



Comprehensive Annual Financial Report

For the Fiscal Year Ended
June 30, 2013

THE SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH

*(a component unit of the
City of Virginia Beach, Virginia)*



**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, 2013**

**PREPARED BY
OFFICE OF BUSINESS SERVICES**



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.

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for the Fiscal Year Ended June 30, 2013

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INTRODUCTORY SECTION



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Sheila S. Magula, Ed.D.
Interim Superintendent

November 25, 2013

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, 2013, 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, 2013), and an Organizational Chart (June 30, 2013).

Financial Section – includes the Report of Independent Auditors, 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 68,600 students, it is the third largest school division in the Commonwealth of Virginia.

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

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

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

ECONOMIC CONDITION AND OUTLOOK

The School Board serves the largest city in the Commonwealth of Virginia with a population of more than 447,000 people and oversees the third largest school system, with a school enrollment of more than 68,600 students and more than 10,300 employees. Situated on the coast of the Atlantic Ocean adjacent to the Chesapeake Bay, Virginia Beach is 146 air miles from Washington, D.C.

Since 1997, Virginia Beach City Public Schools (VBCPS) has spent \$556 million to modernize or replace 29 of the school division's facilities. Although the School Board has made great strides in modernizing and replacing aging schools/facilities, the effects of the Great Recession have reduced considerably the available funding on the local and state level. The remaining school facilities in need of modernization or replacement are provided limited funding for maintenance/repairs and upgrades (e.g., technological) through the operating budget until funding becomes available through the City's Capital Improvement Program budget process.

Virginia Beach is well known as a resort community. Its diversification, however, has been the underlying strength of the city's economy. Major components of the city's economic base include the following: construction/real estate; light industry; wholesale and retail sales; agriculture; advanced manufacturing; the military community consisting of three bases; and the omnipresent resort and convention trade. The largest employment sector in Virginia Beach is the government sector, which is composed of federal, civilian, military, state and local governments. The city has been designated as one of the "Best-Run Cities in America," according to a 2013 study by 24/7 Wall Street.

In the fiscal year ending June 30, 2013, Virginia Beach continued to experience "impressive growth," according to the director of the city's Department of Economic Development. In Fiscal Year 2013, the city attracted more than \$260 million in private investment. These companies created more than 2,200 new jobs and retained more than 1,300 jobs through existing industry expansions.

The Town Center of Virginia Beach is the heart of a mixed-use, "main street" style development within the city's emerging Central Business District and the home of major

entertainment, cultural, business and retail activities. Town Center will eventually span 25 acres and 17 city blocks in the Pembroke area of the city, bounded by Virginia Beach Boulevard, Constitution Drive, Columbus Street and Independence Boulevard. The complex is projected to ultimately include 800,000 square feet of Class “A” office space, 832,500 square feet of multi-level upscale retail space. It currently includes a business class hotel and conference center, luxury apartments and condominiums, performing arts theater, fine dining, specialty shops and free structured parking. In Fiscal Year 2013, construction began on the newest addition to Town Center – a 15-story Class “A” office tower and parking garage, 290 apartments, and 23,000 square feet of retail space on the ground floor.

Virginia Beach is a great city for business, as the city boasts a skilled, educated workforce, strategic location, low tax rates and a dynamic, diverse economy. Because of its strategic mid-Atlantic location, both global and U.S. markets are readily accessed through a superior multi-modal transportation network, which includes an extensive railway system, an international airport, vast shipping terminals and one of the East Coast’s largest ports.

Virginia Beach offers a low cost environment for doing business, as well as a mix of commercial properties suitable for national and international business operations. International business development is also a key component to the Virginia Beach economy, as nearly 200 foreign-based companies are located in the area in addition to the many local companies who operate around the globe. With 12 foreign consular offices and direct shipping to all of the world’s major ports, the Virginia Beach Metropolitan Statistical Area (MSA) is truly an international business gateway.

In 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. Farm Bureau Live at Virginia Beach, which is the city’s Amphitheater, attracted more than 220,000 music lovers to 23 events last year and generated \$1.24 million for the city. The Virginia Beach Convention Center stands at more than 500,000 square feet, including a 31,000 square-foot ballroom with LED lighting, a 150,000 square-foot column-free exhibit hall, 38,999 square feet of meeting space and 2,230 free parking spaces. This award-winning facility is the first Virginia Green certified convention center and is also the largest building in Virginia to achieve LEED (Leadership in Energy and Environmental Design) Gold Certification for Existing Buildings. In the most recent calendar year, Virginia Beach experienced a record year for overall lodging sales. Citywide lodging sales were over \$301 million, and Virginia Beach was the only city in Hampton Roads to experience a growth in revenue per available hotel room over recent years. Approximately 5.5 million people visit Virginia Beach on an annual basis. These visitors spent more than \$1 billion during their stay for accommodations, meals, entertainment, and other services.

MAJOR INITIATIVES

For the 2012-13 fiscal year, VBCPS continued to stretch itself in its offerings for its students, teachers and community. This is remarkable considering the funding climate in Virginia. Despite this environment, the school division maintained its dedication to its strategic plan, *Compass to 2015: A Strategic Plan for Student Success*, and its mission of

providing top of the line educational services for all students. In this vein, the school division created new initiatives and programming to further reach students.

For example, VBCPS launched Green Run Collegiate, the division's first charter school housed at the Green Run High School campus. Green Run Collegiate (GRC) accepted its first freshman class for the 2013-14 school year and will expand the program each year by 100 students until all grade levels (nine-12) are represented. GRC offers two college preparatory programs — the International Baccalaureate (IB) Program and Advancement Via Individual Determination (AVID) — as well as flexible scheduling and programming options given its charter status.

The School Board also approved a new hybrid high school schedule for the 2013-14 school year. This new schedule allows students to take up to eight classes a year and still have a lunch period. In addition, the schedule permits students to retake/make up courses in a 4x4 setting – which would mean taking the class every day for an entire semester as opposed to the traditional A/B block schedule for the entire year. Students who successfully pass the course would then be on track with classmates within the same school year.

Additionally, the school division moved forward with a new assessment procedure for elementary school report cards. VBCPS launched a standards-based report card for the 2013-14 school year. This means rather than providing parents with a single letter grade for their children's performance in a subject area, the new report card shares specific feedback about students' progress towards the skills and understanding of each standard in a subject area. This approach is in place from kindergarten through third grade. Students in grades four and five still receive an overall letter grade in addition to standards-based proficiency scores. A standards-based approach enables parents to see which of the skills/concepts in a subject their child excels or struggles.

In the classroom, school administration continued to ensure students and teachers were working with the equipment, software and programs used by today's workforce. The Department of Technology instituted its Laptop Loaner program for the second year in a row. The program provides students in need with the opportunity to borrow a laptop from the school division's collection of computers that are no longer in commission.

Throughout all of its efforts, the school division continued making progress in its work to narrow gaps in achievement. For the 2012-13 school year, VBCPS saw some success in that area as the school division's African-American males outperformed the region and the state in all three sections of the Scholastic Aptitude Test (SAT) test.

In addition, the school division, as a whole, saw an increase in its on-time graduation rate while also decreasing its dropout rate. These successes, and others, helped VBCPS maintain its representation on the *Washington Post's* annual list of top public high schools in the country with all 11 of VBCPS' high schools making the list.

The Department of Curriculum and Instruction (Teaching and Learning, effective July 1) maintains its commitment to program development and increasing academic opportunities for all students. Data indicated continued success in increasing student access

to Advanced Placement (AP) courses. In fact, VBCPS was one of only 12 Virginia school divisions recognized by the College Board with placement on the third Annual AP District Honor Roll. The school division earned the honor for increasing the availability of AP courses while also increasing the percentage of students scoring 3 or higher on AP exams.

Students also continued to succeed in Technical and Career Education (TCE) workplace readiness skills and industry certifications. For the 2012-13 school year, 108 separate industry credentialing assessments were given to VBCPS students, who earned 5,802 industry credentials from the Career and Technical Education Consortium of States assessments.

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

In light of the many changes and successes in the school division, School Board members still prioritize meeting with the Virginia Beach community as much as possible. School Board members continued to regularly visit schools and speak before community and school-based organizations and groups.

From the school division-level, VBCPS has maintained its commitment to ensuring parents have ready access to information about their children's performance in school. Parent Portal, an online gradebook, allows parents to access their child's school record including grades and attendance as well as standardized achievement data (SOL, AP, PSAT, SAT, SAT Subject, SELP, etc.), student achievement profiles, discipline records and historical student information. Using this technology, teachers and administrators also have access to curriculum guides and instructional resources as well as a state-of-the-art assessment (for local assessments) and reporting system. This year, the school division saw an increase in parents signing up for Parent Portal access.

To help get the word out about Parent Portal and other important school division news, the school division maintains its print publication, *Apple-A-Day*, which is sent to more than 50,000 homes four to six times throughout the year. Additionally, VBCPS has an active Twitter page and YouTube account as well as a staff blog, *Kaleidoscope*. The school division also launched a Facebook page last year and a new blog for students and parents, *The Core*. The *AlertNow* rapid communications system and *My School Mail* continue to be vital electronic communication vehicles for schools to communicate with their own school communities and with parents.

Knowing the impact and increased benefit of a supportive and engaged community, the school division has continued its efforts in reaching out to the Virginia Beach community with its Partners-in-Education program. Last year, more than 2,000 partners provided services and assistance to Virginia Beach schools. In addition, more than 26,000 volunteers donated more than 660,495 hours of service to VBCPS, at an estimated value of more than \$14 million.

Recognizing that superior school facilities contribute to improved student learning, the school division recorded progress on several important projects. These are:

- ***Kellam High School Replacement:*** The new Kellam High School is in the final stages of construction on a 108-acre site acquired by the School Board in the summer of 2010. It is located on West Neck Road just south of North Landing Road. Site preparation for this \$102 million project started in the spring of 2011, and substantial completion of the project is scheduled for late 2013. Staff and students will move into the building in January of 2014. The Kellam High School Replacement project is designed around a LEED Gold certification.
- ***Old Donation Center/Kemps Landing Magnet School Building:*** Last year, the School Board approved an administrative recommendation to combine both gifted programs into one building. The new building will be constructed on the current Old Donation Center site and is currently in the planning stages.

All modernization/replacement projects programmed by VBCPS are developed in accordance with the school division's *Comprehensive Long Range Facility Master Plan*, a guiding document that was developed in 2007 in concert with the entire community. All construction projects are designed/constructed to achieve at minimum a LEED Silver Certification. In Virginia Beach, current LEED projects total more than 1.5 million square feet of LEED building space. VBCPS currently also has 23 Energy Star schools totaling 2.4 million square feet of building space.

Keeping these buildings running as efficiently as possible has been a priority for VBCPS. While overall school division-wide square footage has increased to more than 10 million square feet, VBCPS utility costs have decreased. Additionally, since September 2008, the school division has diverted more than 5,000 tons of recyclable material from the waste stream. For its efforts, the U.S. Green Building Council's Center for Green Schools named VBCPS as the Best School District in its annual Best of Green Schools list. This list highlights schools and districts from across the country that excel in creating healthy and high-performing learning places.

As another year has come to a close, VBCPS looks forward to the future to keep its schools "Ahead of the Curve."

FINANCIAL INFORMATION

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

The School Board maintains extensive budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget. Activities of the General Fund and Special Revenue funds are included in the annual appropriated budget. The level of budgetary control (i.e., the level at which expenditures cannot legally exceed the appropriated amount) is the category level (i.e., Instruction; Administration, Attendance and Health; Pupil Transportation; Operations and Maintenance; Technology) for the General Fund and the fund level for the Special Revenue funds. In addition, certain controls are exercised administratively on the General Fund (e.g., budget units, personnel positions, capital outlay, and certain line-items; and the appropriations related thereto). A budget unit is an activity (e.g., Elementary Classroom, Gifted Education and Academy Programs) of a category (e.g., Instruction). In addition, certain controls are exercised on the Special Revenue funds (e.g., federal and state grants, and the appropriations related thereto). The School Board also maintains an encumbrance accounting system as one method of maintaining budgetary control. Outstanding encumbrances of certain governmental funds at the end of the fiscal year are reappropriated as part of the following fiscal year's operating budget.

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

The local government provides an appropriation for education in excess of the Commonwealth of Virginia Standards of Quality (SOQ) payments, and determines the level of total education support by means of a Revenue Sharing Formula. The amount derived from the application of this formula is allocated to Debt Service, "Pay As You Go" Capital Improvements, and the Operating Budget. Debt Service, which is managed and controlled by the City, receives the first allocation of funds; "Pay As You Go" Capital Improvements, which are projects which can reasonably be expected to be completed within one year receives the next allocation; and the balance of the funds are allocated as operating budget support.

During the Fiscal Year 2013 budget process, the School Board requested and City Council approved a Real Estate Tax increase to balance the City and School Board's operating budgets for Fiscal Year 2013.

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

INDEPENDENT AUDIT

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

FINANCIAL REPORTING CERTIFICATE AWARDS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the School Board for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2012. 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.

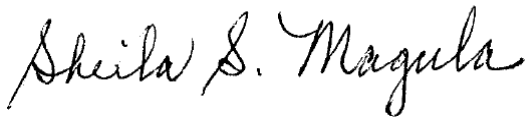
In addition, the Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting to the School Board for its CAFR for the fiscal year ended June 30, 2012. ASBO sponsors this Certificate of Excellence in Financial Reporting program to foster excellence in the preparation and issuance of school system annual financial reports. This prestigious international certificate award is the highest form of recognition in school financial reporting and is valid for a period of one year only. We believe that our current CAFR conforms also to the ASBO Certificate of Excellence program requirements, and we are submitting it to the ASBO to determine the School Board's eligibility for another certificate award.

ACKNOWLEDGMENTS

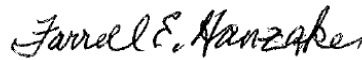
Preparation of this report would not have been possible without the dedicated efforts of the entire staff of the Office of Business Services. During the year, they rendered professional and knowledgeable financial services to and on behalf of the school division, and maintained the financial records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

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

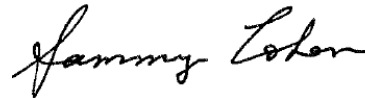
Respectfully Submitted,



Sheila S. Magula, Ed.D.
Interim Superintendent



Farrell E. Hanzaker, MBA
Chief Financial Officer



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



GOVERNMENT FINANCE OFFICERS ASSOCIATION

Certificate of Achievement
for Excellence
in Financial Reporting

Presented to

School Board of the City
of Virginia Beach, Virginia

Executive Director / CEO

2012

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

(June 30, 2013)



DANIEL D. "DAN" EDWARDS

**CHAIRMAN
DISTRICT 2 – KEMPSVILLE**

William J. "Bill" Brunke, IV

**VICE CHAIRMAN
DISTRICT 7 – PRINCESS ANNE**



Beverly M. Anderson
At-Large



Emma L. "Em" Davis
District 5 – Lynnhaven



Dorothy M. Holtz
At-Large



Joel A. McDonald
District 3 – Rose Hall



Robert N. Melatti
At-Large



Sam G. Reid
District 6 – Beach



Elizabeth E. Taylor
At-Large



Leonard C. Tengco
District 1 - Centerville



Carolyn D. Weems
At-Large



Dr. James G. Merrill
Superintendent



This Certificate of Excellence in
Financial Reporting

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School Board of the City
of
Virginia Beach

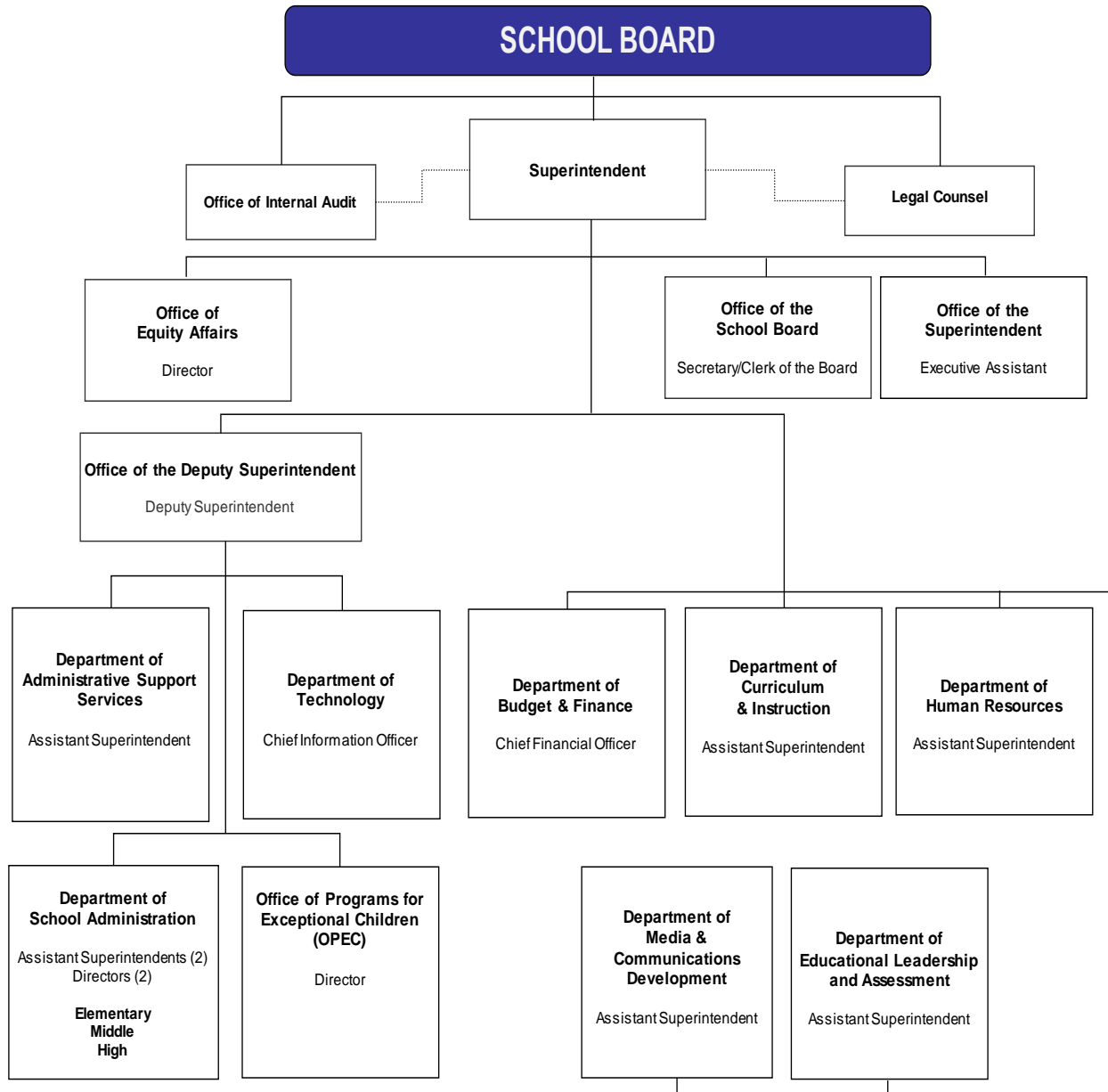
For its Comprehensive Annual
Financial Report
(CAFR)

For the Fiscal Year Ended

June 30, 2012

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA

Organizational Chart (June 30, 2013)



FINANCIAL SECTION



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Report of Independent Auditor

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School Board of the City of Virginia Beach, Virginia (the "School Board"), a component unit of the City of Virginia Beach, Virginia, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the School Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School Board of the City of Virginia Beach, Virginia, as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 11 to the financial statements, in 2013, the School Board adopted new accounting guidance, GASB Statements No. 63, Financial Reporting of Deferred Outflows, Deferred Inflows and Net Position and No. 65, Items Previously Reported as Assets and Liabilities. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Board of the City of Virginia Beach, Virginia's basic financial statements. The introductory section, combining fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2013, on our consideration of the School Board of the City of Virginia Beach, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Board's internal control over financial reporting and compliance.



Virginia Beach, Virginia
November 25, 2013

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

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, 2013. 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 \$529,350,054 (net position) at June 30, 2013. Of this amount, \$503,613,147 is invested in capital assets, \$20,931,172 is restricted for grants, cafeterias, and textbooks, and \$4,805,735 is unrestricted for future use in certain governmental activities.

On a government-wide basis for governmental activities, the School Board's revenues of \$774,969,565 were less than expenses of \$784,529,618 by \$9,560,053.

The School Board's Governmental funds reported total fund balances of \$36,498,246 at June 30, 2013. Of this amount, \$1,795,670 is nonspendable (i.e., inventories and prepaid items), \$20,777,535 is restricted (e.g., federal and state grantor agencies, textbook adoptions), \$6,839,100 is committed (e.g., capital projects contracts), \$10,489,606 is assigned (e.g., instructional technology, equipment replacement, operations and maintenance), and a negative (\$3,403,665) is unassigned (i.e., capital projects contracts (committed) exceeded available unassigned fund balance).

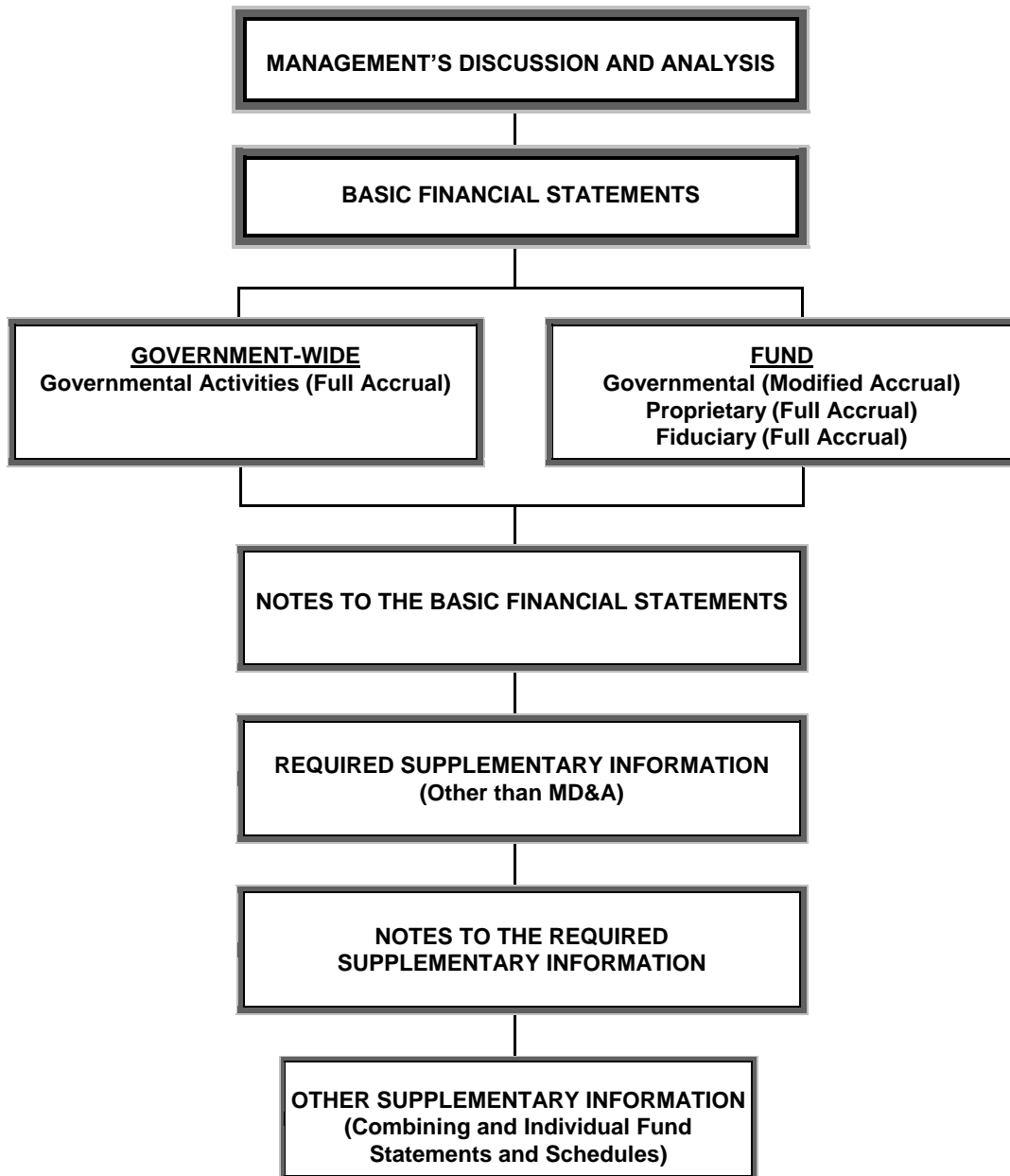
In the General Fund, the School Board returned unexpended appropriations for the Fiscal Year 2012-13 to the City of Virginia Beach (City) in the amount of \$18,831,522, as required by the Code of Virginia, as amended.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013



(continued)

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

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

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

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

FUND FINANCIAL STATEMENTS

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

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

Governmental Funds

Governmental funds are used to account for essentially the same activities reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

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

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

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

(continued)

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

Proprietary Funds

The School Board maintains one type of Proprietary fund, which is the Internal Service Fund type. Internal Service funds are an accounting device used to accumulate and allocate costs internally among the School Board's various activities and the City. The School Board uses Internal Service funds to account for its Risk Management and Health Insurance programs. Because both of these services predominantly benefit governmental functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Both Internal Service funds are combined into a single, aggregated presentation in the proprietary fund financial statements (Exhibits A-5 through A-7). Individual fund data for the Internal Service funds is presented in the form of combining statements in Statements D-1 through D-3 of this report.

As noted above, the basic proprietary fund financial statements are presented in Exhibits A-5 through A-7 of this report.

Fiduciary Funds

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

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

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

**Notes to the Basic Financial Statements
and the Required Supplementary Information**

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

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

(continued)

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

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

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

As noted above, the combining statements for the Nonmajor Governmental funds are presented in Statements 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 POSITION

The assets of the School Board exceeded its liabilities by \$529,350,054 (net position) at June 30, 2013, as illustrated in the Summary of Net Position (with comparative amounts at June 30, 2012), as follows:

Summary of Net Position		
	2013	2012
Current Assets	\$ 141,535,637	\$ 174,412,996
Capital Assets	<u>503,613,147</u>	<u>484,947,961</u>
Total Assets	<u>\$ 645,148,784</u>	<u>\$ 659,360,957</u>
Current Liabilities	\$ 100,005,338	\$ 106,279,583
Noncurrent Liabilities	<u>15,793,392</u>	<u>14,171,267</u>
Total Liabilities	<u>\$ 115,798,730</u>	<u>\$ 120,450,850</u>
Net Assets:		
Invested in Capital Assets	\$ 503,613,147	\$ 484,947,961
Restricted for:		
Capital Projects	-	5,465,425
Grants	1,060,524	1,205,050
Cafeterias	3,825,795	3,402,900
Textbooks	16,044,853	17,964,543
Unrestricted	<u>4,805,735</u>	<u>25,924,228</u>
Total Net Position	<u>\$ 529,350,054</u>	<u>\$ 538,910,107</u>

(continued)

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

The largest portion of the School Board's net position (95%) 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.

An additional portion of the School Board's net position (4%) represents resources that are subject to external restrictions on their use. The remaining balance of net position (1%) is unrestricted for future use in certain governmental activities.

CHANGES IN NET POSITION

The School Board's revenues of \$774,969,565 were less than expenses of \$784,529,618 by \$9,560,053 during Fiscal Year 2013, as illustrated in the Changes in Net Position (with comparative amounts for the year ended June 30, 2012), as follows:

Changes in Net Position		
	2013	2012
<u>Revenues</u>		
Program Revenues:		
Charges for Services	\$ 15,980,680	\$ 16,764,908
Operating Grants	134,612,328	149,600,791
Capital Grants	-	1,812,470
General Revenues:		
Local Government	368,549,605	343,802,519
State Basic Aid	166,739,680	165,011,640
State Sales Tax	68,889,270	72,266,667
Federal Impact Aid	19,404,512	11,630,646
Interest Earnings	137,633	208,950
Miscellaneous	655,857	841,995
Total Revenues	<u>\$ 774,969,565</u>	<u>\$ 761,940,586</u>
<u>Expenses</u>		
Instruction	\$ 577,046,558	\$ 573,843,860
Admin, Attendance, & Health	20,504,499	19,526,549
Pupil Transportation	34,224,798	34,922,875
Operations and Maintenance	89,634,735	93,706,524
Cafeterias	26,525,914	27,294,432
Technology	36,593,114	47,835,843
Total Expenses	<u>\$ 784,529,618</u>	<u>\$ 797,130,083</u>
Change in Net Position	<u>\$ (9,560,053)</u>	<u>\$ (35,189,497)</u>
Net Position – July 1	<u>538,910,107</u>	<u>574,099,604</u>
Net Position – June 30	<u>\$ 529,350,054</u>	<u>\$ 538,910,107</u>

(continued)

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

The Operating Grants revenue source decreased by \$14,988,463 (10.0%) mainly due to the decrease in the Federal ARRA Education Jobs grant. Capital Grants revenue source decreased by \$1,812,470 (100.0%) due to the redistribution of State Lottery proceeds by the Virginia Department of Education for non-construction purposes. The Local Government revenue source increased by \$24,747,086 (7.2%) mainly due to additional funding provided by City Council through a real estate tax increase and an allocation of prior year reversion funds. Federal Impact Aid increased by \$7,773,866 (66.8%) due to additional funding from the U.S. Department of Education and Department of Defense.

The Technology expenses decreased by \$11,242,729 (23.5%) due to the FY 2012 use of the remaining local balance allocated by City Council in prior years in support of the School Board's initiative to integrate technology in the K-12 curriculum.

Governmental Activities

The following illustration presents the cost of the governmental activities: Instruction; Administration, Attendance and Health; Pupil Transportation; Operations and Maintenance; Cafeterias; and Technology during Fiscal Years 2013 and 2012. 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 2013	Net Cost of Services 2013	Total Cost of Services 2012	Net Cost of Services 2012
<u>Expenses</u>				
Instruction	\$ 577,046,558	\$ 459,286,389	\$ 573,843,860	\$ 438,558,620
Admin, Attendance, & Health	20,504,499	20,496,129	19,526,549	19,526,549
Pupil Transportation	34,224,798	34,224,798	34,922,875	34,922,875
Operations and Maintenance	89,634,735	89,208,098	93,706,524	93,374,267
Cafeterias	26,525,914	(551,320)	27,294,432	144,579
Technology	36,593,114	31,272,516	47,835,843	42,425,024
Total Expenses	\$ 784,529,618	\$ 633,936,610	\$ 797,130,083	\$ 628,951,914

(continued)

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

FINANCIAL ANALYSIS OF THE SCHOOL BOARD'S FUNDS

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

GOVERNMENTAL FUNDS

The focus of the School Board's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School Board's financing requirements. In particular, the unassigned fund balance may serve as a useful measure of the School Board's net resources available for spending at the end of the fiscal year.

As of June 30, 2013, the School Board's governmental funds reported combined fund balances of \$36,498,246, a decrease of \$18,152,427 in comparison with the prior fiscal year. Of the total amount of the combined fund balances, 4.9% or \$1,795,670 is nonspendable (i.e., inventories and prepaid items), 56.9% or \$20,777,535 is restricted (e.g., federal and state grantor agencies, textbook adoptions), 18.7% or \$6,839,100 is committed (e.g., capital projects contracts), 28.7% or \$10,489,606 is assigned (e.g., instructional technology, equipment replacement, operations and maintenance), and (9.2%) or (\$3,403,665) is unassigned (i.e., capital projects contracts (committed) exceeded available unassigned fund balance).

