,714 – Final Budget to Actual Expenditures Variance

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

(continued)

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

Administration, Attendance and Health Category:

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

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

Pupil Transportation Category:

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

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

Operations and Maintenance Category:

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

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

Technology Category:

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

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

Transfers:

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

(continued)

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

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

Special Revenue Funds

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

Major Funds:

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

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

Nonmajor Funds:

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

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

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

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

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

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

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

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

Proprietary Funds – Internal Service Funds

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

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

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

Capital Projects Fund (Major Fund)

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

(continued)

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

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

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

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

CAPITAL ASSETS

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

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

(continued)

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

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

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

ECONOMIC FACTORS

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

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

Factors Influencing Future Budgets

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

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

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

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

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

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

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

General Revenues:**Local Sources:**

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

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

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

Interest Earnings	<u>488,078</u>
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Total General Revenues	<u>\$ 616,358,259</u>
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Change in Net Assets	\$ 2,724,600
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Total Net Assets - July 1	<u>571,375,004</u>
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Total Net Assets - June 30	<u>\$ 574,099,604</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, 2011

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

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

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

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

Total Fund Balances - Governmental Funds (this exhibit)	\$ 107,841,717
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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	\$ 733,087,166
	less: Accumulated Depreciation	<u>283,341,301</u>
		449,745,865

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

Compensated Absences	(20,333,648)
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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 Assets.

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

Total Net Assets of governmental activities in the Statement of Net Assets (Exhibit A-1)	<u>\$ 574,099,604</u>
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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, 2011

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

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

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

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

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

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

53,298,683

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

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

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

70,385

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

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

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

(15,118,581)

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

\$ 2,724,600

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

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

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

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

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

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

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

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

	Governmental Activities: Internal Service Funds
<u>CASH FLOWS FROM OPERATING</u>	
<u>ACTIVITIES:</u>	
Receipts from Customers and Users	\$ 115,219,456
Payments to Vendors for Goods and Services	(119,160,498)
Payments to Employees for Services	(703,066)
Net Cash Provided By Operating Activities	<u>\$ (4,644,108)</u>
<u>CASH FLOWS FROM NONCAPITAL</u>	
<u>FINANCING ACTIVITIES:</u>	
Receipt from Federal Government	46,965
Payment to Local Government	(14,500,000)
<u>CASH FLOWS FROM INVESTING</u>	
<u>ACTIVITIES:</u>	
Interest Received on Investments	<u>263,593</u>
<u>NET INCREASE (DECREASE) IN CASH AND INVESTMENTS</u>	<u>\$ (18,833,550)</u>
<u>CASH AND INVESTMENTS, BEGINNING OF YEAR</u>	<u>75,667,988</u>
<u>CASH AND INVESTMENTS, END OF YEAR</u>	<u><u>\$ 56,834,438</u></u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</u>	
Operating Income (Loss)	<u>\$ (559,135)</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
(Increase) Decrease in Assets	
Accounts Receivable	\$ (345,333)
Due from Commonwealth	50,195
Due from Federal Government	29,611
Prepaid Items	(2,065,609)
Increase (Decrease) in Liabilities	
Salaries Payable	(1,176)
Vouchers and Accounts Payable	(2,307,882)
Unearned Revenue	30,109
Estimated Claims and Judgments	<u>525,112</u>
Total Adjustments	<u>\$ (4,084,973)</u>
Net Cash Provided By Operating Activities	<u><u>\$ (4,644,108)</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 FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2011

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Government-Wide and Fund Financial Statements

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

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

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

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

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

(continued)

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

The School Board reports the following major governmental funds:

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

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

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

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

Additionally, the School Board reports the following fund types:

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

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

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

(continued)

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Financial Reporting Entity

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

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

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

C. Capital Assets

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

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

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

D. Basis of Accounting and Measurement Focus

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

(continued)

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting and Measurement Focus (continued)

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

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

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

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

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

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

Commonwealth of Virginia
State Sales Taxes
Federal Government

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

(continued)

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting and Measurement Focus (continued)

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

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

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

E. Encumbrances

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

F. Inventories

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

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

G. Accrued Compensated Leave

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

(continued)

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Accrued Compensated Leave (continued)

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

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

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

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

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

H. Fund Balance

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

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

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

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

(continued)

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Fund Balance (continued)

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

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

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

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

I. Net Assets

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

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

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

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

(continued)

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Miscellaneous

1. Cash and Investments

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

2. Proprietary Funds' Other Charges

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

3. Statement of Cash Flows

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

4. Long-term Obligations

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

5. Prepaid Items

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

K. Use of Estimates

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

(continued)

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

2. RECEIVABLES

A. Due from Commonwealth

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

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

B. Due from Federal Government

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

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

(continued)

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

3. DEFERRED/UNEARNED REVENUE

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

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

4. CAPITAL ASSETS

A. Summary of Changes in Capital Assets

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

(continued)

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

4. CAPITAL ASSETS (continued)

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

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

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

C. Depreciation Expense on Capital Assets

Depreciation expense was charged to governmental activities, as follows:

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

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

(continued)

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

5. LONG-TERM LIABILITIES

A. Summary of Changes In Long-term Liabilities

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

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

B. Accrued Compensated Leave

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

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

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

6. DEPOSITS AND INVESTMENTS

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

(continued)

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

6. DEPOSITS AND INVESTMENTS (continued)

Deposits:

