

# COMPREHIENSIVE ANNUAL FINANCIAL REPORT

For Fiscal Year Ended June 30, 2012

#### **COMPREHENSIVE**

#### **ANNUAL**

#### FINANCIAL REPORT

#### **OF THE**

#### CITY OF VIRGINIA BEACH, VIRGINIA

# FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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 & Holland, L.L.P. 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, Marc Stein, Patty Kephart, Kevin

Kielbasa, Debbie Shevock, Nancy Leavitt, Patti

Porter, Linda Granger, Trish Donahue

Technical Assistance - Paul Harris, Marc Davis, Economic Vitality

Strategic Issue Team, Richard Lester, Arlene Ney,

Sean Murphy.

Staff Support - Penny Williams, Loretta Brown, Donna Vaughan,

**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

Patrija a. Philips

TABLE OF CONTENTS	PAGE NO
INTRODUCTORY SECTION	
INTRODUCTORY SECTION	
Elected and Appointed Officials	
City Organization Chart	
Letter of Transmittal	
Certificate of Achievement for Excellence in Financial Reporting	20
FINANCIAL SECTION	
FINANCIAL SECTION	
Independent Auditors' Report	
Management's Discussion and Analysis	29
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets	
Statement of Activities	42
Governmental Funds Financial Statements:	
Balance Sheet	
Reconciliation of the Balance Sheet to the Statement of Net Assets	
Statement of Revenues, Expenditures, and Changes in Fund Balance	40
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances	
of Governmental Funds to the Statement of Activities	4′
Statement of Revenues, Expenditures, and Changes in Fund Balance -	
Budget and Actual - General Fund	48
Proprietary Funds Financial Statements:	
Statement of Net Assets	
Statement of Revenues, Expenses and Changes in Fund Net Assets	
Statement of Cash Flows	51
Fiduciary Funds Financial Statements:	
Statement of Fiduciary Net Assets	
Statement of Changes in Fiduciary Net Assets	
Notes to Financial Statements	50
Required Supplemental Information other than Management's Discussion and Analysis:	
Schedules of Funding Progress for Virginia Retirement System	104
Schedules of Funding Progress for Other Postemployment Benefits	
Schedules of Employer Contributions for Other Postemployment Benefits	103
Other Supplemental Information	
Combining Schedules Nonmajor Governmental Funds:	
Combining Balance Sheet - Nonmajor Governmental Funds	108
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance -	
Nonmajor Governmental Funds	109
General Fund Budget to Actual:	
Schedule of Revenues	
Schedule of Expenditures	
Combining Schedules and Individual Funds:	
Combining Balance Sheet - Nonmajor Special Revenue Funds	120
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance -	
Nonmajor Special Revenue Funds	133
Statements of Revenues, Expenditures, and Changes in Fund Balance and Budget and Actual:	
Law Library Fund	138
Sandbridge Tax Increment Financing Fund	130

NANCIAL SECTION (continued)	PAGE NO
Combining Schedules and Individual Funds: (continued)	
Housing and Neighborhood Preservation Fund	140
Lynnhaven Mall Tax Increment Financing Fund	
Town Center Special Service District Fund	
DEA Seized Property Fund	
Federal Section Eight Program Fund	
Sheriff's Department Fund.	
Inmate Services Fund	
Parks and Recreation Fund.	
Tourism Investment Program Fund	
Central Business District South Tax Increment Financing Fund.	
Sandbridge Special Service District Fund	
Tourism Advertising Program Fund	
Agriculture Reserve Program Fund	
Emergency FEMA Fund	
Open Space Fund	
Old Donation Creek Dredging Fund	
Wetlands Board Mitigation Fund	130
Schedule of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual - Debt Service Fund	158
Capital Projects: Schedule of General Government Capital Projects	160
Enterprise Funds:	170
Statement of Net Assets - Water and Sewer Fund	
Statement of Revenues, Expenses and Changes in Net Assets - Water and Sewer Fund	
Statement of Cash Flows - Water and Sewer Fund	
Schedule of Changes in Restricted Assets - Water and Sewer Fund	
Schedule of Operating Expenses - Budget and Actual - Water and Sewer Fund	
Schedule of Water and Sewer Fund Capital Projects	
Statement of Net Assets – Storm Water Fund	
Statement of Revenues, Expenses and Changes in Net Assets – Storm Water Fund	
Statement of Cash Flows – Storm Water Fund	
Schedule of Operating Expenses - Budget and Actual - Storm Water Fund	
Schedule of Storm Water Fund Capital Projects	
Internal Service Funds:	
Combining Statement of Net Assets	
Combining Statement of Revenues, Expenses and Changes in Net Assets	
Combining Statement of Cash Flows	
Trust and Agency Funds:	
Combining Statement of Fiduciary Assets and Liabilities – Agency Funds	
Combining Statement of Changes in Assets and Liabilities – Agency Funds	
Combining Statement of Fiduciary Net Assets – Trust Funds	
Combining Statement of Changes in Fiduciary Net Assets – Trust Funds	
Nonmajor Component Units:	
Statement of Net Assets	
Statement of Activities	
Combining Statement of Cash Flows	

FII	NANCIAL SECTION (continued)	PAGE NO.
	Discretely Presented School Board Component Unit:	
	Statement of Net Assets.	
	Statement of Activities	
	Balance Sheet - Governmental Funds	
	Reconciliation of the Balance Sheet to the Statement of Net Assets	
	Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	212
	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances	0.1.2
	of Governmental Funds to the Statement of Activities	
	School Operating Special Revenue Fund – Budget and Actual	
	School Grants Special Revenue Fund – Budget and Actual	
	Combining Balance Sheet - Nonmajor Governmental Funds - Special Revenue Funds	220
	Nonmajor Governmental Funds - Special Revenue Funds	221
	Combining Statement of Net Assets - Internal Service Funds	
	Combining Statement of Revenues, Expenses and Changes in Fund Net Assets -	
	Internal Service Funds	223
	Combining Statement of Cash Flows - Internal Service Funds	
	Combining Statement of Changes in Assets and Liabilities - Agency Funds	
	Combining Statement of Changes in Assets and Elabinities - Argency I and S	
ST.	ATISTICAL SECTION	
Tal	<u>ble</u>	
1	Net Assets by Component - Last Ten Fiscal Years	220
2	Changes in Net Assets - Last Ten Fiscal Years	
3	Fund Balances of Governmental Funds - Last Ten Fiscal Years	
4	Changes in Fund Balance of Governmental Funds - Last Ten Fiscal Years.	
<del>1</del>	General Governmental Activities Tax Revenue by Source - Last Ten Fiscal Years	
6	Assessed Value and Estimated Actual Value of Taxable Property - Last Ten Fiscal Years	
7	Revenue Rates for Real Estate and for Personal Property - Last Ten Fiscal Years	
8	Principal Property Taxpayers - Assessed Value	
9	Property Tax Levies and Collections - Last Ten Fiscal Years.	
10	Ratios of Outstanding Debt by Type - Last Ten Fiscal Years	
11	Ratios of Outstanding General Bonded Debt by Type - Last Ten Fiscal Years	
	Legal Debt Margin Information - Last Ten Fiscal Years	
	Pledged - Revenue Coverage - Last Ten Fiscal Years	
	Demographic and Economic Statistics - Last Ten Fiscal Years	
	Principal Employers	
	Full-Time Equivalent Government Employees by Function - Last Ten Fiscal Years	
	Operating Indicators by Function - Last Ten Fiscal Years	
	Capital Asset Statistics by Function - Last Ten Fiscal Years	
	Treasurer's Accountability Report	
SIN	NGLE AUDIT SECTION	
	Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and	
	Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government</i>	
	Auditing Standards	251
	Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effective Co	
	On Each Major Federal Program and on Internal Control Over Compliance in Accordance with	
	OMB Circular A-133	253
	Schedule of Findings and Questioned Costs	
	Schedule of Expenditures of Federal Awards	
	Notes to Schedule of Expenditures of Federal Awards	

#### PAGE NO.

1.5	MGE NO.
CONTINUING DISCLOSURE	
<u>Schedule</u>	
1-1 Principal Taxpayers	268
1-2 Property Tax Rates and Change in Tax Levy	269
1-3 Historical Assessed Value	
1-4 Property Tax Levies and Collections	271
1-5 Principal Tax Revenues by Source	272
2-1 Ten Largest Utility (Water) Customers	273
2-2 Water and Sewer Enterprise Fund Outstanding Debt by Issue	274
2-3 Water Resource Recovery Fees History of Receipts and Reimbursements	275
2-4 Water and Sewer Enterprise Fund System Operating Revenues, Expenses, and Coverage	276
2-5 Water and Sewer Enterprise Fund Debt Service Requirements	277
2-6 Water and Sewer Enterprise Fund Water and Sewer Rate History	278
3-1 Ten Largest Storm Water Utility Accounts	279
3-2 Storm Water Utility Distribution by Type of Property	280
3-3 Storm Water Utility Fee Collections	281
3-4 Storm Water Utility Pro Forma Calculation of Revenue Covenants	282
3-5 Storm Water Utility Debt Service Requirements	283

## **INTRODUCTORY SECTION**

#### CITY OF VIRGINIA BEACH, VIRGINIA

#### **CITY COUNCIL**

#### **SCHOOL BOARD**

William D. Sessoms, Jr., Mayor	At-Large
Louis R. Jones, Vice Mayor	O O
Harry E. Diezel	Kempsville District
Robert Dyer	Centerville District
Glenn R. Davis	Rose Hall District
James L. Wood	Lynnhaven District
John E. Uhrin	Beach District
Barbara M. Henley	Princess Anne District
Bill R. DeSteph	At-Large
John D. Moss	At-Large
Rosemary Wilson	At-Large

Daniel D. "Dan" Edwards, Chairman	District 1–Centerville
William J. Brunke, IV, Vice Chairman	. District 7-Princes Anne
Patrick S. Salyer	District 2-Kempsville
Brent N. Mckenzie	District 3-Rose Hall
Carolyn D. Weems	District 4-Bayside
Emma L. "Em" Davis	District 5-Lynnhaven
Sam Reid	District 6-Beach
Todd C. Davidson	At-Large
Dorthy M. Holtz	At-Large
Ashley K. McLeod	At-Large
D. Scott Seery	At-Large
•	_

#### **CONSTITUTIONAL OFFICERS**

#### 

#### VIRGINIA BEACH DEVELOPMENT AUTHORITY

C. Maxwell Bartholomew, Jr	Commissioner
Linwood O. Branch	Commissioner
Dan H. Brockwell	Commissioner
Bryan D. Cuffee	Commissioner
Peter K. Mueller	Commissioner
Robert L. Nicholson	Commissioner
John W. Richardson	Commissioner
Charles M. Salle	Commissioner
Elizabeth A. Twohy	Commissioner
Shewling Moy Wong	Commissioner
Dorothy Wood	

#### **APPOINTED OFFICERS**

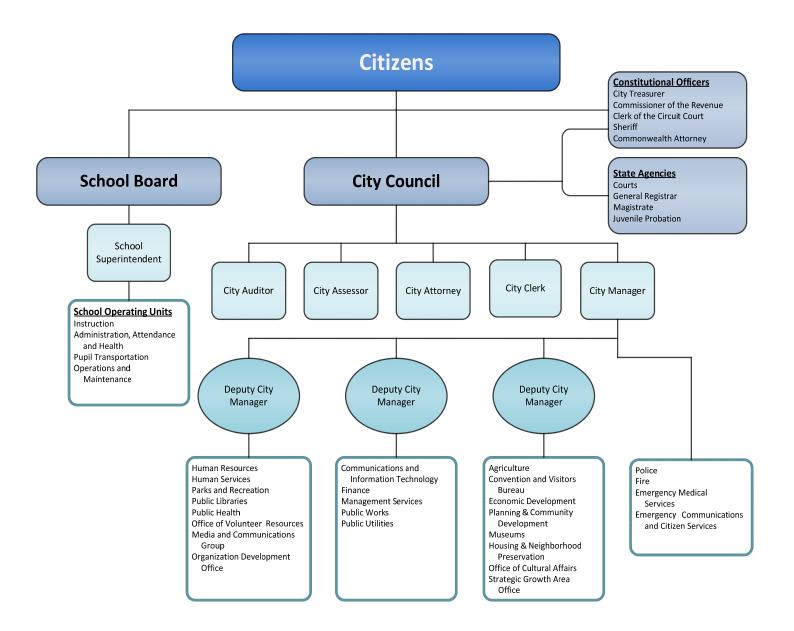
James K. Snore	City Manager
	City Clerk
Jerald Banagan	Real Estate Assessor
Lyndon S. Remias	City Auditor

### VIRGINIA BEACH COMMUNITY DEVELOPMENT CORPORATION

Mary Kay Horoszewski	Executive Director
Carolyn McPherson	President
Christopher Beale	Vice President
David Doucette	
James Banks	Director
Amelia Ross-Hammond	Director
Kenneth J. Longo	Director
Ann Crenshaw	Director
Gregory Dragas	Director
Carol Hare	Director
Prescott Sherrod	Director
Emmanuel Voces	Director

#### **CITY LEADERS**

Cindy A. Curtis	Deputy City Manager
David L. Hansen	Deputy City Manager
Robert S. Herbert	Deputy City Manager





#### City of Virginia Beach

VBgov.com

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

November 21, 2012

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, 2012, 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 441,246 according to the Weldon Cooper Center for Public Service at the University of Virginia.

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. These discretely presented component units qualifying for inclusion in this report are the Virginia Beach School Board, Virginia Beach Development Authority, and Virginia Beach Community Development Corporation. 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 component units are discretely presented and 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 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, 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

Virginia Beach and the region are in the midst of a fragile recovery from the Great Recession. Positive economic trends can now be found in the areas of job growth, employment, unemployment, income, tourism, retail sales, and port activity. In fact, tourism in Virginia Beach was relatively strong throughout the recession. Regionally, defense spending is steady, though with a negative outlook due to possible budget cuts; and port activity, though increasing, is facing strong competition from other east coast ports. There are enough positive trends and they are strong enough to boost the Consumer Confidence Index, which is at its highest level since February 2008.



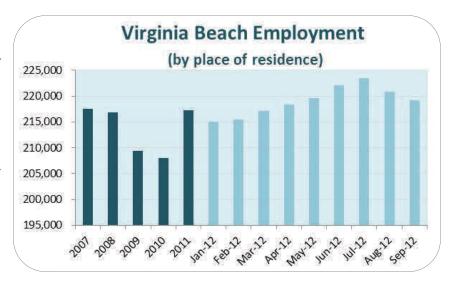
The largest civilian **employment sectors** in Virginia Beach are Retail Trade, Local Government, Accommodation and Food Services, and Health Care.

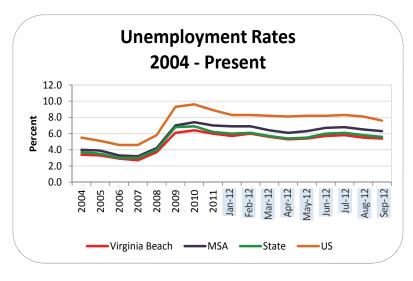
Comparing first quarter 2012 employment to the same period in 2011, employment increased in all of the civilian sectors except Information, Wholesale Trade, Federal, and Administrative. Overall, the average civilian employment in the first quarter of 2012 was 159,685 compared to 157,964 in the first quarter of

2011, an increase of 1,721. While it is good to see positive employment growth, employment is still not back to its pre-recession level of 173,331 reported in the first quarter of 2007. (Source: Virginia Employment Commission)

There were 20,223 **active-duty military** jobs reported by the Bureau of Economic Analysis in 2010, down 403 from 20,626 in 2009. Since 2007, active-duty military employment in Virginia Beach has been reduced by 1,508. Defense cuts being contemplated by Congress could further decrease the number of active-duty personnel in Virginia Beach and the region. (Source: Bureau of Economic Analysis)

In 2007 before the recession, Virginia Beach reported employment of 217,518. In 2011, employment number was back up to 217,179, essentially attaining prerecession levels after dipping to a low of 208,026 in 2010. Average employment from January through September 2012 was 219,006, which is on track to surpass the 2011 level. (Source: Virginia Employment Commission and BLS)



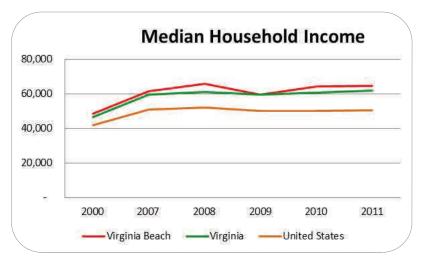


In September 2012, the unemployment rate was 5.4% for Virginia Beach, 6.3% for the MSA, 5.6% for the state and 7.6% for the U.S. These rates are all lower than they were the previous month and the previous year. In 2011 Virginia Beach had the 4th lowest rate among the 50 largest cities. The unemployment numbers are trending down, though slowly. The pre-recession unemployment rate averaged around 3.0% Virginia Beach. (Source: VEC & BLS)

The **per capita income** for Virginia Beach was \$44,857 in 2010, which is greater than that for the state at \$44,267 and the nation at \$39,791. (Source: BEA)

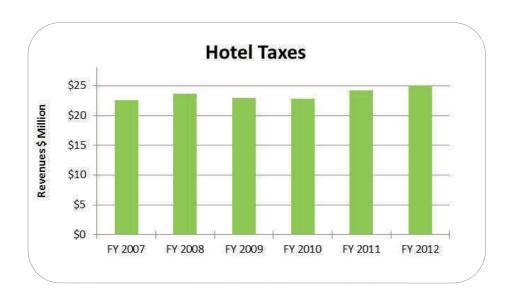
The Virginia Beach median household income in 2011 increased to \$64,614. Virginia Beach ranked fourth highest for median household income among the 50 largest cities. Median household income was also up for the state and nation in 2011. (Source: US Census Bureau)

**Defense spending, tourism,** and the ports are stabilizers of the Virginia Beach economy. Defense spending in Virginia



Beach decreased from \$2.4 billion in 2010 to \$2.2 billion in 2011. Defense spending in the Hampton Roads MSA is expected to remain flat at \$20.7 billion by the end of 2012. Defense spending in Hampton Roads increased, on average, over 7% per year over the last decade. This growth rate is unlikely to continue in light of the \$487 billion in defense spending cuts already agreed upon and the automatic across-the-board budget cuts (sequestration) that will become effective in January 2013 if Congress cannot come up with alternative, targeted cuts. (Sources: 2012 State of the Region Report, ODU and USA Spending)

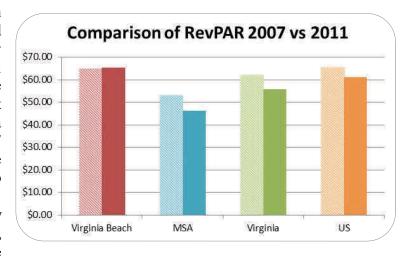
The **Tourism and Convention Industry** is another stabilizer of the Virginia Beach economy. In 2011, direct visitor spending was estimated to be a record high of \$1.22 billion, creating 11,760 jobs and \$217.4 million in payroll earnings. Direct visitor spending in 2011 increased by 8.3% over 2010. (U.S. Travel Association)

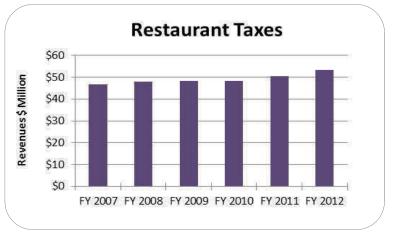


**Hotel** tax revenue is up 10.6% for the period FY-07 through FY-12. Hotel room sales are up 9.7% over the same period. The strong hotel sales are indicative of the strong tourism industry in Virginia Beach, even as markets nationwide are sluggish. (Source: Convention & Visitors Bureau and Dept. of Finance)

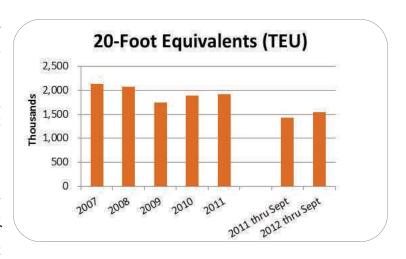
Revenue Per Available Room (RevPAR) is the standard statistic the hospitality industry uses to measure financial performance make and to comparisons different across markets. RevPAR for Virginia Beach increased from 2007 through 2011 by 0.9% and is the only regional hotel market to report an increase. Also, in 2011 Virginia Beach had a substantially higher RevPAR than the nation, state, and MSA. (Sources: 2012 State of the Region Report, ODU)

Restaurant tax revenue increased 13.9% for the period FY-07 through FY-12. Restaurant sales are up 13.6% over the same period. Restaurant sales and tax revenues are at their highest level in the last 6 years. (Source: Convention & Visitors Bureau and Dept. of Finance)

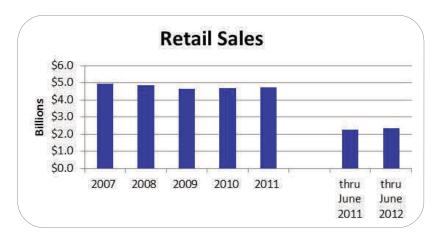




The **Port of Virginia** is another important segment of the Hampton Roads economy. The number of 20-foot equivalent unit containers (TEU) shipped through the Port increased 1.2% in 2011. While an improvement over 2010, the TEUs shipped are still below the 2007 peak of 2.1 million. The number of TEUs shipped year-to-date through September 2012 was up a respectable 8.3% over the same period in 2011. Looking ahead, the Port of Virginia is the only port on the east



coast with a 50-foot deep channel that will accommodate the new class of larger vessels. These larger vessels will use the Panama Canal once the deepening of the canal is completed in 2014. It will then be possible for these ships to by-pass the West Coast by coming through the Panama Canal to the Port of Virginia. (Source: Port of Virginia, ODU)

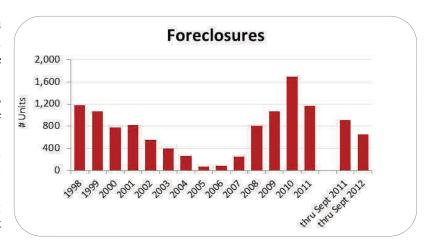


Retail sales in Virginia Beach rose 1.0% in 2011 after rising 1.1% in 2010. Annual sales have still not reached the 2007 pre-recession peak of \$4.9 billion. Sales in the first six months of 2012 were up a comparatively healthy 4.9%. Retail sales at the state level are up 6.3% in the first half of 2012. (Source: Virginia Dept. of Taxation)



Virginia Beach **real estate assessments** declined 2.7% in FY 2012 and are projected to decline 3.6% in FY 2013, which would be the 4th consecutive year of decline after rapid increases during FY 2004 - FY 2008. The decline in assessments is not expected to level off until FY 2015. (Source: Real Estate Assessor's Office)

There were 1,164 **foreclosures** in Virginia Beach in 2011, down from 1,688 in 2010. There have been 565 foreclosures during the period January-September 2012, which is down from the same period in 2011. This decrease is a promising sign, though foreclosures are likely to affect real estate assessments for the next few years. (Sources: Real Estate Assessor's Office, Circuit Court)



The total number of **building permits** was up from 7,649 in FY-11 to 8,003 in FY-12. However, the value of the permits was down from \$302.8 million to \$225.7 million. (Source: Real Estate Assessor's Office, Dept. of Planning)

The **Consumer Confidence Index** climbed to 72.2 in October (100 indicates a positive outlook). This is the highest reading since February 2008. In October 2011 it measured 39.8. The positive trends in the economy are helping the consumer to feel more confident, which in turn will help support the momentum in the economic recovery. (Source: Conference Board)

The Virginia Beach economy continues its recovery, though slowly. Job growth, income, retail sales, building permits, and port activity, while increasing, are still below their pre-recession levels. Foreclosures are down, but continue to plague the real estate assessments, which continue to decline. Unemployment remains stubbornly high. Employment and tourism are exceeding their pre-recession levels. Virginia Beach hotel and restaurant sales and the associated taxes are at their highest level in 5 years. Defense spending, though flat, continues to stabilize the economy. The Consumer Confidence Index is increasing and is approaching the level that would be considered a positive outlook. Continued improvement in consumer confidence is the piece that is needed to sustain this fragile economic recovery.

#### **MAJOR INITIATIVES**

The 2011-2012 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 these goals are seven major strategic issue areas. Steady progress has been made in realizing City Council's vision of making Virginia Beach a Community for a Lifetime. The seven strategic issue areas are:

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

#### **Economic Vitality**

#### Virginia Beach Development Authority

FY 2012 was another successful year for the Virginia Beach Development Authority, which continued its efforts to grow a diversified economy for the City despite the challenging economic times. Through the combined efforts of the Authority and Department of Economic Development, nearly \$122 million in new capital was invested by the City's business community during FY 2012, and companies working with the Department reported the creation of over 1,000 new jobs. Of these 1,000 new jobs, 563 were from companies new to the City. Existing industry expansions of 32 companies, including AMSEC, IMS GEAR, STIHL and Pembroke Associates created 456 new jobs. In October, a Whole Foods Market opened in the Hilltop area. It is the first Whole Foods Market to locate in Hampton Roads.

#### Strategic Growth Areas (SGAs)

In the 2009 Comprehensive Plan the City identified eight strategic growth areas to provide opportunities for continued physical and economic growth, to help prevent urban sprawl, to protect established neighborhoods from incompatible growth, to maximize infrastructure efficiency and to create unique and exciting urban destinations. Six of the eight areas lie along the public transportation corridor being studied for light rail. Each of the eight SGA's have unique qualities and will have its own implementation plan, developed with community input, that



outlines the vision and serves as a marketing tool. Seven of the eight plans have been completed to date: Pembroke, Newtown, Burton Station, Resort Area, Rosemont, Lynnhaven, and Hilltop. The Hilltop Plan is the City's most recently completed plan and was approved by City Council in August 2012. The last SGA plan, Centerville, is in the planning stages and is tentatively scheduled for a City Council vote in December.



#### Light Rail

On Election Day 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. A Supplemental Draft Environmental Impact Study is currently under way, as is an alternatives analysis. The studies are expected to conclude by late 2014, at which time the City Council will decide how to proceed.

#### AAA Bond Ratings

For the third 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. However, Moody's recently assigned Virginia Beach a negative outlook, instead of the previous stable outlook, due to the region's close ties to the federal government, which was also assigned a negative outlook by Moody's. The AA, AA2, and AA+ ratings of the City's public facility revenue bonds by Fitch, Moody's, and Standard and Poor's respectively, were also reaffirmed. In addition, Fitch reaffirmed its AAA ratings of the water and sewer revenue bonds and the storm water revenue bonds.

#### N.A.S. Oceana Encroachment Reduction Program

Virginia Beach developed an unprecedented plan to roll back encroachment in the area surrounding NAS Oceana, known as Accident Potential Zone-1 (APZ-1) and the Clear Zone. The City worked closely with the Navy as it created a plan to meet not only the BRAC Commission's mandates, but also the needs of the military and the local community. The program, known as www.yesoceana.com, focuses on three components — zoning changes, property acquisition, and a conformity program which reduces incompatible development while



promoting conforming uses in APZ-1. 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. It has been so successful in fact, the <a href="https://www.yesoceana.com">www.yesoceana.com</a> program received its second national award in three years, as Mayor William D. Sessoms, Jr. was named the **2012 Elected Official of the Year** by the Association of Defense Communities (ADC) for the critical role he plays in the success of the program.

**Successes:** The City, in partnership with the Commonwealth of Virginia, has acquired or agreed to acquire 98.35 acres in APZ-1/Clear Zone, which includes 553 residential dwelling units and 60 commercial parcels for \$63,259,290. A total of 51 incompatible commercial properties and 493 residential dwelling units have been eliminated. Structures on 195 properties have been or are in the process of being demolished.

The City has committed a total of \$1.7 million to 23 businesses to promote compatible uses within APZ-1.

The City has acquired or agreed to acquire 1,744 acres in the Interfacility Traffic Area (ITA) and the Rural AICUZ Area (RAA) for a total of \$21,912,681. This includes recent purchases of 792 acres from Rock Ministries for \$5 million and the 516-acre Brown Farm from Kempsville Presbyterian Church for \$7.84 million.

#### Virginia Beach Amphitheater

In 2011, in its sixteenth season, the Virginia Beach Amphitheater returned 11.96 percent on the City's \$10.5 million investment and provided a venue for world-renowned performers as well as local cultural and community events. During the 2011 season, the amphitheater held 21 events with attendance in excess of 235,000 patrons. In the first sixteen years of operation, the amphitheater has provided performances for over 4.4 million music lovers and generated over \$18.8 million in direct revenue for the City. The most highly attended concerts in 2011 were Jimmy Buffett, Jason Aldean, and Kenny Chesney, with attendance at each greater than 17,000.

#### Town Center

Town Center is the focal point of the City's Central Business District. It is an eclectic mix of shopping, dining, entertainment and living options. On Nov. 13, the City Council approved the latest addition to Town Center - a 14-story tower and parking garage, including eight floors of office space, 267 apartments and 18,000 square feet of retail space on the ground floor. Construction will start early next year. Town Center is the core of the Central Business District-South Increment Financing District. Incremental real estate taxes generated by the project are used to pay debt service on



the garages and other public infrastructure. In addition, Town Center generates over \$6 million per year for the City from business taxes, and trustee taxes such as hotel, meal, and admission taxes. Several new retailers and restaurants have located in Town Center, including the Yard House and Havana Nights. In addition, the Virginia Beach Development Authority and Old Dominion University launched the Center for Innovative Transportation Solutions at Town Center. The center will focus on developing and applying innovative techniques, including modeling and simulation, to address a variety of transportation challenges facing the region, state and nation.



Lynnhaven Mall Tax Increment Financing (TIF) District

Fourteen years after it was created, the City's Lynnhaven Mall TIF District is retired. The City Council created the tax district in June 1998 to stimulate private investment in Lynnhaven Mall. At the time, the mall, which opened in 1981, was threatened by newer shopping centers across the region. The city invested \$11.5 million for a new parking garage, improved drainage, public transit, and the ring road around the mall. In return, the mall's owner agreed to spend \$100 million to expand and

improve the shopping center. The city raised money for its share of improvements by using the increase in real estate revenue generated by the private investment in the mall – tax-increment financing. No debt was issued for the City's portion of the project and the City's obligation to the owner could not exceed the revenue available from the TIF each year. In FY 2012, the city made its last payment under the TIF plan.

#### International Business Attraction

International outreach efforts continued in FY 2012 with ten marketing missions to such places as Germany, Ireland, Czech Republic and Austria. Six major business announcements resulted from these trips. Rutherford Controls, STIHL, Hermes Abrasives, IMS Gear, and KRISS-USA announced business expansions and Atlas North America, a maritime defense business, started a U.S. subsidiary for potential work with the Navy. BMZ, a maker of lithium batteries, selected Virginia Beach as the location of their US headquarters, which opened in July 2011.

#### Princess Anne Commons

A major medical complex is being developed as part of Princess Anne Commons. The new **Sentara Princess Anne Hospital** opened its 160 bed acute care facility in August 2011. **LifeNet Health**, the largest organ and tissue bank in the United States, broke ground on its new Institute of Regenerative Medicine in April 2011 and was completed in fall of 2012. The 42,000 square foot facility houses key scientific and discovery operations for developing regenerative medicine products for patients all over



the world. **Operation Smile**, an international children's medical charity, has nearly completed the construction of its new world headquarters building alongside Tidewater Community College's new **Regional Health Professions Center**. Princess Anne Commons, an incubator for biomedical companies, medical non profits and educational institutions, is also home to the **Children's Hospital of the Kings Daughters Health and Surgery Center**.

#### Envision Virginia Beach 2040

In January 2011, the Mayor appointed a 13-member citizen visioning group to study and analyze current trends to determine the future of Virginia Beach in 2040. The Committee completed its report in May 2012, which includes a Vision Statement and describes the Quality of Life in the Community in 2040. The central elements of the Vision include a: Connected Community, Learning Community, Diverse Community, Unique Environment, Active Lifestyle, and Thriving Economy. Next, the visioning group is forming a Vision to Action Coalition that will monitor and report on the city's progress toward achieving the vision in the coming years.

#### **Quality Physical Environment**



Lynnhaven River Now Partnership

In partnership with Lynnhaven River Now, the City has participated in efforts to clean up the Lynnhaven River, a tributary to the Chesapeake Bay. A "no discharge zone" has been established for boats, the City's sanitary sewer system has been improved, the effects of storm water run-off have been reduced and new oyster beds have been created. In 2012, the Davis Island Oyster Castle Project was started. Twenty-one oyster castle structures on 244 feet of shoreline were constructed and are being monitored. Another section will be constructed next year.

#### Green Accomplishments and Energy Initiatives

The new Environment and Sustainability Office (ESO) was established to bring together staffing and resources dedicated to administration of the City's new green initiatives. In FY 2012 the ESO focused its efforts on drafting the City's Sustainability Plan. Public input workshops were conducted and a 30-member Virginia Beach Sustainability Plan Steering Committee was formed to solicit input from business, non-profit organizations, City government, the military and community organizations. This is the City's first plan to clearly communicate the linkages with other City policy documents, including Envision Virginia Beach 2040. The first public draft of the Plan was published in September 2012.

In April 2011, the City of Virginia Beach joined the ENERGY STAR program as an ENERGY STAR partner with the Environmental Protection Agency and the Dept. of Energy. In 2012, the Virginia Beach Visitor Information Center earned the ENERGY STAR certification. The City's Human Services building also earned the ENERGY STAR certification after extensive upgrades to the 15-year old building. There are now eight City of Virginia Beach Energy Star certified buildings.

#### Laskin Road Gateway Project

Work continued on the Laskin Road Gateway Project, one of the key entries to the oceanfront. Plans are to transform the area surrounding 31st Street into a busy pedestrian district of outdoor cafes, upscale shops, restaurants, offices and apartments. Many infrastructure improvements have been completed, including water, sanitary sewer, storm water, power, traffic and road improvements. Construction on Phase IV, including a modern roundabout intersection at Laskin Road and 30th Street as well as relocation of overhead utilities, is scheduled to be completed in 2013.



The improved infrastructure supports growth and new private sector development. Summer Place (formerly called Beach Centre), Gold Key PHR's \$70 million mixed use project is expected to open in early 2013. The project includes 178 apartments, 70,000 square feet of office space, 50,000 square feet of commercial retail space and over 600 parking places. In addition, the Oceanaire Resort Conference Center opened in June 2012. This new \$65 million investment includes 220 rooms and 12,000 square feet of conference space. With direct access to the oceanfront along Laskin Road, this key gateway district is the Resort Area's ideal location for a concentration of high-end retail in a village-like setting.

#### Various Road Projects

The new Bikeways and Trails Plan calls for the incorporation of bike paths into the design of new roadway construction and annual paving schedules, which are expanded to enhance onroad biking where possible. Changes were made to the Wesleyan Drive, Nimmo Parkway and Lesner Bridge replacement projects. The eastbound portion of the Shore Drive shoulder widening project was completed in March. Construction continues on the widening of Princess Anne Road between Princess Anne Commons and the Municipal Center, expected to be completed in 2014. The project also includes a new spur of Nimmo Parkway between Kellam High School and the Municipal Center, which was completed in September. The City also is planning to replace the aged Lesner Bridge on Shore Drive, which will be funded through the Governor's Transportation Plan.

#### **Safe Community**

#### State Honors

The Virginia Beach Police Department won top honors at the Virginia Law Enforcement Challenge for the Best Traffic Safety Program in the state. The Virginia Association of Chiefs of Police also recognized Virginia Beach with the Best Impaired Driving Program. This is the seventh year in a row that the Virginia Beach Police Department took first place in the state.

Animal Care and Adoption Center Construction of the new Animal Care & Adoption Center is complete. The new \$12.5 million LEED certified building is a modern, efficient facility that is able to provide care for over 340 domestic and exotic animals, including dogs, cats, small pets, birds, livestock and poultry. The shelter opened in December 2011.



#### Fire and EMS Station Replacements

Plan review and permitting have been completed on two fire and EMS station replacement stations. The Chesapeake Beach Fire and EMS Station replacement and the Thalia Fire and EMS Station replacement both broke ground in September, 2012. Funding for the Blackwater Fire and EMS Station replacement has been appropriated with construction to begin in FY-14 upon completion of the plan review and permitting processes.

#### Family and Youth Opportunities

#### Public Forums/Homelessness

The Virginia Beach Department of Housing and Neighborhood Preservation is updating the *10-Year Plan to End Homelessness* to include property on Witchduck Road as a potential site for a Housing and Resource Center. A national-level consultant will assist the Department in revising the Plan to reflect best practices, community priorities, and new federal requirements.

#### **Cultural and Recreational Opportunities**

#### Sandler Center

During its fifth season, the Sandler Center for the Performing Arts realized \$1.83 million in gross ticket sales from more than 965 events and 136,065 patrons, generating more than \$165,000 in admission taxes for the City. The center also partnered with the community to provide the summer acoustic concert series "Ynot Wednesdays", the Kids Arts Palooza and specially designed matinees, lectures, the All-City Music Festival and other opportunities for more than 9,666 students. The Sandler Center also worked with the Virginia Beach City Public Schools to ensure educational programs coincided with the current school curriculum.

#### Virginia Aquarium

The City bought 2.57 acres of land from the Navy for the new Virginia Aquarium Marine Animal Care Center. This facility will provide operational support for the Aquarium. This includes providing animal holding and quarantine for exhibits, and serving as home base for animals used in the educational outreach program and the stranding response program. It is a conforming use in the APZ-1 zone.



#### Bow Creek Recreation Center

After 50 years of use, the Bow Creek Recreation Center is being replaced. The old Center is being demolished and a new, two-story structure will be built on the footprint of the original building. The new building will be re-oriented to provide views of the golf course. A one-acre neighborhood park will be preserved with an expanded walking trail. The new recreation center will be a 66,000-sq.ft. building that will house a pool, gymnasium and weight room. The original Center was closed in August 2012 and the new Center is expected to be open in Fall 2014.

#### Williams Farm Community Recreation Center



The ribbon-cutting ceremony and grand opening celebration for the Williams Farm Recreation Center and Phase 2 of the Williams Farm Park were held in October 2012, two years after the ground breaking ceremony. Located in the Western Bayside area of the City on property acquired through the City's Open Space Program, the Williams Farm Community Recreation Center is a 71,000-sq.ft. LEED Silver certified facility with a multi-purpose gymnasium, large pool area, rock climbing wall, community meeting

rooms, classrooms, fitness spaces, indoor perimeter track, outdoor basketball court and outdoor spray-ground (water play area). Also part of the project are improvements to the adjacent Williams Farm Community Park including a 25,000 square foot in-ground concrete skate park, picnic shelters, restrooms, concessions and walkway improvements.

#### Pleasure House Point



The City completed the purchase of Pleasure House Point, the largest undeveloped parcel of land on the Lynnhaven River (122 acres). The process began in 2010 with a partnership with the Trust for Public Land, the Chesapeake Bay Foundation and the City. The Trust for Public Land initiated a plan to purchase the property and sell parcels to the Chesapeake Bay Foundation and the City. The City was awarded a \$500,000 grant from the Virginia Land Conservation Foundation, a \$500,000 gift from the Trust for Public Land, and a \$1 million grant from the U.S. Fish and Wildlife Services/National Coastal Wetlands Program for the purchase. City funding of \$4M and a 0.25% loan from the Virginia Resources Authority for \$6M completed the favorable financing. The land, which consists of wetlands and marine forest, has strong local support. Organizations and individuals have rallied to raise funds to ensure the entire property is preserved as a natural area. A ribbon cutting ceremony was held on October 13, 2012.

#### **Quality Education and Lifelong Learning**

Great Neck Middle/Kellam High School Replacements

Since 1997, the Virginia Beach Public Schools has spent \$387 million to modernize or replace 26 of division's oldest elementary schools, along with maintenance, supply, custodial, and transportation facilities. Construction of the new Great Neck Middle School was completed in FY 2012. This \$47 million project came in \$15 million under



budget and is designed as a LEED Gold facility. The old school has been torn down to make way for the relocated athletic fields, which were completed fall 2012. Site preparation for the new \$102 million Kellam High School started in the spring of 2011. Groundbreaking for the new 336,000 square foot LEED Gold certified facility took place on September 30, 2011. The new Kellam High School is currently under construction on a 108 acre site located on West Neck Road just south of North Landing Road. Substantial completion is scheduled for late in 2013 with staff and students slated to occupy the new school in the spring of 2014.

#### Exceptional Schools

Virginia Beach City Public Schools (VBCPS) is the largest school division in southeastern Virginia, serving approximately 69,219 students in grades K-12. Currently the school system includes 56 elementary schools, 14 middle schools, 11 high schools, and a number of specialty centers including the Renaissance Academy, Advanced Technology Center, Technical and Career Education Center and Adult Learning Center. The Virginia Beach Public Schools are once again well represented on the *Washington Post's* annual list of top public high schools in the country. Ten of Virginia Beach's high schools rank among the top 9% in the country.

#### Virginia Beach Public Library

The Virginia Beach Public Library system includes a central library, eight area libraries, a law library and a bookmobile. In March, Friends of Virginia Beach Public Library approved more than \$170,000 in grants for the children's room at the TCC-City Joint Use Library, early literacy centers and the Summer Reading Program. In April, Friends of the Library, families, and children celebrated the new Early Literacy Center at the Meyera E. Oberndorf Central Library. The center is a special area in the library that features furnishings and activities that encourage children to explore, talk and play, gaining skills needed for early literacy.

#### Joint Use Library

The new Joint Use Library, built in partnership with Tidewater Community College, is under construction in the Princess Anne Commons Academic Village. A ceremonial groundbreaking was held in February 2012. At 120,000 square feet, the library will be one-third bigger than the City's Meyera E. Oberndorf Central Library. Including equipment and furnishings, the total cost of the new library is \$53 million, split between the state (\$42 million) and the City (\$11 million). The library is expected to open in the spring of 2013 serving both the community college and the public.

#### **Quality Organization**

#### Volunteer Resources

In almost every City department, volunteers make a difference in the quality of life for Virginia Beach residents and visitors. More than 18,900 volunteers gave almost 1.4 million hours in FY 2012 in various City programs, the equivalent of about 660 full time City employees, providing services valued at \$19.8 million. Through its Office of Volunteer Resources, Virginia Beach has successfully recruited, trained and used volunteers to such an extent that it is a role model for other cities.



Volunteer at the Adam Thoroughgood House

#### Improved Websites

After the launch of VBgov, the City's Communication, Information and Technology Department began work on a new web-based content and collaboration platform. SharePoint's VBnet was launched in FY-11 and is now being used throughout the City organization to help teams and departments work together and share knowledge and information. One of the main purposes of VBnet is to allow members to collaborate more effectively with a tool that is user friendly and fully integrated with Microsoft Office. Beachnet, also a SharePoint product, was launched in mid-October as the City's internal employee Web site. This is another valuable resource for keeping employees connected and 'in-the-know'.

#### Minority Business Initiative

For FY 2012, City expenditures to minority \$12.5 were million, which represented 5.2% of total city expenditures, down slightly from 5.92% in 2011. Minority firms received 8.97% of goods and services contracts, but only 1.75% of construction contracts. As a result, City Council approved the Small Business Enhancement Program, which focuses on increasing small business participation throughout City procurements. This program was developed to rely on the prime contractors to make sufficient efforts to obtain minority participation when available.



Minority Business Council EXPO

The City has been certified through the Virginia Department of Transportation under

the Urban Construction Initiative Program which will track minority participation in federally funded roadway projects. The 14<sup>th</sup> Annual Minority Business Council Conference and Expo was held on November 8, 2012, with speakers and workshops for attendees on how to grow their business.

The City of Virginia Beach Inclusion and Diversity Council (IDC) was honored for its efforts to embrace diversity. The IDC was awarded the Champion of Diversity Award by the American Association for Affirmative Action and is one of 25 winners of the 2012 Diversity Council Honors Award, which honors outstanding achievements of councils.

#### 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 AAA 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 undesignated fund balance or retained earnings of any fund shall not be used to finance continuing expenditures. Additionally, the city shall maintain an undesignated 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 \$50,000 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 2012-2017 Capital Improvement Program (CIP), which was approved by City Council in May 2011, sets forth a program totaling \$2.4 billion. Of this amount, \$1.2 billion has been appropriated through FY 2011, \$302 million was appropriated in FY 2012 and \$906 million was programmed for years FY2013-2017 of the Capital Improvement Program. Funding for this program will be from local, state, federal, and private sources, with local debt comprising less than 42.5% 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 2012, 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 2012 at a total purchase price of \$434,332 with 47.21 acres acquired. For the total program at June 30, 2012, 84 agreements totaling 8,728 acres at a total purchase price of \$38,799,844 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.

Ratio Description	Established Standard	FY12	FY11
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%	2.0%	1.9%
Overall Net Debt Per Capita	No greater than \$2,800	\$2,275	\$2,271
Overall Net Debt Per Capita to Per Capita Personal Income	No greater than 6.5%	5.1%	5.1%

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, 2012, the total assessed value of real property in the City was \$51,446,716,225 which translates into a legal debt limit of \$5,144,671,623. The City's net obligations subject to this debt limit, as of June 30, 2012 totaled \$716,177,198 and represented 13.92% of this limit.

The City issued \$65.0M General Obligation bonds in FY-12. It also issued \$22.58M Public Facility Revenue bonds. In addition, the City issued \$19.63M General Obligation Refunding bonds, realizing \$3.1M in debt service savings through 2025. The City also issued \$25.64M Public Facility Refunding Revenue bonds, realizing debt service savings of \$5.3M through 2024. As a result of the ratings review process for these sales, all three major ratings agencies, Standard & Poor's, Moody's Investors Service and Fitch Ratings, retained the City's triple-A rating. However, Moody's recently assigned Virginia Beach's triple-A rating a negative outlook, instead of the previous stable outlook, due to the region's close ties to the federal government, which was also assigned a negative outlook by Moody's.

#### 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 2012.

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 nine members representative of the City, Schools, Sheriff and City Council.

#### AWARDS AND RECOGNITION

During FY 2012, the City of Virginia Beach received a number of awards and was recognized by a variety of organizations. Among these awards and recognitions are:

Bloomberg Businessweek ranked Virginia Beach as one of America's Best Cities; American College of Sports Medicine (ACSM) American Fitness Index ranked the Virginia Beach MSA as the 11th Fittest in America; International Economic Development Council named Virginia as the Top State in Which to Make a Living; Women's Health Magazine named Virginia Beach as the seventh Healthiest City in America for Women; 24/7 Wall Street Journal, a financial news Web site ranked Virginia Beach as the Best City in America for Raising a Family and named it the Best-Run City in America; the American Institute for Economic Research ranked the Virginia Beach MSA within the top twenty College Destinations; Tripadvisor, an online travel site, named Virginia Beach as one of the Top Beach Destinations for 2012; Virginia Beach Convention and Visitors Bureau was a recipient of the 2012 Gold Service Award for superior customer service from Meetings and Conventions and the 2012 Platinum Choice Award for excellent service and amenities from Smart Meetings magazine; Sunshine Review, a non-profit group dedicated to government transparency, gave Virginia Beach an A— for transparency; and the City won the 2012 Governor's Technology Award for its Automated Community Management System.

#### 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 & Holland, L.L.P. 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, 2011, and the Distinguished Budget Presentation Award for the FY 2011 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

Patricia O. Phillips

# 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, 2011

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

DE THE CHARGE OF THE CHARGE CH

# FINANCIAL SECTION



#### **Independent Auditors' Report**

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

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, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. 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 represents 18% and 3% respectively, of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon 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 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 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, 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, 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, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparisons for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 10 C to the financial statements, the City has reclassified the beginning balance of the General Fund and certain non-major special revenue funds.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2012 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements, as a whole. The introductory section, combining and individual non-major fund statements, budgetary comparison schedules, capital project expenditure schedules, 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 accompanying schedule of expenditures of federal awards is also presented for the purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Such information is the responsibility of management and was derived from and relates to the underlying accounting and other records used to prepare the financial statements. The combining and individual non-major fund financial statements, budgetary comparison schedules, capital project expenditure schedules and the schedule of expenditures of federal awards have 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 information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory, statistical section, and the continuing disclosure schedules of this report have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion or provide any assurance on them.

Cherry, Bekant . Holland, J. J. P.

Virginia Beach, Virginia November 21, 2012

# 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, 2012. 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.

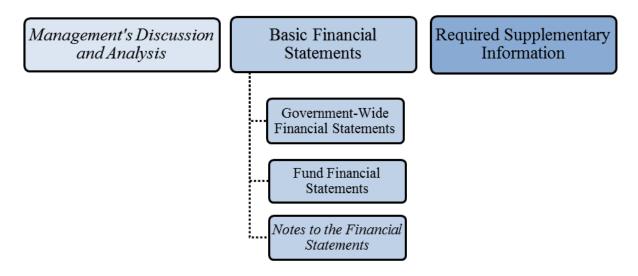
### FINANCIAL HIGHLIGHTS

- ♦ The City's net assets totaled \$3.4 billion comparable to last year's. Net assets for governmental activities increased \$24.6 million or 1.0%. Net assets for business-type increased by \$23.8 or 2.8%. Most of the net assets are invested in capital assets or are restricted for future debt service.
- ♦ The City's governmental activities generated tax and other revenues of \$1,171.2 million, which exceeded expenses by \$25.9 million. In total, revenues decreased by 1.2% when compared to the prior year. Revenues for business-type activities increased over last year's by \$9.4 million or 7.1%, while expenses decreased by \$0.4 million.
- American Recovery and Reinvestment Act (ARRA) received by City and Schools totaled \$1.3 million and \$19.4 million, respectively. This is \$29.6 million less than ARRA funding received in prior years.
- ♦ The City maintained its AAA bond rating from Moody's Investor Services, Standard & Poor's, and Fitch Ratings. During this fiscal year, new debt issued by the City includes \$65.0 million in General Obligation Public Improvement bonds and \$22.6 million in Public Facility Revenue bonds.
- ♦ The City's governmental funds reported combined ending fund balances of \$578.4 million, a 2.4% increase over prior year. Of the total fund balance, 7.6% is either nonspendable or restricted, 61.3% is committed (mainly for the Capital Improvement Program), with the remaining 31.1% is available for spending at the government's discretion (either assigned for specific purposes or unassigned).
- ♦ The City's real estate tax rate remained at \$0.89 per \$100 of assessed valuation for FY2012. The tax rate on personal property of \$3.70 per \$100 of assessed valuation also remained unchanged. City Council authorized the new solid waste management fee of \$10 per month for the services of solid waste collection, management, and disposal of solid waste and other refuse. Revenues derived from this service totaled \$6.5 million.
- ♦ City-wide revenues declined for real estate taxes by \$13.0 million, but increased for personal property taxes by \$13.3 million and \$1.3 million in other local taxes. State and federal revenues decreased by \$7.7 million and \$8.0 million, respectively.
- ♦ The General Fund reported a net change in fund balance of \$1.3 million, which is an increase of \$5.9 million compared to prior year. General Fund revenues exceeded budget by \$7.1 million, while expenditures were 4.3% less than budget. Total General Fund transfers to other funds include \$35.7 million transferred to the Capital Projects Fund to support the City's Capital Improvement Program.
- ♦ At the end of the year, unassigned fund balance for the General Fund was \$104.0 million or 10.7% of the FY2013 budgeted revenues, and well within policy.
- The Capital Projects fund reported an increase in fund balance of \$7.1 million. Annual fund expenditures of \$178.7 million increased from prior year by \$9.0 million or 5.3%.
- Water and Sewer net assets increased 1.7% to \$591.1 million, continuing to reflect strong financial management. Revenue increases of \$5.5 million reflect a 13.2% increase in the sewer rate.
- ♦ Storm Water net assets increased 5.7% to \$263.7 million. Revenues of \$27.8 million were \$6.7 million higher than prior year primarily due to a 31.1% in the Equivalent Residential Unit rate. This increase will provide funding to begin address backlogs in the areas of flood control and water quality over the next several years.
- Parking business activity remained stable with no significant changes.

### 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 kinds of statements that present different views of the City: information is provided on governmental activities and also fund activities for the different fund types.

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 statements are now presented which 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, which have been provided in the past, 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 assets includes all of the government's assets and liabilities, 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 assets and how they have changed. Net assets, the difference between the City's assets and liabilities, are one way to measure the financial health of the City. Over time, increases or decreases in the City's net assets 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, 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 Virginia Beach Development Authority and the Community Development Corporation. Although legally separate, these "component units" are important because the City is financially accountable for them, providing operating and capital funding.

### **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. The City has three types of funds:

Governmental funds - General Fund, Debt Service Fund, Capital Projects Fund, and Special Revenue Funds (such as Parks and Recreation and Tourism Growth Investment) are governmental funds, funds which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at 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.

<u>Proprietary funds</u> - 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, and parking operations. 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, land-scaping and information technology services.

<u>Fiduciary funds</u> — 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

Over time, net assets may serve as a useful indicator of a government's financial position. In the case of the City of Virginia Beach, assets exceeded liabilities by \$3.4 billion at the close of the fiscal year, as shown in Table 1 on the following page. The City's combined net assets (the City's bottom line) increased by \$48.4 million to \$3.4 billion (Table 2). Most of these net assets are from governmental services with about 25.2% for business type activities. The City's unrestricted net assets, which are used to finance day-to-day operations, totaled \$141.0 million up from \$20.7 million (Table 1). The component units' net assets totaled \$604.6 million, most of which is invested in capital assets.

### **Statement of Net Assets**

Total Net Assets for the City of Virginia Beach totaled \$3.4 billion at June 30, 2012. This represents a 1.7% decrease from FY2011.

As part of the implementation of GASB Statement No. 34 in FY2002, the City included accounting for existing infrastructure and other assets, which now total \$4.0 billion net of accumulated depreciation. These assets include roads, bridges, parks, water and sewer facilities, land, and other long-lived assets. During FY2012, the City expended \$178.7 million on its capital improvement program. Included in this amount is \$43.6 million of School's capital project expenditures for School Board assets of which the City has a 'tenancy in common' with the School Board. Increases in the capital asset inventory were the result of the acquisition of several parcels of land including 792 acres purchased as part of the six-year program to protect the Oceana Naval Air Station from encroaching development, including the 516-acre Brown Farm, and the 18-acre London Bridge Commerce Center. Construction in Progress increases are due to local funding for construction on roadways, bridge construction and right of way acquisitions.

Table 1
Statement of Net Assets
(in Millions)

		tal Activities vities	Busine: Acti	ss-Type vities		rimary nment
	2012	2011	2012	2011	2012	2011
Current and Other Assets	\$ 688.6	\$ 669.9	\$ 184.4	\$ 205.7	\$ 873.0	\$ 875.6
Capital Assets	3,150.5	3,113.4	895.7	862.1	4,046.2	3,975.5
Total Assets	3,839.1	3,783.3	1,080.1	1,067.8	4,919.2	4,851.1
Long-Term Debt Outstanding	1,209.8	1,185.1	207.2	215.6	1,417.0	1,400.7
Other Liabilities	66.6	60.1	11.4	14.5	78.0	74.6
Total Liabilities	1,276.4	1,245.2	218.6	230.1	1,495.0	1,475.3
Net Assets:						
Invested in Capital Assets,						
Net of Related Debt	2,382.4	2,458.9	720.5	699.1	3,102.9	3,158.0
Restricted	43.7	63.0	136.6	134.1	180.3	197.1
Unrestricted	136.6	16.2	4.4	4.5	141.0	20.7
<b>Total Net Assets</b>	\$ 2,562.7	\$ 2,538.1	\$ 861.5	\$ 837.7	\$ 3,424.2	\$ 3,375.8

As shown in Table 1, the largest component (90.6%) of Total Net Assets is Invested in Capital Assets, Net of Related Debt. This reflects the investment in capital assets (e.g., land, buildings, parks, infrastructure, machinery and equipment), net of the outstanding related debt used to acquire the assets. These assets are not available for future spending. Although the City of Virginia Beach'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. For FY2012, this amount decreased \$55.1 million due to the inclusion of bond premiums in the calculation of invested in capital assets, net of related debt, and to the exclusion of amounts restricted in the General Fund for future capital projects.

Another significant component of Total Net Assets is the Restricted Net Assets for the Business-Type Activities (75.8%). This amount represents the assets of the water, sewer, and storm water utilities, which will be used to continue the delivery of these services to Virginia Beach citizens. Total net assets for Business-Type Activities increased by \$23.8 million from FY2011.

Unrestricted Net Assets from Governmental Activities totaled \$136.6 million at June 30, 2012. Inclusive in the Governmental Activities Unrestricted Net Assets are fund balances of the General Fund and most Special Revenue Funds that have been committed or assigned at the fund level. The fund balances of the Special Revenue Funds had a net decrease of \$1.9 million during FY2012. Notable increases include Parks and Recreation (\$5.8 million). Notable decreases include the Sheriff's Department (\$2.1 million), Tourism Investment Program (\$2.9 million), Sandbridge Special Service District (\$1.3 million), and Grants Consolidated (\$1.3 million). Three Special Revenue Funds are now presented in the

General Fund: Proffer, Public Investment Protection Strategy, and Transition Area. The Lynnhaven Tax Increment Financing fund ceased to exist after June 30, 2012.

As shown in Table 2, the change in net assets for the primary government was \$48.4 million in FY2012 as compared to an increase of \$90.2 million in FY2011.