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, 2013, the fund balance of the General Fund was \$6,163,106. \$511,177 is nonspendable (i.e., prepaid items) and \$5,651,929 is assigned (e.g., instructional technology, school athletics, operations and maintenance).

General Fund Budget Amendment

<u>Amount</u>	<u>Purpose</u>
\$ 1,954,726	There were supplemental budget amendments, other than for encumbrances, during fiscal year 2013. The General Fund budget amendments (e.g., elementary instructional and improvement initiatives support, athletic equipment) were funded through an increase in revenue from the local government.

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013

General Fund Original Budget to Final Budget Difference Reconciliation

General Fund:

\$ 11,309,286 – FY 2012 Outstanding Encumbrances Appropriated
 1,954,726 – Budget Amendment (See above)
\$ 13,264,012 – Original Budget to Final Budget Difference (including the Other
 Financing Uses budget)

General Fund Final Budget to Actual Expenditures Variance Reconciliation

Instruction Category:

\$ 634,425 – Outstanding Encumbrances as of June 30, 2013
 13,447,369 – Remaining Available Balance (2.6% of the category budget less transfers)
\$ 14,081,794 – Final Budget to Actual Expenditures Variance

The remaining available balance, which is not expected to affect future services, was mainly in the Elementary Classroom (personnel services, materials and supplies); Senior High Classroom (personnel services, fringe benefits, materials and supplies, capital outlay); Gifted Education and Academy Programs (personnel services, purchased services); Special Education (personnel services, purchased services, materials and supplies); Alternative Education-Renaissance (personnel services, materials and supplies); Middle School Classroom (personnel services, fringe benefits, materials and supplies, capital outlay) budget units.

Administration, Attendance and Health Category:

\$ 340 – Outstanding Encumbrances as of June 30, 2013
 1,061,935 – Remaining Available Balance (5.0% of the category budget less transfers)
\$ 1,062,275 – Final Budget to Actual Expenditures Variance

The remaining available balance, which is not expected to affect future services, was mainly in the Board, Legal, and Governmental Services (purchased services, other charges); Budget and Finance (personnel services, purchased services); Human Resources (personnel services, purchased services); Center for Teacher Leadership (personnel services, purchased services); and Health Services (fringe benefits, purchased services) budget units.

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013

Pupil Transportation Category:

\$ - – Outstanding Encumbrances as of June 30, 2013
191,071 – Remaining Available Balance (.6% of the category budget less transfers)
\$ 191,071 – Final Budget to Actual Expenditures Variance

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

Operations and Maintenance Category:

\$ 3,986,639 – Outstanding Encumbrances as of June 30, 2013
1,845,069 – Remaining Available Balance 2.0% of the category budget less transfers)
\$ 5,831,708 – Final Budget to Actual Expenditures Variance

The remaining available balance, which is not expected to affect future services, was mainly in the Custodial Services (personnel services, fringe benefits, materials and supplies) and Telecommunications (purchased services, other charges, materials and supplies) budget units.

Technology Category:

\$ 870,825 – Outstanding Encumbrances as of June 30, 2013
742,042 – Remaining Available Balance (2.4% of the category budget less transfers)
\$ 1,612,867 – Final Budget to Actual Expenditures Variance

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

Transfers:

\$ 229,417 – Final Budget to Actual Expenditures Variance

Transfers are budgeted in the Instructional and Technology Categories and presented separately as required for reporting purposes. The variance (7.0% of the category budget) is mainly due to adjustments to the local match requirements of federal and state grants budgeted in the Grants Special Revenue Fund.

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

Special Revenue Funds

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

Major Funds:

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

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

Nonmajor Funds:

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

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

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

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

School Grants Fund: During Fiscal Year 2013, revenues and other financing sources totaled \$46,256,337 and expenditures totaled \$46,400,863. This resulted in a decrease in the fund balance of \$144,526, due to a net decrease in local match requirements. The remaining fund balance will be used for the required local match of Commonwealth of Virginia approved FY 2013 grant proceeds to be disbursed in FY 2014.

School Textbooks Fund: During Fiscal Year 2013, revenues totaled \$3,707,375 and expenditures totaled \$5,627,065. This resulted in a decrease in the fund balance of \$1,919,690. However, with an increase in Commonwealth of Virginia funding and about the same level of textbook and related expenditures as in Fiscal Year 2012, the decrease in fund balance in Fiscal

(continued)

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

Year 2013 was lower than the decrease in fund balance of \$4,078,407 in Fiscal Year 2012. The remaining fund balance will be used for future textbook adoptions.

Nonmajor Special Revenue Funds: During Fiscal Year 2013, revenues totaled \$27,753,556 and expenditures totaled \$26,934,897. This resulted in a combined increase in the fund balances of all nonmajor Special Revenue funds of \$818,659. The main portion of the increase in the combined fund balance was in the School Cafeterias and School Communication Towers/Technology Special Revenue Funds. The remaining fund balances of these nonmajor Special Revenue funds will be used in the future for technology purposes, equipment replacements, cafeteria equipment, and other appropriate needs.

Proprietary Funds – Internal Service Funds

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

During Fiscal Year 2013, total revenues including nonoperating revenues amounted to \$124,865,919. Expenses totaled \$134,718,811. This resulted in a decrease in net position of \$9,852,892, due to the intentional use of the School Health Insurance Fund Net Position Balance to absorb most of the projected increase in medical, pharmaceutical, and similar health costs during the latter half of plan year 2012 and first half of plan year 2013.

During the Fiscal Year 2013 budget process, the School Board requested and City Council approved a Real Estate Tax increase to balance the City and School Board's operating budgets for Fiscal Year 2013.

Capital Projects Fund (Major Fund)

During Fiscal Year 2013, revenues including other financing sources totaled \$30,870,164 and expenditures totaled \$41,955,969. This resulted in a decrease in the fund balance of \$11,085,805, which consists of prior years' cumulative balance of the below Capital Projects Fund revenue proceeds. The remaining fund balance will be used to complete capital projects as appropriated in the Capital Improvement Program, accordingly.

Proceeds from public improvement charter bond issues, State Literary Fund Loans, Virginia Public School Authority financing, local funding sources, and construction grants (including lottery proceeds) from the Commonwealth of Virginia are accounted for in the Capital Projects Fund until improvement projects are completed. The City provides the aforementioned sources

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

of revenues (classified as From Local Government in the financial statements, except interest earnings and Commonwealth of Virginia revenues).

When capital projects are completed, the costs of the improvements (meeting the capitalization threshold) are transferred from construction in progress to the appropriate capital asset account. The various significant active capital projects for the current fiscal year are presented below.

Great Neck Middle School Replacement	Renovations/Replacements-Various
Kellam High School Replacement	Energy Performance Contracts
Renovations/Replacements-HVAC Systems	Kemps Landing Magnet School and
Renovations/Replacements-Reroofing	Old Donation Center Consolidated Replacement
Renovations/Replacements-Grounds	

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, 2013. 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, 2013 amounts to \$503,613,147 (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 3.8%, as follows:

Capital Assets (net of accumulated depreciation) As of June 30, 2013 and 2012			
	2013	2012	Percentage Change
Land	\$ 39,670,603	\$ 39,672,374	(0.0)%
Construction in Progress	71,559,129	45,644,455	56.8%
Buildings and Improvements	351,652,416	355,752,378	(1.2)%
Equipment and Vehicles	40,730,999	43,878,754	(7.2)%
Total Capital Assets (net)	<u>\$ 503,613,147</u>	<u>\$ 484,947,961</u>	3.8%

(continued)

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

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

ECONOMIC FACTORS

The unemployment rate for Virginia Beach continues to be below the region, state, and U.S. rates. The unemployment rate, for August 2013, is 5.2% for Virginia Beach, 5.9% for the region, 5.6% for the state, and 7.3% for the U.S.

Virginia Beach had a per capita personal income of \$46,799 in 2011 (most recent information available), which was 1.5% greater than the per capita income for the state at \$46,107, and 12.6% greater than the nation's at \$41,560 (U.S. Bureau of Economic Analysis). Virginia Beach median household income in 2012 decreased 4.6% to \$61,626 from 2011; however, it is greater than the national median household income by 20.0%.

Factors Influencing Future Budgets

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

REQUESTS FOR INFORMATION

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



BASIC FINANCIAL STATEMENTS

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF NET POSITION
JUNE 30, 2013

	Governmental Activities
<u>ASSETS</u>	
Current Assets:	
Cash and Investments (Notes 1J1 and 6)	\$ 114,367,676
Accounts Receivable	818,376
Due from Commonwealth (Note 2A)	10,248,696
Due from Federal Government (Note 2B)	14,194,980
Inventories (Note 1F)	1,127,250
Prepaid Items (Note 1J5)	778,659
Total Current Assets	<u>\$ 141,535,637</u>
Noncurrent Assets:	
Capital Assets (Note 4):	
Land	\$ 39,670,603
Buildings, Improvements, Equipment, and Vehicles (net of accumulated depreciation)	392,383,415
Construction in Progress	71,559,129
Total Noncurrent Assets	<u>\$ 503,613,147</u>
TOTAL ASSETS	<u>\$ 645,148,784</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Salaries Payable (Note 7C)	\$ 55,033,883
Vouchers and Accounts Payable	16,627,303
Deposits Payable	55,000
Due to Commonwealth	19,020
Due to Federal Government	87,914
Unearned Revenue (Note 3)	7,836,953
Long-term Liabilities (due within one year) (Note 5A)	20,345,265
Total Current Liabilities	<u>\$ 100,005,338</u>
Noncurrent Liabilities:	
Long-term Liabilities (due in more than one year) (Notes 1G, 5, and 9)	<u>15,793,392</u>
TOTAL LIABILITIES	<u>\$ 115,798,730</u>
<u>NET POSITION (Note 1I)</u>	
Net Investment in Capital Assets	\$ 503,613,147
Restricted for: (Note 10D)	
Grants	1,060,524
Cafeterias	3,825,795
Textbooks	16,044,853
Unrestricted	<u>4,805,735</u>
TOTAL NET POSITION	<u>\$ 529,350,054</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, 2013**

		Program Revenues			Net (Expenses)
		Charges for	Operating	Capital	Revenues and
	Expenses	Services	Grants and	Grants and	Change In
			Contributions	Contributions	Net Position
<u>GOVERNMENTAL ACTIVITIES</u>					
Instruction	\$ 577,046,558	\$ 2,530,353	\$ 115,229,816	\$ -	\$ (459,286,389)
Administration, Attendance, & Health	20,504,499	-	8,370	-	(20,496,129)
Pupil Transportation	34,224,798	-	-	-	(34,224,798)
Operations and Maintenance	89,634,735	424,637	2,000	-	(89,208,098)
Cafeterias	26,525,914	12,195,744	14,881,490	-	551,320
Technology	36,593,114	829,946	4,490,652	-	(31,272,516)
Total Governmental Activities	\$ 784,529,618	\$ 15,980,680	\$ 134,612,328	\$ -	\$ (633,936,610)

General Revenues:**Local Sources:**

Local Government	\$ 368,549,605
Miscellaneous	655,857

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

State Basic Aid	166,739,680
State Sales Tax	68,889,270
Federal Impact Aid	19,404,512

Interest Earnings	<u>137,633</u>
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Total General Revenues	<u>\$ 624,376,557</u>
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Change in Net Position	\$ (9,560,053)
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Total Net Position - July 1	<u>538,910,107</u>
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Total Net Position - June 30	<u>\$ 529,350,054</u>
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The accompanying notes are an integral part of the basic financial statements.

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

	General	School Grants	School Textbooks	Capital Projects	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>						
Cash and Investments (Notes 1J1 and 6)	\$ 45,427,561	\$ -	\$ 16,212,307	\$ 11,046,883	\$ 9,568,619	\$ 82,255,370
Accounts Receivable	341,280	78,579	5,560	-	20,333	445,752
Due from Other Funds (Note 10B)	8,964,011	-	-	-	-	8,964,011
Due from Commonwealth (Note 2A)	9,437,538	691,142	-	-	-	10,128,680
Due from Federal Government (Note 2B)	-	13,580,047	-	-	614,933	14,194,980
Inventories (Note 1F)	-	-	-	-	1,127,250	1,127,250
Prepaid Items (Note 1J5)	511,177	-	153,637	-	3,606	668,420
TOTAL ASSETS	\$ 64,681,567	\$ 14,349,768	\$ 16,371,504	\$ 11,046,883	\$ 11,334,741	\$ 117,784,463
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities:						
Salaries Payable (Note 7C)	\$ 51,087,302	\$ 3,000,577	\$ 996	\$ 5,986	\$ 937,603	\$ 55,032,464
Vouchers and Accounts Payable	6,979,642	1,017,801	325,655	7,517,548	223,102	16,063,748
Deposits Payable	-	-	-	-	55,000	55,000
Due to Other Funds (Note 10B)	-	8,964,011	-	-	-	8,964,011
Due to Commonwealth	2,287	16,733	-	-	-	19,020
Due to Federal Government	-	-	-	87,914	-	87,914
Unearned Revenue (Note 3)	449,230	290,122	-	-	324,708	1,064,060
TOTAL LIABILITIES	\$ 58,518,461	\$ 13,289,244	\$ 326,651	\$ 7,611,448	\$ 1,540,413	\$ 81,286,217
Fund Balances: (Notes 1H and 10D)						
Nonspendable	\$ 511,177	\$ -	\$ 153,637	\$ -	\$ 1,130,856	\$ 1,795,670
Restricted	-	1,060,524	15,891,216	-	3,825,795	20,777,535
Committed	-	-	-	6,839,100	-	6,839,100
Assigned	5,651,929	-	-	-	4,837,677	10,489,606
Unassigned	-	-	-	(3,403,665)	-	(3,403,665)
TOTAL FUND BALANCES	\$ 6,163,106	\$ 1,060,524	\$ 16,044,853	\$ 3,435,435	\$ 9,794,328	\$ 36,498,246
TOTAL LIABILITIES AND FUND BALANCES	\$ 64,681,567	\$ 14,349,768	\$ 16,371,504	\$ 11,046,883	\$ 11,334,741	\$ 117,784,463

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

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2013**

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

Total Fund Balances - Governmental Funds (this exhibit)	\$ 36,498,246
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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	\$ 833,607,433	
	less: Accumulated Depreciation	<u>329,994,286</u>	503,613,147

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

	Compensated Absences		(20,288,657)
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Internal Service Funds are used to account for the risk management and health insurance programs; and related charges to the various governmental funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.

	Total Assets	\$ 32,715,185	
	less: Total Liabilities	<u>23,187,867</u>	
	Total Net Position		<u>9,527,318</u>

Total Net Position of Governmental Activities in the Statement of Net Position (Exhibit A-1)	<u><u>\$ 529,350,054</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
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	General	School Grants	School Textbooks	Capital Projects	Other Governmental Funds	Total Governmental Funds
<u>REVENUES</u>						
From Use of Money and						
Property	\$ 350,637	\$ -	\$ 36,495	\$ 27,163	\$ 483,771	\$ 898,066
Charges for Services	1,571,466	-	-	-	12,189,421	13,760,887
Miscellaneous	1,633,058	274,391	44,556	-	198,874	2,150,879
From Local Government	337,975,782	-	-	30,573,823	-	368,549,605
From Commonwealth	307,402,791	6,982,084	3,626,324	-	507,862	318,519,061
From Federal Government	20,486,105	35,940,391	-	-	14,373,628	70,800,124
Total Revenues	<u>\$ 669,419,839</u>	<u>\$ 43,196,866</u>	<u>\$ 3,707,375</u>	<u>\$ 30,600,986</u>	<u>\$ 27,753,556</u>	<u>\$ 774,678,622</u>
<u>EXPENDITURES</u>						
Current:						
Instruction	\$ 506,336,353	\$ 41,910,211	\$ 4,176,989	\$ 57,682	\$ 336,137	\$ 552,817,372
Administration, Attendance, & Health	20,158,024	-	-	-	-	20,158,024
Pupil Transportation	30,850,164	-	-	-	-	30,850,164
Operations and Maintenance	85,225,055	-	-	3,351,298	-	88,576,353
Cafeterias	-	-	-	-	26,139,487	26,139,487
Technology	29,633,602	4,490,652	1,450,076	141,220	459,273	36,174,823
Capital Outlay	-	-	-	38,405,769	-	38,405,769
Total Expenditures	<u>\$ 672,203,198</u>	<u>\$ 46,400,863</u>	<u>\$ 5,627,065</u>	<u>\$ 41,955,969</u>	<u>\$ 26,934,897</u>	<u>\$ 793,121,992</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>						
	<u>\$ (2,783,359)</u>	<u>\$ (3,203,997)</u>	<u>\$ (1,919,690)</u>	<u>\$ (11,354,983)</u>	<u>\$ 818,659</u>	<u>\$ (18,443,370)</u>
<u>OTHER FINANCING SOURCES (USES)</u>						
Transfers In (Note 10A)	\$ -	\$ 3,059,471	\$ -	\$ -	\$ -	\$ 3,059,471
Transfers Out (Note 10A)	(3,059,471)	-	-	-	-	(3,059,471)
Sale of Capital Assets	21,765	-	-	269,178	-	290,943
Total Other Financing Sources (Uses)	<u>\$ (3,037,706)</u>	<u>\$ 3,059,471</u>	<u>\$ -</u>	<u>\$ 269,178</u>	<u>\$ -</u>	<u>\$ 290,943</u>
<u>NET CHANGES IN FUND BALANCES</u>						
	<u>\$ (5,821,065)</u>	<u>\$ (144,526)</u>	<u>\$ (1,919,690)</u>	<u>\$ (11,085,805)</u>	<u>\$ 818,659</u>	<u>\$ (18,152,427)</u>
<u>FUND BALANCES - JULY 1</u>	<u>11,984,171</u>	<u>1,205,050</u>	<u>17,964,543</u>	<u>14,521,240</u>	<u>8,975,669</u>	<u>54,650,673</u>
<u>FUND BALANCES - JUNE 30</u>	<u>\$ 6,163,106</u>	<u>\$ 1,060,524</u>	<u>\$ 16,044,853</u>	<u>\$ 3,435,435</u>	<u>\$ 9,794,328</u>	<u>\$ 36,498,246</u>

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

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013**

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

Net Changes in Fund Balances - Governmental Funds (this exhibit) \$ (18,152,427)

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

21,656,168

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

Leave Used	\$ 8,211,422	
Leave Earned	<u>(8,431,342)</u>	(219,920)

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

Risk Management	\$ 541,938	
Health Insurance	<u>(10,394,830)</u>	(9,852,892)

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, 2013. This amount is the applicable Net Book Value change and depreciation expense for the fiscal year.

(2,990,982)

Change in Net Position of governmental activities in the Statement of Activities (Exhibit A-2) \$ (9,560,053)

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

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2013

	Governmental Activities: Internal Service Funds
<u>ASSETS</u>	
Current Assets:	
Cash and Investments (Notes 1J1 and 6)	\$ 32,112,306
Accounts Receivable	372,624
Due from Commonwealth (Note 2A)	120,016
Prepaid Items (Note 1J5)	<u>110,239</u>
TOTAL ASSETS	<u>\$ 32,715,185</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Salaries Payable	\$ 1,419
Vouchers and	
Accounts Payable	563,555
Unearned Revenue (Note 3)	6,772,893
Estimated Claims and	
Judgments (due within one year)	
(Notes 5A and 9)	<u>11,887,500</u>
Total Current Liabilities	<u>\$ 19,225,367</u>
Noncurrent Liabilities:	
Estimated Claims and	
Judgments (due in more than one year)	
(Notes 5A and 9)	<u>3,962,500</u>
TOTAL LIABILITIES	<u>\$ 23,187,867</u>
<u>NET POSITION</u>	
Unrestricted	<u>\$ 9,527,318</u>
TOTAL NET POSITION	<u><u>\$ 9,527,318</u></u>

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

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Governmental Activities: Internal Service Funds
<hr/>	
<u>OPERATING REVENUES</u>	
Charges for Services	\$ 124,785,542
Miscellaneous Revenue	18,288
Total Operating Revenue	<u>\$ 124,803,830</u>
<u>OPERATING EXPENSES</u>	
Personnel Services	\$ 579,228
Fringe Benefits	226,822
Other Charges (Note 1J2)	133,912,761
Total Operating Expenses	<u>\$ 134,718,811</u>
<u>OPERATING INCOME (LOSS)</u>	<u>\$ (9,914,981)</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>	
Interest Income	\$ 62,089
Total Nonoperating Revenues (Expenses)	<u>\$ 62,089</u>
<u>CHANGES IN NET POSITION</u>	<u>\$ (9,852,892)</u>
<u>TOTAL NET POSITION - JULY 1</u>	<u>19,380,210</u>
<u>TOTAL NET POSITION - JUNE 30</u>	<u><u>\$ 9,527,318</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, 2013

	Governmental Activities: Internal Service Funds
<u>CASH FLOWS FROM OPERATING</u>	
<u>ACTIVITIES:</u>	
Receipts from Customers and Users	\$ 125,815,746
Payments to Vendors for Goods/Services	(133,040,539)
Payments to Employees for Services	<u>(2,531,579)</u>
Net Cash Provided (Used) By Operating Activities	<u>\$ (9,756,372)</u>
<u>CASH FLOWS FROM INVESTING</u>	
<u>ACTIVITIES:</u>	
Interest Received on Investments	<u>\$ 62,089</u>
<u>NET INCREASE (DECREASE) IN</u>	
<u>CASH AND INVESTMENTS</u>	\$ (9,694,283)
<u>CASH AND INVESTMENTS,</u>	
<u>BEGINNING OF YEAR</u>	<u>41,806,589</u>
<u>CASH AND INVESTMENTS,</u>	
<u>END OF YEAR</u>	<u>\$ 32,112,306</u>
<u>RECONCILIATION OF OPERATING</u>	
<u>INCOME (LOSS) TO NET CASH</u>	
<u>PROVIDED (USED) BY OPERATING</u>	
<u>ACTIVITIES:</u>	
Operating Income (Loss)	<u>\$ (9,914,981)</u>
Adjustments to Reconcile Operating	
Income to Net Cash Provided	
(Used) by Operating Activities	
(Increase) Decrease in Assets	
Accounts Receivable	\$ 7,795
Due from Commonwealth	(120,016)
Prepaid Items	(27,987)
Increase (Decrease) in Liabilities	
Salaries Payable	(228)
Vouchers and Accounts Payable	(116,092)
Unearned Revenue	1,124,137
Estimated Claims and Judgments	<u>(709,000)</u>
Total Adjustments	<u>\$ 158,609</u>
Net Cash Provided (Used) By Operating Activities	<u>\$ (9,756,372)</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, 2013

	Agency Funds
<u>ASSETS</u>	
Cash and Investments (Notes 1J1 and 6)	\$ 16,922,565
Due from Federal Government (Note 2B)	<u>584</u>
TOTAL ASSETS	<u>\$ 16,923,149</u>
<u>LIABILITIES</u>	
Vouchers and Accounts Payable	<u>\$ 16,923,149</u>
TOTAL LIABILITIES	<u>\$ 16,923,149</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, 2013

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SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Government-Wide and Fund Financial Statements

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

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

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

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

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

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

The School Board reports the following major governmental funds:

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

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

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

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

Additionally, the School Board reports the following fund types:

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

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

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

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Financial Reporting Entity

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

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

The School Board uses the following criteria in determining reportable component units (legally, separate organizations): 1) significance of their operational or financial relationship with the School Board, 2) for which the School Board is financially accountable, and 3) whose relationship with the School Board is such that exclusion would cause the School Board's financial statements to be misleading or incomplete. The School Board has no component units.

C. Capital Assets

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

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

All capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at 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, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting and Measurement Focus (continued)

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

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

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

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

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

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

Commonwealth of Virginia
State Sales Taxes
Federal Government

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

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting and Measurement Focus (continued)

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

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

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

E. Encumbrances

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

F. Inventories

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

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

G. Accrued Compensated Leave

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

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Accrued Compensated Leave (continued)

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

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

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

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

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

H. Fund Balance

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

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

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

Committed – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a resolution adopted by the School Board and an ordinance adopted by the City Council. Those committed amounts cannot be used for any other purpose unless the School Board and City Council removes or changes the specified use by taking the same type of action it employed to previously commit those amounts (i.e., adopt a resolution and an ordinance, respectively).

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Fund Balance (continued)

Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

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

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

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

I. Net Position

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

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

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

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

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Miscellaneous

1. Cash and Investments

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

2. Proprietary Funds' Other Charges

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

3. Statement of Cash Flows

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

4. Long-Term Obligations

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

5. Prepaid Items

Prepaid items are certain required/negotiated payments made during Fiscal Year 2013 for goods/services to be delivered/rendered (and recorded as an expenditure/expense on a consumption basis, accordingly) during the following fiscal year(s).

6. Debt Service

The School Board has debt service payments on debt incurred by the City "on behalf of" the School Board (see Note 4B for related information). However, information on the School Board and City debt service payments and debt as a whole are presented in the City's Comprehensive Annual Financial Report.

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Use of Estimates

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

2. RECEIVABLES

A. Due from Commonwealth

The following revenues were due from the Commonwealth of Virginia at June 30, 2013:

State Share Sales Tax	\$ 5,457,945
Special Education – Regional Program	3,979,593
Technology Initiative	427,413
Juvenile Detention Center	202,626
Other Grants, Entitlements, and Shared Revenues	<u>61,103</u>
Total Due from Commonwealth–Governmental Funds (Exhibit A-3)	\$ 10,128,680
School Health Insurance Internal Service Fund–Health Insurance-City	
Line of Duty (Exhibit A-5)	<u>120,016</u>
Total Due from Commonwealth–Governmental Activities (Exhibit A-1)	<u>\$ 10,248,696</u>

B. Due from Federal Government

The following revenues were due from various federal agencies at June 30, 2013:

Adult Basic Education	\$ 50,597
Carl Perkins	298,753
DoDEA MCASP	578,793
DoDEA S-FLEP	92,967
National School Meal Program	614,933
Preschool Incentive	139,830
Title I	2,739,219
Title II	501,381
Title III	29,086
Title IV	89,217
Title VI-B	9,035,068
Other Grants, Entitlements, and Shared Revenues	<u>25,136</u>
Total Due from Federal Government (Exhibits A-3 and A-1)	<u>\$ 14,194,980</u>
Agency Funds–Payroll Deductions and Fringe Benefits (Exhibit A-8)	<u>\$ 584</u>

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

3. UNEARNED REVENUE

Unearned revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Unearned revenue consists of the following as of June 30, 2013:

General Fund – Summer School Tuition and School Rentals	\$ 449,230
School Grants Fund – Early Reading Intervention, Algebra Readiness and other grants	290,122
Other Governmental Funds – School Cafeterias – Charges for Services	<u>324,708</u>
Total Unearned Revenue – Governmental Funds (Exhibit A-3)	\$ 1,064,060
School Health Insurance Internal Service Fund – Prepayment of July health insurance premiums (Exhibit A-5)	<u>6,772,893</u>
Total Unearned Revenue – Governmental Activities (Exhibit A-1)	<u>\$ 7,836,953</u>

4. CAPITAL ASSETS

A. Summary of Changes in Capital Assets

	Balance <u>July 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>June 30, 2013</u>
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 39,672,374	\$ 250	\$ 2,021	\$ 39,670,603
Construction in Progress	<u>45,644,455</u>	<u>32,749,327</u>	<u>6,834,653</u>	<u>71,559,129</u>
Total Capital Assets Not Being Depreciated	<u>\$ 85,316,829</u>	<u>\$ 32,749,577</u>	<u>\$ 6,836,674</u>	<u>\$ 111,229,732</u>
Capital Assets Being Depreciated:				
Buildings	\$ 556,079,442	\$ 12,207,684	\$ 3,775,602	\$ 564,511,524
Improvements Other Than Buildings	52,070,043	333,172	-	52,403,215
Machinery and Equipment	<u>103,424,565</u>	<u>4,625,635</u>	<u>2,587,238</u>	<u>105,462,962</u>
Total Capital Assets Being Depreciated	<u>\$ 711,574,050</u>	<u>\$ 17,166,491</u>	<u>\$ 6,362,840</u>	<u>\$ 722,377,701</u>
Less Accumulated Depreciation for:				
Buildings	\$ 220,550,875	\$ 18,701,207	\$ 7,719,646	\$ 231,532,436
Improvements Other Than Buildings	31,846,232	1,883,655	-	33,729,887
Machinery and Equipment	<u>59,545,811</u>	<u>7,643,525</u>	<u>2,457,373</u>	<u>64,731,963</u>
Total Accumulated Depreciation	<u>\$ 311,942,918</u>	<u>\$ 28,228,387</u>	<u>\$ 10,177,019</u>	<u>\$ 329,994,286</u>
Total Capital Assets Being Depreciated, Net	<u>\$ 399,631,132</u>	<u>\$ (11,061,896)</u>	<u>\$ (3,814,179)</u>	<u>\$ 392,383,415</u>
Governmental Activities Capital Assets, Net	<u>\$ 484,947,961</u>	<u>\$ 21,687,681</u>	<u>\$ 3,022,495</u>	<u>\$ 503,613,147</u>

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

4. CAPITAL ASSETS (continued)

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

Section 15.2-1800.1 of the Code of Virginia, as amended, affects the reporting of local School Board capital assets and related debt for financial reporting purposes. Under this legislation, the City has a "tenancy in common" with the School Board whenever the City incurs "on behalf of" debt for any school property owned by the School Board which is payable over more than one year. For financial reporting purposes, the City will report the Net Book Value of School Board property (the School Board incurs the depreciation expense) equal to the total outstanding principal balance of the applicable "on-behalf" of debt at June 30, 2013, as follows:

School Buildings reported by the City	\$ 346,751,276
Less: Accumulated Depreciation	<u>32,268,250</u>
Net Book Value reported by the City	<u>\$ 314,483,026</u>

C. Depreciation Expense on Capital Assets

Depreciation expense was charged to governmental activities, as follows:

Instruction	\$ 20,856,017
Admin, Attendance, & Health	24,174
Pupil Transportation	4,111,806
Operations and Maintenance	637,276
Cafeterias	318,348
Technology	<u>2,280,766</u>
Total Depreciation Expense	<u>\$ 28,228,387</u>

Note: Approximately \$14 million of the depreciation expense is on buildings owned by the School Board and reported by the City, and the net accumulated depreciation change/transfer, if applicable, on buildings owned by the School Board and previously reported by the City as a result of the Tenancy in Common provisions disclosed in Note 4B.