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

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

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

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

Reconciliation of total deposits and investments:

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

Interest Rate Risk:

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

(continued)

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

6. DEPOSITS AND INVESTMENTS (continued)

Credit Risk:

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

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

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

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

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

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

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

(continued)

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

6. DEPOSITS AND INVESTMENTS (continued)

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

7. COMMITMENTS AND CONTINGENCIES

A. Litigation

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

B. Intergovernmental Grants, Entitlements, and Shared Revenues

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

C. Salaries Payable

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

D. Encumbrances

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

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

(continued)

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

8. RETIREMENT AND OTHER POSTEMPLOYMENT BENEFITS

A. Virginia Retirement System

1. Plan Description

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

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

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

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

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

Retirees are eligible for an annual cost-of-living adjustment (COLA) effective July 1 of the second calendar year of retirement. Under Plan 1, the COLA cannot exceed 5.00%; under Plan 2, the COLA cannot exceed 6.00%. During years of no inflation or deflation, the COLA is 0.00%. The VRS also provides death and disability benefits.

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

(continued)

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

8. RETIREMENT AND OTHER POSTEMPLOYMENT BENEFITS (continued)

A. Virginia Retirement System (continued)

1. Plan Description (continued)

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

2. Funding Status and Progress

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

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

3. Annual Pension Cost

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

(continued)

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

8. RETIREMENT AND OTHER POSTEMPLOYMENT BENEFITS (continued)

A. Virginia Retirement System (continued)

4. Trend Information

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

B. Other Postemployment Benefits

1. Plan Description

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

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

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

2. Funding Policy

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

(continued)

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

8. RETIREMENT AND OTHER POSTEMPLOYMENT BENEFITS (continued)

B. Other Postemployment Benefits (continued)

2. Funding Policy (continued)

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

	(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, 2010	\$ 8,648,413	\$ 75,347,493	\$ 66,699,080	11.5%	\$ 432,476,829	15.4%

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

3. Annual OPEB Cost and Contribution

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

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

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

(continued)

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

8. RETIREMENT AND OTHER POSTEMPLOYMENT BENEFITS (continued)

B. Other Postemployment Benefits (continued)

4. Actuarial Methods and Assumptions

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

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

9. RISK MANAGEMENT AND HEALTH CARE BENEFITS

A. School Self-Insurance Program

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

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

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

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

(continued)

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

9. RISK MANAGEMENT AND HEALTH CARE BENEFITS (continued)

A. School Self-Insurance Program (continued)

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

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

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

<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>
2008-09	\$5,281,336	\$5,453,630	\$4,710,172	\$6,024,794
2009-10	\$6,024,794	\$4,821,550	\$4,736,114	\$6,110,230
2010-11	\$6,110,230	\$5,518,013	\$4,839,901	\$6,788,342

B. Surety Bonds

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

C. Self-Insured Health Care Benefits Program

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

<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>
2008-09	\$ 7,915,000	\$ 93,962,037	\$ 94,451,878	\$ 7,425,159
2009-10	\$ 7,425,159	\$108,090,373	\$107,791,532	\$ 7,724,000
2010-11	\$ 7,724,000	\$109,794,106	\$109,947,106	\$ 7,571,000

(continued)

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

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

A. Interfund Transfers

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

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

Purpose: Operational support during Fiscal Year 2010-11

B. Interfund Receivables and Payables

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

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

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

(continued)

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

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

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

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

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

(continued)

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

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

D. Fund Balance Classifications

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

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

(continued)

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

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

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

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

REQUIRED SUPPLEMENTARY INFORMATION

RETIREMENT AND OTHER POSTEMPLOYMENT BENEFITS

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

MAJOR GOVERNMENTAL FUNDS

GENERAL FUND

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

SCHOOL GRANTS SPECIAL REVENUE FUND

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

SCHOOL TEXTBOOKS SPECIAL REVENUE FUND

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

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

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

Retirement
Analysis of Funding Progress

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

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

Other Postemployment Benefits
Annual OPEB Cost and Contribution

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

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

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

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

Other Postemployment Benefits
Funding Status and Progress

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

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

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

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

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

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

(continued)

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

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

(continued)

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

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

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

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

(continued)

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

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

(continued)

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

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

(continued)

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

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

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

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

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

A. Budget Information

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

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

(continued)