Table 2 Changes in Net Assets (in Millions)

	Govern	mental	Busine	ss-Type	To	tal
	Activ	vities	Activ		Primary G	overnment
	2012	2011	2012	2011	2012	2011
Revenues:						
Program Revenues:						
Charges for Services	\$ 88.1	\$ 79.9	\$ 139.9	\$ 126.9	\$ 228.0	\$ 206.8
Operating Grants & Contributions	169.4	195.5	1.3	3.6	170.7	199.1
Capital Grants & Contributions	41.6	32.8	1.0	1.9	42.6	34.7
General Revenues:						
Property Taxes	537.8	537.5	-	-	537.8	537.5
Other Taxes	260.3	259.0	-	-	260.3	259.0
Other	74.0	80.3	0.3	0.7	74.3	81.0
Total Revenues	1,171.2	1,185.0	142.5	133.1	1,313.7	1,318.1
Expenses:						
Legislative	1.1	1.1	-	-	1.1	1.1
Executive	2.8	2.5	-	-	2.8	2.5
Law	3.7	3.6	=	-	3.7	3.6
Finance	17.8	16.9	-	-	17.8	16.9
Human Resources	9.1	8.2	_	-	9.1	8.2
Judicial	51.9	49.7	=	-	51.9	49.7
Health	2.9	2.9	-	-	2.9	2.9
Police	89.8	87.6	=	-	89.8	87.6
Human Services	112.3	113.6	=	-	112.3	113.6
Public Works	195.6	144.1	_	-	195.6	144.1
Parks & Recreation	42.6	43.0	=	-	42.6	43.0
Library	15.6	15.3	=	-	15.6	15.3
Planning	9.5	9.4	_	-	9.5	9.4
Agriculture	0.8	2.8	-	-	0.8	2.8
Economic Development	2.2	2.0	_	-	2.2	2.0
Convention & Visitor Bureau	25.2	24.4	_	-	25.2	24.4
Communication & Info. Tech. Technology	27.1	25.0	-	-	27.1	25.0
Emergency Communication & Citizen	8.6	8.2	-	-	8.6	8.2
Boards and Commissions	30.8	29.8	-	-	30.8	29.8
Fire	48.6	46.5	-	-	48.6	46.5
Management Services	1.5	1.5	-	-	1.5	1.5
Education	346.3	362.6	-	-	346.3	362.6
Housing & Neighborhood Preservation	25.1	25.3	-	-	25.1	25.3
Museums	9.5	8.8	-	-	9.5	8.8
Emergency Medical Services	8.7	7.7	-	-	8.7	7.7
Strategic Growth Area	1.0	0.0	-	-	1.0	0.0
General Government	6.7	22.3	-	-	6.7	22.3
Water & Sewer	-	-	102.3	104.6	102.3	104.6
Storm Water	=	-	15.7	14.2	15.7	14.2
Parking	-	-	2.0	1.6	2.0	1.6
Interest on Long-Term Debt	48.5	42.7			48.5	42.7
Total Expenses	1,145.3	1,107.5	120.0	120.4	1,265.3	1,227.9
Excess (Deficiency) Before Transfers	25.9	77.5	22.5	12.7	48.4	90.2
Transfers	(1.3)	0.7	1.3	(0.7)	0.0	0.0
Change in Net Assets	24.6	78.2	23.8	12.0	48.4	90.2
Net Assets – Beginning	2,538.1	2,459.9	837.7	825.7	3,375.8	3,285.6
Net Assets – Ending	\$ 2,562.7	\$ 2,538.1	\$ 861.5	\$ 837.7	\$ 3,424.2	\$ 3,375.8

### Revenues

For the fiscal year ended June 30, 2012, revenues for governmental activities totaled \$1,171.2 million, a decrease of \$13.8 million, primarily due to federal and state grant funds received for transportation projects in FY2011 but not in current year.

General property taxes of \$537.8, the City's largest revenue source, showed a slight increase (\$0.3 million) from FY2011. Included in these taxes are real and personal property levies, which are payable in December and June of the fiscal year. The net change reflects a decrease in real estate revenue of \$13.0 million, the result of a decline of 2.7% in assessments, and an increase of \$13.3 million in personal property revenue from increased auto and business tax collections. Both the personal property tax and the real estate tax rates remained unchanged from prior year. The personal property tax rate was \$3.70 per \$100 of assessed value (100% of fair market value.) and the real estate tax rate was \$0.89 per \$100 of assessed value (100% of fair market value). The personal property tax rate has not been changed since 1982.

The "Other Taxes" revenue category, which includes taxes on general sales, utility purchases, cigarettes, hotel rooms, restaurant meals, amusements, and business and automobile licenses, totaled \$260.3 million. This represents a \$1.3 million increase over the previous year.

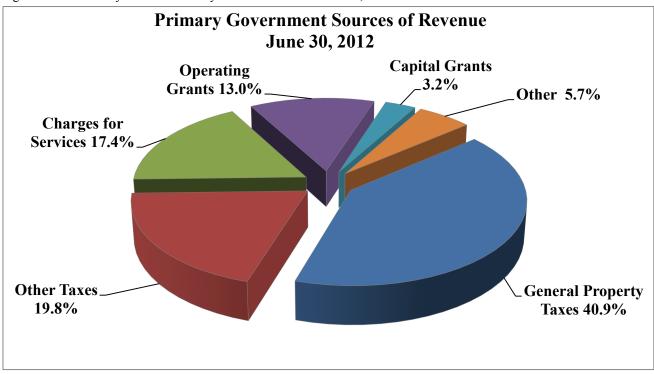


Figure 2: Revenues by Source - Primary Government as of June 30, 2012

Program revenues are derived from the program itself and reduce the cost of the function of the City. Total program revenues for governmental activities were \$299.1 million, a decrease of \$9.1 million from FY2011. The result was a combination of an increase of \$8.2 million in charges for services and a net decrease of \$17.3 million in operating and capital grants and contributions. Increases in charges for services resulted from the new fee for collection, management, and disposal of solid waste. The decrease in contributions represents primarily a decrease in ARRA funding for operations and capital projects (\$10.7 million) and state funding for transportation projects (\$20.0 million received in FY2011 but not in FY2012). For additional information and comparative results, see Table 2.

Business-type activities generated program revenues of \$142.5 million, primarily from charges for services, which totaled \$139.9 million. The charges for services increased by \$13.0 million from FY2011 due to a 13.2% increase in the

sewer rate and a 31.1% increase in the storm water equivalent residential unit rate. It should be noted that the storm water fund is no longer receiving an allocation of the operating grant from the state for roads maintenance (\$2.7 million).

### **Expenses**

For the fiscal year ended June 30, 2012, expenses for governmental activities totaled \$1,145.3 million, an increase of \$37.8 million, primarily due to the public works expenses for beach restoration (\$25.3 million), hurricane Irene (\$5.0), and street resurfacing (\$5.0 million). Other general government operating departments experienced only slight variations in spending over the previous fiscal year. Notable increases are: Judicial (\$2.2 million), Police (\$2.2 million), Communication and Information Technology (\$2.1 million), and Fire (\$2.1 million); and decreases are: Agriculture (\$2.0 million), Education (\$16.3 million), and General Government (\$15.6 million).

Education continues to be one of the City's highest priorities and commitments. The City's funding for education in FY2012 totaled \$346.3 million or 48.7% of total School's governmental funds revenue. The City's share of funding allocated for educational purposes was approximately unchanged in FY2012 showing only a slight decline (\$4.3 million or 1.2%) from the previous fiscal year. Included in the educational expense is \$4.1 million of local provided for school construction. The amount reported in Table 2 reflects a net decrease from prior year due to the accounting for the tenancy in common legislation.

Expenses for the City's business-type activities totaled \$120.0 million, which provided water, sewer and storm water utility services as well as parking operations (Table 2).

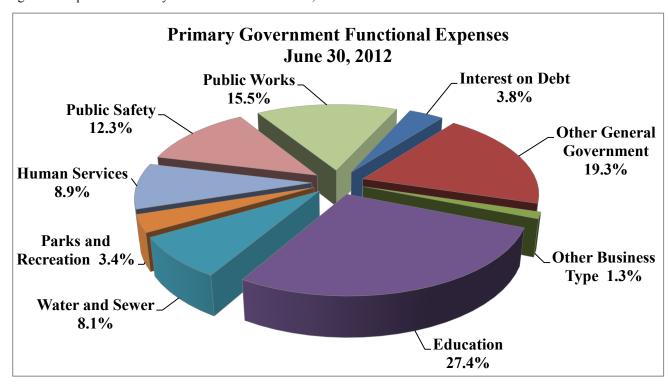


Figure 3: Expenses – Primary Government as of June 30, 2012

### FINANCIAL ANALYSIS OF THE CITY'S FUNDS

For the fiscal year ended June 30, 2012, the City's governmental funds reflect a combined fund balance of \$578.4 million, an increase of \$13.4 million during the current year (Exhibit 4). The net increase was the result of increases in capital project investments and in the value of the U.S. Treasury Strips held in the portfolio of the Agricultural Reserve Program. Contributing to the increase of the combined in fund balances are the successful efforts of City departments to manage their budgets and promote city-wide efficiencies in anticipation of future reductions for the FY2014 operating budgets and to offset federal and state funding reductions.

Following are other factors that should be noted for the fiscal year:

- Real estate property taxes declined \$13.0 million from FY2011 due to decrease in assessments of \$1.4 billion (2.7%).
- PPTRA (personal property tax relief program) reimbursements from the state of \$53.4 million are being reported as revenues from the Commonwealth in FY2012.
- ♦ Charges for services increased by \$7.2 million from FY2011, with the majority of this increase attributable to the new waste management fees.
- Revenues from the Commonwealth in Capital Projects decreased by \$10.9 million from FY2011, due to a Transportation Partnership Opportunity Fund grant received in prior year.
- ♦ Revenues from Federal Government decreased by \$8.0 million from prior year due to expiring ARRA grants.
- ♦ The City expended \$178.7 million in the Capital Projects Fund. \$34.4 million was received from federal and state agencies in support of capital projects. The City issued \$87.6 million in General Obligation Public Improvement and Public Facility Revenue bonds. Cash funding totaling \$47.0 million was received from the General Fund and other Special Revenue funds in support of the City's Capital Project program.
- ♦ Interest on debt service for both general government and school debt was \$47.7 million, an increase of \$4.5 million from the previous year.
- ♦ Two special revenue funds merged, Tourism Advertising Program and Tourism Growth Investment fund, to create the Tourism Investment Fund.

Selected Tax Revenues by Source FY2012 Compared to FY2011 (in Millions) \$474.5 \$461.5 \$500 \$400 ■ FY2012 FY2011 \$300 \$200 \$66.0 \$53.4 \$51.7 \$53.3 \$50.6 \$100 \$41.1 \$41.3 \$25.0 \$45.1 \$45.3 \$24.2 **S0** Real Estate Personal General Business Hotel Restaurant Utility Sales License Property

Figure 4: Revenues – Primary Governmental Activities

### 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):

- Departments continue to manage their budgets and expended \$40.6 million less than appropriated.
- ♦ The General Fund had a planned use of fund balance for one time commitments, \$9.9 million for operations and \$18.2 million for Capital Improvement Program projects (\$1.6 million for Education, \$1.0 million for Roadways, \$2.0 million for Buildings, \$12.3 million for Communication and Information Technology, \$1.3 million for Coastal).
- ♦ In FY2012 there were eight new fees, and twenty-five fee increases contributing to an increase in charges for services.
- ♦ Three special revenue funds (Proffer Impact, Public Investment Protection Strategy, and Transitional Area) are reported in the General Fund in FY2012.
- Final budget amounts were often greater than original amounts due to the re-appropriation of prior year encumbrances which were completed in FY2012. Significant encumbrances include \$1.8 for Communication and Information Technology for annual maintenance contracts, \$2.1 million for Public Works for roads maintenance, \$1.5 million for Human

Services, and \$0.8 million for acquisition of city vehicles.

- Significant positive variances over budgets were the result of the following:
  - \* Human Services (\$6.8 million actual lower costs for several program areas with Child Care being the largest.
  - \* Communication and Information Technology (\$3.9 million) unfilled positions due to retirements and delay in projects such as the operating systems upgrade to Windows 7.
  - \* Education (\$16.0 million) unexpended General Fund funding which was returned at year-end.
- The Strategic Growth Area division is being reported separate from the Boards and Commissions as in prior year.

### **CAPITAL ASSETS**

At the end of fiscal year, the City's governmental activities (including internal service funds) had invested \$3,150.5 million, net of accumulated depreciation, in a variety of capital assets and infrastructure, as reflected in the following:

Table 3
Capital Assets and Land Held for Resale
(in Millions)

				Net		
	_	alance Y2011	,	dditions eletions	_	Balance FY2012
Non-Depreciable Assets:						
Land	\$	850.4	\$	42.7	\$	893.1
Agriculture Reserve Program		38.4		0.4		38.8
Construction in Progress		289.2		36.7		325.9
Other Capital Assets:						
Infrastructure		1,860.4		343.2		2,203.6
Buildings		980.2		(387.9)		592.3
Furniture and Other Equipment		185.5		68.9		254.4
Improvements		242.3		6.8		249.1
Less: Accumulated Depreciation		(1,333.0)		(73.7)		(1,406.7)
Totals	\$	3,113.4	\$	37.1	\$	3,150.5

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

During the fiscal year just completed, the City's capital projects fund balance increased by \$7.1 million. This increase is primarily due to the completion of several large projects. The capital projects fund has a cash balance of \$307.2 million to support capital project expenditures.

The FY2012-2017 Capital Improvement Program (CIP) adopted by City Council in May 2011, established a six year program totaling \$2.4 billion. This plan provides scheduled funding for the construction of City facilities, acquisition of major equipment and computer systems, roadways, schools, and economic development projects. Phased funding for beach replenishment, street resurfacing, parks and neighborhood storm water management is also provided. Infrastructure improvements at various intersections and pedestrian and bike safety projects are also included in the plan.

Notable is continued funding for the Oceana and Inter-facility Traffic Conformity and Acquisition Program, which during FY2012 expended \$25.8 million to convert nonconforming property uses to conforming uses and to provide aggressive incentives for commercial real estate uses. Other significant amounts expended in FY2012 in CIP projects include Princess Anne/Kempsville Road Intersection Improvement (\$9.8 million), Laskin Road Gateway Phase 1-A (\$10.5 million), Williams Farm Community Recreation Center (\$14.7 million), and Sandbridge Emergency Beach Restoration (\$18.8 million). The new Animal Care and Adoption Center opened in December 2011 has \$4.6 million in expenditures in FY2012.

### LONG TERM DEBT

The City issued \$65.0 million in new General Obligation Public Improvement bonds and \$22.6 million in Public Facility Revenue bonds with combined premiums of \$13.0 million. This funding supports expenditures for both City and

School projects. In addition, refunding bonds were issued to capitalize on lower interest rates in the bond market. These include \$19.6 million in General Obligation Public Refunding Improvement bonds, with debt service savings of \$3.1 million through 2025; and \$25.6 million in Public Facility Refunding Revenue bonds, with debt service savings of \$5.3 million through 2024.

The state constitution limits the amount of general obligation debt the City can issue to ten percent of the assessed value of real property within the City, which was \$5.1 billion at June 30, 2012. The City's outstanding debt is significantly below this limit.

The City and Schools have evaluated their respective obligations under GASB 45 related to retiree health benefits. The actuarial accrued liability for both the City and School Board is \$170.6 million. In June 2008 the City and School Board joined the Virginia Pooled OPEB Trust, a joint effort of the Virginia Association of Counties and the Virginia Municipal League. Funds are being deposited into this irrevocable trust for the future payment of these benefits. The annual required contribution for both organizations was made during the fiscal year.

Table 4
Long Term Liabilities, Primary Government
Fiscal Year 2012
(in Millions)

	 rnmental tivities	ess-Type ivities	Total Primary Government		
General Obligation Bonds	\$ 672.1	\$ 0.6	\$	672.7	
Public Facility Revenue Bonds	246.7	-		246.7	
Double Barrel and Revenue Bonds	-	198.6		198.6	
State Literary Fund Loans	4.7	-		4.7	
Agriculture Reserve Program	38.8	-		38.8	
Town Center Public Facility Revenue	79.9	-		79.9	
Williams Farm Property	 0.6			0.6	
Sub-Total	1,042.8	199.2		1,242.0	
Other Long-Term Liabilities					
Premium on Bonds Sold	89.8	4.8		94.6	
Accrued Compensated Leave	41.0	3.2		44.2	
Estimated Claims & Judgments	23.6	-		23.6	
Other*	 12.6	 		12.6	
Totals	\$ 1,209.8	\$ 207.2	\$	1,417.0	

<sup>\*</sup>Other includes landfill closure and post closure care and deferred loss

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

#### **ECONOMIC FACTORS**

The unemployment rate for Virginia Beach and the region has been below the U.S. rate for twenty years. Virginia Beach is 2.2% under the national rate, with an average of 5.4% as of September 2012.

In 2010, Virginia Beach had a per capita personal income of \$44,857, which was 1% greater than the per capita income for the state at \$44,267, and 12% greater than the nation's at \$39,791 (U.S. Bureau of Economic Analysis). Most recent data (2011) indicates that Virginia Beach median household income increased .6% to \$64,618 from 2010, and is greater than the national median household income by 24.5%.

Retail sales in Virginia Beach increased 1.0% in 2011, and sales in the first six months of 2012 were up 4.9% over 2011. After steady decline since 2007, building permits show a modest increase from 7,649 issued in 2011 to 8,003 in 2012. However, the value of permits dropped from \$302.8 million to \$225.7 million.

Tourism is a major industry for the City of Virginia Beach. Direct visitor spending was estimated to be a record high of \$1.22 billion, creating 11,760 jobs and \$217.4 million in payroll earnings. Direct visitor spending in 2011 increased by 8.3% over 2010. Hotel sales for the fiscal year were the highest on record and restaurant sales were the highest of the last six years.

### 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.



This Page Intentionally Left Blank

### **BASIC FINANCIAL STATEMENTS**

### CITY OF VIRGINIA BEACH, VIRGINIA STATEMENT OF NET ASSETS JUNE 30, 2012

		Prin	nary Government		Component Units			
	 Governmental		Business-type	_				
	Activities		Activities	Total	5	School Board		Other
<u>ASSETS</u>								
Cash and Investments	\$ 181,587,724	\$	103,324,667	\$ 284,912,391	\$	147,763,783	\$	12,434,333
Restricted Cash & Cash Equivalents	359,534,257		52,191,026	411,725,283		-		6,596,954
Receivables (net)	47,215,902		22,912,678	70,128,580		635,995		9,997,202
Due from Other Governments	93,289,205		86,595	93,375,800		24,246,820		21,568
Inventories	1,330,822		2,263,804	3,594,626		968,251		1,534,549
Other Assets	5,710,495		3,612,185	9,322,680		798,147		1,341,080
Land Held for Resale	-		-	-		-		21,510,309
Capital assets (net of accumulated depreciation):								
Land and Improvements	931,848,923		144,815,853	1,076,664,776		39,672,374		26,647,684
Buildings and Improvements	776,585,125		1,376,496	777,961,621		399,631,132		99,967,017
Improvements other than Buildings	187,381,186		988,977	188,370,163		-		-
Machinery and Equipment	48,611,264		5,031,700	53,642,964		-		28,941
Infrastructure	880,175,179		573,003,518	1,453,178,697		-		-
Construction in Progress	325,863,632		170,490,705	496,354,337		45,644,455		713,434
Total Capital Assets	\$ 3,150,465,309	\$	895,707,249	\$ 4,046,172,558	\$	484,947,961	\$	127,357,076
Total Assets	\$ 3,839,133,714	\$	1,080,098,204	\$ 4,919,231,918	\$	659,360,957	\$	180,793,071
<u>LIABILITIES</u>								
Accounts Payable	\$ 43,378,101	\$	8,345,145	\$ 51,723,246	\$	20,943,224	\$	17,145,849
Accrued Liabilities	15,277,162		3,018,803	18,295,965		62,791,975		1,493,224
Due to Other Governments	8,018,724		-	8,018,724		87,914		-
Long-term Liabilities:								
Due Within One Year	117,341,978		10,699,068	128,041,046		22,456,470		8,081,913
Due in More Than One Year	1,092,435,316		196,485,322	1,288,920,638		14,171,267		88,388,788
Total Liabilities	\$ 1,276,451,281	\$	218,548,338	\$ 1,494,999,619	\$	120,450,850	\$	115,109,774
NET ASSETS								
Invested in Capital Assets, Net of Related Debt	\$ 2,382,433,564	\$	720,459,762	\$ 3,102,893,326	\$	484,947,961	\$	32,773,456
Restricted for:								
Future Debt Service	26,622,277		20,653,650	47,275,927		-		1,200,826
Special Projects	17,008,778		-	17,008,778		28,037,918		-
Water and Sewer Fund Operations	-		91,363,464	91,363,464		-		-
Stormwater Fund Operations	-		24,682,720	24,682,720		-		-
Unrestricted	136,617,814		4,390,270	141,008,084		25,924,228		31,709,015
Total Net Assets	\$ 2,562,682,433	\$	861,549,866	\$ 3,424,232,299	\$	538,910,107	\$	65,683,297

### CITY OF VIRGINIA BEACH, VIRGINIA STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2012

					Pro	gram Revenues		
		Expenses		Charges for Services		Operating Grants and Contributions		Capital Grants and ontributions
Primary Government:		,						
Governmental Activities:								
Legislative	\$	1,090,648	\$	_	\$	_	\$	_
Executive	Ψ.	2,780,170	4	_	Ψ	_	Ψ	_
Law		3,666,859		828		_		_
Finance		17,775,815		257,524		1,374,335		_
Human Resources		9,055,986				-		_
Judicial		51,871,482		5,377,347		23,123,966		_
Health		2,931,361		56,046		12,551		_
Police		89,806,841		3,670,550		1,511,525		_
Human Services		112,331,388		24,322,382		56,323,987		_
Public Works		195,557,135		13,465,436		43,099,904		6,088,697
Parks & Recreation		42,619,362		13,876,204		3,413,951		-
Library		15,639,419		706,607		299,625		_
Planning		9,454,772		4,265,630		40,662		_
Agriculture		811,303		170,091		15,910		_
Economic Development		2,195,509		-		-		_
Convention & Visitor Development		25,211,870		5,313,030		-		_
Communications & Information Technology		27,113,853		171,848		_		_
Emergency Communications and Citizen Services		8,644,135		, -		_		_
Boards and Commissions		30,813,011		6,650		230,844		_
Fire		48,604,326		346,680		2,243,543		_
Management Services		1,488,732		, -		, , , <u>-</u>		_
Education		346,343,221		_		_		_
Housing & Neighborhood Preservation		25,102,010		1,170,964		22,092,368		_
Museums		9,524,054		7,548,640		961,900		_
Emergency Medical Services		8,667,955		4,480		692,861		_
Strategic Growth Area		1,011,323		-		-		_
General Government		6,689,626		7,395,885		13,992,919		35,484,122
Interest and Fiscal Charges		48,481,522		· · · · -		· · ·		, , , <sub>-</sub>
Total Governmental Activities	\$	1,145,283,688	\$	88,126,822	\$	169,430,851	\$	41,572,819
Business-type Activities:								
Water and Sewer	\$	102,310,240	\$	109,200,204	\$	1,017,733	\$	974,355
Stormwater	-	15,650,645	*	27,841,165	*	288,359	-	-
Parking		1,973,867		2,879,725		-		_
Total Business-type Activities	\$	119,934,752	\$	139,921,094	\$	1,306,092	\$	974,355
Total Primary Government	\$	1,265,218,440	\$	228,047,916	\$	170,736,943	\$	42,547,174
Component Units:								
•	•	14 504 520	¢.	7 522 024	•	0.012.704	¢.	250 105
Virginia Beach Development Authority	\$	14,504,520	\$	7,523,024	\$	8,912,784	\$	359,105
Virginia Beach Community Development Corporation		4,802,449		2,586,507		1,750,053		1 012 470
Virginia Beach School Board	Φ.	841,467,793	6	16,764,908	•	150,105,153	•	1,812,470
Total Component Units	\$	860,774,762	\$	26,874,439	\$	160,767,990	\$	2,171,575

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 assets

Net Assets - Beginning

Net Assets - Ending

### CITY OF VIRGINIA BEACH, VIRGINIA STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2012

### Net (Expenses) Revenues and Changes in Net Assets

		Drime	ary Government	Cha	inges in Net Assets		Compor	ont Unit	9
		Friiia	iry Government				Compon	ent Unit	<u>s</u>
Govern	nmental Activities	Busine	ss-type Activities		Total		School Board		Other
\$	(1,090,648)	\$		\$	(1,090,648)	\$		\$	
Þ	(2,780,170)	Þ	-	Ф	(2,780,170)	Φ	-	Þ	
	(3,666,031)		_		(3,666,031)		_		
	(16,143,956)		_		(16,143,956)		-		
	(9,055,986)		-		(9,055,986)		-		
	(23,370,169)		-		(23,370,169)		=		
	(2,862,764)		-		(2,862,764)		-		
	(84,624,766)		-		(84,624,766)		=		
	(31,685,019)		-		(31,685,019)		-		
	(132,903,098) (25,329,207)		-		(132,903,098) (25,329,207)		-		
	(14,633,187)		-		(14,633,187)		-		
	(5,148,480)		_		(5,148,480)		_		
	(625,302)		_		(625,302)		_		
	(2,195,509)		-		(2,195,509)		-		
	(19,898,840)		-		(19,898,840)		-		
	(26,942,005)		-		(26,942,005)		=		
	(8,644,135)		-		(8,644,135)		-		
	(30,575,517)		-		(30,575,517)		-		
	(46,014,103)		-		(46,014,103)		-		
	(1,488,732)		-		(1,488,732)		=		
	(346,343,221) (1,838,678)		-		(346,343,221) (1,838,678)		-		
	(1,013,514)		-		(1,013,514)		-		
	(7,970,614)		_		(7,970,614)		_		
	(1,011,323)		_		(1,011,323)		-		
	50,183,300		-		50,183,300		-		
	(48,481,522)				(48,481,522)		-		
\$	(846,153,196)	\$		\$	(846,153,196)	\$	<u> </u>	\$	
\$	-	\$	8,882,052	\$	8,882,052	\$	-	\$	
	-		12,478,879 905,858		12,478,879 905,858		-		
\$		\$	22,266,789	\$	22,266,789	\$	-	\$	
\$	(846,153,196)	\$	22,266,789	\$	(823,886,407)	\$		\$	
\$	-	\$	_	\$	-	\$	-	\$	2,290,39
	-		-		-		-		(465,889
			-		-		(672,785,262)		
\$	<del>-</del>	\$		\$		\$	(672,785,262)	\$	1,824,50
\$	537,843,813	\$		\$	537,843,813	\$		\$	
φ	53,038,789	φ	-	Ф	53,038,789	φ	_	Ф	
	43,074,104		-		43,074,104		-		
	41,205,981		-		41,205,981		-		
	53,540,559		-		53,540,559		=		
	6,284,635 12,213,135		-		6,284,635 12,213,135		=		
	8,947,535		-		8,947,535		-		
	5,617,464		-		5,617,464		-		
	25,624,528		-		25,624,528		=		
•	10,770,992	_	<u> </u>	_	10,770,992	•	<u> </u>	_	
\$	798,161,535	\$	-	\$	798,161,535	\$	-	\$	
	-		-		-		387,531,252		
	53,414,000				53,414,000		248,908,953		
	9,351,455		264,732		9,616,187		208,950		103,49
	11,093,317 (1,303,678)		1,303,678		11,093,317		946,610		3,344,15
\$	870,716,629	\$	1,568,410	\$	872,285,039	\$	637,595,765	\$	3,447,65
-	24,563,433	<u>.</u>	23,835,199	4	48,398,632	<u> </u>	(35,189,497)	4	5,272,16
	2,538,119,000		837,714,667		3,375,833,667		574,099,604		60,411,13
\$	2,562,682,433	\$	861,549,866	\$	3,424,232,299	\$	538,910,107	\$	65,683,29
φ	4,304,084,433	\$	001,349,000	Φ	3,424,232,279	Φ	330,910,10/	Ф	03,083,29

### CITY OF VIRGINIA BEACH, VIRGINIA BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2012

		General	Ca	npital Projects	G	Other overnmental Funds	G	Total overnmental Funds
<u>ASSETS</u>								
Cash and Investments	\$	116,796,954	\$	-	\$	40,725,862	\$	157,522,816
Cash and Investments - Restricted		11,616,865		307,202,747		40,714,645		359,534,257
Cash Advances		272,801		-		-		272,801
Receivables (net of allowance for uncollectibles, where applicable):								
Property Tax		26,671,089		-		=		26,671,089
Accounts		7,282,864		80,120		260,869		7,623,853
Loans		4,781,124		-		6,586,507		11,367,631
Due from:								
Other Funds		4,458,380		-		-		4,458,380
Other Governments		69,496,707		14,332,036		9,460,462		93,289,205
Inventories		506,339		-				506,339
Total Assets	\$	241,883,123	\$	321,614,903	\$	97,748,345	\$	661,246,371
LIABILITIES								
Vouchers and Accounts Payable	\$	19,509,527	\$	17,691,339	\$	2,323,797	\$	39,524,663
Payroll Withholdings Payable		590,559		-		=		590,559
Deposits Payable		2,161,359		-		-		2,161,359
Due to Other Funds		-		-		4,458,380		4,458,380
ntergovernmental Payables		664,416		7,354,308		-		8,018,724
Deferred Revenue		27,907,830		-		188,856		28,096,686
Total Liabilities	\$	50,833,691	\$	25,045,647	\$	6,971,033	\$	82,850,371
FUND BALANCES								
Nonspendable:								
Inventories	\$	506,339	\$	-	\$	-	\$	506,339
Restricted for:								
Special Revenue Funds		-		-		16,287,776		16,287,776
Debt Service		-		-		26,622,277		26,622,277
Comprehensive Services Act		721,002		-		· · · · -		721,002
Committed to:								
Education		11,616,865		_		-		11,616,865
Loans Receivable		4,781,124		_		_		4,781,124
Capital Improvement Program - General Government		, , , <u>-</u>		185,668,527		_		185,668,527
Special Revenue Funds		-		, , <u>-</u>		41,284,089		41,284,089
Capital Improvement Program:						, ,		, ,
Engineering and Highways		_		55,694,168		_		55,694,168
Buildings		_		25,583,080		_		25,583,080
Parks and Recreation		_		7,883,362		_		7,883,362
Coastal		_		2,451,780		_		2,451,780
Economic and Tourism		_		19,288,339		_		19,288,339
assigned to:				17,200,337				17,200,337
Communications & Information Technology		3,994,349		_		_		3,994,349
Education		28,655,285				_		28,655,285
General Government		31,744,892				_		31,744,892
Human Services		1,519,713		_				1,519,713
Police		680,139		_				680,139
Public Works		2,102,772		_				2,102,772
Vehicle Replacements		765,801		-		-		765,801
Special Revenue Funds		703,001		-		6,583,170		
•		102 061 151		-		0,363,170		6,583,170
Jnassigned Total Fund Polonoge	•	103,961,151	•	206 560 256	•	00 777 212	•	103,961,151
Total Fund Balances	\$	191,049,432	\$	296,569,256	\$	90,777,312	\$	578,396,000
Total Liabilities and Fund Balances	\$	241,883,123	\$	321,614,903	\$	97,748,345	\$	661,246,371

# CITY OF VIRGINIA BEACH, VIRGINIA RECONCILIATION OF BALANCE SHEET TO THE STATEMENT OF NET ASSETS JUNE 30, 2012

Total Fund Balances - Governmental funds (Exhibit 3)			\$ 578,396,000
Amounts reported for governmental activities in the Statement of Net Assets are different be	cause	:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds.			3,149,118,340
Other long-term assets are not available to pay for current period expenditures and therefore are offset by deferred revenue in the governmental funds.			36,637,125
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 analysis of the internal services of the costs of printing services,	issets		
and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets. (Exhibit 1)			(1,218,290)
Services provided by the general government to business-type activities are not included in the entity-wide statements. The elimination decreases net assets.			(2,256,262)
Internal service fund amounts payable to the general government are eliminated from the Statement of Net Assets. However, the amount due from business-type activities for the Internal Service Funds loss charge back is included.			418,536
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 State Literary Fund Loans Accrued Interest on Bonds Sold Town Center Support Agreement Agriculture Reserve Strips Public Facility Revenue Bonds Williams Farm Property Debt Premium on Bonds Sold Deferred Loss on Refunding Compensated Absences (annual and sick leave) Landfill Closure and Post-Closure Care	\$	672,098,904 4,750,000 13,123,844 79,850,486 38,799,844 246,679,514 637,500 89,811,296 (669,686) 40,088,965 13,242,349	(1,198,413,016)
Total Net Assets - Governmental Activities (Exhibit 1)			\$ 2,562,682,433

## CITY OF VIRGINIA BEACH, VIRGINIA STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2012

		General	c	apital Projects	(	Other Governmental Funds	•	Total Governmental Funds
REVENUES				·				
General Property Taxes:								
Real Estate property taxes	\$	423,110,890	\$	-	\$	38,369,443	\$	461,480,333
Personal property taxes		73,705,379		-		-		73,705,379
Other Local Taxes		215,148,584		-		46,463,457		261,612,041
Fines and Forfeitures		6,051,411		-		770,568		6,821,979
Permits, Privilege Fees, and Regulatory Licenses		4,239,786		-		-		4,239,786
From Use of Money and Property		5,760,912		335,216		9,399,559		15,495,687
Charges for Services		51,547,766		-		16,941,381		68,489,147
Miscellaneous		11,187,052		3,172,034		1,541,548		15,900,634
From Other Local Governments		247,709		-		-		247,709
From Commonwealth		143,795,444		17,872,032		21,826,799		183,494,275
From Federal Government		20,997,970		16,486,090		35,522,794		73,006,854
Total Revenues	\$	955,792,903	\$	37,865,372	\$	170,835,549	\$	1,164,493,824
<u>EXPENDITURES</u>								
Current Operating:								
Legislative	\$	1,078,747	\$	-	\$	-	\$	1,078,747
Executive		2,542,012		-		155,076		2,697,088
Law		3,640,226		-		-		3,640,226
Finance		16,600,949		-		-		16,600,949
Human Resources		9,010,045		-		-		9,010,045
Judicial		13,885,107		-		37,121,469		51,006,576
Health		2,926,650		-		-		2,926,650
Police		85,938,731		-		1,271,693		87,210,424
Human Services		104,251,830		_		7,576,213		111,828,043
Public Works		95,579,937		-		4,031,372		99,611,309
Parks and Recreation		12,332,194		_		30,345,759		42,677,953
Library		15,137,306		_		337,746		15,475,052
Planning		9,325,638		_		53,988		9,379,626
Agriculture		665,933		_		2,292,961		2,958,894
Economic Development		2,210,063		_		2,2,2,,01		2,210,063
Convention and Visitor Development		8,471,124		_		42,044,742		50,515,866
Communications and Information Technology		20,947,491				45,123		20,992,614
Emergency Communications and Citizen Services		8,644,135				43,123		8,644,135
Boards and Commissions		31,908,444		-		2,821,663		34,730,107
Fire		43,307,412		-		1,591,325		
				-		1,391,323		44,898,737
Management Services		1,471,547		42 594 215		401 225		1,471,547
Education		355,561,281		43,584,215		491,335		399,636,831
Housing and Neighborhood Preservation		1,642,600		-		23,414,746		25,057,346
Museums		9,392,344		-		37,686		9,430,030
General Government		-		-		8,293,239		8,293,239
Emergency Medical Services		7,381,255		-		920,774		8,302,029
Strategic Growth Area		1,011,323		- -		-		1,011,323
Capital Outlay		-		134,374,158		-		134,374,158
Debt Service:								
Principal Retirement		28,759,234		-		-		28,759,234
Interest and Fiscal Charges		15,747,963		748,720		-		16,496,683
Total Expenditures	\$	909,371,521	\$	178,707,093	\$	162,846,910	\$	1,250,925,524
Excess (Deficiency) of Revenues over (under) Expenditures	\$	46,421,382	\$	(140,841,721)	\$	7,988,639	\$	(86,431,700)
OTHER FINANCING SOURCES (USES)	_	40	_		_		_	
Transfers In	\$	10,668,171	\$	46,950,583	\$	21,429,252	\$	79,048,006
Transfers Out		(55,936,195)		-		(24,410,423)		(80,346,618)
Issuance of Debt		-		87,580,000		-		87,580,000
Premium on Bonds Sold		-		13,392,468		-		13,392,468
Issuance of Refunding Bonds		-		-		45,270,000		45,270,000
Premium on Refunding Bonds Sold		118,596		-		9,801,639		9,920,235
Payment to Refunding Bonds Escrow Agent				<u>-</u>		(55,071,638)		(55,071,638)
Total Other Financing Sources (Uses)	\$	(45,149,428)	\$	147,923,051	\$	(2,981,170)	\$	99,792,453
Net Change in Fund Balance		1,271,954		7,081,330		5,007,469	_	13,360,753
Fund Balance at Beginning of Year - As Reclassified		189,777,478	_	289,487,926	_	85,769,843	_	565,035,247
Fund Balance at End of Year	\$	191,049,432	\$	296,569,256	\$	90,777,312	\$	578,396,000

# 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, 2012

Net Change in fund balance - total governmental funds (Exhibit 4)		\$ 13,360,753
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 assets.		
General Government Capital Outlay Expenditures General Government Expenditures Non-Capitalizable Capital Project Expenditures Depreciation on General Government Assets Contribution of Assets to General Government Loss on Disposition of Assets	134,374,158 15,334,593 (2,355,754) (85,392,496) 6,088,697 (2,017,323)	66,031,875
Revenues in the fund statements which were subject to accrual in the prior year are additions to beginning net assets and, therefore, are not reported as revenues in the Statement of Activities.		1,347,606
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 assets. 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.		(53,695,204)
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.		(2,129,178)
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.		(352,419)
Change in net assets of governmental activities (Exhibit 2)		\$ 24,563,433

# 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, 2012

		Budget	Amoun	ts			F	Variance inal Budget Positive
		Original		Final	A	ctual Amounts		(Negative)
REVENUES								
General Property Taxes:								
Real Estate property taxes	\$	421,778,596	\$	421,768,846	\$	423,110,890	\$	1,342,044
Personal property taxes		70,276,450		70,276,450		73,705,379		3,428,929
Other Local Taxes		213,236,408		213,236,408		215,148,584		1,912,176
Permits, Privilege Fees, and Regulatory Licenses		3,948,828		3,948,828		4,239,786		290,958
Fines and Forfeitures		5,900,060		5,900,060		6,051,411		151,351
From Use of Money and Property		5,709,060		5,709,060		5,760,912		51,852
Charges for Services		50,558,372		50,708,563		51,547,766		839,203
Miscellaneous		10,506,341		11,321,921		11,187,052		(134,869)
From Other Local Governments		237,208		237,208		247,709		10,501
From Commonwealth		143,311,435		143,791,519		143,795,444		3,925
From Federal Government		21,632,376		21,783,013		20,997,970		(785,043)
Total Revenues	\$	947,095,134	\$	948,681,876	\$	955,792,903	\$	7,111,027
<b>EXPENDITURES</b>								
Legislative	\$	1,081,882	\$	1,125,026	\$	1,078,747	\$	46,279
Executive		2,486,125		2,678,186		2,542,012		136,174
Law		3,512,286		3,737,040		3,640,226		96,814
Finance		16,243,694		17,097,341		16,600,949		496,392
Human Resources		9,855,247		9,703,013		9,010,045		692,968
Judicial		13,211,642		14,233,005		13,885,107		347,898
Health		2,858,445		3,033,125		2,926,650		106,475
Police		86,695,027		88,133,671		85,938,731		2,194,940
Human Services		107,855,150		111,064,786		104,251,830		6,812,956
Public Works		94,507,084		98,659,917		95,579,937		3,079,980
Parks and Recreation		12,381,771		12,976,930		12,332,194		644,736
Library		15,379,214		16,179,029		15,137,306		1,041,723
Planning		9,189,879		9,514,077		9,325,638		188,439
Agriculture		765,795		815,795		665,933		149,862
Economic Development		2,044,395		2,385,131		2,210,063		175,068
Convention and Visitor Development		8,588,897		9,077,926		8,471,124		606,802
Communications and Information Technology		22,049,653		24,871,425		20,947,491		3,923,934
Emergency Communications and Citizen Services		10,206,092		10,420,178		8,644,135		1,776,043
Boards and Commissions		31,688,243		32,923,268		31,908,444		1,014,824
Fire		41,778,219		43,449,678		43,307,412		142,266
Management Services		1,461,870		1,603,515		1,471,547		131,968
Education		371,516,008		371,516,008		355,561,281		15,954,727
Housing and Neighborhood Preservation		1,583,015		1,808,004		1,642,600		165,404
Museums		9,135,462		9,581,207		9,392,344		188,863
Emergency Medical Services		7,071,995		7,401,653		7,381,255		20,398
Strategic Growth Area Debt Service:		909,169		1,100,474		1,011,323		89,151
Principal Retirement		30,394,325		30,394,325		28,759,234		1,635,091
Interest and Fiscal Charges		14,468,429		14,468,429		15,747,963		(1,279,534)
Total Expenditures	\$	928,919,013	\$	949,952,162	\$	909,371,521	\$	40,580,641
Excess(Deficiency) of Revenues over(under) Expenditure	res \$	18,176,121	\$	(1,270,286)	\$	46,421,382	\$	47,691,668
OTHER FINANCING SOURCES (USES)								
Transfers In	\$	3,322,124	\$	10,657,450	\$	10,668,171	\$	10,721
Transfers Out		(51,514,656)		(55,977,453)		(55,936,195)	•	41,258
Premium on Refunding Bonds Sold		-		-		118,596		118,596
Total Other Financing Sources (Uses)	\$	(48,192,532)	\$	(45,320,003)	\$	(45,149,428)	\$	170,575
Net Change in Fund Balance		(30,016,411)		(46,590,289)		1,271,954		47,862,243
Fund Balance at Beginning of Year - As Reclassified		189,777,478		189,777,478		189,777,478		, - , -
Fund Balance at End of Year	\$		\$		\$		\$	47,862,243
I und datance at bild of I cal	Ф	159,761,067	Ф	143,187,189	Ф	191,049,432	Φ	+1,002,243

### CITY OF VIRGINIA BEACH, VIRGINIA STATEMENT OF NET ASSETS PROPRIETARY FUNDS JUNE 30, 2012

	Business-Type Activities - Enterprise Funds								G	overnmental Activities
	Water and Sewer		Nonmajor Storm Water Parking					Totals	Internal Servic Funds	
ASSETS								_		
Current Assets:										
Cash and Investments	\$	78,482,046	\$	22,065,838	\$	2,776,783	\$	103,324,667	\$	24,064,908
Accounts Receivable - Net		16,759,096		4,315,856		-		21,074,952		-
Intergovernmental Receivables		86,595		-		-		86,595		-
Inventory		2,263,804		-		-		2,263,804		824,483
Total Current Assets	\$	97,591,541	\$	26,381,694	\$	2,776,783	\$	126,750,018	\$	24,889,391
Noncurrent Assets:										
Cash and Investments - Restricted	\$	50,149,987	\$	2,041,039	\$	-	\$	52,191,026	\$	-
Deferred Charges		3,612,185		-		-		3,612,185		-
Capital Assets:										
Land		12,559,576		130,881,277		1,375,000		144,815,853		-
Site Improvements		-		-		1,457,642		1,457,642		265,782
Buildings		3,590,809		-		-		3,590,809		-
Utility System		863,063,821		102,193,685		-		965,257,506		-
Construction in Progress		99,807,778		70,682,927		-		170,490,705		-
Office Furniture and Fixtures		1,469,539		-		-		1,469,539		-
Machinery and Equipment		19,691,941		9,340,550		79,844		29,112,335		6,540,414
Less: Accumulated Depreciation		(371,003,231)		(48,935,424)		(548,485)		(420,487,140)		(5,459,227
Total Capital Assets	\$	629,180,233	\$	264,163,015	\$	2,364,001	\$	895,707,249	\$	1,346,969
Total Noncurrent Assets	\$	682,942,405	\$	266,204,054	\$	2,364,001	\$	951,510,460	\$	1,346,969
Total Assets	\$	780,533,946	\$	292,585,748	\$	5,140,784	\$	1,078,260,478	\$	26,236,360
LIABILITIES										
Current Liabilities:										
Vouchers and Accounts Payable	\$	3,749,272	\$	359,320	\$	195,233	\$	4,303,825	\$	2,966,528
Deposits Payable		114,638		-		-		114,638		-
Accrued Interest Payable		2,356,589		356,771		-		2,713,360		-
Construction Contracts Payable		4,041,320		-		_		4,041,320		-
Deferred Revenue		190,805		-		_		190,805		-
Current Portion of Long-term Liabilities		9,074,836		1,599,901		24,331		10,699,068		6,080,891
Total Current Liabilities	\$	19,527,460	\$	2,315,992	\$	219,564	\$	22,063,016	\$	9,047,419
Long-term Liabilities (less current portion)		169,877,142		26,603,505		4,675		196,485,322		18,407,231
Total Liabilities	\$	189,404,602	\$	28,919,497	\$	224,239	\$	218,548,338	\$	27,454,650
NET ASSETS										
Invested in Capital Assets, Net of Related Debt	\$	481,152,238	\$	236,943,523	\$	2,364,001	\$	720,459,762	\$	1,346,969
Restricted for:										
Future Debt Service		18,613,642		2,040,008		-		20,653,650		-
Operations		91,363,464		24,682,720		_		116,046,184		-
Unrestricted (Deficit)		-		-		2,552,544		2,552,544		(2,565,259
Total Net Assets	\$	591,129,344	\$	263,666,251	\$	4,916,545	\$	859,712,140	\$	(1,218,290
Reconciling Items:										
Elimination of Internal Activities - Indirect C	Cost							2,174,119		
Adjustment to reflect the consolidation of int	ernal ser	vice fund activities	relate	d to enterprise fund	ls			(336,393)		
Total Net Assets of Business-type acti	ivities (E	Exhibit 1)					\$	861,549,866		

# CITY OF VIRGINIA BEACH, VIRGINIA STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2012

	Business-Type Activities - Enterprise Funds							G	overnmental Activities		
		Water and Sewer	5	Storm Water	Nonmajor Parking			Totals	Int	Internal Service Funds	
OPERATING REVENUES											
Charges for Services	\$	104,083,019	\$	27,785,025	\$	2,879,725	\$	134,747,769	\$	40,149,708	
Insurance Recovery		-		-		-		-		184,527	
Miscellaneous		431,054						431,054		14,225	
Total Operating Revenues	\$	104,514,073	\$	27,785,025	\$	2,879,725	\$	135,178,823	\$	40,348,460	
OPERATING EXPENSES											
Cost of Goods Sold	\$	25,353,234	\$	-	\$	-	\$	25,353,234	\$	12,104,649	
Personal Services		20,739,651		6,267,938		285,177		27,292,766		7,150,002	
Fringe Benefits		6,671,091		2,044,036		77,804		8,792,931		2,602,639	
Contractual Services		4,615,434		193,403		890,591		5,699,428		3,743,405	
Internal Services		2,610,381		1,030,126		31,576		3,672,083		754,997	
Other Charges		16,164,031		1,742,071		142,012		18,048,114		13,202,438	
Leases and Rentals		-		-		186,900		186,900		814,219	
Land Structure Maintenance		-		2,033,588		-		2,033,588		48,165	
Depreciation		20,383,529		2,239,001		36,723		22,659,253		407,944	
Total Operating Expenses	\$	96,537,351	\$	15,550,163	\$	1,650,783	\$	113,738,297	\$	40,828,458	
OPERATING INCOME (LOSS)	\$	7,976,722	\$	12,234,862	\$	1,228,942	\$	21,440,526	\$	(479,998)	
NONOPERATING REVENUES (EXPENSES)											
From Federal Government	\$	1,017,733	\$	288,359	\$	-	\$	1,306,092	\$	-	
Interest Income		523,816		107,394		8,521		639,731		73,999	
Gain (Loss) From Sale of Assets		191,513		56,141		-		247,654		15,110	
Payment Under Support Agreement		-		-		(375,000)		(375,000)		-	
Interest and Fiscal Agent Fees		(5,366,715)		(100,482)		(323,084)		(5,790,281)		-	
City of Norfolk Water Services True Up		(165,780)		-		-		(165,780)		-	
Total Nonoperating Revenues	\$	(3,799,433)	\$	351,412	\$	(689,563)	\$	(4,137,584)	\$	89,109	
INCOME (LOSS) BEFORE CONTRIBUTIONS											
AND TRANSFERS	\$	4,177,289	\$	12,586,274	\$	539,379	\$	17,302,942	\$	(390,889)	
Capital Contributions - Tap Fees and Other		5,272,115		-		-		5,272,115		-	
Transfers In		264,233		1,993,687		109,991		2,367,911		372,100	
Transfers Out		-		(264,233)		(800,000)		(1,064,233)		(377,166)	
CHANGE IN NET ASSETS	\$	9,713,637	\$	14,315,728	\$	(150,630)	\$	23,878,735	\$	(395,955)	
Total Net Assets at Beginning of Year (Deficit)		581,415,707		249,350,523		5,067,175				(822,335)	
Total Net Assets at End of Year (Deficit)	\$	591,129,344	\$	263,666,251	\$	4,916,545			\$	(1,218,290)	
Reconciling Items:  Adjustment to reflect the consolidation of internation of the Change in Net Assets of Business-type activities.			related	I to enterprise fund	S.		\$	(43,536) 23,835,199			

### 51

### CITY OF VIRGINIA BEACH, VIRGINIA STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2012

	Business-type Activities - Enterprise Funds						Governmental Activities			
	Water and Sewer		s	Nonmajor Storm Water Parking		Nonmajor Parking	Totals		Int	ernal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:										
Receipts from Customers and Users	\$	103,741,357	\$	27,301,628	\$	2,879,725	\$	133,922,710	\$	40,334,303
Receipts from (Payments for) Interfund Services Provided		(4,907)		-		-		(4,907)		-
Other Operating Cash Receipts		431,054		-		-		431,054		14,225
Cash Payments to Suppliers of Goods and Services		(51,818,956)		(4,819,123)		(1,309,449)		(57,947,528)		(30,403,461)
Cash Payments to Employees for Services		(27,274,450)		(8,048,177)		(368,345)		(35,690,972)		(9,733,552)
Net Cash Provided By Operating Activities	\$	25,074,098	\$	14,434,328	\$	1,201,931	\$	40,710,357	\$	211,515
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:										
Receipts from Other Funds	\$	264,233	\$	1,993,687	\$	109,991	\$	2,367,911	\$	372,100
City of Norfolk Water Services True Up		(165,780)		-		-		(165,780)		-
Payments Under Support Agreement		-		-		(698,084)		(698,084)		-
Payments to Other Funds		-		(264,233)		(800,000)		(1,064,233)		(377,166)
Net Cash Provided (Used) By Noncapital Financing Activities	\$	98,453	\$	1,729,454	\$	(1,388,093)	\$	439,814	\$	(5,066)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVIT	TES:									
Capital Contributions	\$	4,476,986	\$	-	\$	-	\$	4,476,986	\$	-
Interest Paid on Long-term Debt		(7,977,953)		(1,175,818)		-		(9,153,771)		-
Acquisition and Construction of Capital Assets		(32,309,424)		(19,753,320)		-		(52,062,744)		(979,223)
From Federal Government		1,017,733		288,359		-		1,306,092		-
Proceeds from Sale of Salvage		191,513		56,141		-		247,654		15,110
Principal Paid on Capital Debt		(7,022,735)		(1,404,020)				(8,426,755)		
Net Cash Provided (Used) By Capital and Related Financing Activities	\$	(41,623,880)	\$	(21,988,658)	\$		\$	(63,612,538)	\$	(964,113)
CASH FLOWS FROM INVESTING ACTIVITIES:										
Interest and Dividends Received	\$	523,816	\$	107,394	\$	8,521	\$	639,731	\$	73,999
Net Increase (Decrease) in Cash and Temporary Investments		(15,927,513)		(5,717,482)		(177,641)		(21,822,636)		(683,665)
Cash and Temporary Investments, July 1		144,559,546		29,824,359		2,954,424		177,338,329		24,748,573
Cash and Temporary Investments, June 30	\$	128,632,033	\$	24,106,877	\$	2,776,783	\$	155,515,693	\$	24,064,908

### 75

### CITY OF VIRGINIA BEACH, VIRGINIA STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2012

			Busi	ness-type Activiti	ies - En	terprise Funds			vernmental Activities
	Water and		Nonmajor Storm Water Parking			Totals	Inte	ernal Service	
RECONCILIATION OF OPERATING INCOME (LOSS) TO		Sewer	3	torm water		Parking	Totals		Funds
NET CASH PROVIDED BY OPERATING ACTIVITIES:									
Operating Income (Loss)	\$	7,976,722	\$	12,234,862	\$	1,228,942	\$ 21,440,526	\$	(479,998)
Adjustments to Reconcile Operating Income (Loss) to									
Net Cash Provided (Used) By Operating Activities:									
Depreciation Expense		20,383,529		2,239,001		36,723	22,659,253		407,944
(Increase) Decrease in Accounts Receivable		(341,662)		(483,397)		-	(825,059)		68
(Increase) Decrease in Intergovernmental Receivables		(4,907)		-		-	(4,907)		-
(Increase) Decrease in Inventory		27,500		-		-	27,500		11,164
Increase (Decrease) in Vouchers and Accounts Payable		(3,152,108)		193,550		(58,370)	(3,016,928)		886,055
Increase (Decrease) in Deposits Payable		11,802		-		-	11,802		-
Increase (Decrease) in Deferred Revenue		36,930		-		-	36,930		-
Increase (Decrease) in Estimated Claims and Judgments		-		-		-	-		(632,807)
Increase (Decrease) in Accrued Interest Payable		-		(13,485)		-	(13,485)		-
Increase (Decrease) in Accrued Compensated Leave		136,292		263,797		(5,364)	 394,725		19,089
Total Adjustments	\$	17,097,376	\$	2,199,466	\$	(27,011)	\$ 19,269,831	\$	691,513
Net Cash Provided By Operating Activities	\$	25,074,098	\$	14,434,328	\$	1,201,931	\$ 40,710,357	\$	211,515
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES: Capital Contributions of Capital Assets	\$	795,129	\$	-	\$	_	\$ 795,129	\$	_

### CITY OF VIRGINIA BEACH, VIRGINIA STATEMENT OF FIDUCIARY NET ASSETS JUNE 30, 2012

	<u> </u>	rust Funds	Agency Funds
<u>ASSETS</u>			
Cash	\$	-	\$ 486,503
Investments, at Fair Value:			
Mutual Funds		46,020,137	 -
Total Assets	\$	46,020,137	\$ 486,503
<u>LIABILITIES</u> Vouchers and Accounts Payable	\$		\$ 486,503
NET ASSETS  Held in Trust for Other Postemployment Benefits and Pension Benefits	\$	46,020,137	

### CITY OF VIRGINIA BEACH, VIRGINIA STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS FOR THE YEAR ENDED JUNE 30, 2012

	 Trust Funds
ADDITIONS	
Contributions:	
From Primary Government	\$ 16,436,100
From Plan Members	 2,744,181
Total Contributions	 19,180,281
Investment Earnings:	
Increase (Decrease) in the Fair Value of Investments	(235,439)
Interest and Dividends	 70,608
Total Investment Earnings	(164,831)
Less Investment Expense	 41,089
Net Investment Earnings	 (205,920)
Total Additions	\$ 18,974,361
DEDUCTIONS	
Benefits	\$ 15,268,233
Administrative Expenses	 1,009
Total Deductions	\$ 15,269,242
Change in Net Assets	3,705,119
Net Assets at Beginning of Year	 42,315,018
Net Assets at End of Year	\$ 46,020,137



This Page Intentionally Left Blank

		<u>PAGE NO.</u>
1.	Summary of Significant Accounting Policies	
	A. Financial Reporting Entity	58
	B. Government-Wide and Fund Financial Statements	
	C. Basis of Accounting	
	D. Capital Assets and Long-Term Liabilities	
	E. Operating Budget Process	
	F. Inventories	
	G. Land Held for Resale	
	H. Accrued Compensated Leave I. Fund Balances	
	J. Use of Estimates.	
	K. Fund Balance Policy	
	L. Miscellaneous	
	M. Net Assets	
	N. Long-Term Obligations	
	O. Restricted Assets – Cash and Investments	
	P. Unrestricted Net Assets – Governmental Activities	
	Q. Restricted Net Assets	
2.	Fund Balances – Nonmajor Governmental Funds	69
3.	Receivables and Accrued Liabilities	
	A. Receivables.	
	B. Property Taxes Receivable	70
	C. Intergovernmental Receivables - Primary Government and School Board Component Unit – Entity Wic	
	D. Allowances for Uncollectible Accounts Receivable	
	E. Major Components of Accrued Liabilities	12
4.	Deferred Revenue	
••	A. General Fund	73
	B. Special Revenue Funds – Nonmajor	
	C. Enterprise Funds	
	D. School Board Component Unit	
	·	
5.	Capital Assets and Land Held For Resale	
	A. Land Held for Resale - Discretely Presented Component Unit	
	B. Governmental Activities	
	C. Component Unit - School Board	
	D. Business-Type Activities	
	E. Major Fund - Water and Sewer Enterprise Fund	
	F. Major Fund – Storm Water Enterprise Fund	
	G. Component Unit - Virginia Beach Development Authority	
	H. Component Unit - Virginia Beach Community Development Corporation	
	1. Construction in Frogress	/ 0
6.	Long-Term Debt	
••	A. A Summary of Changes in Long-Term Liabilities	79
	B. Bonds, Notes and Loans Payable	
	C. Summary of Recent Refundings	
	D. A Summary of Annual Requirements to Amortize All Bonds and Notes Payable	
	E. Agriculture Reserve Program	
	F. Legal Debt Margin	
	G. Water and Sewer Enterprise Revenue Bonds	85
	H. Storm Water Revenue Bonds	
	I. Debt Service Expenditures	
	J. Accrued Compensated Leave	
	K. Authorized But Unissued Bonds	
	L. Revenue Covenants	87

		PAGENO.
6.	Long-Term Debt (continued)	
	M. Notes Payable - Discretely Presented Component Unit Community Development Corporation	
	N. Notes Payable - Discretely Presented Component Unit Virginia Beach Development Authority	
	O. Compliance	
	P. Public Facility Revenue Bonds and Associated VBDA Support Agreements	89
7.	Assets and Obligations under Leases	89
8.	Deposits and Investments.	89
9.	Commitments and Contingencies	
	A. Litigation	91
	B. Intergovernmental Grants, Entitlements and Shared Revenues	91
	C. City Manager Employment Contract	
	D. Salaries Payable	
	E. Landfill Closure	92
	F. Water Services Contract	93
	G. Encumbrances	93
10.	Interfund Balances and Transactions, Fund Results and Reconciliations	
	A. Interfund Transfers.	
	B. Net Assets Deficit	
	C. Accounting Changes, Restatements and Fund Closing	94
11.	Risk Management	
	A. Primary Government Self-Insurance Program	
	B. School Board Self-Insurance Program	
	C. Surety Bonds	96
12.	Retirement	
	A. Virginia Retirement System	
	B. Sheriff's Supplemental Retirement Plan	99
13.	Other Postemployment Benefits	100

### 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 441,246.

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 City has no component units that meet the requirements for blending.

