



# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

## **School Board of the City of Norfolk**

(A Component Unit of the City of Norfolk, Virginia)

Fiscal Year Ended June 30, 2009 • Prepared by the Accounting Department

**School Board for the City of Norfolk**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**(A Component Unit of the City of Norfolk, Virginia)**

**Fiscal Year Ended June 30, 2009**

**Prepared by:**

**Division of Business and Finance Accounting Department**

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**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
SCHOOL BOARD FOR THE CITY OF NORFOLK  
(COMPONENT UNIT OF THE CITY OF NORFOLK, VIRGINIA)  
FISCAL YEAR ENDED JUNE 30, 2009  
PREPARED BY DIVISION OF BUSINESS AND FINANCE ACCOUNTING DEPARTMENT**

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## INTRODUCTORY SECTION



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## School Board for the City of Norfolk

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Mr. Barry Bishop  
Chair

Mrs. Ursula Rhodes  
Vice-Chair

LTC George W. “Billy” Cook, Jr.  
Member

Mr. James T. Driggers  
Member

Dr. Linda B. McCluney  
Member

Dr. Stephen W. Tonelson  
Member

Dr. Lillian P. Wright  
Member

Dr. Stephen C. Jones  
Superintendent

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## Members of Norfolk City Council

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Mr. Paul D. Fraim  
Mayor

Mr. Anthony L. Burfoot  
Vice Mayor

Mrs. Daun S. Hester  
Council Member

Mr. Paul R. Riddick  
Council Member

Mr. Donald R. Williams  
Council Member

Mr. Barclay C. Winn  
Council Member

Mr. W. Randy Wright  
Council Member

Dr. Theresa W. Whibley  
Council Member

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

School Board for the  
City of Norfolk, Virginia

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2008

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



President

Executive Director

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

**SCHOOL BOARD FOR THE CITY OF NORFOLK**

**For its Comprehensive Annual Financial Report (CAFR)**

For the Fiscal Year Ended June 30, 2008

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

*Ange Pituman*

President

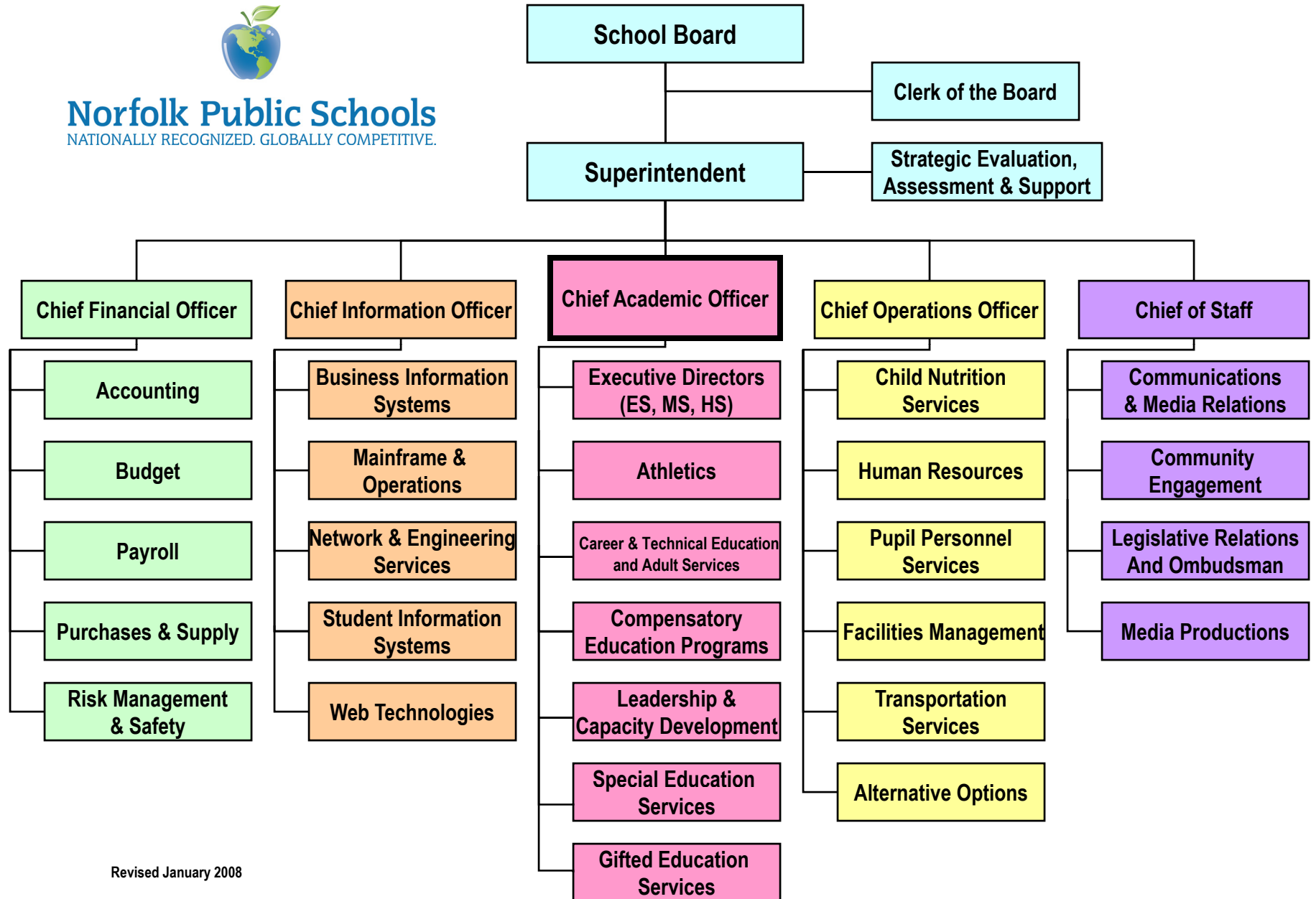
*John D. Mueso*

Executive Director

# Norfolk Public Schools' Organizational Chart



**Norfolk Public Schools**  
NATIONALLY RECOGNIZED. GLOBALLY COMPETITIVE.



Revised January 2008



# Norfolk Public Schools

NATIONALLY RECOGNIZED. GLOBALLY COMPETITIVE.

## Mission

To educate each student to be a successful, productive contributor to society by providing powerful teaching and learning opportunities.

## Vision

To provide a nationally recognized, globally competitive education for all Norfolk Public Schools students... and ALL means ALL!

## Values

As a school system, we value:

- Equity & Excellence
- Personal Accountability
- Diversity

## Operating Statement

Norfolk Public Schools will become a nationally recognized, globally competitive school system where:

- All students possess the habits of powerful literacy.
- All gaps close while achievement increases for all students.
- All schools exceed local, state, national and international standards.
- All students access productive options and opportunities upon graduation.

## Operating Principles

Norfolk Public Schools promotes leadership at all levels that encourages stakeholders to:

Expect & Achieve Excellence

- Demonstrate high expectations for ALL
- Model pride & passion for the work

Be a Team Player

- Capitalize on individual strengths
- Communicate & compromise
- Build strong, positive relationships

Be Personally Accountable

- Accept responsibility for success
- Collaborate with stakeholders

Promote Diversity

- Celebrate diversity of people and thought
- Contribute to an environment that supports diversity

Be a Lifelong Teacher & Learner

- Create a community of learners

Improve Continuously

- Use Data
- Expect & anticipate success
- Involve stakeholders

Take Risks, Be Innovative, Have Fun

- Think creatively
- Reward success
- Learn from failure
- Never give up

*Revised 06/09/2008*

[www.npsk12.com](http://www.npsk12.com)



# Norfolk Public Schools

NATIONALLY RECOGNIZED. GLOBALLY COMPETITIVE.

December 14, 2009

To Members of the School Board for the City of Norfolk:

The Comprehensive Annual Financial Report (CAFR) of the School Board for the City of Norfolk, a component unit of The City of Norfolk, Virginia, for the fiscal year that ended June 30, 2009 is hereby submitted. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and includes all disclosures necessary to understand the School Board's financial activities. The responsibility for the accuracy, completeness and fairness of the data presented, as well as all accompanying disclosures, rests with the School Board and its management.

This report is prepared in conformity with accounting principles generally accepted in the United States of America for governments as promulgated by the Governmental Accounting Standards Board (GASB). This report is intended to present a comprehensive summary of significant financial data to meet the needs of the citizens, taxpayers, financial institutions, and the School Board. Generally accepted accounting principles (GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a management's discussion and analysis (MD&A). The letter of transmittal is intended to complement the required MD&A. The MD&A can be found immediately following the report of the independent auditors.

The firm of KPMG LLP performed the audit of the School Board for the City of Norfolk (City). They were awarded the contract to provide the annual financial audit for the year ending June 30, 2009, as part of a combined proposal between the School Board for the City of Norfolk, The City of Norfolk, and other City agencies.

The report includes all funds that are controlled by or dependent on the Superintendent and School Board. Additional information regarding the Schools Division's financial reporting entity may be found in the notes to the basic financial statements. During school year 2008-2009, the School Board operated five high schools (grades 9-12), nine middle schools (grades 6-8), thirty-five elementary schools (grades K-5), and fifteen other educational facilities. The School Board served 32,215 students in 2009 and provided a full range of educational services appropriate to grades K-12, including regular and enriched academic education, early childhood education, special education for handicapped children, vocational/technical education, and programs for those with limited English proficiency. These programs are supplemented by a wide variety of offerings in fine arts and athletics. The School Board is considered a component unit of the City of Norfolk.

## **ECONOMIC OUTLOOK**

The City of Norfolk, Virginia has a population of 235,092 residents (from Weldon & Cooper Center for Public Services and U.S. Census Bureau in 2008) and encompasses over 66 square miles. It has beachfront that covers seven miles of Chesapeake Bay and a total of 144 miles of shoreline along lakes, rivers, and the Bay. Much of the land is located in residential neighborhoods. Norfolk's neighborhoods are its greatest strength. There are more than 120 neighborhoods that draw tourists who seek a glimpse of Norfolk's everyday life and developments that offer a range of architectural styles.

The City's top ten employers have approximately 96,041 employees in their workforce. Major industries include manufacturing, construction, retail, finance, and the military to name a few. Norfolk is one of the top ten markets for business relocation and expansion, according to Expansion Management Magazine. USA Today called Norfolk one of the top ten booming downtowns, recognizing decades of housing, retail, and financial boom. In addition, the City is home to the Virginia Opera, the Virginia Stage Company, and the Virginia Symphony.

The public school system is comprised of 35 elementary schools, 9 middle schools, 5 high schools, and 15 auxiliary schools. The auxiliary schools provide education for vocational, technical, and adult education. Enrollment is projected to decline about one percent per year over the next five years. Salaries for teachers average \$46 thousand per year. City funding for the School Board is based on taxes received from real estate and personal property taxes. Real estate in Norfolk is taxed at \$1.11 per \$100 of assessed value annually. This rate was revised down in 2006 from \$1.35, and \$1.27 in 2007. The personal property tax rate for motor vehicles is \$4 per \$100 of assessed value, using the NADA Blue Book value.

Norfolk Public Schools is a fiscally dependent school division pursuant to State law. As a fiscally dependent school division, Norfolk Public Schools does not levy taxes or issue debt. All funds are appropriated to Norfolk Public Schools by the City Council, which has the authority to tax and incur debt. The School Board derives its authority from the State and has a constitutional responsibility to provide public education to the citizens of Norfolk.

The School Board derives most of its funding from allocations from the Commonwealth of Virginia and the City of Norfolk. The Commonwealth of Virginia funds 65% and the City of Norfolk funds 32% percent of the budget for the School Board. The remaining 3% is funded through federal (2%) and local (1%) sources. Long-term financial planning includes a five-year forecast submission that evaluates the budget and makes certain revenue and expenditure assumptions for planning purposes.

The School Board faces funding reductions in the future from both the State and the City due to current economic conditions. Like most business, including the City, our operating costs continue to rise while the revenue declines. In fiscal year 2010, the School Board faces a reduction totaling \$5.8 million, including a reduction in teaching staff as a result of declining enrollment. Each year as projected enrollment is considered, the School Board evaluates facilities, teaching and administrative staff to identify potential consolidations to maximize efficiencies for the district.

## **MAJOR INITIATIVES**

Quality schools are a key component in preserving the City's vitality. The over arching goal for the School Board has to become *world class* is by improving the quality of teaching and learning



for ALL where ALL means ALL. A quality education will prepare each student to become a life-long learner that exceeds test scores and state standards. The School Board and its employees remain committed to the belief that ALL children can learn. The mission of the School Board is to educate each student to be a successful, productive contributor to society by providing powerful teaching and learning opportunities. Our world class targets are:

- All students possess the habits of powerful literacy
- All achievement gaps are eliminated while increasing the achievement for ALL
- All schools exceed local, state, national and international standards
- All students are prepared to access productive options and opportunities upon graduation

As our global community continues to shrink, the need for world class education expands. That is why Norfolk Public Schools has essentially reinvented itself over the last decade. Today our accomplishments are being recognized across the country. Our students, teachers, principals, and administrators have earned national honors for innovation, accountability, and inclusion. In every neighborhood in Norfolk, our public schools are being nationally recognized for being globally competitive – a great testament to the wonderful work being achieved every single day.

The School Board capitalizes on the urban advantages of location, diversity, and vision to prepare powerfully literate and life-long learners. Families recognize that the school system is nationally recognized for academic programs, highly qualified faculty, and a commitment to ensuring that every child succeeds. We will continue to boost the achievement gap and close gaps among various ethnic groups and socioeconomic groups.

All accomplishments come during a period of significant financial stress for public education. However, the School Board has a continued commitment to finding administrative efficiencies that has allowed 78 percent of the 2009 General Fund expenditures to go directly for instructional support. This focus on direct classroom support maintains programs including class size; retaining core educational programs to meet Standards of Learning requirements; preserving core instructional programs; preserving specialty programs at secondary and elementary schools; maintaining recruitment and retention initiatives; and supporting assistance for all teachers.

In summary, the School Board will continue its journey to world-class status. Despite the tough economic times, the School Board remains resilient and committed to “weathering the storm”. As we continue to support one another, together we will make significant progress in improving achievement for all our students. The School Board and its employees will continue the work that is necessary for our students to have powerful teaching and learning opportunities.

## **FINANCIAL INFORMATION**

### **Internal Controls**

Internal controls are designed to provide reasonable assurance that assets of the reporting entity are protected from loss, theft, or misuse. In addition, internal controls are used to ensure that reliable financial records are maintained for preparation of financial statements that are in conformity with generally accepted accounting principles.

Internal control evaluations occur with the above guidelines when the annual audit process is undertaken, and the controls are believed to adequately safeguard assets and provide reasonable

assurance of proper recording of financial transactions. In addition, this internal control structure is subject to periodic evaluation by management of the School Board.

### Budgetary Controls

Budgetary controls are maintained to ensure compliance with Virginia statutes governing public entities and school operations. These statutes provide legal standards for preparing, presenting, adopting, and administering the budget. The School Board presents a proposed budget to the City who then adopts its own operating and capital project budgets incorporating its contributions to the School Board. After the School Board makes required adjustments, they adopt an amended budget. The Superintendent is authorized to make expenditures and commitments of funds as approved by the Board in the adopted annual budget in accordance with the Board's policies and applicable state and federal regulations and laws.

The School Board also maintains an encumbrance accounting system as one method of accomplishing budgetary control. Outstanding encumbrances are reported as a reservation of fund balance of the General Fund at year-end. The School Board must request re-appropriation from the City to retain any unexpended or unencumbered appropriated funds.

### Financial Highlights

The School Board continues to be in very sound financial condition as demonstrated by the basic financial statements included in this report. The School Board has operated within the resources available while achieving many of its program goals.

The School Board for the City of Norfolk is a component unit of the City of Norfolk, Virginia, and the City is the legal holder of debt related to the acquisition of school facilities.

The School Board will experience a decline in funding in the next few years beginning in fiscal year 2010. As public education is a services-oriented industry, approximately 85% of our operating costs are related to employee compensation and fringe benefits. Therefore, providing a competitive employee compensation package will continue to be very challenging.

### Cash Management

The City Treasurer also serves as Treasurer for the School Board. As such, monies are transferred from the governing bodies to the School Board's cash account on an as-needed basis until year-end when the balances of the total appropriations are transferred.

The School Board funds are identified as public funds and are protected under the Virginia Security for Public Deposits Act. Deposits for public entities are insured by federal deposit insurance (FDIC).

### Risk Management

The Risk Management Program currently involves maintaining several comprehensive insurance policies, monitoring various loss control activities, and a program to effectively manage claims filed against the School Board. The School Board Risk Management Senior Director and his staff monitor all claims.

The School Board insurance coverage includes the following: a workers' compensation insurance policy, a comprehensive general liability policy, a property insurance policy, a boiler and machinery coverage policy, fleet insurance, umbrella liability policy, employee blanket bond, and a School Board errors and omissions policy.

The School Board maintains an ongoing program of risk management, primarily focusing on the support service areas. The loss control program is structured to reduce and control on-the-job injuries and accidents. The program also includes safety awareness training for higher risk categories of employees.

The School Board retains the professional services of Marsh of Norfolk, Virginia. This firm sends representatives to lead and participate in analyzing areas of concern and assist with ideas to reduce and control overall risk. The School Board plans to continue the current program and expand its parameters as needed to meet safety needs.

#### Independent Audit

State statutes require an annual independent audit of the School Board's financial records and transactions. This requirement has been addressed. In addition, an unqualified opinion of KPMG LLP, an independent audit firm, has been included in this report.

#### Single Audit Act

The School Board is required to undergo an annual single audit as part of the City in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Information related to this single audit, including a schedule of expenditures of federal awards, the independent auditors' report on internal control and compliance with applicable laws regulations, contracts and grants, and a schedule of findings and questioned costs, if any, are included in the Comprehensive Annual Financial Report of the City of Norfolk.

### **AWARDS**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the School Board for the City of Norfolk for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2008. This is the fourth consecutive year that the School Board has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government agency must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the School Board has received the Association of School Business Officials (ASBO) International Certificate of Excellence in Financial Reporting Program (COE) for excellence in the preparation and issuance of the financial statements for fiscal year ended 2008.


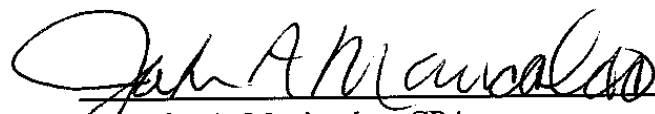
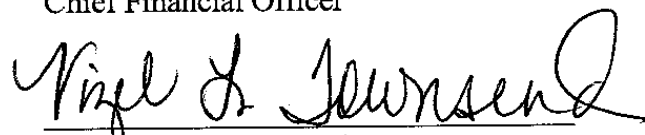
The Certificate of Excellence in Financial Reporting Program was designed by ASBO International to enable school business officials to achieve a high standard of financial reporting. The award, the highest recognition for school district financial operations offered by ASBO, is only conferred to the school systems that have met or exceeded the standards of the program.

## ACKNOWLEDGMENTS

We would like to express appreciation to the members of the School Board for the City of Norfolk for their concern in providing fiscal responsibility and accurate reporting of financial data to the students, parents, staff and general community of the School Board. The School Board's commitment to strong conservative policies and practices in the oversight of the financial affairs of the school division contributed to the results achieved in this financial report.

In addition, we would like to thank the members of the Business and Finance Division, who devote so many hours each year to the preparation of accurate financial reports. During the year, they render professional and knowledgeable services to and on behalf of the school division, and maintain the financial records on a current and timely basis. The School Board and the entire staff are commended for their continuing support that is vital to the financial health of the school division and demonstrates commitment to financial accountability and stewardship.

Respectfully submitted,

  
\_\_\_\_\_  
Dr. Stephen C. Jones  
Superintendent of Schools  
\_\_\_\_\_  
Mr. John A. Maniscalco, CPA  
Chief Financial Officer  
\_\_\_\_\_  
Ms. Vizel L. Townsend  
Senior Director, Accounting

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## FINANCIAL SECTION



**KPMG LLP**  
Suite 2100  
999 Waterside Drive  
Norfolk, VA 23510

## **Independent Auditors' Report**

The Chairman and Members  
School Board for the City of Norfolk, Virginia:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, including the Statement of Budgetary Comparison – General Fund, of the School Board for the City of Norfolk, Virginia, a component unit of the City of Norfolk, Virginia, as of and for the year ended June 30, 2009, which collectively comprise the School Board for the City of Norfolk, Virginia's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School Board for the City of Norfolk, Virginia's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Specifications for Audits of Authorities, Boards and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School Board for the City of Norfolk, Virginia's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School Board for the City of Norfolk, Virginia as of June 30, 2009, and the respective changes in financial position and the budgetary comparison for the general fund for the year then ended in conformity with U.S. generally accepted accounting principles.

In fiscal year 2009, the School Board for the City of Norfolk, Virginia changed its method of accounting for pollution remediation obligations due to the adoption of Governmental Accounting Standards Board Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2009 on our consideration of the School Board for the City of Norfolk, 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 the internal control over financial reporting or on compliance. That report is an integral part



of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 16, and the required supplementary information on page 38 and page 43 are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Board for the City of Norfolk, Virginia's basic financial statements. The introductory information, budgetary basis schedules, fiduciary assets and liabilities schedule, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The budgetary basis schedules and fiduciary assets and liabilities schedule have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory information and the statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

KPMG LLP

December 14, 2009



**SCHOOL BOARD FOR THE CITY OF NORFOLK  
(COMPONENT UNIT FOR THE CITY OF NORFOLK, VIRGINIA)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2009**

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**INTRODUCTION**

Our discussion and analysis of the School Board for the City of Norfolk (School Board) of Norfolk, Virginia financial performance provides an overview of the school district's financial activities for the fiscal year ended June 30, 2009. The intent of this management's discussion and analysis is to look at the School Board's financial performance as a whole; readers should also review the financial statements and notes to the basic financial statements to enhance their understanding of our financial performance.

The School Board has prepared its annual financial report using the Governmental Accounting Standards Board financial reporting model. The reporting model is a combination of both government-wide financial statements and fund financial statements. The basic financial statements contain three components:

- 1) Government-wide financial statements include the Statement of Net Assets and the Statement of Activities, which provide a broad, long-term overview of the School Board's finances,
- 2) Fund financial statements, to include the Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance, provide a greater level of detail and focus on how well the School Board has performed in the short term in the most significant funds, and
- 3) Notes to the basic financial statements.

The report presents the financial highlights for the last year and contains other supplementary information.

**OVERALL ANALYSIS**

The School Board for the City of Norfolk serves over 32,215 students with a general fund operating budget of \$330.2 million, grant budget of \$39 million, and a capital budget of \$6.2 million. In general, the financial operations of the School Board have weathered uncertain financial times with generally positive financial indicators and results. In those revenue areas that are directly linked to the economy, the School Board did not experience any major disruptions. On the expenditure side, the School Board's monitoring of the budget resulted in the reprogramming of funds to maximize the overall instructional goals. As of the end of the fiscal year 2009, the School Board maintained a strong cash position.

**SCHOOL BOARD FOR THE CITY OF NORFOLK  
(COMPONENT UNIT FOR THE CITY OF NORFOLK, VIRGINIA)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2009**

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**FINANCIAL HIGHLIGHTS**

Key financial highlights for 2009 are as follows:

- On the government-wide financial statements:
  - Total net assets decreased from \$78.6 million in 2008 to \$70 million at June 30, 2009, a decrease of approximately \$8.6 million, or 11%. The decline was applicable primarily to recording the liabilities for OPEB, pollution remediation, compensated absences, claims liability, and workers compensation.
  - Total revenues increased \$3.8 million from \$375 million in fiscal year 2008 to \$378.8 million in fiscal year 2009, or 1%. The increase in revenue is due primarily to additional grants being received during the year. The Operating Grants and Contributions increased \$5.5 million between fiscal years.
  - Total expenses increased \$7.6 million on the Statement of Activities from \$379.8 million in fiscal year 2008 to \$387.4 million in fiscal year 2009, or 2%. The increase was a result of a rise in expenses for each functional program between fiscal years. The largest increases were in Instruction and Operations and Maintenance.
- On the fund financial statements:
  - In the General Fund, the ending fund balance decreased from \$12.9 million in fiscal year 2008 to \$10.1 million in fiscal year 2009, or 21.58%. The fund balance decline was due to expenses exceeding revenue by \$2.8 million. These expenses were due primarily to prior year encumbrances that rolled forward from fiscal year 2008.
  - In the General Fund, unreserved and undesignated fund balance declined slightly from \$2.3 million in 2008 to \$2 million in 2009 due to expenses associated with health benefits and teacher/principal training.

**OVERVIEW OF THE GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The government-wide financial statements provide readers with a broad overview of the School Board's finances in a manner similar to a private sector business. The Statement of Net Assets and the Statement of Activities provide information about the activities of the School Board as a whole, presenting both an aggregate and a long-term view of finances. These statements include all assets and liabilities using the accrual basis of accounting. This basis of accounting includes all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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- The *Statement of Activities* presents information on activities that show how direct expenses for an activity versus program revenues received results in a *change to net assets*. All changes in the net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in the statement for some items that will result in cash flows in future fiscal periods.

Government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from functions with recovered costs through user fees and charges (*business-type activities*). The School Board reports only the governmental activities, since it has no business-type activities.

The government-wide financial statements (Statement of Net Assets and Statement of Activities) present governmental activities of the School Board. The City, State sales tax, and intergovernmental revenues principally support these governmental activities. The reported governmental activities of the School Board are Instruction, Administration, Attendance and Health, Pupil Transportation, Information Technology, Operations and Maintenance, Facilities Management, and Food Services.

The government-wide financial statements are presented in Exhibits I and II.

**Financial Analysis of the School Board as a Whole**

All of the School Board's services are reported in the government-wide financial statements, including instruction, pupil support services, instructional support services, administrative support services, facility support services, and food services. Intergovernmental revenues, interest, and investment earnings finance most of these activities. Additionally, all capital and debt financing activities are reported here.

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*Statement of Net Assets  
(Thousands of dollars)*

	Governmental Activities			
	(After GASB 49)			
	2009	2008	Difference	% Change
Current Assets	\$ 60,951	\$ 59,939	\$ 1,012	1.7%
Capital assets, net	69,644	71,813	(2,169)	-3.0%
Total assets	130,595	131,752	(1,157)	-0.9%
Current liabilities	44,495	39,403	5,092	12.9%
Long-term liabilities	16,124	13,746	2,378	17.3%
Total liabilities	60,619	53,149	7,470	14.1%
Net Assets:				
Invested in capital assets	69,644	71,813	(2,169)	-3.0%
Restricted	1,002	1,837	(835)	-45.5%
Unrestricted	(670)	4,953	(5,623)	-113.5%
Total net assets	\$ 69,976	\$ 78,603	\$ (8,627)	-11.0%

- **Total assets** had an overall decrease of 0.9% due primarily to a decline in funds due from the primary government, federal government, and capital assets while there was an increase in accounts receivables and cash, cash equivalents, and investments between fiscal years. The overall decrease was \$1.2 million between fiscal year 2008 and fiscal year 2009.
- **Invested in capital assets** decreased \$2.2 million or 3% over the prior fiscal year. This net decrease represents \$9.4 million in additions and \$.5 million in net disposals, net of \$11.1 million in current year depreciation expense. The majority of the decrease was due primarily to the depreciation expense on assets.
- **Total liabilities** increased \$7.5 million or 14.1% over the prior fiscal year. Long-term liabilities are due in more than one year and are comprised of compensated absences, workers' compensation, general claims, OPEB, and pollution remediation liability for the School Board. Current liabilities increased primarily due to recording Unearned Revenue of \$6.1 million. This is a one-time revenue deferral that is due to a carryover of 2009 funds authorized by the state to off-set the 2010 budgetary shortage. Long-term liabilities total \$13.7 million in fiscal year 2008 and \$16.1 million in fiscal year 2009. Long-term liabilities increased 17.3% due to an increase in OPEB of \$1.6 million, \$331 thousand in workers compensation and \$447 thousand in compensated absences between fiscal years.

