

COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR FISCAL YEAR
ENDED
JUNE 30, 2014

VIRGINIA BEACH, VIRGINIA

VB *City of*
Virginia Beach

**COMPREHENSIVE
ANNUAL
FINANCIAL REPORT
OF THE
CITY OF VIRGINIA BEACH, VIRGINIA**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2014**

**PREPARED BY
DEPARTMENT OF FINANCE
PATRICIA A. PHILLIPS
DIRECTOR**

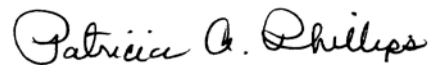
Acknowledgments...

The preparation of this report has been accomplished by the efficient and dedicated services of the staff of the Department of Finance who have been assisted by the independent auditors, Cherry Bekaert LLP. The contributions of all are invaluable and sincerely appreciated and clearly reflect the high standards which have been set by the City of Virginia Beach.

Management -	Donald Barnett, Miryam Woodson, Aaron McCoy
CAFR Team -	Keena Garns, Kevin Kielbasa, Patty Kephart, Dan Hopkins, Jumel Nicholas, Trish Donahue, Jim Leary, Nancy Leavitt, Patti Porter, Linda Granger
Technical Assistance -	Marc Davis, Sean Murphy
Staff Support -	Penny Williams, Loretta Brown, Bonnie Castellow
Photographs -	Craig D. McClure

It is also appropriate to thank the City Manager, Mayor and Members of City Council for making possible the excellent financial position of the City through their interest and support in planning and conducting the financial affairs of the City.

Sincerely,



Patricia A. Phillips, Director
Department of Finance

**CITY OF VIRGINIA BEACH, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
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INTRODUCTORY SECTION

CITY OF VIRGINIA BEACH, VIRGINIA

CITY COUNCIL

William D. Sessoms, Jr., Mayor At-Large
Louis R. Jones, Vice Mayor Bayside District
Amelia N. Ross-Hammond Kempsville District
Robert Dyer Centerville District
Shannon Kane Rose Hall District
James L. Wood Lynnhaven District
John E. Uhrin Beach District
Barbara M. Henley Princess Anne District
Brad Martin At-Large
John D. Moss At-Large
Rosemary Wilson At-Large

SCHOOL BOARD

Daniel D. “Dan” Edwards, Chairman .. District 2 – Kempsville
William J. Brunke, IV, Vice Chairman ... District 7 – Princes Anne
Leonard C. Tengco District 1 – Centerville
Joel A. McDonald District 3 – Rose Hall
Carolyn D. Weems District 4 – Bayside
Emma L. “Em” Davis District 5 – Lynnhaven
Sam Reid District 6 – Beach
Beverly M. Anderson At-Large
Dorothy M. “Dottie” Holtz At-Large
Bobby Melatti At-Large
Elizabeth E. Taylor At-Large

CONSTITUTIONAL OFFICERS

John T. Atkinson City Treasurer
Colin Stolle Commonwealth’s Attorney
Philip J. Kellam Commissioner of the Revenue
Kenneth Stolle Sheriff
Tina E. Sinnen Clerk of Circuit Court

VIRGINIA BEACH DEVELOPMENT AUTHORITY

John W. Richardson..... Chair
Elizabeth A. Twohy..... Vice Chair
Shewling Moy Secretary
Robert L. Nicholson Assistant Secretary
Bryan D. Cuffee Treasurer
C. Maxwell Bartholomew Jr. Commissioner
Linwood O. Branch Commissioner
Peter K. Mueller Commissioner
Charles M. Salle Commissioner
Joseph E. Strange Commissioner
Dorothy L. Wood Commissioner

APPOINTED OFFICERS

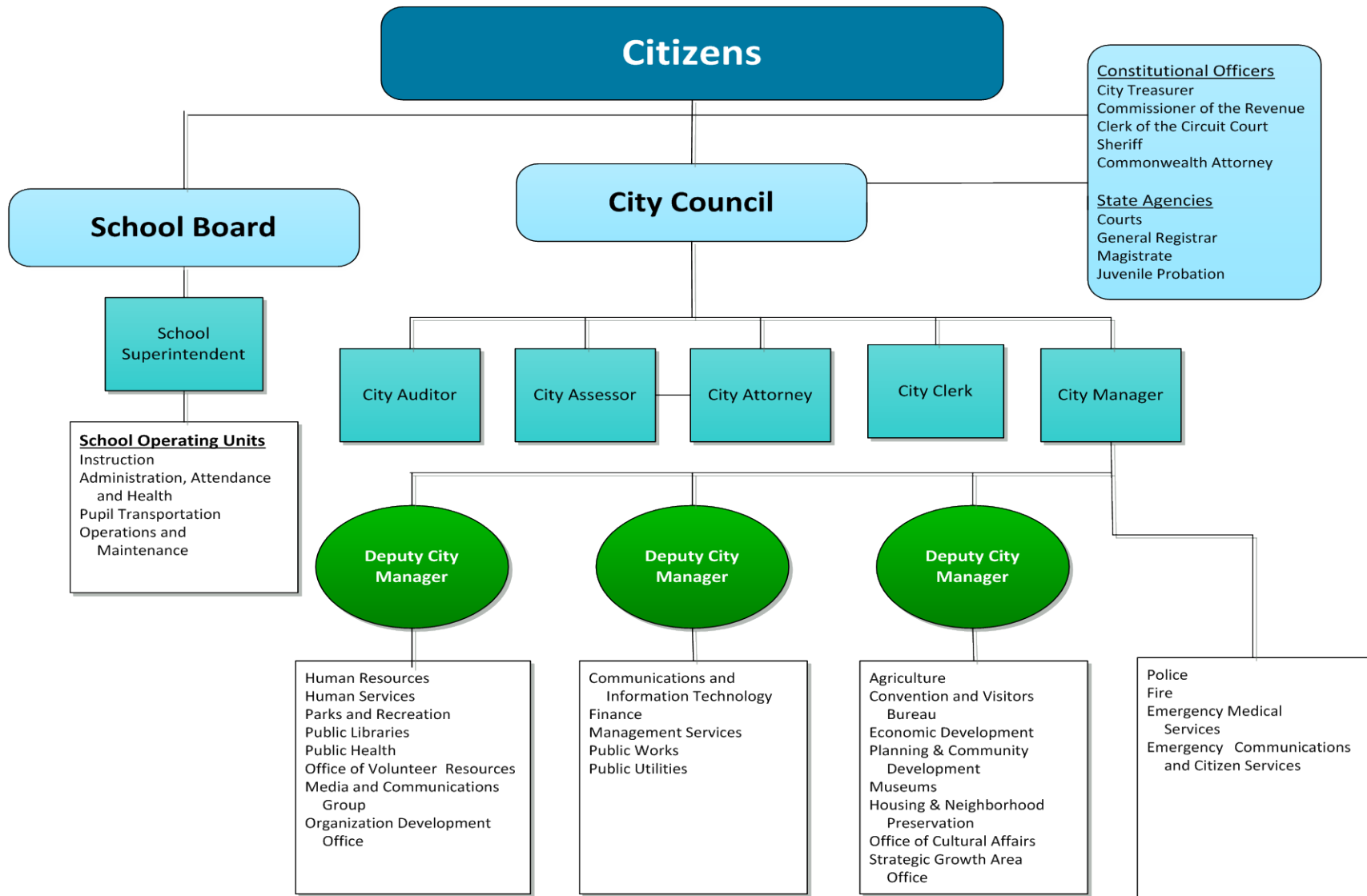
James K. Spore City Manager
Mark D. Stiles City Attorney
Ruth Hodges Fraser City Clerk
Jerald Banagan Real Estate Assessor
Lyndon S. Remias City Auditor

VIRGINIA BEACH COMMUNITY DEVELOPMENT CORPORATION

Addie W. Thomason..... Chief Executive Officer
Christopher Beale..... President
Anthony Nero Vice President
James Banks Secretary/Treasurer
Elsie Barnes Director
Ann Crenshaw Director
Jill Eyler..... Director
Alex Kalasinsky Director
Carolyn McPherson Director
Terron M. Rodgers..... Director
Mark A. Johnson Director
Robert Williams, Jr..... Director

CITY LEADERS

Cindy A. Curtis Deputy City Manager
David L. Hansen Deputy City Manager
Doug L. Smith Deputy City Manager





DEPARTMENT OF FINANCE
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City of Virginia Beach

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BUILDING 1
2401 COURTHOUSE DRIVE
VIRGINIA BEACH, VA 23456-9009

November 21, 2014

The Honorable William D. Sessoms, Jr., Mayor
Members of the Virginia Beach City Council
Municipal Center
Virginia Beach, Virginia 23456

Dear Mayor and Council Members:

The Comprehensive Annual Financial Report of the City of Virginia Beach, Virginia, for the fiscal year ended June 30, 2014, is hereby submitted. Responsibility for the accuracy of the data and the completeness and fairness of presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported to present fairly the financial position of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

Generally Accepted Accounting Principles require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is intended to complement the MD&A and should be read in conjunction with it. The City of Virginia Beach's MD&A can be found immediately following the report of the independent auditors.

THE REPORTING ENTITY AND ITS SERVICES

The present City of Virginia Beach was formed on January 1, 1963, by the merger of Princess Anne County and the former, smaller, resort community known as the Town of Virginia Beach. This merger created one of the largest cities in the Commonwealth of Virginia with an area of 310 square miles and 38 miles of shoreline on the Atlantic Ocean and the Chesapeake Bay. The latest estimated population for the City of Virginia Beach is 452,281.

The City of Virginia Beach derives its governing authority from a charter granted by the General Assembly of the Commonwealth of Virginia. The governing body of the City is the City Council, which formulates policies for the administration of the City. The charter provides for a Council-Manager form of government.

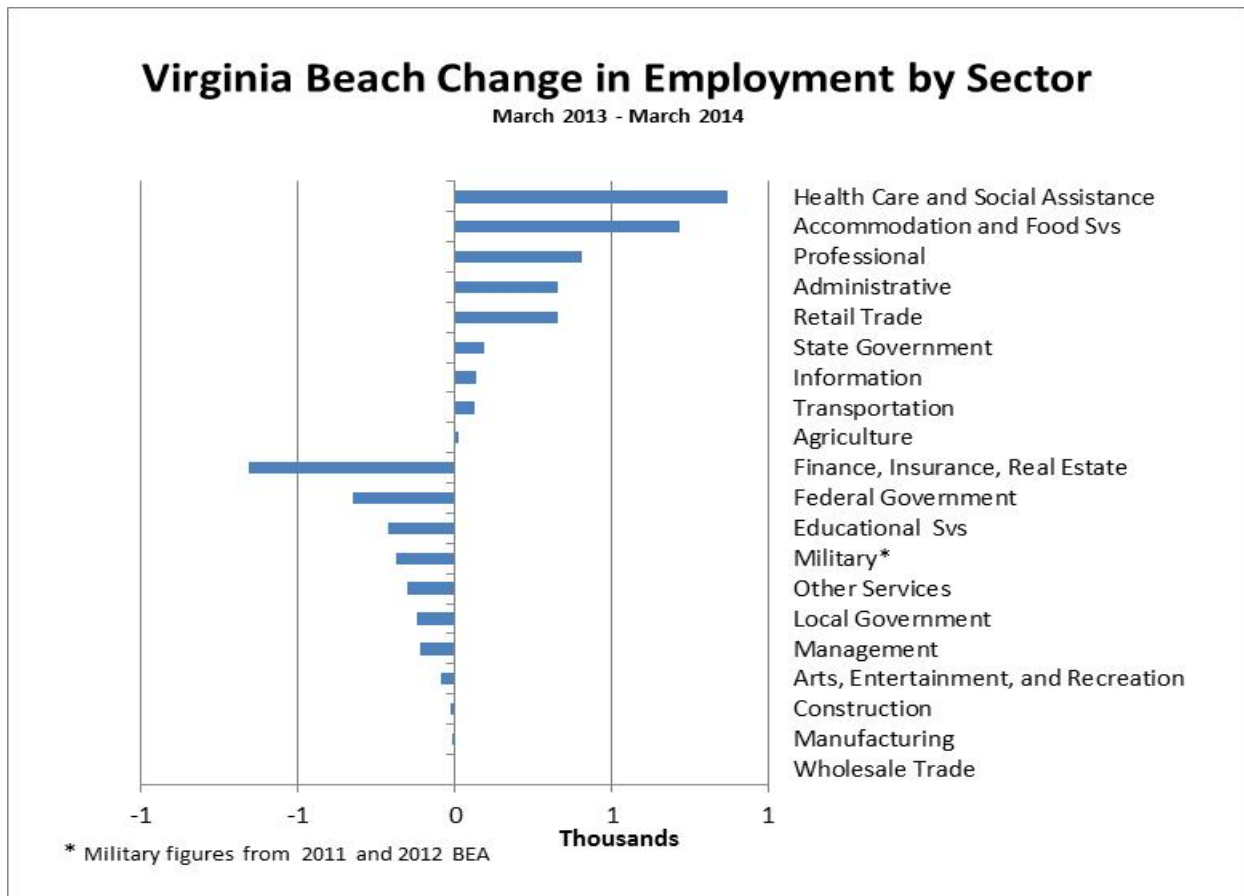
In accordance with the requirements of the Governmental Accounting Standards Board (GASB), the financial reporting entity consists of the primary government (the City of Virginia Beach) as well as its component units, which are legally separate organizations for which the City Council is financially accountable. The component units qualifying for inclusion in this report are the Virginia Beach City Public Schools and the Virginia Beach Community Development Corporation, which are discretely presented, and the Virginia Beach Development Authority (VBDA), a blended component unit. Financial accountability for these component units was determined on the basis of City Council's selection of governing authority, designation of management, ability to influence operations, and/or accountability for fiscal matters. The discretely presented component units are reported in a separate column in the financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position, results of operations, and cash flows from those of the primary government. The Virginia Beach Development Authority is a blended component unit, and although legally separate, it is considered a part of the City's operations, and therefore data from this entity is combined with financial information from the City. The City has responsibility through support agreements for debt payments on outstanding Public Facility Revenue Bonds that are on the VBDA's financial records.

The City provides a full range of general governmental services for its citizens. These services include police, emergency medical response, fire protection, collection and disposal of refuse, water, storm water and sewer services, parks and recreation facilities, museums, libraries, and maintenance of streets and highways. Other services provided include public education in grades kindergarten through 12, public health and social services, certain technical and special education services, mental health assistance, agricultural services, housing services, correctional facilities and judicial activities.

Cities in Virginia have sole jurisdiction over the entire area within their boundaries and operate independently of any county government. There are no overlapping jurisdictions and, consequently, citizens of Virginia cities are not subject to overlapping debt or taxation.

ECONOMIC CONDITIONS AND OUTLOOK

Positive economic trends continue to be found in the areas of job growth, employment, tourism, real estate assessments, port activity and decreasing unemployment. In fact, tourism in Virginia Beach was relatively strong throughout the recession and continues to reach all-



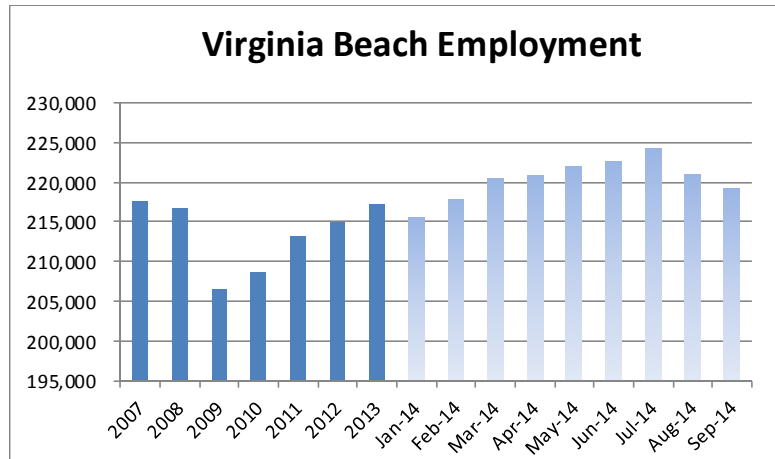
time highs. The region benefitted from sequestration relief in FY-13 and FY-14, but the projected trend for defense spending in the region is declining. There are enough positive trends in other areas and they are strong enough to somewhat offset this trend and further the economic diversification of the regional economy.

The largest civilian **employment sectors** in Virginia Beach are Retail Trade, Accommodation and Food Services, Local Government, Military, and Health Care. (Source: Virginia Employment Commission)

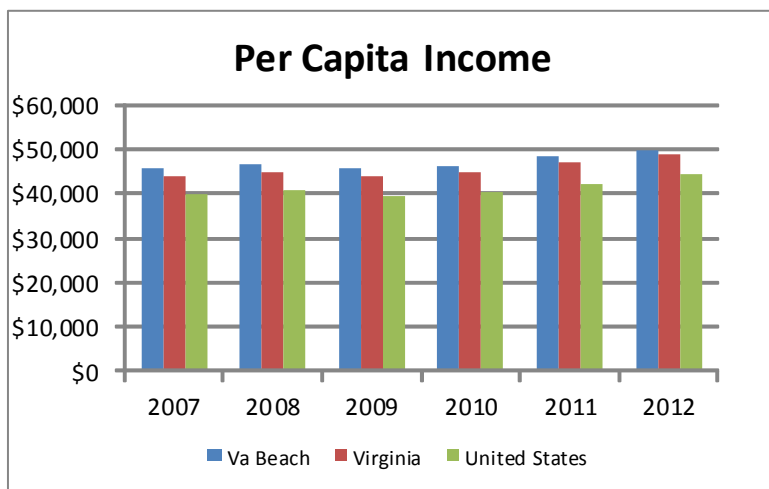
The average employment in the first quarter of 2014 was 185,096 compared to 184,053 in the first quarter of 2013, an increase of 1,043 jobs. Employment increased most in the Health Care, and Accommodations and Food Services sectors. The Finance, Insurance, and Real Estate (FIRE), and the Federal Government sectors lost the most jobs. (Source: Virginia Employment Commission and BEA)

There were 19,436 **active-duty military** jobs reported by the Bureau of Economic Analysis in 2012, down 188 from 2011. Defense cuts due to sequestration, military downsizing, and changing military tactics away from conventional forces could further decrease the number of active-duty personnel in Virginia Beach and the region. (Source: Bureau of Economic Analysis)

The average number of Virginia Beach residents employed in 2013 was 217,138 out of a labor force of 229,380. The average employment from January through September 2014 was 220,421, which surpassed the 2013 level and the pre-recession high of 217,518 that occurred in 2007. (Source: Virginia Employment Commission and BLS)



In September 2014, the **unemployment rate** was 5.1% for Virginia Beach, 5.6% for the MSA, 5.2% for the state and 5.7% for the U.S. These rates are all lower than they were the previous month and the previous year. **In 2013 Virginia Beach had the 7th lowest rate among the 50 largest cities.** (Source: VEC & BLS)



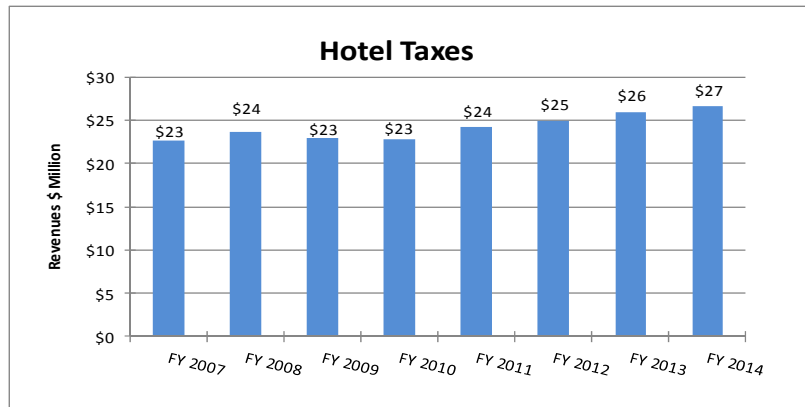
The **per capita income** for Virginia Beach was \$49,898 in 2012, which is greater than that for the state at \$48,715 and the nation at \$44,200. (Source: BEA)

The Virginia Beach **median household income** in 2013 was \$62,855. Virginia Beach improved from 116% of the national median household income to 120% since 2000. (Source: US Census Bureau)

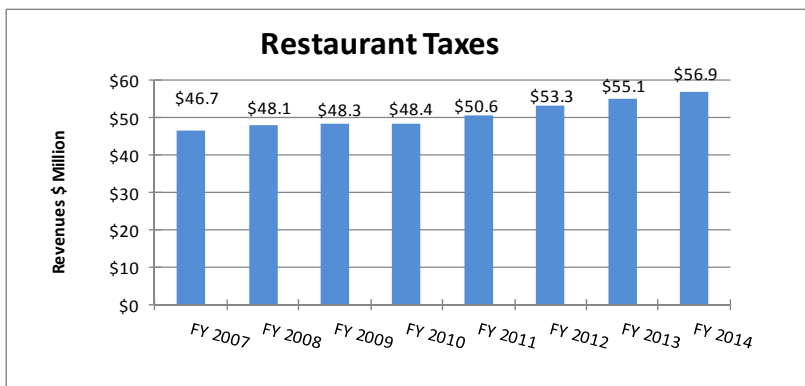
Defense spending, tourism, and the ports are stabilizers of the Hampton Roads and Virginia Beach economies. Department of Defense direct spending in Hampton Roads in 2014 is projected to be \$19.54 billion, just barely exceeding the \$19.23 billion spent in 2013. The region was spared some of the sequestration cuts scheduled in federal fiscal years 2013 and 2014, but the overall defense spending trend in Hampton Roads is declining. (Sources: 2014 State of the Region Report, Old Dominion University)

The **Tourism and Convention Industry** is a stabilizer of the Virginia Beach economy. In 2013, direct visitor spending reached a record high of \$1.31 billion despite sequestration and the slow recovery from the recession. Spending has increased every year since 2009. Tourism and the convention industry supported 12,257 jobs in 2013. (U.S. Travel Association)

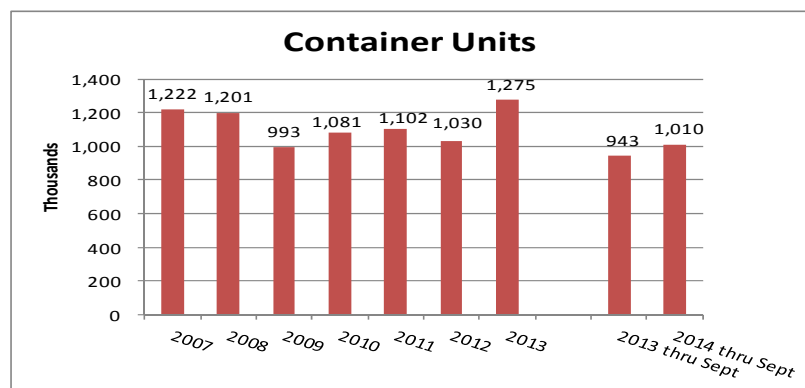
Hotel tax revenue collected in FY-14 was \$26.6 million, surpassing the \$26.0 million collected in FY-13 and setting another all-time record high. The robust hotel taxes are indicative of the strength of the tourism industry in Virginia Beach. The hotel tax rate was 8.0% plus the \$1.00/room night charge throughout this period. (Source: Dept. of Finance)



Restaurant meal tax revenue collected in FY-14 was \$56.9 million, an increase of 3.3% over FY-13. Restaurant tax collections also set another all-time record high. The restaurant tax was 5.5% throughout this period. (Source: Dept. of Finance)

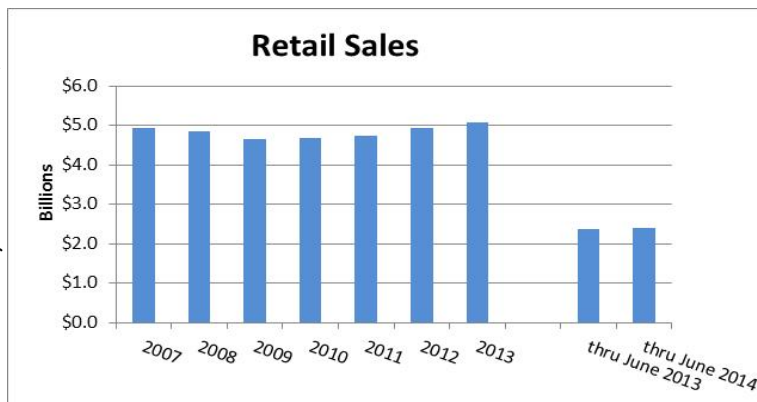


The **Port of Virginia** is another important segment of the Hampton Roads economy. The number of 20-foot equivalent unit containers (TEU) shipped through the Port in 2013 increased 5.4%, surpassing the pre-recession high. It is on track to continue the increase in 2014. The Port of

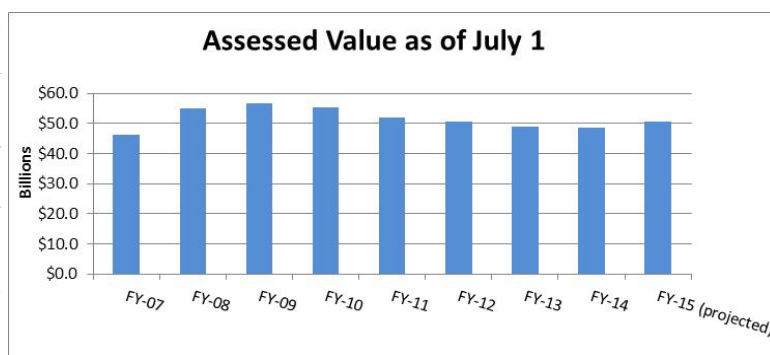


Virginia increased its market share in FY-13 for the third year in a row, beating out its major East Coast competitors – New York/New Jersey, Savannah and Charleston. This success can be attributed to the completion of Norfolk Southern’s Heartland Rail Corridor to the Midwest, CSX’s on-dock rail services, the ability to handle deep-draft ships; and improved management, setting the stage for more jobs and higher incomes. (Source: Port of Virginia, ODU)

Retail sales in Virginia Beach rose 2.4% in 2013 to \$5.06 billion, slower than the 4.4% increase in 2012. Sales in the first six months of 2014 were up only 1.0%, signaling that growth will continue in 2014, but at the slower pace. (Source: Virginia Dept. of Taxation)



Virginia Beach **real estate assessments** were essentially flat in FY-14, indicating an end to the recession-related declines and setting the stage for future increases. In fact, the FY-15 projection is for real estate assessments to increase 3.6%. (Source: Real Estate Assessor's Office)



There were 1,085 **foreclosures** in Virginia Beach in 2013, up from 895 in 2012. The 2012 number was low because some banks delayed foreclosure proceedings until abusive foreclosure practices were identified and eliminated. The good news is that year-to-date through August, 2014 the number of foreclosures is down to 597, compared to 782 during the same period in 2013. (Sources: Real Estate Assessor's Office, Circuit Court)

The total number of **building permits** increased to 8,229 in 2013 from 7,660 in 2012. The value of the permits also increased in 2013 to \$470.1 million compared to \$359.6 million in 2012, another sign that the economy is picking up. (Source: Dept. of Planning)

The **Consumer Confidence Index** stands at 94.5 in October 2014, continuing its upward climb after dropping back in September. The August index was the highest reading since October 2007, before the recession started. The October 2013 index stood at a mere 71.2. Today, consumers have a more favorable assessment of the job market and business conditions. (Source: Conference Board)

Almost all sectors of the Virginia Beach economy are doing well. Tourism spending and hotel tax revenues remain at all-time highs, as do the meal tax revenues. Job growth and employment are showing healthy growth; retail sales are growing more modestly. Unemployment in Virginia Beach is the lowest in the region. The trend of declining real estate assessments is projected to reverse in FY-15 as the number of foreclosures declines. Regionally, the Port of Virginia continues to gain market share along the East Coast. Less positively, sequestration threatens Department of Defense spending in Hampton Roads, creating uncertainty for the economy, but also opportunity for diversification. The Consumer Confidence Index is rebounding, posting its highest levels since before the recession.

MAJOR INITIATIVES

The 2013-2014 financial report reflects the use of resources to achieve the city government's vision as defined by City Council. To achieve its vision, City Council identified five goal areas at its Annual Goal Setting workshop:

- Create a financially stable city providing excellent services.
- Grow the local economy.
- Improve the transportation system.
- Revitalize neighborhoods and plan for the future.
- Be a competitive first class resort for residents, businesses and tourists.

Related to the goals, City Council and a Council appointed citizen group have provided direction in defining the desired future for the City – a Vision of ***A Community for a Lifetime*** – a great place to live, learn, work and play. City Council continues to support seven business areas that are critical to achieving this vision.

- Economic Vitality
- Quality Physical Environment
- Family and Youth Opportunities
- Safe Community
- Cultural and Recreational Opportunities
- Quality Education and Lifelong Learning
- Quality Organization

Economic Vitality

Light Rail

In 2012 62.7% of Virginia Beach voters approved an advisory referendum that directed the City Council to “use all reasonable efforts” to pursue financing and development of a light rail line, connecting to Norfolk’s existing line. The Virginia Beach Transit Extension Study was undertaken by Hampton Roads Transit (HRT) to examine the best options for extending light rail or bus rapid transit along a former freight rail right-of-way into Virginia Beach. HRT is examining four alternatives including extensions from Newtown Road to Town Center, to Rosemont Road, to the oceanfront via former Norfolk Southern right-of-way, and to the oceanfront via Hilltop/Laskin Road. City Council is expected to vote on the preferred route in early 2015. In addition, the City and the Commonwealth reached a preliminary



agreement to fund the light rail extension at least to Town Center through a 50-50 split, up to \$310 million in project costs.

Virginia Beach Development Authority

FY 2014 was another successful year for business development in the City. Through the combined efforts of the Authority and the Department of Economic Development, nearly \$111 million in new capital was invested by the City's business community in 50 new projects. Of those, 24 were new locations and 26 were expansions. The Department of Economic Development recorded nearly 1,000 new jobs created by the new locations and over 1,200 jobs retained through expansion. Five announcements were from international companies, and eight came from among small and woman or minority owned businesses. Business sectors experiencing the most activity were Professional Services (29%), technology (21%), manufacturing (19%) and logistics (15%).

Cavalier Hotel Restoration

The old Cavalier Hotel, a landmark built in 1927 and a symbol of the City's early resort days, has hosted presidents, celebrities and guests from around the world. When a judge ordered the property sold to settle a lawsuit, the City Council supported saving the Cavalier by endorsing a series of incentives to attract a developer to buy and preserve it. On July 23, 2013,



hotelier Bruce Thompson and his company Gold Key/PHR closed on the 21 acre property, including both the old hotel and a surrounding parcel, as well as the newer Cavalier across the street on the oceanfront. Since then, the old hotel has been placed on the Virginia Landmarks Register as well as the National Register of Historic Places. Tourism Development Gap Financing was approved by the Commonwealth Office of the Comptroller and the Virginia Tourism Corporation in July 2014. This program allows developer to retain one percent of state and local tax revenue generated by the project to provide financing for up to 20% of the development cost. The historic Cavalier will be renovated and open in 2016. The surrounding property will include 85 residential homes, including estate homes, cottages and bungalows. The oceanfront hotel will be rebuilt and open in 2017 as the Oceanfront Marriott Hotel.

Triple A Bond Ratings

For the fifth year in a row, all three major ratings agencies, Fitch, Moody's and Standard & Poor's, assigned a Triple A rating to Virginia Beach's general obligation bonds. All three rating agencies praised Virginia Beach's conservative fiscal management. Virginia Beach is the only city in Hampton Roads to receive Triple A bond ratings from all three rating agencies.

N.A.S. Oceana Encroachment Reduction Program

YesOceana, Virginia Beach's award winning Oceana Land Use Conformity Program, was created to help reduce the incompatible land uses surrounding Naval Air Station Oceana, the



Navy's East Coast Master Jet Base. To date, a total of 53 non-conforming commercial properties have been eliminated in Accident Potential Zone 1 (APZ-1) and the City has committed a total of \$2.4 million to 26 businesses to promote compatible uses within the APZ-1 district. Included in that total, the Development Authority has awarded \$1.8 million in Economic Development Investment Program (EDIP) grants for projects under the YesOceana program, leveraging more than \$20 million in new

private development. In a unique arrangement the City and the Commonwealth of Virginia contribute a combined total of \$15 million per year to make sure the plan has the necessary funding to accomplish its mission. The program is the only one of its kind in the country, and it has been highly successful in moving nonconforming residential and business uses out of the APZ-1, and moving conforming uses into the area. Since 2006, the City and the Commonwealth have spent \$125 million to acquire non-conforming homes and businesses from willing sellers, without using condemnation. This has reduced the density of people living and working around the jet base, making it easier for the Navy to pursue its mission.

Virginia Beach Amphitheater: Farm Bureau Live at Virginia Beach

In 2013, in its eighteenth season, the amphitheater attracted nearly 300,000 patrons to 28 events and returned 11.67% on the City's \$10.5 million investment. Over the 18 seasons, performances have resulted in direct revenue of more than \$21.5 million for the City and provided performances for more than 4.9 million music lovers. The amphitheater provides a venue for such world-renowned performers as well as local cultural and community events.

International Business Attraction

International outreach efforts continued in FY 2014 with 14 marketing missions and events, a 55% increase over the previous year. These efforts included hosting the first-ever Virginia Beach Global Business Forum with representatives from the U.S., Japan, Norway, Northern Ireland, Nicaragua, and the Republic of the Philippines; hosting visits from Nicaragua and the Philippines; co-sponsoring the Virginia Conference on World Trade; and participating in trade shows and marketing missions to Japan, China, the Philippines, Germany, Belgium, the Netherlands and Spain. Major international business announcements included Canada Metal (Pacific) Ltd., Lindab, PRUFREX USA, and Atlas North America. In addition, the City's European office in Dusseldorf, Germany, completed its first year of operations which generated 99 business contacts and 13 active projects. The City also opened the Virginia Beach Trade Office in Olongapo, Republic of the Philippines.

Princess Anne Commons

During Mayor Sessoms' State of the City Address in March 2014, he announced the formation of a Biomedical and Health Sciences Task force to explore opportunities to bolster this industry sector within the Princess Anne Commons corridor. The group is tasked with establishing the region as a center for advanced bio-tech and healthcare research on the east coast with the intent of strengthening the regional economy by growing or attracting companies that derive a majority of their revenues from outside the region and providing research opportunities that can attract substantial funding from outside sources. The group expects that the first phase of the project would begin with the development of a 155-acre biomedical corporate park, preliminarily dubbed Princess Anne Corporate Park North and South. It is expected that the

task force will present their findings to City Council in the first quarter of 2015. Plans are also underway to build a hotel in the Princess Anne Commons area that will be the training ground for Tidewater Community College (TCC) students studying the hospitality industry. The hotel will be integrated with TCC's hospitality curriculum under a public private partnership with TCC, Virginia Beach's Economic Development Department and Princess Anne Commons Hospitality Group LLC. The vision is for students to learn in a real world environment and to cultivate a workforce that will support the tourism industry. The new TCC Student Center opened in January, 2014. Built over a retention pond, the center was designed with an emphasis on environmental consciousness. The City paid TCC approximately \$1.58 million for the site improvements. The center won the 2014 Crystal Award in higher education for community colleges, presented at the Energy and Sustainability Conference in February, 2014.

Town Center Phase V

Town Center, the focal point of the City's Central Business District, continues to drive the economy, drawing crowds and attracting popular new restaurants, shops and businesses. The new Main Street Tower is anchored by Clark Nexsen, PC, one of the oldest and largest architecture and engineering firms in Virginia. The new tower includes 213,000 square feet of office space, 26,000 square feet of street level retail space, 290 luxury apartments and a 927 space attached parking garage. New retail establishments include Anthropologie, Lululemon Athletica, Free People, and West Elm. Two new restaurants are Tupelo Honey Café and Twist Martini.



Arena

The City is considering proposals to build a sports and entertainment arena across from the Virginia Beach Convention Center under a public private partnership arrangement. A task force of city leaders was formed and citizen input was sought. A Term Sheet outlining terms and conditions of an arena agreement was presented to City Council in November 2014. The term sheet could be approved as early as December 2014.

“Dome” Site

In December 2013, the Virginia Beach Development Authority issued an RFQ for development of the old “Dome” site at the Oceanfront on 19th Street. One proposal was received and an exclusive non binding agreement was reached with the Peterson companies to prepare a proposal for the site. The proposal is due in May, 2015.

Baseball Facility

A plan is underway to build a youth baseball tournament facility and additional athletic facilities at Princess Anne Commons. In February, 2014, City Council approved the proposal submitted by Virginia Beach Professional Baseball (VBPB) LLC. The proposal includes a 5000 seat stadium, a youth baseball complex with 13 fields and four new lighted softball fields for public use. Opening of the facility is targeted for 2016.

YMCA Recreation Center and 50 Meter Pool

In partnership with the YMCA of South Hampton Roads, the City is donating ten acres of land to build both a recreation center and a 50-meter Olympic-sized swimming pool in the Princess Anne Commons area of Virginia Beach. The facility is expected to open in the fall of 2015.

Quality Physical Environment

Princess Anne Road Expansion

Princess Anne Road was widened between Dam Neck Road and the Municipal Center. Construction was completed in June 2014. Landscaping is scheduled to be complete this fall and LED street lighting to be completed by December 31, 2014. The project was funded at \$61.4 million of which the local contribution was \$10 million. Federal ARRA funds were received for this project

Nimmo Parkway Project

The Nimmo Parkway Expansion project opened to traffic in September, 2014. The new roadway connects Nimmo Parkway at Holland Road to the General Booth Fire Station, Princess Anne Recreation Center and Princess Anne Area Library near General Booth Boulevard. The new stretch spans nearly two miles and traverses a large portion of the West Neck Creek floodplain and wetlands. Designing a



thoroughfare that would mitigate impacts on surrounding wetlands proved to be one of the major challenges in completing the project. A 1600-foot long bridge was included in the project to span the West Neck Creek area. An additional bridge, a 200-foot span, crosses the Hunt Club Tributary. The City's portion of the \$61 million project was about \$39 million. In addition to reducing extreme congestion along Princess Anne Road between North Landing Road and Nimmo Parkway at General Booth Boulevard, the roadway will help reduce public safety response times for emergency calls. Traffic volume on the new road is expected to reach 40,000 vehicles per day by 2020.

Rudee Walk

Rudee Walk is a 10-foot wide pedestrian walkway and bike path from Winston Salem Avenue, continuing under the Rudee Inlet Bridge, and connecting to the Boardwalk. Construction began in March 2014 and is substantially complete. The project has improved the mobility and safety of pedestrians and cyclists by providing a lighted, direct linkage from the Marina District to the Oceanfront including landscaping and a railing system. The project not only provides infrastructure improvements for a future water taxi launch to serve Rudee Inlet, but also complements the proposed bus stop improvements planned for Rudee Loop and optimizes usage of the 4th Street parking lot.

Lesner Bridge Replacement

The Lesner Bridge connects Shore Drive between the Chesapeake and Lynnhaven Bays. Constructed in the 1950's and 60's, the bridge was built to last 50 years. Construction to replace the aging bridge began in June 2014. The project will cost \$116.5 million and will

replace the existing Lesner Bridge with a signature facility that will be capable of handling six lanes of traffic in the future. Construction of the westbound bridge lanes (north span) should be completed by November 2015, and construction of the eastbound bridge and lanes (south span) will begin in April 2016 and is scheduled for completion in May 2017. Each span will initially have two lanes of traffic and wide shoulders. Each bridge span will also have a 10 foot wide multi-use path for use by pedestrians and recreational cyclists. The proposed bridge will be designed to provide minimum 45 feet vertical clearance above mean high water and 225 feet minimum horizontal clearance at center navigation channel span. The project is expected to be complete in June 2017.

Safe Community

Low Crime Rate



The City's crime rate has continued to decline, upholding Virginia Beach's reputation as one of the safest cities of its size in the nation. The 2013 crime rate for violent crimes and property crimes combined declined to 26.7 crimes per 1,000 residents, the same as it was in 1964. In addition, the Virginia Beach Police Department cleared 74.5% of violent crimes and 28% of property crimes in 2013, much higher than the national average of 38.4% and 13.8% respectively for cities with populations over 250,000. The Police Department has worked

smarter, using technology and precise data to track crime and information to help develop better policing strategies. Coordinated approaches like these ensure that Virginia Beach remains one of the safest cities in the nation.

New Facilities

A new \$7.8 million police complex was opened on Leroy Drive for police special operations, forensics and property and evidence. A project is underway for the replacement of the Blackwater Fire and EMS station. The project also includes relocating an existing ball field to the expanded Blackwater Neighborhood Park. The new station will be an 11,400 square foot facility with five equipment apparatus bays and 8 sleeping rooms. The contract completion date is March 2015.

The newest and largest fire station in Virginia Beach known as Town Center Station 7, or to some as "Headquarters", opened its doors in April, 2014. The new building was strategically placed on Columbus Street next door to the post office in close proximity to the ever growing Town Center High Rise district. In the event of a high rise incident, the department will be able to respond to the Town Center area in minutes. The 2 story 24,500 square foot LEED Certified building houses the administrative offices for the department which relocated from the courthouse area in May, 2014. Built in the 1950's, the old historic Fire Station 7 on Thalia Road is currently under a complete renovation to be utilized by the Department of EMS for ambulance response upon its completion in 2015.

Family and Youth Opportunities

Housing Resource Center

In February 2014 the City contracted with a local firm, Waller, Todd & Sadler Architects for the formal design of the Housing Resource Center to be located at 104 N. Witchduck Road. Since then, the Department of Housing and Neighborhood Preservation has been working with city agencies, service providers, the faith community and other stakeholders to determine the types of facilities to be offered. A draft design is under review. The Housing Resource Center is part of our community plan to do a better job of ending homelessness and to: meet federal requirements; expand services being offered at the Lighthouse Center; provide new shelter or permanent housing options that reduce and shorten homelessness; and consolidate essential social services into a “one-stop-shop” that includes a central reception and assessment center, as well as critical services to help prevent and end homelessness. The project includes design and construction of an approximately 43,000 square foot facility at an estimated cost of \$23 million. Construction is expected to begin in 2015 with opening projected in 2017.

Housing Initiatives

The City contributed to Cedar Grove apartments, the region’s first permanent rental housing complex for disabled/homeless veterans. The City’s contribution included the approval of the land use, \$450,000 in federal funds provided by the Department of Housing and Neighborhood Preservation, and the commitment of 32 federal housing vouchers, which makes the rent affordable. In addition, \$500,000 was provided to renovate 30 apartments at Beth Shalom Sands, part of a \$10 million project to improve housing for 120 low income seniors. Indian River Intermediate Care Facility was opened for individuals with intellectual disabilities. The facility consists of two co-located homes that each serves five adults with profound intellectual disabilities, physical impairments, chronic health conditions and behavior needs. The program was designed to have nursing staff available at all times, enabling individuals who are medically fragile to be served in a safe, home-like environment.

Cultural and Recreational Opportunities

Bow Creek Recreation Center Replacement

After 50 years of use, the Bow Creek Recreation Center was demolished in 2012, and a new energy efficient facility is currently under construction. The new building, scheduled to open in late January 2015, will have 84% more space and will cost \$28 million. The new recreation center will be a 67,743 square foot facility that includes an indoor pool, 2-court gymnasium, enlarged fitness areas, expanded weight room, childcare classrooms, playground, locker rooms with family changing areas,



youth game room, meeting rooms and expansive views of the golf course which is also being improved. It is expected that the building will receive LEED (Leadership in Energy and Environmental Design) certification due to design choices that maximize the building's long term sustainability and reduce operating costs. The new recreation center is the first City building to include LED lighting both indoors and outdoors. The storm water management system is also being improved to handle on-site drainage as well as improving the drainage efficiency of the surrounding neighborhood. New storm water ponds were designed to be landscaped water features with meandering walking paths around the perimeter and an outdoor deck overlooking the water and golf course.

Sandler Center

During its seventh season, the Sandler Center for the Performing Arts realized \$1.9 million in gross ticket sales from 323 events and 153,202 patrons, generating \$158,869 in admission taxes for the City. The Center also partnered with the community to provide the summer acoustic concert series "Ynot Wednesdays" for the sixth year, Kids Art Palooza, matinee shows geared towards students enhancing their SOL learning, master classes, All City Music Festival, Young Peoples concert series, and other opportunities for more than 10,000 students.

Adventure Park at Virginia Aquarium

The Adventure Park, Virginia's largest aerial forest park, opened in May 2014 featuring zip lines and aerial ropes challenge courses. Phase II will consist of a Coastal Conservation Garden with additional zip lines winding through the garden's tree canopy. Once complete, it will be the largest adventure park in North America. Developed in partnership with the Department of Parks and Recreation and local garden clubs, the Coastal Conservation Garden will be a watchable wildlife area that will be free and accessible to the public and will feature a living shoreline garden, a pedestrian bridge and a raised canopy walk through the trees. The goal is to bring residents and visitors into direct contact with plant and animal life in the Owl's Creek area and to help them understand the importance of the environment.



Marshview Park

In May of 2010, the city acquired the Marshview property, a 100-acre parcel (located across Owls Creek from the Aquarium) bounded by Norfolk Avenue, General Booth Boulevard and Birdneck Road, from the Navy in exchange for a restrictive easement in the inter-facility traffic area between Oceana and Fentress. Later that same year, the city was awarded \$100,000 by the Department of Conservation and Recreation for a trail enhancement project for the planned Marshview Park. In June 2014, construction began on a new ADA (Americans with Disabilities Act) compliant asphalt path, pedestrian bridges and a small parking lot. Based on community feedback, additional planned enhancements include: a dog park, multipurpose fields, playground, bike recreation area, disc golf and restrooms.

Quality Education and Lifelong Learning

Exceptional Schools

Virginia Beach City Public Schools (VBCPS) is the largest school division in southeastern Virginia, serving approximately 68,647 students in grades K-12. Currently, the school system includes 55 elementary schools, 15 middle schools, 11 high schools, one charter school and a number of specialty centers including the Renaissance Academy, Advanced Technology Center, Technical and Career Education Center and Adult Learning Center. VBCPS continues to be one of the best school divisions in the country according to GreatSchools, which ranked VBCPS as the fifth best large school division in the nation. The School Division is one of only 7 Virginia School Divisions recognized by the College Board with placement on the fourth annual Advanced Placement (AP) District Honor Roll for increasing the availability of AP courses while also increasing the percentage of students scoring 3 or higher on AP exams. The Washington Post ranked all VBCPS high schools among the top 9 percent in the nation.

Achievable Dream Academy

The Achievable Dream Academy opened at Seatack Elementary School with programs for kindergarten, first and second grades in the 2014-2015 school year. A grade level will be added each year until the program reaches grade 12. Students who participate in this program have many additional opportunities for school success and develop social, academic, and moral skills (Social, Academic, and Moral Education; SAME) that help them become strong adults. The program provides an extended-day and year-round education with enrichment classes; field trips; the support of community partners and mentors who are dedicated to the welfare of students; and high-quality academic instruction. The children who successfully graduate from **An Achievable Dream** are “sponsored” by a community partner that supports their college education.

School Replacement Projects

Since 1997, the Virginia Beach Public Schools has spent \$556 million to modernize or replace 29 of the division’s oldest elementary schools, along with maintenance, supply, custodial and transportation facilities. The new \$102 million Kellam High School, a LEED Gold certified facility, was opened in January 2014, serving over 1,800 students. Old Donation Center and Kemps Landing Magnet School will be combined in a single consolidated facility to provide gifted and talented services for grades 2—8. Construction on the \$63.36 million project is underway at Independence Boulevard and Honey Grove Road. The projected completion date is the fall of 2017.

Virginia Beach Public Library

A community anchor for more than 50 years, Virginia Beach Public Library includes a central library, a joint use library in partnership with Tidewater Community college, seven area libraries and a public law library. Services include workforce development and job-search support, small business resources, computer and technology classes, early literacy classes and outreach, and local history archives and programs. In addition to books, music and magazines in tangible and digital formats, the library in a variety of formats provides online research tools accessible from home or work, as well as movies, music and a variety of specialty collections. The newest offering is a self-publishing tool named FastPencil that writers can access to create original works and publish them as e-books for others to download.

Quality Organization

Master Technology Plan

The Virginia Beach Master Technology Plan is the result of nearly a year of collaborative work by city leaders, staff and consultants. Gartner, Inc., a leading information technology research and advisory company, worked with the City's senior leaders and staff members to understand needs, evaluate processes and identify opportunities. The plan includes Gartner's key findings and serves as the City's Chief Information Officer's plan for achieving the goals of increased efficiencies, quality service delivery and information security. The four main strategic areas of focus from the plan are transforming service delivery, building better business solutions, strengthening governance and improving infrastructure and operations. The plan includes specific initiatives that support each of the four areas.

Volunteer Resources

In almost every City department, volunteers make a difference in the quality of life for Virginia Beach residents and visitors. In FY 2014, more than 23,400 volunteers contributed 1.18 million hours of service valued at \$18.6 million. The Office of Volunteer Resources remains a model of success for other cities across the country. Volunteers continue to support City government by strengthening programs and expanding relationships with citizens and businesses.



In 1999, Virginia Beach dedicated the Volunteer Recognition Garden to honor past and present volunteers who gave and continue to give their time and talents to make Virginia Beach a better community. On April 15, 2014, the City remembered the late Mary Russo, longtime director of the Office of Volunteer Resources, by renaming the garden the Mary C. Russo Volunteer Recognition Garden in her honor. Mary founded the Office of Volunteer Resources in 1978 and served as its volunteer director until her death in March, 2014. It was Mary's life mission not only to give back, but to celebrate the value of volunteerism and recognize those who serve with the greatest gift they can give, their time. The garden is located behind City Hall and is a place of beauty that all citizens can enjoy.

Employee Pay and Benefit Initiatives

The City improved the way that employees receive pay by switching to payment in arrears. The change eliminates paying for time projected in advance and results in a reduction of manual adjustments to correct projected time entered. In addition, overtime pay was also made more current. All full time employees are now paid in arrears, and all leave balances are accurately reflected on the statement of earnings for the pay period. Another initiative was the implementation of the Virginia Retirement System (VRS) Hybrid Retirement Plan mandatory for all new non public safety employees hired on or after January 1, 2014. The plan provides a new defined contribution plan, improves portability of employee retirement dollars, reduces the VRS service multiplier for hybrid employees, shifts the retirement savings to be primarily funded by the employee, and provides hybrid employees with a short and long term disability income replacement plan.

Minority Business Initiative

For FY 2014, City expenditures to minority vendors were \$11.5 million, which represented 4.53% of total city expenditures, a decrease from 5.37% in FY 2013. Minority firms received 8.69% of goods and services contracts, but only .75% of construction contracts. The Small Business Enhancement Program approved by City Council and implemented in August, 2012, focuses on increasing small business participation throughout City procurements. Results of the program have not fully matured to the extent for comparative analysis, but the program produced \$.52 million in minority subcontractor participation on City contracts. This program was developed to rely on the prime contractors to make sufficient efforts to obtain minority participation when available. The City has been certified through the Virginia Department of Transportation under the Urban Construction Initiative Program which will track disadvantaged business enterprise participation in federally funded roadway projects, many of these DBE firms may also be minority owned. This program is still in the transition phase, and the City has not assumed full responsibility for all of the program aspects at this time.

The 16th Annual Minority Business Council Conference and Expo was held on November 6, 2014, with speakers and workshops for attendees on how to increase their business with City departments as well as other regional and state agencies.

INTERNAL CONTROL AND BUDGETARY ACCOUNTING

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

The City's control environment reflects the attitude of management at all levels towards ethical behavior, organizational values, competence, integrity and the well-being of the organization. *Integrity Connection* is an initiative designed to promote the City's Organizational Values and Code of Ethics by providing resources and encouraging integrity throughout the organization. *Integrity Connection* provides a way for City employees to ask questions regarding ethical behavior and to report fraudulent activity in a confidential manner through a formalized hotline that offers the option of anonymity. The biennial Member Survey enables employees to provide valuable input to management concerning communications, values & ethics, recognition, leadership, training & development, and the work environment. Based on survey results, Organization Action Plans are developed to address survey findings.

Budgetary controls are maintained to ensure compliance with legal provisions embodied in the annual appropriated budget approved by City Council. Activities of the General Fund, certain Special Revenue Funds, Debt Service Fund, Enterprise Funds and School Board Governmental Component Unit Funds are included in the annual appropriated budget. The level of budgetary

control is established by each organizational unit included in the budget ordinance. Additional controls are exercised administratively.

The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Appropriations for the subsequent fiscal year are increased in the amount necessary to satisfy the un-liquidated balance of encumbrances at year-end. As demonstrated by the statements and schedules included in the financial section of this report, the government continues to meet its responsibility for sound financial management.

FINANCIAL MANAGEMENT POLICIES

The City employs a number of policies to provide the framework for sound financial management. City Council's continuing fiscal policies include maintaining existing services to the extent possible, positioning the City to withstand local and regional economic disruptions, meeting the demands of natural growth, decline and change, ensuring that citizens understand and support the need for fiscal sustainability and the policies through which it is achieved, maintaining a diverse tax structure, maintaining and monitoring existing debt policies, and providing for special services and projects through special dedicated revenue generation (e.g. Tourism Investment Program and the Tourism Advertising Program Special Revenue Funds). City Council's policies provide overall direction and guidance for resource management. In addition, these policies resulted in the high level of financial strength that led to and continue to support the upgrade of the City's bond ratings to Triple A by Standard & Poor's, Moody's Investors Service, and Fitch Ratings.

A number of the City's financial management policies govern how the operating budget is prepared and managed. For example, the budget will be balanced on a current revenue to expenditure basis, unencumbered budget appropriations (except for those for capital projects and grants) will lapse at the end of the fiscal year, the appropriation ordinance will set the legal level of budgetary control and the City will set fees and user charges for each self-supporting enterprise fund at a level that fully supports costs. Regarding fund balance policies, the unassigned fund balance or retained earnings of any fund shall not be used to finance continuing expenditures. Additionally, the city shall maintain an unassigned fund balance of 8% to 12% of the following year's projected revenues, equating to approximately one month of operating expenses.

The City further maintains policies that specify what projects may qualify as capital projects. In general, the project must be a major expenditure of over \$250,000 that is ongoing in nature or requires multi-year funding. There are specific criteria used to determine whether a project will be funded by bond referendum or by Charter Bonds, as well as whether a project is eligible for lease/purchase financing. The City issues bonds for capital improvements with a cost in excess of \$250,000, or which cannot be financed from current revenues. Debt management policies are presented in the following section.

RESOURCE MANAGEMENT, CAPITAL FINANCING AND DEBT MANAGEMENT

The City begins its budgeting process each year with a presentation of the Five Year Forecast, which projects revenue and expenses out over the next five years and highlights important issues that may impact the upcoming budget. An extensive budgeting process includes the development of budget targets for each department, town hall meetings where city staff and City Council receive input from citizens, various internal processes providing the opportunity for input from the Strategic Issue Teams, departments, and finally the Management Leadership Team that finalizes the proposed budget. After presentation of the proposed budget to City Council, Council holds budget workshops and two public hearings before voting on the final budget.

The FY 2014-2019 Capital Improvement Program (CIP), which was approved by City Council in May 2013, set forth a program totaling \$2.4 billion. Of this amount, \$1.2 billion was appropriated through FY 2013, \$275 million was appropriated in FY 2014 and \$923 million was programmed for years FY2015-2019 of the Capital Improvement Program. Funding for this program will be from local, state, federal, and private sources, with local debt comprising less than 37.2% of total funding. The six-year plan provides phased funding for critical public works infrastructure needs and upgrades that will help ensure compliance with increasingly strict environmental requirements, funding for facility improvements to serve a growing City population, and funding for public schools. The CIP also includes funding for capital investments for recreational activities, leisure programs, and the preservation and acquisition of open space that enhances the quality of life for the citizens of Virginia Beach.

During FY 2014, the City continued to acquire development rights in designated areas within the southern portion of the City for the Agricultural Reserve Program. The rights were acquired through the issuance of installment purchase agreements, which are considered valid contractual obligations of the City. One such agreement was completed in FY 2014 at a total purchase price of \$270,504 with 29.66 acres acquired. For the total program at June 30, 2014, 89 agreements totaling 9,085 acres at a total purchase price of \$41,464,092 have been executed.

The City has developed a series of Debt Management Policies to provide a functional tool for debt management and capital planning. The policies reiterate the City's commitment to rapid principal retirement, maintaining sufficient working capital to avoid the use of short-term borrowing for operating purposes, and the use of self-supporting or revenue-supported debt where appropriate. The policies also establish target levels for key debt ratios.

All debt affordability indicators fall within the established guidelines. The State Constitution further limits the City's ability to create debt. The Legal Debt Limitation is 10% of assessed value of property in the City. As of June 30, 2014, the total assessed value of real property in the City was \$49,626,664,990 which translates into a legal debt limit of \$4,962,666,499. The City's net obligations subject to this debt limit, as of June 30, 2014 totaled \$712,384,323 and represented 14.35% of this limit.

Ratio Description	Established Standard	FY14	FY13
Annual Debt Service to General Governmental Expenditures	No greater than 10.0%	8.2%	8.4%
Overall Net Debt to Estimated Full Value	No greater than 3.5%	2.1%	2.0%
Overall Net Debt Per Capita	No greater than \$2,800	\$2,253	\$2,162
Overall Net Debt Per Capita to Per Capita Personal Income	No greater than 6.5%	4.5%	4.3%

The City issued \$85.055M General Obligation bonds in FY-14. It also issued \$44.975M Public Facility Revenue bonds. In addition, the City issued \$20.32M Public Facility Refunding Revenue bonds, realizing \$1.9M in debt service savings over the next 11 years. Also issued was \$44.845M Water and Sewer Revenue bonds. As a result of the ratings review process, all three major rating agencies, Standard & Poor's, Moody's Investors Service and Fitch Ratings, affirmed the City triple-A ratings on its general obligation bonds.

OTHER POSTEMPLOYMENT BENEFITS (GASB 45)

GASB 45 is a statement of accounting practices issued by the Governmental Accounting Standards Board to provide more complete, reliable, and decision-useful financial reporting regarding the costs and financial obligations that governments incur when they provide postemployment benefits other than pensions (OPEB) as part of the compensation for services rendered by their employees. Postemployment healthcare benefits, the most common form of OPEB, are a very significant financial commitment for many governments. The City of Virginia Beach is a member of the Virginia Pooled OPEB Trust, a joint effort of the Virginia Association of Counties and the Virginia Municipal League, and deposited the annual required contribution (ARC) during Fiscal Year 2014.

In 2008, City Council appointed a 5-member Local Finance Board made up of representatives for the City and School Division to monitor the funds deposited in the irrevocable trust. In September 2011, City Council appointed the City's Deferred Compensation Board to serve as trustee for the management of the OPEB Trust in lieu of the Local Finance Board. Membership of the Deferred Compensation Board is made up of ten members representative of the City, Schools, Sheriff and City Council.

AWARDS AND RECOGNITION

The City of Virginia Beach received a number of awards and was recognized by a variety of organizations. Among these awards and recognitions are:

One of America's 50 Best Cities to Live, *24/7 Wall Street*, September 2014; **A "Millennial Boomtown"**, *Forbes*, August 2014; **One of America's Top Destinations for July 4th Celebrations**, *Priceline.com*, June 2014; **A Top Ten Beach Town for Retirees**, *CBS News*, May 2014; **One of America's Best Cheap Cities for Raising a Family**, *NBC Today Show/Cheapism.com*, April 2014; **Top Ten U.S. Boardwalks**, *National Geographic Magazine*; **12th**

Safest City in America, *Business Insider Magazine*, July 2013; **One of America's 10 Hardest Working Cities**, *Forbes*, August 2013; **Fittest City in America**, *Facebook's Fittest Cities*, 2013; **2nd Most Business Friendly City in America**, *CNNMoney.com Report*, June 2013; **3rd Most Beautiful Cities in America**, *Escapehere.com*; **8th Best Public Park System in America**, *Trust for Public Land*, 2013; **4th in Top Ten U.S. Art Beaches**, *Huffington Post*, August 2013; **4th in Top Mid-Size Cities of 2014 for ENERGY STAR Certified Buildings**, *Energystar.gov*, 2014.

INDEPENDENT AUDIT

An independent audit of the City's finances is required each fiscal year by Section 8.06 of the City Charter by either the Virginia Auditor of Public Accounts or by a firm of independent certified public accountants. Accordingly, the records have been audited by Cherry Bekaert LLP and its reports on the general purpose financial statements, internal controls, and compliance are included herein.

CERTIFICATE OF ACHIEVEMENT

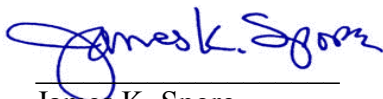
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2013, and the Distinguished Budget Presentation Award for the FY 2013 Resource Management Plan.

ACKNOWLEDGMENTS

During the year, the staff of the Finance Department rendered professional and knowledgeable services to the City. We are most appreciative of these efforts and take this opportunity to recognize these outstanding public servants. They maintain the accounting records of the City on a current and timely basis and deserve special consideration.

The City Council's oversight of the financial affairs of the City has resulted in this strong financial report and Council is commended for the policies and practices which have made it so.

Respectively,



James K. Spore
City Manager



Patricia A. Phillips
Director of Finance



Government Finance Officers Association

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

Presented to

**City of Virginia Beach
Virginia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

FINANCIAL SECTION

(Blue Page)

Report of Independent Auditor

The Honorable Members of the City Council of
City of Virginia Beach, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the individual and aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Virginia Beach, Virginia, (the "City") as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Virginia Beach Community Development Corporation, which represent 4.92 percent, 3.03 percent, and 0.73 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as it relates to the amounts included for the Virginia Beach Community Development Corporation, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards and specifications require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the individual and aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Fund Reclassification

As described in Note 10 to the financial statements, effective July 1, 2013, the City has reclassified the beginning fund balance of the General Fund to reflect the closure of its Print Shop Internal Service Fund. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We, and other auditors, have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Virginia Beach, Virginia's basic financial statements. The introductory section, combining and individual fund statements and schedules, budgetary comparison schedules, capital project expenditure schedules, enterprise fund capital projects revenue and expenditures schedules, the statistical section, and continuing disclosure schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is also not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules, budgetary schedules, capital projects revenue and expenditure schedules, water and sewer enterprise fund schedule of changes in restricted assets, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules, budgetary schedules, general government capital projects expenditure schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2014, on our consideration of the City'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* in considering the City's internal control over financial reporting and compliance.

Cherry Bekaert LLP

Virginia Beach, Virginia
November 21, 2014

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**MANAGEMENT'S
DISCUSSION AND ANALYSIS**

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Virginia Beach has put together this section to provide readers with a narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2014. Readers are encouraged to consider the information presented here in conjunction with the transmittal letter at the front of this report and the City's financial statements which follow this section.

FINANCIAL HIGHLIGHTS

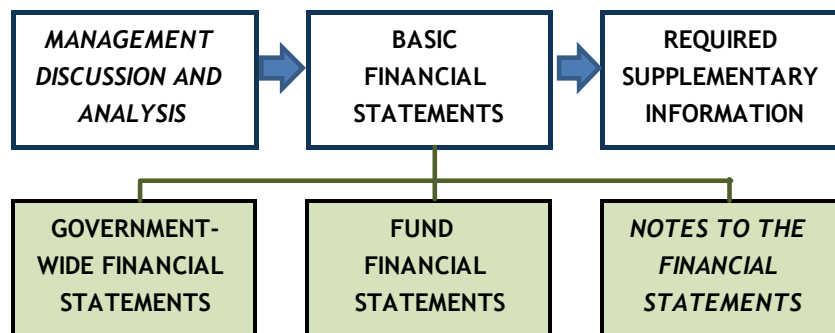
- ◆ The City's total net position improved in the current year. At the end of the fiscal year, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$3.7 billion. This amount represents an increase of \$90.5 million, or 2.5%, over prior year's ending balance. A large part of the net position is invested in capital assets or is restricted for capital projects and future debt service. The unrestricted net position totals \$197.5 million (Tables 1 and 2).
- ◆ Net position for governmental activities increased \$41.8 million. During the year, the \$1.3 billion generated in taxes and other revenues for governmental programs exceeded expenses by \$59.4 million (before transfers). This is an improvement over the prior year, when revenues exceeded expenses by \$49.6 million before transfers.
- ◆ In the City's business-type activities, net position increased by \$48.7 million compared to prior year's increase of \$38.9 million.
- ◆ The City's governmental funds reported combined ending fund balances of \$542.7 million, a slight increase (1.3%) compared to prior year. The total fund balance consists of 9.2% nonspendable and restricted amounts, 62.3% of committed (mainly for projects in the capital improvement program), and 28.5% remaining amounts available for spending at the government's discretion (either assigned for specific purposes or unassigned).
- ◆ Governmental funds show decreases in property taxes of \$7.8 million primarily due to a lower real estate tax rate from \$0.95 to \$0.93 per \$100 of assessed valuation. Performance of other local revenue sources such as other local taxes; fines and forfeitures; permits, privilege fees, and regulatory licenses; and revenues from use of money and property increased slightly in comparison to prior year. Increased charges for services of \$24.2 million were due in part from higher waste management fees. Receipts from the Commonwealth increased by \$2.3 million and federal government receipts decreased by \$5.3 million.
- ◆ The general fund reported a decrease in fund balance of \$17.0 million. General fund revenues and other financing sources were lower than budget by \$13.1 million, while expenditures and other financing uses were lower than budget by \$45.7 million. Total general fund transfers to other funds include \$42.5 million to the debt service fund, \$42.9 million for the capital improvement program, \$5.1 million for the Parks and Recreation special revenue fund, and \$16.6 million for the Sheriff's Department special revenue fund.
- ◆ The City maintained its Triple-A bond rating from Moody's Investor Services, Standard & Poor's, and Fitch Ratings. During this fiscal year, new debt issued by the City included \$85.1 million in General Obligation Public Improvement bonds, \$45.0 million in Public Facility Revenue bonds, and \$44.8 million in Water and Sewer System Revenue Bonds.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Comprehensive Annual Financial Report consists of four sections: introductory, financial, statistical, and single audit. The financial section is illustrated in the following Figure 1. This section of the report has three components: Management's Discussion and Analysis (this section), the basic financial statements, and required supplementary information.

Figure 1: Components of the Financial Section

The basic financial statements include two types of statements, government-wide and fund financial statements, that present different views of the City.



Up until 2002, the primary focus of local government financial statements has been summarized fund-type information on a current financial resource basis. This approach has been modified and now the statements presented focus on the City as a whole (government-wide) as well as the major individual funds. The government-wide financial statements provide both long-term and short-term information about the City's overall financial status. The fund financial statements focus on the individual parts of the City government, reporting the operations of the City in more detail than the government-wide statements. Both perspectives (government-wide and individual fund) allow the reader to address relevant questions, broaden the basis for comparison (year-to-year or government to government), and enhance the City's accountability.

Government-Wide Financial Statements

The government-wide financial statements report information about the City as a whole, using accounting methods similar to those used by private-sector companies. The statement of net position components are reported using the full accrual basis of accounting. The statement of activities accounts for all of the current year's revenues and expenses, regardless of when cash is received or paid.

The two government-wide statements report the City's *net position* and how it has changed. Net Position, the difference between the City's assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, is one way to measure the financial health, or position, of the City.

Over time, increases or decreases in the City's net position are an indicator of whether its financial health is improving or deteriorating. To assess the overall health of the City, one needs to consider other nonfinancial factors such as changes in the City's property tax base and condition of the City's infrastructure.

The government-wide financial statements of the City are divided into three categories:

- ◆ **Governmental Activities** - Most of the City's basic services are included here, such as police, fire and other public safety services, parks and recreation, public works, and general administration. Property and sales taxes, charges for services, and state and federal grants finance most of these activities.
- ◆ **Business-type activities** - The City's water and sewer, storm water, economic development, and parking operations are reported here. Fees are charged to customers to help cover the costs of providing these services.
- ◆ **Component units** - The City includes three other entities in its report - the City of Virginia Beach School Board, the Development Authority and the Community Development Corporation (CDC). Although legally separate, these "component units" are important because the City is financially accountable for them, providing operating and capital funding. The Development Authority is presented as a blended component unit and included in the City's reporting entity. The School Board and CDC are presented as discretely component units and reported in separate columns of the entity-wide statements.

Fund Financial Statements

The fund financial statements provide detailed information about the City's most significant funds and will be more familiar to traditional readers of government financial statements. The focus is now on major funds rather than fund types.

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 City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements, such as general statutes or the City's budget ordinance. The City's funds are divided into the following categories:

- ◆ **Governmental funds** - Most of the City's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* can readily be converted to cash flow in and out and (2) the balances are year-end that are available for spending. Consequently, the governmental funds statements provide a short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided at the bottom of the governmental funds statements that explain the relationship (or differences) between them. Governmental funds include the general fund, debt service fund, capital projects fund, and special revenue funds (such as Parks and Recreation and Tourism Investment Program).
- ◆ **Proprietary funds** - Services for which the City charges customers a fee are generally reported in proprietary funds. These funds, like the government-wide statements, provide both long-term and short-term financial information. The City's enterprise funds (one type of proprietary fund) are the same as its business-type activities, but the fund financial statements provide more detail and additional information, such as cash flows. The City utilizes enterprise funds to account for its storm water, water and sewer, economic development, and parking operations. The Development Authority is presented as a blended component unit and its proprietary fund is included in the City's reporting entity as a major enterprise fund. The City uses internal service funds (the other type of proprietary fund) to report activities that provide supplies and services for the City's other programs and activities. The City's internal service funds are used for providing city garage and fuel services, risk management, printing, landscaping and information technology services.
- ◆ **Fiduciary funds** - Used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations and other governmental units. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The fiduciary funds are agency funds (Special Welfare and Escheat Property), the Pension Trust Fund and the Postemployment Benefits Trust Fund. The agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. These fiduciary activities are excluded from the City's government-wide financial statements because the City cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE CITY AS WHOLE

Net Position

The statement of net position serves as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$3.7 billion at the close of the fiscal year (Table 1). The City's combined net position (the City's bottom line) increased by \$90.5 million over prior year's ending balance of \$3.6 billion. Net position from governmental activities increased by \$41.8 million. Business-type activities resulted in an increase in net position of \$48.7 million.

The largest component of the City's net position (\$3.0 billion or 80.6%) is the investment in capital assets (e.g., land, buildings, machinery, and equipment), net of any outstanding related debt used to acquire those assets. The City uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Net investment in capital assets for business-type activities represents, in the most part, the assets of the water, sewer, and storm water utilities.

The City's unrestricted net position, which is used to finance day-to-day operations, totaled \$197.5 million, a decrease of 12.8% from \$226.5 million in prior year. Included in unrestricted net position for governmental activities are fund balances of the general fund and most special revenue funds that have been committed or assigned at the fund level. Capital assets total \$4.3 billion, net of accumulated depreciation, and include roads, bridges, parks, water and sewer facilities, land, other long-lived assets, and projects in the construction in progress program. Under the "tenancy in common" with the School Board, the City has included \$329.6 million of net book value of School Board property equal to the total outstanding principal balance of the "on behalf" debt at June 30, 2014. Capital assets increases resulted from additions to construction in progress for roadway projects, modernization of the Bow Creek recreation center, and the acquisition of several parcels of land purchased as part of the six-year program to protect the Oceana Naval Air Station from encroaching development (BRAC).

Table 1
Statement of Net Position
(in Millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Current and Other Assets	\$ 656.7	\$ 660.2	\$ 301.1	\$ 219.2	\$ 957.8	\$ 879.4
Capital Assets	3,287.0	3,198.2	1,041.4	1,018.1	4,328.4	4,216.3
Total Assets	3,943.7	3,858.4	1,342.5	1,237.3	5,286.2	5,095.7
Deferred Outflows of Resources	0.2	0.5	1.1	1.2	1.3	1.7
Long-Term Debt Outstanding	1,153.0	1,109.5	329.5	276.3	1,482.5	1,385.8
Other Liabilities	69.0	70.0	18.6	15.7	87.6	85.7
Total Liabilities	1,222.0	1,179.5	348.1	292.0	1,570.1	1,471.5
Deferred Inflows of Resources	7.7	7.0	0.6	0.3	8.3	7.3
Net Position						
Net Investment in Capital Assets	2,273.8	2,428.3	716.1	790.1	2,989.9	3,218.4
Restricted	272.1	40.8	249.6	132.9	521.7	173.7
Unrestricted	168.3	203.3	29.2	23.2	197.5	226.5
Total Net Position	\$ 2,714.2	\$ 2,672.4	\$ 994.9	\$ 946.2	\$ 3,709.1	\$ 3,618.6

(continued)

Changes in Net Position

The City's net position increased by \$90.5 million during the current year as compared to the \$73.2 million increase in prior year. The following table summarizes the changes in net position:

Table 2
Changes in Net Position
(in Millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program Revenues:						
Charges for Services	\$ 122.9	\$ 106.0	\$ 162.2	\$ 153.6	\$ 285.1	\$ 259.6
Operating Grants & Contributions	163.7	166.1	-	-	163.7	166.1
Capital Grants & Contributions	69.8	37.5	7.5	1.9	77.3	39.4
General Revenues:						
Property Taxes	544.0	552.0	-	-	544.0	552.0
Other Taxes	270.0	274.8	-	-	270.0	274.8
Other	79.4	74.2	0.6	0.7	80.0	74.9
Total Revenues	<u>1,249.8</u>	<u>1,210.6</u>	<u>170.3</u>	<u>156.2</u>	<u>1,420.1</u>	<u>1,366.8</u>
Expenses:						
Legislative	1.2	1.3	-	-	1.2	1.3
Executive	2.5	2.6	-	-	2.5	2.6
Law	3.9	3.7	-	-	3.9	3.7
Finance	18.5	18.0	-	-	18.5	18.0
Human Resources	10.5	9.9	-	-	10.5	9.9
Judicial	56.2	53.4	-	-	56.2	53.4
Health	3.1	2.9	-	-	3.1	2.9
Police	98.9	94.3	-	-	98.9	94.3
Human Services	110.3	108.9	-	-	110.3	108.9
Public Works	201.6	197.2	-	-	201.6	197.2
Parks & Recreation	46.9	44.5	-	-	46.9	44.5
Library	17.8	16.1	-	-	17.8	16.1
Planning	9.8	9.4	-	-	9.8	9.4
Agriculture	0.9	0.9	-	-	0.9	0.9
Economic Development	1.5	0.9	-	-	1.5	0.9
Convention & Visitor Bureau	22.0	24.3	-	-	22.0	24.3
Communication & Information Technology	35.3	28.5	-	-	35.3	28.5
Emergency Communication & Citizen	8.9	8.6	-	-	8.9	8.6
Boards and Commissions	28.2	28.2	-	-	28.2	28.2
Fire	52.6	49.3	-	-	52.6	49.3
Management Services	1.5	1.6	-	-	1.5	1.6
Education	376.4	371.8	-	-	376.4	371.8
Housing & Neighborhood Preservation	26.2	27.1	-	-	26.2	27.1
Museums	10.3	9.6	-	-	10.3	9.6
Emergency Medical Services	10.1	8.9	-	-	10.1	8.9
Strategic Growth Area	1.3	0.9	-	-	1.3	0.9
General Government	1.7	2.7	-	-	1.7	2.7
Water & Sewer	-	-	107.5	103.1	107.5	103.1
Storm Water	-	-	19.6	16.6	19.6	16.6
Development Authority	-	-	10.2	11.2	10.2	11.2
Parking	-	-	1.9	1.7	1.9	1.7
Interest on Long-Term Debt	32.3	35.5	-	-	32.3	35.5
Total Expenses	<u>1,190.4</u>	<u>1,161.0</u>	<u>139.2</u>	<u>132.6</u>	<u>1,329.6</u>	<u>1,293.6</u>
Excess Before Transfers	59.4	49.6	31.1	23.6	90.5	73.2
Transfers	(17.6)	(15.3)	17.6	15.3	-	-
Change in Net Position	<u>41.8</u>	<u>34.3</u>	<u>48.7</u>	<u>38.9</u>	<u>90.5</u>	<u>73.2</u>
Net Position – Beginning	2,672.4	2,638.1	946.2	907.3	3,618.6	3,545.4
Net Position – Ending	<u>\$ 2,714.2</u>	<u>\$ 2,672.4</u>	<u>\$ 994.9</u>	<u>\$ 946.2</u>	<u>\$ 3,709.1</u>	<u>\$ 3,618.6</u>

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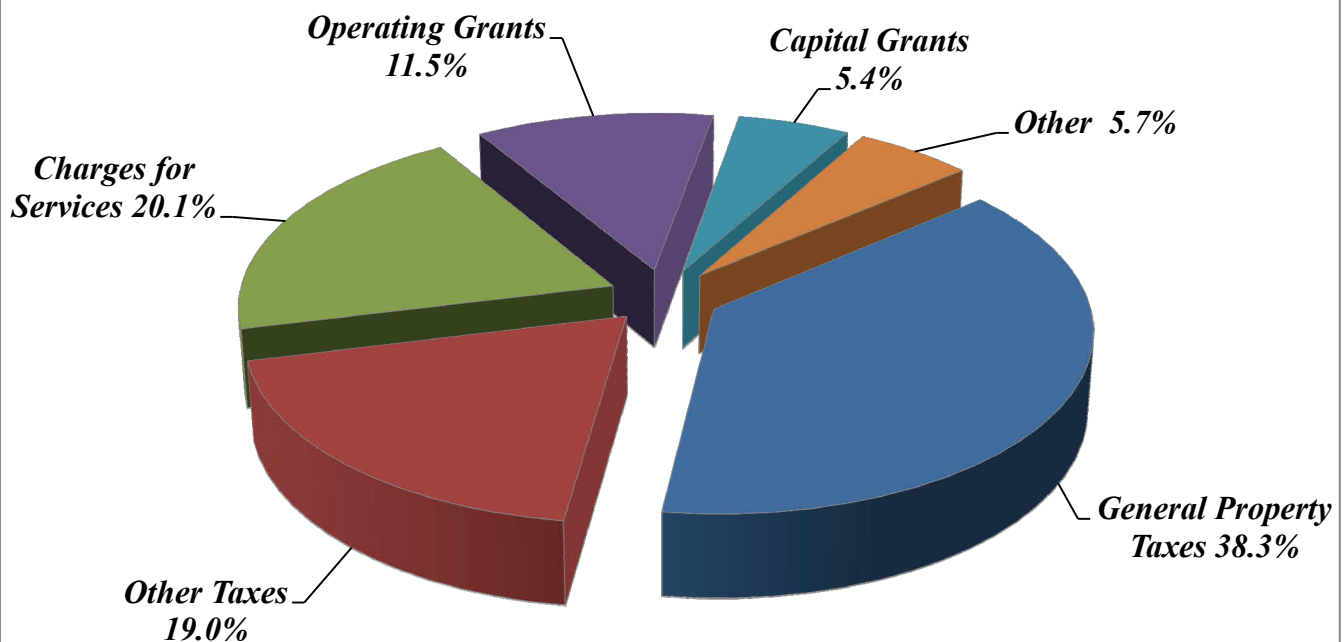
Revenues

The City's total revenues were \$1,420.3 million, a \$53.5 million or 3.9% increase over prior year. Increases in the waste management fee (113.6%), sewer rate monthly charges (11.7%), and storm water charge per ERU (13.7%) account for this change. The waste management fee was increased to fully cover delivery of services. The largest revenue sources for the City are property taxes at 38.3%, charges for services at 20.1%, and other taxes (e.g. sales, utility, business license, meal, and lodging) at 19.0%. Capital and operating grants and contributions, 17.0% of revenues, show an increase of \$35.5 million (17.3%) from prior year due increased lane miles recorded as contributed roadways.