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, 2012 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.
- b. 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.

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### A. The Financial Reporting Entity (continued)

### 1. Component Units (continued)

c. 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, 2012 were as follows:

Arts and Humanities Commission	\$ 430,173
American Water Works Association Research	27,315
Atlantic Wildfowl Museum	51,431
Boardwalk Arts Festival	50,500
Contemporary Art Center	230,668
Crime Solvers	2,040
Eastern Virginia Medical School	435,033
Hampton Roads Economic Development Alliance	412,059
Hampton Roads Partnership	15,210
Hampton Roads Planning District Commission	359,155
Safe Drinking Water Act	160,000
Tidewater Community College	5,100
Transportation District of Hampton Roads	4,382,196
Virginia Aquarium and Marine Science Center	63,765
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	88,000
Volunteers of America	180,655
WHRO TV	138,438
Total	\$ 7,137,528

### 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 Assets, 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.

### 1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

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

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. 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 discretional (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.

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, Print Shop, School Site Landscaping, Information Technology operations, Telecommunications and Subscriptions.

### 1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

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

**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.

**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.

**Lynnhaven Mall Tax Increment Financing** - accounts for the incremental real estate tax revenues and related expenditures to provide transportation and parking improvements in the Lynnhaven Mall shopping district as specified in the agreement between the developer and 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.

**DEA Seized Property** – 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.

**Inmate Services** - accounts for funds generated by inmate telephone use, inmate per diem, inmate canteen sales, and Caremart and fresh favorites revenues, the latest programs aimed to provide additional conveniences to the public and people who wish to purchase items for individuals incarcerated. The funds are to be used for inmate projects and services.

**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.

#### 1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

#### B. Government-Wide and Fund Financial Statements (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.

**Old Donation Creek Area Dredging** - 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

#### 1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

#### C. Basis of Accounting (continued)

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 deferred. 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.

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

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

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 20 "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting", Government-wide Governmental Activities and Business-Type Activities follow all applicable GASB pronouncements as well as all Financial Accounting Standards Board (FASB) pronouncements and predecessor Accounting Principles Board Opinions and Accounting Research Bulletins (ARB) issued on or before November 30, 1989 unless those FASB pronouncements conflict with or contradict GASB pronouncements. Under paragraph 7 of Statement No. 20, the City has elected not to apply FASB pronouncements issued after November 30, 1989.

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.

Deferred 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 deferred 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.

#### 1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

#### D. Capital Assets and Long-Term Liabilities

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
I 1011 NI - 41-	D	4

Landfill Network Percentage of Completion

Depreciation of exhaustible capital assets used by City Proprietary Funds 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
Furniture and Fixtures	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.

### 1. <u>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</u> (continued)

#### E. Operating Budget Process (continued)

- 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 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 Public Investment Protection Strategy, Proffer Impact, Transitional Area, Wetlands Board Mitigation 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 378 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.

#### 1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

#### E. Operating Budget Process (continued)

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 \$14,227,264 during the 2012 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, 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.

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.

#### G. Land Held For Resale

Land inventory for a discretely presented component unit (Virginia Beach 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 may carry-forward a maximum of 50 days.

City employees are granted one sick leave day per month and may accumulate an unlimited number of sick leave days; however, no payment is made by the 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.

#### 1. <u>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</u> (continued)

#### I. Fund Balances (continued)

**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 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 delegation of this authority to the City Manager or his designee in the annual operating budget ordinance. Amendments must follow guidance described in Note 1E.

**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.

#### 1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

#### 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.

### 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, where it represents premiums and claims payments (including current estimated claims and judgments).

### 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.

### M. Net Assets

The difference between assets and liabilities in the government-wide statement of net assets must be labeled as *net assets*. GAAP further require that net assets be subdivided into three categories: net assets invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

### 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 assets. Bond premiums and deferred loss on refunding bonds as well as issuance costs are deferred and amortized over the life of the bonds. Bonds issuance costs are reported as deferred charges and amortized over the term of the related debt.

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.

#### 1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

#### P. Unrestricted Net Assets - Governmental Activities

Inclusive in Governmental Activities unrestricted net assets 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 Assets

Some primary government and component unit net asset amounts are subject to various restrictions. Bond resolutions restrict the net assets of the Water and Sewer, Storm Water and Debt Service Funds for operations. The Master Water and Sewer Resolution, adopted by City Council on February 11, 1992, restricts net assets 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 assets 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.

### 2. FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS

Nonmajor governmental fund balance is classified as nonspendable, restricted, committed, and assigned 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	\$ 10,733,408
Special Service Districts	1,953,480
Public Safety	987,133
Judicial Programs	2,613,755
Total Special Revenue Funds	 16,287,776
Future Debt Service	 26,622,277
Total Restricted	\$ 42,910,053
Committed:	
Tax Increment Financing	\$ 10,842,375
Judicial Programs	2,338,664
Parks and Recreation Activities	14,020,689
Convention and Visitor Bureau	4,641,095
Educational	333,296
Agriculture Program	9,107,970
Total Committed	\$ 41,284,089
Assigned:	
Tax Increment Financing	\$ 259,099
Special Service District	949,616
Judicial Programs	1,455,833
Housing and Community Development	192,591
Parks and Recreation Activities	1,075,398
Convention and Visitor Bureau	2,650,633
Total Assigned	\$ 6,583,170
Total Fund Balance	\$ 90,777,312

# 3. RECEIVABLES AND ACCRUED LIABILITIES

### A. Receivables

Receivables at June 30, 2012 consist of the following:

### **Primary Government**

	Governmental Activities	Business-Type Activities	Total
Property Taxes	\$ 38,523,269	\$ -	\$ 38,523,269
Loans	11,367,631	-	11,367,631
Due from Other Government	93,289,205	86,595	93,375,800
Accounts	9,237,132	 25,603,032	34,840,164
Gross Receivables	\$ 152,417,237	\$ 25,689,627	\$ 178,106,864
Less: Allowance for Uncollectibles	(11,912,130)	 (2,690,354)	(14,602,484)
Net Receivables - Entity Wide	\$ 140,505,107	\$ 22,999,273	\$ 163,504,380

# Major Funds – Governmental

		Capital	
	General Fund	Projects	Total
Property Taxes	\$ 38,523,269	\$ -	\$ 38,523,269
Accounts	7,282,864	80,120	7,362,984
Loans	4,781,124	-	4,781,124
Intergovernmental Accounts	69,496,707	14,332,036	83,828,743
Due from Other Funds	4,458,380	-	4,458,380
Gross Receivables	\$ 124,542,344	\$ 14,412,156	\$ 138,954,500
Less: Allowance for Uncollectibles	(11,852,180)	-	(11,852,180)
Net Receivables	\$ 112,690,164	\$ 14,412,156	\$ 127,102,320

### Major Funds - Proprietary

	Water and Sewer	Storm Water	Total
Accounts	\$ 19,255,798	\$ 4,509,508	\$ 23,765,306
Intergovernmental Accounts	86,595	-	86,595
Gross Receivables	\$ 19,342,393	\$ 4,509,508	\$ 23,851,901
Less: Allowance for Uncollectibles	(2,496,702)	(193,652)	(2,690,354)
Net Receivables	\$ 16,845,691	\$ 4,315,856	\$ 21,161,547

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

# **Component Units**

Receivables at June 30, 2012 consist of the following:

	 School Board	Virginia Beach Development Authority	Community Development Corporation	 Total
Notes	\$ -	\$ -	\$ 1,459,595	\$ 1,459,595
Accrued Interest	-	-	479,455	479,455
Intergovernmental	24,246,820	-	21,568	24,268,388
Accounts	635,995	7,665,548	392,604	8,694,147
Net Receivables	\$ 24,882,815	\$ 7,665,548	\$ 2,353,222	\$ 34,901,585

# 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

### 3. <u>RECEIVABLES AND ACCRUED LIABILITIES</u> (continued)

#### B. Property Taxes Receivable (continued)

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 deferred revenue for the fund financial statements.

During Fiscal Year 2012 the real property rate was \$0.89 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, not exempt from taxation; 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 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, 2012:

#### **Primary Government**

**School Board Component Unit** 

State Share Sales Tax

Technology Initiative

Special Education - Regional Program

Other Grants, Entitlements and Shared Revenues

Total Due From Commonwealth - Governmental Funds

	Governmental Activities
General Sales Tax	\$ 4,553,125
Telecommunications Tax	3,948,644
Reimbursements	627,455
Franchise Tax	603,987
Excess Fees – Clerk	63,929
Violations-Red Light Cameras	166,735
Automobile Licenses	739,196
Personal Property Tax Relief Act	53,412,868
Public Assistance Grants	3,436,264
Recordation Fees	510,430
Other Grants, Entitlements, & Shared Revenues	35,166
Sheriff's Department	1,164,823
Virginia Wireless E-911 Services Board	144,197
Capital Projects	8,686,896
Grants Consolidated	2,172,587
Total Due from Commonwealth	\$ 80,266,302
	\$ 5,412,302 3,817,100 790.043

10,287,746

# 3. RECEIVABLES AND ACCRUED LIABILITIES (continued)

# C. <u>Intergovernmental Receivables - Primary Government and School Board Component Unit - Entity Wide</u> (continued)

2. The following revenues were due from various Federal agencies at June 30, 2012:

#### **Primary Government**

Trimary Government			Governmental Activities
	Public Assistance Grants	\$	1,254,711
	FEMA Reimbursement		313,773
	Law Enforcement		109,071
	Grants Consolidated		4,370,926
	Housing Assistance		1,078,041
	Capital Improvements		5,645,140
	Federal Home Grants	_	237,040
	Total Due from Federal Government	\$	13,008,702
School Board Component Unit			
	ARRA Education Jobs	\$	381,009
	Adult Basic Education		61,446
	Carl Perkins		393,147
	Equipment Assistance Grant		20,581
	National Institute of Aerospace		11,459
	National School Meal Program		2,197,032
	NJROTC		79,620
	Preschool Incentive		41,646
	Teaching American History – SAIL		73,840
	Title I		6,023,180
	Title II		788,819
	Title III		55,897
	Title IV		51,774
	Title VI-B		3,751,449
	Other Grants, Entitlements and Shared Revenues	_	28,175
	Total Due From Federal Government	\$	13,959,074

3. The following revenues were due from other Local governments at June 30, 2012:

The Federal Section Eight Program Special Revenue Fund was due \$14,201 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, 2012 are as follows:

a. General Fund	\$ 11,852,180
b. Water and Sewer Fund	2,496,702
c. Storm Water Fund	 193,652
Total	\$ 14,542,534

### E. The major components of Accrued Liabilities at June 30, 2012 consist of the following:

# **Primary Government**

	_	Governmental Activities	_	Business-Type Activities	_	Total
Accrued Interest Payable	\$	13,123,844	\$	2,713,360	\$	15,837,204
Deposits Payable		2,153,318		114,638		2,267,956
Unearned Revenue		-		190,805		190,805
Total Accrued Liabilities	\$	15,277,162	\$	3,018,803	\$	18,295,965

### 3. RECEIVABLES AND ACCRUED LIABILITIES (continued)

# E. The major components of Accrued Liabilities at June 30, 2012 consist of the following: (continued)

# **Component Units**

	School Board	Virginia Beach Development Authority	Community Development Authority	_	Total
Accrued Interest	\$ -	\$ 1,379,803	\$ 49,182	\$	1,428,985
Unearned Revenue	6,627,034	-	-		6,627,034
Deposits Payable	55,000	_	64,239		119,239
Accrued Salaries	56,109,941	_	-		56,109,941
<b>Total Accrued Liabilities</b>	\$ 62,791,975	\$ 1,379,803	\$ 113,421	\$	64,285,199

### 4. <u>DEFERRED REVENUE</u>

Deferred 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. Deferred revenue consists of the following as of June 30, 2012:

#### A. General Fund

	Uncollected Taxes, Assessments, and other receipts	\$	27,907,830
B.	Special Revenue Funds – Nonmajor		
	Federal Section Eight Program – Repayment Agreement Parks and Recreation – Advance class registration Total Nonmajor Special Revenue Funds	\$ \$ <u></u>	29,324 159,532 188,856
C.	Enterprise Funds		
	Water and Sewer – Customers and Developers Tap and Meter Fees	\$	190,805
D.	School Board Component Unit		
	School Operating Fund – Summer School Tuition and School Rentals School Grants Fund – Early Reading Intervention and other grants Other Governmental Funds – School Cafeterias and Communication Towers - Charges for Services Total Deferred Revenue – Governmental Funds School Health Insurance Internal Service Fund – Prepayment of July health insurance premiums Total Deferred Revenue – Governmental Activities	\$ _ _ \$	437,352 66,181 474,745 978,278 5,648,756 6,627,034

### 5. CAPITAL ASSETS AND LAND HELD FOR RESALE

# A. Land Held for Resale - Discretely Presented Component Unit

Oceana West Corporate Park	\$ 1,555,548
Corporate Landing	10,483,267
Town Center Beacon Building & Land	4,877,946
Hunt Club 2	200,305
Princess Anne	4,393,243
Total Land Held For Resale	\$ 21,510,309

# 5. <u>CAPITAL ASSETS AND LAND HELD FOR RESALE</u> (continued)

# B. Governmental Activities

The following is a summary of the changes in capital assets for the fiscal year ended June 30, 2012:

		Balance July 1, 2011		Increases		Decreases		Balance June 30, 2012
Capital Assets Not Being Depreciated:		July 1, 2011		inci cases		Decreases	-	ounc 30, 2012
Land and Improvements	\$	850,358,971	\$	44,601,484	\$	1,911,376	\$	893,049,079
Agricultural Reserve Program	,	38,365,512	•	434,332	•	-	•	38,799,844
Construction in Progress		289,216,720		146,974,029		110,327,117		325,863,632
Total Capital Assets Not Being Depreciated	\$	1,177,941,203	\$	192,009,845	\$	112,238,493	\$	1,257,712,555
Other Capital Assets:								
Buildings and Improvements	\$	624,219,930	\$	10,530,271	\$	2,862,311	\$	631,887,890
School Buildings		356,053,485		-		12,599,871		343,453,614
Site Improvements		242,100,803		6,722,088		41,141		248,781,750
Site Improvements – Internal Service Funds		265,782		-		-		265,782
Equipment		179,774,621		13,187,070		3,967,058		188,994,633
Equipment – ISF		5,734,715		979,223		173,524		6,540,414
Roadway Network		1,677,471,809		18,744,572		-		1,696,216,381
Landfill Network		17,846,467		532,278		-		18,378,745
Bridge Network		67,283,111		-		-		67,283,111
Hurricane Protection Network		97,680,665		-	_	-		97,680,665
Total Other Capital Assets at Historical Cost	\$	3,268,431,388	\$	50,695,502	\$	19,643,905	\$	3,299,482,985
Less Accumulated Depreciation For:								
Buildings and Improvements	\$	157,821,647	\$	15,908,188	\$	-	\$	173,729,835
School Buildings		33,982,444		6,407,294		15,363,194		25,026,544
Site Improvements		54,957,749		6,450,162		3,857		61,404,054
Site Improvements – ISF		262,057		235		-		262,292
Equipment		127,480,036		17,118,375		2,871,563		141,726,848
Equipment – ISF		4,962,750		407,709		173,524		5,196,935
Roadway Network		891,146,079		41,936,796		-		933,082,875
Landfill Network		15,642,288		547,291		-		16,189,579
Bridge Network		29,328,001		1,478,071		-		30,806,072
Hurricane Protection Network		17,351,584		1,953,613		-	_	19,305,197
Total Accumulated Depreciation	\$	1,332,934,635	\$	92,207,734	\$	18,412,138	\$	1,406,730,231
Total Capital Assets, Being Depreciated, Net	\$	1,935,496,753	\$	(41,512,232)	\$	1,231,767	\$	1,892,752,754
Governmental Activities Capital Assets, Net	\$	3,113,437,956	\$	150,497,613	\$	113,470,260	\$	3,150,465,309

Governmental Activities capital assets net of accumulated depreciation at June 30, 2012 are comprised of the following:

General Government Capital Assets, Net Internal Service Fund Capital Assets, Net	\$	2,899,646,792 250,818,517
Total	s	3 150 465 309

# 5. <u>CAPITAL ASSETS AND LAND HELD FOR RESALE</u> (continued)

# B. Governmental Activities (continued)

Depreciation was charged to governmental functions as follows:

Law	\$ 122
Finance	1,072,309
Human Resources	44,660
Judicial	273,651
Health	4,673
Police	2,454,191
Public Works	67,894,354
Parks and Recreation	2,805,850
Library	146,666
Planning	84,206
Economic Development	2,915
Convention and Visitors Bureau	339,052
Communications & Information Technology	5,929,888
Boards and Commissions	1,379
Fire	3,555,750
Management Services	1,068
Human Services	292,840
Education and Transfer to School	6,407,294
Housing and Neighborhood Preservation	39,223
Museums	8,957
General Government	407,944
Emergency Medical Services	440,742
Total	\$ 92,207,734

# C. Component Unit - School Board

Capital Assets activity for the year ended June 30, 2012 was as follows:

		Balance July 1, 2011		Increases		Decreases	Balance June 30, 2012
Capital Assets Not Being Depreciated:	-	•	-		-		
Land	\$	31,115,889	\$	8,556,490	\$	5	\$ 39,672,374
Construction in Progress	_	68,407,664	_	49,090,187	_	71,853,396	45,644,455
Total Capital Assets Not Being Depreciated	\$	99,523,553	\$	57,646,677	\$	71,853,401	\$ 85,316,829
Capital Assets Being Depreciated:							
Buildings	\$	479,114,611	\$	81,801,705	\$	4,836,874	\$ 556,079,442
Improvements Other Than Buildings		50,275,645		1,980,522		186,124	52,070,043
Machinery and Equipment		104,173,357		5,306,440		6,055,232	103,424,565
Total Capital Assets Being Depreciated	\$	633,563,613	\$	89,088,667	\$	11,078,230	\$ 711,574,050
Less Accumulated Depreciation For: *							
Buildings	\$	197,247,991	\$	27,214,948	\$	3,912,064	\$ 220,550,875
Improvements Other Than Buildings		30,134,401		1,897,955		186,124	31,846,232
Machinery and Equipment		55,958,909		8,097,161		4,510,259	59,545,811
Total Accumulated Depreciation	\$	283,341,301	\$	37,210,064	\$	8,608,447	\$ 311,942,918
Total Capital Assets, Being Depreciated, Net	\$	350,222,312	\$	51,878,603	\$	2,469,783	\$ 399,631,132
Component Unit School Board, Capital Assets, Net	\$	449,745,865	\$	109,525,280	\$	74,323,184	\$ 484,947,961

<sup>\*</sup> All depreciation was charged to School Board Component Unit.

# 5. <u>CAPITAL ASSETS AND LAND HELD FOR RESALE</u> (continued)

# D. Business-Type Activities

The following is a summary of the changes in capital assets for the fiscal year ended June 30, 2012:

		Balance July 1, 2011		Increases		Decreases		Balance June 30, 2012
Capital Assets Not Being Depreciated:	_	July 1, 2011	-	mercases		Decreases		ounc 30, 2012
Land and Improvements	\$	144,762,718	\$	53,135	\$	_	\$	144,815,853
Construction in Progress	-	125,752,261	*	54,205,148	-	9,466,704	*	170,490,705
Total Capital Assets Not Being Depreciated	\$	270,514,979	\$	54,258,283	\$	9,466,704	\$	315,306,558
Other Capital Assets:								
Buildings and Improvements	\$	3,590,809	\$	-	\$	-	\$	3,590,809
Site Improvements		1,457,642		-		-		1,457,642
Utility System		956,172,013		9,130,493		45,000		965,257,506
Machinery and Equipment		29,104,230		2,364,557		886,913		30,581,874
Total Other Capital Assets at Historical Cost	\$	990,324,694	\$	11,495,050	\$	931,913	\$	1,000,887,831
Less Accumulated Depreciation For:								
Buildings and Improvements	\$	2,120,998	\$	93,315	\$	-	\$	2,214,313
Site Improvements		432,224		36,441		_		468,665
Utility System		371,676,473		20,613,515		36,000		392,253,988
Machinery and Equipment		24,521,104		1,915,983		886,913		25,550,174
Total Accumulated Depreciation	\$	398,750,799	\$	22,659,254	\$	922,913	\$	420,487,140
Total Capital Assets Being Depreciated, Net	\$	591,573,895	\$	(11,164,204)	\$	9,000	\$	580,400,691
Business -Type Activities Capital Assets, Net	\$	862,088,874	· \$	43,094,079	- \$ -	9,475,704	\$	895,707,249

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

Water and Sewer	\$ 20,383,529
Storm Water	2,239,002
Resort Parking	36,723
Total Depreciation Expense	\$ 22,659,254

# E. Major Fund - Water and Sewer Enterprise Fund

		Balance July 1, 2011		Increases		Decreases		Balance June 30, 2012
Capital Assets Not Being Depreciated:	_	• .	_		_		-	
Land and Improvements	\$	12,508,717	\$	50,859	\$	_	\$	12,559,576
Construction in Progress		71,537,405		34,637,308		6,366,935		99,807,778
Total Capital Assets Not Being Depreciated	\$	84,046,122	\$	34,688,167	\$	6,366,935	\$	112,367,354
Other Capital Assets:								
Buildings and Improvements	\$	3,590,809	\$	-	\$	-	\$	3,590,809
Utility System		856,987,923		6,120,898		45,000		863,063,821
Machinery and Equipment		20,406,478		1,048,907		293,905		21,161,480
Total Other Capital Assets at Historical Cost	\$	880,985,210	\$	7,169,805	\$	338,905	\$	887,816,110
Less Accumulated Depreciation For:								
Buildings and Improvements	\$	2,120,998	\$	93,315	\$	-	\$	2,214,313
Utility System		331,755,961		18,964,537		36,000		350,684,498
Machinery and Equipment		17,072,648		1,325,677		293,905		18,104,420
Total Accumulated Depreciation	\$	350,949,607	\$	20,383,529	\$	329,905	\$	371,003,231
Total Capital Assets Being Depreciated, Net	\$	530,035,603	\$	(13,213,724)	\$	9,000	\$	516,812,879
Water and Sewer Capital Assets, Net	\$	614,081,725	\$	21,474,443	\$	6,375,935	\$	629,180,233

# 5. <u>CAPITAL ASSETS AND LAND HELD FOR RESALE</u> (continued)

# F. Major Fund - Storm Water Enterprise Fund

	Balance July 1, 2011	Increases	Decreases		Balance June 30, 2012
Capital Assets Not Being Depreciated:	-			_	
Land and Improvements	\$ 130,879,001	\$ 2,276	\$ -	\$	130,881,277
Construction in Progress	54,214,856	19,567,840	3,099,769		70,682,927
Total Capital Assets Not Being Depreciated	\$ 185,093,857	\$ 19,570,116	\$ 3,099,769	\$	201,564,204
Other Capital Assets:					
Utility System	\$ 99,184,090	\$ 3,009,595	\$ -	\$	102,193,685
Machinery and Equipment	8,601,708	1,315,650	576,808		9,340,550
Total Other Capital Assets at Historical Cost	\$ 107,785,798	\$ 4,325,245	\$ 576,808	\$	111,534,235
Less Accumulated Depreciation For:					
Utility System	\$ 39,920,512	\$ 1,648,978	\$ -	\$	41,569,490
Machinery and Equipment	7,352,718	590,024	576,808		7,365,934
Total Accumulated Depreciation	\$ 47,273,230	\$ 2,239,002	\$ 576,808	\$	48,935,424
Total Capital Assets Being Depreciated, Net	\$ 60,512,568	\$ 2,086,243	\$ -	\$	62,598,811
Storm Water Capital Assets, Net	\$ 245,606,425	\$ 21,656,359	\$ 3,099,769	\$	264,163,015

# G. Component Unit - Virginia Beach Development Authority

		Balance July 1, 2011		Increases		Decreases		Balance June 30, 2012
Capital Assets Not Being Depreciated:	_	•	_		_		-	
Land and Improvements	\$	23,078,329	\$	28,859	\$	2,854,106	\$	20,253,082
Construction in Progress		504,329		209,105		-		713,434
Total Capital Assets Not Being Depreciated	\$	23,582,658	\$	237,964	\$	2,854,106	\$	20,966,516
Other Capital Assets:								
Buildings and Improvements	\$	102,247,451	\$	-	\$	-	\$	102,247,451
Total Other Capital Assets at Historical Cost	\$	102,247,451	\$	=	\$	-	\$	102,247,451
Less Accumulated Depreciation Component Unit – Virginia Beach Dev. Authority	\$_	17,875,066	\$_	(2,679,112)	\$_	-	\$	20,554,178
Capital Assets, Net	\$ _	107,955,043	\$	2,441,148	\$_	2,854,106	\$	102,659,789

All depreciation was charged to Virginia Beach Development Authority

# H. Component Unit - Virginia Beach Community Development Corporation

		Balance July 1, 2011		Increases		Decreases		Balance June 30, 2012
Capital Assets Not Being Depreciated:			_		_			
Land and Improvements	\$_	5,844,702	\$	549,900	\$_	-	\$	6,394,602
Other Capital Assets:								
Buildings and Improvements	\$	24,885,086	\$	977,100	\$	-	\$	25,862,186
Vehicles	_	28,941	_	-	_	=	_	28,941
Total Other Capital Assets at Historical Cost	\$	24,914,027	\$	977,100	\$	-	\$	25,891,127
Less Accumulated Depreciation	\$	6,646,606	\$	(941,836)	\$	-	\$	7,588,442
Component Unit – Va. Beach Community Dev. Corp.	\$	24,112,123	\$	585,164	\$	-	\$	24,697,287

All depreciation was charged to Virginia Beach Community Development Corporation

# 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:

Governmental Activities	Expended through		Outstanding	Unobligated
	June 30, 2012	_	Commitments	 Balance
Engineering and Highways	\$ 171,321,358	\$	55,694,168	\$ 182,862,111
Buildings	114,093,466		25,583,080	61,487,789
Parks and Recreation	29,916,330		7,883,362	22,487,993
Coastal	-		2,451,780	24,054,477
Economic and Tourism	10,532,478		19,288,339	13,170,548
Total Governmental Activities	\$ 325,863,632	\$	110,900,729	\$ 304,062,918
School Board Component Unit				
Buildings and Improvements Other than Buildings	\$ 45,644,455	\$	10,699,974	\$ 23,199,991

# 2. Component Unit

Construction in Progress is composed of the following at June 30, 2012:

	Expended through June 30, 2012	Outstanding Commitments	Unobligated Balance
Virginia Beach Development Authority	\$ 713,434	\$ - \$	-

# 3. 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, 2012:

	Expended through	Outstanding	Unobligated
	June 30, 2012	Commitments	Balance
Water Utility Projects	\$ 21,573,449	\$ 5,908,269	\$ 13,925,753
Sewer Utility Projects	78,234,329	16,052,801	32,161,772
Storm Water Projects	70,682,927	9,752,782	65,565,398
Total Business-Type Activities	\$ 170,490,705	\$ 31,713,852	\$ 111,652,923

# 6. LONG-TERM DEBT

# A. A Summary of Changes In Long-Term Liabilities

# 1. Primary Government - Governmental Activities

		Balance July 1, 2011		Additions		Reductions		Balance June 30, 2012		Amounts Due Within One Year
General Obligation Bonds	\$	668,552,006	\$	84,630,000	\$	81,083,102	\$	672,098,904	\$	59,990,810
State Literary Fund Loans		5,507,046		-		757,046		4,750,000		625,000
Public Facility Revenue Bonds		242,545,000		42,804,514		38,670,000		246,679,514		16,065,000
Williams Farm Property		1,062,500		-		425,000		637,500		425,000
VBDA PFRB's Support		79,760,000		5,415,486		5,325,000		79,850,486		4,270,000
Agricultural Reserve Program	_	38,365,512		434,332		-	_	38,799,844	_	-
Total Tax Supported Debt	\$	1,035,792,064	\$	133,284,332	\$	126,260,148	\$	1,042,816,248	\$	81,375,810
Other Debt:										
Landfill Closure & Post-Closure Care	\$	12,655,320	\$	587,029	\$	-	\$	13,242,349	\$	=
Deferred Loss		(875,744)		-		(206,058)		(669,686)		(206,058)
Premium		74,413,119		23,313,040		7,914,863		89,811,296		7,914,863
Accrued Compensated Leave		38,844,376		24,662,989		22,514,722		40,992,643		22,739,869
Estimated Claims & Judgments	_	24,217,251	_	6,715,857	_	7,348,664	_	23,584,444	_	5,517,494
Governmental Activities Long-Term Debt	\$	1,185,046,386	\$	188,563,247	\$	163,832,339	\$	1,209,777,294	\$	117,341,978

# 2. Primary Government - Business-Type Activities

		Balance						Balance		Amounts Due Within
	_	July 1, 2011	_	Additions	_	Reductions	_	June 30, 2012	_	One Year
General Obligation Bonds	\$	962,470	\$	-	\$	434,020	\$	528,450	\$	306,433
Double Barrel and Revenue		206,613,629		-		7,992,735		198,620,894		8,241,071
	\$	207,576,099	\$	-	\$	8,426,755	\$	199,149,344	\$	8,547,504
Less/add Deferred Amounts:										
For Issuance Premiums	_	4,819,481	_	-		331,621	_	4,487,860		331,621
Total Bonds Payable	\$	212,395,580	\$	-	\$	8,758,376	\$	203,637,204	\$	8,879,125
Accrued Compensated Leave	_	3,152,462	_	2,199,598	_	1,804,874	_	3,547,186	_	1,819,943
Business-Type Activities Long-Term Debt	\$	215,548,042	\$	2,199,598	\$	10,563,250	\$	207,184,390	\$	10,699,068

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

		Balance July 1, 2011	Additions	Reductions	Balance June 30, 2012	Amounts Due Within One Year
Double Barrel and Revenue	\$	179,233,629	\$ -	\$ 7,022,735	\$ 172,210,894	\$ 7,251,071
	\$	179,233,629	\$ -	\$ 7,022,735	\$ 172,210,894	\$ 7,251,071
Less/add Deferred Amounts: For Issuance Premiums		4,439,247	-	298,557	4,140,690	298,557
Total Bonds Payable	\$	183,672,876	\$ -	\$ 7,321,292	\$ 176,351,584	\$ 7,549,628
Accrued Compensated Leave		2,464,102	 1,646,399	 1,510,107	2,600,394	 1,525,208
Water and Sewer Long-Term Debt	\$ _	186,136,978	\$ 1,646,399	\$ 8,831,399	\$ 178,951,978	\$ 9,074,836

# **6. LONG-TERM DEBT** (continued)

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

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

		Balance July 1, 2011		Additions		Reductions		Balance June 30, 2012		Amounts Due Within One Year
General Obligation Bonds	\$	962,470	\$	-	\$	434,020	\$	528,450	\$	306,433
Double Barrel and Revenue		27,380,000		-		970,000		26,410,000		990,000
	\$	28,342,470	\$	-	\$	1,404,020	\$	26,938,450	\$	1,296,433
Less/add Deferred Amounts: For Issuance Premiums Total Bonds Payable	<u> </u>	380,234 28,722,704	\$	<u>-</u>	\$	33,064 1,437,084	\$	347,170 27,285,620	· •	33,064 1,329,497
Total Bolids Layable	Ψ-	20,722,704	Ψ		Ψ	1,437,004	Ψ	27,203,020	Ψ_	1,527,477
Accrued Compensated Leave Storm Water Long-Term Debt	<u>.</u>	653,990 29,376,694	¢.	531,523 531,523	•	267,727 1,704,811	•	917,786 28,203,406	•	270,404 1,599,901
Storm water Long-Term Deut	» <u>=</u>	49,370,094	Ф	331,323	D =	1,/04,811	Ф	26,203,400	Φ =	1,399,901

### 5. Component Unit - School Board

		Balance July 1, 2011	Additions	Reductions	Balance June 30, 2012	Amounts Due Within One Year
Accrued Compensated Leave Estimated Claims and Judgments	\$	20,333,648 14,359,342	\$ 9,479,963 124,783,232	\$ 9,744,874 122,583,574	\$ 20,068,737 16,559,000	\$ 10,037,220 12,419,250
Component Unit Long-Term Debt– Schools	\$_	34,692,990	\$ 134,263,195	\$ 132,328,448	\$ 36,627,737	\$ 22,456,470

# 6. Component Unit - Virginia Beach Development Authority

	Balance July 1, 2011	Additions	Reductions	Balance June 30, 2012	Amounts Due Within One Year
Lease Revenue Bonds	\$ 4,480,000	\$ -	\$ 4,480,000	\$ -	\$ -
Public Facility Revenue Bonds	79,760,000	5,415,486	5,325,000	79,850,486	4,270,000
Revenue Note	1,298,051	_	-	1,298,051	1,298,051
Total Bonds Payable	\$ 85,538,051	\$ 5,415,486	\$ 9,805,000	\$ 81,148,537	\$ 5,568,051
Add Bond Premium	1,705,654	-	121,754	1,583,900	-
Add Deferred Gain due to Refunding	-	399,514	-	399,514	-
Deferred Loss on Refunding	(1,422,293)	-	(117,707)	(1,304,586)	-
Less Bond Discount	(136,807)	-	(15,308)	(121,499)	-
Total Bonds and Notes Payable	\$ 85,684,605	\$ 5,815,000	\$ 9,793,739	\$ 81,705,866	\$ 5,568,051
Notes Payable City of Virginia Beach	3,663,183	-	3,663,183	-	-
Component Unit Long-Term Debt – Virginia Beach Development Authority	\$ 89,347,788	\$ 5,815,000	\$ 13,456,922	\$ 81,705,866	\$ 5,568,051

# 7. Component Unit - Virginia Beach Community Development Corporation

	Balance July 1, 2011	Additions Reductions					Balance June 30, 2012	Amounts Due Within One Year	
Notes Payable	\$ 14,003,143	\$	2,063,800	\$	1,302,108	\$	14,764,835	\$ 2,513,862	
Component Unit Long-Term Debt – Va. Beach Development Corp.	\$ 14,003,143	\$	2,063,800	\$	1,302,108	\$	14,764,835	\$ 2,513,862	

# **6. LONG-TERM DEBT** (continued)

# B. Bonds, Notes and Loans Payable

					Proprietary Percentage		<b>Outstanding Balance</b>		
Bond Issue/Purpose	Dated		Issue Amount	True Interest Costs %	Storm Water %	Water & Sewer%	VBDA	CITY	
2012 A PI	04/18/12	\$	65,000,000	2.849726	_	_	\$ -	\$ 65,000,00	
2012 B PI Refunding	04/18/12		19,630,000	2.413515	-	-	-	19,630,00	
2011 A PI	06/29/10		90,000,000	3.212396	-	-	-	85,500,00	
2010-1 QSCB	07/08/10		4,875,000	5.310	-	-	-	4,305,00	
2010 Recovery Zone	03/15/10		5,995,000	3.038509	-	-	-	5,520,00	
2010 A PI	05/25/10		60,000,000	2.97032	-	-	-	54,000,00	
2009 PI Refunding	01/26/10		20,755,000	3.041988	-	-	-	20,570,00	
2009 B PI Refunding	01/26/10		78,875,000	2.910179	-	-	-	78,875,00	
2009 PI	06/16/09		72,000,000	3.655747	-	-	-	50,400,00	
2008 PI	03/25/08		90,000,000	4.161171	-	-	-	54,000,00	
2008 VPSA	12/01/08		6,350,705	<del>-</del>	-	-	-	5,481,62	
2008 Refunding	05/13/08		51,625,000	2.881742	-	-	-	18,500,00	
2007 PI	03/27/07		75,000,000	4.003699	-	-	-	45,000,00	
2005 PI	12/15/05		80,000,000	4.270424	-	-	-	40,000,00	
2004B PI Refunding	10/01/04		114,855,000	3.688578	-	-	-	96,320,00	
2004 A PI	06/01/04		65,000,000	4.354874	1.13	-	-	9,750,00	
2003 A PI	05/15/03		50,000,000	3.575097	-	-	-	2,500,00	
2003 B PI Refunding	05/15/03		50,870,000	2.835286	0.93	-	-	15,560,00	
2002 State Literary	01/01/02		7,500,000	3.0	-	-	-	3,750,00	
1996 A School	11/14/96		4,151,083	3.0	-	-	-	1,186,24	
1996 State Literary	03/01/96		2,500,000	3.0	-	-	-	500,00	
1996 State Literary	03/01/96		2,500,000	3.0	-	-	-	500,00	
1995 A PI	12/21/95		2,096,324	3.0	-	-	-	480,39	
1992 PI VPSA	11/12/92		794,347	5.86289	-	-		49,09	
Total General Obligation Bonds and Loans							\$ -	\$ 677,377,354	
"Double Barrel" Revenue Bonds and Notes:*	11/16/10	•	20 000 000	2.150505	100			. 10 100 000	
2010 A Storm Water Revenue	11/16/10	\$	20,000,000	3.170505	100	-	\$ -	\$ 19,480,000	
2010 B Storm Water Refunding	11/16/10		7,380,000	2.607102	100	-	-	6,930,00	
2010 A W&S Revenue	06/29/10		65,000,000	3.475462	-	100	-	63,510,00	
2010 B W&S Refunding	06/29/10		8,410,000	3.02756	-	100	-	8,155,00	
2010 C W&S Refunding	06/29/10		24,950,000	3.156061	-	100	-	24,530,00	
2005 W&S Revenue & Refund 2002 W&S Revenue	10/05/05 10/15/02		92,700,000	4.2312375 4.8066	-	100 100	-	65,615,00	
			28,000,000		-	100	-	4,740,00	
1998 Taxable W&S Revenue	08/28/98		5,774,218	4.3	-		-	2,629,72	
1997 Taxable W&S Revenue	01/30/97 01/18/95		7,190,048	4.75 4.50	-	100 100	-	2,728,48	
1994 Taxable W&S Revenue Total "Double Barrel" and Revenue Bonds an			1,405,031	4.30	-	100	\$ -	\$ 198,620,894	
Other Long Town Dobts									
Other Long-Term Debt: 2012A Public Facility Revenue	04/18/12	\$	22,580,000	2.599602	-	-	\$ -	\$ 22,580,000	
2012A Fublic Facility Refunding	04/18/12	Ψ	20,224,514	2.448956	_	-	5,415,486	20,224,51	
2010 A Public Facility Revenue	05/25/10		17,000,000	2.582319	_	-	5,415,400	13,600,00	
2010 B Public Facility Revenue	05/25/10		98,035,000	2.993556	_	_	23,900,000	72,400,00	
2010 C Public Facility Refunding	05/25/10		40.450.000	3.396935	_	_	12,490,000	27,465,00	
2007 A Public Facility Revenue	06/26/07		96,835,000	4.5444247	_	-	16,120,000	51,635,00	
2007 B Public Facility Revenue	06/26/07		4,000,000	6.296255	_	_	3,570,000	31,033,00	
								25.050.00	
2005 A Public Facility Revenue	05/01/05		77,850,000	3.2284162	-	-	8,385,000	25,050,00	
2005B Public Facility Revenue	05/01/05		9,000,000	4.965915	-	-	6,800,000		
2004 Williams Farm IPA	01/14/04		4,250,000	5.0	-	-	-	637,50	
2003 A Public Facility Revenue	09/01/03		165,000,000	4.6840646	-	-	1,110,000	13,725,00	
2002 A&B Public Facility Revenue	06/01/02		23,855,000	4.7981	-	-	2,060,000		
Agricultural Reserve Program	Various		38,799,844	Various	-	-		38,799,84	
Total Other Long-Term Debt							\$ 79,850,486	\$ 286,116,860	
Subtotal Bonds, Notes and Loans Payable							\$ 79,850,486	\$ 1,162,115,10	
Grand Total Bonds, Notes and Loans Payable								\$ 1,241,965,59	

<sup>\*</sup> Water and Sewer and Storm Water Enterprise Funds

### **6. LONG-TERM DEBT** (continued)

#### B. Bonds, Notes and Loans Payable (continued)

Defeased Debt - In 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, 2012, the outstanding balance of the defeased debt, including current year defeased debt, is \$281.7 million, and is considered in-substance defeased. Included in this total is \$30.6 million for the Water and Sewer Fund.

#### C. Summary of Recent Refundings

# 1. 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 assets. The net carrying amount of the old debt exceeded the reacquisition price by \$2,620,000. 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 13 years by \$3.1 million and resulted in an economic gain of \$2.6 million. The 2003A and 2004A Refunded bonds will be called 5/1/13 and 7/15/14 respectively.

2. 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 assets. The City's net carrying amount of the old debt exceeded the reacquisition price by \$3,085,486. This amount 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 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 will be called on 7/23/12 and 12/1/13 respectively.

# 3. 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 assets. The reacquisition price exceeded the net carrying

### **6. LONG-TERM DEBT** (continued)

#### C. Summary of Recent Refundings (continued)

#### 3. Advance Refunding of Public Facility Revenue Bonds Series 2002, 2003, 2005 and 2007 (continued)

amount of the old debt currently held by \$985,000. This amount 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 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.

#### 4. 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 assets. The reacquisition price exceeded the net carrying amount of the old debt currently held by \$.37 million. This amount 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 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.

### 5. 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 assets. The reacquisition price exceeded the net carrying amount of the old debt currently held by \$2.72 million. This amount 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 18 years by \$1.7 million and resulted in an economic gain of \$1.4 million. The refunded bonds will be called 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		Governn	nental A	ctivities	Busines	Activities		
June 30	•	Principal		Interest	Principal		Interest	
2013	\$	60,615,810	\$	30,190,698	\$ 306,433	\$	16,542	
2014		57,567,969		27,752,125	222,017		4,440	
2015		54,177,933		25,274,844	-		-	
2016		50,826,294		22,776,909	-		-	
2017		47,965,265		20,312,089	-		-	
2018-2022		204,668,763		68,908,199	-		-	
2023-2027		144,207,038		30,649,709	-		-	
2028-2032		56,819,832		5,885,905	-		-	
	\$	676,848,904	\$	231,750,478	\$ 528,450	\$	20,982	

#### 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 revenue bonds and notes are as follows:

Year Ending	<b>Business-Type Activities</b>						
June 30	Principal		Interest				
2013	\$ 8,241,071	\$	8,741,422				
2014	8,806,175		8,446,655				
2015	9,123,130		8,133,125				
2016	9,396,806		7,781,186				
2017	9,777,707		7,407,647				
2018-2022	46,056,005		31,376,233				
2023-2027	50,575,000		21,032,644				
2028-2032	35,445,000		10,299,209				
2033-2036	21,200,000		2,472,090				
	\$ 198,620,894	\$	105,690,211				

Annual Debt Service requirements to maturity for other long-term debt are as follows:

Year Ending	<b>Governmental Activities</b>						
June 30	Principal		Interest				
2013	\$ 16,490,000	\$	11,240,334				
2014	18,212,500		10,524,663				
2015	18,570,000		9,697,888				
2016	16,520,000		8,963,339				
2017	16,900,000		8,099,888				
2018-2022	92,470,000		27,490,191				
2023-2027	57,849,514		7,183,304				
2028-2032	9,250,000		790,400				
2032-2033	1,055,000		21,100				
	\$ 247,317,014	\$	84,011,107				

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 predominantly serve the Governmental Funds. Accordingly, long-term liabilities for them are included as part of the above totals for Governmental Activities. Claims and Judgments are liquidated by the Risk Management Fund.

Interest expense incurred on the above noted debt for the year ended June 30, 2012, was \$49,385,844. Of this amount, \$3,461,458 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.

#### 6. LONG-TERM DEBT (continued)

#### E. Agricultural Reserve Program (continued)

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.

As of June 30, 2012, 84 installment purchase agreements totaling 8,728 acres at a total purchase price of \$38,799,844 have been executed.

Annual Debt Service requirements to maturity for Agricultural Reserve Program:

Year Ending June 30	Principal	Interest
2013	\$ -	\$ 2,147,540
2014	-	2,147,540
2015	-	2,147,540
2016	-	2,147,540
2017	-	2,147,540
2018-2022	2,211,066	10,719,284
2023-2027	16,238,086	6,989,060
2028-2032	6,092,414	4,071,829
2033-2037	14,258,278	1,655,671
Totals	\$ 38,799,844	\$ 34,173,544

#### 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, 2012, this amount is \$5.1 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 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.

# 6. **LONG-TERM DEBT** (continued)

# I. <u>Debt Service Expenditures</u>

General Government Funds:		Principal * Retirement		Interest and Fiscal Charges		Total
General Obligation	\$	30,079,990	\$	15,390,617	\$	45,470,607
Public Facility Revenue Bonds		14,860,030		11,117,597		25,977,627
VBDA Support Agreement PFRB's		3,065,000		3,547,375		6,612,375
Williams Farm IPA		425,000		47,812		472,812
Agricultural Reserve Program		-		2,142,106		2,142,106
Bank Charges & Bond Issuance Costs	_	-	_	1,086,642		1,086,642
Totals	\$	48,430,020	\$	33,332,147	\$	81,762,167
		Principal *		Interest and		T. 4.1
School Board Component Unit:		Retirement	Φ.	Fiscal Charges	_	Total 42.571.200
General Obligation	\$	28,753,112	\$	13,818,188	\$	42,571,300
Public Facility Revenue Bonds		499,970		125,493		625,463
State Literary Fund Notes		757,046		166,532		923,578
Bank Charges & Bond Issuance Costs	Φ -	20.010.120	•	217,369	_	217,369
Totals	\$ _	30,010,128	2	14,327,582	2	44,337,710
Enterprise Funds:		Principal Retirement		Interest and Fiscal Charges		Total
General Obligation	- <sub>\$</sub> -	434,020	\$		s —	469,360
Double Barrel and Revenue	Ф	7,992,735	Ф	35,340 9,025,845	\$	17,018,580
Support Payment - VBDA		1,992,133		317,788		317,788
Bank Charges & Bond Issuance Costs		-		23,467		23,467
Totals	<u>s</u> -	8,426,755	\$	9,402,440	<u>s</u> —	17,829,195
Totals	Φ_	0,720,733	Φ.	7,702,440	Ψ	17,029,193
<b>Total Debt Service</b>	\$	86,866,903	\$	57,062,168	\$	143,929,071

<sup>\*</sup> Excludes bonds refunded

# J. Accrued Compensated Leave

The accrued compensated leave is as follows at June 30, 2012:

	_	Primary	Gove	rnment			
Compensated Leave		Governmental Activities		Business-Type Activities	_	School Board Component Unit	Total
City – Annual	\$	29,562,901	\$	2,844,894	\$	-	\$ 32,407,795
City - Compensatory		7,576,680		164,582		-	7,741,262
City – Sick		3,853,062		537,710		-	4,390,772
School – Annual		-		-		8,794,854	8,794,854
School – Sick		-		-		9,442,414	9,442,414
School – Personal		-		-		1,831,469	1,831,469
Total	\$	40,992,643	\$	3,547,186	\$	20,068,737	\$ 64,608,566

#### 6. **LONG-TERM DEBT** (continued)

### K. Authorized But Unissued Bonds

<u>Purpose</u>		June 30, 2012
General Obligation Debt:		
2011 Charter Bonds	\$	32,261,888
2012 Charter Bonds		67,700,000
Total General Obligation Debt	\$	99,961,888
Water and Sewer Debt:		
2009 W & S Revenue Bonds	\$	16 097 666
2011 W & S Revenue Bonds	Ф	16,087,666 27,000,000
2012 W & S Revenue Bonds		27,000,000
	e.	
Total Water and Sewer Debt	\$	70,087,666
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
Total Storm Water Utility Debt	\$	22,748,440
Total Authorized and Unissued Debt - June 30, 2012	\$	192,797,994

#### 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. \$ 14,764,835

#### N. Notes Payable - Discretely Presented Component Unit Virginia Beach Development Authority

# 1. Notes Payable - City of Virginia Beach

In June 2012 the remaining balance of the City of Virginia Beach Notes Payable was paid.

#### 2. Notes Payable - Town Center

Details of Other Notes Payable as of June 30, 2012, are as follows:

Note Payable: Wachovia - Town Center Note \$ 1,298,051

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, \$1,146,175 has been added to the original principal of the loan in the form of interest. As of June 30, 2012 the outstanding balance was \$1,298,051. The loan is secured by a surety agreement provided by Town Center Associates, L.L.C.

#### 6. **LONG-TERM DEBT** (continued)

#### N. Notes Payable - Discretely Presented Component Unit Virginia Beach Development Authority (continued)

#### 2. Notes Payable – Town Center (continued)

In January of 2009, the Authority approved the Phase IV Development Agreement. Because this agreement specifies that the developer does not have to purchase the remainder of the Town Center land until April of 2012, the due date of the Town Center note payable was extended until December 2010.

In December 2010, Wachovia/Wells Fargo approved a 5-month short-term extension of the loan while the terms could be renegotiated. In April of 2011, the Authority approved a 1 year extension of the Town Center note payable to April of 2012. The interest rate is the LIBOR rate plus 1.70%.

In April 2012, the Authority approved extending the Town Center Option Land Agreement to April 2015 and the Town Center note payable to April 2013.

#### 3. Lease Revenue Bonds Payable - Social Services

In June 2012, the remaining balance of the Lease Revenue Bonds for Social Services was refinanced with a public facility revenue bond.

#### 4. Bonds Payable

#### **VBDA Public Facility Revenue Bonds:**

Public Facility Revenue Bonds	\$ 68,805,486
Public Facility Revenue Bonds (Taxable)	11,045,000
Less: Unamortized Bond Discount	(121,499)
Add: Unamortized Bond Premium	1,583,900
Less: Deferred Loss on Refunding	(1,304,586)
Less Current Portion	(4,270,000)
Long-Term Portion	\$ 75,738,301

Public Facility Revenue Bonds Series 2002 A & B, Series 2003 A, Series 2005 A & B, Series 2007 A & B, Series 2010 B & C and Series 2012B, interest due semi-annually at a rate that ranges from 4.0 to 5.75% (Series 2002 A & B) at a rate that ranges from 3.00% to 5.25% (Series 2003 A), at a rate that ranges from 4.00% to 5.00% (Series 2005 A & B) at a rate that ranges from 5.00% to 6.50% (Series 2007 A & B) at a rate that ranges from 2.00% to 5.00% (Series 2010 B & C) and at a rate that ranges from 3.00% to 5.0% (Series 2012B) secured by the City's pledge of the revenues and receipts derived from the support agreement, certain funds established under the agreement of trust and the investment income there from. Final payment under the support agreements will be in July 2027.

The requirements to amortize all long-term bonds and notes payable as of June 30, 2012, including interest payments of \$28,724,210 are summarized as follows:

Fiscal Year	Principal	Interest
2013	\$ 5,568,051	\$ 3,770,177
2014	4,745,000	3,570,428
2015	5,040,000	3,352,422
2016	5,315,000	3,126,692
2017	5,965,000	2,840,732
2018-2022	32,855,000	9,607,845
2023-2027	19,655,486	2,403,374
2028-2032	2,005,000	52,540
Plus: Unamortized Net Premium	1,583,900	-
Plus: Deferred Gain on Refunding	399,514	-
Less: Deferred loss on refunding	(1,304,586)	-
Less: Unamortized Bond Discount	(121,499)	-
Total	\$ 81,705,866	\$ 28,724,210

#### **6. LONG-TERM DEBT** (continued)

#### 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 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.

The Authority issued Public Facility Revenue Bonds, Series 2010B & C, and Series 2012B 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, and Series 2012A, 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.

#### 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. <u>DEPOSITS AND INVESTMENTS</u>

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).

#### 8. **DEPOSITS AND INVESTMENTS** (continued)

As of June 30, 2012, the City had the following investments. Except for the investments in State Non Arbitrage Program (SNAP), all investments are in an internal investment pool.

Investment Type	Fair Value	Weighted Average Maturities (in months)
Certificates of Deposit	\$ 119,160,824	2.41
State Treasurer's Local Government Investment Pool (LGIP)	185,000,000	0.47
Commercial Paper Disc. – Amortizing	26,947,138	0.34
U. S. Government Securities	40,000,000	1.31
State Non Arbitrage Program – SNAP	 25,241,644	0.06
Total Fair Value	\$ 396,349,606	
Portfolio Weighted Average Maturity		1.10

Reconciliation of total deposits and investments to the government-wide financial statements at June 30, 2012:

		Primary Government	School Board Component Unit	Total
Cash and Investments	\$	284,912,391	\$ 147,763,783	\$ 432,676,174
Restricted Cash and Cash Equivalents		411,725,283	-	411,725,283
Fiduciary Funds		486,503	9,852,387	10,338,890
Total	\$	697,124,177	\$ 157,616,170	\$ 854,740,347
Less: Cash on Deposit				(458,390,741)
Total Market Value of Investments at J	une 30,	2012		\$ 396,349,606

#### **Interest Rate Risk:**

As a means of limiting its exposure to fair value loses 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.

#### 8. <u>DEPOSITS AND INVESTMENTS</u> (continued)

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-qualify's the financial institutions, brokers/dealers, intermediaries and advisors with which the City will do business.

The City's rated debt investments as of June 30, 2012 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.

Rated Debt Investments

rated Debt Investments		 
	AAA	A1/P1/F1+
State Treasurer's Local Government Investment Pool (LGIP)	\$ 185,000,000	\$ -
U. S. Government Securities	40,000,000	-
State Non Arbitrage Program (SNAP)	25,241,644	-

Fair Quality Ratings

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.

At June 30, 2012, 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, 2012 resulted in a net increase of \$322,728.

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, 2012, \$29,077 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.

#### 9. **COMMITMENTS AND CONTINGENCIES** (continued)

#### B. <u>Intergovernmental Grants, Entitlements, and Shared Revenues</u> (continued)

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. 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 2017, 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.

Prior to the establishment of the above agreements, the landfill was used exclusively by the City. The landfill closure and post-closure care obligations will be apportioned between SPSA and the City based on actual usage of the facility. 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 93.05 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 \$28,850,000, 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. The City and SPSA will share costs proportionately to waste included in the landfill. 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.

### 9. <u>COMMITMENTS AND CONTINGENCIES</u> (continued)

#### 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, 2012 the City had outstanding encumbrances as follows:

General Fund	
Communications and Information Technology	\$ 3,994,349
General Government	2,657,420
Human Services	1,519,713
Police	680,139
Public Works	2,102,772
Vehicle Replacement	765,801
Total General Fund	11,720,194
Capital Projects Fund	
Engineering and Highways	55,694,168
Buildings	25,583,080
Parks and Recreation	7,883,362
Coastal	2,451,780
Economic and Tourism	19,288,339
Total Capital Projects Fund	110,900,729
Nonmajor Special Revenue Funds	2,977,044
Total	\$ 125 597 967

#### 10. INTERFUND BALANCES AND TRANSACTIONS, FUND RESULTS AND RECONCILIATIONS

# A. Interfund Transfers

Interfund transfers for the year ended June 30, 2012 were made up of the following:

		Transfer From:											
Transfers To:	General Fund		Capital Projects		Storm Water		Nonmajor Governmental		Nonmajor Parking Enterprise		Internal Service		Total
General Fund	\$ -	\$	-	\$	-	\$	10,668,171	\$	_	\$	=	\$	10,668,171
Capital Project Funds	35,729,283		=		-		10,044,134		800,000		377,166		46,950,583
Storm Water Fund	1,895,236		-		-		98,451		-		-		1,993,687
Water and Sewer Fund Nonmajor	-		-		264,233		-		-		-		264,233
Governmental Funds	17,939,576		-		-		3,489,676		-		-		21,429,252
Internal Service Fund Nonmajor Parking	372,100		-		-		-		-		-		372,100
Enterprise Fund	_		-		-		109,991		-		-		109,991
Total	\$ 55,936,195	\$	-	\$	264,233	\$	24,410,423	\$	800,000	\$	377,166	\$	81,788,017

#### 10. INTERFUND BALANCES AND TRANSACTIONS, FUND RESULTS AND RECONCILIATIONS (continued)

#### A. <u>Interfund Transfers</u> (continued)

#### **Purpose:**

#### **Transfers From General Fund:**

\$ 35,729,283	Capital Project Funds: Funding for Pay-As-You-Go Capital Project Funds
1,895,236	Storm Water Fund: General Fund support of Storm Water operations.
17,939,576	Nonmajor Governmental Funds: Funding for Special Revenue Programs.
372,100	Internal Service Fund: Funding for Risk Management Fund.