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- **Total net assets** decreased \$8.6 million or 11% compared to the prior fiscal year. Net assets totaled \$78.6 million at June 30, 2008 and \$70 million at June 30, 2009. The overall decrease is due to a decrease in invested in capital assets, restricted (Capital Projects and Grants) and unrestricted (General Fund and Child Nutrition Services). Invested in capital assets decreased 3% or \$2.2 million because of depreciation expense in excess of current year additions. Restricted net assets decreased 45.5% or \$835 thousand due to a primarily to an increase grant project costs. The increase in grant project costs decreased overall grant fund balance. Unrestricted net assets decreased 113.5% or \$5.6 million due to recording liabilities for Other Post Employment Benefits, pollution remediation, compensated absences, workers compensation, and general claims liability.

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*Statement of Net Activities*

*(Thousands of dollars)*

	Governmental Activities			
	2009	2008	Difference	% Change
Revenues:				
Program Revenues:				
Charges for services	\$ 5,781	\$ 6,250	\$ (469)	-7.5%
Operating grants and contributions	229,557	224,043	5,514	2.5%
Capital grants and contributions	7,115	8,941	(1,826)	-20.4%
Total Program Revenues	242,453	239,234	3,219	1.3%
General Revenues:				
Use of money and property	1,699	2,376	(677)	-28.5%
Local government	104,511	101,095	3,416	3.4%
Commonwealth of Virginia	30,102	32,292	(2,190)	-6.8%
Total General Revenues	136,312	135,763	549	0.4%
Total Revenues	378,765	374,997	3,768	1.0%
Expenses:				
Instruction	282,802	279,282	3,520	1.3%
Support Services:				
Administration, Attendance and Health	13,414	13,312	102	0.8%
Pupil Transportation	10,917	10,913	4	0.0%
Operation and Maintenance	38,954	36,258	2,696	7.4%
Information Technology	8,972	8,950	22	0.2%
School Facilities	17,151	16,325	826	5.1%
Food Services	14,918	14,533	385	2.6%
Other	264	224	40	17.9%
Total Expenses	387,392	379,797	7,595	2.0%
Change in Net Assets	\$ (8,627)	\$ (4,800)	\$ (3,827)	79.7%

- **Total revenues** increased \$3.8 million or 1% due primarily to increases in Operating Grants and Contributions and Local Government. Operating Grants and Contributions increased \$5.5 million or 2.5% while Local Government increased 3.4 million or 3.4% in 2009. The other revenue categories (Charges for Services, Capital Grants and Contributions, Use of Money and Property; and the Commonwealth of Virginia) all had decreases in revenue that netted against the increases between fiscal years.
- **Total expenses** increased \$7.4 million primarily due to increases in almost every expenditure category. Most of these increases were for additional support to our students

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through instruction and infrastructure. The School Board continues to pay debt service expenses for the Transportation Facility. The Payment to the City of Norfolk decreased \$8 thousand or 3.6%. Overall expenses increased 2% in fiscal year 2009 over balances in fiscal year 2008.

***Capital Assets***

At June 30, 2009, the School Board had an investment of \$69.6 million in a broad range of capital assets (net of accumulated depreciation), including land, mobile classrooms, building improvements, equipment and vehicles. This amount represents a net decrease of \$2.2 million or 3% between fiscal year 2008 and 2009.

***Change in Capital Assets  
(Thousands of dollars)***

	Governmental Activities			
	June 30, 2009	June 30, 2008	Difference	% Change
Non-Depreciable Assets:				
Land	\$ 488	\$ 488	\$ -	0.0%
Construction in Progress	4,944	-	4,944	100.0%
Total Non-Depreciable Assets	\$ 5,432	\$ 488	\$ 4,944	
Other Capital Assets:				
Mobile Classrooms	5,194	5,194	-	0.0%
Building Improvements	85,410	82,029	3,381	4.1%
Equipment and Vehicles	29,812	31,494	(1,682)	-5.3%
Total Other Capital Assets	\$ 120,416	\$ 118,717	\$ 1,699	1.4%
Total Capital Assets	\$ 125,848	\$ 119,205	\$ 6,643	5.6%
Less: Accumulated Depreciation	(56,204)	(47,392)	(8,812)	18.6%
Total Capital Assets, Net	\$ 69,644	\$ 71,813	\$ (2,169)	-3.0%

The \$69.6 million in total capital assets, net of accumulated depreciation is reported in the Statement of Net Assets (Exhibit I) and is the largest single investment by the School Board.

In 2009, the School Board spent \$6.7 million in construction costs related to building improvement and electrical and lighting projects at various schools. Building improvement was completed at the following schools: Sewells Point ES, Tarrellton ES, Tidewater Park ES, Coleman Place ES, Crossroads ES, Little Creek ES, Blair MS, Norview HS and Lake Taylor HS.

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Additional information on the School Board's capital assets is presented in Note 2B of the financial statements.

***Long Term Obligations***

As of June 30, 2009, the School Board had \$16.1 million in long-term obligations versus \$13.7 million for fiscal year 2008. This resulted in a 17.3% increase in long-term obligations, which is comprised of compensated absences, workers' compensation, claims liability, pollution remediation and OPEB liability. Approximately \$8 million in long-term obligations is due within one year (see Exhibit I).

Workers' compensation and claims liability for the School Board are actuarial projections of probable liability based on reasonable estimates of loss. The School Board provides for payment of losses through a combination of purchased policies and self-insurance plans.

***Change in Long-Term Obligations  
(Thousands of dollars)***

	(After GASB 49)						
	July 1, 2008	Additions	Retirements	June 30, 2009	Difference	% Change	
Long-Term Obligations:							
Compensated Absences	\$ 9,593	\$ 9,454	\$ (9,007)	\$ 10,040	\$ 447	4.7%	
Workers' Compensation	1,626	1,150	(819)	1,957	331	20.4%	
Claims Liability	45	193	(206)	32	(13)	-28.9%	
Pollution Remediation	226	273	(226)	273	47	20.8%	
Other Post Employment Benefits	2,255	1,567	-	3,822	1,567	69.5%	
Total Long-Term Obligations	\$ 13,745	\$ 12,637	\$ (10,258)	\$ 16,124	\$ 2,379	17.3%	

Pollution remediation consists of asbestos, caulk, oil drainage, aerosol can/drum removal, and mold abatement liabilities and was recorded. Additional information showing the breakdown of the School Board's long-term obligations is presented in Note 2E of this report.

**OVERVIEW OF 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, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All School Board funds are reported in the governmental funds.

***Governmental Funds.*** Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements.



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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 for spending in future years. Such information may be useful in evaluating a government's near-term financing requirements.

These funds are reported using the modified accrual method of accounting, which measures cash and all other financial assets that can be readily converted to cash. These statements provide a detailed short-term view of the School Board's operations and the services it provides.

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 statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*. The School Board fund financial statements provide detailed information about the most significant funds – not the School Board as a whole.

The School Board maintains four individual governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance for General, Grants, and Capital Project Funds, which are considered to be major funds. Data from the Child Nutrition Fund, which is considered a nonmajor fund, is shown in a single aggregated presentation.

The School Board adopts an appropriated budget for all of its major and nonmajor governmental funds and an annual budget for the General Fund. Budgetary comparison schedules have been provided in Exhibit V for the General Fund to demonstrate compliance with the annual budget. Other individual fund budgetary comparison schedules are presented in Schedules 1, 2, and 3 of this report.

As of June 30, 2009, the School Board's governmental funds reported combined fund balances of \$16,456,015, a decrease of \$4,079,865, in comparison to the prior fiscal year. Approximately 31% of this total amount (\$5,102,577) constitutes undesignated fund balance, which is available for spending at the School Boards discretion. However, \$2,121,630 or 12.7% has been designated for specific purposes within certain governmental funds though the budget process. The remaining combined fund balances total is reserved to indicate that it is not available for new spending, due to being committed to liquidate outstanding contracts and purchase orders (encumbrances) of the prior fiscal year (\$8,533,885) and to account for inventories (\$697,923). Encumbrances decreased \$4,383,628 or 33.9% over the prior fiscal year.

The basic Governmental Fund financial statements are presented in Exhibits III and IV of this report.

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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, 2009, the fund balance of the General Fund was \$10,138,242. The fund has reserved and designated balances for encumbrances, inventories, and buses that total \$8,155,531.

General Fund Revenues

Revenues for the General fund totaled \$323,431,372 for fiscal year 2009, which was approximately \$9 million or 2.8% higher than the revenues received in fiscal year 2008. The following illustration presents the amounts of revenues from the General Fund sources, the relationship of each to the total, and the increase or decrease from the previous fiscal year for each revenue source.

*General Fund Revenues by Source  
(Thousands of Dollars)*

	2009 Amount	2009 Percent of Total	2008 Amount	Increase (Decrease) From 2008	Percent Increase (Decrease) 2008
Local government	\$ 104,511	32.3%	\$ 101,095	\$ 3,416	3.4%
Commonwealth of Virginia	206,990	64.0%	202,196	4,794	2.4%
Federal government	7,415	2.3%	5,778	1,637	28.3%
Other revenues	4,515	1.4%	5,401	(886)	-16.4%
Total	<u>\$ 323,431</u>	<u>100.0%</u>	<u>\$ 314,470</u>	<u>\$ 8,961</u>	<u>2.8%</u>

The largest source of revenues is from the Local Government and the Commonwealth of Virginia. The Commonwealth of Virginia revenue includes funding for basic school aid, reimbursement of a portion of teachers' fringe benefits, salary support, remedial and vocational education, class size and at-risk initiatives, gifted and talented, special education, special educational regional programs and other purposes. The decline in other revenue is due primarily to a decrease in interest income of approximately \$811,700 between fiscal years.

General Fund Expenditures

General Fund expenditures were \$326,221,317 for fiscal year 2009, which represented an increase of approximately \$6.1 million or 1.9% over fiscal year 2008. The following illustration presents the amounts in of General Fund expenditures by function, the relationship of each to the total, and the increase or decrease from the previous fiscal year for each function.

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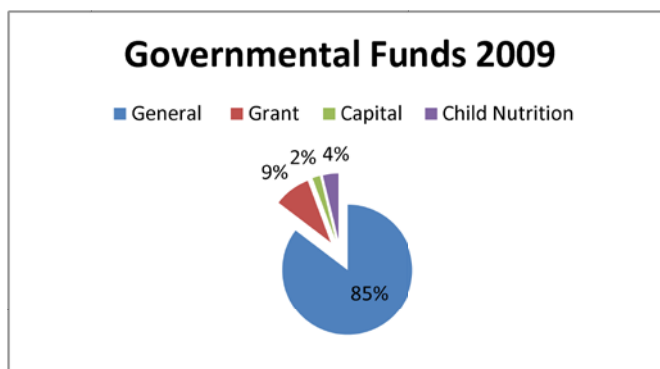
***General Fund Expenditures  
(Thousands of Dollars)***

	2009 Amount	2009 Percent of Total	2008 Amount	Increase (Decrease) From 2008	Percent Increase (Decrease) 2008
Instruction	\$ 254,601	78%	\$ 248,461	\$ 6,140	2.5%
Support Services:					
Administration, Attendance and Health	13,369	4.1%	13,207	162	1.2%
Pupil Transportation	10,723	3.3%	10,896	(173)	-1.6%
Operation and Maintenance	35,881	11.0%	33,669	2,212	6.6%
Information Technology	7,955	2.4%	7,908	47	0.6%
School Facilities	3,643	1.1%	5,957	(2,314)	-38.8%
Other	49	0.1%	56	(7)	-12.5%
Subtotal - Support Services	71,620	22.0%	71,693	(73)	-0.1%
Total - Instruction and Support Services	\$ 326,221	100.0%	\$ 320,154	\$ 6,067	1.9%

The increase in Instruction was due to the overall increase in salaries for teacher retention, materials and supplies, and other items needed for instructional support.

**Grant Funds**

The Grant Fund is comprised of multi-year funds. Grants do not have a legally adopted annual budget. Grant funds provide 9% of the overall funding for the School Board. The funds are received from federal, state, and private agencies to provide for the instructional needs of students, training of teachers, and/or purchase of equipment that is needed for the educational process.



During fiscal year 2009, the School Board received \$33,703,458 in Grant funding. The Federal Government provided 84% or \$28,332,519 in revenue for the year. The Commonwealth of Virginia provided 15% or \$5,062,472 while private donors provided 0.9% or \$308,467 of the resources received. The School Board expended \$33,765,504 that was used 100% for Instruction and instructional support.

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Capital Projects Fund

The School Board's Capital Projects Fund is funded by the City of Norfolk (City). The Capital Projects Fund is considered multi-year funding for spending purposes. It makes up 2% (see chart above) of the overall governmental funds received and expended during the fiscal year. The capital funds are used for the infrastructure of the schools and auxiliaries. Capital Project Funds expended \$7,886,804 and were used by the School Board to implement various building improvement projects at school facilities. The City provided 91.7% or \$6,522,638 and the Commonwealth of Virginia provided 8.3% or \$591,924 of the \$7,114,562 in revenue received in fiscal year 2009.

***Fiduciary Funds.*** Fiduciary funds are used to account for resources held for the benefit of parties outside the School Board. 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 consist of Trust Funds and School Activity Funds. Trust Funds consist primarily of fiscal agencies for Governors School for the Arts and Southeastern Cooperative Educational Programs. The School Activity Funds consist primarily of student clubs and restricted donations for the individual schools.

The School Board's Fiduciary Funds are Agency Funds. 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 Statement of Fiduciary Assets and Liabilities is presented in Exhibit VI of this report.

**Notes to the Basic Financial Statements**

The Notes to the Basic Financial Statements follow the statements in the report and complement the financial statements by describing qualifying factors and changes throughout the fiscal year.

The Notes to the Basic Financial Statements begin after Exhibit VI of this report.

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain information concerning the School Board's progress in funding the retirement benefits for its nonprofessional employees through the Virginia Retirement System (VRS) and Other Post Employment Benefits (OPEB). Both the VRS and OPEB are presented as part of the basic financial statements rather than required supplementary information.

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Required supplementary information on these retirement benefits is presented in the Notes to the Basic Financial Statements.

## **BUDGETARY HIGHLIGHTS**

Budgets are prepared on a basis consistent with Virginia statutes for the General Fund, Grant Fund, Capital Projects Fund and Child Nutrition Fund. All annual unencumbered appropriations lapse at the fiscal year end. In June 2009, the School Board adopted a balanced budget for fiscal year 2010 that reflected appropriations of \$327.2 million for the General Fund.

During the budgetary process there were certain revenue and expenditure assumptions made to get to the final amount for fiscal year 2010.

Revenue assumptions included:

- State revenues as proposed under the General Assembly's adopted budget; \$196.1 million
- Inclusion of Federal State Stabilization funds from ARRA of 2009; \$12.1 million
- The General Assembly's adopted budget reflects a decrease in sales tax revenue due to present economic conditions.
- A revision of several categories to a new designation of lottery funded programs such as ISAEP and SECEP Tuition.
- Request for 2009 level funding from the City of Norfolk of \$104.5 million

Due to economic declines, the City of Norfolk reduced funding to the School Board of \$3.5 million. The shortfall will be covered by \$3.5 million of the \$6.1 million in Unearned Revenue carried forward from the prior year.

Expenditure assumptions include:

- All existing programs and departments have been evaluated for efficiency and \$4.7 million trimmed from the budget.
- Use of \$1.1 million in increased IDEA VI-B used for Special Education as per rules under Federal Stimulus.
- One time use of matching Textbook funds in amount of \$1 million used for operating costs.
- Reduction of 33 positions due to decreasing enrollment and 13 positions as part of efficiency evaluation.
- No increase in funding for fixed costs such as, property and casualty insurance and others.
- One year hold on any pay increases based on the pay study for all employees.
- Virginia Retirement System (VRS) rates of:
  - Professional 13.81%
  - Non-professional 12.60%
- Other rate changes are:

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- Group Life Insurance from 0.82% to 0.79%
  - Retiree Health care credit from 1.08% to 1.04%
- Health Insurance is estimated to increase by \$2.5 million. This increase would not be passed to employees.
- Moving of Coronado Program to another location saving administration, utilities, and some staffing costs and decrease of availability of Specialty after school buses.

In 2009, budgetary transfers were \$212,212 between functional areas. The transfers were made to increase instructional support within the district. These transfers did not increase the overall budget for the year.

**Factors Influencing Future Budgets**

- Increased employer contributions for employee health insurance
- Funding other post-employment benefits (OPEB) for retirees
- Provide competitive salaries and pay increases for retention of teachers
- Professional growth and development of teachers
- Funding of No Child Left Behind legislation
- Inadequate state and federal funding
- Continue to fund and strengthen the effort for full Standards of Learning accreditation
- Continue to fund various academic programs
- Decrease in the local tax base
- Declining enrollment
- Uncertainty of sales tax and federal impact aid revenue
- Future funding for construction projects
- Decline in federal stimulus funding

**REQUESTS FOR INFORMATION**

This report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the School Board's finances and to demonstrate compliance and accountability for its resources. Questions about any information provided in this report or requests for additional financial information should be addressed to John A. Maniscalco, CPA, Chief Financial Officer or Vizel L. Townsend, Senior Director, Accounting for the School Board for the City of Norfolk, 800 E. City Hall Avenue, Norfolk, VA 23501-1357, at (757) 628-3482 and (757) 628-3883, respectively. Please visit our website at: <http://www.nps.k12.va.us> for a complete copy of the Comprehensive Annual Financial Report (CAFR) and other financial information.

**Exhibit I**

**School Board for the City of Norfolk**  
**Statement of Net Assets**  
**June 30, 2009**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Current Assets:	
Cash, cash equivalents, and investments	\$ 32,406,039
Accounts receivable	224,898
Due from primary government	629,331
Due from the Federal government (Note 2)	7,632,894
Due from the Commonwealth of Virginia (Note 2)	19,359,570
Inventories	697,923
Total Current Assets	<u>\$ 60,950,655</u>
Noncurrent Assets:	
Capital Assets (Note 2):	
Land	487,500
Construction in Progress	4,944,606
Mobile classrooms, building improvements, equipment and vehicles, net of accumulated depreciation and amortization	64,212,277
Total capital assets, net	<u>\$ 69,644,383</u>
Total assets	<u>130,595,038</u>
<b>LIABILITIES</b>	
Vouchers payable	9,852,787
Retainage payable	216,679
Payroll deductions and withholdings	224,060
Accrued payroll	24,925,502
Unearned revenue	6,113,704
Due to other agencies	1,885,742
Other payables	1,276,166
Noncurrent liabilities (Note 2):	
Due within one year	7,999,114
Due in more than one year	8,125,033
Total liabilities	<u>60,618,787</u>
<b>NET ASSETS</b>	
Invested in capital assets	69,644,383
Restricted for:	
Capital Projects	973,888
Grants	28,605
Unrestricted	(670,625)
Total net assets	<u><u>\$ 69,976,251</u></u>

**See Notes to the Basic Financial Statements.**

**School Board for the City of Norfolk**  
**Statement of Activities**  
**For the Year Ended, June 30, 2009**

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>Functions/Programs:</b>					
<b>Governmental Activities:</b>					
Instruction	\$ 282,801,569	\$ 2,894,648	\$ 218,005,712	\$ -	\$ (61,901,209)
Administration, Attendance, and Health	13,414,243	-	-	-	(13,414,243)
Pupil Transportation	10,916,742	-	-	-	(10,916,742)
Operation and Maintenance	38,954,012	-	-	-	(38,954,012)
Information Technology	8,971,559	-	-	-	(8,971,559)
School Facilities	17,151,503	-	-	7,114,562	(10,036,941)
Food Services	14,918,316	2,886,462	11,551,688	-	(480,166)
Other	264,345	-	-	-	(264,345)
Total	<u>\$ 387,392,289</u>	<u>\$ 5,781,110</u>	<u>\$ 229,557,400</u>	<u>\$ 7,114,562</u>	<u>(144,939,217)</u>
General revenues:					
Use of money and property					1,499,185
Other					199,578
Intergovernmental:					-
Local government - Unrestricted					104,511,131
Commonwealth of Virginia - Unrestricted					30,102,433
Total					<u>136,312,327</u>
Change in net assets					(8,626,890)
Net assets-beginning , as previously reported				78,829,437	
Implementation of GASB 49 (Note 10)				<u>(226,296)</u>	
Net assets-beginning, after implementation of GASB 49					78,603,141
Net assets-ending					<u>\$ 69,976,251</u>

**See Notes to the Basic Financial Statements.**



Exhibit III

**School Board for the City of Norfolk  
Balance Sheet  
Governmental Funds  
June 30, 2009**

	<b>General Fund</b>	<b>Grants</b>	<b>Capital Projects</b>	<b>Nonmajor Funds Child Nutrition</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>					
Cash, cash equivalents, and investments	\$ 28,888,529	\$ -	\$ -	\$ 3,517,510	\$ 32,406,039
Accounts receivable	132,448	52,365	-	40,085	224,898
Due from other funds	3,530,236	-	752,760	1,292,079	5,575,075
Due from the primary government	-	-	629,331	-	629,331
Due from the Federal government	270,763	6,838,471	-	523,660	7,632,894
Due from the Commonwealth of Virginia	18,048,460	1,261,783	49,327	-	19,359,570
Inventories	247,995	-	-	449,928	697,923
Total assets	<u>\$ 51,118,431</u>	<u>\$ 8,152,619</u>	<u>\$ 1,431,418</u>	<u>\$ 5,823,262</u>	<u>\$ 66,525,730</u>
<b>LIABILITIES</b>					
Vouchers payable	\$ 9,387,000	\$ 112,861	\$ 240,851	\$ 112,075	\$ 9,852,787
Retainage payable	-	-	216,679	-	216,679
Payroll deductions and withholdings	224,060	-	-	-	224,060
Accrued payroll	22,207,221	2,322,374	-	395,907	24,925,502
Due to other agencies	1,885,742	-	-	-	1,885,742
Due to other funds	-	5,575,075	-	-	5,575,075
Unearned revenue	6,000,000	113,704	-	-	6,113,704
Other payable	1,276,166	-	-	-	1,276,166
Total liabilities	<u>40,980,189</u>	<u>8,124,014</u>	<u>457,530</u>	<u>507,982</u>	<u>50,069,715</u>
<b>FUND BALANCES</b>					
Reserved for:					
Encumbrances	5,785,906	1,821,985	680,779	245,215	8,533,885
Inventories	247,995	-	-	449,928	697,923
Unreserved, reported in:					
Designated:					
General Fund - Bus Replacements	2,121,630	-	-	-	2,121,630
Undesignated:					
General Fund	1,982,711	-	-	-	1,982,711
Grants Fund	-	(1,793,380)	-	-	(1,793,380)
Capital Projects Fund	-	-	293,109	-	293,109
Child Nutrition Fund	-	-	-	4,620,137	4,620,137
Total fund balances	<u>10,138,242</u>	<u>28,605</u>	<u>973,888</u>	<u>5,315,280</u>	<u>16,456,015</u>
Total liabilities and fund balances	<u>\$ 51,118,431</u>	<u>\$ 8,152,619</u>	<u>\$ 1,431,418</u>	<u>\$ 5,823,262</u>	<u>\$ 66,525,730</u>

See Notes to the Basic Financial Statements.

(Continued)

**Exhibit III,  
Continued**

**School Board for the City of Norfolk  
Reconciliation of the Balance Sheet of Governmental Funds  
to the Statement of Net Assets  
June 30, 2009**

Fund balances--total governmental funds	\$ 16,456,015
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Amounts reported for governmental activities in the Statement of  
Net Assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	69,644,383
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Long-term obligations, are not due and payable in the current  
period and therefore are not reported in the funds:

Compensated Absences	(10,039,837)
Workers Compensation	(1,957,690)
Claims Liability	(31,542)
Other Post Employment Benefits	(3,822,574)
Pollution Remediation	(272,504)

Net Assets of Governmental Activities	<u><u>\$ 69,976,251</u></u>
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**See Notes to the Basic Financial Statements.**

Exhibit IV

**School Board for the City of Norfolk**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended June 30, 2009**

	<b>General Fund</b>	<b>Grants</b>	<b>Capital Projects</b>	<b>Nonmajor Fund Child Nutrition</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>					
Use of money and property	\$ 1,424,493	\$ -	\$ -	\$ 74,692	\$ 1,499,185
Charges for services	2,894,648	-	-	2,886,462	5,781,110
Other	196,413	308,467	-	3,165	508,045
Intergovernmental :					
Local government	104,511,131	-	6,522,638	-	111,033,769
Commonwealth of Virginia	206,990,016	5,062,472	591,924	240,383	212,884,795
Federal government	7,414,671	28,332,519	-	11,311,305	47,058,495
Total revenues	<u>323,431,372</u>	<u>33,703,458</u>	<u>7,114,562</u>	<u>14,516,007</u>	<u>378,765,399</u>
<b>EXPENDITURES</b>					
Instruction	254,600,701	32,394,440	-	-	286,995,141
Administration, Attendance, and Health	13,369,461	538	-	-	13,369,999
Pupil Transportation	10,723,309	-	-	-	10,723,309
Operation and Maintenance	35,880,795	177,442	-	-	36,058,237
Information Technology	7,955,052	814,770	-	-	8,769,822
School Facilities	3,427,039	-	-	-	3,427,039
Food Services	-	163,467	-	14,971,639	15,135,106
Other	49,498	214,847	-	-	264,345
Intergovernmental for Debt Service:					
School Facilities	215,462	-	-	-	215,462
Intergovernmental for Capital Outlay:					
School Facilities	-	-	1,185,341	-	1,185,341
Capital Outlay:					
School Facilities	-	-	6,701,463	-	6,701,463
Total expenditures	<u>326,221,317</u>	<u>33,765,504</u>	<u>7,886,804</u>	<u>14,971,639</u>	<u>382,845,264</u>
Net change in fund balance	(2,789,945)	(62,046)	(772,242)	(455,632)	(4,079,865)
Fund balances--beginning	<u>12,928,187</u>	<u>90,651</u>	<u>1,746,130</u>	<u>5,770,912</u>	<u>20,535,880</u>
Fund balances--ending	<u>\$ 10,138,242</u>	<u>\$ 28,605</u>	<u>\$ 973,888</u>	<u>\$ 5,315,280</u>	<u>\$ 16,456,015</u>

See Notes to the Basic Financial Statements.