Program revenues are derived from the program itself and reduce the cost of the function of the City. For *governmental activities*, total program revenues were \$356.4 million, an increase of \$46.8 million from prior year. General revenues, all other revenues besides program revenues, totaled \$893.4 million. This represents a decrease of \$7.4 million over prior year, mainly the result of lower real estate tax revenues. For the current fiscal year, the City decreased its real estate tax rate, from \$0.95 to \$0.93 per \$100 of assessed valuation in part to offset the increase the waste management fee increase. The tax rate on personal property of \$3.70 per \$100 of assessed valuation remained unchanged.

Business-type activities generated program and general revenues of \$170.3 million, primarily from charges for services (\$162.2 million).

Figure 2: Revenues by Source - Primary Government as of June 30, 2014



Expenses

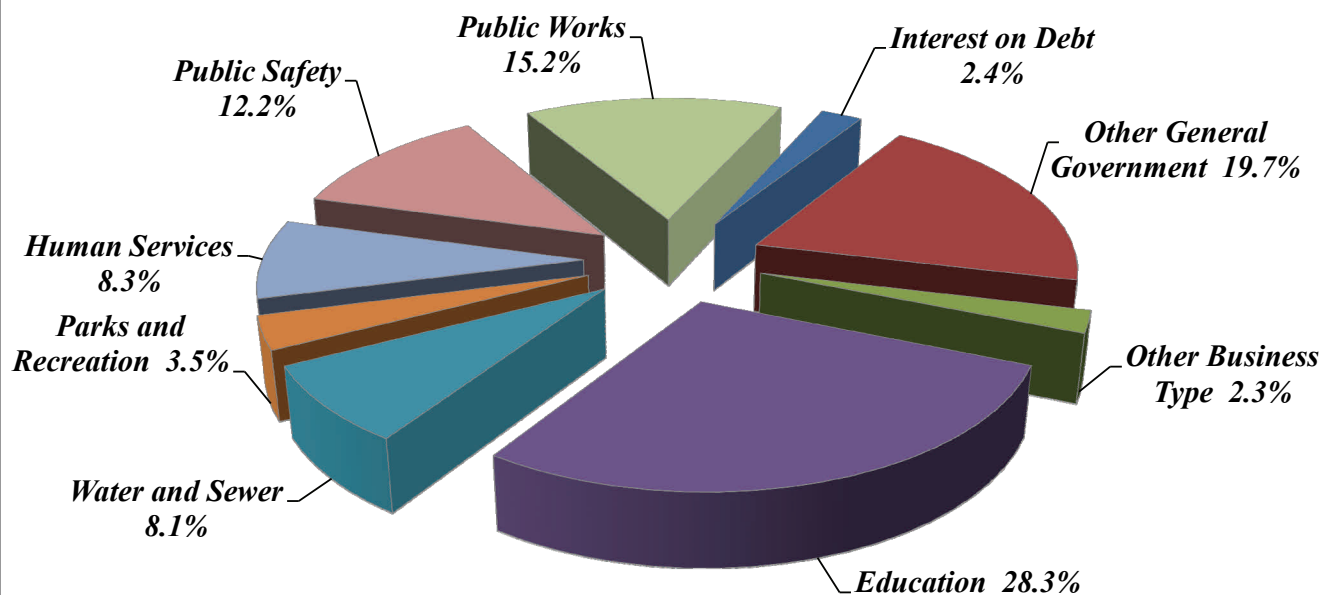
Total cost of all programs and services was \$1,329.6 million, a \$36.0 million or 2.8% increase over prior year. The City's expenses cover a range of services, which as a percent of total include: education at 28.3%, public safety (police, fire, and emergency medical services) at 12.2%, and public works at 15.2%.

Expenses for governmental activities totaled \$1,190.4 million, an increase of \$29.4 million over prior year primarily due to additional City support towards education, salary increases totaling 3% (1% is the state mandated VRS increase for full-time employees and a 2% general increase), and increases in expenditures for Communication & Information Technology due to additional depreciation resulting from the capitalization of major technology items. Other general government operating departments experienced only slight variations in spending over the previous fiscal year.

Education continues to be one of the City's highest priorities and commitments. The City's funding for education totaled \$376.4 million (net of the adjustment to account for the tenancy in common legislation) and it represents 47.2% of the total School's revenues (exhibit 41). The City's expenses towards education increased by 1.2% from prior year.

Expenses for the City's business-type activities totaled \$139.2 million, and includes expenses related to water, sewer, and storm water utility services as well as parking operations and economic development.

Figure 3: Expenses - Primary Government as of June 30, 2014



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental funds

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

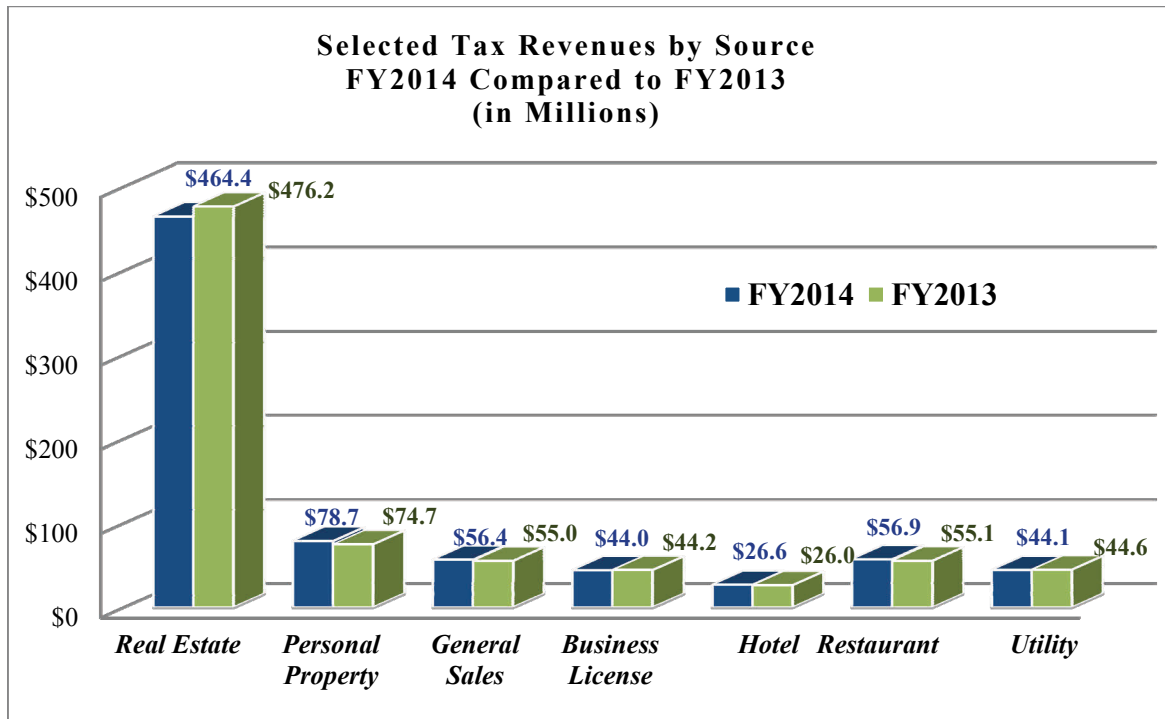
The total fund balance for the governmental funds at the end of the fiscal year was \$542.7 million, an increase of \$7.1 million from prior fiscal year. This change is a combination of decreases in fund balances of \$17.0 million in the general fund and \$2.5 million in other governmental funds offset by an increase in fund balance for the capital projects' fund of \$26.6 million. Decreases in the fund balances for the general fund and other governmental funds were the combined result of decreases in taxes and fees and increases in city-wide personnel and health care costs.

At the end of the fiscal year, the classification of total governmental fund balances was as follows:

- ◆ \$7.5 million or 1.4% is nonspendable consisting in the City's loans receivable and investment in inventories.
- ◆ \$42.2 million or 7.8% is restricted, which can be spent only for the specific purposes stipulated by external providers, such as grantors or restricted through legislation. This amount includes debt service costs (\$27.0 million); federal and state grants in housing programs (\$6.8 million) and other City programs (\$4.0 million), seized forfeited assets (\$3.6 million); and special service districts (\$0.8 million).
- ◆ \$338.1 million or 62.3% is committed, which can only be used only for the specific purposes imposed by the formal action of City Council. Included in committed fund balance is the funding for the capital improvement program (\$279.3 million), parks and recreation activities (\$14.1 million), education (\$16.6 million), agriculture reserve program activities (\$12.1 million), tax increment financing (\$10.5 million), and other smaller amounts in the nonmajor special revenue funds.
- ◆ \$59.4 million or 10.9% is assigned, which applies to amounts that are intended for specific purposes but do not meet the criteria to be classified as restricted or committed. The assigned amounts include \$29.7 million to be used in next year's capital program and \$14.2 million for education.
- ◆ \$95.5 million or 17.6% is unassigned, which is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications.

Items to be noted include:

- ◆ Real estate taxes of \$464.4 million decreased by \$11.8 million from prior year. Real estate revenues are the City's single largest revenue source and comprised 38.6% of total revenues received for the year. As mentioned earlier, City Council approved an decrease in the real estate tax rate, from \$0.95 to \$0.93 per \$100 of assessed valuation to offset the increase in the waste management fees.
- ◆ Revenues recorded for personal property taxes were higher than prior year by \$4.0 million. The tax rate on personal property of \$3.70 per \$100 of assessed valuation remains the same as prior years. The City continues to receive PPTRA (personal property tax relief program) reimbursements from the state of \$53.4 million, which are reported as state revenues.
- ◆ Other Taxes revenue category, which includes taxes on general sales, utility purchases, cigarettes, hotel rooms, restaurant meal, amusement, business licenses, deeds, wills, and automobile licenses totaled \$271.9 million. This represents an \$1.8 million increase over the previous year.



- ◆ Federal and state funding of \$237.6 million, 19.8% of total revenues received, decreased \$3.0 million from prior year.
- ◆ Charges for services increased by \$24.2 million over prior year in part due to increases in the waste management fees. This fee increased as part of the City's strategy to place the burden of paying for specific services on the users who benefit directly from those services. The waste management special revenue fund accounts for the annual operating expenses of the waste management functions, including recycling activities, waste collection, and disposal at the landfill.
- ◆ City employees received a total of 3% increase (1% is the state mandated VRS increase for full-time employees and a 2% general increase). Health insurance cost increases are attributable to increased utilization and compliance with the Federal Affordable Care Act.
- ◆ Fund balances of the special revenue funds had a net decrease of \$2.5 million. Most of the changes were in the Sheriff's Department (\$1.9 million decrease), Parks and Recreation (\$1.0 million increase), and Waste Management (\$1.9 million decrease).
- ◆ The capital projects fund reported \$184.1 million in expenditures. Revenues received in this fund from the federal and state governments were \$10.1 million and \$11.2 million, respectively, which were mostly in support of transportation projects. General Obligation Public Improvement and Public Facility Revenue bonds and premiums totaling \$124.9 million were issued in support of general government capital projects. The capital projects fund received cash funding totaling \$55.4 million from the general fund and other special revenue funds.

Proprietary funds

The City's proprietary fund statements offer short and long-term financial information about the activities that the government operates as a business, such as the water and sewer system, storm water, parking, and development authority funds. These statements provide the same type of information found in the government-wide financial statements, but in more detail. The ending net position for the proprietary funds totals \$996.2 million. Notable items are as follows:

- ◆ The water and sewer fund's net position increased by \$19.4 million, continuing to reflect strong financial management. Increases in charges for services of \$5.5 million reflect a 11.7% increase in the monthly sewer charge which will help address compliance with federal consent order.
- ◆ The net position for the storm water fund increased by \$18.0 million. Increases in charges for services of \$4.3 million reflect a 13.7% increase in the rate per Equivalent Residential Units. The rate increase will provide funding to continue addressing backlogs in the areas of flood control and water quality over the next several years.
- ◆ The net position for the development authority, which is the City's blended component unit, increased by \$6.0 million.
- ◆ The parking business activity reported a decrease of \$0.5 million in net position.

GENERAL FUND BUDGETARY HIGHLIGHTS

The following is a brief review of the budgetary changes from the original to the final budget (See budget to actual comparison in Exhibit 5):

- ◆ General fund departments continue to manage their budgets and expended \$45.3 million less than appropriated.
- ◆ The assigned fund balance for the general fund includes the planned use of fund balance for one time commitments, \$2.0 million for school operations and \$25.0 million for the capital projects fund for the next fiscal year.
- ◆ Final budget amounts were often greater than original amounts due to the re-appropriation of prior year encumbrances which were completed in the current fiscal year. At year-end, only Communication and Information Technology had a significant encumbrance (\$1.9 million) for annual maintenance contracts and future programs.
- ◆ Significant positive variances were the result of the following:
 - ⇒ Human Services (\$6.8 million or 6.3%) - due to lower expenditures (\$4.1 million) incurred for Foster Care children programs.
 - ⇒ Communication and Information Technology (\$3.2 million or 12.6%) - savings of \$1.9 million were due to delays in starting technology projects and purchases of computers and contractual services deferred until the following year.
 - ⇒ Education (\$15.6 million or 4.4%) - unexpended general fund funding which was returned at year-end.
 - ⇒ At the end of the fiscal year, unassigned fund balance for the general fund was \$96.1 million or 9.5% of next fiscal year's revenues, and is within City Council policy.

CAPITAL ASSETS

During the current fiscal year, the City's investment in capital assets increased by \$112.1 million, or 2.7%, to a total of \$4,328.4 million (Table 3). This investment includes a broad range of capital assets (e.g. land, equipment, buildings, park facilities, roads, bridges, water and sewer lines, and construction in progress).

Major capital projects completed and placed in service during the year included:

- ◆ Thalia Fire and Rescue Station (\$8.9 million). This project constructed a 24,500 square feet fire and rescue station to replace the original station built in 1952. This station will also house the Fire Marshall and District Chiefs.
- ◆ Oceana and Interfacility Traffic Area Conformity and Acquisition (\$8.0 million). This project is part of the six-year program to protect the Oceana Naval Air Station from encroaching development (BRAC) by funding purchases of land or interest in land to facilitate the conversion of non-conforming property uses under the Navy's Office of the Chief of Naval Operations to conforming uses in the Accident Potential Zone 1. Funding for this project is split 50/50 with the state.
- ◆ Police Special Operations Forensics Evidence Complex (\$7.7 million). This project provided a 32,000 square feet replacement facility at the City complex for the Police Department's Special Operations, Forensics, and Property and Evidence.
- ◆ Princess Anne Road/Kempsville Road Intersection Improvements (\$6.9 million). This project provided funding for the study, design, and reconstruction of the intersection of these major roads to increase the capacity of intersection to meet future demands and eliminate congestion problems.
- ◆ Virginia Lifelong Learning Center (\$6.5 million). This project provided the construction of a joint-use library of approximately 120,000 square feet through a partnership between the City and the Commonwealth of Virginia's Tidewater Community College.
- ◆ Strategic Growth Area (SGA) Program (\$6.5 million). This project provided planning and design services to build or replace public infrastructure improvements and acquire property as needed in order to support implementation of the eight SGA plans. The SGA projects were created as a means to implement the goals and vision set forth in the City's Comprehensive Plan. These projects are designed to involve stakeholders in the affected neighborhoods and communities in the planning and design activities, and to accelerate quality development.
- ◆ Communication infrastructure replacement (\$6.1 million). This project replaced various safety communication infrastructure equipment associated with receiving, dispatching transponding, and answering public safety calls.
- ◆ Chesapeake Beach Fire and Rescue Station (\$5.6 million). This project replaced the 9,760 square feet facility with a more efficient 14,000 square feet facility.

For detailed information on the City's capital asset activity, please refer to note 5 to the financial statements.

Table 3
Capital Assets
(in Millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Non-Depreciable Assets:						
Land	\$ 990.9	\$ 962.2	\$ 165.7	\$ 165.2	\$ 1,156.6	\$ 1,127.4
Agriculture Reserve Program	41.5	41.2	-	-	41.5	41.2
Construction in Progress	124.7	101.0	11.2	17.0	135.9	118.0
Other Capital Assets:						
Infrastructure	2,097.3	2,030.8	-	-	2,097.3	2,030.8
Buildings*	1,070.2	1,032.6	105.9	105.2	1,176.1	1,137.8
Machinery and Equipment*	265.1	249.1	38.6	34.5	303.7	283.6
Utility System	-	-	1,209.9	1,158.9	1,209.9	1,158.9
Improvements	280.5	277.3	1.5	1.5	282.0	278.8
Less: Accumulated Depreciation*	(1,583.2)	(1,496.0)	(491.4)	(464.2)	(2,074.6)	(1,960.2)
Totals	<u>\$ 3,287.0</u>	<u>\$ 3,198.2</u>	<u>\$ 1,041.4</u>	<u>\$ 1,018.1</u>	<u>\$ 4,328.4</u>	<u>\$ 4,216.3</u>

* Beginning balances were restated to reflect the addition or removal of fully depreciated assets in governmental activities.

(continued)

- ◆ Water Pump Station and Tank Upgrade (\$7.9 million). This project provided funding for engineering study, design, and construction related to upgrade and rehabilitation of existing and construction of new water systems.
- ◆ Sewer Pump Station modifications (\$5.8 million). This project provided funding to upgrade or replace pump stations experiencing hydraulic and mechanical problems and stations subjected to corrosion and odor problems.
- ◆ Various sanitary sewer pump stations rehabilitation (\$3.20 million). This project provided funding for design, renewal and replacement of deteriorated sanitary sewer lines which permitted significant inflow or infiltration of surface or groundwater into the wastewater
- ◆ Storm water infrastructure rehabilitation (\$4.0 million). This project provided for the inspection, design, evaluation, and rehabilitation of storm water infrastructure throughout the City with emphasis in neighborhoods which reported storm water system needs.

Construction in progress expenditures for the fiscal year totaled \$184.1 million for general government, \$30.3 million for water and sewer, and \$15.1 million for storm water projects. Major expenditures include funding for construction of Nimmo Parkway four-lane divided roadway between Holland Road and General Booth Boulevard (\$24.4 million), modernization of the Bow Creek Recreation Center (\$12.3 million), and acquisition of several parcels of land as part of the six-year program to protect the Oceana Naval Air Station from encroaching development (\$8.0 million).

LONG TERM DEBT

At the end of the current fiscal year, the City had \$1,287.9 million in bonds and notes outstanding and \$194.7 million in other liabilities for a total of \$1,482.6 in long term liabilities (Table 4).

The state constitution limits the amount of general obligation debt a governmental entity may issue to 10% of the total assessed value of real property. At the end of the fiscal year, the City's assessed value of real property was \$49.6 billion, which makes the City's debt less than the current debt limitation of \$5.0 billion.

For detailed information on the City's long-term liabilities, please refer to note 6 to the financial statements.

Table 4
Long Term Liabilities
(in Millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
General Obligation Bond	\$ 667.4	\$ 640.5	\$ -	\$ 0.2	\$ 667.4	\$ 640.7
Public Facility Revenue Bonds	258.9	251.6	89.3	75.6	348.2	327.2
Revenue Bonds	-	-	226.4	190.4	226.4	190.4
State Literary Fund Loans	3.5	4.1	-	-	3.5	4.1
Agriculture Reserve Program	41.5	41.2	-	-	41.5	41.2
Williams Farm Property	-	0.2	-	-	-	0.2
Revenue Note	-	-	0.9	0.9	0.9	0.9
Sub-total	971.3	937.6	316.6	267.1	1,287.9	1,204.7
Other Long-Term Liabilities:						
Premium/Discount on Bonds Sold	83.8	78.4	9.2	5.6	93.0	84.0
Accrued Compensated Leave	43.0	41.2	3.7	3.6	46.7	44.8
Estimated Claims & Judgments	25.5	25.5	-	-	25.5	25.5
Landfill Closure & Post-closure Care	29.5	26.8	-	-	29.5	26.8
Totals	<u>\$ 1,153.1</u>	<u>\$ 1,109.5</u>	<u>\$ 329.5</u>	<u>\$ 276.3</u>	<u>\$ 1,482.6</u>	<u>\$ 1,385.8</u>

(continued)

For the fifth year in a row, the City obtained the highest possible bond rating of Triple-A from the three major ratings agencies, Fitch, Moody's and Standard & Poor's. Continuing to benefit from these outstanding credit ratings, the City was able to obtain an extremely low interest rate of 2.9% when it issued \$85.1 million in new General Obligation Public Improvement Bonds. The bonds proceeds were used to support the construction of Nimmo Parkway, Phase V-A, the new Kellam High School, and various other City and School projects. The City also issued \$45.0 million in Public Facility Revenue Bonds (PFRB), and refinanced \$20.3 million, to achieve debt service savings of \$1.9 million over the next 11 years. PFRB proceeds were used to fund several capital projects such as the modernization of the Bow Creek Community Recreation Center, improvements to the Laskin Road Gateway, construction of the Block 11 garage at Town Center, and improvements to reduce energy costs in school buildings. In addition, the City issued \$44.8 million in Water and Sewer System Revenue Bonds to finance acquisitions, improvements, extensions, additions, and replacements to the utility system.

Estimated claims and judgments reflect estimated unpaid losses and ALAE (allocated loss adjustment expenses) as of the end of the year. The projected liability by line of business consists of 92.0% for workers compensation, 4.0% for general liability, and 4.0% for automobile liability.

Landfill closure and post-closure care liability increased \$2.7 million during the year due to inclusion of additional 19 acres of capping in the projected liability. Previous estimate did not include Cell 2A which receives a small amount of waste but is now required to be included in the estimate.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City's strong financial management and conservative budgeting practices allow the City to continue its commitment to the citizens of Virginia Beach during challenging economic times. During the fiscal year, the City's economic performance improved during the fiscal year. In September 2014, the *unemployment rate* was 5.1% for Virginia Beach, 5.2% for the state, and 5.7% for the U.S. Although the rates for Virginia Beach shows a slight decrease from prior year (5.2%), it is significantly lower than other cities in Hampton Roads. The Virginia Employment Commission Community Profile for Virginia Beach predicts annual employment growth in the short-term of 1.3% and nearing 1.5% in the long term through 2020.

The per capita income for Virginia Beach was \$49,898 in 2012 (most recent information available), which was 2.4% greater than the per capita income for the state at \$48,715, and 12.9% greater than the nation's at \$44,200 (U.S. Bureau of Economic Analysis). The Virginia Beach median household income in 2013 increased 2.0% to \$62,855 from 2012; however, it is greater than the national median household income by 20.3%.

Retail sales in Virginia Beach increased 2.4% in 2013, and sales in the first six months of 2014 were up 1.0% over the first six months of 2013. In August of 2014, the Consumer Confidence Index recorded a second consecutive reading of over 90, but declined to 83.7 in September.

Tourism is a major industry for the City of Virginia Beach. It is one of the most popular tourist destination of the East Coast, hosting nearly 6 million overnight visitors annually. Virginia Beach achieved another record year for tourism for fiscal 2013-14 and has seen increases every year since 2009, despite sequestration and the declines in the national economy during the previous few years. Hotel and restaurant sales for the fiscal year were the highest on record. For the last three calendar years, Virginia Beach has increased the number of jobs supported by tourism.

Significant factors considered in preparing the City's budget for the 2014-15 fiscal year include the following:

- ♦ The 2014-15 combined operating budgets for City and Schools total \$1.8 billion, representing a 2.8% overall increase over the 2013-14 adjusted budget. The total budget supports \$969.8 million in City programs and \$860.6 million in School programs. The funding provided by the City to the School system totals \$392.0 million and includes \$19.9 million of dedicated real estate tax and \$2 million from fund balance. Schools receive four of the six cent of the real estate tax rate increase adopted in the 2012-13 fiscal year. The City allocates funding to Schools via a revenue sharing formula.

- ◆ After five consecutive years of decline, real estate assessments are increasing 3.6% in fiscal year 2014-15. There is no change to the real estate tax rate which is \$0.93 per \$100 of assessed value.
- ◆ The 2014-15 budget adopted the following changes:
 - ⇒ Personal property tax increase of \$0.30, which brings the tax rate to \$4.00 per \$100 of value, dedicated to critical public safety projects. This rate has not changed since FY95, when it was lowered to \$3.70, and is still the lowest of all seven large cities in Hampton Roads.
 - ⇒ Storm water fee increase from \$0.416 to \$0.433 per equivalent residential unit, which is expected to generate \$1.5 million to cover regulatory mandates from the state.
 - ⇒ Sanitary sewer rates increases from \$27.76 to \$30.81 per month. This is the 4th year of a previously approved 4-year stepped increase and is expected to address the federal consent decree.
 - ⇒ Various small increases in fees for the services provided by several department such as Fire, Parks and Recreation, Planning, and Strategic Growth Area.
- ◆ The adopted general fund budget for 2014-15 of \$1.0 billion shows a 2.8% increase from the adopted 2013-14 budget. The primary revenue source, property taxes, is budgeted at \$580.4 million compared to \$565.7 million in prior year.
- ◆ The fiscal year 2015-2020 Capital Improvement Program (CIP) adopted by City Council in May 2013, established a six year programmed funding totaling \$1.1 billion. The program provides scheduled funding for the construction of projects for utilities (\$334.8 million), schools (\$219.5 million), roadways (\$162.5 million), and general government (\$359.3 million) such as acquisition of major equipment and computer systems, buildings, parks and recreation, and economic development.

REQUEST FOR INFORMATION

This report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City's Finance Department, City of Virginia Beach, Municipal Center, Virginia Beach, Virginia 23456, telephone 757-385-4508, or visit the City's web site at www.vbgov.com.

BASIC FINANCIAL STATEMENTS

CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF NET POSITION
JUNE 30, 2014

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	Community Development Corporation
<u>ASSETS</u>					
Cash and Investments	\$ 168,230,707	\$ 125,579,539	\$ 293,810,246	\$ 128,669,041	\$ 1,214,220
Restricted Cash & Cash Equivalents	377,265,843	99,593,234	476,859,077	-	-
Receivables (net)	55,356,155	26,431,887	81,788,042	776,988	3,275,703
Due from Other Governments	76,522,233	3,327,129	79,849,362	22,864,879	323,028
Internal Balances	(22,518,017)	22,518,017	-	-	-
Inventories	1,381,602	2,139,701	3,521,303	754,794	821,621
Other Assets	449,234	-	449,234	805,712	1,189,783
Land Held for Resale	-	21,453,459	21,453,459	-	-
Capital assets (net of accumulated depreciation):					
Land and Improvements	1,032,382,713	165,696,894	1,198,079,607	39,670,603	7,977,302
Buildings and Improvements	836,327,001	77,930,616	914,257,617	380,690,229	18,613,574
Improvements other than Buildings	205,205,942	916,095	206,122,037	25,970,629	-
Machinery and Equipment	87,319,571	11,396,129	98,715,700	41,583,238	42,491
Infrastructure	1,000,992,526	774,314,943	1,775,307,469	-	-
Construction in Progress	124,749,128	11,194,645	135,943,773	5,045,181	-
Total Capital Assets	\$ 3,286,976,881	\$ 1,041,449,322	\$ 4,328,426,203	\$ 492,959,880	\$ 26,633,367
Total Assets	\$ 3,943,664,638	\$ 1,342,492,288	\$ 5,286,156,926	\$ 646,831,294	\$ 33,457,722
<u>DEFERRED OUTFLOWS OF RESOURCES</u>					
Debt refundings resulting in loss transactions	\$ 257,570	\$ 1,069,172	\$ 1,326,742	\$ -	\$ -
<u>LIABILITIES</u>					
Accounts Payable	\$ 53,332,828	\$ 13,534,498	\$ 66,867,326	\$ 13,073,876	\$ 147,664
Accrued Liabilities	12,531,379	5,019,008	17,550,387	63,682,107	134,359
Due to Other Governments	3,118,428	-	3,118,428	87,914	-
Long-term Liabilities:					
Due Within One Year	118,679,207	19,392,185	138,071,392	21,157,697	839,341
Due in More Than One Year	1,034,367,512	310,154,239	1,344,521,751	16,732,630	15,730,726
Total Liabilities	\$ 1,222,029,354	\$ 348,099,930	\$ 1,570,129,284	\$ 114,734,224	\$ 16,852,090
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Debt refundings resulting in gain transactions	\$ 7,714,365	\$ 589,435	\$ 8,303,800	\$ -	\$ -
<u>NET POSITION</u>					
Net Investment in Capital Assets	\$ 2,273,830,446	\$ 716,074,522	\$ 2,989,904,968	\$ 492,959,880	\$ 10,917,859
Restricted for:					
Capital Projects	229,852,093	64,801,139	294,653,232	-	-
Future Debt Service	27,007,203	43,833,211	70,840,414	-	-
Special Projects	15,184,741	-	15,184,741	37,810,688	-
Water and Sewer Fund Operations	-	120,910,028	120,910,028	-	-
Storm Water Fund Operations	-	20,004,113	20,004,113	-	-
Unrestricted	168,304,006	29,249,082	197,553,088	1,326,502	5,687,773
Total Net Position	\$ 2,714,178,489	\$ 994,872,095	\$ 3,709,050,584	\$ 532,097,070	\$ 16,605,632

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

**CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014**

		Program Revenues		
		Charges for	Operating	Capital
	Expenses	Services	Grants and	Grants and
			Contributions	Contributions
Primary Government:				
Governmental Activities:				
Legislative	\$ 1,189,512	\$ -	\$ -	\$ -
Executive	2,498,694	24	-	-
Law	3,937,096	746	-	-
Finance	18,521,840	1,182,543	1,427,552	-
Human Resources	10,479,994	-	-	-
Judicial	56,389,216	3,101,433	22,814,684	-
Health	3,126,176	-	147,579	-
Police	98,885,662	3,472,080	1,192,228	-
Human Services	110,266,430	25,031,069	52,341,738	-
Public Works	201,565,478	44,380,916	39,907,493	48,562,993
Parks & Recreation	46,944,369	15,114,163	3,623,253	-
Library	17,811,215	760,734	264,834	-
Planning	9,788,352	4,496,079	-	-
Agriculture	889,198	55,585	-	-
Economic Development	1,531,524	-	-	-
Convention & Visitor Development	21,970,212	5,484,357	-	-
Communications & Information Technology	35,271,946	1,940,677	-	-
Emergency Communications and Citizen Services	8,948,709	141,747	128,000	-
Boards and Commissions	28,205,251	3,779	81,733	-
Fire	52,577,157	321,580	2,644,285	-
Management Services	1,466,132	-	-	-
Education	376,409,572	-	-	-
Housing & Neighborhood Preservation	26,185,221	2,033,427	20,625,574	-
Museums	10,314,480	7,701,899	1,024,773	-
Emergency Medical Services	10,052,359	11,105	657,164	-
Strategic Growth Area	1,254,362	130,459	-	-
General Government	1,657,913	7,532,896	16,853,873	21,208,681
Interest and Fiscal Charges	32,290,625	-	-	-
Total Governmental Activities	<u>1,190,428,695</u>	<u>122,897,298</u>	<u>163,734,763</u>	<u>69,771,674</u>
Business-type Activities:				
Water and Sewer	107,549,122	122,079,274	-	4,278,235
Stormwater	19,561,223	37,087,519	-	267,597
Development Authority	10,154,302	189,011	-	2,961,298
Parking	1,902,855	2,879,228	-	-
Total Business-type Activities	<u>139,167,502</u>	<u>162,235,032</u>	<u>-</u>	<u>7,507,130</u>
Total Primary Government	<u>\$ 1,329,596,197</u>	<u>\$ 285,132,330</u>	<u>\$ 163,734,763</u>	<u>\$ 77,278,804</u>
Component Units:				
Virginia Beach Community Development Corporation	\$ 5,348,780	\$ 2,960,318	\$ 2,276,587	\$ -
Virginia Beach School Board	794,961,419	15,965,935	143,414,642	-
Total Component Units	<u>\$ 800,310,199</u>	<u>\$ 18,926,253</u>	<u>\$ 145,691,229</u>	<u>\$ -</u>
General Revenues:				
Taxes:				
General Property Taxes - Real Estate and Personal Property				
Sales				
Utility				
Business Licenses				
Meal				
City Tax on Deeds and Wills				
Cigarette				
Automobile Licenses				
Amusement				
Lodging				
Franchise, Bank Stock and Transient Occupancy				
Total City Taxes				
Payment from City of Virginia Beach				
Grants and contributions not restricted to specific programs				
Investment earnings				
Miscellaneous				
Transfers				
Total General Revenues and Transfers				
Change in Net Position				
Net Position - Beginning				
Net Position - Ending				

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

**CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014**

Net (Expenses) Revenues and Changes in Net Position				
Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	School Board	Community Development Corporation
\$ (1,189,512)	\$ -	\$ (1,189,512)	\$ -	\$ -
(2,498,670)	-	(2,498,670)	-	-
(3,936,350)	-	(3,936,350)	-	-
(15,911,745)	-	(15,911,745)	-	-
(10,479,994)	-	(10,479,994)	-	-
(30,473,099)	-	(30,473,099)	-	-
(2,978,597)	-	(2,978,597)	-	-
(94,221,354)	-	(94,221,354)	-	-
(32,893,623)	-	(32,893,623)	-	-
(68,714,076)	-	(68,714,076)	-	-
(28,206,953)	-	(28,206,953)	-	-
(16,785,647)	-	(16,785,647)	-	-
(5,292,273)	-	(5,292,273)	-	-
(833,613)	-	(833,613)	-	-
(1,531,524)	-	(1,531,524)	-	-
(16,485,855)	-	(16,485,855)	-	-
(33,331,269)	-	(33,331,269)	-	-
(8,678,962)	-	(8,678,962)	-	-
(28,119,739)	-	(28,119,739)	-	-
(49,611,292)	-	(49,611,292)	-	-
(1,466,132)	-	(1,466,132)	-	-
(376,409,572)	-	(376,409,572)	-	-
(3,526,220)	-	(3,526,220)	-	-
(1,587,808)	-	(1,587,808)	-	-
(9,384,090)	-	(9,384,090)	-	-
(1,123,903)	-	(1,123,903)	-	-
43,937,537	-	43,937,537	-	-
(32,290,625)	-	(32,290,625)	-	-
(834,024,960)	-	(834,024,960)	-	-
-	18,808,387	18,808,387	-	-
-	17,793,893	17,793,893	-	-
-	(7,003,993)	(7,003,993)	-	-
-	976,373	976,373	-	-
-	30,574,660	30,574,660	-	-
<u>\$ (834,024,960)</u>	<u>\$ 30,574,660</u>	<u>\$ (803,450,300)</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ (111,875)
-	-	-	(635,580,842)	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (635,580,842)</u>	<u>\$ (111,875)</u>
\$ 543,960,594	\$ -	\$ 543,960,594	\$ -	\$ -
55,990,140	-	55,990,140	-	-
42,665,494	-	42,665,494	-	-
43,657,877	-	43,657,877	-	-
57,041,072	-	57,041,072	-	-
6,377,834	-	6,377,834	-	-
12,073,540	-	12,073,540	-	-
9,421,028	-	9,421,028	-	-
6,247,637	-	6,247,637	-	-
26,252,617	-	26,252,617	-	-
10,231,840	-	10,231,840	-	-
813,919,673	-	813,919,673	-	-
-	-	-	392,169,735	-
53,412,868	-	53,412,868	245,481,983	-
3,557,973	522,661	4,080,634	145,635	220,509
22,454,268	21	22,454,289	530,505	405,446
(17,580,646)	17,580,646	-	-	-
875,764,136	18,103,328	893,867,464	638,327,858	625,955
41,739,176	48,677,988	90,417,164	2,747,016	514,080
2,672,439,313	946,194,107	3,618,633,420	529,350,054	16,091,552
<u>\$ 2,714,178,489</u>	<u>\$ 994,872,095</u>	<u>\$ 3,709,050,584</u>	<u>\$ 532,097,070</u>	<u>\$ 16,605,632</u>

**CITY OF VIRGINIA BEACH, VIRGINIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014**

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>				
Cash and Investments	\$ 105,322,590	\$ -	\$ 42,935,165	\$ 148,257,755
Cash and Investments - Restricted	16,616,865	318,452,357	42,196,621	377,265,843
Cash Advances	259,553	-	-	259,553
Receivables (net of allowance for uncollectibles, where applicable):				
Property Tax	28,408,824	-	-	28,408,824
Accounts	1,609,852	-	7,347,704	8,957,556
Loans	6,943,548	-	6,381,665	13,325,213
Due from:				
Other Funds	3,628,091	-	-	3,628,091
Other Governments	68,435,192	3,227,871	4,859,170	76,522,233
Inventories	538,912	-	-	538,912
Total Assets	<u>\$ 231,763,427</u>	<u>\$ 321,680,228</u>	<u>\$ 103,720,325</u>	<u>\$ 657,163,980</u>
<u>LIABILITIES</u>				
Vouchers and Accounts Payable	\$ 26,177,749	\$ 40,085,928	\$ 6,424,282	\$ 72,687,959
Deposits Payable	3,313,198	-	-	3,313,198
Due to Other Funds	-	-	3,628,091	3,628,091
Intergovernmental Payables	637,047	2,335,374	146,007	3,118,428
Unearned Revenue	54,781	-	1,458,689	1,513,470
Total Liabilities	<u>\$ 30,182,775</u>	<u>\$ 42,421,302</u>	<u>\$ 11,657,069</u>	<u>\$ 84,261,146</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable Revenue - Housing Loans	\$ -	\$ -	\$ 493,950	\$ 493,950
Unavailable Revenue - Property Taxes	29,714,077	-	-	29,714,077
Total Deferred Inflows of Resources	<u>\$ 29,714,077</u>	<u>\$ -</u>	<u>\$ 493,950</u>	<u>\$ 30,208,027</u>
<u>FUND BALANCES</u>				
Nonspendable:				
Inventories	\$ 538,912	\$ -	\$ -	\$ 538,912
Loans Receivable	6,943,548	-	-	6,943,548
Restricted for:				
Special Revenue Funds	-	-	14,296,052	14,296,052
Debt Service	-	-	27,007,203	27,007,203
Comprehensive Services Act	892,701	-	-	892,701
Committed to:				
Education	16,616,865	-	-	16,616,865
Special Revenue Funds	-	-	42,218,456	42,218,456
Capital Improvement Program:				
Engineering and Highways	-	123,343,180	-	123,343,180
Buildings	-	17,995,190	-	17,995,190
Parks and Recreation	-	16,165,196	-	16,165,196
Coastal	-	2,080,684	-	2,080,684
Economic and Tourism	-	29,150,606	-	29,150,606
General Government	-	90,524,070	-	90,524,070
Assigned to:				
Communications & Information Technology	1,948,143	-	-	1,948,143
Education	14,199,743	-	-	14,199,743
General Government	33,641,872	-	-	33,641,872
Risk Management	1,000,000	-	-	1,000,000
Special Revenue Funds	-	-	8,601,614	8,601,614
Unassigned	96,084,791	-	(554,019)	95,530,772
Total Fund Balances	<u>\$ 171,866,575</u>	<u>\$ 279,258,926</u>	<u>\$ 91,569,306</u>	<u>\$ 542,694,807</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 231,763,427</u>	<u>\$ 321,680,228</u>	<u>\$ 103,720,325</u>	<u>\$ 657,163,980</u>

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

**CITY OF VIRGINIA BEACH, VIRGINIA
RECONCILIATION OF BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2014**

Total Fund Balances - Governmental funds (Exhibit 3)	\$	542,694,807
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds.		3,285,969,159
Other long-term assets are not available to pay for current period expenditures and therefore are offset by unearned revenue in the governmental funds.		36,198,364
Deferred Inflows and Outflows of Resources used to reflect deferred gains and losses on debt refunding bonds are not reported in the governmental funds.		(5,449,375)
Internal Service Funds are used by management to charge the costs of printing services, risk management, information technology, and city garage to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position. (Exhibit 1)		(5,471,043)
Services provided by the general government to business-type activities are not included in the entity-wide statements. The elimination decreases net position.		(2,109,252)
Internal service fund amounts payable to the general government are eliminated from the Statement of Net Position. However, the amount due from business-type activities for the Internal Service Funds loss charge back is included.		632,332

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

General Obligation Bonds	\$	667,420,231	
State Literary Fund Loans		3,500,000	
Accrued Interest on Bonds Sold		11,526,335	
Agriculture Reserve Strips		41,464,092	
Public Facility Revenue Bonds		258,931,899	
Premium on Bonds Sold		83,780,251	
Compensated Absences (annual and sick leave)		42,196,820	
Landfill Closure and Post-Closure Care		29,466,875	
		(1,138,286,503)	

Total Net Position - Governmental Activities (Exhibit 1)	\$	2,714,178,489
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The accompanying notes are an integral part of the financial statements.

CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES				
General Property Taxes:				
Real Estate property taxes	\$ 428,222,563	\$ -	\$ 36,217,104	\$ 464,439,667
Personal property taxes	78,678,322	-	-	78,678,322
Other Local Taxes	222,932,493	-	48,970,226	271,902,719
Fines and Forfeitures	6,298,625	-	727,879	7,026,504
Permits, Privilege Fees, and Regulatory Licenses	4,715,452	-	-	4,715,452
From Use of Money and Property	5,461,473	397,849	3,422,631	9,281,953
Charges for Services	54,332,704	-	55,731,499	110,064,203
Miscellaneous	4,375,470	8,838,252	4,827,790	18,041,512
From Other Local Governments	98,153	-	-	98,153
From Commonwealth	145,863,452	11,154,341	21,489,412	178,507,205
From Federal Government	18,444,890	10,054,340	30,627,929	59,127,159
Total Revenues	<u>\$ 969,423,597</u>	<u>\$ 30,444,782</u>	<u>\$ 202,014,470</u>	<u>\$ 1,201,882,849</u>
EXPENDITURES				
Current Operating:				
Legislative	\$ 1,184,883	\$ -	\$ -	\$ 1,184,883
Executive	2,528,002	-	-	2,528,002
Law	3,913,804	-	-	3,913,804
Finance	17,367,222	-	-	17,367,222
Human Resources	10,416,987	-	-	10,416,987
Judicial	13,967,384	-	41,490,854	55,458,238
Health	3,113,772	-	-	3,113,772
Police	94,294,014	-	742,343	95,036,357
Human Services	101,656,014	-	8,349,517	110,005,531
Public Works	63,605,392	-	40,978,418	104,583,810
Parks and Recreation	13,276,690	-	35,614,727	48,891,417
Library	17,089,262	-	292,588	17,381,850
Planning	9,284,748	-	6,588	9,291,336
Agriculture	710,080	-	2,679,466	3,389,546
Economic Development	3,018,382	-	-	3,018,382
Convention and Visitor Development	8,856,836	-	43,191,849	52,048,685
Communications and Information Technology	22,121,372	-	128,000	22,249,372
Emergency Communications and Citizen Services	9,033,409	-	-	9,033,409
Boards and Commissions	34,742,684	-	-	34,742,684
Strategic Growth Area	1,223,232	-	-	1,223,232
Fire	45,968,000	-	1,806,858	47,774,858
Management Services	1,481,262	-	-	1,481,262
Development Authority	-	-	736,650	736,650
Education	341,396,530	41,575,329	-	382,971,859
Housing and Neighborhood Preservation	1,863,631	-	24,275,197	26,138,828
Museums	10,200,033	-	25,740	10,225,773
General Government	-	-	7,489,469	7,489,469
Emergency Medical Services	8,628,006	-	872,954	9,500,960
Capital Outlay	-	142,572,128	-	142,572,128
Debt Service:				
Principal Retirement	29,028,433	-	29,364,531	58,392,964
Interest and Fiscal Charges	15,474,757	-	13,639,448	29,114,205
Total Expenditures	<u>\$ 885,444,821</u>	<u>\$ 184,147,457</u>	<u>\$ 251,685,197</u>	<u>\$ 1,321,277,475</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>\$ 83,978,776</u>	<u>\$ (153,702,675)</u>	<u>\$ (49,670,727)</u>	<u>\$ (119,394,626)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ 7,592,690	\$ 55,413,643	\$ 68,848,237	\$ 131,854,570
Transfers Out	(108,929,895)	-	(22,049,200)	(130,979,095)
Issuance of Debt	-	111,248,370	-	111,248,370
Premium on Bonds Sold	335,722	13,641,397	2,118,993	16,096,112
Proceeds of Refunding Bonds	-	-	20,320,000	20,320,000
Payment to Refunding Bonds Escrow Agent	-	-	(22,353,602)	(22,353,602)
Agriculture Reserve Agreement	-	-	270,504	270,504
Total Other Financing Sources (Uses)	<u>\$ (101,001,483)</u>	<u>\$ 180,303,410</u>	<u>\$ 47,154,932</u>	<u>\$ 126,456,859</u>
Net Change in Fund Balance	(17,022,707)	26,600,735	(2,515,795)	7,062,233
Fund Balance at Beginning of Year - As Reclassified	188,889,282	252,658,191	94,085,101	535,632,574
Fund Balance at End of Year	<u>\$ 171,866,575</u>	<u>\$ 279,258,926</u>	<u>\$ 91,569,306</u>	<u>\$ 542,694,807</u>

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

**CITY OF VIRGINIA BEACH, VIRGINIA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014**

Net Change in fund balance - total governmental funds (Exhibit 4)	\$	7,062,233
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Amounts reported for governmental activities in the Statement of Activities (Exhibit 2) are different because:

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This and the net effect of various other transactions involving capital assets increased net position.

General Government Capital Outlay Expenditures	\$	150,549,971	
General Government Expenditures		21,995,724	
Non-Capitalizable Capital Outlay Expenditures		(17,086,862)	
Depreciation on General Government Assets		(101,676,125)	
Contribution of Assets to General Government		48,451,385	
Loss on Disposition of Assets		(14,099,315)	
			88,134,778

Revenues in the fund statements which were subject to accrual in the prior year are additions to beginning net position and, therefore, are not reported as revenues in the Statement of Activities.	639,724
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The issuance of long-term debt provides current financial resources to governmental funds while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(49,936,289)
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Net expenses for Compensated Absences 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.	(1,797,871)
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Internal Service Funds are used by management to charge the costs of fleet management and management systems to individual funds and customers. Losses arising from the internal customers are added as expenditures on the Statement of Activities as charge backs. Revenues and expenditures with outside customers are included also, as are non-operating revenues and expenses. This amount is the effect of reporting internal service funds with governmental activities.	(2,363,399)
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Change in net position of governmental activities (Exhibit 2)	\$	41,739,176
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The accompanying notes are an integral part of the financial statements.

CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2014

	Budget Amounts			Variance
	Original	Final	Actual Amounts	Final Budget Positive (Negative)
REVENUES				
General Property Taxes:				
Real Estate property taxes	\$ 427,074,330	\$ 427,074,330	\$ 428,222,563	\$ 1,148,233
Personal property taxes	85,163,845	85,163,845	78,678,322	(6,485,523)
Other Local Taxes	227,259,823	227,259,823	222,932,493	(4,327,330)
Permits, Privilege Fees, and Regulatory Licenses	4,592,501	4,592,501	4,715,452	122,951
Fines and Forfeitures	5,757,400	6,039,884	6,298,625	258,741
From Use of Money and Property	5,282,570	5,296,820	5,461,473	164,653
Charges for Services	52,766,216	54,854,090	54,332,704	(521,386)
Miscellaneous	7,200,420	5,218,668	4,375,470	(843,198)
From Other Local Governments	253,343	253,343	98,153	(155,190)
From Commonwealth	148,565,474	149,253,583	145,863,452	(3,390,131)
From Federal Government	17,448,209	17,498,209	18,444,890	946,681
Total Revenues	<u>\$ 981,364,131</u>	<u>\$ 982,505,096</u>	<u>\$ 969,423,597</u>	<u>\$ (13,081,499)</u>
EXPENDITURES				
Legislative	\$ 1,097,325	\$ 1,206,507	\$ 1,184,883	\$ 21,624
Executive	2,762,829	2,837,622	2,528,002	309,620
Law	3,995,079	4,186,413	3,913,804	272,609
Finance	17,399,583	18,400,868	17,367,222	1,033,646
Human Resources	10,485,097	10,652,993	10,416,987	236,006
Judicial	13,869,401	14,725,242	13,967,384	757,858
Health	3,122,440	3,175,166	3,113,772	61,394
Police	93,151,147	96,422,200	94,294,014	2,128,186
Human Services	106,720,949	108,455,105	101,656,014	6,799,091
Public Works	64,637,700	66,602,716	63,605,392	2,997,324
Parks and Recreation	13,023,439	13,743,453	13,276,690	466,763
Library	17,578,418	18,438,306	17,089,262	1,349,044
Planning	9,656,699	10,000,503	9,284,748	715,755
Agriculture	784,013	818,618	710,080	108,538
Economic Development	2,771,193	3,468,272	3,018,382	449,890
Convention and Visitor Development	8,902,941	9,062,790	8,856,836	205,954
Communications and Information Technology	23,457,648	25,307,226	22,121,372	3,185,854
Emergency Communications and Citizen Services	10,525,863	10,685,745	9,033,409	1,652,336
Boards and Commissions	35,933,179	37,853,391	34,742,684	3,110,707
Strategic Growth Area	1,141,113	1,320,877	1,223,232	97,645
Fire	45,854,388	47,044,067	45,968,000	1,076,067
Management Services	1,509,081	1,566,649	1,481,262	85,387
Education	354,119,795	356,951,317	341,396,530	15,554,787
Housing and Neighborhood Preservation	1,762,100	1,879,759	1,863,631	16,128
Museums	11,552,874	12,026,647	10,200,033	1,826,614
Emergency Medical Services	8,550,938	8,796,191	8,628,006	168,185
Debt Service:				
Principal Retirement	29,628,432	29,628,432	29,028,433	599,999
Interest and Fiscal Charges	15,455,001	15,455,001	15,474,757	(19,756)
Total Expenditures	<u>\$ 909,448,665</u>	<u>\$ 930,712,076</u>	<u>\$ 885,444,821</u>	<u>\$ 45,267,255</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>\$ 71,915,466</u>	<u>\$ 51,793,020</u>	<u>\$ 83,978,776</u>	<u>\$ 32,185,756</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ 547,124	\$ 7,598,988	\$ 7,592,690	\$ (6,298)
Transfers Out	(106,126,414)	(109,018,082)	(108,929,895)	88,187
Premium on Refunding Bonds Sold	-	-	335,722	335,722
Total Other Financing Sources (Uses)	<u>\$ (105,579,290)</u>	<u>\$ (101,419,094)</u>	<u>\$ (101,001,483)</u>	<u>\$ 417,611</u>
Net Change in Fund Balance	(33,663,824)	(49,626,074)	(17,022,707)	32,603,367
Fund Balance at Beginning of Year - As Reclassified	188,889,282	188,889,282	188,889,282	-
Fund Balance at End of Year	<u>\$ 155,225,458</u>	<u>\$ 139,263,208</u>	<u>\$ 171,866,575</u>	<u>\$ 32,603,367</u>

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

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CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2014

	Business-Type Activities - Enterprise Funds					Governmental Activities
	Water and Sewer	Storm Water	Development Authority	Nonmajor Parking	Total	Internal Service Funds
<u>ASSETS</u>						
Current Assets:						
Cash and Investments	\$ 99,045,685	\$ 15,781,707	\$ 8,019,302	\$ 2,732,845	\$ 125,579,539	\$ 19,972,952
Accounts Receivable - Net	18,184,918	6,004,886	26,248,663	-	50,438,467	1,795
Intergovernmental Receivables	3,327,129	-	-	-	3,327,129	-
Inventory	2,139,701	-	-	-	2,139,701	842,690
Total Current Assets	<u>\$ 122,697,433</u>	<u>\$ 21,786,593</u>	<u>\$ 34,267,965</u>	<u>\$ 2,732,845</u>	<u>\$ 181,484,836</u>	<u>\$ 20,817,437</u>
Noncurrent Assets:						
Cash and Investments - Restricted	\$ 69,513,273	\$ 28,481,826	\$ 1,598,135	\$ -	\$ 99,593,234	\$ -
Land Held for Resale	-	-	21,453,459	-	21,453,459	-
Capital Assets:						
Land	12,971,547	131,395,838	19,954,509	1,375,000	165,696,894	-
Site Improvements	-	-	-	1,457,642	1,457,642	265,782
Buildings	4,232,809	-	101,654,157	-	105,886,966	-
Utility System	1,010,113,901	199,844,845	-	-	1,209,958,746	-
Construction in Progress	7,263,434	3,931,211	-	-	11,194,645	-
Machinery and Equipment	27,067,748	10,930,440	565,065	79,844	38,643,097	5,669,562
Less: Accumulated Depreciation	(410,574,666)	(54,333,614)	(25,858,997)	(621,391)	(491,388,668)	(4,927,622)
Total Capital Assets	<u>\$ 651,074,773</u>	<u>\$ 291,768,720</u>	<u>\$ 96,314,734</u>	<u>\$ 2,291,095</u>	<u>\$ 1,041,449,322</u>	<u>\$ 1,007,722</u>
Total Noncurrent Assets	<u>\$ 720,588,046</u>	<u>\$ 320,250,546</u>	<u>\$ 119,366,328</u>	<u>\$ 2,291,095</u>	<u>\$ 1,162,496,015</u>	<u>\$ 1,007,722</u>
Total Assets	<u>\$ 843,285,479</u>	<u>\$ 342,037,139</u>	<u>\$ 153,634,293</u>	<u>\$ 5,023,940</u>	<u>\$ 1,343,980,851</u>	<u>\$ 21,825,159</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>						
Debt Refundings Resulting in Loss Transactions	\$ -	\$ -	\$ 1,069,172	\$ -	\$ 1,069,172	\$ -
Support and Maintenance	-	-	-	-	-	154,420
Total Deferred Outflows of Resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,069,172</u>	<u>\$ -</u>	<u>\$ 1,069,172</u>	<u>\$ 154,420</u>

	Business-Type Activities - Enterprise Funds					Governmental Activities
	Water and Sewer	Storm Water	Development Authority	Nonmajor Parking	Total	Internal Service Funds
<u>LIABILITIES</u>						
Current Liabilities:						
Vouchers and Accounts Payable	\$ 3,925,770	\$ 546,419	\$ 3,305,230	\$ 109,102	\$ 7,886,521	\$ 1,164,071
Deposits Payable	140,929	-	-	-	140,929	-
Accrued Interest Payable	2,961,855	337,388	1,254,922	-	4,554,165	-
Construction Contracts Payable	3,978,670	1,784,384	-	-	5,763,054	-
Unearned Revenue	306,890	-	17,024	-	323,914	-
Current Portion of Long-term Liabilities	11,110,835	1,622,550	6,641,730	17,070	19,392,185	6,400,763
Total Current Liabilities	\$ 22,424,949	\$ 4,290,741	\$ 11,218,906	\$ 126,172	\$ 38,060,768	\$ 7,564,834
Long-term Liabilities (less current portion)	199,733,440	23,967,414	86,438,591	14,794	310,154,239	19,885,788
Total Liabilities	\$ 222,158,389	\$ 28,258,155	\$ 97,657,497	\$ 140,966	\$ 348,215,007	\$ 27,450,622
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Debt Refundings Resulting in Gain Transactions	\$ -	\$ -	\$ 589,435	\$ -	\$ 589,435	\$ -
<u>NET POSITION</u>						
Net Investment in Capital Assets	\$ 442,991,599	\$ 267,077,678	\$ 3,714,150	\$ 2,291,095	\$ 716,074,522	\$ 1,007,722
Restricted for:						
Capital Projects	40,143,954	24,657,185	-	-	64,801,139	-
Future Debt Service	17,081,509	2,040,008	24,711,694	-	43,833,211	-
Operations	120,910,028	20,004,113	-	-	140,914,141	-
Unrestricted (Deficit)	-	-	28,030,689	2,591,879	30,622,568	(6,478,765)
Total Net Position	\$ 621,127,090	\$ 313,778,984	\$ 56,456,533	\$ 4,882,974	\$ 996,245,581	\$ (5,471,043)
Reconciling Items:						
Elimination of Internal Activities - Indirect Cost					2,174,119	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					(697,199)	
Adjustment to reflect the consolidation of blended component unit activities as an enterprise fund					(2,850,406)	
Total Net Position of Business-type activities (Exhibit 1)					\$ 994,872,095	

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

CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Business-Type Activities - Enterprise Funds					Governmental Activities
	Water and Sewer	Storm Water	Development Authority	Nonmajor Parking	Total	Internal Service Funds
<u>OPERATING REVENUES</u>						
Charges for Services	\$ 114,790,882	\$ 37,029,104	\$ 3,431,096	\$ 2,878,923	\$ 158,130,005	\$ 39,706,124
Insurance Recovery	-	-	-	-	-	229,392
Miscellaneous	951,959	33,167	295,171	-	1,280,297	100
Total Operating Revenues	<u>\$ 115,742,841</u>	<u>\$ 37,062,271</u>	<u>\$ 3,726,267</u>	<u>\$ 2,878,923</u>	<u>\$ 159,410,302</u>	<u>\$ 39,935,616</u>
<u>OPERATING EXPENSES</u>						
Cost of Goods Sold	\$ 23,188,120	\$ -	\$ -	\$ -	\$ 23,188,120	\$ 11,615,986
Personal Services	21,088,727	6,990,362	-	345,080	28,424,169	6,964,932
Fringe Benefits	7,517,592	2,487,288	-	109,215	10,114,095	2,661,872
Contractual Services	4,857,257	128,647	1,796,583	883,996	7,666,483	2,942,659
Internal Services	2,666,974	1,091,259	-	51,045	3,809,278	868,913
Other Charges	16,827,143	2,915,028	2,460,942	272,576	22,475,689	16,600,179
Leases and Rentals	-	-	-	201,000	201,000	-
Land Structure Maintenance	-	1,754,139	-	-	1,754,139	4,222
Depreciation	24,291,460	4,110,897	2,661,886	36,441	31,100,684	381,561
Total Operating Expenses	<u>\$ 100,437,273</u>	<u>\$ 19,477,620</u>	<u>\$ 6,919,411</u>	<u>\$ 1,899,353</u>	<u>\$ 128,733,657</u>	<u>\$ 42,040,324</u>
<u>OPERATING INCOME (LOSS)</u>	<u>\$ 15,305,568</u>	<u>\$ 17,584,651</u>	<u>\$ (3,193,144)</u>	<u>\$ 979,570</u>	<u>\$ 30,676,645</u>	<u>\$ (2,104,708)</u>

	Business-Type Activities - Enterprise Funds					Governmental Activities
	Water and Sewer	Storm Water	Development Authority	Nonmajor Parking	Total	Internal Service Funds
<u>NONOPERATING REVENUES (EXPENSES)</u>						
From Federal Government	\$ 936,823	\$ 267,597	\$ -	\$ -	\$ 1,204,420	\$ -
Interest Income	404,934	88,253	22,388	7,086	522,661	63,416
Gain (Loss) From Sale of Assets	510,914	23,631	-	305	534,850	(439,945)
Payment Under Support Agreement	-	-	12,192,923	(410,000)	11,782,923	-
Interest and Fiscal Agent Fees	(7,104,439)	(17,408)	(3,181,197)	(282,865)	(10,585,909)	-
City of Norfolk Water Services True Up	3,256,963	-	-	-	3,256,963	-
Total Nonoperating Revenues (Expenses)	<u>\$ (1,994,805)</u>	<u>\$ 362,073</u>	<u>\$ 9,034,114</u>	<u>\$ (685,474)</u>	<u>\$ 6,715,908</u>	<u>\$ (376,529)</u>
<u>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</u>	\$ 13,310,763	\$ 17,946,724	\$ 5,840,970	\$ 294,096	\$ 37,392,553	\$ (2,481,237)
Capital Contributions - Tap Fees and Other	6,060,333	-	110,892	-	6,171,225	-
Transfers In	-	29,019	-	-	29,019	-
Transfers Out	-	-	-	(800,000)	(800,000)	(104,494)
<u>CHANGE IN NET POSITION</u>	\$ 19,371,096	\$ 17,975,743	\$ 5,951,862	\$ (505,904)	\$ 42,792,797	\$ (2,585,731)
Total Net Position at Beginning of Year - Restated	<u>601,755,994</u>	<u>295,803,241</u>	<u>50,504,671</u>	<u>5,388,878</u>		<u>(2,885,312)</u>
Total Net Position at End of Year	<u>\$ 621,127,090</u>	<u>\$ 313,778,984</u>	<u>\$ 56,456,533</u>	<u>\$ 4,882,974</u>		<u>\$ (5,471,043)</u>
Reconciling Items:						
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.					(222,232)	
Adjustment to reflect the consolidation of blended component unit activities as an enterprise fund					6,107,423	
Change in Net Position of Business-type activities (Exhibit 2)					<u>\$ 48,677,988</u>	

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

CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Business-Type Activities - Enterprise Funds					Governmental Activities
	Water and Sewer	Storm Water	Development Authority	Nonmajor Parking	Total	Internal Service Funds
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>						
Receipts from Customers and Users	\$ 114,693,264	\$ 36,372,820	\$ 3,391,772	\$ 2,878,923	\$ 157,336,779	\$ 39,935,264
Receipts from (Payments for) Interfund Services Provided	(3,247,989)	-	(457,159)	-	(3,705,148)	-
Other Operating Cash Receipts	951,959	33,167	33,720	-	1,018,846	100
Cash Payments to Suppliers of Goods and Services	(47,072,855)	(5,481,053)	(4,139,500)	(1,427,802)	(58,121,210)	(32,439,214)
Cash Payments to Employees for Services	(28,483,862)	(9,522,845)	-	(442,215)	(38,448,922)	(9,638,510)
Net Cash Provided (Used) By Operating Activities	<u>\$ 36,840,517</u>	<u>\$ 21,402,089</u>	<u>\$ (1,171,167)</u>	<u>\$ 1,008,906</u>	<u>\$ 58,080,345</u>	<u>\$ (2,142,360)</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>						
Receipts from Other Funds	\$ -	\$ 29,019	\$ -	\$ -	\$ 29,019	\$ -
City of Norfolk Water Services True Up	3,256,963	-	-	-	3,256,963	-
Payments Under Support Agreement	-	-	-	(692,865)	(692,865)	-
Payments to Other Funds	-	-	-	(800,000)	(800,000)	(104,494)
Net Cash Provided (Used) By Noncapital Financing Activities	<u>\$ 3,256,963</u>	<u>\$ 29,019</u>	<u>\$ -</u>	<u>\$ (1,492,865)</u>	<u>\$ 1,793,117</u>	<u>\$ (104,494)</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>						
Capital Contributions	\$ 2,883,217	\$ -	\$ 12,192,923	\$ -	\$ 15,076,140	\$ -
Interest Paid on Long-term Debt	(5,893,066)	(1,030,743)	(3,588,909)	-	(10,512,718)	-
Acquisition and Construction of Capital Assets	(31,821,509)	(16,908,259)	-	-	(48,729,768)	(212,462)
Proceeds from Sale of Bonds	44,845,000	-	-	-	44,845,000	-
From Federal Government	936,823	267,597	-	-	1,204,420	-
Proceeds from Sale of Salvage	510,914	23,631	-	305	534,850	(274,945)
Principal Paid on Capital Debt	(7,796,175)	(1,232,016)	(4,745,000)	-	(13,773,191)	-
Net Cash Provided (Used) By Capital and Related Financing Activities	<u>\$ 3,665,204</u>	<u>\$ (18,879,790)</u>	<u>\$ 3,859,014</u>	<u>\$ 305</u>	<u>\$ (11,355,267)</u>	<u>\$ (487,407)</u>

	Business-Type Activities - Enterprise Funds					Governmental Activities
	Water and Sewer	Storm Water	Development Authority	Nonmajor Parking	Total	Internal Service Funds
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>						
Interest and Dividends Received	\$ 404,934	\$ 88,253	\$ 22,388	\$ 7,086	\$ 522,661	\$ 63,416
Payments on Vanguard Landing Loan	-	-	(2,850,406)	-	(2,850,406)	-
Net Cash Provided (Used) By Investing Activities	\$ 404,934	\$ 88,253	\$ (2,828,018)	\$ 7,086	\$ (2,327,745)	\$ 63,416
Net Increase (Decrease) in Cash and Temporary Investments	44,167,618	2,639,571	(140,171)	(476,568)	46,190,450	(2,670,845)
Cash and Temporary Investments, July 1	124,391,340	41,623,962	9,757,608	3,209,413	178,982,323	22,643,797
Cash and Temporary Investments, June 30	\$ 168,558,958	\$ 44,263,533	\$ 9,617,437	\$ 2,732,845	\$ 225,172,773	\$ 19,972,952
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</u>						
Operating Income (Loss)	\$ 15,305,568	\$ 17,584,651	\$ (3,193,144)	\$ 979,570	\$ 30,676,645	\$ (2,104,708)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) By Operating Activities:						
Depreciation and Amortization Expense	24,291,460	4,110,897	2,661,886	36,441	31,100,684	381,561
(Increase) Decrease in Accounts Receivable	(97,618)	(656,284)	-	-	(753,902)	(252)
(Increase) Decrease in Intergovernmental Receivables	(3,247,989)	-	(304,333)	-	(3,552,322)	-
(Increase) Decrease in Inventory	155,982	-	167,742	-	323,724	(25,417)
(Increase) Decrease in Deferred Outflow of Resources	-	-	117,707	-	117,707	26,278
Increase (Decrease) in Vouchers and Accounts Payable	273,778	408,020	(637,989)	(12,454)	31,355	(408,116)
Increase (Decrease) in Accrued Interest Payable	-	-	38,819	-	38,819	-
Increase (Decrease) in Deposits Payable	40,954	-	-	-	40,954	-
Increase (Decrease) in Unearned Revenue	(4,075)	-	-	-	(4,075)	-
Increase (Decrease) in Deferred Inflow of Resources	-	-	(21,855)	-	(21,855)	-
Increase (Decrease) in Accrued Compensated Leave	122,457	(45,195)	-	5,349	82,611	(11,706)
Total Adjustments	\$ 21,534,949	\$ 3,817,438	\$ 2,021,977	\$ 29,336	\$ 27,403,700	\$ (37,652)
Net Cash Provided (Used) By Operating Activities	\$ 36,840,517	\$ 21,402,089	\$ (1,171,167)	\$ 1,008,906	\$ 58,080,345	\$ (2,142,360)
<u>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</u>						
Capital Contributions of Capital Assets	\$ 3,177,116	\$ -	\$ 110,892	\$ -	\$ 3,288,008	\$ -

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

CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2014

	<u>Trust Funds</u>	<u>Agency Funds</u>
<u>ASSETS</u>		
Cash and Investments	\$ 61,186,728	\$ 340,270
	<u> </u>	<u> </u>
<u>LIABILITIES</u>		
Vouchers and Accounts Payable	\$ -	\$ 340,270
	<u> </u>	<u> </u>
<u>NET POSITION</u>		
Held in Trust for Other Postemployment Benefits and Pension Benefits	\$ 61,186,728	
	<u> </u>	

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

CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Trust Funds</u>
<u>ADDITIONS</u>	
Contributions:	
From Primary Government	\$ 12,814,824
From Plan Members	4,268,977
Total Contributions	<u>17,083,801</u>
Investment Earnings:	
Increase (Decrease) in the Fair Value of Investments	6,748,413
Interest and Dividends	73,029
Total Investment Earnings	6,821,442
Less Investment Expense	51,180
Net Investment Earnings	<u>6,770,262</u>
Total Additions	<u>\$ 23,854,063</u>
<u>DEDUCTIONS</u>	
Benefits	\$ 16,540,839
Administrative Expenses	3,626
Total Deductions	<u>\$ 16,544,465</u>
Change in Net Position	7,309,598
Net Position at Beginning of Year	<u>53,877,130</u>
Net Position at End of Year	<u><u>\$ 61,186,728</u></u>

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

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The present City of Virginia Beach, Virginia (the City), was formed on January 1, 1963, by the merger of Princess Anne County and the former smaller City of Virginia Beach. This merger created one of the largest cities in the Commonwealth of Virginia with an area of 310 square miles and an estimated population of 452,281.

The City operates under the Council-Manager form of government. The elected eleven-member City Council, vested with the legislative powers, appoints the City Manager who is the executive and administrative head of the City government.

The City provides a full range of services for its citizens. These services include police and fire protection, collection and disposal of refuse, water and sewer services, storm water management, parks and recreation facilities, museums, libraries, and maintenance of streets and highways. Other services provided include public education in grades kindergarten through twelfth, public health and social services, certain technical and special education services, mental health assistance, agriculture services, housing services, and judicial activities.

The following is a summary of the significant accounting policies of the City of Virginia Beach:

A. The Financial Reporting Entity

1. Component Units

As defined by accounting principles generally accepted in the United States of America, the financial reporting entity consists of the primary government (City of Virginia Beach), as well as its component units that are legally separate organizations for which the City Council is financially accountable.

The accompanying financial statements present the City of Virginia Beach and its component units. The financial data of the component units are included in the City's reporting entity because of the significance of their operational or financial relationship with the City of Virginia Beach.

Blended component units, although legally separate entities are, in substance, part of the City's operations and so data from these units are combined with data of the primary government. The Virginia Beach Development Authority (Authority) is presented as a blended component unit and is included in the City's reporting entity. The City has responsibility through support agreements for debt payments on outstanding Public Facility Revenue Bonds which are recorded on the Authority's financial records.

Blended Component Unit - Virginia Beach Development Authority - The Development Authority was established for the specific purpose of attracting new industries and the expansion of existing industries. The Authority's Commissioners are appointed by the City Council. The Authority is authorized to issue industrial development bonds after approval by the City Council and to purchase land to improve and sell for development. In addition, the Authority facilitates economic development projects as needed by City Council. Complete financial statements of the Authority may be obtained by writing to the Virginia Beach Development Authority, 222 Central Park Avenue, Suite 1000, Virginia Beach, VA 23462.

Discretely presented component units are entities that are legally separate from the City, but for which the City is financially accountable, or whose relationship with the City is such that exclusion would cause the City's financial statements to be misleading or incomplete. These component units are reported in separate columns to emphasize that they are legally separate from the City. All component units have a June 30, 2014 year-end.

- a. School Board - The School Board is a legally separate entity that is responsible for elementary and secondary education within the City. The members of the School Board are elected by the voters; however, the School Board is fiscally dependent upon the City because the City Council annually approves its budget, levies the necessary taxes to finance operations and approves the borrowing of money and issuance of bonds. Separate financial statements including statistical information of the School Board may be obtained by writing to the Virginia Beach School Board, 2512 George Mason Drive, Virginia Beach, Virginia 23456.

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. The Financial Reporting Entity (continued)

1. Component Units (continued)

- b. Virginia Beach Community Development Corporation - The Community Development Corporation was organized in September 1985 for the purpose of expanding and improving opportunities for low and moderate income households in Virginia Beach, Virginia. The Board of Directors for the Community Development Corporation is appointed by City Council. Funding received by the Community Development Corporation from the City is in the form of grants. Complete financial statements of the Virginia Beach Community Development Corporation may be obtained by writing to Virginia Beach Community Development Corporation, 2700 International Parkway, Suite 300, Virginia Beach, VA 23452.

2. Contributions to Certain Other Entities

Annually, the City contributes to various organizations on behalf of the citizens of Virginia Beach. These organizations are not considered entities qualifying for inclusion in this report. The reasons for not including the subject organizations in this report are due to the level of control the City exercises over these entities and the lack of a financial benefit or burden relationship. Contributions during the year-ended June 30, 2014 were as follows:

American Water Works Association Research	\$ 26,205
Atlantic Wildfowl Museum	51,431
Boardwalk Arts Festival	50,500
Contemporary Art Center	240,000
Eastern Virginia Medical School	433,033
Hampton Roads Economic Development Alliance	412,059
Hampton Roads Planning District Commission	455,412
Safe Drinking Water Act	160,000
Tidewater Community College	5,100
Transportation District of Hampton Roads	6,121,825
Virginia Aquarium and Marine Science Center Foundation	62,115
Virginia Beach Maritime Historical Museum	59,630
Virginia Beach SPCA	30,000
Virginia Dare Soil and Water Conservation District	8,000
Volunteer Fire Squads	8,160
Volunteer Rescue Squads	56,500
WHRO TV	137,228
Total	<u>\$ 8,317,198</u>

B. Government-Wide and Fund Financial Statements

The basic financial statements include both government-wide (based upon the City as a whole) and fund financial statements. While the previous model emphasized fund types (the total of all funds on a particular type), in the new reporting model the focus is on either the City as a whole or major individual funds (within the fund financial statements). Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either Governmental or Business-Type. In the government-wide Statement of Net Position, both the Governmental and Business-Type Activities columns are presented on a consolidated basis by column and are reflected on a full accrual, and economic resources basis, which incorporates long-term assets and receivables as well as long-term debt and obligations. The City generally first uses restricted assets for expenses incurred for which both restricted and unrestricted assets are available. The City may defer the use of restricted assets based on a review of the specific transaction.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment.

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

The program revenues must be directly associated with the function (public safety, public works, etc.) or a Business-Type activity. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues. The City does not allocate indirect expenses. The operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

Fund financial statements are provided for Governmental Funds, Proprietary Funds, and Fiduciary Funds. By definition, the assets of the Fiduciary Funds are being held for the benefit of a third-party and cannot be used to address activities or obligations of the government; therefore, these funds are excluded from the government-wide statements. Major individual Governmental Funds and major Enterprise Funds are reported as separate columns in the fund financial statements.

The City reports the following major Governmental Funds:

The **General Fund** is the City's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for service, and interest income. A significant part of the General Fund's revenues is used principally to finance the operations of the City of Virginia Beach School Board.

The **Capital Projects Fund** is used to account for the financial resources for the acquisition or construction of major capital facilities within the City.

The City reports the following major Proprietary Funds:

The **Water and Sewer Fund** provides water service and sanitary sewer waste collection and transmission services to Virginia Beach citizens and accounts for operations that are financed in a manner similar to private business enterprises.

The **Storm Water Fund** accounts for the activities of the Storm Water Utility which charges a fee for operational and capital needs for Storm Water management in the City.

The **Development Authority Fund** was established for the purpose of attracting new industries and the expansion of existing industries. These services are financed through fees for Industrial Revenue Bonds and other sources.

Additionally, the City reports the following fund types:

Internal Service Funds account for the financing of goods and services provided to other departments and agencies of the City or to other governmental units on a cost reimbursement basis. The City utilizes Internal Service Funds for its City Garage, Risk Management, School Site Landscaping, Information Technology operations, Telecommunications and Subscriptions.

Special Revenue Funds account for revenue derived from specific sources that are restricted by legal and regulatory provisions to finance specific activities.

Law Library - accounts for the revenues and expenditures of providing legal information and research. Revenues are raised through a set charge per civil court case and donations, which are used for library operations.

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Sandbridge Tax Increment Financing - accounts for the incremental growth in real estate tax revenues within the district. These incremental revenues are generated by assessment growth beyond the base year, and are used to support beach and shoreline restoration in the Sandbridge district as established by City Council.

Housing and Neighborhood Preservation - accounts for the combined activities of the Federal Community Development Block Grant (CDBG), Federal Housing Assistance Grant, Workforce Housing Revolving and Community Development Loan and programs. This fund supports the administration of both capital improvement projects in target neighborhoods and various other housing programs. The uses of fund balance are restricted to the federal programs that generated the funds.

Development Authority - accounts for financial resources dedicated to the economic development of the City.

Town Center Special Service District - established to provide for the maintenance of public parking facilities and other infrastructure in conjunction with realizing a long-term City Council goal of developing a town center which is supported by revenues from an additional real estate tax rate applied to each property owner in the Central Business District (CBD) within the Pembroke area of the City.

Forfeited Assets - accounts for the City's share of Federal revenues derived from any Federal agency where money or assets are seized. If the Commonwealth's Attorney is involved in the case, the department too gets a portion of the funds. All State seizures are divided with the Commonwealth's Attorney receiving 25% and the Police Department receiving 75%. All real estate seized is split 50%/50% between the Commonwealth's Attorney and the Police Department. Fund balance must be used in compliance with Federal and State regulations to fund Police or Commonwealth's Attorney projects.

Federal Section Eight Program - accounts for funds received from the Federal Department of Housing and Urban Development to provide rental assistance to low and moderate income families. A separate fund is required by the Federal government and fund balance must be used for rental assistance.

Sheriff's Department - accounts for the cost of the care and custody of persons placed in the Virginia Beach Correctional Center by the courts and for the operation of the Sheriff's Department, as established by City Council.