#### **Transfers From Storm Water Enterprise Fund:**

\$ 264,233 Water and Sewer Fund: Storm Water support for billing system operations.

#### **Transfers From Nonmajor Governmental Funds:**

\$ 10,668,171	General Fund: Special Revenue Funds, primarily surplus funds from Sandbridge TIF and Agriculture Reserve.
10,044,134	Capital Projects Funds: Funding for Pay-As-You-Go Capital Projects.
98,451	Storm Water Fund: Funding for support of Storm Water operations.
3,489,676	Nonmajor Governmental Funds: Funding for support of existing programs.
109,991	Nonmajor Enterprise Funds: Operational support.

#### **Transfer From Nonmajor Enterprise Funds:**

\$ 800,000 Capital Projects Funds: Economic and Tourism Development

### **Transfer From Internal Service Funds:**

\$ 377,166 Capital Projects Funds: Funding for Communications System Capital Projects.

#### B. Net Assets Deficit

The following Primary Government fund has a deficit balance in equity at June 30, 2012:

Internal Service Fund:
Risk Management \$ 12,505,425

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 Closing

- 1. The beginning fund balance of the General Fund was reclassified to reflect the addition of the Proffer Impact, Public Investment Protection Strategy and Transitional Area Special Revenue Funds which no longer qualify as special revenue funds. The ending fund balance for these special revenue funds will now be reflected as a portion of the committed and assigned fund balances for the General Fund. All activity will be reflected within 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 \$189,777,478 (includes the addition of \$289,699).
- 2. The Tourism Growth Investment Special Revenue Fund will now be titled Tourism Investment Program Fund effective July 1, 2011.

#### 10. INTERFUND BALANCES AND TRANSACTIONS, FUND RESULTS AND RECONCILIATIONS (continued)

#### C. Accounting Changes, Restatements and Fund Closing (continued)

3. Effective July 1, 2011 the Major Projects Special Revenue Fund will be accounted for in the Tourism Investment Fund. The Major Projects Special Revenue Fund was closed and the remaining balance of this fund transferred to the Tourism Investment Fund. As a result of this combination, the beginning fund balance in the Tourism Investment Fund has been reclassified to reflect a balance of \$8,637,660.

### 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 \$850,000 for each workers' compensation claim, \$2,000,000 for each general and auto liability claim, \$50,000 (Schools are \$100k) 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 \$23,584,444 reported in the Fund at June 30, 2012 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.

	Beginning of Fiscal-Year Liability	Current-Year Claims & Changes in Estimates	Claims Payments	Balance at Fiscal Year-End	
2010-2011	\$ 24,672,106	\$ 5,678,791	\$ 6,133,646	\$ 24,217,251	
2011-2012	\$ 24,217,251	\$ 6,715,857	\$ 7,348,664	\$ 23,584,444	

### 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 \$500,000 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.

### 11. **RISK MANAGEMENT** (continued)

#### B. School Board Self-Insurance Program (continued)

The insurance coverage is substantially the same as in prior fiscal years except for Fire and Property Insurance. During 2011-12, the coastal property insurance marketplace faced severe capacity restrictions as reinsurers recovered from the catastrophic losses from Hurricane Irene. The property insurance program for the School Board was greatly affected due to the heavy coastal exposures. The insurance marketplace offered very little capacity for coverage limits and the premiums associated with this coverage were costly. A hurricane modeling study combined with a thorough analysis of insured buildings and their proximity to the water resulted in a considerable reduction in insurance coverage limits.

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

The School Board uses the information provided by the third-party administrators to aid in the determination of self-insurance liabilities. The computed liability as of June 30, 2012 is \$7,886,000 (undiscounted) as follows:

	Beginning-of Fiscal-Year Liability		Current-Year Claims & Changes in Estimates	Claims Payments	Balance at Fiscal Year-End	
2010-2011	\$ 6,110,230	\$	5,518,013	\$ 4,839,901	\$ 6,788,342	
2011-2012	\$ 6,788,342	\$	6,038,595	\$ 4,940,937	\$ 7,886,000	

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. 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, 2012 is \$8,673,000 (undiscounted), as follows:

	Beginning-of Fiscal-Year Liability		Current-Year Claims & Changes in Estimates	Claims Payments	Balance at Fiscal Year-End	
2010-2011	\$	7,724,000	\$ 109,794,106	\$ 109,947,106	\$ 7,571,000	
2011-2012	\$	7 571 000	\$ 118 744 637	\$ 117.642.637	\$ 8 673 000	

#### 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 Defined Benefit Pension Plan

Administering Entity: Virginia Retirement System (System)

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 employees of public school divisions and employees of participating employers are automatically covered by VRS upon employment.

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

VRS administers two defined benefit plans for local government employees – Plan 1 and Plan 2:

- Members hired before July 1, 2010 and who have service credits before July 1, 2010 are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or age 50 with at least 30 years of service credit. They may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least ten years of service credit.
- Members hired or rehired on or after July 1, 2010 and who have no service credits before July 1, 2010 are covered under Plan 2. Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with at least five years of service credit.
- Eligible hazardous duty members in Plan 1 and Plan 2 are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. These members include sheriffs, deputy sheriffs and hazardous duty employees of political subdivisions that have elected to provide enhanced coverage for hazardous duty service. They may retire with a reduced benefit as early as age 50 with at least five years of service credit. All other provisions of the member's plan apply.

The VRS Basic Benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the member's average final compensation multiplied by the member's total service credit. Under Plan 1, average final compensation is the average of the member's 36 consecutive months of highest compensation. Under Plan 2, average final compensation is the average of the member's 60 consecutive months of highest compensation. The retirement multiplier for non-hazardous duty members is 1.70 %. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier for eligible political subdivision hazardous duty employees other than sheriffs and jail superintendents is 1.70% or 1.85% as elected by the employer. At retirement, members can elect the Basic Benefit, the Survivor Option, a Partial Lump-Sum Option Payment (PLOP) or the Advance Pension Option. A retirement reduction factor is applied to the Basic Benefit amount for members electing the Survivor Option, or those retiring with a reduced benefit.

Retirees are eligible for an annual cost-of-living adjustment (COLA) effective July 1 of the second calendar year of retirement. Under Plan 1, the COLA cannot exceed 5.00%; under Plan 2, the COLA cannot exceed 6.00%. During years of no inflation or deflation, the COLA is 0.00%. The VRS also provides death and disability benefits. Title 51.1 of the *Code of Virginia* (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

### CITY OF VIRGINIA BEACH, VIRGINIA NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012

### 12. **RETIREMENT** (continued)

### A. Virginia Retirement System (continued)

### **Plan Description** (continued)

The system issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of the report may be obtained from the VRS Web site at http://www.varetire.org/Pdf/Publications/2011-annual-report.pdf or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

### **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.

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 2012 was 17.58% of annual covered payroll. The School Board (non-professional employees) contribution rate for the fiscal year ended 2012 was 11.26% of annual covered payroll.

The School Board 2012 contribution to the VRS statewide teacher pool was \$42,884,174. This amount represented 11.33% of annual covered payroll for 2012. The contribution for 2011 was \$34,487,826 and 8.93% of annual covered payroll. The contribution for 2010 was \$44,050,383 and 13.81%, 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 2012, the City's annual pension cost of \$49,174,585 was equal to the City's actual contributions. For 2012, the School Board's annual pension cost of \$4,488,305 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>(</u>	<u>City</u>		
June 30, 2012	\$	49,174,585	100.0%	\$	-
June 30, 2011	\$	48,314,954	100.0%	\$	-
June 30, 2010	\$	46,752,410	100.0%	\$	-
	Scho	ool Board Non-Pr	ofessional Employ	ees	
June 30, 2012	\$	4,488,305	100.0%	\$	-
June 30, 2011	\$	4,363,858	100.0%	\$	-
June 30, 2010	\$	4,784,521	100.0%	\$	-

### CITY OF VIRGINIA BEACH, VIRGINIA NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012

### 12. **RETIREMENT** (continued)

### A. Virginia Retirement System (continued)

### Three-Year Trend Information for City of Virginia Beach (continued)

The FY 2012 required contribution was determined as part of the June 30, 2009 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2009 included (a) an investment rate of return (net of administrative expenses) of 7.5%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees 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. 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, 2009 for the Unfunded Actuarial Accrued Liability (UAAL) was 20 years. However, the 2010 actuarial valuation changed the actuarial assumptions effective July 1, 2012, reducing the investment rate of return to 7%.

### **Funded Status and Funding Progress**

As of June 30, 2011 for the City, the most recent actuarial valuation date, the plan was 72.17% funded. The actuarial accrued liability for benefits was \$1,579,038,961, and the actuarial value of assets was \$1,139,545,339, resulting in an unfunded actuarial accrued liability (UAAL) of \$439,493,622. The covered payroll (annual payroll of active employees covered by the plan) was \$275,816,830, and the ratio of the UAAL to the covered payroll was 159.34%.

As of June 30, 2011 for the School Board, the most recent actuarial valuation date, the plan was 83.20% funded. The actuarial accrued liability for benefits was \$187,196,469, and the actuarial value of assets was \$155,756,190, resulting in an unfunded actuarial accrued liability (UAAL) of \$31,440,279. The covered payroll (annual payroll of active employees covered by the plan) was \$40,672,520, and the ratio of the UAAL to the covered payroll was 77.30%.

### 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.

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. There were no contributions made for the plan year ending August 31, 2011.

### 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.

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.

### CITY OF VIRGINIA BEACH, VIRGINIA NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012

### 12. RETIREMENT (continued)

### B. Sheriff's Supplemental Retirement Plan (continued)

### 2. Significant Accounting Principles (continued)

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 it 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, 2012 the City and School Board contributed, \$8,714,600 and \$7,721,500 respectively. Plan members from each organization contributed \$39.50 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 \$320 and \$372 respectively to age 65. The School Board has adopted a resolution to eliminate the subsidy for health care and phase this elimination in over 10 years. The City has determined that all current employees and retirees shall contribute to the cost of their health care coverage and no level of benefit shall be provided free of charge. The retiree contribution rate shall be based on the experience of the plan, the City's annual contribution amount and the remaining premium cost.

Annual OPEB Cost. For 2012, the City and School Board's annual OPEB cost of \$8,714,600 million and \$7,721,500 million, respectively, was equal to the required contribution. The amount placed in the OPEB Trust was \$2,351,800 and \$1,644,200 for City and Schools, respectively. The balance of the annual OPEB cost was paid for health insurance subsidies for current retirees. 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 2012, 2011 and 2010 are presented below:

### CITY OF VIRGINIA BEACH, VIRGINIA NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012

### 13. OTHER POSTEMPLOYMENT BENEFITS (continued)

#### City

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	_	Net OPEB Obligation
06/30/2012	\$ 8,714,600	100%	\$	_
06/30/2011	\$ 8,854,121	100%	\$	-
06/30/2010	\$ 8,854,121	100%	\$	-

### School Board

	Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
-	06/30/2012	\$ 7,721,500	100%	\$ -
	06/30/2011	\$ 8,881,926	100%	\$ -
	06/30/2010	\$ 8,881,926	100%	\$ -

Funded Status and Funding Progress. The funded status of the plan as of January 1, 2012, was as follows:

	<u>City</u>		<u>School Board</u>
Actuarial accrued liability (AAL)	\$ 93,542,000	\$	77,083,800
Actuarial value of plan assets	20,982,000		17,306,300
Unfunded actuarial accrued liability (UAAL)	\$ 72,560,000	\$	59,777,500
Funded ratio (actuarial value of plan assets/AAL)	 22.4%	_	22.5%
Covered payroll (active plan members)	\$ 283,026,400	\$	409,662,700
UAAL as a percentage of covered payroll	25.6%		14.6%

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.

In the January 1, 2012, actuarial valuation, for the years ending June 30, 2012 and 2013 the projected unit credit method was used. The actuarial assumptions included a 7.5% investment rate of return (net of administrative expenses) and an annual healthcare cost trend assumption of 7.2% initially, graded to 4.8% over 83 years. 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.



This Page Intentionally Left Blank

# 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

			City	/ Employees			
	(a)	(b)		(b-a)	(a/b)	(c)	
Actuarial <u>Valuation Date</u>	Actuarial Value of <u>Assets</u>	Actuarial Accrued <u>Liability</u> (AAL)		Unfunded (Overfunded) Accrued Liability (UAAL)	Funded <u>Ratio</u>	Covered <u>Payroll</u>	UAAL as a Percentage of Covered Payroll
June 30, 2009	\$ 1,107,057,761	\$ 1,382,172,898	\$	275,115,137	80.10%	\$ 285,407,357	96.39%
June 30, 2010	\$ 1,114,172,642	\$ 1,523,438,859	\$	409,266,217	73.14%	\$ 280,058,066	146.14%
June 30, 2011	\$ 1,139,545,339	\$ 1,579,038,961	\$	439,493,622	72.17%	\$ 275,816,830	159.34%
		School Board	l No	n-Professional E	mployees		
	(a)	(b)		(b-a)	(a/b)	(c)	
Actuarial <u>Valuation Date</u>	Actuarial Value of <u>Assets</u>	Actuarial Accrued <u>Liability</u> (AAL)		Unfunded (Overfunded) Accrued Liability (UAAL)	Funded <u>Ratio</u>	Covered <u>Payroll</u>	UAAL as a Percentage of Covered Payroll
June 30, 2009	\$ 153,730,529	\$ 167,501,425	\$	13,770,896	91.78%	\$ 42,555,387	32.36%
June 30, 2010	\$ 153,783,371	\$ 182,222,930	\$	28,439,559	84.39%	\$ 41,493,390	68.54%
June 30, 2011	\$ 155,756,190	\$ 187,196,469	\$	31,440,279	83.20%	\$ 40,672,520	77.30%

Note: Source Virginia Retirement System 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)	
Actuarial <u>Valuation Date</u>		Actuarial Value of <u>Assets</u>		Actuarial Accrued Liability (AAL)		Unfunded (Overfunded) Accrued Liability (UAAL)	Funded <u>Ratio</u>		Covered <u>Payroll</u>	UAAL as a Percentage of Covered Payroll
January 1, 2009 January 1, 2010 January 1, 2012	\$ \$ \$	4,996,388 9,558,773 20,982,000	\$ \$ \$	75,897,658 79,295,953 93,542,000	\$ \$ \$	70,901,270 69,737,180 72,560,000	6.60% 12.10% 22.43%	\$ \$ \$	280,202,036 285,407,357 283,026,400	25.30% 24.40% 25.64%
						School Board				
		(a)		(b)		(b-a)	(a/b)		(c)	
Actuarial <u>Valuation Date</u>		Actuarial Value of <u>Assets</u>		Actuarial Accrued Liability (AAL)		Unfunded (Overfunded) Accrued Liability (UAAL)	Funded <u>Ratio</u>		Covered <u>Payroll</u>	UAAL as a Percentage of Covered Payroll
January 1, 2009 January 1, 2010 January 1, 2012	\$ \$ \$	3,897,182 8,648,413 17,306,300	\$ \$ \$	72,692,511 75,347,493 77,083,800	\$ \$ \$	68,795,329 66,699,080 59,777,500	5.40% 11.50% 22.45%	\$ \$ \$	440,959,594 432,476,829 409,662,700	15.60% 15.40% 14.59%

### **Schedules of Employer Contributions**

City										
Year Ended Date	-	Annual Required Contribution	Percentage Contributed							
June 30, 2010	\$	8,854,121	100%							
June 30, 2011	\$	8,854,121	100%							
June 30, 2012	\$	8,714,600	100%							
		School Board								
Year Ended Date	-	Annual Required Contribution	Percentage Contributed							
	- \$		S							
Date	- \$ \$	Contribution	Contributed							



This Page Intentionally Left Blank

## 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, 2012

		nmajor Special evenue Funds	onmajor Debt Service Fund	Total Nonmajor Governmental Funds		
<u>ASSETS</u>	<u> </u>					
Cash and Investments	\$	40,725,862	\$ -	\$	40,725,862	
Cash and Investments - Restricted		14,092,368	-		14,092,368	
Agriculture Reserve Program Treasury Strips - Restricted		-	26,622,277		26,622,277	
Receivables (net of allowance for uncollectables, where applicable):						
Accounts		260,869	-		260,869	
Loans		6,586,507	-		6,586,507	
Due from:						
Other Governments		14,201	-		14,201	
Commonwealth		3,337,410	-		3,337,410	
Federal Government		6,108,851	-		6,108,851	
Total Assets	\$	71,126,068	\$ 26,622,277	\$	97,748,345	
<u>LIABILITIES</u>						
Vouchers and Accounts Payable	\$	2,323,797	\$ -	\$	2,323,797	
Due to Other Funds		4,458,380	-		4,458,380	
Deferred Revenue		188,856	-		188,856	
Total Liabilities	\$	6,971,033	\$ -	\$	6,971,033	
FUND BALANCES						
Restricted for:						
Special Revenue Funds	\$	16,287,776	\$ -	\$	16,287,776	
Debt Service		-	26,622,277		26,622,277	
Committed to:						
Special Revenue Funds		41,284,089	-		41,284,089	
Assigned to:						
Special Revenue Funds		6,583,170	-		6,583,170	
Total Fund Balances	\$	64,155,035	\$ 26,622,277	\$	90,777,312	
Total Liabilities and Fund Balances	\$	71,126,068	\$ 26,622,277	\$	97,748,345	

### CITY OF VIRGINIA BEACH, VIRGINIA

### COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2012

		major Special		onmajor Debt ervice Fund	Total Nonmajor Governmental Funds		
REVENUES							
General Property Taxes - Real Estate	\$	38,369,443	\$	-	\$	38,369,443	
Other Local Taxes		46,463,457		-		46,463,457	
From Use of Money and Property		2,029,631		7,369,928		9,399,559	
Charges for Services		16,941,381		-		16,941,381	
Miscellaneous		1,541,548		-		1,541,548	
Fines and Forfeitures		770,568		-		770,568	
From Commonwealth		21,826,799		-		21,826,799	
From Federal Government		35,522,794		-		35,522,794	
Total Revenues	\$	163,465,621	\$	7,369,928	\$	170,835,549	
EXPENDITURES							
Judicial	\$	37,121,469	\$	-	\$	37,121,469	
Executive		155,076		-		155,076	
Library		337,746		-		337,746	
Police		1,271,693		-		1,271,693	
Fire		1,591,325		_		1,591,325	
Public Works		4,031,372		_		4,031,372	
Planning		53,988		-		53,988	
Parks and Recreation		30,345,759		-		30,345,759	
Agriculture		2,292,961		-		2,292,961	
Communication and Information Technology		45,123		-		45,123	
Convention and Visitor Development		42,044,742		-		42,044,742	
Education		491,335		-		491,335	
Housing and Neighborhood Prevention		23,414,746		-		23,414,746	
Human Services		7,576,213		-		7,576,213	
Museums		37,686		-		37,686	
General Government		8,293,239		-		8,293,239	
Boards and Commissions		2,821,663		-		2,821,663	
Emergency Medical Services		920,774		-		920,774	
Total Expenditures	\$	162,846,910	\$	-	\$	162,846,910	
Excess (Deficiency) of Revenues over Expenditures	\$	618,711	\$	7,369,928	\$	7,988,639	
OTHER FINANCING SOURCES (USES)							
Transfers In	\$	21,250,899	\$	178,353	\$	21,429,252	
Transfers Out		(23,762,957)		(647,466)		(24,410,423)	
Proceeds of Refunding Bonds		-		45,270,000		45,270,000	
Premium on Bonds Sold		-		9,801,639		9,801,639	
Payment to Refunding Bonds Escrow Agent		-		(55,071,638)		(55,071,638)	
Total Other Financing Sources and (Uses)	\$	(2,512,058)	\$	(469,112)	\$	(2,981,170)	
Net Change in Fund Balance		(1,893,347)		6,900,816		5,007,469	
Fund Balance at Beginning of Year - As Reclassified		66,048,382		19,721,461		85,769,843	
Fund Balance at End of Year	\$	64,155,035	\$	26,622,277	\$	90,777,312	
T WIND DAMAGE WE DAMAGE I VIII	Ψ	0.,100,000	Ÿ	20,022,277	<u> </u>	, 0,, , , , , 512	



This Page Intentionally Left Blank

### **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.

	-			E. 15				Variance Positive
Source	O	riginal Budget		Final Budget		Actual	-	(Negative)
General Property Taxes		410 204 071		410 205 221	ф	120 (21 200	ф	1 220 050
Real Estate	\$	419,304,971	\$	419,295,221	\$	420,624,280	\$	1,329,059
Personal Property		68,337,955		68,337,955		71,775,577		3,437,622
Prior Year's Personal Property		1,938,495		1,938,495		1,929,802		(8,693)
Interest on Delinquent Taxes	_	2,473,625	_	2,473,625	_	2,486,610		12,985
Total General Property Taxes	\$	492,055,046	\$	492,045,296	\$	496,816,269	\$	4,770,973
Other Local Taxes								
General Sales	\$	52,958,340	\$	52,958,340	\$	53,375,318	\$	416,978
Utility		45,661,307		45,661,307		45,254,169		(407,138)
Business Licenses		41,342,542		41,342,542		41,129,895		(212,647)
Franchise Taxes - Cox Communications		7,012,363		7,012,363		6,962,320		(50,043)
Automobile Licenses		9,275,877		9,275,877		8,970,535		(305,342)
Bank Stock		2,136,327		2,136,327		2,615,883		479,556
City Tax on Deeds		5,447,925		5,447,925		6,203,751		755,826
City Tax on Wills		80,940		80,940		80,884		(56)
Cigarette		10,872,856		10,872,856		11,245,119		372,263
Hotel Taxes		5,514,670		5,514,670		5,360,293		(154,377)
Restaurant Meals		32,933,261		32,933,261		33,950,417		1,017,156
Total Other Local Taxes	\$	213,236,408	\$	213,236,408	\$	215,148,584	\$	1,912,176
Permits, Privilege Fees, and Regulatory Licenses		400.000		400.000		244.204		51.001
Dog and Cat Licenses	\$	190,000	\$	190,000	\$	241,294	\$	51,294
Use Permits		33,436		33,436		37,350		3,914
Building Permits		995,994		995,994		1,117,764		121,770
Electrical Permits		330,879		330,879		388,354		57,475
Plumbing Permits		220,367		220,367		266,389		46,022
Highway Permits		160,465		160,465		185,660		25,195
Taxi Driver Permits		3,000		3,000		13,530		10,530
Administrative Fees		142,853		142,853		108,310		(34,543
Bicycle Licenses		128		128		161		33
Certificates		49,794		49,794		50,274		480
Pedestrian Bridge Fee - Atlantic Avenue		1,450		1,450		450		(1,000
Abandoned Vehicle Franchises		89,102		89,102		64,014		(25,088
Excavation and Soil Removal Fees		400		400		200		(200
Precious Metal Dealers Permits		37,200		37,200		61,675		24,475
Encroachment Application Fees		375		375		7,500		7,125
Vacation of Plats		140		140		318		178
Fence Inspection Fees		5,940		5,940		3,960		(1,980
Non-Comforming Use Permits		1,125		1,125		1,125		-
Mechanical Permits		665,733		665,733		657,825		(7,908
Sign Permits		54,477		54,477		50,566		(3,911
Fire Permits		180,045		180,045		152,495		(27,550
Special Events/Permit Fees		70,895		70,895		68,935		(1,960
Peddler's Permits		1,120		1,120		450		(670)
Moving and Hauling Permits		161,945		161,945		169,050		7,105
Erosion and Sediment Control Permits		4,033		4,033		7,116		3,083
Wetlands Permits		35,794		35,794		26,325		(9,469
Water and Sewer Connection Inspection Fees		30,110		30,110		38,313		8,203
Highway Permit Inspection Fees		43,727		43,727		136,283		92,556
Coastal Primary Sand Dune Fees								
		1,050		1,050		1,000		(50
Storage Tank Inspection		1,933		1,933		4,675		2,742
Right of Way Permit Inspection Fees		40,430		40,430		48,287		7,857
Transfer Fees		16,665		16,665		16,461		(204

								Variance Positive
Source		ginal Budget	F	inal Budget		Actual		(Negative)
Permits, Privilege Fees, and Regulatory Licenses (continued		25.074		25.074	ф	25.622	ф	(2.41
Subdivision Approval Fees	\$	35,974	\$	35,974	\$	35,633	\$	(341
Yard Debris Trailers		200,000		200,000		143,670		(56,330
Zoning Change Fees		19,334		19,334		15,600		(3,734
ATM - Permit Fees		3,000		3,000		8,700		5,700
Variance Fees		4,230		4,230		5,234		1,004
Zoning Verification		7,333		7,333		6,700		(633
Reconsideration Conditions Fees		2,226		2,226		5,200		2,974
Street Closures		69,696		69,696		45,601		(24,095
Residential Parking		36,430		36,430		47,039		10,609
Board of Zoning Appeals - Variances						300		300
Total Permits, Privilege Fees, and		2 0 40 020		2 0 40 020		1.000 =0.4		****
Regulatory Licenses	\$	3,948,828	\$	3,948,828	\$	4,239,786	\$	290,958
Fines and Forfeitures								
Court Fines and Forfeitures	\$	3,475,060	\$	3,475,060	\$	3,699,713	\$	224,653
Parking Tickets - Penalties		-		-		34		34
Overweight Vehicles Fees		145,000		145,000		102,485		(42,515
Fire Lane Violations		-		-		565		565
Amusement Tax Penalties		-		-		36,262		36,262
DUI Response Reimbursements		-		-		53,488		53,488
Red Light Violations		2,280,000		2,280,000		2,152,265		(127,735)
Zoning Fines		-				6,599		6,599
Total Fines and Forfeitures	\$	5,900,060	\$	5,900,060	\$	6,051,411	\$	151,351
From Use of Money and Property Revenue from Use of Money: Interest on Bank Deposits	\$	1,262,295	\$	1,262,295	\$	725,800	\$	(536,495
Revenue from Use of Property:	•	, - ,	,	, - ,	•	,	•	(,
Rent - Adam Thoroughgood House		19,500		19,500		8,191		(11,309)
Farmers Market-Merchants Dues and Promo Fees		4,897		4,897		5,420		523
Rent - Rudee Inlet Property		36,300		36,300		-		(36,300
Rent - Town Center		-		-		81,711		81,711
Farmers Market Fees		124,050		124,050		94,656		(29,394
Sale School Grad Video Tapes		22,000		22,000		15,217		(6,783
Fees - Miscellaneous Equipment and Facilities						51,341		51,341
Photocopying Machines		77,600		77,600		75,586		(2,014
Bicycle Auctions - Unclaimed Property		10,000		10,000		6,573		(3,427
Special Events - Farmers Market		2,000		2,000		3,455		1,455
Rent - Convention Center		1,508,419		1,508,419		1,567,997		59,578
Concessions - Convention Center		1,163,375		1,163,375		1,124,652		(38,723)
Rent - 14th/15th Street Pier		-		-		15,000		15,000
Rudee Inlet Parking Permits		236		236		188		(48)
Farmers Market and Flea Market Vendor Fee		2,200		2,200		2,850		650
School Tours		3,000		3,000		2,685		(315)
Room Rentals, Aquarium		24,478		24,478		14,548		(9,930
Rent - Owl Creek Golf Center		22,000		22,000		25,000		3,000
Rent - Law Library		57,252		57,252		57,252		-,500
Virginia Beach National Golf		100,000		100,000		171,885		71,885
Rent - Adult Probation		115,829		115,829		71,682		(44,147
Rent - Community Diversion/Corrections		44,912		44,912		. 1,002		(44,912
•		2,369		2,369		1,275		(1,094
Rent - Virginia Bar Association - JC Rent - Sprint Cellular Tower		10,488		10,488				(10,488

-								Variance Positive
Source	Or	iginal Budget	ŀ	inal Budget		Actual		(Negative)
From Use of Money and Property								
Revenue from Use of Property (continued)	¢.	246.026	e e	246.026	ф	909.654	d.	(52, (20
Rent - Other Properties	\$	246,026	\$	246,026	\$	898,654	\$	652,628
Rent - Rooms		149		149		2,250		2,101
Rent - Nextel		25,000 82,765		25,000		28,938		3,938
Rent for Antennea		· · ·		82,765		2,400 2,712		(80,365
Rent - Agricultural Land Rent - Water and Sewer Office		6,923		6,923				(4,211
		396,678		396,678		396,678		(12.200
Sale of Trash Containers	¢	150,000	6	150,000	¢.	137,701	¢	(12,299
Total from Use of Money and Property	\$	5,709,060	\$	5,709,060	\$	5,760,912	\$	51,852
Charges For Services								
U S Passport Processing Fees	\$	90,864	\$	90,864	\$	117,717	\$	26,853
Excess Fees - Clerk		448,510		448,510		606,923		158,413
Court Costs		25		25		218		193
Court Order Administrative Fees		26,300		26,300		18,678		(7,622
Public Defender Fees		75,146		75,146		100,588		25,442
Sale of Police Reports		204,900		204,900		212,662		7,762
Police - False Alarm Fees		439,603		439,603		395,679		(43,924
Fire Services		190,000		190,000		183,280		(6,720
Animal Disposal Fees		· -		, -		5,999		5,999
Animal Adoption Fees		53,500		53,500		40,467		(13,033
Board and Impounding Fees		78,000		78,000		69,451		(8,549
Refuse Disposal Charges		7,183,600		7,183,600		6,783,345		(400,255
Refuse Disposal Charges - SPSA		2,002,350		2,002,350		2,200,944		198,594
Sale of Methane Gas - Trashmore		65,000		65,000		63,078		(1,922
Obstetrical Services		, <u>-</u>		, -		37		37
Other Charges		_		600		314		(286
Mental Health and Mental Retardation		20,966,517		20,966,517		21,637,143		670,626
Substance Abuse		88,346		88,346		115,937		27,591
Museums Gift Shop Sales		1,440,950		1,440,950		1,255,922		(185,028
FLH-Admissions-Special Events/General Tours		11,086		11,086		7,714		(3,372
Aquarium Admissions		4,450,000		4,450,000		4,943,769		493,769
Aquarium Memberships		650,000		650,000		729,228		79,228
Aquarium IMAX Theater		652,300		652,300		508,960		(143,340
Library Fines and Fees		350,900		350,900		369,379		18,479
Sale of Publications		-		-		1,275		1,275
Sale of Maps - Planning Commission		_		_		20		20
Convention Center Staff Services		780,000		780,000		793,207		13,207
Data Processing Services		358,522		358,522		357,143		(1,379
Courthouse Maintenance		126,904		126,904		116,242		(10,662
Other Services Provided		2,753,931		2,867,931		2,767,088		(100,843
Site Plan Review Fees		127,160		127,160		188,719		61,559
Reimbursement - FOIA - Req. Costs						2,985		2,985
State's Attorney		20,523		20,523		48,345		27,822
Water and Sewer Direct Charges		2,473,346		2,507,547		2,468,835		(38,712
Water and Sewer Utility Yard Maintenance		127,608		128,998		129,598		600
Water and Sewer Landscape Services		274,404		274,404		285,195		10,791
Water and Sewer Right of Way Utility		4,000,000		4,000,000		4,000,000		
Construction Plan Review Fees		24,301		24,301		5,132		(19,169
Chesapeake Bay Preservation Act Variance Fees		23,776		23,776		16,550		(7,226
Total Charges for Services	\$	50,558,372	\$	50,708,563	\$	51,547,766	\$	839,203

### CITY OF VIRGINIA BEACH, VIRGINIA GENERAL FUND DULE OF DEVENUES COMPARED TO FINAL

### SCHEDULE OF REVENUES COMPARED TO FINAL BUDGET FOR THE YEAR ENDED JUNE 30, 2012

Source	0	riginal Budget	1	Final Budget		Actual		Variance Positive (Negative)
Miscellaneous Revenue	U.	iginai Duuget		mai Duuget		Actual		(riegative)
Indirect Costs - Public Utilities	\$	2,312,842	\$	2,312,842	\$	1,882,571	\$	(430,271
Indirect and Direct Costs - Storm Water Management	Ψ	1,258,229	Ψ	1,258,229	Ψ	1,205,199	Ψ	(53,030
Indirect Costs-Housing & Neighborhood Preservation		323,812		323,812		315,619		(8,193
Indirect and Direct Costs - Resort Parking		112,130		112,130		112,130		(0,1)
Indirect and Direct Costs - TGIF		2,050,000		2,292,000		2,173,291		(118,709
Excess Property Processing		2,000		2,000		2,173,271		(2,000
Miscellaneous		869,392		1,089,343		1,766,045		676,702
Returned Check Processing Charges		83,455		83,455		62,924		(20,531
Campaign Financing		-		-		800		800
Donations		47,000		48,100		119,472		71,372
City Treasurer Charges		1,200,000		1,200,000		1,476,323		276,323
Aquarium Foundation		810,044		1,052,573		937,128		(115,445
Farm Classification - Late Filling Fees		-		1,032,373		180		180
Convention Center Concessions		1,200		1,200		-		(1,200
Sale of Properties		450		450		1,177		727
Sale of Salvage Materials		142,248		142,248		176,662		34,414
Refund of Surplus - Health Department		53,572		53,572		56,009		2,437
Medicaid Out -Station		86,100		86,100		84,684		(1,410
Sale - Recyclable Materials		80,100		80,100		2,862		2,862
Beam Advertising		20,867		20,867		18,540		(2,327
DVP Street Light Reimbursement		510,000		510,000		140,813		* *
•		310,000		310,000				(369,18
Reimbursement - Responsible Parties - HAZMAT		-		722.000		13,704		13,704
Reimbursement - DMV		623,000		733,000		639,096		(93,904
DMV-Special License-Dog & Cat Sterilization Fund	\$	10.50(.241	\$	11 221 021	\$	1,823	\$	1,823
Total Miscellaneous Revenue	\$	10,506,341	Ф	11,321,921	Ф	11,187,052	Þ	(134,869
From Commonwealth								
Rolling Stock Tax	\$	17,744	\$	17,744	\$	16,435	\$	(1,309
Mobile Homes Sales Tax		37,425		37,425		32,092		(5,333
Passenger Car Rental Tax		886,141		886,141		979,371		93,230
Reimbursement - Treasurer		626,223		626,223		591,315		(34,908
Reimbursement - Commissioner of the Revenue		651,173		651,173		637,531		(13,642
Reimbursement - General Registrar's Salary		93,619		190,619		225,044		34,425
Reimbursement - Clerk of Circuit Court		1,870,824		1,870,824		1,793,439		(77,385
Reimbursement - Commonwealth's Attorney		2,380,078		2,380,078		2,341,413		(38,665
Reimbursement - Health Department Automobile		8,671		8,671		5,887		(2,784
Reimbursement - State Aid Law Enforcement		8,383,255		8,383,255		9,227,541		844,286
Personal Property Paid by Commonwealth		53,412,868		53,412,868		53,412,868		
State Prisoner Transportation		657,900		657,900		353,466		(304,434
Mental Health, Mental Retardation and Substance Abuse		9,618,499		9,618,499		9,947,851		329,352
Juvenile Justice Block Grant		2,226,678		2,226,678		2,094,282		(132,396
Circuit Court Clerk Technology		-		308,084		308,084		
Maintenance of Roads		39,796,436		39,796,436		41,152,239		1,355,803
Recordation Fees		-		-		1,056,319		1,056,319
Clean Community		44,000		44,000		35,390		(8,610
Public Assistance Grants		20,172,784		20,172,784		17,252,686		(2,920,098
Medicaid		189,399		189,399		212,765		23,366
DMV Select Program		160,000		160,000		145,489		(14,511
Virginia Commission For The Arts		5,000		5,000		5,000		` ´
Wireless E-911 Services Board		1,769,543		1,769,543		1,699,733		(69,810
Spay and Neuter Services		-		-		2,073		2,073
Universal Service Funds		93,847		93,847		57,979		(35,868
State Aid Library		209,328		284,328		209,152		(75,176
-	\$	143,311,435	\$	143,791,519	\$	143,795,444	\$	3,925

Sauma	0	nicinal Dudgat		Einel Dudget		Actual		Variance Positive
Source From Federal Government	U	riginal Budget		Final Budget		Actual		(Negative)
Public Law 95-469 - Refuge Revenue Sharing Act	\$	121,533	\$	121,533	\$	81,858	\$	(39,675)
Federal Law Enforcement	Ψ.	-	Ψ.	-	Ψ	9,028	Ψ	9,028
Indirect Costs - Social Services		568,241		568,241		507,289		(60,952)
Federal Emergency Management Agency		52,914		52,914		52,914		(00,502)
SEVAMP Grant		87,000		87,000		69,631		(17,369)
Mental Health, Mental Retardation and Substance Abuse		2,672,623		2,823,260		2,925,270		102,010
USDA Juvenile Detention		81,300		81,300		85,901		4,601
Public Assistance Grants		18,048,765		18,048,765		16,854,768		(1,193,997)
Federal Reimbursement of Interest		-		-		304,702		304,702
City ARRA		_		_		106,609		106,609
Total From Federal Government	\$	21,632,376	\$	21,783,013	\$	20,997,970	\$	(785,043)
Other Local Governments								
City of Chesapeake	\$	237,208	\$	237,208	\$	247,709	\$	10,501
TOTAL REVENUES	\$	947,095,134	\$	948,681,876	\$	955,792,903	\$	7,111,027
Other Financing Sources								
Transfers In	\$	3,322,124	\$	10,657,450	\$	10,668,171	\$	10,721
Premium on Refunding Bonds Sold		-		-		118,596		118,596
Total Other Financing Sources	\$	3,322,124	\$	10,657,450	\$	10,786,767	\$	129,317
TOTAL REVENUES AND OTHER								
FINANCING SOURCES	\$	950,417,258	\$	959,339,326	\$	966,579,670	\$	7,240,344

Source	Or	iginal Budget	F	inal Budget	Actual	Variance Positive Negative)
Legislative Department		-g				 
Municipal Council	\$	542,671	\$	563,671	\$ 518,042	\$ 45,629
City Clerk		539,211		561,355	560,705	650
Total Legislative Department	\$	1,081,882	\$	1,125,026	\$ 1,078,747	\$ 46,279
<b>Executive Department</b>						
City Manager	\$	1,681,021	\$	1,756,816	\$ 1,720,752	\$ 36,064
Organizational Development Office		326,728		334,118	296,595	37,523
Media and Communication Group		360,559		375,257	374,096	1,161
Volunteer Council		117,817		211,995	150,569	61,426
Total Executive Department	\$	2,486,125	\$	2,678,186	\$ 2,542,012	\$ 136,174
Law Department						
City Attorney	\$	3,512,286	\$	3,737,040	\$ 3,640,226	\$ 96,814
Finance Department						
Director of Finance:						
Director's Office	\$	658,842	\$	708,319	\$ 675,716	\$ 32,603
Comptroller's Office		1,458,647		1,648,023	1,556,791	91,232
Payroll		643,765		662,729	662,729	-
Purchasing		1,067,281		1,101,382	1,042,948	58,434
Local Vehicle Registration		803,770		913,770	845,273	68,497
Total Director of Finance	\$	4,632,305	\$	5,034,223	\$ 4,783,457	\$ 250,766
Commissioner of the Revenue		3,848,587		3,943,182	3,857,502	85,680
Board of Equalization		15,634		15,808	8,854	6,954
City Real Estate Assessor		2,838,546		2,984,324	2,935,490	48,834
Treasurer		4,908,622		5,119,804	5,015,646	104,158
Total Finance Department	\$	16,243,694	\$	17,097,341	\$ 16,600,949	\$ 496,392
Human Resources Department						
Director's Office	\$	714,097	\$	797,897	\$ 554,990	\$ 242,907
Employee Relations		399,742		417,483	344,862	72,621
Staffing and Placement		1,136,975		1,156,347	1,059,320	97,027
Training and Development		561,811		616,521	515,681	100,840
Police Services		90,258		92,244	91,554	690
Benefits Administration		662,283		662,283	662,283	-
Employee Special Benefits		5,040,436		4,646,732	4,623,705	23,027
Member Communications		106,554		108,476	98,762	9,714
Human Rights Commission		65,896		67,221	54,502	12,719
Occupational Safety		247,267		252,279	232,621	19,658
Occupational Health		829,928		885,530	771,765	 113,765
Total Human Resources Department	\$	9,855,247	\$	9,703,013	\$ 9,010,045	\$ 692,968
Judicial Department						
Circuit Court	\$	961,733	\$	1,023,484	\$ 1,015,764	\$ 7,720
General District Court		365,424		367,452	365,205	2,247
Juvenile and Domestic Relations - District Court		140,243		157,230	135,957	21,273
Commonwealth's Attorney		6,712,609		7,002,068	6,936,426	65,642
Victim/Witness		123,417		126,210	121,932	4,278
Clerk of the Circuit Court		3,016,577		3,468,570	3,307,684	160,886
Magistrates		94,864		96,645	96,248	397
Juvenile Probation		1,509,260		1,703,831	1,648,167	55,664
Youth Intervention CHINS Unit		287,515		287,515	 257,724	 29,791
Total Judicial Department	\$	13,211,642	\$	14,233,005	\$ 13,885,107	\$ 347,898
Health Department						
Preventive Medicine	\$	2,858,445	\$	3,033,125	\$ 2,926,650	\$ 106,475

Source	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Human Services Department	Original Dauger	1 mm Buuget		(riegaerie)
Administration	\$ 4,712,867	\$ 5,087,177	\$ 4,960,013	\$ 127,164
Mental Health	18,051,392	18,832,983	17,196,859	1,636,124
Mental Retardation	16,635,952	17,698,181	18,013,486	(315,305)
Substance Abuse	5,107,326	5,289,749	4,896,812	392,937
Social Services	38,261,586	38,739,353	36,186,176	2,553,177
Biznet Village	4,179,890	4,338,317	4,655,520	(317,203)
Pendleton Child Service Center	1,676,259	1,718,879	1,652,579	66,300
Comprehensive Services Act Administration & Social Services	13,931,191	13,936,771	12,466,419	1,470,352
Indian River Road ICF/MR	1,072,474	1,059,267	30,673	1,028,594
Juvenile Detention Center	4,226,213	4,364,109	4,193,293	170,816
Total Human Services Department	\$ 107,855,150	\$ 111,064,786	\$ 104,251,830	\$ 6,812,956
Police Department				
Director's Office	\$ 3,114,044	\$ 3,158,200	\$ 3,197,930	\$ (39,730)
Personnel and Training	4,011,296	4,157,421	3,818,602	338,819
Crime Prevention	847,460	858,181	733,014	125,167
Police Support	4,620,538	4,748,434	4,092,546	655,888
Uniform Patrol	46,010,845	46,961,345	47,073,934	(112,589)
Red Light Camera Program	1,225,025	1,227,613	1,251,381	(23,768)
Investigative Division	12,033,553	12,100,470	11,865,570	234,900
Special Investigative Unit		4,552,859		52,545
•	4,467,381		4,500,314	
Police Helicopter Unit	1,541,572	1,575,900	1,614,012	(38,112)
Mounted Patrol	1,428,585	1,446,123	1,203,370	242,753
Marine Patrol	905,615	917,893	893,040	24,853
School Resource Officer Program	2,453,464	2,471,293	2,451,453	19,840
False Alarms	76,870	67,922	50,988	16,934
Commercial Extraditions	735,052	736,464	394,859	341,605
Animal Control	3,223,727	3,153,553	2,797,718	355,835
Total Police Department	\$ 86,695,027	\$ 88,133,671	\$ 85,938,731	\$ 2,194,940
Public Works Department				
Director's Office	\$ 284,759	\$ 290,131	\$ 596,080	\$ (305,949)
Administration Services	6,210,226	6,231,316	6,689,382	(458,066)
Beach Management and Engineering	-	-	2,009	(2,009)
Waste Management/Administration	1,349,268	1,391,891	1,358,773	33,118
Bureau of Waste Disposal	12,234,765	12,334,189	10,969,099	1,365,090
Bureau of Waste Collection	11,257,691	11,445,928	12,176,993	(731,065)
Recycling Bureau	5,764,384	5,780,331	4,779,027	1,001,304
Real Estate Office	876,635	920,403	896,246	24,157
Engineering/Administration	726,359	738,281	740,185	(1,904)
Surveys	1,075,719	1,121,371	1,079,366	42,005
Drafting	445,998	474,994	453,074	21,920
Traffic Engineering	1,120,123	1,155,949	1,154,756	1,193
Project Management	1,134,566	1,243,387	1,170,750	72,637
Project Management/Buildings	677,607	693,033	685,315	7,718
Construction	1,100,061	1,098,886	1,049,221	49,665
Contracts	918,894	956,821	732,123	224,698
Customer Service/Administration	981,517	1,071,769	918,222	153,547
Planning, Estimating and Scheduling	442,761	448,319	352,075	96,244
Infrastructure Maintenance Contracts	472,097	564,133	546,309	17,824
Support Services and Systems Support	819,428	839,233	850,515	(11,282)
**				
System Support	967,362	996,241	832,617	163,624
Street Maintenance	14,224,129	16,232,954	15,747,128	485,826
Dredging Operations	1,674,138	1,697,662	1,650,160	47,502
Technical Services	-	-	8,280	(8,280)
Mosquito Control	1,476,373	1,481,634	1,234,260	247,374
Traffic Operations	4,287,769	4,792,067	4,393,893	398,174
Beach Operations	1,221,024	1,227,257	1,287,797	(60,540)
Street Light Installation	510,000	510,000	73,693	436,307
Facilities Management	475,658	479,389	447,227	32,162
	,	,		

								Variance Positive
Source Public Works Department (continued)	Ori	iginal Budget	F	inal Budget		Actual		(Negative)
Yard Debris and Hazardous Household Waste	\$	1,760,267	\$	1,784,131	\$	1,880,442	\$	(96,311)
Bridge Maintenance	J	370,148	Þ	376,218	Ф	342,037	Ф	34,181
Management and Support				8,941,210		*		(54,294)
Heating and Air Conditioning		8,863,519				8,995,504 1,998,701		. , ,
General Maintenance		1,756,695		1,832,923 3,507,711		3,488,022		(165,778) 19,689
Custodial		3,298,645						
		3,559,804		3,643,425 605,352		3,679,382		(35,957)
Resort Building Maintenance Total Public Works Department	\$	545,940 94,507,084	\$	98,659,917	\$	417,373 95,579,937	\$	187,979 3,079,980
Library Department								
Director's Office	\$	1,292,536	\$	1,342,818	\$	1,240,720	\$	102,098
Central Library		2,670,153		2,720,943		2,647,888		73,055
Great Neck Area Library		587,877		602,474		572,301		30,173
Bayside Area Library		881,488		905,743		881,824		23,919
Oceanfront Area Library		809,984		748,604		716,950		31,654
Kempsville Area Library		1,065,801		1,091,316		1,069,103		22,213
Windsor Woods Area Library		722,277		628,119		579,850		48,269
Pungo/Blackwater Area Library		329,227		336,610		330,980		5,630
Princess Anne Library		1,001,561		1,026,296		1,132,255		(105,959)
Joint Use Library		29,446		30,047		442		29,605
South Rosemont Youth Library		387,771		400,323		377,951		22,372
Mobil Services		224,295		229,057		*		4,113
						224,944		
Youth and Family Services		586,150		659,270		638,965		20,305
Records Management		383,756		455,394		428,388		27,006
Cataloging Services		711,557		782,270		705,606		76,664
Automated Services		916,102		966,107		869,326		96,781
Ready to Learn		187,547		1,766		7,111		(5,345)
Collections Management	0	2,591,686	Φ.	3,251,872	Φ.	2,712,702	•	539,170
Total Library Department	\$	15,379,214	\$	16,179,029	\$	15,137,306	\$	1,041,723
Planning Department Director's Office	\$	1 071 492	¢	1 122 012	\$	1 010 079	¢	112.024
	Э	1,071,482	\$	1,132,912	Э	1,019,978	\$	112,934
Comprehensive Planning		446,188		456,635		462,936		(6,301)
Environment and Sustainability		217,505		277,921		306,227		(28,306)
Development Services		1,573,825		1,612,782		1,607,628		5,154
Public Utilities - Development Services		266,932		273,160		270,448		2,712
Current Planning		524,290		539,651		460,525		79,126
Permits Administration		-		-		2,563		(2,563)
Building Permits and Inspections		3,496,834		3,593,420		3,482,327		111,093
Chesapeake Bay Program		197,958		202,636		212,343		(9,707)
Wetlands Program		144,254		147,590		147,304		286
Transportation Planning		194,298		198,886		219,464		(20,578)
Zoning Administration		1,031,313		1,053,484		1,105,074		(51,590)
Weights & Measures		25,000		25,000		28,821		(3,821)
Total Planning Department	\$	9,189,879	\$	9,514,077	\$	9,325,638	\$	188,439
Agriculture Department								
Director's Office	\$	311,831	\$	318,661	\$	293,437	\$	25,224
Virginia Cooperative Extension		262,495		269,285		210,388		58,897
Farmers Market		191,469		227,849		162,108		65,741
Total Agriculture Department	\$	765,795	\$	815,795	\$	665,933	\$	149,862
Economic Development Department		2044205	Ф	2 22 2 2 2 2	¢.	0.116.450	¢.	100 75-
Director of Economic Development	\$	2,044,395	\$	2,225,210	\$	2,116,453	\$	108,757
Growsmart				159,921		93,610		66,311
Total Economic Development Department	\$	2,044,395	\$	2,385,131	\$	2,210,063	\$	175,068

Source	0-	iginal Budgat	173	inal Dudget		Actual		Variance Positive
Source Convention and Visitor Development	Or	iginal Budget	r	inal Budget		Actual		(Negative)
Director's Office	\$	1 005 005	\$	1,459,824	\$	1 204 525	\$	65 200
	3	1,095,095	Þ	1,439,824	Þ	1,394,535	2	65,289
Resort Programs and Special Events		421.065		441.540		1,249		(1,249)
Tourism Marketing and Sales		431,865		441,549		440,496		1,053
Convention Marketing and Sales		928,345		949,282		941,818		7,464
Sports Marketing		314,823		270,975		257,880		13,095
Convention Center	_	5,818,769	Φ.	5,956,296	Φ.	5,435,146	_	521,150
Total Convention and Visitor Development	\$	8,588,897	\$	9,077,926	\$	8,471,124	\$	606,802
Parks and Recreation Department								
Landscape Administration	\$	1,771,374	\$	1,973,894	\$	1,953,691	\$	20,203
Grounds Maintenance		5,730,810		5,996,595		5,588,897		407,698
Parks Maintenance		2,983,627		3,057,923		2,909,896		148,027
Special Zones Management		591,836		607,016		582,371		24,645
Resort Area Landscaping		1,304,124		1,341,502		1,297,339		44,163
Total Parks and Recreation Department	\$	12,381,771	\$	12,976,930	\$	12,332,194	\$	644,736
<b>Boards and Commissions</b>								
General Registrar	\$	1,106,926	\$	1,546,172	\$	1,448,271	\$	97,901
Zoning Board of Appeals	•	21,828	Ψ	21,828	Ψ.	16,329	Ψ.	5,499
Zoning Board				-1,020		616		(616)
Mass Transit Operations		3,519,145		3,529,306		3,529,306		(010)
Wetlands Board of Virginia Beach		11,235		11,235		2,598		8,637
Chesapeake Bay Preservation Board		14,215		15,651		14,956		695
Audit Services		571,714		609,276		608,659		617
Cultural Affairs		442,900		475,597				7,497
						468,100		
COIG - General Operation Grants		439,308		439,708		439,675		33
Lease/Rent of Facilities		1,630,484		1,645,195		1,645,138		57
Arts and Humanities Commissions		435,686		446,131		431,105		15,026
Planning Commission		40,910		40,910		36,439		4,471
Sandler Center for Performing Arts		1,513,350		1,513,350		1,510,270		3,080
Regional Participation		1,933,213		2,022,813		2,021,480		1,333
Vehicle Replacements		4,111,914		4,702,102		3,936,228		765,874
Revenue Reimbursements		15,741,537		15,741,537		15,688,681		52,856
Independent Financial Services		153,878		162,161		110,593		51,568
Total Boards and Commissions	\$	31,688,243	\$	32,922,972	\$	31,908,444	\$	1,014,528
Fire Department								
Fire Marshal's Office	\$	2,291,934	\$	2,344,351	\$	2,143,808	\$	200,543
Fire Administration		2,390,948		2,463,525		2,400,898		62,627
Fire Operations		35,815,700		37,326,568		37,430,870		(104,302)
Emergency Management		301,970		316,855		317,779		(924)
Fire Training		977,667		998,379		1,014,057		(15,678)
Total Fire Department	\$	41,778,219	\$	43,449,678	\$	43,307,412	\$	142,266
Communications and Information Technology								
ComIT Business Center	\$	643,278	\$	663,318	\$	568,798	\$	94,520
Applications Support	-	7,028,510	**	7,945,165	-	6,883,788	-	1,061,377
System Support		8,040,953		9,518,826		7,518,660		2,000,166
Center for GIS		1,738,091		1,859,473		1,707,093		152,380
Information Security and Privacy Office		1,750,071		2,246		2,246		132,300
Emergency Communications		_		2,240		767		(767)
		-		90.075				(767)
Technology Project Management		1 427 217		80,975		7,206		73,769
Video Services		1,427,217		1,461,763		1,356,388		105,375
GF Telecommunications		1,170,216		1,256,616		1,046,007		210,609
Technology Services		1,797,219		1,875,425		1,641,003		234,422
Mail Services	•	204,169	Φ.	207,618	6	215,535	_	(7,917)
Total Communications and Information Technology	\$	22,049,653	\$	24,871,425	\$	20,947,491	\$	3,923,934

	•							Variance Positive
Source	Or	riginal Budget	F	inal Budget		Actual		(Negative)
Emergency Communications and Citizen Services Emergency Communications	\$	7,710,385	\$	7,888,373	\$	7,088,162	\$	800,211
Director's Office	•		Ф		Ф		Ф	
		227,516		232,581		236,414		(3,833)
Administration		393,281		396,050		245,644		150,406
Citizen Services		895,639		923,903		875,547		48,356
Training To be described as 15 and 15		57,610		57,610		35,161		22,449
Technology and Support	6	921,661	Ф.	921,661	e.	163,207	<u>e</u>	758,454
Total Emergency Communications and Citizen Services	\$	10,206,092	\$	10,420,178	\$	8,644,135	\$	1,776,043
Housing and Neighborhood Preservation								
Code Enforcement	\$	1,583,015	\$	1,667,923	\$	1,615,194	\$	52,729
Homeless Initiative		-		140,081		27,406		112,675
Total Housing and Neighborhood Preservetion	\$	1,583,015	\$	1,808,004	\$	1,642,600	\$	165,404
Marana Danastara								
Museums Department Francis Land House	\$	36,705	\$	37,278	\$	30,086	\$	7,192
Aquarium and Marine Science Center	Þ	1,731,427	ψ	1,774,002	Ф	1,905,667	Ф	(131,665)
Aquarium Research and Conservation		381,470		386,660		389,733		(3,073)
Aquarium Gift Shop		ŕ		1,004,848		942,894		61,954
Aquarium IMAX Theater		1,015,552						
•		471,605		497,821		434,340		63,481
Aquarium Exhibits		2,465,962		2,513,921		2,738,334		(224,413)
Education		534,305		552,695		468,282		84,413
Marketing		773,768		781,178		752,179		28,999
Aquarium Foundation		810,044		1,070,884		937,129		133,755
Historical Preservation		116,905		116,905		113,744		3,161
Adam Thoroughgood House		87,026		88,851		47,600		41,251
Lynnhaven House		70,561		96,569		32,721		63,848
Custodial Services		322,527		329,375		313,373		16,002
Historic Homes Administration		238,868		250,002		221,131		28,871
Union Kempsville High School Museum		78,737		80,218		65,131		15,087
Total Museums Department	\$	9,135,462	\$	9,581,207	\$	9,392,344	\$	188,863
Management Services Department								
Director's Office	\$	1,461,870	\$	1,603,515	\$	1,471,547	\$	131,968
		_		_		_		
Emergency Medical Services	6	507.600	Ф	(01.005	e	(1/, 404	¢.	(14.500)
Director's Office	\$	587,680	\$	601,885	\$	616,484	\$	(14,599)
Operations		1,271,742		1,379,504		1,559,208		(179,704)
Lifeguard Services		171,990		209,866		212,436		(2,570)
Training		535,568		596,521		589,876		6,645
Emergency Response System		3,011,480		3,081,310		2,946,596		134,714
Medical Shelters		-		76,072		42,107		33,965
Regulation & Enforcement		1,493,535		1,456,495		1,414,548		41,947
Total Emergency Medical Services	\$	7,071,995	\$	7,401,653	\$	7,381,255	\$	20,398
Strategic Growth Area								
Strategic Growth Area	\$	532,427	\$	554,190	\$	526,922	\$	27,268
Resort Programs and Special Events	ψ	376,742	ψ	546,580	Ψ	484,401	Φ	62,179
Total Strategic Growth Area	\$	909,169	\$	1,100,770	\$	1,011,323	\$	89,447
						· · ·		*
Debt Service	_				_			
Principal	\$	30,394,325	\$	30,394,325	\$	28,759,234	\$	1,635,091
Interest		14,468,429		14,468,429		15,747,963		(1,279,534)
Total Debt Service	\$	44,862,754	\$	44,862,754	\$	44,507,197	\$	355,557

Source	O	riginal Budget	Final Budget	Actual	Variance Positive (Negative)
Education		0	8		( 8 /
School Operating	\$	330,767,900	\$ 330,767,900	\$ 315,284,400	\$ 15,483,500
School Operating from Reserves		13,300,000	13,300,000	13,300,000	-
School Instructional Technology		23,321,181	23,321,181	22,849,954	471,227
School Capital Projects		4,126,927	4,126,927	4,126,927	-
Total Education	\$	371,516,008	\$ 371,516,008	\$ 355,561,281	\$ 15,954,727
Total Department Expenditures	\$	928,919,013	\$ 949,952,162	\$ 909,371,521	\$ 40,580,641
Other Financing Uses					
Transfers Out:					
Housing and Neighborhood Preservation	\$	578,698	\$ 714,138	\$ 714,138	\$ -
General Government Capital Projects		17,093,440	17,270,181	17,270,181	-
Engineering and Highways Capital Projects		3,207,163	5,630,413	5,630,413	-
Parks and Recreation Capital Projects		3,217,089	2,771,132	2,771,132	-
Economic & Tourism Capital Projects		7,875,880	7,876,240	7,876,240	-
Coastal Capital Projects		1,548,326	2,181,317	2,181,317	-
Grants Consolidated		410,270	566,229	529,061	37,168
Open Spaces		-	11,073	11,073	-
Sheriff's Department		12,333,204	12,747,777	12,743,687	4,090
Inmate Services		-	7,378	7,378	-
Tourism Growth Investment Program		250,000	250,000	250,000	-
Agriculture Reserve		-	1,672	1,672	-
City Garage		-	372,100	372,100	-
Parks and Recreation		3,062,663	3,572,309	3,572,309	-
Storm Water Utility		1,862,236	1,895,236	1,895,236	-
Federal Section 8		75,687	106,517	106,517	-
Federal Housing Assistance Program		-	3,741	3,741	-
Total Other Financing Uses	\$	51,514,656	\$ 55,977,453	\$ 55,936,195	\$ 41,258
TOTAL EXPENDITURES AND OTHER					
FINANCING USES	\$	980,433,669	\$ 1,005,929,615	\$ 965,307,716	\$ 40,621,899

## 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.

**Lynnhaven Mall Tax Increment Financing** - accounts for the incremental real estate tax revenues and related expenditures to provide transportation and parking improvements in the Lynnhaven Mall shopping district as specified in the agreement between the developer and 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.