(Continued)

**Exhibit IV,  
Continued**

**School Board for the City of Norfolk  
Reconciliation of the Statement of Revenues, Expenditures,  
and Changes in Fund Balance to the Statement of Activities  
For the Year Ended June 30, 2009**

Net change in fund balances--total governmental funds \$ (4,079,865)  
Amounts reported for governmental activities in the Statement of Activities are  
different because:

Governmental funds report capital outlays as expenditures while governmental  
activities report depreciation expense to allocate those expenditures over  
the life of the assets.

Add capital acquisitions	9,428,010	
Subtract depreciation expense & loss on disposal of capital assets	<u>(11,596,927)</u>	(2,168,917)

Some expenses reported in the Statement of Activities do not require the use  
of current financial resources and therefore are not reported as  
expenditures in governmental funds:

Compensated Absences	(446,618)
Workers Compensation	(331,291)
Claims Liability	13,583
Other Post Employment Benefits	(1,567,574)
Pollution Remediation	(46,208)

Change in Net Assets of Governmental Activities	<u><u>\$ (8,626,890)</u></u>
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**See Notes to the Basic Financial Statements.**

**School Board for the City of Norfolk**  
**Statement of Budgetary Comparison - General Fund - Budgetary Basis**  
**For the Year Ended June 30, 2009**

	<b>Budgeted Amounts</b>		<b>Actual Amounts (Budgetary Basis)</b>	<b>Variance with Final Budget Favorable/(Unfavorable)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary fund balance, July 1				
Resources (inflows)				
Local sources	\$ 4,803,524	\$ 4,803,524	\$ 4,515,554	\$ (287,970)
Commonwealth of Virginia	214,844,708	214,844,708	206,990,016	(7,854,692)
Federal government	6,031,537	6,031,537	7,414,671	1,383,134
Local government	104,511,131	104,511,131	104,511,131	-
Amounts available for appropriation	330,190,900	330,190,900	323,431,372	(6,759,528)
Charges to appropriations (outflows)				
Instruction	\$ 258,059,503	\$ 257,847,291	\$ 256,434,817	\$ 1,412,474
Administration, Attendance, and Health	14,771,397	14,790,146	13,145,309	1,644,837
Pupil Transportation	11,758,003	11,635,157	10,508,994	1,126,163
Operation and Maintenance	34,922,958	35,228,179	33,830,749	1,397,430
Information Technology	7,718,077	7,729,165	7,224,024	505,141
School Facilities	2,912,620	2,912,620	2,576,391	336,229
Other	48,342	48,342	49,498	(1,156)
Total charges to appropriations	330,190,900	330,190,900	323,769,782	6,421,118
Budgetary fund balance, June 30	\$ -	\$ -	\$ (338,410)	\$ (338,410)

**Reconciliation of Budgetary Inflows and Outflows with  
Revenues and Expenditures in Exhibit IV:**

**Sources/Inflows of resources**

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule, above

Total revenues and transfers as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds (Exhibit IV)

\$ 323,431,372

\$ 323,431,372

**Uses/Outflows of resources**

Actual amounts (budgetary basis) "total charges to appropriation" from the budgetary comparison schedule, above

Difference - budget to GAAP:

Encumbrance change between fiscal years

Total expenditures and transfers as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds (Exhibit IV)

\$ 323,769,782

2,451,535

\$ 326,221,317

**See Notes to the Basic Financial Statements.**

**Exhibit VI**

**School Board for the City of Norfolk  
Statement of Fiduciary Net Assets  
For the Year Ended June 30, 2009**

	<b><u>Agency Fund</u></b>
<b>ASSETS</b>	
Cash, cash equivalents, and investments	<u>\$ 9,279,765</u>
Total assets	<u><u>\$ 9,279,765</u></u>
<b>LIABILITIES</b>	
Due to other agencies	<u>\$ 9,279,765</u>
Total liabilities	<u><u>\$ 9,279,765</u></u>

**See Notes to the Basic Financial Statements.**

**SCHOOL BOARD FOR THE CITY OF NORFOLK  
(COMPONENT UNIT FOR THE CITY OF NORFOLK, VIRGINIA)  
YEAR ENDED JUNE 30, 2009**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**Note 1. Summary of Significant Accounting Policies**

The accounting policies of the School Board for the City of Norfolk, Virginia (School Board) have been prepared in conformity with accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant accounting policies:

**A. Reporting Entity**

The School Board is responsible for elementary and secondary education within the City of Norfolk. The School Board is governed by an appointed seven-member board that serves staggered terms and is vested with legislative powers. The School Board works in conjunction with the Superintendent. The Superintendent is the executive and administrative head of the public School Board. City Council approves the School Board's operating budget, levies taxes to finance operations, and approves the borrowing of money and the issuance of bonds when necessary. The School Board receives local, state, and federal government funding and must adhere to the legal requirements of each funding entity.

The School Board is considered a component unit of the City of Norfolk, Virginia (City) due to its fiscal dependence on the primary government. Therefore, the School Board's financial position and results of operations are presented in the City's Comprehensive Annual Financial Report (CAFR). The School Board does not have any component units for financial reporting purposes.

**B. Government-wide and Fund Financial Statements**

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

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 identified to a specific activity. Program revenues are those that are directly associated with a specific activity (e.g. Instruction and Food Services). 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 and 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

**SCHOOL BOARD FOR THE CITY OF NORFOLK  
(COMPONENT UNIT FOR THE CITY OF NORFOLK, VIRGINIA)  
YEAR ENDED JUNE 30, 2009**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

include operating-specific and discretionary (either operational or capital) grants while the capital grants column reflects capital-specific grants.

In the government-wide Statement of Net Assets, the governmental activities column is presented on a full accrual basis and the economic resources measurement focus. This basis incorporates long-term assets and receivables and long-term obligations. School Board funds that involve internal activity are eliminated for financial presentation purposes.

Fund financial statements are provided for governmental and fiduciary funds. The School Board does not have proprietary funds. The School Board's fiduciary funds are presented in the fund financial statements by type (agency). Since these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the governmental agency, these funds are not incorporated into the government-wide statements. The following is a brief description of the specific funds used by the School Board in fiscal year 2009.

**GOVERNMENTAL FUNDS**

**General Fund** – The General Fund is the general operating fund of the School Board and is used to account for all financial resources except for those accounted for in another fund. Revenues are derived primarily from Federal (including impact aid and grants), state (including basic aid, grants, and sales tax), and local governments. The General Fund is always considered a major fund for government-wide reporting purposes.

**Grants Fund** – The Grants Fund is used to account for proceeds of specific revenue sources (other than major capital projects) that are restricted by legal and regulatory provisions and finance expenditures for specified purposes. Grants are funded by private, state, and Federal agencies. The Grants Fund is considered a major fund for government-wide reporting purposes.

**Capital Projects Fund** - The Capital Projects Fund accounts for all financial resources used for the acquisition or construction of major capital facilities. The Capital Projects Fund is considered a major fund for government-wide reporting purposes.

**Child Nutrition Fund** – The Child Nutrition Fund is used to account for proceeds of specific revenue sources that are restricted by legal and regulatory provisions that finance expenditures for food services. Child Nutrition is funded by state and federal agencies. The Child Nutrition Fund is considered a non-major fund for government-wide reporting purposes.

**FIDUCIARY FUND**

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



**SCHOOL BOARD FOR THE CITY OF NORFOLK  
(COMPONENT UNIT FOR THE CITY OF NORFOLK, VIRGINIA)  
YEAR ENDED JUNE 30, 2009**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

Funds and fiscal agencies (Governors School for the Arts and Southeastern Cooperative Educational Programs).

**C. Basis of Accounting and Measurement Focus**

The government-wide Statement of Net Assets and Statement of Activities are reported using the economic resources measurement focus and the accrual basis of accounting. 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 inter-fund activity have been eliminated from the government-wide financial statements.

The accounting and financial reporting treatment related 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 are generally included in the balance sheet for governmental funds. Long-term assets and long-term liabilities are included in the government-wide statements. Operating statements of governmental funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All governmental fund types use the modified accrual basis of accounting. 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 60 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 major revenue sources, which meet the “susceptible to accrual” criteria:

- Commonwealth of Virginia
- Federal Government
- Local Government
- Interest on Deposits

**D. Budgets and Budgetary Accounting**

The Superintendent is required by Section 22.1-92 of the Code of Virginia, as amended, to prepare, with the approval of the School Board, and submit to the City Council “the estimate of the amount of money deemed to be needed during the next fiscal year for the support of the public School Board”. Before the School Board gives final approval to its general operating, grants, child nutrition, and capital projects budgets, the School Board is required to hold at least one public hearing.

**SCHOOL BOARD FOR THE CITY OF NORFOLK  
(COMPONENT UNIT FOR THE CITY OF NORFOLK, VIRGINIA)  
YEAR ENDED JUNE 30, 2009**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

The City Manager is required by the City Charter to present a proposed operating budget, which includes the School Board's operating budget, at least 60 days before the beginning of each fiscal year that 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. 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.

An Annual budget is legally adopted for the General Fund. The budget for this fund is adopted on a budgetary basis generally consistent with the modified accrual basis except that expenditures are budgeted in the year that the applicable purchase orders or other contractual commitments are expected to be issued. The legal level of budgetary control for the General Fund is at the category (i.e. Instruction; Administration, Attendance and Health; Pupil Transportation; Operations and Maintenance; Information Technology; School Plant and Food Services) level; while Grants and Capital Projects, which are budgeted on a multi-year basis, are at the fund level. These categories or funds cannot legally be exceeded. In addition, certain controls are exercised administratively on all funds.

The budgets are integrated into the accounting system, and the budgetary data, as presented in the financial statements for all funds with annual budgets, compare the expenditures (including encumbrances) with the amended budgets.

Accordingly, the Budgetary Comparison Schedule presents actual expenditures in accordance with the legally adopted budget as amended. Due to the difference in the basis of accounting for budgetary and fund accounting purposes, Exhibit V provides reconciliation between the budgetary basis and fund financial accounting (modified accrual) basis.

Unencumbered appropriations on the annual budget lapse at the end of each fiscal year for funds with annual budgets. The School Board can request the City to re-appropriate funds in the subsequent fiscal year.

**E. Assets, Liabilities and Fund Equity**

**DEPOSITS AND INVESTMENTS**

The School Board does not have interest rate or foreign currency risk on investments.

Deposits: All cash of the School Board is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act ("Act"), Section 2.2-4400 et. Seq. of the Code of Virginia or covered by the federal depository issuance. At June 30, 2009, the carrying amount of cash deposits for the School Board was \$1,399,826 and the bank balance was \$4,409,947.

Investments: Virginia State statutes authorize the School Board to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Developments ("World Bank") and Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, bankers acceptances,

**SCHOOL BOARD FOR THE CITY OF NORFOLK  
(COMPONENT UNIT FOR THE CITY OF NORFOLK, VIRGINIA)  
YEAR ENDED JUNE 30, 2009**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

money market mutual funds, and the State Treasurer's Local Government Investment Pool ("LGIP").

At June 30, 2009, the School Board has investments of \$31,006,213 in an Aaa rated money market mutual fund. The School Board pools money from several funds to facilitate disbursement and investment and to maximize overnight investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

**Custodial Credit Risk – Deposits**

All deposits of the School Board are held in designated official depositories and are collateralized in accordance with the Virginia Security for Public Deposits Act ("the Act"), Section 2.2-4400 et. Seq. of the Code of Virginia or covered by the federal depository insurance (FDIC). Under the Act, banks holding public deposits in excess of the amounts insured by the FDIC must pledge collateral in the amount of 50% of excess deposits to a collateral pool in the name of the State Treasury Board. If any member financial institution whose public deposits are collateralized in accordance with the requirements of the Act fails, the entire market value of the collateral pool becomes available to satisfy the claims of governmental entities. If the value of the pool's collateral were inadequate to cover a loss, additional amounts would be assessed on a pro rata basis to members of the pool. The State Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and for notifying the local governments of compliance by banks.

**Custodial Credit Risk – Investments**

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School Board will not be able to recover the value of its investments that are in the possession of outside parties. The investments for the School Board are held in a money market mutual fund. There is no custodial credit risk associated with the money market fund.

**RECEIVABLES AND PAYABLES**

All inter-fund receivables and payables are displayed in the fund statements as "Due to/Due From Other Funds." These amounts offset each other and are eliminated from the Government-Wide Statement of Net Assets, so as to not overstate the assets and liabilities. All trade receivables are reported net of an allowance for uncollectible accounts.

Accounts that are more than a year old with no formal agreement for repayment are deemed "uncollectible" and written off. Uncollectible accounts totaled \$233,172 for fiscal year 2009.

**SCHOOL BOARD FOR THE CITY OF NORFOLK  
(COMPONENT UNIT FOR THE CITY OF NORFOLK, VIRGINIA)  
YEAR ENDED JUNE 30, 2009**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**INVENTORIES**

Governmental fund inventories consist of expendable materials and supplies that are recorded as expenditures when consumed. The governmental fund inventories reported on the combined balance sheet for governmental funds are offset by fund balance reserves that indicate that they do not constitute resources available for appropriation even though they are a component of net current assets. The weighted average cost method is used to record inventories.

The Child Nutrition Fund's inventories also include United States Department of Agriculture ("USDA") commodities under the Donated Commodity Program (operated as an adjunct to the National School Lunch Program). The 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 and expenditures at the time of consumption of the products based on the estimated wholesale market value (provided by USDA). The value of these commodities was \$64,934 at year-end.

**CAPITAL ASSETS**

Capital outlays are recorded as expenditures in governmental funds and as assets in the government-wide financial statements to the extent of the School Board's capitalization threshold of \$5,000. Depreciation is recorded on capital assets on a government-wide basis using the straight-line method and the following estimated useful lives:

Mobile Classrooms	20 years
Building Improvements	10 years
Equipment	7 years
Vehicles	7 years

All capital assets are valued at historical cost or estimated historical cost if actual cost was not available. Donated capital assets are valued at their estimated fair market value on the date donated.

Maintenance, repairs, and minor equipment are charged to operations when incurred. Expenditures that materially change capacities or extend useful life are capitalized. Upon sale or retirement of land, building improvements, and equipment, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts and any relating gain or loss is included in the results of operations.

School buildings are the property of the City of Norfolk and are carried on their financial statements for reporting purposes. Under Section 15.2-1800.1 of the Virginia State Code, the City has a "tenancy in common" with the School Board.

**SCHOOL BOARD FOR THE CITY OF NORFOLK  
(COMPONENT UNIT FOR THE CITY OF NORFOLK, VIRGINIA)  
YEAR ENDED JUNE 30, 2009**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**COMPENSATED ABSENCES**

The School Board accrues compensated absences (annual and sick leave benefits) when vested. The current and non-current portions are recorded in the School Board government-wide financial statements. The School Board has vacation and sick leave that accumulates monthly. Vacation leave is fully vested when earned by School Board employees. Accumulated vacation leave cannot exceed 50 days for School Board employees. School Board employees are paid for unused vacation leave, at their normal rate of pay, upon termination of employment. Employees may accumulate an unlimited number of sick leave days; however, the School Board makes no payment on the unused portion upon employment termination. Employees are paid \$20 for each day of accumulated sick leave upon retirement. Most School Board employees have ten-month employment contracts and are not entitled to vacation.

The estimated amount of the accrued compensated leave for the School Board's government activities are reported in the government-wide financial statements. The information is reported in Note 2E.

**NET ASSETS/FUND BALANCES**

Net assets in government-wide financial statements are classified as invested in capital assets, net of related obligations; restricted and unrestricted. Restricted net assets represent constraints on resources that are either externally imposed by creditors, grantors, contributors, laws or regulations of other governments, or imposed by law through state statute.

In the governmental fund financials, reservations of fund balance represent amounts that cannot be appropriated or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

State law restricts appropriation of fund balance for the subsequent year's budget to an amount not to exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenue arising from cash receipts as those amounts stand at the close of the fiscal year proceeding the budget year. The governmental fund types classify fund balances as follows:

**RESERVED**

Reserve for encumbrances – Portion of fund balance available for appropriation to pay for commitments related to unperformed contracts and unfulfilled purchase orders.

Reserve for inventories – Portion of fund balance not available for appropriation because it represents the year-end fund balance of ending inventories, which are not expendable, available resources.

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Reserve for projects – Portion of fund balance not available for appropriation because it represents the funds allocated for specific projects.

**UNRESERVED**

Designated for future expenditures – Portion of total fund balance available for appropriation that has been designated by the School Board for the adopted 2009 – 2010 budget ordinance.

Undesignated – Portion of total fund balance available for appropriation that is uncommitted at year-end.

**F. Encumbrances**

Encumbrance accounting, in which purchase orders, contracts, and other commitments for the expenditure of monies are recorded (reduces the available appropriation), is followed in the General, Grants, Capital Projects, and Child Nutrition Funds. Encumbrances outstanding do not constitute expenditures until expended or accrued as liabilities except in statements presented on the budgetary basis. Fund balances have been reserved equal to the outstanding encumbrances at June 30 in the governmental funds.

**Note 2. Detail Notes on All Funds**

**A. Inter-fund Receivables and Payables**

The composition of inter-fund receivables and payable balances as of June 30, 2009 is as follows:

	<b>Due From (Receivables)</b>	<b>Due to (Payables)</b>
<b>Major Funds:</b>		
General Fund	\$ 3,530,236	\$ -
Grants Fund	-	5,575,075
Capital Projects	752,760	-
<b>Nonmajor Funds:</b>		
Child Nutrition Fund	1,292,079	-
	<u>\$ 5,575,075</u>	<u>\$ 5,575,075</u>

Per the City of Norfolk Charter and the Virginia State Code all deposits must be deposited into the General Fund as public deposits for the School Board. Due to/due from accounts are created as a result.

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**Note 2. Detail Notes on All Funds (continued)**

**B. Capital Assets**

*Changes in Capital Assets*

	Capital Assets June 30, 2008	Additions	Deletions	Capital Assets June 30, 2009
Capital assets, not being depreciated				
Land	\$ 487,500	\$ -	\$ -	\$ 487,500
Construction in Progress	-	4,944,606	-	4,944,606
Total capital assets, not being depreciated	487,500	4,944,606	-	5,432,106
Capital assets, being depreciated				
Mobile Classrooms	5,194,094	-	-	5,194,094
Building improvements	82,029,374	3,393,903	(13,734)	85,409,543
Equipment and vehicles	31,494,425	1,089,501	(2,771,767)	29,812,159
Total capital assets, being depreciated	118,717,893	4,483,404	(2,785,501)	120,415,796
Less accumulated depreciation for:				
Mobile Classrooms	(2,064,285)	(259,705)	-	(2,323,990)
Building improvements	(24,311,618)	(8,659,734)	2,997	(32,968,355)
Equipment and vehicles	(21,016,190)	(2,190,435)	2,295,451	(20,911,174)
Total accumulated depreciation	(47,392,093)	(11,109,874)	2,298,448	(56,203,519)
Total capital assets being depreciated, net	71,325,800	(6,626,470)	(487,053)	64,212,277
Total capital assets, net	\$ 71,813,300	\$ (1,681,864)	(487,053)	\$ 69,644,383

Depreciation expense by function for the year ended June 30, 2009 follows:

Instruction	\$ 857,493
Administration, Attendance, and Health	335,919
Pupil Transportation	420,734
Operation and Maintenance	3,566,180
Information Technology	387,551
School Facilities	5,417,047
Food Services	124,950
Total	<u>\$ 11,109,874</u>

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**Note 2. Detail Notes on All Funds (continued)**

**C. Long-Term Obligations**

The following is a summary of the changes in long-term obligations for the year ended June 30, 2009:

	<b>Balance June 30, 2008</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance June 30, 2009</b>
Long-Term Obligations:				
Compensated absences	\$9,593,219	9,454,083	(9,007,465)	\$10,039,837
Workers' compensation	1,626,399	1,149,986	(818,695)	1,957,690
Claims liability	45,125	192,809	(206,392)	31,542
Pollution Remediation	226,296	272,504	(226,296)	272,504
Other Post Employment Benefits	2,255,000	1,567,574	-	3,822,574
Total Long-Term Obligations	<u>\$13,746,039</u>	<u>12,636,956</u>	<u>(10,258,848)</u>	<u>\$16,124,147</u>

The amounts due within one year for compensated absences, pollution remediation, workers' compensation and claims liability as of June 30, 2009 are \$7,529,878, \$272,504, \$169,707, and \$27,025, respectively, and have typically been paid by the general and grants fund. Other Post Employment Benefits has no amount that is considered current.

**Note 3. Contingencies**

**A. Litigation**

The School Board, as of June 30, 2009, 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**

The School Board has received proceeds from several federal and state grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds would be immaterial. No provision has been made in the accompanying basic financial statements for the refund of grant monies.



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**Note 4. Joint Ventures**

**A. Southeastern Cooperative Educational Programs**

The Southeastern Cooperative Educational Programs ("SECEP") is a public body established in accordance with the Code of Virginia, and provides for the establishment and operation of jointly owned schools of Chesapeake, Franklin, Isle of Wight, Norfolk, Portsmouth, Southampton, Suffolk, and Virginia Beach. The organization provides a formal structure through which the eight participating school systems can plan and operate programs for children with special needs. A Regional School Board comprised of one School Board member for each division governs SECEP. Complete financial statements of SECEP can be obtained from SECEP, 6160 Kempsville Circle, Suite 300, Norfolk, VA 23502. The School Board paid tuition of \$7,211,879 to SECEP during the fiscal year ended June 30, 2009. The School Board is the fiscal agent for SECEP and the assets it holds for SECEP are included in Agency Funds.

**B. The Governor's School for the Arts**

The Governor's School for the Arts (Governor's School) is a regional secondary arts school sponsored by the Virginia Department of Education and the public School Boards of Chesapeake, Franklin, Isle of Wight, Norfolk, Portsmouth, Southampton, Suffolk, and Virginia Beach. A Regional School Board is comprised of one School Board member from each division that governs it. Students attend regular high school part of the day and the Governor's School for three hours every afternoon of the week. The purpose of the School is to provide individualized, focused, instructional programs in the arts for students who have innate talent and potential for growth, along with a high degree of commitment to develop their talent. Financial information for the Governor's School can be obtained from the Governor's School for the Arts, Old Dominion University, 5MG04, Norfolk, VA 23529-0556. The School Board paid tuition of \$166,837 to the Governor's School during the fiscal year ended June 30, 2009. The School Board is the fiscal agent for Governor's School and the assets it holds for the Governor's School are included in Agency Funds.

**Note 5. Self-Insurance Program**

The School Board is self-insured for a portion of its risks. This self-insurance is for workers' compensation and claims liability. Commercial insurance is purchased to cover self-insured levels for specific losses exceeding certain limits. The program provides for the payments of claims liabilities, property losses, and related expenses covered by a combination of purchased policies and self-insurance plans. The total of insurance premiums, self-insurance claims, and related expense payments made during fiscal year 2009 was \$1,507,730. Settlements paid over the past three years have not exceeded insurance coverage paid during that time.

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The School Board currently reports all of these activities as insurance costs in the operations and maintenance line item the General Fund, Child Nutrition Services, and Grant Funds. Claim expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated.

At June 30, 2009, workers' compensation and claims liability totaling \$1,989,232 are reported as long-term liabilities. These liabilities are the School Board's best estimate based on currently available information.

The following is a summary of the changes in the self-insurance program for the years ended June 30, 2009 and 2008:

	<b>June 30, 2009</b>		<b>June 30, 2008</b>	
	<b>Workers Compensation</b>	<b>Claims Liability</b>	<b>Workers Compensation</b>	<b>Claims Liability</b>
Balance, beginning of year	\$ 1,626,399	\$ 45,125	\$ 1,612,585	\$ 100,000
Claims and other changes	1,149,986	192,809	834,337	134,283
Employer payments	(818,695)	(206,392)	(820,523)	(189,158)
Balance, end of year	\$ 1,957,690	\$ 31,542	\$ 1,626,399	\$ 45,125

**Note 6. Retirement and Other Post-Employment Benefits**

**Virginia Retirement System**

**A. Plan Description**

The School Board contributes to the Virginia Retirement System (VRS), an agent, which administers both an agent multiple-employer (for non-professionals) and a cost-sharing multiple-employer (for professionals) defined benefit pension plan for the School Board. All full-time, salaried permanent employees of the School Board must participate in the VRS. Benefits vest after five years of service. Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service and at 50 with 30 years of service payable monthly for life in an amount equal to 1.7 percent of their average final compensation (AFC) for each year of credited service. Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for annual cost-of-living adjustments (COLA) beginning in their second year of retirement.

The COLA is limited to 5% per year. AFC is defined as the highest consecutive 36 months of reported compensation. 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 provision to the General Assembly of Virginia.

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VRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. The report may be downloaded from their website at <http://www.varetire.org/Pdf/2008AnnuRept.pdf> or obtained by writing the System at P. O. Box 2500, Richmond, VA 23218-2500.

**B. Funding Policy**

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their annual reported compensation to the VRS. The School Board has assumed the 5% member contribution for its employees. In addition, the School Board is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The School Board's professional and nonprofessional employees' contribution rates for the fiscal year ended June 30, 2009 were 8.81% and 6.95% of annual covered payroll, respectively (not including assumed 5%). The School Board's contributions to the VRS for the years ended June 30, 2009, 2008, and 2007 for professional employees were \$34,869,207, \$37,858,170, and \$32,978,467, respectively, such amounts comprising 100% of the required contributions for three years. Further information regarding funding for the agent-multiple plan is disclosed below.

**C. Annual Pension Cost – Agent Multiple-Employer Plan**

For 2009, the School Board's annual pension costs of \$2,167,495 for nonprofessional employees were equal to the School Board's required and actual contributions. The required contribution was determined as part of the June 30, 2007 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at June 30, 2008 included (a) 7.5% investment rate of return, (b) projected salary increases of 3.75% to 5.6%, and (c) 2.5% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 2.5%. 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 amortization method is level percentage of projected payroll (open) and the remaining amortization period is 20 years.

Trend information for the School Board's agent multiple-employer plan for nonprofessional employees is as follows:

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2009	\$2,167,495	100 %	\$ -
June 30, 2008	\$2,454,422	100 %	\$ -
June 30, 2007	\$2,220,834	100 %	\$ -

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**D. Funded Status and Funding Progress**

As of June 30, 2008, the most recent actuarial valuation date, the plan was 91.71% funded. The actuarial accrued liability for benefits was \$72,573,728, and the actuarial value of assets was \$66,558,849 resulting in an unfunded actuarial accrued liability (UAAL) of \$6,014,879. The covered payroll (annual payroll of active employees covered by the plan) was \$17,520,165 and the ratio of the UAAL to the covered payroll was 34.33%.