Waste Management - accounts for funds generated through monthly service charges for providing services to our residents for collection, management and disposal of solid waste, recyclable materials and other refuse. In addition, this fund is responsible for the operation of the City's landfill and serving as a conduit between the City and the Southeastern Public Service Authority, which is the agency responsible for the regional waste disposal program.

Parks and Recreation - accounts for revenues raised through Parks and Recreation programs. This fund also receives dedicated funding from a portion of the real estate taxes to support and maintain the City's recreation centers.

Tourism Investment Program - accounts for the revenue streams to fund tourism related capital projects and expenditures for oceanfront programs and events, maintenance, operating costs, and debt service of tourism-related projects, as established by City Council. This fund receives dedicated funding from a percentage of the following local taxes: amusement, hotel room, and restaurant meal tax receipts.

Central Business District South Tax Increment Financing - accounts for incremental growth in real estate tax revenues and debt service funding of public parking and other public improvements in this business district. Fund balance is maintained to meet planned construction and debt service costs for improvements in this district as approved by City Council.

Sandbridge Special Service District - accounts for the revenues raised by the additional real estate tax, hotel tax and other Sandbridge related revenue. The Virginia Beach code restricts the uses of fund balance to Capital Improvement Program projects associated with beach and shoreline restoration and maintenance within the Sandbridge District.

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Tourism Advertising Program - accounts for revenue and expenses related to tourism advertising. This fund receives dedicated funding from a percentage of the hotel room tax and restaurant meal tax. There is a City Council appointed committee that oversees the use of these funds.

Agriculture Reserve Program - accounts for revenue and expenses to promote and encourage the preservation of farmland in the rural southern portion of the City, in which agricultural uses predominate. This is a voluntary purchase of development rights rather than regulatory, as established by City Council. Fund balance will be used for payments of future interest costs of U.S Treasury Securities and the maturing interest on each agreement.

Emergency FEMA - accounts for receipts from the Federal Emergency Management Agency (FEMA), and for the cost of providing urban search and rescue services in support of disaster declarations as well as reimbursements to the City for the cost of local disasters. The level of fund balance is subject to final audit by the Inspector General.

Open Space - accounts for the acquisition and preservation of land in the City of Virginia Beach. This fund receives dedicated revenues from a percentage of the restaurant meal tax.

Combined Area Dredging Projects - established to provide for neighborhood channel dredging of creeks and rivers. Support for the dredging operations is provided by additional real estate taxes assessed on residents of this special service district.

Wetlands Board Mitigation - accounts for the fines assessed for the destruction of wetlands and are to be used for the purchase of land and re-creation of wetlands.

Grants Consolidated - accounts for certain Commonwealth of Virginia and Federal Grants (with matching local funds, if required).

Fiduciary Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations and other governmental units. The Fiduciary Funds are Agency Funds (Special Welfare, Escheat Property Agency Funds), the Pension Trust Fund and the Other Postemployment Trust Fund. The Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Other Postemployment Benefit and Pension Trust Funds account for the assets in essentially the same manner as a Proprietary Fund using the economic resources measurement focus.

C. Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the Proprietary Fund and Fiduciary Fund financial statements with the exception of Agency Funds which have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by provider have been met.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All Governmental Funds are accounted for using a current financial resources measurement focus and the modified accrual basis of accounting. 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. The term available is limited to collection within forty-five days of the fiscal year end. Levies made prior to the fiscal year end but which are not available are recorded as unearned. Expenditures are recorded when the related fund liability is incurred, if measurable (except for unmatured interest on general long-term debt which is recognized when due and paid). Interest on general long-term debt is recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in Governmental Funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Accounting (continued)

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

General Property Taxes	Interest on Deposits
General Sales Taxes	Revenue from Commonwealth
Utility Taxes	Revenue from Federal Government
Hotel Taxes	Amusement Taxes
Restaurant Taxes	

Other Post Employment Benefits Plan financial statements are prepared using the accrual basis of accounting. City and School Board retiree's contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due and both the City and School Board have made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

Unearned revenues also arise when resources are received by the government before it has a legal claim to them. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

Unbilled Water and Sewer and Storm Water Enterprise Funds accounts receivable for services provided through June 30 are included in the financial statements.

As a general rule the effects of interfund activity have been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and other charges between the City's Water and Sewer Function and Storm Water Function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions. Proprietary Funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a Proprietary Fund's principal ongoing operations. The principal operating revenues of the Enterprise Funds and the City's Internal Service Funds are charges to customers for sales and service. Operating expenses for Enterprise Funds and Internal Service Funds include the cost of sales and services, personnel, contractual services, land structures and improvements, other charges, internal service charges and depreciation. All other revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, curbs and gutters, sidewalks, drainage systems) are reported in the applicable Governmental or Business-Type Activities columns in the government-wide financial statements.

The City defines capital assets as assets with an initial, individual cost of more than \$5,000 and are recorded as expenditures in the Governmental Funds and as assets in the government-wide financial statements. Depreciation is recorded on capital assets on a government-wide basis using the straight-line method and the following estimated useful lives:

Building and Improvements	40	years
Site Improvements	40	years
Equipment	5-10	years
Roadway Network	40	years
Bridge Network	50	years
Hurricane Protection Network	50	years
Landfill Network	Percentage of Completion	

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Capital Assets (continued)

Depreciation of exhaustible capital assets used by City Proprietary Funds and the blended Development Authority are recorded as an expense against their operations and accumulated depreciation is reported on the Proprietary Funds' balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method of depreciation.

The utility system in the Water and Sewer Enterprise Fund has been recorded at cost since July 1, 1976 and contributed capital asset additions have been recorded at their estimated fair market value in the year contributed as determined by the City's utility engineers. Prior to that date, the utility system was recorded at "estimated historical cost depreciated" as determined by independent professional engineers.

Depreciation on the utility system, based on costs described above, and other capital assets of the City Proprietary Funds have been charged to operations and was computed as follows:

Utility System Water (exclusive of machinery and equipment)	
Less: estimated salvage value of 20% of costs	20-100 years
Utility System Storm Water	5-50 years
Buildings and Improvements	40 years
Site Improvements	40 years
Machinery and Equipment	5-10 years

Interest incurred during the construction phase of capital assets of Business-Type Activities is included as part of the capitalized value of the assets constructed.

All capital assets are reported at cost or estimated historical cost, if actual cost was not available. The value of historical buildings is included in assets.

E. Operating Budget Process

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The City Manager is required by the City Charter to present a proposed operating budget at least 90 days before the beginning of each fiscal year which begins July 1. The proposed operating budget must be balanced with projected expenditures equal to estimated revenues and/or the required financing from the proper undesignated fund balances. The necessary budget ordinances are also submitted at this time.
2. 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. The notice of the time and place must be published at least seven days prior to the hearing. In addition, City Council holds budget workshops with the City Manager that are open to the media and public.
3. If the proposed operating budget is not legally adopted by the City Council upon one reading of the budget ordinances by June 1, the operating budget is automatically adopted as proposed.
4. The City Manager or the Director of Management Services is hereby authorized to approve transfers of appropriations in an amount up to \$100,000 between any Appropriation Units included in this ordinance. The City Manager shall make a monthly report to the City Council of all transfers between \$25,000 and \$100,000. In addition, the City Manager may transfer, in amounts necessary, appropriations from all Reserves for Contingencies except Reserve for Contingencies - Regular, within the intent of the Reserve as approved by City Council.

Additional appropriations require one reading of the ordinance for approval and must be offset by additional estimated revenues and/or a transfer from the proper undesignated fund balances. Additional appropriations that

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Operating Budget Process (continued)

exceed 1% of the total estimated revenues shown in the adopted budget require one reading by City Council for approval after a public hearing.

5. Annual budgets are adopted for the General Fund, the Debt Service Fund, Enterprise Funds and all Special Revenue Funds except for Wetlands Board Mitigation, Development Authority and the Grants Consolidated Fund. The Grants Consolidated Fund's budget is adopted on a project-length basis along with the City Capital Projects Fund. The budget for these funds is adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP).
6. The accounting system is employed as a budgetary management control device to monitor the individual departments or bureaus/divisions within departments. The legal level of budgetary control is at the organizational unit level as noted in the separately issued budget report. Additional controls are exercised administratively on some budget units, personnel positions and capital outlay items and the appropriations related thereto. A budget unit is an activity (e.g. Waste Collection) of an organizational unit (e.g. Public Works Department). Each budget unit manager is authorized to transfer appropriations within their respective unit up to a maximum of \$10,000 without City Manager approval. The City Manager or the Director of Management Services is authorized to transfer appropriations up to a maximum of \$100,000. See Note 1E4 above.
7. Unexpended appropriations lapse (except for the City Capital Projects and Grants Funds) and are closed to the proper fund balances at the end of each fiscal year (June 30). (However, appropriations for the subsequent fiscal year are increased in the amount necessary to satisfy the outstanding encumbrances at June 30.) The current operating budget ordinance approved by City Council stipulated that an undesignated General Fund Balance of 8% to 12% of the following year's budgeted revenues for contingency and emergency situations, not to be used to support appropriations already approved, except upon subsequent authorization by City Council.
8. Capital Projects for the City are budgeted separately from the Operating Budget. Since the City has over 344 projects in its Capital Improvements Program and an annual limitation (without a referendum) on the amount of bonds that may be issued, allocations for capital projects represent funding by phases of a number of projects based upon their anticipated execution of contractual obligations. The appropriations for Capital Projects require one reading of the ordinance for approval after public hearings on the City's Capital Improvement Program. The accounting, encumbering, and controlling of the funds are based upon the project length of each individual project which may be over several years. Therefore, budgetary comparisons are not presented for Capital Projects in this report. Appropriations reallocated to new or existing capital projects require one reading of the ordinance by City Council for approval.
9. The federal and state grants in the Grants Consolidated Fund are budgeted separately from the Operating Budget and do not parallel the City's fiscal year. Expenditures are restricted by the grantor agency and are subject to financial and compliance audits (Note 9B). Annual revenues and expenditures are reported within the applicable Special Revenue Funds.

There were supplemental amendments to the Operating Budget, other than for encumbrances (Note 1E7), of approximately \$278,998 during the 2014 Fiscal Year. The amendments were primarily funded through increases in estimated revenue and the General Fund balance.

10. All expenditures were within existing appropriations for the governmental major funds.

F. Inventories

All inventories, except in the Water and Sewer Enterprise Fund, Development Authority, the General Fund's Virginia Aquarium and Marine Science Center and the City Garage Internal Service Fund, are reported at cost using the first-in, first-out inventory method.

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Inventories (continued)

Reported inventories are accounted for under the consumption method (i.e., recorded as expenditures when used) in the remaining Governmental Funds.

The Water and Sewer Enterprise Fund and the General Fund's Virginia Aquarium and Marine Science Center and the City Garage Internal Service Fund inventories are reported at cost using the moving weighted average cost inventory method. See Note 1.G. for Development Authority Enterprise Fund.

G. Land and Building Inventory Held For Resale

Land and building inventory for Development Authority is stated at the lower of net realizable value or original purchase price plus capitalized interest, if applicable, and development cost.

H. Accrued Compensated Leave

Annual leave, according to a graduated scale based on years of employment, is credited to each employee as it accrues. A permanent City employee, not participating in the VRS Hybrid Plan, may carry-forward a maximum of 50 days. All full-time employees hired on or after January 1, 2014, except hazardous duty employees, and those hired before this date, which make the irrevocable decision to participate in the Hybrid Plan shall accrue and use Paid Time Off. Those participating in the Hybrid Plan may carry-forward a maximum of 24 days.

City employees not participating in the Hybrid Plan are granted one sick leave day per month and may accumulate an unlimited number of sick leave days; however, no payment is made by the City on the unused portion upon employment termination (except on the condition of retirement). In accordance with Governmental Accounting Standards Board Statement (GASB) Number 16, an accrual has been made in the financial statements for these payments.

Compensated leave for the City (current and non-current) is recorded in the government-wide financial statements. For Proprietary Funds the current and long-term accrued compensated leave liabilities are recorded in the appropriate fund. The current portion of compensated leave is based upon the estimated leave usage in the subsequent year increased by cost of living salary increase.

I. Fund Balances

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

Nonspendable - The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

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

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance) of City Council. Those committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action (ordinance) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Fund Balances (continued)

imposed on the use of committed amounts are imposed by City Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable.

Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. It also includes the long-term amount of loans approved by City Council.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by City Council's, the City Manager or by a City official delegated that authority by appropriate action.

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

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

J. Use of Estimates

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

K. Fund Balance Policy

It is the City Council's policy that there shall be retained in the General Fund an unassigned fund balance of 8% to 12% of the following year's projected revenues. It is desired that a goal of 10% be maintained. This level equates to approximately one month of operating expenses.

L. Miscellaneous

1. Cash and Investments

Cash invested at June 30 is included in the various cash accounts reflected in the financial statements. Investments are stated at amortized cost or at their fair value (Note 8). Interest earnings on investments are allocated to the appropriate funds based upon the average monthly cash balance of each fund. Qualified investments in State Treasurer's LGIP, AIM and SNAP are reported at amortized cost. All others are reported at fair value (Note 8).

Other Post Employment Benefit investments are reported at fair value, which for the City and School Board is determined by the most recent bid and asking prices as obtained from markets of such investments. Securities for which market quotations are not readily available are valued at their fair value as determined in good faith by the custodian under the direction of the Board of Trustees of the Virginia Pooled OPEB Trust Fund. A valuation service may be engaged to assist in the determination of fair value.

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. Miscellaneous (continued)

2. Proprietary Funds' Other Charges

This category mainly consists of General Fund charges (e.g., data processing, buildings and grounds maintenance, indirect costs) to the Water and Sewer, Storm Water and Resort Parking Enterprise Funds as well as Internal Service Funds except Risk Management, and the Development Authority. For Risk Management it represents premiums and claims payments (including current estimated claims and judgments). The Development Authority other charges consist of selling, lease and lease hold improvements, professional services and other general expenses.

3. Statement of Cash Flows

For purposes of the statements of cash flows, all highly liquid debt instruments and certificates of deposit, with a maturity of three months or less, are grouped into cash and temporary investments. Proprietary Funds participate in a centralized cash and investment pool and therefore, separate information on cash equivalents (i.e., investments with maturities of three months or less upon acquisition) for the funds is not applicable.

4. Bond Premiums and Discounts

Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds are reported net of the applicable bond premium or discount.

5. Internal Balances

The amount reported in the Statement of Net Position for internal balances represents support payments to the blended component unit Development Authority during the fiscal year just ended.

M. Net Position

The difference between assets plus deferred outflows of resources less liabilities plus deferred inflows of resources in the government-wide statement of net position must be labeled as *net position*. GAAP further require that net position be subdivided into three categories: net investment in capital assets, restricted net position; and unrestricted net position.

N. Long-Term Obligations

In the government-wide financial statements, and Proprietary Fund types in the financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable Governmental Activities, Business-Type Activities, or Proprietary Fund type statement of net position. Bond premiums and deferred loss on refunding bonds as well as issuance costs are deferred and amortized over the life of the bonds.

In the fund financial statements, Governmental Fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures.

O. Restricted Assets - Cash and Investments

Certain proceeds of the Primary Government's revenue bond issuance and certificates of participation have been set aside in separate bank accounts as a reserve for future debt service payments. In addition, inclusive in this category are option deposits, funds held for capital projects and improvements and grant awards.

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

P. Unrestricted Net Position - Governmental Activities

Inclusive in Governmental Activities unrestricted net position are ending committed fund balances of certain Special Revenue Funds which have been earmarked for specific purposes by City Council. These funds are, but are not limited to, Agriculture Reserve Fund, Major Projects Fund, Open Space Fund, Tourism Growth Investment Fund, and Tourism Advertising Program Fund.

Q. Restricted Net Position

Some primary government and component unit net position amounts are subject to various restrictions. Bond resolutions restrict the net position of the Water and Sewer, Storm Water and Debt Service Funds for operations. The Master Water and Sewer Resolution restricts net position of the Water and Sewer Enterprise Fund for the cost of operation, maintenance and debt service costs. The agreement of Trust, dated January 1, 2000, restricts the net position of the Storm Water Enterprise Fund in a similar manner. The ending fund balance of the Debt Service Fund is restricted for future debt costs.

Certain amounts in the General Fund, Special Revenue Funds, and component units are restricted through other enabling legislation.

R. Deferred Outflows and Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The City's deferred outflows of resources consist of the amount by which the principal and premium of a refunding bond exceed the net carrying amount of the refunded debt. The deferred outflow is being amortized over the remaining life of the refunded debt.

Deferred inflows of resources represents an acquisition of net position that applies to a future period and so will not be recognized as a revenue until then. The City's deferred inflows of resources consist of the amount by which the net carrying amount of refunded debt exceed the principal and premium of a refunding bond. The deferred inflow is being amortized over the remaining life of the refunded debt. Under the modified accrual basis of accounting, the City has revenues which are applicable to a future period, and will not be recognized until the period they become available. These amounts are recorded on the governmental funds balance sheet as a deferred inflow of resources.

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

2. FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS

Nonmajor governmental fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned (Note 1I) based primarily on the extent to which the City is bound to observe constraints imposed upon the use of these resources. The constraints placed on fund balance for the nonmajor governmental funds are presented below:

Restricted:		
Federal and State Grants	\$	9,432,753
Special Service Districts		839,328
Public Safety		3,358,972
Judicial Programs		664,999
Total Special Revenue Funds	\$	14,296,052
Future Debt Service		27,007,203
<i>Total Restricted</i>	\$	<u>41,303,255</u>
Committed:		
Tax Increment Financing	\$	10,508,789
Public Works		338,064
Parks and Recreation Activities		14,663,791
Convention and Visitor Bureau		3,702,915
Educational		364,846
Agriculture Program		12,065,051
Judicial		575,000
<i>Total Committed</i>	\$	<u>42,218,456</u>
Assigned:		
Tax Increment Financing	\$	1,788,190
Convention and Visitor Bureau		398,316
Educational		5,000
Special Service District		835,801
Judicial Programs		428,117
Public Works		700,000
Parks and Recreation Activities		4,446,190
Total Assigned	\$	<u>8,601,614</u>
Unassigned:		
Judicial Programs	\$	<u>(554,019)</u>
Total Fund Balance	\$	<u>91,569,306</u>

3. RECEIVABLES AND ACCRUED LIABILITIES

A. Receivables

Receivables at June 30, 2014 consist of the following:

Primary Government

	Governmental Activities	Business-Type Activities	Total
Real Estate Taxes	\$ 15,905,605	\$ -	\$ 15,905,605
Personal Property Taxes	23,536,180	-	23,536,180
Loans	13,325,213	-	13,325,213
Due from Other Government	76,522,233	3,327,129	79,849,362
Accounts	23,778,977	29,156,310	52,935,287
Gross Receivables	\$ 153,068,208	\$ 32,483,439	\$ 185,551,647
Less: Allowance for Uncollectibles	(21,189,820)	(2,724,423)	(23,914,243)
Net Receivables - Entity Wide	\$ 131,878,388	\$ 29,759,016	\$ 161,637,404

Major Funds – Governmental

	General Fund	Capital Projects	Total
Real Estate Taxes	\$ 15,905,605	\$ -	\$ 15,905,605
Personal Property Taxes	23,536,180	-	23,536,180
Accounts	1,609,852	-	1,609,852
Loans	6,943,548	-	6,943,548
Intergovernmental Accounts	68,435,192	3,227,871	71,663,063
Due from Other Funds	3,628,091	-	3,628,091
Gross Receivables	\$ 120,058,468	\$ 3,227,871	\$ 123,286,339
Less: Allowance for Uncollectibles	(11,032,961)	-	(11,032,961)
Net Receivables	\$ 109,025,507	\$ 3,227,871	\$ 112,253,378

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CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

3. RECEIVABLES AND ACCRUED LIABILITIES (continued)

A. Receivables (continued)

Major Funds – Proprietary

	Water and Sewer	Storm Water	Virginia Beach Development Authority	Total
Accounts	\$ 20,891,491	\$ 6,022,736	\$ 26,248,663	\$ 53,162,890
Intergovernmental Accounts	3,327,129	-	-	3,327,129
Gross Receivables	\$ 24,218,620	\$ 6,022,736	\$ 26,248,663	\$ 56,490,019
Less: Allowance for Uncollectibles	(2,706,573)	(17,850)	-	(2,724,423)
Net Receivables	<u>\$ 21,512,047</u>	<u>\$ 6,004,886</u>	<u>\$ 26,248,663</u>	<u>\$ 53,765,596</u>

The intergovernmental accounts receivable represents the amount due from the City of Chesapeake for their share of the cost of Lake Gaston water reserve.

Component Units

Receivables at June 30, 2014 consist of the following:

	School Board	Community Development Corporation	Total
Notes, Deed of Trust	\$ -	\$ 2,182,103	\$ 2,182,103
Accrued Interest	-	630,304	630,304
Intergovernmental	22,864,879	323,028	23,187,907
Accounts	776,988	463,296	1,240,284
Net Receivables	<u>\$ 23,641,867</u>	<u>\$ 3,598,731</u>	<u>\$ 27,240,598</u>

B. Property Taxes Receivable

An annual ad valorem tax is levied by the City on the assessed value of real and tangible personal property. These levies are made each year on July 1 and January 1 for real property and tangible personal property, respectively. Taxes levied on these dates become liens on the subject property on the date of levy. Real property taxes are payable in two installments on December 5 and June 5. Personal property taxes are payable on June 5, however, pro-rated bills on automobiles are also payable throughout the year on the portion of the year they are owned if not owned a full year. These taxes are considered delinquent when not paid by the due dates and subject to penalties and interest charges by the City Treasurer. City property tax revenues are recognized when levied and collected.

The City calculates its allowance for uncollectible taxes by using historical collection data. Furthermore, the taxes receivable amount uncollected 45 days after June 30 is recorded as unearned revenue for the fund financial statements.

During Fiscal Year 2014 the real property rate was \$0.93 per \$100 of assessed valuation (100% of fair market value except for public service corporation properties); an additional \$.06 per \$100 of assessed valuation is charged to those residents of Sandbridge; an additional \$.45 per \$100 of assessed valuation is charged to all real estate within Town Center Special Service District; an additional \$.184 per \$100 of assessed valuation is charged to all real estate within the Old Donation Special Service District; an additional \$.363 per \$100 of assessed valuation is charged to all real estate within the Bayville Creek Special Service District, not exempt from taxation; an additional \$.1594 per \$100 of assessed valuation is charged to all real estate within the Shadowlawn Special Service District; taxes on all real estate that has been classified as an energy efficient building, not exempt from taxation, at a rate of \$0.78 on each \$100 of assessed valuation thereof; taxes on buildings that are individually listed on the Virginia's Landmarks Register, not including the real estate or land on which the building is located, so long as the building is maintained in a condition such that it retains the characteristics for which it was listed on the Virginia Landmarks Register at a rate of \$0.49 on each \$100 of assessed valuation thereof; the personal property rate was \$3.70 per \$100 of assessed valuation (100% of fair market value). Other personal property tax rates exist for qualified equipment. There are no limits currently on the property tax

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

3. RECEIVABLES AND ACCRUED LIABILITIES (continued)

B. Property Taxes Receivable (continued)

rates which may be established by the City Council. In addition, City Council is the only governmental entity that has the local taxing authority.

C. Intergovernmental Receivables - Primary Government and School Board Component Unit – Entity Wide

1. The following revenues were due from the Commonwealth of Virginia at June 30, 2014:

Primary Government

	Governmental Activities
General Sales Tax	\$ 4,993,821
Telecommunications Tax	3,802,766
Reimbursements	466,571
Franchise Tax	624,454
Violations-Red Light Cameras	144,357
Automobile Licenses	804,944
Personal Property Tax Relief Act	53,412,868
Recordation Fees	495,356
Other Grants, Entitlements, & Shared Revenues	2,120,644
Sheriff's Department	1,286,153
Capital Projects	690,059
Grants Consolidated	810,393
Total Due from Commonwealth	<u>\$ 69,652,386</u>

School Board Component Unit

State Share Sales Tax	\$ 5,686,874
Special Education-Regional Program	4,187,962
Technology Initiative	3,729,831
Juvenile Detention Center	202,495
Other Grants, Entitlements and Shared Revenues	64,874
Total Due from Commonwealth-Governmental Funds	<u>\$ 13,872,036</u>
School Health Insurance Internal Service Fund-Health Insurance-City Line of Duty	133,308
Total Due from Commonwealth-Governmental Activities	<u>\$ 14,005,344</u>

2. The following revenues were due from various Federal agencies at June 30, 2014:

Primary Government

	Governmental Activities
Public Assistant Grants	\$ 1,568,082
Law Enforcement	19,780
Grants Consolidated	2,042,846
Housing Assistance	616,035
Capital Improvements	2,537,812
Federal Home Grants	69,395
Total Due from Federal Government	<u>\$ 6,853,950</u>

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

3. RECEIVABLES AND ACCRUED LIABILITIES (continued)

C. Intergovernmental Receivables - Primary Government and School Board Component Unit – Entity Wide
(continued)

School Board Component Unit

Adult Basic Education	\$ 67,187
Carl Perkins	773,055
DODEA MCASP	403,342
DODEA SF-LEP	95,098
Medicaid	391,073
National School Meal Program	713,901
NJROTC	76,646
Preschool Incentive	89,392
Title I	3,735,122
Title II	478,471
Title III	90,712
Title IV	71,385
Title VI-B	1,825,154
Other Grants, Entitlements and Shared Revenues	48,997
Total Due from Federal Government	<u>\$ 8,859,535</u>
Agency Funs-Payroll Deductions and Fringe Benefits	<u>\$ 228</u>

3. The following revenues were due from other Local governments at June 30, 2014:

The Federal Section Eight Program Special Revenue Fund was due \$15,897 from other service providers and authorities.

D. Allowances For Uncollectible Accounts Receivable

Allowances for uncollectible accounts receivable are generally established using historical collection data, specific account analysis and subsequent cash receipts. The allowances at June 30, 2014 are as follows:

a. General Fund	\$ 11,032,961
b. Water and Sewer Fund	2,706,573
c. Storm Water Fund	17,850
Total	<u>\$ 13,757,384</u>

E. The major components of Accrued Liabilities at June 30, 2014 consist of the following:

Primary Government

	Governmental Activities	Business-Type Activities	Total
Accrued Interest Payable	\$ 11,526,335	\$ 4,554,165	\$ 16,080,500
Deposits Payable	1,005,044	140,929	1,145,973
Unearned Revenue	-	323,914	323,914
Total Accrued Liabilities	<u>\$ 12,531,379</u>	<u>\$ 5,019,008</u>	<u>\$ 17,550,387</u>

Component Units

	School Board	Community Development Authority	Total
Accrued Interest Payable	\$ -	\$ 58,820	\$ 58,820
Unearned Revenue	8,459,898	-	8,459,898
Deposits Payable	75,000	75,539	150,539
Accrued Salaries	55,147,209	-	55,147,209
Total Accrued Liabilities	<u>\$ 63,682,107</u>	<u>\$ 134,359</u>	<u>\$ 63,816,466</u>

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

4. UNEARNED REVENUE

Unearned revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Under the full accrual basis of accounting, such amounts are measurable, but are unearned.

Unearned revenue consists of the following as of June 30, 2014:

A. General Fund

Aquarium - Advanced Ticket Receipts	\$ 54,781
	<u>\$ 54,781</u>

B. Special Revenue Funds – Nonmajor

Waste Management - Unearned billings	\$ 1,292,643
Federal Section Eight Program - Advance receipts	14,988
Parks and Recreation - Advance class registration	151,058
	<u>\$ 1,458,689</u>

C. Enterprise Funds

Development Authority - Miscellaneous receipts	\$ 17,024
Water and Sewer - Customers and Developers Tap and Meter Fees	306,890
Total Enterprise Funds	<u>\$ 323,914</u>

D. School Board Component Unit

General Fund - Summer School Tuition and School Rentals	\$ 391,316
School Grants Fund - Early Reading Intervention, Technology Initiative, and other grants	501,484
Other Governmental Funds - School Cafeterias and Cell Towers - Charges for Services	389,991
Total Unearned Revenue - Governmental Funds	<u>\$ 1,282,791</u>
School Health Insurance Internal Service Fund - Prepayment of July health insurance premiums	7,177,107
Total Unearned Revenue - Governmental Activities	<u>\$ 8,459,898</u>

5. CAPITAL ASSETS AND LAND HELD FOR RESALE

A. Land and Building Inventory Held for Resale – Development Authority

Oceana West Corporate Park	\$ 1,555,548
Corporate Landing	10,315,525
Town Center Beacon Building & Land	4,877,946
Town Center Parking Lot	110,892
Hunt Club 2	200,305
Headquarters Hotel Site	4,393,243
Total Land and Building Held for Resale	<u>\$ 21,453,459</u>

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

5. CAPITAL ASSETS AND LAND HELD FOR RESALE (continued)

B. Governmental Activities

The following is a summary of the changes in capital assets for the fiscal year ended June 30, 2014:

	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014
Capital Assets Not Being Depreciated:				
Land and Improvements	\$ 962,229,935	\$ 32,731,318	\$ 4,042,632	\$ 990,918,621
Agriculture Reserve Program	41,193,588	270,504	-	41,464,092
Construction in Progress	101,004,841	134,746,439	111,002,152	124,749,128
Total Capital Assets Not Being Depreciated	<u>\$ 1,104,428,364</u>	<u>\$ 167,748,261</u>	<u>\$ 115,044,784</u>	<u>\$ 1,157,131,841</u>
Other Capital Assets:				
Buildings and Improvements	\$ 685,990,401	\$ 28,972,642	\$ 74,400	\$ 714,888,643
School Buildings	346,751,276	44,489,157	35,926,818	355,313,615
Site Improvements	277,257,370	3,241,592	-	280,498,962
Site Improvements - Internal Service Funds	265,782	-	-	265,782
Equipment	243,141,013	25,023,463	8,821,703	259,342,773
Equipment - ISF*	5,778,115	167,795	276,348	5,669,562
Roadway Network	1,833,809,876	65,953,337	137	1,899,763,076
Landfill Network	18,574,535	101,618	-	18,676,153
Bridge Network	80,481,418	467,674	-	80,949,092
Hurricane Protection Network	97,680,665	-	-	97,680,665
Total Other Capital Assets at Historical Cost	<u>\$ 3,589,730,451</u>	<u>\$ 168,417,278</u>	<u>\$ 45,099,406</u>	<u>\$ 3,713,048,323</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 190,530,476	\$ 17,676,843	\$ 38,025	\$ 208,169,294
School Buildings	32,268,250	6,619,221	13,181,508	25,705,963
Site Improvements	67,994,896	7,301,143	-	75,296,039
Site Improvements - ISF	262,528	235	-	262,763
Equipment	154,568,792	26,584,699	8,125,586	173,027,905
Equipment - ISF	4,439,548	381,326	156,015	4,664,859
Roadway Network	975,488,284	45,845,246	-	1,021,333,530
Landfill Network	17,075,780	800,187	-	17,875,967
Bridge Network	32,102,404	1,552,135	-	33,654,539
Hurricane Protection Network	21,258,810	1,953,614	-	23,212,424
Total Accumulated Depreciation	<u>\$ 1,495,989,768</u>	<u>\$ 108,714,649</u>	<u>\$ 21,501,134</u>	<u>\$ 1,583,203,283</u>
Total Capital Assets Being Depreciated, Net	<u>\$ 2,093,740,683</u>	<u>\$ 59,702,629</u>	<u>\$ 23,598,272</u>	<u>\$ 2,129,845,040</u>
Governmental Activities Capital Assets, Net	<u>\$ 3,198,169,047</u>	<u>\$ 227,450,890</u>	<u>\$ 138,643,056</u>	<u>\$ 3,286,976,881</u>

Governmental Activities capital assets net of accumulated depreciation at June 30, 2014 are comprised of the following:

General Government Capital Assets, Net	\$ 2,951,612,638
Internal Service Fund Capital Assets, Net	335,364,243
Total	<u>\$ 3,286,976,881</u>

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

5. CAPITAL ASSETS AND LAND HELD FOR RESALE (continued)

B. Governmental Activities (continued)

Depreciation was charged to governmental functions as follows:

Finance	\$ 1,093,813
Human Resources	44,660
Judicial	302,300
Health	9,883
Police	2,946,760
Public Works	74,314,962
Parks and Recreation	3,269,357
Libraries	424,407
Planning	460,176
Economic Development	13,235
Convention & Visitors Bureau	348,241
Communications & Information Technology	12,967,013
Boards and Commissions	1,379
EMS	36,894
Fire	3,915,682
Management Services	267
Human Services	753,128
Education and Transfer to School	6,619,221
Housing & Neighborhood Preservation	41,185
Museums	41,497
General Government	526,186
Emergency Medical Services	584,403
Total	<u>\$ 108,714,649</u>

C. Component Unit - School Board

Capital Assets activity for the year ended June 30, 2014 was as follows:

	Balance			Balance
	July 1, 2013	Increases	Decreases	June 30, 2014
Capital Assets Not Being Depreciated:				
Land	\$ 39,670,603	\$ -	\$ -	\$ 39,670,603
Construction in Progress	71,559,129	22,762,926	89,276,874	5,045,181
Total Capital Assets Not Being Depreciated	<u>\$ 111,229,732</u>	<u>\$ 22,762,926</u>	<u>\$ 89,276,874</u>	<u>\$ 44,715,784</u>
Capital Assets Being Depreciated				
Buildings	\$ 564,511,524	\$ 83,191,262	\$ 8,883,898	\$ 638,818,888
Improvement Other Than Buildings	52,403,215	9,546,551	-	61,949,766
Machinery and Equipment	105,462,962	9,411,679	3,809,731	111,064,910
Total Capital Assets Being Depreciated	<u>\$ 722,377,701</u>	<u>\$ 102,149,492</u>	<u>\$ 12,693,629</u>	<u>\$ 811,833,564</u>
Less Accumulated Depreciation For: *				
Buildings	\$ 231,532,436	\$ 26,896,011	\$ 299,788	\$ 258,128,659
Improvement Other Than Buildings	33,729,887	2,249,250	-	35,979,137
Machinery and Equipment	64,731,963	8,174,852	3,425,143	69,481,672
Total Accumulated Depreciation	<u>\$ 329,994,286</u>	<u>\$ 37,320,113</u>	<u>\$ 3,724,931</u>	<u>\$ 363,589,468</u>
Total Capital Assets Being Depreciated, Net	<u>\$ 392,383,415</u>	<u>\$ 64,829,379</u>	<u>\$ 8,968,698</u>	<u>\$ 448,244,096</u>
Component Unit School Board, Capital Assets, Net	<u>\$ 503,613,147</u>	<u>\$ 87,592,305</u>	<u>\$ 98,245,572</u>	<u>\$ 492,959,880</u>

* All depreciation was charged to School Board Component Unit.

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

5. CAPITAL ASSETS AND LAND HELD FOR RESALE (continued)

D. Business-Type Activities

The following is a summary of the changes in capital assets for the fiscal year ended June 30, 2014:

	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014
Capital Assets Not Being Depreciated:				
Land and Improvements	\$ 165,181,951	\$ 516,488	\$ 1,545	\$ 165,696,894
Construction in Progress	16,995,523	57,846,068	63,646,946	11,194,645
Total Capital Assets Not Being Depreciated	<u>\$ 182,177,474</u>	<u>\$ 58,362,556</u>	<u>\$ 63,648,491</u>	<u>\$ 176,891,539</u>
Other Capital Assets:				
Buildings and Improvements	\$ 105,244,966	\$ 642,000	\$ -	\$ 105,886,966
Site Improvements	1,457,642	-	-	1,457,642
Utility System	1,158,907,793	62,910,128	11,859,175	1,209,958,746
Machinery and Equipment	34,480,861	5,387,267	1,225,031	38,643,097
Total Other Capital Assets at Historical Cost	<u>\$ 1,300,091,262</u>	<u>\$ 68,939,395</u>	<u>\$ 13,084,206</u>	<u>\$ 1,355,946,451</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 25,232,902	\$ 2,723,448	\$ -	\$ 27,956,350
Site Improvements	505,106	36,441	-	541,547
Utility System	412,381,611	25,971,003	2,708,811	435,643,803
Machinery and Equipment	26,056,200	2,369,792	1,179,024	27,246,968
Total Accumulated Depreciation	<u>\$ 464,175,819</u>	<u>\$ 31,100,684</u>	<u>\$ 3,887,835</u>	<u>\$ 491,388,668</u>
Total Capital Assets Being Depreciated, Net	<u>\$ 835,915,443</u>	<u>\$ 37,838,711</u>	<u>\$ 9,196,371</u>	<u>\$ 864,557,783</u>
Business-Type Activities Capital Assets, Net	<u>\$ 1,018,092,917</u>	<u>\$ 96,201,267</u>	<u>\$ 72,844,862</u>	<u>\$ 1,041,449,322</u>

Depreciation expense was charged to Business-Type Activities as follows:

Water and Sewer	\$ 24,291,460
Storm Water	4,110,897
Development Authority	2,661,886
Resort Parking	36,441
Total	<u>\$ 31,100,684</u>

E. Major Fund - Water and Sewer Enterprise Fund

	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014
Capital Assets Not Being Depreciated:				
Land and Improvements	\$ 12,669,816	\$ 301,731	\$ -	\$ 12,971,547
Construction in Progress	11,689,321	41,754,649	46,180,536	7,263,434
Total Capital Assets Not Being Depreciated	<u>\$ 24,359,137</u>	<u>\$ 42,056,380</u>	<u>\$ 46,180,536</u>	<u>\$ 20,234,981</u>
Other Capital Assets:				
Buildings and Improvements	\$ 3,590,809	\$ 642,000	\$ -	\$ 4,232,809
Utility System	976,268,875	45,704,201	11,859,175	1,010,113,901
Machinery and Equipment	24,221,235	3,751,803	905,290	27,067,748
Total Other Capital Assets at Historical Cost	<u>\$ 1,004,080,919</u>	<u>\$ 50,098,004</u>	<u>\$ 12,764,465</u>	<u>\$ 1,041,414,458</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 2,307,628	\$ 93,315	\$ -	\$ 2,400,943
Utility System	369,102,244	22,641,462	2,708,811	389,034,895
Machinery and Equipment	18,441,428	1,556,683	859,283	19,138,828
Total Accumulated Depreciation	<u>\$ 389,851,300</u>	<u>\$ 24,291,460</u>	<u>\$ 3,568,094</u>	<u>\$ 410,574,666</u>
Total Capital Assets Being Depreciated, Net	<u>\$ 614,229,619</u>	<u>\$ 25,806,544</u>	<u>\$ 9,196,371</u>	<u>\$ 630,839,792</u>
Water and Sewer Capital Assets, Net	<u>\$ 638,588,756</u>	<u>\$ 67,862,924</u>	<u>\$ 55,376,907</u>	<u>\$ 651,074,773</u>

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

5. CAPITAL ASSETS AND LAND HELD FOR RESALE (continued)

F. Major Fund – Storm Water Enterprise Fund

	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014
Capital Assets Not Being Depreciated:				
Land and Improvements	\$ 131,201,523	\$ 194,315	\$ -	\$ 131,395,838
Construction in Progress	5,306,202	16,091,419	17,466,410	3,931,211
Total Capital Assets Not Being Depreciated	\$ 136,507,725	\$ 16,285,734	\$ 17,466,410	\$ 135,327,049
Other Capital Assets:				
Utility System	\$ 182,638,918	\$ 17,205,927	\$ -	\$ 199,844,845
Machinery and Equipment	9,586,488	1,635,464	291,512	10,930,440
Total Other Capital Assets at Historical Cost	\$ 192,225,406	\$ 18,841,391	\$ 291,512	\$ 210,775,285
Less Accumulated Depreciation For:				
Utility System	\$ 43,279,367	\$ 3,329,541	\$ 291,512	\$ 46,317,396
Machinery and Equipment	7,234,862	781,356	-	8,016,218
Total Accumulated Depreciation	\$ 50,514,229	\$ 4,110,897	\$ 291,512	\$ 54,333,614
Total Capital Assets Being Depreciated, Net	\$ 141,711,177	\$ 14,730,494	\$ -	\$ 156,441,671
Storm Water Capital Assets, Net	\$ 278,218,902	\$ 31,016,228	\$ 17,466,410	\$ 291,768,720

G. Major Fund - Virginia Beach Development Authority

	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014
Capital Assets Not Being Depreciated:				
Land and Improvements	\$ 19,935,612	\$ 20,442	\$ 1,545	\$ 19,954,509
Total Capital Assets Not Being Depreciated	\$ 19,935,612	\$ 20,442	\$ 1,545	\$ 19,954,509
Other Capital Assets:				
Buildings and Improvements	\$ 101,654,157	\$ -	\$ -	\$ 101,654,157
Machinery and Equipment	593,294	-	28,229	565,065
Total Other Capital Assets at Historical Cost	\$ 102,247,451	\$ -	\$ 28,229	\$ 102,219,222
Less Accumulated Depreciation For:				
Buildings	\$ 22,925,274	\$ 2,630,133	\$ -	\$ 25,555,407
Machinery and Equipment	300,066	31,753	28,229	303,590
Total Accumulated Depreciation	\$ 23,225,340	\$ 2,661,886	\$ 28,229	\$ 25,858,997
Total Capital Assets Being Depreciated, Net	\$ 79,022,111	\$ -	\$ -	\$ 76,360,225
Development Authority Capital Assets, Net	\$ 98,957,723	\$ 2,641,444	\$ 1,545	\$ 96,314,734

All depreciation was charged to Virginia Beach Development Authority.

H. Component Unit - Virginia Beach Community Development Corporation

	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014
Capital Assets Not Being Depreciated:				
Land and Improvements	\$ 7,402,602	\$ 574,700	\$ -	\$ 7,977,302
Other Capital Assets:				
Buildings and Improvements	\$ 26,629,935	\$ 1,531,595	\$ -	\$ 28,161,530
Vehicles	64,905	20,154	17,250	67,809
Total Other Capital Assets at Historical Cost	\$ 26,694,840	\$ 1,551,749	\$ 17,250	\$ 28,229,339
Less Accumulated Depreciation	\$ 8,544,883	\$ 1,029,623	\$ 1,232	\$ 9,573,274
Component Unit - Va. Beach Community Dev.	\$ 25,552,559	\$ 1,096,826	\$ 16,018	\$ 26,633,367

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

5. CAPITAL ASSETS AND LAND HELD FOR RESALE (continued)

I. Construction in Progress

1. Governmental Activities and School Board Component Unit

In accordance with the City's accounting policies, these projects will not be transferred from Construction in Progress until completion. Construction in progress is comprised of the following:

	Expended through June 30, 2014	Outstanding Commitments	Unobligated Balance
<u>Government Activities</u>			
Engineering and Highways	\$ 76,661,957	\$ 123,343,180	\$ 179,448,186
Buildings	15,850,301	17,995,190	55,202,940
Parks and Recreation	27,439,307	16,165,196	36,366,147
Virginia Beach Development Authority	1,505,623	-	-
Coastal	2,235,447	2,080,684	38,298,084
Economic and Tourism	1,056,493	29,150,606	23,079,220
Total Other Capital Assets at Historical Cost	<u>\$ 124,749,128</u>	<u>\$ 188,734,856</u>	<u>\$ 332,394,577</u>
<u>School Board Component Unit</u>			
Buildings and Improvements Other than Buildings	<u>\$ 5,045,181</u>	<u>\$ 18,184,304</u>	<u>\$ -</u>

2. Business-Type Activities

In accordance with the City's accounting policies, these projects will not be transferred from Construction in Progress into the various capital asset accounts until substantially completed. Construction in Progress for Business-Type Activities is comprised of the following at June 30, 2014:

	Expended through June 30, 2014	Outstanding Commitments	Unobligated Balance
Water & Sewer Utility Projects	\$ 7,263,434	\$ 29,894,527	\$ 60,404,951
Storm Water Projects	3,931,211	14,294,992	49,558,003
Total Business-Type Activities	<u>\$ 11,194,645</u>	<u>\$ 44,189,519</u>	<u>\$ 109,962,954</u>

6. LONG-TERM DEBT

A. A Summary of Changes In Long-Term Liabilities

1. Primary Government - Governmental Activities

	Balance July 1, 2013	Additions	Reductions	Balance June 30, 2014	Amounts Due Within One Year
General Obligation Bonds	\$ 640,448,095	\$ 85,055,000	\$ 58,082,864	\$ 667,420,231	\$ 58,799,390
State Literary Fund Loans	4,125,000	-	625,000	3,500,000	625,000
Public Facility Revenue Bonds	251,574,514	41,307,385	33,950,000	258,931,899	21,076,209
Williams Farm Property	212,500	-	212,500	-	-
Agriculture Reserve Program	41,193,588	270,504	-	41,464,092	-
Total Tax Supported Debt	<u>\$ 937,553,697</u>	<u>\$ 126,632,889</u>	<u>\$ 92,870,364</u>	<u>\$ 971,316,222</u>	<u>\$ 80,500,599</u>
Other Debt:					
Landfill Closure & Post-Closure Care	\$ 26,826,185	\$ 2,640,690	\$ -	\$ 29,466,875	\$ -
Premiums	78,449,778	16,096,113	10,765,640	83,780,251	7,713,807
Accrued Compensation Leave	41,234,932	25,663,233	23,877,068	43,021,097	24,593,377
Estimated Claims & Judgements	25,462,274	11,249,594	11,249,594	25,462,274	5,871,424
Governmental Activities Long-Term Debt	<u>\$ 1,109,526,866</u>	<u>\$ 182,282,519</u>	<u>\$ 138,762,666</u>	<u>\$ 1,153,046,719</u>	<u>\$ 118,679,207</u>

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

6. LONG-TERM DEBT (continued)

A. A Summary of Changes In Long-Term Liabilities (continued)

2. Primary Government - Business-Type Activities

	Balance July 1, 2013	Additions	Reductions	Balance June 30, 2014	Amounts Due Within One Year
General Obligation Bonds	\$ 222,016	\$ -	\$ 222,016	\$ -	\$ -
Revenue Bonds	190,379,822	44,845,000	8,806,175	226,418,647	10,113,130
Public Facility Revenue Bonds	75,580,486	23,987,615	10,240,000	89,328,101	5,693,791
Revenue Note	947,939	-	-	947,939	947,939
Total Tax Supported Debt	\$ 267,130,263	\$ 68,832,615	\$ 19,268,191	\$ 316,694,687	\$ 16,754,860
Less/Add Deferred Amounts:					
For Issuance Premiums	5,618,386	4,373,977	788,521	9,203,842	437,077
Less Bond Discount	(107,674)	-	(63,683)	(43,991)	-
Total Bonds Payable	\$ 272,640,975	\$ 73,206,592	\$ 19,993,029	\$ 325,854,538	\$ 17,191,937
Accrued Compensated Leave	3,609,277	2,218,776	2,136,167	3,691,886	2,200,248
Business-Type Activities Long-Term Debt	\$ 276,250,252	\$ 75,425,368	\$ 22,129,196	\$ 329,546,424	\$ 19,392,185

3. Major Fund - Water and Sewer Enterprise Fund (Included in Business-Type Activities)

	Balance July 1, 2013	Additions	Reductions	Balance June 30, 2014	Amounts Due Within One Year
Revenue Bonds	\$ 164,959,822	\$ 44,845,000	\$ 7,796,175	\$ 202,008,647	\$ 9,083,130
	\$ 164,959,822	\$ 44,845,000	\$ 7,796,175	\$ 202,008,647	\$ 9,083,130
Less/Add Deferred Amounts:					
For Issuance Premiums	3,842,134	2,636,406	404,013	6,074,527	404,013
Total Bonds Payable	\$ 168,801,956	\$ 47,481,406	\$ 8,200,188	\$ 208,083,174	\$ 9,487,143
Accrued Compensated Leave	2,638,644	1,698,858	1,576,402	2,761,101	1,623,692
Water and Sewer Long-Term Debt	\$ 171,440,600	\$ 49,180,264	\$ 9,776,590	\$ 210,844,275	\$ 11,110,835

4. Major Fund – Storm Water Enterprise Fund (Included in Business-Type Activities)

	Balance July 1, 2013	Additions	Reductions	Balance June 30, 2014	Amounts Due Within One Year
General Obligation Bonds	\$ 222,016	\$ -	\$ 222,016	\$ -	\$ -
Double Barrel and Revenue	25,420,000	-	1,010,000	24,410,000	1,030,000
	\$ 25,642,016	\$ -	\$ 1,232,016	\$ 24,410,000	\$ 1,030,000
Less/add Deferred Amounts:					
For Issuance Premiums	314,106	-	33,063	281,043	33,064
Total Bonds Payable	\$ 25,956,122	\$ -	\$ 1,265,079	\$ 24,691,043	\$ 1,063,064
Accrued Compensation Leave	944,118	497,994	543,191	898,921	559,486
Storm Water Long-Term Debt	\$ 26,900,240	\$ 497,994	\$ 1,808,270	\$ 25,589,964	\$ 1,622,550

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

6. LONG-TERM DEBT (continued)

A. A Summary of Changes In Long-Term Liabilities (continued)

5. Major Fund - Development Authority Enterprise Fund (Included in Business-Type Activities)

	Balance July 1, 2013	Additions	Reductions	Balance June 30, 2014	Amounts Due Within One Year
Public Facility Revenue Bonds	\$ 75,580,486	\$ 23,987,615	\$ 10,240,000	\$ 89,328,101	\$ 5,693,791
Revenue Note	947,939	-	-	947,939	947,939
Total Bonds Payable	\$ 76,528,425	\$ 23,987,615	\$ 10,240,000	\$ 90,276,040	\$ 6,641,730
For Issuance Premiums	1,462,146	1,737,571	351,445	2,848,272	-
Less Bond Discount	(107,674)	-	(63,683)	(43,991)	-
Virginia Beach Development Authority	<u>\$ 77,882,897</u>	<u>\$ 25,725,186</u>	<u>\$ 10,527,762</u>	<u>\$ 93,080,321</u>	<u>\$ 6,641,730</u>

6. Component Unit - School Board

	Balance July 1, 2013	Additions	Reductions	Balance June 30, 2014	Amounts Due Within One Year
Accrued Compensated Leave	\$ 20,288,657	\$ 8,266,774	\$ 7,953,104	\$ 20,602,327	\$ 8,191,697
Estimated Claims and Judgements	15,850,000	143,242,000	141,804,000	17,288,000	12,966,000
Long-Term Liabilities	<u>\$ 36,138,657</u>	<u>\$ 151,508,774</u>	<u>\$ 149,757,104</u>	<u>\$ 37,890,327</u>	<u>\$ 21,157,697</u>

7. Component Unit - Virginia Beach Community Development Corporation

	Balance July 1, 2013	Additions	Reductions	Balance June 30, 2014	Amounts Due Within One Year
Notes Payable	\$ 16,106,937	\$ 1,621,585	\$ 1,158,455	\$ 16,570,067	\$ 839,341
Component Unit Long-Term Debt - Va. Beach Development Corp.	<u>\$ 16,106,937</u>	<u>\$ 1,621,585</u>	<u>\$ 1,158,455</u>	<u>\$ 16,570,067</u>	<u>\$ 839,341</u>

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

6. LONG-TERM DEBT (continued)

B. Bonds, Notes and Loans Payable

Bond Issue/Purpose	Dated	Issue Amount	True Interest	Proprietary Percentage		Outstanding Balance	
				Storm Water %	Water & Sewer%	VBDA%	CITY
General Obligation Bonds and Loans:							
2014A PI	4/22/2014	\$ 85,055,000	2.920553	-	-	-	\$ 85,055,000
2013A PI	4/17/2013	22,885,000	2.587348	-	-	-	22,885,000
2013B PI Refunding	4/17/2013	33,795,000	2.143873	-	-	-	28,095,000
Pleasure House Point	7/10/2012	6,000,000	0.25	-	-	-	5,375,106
2012A PI	4/18/2012	65,000,000	2.849726	-	-	-	58,500,000
2012B PI Refunding	4/18/2012	19,630,000	2.413515	-	-	-	19,630,000
2011A PI	6/29/2010	90,000,000	3.212396	-	-	-	76,500,000
2010-1 QSCB	7/8/2010	4,875,000	5.31	-	-	-	3,735,000
2010 Recovery Zone	3/15/2010	5,995,000	3.038509	-	-	-	5,015,000
2010A PI	5/25/2010	60,000,000	2.97032	-	-	-	48,000,000
2009 PI Refunding	1/26/2010	20,755,000	3.041988	-	-	-	19,550,000
2009B PI Refunding	1/26/2010	78,875,000	2.910179	-	-	-	78,205,000
2009 PI	6/16/2009	72,000,000	3.655747	-	-	-	43,200,000
2008 PI	3/25/2008	90,000,000	4.161171	-	-	-	45,000,000
2008 VPSA	12/1/2008	6,350,705	-	-	-	-	4,893,891
2008 Refunding	5/13/2008	51,625,000	2.881742	-	-	-	4,515,000
2007 PI	3/27/2007	75,000,000	4.003699	-	-	-	37,500,000
2005 PI	12/15/2005	80,000,000	4.270424	-	-	-	8,000,000
2004B PI Refunding	10/1/2004	114,855,000	3.688578	-	-	-	69,545,000
2004A PI	6/1/2004	65,000,000	4.354874	1.13	-	-	3,250,000
2002 State Literary	1/1/2002	7,500,000	3	-	-	-	3,000,000
1996A School	11/14/1996	4,151,083	3	-	-	-	726,290
1996 State Literary	3/1/1996	2,500,000	3	-	-	-	250,000
1996 State Literary	3/1/1996	2,500,000	3	-	-	-	250,000
1995A PI	12/21/1995	2,096,324	3	-	-	-	244,944
Total General Obligation Bonds and Loans							\$ 670,920,231
Revenue Bonds:*							
2013 W&S Revenue	11/13/2013	\$ 44,845,000	3.641572	-	100	-	\$ 44,845,000
2010A Storm Water Revenue	11/16/2010	20,000,000	3.170505	100	-	-	18,410,000
2010B Storm Water Refunding	11/16/2010	7,380,000	2.607102	100	-	-	6,000,000
2010A W&S Revenue	6/29/2010	65,000,000	3.475462	-	100	-	60,395,000
2010B W&S Refunding	6/29/2010	8,410,000	3.02756	-	100	-	7,955,000
2010C W&S Refunding	6/29/2010	24,950,000	3.156061	-	100	-	22,980,000
2005 W&S Revenue & Refund	10/5/2005	92,700,000	4.2312375	-	100	-	57,215,000
2002 W&S Revenue	10/15/2002	28,000,000	4.8066	-	100	-	4,740,000
1998 Taxable W&S Revenue	8/28/1998	5,774,218	4.3	-	100	-	1,956,472
1997 Taxable W&S Revenue	1/30/1997	7,190,048	4.75	-	100	-	1,816,757
1994 Taxable W&S Revenue	1/18/1995	1,405,031	4.5	-	100	-	105,418
Total Revenue Bonds and Notes							\$ 226,418,647
Public Facility Revenue Bonds:							
2014A Public Facility Revenue	6/18/2014	\$ 44,975,000	2.984041	-	-	41.76	\$ 44,975,000
2014B Public Facility Revenue	6/18/2014	20,320,000	2.430979	-	-	25.62	20,320,000
2013A Public Facility Revenue	6/19/2013	20,960,000	2.599602	-	-	-	20,960,000
2012A Public Facility Revenue	4/18/2012	22,580,000	2.599602	-	-	-	21,360,000
2012B Public Facility Refunding	4/18/2012	25,640,000	2.448956	-	-	21.12	24,455,000
2010A Public Facility Revenue	5/25/2010	17,000,000	2.582319	-	-	-	10,200,000
2010B Public Facility Revenue	5/25/2010	98,035,000	2.993556	-	-	24.84	95,855,000
2010C Public Facility Refunding	5/25/2010	40,450,000	3.396935	-	-	31.31	39,955,000
2007A Public Facility Revenue	6/26/2007	96,835,000	4.5444247	-	-	19.51	56,675,000
2007B Public Facility Revenue	6/26/2007	4,030,000	6.296255	-	-	100.00	3,290,000
2005A Public Facility Revenue	5/1/2005	94,900,000	3.2284162	-	-	12.02	4,195,000
2005B Public Facility Revenue	5/1/2005	9,000,000	4.965915	-	-	89.00	6,020,000
Total Public Facility Bonds:							\$ 348,260,000
Other Long-Term Debt:							
Agriculture Reserve Program	Various	\$ 41,464,092	Various	-	-	-	\$ 41,464,092
Note Payable-Town Center	6/8/2000	-	-	-	-	-	947,939
Total Other Long-Term Obligations							\$ 42,412,031
Grand Total Bonds, Notes and Loans Payable							\$ 1,288,010,909

* Water and Sewer and Storm Water Enterprise Funds

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

6. LONG-TERM DEBT (continued)

B. Bonds, Notes and Loans Payable (continued)

Defeased Debt - In current and prior years, the City defeased certain general obligation, public improvement, and public utility bonds by placing funds in irrevocable escrow accounts to provide for future debt service payments on the defeased debt. Accordingly, the escrow account assets and liabilities for the defeased debt are not included in the City's financial statements. At June 30, 2014, the outstanding balance of the defeased debt, including current year defeased debt, is \$181.6 million, and is considered in-substance defeased. Included in this total is \$7.4 million for the Water and Sewer Fund.

C. Summary of Recent Refundings

1. Advance Refunding of Public Facility Revenue Bonds

On April 18, 2014, the City issued \$20,320,000 of Public Facility Refunding Revenue Bonds, Series 2014B to refund portions of the 2005A Series Public Facility Revenue Bonds. The refunding bonds combined with \$2.2 million in premiums to provide resources to purchase U.S. Government, State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$28.3 million of Public Facility Revenue Bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net assets. The net carrying amount of the old debt exceeded the reacquisition price by \$1,125,000. This difference is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next 11 years by \$1.9 million and resulted in an economic gain of \$1.6 million. The 2005A bonds will be called 5/1/15.

2. Current and Advance Refunding of General Obligation Public Improvement Bonds

On April 17, 2013, the City issued \$33,795,000 of General Obligation Public Improvement Refunding Bonds, Series 2013B to refund portions of the 2003B and 2005 Series General Obligation Public Improvement Bonds. The refunding bonds combined with \$4.27 million in premiums to provide resources to purchase U.S. Government, State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$47.6 million of General Obligation Public Improvement Bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net position. The net carrying amount of the old debt exceeded the reacquisition price by \$545,000. This difference is displayed as a deferred inflows of resources. The remaining life of the refunded debt is equal to the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next 13 years by \$3.9 million and resulted in an economic gain of \$3.4 million. The 2003B and 2005 Refunded bonds were called on 5/17/13 with the remainder to be called on 1/15/16.

3. Advance Refunding of General Obligation Public Improvement Bonds

On April 18, 2012, the City issued \$19.63 million of General Obligation Public Improvement Refunding Bonds, Series 2012B to refund portions of the 2003A and 2004A Series General Obligation Public Improvement Bonds. The refunding bonds combined with \$4.6 million in premiums to provide resources to purchase U.S. Government, State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$32.6 million of General Obligation Public Improvement Bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net position. The net carrying amount of the old debt exceeded the reacquisition price by \$2,620,000. This difference was displayed as a deferred inflows of resources. The remaining life of the refunded debt is equal to the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next 13 years by \$3.1 million and resulted in an economic gain of \$2.6 million. The 2003A and 2004A Refunded bonds were called on 5/1/13 with the remainder to be called on 7/15/14.

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

6. LONG-TERM DEBT (continued)

C. Summary of Recent Refundings (continued)

4. Advance Refunding of Public Facility Revenue Bonds Series 2003A and Series 1998 Lease Revenue Bonds

On June 20, 2012, the City issued \$25.64 million of Public Facility Refunding Revenue Bonds, Series 2012B. The refunding bonds combined with \$5.3 million in premiums to provide resources to purchase U.S. Government, State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$43.2 million of Public Facility Revenue bonds. Included in the bonds sold were \$5.4 million in Public Facility Refunding Revenue Bonds to refund debt currently held by the Virginia Beach Development Authority. The remaining bonds were sold to refund debt currently outstanding for the City. As a result, the refunded bonds are considered to be defeased and the City's portion of the liability has been removed from the government activities column of the statement of net position. The City's net carrying amount of the old debt exceeded the reacquisition price by \$3,085,486. This difference was displayed as deferred inflows of resources. The remaining life of the refunded debt is equal to the life of the new debt issued.

This advance refunding was undertaken to reduce total debt service payments over the next 12 years by \$5.3 million and resulted in an economic gain of \$4.3 million. The 1998 Lease Revenue Bonds and 2003A Public Facility Revenue Bonds refunded were called on 7/23/12 and 12/1/13.

5. Advance Refunding of Public Facility Revenue Bonds Series 2002, 2003, 2005 and 2007

On May 25, 2010, the City issued \$98.035 million of Public Facility Refunding Revenue Bonds, Series 2010B and \$40.45 million of Public Facility Refunding Revenue Bonds, Series 2010C. The refunding bonds combined with \$19.03 million in premiums to provide resources to purchase U.S. Government, State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$137.5 million of Public Facility Revenue bonds. Included in the bonds sold were \$37.015 million in Public Facility Refunding Revenue Bonds to refund debt currently held by the Virginia Beach Development Authority. The remaining bonds were sold to refund debt currently outstanding for the City. As a result, the refunded bonds are considered to be defeased and the City's portion of the liability has been removed from the government activities column of the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt currently held by \$985,000. This difference was displayed as a deferred outflows of resources. The remaining life of the refunded debt is equal to the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next 13 years by \$6.36 million and resulted in an economic gain of \$4.1 million. The refunded bonds will be called at various dates beginning 8/1/12 and ending 7/15/17.

6. Advance Refunding of General Obligation Public Improvement Bonds

On January 26, 2010, the City issued \$20.755 million of General Obligation Public Improvement Bonds, Series 2009A and \$78.875 million of General Obligation Public Improvement Bonds, Series 2009B. The refunding bonds combined with \$12 million in premiums to provide resources to purchase U.S. Government, State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$100 million of General Obligation Public Improvement Bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt currently held by \$.37 million. This difference was displayed as deferred outflows of resources. The remaining life of the refunded debt is equal to the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next 13 years by \$8.03 million and resulted in an economic gain of \$5.6 million. The refunded bonds will be called at various dates between 6/1/11 and 6/1/19.

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

6. LONG-TERM DEBT (continued)

C. Summary of Recent Refundings (continued)

7. Advance Refunding of Water and Sewer Revenue Bonds

On June 29, 2010, the City issued \$8.41 million of Water and Sewer Refunding Revenue Bonds, Series 2010B and \$24.95 million of Water and Sewer Refunding Revenue Bonds, Series 2010C. The refunding bonds combined with \$1.01 million in premiums to provide resources to purchase U.S. Government, State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$30.64 million of Water and Sewer Revenue bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the business-type activities column of the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt currently held by \$2.72 million. This difference was displayed as deferred outflows of resources. The remaining life of the refunded debt is equal to the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next 18 years by \$1.7 million and resulted in an economic gain of \$1.4 million. The refunded bonds are callable beginning 10/1/12 and ending 10/1/15.

D. A Summary of Annual Requirements to Amortize All Bonds and Notes Payable

Annual Debt Service requirements to maturity for General Obligation Bonds are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2015	\$ 59,424,390	\$ 29,710,369
2016	56,894,318	27,093,688
2017	54,034,860	24,372,397
2018	50,948,194	21,798,280
2019	48,419,035	19,153,873
2020-2024	208,886,556	65,583,504
2025-2029	142,972,878	26,866,944
2030-2034	49,340,000	4,720,099
	<u>\$ 670,920,231</u>	<u>\$ 219,299,154</u>

Annual Debt Service requirements to maturity for Revenue Bonds are as follows:

Year Ending June 30	Business-Type Activities	
	Principal	Interest
2015	\$ 10,113,130	\$ 10,017,975
2016	10,426,806	9,625,435
2017	10,857,707	9,199,147
2018	10,240,728	8,759,613
2019	10,705,276	8,320,251
2020-2024	54,750,000	34,907,914
2025-2029	54,885,000	22,076,757
2030-2034	40,295,000	10,581,666
2035-2039	24,145,000	1,980,275
Totals	<u>\$ 226,418,647</u>	<u>\$ 115,469,033</u>

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

6. LONG-TERM DEBT (continued)

D. A Summary of Annual Requirements to Amortize All Bonds and Notes Payable (continued)

Annual Debt Service requirements to maturity for Public Facility Revenue Bonds are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 21,076,209	\$ 11,155,298	\$ 5,693,791	\$ 3,990,821
2016	19,390,366	10,610,539	6,284,634	3,883,360
2017	20,008,720	9,706,674	6,921,280	3,569,154
2018	20,766,160	8,766,101	7,333,840	3,234,659
2019	21,551,160	7,769,568	7,073,840	2,879,914
2020-2024	106,888,933	23,315,887	36,906,067	8,869,707
2025-2029	36,339,551	5,710,404	14,345,449	2,344,077
2030-2034	12,910,800	1,194,173	4,769,200	517,458
	<u>\$ 258,931,899</u>	<u>\$ 78,228,644</u>	<u>\$ 89,328,101</u>	<u>\$ 29,289,150</u>

See Note 6N for additional debt to maturity information on Enterprise Revenue Note outstanding balance of \$947,939.

Debt service requirements for general obligation bonds are principally met by the General Fund. Also, for the Governmental Activities, Landfill Closure and Post-Closure Care, Federal Arbitrage Rebate (there are no set maturity dates for these liabilities) will be liquidated by the General Fund. Compensated absences (except School Board and most Proprietary Funds) will be liquidated by the General Fund. Internal Service Funds predominately serve the Governmental Funds. Accordingly, long-term liabilities for them are included as part of the above totals for Governmental Activities in Note 1A1. Claims and Judgments are liquidated by the Risk Management Fund.

Interest expense incurred on the above noted debt for the year ended June 30, 2014, was \$51,308,508. Of this amount, \$2,406,656 was capitalized in the Major Enterprise Funds and in the Business-Type Activities.

E. Agricultural Reserve Program

On May 9, 1995, City Council adopted an ordinance establishing the Agricultural Reserve Program (“ARP”). The primary purpose of the ordinance is to promote and encourage the preservation of farmland in the rural southern portion of the City. Through ARP, the City acquires development rights in designated areas within the southern portion of the City through the purchase of agricultural land preservation easements. Landowners who meet certain eligibility criteria may sell an easement to the City while holding fee simple title to the land and continuing to farm. The City acquires these development rights by executing installment purchase agreements with the landowners.

These agreements provide for the payment of the principal balance of the agreement in a single installment due approximately twenty-five years after execution of the agreement. Interest on the unpaid principal balance is payable semi-annually. On May 9, 1995, the City Council originally dedicated a one and one-half cent increase in the real estate tax to finance the program; on May 11, 2004, the City Council reduced this amount to one cent; on May 9, 2006 the City Council reduced the tax rate to nine tenths of one cent.

These obligations constitute indebtedness within the meaning of Article VII, Section 10 of the Virginia Constitution and will be general obligations of the City, pledging the full faith and credit and unlimited taxing power of the City. By policy, interest and principal payments will be paid from a dedicated portion of real estate taxes. Principal payments will be made from maturing zero coupon Treasury securities purchased from the dedicated portion of real estate taxes.

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

6. LONG-TERM DEBT (continued)

E. Agricultural Reserve Program (continued)

As of June 30, 2014, 89 installment purchase agreements totaling 9,085 acres at a total purchase price of \$41,464,092 have been executed.

Annual Debt Service requirements to maturity for Agricultural Reserve Program:

Year Ending June 30	Principal	Interest
2015	\$ -	\$ 2,234,013
2016	-	2,234,013
2017	-	2,234,013
2018	-	2,234,013
2019	-	2,234,013
2020-2024	10,195,146	10,041,997
2025-2029	11,347,306	5,996,642
2030-2034	8,991,932	3,854,316
2035-2039	10,929,708	878,438
Totals	\$ 41,464,092	\$ 31,941,458

F. Legal Debt Margin

The Legal Debt Margin is a charter requirement which sets the upper limit on the amount of debt Virginia Beach may issue. At June 30, 2014, the legal debt margin was \$4.2 billion. However, the City Council has adopted four affordability polices that restrict the amount of debt below the amount indicated by the "Legal Debt Margin", including a ceiling of \$2,800 net debt per capita.

G. Water and Sewer Enterprise Revenue Bonds

Water and Sewer Revenue Bonds are obligations of the City, payable solely from pledged revenues of the System (Water and Sewer Fund), subject to the prior application thereof to the payment of Operating Expenses. The City will fix, charge, collect and revise its fees, rates and other charges for the use of and for the services furnished by the system so as to produce revenues sufficient to meet its cash requirements each fiscal year.

H. Storm Water Revenue Bonds

Storm Water Revenue Bonds are obligations of the City, payable solely from pledged revenues of the System (Storm Water Fund), subject to the prior application thereof to the payment of Operating Expenses. The City will fix, charge, collect and revise its fees, rates and other charges for the use of and for the services furnished by the system so as to produce revenues sufficient to meet its cash requirements each fiscal year.

I. Debt Service Expenditures

	Principal* Retirement	Interest and Fiscal Charges	Total
General Government City:			
General Obligation Bonds	\$ 58,082,864	\$ 27,390,968	\$ 85,473,832
State Literary Fund Loans	625,000	123,750	748,750
Public Facility Revenue Bonds	18,000,000	11,125,587	29,125,587
Williams Farm IPA	212,500	5,312	217,812
Agriculture Reserve Program	-	2,232,706	2,232,706
Bank Charges & Bond Issuance Costs	-	820,950	820,950
Total Tax-Supported Debt Service	<u>\$ 76,920,364</u>	<u>\$ 41,699,273</u>	<u>\$ 118,619,637</u>
	Principal* Retirement	Interest and Fiscal Charges	Total
Enterprise Funds:			
General Obligation Bond	\$ 222,016	\$ 4,440	\$ 226,456
Revenue Bonds	8,806,176	9,174,873	17,981,049
Public Facility Revenue Bonds	4,145,000	3,483,578	7,628,578
Bank Charges & Bond Issuance Costs	-	380,901	380,901
Total Enterprise Debt Service	<u>\$ 13,173,192</u>	<u>\$ 13,043,792</u>	<u>\$ 26,216,984</u>
Total Debt Service	<u>\$ 90,093,556</u>	<u>\$ 54,743,065</u>	<u>\$ 144,836,621</u>

* Excludes bonds refunded

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

6. LONG-TERM DEBT (continued)

J. Accrued Compensated Leave

The accrued compensated leave is as follows at June 30, 2014:

	Primary Government		School Board Component Unit	Total
	Governmental Activities	Business-Type Activities		
City - Annual	\$ 30,684,878	\$ 2,968,953	\$ -	\$ 33,653,831
City - Compensatory	8,513,484	179,192	-	8,692,676
City - Sick	3,822,735	543,741	-	4,366,476
School - Annual	-	-	9,532,620	9,532,620
School - Sick	-	-	9,220,062	9,220,062
School - Personal	-	-	1,849,645	1,849,645
Total	<u>\$ 43,021,097</u>	<u>\$ 3,691,886</u>	<u>\$ 20,602,327</u>	<u>\$ 67,315,310</u>

K. Authorized But Unissued Bonds

Purpose	June 30, 2014
General Obligation Debt:	
2012 Charter Bonds	\$ 9,073,072
2013 Charter Bonds	45,068,816
2014 Charter Bonds	66,400,000
Total General Obligation Debt	<u>\$ 120,541,888</u>
Water and Sewer Debt:	
2012 W & S Revenue Bonds	\$ 25,242,666
2013 W & S Revenue Bonds	27,000,000
2014 W & S Revenue Bonds	27,000,000
Total Water and Sewer Debt	<u>\$ 79,242,666</u>
Storm Water Utility Revenue Bonds:	
2006 Storm Water Utility Revenue Bonds	\$ 448,440
2008 Storm Water Utility Revenue Bonds	6,000,000
2011 Storm Water Utility Revenue Bonds	16,300,000
2013 Storm Water Utility Revenue Bonds	12,500,000
2014 Storm Water Utility Revenue Bonds	9,000,000
Total Storm Water Utility Debt	<u>\$ 44,248,440</u>
Total Authorized and Unissued Debt - June 30, 2014	<u>\$ 244,032,994</u>

L. Revenue Covenants

Management believes the City is in compliance with all significant financial covenants contained in the various bond indentures, including those found in the Master Resolution adopted February 1992 for the Water & Sewer Revenue Bonds.

M. Notes Payable - Discretely Presented Component Unit Community Development Corporation

Various mortgage loan agreements and notes payable with interest at 3.25% to 7.1%, collateralized by real property.

\$ 16,570,067

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

6. LONG-TERM DEBT (continued)

N. Notes Payable - Component Unit Virginia Beach Development Authority

Notes Payable – Town Center

Details of Other Notes Payable as of June 30, 2014, are as follows:

Note Payable: Wells Fargo - Town	<u>\$ 947,939</u>
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On March 6, 2000, the Authority and Town Center Associates, L.L.C. entered into an agreement for the development of the Town Center. Financing for the purchase of the land for future phases beyond Phase I of this project was obtained from First Union National Bank/Wachovia in the amount of \$5,500,000. Total advances on this loan may not exceed \$11,135,000, to include accrued interest through December 2006. The original loan agreement was signed on June 8, 2000 and called for semi-annual interest payments starting November 30, 2000, with all principal and interest due December 1, 2006. Under the terms of this agreement, the Authority was not required to make any principal or interest payments on this loan until November of 2008; and the intention is to not make principal or interest payments, except to the extent funds are available from the sale of this land. To date, \$1,260,228 has been added to the original principal of the loan in the form of interest. As of June 30, 2014 the outstanding balance was \$947,939. The loan is secured by a surety bond provided by Town Center Associates, L.L.C. in the full outstanding amount of the loan.

In November of 2012, the Authority approved the Phase V Development Agreement. This agreement specifies that the developer has an obligation to make payments to the City in an amount totaling \$3,850,000 beginning in 2015. The developer's payments can be offset by the real estate taxes generated by improvements constructed by the developer on Block 9 of Town Center (the remaining land purchased with loan discussed above).

In May 2013, the Authority approved extending the Town Center note payable to May 2014. The interest rate for the note is the LIBOR rate plus 1.70%. In April of 2014, the Authority approved extending the Town Center Note payable through April 2015. The interest rate for the note is the LIBOR rate plus 2.25%.

O. Compliance

Management believes the City has no violations of finance related legal and contractual provisions.

P. Public Facility Revenue Bonds and Associated VBDA Support Agreements

The Virginia Beach Development Authority (VBDA), a blended component unit of the City, issued Public Facility Revenue Bonds (PFRB), Series 2002A & B to finance the acquisition of a public parking facility for the Town Center Project - Phase I. The Series 2002 Bonds are limited obligations of the Authority, payable from certain payments to be made by the City pursuant to a Support Agreement dated June 1, 2002, as amended.

The Authority issued Public Facility Revenue Bonds, Series 2003, 2005A & B, and 2007A & B, to finance acquisition of three public parking garages and appurtenant structures for the Town Center Project – Phases II and III. In June 2014 the VBDA issued \$20.5 million in Public Facility Revenue Bonds to purchase the Block 11 garage in Town Center-Phase V. It is anticipated that the VBDA will acquire the Block 11 garage with those funds by the end of 2014.

The Authority issued Public Facility Revenue Bonds, Series 2010B & C, Series 2012B, and 2014B to advance refund certain maturities of the previously issued PFRB series and its Lease Revenue Bonds, Series 1998.

A portion of the Public Facility Revenue Bonds, Series 2003, 2005A, 2007A, 2010A, Series 2012A, and 2014A was used to finance acquisition and construction of various capital improvements in the City of Virginia Beach.

The obligation of the City is subject to annual appropriation by the City Council and therefore, these bonds do not constitute a general obligation debt of the City or a pledge of the full faith and credit of the City. The bonds are limited obligations of the Authority, payable solely from payments made by the City pursuant to a Support Agreement dated September 1, 2003, as supplemented and amended.

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

7. ASSETS AND OBLIGATIONS UNDER LEASES

Operating Leases Governmental Activities

Social Services Facility

The City is leasing the Social Services Facility through a financing arrangement with the Virginia Beach Development Authority. Under the arrangement, the Authority issued \$9,800,000 in tax-exempt Lease Revenue Bonds to finance the Facility. In June 2012, the remaining balance of the Lease Revenue Bonds for Social Services was refinanced with a public facility revenue bond.

The leasing arrangement allows additional rent of \$50,000 to be paid semi-annually to be placed in a reserve to be used as needed for capital and structural improvements, maintenance and repair of the facility. These payments have been suspended temporarily, and will be reassessed annually, be to reinstated as needed for capital improvements.

8. DEPOSITS AND INVESTMENTS

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

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

As of June 30, 2014, the City had the following investments. Except for the investments in the State Non Arbitrage Program (SNAP), Virginia Investment Pool (VIP), and Local Government Investment Pool (LGIP), all investments are in an internal investment pool.

Investment Type	Fair Value	Weighted Average Maturities (in months)
Certificates of Deposit	\$ 116,500,000	1.4
State Treasurer's Local Government Investment Pool (LGIP)	165,000,000	0.28
Virginia Investment Pool (VIP)	10,030,272	0.02
BB&T Insured Cash Sweep	100,039,944	0.17
Commercial Paper Disc. – Amortizing	57,916,450	0.3
U. S. Government Securities	63,000,000	1.84
State Non Arbitrage Program – SNAP	68,555,823	0.12
Total Fair Value	<u>\$ 581,042,489</u>	
Portfolio Weighted Average Maturity		<u>0.64</u>

Reconciliation of total deposits and investments to the government-wide financial statements at June 30, 2014:

	Primary Government	School Board Component Unit	Total
Cash and Investments	\$ 293,810,246	\$ 128,669,041	\$ 422,479,287
Restricted Cash and Cash Equivalents	476,859,077	-	476,859,077
Fiduciary Funds	340,270	16,583,387	16,923,657
Total	<u>\$ 771,009,593</u>	<u>\$ 145,252,428</u>	<u>\$ 916,262,021</u>
Less: Cash on Deposit			(335,219,532)
Total Market Value of Investments at June 30, 2014			<u>\$ 581,042,489</u>

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

8. DEPOSITS AND INVESTMENTS (continued)

Interest Rate Risk:

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

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

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

Credit Risk:

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

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

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

The City's rated debt investments as of June 30, 2014 were rated by Standard & Poor's and Moody's and/or an equivalent national rating organization and the ratings are presented below using the respective rating scale from both agencies.