**DEA Seized Property** – 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.

**Inmate Services** - accounts for funds generated by inmate telephone use, inmate per diem, inmate canteen sales, and Caremart and fresh favorites revenues, the latest programs aimed to provide additional conveniences to the public and people who wish to purchase items for individuals incarcerated. The funds are to be used for inmate projects and services.

**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.

**Old Donation Creek Area Dredging** – established to construct a neighborhood navigation system and will include a city-funded spur channel leading from the western branch of the Lynnhaven River. This fund receives dedicated revenues supported an additional real estate tax rate applied to each property owner in the Old Donation Creek Area of the City.

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.



This Page Intentionally Left Blank

### CITY OF VIRGINIA BEACH, VIRGINIA COMBINING BALANCE SHEET NONMAJOR SPECIAL REVENUE FUNDS JUNE 30, 2012

	La	w Library	Sandbr	ridge Tax Increment Financing	_	and Neighborhood reservation
ASSETS		v				
Cash and Investments	\$	341,695	\$	-	\$	-
Restricted Cash		· -		8,873,393		-
Accounts Receivable		-		-		-
Loans Receivable		_		-		6,586,507
Due from Other Governments		_		-		-
Due from Commonwealth		_		_		-
Due from Federal Government		_		-		706,179
Total Assets	\$	341,695	\$	8,873,393	\$	7,292,686
LIABILITIES AND FUND BALANCES						
Liabilities:						
Vouchers and Accounts Payable	\$	8,399	\$	-	\$	226,417
Due to Other Funds		-		-		479,762
Deferred Revenue		-		-		-
Total Liabilities	\$	8,399	\$		\$	706,179
Fund Balances:						
Restricted for:						
General Government	\$	-	\$	-	\$	-
Housing and Community Development		-		-		6,586,507
Judicial		-		-		-
Public Safety		-		-		-
Special Service District		-		-		-
Committed to:						
Agriculture		-		-		_
Convention and Visitor Development		-		-		-
Educational		333,296		-		-
Judicial		-		-		-
Parks and Recreation		_		_		_
Tax Increment Financing		_		8,873,393		_
Assigned:				-,,		
Convention and Visitor Development		_		_		_
Judicial		_		_		_
Housing and Community Development		_		_		_
Parks and Recreation		_		_		_
Special Service District		_		_		_
Tax Increment Financing		_		_		_
Total Fund Balances	\$	333,296	\$	8,873,393	\$	6,586,507
TOTAL LIABILITIES AND						
1011TF FIUDIFILIED VIAD		341,695				

### CITY OF VIRGINIA BEACH, VIRGINIA COMBINING BALANCE SHEET NONMAJOR SPECIAL REVENUE FUNDS JUNE 30, 2012

	iven Mall Tax ent Financing		Center Special vice District	DEA S	Seized Property		al Section Eight Program		Sub-Total continued)
\$	_	\$	_	\$	3,688,031	\$	1,486,459	\$	5,516,185
	125,699		1,635,029		-		80,999		10,715,120
	-		-		-		184,912		184,912
	-		-		-		-		6,586,507
	-		-		-		14,201		14,201
	-		-		-		-		-
	-		<u>-</u>		33,152				739,331
\$	125,699	\$	1,635,029	\$	3,721,183	\$	1,766,571	\$	23,756,256
Φ.		•	- 1-4	•			122.502	<b>A</b>	100 606
\$	-	\$	5,456	\$	116,811	\$	133,603	\$	490,686
	-		-		-		20.224		479,762
\$		\$	5,456	\$	116,811	\$	29,324 162,927	\$	29,324 999,772
Ψ		Ψ	3,430	Ψ	110,011	Ψ	102,727	Ψ	7,77,712
\$	_	\$	_	\$	_	\$	_	\$	_
*	_	*	_	*	_	*	1,411,053	4	7,997,560
	-		-		2,613,755		-		2,613,755
	-		-		790,617		-		790,617
	-		1,311,479		-		-		1,311,479
	-		-		-		-		-
	-		-		-		-		-
	-		-		-		-		333,296
	-		-		-		-		-
	-		-		-		-		-
	125,699		-		-		-		8,999,092
	-		-		-		-		-
	-		-		200,000		-		200,000
	-		-		-		192,591		192,591
	-		-		-		-		-
	-		318,094		-		-		318,094
\$	125,699	\$	1,629,573	\$	3,604,372	\$	1,603,644	\$	22,756,484
\$	125,699	\$	1,635,029	\$	3,721,183	\$	1,766,571	\$	23,756,256

### CITY OF VIRGINIA BEACH, VIRGINIA COMBINING BALANCE SHEET NONMAJOR SPECIAL REVENUE FUNDS JUNE 30, 2012

	Sherif	f's Department	In	mate Services	Parks and Recreation		
<u>ASSETS</u>							
Cash and Investments	\$	672,967	\$	1,869,833	\$	13,899,096	
Restricted Cash		-		-		-	
Accounts Receivable		4,263		-		71,678	
Loans Receivable		-		-		-	
Due from Other Governments		-		-		-	
Due from Commonwealth		1,164,823		-		-	
Due from Federal Government		75,919		-		-	
Total Assets	\$	1,917,972	\$	1,869,833	\$	13,970,774	
LIABILITIES AND FUND BALANCES							
Liabilities:							
Vouchers and Accounts Payable	\$	184,509	\$	8,799	\$	515,638	
Due to Other Funds		· <u>-</u>		· -		· -	
Deferred Revenue		-		-		159,532	
Total Liabilities	\$	184,509	\$	8,799	\$	675,170	
Fund Balances:							
Restricted for:							
General Government	\$	_	\$	_	\$	_	
Housing and Community Development	-	_	*	-	*	_	
Judicial		_		_		_	
Public Safety		_		-		_	
Special Service District		_		-		_	
Committed to:							
Agriculture		_		_		_	
Convention and Visitor Development		_		_		_	
Educational		_		_		_	
Judicial		477,630		1,861,034		_	
Parks and Recreation		, <u>-</u>		, , , <u>-</u>		12,769,522	
Tax Increment Financing		_		-		-	
Assigned:							
Convention and Visitor Development		_		-		_	
Judicial		1,255,833		-			
Housing and Community Development		· · ·		-		_	
Parks and Recreation		_		-		526,082	
Special Service District		_		_		-	
Tax Increment Financing		_		_		-	
Total Fund Balances	\$	1,733,463	\$	1,861,034	\$	13,295,604	
TOTAL LIABILITIES AND							
FUND BALANCES	\$	1,917,972	\$	1,869,833	\$	13,970,774	
						, , ,	

#### CITY OF VIRGINIA BEACH, VIRGINIA COMBINING BALANCE SHEET NONMAJOR SPECIAL REVENUE FUNDS JUNE 30, 2012

	sm Investment Program	Central Business District South Tax Increment Financing		District South Tax Sandbridge Special			sm Advertising Program		Sub-Total (continued)
\$	5,767,693	\$	_	\$	-	\$	2,055,460	\$	29,781,234
	-		2,103,725		1,273,523		-		14,092,368
	-		-		-		16		260,869
	-		-		-		-		6,586,507
	-		-		-		-		14,201
	-		-		-		-		1,164,823
	-		-		-		-		815,250
\$	5,767,693	\$	2,103,725	\$	1,273,523	\$	2,055,476	\$	52,715,252
\$	17,726	\$	1,343	\$	_	\$	513,715	\$	1,732,416
•	-	,	-	•	_	·	-	,	479,762
	_		_		_		_		188,856
\$	17,726	\$	1,343	\$	-	\$	513,715	\$	2,401,034
\$	-	\$	-	\$	-	\$	-	\$	-
	-		-		-		-		7,997,560
	-		-		-		-		2,613,755
	-		-		-		-		790,617
	-		-		642,001		-		1,953,480
	3,099,334		-		-		- 1,541,761		- 4,641,095
	3,099,334		-		-		1,541,701		333,296
	_								2,338,664
			_						12,769,522
	-		1,843,283		-		-		10,842,375
	2,650,633		-		-		-		2,650,633
	-		-		-		-		1,455,833
	-		-		-		-		192,591
	-		-		-		-		526,082
	-		-		631,522		-		949,616
_			259,099					_	259,099
\$	5,749,967	\$	2,102,382	\$	1,273,523	\$	1,541,761	\$	50,314,218
\$	5,767,693	\$	2,103,725	\$	1,273,523	\$	2,055,476	\$	52,715,252

#### CITY OF VIRGINIA BEACH, VIRGINIA COMBINING BALANCE SHEET NONMAJOR SPECIAL REVENUE FUNDS JUNE 30, 2012

	_	ulture Reserve	т.	EEDA A	Open Space		
ACCEPTO		Program	Emer	gency FEMA	Open Space		
ASSETS		0.124.554	Φ.	Φ.	1.604	<i>(</i> 2.4	
Cash and Investments	\$	9,124,554	\$	- \$	1,624,0	534	
Restricted Cash		-		-		-	
Accounts Receivable		-		-		-	
Loans Receivable		-		-		-	
Due from Other Governments		-		-		-	
Due from Commonwealth		-		-		-	
Due from Federal Government				313,773			
Total Assets	\$	9,124,554	\$	313,773 \$	1,624,0	634	
LIABILITIES AND FUND BALANCES							
Liabilities:							
Vouchers and Accounts Payable	\$	16,584	\$	- \$	19,5	591	
Due to Other Funds		-		117,257		-	
Deferred Revenue		-		-		-	
Total Liabilities	\$	16,584	\$	117,257 \$	19,:	591	
Fund Balances:							
Restricted for:							
General Government	\$	-	\$	- \$		_	
Housing and Community Development		-		-		_	
Judicial		_		_		_	
Public Safety		_		196,516		_	
Special Service District		_		-		_	
Committed to:						_	
Agriculture		9,107,970		_		_	
Convention and Visitor Development		7,107,770					
Educational		_		_		_	
Judicial				-		-	
Parks and Recreation		-		-	1.055	- 	
		-		-	1,055,7	121	
Tax Increment Financing		-		-		-	
Assigned:							
Convention and Visitor Development		-		-		-	
Judicial		-		-		-	
Housing and Community Development		-		-		-	
Parks and Recreation		-		-	549,3	316	
Special Service District		-		-		-	
Tax Increment Financing		-		<u>-</u>		-	
Total Fund Balances	\$	9,107,970	\$	196,516 \$	1,605,0	043	
TOTAL LIABILITIES AND							
FUND BALANCES	\$	9,124,554	\$	313,773 \$	1,624,0	634	

#### CITY OF VIRGINIA BEACH, VIRGINIA COMBINING BALANCE SHEET NONMAJOR SPECIAL REVENUE FUNDS JUNE 30, 2012

Old Donation Cro Dredging		nds Board Mitigation	Grant	s Consolidated	Totals
\$	- \$	195,440	\$	-	\$ 40,725,862
	-	-		-	14,092,368
	-	-		-	260,869
	-	-		-	6,586,507
	-	-		-	14,201
	-	-		2,172,587	3,337,410
	<u>-</u>	-		4,979,828	6,108,851
\$	- \$	195,440	\$	7,152,415	\$ 71,126,068
\$	- \$	-	\$	555,206	\$ 2,323,797
	-	-		3,861,361	4,458,380
	<u> </u>	-		<u> </u>	188,856
\$	- \$		\$	4,416,567	\$ 6,971,033
\$	- \$	-	\$	2,735,848	\$ 2,735,848
	-	-		· · · · -	7,997,560
	-	-		-	2,613,755
	-	-		-	987,133
	-	-		-	1,953,480
	-	-		-	9,107,970
	-	-		-	4,641,095
	-	-		-	333,296
	-	-		-	2,338,664
	-	195,440		-	14,020,689
	-	-		-	10,842,375
	-	-		-	2,650,633
	-	-		-	1,455,833
	-	-		-	192,591
	-	-		-	1,075,398
	-	-		-	949,616
_	<del></del> _	<u> </u>	_	<del></del> .	259,099
\$	- \$	195,440	\$	2,735,848	\$ 64,155,035
\$	- \$	195,440	\$	7,152,415	\$ 71,126,068

		Law Library		dge Tax Increment Financing		Housing and Neighborhood Preservation
REVENUES						
General Property Taxes	\$	-	\$	7,292,741	\$	-
Other Local Taxes		-		-		-
From Use of Money and Property		4,270		28,200		13,408
Charges for Services		267,845		-		81,850
Miscellaneous		-		-		4,060
Fines and Forfeitures		-		-		-
From Commonwealth		-		-		-
From Federal Government		-		-		3,209,378
Total Revenues	\$	272,115	\$	7,320,941	\$	3,308,696
<b>EXPENDITURES</b>						
Judicial	\$	-	\$	-	\$	-
Executive		-		-		-
Library		268,742		-		-
Police		-		-		-
Fire		-		-		_
Public Works		-		-		-
Planning		-		-		_
Parks and Recreation		-		-		_
Agriculture		-		-		-
Communications and Information Technology		-		-		-
Convention and Visitor Development		-		-		_
Education		_		-		_
Housing and Neighborhood Preservation		_		-		3,326,817
Human Services		_		-		· · · · -
Museums		_		-		-
General Government		_		_		_
Boards and Commissions		_		_		_
Emergency Medical Services		_		_		_
Total Expenditures	\$	268,742	\$	-	\$	3,326,817
EVERS OF DEVENUES OVER						
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	¢	2 272	¢	7 220 041	©.	(19 121)
(UNDER) EATENDITURES	\$	3,373	\$	7,320,941	\$	(18,121)
OTHER FINANCING SOURCES (USES)	_					
Transfers In	\$	-	\$	-	\$	983,146
Transfers Out		-		(7,281,671)		(394,125)
Total Other Financing Sources (Uses)	\$		\$	(7,281,671)	\$	589,021
EXCESS OF REVENUE AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES						
AND OTHER FINANCING USES	\$	3,373	\$	39,270	\$	570,900
FUND BALANCES-JULY 1-AS RECLASSIFIED		329,923		8,834,123		6,015,607
FUND BALANCES - JUNE 30	\$	333,296	\$	8,873,393	\$	6,586,507

	aven Mall Tax ent Financing		Center Special vice District	DEA S	eized Property		al Section Eight Program		Sub-Total continued)
\$	1,810,835	\$	1,699,797	\$	-	\$	-	\$	10,803,373
	2,543		3,517		16,645		1,743		70,326
	_,;: .:		-		-		-		349,695
	-		-		5,192		841,214		850,466
	-		-		-		-		-
	-		-		485,518		- 17 250 720		485,518
\$	1,813,378	\$	1,703,314	\$	1,108,428	\$	17,358,738 18,201,695	\$	21,169,189 33,728,567
Ф	1,613,376	J.	1,703,314	J.	1,100,420	J.	16,201,093	Þ	33,728,307
\$	-	\$	-	\$	24,061	\$	-	\$	24,061
	-		-		-		-		268,742
	-		-		246,995		-		246,995
	-		-		-		-		-
	-		-		-		-		-
	-		-		-		-		-
	-		-		-		-		-
	-		-		-		-		-
	-		-		-		-		-
	-		-		-		-		-
	-		-		-		18,544,222		21,871,039
	-		-		-		-		-
	-		1,556,178		-		-		1,556,178
	2,821,663		1,330,176		-		_		2,821,663
	-		_		_		_		2,021,003
\$	2,821,663	\$	1,556,178	\$	271,056	\$	18,544,222	\$	26,788,678
¢.	(1,000,205)	¢.	147.126	e.	927.272	¢.	(242.527)	•	( 020 000
\$	(1,008,285)	\$	147,136	\$	837,372	\$	(342,527)	\$	6,939,889
\$	-	\$	150,000	\$	-	\$	106,517	\$	1,239,663
			(313,564)		(34,919)		<u> </u>		(8,024,279)
\$	_	\$	(163,564)	\$	(34,919)	\$	106,517	\$	(6,784,616)
\$	(1,008,285)	\$	(16,428)	\$	802,453	\$	(236,010)	\$	155,273
	1,133,984		1,646,001		2,801,919		1,839,654		22,601,211
\$	125,699	\$	1,629,573	\$	3,604,372	\$	1,603,644	\$	22,756,484

	Sher	iff's Department		Inmate Services	Parks and Recreation		
REVENUES		<u> </u>					
General Property Taxes	\$	-	\$	-	\$	17,277,418	
Other Local Taxes		-		-		-	
From Use of Money and Property		16,992		4,592		1,456,443	
Charges for Services		2,726,580		1,745,463		12,043,960	
Miscellaneous		6,376		· · · · · -		94,394	
Fines and Forfeiture		· -		<del>-</del>		-	
From Commonwealth		17,175,183		-		19,098	
From Federal Government		578,762		-		332	
Total Revenues	\$	20,503,893	\$	1,750,055	\$	30,891,645	
EXPENDITURES .							
Judicial	\$	35,490,411	\$	1,098,714	\$	_	
Executive	Ψ	-	Ψ	1,000,711	Ψ	_	
Library		_		_		_	
Police		_		_		_	
Fire		_		_		_	
Public Works		_		_		_	
Planning		_		_		_	
Parks and Recreation		_		_		27,410,247	
Agriculture		_		_		27,110,217	
Communications and Information Technology		_		_		_	
Convention and Visitor Development		_		_		_	
Education		_		_		_	
Housing and Neighborhood Preservation		_		_		_	
Human Services		_		_		_	
Museums		_		_		_	
General Government		_		_		_	
Boards and Commissions		_		_		_	
Emergency Medical Services		_		_		_	
Total Expenditures	\$	35,490,411	\$	1,098,714	\$	27,410,247	
DVCDCC OF DEVENING OVER						_	
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$	(14,986,518)	\$	651,341	\$	3,481,398	
(C. ADEN) EM EL WITCHES	Ψ.	(14,760,316)	Ψ	031,341	Ψ	3,461,376	
OTHER FINANCING SOURCES (USES)							
Transfers In	\$	12,993,687	\$	15,376	\$	3,572,309	
Transfers Out		(129,944)		(289,650)		(1,242,988)	
Total Other Financing Sources (Uses)	\$	12,863,743	\$	(274,274)	\$	2,329,321	
EXCESS OF REVENUE AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES							
AND OTHER FINANCING USES	\$	(2,122,775)	\$	377,067	\$	5,810,719	
FUND BALANCES-JULY 1-AS RECLASSIFIED		3,856,238		1,483,967		7,484,885	
FUND BALANCES - JUNE 30	\$	1,733,463	\$	1,861,034	\$	13,295,604	

	ism Investment Program	Distr	tral Business ict South Tax nent Financing		bridge Special vice District		sm Advertising Program		Sub-Total (continued)
\$	-	\$	5,149,809	\$	615,314	\$	-	\$	33,845,914
	30,762,622		500,000		1,201,616		9,752,362		42,216,600
	402,527		906		6,764		41,722		2,000,272
	· -		-		-		75,683		16,941,381
	360,166		=		-		31,068		1,342,470
	770,568		-		-		-		770,568
	_		-		-		-		17,679,799
	_		-		-		-		21,748,283
\$	32,295,883	\$	5,650,715	\$	1,823,694	\$	9,900,835	\$	136,545,287
Φ.		0		•		Φ.		•	26 (12 106
\$	-	\$	-	\$	-	\$	-	\$	36,613,186
	-		-		-		-		269.742
	-		-		-		-		268,742
	-		-		-		-		246,995
	-		-		-		-		-
	-		-		-		-		-
	-		-		-		-		27 410 247
	-		-		-		-		27,410,247
	-		-		-		-		-
	32,968,435		-		-		9,076,307		42,044,742
	-		-		-		-		-
	-		-		-		-		21,871,039
	-		-		-		-		=
	-		-		-		-		-
	-		5,537,171		-		-		7,093,349
	-		-		-		-		2,821,663
\$	32,968,435	\$	5,537,171	\$	<u>-</u>	\$	9,076,307	\$	138,369,963
\$	(672,552)	\$	113,544	\$	1,823,694	\$	824,528	\$	(1,824,676)
\$	250,000	\$		\$	2,298,102	\$		\$	20,369,137
Ψ	(2,465,141)	Φ	(150,000)	Ψ	(5,414,361)	Ψ	(59,047)	Ψ	(17,775,410)
\$	(2,215,141)	\$	(150,000)	\$	(3,116,259)	\$	(59,047)	\$	2,593,727
J.	(2,213,171)	Ψ	(130,000)	Ψ	(3,110,237)	Ψ	(37,047)	φ	2,373,121
\$	(2,887,693)	\$	(36,456)	\$	(1,292,565)	\$	765,481	\$	769,051
	8,637,660		2,138,838		2,566,088		776,280		49,545,167
\$	5,749,967	\$	2,102,382	\$	1,273,523	\$	1,541,761	\$	50,314,218

	Agricultui	e Reserve Program	F	Emergency FEMA	Open Space		
REVENUES	<u> </u>	8					
General Property Taxes	\$	4,473,455	\$	-	\$	-	
Other Local Taxes		·		-		4,246,857	
From Use of Money and Property		24,417		-		4,444	
Charges for Services		-		-		-	
Miscellaneous		-		-		-	
Fines and Forfeiture		-		-		-	
From Commonwealth		-		-		-	
From Federal Government		-		317,942		-	
Total Revenues	\$	4,497,872	\$	317,942	\$	4,251,301	
EXPENDITURES							
Judicial	\$	-	\$	-	\$	_	
Executive		-		-		-	
Library		-		-		-	
Police		-		-		-	
Fire		-		-		-	
Public Works		-		-		-	
Planning		=		=		-	
Parks and Recreation		=		=		2,832,049	
Agriculture		2,292,961		-		-	
Communications and Information Technology		· · · · · -		-		-	
Convention and Visitor Development		=		=		-	
Education		=		=		-	
Housing and Neighborhood Preservation		=		=		-	
Human Services		=		=		-	
Museums		-		-		-	
General Government		-		468,845		-	
Boards and Commissions		=		· =		-	
Emergency Medical Services		-		-		-	
Total Expenditures	\$	2,292,961	\$	468,845	\$	2,832,049	
EXCESS OF REVENUES OVER							
(UNDER) EXPENDITURES	\$	2,204,911	\$	(150,903)	\$	1,419,252	
OTHER EINANGING COURCES (HEES)							
OTHER FINANCING SOURCES (USES) Transfers In	\$	1,672	\$	294,138	\$	11,073	
	Þ	· · · · · · · · · · · · · · · · · · ·	Ф		\$		
Transfers Out Total Other Financing Sources (Uses)	\$	(2,778,353)	\$	(33,178) 260,960	\$	(2,369,181)	
Total Other Financing Sources (Uses)	<u> </u>	(2,770,081)	\$	200,900	\$	(2,358,108)	
EXCESS OF REVENUE AND OTHER FINANCING SOURCES							
OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	\$	(571,770)	\$	110,057	\$	(938,856)	
FUND BALANCES-JULY 1-AS RECLASSIFIED	-	9,679,740		86,459		2,543,899	
FUND BALANCES - JUNE 30	\$	9,107,970	\$	196,516	\$	1,605,043	

Dre	on Creek Area edging	Wetlands B	oard Mitigation	Grant	ts Consolidated		Totals
\$	50,074	\$	-	\$	<del>-</del>	\$	38,369,443
	, -		_		-		46,463,457
	=		498		=		2,029,631
	-		-		-		16,941,381
	-		42,075		157,003		1,541,548
	=		-		=		770,568
	-		-		4,147,000		21,826,799
		-			13,456,569		35,522,794
\$	50,074	\$	42,573	\$	17,760,572	\$	163,465,621
Φ.		¢.		Φ.	500 202	Ф	27.121.460
\$	-	\$	-	\$	508,283	\$	37,121,469
	-		-		155,076		155,076
	-		-		69,004		337,746
	-		-		1,024,698		1,271,693
	-		-		1,591,325 4,031,372		1,591,325 4,031,372
	=		<del>-</del>		53,988		53,988
	-		-		103,463		30,345,759
	-		-		103,403		2,292,961
	_		_		45,123		45,123
	_		_		-		42,044,742
	_		_		491,335		491,335
	_		_		1,543,707		23,414,746
	-		_		7,576,213		7,576,213
	-		-		37,686		37,686
	=		-		731,045		8,293,239
	-		-		-		2,821,663
	-		-		920,774		920,774
\$		\$		\$	18,883,092	\$	162,846,910
\$	50.074	¢	12 572	¢	(1.122.520)	¢	619 711
2	50,074	\$	42,573	\$	(1,122,520)	\$	618,711
\$	-	\$	-	\$	574,879	\$	21,250,899
	(50,074)		-		(756,761)		(23,762,957)
\$	(50,074)	\$	-	\$	(181,882)	\$	(2,512,058)
\$	-	\$	42,573	\$	(1,304,402)	\$	(1,893,347)
			152,867		4,040,250		66,048,382

## 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, 2012

						Fin	ariance al Budget
	 	Amoun					Positive
	 Original		Final	Actı	ıal Amounts	(N	egative)
REVENUES							
From Use of Money and Property	\$ 7,800	\$	7,800	\$	4,270	\$	(3,530)
Charges for Services	 270,000		270,000		267,845		(2,155)
Total Revenues	\$ 277,800	\$	277,800	\$	272,115	\$	(5,685)
<b>EXPENDITURES</b>							
Law Library	\$ 277,800	\$	278,286	\$	268,742	\$	9,544
EXCESS OF REVENUES OVER							
(UNDER) EXPENDITURES	\$ -	\$	(486)	\$	3,373	\$	3,859
FUND BALANCE - JULY 1	 329,923		329,923		329,923		
FUND BALANCE - JUNE 30	\$ 329,923	\$	329,437	\$	333,296	\$	3,859

## 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, 2012

						F	Variance inal Budget	
	 Budget	Amou				Positive		
	 Original		Final		Actual Amounts		(Negative)	
REVENUES								
General Property Taxes	\$ 7,445,845	\$	7,445,845	\$	7,292,741	\$	(153,104)	
From Use of Money and Property	 48,510		48,510		28,200		(20,310)	
Total Revenues	\$ 7,494,355	\$	7,494,355	\$	7,320,941	\$	(173,414)	
<b>EXPENDITURES</b>								
Sandbridge TIF	\$ 8,000,000	\$	1,000,000	\$		\$	1,000,000	
EXCESS OF REVENUES OVER								
(UNDER) EXPENDITURES	\$ (505,645)	\$	6,494,355	\$	7,320,941	\$	826,586	
OTHER FINANCING SOURCES (USES)								
Transfers Out	\$ (281,671)	\$	(7,281,671)	\$	(7,281,671)	\$		
EXCESS OF REVENUES AND								
OTHER FINANCING SOURCES								
OVER (UNDER) EXPENDITURES								
AND OTHER FINANCING USES	\$ (787,316)	\$	(787,316)	\$	39,270	\$	826,586	
FUND BALANCE - JULY 1	 8,834,123		8,834,123		8,834,123			
FUND BALANCE - JUNE 30	\$ 8,046,807	\$	8,046,807	\$	8,873,393	\$	826,586	

## 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, 2012

	Budget	Amoui	nts				Variance inal Budget Positive
	Original		Final	Act	tual Amounts	(	(Negative)
REVENUES							
From Use of Money and Property	\$ -	\$	-	\$	13,408	\$	13,408
Charges for Services	60,000		70,000		81,850		11,850
Miscellaneous	250,000		260,000		4,060		(255,940)
From Federal Government	4,174,928		3,438,125		3,209,378		(228,747)
Total Revenues	\$ 4,484,928	\$	3,768,125	\$	3,308,696	\$	(459,429)
<u>EXPENDITURES</u>							
Housing and Neighborhood Preservation	\$ 4,934,768	\$	4,470,524	\$	3,326,817	\$	1,143,707
EXCESS OF REVENUES OVER							
(UNDER) EXPENDITURES	\$ (449,840)	\$	(702,399)	\$	(18,121)	\$	684,278
OTHER FINANCING SOURCES (USES)							
Transfers In	\$ 578,698	\$	983,146	\$	983,146	\$	-
Transfers Out	 (128,858)		(394,125)		(394,125)		
Total Other Financing Sources (Uses)	\$ 449,840	\$	589,021	\$	589,021	\$	
EXCESS OF REVENUES AND							
OTHER FINANCING SOURCES							
OVER (UNDER) EXPENDITURES							
AND OTHER FINANCING USES	\$ -	\$	(113,378)	\$	570,900	\$	684,278
FUND BALANCE - JULY 1	 6,015,607		6,015,607		6,015,607		
FUND BALANCE - JUNE 30	\$ 6,015,607	\$	5,902,229	\$	6,586,507	\$	684,278

## CITY OF VIRGINIA BEACH, VIRGINIA LYNNHAVEN MALL TAX INCREMENT FINANCING SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2012

								Variance nal Budget
	<u></u>	Budget Amounts						Positive
		Original		Final	Ac	tual Amounts	(1)	Negative)
<u>REVENUES</u>								
General Property Taxes	\$	1,807,709	\$	1,807,709	\$	1,810,835	\$	3,126
From Use of Money and Property		-		-		2,543		2,543
Total Revenues	\$	1,807,709	\$	1,807,709	\$	1,813,378	\$	5,669
<b>EXPENDITURES</b>								
Mass Transit	\$	250,000	\$	250,000	\$	250,000	\$	-
Lynnhaven Mall		1,850,000		2,983,984		2,571,663		412,321
Total Expenditures	\$	2,100,000	\$	3,233,984	\$	2,821,663	\$	412,321
EXCESS OF REVENUES OVER								
(UNDER) EXPENDITURES	\$	(292,291)	\$	(1,426,275)	\$	(1,008,285)	\$	417,990
FUND BALANCE - JULY 1		1,133,984		1,133,984		1,133,984		
FUND BALANCE - JUNE 30	\$	841,693	\$	(292,291)	\$	125,699	\$	417,990

## 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, 2012

	Budget .	Amour	nts			Fi	Variance nal Budget Positive
	 Original		Final	Act	tual Amounts		Negative)
REVENUES						•	
General Property Taxes	\$ 1,689,868	\$	1,689,868	\$	1,699,797	\$	9,929
From Use of Money and Property	5,475		5,475		3,517		(1,958)
Total Revenues	\$ 1,695,343	\$	1,695,343	\$	1,703,314	\$	7,971
<b>EXPENDITURES</b>							
Town Center Parking Operations	\$ 1,700,576	\$	1,685,576	\$	1,525,035	\$	160,541
Town Center Operations	53,000		53,000		31,143		21,857
Total Expenditures	\$ 1,753,576	\$	1,738,576	\$	1,556,178	\$	182,398
EXCESS OF REVENUES OVER							
(UNDER) EXPENDITURES	\$ (58,233)	\$	(43,233)	\$	147,136	\$	190,369
OTHER FINANCING SOURCES (USES)							
Transfers In	\$ 150,000	\$	150,000	\$	150,000	\$	-
Transfers Out	(298,564)		(313,564)		(313,564)		-
Total other Financing Sources (Uses)	\$ (148,564)	\$	(163,564)	\$	(163,564)	\$	-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES							
AND OTHER FINANCING USES	\$ (206,797)	\$	(206,797)	\$	(16,428)	\$	190,369
FUND BALANCE - JULY 1	 1,646,001		1,646,001		1,646,001		-
FUND BALANCE - JUNE 30	\$ 1,439,204	\$	1,439,204	\$	1,629,573	\$	190,369

## CITY OF VIRGINIA BEACH, VIRGINIA DEA SEIZED PROPERTY SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2012

		Budget	Amoui			Actual Amounts		Variance Final Budget Positive (Negative)	
DEVENILLES		Original		Final	Acı	tuai Amounts	(	Negative)	
REVENUES From Use of Money and Property	\$	_	\$	_	\$	16,645	\$	16,645	
Miscellaneous	Ψ		Ψ	_	Ψ	5,192	Ψ	5,192	
From Commonwealth		_		_		485,518		485,518	
From Federal Government		_		_		601,073		601,073	
Total Revenues	\$		\$		\$	1,108,428	\$	1,108,428	
<b>EXPENDITURES</b>									
Commonwealth Attorney	\$	200,000	\$	200,000	\$	24,061	\$	175,939	
Uniform Patrol		-		458,404		192,933		265,471	
Special Investigative Division		-		101,979		54,062		47,917	
Total Expenditures	\$	200,000	\$	760,383	\$	271,056	\$	489,327	
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$	(200,000)	\$	(760,383)	\$	837,372	\$	1,597,755	
OTHER FINANCING SOURCES (USES) Transfers Out	\$	(941,898)	\$	(976,817)	\$	(34,919)	\$	941,898	
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES									
AND OTHER FINANCING USES	\$	(1,141,898)	\$	(1,737,200)	\$	802,453	\$	2,539,653	
FUND BALANCE - JULY 1		2,801,919		2,801,919		2,801,919		-	
FUND BALANCE - JUNE 30	\$	1,660,021	\$	1,064,719	\$	3,604,372	\$	2,539,653	

## 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, 2012

	Budget	Amou	nts				Variance nal Budget Positive
	 Original	Amou	Final		Actual Amounts		Negative)
REVENUES	 Original		1 11141	710	tuai / imounts		riegative)
From Use of Money and Property	\$ 10,165	\$	10,165	\$	1,743	\$	(8,422)
Miscellaneous	45,000		65,000		841,214		776,214
From Federal Government	17,078,042		18,068,909		17,358,738		(710,171)
Total Revenues	\$ 17,133,207	\$	18,144,074	\$	18,201,695	\$	57,621
<u>EXPENDITURES</u>							
Rental Subsidy Program	\$ 17,208,894	\$	18,584,570	\$	18,544,222	\$	40,348
EXCESS OF REVENUES OVER							
(UNDER) EXPENDITURES	\$ (75,687)	\$	(440,496)	\$	(342,527)	\$	97,969
OTHER FINANCING SOURCES (USES)							
Transfers In	\$ 75,687	\$	106,517	\$	106,517	\$	-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES							
OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	\$ -	\$	(333,979)	\$	(236,010)	\$	97,969
FUND BALANCE - JULY 1	 1,839,654		1,839,654		1,839,654		-
FUND BALANCE - JUNE 30	\$ 1,839,654	\$	1,505,675	\$	1,603,644	\$	97,969

## 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, 2012

	_	Budget	Amou				Fi	Variance nal Budget Positive
DEVENIEG		Original		Final	A	ctual Amounts	(	Negative)
REVENUES	¢	2.500	ø	2.500	ø	16,002	¢	14 402
From Use of Money and Property	\$	2,500	\$	2,500	\$	16,992	\$	14,492
Charges for Services		2,720,608		2,720,608		2,726,580		5,972
Miscellaneous		10,000		10,000		6,376		(3,624)
From Commonwealth		17,607,506		17,628,782		17,175,183		(453,599)
From Federal Government		901,155	_	901,155		578,762		(322,393)
Total Revenues	\$	21,241,769	\$	21,263,045	\$	20,503,893	\$	(759,152)
<u>EXPENDITURES</u>								
Judicial	\$	34,554,989	\$	36,336,485	\$	35,490,411	\$	846,074
EXCESS OF REVENUES OVER								
(UNDER) EXPENDITURES	\$	(13,313,220)	\$	(15,073,440)	\$	(14,986,518)	\$	86,922
OTHER FINANCING SOURCES (USES)								
Transfers In	\$	12,583,204	\$	12,997,777	\$	12,993,687	\$	(4,090)
Transfers Out		(121,596)		(129,944)		(129,944)		-
Total Other Financing Sources (Uses)	\$	12,461,608	\$	12,867,833	\$	12,863,743	\$	(4,090)
EXCESS OF REVENUES AND								
OTHER FINANCING SOURCES								
OVER (UNDER) EXPENDITURES								
AND OTHER FINANCING USES	\$	(851,612)	\$	(2,205,607)	\$	(2,122,775)	\$	82,832
FUND BALANCE - JULY 1		3,856,238		3,856,238		3,856,238		-
FUND BALANCE - JUNE 30	\$	3,004,626	\$	1,650,631	\$	1,733,463	\$	82,832

## CITY OF VIRGINIA BEACH, VIRGINIA INMATE SERVICES SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2012

		Budget	Amour	nts			Fi	Variance nal Budget Positive
	_	Original		Final	Act	tual Amounts	(1	Negative)
REVENUES								
From Use of Money and Property	\$	15,000	\$	15,000	\$	4,592	\$	(10,408)
Charges for Services		967,519		967,519		1,745,463		777,944
Total Revenues	\$	982,519	\$	982,519	\$	1,750,055	\$	767,536
EXPENDITURES								
Inmate Services	\$	1,090,061	\$	1,269,344	\$	1,098,714	\$	170,630
EXCESS OF REVENUES OVER								
(UNDER) EXPENDITURES	\$	(107,542)	\$	(286,825)	\$	651,341	\$	938,166
OTHER FINANCING SOURCES (USES)								
Transfers In	\$	-	\$	15,376	\$	15,376	\$	-
Transfers Out		(274,551)		(289,650)		(289,650)		-
Total Other Financing Sources (Uses)	\$	(274,551)	\$	(274,274)	\$	(274,274)	\$	
EXCESS OF REVENUES AND OTHER FINANCING SOURCES								
OVER (UNDER) EXPENDITURES		(202.002)		( <b>7</b> (1,000)		2== 0.5=		222.466
AND OTHER FINANCING USES	\$	(382,093)	\$	(561,099)	\$	377,067	\$	938,166
FUND BALANCE - JULY 1		1,483,967		1,483,967		1,483,967		
FUND BALANCE - JUNE 30	\$	1,101,874	\$	922,868	\$	1,861,034	\$	938,166

## 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, 2012

							Variance Final Budget	
		Budget	Amoui				,	Positive
DEVENILES		Original		Final	Ac	tual Amounts	(	Negative)
REVENUES General Property Taxes	\$	17,222,900	\$	17,222,900	\$	17,277,418	\$	54,518
From Use of Money and Property	Φ	1,421,587	Φ	1,421,587	Φ	1,456,443	Φ	34,856
Charges for Services		11,997,001		11,997,001		12,043,960		46,959
Miscellaneous		230,500		230,500		94,394		(136,106)
From Commonwealth		11,000		11,000		19,098		8,098
From Federal Government		11,000		11,000		332		332
Total Revenues	\$	30,882,988	\$	30,882,988	\$	30,891,645	\$	8,657
EXPENDITURES								
Citywide Recreation Programs	\$	11,007,389	\$	11,214,426	\$	10,358,457	\$	855,969
Parks Operations and Services		2,876,643		2,929,786		2,689,766		240,020
Athletic Complex		282,467		287,802		275,776		12,026
Recreation Centers		15,465,797		15,608,829		10,630,543		4,978,286
Little Island Park		233,624		238,481		253,522		(15,041)
Maintenance		2,869,362		3,145,244		2,502,388		642,856
Lynnhaven Municipal Marina		29,360		29,772		27,335		2,437
Human Resources		480,113		490,341		458,470		31,871
Golf Courses		138,146		140,136		141,354		(1,218)
City Beautification and Recreation		201,469		114,781		72,636		42,145
Total Expenditures	\$	33,584,370	\$	34,199,598	\$	27,410,247	\$	6,789,351
EXCESS OF REVENUES OVER								
(UNDER) EXPENDITURES	\$	(2,701,382)	\$	(3,316,610)	\$	3,481,398	\$	6,798,008
OTHER FINANCING SOURCES (USES)								
Transfers In	\$	3,062,663	\$	3,572,309	\$	3,572,309	\$	-
Transfers Out		(1,017,280)		(1,158,517)		(1,242,988)		(84,471)
Total Other Financing Sources (Uses)	\$	2,045,383	\$	2,413,792	\$	2,329,321	\$	(84,471)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES								
AND OTHER FINANCING USES	\$	(655,999)	\$	(902,818)	\$	5,810,719	\$	6,713,537
FUND BALANCE - JULY 1		7,484,885		7,484,885		7,484,885		-
FUND BALANCE - JUNE 30	\$	6,828,886	\$	6,582,067	\$	13,295,604	\$	6,713,537

## 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, 2012

	Budget	Amou	nts			F	Variance inal Budget Positive
	 Original	Amour	Final	Act	tual Amounts		(Negative)
REVENUES	 -						, ,
Other Local Taxes	\$ 30,284,047	\$	30,524,047	\$	30,762,622	\$	238,575
From Use of Money and Property	465,752		465,752		402,527		(63,225)
Miscellaneous	972,755		972,755		770,568		(202,187)
Fines and Forfeitures	298,131		298,131		360,166		62,035
Total Revenues	\$ 32,020,685	\$	32,260,685	\$	32,295,883	\$	35,198
<u>EXPENDITURES</u>							
Economic Development	\$ 100,000	\$	100,000	\$	99,971	\$	29
Direct Costs	2,050,000		2,314,458		2,173,291		141,167
Mass Transit Operations	590,000		590,000		590,000		-
Special Events	3,495,585		3,382,551		3,365,022		17,529
Cultural Activities	50,500		50,500		50,500		-
Recycling	52,000		52,000		32,676		19,324
Landscaping	33,099		273,780		65,992		207,788
Maintenance	452,145		468,007		416,327		51,680
Contractual Services	699,254		427,023		342,680		84,343
Debt Service	 25,897,074		25,897,074		25,831,976		65,098
Total Expenditures	\$ 33,419,657	\$	33,555,393	\$	32,968,435	\$	586,958
EXCESS OF REVENUES OVER							
(UNDER) EXPENDITURES	\$ (1,398,972)	\$	(1,294,708)	\$	(672,552)	\$	622,156
OTHER FINANCING SOURCES (USES)							
Transfers In	\$ 3,379,087	\$	3,379,087	\$	250,000	\$	(3,129,087)
Transfers Out	 (5,109,202)		(5,478,702)		(2,465,974)		3,012,728
Total Other Financing Sources (Uses)	\$ (1,730,115)	\$	(2,099,615)	\$	(2,215,974)	\$	(116,359)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES							
AND OTHER FINANCING USES	\$ (3,129,087)	\$	(3,394,323)	\$	(2,888,526)	\$	505,797
FUND BALANCE - JULY 1 - AS RECLASSIFIED	 8,637,660		8,637,660		8,637,660		-
FUND BALANCE - JUNE 30	\$ 5,508,573	\$	5,243,337	\$	5,749,134	\$	505,797

## 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, 2012

	Budget	Amour	nts			Fi	Variance nal Budget Positive
	 Original	inioui	Final	Act	tual Amounts		Negative)
REVENUES							
General Property Taxes	\$ 5,241,159	\$	5,241,159	\$	5,149,809	\$	(91,350)
Other Local Taxes	500,000		500,000		500,000		-
From Use of Money and Property	 15,000		15,000		906		(14,094)
Total Revenues	\$ 5,756,159	\$	5,756,159	\$	5,650,715	\$	(105,444)
EXPENDITURES							
CBD South	\$ 6,078,605	\$	6,078,605	\$	5,537,171	\$	541,434
EXCESS OF REVENUES OVER							
(UNDER) EXPENDITURES	\$ (322,446)	\$	(322,446)	\$	113,544	\$	435,990
OTHER FINANCING SOURCES (USES)							
Transfers Out	\$ (150,000)	\$	(150,000)	\$	(150,000)	\$	
EXCESS OF REVENUES AND							
OTHER FINANCING SOURCES							
OVER (UNDER) EXPENDITURES							
AND OTHER FINANCING USES	\$ (472,446)	\$	(472,446)	\$	(36,456)	\$	435,990
FUND BALANCE - JULY 1	 2,138,838		2,138,838		2,138,838		
FUND BALANCE - JUNE 30	\$ 1,666,392	\$	1,666,392	\$	2,102,382	\$	435,990

## 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, 2012

	Budget	Amou	nts			Fir	Variance nal Budget Positive
	 Original		Final	Ac	tual Amounts	(1	Negative)
REVENUES							
General Property Taxes	\$ 614,599	\$	614,599	\$	615,314	\$	715
Other Local Taxes	986,090		986,090		1,201,616		215,526
From Use of Money and Property	20,000		20,000		6,764		(13,236)
Total Revenues	\$ 1,620,689	\$	1,620,689	\$	1,823,694	\$	203,005
<b>EXPENDITURES</b>							
Total Expenditures	\$ 	\$	<u>-</u>	\$	-	\$	-
EXCESS OF REVENUES OVER							
(UNDER) EXPENDITURES	\$ 1,620,689	\$	1,620,689	\$	1,823,694	\$	203,005
OTHER FINANCING SOURCES (USES)							
Transfers In	\$ 1,859,105	\$	1,859,105	\$	2,298,102	\$	438,997
Transfers Out	(5,414,361)		(5,414,361)		(5,414,361)		-
Total Other Financing Sources (Uses)	\$ (3,555,256)	\$	(3,555,256)	\$	(3,116,259)	\$	438,997
EXCESS OF REVENUES AND							
OTHER FINANCING SOURCES							
OVER (UNDER) EXPENDITURES							
AND OTHER FINANCING USES	\$ (1,934,567)	\$	(1,934,567)	\$	(1,292,565)	\$	642,002
FUND BALANCE - JULY 1	 2,566,088		2,566,088		2,566,088		-
FUND BALANCE - JUNE 30	\$ 631,521	\$	631,521	\$	1,273,523	\$	642,002

## 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, 2012

	Budget Amounts					Variance nal Budget Positive	
		Original	Final	Act	tual Amounts	(	Negative)
REVENUES							
From Use of Money and Property	\$	48,442	\$ 48,442	\$	41,722	\$	(6,720)
Other Local Taxes		9,690,828	9,690,828		9,752,362		61,534
Charges for Services		100,950	100,950		75,683		(25,267)
Miscellaneous		40,000	 40,000		31,068		(8,932)
Total Revenues	\$	9,880,220	\$ 9,880,220	\$	9,900,835	\$	20,615
EXPENDITURES							
Visitor Information Center	\$	1,155,721	\$ 1,171,738	\$	893,474	\$	278,264
Tourism and Convention Advertising		8,667,661	9,206,193		8,182,833		1,023,360
Total Expenditures	\$	9,823,382	\$ 10,377,931	\$	9,076,307	\$	1,301,624
EXCESS OF REVENUES OVER							
(UNDER) EXPENDITURES	\$	56,838	\$ (497,711)	\$	824,528	\$	1,322,239
OTHER FINANCING SOURCES (USES)							
Transfers Out	\$	(56,838)	\$ (59,047)	\$	(59,047)	\$	-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES			·				
AND OTHER FINANCING USES	\$	-	\$ (556,758)	\$	765,481	\$	1,322,239
FUND BALANCE - JULY 1		776,280	 776,280		776,280		-
FUND BALANCE - JUNE 30	\$	776,280	\$ 219,522	\$	1,541,761	\$	1,322,239

## 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, 2012

	Budget	Amou	nts			Variance Final Budget Positive	
	 Original		Final	Ac	tual Amounts	(	(Negative)
REVENUES							
General Property Taxes	\$ 4,459,324	\$	4,459,324	\$	4,473,455	\$	14,131
From Use of Money and Property	 		_		24,417		24,417
Total Revenues	\$ 4,459,324	\$	4,459,324	\$	4,497,872	\$	38,548
EXPENDITURES							
Agriculture Reserve Program	\$ 3,454,456	\$	3,456,128	\$	2,292,961	\$	1,163,167
EXCESS OF REVENUES OVER							
(UNDER) EXPENDITURES	\$ 1,004,868	\$	1,003,196	\$	2,204,911	\$	1,201,715
OTHER FINANCING SOURCES (USES)							
Transfers In	\$ -	\$	1,672	\$	1,672	\$	-
Transfers Out	 (2,600,000)		(2,600,000)		(2,778,353)		(178,353)
Total Other Financing Sources (Uses)	\$ (2,600,000)	\$	(2,598,328)	\$	(2,776,681)	\$	(178,353)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES							
OVER (UNDER) EXPENDITURES							
AND OTHER FINANCING USES	\$ (1,595,132)	\$	(1,595,132)	\$	(571,770)	\$	1,023,362
FUND BALANCE - JULY 1	 9,679,740		9,679,740		9,679,740		
FUND BALANCE - JUNE 30	\$ 8,084,608	\$	8,084,608	\$	9,107,970	\$	1,023,362

## 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, 2012

	Budget	Amount	ts			Fi	Variance nal Budget Positive
	 )riginal		Final	Act	ual Amounts	(	Negative)
REVENUES							
From Federal Government	\$ -	\$	660,000	\$	317,942	\$	(342,058)
<u>EXPENDITURES</u>							
FEMA Operations	\$ <u>-</u>	\$	660,000	\$	468,845	\$	191,155
EXCESS OF REVENUES OVER							
(UNDER) EXPENDITURES	\$ 	\$	-	\$	(150,903)	\$	(150,903)
OTHER FINANCING SOURCES (USES)							
Transfers In	\$ -	\$	294,138	\$	294,138	\$	-
Transfers Out	 -		-		(33,178)		(33,178)
Total Other Financing Sources (Uses)	\$ 	\$	294,138	\$	260,960	\$	(33,178)
EXCESS OF REVENUES AND							
OTHER FINANCING SOURCES							
OVER (UNDER) EXPENDITURES							
AND OTHER FINANCING USES	\$ -	\$	294,138	\$	110,057	\$	(184,081)
FUND BALANCE - JULY 1	86,459		86,459		86,459		
FUND BALANCE - JUNE 30	\$ 86,459	\$	380,597	\$	196,516	\$	(184,081)

## 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, 2012

	Budget	Amou	nts			Fi	Variance nal Budget Positive
	Original		Final	Ac	\$ 4,444 \$ 4,251,301 \$ 2,832,049 \$ 1,419,252		Negative)
REVENUES							
Other Local Taxes	\$ 4,140,181	\$	4,140,181	\$	4,246,857	\$	106,676
From Use of Money and Property	 47,090		47,090		4,444		(42,646)
Total Revenues	\$ 4,187,271	\$	4,187,271	\$	4,251,301	\$	64,030
<u>EXPENDITURES</u>							
Open Space Program	\$ 2,935,128	\$	2,917,424	\$	2,832,049	\$	85,375
EXCESS OF REVENUES OVER							
(UNDER) EXPENDITURES	\$ 1,252,143	\$	1,269,847	\$	1,419,252	\$	149,405
OTHER FINANCING SOURCES (USES)							
Transfers In	\$ -	\$	11,073	\$	11,073	\$	-
Transfers Out	 (2,340,000)		(2,369,181)		(2,369,181)		-
Total Other Financing Sources (Uses)	\$ (2,340,000)	\$	(2,358,108)	\$	(2,358,108)	\$	-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES							
OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	\$ (1,087,857)	\$	(1,088,261)	\$	(938,856)	\$	149,405
FUND BALANCE - JULY 1	 2,543,899		2,543,899		2,543,899		
FUND BALANCE - JUNE 30	\$ 1,456,042	\$	1,455,638	\$	1,605,043	\$	149,405

## CITY OF VIRGINIA BEACH, VIRGINIA OLD DONATION CREEK AREA DREDGING SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2012

		<b>D</b> 1 4					Fin	ariance al Budget
			Amount					Positive
	Ori	ginal		Final	Actu	ial Amounts	(N	egative)
<u>REVENUES</u>								
General Property Taxes	\$		\$	51,489	\$	50,074	\$	(1,415)
<u>EXPENDITURES</u>								
Total Expenditures	\$		\$		\$		\$	
EXCESS OF REVENUES OVER								
(UNDER) EXPENDITURES	\$		\$	51,489	\$	50,074	\$	(1,415)
OTHER FINANCING SOURCES (USES)								
Transfers Out	\$		\$	(51,489)	\$	(50,074)	\$	1,415
EXCESS OF REVENUES AND								
OTHER FINANCING SOURCES								
OVER (UNDER) EXPENDITURES								
AND OTHER FINANCING USES	\$	-	\$	-	\$	-	\$	-
FUND BALANCE - JULY 1		_		_		-		_
FUND BALANCE - JUNE 30	\$		\$	-	\$		\$	-

## 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, 2012

	Actu	ial Amounts
REVENUES		
From Use of Money and Property	\$	498
Miscellaneous		42,075
Total Revenues	\$	42,573
EXPENDITURES  Total Expenditures	\$	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$	42,573
FUND BALANCE - JULY 1		152,867
FUND BALANCE - JUNE 30	\$	195,440

#### **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 30,2012

	Budget .	Amoui	nts			]	Variance Final Budget Positive	
	Original		Final		ctual Amounts	(Negative)		
REVENUES								
From Use of Money and Property	\$ <u> </u>	\$	<u> </u>	\$	7,369,928	\$	7,369,928	
<u>EXPENDITURES</u>								
Total Expenditures	\$ 	\$		\$		\$	<u> </u>	
EXCESS OF REVENUES OVER								
(UNDER) EXPENDITURES	\$ <u>-</u>	\$	<u>-</u>	\$	7,369,928	\$	7,369,928	
OTHER FINANCING SOURCES (USES)								
Transfers In	\$ -	\$	-	\$	178,353	\$	178,353	
Transfers Out	(647,466)		(647,466)		(647,466)		-	
Proceeds of Refunding Bonds	-		-		45,270,000		45,270,000	
Premium on Bonds Sold	-		-		9,801,639		9,801,639	
Payment to Refunding Bonds Escrow Agent	 				(55,071,638)		(55,071,638)	
Total Other Financing Sources (Uses)	\$ (647,466)	\$	(647,466)	\$	(469,112)	\$	178,354	
EXCESS OF REVENUES AND								
OTHER FINANCING SOURCES								
<b>OVER (UNDER) EXPENDITURES</b>								
AND OTHER FINANCING USES	\$ (647,466)	\$	(647,466)	\$	6,900,816	\$	7,548,282	
FUND BALANCE - JULY 1	 19,721,461		19,721,461		19,721,461			
FUND BALANCE - JUNE 30	\$ 19,073,995	\$	19,073,995	\$	26,622,277	\$	7,548,282	