**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**

Schedule of Funding Progress for Non-professional Employees

	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
June 30, 2006	\$55,282,776	\$60,006,661	\$4,723,885	92.13%	\$14,246,198	33.16%
June 30, 2007	\$61,180,012	\$66,118,525	\$4,938,513	92.53%	\$15,236,207	32.41%
June 30, 2008	\$66,558,849	\$72,573,728	\$6,014,879	91.71%	\$17,520,165	34.33%

**Superintendent Defined Contribution Retirement Plan**

The School Board adopted a separate retirement plan for the Norfolk Superintendent of Schools in which the Superintendent could elect out of the defined benefit plan administered by VRS and opt into an Optional Retirement Plan for School Superintendents (ORPSS) under Virginia Code Section 51.1-126.6, also administered by the VRS. The ORPSS is a defined contribution plan.

For any plan year commencing after June 30, 2009 that the participant remains an eligible employee, the School Board will set the amount for the plan contribution on behalf of the participant using the percentage of gross annual salary authorized under Virginia Statute. The current percentage is 10.4%. For the plan year, the School Board, in its discretion may contribute to another qualified or non-qualified plan an additional amount not to exceed the difference between the amount contributed to the ORPSS and \$25,000.

The Virginia Retirement System is the administrator of the plan and Great West Retirement Services and State Street Bank were the trustees during the fiscal year. Great West Retirement Services received \$9,262 and State Street Bank received \$12,966 in fixed plan contributions for the year ended June 30, 2009.

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**Other Post Employment Benefits**

**A. Plan Description**

In addition to the pension benefits described, the School Board currently provides post-retirement health care benefits, in accordance with adopted statutes, to all employees who retire from the School Board with 5 years of service, have attained the age of 50, and were hired prior to July 1, 2008. Effective July 1, 2013, all retirees, hired prior to July 1, 2008 who have not obtained the age of 50 at July 1, 2013 will need 15 years of service to qualify for the benefit. All employees hired on or after July 1, 2008 will need 15 years of service to qualify regardless of when they attained the age of 50. At June 30, 2009, 866 retirees met the eligibility requirements and have elected to receive this benefit. The School Board has agreed to pay for each retiree who has elected to continue health care coverage the sum of \$75 per month towards the cost of their health care benefit. Expenditures for post-retirement health care benefits are recognized on a monthly basis through the School Board's financial records. An average of 866 retirees received post employment benefits that totaled \$779,400 for the fiscal year. The School Board has the authority to amend the plan's provisions. The plan is considered a single-employer plan.

The School Board implemented Governmental Accounting Standards Board (GASB) Statement 45, "*Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions*" in the fiscal year ended June 30, 2008. GASB Statement 45 requires the Plan Sponsor to record the actuarial cost (net of employee and retiree contributions) of the plan as an expense on its financial statements and then accrue a liability to the extent actual contributions are less than this expense.

The fundamental principal underlying the GASB statement is that the cost of its benefits should be related to the period in which benefits are earned, rather than to the period of benefit contributions. The *normal cost* is an annual amount which would be sufficient to fund the plan benefits (net of retiree contributions) if it were paid from each employee's date of hire until termination or retirement. Under the method used, the normal cost is determined as a percentage of pay. This means the underlying dollar amount is expected to increase each year as salary increases. The *actuarial liability* represents the portion of the value of the projected benefit at retirement that is allocated to service earned prior to the valuation date; that is, it represents the accumulation of past normal costs from date of hire until the valuation date. The *unfunded actuarial liability* represents the excess of the actuarial liability over plan assets. The *pay-as-you-go cost* represents the expected annual cost of health coverage less retiree contributions for current and future retirees based on the valuation assumptions. This figure can be significantly higher than the premiums because the premiums primarily reflect the cost of active, not retiree, coverage.

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**B. Methodology**

The Entry Age Actuarial Cost Method was used to value the Plan's actuarial liabilities and to set the normal cost. Under this method, the normal cost rate is the percentage of pay contribution which would be sufficient to fund the plan benefits if it were paid from each member's entry into the System until termination and retirement.

**C. Pay-As-You-Go Funding**

Currently, the School Board pays a set amount towards the monthly premiums of retirees. Retirees are allowed to purchase health care using the same premium structure as active employees.

The actuarial liability of the Plan as of July 1, 2009 is \$51.5 million as shown below:

**Pay-As-You-Go Funding  
(4.70% assumed discount)  
(\$ in millions)**

<b>Actuarial Liability</b>	
Actives	\$ 34.5
Retirees	17.0
<b>Total</b>	<b>\$ 51.5</b>
<b>Assets</b>	<b>\$ -</b>
<b>UAL</b>	<b>\$ 51.5</b>

The annual required contribution (ARC) consists of two parts: (1) the *normal cost* which represents the annual cost attributable to service earned in a given year, and (2) the 30-year amortization of the unfunded actuarial liability (UAL). The contributions to the plan consist of both the explicit subsidy (\$75 per month) and an implicit subsidy. The implicit subsidy arises from the fact that the School Board pays the same monthly premium to insure pre-Medicare retirees as it pays for active employees. If the premium structure were to be changed to separately identify premiums for these two groups you would see a much lower premium for actives than for retirees. The difference is the implicit subsidy that the School Board is paying. The combination of the implicit and explicit subsidies is known as the pay-as-you-go cost (PAYGo cost).

The ARC was computed for 2009 under the pay-as-you-go funding method and an assumed 4.7% discount rate. The table includes the PAYGo cost and the net difference:

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**GASB ARC - FY 2009  
Pay-As-You-Go Funding  
(4.70% assumed discount)  
(\$ in millions)**

Normal Cost	\$ 2.05
UAL Amortization	1.76
Interest	0.18
<b>Total ARC</b>	<b>\$ 3.99</b>
PAYGo Cost (Contributions made - including implicit subsidy)	\$ 2.46
ARC in excess of PAYGo Cost	<u>\$ 1.53</u>

**Schedule of Employer Contribution  
(\$ in millions)**

Fiscal Year Ended June	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation at end of year
2008	\$4.82	53%	\$2.26
2009	\$4.02	61%	\$3.82

*Schedule of Employer Contribution*

The schedule of employer contribution shows whether the employer has made contributions that are consistent with a sound actuarial method of funding the benefits to be provided.

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**Development of Net OPEB Obligation**

<b>Net OPEB Obligation/Asset as of June 30, 2007</b>	<b>\$ -</b>
Actuarial Required Contribution (ARC) for FY 2008	4,822,000
Adjustment to ARC	-
Annual OPEB Cost (AOC)	<u>\$ 4,822,000</u>
Employer Contributions FY 2008 - including implicit subsidy	<u>\$ (2,561,000)</u>
<b>Net OPEB Obligation as of June 30, 2008</b>	<b><u>\$ 2,261,000</u></b>
Actuarial Required Contribution (ARC) for FY 2009	\$ 3,992,589
Interest on Net OPEB Obligation (NOO)	106,267
Adjustment to ARC	<u>(81,116)</u>
Annual OPEB Cost (AOC)	<u>\$ 4,017,740</u>
Employer Contributions FY 2009 - including implicit subsidy	<u>\$ (2,456,166)</u>
<b>Net OPEB Obligation as of June 30, 2009</b>	<b><u>\$ 3,822,574</u></b>

*Development of Net OPEB Obligation*

The development of net OPEB obligation shows the accumulation of actual contributions less expense (ARC). The net OPEB obligation will increase as actual contributions are less than the calculated ARC payments. If contributions exceed ARC payments, the net OPEB obligation will decrease. The net OPEB obligation is shown on the Schools financial statements.

The information presented above was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation follows.

Valuation date	July 1, 2008
Actuarial cost method	Entry Age Normal
Amortization method	Level percent closed
Remaining amortization period	30 years
Asset valuation method	Market Value
Actuarial assumptions:	
Investment rate of return	4.7%
Rate of salary increases	4.5% (plus merit scale)
Rate of Medical Inflation	10% (pre-Medicare) or 10% (post-Medicare) grading to 5% over 15 years



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In determining the ARC, the rate of employer contributions to the Plan is composed of the Normal Cost plus amortization of the Unfunded Actuarial Liability. The Normal Cost is a portion of the actuarial present value of plan benefits and expenses which is allocated to a valuation year by the actuarial cost method. The Actuarial Liability is that portion of the Present Value of Projected Benefits that will not be paid by Future Employer Normal Cost or active employee contributions. The difference between this liability and the funds accumulated as of the same date is the Unfunded Actuarial Liability.

**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**

**Schedule of Funding Progress**

(\$ in millions)

Actuarial Valuation Date	Actual Value of Assets (a)	Actuarial Liability (AAL) (b)	Unfunded Actuarial Liability (UAAL)	Funded Ratio (a/b)	Covered Payroll ( c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
July 1, 2007	\$0	\$59.70	\$59.70	0%	\$233	25.60%
July 1, 2008	\$0	\$51.50	\$51.50	0%	\$194	26.50%

*Schedule of Funding Progress*

The schedule of funding progress compares the assets used for funding purposes to the comparable liabilities to determine how well the Plan is funded and how this status has changed over the past several years. The actuarial liability is compared to the actuarial value of assets to determine the funding ratio. The Actuarial Accrued Liability (AAL) under GASB is determined assuming that the Plan is ongoing and the participants continue to terminate employment, retire, etc., in accordance with actuarial assumptions.

**Note 7. Child Nutrition Services**

The Statement of Budgetary Comparison for Child Nutrition Services reflects \$197,544 over-expenditure for June 30, 2009. Child Nutrition Services has authority to spend a portion of the fund balance that exists on an annual basis when revenue does meet budgetary expectations. Fund balance at the beginning of the fiscal year was \$5,770,912.

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**Note 8. Operating Leases**

The School Board leases certain office facilities and equipment under operating leases. Total costs for such leases were \$711,460 for the year ended June 30, 2009. All lease agreements were paid in full at the end of the fiscal year. There are no future minimum lease payments.

**Note 9. Commitments**

In May 2009, the City Council appropriated construction funds for fiscal year 2010 to continue future construction projects. The City budgeted \$5 million in construction funds for the Schools. Crossroads ES has been allocated \$2 million and building improvement projects have been allocated \$3 million. In addition, the School Board allocated \$1.85 million for building improvement.

**Note 10. Pollution Remediation Obligations**

GASB Statement 49, *“Accounting and Financial Reporting or Pollution Remediation Obligations”* identifies the circumstances under which a governmental entity would be required to report a liability related to pollution remediation. According to the standard, a government would have to estimate its expected outlays for pollution remediation if it knows a site is polluted and any of the following recognition triggers occur:

- Pollution poses an immediate danger to the public or environment and the government has little or no discretion to avoid fixing the problem;
- A government has violated a pollution prevention related permit or license;
- A regulator has identified (or evidence indicates it will identify) a government as responsible (or potentially responsible) for cleaning up pollution, or for paying all or some of the cost of the clean up;
- A government is named (or evidence indicates that it will be named) in a lawsuit to compel it to address the pollution;
- A government begins or legally obligates itself to begin cleanup or post cleanup activities (limited to amounts the government is legally required to complete).

The provisions of the standard require the measurement of pollution remediation liabilities at July 1, 2008; therefore, the School Board's beginning net assets have been restated. The following is a reconciliation of the total net assets as previously reported as of June 30, 2008 to the beginning net assets balance (amounts in thousands):

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YEAR ENDED JUNE 30, 2009**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

Net assets as of June 30, 2008	\$ 78,829
Adoption of GASB Statement 49	(226)
Total net assets at July 1, 2008	<u>\$ 78,603</u>

During the fiscal year the School Board recognized a liability for \$272,504 for pollution remediation obligations associated with asbestos, mold, caulk, drainage of oil, and aerosol can/drum removal from Transportation, Risk Management, and School Facilities. The amount of the obligation is based on the contractor's experience in similar instances, taking into account sampling at the sites and applying usual and customary cost code rates. The potential for the change in the estimate is minimal.

## OTHER SUPPLEMENTARY INFORMATION

## Schedule 1

**School Board for the City of Norfolk**  
**Statement of Budgetary Comparison - Grants Fund - Budgetary Basis**  
**For the Year Ended June 30, 2009**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>(Budgetary Basis)</b>	<b>Final Budget Favorable/(Unfavorable)</b>
Budgetary fund balance, July 1				
Resources (inflows)				
Commonwealth of Virginia	\$ 4,179,345	\$ 5,882,097	\$ 5,062,472	\$ (819,625)
Federal government	31,777,980	32,537,812	28,332,519	(4,205,293)
Local government	342,993	552,938	308,467	(244,471)
	<u>36,300,318</u>	<u>38,972,847</u>	<u>33,703,458</u>	<u>(5,269,389)</u>
Amounts available for appropriation				
Charges to appropriations (outflows)				
Instruction	35,735,725	36,646,242	32,419,303	4,226,939
Operation and Maintenance	366,593	356,643	177,442	179,201
Information Technology	-	1,428,000	1,286,767	141,233
Food Services	-	331,962	163,467	168,495
Other	198,000	210,000	214,847	(4,847)
Total charges to appropriations	<u>36,300,318</u>	<u>38,972,847</u>	<u>34,261,826</u>	<u>4,711,021</u>
Budgetary fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (558,368)</u>	<u>\$ (558,368)</u>

**Reconciliation of Budgetary Inflows and Outflows with  
Revenues and Expenditures in Exhibit IV:**

**Sources/Inflows of resources**

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule, above

\$ 33,703,458

Total revenues and transfers as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds (Exhibit IV)

\$ 33,703,458

**Uses/Outflows of resources**

Actual amounts (budgetary basis) "total charges to appropriation" from the budgetary comparison schedule, above

\$ 34,261,826

Difference - budget to GAAP:

    Encumbrance change between fiscal years

(496,322)

Total expenditures and transfers as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds (Exhibit IV)

\$ 33,765,504

**Note: This schedule is presented for informational purposes only.  
The Grants Fund does not have a legally adopted annual budget  
because the grants have multi-year periods of availability.**

**School Board for the City of Norfolk**  
**Statement of Budgetary Comparison - Capital Projects Fund - Budgetary Basis**  
**For the Year Ended June 30, 2009**

	<b>Budgeted Amounts</b>		<b>Actual Amounts (Budgetary Basis)</b>	<b>Variance with Final Budget Favorable/(Unfavorable)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary fund balance, July 1				
Resources (inflows)				
Commonwealth of Virginia	\$ -	\$ 592,356	\$ 591,924	\$ (432)
Local government	5,600,000	5,600,000	6,522,638	922,638
Amounts available for appropriation	5,600,000	6,192,356	7,114,562	922,206
Charges to appropriations (outflows)				
Facilities Management	5,600,000	6,192,356	5,716,476	475,880
Total charges to appropriations	5,600,000	6,192,356	5,716,476	475,880
Budgetary fund balance, June 30	\$ -	\$ -	\$ 1,398,086	\$ 1,398,086

**Reconciliation of Budgetary Inflows and Outflows with  
Revenues and Expenditures in Exhibit IV:**

**Sources/Inflows of resources**

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule (Exhibit V, VI and VII)

\$ 7,114,562

Total revenues and transfers as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds (Exhibit IV)

\$ 7,114,562

**Uses/Outflows of resources**

Actual amounts (budgetary basis) "total charges to appropriation" from the budgetary comparison schedule

\$ 5,716,476

Difference - budget to GAAP:

Encumbrance change between fiscal years

2,170,328

Total expenditures and transfers as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds (Exhibit IV)

\$ 7,886,804

**Note: This schedule is presented for informational purposes only.  
The Capital Projects Fund does not have a legally adopted annual  
budget because the grants have multi-year periods of availability.**

## Schedule 3

**School Board for the City of Norfolk**  
**Statement of Budgetary Comparison - Child Nutrition Services - Budgetary Basis**  
**For the Year Ended June 30, 2009**

	<b>Budgeted Amounts</b>		<b>Actual Amounts (Budgetary Basis)</b>	<b>Variance with Final Budget Favorable/(Unfavorable)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary fund balance, July 1				
Resources (inflows)				
Local sources	\$ 5,214,790	\$ 4,718,490	\$ 2,964,319	\$ (1,754,171)
Commonwealth of Virginia	270,000	270,000	240,383	(29,617)
Federal government	10,005,900	10,005,900	11,311,305	1,305,405
Amounts available for appropriation	15,490,690	14,994,390	14,516,007	(478,383)
Charges to appropriations (outflows)				
Food Services	15,490,690	14,994,390	14,713,551	280,839
Total charges to appropriations	15,490,690	14,994,390	14,713,551	280,839
Budgetary fund balance, June 30	\$ -	\$ -	\$ (197,544)	\$ (197,544)

**Reconciliation of Budgetary Inflows and Outflows with  
Revenues and Expenditures in Exhibit IV:**

**Sources/Inflows of resources**

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule (Exhibit V, VI and VII)

\$ 14,516,007

Total revenues and transfers as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds (Exhibit IV)

\$ 14,516,007

**Uses/Outflows of resources**

Actual amounts (budgetary basis) "total charges to appropriation" from the budgetary comparison schedule

\$ 14,713,551

Difference - budget to GAAP:

    Encumbrance change between fiscal years

258,088

Total expenditures and transfers as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds (Exhibit IV)

\$ 14,971,639

**Note: This schedule is presented for informational purposes only.  
The Child Nutrition Services Fund does not have a legally adopted  
annual budget because the grants have multi-year periods of  
availability.**

**Schedule 4**

**School Board for the City of Norfolk  
Statement of Changes in Fiduciary Assets and Liabilities  
Agency Fund  
For the Year Ended June 30, 2009**

	<b>Balance July 1, 2008</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2009</b>
<hr/>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 9,147,058	\$ 169,253,907	\$ 169,121,200	\$ 9,279,765
Accounts receivables	50	-	50	-
Total Assets	<u>\$ 9,147,108</u>	<u>\$ 169,253,907</u>	<u>\$ 169,121,250</u>	<u>\$ 9,279,765</u>
<hr/>				
<b>LIABILITIES</b>				
Due to other agencies	\$ 9,052,900	\$ 149,027,026	\$ 148,800,161	\$ 9,279,765
Accounts Payable	94,208	20,226,881	20,321,089	-
Total Liabilities	<u>\$ 9,147,108</u>	<u>\$ 169,253,907</u>	<u>\$ 169,121,250</u>	<u>\$ 9,279,765</u>



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# STATISTICAL SECTION (UNAUDITED)

The overall financial health is presented for the School Board and/or the City of Norfolk. The School Board is a component unit of the City. Where applicable and available, ten years worth of financial data is presented.

## **Contents**

### Financial Trends

*These schedules contain trend information that is intended to assist readers in understanding and assessing how the government's financial performance and well-being have changed over time.*

### Revenue Capacity

*These schedules contain information that is intended to assist readers in understanding and assessing the government's most significant local revenue sources.*

### Debt Capacity

*These schedules present information that is intended to assist readers in assessing the affordability of the government's current levels of outstanding debt and its ability to issue additional debt in the future.*

### Demographic and Economic Information

*These schedules offer demographic and economic indicators to assist readers in understanding the environment within which the government's financial activities take place.*

### Operating Information

*These schedules contain service and infrastructure data to assist readers in understanding how the information in the government's financial report relates to the services the government provides and the activities it performs.*

(UNAUDITED)

**School Board for the City of Norfolk**  
**Financial Trends Information**  
**Schedule 1**  
**Net Assets by Category**  
**Last Eight Fiscal Years**  
**(Amounts in thousands)**

	Fiscal Years							
	2002	2003	2004	2005	2006	2007	2008	2009
							(Note2)	
Governmental Activities:								
Invested in capital assets	\$ 37,686	\$ 36,313	\$ 32,843	\$ 47,865	\$ 50,497	\$ 66,064	\$ 71,813	\$ 69,644
Restricted	9,483	7,315	9,931	6,400	19,045	9,006	1,837	1,002
Unrestricted	12,389	15,589	12,065	16,849	6,213	8,334	4,953	(670)
Total governmental activities net assets	\$ 59,558	\$ 59,217	\$ 54,839	\$ 71,114	\$ 75,755	\$ 83,404	\$ 78,603	\$ 69,976

Note:

1. The earliest data available for this schedule is as of June 30, 2002, the year in which the School Board adopted GASB 34.
2. Restated for the adoption of GASB Statement 49 (Note 10).

(UNAUDITED)

**School Board for the City of Norfolk**  
**Financial Trends Information**  
**Schedule 2**  
**Changes in Net Assets**  
**Last Eight Fiscal Years**  
**(Amounts in thousands)**

	Fiscal Years							
	2002	2003	2004	2005	2006	2007	2008	2009
			As Restated	As Restated				
Expenses:								
Instruction	\$ 213,991	\$ 228,397	\$ 235,930	\$ 257,416	\$ 256,730	\$ 261,248	\$ 279,282	\$ 282,802
Support Services:								
Administration, Attendance and Health	10,441	10,425	10,593	10,879	11,846	11,690	13,312	13,414
Pupil Transportation	9,655	9,826	12,109	7,076	9,988	10,588	10,913	10,917
Operation and Maintenance	27,962	28,505	27,936	29,101	34,112	35,398	36,258	38,954
Information Technology	5,113	6,004	6,678	10,239	9,222	9,608	8,950	8,972
School Facilities	8,068	19,416	14,071	4,621	5,348	27,473	16,099	17,151
Food Services	15,129	5,882	12,373	13,035	13,700	12,837	14,533	14,918
Other	-	-	-	-	-	-	224	264
Total Expenses	290,359	308,455	319,690	332,367	340,946	368,842	379,571	387,392
Revenues:								
Program Revenues:								
Charges for services	4,928	4,873	6,780	6,469	5,750	5,155	6,250	5,781
Operating grants and contributions	193,508	201,923	177,124	196,556	194,023	226,323	224,043	229,557
Capital grants and contributions	5,537	10,839	11,700	9,414	21,172	11,695	8,941	7,115
Total Program Revenues	203,973	217,635	195,604	212,439	220,945	243,173	239,234	242,453
Net (Expense) Revenue	(86,386)	(90,820)	(124,086)	(119,928)	(120,001)	(125,669)	(140,337)	(144,939)
General Revenues:								
Use of money and property	1,846	1,624	2,290	1,874	2,863	3,840	2,325	1,499
Other	-	-	-	103	63	53	51	200
Commonwealth of Virginia			27,399	32,220	32,239	31,830	32,292	30,102
Local government	83,883	88,854	90,020	91,865	92,595	97,595	101,095	104,511
Total General Revenues	85,729	90,478	119,709	126,062	127,760	133,318	135,763	136,312
Change in Net Assets	\$ (657)	\$ (342)	\$ (4,377)	\$ 6,134	\$ 7,759	\$ 7,649	\$ (4,574)	\$ (8,627)

Note:

1. The earliest data available for this schedule is as of June 30, 2002, the year in which the School Board adopted GASB 34.

(UNAUDITED)

**School Board for the City of Norfolk**  
**Financial Trends Information**  
**Schedule 3**  
**Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
**(Amounts in Thousands)**

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Fund										
Reserved	\$ 10,242	\$ 9,470	\$10,334	\$14,398	\$ 11,481	\$ 5,617	\$ 8,332	\$12,273	\$ 8,483	\$ 6,034
Unreserved	3,305	6,704	9,332	9,099	8,549	19,154	5,233	6,037	4,445	4,104
Total General Fund	13,547	16,174	19,666	23,497	20,030	24,771	13,565	18,310	12,928	10,138
Grant Fund										
Reserved	7,494	3,843	3,097	-	2,084	314	2,430	1,472	91	1,822
Unreserved	(7,494)	(3,843)	(2,028)	789	(2,033)	-	-	-	-	(1,793)
Total Grant Fund	-	-	1,069	789	51	314	2,430	1,472	91	29
Capital Projects Fund										
Reserved	-	-	-	-	5,198	1,066	11,157	641	2,851	681
Unreserved	-	-	-	-	-	-	-	1,483	(1,105)	293
Total Capital Projects Fund	-	-	-	-	5,198	1,066	11,157	2,124	1,746	974
Non-Major Fund:										
Child Nutrition Services Fund										
Reserved	75	118	5,443	4,447	780	637	969	1,245	1,230	710
Unreserved	6,365	3,649	2,971	2,079	4,295	4,743	4,792	5,116	4,541	4,605
Total Child Nutrition Services Fund	6,440	3,767	8,414	6,526	5,075	5,380	5,761	6,361	5,771	5,315
Total Other Governmental Funds	6,440	3,767	9,483	7,315	10,324	6,760	19,348	9,957	7,608	6,318
Total Fund Balance, Governmental Funds	\$ 19,987	\$19,941	\$29,149	\$30,812	\$ 30,354	\$31,531	\$ 32,913	\$28,267	\$ 20,536	\$16,456

(UNAUDITED)

**School Board for the City of Norfolk**  
**Financial Trends Information**  
**Schedule 4**  
**Changes in Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
**(Amounts in Thousands)**

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>REVENUES</b>										
Use of money and property	\$ 1,541	\$ 1,692	\$ 1,705	\$ 1,517	\$ 1,302	\$ 1,837	\$ 2,863	\$ 3,840	\$ 2,325	\$ 1,499
Charges for services	4,400	4,527	4,928	4,873	6,780	6,469	5,750	5,155	6,250	5,781
Other	164	241	223	1,093	1,173	526	324	209	51	508
Intergovernmental :										
Local government	79,859	81,713	84,839	98,216	99,950	100,652	103,093	108,681	109,441	111,034
Commonwealth of Virginia	153,803	165,659	157,380	161,705	165,375	185,870	190,200	206,170	208,271	212,885
Federal government	32,806	34,461	40,627	40,709	40,733	43,147	46,475	52,436	48,659	47,058
Total revenues	272,573	288,293	289,702	308,113	315,313	338,501	348,705	376,491	374,997	378,765
<b>EXPENDITURES</b>										
Current:										
Instruction	180,946	186,989	212,042	226,640	233,019	261,225	256,649	278,272	285,213	286,995
Administration, Attendance, and Health	-	-	10,359	10,347	10,452	11,057	11,683	11,836	13,457	13,370
Pupil Transportation	-	-	9,575	9,752	11,940	7,193	10,390	10,416	10,896	10,723
Operation and Maintenance	13,528	12,466	27,743	28,297	27,549	29,595	32,262	33,648	33,778	36,058
Information Technology	-	-	5,071	5,962	6,600	10,365	8,786	9,435	8,818	8,770
School Facilities	-	284	7,755	19,105	13,749	4,385	13,726	23,612	15,178	3,427
Food Services	-	-	15,109	5,811	12,204	13,254	13,587	13,685	14,870	15,135
Other	-	-	411	269	-	-	-	-	294	264
Support Activities and facilities	54,036	57,326	-	-	-	-	-	-	-	-
Categorical grants	24,638	31,273								
Intergovernmental for Debt Service:										
School Facilities	293	284	276	267	258	250	241	232	224	216
Capital Outlay:										
School Facilities	-	-	-	-	-	-	-	-	-	7,887
Total expenditures	273,441	288,622	288,341	306,450	315,771	337,324	347,324	381,136	382,728	382,845
Excess (deficiency) of revenues over expenditures	(868)	(329)	1,361	1,663	(458)	1,177	1,381	(4,645)	(7,731)	(4,080)
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers in from primary government										
Transfers in	2,250	-	-	-	4,172	-	10,054	-	303	-
Transfers out	(2,250)	-	-	-	(4,172)	-	(10,054)	-	(303)	-
Total other financing sources and uses	-	-	-	-	-	-	-	-	-	-
Net change in fund balance	(868)	(329)	1,361	1,663	(458)	1,177	1,381	(4,645)	(7,731)	(4,080)
Debt services as a percentage of noncapital Expenditures	0.13%	0.12%	0.10%	0.09%	0.08%	0.07%	0.07%	0.06%	0.06%	0.06%

(UNAUDITED)

**School Board for the City of Norfolk**  
**Financial Trends Information**  
**Schedule 5**  
**Program Revenues by Function (Optional Schedule)**  
**Last Eight Fiscal Years**  
**(Amounts in thousands)**

Function/Program	Fiscal Years							
	2002	2003	2004 As Restated	2005 As Restated	2006	2007	2008	2009
<b>Charges for Services</b>								
Instruction	\$ 2,093	\$ 1,936	\$ 2,959	\$ 2,440	\$ 2,629	\$ 1,907	\$ 3,190	\$ 2,895
Food Services	2,835	2,937	3,821	4,029	3,121	3,248	3,060	2,886
Subtotal of Charges for Services	<u>4,928</u>	<u>4,873</u>	<u>6,780</u>	<u>6,469</u>	<u>5,750</u>	<u>5,155</u>	<u>6,250</u>	<u>5,781</u>
<b>Operating Grants and Contributions</b>								
Instruction	185,752	191,263	193,498	219,258	215,634	247,424	212,930	218,006
Information Technology	818	1,161	1,161	-	-	-	-	-
Food Services	8,938	9,499	9,864	9,518	10,628	10,729	11,112	11,551
Subtotal of Operating Grants and Contributions	<u>195,508</u>	<u>201,923</u>	<u>204,523</u>	<u>228,776</u>	<u>226,262</u>	<u>258,153</u>	<u>224,042</u>	<u>229,557</u>
<b>Capital Grants and Contributions</b>								
School Facilities	5,537	10,839	11,700	9,414	21,172	11,695	8,941	7,115
Subtotal of Capital Grants and Contributions	<u>5,537</u>	<u>10,839</u>	<u>11,700</u>	<u>9,414</u>	<u>21,172</u>	<u>11,695</u>	<u>8,941</u>	<u>7,115</u>
Total Program Revenues	<u>\$ 205,973</u>	<u>\$ 217,635</u>	<u>\$ 223,003</u>	<u>\$ 244,659</u>	<u>\$ 253,184</u>	<u>\$ 275,003</u>	<u>\$ 239,233</u>	<u>\$ 242,453</u>

Note:

1. The earliest data available for this schedule is as of June 30, 2002, the year in which the School Board adopted GASB 34.