	<u>AAA</u>	<u>A1/P1/F1+</u>
State Treasurer's Local Government Investment Pool (LGIP)	\$ 165,000,000	\$ -
U. S. Government Securities	63,000,000	-
State Non Arbitrage Program (SNAP)	68,555,823	-

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

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

8. DEPOSITS AND INVESTMENTS (continued)

Credit Risk: (continued)

At June 30, 2014, investments in bankers' acceptance instruments and U.S. Government Securities are recorded at fair value. All other investments are reported utilizing amortized cost due to maturity dates less than one year. The fair valuing of bankers' acceptance instruments and U.S. Government Securities at June 30, 2014 resulted in a net increase of \$302,924.

All City and School Board Funds participate in a centralized cash and investment pool. Interest earnings on investments are allocated to the appropriate funds based upon the average monthly cash balance of each fund. As of June 30, 2014, \$21,884 in interest income was reported in designated funds and subsequently transferred to the General Fund.

9. COMMITMENTS AND CONTINGENCIES

A. Litigation

The City is a named defendant in litigation filed by parties concerning alleged personal injuries, property damage, and other causes of action. The City is vigorously defending all cases and expects no losses will be incurred which would have a material effect on the City's financial position.

B. Intergovernmental Grants, Entitlements, and Shared Revenues

The City participates in a number of federal and state grants, entitlements, and shared revenues programs. These programs are subject to program compliance audits by the applicable federal or state agency or their representatives.

Furthermore, the U.S. Congress passed legislation called the "Single Audit Act Amendment of 1996" which required most governmental recipients of federal assistance to have an annual independent organization-wide financial and compliance audit. The results thereof are incorporated in this report. The amounts, if any, of expenditures which may be disallowed by these audits cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

C. City Manager Employment Contract

On December 6, 2011, City Council adopted an ordinance extending the contract of employment for the City Manager for the period December 1, 2011, through November 30, 2013. On August 27, 2013 City Council approved the extension of the City Manager's contract through November 30, 2015. In the event the City Manager's employment is terminated by the City Council and certain conditions are met, the City Council must continue to compensate the former City Manager for a period of twelve months.

D. Salaries Payable

The outstanding School Board Component Unit Funds' amount represents salaries due (2 months) to schoolteachers who have opted to be paid over a twelve-month period, and to substitute and supplemental school personnel.

E. Landfill Closure

On August 8, 1984, the City entered into two agreements with Southeastern Public Service Authority of Virginia (SPSA). Under the first agreement, which continues until January 2018, the City agreed to use SPSA's solid waste disposal system to dispose of solid waste generated within and collected by the City. For this service, the City agreed to pay tipping fees to SPSA.

Under the second agreement, which expires December 31, 2015, the City agreed to accept at its sanitary landfill ash and process residue generated by SPSA's refuse derived fuel processing plant. For these disposal services, SPSA agreed to pay the City the reasonable costs incurred in operating the landfill, including all operating costs as well as capital expenditures relative to regulatory compliance. Federal and State laws and regulations require that a final cover be placed on the landfill site when it stops accepting waste and to perform maintenance and monitoring functions at the site for 30 years after closure.

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

9. COMMITMENTS AND CONTINGENCIES (continued)

E. Landfill Closure (continued)

The total capacity of the developed cells at the landfill is 8.75 million tons. Future development will increase the total landfill capacity to 13.572 million tons. The City used 3.597 million tons prior to the date of the agreements (August 1984). Total usage to date has been estimated at 8.2 million tons.

To date, approximately 93.41 percent of the developed landfill has been used. Based on a 2012 study, the present value of the estimated cost for both closure and post-closure care is \$29,466,875, an amount based on landfill capacity used to date. Until another cell of the landfill is opened, no additional estimated closure and post-closure care costs will be recognized, except for the effects of inflation, changes in estimates, changes in technology or changes in laws or regulations. This amount is reflected in the government-wide financial statements.

These estimates are subject to adjustment for inflation and to account for any changes in landfill conditions, regulatory requirements, technologies, or cost estimates. The City is required by law to submit a worksheet that demonstrates the ability to fund landfill closure and post-closure care costs.

F. Water Services Contract

The City and Norfolk have entered into a Water Services Contract effective July 1, 1993 expiring in the year 2030. The Services Contract establishes engineering, water quality, and operational standards for Norfolk to receive, convey, treat, and deliver Lake Gaston water to the City.

Norfolk is required to reset rates every two years based upon a cost of services study performed by an independent consulting firm that compares projected versus actual water expenses. On a biennial basis an adjustment is made based upon the actual costs incurred in the previous two years.

G. Encumbrances

Encumbrance accounting, the recording of purchase orders, contracts, and other monetary commitments in order to reserve an applicable portion of an appropriation is used as an extension of formal budgetary control by the City. At June 30, 2014 the City had outstanding encumbrances as follows:

General Fund		
Communications and Information Technology	\$	1,948,143
General Government		2,088,334
Human Services		792,187
Libraries		703,762
Museums and Cultural Arts		1,245,793
Sandler Center for the Performing Arts		696,605
Police		443,415
Public Works		1,068,683
Parks and Recreation		452,404
Vehicle Replacement		397,541
Total General Fund	\$	9,836,867
Capital Projects Fund		
Engineering and Highways	\$	123,343,180
Buildings		17,995,190
Parks and Recreation		16,165,196
Coastal		2,080,684
Economic and Tourism		29,150,606
Total Capital Projects Fund	\$	188,734,856
Nonmajor Special Revenue Funds		2,616,874
Total	\$	201,188,597

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

10. INTERFUND BALANCES AND TRANSACTIONS, FUND RESULTS AND RECONCILIATIONS

A. Interfund Transfers

Interfund transfers for the year ended June 30, 2014 were made up of the following:

<u>Transfer To:</u>	<u>General Fund</u>	<u>Nonmajor Governmental</u>	<u>Nonmajor Parking Enterprise</u>	<u>Internal Service</u>	<u>Total</u>
General Fund	\$ -	\$ 7,592,690	\$ -	\$ -	\$ 7,592,690
Capital Project	42,914,296	11,594,853	800,000	104,494	55,413,643
Storm Water Fund	-	29,019	-	-	29,019
Nonmajor Governmental	66,015,599	2,832,638	-	-	68,848,237
Total	<u>\$ 108,929,895</u>	<u>\$ 22,049,200</u>	<u>\$ 800,000</u>	<u>\$ 104,494</u>	<u>\$ 131,883,589</u>

Purpose:

Transfers From General Fund:

\$ 42,914,296 Capital Project Funds: Funding for Pay-As-You-Go Capital Project Funds.
 66,015,599 Nonmajor Governmental Funds: Funding for Special Revenue Programs.

Transfers From Nonmajor Governmental Funds:

\$ 7,592,690 General Fund: Special Revenue Funds, primarily surplus funds from Sandbridge TIF and Agriculture Reserve.
 11,594,853 Capital Projects Funds: Funding for Pay-As-You Go Capital Projects.
 29,019 Storm Water Fund: Funding for support of Storm Water operations.
 2,832,638 Nonmajor Governmental Funds: Funding for support of existing programs

Transfer From Nonmajor Enterprise Funds:

\$ 800,000 Capital Project Funds: Economic and Tourism.

Transfer From Internal Service Funds:

\$ 104,494 Capital Project Funds: Funding for Communications System Capital.

B. Net Position Deficit

The following Primary Government fund has a deficit balance in equity at June 30, 2014:

Internal Service Fund:	
Risk Management	<u>\$ 18,712,506</u>

The deficit in the Risk Management Fund represents the actuarially estimated liability for future claims. The rate structure for the Risk Management Fund is continually being evaluated for adjustments thereto.

C. Accounting Changes, Restatements and Fund Combinations

The beginning fund balance of the General Fund was reclassified to reflect the addition of the Print Shop Internal Service Fund which was closed effective June 30, 2013. This fund has achieved its objective. The ending fund balance for this internal service fund will now be reflected as a portion of the unassigned fund balance for the General Fund. All activity will be reflected with the General Fund Financial Statements. As a result of this combination the beginning fund balance of the General Fund has been reclassified to reflect a balance of \$188,889,282 (includes the addition of \$216,220).

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

11. RISK MANAGEMENT

A. Primary Government Self-Insurance Program

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City is also exposed to the risk of loss for employee medical benefits. These benefits are accounted for in the School Health Insurance Internal Service Fund. This fund accounts for and finances this joint self-insured program between the City and the School Board. During Fiscal Year 1973, the City established a Risk Management Fund (an internal service Fund) to account for and finance its uninsured risks of loss. Under this program, the Risk Management Fund provides coverage for up to a maximum of \$1,000,000 for each workers' compensation claim, \$2,000,000 for each general and auto liability claim, \$50,000 for each fire and property claim, and \$2,000,000 for each public officials (errors and omissions) claim. The insurance coverage for each major category of risk is the same as those reported in the prior fiscal year. There have not been any reductions in commercial insurance coverage from the prior year and the amount of settlements applied against this coverage in each of the past three years did not exceed the commercial insurance. The City has \$10 million of excess insurance coverage per claim and \$20 million aggregate.

All funds of the City participate in the program (except for School Board Component Unit Funds) and make payments to the Risk Management Fund based on normal underwriting criteria and each agency's loss experience. The City uses an actuary to aid in the determination of self-insurance liabilities.

The estimated claims and judgments liability of \$25,462,274 reported in the Fund at June 30, 2014 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The City prepares a biannual update of the actuarial liability and believes the estimates contained in its latest actuarial analysis, dated June 30, 2013, substantially reflects estimated claims and judgments for the period ending June 30, 2014.

	Beginning	Claims & Changes	Claims	Balance at
	Liability	in Estimates	Payments	Year-End
2012-2013	\$ 23,584,444	\$ 12,149,718	\$ 10,271,888	\$ 25,462,274
2013-2014	\$ 25,462,274	\$ 11,249,594	\$ 11,249,594	\$ 25,462,274

B. School Board Self-Insurance Program

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

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

The insurance coverage is substantially the same as in prior fiscal years, except for Fire and Property Insurance. During 2006, the coastal property insurance marketplace faced severe capacity restrictions as reinsurers recovered from catastrophic losses from Hurricanes Katrina and Rita. the property insurance program for the School Board was greatly affected due to the heavy coastal exposures. The insurance marketplace offered very little capacity for coverage limits and the premiums associated with this coverage were costly. A hurricane modeling study combined with a thorough analysis of insured buildings and their proximity to the water resulted in a considerable reduction in insurance coverage limits.

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

11. RISK MANAGEMENT (continued)

B. School Board Self-Insurance Program (continued)

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

The School Board uses the information provided by the third-party administrators to aid in the determination of self-insurance liabilities. The computed liability as of June 30, 2014 is \$7,896,000 (undiscounted) as follows:

Fiscal Year	Beginning -of Fiscal-Year Liability	Current-Year Claims & Changes in Estimates	Claims Payments	Balance at Fiscal Year-End
2012-2013	\$ 7,886,000	\$ 4,014,814	\$ 4,628,814	\$ 7,272,000
2013-2014	\$ 7,272,000	\$ 6,246,000	\$ 5,622,000	\$ 7,896,000

Effective January 1, 2000, the School Board established a self-insured health care benefits program for all School Board and City employees. Certain claims expenses paid on behalf of each employee during a single policy year are covered by excess loss insurance with a specific stop-loss limit of \$500,000. The amount of settlements did not exceed insurance coverage for each of the past three fiscal years. Claims processing and payments for all health care claims are made through third-party administrators. The School Board uses the information provided by the third-party administrators and a health care benefits consultant to aid in the determination of self-insurance liabilities. The computed liability as of June 30, 2014 is \$9,392,000 (undiscounted), as follows:

Fiscal Year	Beginning -of Fiscal-Year Liability	Current-Year Claims & Changes in Estimates	Claims Payments	Balance at Fiscal Year-End
2012-2013	\$ 8,673,000	\$ 129,897,947	\$ 129,992,947	\$ 8,578,000
2013-2014	\$ 8,578,000	\$ 136,996,000	\$ 136,182,000	\$ 9,392,000

C. Surety Bonds

All City employees, including employees of elected constitutional officers (Commissioner of the Revenue, Treasurer, Commonwealth's Attorney, Sheriff, Clerk of the Circuit Court), are bonded in favor of the City in the amount of \$1,000,000. This bond is written by the Travelers Insurance Company.

The Commonwealth of Virginia has secured a blanket bond for the City Treasurer and Finance Director (\$1,600,000) Commissioner of Revenue (\$3,000) and the Sheriff (\$30,000) which covers the bonds required by law or contract for the position they hold. The bond is written by Travelers Casualty and Surety Company of America.

The Commonwealth of Virginia also provides coverage through the "Faithful Performance of Duty Bond Plan" in the amount of \$500,000 for the constitutional officers. This does take the place of a separate bond required by law or contract.

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

12. RETIREMENT

A. Virginia Retirement System

Plan Description

Name of Plan:	Virginia Retirement System (VRS)
Identification of Plan:	Agent and Cost-Sharing, Multiple Employer Pension Plan
Administering Entity:	Virginia Retirement System (System)

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

12. RETIREMENT (continued)

A. Virginia Retirement System (continued)

Plan Description (continued)

The City is a separate cost-sharing pool within VRS, and makes contributions based on rates set by VRS's actuarial calculations of the annual required contributions. All full-time, salaried permanent (professional) employees of public school divisions and employees of participating employers are automatically covered by VRS upon employment. Members earn one month of service credit for each month they are employed and they and their employer are paying contributions to VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as service credit in their plan.

Within the VRS Plan, the System administers three different benefit plans for local government employees – Plan 1, Plan 2, and, Hybrid. Each plan has different eligibility and benefit structures as set out in the table below:

VRS PLAN 1	VRS PLAN 2	HYBRID RETIREMENT PLAN
<p>About VRS Plan 1 VRS Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p>	<p>About VRS Plan 2 VRS Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for VRS Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p>	<p>About the Hybrid Retirement Plan The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as VRS Plan 1 and VRS Plan 2 members who were eligible and opted into the plan during a special election window. (See "Eligible Members")</p> <ul style="list-style-type: none"> • The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
<p>Eligible Members Employees are in VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of</p>	<p>Eligible Members Employees are in VRS Plan 2 if their membership date is on or after July 1, 2010, or their membership date is</p>	<p>Eligible Members Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014.</p>

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**CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
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<p>January 1, 2013.</p> <p>Hybrid Opt-In Election VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible VRS Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and had prior service under VRS Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as VRS Plan 1 or ORP.</p>	<p>before July 1, 2010, and they were not vested as of January 1, 2013.</p> <p>Hybrid Opt-In Election VRS Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible VRS Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and have prior service under VRS Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as VRS Plan 2 or ORP.</p>	<p>This includes:</p> <ul style="list-style-type: none"> • State employees* • School division employees • Political subdivision employees* • Judges appointed or elected to an original term on or after January 1, 2014 • Members in VRS Plan 1 or VRS Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014 <p>*Non-Eligible Members Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> • Members of the State Police Officers' Retirement System (SPORS) • Members of the Virginia Law Officers' Retirement System (VaLORS) • Political subdivision employees who are covered by enhanced benefits for hazardous duty employees <p>Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under VRS Plan 1 or VRS Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select VRS Plan 1 or VRS Plan 2 (as applicable) or ORP.</p>
<p>Retirement Contributions Members contribute up to 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some school divisions and political subdivisions elected to phase in the required 5% member contribution; all employees will be paying the full 5% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and</p>	<p>Retirement Contributions Same as VRS Plan 1.</p>	<p>Retirement Contributions A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary</p>

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**CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
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employer contributions to provide funding for the future benefit payment.		contributions according to specified percentages.
<p>Creditable Service Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p>	<p>Creditable Service Same as VRS Plan 1.</p>	<p>Creditable Service <u>Defined Benefit Component:</u> Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p> <p><u>Defined Contributions Component:</u> Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.</p>
<p>Vesting Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions that they make.</p>	<p>Vesting Same as VRS Plan 1.</p>	<p>Vesting <u>Defined Benefit Component:</u> Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. VRS Plan 1 or VRS Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p><u>Defined Contributions Component:</u> Defined contribution vesting refers to the minimum length of service a member needs to be eligible to</p>

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**CITY OF VIRGINIA BEACH, VIRGINIA
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		<p>withdraw the employer contributions from the defined contribution component of the plan.</p> <p>Members are always 100% vested in the contributions that they make.</p> <p>Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none"> • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. <p>Distribution is not required by law until age 70½.</p>
<p>Calculating the Benefit The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.</p> <p>An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.</p>	<p>Calculating the Benefit See definition under VRS Plan 1.</p>	<p>Calculating the Benefit <u>Defined Benefit Component:</u> See definition under VRS Plan 1</p> <p><u>Defined Contribution Component:</u> The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.</p>
<p>Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation Same as VRS Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>
<p>Service Retirement Multiplier The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The</p>	<p>Service Retirement Multiplier Same as Plan1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty</p>	<p>Service Retirement Multiplier The retirement multiplier is 1.0%. For members that opted into the</p>

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**CITY OF VIRGINIA BEACH, VIRGINIA
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retirement multiplier for non-hazardous duty members is 1.7%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.7% or 1.85% as elected by the employer.	members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.	Hybrid Retirement Plan from VRS Plan 1 or VRS Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.
Normal Retirement Age Age 65.	Normal Retirement Age Normal Social Security retirement age.	Normal Retirement Age <u>Defined Benefit Component:</u> Same as VRS Plan 2. <u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Unreduced Retirement Eligibility Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit at age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service. Hazardous duty members are eligible for an unreduced retirement benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.	Earliest Unreduced Retirement Eligibility Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90. Hazardous duty members are eligible for an unreduced retirement benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.	Earliest Unreduced Retirement Eligibility <u>Defined Benefit Component:</u> Members are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90. <u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Reduced Retirement Eligibility Members may retire with a reduced benefit as early as age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.	Earliest Reduced Retirement Eligibility Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.	Earliest Unreduced Retirement Eligibility <u>Defined Benefit Component:</u> Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service. <u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment	Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment	Cost-of-Living Adjustment (COLA) in Retirement <u>Defined Benefit Component:</u>

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**CITY OF VIRGINIA BEACH, VIRGINIA
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JUNE 30, 2014**

<p>(COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p> <p><u>Eligibility:</u> For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</p> <p>For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p> <p><u>Exceptions to COLA Effective Dates:</u> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP). • The member Is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins. 	<p>(COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.</p> <p><u>Eligibility:</u> Same as VRS Plan 1</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as VRS Plan 1</p>	<p>Same as VRS Plan 2.</p> <p><u>Defined Contribution Component:</u> Not applicable.</p> <p><u>Eligibility:</u> Same as VRS Plan 1 and VRS Plan 2.</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as VRS Plan 1 and VRS Plan 2.</p>
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CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
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<p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.</p> <p>Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</p>	<p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.</p> <p>Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</p>	<p>Disability Coverage Eligible political subdivision and school division (including VRS Plan 1 and VRS Plan2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides and employer-paid comparable program for its members.</p> <p>State employees (including VRS Plan 1 and VRS Plan2 opt-ins) participating in the Hybrid Retirement Plan are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.</p> <p>Hybrid members (including VRS Plan 1 and VRS Plan 2 opt-ins) covered under VSDP or VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</p>
<p>Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.</p>	<p>Purchase of Prior Service Same as VRS Plan 1.</p>	<p>Purchase of Prior Service <u>Defined Benefit Component:</u> Same as VRS Plan 1.</p> <p><u>Defined Contribution Component:</u> Not applicable.</p>

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of the most recent report may be obtained from the VRS website at <http://www.varetire.org/Pdf/Publications/2013-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
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12. RETIREMENT (continued)

A. Virginia Retirement System (continued)

Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their creditable compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5% member contribution. This could be phased in over a period up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee paid member contribution.

In addition, the City and School Board are 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 City and employees' contribution rate for the fiscal year ended 2014 was 20.68% of annual covered payroll. The School Board (non-teacher employees) contribution rate for the fiscal year ended 2014 was 14.11% of annual covered payroll.

The School Board 2014 contribution to the VRS statewide teacher pool was \$62,857,681. This amount represented 16.66% of annual covered payroll for 2014. The contribution for 2013 was \$63,194,423 and 16.66% of annual covered payroll. The contribution for 2012 was \$42,884,174 and 11.33%, of annual covered payroll. The actual contribution for each of these years was equal to the required contribution.

Annual Pension Cost

For the Fiscal Year ended 2014, the City's annual pension cost of \$53,239,952 was equal to the City's actual contributions. For 2014, the School Board's annual pension cost of \$5,646,424 was equal to the School Board's actual contributions.

Three-Year Trend Information for City of Virginia Beach

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Assets)
<u>City</u>			
June 30, 2014	\$ 53,239,952	100.00%	\$ -
June 30, 2013	\$ 54,955,790	100.00%	\$ -
June 30, 2012	\$ 49,174,585	100.00%	\$ -
<u>Virginia Beach Non-Teacher Employees</u>			
June 30, 2014	\$ 5,646,424	100.00%	\$ -
June 30, 2013	\$ 5,686,650	100.00%	\$ -
June 30, 2012	\$ 4,488,305	100.00%	\$ -
<u>Virginia Beach School Teachers</u>			
June 30, 2014	\$ 62,857,681	100.00%	\$ -
June 30, 2013	\$ 63,194,423	100.00%	\$ -
June 30, 2012	\$ 42,884,174	100.00%	\$ -

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CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

12. RETIREMENT (continued)

A. Virginia Retirement System (continued)

Annual Pension Cost (continued)

The FY 2014 required contribution was determined as part of the June 30, 2011 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2011 included (a) an investment rate of return (net of administrative expenses) of 7.0%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees, 3.75% to 6.20% per year for teachers, and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year for Plan 1 employees and 2.25% for Plan 2 employees. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the City's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The City's unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at June 30, 2011 for the Unfunded Actuarial Accrued Liability (UAAL) was 30 years.

Funded Status and Funding Progress

As of June 30, 2013 for the City, the most recent actuarial valuation date, the plan was 70.28% funded. The actuarial accrued liability for benefits was \$1,676,863,639, and the actuarial value of assets was \$1,178,523,280, resulting in an unfunded actuarial accrued liability (UAAL) of \$498,340,359. The covered payroll (annual payroll of active employees covered by the plan) was \$284,964,878, and the ratio of the UAAL to the covered payroll was 174.88%.

As of June 30, 2013 for the School Board, the most recent actuarial valuation date, the plan was 82.67% funded. The actuarial accrued liability for benefits was \$191,185,052, and the actuarial value of assets was \$158,045,061, resulting in an unfunded actuarial accrued liability (UAAL) of \$33,139,991. The covered payroll (annual payroll of active employees covered by the plan) was \$40,464,375, and the ratio of the UAAL to the covered payroll was 81.90%.

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability (AAL) for benefits.

B. Sheriff's Supplemental Retirement Plan

1. Plan Description

The Sheriff's Supplemental Plan is a defined contribution pension plan established by the Sheriff and approved by City Council to provide additional retirement benefits to all full-time employees of the Sheriff who have at least one year of service. Benefits vest after five years of service. The city code of Virginia Beach, Virginia establishes a Deferred Compensation Board ("Board") to supervise, administer and implement the Plan. *As of August 31, 2013 there were 508 participants in the plan.

Contributions to the plan are made from the Sheriff's Special Revenue Fund and are approved by City Council prior to the end of each plan year. Contributions cannot exceed an amount equal to 15 percent of the compensation of all participants during the year. Contributions shall be allocated to the participants' accounts by the proportion of the participant's base salary to total base salary of all participants. Participant contributions are not allowed. Contributions for the plan year ending August 31, 2013 were \$12,024. *The employer's expense for this defined contribution plan is equal to the above contributions for the period ending August 31, 2013. There is no employer liability as all approved contributions have been paid.

2. Significant Accounting Principles

Basis of Accounting. The Sheriff's Supplemental Retirement Plan's financial statements are prepared using the accrual basis of accounting. Employer contributions are recognized in the period that the contributions are due.

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

12. RETIREMENT (continued)

B. Sheriff's Supplemental Retirement Plan (continued)

2. Significant Accounting Principles (continued)

Method Used to Value Investments. Investments are stated at fair value at August 31, 2011. The investment policy adopted by the Board sets forth the goals and objectives of the investment options available to the Plan. The Board chooses which investment options will be available under the Plan and will monitor the investments options' compliance to the investment policy. The Plan's authorized investments consist of funds in 9 major asset classes defined by either investment objective or risk category. The Plan's investment policy states that the average duration of the portfolio will not exceed 5 years, as a means of managing its exposure to fair value losses arising from increasing interest rates.

The Plan limits its exposure to custodial credit risk by maintaining its investments in custodial accounts. Wells Fargo Bank, N.A. serves as custodian to the Plan. In addition, it manages its credit risk by monitoring the investment options offered to ensure they are operating in full accordance with their current published prospectus and their performance criteria is measured against the applicable performance standards as described in the investment policy. Exposure to concentrations of credit risk is managed by ensuring the Plan offers at least one fund in each of 9 major asset classes, as stated in the investment policy.

A stand-alone financial report can be obtained by contacting Sheriff Ken Stolle, City of Virginia Beach Sheriff's Office, 2501 James Madison Avenue, Virginia Beach, VA 23456.

13. OTHER POSTEMPLOYMENT BENEFITS

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

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

In accordance with Article 8, Chapter 15, Subtitled II of Title 15.2 of the Virginia Code, the City and School Board have elected to establish a trust for the purpose of accumulating and investing assets to fund Other Postemployment Benefits. The City and School Board in accordance with this election have joined the Virginia Pooled OPEB Trust Fund which invests funds contributed by each participating employer. It does not administer the retiree health benefits of each participating employer. Deposits to this trust are irrevocable and are held solely for the payment of OPEB benefits for the City and School Board.

Funding Policy. Contribution requirements of the City, School Board and plan members are established and may be amended by the respective legislative bodies. The required contributions were actuarially determined and are based upon projected pay as you go financing requirements with an additional amount to prefund benefits. For the period ending June 30, 2014 the City and School Board contributed, \$7,101,900 and \$5,700,900 respectively. Plan members from each organization contributed \$90.73 per month for retiree-only point of services coverage. Retirees who elect HMO coverage will contribute less. City and School Board retirees with coverage for their spouses will contribute \$448.39 per month to age 65. Retirees who participate in the Wellness for Life program will receive reduced retiree rates. Employees who retire with at least 25 years of service with the City and School Board as well as those who retire on a work-related disability compensable under the Workers' Compensation Act before age 65 are eligible for access to health insurance coverage. This

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CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

13. OTHER POSTEMPLOYMENT BENEFITS (continued)

benefit is payable until the retiree becomes eligible for Medicare. The City and School Board has determined that all current employees and retirees shall contribute to the cost of their health care coverage and no level of benefit shall be provided free of charge. The retiree contribution rate shall be based on the experience of the plan, the City's and School Board's annual contribution amount and the remaining premium cost. *Annual OPEB Cost.* For 2014, the City and School Board's annual OPEB cost of \$7,101,900 was equal to its required contribution. The City placed in its OPEB Trust a total of \$1,043,800. The balance of the City's annual OPEB cost was paid during the year for health insurance subsidies for current retirees. The School Board's OPEB cost for 2014 totaled \$6,041,800 and exceeded its annual required contribution of \$5,700,900 by \$340,900. This overage was withdrawn from the School Boards Trust Account and returned to the School Board. The City and School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014, 2013 and 2012 are presented below:

City

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2014	\$ 7,101,900	100%	\$ -
6/30/2013	\$ 8,871,000	100%	\$ -
6/30/2012	\$ 8,714,600	100%	\$ -

School Board

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2014	\$ 5,700,900	100%	\$ -
6/30/2013	\$ 7,858,100	100%	\$ -
6/30/2012	\$ 7,721,500	100%	\$ -

Funded Status and Funding Progress. The funded status of the plan as of January 1, 2014, was as follows:

	<u><i>City</i></u>	<u><i>School Board</i></u>
Actuarial accrued liability (AAL)	\$ 83,582,300	\$ 65,951,300
Actuarial value of plan assets	29,363,100	23,164,800
Unfunded actuarial accrued liability (UAAL)	<u>\$ 54,219,200</u>	<u>\$ 42,786,500</u>
Funded ratio (actuarial value of plan assets/AAL)	35.13%	35.12%
Covered payroll (active plan members)	\$ 290,297,000	\$ 421,065,100
UAAL as a percentage of covered payroll	18.68%	10.16%

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

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

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

13. OTHER POSTEMPLOYMENT BENEFITS (continued)

In the January 1, 2014, actuarial valuation, for the years ending June 30, 2014 and 2015 the projected unit credit method was used. The actuarial assumptions included a 7.5% investment rate of return (net of administrative expenses) and an annual healthcare cost trend assumption of 5.9% initially, graded to 4.5% over 83 years with no projected salary increase assumed. An inflation rate assumption of 2.5% was incorporated in the actuarial valuation. Employer and retiree contributions are assumed to increase at the same rate as the medical cost trend assumptions. There were no additional postretirement benefit increases assumed. Unfunded actuarial accrued liabilities for each organization are being amortized as a level dollar amount over an open 30 year period. The remaining amortization period is 30 years.

**REQUIRED
SUPPLEMENTAL
INFORMATION
(Unaudited)**

**VIRGINIA RETIREMENT SYSTEM
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF FUNDING PROGRESS (UNAUDITED)**

In accordance with the Governmental Accounting Standards Board, the following information is a required part of the basic financial statements.

**CITY OF VIRGINIA BEACH
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULES OF FUNDING PROGRESS FOR VRS – UNAUDITED**

<u>City Employees</u>							
	(a)	(b)	(b-a)	(a/b)		(c)	
<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded (Overfunded) Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>	
June 30, 2013	\$ 1,178,523,280	\$ 1,676,863,639	\$ 498,340,359	70.28%	\$ 284,964,878	174.88%	
June 30, 2012	\$ 1,137,764,995	\$ 1,659,201,183	\$ 521,436,188	68.57%	\$ 283,727,245	183.78%	
June 30, 2011	\$ 1,139,545,339	\$ 1,579,038,961	\$ 439,493,622	72.17%	\$ 275,816,830	159.34%	
<u>Virginia Beach Non-Teacher Employees</u>							
	(a)	(b)	(b-a)	(a/b)		(c)	
<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded (Overfunded) Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>	
June 30, 2013	\$ 158,045,061	\$ 191,185,052	\$ 33,139,991	82.67%	\$ 40,464,375	81.90%	
June 30, 2012	\$ 153,700,081	\$ 192,573,584	\$ 38,873,503	79.81%	\$ 40,059,396	97.04%	
June 30, 2011	\$ 155,756,190	\$ 187,196,469	\$ 31,440,279	83.20%	\$ 40,672,520	77.30%	
<u>Virginia Beach School Teachers</u>							
	(a)	(b)	(b-a)	(a/b)		(c)	
<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded (Overfunded) Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>	
June 30, 2013	\$ NA*	\$ NA*	\$ 728,802,096	62.0%	\$ 381,520,230	191.03%	
June 30, 2012	\$ NA*	\$ NA*	\$ 816,243,577	62.4%	\$ 376,868,337	216.59%	
June 30, 2011	\$ NA*	\$ NA*	\$ 701,200,990	66.6%	\$ 384,012,915	182.60%	
*NA=Not Available							

Note: Source Virginia Retirement System (VRS) Actuarial Valuation Reports.

CITY OF VIRGINIA BEACH
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULES OF FUNDING PROGRESS
Other Postemployment Benefits – UNAUDITED

City						
	(a)	(b)	(b-a)	(a/b)	(c)	
<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded (Overfunded) Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
January 1, 2010	\$ 9,558,773	\$ 79,295,953	\$ 69,737,180	12.05%	\$ 285,407,357	24.40%
January 1, 2012	\$ 20,982,000	\$ 93,542,000	\$ 72,560,000	22.43%	\$ 283,026,400	25.64%
January 1, 2014	\$ 29,363,100	\$ 83,582,300	\$ 54,219,200	35.13%	\$ 290,297,000	18.68%

School Board						
	(a)	(b)	(b-a)	(a/b)	(c)	
<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded (Overfunded) Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
January 1, 2010	\$ 8,648,413	\$ 75,347,493	\$ 66,699,080	11.50%	\$ 432,476,829	15.40%
January 1, 2012	\$ 17,306,300	\$ 77,083,800	\$ 59,777,500	22.45%	\$ 409,662,700	14.59%
January 1, 2014	\$ 23,164,800	\$ 65,951,300	\$ 42,786,500	35.12%	\$ 421,065,100	10.16%

Schedules of Employer Contributions

City		
<u>Year Ended Date</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
June 30, 2012	\$ 8,714,600	100%
June 30, 2013	\$ 8,871,000	100%
June 30, 2014	\$ 7,101,900	100%

School Board		
<u>Year Ended Date</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
June 30, 2012	\$ 7,721,500	100%
June 30, 2013	\$ 7,858,100	100%
June 30, 2014	\$ 5,700,900	100%

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OTHER SUPPLEMENTAL INFORMATION

**NONMAJOR
GOVERNMENTAL FUNDS**

NONMAJOR GOVERNMENTAL FUNDS

Debt Service Fund - is used to account for the financial resources for, and the payment of, general long-term debt principal, interest, and related costs.

Special Revenue Funds - are used to account for the proceeds of specific revenue sources (other than capital projects) which are legally restricted to be expended for specific purposes.

**CITY OF VIRGINIA BEACH, VIRGINIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Total Nonmajor Governmental Funds
<u>ASSETS</u>			
Cash and Investments	\$ 42,933,077	\$ 2,088	\$ 42,935,165
Cash and Investments - Restricted	15,191,506	-	15,191,506
Agriculture Reserve Program Treasury Strips - Restricted	-	27,005,115	27,005,115
Receivables (net of allowance for uncollectables, where applicable):			
Accounts	7,347,704	-	7,347,704
Loans	6,381,665	-	6,381,665
Due from:			
Other Governments	15,897	-	15,897
Commonwealth	2,096,546	-	2,096,546
Federal Government	2,746,727	-	2,746,727
Total Assets	<u>\$ 76,713,122</u>	<u>\$ 27,007,203</u>	<u>\$ 103,720,325</u>
<u>LIABILITIES</u>			
Vouchers and Accounts Payable	\$ 6,424,282	\$ -	\$ 6,424,282
Due to Other Funds	3,628,091	-	3,628,091
Due to Commonwealth	146,007	-	146,007
Unearned Revenue	1,458,689	-	1,458,689
Total Liabilities	<u>\$ 11,657,069</u>	<u>\$ -</u>	<u>\$ 11,657,069</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Unavailable Revenue - Housing Loans	<u>\$ 493,950</u>	<u>\$ -</u>	<u>\$ 493,950</u>
<u>FUND BALANCES</u>			
Restricted for:			
Special Revenue Funds	\$ 14,296,052	\$ -	\$ 14,296,052
Debt Service	-	27,007,203	27,007,203
Committed to:			
Special Revenue Funds	42,218,456	-	42,218,456
Assigned to:			
Special Revenue Funds	8,601,614	-	8,601,614
Unassigned:	(554,019)	-	(554,019)
Total Fund Balances	<u>\$ 64,562,103</u>	<u>\$ 27,007,203</u>	<u>\$ 91,569,306</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 76,713,122</u>	<u>\$ 27,007,203</u>	<u>\$ 103,720,325</u>

CITY OF VIRGINIA BEACH, VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Total Nonmajor Governmental Funds
<u>REVENUES</u>			
General Property Taxes - Real Estate	\$ 36,217,104	\$ -	\$ 36,217,104
Other Local Taxes	48,970,226	-	48,970,226
From Use of Money and Property	2,013,321	1,409,310	3,422,631
Charges for Services	55,731,499	-	55,731,499
Miscellaneous	4,827,790	-	4,827,790
Fines and Forfeitures	727,879	-	727,879
From Commonwealth	21,489,412	-	21,489,412
From Federal Government	30,161,723	466,206	30,627,929
Total Revenues	<u>\$ 200,138,954</u>	<u>\$ 1,875,516</u>	<u>\$ 202,014,470</u>
<u>EXPENDITURES</u>			
Judicial	\$ 41,490,854	\$ -	\$ 41,490,854
Library	292,588	-	292,588
Police	742,343	-	742,343
Fire	1,806,858	-	1,806,858
Public Works	40,978,418	-	40,978,418
Planning	6,588	-	6,588
Parks and Recreation	35,614,727	-	35,614,727
Agriculture	2,679,466	-	2,679,466
Communication and Information Technology	128,000	-	128,000
Convention and Visitor Development	43,191,849	-	43,191,849
Housing and Neighborhood Prevention	24,275,197	-	24,275,197
Human Services	8,349,517	-	8,349,517
Museums	25,740	-	25,740
Development Authority	736,650	-	736,650
General Government	7,489,469	-	7,489,469
Emergency Medical Services	872,954	-	872,954
Debt Service:			
Principal Retirement	-	29,364,531	29,364,531
Interest and Fiscal Charges	-	13,639,448	13,639,448
Total Expenditures	<u>\$ 208,681,218</u>	<u>\$ 43,003,979</u>	<u>\$ 251,685,197</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>\$ (8,542,264)</u>	<u>\$ (41,128,463)</u>	<u>\$ (49,670,727)</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In	\$ 26,288,854	\$ 42,559,383	\$ 68,848,237
Transfers Out	(22,049,200)	-	(22,049,200)
Proceeds of Refunding Bonds	-	20,320,000	20,320,000
Premium on Bonds Sold	-	2,118,993	2,118,993
Payment to Refunding Bonds Escrow Agent	-	(22,353,602)	(22,353,602)
Agriculture Reserve Agreement	270,504	-	270,504
Total Other Financing Sources and (Uses)	<u>\$ 4,510,158</u>	<u>\$ 42,644,774</u>	<u>\$ 47,154,932</u>
Net Change in Fund Balance	(4,032,106)	1,516,311	(2,515,795)
Fund Balance at Beginning of Year - As Reclassified	68,594,209	25,490,892	94,085,101
Fund Balance at End of Year	<u><u>\$ 64,562,103</u></u>	<u><u>\$ 27,007,203</u></u>	<u><u>\$ 91,569,306</u></u>

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GENERAL FUND

GENERAL FUND

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

CITY OF VIRGINIA BEACH, VIRGINIA
GENERAL FUND
SCHEDULE OF REVENUES COMPARED TO FINAL BUDGET
FOR THE YEAR ENDED JUNE 30, 2014

Source	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<u>General Property Taxes</u>				
Real Estate	\$ 424,589,453	\$ 424,589,453	\$ 425,661,899	\$ 1,072,446
Personal Property	83,185,456	83,185,456	76,388,256	(6,797,200)
Prior Year's Personal Property	1,978,389	1,978,389	2,290,066	311,677
Interest on Delinquent Taxes	2,484,877	2,484,877	2,560,664	75,787
Total General Property Taxes	<u>\$ 512,238,175</u>	<u>\$ 512,238,175</u>	<u>\$ 506,900,885</u>	<u>\$ (5,337,290)</u>
<u>Other Local Taxes</u>				
General Sales	\$ 57,987,462	\$ 57,987,462	\$ 56,431,418	\$ (1,556,044)
Utility	44,818,891	44,818,891	44,050,182	(768,709)
Business Licenses	42,791,543	42,791,543	44,027,381	1,235,838
Franchise Taxes - Cox Communications	7,031,293	7,031,293	7,531,593	500,300
Automobile Licenses	9,419,062	9,419,062	9,346,971	(72,091)
Bank Stock	2,600,000	2,600,000	2,151,058	(448,942)
City Tax on Deeds	7,294,639	7,294,639	6,297,952	(996,687)
City Tax on Wills	80,000	80,000	79,882	(118)
Cigarette	12,109,969	12,109,969	10,858,283	(1,251,686)
Hotel Taxes	6,066,374	6,066,374	5,914,822	(151,552)
Restaurant Meals	37,060,590	37,060,590	36,242,951	(817,639)
Total Other Local Taxes	<u>\$ 227,259,823</u>	<u>\$ 227,259,823</u>	<u>\$ 222,932,493</u>	<u>\$ (4,327,330)</u>
<u>Permits, Privilege Fees, and Regulatory Licenses</u>				
Police Permits and Licenses	\$ 343,200	\$ 343,200	\$ 524,944	\$ 181,744
Planning Permits and Licenses	3,523,243	3,523,243	3,809,946	286,703
Other Permits, Fees, and Licenses	546,013	546,013	243,467	(302,546)
Public Works Fees	-	-	5,750	5,750
Fire Permits	180,045	180,045	131,345	(48,700)
Total Permits, Privilege Fees, and Regulatory Licenses	<u>\$ 4,592,501</u>	<u>\$ 4,592,501</u>	<u>\$ 4,715,452</u>	<u>\$ 122,951</u>
<u>Fines and Forfeitures</u>				
Court Fines and Forfeitures	\$ 3,800,000	\$ 3,800,000	\$ 3,482,084	\$ (317,916)
Parking Tickets - Penalties	-	282,484	794,147	511,663
Overweight Vehicles Fees	110,000	110,000	88,507	(21,493)
DUI Response Reimbursements	33,600	33,600	23,468	(10,132)
Red Light Violations	1,807,900	1,807,900	1,853,143	45,243
Other Fines	5,900	5,900	57,276	51,376
Total Fines and Forfeitures	<u>\$ 5,757,400</u>	<u>\$ 6,039,884</u>	<u>\$ 6,298,625</u>	<u>\$ 258,741</u>
<u>From Use of Money and Property</u>				
<u>Revenue from Use of Money:</u>				
Interest on Bank Deposits	\$ 1,140,925	\$ 1,140,925	\$ 809,362	\$ (331,563)
<u>Revenue from Use of Property:</u>				
Rent - Adam Thoroughgood House	10,500	10,500	8,402	(2,098)
Farmers Market Fees	153,147	153,147	24,955	(128,192)
Photocopying Machines	88,150	88,150	135,763	47,613
Convention Center Rent	1,675,400	1,675,400	1,818,011	142,611
Convention Center Concessions	1,013,600	1,013,600	1,060,194	46,594
Rent - Amphitheatre	170,000	170,000	179,218	9,218
Lease of Land and Property	782,435	796,685	1,257,190	460,505
Tower/Antenna Leases	248,413	248,413	168,378	(80,035)
Total from Use of Money and Property	<u>\$ 5,282,570</u>	<u>\$ 5,296,820</u>	<u>\$ 5,461,473</u>	<u>\$ 164,653</u>

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
GENERAL FUND
SCHEDULE OF REVENUES COMPARED TO FINAL BUDGET
FOR THE YEAR ENDED JUNE 30, 2014

Source	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<u>Charges For Services</u>				
Police - False Alarm Fees	\$ 380,773	\$ 380,773	\$ 381,588	\$ 815
Fire Services	190,000	190,000	186,665	(3,335)
Animal Adoption Fees	34,300	34,300	42,774	8,474
Other Charges and Fees	2,162,130	2,162,130	2,605,625	443,495
Human Services	26,628,628	26,628,628	26,021,382	(607,246)
Aquarium and Historical Houses	8,178,938	8,178,938	7,676,392	(502,546)
Library Fees	439,652	439,652	429,617	(10,035)
Planning Maps, Publications, and Fees	302,440	302,440	257,647	(44,793)
Convention Center	770,000	770,000	998,903	228,903
Other Services Provided	1,490,069	1,490,069	1,193,905	(296,164)
Reimbursement - Freedom of Information Act Costs	-	-	1,386	1,386
Water and Sewer Direct Charges	3,568,101	5,770,405	5,611,970	(158,435)
Waste Management Direct Charges	3,228,656	3,229,226	3,229,226	-
Storm Water Direct Charges	1,514,625	1,258,229	1,660,119	401,890
Water and Sewer Right of Way Utility	4,000,000	4,000,000	4,000,000	-
Chesapeake Bay Preservation Act Variance Fees	19,300	19,300	35,505	16,205
Total Charges for Services	<u>\$ 52,907,612</u>	<u>\$ 54,854,090</u>	<u>\$ 54,332,704</u>	<u>\$ (521,386)</u>
<u>Miscellaneous Revenue</u>				
Indirect Costs-Housing & Neighborhood Preservation	\$ 299,838	\$ 299,838	\$ 278,257	\$ (21,581)
Indirect and Direct Cost - TGIF	2,016,463	113,633	113,633	-
Miscellaneous	690,546	690,546	815,771	125,225
Returned Check Processing Charges	64,225	64,225	59,644	(4,581)
Campaign Financing	-	-	300	300
Donations	750	1,350	42,873	41,523
City Treasurer Charges	1,180,475	1,180,475	1,056,228	(124,247)
Contemporary Arts	65,000	65,000	62,115	(2,885)
Aquarium Foundation	1,124,758	1,124,758	1,007,294	(117,464)
Miscellaneous Receipts Convention Center	14,450	14,450	16,936	2,486
Sale of Properties	950	950	375	(575)
Sale of Salvage Materials	325,000	325,000	377,698	52,698
Refund of Surplus - Health Department	53,572	53,572	126,587	73,015
Miscellaneous Receipts Human Services	81,450	81,450	80,377	(1,073)
Sale - Recyclable Materials	-	-	1,088	1,088
Beam Advertising	20,867	20,867	14,327	(6,540)
Miscellaneous Receipts Libraries	7,000	68,874	5,875	(62,999)
DVP Street Light Reimbursement	510,000	510,000	159,810	(350,190)
Reimbursement - Responsible Parties - HAZMAT	-	-	15,756	15,756
Reimbursement - DMV	603,680	603,680	140,526	(463,154)
Total Miscellaneous Revenue	<u>\$ 7,059,024</u>	<u>\$ 5,218,668</u>	<u>\$ 4,375,470</u>	<u>\$ (843,198)</u>
<u>From Commonwealth</u>				
Rolling Stock Tax	\$ 34,844	\$ 34,844	\$ 25,680	\$ (9,164)
Mobile Homes Sales Tax	41,714	41,714	40,226	(1,488)
Passenger Car Rental Tax	1,026,796	1,026,796	941,496	(85,300)
Reimbursement - Treasurer	571,790	571,790	633,007	61,217
Reimbursement - Commissioner of the Revenue	664,562	664,562	664,044	(518)
Reimbursement - General Registrar's Salary	76,648	76,648	76,733	85
Reimbursement - Clerk of Circuit Court	1,891,459	1,891,459	1,870,622	(20,837)
Reimbursement - Commonwealth's Attorney	2,518,979	2,518,979	2,477,893	(41,086)
Reimbursement - Health Department Automobile	136,058	136,058	34,514	(101,544)

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
GENERAL FUND
SCHEDULE OF REVENUES COMPARED TO FINAL BUDGET
FOR THE YEAR ENDED JUNE 30, 2014

Source	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<u>From Commonwealth (continued)</u>				
Reimbursement - State Aid Law Enforcement	\$ 10,936,280	\$ 10,936,280	\$ 10,936,280	\$ -
Personal Property Paid by Commonwealth	53,412,868	53,412,868	53,412,868	-
State Prisoner Transportation	375,000	375,000	313,180	(61,820)
Mental Health, Mental Retardation and Substance Abuse	10,678,433	10,678,433	10,830,682	152,249
Juvenile Justice Block Grant	2,151,174	2,151,174	1,948,329	(202,845)
Circuit Court Clerk Technology	-	210,331	343,090	132,759
Maintenance of Roads	42,916,892	43,390,042	43,390,043	1
Recordation Fees	2,013,700	2,013,700	2,065,787	52,087
Public Assistance Grants	16,762,209	16,762,209	13,511,375	(3,250,834)
Medicaid	194,012	194,012	281,268	87,256
DMV Select Program	161,000	161,000	130,501	(30,499)
Virginia Commission For The Arts	5,000	5,000	5,000	-
Wireless E-911 Services Board	1,716,354	1,716,354	1,657,662	(58,692)
Spay and Neuter Services	-	4,628	6,338	1,710
Universal Service Funds	73,847	73,847	49,154	(24,693)
State Aid Library	205,855	205,855	215,680	9,825
Other State Revenue	-	-	2,000	2,000
Total From Commonwealth	<u>\$ 148,565,474</u>	<u>\$ 149,253,583</u>	<u>\$ 145,863,452</u>	<u>\$ (3,390,131)</u>
<u>From Federal Government</u>				
Public Law 95-469 - Refuge Revenue Sharing Act	\$ -	\$ -	\$ 91,286	\$ 91,286
Virginia Coastal Resources Grant	-	-	(7,729)	(7,729)
Indirect Costs - Social Services	512,854	512,854	696,135	183,281
Federal Emergency Management Agency	133,432	183,432	-	(183,432)
SEVAMP Grant	63,600	63,600	138,332	74,732
Mental Health, Mental Retardation and Substance Abuse	2,796,759	2,796,759	2,723,367	(73,392)
USDA Juvenile Detention	91,750	91,750	89,458	(2,292)
Public Assistance Grants	13,545,113	13,545,113	14,433,564	888,451
Federal Reimbursement of Interest	304,701	304,701	280,477	(24,224)
Total From Federal Government	<u>\$ 17,448,209</u>	<u>\$ 17,498,209</u>	<u>\$ 18,444,890</u>	<u>\$ 946,681</u>
<u>Other Local Governments</u>				
City of Chesapeake	<u>\$ 253,343</u>	<u>\$ 253,343</u>	<u>\$ 98,153</u>	<u>\$ (155,190)</u>
TOTAL REVENUES	<u>\$ 981,364,131</u>	<u>\$ 982,505,096</u>	<u>\$ 969,423,597</u>	<u>\$ (13,081,499)</u>
<u>Other Financing Sources</u>				
Transfers In	\$ 547,124	\$ 7,598,988	\$ 7,592,690	\$ (6,298)
Proceeds From Capital Leases	-	-	335,722	335,722
Total Other Financing Sources	<u>\$ 547,124</u>	<u>\$ 7,598,988</u>	<u>\$ 7,928,412</u>	<u>\$ 329,424</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 981,911,255</u>	<u>\$ 990,104,084</u>	<u>\$ 977,352,009</u>	<u>\$ (12,752,075)</u>

**CITY OF VIRGINIA BEACH, VIRGINIA
GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO FINAL BUDGET
FOR THE YEAR ENDED JUNE 30, 2014**

Source	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<u>Legislative Department</u>				
Municipal Council	\$ 533,110	\$ 568,082	\$ 566,595	\$ 1,487
City Clerk	564,215	638,425	618,288	20,137
Total Legislative Department	<u>\$ 1,097,325</u>	<u>\$ 1,206,507</u>	<u>\$ 1,184,883</u>	<u>\$ 21,624</u>
<u>Executive Department</u>				
City Manager	\$ 1,905,493	\$ 1,958,364	\$ 1,757,723	\$ 200,641
Organizational Development Office	295,661	298,448	230,988	67,460
Media and Communication Group	355,410	359,792	343,575	16,217
Volunteer Council	206,265	221,018	195,716	25,302
Total Executive Department	<u>\$ 2,762,829</u>	<u>\$ 2,837,622</u>	<u>\$ 2,528,002</u>	<u>\$ 309,620</u>
<u>Law Department</u>				
City Attorney	<u>\$ 3,995,079</u>	<u>\$ 4,186,413</u>	<u>\$ 3,913,804</u>	<u>\$ 272,609</u>
<u>Finance Department</u>				
Director of Finance:				
Director's Office	\$ 736,327	\$ 881,072	\$ 803,341	\$ 77,731
Comptroller's Office	1,614,508	1,724,394	1,613,529	110,865
Payroll	723,618	795,863	797,132	(1,269)
Purchasing	1,133,477	1,174,730	1,088,224	86,506
Local Vehicle Registration	845,272	845,272	350,243	495,029
Total Director of Finance	<u>\$ 5,053,202</u>	<u>\$ 5,421,331</u>	<u>\$ 4,652,469</u>	<u>\$ 768,862</u>
Commissioner of the Revenue	4,042,415	4,216,172	4,205,613	10,559
Board of Equalization	9,583	9,666	9,376	290
City Real Estate Assessor	3,183,950	3,227,865	3,054,700	173,165
Treasurer	5,110,433	5,525,834	5,445,064	80,770
Total Finance Department	<u>\$ 17,399,583</u>	<u>\$ 18,400,868</u>	<u>\$ 17,367,222</u>	<u>\$ 1,033,646</u>
<u>Human Resources Department</u>				
Director's Office	\$ 354,963	\$ 387,939	\$ 383,189	\$ 4,750
Employee Relations	2,668,339	2,748,957	2,612,472	136,485
Benefits Administration	6,352,130	6,361,013	6,311,509	49,504
Occupational Safety	1,109,665	1,155,084	1,109,817	45,267
Total Human Resources Department	<u>\$ 10,485,097</u>	<u>\$ 10,652,993</u>	<u>\$ 10,416,987</u>	<u>\$ 236,006</u>
<u>Judicial Department</u>				
Circuit Court	\$ 1,085,522	\$ 1,118,990	\$ 1,048,859	\$ 70,131
General District Court	354,118	416,462	384,111	32,351
Juvenile and Domestic Relations - District Court	134,689	140,857	130,132	10,725
Commonwealth's Attorney	7,692,485	7,958,546	7,684,597	273,949
Clerk of the Circuit Court	3,058,205	3,539,818	3,225,971	313,847
Magistrates	95,514	97,516	89,628	7,888
Juvenile Probation	1,448,868	1,453,053	1,404,086	48,967
Total Judicial Department	<u>\$ 13,869,401</u>	<u>\$ 14,725,242</u>	<u>\$ 13,967,384</u>	<u>\$ 757,858</u>
<u>Health Department</u>				
Preventive Medicine	<u>\$ 3,122,440</u>	<u>\$ 3,175,166</u>	<u>\$ 3,113,772</u>	<u>\$ 61,394</u>
<u>Human Services Department</u>				
Administration	\$ 5,103,952	\$ 5,227,490	\$ 6,489,147	\$ (1,261,657)
Mental Health	18,817,315	19,100,117	18,026,661	1,073,456
Mental Retardation	18,786,246	19,249,746	17,823,966	1,425,780
Substance Abuse	5,239,848	5,285,920	5,091,813	194,107
Social Services	33,009,211	33,495,067	31,793,872	1,701,195
Pendleton Child Service Center	1,757,658	1,777,200	1,502,306	274,894
Comprehensive Services Act Administration & Social Services	12,425,651	12,427,521	9,508,392	2,919,129
Indian River Road ICF/MR	7,296,230	7,551,432	7,209,088	342,344
Juvenile Detention Center	4,284,838	4,340,612	4,210,769	129,843
Total Human Services Department	<u>\$ 106,720,949</u>	<u>\$ 108,455,105</u>	<u>\$ 101,656,014</u>	<u>\$ 6,799,091</u>

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA
GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO FINAL BUDGET
FOR THE YEAR ENDED JUNE 30, 2014**

Source	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<u>Police Department</u>				
Director's Office	\$ 2,988,081	\$ 4,424,214	\$ 4,149,036	\$ 275,178
Personnel and Training	4,353,335	4,729,681	4,633,782	95,899
Crime Prevention	68,333,474	69,572,074	68,250,628	1,321,446
Investigative Division	17,476,257	17,696,231	17,260,568	435,663
Total Police Department	<u>\$ 93,151,147</u>	<u>\$ 96,422,200</u>	<u>\$ 94,294,014</u>	<u>\$ 2,128,186</u>
<u>Public Works Department</u>				
Director's Office	\$ 298,078	\$ 242,335	\$ 953,784	\$ (711,449)
Administration Services	7,212,609	7,226,283	6,981,944	244,339
Waste Management/Administration	-	90,904	40,625	50,279
Real Estate Office	9,459,621	10,042,320	8,891,484	1,150,836
Customer Service/Administration	46,112,341	47,428,523	45,333,404	2,095,119
Support Services and Systems Support	998,495	1,008,359	909,639	98,720
Facilities Management	556,556	563,992	494,512	69,480
Total Public Works Department	<u>\$ 64,637,700</u>	<u>\$ 66,602,716</u>	<u>\$ 63,605,392</u>	<u>\$ 2,997,324</u>
<u>Library Department</u>				
Director's Office	\$ 1,456,294	\$ 1,712,192	\$ 1,876,552	\$ (164,360)
Central Library	2,714,749	2,629,411	2,535,312	94,099
Great Neck Area Library	631,218	639,062	633,206	5,856
Bayside Area Library	907,526	920,592	866,820	53,772
Oceanfront Area Library	760,891	769,155	698,629	70,526
Kempsville Area Library	1,118,113	1,124,836	1,034,514	90,322
Windsor Woods Area Library	583,890	597,534	575,258	22,276
Pungo/Blackwater Area Library	361,898	372,745	367,938	4,807
Princess Anne Library	1,045,950	1,058,946	992,723	66,223
Joint Use Library	1,767,665	1,885,077	1,899,481	(14,404)
South Rosemont Youth Library	-	-	124	(124)
Youth and Family Services	1,002,592	1,015,337	955,595	59,742
Support Services	5,227,632	5,713,419	4,653,110	1,060,309
Total Library Department	<u>\$ 17,578,418</u>	<u>\$ 18,438,306</u>	<u>\$ 17,089,262</u>	<u>\$ 1,349,044</u>
<u>Planning Department</u>				
Director's Office	\$ 1,294,047	\$ 1,474,258	\$ 1,185,783	\$ 288,475
Comprehensive Planning	497,611	504,140	509,920	(5,780)
Environment and Sustainability	306,369	334,953	328,891	6,062
Development Services	1,687,226	1,715,459	1,638,566	76,893
Public Utilities - Development Services	294,112	297,945	277,320	20,625
Current Planning	501,215	508,039	386,929	121,110
Building Permits and Inspections	3,601,043	3,670,514	3,482,928	187,586
Chesapeake Bay Program	213,072	215,884	211,842	4,042
Wetlands Program	129,014	132,006	132,014	(8)
Transportation Planning	-	-	4,302	(4,302)
Zoning Administration	1,132,990	1,147,305	1,126,253	21,052
Total Planning Department	<u>\$ 9,656,699</u>	<u>\$ 10,000,503</u>	<u>\$ 9,284,748</u>	<u>\$ 715,755</u>
<u>Agriculture Department</u>				
Director's Office	\$ 280,349	\$ 284,293	\$ 275,863	\$ 8,430
Virginia Cooperative Extension	274,608	278,030	237,153	40,877
Farmers Market	229,056	256,295	197,064	59,231
Total Agriculture Department	<u>\$ 784,013</u>	<u>\$ 818,618</u>	<u>\$ 710,080</u>	<u>\$ 108,538</u>
<u>Economic Development Department</u>				
Director of Economic Development	\$ 2,493,871	\$ 3,158,368	\$ 2,725,934	\$ 432,434
Growsmart	277,322	309,904	292,448	17,456
Total Economic Development Department	<u>\$ 2,771,193</u>	<u>\$ 3,468,272</u>	<u>\$ 3,018,382</u>	<u>\$ 449,890</u>

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA
GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO FINAL BUDGET
FOR THE YEAR ENDED JUNE 30, 2014**

Source	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<u>Convention and Visitor Development</u>				
Director's Office	\$ 1,171,416	\$ 1,187,183	\$ 1,260,908	\$ (73,725)
Tourism Marketing and Sales	477,253	482,550	477,862	4,688
Convention Marketing and Sales	901,673	913,061	915,831	(2,770)
Sports Marketing	252,937	257,023	250,668	6,355
Convention Center	6,099,662	6,222,973	5,951,567	271,406
Total Convention and Visitor Development	<u>\$ 8,902,941</u>	<u>\$ 9,062,790</u>	<u>\$ 8,856,836</u>	<u>\$ 205,954</u>
<u>Parks and Recreation Department</u>				
Landscape Administration	\$ 1,946,570	\$ 2,074,751	\$ 2,154,362	\$ (79,611)
Grounds Maintenance	6,161,525	6,447,920	5,978,222	469,698
Parks Maintenance	2,971,987	3,202,442	3,212,902	(10,460)
Special Zones Management	635,455	649,175	659,346	(10,171)
Resort Area Landscaping	1,307,902	1,369,165	1,271,858	97,307
Total Parks and Recreation Department	<u>\$ 13,023,439</u>	<u>\$ 13,743,453</u>	<u>\$ 13,276,690</u>	<u>\$ 466,763</u>
<u>Boards and Commissions</u>				
General Registrar	\$ 1,343,936	\$ 1,405,994	\$ 1,172,060	\$ 233,934
Zoning Board of Appeals	16,147	16,147	15,682	465
Mass Transit Operations	5,246,269	5,341,269	5,362,470	(21,201)
Wetlands Board of Virginia Beach	3,721	3,721	3,708	13
Chesapeake Bay Preservation Board	9,756	9,756	9,696	60
Audit Services	654,945	692,184	673,945	18,239
Cultural Affairs	676,180	683,948	631,385	52,563
COIG - General Operation Grants	409,126	426,522	409,242	17,280
Lease/Rent of Facilities	1,612,227	1,612,227	1,397,875	214,352
Arts and Humanities Commissions	450,219	493,433	466,571	26,862
Planning Commission	23,687	23,687	23,628	59
Sandler Center for Performing Arts	1,141,124	1,836,655	1,140,050	696,605
Regional Participation	1,965,720	1,974,407	1,956,217	18,190
Vehicle Replacements	6,032,514	6,935,764	6,538,223	397,541
Revenue Reimbursements	16,193,730	16,193,730	14,824,128	1,369,602
Independent Financial Services	153,878	203,947	117,804	86,143
Total Boards and Commissions	<u>\$ 35,933,179</u>	<u>\$ 37,853,391</u>	<u>\$ 34,742,684</u>	<u>\$ 3,110,707</u>
<u>Fire Department</u>				
Fire Marshal's Office	\$ 2,362,338	\$ 2,389,846	\$ 2,428,977	\$ (39,131)
Fire Administration	2,050,147	2,608,123	2,566,744	41,379
Fire Operations	39,521,858	39,997,770	39,429,361	568,409
Emergency Management	360,845	461,966	393,952	68,014
Fire Training	1,559,200	1,586,362	1,148,966	437,396
Total Fire Department	<u>\$ 45,854,388</u>	<u>\$ 47,044,067</u>	<u>\$ 45,968,000</u>	<u>\$ 1,076,067</u>
<u>Communications and Information Technology</u>				
ComIT Business Center	\$ 841,076	\$ 871,477	\$ 866,450	\$ 5,027
Applications Support	8,241,814	9,188,837	7,903,165	1,285,672
Operations Support	1,079,613	1,208,862	130,202	1,078,660
System Support	6,465,268	7,018,484	6,530,438	488,046
Center for GIS	2,065,694	2,162,465	2,139,338	23,127
Video Services	1,474,914	1,484,139	1,626,690	(142,551)
GF Telecommunications	1,168,384	1,157,198	884,515	272,683
Technology Services	1,870,657	1,961,089	1,810,334	150,755
Mail Services	250,228	254,675	230,240	24,435
Total Communications and Information Technology	<u>\$ 23,457,648</u>	<u>\$ 25,307,226</u>	<u>\$ 22,121,372</u>	<u>\$ 3,185,854</u>

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA
GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO FINAL BUDGET
FOR THE YEAR ENDED JUNE 30, 2014**

Source	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<u>Emergency Communications and Citizen Services</u>				
Emergency Communications	\$ 8,051,360	\$ 8,221,114	\$ 7,207,662	\$ 1,013,452
Director's Office	223,412	228,906	330,397	(101,491)
Administration	365,795	382,461	315,626	66,835
Citizen Services	793,560	829,675	818,413	11,262
Training	46,896	46,896	47,385	(489)
Technology and Support	1,044,840	976,693	313,926	662,767
Total Emergency Communications and Citizen Services	<u>\$ 10,525,863</u>	<u>\$ 10,685,745</u>	<u>\$ 9,033,409</u>	<u>\$ 1,652,336</u>
<u>Housing and Neighborhood Preservation</u>				
Code Enforcement	\$ 1,762,100	\$ 1,792,677	\$ 1,776,549	\$ 16,128
Homeless Initiative	-	87,082	87,082	-
Total Housing and Neighborhood Preservation	<u>\$ 1,762,100</u>	<u>\$ 1,879,759</u>	<u>\$ 1,863,631</u>	<u>\$ 16,128</u>
<u>Museums Department</u>				
Aquarium and Marine Science Center	\$ 9,566,052	\$ 9,974,185	\$ 8,480,736	\$ 1,493,449
Aquarium Foundation	1,124,758	1,138,075	1,021,622	116,453
Historical Preservation	862,064	914,387	697,675	216,712
Total Museums Department	<u>\$ 11,552,874</u>	<u>\$ 12,026,647</u>	<u>\$ 10,200,033</u>	<u>\$ 1,826,614</u>
<u>Management Services Department</u>				
Director's Office	\$ 1,509,081	\$ 1,566,649	\$ 1,481,262	\$ 85,387
<u>Emergency Medical Services</u>				
Director's Office	\$ 672,465	\$ 743,339	\$ 740,547	\$ 2,792
Operations	2,274,652	2,348,812	2,287,288	61,524
Lifeguard Services	1,635,641	1,651,664	1,647,170	4,494
Training	484,069	485,735	484,640	1,095
Emergency Response System	3,313,468	3,394,881	3,327,747	67,134
Regulation & Enforcement	170,643	171,760	140,614	31,146
Total Emergency Medical Services	<u>\$ 8,550,938</u>	<u>\$ 8,796,191</u>	<u>\$ 8,628,006</u>	<u>\$ 168,185</u>
<u>Strategic Growth Area</u>				
Strategic Growth Area	\$ 643,050	\$ 815,355	\$ 741,321	\$ 74,034
Resort Programs and Special Events	498,063	505,522	481,911	23,611
Total Strategic Growth Area	<u>\$ 1,141,113</u>	<u>\$ 1,320,877</u>	<u>\$ 1,223,232</u>	<u>\$ 97,645</u>
<u>Debt Service</u>				
Principal	\$ 29,628,432	\$ 29,628,432	\$ 29,028,433	\$ 599,999
Interest	15,455,001	15,455,001	15,474,757	(19,756)
Total Debt Service	<u>\$ 45,083,433</u>	<u>\$ 45,083,433</u>	<u>\$ 44,503,190</u>	<u>\$ 580,243</u>
<u>Education</u>				
School Operating	\$ 339,645,773	\$ 342,477,295	\$ 326,922,508	\$ 15,554,787
School Operating from Reserves	14,000,000	14,000,000	14,000,000	-
School Capital Projects	474,022	474,022	474,022	-
Total Education	<u>\$ 354,119,795</u>	<u>\$ 356,951,317</u>	<u>\$ 341,396,530</u>	<u>\$ 15,554,787</u>
Total Department Expenditures	<u>\$ 909,448,665</u>	<u>\$ 930,712,076</u>	<u>\$ 885,444,821</u>	<u>\$ 45,267,255</u>

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA
GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO FINAL BUDGET
FOR THE YEAR ENDED JUNE 30, 2014**

Source	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<u>Other Financing Uses</u>				
Transfers Out:				
General Debt Service	\$ 42,452,381	\$ 42,452,381	\$ 42,452,381	\$ -
Housing and Neighborhood Preservation	708,397	752,604	752,604	-
General Government Capital Projects	18,523,083	19,301,080	19,301,080	-
Engineering and Highways Capital Projects	16,143,560	16,049,176	16,049,176	-
Parks and Recreation Capital Projects	3,142,083	3,142,083	3,142,083	-
Economic & Tourism Capital Projects	4,207,667	4,207,667	4,207,667	-
Coastal Capital Projects	-	214,290	214,290	-
Grants Consolidated	490,359	686,644	598,457	88,187
Sheriff's Department	15,207,351	16,630,067	16,630,067	-
Law Library	-	8,000	8,000	-
Parks and Recreation	4,906,033	5,137,027	5,137,027	-
Federal Section 8	210,681	229,215	229,215	-
Federal Housing Assistance Program	114,929	170,958	170,958	-
Waste Management SR Fd	-	17,000	17,000	-
Public Safety City Marina	19,890	19,890	19,890	-
Total Other Financing Uses	<u>\$ 106,126,414</u>	<u>\$ 109,018,082</u>	<u>\$ 108,929,895</u>	<u>\$ 88,187</u>
TOTAL EXPENDITURES AND OTHER				
FINANCING USES	<u>\$ 1,015,575,079</u>	<u>\$ 1,039,730,158</u>	<u>\$ 994,374,716</u>	<u>\$ 45,355,442</u>

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**NONMAJOR
SPECIAL REVENUE FUNDS**

NONMAJOR SPECIAL REVENUE FUNDS

The Nonmajor Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The City has the following Nonmajor Special Revenue Funds:

Law Library - accounts for the revenues and expenditures of providing legal information and research. Revenues are raised through a set charge per civil court case and donations, which are used for library operations.

Sandbridge Tax Increment Financing* - accounts for the incremental growth in real estate tax revenues within the district. These incremental revenues are generated by assessment growth beyond the base year, and are used to support beach and shoreline restoration in the Sandbridge district as established by City Council.

Housing and Neighborhood Preservation - accounts for the combined activities of the Federal Community Development Block Grant (CDBG), Federal Housing Assistance Grant, and Community Development Loan and programs. This fund supports the administration of both capital improvement projects in target neighborhoods and various other housing programs. The uses of fund balance are restricted to the federal programs that generated the funds.

Development Authority - accounts for financial resources dedicated to the economic development of the City.

Town Center Special Service District - established to provide for the maintenance of public parking facilities and other infrastructure in conjunction with realizing a long-term City Council goal of developing a town center which is supported by revenues from an additional real estate tax rate applied to each property owner in the Central Business District (CBD) within the Pembroke area of the City.

Forfeited Assets - accounts for the City's share of Federal revenues derived from any Federal agency where money or assets are seized. If the Commonwealth's Attorney is involved in the case, the department too gets a portion of the funds. All State seizures are divided with the Commonwealth's Attorney receiving 25% and the Police Department receiving 75%. All real estate seized is split 50%/50% between the Commonwealth's Attorney and the Police Department. Fund balance must be used in compliance with Federal and State regulations to fund Police or Commonwealth's Attorney projects.

Federal Section Eight Program - accounts for funds received from the Federal Department of Housing and Urban Development to provide rental assistance to low and moderate income families. A separate fund is required by the Federal government and fund balance must be used for rental assistance.

Sheriff's Department - accounts for the cost of the care and custody of persons placed in the Virginia Beach Correctional Center by the courts and for the operation of the Sheriff's Department, as established by City Council.

Waste Management - accounts for funds generated through monthly service charges for providing services to our residents for collection, management and disposal of solid waste, recyclable materials and other refuse.

Parks and Recreation - accounts for revenues raised through Parks and Recreation programs. This fund also receives dedicated funding from a portion of the real estate taxes to support and maintain the City's recreation centers.

Tourism Investment Program - accounts for the revenue streams to fund tourism related capital projects and expenditures for oceanfront programs and events, maintenance, operating costs, and debt service of tourism-related projects, as established by City Council. This fund receives dedicated funding from a percentage of the following local taxes: amusement, hotel room, and restaurant meal tax receipts.

NONMAJOR SPECIAL REVENUE FUNDS (continued)

Central Business District South Tax Increment Financing - accounts for incremental growth in real estate tax revenues and debt service funding of public parking and other public improvements in this business district. Fund balance is maintained to meet planned construction and debt service costs for improvements in this district as approved by City Council.

Sandbridge Special Service District* - accounts for the revenues raised by the additional real estate tax, hotel tax and other Sandbridge related revenue. The Virginia Beach code restricts the uses of fund balance to Capital Improvement Program projects associated with beach and shoreline restoration and maintenance within the Sandbridge District.

Tourism Advertising Program - accounts for revenue and expenses related to tourism advertising. This fund receives dedicated funding from a percentage of the hotel room tax and restaurant meal tax. There is a City Council appointed committee that oversees the use of these funds.

Agriculture Reserve Program - accounts for revenue and expenses to promote and encourage the preservation of farmland in the rural southern portion of the City, in which agricultural uses predominate. This is a voluntary purchase of development rights rather than regulatory, as established by City Council. Fund balance will be used for payments of future interest costs of U.S Treasury Securities and the maturing interest on each agreement.

Emergency FEMA - accounts for receipts from the Federal Emergency Management Agency (FEMA), and for the cost of providing urban search and rescue services in support of disaster declarations as well as reimbursements to the City for the cost of local disasters. The level of fund balance is subject to final audit by the Inspector General.

Open Space - accounts for the acquisition and preservation of land in the City of Virginia Beach. This fund receives dedicated revenues from a percentage of the restaurant meal tax.

Combined Area Dredging Projects – this fund supports the three special service districts of Old Donation Creek, Bayville Creek and Shadowlawn, where additional real estate taxes are assessed on residents of those districts and collected to provide neighborhood channel dredging of creeks and rivers.

Wetlands Board Mitigation – accounts for the fines assessed for the destruction of wetlands and are to be used for the purchase of land and re-creation of wetlands.

Grants Consolidated - accounts for certain Commonwealth of Virginia and Federal Grants (with matching local funds, if required).

* The level of fund balance in both the Sandbridge Tax Increment Financing and Sandbridge Special Service District, along with the balance in the Sandbridge capital project, is to be sufficient to provide funding for one sand replenishment and one emergency replenishment in the Sandbridge area.