# 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, 2012

Project			Budget	Current Year	Total	Construction	Outstanding	Available
Number	Project Name		to Date	Expenditures	Expenditures	In Progress	Encumbrances	Balance
2007	SHIPP'S CORNER RD BRIDGE REPLACEMENT	\$	2,685,378	\$ -	\$ 2,532,081	\$ -	\$ 1,298	\$ 151,999
2018	MAJOR INTERSECTION IMPROVEMENTS		3,371,856	410,039	2,429,588	2,429,588	213,268	729,001
2021	RURAL ROAD IMPROVEMENTS		6,877,080	62,618	4,698,720	4,698,720	128,196	2,050,165
2025	WITCHDUCK ROAD - PHASE II		23,500,000	340,453	1,089,033	1,089,033	994,002	21,416,964
2031	STREET RECONSTRUCTION		8,519,701	1,672,262	7,208,224	10.015.000	1,171,454	140,023
2039	COMPUTERIZED TRAFFIC SIGNAL SYS UPGRADE/REPLACI		20,342,308	1,814,783	18,915,869	18,915,869	1,140,636	285,803
2048	PRINCESS ANNE RD/KEMPSVILLE RD INTERSECTION IMPR		89,499,029	9,833,058	61,619,771	-	16,704,569	11,174,689
2052 2053	TRAFFIC SIGNAL REHABILITATION ACCESS ROAD FOR ELEMENTARY SCHOOL 2008		2,650,000 1,000,000	149,509	2,498,630 1,000,000	-	-	151,370
2071	BAKER ROAD EXTENDED		2,005,000	292,455	1,829,319	1,829,319	29,561	146,120
2071	FIRST COLONIAL RD/VB BLVD INTERSECTION IMPROVEM		7,495,000	520,786	6,758,904	1,029,319	190,000	546,096
2076	LASKIN ROAD GATEWAY		15,332,428	81,637	15,024,537		34,413	273,477
2080	INDIAN RIVER ROAD - PHASE V		4,016,503	61,037	3,975,680	_	54,415	40,823
2083	DIAMOND SPRINGS ROAD BRIDGE REPLACEMENT		4,125,000	29,632	3,912,163	3,912,163	43,596	169,241
2089	SOUTHEASTERN PARKWAY AND GREENBELT (PARTIAL)		23,549,335	3,660	23,197,258	5,712,105	86,644	265,434
2091	NIMMO PARKWAY - PHASES II AND III		60,000	-	40,697	-	-	19,303
2107	SEABOARD ROAD		2,791,000	1,058	2,474,581	2,474,581	118,555	197,863
2117	SHORE DRIVE CORRIDOR IMPRV-PHASE III		850,000	261,544	294,007	294,007	425,053	130,940
2118	SHORE DRIVE CORRIDOR IMPRV-PHASE IV		750,076	-	398,437	398,437	351,639	-
2121	NIMMO PARKWAY - PHASE V-A		45,979,887	19,414	145,620	145,620	30,842	45,803,425
2129	PAVEMENT MAINTENANCE PROGRAM-PHASE II		18,188,805	213,573	18,005,762	-	183,043	-
2137	GREAT NECK RD IV/LONDON BRIDGE RD III		5,900,996	-	5,658,579	-	· -	242,417
2143	LASKIN ROAD GATEWAY-PHASE 1-A		39,956,947	10,487,022	28,545,901	29,278,439	1,048,371	10,362,675
2145	WESLEYAN DRIVE		14,820,056	2,984,453	4,004,956	4,004,956	6,789,045	4,026,055
2149	BIRDNECK ROAD - PHASE II		9,986,710	703,713	7,331,738	7,331,738	1,259,724	1,395,248
2150	SALEM RD/PA ROAD INTERSECTION IMPROVEMENT		1,054,000	13,064	636,732	636,732	47,644	369,623
2152	ELBOW ROAD EXTENDED - PHASE II		11,186,915	93,343	4,268,578	4,268,578	395,426	6,522,911
2156	LASKIN ROAD - PHASE I (VDOT)		4,125,000	948	1,975,217	1,975,217	-	2,149,783
2157	LYNNHAVEN PARKWAY - PHASE IX		12,730,300	21,569	11,776,221	11,776,221	3,141	950,938
2158	HOLLAND ROAD - PHASE VI (PARTIAL)		1,350,200	35,558	612,323	612,323	5,159	732,718
2160	CITY WIDE STREET LGHTG IMPRVMNTS-PHASE II		240,000	58,137	233,387	-	1,490	5,123
2161	TRAFFIC SIGNAL RETIMING		3,032,091	21,397	1,756,082	1,756,082	1,276,009	-
2165	LASKIN ROAD - PHASE II		995,879	-	625,137	625,137	-	370,742
2167	LYNNHAVEN PARKWAY - PHASE XI		1,864,190	25,106	275,532	275,532	13,351	1,575,307
2168	LESNER BRIDGE REPLACEMENT		50,874,406	501,562	8,578,528	8,578,528	1,106,293	41,189,585
2176	TRANSPORTATION NETWORK ANALYSIS		1,850,000	-	944,275	944,275	122,580	783,145
2177	HSIP GRANT- HIGH ACCIDENT LOCATIONS		1,682,000	258,277	462,592	462,592	914,554	304,854
2178	HSIP GRANT- BICYCLE/PEDESTRIAN SAFETY		12,638,135	1,719,991	2,958,756	2,958,756	4,860,244	4,819,135
2186	NORFOLK SOUTHERN RIGHT-OF-WAY		450,000	2 020 100	411,385	411,385	24,280	14,335
2190 2195	CONGESTION RELIEF/SAFETY IMPRV PROGRAM		14,683,501 4,630,077	2,038,188	3,466,511	3,466,511	8,085,518	3,131,472
2193	PRINCESS ANNE RD-INTERSECTION IMPRVMNTS CONSTITUTION DRIVE EXTENDED			6,445	3,922,244 8,284,324	9 294 224	57,161 91,875	650,672 124,651
2256			8,500,849	493,731		8,284,324		
2256	INDIAN RIVER ROAD - PHASE VII LYNNHAVEN PARKWAY/VOLVO PARKWAY		6,348,000 1,003,762	61,387	4,749,625 367,035	4,749,625	139,228	1,459,147 636,727
2263	MAJOR BRIDGE REHABILITATION		9,237,538	1,490,078	8,226,190	8,226,190	175,068	836,279
2268	WETLANDS MITIGATION BANKING		165,234	1,470,076	165,057	165,057	173,008	030,279
2284	STREET ASPHALT RESURFACING		68,592,600	117,307	68,569,369	105,057	23,231	-
2285	TRAFFIC SAFETY IMPROVEMENTS - PHASE II		15,885,200	52,756	14,850,743	-	494,740	539,717
2300	TRAFFIC SAFETY IMPROVEMENTS - PHASE III		4,663,116	953,351	2,498,412	2,498,412	1,260,926	903,778
2305	PRINCESS ANNE RD - PH IV (FERRELL - PH II)		9,328,000	11,039	3,569,786	3,569,786	293,868	5,464,346
2401	GREENWICH RD/CLEVELAND ST CROSSOVER		5,825,000	77,224	1,558,212	1,558,212	607,669	3,659,119
2409	CENTERVILLE TURNPIKE INTERIM IMPROVEMNTS		4,992,903	165,288	165,288	165,288	702,163	4,125,453
2418	INDIAN RD/KEMPSVILLE RD IMPROVMENT		12,006	12,006	12,006	12,006	-	
2420	PROGRES LANE EXTENSION		836,000	24,036	24,036	24,036	562,880	249,084
2502	WEST NECK ROAD (TAN)		4,091,103	6,390	1,979,606	1,979,606	2,103,908	7,589
2731	SHORE DRIVE INTERIM SAFETY IMPROVEMENTS		1,000,000	389,882	627,445	627,445	15,848	356,707
2837	VARIOUS COST PARTICIPATION PROJECTS		4,143,092		4,143,092	-	-	-
2931	WITCHDUCK ROAD - PHASE I		26,486,900	388,711	23,911,032	23,911,032	1,365,828	1,210,040
	TOTAL ENGINEERING & HIGHWAYS CAPITAL PROJECTS	\$ 6	548,751,092	\$ 38,918,440	\$ 410,194,813	\$ 171,321,358	\$ 55,694,168	\$ 182,862,111

#### CITY OF VIRGINIA BEACH, VIRGINIA BUILDINGS CAPITAL PROJECTS EXPENDITURES FOR THE YEAR ENDED JUNE 30, 2012

Project Number	Project Name	Budget to Date	rrent Year penditures	E	Total xpenditures	onstruction n Progress	utstanding cumbrances	Available Balance
3021	FIRE AN RESCUE STATION - THALIA	\$ 9,435,001	\$ 562,535	\$	2,056,044	\$ 2,056,044	\$ 5,871,401	\$ 1,507,556
3035	CIT-CRIMINAL JUSTICE AUTO-SYS ANALYSIS	300,000	49		44,343	44,343	-	255,657
3041	VMSM ELEVATED PEDESTRIAN CROSSWALK	512,179	-		397,628	397,628	117	114,434
3050	CIT-PLANNING ADDRESS PROCESS CONVERSION	74,450	-		74,450	-	-	-
3052	CIT-IT SERVICE CONTINUITY	3,201,753	498,466		2,095,250	2,095,250	102,079	1,004,424
3054	ANIMAL CONTROL & K-9 REPLACEMENTS	13,358,851	4,586,398		13,248,751	13,248,751	98,315	11,785
3061	CIT-HANSEN V.8 UPGRADE	725,000	28,755		600,987	-	97,430	26,584
3062	CIT-UASI INTEROPERABLE COMM TECH EXP	2,100,000	8,925		8,925	8,925	1,571,525	519,550
3068	CIT-IT NETWORK INFRSTR REPLCMNT-PH II	1,096,803	-				-	1,096,803
3073	COLONIAL EDUC CONS & LAND ACQUIS	1,095,100	-		739,569	739,569	-	355,531
3076	CIT-CONVERSION-VIRTUALIZATION ANALYSIS	60,000	-		31,313	-	-	28,687
3078	CIT-GIS WEB INFRASTRUCTURE UPGRADE	150,000	25.705		115,162	25.705	12.726	34,838
3087	CIT-HNP-FIELD AUTOMATION ANALYSIS	136,000	35,705		35,705	35,705	12,726	87,569
3090 3091	CIT-P&R-CLASS/INSITE INTERFACE CIT-PLANNING-ADDRSSING SYS INTEGRATION	69,760 220,000	44,673		83,456	83,456	37,432	69,760 99,113
3091	CIT-PLANNING-ADDRSSING SYS INTEGRATION CIT-PLANNING-BUS SYS INTEGRATION IMPLEM	361,889	8,335		8,335	8,335	26,135	327,419
3095	CIT-POLICE-INTGRTD PUB SFTY RCRD MGT SYS	2,734,786	333		333	333	20,133	2,734,453
3097	CIT-AQUAR TICKETING & FINANCIAL SYSTEM	390,000	89,802		115,393	115,393	73,472	201,135
3102	ALARM SYSTEM MONITORING/MOSCAD	1,663,000	210,436		210,436	210,436	374,540	1,078,023
3102	HERITAGE BUILDING - MAINTENANCE PROGRAM	300,000	59,327		227,520	210,150	20,925	51,555
3109	LIBRARY AUTOMATION SYSTEM REPLACEMENT	1,318,228	15,204		1,278,413	1,278,413	-	39,815
3119	CIT-CABLE ACCESS INFRASTRUCTURE REPLACE	1,865,261	60,536		738,813	738,813	45,829	1,080,620
3124	COPS INTEROPERABLE COMM TECH GRNT - PH II	8,139,100	1,225,307		8,139,096	8,139,096	-	4
3125	LARGE VEHICLE REPAIR SHOP	1,799,970	1,399,713		1,494,975	1,494,975	259,383	45,613
3133	FIRE TRAINING CTR IMPROVE-PHASE III	2,762,074	-		-	-	-	2,762,074
3136	VAR BLDGS HVAC REHAB & RENEWAL PH III	1,133,343	90,430		90,430	-	14,311	1,028,602
3137	VARIOUS BLDGS REHAB & RENEWAL PH III	1,455,053	208,323		208,323	208,323	47,512	1,199,218
3138	UASI INTEROPERABLE COMMUNICATIONS TECHN	3,543,780	-		3,538,532	-	-	5,248
3139	VARIOUS SITE ACQUISITIONS PHASE II	2,468,321	1,496,228		-	1,496,228	-	2,468,321
3140	ENERGY PERFORMANCE CONTRACTS (CITY)	4,583,915	193,939		1,736,286	-	282,040	2,565,589
3142	CIT-COMMUNICATIONS INFRA REPLACE-PHII	6,791,376	1,166		76,890	76,890	399	6,714,087
3143	UASI INTEROPERABLE COMM TECH GRANT PH II	4,000,000	1,275,894		1,531,888	1,531,888	6,120	2,461,992
3146	VA AQUARIUM BLDG SYS REHAB & RENEW-PH I	3,673,016	462,831		462,831	462,831	58,703	3,151,481
3147	HISTORIC PROP ACQUISITION REVOLVING FUND	200,000	-		-	-	-	200,000
3150	VB FIELD HOUSE EMERGENCY SHELTER	425,000	-		413,664	-	-	11,336
3151	COPS LAW ENFORCE TECH GRANT 09	800,000	101,162		130,487	130,487	403,293	266,220
3175	VIRGINIA BEACH LIFELONG LEARNING CENTER	6,567,865	686,982		5,932,213	5,932,213	414,704	220,948
3200	REV ASSESSMENT & COLLECTION SYS	11,924,799	571		9,506,605	-	607,527	1,810,667
3201	COMMONWEALTH'S ATTY BUILD-OUT OF JUD CTR	441,898	-		-	-	-	441,898
3207	CIT-PH 2 PERMITS/INSPECT INTRACTV INTRNT	1,927,984	375,812		1,849,737	1,849,737	-	78,247
3212	CIT - IT NETWORK INFRASTRUCTURE REPLACE	2,656,000	81,462		2,356,493	2,356,493	21.024	299,507
3217	CIT - MH CLIENT INFORMATION SYSTEM	2,900,000	112,776		2,240,621	2,240,621	21,924	637,455
3244 3248	FIRE/RESCUE STATION-CHESAPEAKE BEACH FIRE/RESCUE STATION-BLACKWATER	5,664,885 306,091	275,304 26,272		1,655,285	1,655,285 32,563	3,423,084 53,846	586,516 219,682
3248	TIDEWATER COMMUNITY COLLEGE EXPANSION	20,209,840	2,570,269		32,563 19,286,936	19,286,936	12,073	910,831
3278	VA AQUARIUM RENEWAL & REPLACEMENT-PH II	825,000	176,612		364,475	19,280,930	12,075	460,525
3281	CIT-COMMUNICATION INFRASTRUCTURE REPLACE	24,125,000	1,304,342		23,309,318	23,309,318	117,503	698,180
3282	MUNICIPAL BUILDING SECURITY ENHANCEMENTS	950,000	62,964		859,432	859,432	8,992	81,576
3283	PAVILION THEATER REPLACEMENT	47,000,000	-		46,946,088	-		53,912
3292	VA AQUARIUM ANIMAL CARE ANNEX	1,790,566	10,507		1,616,617	1,616,617	128,500	45,449
3300	FERRY PLANTATION HOUSE	144,362	12,357		142,486	-	1,876	-
3301	FERRY PLANTATION HOUSE - PHASE II	106,577	· -		-	-	· -	106,577
3317	POLICE SPEC OPS/FORENSICS/EVID COMPLEX	7,802,295	261,366		277,222	277,222	7,021,307	503,766
3322	VMSM ORIGINAL EXHIBIT GALLERY RENOVATION	11,915,188	12,816		11,855,052	12,816	-	60,136
3340	CIT - TELECOMMUNICATIONS REPLACEMENT	2,862,166	372,126		2,008,311	2,008,311	88,879	764,976
3344	POLICE FOURTH PRECINCT-REPLACEMENT	434,504	-		-	-	-	434,504
3359	BLDG MODERN, RENEWALS AND REPLACEMENTS	1,023,000	10,656		817,617	817,617	13,683	191,700
3365	FIRE FACILITY REHAB AND RENEWAL PH II	3,629,382	315,417		3,206,286	3,206,286	362,545	60,551
3366	VAR BLDGS HVAC REHAB AND RENEWAL PH II	6,866,474	1,036,510		6,854,189	-	12,285	-
3367	VAR BLDGS REHAB AND RENEWAL PH II	14,755,685	1,301,282		10,532,926	10,532,926	1,285,581	2,937,178
3368	VARIOUS SITE ACQUISITIONS	26,758,577	561,706		25,318,840	-	109,694	1,330,043
3371	FIRE APPARATUS-PHASE II	8,753,353	1,784,473		8,585,419	-	121,020	46,914
		4,241,000	1,796,710		57,064			4,183,936

(continued)

#### CITY OF VIRGINIA BEACH, VIRGINIA BUILDINGS CAPITAL PROJECTS EXPENDITURES FOR THE YEAR ENDED JUNE 30, 2012

Project		Budge	t '	Current Year	Total	C	onstruction	Outstanding	Available
Number	Project Name	to Date	•	Expenditures	Expenditures	I	n Progress	Encumbrances	Balance
3505	BLDG MODERNIZATION/RENEWAL/REPLACE-PH II	\$ 100	,000	\$ 8,788	\$ 8,78	8 \$	8,788	\$ -	\$ 91,212
3506	FIRE FACILITY REHAB & RENEWAL PH III	521	,578	29,504	29,50	4	29,504	51,365	440,709
3507	JUDICIAL CNTR WATER INTRUSION ABATEMENT	3,900	,000	207,851	207,85	1	207,851	143,936	3,548,213
3508	ARC FLASH MITIGATION	1,300	,000	10,088	10,08	8	10,088	658,235	631,678
3510	INTRMEDIATE CARE FACILITIES REN/REP PH I	270	,593	67,276	67,27	6	67,276	-	203,317
3602	CIT-ORACLE APPLICATIONS RELEASE 12 UPG	2,480	,355	1,026,863	1,120,45	7	1,120,457	775,275	584,623
3607	CIT-DATA STORAGE/MGMT EVIDENTIARY FILES	1,318	,060	9,538	9,53	8	9,538	15,300	1,293,223
3613	CIT-ANALYSIS-RETIREMENT MAINFRAME APPS	128	,226	59,623	96,15	9	-	13,157	18,910
3615	CIT-BUS REV/PERS PROP RACS IMPLEMENTATION	952	,000	6,573	67,73	6	67,736	33,059	851,205
3618	CIT- DISASTER RECOVERY PHASE II	500	,000	95,801	95,80	1	-	77,403	326,797
3619	CIT-ALI DATABASE MGMT/SELECTIVE ROUTING	362	,700	13,974	13,97	4	13,974	18,906	329,820
3620	VBALERT REPLACEMENT	435	,859	133,642	133,64	2	133,642	233,605	68,612
3622	CIT-LIBRARY AUTOMATED MATERIAL HANDLING	1,835	,708	2,150	2,15	0	2,150	17,019	1,816,539
3623	CIT- EGIS MASTER ADDRESS REPOSITORY	329	,408	-		-	-	-	329,408
3631	CIT-SOC SRVCS INTERFACE SYS REPLACEMENT	538	,756	18,893	18,89	3	18,893	337,110	182,753
	TOTAL BUILDINGS CAPITAL PROJECTS	\$ 314,498	,743	\$ 27,504,328	\$ 227,427,88	0 \$	114,093,466	\$ 25,583,080	\$ 61,487,789

### CITY OF VIRGINIA BEACH, VIRGINIA PARKS AND RECREATION CAPITAL PROJECTS EXPENDITURES FOR THE YEAR ENDED JUNE 30, 2012

Project		Budget	Current Year		Total	Construction	Outstanding	Available
Number	Project Name	to Date	Expenditures	E	xpenditures	In Progress	Encumbrances	Balance
4010	EXISTING TRAILS REPAIRS	\$ 1,500,000	\$ -	\$	1,499,007	\$ -	\$ -	\$ 993
4016	DST/COMM PRKS/SPEC USE FAC DEV/REN-PH II	4,719,291	933,325		4,199,157	-	507,477	12,656
4018	GREENWAYS AND SCENIC WATERWAYS-PHASE II	731,419	77,934		443,040	443,040	79,816	208,563
4020	SHORE DRIVE CORRIDOR TRAILS	534,302	-		534,302	-	-	
4023	NEIGHBORHOOD PARKS ACQUISITION/DEV-PH II	747,546	97,401		717,422	717,422	30,000	124
4024	PARK PLAYGROUND REOVATIONS	4,701,000	402,704		4,651,518	-	30,944	18,538
4053	FIELD HOCKEY NATL TRNG CTR REPAIRS/RENOV	952,664	-		-	-	-	952,664
4055	OPEN SPACE PARK DEVELOPMENT & MAINT	6,990,000	683,441		4,453,365	4,453,365	150,614	2,386,021
4063	ATHLETIC FIELDS UPGRADE & LIGHTING PH II	961,715	223,843		952,929	952,929	1,460	7,326
4071	WILLIAMS FARM COMMUNITY REC CTR DESIGN	24,650,058	14,722,337		16,213,267	16,213,267	4,709,088	3,727,703
4072	BAYSIDE COMMUNITY CENTER	1,100,000	40,313		996,613	996,613	54,140	49,247
4074	CITY BIKEWAYS & TRAILS IMPROVEMENTS PH I	1,556,650	116,208		708,265	708,265	98,624	749,761
4075	PEDESTRIAN SYSTEM IMPROVEMENTS-PHASE 1	1,250,000	5,008		840,063	840,063	9,557	400,379
4080	SPORTSPLEX/NATL TRNG CTR REN & REPLACE	1,251,678	963,863		1,030,962	1,030,962	65,477	155,238
4300	COM REC CTRS REPAIRS & RENOV-PHIII	920,925	129,569		129,569	129,569	173,007	618,349
4301	PRKS/SPEC USE FACILIT DEV/RENOV-PHIII	1,246,331	415,420		415,420	415,420	305,150	525,762
4302	GOLF COURSES CONT'TUAL OBLIGATIONS-MAINT	120,000	50,691		50,691	50,691	1,750	67,559
4304	REC OFFICE & STORAGE/SCHOOL SITES-PHIII	92,507	-		-	-	-	92,507
4305	TENNIS COURT RENOVATIONS - PHASE III	150,000	115,678		115,678	115,678	-	34,322
4306	OPEN SPACE PARK DEVELOPMENT/MAINT-PHII	1,500,000	8,254		8,254	8,254	95,517	1,396,229
4307	ATHLETIC FIELDS LIGHTING/RENOV-PH III	237,127	212,293		212,293	212,293	-	24,834
4309	MT TRASHMORE DISTRICT PARK RENOV-PH II	1,000,000	44,864		776,925	776,925	-	223,075
4500	PARK PLAYGROUND RENOVATIONS-PHASE III	300,000	75,997		75,997	75,997	224,000	3
4502	LYNNHAVEN BOAT RAMP/BEACH FAC REP/RENOV	302,832	16,883		16,883	16,883	-	285,949
4503	P&R ADMINISTRATION OFFICES RELOCATION	337,500	87,173		173,574	173,574	500	163,426
4505	MODERNIZATION-BOW CREEK RECREATION CNTR	5,774,127	934,780		934,780	934,780	1,267,410	3,571,937
4506	PARKS INFRASTRUCTURE RENEWAL/REPLACMENT	1,650,000	391,757		643,987	643,987	75,003	931,010
4507	PRKS FACILITIES LIFE CYCLE MAINT-ONGOING	250,000	6,353		6,353	6,353	3,828	239,818
4518	PLEASURE HOUSE POINT ACQUISITION	5,500,000	-		-	-	-	5,500,000
4520	GROMMET ISLAND PARK REPAIRS & RENOV-PHI	144,000	-		-	-	-	144,000
	TOTAL PARKS & RECREATION CAPITAL PROJECTS	\$ 71,171,672	\$ 20,756,089	\$	40,800,314	\$ 29,916,330	\$ 7,883,362	\$ 22,487,993

#### CITY OF VIRGINIA BEACH, VIRGINIA COASTAL CAPITAL PROJECTS EXPENDITURES FOR THE YEAR ENDED JUNE 30, 2012

Project		Budget	C	urrent Year		Total	C	onstruction	0	utstanding	Available
Number	Project Name	to Date	E	xpenditures	Expenditures		In Progress		Encumbrances		Balance
8002	BEACH PROFILE MONITORING PROGRAM	\$ 425,487	\$	18,000	\$	238,661	\$	-	\$	24,960	\$ 161,866
8003	LANDFILL #2 PHASE I CLOSURE	6,194,536		-		-		-		-	6,194,536
8004	VARIOUS MINOR DREDGING PROJECTS	1,634,595		158,372		1,036,631		-		168,757	429,207
8005	W BRANCH LYNNHAVEN RIVER MAINT DREDGING	5,425,726		156,300		950,739		-		1,260,674	3,214,313
8007	RUDEE INLET OUTER CHANNEL MAINT DREDGE	2,415,995		- 1,685,99		1,685,995		-		-	730,000
8008	BEACH REPLENISHMENT	12,332,741		4,994,376		10,480,469		-		18,787	1,833,485
8014	LYNNHAVEN INLET MAINTENANCE DREDGING	2,324,913		(100,507)		2,086,348		-		4,000	234,565
8023	SANDBRIDGE BEACH ACCESS IMPRV/SAND MGMT	1,275,000		308,219		914,511		-		58,490	301,999
8282	SANDBRIDGE EMERGENCY BEACH RESTORATION	49,453,747		18,777,174		40,218,289		-		75,604	9,159,854
8500	OLD DONATION CREEK AREA DREDGING	359,496		44,155		44,155		-		18,924	296,417
8501	BAYVILLE CREEK NEIGHBOTHOOD DREDGING	324,984		22,492		22,492		-		-	302,492
8830	RUDEE INLET DREDGING	7,749,142		47,541		6,593,808		-		63,666	1,091,669
8933	LANDFILL #2 - EXPANSION	23,948,402		849,272		23,086,409		-		757,918	104,074
	TOTAL COASTAL CAPITAL PROJECTS	\$ 113,864,764	\$	25,275,394	\$	87,358,507	\$		\$	2,451,780	\$ 24,054,477

#### CITY OF VIRGINIA BEACH, VIRGINIA ECONOMIC AND TOURISM CAPITAL PROJECTS EXPENDITURES FOR THE YEAR ENDED JUNE 30, 2012

Project		Budget	Current Year	Total	Construction	Outstanding	Available
Number	Project Name	to Date	Expenditures	Expenditures	In Progress	Encumbrances	Balance
9018	CONVENTION CENTER REPLACEMENT	\$ 206,844,513	\$ 120,802	\$ 205,724,414	\$ -	\$ 1,120,099	\$ -
9058	RUDEE WALK (PARTIAL) - PHASE I	777,551	122,291	326,349	326,349	63,342	387,861
9060	OCEANA/INTERFAC TRAF AREA CONFORM & ACQ	97,867,817	25,837,402	94,892,113	-	1,658,655	1,317,049
9069	19TH STREET CORRIDOR IMPROVEMENTS	12,600,000	1,339,210	6,959,953	6,959,953	638,927	5,001,120
9076	ECONOMIC DEVELOPMENT INITIATIVES	100,000	-	53,800	-	-	46,200
9081	STATEGIC GROWTH AREA PROGRAM	11,999,686	752,439	3,057,560	3,057,560	6,751,498	2,190,628
9082	OCEANFRONT GARAGES CAPITAL MAINTENANCE	2,631,671	228,104	912,885	-	17,767	1,701,019
9083	TOWN CENTER GARAGE & PLAZA CAPITAL MAINT	1,401,674	202,880	202,880	-	834,629	364,165
9085	SGA-BURTON STATION RD IMPROVEMNTS-PH II	650,000	58,324	58,324	58,324	174,395	417,281
9091	SGA-BURTON STATION RD IMPROVEMNTS-PH III	1,750,000	130,292	130,292	130,292	702,116	917,593
9141	ECONOMIC DEVELOPMENT INVESTMENT PROGRAM	39,687,344	2,382,102	32,359,384	-	7,326,911	1,049
9199	CONFERENCE/CONVENTION FACILITY RENOVATION	2,550,000	-	2,420,194	-	-	129,806
9276	CAPE HENRY LIGHTHOUSE RESTORATION-PHII	402,476	-	-	-	-	402,476
9302	RUDEE LOOP DEVELOPMENT - PHASE I (PARTIAL)	14,172,917	(2,951)	14,172,917	-	-	-
9336	SPOT BLIGHT ABATEMENT PROGRAM	312,778	-	218,477	-	-	94,301
9500	VB AMPHITHEATER CAPITAL MAINTENANCE	300,000	100,000	100,000	-	-	200,000
	TOTAL ECONOMIC & TOURISM CAPITAL PROJECTS	\$ 394,048,427	\$ 31,270,895	\$ 361,589,542	\$ 10,532,478	\$ 19,288,339	\$ 13,170,548

### CITY OF VIRGINIA BEACH, VIRGINIA SUMMARY OF GENERAL GOVERNMENT CAPITAL PROJECTS REVENUES FOR THE YEAR ENDED JUNE 30, 2012

	Budget			Actual Revenues						
		Revenues		Prior Years		Current Year	Total			
FEDERAL FUNDING	\$	126,831,446	\$	91,400,471	\$	16,486,090	\$	107,886,561		
STATE FUNDING		166,041,922		76,093,718		17,872,032		93,965,750		
LOCAL FUNDING		1,294,230,574		1,078,263,154		151,430,301		1,229,693,455		
TOTAL GENERAL GOVERNMENT CAPITAL PROJECTS REVENUES	\$	1,587,103,942	\$	1,245,757,343	\$	185,788,423	\$	1,431,545,766		

### CITY OF VIRGINIA BEACH, VIRGINIA SUMMARY OF GENERAL GOVERNMENT CAPITAL PROJECTS EXPENDITURES FOR THE YEAR ENDED JUNE 30, 2012

Project Name	Budget to Date	Current Year Expenditures	Total Expenditures	Construction In Progress	Outstanding Encumbrances	Available Balance
ENGINEERING AND HIGHWAYS	\$ 648,751,09	•	•			
ENGINEERING AND HIGHWAYS	\$ 048,731,09	2 \$ 38,918,44	0 \$ 410,194,813	\$ 171,321,358	\$ 55,694,168	\$ 182,862,111
BUILDINGS	314,498,74	3 27,504,32	8 227,427,880	114,093,466	25,583,080	61,487,789
PARKS AND RECREATION	71,171,67	2 20,756,08	9 40,800,314	29,916,330	7,883,362	22,487,993
COASTAL	113,864,76	4 25,275,39	4 87,358,507	-	2,451,780	24,054,477
ECONOMIC AND TOURISM	394,048,42	7 31,270,89	5 361,589,542	10,532,478	19,288,339	13,170,548
GENERAL GOVERNMENT EXPENDITURES	\$ 1,542,334,69	8 143,725,14	\$ 1,127,371,056	\$ 325,863,632	\$ 110,900,729	\$ 304,062,918
CLOSED CAPITAL PROJECTS EXPENDITURES		3,248,88	3_			
TOTAL GENERAL GOVERNMENT EXPENDITURES		146,974,02	9			
TRANSFER TO SCHOOL BOARD		30,984,34	4_			
TOTAL CURRENT YEAR CAPITAL PROJECTS EXPEN	DITURES	177,958,37	3			
BOND SALE UNDERWRITER'S DISCOUNT		748,72	0			
TOTAL CURRENT YEAR CAPITAL PROJECTS						
EXPENDITURES AND OTHER FINANCING US	SES	\$ 178,707,09	3			



This Page Intentionally Left Blank

# 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 ASSETS JUNE 30, 2012

<u>ASSETS</u>	
Current Assets:	
Cash and Investments	\$ 78,482,046
Accounts Receivable - Net of Estimated Uncollectibles	16,759,096
Intergovernmental Receivables	86,595
Inventory	 2,263,804
Total Current Assets	\$ 97,591,541
Non-current Assets:	
Cash and Investments - Restricted	\$ 50,149,987
Deferred Charges	3,612,185
Capital Assets:	
Land	12,559,576
Buildings	3,590,809
Utility System	863,063,821
Office Furniture and Fixtures	1,469,539
Machinery and Equipment	19,691,941
Construction in Progress	99,807,778
Less: Accumulated Depreciation	(371,003,231)
Total Capital Assets	\$ 629,180,233
Total Non-current Assets	\$ 682,942,405
Total Assets	\$ 780,533,946
LIABILITIES	
Current Liabilities:	
Vouchers and Accounts Payable	\$ 3,749,272
Deposits Payable	114,638
Accrued Interest Payable	2,356,589
Construction Contracts Payable	4,041,320
Deferred Revenue	190,805
Current Portion of Long-term Liabilities	9,074,836
Total Current Liabilities	\$ 19,527,460
Long-Term Liabilities (less current portion):	
Double Barrel and Revenue Bonds and Notes	\$ 164,959,823
Premium on Refunding Bonds	3,842,133
Accrued Compensated Leave	 1,075,186
Total Long-Term Liabilities (less current portion)	\$ 169,877,142
Total Liabilities	\$ 189,404,602
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	\$ 481,152,238
Restricted for Debt Service	18,613,642
Restricted for Operations	 91,363,464
Total Net Assets	\$ 591,129,344

## CITY OF VIRGINIA BEACH, VIRGINIA WATER AND SEWER ENTERPRISE FUND STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS FOR THE YEAR ENDED JUNE 30, 2012

OPERATING REVENUES		
Service Charges	\$	56,041,422
Sale of Water	4	47,588,651
Tap Fees		284,839
Fire Hydrant Rental		7,440
Navy Wheelage Charges		160,667
Miscellaneous		431,054
Total Operating Revenues	\$	104,514,073
OPERATING EXPENSES		
Cost of Goods Sold - Water Purchases	\$	25,353,234
Personal Services		20,739,651
Fringe Benefits		6,671,091
Contractual Services		4,615,434
Internal Services		2,610,381
Other Charges		16,164,031
Depreciation		20,383,529
Total Operating Expenses	\$	96,537,351
OPERATING INCOME (LOSS)	\$	7,976,722
NONOPERATING REVENUES (EXPENSES)		
Interest Income	\$	523,816
Gain (Loss) From Sale of Assets		191,513
From Federal Government		1,017,733
Interest on Double Barrel/Revenue Bonds and Notes		(5,366,715)
City of Norfolk Water Servicing True Up		(165,780)
Total Nonoperating Revenues (Expenses)	\$	(3,799,433)
INCOME (LOSS) BEFORE CONTRIBUTIONS		
AND TRANSFERS	\$	4,177,289
Capital Contributions - Tap Fees and Other		5,272,115
Transfers In		264,233
CHANGE IN NET ASSETS	\$	9,713,637
TOTAL NET ASSETS - BEGINNING		581,415,707
TOTAL NET ASSETS - ENDING	\$	591,129,344

#### CITY OF VIRGINIA BEACH, VIRGINIA WATER AND SEWER ENTERPRISE FUND STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2012

CACH ELOWG EDOM OBED ATING A CENUTIES		
CASH FLOWS FROM OPERATING ACTIVITIES:  Requires from Customers and Hears	¢	103,741,357
Receipts from Customers and Users Receipts from (Payments for) Interfund Services Provided	\$	(4,907)
Other Operating Cash Receipts		431,054
Cash Payments To Suppliers of Goods and Services		(51,818,956)
Cash Payments To Employees for Services		(27,274,450)
Net Cash Provided By Operating Activities	\$	25,074,098
Net Cash Hovided By Operating Activities	<u> </u>	23,074,096
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Receipts from Other Funds	\$	264,233
City of Norfolk Water Services True Up	_	(165,780)
Net Cash Provided (Used) By Noncapital Financing Activities	\$	98,453
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Interest Paid on Long-term Debt	\$	(7,977,953)
Acquisition and Construction of Capital Assets		(32,309,424)
Proceeds from Sale of Salvage		191,513
Receipts of Connection Fees		4,476,986
Federal Government Bond Subsidy		1,017,733
Principal Paid on Long-term Debt		(7,022,735)
Net Cash Provided (Used) By Capital and Related Financing Activities	\$	(41,623,880)
The Cash Frontied (Osea) By Capital and related I manoing Features	Ψ	(11,023,000)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest and Dividends Received	\$	523,816
Net Increase (Decrease) in Cash and Temporary Investments		(15,927,513)
Cash and Temporary Investments, July 1		144,559,546
Cash and Temporary Investments, June 30	\$	128,632,033
RECONCILIATION OF OPERATING INCOME (LOSS)		
TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating Income (Loss)	\$	7,976,722
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By Operating Activities:	Ψ	7,570,722
Depreciation		20,383,529
(Increase)/Decrease in Accounts Receivable		(341,662)
(Increase)/Decrease in Intergovernmental Receivables		(4,907)
(Increase)/Decrease in Inventory		27,500
Increase/(Decrease) in Vouchers and Accounts Payable		(3,152,108)
Increase/(Decrease) in Deposits Payable		11,802
Increase/(Decrease) in Deferred Revenue		36,930
Increase/(Decrease) in Accrued Compensated Leave		136,292
Total Adjustments	¢	
Net Cash Provided By Operating Activities	<u>\$</u> \$	17,097,376 25,074,098
The Cash Horided by Operating Activities	<u>Ф</u>	23,077,070
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:		
Capital Contributions of Fixed Assets	\$	795,129

## CITY OF VIRGINIA BEACH, VIRGINIA WATER AND SEWER ENTERPRISE FUND SCHEDULE OF CHANGES IN RESTRICTED ASSETS FOR THE YEAR ENDED JUNE 30, 2012

CASH - DESIGNATED FOR CONSTRUCTION	<b>4.7.000.000</b>
Balance - July 1	\$ 47,233,223
Receipts:	
Water and Sewer Enterprise	13,000,000
Transfer from WRRF	3,265,342
Total Receipts	16,265,342
Disbursements:	
Water and Sewer Construction Expenditures	31,780,032
Accrued Expenditures Not Paid in Current Year	3,394,944
Total Disbursements	35,174,976
Balance - June 30 Designated for Construction	\$ 28,323,589
CASH - WATER RESOURCE RECOVERY FEES	
Balance - July 1	\$ -
Receipts:	
Fees	3,265,342
Disbursements:	
Construction Expenditures	3,265,342
Balance - June 30 Water Resource Recovery Fees	\$ -
CASH - WATER AND SEWER DEBT SERVICE	
Balance - July 1	\$ 13,968,984
Net Disbursements and Receipts	(36,487)
Balance - June 30 Water and Sewer Debt Service	\$ 13,932,497
CASH - WITH FISCAL AGENT	
Balance - July 1	\$ 6,548,084
Net Disbursements and Receipts	1,345,817
Balance - June 30 Cash With Fiscal Agent	\$ 7,893,901
	<del>* 1,023,701</del>
TOTAL RESTRICTED CASH	\$ 50,149,987

### CITY OF VIRGINIA BEACH, VIRGINIA WATER AND SEWER ENTERPRISE FUND SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2012

	Budget	Actual	Variance Positive (Negative)	
<b>Director of Public Utilities</b>				
Personal Services	\$ 265,219	\$ 264,426	\$	793
Fringe Benefits	87,165	86,587		578
Contractual Services	4,100	1,209		2,891
Internal Services	6,670	5,739		931
Other Charges	 38,690	 32,656		6,034
Total Director of Public Utilities	\$ 401,844	\$ 390,617	\$	11,227
Engineering Staff				
Personal Services	\$ 5,546,234	\$ 5,194,491	\$	351,743
Fringe Benefits	1,708,333	1,589,707		118,626
Contractual Services	394,752	97,128		297,624
Internal Services	191,794	178,726		13,068
Other Charges	230,248	156,535		73,713
Total Engineering Staff	\$ 8,071,361	\$ 7,216,587	\$	854,774
<b>Operations and Maintenance Administration</b>				
Personal Services	\$ 1,208,797	\$ 1,192,323	\$	16,474
Fringe Benefits	402,224	391,372		10,852
Contractual Services	1,437,425	1,195,584		241,841
Internal Services	105,981	126,913		(20,932)
Other Charges	398,595	440,108		(41,513)
Total Operations and Maintenance Administration	\$ 3,553,022	\$ 3,346,300	\$	206,722
Water Distribution				
Personal Services	\$ 2,225,310	\$ 2,224,896	\$	414
Fringe Benefits	709,253	695,753		13,500
Contractual Services	25,563	23,469		2,094
Internal Services	366,643	410,473		(43,830)
Other Charges	349,028	437,419		(88,391)
Total Water Distribution	\$ 3,675,797	\$ 3,792,010	\$	(116,213)
Lake Gaston Facilities				
Contractual Services	\$ 1,709,654	\$ 1,244,397	\$	465,257
Internal Services	18,675	12,911		5,764
Other Charges	1,455,834	777,064		678,770
Total Lake Gaston Facilities	\$ 3,184,163	\$ 2,034,372	\$	1,149,791
Water Pump Stations				
Personal Services	\$ 1,379,422	\$ 1,282,491	\$	96,931
Fringe Benefits	447,641	408,213		39,428
Contractual Services	328,975	146,171		182,804
Internal Services	145,026	156,564		(11,538)
Other Charges	524,663	461,755		62,908
Total Water Pump Stations	\$ 2,825,727	\$ 2,455,194	\$	370,533
Sewer Collection Systems				
Personal Services	\$ 3,275,639	\$ 3,484,682	\$	(209,043)
Fringe Benefits	1,006,069	971,493		34,576
Contractual Services	91,023	97,212		(6,189)
Internal Services	772,805	950,547		(177,742)
Other Charges	734,094	700,814		33,280
Total Sewer Collection Systems	\$ 5,879,630	\$ 6,204,748	\$	(325,118)

### CITY OF VIRGINIA BEACH, VIRGINIA WATER AND SEWER ENTERPRISE FUND SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2012

	Budget	Actual	Variance Positive (Negative)		
Sewer Pump Stations	 Duuget	7100001	 r (egative)		
Personal Services	\$ 2,916,714	\$ 2,772,090	\$ 144,624		
Fringe Benefits	1,021,295	939,416	81,879		
Contractual Services	228,443	206,509	21,934		
Internal Services	302,926	343,384	(40,458)		
Other Charges	2,426,108	2,138,826	287,282		
Total Sewer Pump Stations	\$ 6,895,486	\$ 6,400,225	\$ 495,261		
Customer Services					
Personal Services	\$ 2,702,233	\$ 2,517,454	\$ 184,779		
Fringe Benefits	1,024,954	925,186	99,768		
Contractual Services	2,184,680	1,562,319	622,361		
Internal Services	405,071	280,887	124,184		
Other Charges	 943,432	 747,215	 196,217		
Total Customer Services	\$ 7,260,370	\$ 6,033,061	\$ 1,227,309		
Water Purchases	\$ 29,629,525	\$ 25,353,234	\$ 4,276,291		
Meter Operations					
Personal Services	\$ 1,839,059	\$ 1,806,798	\$ 32,261		
Fringe Benefits	688,684	663,364	25,320		
Contractual Services	39,340	41,436	(2,096)		
Internal Services	125,034	144,237	(19,203)		
Other Charges	 733,030	 756,080	 (23,050)		
Total Meter Operations	\$ 3,425,147	\$ 3,411,915	\$ 13,232		
General Fund Charges					
Office Rental	\$ 396,678	\$ 396,678	\$ -		
Landscape Services	274,404	285,195	(10,791)		
Support Personnel	534,472	533,093	1,379		
Building Maintenance	129,598	129,598	-		
Communication Technology Charges	1,930,740	1,930,740	-		
Right of Way Utility	4,000,000	4,000,000	-		
Indirect Cost Allocation	2,312,842	1,882,571	430,271		
Water Assistance	255,000	216,288	38,712		
Radio Maintenance	 141,396	 141,396	-		
Total General Fund Charges	\$ 9,975,130	\$ 9,515,559	\$ 459,571		
Total Budgeted Operating Expenses	\$ 84,777,202	\$ 76,153,822	\$ 8,623,380		

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 WATER CAPITAL PROJECTS BUDGETED AND ACTUAL REVENUES FOR THE YEAR ENDED JUNE 30, 2012

	Budget			Actual Revenues					
	Revenues			Prior Years		Current Year		Total	
DEDICATED FUNDING	\$	25,583,333	\$	25,583,333	\$	-	\$	25,583,333	
LOCAL FUNDING		177,038,384		167,552,142		9,486,242		177,038,384	
TOTAL WATER CAPITAL PROJECTS REVENUES	\$	202,621,717	\$	193,135,475	\$	9,486,242	\$	202,621,717	

### CITY OF VIRGINIA BEACH, VIRGINIA WATER AND SEWER FUND CAPITAL PROJECTS WATER CAPITAL PROJECTS EXPENDITURES FOR THE YEAR ENDED JUNE 30, 2012

•		Budget	Current Year	Total	Construction	Outstanding	Available
Number	Project Name	to Date	Expenditures	Expenditures	In Progress	Encumbrances	Balance
5006	WATER APPURTENANCES EVAL & IMP	\$ 225,000	\$ -	\$ 225,000	\$ -	\$ -	\$ -
5008	BIRDNECK ROAD - PHASE II	206,488	-	178,053	-	27,204	1,231
5011	BCH GARDEN PRK-KILBORNE CT/HOLLY RD IMP	450,000	10,993	36,476	36,476	-	413,524
5017	PUBLIC ACCESS RENOVATIONS - BLDG 2	417,500	-	317,320	317,320	18,258	81,922
5046	UTILITIES EMERG RESPONSE PRG-PHASE II	550,000	180,684	190,217	190,217	249,061	110,722
5083	STUMPY LAKE-WTR RESVR/PMP FACILITIES IMP	3,365,000	13,155	3,124,620	3,124,620	55,966	184,414
5084	SYSTEM EXPAN COST PART AGREEMENTS - PH II	156,715	94,964	111,602	111,602	45,113	_
5086	COMP WATER MASTER PLANNING-PHASE V	750,000	136,562	630,302	630,302	73,236	46,463
5088	SMALL LINE IMPROVEMENTS-PHASE V	950,000	146,101	777,412	777,412	172,588	
5089	VAR ROADWAY/STRM WTR COORDINATION - PH V	460,000	112,267	288,193	288,193	59,450	112,357
	LYNNHAVEN PARKWAY - PHASE XI	65,198	18,163	18,805	18,805	10,837	35,556
5091	WATER REQUEST & AGREEMENTS-51% PROG - PH V	40,000		40,000			
	LANDSTOWN YARD IMPROVEMENTS - PHASE III	3,630,000	711,035	3,484,618	3,484,618	126,783	18,599
5131	TANK UPGRADE PROGRAM - PHASE II	3,378,524	34,503	3,185,569	5,101,010	31,357	161,598
5148	ELBOW ROAD EXT - PH I & II	379,663	5 1,505	379,662	_	51,557	101,530
	INDIAN RIVER RD - PHASE VII	68,548	_	58,224	_	10,324	1
	LANDSTOWN YARD IMPROVEMENTS - PHASE IV	982,000	222,113	222,113	222,113	91,104	668,783
5162	BACKFLOW PREVENTN/CROSS CONN CONTROL PRG	871,449	124,235	672,497	672,497	198,904	48
5163	VAR WATER INFRASTRUCTURE MAINT SUPP PRG	719,077	124,233	663,128	072,497	170,704	55,949
5165	SHORE DRIVE WATER LINE IMPROVEMENTS	1,649,994		1,526,803	-	116,297	6,894
5167	WATER TANK UPGRADE PROGRAM - PHASE III	817,711		770,208	-	21,845	25,658
	LASKIN RD IMPRV - PH II & GATEWAY		1,866	917,937	-	11,439	23,638
		1,177,953	-		25 244	11,439	
	LOTUS GARDEN WATER IMPROVEMENTS-51% PRG	2,020,000	120.250	25,244	25,244	22.611	1,994,756
5250	POTABLE WELLS EVALUATION PROGRAM-PH III	275,000	129,250	129,250	129,250	22,611	123,139
5252	WATER QUALITY PROGRAM - PHASE IV	100,000	122.022	140.064	140.064	99,996	7(2.026
5255	AUTO MOBILE WATER METER RDNG SYS-PH II	912,000	133,832	149,064	149,064	-	762,936
5302	POTABLE WELLS EVALUATION PROGRAM PH II	975,000	63,250	949,486	949,486	25,514	-
5303	WATER QUALITY PROGRAM PHASE III	550,000	93,012	344,902	344,902	198,989	6,109
	FLOW MONITORING PROGRAM - PHASE II	75,000	-	-	-	-	75,000
	SERVICE ORDER AUTOMATION SOLUTION DESIGN	100,000	-	-	-	-	100,000
5404	COMPUTERIZED MAPPING/INFRAS MGMT-PHII	925,495	566,084	716,872	716,872	160,738	47,885
5405	CUSTOMER INFO SYSTEM VERSION MIGRATION	950,000	44,149	115,513	115,513	13,908	820,579
	NIMMO PARKWAY-WATER MAIN REPLACE-PH V	250,000	900	900	900	128,395	120,705
5451	ENGINEERING SERVICES - VARIOUS PROJECTS	150,000	10,562	142,335	142,335	7,665	-
5501	WTR PUMP STATION/TANK UPGRADE PRG - PH I	5,015,391	1,970,081	2,196,843	2,196,843	2,506,387	312,161
5602	PA RD/KEMPSVILLE RD INTERSECTION IMPROVE	1,359,300	8,471	8,471	8,471	43,332	1,307,497
5708	RESORT AREA NEIGHBORHOOD REVITALIZATION	3,646,636	32,531	1,807,550	1,807,550	56,171	1,782,916
5752	HVAC IMPROVEMENTS 2ND FLR BLDG #20	95,609	-	95,608	-	-	1
5802	UTILITY CROSSING CONDITION ASSESSMENT	490,000	-	130,616	130,616	15,395	343,989
5803	WATER VALVE CONDITION ASSESSMENT & MAINT	99,009	-	99,008	-	-	1
5804	WATER LINE EXT REPLACE REHAB PROGRAM	250,000	71,684	221,684	221,684	-	28,316
5805	WTR SYS AGING INFRASTRUCTURE PRG - PH I	3,350,000	1,710,461	2,503,534	2,503,534	435,528	410,938
5806	BACKFLOW PREVENT/CROSS CONNCT CTRL PH II	736,271	19,347	26,381	26,381	176	709,714
5944	PRINCESS ANNE ROAD - PHASE IV	2,416,145	846,053	1,482,200	1,482,200	649,237	284,709
5951	WATER TAP INSTALLATION PROGRAM	815,000	41,055	607,182	607,182	25,000	182,818
5952	WTR PUMP STA FLOW MONITOR/DATA STORAGE	889,176	16,000	141,247	141,247	19,200	728,729
5964	WATER RESOURCES - LAKE GASTON	153,865,865	171,824	153,054,394	-	180,261	631,210
5965	WATER RESOURCES	400,000	-	391,216	_	-	8,784
5967	WTR RESOURCES INVESTIGATION/PLANNING - PH I	600,000				<del>-</del> _	600,000
	TOTAL WATER CAPITAL PROJECT EXPENDITURES	\$ 202,621,717	\$ 7,735,187	\$ 183,158,259	\$ 21,573,449	\$ 5,908,269	\$ 13,555,192

CLOSED WATER CAPITAL PROJECTS EXPENDITURES

13,762

TOTAL CURRENT YEAR WATER CAPITAL PROJECTS EXPENDITURES

\$ 7,748,949

### CITY OF VIRGINIA BEACH, VIRGINIA WATER AND SEWER FUND CAPITAL PROJECTS SEWER CAPITAL PROJECTS BUDGETED AND ACTUAL REVENUES FOR THE YEAR ENDED JUNE 30, 2012

	Budget			Actual Revenues							
		Revenues		Prior Years	C	urrent Year		Total			
FEDERAL FUNDING	\$	152,776	\$	45,833	\$	106,943	\$	152,776			
STATE FUNDING		40,740		12,222		28,518		40,740			
LOCAL FUNDING		206,811,013		176,297,255		30,513,758		206,811,013			
TOTAL SEWER CAPITAL PROJECTS REVENUES	\$	207,004,529	\$	176,355,310	\$	30,649,219	\$	207,004,529			

### CITY OF VIRGINIA BEACH, VIRGINIA WATER AND SEWER FUND CAPITAL PROJECTS SEWER CAPITAL PROJECTS EXPENDITURES FOR THE YEAR ENDED JUNE 30, 2012

Project			Budget	Current Year	Total	Construction	Outstanding	Available
Number	Project Name		to Date	Expenditures	Expenditures	In Progress	Encumbrances	Balance
6019	RESORT AREA NEIGHBORHOOD REVITALIZATION	\$	11,260,000	\$ 1,297,154	\$ 5,739,987	\$ 5,739,987	\$ 709,126	\$ 4,810,887
6031	SEWER APPURTENANCES EVALUATION		67,715	-	67,715	-	-	-
6033	INFILTRATION, INFLOW, AND REHABILITATION - PHASE I		6,289,019	590	6,232,368	-	36,137	20,514
6041	PUMP STATION MODIFICATIONS-PHASE V INDIAN RIVER ROAD - PHASE VII		17,822,593	5,238,976	10,129,696	10,129,696	2,662,956	5,029,941
6051 6061	EMERG RESPONSE PRG-PHASE II		14,717 550,000	87,550	9,473 165,790	9,473 165,790	5,244 185,351	1 198,860
6065	INFILTRATION, INFLOW, AND REHAB - PHASE IV		25,271,799	326,084	25,054,962	105,790	116,640	190,800
6066	PUMP STATION MODIFICATIONS - PHASE IV (PARTIAL)		26,078,000	807,038	24,909,640	_	917,650	250,709
6067	VAR RDWAY/STRM WTR COORD - PH IV		443,198	-	377,817	_	59,631	5,750
6069	BIRDNECK ROAD - PHASE II		2,565,931	_	2,413,893	-	138,655	13,383
6070	INFILTRATION & REHAB PH V		12,600,000	3,095,320	10,159,840	10,159,840	853,234	1,586,927
6075	LASKIN ROAD - PHASE I		30	-	30	-	-	-
6081	LASKIN RD - PH II & GATEWAY IMPROVEMENTS		1,065,935	-	1,062,134	-	-	3,801
6085	SANITARY SEWER AGING INFRASTR PRG-PH II		7,400,000	1,083,076	5,835,645	5,835,645	626,816	937,540
6086	PU PUBLIC ACCESS RENOVATIONS - BLDG 2		417,500	-	240,498	240,498	85,415	91,587
6089	COMP SEWER MASTER PLANNING - PHASE IV		2,100,000	375,599	1,553,113	1,553,113	236,114	310,773
6106	VAR ROADWAY/STRM WTR COORDINATION - PH V		731,655	13,695	327,129	327,129	137,463	267,063
6138	LANDSTOWN YARD IMPROVEMENTS - PHASE III		3,565,230	507,593	3,401,416	3,401,416	148,648	15,167
6148	SYSTEM EXPAN COST PART AGREEMENTS - PH II		727,000	273,595	657,852	657,852	68,403	745
6149	PRINCESS ANNE SEWER FORCE MAIN - PHASE IV		62,752	175 440	35,709	175 440	27,043	242.840
6151	LANDSTOWN YARD IMPROVEMENTS - PHASE IV		500,000	175,448	175,448	175,448	81,703	242,849
6203 6401	LOTUS GARDEN SEWER IMPROVEMENTS-51% PRG RECORDS MANAGEMENT IMPROVEMENTS		1,650,000 100,000	126,625 996	169,607 15,447	169,607 15,447	8,140	1,472,253 84,553
6403	SERVICE ORDER AUTOMATION SOLUTION DESIGN		100,000	990	13,447	13,447	-	100,000
6404	COMPUTERIZED MAPPING MGMT-PH II		925,000	194,324	320,174	320,174	209,528	395,298
6405	CUSTOMER INFO SYSTEM VERSION MIGRATION		950,000	41,269	112,300	112,300	13,908	823,791
6411	CIT-SRV AREA MSTR PLAN/INFO SYS (SAMPIS)		900,000	16,710	788,791	788,791	10,195	101,014
6451	ENGINEERING SERVICES - VARIOUS PROJECTS		200,000	9,062	142,551	142,551	18,183	39,266
6501	AUX POWER PRG-SEWER PMP STATIONS-PH III		1,293,516	283,892	284,721	284,721	512,705	496,091
6505	PRINCESS ANNE PLAZA REHABILITATION - PH II		6,558,583	1,104,181	6,221,381	6,221,381	249,868	87,334
6506	SAN SEWER SYS REVITALIZATION PRG PH I		13,850,000	1,215,475	13,572,666	13,572,666	181,532	95,803
6552	SANITARY SEWER SYS REVITAL'N PRG-PH II		4,500,000	2,954,504	2,626,913	2,626,910	1,681,466	191,621
6557	SGA SANITARY SEWER SYSTEM IMPROVEMENTS		1,200,000	-	-	-	-	1,200,000
6566	NIMMO PARKWAY SANITARY SEWER EXT-PH V		170,000	-	-	-	4,000	166,000
6567	SEWER PUMP STA BACKFLOW PREV'N MOD'NS		70,000	-	-	-	-	70,000
6601	FIRST COLONIAL/VB BLVD INTERSECTION IMPROV		10,000	-	-	-	-	10,000
6602	PA ROAD/KEMPSVILLE RD INTERSECTION IMPROV		969,600	140,271	140,271	140,271	307,962	521,367
6603 6604	WITCHDUCK ROAD-PHASE I SEWER IMPROVEMENTS WITCHDUCK ROAD-PHASE II SEWER IMPROVEMENTS		445,600 46,499	22,586	282,916	282,916	65,639	97,045
6611	PUMP STA WET WELL REVITALIZATION-PH II		1,000,000	94,643	94,643	94,643	57,449	46,499 847,908
6612	PUMP STATION WET WELL REVITALIZATION		2,800,000	115,219	2,728,816	2,728,816	37,449	71,184
6613	AUX POWER PRG - SEW PUMP STA PH II		2,350,000	423,876	2,193,412	2,193,412	93,075	63,513
6752	HVAC IMPROVEMENTS 2ND FLR BLDG #20		95,609	-	95,608	2,175,112	-	1
6802	UTILITY CROSSINGS CONDITION ASSESSMENT		440,000	_	90,394	90,394	15,395	334,211
6804	SANIT SWR REGULATORY COMPLICANCE PRG - PH I		16,793,476	3,314,224	12,594,461	12,594,461	3,705,094	493,920
6938	PRINCESS ANNE PLAZA REHABILITATION		14,818,572	329,125	14,733,460	-	54,064	31,048
6951	SEWER TAP INSTALLATION PROGRAM		2,005,000	93,565	1,293,213	1,293,213	75,000	636,787
6952	SWR PUMP STA FLOW MONITOR/DATA STORAGE		7,230,000	290,059	628,198	628,198	1,692,330	4,909,472
6973	SANITARY SEWER CAPACITY PROGRAM - PHASE I		6,000,000	1,004	1,184,302	1,184,302	1,039	4,814,659
	TOTAL SEWER CAPITAL PROJECT EXPENDITURES	\$ 2	207,004,529	\$ 24,053,328	\$ 158,864,400	\$ 83,881,061	\$ 16,052,801	\$ 32,087,332
	CLOSED CAPITAL PROJECTS EXPENDITURES			8,200				
	TOTAL CURRENT YEAR SEWER CAPITAL PROJECTS EXPE	NDI	TURES	\$ 24,061,528				
	WATER AND SEWER CAPITAL PROJECTS	\$ 4	409,626,246	\$ 31,810,477	\$ 342,022,659	\$ 105,454,510	\$ 21,961,070	\$ 45,642,524
	CAPITALIZED INTEREST REMAINING IN CONSTRUCTION IN	I DD	OCRESS			3,831,248		
	OTHER ENTITIES SHARE OF WATER AND SEWER PROJECTS		OUKESS					
	WATER AND SEWER FUND CONSTRUCTION IN PROGRESS	,				\$ 99.807.778		
	WATER AND SEWER FUND CONSTRUCTION IN PROGRESS					\$ 99,807,778		