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

5. LONG-TERM LIABILITIES

A. Summary of Changes In Long-Term Liabilities

Governmental Activities:	Balance July 1, 2012	Additions	Reductions	Balance June 30, 2013	Amounts Due Within One Year
Accrued Compensated Leave (Note 5B)	\$ 20,068,737	\$ 8,431,342	\$ 8,211,422	\$ 20,288,657	\$ 8,457,765
Estimated Claims and Judgments (Notes 9A and 9C)	<u>16,559,000</u>	<u>133,912,761</u>	<u>134,621,761</u>	<u>15,850,000</u>	<u>11,887,500</u>
Long-Term Liabilities	<u>\$ 36,627,737</u>	<u>\$142,344,103</u>	<u>\$142,833,183</u>	<u>\$ 36,138,657</u>	<u>\$ 20,345,265</u>

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

B. Accrued Compensated Leave

The accrued compensated leave is as follows at June 30, 2013:

<u>Compensated Leave</u>	
Annual	\$ 9,120,153
Sick	9,269,144
Personal	<u>1,899,360</u>
Total	<u>\$20,288,657</u>

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

6. DEPOSITS AND INVESTMENTS

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

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

6. DEPOSITS AND INVESTMENTS (continued)

Deposits:

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

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

As of June 30, 2013, the City had the following investments. Except for the investments in the State Non-Arbitrage Program (SNAP), all investments are in an internal investment pool.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturities (in months)</u>
Certificates of Deposit	\$ 119,000,000	3.33
State Treasurer's Local Government Investment Pool (LGIP)	60,000,000	0.19
Commercial Paper Disc. – Amortizing	45,180,181	0.56
U. S. Government Securities	71,000,000	4.64
State Non Arbitrage Program – SNAP	26,384,472	0.08
 Total Fair Value	 \$ 321,564,653	
Portfolio Weighted Average Maturity		2.38

Reconciliation of total deposits and investments:

	<u>Primary Government</u>	<u>School Board Component Unit</u>	<u>Total</u>
Cash and Investments	\$ 294,028,568	\$ 114,367,676	\$ 408,396,244
Restricted Cash and Cash Equivalents	400,907,405	-	400,907,405
Fiduciary Funds	370,841	16,922,565	17,293,406
Total	\$ 695,306,814	\$ 131,290,241	\$ 826,597,055
 Less: Cash on Deposit			(505,032,402)
Total Market Value of Investments at June 30, 2013			\$ 321,564,653

Interest Rate Risk:

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

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

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

6. DEPOSITS AND INVESTMENTS (continued)

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

Credit Risk:

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

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

Custodial credit risk for investments policy – For an investment, this is the risk that, in the event of a failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The City requires that all investments be clearly marked as to ownership and to the extent possible, be registered in the name of the City. In addition, the City pre-qualify's the financial institutions, brokers/dealers, intermediaries and advisors with which the City will do business.

The City's rated debt investments as of June 30, 2013 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)	\$	60,000,000	\$	-	-
U. S. Government Securities		71,000,000		-	-
State Non Arbitrage Program (SNAP)		26,384,472		-	-

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

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

6. DEPOSITS AND INVESTMENTS (continued)

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, 2013, 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, 2013 resulted in a net increase of \$283,105.

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, 2013, is a named defendant in various lawsuits. The School Board is vigorously defending all cases, and expects no losses will be incurred which would have a material effect on the School Board's financial position.

B. Intergovernmental Grants, Entitlements, and Shared Revenues

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

C. Salaries Payable

The outstanding Salaries Payable amount represents salaries due (in July and August 2013) 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 2013 and not paid until July 2013) to substitutes, part-time employees, and other school personnel.

D. Construction Projects

The School Board has active construction projects and related contractual commitments as of June 30, 2013, as follows:

<u>Construction in Progress</u>	<u>Commitments</u>
<u>\$71,559,129</u>	<u>\$6,839,100</u>

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

7. COMMITMENTS AND CONTINGENCIES (continued)

E. Encumbrances

The School Board has encumbrances such as purchase orders, contracts, and other commitments for the expenditure of monies for goods and/or services not received as of June 30, 2013. These outstanding encumbrances (listed below) do not constitute expenditures until expended or accrued as liabilities and, therefore, are not reflected in the accompanying financial statements.

<u>Fund</u>	<u>Amount of Encumbrances</u>
General	\$ 5,492,229
School Textbooks	2,088,368
Capital Projects	6,839,100
Other Governmental	<u>340,477</u>
Total	<u>\$14,760,174</u>

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 and cost sharing pool in the retirement system.

Benefits vest after five years of service credit. Members earn one month of service credit for each month they are employed and their employer is paying into the VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave, and previously refunded VRS service as credit in their plan.

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

Plan 1 – Members hired before July 1, 2010 and are vested as of July 1, 2013 (i.e., have at least 5 years of service credits) are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or age 50 with at least 30 years of service credit. They may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least ten years of service credit.

Plan 2 – Members hired or rehired on or after July 1, 2010 and are not vested as of January 1, 2013 are covered under Plan 2. Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90.

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

8. RETIREMENT AND OTHER POSTEMPLOYMENT BENEFITS (continued)

A. Virginia Retirement System (continued)

1. Plan Description (continued)

They may retire with a reduced benefit as early as age 60 with at least five years of service credit.

The VRS Basic Benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the member's average final compensation multiplied by the member's total service credit. Under Plan 1, average final compensation is the average of the member's 36 consecutive months of highest compensation. Under Plan 2, average final compensation is the average of the member's 60 consecutive months of highest compensation. The retirement multiplier for non-hazardous duty members is 1.70% for Plan 1 and, effective January 1, 2013, 1.65% for Plan 2. At retirement, members can elect the Basic Benefit, the Survivor Option, a Partial Lump-Sum Option Payment (PLOP) or the Advance Pension Option. A retirement reduction factor is applied to the Basic Benefit amount for members electing the Survivor Option, PLOP, or Advance Pension Option or those retiring with a reduced benefit.

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

Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia. The VRS issues a publicly available Comprehensive Annual Financial Report that includes financial statements and required supplementary information for the VRS. A copy of the report may be obtained from the VRS Web site at <http://www.varetire.org/Pdf/Publications/2012-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

2. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their annual salary to the VRS. All or part of the 5% member contribution may be assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5% member contribution. This could be phased in over a period up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee paid member contribution. 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, 2013 was 14.11% of annual covered payroll (includes the 5% member contribution). The School Board's contribution (including the 5% member contribution) for the fiscal year

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

8. RETIREMENT AND OTHER POSTEMPLOYMENT BENEFITS (continued)

A. Virginia Retirement System (continued)

2. Funding Policy (continued)

ended June 30, 2013 to the VRS statewide teacher pool was \$63,194,423 amount represented 16.66% of annual covered payroll for 2013. The contribution for 2012 was \$42,884,174 and 11.33% of annual covered payroll. The contribution for 2011 was \$34,487,826 and 8.93% of annual covered payroll. The actual contribution for each of these years was equal to the required contribution.

3. Annual Pension Cost

For the fiscal year ended June 30, 2013, the School Board's annual pension cost for the nonprofessional employees of \$5,686,650 was equal to the School Board's actual contribution. The required contribution was determined as part of the June 30, 2011 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions include: (a) 7.00% investment rate of return (net of administrative expenses), (b) projected salary increases that ranged between 3.75% and 6.20% per year, and (c) 2.50% per year cost-of-living adjustments. Both (a) and (b) include an inflation component of 2.50%. The actuarial value of the School Board's assets is equal to the modified market value of assets. This method was determined using techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The School Board's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2009 for the Unfunded Actuarial Accrued Liability (UAAL) was 30 years.

4. Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Assets)
June 30, 2011	\$4,363,858	100.0%	\$ -
June 30, 2012	\$4,488,305	100.0%	\$ -
June 30, 2013	\$5,686,650	100.0%	\$ -

5. Funding Status and Progress

As of June 30, 2012, the most recent actuarial valuation date, the plan was 79.81% funded. The actuarial accrued liability for benefits was \$192,573,584, and the actuarial value of assets was \$153,700,081, resulting in an unfunded actuarial accrued liability (UAAL) of \$38,873,503. The covered payroll (annual payroll of active employees covered by the plan) was \$40,059,396, and the ratio of the UAAL to the covered payroll was 97.04%. 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.

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

8. RETIREMENT AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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. It does not administer the retiree health benefits of each participating employer. Deposits to this trust are irrevocable and are held solely for the payment of OPEB benefits for the City and School Board.

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

2. Funding Policy

Contribution requirements of the City, School Board, and plan members are established and may be amended by the respective legislative bodies. The required contributions were actuarially determined and are based upon projected pay-as-you-go financing requirements with an additional amount to prefund benefits. For the period ending June 30, 2013 the City and School Board contributed \$8,871,000 and \$7,858,100, respectively. Plan members from each organization contributed \$86.53 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 \$413.59 per month to age 65. The City and School Board have 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. Retirees who participate in the Wellness for Life program will receive reduce rates. The retiree contribution rate shall be based on the experience of the plan, the City and School Board's annual contribution amount, and the remaining premium cost. The below presents the funding status for the School Board.

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SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

8. RETIREMENT AND OTHER POSTEMPLOYMENT BENEFITS (continued)

B. Other Postemployment Benefits (continued)

2. Funding Policy (continued)

	(a)	(b)	(b-a) Unfunded (Overfunded)	(a/b)	(c)	((b-a)/c)
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, 2012	\$ 17,306,300	\$ 77,083,800	\$ 59,777,500	22.45%	\$ 409,662,700	14.59%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as Required Supplementary Information (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 2013, the City and School Board's annual OPEB cost of \$8,871,000 and \$7,858,100, respectively, was equal to the required contribution. The amount placed in the OPEB Trust was \$1,816,700 and \$1,252,500 for the City and School Board, respectively. The balance of the annual OPEB cost was paid for health insurance subsidies for current retirees. The School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 is presented below (and presented with multi-year information as RSI following the notes to the financial statements).

Fiscal Year Ended	Annual OPEB Cost	Percentage of ARC Contributed	Net OPEB Obligation
June 30, 2013	\$7,858,100	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

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

8. RETIREMENT AND OTHER POSTEMPLOYMENT BENEFITS (continued)

B. Other Postemployment Benefits (continued)

4. Actuarial Methods and Assumptions (continued)

in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2012 actuarial valuation for the years ending June 30, 2012 and 2013, 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 7.2% initially, graded to 4.8% over 83 years with no projected salary increase assumed. An inflation rate assumption of 2.5% was incorporated in the actuarial valuation. Employer and retiree contributions are assumed to increase at the same rate as the medical cost trend assumptions. Unfunded actuarial accrued liabilities for each organization are being amortized as a level dollar amount over an open 30 year period. The remaining amortization period is 30 years.

9. RISK MANAGEMENT AND HEALTH CARE BENEFITS

A. School Self-Insurance Program

The School Board is self-insured for a portion of its risks. The self-insurance coverage for Fire and Property Insurance is \$100,000 per occurrence and 1% of the total insured value of the damaged covered property when such loss or damage results from a named storm (minimum deductible – \$250,000 per occurrence); Boiler and Machinery is \$10,000 per occurrence; School Leaders Liability (errors and omissions) is \$350,000 per occurrence; Employee Dishonesty is \$1,000 per occurrence; General Liability is \$350,000 per occurrence; Vehicle Liability is \$350,000 per occurrence; Vehicle Catastrophic Fleet Damage is \$60,000 per occurrence; and Workers' Compensation is \$800,000 per occurrence.

Commercial insurance is purchased to cover the amount in excess of the above self-insured levels for specific losses. When economically feasible, commercial insurance is purchased to cover certain exposures completely. The amount of settlements did not exceed insurance coverage for each of the past three fiscal years.

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, 2013 is \$7,272,000 (undiscounted), as follows:

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

9. RISK MANAGEMENT AND HEALTH CARE BENEFITS (continued)

A. School Self-Insurance 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>
2010-11	\$6,110,230	\$5,518,013	\$4,839,901	\$6,788,342
2011-12	\$6,788,342	\$6,038,595	\$4,940,937	\$7,886,000
2012-13	\$7,886,000	\$4,014,814	\$4,628,814	\$7,272,000

B. Surety Bonds

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

C. Self-Insured Health Care Benefits Program

Effective January 1, 2000, the School Board established a self-insured health care benefits program for all School Board and City employees. Certain claims expenses paid on behalf of each employee during a single policy year are covered by excess loss insurance with a specific stop-loss limit of \$500,000. The amount of settlements did not exceed insurance coverage for each of the past three fiscal years.

Claims processing and payments for all health care claims are made through third-party administrators. The School Board uses the information provided by the third-party administrators and a health care benefits consultant to aid in the determination of self-insurance liabilities. The computed liability as of June 30, 2013 is \$8,578,000 (undiscounted), as follows:

<u>Fiscal Year</u>	<u>Beginning-of- Fiscal-Year Liability</u>	<u>Current-Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Balance at Fiscal Year-End</u>
2010-11	\$ 7,724,000	\$109,794,106	\$109,947,106	\$ 7,571,000
2011-12	\$ 7,571,000	\$118,744,637	\$117,642,637	\$ 8,673,000
2012-13	\$ 8,673,000	\$129,897,947	\$129,992,947	\$ 8,578,000

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

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

A. Interfund Transfers

The following are the School Board's interfund transfers in and transfers out that occurred during fiscal year 2013:

<u>Fund</u>	<u>Interfund Transfers In</u>	<u>Interfund Transfers Out</u>
General Fund	\$ -	\$ 3,059,471
School Grants		
Special Revenue	3,059,471	-
Total per Exhibit A-4	<u>\$ 3,059,471</u>	<u>\$ 3,059,471</u>

Purpose: Operational support during Fiscal Year 2012-13

B. Interfund Receivables and Payables

The following are the School Board's interfund receivables and payables as of June 30, 2013:

<u>Fund</u>	<u>Interfund Receivables (Due from Other Funds)</u>	<u>Interfund Payables (Due to Other Funds)</u>
General Fund	\$ 8,964,011	\$ -
School Grants		
Special Revenue	-	8,964,011
Total per Exhibit A-3	<u>\$ 8,964,011</u>	<u>\$ 8,964,011</u>

Purpose: Eliminate School Grants Fund negative cash balance at June 30, 2013
(expected to be repaid within one year)

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

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

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

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

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

Capital Outlay:	
Capital Projects Fund	\$ 38,405,769
General Fund	3,618,133
Grants Special Revenue Fund	501,916
School Cafeterias Special Revenue Fund	334,320
School Equipment Replacement	
Special Revenue Fund	33,899
Risk Management Internal Service Fund and	
other Capital Assets	187,379
Total Capital Outlay	<u>\$ 43,081,416</u>
Less:	
Depreciation Expense	\$(28,228,387)
Depreciation Expense and Accumulated	
Depreciation change/transfer related to	
the Tenancy in Common by the City, if	
any, on certain School Buildings (Notes	
4B&C)	6,935,026
Loss on Disposals	<u>(131,887)</u>
Total Depreciation Expense and Other	<u>\$(21,425,248)</u>
Total Amount by which Capital	
Outlay Exceeded Depreciation	
Expense and Other (Exhibit A-4)	<u>\$ 21,656,168</u>

D. Fund Balance Classifications

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

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

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

D. Fund Balance Classifications (continued)

	General	School Grants	School Textbooks	Capital Projects	Nonmajor Governmental	Total Governmental Funds
<u>Nonspendable</u>						
Inventories and Prepaid Items	\$ 511,177	\$ -	\$ 153,637	\$ -	\$ 1,130,856	\$ 1,795,670
<u>Restricted</u>						
Federal and State						
Grantor Agencies	\$ -	\$ 1,060,524	\$ -	\$ -	\$ -	\$ 1,060,524
State DOE/Textbooks	-	-	15,891,216	-	-	15,891,216
USDA/Cafeterias Charges	-	-	-	-	3,825,795	3,825,795
Total Restricted	\$ -	\$ 1,060,524	\$ 15,891,216	\$ -	\$ 3,825,795	\$ 20,777,535
<u>Committed</u>						
Capital Projects Contracts	\$ -	\$ -	\$ -	\$ 6,839,100	\$ -	\$ 6,839,100
<u>Assigned</u>						
Instructional Technology	\$ 159,700	\$ -	\$ -	\$ -	\$ -	\$ 159,700
School Athletics	90,754	-	-	-	-	90,754
Communication Towers/Technology	-	-	-	-	2,859,283	2,859,283
Vending Operations/ School Allocations	-	-	-	-	198,236	198,236
Equipment Replacement	-	-	-	-	1,780,158	1,780,158
Instruction Category	543,670	-	-	-	-	543,670
Administration, Attendance and Health Category	340	-	-	-	-	340
Pupil Transportation Category	-	-	-	-	-	-
Operations and Maintenance Category	3,986,640	-	-	-	-	3,986,640
Technology Category	870,825	-	-	-	-	870,825
Total Assigned	\$ 5,651,929	-	-	-	\$ 4,837,677	\$ 10,489,606
<u>Unassigned</u>						
Capital Projects	\$ -	\$ -	\$ -	\$ (3,403,665)	\$ -	\$ (3,403,665)
Total Fund Balances	\$ 6,163,106	\$ 1,060,524	\$ 16,044,853	\$ 3,435,435	\$ 9,794,328	\$ 36,498,246

11. CHANGE IN ACCOUNTING PRINCIPLE

Governmental Accounting Standards Board Statement Numbers 63 – *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and 65 – *Items Previously Reported as Assets and Liabilities* were adopted as of June 30, 2013. After reviewing these pronouncements for applicability, including the new definitions and criteria for classifying and presenting certain accounts, only certain name changes were required (i.e., Net Assets changed to Net Position, Deferred Revenue for Governmental Funds changed to Unearned Revenue). No restatements of the financial statements were required.

REQUIRED SUPPLEMENTARY INFORMATION

RETIREMENT AND OTHER POSTEMPLOYMENT BENEFITS

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

MAJOR GOVERNMENTAL FUNDS

GENERAL FUND

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

SCHOOL GRANTS SPECIAL REVENUE FUND

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

SCHOOL TEXTBOOKS SPECIAL REVENUE FUND

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

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
RETIREMENT AND OTHER POSTEMPLOYMENT BENEFITS (Unaudited)
JUNE 30, 2013

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, 2010	\$ 153,783,371	\$ 182,222,930	\$ 28,439,559	84.39%	\$ 41,493,390	68.54%
June 30, 2011	\$ 155,756,190	\$ 187,196,469	\$ 31,440,279	83.20%	\$ 40,672,520	77.30%
June 30, 2012	\$ 153,700,081	\$ 192,573,584	\$ 38,873,503	79.81%	\$ 40,059,396	97.04%

Source: Virginia Retirement System Actuarial Valuation Reports.

Other Postemployment Benefits

Annual OPEB Cost and Contribution

For 2013, the School Board's annual OPEB cost of \$7.9 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, 2011	\$8,881,926	100.0%
June 30, 2012	\$7,721,500	100.0%
June 30, 2013	\$7,858,100	100.0%

Source: Postretirement Benefit Valuation Reports.

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

Other Postemployment Benefits

Funding Status and Progress

The funded status of the plan as of January 1, 2012 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, 2009	\$ 3,897,182	\$ 72,692,511	\$ 68,795,329	5.40%	\$ 440,959,594	15.60%
January 1, 2010	\$ 8,648,413	\$ 75,347,493	\$ 66,699,080	11.50%	\$ 432,476,829	15.40%
January 1, 2012	\$ 17,306,300	\$ 77,083,800	\$ 59,777,500	22.45%	\$ 409,662,700	14.59%

Source: Postretirement Benefit Valuation Reports.

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

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013
with comparative actual amounts for the year ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance - Positive (Negative)	2012 Actual
REVENUES					
<u>From Use of Money and Property</u>					
Rents	\$ 450,000	\$ 450,000	\$ 350,637	\$ (99,363)	\$ 332,257
<u>Charges for Services</u>					
Tuition and Educational Fees	\$ 1,481,100	\$ 1,481,100	\$ 1,571,466	\$ 90,366	\$ 1,783,222
<u>Miscellaneous Revenue</u>					
Sale of Salvage	\$ 12,000	\$ 12,000	\$ 150,673	\$ 138,673	\$ 502,523
Insurance Proceeds	-	-	35,184	35,184	30,721
Settlements	-	-	148	148	-
Donations	-	-	16,165	16,165	1,165
Miscellaneous	95,000	95,000	153,352	58,352	54,009
Indirect Costs	550,000	550,000	673,441	123,441	704,200
Natl Institute of Aerospace-Other	-	-	52,215	52,215	14,130
Take One Program	-	-	-	-	1,400
Athletics	534,000	534,000	499,097	(34,903)	489,776
Instructional Technology	-	-	52,783	52,783	74,609
Total Miscellaneous Revenue	\$ 1,191,000	\$ 1,191,000	\$ 1,633,058	\$ 442,058	\$ 1,872,533
<u>From Local Government</u>					
City - General Fund	\$ 343,190,295	\$ 345,145,021	\$ 326,313,499	\$ (18,831,522)	\$ 293,978,012
City - School Reserve Fund	11,000,000	11,000,000	11,000,000	-	13,300,000
City for Consolidated Benefits Office	702,737	702,737	662,283	(40,454)	662,283
Total From Local Government	\$ 354,893,032	\$ 356,847,758	\$ 337,975,782	\$ (18,871,976)	\$ 307,940,295
<u>From Commonwealth</u>					
Basic Aid	\$ 168,036,256	\$ 168,036,256	\$ 166,739,680	\$ (1,296,576)	\$ 165,011,640
Reimbursement-Social Security	10,073,286	10,073,286	10,022,605	(50,681)	10,038,165
Reimbursement-Retirement	16,815,888	16,815,888	16,731,284	(84,604)	9,095,806
Reimbursement-Life Insurance	649,889	649,889	646,620	(3,269)	368,749
Remedial Education	3,330,683	3,330,683	3,313,926	(16,757)	2,786,103
Remedial Education-Summer School	1,173,172	1,173,172	299,770	(873,402)	1,130,920
Special Education	18,481,230	18,481,230	18,388,246	(92,984)	19,379,803
Special Education-Regional Program	8,104,869	8,104,869	8,353,821	248,952	8,027,638
Special Education-Homebound	55,766	55,766	92,709	36,943	54,338
Special Education-Foster Children	-	-	157,600	157,600	324,797
Foster Home Children	548,362	548,362	86,780	(461,582)	207,920
Vocational	2,518,321	2,518,321	2,505,651	(12,670)	3,031,935
Vocational-Occupational/Tech	328,986	328,986	205,690	(123,296)	224,603
Vocational-Adult Education	-	-	-	-	35,479
Vocational-Equipment-State	-	-	81,588	81,588	88,140
Sales Tax	69,064,589	69,064,589	68,889,270	(175,319)	72,266,667
Class Size Initiative	3,036,295	3,036,295	3,010,285	(26,010)	2,337,996
At-Risk Initiative	1,954,938	1,954,938	1,945,431	(9,507)	1,605,895
English as a Second Language	599,483	599,483	556,287	(43,196)	558,275
Visually Impaired	-	-	28,608	28,608	31,865
Composite Index Hold Harmless	-	-	-	-	1,720,723
Dual Enrollment	-	-	-	-	60,864
Industry Credentials for Students	-	-	8,680	8,680	-
Gifted and Talented Aid	1,868,432	1,868,432	1,859,032	(9,400)	1,843,745
Supplemental Support for Operating	3,479,228	3,479,228	3,479,228	-	5,310,804
Total From Commonwealth	\$ 310,119,673	\$ 310,119,673	\$ 307,402,791	\$ (2,716,882)	\$ 305,542,870

(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, 2013
with comparative actual amounts for the year ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance - Positive (Negative)	2012 Actual
REVENUES (continued)					
From Federal Government					
Public Law 874	\$ 14,461,723	\$ 14,461,723	\$ 15,191,212	\$ 729,489	\$ 8,428,118
Public Law 874-Special Education	-	-	1,898,511	1,898,511	937,323
Dept of the Navy-NJROTC	100,000	100,000	324,892	224,892	320,318
Department of Defense	1,500,000	1,500,000	1,995,873	495,873	1,948,297
Dept of Defense-Special Education	-	-	318,916	318,916	316,908
Medicaid Reimbursement	575,000	575,000	732,618	157,618	1,145,194
Natl Institute of Aerospace	-	-	23,304	23,304	59,231
Other Federal Funds	11,261	11,261	779	(10,482)	295
Total From Federal Government	<u>\$ 16,647,984</u>	<u>\$ 16,647,984</u>	<u>\$ 20,486,105</u>	<u>\$ 3,838,121</u>	<u>\$ 13,155,684</u>
Total Revenues	<u>\$ 684,782,789</u>	<u>\$ 686,737,515</u>	<u>\$ 669,419,839</u>	<u>\$ (17,317,676)</u>	<u>\$ 630,626,861</u>
EXPENDITURES					
Instruction					
Elementary Classroom	\$ 137,598,750	\$ 139,078,914	\$ 136,680,851	\$ 2,398,063	\$ 124,514,265
Senior High Classroom	76,572,019	76,502,367	72,767,204	3,735,163	69,123,036
Technical and Career Education	17,059,161	17,053,380	16,940,802	112,578	16,502,697
Gifted Education and Academy Programs	13,444,417	13,404,893	12,789,685	615,208	12,043,455
Special Education	83,926,050	83,916,110	82,758,607	1,157,503	79,212,398
Summer School	1,821,402	1,821,402	1,504,455	316,947	2,735,388
General Adult Education	1,711,749	1,710,939	1,679,664	31,275	1,593,409
Alternative Education - Renaissance	6,815,879	6,822,358	6,294,631	527,727	5,914,787
Student Activities	2,991,914	3,033,424	2,985,348	48,076	2,884,837
Student Athletics	4,810,642	5,321,307	5,067,225	254,082	4,829,599
Office/Principal - Elementary	23,495,941	23,495,990	23,188,224	307,766	21,813,480
Office/Principal - Senior High	9,493,412	9,489,255	9,434,058	55,197	9,039,890
Office/Principal - Tech & Career	537,556	533,939	519,387	14,552	484,471
Guidance Services	15,714,981	15,720,299	15,635,775	84,524	14,665,271
Social Work Services	2,614,417	3,054,417	2,996,418	57,999	2,871,818
Media and Communications	1,668,146	1,663,584	1,443,265	220,319	1,455,882
Instructional Support	11,452,955	11,046,834	11,029,453	17,381	11,520,087
Instructional Center for Teacher Leadership	1,650,813	1,650,813	1,249,000	401,813	1,211,560
Diversity	10,290	10,290	10,093	197	3,980
Special Education Support	2,772,098	2,777,778	2,777,144	634	2,462,503
Gifted Educ & Academy Programs Support	2,309,122	2,325,646	2,083,275	242,371	1,935,350
Media Services Support	12,572,112	12,660,062	12,420,293	239,769	11,711,695
Educational Leadership and Assessment	2,757,671	2,787,346	2,296,714	490,632	2,371,729
Middle School Classroom	57,170,996	57,551,410	55,932,656	1,618,754	51,934,415
Remedial Education	9,628,235	9,628,235	9,289,761	338,474	8,873,746
Office/Principal - Middle Schools	8,269,879	8,244,627	8,244,275	352	7,741,365
Homebound Services	616,561	616,561	462,894	153,667	515,949
Technical and Career Ed Support	933,861	933,861	899,566	34,295	885,297
Student Leadership	1,255,131	1,255,131	1,226,633	28,498	1,175,793
Psychological Services	3,366,805	3,378,676	3,284,692	93,984	3,179,488
Audiological Services	405,308	405,308	354,407	50,901	348,507
School Administration	1,212,600	1,212,600	876,251	336,349	860,546
Alternative Education	1,299,594	1,310,391	1,213,647	96,744	1,156,451
Total Instruction	<u>\$ 517,960,467</u>	<u>\$ 520,418,147</u>	<u>\$ 506,336,353</u>	<u>\$ 14,081,794</u>	<u>\$ 477,573,144</u>

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013
with comparative actual amounts for the year ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance - Positive (Negative)	2012 Actual
<u>EXPENDITURES (continued)</u>					
<u>Admin. Attendance, & Health</u>					
Board, Legal, & Governmental	\$ 1,027,612	\$ 1,027,612	\$ 925,642	\$ 101,970	\$ 828,002
Office of the Superintendent	1,222,914	1,222,914	1,125,089	97,825	1,008,116
Department of Budget & Finance	3,756,839	3,557,101	3,234,362	322,739	3,162,397
Department of Human Resources	4,800,721	4,747,068	4,468,099	278,969	4,374,870
Internal Audit	397,497	397,497	382,918	14,579	339,618
Purchasing	1,024,669	1,029,807	1,028,894	913	873,091
Center for Teacher Leadership	574,121	574,121	429,834	144,287	406,468
Consolidated Benefits Office	1,665,655	1,808,972	1,808,826	146	1,734,754
Health Services	6,855,207	6,855,207	6,754,360	100,847	6,337,601
Total Admin, Attendance, & Health	\$ 21,325,235	\$ 21,220,299	\$ 20,158,024	\$ 1,062,275	\$ 19,064,917
<u>Pupil Transportation</u>					
Management	\$ 1,952,910	\$ 1,952,910	\$ 1,924,795	\$ 28,115	\$ 1,815,986
Vehicle Operation	17,135,024	17,901,550	17,901,245	305	17,351,409
Vehicle Operation - Special Education	4,989,769	5,464,247	5,365,961	98,286	5,033,918
Vehicle Maintenance	2,863,388	2,863,388	2,841,371	22,017	2,730,529
Monitoring Services	2,859,140	2,859,140	2,816,792	42,348	2,646,282
Total Pupil Transportation	\$ 29,800,231	\$ 31,041,235	\$ 30,850,164	\$ 191,071	\$ 29,578,124
<u>Operations and Maintenance</u>					
Facility Planning & Construction	\$ 696,331	\$ 724,331	\$ 712,785	\$ 11,546	\$ 677,043
School Plant	43,661,034	47,002,412	43,928,628	3,073,784	47,518,516
Supply Services	1,598,429	1,631,705	1,508,913	122,792	1,474,395
Grounds Services	3,751,950	3,751,950	3,751,950	-	3,751,950
Custodial Services	27,803,034	27,967,306	26,485,010	1,482,296	26,066,185
Safety and Loss Control	6,583,431	6,863,907	6,681,190	182,717	6,227,603
Vehicle Services	997,652	1,013,652	1,013,472	180	1,539,551
Telecommunications	1,182,515	2,101,500	1,143,107	958,393	1,071,747
Total Operations & Maintenance	\$ 86,274,376	\$ 91,056,763	\$ 85,225,055	\$ 5,831,708	\$ 88,326,990
<u>Technology</u>					
Instruction	\$ 14,455,485	\$ 18,047,478	\$ 17,585,717	\$ 461,761	\$ 28,682,543
Admin, Attendance & Health	1,728,251	1,700,122	1,607,704	92,418	1,393,314
Pupil Transportation	50,163	49,655	49,443	212	68,723
Operations and Maintenance	10,210,729	11,449,214	10,390,738	1,058,476	9,200,718
Total Technology	\$ 26,444,628	\$ 31,246,469	\$ 29,633,602	\$ 1,612,867	\$ 39,345,298
Total Expenditures	\$ 681,804,937	\$ 694,982,913	\$ 672,203,198	\$ 22,779,715	\$ 653,888,473
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>					
	\$ 2,977,852	\$ (8,245,398)	\$ (2,783,359)	\$ 5,462,039	\$ (23,261,612)
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers Out	\$ (2,766,452)	\$ (2,847,232)	\$ (2,617,871)	\$ 229,361	\$ (2,557,799)
Transfers Out-Technology Category	(436,400)	(441,656)	(441,600)	56	(436,400)
Total Transfers Out	\$ (3,202,852)	\$ (3,288,888)	\$ (3,059,471)	\$ 229,417	\$ (2,994,199)
Transfers In-Risk Management Fund	-	-	-	-	5,500,000
Sale of Capital Assets	15,000	15,000	21,765	6,765	221,578
Total Other Financing Sources (Uses)	\$ (3,187,852)	\$ (3,273,888)	\$ (3,037,706)	\$ 236,182	\$ 2,727,379
<u>NET CHANGE IN FUND BALANCE</u>	\$ (210,000)	\$ (11,519,286)	\$ (5,821,065)	\$ 5,698,221	\$ (20,534,233)
<u>FUND BALANCE - JULY 1</u>	11,984,171	11,984,171	11,984,171	-	32,518,404
<u>FUND BALANCE - JUNE 30</u>	\$ 11,774,171	\$ 464,885	\$ 6,163,106	\$ 5,698,221	\$ 11,984,171