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**CITY OF VIRGINIA BEACH, VIRGINIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2014**

	Law Library	Sandbridge Tax Increment Financing	Housing and Neighborhood Preservation
<u>ASSETS</u>			
Cash and Investments	\$ 385,331	\$ -	\$ -
Restricted Cash	-	8,120,603	-
Accounts Receivable	-	-	493,950
Loans Receivable	-	-	6,381,665
Due from Other Governments	-	-	-
Due from Commonwealth	-	-	-
Due from Federal Government	-	-	681,462
Total Assets	<u>\$ 385,331</u>	<u>\$ 8,120,603</u>	<u>\$ 7,557,077</u>
<u>LIABILITIES</u>			
Vouchers and Accounts Payable	\$ 15,485	\$ -	\$ 88,963
Due to Other Funds	-	-	868,023
Due to Commonwealth	-	-	-
Unearned Revenue	-	-	-
Total Liabilities	<u>\$ 15,485</u>	<u>\$ -</u>	<u>\$ 956,986</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Unavailable Revenue - Housing Loans	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 493,950</u>
<u>FUND BALANCES</u>			
Restricted for:			
General Government	\$ -	\$ -	\$ -
Housing and Community Development	-	-	6,381,665
Judicial	-	-	-
Public Safety	-	-	-
Special Service District	-	-	-
Committed to:			
Agriculture	-	-	-
Convention and Visitor Development	-	-	-
Educational	364,846	-	-
Judicial	-	-	-
Parks and Recreation	-	-	-
Public Works	-	-	-
Tax Increment Financing	-	7,917,286	-
Assigned:			
Economic and Tourism	-	-	-
Educational	5,000	-	-
Judicial	-	-	-
Parks and Recreation	-	-	-
Public Works	-	-	-
Special Service District	-	-	-
Tax Increment Financing	-	203,317	-
Unassigned	-	-	(275,524)
Total Fund Balances	<u>\$ 369,846</u>	<u>\$ 8,120,603</u>	<u>\$ 6,106,141</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	<u>\$ 385,331</u>	<u>\$ 8,120,603</u>	<u>\$ 7,557,077</u>

**CITY OF VIRGINIA BEACH, VIRGINIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2014**

Development Authority	Town Center Special Service District	Forfeited Assets	Federal Section Eight Program	Sub-Total (continued)
\$ -	\$ -	\$ 4,097,289	\$ 502,774	\$ 4,985,394
497,791	1,657,230	-	195,607	10,471,231
-	-	-	16,275	510,225
-	-	-	-	6,381,665
-	-	-	15,897	15,897
-	-	-	-	-
-	-	-	3,968	685,430
<u>\$ 497,791</u>	<u>\$ 1,657,230</u>	<u>\$ 4,097,289</u>	<u>\$ 734,521</u>	<u>\$ 23,049,842</u>
\$ 497,791	\$ 350,966	\$ 60,600	\$ 271,806	\$ 1,285,611
-	-	-	-	868,023
-	-	-	-	-
-	-	-	14,988	14,988
<u>\$ 497,791</u>	<u>\$ 350,966</u>	<u>\$ 60,600</u>	<u>\$ 286,794</u>	<u>\$ 2,168,622</u>
\$ -	\$ -	\$ -	\$ -	\$ 493,950
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	447,727	6,829,392
-	-	664,999	-	664,999
-	-	2,971,690	-	2,971,690
-	609,720	-	-	609,720
-	-	-	-	-
-	-	-	-	-
-	-	-	-	364,846
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	7,917,286
-	-	-	-	-
-	-	-	-	5,000
-	-	400,000	-	400,000
-	-	-	-	-
-	-	-	-	-
-	696,544	-	-	696,544
-	-	-	-	203,317
-	-	-	-	(275,524)
<u>\$ -</u>	<u>\$ 1,306,264</u>	<u>\$ 4,036,689</u>	<u>\$ 447,727</u>	<u>\$ 20,387,270</u>
<u>\$ 497,791</u>	<u>\$ 1,657,230</u>	<u>\$ 4,097,289</u>	<u>\$ 734,521</u>	<u>\$ 23,049,842</u>

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2014**

	Sheriff's Department	Waste Management	Parks and Recreation
<u>ASSETS</u>			
Cash and Investments	\$ 418,625	\$ -	\$ 19,442,595
Restricted Cash	-	-	-
Accounts Receivable	1,675	6,768,585	67,219
Loans Receivable	-	-	-
Due from Other Governments	-	-	-
Due from Commonwealth	1,286,153	-	-
Due from Federal Government	18,451	-	-
Total Assets	<u>\$ 1,724,904</u>	<u>\$ 6,768,585</u>	<u>\$ 19,509,814</u>
<u>LIABILITIES</u>			
Vouchers and Accounts Payable	\$ 1,254,275	\$ 1,722,722	\$ 976,950
Due to Other Funds	-	2,715,156	-
Due to Commonwealth	146,007	-	-
Unearned Revenue	-	1,292,643	151,058
Total Liabilities	<u>\$ 1,400,282</u>	<u>\$ 5,730,521</u>	<u>\$ 1,128,008</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Unavailable Revenue - Housing Loans	\$ -	\$ -	\$ -
<u>FUND BALANCES</u>			
Restricted for:			
General Government	\$ -	\$ -	\$ -
Housing and Community Development	-	-	-
Judicial	-	-	-
Public Safety	-	-	-
Special Service District	-	-	-
Committed to:			
Agriculture	-	-	-
Convention and Visitor Development	-	-	-
Educational	-	-	-
Judicial	575,000	-	-
Parks and Recreation	-	-	14,078,953
Public Works	-	338,064	-
Tax Increment Financing	-	-	-
Assigned:			
Convention and Visitor Development	-	-	-
Educational	-	-	-
Judicial	28,117	-	-
Parks and Recreation	-	-	4,302,853
Public Works	-	700,000	-
Special Service District	-	-	-
Tax Increment Financing	-	-	-
Unassigned:	(278,495)	-	-
Total Fund Balances	<u>\$ 324,622</u>	<u>\$ 1,038,064</u>	<u>\$ 18,381,806</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	<u>\$ 1,724,904</u>	<u>\$ 6,768,585</u>	<u>\$ 19,509,814</u>

**CITY OF VIRGINIA BEACH, VIRGINIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2014**

Tourism Investment Program	Central Business District South Tax Increment Financing	Sandbridge Special Service District	Tourism Advertising Program	Sub-Total (continued)
\$ 3,027,807	\$ -	\$ -	\$ 1,848,877	\$ 29,723,298
-	4,183,657	364,852	-	15,019,740
-	-	-	-	7,347,704
-	-	-	-	6,381,665
-	-	-	-	15,897
-	-	-	-	1,286,153
-	-	-	-	703,881
<u>\$ 3,027,807</u>	<u>\$ 4,183,657</u>	<u>\$ 364,852</u>	<u>\$ 1,848,877</u>	<u>\$ 60,478,338</u>
\$ 66,869	\$ 7,281	\$ -	\$ 708,584	\$ 6,022,292
-	-	-	-	3,583,179
-	-	-	-	146,007
-	-	-	-	1,458,689
<u>\$ 66,869</u>	<u>\$ 7,281</u>	<u>\$ -</u>	<u>\$ 708,584</u>	<u>\$ 11,210,167</u>
\$ -	\$ -	\$ -	\$ -	\$ 493,950
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	6,829,392
-	-	-	-	664,999
-	-	-	-	2,971,690
-	-	225,595	-	835,315
-	-	-	-	-
2,562,622	-	-	1,140,293	3,702,915
-	-	-	-	364,846
-	-	-	-	575,000
-	-	-	-	14,078,953
-	-	-	-	338,064
-	2,591,503	-	-	10,508,789
398,316	-	-	-	398,316
-	-	-	-	5,000
-	-	-	-	428,117
-	-	-	-	4,302,853
-	-	-	-	700,000
-	-	139,257	-	835,801
-	1,584,873	-	-	1,788,190
-	-	-	-	(554,019)
<u>\$ 2,960,938</u>	<u>\$ 4,176,376</u>	<u>\$ 364,852</u>	<u>\$ 1,140,293</u>	<u>\$ 48,774,221</u>
<u>\$ 3,027,807</u>	<u>\$ 4,183,657</u>	<u>\$ 364,852</u>	<u>\$ 1,848,877</u>	<u>\$ 60,478,338</u>

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2014**

	Agriculture Reserve Program	Emergency FEMA	Open Space
<u>ASSETS</u>			
Cash and Investments	\$ 12,073,587	\$ 388,682	\$ 517,599
Restricted Cash	-	-	-
Accounts Receivable	-	-	-
Loans Receivable	-	-	-
Due from Other Governments	-	-	-
Due from Commonwealth	-	-	-
Due from Federal Government	-	-	-
Total Assets	<u>\$ 12,073,587</u>	<u>\$ 388,682</u>	<u>\$ 517,599</u>
<u>LIABILITIES</u>			
Vouchers and Accounts Payable	\$ 8,536	\$ 1,400	\$ 19,335
Due to Other Funds	-	-	-
Due to Commonwealth	-	-	-
Unearned Revenue	-	-	-
Total Liabilities	<u>\$ 8,536</u>	<u>\$ 1,400</u>	<u>\$ 19,335</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Unavailable Revenue - Housing Loans	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>FUND BALANCES</u>			
Restricted for:			
General Government	\$ -	\$ -	\$ -
Housing and Community Development	-	-	-
Judicial	-	-	-
Public Safety	-	387,282	-
Special Service District	-	-	-
Committed to:			
Agriculture	12,065,051	-	-
Convention and Visitor Development	-	-	-
Educational	-	-	-
Judicial	-	-	-
Parks and Recreation	-	-	354,927
Public Works	-	-	-
Tax Increment Financing	-	-	-
Assigned:			
Convention and Visitor Development	-	-	-
Educational	-	-	-
Judicial	-	-	-
Parks and Recreation	-	-	143,337
Public Works	-	-	-
Special Service District	-	-	-
Tax Increment Financing	-	-	-
Unassigned:	-	-	-
Total Fund Balances	<u>\$ 12,065,051</u>	<u>\$ 387,282</u>	<u>\$ 498,264</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	<u>\$ 12,073,587</u>	<u>\$ 388,682</u>	<u>\$ 517,599</u>

**CITY OF VIRGINIA BEACH, VIRGINIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2014**

Combined Area Dredging Projects	Wetlands Board Mitigation	Grants Consolidated	Totals
\$ -	\$ 229,911	\$ -	\$ 42,933,077
4,013	-	167,753	15,191,506
-	-	-	7,347,704
-	-	-	6,381,665
-	-	-	15,897
-	-	810,393	2,096,546
-	-	2,042,846	2,746,727
<u>\$ 4,013</u>	<u>\$ 229,911</u>	<u>\$ 3,020,992</u>	<u>\$ 76,713,122</u>
	\$ -	\$ 372,719	\$ 6,424,282
-	-	44,912	3,628,091
-	-	-	146,007
-	-	-	1,458,689
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 417,631</u>	<u>\$ 11,657,069</u>
\$ -	\$ -	\$ -	\$ 493,950
\$ -	\$ -	\$ 2,603,361	\$ 2,603,361
-	-	-	6,829,392
-	-	-	664,999
-	-	-	3,358,972
4,013	-	-	839,328
-	-	-	-
-	-	-	12,065,051
-	-	-	3,702,915
-	-	-	364,846
-	-	-	575,000
-	229,911	-	14,663,791
-	-	-	338,064
-	-	-	10,508,789
-	-	-	398,316
-	-	-	5,000
-	-	-	428,117
-	-	-	4,446,190
-	-	-	700,000
-	-	-	835,801
-	-	-	1,788,190
-	-	-	(554,019)
<u>\$ 4,013</u>	<u>\$ 229,911</u>	<u>\$ 2,603,361</u>	<u>\$ 64,562,103</u>
<u>\$ 4,013</u>	<u>\$ 229,911</u>	<u>\$ 3,020,992</u>	<u>\$ 76,713,122</u>

CITY OF VIRGINIA BEACH, VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Law Library	Sandbridge Tax Increment Financing	Housing and Neighborhood Preservation
<u>REVENUES</u>			
General Property Taxes	\$ -	\$ 7,235,310	\$ -
Other Local Taxes	-	-	-
From Use of Money and Property	2,667	21,472	21,315
Charges for Services	266,673	-	64,175
Miscellaneous	-	-	147,003
Fines and Forfeitures	-	-	-
From Commonwealth	-	-	-
From Federal Government	-	-	1,977,009
Total Revenues	<u>\$ 269,340</u>	<u>\$ 7,256,782</u>	<u>\$ 2,209,502</u>
<u>EXPENDITURES</u>			
Current:			
Judicial	\$ -	\$ -	\$ -
Library	281,794	-	-
Police	-	-	-
Fire	-	-	-
Public Works	-	-	-
Planning	-	-	-
Parks and Recreation	-	-	-
Agriculture	-	-	-
Communications and Information Technology	-	-	-
Convention and Visitor Development	-	-	-
Housing and Neighborhood Preservation	-	-	3,330,634
Human Services	-	-	-
Museums	-	-	-
Development Authority	-	-	-
General Government	-	-	-
Emergency Medical Services	-	-	-
Total Expenditures	<u>\$ 281,794</u>	<u>\$ -</u>	<u>\$ 3,330,634</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>\$ (12,454)</u>	<u>\$ 7,256,782</u>	<u>\$ (1,121,132)</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In	\$ 8,000	\$ -	\$ 923,562
Transfers Out	-	(7,909,806)	(128,858)
Agriculture Reserve Agreement	-	-	-
Total Other Financing Sources (Uses)	<u>\$ 8,000</u>	<u>\$ (7,909,806)</u>	<u>\$ 794,704</u>
<u>EXCESS OF REVENUE AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>	<u>\$ (4,454)</u>	<u>\$ (653,024)</u>	<u>\$ (326,428)</u>
<u>FUND BALANCES-JULY 1</u>	<u>374,300</u>	<u>8,773,627</u>	<u>6,432,569</u>
<u>FUND BALANCES - JUNE 30</u>	<u>\$ 369,846</u>	<u>\$ 8,120,603</u>	<u>\$ 6,106,141</u>

CITY OF VIRGINIA BEACH, VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

Development Authority	Town Center Special Service District	Forfeited Assets	Federal Section Eight Program	Sub-Total (continued)
\$ -	\$ 1,496,198	\$ -	\$ -	\$ 8,731,508
-	-	-	-	-
-	2,687	8,693	1,008	57,842
-	14,175	-	-	345,023
736,650	-	6,404	1,851,330	2,741,387
-	-	-	-	-
-	-	638,433	-	638,433
-	-	313,388	17,368,858	19,659,255
<u>\$ 736,650</u>	<u>\$ 1,513,060</u>	<u>\$ 966,918</u>	<u>\$ 19,221,196</u>	<u>\$ 32,173,448</u>
\$ -	\$ -	\$ 348,731	\$ -	\$ 348,731
-	-	-	-	281,794
-	-	393,678	-	393,678
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	19,656,222	22,986,856
-	-	-	-	-
-	-	-	-	-
736,650	-	-	-	736,650
-	1,581,011	-	-	1,581,011
-	-	-	-	-
<u>\$ 736,650</u>	<u>\$ 1,581,011</u>	<u>\$ 742,409</u>	<u>\$ 19,656,222</u>	<u>\$ 26,328,720</u>
\$ -	\$ (67,951)	\$ 224,509	\$ (435,026)	\$ 5,844,728
\$ -	\$ 150,000	\$ -	\$ 229,215	\$ 1,310,777
-	(313,564)	(46,602)	-	(8,398,830)
-	-	-	-	-
<u>\$ -</u>	<u>\$ (163,564)</u>	<u>\$ (46,602)</u>	<u>\$ 229,215</u>	<u>\$ (7,088,053)</u>
\$ -	\$ (231,515)	\$ 177,907	\$ (205,811)	\$ (1,243,325)
-	1,537,779	3,858,782	653,538	21,630,595
<u>\$ -</u>	<u>\$ 1,306,264</u>	<u>\$ 4,036,689</u>	<u>\$ 447,727</u>	<u>\$ 20,387,270</u>

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Sheriff's Department	Waste Management	Parks and Recreation
<u>REVENUES</u>			
General Property Taxes	\$ -	\$ -	\$ 17,231,964
Other Local Taxes	-	-	-
From Use of Money and Property	12,627	-	1,577,071
Charges for Services	2,989,800	39,025,307	13,222,163
Miscellaneous	1,399,374	-	111,716
Fines and Forfeiture	-	-	-
From Commonwealth	17,222,959	45,052	26,458
From Federal Government	590,263	-	-
Total Revenues	<u>\$ 22,215,023</u>	<u>\$ 39,070,359</u>	<u>\$ 32,169,372</u>
<u>EXPENDITURES</u>			
Current:			
Judicial	\$ 40,717,657	\$ -	\$ -
Library	-	-	-
Police	-	-	-
Fire	-	-	-
Public Works	-	40,963,418	-
Planning	-	-	-
Parks and Recreation	-	-	32,327,633
Agriculture	-	-	-
Communications and Information Technology	-	-	-
Convention and Visitor Development	-	-	-
Housing and Neighborhood Preservation	-	-	-
Human Services	-	-	-
Museums	-	-	-
Development Authority	-	-	-
General Government	-	-	-
Emergency Medical Services	-	-	-
Total Expenditures	<u>\$ 40,717,657</u>	<u>\$ 40,963,418</u>	<u>\$ 32,327,633</u>
<u>EXCESS OF REVENUES OVER</u>			
<u>(UNDER) EXPENDITURES</u>	<u>\$ (18,502,634)</u>	<u>\$ (1,893,059)</u>	<u>\$ (158,261)</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In	\$ 16,630,067	\$ 17,000	\$ 5,156,917
Transfers Out	(24,551)	-	(3,989,207)
Agriculture Reserve Agreement	-	-	-
Total Other Financing Sources (Uses)	<u>\$ 16,605,516</u>	<u>\$ 17,000</u>	<u>\$ 1,167,710</u>
<u>EXCESS OF REVENUE AND</u>			
<u>OTHER FINANCING SOURCES</u>			
<u>OVER (UNDER) EXPENDITURES</u>			
<u>AND OTHER FINANCING USES</u>			
	\$ (1,897,118)	\$ (1,876,059)	\$ 1,009,449
<u>FUND BALANCES-JULY 1</u>	<u>2,221,740</u>	<u>2,914,123</u>	<u>17,372,357</u>
<u>FUND BALANCES - JUNE 30</u>	<u>\$ 324,622</u>	<u>\$ 1,038,064</u>	<u>\$ 18,381,806</u>

CITY OF VIRGINIA BEACH, VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

Tourism Investment Program	Central Business District South Tax Increment Financing	Sandbridge Special Service District	Tourism Advertising Program	Sub-Total (continued)
\$ -	\$ 5,058,569	\$ 590,430	\$ -	\$ 31,612,471
32,823,694	500,000	858,419	10,249,547	44,431,660
293,814	4,342	3,557	40,859	1,990,112
-	-	-	149,206	55,731,499
473,392	-	-	17,120	4,742,989
727,879	-	-	-	727,879
-	-	-	-	17,932,902
-	-	-	-	20,249,518
<u>\$ 34,318,779</u>	<u>\$ 5,562,911</u>	<u>\$ 1,452,406</u>	<u>\$ 10,456,732</u>	<u>\$ 177,419,030</u>
\$ -	\$ -	\$ -	\$ -	\$ 41,066,388
-	-	-	-	281,794
-	-	-	-	393,678
-	-	-	-	-
-	-	-	-	40,963,418
-	-	-	-	-
-	-	-	-	32,327,633
-	-	-	-	-
-	-	-	-	-
32,477,696	-	-	10,714,153	43,191,849
-	-	-	-	22,986,856
-	-	-	-	-
-	-	-	-	-
-	-	-	-	736,650
-	5,866,866	-	-	7,447,877
-	-	-	-	-
<u>\$ 32,477,696</u>	<u>\$ 5,866,866</u>	<u>\$ -</u>	<u>\$ 10,714,153</u>	<u>\$ 189,396,143</u>
\$ 1,841,083	\$ (303,955)	\$ 1,452,406	\$ (257,421)	\$ (11,977,113)
\$ -	\$ -	\$ 2,575,636	\$ -	\$ 25,690,397
(2,550,003)	(150,000)	(4,390,194)	(59,987)	(19,562,772)
-	-	-	-	-
<u>\$ (2,550,003)</u>	<u>\$ (150,000)</u>	<u>\$ (1,814,558)</u>	<u>\$ (59,987)</u>	<u>\$ 6,127,625</u>
\$ (708,920)	\$ (453,955)	\$ (362,152)	\$ (317,408)	\$ (5,849,488)
3,669,858	4,630,331	727,004	1,457,701	54,623,709
<u>\$ 2,960,938</u>	<u>\$ 4,176,376</u>	<u>\$ 364,852</u>	<u>\$ 1,140,293</u>	<u>\$ 48,774,221</u>

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Agriculture Reserve Program	Emergency FEMA	Open Space
<u>REVENUES</u>			
General Property Taxes	\$ 4,461,671	\$ -	\$ -
Other Local Taxes	-	-	4,538,566
From Use of Money and Property	21,884	-	862
Charges for Services	-	-	-
Miscellaneous	-	-	-
Fines and Forfeiture	-	-	-
From Commonwealth	-	-	-
From Federal Government	-	323,661	-
Total Revenues	<u>\$ 4,483,555</u>	<u>\$ 323,661</u>	<u>\$ 4,539,428</u>
<u>EXPENDITURES</u>			
Current:			
Judicial	\$ -	\$ -	\$ -
Library	-	-	-
Police	-	-	-
Fire	-	-	-
Public Works	-	-	-
Planning	-	-	-
Parks and Recreation	-	-	3,280,989
Agriculture	2,679,466	-	-
Communications and Information Technology	-	-	-
Convention and Visitor Development	-	-	-
Housing and Neighborhood Preservation	-	-	-
Human Services	-	-	-
Museums	-	-	-
Development Authority	-	-	-
General Government	-	7,650	-
Emergency Medical Services	-	-	-
Total Expenditures	<u>\$ 2,679,466</u>	<u>\$ 7,650</u>	<u>\$ 3,280,989</u>
<u>EXCESS OF REVENUES OVER</u>			
<u>(UNDER) EXPENDITURES</u>	<u>\$ 1,804,089</u>	<u>\$ 316,011</u>	<u>\$ 1,258,439</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In	\$ -	\$ -	\$ -
Transfers Out	(120,221)	-	(1,827,258)
Agriculture Reserve Agreement	270,504	-	-
Total Other Financing Sources (Uses)	<u>\$ 150,283</u>	<u>\$ -</u>	<u>\$ (1,827,258)</u>
<u>EXCESS OF REVENUE AND</u>			
<u>OTHER FINANCING SOURCES</u>			
<u>OVER (UNDER) EXPENDITURES</u>			
<u>AND OTHER FINANCING USES</u>	<u>\$ 1,954,372</u>	<u>\$ 316,011</u>	<u>\$ (568,819)</u>
<u>FUND BALANCES-JULY 1</u>	<u>10,110,679</u>	<u>71,271</u>	<u>1,067,083</u>
<u>FUND BALANCES - JUNE 30</u>	<u>\$ 12,065,051</u>	<u>\$ 387,282</u>	<u>\$ 498,264</u>

CITY OF VIRGINIA BEACH, VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

Combined Area Dredging Projects		Wetlands Board Mitigation		Grants Consolidated		Totals
\$	142,962	\$	-	\$	-	\$ 36,217,104
	-		-		-	48,970,226
	-		463		-	2,013,321
	-		-		-	55,731,499
	-		17,412		67,389	4,827,790
	-		-		-	727,879
	-		-		3,556,510	21,489,412
	-		-		9,588,544	30,161,723
<u>\$</u>	<u>142,962</u>	<u>\$</u>	<u>17,875</u>	<u>\$</u>	<u>13,212,443</u>	<u>\$ 200,138,954</u>
\$	-	\$	-	\$	424,466	\$ 41,490,854
	-		-		10,794	292,588
	-		-		348,665	742,343
	-		-		1,806,858	1,806,858
	-		-		15,000	40,978,418
	-		-		6,588	6,588
	-		-		6,105	35,614,727
	-		-		-	2,679,466
	-		-		128,000	128,000
	-		-		-	43,191,849
	-		-		1,288,341	24,275,197
	-		-		8,349,517	8,349,517
	-		-		25,740	25,740
	-		-		-	736,650
	-		-		33,942	7,489,469
	-		-		872,954	872,954
<u>\$</u>	<u>-</u>	<u>\$</u>	<u>-</u>	<u>\$</u>	<u>13,316,970</u>	<u>\$ 208,681,218</u>
<u>\$</u>	<u>142,962</u>	<u>\$</u>	<u>17,875</u>	<u>\$</u>	<u>(104,527)</u>	<u>\$ (8,542,264)</u>
\$	-	\$	-	\$	598,457	\$ 26,288,854
	(138,949)		-		(400,000)	(22,049,200)
	-		-		-	270,504
<u>\$</u>	<u>(138,949)</u>	<u>\$</u>	<u>-</u>	<u>\$</u>	<u>198,457</u>	<u>\$ 4,510,158</u>
\$	4,013	\$	17,875	\$	93,930	\$ (4,032,106)
	-		212,036		2,509,431	68,594,209
<u>\$</u>	<u>4,013</u>	<u>\$</u>	<u>229,911</u>	<u>\$</u>	<u>2,603,361</u>	<u>\$ 64,562,103</u>

CITY OF VIRGINIA BEACH, VIRGINIA
LAW LIBRARY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Budget Amounts		Actual Amounts	Variance Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
From Use of Money and Property	\$ 4,450	\$ 4,450	\$ 2,667	\$ (1,783)
Charges for Services	283,000	283,000	266,673	(16,327)
Total Revenues	<u>\$ 287,450</u>	<u>\$ 287,450</u>	<u>\$ 269,340</u>	<u>\$ (18,110)</u>
<u>EXPENDITURES</u>				
Law Library	<u>\$ 292,450</u>	<u>\$ 300,742</u>	<u>\$ 281,794</u>	<u>\$ 18,948</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>\$ (5,000)</u>	<u>\$ (13,292)</u>	<u>\$ (12,454)</u>	<u>\$ 838</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	<u>\$ -</u>	<u>\$ 8,000</u>	<u>\$ 8,000</u>	<u>\$ -</u>
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>	<u>\$ (5,000)</u>	<u>\$ (5,292)</u>	<u>\$ (4,454)</u>	<u>\$ 838</u>
<u>FUND BALANCE - JULY 1</u>	<u>374,300</u>	<u>374,300</u>	<u>374,300</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>	<u><u>\$ 369,300</u></u>	<u><u>\$ 369,008</u></u>	<u><u>\$ 369,846</u></u>	<u><u>\$ 838</u></u>

CITY OF VIRGINIA BEACH, VIRGINIA
SANDBRIDGE TAX INCREMENT FINANCING SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Budget Amounts		Actual Amounts	Variance Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
General Property Taxes	\$ 7,410,157	\$ 7,410,157	\$ 7,235,310	\$ (174,847)
From Use of Money and Property	25,000	25,000	21,472	(3,528)
Total Revenues	<u>\$ 7,435,157</u>	<u>\$ 7,435,157</u>	<u>\$ 7,256,782</u>	<u>\$ (178,375)</u>
<u>EXPENDITURES</u>				
Sandbridge TIF	<u>\$ 6,893,992</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>\$ 541,165</u>	<u>\$ 7,435,157</u>	<u>\$ 7,256,782</u>	<u>\$ (178,375)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers Out	<u>\$ (909,806)</u>	<u>\$ (7,909,806)</u>	<u>\$ (7,909,806)</u>	<u>\$ -</u>
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>	<u>\$ (368,641)</u>	<u>\$ (474,649)</u>	<u>\$ (653,024)</u>	<u>\$ (178,375)</u>
<u>FUND BALANCE - JULY 1</u>	<u>8,773,627</u>	<u>8,773,627</u>	<u>8,773,627</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>	<u><u>\$ 8,404,986</u></u>	<u><u>\$ 8,298,978</u></u>	<u><u>\$ 8,120,603</u></u>	<u><u>\$ (178,375)</u></u>

CITY OF VIRGINIA BEACH, VIRGINIA
HOUSING AND NEIGHBORHOOD PRESERVATION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Budget Amounts		Actual Amounts	Variance Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
From Use of Money and Property	\$ -	\$ -	\$ 21,315	\$ 21,315
Charges for Services	70,000	70,000	64,175	(5,825)
Miscellaneous	180,000	309,808	147,003	(162,805)
From Federal Government	2,606,544	2,646,764	1,977,009	(669,755)
Total Revenues	<u>\$ 2,856,544</u>	<u>\$ 3,026,572</u>	<u>\$ 2,209,502</u>	<u>\$ (817,070)</u>
<u>EXPENDITURES</u>				
Housing and Neighborhood Preservation	<u>\$ 3,551,012</u>	<u>\$ 3,821,276</u>	<u>\$ 3,330,634</u>	<u>\$ 490,642</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>\$ (694,468)</u>	<u>\$ (794,704)</u>	<u>\$ (1,121,132)</u>	<u>\$ (326,428)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	\$ 823,326	\$ 923,562	\$ 923,562	\$ -
Transfers Out	<u>(128,858)</u>	<u>(128,858)</u>	<u>(128,858)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>\$ 694,468</u>	<u>\$ 794,704</u>	<u>\$ 794,704</u>	<u>\$ -</u>
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (326,428)</u>	<u>\$ (326,428)</u>
<u>FUND BALANCE - JULY 1</u>	<u>6,432,569</u>	<u>6,432,569</u>	<u>6,432,569</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>	<u><u>\$ 6,432,569</u></u>	<u><u>\$ 6,432,569</u></u>	<u><u>\$ 6,106,141</u></u>	<u><u>\$ (326,428)</u></u>

CITY OF VIRGINIA BEACH, VIRGINIA
TOWN CENTER SPECIAL SERVICE DISTRICT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Budget Amounts			Variance Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
<u>REVENUES</u>				
General Property Taxes	\$ 1,480,463	\$ 1,480,463	\$ 1,496,198	\$ 15,735
From Use of Money and Property	2,600	2,600	2,687	87
Charges for Services	-	-	14,175	14,175
Total Revenues	<u>\$ 1,483,063</u>	<u>\$ 1,483,063</u>	<u>\$ 1,513,060</u>	<u>\$ 29,997</u>
<u>EXPENDITURES</u>				
Town Center Parking Operations	\$ 1,531,700	\$ 1,531,700	\$ 1,531,700	\$ -
Town Center Operations	54,134	56,648	49,311	7,337
Total Expenditures	<u>\$ 1,585,834</u>	<u>\$ 1,588,348</u>	<u>\$ 1,581,011</u>	<u>\$ 7,337</u>
<u>EXCESS OF REVENUES OVER</u>				
<u>(UNDER) EXPENDITURES</u>	<u>\$ (102,771)</u>	<u>\$ (105,285)</u>	<u>\$ (67,951)</u>	<u>\$ 37,334</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	\$ 150,000	\$ 150,000	\$ 150,000	\$ -
Transfers Out	(313,564)	(313,564)	(313,564)	-
Total Other Financing Sources (Uses)	<u>\$ (163,564)</u>	<u>\$ (163,564)</u>	<u>\$ (163,564)</u>	<u>\$ -</u>
<u>EXCESS OF REVENUES AND</u>				
<u>OTHER FINANCING SOURCES</u>				
<u>OVER (UNDER) EXPENDITURES</u>				
<u>AND OTHER FINANCING USES</u>	<u>\$ (266,335)</u>	<u>\$ (268,849)</u>	<u>\$ (231,515)</u>	<u>\$ 37,334</u>
<u>FUND BALANCE - JULY 1</u>	<u>1,537,779</u>	<u>1,537,779</u>	<u>1,537,779</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>	<u>\$ 1,271,444</u>	<u>\$ 1,268,930</u>	<u>\$ 1,306,264</u>	<u>\$ 37,334</u>

CITY OF VIRGINIA BEACH, VIRGINIA
FORFEITED ASSETS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Budget Amounts		Actual Amounts	Variance Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
From Use of Money and Property	\$ -	\$ -	\$ 8,693	\$ 8,693
Miscellaneous	-	-	6,404	6,404
From Commonwealth	-	-	638,433	638,433
From Federal Government	-	176,635	313,388	136,753
Total Revenues	<u>\$ -</u>	<u>\$ 176,635</u>	<u>\$ 966,918</u>	<u>\$ 790,283</u>
<u>EXPENDITURES</u>				
Commonwealth Attorney	\$ 200,000	\$ 208,858	\$ 187,440	\$ 21,418
Uniform Patrol	-	883,907	495,579	388,328
Special Investigative Division	-	99,061	59,390	39,671
Total Expenditures	<u>\$ 200,000</u>	<u>\$ 1,191,826</u>	<u>\$ 742,409</u>	<u>\$ 449,417</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	<u>\$ (200,000)</u>	<u>\$ (1,015,191)</u>	<u>\$ 224,509</u>	<u>\$ 1,239,700</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers Out	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (46,602)</u>	<u>\$ (46,602)</u>
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>				
	<u>\$ (200,000)</u>	<u>\$ (1,015,191)</u>	<u>\$ 177,907</u>	<u>\$ 1,193,098</u>
<u>FUND BALANCE - JULY 1</u>	<u>3,858,782</u>	<u>3,858,782</u>	<u>3,858,782</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>	<u>\$ 3,658,782</u>	<u>\$ 2,843,591</u>	<u>\$ 4,036,689</u>	<u>\$ 1,193,098</u>

CITY OF VIRGINIA BEACH, VIRGINIA
FEDERAL SECTION EIGHT PROGRAM SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Budget Amounts			Variance Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
<u>REVENUES</u>				
From Use of Money and Property	\$ -	\$ -	\$ 1,008	\$ 1,008
Miscellaneous	877,600	1,823,600	1,851,330	27,730
From Federal Government	17,448,950	17,256,688	17,368,858	112,170
Total Revenues	<u>\$ 18,326,550</u>	<u>\$ 19,080,288</u>	<u>\$ 19,221,196</u>	<u>\$ 140,908</u>
<u>EXPENDITURES</u>				
Rental Subsidy Program	<u>\$ 18,676,860</u>	<u>\$ 19,852,027</u>	<u>\$ 19,656,222</u>	<u>\$ 195,805</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	<u>\$ (350,310)</u>	<u>\$ (771,739)</u>	<u>\$ (435,026)</u>	<u>\$ 336,713</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	<u>\$ 210,681</u>	<u>\$ 229,215</u>	<u>\$ 229,215</u>	<u>\$ -</u>
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>				
	<u>\$ (139,629)</u>	<u>\$ (542,524)</u>	<u>\$ (205,811)</u>	<u>\$ 336,713</u>
<u>FUND BALANCE - JULY 1</u>				
	<u>653,538</u>	<u>653,538</u>	<u>653,538</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>				
	<u>\$ 513,909</u>	<u>\$ 111,014</u>	<u>\$ 447,727</u>	<u>\$ 336,713</u>

CITY OF VIRGINIA BEACH, VIRGINIA
SHERIFF'S DEPARTMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Budget Amounts			Variance
	Original	Final	Actual Amounts	Final Budget Positive (Negative)
<u>REVENUES</u>				
From Use of Money and Property	\$ 15,000	\$ 15,000	\$ 12,627	\$ (2,373)
Charges for Services	3,541,312	3,561,957	2,989,800	(572,157)
Miscellaneous	1,363,446	1,363,446	1,399,374	35,928
From Commonwealth	17,605,275	17,605,275	17,222,959	(382,316)
From Federal Government	229,950	229,950	590,263	360,313
Total Revenues	<u>\$ 22,754,983</u>	<u>\$ 22,775,628</u>	<u>\$ 22,215,023</u>	<u>\$ (560,605)</u>
<u>EXPENDITURES</u>				
Judicial	<u>\$ 39,252,773</u>	<u>\$ 40,746,469</u>	<u>\$ 40,717,657</u>	<u>\$ 28,812</u>
<u>EXCESS OF REVENUES OVER</u>				
<u>(UNDER) EXPENDITURES</u>	<u>\$ (16,497,790)</u>	<u>\$ (17,970,841)</u>	<u>\$ (18,502,634)</u>	<u>\$ (531,793)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	\$ 15,207,351	\$ 16,630,067	\$ 16,630,067	\$ -
Transfers Out	(24,551)	(24,551)	(24,551)	-
Total Other Financing Sources (Uses)	<u>\$ 15,182,800</u>	<u>\$ 16,605,516</u>	<u>\$ 16,605,516</u>	<u>\$ -</u>
<u>EXCESS OF REVENUES AND</u>				
<u>OTHER FINANCING SOURCES</u>				
<u>OVER (UNDER) EXPENDITURES</u>				
<u>AND OTHER FINANCING USES</u>	\$ (1,314,990)	\$ (1,365,325)	\$ (1,897,118)	\$ (531,793)
<u>FUND BALANCE - JULY 1</u>				
	<u>2,221,740</u>	<u>2,221,740</u>	<u>2,221,740</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>				
	<u>\$ 906,750</u>	<u>\$ 856,415</u>	<u>\$ 324,622</u>	<u>\$ (531,793)</u>

CITY OF VIRGINIA BEACH, VIRGINIA
WASTE MANAGEMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Budget Amounts			Variance Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
<u>REVENUES</u>				
Charges for Services	\$ 42,278,532	\$ 42,321,034	\$ 39,025,307	\$ (3,295,727)
From Commonwealth	35,390	35,390	45,052	9,662
Total Revenues	<u>\$ 42,313,922</u>	<u>\$ 42,356,424</u>	<u>\$ 39,070,359</u>	<u>\$ (3,286,065)</u>
<u>EXPENDITURES</u>				
Program Support	\$ 4,871,381	\$ 4,828,879	\$ 4,711,350	\$ 117,529
Waste Disposal	19,138,436	19,190,852	18,029,998	1,160,854
Waste Collection	11,532,653	11,809,080	11,338,923	470,157
Yard Debris and Household Hazardous Waste	1,994,686	2,093,798	2,055,723	38,075
Recycling	4,776,766	4,995,158	4,827,424	167,734
Total Expenditures	<u>\$ 42,313,922</u>	<u>\$ 42,917,767</u>	<u>\$ 40,963,418</u>	<u>\$ 1,954,349</u>
<u>EXCESS OF REVENUES OVER</u>				
<u>(UNDER) EXPENDITURES</u>	<u>\$ -</u>	<u>\$ (561,343)</u>	<u>\$ (1,893,059)</u>	<u>\$ (1,331,716)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	<u>\$ -</u>	<u>\$ 17,000</u>	<u>\$ 17,000</u>	<u>\$ -</u>
<u>EXCESS OF REVENUES AND</u>				
<u>OTHER FINANCING SOURCES</u>				
<u>OVER (UNDER) EXPENDITURES</u>				
<u>AND OTHER FINANCING USES</u>	<u>\$ -</u>	<u>\$ (544,343)</u>	<u>\$ (1,876,059)</u>	<u>\$ (1,331,716)</u>
<u>FUND BALANCE - JULY 1</u>	<u>2,914,123</u>	<u>2,914,123</u>	<u>2,914,123</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>	<u>\$ 2,914,123</u>	<u>\$ 2,369,780</u>	<u>\$ 1,038,064</u>	<u>\$ (1,331,716)</u>

CITY OF VIRGINIA BEACH, VIRGINIA
PARKS AND RECREATION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Budget Amounts			Variance Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
<u>REVENUES</u>				
General Property Taxes	\$ 16,653,197	\$ 16,653,197	\$ 17,231,964	\$ 578,767
From Use of Money and Property	1,514,877	1,514,877	1,577,071	62,194
Charges for Services	12,983,390	12,983,390	13,222,163	238,773
Miscellaneous	130,200	130,200	111,716	(18,484)
From Commonwealth	27,000	27,000	26,458	(542)
Total Revenues	<u>\$ 31,308,664</u>	<u>\$ 31,308,664</u>	<u>\$ 32,169,372</u>	<u>\$ 860,708</u>
<u>EXPENDITURES</u>				
Citywide Recreation Programs	\$ 11,515,083	\$ 11,724,877	\$ 10,560,162	\$ 1,164,715
Parks Operations and Services	3,903,067	3,967,454	3,720,225	247,229
Recreation Centers	14,867,647	15,681,734	15,272,987	408,747
Golf Courses	102,263	103,489	101,635	1,854
City Beautification and Recreation	575,619	702,118	569,868	132,250
Debt Service	2,106,472	2,106,472	2,102,756	3,716
Total Expenditures	<u>\$ 33,070,151</u>	<u>\$ 34,286,144</u>	<u>\$ 32,327,633</u>	<u>\$ 1,958,511</u>
<u>EXCESS OF REVENUES OVER</u>				
<u>(UNDER) EXPENDITURES</u>	<u>\$ (1,761,487)</u>	<u>\$ (2,977,480)</u>	<u>\$ (158,261)</u>	<u>\$ 2,819,219</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	\$ 4,925,923	\$ 5,156,917	\$ 5,156,917	\$ -
Transfers Out	(3,984,059)	(4,019,555)	(3,989,207)	30,348
Total Other Financing Sources (Uses)	<u>\$ 941,864</u>	<u>\$ 1,137,362</u>	<u>\$ 1,167,710</u>	<u>\$ 30,348</u>
<u>EXCESS OF REVENUES AND</u>				
<u>OTHER FINANCING SOURCES</u>				
<u>OVER (UNDER) EXPENDITURES</u>				
<u>AND OTHER FINANCING USES</u>	<u>\$ (819,623)</u>	<u>\$ (1,840,118)</u>	<u>\$ 1,009,449</u>	<u>\$ 2,849,567</u>
<u>FUND BALANCE - JULY 1</u>				
	<u>17,372,357</u>	<u>17,372,357</u>	<u>17,372,357</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>				
	<u>\$ 16,552,734</u>	<u>\$ 15,532,239</u>	<u>\$ 18,381,806</u>	<u>\$ 2,849,567</u>

CITY OF VIRGINIA BEACH, VIRGINIA
TOURISM INVESTMENT PROGRAM SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Budget Amounts			Variance
	Original	Final	Actual Amounts	Final Budget Positive (Negative)
<u>REVENUES</u>				
Other Local Taxes	\$ 33,490,145	\$ 33,490,145	\$ 32,823,694	\$ (666,451)
From Use of Money and Property	280,360	280,360	293,814	13,454
Miscellaneous	471,000	471,000	473,392	2,392
Fines and Forfeitures	748,000	748,000	727,879	(20,121)
Total Revenues	<u>\$ 34,989,505</u>	<u>\$ 34,989,505</u>	<u>\$ 34,318,779</u>	<u>\$ (670,726)</u>
<u>EXPENDITURES</u>				
Economic Development	\$ 100,000	\$ 100,000	\$ 99,967	\$ 33
Direct Costs	2,050,000	2,050,000	2,050,000	-
Mass Transit Operations	759,355	759,355	759,355	-
Special Events	3,552,117	3,720,343	3,460,902	259,441
Cultural Activities	50,500	50,500	50,500	-
Recycling	52,000	52,000	44,213	7,787
Landscaping	34,099	34,657	34,285	372
Maintenance	504,405	541,728	544,653	(2,925)
Contractual Services	546,630	496,096	418,128	77,968
Debt Service	25,041,384	25,041,384	25,015,693	25,691
Total Expenditures	<u>\$ 32,690,490</u>	<u>\$ 32,846,063</u>	<u>\$ 32,477,696</u>	<u>\$ 368,367</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	<u>\$ 2,299,015</u>	<u>\$ 2,143,442</u>	<u>\$ 1,841,083</u>	<u>\$ (302,359)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers Out	<u>\$ (2,299,015)</u>	<u>\$ (2,299,015)</u>	<u>\$ (2,550,003)</u>	<u>\$ (250,988)</u>
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>				
	<u>\$ -</u>	<u>\$ (155,573)</u>	<u>\$ (708,920)</u>	<u>\$ (553,347)</u>
<u>FUND BALANCE - JULY 1</u>				
	<u>3,669,858</u>	<u>3,669,858</u>	<u>3,669,858</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>				
	<u>\$ 3,669,858</u>	<u>\$ 3,514,285</u>	<u>\$ 2,960,938</u>	<u>\$ (553,347)</u>

CITY OF VIRGINIA BEACH, VIRGINIA
CENTRAL BUSINESS DISTRICT SOUTH TAX INCREMENT FINANCING SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Budget Amounts			Variance Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
<u>REVENUES</u>				
General Property Taxes	\$ 5,208,136	\$ 5,208,136	\$ 5,058,569	\$ (149,567)
Other Local Taxes	500,000	500,000	500,000	-
From Use of Money and Property	900	900	4,342	3,442
Total Revenues	<u>\$ 5,709,036</u>	<u>\$ 5,709,036</u>	<u>\$ 5,562,911</u>	<u>\$ (146,125)</u>
<u>EXPENDITURES</u>				
Debt Service	<u>\$ 5,866,866</u>	<u>\$ 5,866,866</u>	<u>\$ 5,866,866</u>	<u>\$ -</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	<u>\$ (157,830)</u>	<u>\$ (157,830)</u>	<u>\$ (303,955)</u>	<u>\$ (146,125)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers Out	<u>\$ (150,000)</u>	<u>\$ (150,000)</u>	<u>\$ (150,000)</u>	<u>\$ -</u>
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>				
	<u>\$ (307,830)</u>	<u>\$ (307,830)</u>	<u>\$ (453,955)</u>	<u>\$ (146,125)</u>
<u>FUND BALANCE - JULY 1</u>				
	<u>4,630,331</u>	<u>4,630,331</u>	<u>4,630,331</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>				
	<u>\$ 4,322,501</u>	<u>\$ 4,322,501</u>	<u>\$ 4,176,376</u>	<u>\$ (146,125)</u>

CITY OF VIRGINIA BEACH, VIRGINIA
SANDBRIDGE SPECIAL SERVICE DISTRICT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Budget Amounts		Actual Amounts	Variance Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
General Property Taxes	\$ 591,675	\$ 591,675	\$ 590,430	\$ (1,245)
Other Local Taxes	779,012	779,012	858,419	79,407
From Use of Money and Property	6,764	6,764	3,557	(3,207)
Total Revenues	<u>\$ 1,377,451</u>	<u>\$ 1,377,451</u>	<u>\$ 1,452,406</u>	<u>\$ 74,955</u>
<u>EXPENDITURES</u>				
Total Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>\$ 1,377,451</u>	<u>\$ 1,377,451</u>	<u>\$ 1,452,406</u>	<u>\$ 74,955</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	\$ 2,369,996	\$ 2,369,996	\$ 2,575,636	\$ 205,640
Transfers Out	(4,390,194)	(4,390,194)	(4,390,194)	-
Total Other Financing Sources (Uses)	<u>\$ (2,020,198)</u>	<u>\$ (2,020,198)</u>	<u>\$ (1,814,558)</u>	<u>\$ 205,640</u>
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>	<u>\$ (642,747)</u>	<u>\$ (642,747)</u>	<u>\$ (362,152)</u>	<u>\$ 280,595</u>
<u>FUND BALANCE - JULY 1</u>	<u>727,004</u>	<u>727,004</u>	<u>727,004</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>	<u><u>\$ 84,257</u></u>	<u><u>\$ 84,257</u></u>	<u><u>\$ 364,852</u></u>	<u><u>\$ 280,595</u></u>

CITY OF VIRGINIA BEACH, VIRGINIA
TOURISM ADVERTISING PROGRAM SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Budget Amounts		Actual Amounts	Variance Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
Other Local Taxes	\$ 10,530,022	\$ 10,530,022	\$ 10,249,547	\$ (280,475)
From Use of Money and Property	42,432	42,432	40,859	(1,573)
Charges for Services	101,665	101,665	149,206	47,541
Miscellaneous	41,243	41,243	17,120	(24,123)
Total Revenues	<u>\$ 10,715,362</u>	<u>\$ 10,715,362</u>	<u>\$ 10,456,732</u>	<u>\$ (258,630)</u>
<u>EXPENDITURES</u>				
Visitor Information Center	\$ 1,218,776	\$ 1,238,028	\$ 1,147,694	\$ 90,334
Tourism and Convention Advertising	9,439,748	10,812,264	9,566,459	1,245,805
Total Expenditures	<u>\$ 10,658,524</u>	<u>\$ 12,050,292</u>	<u>\$ 10,714,153</u>	<u>\$ 1,336,139</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>\$ 56,838</u>	<u>\$ (1,334,930)</u>	<u>\$ (257,421)</u>	<u>\$ 1,077,509</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers Out	<u>\$ (56,838)</u>	<u>\$ (59,987)</u>	<u>\$ (59,987)</u>	<u>\$ -</u>
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>	<u>\$ -</u>	<u>\$ (1,394,917)</u>	<u>\$ (317,408)</u>	<u>\$ 1,077,509</u>
<u>FUND BALANCE - JULY 1</u>	<u>1,457,701</u>	<u>1,457,701</u>	<u>1,457,701</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>	<u>\$ 1,457,701</u>	<u>\$ 62,784</u>	<u>\$ 1,140,293</u>	<u>\$ 1,077,509</u>

CITY OF VIRGINIA BEACH, VIRGINIA
AGRICULTURE RESERVE PROGRAM SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Budget Amounts		Actual Amounts	Variance Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
General Property Taxes	\$ 4,311,817	\$ 4,311,817	\$ 4,461,671	\$ 149,854
From Use of Money and Property	-	-	21,884	21,884
From Commonwealth	-	-	-	-
Total Revenues	<u>\$ 4,311,817</u>	<u>\$ 4,311,817</u>	<u>\$ 4,483,555</u>	<u>\$ 171,738</u>
<u>EXPENDITURES</u>				
Agriculture Reserve Program	\$ 473,619	\$ 467,591	\$ 444,030	\$ 23,561
Debt Service	<u>3,838,198</u>	<u>3,279,729</u>	<u>2,235,436</u>	<u>1,044,293</u>
Total Expenditures	<u>\$ 4,311,817</u>	<u>\$ 3,747,320</u>	<u>\$ 2,679,466</u>	<u>\$ 1,067,854</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	<u>\$ -</u>	<u>\$ 564,497</u>	<u>\$ 1,804,089</u>	<u>\$ 1,239,592</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers Out	\$ -	\$ (571,688)	\$ (120,221)	\$ 451,467
Agriculture Reserve Agreement	<u>-</u>	<u>-</u>	<u>270,504</u>	<u>270,504</u>
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ (571,688)</u>	<u>\$ 150,283</u>	<u>\$ 721,971</u>
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>				
	<u>\$ -</u>	<u>\$ (7,191)</u>	<u>\$ 1,954,372</u>	<u>\$ 1,961,563</u>
<u>FUND BALANCE - JULY 1</u>	<u>10,110,679</u>	<u>10,110,679</u>	<u>10,110,679</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>	<u>\$ 10,110,679</u>	<u>\$ 10,103,488</u>	<u>\$ 12,065,051</u>	<u>\$ 1,961,563</u>

CITY OF VIRGINIA BEACH, VIRGINIA
EMERGENCY FEMA SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Budget Amounts			Variance Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
<u>REVENUES</u>				
From Federal Government	\$ -	\$ 60,261	\$ 323,661	\$ 263,400
<u>EXPENDITURES</u>				
FEMA Operations	\$ -	\$ 60,261	\$ 7,650	\$ 52,611
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	\$ -	\$ -	\$ 316,011	\$ 316,011
<u>FUND BALANCE - JULY 1</u>				
	71,271	71,271	71,271	-
<u>FUND BALANCE - JUNE 30</u>				
	\$ 71,271	\$ 71,271	\$ 387,282	\$ 316,011

CITY OF VIRGINIA BEACH, VIRGINIA
OPEN SPACE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Budget Amounts			Variance
	Original	Final	Actual Amounts	Final Budget Positive (Negative)
<u>REVENUES</u>				
Other Local Taxes	\$ 4,637,674	\$ 4,637,674	\$ 4,538,566	\$ (99,108)
From Use of Money and Property	21,144	21,144	862	(20,282)
Total Revenues	<u>\$ 4,658,818</u>	<u>\$ 4,658,818</u>	<u>\$ 4,539,428</u>	<u>\$ (119,390)</u>
<u>EXPENDITURES</u>				
Open Space Program	\$ 523,853	\$ 530,966	\$ 453,554	\$ 77,412
Debt Service	2,827,433	2,827,433	2,827,435	(2)
Total Expenditures	<u>\$ 3,351,286</u>	<u>\$ 3,358,399</u>	<u>\$ 3,280,989</u>	<u>\$ 77,410</u>
<u>EXCESS OF REVENUES OVER</u>				
<u>(UNDER) EXPENDITURES</u>	<u>\$ 1,307,532</u>	<u>\$ 1,300,419</u>	<u>\$ 1,258,439</u>	<u>\$ (41,980)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers Out	<u>\$ (1,827,258)</u>	<u>\$ (1,827,258)</u>	<u>\$ (1,827,258)</u>	<u>\$ -</u>
<u>EXCESS OF REVENUES AND</u>				
<u>OTHER FINANCING SOURCES</u>				
<u>OVER (UNDER) EXPENDITURES</u>				
<u>AND OTHER FINANCING USES</u>	\$ (519,726)	\$ (526,839)	\$ (568,819)	\$ (41,980)
<u>FUND BALANCE - JULY 1</u>				
	<u>1,067,083</u>	<u>1,067,083</u>	<u>1,067,083</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>				
	<u>\$ 547,357</u>	<u>\$ 540,244</u>	<u>\$ 498,264</u>	<u>\$ (41,980)</u>

CITY OF VIRGINIA BEACH, VIRGINIA
COMBINED AREA DREDGING PROJECTS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Budget Amounts		Actual Amounts	Variance
	Original	Final		Final Budget Positive (Negative)
<u>REVENUES</u>				
General Property Taxes	\$ 139,490	\$ 139,490	\$ 142,962	\$ 3,472
<u>EXPENDITURES</u>				
Total Expenditures	\$ -	\$ -	\$ -	\$ -
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	\$ 139,490	\$ 139,490	\$ 142,962	\$ 3,472
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers Out	\$ (139,490)	\$ (139,490)	\$ (138,949)	\$ 541
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>	\$ -	\$ -	\$ 4,013	\$ 4,013
<u>FUND BALANCE - JULY 1</u>	-	-	-	-
<u>FUND BALANCE - JUNE 30</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,013</u>	<u>\$ 4,013</u>

CITY OF VIRGINIA BEACH, VIRGINIA
WETLANDS BOARD MITIGATION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Actual Amounts</u>
<u>REVENUES</u>	
From Use of Money and Property	\$ 463
Miscellaneous	17,412
Total Revenues	<u>\$ 17,875</u>
<u>EXPENDITURES</u>	
Total Expenditures	<u>\$ -</u>
<u>EXCESS OF REVENUES OVER</u>	
<u>(UNDER) EXPENDITURES</u>	\$ 17,875
<u>FUND BALANCE - JULY 1</u>	<u>212,036</u>
<u>FUND BALANCE - JUNE 30</u>	<u><u>\$ 229,911</u></u>

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DEBT SERVICE FUND

DEBT SERVICE FUND

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

**CITY OF VIRGINIA BEACH, VIRGINIA
DEBT SERVICE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014**

	Budget Amounts			Variance Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
<u>REVENUES</u>				
From Use of Money and Property	\$ -	\$ -	\$ 1,409,310	\$ 1,409,310
Federal Reimbursement of Interest	-	-	466,206	466,206
Total Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,875,516</u>	<u>\$ 1,875,516</u>
<u>EXPENDITURES</u>				
Principal	\$ 28,860,169	\$ 28,860,169	\$ 29,364,531	\$ (504,362)
Interest	13,730,236	13,730,236	13,639,448	90,788
Total Expenditures	<u>\$ 42,590,405</u>	<u>\$ 42,590,405</u>	<u>\$ 43,003,979</u>	<u>\$ (413,574)</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	<u>\$ (42,590,405)</u>	<u>\$ (42,590,405)</u>	<u>\$ (41,128,463)</u>	<u>\$ 1,461,942</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	\$ 42,590,405	\$ 42,590,405	\$ 42,559,383	\$ (31,022)
Proceeds of Refunding Bonds	-	-	20,320,000	20,320,000
Premium on Bonds Sold	-	-	2,118,993	2,118,993
Payment to Refunding Bonds Escrow Agent	-	-	(22,353,602)	(22,353,602)
Total Other Financing Sources (Uses)	<u>\$ 42,590,405</u>	<u>\$ 42,590,405</u>	<u>\$ 42,644,774</u>	<u>\$ 54,369</u>
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,516,311</u>	<u>\$ 1,516,311</u>
<u>FUND BALANCE - JULY 1</u>				
	<u>-</u>	<u>-</u>	<u>25,490,892</u>	<u>25,490,892</u>
<u>FUND BALANCE - JUNE 30</u>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,007,203</u>	<u>\$ 27,007,203</u>

GENERAL GOVERNMENT

CAPITAL PROJECTS

GENERAL GOVERNMENT CAPITAL PROJECTS

The General Government Capital Projects Fund is used to account for all revenues and expenditures related to the construction of the City's fixed assets and infrastructure. The categories of projects accounted for in this fund are engineering and highways, buildings, parks and recreation, coastal and economic and tourism development.

CITY OF VIRGINIA BEACH, VIRGINIA
ENGINEERING AND HIGHWAYS CAPITAL PROJECTS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2014

Project Number	Project Name	Budget to Date	Current Year Expenditures	Total Expenditures	Construction In Progress	Outstanding Encumbrances	Available Balance
2021000	RURAL ROAD IMPROVEMENTS	\$ 7,803,916	\$ 22,853	\$ 4,784,377	\$ -	\$ 555,764	\$ 2,463,775
2022000	MAJOR BRIDGE REHAB II	660,000	56,179	56,179	56,179	108,230	495,591
2024000	RURAL ROAD IMPROVEMENTS II	200,000	-	-	-	-	200,000
2025000	WITCHDUCK ROAD - PHASE II	46,276,860	553,191	2,573,892	2,573,892	2,321,169	41,381,799
2026000	STREET RECONSTRUCTION II	2,150,000	967,175	967,175	967,175	1,052,163	130,662
2027000	VARIOUS COST PARTICIPATION PROJECTS II	25,000	-	-	-	-	25,000
2028000	WETLANDS MITIGATION BANKING II	100,000	-	-	-	-	100,000
2030000	FIRST COLONIAL/LASKIN INTERSECT IMPROVE	1,000,000	-	-	-	-	1,000,000
2031000	STREET RECONSTRUCTION	10,669,701	1,659,210	9,918,485	-	561,567	189,649
2032000	LYNNHAVEN/INTERNATIONAL INTER IMPROVE	2,800,153	200	200	200	-	2,799,953
2033000	PRINCESS ANNE ROAD PHASE VII-A	300,000	56,007	56,007	56,007	32,713	211,280
2038000	ROSEMONT ROAD PHASE V	400,000	1,498	1,498	1,498	-	398,502
2039000	COMPUTERIZED TRAFFIC SIGNAL SYS UPGRADE/REPLACI	20,342,308	45,786	20,215,544	45,786	46,980	79,784
2042000	INDIAN RIVER/PROVIDENCE INTER IMPROVE	650,000	65,911	65,911	65,911	139,929	444,160
2045000	PACIFIC AVENUE IMPROVEMENTS	5,000,000	1,509,080	1,509,080	1,509,080	112,857	3,378,063
2046000	CAVALIER DRIVE IMPROVEMENTS	2,449,040	1,224,520	1,224,520	1,224,520	-	1,224,520
2048000	PRINCESS ANNE RD/KEMPSVILLE RD INTERSECTION IMPR	88,671,045	6,927,792	75,390,359	-	7,686,799	5,593,887
2072000	FIRST COLONIAL RD/VB BLVD INTERSECTION IMPROVEM	16,096,938	441,545	7,234,616	-	166,301	8,696,021
2089000	SOUTHEASTERN PARKWAY AND GREENBELT (PARTIAL)	23,549,335	2,500	23,199,973	2,500	-	349,362
2107000	SEABOARD ROAD	8,288,267	2,073,735	4,864,903	4,864,903	1,625,947	1,797,417
2117000	SHORE DRIVE CORRIDOR IMPRV-PHASE III	13,822,575	49,668	546,845	546,845	255,741	13,019,989
2118000	SHORE DRIVE CORRIDOR IMPRV-PHASE IV	750,076	-	398,437	398,437	351,639	-
2121000	NIMMO PARKWAY - PHASE V-A	38,579,886	24,415,534	31,675,905	31,675,905	6,132,725	771,256
2143000	LASKIN ROAD GATEWAY-PHASE 1-A	41,076,947	2,355,543	40,285,917	-	417,066	373,964
2145000	WESLEYAN DRIVE	15,620,506	3,016,055	11,630,631	-	1,104,476	2,885,399
2149000	BIRDNECK ROAD - PHASE II	9,986,710	4,578	7,947,724	4,578	1,448,462	590,524
2152000	ELBOW ROAD EXTENDED - PHASE II	20,118,770	246,273	4,652,216	4,652,216	375,296	15,091,258
2156000	LASKIN ROAD - PHASE I (VDOT)	4,125,000	12,614	2,235,260	2,235,260	33,493	1,856,247
2157000	LYNNHAVEN PARKWAY - PHASE IX	13,025,922	-	13,000,003	-	1,653	24,266
2158000	HOLLAND ROAD - PHASE VI (PARTIAL)	3,748,984	167,536	941,673	941,673	81,479	2,725,832
2160000	CITY WIDE STREET LGHTG IMPRVMTS-PHASE II	360,000	40,269	333,482	40,269	22,899	3,619
2161000	TRAFFIC SIGNAL RETIMING	4,010,936	205,266	3,213,552	-	112,358	685,026
2165000	LASKIN ROAD - PHASE II	1,555,879	-	625,137	625,137	-	930,742
2167000	LYNNHAVEN PARKWAY - PHASE XI	6,089,504	200,130	682,583	682,583	77,979	5,328,942
2168000	LESNER BRIDGE REPLACEMENT	112,754,867	3,584,978	14,239,903	14,239,903	88,194,726	10,320,238
2176000	TRANSPORTATION NETWORK ANALYSIS	2,550,000	275,349	1,244,467	-	797,333	508,200
2177000	HSIP GRANT- HIGH ACCIDENT LOCATIONS	1,757,000	32,560	1,077,049	-	183,226	496,725
2178000	HSIP GRANT- BICYCLE/PEDESTRIAN SAFETY	12,638,135	1,606,993	9,372,806	-	812,001	2,453,328
2190000	CONGESTION RELIEF/SAFETY IMPRV PROGRAM	8,779,350	310,807	2,709,515	-	2,037,152	4,032,683
2195000	PRINCESS ANNE RD-INTERSECTION IMPRVMTS	9,966,923	34,948	4,055,103	34,948	1,289,492	4,622,328
2256000	INDIAN RIVER ROAD - PHASE VII	6,909,000	1,629	4,752,433	4,752,433	138,421	2,018,146
2263000	MAJOR BRIDGE REHABILITATION	9,897,538	467,674	9,811,567	-	46,864	39,107
2300000	TRAFFIC SAFETY IMPROVEMENTS - PHASE III	9,456,386	375,793	3,867,308	-	1,376,339	4,212,739
2305000	PRINCESS ANNE RD - PH IV (FERRELL - PH II)	11,336,900	3,377,867	9,974,957	-	970,950	390,993
2401000	GREENWICH RD/CLEVELAND ST CROSSOVER	11,360,750	530,459	2,349,767	2,349,767	576,588	8,434,395
2409000	CENTERVILLE TURNPIKE INTERIM IMPROVEMENTS	12,542,420	254,763	863,003	863,003	772,812	10,906,605
2410000	TRAFFIC SIGNAL REHAB-PHASE II	200,000	40,000	40,000	40,000	160,000	-
2414000	SHIPPS CORNER ROAD IMPROVEMENTS	1,150,000	73,350	73,350	73,350	165,618	911,032
2416000	SANDBRIDGE ROAD BRIDGE REPLACEMENT	400,000	152,840	152,840	152,840	4,439	242,721
2418000	INDIAN RD/KEMPSVILLE RD IMPROVMENT	12,656,149	508,404	984,249	984,249	208,946	11,462,954
2421000	SPORTSPLEX DRIVE	2,850,000	1,391,773	2,657,491	-	55,338	137,171
2422000	PUNGO TURN LANE	250,000	282	591	591	-	249,409
2502000	WEST NECK ROAD (TAN)	3,287,588	488,802	2,527,881	-	14,834	744,873
2931000	WITCHDUCK ROAD - PHASE I	26,643,562	319	23,913,096	319	712,416	2,018,050
TOTAL ENGINEERING & HIGHWAYS CAPITAL PROJECTS		<u>\$ 667,690,826</u>	<u>\$ 59,830,238</u>	<u>\$ 364,899,460</u>	<u>\$ 76,661,957</u>	<u>\$ 123,343,180</u>	<u>\$ 179,448,186</u>

CITY OF VIRGINIA BEACH, VIRGINIA
BUILDINGS CAPITAL PROJECTS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2014

Project Number	Project Name	Budget to Date	Current Year Expenditures	Total Expenditures	Construction In Progress	Outstanding Encumbrances	Available Balance
3006000	COASTAL GARDEN/OUTDOOR ADVENTURE PARK	\$ 543,736	\$ -	\$ -	\$ -	\$ -	\$ 543,736
3019000	ADAM THOROUGHGOOD HOUSE VISITOR CENTER	244,826	84,947	84,947	84,947	18,192	141,687
3021000	FIRE AN RESCUE STATION - THALIA	9,319,001	3,100,179	8,926,517	-	346,247	46,237
3028000	AQUARIUM MARSH PAVILION ENHANCEMENTS	1,158,955	716	716	716	1,045,200	113,039
3035000	CIT-CRIMINAL JUSTICE AUTO-SYS ANALYSIS	300,000	135,122	263,750	-	22,368	13,882
3037000	THALIA STATE REVITALIZATION CONVERSION	1,010,000	69,350	69,350	69,350	838,920	101,730
3052000	CIT-IT SERVICE CONTINUITY	4,450,725	798,388	3,087,106	-	39,036	1,324,583
3068000	CIT-IT NETWORK INFRSTR REPLCMNT-PH II	1,696,803	52,130	52,130	52,130	551,414	1,093,259
3087000	CIT-HNP-FIELD AUTOMATION ANALYSIS	136,000	8,821	74,306	74,306	16,108	45,586
3091000	CIT-PLANNING-ADDRSSING SYS INTEGRATION	220,000	47,322	212,614	-	-	7,386
3093000	CIT-PLANNING-BUS SYS INTEGRATION IMPLEM	361,889	145,922	184,127	184,127	-	177,762
3095000	CIT-POLICE-INTGRTD PUB SFTY RCRD MGT SYS	10,401,389	935	1,689	1,689	500,000	9,899,700
3097000	CIT-AQUAR TICKETING & FINANCIAL SYSTEM	390,000	33,598	184,125	-	70,551	135,324
3103000	HERITAGE BUILDING - MAINTENANCE PROGRAM	1,018,850	187,594	476,811	-	44,632	497,407
3119000	CIT-CABLE ACCESS INFRASTRUCTURE REPLACE	2,509,261	151,370	957,950	-	-	1,551,311
3133000	FIRE TRAINING CTR IMPROVE-PHASE III	3,562,074	-	34,066	34,066	-	3,528,008
3134000	FIRE APPARATUS III	2,314,986	2,296,678	2,296,678	-	1,246	17,062
3136000	VAR BLDGS HVAC REHAB & RENEWAL PH III	3,118,201	628,754	1,868,406	-	202,390	1,047,405
3137000	VARIOUS BLDGS REHAB & RENEWAL PH III	2,585,376	936,461	1,638,261	-	15,163	931,952
3139000	VARIOUS SITE ACQUISITIONS PHASE II	5,208,351	1,084,864	3,664,505	-	401,960	1,141,886
3140000	ENERGY PERFORMANCE CONTRACTS (CITY)	4,583,915	621,417	2,927,520	-	34,382	1,622,013
3142000	CIT-COMMUNICATIONS INFRA REPLACE-PHII	18,523,827	5,560,695	6,058,503	-	650,652	11,814,672
3146000	VA AQUARIUM BLDG SYS REHAB & RENEW-PH I	8,117,450	2,503,412	4,466,133	4,466,133	1,724,951	1,926,366
3147000	HISTORIC PROP ACQUISITION REVOLVING FUND	200,000	91,088	94,168	94,168	105,459	373
3175000	VIRGINIA BEACH LIFELONG LEARNING CENTER	6,567,865	81,525	6,465,360	-	30,057	72,448
3200000	REV ASSESSMENT & COLLECTION SYS	11,924,799	276,717	9,786,522	-	1,421,770	716,507
3201000	COMMONWEALTH'S ATTY BUILD-OUT OF JUD CTR	441,898	46,244	56,682	56,682	288,192	97,024
3217000	CIT - MH CLIENT INFORMATION SYSTEM	2,900,000	27,482	2,328,958	27,482	47,809	523,233
3248000	FIRE/RESCUE STATION-BLACKWATER	5,123,707	1,127,479	1,315,433	1,315,433	3,059,016	749,258
3262000	TIDEWATER COMMUNITY COLLEGE EXPANSION	20,211,340	-	19,837,738	-	-	373,602
3278000	VA AQUARIUM RENEWAL & REPLACEMENT-PH II	1,425,000	105,188	1,205,677	-	39,590	179,733
3281000	CIT-COMMUNICATION INFRASTRUCTURE REPLACE	24,125,000	203,033	24,053,882	-	4,908	66,210
3292000	VA AQUARIUM ANIMAL CARE ANNEX	1,790,566	1,160	1,737,649	1,737,649	-	52,917
3301000	FERRY PLANTATION HOUSE - PHASE II	106,577	-	6,597	6,597	7,873	92,107
3340000	CIT - TELECOMMUNICATIONS REPLACEMENT	2,862,166	427,784	2,748,232	-	21,521	92,413
3344000	POLICE FOURTH PRECINCT-REPLACEMENT	434,504	749	749	749	-	433,755
3367000	VAR BLDGS REHAB AND RENEWAL PH II	14,755,685	582,939	13,054,005	-	653,971	1,047,709
3368000	VARIOUS SITE ACQUISITIONS	25,652,580	506	25,321,323	506	-	331,257
3503000	LIGHTHOUSE MULTI-SERVICE CENTER	5,519,339	222,580	2,066,588	2,066,588	1,849,768	1,602,983
3505000	BLDG MODERNIZATION/RENEWAL/REPLACE-PH II	100,000	4,753	13,541	13,541	-	86,459
3506000	FIRE FACILITY REHAB & RENEWAL PH III	2,264,402	957,506	1,256,485	1,256,485	-	1,007,917
3507000	JUDICIAL CNTR WATER INTRUSION ABATEMENT	3,886,000	2,805,928	3,016,254	3,016,254	455,748	413,998
3508000	ARC FLASH MITIGATION	1,280,000	250,903	765,431	-	49,018	465,551
3510000	INTRMEDIATE CARE FACILITIES REN/REP PH I	928,812	-	67,276	67,276	-	861,536
3605000	CIT-PAYMENT CARD SECURITY COMP SAQ C	390,000	138,620	138,620	-	-	251,380
3606000	CIT-FIRE STATION ALERTING	975,000	33,560	33,560	33,560	22,970	918,470
3607000	CIT-DATA STORAGE/MGMT EVIDENTIARY FILES	1,318,060	527,295	633,079	633,079	214,840	470,141
3608000	CIT-DISASTER RECOVERY DATA CENTER POWER	592,078	32,634	32,634	32,634	14,041	545,403
3615000	CIT-BUS REV/PERS PROP RACS IMPLEMENTATION	3,852,000	341,489	421,364	421,364	1,455,709	1,974,927
3618000	CIT- DISASTER RECOVERY PHASE II	500,000	253,397	479,793	-	20,207	-
3619000	CIT-ALI DATABASE MGMT/SELECTIVE ROUTING	2,007,876	15,024	47,904	47,904	5,476	1,954,496
3622000	CIT-LIBRARY AUTOMATED MATERIAL HANDLING	1,835,708	434,324	1,531,027	-	286,363	18,318
3623000	CIT- EGIS MASTER ADDRESS REPOSITORY	329,408	1,461	1,461	1,461	47,739	280,208
3631000	CIT-SOC SRVCS INTERFACE SYS REPLACEMENT	538,756	44,418	455,654	-	15,992	67,110
3632000	PLANNING BUSINESS SYSTEM INTEGRATION	1,344,413	53,425	53,425	53,425	845,408	445,580
3637000	CIT-DISASTER RECOVERY CRITICAL SVC ANAL III	436,150	230,078	392,890	-	43,252	8
3638000	CIT-APPLICATION PORTFOLIO SUSTAINMENT	350,000	-	-	-	-	350,000
3646000	CIT-EGIS BASE MAP UPDATE	624,079	96,507	112,793	-	27,972	483,314
3652000	CIT-TELECOMMUNICATIONS REPLACMENT PH II	454,494	-	-	-	-	454,494
3662000	CIT-ENTERPRISE BUSINESS APP	789,040	351,823	351,823	-	437,109	108
TOTAL BUILDINGS CAPITAL PROJECTS		<u>\$ 230,612,917</u>	<u>\$ 28,216,294</u>	<u>\$ 157,414,787</u>	<u>\$ 15,850,301</u>	<u>\$ 17,995,190</u>	<u>\$ 55,202,940</u>

CITY OF VIRGINIA BEACH, VIRGINIA
PARKS AND RECREATION CAPITAL PROJECTS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2014

Project Number	Project Name	Budget to Date	Current Year Expenditures	Total Expenditures	Construction In Progress	Outstanding Encumbrances	Available Balance
4025000	WOODSTOCK COVE SHORELINE RE-CONSTRUCT	\$ 742,623	\$ 10,137	\$ 10,137	\$ 10,137	\$ 67,033	\$ 665,453
4053000	FIELD HOCKEY NATL TRNG CTR REPAIRS/RENOV	952,664	4,807	689,029	-	-	263,635
4064000	CITY BIKEWAYS & TRAILS PLAN IMLEM PH II	1,559,229	245,099	296,190	296,190	625,686	637,353
4071000	WILLIAMS FARM COMMUNITY REC CTR DESIGN	21,754,269	1,130,677	21,226,150	-	207,007	321,112
4080000	SPORTSPLEX/NATL TRNG CTR REN & REPLACE	2,327,209	137,456	1,396,885	-	681,467	248,857
4300000	COM REC CTRS REPAIRS & RENOV-PHIII	15,044,153	528,171	1,162,121	-	156,810	13,725,222
4301000	PRKS/SPEC USE FACILIT DEV/RENOV-PHIII	3,512,740	907,690	2,390,223	2,390,223	440,757	681,760
4302000	GOLF COURSES CONT'TUAL OBLIGATIONS-MAINT	360,000	12,093	63,761	-	-	296,239
4303000	GREENWAY SCENIC WATER & NAT AREA PH III	345,000	45,753	136,253	136,253	15,192	193,555
4305000	TENNIS COURT RENOVATIONS - PHASE III	475,000	169,208	443,790	443,790	-	31,210
4306000	OPEN SPACE PARK DEVELOPMENT/MAINT-PHII	6,886,021	1,865,567	2,049,441	2,049,441	1,376,511	3,460,069
4307000	ATHLETIC FIELDS LIGHTING/RENOV-PH III	677,277	79,578	474,532	474,532	24,450	178,295
4308000	OPEN SPACE PROG SITE ACQUISITION PH III	5,892,029	2,380,750	2,401,265	2,401,265	-	3,490,764
4309000	MT TRASHMORE DISTRICT PARK RENOV-PH II	1,500,000	-	1,099,248	1,099,248	-	400,752
4500000	PARK PLAYGROUND RENOVATIONS-PHASE III	1,103,338	447,665	901,882	901,882	120,960	80,496
4502000	LYNNHAVEN BOAT RAMP/BEACH FAC REP/RENOV	402,359	-	74,985	74,985	-	327,374
4503000	P&R ADMINISTRATION OFFICES RELOCATION	337,500	773	176,523	176,523	-	160,977
4505000	MODERNIZATION-BOW CREEK RECREATION CNTR	27,398,612	12,260,344	14,975,136	14,975,136	9,687,821	2,735,655
4506000	PARKS INFRASTRUCTURE RENEWAL/REPLACEMENT	2,650,000	115,649	1,012,337	1,012,337	750,009	887,654
4507000	PRKS FACILITIES LIFE CYCLE MAINT-ONGOING	250,000	30,084	66,790	-	3,720	179,490
4509000	KEMPSVILLE RECREATION CENTER	8,910,696	787,836	951,483	951,483	1,579,494	6,379,719
4517000	STUMPY LAKE GOLF COURSE LEASE OBLIGATIONS PH I	123,265	-	-	-	-	123,265
4520000	GROMMET ISLAND PARK REPAIRS & RENOV-PHI	144,000	-	-	-	-	144,000
4521000	TRANSPORTATION ALT TO BACK BAY NATIONAL WILDLIFE	449,000	19,778	21,598	-	359,222	68,180
4522000	THALIA CREEK GREENWAY TRAIL	800,000	45,882	45,882	45,882	69,057	685,061
TOTAL PARKS & RECREATION CAPITAL PROJECTS		<u>\$ 104,596,984</u>	<u>\$ 21,224,997</u>	<u>\$ 52,065,641</u>	<u>\$ 27,439,307</u>	<u>\$ 16,165,196</u>	<u>\$ 36,366,147</u>

CITY OF VIRGINIA BEACH, VIRGINIA
COASTAL CAPITAL PROJECTS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2014

Project Number	Project Name	Budget to Date	Current Year Expenditures	Total Expenditures	Construction In Progress	Outstanding Encumbrances	Available Balance
8002000	BEACH PROFILE MONITORING PROGRAM	\$ 475,487	\$ 19,510	\$ 310,847	\$ -	\$ 13,310	\$ 151,330
8003000	LANDFILL #2 PHASE I CAPPING	14,451,878	2,221,897	2,221,897	2,221,897	1,344,109	10,885,872
8004000	VARIOUS MINOR DREDGING PROJECTS	1,810,931	191,764	1,796,529	-	14,402	-
8005000	W BRANCH LYNNHAVEN RIVER MAINT DREDGING	6,575,726	337,442	2,858,035	-	99,126	3,618,565
8008000	BEACH REPLENISHMENT	11,023,125	165,419	10,874,662	-	11,396	137,067
8010000	SANDBRIDGE BEACH RESTORATION II	5,000,000	-	-	-	-	5,000,000
8011000	VARIOUS MINOR DREDGING II	250,000	195,435	195,435	-	30,004	24,561
8013000	LYNNHAVEN MAINTENANCE DREDGING II	125,000	-	-	-	-	125,000
8014000	LYNNHAVEN INLET MAINTENANCE DREDGING	2,524,913	9,866	2,147,707	-	-	377,206
8016000	GILLS COVE NEIGHBORHOOD DREDGING	24,000	-	-	-	-	24,000
8023000	SANDBRIDGE BEACH ACCESS IMPRV/SAND MGMT	1,275,000	240,213	1,250,265	-	24,735	-
8282000	SANDBRIDGE EMERGENCY BEACH RESTORATION	53,983,152	(2,401,130)	38,041,452	-	72,122	15,869,578
8405000	SANDBRIDGE BEACH ACCESS IMPROV PH II	575,000	357,518	357,518	-	128,156	89,326
8406000	RUDEE INLET FEDERAL DREDGING PH II	910,000	910,000	910,000	-	-	-
8407000	RUDEE INLET OUTER CHAN MAINT DREDG PH II	950,000	950,000	950,000	-	-	-
8408000	PLEASURE HOUSE POINT MITIGATION	120,000	19,654	58,257	-	7,035	54,708
8409000	CHESAPEAKE BAY BEACHES	1,000,000	-	37,561	-	-	962,439
8500000	OLD DONATION CREEK AREA DREDGING	858,799	40,269	155,441	-	153,566	549,792
8501000	BAYVILLE CREEK NEIGHBORHOOD DREDGING	424,243	19,687	91,042	-	-	333,201
8502000	SHADOWLAWN AREA DREDGING	84,704	39,017	39,017	-	7,429	38,258
8503000	CHESOPEIAN COLONY NEIGHBORHOOD DREDGING	168,817	109,378	109,378	-	41,103	18,336
8504000	HARBOUR POINT NEIGHBORHOOD DREDGING	21,473	13,550	13,550	13,550	2,590	5,333
8933000	LANDFILL #2 - EXPANSION	23,548,931	101,618	23,383,818	-	131,601	33,512
TOTAL COASTAL CAPITAL PROJECTS		<u>\$ 126,181,179</u>	<u>\$ 3,541,107</u>	<u>\$ 85,802,411</u>	<u>\$ 2,235,447</u>	<u>\$ 2,080,684</u>	<u>\$ 38,298,084</u>

CITY OF VIRGINIA BEACH, VIRGINIA
ECONOMIC AND TOURISM CAPITAL PROJECTS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2014

Project Number	Project Name	Budget to Date	Current Year Expenditures	Total Expenditures	Construction In Progress	Outstanding Encumbrances	Available Balance
9001000	SANDBRIDGE MARKET RESTROOMS	\$ 351,323	\$ 312,137	\$ 312,137	\$ -	\$ -	\$ 39,186
9006000	WINSTON-SALEM AVE IMPROVEMENTS	865,000	101,746	101,746	101,746	601,129	162,125
9007000	RESORT PUBLIC TRANSIT RELOCATION	250,000	-	-	-	-	250,000
9058000	RUDEE WALK (PARTIAL) - PHASE I	1,477,551	67,870	695,324	-	558,657	223,570
9060000	OCEANA/INTERFAC TRAF AREA CONFORM & ACQ	128,915,452	8,030,213	113,772,857	-	10,728,235	4,414,360
9069000	19TH STREET CORRIDOR IMPROVEMENTS	12,700,000	406,122	10,324,470	-	1,718,492	657,038
9076000	ECONOMIC DEVELOPMENT INITIATIVES	100,000	-	53,800	-	-	46,200
9081000	STRATEGIC GROWTH AREA PROGRAM	17,474,686	1,056,748	6,060,942	-	10,108,045	1,305,699
9082000	OCEANFRONT GARAGES CAPITAL MAINTENANCE	3,731,671	464,463	2,088,150	-	1,095,352	548,169
9083000	TOWN CENTER GARAGE & PLAZA CAPITAL MAINT	1,968,802	186,744	393,975	-	903,982	670,845
9085000	SGA-BURTON STATION RD IMPROVEMENTS-PH II	3,250,000	35,573	132,709	132,709	110,039	3,007,252
9091000	SGA-BURTON STATION RD IMPROVEMENTS-PH III	8,500,000	104,233	562,900	562,900	371,952	7,565,148
9096000	OCEANFRONT CAPITAL PROJECTS REINVEST	600,000	44,081	44,081	44,081	220,313	335,606
9108000	29TH STREET IMPROVEMENTS	3,200,000	42,795	42,795	42,795	329,906	2,827,299
9141000	ECONOMIC DEVELOPMENT INVESTMENT PROGRAM (ON-GOING)	44,694,758	2,728,428	42,359,384	-	2,335,374	-
9199000	CONFERENCE/CONVENTION FACILITY RENOVATION (ON-GOING)	2,491,022	63,539	2,483,732	63,539	7,146	144
9276000	CAPE HENRY LIGHTHOUSE RESTORATION-PHII	602,476	75,669	108,723	108,723	61,984	431,769
9500000	VB AMPHITHEATER CAPITAL MAINTENANCE	700,000	175,028	520,190	-	-	179,810
9506000	ROSEMONT SGA	415,000	-	-	-	-	415,000
TOTAL ECONOMIC & TOURISM CAPITAL PROJECTS		<u>\$ 232,287,741</u>	<u>\$ 13,895,389</u>	<u>\$ 180,057,915</u>	<u>\$ 1,056,493</u>	<u>\$ 29,150,606</u>	<u>\$ 23,079,220</u>

CITY OF VIRGINIA BEACH, VIRGINIA
SUMMARY OF GENERAL GOVERNMENT CAPITAL PROJECTS REVENUES
FOR THE YEAR ENDED JUNE 30, 2014

	Budget Revenues	Actual Revenues		
		Prior Years	Current Year	Total
FEDERAL FUNDING	\$ 137,822,267	\$ 105,374,671	\$ 10,054,340	\$ 115,429,011
STATE FUNDING	200,851,133	94,068,174	11,154,341	105,222,515
LOCAL FUNDING	1,022,696,247	709,308,103	189,539,511	898,847,614
TOTAL GENERAL GOVERNMENT CAPITAL PROJECTS REVENUES	<u>\$ 1,361,369,647</u>	<u>\$ 908,750,948</u>	<u>\$ 210,748,192</u>	<u>\$ 1,119,499,140</u>

CITY OF VIRGINIA BEACH, VIRGINIA
SUMMARY OF GENERAL GOVERNMENT CAPITAL PROJECTS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2014

Project Name	Budget to Date	Current Year Expenditures	Total Expenditures	Construction In Progress	Outstanding Encumbrances	Available Balance
ENGINEERING AND HIGHWAYS	\$ 667,690,826	\$ 59,830,238	\$ 364,899,460	\$ 76,661,957	\$ 123,343,180	\$ 179,448,186
BUILDINGS	230,612,917	28,216,294	157,414,787	15,850,301	17,995,190	55,202,940
PARKS AND RECREATION	104,596,984	21,224,997	52,065,641	27,439,307	16,165,196	36,366,147
COASTAL	126,181,179	3,541,107	85,802,411	2,235,447	2,080,684	38,298,084
ECONOMIC AND TOURISM	232,287,741	13,895,389	180,057,915	1,056,493	29,150,606	23,079,220
GENERAL GOVERNMENT EXPENDITURES	<u>\$ 1,361,369,647</u>	126,708,025	<u>\$ 840,240,214</u>	123,243,505	<u>\$ 188,734,856</u>	<u>\$ 332,394,577</u>
CLOSED CAPITAL PROJECTS EXPENDITURES		<u>7,301,764</u>				
TOTAL GENERAL GOVERNMENT EXPENDITURES		134,009,789				
TRANSFER TO SCHOOL BOARD		<u>50,137,668</u>				
DEVELOPMENT AUTHORITY				<u>1,505,623</u>		
TOTAL CURRENT YEAR CAPITAL PROJECTS EXPENDITURES AND OTHER FINANCING USES		<u>\$ 184,147,457</u>		<u>\$ 124,749,128</u>		
TOTAL GENERAL GOVERNMENT CAPITAL PROJECTS REVENUES			\$ 1,119,499,140			
TOTAL GENERAL GOVERNMENT CAPITAL PROJECTS EXPENDITURES			(840,240,214)			
GENERAL GOVERNMENT CAPITAL PROJECT FUND BALANCE			<u>\$ 279,258,926</u>			

**WATER AND SEWER
ENTERPRISE FUND**

WATER AND SEWER ENTERPRISE FUND

The Water and Sewer Enterprise Fund operates the water distribution and sanitary sewer collection systems. The mission of this fund is to provide public water, including water for fire protection, and public sanitary sewer service to the urban areas of Virginia Beach.