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

A. Budget Information (continued)

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

B. Budget Amendments

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

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

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

	Original Budget	Final Budget	Actual	Variance - Positive (Negative)	2010 Actual
<u>REVENUES</u>					
From Use of Money and Property	\$ 10,000	\$ 10,000	\$ 1,621	\$ (8,379)	\$ 2,571
Charges for Services	180,000	180,000	231,643	51,643	215,694
Total Revenues	<u>\$ 190,000</u>	<u>\$ 190,000</u>	<u>\$ 233,264</u>	<u>\$ 43,264</u>	<u>\$ 218,265</u>
<u>EXPENDITURES</u>					
<u>Instruction</u>					
Other Charges	\$ 403,000	\$ 403,450	\$ 301,255	\$ 102,195	\$ 425,650
Materials and Supplies	12,000	11,550	1,048	10,502	1,217
Capital Outlay	155,539	155,539	14,186	141,353	-
Total Expenditures	<u>\$ 570,539</u>	<u>\$ 570,539</u>	<u>\$ 316,489</u>	<u>\$ 254,050</u>	<u>\$ 426,867</u>
<u>EXCESS (DEFICIENCY) OF</u>					
<u>REVENUES OVER (UNDER)</u>					
<u>EXPENDITURES</u>	<u>\$ (380,539)</u>	<u>\$ (380,539)</u>	<u>\$ (83,225)</u>	<u>\$ 297,314</u>	<u>\$ (208,602)</u>
<u>NET CHANGE IN FUND BALANCE</u>	<u>\$ (380,539)</u>	<u>\$ (380,539)</u>	<u>\$ (83,225)</u>	<u>\$ 297,314</u>	<u>\$ (208,602)</u>
<u>FUND BALANCE - JULY 1</u>	<u>531,736</u>	<u>531,736</u>	<u>531,736</u>	<u>-</u>	<u>740,338</u>
<u>FUND BALANCE - JUNE 30</u>	<u><u>\$ 151,197</u></u>	<u><u>\$ 151,197</u></u>	<u><u>\$ 448,511</u></u>	<u><u>\$ 297,314</u></u>	<u><u>\$ 531,736</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, 2011
with comparative actual amounts for the year ended June 30, 2010

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



INTERNAL SERVICE FUNDS

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

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

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

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

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

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

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

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

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

AGENCY FUNDS

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

***Payroll Deductions* - accounts for employee payroll deductions.**

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

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

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

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

STATISTICAL SECTION

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

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

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

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

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

Table 1

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

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

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

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

Table 2

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

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

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

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

* See Table 2 for Charges for Services categories

** Not restricted to specific programs

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

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

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

Table 5

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

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

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

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

Table 6

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

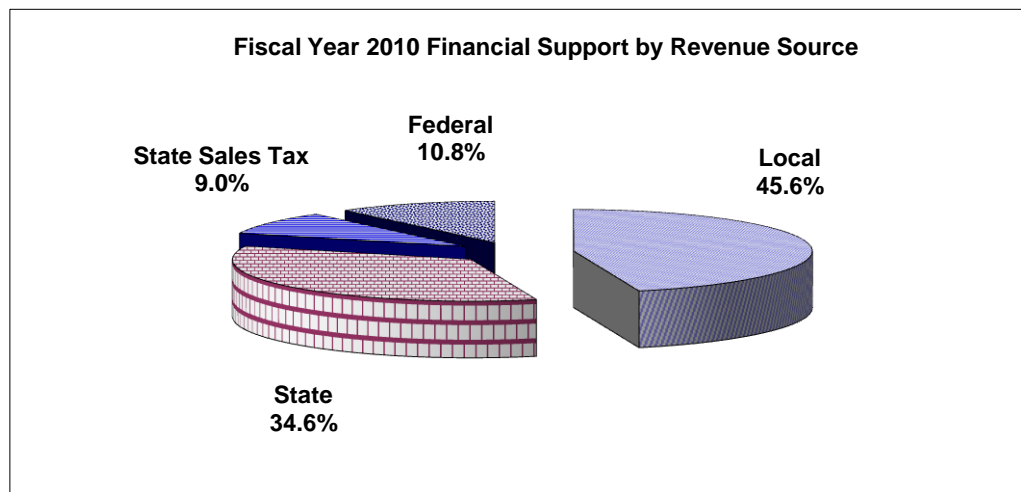
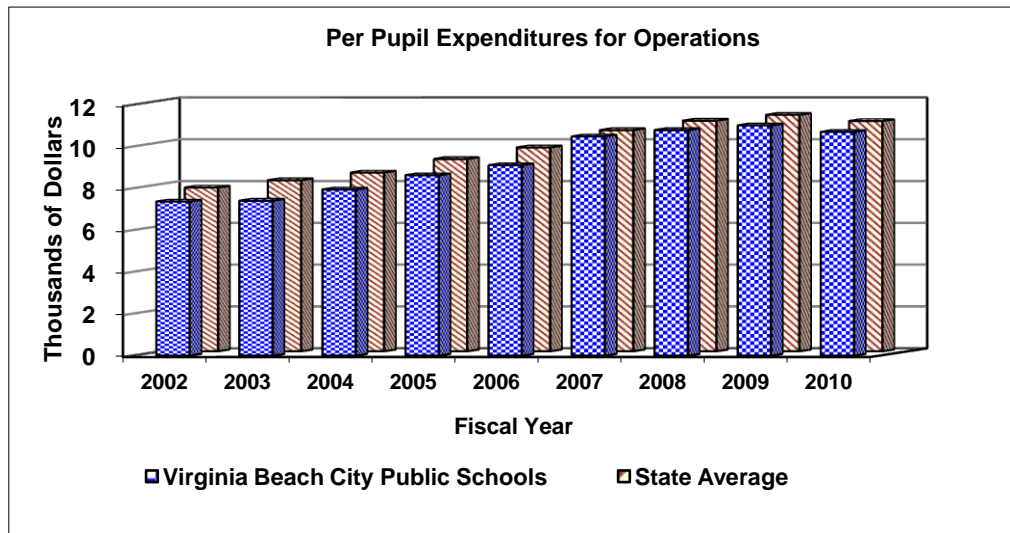
The State amount includes all the monies sent to the LEA by the DOE minus an amount sent by the DOE for the running of the Hospital, Clinics, and Detention Home project and an amount sent by the DOE for vocational equipment. The State Sales Tax is the 1 cent tax on goods and services allocated to a particular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