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
SCHOOL GRANTS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013
with comparative actual amounts for the year ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance - Positive (Negative)	2012 Actual
REVENUES					
Miscellaneous	\$ 243,839	\$ 406,627	\$ 274,391	\$ (132,236)	\$ 151,829
From Local Government	-	-	-	-	855,220
From Commonwealth	12,924,802	11,977,091	6,982,084	(4,995,007)	7,487,879
From Federal Government	46,302,347	46,949,054	35,940,391	(11,008,663)	56,138,518
Contingency	5,727,472	4,804,019	-	(4,804,019)	-
Total Revenues	<u>\$ 65,198,460</u>	<u>\$ 64,136,791</u>	<u>\$ 43,196,866</u>	<u>\$ (20,939,925)</u>	<u>\$ 64,633,446</u>
EXPENDITURES					
Instruction					
Adult Basic Education-ABE FY12	\$ -	\$ -	\$ -	\$ -	\$ 395,014
Adult Basic Education-ABE FY13	387,409	364,530	364,530	-	-
Advanced Placement Program FY13	26,050	-	-	-	-
AFCEA Science Teaching Tools FY11	-	49	49	-	-
Algebra Readiness FY11	-	-	-	-	1,887
Algebra Readiness FY12	-	10,700	10,700	-	649,757
Algebra Readiness FY13	792,694	801,913	635,528	166,385	-
Allstate Foundation Safe Teen Driving FY07	-	3,808	911	2,897	1,183
ARRA Education Jobs Fund FY12	-	-	-	-	14,690,364
ARRA/SFSF Program FY10	-	-	-	-	498,436
Asia Society Confucius Classroom Network FY11	-	3,016	3,016	-	12,635
Asia Society Confucius Classroom Network FY13	-	19,299	3,005	16,294	-
Career Switcher FY13	11,000	-	-	-	-
C. Perkins Vocational & Tech Act FY11	-	-	-	-	76,833
C. Perkins Vocational & Tech Act FY12	-	-	-	-	678,480
C. Perkins Vocational & Tech Act FY13	668,411	590,538	590,607	(69)	-
Chesapeake Restoration Grant FY10	-	-	-	-	7,696
Chesapeake Restoration Grant FY12	-	35	35	-	13,140
College Exposure Program-Rosemont ES FY13	-	1,400	710	690	-
COPS Secure Our Schools FY12	272,710	17,640	17,640	-	85,710
DoDEA MCASP FY12	-	651,251	458,853	192,398	-
DoDEA S-FLEP FY12	-	98,350	92,937	5,413	-
Early Reading Initiative FY11	-	-	-	-	5,086
Early Reading Initiative FY12	-	48,871	48,871	-	1,049,929
Early Reading Initiative FY13	1,270,723	1,133,911	960,320	173,591	-
English Literacy/Civics Education FY12	-	-	-	-	67,961
English Literacy/Civics Education FY13	67,961	-	-	-	-
EPA Grant-Plaza MS FY12	-	2,000	407	1,593	-
EPI Pen Grant FY13	8,371	8,370	8,370	-	-
Equipment Assistance Grant-Birdneck FY12	-	-	-	-	20,581
GED Expansion Grant FY12	-	-	-	-	10,000
GED Expansion Grant FY13	10,000	-	-	-	-
General Adult Education FY12	-	-	-	-	37,099
General Adult Education FY13	43,792	34,586	34,586	-	-
Girls on the Run Program-Rosemont ES FY13	-	1,100	603	497	-
Governors STEM Academy Start Up FY12	-	30	30	-	365
Green Run Collegiate Charter Start-Up FY13	-	25,000	7,281	17,719	-
GTC Grant FY12	-	-	-	-	428
Inclusion Leadership Support-Salem HS FY13	-	954	197	757	-
Industry Credentials for Students FY12	-	-	-	-	61,910
Industry Credentials for Students FY13	61,910	48,521	48,521	-	-
ISAEP FY12	-	-	-	-	62,842
ISAEP FY13	62,869	63,712	63,712	-	-
Jail Education Program FY12	-	-	-	-	190,998
Jail Education Program FY13	202,182	206,186	200,510	5,676	-

(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, 2013
with comparative actual amounts for the year ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance - Positive (Negative)	2012 Actual
EXPENDITURES (continued)					
Instruction (continued)					
Juvenile Detention Center FY12	\$ -	\$ -	\$ -	\$ -	\$ 853,982
Juvenile Detention Center FY13	925,913	687,554	669,200	18,354	-
Juvenile Detention Center FY13 LQ	-	925,913	202,626	723,287	-
LENS FY12	-	68,995	21,939	47,056	-
LENS FY13	-	4,825	135	4,690	-
McKinney Homeless FY11	-	-	-	-	12,137
McKinney Homeless FY12	12,136	6,668	6,668	-	63,195
McKinney Homeless FY13	70,000	70,000	69,471	529	-
MyCAA - ALC Courses FY12	-	-	-	-	5,692
MyCAA - ALC Courses FY13	5,000	14,284	14,284	-	-
MyCAA - LPN Program FY13	10,000	1,000	1,000	-	-
Natl. Board Certified Teachers Stipend FY12	-	-	-	-	252,500
Natl. Board Certified Teachers Stipend FY13	265,000	265,000	265,000	-	-
Natl. Space Fdn. Grant FY12	-	-	-	-	2,500
New Teacher Mentor FY12	-	-	-	-	45,032
New Teacher Mentor FY13	59,325	46,358	46,358	-	-
NIST Grant FY12	-	-	-	-	3,500
NJROTC FY12	-	-	-	-	32,060
NJROTC FY13	-	43,160	43,160	-	-
Opportunity Inc. - STEM Grant FY12	11,639	74,272	43,357	30,915	135,694
Opportunity Inc. - STEM Grant FY13	232,200	221,760	144,613	77,147	-
Preschool Incentive Grant FY10	-	-	-	-	2,274
Preschool Incentive Grant FY11	-	15,630	15,630	-	121,502
Preschool Incentive Grant FY12	36,302	144,168	141,237	2,931	321,352
Preschool Incentive Grant FY13	485,125	494,314	353,230	141,084	-
Preschool Incentive Grant - ARRA FY10	-	-	-	-	24,654
Race to GED FY12	-	-	-	-	63,762
Race to GED FY13	59,549	64,188	64,188	-	-
Risk Management Grant Program FY13	-	2,000	2,000	-	-
School Improvement-Title I, College Park FY11	-	-	-	-	6,850
Startalk Elementary Chinese Academy FY11	-	-	-	-	61,874
Startalk Elementary Chinese Academy FY12	66,565	55,398	53,300	2,098	5,277
Startalk Elementary Chinese Academy FY13	-	60,979	6,780	54,199	-
Teaching American History-SAIL FY10	-	63,600	63,600	-	332,363
Title I Part A 128-11 FY11	-	-	-	-	6,279,696
Title I Part A 128-12 FY12	2,603,518	3,333,404	3,187,811	145,593	5,974,461
Title I Part A 128-12 FY13	10,658,467	9,322,491	7,221,169	2,101,322	-
Title I Part A 128-10 - ARRA FY10	-	-	-	-	1,107,689
Title I Part A School Improvement FY11	-	27,890	27,890	-	83,220
Title I Part D Subpart 1 FY11	-	-	-	-	15,349
Title I Part D Subpart 1 FY12	6,094	21,054	21,054	-	22,911
Title I Part D Subpart 1 FY13	75,334	43,965	9,741	34,224	-
Title I Part D Subpart 2 FY10	-	-	-	-	5,673
Title I Part D Subpart 2 FY11	-	12,181	12,181	-	182,862
Title I Part D Subpart 2 FY12	200,024	168,402	140,575	27,827	41,358
Title I Part D Subpart 2 FY13	236,734	181,761	34,884	146,877	-
Title I Part D Subpart 2 - ARRA FY10	-	-	-	-	2,776
Title II NCLB128-09 FY10	-	-	-	-	43,220
Title II NCLB128-10 FY11	-	10,907	10,907	-	1,033,370
Title II NCLB128-10 FY12	684,307	705,112	675,851	29,261	1,563,948
Title II NCLB128-10 FY13	2,245,000	2,264,195	1,809,730	454,465	-

(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, 2013
with comparative actual amounts for the year ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance - Positive (Negative)	2012 Actual
EXPENDITURES (continued)					
Instruction (continued)					
Title III Part A Immigrant & Youth FY10	\$ -	\$ -	\$ -	\$ -	\$ 4,862
Title III Part A Immigrant & Youth FY11	-	7,719	7,719	-	30,347
Title III Part A Language Acquisition FY10	-	-	-	-	19,538
Title III Part A Language Acquisition FY11	12,740	27,182	27,182	-	98,752
Title III Part A Language Acquisition FY12	112,366	112,003	96,734	15,269	363
Title III Part A Language Acquisition FY13	112,366	116,191	1,516	114,675	-
Title IV Pell Grant FY12	-	-	-	-	24,614
Title IV Pell Grant FY13	-	24,617	24,617	-	-
Title IV Part B 21st CCLC-Bayside MS FY12	243,847	63,486	63,486	-	104,625
Title IV Part B 21st CCLC-Bayside MS FY13	-	182,620	110,308	72,312	-
Title IV Part B 21st CCLC-Tri Campus FY13	-	198,000	111,613	86,387	-
Title VI B PL 105-17 FY10	-	-	-	-	591
Title VI B PL 105-17 FY11	-	-	-	-	14,919,572
Title VI B PL 105-17 FY12	11,797,230	10,061,555	9,200,918	860,637	5,132,945
Title VI B PL 105-17 FY13	14,778,367	14,643,497	8,932,984	5,710,513	-
Title VI B PL 105-17 - ARRA FY10	-	-	-	-	371,884
VA Career Cluster Best Prac Bayside HSA FY12	-	-	-	-	2,000
VA Commission for the Arts-Salem HS FY12	-	-	-	-	3,042
VA Geographic Alliance FY11	-	3,329	1,100	2,229	771
VA Incentive Program for Speech Lang FY11	-	-	-	-	19,500
VA Incentive Program for Speech Lang FY12	22,607	-	-	-	6,000
VA Incentive Program for Speech Lang FY13	-	8,000	8,000	-	-
VA Initiative-At Risk Four-Year Olds FY11	-	-	-	-	10,000
VA Initiative-At Risk Four-Year Olds FY12	-	10,000	10,000	-	4,214,000
VA Initiative-At Risk Four-Year Olds FY13	4,224,000	4,224,000	4,214,000	10,000	-
VA Middle School Teacher Corps FY12	-	-	-	-	75,000
VA Middle School Teacher Corps FY13	45,000	70,000	70,000	-	-
VA Middle School Teacher Corps Profess FY13	-	1,724	1,560	164	-
VA Star FY12	-	4,000	3,496	504	-
Virginia Advanced Study Strategies-VASS FY13	-	70,718	70,718	-	-
Virginia Bch Police Benevolent Asso FY10	-	1,875	813	1,062	719
Virtual VA Advanced Placement FY12	-	7,264	7,264	-	2,370
Workplace Readiness Skills for State Exam FY13	-	16,576	14,685	1,891	-
Youngsters Yearning for More-Thalia ES FY11	-	-	-	-	326
Contingency	5,727,472	4,804,019	-	4,804,019	-
Total Instruction	\$ 59,910,309	\$ 58,215,573	\$ 41,910,211	\$ 16,305,362	\$ 62,362,888
Technology					
Adult Basic Education-ABE FY12	\$ -	\$ -	\$ -	\$ -	\$ 8,695
Adult Basic Education-ABE FY13	16,300	14,889	14,889	-	-
Algebra Readiness FY12	-	-	-	-	2,750
C. Perkins Vocational & Tech Act FY12	-	-	-	-	136,005
C. Perkins Vocational & Tech Act FY13	136,865	246,055	245,986	69	-
COPS Secure Our Schools FY12	63,515	322,596	322,596	-	429,274
DoDEA MCASP FY12	-	133,580	119,940	13,640	-
DoDEA S-FLEP FY12	-	50	30	20	-
Early Reading Initiative FY12	-	138	138	-	55,655
Early Reading Initiative FY13	103,000	71,220	1,727	69,493	-
Governors STEM Academy Start Up FY12	-	-	-	-	4,483
Governors STEM Academy Start Up FY13	-	122	122	-	-
GTC Grant FY12	-	-	-	-	72
ISAEP FY12	-	-	-	-	27
ISAEP FY13	-	3,157	3,157	-	-

(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, 2013
with comparative actual amounts for the year ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance - Positive (Negative)	2012 Actual
EXPENDITURES (continued)					
Technology (continued)					
Jail Education Program FY12	\$ -	\$ -	\$ -	\$ -	\$ 340
Jail Education Program FY13	308	11,016	9,404	1,612	-
Juvenile Detention Center FY12	-	-	-	-	7,622
Juvenile Detention Center FY13	8,390	11,746	11,746	-	-
Juvenile Detention Center FY13 LQ	-	8,390	-	8,390	-
LENS FY13	-	175	-	175	-
McKinney Homeless FY12	-	137	137	-	-
Preschool Incentive Grant FY11	-	-	-	-	440
Preschool Incentive Grant FY12	-	33,434	31,048	2,386	-
Preschool Incentive Grant FY13	14,825	3,528	-	3,528	-
Preschool Incentive Grant - ARRA FY10	-	-	-	-	31,284
Supplemental Tech Initiative-Bayside MS FY13	-	31,200	31,200	-	-
Teaching American History-SAIL FY10	-	-	-	-	6,740
Technology Initiative FY10	76,000	-	-	-	1,932,449
Technology Initiative FY11	2,587,200	1,767,566	1,743,106	24,460	819,634
Technology Initiative FY12	2,587,200	2,616,903	406,251	2,210,652	1,497
Technology Initiative FY13	2,618,400	2,618,400	-	2,618,400	-
Title I Part A 128-10 - ARRA FY10	-	-	-	-	3,841
Title I Part A 128-11 FY11	-	-	-	-	119,039
Title I Part A 128-12 FY12	-	1,357,349	1,329,029	28,320	85,153
Title I Part A 128-12 FY13	-	551,124	67,190	483,934	-
Title I Part A School Improvement FY11	-	36,894	36,894	-	520
Title I Part D Subpart 1 FY11	-	-	-	-	3,183
Title I Part D Subpart 2 FY11	-	29,549	29,549	-	25,563
Title I Part D Subpart 2 FY12	-	36,699	20,688	16,011	-
Title I Part D Subpart 2 FY13	9,000	9,750	-	9,750	-
Title II NCLB128-10 FY13	-	2,000	560	1,440	-
Title II Part D FY10	-	-	-	-	20,520
Title II Part D FY11	-	38,798	38,798	-	19,363
Title II Part D - ARRA FY10	-	-	-	-	103,699
Title III Part A Immigrant & Youth FY11	-	1,225	1,225	-	2,319
Title III Part A Language Acquisition FY10	-	-	-	-	-
Title IV Part B 21st CCLC-Bayside MS FY12	-	18,950	18,950	-	759
Title IV Part B 21st CCLC-Bayside MS FY13	-	5,200	5,408	(208)	-
Title IV Part B 21st CCLC-Tri Campus FY13	-	2,000	884	1,116	-
Title VI B PL 105-17 FY10	-	-	-	-	32,801
Title VI B PL 105-17 FY11	-	-	-	-	415,347
Title VI B PL 105-17 FY13	270,000	201,899	-	201,899	-
Title VI B PL 105-17 - ARRA FY10	-	-	-	-	694,215
VA Star FY12	-	-	-	-	-
Total Technology	\$ 8,491,003	\$ 10,185,739	\$ 4,490,652	\$ 5,695,087	\$ 4,963,289
Total Expenditures	\$ 68,401,312	\$ 68,401,312	\$ 46,400,863	\$ 22,000,449	\$ 67,326,177
EXCESS (DEFICIENCY) OF					
REVENUES OVER (UNDER)					
EXPENDITURES	\$ (3,202,852)	\$ (4,264,521)	\$ (3,203,997)	\$ 1,060,524	\$ (2,692,731)
OTHER FINANCING					
SOURCES (USES)					
Transfers In	3,202,852	4,264,521	3,059,471	(1,205,050)	2,994,199
NET CHANGE IN FUND BALANCE	\$ -	\$ -	\$ (144,526)	\$ (144,526)	\$ 301,468
FUND BALANCE - JULY 1	1,205,050	1,205,050	1,205,050	-	903,582
FUND BALANCE - JUNE 30	\$ 1,205,050	\$ 1,205,050	\$ 1,060,524	\$ (144,526)	\$ 1,205,050

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, 2013
with comparative actual amounts for the year ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance - Positive (Negative)	2012 Actual
REVENUES					
From Use of Money and Property	\$ 100,000	\$ 100,000	\$ 36,495	\$ (63,505)	\$ 50,953
Miscellaneous	10,000	10,000	44,556	34,556	85,618
From Commonwealth	3,790,074	3,790,074	3,626,324	(163,750)	1,661,828
Total Revenues	<u>\$ 3,900,074</u>	<u>\$ 3,900,074</u>	<u>\$ 3,707,375</u>	<u>\$ (192,699)</u>	<u>\$ 1,798,399</u>
EXPENDITURES					
Instruction					
Personnel Services	\$ 62,517	\$ 62,517	\$ 65,410	\$ (2,893)	\$ 74,946
Fringe Benefits	25,371	25,371	24,813	558	20,268
Purchased Services	1,500	1,500	-	1,500	-
Materials and Supplies	15,028,213	15,116,130	4,086,766	11,029,364	5,781,592
Total Instruction	<u>\$ 15,117,601</u>	<u>\$ 15,205,518</u>	<u>\$ 4,176,989</u>	<u>\$ 11,028,529</u>	<u>\$ 5,876,806</u>
Technology					
Purchased Services	\$ -	\$ -	\$ 235,500	\$ (235,500)	\$ -
Materials and Supplies	-	-	1,214,576	(1,214,576)	-
Total Technology	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,450,076</u>	<u>\$ (1,450,076)</u>	<u>\$ -</u>
Total Expenditures	<u>\$ 15,117,601</u>	<u>\$ 15,205,518</u>	<u>\$ 5,627,065</u>	<u>\$ 9,578,453</u>	<u>\$ 5,876,806</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES					
	<u>\$ (11,217,527)</u>	<u>\$ (11,305,444)</u>	<u>\$ (1,919,690)</u>	<u>\$ 9,385,754</u>	<u>\$ (4,078,407)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (11,217,527)</u>	<u>\$ (11,305,444)</u>	<u>\$ (1,919,690)</u>	<u>\$ 9,385,754</u>	<u>\$ (4,078,407)</u>
FUND BALANCE - JULY 1	<u>17,964,543</u>	<u>17,964,543</u>	<u>17,964,543</u>	<u>-</u>	<u>22,042,950</u>
FUND BALANCE - JUNE 30	<u>\$ 6,747,016</u>	<u>\$ 6,659,099</u>	<u>\$ 16,044,853</u>	<u>\$ 9,385,754</u>	<u>\$ 17,964,543</u>

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2013**

A. Budget Information

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

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

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2013

A. Budget Information (continued)

8. The accounting system is employed as a budgetary management control device to monitor the individual schools and departments. In addition, certain controls are exercised administratively on the General Fund (e.g., budget units, personnel positions, capital outlay, and certain line-items; and the appropriations related thereto). A budget unit is an activity (e.g., Elementary Classroom, Gifted Education and Academy Programs) of a category (e.g., Instruction). In addition, certain controls are exercised on the Special Revenue Funds (e.g., federal and state grants; and the appropriations related thereto).
9. Unexpended appropriations lapse (except for the School Capital Projects Fund) and are closed to the proper fund balances at the end of each fiscal year (June 30). However, the General Fund's net assets balance (i.e., total assets (e.g., cash) less liabilities (e.g., salaries payable), outstanding encumbrances, prepaid items, and prior fiscal year net assets relating to the Instructional Technology and Athletics programs) is paid back (i.e., reverts) to the City (\$18,831,522 Fiscal Year 2013) before the aforementioned closing process. Appropriations for the subsequent fiscal year are increased in the amount necessary to satisfy the outstanding encumbrances at June 30.
10. Capital Projects for the School Board and City are budgeted separately from the Operating Budget. Since the School Board and City have hundreds of projects in its Capital Improvement Program and the City has an annual limitation (without a referendum) on the amount of bonds that may be issued, allocations for capital projects represent funding by phases of a number of projects based upon their anticipated execution of contractual obligations. The appropriations for Capital Projects do not parallel the School Board's fiscal year. Upon approval by the School Board, the School Board's Capital Improvement Program appropriation requests are submitted to the City Council. The appropriations require one reading of the ordinance for approval after public hearings on the Capital Improvement Program. The accounting, encumbering, and controlling of the funds are based upon the project length of each individual project which may be over several years. Therefore, budgetary comparisons are not presented for Capital Projects in this report. Appropriations reallocated to new or existing capital projects require one reading of the ordinance by City Council for approval.

B. Budget Amendments

1. There were supplemental budget amendments, other than for encumbrances, totaling \$1,954,726 for the General Fund during fiscal year 2013. The General Fund budget amendments (e.g., elementary instructional and improvement initiatives support, athletic equipment) were funded through an increase in revenue from the local government.

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
 JUNE 30, 2013
 with comparative totals for June 30, 2012

	School Cafeterias	School Communication Towers/ Technology	School Vending Operations	School Equipment Replacement	Totals	
					2013	2012
ASSETS						
Cash and Investments	\$ 4,665,152	\$ 2,912,250	\$ 198,915	\$ 1,792,302	\$ 9,568,619	\$ 7,289,853
Accounts Receivable	18,300	2,033	-	-	20,333	13,892
Due from Federal						
Government	614,933	-	-	-	614,933	2,197,032
Inventories	1,127,250	-	-	-	1,127,250	968,251
Prepaid Items	3,606	-	-	-	3,606	4,345
TOTAL ASSETS	\$ 6,429,241	\$ 2,914,283	\$ 198,915	\$ 1,792,302	\$ 11,334,741	\$ 10,473,373
LIABILITIES AND FUND						
BALANCES						
Liabilities:						
Salaries Payable	\$ 937,603	\$ -	\$ -	\$ -	\$ 937,603	\$ 917,135
Vouchers and						
Accounts Payable	210,279	-	679	12,144	223,102	50,824
Deposits Payable	-	55,000	-	-	55,000	55,000
Deferred Revenue	324,708	-	-	-	324,708	474,745
TOTAL LIABILITIES	\$ 1,472,590	\$ 55,000	\$ 679	\$ 12,144	\$ 1,540,413	\$ 1,497,704
Fund Balances:						
Nonspendable	\$ 1,130,856	\$ -	\$ -	\$ -	\$ 1,130,856	\$ 972,596
Restricted	3,825,795	-	-	-	3,825,795	3,402,900
Assigned	-	2,859,283	198,236	1,780,158	4,837,677	4,600,173
TOTAL FUND						
BALANCES	\$ 4,956,651	\$ 2,859,283	\$ 198,236	\$ 1,780,158	\$ 9,794,328	\$ 8,975,669
TOTAL LIABILITIES						
AND FUND						
BALANCES	\$ 6,429,241	\$ 2,914,283	\$ 198,915	\$ 1,792,302	\$ 11,334,741	\$ 10,473,373

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, 2013
with comparative totals for the fiscal year ended June 30, 2012

	School Cafeterias C-3	School Communication Towers/ Technology C-4	School Vending Operations C-5	School Equipment Replacement C-6	Totals	
					2013	2012
<u>REVENUES</u>						
From Use of Money and Property	\$ 6,967	\$ 472,497	\$ 416	\$ 3,891	\$ 483,771	\$ 463,839
Charges for Services	11,996,871	-	192,550	-	12,189,421	12,757,443
Miscellaneous	198,874	-	-	-	198,874	207,373
From Commonwealth	507,862	-	-	-	507,862	489,788
From Federal Government	14,373,628	-	-	-	14,373,628	13,867,218
Total Revenues	<u>\$ 27,084,202</u>	<u>\$ 472,497</u>	<u>\$ 192,966</u>	<u>\$ 3,891</u>	<u>\$ 27,753,556</u>	<u>\$ 27,785,661</u>
<u>EXPENDITURES</u>						
Current:						
Instruction	\$ -	\$ -	\$ 302,238	\$ 33,899	\$ 336,137	\$ 334,413
Cafeterias	26,139,487	-	-	-	26,139,487	26,474,564
Technology	363,560	95,713	-	-	459,273	267,921
Total Expenditures	<u>\$ 26,503,047</u>	<u>\$ 95,713</u>	<u>\$ 302,238</u>	<u>\$ 33,899</u>	<u>\$ 26,934,897</u>	<u>\$ 27,076,898</u>
<u>EXCESS (DEFICIENCY) OF</u>						
<u>REVENUES OVER (UNDER)</u>						
<u>EXPENDITURES</u>	<u>\$ 581,155</u>	<u>\$ 376,784</u>	<u>\$ (109,272)</u>	<u>\$ (30,008)</u>	<u>\$ 818,659</u>	<u>\$ 708,763</u>
<u>NET CHANGES IN</u>						
<u>FUND BALANCES</u>	<u>\$ 581,155</u>	<u>\$ 376,784</u>	<u>\$ (109,272)</u>	<u>\$ (30,008)</u>	<u>\$ 818,659</u>	<u>\$ 708,763</u>
<u>FUND BALANCES - JULY 1</u>	<u>4,375,496</u>	<u>2,482,499</u>	<u>307,508</u>	<u>1,810,166</u>	<u>8,975,669</u>	<u>8,266,906</u>
<u>FUND BALANCES - JUNE 30</u>	<u>\$ 4,956,651</u>	<u>\$ 2,859,283</u>	<u>\$ 198,236</u>	<u>\$ 1,780,158</u>	<u>\$ 9,794,328</u>	<u>\$ 8,975,669</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, 2013
with comparative actual amounts for the year ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance - Positive (Negative)	2012 Actual
<u>REVENUES</u>					
From Use of Money and Property	\$ 8,091	\$ 8,091	\$ 6,967	\$ (1,124)	\$ 9,158
Charges for Services	14,030,889	14,030,889	11,996,871	(2,034,018)	12,564,893
Miscellaneous	130,000	130,000	198,874	68,874	207,373
From Commonwealth	485,000	485,000	507,862	22,862	489,788
From Federal Government	13,361,841	13,361,841	14,373,628	1,011,787	13,867,218
Total Revenues	<u>\$ 28,015,821</u>	<u>\$ 28,015,821</u>	<u>\$ 27,084,202</u>	<u>\$ (931,619)</u>	<u>\$ 27,138,430</u>
<u>EXPENDITURES</u>					
<u>Cafeterias</u>					
Personnel Services	\$ 8,604,262	\$ 8,604,262	\$ 7,945,555	\$ 658,707	\$ 8,185,594
Fringe Benefits	4,410,985	4,410,985	3,591,291	819,694	3,384,692
Purchased Services	422,716	422,716	198,327	224,389	374,704
Other Charges	83,280	83,280	68,316	14,964	68,033
Materials and Supplies	14,422,322	14,423,071	14,227,038	196,033	14,420,755
Capital Outlay	100,000	100,308	108,960	(8,652)	40,786
Total Cafeterias	<u>\$ 28,043,565</u>	<u>\$ 28,044,622</u>	<u>\$ 26,139,487</u>	<u>\$ 1,905,135</u>	<u>\$ 26,474,564</u>
<u>Technology</u>					
Purchased Services	\$ -	\$ -	\$ 7,735	\$ (7,735)	\$ -
Materials and Supplies	270,000	293,160	130,465	162,695	5,715
Capital Outlay	29,562	29,562	225,360	(195,798)	-
Total Technology	<u>\$ 299,562</u>	<u>\$ 322,722</u>	<u>\$ 363,560</u>	<u>\$ (40,838)</u>	<u>\$ 5,715</u>
Total Expenditures	<u>\$ 28,343,127</u>	<u>\$ 28,367,344</u>	<u>\$ 26,503,047</u>	<u>\$ 1,864,297</u>	<u>\$ 26,480,279</u>
<u>EXCESS (DEFICIENCY) OF</u>					
<u>REVENUES OVER (UNDER)</u>					
<u>EXPENDITURES</u>	<u>\$ (327,306)</u>	<u>\$ (351,523)</u>	<u>\$ 581,155</u>	<u>\$ 932,678</u>	<u>\$ 658,151</u>
<u>NET CHANGE IN FUND BALANCE</u>	<u>\$ (327,306)</u>	<u>\$ (351,523)</u>	<u>\$ 581,155</u>	<u>\$ 932,678</u>	<u>\$ 658,151</u>
<u>FUND BALANCE - JULY 1</u>	<u>4,375,496</u>	<u>4,375,496</u>	<u>4,375,496</u>	<u>-</u>	<u>3,717,345</u>
<u>FUND BALANCE - JUNE 30</u>	<u>\$ 4,048,190</u>	<u>\$ 4,023,973</u>	<u>\$ 4,956,651</u>	<u>\$ 932,678</u>	<u>\$ 4,375,496</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, 2013
with comparative actual amounts for the year ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance - Positive (Negative)	2012 Actual
<u>REVENUES</u>					
From Use of Money and Property	\$ 260,000	\$ 260,000	\$ 472,497	\$ 212,497	\$ 448,859
<u>EXPENDITURES</u>					
Technology					
Purchased Services	\$ -	\$ 46,790	\$ 17,961	\$ 28,829	\$ 121,055
Materials and Supplies	-	15,198	77,752	(62,554)	129,071
Capital Outlay	600,000	602,004	-	602,004	12,080
Total Expenditures	\$ 600,000	\$ 663,992	\$ 95,713	\$ 568,279	\$ 262,206
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	\$ (340,000)	\$ (403,992)	\$ 376,784	\$ 780,776	\$ 186,653
<u>NET CHANGE IN FUND BALANCE</u>	\$ (340,000)	\$ (403,992)	\$ 376,784	\$ 780,776	\$ 186,653
<u>FUND BALANCE - JULY 1</u>	2,482,499	2,482,499	2,482,499	-	2,295,846
<u>FUND BALANCE - JUNE 30</u>	\$ 2,142,499	\$ 2,078,507	\$ 2,859,283	\$ 780,776	\$ 2,482,499

