

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, 2010



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, 2010**

**PREPARED BY
OFFICE OF BUSINESS SERVICES**



VIRGINIA BEACH CITY PUBLIC SCHOOLS

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

COMPLIANCE AND ADA STATEMENTS

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

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

School Board of the City of Virginia Beach, Virginia
Comprehensive Annual Financial Report
for the Fiscal Year Ended June 30, 2010

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INTRODUCTORY SECTION



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James G. Merrill, Ed.D.
Superintendent

November 19, 2010

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, 2010, 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, 2010), and an Organizational Chart (June 30, 2010).

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.

Long-term financial planning includes a five-year forecast submission to the City, evaluating the budget impact of post-employment benefits, and assessing the fiscal impact of the capital improvement program on the school division's operations.

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, safe schools and risk management, and similar activities); Research, Evaluation, 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, 2010, Virginia Beach continued to experience "steady growth," according to the Director of the City's Department of Economic Development. In Fiscal Year 2010, the city attracted over \$48.8 million in private investment. Virginia Beach's unemployment rate of 6.5% is lower than the Metropolitan Statistical Area's (MSA) at 7.6% and the nation's at 7.1%.

The Town Center of Virginia Beach is an urban "Main Street" style development located within the core of the City's Central Business District. The project spans 25 acres and, when completed, will include 850,000 square feet of Class A office space, 750,000 square feet of upscale retail, fine dining, a business class hotel, a luxury hotel with high rise condominiums, a performing arts center, a central park, and apartments. The entire area is serviced by free structured parking.

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. In fact, Virginia Beach was ranked as the 3rd least expensive market for regional headquarters out of 50 by *Site Selection* magazine. In addition, the Virginia Beach Department of Economic Development, named one of the ten best Economic Development offices in the nation by *Site Selection* magazine, offers support to businesses both large and small.

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. During the past two fiscal years, the Virginia Beach Convention Center has hosted 770 events, welcomed over 850,000 people, and generated nearly 282,000 room nights citywide, far exceeding projections. 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 2.9 million visitors arrived in Virginia Beach. These visitors spent approximately \$875 million during their stay for accommodations, meals, entertainment and other services, and created over 15,000 jobs in the City of Virginia Beach. Visitor expenditures generated \$78.4 million in direct city revenue.

MAJOR INITIATIVES

The School Board continued its record of initiating exciting new programs and projects for fiscal year 2009-10. A primary focus continues to be the strategic plan, *Compass to 2015: A Strategic Plan for Student Success*. This school year was the first year of its implementation and administration and staff worked diligently to create Professional

Learning Committees in schools and citywide. In addition, work continued on developing balanced local assessments for students that are reflective of their learning. All teachers continued to work on incorporating 21st century skills into their classroom instruction as they focused on what students were learning rather than simply what they were teaching. Administrators and lead teachers embarked on “learning walks” in each school as a way of sharing best practices and encouraging teachers to become more collaborative in their teaching and planning. *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.

Student learning and achievement continue to be the focal point of the school division. The school division once again achieved full accreditation at 100 percent of its testing schools via the state-mandated Standards of Learning (SOL) tests administered in the spring of 2010. Administrators and teachers participated in extensive professional development programs designed to shift focus to analyses of student work to ensure they are learning what they should be. Critical thinking, analysis, teamwork, creativity, problem solving, and resiliency, all are vital skills that it is imperative students learn. Stakeholders maintain their commitment to the teaching of thinking skills, not testing skills. At the same time, teachers must continue to be sensitive to federal and state mandates in terms of high stakes testing.

As professional development initiatives continue to be advanced across the school division, sponsorship of nationally known speakers and consultants continue to add value to teacher/administrative training. In addition, professional development initiatives are being created at every level of the school division, from support personnel to administrators.

The Department of Curriculum and Instruction continues to develop programs using innovative instructional techniques and strategies with the single goal of increasing student achievement. A major goal has been to close learning and achievement gaps among student groups, with particular emphasis on African American males and special education students. Data indicate we are having success with this initiative, particularly with the Scholastic Aptitude Tests (SATs) and Advanced Placement (AP) testing. The Office of Technical and Career Education (TCE) also continues promoting its workplace readiness skills curriculum and the certifications that students can earn. The new high this year is 4,164. Sustainability is now the new watchword in TCE classes.

The school division’s gifted and academy/advanced academic programs remain extremely popular with students and parents and provide cutting edge curricula designed for each school’s academic niche. Five high schools, one middle school, and two elementary academies 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, cater to students who achieve at high levels and require accelerated course work. In conjunction with stand-alone gifted schools, the school division also has school-based gifted programs – the gifted clusters – in all elementary schools, each of which is led by a gifted resource teacher. In addition, gifted services are available to middle and high

school students through secondary gifted resource teachers. The school division continues to enjoy a local, regional, state, and national reputation for excellence.

In a challenging financial environment, the school division has worked to maintain its outstanding work force and provide students an excellent education without losing programs or teachers. The school division continues its extremely cautious approach to spending as it looks ahead to another year of stringent budgeting.

The VBCPS Parent Portal (formerly called SchoolNet) is extremely popular and has been made available this year to elementary schools. Secondary schools received the technology last year. Parent Portal is a comprehensive Web-based tool that allows the user to access (via password) a wide range of student data such as standardized achievement data (SOL, AP, PSAT, SAT, SAT Subject, SELP, and Stanford 10); student achievement profiles; attendance and 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.

The school division continues to make remarkable progress on the school modernization/replacement program. Windsor Oaks Elementary staff and students returned to a new \$17 million dollar replacement facility in September 2009. The school is projected to receive a LEED Silver Certification. The school division's \$66 million secondary alternative education center, the Renaissance Academy, opened its doors to staff and students in January 2010. This state of the art facility is on target for a LEED Gold Certification. The replacement of Virginia Beach Middle School (LEED Certified) is approximately 95 percent complete as this coastal facility officially opened its doors in March of 2010. The demolition of the old building has started and is scheduled to be complete along with the balance of the site work in early 2011. Construction on a new \$20 million Pupil Transportation Services Maintenance Facility (LEED Gold) is approximately 80 percent complete with staff scheduled to occupy its new facilities in late 2010. Construction on the new Great Neck Middle School project started in June 2009 and is approximately 40 percent complete. The new \$46.5 million facility is nearly \$17 million dollars under budget and is projected to be LEED Gold Certified when it opens to students in late 2011. Construction of the new College Park Elementary School commenced in February 2010. This new two-story prototype school, which is projected to be the first LEED Platinum elementary school in Virginia, is on schedule to open in late fall 2011. In addition, design for the replacement of Kellam High School is approximately 50 percent complete. This \$102 million project is scheduled to start construction in early 2011, with a planned spring 2014 completion.

An important School Board goal continues to be one of school/community engagement and outreach. The Department of Media and Communications Development's Community Relations Office has spearheaded this effort. A major initiative has been The Parent Connection, which serves as a clearing house for parents to learn about the school division and the resources available to them. It sponsors parent workshops and seminars and has a special mission to respond to the needs of the military community. In addition, this office coordinates the highly successful Partners-in-Education program, which is an

award-winning initiative. More than 1,400 business/military partners provide myriad services and assistance to schools, students, and staff. In addition, more than 19,000 volunteers logged nearly 336,000 volunteer hours at an estimated value of approximately \$7 million. In addition, the Virginia Beach Public Schools Education Foundation, through the community's financial support, was able to award \$25,000 in *Schoolwide Grants* and \$75,000 in *Building Futures Grants* to support teacher innovation.

The Virginia Beach School Board also 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 school division information and issues. *My School Mail* also is an important electronic communication vehicle for schools to communicate with their own school communities and with parents. Two new initiatives involve outreaches to underserved families. One, the Virginia Star Program, involves giving refurbished government surplus computers to needy families. The school division receives the computers from the state and students at our Advanced Technology Center refurbish them. Another program – Beach Bags – involves giving backpacks of food to needy students (anonymously) on Fridays so they (and their families) have something to eat on the weekends. The demand for both programs far exceeds our supplies, so this is an ongoing challenge.

Virginia Beach City Public Schools is proud of its reputation for excellence and is indeed “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 (except for Fiscal Year 2010 in which City Council approved appropriations in lump-sum). 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 and Magnet School 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 school athletic programs; 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, Athletics, Cafeterias, Textbooks, Communication Towers/Technology, Vending Operations, Instructional Technology, 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.

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, 2009. 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, 2009. 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



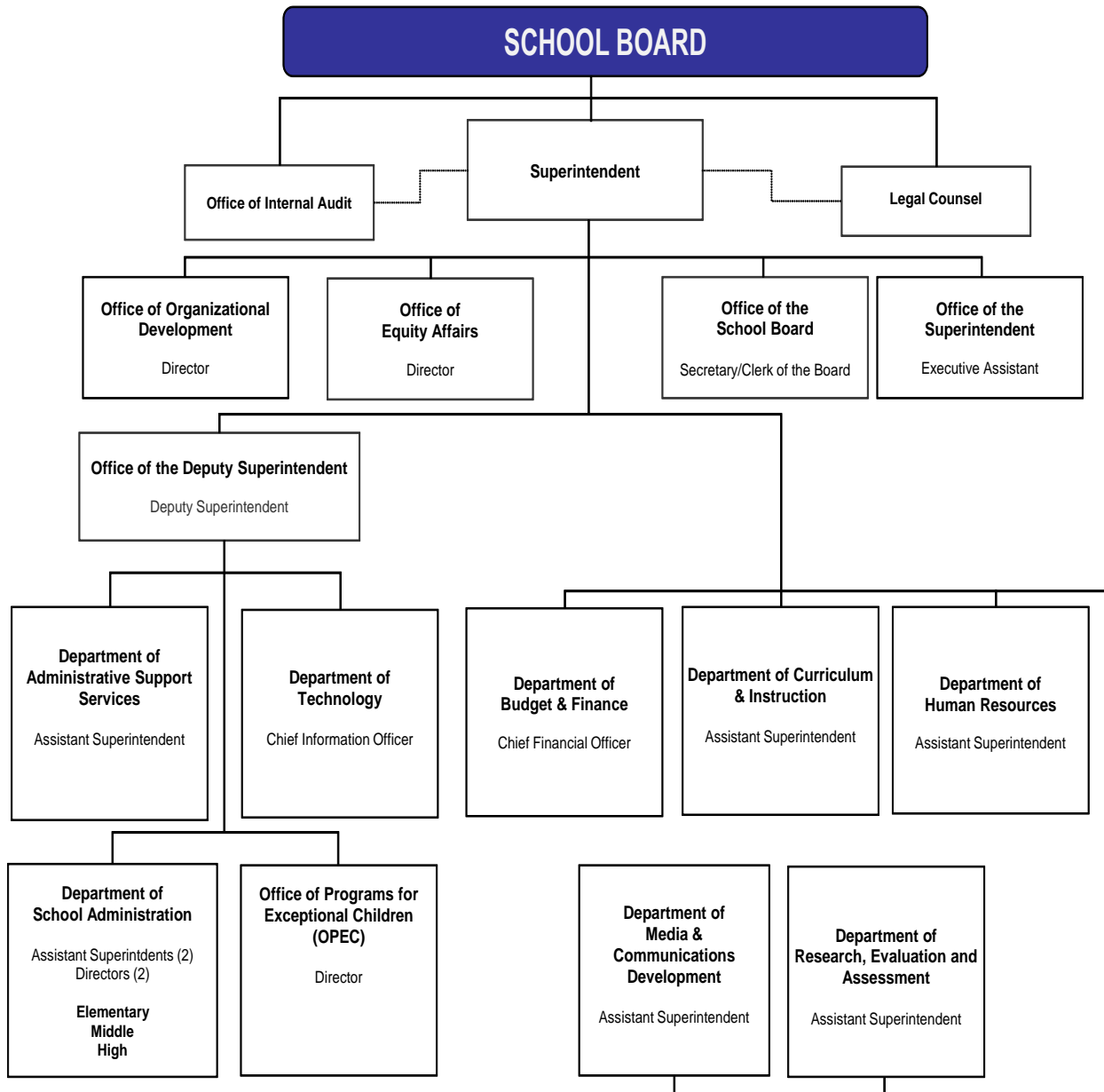
Farrell E. Hanzaker, MBA
Chief Financial Officer



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

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA

Organizational Chart (June 30, 2010)



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

(June 30, 2010)



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



Patricia G. "Pat" Edmonson
District 6 – Beach



Brent N. McKenzie
District 3 – Rose Hall



Ashley K. McLeod
At-Large



Patrick S. Salyer
At-Large



D. Scott Seery
At-Large



Sandra Smith-Jones
District 2 – Kempsville



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, 2009

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



A stylized handwritten signature in black ink.

Jeffrey R. Emer
Executive Director

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**



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, 2009

Upon recommendation of the Association's Panel of Review which has judged that the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

President

Executive Director



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, 2010, 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, 2010, 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 19, 2010 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 19, 2010

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010**

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, 2010. 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 \$571,375,004 (net assets) at June 30, 2010. Of this amount, \$411,565,763 is invested in capital assets, \$61,805,620 is restricted for capital projects and grants, and \$98,003,621 is unrestricted for future use in certain governmental activities.

On a government-wide basis for governmental activities, the School Board's revenues of \$802,814,911 exceeded expenses of \$773,936,984 by \$28,877,927.

The School Board's Governmental funds reported total fund balances of \$129,345,069 at June 30, 2010. Of this amount, \$46,105,955 is unreserved and available for future appropriations for certain Special Revenue funds.

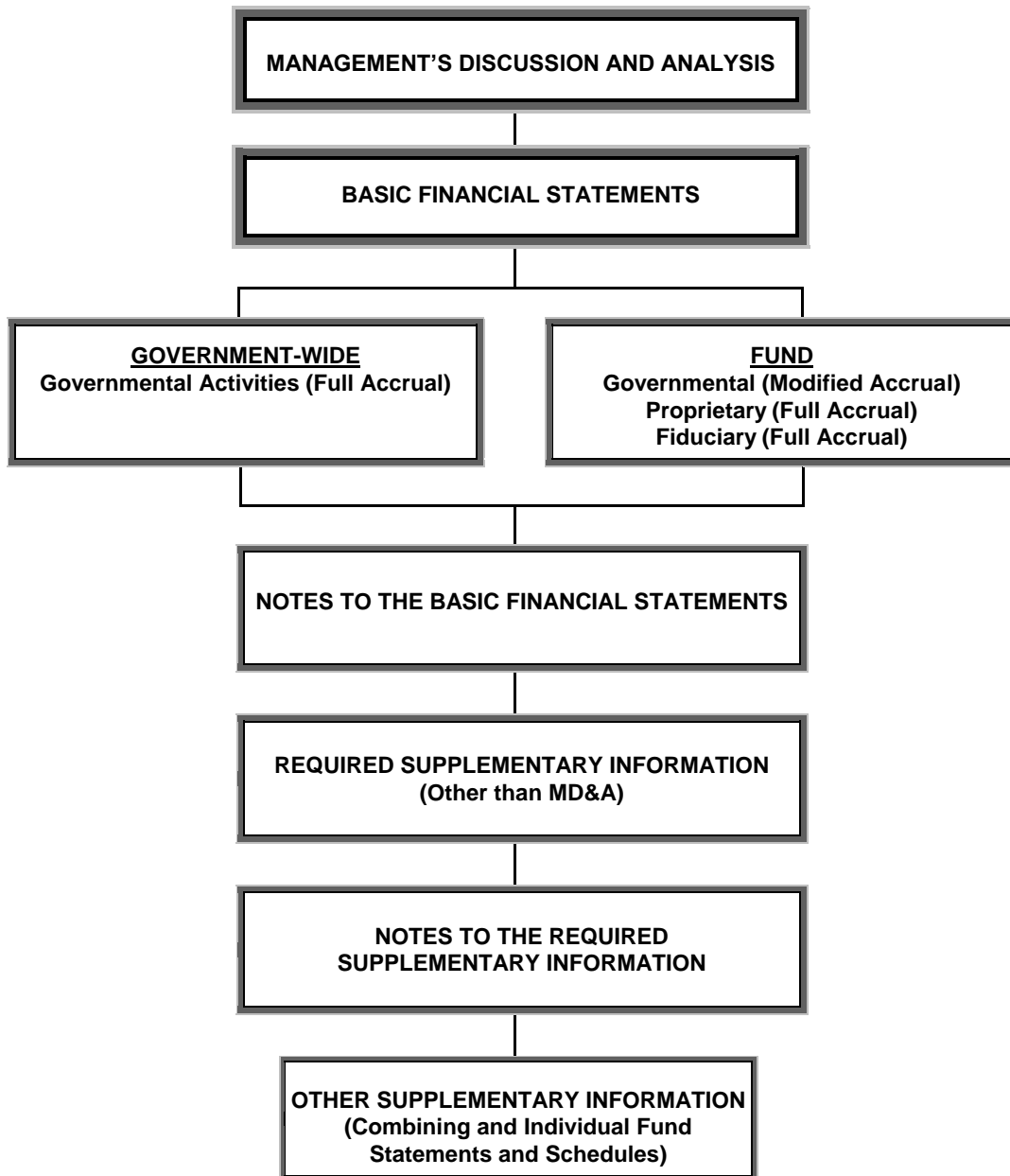
In the General Fund, the School Board returned unexpended appropriations for the Fiscal Year 2009-10 to the City of Virginia Beach (City) in the amount of \$17,691,437, as required by the Code of Virginia, as amended. Based on past practices, the School Board has requested and the City Council has approved the re-appropriation of the returned amount for the School Board's capital improvement program and other non-recurring operational and instructional needs.

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, 2010



(continued)

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010**

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; and Cafeterias.

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 government-wide financial statements, governmental fund financial statements focus on near-

(continued)

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010**

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 (Exhibits A-5 and A-6, respectively) to facilitate this comparison between governmental funds and governmental activities.

The School Board maintains ten 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, School Instructional Technology, and Capital Projects Funds, which are considered to be major funds. Data from the other five 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, School Textbooks, and School Instructional Technology Funds in the Required Supplementary Information section of this report (Schedules B-1 through B-4) to demonstrate compliance with this budget. Individual fund budgetary comparison schedules for each nonmajor fund are presented in Schedules C-3 through C-7 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
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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-7 through A-9 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-10 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-10 and the Notes to the Required Supplementary Information begin after Schedule B-4 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, 2010**

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 \$571,375,004 (net assets) at June 30, 2010, as illustrated in the Summary of Net Assets (with comparative amounts at June 30, 2009), as follows:

Summary of Net Assets		
	2010	2009
Current Assets	\$ 280,762,810	\$ 285,466,884
Noncurrent Assets	<u>411,565,763</u>	<u>384,102,886</u>
Total Assets	<u>\$ 692,328,573</u>	<u>\$ 669,569,770</u>
Current Liabilities	\$ 106,204,744	\$ 112,156,705
Noncurrent Liabilities	<u>14,748,825</u>	<u>14,915,988</u>
Total Liabilities	<u>\$ 120,953,569</u>	<u>\$ 127,072,693</u>
Net Assets:		
Invested in Capital Assets	\$ 411,565,763	\$ 384,102,886
Restricted for:		
Capital Projects	60,912,528	69,172,375
Grants	893,092	674,003
Unrestricted	<u>98,003,621</u>	<u>88,547,813</u>
Total Net Assets	<u>\$ 571,375,004</u>	<u>\$ 542,497,077</u>

The largest portion of the School Board's net assets (72%) 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, 2010**

An additional portion of the School Board's net assets (11%) represents resources that are subject to external restrictions on their use. The remaining balance of net assets (17%) is unrestricted for future use in certain governmental activities.

CHANGES IN NET ASSETS

The School Board's revenues of \$802,814,911 exceeded expenses of \$773,936,984 by \$28,877,927 during Fiscal Year 2010, as illustrated in the Changes in Net Assets (with comparative amounts for the year ended June 30, 2009), as follows:

Changes in Net Assets		
	2010	2009
<u>Revenues</u>		
Program Revenues:		
Charges for Services	\$ 17,029,809	\$ 17,702,147
Operating Grants	143,007,213	133,607,276
Capital Grants	9,445,175	11,075,378
General Revenues:		
Local Government	361,465,466	384,210,051
State Basic Aid	181,102,083	217,584,685
State Sales Tax	66,688,947	69,168,038
Federal Impact Aid	17,057,468	11,437,201
Interest Earnings	734,959	2,339,038
Miscellaneous	6,283,791	461,504
Total Revenues	<u>\$ 802,814,911</u>	<u>\$ 847,585,318</u>
<u>Expenses</u>		
Instruction	\$ 574,177,165	\$ 602,074,151
Admin, Attendance, & Health	19,076,315	20,480,010
Pupil Transportation	31,772,212	31,046,691
Operations and Maintenance	90,426,163	106,804,955
Cafeterias	26,140,730	25,803,414
Technology	32,344,399	-
Total Expenses	<u>\$ 773,936,984</u>	<u>\$ 786,209,221</u>
Increase in Net Assets	<u>\$ 28,877,927</u>	<u>\$ 61,376,097</u>

Operating Grants increased \$9,399,937 (7.0%) due to the Federal American Recovery and Reinvestment Act (ARRA) of 2009 (including the ARRA flow-through funding via the State Fiscal Stabilization Fund (SFSF) program). Capital Grants decreased by \$1,630,203 (14.7%) due to a State reduction in School Construction Grants and Lottery Proceeds.

(continued)

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010**

Local Government revenues decreased by \$22,744,585 (5.9%) due to unexpended appropriations and budget reductions. The Miscellaneous general revenue source increased by \$5,822,287 mainly due to the sale of land.

State Basic Aid decreased \$36,482,602 (16.8%) due to a decrease in the per pupil funding levels. Federal Impact Aid increased by \$5,620,267 (49.1%) due to an increase in the funding level from the Department of Education and Department of Defense.

Beginning in fiscal year 2010, the Technology governmental activity is separately reported (financial information for fiscal years prior to 2010 is not available).

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 (as stated above, financial information for fiscal years prior to 2010 is not available) during Fiscal Years 2010 and 2009. 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 2010	Net Cost of Services 2010	Total Cost of Services 2009	Net Cost of Services 2009
<u>Expenses</u>				
Instruction	\$ 574,177,165	\$ 435,427,231	\$ 602,074,151	\$ 465,902,388
Admin, Attendance, & Health	19,076,315	19,076,315	20,480,010	20,480,010
Pupil Transportation	31,772,212	31,751,616	31,046,691	31,046,691
Operations and Maintenance	90,426,163	90,004,137	106,804,955	106,339,844
Cafeterias	26,140,730	162,347	25,803,414	55,487
Technology	32,344,399	28,033,141	-	-
Total Expenses	\$ 773,936,984	\$ 604,454,787	\$ 786,209,221	\$ 623,824,420

(continued)

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010**

FINANCIAL ANALYSIS OF THE SCHOOL BOARD'S FUNDS

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

GOVERNMENTAL FUNDS

The focus of the School Board's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School Board's financing requirements. In particular, the 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, 2010, the School Board's governmental funds reported combined fund balances of \$129,345,069, a decrease of \$587,560 in comparison with the prior fiscal year. Approximately 36% of this total amount (\$46,208,751) constitutes unreserved fund balance, which is available for spending at the School Board's discretion. However, approximately 23% or \$10,672,983 of the unreserved fund balances has been designated for specific purposes within certain governmental funds through the budget process. The remaining combined fund balances total is reserved to indicate that it is not available for new spending, due to being committed to liquidate outstanding contracts and purchase orders (encumbrances) of the prior fiscal year (\$81,924,362), and to account for inventories (\$928,866) and prepaid items (\$283,090).

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, 2010, the fund balance of the General Fund was \$18,032,017. The entire fund balance is reserved for encumbrances and prepaid items.

General Fund Revenues

Revenues for the General Fund totaled \$670,642,126 for Fiscal Year 2010, which was approximately 4.2%, or \$29.2 million, lower than revenues received in Fiscal Year 2009. 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.

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
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General Fund Revenues by Source						
Source	FY 2010		FY 2009		Increase (Decrease) from 2009	
	Amount (thousands)	Percent Of Total	Amount (thousands)	Percent of Total	Amount (thousands)	Percent Change
Local Government	\$ 318,692	47.5%	\$ 321,099	45.9%	\$ (2,407)	(.7)%
Commonwealth of Virginia	250,369	37.3	292,201	41.8	(41,832)	(14.3)%
State Sales Tax	66,689	9.9	69,168	9.9	(2,479)	(3.6)%
Federal Government	32,229	4.8	14,100	2.0	18,129	128.6%
Other Revenues	<u>2,663</u>	<u>0.5</u>	<u>3,280</u>	<u>0.4</u>	<u>(617)</u>	<u>(18.8)%</u>
Total Revenues	<u>\$ 670,642</u>	<u>100.0%</u>	<u>\$ 699,848</u>	<u>100.0%</u>	<u>\$ (29,206)</u>	<u>(4.2)%</u>

The largest source of revenues (other than the Local Government) was from the Commonwealth of Virginia and it decreased by 14.3% from the prior fiscal year due to a decrease in the per pupil funding levels. 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 increased by 128.6% due to an increase in the funding level of impact aid from the Department of Education and Department of Defense, and Basic School Aid funded by the ARRA/SFSF program.