This Page Intentionally Left Blank

# 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 ASSETS JUNE 30, 2012

Current Assets:		
Cash and Investments	\$	22,065,838
Accounts Receivable - Net of Estimated Uncollectibles	Ψ	4,315,856
Total Current Assets	\$	26,381,694
Non-current Assets:		
Cash and Investments - Restricted	\$	2,041,039
Capital Assets:		
Land		130,881,277
Utility System		102,193,685
Machinery and Equipment		9,340,550
Construction in Progress		70,682,927
Less: Accumulated Depreciation		(48,935,424)
Total Capital Assets	\$	264,163,015
Total Non-current Assets	\$	266,204,054
Total Assets	\$	292,585,748
LIABILITIES		
Current Liabilities:		
Vouchers and Accounts Payable	\$	359,320
Accrued Interest Payable		356,771
Current Portion of Long-term Liabilities		1,599,901
Total Current Liabilities	\$	2,315,992
Long-Term Liabilities (less current portion):		
Double Barrel and Revenue Bonds and Notes	\$	25,420,000
General Obligation Bonds		222,017
Premium on Refunding Bonds		314,106
Accrued Compensated Leave		647,382
Total Long-Term Liabilities (less current portion)	\$	26,603,505
Total Liabilities	\$	28,919,497
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	\$	236,943,523
Restricted for Debt Service		2,040,008
Restricted for Operations		24,682,720
Total Net Assets	\$	263,666,251

#### CITY OF VIRGINIA BEACH, VIRGINIA STORM WATER ENTERPRISE FUND

### STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS FOR THE YEAR ENDED JUNE 30, 2012

OPERATING REVENUES		
Service Charges	\$	27,785,025
OPERATING EXPENSES		
Personal Services	\$	6,267,938
Fringe Benefits		2,044,036
Contractual Services		193,403
Internal Services		1,030,126
Other Charges		1,742,071
Land Structure Maintenance		2,033,588
Depreciation		2,239,001
Total Operating Expenses	\$	15,550,163
OPERATING INCOME (LOSS)	\$	12,234,862
NONOPERATING REVENUES (EXPENSES)		
Interest Income	\$	107,394
From Federal Government		288,359
Gain (Loss) From Sale of Assets		56,141
Interest and Fiscal Charges		(100,482)
Total Nonoperating Revenues (Expenses) Net	\$	351,412
TRANSFERS		
Transfers In	\$	1,993,687
Transfers Out		(264,233)
Total Transfers Net	\$	1,729,454
CHANGE IN NET ASSETS	\$	14,315,728
TOTAL NET ASSETS - BEGINNING		249,350,523
TOTAL NET ASSETS - ENDING	_\$	263,666,251

#### CITY OF VIRGINIA BEACH, VIRGINIA STORM WATER ENTERPRISE FUND STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2012

CASH FLOWS FROM OPERATING ACTIVITIES:  Receipts from Customers and Users	\$	27,301,628
Cash Payments To Suppliers of Goods and Services	Ψ	(4,819,123)
Cash Payments To Employees for Services		(8,048,177)
Net Cash Provided By Operating Activities	\$	14,434,328
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Receipts from Other Funds	\$	1,993,687
Payments to Other Funds/Entities		(264,233)
Net Cash Provided by (Used In) Noncapital Financing Activities	\$	1,729,454
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Interest Paid on Long-term Debt	\$	(1,175,818)
Acquisition and Construction of Capital Assets		(19,753,320)
Proceeds from Sale of Salvage		56,141
Federal Government Bond Subsidy		288,359
Principal Paid on Long-term Debt		(1,404,020)
Net Cash Provided (Used) By Capital and Related Financing Activities	\$	(21,988,658
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest and Dividends Received	\$	107,394
Net Increase (Decrease) in Cash and Temporary Investments		(5,717,482)
Cash and Temporary Investments, July 1	_	29,824,359
Cash and Temporary Investments, June 30	\$	24,106,877
RECONCILIATION OF OPERATING INCOME (LOSS)  TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating Income ( Loss )	\$	12,234,862
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By Operating Activities:	*	, - ,
Depreciation		2,239,001
(Increase)/Decrease in Accounts Receivable		(483,397)
Increase/(Decrease) in Vouchers and Accounts Payable		193,550
		(13,485)
Increase/(Decrease) in Accrued Interest Payable		
Increase/(Decrease) in Accrued Interest Payable Increase/(Decrease) in Accrued Compensated Leave		263 797
Increase/(Decrease) in Accrued Compensated Leave	\$	
•	\$ \$	263,797 2,199,466 14,434,328
Increase/(Decrease) in Accrued Compensated Leave Total Adjustments		2,199,466

## CITY OF VIRGINIA BEACH, VIRGINIA STORM WATER ENTERPRISE FUND SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2012

	 Budget	Actual	Variance Positive (Negative)		
Project Management					
Personal Services	\$ 1,742,732	\$ 1,222,254	\$	520,478	
Fringe Benefits	409,187	370,062		39,125	
Contractual Services	280,433	143,048		137,385	
Internal Services	38,701	35,459		3,242	
Other Charges	116,592	74,370		42,222	
Land Structures and Improvements	 	 5,000		(5,000)	
Total Project Management	\$ 2,587,645	\$ 1,850,193	\$	737,452	
Customer Services					
Personal Services	\$ 91,263	\$ 91,542	\$	(279)	
Fringe Benefits	28,696	28,553		143	
Contractual Services	13,216	188		13,028	
Internal Services	6,954	2,214		4,740	
Other Charges	 6,553	 1,046		5,507	
Total Customer Services	\$ 146,682	\$ 123,543	\$	23,139	
Operations and Maintenance					
Personal Services	\$ 4,233,322	\$ 3,748,066	\$	485,256	
Fringe Benefits	1,455,577	1,297,245		158,332	
Contractual Services	182,885	49,767		133,118	
Internal Services	899,009	943,863		(44,854)	
Other Charges	606,018	400,105		205,913	
Land Structures and Improvements	 2,632,324	 2,028,588		603,736	
Total Operations and Maintenance	\$ 10,009,135	\$ 8,467,634	\$	1,541,501	
Inspections and Environmental Spill Response					
Personal Services	\$ 825,558	\$ 970,188	\$	(144,630)	
Fringe Benefits	291,152	280,006		11,146	
Contractual Services	2,266	400		1,866	
Internal Services	15,165	18,851		(3,686)	
Other Charges	 61,044	 61,009		35	
Total Inspections and Environmental Spill Response	\$ 1,195,185	\$ 1,330,454	\$	(135,269)	
Residential Street Sweeping					
Personal Services	\$ 215,369	\$ 235,888	\$	(20,519)	
Fringe Benefits	68,658	68,170		488	
Contractual Services	1,340	-		1,340	
Internal Services	21,640	29,739		(8,099)	
Other Charges	 5,600	 342		5,258	
Total Residential Street Sweeping	\$ 312,607	\$ 334,139	\$	(21,532)	

## CITY OF VIRGINIA BEACH, VIRGINIA STORM WATER ENTERPRISE FUND SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2012

	Budget	Actual	Variance Positive (Negative)		
General Fund Charges					
Direct Cost Allocations	\$ 510,992	\$ 510,992	\$	-	
Indirect Cost Allocations	722,271	669,241		53,030	
Landscape Services	24,966	24,966		-	
Total General Fund Charges	\$ 1,258,229	\$ 1,205,199	\$	53,030	
Total Budgeted Operating Expenses	\$ 15,509,483	\$ 13,311,162	\$	2,198,321	

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, 2012

	Budget	Actual Revenues						
Funding Sources	Revenues	Prior Years		urrent Year		Total		
LOCAL FUNDING	\$ 141,826,597	\$ 115,572,879	\$	26,253,718	\$	141,826,597		
STATE FUNDING	786,113	786,113		-		786,113		
FEDERAL FUNDING	1,549,138	-		1,549,138		1,549,138		
DEDICATED FUNDING	200,000	200,000		-		200,000		
OTHER FUNDING	172,127	47,975		124,152		172,127		
TOTAL STORM WATER UTILITY CAPITAL PROJECTS	\$ 144,533,975	\$ 115,620,854	\$	28,913,121	\$	144,533,975		

#### CITY OF VIRGINIA BEACH, VIRGINIA STORM WATER CAPITAL PROJECTS EXPENDITURES FOR THE YEAR ENDED JUNE 30, 2012

Project Number	Project Name	Budget to Date	urrent Year xpenditures	F	Total Expenditures	Construction In Progress	Outstanding incumbrances	Available Balance	
7004	STORM WATER INFRASTRUCTURE REHABILITATION	\$ 20,703,442	\$ 3,892,150	\$	12,516,137	\$ 12,516,137	\$ 2,830,640	\$	5,356,665
7005	NORTH LAKE HOLLY WATERSHED	16,771,135	195,580		5,414,445	5,414,445	410,284		10,946,406
7010	ELIZABETH RIVER SHORES (PARTIAL)	2,130,450	686,527		1,358,653	1,358,653	98,596		673,201
7016	SOUTH LAKE HOLLY WATERSHED (PARTIAL)	11,263,000	1,411,519		2,450,643	2,450,643	673,220		8,139,137
7024	SOUTHERN CANAL/LEAD DITCH & CULVERT IMPRV	950,000	72,765		408,038	-	183,223		766,777
7027	SWM MSTR PLANNING, ANALYSIS, & INVENTORY	1,145,906	79,469		877,984	877,984	153,496		114,426
7031	KEMPS GREENS GC COMM STRM WTR BK STABIL	740,000	-		695,474	-	-		740,000
7033	STORM WATER MAINTENANCE BACKLOG	6,800,000	1,047,943		4,211,824	4,211,824	124,605		2,463,571
7035	LAWSON FOREST DRAINAGE	1,080,000	-		105,718	105,718	76,270		898,012
7036	BAKER ROAD CULVERT & DITCH IMPROVEMENTS	450,000	111,325		111,325	111,325	24,505		314,170
7037	BELLAMY MANOR OUTFALL DITCH	450,000	-		-	-	-		450,000
7038	THOROUGHGOOD DRAINAGE	295,000	-		-	-	218,142		76,858
7049	BCH GRDN PRK-KILBORNE CRT/HOLLY RD IMPRV	900,000	191,078		304,446	304,446	178,558		416,996
7063	NEIGHBORHD SW INFRASTRUCT IMP	8,901,820	278,761		8,216,592	-	23,067		8,878,753
7067	PRIMARY SYSTEM INFRASTRUCTURE IMPROVEMENTS	10,660,393	514,113		9,868,022	-	391,946		10,268,447
7091	RESIDENTIAL DRAINAGE COST PART PRG	300,000	6,481		163,348	163,348	-		136,652
7145	ARTIC AVENUE - BALTIC AVENUE	7,345,181	19,270		7,168,200	7,168,200	12,624		164,357
7152	DAM & SPILLWAY STRUCTURAL IMPROVEMENTS	6,953,735	503,852		3,478,082	-	1,266,356		5,687,379
7153	LYNNHAVEN WATERSHED RESTORATION	3,491,532	176,381		2,602,567	2,602,567	230,319		658,646
7159	WATER QUALITY PARTICIPATION PROJECTS	1,001,500	103,108		641,722	641,722	103,100		256,678
7183	STORM WATER QUALITY ENHANCEMENTS	8,616,441	1,133,745		4,583,047	4,583,047	1,858,366		2,175,028
7200	SEVERE REPETITIVE LOSS GRANT PROGRAM	1,721,265	-		-	-	351,965		1,369,300
7404	ARAGONA NEIGHBORHD INFRASTRUCTURE REHAB	1,000,000	-		-	-	-		1,000,000
7405	BRIGADON LAKES MAINTENANCE DREDGING	450,000	-		-	-	-		450,000
7406	ELIZABETH RIVER TMDL IMPLEMENTATION PLAN	200,000	58,078		58,078	58,078	-		141,922
7409	SHORE DRIVE DRAINAGE PRELIMINARY STUDY	428,152	190,859		190,859	190,859	164,173		73,120
7410	SOUTHERN RIVER TMDL IMPLEMENTATION PLAN	200,000	-		-	-	-		200,000
7411	OCEANFRONT STORM WATER FACILITIES MAINT	177,000	160,353		160,353	160,353	14,796		1,851
7412	STORM WATER PUMP STATION MODIFICATIONS	265,500	199,946		199,946	199,946	59,485		6,069
7902	NORTH BEACH DRAINAGE	29,142,523	7,548,701		25,551,883	26,096,500	305,046		2,740,977
	TOTAL STORM WATER UTILITY CAPITAL PROJECTS	\$ 144,533,975	\$ 18,582,004	\$	91,337,386	\$ 69,215,795	\$ 9,752,782	\$	65,565,398

CAPITALIZED INTEREST STORM WATER FUND CONSTRUCTION IN PROGRESS

1,467,132 \$ 70,682,927

#### **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.

**Print Shop** - provides for the printing and copying needs of City departments and the School Board.

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 ASSETS JUNE 30, 2012

	Ct. C					
	 City Garage	Ris	k Management	P	rint Shop	
<u>ASSETS</u>						
Current Assets:						
Cash and Investments	\$ 3,206,712	\$	12,060,174	\$	504,554	
Inventory	 824,483				-	
Total Current Assets	 4,031,195		12,060,174		504,554	
Noncurrent Assets:						
Capital Assets:						
Site Improvements	265,782		-		-	
Machinery and Equipment	 2,243,546		293,215		990,164	
Total Property, Plant and Equipment	2,509,328		293,215		990,164	
Less: Accumulated Depreciation	 (1,941,464)		(293,215)		(990,164)	
Net Property, Plant and Equipment	 567,864		-		-	
Total Assets	\$ 4,599,059	\$	12,060,174	\$	504,554	
<u>LIABILITIES</u>						
Current Liabilities:						
Vouchers and Accounts Payable	\$ 923,731	\$	948,944	\$	204,774	
Current Portion of Long-term Liabilities	318,166		5,543,411		34,325	
Total Current Liabilities	1,241,897		6,492,355		239,099	
Noncurrent Liabilities:						
Long-term Liabilities (less current portion)	292,231		18,073,244		28,143	
Total Liabilities	1,534,128		24,565,599		267,242	
NET ASSETS						
Invested in Capital Assets, net of related debt	567,864		-		-	
Unrestricted	2,497,067		(12,505,425)		237,312	
Total Net Assets (Deficits)	\$ 3,064,931	\$	(12,505,425)	\$	237,312	

## CITY OF VIRGINIA BEACH, VIRGINIA INTERNAL SERVICE FUNDS COMBINING STATEMENT OF NET ASSETS JUNE 30, 2012

School Site Landscaping		T. I.	. ,.	6.1	m . 1			
1	Landscaping	1 elec	ommunications	Subscriptions		Totals		
\$	666,427	\$	2,312,838	\$ 5,314,203	\$	24,064,90		
	-		-	-		824,483		
	666,427		2,312,838	 5,314,203		24,889,39		
	-		-	_		265,782		
	2,656,654			356,835		6,540,414		
	2,656,654		-	356,835		6,806,196		
	(2,053,819)			(180,565)		(5,459,22		
	602,835		-	176,270		1,346,96		
\$	124,967	\$	138,836	\$ 625,276	\$	2,966,52		
	138,173		46,816	 <u>-</u>		6,080,89		
	263,140		185,652	625,276		9,047,41		
	10,452		3,161	<u>-</u>		18,407,23		
	273,592		188,813	625,276		27,454,650		
	602,835		-	176,270		1,346,969		
	392,835		2,124,025	4,688,927		(2,565,259		
\$	995,670	\$	2,124,025	\$ 4,865,197	\$	(1,218,290		

### CITY OF VIRGINIA BEACH, VIRGINIA INTERNAL SERVICE FUNDS

### COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS FOR THE YEAR ENDED JUNE 30, 2012

	City Garage Risk Man		l. M		Print Shop	
OPERATING REVENUES		City Garage	Kis	k Management		Print Shop
Billings to Departments	\$	18,797,716	\$	9,651,451	\$	2,172,514
Insurance Recovery	*	126,027	*	58,500	•	_,-,-,
Miscellaneous		,		150		14,075
Total Operating Revenues	\$	18,923,743	\$	9,710,101	\$	2,186,589
OPERATING EXPENSES						
Cost of Goods Sold	\$	11,993,949	\$	-	\$	110,700
Personal Services		3,954,896		424,849		180,885
Fringe Benefits		1,387,241		139,598		75,393
Contractual Services		341,594		533,894		725,073
Internal Services		225,871		9,011		91,535
Other Charges		406,224		10,339,894		18,670
Leases and Rentals		-		-		814,219
Land Structures and Improvements		-		-		-
Depreciation		105,647		-		-
Total Operating Expenses	\$	18,415,422	\$	11,447,246	\$	2,016,475
OPERATING INCOME (LOSS)	\$	508,321	\$	(1,737,145)	\$	170,114
NONOPERATING REVENUES (EXPENSES) AND TRANSFERS						
Interest Income	\$	10,869	\$	39,577	\$	903
Transfers In		372,100		-		-
Transfers Out		-		-		-
Gain (Loss) on Disposition of Assets		(5,440)		-		-
Total Nonoperating Revenues (Expenses)	\$	377,529	\$	39,577	\$	903
CHANGE IN NET ASSETS		885,850		(1,697,568)		171,017
TOTAL NET ASSETS (DEFICITS) - BEGINNING		2,179,081		(10,807,857)		66,295
TOTAL NET ASSETS - ENDING	\$	3,064,931	\$	(12,505,425)	\$	237,312

### CITY OF VIRGINIA BEACH, VIRGINIA INTERNAL SERVICE FUNDS MINING STATEMENT OF DEVENUES, EXPENSES AND CHAN

### COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS FOR THE YEAR ENDED JUNE 30, 2012

School Site Landscaping		Telecommunications		Subscriptions	Totals		
\$	3,751,950	\$	3,120,713	\$ 2,655,364	\$	40,149,708	
	, , , <u>-</u>		, , , -	-		184,527	
	-		-	-		14,225	
\$	3,751,950	\$	3,120,713	\$ 2,655,364	\$	40,348,460	
\$	-	\$	-	\$ -	\$	12,104,649	
	1,870,877		704,400	14,095		7,150,002	
	793,152		207,255	-		2,602,639	
	537,811		270,440	1,334,593		3,743,405	
	401,790		17,317	9,473		754,997	
	396,520		1,137,331	903,799		13,202,438	
	-		-	-		814,219	
	48,165		-	-		48,165	
	230,310		-	71,987		407,944	
\$	4,278,625	\$	2,336,743	\$ 2,333,947	\$	40,828,458	
\$	(526,675)	\$	783,970	\$ 321,417	\$	(479,998	
\$	2,290	\$	5,733	\$ 14,627	\$	73,999	
	-		-	-		372,100	
	-		(377,166)	-		(377,166	
	20,550			<u>-</u>		15,110	
\$	22,840	\$	(371,433)	\$ 14,627	\$	84,043	
	(503,835)		412,537	336,044		(395,955	
	1,499,505		1,711,488	 4,529,153		(822,335	
\$	995,670	\$	2,124,025	\$ 4,865,197	\$	(1,218,290	

## CITY OF VIRGINIA BEACH, VIRGINIA INTERNAL SERVICE FUNDS COMBINING STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2012

		City Garage	Ris	k Management		Print Shop
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from Customers and Users	\$	18,923,743	\$	9,709,951	\$	2,172,514
Other Operating Cash Receipts		-		150		14,075
Cash Payments to Suppliers of Goods and Services		(12,901,937)		(10,787,829)		(1,726,067)
Cash Payments to Employees for Services		(5,300,033)		(555,380)		(287,917)
Net Cash Provided (Used) By Operating Activities	\$	721,773	\$	(1,633,108)	\$	172,605
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Receipts from Other Funds	\$	372,100	\$	-	\$	-
Payments to Other Funds		_		<u>-</u>		-
Net Cash Provided By Noncapital Financing Activities	\$	372,100	\$	<u>-</u>	\$	-
CASH FLOWS FROM CAPITAL AND RELATED						
FINANCING ACTIVITIES						
Acquisition and Construction of Capital Assets	\$	(578,809)	\$	-	\$	-
Proceeds from Sale of Salvage		(5,440)		-		-
Net Cash Provided (Used) By Capital and Related Financing Activities	\$	(584,249)	\$	<u> </u>	\$	-
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest and Dividends Received	\$	10,869	\$	39,577	\$	903
Net Increase (Decrease) in Cash and Temporary Investments	\$	520,493	\$	(1,593,531)	\$	173,508
Cash and Temporary Investments, July 1		2,686,219		13,653,705		331,046
Cash and Temporary Investments, June 30	\$	3,206,712	\$	12,060,174	\$	504,554
RECONCILIATION OF OPERATING INCOME (LOSS) TO  NET CASH PROVIDED (19ED) BY OPERATING ACTIVITIES.						
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	¢	509 221	e	(1.727.145)	e	170 114
Operating Income (Loss)	\$	508,321	Ф	(1,737,145)	3	170,114
Adjustments to Reconcile Operating Income (Loss) to						
Net Cash Provided (Used) By Operating Activities:		105.647				
Depreciation Expense		105,647		-		-
(Increase) Decrease in Accounts Receivable		- (2.672)		-		- 12.026
(Increase) Decrease in Inventory		(2,672)				13,836
Increase (Decrease) in Vouchers and Accounts Payable		68,373		727,777		20,294
Increase (Decrease) in Estimated Claims and Judgments		-		(632,807)		- (21.622)
Increase (Decrease) in Accrued Compensated Leave	<b>.</b>	42,104	é	9,067	6	(31,639)
Total Adjustments	\$	213,452	\$	104,037	\$	2,491
Net Cash Provided (Used) By Operating Activities	\$	721,773	\$	(1,633,108)	\$	172,605

## CITY OF VIRGINIA BEACH, VIRGINIA INTERNAL SERVICE FUNDS COMBINING STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2012

School Site Landscaping		Telecommunications		Subscriptions	Totals		
\$	3,751,950	\$	3,120,781	\$ 2,655,364	\$	40,334,303	
	-		-	-		14,225	
	(1,398,244)		(1,835,711)	(1,753,673)		(30,403,461	
	(2,661,913)		(914,214)	 (14,095)		(9,733,552	
\$	(308,207)	\$	370,856	\$ 887,596	\$	211,515	
\$	-	\$	-	\$ _	\$	372,100	
	-		(377,166)	-		(377,166	
\$		\$	(377,166)	\$ 	\$	(5,066	
\$	(352,840)	\$	-	\$ (47,574)	\$	(979,223	
	20,550		-	-		15,110	
\$	(332,290)	\$		\$ (47,574)	\$	(964,113	
\$	2,290	\$	5,733	\$ 14,627	\$	73,999	
\$	(638,207)	\$	(577)	\$ 854,649	\$	(683,665	
	1,304,634		2,313,415	4,459,554		24,748,573	
\$	666,427	\$	2,312,838	\$ 5,314,203	\$	24,064,908	
\$	(526,675)	\$	783,970	\$ 321,417	\$	(479,998	
	230,310		-	71,987		407,944	
	-		68	· -		68	
	-		-	-		11,164	
	(13,958)		(410,623)	494,192		886,055	
	-		-	-		(632,807	
	2,116		(2,559)	 		19,089	
\$	218,468	\$	(413,114)	\$ 566,179	\$	691,513	
\$	(308,207)	\$	370,856	\$ 887,596	\$	211,515	



This Page Intentionally Left Blank

### 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 age nt 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, <u>Code of Virginia</u>, 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, 2012

ACCETC	Esche	at Property	Spec	cial Welfare	Total		
ASSETS Cash and Investments	\$	4,606	\$	481,897	\$	486,503	
<u>LIABILITIES</u> Vouchers and Accounts Payable	\$	4,606	\$	481,897	\$	486,503	

### CITY OF VIRGINIA BEACH, VIRGINIA AGENCY FUNDS

## COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES FOR THE YEAR ENDED JUNE 30, 2012

Balance		Additions		<u>D</u>	eductions		Balance se 30, 2012
\$	384,743	\$	1,131,446	\$	1,034,292	\$	481,897
\$	384,743	\$	1,131,446	\$	1,034,292	\$	481,897
\$	5.437	\$	34.989	\$	35.820	\$	4,606
====						====	
•	5 127	¢	24 080	•	25 820	•	4,606
Ψ	3,437	Φ	34,767	<b>D</b>	33,820	<b>D</b>	4,000
\$	390,180	\$	1,166,435	\$	1,070,112	\$	486,503
\$	390,180	\$	1,166,435	\$	1,070,112	\$	486,503
	\$ \$ \$	\$ 384,743 \$ 384,743 \$ 5,437 \$ 5,437	\$ 384,743 \$ \$ \$ 384,743 \$ \$ \$ \$ 5,437 \$ \$ \$ \$ 390,180 \$ \$	July 1, 2011       Additions         \$ 384,743       \$ 1,131,446         \$ 384,743       \$ 1,131,446         \$ 5,437       \$ 34,989         \$ 5,437       \$ 34,989         \$ 390,180       \$ 1,166,435	July 1, 2011       Additions       D         \$ 384,743       \$ 1,131,446       \$         \$ 384,743       \$ 1,131,446       \$         \$ 5,437       \$ 34,989       \$         \$ 5,437       \$ 34,989       \$         \$ 390,180       \$ 1,166,435       \$	July 1, 2011       Additions       Deductions         \$ 384,743       \$ 1,131,446       \$ 1,034,292         \$ 384,743       \$ 1,131,446       \$ 1,034,292         \$ 5,437       \$ 34,989       \$ 35,820         \$ 5,437       \$ 34,989       \$ 35,820         \$ 390,180       \$ 1,166,435       \$ 1,070,112	July 1, 2011     Additions     Deductions     Jun       \$ 384,743     \$ 1,131,446     \$ 1,034,292     \$       \$ 384,743     \$ 1,131,446     \$ 1,034,292     \$       \$ 5,437     \$ 34,989     \$ 35,820     \$       \$ 5,437     \$ 34,989     \$ 35,820     \$       \$ 390,180     \$ 1,166,435     \$ 1,070,112     \$

# CITY OF VIRGINIA BEACH, VIRGINIA TRUST FUNDS COMBINING STATEMENT OF FIDUCIARY NET ASSETS JUNE 30, 2012

	Other Postemployment Benefits Trust Fund			eriff's Office Pension rust Fund	Total Trust Funds
<u>ASSETS</u>					
Investments, at Fair Value:					
Mutual Funds	<u>\$</u>	42,762,565	\$	3,257,572	\$ 46,020,137
<u>LIABILITIES</u>					
Vouchers and Accounts Payable	\$	-	\$	<u>-</u>	\$ 
NET ASSETS					
Held in Trust for Other Postemployment Benefits					
and Pension Benefits	\$	42,762,565	\$	3,257,572	\$ 46,020,137

### CITY OF VIRGINIA BEACH, VIRGINIA TRUST FUNDS

## COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS FOR THE YEAR ENDED JUNE 30, 2012

	Other Postemployment Benefits Trust Fund		eriff's Office Pension 'rust Fund	 Total Frust Funds
ADDITIONS				
Contributions:				
From Primary Government	\$	16,436,100	\$ -	\$ 16,436,100
From Plan Members		2,744,181	 	 2,744,181
Total Contributions		19,180,281	 	 19,180,281
Investment Earnings:				
Increase (Decrease) in the Fair Value of Investments		(454,670)	219,231	(235,439)
Interest and Dividends			 70,608	 70,608
Total Investment Earnings		(454,670)	289,839	(164,831)
Less Investment Expense		41,089	 	 41,089
Net Investment Earnings		(495,759)	 289,839	 (205,920)
Total Additions	\$	18,684,522	\$ 289,839	\$ 18,974,361
<u>DEDUCTIONS</u>				
Benefits	\$	15,184,281	\$ 83,952	\$ 15,268,233
Administrative Expenses		1,000	 9	 1,009
Total Deductions	\$	15,185,281	\$ 83,961	\$ 15,269,242
Change in Net Assets		3,499,241	205,878	3,705,119
Net Assets at Beginning of Year		39,263,324	3,051,694	42,315,018
Net Assets at End of Year	\$	42,762,565	\$ 3,257,572	\$ 46,020,137



This Page Intentionally Left Blank

### NONMAJOR COMPONENT UNITS

## CITY OF VIRGINIA BEACH, VIRGINIA STATEMENT OF NET ASSETS OTHER COMPONENT UNITS JUNE 30, 2012

		rginia Beach Development Authority	D	Community Development Corporation		Totals
<u>ASSETS</u>		•		_		
Current Assets:						
Cash and Cash Equivalents	\$	11,729,703	\$	704,630	\$	12,434,333
Accounts Receivable - Net		7,665,548		392,604		8,058,152
Notes Receivable		-		1,459,595		1,459,595
Accrued Interest Receivable		-		479,455		479,455
Due from Other Governments		-		21,568		21,568
Replacement Reserves and Security Deposits		-		998,550		998,550
Deferred Charges		342,530		-		342,530
Inventory				1,534,549		1,534,549
Total Current Assets	\$	19,737,781	\$	5,590,951	\$	25,328,732
Noncurrent Assets:						
Cash and Investments - Restricted	\$	6,596,954	\$	-	\$	6,596,954
Land Held for Resale		21,510,309		-		21,510,309
Capital Assets:						
Land		20,253,082		6,394,602		26,647,684
Buildings		102,247,451		25,862,186		128,109,637
Vehicles		-		28,941		28,941
Construction In Progress		713,434		-		713,434
Less: Accumulated Depreciation		(20,554,178)		(7,588,442)		(28,142,620)
Total Capital Assets	\$	102,659,789	\$	24,697,287	\$	127,357,076
Total Noncurrent Assets	\$	130,767,052	\$	24,697,287	\$	155,464,339
Total Assets	\$	150,504,833	\$	30,288,238	\$	180,793,071
LIABILITIES Current Liabilities:						
Vouchers and Accounts Payable	\$	16,962,440	\$	183,409	\$	17,145,849
Deposits Payable		-		64,239		64,239
Accrued Interest Payable		1,379,803		49,182		1,428,985
Current Portion of:		, ,		,		, ,
Bonds and Notes Payable		5,568,051		2,513,862		8,081,913
Total Current Liabilities	\$	23,910,294	\$	2,810,692	\$	26,720,986
Noncurrent Liabilities:						
Bonds Payable		76,137,815		12,250,973		88,388,788
Total Liabilities	\$	100,048,109	\$	15,061,665	\$	115,109,774
NET ASSETS						
Invested in Capital Assets, Net of Related Debt	\$	21,306,455	\$	11,467,001	\$	32,773,456
Restricted for Debt Service	Ψ	1,200,826	*	-	-	1,200,826
Unrestricted		27,949,443		3,759,572		31,709,015
Total Net Assets	\$	50,456,724	\$	15,226,573	\$	65,683,297

## CITY OF VIRGINIA BEACH, VIRGINIA OTHER COMPONENT UNITS STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2012

					Prog	gram Revenues			Net Revenue and Changes in Net Assets						
Functions/Programs	Expenses		Charges for Services		Operating Grants and Contributions		Capital Grants and Contributions		Virginia Beach Development Authority		Community Development Corporation			Total	
Virginia Beach Development Authority															
Governmental-type Activities	\$	-	\$	-	\$	-	\$	209,105	\$	209,105	\$	-	\$	209,105	
Business-type Activities		14,504,520		7,523,024		8,912,784		150,000		2,081,288		-		2,081,288	
Community Development Corporation															
Business-type Activities		4,802,449		2,586,507		1,750,053						(465,889)		(465,889)	
Total Component Units	\$	19,306,969	\$	10,109,531	\$	10,662,837	\$	359,105	\$	2,290,393	\$	(465,889)	\$	1,824,504	
	Gene	eral Revenues:													
	Uı	nrestricted Investm	nent Earı	nings					\$	31,796	\$	71,702	\$	103,498	
	M	iscellaneous								3,092,444		251,714		3,344,158	
		Total General Rev	enue/						\$	3,124,240	\$	323,416	\$	3,447,656	
	Chan	nge in Net Assets								5,414,633		(142,473)		5,272,160	
	Net A	Assets at Beginnin	g of Yea	ar						45,042,091		15,369,046		60,411,137	
	Net A	Assets at End of Y	ear						\$	50,456,724	\$	15,226,573	\$	65,683,297	

# CITY OF VIRGINIA BEACH, VIRGINIA OTHER COMPONENT UNITS COMBINING STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2012

	D	rginia Beach evelopment Authority	D	Community Development Corporation		Totals
CACH ELOWS EDOM ODED ATING ACTIVITIES						
CASH FLOWS FROM OPERATING ACTIVITIES: Receipts From Customers and Users	\$	7,522,689	\$	2,461,116	\$	9,983,805
Other Operating Cash Receipts	Ψ	53,118	Ψ	359,739	Ψ	412,857
Cash Payments to employees for services		-		(1,843,450)		(1,843,450)
Cash Payments to suppliers for goods and services		(4,228,491)		(1,345,305)		(5,573,796)
Other Operating Cash Payments		(1,327,188)		(1,5 10,5 00)		(1,327,188)
Net Cash Provided (Used) By Operating Activities	\$	2,020,128	\$	(367,900)	\$	1,652,228
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Intergovernmental Receipts	\$	-	\$	1,767,590	\$	1,767,590
Reserve Deposits		-		578,822		578,822
Net Cash Provided (Used) By Noncapital Financing Activities	\$	-	\$	2,346,412	\$	2,346,412
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Interest Paid on Long-term Debt	\$	(4,097,155)	\$	(640,479)	\$	(4,737,634)
Capital Contributions From City		9,029,289		-		9,029,289
Purchases of Capital Assets		-		(1,280,283)		(1,280,283)
Acquisition and Construction of Capital Assets		-		(1,235,885)		(1,235,885)
Charity Golf Outing Proceeds, net		(9,363)		-		(9,363)
Governments Opportunity Fund Award		(156,323)		-		(156,323)
Proceeds From Sale of Property		-		3,597		3,597
Proceeds From Debt		-		2,063,800		2,063,800
Principal Paid on Capital Debt		(4,868,018)		(1,300,484)		(6,168,502)
Net Cash Provided (Used) By Capital and Related Financing Activities	\$	(101,570)	\$	(2,389,734)	\$	(2,491,304)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest and Dividends Received	\$	31,796	\$	(5,212)	\$	26,584
Net Increase (Decrease) in Cash and Temporary Investments		1,950,354		(416,434)		1,533,920
Cash and Temporary Investments, July 1		12,761,710		738,719		13,500,429
Cash and Temporary Investments, June 30	\$	14,712,064	\$	322,285	\$	15,034,349

# CITY OF VIRGINIA BEACH, VIRGINIA OTHER COMPONENT UNITS COMBINING STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2012

	Virginia Beach Development Authority		D	Community evelopment orporation	Totals	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH						
PROVIDED (USED) BY OPERATING ACTIVITIES:						
Operating Income (Loss)	\$	(3,039,932)	\$	15,911	\$ (3,024,021)	
Adjustments to Reconcile Operating Income to						
Net Cash Used By Operating Activities:						
Depreciation Expense		2,840,802		941,836	3,782,638	
Non Cash Selling Expense and Gain on Sale		-		(8,360)	(8,360)	
Non Operating Interest Earnings		-		(68,554)	(68,554)	
Changes in Assets and Liabilities:						
Receivables, Net		(112,217)		171	(112,046)	
Accounts and Other Payables		(1,207,410)		129,025	(1,078,385)	
Accrued Expenses		-		(3,401)	(3,401)	
Land and Building Inventory		3,538,885		(1,374,528)	2,164,357	
Net Cash Provided (Used) By Operating Activities	\$	2,020,128	\$	(367,900)	\$ 1,652,228	
Noncash Transactions:						
Amortization of Bond Discount/Premium	\$	(106,446)				
EDIP Appropriations		2,355,754				
Transfer of Princess Anne Commons land to City		(434,534)				
Transfer of Princess Anne Commons land to City		4,393,243				
RECONCILIATION OF COMPONENT UNITS  CASH AND TEMPORARY INVESTMENTS  TO STATEMENT OF NET ASSETS:  Business-Type Activities	\$	14,712,064	\$	322,285	\$ 15,034,349	
Governmental Activities		3,614,593			 3,614,593	
Statement of Net Assets (Exhibit 37)	\$	18,326,657	\$	322,285	\$ 18,648,942	

# 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 ASSETS JUNE 30, 2012

	(	Governmental Activities
<u>ASSETS</u>		
Current Assets:		
Cash and Temporary Investments	\$	147,763,783
Accounts Receivable		635,995
Due from Commonwealth		10,287,746
Due from Federal Government		13,959,074
Inventories		968,251
Prepaid Items		798,147
Total Current Assets	\$	174,412,996
Noncurrent Assets:		
Capital Assets:		
Land	\$	39,672,374
Buildings, Improvements, Equipment and Vehicles (net of accumulated depreciation)		399,631,132
Construction in Progress		45,644,455
Total Noncurrent Assets	\$	484,947,961
Total Assets	\$	659,360,957
LIABILITIES		
Current Liabilities:		
Salaries Payable	\$	56,109,941
Vouchers and Accounts Payable		20,943,224
Deposits Payable		55,000
Due to Federal Government		87,914
Unearned Revenue		6,627,034
Long-term Liabilities (due within one year)		22,456,470
Total Current Liabilities	\$	106,279,583
Noncurrent Liabilities:		
Long-term Liabilities (due in more than one year)		14,171,267
Total Liabilities	\$	120,450,850
NET ASSETS		
Invested in Capital Assets	\$	484,947,961
Restricted for:		
Capital Projects		5,465,425
Grants		1,205,050
Cafeterias		3,402,900
Textbooks		17,964,543
Unrestricted		25,924,228
Total Net Assets	\$	538,910,107

# CITY OF VIRGINIA BEACH, VIRGINIA DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2012

					Pro	ogram Revenues			ľ	Net (Expenses)
						Operating		Capital		Revenues and
			(	Charges for	Grants and		(	Grants and		Change In
	Expenses			Services	Contributions		C	ontributions		Net Assets
GOVERNMENTAL ACTIVITIES										
Instruction	\$	573,843,860	\$	3,212,855	\$	130,259,915	\$	1,812,470	\$	(438,558,620)
Admin, Attendance, & Health		19,526,549		-		-		-		(19,526,549)
Pupil Transportation		34,922,875		-		-		-		(34,922,875)
Operations and Maintenance		93,706,524		332,257		-		-		(93,374,267)
Cafeterias		27,294,432		12,772,266		14,377,587		-		(144,579)
Technology		47,835,843		447,530		4,963,289		-		(42,425,024)
Debt Support		44,337,710				504,362				(43,833,348)
Total Governmental Activities	\$	841,467,793	\$	16,764,908	\$	150,105,153	\$	1,812,470	\$	(672,785,262)
				eral Revenues:						
				al Sources:						207 524 252
				ocal Governmen	t				\$	387,531,252
				iscellaneous			·œ	-		946,610
					id no	t Restricted to Sp	pecific	Purposes:		167011610
				ate Basic Aid						165,011,640
				ate Sales Tax						72,266,667
				deral Impact Ai	d					11,630,646
				rest Earnings					Φ.	208,950
				Total General R	eveni	ues			\$	637,595,765
				Change in Net	Asse	ets				(35,189,497)
				Total Net Asse	ets - J	July 1				574,099,604
				Total Net Asso	ets - J	June 30			\$	538,910,107

# CITY OF VIRGINIA BEACH, VIRGINIA DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT BALANCE SHEET GOVERNMENTAL FUNDS

#### **JUNE 30, 2012**

	School Operating	School Grants	School Textbooks	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and Temporary Investments	\$ 57,487,588	\$ -	\$17,626,194	\$23,553,559	\$ 7,289,853	\$105,957,194
Accounts Receivable	171,552	66,849	3,283	-	13,892	255,576
Due from Other Funds	6,207,740	-	-	_	-	6,207,740
Due from Commonwealth	9,229,402	1,058,344	-	_	_	10,287,746
Due from Federal Government	91,079	11,670,963	-	_	2,197,032	13,959,074
Inventories	-	-	_	_	968,251	968,251
Prepaid Items	357,968		353,582		4,345	715,895
Total Assets	\$73,545,329	\$12,796,156	\$17,983,059	\$23,553,559	\$10,473,373	\$138,351,476
<u>LIABILITIES</u>						
Salaries Payable	\$50,903,162	\$ 4,265,026	\$ 270	\$ 22,701	\$ 917,135	\$ 56,108,294
Vouchers and Accounts Payable	10,220,644	1,052,159	18,246	8,921,704	50,824	20,263,577
Deposits Payable	-	-	-	-	55,000	55,000
Due to Other Funds	-	6,207,740	-	-	-	6,207,740
Due to Federal Government	-	-	-	87,914	-	87,914
Deferred Revenue	437,352	66,181	-	-	474,745	978,278
Total Liabilities	\$61,561,158	\$11,591,106	\$ 18,516	\$ 9,032,319	\$ 1,497,704	\$ 83,700,803
FUND BALANCES						
Nonspendable	\$ 357,968	\$ -	\$ -	\$ -	\$ 972,596	\$ 1,330,564
Restricted	-	1,205,050	17,964,543	5,465,425	3,402,900	28,037,918
Committed	-	-	-	9,055,815	-	9,055,815
Assigned	11,626,203	-	-	-	4,600,173	16,226,376
Total Fund Balances	\$11,984,171	\$ 1,205,050	\$17,964,543	\$14,521,240	\$ 8,975,669	\$ 54,650,673
Total Liabilities and Fund Balances	\$73,545,329	\$12,796,156	\$17,983,059	\$23,553,559	\$10,473,373	\$138,351,476

# CITY OF VIRGINIA BEACH, VIRGINIA DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS JUNE 30, 2012

Amounts reported for governmental activities in the Statement of Net Assets (Exhibit 40) are different from amounts reported for governmental funds in this exhibit because: Total Fund Balances - Governmental Funds (this exhibit) \$ 54,650,673 Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. Cost of Capital Assets \$ 796,890,879 less: Accumulated Depreciation 311,942,918 484,947,961 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 (20,068,737)Internal Service Funds are used to account for the risk management and health insurance programs; and related charges to the various governmental funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets. \$ 42,269,260 **Total Assets** less: Total Liabilities 22,889,050 Total Net Assets 19,380,210 Total Net Assets - Governmental Activities (Exhibit 40) 538,910,107

# 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, 2012

	School	School	School	Capital	Other Governmental	
	Operating	Grants	Textbooks	Projects	Funds	Funds
REVENUES						
From Use of Money and Property	\$ 332,257	\$ -	\$ 50,953	\$ 54,677	\$ 463,839	\$ 901,726
Charges for Services	1,783,222	-	-	-	12,757,443	14,540,665
Miscellaneous	1,977,148	151,829	85,618	_	207,373	2,421,968
From Local Government	351,669,028	855,220	-	35,007,004		387,531,252
From Commonwealth	305,542,870	7,487,879	1,661,828	-	489,788	315,182,365
From Federal Government	13,660,046	56,138,518	-	1,812,470	13,867,218	85,478,252
Total Revenues	\$674,964,571	\$ 64,633,446	\$ 1,798,399	\$ 36,874,151	\$ 27,785,661	\$806,056,228
<b>EXPENDITURES</b>						
Current:						
Instruction	\$477,573,144	\$ 62,362,888	\$ 5,876,806	\$ 2,806,120	\$ 334,413	\$548,953,371
Admin, Attendance, & Health	19,064,917	-	-	-	-	19,064,917
Pupil Transportation	29,578,124	_	_	4,121	_	29,582,245
Operations and Maintenance	88,326,990	_	-	5,199,375	_	93,526,365
Cafeterias	-	_	-	-	26,474,564	26,474,564
Technology	39,345,298	4,963,289	-	1,301,107	267,921	45,877,615
Debt Service	44,337,710	-	-	-	-	44,337,710
Capital Outlay	-	-	-	57,152,553	-	57,152,553
Total Expenditures	\$698,226,183	\$ 67,326,177	\$ 5,876,806	\$ 66,463,276	\$ 27,076,898	\$864,969,340
EXCESS (DEFICIENCY) OF REVENUE	es.					
OVER (UNDER) EXPENDITURES	\$ (23,261,612)	\$ (2,692,731)	\$ (4,078,407)	\$ (29,589,125)	\$ 708,763	\$ (58,913,112)
OTHER FINANCING SOURCES (USES	)					
Transfers In	\$ 5,500,000	\$ 2,994,199	\$ -	\$ -	\$ -	\$ 8,494,199
Transfers Out	(2,994,199)	-	_	-	_	(2,994,199)
Sale of Capital Assets	221,578	_	-	490	_	222,068
Total Other Financing Sources (Uses)		\$ 2,994,199	\$ -	\$ 490	\$ -	\$ 5,722,068
NET CHANGE IN FUND BALANCES	(20,534,233)	301,468	(4,078,407)	(29,588,635)	708,763	(53,191,044)
FUND BALANCES - JULY 1	32,518,404	903,582	22,042,950	44,109,875	8,266,906	107,841,717
FUND BALANCES - JUNE 30	\$ 11,984,171	\$ 1,205,050	\$ 17,964,543	\$ 14,521,240	\$ 8,975,669	\$ 54,650,673

## 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, 2012

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)		\$	(53,191,044)
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Assets and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities. This is the amount by which capital outlay exceeded depreciation expense (including other transactions (e.g., loss on disposals)) for the fiscal year.			37,965,418
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 Leave Earned	\$ 9,744,874 (9,479,963)		264,911
Internal Service Funds are used to account for the risk management and health insurance programs, and related charges to the various governmental funds. The change in net assets for the Internal Service Funds for the fiscal year is reported with governmental activities in the Statement of Activities.			
Risk Management Health Insurance	\$ (5,450,586) (12,014,874)		(17,465,460)
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, 2012. This amount is the applicable Net Book Value change and depreciation expense for the fiscal year.			(2,763,322)
		•	
Change in Net Assets of governmental activities in the Statement of Activities (Exhibit 41)		Þ	(35,189,497)

## CITY OF VIRGINIA BEACH, VIRGINIA DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT SCHOOL OPERATING SPECIAL REVENUE FUND

_								Variance Positive
Source	Oı	riginal Budget	F	inal Budget		Actual		(Negative)
REVENUES  Even Use of Manager and Business a								
From Use of Money and Property Rents	¢	450,000	¢	450.000	ø	222.257	¢	(117.742)
Relits	\$	450,000	\$	430,000	\$	332,257	\$	(117,743)
Charges for Services								
Tuition and Educational Fees	\$	1,481,100	\$	1,481,100	\$	1,783,222	\$	302,122
Miscellaneous Revenue								
Sale of Salvage	\$	12,000	\$	12,000	\$	502,523	\$	490,523
Insurance Proceeds		-		-		30,721		30,721
Premium on Bonds		-		-		104,615		104,615
Donations		-		-		1,165		1,165
Miscellaneous		95,000		95,000		54,009		(40,991)
Indirect Costs		550,000		550,000		704,200		154,200
Natl Institute of Aerospace-Other		_		-		14,130		14,130
Take One Program		_		-		1,400		1,400
Athletics		544,000		544,000		489,776		(54,224)
Instructional Technology				· -		74,609		74,609
Total Miscellaneous Revenue	\$	1,201,000	\$	1,201,000	\$	1,977,148	\$	776,148
From Local Government								
City - General Fund	\$	354,089,081	\$	353,661,471	\$	337,706,745	\$	(15,954,726)
City - School Reserve Fund	*	13,300,000	Ψ	13,300,000	Ψ	13,300,000	Ψ.	(10,70 1,720)
City for Consolidated Benefits Office		678,838		678,838		662,283		(16,555)
Total From Local Government	\$	368,067,919	\$	367,640,309	\$	351,669,028	\$	(15,971,281)
From Commonwealth								
Basic Aid	\$	166,430,660	\$	166,430,660	\$	165,011,640	\$	(1,419,020)
Reimbursement-Social Security	J.	10,098,225	Ψ	10,098,225	Ψ	10,038,165	Φ	(60,060)
Reimbursement-Retirement		9,150,228		9,150,228		9,095,806		(54,422)
Reimbursement-Life Insurance		370,955		370,955		368,749		(2,206)
Remedial Education		2,802,773		2,802,773		2,786,103		(16,670)
Remedial Education-Summer School		1,160,030		1,160,030		1,130,920		(29,110)
Special Education		19,495,757		19,495,757		19,379,803		(115,954)
Special Education-Regional Program		8,490,677		8,490,677		8,027,638		(463,039)
Special Education-Homebound		89,620		89,620		54,338		(35,282)
Special Education-Foster Children		-		-		324,797		324,797
Foster Home Children		564,832		564,832		207,920		(356,912)
Vocational		3,050,076		3,050,076		3,031,935		(18,141)
Vocational-Occupational/Tech		299,093		299,093		224,603		(74,490)
Vocational-Adult Education						35,479		35,479
Vocational-Equipment-State		_		_		88,140		88,140
Sales Tax		72,311,348		72,311,348		72,266,667		(44,681)
Class Size Initiative		2,261,346		2,261,346		2,337,996		76,650
At-Risk Initiative		1,615,494		1,615,494		1,605,895		(9,599)
English as a Second Language		571,684		571,684		558,275		(13,409)
Visually Impaired		-				31,865		31,865
Composite Index Hold Harmless		1,720,723		1,720,723		1,720,723		-
Dual Enrollment		-,,20,,25		-,,20,,23		60,864		60,864
Gifted and Talented Aid		1,854,776		1,854,776		1,843,745		(11,031)
Supplemental Support of Operating		5,326,418		5,326,418		5,310,804		(15,614)
Total From Commonwealth	\$	307,664,715	\$	307,664,715	\$	305,542,870	\$	(2,121,845)

## CITY OF VIRGINIA BEACH, VIRGINIA DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT SCHOOL OPERATING SPECIAL REVENUE FUND

						Variance Positive	
Source	Oı	riginal Budget	I	Final Budget	Actual	(Negative)	
REVENUES (continued)							
From Federal Government							
Public Law 874	\$	14,461,723	\$	14,461,723	\$ 8,428,118	\$ (6,033,605	
Public Law 874-Special Education		-		-	937,323	937,323	
Dept of the Navy-NJROTC		100,000		100,000	320,318	220,318	
Department of Defense		1,500,000		1,500,000	1,948,297	448,297	
Dept of Defense Special Education		=		-	316,908	316,908	
Medicaid Reimbursement		575,000		575,000	1,145,194	570,194	
Natl Institute of Aerospace		-		-	59,231	59,231	
Interest Subsidy-QSCB		-		-	504,362	504,362	
Other Federal Funds					 295	 295	
Total From Federal Government	\$	16,636,723	\$	16,636,723	\$ 13,660,046	\$ (2,976,677	
Total Revenues	\$	695,501,457	\$	695,073,847	\$ 674,964,571	\$ (20,109,276	
EXPENDITURES _							
Instruction							
Elementary Classroom	\$	129,447,888	\$	128,294,702	\$ 124,514,265	\$ 3,780,437	
Senior High Classroom		69,301,664		69,282,563	69,123,036	159,527	
Technical and Career Education		18,743,887		17,267,250	16,502,697	764,553	
Gifted Education and Academy Programs		12,807,859		12,814,715	12,043,455	771,260	
Special Education		80,425,553		80,747,882	79,212,398	1,535,484	
Summer School		3,216,632		3,210,419	2,735,388	475,031	
General Adult Education		1,785,651		1,627,605	1,593,409	34,196	
Alternative Education-Renaissance		6,897,291		6,845,527	5,914,787	930,740	
Student Activities		2,890,121		3,299,253	2,884,837	414,416	
Student Athletics		4,941,085		4,942,022	4,829,599	112,423	
Office/Principal - Elementary		22,783,453		22,683,328	21,813,480	869,848	
Office/Principal - Senior High		9,218,465		9,316,857	9,039,890	276,967	
Office/Principal - Tech & Career		511,607		517,976	484,471	33,505	
Guidance Services		15,710,477		15,795,475	14,665,271	1,130,204	
Social Work Services		2,465,971		2,874,971	2,871,818	3,153	
Media and Communications		1,763,301		1,631,923	1,455,882	176,041	
Instructional Support					11,520,087		
Instructional Center for Teacher Leadership		12,185,039		11,830,479		310,392	
Diversity		1,911,980		1,838,430	1,211,560	626,870	
Special Education Support		2 747 000		4,652	3,980	672 242 470	
•		2,747,099		2,805,982	2,462,503	343,479	
Gifted Education and Academy Programs Support		2,131,068		2,137,168	1,935,350	201,818	
Media Services Support		12,490,151		12,249,980	11,711,695	538,285	
Educational Leadership and Assessment		2,921,988		2,645,367	2,371,729	273,638	
Middle School Classroom		53,548,419		53,349,598	51,934,415	1,415,183	
Remedial Education		9,285,380		9,335,491	8,873,746	461,745	
Office/Principal - Middle Schools		8,326,331		8,224,872	7,741,365	483,507	
Homebound Services		656,962		613,681	515,949	97,732	
Technical and Career Ed Support		894,236		894,236	885,297	8,939	
Student Leadership		1,304,167		1,299,979	1,175,793	124,186	
Psychological Services		3,161,213		3,206,663	3,179,488	27,175	
Audiological Services		382,697		386,517	348,507	38,010	
School Administration		1,397,644		1,317,743	860,546	457,197	
Alternative Education		1,361,556		1,304,552	 1,156,451	148,101	
Total Instruction	\$	497,616,835	\$	494,597,858	\$ 477,573,144	\$ 17,024,714	

## CITY OF VIRGINIA BEACH, VIRGINIA DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT SCHOOL OPERATING SPECIAL REVENUE FUND

Source	Or	iginal Budget	T.	inal Budget		Actual		Variance Positive (Negative)
EXPENDITURES (continued)	01	iginai Buuget	1	mai Buuget		Actual		(Negative)
Admin, Attendance, & Health								
Board, Legal, & Governmental	\$	1,108,457	\$	1,106,457	\$	828,002	\$	278,455
Office of the Superintendent		1,224,530		1,217,530		1,008,116		209,414
Department of Budget & Finance		3,655,873		3,498,562		3,162,397		336,165
Department of Human Resources		4,984,203		4,759,022		4,374,870		384,152
Internal Audit		357,012		357,012		339,618		17,394
Purchasing		1,030,734		980,574		873,091		107,483
Center for Teacher Leadership		1,162,254		730,950		406,468		324,482
Consolidated Benefits Office		1,637,154		1,737,154		1,734,754		2,400
Health Services		6,418,166		6,433,171		6,337,601		95,570
Total Admin, Attendance, & Health	\$	21,578,383	\$	20,820,432	\$	19,064,917	\$	1,755,515
Pupil Transportation								
Management	\$	1,911,122	\$	1,833,122	\$	1,815,986	\$	17,136
Vehicle Operation		17,041,484		18,449,978		17,351,409		1,098,569
Vehicle Operation - Special Education		4,956,998		5,297,822		5,033,918		263,904
Vehicle Maintenance		2,979,487		2,738,487		2,730,529		7,958
Monitoring Services		2,707,436		2,646,436		2,646,282		154
Total Pupil Transportation	\$	29,596,527	\$	30,965,845	\$	29,578,124	\$	1,387,721
Operations and Maintenance								
Facility Planning & Construction	\$	739,648	\$	677,198	\$	677,043	\$	155
School Plant		43,818,937		50,839,141		47,518,516		3,320,625
Supply Services		1,598,367		1,507,911		1,474,395		33,516
Grounds Services		3,751,950		3,751,950		3,751,950		· -
Custodial Services		26,734,184		26,502,338		26,066,185		436,153
Safety and Loss Control		6,392,422		6,291,190		6,227,603		63,587
Vehicle Services		995,981		1,539,570		1,539,551		19
Telecommunications		1,514,229		1,990,766		1,071,747		919,019
Total Operations & Maintenance	\$	85,545,718	\$	93,100,064	\$	88,326,990	\$	4,773,074
Technology								
Instruction	\$	20,704,667	\$	34,677,517	\$	28,682,543	\$	5,994,974
Admin, Attendance & Health	*	1,128,589	*	1,694,895	-	1,393,314	*	301,581
Pupil Transportation		110,255		81,249		68,723		12,526
Operations and Maintenance		9,071,933		10,275,472		9,200,718		1,074,754
Total Technology	\$	31,015,444	\$	46,729,133	\$	39,345,298	\$	7,383,835
Debt Service	\$	44,812,083	\$	44,812,083	\$	44,337,710	\$	474,373
Total Expenditures	\$	710,164,990	\$	731,025,415	\$	698,226,183	\$	32,799,232
EXCESS (DEFICIENCY) OF REVENUES	¢	(14 ((2 522)	¢.	(25.051.5(9)	\$	(22.2(1.(12)	¢	12,689,956
OVER (UNDER) EXPENDITURES	\$	(14,663,533)	\$	(35,951,568)	Þ	(23,261,612)	\$	12,069,930
OTHER FINANCING SOURCES (USES) Transfers Out	\$	(2,539,497)	\$	(2,587,469)	\$	(2.557.700)	\$	20.670
Transfers Out - Technology Category	\$		Þ		Э	(2,557,799)	\$	29,670
Total Transfers Out		(431,200)		(431,200)	-	(436,400)		(5,200)
		(2,970,697)		(3,018,669)		(2,994,199)		24,470
Transfers In - Risk Management Fund		5,500,000		5,500,000		5,500,000		206.570
Sale of Capital Assets Total Other Financing Sources (Uses)	\$	15,000 2,544,303	\$	2,496,331	\$	221,578 2,727,379	\$	206,578
NET CHANGE IN FUND BALANCE		(12,119,230)	Ψ	(33,455,237)	Ψ	(20,534,233)	Ψ	12,921,004
FUND BALANCE - JULY 1		32,518,404		32,518,404		32,518,404		,1,00 1
					_		_	
FUND BALANCE - JUNE 30	\$	20,399,174	\$	(936,833)	\$	11,984,171	\$	12,921,004