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

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

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



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

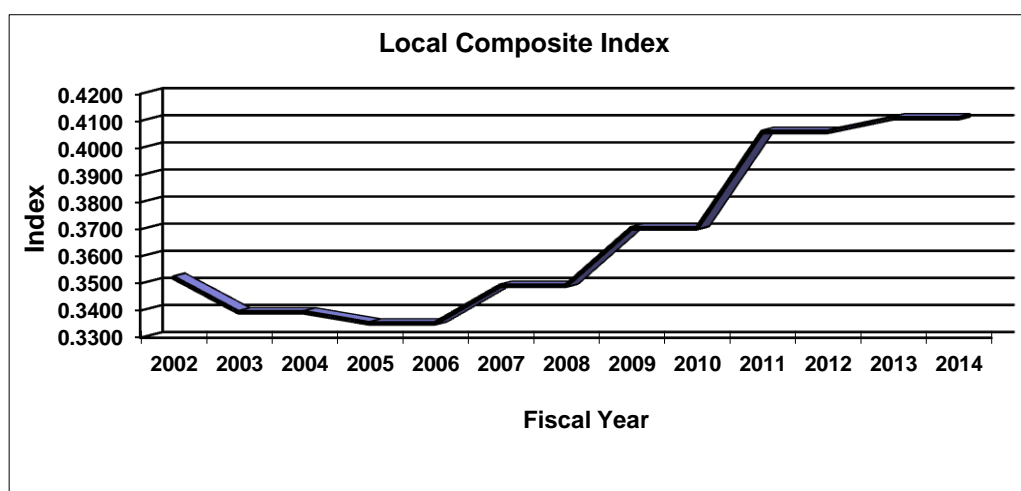
Fiscal Year	Indicators of Ability Base Year	Local Composite Index	Local Share of SOQ Factor
2002	1997	.3523	.4500
2003	1999	.3394	.4500
2004	1999	.3394	.4500
2005	2001	.3353	.4500
2006	2001	.3353	.4500
2007	2003	.3492	.4500
2008	2003	.3492	.4500
2009	2005	.3704	.4500
2010	2005	.3704	.4500
2011	2007	.4060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

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

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

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

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



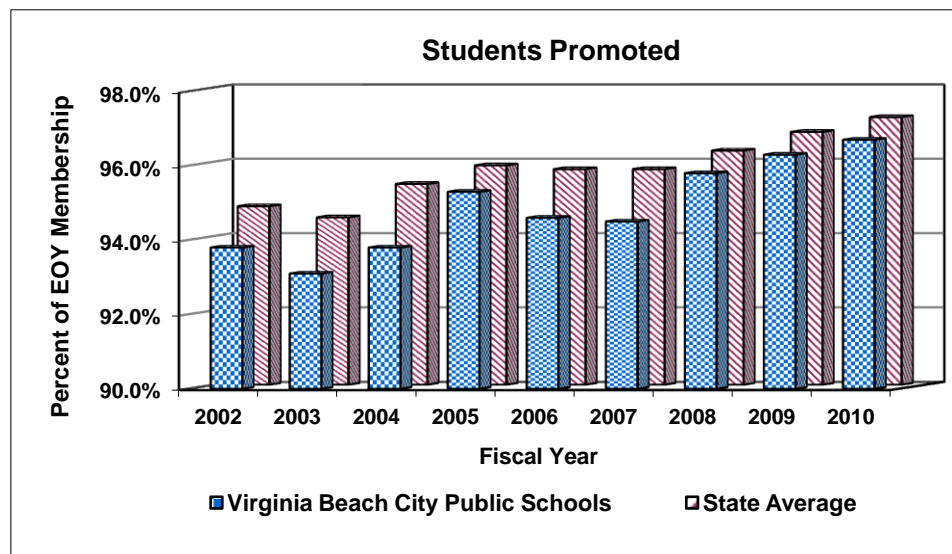
SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
STUDENTS PROMOTED
Last Ten Fiscal Years

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

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

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

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



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

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

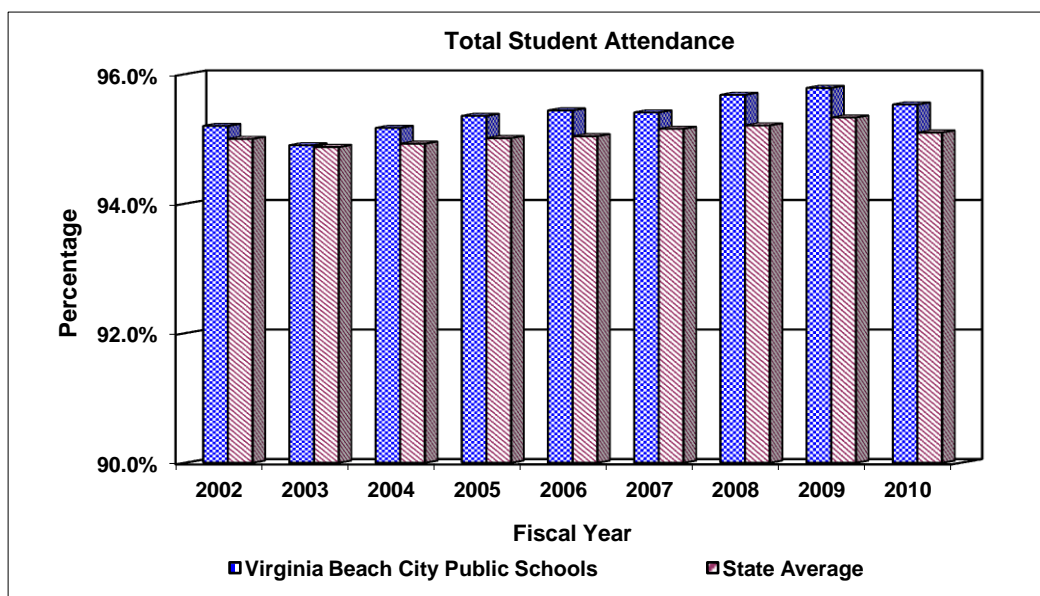
Note: This table represents the average daily membership and the average daily attendance along with the percentage of attendance to membership. Average Daily Membership (ADM) is the average number of students belonging each day in a school system for the period of report. ADM is determined by dividing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