General Fund Expenditures and Other Financing Uses

General Fund expenditures and other financing uses totaled \$668,461,122 for Fiscal Year 2010, which was a decrease of approximately \$25.9 million, or 3.7%, over Fiscal Year 2009. 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.

(continued)

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
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General Fund Expenditures and Other Financing Uses by Function						
Function	FY 2010		FY 2009		Increase (Decrease) From 2009	
	Amount (thousands)	Percent of Total	Amount (thousands)	Percent of Total	Amount (thousands)	Percent Change
Instruction	\$ 491,960	73.6%	\$ 515,411	74.2%	\$ (23,451)	(4.5)%
Administration, Attendance and Health	18,988	2.8	19,160	2.8	(172)	(.9)%
Pupil Transportation	31,579	4.7	33,326	4.8	(1,747)	(5.2)%
Operations and Maintenance	83,236	12.5	90,159	13.0	(6,923)	(7.7)%
Technology	23,605	3.5	26,713	3.8	(3,108)	(11.6)%
Transfers	<u>19,093</u>	<u>2.9</u>	<u>9,640</u>	<u>1.4</u>	<u>9,453</u>	98.1%
Total Expenditures	<u>\$ 668,461</u>	<u>100.0%</u>	<u>\$ 694,409</u>	<u>100.0%</u>	<u>\$ (25,948)</u>	(3.7)%

Beginning in fiscal year 2009, the Technology category is separately reported.

The decreases in the various expenditure functions were due to unexpended appropriations (e.g., VRS premium holiday in the last quarter of the fiscal year) and budget reductions. The Transfers increase was mainly due to transfers to the School Textbooks Fund to offset the reduction in state funding and the School Instructional Technology Fund to increase technology use in the classrooms (e.g., Promethean Interactive Whiteboards).

General Fund Budget Amendment

<u>Amount</u>	<u>Purpose</u>
\$ (334,440)	Net categorical budget reductions (and corresponding revenue from local government reduction) in the General Fund offset by a net budget increase (and corresponding revenue from local government increase) in other funds for equipment replacement and similar purposes

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
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General Fund Original Budget to Final Budget Difference Reconciliation

General Fund:

\$ 15,420,804 – FY 2009 Outstanding Encumbrances Appropriated
(334,440) – Budget Amendment (See above)
\$ 15,086,364 – Original Budget to Final Budget Difference (including the Other
Financing Uses budget)

General Fund Final Budget to Actual Expenditures Variance Reconciliation

Instruction Category:

\$ 1,641,454 – Outstanding Encumbrances as of June 30, 2010
17,392,451 – Remaining Available Balance (3.4% of the category budget less transfers)
\$ 19,033,905 – Final Budget to Actual Expenditures Variance

The remaining available balance was mainly in the Elementary Classroom (personnel services, materials and supplies); Senior High Classroom (personnel services); Special Education (personnel services, purchased services); Instructional Support (personnel services, purchased services); and Middle School Classroom (personnel services) budget units.

Administration, Attendance and Health Category:

\$ 17,420 – Outstanding Encumbrances as of June 30, 2010
3,438,255 – Remaining Available Balance (15.3% of the category budget less transfers)
\$ 3,455,675 – Final Budget to Actual Expenditures Variance

The remaining available balance was mainly in the Budget and Finance (personnel services, purchased services); Human Resources (personnel services, purchased services); and Organizational Development (personnel services, purchased services) budget units.

Pupil Transportation Category:

\$ 2,703,825 – Outstanding Encumbrances as of June 30, 2010
2,238,697 – Remaining Available Balance (6.1% of the category budget less transfers)
\$ 4,942,522 – Final Budget to Actual Expenditures Variance

The remaining available balance was mainly in the Vehicle Operations (materials and supplies) and the Vehicle Operations-Special Education (personnel services, materials and supplies) budget units.

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
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Operations and Maintenance Category:

\$ 5,366,916 – Outstanding Encumbrances as of June 30, 2010
9,447,761 – Remaining Available Balance (9.6% of the category budget less transfers)
\$ 14,814,677 – Final Budget to Actual Expenditures Variance

The remaining available balance was mainly in the School Plant (purchased services, other charges) and Custodial Services (personnel services, purchased services) budget units.

Technology Category:

\$ 8,070,106 – Outstanding Encumbrances as of June 30, 2010
296,182 – Remaining Available Balance (.9% of the category budget less transfers)
\$ 8,366,288 – Final Budget to Actual Expenditures Variance

The remaining available balance was mainly in the Operations and Maintenance (Technology Maintenance budget unit (purchased services)) category.

Transfers:

\$ (8,875,560) – Final Budget to Actual Expenditures Variance

Transfers are budgeted in the Instructional Category and presented separately as required for reporting purposes. The variance was mainly due to transfers to the School Textbooks Fund to offset the reduction in state funding and the School Instructional Technology Fund to increase technology use in the classrooms (e.g., Promethean Interactive Whiteboards).

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 dedicated 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).

(continued)

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
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School Textbooks – accounts for the financing (e.g., Commonwealth of Virginia) and acquisitions of textbooks and related materials used in the school division.

School Instructional Technology – accounts for the financing (e.g., local government) and acquisitions relating to the instructional technology initiative established to assist in the integration of technology into the K-12 curriculum as required by the Virginia Standards of Learning.

Nonmajor Funds:

School Athletics – accounts for revenues (e.g., general public and student gate receipts) and expenditures associated with the middle and high school athletic programs.

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 2010, revenues and other financing sources totaled \$49,028,037 and expenditures totaled \$48,808,948. This resulted in an increase in the fund balance of \$219,089. The remaining fund balance will be used for the required local match of Commonwealth of Virginia approved FY 2010 grant proceeds to be disbursed in FY 2011.

School Textbooks Fund: During Fiscal Year 2010, revenues and other financing sources totaled \$5,199,071 and expenditures totaled \$5,976,029. This resulted in a decrease in the fund balance of \$776,958. The remaining fund balance will be used for future textbook adoptions.

School Instructional Technology Fund: During Fiscal Year 2010, revenues and other financing sources totaled \$7,280,169 and expenditures totaled \$593,920. This resulted in an increase in the fund balance of \$6,686,249. The remaining fund balance will be used to increase technology use in the classrooms.

(continued)

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010**

Nonmajor Special Revenue Funds: During Fiscal Year 2010, revenues and other financing sources totaled \$31,576,536 and expenditures totaled \$32,213,633. This resulted in a combined decrease in the fund balances of all nonmajor Special Revenue funds of \$637,097. The remaining fund balances of these nonmajor Special Revenue funds will be used in the future for operating budget funding source, equipment replacements, athletic supplies and 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 2010, total revenues including nonoperating revenues amounted to \$115,230,526. Expenses totaled \$113,671,821. This resulted in an increase in net assets of \$1,558,705.

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.

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 \$66,442,163.

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	Instructional Technology
Renovations/Replacements-HVAC Systems	Virginia Beach Middle School Replacement
Renovations/Replacements-Reroofing	Windsor Oaks Elementary School Replacement

During Fiscal Year 2010, revenues totaled \$58,182,316 and expenditures totaled \$66,442,163. This resulted in a decrease in the fund balance of \$8,259,847. The remaining fund balance will be used to complete capital projects as appropriated in the Capital Improvement Program.

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010**

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, 2010. 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, 2010 amounts to \$411,565,763 (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 7.1%, as follows:

Capital Assets (net of accumulated depreciation) As of June 30, 2010 and 2009			
	2010	2009	Percentage Change
Land	\$ 29,881,022	\$ 29,881,022	0.0%
Construction in Progress	39,413,411	114,317,998	(65.5)%
Buildings and Improvements	296,942,417	186,154,369	59.5%
Equipment and Vehicles	45,328,913	53,749,497	(15.7)%
Total Capital Assets (net)	<u>\$ 411,565,763</u>	<u>\$ 384,102,886</u>	7.1%

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 five years. Virginia Beach is 3.2% under the national rate, with an average of 6.3% as of August 2010. In a Brookings Institution study of the 100 largest metropolitan areas, Hampton Roads’ economy ranked 41st.

As of 2008 (the latest data available from the U.S. Bureau of Economic Analysis), the City’s per capita income was \$45,022, as compared to the nation’s per capita income of \$40,166. Virginia

(continued)

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010**

Beach's median household income in 2009 was \$59,298. This was a decrease of 9.8% over 2008 due to the slow economy; however, it was greater than the nation's median household income of \$50,221.

Factors Influencing Future Budgets

- Employer contributions for employee health insurance premiums
- Funding postemployment benefits for retirees
- Professional growth and development of teachers
- Inadequate state and federal aid
- Uncertainty of sales tax revenue
- Providing competitive salaries and pay raises
- Continuing to fund various magnet schools and academies
- No Child Left Behind legislation
- Declining enrollment for the near future
- 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, 2010

	Governmental Activities
<u>ASSETS</u>	
Current Assets:	
Cash and Investments (Notes 1H1 and 6)	\$ 255,654,726
Accounts Receivable	286,875
Due from Commonwealth (Note 2A)	12,067,348
Due from Federal Government (Note 2B)	11,471,212
Inventories (Note 1F)	928,866
Prepaid Items (Note 1H6)	353,783
Total Current Assets	<u>\$ 280,762,810</u>
Noncurrent Assets:	
Capital Assets (Note 4):	
Land	\$ 29,881,022
Buildings, Improvements, Equipment, and Vehicles (net of accumulated depreciation)	342,271,330
Construction in Progress	39,413,411
Total Noncurrent Assets	<u>\$ 411,565,763</u>
 TOTAL ASSETS	 <u>\$ 692,328,573</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Salaries Payable (Note 7C)	\$ 57,390,491
Vouchers and	
Accounts Payable	22,184,857
Deposits Payable	45,000
Due to Federal Government	88,549
Unearned Revenue (Note 3)	6,280,367
Long-term Liabilities (due within one year) (Note 5A)	20,215,480
Total Current Liabilities	<u>\$ 106,204,744</u>
Noncurrent Liabilities:	
Long-term Liabilities (due in more than one year) (Notes 1G, 5, and 9)	<u>14,748,825</u>
 TOTAL LIABILITIES	 <u>\$ 120,953,569</u>
<u>NET ASSETS</u>	
Invested in Capital Assets	\$ 411,565,763
Restricted for:	
Capital Projects	60,912,528
Grants	893,092
Unrestricted	<u>98,003,621</u>
 TOTAL NET ASSETS	 <u>\$ 571,375,004</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, 2010**

		Program Revenues			Net (Expenses)
			Operating	Capital	Revenues and
	Expenses	Charges for	Grants and	Grants and	Change In
		Services	Contributions	Contributions	Net Assets
<u>GOVERNMENTAL ACTIVITIES</u>					
Instruction	\$ 574,177,165	\$ 2,756,285	\$ 126,548,474	\$ 9,445,175	\$ (435,427,231)
Admin, Attendance, & Health	19,076,315	-	-	-	(19,076,315)
Pupil Transportation	31,772,212	-	20,596	-	(31,751,616)
Operations and Maintenance	90,426,163	422,026	-	-	(90,004,137)
Cafeterias	26,140,730	13,480,969	12,497,414	-	(162,347)
Technology	32,344,399	370,529	3,940,729	-	(28,033,141)
Total Governmental Activities	\$ 773,936,984	\$ 17,029,809	\$ 143,007,213	\$ 9,445,175	\$ (604,454,787)

General Revenues:**Local Sources:**

Local Government	\$ 361,465,466
Miscellaneous	6,283,791

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

State Basic Aid	181,102,083
State Sales Tax	66,688,947
Federal Impact Aid	17,057,468

Interest Earnings	734,959
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Total General Revenues	\$ 633,332,714
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Change in Net Assets	\$ 28,877,927
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Total Net Assets - July 1	542,497,077
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Total Net Assets - June 30	\$ 571,375,004
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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, 2010

	General	School Grants	School Textbooks	School Instructional Technology
<u>ASSETS</u>				
Cash and Investments (Notes 1H1 and 6)	\$ 62,366,632	\$ -	\$ 22,562,055	\$ 19,486,379
Accounts Receivable	173,880	1,982	3,864	-
Due from Other Funds (Note 10B)	3,483,000	-	-	-
Due from Commonwealth (Note 2A)	9,353,173	2,576,442	-	-
Due from Federal Government (Note 2B)	107,554	7,743,148	-	-
Inventories (Note 1F)	-	-	-	-
Prepaid Items (Note 1H6)	232,296	-	-	-
TOTAL ASSETS	<u>\$ 75,716,535</u>	<u>\$ 10,321,572</u>	<u>\$ 22,565,919</u>	<u>\$ 19,486,379</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Salaries Payable (Note 7C)	\$ 52,689,356	\$ 3,637,054	\$ -	\$ -
Vouchers and Accounts Payable	4,731,701	2,260,803	376,178	471,061
Deposits Payable	-	-	-	-
Due to Other Funds (Note 10B)	-	3,483,000	-	-
Due to Federal Government	-	635	-	-
Deferred Revenue (Note 3)	263,461	46,988	-	-
TOTAL LIABILITIES	<u>\$ 57,684,518</u>	<u>\$ 9,428,480</u>	<u>\$ 376,178</u>	<u>\$ 471,061</u>
Fund Balances:				
Reserved for:				
Encumbrances (Note 1E)	\$ 17,799,721	\$ -	\$ 805,410	\$ 2,322,010
Inventories (Note 1F)	-	-	-	-
Prepaid Items	232,296	-	-	-
Unreserved, reported in:				
Designated (Note 1H4):				
Capital Projects Fund	-	-	-	-
Special Revenue Funds	-	893,092	4,272,012	2,915,947
Undesignated:				
Special Revenue Funds	-	-	17,112,319	13,777,361
TOTAL FUND BALANCES	<u>\$ 18,032,017</u>	<u>\$ 893,092</u>	<u>\$ 22,189,741</u>	<u>\$ 19,015,318</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 75,716,535</u>	<u>\$ 10,321,572</u>	<u>\$ 22,565,919</u>	<u>\$ 19,486,379</u>

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

Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 67,322,668	\$ 8,249,004	\$ 179,986,738
-	97,524	277,250
-	-	3,483,000
-	-	11,929,615
2,819,861	767,597	11,438,160
-	928,866	928,866
-	50,794	283,090
<u>\$ 70,142,529</u>	<u>\$ 10,093,785</u>	<u>\$ 208,326,719</u>
\$ 12,170	\$ 1,050,586	\$ 57,389,166
9,129,917	335,366	17,305,026
-	45,000	45,000
-	-	3,483,000
87,914	-	88,549
-	360,460	670,909
<u>\$ 9,230,001</u>	<u>\$ 1,791,412</u>	<u>\$ 78,981,650</u>
\$ 60,809,732	\$ 187,489	\$ 81,924,362
-	928,866	928,866
-	50,794	283,090
102,796	-	102,796
-	2,489,136	10,570,187
-	4,646,088	35,535,768
<u>\$ 60,912,528</u>	<u>\$ 8,302,373</u>	<u>\$ 129,345,069</u>
<u>\$ 70,142,529</u>	<u>\$ 10,093,785</u>	<u>\$ 208,326,719</u>

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	General	School Grants	School Textbooks	School Instructional Technology
<u>REVENUES</u>				
From Use of Money and Property	\$ 422,026	\$ -	\$ 114,076	\$ 280,169
Charges for Services	1,503,939	-	17	-
Miscellaneous	736,949	5,275	84,978	-
From Local Government	318,692,326	-	-	-
From Commonwealth	317,057,808	8,328,241	-	-
From Federal Government	32,229,078	37,798,262	-	-
Total Revenues	<u>\$ 670,642,126</u>	<u>\$ 46,131,778</u>	<u>\$ 199,071</u>	<u>\$ 280,169</u>
<u>EXPENDITURES</u>				
Current:				
Instruction	\$ 491,959,589	\$ 44,868,219	\$ 5,976,029	\$ -
Administration, Attendance, & Health	18,988,180	-	-	-
Pupil Transportation	31,579,245	-	-	-
Operations and Maintenance	83,235,799	-	-	-
Technology	23,604,965	3,940,729	-	593,920
Capital Outlay	-	-	-	-
Total Expenditures	<u>\$ 649,367,778</u>	<u>\$ 48,808,948</u>	<u>\$ 5,976,029</u>	<u>\$ 593,920</u>
<u>EXCESS (DEFICIENCY) OF</u>				
<u>REVENUES OVER (UNDER)</u>				
<u>EXPENDITURES</u>	<u>\$ 21,274,348</u>	<u>\$ (2,677,170)</u>	<u>\$ (5,776,958)</u>	<u>\$ (313,751)</u>
<u>OTHER FINANCING SOURCES</u>				
<u>(USES)</u>				
Transfers In (Note 10A)	\$ -	\$ 2,896,259	\$ 5,000,000	\$ 7,000,000
Transfers Out (Note 10A)	(19,093,344)	-	-	-
Total Other Financing Sources (Uses)	<u>\$ (19,093,344)</u>	<u>\$ 2,896,259</u>	<u>\$ 5,000,000</u>	<u>\$ 7,000,000</u>
<u>NET CHANGES IN</u>				
<u>FUND BALANCES</u>	<u>\$ 2,181,004</u>	<u>\$ 219,089</u>	<u>\$ (776,958)</u>	<u>\$ 6,686,249</u>
<u>FUND BALANCES - JULY 1</u>	<u>15,851,013</u>	<u>674,003</u>	<u>22,966,699</u>	<u>12,329,069</u>
<u>FUND BALANCES - JUNE 30</u>	<u><u>\$ 18,032,017</u></u>	<u><u>\$ 893,092</u></u>	<u><u>\$ 22,189,741</u></u>	<u><u>\$ 19,015,318</u></u>

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

Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 290,665	\$ 420,578	\$ 1,527,514
-	14,038,832	15,542,788
6,007,776	148,555	6,983,533
42,438,700	334,440	361,465,466
5,031,804	445,844	330,863,697
4,413,371	11,991,202	86,431,913
<u>\$ 58,182,316</u>	<u>\$ 27,379,451</u>	<u>\$ 802,814,911</u>
\$ 3,867,918	\$ 5,696,655	\$ 552,368,410
-	-	18,988,180
-	-	31,579,245
8,244,835	25,969,666	117,450,300
1,775,220	547,312	30,462,146
52,554,190	-	52,554,190
<u>\$ 66,442,163</u>	<u>\$ 32,213,633</u>	<u>\$ 803,402,471</u>
<u>\$ (8,259,847)</u>	<u>\$ (4,834,182)</u>	<u>\$ (587,560)</u>
\$ -	\$ 4,197,085	\$ 19,093,344
-	-	(19,093,344)
<u>\$ -</u>	<u>\$ 4,197,085</u>	<u>\$ -</u>
\$ (8,259,847)	\$ (637,097)	\$ (587,560)
69,172,375	8,939,470	129,932,629
<u>\$ 60,912,528</u>	<u>\$ 8,302,373</u>	<u>\$ 129,345,069</u>

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
(EXHIBIT A-3) TO THE STATEMENT OF NET ASSETS (EXHIBIT A-1)
JUNE 30, 2010**

Amounts reported for governmental activities in the Statement of Net Assets in Exhibit A-1 are different from amounts reported for governmental funds in Exhibit A-3 because:

Total Fund Balances - Governmental Funds (Exhibit A-3)	\$ 129,345,069
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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	\$ 685,658,236	
	less: Accumulated Depreciation	<u>274,092,473</u>	411,565,763

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	\$ 21,059,690	
	Net Pension Obligation	<u>70,385</u>	(21,130,075)

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	\$ 75,919,091	
	less: Total Liabilities	<u>24,324,844</u>	
	Total Net Assets		<u>51,594,247</u>

Total Net Assets of governmental activities in the Statement of Net Assets (Exhibit A-1)	<u><u>\$ 571,375,004</u></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
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS (EXHIBIT A-4) TO THE STATEMENT OF ACTIVITIES (EXHIBIT A-2)
FOR THE YEAR ENDED JUNE 30, 2010

Amounts reported for governmental activities in the Statement of Activities in Exhibit A-2 are different from amounts reported for governmental funds in Exhibit A-4 because:

Net Changes in Fund Balances - Governmental Funds (Exhibit A-4)	\$	(587,560)
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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).

35,136,382

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	\$ 9,742,383	
Leave Earned	<u>(9,298,529)</u>	443,854

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.

NPO - June 30, 2009	\$ 70,436	
NPO - June 30, 2010	<u>(70,385)</u>	51

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	\$ 2,534,475	
Health Insurance	<u>(975,770)</u>	1,558,705

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, 2010. This amount is the applicable Net Book Value change and depreciation expense for the fiscal year.

(7,673,505)

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

\$ 28,877,927

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, 2010

	Governmental Activities: Internal Service Funds
<u>ASSETS</u>	
Current Assets:	
Cash and Investments (Notes 1H1 and 6)	\$ 75,667,988
Accounts Receivable	9,625
Due from Commonwealth (Note 2A)	137,733
Due from Federal Government (Note 2B)	33,052
Prepaid Items (Note 1H6)	<u>70,693</u>
TOTAL ASSETS	\$ 75,919,091
<u>LIABILITIES</u>	
Current Liabilities:	
Salaries Payable	\$ 1,325
Vouchers and	
Accounts Payable	4,879,831
Unearned Revenue (Note 3)	5,609,458
Estimated Claims and	
Judgments (due within one year)	
(Notes 5A and 9)	<u>10,375,673</u>
Total Current Liabilities	<u>\$ 20,866,287</u>
Noncurrent Liabilities:	
Estimated Claims and	
Judgments (due in more than one year)	
(Notes 5A and 9)	<u>3,458,557</u>
TOTAL LIABILITIES	\$ 24,324,844
<u>NET ASSETS</u>	
Unrestricted	<u>\$ 51,594,247</u>
TOTAL NET ASSETS	<u>\$ 51,594,247</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, 2010

	Governmental Activities: Internal Service Funds
<u>OPERATING REVENUES</u>	
Charges for Services	\$ 114,367,893
Miscellaneous Revenue	362,392
Total Operating Revenue	<u>\$ 114,730,285</u>
<u>OPERATING EXPENSES</u>	
Personnel Services	\$ 602,327
Fringe Benefits	157,571
Other Charges (Note 1H2)	112,911,923
Total Operating Expenses	<u>\$ 113,671,821</u>
<u>OPERATING INCOME</u>	<u>\$ 1,058,464</u>
<u>NONOPERATING REVENUES</u>	
From Federal Government	\$ 103,750
Interest Income	396,491
Total Nonoperating Revenues	<u>\$ 500,241</u>
<u>CHANGE IN NET ASSETS</u>	<u>\$ 1,558,705</u>
<u>TOTAL NET ASSETS - JULY 1</u>	<u>50,035,542</u>
<u>TOTAL NET ASSETS - JUNE 30</u>	<u><u>\$ 51,594,247</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, 2010

	Governmental Activities: Internal Service Funds
<u>CASH FLOWS FROM OPERATING</u>	
<u>ACTIVITIES:</u>	
Receipts from Customers and Users	\$ 114,566,263
Payments to Vendors for Goods and Services	(111,005,803)
Payments to Employees for Services	<u>(760,336)</u>
Net Cash Provided By Operating Activities	\$ 2,800,124
<u>CASH FLOWS FROM NONCAPITAL</u>	
<u>FINANCING ACTIVITIES:</u>	
Intergovernmental Receipts	103,750
<u>CASH FLOWS FROM INVESTING</u>	
<u>ACTIVITIES:</u>	
Interest Received on Investments	<u>396,491</u>
<u>NET INCREASE IN CASH AND INVESTMENTS</u>	\$ 3,300,365
<u>CASH AND INVESTMENTS, BEGINNING OF YEAR</u>	<u>72,367,623</u>
<u>CASH AND INVESTMENTS, END OF YEAR</u>	<u>\$ 75,667,988</u>
<u>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</u>	
Operating Income	<u>\$ 1,058,464</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
(Increase) Decrease in Assets	
Accounts Receivable	\$ (1,034)
Due from Commonwealth	(57,737)
Due from Federal Government	(24,766)
Prepaid Items	4,491
Increase (Decrease) in Liabilities	
Salaries Payable	(438)
Vouchers and Accounts Payable	1,517,352
Unearned Revenue	(80,485)
Estimated Claims and Judgments	<u>384,277</u>
Total Adjustments	<u>\$ 1,741,660</u>
Net Cash Provided By Operating Activities	<u><u>\$ 2,800,124</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, 2010

	Agency Funds
<u>ASSETS</u>	
Cash and Investments (Notes 1H1 and 6)	\$ 12,161,465
Accounts Receivable	115
Due from Commonwealth (Note 2A)	<u>542</u>
TOTAL ASSETS	<u><u>\$ 12,162,122</u></u>
<u>LIABILITIES</u>	
Liabilities:	
Vouchers and	
Accounts Payable	<u>\$ 12,162,122</u>
TOTAL LIABILITIES	<u><u>\$ 12,162,122</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, 2010

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SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
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SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

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, expenditures and 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, 2010

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.