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, 2013
 with comparative actual amounts for the year ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance - Positive (Negative)	2012 Actual
<u>REVENUES</u>					
From Use of Money and Property	\$ -	\$ -	\$ 416	\$ 416	\$ 860
Charges for Services	192,550	192,550	192,550	-	192,550
Total Revenues	<u>\$ 192,550</u>	<u>\$ 192,550</u>	<u>\$ 192,966</u>	<u>\$ 416</u>	<u>\$ 193,410</u>
<u>EXPENDITURES</u>					
<u>Instruction</u>					
Other Charges	\$ 187,921	\$ 188,371	\$ 301,255	\$ (112,884)	\$ 301,255
Materials and Supplies	12,000	11,550	983	10,567	914
Capital Outlay	129,640	129,640	-	129,640	32,244
Total Expenditures	<u>\$ 329,561</u>	<u>\$ 329,561</u>	<u>\$ 302,238</u>	<u>\$ 27,323</u>	<u>\$ 334,413</u>
<u>EXCESS (DEFICIENCY) OF</u>					
<u>REVENUES OVER (UNDER)</u>					
<u>EXPENDITURES</u>	<u>\$ (137,011)</u>	<u>\$ (137,011)</u>	<u>\$ (109,272)</u>	<u>\$ 27,739</u>	<u>\$ (141,003)</u>
<u>NET CHANGE IN FUND BALANCE</u>	<u>\$ (137,011)</u>	<u>\$ (137,011)</u>	<u>\$ (109,272)</u>	<u>\$ 27,739</u>	<u>\$ (141,003)</u>
<u>FUND BALANCE - JULY 1</u>	<u>307,508</u>	<u>307,508</u>	<u>307,508</u>	<u>-</u>	<u>448,511</u>
<u>FUND BALANCE - JUNE 30</u>	<u><u>\$ 170,497</u></u>	<u><u>\$ 170,497</u></u>	<u><u>\$ 198,236</u></u>	<u><u>\$ 27,739</u></u>	<u><u>\$ 307,508</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, 2013
with comparative actual amounts for the year ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance - Positive (Negative)	2012 Actual
<u>REVENUES</u>					
From Use of Money and Property	\$ -	\$ -	\$ 3,891	\$ 3,891	\$ 4,962
<u>EXPENDITURES</u>					
Instruction					
Capital Outlay	\$ 902,602	\$ 902,602	\$ 33,899	\$ 868,703	\$ -
<u>EXCESS (DEFICIENCY) OF</u>					
<u>REVENUES OVER (UNDER)</u>					
<u>EXPENDITURES</u>	\$ (902,602)	\$ (902,602)	\$ (30,008)	\$ (872,594)	\$ 4,962
<u>NET CHANGE IN FUND BALANCE</u>	\$ (902,602)	\$ (902,602)	\$ (30,008)	\$ (872,594)	\$ 4,962
<u>FUND BALANCE - JULY 1</u>	1,810,166	1,810,166	1,810,166	-	1,805,204
<u>FUND BALANCE - JUNE 30</u>	<u>\$ 907,564</u>	<u>\$ 907,564</u>	<u>\$ 1,780,158</u>	<u>\$ (872,594)</u>	<u>\$ 1,810,166</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 POSITION
JUNE 30, 2013
with comparative totals for June 30, 2012

	School Risk Management	School Health Insurance	Totals	
			2013	2012
ASSETS				
Current Assets:				
Cash and Investments	\$ 8,704,222	\$ 23,408,084	\$ 32,112,306	\$ 41,806,589
Accounts Receivable	8,353	364,271	372,624	380,419
Due from Commonwealth	-	120,016	120,016	-
Prepaid Items	110,239	-	110,239	82,252
TOTAL ASSETS	\$ 8,822,814	\$ 23,892,371	\$ 32,715,185	\$ 42,269,260
LIABILITIES				
Current Liabilities:				
Salaries Payable	\$ 143	\$ 1,276	\$ 1,419	\$ 1,647
Vouchers and				
Accounts Payable	39,438	524,117	563,555	679,647
Unearned Revenue	-	6,772,893	6,772,893	5,648,756
Estimated Claims and				
Judgments (due within				
one year)	5,454,000	6,433,500	11,887,500	12,419,250
Total Current Liabilities	\$ 5,493,581	\$ 13,731,786	\$ 19,225,367	\$ 18,749,300
Noncurrent Liabilities:				
Estimated Claims and				
Judgments (due in more				
than one year)	1,818,000	2,144,500	3,962,500	4,139,750
TOTAL LIABILITIES	\$ 7,311,581	\$ 15,876,286	\$ 23,187,867	\$ 22,889,050
NET POSITION				
Unrestricted	\$ 1,511,233	\$ 8,016,085	\$ 9,527,318	\$ 19,380,210
TOTAL NET POSITION	\$ 1,511,233	\$ 8,016,085	\$ 9,527,318	\$ 19,380,210

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2013
with comparative totals for the year ended June 30, 2012

	School Risk Management	School Health Insurance	Totals	
			2013	2012
<u>OPERATING REVENUES</u>				
Charges for Services	\$ 4,960,001	\$ 119,825,541	\$ 124,785,542	\$ 113,271,855
Miscellaneous Revenue	18,288	-	18,288	64,215
Total Operating Revenues	<u>\$ 4,978,289</u>	<u>\$ 119,825,541</u>	<u>\$ 124,803,830</u>	<u>\$ 113,336,070</u>
<u>OPERATING EXPENSES</u>				
Personnel Services	\$ 324,623	\$ 254,605	\$ 579,228	\$ 544,050
Fringe Benefits	118,040	108,782	226,822	153,261
Other Charges	4,014,814	129,897,947	133,912,761	124,783,232
Total Operating Expenses	<u>\$ 4,457,477</u>	<u>\$ 130,261,334</u>	<u>\$ 134,718,811</u>	<u>\$ 125,480,543</u>
<u>OPERATING INCOME (LOSS)</u>	<u>\$ 520,812</u>	<u>\$ (10,435,793)</u>	<u>\$ (9,914,981)</u>	<u>\$ (12,144,473)</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>				
From Federal Government	\$ -	\$ -	\$ -	\$ 52,425
From Commonwealth	-	-	-	12,334
Interest Income	21,126	40,963	62,089	114,254
Total Nonoperating Revenues (Expenses)	<u>\$ 21,126</u>	<u>\$ 40,963</u>	<u>\$ 62,089</u>	<u>\$ 179,013</u>
<u>INCOME BEFORE TRANSFERS</u>	<u>\$ 541,938</u>	<u>\$ (10,394,830)</u>	<u>\$ (9,852,892)</u>	<u>\$ (11,965,460)</u>
<u>TRANSFERS OUT - GENERAL FUND</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (5,500,000)</u>
<u>CHANGES IN NET POSITION</u>	<u>\$ 541,938</u>	<u>\$ (10,394,830)</u>	<u>\$ (9,852,892)</u>	<u>\$ (17,465,460)</u>
<u>TOTAL NET POSITION - JULY 1</u>	<u>969,295</u>	<u>18,410,915</u>	<u>19,380,210</u>	<u>36,845,670</u>
<u>TOTAL NET POSITION - JUNE 30</u>	<u><u>\$ 1,511,233</u></u>	<u><u>\$ 8,016,085</u></u>	<u><u>\$ 9,527,318</u></u>	<u><u>\$ 19,380,210</u></u>

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2013
with comparative totals for the year ended June 30, 2012

	School Risk Management	School Health Insurance	Totals	
			2013	2012
<u>CASH FLOWS FROM OPERATING</u>				
<u>ACTIVITIES:</u>				
Receipts from Customers and Users	\$ 4,969,936	\$ 120,845,810	\$ 125,815,746	\$ 113,410,777
Payments to Vendors for Goods/Services	(4,826,718)	(128,213,821)	(133,040,539)	(122,421,826)
Payments to Employees for Services	(442,822)	(2,088,757)	(2,531,579)	(695,813)
Net Cash Provided (Used)				
By Operating Activities	<u>\$ (299,604)</u>	<u>\$ (9,456,768)</u>	<u>\$ (9,756,372)</u>	<u>\$ (9,706,862)</u>
<u>CASH FLOWS FROM NONCAPITAL</u>				
<u>FINANCING ACTIVITIES:</u>				
Receipt from Federal Government	\$ -	\$ -	\$ -	\$ 52,425
Receipt from Commonwealth	-	-	-	12,334
Transfers Out-General Fund	-	-	-	(5,500,000)
Net Cash From Noncapital				
Financing Activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (5,435,241)</u>
<u>CASH FLOWS FROM INVESTING</u>				
<u>ACTIVITIES:</u>				
Interest Received on Investments	<u>\$ 21,126</u>	<u>\$ 40,963</u>	<u>\$ 62,089</u>	<u>\$ 114,254</u>
<u>NET INCREASE (DECREASE) IN</u>				
<u>CASH AND INVESTMENTS</u>				
	\$ (278,478)	\$ (9,415,805)	\$ (9,694,283)	\$ (15,027,849)
<u>CASH AND INVESTMENTS.</u>				
<u>BEGINNING OF YEAR</u>				
	<u>8,982,700</u>	<u>32,823,889</u>	<u>41,806,589</u>	<u>56,834,438</u>
<u>CASH AND INVESTMENTS.</u>				
<u>END OF YEAR</u>				
	<u>\$ 8,704,222</u>	<u>\$ 23,408,084</u>	<u>\$ 32,112,306</u>	<u>\$ 41,806,589</u>
<u>RECONCILIATION OF OPERATING INCOME</u>				
<u>(LOSS) TO NET CASH PROVIDED</u>				
<u>(USED) BY OPERATING ACTIVITIES:</u>				
Operating Income (Loss)	<u>\$ 520,812</u>	<u>\$ (10,435,793)</u>	<u>\$ (9,914,981)</u>	<u>\$ (12,144,473)</u>
Adjustments to Reconcile Operating				
Income (Loss) to Net Cash Provided				
(Used) by Operating Activities				
(Increase) Decrease in Assets				
Accounts Receivable	\$ (8,353)	\$ 16,148	\$ 7,795	\$ (25,461)
Due from Commonwealth	-	(120,016)	(120,016)	87,538
Due from Federal Government	-	-	-	3,441
Prepaid Items	(27,987)	-	(27,987)	2,054,050
Increase (Decrease) in Liabilities				
Salaries Payable	(159)	(69)	(228)	1,498
Vouchers and Accounts Payable	(169,917)	53,825	(116,092)	(1,892,302)
Unearned Revenue	-	1,124,137	1,124,137	9,189
Estimated Claims and Judgments	(614,000)	(95,000)	(709,000)	2,199,658
Total Adjustments	<u>\$ (820,416)</u>	<u>\$ 979,025</u>	<u>\$ 158,609</u>	<u>\$ 2,437,611</u>
Net Cash Provided (Used)				
By Operating Activities	<u>\$ (299,604)</u>	<u>\$ (9,456,768)</u>	<u>\$ (9,756,372)</u>	<u>\$ (9,706,862)</u>

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, 2013

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
<u>PAYROLL DEDUCTIONS</u>				
<u>ASSETS</u>				
Cash and Investments	\$ 1,214,854	\$ 156,771,109	\$ 153,252,941	\$ 4,733,022
Due from Federal Government	-	413	-	413
TOTAL ASSETS	\$ 1,214,854	\$ 156,771,522	\$ 153,252,941	\$ 4,733,435
<u>LIABILITIES</u>				
Vouchers and Accounts Payable	\$ 1,214,854	\$ 156,771,522	\$ 153,252,941	\$ 4,733,435
<u>FRINGE BENEFITS</u>				
<u>ASSETS</u>				
Cash and Investments	\$ 4,882,275	\$ 119,177,966	\$ 115,692,624	\$ 8,367,617
Due from Federal Government	-	171	-	171
TOTAL ASSETS	\$ 4,882,275	\$ 119,178,137	\$ 115,692,624	\$ 8,367,788
<u>LIABILITIES</u>				
Vouchers and Accounts Payable	\$ 4,882,275	\$ 119,178,137	\$ 115,692,624	\$ 8,367,788
<u>SCHOOL ACTIVITY ACCOUNTS</u>				
<u>ASSETS</u>				
Cash and Investments	\$ 3,755,258	\$ 12,097,725	\$ 12,031,057	\$ 3,821,926
<u>LIABILITIES</u>				
Vouchers and Accounts Payable	\$ 3,755,258	\$ 12,097,725	\$ 12,031,057	\$ 3,821,926
<u>TOTAL - AGENCY FUNDS</u>				
<u>ASSETS</u>				
Cash and Investments	\$ 9,852,387	\$ 288,046,800	\$ 280,976,622	\$ 16,922,565
Due from Federal Government	-	584	-	584
TOTAL ASSETS	\$ 9,852,387	\$ 288,047,384	\$ 280,976,622	\$ 16,923,149
<u>LIABILITIES</u>				
Vouchers and Accounts Payable	\$ 9,852,387	\$ 288,047,384	\$ 280,976,622	\$ 16,923,149
TOTAL LIABILITIES	\$ 9,852,387	\$ 288,047,384	\$ 280,976,622	\$ 16,923,149

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 POSITION BY COMPONENT
Last Ten Fiscal Years

	Fiscal Year			
	2004	2005	2006	2007
<u>NET POSITION</u>				
Invested in Capital Assets	\$ 199,502,424	\$ 249,301,625	\$ 277,400,599	\$ 316,759,489
Restricted for:				
Capital Projects	48,015,632	48,449,451	64,359,412	65,850,137
Grants	894,544	924,505	769,517	588,734
Cafeterias	-	-	-	-
Textbooks	-	-	-	-
Unrestricted	<u>16,551,947</u>	<u>22,600,519</u>	<u>30,462,346</u>	<u>45,933,553</u>
TOTAL NET POSITION	<u><u>\$ 264,964,547</u></u>	<u><u>\$ 321,276,100</u></u>	<u><u>\$ 372,991,874</u></u>	<u><u>\$ 429,131,913</u></u>

Table 1

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 337,880,626	\$ 384,102,886	\$ 411,565,763	\$ 449,745,865	\$ 484,947,961	\$ 503,613,147
81,794,572	69,172,375	60,912,528	20,622,399	5,465,425	-
578,724	674,003	893,092	903,582	1,205,050	1,060,524
-	-	-	2,702,932	3,402,900	3,825,795
-	-	-	22,042,950	17,964,543	16,044,853
60,867,058	88,547,813	98,003,621	78,081,876	25,924,228	4,805,735
<u>\$ 481,120,980</u>	<u>\$ 542,497,077</u>	<u>\$ 571,375,004</u>	<u>\$ 574,099,604</u>	<u>\$ 538,910,107</u>	<u>\$ 529,350,054</u>

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

	Fiscal Year			
	2004	2005	2006	2007
Expenses:				
Governmental Activities:				
Instruction	\$ 470,564,728	\$ 488,199,561	\$ 517,979,616	\$ 600,453,668
Admin, Attendance, & Health	18,825,783	19,724,530	20,125,163	20,799,559
Pupil Transportation	22,562,797	25,832,870	27,183,720	29,714,501
Operations and Maintenance	80,250,298	77,268,466	89,576,446	95,849,815
Cafeterias	20,925,959	22,084,424	22,767,136	24,028,248
Technology	-	-	-	-
Total Expenses	<u>\$ 613,129,565</u>	<u>\$ 633,109,851</u>	<u>\$ 677,632,081</u>	<u>\$ 770,845,791</u>
Program Revenues:				
Governmental Activities:				
Charges for Services:				
Instruction	\$ 4,159,427	\$ 4,600,297	\$ 4,537,352	\$ 4,007,024
Operations and Maintenance	-	-	-	-
Cafeterias	11,541,231	12,150,115	12,698,749	13,372,457
Technology	-	-	-	-
Operating Grants and Contributions	98,775,611	112,724,410	121,182,452	139,853,815
Capital Grants and Contributions	12,210,734	13,064,667	12,811,040	11,859,375
Total Program Revenues	<u>\$ 126,687,003</u>	<u>\$ 142,539,489</u>	<u>\$ 151,229,593</u>	<u>\$ 169,092,671</u>
Net Expenses	<u><u>\$ (486,442,562)</u></u>	<u><u>\$ (490,570,362)</u></u>	<u><u>\$ (526,402,488)</u></u>	<u><u>\$ (601,753,120)</u></u>
General Revenues:				
Local Sources:				
Local Government	\$ 279,216,604	\$ 283,549,713	\$ 313,396,238	\$ 367,354,176
Miscellaneous	200,090	152,251	261,141	402,152
Federal and State Aid not Restricted to Specific Purposes:				
State Basic Aid	162,367,121	181,785,490	176,296,388	196,584,793
State Sales Tax	55,338,502	64,861,559	70,134,239	72,151,255
Federal Impact Aid	16,543,544	15,162,530	14,838,644	16,834,283
Interest Earnings	416,869	1,370,372	3,191,612	4,566,500
Total General Revenues	<u>\$ 514,082,730</u>	<u>\$ 546,881,915</u>	<u>\$ 578,118,262</u>	<u>\$ 657,893,159</u>
Change in Net Position	<u><u>\$ 27,640,168</u></u>	<u><u>\$ 56,311,553</u></u>	<u><u>\$ 51,715,774</u></u>	<u><u>\$ 56,140,039</u></u>

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

Table 2

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 609,866,678	\$ 602,074,151	\$ 574,177,165	\$ 567,568,792	\$ 573,843,860	\$ 577,046,558
21,304,108	20,480,010	19,076,315	18,401,916	19,526,549	20,504,499
31,593,740	31,046,691	31,772,212	36,105,660	34,922,875	34,224,798
105,258,243	106,804,955	90,426,163	93,664,818	93,706,524	89,634,735
25,435,324	25,803,414	26,140,730	26,113,779	27,294,432	26,525,914
-	-	32,344,399	44,830,758	47,835,843	36,593,114
<u>\$ 793,458,093</u>	<u>\$ 786,209,221</u>	<u>\$ 773,936,984</u>	<u>\$ 786,685,723</u>	<u>\$ 797,130,083</u>	<u>\$ 784,529,618</u>
\$ 3,757,993	\$ 3,134,713	\$ 2,756,285	\$ 3,185,029	\$ 3,212,855	\$ 2,530,353
-	440,686	422,026	367,908	332,257	424,637
13,711,915	14,126,748	13,480,969	13,276,414	12,772,266	12,195,744
-	-	370,529	438,046	447,530	829,946
143,803,458	133,607,276	143,007,213	146,074,200	149,600,791	134,612,328
11,275,914	11,075,378	9,445,175	9,710,467	1,812,470	-
<u>\$ 172,549,280</u>	<u>\$ 162,384,801</u>	<u>\$ 169,482,197</u>	<u>\$ 173,052,064</u>	<u>\$ 168,178,169</u>	<u>\$ 150,593,008</u>
<u>\$(620,908,813)</u>	<u>\$(623,824,420)</u>	<u>\$(604,454,787)</u>	<u>\$(613,633,659)</u>	<u>\$(628,951,914)</u>	<u>\$(633,936,610)</u>
\$ 383,315,703	\$ 384,210,051	\$ 361,465,466	\$ 371,517,109	\$ 343,802,519	\$ 368,549,605
340,667	461,504	6,283,791	964,435	841,995	655,857
193,474,314	217,584,685	181,102,083	159,342,761	165,011,640	166,739,680
72,904,963	69,168,038	66,688,947	70,058,126	72,266,667	68,889,270
18,404,950	11,437,201	17,057,468	13,987,750	11,630,646	19,404,512
4,457,283	2,339,038	734,959	488,078	208,950	137,633
<u>\$ 672,897,880</u>	<u>\$ 685,200,517</u>	<u>\$ 633,332,714</u>	<u>\$ 616,358,259</u>	<u>\$ 593,762,417</u>	<u>\$ 624,376,557</u>
<u>\$ 51,989,067</u>	<u>\$ 61,376,097</u>	<u>\$ 28,877,927</u>	<u>\$ 2,724,600</u>	<u>\$ (35,189,497)</u>	<u>\$ (9,560,053)</u>

Table 3

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

Fiscal Year	Total Expenses	Instruction		Adminis- tration, Attendance & Health		Pupil Trans- portation		Operations and Maintenance		Cafeterias		Technology	
			%		%		%		%		%		%
2004	\$613,129,565	\$470,564,728	76.7	\$18,825,783	3.1	\$22,562,797	3.7	\$80,250,298	13.1	\$20,925,959	3.4	\$ -	-
2005	633,109,851	488,199,561	77.1	19,724,530	3.1	25,832,870	4.1	77,268,466	12.2	22,084,424	3.5	-	-
2006	677,632,081	517,979,616	76.4	20,125,163	3.0	27,183,720	4.0	89,576,446	13.2	22,767,136	3.4	-	-
2007	770,845,791	600,453,668	77.9	20,799,559	2.7	29,714,501	3.9	95,849,815	12.4	24,028,248	3.1	-	-
2008	793,458,093	609,866,678	76.9	21,304,108	2.7	31,593,740	4.0	105,258,243	13.3	25,435,324	3.1	-	-
2009	786,209,221	602,074,151	76.6	20,480,010	2.6	31,046,691	3.9	106,804,955	13.6	25,803,414	3.3	-	-
2010	773,936,984	574,177,165	74.2	19,076,315	2.5	31,772,212	4.1	90,426,163	11.7	26,140,730	3.4	32,344,399	4.1
2011	786,685,723	567,568,792	72.1	18,401,916	2.3	36,105,660	4.6	93,664,818	11.9	26,113,779	3.3	44,830,758	5.8
2012	797,130,083	573,843,860	72.0	19,526,549	2.4	34,922,875	4.4	93,706,524	11.8	27,294,432	3.4	47,835,843	6.0
2013	784,529,618	577,046,558	73.6	20,504,499	2.6	34,224,798	4.4	89,634,735	11.4	26,525,914	3.4	36,593,114	4.6

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

Table 4

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

Fiscal Year	Total Revenues	Program Revenues				General Revenues					
		Charges for Services*	%	Operating and Capital Grants and Contributions		Local Sources	%	Federal and State Aid**		Interest Earnings	%
					%				%		
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
2011	789,410,323	17,267,397	2.2	155,784,667	19.7	372,481,544	47.2	243,388,637	30.8	488,078	0.1
2012	761,940,586	16,764,908	2.2	151,413,261	19.9	344,644,514	45.2	248,908,953	32.7	208,950	0.0
2013	774,969,565	15,980,680	2.1	134,612,328	17.4	369,205,462	47.6	255,033,462	32.9	137,633	0.0

* 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			
	2004	2005	2006	2007
<u>General Fund:</u>				
Reserved for:				
Encumbrances	\$ 11,330,557	\$ 10,279,890	\$ 9,707,917	\$ 15,229,736
Prepaid Items	127,352	280,593	351,056	338,420
<i>Nonspendable</i>	-	-	-	-
<i>Assigned</i>	-	-	-	-
Total Fund Balance - General Fund	<u>\$ 11,457,909</u>	<u>\$ 10,560,483</u>	<u>\$ 10,058,973</u>	<u>\$ 15,568,156</u>
<u>All Other Governmental Funds:</u>				
Reserved for:				
Encumbrances	\$ 23,288,535	\$ 14,754,992	\$ 42,519,718	\$ 25,662,390
Inventories	576,862	794,625	1,100,624	1,275,145
Prepaid Items	86,393	88,975	141,226	137,640
Unreserved, reported in:				
Designated:				
Capital Projects Fund	25,060,883	34,954,057	22,059,878	40,511,332
Special Revenue Funds	7,559,711	10,736,104	9,497,143	9,716,650
Undesignated:				
Special Revenue Funds	6,703,624	11,852,225	22,074,961	22,277,792
<i>Nonspendable:</i>				
<i>Special Revenue Funds</i>	-	-	-	-
<i>Restricted:</i>				
<i>Special Revenue Funds</i>	-	-	-	-
<i>Capital Projects Funds</i>	-	-	-	-
<i>Committed:</i>				
<i>Capital Projects Funds</i>	-	-	-	-
<i>Assigned:</i>				
<i>Special Revenue Funds</i>	-	-	-	-
<i>Unassigned:</i>				
<i>Capital Projects Funds</i>	-	-	-	-
Total Fund Balance - Other Governmental Funds	<u>\$ 63,276,008</u>	<u>\$ 73,180,978</u>	<u>\$ 97,393,550</u>	<u>\$ 99,580,949</u>

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

Table 5

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 10,062,745	\$ 15,420,804	\$ 17,799,721			
348,816	430,209	232,296			
-	-	-	\$ 600,039	\$ 357,968	\$ 511,177
-	-	-	31,918,365	11,626,203	5,651,929
<u>\$ 10,411,561</u>	<u>\$ 15,851,013</u>	<u>\$ 18,032,017</u>	<u>\$ 32,518,404</u>	<u>\$ 11,984,171</u>	<u>\$ 6,163,106</u>
\$ 64,421,034	\$ 33,532,579	\$ 64,124,641			
1,323,099	1,207,205	928,866			
137,670	92,279	50,794			
17,485,107	35,699,416	102,796			
6,915,613	8,365,033	10,570,187			
30,350,756	35,185,104	35,535,768			
-	-	-	\$ 1,014,413	\$ 1,326,178	\$ 1,284,493
-	-	-	25,649,464	22,218,911	20,777,535
-	-	-	20,622,399	5,465,425	-
-	-	-	23,487,476	9,055,815	6,839,100
-	-	-	4,549,561	4,600,173	4,837,677
-	-	-	-	-	(3,403,665)
<u>\$ 120,633,279</u>	<u>\$ 114,081,616</u>	<u>\$ 111,313,052</u>	<u>\$ 75,323,313</u>	<u>\$ 42,666,502</u>	<u>\$ 30,335,140</u>

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

	Fiscal Year			
	2004	2005	2006	2007
<u>REVENUES</u>				
From Use of Money and Property	\$ 1,132,557	\$ 2,176,173	\$ 3,971,256	\$ 5,366,067
Charges for Services	14,111,106	15,064,342	15,698,680	15,773,901
Miscellaneous	1,083,770	1,378,147	1,575,604	1,649,927
From Local Government	279,216,604	283,549,713	313,396,238	367,354,176
From Commonwealth	289,062,443	328,292,202	336,272,205	375,581,848
From Federal Government	56,163,253	58,960,827	58,433,872	61,259,911
Total Revenues	<u>\$ 640,769,733</u>	<u>\$ 689,421,404</u>	<u>\$ 729,347,855</u>	<u>\$ 826,985,830</u>
<u>EXPENDITURES</u>				
Current:				
Instruction	\$ 464,395,393	\$ 501,882,687	\$ 516,678,731	\$ 582,691,565
Admin, Attendance, & Health	18,359,783	19,004,766	19,630,600	20,558,582
Pupil Transportation	24,850,664	24,142,000	25,929,481	32,095,470
Operations and Maintenance	79,627,809	75,512,186	89,654,919	95,717,780
Cafeterias	20,891,411	21,859,248	22,790,369	24,247,958
Technology	-	-	-	-
Capital Outlay	32,773,441	38,012,973	30,952,693	63,977,893
Total Expenditures	<u>\$ 640,898,501</u>	<u>\$ 680,413,860</u>	<u>\$ 705,636,793</u>	<u>\$ 819,289,248</u>
<u>EXCESS (DEFICIENCY) OF</u>				
<u>REVENUES OVER (UNDER)</u>				
<u>EXPENDITURES</u>	<u>\$ (128,768)</u>	<u>\$ 9,007,544</u>	<u>\$ 23,711,062</u>	<u>\$ 7,696,582</u>
<u>OTHER FINANCING SOURCES</u>				
<u>(USES)</u>				
Transfers In	\$ 9,088,705	\$ 9,558,953	\$ 15,633,190	\$ 9,176,562
Transfers Out	(9,088,705)	(9,558,953)	(15,633,190)	(9,176,562)
Sale of Capital Assets	-	-	-	-
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>NET CHANGE IN</u>				
<u>FUND BALANCES</u>	<u>\$ (128,768)</u>	<u>\$ 9,007,544</u>	<u>\$ 23,711,062</u>	<u>\$ 7,696,582</u>

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

Table 6

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 5,235,264	\$ 3,146,373	\$ 1,527,514	\$ 1,045,325	\$ 901,726	\$ 898,066
15,916,990	16,192,326	15,542,788	15,173,514	14,540,665	13,760,887
1,708,877	1,544,296	6,983,533	2,080,042	2,317,353	2,150,879
383,315,703	384,210,051	361,465,466	371,517,109	343,802,519	368,549,605
377,306,856	385,248,073	330,863,697	309,842,580	315,182,365	318,519,061
61,963,470	57,244,199	86,431,913	89,256,381	84,973,890	70,800,124
<u>\$ 845,447,160</u>	<u>\$ 847,585,318</u>	<u>\$ 802,814,911</u>	<u>\$ 788,914,951</u>	<u>\$ 761,718,518</u>	<u>\$ 774,678,622</u>
\$ 583,207,135	\$ 585,463,504	\$ 552,368,410	\$ 535,455,491	\$ 548,953,371	\$ 552,817,372
20,992,318	20,264,766	18,988,180	18,279,083	19,064,917	20,158,024
34,308,536	33,354,153	31,579,245	34,411,971	29,582,245	30,850,164
107,558,378	110,441,124	91,466,557	96,905,759	93,526,365	88,576,353
25,790,724	26,084,462	25,983,743	25,899,229	26,474,564	26,139,487
-	-	30,462,146	43,577,282	45,877,615	36,174,823
57,694,334	73,089,520	52,554,190	56,384,860	57,152,553	38,405,769
<u>\$ 829,551,425</u>	<u>\$ 848,697,529</u>	<u>\$ 803,402,471</u>	<u>\$ 810,913,675</u>	<u>\$ 820,631,630</u>	<u>\$ 793,121,992</u>
<u>\$ 15,895,735</u>	<u>\$ (1,112,211)</u>	<u>\$ (587,560)</u>	<u>\$ (21,998,724)</u>	<u>\$ (58,913,112)</u>	<u>\$ (18,443,370)</u>
\$ 9,327,290	\$ 9,814,672	\$ 19,093,344	\$ 2,930,631	\$ 8,494,199	\$ 3,059,471
(9,327,290)	(9,814,672)	(19,093,344)	(2,930,631)	(2,994,199)	(3,059,471)
-	-	-	495,372	222,068	290,943
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 495,372</u>	<u>\$ 5,722,068</u>	<u>\$ 290,943</u>
<u>\$ 15,895,735</u>	<u>\$ (1,112,211)</u>	<u>\$ (587,560)</u>	<u>\$ (21,503,352)</u>	<u>\$ (53,191,044)</u>	<u>\$ (18,152,427)</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	
			%		%		%		%		%		%
2004	\$534,286,199	\$414,598,181	77.6	\$18,359,247	3.4	\$24,840,231	4.6	\$70,669,852	13.2	\$ -	0.0	\$5,818,688	1.2
2005	572,709,409	448,847,686	78.4	18,982,883	3.3	24,052,995	4.2	74,630,511	13.0	-	0.0	6,195,334	1.1
2006	598,351,856	464,982,665	77.7	19,630,600	3.3	25,887,449	4.3	81,289,805	13.6	-	0.0	6,561,337	1.1
2007	675,635,336	531,541,516	78.7	20,558,582	3.0	32,095,470	4.8	86,386,348	12.8	-	0.0	5,053,420	0.7
2008	689,747,477	531,787,235	77.1	20,992,318	3.0	34,298,966	5.0	97,470,465	14.1	-	0.0	5,198,493	0.8
2009	695,764,181	519,980,975	74.7	19,160,164	2.8	33,326,146	4.8	90,159,213	13.0	27,510,126	4.0	5,627,557	0.7
2010	662,431,419	496,533,051	75.0	18,988,180	2.9	31,579,245	4.8	83,235,799	12.6	24,198,885	3.7	7,896,259	1.0
2011	663,255,264	483,132,547	72.8	18,279,083	2.8	33,859,385	5.1	86,228,344	13.0	38,825,274	5.9	2,930,631	0.4
2012	656,882,672	477,573,144	72.7	19,064,917	2.9	29,578,124	4.5	88,326,990	13.4	39,345,298	6.0	2,994,199	0.5
2013	675,262,669	506,336,353	75.0	20,158,024	3.0	30,850,164	4.6	85,225,055	12.6	29,633,602	4.4	3,059,471	0.4

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

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

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

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

Fiscal Year	Total Revenues	City of Virginia Beach		Commonwealth of Virginia		State Sales Tax		Federal Government		Other Revenues*	
			%		%		%		%		%
2004	\$532,112,767	\$245,573,190	46.2	\$210,218,748	39.5	\$55,338,502	10.4	\$17,740,491	3.3	\$3,241,836	0.6
2005	578,358,164	253,873,724	43.9	239,229,348	41.4	64,861,559	11.2	16,459,127	2.8	3,934,406	0.7
2006	605,676,840	270,711,665	44.7	244,499,748	40.4	70,134,239	11.6	16,003,175	2.6	4,328,013	0.7
2007	677,521,883	305,018,668	45.0	277,484,029	41.0	72,151,255	10.6	18,272,087	2.7	4,595,844	0.7
2008	684,201,855	306,954,787	44.9	279,852,150	40.9	72,904,963	10.7	19,870,660	2.9	4,619,295	0.6
2009	701,884,797	321,862,271	45.9	292,200,624	41.6	69,168,038	9.9	14,100,023	2.0	4,553,841	0.6
2010	671,428,700	318,692,326	47.5	250,368,861	37.3	66,688,947	9.9	32,229,078	4.8	3,449,488	0.5
2011	657,614,497	328,999,336	50.0	231,079,376	35.1	70,058,126	10.7	23,150,301	3.5	4,327,358	0.7
2012*	636,348,439	307,940,295	48.4	233,276,203	36.7	72,266,667	11.4	13,155,684	2.1	9,709,590	1.4
2013	669,441,604	337,975,782	50.5	238,513,521	35.6	68,889,270	10.3	20,486,105	3.1	3,576,926	0.5

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

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

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

Other Financial Data			
Fiscal Year	June 30 Reversion to City	June 30 Fund Balance	Debt Service
2004	\$13,205,888	\$11,457,909	\$ -
2005	10,440,838	10,560,483	-
2006	5,392,061	10,058,973	-
2007	15,749,630	15,568,156	-
2008	35,268,898	10,411,561	-
2009	14,868,382	15,851,013	-
2010	17,691,437	18,032,017	-
2011	9,654,107	32,518,404	-
2012	15,954,726	11,984,171	44,337,710
2013	18,831,522	6,163,106	44,747,986

Note: The above Other Financial Data presents the amount of cash that was necessary to revert to the City to yield a fund balance equal to the outstanding encumbrances and prepaid items at June 30 of each fiscal year, except after Fiscal Year 2010 it includes the fund balances of the School Athletics and School Instructional Technology Funds, as required by GASB #54 for reporting purposes. Beginning in FY 2012, Debt Service Payments (funded by the City) are presented.