CITY OF VIRGINIA BEACH, VIRGINIA
WATER AND SEWER ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2014

ASSETS

Current Assets:

Cash and Investments	\$ 99,045,685
Accounts Receivable - Net of Estimated Uncollectibles	18,184,918
Intergovernmental Receivables	3,327,129
Inventory	2,139,701
Total Current Assets	<u>\$ 122,697,433</u>

Non-current Assets:

Cash and Investments - Restricted	\$ 69,513,273
Capital Assets:	
Land	12,971,547
Buildings	4,232,809
Utility System	1,010,113,901
Machinery and Equipment	27,067,748
Construction in Progress	7,263,434
Less: Accumulated Depreciation	(410,574,666)
Total Capital Assets	<u>\$ 651,074,773</u>
Total Non-current Assets	<u>\$ 720,588,046</u>
Total Assets	<u>\$ 843,285,479</u>

LIABILITIES

Current Liabilities:

Vouchers and Accounts Payable	\$ 3,925,770
Deposits Payable	140,929
Accrued Interest Payable	2,961,855
Construction Contracts Payable	3,978,670
Unearned Revenue	306,890
Current Portion of Long-term Liabilities	11,110,835
Total Current Liabilities	<u>\$ 22,424,949</u>

Long-Term Liabilities (less current portion):

Double Barrel and Revenue Bonds and Notes	\$ 192,925,517
Premium on Refunding Bonds	5,670,514
Accrued Compensated Leave	1,137,409
Total Long-Term Liabilities (less current portion)	<u>\$ 199,733,440</u>
Total Liabilities	<u>\$ 222,158,389</u>

NET POSITION

Net Investment in Capital Assets	\$ 442,991,599
Restricted for Capital Projects	40,143,954
Restricted for Debt Service	17,081,509
Restricted for Operations	120,910,028
Total Net Position	<u>\$ 621,127,090</u>

CITY OF VIRGINIA BEACH, VIRGINIA
WATER AND SEWER ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014

OPERATING REVENUES

Service Charges	\$ 68,225,935
Sale of Water	45,880,624
Tap Fees	534,744
Fire Hydrant Rental	7,750
Navy Wheelage Charges	141,829
Miscellaneous	951,959
Total Operating Revenues	<u>\$ 115,742,841</u>

OPERATING EXPENSES

Cost of Goods Sold - Water Purchases	\$ 23,188,120
Personal Services	21,088,727
Fringe Benefits	7,517,592
Contractual Services	4,857,257
Internal Services	2,666,974
Other Charges	16,827,143
Depreciation	24,291,460
Total Operating Expenses	<u>\$ 100,437,273</u>

<u>OPERATING INCOME (LOSS)</u>	<u>\$ 15,305,568</u>
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NONOPERATING REVENUES (EXPENSES)

Interest Income	\$ 404,934
Gain (Loss) From Sale of Assets	510,914
From Federal Government	936,823
Interest on Double Barrel/Revenue Bonds and Notes	(7,104,439)
City of Norfolk Water Servicing True Up	3,256,963
Total Nonoperating Revenues (Expenses)	<u>\$ (1,994,805)</u>

<u>INCOME (LOSS) BEFORE CONTRIBUTIONS</u>	<u>\$ 13,310,763</u>
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Capital Contributions - Tap Fees and Other	<u>6,060,333</u>
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<u>CHANGE IN NET POSITION</u>	<u>\$ 19,371,096</u>
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<u>TOTAL NET POSITION - BEGINNING</u>	<u>601,755,994</u>
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<u>TOTAL NET POSITION - ENDING</u>	<u><u>\$ 621,127,090</u></u>
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**CITY OF VIRGINIA BEACH, VIRGINIA
WATER AND SEWER ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014**

CASH FLOWS FROM OPERATING ACTIVITIES:

Receipts from Customers and Users	\$ 114,693,264
Receipts from (Payments for) Interfund Services Provided	(3,247,989)
Other Operating Cash Receipts	951,959
Cash Payments To Suppliers of Goods and Services	(47,072,855)
Cash Payments To Employees for Services	(28,483,862)
Net Cash Provided (Used) By Operating Activities	<u>\$ 36,840,517</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

City of Norfolk Water Services True Up	<u>\$ 3,256,963</u>
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CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Interest Paid on Long-term Debt	\$ (5,893,066)
Acquisition and Construction of Capital Assets	(31,821,509)
Proceeds from Sale of Salvage	510,914
Receipts of Connection Fees	2,883,217
Federal Government Bond Subsidy	936,823
Proceeds from Sale of Bonds	44,845,000
Principal Paid on Long-term Debt	(7,796,175)
Net Cash Provided (Used) By Capital and Related Financing Activities	<u>\$ 3,665,204</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Interest and Dividends Received	<u>\$ 404,934</u>
Net Increase (Decrease) in Cash and Temporary Investments	44,167,618
Cash and Temporary Investments, July 1	<u>124,391,340</u>
Cash and Temporary Investments, June 30	<u><u>\$ 168,558,958</u></u>

RECONCILIATION OF OPERATING INCOME (LOSS)**TO NET CASH PROVIDED BY OPERATING ACTIVITIES:**

Operating Income (Loss)	\$ 15,305,568
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) By Operating Activities:	
Depreciation	24,291,460
(Increase) Decrease in Accounts Receivable	(97,618)
(Increase) Decrease in Intergovernmental Receivables	(3,247,989)
(Increase) Decrease in Inventory	155,982
Increase (Decrease) in Vouchers and Accounts Payable	273,778
Increase (Decrease) in Deposits Payable	40,954
Increase (Decrease) in Unearned Revenue	(4,075)
Increase (Decrease) in Accrued Compensated Leave	122,457
Total Adjustments	<u>\$ 21,534,949</u>
Net Cash Provided By Operating Activities	<u><u>\$ 36,840,517</u></u>

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:

Capital Contributions of Fixed Assets	<u><u>\$ 3,177,116</u></u>
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CITY OF VIRGINIA BEACH, VIRGINIA
WATER AND SEWER ENTERPRISE FUND
SCHEDULE OF CHANGES IN RESTRICTED ASSETS
FOR THE YEAR ENDED JUNE 30, 2014

CASH - DESIGNATED FOR CONSTRUCTION

Balance - July 1	\$ 16,039,866
Receipts:	
Water and Sewer Enterprise	13,000,000
Proceeds from Sale of Bonds	45,002,368
Transfer from WRRF	2,116,072
Total Receipts	<u>60,118,440</u>
Disbursements:	
Water and Sewer Construction Expenditures	30,263,124
Accrued Expenditures Not Paid in Current Year	1,772,558
Total Disbursements	<u>32,035,682</u>
Balance - June 30 Designated for Construction	<u><u>\$ 44,122,624</u></u>

CASH - WATER RESOURCE RECOVERY FEES

Balance - July 1	\$ -
Receipts:	
Fees	2,116,072
Disbursements:	
Construction Expenditures	2,116,072
Balance - June 30 Water Resource Recovery Fees	<u><u>\$ -</u></u>

CASH - WATER AND SEWER DEBT SERVICE

Balance - July 1	\$ 14,202,834
Net Disbursements and Receipts	2,878,675
Balance - June 30 Water and Sewer Debt Service	<u><u>\$ 17,081,509</u></u>

CASH - WITH FISCAL AGENT

Balance - July 1	\$ 6,957,084
Net Disbursements and Receipts	1,352,056
Balance - June 30 Cash With Fiscal Agent	<u><u>\$ 8,309,140</u></u>

<u>TOTAL RESTRICTED CASH</u>	<u><u>\$ 69,513,273</u></u>
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CITY OF VIRGINIA BEACH, VIRGINIA
WATER AND SEWER ENTERPRISE FUND
SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Budget	Actual	Variance Positive (Negative)
<u>Director of Public Utilities</u>			
Personal Services	\$ 274,568	\$ 727,350	\$ (452,782)
Fringe Benefits	113,764	126,911	(13,147)
Contractual Services	102,780	58,073	44,707
Internal Services	11,960	10,816	1,144
Other Charges	42,135	31,436	10,699
Total Director of Public Utilities	\$ 545,207	\$ 954,586	\$ (409,379)
<u>Engineering Staff</u>			
Personal Services	\$ 5,740,123	\$ 5,606,089	\$ 134,034
Fringe Benefits	2,067,504	1,900,148	167,356
Contractual Services	518,539	144,000	374,539
Internal Services	206,031	183,447	22,584
Other Charges	401,606	186,015	215,591
Total Engineering Staff	\$ 8,933,803	\$ 8,019,699	\$ 914,104
<u>Operations and Maintenance Administration</u>			
Personal Services	\$ 1,228,432	\$ 1,324,453	\$ (96,021)
Fringe Benefits	461,852	441,646	20,206
Contractual Services	2,082,070	1,212,651	869,419
Internal Services	121,814	97,389	24,425
Other Charges	484,137	718,582	(234,445)
Total Operations and Maintenance Administration	\$ 4,378,305	\$ 3,794,721	\$ 583,584
<u>Water Distribution</u>			
Personal Services	\$ 2,341,449	\$ 2,200,442	\$ 141,007
Fringe Benefits	777,772	799,562	(21,790)
Contractual Services	44,900	22,387	22,513
Internal Services	382,386	359,040	23,346
Other Charges	418,115	546,310	(128,195)
Total Water Distribution	\$ 3,964,622	\$ 3,927,741	\$ 36,881
<u>Lake Gaston Facilities</u>			
Contractual Services	\$ 1,906,951	\$ 1,133,211	\$ 773,740
Internal Services	31,592	12,601	18,991
Other Charges	1,423,546	599,579	823,967
Total Lake Gaston Facilities	\$ 3,362,089	\$ 1,745,391	\$ 1,616,698
<u>Water Pump Stations</u>			
Personal Services	\$ 1,373,561	\$ 1,072,882	\$ 300,679
Fringe Benefits	490,401	453,355	37,046
Contractual Services	290,030	148,594	141,436
Internal Services	125,873	98,208	27,665
Other Charges	496,290	435,996	60,294
Total Water Pump Stations	\$ 2,776,155	\$ 2,209,035	\$ 567,120
<u>Sewer Collection Systems</u>			
Personal Services	\$ 3,502,940	\$ 3,197,325	\$ 305,615
Fringe Benefits	1,053,049	1,056,358	(3,309)
Contractual Services	144,196	79,331	64,865
Internal Services	1,110,728	1,056,740	53,988
Other Charges	855,663	488,635	367,028
Total Sewer Collection Systems	\$ 6,666,576	\$ 5,878,389	\$ 788,187

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
WATER AND SEWER ENTERPRISE FUND
SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Budget	Actual	Variance Positive (Negative)
<u>Sewer Pump Stations</u>			
Personal Services	\$ 2,870,149	\$ 2,650,174	\$ 219,975
Fringe Benefits	1,063,835	1,056,121	7,714
Contractual Services	285,370	245,395	39,975
Internal Services	445,080	425,468	19,612
Other Charges	2,573,306	2,402,235	171,071
Total Sewer Pump Stations	<u>\$ 7,237,740</u>	<u>\$ 6,779,393</u>	<u>\$ 458,347</u>
<u>Customer Services</u>			
Personal Services	\$ 2,760,957	\$ 2,679,815	\$ 81,142
Fringe Benefits	1,052,526	1,063,333	(10,807)
Contractual Services	2,426,537	1,781,845	644,692
Internal Services	360,860	215,006	145,854
Other Charges	1,049,042	702,301	346,741
Total Customer Services	<u>\$ 7,649,922</u>	<u>\$ 6,442,300</u>	<u>\$ 1,207,622</u>
<u>Water Purchases</u>	<u>\$ 27,038,000</u>	<u>\$ 23,188,120</u>	<u>\$ 3,849,880</u>
<u>Meter Operations</u>			
Personal Services	\$ 1,830,089	\$ 1,630,197	\$ 199,892
Fringe Benefits	686,310	620,158	66,152
Contractual Services	110,236	31,770	78,466
Internal Services	221,498	208,259	13,239
Other Charges	1,041,274	880,073	161,201
Total Meter Operations	<u>\$ 3,889,407</u>	<u>\$ 3,370,457</u>	<u>\$ 518,950</u>
<u>General Fund Charges</u>			
Office Rental	\$ 396,678	\$ 396,678	\$ -
Landscape Services	341,869	318,812	23,057
Support Personnel	580,174	561,160	19,014
Building Maintenance	180,032	180,032	-
Communication Technology Charges	1,930,256	1,930,256	-
Indirect Cost Allocation	2,200,000	2,083,636	116,364
Right of Way Utility	4,000,000	4,000,000	-
Water Assistance	250,000	224,011	25,989
Radio Maintenance	141,396	141,396	-
Total General Fund Charges	<u>\$ 10,020,405</u>	<u>\$ 9,835,981</u>	<u>\$ 184,424</u>
Total Budgeted Operating Expenses	<u><u>\$ 86,462,231</u></u>	<u><u>\$ 76,145,813</u></u>	<u><u>\$ 10,316,418</u></u>

Note: Total General Fund Charges reclassified as Other Charges. Budget does not include Reserves.

Depreciation is not included in the Budgeted Operating Expenses. The City does not budget for depreciation.

**CITY OF VIRGINIA BEACH, VIRGINIA
WATER AND SEWER FUND CAPITAL PROJECTS
BUDGETED AND ACTUAL REVENUES
FOR THE YEAR ENDED JUNE 30, 2014**

	Budget Revenues	Actual Revenues		
		Prior Years	Current Year	Total
FEDERAL FUNDING	\$ 474,466	\$ 66,333	\$ -	\$ 66,333
STATE FUNDING	95,936	17,689	-	17,689
LOCAL FUNDING	392,170,645	284,499,133	58,002,368	342,501,501
TOTAL WATER AND SEWER CAPITAL PROJECTS	<u>\$ 392,741,047</u>	<u>\$ 284,583,155</u>	<u>\$ 58,002,368</u>	<u>\$ 342,585,523</u>

CITY OF VIRGINIA BEACH, VIRGINIA
WATER AND SEWER FUND CAPITAL PROJECTS
WATER CAPITAL PROJECTS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2014

Project Number	Project Name	Budget to Date	Current Year Expenditures	Total Expenditures	Construction In Progress	Outstanding Encumbrances	Available Balance
5011	BCH GARDEN PRK-KILBORNE CT/HOLLY RD IMP	\$ 500,000	\$ 4,299	\$ 40,776	\$ 40,776	\$ 226,586	\$ 232,638
5017	PUBLIC ACCESS RENOVATIONS - BLDG 2	417,500	2,997	373,329	2,997	31,090	13,081
5024	HOLLAND ROAD - PHASE VI	2,600,000	13,244	100,101	100,101	-	2,499,899
5027	LESNER BRIDGE WATER LINE REPLACEMENT	250,000	-	-	-	-	250,000
5028	WITCHDUCK RD - PHASE II WATER IMPROVEMENT	167,000	-	-	-	-	167,000
5030	SHORE DRIVE WATER LINE IMPROVEMENTS PH III	385,000	-	-	-	-	385,000
5046	UTILITIES EMERG RESPONSE PRG-PHASE II	850,000	119,815	516,629	-	95,582	237,789
5083	STUMPY LAKE-WTR RESVR/PMP FACILITIES IMP	3,365,000	26,157	3,174,149	26,157	65,736	125,115
5084	SYSTEM EXPAN COST PART AGREEMENTS - PH II	511,444	-	156,715	-	-	354,729
5089	VAR ROADWAY/STRM WTR COORDINATION - PH V	1,260,000	67,282	835,867	-	118,636	305,497
5090	LYNNHAVEN PARKWAY - PHASE XI	635,198	6,350	35,175	35,175	289,516	310,507
5091	WATER REQUEST & AGREEMENTS-51% PROG - PH V	90,000	-	50,257	-	-	39,743
5148	ELBOW ROAD EXT - PH I & II	429,663	-	379,662	-	-	50,001
5149	INDIAN RIVER RD - PHASE VII	68,548	-	58,224	-	10,324	-
5151	LANDSTOWN YARD IMPROVEMENTS - PHASE IV	2,196,000	158,756	575,885	-	245,770	1,374,345
5203	LOTUS GARDEN WATER IMPROVEMENTS-51% PR	2,020,000	-	25,244	25,244	-	1,994,756
5207	LASKIN ROAD - PHASE I	305,606	48,964	204,569	48,964	15,440	85,597
5250	POTABLE WELLS EVALUATION PROGRAM-PH III	650,000	192,500	514,250	-	48,125	87,625
5251	VARIOUS RDWY STORM WATER COOR VI	300,000	-	-	-	2,378	297,622
5252	WATER QUALITY PROGRAM - PHASE IV	400,000	56,094	132,062	-	32,970	234,968
5254	WATER REQUESTS & AGREEMENT (51% PRG) VI	50,000	-	-	-	-	50,000
5260	UTILITY CROSSINGS CONDITION ASSESS PH II	743,518	153,648	184,906	184,906	47,488	511,124
5302	POTABLE WELLS EVALUATION PROGRAM PH II	975,000	-	949,486	-	-	25,514
5403	SERVICE ORDER AUTOMATION SOLUTION DESIGN	150,000	-	-	-	-	150,000
5404	COMPUTERIZED MAPPING/INFRAS MGMT-PHII	1,095,495	7,416	801,322	-	82,204	211,969
5405	CUSTOMER INFO SYSTEM VERSION MIGRATION	1,200,000	1,563	144,463	144,463	-	1,055,537
5407	COMPUTERIZED MAP/INFRASTRUCTURE MGMT III	100,000	15,465	15,465	15,465	7,333	77,202
5408	NIMMO PARKWAY-WATER MAIN REPLACE-PH V	250,000	-	900	900	128,395	120,705
5452	COMPREHENSIVE WATER MASTER PLANNING VI	400,000	38,275	38,275	-	11,725	350,000
5501	WTR PUMP STATION/TANK UPGRADE PRG - PH I	14,024,996	3,749,256	7,868,751	-	3,034,893	3,121,352
5602	PA RD/KEMPSVILLE RD INTERSECTION IMPROVE	759,300	26,393	58,362	58,362	40,064	660,874
5708	RESORT AREA NEIGHBORHOOD REVITALIZATION	4,146,636	366,483	2,619,531	-	722,492	804,613
5752	HVAC IMPROVEMENTS 2ND FLR BLDG #20	95,609	-	95,608	-	-	1
5803	WATER VALVE CONDITION ASSESSMENT & MAINT	99,009	-	99,008	-	-	1
5804	WATER LINE EXT REPLACE REHAB PROGRAM	1,550,000	455,152	918,642	-	560,535	70,823
5805	WTR SYS AGING INFRASTRUCTURE PRG - PH I	4,750,000	845,090	4,085,993	-	235,042	428,965
5806	BACKFLOW PREVENT/CROSS CONNCT CTRL PH II	536,271	61,308	92,775	92,775	148,692	294,804
5944	PRINCESS ANNE ROAD - PHASE IV	2,416,145	572,042	2,054,242	-	46,351	315,552
5952	WTR PUMP STA FLOW MONITOR/DATA STORAGE	1,069,176	69,113	253,082	253,082	450,358	365,736
5953	WATER TAP INSTALLATION PROGRAM PH II	300,000	161,262	224,933	-	74,190	877
5964	WATER RESOURCES - LAKE GASTON	153,865,865	6,614	153,158,026	6,614	438,701	269,138
5967	WTR RESOURCES INVESTIGATION/PLANNING - PH I	700,000	102,883	124,556	-	107,294	468,150
TOTAL WATER CAPITAL PROJECT EXPENDITURES		<u>\$ 206,677,979</u>	7,328,421	<u>\$ 180,961,220</u>	<u>\$ 1,035,981</u>	<u>\$ 7,317,910</u>	<u>\$ 18,398,849</u>
CLOSED WATER CAPITAL PROJECTS EXPENDITURES			126,984				
TOTAL CURRENT YEAR WATER CAPITAL PROJECTS EXPENDITURES			<u>\$ 7,455,405</u>				

CITY OF VIRGINIA BEACH, VIRGINIA
WATER AND SEWER FUND CAPITAL PROJECTS
SEWER CAPITAL PROJECTS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2014

Project Number	Project Name	Budget to Date	Current Year Expenditures	Total Expenditures	Construction In Progress	Outstanding Encumbrances	Available Balance
6019	RESORT AREA NEIGHBORHOOD REVITALIZATION	\$ 12,460,000	\$ 415,476	\$ 7,211,447	\$ -	\$ 3,332,115	\$ 1,916,438
6041	PUMP STATION MODIFICATIONS-PHASE V	29,079,861	5,804,446	20,437,205	-	7,125,969	1,516,687
6051	INDIAN RIVER ROAD - PHASE VII	14,717	-	9,473	9,473	5,244	-
6057	HOLLAND ROAD - PHASE VI	2,550,000	13,475	45,223	45,223	-	2,504,777
6061	EMERG RESPONSE PRG-PHASE II	850,000	197,553	476,014	-	49,267	324,719
6065	INFILTRATION, INFLOW, AND REHAB - PHASE IV	25,171,603	-	25,088,621	-	44,646	38,336
6070	INFILTRATION & REHAB PH V	20,200,000	3,218,521	14,210,505	-	1,300,917	4,688,578
6075	LASKIN ROAD - PHASE I	150,030	71,899	71,929	71,899	17,989	60,112
6081	LASKIN RD - PH II & GATEWAY IMPROVEMENTS	1,065,935	-	1,062,134	-	-	3,801
6085	SANITARY SEWER AGING INFRASTR PRG-PH II	8,300,000	805,081	7,924,747	-	245,277	129,976
6086	PU PUBLIC ACCESS RENOVATIONS - BLDG 2	417,500	34,136	290,725	34,136	85,298	41,477
6089	COMP SEWER MASTER PLANNING - PHASE IV	2,300,000	326,777	2,214,318	-	72,145	13,537
6090	CLEAN WATER ACT COMPLIANCE STUDIES - PH I	300,000	-	-	-	173,087	126,913
6091	SEWER REQUESTS & AGREEMENTS PH VI (51%)	50,000	-	-	-	-	50,000
6092	VACUUM VALVE MONITORING SYSTEM	180,000	-	-	-	-	180,000
6093	CONSENT ORDER REHAB PLAN IMPLEMENTATION - PH I	6,800,000	644,823	854,211	-	674,915	5,270,874
6106	VAR ROADWAY/STRM WTR COORDINATION - PH V	1,351,655	219,669	659,024	-	299,901	392,730
6148	SYSTEM EXPAN COST PART AGREEMENTS - PH II	1,427,000	-	726,255	-	-	700,745
6151	LANDSTOWN YARD IMPROVEMENTS - PHASE IV	1,365,000	9,940	298,759	-	10,833	1,055,408
6203	LOTUS GARDEN SEWER IMPROVEMENTS-51% PRG	1,650,000	102,602	589,267	-	-	1,060,733
6403	SERVICE ORDER AUTOMATION SOLUTION DESIGN	150,000	-	-	-	-	150,000
6404	COMPUTERIZED MAPPING MGMT-PH II	1,095,000	69,058	592,648	-	53,496	448,856
6405	CUSTOMER INFO SYSTEM VERSION MIGRATION	1,200,000	-	126,320	126,320	-	1,073,680
6411	CIT-SRV AREA MSTR PLAN/INFO SYS (SAMPIS)	900,000	36,048	862,025	-	5,952	32,023
6501	AUX POWER PRG-SEWER PMP STATIONS-PH III	5,806,816	1,502,563	2,089,093	-	2,152,821	1,564,902
6550	COMPREHENSIVE SEWER MASTER PLANNING V	400,000	41,066	41,066	-	228,056	130,878
6551	SYSTEM EXP COST PARTICIPATION AGREE III	600,000	-	-	-	-	600,000
6552	SANITARY SEWER SYS REVITAL'N PRG-PH II	13,500,000	2,803,288	9,928,269	-	2,851,067	720,664
6555	UTILITY CROSSINGS CONDITION ASSESS PH II	784,211	49,621	84,900	84,900	-	699,311
6556	VARIOUS ROADWAY/STORM WATER COORD VI	400,000	-	-	-	-	400,000
6557	SGA SANITARY SEWER SYSTEM IMPROVEMENTS	1,600,000	-	-	-	-	1,600,000
6559	SANITARY SEWER ASSET MGMT PROGRAM III	500,000	-	-	-	-	500,000
6564	RELOCATION SEWER CLEAN OUTS N LANDING	325,000	40,005	40,005	40,005	25,619	259,376
6565	COMPUTERIZED MAPPING & INFRASTRUCTURE	100,000	13,701	13,701	13,701	9,097	77,202
6566	NIMMO PARKWAY SANITARY SEWER EXT-PH V	305,000	-	-	-	4,000	301,000
6601	FIRST COLONIAL/VB BLVD INTERSECTION IMPROV	10,000	-	-	-	-	10,000
6602	PA ROAD/KEMPSVILLE RD INTERSECTION IMPROV	969,600	193,502	570,282	-	396,265	3,053
6603	WITCHDUCK ROAD-PHASE I SEWER IMPROVEMENTS	348,556	-	296,991	-	516	51,049
6604	WITCHDUCK ROAD-PHASE II SEWER IMPROVEMENTS	96,499	7,745	17,427	17,427	1,936	77,136
6752	HVAC IMPROVEMENTS 2ND FLR BLDG #20	95,609	-	95,608	-	-	1
6804	SANIT SWR REGULATORY COMPLICANCE PRG - PH I	23,893,476	2,225,011	17,635,991	-	2,663,644	3,593,841
6952	SWR PUMP STA FLOW MONITOR/DATA STORAGE	10,200,000	1,404,607	2,742,152	2,742,152	424,395	7,033,453
6953	SEWER TAP INSTALLATION PROGRAM PH II	600,000	255,805	395,191	-	191,619	13,190
6973	SANITARY SEWER CAPACITY PROGRAM - PHASE I	6,500,000	2,012,006	3,778,823	-	130,531	2,590,646
TOTAL SEWER CAPITAL PROJECT EXPENDITURES		<u>\$ 186,063,068</u>	<u>22,518,424</u>	<u>\$ 121,480,349</u>	<u>\$ 3,185,236</u>	<u>\$ 22,576,617</u>	<u>\$ 42,006,102</u>
CLOSED CAPITAL PROJECTS EXPENDITURES			<u>289,295</u>				
TOTAL CURRENT YEAR SEWER CAPITAL PROJECTS EXPENDITURES			<u>\$ 22,807,719</u>				
WATER AND SEWER CAPITAL PROJECTS		<u>\$ 392,741,047</u>	<u>\$ 30,263,124</u>	<u>\$ 302,441,569</u>	4,221,217	<u>\$ 29,894,527</u>	<u>\$ 60,404,951</u>
CAPITALIZED INTEREST REMAINING IN CONSTRUCTION IN PROGRESS					3,042,217		
WATER AND SEWER FUND CONSTRUCTION IN PROGRESS					<u>\$ 7,263,434</u>		
TOTAL WATER AND SEWER CAPITAL PROJECTS REVENUES				\$ 342,585,523			
TOTAL WATER AND SEWER CAPITAL PROJECTS EXPENDITURES				<u>(302,441,569)</u>			
WATER AND SEWER NET POSITION RESTRICTED FOR CAPITAL PROJECTS				<u>\$ 40,143,954</u>			

**STORM WATER
ENTERPRISE FUND**

STORM WATER ENTERPRISE FUND

The Storm Water Enterprise Fund operates the city's drainage and storm water management system. This fund addresses the City Council destination points and city strategies of creating an effective drainage system and storm water management system, protect natural resources and enhance quality of land and waterways, to maintain the city's utility systems, encourage development only in accordance with principles of natural environment protection, and provide adequate resources to maintain existing infrastructure.

CITY OF VIRGINIA BEACH, VIRGINIA
STORM WATER ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2014

ASSETS

Current Assets:

Cash and Investments	\$ 15,781,707
Accounts Receivable - Net of Estimated Uncollectibles	6,004,886
Total Current Assets	<u>\$ 21,786,593</u>

Non-current Assets:

Cash and Investments - Restricted	\$ 28,481,826
Capital Assets:	
Land	131,395,838
Utility System	199,844,845
Machinery and Equipment	10,930,440
Construction in Progress	3,931,211
Less: Accumulated Depreciation	<u>(54,333,614)</u>
Total Capital Assets	<u>\$ 291,768,720</u>
Total Non-current Assets	<u>\$ 320,250,546</u>
Total Assets	<u>\$ 342,037,139</u>

LIABILITIES

Current Liabilities:

Vouchers and Accounts Payable	\$ 546,419
Accrued Interest Payable	337,388
Construction Contracts Payable	1,784,384
Current Portion of Long-term Liabilities	<u>1,622,550</u>
Total Current Liabilities	<u>\$ 4,290,741</u>

Long-Term Liabilities (less current portion):

Double Barrel and Revenue Bonds and Notes	\$ 23,380,000
Premium on Refunding Bonds	247,979
Accrued Compensated Leave	<u>339,435</u>
Total Long-Term Liabilities (less current portion)	<u>\$ 23,967,414</u>
Total Liabilities	<u>\$ 28,258,155</u>

NET POSITION

Net Investment in Capital Assets	\$ 267,077,678
Restricted for Capital Projects	24,657,185
Restricted for Debt Service	2,040,008
Restricted for Operations	<u>20,004,113</u>
Total Net Position	<u>\$ 313,778,984</u>

CITY OF VIRGINIA BEACH, VIRGINIA
STORM WATER ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014

OPERATING REVENUES

Service Charges	\$ 37,029,104
Miscellaneous	33,167
Total Operating Revenues	<u>\$ 37,062,271</u>

OPERATING EXPENSES

Personal Services	\$ 6,990,362
Fringe Benefits	2,487,288
Contractual Services	128,647
Internal Services	1,091,259
Other Charges	2,915,028
Land Structure Maintenance	1,754,139
Depreciation	4,110,897
Total Operating Expenses	<u>\$ 19,477,620</u>

OPERATING INCOME (LOSS)

\$ 17,584,651

NONOPERATING REVENUES (EXPENSES)

Interest Income	\$ 88,253
From Federal Government	267,597
Gain (Loss) From Sale of Assets	23,631
Interest and Fiscal Charges	(17,408)
Total Nonoperating Revenues (Expenses)	<u>\$ 362,073</u>

INCOME (LOSS) BEFORE TRANSFERS

\$ 17,946,724

Transfers In	<u>29,019</u>
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CHANGE IN NET POSITION

\$ 17,975,743

TOTAL NET POSITION - BEGINNING

295,803,241

TOTAL NET POSITION - ENDING

\$ 313,778,984

**CITY OF VIRGINIA BEACH, VIRGINIA
STORM WATER ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014**

CASH FLOWS FROM OPERATING ACTIVITIES:

Receipts from Customers and Users	\$ 36,372,820
Other Operating Cash Receipts	33,167
Cash Payments To Suppliers of Goods and Services	(5,481,053)
Cash Payments To Employees for Services	(9,522,845)
Net Cash Provided (Used) By Operating Activities	<u>\$ 21,402,089</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Receipts from Other Funds	<u>\$ 29,019</u>
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CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Interest Paid on Long-term Debt	\$ (1,030,743)
Acquisition and Construction of Capital Assets	(16,908,259)
Proceeds from Sale of Salvage	23,631
Federal Government Bond Subsidy	267,597
Principal Paid on Long-term Debt	(1,232,016)
Net Cash Provided (Used) By Capital and Related Financing Activities	<u>\$ (18,879,790)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Interest and Dividends Received	<u>\$ 88,253</u>
Net Increase (Decrease) in Cash and Temporary Investments	2,639,571
Cash and Temporary Investments, July 1	<u>41,623,962</u>
Cash and Temporary Investments, June 30	<u><u>\$ 44,263,533</u></u>

RECONCILIATION OF OPERATING INCOME (LOSS)**TO NET CASH PROVIDED BY OPERATING ACTIVITIES:**

Operating Income (Loss)	\$ 17,584,651
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) By Operating Activities:	
Depreciation	4,110,897
(Increase) Decrease in Accounts Receivable	(656,284)
Increase (Decrease) in Vouchers and Accounts Payable	408,020
Increase (Decrease) in Accrued Compensated Leave	(45,195)
Total Adjustments	<u>\$ 3,817,438</u>
Net Cash Provided By Operating Activities	<u><u>\$ 21,402,089</u></u>

CITY OF VIRGINIA BEACH, VIRGINIA
STORM WATER ENTERPRISE FUND
SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Budget	Actual	Variance Positive (Negative)
<u>Project Management</u>			
Personal Services	\$ 1,368,024	\$ 1,419,082	\$ (51,058)
Fringe Benefits	536,582	450,970	85,612
Contractual Services	229,585	42,295	187,290
Internal Services	20,489	18,702	1,787
Other Charges	236,728	208,173	28,555
Total Project Management	<u>\$ 2,391,408</u>	<u>\$ 2,139,222</u>	<u>\$ 252,186</u>
<u>Customer Services</u>			
Personal Services	\$ 95,757	\$ 99,025	\$ (3,268)
Fringe Benefits	29,529	31,680	(2,151)
Contractual Services	12,835	5,069	7,766
Internal Services	2,275	2,333	(58)
Other Charges	5,992	1,960	4,032
Total Customer Services	<u>\$ 146,388</u>	<u>\$ 140,067</u>	<u>\$ 6,321</u>
<u>Operations and Maintenance</u>			
Personal Services	\$ 5,004,127	\$ 4,644,473	\$ 359,654
Fringe Benefits	1,708,115	1,731,060	(22,945)
Contractual Services	202,510	52,709	149,801
Internal Services	940,545	896,443	44,102
Other Charges	1,088,210	765,839	322,371
Land Structures and Improvements	2,286,501	1,754,139	532,362
Total Operations and Maintenance	<u>\$ 11,230,008</u>	<u>\$ 9,844,663</u>	<u>\$ 1,385,345</u>
<u>Inspections and Environmental Spill Response</u>			
Personal Services	\$ 482,801	\$ 348,510	\$ 134,291
Fringe Benefits	162,898	114,854	48,044
Contractual Services	2,266	1,427	839
Internal Services	16,397	18,168	(1,771)
Other Charges	223,044	195,477	27,567
Total Inspections and Environmental Spill Response	<u>\$ 887,406</u>	<u>\$ 678,436</u>	<u>\$ 208,970</u>
<u>Residential Street Sweeping</u>			
Personal Services	\$ 552,199	\$ 479,272	\$ 72,927
Fringe Benefits	188,523	158,724	29,799
Contractual Services	16,960	27,147	(10,187)
Internal Services	160,872	155,613	5,259
Other Charges	106,142	83,460	22,682
Total Residential Street Sweeping	<u>\$ 1,024,696</u>	<u>\$ 904,216</u>	<u>\$ 120,480</u>

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
STORM WATER ENTERPRISE FUND
SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Budget	Actual	Variance Positive (Negative)
<u>General Fund Charges</u>			
Direct Cost Allocations	\$ 510,992	\$ 510,992	\$ -
Indirect Cost Allocations	722,271	1,124,161	(401,890)
Landscape Services	<u>24,966</u>	<u>24,966</u>	<u>-</u>
Total General Fund Charges	<u>\$ 1,258,229</u>	<u>\$ 1,660,119</u>	<u>\$ (401,890)</u>
 Total Budgeted Operating Expenses	 <u><u>\$ 16,938,135</u></u>	 <u><u>\$ 15,366,723</u></u>	 <u><u>\$ 1,571,412</u></u>

Note: Total General Fund Charges reclassified as Other Charges.

Depreciation is not included in the Budgeted Operating Expenses. The City does not budget for depreciation.

CITY OF VIRGINIA BEACH, VIRGINIA
STORM WATER CAPITAL PROJECTS BUDGETED AND ACTUAL REVENUES
FOR THE YEAR ENDED JUNE 30, 2014

Funding Sources	Budget Revenues	Actual Revenues		
		Prior Years	Current Year	Total
LOCAL FUNDING	\$ 173,633,693	\$ 121,881,227	\$ 13,992,287	\$ 135,873,514
STATE FUNDING	724,458	724,458	-	724,458
FEDERAL FUNDING	1,549,138	113,507	-	113,507
TOTAL STORM WATER UTILITY CAPITAL PROJECTS	<u>\$ 175,907,289</u>	<u>\$ 122,719,192</u>	<u>\$ 13,992,287</u>	<u>\$ 136,711,479</u>

CITY OF VIRGINIA BEACH, VIRGINIA
STORM WATER CAPITAL PROJECTS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2014

Project Number	Project Name	Budget to Date	Current Year Expenditures	Total Expenditures	Construction In Progress	Outstanding Encumbrances	Available Balance
7004	STORM WATER INFRASTRUCTURE REHABILITATION	\$ 20,703,442	\$ 2,525,815	\$ 20,018,034	\$ -	\$ 666,784	\$ 18,624
7005	NORTH LAKE HOLLY WATERSHED	16,771,135	1,406,708	8,329,807	-	1,378,202	7,063,126
7016	SOUTH LAKE HOLLY WATERSHED (PARTIAL)	12,538,000	355,806	2,902,318	-	4,172,988	5,462,694
7023	PRIMARY SYSTEM INFRASTRUCTURE IMPROVE PH II	770,000	20,860	20,860	20,860	17,089	732,051
7024	SOUTHERN CANAL/LEAD DITCH & CULVERT IMPRV	1,450,000	125,617	581,772	-	43,570	824,658
7026	RESIDENTIAL DRAINAGE COST PART PRG PH II	50,000	6,485	6,485	6,485	-	43,515
7027	SWM MSTR PLANNING, ANALYSIS, & INVENTORY	1,920,906	299,471	1,288,595	-	53,987	578,324
7028	WINDSOR WOODS DRAINAGE	1,000,000	-	-	-	15,597	984,403
7033	STORM WATER MAINTENANCE BACKLOG	4,400,000	29,712	4,281,076	29,712	118,924	-
7035	LAWSON FOREST DRAINAGE	1,080,000	5,528	111,247	111,247	1,665	967,088
7036	BAKER ROAD CULVERT & DITCH IMPROVEMENTS	450,000	34	120,531	120,531	19,333	310,136
7037	BELLAMY MANOR OUTFALL DITCH	450,000	-	-	-	-	450,000
7038	THOROUGHGOOD DRAINAGE	870,000	79,866	248,301	248,301	34,227	587,472
7049	BCH GRDN PRK-KILBORNE CRT/HOLLY RD IMPRV	900,000	349,894	693,916	693,916	175,913	30,171
7063	NEIGHBORHD SW INFRASTRUCT IMP	8,901,820	510,658	8,887,952	-	8,808	5,060
7067	PRIMARY SYSTEM INFRASTRUCTURE IMPROVEMENTS	12,401,286	792,419	11,280,481	-	144,356	976,449
7151	EASTERN SHORE DRIVE DRAINAGE	13,139,357	506,010	506,010	506,010	86,756	12,546,591
7152	DAM & SPILLWAY STRUCTURAL IMPROVEMENTS	6,953,735	888,963	6,368,098	-	582,566	3,071
7153	LYNNHAVEN WATERSHED RESTORATION	4,044,878	350,461	3,335,977	-	226,910	481,991
7159	WATER QUALITY PARTICIPATION PROJECTS	1,186,499	49,979	741,701	-	53,100	391,698
7183	STORM WATER QUALITY ENHANCEMENTS	8,616,441	1,373,858	7,229,919	-	1,246,934	139,588
7200	SEVERE REPETITIVE LOSS GRANT PROGRAM	1,721,265	45,698	224,281	-	157,988	1,338,996
7400	ARAGONA DRAINAGE IMPROVEMENTS	1,510,000	10,391	25,685	25,685	4,000	1,480,315
7406	ELIZABETH RIVER TMDL IMPLEMENTATION PLAN	600,000	48,453	106,531	106,531	121,024	372,445
7409	SHORE DRIVE DRAINAGE PRELIMINARY STUDY	428,152	63,486	419,254	-	8,898	-
7410	SOUTHERN RIVER TMDL IMPLEMENTATION PLAN	600,000	46,510	108,034	108,034	308,129	183,837
7411	OCEANFRONT STORM WATER FACILITIES MAINT	531,000	64,050	387,028	-	-	143,972
7412	STORM WATER PUMP STATION MODIFICATIONS	1,150,500	88,559	667,607	-	413,089	69,804
7413	NEIGHBORHD SW INFRASTRUCTURE IMPRO PH II	1,127,890	189,708	189,708	189,708	-	938,182
7414	STORM WATER QUALITY ENHANCEMENTS PH II	3,775,906	567,702	567,702	567,702	1,016,282	2,191,922
7415	LAKE MANAGEMENT PH II	7,744,560	450,831	939,615	939,615	2,049,888	4,755,057
7416	SW INFRASTRUCTURE REHAB & IMPROV PH II	10,077,994	3,467,724	4,144,320	138,420	981,365	4,952,309
7902	NORTH BEACH DRAINAGE	28,042,523	363,268	27,321,449	-	186,620	534,454
TOTAL STORM WATER UTILITY CAPITAL PROJECTS		\$ 175,907,289	\$ 15,084,524	\$ 112,054,294	3,812,757	\$ 14,294,992	\$ 49,558,003
CLOSED CAPITAL PROJECTS EXPENDITURES			35,577				
STORM WATER CAPITAL PROJECTS		\$ 175,907,289	\$ 15,120,101	\$ 112,054,294	\$ 3,812,757	\$ 14,294,992	\$ 49,558,003
CAPITALIZED INTEREST					118,454		
STORM WATER FUND CONSTRUCTION IN PROGRESS					\$ 3,931,211		
TOTAL STORM WATER CAPITAL PROJECTS REVENUES				\$ 136,711,479			
TOTAL STORM WATER CAPITAL PROJECTS EXPENDITURES				(112,054,294)			
STORM WATER NET POSITION RESTRICTED FOR CAPITAL PROJECTS				\$ 24,657,185			

DEVELOPMENT AUTHORITY

ENTERPRISE FUND

DEVELOPMENT AUTHORITY ENTERPRISE FUND

The Development Authority Enterprise Fund (Authority) was established for the specific purpose of attracting new industries and the expansion of existing industries. The Authority's Commissioners are appointed by the City Council. The Authority is authorized to issue industrial development bonds after approval by the City Council and to purchase land to improve and sell for development. In addition, the Authority facilitates economic development projects as needed by City Council. The Development Authority is presented as a blended component unit and is included in the City's reporting entity. The City has responsibility through support agreements for debt payments on outstanding Public Facility Revenue Bonds which are recorded on the Authority's financial records.

CITY OF VIRGINIA BEACH, VIRGINIA
DEVELOPMENT AUTHORITY ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2014

ASSETS

Current Assets:

Cash and Investments	\$ 8,019,302
Accounts Receivable - Net	26,248,663
Total Current Assets	<u>\$ 34,267,965</u>

Non-current Assets:

Cash and Investments - Restricted	\$ 1,598,135
Land Held for Resale	21,453,459
Capital Assets:	
Land	19,954,509
Buildings	101,654,157
Machinery and Equipment	565,065
Less: Accumulated Depreciation	<u>(25,858,997)</u>
Total Capital Assets	<u>\$ 96,314,734</u>
Total Non-current Assets	<u>\$ 119,366,328</u>
Total Assets	<u>\$ 153,634,293</u>

DEFERRED OUTFLOWS OF RESOURCES

Debt Refundings Resulting in Loss Transactions	<u>\$ 1,069,172</u>
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LIABILITIES

Current Liabilities:

Vouchers and Accounts Payable	\$ 3,305,230
Accrued Interest Payable	1,254,922
Unearned Revenue	17,024
Current Portion of Long-term Liabilities	<u>6,641,730</u>
Total Current Liabilities	<u>\$ 11,218,906</u>

Long-Term Liabilities (less current portion):

Public Facility Revenue Bonds	\$ 83,634,310
Premium on Revenue Bonds	<u>2,804,281</u>
Total Long-Term Liabilities (less current portion)	<u>\$ 86,438,591</u>
Total Liabilities	<u>\$ 97,657,497</u>

DEFERRED INFLOWS OF RESOURCES

Debt Refundings Resulting in Gain Transactions	<u>\$ 589,435</u>
--	-------------------

NET POSITION

Net Investment in Capital Assets	\$ 3,714,150
Restricted for Debt Service	24,711,694
Unrestricted	<u>28,030,689</u>
Total Net Position	<u>\$ 56,456,533</u>

CITY OF VIRGINIA BEACH, VIRGINIA
DEVELOPMENT AUTHORITY ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014

OPERATING REVENUES

Charges for Services	\$ 3,431,096
Miscellaneous	295,171
Total Operating Revenues	<u>\$ 3,726,267</u>

OPERATING EXPENSES

Contractual Services	\$ 1,796,583
Other Charges	2,460,942
Depreciation	2,661,886
Total Operating Expenses	<u>\$ 6,919,411</u>

<u>OPERATING INCOME (LOSS)</u>	<u>\$ (3,193,144)</u>
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NONOPERATING REVENUES (EXPENSES)

Interest Income	\$ 22,388
Payment Under Support Agreement	12,192,923
Interest and Fiscal Charges	(3,181,197)
Total Nonoperating Revenues	<u>\$ 9,034,114</u>

OTHER FINANCING SOURCES (USES)

Capital Contributions	<u>\$ 110,892</u>
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<u>CHANGE IN NET POSITION</u>	\$ 5,951,862
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<u>TOTAL NET POSITION - BEGINNING</u>	<u>50,504,671</u>
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<u>TOTAL NET POSITION - ENDING</u>	<u><u>\$ 56,456,533</u></u>
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**CITY OF VIRGINIA BEACH, VIRGINIA
DEVELOPMENT AUTHORITY ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014**

CASH FLOWS FROM OPERATING ACTIVITIES:

Receipts from Customers and Users	\$ 3,391,772
Receipts from (Payments for) Interfund Services Provided	(457,159)
Other Operating Cash Receipts	33,720
Cash Payments To Suppliers of Goods and Services	(4,139,500)
Net Cash Provided (Used) By Operating Activities	<u>\$ (1,171,167)</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Capital Contributions	\$ 12,192,923
Interest Paid on Long-term Debt	(3,588,909)
Principal Paid on Capital Debt	(4,745,000)
Net Cash Provided (Used) By Capital and Related Financing Activities	<u>\$ 3,859,014</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Interest and Dividends Received	\$ 22,388
Vanguard Landing Loan	(2,850,406)
Net Cash Provided (Used) By Investing Activities	<u>\$ (2,828,018)</u>
Net Increase (Decrease) in Cash and Temporary Investments	(140,171)
Cash and Temporary Investments, July 1	<u>9,757,608</u>
Cash and Temporary Investments, June 30	<u><u>\$ 9,617,437</u></u>

RECONCILIATION OF OPERATING INCOME (LOSS)**TO NET CASH PROVIDED BY OPERATING ACTIVITIES:**

Operating Income (Loss)	\$ (3,193,144)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By Operating Activities:	
Depreciation and Amortization Expense	2,661,886
(Increase) Decrease in Intergovernmental Receivables	(304,333)
(Increase) Decrease in Land Inventory	167,742
(Increase) Decrease in Deferred Outflow of Resources	117,707
Increase (Decrease) in Vouchers and Accounts Payable	(637,989)
Increase (Decrease) in Accrued Interest Payable	38,819
Increase (Decrease) in Deferred Inflow of Resources	(21,855)
Total Adjustments	<u>\$ 2,021,977</u>
Net Cash Provided (Used) By Operating Activities	<u><u>\$ (1,171,167)</u></u>

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:

Capital Contributions of Capital Assets	<u><u>\$ 110,892</u></u>
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INTERNAL SERVICE FUNDS

INTERNAL SERVICE FUNDS

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

City Garage - provides vehicles repairs, parts, fuel and related services to City departments.

Risk Management - provides insurance, claims handling, risk identification, and consulting services to City departments.

School Site Landscaping - provides for landscaping services for City and Schools.

Telecommunications – provides maintenance, support, contract administration, cable management, billing, dial tone provision, service coordination, moves, adds, and changes for the City's telephone system.

Subscriptions – provides for the collection and support of specific service agreements between customer departments and Communications and Information Technology. These specific agreements relate to specialized applications, services, and/or hardware associated with the customer department, not enterprise needs.

CITY OF VIRGINIA BEACH, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2014

	<u>City Garage</u>	<u>Risk Management</u>
<u>ASSETS</u>		
Current Assets:		
Cash and Investments	\$ 3,249,282	\$ 6,905,910
Accounts Receivable	-	-
Inventory	842,690	-
Total Current Assets	<u>4,091,972</u>	<u>6,905,910</u>
Noncurrent Assets:		
Capital Assets:		
Site Improvements	265,782	-
Machinery and Equipment	2,283,182	293,215
Total Property, Plant and Equipment	<u>2,548,964</u>	<u>293,215</u>
Less: Accumulated Depreciation	<u>(1,947,033)</u>	<u>(293,215)</u>
Net Property, Plant and Equipment	<u>601,931</u>	<u>-</u>
Total Assets	<u>\$ 4,693,903</u>	<u>\$ 6,905,910</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Support and Maintenance	<u>\$ 154,420</u>	<u>-</u>
<u>LIABILITIES</u>		
Current Liabilities:		
Vouchers and Accounts Payable	\$ 790,103	\$ 102,975
Current Portion of Long-term Liabilities	337,491	5,891,223
Total Current Liabilities	<u>1,127,594</u>	<u>5,994,198</u>
Noncurrent Liabilities:		
Long-term Liabilities (less current portion)	<u>236,732</u>	<u>19,624,218</u>
Total Liabilities	<u>1,364,326</u>	<u>25,618,416</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	601,931	-
Unrestricted	2,882,066	(18,712,506)
Total Net Position	<u>\$ 3,483,997</u>	<u>\$ (18,712,506)</u>

CITY OF VIRGINIA BEACH, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2014

School Site Landscaping	Telecommunications	Subscriptions	Totals
\$ 554,222	\$ 3,851,060	\$ 5,412,478	\$ 19,972,952
-	1,795	-	1,795
-	-	-	842,690
554,222	3,852,855	5,412,478	20,817,437
-	-	-	265,782
2,625,681	-	467,484	5,669,562
2,625,681	-	467,484	5,935,344
(2,321,496)	-	(365,878)	(4,927,622)
304,185	-	101,606	1,007,722
\$ 858,407	\$ 3,852,855	\$ 5,514,084	\$ 21,825,159
\$ -	\$ -	\$ -	\$ 154,420
\$ 82,917	\$ 100,880	\$ 87,196	\$ 1,164,071
135,369	36,680	-	6,400,763
218,286	137,560	87,196	7,564,834
6,323	18,515	-	19,885,788
224,609	156,075	87,196	27,450,622
304,185	-	101,606	1,007,722
329,613	3,696,780	5,325,282	(6,478,765)
\$ 633,798	\$ 3,696,780	\$ 5,426,888	\$ (5,471,043)

CITY OF VIRGINIA BEACH, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014

	<u>City Garage</u>	<u>Risk Management</u>
<u>OPERATING REVENUES</u>		
Billings to Departments	\$ 18,625,056	\$ 11,977,707
Insurance Recovery	132,221	97,171
Miscellaneous	-	100
Total Operating Revenues	<u>\$ 18,757,277</u>	<u>\$ 12,074,978</u>
<u>OPERATING EXPENSES</u>		
Cost of Goods Sold	\$ 11,615,986	\$ -
Personal Services	3,992,676	437,996
Fringe Benefits	1,480,571	151,541
Contractual Services	759,579	462,503
Internal Services	414,524	7,224
Other Charges	442,980	14,145,654
Land Structures and Improvements	-	-
Depreciation	185,770	-
Total Operating Expenses	<u>\$ 18,892,086</u>	<u>\$ 15,204,918</u>
<u>OPERATING INCOME (LOSS)</u>	<u>\$ (134,809)</u>	<u>\$ (3,129,940)</u>
<u>NONOPERATING REVENUES (EXPENSES) AND TRANSFERS</u>		
Interest Income	\$ 15,046	\$ 27,758
Transfers Out	-	-
Gain (Loss) on Disposition of Assets	(274,945)	-
Total Nonoperating Revenues (Expenses)	<u>\$ (259,899)</u>	<u>\$ 27,758</u>
<u>CHANGE IN NET POSITION</u>	(394,708)	(3,102,182)
<u>TOTAL NET POSITION - BEGINNING - RECLASSIFIED</u>	<u>3,878,705</u>	<u>(15,610,324)</u>
<u>TOTAL NET POSITION - ENDING</u>	<u><u>\$ 3,483,997</u></u>	<u><u>\$ (18,712,506)</u></u>

CITY OF VIRGINIA BEACH, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014

School Site Landscaping	Telecommunications	Subscriptions	Totals
\$ 3,564,352	\$ 3,146,897	\$ 2,392,112	\$ 39,706,124
-	-	-	229,392
-	-	-	100
<u>\$ 3,564,352</u>	<u>\$ 3,146,897</u>	<u>\$ 2,392,112</u>	<u>\$ 39,935,616</u>
\$ -	\$ -	\$ -	\$ 11,615,986
1,880,079	654,181	-	6,964,932
818,439	211,321	-	2,661,872
204,346	379,009	1,137,222	2,942,659
396,881	50,284	-	868,913
335,618	929,631	746,296	16,600,179
4,222	-	-	4,222
134,725	-	61,066	381,561
<u>\$ 3,774,310</u>	<u>\$ 2,224,426</u>	<u>\$ 1,944,584</u>	<u>\$ 42,040,324</u>
<u>\$ (209,958)</u>	<u>\$ 922,471</u>	<u>\$ 447,528</u>	<u>\$ (2,104,708)</u>
\$ 1,077	\$ 6,987	\$ 12,548	\$ 63,416
-	(104,494)	-	(104,494)
-	-	(165,000)	(439,945)
<u>\$ 1,077</u>	<u>\$ (97,507)</u>	<u>\$ (152,452)</u>	<u>\$ (481,023)</u>
(208,881)	824,964	295,076	(2,585,731)
<u>842,679</u>	<u>2,871,816</u>	<u>5,131,812</u>	<u>(2,885,312)</u>
<u>\$ 633,798</u>	<u>\$ 3,696,780</u>	<u>\$ 5,426,888</u>	<u>\$ (5,471,043)</u>

CITY OF VIRGINIA BEACH, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014

	<u>City Garage</u>	<u>Risk Management</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Receipts from Customers and Users	\$ 18,757,277	\$ 12,074,878
Other Operating Cash Receipts	-	100
Cash Payments to Suppliers of Goods and Services	(13,080,010)	(15,110,484)
Cash Payments to Employees for Services	(5,490,221)	(580,369)
Net Cash Provided (Used) By Operating Activities	<u>\$ 187,046</u>	<u>\$ (3,615,875)</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>		
Payments to Other Funds	<u>\$ -</u>	<u>\$ -</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Acquisition and Construction of Capital Assets	\$ (47,462)	\$ -
Proceeds from Sale of Salvage	(274,945)	-
Net Cash Provided (Used) By Capital and Related Financing Activities	<u>\$ (322,407)</u>	<u>\$ -</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Interest and Dividends Received	<u>\$ 15,046</u>	<u>\$ 27,758</u>
Net Increase (Decrease) in Cash and Temporary Investments	\$ (120,315)	\$ (3,588,117)
Cash and Temporary Investments, July 1	<u>3,369,597</u>	<u>10,494,027</u>
Cash and Temporary Investments, June 30	<u><u>\$ 3,249,282</u></u>	<u><u>\$ 6,905,910</u></u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO</u>		
<u>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</u>		
Operating Income (Loss)	\$ (134,809)	\$ (3,129,940)
Adjustments to Reconcile Operating Income (Loss) to		
Net Cash Provided (Used) By Operating Activities:		
Depreciation Expense	185,770	-
(Increase) Decrease in Accounts Receivable	-	-
(Increase) Decrease in Inventory	(25,417)	-
(Increase) Decrease in Deferred Outflow of Resources	26,278	-
Increase (Decrease) in Vouchers and Accounts Payable	152,198	(495,103)
Increase (Decrease) in Accrued Compensated Leave	(16,974)	9,168
Total Adjustments	<u>\$ 321,855</u>	<u>\$ (485,935)</u>
Net Cash Provided (Used) By Operating Activities	<u><u>\$ 187,046</u></u>	<u><u>\$ (3,615,875)</u></u>

CITY OF VIRGINIA BEACH, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014

School Site Landscaping	Telecommunications	Subscriptions	Totals
\$ 3,564,352	\$ 3,146,645	\$ 2,392,112	\$ 39,935,264
-	-	-	100
(973,199)	(1,287,837)	(1,987,684)	(32,439,214)
(2,708,697)	(859,223)	-	(9,638,510)
<u>\$ (117,544)</u>	<u>\$ 999,585</u>	<u>\$ 404,428</u>	<u>\$ (2,142,360)</u>
\$ -	\$ (104,494)	\$ -	\$ (104,494)
\$ -	\$ -	\$ (165,000)	\$ (212,462)
-	-	-	(274,945)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (165,000)</u>	<u>\$ (487,407)</u>
\$ 1,077	\$ 6,987	\$ 12,548	\$ 63,416
\$ (116,467)	\$ 902,078	\$ 251,976	\$ (2,670,845)
670,689	2,948,982	5,160,502	22,643,797
<u>\$ 554,222</u>	<u>\$ 3,851,060</u>	<u>\$ 5,412,478</u>	<u>\$ 19,972,952</u>
\$ (209,958)	\$ 922,471	\$ 447,528	\$ (2,104,708)
134,725	-	61,066	381,561
-	(252)	-	(252)
-	-	-	(25,417)
-	-	-	26,278
(32,132)	71,087	(104,166)	(408,116)
(10,179)	6,279	-	(11,706)
<u>\$ 92,414</u>	<u>\$ 77,114</u>	<u>\$ (43,100)</u>	<u>\$ (37,652)</u>
<u>\$ (117,544)</u>	<u>\$ 999,585</u>	<u>\$ 404,428</u>	<u>\$ (2,142,360)</u>

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TRUST AND AGENCY FUNDS

TRUST FUNDS and AGENCY FUNDS

Trust Funds and Agency Funds are used to account for the assets held by a governmental unit 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 = liabilities).

The City has the following Trust Funds:

Other Postemployment Benefits – established by the City and School Board in accordance with Article 8, Chapter 15, Subtitle II of Title 15.2, of the Virginia Code, for the purpose of accumulating and investing assets to fund OPEB obligations.

Sheriff's Office Pension – accounts for the plan assets of the defined contribution pension plan established by the Sheriff's Office and approved by Council.

The City has the following Agency Funds:

Escheat Property – funds held on behalf of others payable to the Commonwealth of Virginia.

Special Welfare - is established under the authority of Section 63.1-51, Code of Virginia, as amended. This fund accounts for Social Security or Veteran's Administration benefits for specific individuals for which the City is acting as the custodian. It also accounts for donations and the provision for emergency assistance to indigent citizens.

CITY OF VIRGINIA BEACH, VIRGINIA
AGENCY FUNDS
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2014

	<u>Escheat Property</u>	<u>Special Welfare</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and Investments	\$ 3,010	\$ 337,260	\$ 340,270
	<u> </u>	<u> </u>	<u> </u>
<u>LIABILITIES</u>			
Vouchers and Accounts Payable	\$ 3,010	\$ 337,260	\$ 340,270
	<u> </u>	<u> </u>	<u> </u>

CITY OF VIRGINIA BEACH, VIRGINIA
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2014</u>
<u>SPECIAL WELFARE</u>				
<u>ASSETS</u>				
Cash and Investments	\$ 370,141	\$ 605,048	\$ 637,929	\$ 337,260
<u>LIABILITIES</u>				
Vouchers and Accounts Payable	\$ 370,141	\$ 605,048	\$ 637,929	\$ 337,260
<u>ESCHEAT PROPERTY</u>				
<u>ASSETS</u>				
Cash and Investments	\$ 700	\$ 294,605	\$ 292,295	\$ 3,010
<u>LIABILITIES</u>				
Vouchers and Accounts Payable	\$ 700	\$ 294,605	\$ 292,295	\$ 3,010
<u>TOTALS-ALL AGENCY FUNDS</u>				
<u>ASSETS</u>				
Cash and Investments	\$ 370,841	\$ 899,653	\$ 930,224	\$ 340,270
<u>LIABILITIES</u>				
Vouchers and Accounts Payable	\$ 370,841	\$ 899,653	\$ 930,224	\$ 340,270

CITY OF VIRGINIA BEACH, VIRGINIA
TRUST FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2014

	<u>Other Postemployment Benefits Trust Fund</u>	<u>Sheriff's Office Pension Trust Fund</u>	<u>Total Trust Funds</u>
<u>ASSETS</u>			
Investments, at Fair Value:			
Mutual Funds	<u>\$ 57,353,815</u>	<u>\$ 3,832,913</u>	<u>\$ 61,186,728</u>
<u>LIABILITIES</u>			
Vouchers and Accounts Payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>NET POSITION</u>			
Held in Trust for Other Postemployment Benefits and Pension Benefits	<u>\$ 57,353,815</u>	<u>\$ 3,832,913</u>	<u>\$ 61,186,728</u>

CITY OF VIRGINIA BEACH, VIRGINIA
TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014

	Other Postemployment Benefits Trust Fund	Sheriff's Office Pension Trust Fund	Total Trust Funds
<u>ADDITIONS</u>			
Contributions:			
From Primary Government	\$ 12,802,800	\$ 12,024	\$ 12,814,824
From Plan Members	4,268,977	-	4,268,977
Total Contributions	<u>17,071,777</u>	<u>12,024</u>	<u>17,083,801</u>
Investment Earnings:			
Increase (Decrease) in the Fair Value of Investments	6,463,572	284,841	6,748,413
Interest and Dividends	-	73,029	73,029
Total Investment Earnings	<u>6,463,572</u>	<u>357,870</u>	<u>6,821,442</u>
Less Investment Expense	51,180	-	51,180
Net Investment Earnings	<u>6,412,392</u>	<u>357,870</u>	<u>6,770,262</u>
Total Additions	<u>\$ 23,484,169</u>	<u>\$ 369,894</u>	<u>\$ 23,854,063</u>
<u>DEDUCTIONS</u>			
Benefits	\$ 16,368,877	\$ 171,962	\$ 16,540,839
Administrative Expenses	1,000	2,626	3,626
Total Deductions	<u>\$ 16,369,877</u>	<u>\$ 174,588</u>	<u>\$ 16,544,465</u>
Change in Net Position	7,114,292	195,306	7,309,598
Net Position at Beginning of Year	<u>50,239,523</u>	<u>3,637,607</u>	<u>53,877,130</u>
Net Position at End of Year	<u>\$ 57,353,815</u>	<u>\$ 3,832,913</u>	<u>\$ 61,186,728</u>

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DISCRETELY PRESENTED

SCHOOL BOARD COMPONENT UNIT

DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT

Major Governmental Funds:

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

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

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

School Capital Projects Fund – accounts for all revenues and expenditures related to the construction of the School’s fixed assets and infrastructure.

Nonmajor Governmental Funds:

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

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

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

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

Internal Service Funds:

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

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

Agency Funds:

Payroll Deductions - accounts for employee payroll deductions.

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

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

CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
STATEMENT OF NET POSITION
JUNE 30, 2014

	Governmental Activities
<u>ASSETS</u>	
Current Assets:	
Cash and Temporary Investments	\$ 128,669,041
Accounts Receivable	776,988
Due from Commonwealth	14,005,344
Due from Federal Government	8,859,535
Inventories	754,794
Prepaid Items	805,712
Total Current Assets	<u>\$ 153,871,414</u>
Noncurrent Assets:	
Capital Assets:	
Land	\$ 39,670,603
Buildings, Improvements, Equipment and Vehicles (net of accumulated depreciation)	448,244,096
Construction in Progress	5,045,181
Total Noncurrent Assets	<u>\$ 492,959,880</u>
Total Assets	<u>\$ 646,831,294</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Salaries Payable	\$ 55,147,209
Vouchers and Accounts Payable	13,073,876
Deposits Payable	75,000
Due to Commonwealth	
Due to Federal Government	87,914
Unearned Revenue	8,459,898
Long-term Liabilities (due within one year)	21,157,697
Total Current Liabilities	<u>\$ 98,001,594</u>
Noncurrent Liabilities:	
Long-term Liabilities (due in more than one year)	16,732,630
Total Liabilities	<u>\$ 114,734,224</u>
<u>NET POSITION</u>	
Investment in Capital Assets	\$ 492,959,880
Restricted for:	
Capital Projects	15,947,262
Grants	1,058,973
Cafeterias	4,556,868
Textbooks	16,247,585
Unrestricted	1,326,502
Total Net Position	<u><u>\$ 532,097,070</u></u>

CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

		Program Revenues			Net (Expenses) Revenues and Change In Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
	Expenses				
<u>GOVERNMENTAL ACTIVITIES</u>					
Instruction	\$ 587,975,312	\$ 2,841,159	\$ 118,367,676	\$ -	\$ (466,766,477)
Admin, Attendance, & Health	20,499,059	-	-	-	(20,499,059)
Pupil Transportation	33,585,459	-	-	-	(33,585,459)
Operations and Maintenance	88,060,958	456,559	100,000	-	(87,504,399)
Cafeterias	28,720,848	12,047,776	16,745,717	-	72,645
Technology	36,119,783	620,441	8,201,249	-	(27,298,093)
Total Governmental Activities	<u>\$ 794,961,419</u>	<u>\$ 15,965,935</u>	<u>\$ 143,414,642</u>	<u>\$ -</u>	<u>\$ (635,580,842)</u>

General Revenues:

Local Sources:

Local Government	\$ 392,169,735
Miscellaneous	530,505

Federal and State Aid not Restricted to Specific Purposes:

State Basic Aid	167,421,241
State Sales Tax	67,915,112
Federal Impact Aid	10,145,630
Interest Earnings	145,635

Total General Revenues	<u>\$ 638,327,858</u>
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Change in Net Position	2,747,016
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Total Net Position - July 1	<u>529,350,054</u>
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Total Net Position - June 30	<u><u>\$ 532,097,070</u></u>
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CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

	School Operating	School Grants	School Textbooks	Capital Projects	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>						
Cash and Temporary Investments	\$ 50,036,052	\$ -	\$ 16,423,506	\$ 21,760,348	\$ 10,054,154	\$ 98,274,060
Accounts Receivable	207,951	198,289	65	-	-	406,305
Due from Other Funds	3,993,232	-	-	-	-	3,993,232
Due from Commonwealth	9,874,836	3,997,200	-	-	-	13,872,036
Due from Federal Government	488,997	7,656,637	-	-	713,901	8,859,535
Inventories	-	-	-	-	754,794	754,794
Prepaid Items	761,330	-	17,901	-	4,345	783,576
Total Assets	<u>\$ 65,362,398</u>	<u>\$ 11,852,126</u>	<u>\$ 16,441,472</u>	<u>\$ 21,760,348</u>	<u>\$ 11,527,194</u>	<u>\$ 126,943,538</u>
<u>LIABILITIES</u>						
Salaries Payable	\$ 51,263,891	\$ 2,969,154	\$ 564	\$ 5,806	\$ 907,368	\$ 55,146,783
Vouchers and Accounts Payable	6,357,559	3,329,283	175,422	2,420,766	311,023	12,594,053
Deposits Payable	-	-	-	-	75,000	75,000
Due to Other Funds	-	3,993,232	-	-	-	3,993,232
Due to Commonwealth	-	-	-	-	-	-
Due to Federal Government	-	-	-	87,914	-	87,914
Unearned Revenue	391,316	501,484	-	-	389,991	1,282,791
Total Liabilities	<u>\$ 58,012,766</u>	<u>\$ 10,793,153</u>	<u>\$ 175,986</u>	<u>\$ 2,514,486</u>	<u>\$ 1,683,382</u>	<u>\$ 73,179,773</u>
<u>FUND BALANCES</u>						
Nonspendable	\$ 761,330	\$ -	\$ 17,901	\$ -	\$ 759,139	\$ 1,538,370
Restricted	-	1,058,973	16,247,585	-	4,556,868	21,863,426
Committed	-	-	-	18,184,304	-	18,184,304
Assigned	6,588,302	-	-	-	4,527,805	11,116,107
Unassigned	-	-	-	1,061,558	-	1,061,558
Total Fund Balances	<u>\$ 7,349,632</u>	<u>\$ 1,058,973</u>	<u>\$ 16,265,486</u>	<u>\$ 19,245,862</u>	<u>\$ 9,843,812</u>	<u>\$ 53,763,765</u>
Total Liabilities and Fund Balances	<u>\$ 65,362,398</u>	<u>\$ 11,852,126</u>	<u>\$ 16,441,472</u>	<u>\$ 21,760,348</u>	<u>\$ 11,527,194</u>	<u>\$ 126,943,538</u>

CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2014

Amounts reported for governmental activities in the Statement of Net Position (Exhibit 40)
are different from amounts reported for governmental funds in this exhibit because:

Total Fund Balances - Governmental Funds (this exhibit)	\$ 53,763,765
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Capital assets used in governmental activities are not financial resources and,
therefore, are not reported in the governmental funds.

Cost of Capital Assets	\$ 856,549,348	
less: Accumulated Depreciation	<u>363,589,468</u>	492,959,880

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

Compensated Absences	(20,602,327)
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Internal Service Funds are used to account for the risk management and health
insurance programs; and related charges to the various governmental funds. The assets
and liabilities of the internal service funds are included in governmental activities in
the Statement of Net Position.

Total Assets	\$ 30,921,108	
less: Total Liabilities	<u>24,945,356</u>	
Total Net Position		<u>5,975,752</u>

Total Net Position - Governmental Activities (Exhibit 40)	<u><u>\$ 532,097,070</u></u>
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CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	School Operating	School Grants	School Textbooks	Capital Projects	Other Governmental Funds	Total Governmental Funds
<u>REVENUES</u>						
From Use of Money and Property	\$ 383,359	\$ -	\$ 31,700	\$ 15,915	\$ 559,582	\$ 990,556
Charges for Services	1,586,450	-	-	-	11,999,811	13,586,261
Miscellaneous	1,896,618	220,507	54,348	-	240,516	2,411,989
From Local Government	341,558,045	-	-	50,611,690	-	392,169,735
From Commonwealth	311,159,635	11,366,773	3,623,928	-	479,200	326,629,536
From Federal Government	12,316,895	33,331,536	-	-	16,266,516	61,914,947
Total Revenues	<u>\$ 668,901,002</u>	<u>\$ 44,918,816</u>	<u>\$ 3,709,976</u>	<u>\$ 50,627,605</u>	<u>\$ 29,545,625</u>	<u>\$ 797,703,024</u>
<u>EXPENDITURES</u>						
Current:						
Instruction	\$ 501,762,265	\$ 40,200,268	\$ 3,193,917	\$ 3,514,449	\$ 609,528	\$ 549,280,427
Admin, Attendance, & Health	20,265,565	-	-	-	-	20,265,565
Pupil Transportation	31,613,426	-	-	-	-	31,613,426
Operations and Maintenance	84,881,195	-	-	2,792,647	-	87,673,842
Cafeterias	-	-	-	-	28,369,866	28,369,866
Technology	26,011,712	7,905,823	295,426	1,002,929	516,747	35,732,637
Capital Outlay	-	-	-	27,507,153	-	27,507,153
Total Expenditures	<u>\$ 664,534,163</u>	<u>\$ 48,106,091</u>	<u>\$ 3,489,343</u>	<u>\$ 34,817,178</u>	<u>\$ 29,496,141</u>	<u>\$ 780,442,916</u>
<u>EXCESS (DEFICIENCY) OF REVENUES</u>						
<u>OVER (UNDER) EXPENDITURES</u>	<u>\$ 4,366,839</u>	<u>\$ (3,187,275)</u>	<u>\$ 220,633</u>	<u>\$ 15,810,427</u>	<u>\$ 49,484</u>	<u>\$ 17,260,108</u>
<u>OTHER FINANCING SOURCES (USES)</u>						
Transfers In	\$ -	\$ 3,185,724	\$ -	\$ -	\$ -	\$ 3,185,724
Transfers Out	(3,185,724)	-	-	-	-	(3,185,724)
Sale of Capital Assets	5,411	-	-	-	-	5,411
Total Other Financing Sources (Uses)	<u>\$ (3,180,313)</u>	<u>\$ 3,185,724</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,411</u>
<u>NET CHANGE IN FUND BALANCES</u>	<u>1,186,526</u>	<u>(1,551)</u>	<u>220,633</u>	<u>15,810,427</u>	<u>49,484</u>	<u>17,265,519</u>
<u>FUND BALANCES - JULY 1</u>	<u>6,163,106</u>	<u>1,060,524</u>	<u>16,044,853</u>	<u>3,435,435</u>	<u>9,794,328</u>	<u>36,498,246</u>
<u>FUND BALANCES - JUNE 30</u>	<u>\$ 7,349,632</u>	<u>\$ 1,058,973</u>	<u>\$ 16,265,486</u>	<u>\$ 19,245,862</u>	<u>\$ 9,843,812</u>	<u>\$ 53,763,765</u>

**CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014**

Amounts reported for governmental activities in the Statement of Activities (Exhibit 41)
are different from amounts reported for governmental funds in this exhibit because:

Net Change in Fund Balances - Governmental Funds (this exhibit)	\$ 17,265,519
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Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities. This is the amount by which capital outlay exceeded depreciation expense (including other transactions (e.g., loss on disposals)) for the fiscal year.