School Instructional Technology Special Revenue Fund – accounts for the financing (e.g., local government) and acquisitions relating to the instructional technology initiative established to assist in the integration of technology into the K-12 curriculum as required by the Virginia Standards of Learning.

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

Additionally, the School Board reports the following fund types:

Special Revenue Funds – are used to account for the proceeds of specific revenue sources (other than for the above major governmental funds), which are legally restricted or dedicated 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 Athletics, 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, 2010

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, 2010

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
Interest on Deposits

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, 2010

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. Fund balances have been reserved equal to the outstanding encumbrances at June 30 in the governmental funds.

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, 2010

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. 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.

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Miscellaneous (continued)

4. Fund Balances

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriations or are legally restricted by outside parties for use for specific purposes. The most significant of these is the reservation for encumbrances (see Note 1E).

The Unreserved/Designated Fund Balances present the amounts approved by the School Board and City Council to be appropriated in the Fiscal Year 2010-11 Operating Budget.

5. Long-term Obligations

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

6. Prepaid Items

Prepaid items are certain required/negotiated payments made during Fiscal Year 2010 for goods/services to be delivered/rendered (and recorded as an expenditure/expense, accordingly) during the following fiscal year(s).

2. RECEIVABLES

A. Due from Commonwealth

The following revenues were due from the Commonwealth of Virginia at June 30, 2010:

State Share Sales Tax	\$ 5,219,018
Special Education – Regional Program	4,133,446
Technology Initiative	2,306,784
Other Grants, Entitlements, and Shared Revenues	<u>270,367</u>
Total Due from Commonwealth – Governmental Funds (Exhibit A-3)	\$ 11,929,615
Reimbursement – Health Insurance	<u>137,733</u>
Total Due from Commonwealth – Governmental Activities (Exhibit A-1)	<u>\$ 12,067,348</u>
Refund – State Withholding (Exhibit A-10)	<u>\$ 542</u>

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

2. RECEIVABLES (continued)

B. Due from Federal Government

The following revenues were due from various federal agencies at June 30, 2010:

Adult Basic Education	\$ 76,928
ARRA/SFSF Program	6,124,935
Carl Perkins	501,908
National School Meal Program	767,597
NJROTC	78,097
Preschool Incentive	101,380
Safe and Drug Free Schools/Community Act	66,133
Teaching American History – SAIL	163,122
Title I	2,790,460
Title II	532,436
Title III	70,704
Other Grants, Entitlements, and Shared Revenues	<u>164,460</u>
Total Due from Federal Government (Exhibit A-3)	\$ 11,438,160
COBRA Health Insurance Subsidies	<u>33,052</u>
Total Due from Federal Government (Exhibit A-1)	<u>\$ 11,471,212</u>

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, 2010:

General Fund – Summer School Tuition and Rent Fees	\$ 263,461
School Grants Fund – Early Reading Intervention and other grants	46,988
Other Governmental Funds – School Cafeterias – Charges for Services	<u>360,460</u>
Total Deferred Revenue – Governmental Funds (Exhibit A-3)	\$ 670,909
School Health Insurance Internal Service Fund – Prepayment of July health insurance premiums (Exhibit A-7)	<u>5,609,458</u>
Total Unearned Revenue – Governmental Activities (Exhibit A-1)	<u>\$ 6,280,367</u>

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

4. CAPITAL ASSETS

A. Summary of Changes in Capital Assets

	Balance July 1, 2009	Increases	Decreases	Balance June 30, 2010
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 29,881,022	\$ -	\$ -	\$ 29,881,022
Construction in Progress	114,317,998	50,455,508	125,360,095	39,413,411
Total Capital Assets Not Being Depreciated	<u>\$ 144,199,020</u>	<u>\$ 50,455,508</u>	<u>\$ 125,360,095</u>	<u>\$ 69,294,433</u>
Capital Assets Being Depreciated:				
Buildings	\$ 332,508,093	\$ 144,889,277	\$ 8,183,246	\$ 469,214,124
Improvements Other Than Buildings	48,396,552	803,611	146,569	49,053,594
Machinery and Equipment	96,254,654	7,576,143	5,734,712	98,096,085
Total Capital Assets Being Depreciated	<u>\$ 477,159,299</u>	<u>\$ 153,269,031</u>	<u>\$ 14,064,527</u>	<u>\$ 616,363,803</u>
Less Accumulated Depreciation for:				
Buildings	\$ 160,374,793	\$ 38,413,575	\$ 5,837,887	\$ 192,950,481
Improvements Other Than Buildings	26,654,863	1,866,526	146,569	28,374,820
Machinery and Equipment	50,225,777	8,113,066	5,571,671	52,767,172
Total Accumulated Depreciation	<u>\$ 237,255,433</u>	<u>\$ 48,393,167</u>	<u>\$ 11,556,127</u>	<u>\$ 274,092,473</u>
Total Capital Assets Being Depreciated, Net	<u>\$ 239,903,866</u>	<u>\$ 104,875,864</u>	<u>\$ 2,508,400</u>	<u>\$ 342,271,330</u>
Governmental Activities Capital Assets, Net	<u>\$ 384,102,886</u>	<u>\$ 155,331,372</u>	<u>\$ 127,868,495</u>	<u>\$ 411,565,763</u>

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, 2010, as follows:

School Buildings reported by the City	\$ 335,479,502
Less: Accumulated Depreciation	<u>21,627,216</u>
Net Book Value reported by the City	<u>\$ 313,852,286</u>

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

4. CAPITAL ASSETS (continued)

C. Depreciation Expense on Capital Assets

Depreciation expense was charged to governmental activities, as follows:

Instruction	\$ 41,549,961
Admin, Attendance, & Health	46,544
Pupil Transportation	4,031,611
Operations and Maintenance	568,810
Cafeterias	266,018
Technology	<u>1,930,223</u>
Total Depreciation Expense	<u>\$ 48,393,167</u>

Note: Approximately \$28 million of the depreciation expense is on buildings owned by the School Board and reported by the City, and the net accumulated depreciation change 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.

5. LONG-TERM LIABILITIES

A. Summary of Changes In Long-term Liabilities

Governmental Activities:	Balance <u>July 1, 2009</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2010</u>	Amounts Due Within <u>One Year</u>
Accrued Compensated Leave (Note 5B)	\$ 21,503,544	\$ 9,298,529	\$ 9,742,383	\$ 21,059,690	\$ 9,839,807
Estimated Claims and Judgments (Notes 9A and 9C)	13,449,953	112,911,923	112,527,646	13,834,230	10,375,673
Net Pension Obligation (Note 8)	<u>70,436</u>	<u>-</u>	<u>51</u>	<u>70,385</u>	<u>-</u>
Long-Term Liabilities	<u>\$ 35,023,933</u>	<u>\$122,210,452</u>	<u>\$122,270,080</u>	<u>\$ 34,964,305</u>	<u>\$ 20,215,480</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.

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

5. LONG-TERM LIABILITIES (continued)

B. Accrued Compensated Leave

The accrued compensated leave is as follows at June 30, 2010:

<u>Compensated Leave</u>	
Annual	\$ 9,162,417
Sick	10,086,786
Personal	<u>1,810,487</u>
Total	<u>\$21,059,690</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:

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, 2010, 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.

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

6. DEPOSITS AND INVESTMENTS (continued)

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturities (in months)</u>
Certificates of Deposit	\$ 120,123,165	1.26
State Treasurer's Local Government Investment Pool (LGIP)	525,000,000	0.69
U. S. Government Securities	35,000,000	1.01
State Non Arbitrage Program – SNAP	71,142,158	0.09
Arbitrage Investment Management Program – AIM	12,727,730	0.02
Total Fair Value	\$ 763,993,053	
Portfolio Weighted Average Maturity		0.73

Reconciliation of total deposits and investments:

	<u>Primary Government</u>	<u>School Board Component Unit</u>	<u>Total</u>
Cash and Investments	\$ 305,465,583	\$ 255,654,726	\$ 561,120,309
Restricted Cash and Cash Equivalents	360,856,461	-	360,856,461
Fiduciary Funds	282,903	12,161,465	12,444,368
Total	\$ 666,604,947	\$ 267,816,191	\$ 934,421,138
Less: Cash on Deposit			(170,428,085)
Total Market Value of Investments at June 30, 2010			\$ 763,993,053

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.

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

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

6. DEPOSITS AND INVESTMENTS (continued)

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, 2010 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)	\$525,000,000	-
U. S. Government Securities	35,000,000	-
State Non-Arbitrage Program (SNAP)	71,142,158	-
Arbitrage Investment Management Program (AIM)	12,727.730	-

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, 2010, 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, 2010 resulted in a net increase of \$338,736.

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, 2010, is a named defendant in various lawsuits. The School Board is vigorously defending all cases, and expects no losses will be incurred which would have a material effect on the School Board's financial position.

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

7. COMMITMENTS AND CONTINGENCIES (continued)

B. Intergovernmental Grants, Entitlements, and Shared Revenues

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

C. Salaries Payable

The outstanding Salaries Payable amount represents salaries due (in July and August 2010) 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 2010 and not paid until July 2010) to substitutes, part-time employees, and other school personnel.

D. Capital Projects

Construction commitments (i.e., encumbrances) on capital projects in the amount of \$60,809,732 were outstanding at June 30, 2010.

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.

All full-time, salaried permanent employees of participating employers must participate in the VRS. Benefits vest after five years of service. Employees may retire (with full benefits) at age 65 with at least five years of service or at age 50 with at least thirty years of service. The annual benefit is equal to 1.70% of the average final salary (AFS) for each year of credited service (payable monthly for life). AFS is defined as the highest consecutive 36 months of salary. Benefits are actuarially reduced for vested employees who retire prior to becoming eligible for full retirement benefits. The VRS also provides death and disability benefits. In addition, retirees qualify for annual cost-of-living increases (limited to 5% per year) beginning in their second year of retirement.

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

8. RETIREMENT AND OTHER POSTEMPLOYMENT BENEFITS (continued)

A. Virginia Retirement System (continued)

1. Plan Description (continued)

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 this report may be downloaded from their website at <http://www.varetire.org/Pdf/Publications/2009-annual-report.pdf> or obtained by writing the VRS at P.O. Box 2500, Richmond, VA 23218-2500.

2. Funding Status and Progress

As of June 30, 2009, the most recent actuarial valuation date, the plan was 91.78% funded. The actuarial accrued liability for benefits was \$167,501,425, and the actuarial value of assets was \$153,730,529, resulting in an unfunded actuarial accrued liability (UAAL) of \$13,770,896. The covered payroll (annual payroll of active employees covered by the plan) was \$42,555,387, and the ratio of the UAAL to the covered payroll was 32.36%. 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. 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, 2010 was 11.64% 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, 2010 to the VRS statewide teacher pool was \$44,050,383. This amount represented 13.81% of annual covered payroll (0% last quarter) for 2010 (13.81% - 2009, 15.30% - 2008). 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, 2010, the School Board's annual pension cost for the nonprofessional employees of \$4,784,471 was less than the School Board's actual contribution of \$4,784,522. The required contribution was determined as part of the June 30, 2009 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions include: (a) 7.5% 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 within a period of 20 years or less.

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

8. RETIREMENT AND OTHER POSTEMPLOYMENT BENEFITS (continued)

A. Virginia Retirement System (continued)

4. Net Pension Obligation

The School Board's annual pension cost and net pension obligation, for the nonprofessional employees, to VRS for the current fiscal year were as follows (includes the employee contribution paid by the School Board):

Annual required contribution	\$ 4,784,522
Interest on net pension obligation/asset	5,282
Adjustment to annual required contribution	<u>(5,333)</u>
Annual pension cost	\$ 4,784,471
Contributions made	<u>(4,784,522)</u>
Decrease in net pension obligation	(51)
Net pension obligation/(asset) beginning of year	<u>70,436</u>
Net pension obligation/(asset) end of year	<u>\$ 70,385</u>

5. Trend Information

Fiscal Year <u>Ended</u>	Annual Pension <u>Cost (APC)</u>	Percentage of APC <u>Contributed</u>	Net Pension <u>Obligation</u>
June 30, 2008	\$5,228,955	100.0%	\$ 70,487
June 30, 2009	\$4,964,354	100.0%	\$ 70,436
June 30, 2010	\$4,784,522	100.0%	\$ 70,385

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.

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

8. RETIREMENT AND OTHER POSTEMPLOYMENT BENEFITS (continued)

B. Other Postemployment Benefits (continued)

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, 2010 the City and School Board contributed \$8.9 million and \$8.9 million, 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 School Board has adopted a resolution to eliminate the subsidy for health care and phase this elimination in over 10 years. 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 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.

	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
			Unfunded (Overfunded) Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	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>Actuarial Accrued Liability (UAAL)</u>			
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 2010, 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 2010 is presented below (and presented with multi-year information as RSI following the notes to the financial statements).

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

8. RETIREMENT AND OTHER POSTEMPLOYMENT BENEFITS (continued)

B. Other Postemployment Benefits (continued)

3. Annual OPEB Cost and Contribution (continued)

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of ARC Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2010	\$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.

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 year ending June 30, 2010, 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 a period of 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 \$50,000 per occurrence; General Liability is \$50,000 per occurrence; Vehicle Liability is \$200,000 per occurrence; and Workers' Compensation is \$400,000 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 \$50,000 per occurrence for School Leaders Liability; losses in excess of \$50,000 per occurrence for General Liability; losses in excess of \$200,000 per occurrence for Vehicle liability; and losses in excess of \$400,000 per occurrence for Workers' Compensation.

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

9. RISK MANAGEMENT AND HEALTH CARE BENEFITS (continued)

A. School Self-Insurance Program (continued)

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 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, 2010 is \$6,110,230 (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>
2007-08	\$4,441,877	\$4,840,543	\$4,001,084	\$5,281,336
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

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, 2010 is \$7,724,000 (undiscounted), as follows:

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

9. RISK MANAGEMENT AND HEALTH CARE BENEFITS (continued)

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

<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>
2007-08	\$ 6,244,214	\$ 89,272,232	\$ 87,601,446	\$ 7,915,000
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

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

A. Interfund Transfers

The following are the School Board's interfund transfers in and transfers out that occurred during fiscal year 2010:

<u>Fund</u>	<u>Interfund Transfers In</u>	<u>Interfund Transfers Out</u>
General Fund	\$ -	\$ 19,093,344
School Grants Special Revenue	2,896,259	-
School Textbooks Special Revenue	5,000,000	-
School Instructional Technology Special Revenue	7,000,000	-
Total – Major Funds	\$ 14,896,259	\$ 19,093,344
School Athletics Special Revenue Fund (Nonmajor)	4,197,085	-
Total per Exhibit A-4	<u>\$ 19,093,344</u>	<u>\$ 19,093,344</u>

Purpose: Operational support during Fiscal Year 2009-10

B. Interfund Receivables and Payables

The following are the School Board's interfund receivables and payables as of June 30, 2010:

<u>Fund</u>	<u>Interfund Receivables (Due from Other Funds)</u>	<u>Interfund Payables (Due to Other Funds)</u>
General Fund	\$ 3,483,000	\$ -
School Grants		
Special Revenue	-	3,483,000
Total per Exhibit A-3	<u>\$ 3,483,000</u>	<u>\$ 3,483,000</u>

Purpose: Eliminate School Grants Fund negative cash balance at June 30, 2010 (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, 2010

10. CERTAIN INTERFUND TRANSACTIONS AND EXHIBITS A-4 TO A-2 RECONCILIATION FOR CAPITAL OUTLAY (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	\$ 52,554,190
General Fund	3,948,592
Grants Special Revenue Fund	120,614
School Athletics Special Revenue Fund	101,215
School Cafeterias Special Revenue Fund	91,056
School Communication Towers/Technology Special Revenue Fund	455,646
School Equipment Replacement Special Revenue Fund	696,326
Risk Management Internal Service Fund and other Capital Asset Adjustments	64,012
Total Capital Outlay	<u>\$ 58,031,651</u>
Less:	
Depreciation Expense	\$(48,393,167)
Depreciation Expense related to the Tenancy in Common by the City on certain School Buildings (Notes 4B&C)	28,006,298
Loss on Disposals	<u>(2,508,400)</u>
Total Depreciation Expense and Other	<u>\$(22,895,269)</u>
Total Amount by which Capital Outlay Exceeded Depreciation Expense and Other (Exhibit A-6)	
	<u>\$ 35,136,382</u>

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.

SCHOOL INSTRUCTIONAL TECHNOLOGY SPECIAL REVENUE FUND

The School Instructional Technology Fund accounts for the financing (e.g., local government) and acquisitions relating to the instructional technology initiative established to assist in the integration of technology into the K-12 curriculum as required by the Virginia Standards of Learning.

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
RETIREMENT AND OTHER POSTEMPLOYMENT BENEFITS (Unaudited)
JUNE 30, 2010

Retirement
Analysis of Funding Progress

<u>Nonprofessional Employees</u>						
	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
			Unfunded (Overfunded)			
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
June 30, 2007	\$ 137,500,094	\$ 148,701,032	\$ 11,200,938	92.47%	\$ 40,564,649	27.61%
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%

Source: Virginia Retirement System Actuarial Valuation Report for June 30, 2009. Revised economic and noneconomic assumptions due to experience review.

Other Postemployment Benefits
Annual OPEB Cost and Contribution

For 2010, the School Board's annual OPEB cost of \$8.9 million was equal to the required contribution. The School Board's annual OPEB cost and the percentage of annual OPEB cost contributed to the plan is presented below.

Fiscal Year Ended	Annual OPEB Cost	Percentage of ARC Contributed
June 30, 2008	\$9,207,085	100.0%
June 30, 2009	\$8,829,752	100.0%
June 30, 2010	\$8,881,926	100.0%

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

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

Other Postemployment Benefits
Funding Status and Progress

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

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

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

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

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010
with comparative actual amounts for the year ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance - Positive (Negative)	2009 Actual
<u>REVENUES</u>					
<u>From Use of Money and Property</u>					
Rents	\$ 450,000	\$ 450,000	\$ 422,026	\$ (27,974)	\$ 440,686
<u>Charges for Services</u>					
Tuition and Educational Fees	\$ 1,979,070	\$ 1,979,070	\$ 1,503,939	\$ (475,131)	\$ 1,532,520
<u>Miscellaneous Revenue</u>					
Sale of School Buses & Vehicles	\$ 15,000	\$ 15,000	\$ 79,905	\$ 64,905	\$ 147,551
Sale of Salvage	12,000	12,000	88,130	76,130	78,263
Insurance Proceeds	-	-	11,251	11,251	38,011
Flex Benefit Forfeitures	15,000	15,000	-	(15,000)	-
Donations	-	-	2	2	3,775
Miscellaneous	95,000	95,000	87,968	(7,032)	187,861
Indirect Costs	350,000	350,000	469,693	119,693	475,433
SECEP-Reach	-	-	-	-	376,683
Total Miscellaneous Revenue	\$ 487,000	\$ 487,000	\$ 736,949	\$ 249,949	\$ 1,307,577
<u>From Local Government</u>					
City - General Fund	\$ 335,208,106	\$ 334,873,666	\$ 317,182,229	\$ (17,691,437)	\$ 321,098,771
City - School Reserve Fund	800,000	800,000	800,000	-	-
City for Consolidated Benefits Office	814,000	814,000	710,097	(103,903)	-
Total From Local Government	\$ 336,822,106	\$ 336,487,666	\$ 318,692,326	\$ (17,795,340)	\$ 321,098,771
<u>From Commonwealth</u>					
Basic Aid	\$ 190,787,341	\$ 177,092,269	\$ 181,102,083	\$ 4,009,814	\$ 217,584,685
Reimbursement-Social Security	10,671,253	10,671,253	10,852,484	181,231	10,869,652
Reimbursement-Retirement	13,756,916	13,756,916	10,503,810	(3,253,106)	14,056,337
Reimbursement-Life Insurance	385,708	385,708	305,090	(80,618)	480,185
Remedial Education	2,871,381	2,871,381	2,920,146	48,765	2,924,766
Remedial Education-Summer School	1,218,170	1,218,170	1,287,411	69,241	1,187,818
Special Education	21,471,075	21,471,075	21,835,721	364,646	21,870,264
Special Education-Regional Program	9,823,229	9,823,229	8,428,371	(1,394,858)	8,295,301
Special Education-Homebound	78,174	78,174	129,850	51,676	73,060
Special Education-Foster Children	-	-	267,389	267,389	292,696
Foster Home Children	528,797	528,797	213,426	(315,371)	206,807
Vocational	3,642,797	3,642,797	3,704,663	61,866	3,710,524
Vocational-Occupational/Tech	361,764	361,764	209,536	(152,228)	219,613
Vocational-Adult Education	-	-	-	-	18,613
Vocational-Equipment-State	-	-	89,557	89,557	96,210
Sales Tax	72,941,384	72,941,384	66,688,947	(6,252,437)	69,168,038
Class Size Initiative	3,954,621	3,954,621	3,927,539	(27,082)	3,984,904
Enrollment Loss	2,059,550	2,059,550	138,671	(1,920,879)	1,607,281
At-Risk Initiative	1,756,411	1,756,411	1,751,613	(4,798)	1,944,560
English as a Second Language	732,806	732,806	643,183	(89,623)	686,555
Visually Impaired	-	-	26,855	26,855	23,808
Industry Credentials for Students	-	-	-	-	24,131
Dual Enrollment	-	-	70,171	70,171	74,359
Gifted and Talented Aid	1,928,540	1,928,540	1,961,292	32,752	1,964,395
Funding Loss Cap	1,767,449	1,767,449	-	(1,767,449)	-
Other State Funds	-	-	-	-	4,100
Total From Commonwealth	\$ 340,737,366	\$ 327,042,294	\$ 317,057,808	\$ (9,984,486)	\$ 361,368,662

(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, 2010
with comparative actual amounts for the year ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance - Positive (Negative)	2009 Actual
REVENUES (continued)					
From Federal Government					
Public Law 874	\$ 12,461,723	\$ 12,461,723	\$ 12,937,259	\$ 475,536	\$ 8,150,249
Public Law 874-Special Education	-	-	1,362,102	1,362,102	1,074,339
Dept of the Navy-NJROTC	100,000	100,000	298,406	198,406	276,017
Department of Defense	1,500,000	1,500,000	2,245,761	745,761	2,212,613
Dept of Defense Special Education	-	-	512,346	512,346	-
Medicaid Reimbursement	575,000	575,000	1,047,666	472,666	2,251,767
Basic School Aid ARRA/SFSF	-	13,695,072	13,695,072	-	-
Other Federal Funds	-	-	130,466	130,466	135,038
Total From Federal Government	\$ 14,636,723	\$ 28,331,795	\$ 32,229,078	\$ 3,897,283	\$ 14,100,023
Total Revenues	\$ 695,112,265	\$ 694,777,825	\$ 670,642,126	\$ (24,135,699)	\$ 699,848,239
EXPENDITURES					
Current					
Instruction					
Elementary Classroom	\$ 137,383,886	\$ 137,177,962	\$ 133,125,494	\$ 4,052,468	\$ 136,574,582
Senior High Classroom	78,612,200	75,999,172	74,154,053	1,845,119	79,719,251
Technical and Career Education	20,906,033	19,090,592	18,247,549	843,043	20,080,036
Gifted and Magnet Programs	12,272,081	12,402,918	11,736,932	665,986	12,880,073
Special Education	82,382,460	81,220,655	79,660,608	1,560,047	80,546,012
Summer School	3,266,681	2,964,619	2,699,685	264,934	2,713,829
General Adult Education	2,155,001	1,905,307	1,581,690	323,617	1,644,847
Alternative Education - Renaissance	5,831,595	5,659,663	5,030,758	628,905	1,952,909
Student Activities	2,879,404	2,889,910	2,754,941	134,969	2,825,544
Office/Principal - Elementary	23,736,804	23,083,205	22,483,753	599,452	23,855,347
Office/Principal - Senior High	9,632,472	9,581,515	9,489,973	91,542	10,385,447
Office/Principal - Tech & Career	521,115	521,051	485,812	35,239	515,115
Guidance Services	16,137,032	15,794,437	15,237,934	556,503	16,444,237
Social Work Services	2,507,166	2,683,278	2,651,251	32,027	2,607,243
Media and Communications	1,808,031	1,793,031	1,528,795	264,236	1,522,369
Instructional Support	12,228,552	12,171,200	10,135,004	2,036,196	13,460,876
Organizational Development	1,403,129	1,307,135	755,135	552,000	1,287,027
Special Education Support	2,742,419	2,731,286	2,582,887	148,399	2,678,261
Gifted & Magnet Programs Support	2,100,469	2,102,685	1,950,065	152,620	2,007,998
Media Services Support	12,706,030	12,649,983	12,449,179	200,804	12,877,688
Research, Evaluation, & Assessment	2,706,100	2,495,869	2,067,109	428,760	2,092,360
Middle School Classroom	58,634,449	57,167,180	55,230,344	1,936,836	58,722,477
Remedial Education	7,477,702	7,077,057	6,583,620	493,437	6,999,450
Office/Principal - Middle Schools	8,493,943	8,324,208	8,210,663	113,545	8,965,348
Homebound Services	600,429	633,906	616,184	17,722	1,156,666
Technical and Career Ed Support	984,105	989,592	938,345	51,247	983,988
Student Leadership	1,326,775	1,329,574	1,248,774	80,800	1,233,711
Psychological Services	3,283,690	3,328,290	3,147,674	180,616	3,242,496
Audiological Services	388,885	390,042	345,966	44,076	417,189
School Administration	1,285,609	1,320,677	881,331	439,346	1,137,038
Alternative Education	3,751,072	4,207,495	3,948,081	259,414	3,881,197
Total Instruction	\$ 520,145,319	\$ 510,993,494	\$ 491,959,589	\$ 19,033,905	\$ 515,410,611