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

Fiscal Year	Local Revenues		State Revenues		State Sales Tax Revenues	
	Per Pupil	Per Pupil State Average	Per Pupil	Per Pupil State Average	Per Pupil	Per Pupil State Average
2004	\$3,573	\$4,408	\$2,909	\$2,793	\$734	\$734
2005	3,641	4,539	3,333	3,154	874	853
2006	3,919	4,890	3,446	3,250	960	925
2007	4,561	5,145	4,071	3,770	1,012	955
2008	4,848	5,508	4,049	3,851	1,031	962
2009	4,790	5,505	4,459	4,175	993	907
2010	4,891	5,423	3,700	3,509	959	890
2011	5,166	5,371	3,469	3,375	1,009	928
2012	5,172	5,549	3,489	3,420	1,035	935
2013	-	-	-	-	-	-

- 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.

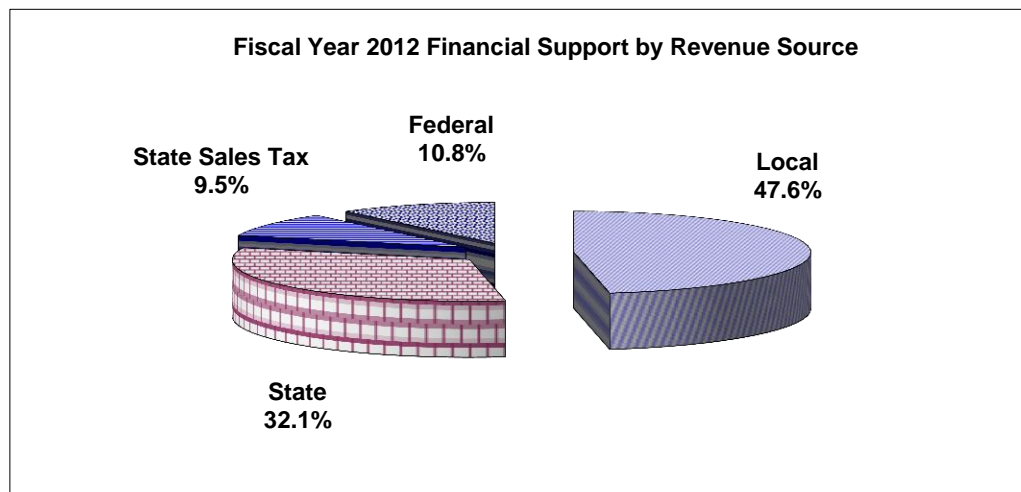
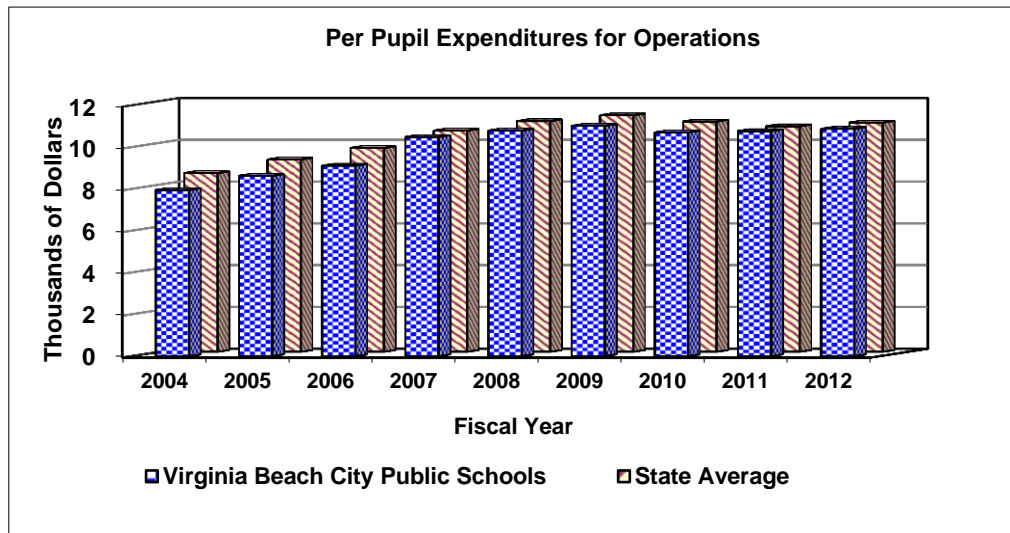
The State amount includes all the monies sent to the LEA by the DOE minus an amount sent by the DOE for the running of the Hospital, Clinics, and Detention Home project and an amount sent by the DOE for vocational equipment. The State Sales Tax is the 1 cent tax on goods and services allocated to a particular 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	
2004	\$735	\$617	\$7,951	\$8,552	75,355
2005	785	656	8,633	9,202	74,230
2006	788	690	9,113	9,755	73,075
2007	845	714	10,489	10,584	71,270
2008	868	716	10,796	11,037	70,690
2009	778	729	11,020	11,316	69,654
2010	1,156	1,198	10,706	11,020	69,549
2011	1,128	1,119	10,772	10,793	69,458
2012	1,180	1,065	10,876	10,969	69,856
2013	-	-	-	-	-

- 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

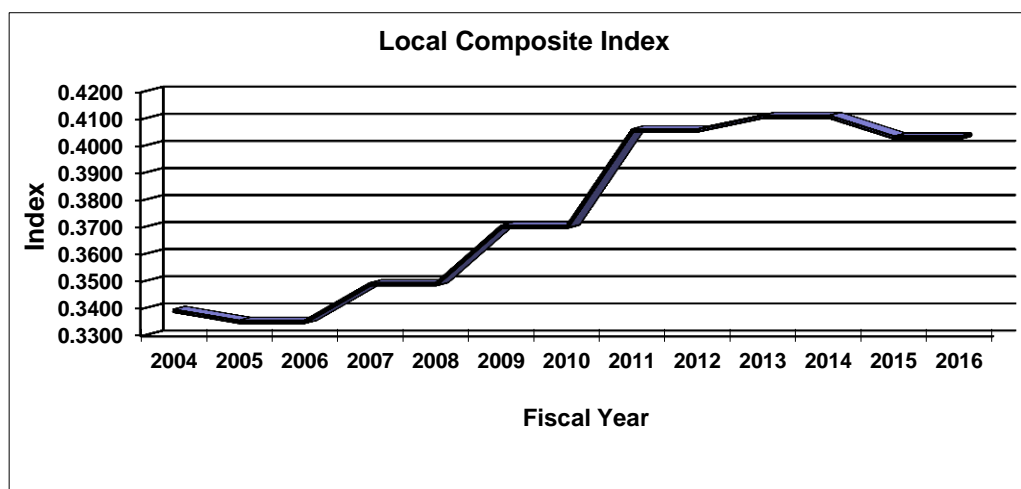
Fiscal Year	Indicators of Ability Base Year	Local Composite Index	Local Share of SOQ Factor
2004	1999	.3394	.4500
2005	2001	.3353	.4500
2006	2001	.3353	.4500
2007	2003	.3492	.4500
2008	2003	.3492	.4500
2009	2005	.3704	.4500
2010	2005	.3704	.4500
2011	2007	.4060	.4500
2012	2007	.4060	.4500
2013	2009	.4110	.4500
2014	2009	.4110	.4500
2015	2011	.4033	.4500
2016	2011	.4033	.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



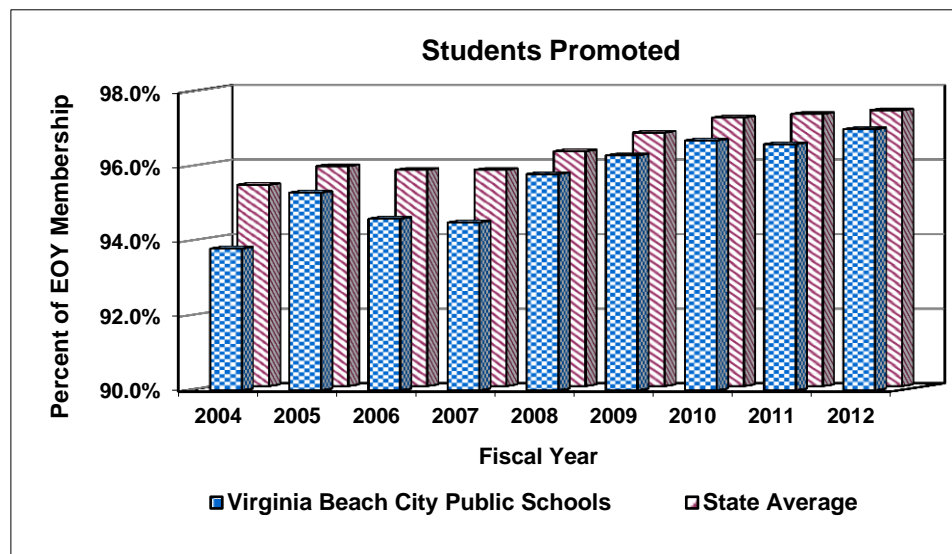
SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
STUDENTS PROMOTED
Last Ten Fiscal Years

Fiscal Year	End-of-Year Membership	Number Promoted	Percent Promoted	Percent Promoted State Average
2004	74,321	69,746	93.8%	95.4%
2005	73,072	69,605	95.3	95.9
2006	71,768	67,901	94.6	95.8
2007	70,920	67,042	94.5	95.8
2008	69,858	66,906	95.8	96.3
2009	69,015	66,438	96.3	96.8
2010	68,988	66,718	96.7	97.2
2011	68,935	66,624	96.6	97.3
2012	68,585	66,558	97.0	97.4
2013	-	-	-	-

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

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

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



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

Fiscal Year	Number of Days Taught	Average Daily Membership			Average Daily Attendance		
		Elementary	Secondary	Total	Elementary	Secondary	Total
2004	177	45,876	29,053	74,929	43,978	27,332	71,310
2005	183	45,111	29,116	74,227	43,263	27,517	70,780
2006	183	43,928	29,140	73,068	42,175	27,561	69,736
2007	183	42,946	28,760	71,706	41,188	27,226	68,414
2008	183	42,253	28,430	70,683	40,642	26,988	67,630
2009	183	41,840	27,805	69,645	40,235	26,476	66,711
2010	183	41,984	27,602	69,586	40,266	26,211	66,477
2011	183	42,184	27,337	69,521	40,433	26,011	66,444
2012	183	42,519	26,796	69,315	40,984	25,544	66,528
2013	183	42,481	26,509	68,990	40,767	25,164	65,931

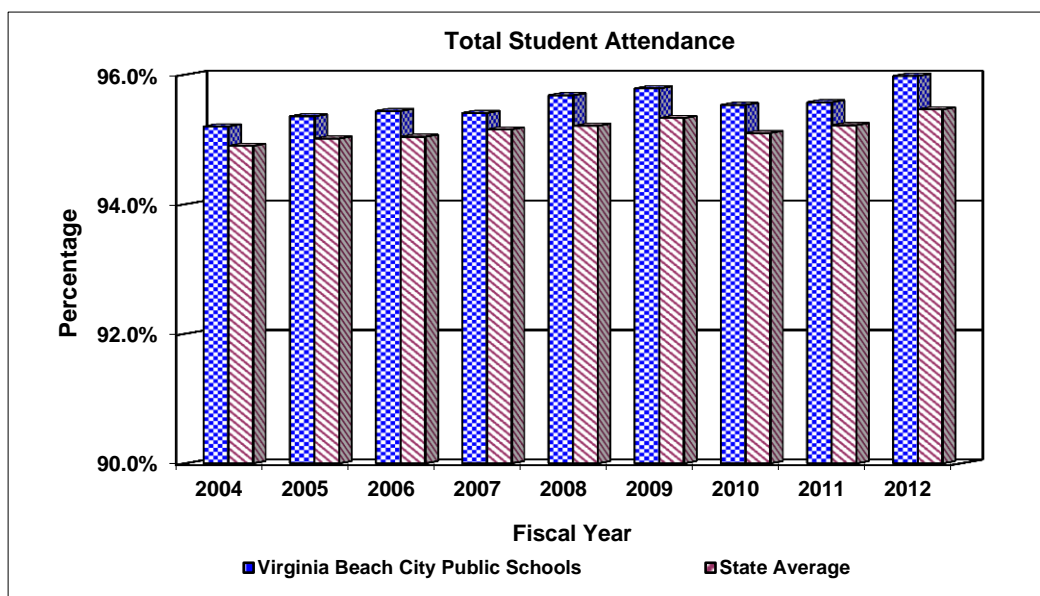
Note: This table represents the average daily membership and the average daily attendance along with the percentage of attendance to membership. Average Daily Membership (ADM) is the average number of students belonging each day in a school system for the period of report. ADM is determined by dividing 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 2013 - school division submission by the Department of Technology)

Table 12

Fiscal Year	Student Attendance Percent			Student Attendance Percent State Average		
	Elementary	Secondary	Local Average	Elementary	Secondary	State Average
2004	95.9%	94.1%	95.2%	95.6%	93.8%	94.9%
2005	95.9	94.5	95.4	95.7	94.0	95.0
2006	96.0	94.6	95.4	95.7	94.0	95.0
2007	95.9	94.7	95.4	95.8	94.1	95.2
2008	96.2	94.9	95.7	95.9	94.1	95.2
2009	96.2	95.2	95.8	96.0	94.3	95.3
2010	95.9	95.0	95.5	95.7	94.2	95.1
2011	95.8	95.1	95.6	95.8	94.3	95.2
2012	96.4	95.3	96.0	96.1	94.4	95.5
2013	96.0	94.9	95.6	-	-	-

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



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

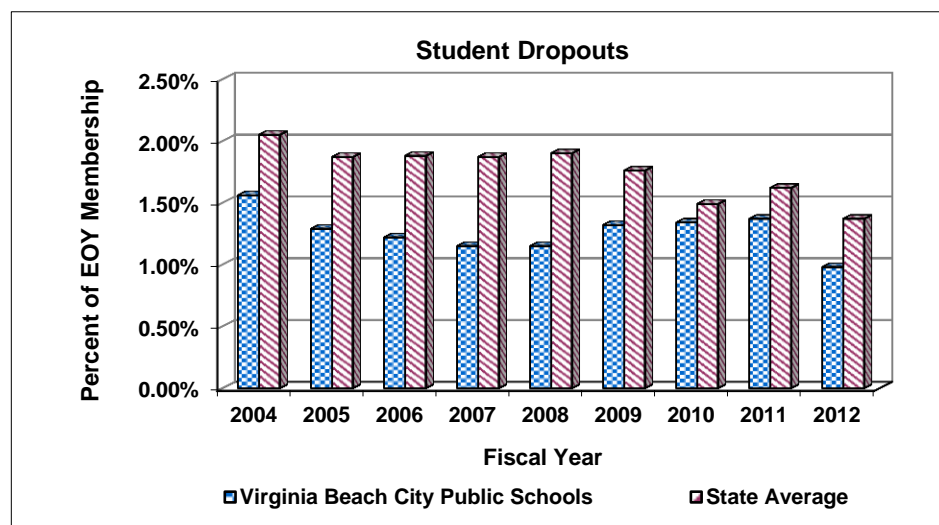
Fiscal Year	September 30 Membership (Grades 7-12)	Number of Dropouts	Percent	Percent State Average
2004	36,038	563	1.56%	2.05%
2005	36,138	465	1.29	1.87
2006	35,711	435	1.22	1.88
2007	35,165	406	1.15	1.87
2008	34,471	397	1.15	1.90
2009	33,706	446	1.32	1.76
2010	33,364	447	1.34	1.49
2011	33,036	451	1.37	1.62
2012	32,524	319	0.98	1.37
2013	-	-	-	-

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

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

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

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



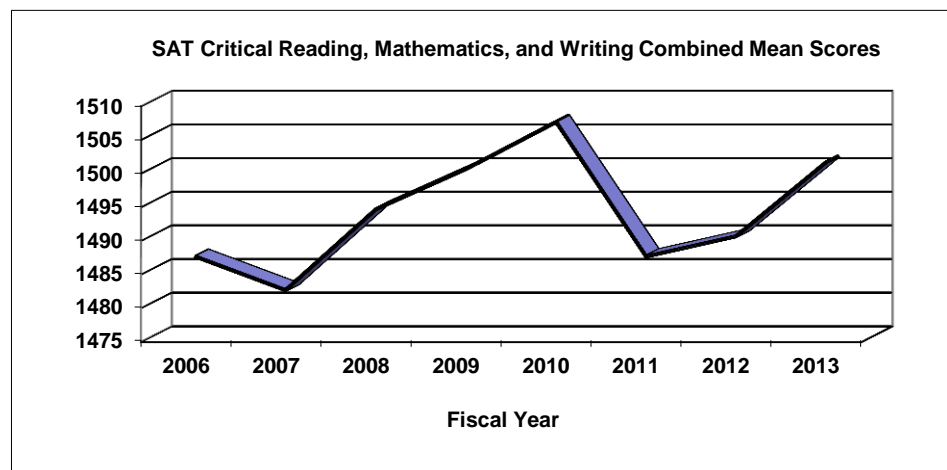
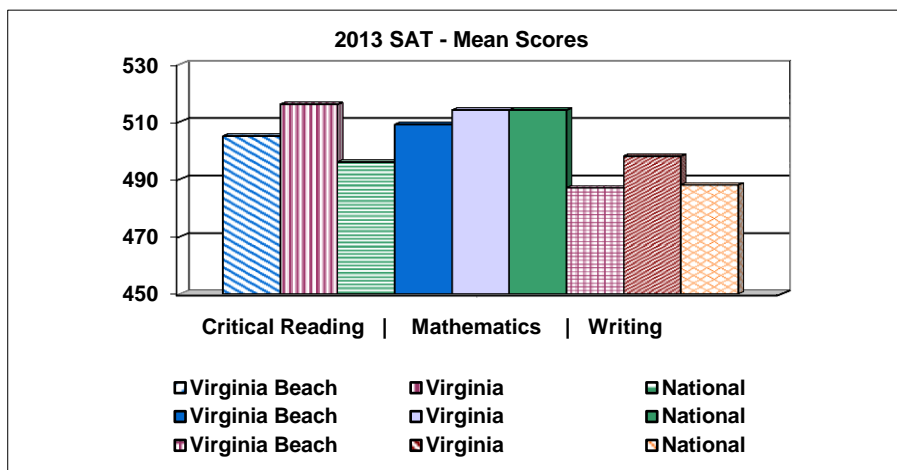
SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
SCHOLASTIC APTITUDE TEST (SAT) - MEAN SCORES
Last Ten Fiscal Years

	Critical Reading* - Mean Scores			Mathematics - Mean Scores			Writing - Mean Scores		
Fiscal Year	Virginia Beach	Virginia	National	Virginia Beach	Virginia	National	Virginia Beach	Virginia	National
2004	508	515	508	502	509	518	-	-	-
2005	506	516	508	504	514	520	-	-	-
2006	497	512	503	505	513	518	485	500	497
2007	496	511	502	504	511	515	482	498	494
2008	500	511	502	510	512	515	484	499	494
2009	503	511	501	511	512	515	486	498	493
2010	503	512	501	516	512	516	488	497	492
2011	501	512	497	504	509	514	482	495	489
2012	499	510	496	509	512	514	482	495	488
2013	505	516	496	509	514	514	487	498	488

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

-Beginning in 2006, the Writing section was implemented

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



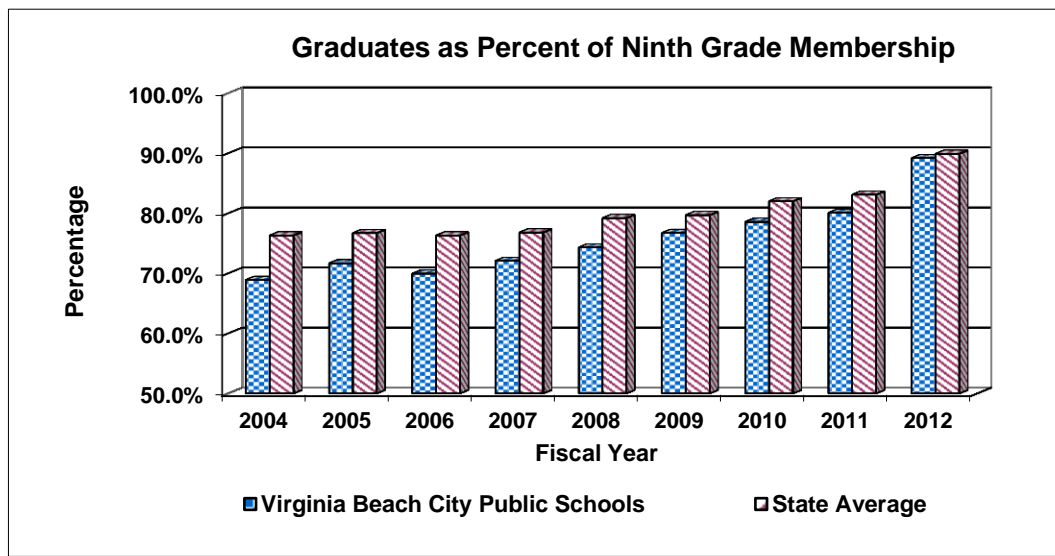
SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
GRADUATES AS PERCENT OF NINTH GRADE MEMBERSHIP FOUR YEARS EARLIER
Last Ten Fiscal Years

Fiscal Year	Membership Ninth Grade Four Years Earlier	Standard Diploma	Advanced Studies Diploma	Modified Standard Diploma	Special Diploma	Certificate of Program Completion/ GAD/GED/ ISAEP	Total Completers	Percentage	Percentage State Average
2004	6,840	2,134	2,246	30	189	117	4,716	68.9%	76.3%
2005	6,667	2,005	2,375	36	224	138	4,778	71.7	76.7
2006	7,006	2,024	2,467	24	218	168	4,901	70.0	76.3
2007	7,141	2,043	2,617	41	201	245	5,147	72.1	76.8
2008	7,187	2,041	2,746	39	203	312	5,341	74.3	79.2
2009	6,824	2,151	2,638	51	177	219	5,236	76.7	79.7
2010	6,763	1,965	2,887	25	211	226	5,314	78.6	82.0
2011	6,589	1,891	2,939	42	181	223	5,276	80.1	83.1
2012	5,939	1,878	2,949	39	152	279	5,297	89.2	89.9
2013	-	-	-	-	-	-	-	-	-

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

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

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



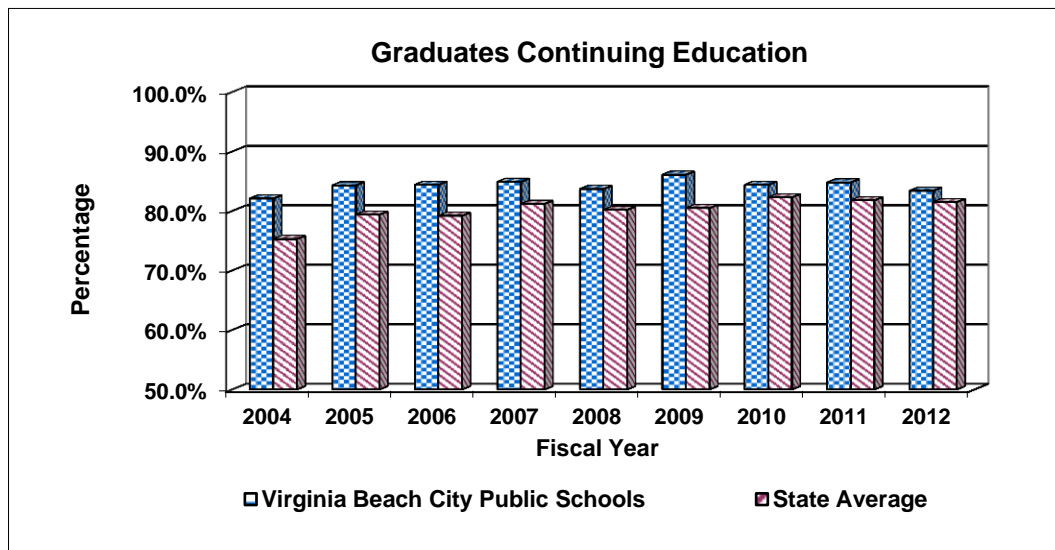
SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
GRADUATES CONTINUING EDUCATION
 Last Ten Fiscal Years

Fiscal Year	Attending Two-year Colleges Percent	Attending Two-year Colleges Percent State Average	Attending Four-year Colleges Percent	Attending Four-year Colleges Percent State Average	Other Continuing Education Percent	Other Continuing Education Percent State Average	Total Continuing Education Percent	Total Continuing Education Percent State Average
2004	28.0%	23.4%	46.3%	45.1%	7.8%	6.8%	82.1%	75.3%
2005	28.0	24.3	47.1	49.3	9.2	5.8	84.3	79.4
2006	26.7	25.4	49.9	48.7	7.8	5.1	84.4	79.2
2007	29.1	27.5	49.4	49.3	6.4	4.4	84.9	81.2
2008	27.8	28.7	47.6	46.9	8.3	4.6	83.7	80.2
2009	31.6	30.3	46.0	45.7	8.5	4.5	86.1	80.5
2010	28.1	31.2	48.7	46.3	7.6	4.8	84.4	82.3
2011	26.8	30.6	53.7	47.2	4.3	4.0	84.8	81.8
2012	29.2	30.9	50.5	46.7	3.7	3.9	83.4	81.5
2013	-	-	-	-	-	-	-	-

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

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

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



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

Fiscal Year	Elementary			Elementary Student/Teacher Ratio State Average	Secondary		
	Teaching Positions	End-of-Year Membership K-7	Student/Teacher Ratio		Secondary Teaching Positions	End-of-Year Membership 8-12	Secondary Student/Teacher Ratio
2004	3,074	45,859	14.9	13.1	2,395	28,460	11.9
2005	3,193	44,681	14.0	12.7	2,507	28,391	11.3
2006	3,188	43,365	13.6	12.6	2,486	28,396	11.4
2007	3,177	42,755	13.5	12.5	2,475	28,160	11.4
2008	3,107	42,008	13.5	12.5	2,443	27,844	11.4
2009	3,119	41,675	13.4	12.4	2,437	27,329	11.2
2010	3,138	42,008	13.4	12.2	2,388	27,844	11.7
2011	2,986	41,937	14.0	13.2	2,184	27,091	12.4
2012	2,923	42,251	14.5	13.2	2,069	26,357	12.7
2013	-	-	-	-	-	-	-

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

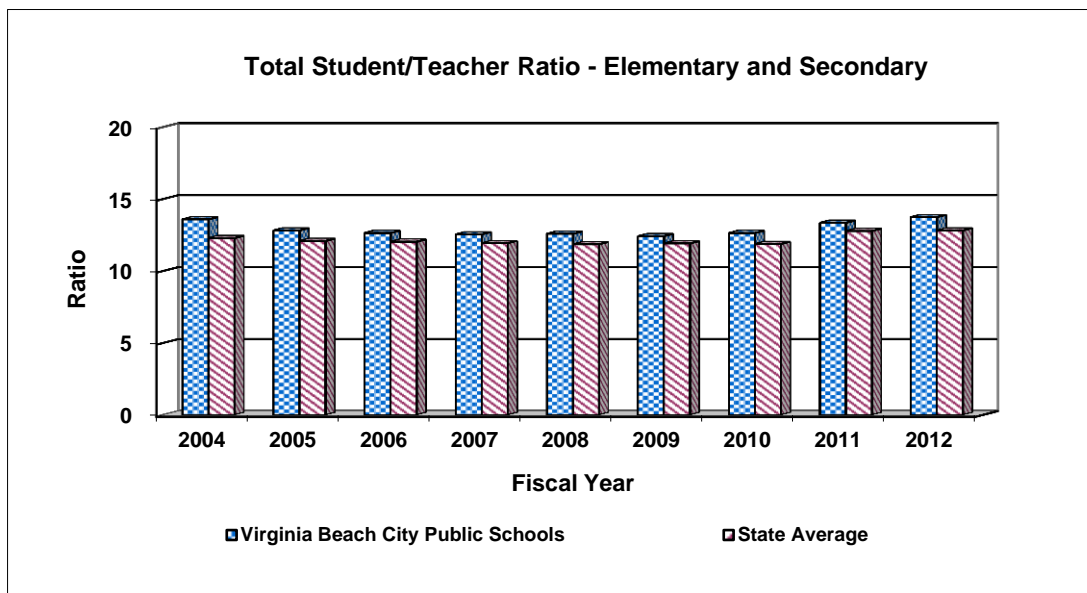
Note: This table represents student teacher ratios based on End-of-Year Membership to full-time equivalent teaching positions, excluding special education teachers, principals, assistant principals, guidance counselors, and librarians.