11,090,579

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

Leave Used	\$ 7,953,104	
Leave Earned	<u>(8,266,774)</u>	(313,670)

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

Risk Management	\$ (360,384)	
Health Insurance	<u>(3,191,182)</u>	(3,551,566)

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

(21,743,846)

Change in Net Position of governmental activities in the Statement of Activities (Exhibit 41)

\$ 2,747,016

CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
SCHOOL OPERATING SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

Source	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<u>REVENUES</u>				
<u>From Use of Money and Property</u>				
Rents	\$ 450,000	\$ 450,000	\$ 383,359	\$ (66,641)
<u>Charges for Services</u>				
Tuition and Educational Fees	\$ 1,481,100	\$ 1,481,100	\$ 1,586,450	\$ 105,350
<u>Miscellaneous Revenue</u>				
Sale of Salvage	\$ 12,000	\$ 12,000	\$ 322,743	\$ 310,743
Insurance Proceeds	-	-	36,517	36,517
Donations	-	-	9,637	9,637
Miscellaneous	95,000	95,000	141,101	46,101
Indirect Costs	550,000	550,000	648,969	98,969
Natl Institute of Aerospace-Other	-	-	54,580	54,580
NA Education Association	-	-	77,055	77,055
Athletics	504,000	504,000	533,481	29,481
Instructional Technology	-	-	72,535	72,535
Total Miscellaneous Revenue	\$ 1,161,000	\$ 1,161,000	\$ 1,896,618	\$ 735,618
<u>From Local Government</u>				
City - General Fund	\$ 339,645,772	\$ 342,477,294	\$ 326,922,507	\$ (15,554,787)
City - School Reserve Fund	14,000,000	14,000,000	14,000,000	-
City for Consolidated Benefits Office	722,283	722,283	635,538	(86,745)
Total From Local Government	\$ 354,368,055	\$ 357,199,577	\$ 341,558,045	\$ (15,641,532)
<u>From Commonwealth</u>				
Basic Aid	\$ 165,146,295	\$ 165,146,295	\$ 167,421,241	\$ 2,274,946
Reimbursement-Social Security	9,966,493	9,966,493	10,015,983	49,490
Reimbursement-Retirement	16,637,613	16,637,613	16,720,230	82,617
Reimbursement-Life Insurance	643,000	643,000	646,192	3,192
Remedial Education	3,295,373	3,295,373	3,311,736	16,363
Remedial Education-Summer School	299,770	299,770	325,958	26,188
Special Education	18,405,861	18,405,861	18,497,259	91,398
Special Education-Regional Program	8,643,658	8,643,658	8,612,358	(31,300)
Special Education-Homebound	99,199	99,199	82,129	(17,070)
Special Education-Foster Children	-	-	104,891	104,891
Foster Home Children	265,116	265,116	114,204	(150,912)
Vocational	2,491,623	2,491,623	2,503,996	12,373
Vocational-Occupational/Tech	348,222	348,222	168,059	(180,163)
Sales Tax	70,522,688	70,522,688	67,915,112	(2,607,576)
Class Size Initiative	2,997,943	2,997,943	3,092,809	94,866
At-Risk Initiative	1,935,709	1,935,709	1,945,240	9,531
English as a Second Language	556,287	556,287	520,114	(36,173)
Salary Supplement	3,843,201	3,843,201	3,861,573	18,372
Gifted and Talented Aid	1,848,624	1,848,624	1,857,803	9,179
Supplemental Support of Operating	3,442,748	3,442,748	3,442,748	-
Total From Commonwealth	\$ 311,389,423	\$ 311,389,423	\$ 311,159,635	\$ (229,788)

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
SCHOOL OPERATING SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

Source	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<u>REVENUES (continued)</u>				
<u>From Federal Government</u>				
Public Law 874	\$ 14,461,723	\$ 14,461,723	\$ 7,050,733	\$ (7,410,990)
Public Law 874-Special Education	-	-	1,046,199	1,046,199
Dept of the Navy-NJROTC	100,000	100,000	317,898	217,898
Department of Defense	1,500,000	1,500,000	1,798,414	298,414
Dept of Defense Special Education	-	-	250,283	250,283
Medicaid Reimbursement	575,000	575,000	1,763,507	1,188,507
Natl Institute of Aerospace	-	-	20,630	20,630
Library of Congress	-	-	67,247	67,247
Other Federal Funds	-	-	1,984	1,984
Total From Federal Government	<u>\$ 16,636,723</u>	<u>\$ 16,636,723</u>	<u>\$ 12,316,895</u>	<u>\$ (4,319,828)</u>
 Total Revenues	 <u>\$ 685,486,301</u>	 <u>\$ 688,317,823</u>	 <u>\$ 668,901,002</u>	 <u>\$ (19,416,821)</u>
 <u>EXPENDITURES</u>				
<u>Current</u>				
<u>Instruction</u>				
Elementary Classroom	\$ 137,207,570	\$ 137,073,344	\$ 134,648,102	\$ 2,425,242
Senior High Classroom	71,637,634	71,295,243	70,828,988	466,255
Technical and Career Education	18,412,590	17,980,301	17,063,818	916,483
Gifted Education and Academy Programs	13,196,882	13,259,935	12,875,301	384,634
Special Education	85,182,869	85,185,998	82,988,958	2,197,040
Summer School	1,722,293	1,723,137	1,493,939	229,198
General Adult Education	1,628,050	1,608,309	1,620,924	(12,615)
Alternative Education-Renaissance	6,836,124	6,843,146	6,070,603	772,543
Student Activities	3,006,846	3,045,483	2,952,961	92,522
Student Athletics	4,910,642	5,176,941	4,786,213	390,728
Office/Principal - Elementary	24,830,838	24,478,998	23,529,288	949,710
Office/Principal - Senior High	10,229,409	10,287,802	9,650,672	637,130
Office/Principal - Tech & Career	569,416	567,547	521,516	46,031
Guidance Services	16,127,834	15,887,903	15,554,267	333,636
Social Work Services	3,050,055	3,240,055	3,235,987	4,068
Media and Communications	1,623,947	1,599,565	1,501,355	98,210
Instructional Support	11,206,171	11,088,715	10,994,906	93,809
Instructional Center for Teacher Leadership	1,495,405	1,358,707	1,130,489	228,218
Diversity	9,775	9,775	8,504	1,271
Special Education Support	2,834,323	2,809,099	2,506,062	303,037
Gifted Education and Academy Programs Support	2,453,423	2,165,420	1,951,041	214,379
Media Services Support	12,345,414	12,413,539	12,290,950	122,589
Educational Leadership and Assessment	2,815,857	2,929,084	2,398,395	530,689
Middle School Classroom	55,697,087	55,688,181	54,546,844	1,141,337
Remedial Education	9,654,628	9,674,187	8,506,218	1,167,969
Office/Principal - Middle Schools	8,572,694	8,566,974	8,459,900	107,074
Homebound Services	509,269	509,269	374,002	135,267
Technical and Career Ed Support	931,290	928,197	837,920	90,277
Student Leadership	1,229,159	1,253,659	1,233,882	19,777
Psychological Services	3,383,800	3,383,808	3,247,257	136,551
Audiological Services	412,710	412,710	382,485	30,225
School Administration	1,208,485	1,310,485	1,306,678	3,807
Alternative Education	1,317,601	1,319,859	1,191,930	127,929
Green Run Collegiate Public Charter	-	1,146,614	1,071,910	74,704
Total Instruction	<u>\$ 516,250,090</u>	<u>\$ 516,221,989</u>	<u>\$ 501,762,265</u>	<u>\$ 14,459,724</u>

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
SCHOOL OPERATING SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

Source	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<u>EXPENDITURES (continued)</u>				
<u>Admin, Attendance, & Health</u>				
Board, Legal, & Governmental	\$ 1,001,274	\$ 969,876	\$ 965,745	\$ 4,131
Office of the Superintendent	1,258,721	1,315,119	1,034,032	281,087
Department of Budget & Finance	3,696,387	3,688,387	3,387,053	301,334
Department of Human Resources	4,795,149	4,795,149	4,596,664	198,485
Internal Audit	400,679	400,679	389,240	11,439
Purchasing	1,020,736	1,017,514	999,008	18,506
Center for Teacher Leadership	549,081	549,081	482,084	66,997
Consolidated Benefits Office	1,867,429	1,867,429	1,704,623	162,806
Health Services	7,026,127	7,026,127	6,707,116	319,011
Green Run Collegiate Public Charter	-	8,000	-	8,000
Total Admin, Attendance, & Health	\$ 21,615,583	\$ 21,637,361	\$ 20,265,565	\$ 1,371,796
<u>Pupil Transportation</u>				
Management	\$ 1,978,118	\$ 1,978,118	\$ 1,968,353	\$ 9,765
Vehicle Operation	17,894,925	18,784,037	18,443,202	340,835
Vehicle Operation - Special Education	5,098,236	5,505,716	5,473,574	32,142
Vehicle Maintenance	3,030,197	2,990,197	2,825,073	165,124
Monitoring Services	2,891,615	2,891,615	2,782,483	109,132
Green Run Collegiate Public Charter	-	121,000	120,741	259
Total Pupil Transportation	\$ 30,893,091	\$ 32,270,683	\$ 31,613,426	\$ 657,257
<u>Operations and Maintenance</u>				
Facility Planning & Construction	\$ 706,278	\$ 735,391	\$ 734,850	\$ 541
School Plant	44,314,160	47,120,727	43,295,123	3,825,604
Supply Services	1,555,908	1,597,055	1,516,450	80,605
Grounds Services	3,564,352	3,564,352	3,564,352	-
Custodial Services	27,920,243	28,026,539	26,842,827	1,183,712
Safety and Loss Control	6,723,011	6,942,380	6,682,263	260,117
Vehicle Services	1,050,631	1,353,631	1,060,040	293,591
Telecommunications	1,129,064	1,850,556	1,185,290	665,266
Green Run Collegiate Public Charter	-	16,000	-	16,000
Total Operations & Maintenance	\$ 86,963,647	\$ 91,206,631	\$ 84,881,195	\$ 6,325,436
<u>Technology</u>				
Instruction	\$ 14,542,843	\$ 15,702,437	\$ 14,018,535	\$ 1,683,902
Admin, Attendance & Health	1,734,704	1,602,699	1,280,701	321,998
Pupil Transportation	46,787	268,624	63,323	205,301
Operations and Maintenance	10,209,590	11,463,086	10,624,268	838,818
Green Run Collegiate Public Charter	-	25,000	24,885	115
Total Technology	\$ 26,533,924	\$ 29,061,846	\$ 26,011,712	\$ 3,050,134
Total Expenditures	\$ 682,256,335	\$ 690,398,510	\$ 664,534,163	\$ 25,864,347
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	\$ 3,229,966	\$ (2,080,687)	\$ 4,366,839	\$ 6,447,526
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers Out	\$ (3,244,966)	\$ (3,426,543)	\$ (3,185,724)	\$ 240,819
Sale of Capital Assets	15,000	15,000	5,411	(9,589)
Total Other Financing Sources (Uses)	\$ (3,229,966)	\$ (3,411,543)	\$ (3,180,313)	\$ 231,230
<u>NET CHANGE IN FUND BALANCE</u>	-	(5,492,230)	1,186,526	6,678,756
<u>FUND BALANCE - JULY 1</u>	6,163,106	6,163,106	6,163,106	-
<u>FUND BALANCE - JUNE 30</u>	\$ 6,163,106	\$ 670,876	\$ 7,349,632	\$ 6,678,756

CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
SCHOOL GRANTS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

Source	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Miscellaneous	\$ 229,113	\$ 436,163	\$ 220,507	\$ (215,656)
From Commonwealth	12,926,861	13,272,713	11,366,773	(1,905,940)
From Federal Government	43,639,590	41,302,940	33,331,536	(7,971,404)
Contingency	7,200,000	7,781,967	-	(7,781,967)
Total Revenues	<u>\$ 63,995,564</u>	<u>\$ 62,793,783</u>	<u>\$ 44,918,816</u>	<u>\$ (17,874,967)</u>
EXPENDITURES				
Instruction				
Adult Education & Family Literacy Act - FY14	\$ 356,817	\$ 395,047	\$ 395,047	\$ -
Advanced Placement Program FY14	26,050	63,262	63,262	-
Algebra Readiness FY13	-	166,385	166,385	-
Algebra Readiness FY14	798,791	812,022	791,088	20,934
Allstate Foundation Safe Teen Driving FY07	-	2,897	999	1,898
Asia Society Confucius Classroom Network FY13	-	16,294	11,404	4,890
Career Switcher Program Mentor Reimb. FY14	11,000	23,000	21,570	1,430
C. Perkins Vocational & Tech. Act FY14	734,936	611,180	611,180	-
College Exposure Program-Rosemont ES FY14	-	1,460	1,135	325
DoDEA MCASP FY12	112,209	150,211	150,211	-
DoDEA MCASP FY13	741,149	761,598	370,119	391,479
DoDEA MCASP Operation PRIDE FY14	-	646,614	153,440	493,174
DoDEA S-FLEP FY12	5,750	5,433	5,157	276
DoDEA S-FLEP FY13	97,842	97,375	89,941	7,434
Dual Enrollment - TCC FY14	-	275,918	275,918	-
Early Reading Initiative FY13	-	243,084	243,084	-
Early Reading Initiative FY14	1,146,719	1,409,168	818,840	590,328
EPA Grant-Plaza MS FY12	-	1,592	1,592	-
General Adult Education FY13	34,586	34,586	34,586	-
Girls on the Run Program-Rosemont ES FY14	-	2,043	1,202	841
Green Run Collegiate Charter Start Up FY13	-	17,718	17,718	-
Green Run Collegiate Support FY14	-	25,000	20,200	4,800
Inclusion Leadership Support-Salem HS FY13	-	757	300	457
Industry Credentials for Students FY14	57,201	73,640	73,640	-
ISAEP FY14	62,170	62,869	62,869	-
Jail Education Program FY14	213,253	213,425	198,211	15,214
Juvenile Detention Center FY13 LQ	-	744,697	709,862	34,835
Juvenile Detention Center FY14	915,513	-	-	-
Juvenile Detention Center FY14 LQ	-	925,913	202,495	723,418
LENS FY12	-	47,056	45,153	1,903
LENS FY13	-	3,845	3,845	-
LENS FY14	-	77,864	3,885	73,979
LTG (RET) Pete Taylor Partnership Excell. FY14	-	7,500	921	6,579
McKinney Homeless FY13	6,600	529	529	-
McKinney Homeless FY14	70,000	70,000	67,452	2,548
MyCAA - ALC Courses FY14	5,000	2,869	2,869	-
MyCAA - LPN Program FY14	10,000	-	-	-
Nat'l Board Certified Teachers Stipend FY14	265,000	285,000	285,000	-
New Teacher Mentor FY14	59,325	34,303	34,303	-
NJROTC FY14	-	34,256	34,256	-
Opportunity Inc. - STEM Grant FY13	48,663	73,290	65,822	7,468

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
SCHOOL GRANTS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

Source	Original Budget	Final Budget	Actual	Variance Positive (Negative)
EXPENDITURES (continued)				
Instruction (continued)				
Opportunity Inc. - STEM Grant FY14	\$ 180,450	\$ 220,000	\$ 133,467	\$ 86,533
Opportunity Inc. - Adult Learning Center FY14	-	104,000	2,208	101,792
Positive Behavior Interventions & Support FY14	-	33,998	3,695	30,303
Preschool Incentive Grant FY12	-	5,317	5,317	-
Preschool Incentive Grant FY13	181,445	141,404	130,745	10,659
Preschool Incentive Grant FY14	494,934	466,975	351,959	115,016
Project Hope - City Wide SCA FY14	-	4,883	-	4,883
Race to GED FY14	64,188	64,188	64,188	-
Region 2 Teacher of the Year Award FY14	-	538	538	-
School Improvement - Title VI B FY14	-	83,207	9,741	73,466
School Security Equipment Grant FY14	-	13,409	13,409	-
SpEd Gov's STEM Acad.-Landstown HS FY14	-	21,401	-	21,401
Startalk Elementary Chinese Academy FY13	57,866	54,199	54,199	-
Startalk Elementary Chinese Academy FY14	-	78,871	11,664	67,207
STEM Teacher Recruitment/Retention FY14	-	5,000	5,000	-
Title I Part A 128-12 FY12	-	173,913	173,913	-
Title I Part A 128-13 FY13	3,141,259	2,357,344	2,324,919	32,425
Title I Part A 128-14 FY14	9,500,418	8,986,796	6,465,624	2,521,172
Title I Part D Subpart 1 FY13	21,270	27,359	15,467	11,892
Title I Part D Subpart 1 FY14	35,103	5,000	-	5,000
Title I Part D Subpart 2 FY12	-	11,598	11,598	-
Title I Part D Subpart 2 FY13	138,904	139,166	125,272	13,894
Title I Part D Subpart 2 FY14	178,539	203,293	44,938	158,355
Title II NCLB128-12 FY12	48,086	29,261	29,261	-
Title II NCLB128-13 FY13	215,741	455,905	376,652	79,253
Title II NCLB128-14 FY14	2,280,681	2,171,706	1,886,521	285,185
Title III Part A Immigrant & Youth FY14	-	88,246	61,541	26,705
Title III Part A Language Acquisition FY12	13,258	15,269	15,269	-
Title III Part A Language Acquisition FY13	116,011	114,675	112,347	2,328
Title III Part A Language Acquisition FY14	116,011	103,983	5,083	98,900
Title IV Pell Grant FY14	-	34,878	34,878	-
Title IV Part B 21st CCLC-Bayside MS FY13	49,729	72,104	72,104	-
Title IV Part B 21st CCLC-Tri Campus FY13	50,780	87,423	87,423	-
Title IV Part B 21st CCLC-Bayside MS FY14	185,320	185,483	143,970	41,513
Title IV Part B 21st CCLC-Williams ES FY14	197,500	197,500	82,892	114,608
Title VI B PL 105-17 FY12	-	860,637	860,637	-
Title VI B PL 105-17 FY13	8,592,922	5,915,589	5,915,589	-
Title VI B PL 105-17 FY14	14,505,627	13,458,696	10,392,054	3,066,642
VA Geographic Alliance FY11	-	2,229	2,194	35
VA Incentive Program for Speech Lang. FY14	22,607	-	-	-
VA Initiative-At Risk Four-Year Olds FY12	-	10,000	10,000	-
VA Initiative-At Risk Four-Year Olds FY14	4,224,000	4,224,000	4,080,561	143,439
VA Star FY12	-	504	-	504
Virginia Bch Police Benevolent Assoc. FY10	-	1,062	1,056	6
Virginia Middle School Teacher Corps. FY14	45,000	40,000	40,000	-
Virtual VA Advanced Placement FY14	-	6,885	6,885	-
Contingency	7,200,000	7,781,967	-	7,781,967
Total Instruction	\$ 57,636,223	\$ 57,479,561	\$ 40,200,268	\$ 17,279,293

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
SCHOOL GRANTS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

Source	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Technology				
Adult Education & Family Literacy Act - FY14	\$ 1,000	\$ 1,000	\$ 1,000	\$ -
Career & Technical Education Equipment FY14	-	83,412	83,412	-
C. Perkins Vocational & Tech. Act FY14	101,658	217,520	161,875	55,645
DoDEA MCASP FY12	1,000	55,827	55,827	-
DoDEA MCASP FY13	144,500	122,588	84,722	37,866
DoDEA MCASP Operation PRIDE FY14	-	159,015	121,027	37,988
DoDEA S-FLEP FY13	100	-	-	-
Early Reading Initiative FY14	-	5,143	3,143	2,000
ISAEP FY14	699	-	-	-
Jail Education Program FY14	4,850	7,872	3,377	4,495
Juvenile Detention Center FY13 LQ	-	7,036	6,262	774
Juvenile Detention Center FY14	6,200	-	-	-
Juvenile Detention Center FY14 LQ	-	8,390	-	8,390
LENS FY13	-	1,020	1,020	-
LENS FY14	-	375	-	375
Opportunity Inc. - STEM Grant FY14	-	-	100	(100)
Preschool Incentive Grant FY13	3,000	3,208	1,255	1,953
Preschool Incentive Grant FY14	6,387	8,000	-	8,000
School Improvement - Title VI B FY14	-	36,793	-	36,793
School Security Equipment Grant FY14	-	111,591	111,591	-
SpEd Gov's STEM Acad.-Landstown HS FY14	-	599	-	599
Startalk Elementary Chinese Academy FY14	-	575	611	(36)
Supplemental Tech. Initiative-Bayside MS FY14	-	31,200	31,200	-
Supplemental Tech. Initiative-Williams ES FY14	31,536	31,200	31,200	-
Technology Initiative FY11	153,825	24,460	24,460	-
Technology Initiative FY12	2,587,200	2,184,652	2,179,452	5,200
Technology Initiative FY13	2,618,400	2,592,400	2,278,588	313,812
Technology Initiative FY14	2,618,400	2,618,400	1,553,317	1,065,083
Title I Part A 128-13 FY13	258,000	290,218	290,218	-
Title I Part A 128-14 FY14	423,803	754,001	816,048	(62,047)
Title I Part D Subpart 1 FY13	-	6,865	481	6,384
Title I Part D Subpart 2 FY12	-	32,240	32,240	-
Title I Part D Subpart 2 FY13	9,750	17,464	17,464	-
Title I Part D Subpart 2 FY14	13,500	54,250	10,093	44,157
Title II NCLB128-14 FY14	-	2,500	-	2,500
Title III Part A Language Acquisition FY14	-	20	20	-
Title IV Part B 21st CCLC-Tri Campus FY13	-	80	80	-
Title IV Part B 21st CCLC-Bayside MS FY14	2,500	2,337	1,036	1,301
Title IV Part B 21st CCLC-Williams ES FY14	2,500	2,500	-	2,500
Title VI B PL 105-17 FY14	415,000	85,719	4,704	81,015
Total Technology	<u>\$ 9,403,808</u>	<u>\$ 9,560,470</u>	<u>\$ 7,905,823</u>	<u>\$ 1,654,647</u>
Total Expenditures	<u>\$ 67,040,031</u>	<u>\$ 67,040,031</u>	<u>\$ 48,106,091</u>	<u>\$ 18,933,940</u>

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
SCHOOL GRANTS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

Source	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<u>EXCESS (DEFICIENCY) OF REVENUES</u>				
<u>OVER (UNDER) EXPENDITURES</u>	\$ (3,044,467)	\$ (4,246,248)	\$ (3,187,275)	\$ 1,058,973
<u>OTHER FINANCING SOURCES</u>				
Transfers In	\$ 3,044,467	\$ 4,246,248	\$ 3,185,724	\$ (1,060,524)
<u>NET CHANGE IN FUND BALANCE</u>	-	-	(1,551)	(1,551)
<u>FUND BALANCE - JULY 1</u>	1,060,524	1,060,524	1,060,524	-
<u>FUND BALANCE - JUNE 30</u>	\$ 1,060,524	\$ 1,060,524	\$ 1,058,973	\$ (1,551)

CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	School Cafeterias	School Communication Towers/ Technology	School Vending Operations	School Equipment Replacement	Totals
<u>ASSETS</u>					
Cash and Temporary Investments	\$ 5,395,017	\$ 3,094,076	\$ 89,119	\$ 1,475,942	\$ 10,054,154
Due from Federal Government	713,901	-	-	-	713,901
Inventories	754,794	-	-	-	754,794
Prepaid Items	4,345	-	-	-	4,345
Total Assets	<u>\$ 6,868,057</u>	<u>\$ 3,094,076</u>	<u>\$ 89,119</u>	<u>\$ 1,475,942</u>	<u>\$ 11,527,194</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Salaries Payable	\$ 907,361	\$ -	\$ 7	\$ -	\$ 907,368
Vouchers and Accounts Payable	299,161	11,636	226	-	311,023
Deposits Payable	-	75,000	-	-	75,000
Unearned Revenue	345,528	44,463	-	-	389,991
Total Liabilities	<u>\$ 1,552,050</u>	<u>\$ 131,099</u>	<u>\$ 233</u>	<u>\$ -</u>	<u>\$ 1,683,382</u>
Fund Balances:					
Nonspendable	\$ 759,139	\$ -	\$ -	\$ -	\$ 759,139
Restricted	4,556,868	-	-	-	4,556,868
Assigned	-	2,962,977	88,886	1,475,942	4,527,805
Total Fund Balances	<u>\$ 5,316,007</u>	<u>\$ 2,962,977</u>	<u>\$ 88,886</u>	<u>\$ 1,475,942</u>	<u>\$ 9,843,812</u>
Total Liabilities and Fund Balances	<u>\$ 6,868,057</u>	<u>\$ 3,094,076</u>	<u>\$ 89,119</u>	<u>\$ 1,475,942</u>	<u>\$ 11,527,194</u>

CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	School Cafeterias	School Communication Towers/ Technology	School Vending Operations	School Equipment Replacement	Totals
<u>REVENUES</u>					
From Use of Money and Property	\$ 11,390	\$ 544,780	\$ 173	\$ 3,239	\$ 559,582
Charges for Services	11,807,261	-	192,550	-	11,999,811
Miscellaneous	240,516	-	-	-	240,516
From Commonwealth	479,200	-	-	-	479,200
From Federal Government	16,266,516	-	-	-	16,266,516
Total Revenues	<u>\$ 28,804,883</u>	<u>\$ 544,780</u>	<u>\$ 192,723</u>	<u>\$ 3,239</u>	<u>\$ 29,545,625</u>
<u>EXPENDITURES</u>					
Instruction	\$ -	\$ -	\$ 302,073	\$ 307,455	\$ 609,528
Cafeterias	28,369,866	-	-	-	28,369,866
Technology	75,661	441,086	-	-	516,747
Total Expenditures	<u>\$ 28,445,527</u>	<u>\$ 441,086</u>	<u>\$ 302,073</u>	<u>\$ 307,455</u>	<u>\$ 29,496,141</u>
<u>EXCESS (DEFICIENCY) OF REVENUES</u>					
<u>OVER (UNDER) EXPENDITURES</u>	<u>\$ 359,356</u>	<u>\$ 103,694</u>	<u>\$ (109,350)</u>	<u>\$ (304,216)</u>	<u>\$ 49,484</u>
<u>NET CHANGE IN FUND BALANCES</u>					
	359,356	103,694	(109,350)	(304,216)	49,484
<u>FUND BALANCES - JULY 1</u>					
	<u>4,956,651</u>	<u>2,859,283</u>	<u>198,236</u>	<u>1,780,158</u>	<u>9,794,328</u>
<u>FUND BALANCES - JUNE 30</u>					
	<u>\$ 5,316,007</u>	<u>\$ 2,962,977</u>	<u>\$ 88,886</u>	<u>\$ 1,475,942</u>	<u>\$ 9,843,812</u>

CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2014

	School Risk Management	School Health Insurance	Totals
<u>ASSETS</u>			
Cash and Investments	\$ 9,265,363	\$ 21,129,618	\$ 30,394,981
Accounts Receivable	-	370,683	370,683
Due from Commonwealth	-	133,308	133,308
Prepaid Items	22,136	-	22,136
Total Assets	<u>\$ 9,287,499</u>	<u>\$ 21,633,609</u>	<u>\$ 30,921,108</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Salaries Payable	\$ 400	\$ 26	\$ 426
Vouchers and Accounts Payable	240,250	239,573	479,823
Unearned Revenue	-	7,177,107	7,177,107
Estimated Claims and Judgments (due within one year)	5,922,000	7,044,000	12,966,000
Total Current Liabilities	<u>\$ 6,162,650</u>	<u>\$ 14,460,706</u>	<u>\$ 20,623,356</u>
Noncurrent Liabilities:			
Estimated Claims and Judgments (due in more than one year)	1,974,000	2,348,000	4,322,000
Total Liabilities	<u>\$ 8,136,650</u>	<u>\$ 16,808,706</u>	<u>\$ 24,945,356</u>
<u>NET POSITION</u>			
Unrestricted	<u>\$ 1,150,849</u>	<u>\$ 4,824,903</u>	<u>\$ 5,975,752</u>

CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	School Risk Management	School Health Insurance	Totals
<u>OPERATING REVENUES</u>			
Charges for Services	\$ 6,305,724	\$ 134,156,587	\$ 140,462,311
Miscellaneous Revenue	34,977	-	34,977
Total Operating Revenues	<u>\$ 6,340,701</u>	<u>\$ 134,156,587</u>	<u>\$ 140,497,288</u>
<u>OPERATING EXPENSES</u>			
Personnel Services	\$ 345,778	\$ 290,137	\$ 635,915
Fringe Benefits	128,595	93,707	222,302
Other Charges	6,246,280	136,996,279	143,242,559
Total Operating Expenses	<u>\$ 6,720,653</u>	<u>\$ 137,380,123</u>	<u>\$ 144,100,776</u>
<u>OPERATING INCOME (LOSS)</u>	<u>\$ (379,952)</u>	<u>\$ (3,223,536)</u>	<u>\$ (3,603,488)</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>			
Interest Income	<u>\$ 19,568</u>	<u>\$ 32,354</u>	<u>\$ 51,922</u>
<u>CHANGE IN NET POSITION</u>	(360,384)	(3,191,182)	(3,551,566)
<u>TOTAL NET POSITION - JULY 1</u>	<u>1,511,233</u>	<u>8,016,085</u>	<u>9,527,318</u>
<u>TOTAL NET POSITION - JUNE 30</u>	<u><u>\$ 1,150,849</u></u>	<u><u>\$ 4,824,903</u></u>	<u><u>\$ 5,975,752</u></u>

CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	School Risk Management	School Health Insurance	Totals
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>			
Receipts from Customers and Users	\$ 6,349,054	\$ 134,541,097	\$ 140,890,151
Payments to Vendors for Goods and Services	(5,333,365)	(136,466,823)	(141,800,188)
Payments to Employees for Services	(474,116)	(385,094)	(859,210)
Net Cash Provided By Operating Activities	<u>\$ 541,573</u>	<u>\$ (2,310,820)</u>	<u>\$ (1,769,247)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>			
Interest Received on Investments	<u>\$ 19,568</u>	<u>\$ 32,354</u>	<u>\$ 51,922</u>
Net Increase (Decrease) in Cash and Temporary Investments	561,141	(2,278,466)	(1,717,325)
Cash and Temporary Investments, July 1	<u>8,704,222</u>	<u>23,408,084</u>	<u>32,112,306</u>
Cash and Temporary Investments, June 30	<u><u>\$ 9,265,363</u></u>	<u><u>\$ 21,129,618</u></u>	<u><u>\$ 30,394,981</u></u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO</u>			
<u>NET CASH PROVIDED BY OPERATING ACTIVITIES:</u>			
Operating Income (Loss)	\$ (379,952)	\$ (3,223,536)	\$ (3,603,488)
Adjustments to Reconcile Operating Income (Loss) to			
Net Cash Provided by Operating Activities:			
(Increase) Decrease in Accounts Receivable	8,353	(6,412)	1,941
(Increase) Decrease in Due from Commonwealth	-	(13,292)	(13,292)
(Increase) Decrease in Prepaid Items	88,103	-	88,103
Increase (Decrease) in Salaries Payable	257	(1,250)	(993)
Increase (Decrease) in Vouchers and Accounts Payable	200,812	(284,544)	(83,732)
Increase (Decrease) in Unearned Revenue	-	404,214	404,214
Increase (Decrease) in Estimated Claims and Judgments	624,000	814,000	1,438,000
Total Adjustments	<u>\$ 921,525</u>	<u>\$ 912,716</u>	<u>\$ 1,834,241</u>
Net Cash Provided By Operating Activities	<u><u>\$ 541,573</u></u>	<u><u>\$ (2,310,820)</u></u>	<u><u>\$ (1,769,247)</u></u>

CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
<u>PAYROLL DEDUCTIONS</u>				
<u>ASSETS</u>				
Cash and Temporary Investments	\$ 4,733,022	\$ 128,709,589	\$ 128,317,332	\$ 5,125,279
Due from Federal Government	413	228	413	228
Total Assets	<u>\$ 4,733,435</u>	<u>\$ 128,709,817</u>	<u>\$ 128,317,745</u>	<u>\$ 5,125,507</u>
<u>LIABILITIES</u>				
Vouchers and Accounts Payable	<u>\$ 4,733,435</u>	<u>\$ 128,709,817</u>	<u>\$ 128,317,745</u>	<u>\$ 5,125,507</u>
<u>FRINGE BENEFITS</u>				
<u>ASSETS</u>				
Cash and Temporary Investments	\$ 8,367,617	\$ 103,105,026	\$ 103,554,274	\$ 7,918,369
Due From Federal Government	171	-	171	-
Total Assets	<u>\$ 8,367,788</u>	<u>\$ 103,105,026</u>	<u>\$ 103,554,445</u>	<u>\$ 7,918,369</u>
<u>LIABILITIES</u>				
Vouchers and Accounts Payable	<u>\$ 8,367,788</u>	<u>\$ 103,105,026</u>	<u>\$ 103,554,445</u>	<u>\$ 7,918,369</u>
<u>SCHOOL ACTIVITY ACCOUNTS</u>				
<u>ASSETS</u>				
Cash and Temporary Investments	<u>\$ 3,821,926</u>	<u>\$ 12,009,527</u>	<u>\$ 12,291,714</u>	<u>\$ 3,539,739</u>
<u>LIABILITIES</u>				
Vouchers and Accounts Payable	<u>\$ 3,821,926</u>	<u>\$ 12,009,527</u>	<u>\$ 12,291,714</u>	<u>\$ 3,539,739</u>
<u>TOTAL - AGENCY FUNDS</u>				
<u>ASSETS</u>				
Cash and Temporary Investments	\$ 16,922,565	\$ 243,824,142	\$ 244,163,320	\$ 16,583,387
Due from Federal Government	584	228	584	228
Total Assets	<u>\$ 16,923,149</u>	<u>\$ 243,824,370</u>	<u>\$ 244,163,904</u>	<u>\$ 16,583,615</u>
<u>LIABILITIES</u>				
Vouchers and Accounts Payable	<u>\$ 16,923,149</u>	<u>\$ 243,824,370</u>	<u>\$ 244,163,904</u>	<u>\$ 16,583,615</u>

STATISTICAL SECTION

Statistical Section

This part of the City of Virginia Beach comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends	231
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Revenue Capacity	238
These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.	
Debt Capacity	243
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
Demographic and Economic Information	247
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.	
Operating Information	250
These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	
Schedule of the Treasurer's Cash Accountability	252
This schedule contains information about the City's deposits and investments.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented Statement 34 in 2002. Schedules presenting government-wide information begin in that year. Tables are noted where information was not available.

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CITY OF VIRGINIA BEACH, VIRGINIA
NET POSITION BY COMPONENT
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Unaudited)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<u>Governmental Activities</u>										
Net Investment in Capital Assets	\$ 1,870,618,904	\$ 1,951,641,519	\$ 2,052,211,968	\$ 2,135,340,973	\$ 2,325,729,590	\$ 2,389,856,033	\$ 2,458,877,944	\$ 2,383,146,998	\$ 2,428,253,890	\$ 2,273,830,446
Restricted	61,524,387	50,526,035	42,538,035	70,189,359	48,960,721	48,158,594	63,015,179	38,529,754	40,925,256	272,044,037
Unrestricted	95,315,158	114,120,819	73,594,691	89,556,643	63,956,631	21,851,492	16,225,877	216,468,300	203,260,167	168,304,006
Total Governmental Activities Net Position	<u>\$ 2,027,458,449</u>	<u>\$ 2,116,288,373</u>	<u>\$ 2,168,344,694</u>	<u>\$ 2,295,086,975</u>	<u>\$ 2,438,646,942</u>	<u>\$ 2,459,866,119</u>	<u>\$ 2,538,119,000</u>	<u>\$ 2,638,145,052</u>	<u>\$ 2,672,439,313</u>	<u>\$ 2,714,178,489</u>
<u>Business-type Activities</u>										
Net Investment in Capital Assets	\$ 652,587,954	\$ 655,303,756	\$ 658,871,000	\$ 665,969,934	\$ 677,714,227	\$ 690,413,751	\$ 699,132,196	\$ 740,710,253	\$ 790,083,898	\$ 716,074,522
Restricted	97,751,915	106,104,443	117,241,789	133,124,575	118,523,348	131,592,999	134,034,758	134,288,475	132,851,393	249,548,491
Unrestricted	831,059	1,280,507	1,531,804	1,316,241	18,205,841	3,688,816	4,547,713	32,339,713	23,258,816	29,249,082
Total Business-type Activities Net Position	<u>\$ 751,170,928</u>	<u>\$ 762,688,706</u>	<u>\$ 777,644,593</u>	<u>\$ 800,410,750</u>	<u>\$ 814,443,416</u>	<u>\$ 825,695,566</u>	<u>\$ 837,714,667</u>	<u>\$ 907,338,441</u>	<u>\$ 946,194,107</u>	<u>\$ 994,872,095</u>
<u>Primary Government</u>										
Net Investment in Capital Assets	\$ 2,523,206,858	\$ 2,606,945,275	\$ 2,711,082,968	\$ 2,801,310,907	\$ 3,003,443,817	\$ 3,080,269,784	\$ 3,158,010,140	\$ 3,123,857,251	\$ 3,218,337,788	\$ 2,989,904,968
Restricted	159,276,302	156,630,478	159,779,824	203,313,934	167,484,069	179,751,593	197,049,937	172,818,229	173,776,649	521,592,528
Unrestricted	96,146,217	115,401,326	75,126,495	90,872,884	82,162,472	25,540,308	20,773,590	248,808,013	226,518,983	197,553,088
Total Primary Government Net Position	<u>\$ 2,778,629,377</u>	<u>\$ 2,878,977,079</u>	<u>\$ 2,945,989,287</u>	<u>\$ 3,095,497,725</u>	<u>\$ 3,253,090,358</u>	<u>\$ 3,285,561,685</u>	<u>\$ 3,375,833,667</u>	<u>\$ 3,545,483,493</u>	<u>\$ 3,618,633,420</u>	<u>\$ 3,709,050,584</u>

CITY OF VIRGINIA BEACH, VIRGINIA
CHANGES IN NET POSITION
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Unaudited)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental Activities:										
Legislative	\$ 1,068,789	\$ 1,148,231	\$ 1,210,187	\$ 1,190,152	\$ 1,234,039	\$ 1,101,059	\$ 1,105,878	\$ 1,090,648	\$ 1,273,769	\$ 1,189,512
Executive	2,357,456	2,333,573	3,633,899	3,595,144	3,443,993	2,960,506	2,513,730	2,780,170	2,596,006	2,498,694
Law	3,254,158	3,682,586	3,587,873	3,708,452	3,673,299	3,486,020	3,599,766	3,666,859	3,679,233	3,937,096
Finance	16,059,407	16,595,809	16,216,901	16,661,856	16,644,600	16,925,748	16,912,340	17,775,815	18,015,281	18,521,840
Human Resources	6,172,047	7,194,174	7,839,373	13,400,793	12,879,203	8,494,623	8,222,168	9,055,986	9,916,732	10,479,994
Judicial	39,564,502	44,249,522	48,721,693	49,472,871	50,631,227	48,468,317	49,738,210	51,871,482	53,427,866	56,389,216
Health	2,855,928	2,935,714	3,123,044	3,220,239	3,074,767	2,987,001	2,939,495	2,931,361	2,871,475	3,126,176
Police	73,577,299	77,546,607	84,975,027	88,937,127	88,212,314	86,602,182	87,550,834	89,806,841	94,306,684	98,885,662
Human Services	87,080,754	92,858,627	98,924,690	108,144,955	115,430,632	120,191,660	113,614,181	112,331,388	108,913,384	110,266,430
Public Works	134,770,994	117,466,722	139,806,780	125,719,748	135,063,747	156,433,035	144,084,373	195,557,135	197,205,942	201,565,478
Parks and Recreation	43,768,959	42,723,800	43,896,040	44,780,014	44,221,519	45,258,239	42,919,471	42,619,362	44,461,864	46,944,369
Library	16,346,257	16,986,896	15,873,880	15,845,140	15,685,382	16,053,738	15,258,538	15,639,419	16,135,167	17,811,215
Planning	9,751,358	9,910,293	9,849,490	10,286,282	10,293,506	10,138,645	9,350,124	9,454,772	9,390,272	9,788,352
Agriculture	1,063,296	1,079,789	1,055,102	937,265	1,044,767	911,927	2,844,410	811,303	882,778	889,198
Economic Development	1,847,524	1,919,560	2,522,273	2,168,890	2,669,517	2,260,972	1,989,067	2,195,509	942,848	1,531,524
Convention and Visitor Development	41,784,374	25,478,450	23,659,756	30,236,487	28,319,158	26,441,351	24,450,034	25,211,351	24,259,211	21,970,212
Communication and Information Technology	6,166,747	6,328,211	21,791,364	19,895,881	31,930,685	23,892,765	24,975,516	27,113,853	28,524,903	35,271,946
Emergency Communications and Citizen Services	-	-	-	-	-	8,286,906	8,233,437	8,644,135	8,585,726	8,948,709
Boards and Commissions	12,526,023	14,596,241	19,192,200	31,611,562	28,283,987	28,838,862	29,809,481	30,813,011	28,150,540	28,205,251
Fire	37,980,843	38,446,066	42,765,415	43,731,113	44,748,877	46,923,435	46,496,015	48,604,326	49,299,627	52,577,157
Management Services	3,092,356	3,234,762	3,542,392	3,704,939	3,607,392	3,905,792	1,452,377	1,488,732	1,600,743	1,466,132
Education	311,448,492	319,810,179	357,791,746	363,554,215	370,277,459	358,870,557	362,627,543	346,343,221	371,831,366	376,409,572
Housing and Neighborhood Preservation	19,566,425	17,870,757	21,500,671	22,857,744	22,813,746	22,992,624	25,286,359	25,102,010	27,094,230	26,185,221
Museums	7,492,376	7,844,418	8,842,411	7,854,366	8,148,195	8,491,250	8,812,689	9,524,054	9,557,237	10,314,480
Emergency Medical Services	6,077,137	6,841,877	7,392,858	7,251,081	7,320,448	7,595,142	7,693,052	8,667,955	8,911,501	10,052,359
Strategic Growth Area	-	-	-	-	-	-	-	1,011,323	940,819	1,254,362
General Government	54,789,640	25,652,192	51,462,207	22,967,787	16,825,353	35,592,598	22,315,404	6,689,626	2,785,087	1,657,913
Interest on Long-term Debt	39,969,923	42,544,140	42,652,225	46,906,778	48,918,428	73,058,398	42,665,372	48,481,522	35,483,724	32,290,625
Total Governmental Activities Expenses	\$ 980,433,064	\$ 947,279,196	\$ 1,081,829,497	\$ 1,088,640,881	\$ 1,115,396,240	\$ 1,167,163,352	\$ 1,107,459,864	\$ 1,145,283,688	\$ 1,161,044,015	\$ 1,190,428,695
Business-Type Activities:										
Water and Sewer	\$ 84,634,492	\$ 90,434,001	\$ 90,745,302	\$ 94,410,608	\$ 95,332,140	\$ 96,891,679	\$ 104,625,349	\$ 102,310,240	\$ 103,110,267	\$ 107,549,122
Storm Water	13,257,532	15,191,577	14,420,597	14,231,356	13,027,354	13,116,763	14,178,468	15,650,645	16,592,160	19,561,223
Development Authority	-	-	-	-	-	-	-	-	11,210,520	10,154,302
Resort Parking	1,742,820	1,388,167	1,636,979	1,675,539	1,430,534	1,357,625	1,603,150	1,973,867	1,668,933	1,902,855
Total Business-type Activities Expenses	\$ 99,634,844	\$ 107,013,745	\$ 106,802,878	\$ 110,317,503	\$ 109,790,028	\$ 111,366,067	\$ 120,406,967	\$ 119,934,752	\$ 132,581,880	\$ 139,167,502
Total Primary Government Expenses	\$ 1,080,067,908	\$ 1,054,292,941	\$ 1,188,632,375	\$ 1,198,958,384	\$ 1,225,186,268	\$ 1,278,529,419	\$ 1,227,866,831	\$ 1,265,218,440	\$ 1,293,625,895	\$ 1,329,596,197
Program Revenues										
Governmental Activities:										
Charges for services:										
Judicial	\$ 3,217,122	\$ 3,307,011	\$ 3,981,479	\$ 4,025,927	\$ 3,946,053	\$ 4,993,137	\$ 4,402,463	\$ 5,377,347	\$ 3,688,139	\$ 3,101,433
Police	1,444,457	1,162,299	1,029,473	1,425,005	1,567,617	3,436,506	4,026,448	3,670,550	3,747,317	3,472,080
Human Services	3,315,732	2,417,055	3,318,504	3,383,220	4,723,828	4,952,643	23,797,305	24,322,382	23,782,371	25,031,069
Public Works	1,902,690	2,926,714	3,562,368	1,810,874	3,469,383	10,299,832	6,743,429	13,465,436	30,845,235	44,380,916
Parks and Recreation	12,266,970	12,737,487	14,466,702	14,586,938	14,620,812	14,660,279	14,405,985	13,876,204	14,891,219	15,114,163
Library	589,842	553,406	648,003	672,183	679,091	617,088	760,480	706,607	728,317	760,734
Planning	5,503,737	6,378,599	5,936,100	5,307,304	4,026,124	4,076,448	4,097,287	4,265,630	4,432,198	4,496,079
Agriculture	88,697	123,007	162,355	145,130	145,454	164,684	127,156	170,091	52,893	55,585
Economic Development	-	-	-	691,207	-	-	-	-	-	-
Convention and Visitor Development	1,284,839	2,066,935	3,444,555	3,012,735	3,506,706	4,706,217	5,067,297	5,313,030	5,437,203	5,484,357
Fire	181,804	184,929	271,360	202,543	354,061	406,679	409,613	346,680	414,091	141,747
Housing and Neighborhood Preservation	259,014	207,385	478,923	183,588	174,560	312,489	215,523	1,170,964	1,831,674	2,033,427

Fiscal Year

Program Revenues (continued)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental Activities: (continued)										
Charges for services: (continued)										
Museums	\$ 5,522,133	\$ 5,952,650	\$ 6,371,707	\$ 5,547,623	\$ 5,493,504	\$ 6,609,514	\$ 7,208,895	\$ 7,548,640	\$ 8,073,443	\$ 7,701,899
General Government	8,725,746	9,416,710	10,177,882	10,412,161	9,756,013	8,777,127	8,096,615	7,395,885	7,535,955	7,532,896
Other Activities	389,396	381,996	352,329	975,039	524,362	508,565	545,787	497,376	551,983	3,590,913
Operating grants and contributions	151,298,914	157,781,650	169,205,494	189,987,751	202,479,091	214,751,488	195,543,654	169,430,851	166,149,172	163,734,763
Capital grants and contributions	63,449,638	26,653,064	39,329,430	49,331,573	88,794,495	30,731,118	32,767,792	41,572,819	37,502,486	69,771,674
Total Governmental Activities Program Revenues	\$ 259,440,731	\$ 232,250,897	\$ 262,736,664	\$ 291,700,801	\$ 344,261,154	\$ 310,003,814	\$ 308,215,729	\$ 299,130,492	\$ 309,663,696	\$ 356,403,735
Business-type Activities:										
Charges for services:										
Water and Sewer	\$ 82,148,096	\$ 89,378,218	\$ 93,104,033	\$ 97,364,528	\$ 95,308,313	\$ 98,568,890	\$ 102,398,524	\$ 109,200,204	\$ 115,160,670	\$ 122,079,274
Storm Water	13,812,037	12,351,619	14,537,968	15,728,693	17,559,488	19,285,386	21,321,426	27,841,165	32,721,540	37,087,519
Development Authority	-	-	-	-	-	-	-	-	2,630,055	189,011
Parking	2,453,757	2,624,955	2,259,617	2,319,168	2,390,391	2,420,174	3,213,279	2,879,725	3,134,711	2,879,228
Operating grants and contributions	4,971,618	5,182,290	5,405,170	5,602,177	5,216,559	5,222,410	3,569,248	1,306,092	-	-
Capital grants and contributions	3,336,142	6,103,382	1,257,077	6,491,686	2,442,568	628,640	1,877,989	974,355	1,945,692	7,507,130
Total Business-type Activities Program Revenues	\$ 106,721,650	\$ 115,640,464	\$ 116,563,865	\$ 127,506,252	\$ 122,917,319	\$ 126,125,500	\$ 132,380,466	\$ 142,201,541	\$ 155,592,668	\$ 169,742,162
Total Primary Government Program Revenues	\$ 366,162,381	\$ 347,891,361	\$ 379,300,529	\$ 419,207,053	\$ 467,178,473	\$ 436,129,314	\$ 440,596,195	\$ 441,332,033	\$ 465,256,364	\$ 526,145,897

Net (Expenses) Revenues

Governmental Activities	\$ (720,992,333)	\$ (715,028,299)	\$ (819,092,833)	\$ (796,940,080)	\$ (771,135,086)	\$ (857,159,538)	\$ (799,244,135)	\$ (846,153,196)	\$ (851,380,319)	\$ (834,024,960)
Business-type Activities	7,086,806	8,626,719	9,760,987	17,188,749	13,127,291	14,759,433	11,973,499	22,266,789	23,010,788	30,574,660
Total Primary Government Net Expenses	\$ (713,905,527)	\$ (706,401,580)	\$ (809,331,846)	\$ (779,751,331)	\$ (758,007,795)	\$ (842,400,105)	\$ (787,270,636)	\$ (823,886,407)	\$ (828,369,531)	\$ (803,450,300)

General Revenues and Other Changes in Net Position

Governmental Activities:										
Taxes:										
General Property Taxes -										
Real Estate & Personal Property	\$ 436,458,576	\$ 465,863,881	\$ 528,091,785	\$ 576,420,840	\$ 589,973,045	\$ 558,423,911	\$ 537,521,503	\$ 537,843,813	\$ 551,950,361	\$ 543,960,594
Sales	49,623,269	51,544,664	54,125,457	54,121,980	51,007,274	50,331,672	51,945,150	53,038,789	55,995,114	55,990,140
Utility	40,227,571	40,876,918	39,229,570	42,071,272	47,340,874	46,023,992	47,159,975	43,074,104	46,635,170	42,665,494
Business Licenses	36,444,397	40,841,567	40,117,510	41,834,619	40,919,033	38,204,143	41,183,389	41,205,981	44,671,818	43,657,877
Meal	41,792,636	44,088,252	48,162,200	48,069,618	48,138,128	48,566,456	50,870,246	53,540,559	55,296,252	57,041,072
Lodging	19,687,529	21,598,763	23,364,668	23,623,107	22,734,965	22,919,279	24,401,106	25,624,528	26,265,622	26,252,617
Amusement	4,595,065	4,648,949	4,881,693	5,020,312	5,427,458	5,141,354	5,312,439	5,617,464	5,365,290	6,247,637
City Tax on Deeds and Wills	10,828,120	12,396,672	10,660,889	8,892,283	6,569,411	6,283,840	5,864,224	6,284,635	7,530,469	6,377,834
Cigarette	11,747,980	11,024,720	11,040,079	11,503,774	13,062,433	11,949,379	12,270,185	12,213,135	11,748,003	12,073,540
Automobile Licenses	8,845,748	8,935,321	8,815,226	8,945,576	8,985,629	8,654,496	9,018,255	8,947,535	10,278,790	9,421,028
Emergency 911 Telephone	6,403,011	7,414,387	6,351,737	7,281,412	5,970	-	-	-	-	-
Other Taxes	6,323,789	7,124,271	6,759,400	9,074,242	8,875,610	9,871,136	10,981,669	10,770,992	11,049,732	10,231,840
Grants and contributions not restricted	56,977,798	62,678,516	53,506,370	53,413,358	53,413,096	53,413,134	67,913,073	53,414,000	53,412,868	53,412,868
Investment Earnings	5,049,118	14,718,334	15,401,732	16,206,742	7,727,438	4,067,799	1,755,326	9,351,455	199,920	3,557,973
Miscellaneous	13,353,979	10,103,008	15,799,971	15,295,906	13,178,417	14,528,124	11,300,476	9,789,639	5,275,171	22,454,268
Total Governmental Activities	\$ 748,358,586	\$ 803,858,223	\$ 866,308,287	\$ 921,775,041	\$ 917,358,781	\$ 878,378,715	\$ 877,497,016	\$ 870,716,629	\$ 885,674,580	\$ 893,344,782
Business-type Activities:										
Investment Earnings	\$ 1,899,612	\$ 3,701,118	\$ 5,599,105	\$ 6,003,643	\$ 2,820,444	\$ 943,565	\$ 761,924	\$ 264,732	\$ 586,174	\$ 522,661
Miscellaneous	(151,572)	(810,059)	(404,205)	(426,235)	(1,915,069)	(4,450,848)	(716,322)	1,303,678	15,258,704	21
Total Business-type Activities	\$ 1,748,040	\$ 2,891,059	\$ 5,194,900	\$ 5,577,408	\$ 905,375	\$ (3,507,283)	\$ 45,602	\$ 1,568,410	\$ 15,844,878	\$ 522,682
Total Primary Government	\$ 750,106,626	\$ 806,749,282	\$ 871,503,187	\$ 927,352,449	\$ 918,264,156	\$ 874,871,432	\$ 877,542,618	\$ 872,285,039	\$ 901,519,458	\$ 893,867,464
Change in Net Position										
Governmental Activities	\$ 27,366,253	\$ 88,829,924	\$ 47,215,454	\$ 124,834,961	\$ 146,223,695	\$ 21,219,177	\$ 78,252,881	\$ 24,563,433	\$ 34,294,261	\$ 41,739,179
Business-type Activities	8,834,846	11,517,778	14,955,887	22,766,157	14,032,666	11,252,150	12,019,101	23,835,199	38,855,666	48,677,988
Total Primary Government	\$ 36,201,099	\$ 100,347,702	\$ 62,171,341	\$ 147,601,118	\$ 160,256,361	\$ 32,471,327	\$ 90,271,982	\$ 48,398,632	\$ 73,149,927	\$ 90,417,167

Source: City Department of Finance

Table 3

CITY OF VIRGINIA BEACH, VIRGINIA
FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Unaudited)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 453,056	\$ 506,339	\$ 581,099	\$ 7,482,460
Restricted	-	-	-	-	-	-	987,701	721,002	892,701	892,701
Committed	-	-	-	-	-	-	33,756,567	16,397,989	19,310,560	16,616,865
Assigned	-	-	-	-	-	-	41,286,701	69,462,951	65,524,909	50,789,758
Unassigned	-	-	-	-	-	-	113,003,754	103,961,151	102,363,793	96,084,791
Reserved	7,052,123	6,615,475	6,466,689	10,977,275	11,202,854	9,763,249	-	-	-	-
Unreserved	132,349,459	166,030,397	170,036,346	182,087,766	152,478,269	169,216,410	-	-	-	-
Total General Fund	<u>\$ 139,401,582</u>	<u>\$ 172,645,872</u>	<u>\$ 176,503,035</u>	<u>\$ 193,065,041</u>	<u>\$ 163,681,123</u>	<u>\$ 178,979,659</u>	<u>\$ 189,487,779</u>	<u>\$ 191,049,432</u>	<u>\$ 188,673,062</u>	<u>\$ 171,866,575</u>
All Other Governmental Funds										
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 36,583,676	\$ 42,910,053	\$ 40,032,555	\$ 41,303,255
Committed	-	-	-	-	-	-	205,254,077	337,853,345	302,868,839	321,477,382
Assigned	-	-	-	-	-	-	133,709,715	6,583,170	3,841,898	8,601,614
Unassigned	-	-	-	-	-	-	-	-	-	(554,019)
Reserved, Reported In:										
All Other Government Funds	114,948,188	107,021,467	96,940,059	81,311,197	96,319,671	102,057,848	-	-	-	-
Debt Service Funds	18,474,698	11,557,911	13,993,113	19,006,999	21,216,930	17,251,355	-	-	-	-
Unreserved, Reported In:										
Special Revenue Funds	100,134,839	88,309,522	94,795,858	102,397,382	93,673,677	80,861,278	-	-	-	-
Capital Projects Funds	-	-	80,549,409	87,513,646	126,587,633	156,110,046	-	-	-	-
Total All Other Governmental Funds	<u>\$ 233,557,725</u>	<u>\$ 206,888,900</u>	<u>\$ 286,278,439</u>	<u>\$ 290,229,224</u>	<u>\$ 337,797,911</u>	<u>\$ 356,280,527</u>	<u>\$ 375,547,468</u>	<u>\$ 387,346,568</u>	<u>\$ 346,743,292</u>	<u>\$ 370,828,232</u>

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CITY OF VIRGINIA BEACH, VIRGINIA
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Unaudited)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
REVENUES										
Real Estate Taxes	\$ 382,632,555	\$ 397,431,699	\$ 462,221,198	\$ 499,241,014	\$ 515,768,880	\$ 504,334,961	\$ 474,474,648	\$ 461,480,333	\$ 476,217,120	\$ 464,439,667
Personal Property Taxes	114,024,492	129,482,648	124,098,407	128,475,060	123,593,895	113,226,394	119,356,403	73,705,379	74,723,035	78,678,322
Total General Property Taxes	496,657,047	526,914,347	586,319,605	627,716,074	639,362,775	617,561,355	593,831,051	535,185,712	550,940,155	543,117,989
Other Local Taxes:										
General Sales	49,315,425	51,391,606	53,962,203	54,071,427	51,439,533	50,263,545	51,743,905	53,375,318	54,978,531	56,431,418
Utility	40,702,879	40,876,918	39,741,626	42,071,272	45,764,804	46,662,622	45,129,301	45,254,169	44,623,292	44,050,182
Business Licenses	36,444,397	40,611,370	39,931,411	41,801,475	41,047,807	38,092,610	41,281,806	41,129,895	44,224,356	44,027,381
Franchise Taxes-Cox Communications	4,644,304	4,863,393	5,178,485	5,487,236	5,891,384	6,256,632	6,827,422	6,962,320	7,192,940	7,531,593
Automobile Licenses	8,845,748	8,935,321	8,815,226	8,945,576	8,962,613	8,654,625	9,018,142	8,970,535	9,437,635	9,346,971
Bank Stock	1,427,672	1,623,110	1,520,710	2,261,296	2,071,296	2,667,046	3,029,323	2,615,883	2,354,647	2,151,058
City Tax on Deeds	10,663,918	12,339,628	10,501,703	8,803,558	6,492,325	6,218,098	5,796,601	6,203,751	7,458,847	6,297,952
City Tax on Wills	78,938	57,044	159,186	88,725	77,086	65,742	67,623	80,884	71,622	79,882
Cigarette	11,747,980	11,024,720	11,040,079	11,503,774	11,786,853	12,468,847	12,063,516	12,182,212	11,953,020	11,693,536
Amusement	4,595,065	4,648,949	4,881,693	5,020,312	5,422,767	5,226,534	5,314,873	5,472,204	5,482,948	6,015,026
Hotel Taxes	19,175,967	20,982,033	22,616,459	23,623,107	22,955,423	22,801,413	24,169,996	25,003,788	26,049,027	26,643,369
Restaurant Meals	41,565,553	45,025,727	46,743,465	48,069,618	48,304,462	48,442,376	50,594,181	53,254,313	55,122,465	56,872,794
Transient Occupancy Taxes	511,562	616,730	748,209	861,559	920,264	934,382	1,122,301	1,106,769	1,178,742	761,557
Total Other Local Taxes	236,122,419	249,897,709	252,456,783	260,197,924	251,136,617	248,754,472	256,158,990	261,612,041	270,128,072	271,902,719
Fines and Forfeitures	5,108,116	5,126,218	5,712,654	6,155,497	5,772,731	6,733,769	7,432,059	6,821,979	6,902,298	5,443,331
Permits, Privilege Fees, and Regulatory Licenses	5,050,051	5,834,259	5,400,602	5,008,807	4,158,778	4,222,376	3,824,168	4,239,786	4,222,312	6,312,079
From Use of Money and Property	15,139,965	19,854,097	23,604,498	23,872,972	13,223,279	9,841,835	7,582,471	15,495,687	8,486,602	9,281,953
Charges for Services	27,841,547	29,650,776	37,847,747	35,704,240	35,136,062	55,897,422	61,278,029	68,489,147	85,837,389	110,064,203
Miscellaneous	9,600,932	10,932,347	13,815,781	11,207,659	15,871,120	17,701,348	15,255,086	15,900,634	25,744,605	18,041,512
Sale of Property	-	-	159,500	-	-	10,000	15,000	-	-	-
From Other Local Governments	691,082	1,002,094	482,343	2,922,656	440,526	447,717	14,921,907	247,709	2,595,294	98,153
From Commonwealth	127,646,619	107,708,516	123,386,258	133,829,900	137,486,037	126,848,945	137,844,448	183,494,275	176,215,187	178,507,205
From Federal Government	55,306,915	54,056,213	67,866,759	62,879,529	72,236,638	109,971,236	81,029,447	73,006,854	64,423,364	59,113,705
Total Revenues	\$ 979,164,693	\$ 1,010,976,576	\$ 1,117,052,530	\$ 1,169,495,258	\$ 1,174,824,563	\$ 1,197,990,475	\$ 1,179,172,656	\$ 1,164,493,824	\$ 1,195,495,278	\$ 1,201,882,849
EXPENDITURES										
Legislative	\$ 1,071,326	\$ 1,139,038	\$ 1,200,362	\$ 1,184,474	\$ 1,229,876	\$ 1,099,021	\$ 1,104,591	\$ 1,078,747	\$ 1,298,568	\$ 1,184,883
Executive	2,348,873	2,326,096	3,577,193	3,626,970	3,416,589	2,958,372	2,563,372	2,697,088	2,605,143	2,528,002
Law	3,250,441	3,668,542	3,561,072	3,718,122	3,645,426	3,526,957	3,576,615	3,640,226	3,697,386	3,913,804
Finance	16,055,188	16,604,300	16,312,033	16,554,091	16,554,774	16,263,353	15,804,138	16,600,949	16,993,124	17,367,222
Human Resources	6,181,109	7,188,192	7,821,314	13,417,794	12,899,532	8,475,233	8,229,652	9,010,045	9,924,243	10,416,987
Judicial	38,834,721	43,178,030	47,995,556	49,170,602	50,058,319	48,360,575	49,040,448	51,006,576	53,276,187	55,458,238
Health	2,849,083	2,933,999	3,116,338	3,232,255	3,071,005	2,981,771	2,934,899	2,926,650	2,866,304	3,113,772

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
EXPENDITURES (continued)										
Police	\$ 73,583,189	\$ 75,741,221	\$ 81,333,569	\$ 88,122,541	\$ 86,039,838	\$ 84,330,028	\$ 85,654,990	\$ 87,210,424	\$ 91,048,023	\$ 95,036,357
Human Services	87,033,955	92,454,033	98,480,042	108,245,640	114,982,315	119,705,569	113,422,755	111,828,043	109,136,160	110,005,531
Public Works	74,141,032	76,533,960	80,067,766	81,007,280	90,598,946	88,729,538	90,570,064	99,611,309	103,023,351	104,583,810
Parks and Recreation	37,441,179	38,857,569	40,682,352	42,119,693	42,360,029	41,975,161	40,087,300	42,677,953	45,253,417	48,891,417
Library	16,348,866	17,084,795	15,920,138	16,059,880	15,652,089	15,995,471	15,442,912	15,475,052	16,033,907	17,381,850
Planning	9,710,312	9,843,203	9,770,085	10,331,341	10,162,875	10,071,875	9,324,289	9,379,626	9,289,151	9,291,336
Agriculture	1,066,336	1,049,519	1,056,038	930,862	1,052,844	931,377	2,837,146	2,958,894	3,040,599	3,389,546
Economic Development	1,840,570	1,900,804	2,530,958	2,145,140	2,656,922	2,243,759	2,007,505	2,210,063	2,343,970	3,018,382
Convention and Visitor Development	20,483,117	23,659,037	23,607,692	25,441,881	25,300,454	26,187,264	23,994,441	50,515,866	51,583,205	52,048,685
Communications and Information Technology	2,992,256	2,966,769	18,507,578	19,118,141	29,111,294	21,205,694	19,371,700	20,992,614	22,348,352	22,249,372
Emergency Communications and Citizen Services	-	-	-	-	-	8,286,906	8,233,437	8,644,135	8,585,726	9,033,409
Boards and Commissions	12,557,380	18,685,239	22,375,925	31,381,050	30,920,448	30,304,486	34,454,560	34,730,107	33,495,194	34,742,684
Fire	37,237,309	38,303,099	41,760,077	43,471,843	43,181,025	43,691,716	43,756,960	44,898,737	45,434,088	47,774,858
Management Services	3,059,944	3,363,527	3,493,535	3,676,965	3,579,581	3,854,542	1,484,095	1,471,547	1,595,914	1,481,262
Development Authority	-	-	-	-	-	-	-	-	55,539	736,650
Education	334,162,882	320,964,984	354,158,779	345,208,610	387,081,807	381,426,817	350,272,315	399,636,831	364,589,660	382,971,859
Housing and Neighborhood Preservation	19,592,928	18,110,672	21,759,797	23,140,526	23,025,859	23,244,412	25,578,349	25,057,346	27,088,836	26,138,828
Museums	7,470,421	7,817,722	8,797,003	7,829,887	8,158,942	8,463,702	8,805,116	9,430,030	9,542,960	10,225,773
General Government	10,025,942	11,346,910	10,605,800	11,114,894	7,483,531	3,625,500	1,830,932	8,293,239	8,014,133	7,489,469
Emergency Medical Service	5,968,527	6,769,991	7,135,542	7,265,956	7,155,505	7,552,298	7,590,345	8,302,029	8,501,568	9,500,960
Strategic Growth Area	-	-	-	-	-	-	-	1,011,323	940,819	1,223,232
Capital Outlay	124,646,815	145,902,457	163,139,877	175,645,583	107,225,640	125,455,464	152,439,078	134,374,158	132,201,426	142,572,128
Debt Service:										
Principal Retirement	57,714,598	61,003,591	62,581,830	65,114,538	72,662,009	76,488,392	80,413,257	28,759,234	59,341,275	58,392,964
Interest and Fiscal Charges	39,467,989	41,703,346	43,477,348	45,750,215	48,401,666	47,082,762	43,141,572	16,496,683	31,147,744	29,114,205
Total Expenditures	\$ 1,047,136,288	\$ 1,091,100,645	\$ 1,194,825,599	\$ 1,244,026,774	\$ 1,247,669,140	\$ 1,254,518,015	\$ 1,243,966,833	\$ 1,250,925,524	\$ 1,274,295,972	\$ 1,321,277,475
Excess (Deficiency) of Revenues over (under) Expenditures	\$ (67,971,595)	\$ (80,124,069)	\$ (77,773,069)	\$ (74,531,516)	\$ (72,844,577)	\$ (56,527,540)	\$ (64,794,177)	\$ (86,431,700)	\$ (78,800,694)	\$ (119,394,626)
OTHER FINANCING SOURCES (USES)										
Transfers In	\$ 225,275,016	\$ 267,684,774	\$ 278,985,024	\$ 278,337,221	\$ 329,930,834	\$ 286,072,732	\$ 225,159,580	\$ 79,048,006	\$ 134,706,391	\$ 131,854,570
Transfers Out	(224,910,444)	(265,263,920)	(272,265,926)	(277,520,986)	(324,543,593)	(282,833,185)	(232,016,209)	(80,346,618)	(149,713,095)	(130,979,095)
Agriculture Reserve Agreement	-	-	-	-	-	-	-	-	-	270,504
Issuance of Debt	192,705,000	80,000,000	150,280,000	141,625,000	78,350,705	321,110,000	94,875,000	118,596	83,640,000	111,248,370
Premium on Refunding Bonds	-	-	-	2,616,503	-	-	-	-	-	-
Premium on Bonds Sold	18,841,952	4,278,680	4,020,673	4,065,030	4,384,080	34,379,078	6,600,690	132,850,000	7,342,754	16,096,112
Proceeds of Refunding Bonds	-	-	-	-	-	-	-	-	-	20,320,000
Increase (Decrease) in Treasury Strips	-	-	-	-	-	-	(49,823)	23,194,107	(2,225,854)	-
Payment to Refunding Bonds Escrow Agent	(137,338,627)	-	-	(54,078,461)	-	(267,419,933)	-	(55,071,638)	(37,929,148)	(22,353,602)
Total Other Financing Sources (Uses)	\$ 74,572,897	\$ 86,699,534	\$ 161,019,771	\$ 95,044,307	\$ 88,122,026	\$ 91,308,692	\$ 94,569,238	\$ 99,792,453	\$ 35,821,048	\$ 126,456,859
Net Change in Fund Balance	\$ 6,601,302	\$ 6,575,465	\$ 83,246,702	\$ 20,512,791	\$ 15,277,449	\$ 34,781,152	\$ 29,775,061	\$ 13,360,753	\$ (42,979,646)	\$ 7,062,233
Debt Service as a Percentage of Noncapital Expenditures	10.5%	10.9%	10.3%	10.4%	10.6%	10.9%	11.3%	4.1%	7.9%	7.4%

Source: City Department of Finance

CITY OF VIRGINIA BEACH, VIRGINIA
GOVERNMENTAL FUNDS TAX REVENUE BY SOURCE
Last Ten Fiscal Years
(Unaudited)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<u>City Taxes</u>										
Real Estate	\$ 382,632,555	\$ 397,431,699	\$ 462,811,968	\$ 499,776,925	\$ 515,768,880	\$ 504,334,961	\$ 474,474,648	461,480,333	\$ 476,217,120	464,439,667
Personal Property	57,046,694	66,804,132	70,592,576	75,062,192	70,181,027	59,813,526	65,943,535	73,705,379	74,723,035	78,678,322
General Sales	49,315,425	51,391,606	53,962,203	54,071,427	51,439,533	50,263,545	51,743,905	53,375,318	54,978,531	56,431,418
Utility	47,105,890	47,778,078	46,357,954	49,660,261	45,764,804	46,662,622	45,129,301	45,254,169	44,623,292	44,050,182
Business Licenses	36,444,397	40,611,370	39,931,411	41,801,475	41,047,807	38,092,610	41,281,806	41,129,895	44,224,356	44,027,381
Franchise Taxes	4,644,304	4,863,393	5,178,485	5,487,236	5,891,384	6,256,632	6,827,422	6,962,320	7,192,940	7,531,593
Automobile Licenses	8,845,748	8,935,321	8,815,226	8,945,576	8,962,613	8,654,625	9,018,142	8,970,535	9,437,635	9,346,971
Bank Stock	1,427,672	1,623,110	1,520,710	2,261,296	2,071,296	2,667,046	3,029,323	2,615,883	2,354,647	2,151,058
City Tax on Deeds	10,663,918	12,339,628	10,501,703	8,803,558	6,492,325	6,218,098	5,796,601	6,203,751	7,458,847	6,297,952
City Tax on Wills	78,938	57,044	159,186	88,725	77,086	65,742	67,623	80,884	71,622	79,882
Cigarette	11,747,980	11,024,720	11,040,079	11,503,774	11,786,853	12,468,847	12,063,516	12,182,212	11,953,020	11,693,536
Amusement	4,595,065	4,648,949	4,881,693	5,020,312	5,422,767	5,226,534	5,314,873	5,472,204	5,482,948	6,015,026
Hotel Taxes	19,175,967	20,982,033	22,616,459	23,623,107	22,955,423	22,801,413	24,169,996	25,003,788	26,049,027	26,643,369
Restaurant Meals	41,565,553	45,025,727	46,743,465	48,069,618	48,304,462	48,442,376	50,594,181	53,254,313	55,122,465	56,872,794
Transient Occupancy	511,562	616,730	748,209	861,559	920,264	934,382	1,122,301	1,106,769	1,178,742	761,557
Total	<u>\$ 675,801,668</u>	<u>\$ 714,133,540</u>	<u>\$ 785,861,327</u>	<u>\$ 835,037,041</u>	<u>\$ 837,086,524</u>	<u>\$ 812,902,959</u>	<u>\$ 796,577,173</u>	<u>\$ 796,797,753</u>	<u>\$ 821,068,227</u>	<u>\$ 815,020,708</u>

Source: City Department of Finance

Note: Franchise Taxes are represented by Cox Communications

CITY OF VIRGINIA BEACH, VIRGINIA
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Real Property Assessed Value			Total Taxable		Personal Property Assessed Value		Total Taxable		Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential	Commercial	Public Service	Real Property Assessed Value	Direct Tax Rate	Residential	Commercial	Personal Property Assessed Value	Direct Tax Rate		
2005	25,956,007,302	5,325,837,162	624,562,746	31,906,407,210	1.1964	2,707,998,050	661,169,653	3,369,167,703	3.7000	35,275,574,913	100.0%
2006	32,231,908,260	6,147,104,498	530,465,288	38,909,478,046	1.0239	2,935,301,133	775,663,085	3,710,964,218	3.7000	42,620,442,264	100.0%
2007	39,343,218,144	6,778,924,250	545,140,581	46,667,282,975	0.9900	2,918,848,554	869,072,522	3,787,921,076	3.7000	50,455,204,051	100.0%
2008	47,862,927,769	7,283,463,230	647,905,245	55,794,296,244	0.8900	3,260,237,123	892,229,360	4,152,466,483	3.7000	59,946,762,727	100.0%
2009	48,889,366,712	7,877,386,575	807,890,384	57,574,643,671	0.8900	2,807,028,410	905,268,622	3,712,297,032	3.7000	61,286,940,703	100.0%
2010	47,128,334,239	8,251,639,426	890,229,132	56,270,202,797	0.8900	2,860,711,763	751,063,121	3,611,774,884	3.7000	59,881,977,681	100.0%
2011	43,967,169,845	8,008,231,601	927,509,746	52,902,911,192	0.8900	3,105,575,058	972,520,233	4,078,095,291	3.7000	56,981,006,483	100.0%
2012	42,582,797,354	7,925,225,472	938,693,399	51,446,716,225	0.8900	3,225,216,284	1,079,909,616	4,305,125,900	3.7000	55,751,842,125	100.0%
2013	40,815,993,416	8,036,001,242	929,843,170	49,781,837,828	0.9500	3,306,948,272	942,744,260	4,249,692,532	3.7000	54,031,530,360	100.0%
2014	40,590,297,065	8,147,317,125	889,050,800	49,626,664,990	0.9300	3,362,985,338	671,033,585	4,034,018,923	3.7000	53,660,683,913	100.0%

Sources: Office of Real Estate Assessor
Commissioner of the Revenue
City Adopted Resource Management Plan

Notes: 1 - The City is the only entity with local taxing authority within its boundaries.
2 - See Table 7 for revenue rates

CITY OF VIRGINIA BEACH, VIRGINIA
REVENUE RATES FOR REAL ESTATE AND FOR PERSONAL PROPERTY
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Base Real Property Tax Rate	Additional Real Property Tax Rate Sandbridge SSD	Additional Real Property Tax Rate Town Center SSD	Additional Real Property Tax Rate Old Donation SSD	Additional Real Property Tax Rate Bayville Creek SSD	Additional Real Property Tax Rate Shadowlawn SSD	Personal Property Tax Rate
2005	1.1964	0.1200	0.5700	-	-	-	3.7000
2006	1.0239	0.1200	0.5700	-	-	-	3.7000
2007	0.9900	0.0600	0.5700	-	-	-	3.7000
2008	0.8900	0.0600	0.5000	-	-	-	3.7000
2009	0.8900	0.0600	0.4500	-	-	-	3.7000
2010	0.8900	0.0600	0.4500	-	-	-	3.7000
2011	0.8900	0.0600	0.4500	-	-	-	3.7000
2012	0.8900	0.0600	0.4500	0.1840	-	-	3.7000
2013	0.9500	0.0600	0.4500	0.1840	0.3630	-	3.7000
2014	0.9300	0.0600	0.4500	0.1840	0.3630	0.1594	3.7000

Real Property Total Direct Tax Rate						
Fiscal Year	Regular	Sandbridge SSD Residents	Town Center SSD Residents	Old Donation SSD Residents	Bayville Creek SSD Residents	Shadowlawn SSD Residents
2005	1.1964	1.3164	1.7664	1.1964	1.1964	1.1964
2006	1.0239	1.1439	1.5939	1.0239	1.0239	1.0239
2007	0.9900	1.0500	1.5600	0.9900	0.9900	0.9900
2008	0.8900	0.9500	1.3900	0.8900	0.8900	0.8900
2009	0.8900	0.9500	1.3400	0.8900	0.8900	0.8900
2010	0.8900	0.9500	1.3400	0.8900	0.8900	0.8900
2011	0.8900	0.9500	1.3400	0.8900	0.8900	0.8900
2012	0.8900	0.9500	1.3400	1.0740	0.8900	0.8900
2013	0.9500	1.0100	1.4000	1.1340	1.3130	0.9500
2014	0.9300	0.9900	1.3800	1.1140	1.2930	1.0894

Source: City Adopted Resource Management Plan

- Notes:
- 1 - The City is the only entity with local taxing authority within its boundaries.
 - 2 - Real Property Tax Rate is applied to Real Estate such as land and buildings.
 - 3 - Personal Property Tax Rate is applied to personal property such as automobiles and equipment.
 - 4 - The tax bases are mutually exclusive.