(UNAUDITED)

**School Board for the City of Norfolk**  
**Financial Trends Information**  
**Schedule 6**  
**Total Revenue by Source, Governmental Funds**  
**Last Ten Fiscal Years**  
**(Amounts in Thousands)**

Fiscal Years	Use of Money and Property	Charges for Services	Other	Inter- Governmental Local	Inter- Governmental State	Inter- Governmental Federal	Total
2000	1,541	4,400	164	79,859	153,803	32,806	272,573
2001	1,692	4,527	241	81,713	165,659	34,462	288,294
2002	1,705	4,928	223	84,839	157,380	40,627	289,702
2003	1,517	4,873	1,093	98,216	161,706	40,709	308,114
2004	1,302	6,780	1,173	99,950	165,375	40,733	315,313
2005	1,838	6,469	526	100,652	185,870	43,147	338,502
2006	2,862	5,750	324	103,094	190,200	46,475	348,705
2007	3,840	5,155	209	108,681	206,170	52,436	376,491
2008	2,325	6,250	35	109,440	208,271	48,584	374,905
2009	1,499	5,801	508	111,034	212,885	47,342	379,069
Change 2000-2009	-2.7%	31.8%	209.8%	39.0%	38.4%	44.3%	39.1%



(UNAUDITED)

**School Board for the City of Norfolk**  
**Debt Capacity Information**  
**Schedule 1**  
**Transportation Facility**  
**Last Ten Fiscal Years**

Fiscal Year	Debt Service		
	Principal	Interest	Total
2000	156,900	135,985	292,885
2001	156,900	127,345	284,245
2002	156,900	118,704	275,604
2003	156,900	110,083	266,983
2004	156,900	101,422	258,322
2005	156,900	92,782	249,682
2006	156,900	84,141	241,041
2007	156,900	75,500	232,400
2008	156,900	66,860	223,760
2009	156,900	58,562	215,462

Notes:

1. The debt is being paid to the City of Norfolk from 1995 -2016.
2. The original cost of the facility was \$3.1 million.

(UNAUDITED)

**School Board for the City of Norfolk**  
**Debt Capacity**  
**Schedule 2**  
**Ratio of Annual Debt Service Expenditures**  
**Last Ten Years**  
**to Total General Expenditures**

Fiscal Year	Principal	Interest	Total Debt Service	Total General Expenditures	Ratio of Debt Service to Total General Expenditures
2000	156,900	135,985	292,885	273,441,360	0.11%
2001	156,900	127,345	284,245	288,338,362	0.10%
2002	156,900	118,704	275,604	288,340,595	0.10%
2003	156,900	110,083	266,983	306,450,353	0.09%
2004	156,900	101,422	258,322	315,771,027	0.08%
2005	156,900	92,782	249,682	337,324,224	0.07%
2006	156,900	84,141	241,041	347,323,628	0.07%
2007	156,900	75,500	232,400	381,136,457	0.06%
2008	156,900	66,860	223,760	382,636,157	0.06%
2009	156,900	58,562	215,462	382,845,263	0.06%

Notes:

1. Total general expenditures include the expenditures for debt service.
2. Total general expenditures are presented using the modified accrual basis of accounting.

(UNAUDITED)

**School Board for the City of Norfolk**  
**Child Nutrition Services**  
**Summary of Meals Served**  
**As of June 30, 2009**

<b>School</b>	<b>Breakfast</b>	<b>Lunch</b>	<b>Total</b>
Elementary Schools	1,242,865	2,437,832	3,680,697
Middle Schools	210,361	804,663	1,015,024
High Schools	166,395	567,381	733,776
Auxiliary Facilities	79,285	109,173	188,458
Totals	1,698,906	3,919,049	5,617,955

*Source of data: Norfolk Public Schools Child Nutrition Services*

**School Board for the City of Norfolk**  
**Percent of Free and Reduced Price Lunch Program Eligibility Data**  
**For the month of October 2008**

Schools		Paid	Reduced	Free	Total Free / Reduced
Elementary Schools					
121	BAY VIEW ELEM.	53.51%	10.07%	36.42%	46.49%
114	CAMP ALLEN ELEM.	53.87%	15.85%	30.28%	46.13%
109	CAMPOSTELLA ELEM.	6.10%	3.55%	90.35%	93.90%
126	CHESTERFIELD ACADEMY ELEM.	20.33%	9.06%	70.61%	79.67%
128	COLEMAN PLACE ELEM.	26.22%	10.67%	63.11%	73.78%
129	CROSSROADS ELEM	39.33%	14.49%	46.18%	60.67%
127	DREAMKEEPERS ACADEMY/J.J. ROBERTS ELEM.	23.98%	11.27%	64.75%	76.02%
168	FAIRLAWN ELEM.	39.74%	10.47%	49.79%	60.26%
135	GHENT ELEM.	71.60%	7.65%	20.75%	28.40%
134	GRANBY ELEM.	36.05%	13.70%	50.24%	63.95%
136	INGLESIDE ELEM.	38.36%	13.93%	47.71%	61.64%
108	JACOX ELEM.	12.35%	4.73%	82.93%	87.65%
150	JAMES MONROE ELEM.	10.44%	5.33%	84.22%	89.56%
141	LARCHMONT ELEM.	71.59%	7.58%	20.83%	28.41%
142	LARRYMORE ELEM.	45.61%	13.55%	40.84%	54.39%
145	LINDENWOOD ELEM.	11.41%	8.50%	80.10%	88.59%
146	LITTLE CREEK ELEM.	36.26%	11.54%	52.20%	63.74%
147	LITTLE CREEK ELEM. ANNEX	28.57%	11.04%	60.39%	71.43%
123	MARY CALCOTT ELEM.	55.82%	11.87%	32.31%	44.18%
151	NORVIEW ELEM.	20.65%	11.40%	67.96%	79.35%
152	OAKWOOD ELEM.	36.29%	11.49%	52.22%	63.71%
154	OCEAN VIEW ELEM.	37.21%	10.58%	52.20%	62.79%
153	OCEANAIR ELEM.	35.58%	15.19%	49.23%	64.42%
165	P.B. YOUNG SR. ELEM.	7.05%	1.51%	91.44%	92.95%
169	POPLAR HALLS ELEM.	40.39%	12.70%	46.91%	59.61%
122	RICHARD BOWLING ELEM.	22.22%	13.42%	64.36%	77.78%
137	SEWELLS POINT ELEM.	50.47%	23.97%	25.55%	49.53%
156	SHERWOOD FOREST ELEM.	40.32%	13.02%	46.67%	59.68%
131	ST. HELENA ELEM.	16.25%	8.44%	75.31%	83.75%
159	SUBURBAN PARK ELEM.	32.16%	10.41%	57.43%	67.84%
161	TANNERS CREEK ELEMENTARY	33.55%	13.10%	53.35%	66.45%
118	TARRALLTON ELEM.	50.00%	17.60%	32.40%	50.00%
119	TIDEWATER PARK ELEM.	4.34%	2.30%	93.37%	95.66%
160	W.H. TAYLOR ELEM.	72.52%	4.86%	22.62%	27.48%
115	WILLARD MODEL ELEM.	42.42%	10.71%	46.87%	57.58%
106	WILLOUGHBY ELEM.	44.65%	23.25%	32.10%	55.35%

*Source of data: Norfolk Public Schools Child Nutrition Services*

**School Board for the City of Norfolk**  
**Percent of Free and Reduced Price Lunch Program Eligibility Data**  
**For the month of October 2008**

Schools		Paid	Reduced	Free	Total Free / Reduced
Middle Schools					
206	AZALEA MIDDLE	51.81%	13.77%	34.42%	48.19%
207	BLAIR MIDDLE	46.12%	10.96%	42.92%	53.88%
217	LAFAYETTE-WINONA MIDDLE	19.56%	8.11%	72.33%	80.44%
216	LAKE TAYLOR MIDDLE	29.04%	8.67%	62.29%	70.96%
211	NORTHSIDE MIDDLE	44.16%	12.45%	43.40%	55.84%
212	NORVIEW MIDDLE	30.54%	12.86%	56.60%	69.46%
213	ROSEMONT MIDDLE	38.87%	10.95%	50.18%	61.13%
214	RUFFNER MIDDLE	26.32%	10.85%	62.83%	73.68%
249	SCHOOL OF INTERN'L STUDIES AT MEADOWBROOK	63.73%	11.19%	25.08%	36.27%
High Schools					
304	B. T. WASHINGTON HIGH	41.40%	9.25%	49.35%	58.60%
301	GRANBY HIGH	58.06%	8.70%	33.24%	41.94%
305	LAKE TAYLOR HIGH	44.32%	10.19%	45.49%	55.68%
302	MAURY HIGH	61.44%	7.79%	30.77%	38.56%
303	NORVIEW HIGH	56.27%	11.30%	32.42%	43.73%
Auxiliary Facilities					
171	EASTON PRESCHOOL	44.83%	13.79%	41.38%	55.17%
130	ECC-BERKLEY/CAMPOSTELLA	12.81%	10.32%	76.87%	87.19%
392	MADISON CAREER CENTER	21.05%	7.89%	71.05%	78.95%
163	MARINE INSTITUTE	23.81%	14.29%	61.90%	76.19%
163	NORFOLK RE-ED SCHOOL - SECEP	11.29%	9.68%	79.03%	88.71%
396	NORFOLK TECHNICAL CTR	62.46%	7.41%	30.13%	37.54%
School Board for the City of Norfolk Totals		<b>41.32%</b>	<b>10.52%</b>	<b>48.16%</b>	<b>58.68%</b>
October 2008 Totals		<b>41.32%</b>	<b>10.52%</b>	<b>48.16%</b>	<b>58.68%</b>

*Source of data: Norfolk Public Schools Child Nutrition Services*

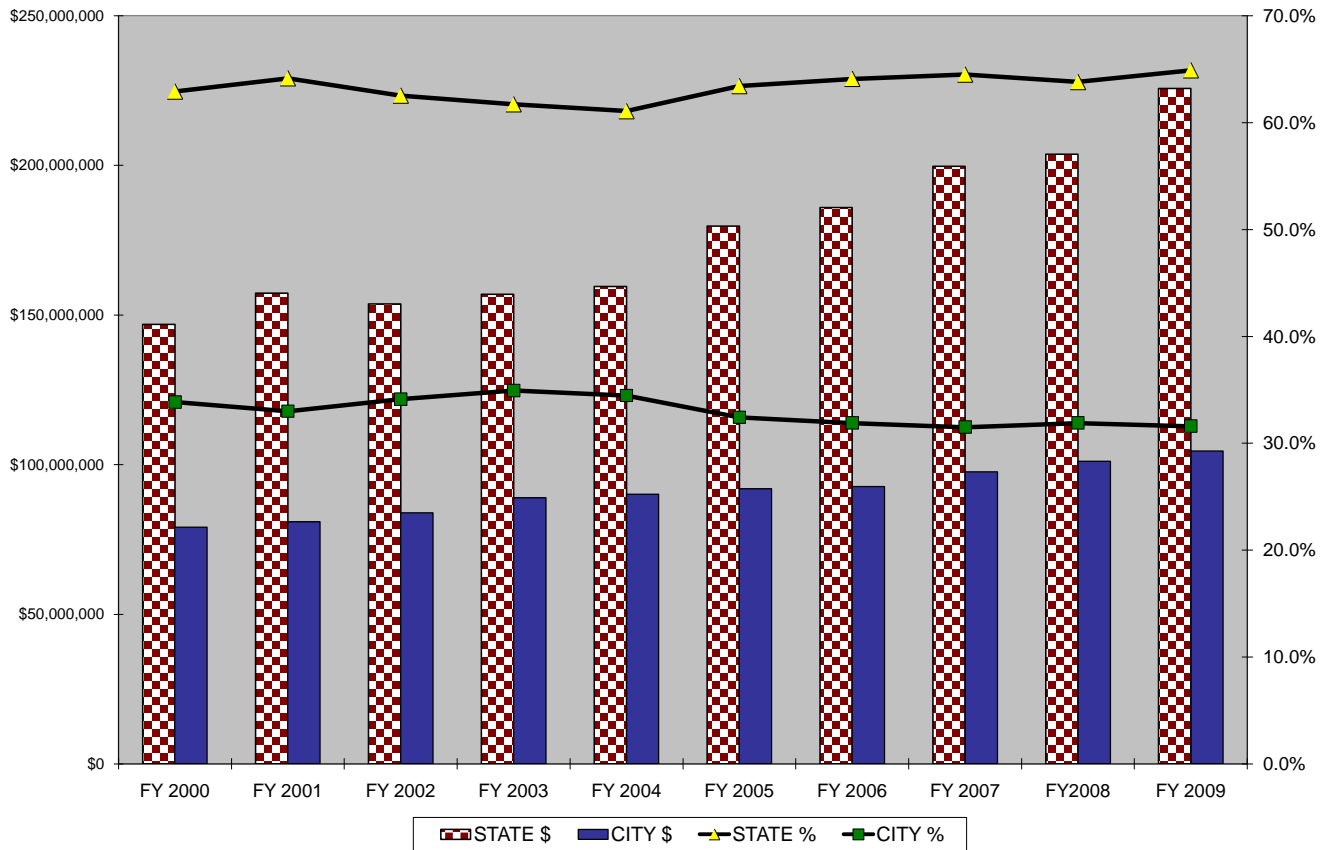
### Summary of Child Nutrition Services Funds

Currently, Norfolk serves an average of 32,000 meals and 1000 after-school snacks each day. Child Nutrition Services provides breakfasts, lunches, and snacks which meet the nutritional requirements of the U.S. Department of Agriculture. Meals are provided free of charge to students who are eligible for free or reduced meals. Norfolk operates the program as a non-profit organization and utilizes commodities provided by USDA as well as those provided by private vendors.

Account Description	Positions		Actual	Budget	Actual	Budget	Actual	Budget	% Increase Over 2008
	2009	2010	2007	2008	2008	2009	2009	2010	
Revenue									
Sales			\$3,248,419	\$3,214,570	\$2,994,950	\$3,645,310	\$2,886,462	\$2,835,200	-22.22%
Federal and state food program reimbursements			9,767,554	10,039,850	9,933,678	10,275,900	10,466,931	10,560,000	2.76%
Federal commodities donated			961,035	1,000,000	1,178,250	900,000	1,084,757	870,000	-3.33%
Interest earnings			209,540	160,760	115,251	83,820	4,726	35,000	-58.24%
Other			(77,842)	70,000	68,966	585,660	73,131	90,500	-84.55%
Total revenue			\$14,108,706	\$14,485,180	\$14,291,094	\$15,490,690	\$14,516,007	\$14,390,700	-7.10%
Expenditures									
Cost of goods sold			\$5,872,726	\$6,394,070	\$6,519,867	\$6,766,757	\$6,706,505	\$6,615,000	-2.24%
Employee compensation	208.50	195.00	6,720,737	7,328,480	7,167,065	7,207,033	7,049,290	7,215,500	0.12%
Maintenance costs			206,451	174,360	206,623	387,766	412,838	402,000	3.67%
Supplies and materials			252,377	199,850	325,075	205,000	206,052	130,000	-36.59%
Cafeteria and other equipment			213,505	250,000	337,174	582,160	359,902	250,000	-57.06%
Other costs			243,390	586,460	325,214	788,448	237,052	219,250	-72.19%
Total expenditures	208.50	195.00	\$13,509,186	\$14,933,220	\$14,881,019	\$15,937,164	\$14,971,639	\$14,831,750	-6.94%
Excess of revenues over expenditures			\$599,520	(\$448,040)	(\$589,925)	(\$446,474)	(\$455,632)	(\$441,050)	-1.21%
Fund balance - beginning of year			5,761,316	6,360,836	6,360,836	5,770,911	5,770,911	5,315,279	-7.90%
Fund balance - end of year			\$6,360,836	\$5,912,796	\$5,770,911	\$5,324,437	\$5,315,279	\$4,874,229	-8.46%

Source of Data: Norfolk Public Schools Child Nutrition Services

## State and City Revenues

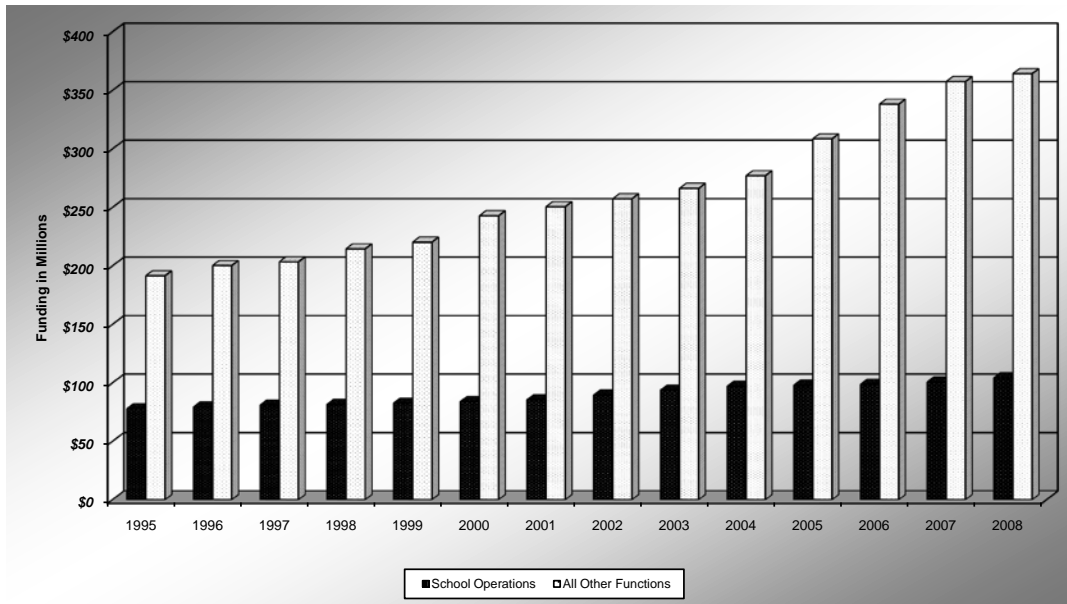


YEAR	STATE REVENUE		CITY REVENUE	
	Total	Percent	Total	Percent
2000	\$146,850,000	62.9%	\$79,032,544	33.9%
2001	\$157,265,800	64.2%	\$80,882,544	33.0%
2002	\$153,677,868	62.5%	\$83,882,544	34.1%
2003	\$156,935,500	61.7%	\$88,853,663	34.9%
2004	\$159,502,850	61.1%	\$90,020,000	34.5%
2005	\$179,716,070	63.4%	\$91,864,910	32.4%
2006	\$185,931,322	64.1%	\$92,594,910	31.9%
2007	\$199,700,700	64.5%	\$97,594,910	31.5%
2008	\$202,196,359	63.8%	\$101,094,910	31.9%
2009	\$206,990,016	64.2%	\$104,511,131	32.4%

*This chart indicates state and city funding (the two major sources of school funds) over the last decade. The information is in actual dollars (unadjusted for inflation) based on the overall funding, including federal and other local revenues (fees, interest, etc.). Since federal and local revenues are not shown on this chart, the percentages do not total 100%.*

*Source of data: Norfolk Public Schools Budget Office*

**Comparison of Revenue Under Local Control Dedicated  
to School Operations and to Other Functions  
1995-2008**



Year	Revenue Under Local Control		Local Revenue Dedicated to School Operations (a)		Dedicated to All Other Functions	
	Total	Growth	Total	Growth	Total	Growth
FY 1995	\$269.11	4.6%	\$77.70	0.3%	\$191.41	6.5%
FY 1996	\$279.37	3.8%	\$79.25	2.0%	\$200.12	4.6%
FY 1997	\$284.19	1.7%	\$80.87	2.0%	\$203.32	1.6%
FY 1998	\$295.74	4.1%	\$81.38	0.6%	\$214.36	5.4%
FY 1999	\$302.67	2.3%	\$82.54	1.4%	\$220.13	2.7%
FY 2000	\$326.52	7.9%	\$83.83	1.6%	\$242.69	10.3%
FY 2001	\$335.90	2.9%	\$85.39	1.9%	\$250.51	3.2%
FY 2002	\$346.70	3.2%	\$89.42	4.7%	\$257.28	2.7%
FY 2003	\$359.65	3.7%	\$93.54	4.6%	\$266.11	3.4%
FY 2004	\$373.80	3.9%	\$96.86	3.5%	\$276.94	4.1%
FY2005	\$406.30	8.7%	\$97.81	1.0%	\$308.49	11.4%
FY2006	\$436.70	7.5%	\$98.57	0.8%	\$338.13	9.6%
FY 2007	\$458.10	4.9%	\$100.60	2.1%	\$357.50	5.7%
FY 2008	\$468.40	2.2%	\$104.20	3.6%	\$364.20	1.9%

*Amounts shown are in millions of dollars*

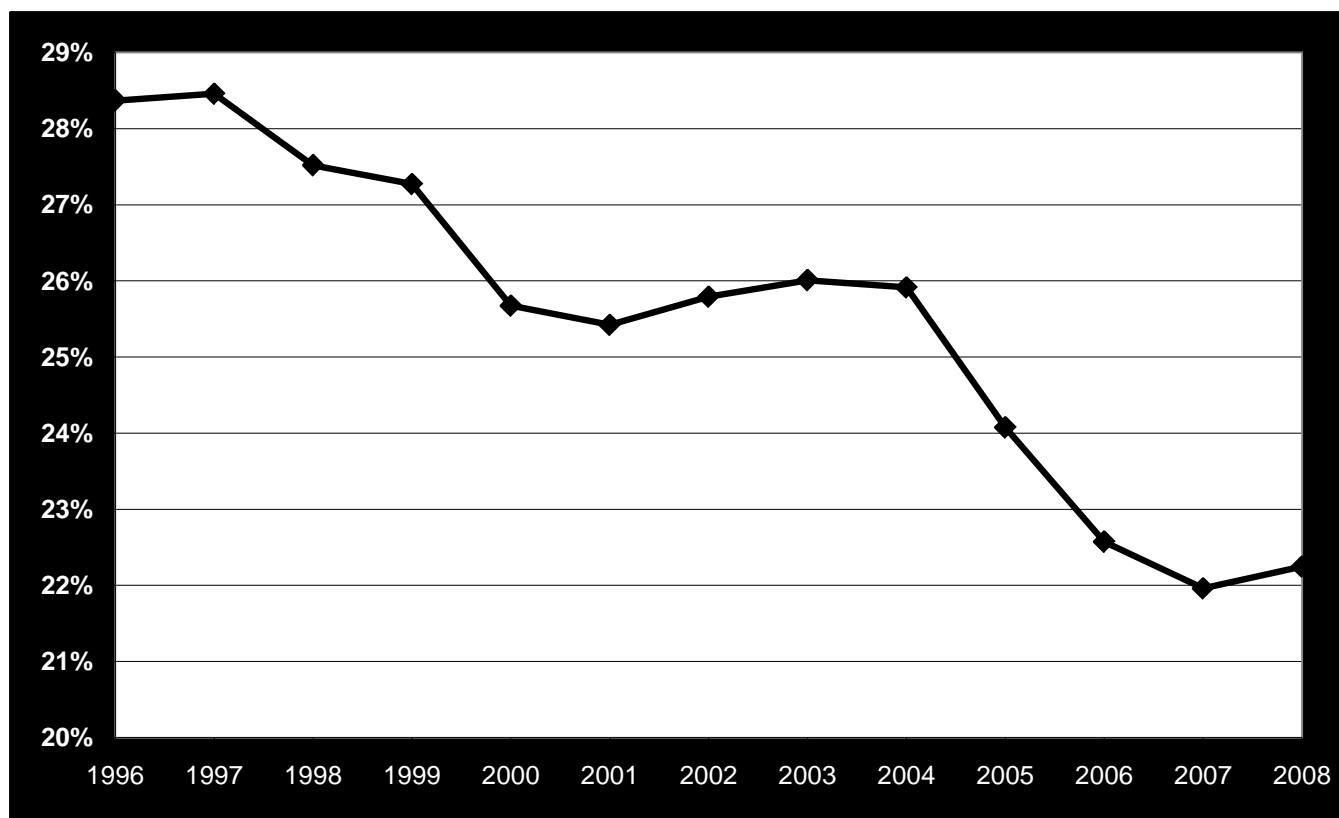
<b>Average growth 1995-08:</b>	<b>5.3%</b>	<b>2.4%</b>	<b>6.4%</b>
<b>Total growth 1995-08</b>	<b>74.1%</b>	<b>34.1%</b>	<b>90.3%</b>

(a) Includes an estimate of cost of crossing guards, school nurses, grounds maintenance and local revenues collected directly by school board (fees, etc.).