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

Table 12

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

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



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

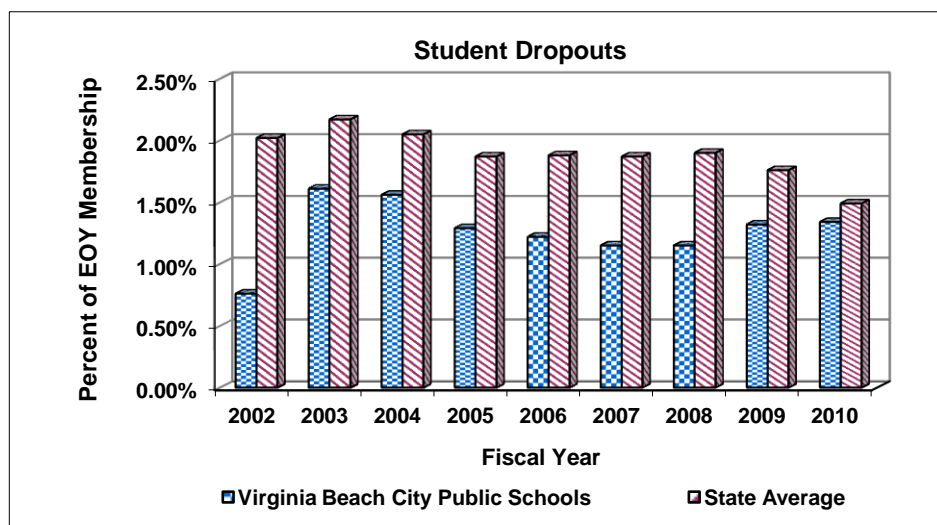
Fiscal Year	September 30 Membership (Grades 7-12)	Number of Dropouts	Percent	Percent State Average
2002	34,973	267	0.76%	2.02%
2003	35,633	572	1.61	2.17
2004	36,038	563	1.56	2.05
2005	36,138	465	1.29	1.87
2006	35,711	435	1.22	1.88
2007	35,165	406	1.15	1.87
2008	34,471	397	1.15	1.90
2009	33,706	446	1.32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

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

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

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

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



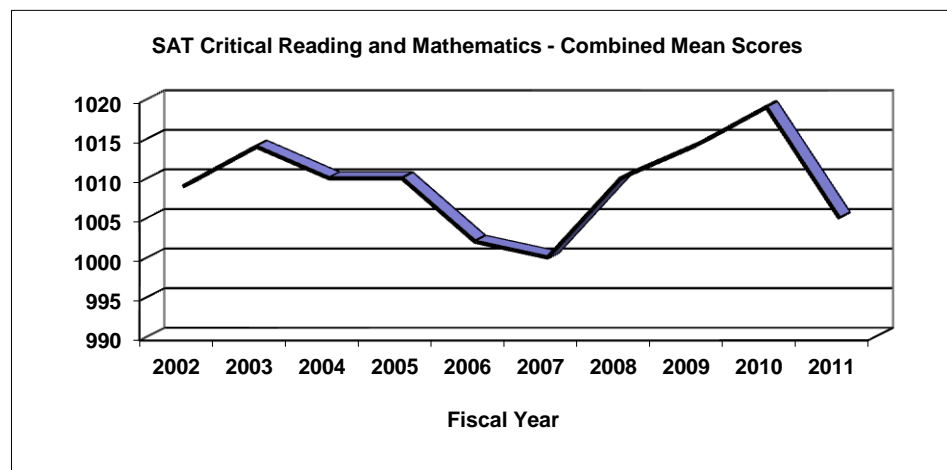
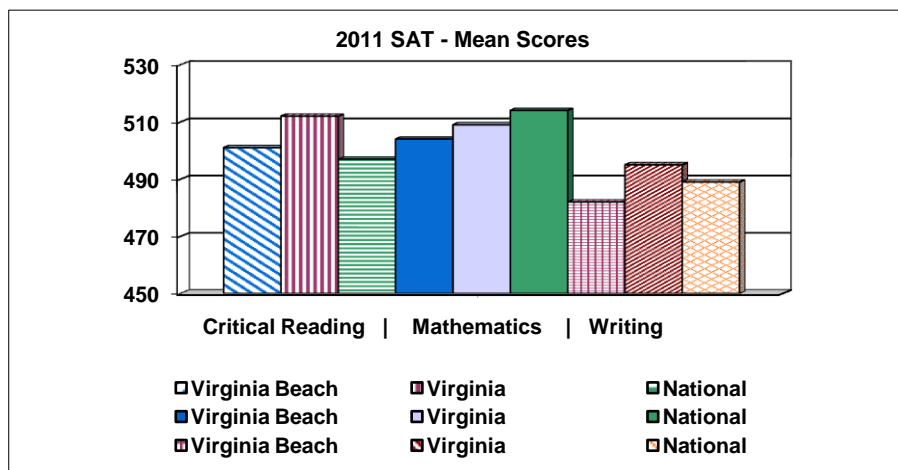
SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
SCHOLASTIC APTITUDE TEST (SAT) - MEAN SCORES
Last Ten Fiscal Years