(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, 2010
with comparative actual amounts for the year ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance - Positive (Negative)	2009 Actual
<u>EXPENDITURES (continued)</u>					
<u>Admin, Attendance, & Health</u>					
Board, Legal, & Governmental	\$ 1,117,541	\$ 1,110,041	\$ 902,494	\$ 207,547	\$ 892,263
Office of the Superintendent	1,337,648	1,335,067	934,143	400,924	884,610
Department of Budget & Finance	3,701,448	3,707,456	3,194,650	512,806	3,029,819
Department of Human Resources	4,548,556	4,586,989	3,837,854	749,135	3,925,133
Internal Audit	350,312	350,312	324,505	25,807	343,591
Purchasing	1,067,273	1,084,813	998,705	86,108	1,018,670
Organizational Development	1,946,808	1,946,808	1,037,418	909,390	1,642,720
Benefits Office	1,750,830	1,750,830	1,466,844	283,986	992,501
Health Services	6,568,686	6,571,539	6,291,567	279,972	6,430,857
Total Admin, Attendance, & Health	\$ 22,389,102	\$ 22,443,855	\$ 18,988,180	\$ 3,455,675	\$ 19,160,164
<u>Pupil Transportation</u>					
Management	\$ 2,042,123	\$ 2,042,123	\$ 1,937,377	\$ 104,746	\$ 2,036,375
Vehicle Operation	17,385,301	22,889,858	19,949,907	2,939,951	25,929,023
Vehicle Operation - Special Education	5,149,513	5,839,513	4,419,588	1,419,925	-
Vehicle Maintenance	2,951,312	2,951,312	2,766,361	184,951	2,846,390
Monitoring Services	2,798,961	2,798,961	2,506,012	292,949	2,514,358
Total Pupil Transportation	\$ 30,327,210	\$ 36,521,767	\$ 31,579,245	\$ 4,942,522	\$ 33,326,146
<u>Operations and Maintenance</u>					
Facility Planning & Construction	\$ 743,784	\$ 748,231	\$ 667,858	\$ 80,373	\$ 684,102
School Plant	49,169,587	54,028,890	42,296,847	11,732,043	48,322,867
Supply Services	1,368,030	1,502,492	1,352,895	149,597	1,302,230
Grounds Services	3,867,990	3,867,990	3,867,990	-	3,867,990
Custodial Services	27,734,362	28,154,005	26,645,941	1,508,064	26,716,304
Security Services	6,224,580	6,390,872	6,224,976	165,896	6,368,272
Vehicle Services	1,023,580	1,148,580	890,815	257,765	1,260,244
Telecommunications	1,638,905	2,209,416	1,288,477	920,939	1,637,205
Total Operations & Maintenance	\$ 91,770,818	\$ 98,050,476	\$ 83,235,799	\$ 14,814,677	\$ 90,159,214
<u>Technology</u>					
Instruction	\$ 12,718,860	\$ 20,293,426	\$ 13,201,466	\$ 7,091,960	\$ 15,249,563
Admin, Attendance & Health	1,123,489	1,231,474	1,142,892	88,582	963,273
Pupil Transportation	16,704	26,664	16,146	10,518	20,946
Operations and Maintenance	9,410,354	10,419,689	9,244,461	1,175,228	10,479,198
Total Technology	\$ 23,269,407	\$ 31,971,253	\$ 23,604,965	\$ 8,366,288	\$ 26,712,980
Total Expenditures	\$ 687,901,856	\$ 699,980,845	\$ 649,367,778	\$ 50,613,067	\$ 684,769,115
<u>EXCESS (DEFICIENCY) OF REVENUES</u>					
<u>OVER (UNDER) EXPENDITURES</u>	\$ 7,210,409	\$ (5,203,020)	\$ 21,274,348	\$ 26,477,368	\$ 15,079,124
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers Out	\$ (6,732,409)	\$ (9,739,784)	\$ (18,615,344)	\$ (8,875,560)	\$ (9,172,072)
Transfers Out-Technology Category	(478,000)	(478,000)	(478,000)	-	(467,600)
Total Transfers Out	\$ (7,210,409)	\$ (10,217,784)	\$ (19,093,344)	\$ (8,875,560)	\$ (9,639,672)
<u>NET CHANGE IN FUND BALANCE</u>	\$ -	\$ (15,420,804)	\$ 2,181,004	\$ 17,601,808	\$ 5,439,452
<u>FUND BALANCE - JULY 1</u>	15,851,013	15,851,013	15,851,013	-	10,411,561
<u>FUND BALANCE - JUNE 30</u>	\$ 15,851,013	\$ 430,209	\$ 18,032,017	\$ 17,601,808	\$ 15,851,013

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, 2010
with comparative actual amounts for the year ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance - Positive (Negative)	2009 Actual
<u>REVENUES</u>					
Miscellaneous	\$ -	\$ 16,073	\$ 5,275	\$ (10,798)	\$ 3,624
From Commonwealth	11,953,724	10,804,582	8,328,241	(2,476,341)	7,213,779
From Federal Government	72,354,337	75,078,153	37,798,262	(37,279,891)	31,939,471
Contingency	5,655,908	3,501,088	-	(3,501,088)	-
Total Revenues	<u>\$ 89,963,969</u>	<u>\$ 89,399,896</u>	<u>\$ 46,131,778</u>	<u>\$ (43,268,118)</u>	<u>\$ 39,156,874</u>
<u>EXPENDITURES</u>					
<u>Current (Instruction):</u>					
Adult Basic Education-ABE FY09	\$ -	\$ 4,548	\$ 4,548	\$ -	\$ 383,306
Adult Basic Education-ABE FY10	387,668	356,478	354,673	1,805	-
Adult Basic Education-ABE Incentive FY10	-	17,825	16,583	1,242	-
Advanced Placement Program FY09	-	-	-	-	1,566
Advanced Placement Program FY10	-	4,020	4,020	-	-
Algebra Readiness FY08	-	-	-	-	27,997
Algebra Readiness FY09	-	24,888	24,888	-	674,015
Algebra Readiness FY10	714,902	695,704	695,704	-	-
Allstate Fdn Safe Teen Driving FY07	-	8,820	1,059	7,761	1,180
ARRA/SFSF Program FY10	6,185,930	6,185,930	2,814,791	3,371,139	-
Career Switcher FY09	-	4,000	4,000	-	15,000
C.Perkins Vocational & Tech Act FY09	-	1,654	1,554	100	823,499
C.Perkins Vocational & Tech Act FY10	884,195	791,241	790,731	510	-
Chesapeake Restoration Grant FY08	-	-	-	-	9,467
Delta Kappa Gamma Educ Fdn FY05	-	-	-	-	480
Early Reading Initiative FY08	-	-	-	-	26,364
Early Reading Initiative FY09	-	18,846	18,846	-	1,096,298
Early Reading Initiative FY10	1,365,372	1,224,240	1,169,940	54,300	-
English Literacy/Civics Education FY09	-	-	-	-	54,257
English Literacy/Civics Education FY10	47,569	65,385	65,385	-	-
Equipment Assistance Grant - ARRA FY10	-	60,368	60,368	-	-
ESRI Geocenter Wkshop Award FY10	-	500	500	-	-
GED Expansion Grant FY09	-	-	-	-	10,000
GED Expansion Grant FY10	9,879	10,000	10,000	-	-
General Adult Education FY09	-	-	-	-	38,885
General Adult Education FY10	35,657	42,632	42,632	-	-
HSTW-Bayside FY09	-	-	-	-	14,905
HSTW-Cox FY09	-	-	-	-	14,920
HSTW-Cox FY10	15,000	15,000	15,000	-	-
HSTW-First Colonial FY09	-	-	-	-	13,543
HSTW-Green Run FY09	-	-	-	-	14,964
HSTW-Salem FY09	-	-	-	-	14,623
HSTW-Tallwood FY09	-	-	-	-	14,831
Industry Credentials for Students FY09	-	-	-	-	35,635
Industry Credentials for Students FY10	34,726	34,726	34,726	-	-
ISAEP FY09	-	-	-	-	62,869
ISAEP FY10	62,869	62,869	62,869	-	-
Jail Education Program FY09	-	-	-	-	179,020
Jail Education Program FY10	235,426	192,343	190,684	1,659	-
Juvenile Detention Ctr FY09	-	-	-	-	828,972
Juvenile Detention Ctr FY10	896,343	854,519	806,080	48,439	-
Leaders Mentoring Leaders FY07	-	-	-	-	66,066
MARAMA Idle Reduction Project FY10	-	20,597	20,596	1	-

(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, 2010
with comparative actual amounts for the year ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance - Positive (Negative)	2009 Actual
EXPENDITURES (continued)					
McKinney Homeless FY08	\$ -	\$ -	\$ -	\$ -	\$ 6,361
McKinney Homeless FY09	-	41,860	30,112	11,748	26,140
McKinney Homeless FY10	68,000	68,000	-	68,000	-
McKinney Homeless - ARRA FY10	-	8,000	8,000	-	-
MyCAA - ALC Courses FY10	-	18,000	13,939	4,061	-
MyCAA-LPN Program FY10	-	32,373	18,239	14,134	-
Natl. Board Certified Tchrs. Stipend FY09	-	-	-	-	182,500
Natl. Board Certified Tchrs. Stipend FY10	-	222,500	222,500	-	-
National Science Foundation/VCU FY09	-	-	-	-	50,000
New Teacher Mentor FY09	-	-	-	-	58,713
New Teacher Mentor FY10	78,659	59,325	59,325	-	-
NJROTC FY09	-	-	-	-	18,637
NJROTC FY10	-	27,793	27,793	-	-
Preschool Incentive Grant FY08	-	-	-	-	37,564
Preschool Incentive Grant FY09	62,889	79,475	68,892	10,583	425,730
Preschool Incentive Grant FY10	505,205	499,969	395,440	104,529	-
Preschool Incentive Grant - ARRA FY10	571,379	315,406	220,456	94,950	-
Race to GED FY09	-	-	-	-	47,265
Race to GED FY10	44,823	53,485	53,485	-	-
Safe and Drug Free Schools FY08	-	-	-	-	45,174
Safe and Drug Free Schools FY09	58,346	32,897	32,897	-	200,485
Safe and Drug Free Schools FY10	233,383	237,689	187,252	50,437	-
Safe Routes to Schools FY09	-	-	-	-	24,425
Startalk Elementary Chinese Acad FY09	50,791	47,861	47,861	-	1,475
Startalk Elementary Chinese Acad FY10	-	65,128	5,555	59,573	-
State Academic Grant FY10	-	23,889	17,099	6,790	-
Stem-Opp. Inc. FY10	-	15,000	14,404	596	-
Stem-Opp. Inc. Green House Sustain. FY10	-	4,982	2,825	2,157	-
Teaching American History-WHO FY06	79,944	118,530	118,530	-	317,046
Teaching American History-SAIL FY10	-	971,056	137,724	833,332	-
Tech Prep Grant FY09	-	-	-	-	1,462
Title I Part A 128-07 FY07	-	-	-	-	2,184
Title I Part A 128-08 FY08	-	-	-	-	580,964
Title I Part A 128-09 FY09	1,467,515	1,476,762	1,476,762	-	10,873,830
Title I Part A 128-10 FY10	12,250,128	12,219,409	8,515,429	3,703,980	-
Title I Part A 128-10 - ARRA FY10	9,216,707	8,877,092	4,074,629	4,802,463	-
Title I Part D FY07	-	-	-	-	40,860
Title I Part D FY08	-	-	-	-	121,989
Title I Part D FY09	65,215	113,643	112,040	1,603	32,658
Title I Part D Subpart 1 FY08	-	-	-	-	15,591
Title I Part D Subpart 1 FY09	-	18,751	18,751	-	20,654
Title I Part D Subpart 1 FY10	39,201	39,201	20,370	18,831	-
Title I Part D Subpart 2 FY10	144,367	207,094	60,968	146,126	-
Title I Part D Subpart 2 - ARRA FY10	76,475	76,475	34,294	42,181	-
Title II NCLB128-07 FY08	-	-	-	-	572,809
Title II NCLB128-08 FY09	678,929	694,341	692,198	2,143	2,104,537
Title II NCLB128-09 FY10	2,798,879	2,715,742	1,920,751	794,991	-
Title II Part B Math and Science FY07	-	-	-	-	50,008
Title III Part A Immigrant & Youth FY08	-	-	-	-	24,280
Title III Part A Immigrant & Youth FY09	21,939	22,042	19,966	2,076	-
Title III Part A Immigrant & Youth FY10	21,939	28,463	-	28,463	-

(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, 2010
with comparative actual amounts for the year ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance - Positive (Negative)	2009 Actual
EXPENDITURES (continued)					
Title III Part A Language Acquisition FY08 \$	-	\$ 22,713	\$ 22,713	\$ -	\$ 101,837
Title III Part A Language Acquisition FY09	131,166	131,768	104,298	27,470	989
Title III Part A Language Acquisition FY10	131,166	129,640	-	129,640	-
Title IV Pell Grant FY09	-	-	-	-	15,220
Title IV Pell Grant FY10	-	24,590	24,590	-	-
Title V 128-T5-07 FY07	-	-	-	-	14,841
Title V 128-T5-08 FY08	-	1,677	1,409	268	73,618
Title VI B PL 105-17 FY08	-	316,912	316,912	-	4,034,531
Title VI B PL 105-17 FY09	3,455,788	4,402,499	4,402,499	-	10,453,113
Title VI B PL 105-17 FY10	14,855,612	15,369,349	8,038,696	7,330,653	-
Title VI B PL 105-17 - ARRA FY10	17,263,000	14,531,553	1,809,993	12,721,560	-
VA Incentive Prog for Speech Lang FY10	-	24,000	24,000	-	-
VA Initiative-At Risk Four-Year Olds FY09	-	8,331	8,331	-	4,215,669
VA Initiative-At Risk Four-Year Olds FY10	4,224,000	4,224,000	4,223,603	397	-
VCU-VDH Olweus Bullying Prev. FY08	-	-	-	-	2,950
VA Geographic Alliance FY03	-	3,352	3,352	-	1,964
VA Middle School Teacher Corps FY09	-	-	-	-	20,000
VA Middle School Teacher Corps FY10	20,000	45,000	45,000	-	-
Virginia Bch Police Benevolent Asso FY10	-	3,400	364	3,036	-
Virtual Advanced Placement FY09	-	-	-	-	2,964
Virtual Enterprise MOU FY08	-	-	-	-	2,090
Virtual Enterprise MOU FY09	-	3,856	1,377	2,479	1,059
Virtual Enterprise MOU FY10	-	7,500	1,405	6,095	-
Virtual VA Placement FY10	-	1,014	1,014	-	-
Contingency	5,655,908	3,501,088	-	3,501,088	-
Total Instruction	\$ 85,146,889	\$ 82,881,608	\$ 44,868,219	\$ 38,013,389	\$ 39,246,848
Current (Technology):					
Adult Basic Education-ABE FY10	\$ -	\$ 26,500	\$ 26,500	\$ -	\$ -
C.Perkins Vocational & Tech Act FY10	140,000	128,344	127,854	490	199,042
Early Reading Initiative FY09	-	-	-	-	63,006
Early Reading Initiative FY10	3,000	3,000	214	2,786	-
English Literacy/Civics Education FY09	-	-	-	-	4,500
Jail Education Program FY09	-	-	-	-	111
Juvenile Detention Ctr FY09	-	-	-	-	2,616
Juvenile Detention Ctr FY10	6,000	23,268	23,216	52	-
Leaders Mentoring Leaders FY07	-	-	-	-	544
Preschool Incentive Grant - ARRA FY10	-	255,973	119,030	136,943	-
Safe and Drug Free Schools FY10	-	400	356	44	-
Startalk Elementary Chinese Acad FY09	-	1,455	1,455	-	-
State Academic Grant FY10	-	1,575	1,670	(95)	-
Stem-Opp. Inc. Green House Sustain. FY10	-	8,518	8,754	(236)	-
Teaching American History-SAIL FY10	-	26,898	25,398	1,500	-
Technology Initiative FY07	-	-	-	-	100,724
Technology Initiative FY08	1,395,000	782,218	782,218	-	2,085,782
Technology Initiative FY09	2,868,000	2,805,600	2,412,455	393,145	-
Technology Initiative FY10	2,868,000	2,868,000	-	2,868,000	-
Title I Part A 128-08 FY08	-	-	-	-	2,486
Title I Part A 128-09 FY09	-	89	89	-	177,056
Title I Part A 128-10 FY10	230,000	19,049	8,838	10,211	-
Title I Part A 128-10 - ARRA FY10	-	264,283	190,359	73,924	-
Title I Part D Subpart 1 FY09	-	-	-	-	818

(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, 2010
with comparative actual amounts for the year ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance - Positive (Negative)	2009 Actual
<u>EXPENDITURES (continued)</u>					
Title II Part D FY08	\$ -	\$ 34,981	\$ 34,981	\$ -	\$ 27,555
Title II Part D FY09	37,368	67,816	67,260	556	37,518
Title II Part D FY10	-	94,131	6,478	87,653	-
Title II Part D - ARRA FY10	275,900	238,321	54,128	184,193	-
Title VI B PL 105-17 - ARRA FY10	-	2,438,130	49,476	2,388,654	-
Total Technology	<u>\$ 7,823,268</u>	<u>\$ 10,088,549</u>	<u>\$ 3,940,729</u>	<u>\$ 6,147,820</u>	<u>\$ 2,701,758</u>
Total Expenditures	<u>\$ 92,970,157</u>	<u>\$ 92,970,157</u>	<u>\$ 48,808,948</u>	<u>\$ 44,161,209</u>	<u>\$ 41,948,606</u>
<u>EXCESS (DEFICIENCY) OF</u>					
<u>REVENUES OVER (UNDER)</u>					
<u>EXPENDITURES</u>	\$ (3,006,188)	\$ (3,570,261)	\$ (2,677,170)	\$ 893,091	\$ (2,791,732)
<u>OTHER FINANCING</u>					
<u>SOURCES (USES)</u>					
Transfers In	<u>3,006,188</u>	<u>3,570,261</u>	<u>2,896,259</u>	<u>(674,002)</u>	<u>2,887,011</u>
<u>NET CHANGE IN FUND BALANCE</u>	\$ -	\$ -	\$ 219,089	\$ 219,089	\$ 95,279
<u>FUND BALANCE - JULY 1</u>	<u>674,003</u>	<u>674,003</u>	<u>674,003</u>	<u>-</u>	<u>578,724</u>
<u>FUND BALANCE - JUNE 30</u>	<u>\$ 674,003</u>	<u>\$ 674,003</u>	<u>\$ 893,092</u>	<u>\$ 219,089</u>	<u>\$ 674,003</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, 2010
with comparative actual amounts for the year ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance - Positive (Negative)	2009 Actual
<u>REVENUES</u>					
From Use of Money and Property	\$ 100,000	\$ 100,000	\$ 114,076	\$ 14,076	\$ 385,403
Charges for Services	6,000	6,000	17	(5,983)	366
Miscellaneous	25,000	25,000	84,978	59,978	90,854
From Commonwealth	5,079,345	5,079,345	-	(5,079,345)	5,173,780
Total Revenues	<u>\$ 5,210,345</u>	<u>\$ 5,210,345</u>	<u>\$ 199,071</u>	<u>\$ (5,011,274)</u>	<u>\$ 5,650,403</u>
<u>EXPENDITURES</u>					
Current (Instruction):					
Personnel Services	\$ 64,250	\$ 64,250	\$ 22,132	\$ 42,118	\$ 21,955
Fringe Benefits	23,064	23,064	7,053	16,011	7,091
Purchased Services	1,500	1,500	-	1,500	-
Materials and Supplies	8,559,523	8,562,358	5,946,844	2,615,514	2,913,876
Total Expenditures	<u>\$ 8,648,337</u>	<u>\$ 8,651,172</u>	<u>\$ 5,976,029</u>	<u>\$ 2,675,143</u>	<u>\$ 2,942,922</u>
<u>EXCESS (DEFICIENCY) OF</u>					
<u>REVENUES OVER (UNDER)</u>					
<u>EXPENDITURES</u>	\$ (3,437,992)	\$ (3,440,827)	\$ (5,776,958)	\$ (2,336,131)	\$ 2,707,481
<u>OTHER FINANCING</u>					
<u>SOURCES (USES)</u>					
Transfers In	-	-	5,000,000	5,000,000	2,565,546
<u>NET CHANGE IN FUND BALANCE</u>	\$ (3,437,992)	\$ (3,440,827)	\$ (776,958)	\$ 2,663,869	\$ 5,273,027
<u>FUND BALANCE - JULY 1</u>	22,966,699	22,966,699	22,966,699	-	17,693,672
<u>FUND BALANCE - JUNE 30</u>	<u>\$ 19,528,707</u>	<u>\$ 19,525,872</u>	<u>\$ 22,189,741</u>	<u>\$ 2,663,869</u>	<u>\$ 22,966,699</u>

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
SCHOOL INSTRUCTIONAL TECHNOLOGY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010
with comparative actual amounts for the year ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance - Positive (Negative)	2009 Actual
<u>REVENUES</u>					
From Use of Money and Property	\$ -	\$ -	\$ 280,169	\$ 280,169	\$ 720,500
From Local Government	-	-	-	-	763,500
Total Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 280,169</u>	<u>\$ 280,169</u>	<u>\$ 1,484,000</u>
<u>EXPENDITURES</u>					
Current (Technology):					
Purchased Services	\$ -	\$ -	\$ 7,245	\$ (7,245)	\$ 90,996
Materials and Supplies	2,915,947	2,915,947	586,675	2,329,272	706,150
Total Expenditures	<u>\$ 2,915,947</u>	<u>\$ 2,915,947</u>	<u>\$ 593,920</u>	<u>\$ 2,322,027</u>	<u>\$ 797,146</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>					
	\$ (2,915,947)	\$ (2,915,947)	\$ (313,751)	\$ 2,602,196	\$ 686,854
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers In	-	-	7,000,000	7,000,000	-
Transfers Out	-	-	-	-	(175,000)
<u>NET CHANGE IN FUND BALANCE</u>	<u>\$ (2,915,947)</u>	<u>\$ (2,915,947)</u>	<u>\$ 6,686,249</u>	<u>\$ 9,602,196</u>	<u>\$ 511,854</u>
<u>FUND BALANCE - JULY 1</u>	<u>12,329,069</u>	<u>12,329,069</u>	<u>12,329,069</u>	<u>-</u>	<u>11,817,215</u>
<u>FUND BALANCE - JUNE 30</u>	<u>\$ 9,413,122</u>	<u>\$ 9,413,122</u>	<u>\$ 19,015,318</u>	<u>\$ 9,602,196</u>	<u>\$ 12,329,069</u>

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2010

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. However, for fiscal year 2010, City Council approved appropriations in lump-sum for the General Fund and Special Revenue Funds; hence, the total appropriations for the General Fund and Special Revenue Funds in the aggregate cannot legally be exceeded for fiscal year 2010.
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, 2010

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 and Magnet School 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, and prepaid items at June 30) is paid back (i.e., reverts) to the City (\$17,691,437 Fiscal Year 2010) 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 budget amendments, other than for encumbrances, which reduced the General Fund budget by a net amount of \$334,440 during fiscal year 2010. The General Fund net categorical budget reductions (and corresponding revenue from local government reduction) was offset by a net budget increase (and corresponding revenue from local government increase) in other funds for equipment replacement and similar purposes.