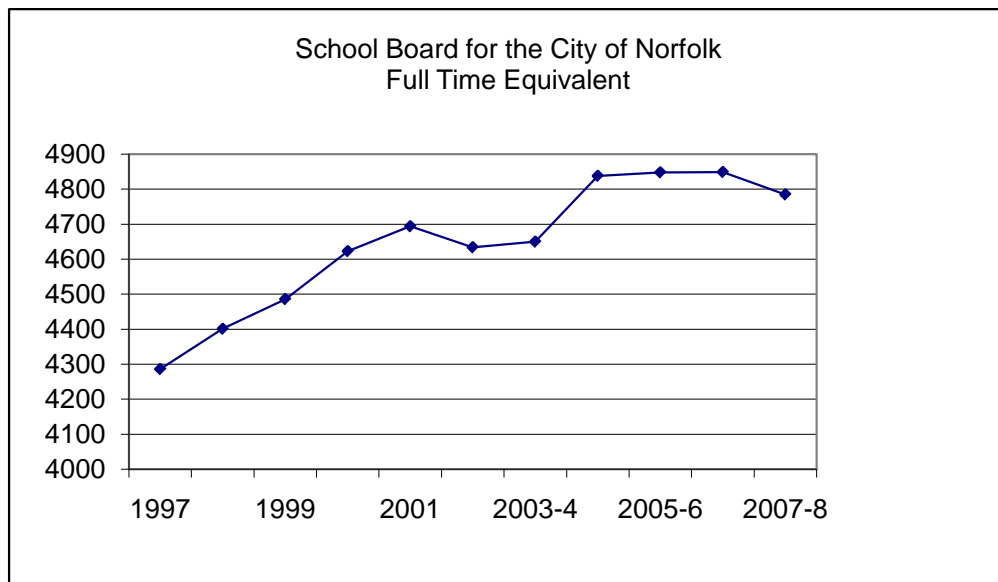
(b) Source of data: Norfolk Public Schools Budget Department. 2009 data not yet available.



**Percentage of Revenue Under Local Control  
Dedicated to School Operations  
1995-2008**



Year	Local Revenue	Dedicated to School Operations	% to School Operations
FY 1995	\$269.11	\$77.70	28.9%
FY 1996	\$279.37	\$79.25	28.4%
FY 1997	\$284.19	\$80.87	28.5%
FY 1998	\$295.74	\$81.38	27.5%
FY 1999	\$302.67	\$82.54	27.3%
FY 2000	\$326.52	\$83.83	25.7%
FY 2001	\$335.90	\$85.39	25.4%
FY 2002	\$346.70	\$89.42	25.8%
FY 2003	\$359.65	\$93.54	26.0%
FY 2004	\$373.80	\$96.86	25.9%
FY 2005	\$406.30	\$97.81	24.1%
FY 2006	\$436.70	\$98.57	22.6%
FY 2007	\$458.10	\$100.60	22.0%
FY 2008	\$468.40	\$104.20	22.2%

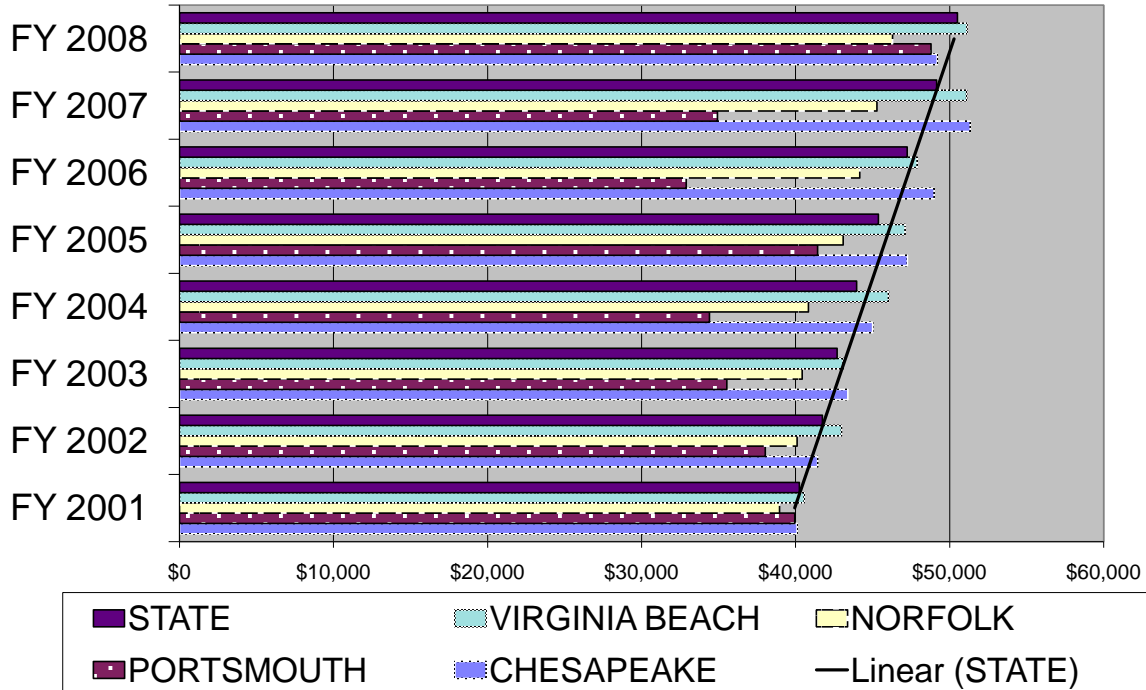


Year	FTE
1997	4286
1998	4401
1999	4486
2000	4623
2001	4694
2002-3	4634
2003-4	4650
2004-5	4838
2005-6	4848
2006-7	4849
2007-8	4785

*Source of Data: Norfolk Public Schools Strategic Evaluation Assessment and Support.  
2009 data yet available.*

## Average Annual Salary - All Teaching Positions

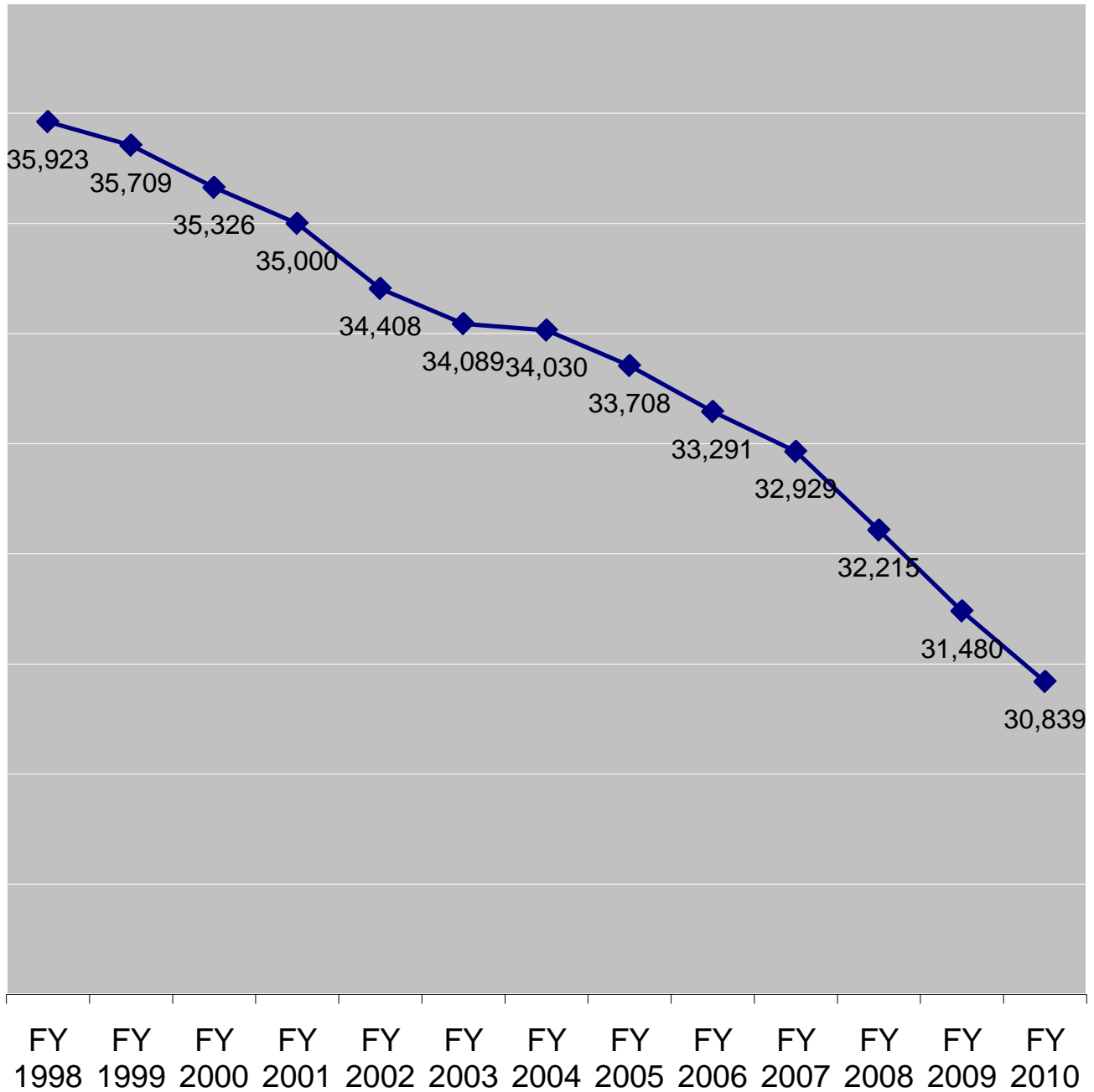
### Average Annual Salary -All Teaching Positions



YEAR	CHESAPEAKE	PORTSMOUTH	NORFOLK	VIRGINIA BEACH	STATE
FY 2001	\$40,102	\$39,947	\$38,965	\$40,556	\$40,247
FY 2002	\$41,433	\$38,030	\$40,100	\$42,978	\$41,731
FY 2003	\$43,396	\$35,535	\$40,429	\$43,095	\$42,694
FY 2004	\$45,011	\$34,404	\$40,832	\$46,030	\$43,952
FY 2005	\$47,265	\$41,436	\$43,087	\$47,110	\$45,377
FY 2006	\$49,005	\$32,903	\$44,165	\$47,900	\$47,248
FY 2007	\$51,348	\$34,924	\$45,288	\$51,102	\$49,164
FY 2008	\$49,205	\$48,790	\$46,297	\$51,133	\$50,511

Source of Data: Superintendent's Annual Report for Virginia.  
2009 data not yet available.

## Average Daily Membership



Source of data: Norfolk Public Schools Department of Strategic Evaluation, Assessment and Support

## Average Costs Per Student

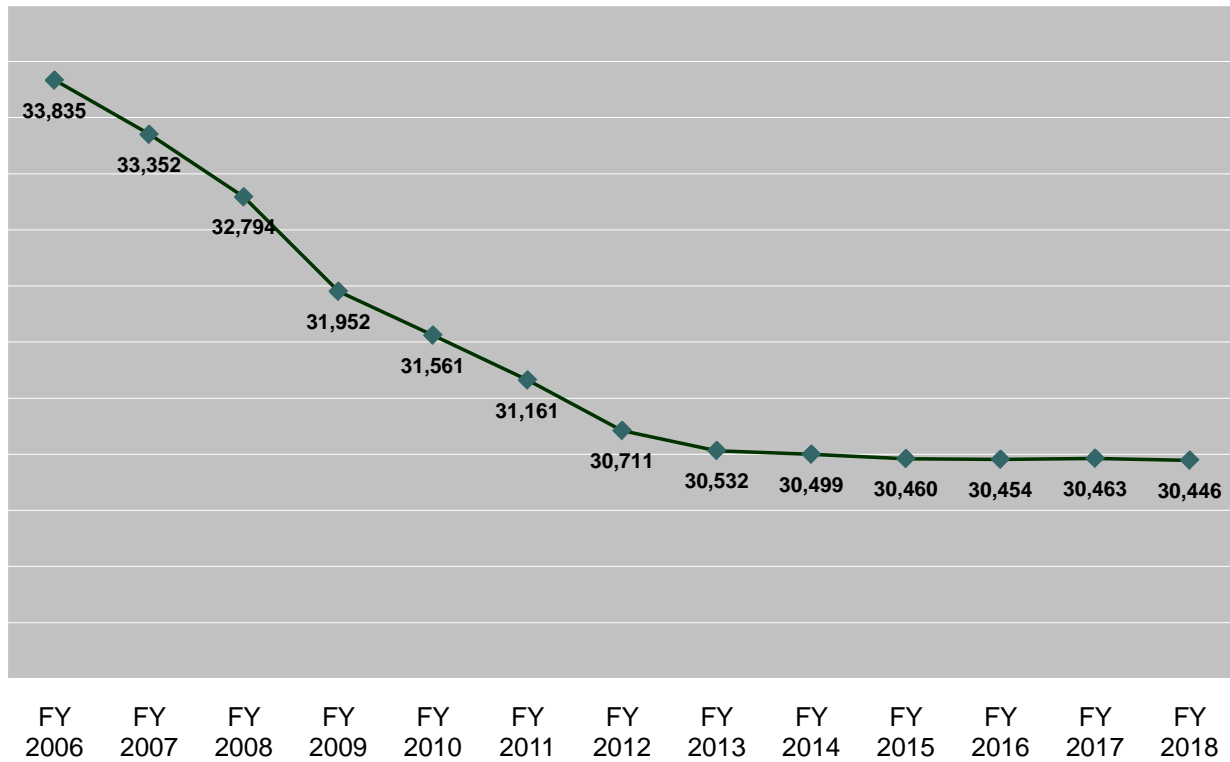
Fiscal Year	Total Local Budget or Expenditures excluding Adult Education	Student Memberships (b)			Average Cost per Student exclusive of Adult Education
		K-12	Pre-K	Total	
2010	\$324,686,336 (a)	30,839	1,748	32,587	\$9,964
2009	\$330,367,304 (a)	31,480	1,748	33,228	\$9,942
2008	\$316,118,059	32,464	1,052	33,516	\$9,432
2007	\$309,045,784	32,962	1,052	34,014	\$9,086
2006	\$291,657,947	33,262	1,052	34,314	\$8,500
2005	\$282,762,068	33,762	1,152	34,914	\$8,099
2004	\$260,460,046	34,030	1,152	35,182	\$7,403
2003	\$251,565,368	34,349	1,152	35,501	\$7,086
2002	\$245,188,608	34,268	1,152	35,420	\$6,922
2001	\$239,301,631	35,000	1,152	36,152	\$6,619
2000	\$231,538,811	35,326	1,152	36,478	\$6,347
1999	\$219,992,565	35,709	1,120	36,829	\$5,973
1998	\$207,044,099	35,923	912	36,835	\$5,621
1997	\$199,757,210	35,677	784	36,461	\$5,479
1996	\$187,573,884	35,059	0	35,059	\$5,350
1995	\$181,253,353	34,613	0	34,613	\$5,237

(a) Projected expenditures

(b) Student membership is average daily membership for the year. FY 2009 membership is estimated. Pre-kindergarten membership excludes students enrolled in classes funded by Federal Title I funds.

*Source of Data: Norfolk Public Schools Department of Strategic Evaluation, Assessment and Support*

## Enrollment Projections (K-12)



Fiscal Year	Projected Enrollment
FY 2006	33,835
FY 2007	33,352
FY 2008	32,794
FY 2009	31,952
FY 2010	31,561
FY 2011	31,161
FY 2012	30,711
FY 2013	30,532
FY 2014	30,499
FY 2015	30,460
FY 2016	30,454
FY 2017	30,463
FY 2018	30,446

### METHODOLOGY

A model for long-range student enrollment projections is based upon survival ratios, adjustments for births, and new student to come from residential development. Survival ratios for each grade and year were calculated from historical and current enrollment year. In most instances, these ratios are less than one - meaning that some students either move out of the district, transfer to a private school, or are not promoted. To remove some of the year-to-year variation, three year weighted survival ratios was used.

*Source: Norfolk Public Schools Department of Strategic Evaluation, Assessment and Support*

### STATE INCENTIVES FOR PRIMARY CLASS SIZE REDUCTIONS

Elementary School	2005-06 Free Lunch Eligibility Percentage	State Target for Pupil-Teacher Ratio	Expected Pupil-Teacher Ratio Budgeted	Maximum Class Size	Average Class Size Expected
Bay View	4%	19:1	19:1	24	22
Bowling Park	76%	15:1	15:1	20	14*
Caicott	38%	19:1	19:1	24	22
Camp Allen	56%	19:1	19:1	24	23
Campostella	91%	14:1	14:1	19	17*
Chesterfield	81%	16:1	16:1	21	16*
Coleman Place	75%	17:1	17:1	22	20
Crossroads	62%	18:1	18:1	23	21
Fairlawn	58%	19:1	19:1	24	21
Ghent	30%	20:1	20:1	25	23
Granby	58%	18:1	18:1	23	20
Ingleside	65%	18:1	18:1	23	22
Jacox	93%	14:1	14:1	19	16*
Larchmont	30%	19:1	19:1	24	21
Larrymore	50%	19:1	19:1	24	22
Lindenwood	91%	14:1	14:1	19	16*
Little Creek	62%	17:1	17:1	21	21
Monroe	91%	14:1	14:1	21	16*
Norview	74%	17:1	17:1	21	20
Oakwood	79%	17:1	17:1	21	15
Ocean View	57%	18:1	18:1	23	21
Oceanair	66%	18:1	18:1	22	21
Poplar Halls	58%	19:1	19:1	24	19
Roberts Park	77%	14:1	14:1	19	16*
Sewells Point	58%	20:1	20:1	24	22
Sherwood Forest	55%	19:1	19:1	24	22
St Helena	77%	16:1	16:1	23	15*
Suburban Park	65%	18:1	18:1	23	21
Tanners Creek	63%	18:1	18:1	23	21
Tarrallton	43%	20:1	20:1	24	20
Taylor	28%	20:1	20:1	24	20
Tidewater Park	93%	14:1	14:1	19	14*
Willard	52%	19:1	19:1	24	21
Willoughby	61%	19:1	19:1	24	18
Young Park	96%	14:1	14:1	19	15*

\* Includes four federal class reduction teachers for grades K-3.

Source of Data: Norfolk Public Schools Department of Strategic Evaluation Assessment and Support

**School Board for the City of Norfolk**  
**Facilities Information on Schools**  
**As of 2007**

<b>Location</b>	<b>Year Built</b>	<b>Square Foot</b>	<b>Site Acreage</b>	<b>Mobile Units</b>	<b>Renovations and Additions</b>	<b>Age</b>	<b>Total Sqft. Bldgs. &amp; Mobiles</b>
Granby High	1939	292,294	25	0	1997-1998	9	292,294
Lake Taylor High	1967	261,000	44.7	2	1974	40	262,824
Maury High	1910	265,000	9.8	0	1988	19	265,000
Norview High	2004	287,272	27	0		3	287,272
B. T. Washington	1974	26,500	30	0		33	265,000
Average Age						<b>20.80</b>	
Azalea Middle	1961	120,374	21.1	3		46	123,110
Blair Middle	1922	241,597	7.4	0		1	21,597
Lafayette/Winona Middle	1991	140,000	14.1	7	2007	16	146,384
Lake Taylor Middle	1965	118,926	20	6		42	124,398
Northside Middle	1956	122,675	14.5	10		51	131,795
Norview Middle	1995	152,000	19	0		12	115,200
Rosemont Middle	1959	126,028	18.5	0		48	126,028
Ruffner Middle	1994	146,000	10.52	0		13	146,000
Average Age						<b>28.63</b>	
Bayview Elementary	1922	83,095	9.4	0	1999	8	83,095
Bowling Park Elementary	1953	54,325	12.3	2	1954	54	56,149
Calcott Elementary	1952	65,100	12	2	1954	55	66,924
Camp Allen Elementary	1970	69,200	14	0	1984	37	69,200
Campostella Elementary	1963	95,970	21.2	0		44	95,970
Chesterfield Academy	1953	58,750	12.3	10	1971	54	67,870
Coleman Place Elementary	2007	96,818	9	0		1	96,818
Crossroads Elementary	1946	49,150	12	4	1955, 1956	61	52,798
Fairlawn Elementary	1959	42,600	16.4	11	1961	48	52,632
Ghent Elementary	1978	60,800	13	3		29	63,536
Granby Elementary	1948	82,081	9	0	1989	59	80,081
Ingleside Elementary	1954	58,500	16	6		53	63,972
Jacox Elementary	1949	79,200	11.7	4		58	82,848
Larchmont Elementary	1929	47,300	23	0	1977	78	47,300
Larrymore Elementary	1957	63,900	13	0	1964	50	63,900
Lindenwood Elementary	1953	54,900	9.5	3	1965	54	57,636
Little Creek Elementary	1954	56,795	17	5		53	61,355
Little Creek Primary	1957	44,500		1		50	45,412
Monroe Elementary	1990	64,000	12.8	0		17	64,000
Norview Elementary	1952	57,640	14.2	14	1953	55	70,408
Oakwood Elementary	1952	40,000	14.5	2	1961	55	41,824
Ocean View Elementary	1939	56,150	20.5	2		68	57,974
Oceanair Elementary	1956	56,500	17.7	8		51	63,796
Popular Halls Elementary	1959	44,400	17.8	3	1961	48	47,136
J.J. Roberts Elementary	1954	40,355	5.5	4		43	44,003
St. Helena Elementary	1966	30,064	13.2	2		41	37,888
Sewells Point Elementary	1966	60,260	8.9	6	1984	41	65,732
Sherwood Forest Elementary	1957	66,340	13.3	4	1989	50	69,988
Suburban Park Elementary	1955	61,980	15	0	1988	52	61,980
Tanners Creek Elementary	1990	83,000	9	0		17	83,000
Tarrallton Elementary	1964	46,300	15.2	3		43	49,036
Taylor Elementary	1998	54,786	2.8	0		9	54,786
Tidewater Park Elementary	1964	39,675	8.3	5		43	44,235
Willard Elementary	1952	80,925	12	0	1990	55	80,925
Average Age						<b>45.12</b>	



**School Board for the City of Norfolk**  
**Facilities Information on Schools**  
**As of 2007**

<b>Location</b>	<b>Year Built</b>	<b>Square Foot</b>	<b>Site Acreage</b>	<b>Mobile Units</b>	<b>Renovations and Additions</b>	<b>Age</b>	<b>Total Sqft. Bldgs. &amp; Mobiles</b>
Willoughby Elementary	1967	58,400	12	0		40	58,400
P. B. Young Sr. Elementary	1954	55,325	8	0		53	55,325
Tucker	1942	30,000	5	0		65	30,000
Berkley/Compostella ECC	1953	46,453	10.6	0		54	46,453
Camp Young	1946	27,398	30	0		56	27,398
Coronado	1959	13,280	2.2	2		48	15,104
Easton Preschool	1959	37,500	11.7	0	1961	48	37,500
Madison Career Center	1919	75,501	3	0	1921	88	75,501
Meadowbrook	1925	48,029	2	0	1937, 1954, 2001	82	48,029
Norfolk Skills Center	1950	26,135	3.1	0		57	26,135
Norfolk Technical Center	1968	135,390	29.5	0	1971	39	135,390
Ballentine	1916	38,700	9.8	0	1965	91	38,700
Stuart Gifted & ECC	1920	62,600	4.8	0	1923, 1966, 1969	87	62,600
Bellmore	1968	77,028	3.9	1		39	77,940
Transportation	1995	24,689	9.9	1		14	25,601
Average Age						<b>57.40</b>	
Total Mobiles				4			
Average Age of all Buildings				37.99			
Total Number of Acres				120.5			
Total Number of Square Feet				612,703			
Total Square feet including mobiles				616,351			
Total Number of Mobile Units				4			

Total Square footage column include Building plus Mobiles as of 1 July 2007  
Age of original structure is different for buildings that have renovations

*Source of data: Norfolk Public Schools Facilities Management*

(UNAUDITED)

**School Board of the City of Norfolk**  
**City of Norfolk, Virginia**  
**Financial Trends Information**  
**Schedule 1**  
**Net Assets by Category**  
**Last Eight Fiscal Years**  
(Amounts in thousands)

	Fiscal Year							
	2002	2003	2004	2005	2006	2007	2008	2009
Governmental activities:								
Invested in capital assets, net of related debt	\$ 537,356	\$ 470,451	\$ 411,993	\$ 403,577	\$ 391,392	\$ 332,988	\$ 325,173	\$ 292,598
Restricted	72,938	35,753	55,786	6,788	6,605	6,731	6,890	6,994
Unrestricted	34,968	72,904	86,959	91,869	96,705	127,479	90,917	63,014
Subtotal governmental activities net assets	645,262	579,108	554,738	502,234	494,702	467,198	422,980	362,606
Business-Type activities:								
Invested in capital assets, net of related debt	128,521	195,799	223,018	237,044	259,198	268,503	241,203	219,688
Restricted	46,861	37,216	36,041	-	-	2,526	2,506	30,242
Unrestricted	85,619	39,277	20,293	48,563	43,383	34,373	72,387	69,998
Subtotal business-type activities net assets	261,001	272,292	279,352	285,607	302,581	305,402	316,096	319,928
Primary government:								
Invested in capital assets, net of related debt	665,877	666,250	635,011	640,621	650,590	601,491	566,376	512,286
Restricted	119,799	72,969	91,827	6,788	6,605	9,257	9,396	37,236
Unrestricted	120,587	112,181	107,252	140,432	140,088	161,852	163,304	133,012
Total primary government net assets	\$ 906,263	\$ 851,400	\$ 834,090	\$ 787,841	\$ 797,283	\$ 772,600	\$ 739,076	\$ 682,534

Note:

1. The earliest data available for this schedule is as of June 30, 2002, the year in which the City adopted GASB 34.

(UNAUDITED)

**School Board of the City of Norfolk**  
**City of Norfolk, Virginia**  
**Financial Trends Information**  
**Schedule 2**  
**Changes in Net Assets**  
**Last Eight Fiscal Years**  
(Amounts in thousands)

	Fiscal Year							
	2002	2003	2004	2005	2006	2007	2008	2009
<b>Program Revenues</b>								
Governmental activities:								
Charges for services								
General government	\$ 108	\$ 449	\$ 551	\$ 775	\$ 1,230	\$ 2,450	\$ 2,169	\$ 1,800
Judicial administration	10	191	402	498	200	778	931	935
Public safety	2,410	6,282	6,727	11,608	13,041	2,708	2,307	2,797
Public works	13,896	16,394	16,829	9,081	10,121	24,181	27,156	26,999
Health and public assistance	119	159	154	130	134	101	166	134
Culture and recreation	1,763	5,907	6,668	7,034	6,198	6,126	6,710	6,232
Community development	6	7	11	5	1,063	907	760	1,539
Education	-	-	-	-	-	-	-	-
Total governmental activities program revenue	<u>111,582</u>	<u>152,985</u>	<u>136,808</u>	<u>145,530</u>	<u>148,814</u>	<u>153,030</u>	<u>153,159</u>	<u>152,855</u>
Business-type activities:								
Charges for Services								
Water	59,318	63,785	60,964	61,002	74,218	69,816	74,240	74,454
Wastewater	13,389	14,615	18,633	21,329	22,375	22,314	24,917	23,125
Parking facilities	18,355	18,574	21,354	21,059	20,911	21,599	20,425	20,048
Capital grants and contributions	355	254	205	-	78	731	219	504
Total business-type activities program revenues	<u>91,417</u>	<u>97,228</u>	<u>101,156</u>	<u>103,390</u>	<u>117,582</u>	<u>114,460</u>	<u>119,801</u>	<u>118,131</u>
Total primary government program revenues	<u>202,999</u>	<u>250,213</u>	<u>237,964</u>	<u>248,920</u>	<u>266,396</u>	<u>267,490</u>	<u>272,960</u>	<u>270,986</u>
<b>Expenses</b>								
Governmental activities:								
General government	48,062	83,311	86,081	74,344	94,763	113,279	113,142	111,629
Judicial administration	8,987	10,856	36,635	40,319	42,494	46,944	48,593	52,209
Public safety	122,252	117,488	99,975	107,531	106,705	111,803	126,609	120,703
Public works	96,894	103,319	124,833	144,438	109,907	119,176	118,888	134,274
Health and public assistance	62,062	70,665	77,668	84,173	91,443	93,775	95,234	93,495
Culture and recreation	46,945	44,758	42,495	46,267	44,933	52,965	56,890	63,437
Community development	17,218	19,806	10,471	16,974	14,930	14,772	15,345	10,867
Education	83,883	88,854	90,020	91,865	92,595	97,595	101,095	104,511
Interest on long-term debt	18,536	18,088	17,461	18,516	19,565	19,618	21,457	23,788
Intergovernmental	7,932	8,061	6,140	-	-	-	-	-
Total government activities expenses:	<u>512,771</u>	<u>565,206</u>	<u>591,779</u>	<u>624,427</u>	<u>617,335</u>	<u>669,927</u>	<u>697,253</u>	<u>714,913</u>
Business-type activities:								
Water	53,712	54,382	60,069	60,207	62,009	60,511	64,877	66,990
Wastewater	11,379	10,963	11,754	11,957	15,448	17,377	18,614	21,227
Parking facilities	14,298	15,834	16,869	18,640	18,356	18,861	21,539	19,643
Total business-type activities expenses	<u>79,389</u>	<u>81,179</u>	<u>88,692</u>	<u>90,804</u>	<u>95,813</u>	<u>96,749</u>	<u>105,030</u>	<u>107,860</u>
Total primary government expenses	<u>592,160</u>	<u>646,385</u>	<u>680,471</u>	<u>715,231</u>	<u>713,148</u>	<u>766,676</u>	<u>802,283</u>	<u>822,773</u>
<b>Net (Expense) Revenue</b>								
Governmental activities	(401,189)	(412,221)	(454,971)	(478,897)	(468,521)	(516,897)	(544,094)	(562,058)
Business-type activities	12,028	16,049	12,464	12,586	21,769	17,711	14,771	10,271
Total primary government net expense	<u>\$ (389,161)</u>	<u>\$ (396,172)</u>	<u>\$ (442,507)</u>	<u>\$ (466,311)</u>	<u>\$ (446,752)</u>	<u>\$ (499,186)</u>	<u>\$ (529,323)</u>	<u>\$ (551,787)</u>

Note:

- The earliest data available for this schedule is as of June 30, 2002, the year in which the City adopted GASB 34.