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

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

-Beginning in 2006, the Writing section was implemented

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



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

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

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

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

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

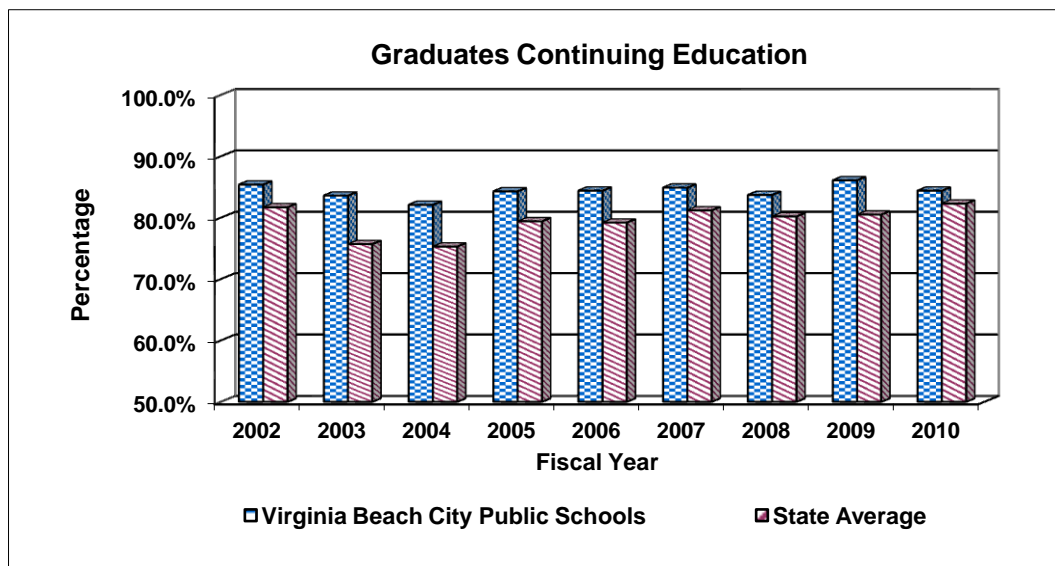
SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
GRADUATES CONTINUING EDUCATION
Last Ten Fiscal Years

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

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

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

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



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

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

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

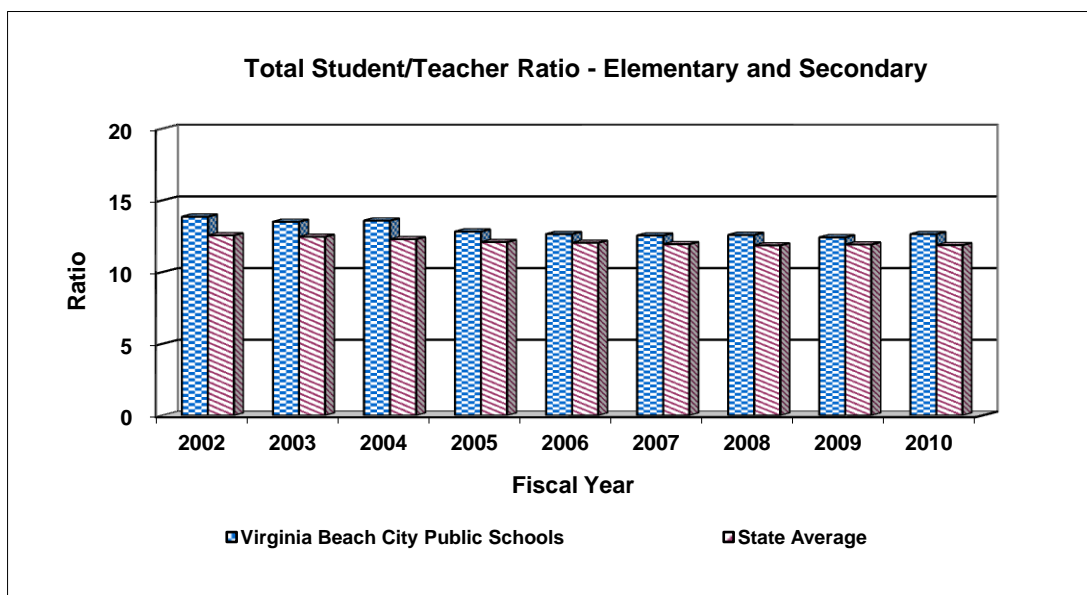
Note: This table represents student teacher ratios based on End-of-Year Membership to full-time equivalent teaching positions, excluding special education teachers, principals, assistant principals, guidance counselors, and librarians.