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 Athletics* – accounts for revenues (e.g., general public and student gate receipts) and expenditures associated with the middle and high school athletic program.**

***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, 2010
 with comparative totals for June 30, 2009

	School Athletics	School Cafeterias	School Communication Towers/ Technology	School Vending Operations
ASSETS				
Cash and Investments	\$ 1,113,164	\$ 2,490,114	\$ 2,092,320	\$ 507,077
Accounts Receivable	-	72,278	-	25,246
Due from Federal Government	-	767,597	-	-
Inventories	-	928,866	-	-
Prepaid Items	46,942	3,852	-	-
TOTAL ASSETS	\$ 1,160,106	\$ 4,262,707	\$ 2,092,320	\$ 532,323
LIABILITIES AND FUND				
BALANCES				
Liabilities:				
Salaries Payable	\$ 28,991	\$ 1,021,595	\$ -	\$ -
Vouchers and				
Accounts Payable	19,279	225,430	-	587
Deposits Payable	-	-	45,000	-
Deferred Revenue	-	360,460	-	-
TOTAL LIABILITIES	\$ 48,270	\$ 1,607,485	\$ 45,000	\$ 587
Fund Balances:				
Reserved for:				
Encumbrances	\$ 7,671	\$ 12,616	\$ -	\$ 14,186
Inventories	-	928,866	-	-
Prepaid Items	46,942	3,852	-	-
Unreserved:				
Designated for Subsequent				
Year's Operating Budget	24,000	-	300,000	380,539
Undesignated	1,033,223	1,709,888	1,747,320	137,011
TOTAL FUND				
BALANCES	\$ 1,111,836	\$ 2,655,222	\$ 2,047,320	\$ 531,736
TOTAL LIABILITIES				
AND FUND				
BALANCES	\$ 1,160,106	\$ 4,262,707	\$ 2,092,320	\$ 532,323

School Equipment Replacement	Totals	
	2010	2009
\$ 2,046,329	\$ 8,249,004	\$ 8,975,515
-	97,524	19,706
-	767,597	683,530
-	928,866	1,207,205
-	50,794	92,279
<u>\$ 2,046,329</u>	<u>\$ 10,093,785</u>	<u>\$ 10,978,235</u>
\$ -	\$ 1,050,586	\$ 1,026,147
90,070	335,366	665,568
-	45,000	45,000
-	360,460	302,050
<u>\$ 90,070</u>	<u>\$ 1,791,412</u>	<u>\$ 2,038,765</u>
\$ 153,016	\$ 187,489	\$ 56,785
-	928,866	1,207,205
-	50,794	92,279
1,784,597	2,489,136	1,337,091
18,646	4,646,088	6,246,110
<u>\$ 1,956,259</u>	<u>\$ 8,302,373</u>	<u>\$ 8,939,470</u>
<u>\$ 2,046,329</u>	<u>\$ 10,093,785</u>	<u>\$ 10,978,235</u>

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, 2010
with comparative totals for the fiscal year ended June 30, 2009

	School Athletics C-3	School Cafeterias C-4	School Communication Towers/ Technology C-5	School Vending Operations C-6
<u>REVENUES</u>				
From Use of Money and Property	\$ 15,682	\$ 8,829	\$ 382,419	\$ 2,571
Charges for Services	490,723	13,332,415	-	215,694
Miscellaneous	-	148,555	-	-
From Local Government	-	91,348	-	-
From Commonwealth	-	445,844	-	-
From Federal Government	-	11,991,202	-	-
Total Revenues	<u>\$ 506,405</u>	<u>\$ 26,018,193</u>	<u>\$ 382,419</u>	<u>\$ 218,265</u>
<u>EXPENDITURES</u>				
Current				
Instruction	\$ 4,573,462	\$ -	\$ -	\$ 426,867
Operations and Maintenance	-	25,969,666	-	-
Technology	-	14,077	490,422	-
Total Expenditures	<u>\$ 4,573,462</u>	<u>\$ 25,983,743</u>	<u>\$ 490,422</u>	<u>\$ 426,867</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	\$ (4,067,057)	\$ 34,450	\$ (108,003)	\$ (208,602)
<u>OTHER FINANCING SOURCES</u>				
Transfers In	<u>4,197,085</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>NET CHANGES IN FUND BALANCES</u>	<u>\$ 130,028</u>	<u>\$ 34,450</u>	<u>\$ (108,003)</u>	<u>\$ (208,602)</u>
<u>FUND BALANCES - JULY 1</u>	<u>981,808</u>	<u>2,620,772</u>	<u>2,155,323</u>	<u>740,338</u>
<u>FUND BALANCES - JUNE 30</u>	<u><u>\$ 1,111,836</u></u>	<u><u>\$ 2,655,222</u></u>	<u><u>\$ 2,047,320</u></u>	<u><u>\$ 531,736</u></u>

School Equipment Replacement C-7	Totals	
	2010	2009
\$ 11,077	\$ 420,578	\$ 548,027
-	14,038,832	14,659,440
-	148,555	142,241
243,092	334,440	2,142,725
-	445,844	416,474
-	11,991,202	11,204,705
<u>\$ 254,169</u>	<u>\$ 27,379,451</u>	<u>\$ 29,113,612</u>
\$ 696,326	\$ 5,696,655	\$ 6,537,606
-	25,969,666	26,081,842
42,813	547,312	490,905
<u>\$ 739,139</u>	<u>\$ 32,213,633</u>	<u>\$ 33,110,353</u>
\$ (484,970)	\$ (4,834,182)	\$ (3,996,741)
<u>-</u>	<u>\$ 4,197,085</u>	<u>\$ 4,187,115</u>
\$ (484,970)	\$ (637,097)	\$ 190,374
<u>2,441,229</u>	<u>8,939,470</u>	<u>8,749,096</u>
<u>\$ 1,956,259</u>	<u>\$ 8,302,373</u>	<u>\$ 8,939,470</u>

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
SCHOOL ATHLETICS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010
with comparative actual amounts for the year ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance - Positive (Negative)	2009 Actual
<u>REVENUES</u>					
From Use of Money and Property	\$ 45,000	\$ 45,000	\$ 15,682	\$ (29,318)	\$ 57,618
Charges for Services	486,848	486,848	490,723	3,875	494,940
Total Revenues	<u>\$ 531,848</u>	<u>\$ 531,848</u>	<u>\$ 506,405</u>	<u>\$ (25,443)</u>	<u>\$ 552,558</u>
<u>EXPENDITURES</u>					
Current (Instruction):					
Personnel Services	\$ 2,966,905	\$ 2,966,905	\$ 2,858,785	\$ 108,120	\$ 2,856,289
Fringe Benefits	226,968	226,968	218,811	8,157	216,108
Purchased Services	564,019	564,019	513,317	50,702	506,825
Other Charges	164,750	164,750	137,444	27,306	139,005
Materials and Supplies	561,500	564,134	743,890	(179,756)	793,059
Capital Outlay	268,791	268,791	101,215	167,576	56,699
Total Instruction	<u>\$ 4,752,933</u>	<u>\$ 4,755,567</u>	<u>\$ 4,573,462</u>	<u>\$ 182,105</u>	<u>\$ 4,567,985</u>
Current (Technology):					
Materials and Supplies	-	-	-	-	2,378
Total Expenditures	<u>\$ 4,752,933</u>	<u>\$ 4,755,567</u>	<u>\$ 4,573,462</u>	<u>\$ 182,105</u>	<u>\$ 4,570,363</u>
<u>EXCESS (DEFICIENCY) OF</u>					
<u>REVENUES OVER (UNDER)</u>					
<u>EXPENDITURES</u>	\$ (4,221,085)	\$ (4,223,719)	\$ (4,067,057)	\$ 156,662	\$ (4,017,805)
<u>OTHER FINANCING</u>					
<u>SOURCES (USES)</u>					
Transfers In	4,197,085	4,197,085	4,197,085	-	4,187,115
<u>NET CHANGE IN FUND BALANCE</u>	<u>\$ (24,000)</u>	<u>\$ (26,634)</u>	<u>\$ 130,028</u>	<u>\$ 156,662</u>	<u>\$ 169,310</u>
<u>FUND BALANCE - JULY 1</u>	<u>981,808</u>	<u>981,808</u>	<u>981,808</u>	<u>-</u>	<u>812,498</u>
<u>FUND BALANCE - JUNE 30</u>	<u><u>\$ 957,808</u></u>	<u><u>\$ 955,174</u></u>	<u><u>\$ 1,111,836</u></u>	<u><u>\$ 156,662</u></u>	<u><u>\$ 981,808</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, 2010
with comparative actual amounts for the year ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance - Positive (Negative)	2009 Actual
<u>REVENUES</u>					
From Use of Money and Property	\$ 100,000	\$ 100,000	\$ 8,829	\$ (91,171)	\$ 30,961
Charges for Services	16,323,753	16,323,753	13,332,415	(2,991,338)	13,984,508
Miscellaneous	140,000	140,000	148,555	8,555	142,241
From Local Government	-	91,348	91,348	-	250,000
From Commonwealth	330,000	330,000	445,844	115,844	416,474
From Federal Government	10,585,716	10,585,716	11,991,202	1,405,486	11,204,705
Total Revenues	<u>\$ 27,479,469</u>	<u>\$ 27,570,817</u>	<u>\$ 26,018,193</u>	<u>\$ (1,552,624)</u>	<u>\$ 26,028,889</u>
<u>EXPENDITURES</u>					
Current (Operations and Maintenance):					
Personnel Services	\$ 8,875,763	\$ 8,875,763	\$ 8,210,513	\$ 665,250	\$ 8,379,964
Fringe Benefits	4,036,782	4,036,782	3,692,473	344,309	3,850,510
Purchased Services	278,416	284,450	426,181	(141,731)	479,237
Other Charges	83,280	83,280	41,771	41,509	49,679
Materials and Supplies	14,202,972	14,251,961	13,507,672	744,289	13,283,460
Capital Outlay	2,256	89,392	91,056	(1,664)	38,992
Total Operations and Maintenance	<u>\$ 27,479,469</u>	<u>\$ 27,621,628</u>	<u>\$ 25,969,666</u>	<u>\$ 1,651,962</u>	<u>\$ 26,081,842</u>
Current (Technology):					
Materials and Supplies	-	-	14,077	(14,077)	2,620
Total Expenditures	<u>\$ 27,479,469</u>	<u>\$ 27,621,628</u>	<u>\$ 25,983,743</u>	<u>\$ 1,637,885</u>	<u>\$ 26,084,462</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>					
	\$ -	\$ (50,811)	\$ 34,450	\$ 85,261	\$ (55,573)
<u>FUND BALANCE - JULY 1</u>	<u>2,620,772</u>	<u>2,620,772</u>	<u>2,620,772</u>	<u>-</u>	<u>2,676,345</u>
<u>FUND BALANCE - JUNE 30</u>	<u>\$ 2,620,772</u>	<u>\$ 2,569,961</u>	<u>\$ 2,655,222</u>	<u>\$ 85,261</u>	<u>\$ 2,620,772</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, 2010
with comparative actual amounts for the year ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance - Positive (Negative)	2009 Actual
<u>REVENUES</u>					
From Use of Money and Property	\$ 260,000	\$ 260,000	\$ 382,419	\$ 122,419	\$ 404,792
<u>EXPENDITURES</u>					
Current (Technology):					
Materials and Supplies	-	-	34,776	(34,776)	-
Capital Outlay	560,000	560,000	455,646	104,354	-
Total Expenditures	\$ 560,000	\$ 560,000	\$ 490,422	\$ 69,578	\$ -
<u>EXCESS (DEFICIENCY) OF</u>					
<u>REVENUES OVER (UNDER)</u>					
<u>EXPENDITURES</u>	\$ (300,000)	\$ (300,000)	\$ (108,003)	\$ 191,997	\$ 404,792
<u>NET CHANGE IN FUND BALANCE</u>	\$ (300,000)	\$ (300,000)	\$ (108,003)	\$ 191,997	\$ 404,792
<u>FUND BALANCE - JULY 1</u>	2,155,323	2,155,323	2,155,323	-	1,750,531
<u>FUND BALANCE - JUNE 30</u>	<u>\$ 1,855,323</u>	<u>\$ 1,855,323</u>	<u>\$ 2,047,320</u>	<u>\$ 191,997</u>	<u>\$ 2,155,323</u>

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
SCHOOL VENDING OPERATIONS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010
with comparative actual amounts for the year ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance - Positive (Negative)	2009 Actual
<u>REVENUES</u>					
From Use of Money and Property	\$ 25,000	\$ 25,000	\$ 2,571	\$ (22,429)	\$ 13,421
Charges for Services	200,000	200,000	215,694	15,694	179,992
Total Revenues	<u>\$ 225,000</u>	<u>\$ 225,000</u>	<u>\$ 218,265</u>	<u>\$ (6,735)</u>	<u>\$ 193,413</u>
<u>EXPENDITURES</u>					
Current (Instruction):					
Other Charges	\$ 403,000	\$ 403,000	\$ 425,650	\$ (22,650)	\$ 430,650
Materials and Supplies	12,000	12,000	1,217	10,783	1,439
Capital Outlay	169,799	169,799	-	169,799	40,287
Total Expenditures	<u>\$ 584,799</u>	<u>\$ 584,799</u>	<u>\$ 426,867</u>	<u>\$ 157,932</u>	<u>\$ 472,376</u>
<u>EXCESS (DEFICIENCY) OF</u>					
<u>REVENUES OVER (UNDER)</u>					
<u>EXPENDITURES</u>	<u>\$ (359,799)</u>	<u>\$ (359,799)</u>	<u>\$ (208,602)</u>	<u>\$ 151,197</u>	<u>\$ (278,963)</u>
<u>NET CHANGE IN FUND BALANCE</u>	<u>\$ (359,799)</u>	<u>\$ (359,799)</u>	<u>\$ (208,602)</u>	<u>\$ 151,197</u>	<u>\$ (278,963)</u>
<u>FUND BALANCE - JULY 1</u>	<u>740,338</u>	<u>740,338</u>	<u>740,338</u>	<u>-</u>	<u>1,019,301</u>
<u>FUND BALANCE - JUNE 30</u>	<u><u>\$ 380,539</u></u>	<u><u>\$ 380,539</u></u>	<u><u>\$ 531,736</u></u>	<u><u>\$ 151,197</u></u>	<u><u>\$ 740,338</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, 2010
with comparative actual amounts for the year ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance - Positive (Negative)	2009 Actual
<u>REVENUES</u>					
From Use of Money and Property	\$ -	\$ -	\$ 11,077	\$ 11,077	\$ 41,235
From Local Government	-	243,092	243,092	-	1,892,725
Total Revenues	<u>\$ -</u>	<u>\$ 243,092</u>	<u>\$ 254,169</u>	<u>\$ 11,077</u>	<u>\$ 1,933,960</u>
<u>EXPENDITURES</u>					
Current (Instruction):					
Materials and Supplies	\$ -	\$ -	\$ -	\$ -	\$ 4,347
Capital Outlay	653,292	896,384	696,326	200,058	1,492,898
Total Instruction	<u>\$ 653,292</u>	<u>\$ 896,384</u>	<u>\$ 696,326</u>	<u>\$ 200,058</u>	<u>\$ 1,497,245</u>
Current (Technology):					
Materials and Supplies	-	3,340	42,813	(39,473)	485,907
Total Expenditures	<u>\$ 653,292</u>	<u>\$ 899,724</u>	<u>\$ 739,139</u>	<u>\$ 160,585</u>	<u>\$ 1,983,152</u>
<u>EXCESS (DEFICIENCY) OF</u>					
<u>REVENUES OVER (UNDER)</u>					
<u>EXPENDITURES</u>	<u>\$ (653,292)</u>	<u>\$ (656,632)</u>	<u>\$ (484,970)</u>	<u>\$ 171,662</u>	<u>\$ (49,192)</u>
<u>NET CHANGE IN FUND BALANCE</u>	<u>\$ (653,292)</u>	<u>\$ (656,632)</u>	<u>\$ (484,970)</u>	<u>\$ 171,662</u>	<u>\$ (49,192)</u>
<u>FUND BALANCE - JULY 1</u>	<u>2,441,229</u>	<u>2,441,229</u>	<u>2,441,229</u>	<u>-</u>	<u>2,490,421</u>
<u>FUND BALANCE - JUNE 30</u>	<u><u>\$ 1,787,937</u></u>	<u><u>\$ 1,784,597</u></u>	<u><u>\$ 1,956,259</u></u>	<u><u>\$ 171,662</u></u>	<u><u>\$ 2,441,229</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, 2010
with comparative totals for June 30, 2009

	School Risk Management	School Health Insurance	Totals	
			2010	2009
<u>ASSETS</u>				
Current Assets:				
Cash and Investments	\$ 26,811,010	\$ 48,856,978	\$ 75,667,988	\$ 72,367,623
Accounts Receivable	118	9,507	9,625	8,591
Due from Commonwealth	-	137,733	137,733	79,996
Due from Federal Government	-	33,052	33,052	8,286
Prepaid Items	70,693	-	70,693	75,184
TOTAL ASSETS	\$ 26,881,821	\$ 49,037,270	\$ 75,919,091	\$ 72,539,680
<u>LIABILITIES</u>				
Current Liabilities:				
Salaries Payable	\$ 246	\$ 1,079	\$ 1,325	\$ 1,763
Vouchers and				
Accounts Payable	170,581	4,709,250	4,879,831	3,362,479
Unearned Revenue	-	5,609,458	5,609,458	5,689,943
Estimated Claims and				
Judgments (due within				
one year)	4,582,673	5,793,000	10,375,673	10,087,465
Total Current Liabilities	\$ 4,753,500	\$ 16,112,787	\$ 20,866,287	\$ 19,141,650
Noncurrent Liabilities:				
Estimated Claims and				
Judgments (due in more				
than one year)	1,527,557	1,931,000	3,458,557	3,362,488
TOTAL LIABILITIES	\$ 6,281,057	\$ 18,043,787	\$ 24,324,844	\$ 22,504,138
<u>NET ASSETS</u>				
Unrestricted	\$ 20,600,764	\$ 30,993,483	\$ 51,594,247	\$ 50,035,542
TOTAL NET ASSETS	\$ 20,600,764	\$ 30,993,483	\$ 51,594,247	\$ 50,035,542

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, 2010
with comparative totals for the year ended June 30, 2009

	School Risk Management	School Health Insurance	Totals	
			2010	2009
<u>OPERATING REVENUES</u>				
Charges for Services	\$ 7,619,357	\$ 106,748,536	\$ 114,367,893	\$ 115,074,211
Miscellaneous Revenue	23,737	338,655	362,392	37,824
Total Operating Revenues	<u>\$ 7,643,094</u>	<u>\$ 107,087,191</u>	<u>\$ 114,730,285</u>	<u>\$ 115,112,035</u>
<u>OPERATING EXPENSES</u>				
Personnel Services	\$ 341,084	\$ 261,243	\$ 602,327	\$ 559,283
Fringe Benefits	90,142	67,429	157,571	166,558
Other Charges	4,821,550	108,090,373	112,911,923	99,415,667
Total Operating Expenses	<u>\$ 5,252,776</u>	<u>\$ 108,419,045</u>	<u>\$ 113,671,821</u>	<u>\$ 100,141,508</u>
<u>OPERATING INCOME (LOSS)</u>	\$ 2,390,318	\$ (1,331,854)	\$ 1,058,464	\$ 14,970,527
<u>NONOPERATING REVENUES</u>				
From Federal Government	\$ -	\$ 103,750	\$ 103,750	\$ 8,286
Interest Income	144,157	252,334	396,491	1,091,554
Total Nonoperating Revenues	<u>\$ 144,157</u>	<u>\$ 356,084</u>	<u>\$ 500,241</u>	<u>\$ 1,099,840</u>
<u>CHANGES IN NET ASSETS</u>	\$ 2,534,475	\$ (975,770)	\$ 1,558,705	\$ 16,070,367
<u>TOTAL NET ASSETS - JULY 1</u>	<u>18,066,289</u>	<u>31,969,253</u>	<u>50,035,542</u>	<u>33,965,175</u>
<u>TOTAL NET ASSETS - JUNE 30</u>	<u>\$ 20,600,764</u>	<u>\$ 30,993,483</u>	<u>\$ 51,594,247</u>	<u>\$ 50,035,542</u>

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2010
with comparative totals for the year ended June 30, 2009

	School Risk Management	School Health Insurance	Totals	
			2010	2009
<u>CASH FLOWS FROM OPERATING</u>				
<u>ACTIVITIES:</u>				
Receipts from Customers and Users	\$ 7,642,976	\$ 106,923,287	\$ 114,566,263	\$ 115,207,484
Payments to Vendors for Goods and Services	(4,779,714)	(106,226,089)	(111,005,803)	(97,767,616)
Payments to Employees for Services	(431,197)	(329,139)	(760,336)	(3,183,032)
Net Cash Provided By Operating Activities	\$ 2,432,065	\$ 368,059	\$ 2,800,124	\$ 14,256,836
<u>CASH FLOWS FROM NONCAPITAL</u>				
<u>FINANCING ACTIVITIES:</u>				
Intergovernmental Receipts	-	103,750	103,750	8,286
<u>CASH FLOWS FROM INVESTING</u>				
<u>ACTIVITIES:</u>				
Interest Received on Investments	144,157	252,334	396,491	1,091,554
<u>NET INCREASE IN</u>				
<u>CASH AND INVESTMENTS</u>				
	\$ 2,576,222	\$ 724,143	\$ 3,300,365	\$ 15,356,676
<u>CASH AND INVESTMENTS,</u>				
<u>BEGINNING OF YEAR</u>				
	24,234,788	48,132,835	72,367,623	57,010,947
<u>CASH AND INVESTMENTS,</u>				
<u>END OF YEAR</u>				
	\$ 26,811,010	\$ 48,856,978	\$ 75,667,988	\$ 72,367,623
<u>RECONCILIATION OF OPERATING</u>				
<u>INCOME (LOSS) TO NET CASH</u>				
<u>PROVIDED BY OPERATING ACTIVITIES:</u>				
Operating Income (Loss)	\$ 2,390,318	\$ (1,331,854)	\$ 1,058,464	\$ 14,970,527
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities				
(Increase) Decrease in Assets				
Accounts Receivable	\$ (118)	\$ (916)	\$ (1,034)	\$ 2,239
Due from Commonwealth	-	(57,737)	(57,737)	42,105
Due from Federal Government	-	(24,766)	(24,766)	(8,286)
Prepaid Items	4,491	-	4,491	(45,096)
Increase (Decrease) in Liabilities				
Salaries Payable	29	(467)	(438)	181
Vouchers and				
Accounts Payable	(48,091)	1,565,443	1,517,352	(1,017,842)
Unearned Revenue	-	(80,485)	(80,485)	59,391
Estimated Claims and Judgments	85,436	298,841	384,277	253,617
Total Adjustments	\$ 41,747	\$ 1,699,913	\$ 1,741,660	\$ (713,691)
Net Cash Provided By Operating Activities	\$ 2,432,065	\$ 368,059	\$ 2,800,124	\$ 14,256,836

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, 2010

	Balance July 1, 2009	Additions	Deductions	Balance June 30, 2010
<u>PAYROLL DEDUCTIONS</u>				
<u>ASSETS</u>				
Cash and Investments	\$ 4,404,873	\$ 120,173,522	\$ 120,123,105	\$ 4,455,290
Accounts Receivable	-	115	-	115
Due from Commonwealth	-	542	-	542
TOTAL ASSETS	\$ 4,404,873	\$ 120,174,179	\$ 120,123,105	\$ 4,455,947
<u>LIABILITIES</u>				
Vouchers and Accounts Payable	\$ 4,404,873	\$ 120,174,179	\$ 120,123,105	\$ 4,455,947
<u>FRINGE BENEFITS</u>				
<u>ASSETS</u>				
Cash and Investments	\$ 7,673,462	\$ 88,958,807	\$ 92,855,093	\$ 3,777,176
Due from Commonwealth	308,052	-	308,052	-
	\$ 7,981,514	\$ 88,958,807	\$ 93,163,145	\$ 3,777,176
<u>LIABILITIES</u>				
Vouchers and Accounts Payable	\$ 7,981,514	\$ 88,958,807	\$ 93,163,145	\$ 3,777,176
<u>SCHOOL ACTIVITY ACCOUNTS</u>				
<u>ASSETS</u>				
Cash and Investments	\$ 3,757,829	\$ 14,287,212	\$ 14,116,042	\$ 3,928,999
<u>LIABILITIES</u>				
Vouchers and Accounts Payable	\$ 3,757,829	\$ 14,287,212	\$ 14,116,042	\$ 3,928,999
<u>TOTAL - AGENCY FUNDS</u>				
<u>ASSETS</u>				
Cash and Investments	\$ 15,836,164	\$ 223,419,541	\$ 227,094,240	\$ 12,161,465
Accounts Receivable	-	115	-	115
Due from Commonwealth	308,052	542	308,052	542
TOTAL ASSETS	\$ 16,144,216	\$ 223,420,198	\$ 227,402,292	\$ 12,162,122
<u>LIABILITIES</u>				
Vouchers and Accounts Payable	\$ 16,144,216	\$ 223,420,198	\$ 227,402,292	\$ 12,162,122
TOTAL LIABILITIES	\$ 16,144,216	\$ 223,420,198	\$ 227,402,292	\$ 12,162,122

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 Nine Fiscal Years

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

Note: Governmental Accounting Standards Board (GASB) Statement Number 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, which requires Government-Wide financial statements that provide the above financial information, was adopted by the School Board as of July 1, 2001. Hence, the financial information for fiscal years prior to 2002 is not available.