(UNAUDITED)

**School Board for the City of Norfolk**  
**City of Norfolk, Virginia**  
**Financial Trends Information**  
**Schedule 2-1**  
**Changes in Net Assets**  
**Last Eight Fiscal Years**  
(Amounts in thousands)

	Fiscal Year							
	2002	2003	2004	2005	2006	2007	2008	2009
<b>General Revenues and Other Changes in Net Assets</b>								
Governmental Activities:								
Taxes:								
Real Estate and personal property	\$ 158,871	\$ 168,731	\$ 181,446	\$ 193,156	\$ 217,787	\$ 241,315	\$ 240,488	\$ 260,640
Consumption utility	-	-	-	43,387	43,337	42,586	46,582	44,142
Sales and use	-	-	-	29,497	30,652	32,402	31,791	29,484
Restaurant food	-	-	-	26,669	27,277	28,578	28,758	28,079
Business licenses	-	-	-	22,015	24,412	25,268	26,343	27,692
Cigarette	-	-	-	6,948	6,819	6,957	7,577	7,333
Motor vehicle licenses	-	-	-	2,605	3,576	3,529	3,498	4,005
Franchise, admission, recordation and other miscellaneous local	-	-	-	19,356	21,544	19,800	18,025	17,192
Other *	127,262	132,847	140,675	-	-	-	-	-
Interest and investment earnings	5,566	3,018	2,377	4,916	7,306	6,536	5,307	2,789
Grants and contributions not restricted to specific programs	60,367	60,472	77,601	68,219	68,133	66,524	69,352	60,513
Miscellaneous	12,003	7,986	18,504	8,496	15,851	4,845	11,881	9,600
Gain on disposal of assets	625	4,025	-	-	3,249	65	62	-
Transfers between governmental and business-type activities	8,000	8,500	10,000	10,000	11,868	10,988	10,212	10,215
Total governmental activities	<u>372,694</u>	<u>385,579</u>	<u>430,603</u>	<u>435,264</u>	<u>481,811</u>	<u>489,393</u>	<u>499,876</u>	<u>501,684</u>
Business-type activities:								
Interest and investment earnings	941	816	609	864	3,161	2,739	3,046	925
Grants and contributions not restricted to specific programs	-	-	-	-	-	333	-	-
Unrealized Gain (Loss) on investments	-	25	(640)	-	-	-	-	-
Miscellaneous	3,660	2,780	4,624	3,657	3,911	3,554	3,088	2,850
Gain (Loss) on disposal of assets	415	121	-	(852)	-	(6)	-	-
Transfers between governmental and business-type activities	(8,000)	(8,500)	(10,000)	(10,000)	(11,868)	(10,988)	(10,212)	(10,215)
Total business-type activities	<u>(2,984)</u>	<u>(4,758)</u>	<u>(5,407)</u>	<u>(6,331)</u>	<u>(4,796)</u>	<u>(4,368)</u>	<u>(4,078)</u>	<u>(6,440)</u>
Total primary governmental activities	<u>369,710</u>	<u>380,821</u>	<u>425,196</u>	<u>428,933</u>	<u>477,015</u>	<u>485,025</u>	<u>495,798</u>	<u>495,244</u>
<b>Change in Net Assets</b>								
Governmental activities	12,028	16,049	12,464	12,586	21,769	17,711	14,771	10,271
Business-type activities	<u>(389,161)</u>	<u>(396,172)</u>	<u>(442,507)</u>	<u>(466,311)</u>	<u>(446,752)</u>	<u>(499,186)</u>	<u>(529,323)</u>	<u>(551,787)</u>
Total Primary Government changes in net assets	<u>\$ (377,133)</u>	<u>\$ (380,123)</u>	<u>\$ (430,043)</u>	<u>\$ (453,725)</u>	<u>\$ (424,983)</u>	<u>\$ (481,475)</u>	<u>\$ (514,552)</u>	<u>\$ (541,516)</u>

Note:

1. The earliest data available for this schedule is as of June 30, 2002, the year in which the City adopted GASB 34.
2. \*All taxes listed except real estate taxes were reported as "other" on the CAFR prior to fiscal year 2005.

(UNAUDITED)

**School Board of the City of Norfolk**  
**City of Norfolk, Virginia**  
**Financial Trends Information**  
**Schedule 3**  
**Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
(Amounts in Thousands)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General fund:										
Reserved	\$ 12,309	\$ 12,142	\$ 14,913	\$ 8,317	\$ 8,152	\$ 14,172	\$ 16,057	\$ 17,223	\$ 11,669	\$ 7,842
Unreserved	<u>39,836</u>	<u>60,569</u>	<u>53,053</u>	<u>49,789</u>	<u>53,948</u>	<u>54,007</u>	<u>66,619</u>	<u>71,056</u>	<u>56,302</u>	<u>50,784</u>
Total general fund	<u>52,145</u>	<u>72,711</u>	<u>67,966</u>	<u>58,106</u>	<u>62,100</u>	<u>68,179</u>	<u>82,676</u>	<u>88,279</u>	<u>67,971</u>	<u>58,626</u>
Capital projects fund:										
Reserved	22,685	23,294	40,849	51,259	80,034	82,373	20,885	48,894	57,186	50,987
Unreserved	<u>2,616</u>	<u>11,755</u>	<u>1,009</u>	<u>7,200</u>	<u>14,132</u>	<u>3,394</u>	<u>-</u>	<u>15,424</u>	<u>64,504</u>	<u>25,939</u>
Total capital projects fund	<u>25,301</u>	<u>35,049</u>	<u>41,858</u>	<u>58,459</u>	<u>94,166</u>	<u>85,767</u>	<u>20,885</u>	<u>64,318</u>	<u>121,690</u>	<u>76,926</u>
All Other governmental funds:										
Reserved	17,877	19,577	17,177	8,089	10,509	27,161	19,075	20,123	30,716	27,053
Unreserved	<u>(16,669)</u>	<u>(17,230)</u>	<u>1,254</u>	<u>14,833</u>	<u>14,058</u>	<u>3,992</u>	<u>17,131</u>	<u>24,211</u>	<u>13,987</u>	<u>12,531</u>
Total Other governmental funds	<u>1,208</u>	<u>2,347</u>	<u>18,431</u>	<u>22,922</u>	<u>24,567</u>	<u>31,153</u>	<u>36,206</u>	<u>44,334</u>	<u>44,703</u>	<u>39,584</u>
Total fund balance, governmental funds	<u>\$ 78,654</u>	<u>\$ 110,107</u>	<u>\$ 128,255</u>	<u>\$ 139,487</u>	<u>\$ 180,833</u>	<u>\$ 185,099</u>	<u>\$ 139,767</u>	<u>\$ 196,931</u>	<u>\$ 234,364</u>	<u>\$ 175,136</u>

(UNAUDITED)

**School Board of the City of Norfolk**  
**City of Norfolk, Virginia**  
**Financial Trends Information**  
**Schedule 4**  
**Changes in Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
(Amounts in Thousands)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Revenues:</b>										
General property taxes	\$ 153,366	\$ 159,512	\$ 168,893	\$ 178,361	\$ 193,293	\$ 211,788	\$ 211,788	\$ 235,399	\$ 241,290	\$ 252,003
Other local taxes	126,537	127,262	132,847	140,675	150,477	157,616	157,616	159,119	162,573	157,927
Licenses and permits	2,601	2,700	2,973	3,204	3,542	4,088	4,088	4,071	4,055	4,012
Fines and forfeitures	1,684	1,541	1,569	1,627	1,763	1,461	1,461	1,605	1,317	1,260
Use of money and property	11,361	11,247	8,791	8,333	10,232	10,498	10,498	11,105	10,560	8,282
Charges for services	18,745	18,312	28,390	31,342	29,129	32,772	32,772	37,071	40,159	40,396
Miscellaneous	13,681	12,337	24,785	17,339	18,951	33,494	33,494	11,691	17,923	12,911
Recovered costs	14,135	10,008	9,556	12,297	14,188	12,667	12,667	8,408	8,622	8,952
Intergovernmental	122,677	133,332	131,071	160,118	147,045	149,757	149,757	156,637	156,862	149,774
<b>Total Revenue</b>	<b>464,787</b>	<b>476,251</b>	<b>509,875</b>	<b>553,296</b>	<b>568,620</b>	<b>614,141</b>	<b>614,141</b>	<b>625,106</b>	<b>643,361</b>	<b>635,517</b>
<b>Expenditures:</b>										
<b>Current</b>										
General government	50,770	50,671	44,126	64,639	76,127	67,434	92,062	102,031	110,974	102,426
Judicial administration	8,969	7,987	8,790	9,280	35,603	38,110	41,795	45,173	47,331	50,347
Public safety	96,542	101,523	115,912	123,202	94,979	102,278	105,634	108,565	116,208	118,073
Public works	36,792	36,817	56,124	57,162	80,613	64,497	46,959	49,161	60,370	56,146
Health and public assistance	72,609	56,967	61,601	68,140	76,221	83,451	91,535	93,397	95,159	91,648
Culture and recreation	45,088	46,032	40,849	40,149	40,081	40,290	42,995	46,397	51,071	52,248
Education	79,033	80,883	83,883	88,854	90,020	91,865	92,595	97,595	101,095	104,511
Community development	22,970	22,549	16,945	17,673	8,048	12,716	13,552	11,158	10,745	9,899
<b>Debt Services:</b>										
Principal retirement	29,493	32,065	31,177	32,450	32,731	47,407	37,660	35,872	40,260	47,607
Interest and other charges	18,906	19,056	17,460	15,998	16,820	18,061	18,802	18,917	20,468	24,151
Intergovernmental	5,950	7,807	7,932	8,061	6,140	-	-	-	-	-
Capital outlay	17,912	27,488	30,516	37,770	45,026	85,144	91,632	94,595	114,007	104,892
<b>Total Expenditures</b>	<b>485,034</b>	<b>489,845</b>	<b>515,315</b>	<b>563,378</b>	<b>602,409</b>	<b>651,253</b>	<b>675,221</b>	<b>702,861</b>	<b>767,688</b>	<b>761,948</b>
<b>(Deficiency) of revenues (under) expenditures</b>	<b>(20,247)</b>	<b>(13,594)</b>	<b>(5,440)</b>	<b>(10,082)</b>	<b>(33,789)</b>	<b>(37,112)</b>	<b>(61,080)</b>	<b>(77,755)</b>	<b>(124,327)</b>	<b>(126,431)</b>
<b>Other Financing Sources (Uses):</b>										
Proceeds of refunding bonds	-	-	-	31,123	83,219	30,389	-	15,480	-	16,000
Proceeds of capital leases	4,975	6,667	2,184	7,503	4,430	4,702	4,828	-	-	-
Proceeds of debt (general obligation bonds and notes)	22,544	25,470	56,179	47,695	69,685	70,840	-	121,705	145,663	55,280
Payment to refunded bonds escrow agent	-	-	(30,452)	(31,123)	(83,219)	(30,389)	-	(15,480)	-	(16,000)
Premium on bonds issued	-	-	-	-	389	2,259	-	2,070	5,785	1,707
Miscellaneous	-	-	-	(2,989)	(7)	-	(122)	66	62	-
Proceeds from sale or disposal of fixed assets	1,207	12,968	-	4,025	1,062	-	-	-	-	-
Operating transfers in	69,276	76,514	72,913	78,637	75,587	82,354	97,185	89,254	109,901	105,641
Operating transfers (out)	(59,826)	(64,718)	(64,913)	(70,137)	(65,587)	(72,354)	(86,142)	(78,176)	(99,653)	(95,425)
<b>Total other financing sources (uses)</b>	<b>38,176</b>	<b>56,901</b>	<b>35,911</b>	<b>64,734</b>	<b>85,559</b>	<b>87,801</b>	<b>15,749</b>	<b>134,919</b>	<b>161,758</b>	<b>67,203</b>
<b>Net change in fund balances</b>	<b>\$ 17,929</b>	<b>\$ 43,307</b>	<b>\$ 30,471</b>	<b>\$ 54,652</b>	<b>\$ 51,770</b>	<b>\$ 50,689</b>	<b>\$ (45,331)</b>	<b>\$ 57,164</b>	<b>\$ 37,431</b>	<b>\$ (59,228)</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>10.36%</b>	<b>11.06%</b>	<b>10.03%</b>	<b>9.22%</b>	<b>8.89%</b>	<b>11.56%</b>	<b>9.67%</b>	<b>9.01%</b>	<b>9.29%</b>	<b>10.92%</b>

(UNAUDITED)

**School Board of the City of Norfolk**  
**City of Norfolk, Virginia**  
**Financial Trends Information**  
**Schedule 5**  
**Program Revenues by Function (Optional Schedule)**  
**Last Eight Fiscal Years**  
(Amounts in thousands)

	Fiscal Year							
Function/Program	2002	2003	2004	2005	2006	2007	2008	2009
Governmental Activities:								
General government	\$ 11,272	\$ 43,823	\$ 15,945	\$ 25,544	\$ 24,802	\$ 16,614	\$ 17,707	\$ 16,042
Judicial administration	4,466	4,462	17,960	19,423	19,605	27,904	28,707	23,173
Public safety	22,128	23,941	12,832	19,822	20,674	8,137	5,244	11,036
Public works	31,670	34,082	40,783	28,440	30,438	44,769	47,407	48,156
Health and public assistance	34,127	34,453	36,733	39,064	39,930	42,261	40,567	41,695
Culture and recreation	6,097	10,225	10,221	9,956	9,603	9,655	10,359	9,148
Education	1,822	1,979	2,334	3,281	3,762	3,690	3,168	3,605
Subtotal governmental activities program revenue	111,582	152,985	136,808	145,530	148,814	153,030	153,159	152,855
Business-type activities:								
Water	59,389	64,039	61,126	61,002	74,277	70,411	74,416	74,958
Wastewater	13,673	14,615	18,676	21,329	22,394	22,450	24,960	23,125
Parking facilities	18,355	18,574	21,354	21,059	20,911	21,599	20,425	20,048
Subtotal business-type activities program revenues	91,417	97,228	101,156	103,390	117,582	114,460	119,801	118,131
Total primary government program revenues	\$ 202,999	\$ 250,213	\$ 237,964	\$ 248,920	\$ 266,396	\$ 267,490	\$ 272,960	\$ 270,986

Note:

1. The earliest data available for this schedule is as of June 30, 2002, the year in which the City adopted GASB 34.

(UNAUDITED)

**School Board of the City of Norfolk**  
**City of Norfolk, Virginia**  
**Financial Trends Information**  
**Schedule 6**  
**Total Revenue by Source, Governmental Funds**  
**Last Ten Fiscal Years**  
(Amounts in Thousands)

Fiscal Year	General Property Taxes	Other Local Taxes	Licenses and Permits	Fines and Forfeitures	Use of Money and Property	Charges for Services	Misc	Recovered Costs	Inter-Governmental Revenues	Total
2000	152,062	119,107	2,943	1,661	10,275	18,836	13,990	12,338	133,526	464,738
2001	153,366	126,537	2,601	1,684	11,361	18,745	13,681	14,135	122,677	464,787
2002	159,512	127,262	2,700	1,541	11,247	18,312	12,337	10,008	133,332	476,251
2003	168,893	132,847	2,973	1,569	8,791	29,390	24,785	9,556	131,071	509,875
2004	178,361	140,675	3,204	1,627	8,333	31,342	17,339	12,297	160,118	553,296
2005	193,293	150,477	3,542	1,763	10,232	29,129	18,951	14,188	147,045	568,620
2006	211,788	157,616	4,088	1,461	10,498	32,772	33,494	12,667	149,757	614,141
2007	235,399	159,119	4,071	1,605	11,105	37,071	11,692	8,408	156,636	625,106
2008	241,290	162,573	4,055	1,317	10,651	40,070	17,923	8,622	156,862	643,363
2009	252,004	157,927	4,012	1,260	8,282	40,396	12,911	8,952	149,774	635,518
Change 2000-2009	65.7%	32.6%	36.3%	-24.1%	-19.4%	114.5%	-7.7%	-27.4%	12.2%	36.7%

**City of Norfolk, Virginia**  
**Other Local Tax Revenues by Source, Governmental Funds**  
**Last Ten Fiscal Years**  
(Amounts in Thousands)

Fiscal Year	Sales and Use Taxes	Consumer's Utility Taxes	Business License Taxes	Motor Vehicle Licenses	Cigarette Taxes	Restaurant Food Taxes	Other	Total
2000	24,321	34,224	18,095	3,391	3,940	17,066	18,070	119,107
2001	25,496	38,988	18,352	3,479	4,122	18,759	17,341	126,537
2002	25,267	37,922	18,644	3,554	4,280	19,288	18,307	127,262
2003	25,854	37,930	18,472	3,462	4,220	21,680	21,229	132,847
2004	27,867	39,231	20,279	3,456	7,639	21,808	20,395	140,675
2005	29,497	39,371	22,015	2,605	6,948	22,550	27,491	150,477
2006	30,652	43,337	24,412	3,576	6,819	27,277	21,543	157,616
2007	32,402	42,586	25,268	3,529	6,957	28,578	19,799	159,119
2008	31,791	46,582	26,343	3,498	7,577	28,758	18,024	162,573
2009	29,484	44,142	27,692	4,005	7,333	28,078	17,192	157,926
Change 2000-2009	21.2%	29.0%	53.0%	18.1%	86.1%	64.5%	-4.9%	32.6%

Note:

1. This table presents additional details on other local taxes presented in the Table above.



## (UNAUDITED)

**School Board of the City of Norfolk  
City of Norfolk, Virginia  
Revenue Capacity Information  
Schedule 1  
Assessed Valuations and Estimated Actual Values of Taxable Property  
Last Ten Years  
(in thousands)**

Year	Real Property	Personal Property	Other Property	Total Taxable Assessed Value	Estimate Actual Taxable Value
2000	8,098,113	1,023,626	203,300	9,325,039	15,668,692
2001	8,458,281	1,040,929	228,874	9,728,084	16,119,540
2002	8,882,064	1,102,983	219,845	10,204,892	16,794,801
2003	9,356,760	1,085,027	300,481	10,742,268	17,864,127
2004	10,029,639	1,170,117	283,544	11,483,300	19,406,095
2005	10,960,812	1,167,673	310,519	12,439,004	21,576,347
2006	12,691,527	1,324,320	316,471	14,332,318	25,196,622
2007	15,607,512	1,375,798	322,971	17,306,281	29,424,339
2008	18,401,851	2,503,662	322,195	21,227,708	20,945,106
2009	19,397,795	2,031,277	266,709	21,695,781	23,819,910

## Notes:

1. Real property and personal property includes both general and public service corporations.
2. Other property includes machinery and tools, mobile homes, airplanes and boats.
3. Estimated actual taxable property values are based on data supplied by the City's Commissioner of the Revenue and the City Assessor. Property value information does not include property of public service corporations or vacant land.

**City of Norfolk, Virginia  
Revenue Capacity Information  
Schedule 2  
Direct Property Rates  
Last Ten Years**

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Property tax rate per \$100 of assessed value:										
Real property	\$ 1.40	\$ 1.40	\$ 1.40	\$ 1.40	\$ 1.40	\$ 1.40	\$ 1.35	\$ 1.27	\$ 1.11	1.11
Business improvement District	0.20	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.18
Personal property	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.25	4.25
Machinery and tools	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.25	4.25
Mobile homes	1.40	1.40	1.40	1.40	1.40	1.40	1.35	1.27	1.11	1.11
Airplanes	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40
Boats (pleasure)	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.50	0.50
Boats (business)	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Recreational vehicles	2.00	2.00	2.00	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Disabled veterans	N/A	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00

## Assessed value of real property as a percent of fair market value:

As determined by the City Assessor	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
As determined by the Commonwealth's Department of Taxation	90%	90%	88%	88%	86%	65%	76%	76%	N/A	N/A

## Notes:

1. Cities in Virginia have jurisdiction over the entire area within their boundaries and operate independently of a county government since they are located outside of any county boundaries.
2. The real property and personal property assessments for public service corporations are based on information furnished to the Commissioner of the Revenue by the State Corporation Commission and the Commonwealth's Department of Taxation for calendar years 1999 through 2008.
3. The most recent Virginia Assessment/Sales ratio study is for 2004.

N/A - Not available

## (UNAUDITED)

**School Board of the City of Norfolk  
City of Norfolk, Virginia  
Revenue Capacity Information  
Schedule 3  
Principal Property Taxpayers  
Current Year and Nine Years Ago**

Taxpayer	2000			2009		
	Real Property Taxable Assessed Value	Rank	Percentage of Total Assessed Value	Real Property Taxable Assessed Value	Rank	Percentage of Total Assessed Value
Virginia Power Co.	164,546,454	2	2.03%	\$ 213,915,347	1	1.10%
MacArthur Shopping Center LLC (Taubman Co.)	137,996,050	3	1.70%	173,032,800	2	0.89%
Verizon Virginia, Inc.				127,474,415	3	0.66%
Norfolk Southern Corporation	70,908,837	4	0.88%	101,237,252	4	0.52%
Bank of America	60,103,430	6	0.74%	91,022,200	5	0.47%
Ford Motor Company	45,788,020	7	0.57%	81,588,900	6	0.42%
Military Circle Ltd. Partnership	67,679,080	5	0.84%	66,464,200	7	0.34%
Cox Virginia Telecom				62,969,166	8	0.32%
Dominion Tower Ltd. Partnership	44,444,490	8	0.55%	59,223,100	9	0.31%
North Pines Associates				51,557,000	10	0.27%
Trader Publishing Company						
Bell Atlantic Virginia, Inc.	202,355,549	1	2.50%			
Nationsbank						
Norfolk Southern Tower, LLC						
World Trade Center						
Total	<u>\$ 233,775,279</u>		<u>2.89%</u>	<u>\$1,028,484,380</u>		<u>5.30%</u>
Total Assessed Value	\$ 8,098,113,173			\$ 19,397,795,455		

## Note:

1. Information obtained from the City's Real Estate Assessor's Office.

(UNAUDITED)

**School Board of the City of Norfolk**  
**City of Norfolk, Virginia**  
**Revenue Capacity Information**  
**Schedule 4**  
**Property Tax Levy and Collections**  
**Last Ten Years**  
(in thousands)

Year	Total Tax Levy	Current Collections	Percentage of Current Collections to Tax Levy	Delinquent Collections	Total Collections	Percentage of Total Collections to Tax Levy
2000	158,268	145,772	92.10%	14,865	160,637	101.50%
2001	164,289	151,921	92.47%	13,501	165,422	100.69%
2002	171,755	158,914	92.52%	12,883	171,797	100.02%
2003	179,220	164,482	91.78%	18,724	183,206	102.22%
2004	191,397	178,200	93.10%	15,821	194,021	101.37%
2005	209,202	191,254	91.42%	8,549	199,803	95.51%
2006	227,796	203,804	89.47%	8,526	212,330	93.21%
2007	254,703	239,288	93.95%	10,097	249,385	97.91%
2008	258,016	238,728	92.52%	14,905	253,633	98.30%
2009	261,535	244,947	93.66%	13,647	258,594	98.88%

Notes:

1. Delinquent tax collections are reported in the year collected.

## (UNAUDITED)

**City of Norfolk, Virginia**  
**Debt Capacity Information**  
**Schedule 1**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**  
(Amount in Thousands)

Fiscal Year	General Obligation Bonds *	General Obligation Notes	Revenue Bonds	Total Outstanding Debt	Outstanding Debt per Capita (Actual)	% of Personal Income	Debt to Net Asset Ratio
<b>Governmental Activities</b>							
2000	360,345	3,157	-	363,502	1,551	6.48%	N/A
2001	353,917	2,755	-	356,672	1,524	6.98%	N/A
2002	348,296	2,297	-	350,593	1,501	7.30%	1.84
2003	361,656	1,726	-	363,382	1,554	7.45%	1.59
2004	398,606	1,110	-	399,716	1,699	7.18%	1.39
2005	421,008	250	-	421,258	1,792	7.25%	1.19
2006	382,773	239	-	383,012	1,604	8.21%	1.29
2007	469,498	227	-	469,725	1,992	7.10%	0.99
2008	571,138	2,000	-	573,138	2,438	N/A	-
2009	577,936	1,000	-	578,936	N/A	N/A	0.55
<b>Business Type Activities</b>							
2000	128,007	-	347,620	475,627	2,029	4.95%	N/A
2001	114,528	-	357,240	471,768	2,016	5.27%	N/A
2002	112,050	-	360,635	472,685	2,023	5.42%	0.55
2003	99,220	-	370,855	470,075	2,010	5.76%	0.58
2004	87,636	-	365,464	453,100	1,926	6.33%	0.62
2005	91,520	-	382,689	474,209	2,017	6.44%	0.60
2006	93,099	-	374,159	467,258	1,956	6.73%	0.65
2007	107,311	-	364,834	472,145	2,003	7.07%	0.65
2008	124,092	-	420,819	544,911	2,318	N/A	-
2009	158,227	-	416,746	574,973	N/A	N/A	0.56
<b>Total Primary Governmental Activities</b>							
2000	488,353	3,157	347,620	839,129	3,580	2.81%	N/A
2001	468,445	2,755	357,240	828,440	3,540	3.00%	N/A
2002	460,346	2,297	360,635	823,278	3,524	3.11%	1.10
2003	460,876	1,726	370,855	833,457	3,563	3.25%	1.02
2004	486,242	1,110	365,464	852,816	3,626	3.36%	0.98
2005	512,528	250	382,689	895,467	3,809	3.41%	0.88
2006	475,872	239	374,159	850,270	3,560	3.70%	0.94
2007	576,809	227	364,834	941,870	3,995	3.54%	0.82
2008	695,230	2,000	420,819	1,118,049	4,756	N/A	-
2009	736,163	1,000	416,746	1,153,909	N/A	N/A	0.59

## Notes:

\* Includes a Section 108 loan with the Department of Housing and Urban Development (HUD) in the amount of \$13,000,000.  
Revenues from the Broad Creek Tax Increment Financing (TIF) District are the primary revenues pledged to support the bond's debt service. In Virginia, this TIF pledge constitutes a general obligation when determining the City's legal debt margin.