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
2004	11.2	13.59	12.29
2005	11.2	12.82	12.09
2006	11.2	12.65	12.04
2007	11.1	12.55	11.94
2008	11.0	12.59	11.86
2009	11.2	12.42	11.92
2010	11.3	12.64	11.88
2011	12.1	13.35	12.78
2012	12.2	13.74	12.82
2013	-	-	-

- 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			
	2004	2005	2006	2007
<u>Full-Time Staff</u>				
Office/Admin/Managers	37	38	37	40
Principals	83	84	84	85
Assistant Principals	156	159	156	151
Elementary Classroom Teachers	2,083	2,094	2,104	2,114
Secondary Classroom Teachers	2,740	2,775	2,760	2,702
Other Classroom Teachers	274	289	279	273
Guidance	194	193	190	187
Psychological	68	65	65	68
Librarians/AV	107	106	108	106
Supervisory	121	130	133	134
Other Professionals	316	321	330	337
Teacher Aides	1,010	1,052	1,054	1,093
Technicians	105	105	107	107
Clerical/Secretarial	542	591	601	606
Service Workers	1,074	1,105	1,107	1,116
Skilled Crafts	225	233	230	236
Total Full-Time Staff	<u>9,135</u>	<u>9,340</u>	<u>9,345</u>	<u>9,355</u>
<u>Part-Time Staff</u>				
Professional/Instructional	210	244	236	255
Other	1,103	1,096	1,087	1,155
Total Part-Time Staff	<u>1,313</u>	<u>1,340</u>	<u>1,323</u>	<u>1,410</u>

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

Table 18

Fiscal Year					
2008	2009	2010	2011	2012	2013
39	40	38	40	40	43
89	90	86	86	86	87
160	161	155	151	150	147
2,106	2,110	2,117	2,087	2,101	2,068
2,643	2,614	2,513	2,466	2,395	2,353
290	291	326	339	334	316
182	182	175	179	174	175
68	66	70	79	83	75
111	108	104	105	105	106
69	66	68	77	82	83
363	383	378	377	375	371
1,117	1,130	1,138	1,154	1,126	1,121
106	107	110	112	108	111
600	599	579	586	584	578
1,109	1,137	1,099	1,100	1,092	1,072
234	230	236	231	238	234
<u>9,286</u>	<u>9,314</u>	<u>9,192</u>	<u>9,169</u>	<u>9,073</u>	<u>8,940</u>
264	277	239	201	193	170
<u>1,178</u>	<u>1,179</u>	<u>1,143</u>	<u>1,103</u>	<u>1,082</u>	<u>1,073</u>
<u>1,442</u>	<u>1,456</u>	<u>1,382</u>	<u>1,304</u>	<u>1,275</u>	<u>1,243</u>

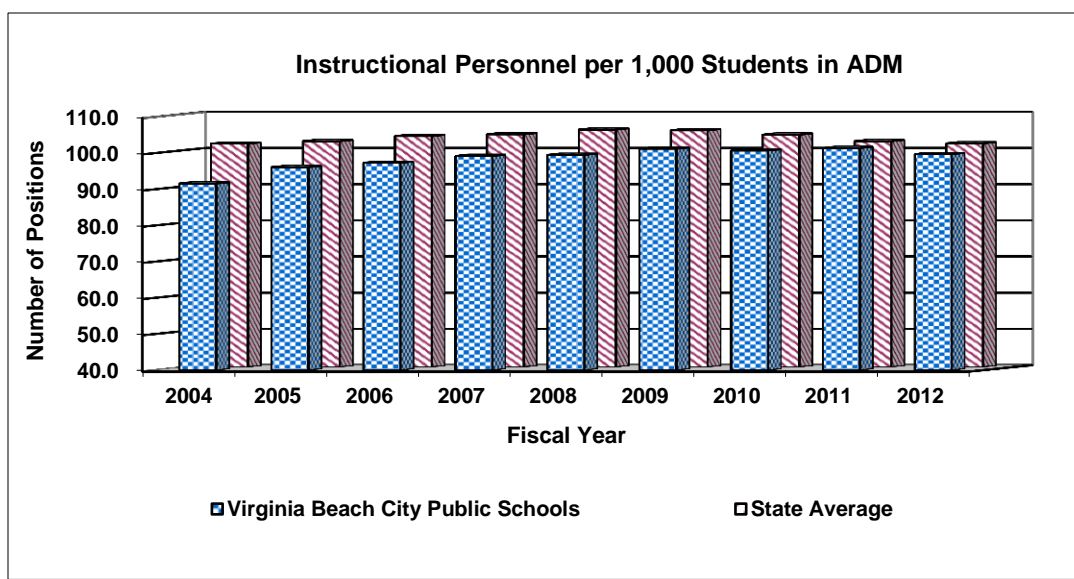
SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
INSTRUCTIONAL PERSONNEL POSITIONS PER 1,000 STUDENTS IN ADM
Last Ten Fiscal Years

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
2004	6,869	74,880	91.7	101.8
2005	7,136	74,161	96.2	102.5
2006	7,104	72,948	97.4	103.9
2007	7,145	71,934	99.3	104.4
2008	7,082	70,930	99.6	105.7
2009	7,082	69,886	101.3	105.5
2010	7,034	69,763	100.8	104.3
2011	7,078	69,727	101.5	102.5
2012	6,909	69,203	99.8	101.9
2013	-	-	-	-

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

Note: The number of Instructional Personnel includes all teachers, teacher assistants, guidance counselors, librarians, principals, assistant principals, and divisionwide instructors based on positions reported by the school division. Divisionwide positions include Summer School, Adult Education, Pre-Kindergarten, and other non-regular day and non-LEA instructional positions. The Student Average Daily Membership is the end-of-year unadjusted average daily membership as reported to the Commonwealth of Virginia Department of Education by the school divisions (includes Pre-K through Post-graduate).

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



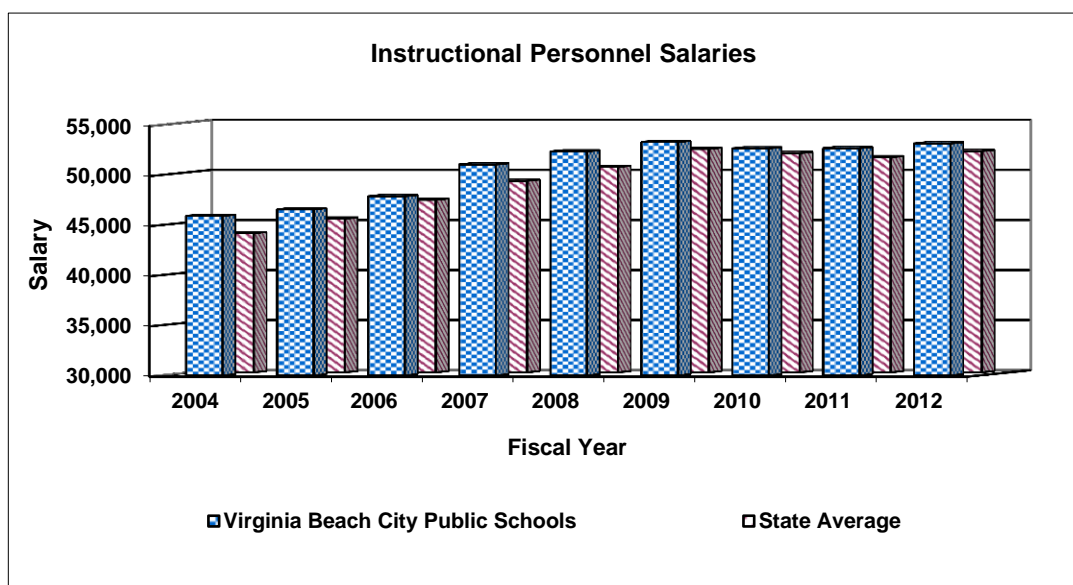
SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
INSTRUCTIONAL PERSONNEL SALARIES
Last Ten Fiscal Years

Fiscal Year	Minimum Salary	Maximum Salary	Average Salary	State Average
2004	\$33,069	\$58,232	\$45,937	\$43,892
2005	34,227	60,271	46,591	45,346
2006	35,767	62,982	47,900	47,226
2007	37,280	62,982	51,075	49,128
2008	38,026	64,242	52,377	50,511
2009	38,596	65,585	53,315	52,307
2010	38,596	65,585	52,680	51,887
2011	38,596	65,585	52,701	51,478
2012	38,597	65,914	53,172	52,093
2013	39,369	66,904	54,839	-

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

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

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



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

Fiscal Year	Number of Teachers				Average Teacher Age				Bachelors			
	Elem	Middle	High	Other	Elem	Middle	High	Other	Elem	Middle	High	Other
2004	2,517	1,394	1,668	129	43.6	43.6	43.9	46.3	1,346	715	878	66
2005	2,543	1,403	1,713	134	43.5	43.7	43.9	46.8	1,364	734	914	67
2006	2,537	1,372	1,718	133	43.6	44.1	44.1	48.3	1,353	705	911	72
2007	2,534	1,327	1,711	139	43.9	44.7	44.2	48.2	1,334	654	899	74
2008	2,533	1,299	1,671	146	44.0	44.9	44.6	48.7	1,312	644	867	71
2009	2,545	1,277	1,667	151	44.1	45.4	44.9	49.2	1,303	626	869	71
2010	2,539	1,217	1,560	240	44.4	46.0	46.0	47.5	1,242	578	786	114
2011	2,509	1,200	1,566	249	44.5	45.6	45.5	46.7	1,189	563	774	117
2012	2,470	1,175	1,522	267	44.4	45.6	45.5	46.8	1,152	540	746	123
2013	2,448	1,171	1,450	278	44.2	45.3	45.7	46.5	1,114	534	705	127

Source: Department of Human Resources

Table 21

Fiscal Year	Masters				Certificate Advance Studies				Doctorate			
	Elem	Middle	High	Other	Elem	Middle	High	Other	Elem	Middle	High	Other
2004	1,068	603	707	55	99	68	69	7	4	8	14	1
2005	1,074	593	707	56	100	68	74	10	5	8	18	1
2006	1,079	592	704	52	100	64	85	8	5	11	18	1
2007	1,095	598	715	55	101	64	77	8	4	11	20	2
2008	1,122	578	699	65	95	68	83	9	4	9	22	1
2009	1,131	579	697	69	106	65	81	10	5	7	20	1
2010	1,181	565	670	102	109	68	82	23	7	6	22	1
2011	1,206	567	693	111	108	64	76	20	6	6	23	1
2012	1,201	570	686	124	109	60	65	17	8	5	25	3
2013	1,211	568	660	135	112	64	62	15	11	5	23	1

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

	Fiscal Year			
	2004	2005	2006	2007
Student Enrollment (October)				
in Meal Programs:				
Reduced	8,734	7,121	6,185	7,473
Free	15,250	14,844	13,596	15,087
Lunch Meals:				
Full	3,683,643	3,896,141	4,264,832	4,287,661
Reduced	882,920	847,029	772,341	791,084
Free	1,824,700	1,952,837	1,807,692	1,833,033
Breakfast Meals:				
Full	346,221	411,658	484,429	547,189
Reduced	197,080	204,590	208,668	243,182
Free	867,209	900,772	855,595	872,513
Lunch Price:				
Full:				
Elementary	\$1.40	\$1.60	\$1.60	\$1.75
Middle	\$1.50	\$1.70	\$1.70	\$1.80
High	\$1.50	\$1.70	\$1.70	\$1.80
Adult	\$2.50	\$2.50	\$2.75	\$2.75
Reduced	\$0.40	\$0.40	\$0.40	\$0.40

Source: The Department of Administrative Support Services/Food Services

Table 22

Fiscal Year					
2008	2009	2010	2011	2012	2013
5,960	6,380	6,067	4,793	5,526	5,269
13,909	14,276	16,067	16,185	17,918	17,531
3,808,695	3,462,417	3,272,401	3,114,574	2,964,309	2,570,509
743,790	792,105	754,574	664,741	727,425	655,024
1,878,081	1,960,458	2,180,856	2,407,642	2,492,788	2,516,178
644,638	680,158	670,224	603,169	585,022	505,281
260,166	303,012	283,304	257,782	274,128	251,116
981,774	1,070,866	1,200,453	1,326,183	1,418,257	1,397,768
\$1.75	\$2.00	\$2.00	\$2.15	\$2.20	\$2.30
\$1.80	\$2.00	\$2.00	\$2.15	\$2.20	\$2.30
\$1.80	\$2.00	\$2.00	\$2.15	\$2.20	\$2.30
\$2.75	\$3.00	\$3.00	\$3.00	\$3.75	\$3.75
\$0.40	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40

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

	Fiscal Year			
	2004	2005	2006	2007
<u>Instruction:</u>				
Elementary Schools	54	54	55	55
Middle Schools	13	13	13	13
High Schools	11	11	11	11
Auxiliary Schools/Centers	10	11	11	11
Portables	364	363	361	357
<u>Operations and Maintenance:</u>				
Vehicles	276	278	279	276
<u>Pupil Transportation:</u>				
Buses	694	760	758	754
Other Vehicles	42	45	47	44

Source: School Board Capital Assets Inventory Records

Table 23

Fiscal Year					
2008	2009	2010	2011	2012	2013
56	56	55	55	55	55
13	13	13	13	13	13
11	11	11	11	11	11
11	11	7	7	7	8
343	324	266	255	239	239
294	282	282	285	279	274
791	789	766	785	767	761
44	45	44	39	43	42

Table 24

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Elementary Schools										
Alanton Elementary (Opened Sept 1966; Addition Sept 1995; Sept 2006)										
Square Feet	73,761	73,761	73,761	74,049	74,049	74,049	74,049	74,049	74,049	74,049
Program Capacity	693	680	668	680	629	613	602	650	662	699
Enrollment	634	649	644	574	584	562	606	629	592	599
Arrowhead Elementary (Opened Sept 1964; Replaced Sept 2003)										
Square Feet	79,480	79,480	79,480	79,480	79,480	79,480	79,480	79,480	79,480	79,480
Program Capacity	559	571	594	646	591	584	537	540	524	525
Enrollment	467	600	572	553	549	576	439	454	466	473
Bayside Elementary (Opened Sept 1941; Replaced Dec 2000)										
Square Feet	77,428	77,428	77,428	77,428	77,428	77,428	77,428	77,428	77,428	77,428
Program Capacity	550	540	551	566	490	521	526	527	536	587
Enrollment	545	530	490	456	437	414	451	453	488	468
Birdneck Elementary (Opened Sept 1986)										
Square Feet	137,250	137,250	137,250	137,250	137,250	137,250	137,250	137,250	137,250	137,250
Program Capacity	1,022	1,037	1,057	1,100	1,075	902	962	753	815	757
Enrollment	926	938	920	1,041	991	980	784	722	631	668
Brookwood Elementary (Opened Sept 1967; Replaced Sept 2007)										
Square Feet	51,875	51,875	51,875	51,875	80,065	80,065	80,065	80,065	80,065	80,065
Program Capacity	517	503	542	554	600	607	638	689	647	661
Enrollment	535	529	499	452	522	538	692	710	784	715
Centerville Elementary (Opened Sept 1984)										
Square Feet	67,082	67,082	67,082	67,082	67,082	67,082	67,082	67,082	67,082	67,082
Program Capacity	638	641	611	695	693	641	731	695	687	660
Enrollment	597	608	614	644	659	672	668	668	650	714
Christopher Farms Elementary (Opened Sept 1997)										
Square Feet	78,740	78,740	78,740	78,740	78,740	78,740	78,740	78,740	78,740	78,740
Program Capacity	777	780	778	781	760	693	738	752	716	737
Enrollment	775	748	758	732	754	732	737	714	706	663
College Park Elementary (Opened Sept 1973; Gym Added Sept 1982; Replaced Sept 2011)										
Square Feet	58,743	58,743	58,743	58,743	58,743	58,743	58,743	58,743	94,861	94,861
Program Capacity	520	542	542	542	485	420	468	450	476	431
Enrollment	525	503	464	447	422	407	407	402	388	392
W. T. Cooke Elementary (Opened Sept 1913; Replaced Sept 1962; Gym Added Sept 1991; Replaced Sept 1999)										
Square Feet	92,256	92,256	92,256	92,256	92,256	92,256	92,256	92,256	92,256	92,256
Program Capacity	551	527	505	561	545	555	574	587	575	581
Enrollment	554	517	536	505	490	502	601	660	687	545
Corporate Landing Elementary (Opened Sept 1993)										
Square Feet	96,620	96,620	96,620	96,620	96,620	96,620	96,620	96,620	96,620	96,620
Program Capacity	728	698	655	631	606	610	624	642	698	655
Enrollment	657	582	557	545	510	495	541	543	570	545
Creeds Elementary (Opened Sept 1939; Gym Added Sept 1949; Modernized Sept 1969; Modernized Sept 2001)										
Square Feet	69,285	69,285	69,285	69,285	69,285	69,285	69,285	69,285	69,285	69,285
Program Capacity	425	419	421	425	426	426	448	425	373	360
Enrollment	295	295	307	285	298	292	312	297	320	296

(continued)

Table 24

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
John B. Dey Elementary (Opened Sept 1956; Addition Sept 1959; Gym Added Sept 1978; Addition Sept 1995)										
Square Feet	76,641	76,641	76,641	76,641	76,641	76,641	76,641	76,641	76,641	76,641
Program Capacity	786	796	793	778	735	756	799	821	838	860
Enrollment	738	784	759	742	728	781	769	817	849	842
Diamond Springs Elementary (Opened Sept 2007)										
Square Feet	-	-	-	-	97,000	97,000	97,000	97,000	97,000	97,000
Program Capacity	-	-	-	-	535	504	489	482	512	550
Enrollment	-	-	-	-	509	504	516	475	559	562
Fairfield Elementary (Opened Sept 1976)										
Square Feet	58,280	58,280	58,280	58,280	58,280	58,280	58,280	58,280	58,280	58,280
Program Capacity	489	491	540	555	526	504	482	526	547	503
Enrollment	519	522	498	511	499	479	479	499	491	474
Glenwood Elementary (Opened Sept 1990)										
Square Feet	139,600	139,600	139,600	139,600	139,600	139,600	139,600	139,600	139,600	139,600
Program Capacity	1,201	1,120	1,101	1,057	972	1,002	995	1,024	1,036	993
Enrollment	1,042	923	1,003	955	914	894	916	900	867	880
Green Run Elementary (Opened Sept 1976; Addition Sept 2005)										
Square Feet	58,040	58,040	58,275	58,275	58,275	58,275	58,275	58,275	58,275	58,275
Program Capacity	547	520	511	494	479	424	513	451	459	412
Enrollment	537	484	463	458	473	487	478	494	508	448
Hermitage Elementary (Opened Nov 1964; Addition Sept 1974; Gym Added Sept 1995; Replaced Mar 2005)										
Square Feet	63,243	94,018	94,018	94,018	94,018	94,018	94,018	94,018	94,018	94,018
Program Capacity	567	630	672	575	565	583	637	637	663	633
Enrollment	405	475	552	537	507	559	582	622	620	641
Holland Elementary (Opened Sept 1967; Addition Sept 1995)										
Square Feet	73,956	73,956	73,956	73,956	73,956	73,956	73,956	73,956	73,956	73,956
Program Capacity	669	665	688	687	564	510	605	480	503	526
Enrollment	669	658	583	561	558	553	516	527	537	536
Indian Lakes Elementary (Opened Sept 1979)										
Square Feet	66,816	66,816	66,816	66,816	66,816	66,816	66,816	66,816	66,816	66,816
Program Capacity	659	545	617	556	574	552	569	529	598	569
Enrollment	618	590	573	550	520	523	489	528	567	537
Kempsville Elementary (Opened Sept 1961; Addition Sept 1963; Gym Added Sept 1990; Modernized Sept 2003)										
Square Feet	78,146	78,146	78,146	78,146	78,146	78,146	78,146	78,146	78,146	78,146
Program Capacity	539	520	519	521	521	502	520	542	558	563
Enrollment	462	447	469	467	478	445	463	457	475	490
Kempsville Meadows Elementary (Opened Sept 1959; Gym Added Sept 1990; Replaced Sept 2002)										
Square Feet	77,239	77,239	77,239	77,239	77,239	77,239	77,239	77,239	77,239	77,239
Program Capacity	509	519	518	540	540	540	514	514	585	518
Enrollment	556	521	533	527	530	532	468	502	515	504
Kings Grant Elementary (Opened Sept 1960; Replaced Sept 1969; Addition Sept 1995)										
Square Feet	71,808	71,808	72,043	72,043	72,043	72,043	72,043	72,043	72,043	72,043
Program Capacity	711	683	648	688	648	653	648	616	679	666
Enrollment	672	687	669	624	632	606	611	609	638	596

(continued)

Table 24

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Kingston Elementary (Opened Sept 1965; Gym Added Sept 1989; Addition Sept 1997)										
Square Feet	65,223	65,223	65,223	65,223	65,223	65,223	65,223	65,223	65,223	65,223
Program Capacity	649	627	626	608	626	550	568	581	566	591
Enrollment	633	602	598	565	573	523	556	521	555	572
Landstown Elementary (Opened Sept 1993)										
Square Feet	81,634	81,634	81,634	81,634	81,634	81,634	81,634	81,634	81,634	81,634
Program Capacity	854	860	863	876	883	839	817	838	838	854
Enrollment	852	860	799	783	798	759	739	724	731	804
Linkhorn Park Elementary (Opened Sept 1955; Addition Sept 1967; Replaced Sept 1998)										
Square Feet	76,285	76,285	76,285	76,285	76,285	76,285	76,285	76,285	76,285	76,285
Program Capacity	646	657	716	696	715	707	702	747	762	719
Enrollment	659	690	691	685	725	716	731	798	789	772
Luxford Elementary (Opened Sept 1961; Gym Added Sept 1990; Replaced Sept 2002)										
Square Feet	82,242	82,242	82,242	82,242	82,242	82,242	82,242	82,242	82,242	82,242
Program Capacity	570	554	540	562	580	554	583	536	495	495
Enrollment	530	533	552	522	507	512	507	522	476	497
Lynnhaven Elementary (Opened Sept 1963; Addition Sept 1968; Gym Added Sept 1990; Modernized Nov 2004)										
Square Feet	55,989	80,670	80,670	80,670	80,670	80,670	80,670	80,670	80,670	80,670
Program Capacity	586	451	516	562	546	478	488	472	472	494
Enrollment	415	419	440	414	397	434	445	437	444	446
Malibu Elementary (Opened Sept 1962; Addition Sept 1968; Gym Added Sept 1989; Replaced Nov 2003)										
Square Feet	73,182	73,182	73,182	73,182	73,182	73,182	73,182	73,182	73,182	73,182
Program Capacity	442	424	431	438	398	416	380	423	402	437
Enrollment	322	300	292	304	327	316	341	319	313	353
New Castle Elementary (Opened Sept 1999)										
Square Feet	87,060	87,060	87,060	87,060	87,060	87,060	87,060	87,060	87,060	87,060
Program Capacity	806	839	784	788	780	803	797	847	846	831
Enrollment	807	799	746	743	749	776	815	793	783	802
Newtown Road Elementary (Opened Sept 1970; Addition Sept 1988; Replaced Sept 2007)										
Square Feet	76,141	76,141	76,141	76,141	88,711	88,711	88,711	88,711	88,711	88,711
Program Capacity	680	556	543	520	398	505	482	466	436	436
Enrollment	886	856	609	573	410	460	490	470	467	460
North Landing Elementary (Opened Mar 1975; Gym Added Sept 1990)										
Square Feet	60,280	60,280	60,280	60,280	60,280	60,280	60,280	60,280	60,280	60,280
Program Capacity	628	603	609	600	615	591	582	545	505	483
Enrollment	658	684	597	564	548	553	531	527	515	507
Ocean Lakes Elementary (Opened Sept 1989)										
Square Feet	69,917	69,917	69,917	69,917	69,917	69,917	69,917	69,917	69,917	69,917
Program Capacity	724	666	710	680	687	722	699	647	607	658
Enrollment	584	563	589	600	583	623	553	516	570	574
Old Donation Center (Opened Jan 1965; Gym Added Sept 1994)										
Square Feet	59,827	59,827	59,827	59,827	59,827	59,827	59,827	59,827	59,827	59,827
Program Capacity	394	438	394	394	394	273	372	393	393	393
Enrollment	500	499	501	501	511	510	507	501	504	506

(continued)

Table 24

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Parkway Elementary (Opened Sept 1987)										
Square Feet	67,840	67,840	67,840	67,840	67,840	67,840	67,840	67,840	67,840	67,840
Program Capacity	578	568	578	615	556	420	494	473	496	476
Enrollment	554	582	529	503	476	452	482	514	511	507
Pembroke Elementary (Opened Dec 1962; Addition Sept 1968; Addition Sept 1988; Modernized May 2005)										
Square Feet	90,544	108,773	108,773	108,773	108,773	108,773	108,773	108,773	108,773	108,773
Program Capacity	633	569	591	572	581	606	600	680	663	626
Enrollment	488	488	503	488	475	493	500	528	533	514
Pembroke Meadows Elementary (Opened Sept 1969; Modernized Oct 2006)										
Square Feet	55,249	55,249	55,249	75,926	75,926	75,926	75,926	75,926	75,926	75,926
Program Capacity	571	566	562	592	592	590	540	513	504	473
Enrollment	543	515	526	545	501	465	459	429	445	433
Plaza Elementary (Opened Sept 1961; Gym Added Sept 1990; Addition Dec 1999; Closed Jun 2009)										
Square Feet	68,390	68,390	68,390	68,390	68,390	68,390	-	-	-	-
Program Capacity	531	476	476	505	500	414	-	-	-	-
Enrollment	387	380	389	399	358	333	-	-	-	-
Point O'View Elementary (Opened Sept 1969; Addition Sept 1999)										
Square Feet	75,219	75,219	75,219	75,219	75,219	75,219	75,219	75,219	75,219	75,219
Program Capacity	723	688	648	653	572	599	599	581	628	628
Enrollment	731	558	488	468	440	404	521	530	522	584
Princess Anne Elementary (Opened Sept 1956; Addition Sept 1969; Gym Added Sept 1990; Addition Sept 1996)										
Square Feet	77,953	77,953	77,953	77,953	77,953	77,953	77,953	77,953	77,953	77,953
Program Capacity	886	899	664	627	585	650	634	635	659	585
Enrollment	969	945	572	533	539	559	532	529	511	498
Providence Elementary (Opened Sept 1981)										
Square Feet	61,831	61,831	61,831	61,831	61,831	61,831	61,831	61,831	61,831	61,831
Program Capacity	643	621	598	642	555	620	511	554	590	572
Enrollment	616	586	569	579	583	534	526	534	516	559
Red Mill Elementary (Opened Sept 1989; Addition Sept 2006)										
Square Feet	69,500	69,500	69,500	69,788	69,788	69,788	69,788	69,788	69,788	69,788
Program Capacity	782	782	788	728	752	664	687	708	687	663
Enrollment	865	880	677	685	661	658	692	682	658	653
Rosemont Elementary (Opened Sept 1981)										
Square Feet	63,667	63,667	63,667	63,667	63,667	63,667	63,667	63,667	63,667	63,667
Program Capacity	482	481	464	439	439	427	444	421	404	423
Enrollment	417	389	353	336	338	360	338	327	376	380
Rosemont Forest Elementary (Opened Jan 1987)										
Square Feet	69,788	69,788	69,788	69,788	69,788	69,788	69,788	69,788	69,788	69,788
Program Capacity	616	593	567	571	592	590	590	590	592	606
Enrollment	563	534	516	515	542	500	521	510	513	540
Salem Elementary (Opened Sept 1988)										
Square Feet	66,890	66,890	66,890	66,890	66,890	66,890	66,890	66,890	66,890	66,890
Program Capacity	583	497	515	497	515	469	469	482	520	559
Enrollment	537	529	523	468	447	433	430	442	426	431

(continued)

Table 24

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Seatack Elementary (Opened Mar 1952; Addition Sept 1955; Addition Sept 1959; Gym Added Sept 1968; Replaced Mar 2000)										
Square Feet	74,375	74,375	74,375	74,375	74,375	74,375	74,375	74,375	74,375	74,375
Program Capacity	471	449	439	446	455	432	467	395	462	447
Enrollment	399	399	389	341	330	318	433	404	418	388
Shelton Park Elementary (Opened Sept 1954; Addition Sept 1961; Gym Added Sept 1977; Modernized Jan 2001)										
Square Feet	81,576	81,576	81,576	81,576	81,576	81,576	81,576	81,576	81,576	81,576
Program Capacity	575	533	490	491	419	428	408	418	437	437
Enrollment	488	421	426	365	320	325	330	383	394	369
Strawbridge Elementary (Opened Sept 1991)										
Square Feet	84,948	84,948	84,948	84,948	84,948	84,948	84,948	84,948	84,948	84,948
Program Capacity	785	724	777	788	723	722	744	746	746	782
Enrollment	818	814	808	791	757	760	751	756	745	691
Tallwood Elementary (Opened Sept 1989; Addition Jan 2006)										
Square Feet	69,700	69,700	69,988	69,988	69,988	69,988	69,988	69,988	69,988	69,988
Program Capacity	649	665	674	709	621	628	650	606	625	620
Enrollment	634	637	594	616	610	570	602	598	601	593
Thalia Elementary (Opened Sept 1956; Addition Sept 1963; Gym Added Sept 1989; Modernized Sept 2001)										
Square Feet	91,550	91,550	91,550	91,550	91,550	91,550	91,550	91,550	91,550	91,550
Program Capacity	730	728	727	705	680	645	669	692	728	771
Enrollment	690	694	677	641	636	647	615	667	634	637
Thoroughgood Elementary (Opened Sept 1958; Gym Added Sept 1990; Modernized Sept 1995)										
Square Feet	66,259	66,259	66,259	66,259	66,259	66,259	66,259	66,259	66,259	66,259
Program Capacity	678	649	662	635	688	615	711	598	604	646
Enrollment	655	661	642	608	634	641	637	630	662	698
Three Oaks Elementary (Opened Sept 2005)										
Square Feet	-	-	92,210	92,210	92,210	92,210	92,210	92,210	92,210	92,210
Program Capacity	-	-	744	780	752	759	686	765	811	811
Enrollment	-	-	608	592	643	653	703	765	784	798
Trantwood Elementary (Opened Sept 1963; Addition Sept 1969; Gym Added Sept 1990; Modernized Sept 2003)										
Square Feet	81,040	81,040	81,040	81,040	81,040	81,040	81,040	81,040	81,040	81,040
Program Capacity	612	705	682	637	651	606	599	555	542	555
Enrollment	567	565	560	562	532	522	508	506	502	493
White Oaks Elementary (Opened Sept 1978)										
Square Feet	77,333	77,333	77,333	77,333	77,333	77,333	77,333	77,333	77,333	77,333
Program Capacity	795	597	653	715	687	638	751	680	741	705
Enrollment	572	582	626	701	711	722	725	740	730	670
Bettie F. Williams Elementary (Opened Sept 1961; Addition Sept 1963; Gym Added Sept 1990; Addition Sept 1995)										
Square Feet	77,656	77,656	77,656	77,656	77,656	77,656	77,656	77,656	77,656	77,656
Program Capacity	545	627	598	595	500	473	455	513	518	518
Enrollment	707	674	731	704	403	401	410	437	436	404
Windsor Oaks Elementary (Opened Jul 1968; Replaced Sept 2009)										
Square Feet	55,367	55,367	55,367	55,367	55,367	55,367	88,340	88,340	88,340	88,340
Program Capacity	588	577	538	552	552	552	623	621	635	690
Enrollment	586	520	528	513	526	494	622	633	641	617