Table 1

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

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
GOVERNMENT-WIDE CHANGES IN NET ASSETS
Last Nine 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: Governmental Accounting Standards Board (GASB) Statement Number 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, which requires Government-Wide financial statements that provide the above financial information, was adopted by the School Board as of July 1, 2001. Hence, the financial information for fiscal years prior to 2002 is not available.

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
\$ 517,979,616	\$ 600,453,668	\$ 609,866,678	\$ 602,074,151	\$ 574,177,165
20,125,163	20,799,559	21,304,108	20,480,010	19,076,315
27,183,720	29,714,501	31,593,740	31,046,691	31,772,212
89,576,446	95,849,815	105,258,243	106,804,955	90,426,163
22,767,136	24,028,248	25,435,324	25,803,414	26,140,730
-	-	-	-	32,344,399
<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>
\$ 4,537,352	\$ 4,007,024	\$ 3,757,993	\$ 3,134,713	\$ 2,756,285
-	-	-	440,686	422,026
12,698,749	13,372,457	13,711,915	14,126,748	13,480,969
-	-	-	-	370,529
121,182,452	139,853,815	143,803,458	133,607,276	143,007,213
12,811,040	11,859,375	11,275,914	11,075,378	9,445,175
<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>\$ (526,402,488)</u>	<u>\$ (601,753,120)</u>	<u>\$ (620,908,813)</u>	<u>\$ (623,824,420)</u>	<u>\$ (604,454,787)</u>
\$ 313,396,238	\$ 367,354,176	\$ 383,315,703	\$ 384,210,051	\$ 361,465,466
261,141	402,152	340,667	461,504	6,283,791
176,296,388	196,584,793	193,474,314	217,584,685	181,102,083
70,134,239	72,151,255	72,904,963	69,168,038	66,688,947
14,838,644	16,834,283	18,404,950	11,437,201	17,057,468
3,191,612	4,566,500	4,457,283	2,339,038	734,959
<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>\$ 51,715,774</u>	<u>\$ 56,140,039</u>	<u>\$ 51,989,067</u>	<u>\$ 61,376,097</u>	<u>\$ 28,877,927</u>

Table 3

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
GOVERNMENT-WIDE EXPENSES BY FUNCTION
Last Nine 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

Note: Governmental Accounting Standards Board (GASB) Statement Number 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, which requires Government-Wide financial statements that provide the above financial information, was adopted by the School Board as of July 1, 2001. Hence, the financial information for fiscal years prior to 2002 is not available.

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 Nine 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	\$569,778,926	\$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	623,939,619	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	640,769,733	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	802,814,911	17,029,809	2.1	152,452,388	19.0	367,749,257	45.8	264,848,498	33.0	734,959	0.1

Note: Governmental Accounting Standards Board (GASB) Statement Number 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, which requires Government-Wide financial statements that provide the above financial information, was adopted by the School Board as of July 1, 2001. Hence, the financial information for fiscal years prior to 2002 is not available.

* 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			
	2001	2002	2003	2004
General Fund:				
Reserved for:				
Encumbrances	\$ 11,730,633	\$ 6,876,158	\$ 14,590,008	\$ 11,330,557
Prepaid Items	156,710	107,558	321,672	127,352
Total Fund Balance - General Fund	\$ 11,887,343	\$ 6,983,716	\$ 14,911,680	\$ 11,457,909
All Other Governmental Funds:				
Reserved for:				
Encumbrances	\$ 38,530,192	\$ 24,741,850	\$ 28,020,809	\$ 23,288,535
Inventories	891,298	846,666	656,055	576,862
Prepaid Items	79,832	-	85,117	86,393
Unreserved, reported in:				
Designated:				
Capital Projects Fund	1,231,820	5,914,037	20,131,025	25,060,883
Special Revenue Funds	3,370,823	1,904,385	6,193,542	7,559,711
Undesignated:				
Special Revenue Funds	2,593,220	6,254,304	4,864,457	6,703,624
Total Fund Balance - Other Governmental Funds	\$ 46,697,185	\$ 39,661,242	\$ 59,951,005	\$ 63,276,008

Table 5

Fiscal Year					
2005	2006	2007	2008	2009	2010
\$ 10,279,890	\$ 9,707,917	\$ 15,229,736	\$ 10,062,745	\$ 15,420,804	\$ 17,799,721
280,593	351,056	338,420	348,816	430,209	232,296
<u>\$ 10,560,483</u>	<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>
\$ 14,754,992	\$ 42,519,718	\$ 25,662,390	\$ 64,421,034	\$ 33,532,579	\$ 64,124,641
794,625	1,100,624	1,275,145	1,323,099	1,207,205	928,866
88,975	141,226	137,640	137,670	92,279	50,794
34,954,057	22,059,878	40,511,332	17,485,107	35,699,416	102,796
10,736,104	9,497,143	9,716,650	6,915,613	8,365,033	10,570,187
11,852,225	22,074,961	22,277,792	30,350,756	35,185,104	35,535,768
<u>\$ 73,180,978</u>	<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>

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

	Fiscal Year			
	2001	2002	2003	2004
<u>REVENUES</u>				
From Use of Money and Property	\$ 1,049,001	\$ 985,665	\$ 888,044	\$ 1,132,557
Charges for Services	11,783,114	13,984,272	13,429,440	14,111,106
Miscellaneous	654,174	773,961	865,623	1,083,770
From Local Government	259,123,099	236,238,913	273,276,664	279,216,604
From Commonwealth	272,065,167	270,726,791	280,860,686	289,062,443
From Federal Government	36,771,952	47,069,324	54,619,162	56,163,253
Total Revenues	<u>\$ 581,446,507</u>	<u>\$ 569,778,926</u>	<u>\$ 623,939,619</u>	<u>\$ 640,769,733</u>
<u>EXPENDITURES</u>				
Current:				
Instruction	\$ 400,509,104	\$ 413,916,829	\$ 433,864,731	\$ 464,395,393
Admin, Attendance, & Health	14,361,376	15,268,351	17,046,058	18,359,783
Pupil Transportation	19,816,453	20,852,323	20,653,630	24,850,664
Operations and Maintenance	76,980,106	81,868,903	97,690,489	100,519,220
Technology	-	-	-	-
Capital Outlay	63,710,797	49,961,283	26,466,984	32,773,441
Total Expenditures	<u>\$ 575,377,836</u>	<u>\$ 581,867,689</u>	<u>\$ 595,721,892</u>	<u>\$ 640,898,501</u>
<u>EXCESS (DEFICIENCY) OF</u>				
<u>REVENUES OVER (UNDER)</u>				
<u>EXPENDITURES</u>	<u>\$ 6,068,671</u>	<u>\$ (12,088,763)</u>	<u>\$ 28,217,727</u>	<u>\$ (128,768)</u>
<u>OTHER FINANCING SOURCES</u>				
<u>(USES)</u>				
Transfers In	\$ 5,409,626	\$ 6,465,447	\$ 7,107,182	\$ 9,088,705
Transfers Out	<u>(5,409,626)</u>	<u>(6,465,447)</u>	<u>(7,107,182)</u>	<u>(9,088,705)</u>
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>NET CHANGE IN</u>				
<u>FUND BALANCES</u>	<u>\$ 6,068,671</u>	<u>\$ (12,088,763)</u>	<u>\$ 28,217,727</u>	<u>\$ (128,768)</u>

Note: Beginning in fiscal year 2010, the Technology category is separately reported and Capital Outlay is reported retroactively under Current as part of the appropriate category (except for the Capital Projects Fund). Financial information relating to the Technology category for fiscal years prior to 2010 is not available.

Table 6

Fiscal Year					
2005	2006	2007	2008	2009	2010
\$ 2,176,173	\$ 3,971,256	\$ 5,366,067	\$ 5,235,264	\$ 3,146,373	\$ 1,527,514
15,064,342	15,698,680	15,773,901	15,916,990	16,192,326	15,542,788
1,378,147	1,575,604	1,649,927	1,708,877	1,544,296	6,983,533
283,549,713	313,396,238	367,354,176	383,315,703	384,210,051	361,465,466
328,292,202	336,272,205	375,581,848	377,306,856	385,248,073	330,863,697
58,960,827	58,433,872	61,259,911	61,963,470	57,244,199	86,431,913
<u>\$ 689,421,404</u>	<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>
\$ 501,882,687	\$ 516,678,731	\$ 582,691,565	\$ 583,207,135	\$ 585,463,504	\$ 552,368,410
19,004,766	19,630,600	20,558,582	20,992,318	20,264,766	18,988,180
24,142,000	25,929,481	32,095,470	34,308,536	33,354,153	31,579,245
97,371,434	112,445,288	119,965,738	133,349,102	136,525,586	117,450,300
-	-	-	-	-	30,462,146
38,012,973	30,952,693	63,977,893	57,694,334	73,089,520	52,554,190
<u>\$ 680,413,860</u>	<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>\$ 9,007,544</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>
\$ 9,558,953	\$ 15,633,190	\$ 9,176,562	\$ 9,327,290	\$ 9,814,672	\$ 19,093,344
<u>(9,558,953)</u>	<u>(15,633,190)</u>	<u>(9,176,562)</u>	<u>(9,327,290)</u>	<u>(9,814,672)</u>	<u>(19,093,344)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ 9,007,544</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>

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	%
2001	\$462,604,526	\$365,259,608	79.0	\$ 14,361,376	3.1	\$ 19,816,453	4.3	\$57,757,463	12.5	\$ -	0.0	\$5,409,626	1.1
2002	477,585,855	373,031,312	78.1	15,268,351	3.2	20,852,323	4.4	61,993,422	13.0	-	0.0	6,440,447	1.3
2003	494,654,069	383,967,282	77.6	17,046,058	3.4	20,514,783	4.1	66,043,764	13.4	-	0.0	7,082,182	1.5
2004	533,568,466	410,791,829	77.0	18,359,247	3.4	24,840,231	4.7	70,669,852	13.2	-	0.0	8,907,307	1.7
2005	572,235,238	445,034,896	77.8	18,982,883	3.3	24,052,995	4.2	74,630,511	13.0	-	0.0	9,533,953	1.7
2006	601,449,640	459,033,596	76.3	19,630,600	3.3	25,887,449	4.3	81,289,805	13.5	-	0.0	15,608,190	2.6
2007	669,873,567	521,656,605	77.9	20,558,582	3.1	32,095,470	4.8	86,386,348	12.9	-	0.0	9,176,562	1.3
2008	687,100,899	525,011,860	76.4	20,992,318	3.1	34,298,966	5.0	97,470,465	14.2	-	0.0	9,327,290	1.3
2009	694,408,787	515,410,612	74.2	19,160,164	2.8	33,326,146	4.8	90,159,213	13.0	26,712,980	3.8	9,639,672	1.4
2010	668,461,122	491,959,589	73.6	18,988,180	2.8	31,579,245	4.7	83,235,799	12.5	23,604,965	3.5	19,093,344	2.9

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

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

Table 8

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

Fiscal Year	Total Revenues	City of Virginia Beach	%	Common-wealth of Virginia	%	State Sales Tax	%	Federal Government	%	Other Revenues	%
2001	\$ 462,429,689	\$ 200,078,684	43.3	\$ 197,732,302	42.8	\$ 51,889,329	11.2	\$ 10,459,247	2.3	\$ 2,270,127	0.4
2002	472,682,228	209,096,679	44.2	193,746,952	41.0	52,074,158	11.0	15,416,792	3.3	2,347,647	0.5
2003	502,582,033	223,971,375	44.6	205,026,774	40.8	51,447,271	10.2	19,706,892	3.9	2,429,721	0.5
2004	530,114,695	244,048,402	46.0	210,218,748	39.7	55,338,502	10.4	17,740,491	3.3	2,768,552	0.6
2005	571,337,812	247,478,053	43.3	239,229,348	41.9	64,861,559	11.4	16,459,127	2.9	3,309,725	0.5
2006	600,948,130	266,921,099	44.4	244,499,748	40.7	70,134,239	11.7	16,003,175	2.7	3,389,869	0.5
2007	675,382,750	303,941,684	45.0	277,484,029	41.1	72,151,255	10.7	18,272,087	2.7	3,533,695	0.5
2008	681,944,304	306,054,787	44.9	279,852,150	41.0	72,904,963	10.7	19,870,660	2.9	3,261,744	0.5
2009	699,848,239	321,098,771	45.9	292,200,624	41.8	69,168,038	9.9	14,100,023	2.0	3,280,783	0.4
2010	670,642,126	318,692,326	47.5	250,368,861	37.3	66,688,947	9.9	32,229,078	4.8	2,662,914	0.5

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

Other Financial Data

Fiscal Year	June 30 Reversion to City	June 30 Fund Balance
2001	\$8,110,654	\$11,887,343
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

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.

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
2001	\$2,988	\$3,831	\$2,693	\$2,685	\$685	\$677
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	-	-	-	-	-	-

- 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.

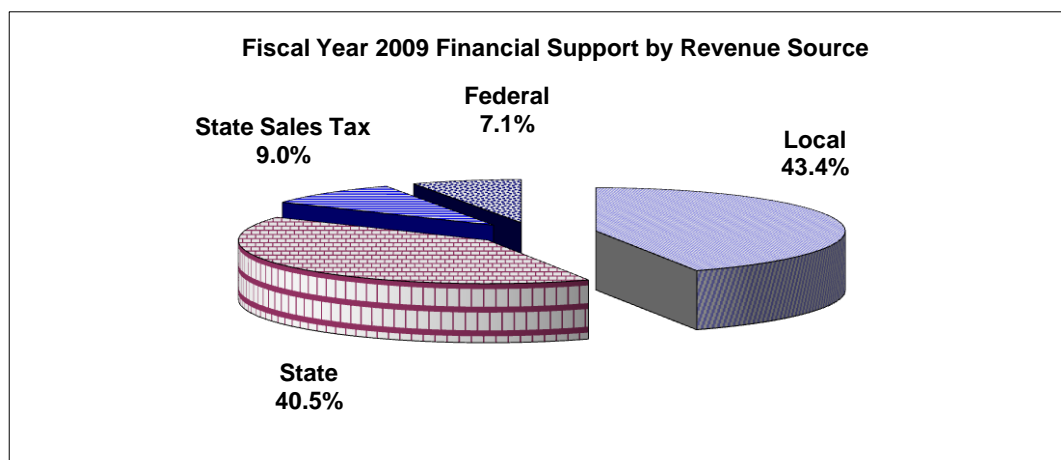
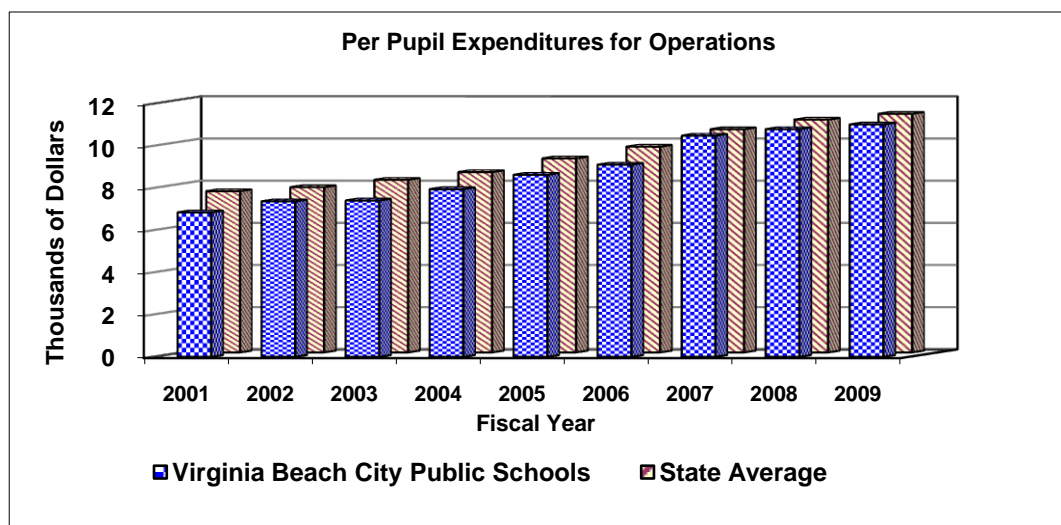
The State amount includes all the monies sent to the LEA by the DOE minus an amount sent by the DOE for the running of the Hospital, Clinics, and Detention Home project and an amount sent by the DOE for vocational equipment. The State Sales Tax is the 1 cent tax on goods and services allocated to a particular 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	
2001	\$483	\$454	\$6,849	\$7,647	75,770
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	-	-	-	-	-

- 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

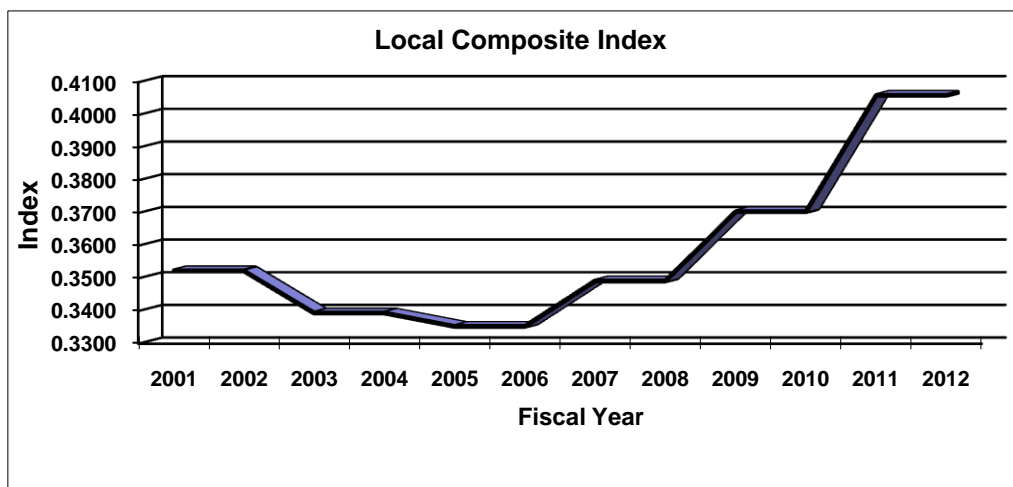
Fiscal Year	Indicators of Ability Base Year	Local Composite Index	Local Share of SOQ Factor
2001	1997	.3523	.4500
2002	1997	.3523	.4500
2003	1999	.3394	.4500
2004	1999	.3394	.4500
2005	2001	.3353	.4500
2006	2001	.3353	.4500
2007	2003	.3492	.4500
2008	2003	.3492	.4500
2009	2005	.3704	.4500
2010	2005	.3704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

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



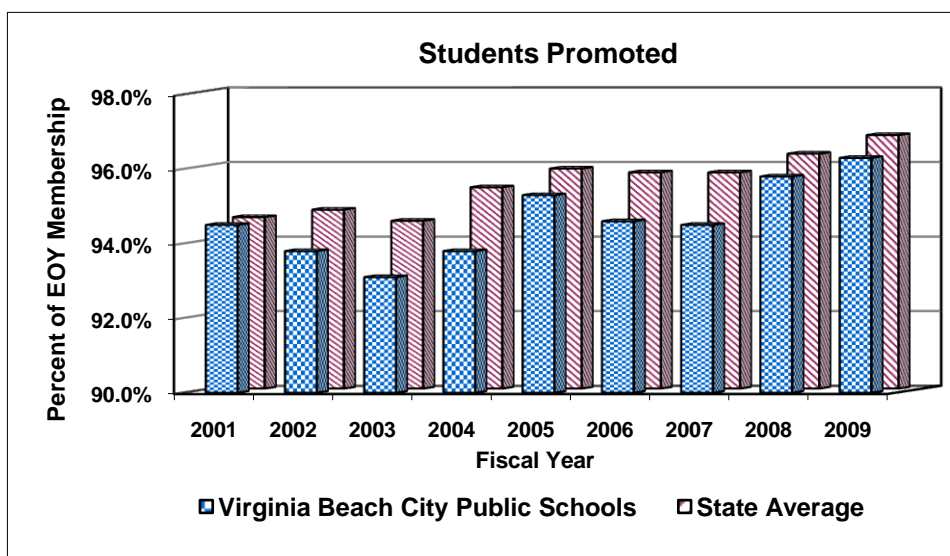
SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
STUDENTS PROMOTED
Last Ten Fiscal Years

Fiscal Year	End-of-Year Membership	Number Promoted	Percent Promoted	Percent Promoted State Average
2001	74,513	70,404	94.5%	94.6%
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	-	-	-	-

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

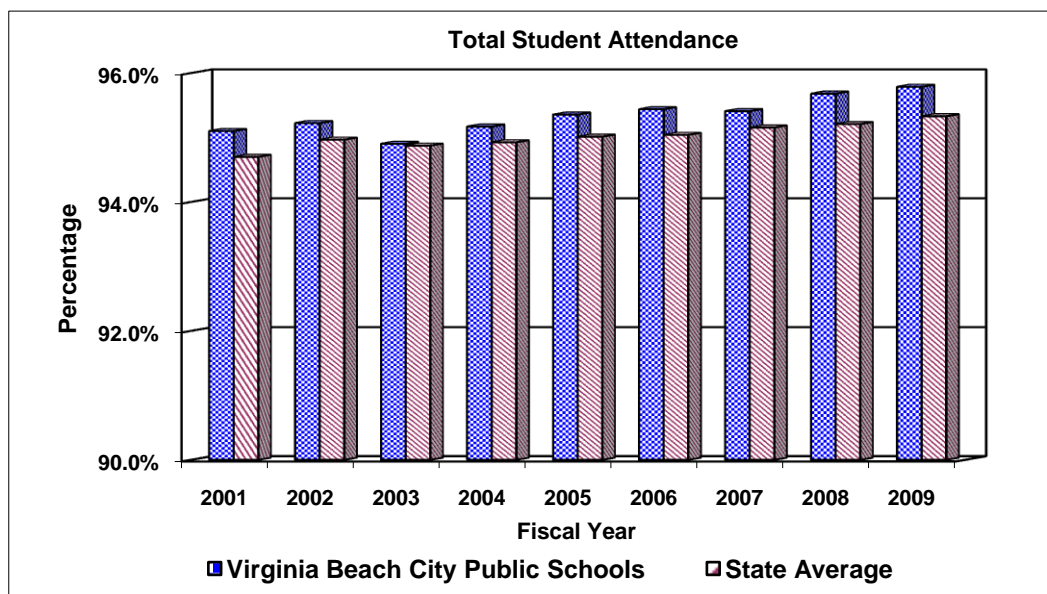
Fiscal Year	Number of Days Taught	Average Daily Membership			Average Daily Attendance		
		Elementary	Secondary	Total	Elementary	Secondary	Total
2001	181	47,814	27,956	75,770	45,897	26,193	72,090
2002	181	46,980	28,110	75,090	45,088	26,416	71,504
2003	182	46,488	28,673	75,161	44,381	26,949	71,330
2004	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	181	41,984	27,602	69,586	40,266	26,211	66,477

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 2010 - school division submission by the Department of Technology)

Fiscal Year	Student Attendance Percent			Student Attendance Percent State Average		
	Elementary	Secondary	Local Average	Elementary	Secondary	State Average
2001	96.0%	93.7%	95.1%	95.5%	93.5%	94.7%
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	-	-	-

- 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

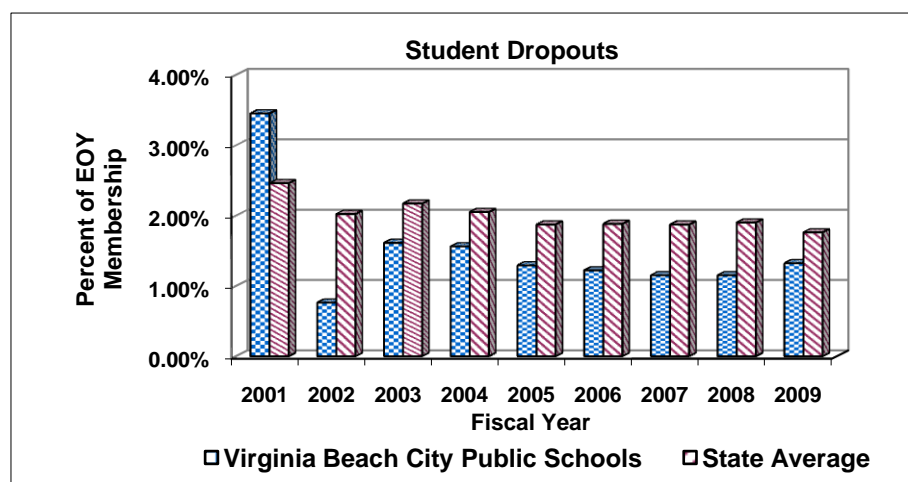
Fiscal Year	End-of-Year Membership (Grades 7-12) Plus Dropouts	Number of Dropouts	Percent	Percent State Average
2001	34,683	1,196	3.45%	2.46%
2002	34,973	267	0.76	2.02
2003	35,633	572	1.61	2.17
2004	36,038	563	1.56	2.05
2005	36,138	465	1.29	1.87
2006	35,711	435	1.22	1.88
2007	35,165	406	1.15	1.87
2008	34,471	397	1.15	1.90
2009	33,706	446	1.32	1.76
2010	-	-	-	-

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.