N/A - not available

1. Population is detailed in Debt Capacity Information Schedule 2.

(UNAUDITED)

**School Board of the City of Norfolk  
City of Norfolk, Virginia  
Debt Capacity Information  
Schedule 2  
Ratio of Net General Bonded Debt  
Total Assessed Value and Net Bonded Debt Per Capita  
Last Ten Years**

Year	Gross Bonded Debt (in thousands)	Debt Payable from Enterprise Revenue (in thousands)	Net Bonded Debt (in thousands)	Assessed Value of Taxable Property (in thousands)	Population	Ratio of Net Bonded Debt To Assessed Value	Net Bonded Debt per Capita
2000	488,353	128,007	360,346	9,325,039	234,403	3.86%	1,537
2001	468,445	114,528	353,917	9,728,084	234,000	3.64%	1,512
2002	460,346	112,050	348,296	10,204,892	233,600	3.41%	1,491
2003	460,876	99,220	361,656	10,742,268	233,900	3.37%	1,546
2004	486,242	87,636	398,606	11,483,300	235,200	3.47%	1,695
2005	512,528	91,520	421,008	12,439,004	235,071	3.38%	1,791
2006	475,872	93,099	382,773	14,332,318	238,832	2.67%	1,603
2007	576,809	107,311	469,498	17,306,281	235,747	2.71%	1,992
2008	695,230	124,092	571,138	21,227,708	235,092	2.69%	2,429
2009	736,163	158,227	577,936	21,695,781	N/A	2.66%	N/A

Notes:

1. Assessed value of taxable property is detailed in Revenue Capacity Schedule 1.
2. Population from Weldon & Cooper Center for Public Services & U.S. Census Bureau. Population data was not available for 2009.

N/A - not available

**City of Norfolk, Virginia  
Debt Capacity Information  
Schedule 3  
Computation of Direct Bonded Debt  
June 30, 2009**

Jurisdiction	Net Bonded Debt Outstanding	% Applicable to Government	\$ Applicable to Government
Direct: City of Norfolk	\$ 577,936	100%	\$ 577,936

Notes:

1. Enterprise Funds are excluded.
2. There is no overlapping debt because cities in Virginia have jurisdiction over the entire area within their boundaries and operate independently of a county since they are located outside of any county boundaries.

(UNAUDITED)

School Board of the City of Norfolk  
City of Norfolk, Virginia  
Debt Capacity Information  
Schedule 4  
Legal Debt Margin  
June 30

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Total assessed value of real property	\$ 8,098,113,173	\$ 8,458,280,938	\$ 8,882,063,788	\$ 9,356,759,552	\$ 10,029,638,801	\$ 10,960,812,421	\$ 12,691,527,668	\$ 15,496,207,804	\$ 18,401,851,069	\$ 19,395,789,387
Overall debt limitation - 10% of assessed valuation	809,811,317	845,828,094	888,206,379	935,675,955	1,002,963,880	1,096,081,242	1,269,152,767	1,549,620,780	1,840,185,107	1,939,578,939
Net debt applicable to debt limitation	491,197,246	471,745,246	463,645,861	464,176,270	489,541,678	514,905,063	478,467,462	579,224,191	697,450,234	738,173,200
Legal Debt Margin Within 10% Limitation	\$ 318,614,071	\$ 374,082,848	\$ 424,560,518	\$ 471,499,685	\$ 513,422,202	\$ 581,176,179	\$ 790,685,305	\$ 970,396,589	\$ 1,142,734,873	\$ 1,201,405,739
Net debt percentage of 10% limitation	60.66%	55.77%	52.20%	49.61%	48.81%	46.98%	37.70%	37.38%	37.90%	38.06%

(UNAUDITED)

**School board of the City of Norfolk  
City of Norfolk, Virginia  
Debt Capacity Information  
Schedule 5  
Revenue Bonds Debt Service Coverage  
Water Utility Fund  
Last Ten Fiscal Years**

Fiscal Year	Revenue Available for Debt Service (1)	Operating Expenses Less Depreciation & Amortization (2)	Income Available for Debt Service	Debt Service			Coverage
				Principal	Interest	Total	
2000	64,456,322	28,198,244	36,258,078	4,475,000	13,616,718	18,091,718	2.00
2001	64,459,300	29,732,203	34,727,097	4,680,000	13,411,636	18,091,636	1.92
2002	63,681,665	29,021,459	34,660,206	4,890,000	14,090,180	18,980,180	1.83
2003	67,760,029	30,867,286	36,892,743	5,700,000	14,600,283	20,300,283	1.82
2004	64,366,942	36,623,654	27,743,288	5,955,000	14,336,043	20,291,043	1.37
2005	69,183,154	37,584,692	31,598,462	6,250,000	14,041,059	20,291,059	1.56
2006	78,788,158	37,086,776	41,701,382	6,580,000	14,827,960	21,407,960	1.95
2007	76,013,563	35,050,694	40,962,869	7,310,000	14,379,821	21,689,821	1.89
2008	78,730,024	39,559,202	39,170,822	7,665,000	14,022,200	21,687,200	1.81
2009	78,020,552	40,693,135	37,327,417	8,050,000	16,411,343	24,461,343	1.53

Notes:

1. Includes operating revenue plus interest income not capitalized.
2. Includes operating expenses less depreciation and amortization.

**City of Norfolk, Virginia  
Debt Capacity Information  
Schedule 6  
Revenue Bonds Debt Service Coverage  
Parking Facilities Fund  
Last Ten Fiscal Years**

Fiscal Year	Revenue Available for Debt Service (1)	Operating Expenses Less Depreciation & Amortization (2)	Income Available for Debt Service	Debt Service Total	Coverage
2000	15,820,975	5,495,665	10,325,310	4,621,053	2.23
2001	17,246,291	5,706,458	11,539,833	4,964,744	2.32
2002	18,427,725	7,309,883	11,117,842	5,683,455	1.96
2003	18,879,428	7,481,301	11,398,127	5,404,816	2.11
2004	21,614,695	8,503,800	13,110,895	5,429,056	2.41
2005	21,329,936	9,984,289	11,345,647	5,444,772	2.08
2006	21,823,360	9,493,391	12,329,969	6,012,397	2.05
2007	22,348,513	9,359,808	12,988,705	6,478,189	2.00
2008	21,338,661	10,554,971	10,783,690	6,527,680	1.65
2009	20,060,905	10,722,201	9,338,704	6,528,970	1.43

Notes:

1. Includes operating revenue plus interest income not capitalized.
2. Includes operating expenses less depreciation and amortization.

The City of Norfolk's Wastewater Utility Fund issued revenue bonds in FY2008. Debt service and coverage calculations begin in FY2010.

(UNAUDITED)

**School Board of the City of Norfolk  
City of Norfolk, Virginia  
Debt Capacity  
Schedule 7  
Ratio of Annual Debt Service Expenditures for General Bonded Debt and Other Debt  
Last Ten Years  
to Total General Expenditures**

Fiscal Year	Principal on Serial Bonds	Redemption of Other Long-Term Debt	Interest on Serial Bonds	Interest on Other Debt	Total Debt Service	Total General Expenditures	Ratio of Debt Service to Total General Expenditures
2000	29,492,664	3,772,213	18,905,175	457,573	52,627,625	558,439,186	9.42%
2001	32,064,594	4,138,633	19,055,944	667,364	55,926,535	578,776,772	9.66%
2002	31,177,249	4,221,984	17,459,383	625,397	53,484,013	431,283,578	12.40%
2003	32,449,555	4,270,903	15,993,552	544,262	53,258,272	451,633,988	11.79%
2004	32,735,609	4,988,796	16,781,410	494,610	55,000,425	490,944,275	11.20%
2005	35,752,761	5,157,895	17,623,223	437,894	58,971,773	490,923,834	12.01%
2006	37,659,547	5,886,597	18,824,743	379,498	62,750,385	510,999,836	12.28%
2007	35,871,841	3,666,990	18,168,611	338,085	58,045,527	539,491,519	10.76%
2008	40,259,954	5,011,098	18,661,266	235,154	64,167,472	574,581,092	11.17%
2009	47,607,092	1,755,630	22,345,114	86,970	71,794,806	584,533,217	12.28%

Notes:

1. Total general expenditures include the expenditures of the general fund and debt service fund.
2. Total general expenditures are presented using the modified accrual basis of accounting.



(UNAUDITED)

**School Board of the City of Norfolk  
City of Norfolk, Virginia  
Demographic and Economic Information  
Schedule 1  
Population Statistics  
Last Ten Calendar Years**

<u>Year</u>	<u>Population</u>	<u>Personal Income (000's)</u>	<u>Per Capita Personal Income</u>	<u>Civilian Labor Force Estimates</u>	<u>% Unemployed</u>
2000	234,403	5,510,786	23,547	92,428	3.3
2001	234,000	5,804,141	24,885	94,606	4.3
2002	233,600	6,090,818	25,597	98,883	5.5
2003	233,900	6,419,772	27,088	98,939	5.7
2004	235,200	6,786,186	28,684	99,029	5.5
2005	235,071	7,044,989	30,528	100,614	5.4
2006	238,832	7,513,420	31,459	97,533	4.1
2007	235,747	7,874,868	33,371	97,380	4.1
2008	235,092	N/A	N/A	101,457	5.3
2009	N/A	N/A	N/A	N/A	N/A

Note:

1. Population from Weldon & Cooper Center for Public Services & U.S. Census Bureau. Population data was not available for 2009.
2. Unemployment rate and civilian Labor Force from the Bureau of Labor Statistics 2008. Data not available for FY2009
3. Personal income, per capita personal income and civilian labor force estimates from U.S. Bureau of Economic Analysis. Data not available for 2008 or 2009
4. All data on an average annual calendar year.

N/A - Not available

(UNAUDITED)

**School Board of the City of Norfolk  
City of Norfolk, Virginia  
Demographic and Economic Information  
Schedule 2  
Ten Largest Employers  
In Norfolk Primary Metropolitan Statistical Area  
Current Year and Nine Years Ago**

Employer	Rank	
	2009	2000
U.S. Department of Defense	1	1
Norfolk City School Board	2	2
Sentara Healthcare	3	3
City of Norfolk	4	4
Old Dominion University, Norfolk	5	7
Children's Hospital of the King's Daughters	6	8
Norfolk State University	7	10
Medical College of Hampton Roads	8	
United States Postal Service	9	9
Norshipco	10	
Bank of America		
Ford Motor Company		6
Nationsbank		5
Total Employment	96,041	79,229

Note:

1. The source of the City's top ten employers is the Virginia Employment Commission.
2. The data for 2009 is the quarter ended December 31, 2008 as that is the most current data available.
3. The source of the City's total employment is the Bureau of Labor Statistics. The 2009 total employment data was not available therefore 2008 data was used.
4. Each of the top 10 employers has 1000+ employees. The actual number of employees data for each employer was not available.

(UNAUDITED)

**School Board of the City of Norfolk  
City of Norfolk, Virginia  
Demographic and Economic Information  
Schedule 3  
New Construction and Property Values**

Year	Residential Construction			Non-Residential Construction		Commercial Personal Property	Commercial Real Property	Individual Personal Property	Residential Personal Property	Nontaxable Property
	Building Permits	Number of Units	Estimated Value (in thousands)	Building Permits	Estimated Value (in thousands)	Estimated Value (in thousands)	Estimated Value (in thousands)	Estimated Value (in thousands)	Estimated Value (in thousands)	Estimated Value (in thousands)
2000	187	307	32,609	45	138,473	625,137	2,159,299	599,471	5,477,479	6,807,306
2001	186	400	35,069	35	62,046	643,383	2,259,787	624,162	5,730,471	6,861,737
2002	290	462	44,498	53	51,451	678,095	2,337,440	642,454	6,121,946	7,014,866
2003	277	324	39,979	41	32,262	721,087	2,447,330	661,972	6,648,174	7,385,564
2004	506	601	75,801	71	14,658	727,413	2,620,673	722,212	7,428,994	7,924,803
2005	560	1,191	204,391	80	80,316	785,970	2,784,658	790,489	8,916,075	8,299,155
2006	531	1,058	133,053	60	165,989	805,696	3,050,029	833,858	11,532,778	8,974,261
2007	389	491	688,476	55	81,396	840,696	3,016,693	856,817	13,727,791	9,378,209
2008	277	815	101,212	35	102,714	1,016,218	3,391,457	760,331	13,215,299	10,044,197
2009	217	543	36,458	38	138,131	701,479	3,303,586	1,010,243	14,484,782	10,428,542

Notes:

1. The source of nonresidential and residential construction is the City's planning department. Nonresidential construction includes commercial buildings. Public buildings, schools, public utility buildings and miscellaneous structures.
2. Property values are based on data supplied by the the City's Commissioner of the Revenue and the City Assessor. Real property is assessed at fair market value.
3. Property value information does not include property of public service corporations. Real property assessments shown do not include assessments for vacant land.

(UNAUDITED)

**School Board of the City of Norfolk  
City of Norfolk, Virginia  
Demographic and Economic Information  
Schedule 4  
Annual Employment Average by Industry  
(in thousands)**

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Goods-Producing Industries:										
Agriculture, forestry, fishing & hunting	***	***	***	***	***	***	***	***	***	0
Mining	***	***	***	***	***	***	***	***	***	***
Construction	6.0	6.1	6.3	6.2	5.7	6.1	6.1	6.1	6.2	6.0
Manufacturing	10.0	10.0	9.8	9.8	9.8	9.8	9.6	8.7	7.9	7.3
Service-Providing Industries:										
Wholesale trade	6.5	6.0	5.8	5.3	5.2	5.0	5.0	5.0	5.1	4.6
Retail trade	14.4	14.8	14.7	14.3	14.0	14.2	14.0	14.3	14.6	13.8
Transportation and warehousing	11.5	12.0	11.6	11.0	10.1	9.7	9.9	9.3	9.4	9.5
Utilities	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Information	4.3	4.0	4.1	4.2	4.0	4.2	4.0	3.5	3.7	3.4
Finance and insurance	7.5	7.5	7.4	6.9	6.9	7.1	6.7	6.0	6.6	6.6
Real estate and rental and leasing	2.9	2.9	2.8	2.7	2.8	2.7	2.8	2.9	2.9	2.7
Professional and technical services	7.2	7.1	7.3	8.2	8.1	10.2	10.1	10.2	10.7	11.3
Management of companies and enterprises	4.3	4.0	4.1	4.0	3.8	3.6	3.7	2.7	2.4	2.5
Administrative, support, and waste services	7.4	7.1	7.6	7.7	7.8	7.5	7.5	7.4	7.4	7.6
Educational services	13.2	13.7	14.1	14.4	14.5	14.7	15.2	15.5	15.6	16.4
Health care and social assistance	17.3	17.1	17.8	18.3	18.9	19.2	19.6	20.1	20.6	21.3
Arts, entertainment and recreation	1.9	2.0	2.1	2.1	2.2	2.2	2.3	2.4	2.4	2.4
Accommodation and food services	9.7	10.1	10.3	10.4	10.7	11.1	10.9	11.1	10.6	10.3
Public administration	15.5	15.4	15.5	15.7	15.1	12.3	12.1	12.2	12.1	13.7
Other services	4.6	4.7	4.5	4.1	4.1	4.2	4.3	4.1	4.0	3.9
Total (adjusted for rounding)	144.8	145.4	146.6	146.2	144.4	144.6	144.6	142.4	143.0	144.1

Note:

1. Labor Market Statistics, Virginia Employment Commission is the source of annual employment averages by industry.
2. All information on an average annual calendar year.
3. Asterisks indicate non-disclosable data.
4. This schedule includes data for the ten year period 1999 - 2008 as calendar year 2009 data was not available.

(UNAUDITED)

**School Board of the City of Norfolk  
City of Norfolk, Virginia  
Operating Information  
Schedule 1  
Full Time Equivalent (FTE) Positions by Function/Program  
Last Ten Fiscal Years**

Function/Program	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Governmental activities:										
General government	480	488	494	438	396	457	450	477	264	481
Judicial administration	30	30	28	27	25	20	16	17	18	16
Public safety										
Police	794	837	858	857	875	858	839	1,031	887	861
Fire	483	478	485	490	491	507	499	508	508	641
Other	79	81	86	85	84	84	84	-	-	84
Public works	393	367	380	393	389	389	392	379	346	414
Health and public assistance	591	581	579	557	604	513	562	469	598	487
Culture and recreational	313	412	428	479	484	483	406	478	569	558
Community development	100	67	64	64	72	74	70	59	95	75
Business-type activities:										
Water	233	224	235	245	251	279	264	261	290	268
Wastewater	71	70	74	79	84	91	95	96	103	99
Parking facility	50	57	65	68	72	77	78	90	88	89
Total full-time equivalent positions	3,617	3,692	3,776	3,782	3,827	3,832	3,755	3,865	3,766	4,073

Notes:

1. Fiscal years 2000 through 2009's average FTE data obtained from City's human resources information system.

(UNAUDITED)

**School Board of the City of Norfolk  
City of Norfolk, Virginia  
Operating Information  
Schedule 2  
Operating Indicators by Function/Program  
Last Eight Fiscal Years**

<u>Function/Program</u>	Fiscal Year							
	2002	2003	2004	2005	2006	2007	2008	2009
Police:								
Service calls	288,004	274,245	206,644	206,378	191,037	237,451	258,254	242,139
Arrests	27,199	24,909	25,923	22,799	22,235	22,222	24,050	26,583
Reports filed	34,587	35,116	34,087	34,167	29,600	31,986	31,220	32,477
Fire:								
Incidences (fires, EMS)	39,621	41,484	38,509	39,605	40,337	31,266	41,212	39,714
Highways and Streets:								
Streets resurfacing (miles)	120	115	131	83	77	70	80	66
Sanitation:								
Total solid waste collected and disposed (tons)	97,749	101,604	105,079	104,247	99,131	97,143	93,799	92,333
Water Utilities:								
Water delivered to water mains (gallons in thousands)	24,960,000	24,818,000	24,822,000	24,723,000	21,721,000	24,326,000	24,150,000	22,974,000
Total water consumption (gallons in thousands)	22,323,287	23,128,234	23,217,169	22,991,359	23,012,112	22,474,000	24,455,000	21,293,000
Percent of unmetered water	8.33%	8.81%	6.51%	7.95%	7.13%	7.30%	6.95%	7.31%
Average daily delivery (gallons in thousands)	68,230	68,000	67,820	67,740	68,090	66,650	66,200	62,900
Maximum daily pumpage (gallons in thousands)	84,730	81,820	77,960	81,470	83,640	83,600	82,000	79,000
Minimum daily pumpage (gallons in thousands)	56,800	58,190	59,340	58,410	57,200	56,200	52,200	52,000

(UNAUDITED)

**City of Norfolk, Virginia**  
**Operating Information**  
**Schedule 3**  
**Capital Assets and Infrastructure Statistics by Function/Program**  
**Last Eight Fiscal Years**

Function/Program	Fiscal Year							
	2002	2003	2004	2005	2006	2007	2008	2009
Public Safety:								
Police								
Stations	2	2	2	2	3	3	3	3
Fire								
Fire stations	15	15	15	15	14	14	14	14
Paramedic units	10	10	10	11	11	11	11	12
Transportation and Engineering:								
Streets (lane miles)	2,011	2,006	2,013	2,015	2,183	2,193	2,210	2,193
Sidewalks (miles)	968	968	968	968	968	968	968	968
Bridges	50	50	50	50	50	49	49	49
Public Recreation:								
Parks:								
Acreage	587	588	589	590	591	587	586	587
Regional parks	1	1	1	1	1	1	1	2
Neighborhood parks	121	121	121	121	121	85	85	71
Preserves and nature areas	1	1	1	1	1	1	1	1
Nature education centers	3	3	3	3	3	1	1	1
Playgrounds	45	45	45	45	45	79	123	100
Hiking trails (miles)	7	8	9	10	11	1	2	2
Recreation:								
Acreage	243	243	243	243	231	860	868	954
Recreational and senior centers	24	23	26	22	22	18	19	25
Play areas	129	126	126	124	124	129	129	129
Swimming pools	4	4	4	6	6	6	8	6
Tennis Courts	143	143	146	152	152	101	134	148
Baseball/softball diamonds	36	36	36	36	36	63	99	86
Football/soccer fields	18	18	18	18	18	47	65	49
Field hockey	4	4	4	4	4	5	5	3
Basketball courts	42	42	42	42	42	229	179	204
Municipal beaches	3	3	3	3	3	3	3	3
Public Services:								
Traffic Engineering:								
Traffic signals	289	291	294	299	299	283	287	284
Traffic signs	9,376	9,825	10,021	6,044	7,936	7,363	6,752	4,436
Street lights	31,594	31,502	31,694	31,721	29,888	30,200	30,583	30,653
Water Utilities:								
Water fund capital assets (in thousands)	\$ 429,567	\$ 428,801	\$ 429,714	\$ 424,948	\$ 425,289	\$ 431,655	\$ 436,488	\$ 437,973
Wastewater fund capital assets (in thousands)	96,175	103,208	110,360	120,685	134,152	147,020	163,068	177,928
Total water utilities assets (in thousands)	\$ 525,742	\$ 532,009	\$ 540,074	\$ 545,633	\$ 559,441	\$ 578,675	\$ 599,556	\$ 615,901
Water customer accounts	63,633	63,885	63,343	64,905	65,548	65,000	65,549	64,433
Miles of water main in the system	815	817	817	817	825	827	829	832
Municipal Golf:								
Golf courses	1	1	1	1	2	3	3	3
Convention Center:								
Meeting rooms	4	4	4	7	7	8	8	8
Exhibit space (square feet)	58,430	58,430	58,430	58,430	58,430	58,430	58,430	58,430
Meeting/ballroom space (square feet)	5,230	5,230	5,230	9,700	9,700	9,700	9,700	9,700
Parking Facilities:								
Parking lots/garages	30	30	28	28	28	21	23	23
Parking meters	301	482	579	600	660	718	669	614
Stormwater Management:								
Miles of storm sewers	351	351	351	351	351	357	357	357
Education:								
High schools	5	5	5	5	5	5	5	5
Middle schools	8	8	8	9	9	9	9	9
Elementary schools	35	35	35	35	35	35	35	35
Other educational facilities	13	13	13	11	11	11	11	9

## COMPLIANCE SECTION



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**KPMG LLP**  
Suite 2100  
999 Waterside Drive  
Norfolk, VA 23510

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

The Chairman and Members  
School Board for the City of Norfolk, Virginia:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, including the Statement of Budgetary Comparison – General Fund, of the School Board for the City of Norfolk, Virginia, a component unit of the City of Norfolk, Virginia, as of and for the year ended June 30, 2009, and have issued our report thereon dated December 14, 2009. 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 Authorities, Boards, and Commissions* issued by the Auditor of Public Accounts of the Commonwealth of Virginia.

**Internal Control over Financial Reporting**

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

A deficiency in internal control over financial reporting 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 over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified one deficiency in internal control over financial reporting that we consider to be a significant deficiency and that is described in the accompanying schedule of findings and responses. A significant deficiency is a deficiency, or combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the School Board for the City of Norfolk, Virginia'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*.

The School Board for the City of Norfolk, Virginia's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the School Board for the City of Norfolk, Virginia's response, and accordingly, we express no opinion on it.

\* \* \* \* \*

This report is intended solely for the information and use of management, the School Board for the City of Norfolk and others within the entity, and is not intended to be and should not be used by anyone other than these specified parties.

**KPMG LLP**

December 14, 2009

# **SCHOOL BOARD FOR THE CITY OF NORFOLK, VIRGINIA**

## **Schedule of Findings and Responses**

**Year Ended June, 30, 2009**

### **(1) Significant Deficiency 09-01**

#### ***Finance and Accounting Resources***

Over the past few years, the complexity of accounting principles and the related financial reporting requirements have been increasing, which results in a corresponding increase in the complexity of the financial reporting process. This increase in complexity necessitates an evaluation of the depth and number of resources in the finance and accounting function. Currently, the majority of the responsibility to 1) determine which year-end closing entries need to be made, 2) review year-end account analyses and reconciliations, and 3) prepare the Comprehensive Annual Financial Report (CAFR) rests with one individual. Segregation of the responsibility to prepare and review financial information is critical to the accuracy and timeliness of the financial reporting process and the ability of an organization to incorporate new and complex standards into the process on a timely basis. We encourage the Schools to reassess the appropriate number of qualified finance and accounting resources needed to maintain a high standard of excellence in financial accounting and reporting and generate accurate financial statements in a timely manner.

### **(2) Management's Response to Significant Deficiency**

#### ***Finance and Accounting Resources***

The Management of Norfolk Public Schools acknowledges the need for additional resources in the Accounting Department. Senior Leadership will evaluate the Accounting Department's staffing needs and organization as a result of the identified significant deficiency.