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

Table 17

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

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



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

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

- Not Available (see Note 1 below)

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

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

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

Table 18

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

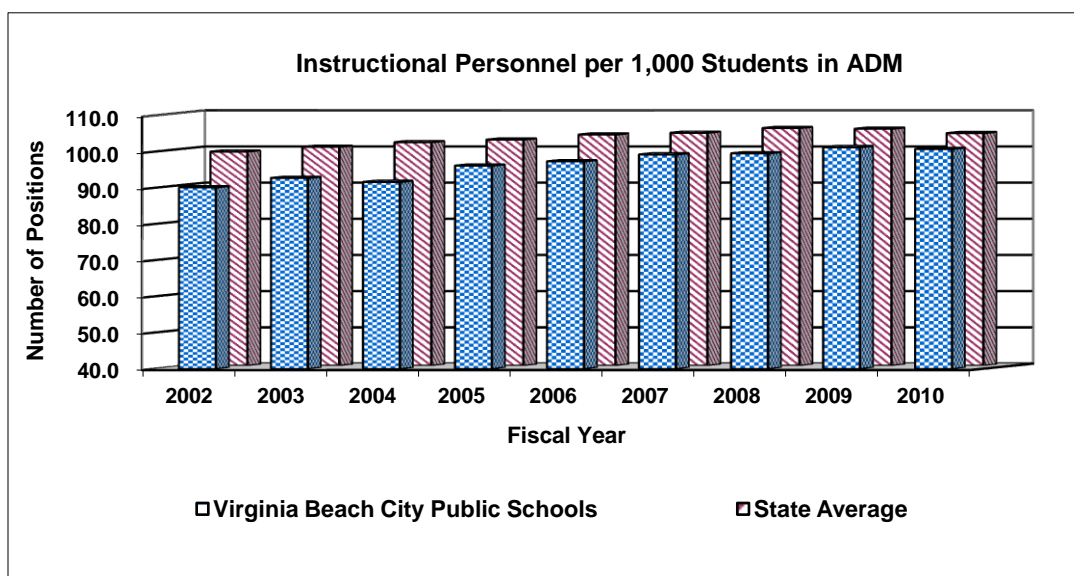
**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
INSTRUCTIONAL PERSONNEL POSITIONS PER 1,000 STUDENTS IN ADM
Last Ten Fiscal Years**

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

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

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

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



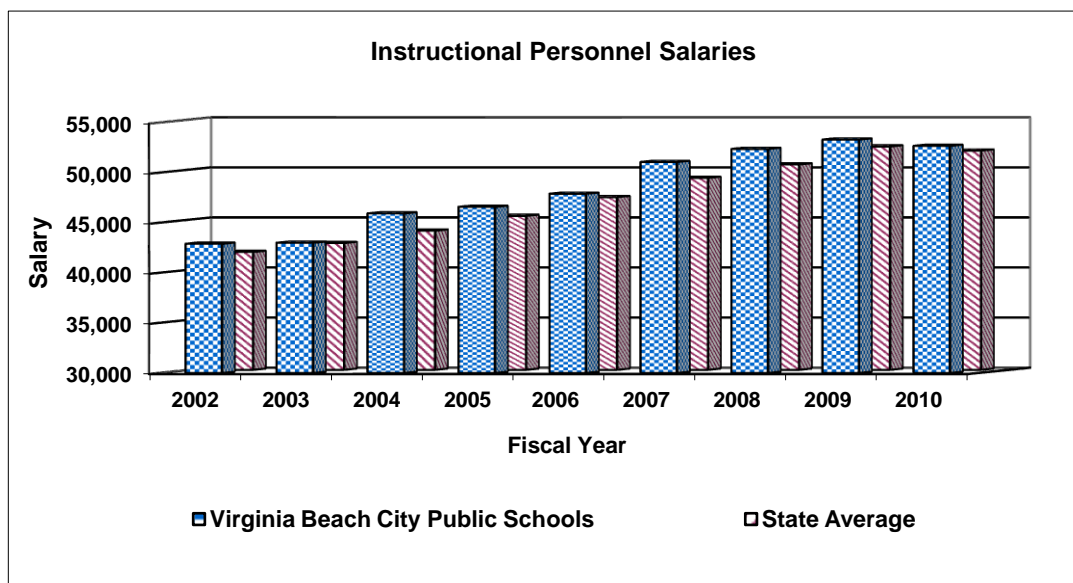
**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
INSTRUCTIONAL PERSONNEL SALARIES
Last Ten Fiscal Years**

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

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

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

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



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

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

Source: Department of Human Resources

Table 21

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

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

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

Source: The Department of Administrative Support Services/Food Services

Table 22

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

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

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

Source: School Board Capital Assets Inventory Records

Table 23

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

Table 24

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

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

(continued)

Table 24

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

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

(continued)

Table 24

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

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

(continued)

Table 24

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

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

(continued)

Table 24

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

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

(continued)

Table 24

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

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

(continued)

Table 24

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

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

(continued)