Beginning with the Fiscal Year 2002 dropout reporting period, 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)



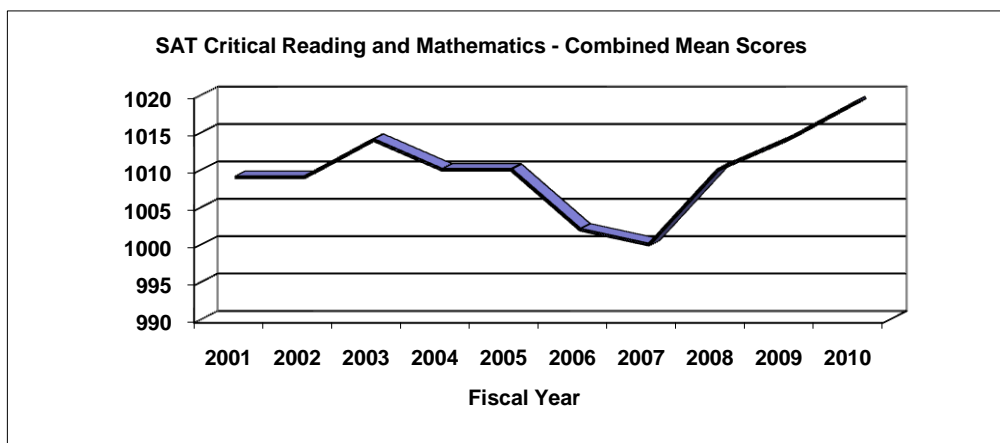
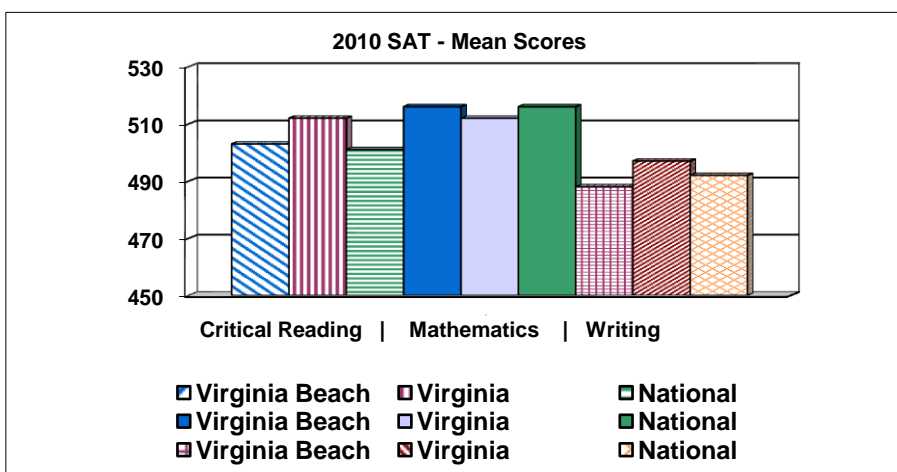
SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
SCHOLASTIC APTITUDE TEST (SAT) - MEAN SCORES
Last Ten Fiscal Years

	Critical Reading* - Mean Scores			Mathematics - Mean Scores			Writing - Mean Scores		
Fiscal Year	Virginia Beach	Virginia	National	Virginia Beach	Virginia	National	Virginia Beach	Virginia	National
2001	509	510	506	500	501	514	-	-	-
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

*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					Certificate of Program Completion/ GAD/GED/ ISAEP	Total Completers	Percentage	
		Standard Diploma	Advanced Studies Diploma	Modified Standard Diploma	Special Diploma			Percentage	State Average
2001	6,774	1,948	2,394	0	116	46	4,504	66.5%	77.3%
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	-	-	-	-	-	-	-	-	-

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)

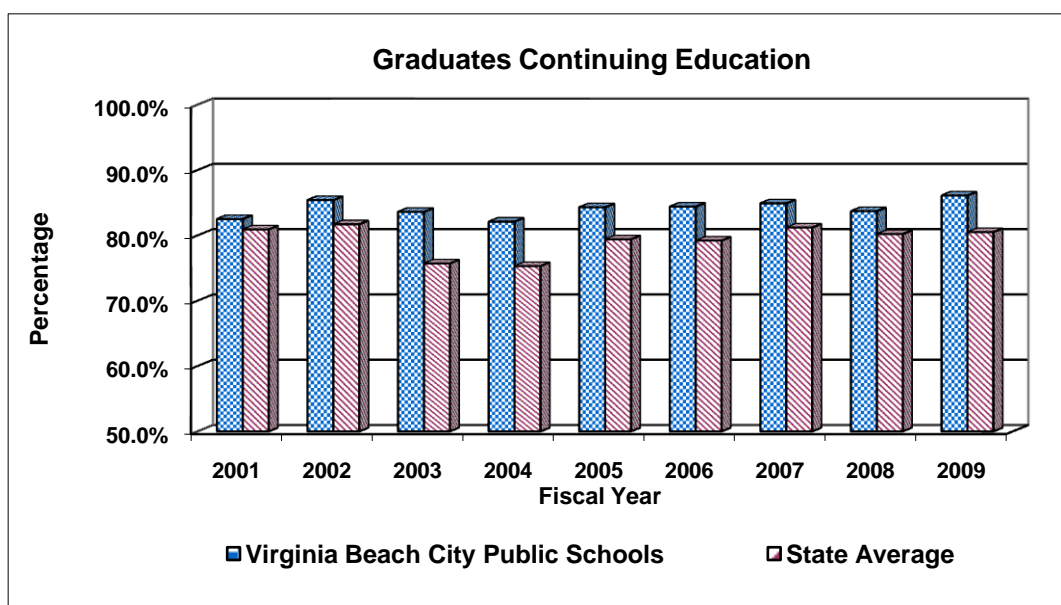
SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
GRADUATES CONTINUING EDUCATION
Last Ten Fiscal Years

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
2001	24.1%	25.1%	48.6%	48.0%	9.8%	7.8%	82.5%	80.9%
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	-	-	-	-	-	-	-	-

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
2001	3,141.89	47,514	15.1	13.6	2,286.50	26,999	11.8
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	-	-	-	-	-	-	-

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

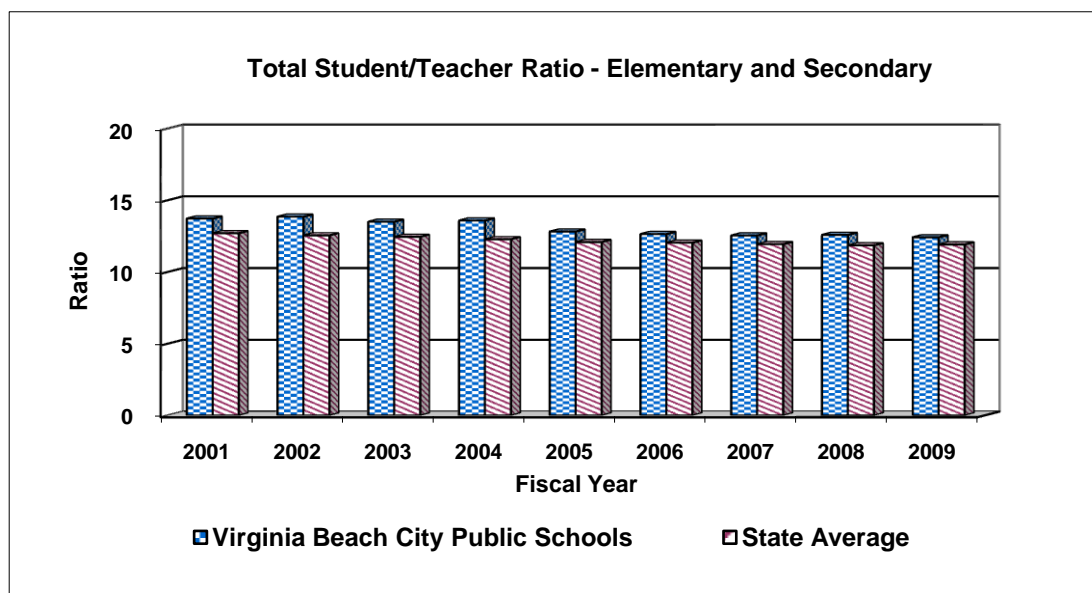
Note: This table represents student teacher ratios based on End-of-Year Membership to full-time equivalent teaching positions, excluding special education teachers, principals, assistant principals, guidance counselors, and librarians.

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
2001	11.4	13.73	12.70
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	-	-	-

- 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			
	2001	2002	2003	2004
<u>Full-time Staff</u>				
Office/Admin/Managers	80	84	85	37
Principals	85	86	86	83
Assistant Principals	150	154	165	156
Elementary Classroom Teachers	2,138	2,119	2,103	2,083
Secondary Classroom Teachers	2,560	2,624	2,697	2,740
Other Classroom Teachers	387	429	446	274
Guidance	195	201	198	194
Psychological	40	49	51	68
Librarians/AV	114	109	110	107
Supervisory	53	59	65	121
Other Professionals	220	278	286	316
Teacher Aides	1,046	1,012	1,005	1,010
Technicians	29	33	37	105
Clerical/Secretarial	580	543	556	542
Service Workers	1,233	2,060	2,100	1,074
Skilled Crafts	231	237	241	225
Unskilled Labor	656	-	-	-
Total Full-Time Staff	<u>9,797</u>	<u>10,077</u>	<u>10,231</u>	<u>9,135</u>
<u>Part-Time Staff</u>				
Professional/Instructional	218	191	195	210
Other	94	77	77	1,103
Total Part-Time Staff	<u>312</u>	<u>268</u>	<u>272</u>	<u>1,313</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					
2005	2006	2007	2008	2009	2010
38	37	40	39	40	38
84	84	85	89	90	86
159	156	151	160	161	155
2,094	2,104	2,114	2,106	2,110	2,117
2,775	2,760	2,702	2,643	2,614	2,513
289	279	273	290	291	326
193	190	187	182	182	175
65	65	68	68	66	70
106	108	106	111	108	104
130	133	134	69	66	68
321	330	337	363	383	378
1,052	1,054	1,093	1,117	1,130	1,138
105	107	107	106	107	110
591	601	606	600	599	579
1,105	1,107	1,116	1,109	1,137	1,099
233	230	236	234	230	236
-	-	-	-	-	-
<u>9,340</u>	<u>9,345</u>	<u>9,355</u>	<u>9,286</u>	<u>9,314</u>	<u>9,192</u>
244	236	255	264	277	239
<u>1,096</u>	<u>1,087</u>	<u>1,155</u>	<u>1,178</u>	<u>1,179</u>	<u>1,143</u>
<u>1,340</u>	<u>1,323</u>	<u>1,410</u>	<u>1,442</u>	<u>1,456</u>	<u>1,382</u>

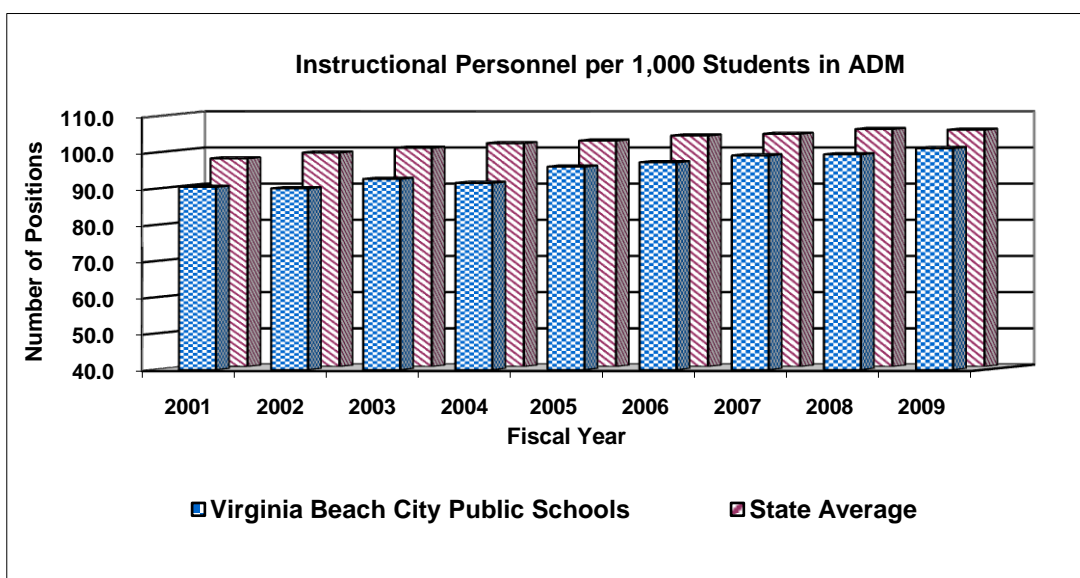
**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
INSTRUCTIONAL PERSONNEL POSITIONS PER 1,000 STUDENTS IN ADM
Last Ten Fiscal Years**

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
2001	6,867.79	75,770	90.6	97.6
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	-	-	-	-

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)



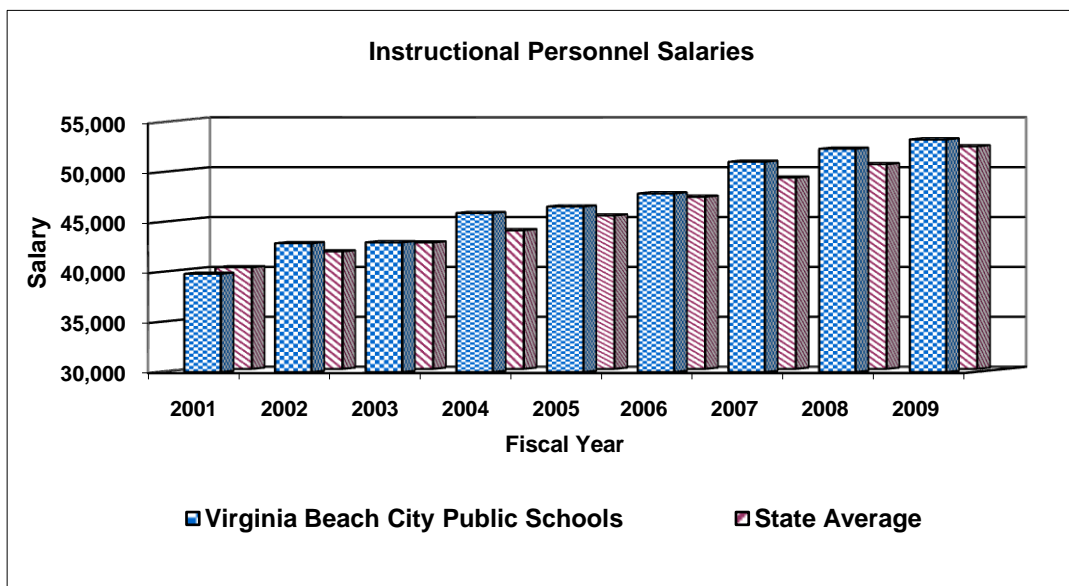
**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
INSTRUCTIONAL PERSONNEL SALARIES
Last Ten Fiscal Years**

Fiscal Year	Minimum Salary	Maximum Salary	Average Salary	State Average
2001	\$29,750	\$50,610	\$39,846	\$40,175
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	-

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 Nine 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

Source: Department of Human Resources (prior year information before Fiscal Year 2002 is not available)

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

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

	Fiscal Year			
	2001	2002	2003	2004
Student Enrollment (October) in Meal Programs:				
Reduced	6,469	6,604	8,585	8,734
Free	12,170	12,571	14,570	15,250
Lunch Meals:				
Full	4,060,983	3,909,894	3,908,389	3,683,643
Reduced	810,081	841,024	869,047	882,920
Free	1,725,087	1,754,854	1,784,674	1,824,700
Breakfast Meals:				
Full	385,501	358,713	367,587	346,221
Reduced	192,535	190,092	208,048	197,080
Free	902,376	865,432	896,981	867,209
Lunch Price:				
Full:				
Elementary	\$1.20	\$1.20	\$1.40	\$1.40
Middle	\$1.30	\$1.30	\$1.50	\$1.50
High	\$1.30	\$1.30	\$1.50	\$1.50
Adult	\$1.75	\$1.75	\$2.20	\$2.50
Reduced	\$0.40	\$0.40	\$0.40	\$0.40

Source: The Department of Administrative Support Services/Food Services

Table 22

Fiscal Year					
2005	2006	2007	2008	2009	2010
7,121	6,185	7,473	5,960	6,380	6,067
14,844	13,596	15,087	13,909	14,276	16,067
3,896,141	4,264,832	4,287,661	3,808,695	3,462,417	3,272,401
847,029	772,341	791,084	743,790	792,105	754,574
1,952,837	1,807,692	1,833,033	1,878,081	1,960,458	2,180,856
411,658	484,429	547,189	644,638	680,158	670,224
204,590	208,668	243,182	260,166	303,012	283,304
900,772	855,595	872,513	981,774	1,070,866	1,200,453
\$1.60	\$1.60	\$1.75	\$1.75	\$2.00	\$2.00
\$1.70	\$1.70	\$1.80	\$1.80	\$2.00	\$2.00
\$1.70	\$1.70	\$1.80	\$1.80	\$2.00	\$2.00
\$2.50	\$2.75	\$2.75	\$2.75	\$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			
	2001	2002	2003	2004
<u>Instruction:</u>				
Elementary Schools	54	54	54	54
Middle Schools	13	13	13	13
High Schools	10	11	11	11
Auxiliary Schools/Centers	9	9	9	10
Portables	366	365	365	364
<u>Operations and Maintenance:</u>				
Vehicles	256	260	265	276
<u>Pupil Transportation:</u>				
Buses	695	685	675	694
Other Vehicles	40	42	42	42

Source: School Board Capital Assets Inventory Records

Table 23

Fiscal Year					
2005	2006	2007	2008	2009	2010
54	55	55	56	56	55
13	13	13	13	13	13
11	11	11	11	11	11
11	11	11	11	11	7
363	361	357	343	324	266
278	279	276	294	282	282
760	758	754	791	789	766
45	47	44	44	45	44

Table 24

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

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<u>Elementary Schools</u>										
Alanton Elementary										
Square Feet	73,761	73,761	73,761	73,761	73,761	73,761	74,049	74,049	74,049	74,049
Program Capacity	755	768	738	693	680	668	680	629	613	602
Enrollment	699	682	664	634	649	644	574	584	562	606
Arrowhead Elementary										
Square Feet	52,228	52,228	52,228	79,480	79,480	79,480	79,480	79,480	79,480	79,480
Program Capacity	585	654	662	559	571	594	646	591	584	537
Enrollment	519	519	501	467	600	572	553	549	576	439
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	674	610	635	550	540	551	566	490	521	526
Enrollment	548	568	547	545	530	490	456	437	414	451
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	1,175	1,068	1,069	1,022	1,037	1,057	1,100	1,075	902	962
Enrollment	915	903	899	926	938	920	1,041	991	980	784
Brookwood Elementary										
Square Feet	51,875	51,875	51,875	51,875	51,875	51,875	51,875	51,875	51,875	80,065
Program Capacity	645	608	553	517	503	542	554	600	607	638
Enrollment	558	527	522	535	529	499	452	522	538	692
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	729	696	722	638	641	611	695	693	641	731
Enrollment	613	571	560	597	608	614	644	659	672	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	847	872	870	777	780	778	781	760	693	738
Enrollment	880	808	794	775	748	758	732	754	732	737
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	619	589	597	520	542	542	542	485	420	468
Enrollment	716	678	646	525	503	464	447	422	407	407
W. T. Cooke Elementary										
Square Feet	92,256	92,256	92,256	92,256	92,256	92,256	92,256	89,122	89,122	89,122
Program Capacity	707	638	680	551	527	505	561	545	555	574
Enrollment	578	576	582	554	517	536	505	490	502	601
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	816	806	851	728	698	655	631	606	610	624
Enrollment	722	711	686	657	582	557	545	510	495	541
Creeds Elementary										
Square Feet	38,480	69,285	69,285	69,285	69,285	69,285	69,285	69,285	69,285	69,285
Program Capacity	440	476	501	425	419	421	425	426	426	448
Enrollment	300	330	309	295	295	307	285	298	292	312

(continued)

Table 24

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

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
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	881	906	882	786	796	793	778	735	756	799
Enrollment	802	757	779	738	784	759	742	728	781	769
Diamond Springs Elementary (Opened 2008)										
Square Feet	-	-	-	-	-	-	-	97,000	97,000	97,000
Program Capacity	-	-	-	-	-	-	-	535	504	489
Enrollment	-	-	-	-	-	-	-	509	504	516
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	649	604	627	489	491	540	555	526	504	482
Enrollment	546	555	505	519	522	498	511	499	479	479
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	1,266	1,276	1,350	1,201	1,120	1,101	1,057	972	1,002	995
Enrollment	1,142	1,123	1,052	1,042	923	1,003	955	914	894	916
Green Run Elementary										
Square Feet	58,040	58,040	58,040	58,040	58,040	58,275	58,275	58,275	58,275	58,275
Program Capacity	565	563	533	547	520	511	494	479	424	513
Enrollment	570	555	522	537	484	463	458	473	487	478
Hermitage Elementary										
Square Feet	63,243	63,243	63,243	63,243	94,018	94,018	94,018	94,018	94,018	94,018
Program Capacity	595	585	578	567	630	672	575	565	583	637
Enrollment	582	533	474	405	475	552	537	507	559	582
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	887	840	808	669	665	688	687	564	510	605
Enrollment	811	786	729	669	658	583	561	558	553	516
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	840	751	767	659	545	617	556	574	552	569
Enrollment	741	713	650	618	590	573	550	520	523	489
Kempsville Elementary										
Square Feet	59,689	59,689	59,689	78,146	78,146	78,146	78,146	78,146	78,146	78,146
Program Capacity	650	650	629	539	520	519	521	521	502	520
Enrollment	572	512	483	462	447	469	467	478	445	463
Kempsville Meadows Elementary										
Square Feet	54,236	54,236	77,239	77,239	77,239	77,239	77,239	77,239	77,239	77,239
Program Capacity	680	668	607	509	519	518	540	540	540	514
Enrollment	520	493	522	556	521	533	527	530	532	468
Kings Grant Elementary										
Square Feet	71,808	71,808	71,808	71,808	71,808	72,043	72,043	72,043	72,043	72,043
Program Capacity	810	857	760	711	683	648	688	648	653	648
Enrollment	753	684	696	672	687	669	624	632	606	611

(continued)