Table 8

CITY OF VIRGINIA BEACH, VIRGINIA
PRINCIPAL PROPERTY TAXPAYERS
Current Year and Nine Years Ago
(Unaudited)

	2014			2005		
	Real Property Assessed Value	Percent of Total Real Property Assessed Value	Rank	Real Property Assessed Value	Percent of Total Real Property Assessed Value	Rank
E. D. & A. F. Ruffin & B. L. Thompson	\$ 409,736,900	0.83 %	1	\$ 139,730,038	0.49 %	6
Ramon W. Breeden, Jr.	325,456,300	0.66	2	189,272,651	0.67	3
Virginia Electric & Power Company	314,843,428	0.63	3	284,382,264	1.01	2
Armada Hoffler	305,596,200	0.62	4	131,421,130	0.47	7
Lynnhaven Mall LLC	303,446,700	0.61	5	291,150,544	1.03	1
J. M. , R.J.F. , A.D. & L.E. Caplan	241,364,200	0.49	6	-	-	
Pembroke Square Assoc.	168,112,500	0.34	7	151,942,351	0.54	4
Verizon Virginia, Inc.	157,212,478	0.32	8	143,047,907	0.51	5
Christian Broadcasting Assoc./Net, Inc.	153,536,800	0.31	9	82,591,324	0.29	16
Cheryl P. McLeskey	118,974,700	0.24	10	107,047,152	0.38	10
Thomas J. Lyons, Jr.	118,709,000	0.24	11	121,249,303	0.43	8
Watergate Treehouse Associates LP	110,952,300	0.22	12	64,607,100	0.23	18
Lake Gem	108,784,600	0.22	13	92,880,361	0.33	12
Westminster Canterbury	95,747,000	0.19	14	83,585,382	0.30	15
Aimco Maple Bay & Aimco Reflections LLC	95,014,200	0.19	15	118,869,200	0.42	9
Potter Properties	92,994,500	0.19	16	71,228,793	0.25	17
Windsor Lake & Shoreline Apartments LLC.	88,755,800	0.18	17	57,735,768	0.20	20
Inland Diversified Virginia Beach Landstown LLC	81,073,800	0.16	18	-	-	
Virginia Natural Gas	80,563,914	0.16	19	-	-	
Sifen, Michael D.	76,485,400	0.15	20	56,395,174	0.20	21
Occidental Development, Ltd.	63,138,500	0.13	21	50,488,400	0.18	22
Wal Mart Real Estate Business Trust	61,817,300	0.12	22	-	-	
Atlantic Shores Cooperative	55,972,300	0.11	23	88,873,506	0.31	13
BBR/Marina Shores LLC	51,519,900	0.10	24	-	-	
Princess Anne Properties, Inc.	50,939,800	0.10	25	-	-	
Kemp River & Bonneys Corner Associates	-	-		85,911,716	0.30	14
Gale M. Levine	-	-		59,275,470	0.21	19
Sandler Development at Towne, etc.	-	-		100,061,571	0.35	11
Cecil V. Cutchins	-	-		48,426,566	0.17	23
Jack Rabbit Self Storage	-	-		44,561,522	0.16	24
B N P Realty LLC	-	-		41,561,522	0.15	25
Totals	<u>\$ 3,730,748,520</u>	<u>7.51 %</u>		<u>\$ 2,706,296,715</u>	<u>9.58 %</u>	

Sources: Office of Real Estate Assessor
Commissioner of the Revenue

Table 9

CITY OF VIRGINIA BEACH, VIRGINIA
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Total Tax Levy		Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2005	\$	505,050,845	\$ 468,796,012	92.8	\$ 20,116,692	\$ 488,912,704	96.8 %
2006		531,438,288	483,649,302	91.0	13,960,164	497,609,466	93.6
2007		527,465,143	505,518,196	95.8	17,384,557	522,902,753	99.1
2008		562,044,329	537,526,149	95.6	20,582,706	558,108,855	99.3
2009		570,582,069	547,934,162	96.0	19,237,736	567,171,898	99.4
2010		546,129,490	526,040,648	96.3	16,596,835	542,637,483	99.4
2011		523,586,269	504,769,073	96.4	14,224,231	518,993,304	99.1
2012		529,296,087	496,807,253	93.9	13,603,344	510,410,597	96.4
2013		540,797,475	515,533,542	95.3	11,895,056	527,428,598	97.5
2014		533,015,965	507,743,494	95.3	-	507,743,494	95.3

Source: City Department of Finance

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

CITY OF VIRGINIA BEACH, VIRGINIA
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Governmental Activities								Business Type Activities				Ratio of Net Debt Per Capita to Per Capita Personal Income (3)
	General Obligation Bonds	State Literary Fund Loans	Public Facility Revenue Bonds	Obligations Under Capital Leases	Certificates of Participation	Williams Farm Property	Agriculture Reserve Program	Virginia Beach Development Authority (5)	General Obligation Bonds	Revenue Bonds	Total Primary Government(1)	Net Debt Per Capita (2)	
2005	\$ 503,425,737	\$ 12,446,046	\$ 227,185,000	\$ 279,049	\$ 5,155,000	\$ 3,612,500	\$ 22,342,090	\$ 61,705,000	\$ 4,399,435	\$ 115,499,614	\$ 956,049,471	\$ 1,883	4.6%
2006	533,993,827	11,189,546	218,450,000	4,711	5,155,000	3,187,500	22,643,426	64,845,000	3,418,336	146,143,893	1,009,031,239	1,930	4.4%
2007	559,423,497	9,933,046	279,715,000	-	5,155,000	2,762,500	24,541,566	89,085,000	2,912,237	140,758,924	1,114,286,770	2,194	4.8%
2008	597,155,459	8,676,546	269,380,000	-	5,155,000	2,337,500	26,807,090	87,450,000	2,406,137	135,598,356	1,134,966,088	2,234	4.8%
2009	621,800,655	7,620,046	257,075,000	-	2,645,000	1,912,500	30,534,384	84,790,000	1,900,038	130,405,780	1,138,683,403	2,244	4.9%
2010	630,203,763	6,563,546	261,265,000	-	-	1,487,500	32,093,435	83,445,000	1,393,938	192,644,719	1,209,096,901	2,256	4.9%
2011	668,552,006	5,507,046	242,545,000	-	-	1,062,500	38,365,512	79,760,000	962,470	206,613,629	1,243,368,163	2,271	4.7%
2012	(4) 727,274,597	4,750,000	281,315,118	-	-	637,500	38,799,844	81,434,386	528,450	203,108,752	1,337,848,647	2,244	4.5%
2013	(4) 686,544,346	4,125,000	283,928,041	-	-	212,500	41,193,588	77,042,632	222,016	194,536,062	1,287,804,185	2,162	4.3%
2014	(4) 720,118,515	3,500,000	290,013,866	-	-	-	41,464,092	92,176,373	-	232,774,217	1,380,047,063	2,253	4.5%

Source: City Department of Finance and Annual Long Term Debt Report

- Notes: (1) Total Primary Government Debt for FY 2005-2011 excludes 1998 Social Services Lease Revenue Bond, as it is Virginia Beach Development Authority debt service. This revenue bond was paid off in FY 2012.
(2) For calculation of Net Debt Per Capita, the population is per Table 14. In addition, Net Debt Per Capita excludes Double Barrel & Revenue Bonds, Agriculture Reserve, and the premiums included in this table presentation.
(3) For calculation of Debt Per Capita to Per Capita Personal Income, the per Capital Personal Income information is per Table 14.
(4) Fiscal Years 2012-2014 have been adjusted to reflect the related unamortized premium. Detailed premium info for prior years was unavailable and therefore not adjusted.
(5) Does not include VBDA Note Payable secured by a surety agreement provided by Town Center Associates , L.L.C. Balance of note at June 30, 2013 and June 30, 2014 was \$947,939.

FY14 Premium detail and reconciliation to Note 6A1 & 6A2:

	Governmental Activities							
	General Obligation Bonds	State Literary Fund Loans	Public Facility Revenue Bonds	Agriculture Reserve Program	Total Primary Government	Busioness Activity	Total Primary Government(1)	
Principal	\$ 667,420,231	\$ 3,500,000	\$ 258,931,899	\$ 41,464,092	\$ 971,316,222	\$ 315,746,748	\$ 1,287,062,970	
Premium	52,698,284	-	31,081,967	-	83,780,251	9,203,842	92,984,093	
Total	<u>\$ 720,118,515</u>	<u>\$ 3,500,000</u>	<u>\$ 290,013,866</u>	<u>\$ 41,464,092</u>	<u>\$ 1,055,096,473</u>	<u>\$ 324,950,590</u>	<u>\$ 1,380,047,063</u>	
								Tax Supported Debt subtotal per 6A1
								\$ 971,316,222
								Premiums per 6A1
								83,780,251
								Tax Supported Debt subtotal per 6A2
								316,694,687
								Premiums per 6A2
								9,203,842
								Less: VBDA Note payable (see note (5) above)
								(947,939)
								Total per note 6A1 & 6A2
								<u>\$ 1,380,047,063</u>

CITY OF VIRGINIA BEACH, VIRGINIA
RATIOS OF OUTSTANDING GENERAL BONDED DEBT BY TYPE
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	General Obligation Bonds (1)	State Literary Fund Loans (1)	Appropriation Backed Debt (2)	Total	Percentage of Estimated Actual Full Value of Property (3)	Net Debt Per Capita (4)
2005	\$ 507,825,172	\$ 12,446,046	\$ 297,936,549	\$ 818,207,767	2.3%	\$ 1,883
2006	537,412,163	11,189,546	291,642,211	840,243,920	2.0%	1,930
2007	562,335,734	9,933,046	376,717,500	948,986,280	1.9%	2,194
2008	599,561,596	8,676,546	364,322,500	972,560,642	1.6%	2,234
2009	623,700,693	7,620,046	346,422,500	977,743,239	1.6%	2,244
2010	631,597,701	6,563,546	346,197,500	984,358,747	1.6%	2,256
2011	669,514,476	5,507,046	323,367,500	998,389,022	1.8%	2,271
2012	(5) 727,803,047	4,750,000	363,387,004	1,095,940,051	2.0%	2,244
2013	(5) 686,766,362	4,125,000	361,183,174	1,052,074,536	1.9%	2,162
2014	(5) 720,118,515	3,500,000	382,190,239	1,105,808,754	2.1%	2,253

(1) Per Table 10

(2) Includes all Governmental Public Facility Revenue Bonds, Capital Leases, COP's, Williams Farm, and Business Type Virginia Beach Development Authority as per table 10.

(3) Actual Full Value of property is from Table 6.

(4) Population is from Table 14. Computation of Net Debt Per Capita is net of premiums and discounts in the above numbers.

(5) Fiscal Year 2012-2014 have been adjusted to reflect the related unamortized premium.

Detailed premium information for prior years was unavailable and therefore not adjusted.

CITY OF VIRGINIA BEACH, VIRGINIA
LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years
(Unaudited)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt Limit	\$ 3,190,640,721	\$ 3,860,707,700	\$ 4,630,515,462	\$ 5,579,429,624	\$ 5,757,464,367	\$ 5,627,020,280	\$ 5,290,291,119	\$ 5,144,671,623	\$ 4,978,183,783	\$ 4,962,666,499
Total Net Debt Applicable to limit	542,613,308	571,245,135	596,810,346	635,045,232	661,855,123	670,254,683	713,387,034	716,177,198	685,988,698	712,384,323
Legal Debt Margin	<u>\$ 2,648,027,413</u>	<u>\$ 3,289,462,565</u>	<u>\$ 4,033,705,116</u>	<u>\$ 4,944,384,392</u>	<u>\$ 5,095,609,244</u>	<u>\$ 4,956,765,597</u>	<u>\$ 4,576,904,085</u>	<u>\$ 4,428,494,425</u>	<u>\$ 4,292,195,085</u>	<u>\$ 4,250,282,176</u>
Total Net Debt applicable to the limit as a percentage of debt limit	17.01%	14.80%	12.89%	11.38%	11.50%	11.91%	13.48%	13.92%	13.78%	14.35%

Legal Debt Margin Calculation For Fiscal Year 2014

Assessed Value of Real Property (Taxable):	
Regular	\$ 48,737,614,190
Public Service	889,050,800
Total Assessed Value of Real Property	<u>\$ 49,626,664,990</u>
Debt limit (10% of Total Assessed Value)	\$ 4,962,666,499
Total Net Debt Applicable to limit	712,384,323
Legal Debt Margin	<u>\$ 4,250,282,176</u>

Source: The following sources were used in compiling the above information:
City Department of Finance
Annual Long Term Debt Report

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

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

CITY OF VIRGINIA BEACH, VIRGINIA
PLEDGED-REVENUE COVERAGE
Last Ten Fiscal Years
(Unaudited)

Water and Sewer Double Barrel and Revenue Bonds								
Fiscal Year	Water and Sewer Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service			Total	Coverage
				Principal	Interest (1)			
2005	\$ 83,586,588	\$ 62,957,398	\$ 20,629,190	\$ 5,372,761	\$ 5,617,775	\$	10,990,536	1.88
2006	92,976,270	66,636,149	26,340,121	2,675,721	5,816,897		8,492,618	3.10
2007	99,337,488	67,722,280	31,615,208	6,719,969	4,609,355		11,329,324	2.79
2008	102,003,685	70,253,344	31,750,341	4,880,568	5,941,524		10,822,092	2.94
2009	97,503,949	70,074,154	27,429,795	4,897,576	5,757,570		10,655,146	2.58
2010	99,220,386	71,176,936	28,043,450	5,171,061	5,561,539		10,732,600	2.62
2011	102,819,740	74,439,073	28,380,667	5,811,090	6,382,454		12,193,544	2.33
2012	109,514,875	72,319,602	37,195,273	7,022,735	6,959,920		13,982,655	2.66
2013	115,249,243	73,834,321	41,414,922	7,251,071	6,697,692		13,948,763	2.97
2014	121,766,102	72,145,813	49,620,289	7,796,175	7,231,505		15,027,680	3.30

(1) Includes Bank Charges. Amounts shown for 2011-2014 are net of federal subsidy.

Source: City Department of Finance

Note: Water and Sewer Revenue Bonds are obligations of the City, payable solely from pledged revenues of the System (Water and Sewer Fund), subject to the prior application thereof to the payment of Operating Expenses. The City will fix, charge, collect and revise its fees, rates and other charges for the use of and for the services furnished by the system so as to produce revenues sufficient to meet its cash requirements each fiscal year.

Coverage: The Master Water and Sewer Revenue Bond Resolution, Section 601, states that the City shall fix charge and collect such rates, fees and other charges for the use of and for the services furnished by the system, and shall, from time to time and as often as shall appear necessary, revise such rates, fees and other charges so as to meet two independent requirements.

CITY OF VIRGINIA BEACH, VIRGINIA
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Population	*	Personal Income	†	** Per Capita Personal Income	Median Age	Number of City Employees	Education Level In Years of Formal Schooling	School Enrollment	Unemployment Rate
2005	436,156	\$	17,206,799	\$	41,125	34.4	6,580	13.6	74,091	3.3%
2006	435,001		18,485,529		43,726	34.7	6,831	13.5	72,953	2.9%
2007	434,058		19,165,012		45,530	35.0	6,898	13.8	71,452	2.7%
2008	436,944		19,459,762		46,766	36.0	7,131	13.6	70,473	3.7%
2009	437,275		19,510,331		45,613	36.6	7,700	14.0	69,335	6.4%
2010	437,994		19,697,709		46,266	36.7	7,713	13.9	69,225	6.5%
2011	441,246		20,718,174		48,513	34.9	7,481	14.0	69,219	6.0%
2012	447,489		22,305,272		49,898	34.7	7,477	13.8	68,977	5.5%
2013	449,628		***		49,898	35.0	7,477	13.9	68,614	5.6%
2014	452,281		***		49,898	35.7	7,669	13.9	68,569	5.5%

Sources: City Department of Finance
Labor Market Statistics
Virginia Employment Commission
Bureau of Economic Analysis
Experian Data Solutions

Notes: * Weldon Cooper Center for Public Service; except for 2014 which is projected.
** Bureau of Economic Analysis, except for FY 2013-2014 which are projected
*** Information Unavailable
† In thousands of dollars

CITY OF VIRGINIA BEACH, VIRGINIA
PRINCIPAL EMPLOYERS
Current Year and Ten Years Ago
(Unaudited)

	Approximate Number of Employees	Percent of Total City Employment	Rank	Approximate Number of Employees	Percent of Total City Employment	Rank
	2014			2004*		
City of Virginia Beach / Schools	17,860	8.14 %	1	16,595	8.30 %	1
* Joint Expeditionary Base Little Creek	6,000	2.74	2	-	-	-
Sentara Healthcare	5,189	2.37	3	1,515	0.76	6
* Naval Air Station Oceana/Dam Neck	3,600	1.64	4	-	-	-
Lynnhaven Mall	2,600	1.19	5	3,500	1.75	2
* Gold Key/PHR Hotels and Resorts	2,365	1.08	6	-	-	-
GEICO	2,300	1.05	7	1,500	0.75	7
STIHL Inc	2,067	0.94	8	1,300	0.65	8
Amerigroup	1,850	0.84	9	1,300	0.65	8
Navy Exchange Service Command	1,550	0.71	10	1,900	0.95	3
Lillian Vernon	-	-		1,700	0.85	4
Pembroke Mall	-	-		1,700	0.85	4
Cox Communications	-	-		1,200	0.60	10
Totals	<u>45,381</u>	<u>20.70 %</u>		<u>32,210</u>	<u>16.11 %</u>	

Source: City Department of Economic Development.

Notes: * Information not available for 2005, used 2004 for comparable data.

CITY OF VIRGINIA BEACH, VIRGINIA
FULL-TIME EQUIVALENT GOVERNMENT EMPLOYEES BY FUNCTION
Last Ten Fiscal Years
(Unaudited)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Department										
Agriculture	15.0	15.0	15.0	15.0	14.0	13.0	12.0	12.0	12.0	12.0
City Auditor	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
City Manager	19.0	32.0	32.0	32.0	29.7	26.2	23.0	21.0	19.5	19.5
City Real Estate Assessor	35.4	35.4	35.4	35.4	38.4	38.4	34.3	34.0	34.3	34.3
City Treasurer	80.2	79.0	77.0	77.4	75.7	76.7	72.2	72.0	71.8	75.8
Commissioner of the Revenue	61.8	63.0	64.0	62.6	63.6	64.1	57.9	60.9	62.9	63.9
Commonwealth's Attorney	82.3	83.0	82.7	82.9	91.4	91.4	87.4	84.0	85.3	86.3
Communications and Information Technology	286.6	309.0	308.8	308.8	181.8	187.8	179.8	183.0	178.5	180.5
Community Corrections	9.0	-	-	-	-	-	-	-	-	-
Convention and Visitor Bureau	116.5	122.0	136.0	137.7	135.7	130.9	113.5	113.5	113.5	110.5
Courts and Courts' Support	19.0	76.0	76.0	76.0	76.0	76.0	76.0	75.0	75.0	75.0
Cultural Affairs	-	2.0	5.0	5.0	3.0	3.0	3.0	3.0	3.0	3.0
Economic Development	15.0	16.0	16.0	16.0	17.0	16.0	15.0	16.0	18.0	18.0
Emergency Communications & Citizen Services	-	-	-	-	132.0	127.0	122.0	123.5	122.8	127.8
Emergency Medical Services	52.9	57.0	56.5	56.5	56.5	56.5	62.6	65.3	65.3	69.3
Finance	60.4	63.0	64.0	63.0	57.0	58.0	54.0	55.0	56.0	57.0
Fire	452.7	470.0	473.0	472.9	469.8	467.8	466.7	466.0	479.7	479.7
General Registrar	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0
Health	11.2	11.2	11.2	11.2	11.1	11.1	10.8	10.8	9.1	9.1
Housing and Neighborhood Preservation	69.0	69.0	69.0	69.0	69.0	68.0	67.0	66.0	64.0	63.0
Human Resources	50.8	56.0	57.0	58.1	54.1	53.1	47.0	47.0	47.0	47.0
Human Services	920.8	990.0	1,014.0	1,068.6	1,079.1	1,073.9	1,045.7	1,066.4	1,069.4	1,081.4
Law	42.0	43.0	43.0	43.0	43.0	43.0	40.4	39.0	39.6	39.6
Legislative	18.0	18.0	18.0	18.0	18.0	18.0	17.0	17.0	17.0	17.0
Library	261.6	265.0	264.9	264.9	262.9	260.9	227.5	227.5	265.5	260.0
Management Services	21.0	21.0	22.0	22.0	21.0	20.0	15.0	15.0	15.0	14.0
Museums and Cultural Arts	132.6	143.0	141.0	151.4	151.4	151.4	151.5	153.0	155.5	155.9
Parks and Recreation	859.4	864.0	869.0	872.7	877.3	872.2	855.4	843.4	846.9	843.9
Planning and Community Development	129.0	128.0	128.0	127.0	125.0	123.0	113.0	110.0	108.0	109.0
Police	1,009.1	1,008.1	1,016.0	1,016.0	1,005.9	1,005.9	995.7	1,007.4	1,007.4	1,009.4
Public Utilities	392.7	396.0	400.0	399.5	401.5	404.5	404.5	412.0	411.0	412.0
Public Works	852.4	878.0	874.0	874.4	877.4	871.4	866.4	882.0	890.4	890.4
Sheriff and Corrections	507.1	502.0	512.0	514.1	524.4	524.4	524.4	519.6	524.4	525.4
Strategic Growth Area	-	-	-	-	-	2.0	15.0	15.0	17.0	17.0
Total City Positions	6,600.4	6,832.7	6,898.4	6,969.2	6,980.6	6,953.4	6,793.5	6,833.3	6,902.8	6,924.7
Total School Positions	10,497.8	10,548.0	10,635.0	10,541.9	10,519.5	10,391.9	10,476.3	10,387.3	10,326.5	10,190.9
TOTAL POSITIONS	17,098.2	17,380.0	17,533.4	17,511.1	17,500.0	17,345.3	17,269.8	17,220.6	17,229.3	17,115.6

Sources: City of Virginia Beach Resource Management Plans

CITY OF VIRGINIA BEACH, VIRGINIA
OPERATING INDICATORS BY FUNCTION
Last Ten Fiscal Years
(Unaudited)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
FUNCTION										
Police										
Number of physical adult arrests	26,597	24,504	25,326	26,802	26,632	23,951	23,923	23,705	23,633	22,224
Number of calls for service	193,796	199,653	199,654	202,253	200,360	196,717	196,626	195,156	187,884	179,974
Number of traffic accidents	9,414	9,457	9,303	9,250	9,021	8,759	8,391	8,102	8,169	8,138
Fire										
Number of structure fire incidents	413	471	451	453	467	413	453	474	430	410
Number of non-structure fire incidents	715	882	946	849	699	673	799	714	535	614
Number of EMS incidents	14,954	14,992	16,758	16,796	17,162	18,114	17,930	20,727	25,656	26,099
Number of other incidents	9,004	9,182	9,458	10,009	9,631	9,870	11,488	13,166	13,307	13,379
Public Utilities										
Number of Water Connections	129,376	130,005	130,647	131,085	131,367	131,618	131,897	132,010	132,324	132,615
Public Works										
Number of building permits issued	16,136	14,241	13,552	11,374	9,889	11,322	7,636	8,003	7,956	7,607
Highways and Streets										
Arterial lane miles	734	738	738	738	717	735	739	738	744	744
Collector/local miles	2,539	2,554	2,554	2,641	2,662	2,670	2,676	2,676	2,680	2,686
Sanitation and Refuse										
Number of homes receiving refuse collection	125,000	122,600	123,161	123,740	123,668	123,789	124,179	124,171	124,536	124,634
Number of tons of garbage collected	206,075	207,427	204,619	196,501	189,604	196,145	147,760	137,413	133,958	130,245
Culture and Recreation										
Number of visitations to recreation centers	1,688,772	1,609,047	1,575,539	1,636,823	1,523,232	1,502,059	1,538,616	1,614,682	1,795,782	1,871,312
Number of recreation centers	6	6	6	6	6	6	6	7	7	7
Education										
Student membership	74,091	72,953	71,452	70,473	69,335	69,225	69,219	68,977	68,614	68,569
Number of elementary schools	54	55	55	56	56	56	55	55	55	55
Number of secondary schools	24	24	24	24	24	24	24	24	24	24
Number of specialty schools	11	11	11	11	11	9	7	7	9	8

Sources: Various City Departments

Note: Indicators are not available for all governmental functions.

CITY OF VIRGINIA BEACH, VIRGINIA
CAPITAL ASSET STATISTICS BY FUNCTION
Last Ten Fiscal Years
(Unaudited)

FUNCTION	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Police										
Stations	4	4	4	4	4	4	4	4	4	4
Patrol Vehicles Units - Marked	274	277	268	259	256	242	242	269	262	246
Helicopter	2	2	2	2	3	2	2	2	2	2
Airplane	1	-	-	-	-	-	-	-	-	-
Watercraft:										
Boats	10	10	10	10	8	8	8	8	8	6
Fire										
Stations	19	19	19	19	19	19	19	19	19	19
Fire Trucks	44	44	47	48	51	50	50	46	45	45
Emergency Medical Services										
Ambulances	44	30	30	35	34	42	42	42	45	44
Public Works										
Miles of streets:										
Lane miles:										
Arterial	734	738	738	738	717	735	739	738	744	744
Collector/Local	2,539	2,554	2,554	2,641	2,662	2,670	2,676	2,676	2,680	2,686
Center Lane miles:										
Arterial	194	194	194	192	189	192	192	192	192	192
Collector/Local	1,244	1,251	1,251	1,291	1,300	1,304	1,307	1,308	1,312	1,312
Number of Street Lights	42,026	41,807	42,066	43,960	45,364	45,509	46,806	48,277	48,418	48,747
Collection Trucks	103	101	103	104	103	101	101	109	100	100
Culture and Recreation										
Number of Developed District Parks	9	9	7	7	7	8	8	8	8	8
Number of Developed Community Parks	10	10	11	11	11	13	13	13	11	11
Number of Developed Neighborhood Parks	179	181	183	166	166	181	180	181	182	179
Number of Natural Parks	26	29	3	3	3	3	3	5	5	5
Other Park Areas	13	14	28	59	59	58	45	46	47	48
Number of Acres in Developed Parks	1,465	1,387	1,711	1,736	1,757	3,158	3,174	3,648	3,648	3,649
Golf Courses (City Owned)	4	4	5	5	5	5	5	5	5	5
Recreation Centers	6	6	6	6	6	6	6	7	7	7
Water										
Miles of Water Lines	1,443	1,456	1,459	1,477	1,482	1,483	1,488	1,490	1,492	1,496
Water Pumping Stations	9	9	9	9	8	9	9	9	9	9
Sewer										
Miles of Sewer Lines	1,546	1,569	1,572	1,609	1,621	1,623	1,630	1,635	1,639	1,646
Sewer Pumping Stations	393	400	401	403	405	405	406	405	406	407

Source: Various City Departments

Table 19

CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULE OF THE TREASURER'S CASH ACCOUNTABILITY
JUNE 30, 2014
(Unaudited)

Cash in Office		\$	5,500
Cash With			
Bank of America:			
Regular	\$	151,734,704	
Investments		5,001,213	
Welfare		227,982	
School Board Empl Salary Escrow		194,897	
BB&T:			
Checking		1,960,000	
Money Market		98,752,300	
Investments		41,500,000	
School Payroll		6,919,859	
Insured Cash Sweep		100,039,944	
BB&T Capital Markets:			
Investments		7,996,358	
BB&T Scott Stringfellow:			
Investments		15,000,000	
Morgan Keegan:			
Investments		68,920,092	
Smith Barney:			
Investments		39,000,000	
SunTrust Bank:			
City Payroll		16,109,925	
Money Market		5,126,388	
Towne Bank:			
Investments		65,000,000	
Treasurer of Virginia:			
Investment Pool		165,000,000	
VML/VACO:			
Virginia Investment Pool		10,030,272	
Total Deposits and Investments			798,513,934
Cash with Trust Agents			
Cash With SNAP Program	\$	68,555,823	
Cash With Trustee - PFRB		2,687	
Cash With Trustee - Debt Service		8,309,140	
Cash With Trustee - Treasury Strips		27,005,115	
Total Cash with Trust Agents			103,872,765
Total Cash Accountability			\$ 902,392,199
Add:			
Accrued Interest on Investments	\$	302,924	
Commonwealth of Virginia - Deferred Debits		2,052	
Deposits in Transit		5,315,520	5,620,496
Deduct:			
Commonwealth of Virginia - Current Credits	\$	29,935	
Treasurer Restitution		36,770	
Treasurer Court Costs & Fines		69,763	
John T. Atkinson - Deferred Account		(1,301)	
Over and Short		8,791	
Outstanding Checks:			
Bank of America		4,893,913	
Bank of America - Welfare		227,982	
BB&T - School Payroll		7,557	
SunTrust - City Payroll		132,231	(5,405,641)
Total Cash Accountability			\$ 902,607,054
Reconciliation of Cash Accountability to the government-wide financial statements at June 30, 2014 as reported in Note 8:			
Balance of City and School funds		\$	902,607,054
Funds for which the Treasurer does not act as fiscal agent:			
School Activity Funds			3,539,739
Development Authority			10,115,228
Total deposits and investments of the government-wide financial statements		\$	916,262,021

SINGLE AUDIT SECTION

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

The Honorable Members of the City Council of
City of Virginia Beach, Virginia

We have audited, in accordance with the 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 *Specifications for Audits of Counties, Cities and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the individual and aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Virginia Beach, Virginia (the "City") as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 21, 2014. Our report includes a reference to other auditors who audited the financial statements of the Virginia Beach Community Development Corporation, as described in our report on the City's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

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

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

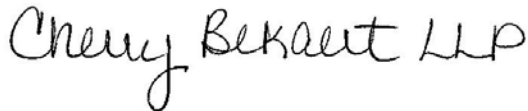
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in cursive script that reads "Cheryl Bekaert LLP".

Virginia Beach, Virginia
November 21, 2014

**Report of Independent Auditor on Compliance for Each Major
Federal Program and on Internal Control over Compliance
Required by OMB Circular A-133**

The Honorable Members of the City Council of
City of Virginia Beach, Virginia

Report on Compliance for Each Major Federal Program

We have audited the City of Virginia Beach, Virginia's (the "City") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2014. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs;

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with *OMB Circular A-133* and which is described in the accompanying schedule of findings and questioned costs as item 2014-001. Our opinion on each major federal program is not modified with respect to this matter.

The City's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

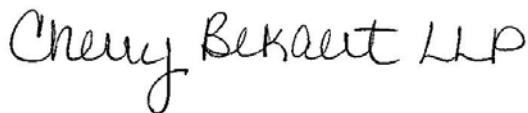
Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with *OMB Circular A-133*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a certain deficiency in internal control over compliance, described as item 2014-001 in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency.

The City's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of *OMB Circular A-133*. Accordingly, this report is not suitable for any other purpose.



Virginia Beach, Virginia
November 21, 2014

CITY OF VIRGINIA BEACH, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

1) Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued on the financial statements:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified:	No
Significant deficiencies identified:	None reported
Noncompliance material to the financial statements noted?	No

Federal Awards:

Type of auditor's report issued on compliance for major programs:	Unmodified
Internal control over major programs:	
Material weaknesses identified:	No
Significant deficiencies identified:	Yes
Any audit findings disclosed that are required to be reported in Accordance with Section 510(a) of <i>OMB Circular A-133</i> ?	Yes

Identification of major federal programs:

<u>Name of Program</u>	<u>CFDA #</u>
Department of Agriculture:	
Child Nutrition Cluster	10.553 10.555
Department of Education:	
Improving Teacher Quality State Grants	84.367
Special Education Cluster (IDEA)	84.027 84.173
Department of Health and Human Services:	
Medicaid Cluster	93.778
TANF Cluster	93.558
Department of Transportation:	
Highway Safety Improvement Program – HSIP Funds	20.XXX

Dollar threshold to distinguish between Types A and B Programs:	\$3,000,000
The City of Virginia Beach was qualified as a low risk auditee?	Yes

CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

2) Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*

None

3) Findings and Questioned Costs Relating to Federal Awards

2014-001 – Non Compliance and Significant Deficiency: Medicaid Cluster CFDA #93.778 - Eligibility

Criteria

The OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, requires annual redetermination of eligibility of Medicaid recipients.

Condition/Context

While performing our audit procedures to ensure compliance with the eligibility requirements of the Medicaid grant, CB noted one instance out of forty tested where a Medicaid recipient's eligibility had not been redetermined in over one year, based on review of the Virginia Medicaid Case Data in the file.

Cause

The City has procedures in place to identify and monitor due dates and completion of the annual reevaluation of eligibility for Medicaid recipients; however, the City is experiencing a backlog due to a significant increase in enrollment. The State has approved additional funds for localities to clear the backlog of Medicaid reviews.

Questioned Cost

None

Effect

The City of Virginia Beach is not in compliance with the eligibility requirements of the Medicaid grant and may be at risk of paying benefits to ineligible individuals, which could result in questioned costs.

Recommendation

We recommend a procedure be put in place to ensure that eligibility of Medicaid recipients is consistently reevaluated on an annual basis.

Management's Response

We agree. The department has taken steps to address this issue.

4) Findings and Questioned Costs – *Specifications of Audits of Counties, Cities and Towns*

None

5) Resolution of Prior Year's Findings

2013-1 Corrected

2013-2 Corrected

CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014

Federal Granting Agency/Recipient State Agency/ Grant Program/Grant Number	Federal Catalogue Number	Expenditures
<u>DEPARTMENT OF AGRICULTURE:</u>		
<u>Pass Through Payments:</u>		
<u>Department of Agriculture</u>		
Food Distribution Program (Donated USDA Food)	10.550	\$ 1,675,982
USDA Donated Food	10.550	89,458
USDA	59.640	53,228
<u>Department of Social Services</u>		
Food Stamps Program - Administration	10.561	3,642,260
<u>Department of Education</u>		
School Breakfast Program (Child Nutrition Cluster)	10.553	3,481,711
National School Lunch Program (Child Nutrition Cluster)	10.555	10,930,417
After School Snack Program (Child Nutrition Cluster)	10.558	50,917
Child & Adult Care Food	10.558	127,490
Total Department of Agriculture		<u>\$ 20,051,463</u>
<u>DEPARTMENT OF COMMERCE (NOAA):</u>		
<u>Pass Through Payments:</u>		
<u>Department of Environmental Quality</u>		
Virginia Coastal Resources Management Program	11.419	\$ 15,054
Total Department of Commerce (NOAA)		<u>\$ 15,054</u>
<u>DEPARTMENT OF DEFENSE:</u>		
<u>Direct Payments:</u>		
Supplemental Payment to Federal Impacted Area	12.XXX	\$ 2,048,697
MYCAA-ALC COURSES FY14	12.XXX	2,869
DODEA MCASP FY12	12.557	206,038
DODEA MCASP FY13	12.557	454,841
DODEA MCASP OPERATION PRIDE FY14	12.556	274,467
DODEA S-FLEP FY12	12.557	5,157
DODEA S-FLEP FY13	12.557	89,941
<u>Pass Through Payments:</u>		
<u>Virginia Department of Education</u>		
STARTALK ELEMENTARY CHIN FY13	12.901	54,199
STARTALK ELEMENTARY CHIN FY14	12.901	12,275
Total Department of Defense		<u>\$ 3,148,484</u>

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014

Federal Granting Agency/Recipient State Agency/ Grant Program/Grant Number	Federal Catalogue Number	Expenditures
<u>DEPARTMENT OF THE NAVY:</u>		
<u>Direct Payments:</u>		
NJROTC	12.XXX	\$ 317,898
NJROTC FY13	12.XXX	34,256
Total Department of the Navy		<u>\$ 352,154</u>
<u>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</u>		
<u>Direct Payments:</u>		
Community Development Block Grant	14.218	\$ 1,525,724
Emergency Shelter Grant	14.231	193,050
Supportive Housing Programs	14.235	495,675
Home Investment Partnerships Program	14.239	240,642
Housing Opportunities for Persons with AIDS	14.241	1,048,964
Section 8 Moderate Rehabilitation Single Room Occupancy	14.249	103,750
Housing Choice Voucher Program (Section 8)	14.871	17,265,059
Supportive Housing Programs -Continuum of Care Bonus Funding	14.267	45,500
<u>Pass Through Payments:</u>		
<u>Virginia Department of Housing and Community Development</u>		
Neighborhood Stabilization Program	14.218	699,116
Home Investment Partnerships Program	14.239	711,669
Total Department of Housing and Urban Development		<u>\$ 22,329,149</u>
<u>U. S. FISH AND WILDLIFE SERVICE:</u>		
<u>Pass Through Payments:</u>		
<u>Virginia Department of Game and Inland Fisheries</u>		
Refuge Revenue Sharing Act (Public Law 95-469)	15.659	\$ 91,286
Total U.S. Fish and Wildlife Service		<u>\$ 91,286</u>
<u>DEPARTMENT OF JUSTICE:</u>		
<u>Direct Payments:</u>		
Assistance to Localities for Administration	16.XXX	\$ 590,263
DEA Police Seized Property	16.XXX	234,904
Technology Program/ Save Our Schools	16.710	583,273
Edward Byrne Memorial Justice Assistance Grant Program	16.738	126,601

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014

Federal Granting Agency/Recipient State Agency/ Grant Program/Grant Number	Federal Catalogue Number	Expenditures
<u>DEPARTMENT OF JUSTICE: (continued)</u>		
<u>Pass Through Payments:</u>		
<u>Department of Criminal Justice Services</u>		
Juvenile Accountability Block Grant	16.523	\$ 25,853
Alliance to End Partner Violence	16.588	30,521
<u>Department of Treasury</u>		
DEA CWA Federal Treasury	21.000	78,484
Total Department of Justice		\$ 1,669,899
<u>DEPARTMENT OF LABOR:</u>		
<u>Pass Through Payments:</u>		
<u>Virginia Community College System</u>		
Workforce Investment Act Adult Program (WIA Cluster)	17.258	\$ 2,471,755
Workforce Investment Act Youth Activities (WIA Cluster)	17.259	1,821,423
Workforce Investment Act Dislocated Workers (WIA Cluster)	17.278	664,684
<u>Greater Peninsula Workforce Development Consortium</u>		
HIB Technical Skills Grant	17.268	957,177
<u>Northern Virginia Workforce Investment Board</u>		
Workforce Innovation Fund	17.283	569,190
Total Department of Labor		\$ 6,484,229
<u>NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION</u>		
<u>DEPARTMENT OF TRANSPORTATION:</u>		
<u>Pass Through Payments:</u>		
<u>Department of Motor Vehicles</u>		
DMV DUI Education Grants	20.607	\$ 51,430
DMV Seat Belt Enforcement FY14	20.616	61,573
<u>Virginia Department of Transportation</u>		
Highway Safety Improvement Programs - HSIP Funds	20.XXX	2,963,117
Ferry Plantation House Restoration Phase II	20.205	4,849
Urban Construction Initiative/Highway Planning & Construction	20.205	4,331,650
CMAQ-STP (Congestion Mitigation and Air Quality-Surface Transportation)	20.205	1,072,243
Thalia Creek Greenway Trail	20.205	899
Lesner Bridge Replacement	20.205	1,031,501
Cape Henry Lighthouse Restoration Phase II	20.205	66,808
Total Department of Transportation		\$ 9,584,070

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014

Federal Granting Agency/Recipient State Agency/ Grant Program/Grant Number	Federal Catalogue Number	Expenditures
<u>NATIONAL AERONAUTICS AND SPACE ADMINISTRATION:</u>		
<u>Direct Payments:</u>		
Aerospace Education Services Program	43.001	\$ 20,630
Total National Aeronautics and Space Administration		\$ 20,630
<u>DEPARTMENT OF VETERANS AFFAIRS</u>		
<u>Direct Payments:</u>		
Supportive Services for Veterans Families (SSVF)	64.033	\$ 428,845
Total Department of Veteran Affairs		\$ 428,845
<u>ENVIRONMENTAL PROTECTION AGENCY</u>		
<u>Direct Payments:</u>		
Presidential Innovation Award for Environmental Education	66.951	\$ 1,593
Total Environmental Protection Agency		\$ 1,593
<u>DEPARTMENT OF EDUCATION:</u>		
<u>Direct Payments:</u>		
School Assistance in Federally Affected Areas (Public Law 874)	84.041	\$ 7,050,734
School Assistance in Federally Affected Areas (Public Law 874)	84.041	1,046,199
Title IV - PELL Grant	84.063	34,878
<u>Pass Through Payments:</u>		
<u>Virginia Department of Education</u>		
ADULT BASIC EDUCATION-ABE FY14	84.002	333,210
TITLE I PART A FY12	84.010	173,913
TITLE I, PART A FY13	84.010	2,615,137
TITLE I, PART A FY14	84.010	7,281,672
TITLE I PART D SUBPART 1 FY13	84.010	15,948
TITLE 1 PART D SUBPART 2 FY12	84.013	43,838
TITLE I, PART D, SUBPART 2 FY13	84.013	142,736
TITLE I PART D SUBPART 2 FY14	84.013	55,031
TITLE VI-B FY12	84.027	860,637
TITLE VI-B FY13	84.027	5,915,589
TITLE VI-B FY14	84.027	10,396,758
TITLE VI-B SCHOOL IMPROVEMENT FY14	84.027	9,741
VOCATIONAL EDUCATION INSTRUCTIONAL	84.048	887
CARL PERKINS FY14	84.048	773,055
PRESCHOOL INCENTIVE FY12	84.173	5,317

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014

Federal Granting Agency/Recipient State Agency/ Grant Program/Grant Number	Federal Catalogue Number	Expenditures
<u>DEPARTMENT OF EDUCATION: (continued)</u>		
<u>Pass Through Payments: (continued)</u>		
<u>Virginia Department of Education (continued)</u>		
PRESCHOOL INCENTIVE FY13	84.173	\$ 132,000
PRESCHOOL INCENTIVE FY14	84.173	351,959
MCKINNEY HOMELESS FY13	84.196	529
MCKINNEY HOMELESS FY14	84.196	67,452
TITLE IV, PART B 21ST CCLC FY13	84.287	87,503
TITLE IV, PART B 21ST CCLC FY13	84.287	72,104
TITLE IV PART B 21ST CCLC FY14	84.287	145,006
TITLE IV PART B 21ST CENTRY COMM LRN FY14	84.287	82,892
TITLE III PART A IMMIGRANT AND YOUTH GRA FY14	84.365	61,541
TITLE III PART A LANG ACQUISITION FY12	84.365	15,269
TITLE III PART A LANG ACQUISITION FY13	84.365	112,347
TITLE III PART A LANG ACQUISITION FY14	84.365	5,103
TITLE II PART A FY12	84.367	29,261
TITLE II PART A FY13	84.367	376,652
TITLE II PART A FY14	84.367	1,886,521
ACTFL Modified Oral Proficiency	84.367	1,097
LEARNING ENHANCED THROUGH THE NATURE OF SCIENCE FY12	84.366B	45,153
LEARNING ENHANCED THROUGH THE NATURE OF SCIENCE FY12	84.366B	3,885
ADVANCE PLACEMENT FEE PROGRAM FY14	84.330B	63,262
<u>Library of Congress</u>		
Teacher in Residence	42.XXX	67,246
<u>Department of Behavioral Health and Developmental Services</u>		
Early Intervention Program for Infants and Toddlers with Disabilities	84.181	466,035
Total Department of Education		\$ 40,828,097

DEPARTMENT OF HEALTH AND HUMAN SERVICES:

Pass Through Payments:

Department of Behavioral Health and Developmental Services

Mental Health Services for the Homeless-Block Grant	93.150	\$ 132,179
Block Grants for Community Mental Health Services	93.958	237,108
Block Grants for Prevention & Treatment of Substance Abuse	93.959	1,511,276
SA Drug FBG	93.960	144,114
SA Residential POS FBG	93.961	65,231
SA ALCOHOL FBG	93.962	100,742

**Virginia Department for the Aging/
Southeastern Virginia Area Wide Model Program**

Supportive Services and Senior Centers (Title IIIIE)	93.052	25,267
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(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014

Federal Granting Agency/Recipient State Agency/ Grant Program/Grant Number	Federal Catalogue Number	Expenditures
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES: (continued)</u>		
<u>Pass Through Payments: (continued)</u>		
<u>Department of Social Services</u>		
HIV-Department of Health	93.940	\$ 13,454
Family Preservation	93.556	200,244
Temporary Assistance for Needy Families	93.558	2,496,736
Refugee and Entrant Assistance - State Administered Programs	93.566	30,002
Home Energy Assistance	93.568	214,445
Child Care and Development Fund (Childcare Cluster)	93.596	317,813
Chafee Education and Training Vouchers Program	93.599	8,397
Child Welfare Services	93.645	17,815
Foster Care Title IV-E	93.658	1,857,793
Adoption Assistance	93.659	1,234,898
Social Services Block Grant	93.667	2,170,260
Independent Living	93.674	55,619
FAMIS State Children's Insurance Program	93.767	108,552
Medical Assistance Program (Medicaid Cluster)	93.778	3,192,662
<u>Virginia Department of Medical Assistance Services</u>		
Medical Assistance Program - Medicaid	93.778	1,763,507
Total Department of Health and Human Services		\$ 15,898,114
<u>DEPARTMENT OF HOMELAND SECURITY:</u>		
<u>Direct Payments:</u>		
Urban Areas Security Initiative - UASI	97.008	\$ 5,466
FEMA National US&R Response System	97.025	1,859,027
FEMA TF2 COLORADO DEPLOY FY14	97.025	11,024
FEMA National US&R Response System	97.039	95,304
Port Security Grant Program - Police	97.056	32,624
<u>Pass Through Payments:</u>		
<u>Virginia Department of Emergency Management</u>		
DHS Heacy Tactical Rescue Training 12	97.042	38,563
Haz Mat Team Equipment, Exercise, and Training	97.073	54,581
Total Department of Homeland Security		\$ 2,096,589
Total Federal Financial Assistance		\$ 122,999,656

See accompanying notes to the Schedule of Expenditures of Federal Awards.

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014

1. General

The accompanying Schedule of Expenditures of Federal Awards presents federally assisted programs of the City of Virginia Beach, Virginia and the City's Component Units. The City's reporting entity is disclosed in Note 1A to the City's basic financial statements. Federal awards received directly from federal agencies as well as through other government agencies are included on the schedule.

2. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1C to the City's basic financial statements.

3. Relationship to Financial Statements

Revenues from federal awards are reported in the City's basic financial statements as follows:

General Fund	\$	18,444,890
Capital Projects Fund		10,054,340
Non Major Governmental Funds		30,627,929
Enterprise Funds		1,204,420
Other Component Units (not including Virginia Beach Pass-through \$772,757)		1,305,645
School Board Funds		61,914,947
		<hr/>
Total federal awards reported in basic financial statements	\$	123,552,171

Less: Revenue closed to fund balances from the following:

Community Development Block Grant	14.218	\$	(602,607)
Emergency Shelter Grant	14.231		19,509
Home Investment Partnerships Program	14.239		(216,410)
Housing Opportunities for Persons with AIDS	14.241		(63,509)
Section 8 Moderate Rehabilitation Single Room Occupancy	14.249		49
Supportive Housing Programs-Continuum of Care Bonus Funding	14.267		7,508
Alliance to End Partner Violence	16.588		(15,139)
Workforce Investment Act Adult Program (WIA Cluster)	17.258		(501,214)
Workforce Investment Act Youth Activities (WIA Cluster)	17.259		411,836
Workforce Investment Act Dislocated Workers (WIA Cluster)	17.278		174,397
HIB Technical Skills Grant	17.268		63,942
Workforce Innovation Fund	17.283		21,346
Social Services Block Grant	93.667		(287,924)
Urban Areas Security Initiative	97.008		7,851
FEMA Nat'l US&R Response System	97.025		(337,150)
FEMA National US&R Response System	97.039		(95,304)
Port Security Grant Program - Police	97.056		(19,491)
DHS Heavy Tactical Rescue Training 12	97.042		(11,823)
		<hr/>	
		\$	(1,444,133)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014

Less: Revenue not subject to Single Audit:

General Fund - Federal Reimbursement for Police OT	\$	45,545
General Fund Federal Bond Subsidy		280,477
Water & Sewer EF Federal Bond Subsidy		936,823
Storm Water EF Federal Bond Subsidy		267,597
Debt Service SRF Federal Bond Subsidy		466,206
	\$	1,996,648
 Total Federal Expenditures	 \$	 122,999,656

4. Relationship to Federal Financial Reports

Amounts reported in the accompanying schedule substantially agree with the amounts reported in the related federal financial reports except that certain federal financial reports are prepared on the cash basis of accounting and the Schedule of Expenditures of Federal Awards is prepared on the basis of accounting described in Note 2 above.

5. Amounts Provided to Subrecipients

Total amounts provided to subrecipients from the following programs:

Virginia Beach Community Development Corporation:		
Community Development Block Grant-Entitlement Grants	14.218	\$ 381,125
Supportive Housing Programs	14.235	495,675
Supportive Services for Veterans Families (SSVF)	64.033	428,845
		<hr/>
Total Virginia Beach Community Development Corporation		\$ 1,305,645
		<hr/>
Opportunity, Inc. of Hampton Roads:		
Workforce Investment Act Adult Program	17.258	\$ 1,970,541
Workforce Investment Act Youth Activities	17.259	2,233,259
Workforce Investment Act Dislocated Workers	17.278	839,081
 Greater Peninsula Workforce Development Consortium:		
H1B Technical Skills Grant	17.268	1,021,119
 Northern Virginia Workforce Investment Board		
Workforce Innovation Fund	17.283	590,536
		<hr/>
Total Opportunity, Inc. of Hampton Roads		\$ 6,654,536
		<hr/>

CONTINUING DISCLOSURE

Continuing Disclosure

This part of the City of Virginia Beach comprehensive annual financial report presents detailed information with regards to Rule 15c2-12 promulgated by the Securities and Exchange Commission to provide certain annual financial information and material event notices.

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Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

CITY OF VIRGINIA BEACH, VIRGINIA
PRINCIPAL TAXPAYERS
Fiscal Year Ending June 30, 2014
(Unaudited)

	Taxpayer	Business Type	Real Property Assessed
1	E. D. & A. F. Ruffin & B. L. Thompson	Apartments/Shopping Center	\$ 409,736,900
2	Ramon W. Breeden, Jr.	Apartments/Shopping Center	325,456,300
3	Virginia Electric & Power Company	Utility	314,843,428
4	Armada Hoffer	Office/Retail/Vacant Land	305,596,200
5	Lynnhaven Mall LLC	Shopping Mall	303,446,700
6	J. M. , R.J.F. , A.D. & L.E. Caplan	Real Estate	241,364,200
7	Pembroke Square Assoc.	Shopping Mall	168,112,500
8	Verizon Virginia, Inc.	Utility	157,212,478
9	Christian Broadcasting Assoc./Net, Inc.	Broadcasting	153,536,800
10	Cheryl P. McLeskey	Real Estate	118,974,700
11	Thomas J. Lyons, Jr.	Hotels	118,709,000
12	Watergate Treehouse Associates LP	Shopping Center	110,952,300
13	Lake Gem	Shopping Center/Fast-Food	108,784,600
14	Westminster Canterbury	Real Estate	95,747,000
15	Aimco Maple Bay & Aimco Reflections LLC	Apartments	95,014,200
16	Potter Properties	Shopping Center	92,994,500
17	Windsor Lake & Shoreline Apartments LLC.	Apartments/Shopping Center	88,755,800
18	Inland Diversified Virginia Beach Landstown LLC	Shopping Center	81,073,800
19	Virginia Natural Gas	Utility	80,563,914
20	Sifen, Michael D.	Real Estate	76,485,400
21	Occidental Development, Ltd.	Apartments	63,138,500
22	Wal Mart Real Estate Business Trust	Retail Stores	61,817,300
23	Atlantic Shores Cooperative	Apartments	55,972,300
24	BBR/Marina Shores LLC	Shopping Center	51,519,900
25	Princess Anne Properties, Inc.	Real Estate	50,939,800
	Total		<u><u>\$ 3,730,748,520</u></u>

Sources: Office of Real Estate Assessor
Commissioner of the Revenue

CITY OF VIRGINIA BEACH, VIRGINIA
PROPERTY TAX RATES AND CHANGE IN TAX LEVY
Fiscal Years 1996 Through 2014
(Unaudited)

Fiscal Year	Tax Rate on Real Property (1)	Real Property Tax Levy	Percentage Annual Change in Tax Levy
1996	\$ 1.188	\$ 213,069,095	7.77%
1997	1.220	226,859,499	6.47%
1998	1.220	236,751,484	4.36%
1999	1.220	246,389,536	4.07%
2000	1.220	264,436,560	7.32%
2001	1.220	280,963,485	6.25%
2002	1.220	305,058,532	8.58%
2003	1.220	327,953,650	7.51%
2004	1.220	341,740,132	4.20%
2005	1.196	378,178,905	10.66%
2006	1.024	393,544,291	4.06%
2007	0.990	461,816,439	17.35%
2008	0.890	483,635,234	4.72%
2009	0.890	497,742,524	2.92%
2010	0.890	485,659,493	-2.43%
2011	0.890	456,029,698	-6.18%
2012	0.890	443,160,075	-2.82%
2013	0.950	457,057,821	3.14%
2014	0.930	481,829,037	5.42%

Source: City Department of Finance

(1) Tax rate per \$100 per assessed value.

CITY OF VIRGINIA BEACH, VIRGINIA
HISTORICAL ASSESSED VALUE
Fiscal Years 1996 Through 2014
(Unaudited)

Fiscal Year	Real Property Assessed Value (1)	Percentage Change From Prior Year	Personal Property Assessed Value	Percentage Change From Prior Year	Public Service Property Assessed Value (2)	Percentage Change From Prior Year	Total Assessed Value	Percentage Change From Prior Year
1996	\$ 17,569,373,603	2.21%	\$ 1,773,955,263	11.55%	\$ 631,854,212	5.58%	\$ 19,975,183,078	3.08%
1997	18,231,483,508	3.77%	1,848,939,232	4.23%	623,804,522	-1.27%	20,704,227,262	3.65%
1998	19,068,899,073	4.59%	1,975,719,516	6.86%	630,802,210	1.12%	21,675,420,799	4.69%
1999	19,880,386,330	4.26%	2,260,575,622	14.42%	656,859,261	4.13%	22,797,821,213	5.18%
2000	20,997,405,999	5.62%	2,725,158,950	20.55%	677,545,782	3.15%	24,400,110,731	7.03%
2001	22,085,451,417	5.18%	2,870,591,003	5.34%	705,956,994	4.19%	25,661,999,414	5.17%
2002	23,380,509,148	5.86%	2,915,490,499	1.56%	731,786,118	3.66%	27,027,785,765	5.32%
2003	25,949,245,358	10.99%	3,004,538,542	3.05%	753,259,714	2.93%	29,707,043,614	9.91%
2004	27,513,988,726	6.03%	3,252,187,117	8.24%	743,170,991	-1.34%	31,509,346,834	6.07%
2005	31,281,844,464	13.69%	3,369,167,703	3.60%	624,562,746	-15.96%	35,275,574,913	11.95%
2006	38,379,012,758	22.69%	3,710,964,218	10.14%	530,465,288	-15.07%	42,620,442,264	20.82%
2007	46,122,142,394	20.18%	3,787,921,076	2.07%	545,140,581	2.77%	50,455,204,051	18.38%
2008	55,146,390,999	19.57%	4,152,466,483	9.62%	647,905,245	18.85%	59,946,762,727	18.81%
2009	56,766,753,287	2.94%	3,712,297,032	-10.60%	807,890,384	24.69%	61,286,940,703	2.24%
2010	55,379,973,665	-2.44%	3,611,774,884	-2.71%	890,229,132	10.19%	59,881,977,681	-2.29%
2011	51,975,401,446	-6.15%	4,078,095,291	12.91%	927,509,746	4.19%	56,981,006,483	-4.84%
2012	50,508,022,826	-2.82%	4,305,170,900	5.57%	938,693,399	1.21%	55,751,887,125	-2.16%
2013	48,851,994,658	-3.28%	4,249,692,532	-1.29%	929,843,170	-0.94%	54,031,530,360	-3.09%
2014	48,737,614,190	-0.23%	4,034,018,923	-5.08%	889,050,800	-4.39%	53,660,683,913	-0.69%

(1) Real Property is assessed at 100% of fair market value.

(2) Includes both real estate and personal property assessment. All public service property is taxed at the real estate tax rate, except for vehicles.

Source: City Department of Finance

CITY OF VIRGINIA BEACH, VIRGINIA
PROPERTY TAX LEVIES AND COLLECTIONS
Fiscal Years 1996 through 2014
(Unaudited)

Fiscal Year	Total Tax Levy		Collected within the Fiscal Year of the Levy		Collections in Subsequent Years*	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
1996	\$	280,791,187	\$ 266,155,281	94.8 %	\$ 15,097,887	\$ 281,253,168	100.2 %
1997		297,253,895	282,265,999	95.0	14,874,129	297,140,128	100.0
1998		311,799,732	296,158,994	95.0	15,076,247	311,235,241	99.8
1999		328,444,301	303,646,060	92.4	14,866,315	318,512,375	97.0
2000		367,377,661	342,033,400	93.1	22,482,116	364,515,516	99.2
2001		388,489,478	358,291,746	92.2	20,341,533	378,633,279	97.5
2002		420,060,733	396,051,828	94.3	16,856,675	412,908,503	98.3
2003		445,787,734	420,490,211	94.3	17,638,904	438,129,115	98.3
2004		458,846,761	421,236,325	91.8	18,013,929	439,250,254	95.7
2005		505,050,845	468,796,012	92.8	20,116,692	488,912,704	96.8
2006		531,438,288	483,649,302	91.0	13,960,164	497,609,466	93.6
2007		527,465,143	505,518,196	95.8	17,384,557	522,902,753	99.1
2008		562,044,329	537,526,149	95.6	20,582,706	558,108,855	99.3
2009		570,582,069	547,934,162	96.0	19,237,736	567,171,898	99.4
2010		546,129,490	526,040,648	96.3	16,596,835	542,637,483	99.4
2011		523,586,269	504,769,073	96.4	14,224,231	518,993,304	99.1
2012		529,296,087	496,807,253	93.9	13,603,344	510,410,597	96.4
2013		540,797,475	515,533,542	95.3	11,895,056	527,428,598	97.5
2014		533,015,965	507,743,494	95.3	-	507,743,494	95.3

Source: City Department of Finance

Note: Collections in Subsequent Years represents delinquent accounts collected during the course of the fiscal year for all prior fiscal years.

* The methodology for reporting "Collections in Subsequent Years" was changed in FY 2000.

Collections in Subsequent Years for 1996-2000 are stated as reported in our 2005 Comprehensive Annual Financial Report.

CITY OF VIRGINIA BEACH, VIRGINIA
PRINCIPAL TAX REVENUES BY SOURCE
Fiscal Years 1996 through 2014
(Unaudited)

Fiscal Year	Real Property Taxes ¹	Personal Property Taxes	General Sales Tax	Utility Tax	Restaurant Meal Tax	Other Taxes	Total Taxes Assessed
1996	\$ 215,783,669	\$ 66,775,292	\$ 32,808,424	\$ 30,410,466	\$ 19,835,362	\$ 53,613,813	\$ 419,227,026
1997	230,682,146	67,612,923	33,916,147	26,420,839	20,682,238	56,083,447	435,397,740
1998	239,675,849	75,041,794	35,049,804	29,334,345	22,046,548	58,680,182	459,828,522
1999	249,878,165	76,016,201	37,004,115	30,594,776	23,157,204	61,927,958	478,578,419
2000	263,916,207	90,545,837	38,212,293	32,094,368	24,436,808	64,175,064	513,380,577
2001	276,515,023	90,791,185	39,712,323	34,080,325	25,320,531	68,188,931	534,608,318
2002	293,591,325	96,878,086	40,619,190	41,755,840	31,887,442	73,883,628	578,615,511
2003	319,261,524	97,182,499	41,782,279	43,407,182	34,377,007	79,458,536	615,469,027
2004	347,360,112	80,260,731	46,328,049	45,778,363	38,144,787	92,406,133	650,278,175
2005	382,632,555	57,046,694	49,315,425	47,105,890	41,565,553	98,135,551	675,801,668
2006	397,431,699	66,804,132	51,391,606	47,778,078	45,025,727	105,702,298	714,133,540
2007	462,221,198	71,592,573	53,962,203	46,357,954	46,743,465	105,393,161	786,270,554
2008	499,241,014	75,062,192	54,071,427	50,521,820	48,069,618	107,535,059	834,501,130
2009	515,768,880	71,181,027	51,439,533	45,764,804	48,304,462	105,627,818	838,086,524
2010	504,334,961	59,813,526	50,263,545	46,662,622	48,442,376	103,385,929	812,902,959
2011	474,474,648	65,943,535	51,743,905	45,129,301	50,594,181	108,691,603	796,577,173
2012	461,480,333	73,705,379	53,375,318	45,254,169	53,254,313	109,728,241	796,797,753
2013	476,217,120	74,723,035	54,978,531	44,623,292	55,122,465	115,403,784	821,068,227
2014	464,439,667	78,678,322	56,431,418	44,050,182	56,872,794	114,548,325	815,020,708

Source: City Department of Finance

(1) Includes penalty & interest (\$10 minimum) on delinquent collections.

CITY OF VIRGINIA BEACH, VIRGINIA
TEN LARGEST UTILITY (WATER) CUSTOMERS
Fiscal Year 2014
(Unaudited)

Customer	Annual Consumption in 1,000 Gallons	Type of Customer
Virginia Beach Correction Center	47,323	City Correction Center
Sentara Virginia Beach General Hospital	33,168	Hospital
S L Nusbaum Realty	33,139	Thalia Garden Apartments
Sentara Princess Anne Hospital	31,395	Hospital
Westminister-Canterbury of Hampton Roads	27,377	Retirement Center
County View Mobile Ct.	22,919	Mobile Home Park
Gold Key Resorts	22,907	Timeshare Resort
Colony Mobile Home Park	22,638	Mobile Home Park
Watergate Assoc Lakes	20,844	Linkhorn Bay Apartments
Town Center Associates 7 LLC	19,397	Real Estate Asset Manager

Source: City Department of Public Utilities

CITY OF VIRGINIA BEACH, VIRGINIA
WATER AND SEWER ENTERPRISE FUND
OUTSTANDING DEBT BY ISSUE
at June 30, 2014
(Unaudited)

2013 Water and Sewer System Revenue Bonds	\$ 44,845,000
2010A Water and Sewer System Revenue Bonds	60,395,000
2010B Water and Sewer System Refunding Revenue Bonds	7,955,000
2010C Water and Sewer System Refunding Revenue Bonds	22,980,000
2005 Water and Sewer System Revenue & Refunding Bonds	57,215,000
2002 Water and Sewer System Revenue Bonds	4,740,000
1998 Taxable Water and Sewer System Revenue Bond (1)	1,956,472
1997 Taxable Water and Sewer System Revenue Bond (1)	1,816,757
1994 Taxable Water and Sewer System Revenue Bond (1)	105,418
	<hr/>
Total Water and Sewer Debt Outstanding	<u><u>\$ 202,008,647</u></u>

Source: City Department of Finance

- (1) The 1994, 1997 & 1998 taxable issues were privately placed with the Commonwealth of Virginia Revolving Loan fund administered by Virginia Resources Authority
- (2) All Water & Sewer Bonds listed above are Parity Debt.

CITY OF VIRGINIA BEACH, VIRGINIA
WATER RESOURCE RECOVERY FEES
HISTORY OF RECEIPTS AND DISBURSEMENTS
Fiscal Year 2009 through 2014
(in thousands of dollars)
(Unaudited)

	Fiscal Year					
	2009	2010	2011	2012	2013	2014
Balance - July 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fees Received	1,741	1,990	1,938	3,265	3,905	2,116
Disbursements	<u>1,741</u>	<u>1,990</u>	<u>1,938</u>	<u>3,265</u>	<u>3,905</u>	<u>2,116</u>
Balance - June 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Source: City Department of Finance

CITY OF VIRGINIA BEACH, VIRGINIA
WATER AND SEWER ENTERPRISE FUND
SYSTEM OPERATING REVENUES, EXPENSES AND COVERAGE
For Fiscal Year Ending June 30
(in thousands of dollars)
(Unaudited)

	Fiscal Year				
	2010	2011	2012	2013	2014
<u>Operating Revenues</u>					
Service Charges	\$ 49,336	\$ 49,941	\$ 56,041	\$ 62,231	\$ 68,226
Water Usage	46,002	48,666	47,589	46,543	45,881
Miscellaneous	340	953	884	839	1,636
Total Operating Revenues	<u>\$ 95,678</u>	<u>\$ 99,560</u>	<u>\$ 104,514</u>	<u>\$ 109,613</u>	<u>\$ 115,743</u>
<u>Operating Expenses</u>					
Water Acquisition	\$ 24,952	\$ 25,341	\$ 25,353	\$ 25,968	\$ 23,188
Water Distribution	7,765	8,199	8,282	8,056	7,882
Sewer Collection	11,893	12,367	12,605	13,151	12,658
Administration and Engineering	15,551	15,853	16,469	16,829	18,367
Customer Services	9,224	9,317	9,445	9,830	9,813
Total Operating Expenses	<u>\$ 69,385</u>	<u>\$ 71,077</u>	<u>\$ 72,154</u>	<u>\$ 73,834</u>	<u>\$ 71,908</u>
Net Operating Income	<u>\$ 26,293</u>	<u>\$ 28,483</u>	<u>\$ 32,360</u>	<u>\$ 35,779</u>	<u>\$ 43,835</u>
<u>Non-Operating Revenues/(Expense)</u>					
Interest	\$ 794	\$ 643	\$ 524	\$ 457	\$ 405
Water Resource Recovery Fee	1,990	1,938	3,265	3,905	2,116
Connection Fees	758	679	1,212	1,274	767
Norfolk Water True-Up	(1,792)	(3,362)	(166)	-	3,257
Total Non-Operating Income	<u>\$ 1,750</u>	<u>\$ (102)</u>	<u>\$ 4,835</u>	<u>\$ 5,636</u>	<u>\$ 6,545</u>
Income Available For Debt Service	<u>\$ 28,043</u>	<u>\$ 28,381</u>	<u>\$ 37,195</u>	<u>\$ 41,415</u>	<u>\$ 50,380</u>
<u>Annual Debt Service*</u>					
Water and Sewer Revenue Bonds	\$ 10,720	\$ 12,181	\$ 13,969	\$ 13,932	\$ 15,028
Total Water and Sewer Debt Service	<u>\$ 10,720</u>	<u>\$ 12,181</u>	<u>\$ 13,969</u>	<u>\$ 13,932</u>	<u>\$ 15,028</u>
<u>Coverage of Debt Service on Water and Sewer Revenue Bonds</u>	2.62x	2.33x	2.66x	2.97x	3.35x
<u>Coverage of Debt Service on All Debt Supported by Water and Sewer Revenues</u>	2.62x	2.33x	2.66x	2.97x	3.35x

* Includes Principal, Interest, and Bank Charges

Source: City Departments of Finance and Public Utilities.

CITY OF VIRGINIA BEACH
WATER AND SEWER ENTERPRISE FUND
DEBT SERVICE REQUIREMENTS
as of June 30, 2014
(Unaudited)

Fiscal Year	Principal	Interest	Subsidy	Total
2014-15	\$ 9,083,130.00	\$ 9,016,111.00	\$ (1,017,732.60)	\$ 17,081,508.40
2015-16	9,371,806.00	8,644,422.00	(1,017,732.60)	16,998,495.40
2016-17	9,782,707.00	8,240,871.00	(1,017,732.60)	17,005,845.40
2017-18	9,145,728.00	7,827,106.00	(1,004,494.73)	15,968,339.27
2018-19	9,580,276.00	7,416,984.00	(976,808.86)	16,020,451.14
2019-20	8,910,000.00	7,012,665.00	(946,785.86)	14,975,879.14
2020-21	9,270,000.00	6,631,840.00	(914,830.86)	14,987,009.14
2021-22	9,670,000.00	6,233,037.00	(881,322.73)	15,021,714.27
2022-23	10,125,000.00	5,793,460.00	(845,559.73)	15,072,900.27
2023-24	10,600,000.00	5,334,787.00	(806,512.42)	15,128,274.58
2024-25	11,085,000.00	4,867,419.00	(763,962.48)	15,188,456.52
2025-26	11,645,000.00	4,337,939.00	(718,084.48)	15,264,854.52
2026-27	9,525,000.00	3,827,440.00	(668,664.92)	12,683,775.08
2027-28	9,885,000.00	3,381,872.00	(615,202.86)	12,651,669.14
2028-29	7,885,000.00	2,961,818.00	(557,678.61)	10,289,139.39
2029-30	8,255,000.00	2,560,092.00	(496,087.36)	10,319,004.64
2030-31	8,640,000.00	2,136,919.00	(430,471.55)	10,346,447.45
2031-32	5,720,000.00	1,775,130.00	(360,895.49)	7,134,234.51
2032-33	5,990,000.00	1,478,328.00	(287,429.62)	7,180,898.38
2033-34	6,270,000.00	1,167,337.00	(210,223.12)	7,227,113.88
2034-35	6,570,000.00	841,390.00	(129,076.49)	7,282,313.51
2035-36	6,880,000.00	499,672.00	(43,740.38)	7,335,931.62
2036-37	2,600,000.00	272,800.00	-	2,872,800.00
2037-38	2,705,000.00	166,700.00	-	2,871,700.00
2038-39	2,815,000.00	56,300.00	-	2,871,300.00
Totals	<u>\$ 202,008,647.00</u>	<u>\$ 102,482,439.00</u>	<u>\$ (14,711,030.35)</u>	<u>\$ 289,780,055.65</u>

All Water & Sewer Debt is Parity Debt are Revenue Bonds and Notes issued pursuant to Article VII, Sec. 10(a)(3) of the Constitution of Virginia, secured solely by the Revenues of the system.

Source: City Department of Finance

**CITY OF VIRGINIA BEACH, VIRGINIA
WATER AND SEWER ENTERPRISE FUND
WATER AND SEWER RATE HISTORY
(Unaudited)**

Effective Date of Rate Adjustment	Water Commodity Rate (per 1,000 gallons)	Sanitary Sewer Service Charge Single Family Residence (per month)
July 1, 1991	\$ 2.96	\$ 10.58
July 1, 1992	3.11	11.38
July 1, 1993	3.38	11.38
July 1, 1994	3.65	11.38
July 1, 1999	3.55	11.38
July 1, 2001	3.55	12.29
July 1, 2002	3.55	13.27
July 1, 2003	3.55	14.34
July 1, 2005	3.65	15.92
July 1, 2006	3.70	16.88
July 1, 2007	3.80	17.72
July 1, 2008	3.95	18.61
July 1, 2009	4.10	19.54
July 1, 2010	4.41	19.54
July 1, 2011	4.41	22.12
July 1, 2012	4.41	24.86
July 1, 2013	4.41	27.76
July 1, 2014	4.41	30.81

Source: City Department of Public Utilities

CITY OF VIRGINIA BEACH, VIRGINIA
TEN LARGEST STORM WATER UTILITY ACCOUNTS
For Billing Period Ending June 30, 2014
(Unaudited)

Customer	Fees Billed
Sentara Healthcare	\$ 106,576
Pembroke Square	79,598
Eagle Holdings, LLC	77,806
Virginia Wesleyan College	76,295
Inland Diversified Real Estate	75,943
Sentara Virginia Beach Hospital	70,400
Stihl, Inc.	62,766
GEICO	56,600
Wordsworth Village at West Neck	56,062
Barber Self-Storage LLC	54,096

Source: City Department of Public Works/Storm Water Management

CITY OF VIRGINIA BEACH, VIRGINIA
STORM WATER UTILITY
DISTRIBUTION BY TYPE OF PROPERTY
As of June 30, 2014
(Unaudited)

Type of Property	2014
	Percent of Equivalent Residential Units (ERU)
Residential	50.2%
Multi-Family	11.7%
Non-Residential	38.1%

Source: City Department of Public Works/Storm Water Management

CITY OF VIRGINIA BEACH, VIRGINIA
STORM WATER UTILITY FEE COLLECTIONS
As of June 30, 2014
(Unaudited)

Fiscal Year	Assessed fees	Collected fees *	% Collected
2014	\$ 36,709,700	\$ 36,537,711	99.531%
2013	32,006,788	31,852,199	99.517%
2012	27,632,407	27,541,919	99.673%
2011	20,883,989	20,833,505	99.758%
2010	19,285,723	19,251,212	99.821%
2009	17,441,273	17,435,519	99.967%
2008	15,487,064	15,481,310	99.963%
2007	14,657,797	14,652,043	99.961%
2006	13,737,919	13,732,165	99.958%
2005	12,456,762	12,451,008	99.954%
2004	12,519,585	12,513,831	99.954%
2003	11,415,662	11,409,908	99.950%
2002	10,437,774	10,432,020	99.945%
2001	9,467,608	9,461,854	99.939%
2000	9,330,500	9,324,746	99.938%
1999	9,219,518	9,213,764	99.938%
1998	7,909,209	7,903,455	99.927%
1997	6,547,709	6,541,955	99.912%
1996	6,441,521	6,435,767	99.911%
1995	6,392,423	6,386,669	99.910%
1994	6,299,650	6,293,896	99.909%

Source: City Department of Public Works/Storm Water Management

* Represents collections to date. The City anticipates that for each of the recent years collection rates will be consistent with earlier years.

CITY OF VIRGINIA BEACH, VIRGINIA
STORM WATER UTILITY FUND
PRO FORMA CALCULATION OF REVENUE COVENANTS
(Unaudited)

Revenue Requirement A	Fiscal Year					
	2010	2011	2012	2013	2014	2015 Budget
Total Revenues:						
System Revenues (including interest income)	\$ 19,406,355	\$ 21,234,088	\$ 27,892,419	\$ 32,954,179	\$ 37,150,524	\$ 39,002,647
Non-Operating Revenues deposited into the Revenue Fund (from the Commonwealth)*	5,222,410	2,656,916	-	-	-	-
Total Revenues	\$ 24,628,765	\$ 23,891,004	\$ 27,892,419	\$ 32,954,179	\$ 37,150,524	\$ 39,002,647
Total Expenses:	10,676,428	11,234,614	13,311,162	14,317,957	15,366,723	16,105,138
Revenues Available for Debt Service	\$ 13,952,337	\$ 12,656,390	\$ 14,581,257	\$ 18,636,222	\$ 21,783,801	\$ 22,897,509
Maximum Principal and Interest Requirement on Revenue Bonds (a)	\$ 767,850	\$ 1,989,070	\$ 1,989,070	\$ 1,989,070	\$ 1,989,070	\$ 2,549,070
Total Maximum Debt Service	\$ 767,850	\$ 1,989,070	\$ 1,989,070	\$ 1,989,070	\$ 1,989,070	\$ 2,549,070
Debt Service Coverage Ratio	18.2	6.4	7.3	9.4	11.0	9.0

Source: City Department of Finance

* The City has no legal obligation to deposit revenues from the Commonwealth into the Revenue Fund.

Revenue Requirement B	Fiscal Year					
	2010	2011	2012	2013	2014	2015 Budget
System Revenues (including interest income)	\$ 19,406,355	\$ 21,234,088	\$ 27,892,419	\$ 32,954,179	\$ 37,150,524	\$ 39,002,647
Less Required Transfers:						
Operating Expenses	\$ 10,660,893	\$ 10,479,442	\$ 12,045,293	\$ 12,456,779	\$ 13,576,682	\$ 12,770,738
Capital Outlay	15,535	755,172	1,265,869	1,861,178	1,790,041	3,334,400
Senior Debt:						
Maximum Principal & Interest:						
Requirement on Series 2000 Bonds	767,850	-	-	-	-	-
Requirement on Series 2010A Bonds (a)	-	1,343,595	1,343,595	1,343,595	1,343,595	1,343,595
Requirement on Series 2010B Bonds	-	645,475	645,475	645,475	645,475	645,475
Fiscal Year 2015 Proposed Bond Sale	-	-	-	-	-	560,000
Subordinate Debt Fund (Prior Bonds)	603,619	489,014	469,360	322,975	226,457	-
Capital Improvement Account (Cash)	5,403,749	5,947,338	10,836,635	14,122,870	13,962,480	9,514,582
Total Transfers	\$ 17,451,646	\$ 19,660,036	\$ 26,606,227	\$ 30,752,872	\$ 31,544,730	\$ 28,168,790
Surplus Revenue available after transfers:	\$ 1,954,709	\$ 1,574,052	\$ 1,286,192	\$ 2,201,307	\$ 5,605,794	\$ 10,833,857
Reconciliation of Expenses to CAFR						
Total Operating Expenses (per CAFR)	\$ 12,746,643	\$ 13,226,435	\$ 15,550,163	\$ 16,709,597	\$ 19,477,620	
Less: Depreciation	(2,058,715)	(1,991,821)	(2,239,001)	(2,391,640)	(4,110,897)	
Appropriations from Retained Earnings	(11,500)	-	-	-	-	
Total Expenses (Pro Forma Requirement)	\$ 10,676,428	\$ 11,234,614	\$ 13,311,162	\$ 14,317,957	\$ 15,366,723	

Source: City Department of Finance

(a) Interest is net of 35% Federal Government interest subsidy on Build America Bonds.

CITY OF VIRGINIA BEACH, VIRGINIA
STORM WATER UTILITY FUND
DEBT SERVICE REQUIREMENTS
as of June 30, 2014
(Unaudited)

Fiscal Year	Principal	Interest	Subsidy	Total
2014-15	\$ 1,030,000.00	\$ 1,001,863.78	\$ (288,358.88)	\$ 1,743,504.91
2015-16	1,055,000.00	981,013.78	(288,358.88)	1,747,654.91
2016-17	1,075,000.00	958,276.28	(285,843.25)	1,747,433.03
2017-18	1,095,000.00	932,506.28	(280,358.75)	1,747,147.53
2018-19	1,125,000.00	903,267.53	(273,977.38)	1,754,290.16
2019-20	1,150,000.00	869,776.90	(266,663.47)	1,753,113.43
2020-21	1,180,000.00	831,092.52	(258,352.07)	1,752,740.45
2021-22	1,225,000.00	785,333.14	(249,213.78)	1,761,119.36
2022-23	1,280,000.00	733,961.26	(239,353.63)	1,774,607.64
2023-24	1,340,000.00	681,961.26	(228,512.38)	1,793,448.89
2024-25	1,400,000.00	628,524.38	(216,510.88)	1,812,013.51
2025-26	800,000.00	581,825.00	(203,638.75)	1,178,186.25
2026-27	845,000.00	541,477.50	(189,517.13)	1,196,960.38
2027-28	885,000.00	497,362.50	(174,076.88)	1,208,285.63
2028-09	930,000.00	451,080.00	(157,878.00)	1,223,202.00
2029-30	980,000.00	402,375.00	(140,831.25)	1,241,543.75
2030-31	1,030,000.00	351,120.00	(122,892.00)	1,258,228.00
2031-32	1,080,000.00	297,315.00	(104,060.25)	1,273,254.75
2032-33	1,135,000.00	238,562.50	(83,496.88)	1,290,065.63
2033-34	1,195,000.00	174,487.50	(61,070.63)	1,308,416.88
2034-35	1,255,000.00	107,112.50	(37,489.38)	1,324,623.13
2035-36	1,320,000.00	36,300.00	(12,705.00)	1,343,595.00
Totals	<u>\$ 24,410,000.00</u>	<u>\$ 12,986,594.61</u>	<u>\$ (4,163,159.44)</u>	<u>\$ 33,233,435.17</u>

Source: City Department of Finance

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