Table 24

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

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

Source: The Department of Administrative Support Services

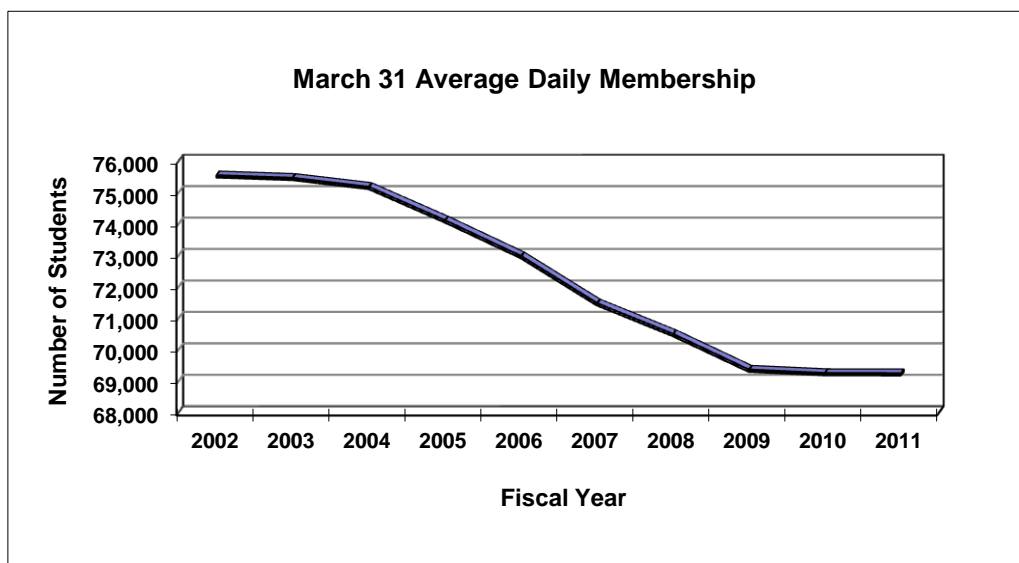
Program Capacity - the maximum capacity of the school building for a particular school year and particular student population, taking into account the number of first seats in the building (without counting portables currently on site).

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

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

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

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

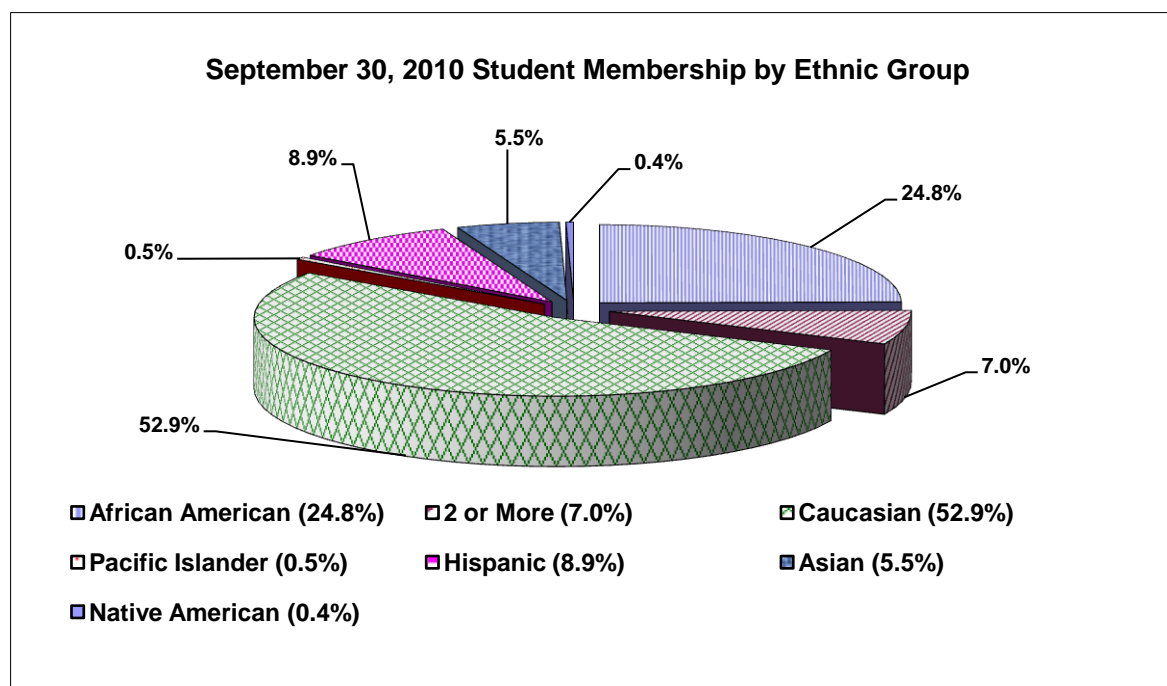


SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
STUDENT MEMBERSHIP BY ETHNIC GROUP
Last Ten Fiscal Years

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

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

Source: Departments of Technology and School Administration



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

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

* Projected by the City Department of Management Services

Table 28

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

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

* Current source of data focus is by individual employers

** Fortune 500 Company

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

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

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

- Not Available

Source: City of Virginia Beach - Department of Finance

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

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

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

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

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

* Formerly Knickerbocker Properties

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

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

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

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

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

Source: City of Virginia Beach - Department of Finance

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Regular	\$ 51,975,401,446
Public Service	927,509,746
Total Assessed Value of Real Property	<u>\$ 52,902,911,192</u>

Debt limit (10% of Total Assessed Value)	\$ 5,290,291,119
Debt applicable to limit: General Obligation Bonds	<u>713,387,034</u>
Legal Debt Margin	<u>\$ 4,576,904,085</u>



COMPLIANCE SECTION



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

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School Board of the City of Virginia Beach ("School Board") as of and for the year ended June 30, 2011, and have issued our report thereon dated November 23, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Specifications for Audit of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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

Cherry, Bekant & Holland, L.L.P.

Virginia Beach, Virginia
November 23, 2011