Table 24

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

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
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	762	706	741	649	627	626	608	626	550	568
Enrollment	626	648	635	633	602	598	565	573	523	556
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	896	969	1,005	854	860	863	876	883	839	817
Enrollment	782	898	907	852	860	799	783	798	759	739
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	746	736	702	646	657	716	696	715	707	702
Enrollment	720	695	647	659	690	691	685	725	716	731
Luxford Elementary										
Square Feet	57,176	82,242	82,242	82,242	82,242	82,242	82,242	82,242	82,242	82,242
Program Capacity	650	596	605	570	554	540	562	580	554	583
Enrollment	450	443	545	530	533	552	522	507	512	507
Lynnhaven Elementary										
Square Feet	55,989	55,989	55,989	55,989	80,670	80,670	80,670	80,670	80,670	80,670
Program Capacity	541	541	712	586	451	516	562	546	478	488
Enrollment	495	469	429	415	419	440	414	397	434	445
Malibu Elementary										
Square Feet	54,863	54,863	54,863	73,182	73,182	73,182	73,182	73,182	73,182	73,182
Program Capacity	446	480	480	442	424	431	438	398	416	380
Enrollment	375	324	316	322	300	292	304	327	316	341
New Castle Elementary (Opened 1999)										
Square Feet	87,060	87,060	87,060	87,060	87,060	87,060	87,060	87,060	87,060	87,060
Program Capacity	785	810	849	806	839	784	788	780	803	797
Enrollment	740	718	724	807	799	746	743	749	776	815
Newtown Road Elementary										
Square Feet	76,141	76,141	76,141	76,141	76,141	76,141	76,141	88,711	88,711	88,711
Program Capacity	669	662	764	680	556	543	520	398	505	482
Enrollment	801	947	868	886	856	609	573	410	460	490
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	666	651	690	628	603	609	600	615	591	582
Enrollment	503	590	611	658	684	597	564	548	553	531
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	811	816	846	724	666	710	680	687	722	699
Enrollment	731	678	643	584	563	589	600	583	623	553
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	365	438	438	394	438	394	394	394	273	372
Enrollment	500	500	499	500	499	501	501	511	510	507

(continued)

Table 24

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

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
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	708	629	654	578	568	578	615	556	420	494
Enrollment	572	548	564	554	582	529	503	476	452	482
Pembroke Elementary										
Square Feet	90,544	90,544	90,544	90,544	108,773	108,773	108,773	108,773	108,773	108,773
Program Capacity	738	704	749	633	569	591	572	581	606	600
Enrollment	523	530	489	488	488	503	488	475	493	500
Pembroke Meadows Elementary										
Square Feet	55,009	55,009	55,249	55,249	55,249	55,249	75,926	75,926	75,926	75,926
Program Capacity	600	595	644	571	566	562	592	592	590	540
Enrollment	535	543	512	543	515	526	545	501	465	459
Plaza Elementary (Closed 2010)										
Square Feet	68,390	68,390	68,390	68,390	68,390	68,390	68,390	68,390	68,390	-
Program Capacity	675	640	605	531	476	476	505	500	414	-
Enrollment	562	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	865	830	795	723	688	648	653	572	599	599
Enrollment	704	700	722	731	558	488	468	440	404	521
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	972	928	1,003	886	899	664	627	585	650	634
Enrollment	852	891	947	969	945	572	533	539	559	532
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	761	756	643	621	598	642	555	620	511
Enrollment	683	639	630	616	586	569	579	583	534	526
Red Mill Elementary										
Square Feet	69,500	69,500	69,500	69,500	69,500	69,500	69,500	69,788	69,788	69,788
Program Capacity	908	909	910	782	782	788	728	752	664	687
Enrollment	950	907	866	865	880	677	685	661	658	692
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	645	625	545	482	481	464	439	439	427	444
Enrollment	578	505	441	417	389	353	336	338	360	338
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	785	756	757	616	593	567	571	592	590	590
Enrollment	723	642	614	563	534	516	515	542	500	521
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	683	702	681	583	497	515	497	515	469	469
Enrollment	593	575	579	537	529	523	468	447	433	430

(continued)

Table 24

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

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
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	468	458	518	471	449	439	446	455	432	467
Enrollment	420	414	415	399	399	389	341	330	318	433
Shelton Park Elementary										
Square Feet	53,987	81,576	81,576	81,576	81,576	81,576	81,576	81,576	81,576	81,576
Program Capacity	602	616	623	575	533	490	491	419	428	408
Enrollment	503	480	475	488	421	426	365	320	325	330
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	932	881	894	785	724	777	788	723	722	744
Enrollment	896	866	860	818	814	808	791	757	760	751
Tallwood Elementary										
Square Feet	69,700	69,700	69,700	69,700	69,700	69,988	69,988	69,988	69,988	69,988
Program Capacity	800	737	720	649	665	674	709	621	628	650
Enrollment	694	652	620	634	637	594	616	610	570	602
Thalia Elementary										
Square Feet	56,515	91,550	91,550	91,550	91,550	91,550	91,550	91,550	91,550	91,550
Program Capacity	848	835	825	730	728	727	705	680	645	669
Enrollment	687	707	709	690	694	677	641	636	647	615
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	758	665	684	678	649	662	635	688	615	711
Enrollment	643	600	606	655	661	642	608	634	641	637
Three Oaks Elementary (Opened 2005)										
Square Feet	-	-	-	-	-	92,210	92,210	92,210	92,210	92,210
Program Capacity	-	-	-	-	-	744	780	752	759	686
Enrollment	-	-	-	-	-	608	592	643	653	703
Trantwood Elementary										
Square Feet	55,790	55,790	55,790	81,040	81,040	81,040	81,040	81,040	81,040	81,040
Program Capacity	742	682	775	612	705	682	637	651	606	599
Enrollment	662	623	587	567	565	560	562	532	522	508
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	623	769	797	795	597	653	715	687	638	751
Enrollment	396	422	619	572	582	626	701	711	722	725
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	708	719	673	545	627	598	595	500	473	455
Enrollment	898	839	743	707	674	731	704	403	401	410
Windsor Oaks Elementary										
Square Feet	55,367	55,367	55,367	55,367	55,367	55,367	55,367	55,367	55,367	88,340
Program Capacity	623	613	598	588	577	538	552	552	552	623
Enrollment	605	576	561	586	520	528	513	526	494	622

(continued)

Table 24

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

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Windsor Woods Elementary										
Square Feet	53,709	53,709	53,709	53,709	53,709	53,709	53,709	53,709	53,709	84,265
Program Capacity	560	550	540	449	436	440	477	415	392	411
Enrollment	552	459	429	401	408	418	389	384	388	407
Woodstock Elementary										
Square Feet	55,317	55,317	82,707	82,707	82,707	82,707	82,707	82,707	82,707	82,707
Program Capacity	918	794	794	736	754	734	692	734	731	779
Enrollment	561	522	526	668	665	646	617	625	616	640
<u>Middle Schools</u>										
Bayside Middle										
Square Feet	155,379	155,379	155,379	155,379	155,379	180,134	180,134	180,134	180,134	180,134
Program Capacity	1,190	1,240	1,230	1,282	1,218	1,269	1,187	1,129	1,088	1,089
Enrollment	1,422	1,258	1,301	1,289	1,283	1,189	1,104	1,071	1,005	1,033
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	1,605	1,690	1,740	1,340	1,374	1,382	1,290	1,198	1,198	1,156
Enrollment	1,499	1,469	1,450	1,474	1,416	1,389	1,326	1,248	1,208	1,203
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	2,060	2,130	2,115	1,780	1,702	1,619	1,554	1,494	1,412	1,412
Enrollment	1,763	1,764	1,727	1,720	1,668	1,541	1,456	1,496	1,410	1,419
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	1,345	1,300	1,330	1,065	1,033	1,032	1,007	965	915	1,200
Enrollment	1,223	1,154	1,141	1,170	1,168	1,124	1,015	989	1,019	1,054
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	1,660	1,670	1,670	1,347	1,324	1,307	1,224	1,165	1,191	1,224
Enrollment	1,289	1,485	1,520	1,538	1,524	1,413	1,391	1,324	1,238	1,250
Kemps Landing Magnet										
Square Feet	54,516	54,516	54,516	54,516	54,516	54,516	54,516	57,748	57,748	54,516
Program Capacity	650	725	725	540	540	600	600	600	600	600
Enrollment	600	598	590	585	603	601	599	588	587	600
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	1,235	1,305	1,320	990	908	906	873	857	807	815
Enrollment	1,226	1,231	1,253	1,254	1,045	1,049	1,007	1,015	947	904
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	1,890	2,125	2,143	1,622	1,563	1,588	1,596	1,522	1,621	1,596
Enrollment	1,538	1,625	1,617	1,653	1,602	1,612	1,587	1,566	1,536	1,543

(continued)

Table 24

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

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
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	2,050	2,055	2,020	1,858	1,866	1,844	1,709	1,601	1,552	1,536
Enrollment	1,845	1,916	1,894	1,944	1,822	1,767	1,639	1,638	1,574	1,561
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	1,675	1,730	1,730	1,388	1,289	1,256	1,231	1,231	1,206	1,206
Enrollment	1,423	1,384	1,368	1,381	1,304	1,274	1,222	1,165	1,198	1,184
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	1,315	1,360	1,402	1,148	1,136	1,215	1,195	1,135	1,110	1,098
Enrollment	1,030	1,060	1,119	1,190	1,208	1,201	1,156	1,126	1,121	1,113
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	1,520	1,615	1,658	1,438	1,468	1,250	1,275	1,250	1,225	1,300
Enrollment	1,376	1,424	1,511	1,526	1,552	1,542	1,514	1,447	1,440	1,398
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	1,490	1,460	1,470	1,191	1,198	1,187	1,164	1,095	1,008	983
Enrollment	1,295	1,297	1,299	1,226	1,289	1,264	1,200	1,124	1,054	1,027
Virginia Beach Middle										
Square Feet	104,015	104,015	104,015	104,015	104,015	104,015	104,015	104,015	104,015	189,730
Program Capacity	870	1,075	1,043	743	699	724	699	699	699	925
Enrollment	725	775	814	768	732	706	676	688	679	614
<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	1,885	1,995	2,003	1,860	1,886	1,896	1,901	1,895	1,760	1,733
Enrollment	1,875	1,845	1,907	1,982	2,068	2,012	2,023	1,996	1,999	1,870
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	1,905	2,025	2,018	1,811	1,811	1,854	1,850	1,850	1,740	1,740
Enrollment	2,173	2,056	2,040	2,041	2,045	2,116	2,054	1,991	1,925	1,889
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	1,795	1,775	1,788	1,697	1,697	1,730	1,730	1,707	1,591	1,591
Enrollment	1,854	1,843	1,951	2,030	2,061	2,146	2,151	2,073	2,047	1,999
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	1,890	1,870	1,983	1,798	1,798	1,798	1,798	1,821	1,709	1,709
Enrollment	1,739	1,664	1,750	1,761	1,659	1,712	1,756	1,809	1,737	1,725

(continued)

Table 24

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

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
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	2,070	1,995	1,990	1,850	1,839	1,798	1,832	1,805	1,728	1,762
Enrollment	2,365	2,200	2,276	2,346	2,410	2,388	2,078	1,956	1,803	1,838
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	2,090	2,110	2,085	1,933	1,933	1,933	1,933	1,933	1,826	1,807
Enrollment	2,107	1,990	2,039	1,968	1,938	1,989	2,013	1,892	1,819	1,764
Landstown High (Opened 2001)										
Square Feet	-	274,791	274,791	274,791	274,791	274,791	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
Enrollment	-	1,650	1,910	2,054	2,091	2,124	2,270	2,297	2,404	2,396
Ocean Lakes High										
Square Feet	306,792	306,792	306,792	306,792	306,792	306,792	330,525	330,525	330,525	330,525
Program Capacity	2,265	2,275	2,273	2,107	2,107	2,122	2,403	2,417	2,283	2,269
Enrollment	2,451	2,215	2,241	2,304	2,350	2,370	2,516	2,446	2,449	2,407
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	2,135	2,020	2,003	1,751	1,688	1,670	1,603	1,611	1,505	1,521
Enrollment	2,422	2,248	2,250	2,185	2,104	2,110	1,925	1,814	1,819	1,866
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	1,960	1,995	1,988	1,829	1,775	1,793	1,874	1,847	1,787	1,759
Enrollment	2,527	1,991	1,888	1,843	1,941	1,959	1,908	1,908	1,933	1,897
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	2,155	2,370	2,283	2,056	2,096	2,143	2,143	2,143	2,003	1,990
Enrollment	2,174	2,123	1,991	1,999	2,067	1,961	1,974	2,001	2,042	2,112
Renaissance Academy - Middle/High Campuses (Opened 2010)										
Square Feet	-	-	-	-	-	-	-	-	-	289,000
Program Capacity	-	-	-	-	-	-	-	-	-	1,600
Enrollment	-	-	-	-	-	-	-	-	-	709

Source: The Department of Administrative Support Services

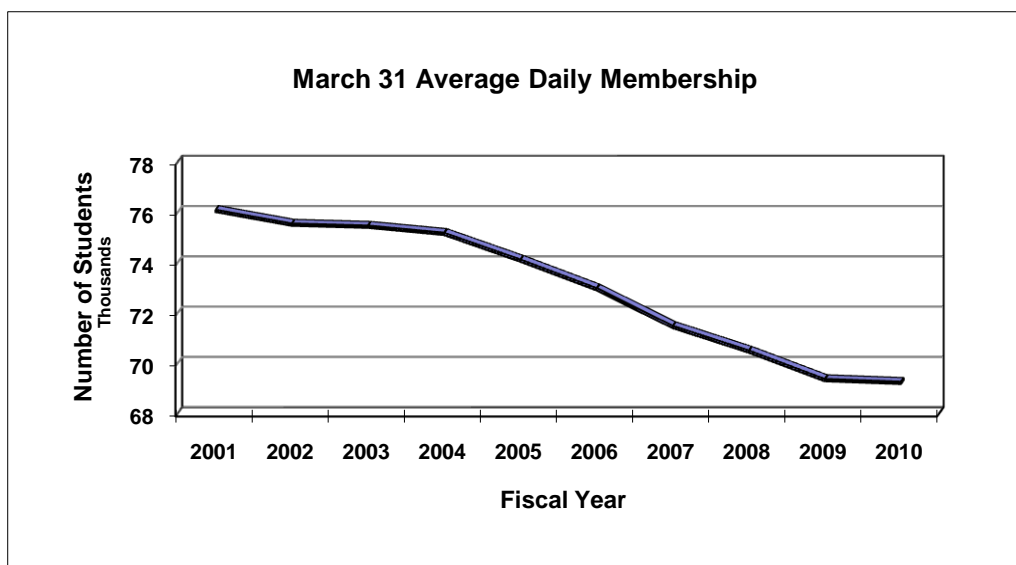
Program Capacity - the maximum capacity of the school building for a particular school year and particular student population, taking into account the number of first seats in the building (without counting portables currently on site).

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
2001	76,586	76,065	74,513	75,770
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

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

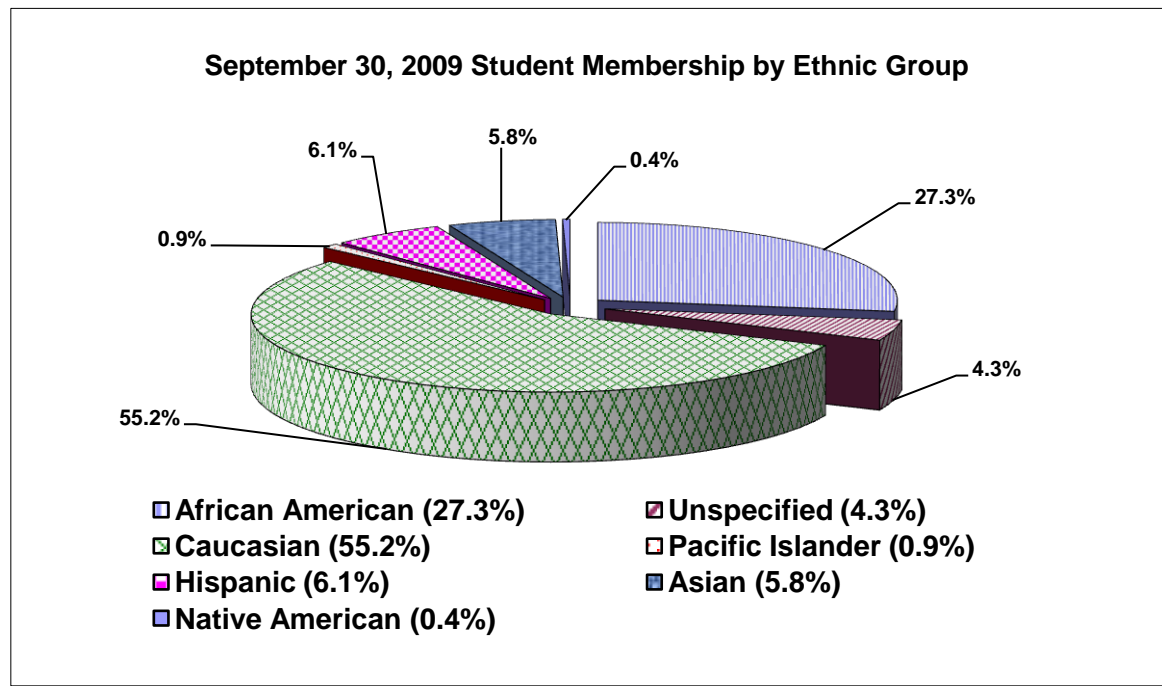


SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
STUDENT MEMBERSHIP BY ETHNIC GROUP
Last Ten Fiscal Years

Fiscal Year	African American	%	Caucasian	%	Hispanic	%	Asian	%	Pacific Islander	%	Native American	%	Unspecified	%
2001	20,908	27.3	48,479	63.3	2,834	3.7	4,135	5.4	0	0.0	230	0.3	0	0.0
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

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, 2010**

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	181
Number of Natural Parks	3
Other Park Areas	58
Number of Acres in Developed Parks	3,158
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
Current Estimate	447,836

**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
	2010			2001		
City of Virginia Beach / Schools	18,305	8.50 %	1	16,245	7.98 %	1
Sentara Medical	4,837	2.25	2	1,200	0.59	7
Lynnhaven Mall	2,600	1.21	3	3,000	1.47	2
GEICO Direct	2,000	0.93	4	1,500	0.74	5
Navy Exchange Service Command *	1,888	0.88	5	-	-	-
STIHL, Inc. *	1,863	0.87	6	-	-	-
Amerigroup Corp. *	1,750	0.81	7	-	-	-
Cox Communications	1,200	0.56	8	1,200	0.59	6
MANCON *	1,200	0.56	9	-	-	-
Christian Broadcasting Network, Inc.	1,000	0.46	10	1,000	0.49	9
Pembroke Mall	-	-	-	2,300	1.13	3
Lillian Vernon Corp.	-	-	-	1,700	0.84	4
Virginia Beach General Hospital	-	-	-	1,000	0.49	8
Avis Rent a Car System, Inc.	-	-	-	900	0.44	10
Total	<u>36,643</u>	<u>17.03 %</u>		<u>30,045</u>	<u>14.76 %</u>	

Source: City of Virginia Beach - Department of Finance and Department of Economic Development (data reported for FY 2010 is based on January 2010 update)

* Information not available for Fiscal Year 2001

Table 29

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

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Median Age	Number of City Employees	Education Level in Years of Formal Schooling	Local Unemployment Rate
2001	426,800	\$13,330,833	\$31,170	32.3	6,385	13.7	2.9%
2002	426,900	13,934,242	32,347	32.7	6,137	13.7	3.5%
2003	428,200	14,839,877	34,021	33.8	6,228	12.7	3.7%
2004	434,000	15,828,870	36,045	34.2	6,378	13.3	3.4%
2005	433,470	16,729,819	38,232	34.4	6,580	13.6	3.3%
2006	431,820	17,947,386	40,984	34.7	6,831	13.5	2.9%
2007	430,349	18,627,138	42,821	35.0	6,898	13.8	2.7%
2008	431,451	19,459,762	45,022	36.0	7,131	13.6	3.7%
2009	433,575	19,802,014 *	45,822 *	36.6	7,700	14.0	6.4%
2010	447,836	20,177,134 *	46,690 *	36.7	7,713	13.9	6.5%

* Projected figures from the City of Virginia Beach - Department of Finance

Source: City of Virginia Beach - Department of Finance

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

Labor Market Statistics

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
	2010				2001		
Virginia Electric & Power Company	\$ 443,255,589	0.80 %	1		\$ 321,428,092	1.46 %	1
Armada Hoffer **	318,289,200	0.57	2		-	-	
Lynnhaven Mall LLC*	284,011,400	0.51	3		222,899,310	1.01	2
E. D. & A. F. Ruffin & B. L. Thompson **	232,409,500	0.42	4		-	-	
Ramon W. Breeden, Jr.	231,370,138	0.42	5		98,787,147	0.45	5
Verizon Virginia, Inc.	229,558,928	0.41	6		191,128,641	0.87	3
Pembroke Square Assoc.	194,802,300	0.35	7		103,346,037	0.47	4
Atlantic Shores Cooperative, Etc.	148,766,800	0.27	8		74,406,539	0.34	8
Sandler at Ashville Park, LLC **	141,643,208	0.26	9		-	-	
Christian Broadcasting Assoc./Net, Inc.	140,313,300	0.25	10		64,047,993	0.29	9
Tidewater Oxford Ltd Partnership	-	-			81,324,529	0.37	6
Thomas J. Lyons, Jr.	-	-			76,381,268	0.35	7
Virginia Natural Gas	-	-			63,766,111	0.29	10
Totals	<u>\$ 2,364,420,363</u>	<u>4.26 %</u>			<u>\$ 1,297,515,667</u>	<u>5.90 %</u>	

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

* Formerly Knickerbocker Properties

** Information not available for Fiscal Year 2001

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				
2001	\$17,936,485,345	\$4,148,966,072	\$2,222,661,066	\$647,929,937	\$705,956,994	\$25,661,999,414	\$25,661,999,414	100.0%
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%

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

Table 32

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

Fiscal Year	Total Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2001	\$388,489,478	\$358,291,746	92.2%	\$20,341,533	\$378,633,279	97.5%
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%	-	526,040,648	96.3%

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
2001	\$1.2200	\$0.1200	\$ -	\$3.7000	\$1.4893
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

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 2010. 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
2001	\$528,541,802	\$9,897,046	\$538,438,848	2.1%	\$1,310
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

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			
	2001	2002	2003	2004
Debt Limit	\$ 2,279,140,841	\$ 2,411,229,527	\$ 2,670,250,507	\$ 2,825,715,972
Total Net Debt Applicable to Limit	<u>553,243,611</u>	<u>583,406,341</u>	<u>584,630,486</u>	<u>596,165,128</u>
Legal Debt Margin	<u>\$ 1,725,897,230</u>	<u>\$ 1,827,823,186</u>	<u>\$ 2,085,620,021</u>	<u>\$ 2,229,550,844</u>
Total Net Debt Applicable to the Limit as a percentage of the Debt Limit	24.27%	24.20%	21.89%	21.10%

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 \$2,400 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 \$2,400.
- The City's overall net debt per capita shall not exceed 6.5% of per capita personal income.

Table 35

Fiscal Year					
2005	2006	2007	2008	2009	2010
\$ 3,190,640,721	\$ 3,860,707,700	\$ 4,630,515,462	\$ 5,579,429,624	\$ 5,757,464,367	\$ 5,627,020,280
<u>542,613,308</u>	<u>571,245,135</u>	<u>596,810,346</u>	<u>635,045,232</u>	<u>661,855,123</u>	<u>670,254,683</u>
<u>\$ 2,648,027,413</u>	<u>\$ 3,289,462,565</u>	<u>\$ 4,033,705,116</u>	<u>\$ 4,944,384,392</u>	<u>\$ 5,095,609,244</u>	<u>\$ 4,956,765,597</u>
17.01%	14.80%	12.89%	11.38%	11.50%	11.91%

Legal Debt Margin Calculation For
Fiscal Year 2010 Assessed Value of
Real Property (Taxable):

Regular	\$ 55,379,973,665
Public Service	890,229,132
Total Assessed Value of Real Property	<u>\$ 56,270,202,797</u>

Debt limit (10% of Total Assessed Value)	\$ 5,627,020,280
Debt applicable to limit: General Obligation Bonds	<u>670,254,683</u>
Legal Debt Margin	<u>\$ 4,956,765,597</u>



COMPLIANCE SECTION





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

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School Board of the City of Virginia Beach ("School Board") as of and for the year ended June 30, 2010, and have issued our report thereon dated November 19, 2010. 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 19, 2010