(continued)

Table 24

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Windsor Woods Elementary (Opened Sept 1966; Gym Added Sept 1990; Replaced Sept 2007)										
Square Feet	53,709	53,709	53,709	53,709	84,265	84,265	84,265	84,265	84,265	84,265
Program Capacity	449	436	440	477	415	392	411	429	459	437
Enrollment	401	408	418	389	384	388	407	403	392	376
Woodstock Elementary (Opened Sept 1957; Addition Sept 1962; Gym Added Sept 1977; Replaced Nov 2002)										
Square Feet	82,707	82,707	82,707	82,707	82,707	82,707	82,707	82,707	82,707	82,707
Program Capacity	736	754	734	692	734	731	779	735	723	687
Enrollment	668	665	646	617	625	616	640	663	688	676
<u>Middle Schools</u>										
Bayside Middle (Opened Sept 1969; Addition Sept 2004)										
Square Feet	155,379	180,134	180,134	180,134	180,134	180,134	180,134	180,134	180,134	180,134
Program Capacity	1,282	1,218	1,269	1,187	1,129	1,088	1,089	1,070	1,046	1,176
Enrollment	1,289	1,283	1,189	1,104	1,071	1,005	1,033	977	1,006	996
Brandon Middle (Opened Aug 1978)										
Square Feet	190,586	190,586	190,586	190,586	190,586	190,586	190,586	190,586	190,586	190,586
Program Capacity	1,340	1,374	1,382	1,290	1,198	1,198	1,156	1,205	1,247	1,328
Enrollment	1,474	1,416	1,389	1,326	1,248	1,208	1,203	1,237	1,254	1,237
Corporate Landing Middle (Opened Sept 1997)										
Square Feet	235,093	235,093	235,093	235,093	235,093	235,093	235,093	235,093	235,093	235,093
Program Capacity	1,780	1,702	1,619	1,554	1,494	1,412	1,412	1,370	1,370	1,436
Enrollment	1,720	1,668	1,541	1,456	1,496	1,410	1,419	1,328	1,347	1,307
Great Neck Middle (Opened Sept 1961; Addition Sept 1963; Replaced Jan 2012)										
Square Feet	126,034	126,034	126,034	126,034	126,034	126,034	126,034	126,034	219,370	219,370
Program Capacity	1,065	1,033	1,032	1,007	965	915	1,200	1,200	1,200	1,360
Enrollment	1,170	1,168	1,124	1,015	989	1,019	1,054	1,106	1,106	1,085
Independence Middle (Opened Sept 1974; Addition Sept 1996)										
Square Feet	137,656	137,656	137,656	137,656	137,656	137,656	137,656	137,656	137,656	137,656
Program Capacity	1,347	1,324	1,307	1,224	1,165	1,191	1,224	1,216	1,290	1,332
Enrollment	1,538	1,524	1,413	1,391	1,324	1,238	1,250	1,234	1,278	1,244
Kemps Landing Magnet (Opened Sept 1957; Gym Added Sept 1992; Relocated to Aragona Elem Oct 2001)										
Square Feet	54,516	54,516	54,516	54,516	54,516	54,516	54,516	54,516	54,516	54,516
Program Capacity	540	540	600	600	600	600	600	600	600	600
Enrollment	585	603	601	599	588	587	600	596	577	594
Kempsville Middle (Opened Sept 1969)										
Square Feet	136,287	136,287	136,287	136,287	136,287	136,287	136,287	136,287	136,287	136,287
Program Capacity	990	908	906	873	857	807	815	798	781	828
Enrollment	1,254	1,045	1,049	1,007	1,015	947	904	860	856	841
Landstown Middle (Opened Sept 1992)										
Square Feet	201,000	201,000	201,000	201,000	201,000	201,000	201,000	201,000	201,000	201,000
Program Capacity	1,622	1,563	1,588	1,596	1,522	1,621	1,596	1,513	1,494	1,692
Enrollment	1,653	1,602	1,612	1,587	1,566	1,536	1,543	1,477	1,477	1,482

(continued)

Table 24

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Larkspur Middle (Opened Nov 1994)										
Square Feet	247,264	247,264	247,264	247,264	247,264	247,264	247,264	247,264	247,264	247,264
Program Capacity	1,858	1,866	1,844	1,709	1,601	1,552	1,536	1,551	1,593	1,684
Enrollment	1,944	1,822	1,767	1,639	1,638	1,574	1,561	1,530	1,527	1,584
Lynnhaven Middle (Opened Sept 1974; Addition Sept 1995)										
Square Feet	140,099	140,099	140,099	140,099	140,099	140,099	140,099	140,099	140,099	140,099
Program Capacity	1,388	1,289	1,256	1,231	1,231	1,206	1,206	1,205	1,116	1,138
Enrollment	1,381	1,304	1,274	1,222	1,165	1,198	1,184	1,213	1,131	1,060
Plaza Middle (Opened Sept 1969)										
Square Feet	157,869	157,869	157,869	157,869	157,869	157,869	157,869	157,869	157,869	157,869
Program Capacity	1,148	1,136	1,215	1,195	1,135	1,110	1,098	1,033	1,073	1,172
Enrollment	1,190	1,208	1,201	1,156	1,126	1,121	1,113	1,073	1,066	1,083
Princess Anne Middle (Opened Sept 1974; Addition Sept 1995)										
Square Feet	135,592	135,592	135,592	135,592	135,592	135,592	135,592	135,592	135,592	135,592
Program Capacity	1,438	1,468	1,250	1,275	1,250	1,225	1,300	1,299	1,332	1,456
Enrollment	1,526	1,552	1,542	1,514	1,447	1,440	1,398	1,365	1,382	1,414
Salem Middle (Opened Sept 1988)										
Square Feet	217,500	217,500	217,500	217,500	217,500	217,500	217,500	217,500	217,500	217,500
Program Capacity	1,191	1,198	1,187	1,164	1,095	1,008	983	999	999	1,072
Enrollment	1,226	1,289	1,264	1,200	1,124	1,054	1,027	1,042	1,057	1,026
Virginia Beach Middle (Opened Sept 1952; Addition Sept 1964; Gym Added Sept 1977; Modernized Sept 1993; Replaced Mar 2010)										
Square Feet	104,015	104,015	104,015	104,015	104,015	104,015	189,730	189,730	189,730	189,730
Program Capacity	743	699	724	699	699	699	925	847	923	968
Enrollment	768	732	706	676	688	679	614	740	767	899
High Schools										
Bayside High (Opened Sept 1964; Addition Sept 1967; Modernized Sept 1990; Addition Sept 1995)										
Square Feet	200,816	200,816	200,816	200,816	200,816	200,816	200,816	200,816	200,816	200,816
Program Capacity	1,860	1,886	1,896	1,901	1,895	1,760	1,733	1,708	1,708	1,895
Enrollment	1,982	2,068	2,012	2,023	1,996	1,999	1,870	1,842	1,860	1,803
Frank W. Cox High (Opened Sept 1961; Replaced Sept 1983)										
Square Feet	236,744	236,744	236,744	236,744	236,744	236,744	236,744	236,744	236,744	236,744
Program Capacity	1,811	1,811	1,854	1,850	1,850	1,740	1,740	1,754	1,740	1,937
Enrollment	2,041	2,045	2,116	2,054	1,991	1,925	1,889	1,927	1,932	1,947
First Colonial High (Opened Sept 1966; Addition Sept 1968; Addition Sept 1996)										
Square Feet	178,266	178,266	178,266	178,266	178,266	178,266	178,266	178,266	178,266	178,266
Program Capacity	1,697	1,697	1,730	1,730	1,707	1,591	1,591	1,601	1,601	1,808
Enrollment	2,030	2,061	2,146	2,151	2,073	2,047	1,999	2,008	1,947	1,908
Green Run High (Opened Sept 1979)										
Square Feet	235,721	235,721	235,721	235,721	235,721	235,721	235,721	235,721	235,721	235,721
Program Capacity	1,798	1,798	1,798	1,798	1,821	1,709	1,709	1,709	1,714	1,927
Enrollment	1,761	1,659	1,712	1,756	1,809	1,737	1,725	1,675	1,631	1,636

(continued)

Table 24

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Floyd E. Kellam High (Opened Sept 1962; Addition Sept 1967; Modernized Sept 1990; Addition Sept 1996)										
Square Feet	222,571	222,571	222,571	222,571	222,571	222,571	222,571	222,571	222,571	222,571
Program Capacity	1,850	1,839	1,798	1,832	1,805	1,728	1,762	1,762	1,762	1,961
Enrollment	2,346	2,410	2,388	2,078	1,956	1,803	1,838	1,843	1,799	1,833
Kempsville High (Opened Sept 1966; Addition Sept 1968; Modernized Sept 1991; Addition Sept 1995)										
Square Feet	202,665	202,665	202,665	202,665	202,665	202,665	202,665	202,665	202,665	202,665
Program Capacity	1,933	1,933	1,933	1,933	1,933	1,826	1,807	1,786	1,793	2,009
Enrollment	1,968	1,938	1,989	2,013	1,892	1,819	1,764	1,734	1,712	1,648
Landstown High (Opened Sept 2001; Addition Jan 2007)										
Square Feet	274,791	274,791	274,791	308,924	308,924	308,924	308,924	308,924	308,924	308,924
Program Capacity	1,781	1,799	1,822	2,181	2,185	2,064	2,068	2,068	2,072	2,332
Enrollment	2,054	2,091	2,124	2,270	2,297	2,404	2,396	2,330	2,304	2,196
Ocean Lakes High (Opened Sept 1994; Addition Jan 2007)										
Square Feet	306,792	306,792	306,792	330,525	330,525	330,525	330,525	330,525	330,525	330,525
Program Capacity	2,107	2,107	2,122	2,403	2,417	2,283	2,269	2,269	2,239	2,501
Enrollment	2,304	2,350	2,370	2,516	2,446	2,449	2,407	2,367	2,291	2,211
Princess Anne High (Opened Aug 1954; Modernized Sept 1987; Modernized (due to major fire damage) Jan 1997)										
Square Feet	228,860	228,860	228,860	228,860	228,860	228,860	228,860	228,860	228,860	228,860
Program Capacity	1,751	1,688	1,670	1,603	1,611	1,505	1,521	1,534	1,539	1,652
Enrollment	2,185	2,104	2,110	1,925	1,814	1,819	1,866	1,934	1,842	1,850
Salem High (Opened Sept 1989)										
Square Feet	260,889	260,889	260,889	260,889	260,889	260,889	260,889	260,889	260,889	260,889
Program Capacity	1,829	1,775	1,793	1,874	1,847	1,787	1,759	1,766	1,749	1,932
Enrollment	1,843	1,941	1,959	1,908	1,908	1,933	1,897	1,854	1,794	1,782
Tallwood High (Opened Sept 1992)										
Square Feet	294,457	294,457	294,457	294,457	294,457	294,457	294,457	294,457	294,457	294,457
Program Capacity	2,056	2,096	2,143	2,143	2,143	2,003	1,990	2,028	2,020	2,237
Enrollment	1,999	2,067	1,961	1,974	2,001	2,042	2,112	2,095	1,981	1,950
Renaissance Academy - Middle/High Campuses (Opened Dec 2009)										
Square Feet	-	-	-	-	-	-	284,968	284,968	284,968	284,968
Program Capacity	-	-	-	-	-	-	1,600	1,435	1,215	1,232
Enrollment	-	-	-	-	-	-	709	558	634	616

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

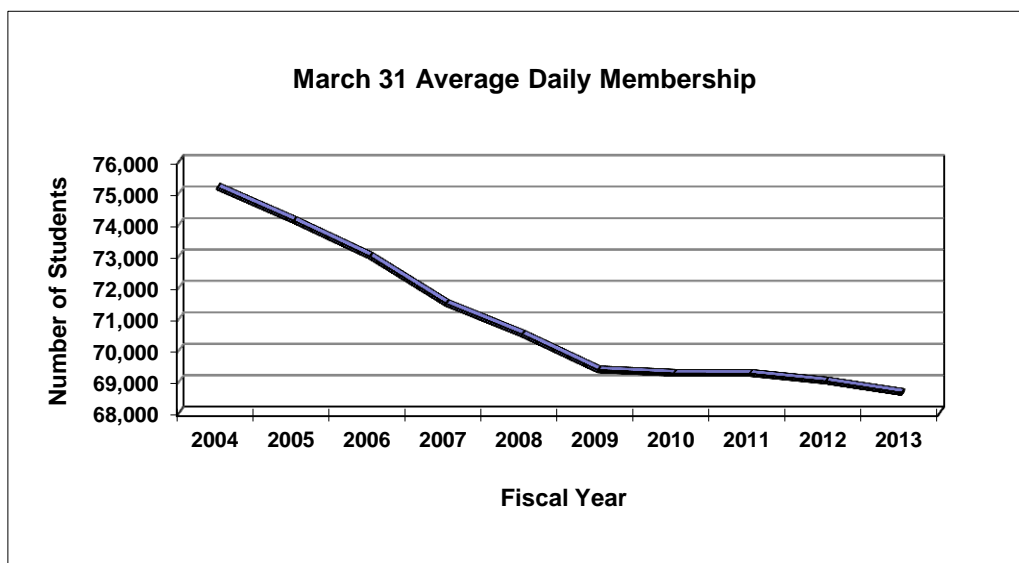
Source: The Department of Administrative Support Services

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

Fiscal Year	September 30 Membership	March 31 Average Daily Membership	End-of-Year Membership	Average Daily End-of-Year Membership
2004	75,900	75,151	74,321	74,929
2005	75,142	74,091	73,072	74,227
2006	73,927	72,953	71,768	73,068
2007	72,252	71,452	70,920	71,706
2008	71,196	70,473	69,858	70,683
2009	70,240	69,335	69,015	69,645
2010	69,956	69,225	68,988	69,586
2011	69,959	69,219	68,935	69,521
2012	69,856	68,977	68,585	69,315
2013	68,633	68,614	68,511	68,990

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

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

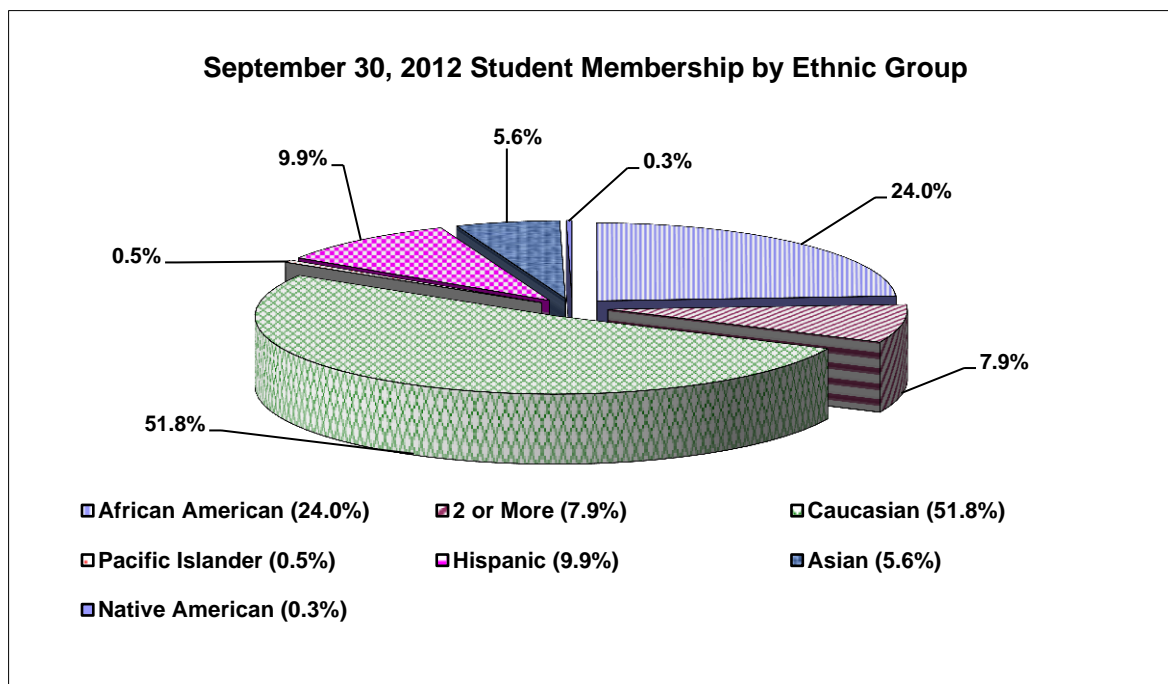


SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
STUDENT MEMBERSHIP BY ETHNIC GROUP
Last Ten Fiscal Years

Fiscal Year	African American	%	Caucasian	%	Hispanic	%	Asian	%	Pacific Islander	%	Native American	%	Unspecified or 2 or More	%
2004	21,828	28.6	45,808	60.0	3,476	4.6	4,359	5.7	0	0.0	236	0.3	590	0.8
2005	21,370	28.3	44,646	59.1	3,596	4.8	4,361	5.8	101	0.1	254	0.3	1,187	1.6
2006	20,591	27.7	42,797	57.6	3,789	5.1	4,123	5.5	482	0.6	327	0.4	2,204	3.1
2007	19,943	27.5	41,434	57.1	3,885	5.4	4,024	5.5	546	0.8	304	0.4	2,407	3.3
2008	20,173	27.8	40,614	56.0	4,147	5.7	4,095	5.7	578	0.8	277	0.4	2,593	3.6
2009	19,729	27.6	39,745	55.5	4,322	6.0	4,042	5.6	593	0.8	284	0.4	2,849	4.1
2010	19,456	27.3	39,282	55.2	4,375	6.1	4,118	5.8	660	0.9	273	0.4	3,034	4.3
2011	17,679	24.8	37,667	52.9	6,303	8.9	3,931	5.5	338	0.5	257	0.4	5,034	7.0
2012	17,274	24.3	37,228	52.5	6,656	9.4	3,937	5.5	335	0.5	223	0.3	5,325	7.5
2013	16,898	24.0	36,439	51.8	6,961	9.9	3,911	5.6	337	0.5	216	0.3	5,530	7.9

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, 2013**

Date of Incorporation	January 1, 1963
Form of Government	Council - Manager
Area - Square Miles	307
Land	248
Water	59
Culture and Recreation:	
Developed District Parks	8
Developed Community Parks	11
Developed Neighborhood Parks	182
Natural Parks	5
Other Park Areas	47
Acres in Developed Parks	3,648
Golf Courses (City Owned)	5
Recreation Centers	7
Population:	
Census 1970	172,106
Census 1980	262,199
Census 1990	393,069
Census 2000	425,257
Census 2010	437,994
Current Estimate	447,489

Table 28

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

	Approximate Number of Employees	Percent of Total City Employment	Rank	Approximate Number of Employees	Percent of Total City Employment	Rank
	2013			2004		
City of Virginia Beach / Schools	17,804	7.54 %	1	16,906	8.45 %	1
Naval Air Station Oceana/Dam Neck	7,427	3.15	2	-	-	-
Sentara Healthcare	5,189	2.20	3	-	-	-
Joint Expeditionary Base Little Creek	4,688	1.99	4	-	-	-
Farm Fresh	4,000	1.70	5	-	-	-
Lynnhaven Mall	2,600	1.10	6	-	-	-
Navy Exchange Service Command	2,450	1.04	7	500	0.25	8
GEICO	2,300	0.97	8	1,600	0.80	3
STIHL Inc	2,067	0.88	9	1,300	0.65	4
Amerigroup	1,850	0.78	10	1,150	0.58	5
Lillian Vernon	-	-	-	1,700	0.85	2
Household Beneficial	-	-	-	575	0.29	6
Cendant/Avis/Budget	-	-	-	500	0.25	7
Southland Technologies	-	-	-	490	0.25	9
QED Systems	-	-	-	398	0.20	10
Totals	<u>50,375</u>	<u>21.35 %</u>		<u>25,119</u>	<u>12.57 %</u>	

Source: City of Virginia Beach - Department of Finance and Department of Economic Development (data reported for FY 2013 is based on current Community Profile as of 10/14/2013)

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

Fiscal Year	Population*	Personal Income (thousands)	Per Capita Personal Income**	Median Age	Number of City Employees	Education Level in Years of Formal Schooling	Local Unemployment Rate
2004	436,139	\$16,313,369	\$37,288	34.2	6,378	13.3	3.4%
2005	436,156	17,206,799	39,446	34.4	6,580	13.6	3.3%
2006	435,001	18,485,529	42,229	34.7	6,831	13.5	2.9%
2007	434,058	19,165,012	44,369	35.0	6,898	13.8	2.7%
2008	436,944	19,459,762	45,787	36.0	7,131	13.6	3.7%
2009	437,275	19,510,331	43,766	36.6	7,700	14.0	6.4%
2010	437,994	19,697,709	44,965	36.7	7,713	13.9	6.5%
2011	441,246	20,718,174	46,799	34.9	7,481	14.0	6.0%
2012	447,489	-	46,799	34.7	7,477	13.8	5.5%
2013	447,489	-	46,799	35.0	7,477	13.9	5.6%

* Weldon Cooper Center for Public Service (except 2013 which is projected)

** Bureau of Economic Analysis (except 2012 and 2013 which are projected)

- Not Available

Source: City of Virginia Beach - Department of Finance

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

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

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

	Real Property Assessed Value	Percent of Total Real Property Assessed Value	Rank		Real Property Assessed Value	Percent of Total Real Property Assessed Value	Rank
	2013				2004		
E. D. & A. F. Ruffin & B. L. Thompson	\$ 357,776,300	0.72 %	1	\$	54,776,621	0.19 %	16
Virginia Electric & Power Company	297,479,257	0.60	2		334,382,273	1.18	1
Lynnhaven Mall LLC*	297,101,900	0.60	3		268,876,153	0.95	2
Ramon W. Breeden, Jr.	285,676,836	0.57	4		130,144,676	0.46	4
Armada Hoffer	265,210,900	0.53	5		109,436,117	0.39	6
J. M. , R.J.F. , A.D. & L.E. Caplan	214,499,400	0.43	6		-	-	
Verizon Virginia, Inc.	179,412,063	0.36	7		182,473,193	0.65	3
Pembroke Square Assoc.	165,488,300	0.33	8		123,285,381	0.44	5
Cheryl P. McLeskey	137,250,200	0.28	9		83,142,688	0.29	10
Christian Broadcasting Assoc./Net, Inc.	134,313,000	0.27	10		67,729,087	0.24	13
Thomas J. Lyons, Jr.	109,992,200	0.22	11		103,400,252	0.37	7
Lake Gem	104,778,200	0.21	12		66,217,892	0.23	15
Sifen, Michael D.	99,393,400	0.20	13		49,644,081	0.18	19
Westminster Canterbury	95,927,900	0.19	14		77,198,920	0.27	12
Watergate Treehouse Associates LP	95,439,100	0.19	15		50,584,900	0.18	18
Aimco Maple Bay & Aimco Reflections LLC	87,377,300	0.18	16		-	-	
Potter Properties	85,719,800	0.17	17		66,869,961	0.24	14
Virginia Natural Gas	80,805,811	0.16	18		-	-	
Windsor Lake & Shoreline Apartments LLC.	78,626,400	0.16	19		48,891,739	0.17	20
Inland Diversified Virginia Beach Landstown LLC	75,932,900	0.15	20		-	-	
Occidental Development, Ltd.	57,788,200	0.12	21		-	-	
Atlantic Shores Cooperative	52,225,000	0.10	22		79,332,352	0.28	11
BBR/Marina Shores LLC	48,926,900	0.10	23		-	-	
Princess Anne Properties, Inc.	47,892,500	0.10	24		43,147,151	0.15	22
Wal Mart Real Estate Business Trust	47,670,800	0.10	25		-	-	
Tidewater Oxford Ltd Partnership	-	-			102,973,200	0.36	8
Kemp River & Bonneys Corner Associates	-	-			83,855,099	0.30	9
Gale M. Levine	-	-			52,287,355	0.19	17
Sandler Development at Towne, etc.	-	-			46,991,248	0.17	21
Cecil V. Cutchins	-	-			40,592,844	0.14	23
Jack Rabbit Self Storage	-	-			37,364,314	0.13	24
Liberty Property Ltd Partnership	-	-			36,535,345	0.13	25
Totals	<u>\$ 3,502,704,567</u>	<u>7.04 %</u>			<u>\$ 2,340,132,842</u>	<u>8.28 %</u>	

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

* Formerly Knickerbocker Properties

Table 31

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

Fiscal Year	Real Property Assessed Value		Personal Property Assessed Value		Public Service Assessed Value	Total Taxable Assessed Value	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential	Commercial	Residential	Commercial				
2004	\$22,767,618,113	\$4,746,370,613	\$2,485,568,403	\$766,618,714	\$743,170,991	\$31,509,346,834	\$31,509,346,834	100.0%
2005	25,956,007,302	5,325,837,162	2,707,998,050	661,169,653	624,562,746	35,275,574,913	35,275,574,913	100.0%
2006	32,231,908,260	6,147,104,498	2,935,301,133	775,663,085	530,465,288	42,620,442,264	42,620,442,264	100.0%
2007	39,343,218,144	6,778,924,250	2,918,848,554	869,072,522	545,140,581	50,455,204,051	50,455,204,051	100.0%
2008	47,862,927,769	7,283,463,230	3,260,237,123	892,229,360	647,905,245	59,946,762,727	59,946,762,727	100.0%
2009	48,889,366,712	7,877,386,575	2,807,028,410	905,268,622	807,890,384	61,286,940,703	61,286,940,703	100.0%
2010	47,128,334,239	8,251,639,426	2,860,711,763	751,063,121	890,229,132	59,881,977,681	59,881,977,681	100.0%
2011	43,967,169,845	8,008,231,601	3,105,575,058	972,520,233	927,509,746	56,981,006,483	56,981,006,483	100.0%
2012	42,582,797,354	7,925,225,472	3,225,216,284	1,079,909,616	938,693,399	55,751,842,125	55,751,842,125	100.0%
2013	40,815,993,416	8,036,001,242	3,306,948,272	942,744,260	929,843,170	54,031,530,360	54,031,530,360	100.0%

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

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

Fiscal Year	Total Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2004	\$458,846,761	\$421,236,325	91.8%	\$18,013,929	\$439,250,254	95.7%
2005	505,050,845	468,796,012	92.8%	20,104,806	488,900,818	96.8%
2006	531,438,288	483,649,302	91.0%	13,953,545	497,602,847	93.6%
2007	527,465,143	505,518,196	95.8%	17,371,409	522,889,605	99.1%
2008	562,044,329	537,526,149	95.6%	20,443,540	557,969,689	99.3%
2009	570,582,069	547,934,162	96.0%	18,970,073	566,904,235	99.4%
2010	546,129,490	526,040,648	96.3%	16,126,386	542,167,034	99.3%
2011	523,586,269	504,769,073	96.4%	12,752,793	517,521,866	98.8%
2012	529,296,087	496,807,253	93.9%	11,589,579	508,396,832	96.1%
2013	540,797,475	515,533,542	95.3%	-	515,533,542	95.3%

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

Source: City of Virginia Beach - Department of Finance

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

Fiscal Year	Base Real Property Tax Rate	Additional Real Property Tax Rate Sandbridge SSD	Additional Real Property Tax Rate Town Center SSD	Additional Real Property Tax Rate Old Donation SSD	Additional Real Property Tax Rate Bayville Creek SSD	Personal Property Tax Rate
2004	\$1.2200	\$0.1200	\$0.5700	\$ -	\$ -	\$3.7000
2005	1.1964	0.1200	0.5700	-	-	3.7000
2006	1.0239	0.1200	0.5700	-	-	3.7000
2007	0.9900	0.0600	0.5700	-	-	3.7000
2008	0.8900	0.0600	0.5000	-	-	3.7000
2009	0.8900	0.0600	0.4500	-	-	3.7000
2010	0.8900	0.0600	0.4500	-	-	3.7000
2011	0.8900	0.0600	0.4500	-	-	3.7000
2012	0.8900	0.0600	0.4500	0.1840	-	3.7000
2013	0.9500	0.0600	0.4500	0.1840	0.3630	3.7000

Note: The City is the only entity with local taxing authority within its boundaries.

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	General Bonded Debt Per Capita
2004	\$560,920,130	\$13,702,546	\$574,622,676	1.8%	\$1,318
2005	507,825,172	12,446,046	520,271,218	1.5%	1,193
2006	537,412,163	11,189,546	548,601,709	1.3%	1,261
2007	562,335,734	9,933,046	572,268,780	1.1%	1,318
2008	599,561,596	8,676,546	608,238,142	1.0%	1,392
2009	623,700,693	7,620,046	631,320,739	1.0%	1,444
2010	631,597,701	6,563,546	638,161,247	1.1%	1,457
2011	669,514,476	5,507,046	675,021,522	1.2%	1,530
2012	672,627,354	4,750,000	677,377,354	1.2%	1,514
2013	686,766,362	4,125,000	690,891,362	1.3%	1,544

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			
	2004	2005	2006	2007
Debt Limit	\$ 2,825,715,972	\$ 3,190,640,721	\$ 3,860,707,700	\$ 4,630,515,462
Total Net Debt Applicable to Limit	596,165,128	542,613,308	571,245,135	596,810,346
Legal Debt Margin	<u>\$ 2,229,550,844</u>	<u>\$ 2,648,027,413</u>	<u>\$ 3,289,462,565</u>	<u>\$ 4,033,705,116</u>
Total Net Debt Applicable to the Limit as a percentage of the Debt Limit	21.10%	17.01%	14.80%	12.89%

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

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

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

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 5,579,429,624	\$ 5,757,464,367	\$ 5,627,020,280	\$ 5,290,291,119	\$ 5,144,671,623	\$ 4,978,183,783
<u>635,045,232</u>	<u>661,855,123</u>	<u>670,254,683</u>	<u>713,387,034</u>	<u>716,177,198</u>	<u>685,988,698</u>
<u>\$ 4,944,384,392</u>	<u>\$ 5,095,609,244</u>	<u>\$ 4,956,765,597</u>	<u>\$ 4,576,904,085</u>	<u>\$ 4,428,494,425</u>	<u>\$ 4,292,195,085</u>
11.38%	11.50%	11.91%	13.48%	13.92%	13.78%

Legal Debt Margin Calculation For
Fiscal Year 2013 Assessed Value of Real
Property (Taxable):

Regular	\$ 48,851,994,658
Public Service	929,843,170
Total Assessed Value of Real Property	<u>\$ 49,781,837,828</u>

Debt Limit (10% of Total Assessed Value)	\$ 4,978,183,783
Debt Applicable to Limit:	
General Obligation Bonds	<u>685,988,698</u>
Legal Debt Margin	<u>\$ 4,292,195,085</u>



COMPLIANCE SECTION



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Specifications for Audit of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School Board of the City of Virginia Beach ("School Board") as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the School Board's basic financial statements, and have issued our report thereon dated November 25, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School Board's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the School Board's internal control over financial reporting.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Virginia Beach, Virginia
November 25, 2013