## CITY OF VIRGINIA BEACH, VIRGINIA DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT SCHOOL GRANTS SPECIAL REVENUE FUND

Course	Outstand Banks		Smal Dad 4		Actual		Variance Positive
Source REVENUES	Original Budget	F	inal Budget		Actual		(Negative)
Miscellaneous	\$ -	\$	272,957	\$	151,829	\$	(121 129)
From Local Government	5 -	\$	855,220	Þ	855,220	\$	(121,128)
From Commonwealth	13,002,511		11,131,023		7,487,879		(3,643,144)
From Federal Government							
	75,186,838		73,276,312		56,138,518		(17,137,794)
Contingency Total Revenues	\$ 5,727,472 \$ 93,916,821	\$	7,881,829 93,417,341	\$	64,633,446	\$	(7,881,829)
Total Neverlaes	Ψ 73,710,021	Ψ	75,117,511	Ψ	01,033,110	Ψ	(20,703,073)
EXPENDITURES							
Instruction Adult Pagin Education ARE EV12	¢ 207.102	¢.	205.014	¢.	205.014	e	
Adult Basic Education-ABE FY12	\$ 397,103	\$	395,014	\$	395,014	\$	-
AFCEA Science Teaching Tools FY11	-		49		1.007		49
Algebra Readiness FY11			1,887		1,887		- 10 500
Algebra Readiness FY12	669,736		660,457		649,757		10,700
Allstate Foundation Safe Teen Driving FY07	-		4,991		1,183		3,808
ARRA Education Jobs Fund FY12	14,479,801		14,690,364		14,690,364		-
ARRA/SFSF Program FY10	350,000		498,436		498,436		-
Asia Society Confucius Classroom Network FY11	-		24,195		12,635		11,560
C. Perkins Vocational & Tech Act FY11	-		76,833		76,833		-
C. Perkins Vocational & Tech Act FY12	919,584		678,480		678,480		-
Chesapeake Restoration Grant FY10	-		7,696		7,696		-
Chesapeake Restoration Grant FY12	-		16,340		13,140		3,200
COPS Secure Our Schools FY12	-		135,450		85,710		49,740
DoDEA MCASP FY12	-		784,831		-		784,831
Early Reading Initiative FY11	37,690		5,086		5,086		-
Early Reading Initiative FY12	1,030,056		1,095,938		1,049,929		46,009
English Literacy/Civics Education FY12	54,293		67,961		67,961		-
Equipment Assistance Grant-Birdneck FY12	-		23,873		20,581		3,292
GED Expansion Grant FY12	10,000		10,000		10,000		-
General Adult Education FY12	45,861		37,099		37,099		-
Governors Stem Academy Start Up FY12	-		395		365		30
GTC Grant FY12	-		428		428		-
Industry Credentials for Students FY12	-		61,910		61,910		-
ISAEP FY12	62,869		62,842		62,842		-
Jail Education Program FY12	202,710		210,805		190,998		19,807
Juvenile Detention Center FY12	849,224		887,644		853,982		33,662
LENS FY12	-		68,995		-		68,995
McKinney Homeless FY11	3,375		12,137		12,137		-
McKinney Homeless FY12	68,000		70,000		63,195		6,805
MyCAA - ALC Courses FY12	5,000		5,692		5,692		-
MyCAA-LPN Program FY12	15,000		_		_		-
Natl. Board Certified Teachers Stipend FY12			252,500		252,500		-
Natl. Space Fdn. Grant FY12	_		2,500		2,500		-
New Teacher Mentor FY12	59,325		45,032		45,032		-
NIST Grant FY12	-		3,500		3,500		_
NJROTC FY12	_		32,060		32,060		-
Opportunity Inc STEM Grant FY12	_		232,200		135,694		96,506
Preschool Incentive Grant FY10	_		2,274		2,274		
Preschool Incentive Grant FY11	113,204		137,132		121,502		15,630
Preschool Incentive Grant FY12	499,957		498,954		321,352		177,602
Preschool Incentive Grant - ARRA FY10	-		24,654		24,654		
Race to GED FY12	58,581		63,762		63,762		-
Ruce to GED I I I 2	30,301		05,702		05,702		-

## CITY OF VIRGINIA BEACH, VIRGINIA DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT SCHOOL GRANTS SPECIAL REVENUE FUND

S		F417. 1	A.c. 3	Variance Positive
Source	Original Budget	Final Budget	Actual	(Negative)
EXPENDITURES (continued)				
Instruction (continued)	0 ((5(5	e (2,000	¢ (1.974	e 125
Startalk Elementary Chinese Academy FY11	\$ 66,565	\$ 62,009	\$ 61,874	\$ 135
Startalk Elementary Chinese Academy FY12	450.510	60,175	5,277	54,898
Teaching American History-SAIL FY10	458,510	395,963	332,363	63,600
Title I Part A 128-11 FY11	8,262,106	6,279,696	6,279,696	4 412 000
Title I Part A 128-12 FY12	12,180,458	10,386,559	5,974,461	4,412,098
Title I Part A 128-10 - ARRA FY10	650,000	1,107,689	1,107,689	- 
Title I Part A School Improvement FY11	-	148,004	83,220	64,784
Title I Part D Subpart 1 FY11	8,731	15,349	15,349	-
Title I Part D Subpart 1 FY12	71,019	43,965	22,911	21,054
Title I Part D Subpart 2 FY10	-	5,673	5,673	-
Title I Part D Subpart 2 FY11	243,462	221,262	182,862	38,400
Title I Part D Subpart 2 FY12	299,685	246,454	41,358	205,096
Title I Part D Subpart 2 - ARRA FY10	-	2,776	2,776	-
Title II NCLB128-09 FY10	-	43,220	43,220	-
Title II NCLB128-10 FY11	781,263	1,044,277	1,033,370	10,907
Title II NCLB128-10 FY12	2,725,163	2,269,060	1,563,948	705,112
Title III Part A Immigrant & Youth FY10	-	4,862	4,862	
Title III Part A Immigrant & Youth FY11	38,804	39,291	30,347	8,944
Title III Part A Immigrant & Youth FY12	54,632	-	-	
Title III Part A Language Acquisition FY10	-	19,538	19,538	
Title III Part A Language Acquisition FY11	103,182	125,934	98,752	27,182
Title III Part A Language Acquisition FY12	121,820	112,366	363	112,003
Title IV Pell Grant FY12	-	24,614	24,614	•
Title IV Part B 21st CCLC FY12	-	166,611	104,625	61,986
Title VI B PL 105-17 FY10	-	591	591	
Title VI B PL 105-17 FY11	15,337,423	14,919,572	14,919,572	
Title VI B PL 105-17 FY12	15,277,423	15,075,500	5,132,945	9,942,555
Title VI B PL 105-17 - ARRA FY10	1,500,000	371,884	371,884	
VA Career Cluster Best Prac Bayside HSA FY12	-	2,000	2,000	
VA Commission for the Arts-Salem HS FY12	-	3,042	3,042	
VA Incentive Program for Speech Lang FY11	-	19,500	19,500	
VA Incentive Program for Speech Lang FY12	-	6,000	6,000	
VA Initiative-At Risk Four-Year Olds FY11	-	10,000	10,000	
VA Initiative-At Risk Four-Year Olds FY12	4,224,000	4,224,000	4,214,000	10,000
VA Geographic Alliance FY11	-	4,100	771	3,329
VA Middle School Teacher Corps FY12	65,000	75,000	75,000	-
Virginia Bch Police Benevolent Asso FY10	-	2,594	719	1,875
Virtual VA Advanced Placement FY12	-	2,370	2,370	-
Youngsters Yearning for More-Thalia ES FY11	-	326	326	-
Contingency	5,727,472	7,881,829		7,881,829
Total Instruction	\$ 88,128,087	\$ 87,320,901	\$ 62,362,888	\$ 24,958,013
Technology				
Adult Basic Education-ABE FY12	\$ -	\$ 8,695	\$ 8,695	\$ -
Algebra Readiness FY12	-	2,750	2,750	-
C. Perkins Vocational & Tech Act FY12	-	136,005	136,005	
COPS Secure Our Schools FY12	-	719,770	429,274	290,496
Early Reading Initiative FY12	3,000	58,655	55,655	3,000
English Literacy/Civics Education FY12	5,148	-	-	
Governors Stem Academy Start Up FY12	-	4,605	4,483	122
GTC Grant FY12	_	72	72	

## CITY OF VIRGINIA BEACH, VIRGINIA DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT SCHOOL GRANTS SPECIAL REVENUE FUND

	0							Variance Positive
Source	Or	iginal Budget	F	inal Budget		Actual		(Negative)
EXPENDITURES (continued) Technology (continued)								
ISAEP FY12	\$		\$	27	\$	27	\$	
Jail Education Program FY12	φ	1,000	φ	340	Ψ	340	φ	
Juvenile Detention Center FY12		9,000		7,782		7,622		160
Preschool Incentive Grant FY11		2,000		440		440		100
Preschool Incentive Grant - ARRA FY10				31,284		31,284		
Startalk Elementary Chinese Academy FY12		_		500		51,204		500
Teaching American History-SAIL FY10		_		6,740		6,740		500
Technology Initiative FY10		2,868,000		1,932,449		1,932,449		-
Technology Initiative FY11		2,868,000		2,587,200		819,634		1,767,566
Technology Initiative FY12		2,805,600		2,618,400		1,497		2,616,903
Title I Part A 128-10 - ARRA FY10		2,803,000		3,841		3,841		2,010,903
Title I Part A 128-11 FY11		-		119,039		119,039		-
Title I Part A 128-11 F 1 11  Title I Part A 128-12 FY12		58,000		251,765		85,153		166,612
Title I Part A School Improvement FY11		38,000		520		520		100,012
Title I Part D Subpart 1 FY11		-		3,183		3,183		-
		-		28,888		25,563		3,325
Title I Part D Subpart 2 FY11 Title II Part D FY10		15,942		20,520				3,323
		41,563		ŕ		20,520		29 709
Title II Part D FY11		,		58,161		19,363		38,798
Title II Part D - ARRA FY10		24,172		103,699		103,699		-
Title III Part A Immigrant & Youth FY11		-		2,319		2,319		20.450
Title IV Part B 21st CCLC FY12		-		21,209		759		20,450
Title VI B PL 105-17 FY10		-		32,801		32,801		-
Title VI B PL 105-17 FY11		-		415,347		415,347		-
Title VI B PL 105-17 FY12		60,000		119,000		-		119,000
Title VI B PL 105-17 - ARRA FY10		-		694,215		694,215		-
VA Star FY12				4,000		-		4,000
Total Technology	\$	8,759,425	\$	9,994,221	\$	4,963,289	\$	5,030,932
Total Expenditures	\$	96,887,512	\$	97,315,122	\$	67,326,177	\$	29,988,945
EXCESS (DEFICIENCY) OF REVENUES								
OVER (UNDER) EXPENDITURES	\$	(2,970,691)	\$	(3,897,781)	\$	(2,692,731)	\$	1,205,050
OTHER FINANCING SOURCES								
Transfers In	\$	2,970,691	\$	3,897,781	\$	2,994,199	\$	(903,582)
NET CHANGE IN FUND BALANCE		-		-		301,468		301,468
FUND BALANCE - JULY 1		903,582		903,582		903,582		-
FUND BALANCE - JUNE 30	\$	903,582	\$	903,582	\$	1,205,050	\$	301,468

# 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, 2012

	School Cafeterias		School Communication Towers/ Technology		School Vending Operations		School Equipment Replacement		Totals
ASSETS									
Cash and Temporary Investments	\$	2,583,766	\$	2,587,906	\$	308,015	\$	1,810,166	\$ 7,289,853
Accounts Receivable		13,892		-		-		-	13,892
Due from Federal Government		2,197,032		-		-		-	2,197,032
Inventories		968,251		-		-		-	968,251
Prepaid Items		4,345							 4,345
Total Assets	\$	5,767,286	\$	2,587,906	\$	308,015	\$	1,810,166	\$ 10,473,373
LIABILITIES AND FUND BALANCES									
Liabilities:									
Salaries Payable	\$	917,093	\$	-	\$	42	\$	-	\$ 917,135
Vouchers and Accounts Payable		16,619		33,740		465		-	50,824
Deposits Payable		-		55,000		-		-	55,000
Deferred Revenue		458,078		16,667		-			474,745
Total Liabilities	\$	1,391,790	\$	105,407	\$	507	\$		\$ 1,497,704
Fund Balances:									
Nonspendable	\$	972,596	\$	-	\$	-	\$	-	\$ 972,596
Restricted		3,402,900		-		-		-	3,402,900
Assigned		-		2,482,499		307,508		1,810,166	 4,600,173
Total Fund Balances	\$	4,375,496	\$	2,482,499	\$	307,508	\$	1,810,166	\$ 8,975,669
Total Liabilities and Fund Balances	\$	5,767,286	\$	2,587,906	\$	308,015	\$	1,810,166	\$ 10,473,373

# 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, 2012

	School Cafeterias		School Communication Towers/ Technology		School Vending Operations		School Equipment eplacement	Totals
REVENUES								
From Use of Money and Property	\$	9,158	\$ 448,859	\$	860	\$	4,962	\$ 463,839
Charges for Services		12,564,893	-		192,550		-	12,757,443
Miscellaneous		207,373	-		-		-	207,373
From Commonwealth		489,788	-		-		-	489,788
From Federal Government		13,867,218	-		-		-	13,867,218
Total Revenues	\$	27,138,430	\$ 448,859	\$	193,410	\$	4,962	\$ 27,785,661
<u>EXPENDITURES</u>								
Instruction	\$	-	\$ -	\$	334,413	\$	-	\$ 334,413
Cafeterias		26,474,564	-		-		-	26,474,564
Technology		5,715	262,206		-		-	267,921
Total Expenditures	\$	26,480,279	\$ 262,206	\$	334,413	\$	-	\$ 27,076,898
EXCESS (DEFICIENCY) OF REVENUES								
OVER (UNDER) EXPENDITURES	\$	658,151	\$ 186,653	\$	(141,003)	\$	4,962	\$ 708,763
NET CHANGE IN FUND BALANCES		658,151	186,653		(141,003)		4,962	708,763
FUND BALANCES - JULY 1		3,717,345	2,295,846		448,511		1,805,204	8,266,906
FUND BALANCES - JUNE 30	\$	4,375,496	\$ 2,482,499	\$	307,508	\$	1,810,166	\$ 8,975,669

# CITY OF VIRGINIA BEACH, VIRGINIA DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT COMBINING STATEMENT OF NET ASSETS INTERNAL SERVICE FUNDS JUNE 30, 2012

	M	School Risk anagement	School Health Insurance	Totals
ASSETS.				
Cash and Temporary Investments	\$	8,982,700	\$ 32,823,889	\$ 41,806,589
Accounts Receivable		-	380,419	380,419
Prepaid Items		82,252	-	82,252
Total Assets	\$	9,064,952	\$ 33,204,308	\$ 42,269,260
LIABILITIES				
Current Liabilities:				
Salaries Payable	\$	302	\$ 1,345	\$ 1,647
Vouchers and Accounts Payable		209,355	470,292	679,647
Unearned Revenue		-	5,648,756	5,648,756
Estimated Claims and Judgments (due within one year)		5,914,500	6,504,750	12,419,250
Total Current Liabilities	\$	6,124,157	\$ 12,625,143	\$ 18,749,300
Noncurrent Liabilities:				
Estimated Claims and Judgments (due in more than one year)		1,971,500	2,168,250	4,139,750
Total Liabilities	\$	8,095,657	\$ 14,793,393	\$ 22,889,050
NET ASSETS				
Unrestricted	\$	969,295	\$ 18,410,915	\$ 19,380,210

### CITY OF VIRGINIA BEACH, VIRGINIA DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS INTERNAL SERVICE FUNDS FOR THE YEAR ENDED JUNE 30, 2012

		School Risk	School Health	
	M	lanagement	Insurance	Totals
OPERATING REVENUES				
Charges for Services	\$	6,347,582	\$ 106,924,273	\$ 113,271,855
Miscellaneous Revenue		64,215	-	64,215
Total Operating Revenues	\$	6,411,797	\$ 106,924,273	\$ 113,336,070
OPERATING EXPENSES				
Personnel Services	\$	324,359	\$ 219,691	\$ 544,050
Fringe Benefits		87,962	65,299	153,261
Other Charges		6,038,595	118,744,637	124,783,232
Total Operating Expenses	\$	6,450,916	\$ 119,029,627	\$ 125,480,543
OPERATING INCOME (LOSS)	\$	(39,119)	\$ (12,105,354)	\$ (12,144,473)
NONOPERATING REVENUES (EXPENSES)				
From Federal Government	\$	51,391	\$ 1,034	\$ 52,425
From Commonwealth		12,334	-	12,334
Transfers Out-School Operating Fund		(5,500,000)	-	(5,500,000)
Interest Income		24,808	89,446	114,254
Total Nonoperating Revenues (Expenses)	\$	(5,411,467)	\$ 90,480	\$ (5,320,987)
CHANGE IN NET ASSETS		(5,450,586)	(12,014,874)	(17,465,460)
TOTAL NET ASSETS - JULY 1		6,419,881	 30,425,789	36,845,670
TOTAL NET ASSETS - JUNE 30	\$	969,295	\$ 18,410,915	\$ 19,380,210

# 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, 2012

		School Risk	School Health	Totala
	IV	<b>Ianagement</b>	Insurance	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from Customers and Users	\$	6,411,797	\$ 106,998,980	\$ 113,410,777
Payments to Vendors for Goods and Services		(4,692,248)	(117,729,578)	(122,421,826)
Payments to Employees for Services		(412,122)	(283,691)	(695,813)
Net Cash Provided By Operating Activities	\$	1,307,427	\$ (11,014,289)	\$ (9,706,862)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Receipt from Federal Government	\$	51,391	\$ 1,034	\$ 52,425
Receipt from Commonwealth		12,334	-	12,334
Transfers Out-School Operating Fund		(5,500,000)	_	(5,500,000)
Net Cash Provided By Noncapital Financing Activities	\$	(5,436,275)	\$ 1,034	\$ (5,435,241)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest Received on Investments	\$	24,808	\$ 89,446	\$ 114,254
Net Increase (Decrease) in Cash and Temporary Investments		(4,104,040)	(10,923,809)	(15,027,849)
Cash and Temporary Investments, July 1		13,086,740	 43,747,698	56,834,438
Cash and Temporary Investments, June 30	\$	8,982,700	\$ 32,823,889	\$ 41,806,589
RECONCILIATION OF OPERATING INCOME (LOSS) TO				
NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating Income (Loss)	\$	(39,119)	\$ (12,105,354)	\$ (12,144,473)
Adjustments to Reconcile Operating Income (Loss) to				
Net Cash Provided by Operating Activities:				
(Increase) Decrease in Accounts Receivable		-	(25,461)	(25,461)
(Increase) Decrease in Due from Commonwealth		-	87,538	87,538
(Increase) Decrease in Due From Federal Government		-	3,441	3,441
(Increase) Decrease in Prepaid Items		2,054,050	-	2,054,050
Increase (Decrease) in Salaries Payable		199	1,299	1,498
Increase (Decrease) in Vouchers and Accounts Payable		(1,805,361)	(86,941)	(1,892,302)
Increase (Decrease) in Unearned Revenue		-	9,189	9,189
Increase (Decrease) in Estimated Claims and Judgments		1,097,658	1,102,000	2,199,658
Total Adjustments	\$	1,346,546	\$ 1,091,065	\$ 2,437,611
Net Cash Provided By Operating Activities	\$	1,307,427	\$ (11,014,289)	\$ (9,706,862)

## 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, 2012

	Balance			Balance
	July 1, 2011	Additions	Deductions	June 30, 2012
PAYROLL DEDUCTIONS				
ASSETS				
Cash and Temporary Investments	\$ 4,135,130	\$ 125,512,794	\$ 128,433,070	\$ 1,214,854
Accounts Receivable	172		172	
Total Assets	\$ 4,135,302	\$ 125,512,794	\$ 128,433,242	\$ 1,214,854
<u>LIABILITIES</u>				
Vouchers and Accounts Payable	\$ 4,135,302	\$ 125,512,794	\$ 128,433,242	\$ 1,214,854
FRINGE BENEFITS				
<u>ASSETS</u>				
Cash and Temporary Investments	\$ 5,520,791	\$ 98,095,145	\$ 98,733,661	\$ 4,882,275
<u>LIABILITIES</u>				
Vouchers and Accounts Payable	\$ 5,520,791	\$ 98,095,145	\$ 98,733,661	\$ 4,882,275
SCHOOL ACTIVITY ACCOUNTS ASSETS				
Cash and Temporary Investments	\$ 3,785,835	\$ 13,225,381	\$ 13,255,958	\$ 3,755,258
<u>LIABILITIES</u>				
Vouchers and Accounts Payable	\$ 3,785,835	\$ 13,225,381	\$ 13,255,958	\$ 3,755,258
TOTAL - AGENCY FUNDS ASSETS				
Cash and Temporary Investments	\$ 13,441,756	\$ 236,833,320	\$ 240,422,689	\$ 9,852,387
Accounts Receivable	172		172	
Total Assets	\$ 13,441,928	\$ 236,833,320	\$ 240,422,861	\$ 9,852,387
<u>LIABILITIES</u>				
Vouchers and Accounts Payable	\$ 13,441,928	\$ 236,833,320	\$ 240,422,861	\$ 9,852,387



This Page Intentionally Left Blank

## 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.

Contents	<u>S</u>	<u>Page</u>
Financia	l Trends	229
	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	236
	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		241
	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.	
Demogra	aphic and Economic Information	245
	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		248
	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	e of the Treasurer's Cash Accountability	250
	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.



This Page Intentionally Left Blank

### CITY OF VIRGINIA BEACH, VIRGINIA NET ASSETS BY COMPONENT

### Last Ten Fiscal Years (Accrual Basis of Accounting)

(Unaudited)

					Fiscal	Year	•				
	2003	2004	2005	2006	2007		2008	2009	2010	2011	2012
<b>Governmental Activities</b>											
Invested In Capital Assets, Net of Related Debt	\$ 1,728,551,660	\$ 1,812,254,909	\$ 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	\$ 2,382,433,564
Restricted	58,944,520	68,963,315	61,524,387	50,526,035	42,538,035		70,189,359	48,960,721	48,158,594	63,015,179	43,631,055
Unrestricted	 99,876,754	 102,042,576	95,315,158	114,120,819	73,594,691		89,556,643	 63,956,631	 21,851,492	16,225,877	 136,617,814
Total Governmental Activities Net Assets	\$ 1,887,372,934	\$ 1,983,260,800	\$ 2,027,458,449	\$ 2,116,288,373	\$ 2,168,344,694	\$	2,295,086,975	\$ 2,438,646,942	\$ 2,459,866,119	\$ 2,538,119,000	\$ 2,562,682,433
Business-type Activities  Invested In Capital Assets, Net of Related Debt	\$ 648,215,266	\$ 653,808,639	\$ 652,587,954	\$ 655,303,756	\$ 658,871,000	\$	665,969,934	\$ 677,714,227	\$ 690,413,751	\$ 699,132,196	\$ 720,459,762
Restricted	96,941,853	104,999,266	97,751,915	106,104,443	117,241,789		133,124,575	118,523,348	131,592,999	134,034,758	136,699,834
Unrestricted	 307,667	 359,573	831,059	1,280,507	1,531,804		1,316,241	 18,205,841	3,688,816	4,547,713	4,390,270
Total Business-type Activities Net Assets	\$ 745,464,786	\$ 759,167,478	\$ 751,170,928	\$ 762,688,706	\$ 777,644,593	\$	800,410,750	\$ 814,443,416	\$ 825,695,566	\$ 837,714,667	\$ 861,549,866
Primary Government											
Invested In Capital Assets, Net of Related Debt	\$ 2,376,766,926	\$ 2,466,063,548	\$ 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	\$ 3,102,893,326
Restricted	155,886,373	173,962,581	159,276,302	156,630,478	159,779,824		203,313,934	167,484,069	179,751,593	197,049,937	180,330,889
Unrestricted	 100,184,421	102,402,149	96,146,217	115,401,326	75,126,495		90,872,884	82,162,472	25,540,308	20,773,590	 141,008,084
Total Primary Government Net Assets	\$ 2,632,837,720	\$ 2,742,428,278	\$ 2,778,629,377	\$ 2,878,977,079	\$ 2,945,989,287	\$	3,095,497,725	\$ 3,253,090,358	\$ 3,285,561,685	\$ 3,375,833,667	\$ 3,424,232,299

Source: City Department of Finance

#### CITY OF VIRGINIA BEACH, VIRGINIA CHANGES IN NET ASSETS Last Ten Fiscal Years (Accrual Basis of Accounting) (Unaudited)

										Fisca	l Yea	ar								
		2003		2004		2005		2006		2007		2008		2009		2010		2011	_	2012
Expenses																				
Governmental Activities:																				
Legislative	\$	1,012,510	\$	981,325	\$	1,068,789	\$	1,148,231	\$	1,210,187	\$	1,190,152	\$	1,234,039	\$	1,101,059	\$	1,105,878	\$	1,090,648
Executive		2,064,752		2,113,543		2,357,456		2,333,573		3,633,899		3,595,144		3,443,993		2,960,506		2,513,730		2,780,170
Law		3,047,980		3,072,955		3,254,158		3,682,586		3,587,873		3,708,452		3,673,299		3,486,020		3,599,766		3,666,859
Finance		15,251,872		15,269,331		16,059,407		16,595,809		16,216,901		16,661,856		16,644,600		16,925,748		16,912,340		17,775,815
Human Resources		5,353,319		5,419,976		6,172,047		7,194,174		7,839,373		13,400,793		12,879,203		8,494,623		8,222,168		9,055,986
Judicial		37,296,673		44,811,106		39,564,502		44,249,522		48,721,693		49,472,871		50,631,227		48,468,317		49,738,210		51,871,482
Health		2,578,949		2,807,217		2,855,928		2,935,714		3,123,044		3,220,239		3,074,767		2,987,001		2,939,495		2,931,361
Police		64,523,717		68,335,750		73,577,299		77,546,607		84,975,027		88,937,127		88,212,314		86,602,182		87,550,834		89,806,841
Human Services		39,011,111		38,939,054		87,080,754		92,858,627		98,924,690		108,144,955		115,430,632		120,191,660		113,614,181		112,331,388
Public Works		93,550,640		97,304,705		134,770,994		117,466,722		139,806,780		125,719,748		135,063,747		156,433,035		144,084,373		195,557,135
Parks and Recreation		23,236,623		23,587,739		43,768,959		42,723,800		43,896,040		44,780,014		44,221,519		45,258,239		42,919,471		42,619,362
Library		12,915,983		14,257,803		16,346,257		16,986,896		15,873,880		15,845,140		15,685,382		16,053,738		15,258,538		15,639,419
Planning		8,432,938		9,036,272		9,751,358		9,910,293		9,849,490		10,286,282		10,293,506		10,138,645		9,350,124		9,454,772
Agriculture		1,092,462		1,104,806		1,063,296		1,079,789		1,055,102		937,265		1,044,767		911,927		2,844,410		811,303
Economic Development		4,572,788		3,052,588		1,847,524		1,919,560		2,522,273		2,168,890		2,669,517		2,260,972		1,989,067		2,195,509
Convention and Visitor Development		15,327,892		16,703,585		41,784,374		25,478,450		23,659,756		30,236,487		28,319,158		26,441,351		24,450,034		25,211,870
Communication and Information Technology		5,528,594		5,688,567		6,166,747		6,328,211		21,791,364		19,895,881		31,930,685		23,892,765		24,975,516		27,113,853
Emergency Communications and Citizen Services		-		-		-		-		-		-		-		8,286,906		8,233,437		8,644,135
Boards and Commissions		11,259,637		10,698,105		12,526,023		14,596,241		19,192,200		31,611,562		28,283,987		28,838,862		29,809,481		30,813,011
Fire		31,254,897		34,985,948		37,980,843		38,446,066		42,765,415		43,731,113		44,748,877		46,923,435		46,496,015		48,604,326
Management Services		1,422,152		1,437,220		3,092,356		3,234,762		3,542,392		3,704,939		3,607,392		3,905,792		1,452,377		1,488,732
Education		269,339,046		284,577,178		311,448,492		319,810,179		357,791,746		363,554,215		370,277,459		358,870,557		362,627,543		346,343,221
Housing and Neighborhood Preservation		16,494,330		18,661,652		19,566,425		17,870,757		21,500,671		22,857,744		22,813,746		22,992,624		25,286,359		25,102,010
Museums		7,204,334		7,431,946		7,492,376		7,844,418		8,842,411		7,854,366		8,148,195		8,491,250		8,812,689		9,524,054
Emergency Medical Services		3,052,395		3,536,700		6,077,137		6,841,877		7,392,858		7,251,081		7,320,448		7,595,142		7,693,052		8,667,955
Strategic Growth Area		3,032,393		3,330,700		0,077,137		0,041,077		7,392,636		7,231,081		7,320,448		7,393,142		7,093,032		1,011,323
General Government		11,633,492		45,235,256		54,789,640		25,652,192		51,462,207		22,967,787		16,825,353		35,592,598		22,315,404		6,689,626
Interest on Long-term Debt		29,674,169		36,881,222		39,969,923		42,544,140		42,652,225		46,906,778		48,918,428		73,058,398		42,665,372		48,481,522
Total Governmental Activities Expenses	•	772,020,276	•	855,261,189	•	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
Total Governmental Activities Expenses	3	112,020,210	э	833,201,189	3	960,433,004	.5	947,279,190	3	1,081,829,497	3	1,000,040,001	3	1,113,390,240	3	1,107,103,332	3	1,107,439,804	3	1,143,283,088
Business-Type Activities:																				
Water and Sewer	\$	80,769,987	\$	80,538,848	\$	84,634,492	\$	90,434,001	\$	90,745,302	\$	94,410,608	\$	95,332,140	\$	96,891,679	\$	104,625,349	\$	102,310,240
Storm Water		12,538,982		15,631,258		13,257,532		15,191,577		14,420,597		14,231,356		13,027,354		13,116,763		14,178,468		15,650,645
Resort Parking		1,976,293		1,989,947		1,742,820		1,388,167		1,636,979		1,675,539		1,430,534		1,357,625		1,603,150		1,973,867
Total Business-type Activities Expenses	\$	97,550,400	\$	100,479,713	\$	99,634,844	\$	107,013,745	\$	106,802,878	\$	110,317,503	\$	109,790,028	\$	111,366,067	\$	120,406,967	\$	119,934,752
Total Primary Government Expenses	\$	869,570,676	\$	955,740,902	\$	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
Program Revenues																				
Governmental Activities:																				
Charges for services:																				
Judicial	s	2,531,659	\$	3,145,182	\$	3,217,122	\$	3,307,011	8	3,981,479	\$	4,025,927	\$	3,946,053	\$	4,993,137	\$	4,402,463	\$	5,377,347
Police		1,019,763	Ψ	1,187,622	-	1,444,457	-	1,162,299		1,029,473	Ψ	1,425,005		1,567,617	•	3,436,506		4,026,448	Ψ	3,670,550
Human Services		1,990,526		2,326,495		3,315,732		2,417,055		3,318,504		3,383,220		4,723,828		4,952,643		23,797,305		24,322,382
Public Works		1,299,951		2,015,889		1,902,690		2,926,714		3,562,368		1,810,874		3,469,383		10,299,832		6,743,429		13,465,436
Parks and Recreation		9,214,908		8,836,600		1,902,690		12,737,487		14,466,702		14,586,938		14,620,812		14,660,279		14,405,985		13,465,436
Library		519,766		555,447		589,842		553,406		648,003		672,183		679,091		617,088		760,480		706,607
<u> </u>																				
Planning		4,772,200		5,546,695		5,503,737		6,378,599		5,936,100		5,307,304		4,026,124		4,076,448		4,097,287		4,265,630
Agriculture		97,109		103,263		88,697		123,007		162,355		145,130		145,454		164,684		127,156		170,091
Economic Development				-		-		-		-		691,207								-
Convention and Visitor Development		1,308,461		1,404,295		1,284,839		2,066,935		3,444,555		3,012,735		3,506,706		4,706,217		5,067,297		5,313,030
Fire		80,890		228,971		181,804		184,929		271,360		202,543		354,061		406,679		409,613		346,680
Housing and Neighborhood Preservation		121,332		133,944		259,014		207,385		478,923		183,588		174,560		312,489		215,523		1,170,964

										Fisca	l Yea	ır								
		2003		2004		2005		2006		2007		2008		2009		2010	2011		2	2012
Program Revenues (continued)																				
Governmental Activities: (continued)																				
Charges for services: (continued) Museums	s	5 745 407	e	5,479,477		5,522,133		5,952,650		6,371,707	e	5,547,623		5,493,504		6,609,514 \$	7,208,8	05 6		7,548,640
General Government	3	5,745,407 7,747,088	\$	8,701,176	3	8,725,746	3	9,416,710	3	10,177,882	э	10,412,161	3	9,756,013	3	8,777,127	7,208,8 8,096,6			7,348,640
Other Activities		442,024		379,107		389.396		381.996		352,329		975,039		524,362		508,565	545,7			497,376
Operating grants and contributions		130,029,607		155,268,182		151,298,914		157,781,650		169,205,494		189,987,751		202,479,091		214,751,488	195,543,6		16	59,430,851
Capital grants and contributions		18,814,831		64,634,349		63,449,638		26,653,064		39,329,430		49,331,573		88,794,495		30,731,118	32,767,7			11,572,819
Total Governmental Activities Program Revenues	\$	186,063,920	\$	260,260,861	\$	259,440,731	\$	232,250,897	\$	262,736,664	\$	291,700,801	\$	344,261,154	\$	310,003,814 \$	308,215,7			9,130,492
-																				
Business-type Activities:																				
Charges for services: Water and Sewer	s	00.710.115	œ.	00 020 016		02 140 006		89,378,218	6	02 104 022	¢.	97,364,528		05 200 212		98,568,890 \$	102,398,5	24 6	10	9.200.204
Storm Water	3	80,719,115 11,590,672	3	89,029,816 12,629,702	3	82,148,096 13,812,037	3	12,351,619	3	93,104,033 14,537,968	3	15,728,693	3	95,308,313 17,559,488	3	98,568,890 \$ 19,285,386	21,321,4			27,841,165
Parking		2,174,164		2,362,984		2,453,757		2,624,955		2,259,617		2,319,168		2,390,391		2,420,174	3,213,2			2,879,725
Operating grants and contributions		4,536,019		4,747,358		4,971,618		5,182,290		5,405,170		5,602,177		5,216,559		5,222,410	3,569,2			1,306,092
Capital grants and contributions		4,842,986		2,101,653		3,336,142		6,103,382		1,257,077		6,491,686		2,442,568		628,640	1,877,9			974,355
Total Business-type Activities Program Revenues	\$	105,822,668	\$	113,088,284	S	106,721,650	S	115,640,464	S	116,563,865	\$	127,506,252	s	122,917,319	s	126,125,500 \$	132,380,4		14	12,201,541
Total Business type Territies Frogram revenues	-	103,022,000		113,000,201		100,721,000		112,010,101	-	110,505,005	Ψ	127,500,252	Ψ	122,717,317		120,125,500	152,500,1	<del></del>		2,201,011
Total Primary Government Program Revenues	\$	291,886,588	\$	373,349,145	\$	366,162,381	\$	347,891,361	\$	379,300,529	\$	419,207,053	\$	467,178,473	\$	436,129,314 \$	440,596,1	95 \$	44	11,332,033
N ( (F ) ) D																				
Net (Expenses) Revenues	s	(505.056.356)	œ.	(505 000 330)		(720 002 222)		(715,020,200)	s	(010 002 022)	•	(706.040.000)		(771 125 000)		(0.57 1.50 530) 6	(700.244.1	25) 6	(0.4	16 152 106
Governmental Activities	3	(585,956,356) 8.272.268	3	(595,000,328) 12.608.571	3	(720,992,333) 7.086,806	3	(715,028,299) 8.626,719	2	(819,092,833) 9.760.987	2	(796,940,080) 17.188.749	3	(771,135,086) 13.127.291	3	(857,159,538) \$ 14.759.433	(799,244,1 11.973.4			16,153,196)
Business-type Activities Total Primary Government Net Expenses	\$	(577,684,088)	\$	(582,391,757)	5	(713,905,527)	\$	(706,401,580)	\$	(809,331,846)	\$	(779,751,331)	\$	(758,007,795)	5	(842,400,105) \$	(787,270,6			22,266,789
Total Filmary Government Net Expenses	-	(377,004,000)	<u> </u>	(302,371,737)		(713,703,327)	_	(700,401,500)	9	(007,331,040)	9	(117,131,331)	Ψ	(130,001,173)	=	(042,400,103)	(707,270,0	<del>50)</del> <del>=</del>	(02	3,000,407)
General Revenues and Other Changes in Net Assets																				
Governmental Activities:																				
Taxes:																				
General Property Taxes -																				
Real Estate & Personal Property	S	374,793,839	S	406,780,757	S	436,458,576	S	465,863,881	S	528,091,785	\$	576,420,840	S	589,973,045	s	558,423,911 \$	537,521,5	03 \$	53	37,843,813
Sales	-	41,769,580	-	47,153,039	-	49,623,269	-	51,544,664	-	54,125,457	-	54,121,980	-	51,007,274	-	50,331,672	51,945,1			3,038,789
Utility		37,751,838		39,842,996		40,227,571		40,876,918		39,229,570		42,071,272		47,340,874		46,023,992	47,159,9			13,074,104
Business Licenses		29,214,895		34,173,969		36,444,397		40,841,567		40,117,510		41,834,619		40,919,033		38,204,143	41,183,3			11,205,981
Meal		33,988,710		38,143,540		41,792,636		44,088,252		48,162,200		48,069,618		48,138,128		48,566,456	50,870,2			3,540,559
Lodging		18,050,830		19,560,691		19,687,529		21,598,763		23,364,668		23,623,107		22,734,965		22,919,279	24,401,1			25,624,528
Amusement		4,033,833		4,228,092		4,595,065		4,648,949		4,881,693		5,020,312		5,427,458		5,141,354	5,312,4			5,617,464
City Tax on Deeds and Wills		4,861,218		6,989,136		10,828,120		12,396,672		10,660,889		8,892,283		6,569,411		6,283,840	5,864,2	.24		6,284,635
Cigarette		9,775,806		12,243,891		11,747,980		11,024,720		11,040,079		11,503,774		13,062,433		11,949,379	12,270,1	85	1	2,213,135
Automobile Licenses		7,539,075		9,129,316		8,845,748		8,935,321		8,815,226		8,945,576		8,985,629		8,654,496	9,018,2	.55		8,947,535
Emergency 911 Telephone		5,648,093		6,406,420		6,403,011		7,414,387		6,351,737		7,281,412		5,970		-		-		-
Other Taxes		6,363,556		6,555,413		6,323,789		7,124,271		6,759,400		9,074,242		8,875,610		9,871,136	10,981,6	69	1	0,770,992
Grants and contributions not restricted		48,993,582		46,744,198		56,977,798		62,678,516		53,506,370		53,413,358		53,413,096		53,413,134	67,913,0	73	5	3,414,000
Investment Earnings		4,827,610		3,968,766		5,049,118		14,718,334		15,401,732		16,206,742		7,727,438		4,067,799	1,755,3	26		9,351,455
Miscellaneous		9,880,060		6,521,421		13,353,979		10,103,008		15,799,971		15,295,906		13,178,417		14,528,124	11,300,4			9,789,639
Total Governmental Activities	\$	646,280,648	\$	690,888,194	\$	748,358,586	\$	803,858,223	\$	866,308,287	\$	921,775,041	\$	917,358,781	\$	878,378,715 \$	877,497,0	16 \$	87	70,716,629
Business-type Activities:																				
Investment Earnings	\$	1,858,783	\$	1,388,430	\$	1,899,612	\$	3,701,118	\$	5,599,105	\$	6,003,643	\$	2,820,444	\$	943,565 \$	761,9	24 \$		264,732
Miscellaneous		(1,193,565)		(294,309)		(151,572)		(810,059)		(404,205)		(426,235)		(1,915,069)		(4,450,848)	(716,3	22)		1,303,678
Total Business-type Activities	\$	665,218	\$	1,094,121	\$	1,748,040	\$	2,891,059	\$	5,194,900	\$	5,577,408	\$	905,375	\$	(3,507,283) \$	45,6	02 \$		1,568,410
Total Primary Government	\$	646,945,866	\$	691,982,315	\$	750,106,626	\$	806,749,282	\$	871,503,187	\$	927,352,449	\$	918,264,156	\$	874,871,432 \$	877,542,6	18 \$	87	72,285,039
Change in Net Assets																				
Governmental Activities	S	60,324,292	\$	95,887,866	S	27,366,253	s	88,829,924	s	47,215,454	\$	124,834,961	s	146,223,695	\$	21,219,177 \$	78,252,8	81 S	2	24,563,433
Business-type Activities	J	8,937,486	Ψ	13,702,692	a)	8,834,846	Ψ	11,517,778	Ψ	14.955.887	Ψ	22,766,157	J	14.032.666	ų.	11,252,150	12,019,1			23.835.199
Total Primary Government	S	69.261.778	\$	109.590.558	S	36.201.099	S	100.347.702	S	62.171.341	\$	147.601.118	S	160.256.361	\$	32.471.327 \$	90,271,9			18.398.632
	-	07,201,770	-	.07,070,000		10,201,077	-	100,517,702		02,171,341	-	117,001,110	~	.00,250,501	_	J2,1/1,J2/ U	,0,2/1,/			-,-,0,052

Source: City Department of Finance

### CITY OF VIRGINIA BEACH, VIRGINIA FUND BALANCES OF GOVERNMENTAL FUNDS

#### Last Ten Fiscal Years (Unaudited)

					Fiscal Ye	ar				
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund										
Nonspendable	\$ - \$	- \$	- \$	- \$	- \$	- \$	- \$	- \$	453,056 \$	506,339
Restricted	-	-	-	-	-	-	-	-	987,701	721,002
Committed	-	-	-	-	-	-	-	-	33,756,567	16,397,989
Assigned	-	-	-	-	-	-	-	-	41,286,701	69,462,951
Unassigned	-	-	-	-	-	-	-	-	113,003,754	103,961,151
Reserved	8,688,878	8,219,429	7,052,123	6,615,475	6,466,689	10,977,275	11,202,854	9,763,249	-	-
Unreserved	 93,821,566	112,466,861	132,349,459	166,030,397	170,036,346	182,087,766	152,478,269	169,216,410	<u> </u>	-
Total General Fund	\$ 102,510,444 \$	120,686,290 \$	139,401,582 \$	172,645,872 \$	176,503,035 \$	193,065,041 \$	163,681,123 \$	178,979,659 \$	189,487,779 \$	191,049,432
All Other Governmental Funds										
Restricted	\$ - \$	- \$	- \$	- \$	- \$	- \$	- \$	- \$	36,583,676 \$	42,910,053
Commited	-	-	-	-	-	-	-	-	205,254,077	337,853,345
Assigned	-	-	-	-	-	-	-	-	133,709,715	6,583,170
Reserved, Reported In:										
All Other Government Funds	26,728,566	24,369,524	114,948,188	107,021,467	96,940,059	81,311,197	96,319,671	102,057,848	-	-
Debt Service Funds	31,839,365	29,118,824	18,474,698	11,557,911	13,993,113	19,006,999	21,216,930	17,251,355	-	-
Unreserved, Reported In:										
Special Revenue Funds	61,382,053	86,138,784	100,134,839	88,309,522	94,795,858	102,397,382	93,673,677	80,861,278	-	-
Capital Projects Funds	 <u> </u>	105,738,728	<u> </u>	<u> </u>	80,549,409	87,513,646	126,587,633	156,110,046		-
Total All Other Governmental Funds	\$ 119,949,984 \$	245,365,860 \$	233,557,725 \$	206,888,900 \$	286,278,439 \$	290,229,224 \$	337,797,911 \$	356,280,527 \$	375,547,468 \$	387,346,568

Source: City Department of Finance

Note: City Adopted GASB 54 in Fiscal Year 2011



This Page Intentionally Left Blank

## CITY OF VIRGINIA BEACH, VIRGINIA CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS Last Ten Fiscal Years (Unaudited)

						Fiscal	Year						
	 2003	2004		2005	2006	2007		2008	2009	2010		2011	2012
REVENUES													
Real Estate Taxes	\$ 319,261,524 \$	347,360,1	12 \$	382,632,555 \$	397,431,699	\$ 462,221,198 \$	\$	499,241,014 \$	515,768,880	\$ 504,334,961 \$	S	474,474,648 \$	461,480,3
Personal Property Taxes	 48,188,917	80,260,7	31	57,046,694	66,804,132	 70,592,576		75,062,192	70,181,027	 59,813,526		65,943,535	73,705,3
Total General Property Taxes	367,450,441	427,620,8	43	439,679,249	464,235,831	532,813,774		574,303,206	585,949,907	564,148,487		540,418,183	535,185,7
Other Local Taxes:													
General Sales	41,782,279	46,328,0	49	49,315,425	51,391,606	53,962,203		54,071,427	51,439,533	50,263,545		51,743,905	53,375,3
Utility	37,751,838	39,842,9	96	40,702,879	40,876,918	39,741,626		42,071,272	45,764,804	46,662,622		45,129,301	45,254,1
Business Licenses	29,214,895	34,173,9	69	36,444,397	40,611,370	39,931,411		41,801,475	41,047,807	38,092,610		41,281,806	41,129,8
Franchise Taxes-Cox Communications	4,407,527	4,526,6	09	4,644,304	4,863,393	5,178,485		5,487,236	5,891,384	6,256,632		6,827,422	6,962,3
Automobile Licenses	7,539,075	9,129,3	16	8,845,748	8,935,321	8,815,226		8,945,576	8,962,613	8,654,625		9,018,142	8,970,5
Bank Stock	1,575,352	1,554,4	29	1,427,672	1,623,110	1,520,710		2,261,296	2,071,296	2,667,046		3,029,323	2,615,8
City Tax on Deeds	4,800,099	6,870,0	92	10,663,918	12,339,628	10,501,703		8,803,558	6,492,325	6,218,098		5,796,601	6,203,7
City Tax on Wills	61,119	119,0	44	78,938	57,044	159,186		88,725	77,086	65,742		67,623	80,8
Cigarette	9,775,806	12,243,8	91	11,747,980	11,024,720	11,040,079		11,503,774	11,786,853	12,468,847		12,063,516	12,182,2
Amusement	4,033,833	4,228,0	92	4,595,065	4,648,949	4,881,693		5,020,312	5,422,767	5,226,534		5,314,873	5,472,2
Hotel Taxes	17,669,887	19,103,5	83	19,175,967	20,982,033	22,616,459		23,623,107	22,955,423	22,801,413		24,169,996	25,003,7
Restaurant Meals	34,377,007	38,144,7	87	41,565,553	45,025,727	46,743,465		48,069,618	48,304,462	48,442,376		50,594,181	53,254,3
Transient Occupancy Taxes	380,943	457,1	08	511,562	616,730	748,209		861,559	920,264	934,382		1,122,301	1,106,7
Total Other Local Taxes	 199,025,004	222,657,3	32	236,122,419	249,897,709	 252,456,783		260,197,924	251,136,617	248,754,472		256,158,990	261,612,0
Fines and Forfeitures	3,993,054	4,705,3	66	5,108,116	5,126,218	5,712,654		6,155,497	5,772,731	6,733,769		7,432,059	6,821,9
Permits, Privilege Fees, and Regulatory Licenses	4,251,659	5,226,3	92	5,050,051	5,834,259	5,400,602		5,008,807	4,158,778	4,222,376		3,824,168	4,239,7
From Use of Money and Property	7,301,739	6,263,9	24	15,139,965	19,854,097	23,604,498		23,872,972	13,223,279	9,841,835		7,582,471	15,495,6
Charges for Services	23,636,412	25,390,0	69	27,841,547	29,650,776	37,847,747		35,704,240	35,136,062	55,897,422		61,278,029	68,489,1
Miscellaneous	9,171,224	7,632,5	96	9,600,932	10,932,347	13,815,781		11,207,659	15,871,120	17,701,348		15,255,086	15,900,6
Sale of Property	9,072,113	2,446,5	49	=	-	159,500		-	-	10,000		15,000	
From Other Local Governments	344,608	338,0	44	691,082	1,002,094	482,343		2,922,656	440,526	447,717		14,921,907	247,7
From Commonwealth	139,470,198	124,688,3	59	184,624,417	170,387,032	176,892,089		187,242,768	190,898,905	180,261,813		191,257,316	183,494,2
From Federal Government	 40,140,245	61,437,8	64	55,306,915	54,056,213	 67,866,759		62,879,529	72,236,638	 109,971,236		81,029,447	73,006,8
Total Revenues	\$ 803,856,697 \$	888,407,3	38 \$	979,164,693	1,010,976,576	\$ 1,117,052,530 \$	\$ 1	1,169,495,258 \$	1,174,824,563	\$ 1,197,990,475	S	1,179,172,656 \$	1,164,493,8
EXPENDITURES													
Legislative	\$ 1,002,617 \$	969,1	39 \$	1,071,326 \$	1,139,038	\$ 1,200,362 \$	\$	1,184,474 \$	1,229,876	\$ 1,099,021 \$	3	1,104,591 \$	1,078,7
Executive	2,085,428	2,080,6	15	2,348,873	2,326,096	3,577,193		3,626,970	3,416,589	2,958,372		2,563,372	2,697,0
Law	3,039,608	3,081,8	11	3,250,441	3,668,542	3,561,072		3,718,122	3,645,426	3,526,957		3,576,615	3,640,2
Finance	15,260,977	15,301,4	85	16,055,188	16,604,300	16,312,033		16,554,091	16,554,774	16,263,353		15,804,138	16,600,9
Human Resources	5,296,544	5,345,7	47	6,181,109	7,188,192	7,821,314		13,417,794	12,899,532	8,475,233		8,229,652	9,010,0
Judicial	33,183,276	36,462,2	25	38,834,721	43,178,030	47,995,556		49,170,602	50,058,319	48,360,575		49,040,448	51,006,5
Health	2,577,238	2,822,4	46	2,849,083	2,933,999	3,116,338		3,232,255	3,071,005	2,981,771		2,934,899	2,926,6

						Fisc	al Ye	ar					
		2003	2004	2005	2006	2007		2008	2009		2010	2011	2012
EXPENDITURES (continued)													
Police	\$	64,193,421	\$ 68,612,314	\$ 73,583,189	\$ 75,741,221	\$ 81,333,569	\$	88,122,541	\$ 86,039,838 \$	3	84,330,028 \$	85,654,990	\$ 87,210,424
Human Services		68,600,227	70,321,357	87,033,955	92,454,033	98,480,042		108,245,640	114,982,315		119,705,569	113,422,755	111,828,043
Public Works		56,823,767	59,257,259	74,141,032	76,533,960	80,067,766		81,007,280	90,598,946		88,729,538	90,570,064	99,611,309
Parks and Recreation		21,494,838	21,841,790	37,441,179	38,857,569	40,682,352		42,119,693	42,360,029		41,975,161	40,087,300	42,677,953
Library		12,688,503	14,002,101	16,348,866	17,084,795	15,920,138		16,059,880	15,652,089		15,995,471	15,442,912	15,475,052
Planning		8,331,725	8,886,525	9,710,312	9,843,203	9,770,085		10,331,341	10,162,875		10,071,875	9,324,289	9,379,626
Agriculture		1,049,851	1,078,859	1,066,336	1,049,519	1,056,038		930,862	1,052,844		931,377	2,837,146	2,958,894
Economic Development		2,070,931	1,798,044	1,840,570	1,900,804	2,530,958		2,145,140	2,656,922		2,243,759	2,007,505	2,210,063
Convention and Visitor Development		15,594,473	17,015,252	20,483,117	23,659,037	23,607,692		25,441,881	25,300,454		26,187,264	23,994,441	50,515,866
Communications and Information Technology		2,306,533	2,539,128	2,992,256	2,966,769	18,507,578		19,118,141	29,111,294		21,205,694	19,371,700	20,992,614
Emergency Communications and Citizen Services		-	-	-	-	-		-	-		8,286,906	8,233,437	8,644,135
Boards and Commissions		11,217,932	10,707,122	12,557,380	18,685,239	22,375,925		31,381,050	30,920,448		30,304,486	34,454,560	34,730,107
Fire		30,759,777	33,843,537	37,237,309	38,303,099	41,760,077		43,471,843	43,181,025		43,691,716	43,756,960	44,898,737
Management Services		1,401,867	1,412,190	3,059,944	3,363,527	3,493,535		3,676,965	3,579,581		3,854,542	1,484,095	1,471,547
Education		262,009,555	277,310,403	334,162,882	320,964,984	354,158,779		345,208,610	387,081,807		381,426,817	350,272,315	399,636,831
Housing and Neighborhood Preservation		16,714,245	18,804,395	19,592,928	18,110,672	21,759,797		23,140,526	23,025,859		23,244,412	25,578,349	25,057,346
Museums		6,482,527	6,729,933	7,470,421	7,817,722	8,797,003		7,829,887	8,158,942		8,463,702	8,805,116	9,430,030
General Government		6,950,658	28,022,006	10,025,942	11,346,910	10,605,800		11,114,894	7,483,531		3,625,500	1,830,932	8,293,239
Emergency Medical Service		3,037,690	3,448,849	5,968,527	6,769,991	7,135,542		7,265,956	7,155,505		7,552,298	7,590,345	8,302,029
Strategic Growth Area		-	-	-	-	-		-	-		-	-	1,011,323
Capital Outlay		107,142,932	144,566,419	124,646,815	145,902,457	163,139,877		175,645,583	107,225,640		125,455,464	152,439,078	134,374,158
Debt Service:													
Principal Retirement		51,192,365	53,414,591	57,714,598	61,003,591	62,581,830		65,114,538	72,662,009		76,488,392	80,413,257	28,759,234
Interest and Fiscal Charges		30,835,882	 37,084,954	39,467,989	41,703,346	43,477,348		45,750,215	 48,401,666		47,082,762	43,141,572	16,496,683
Total Expenditures	\$	868,670,805	\$ 974,122,914	\$ 1,047,136,288	\$ 1,091,100,645	\$ 1,194,825,599	\$	1,244,026,774	\$ 1,247,669,140	S	1,254,518,015 \$	1,243,966,833	\$ 1,250,925,524
Excess (Deficiency) of Revenues													
over (under) Expenditures	\$	(64,814,108)	\$ (85,715,576)	\$ (67,971,595)	\$ (80,124,069)	\$ (77,773,069)	\$	(74,531,516)	\$ (72,844,577) \$	S	(56,527,540) \$	(64,794,177)	\$ (86,431,700)
OTHER FINANCING SOURCES (USES)													
Transfers In	\$	192,882,034	\$ 209,520,906	\$ 225,275,016	\$ 267,684,774	\$ 278,985,024	\$	278,337,221	\$ 329,930,834 \$	S	286,072,732 \$	225,159,580	\$ 79,048,006
Transfers Out		(190,750,083)	(211,072,889)	(224,910,444)	(265,263,920)	(272,265,926)		(277,520,986)	(324,543,593)		(282,833,185)	(232,016,209)	(80,346,618)
Issuance of Debt		100,397,694	218,200,000	192,705,000	80,000,000	150,280,000		141,625,000	78,350,705		321,110,000	94,875,000	118,596
Premium on Bonds Sold		12,156,422	12,659,281	18,841,952	4,278,680	4,020,673		4,065,030	4,384,080		34,379,078	6,600,690	132,850,000
Increase (Decrease) in Treasury Strips		-	-	-	-	-		-	-		-	(49,823)	23,194,107
Payment to Refunding Bonds Escrow Agent		(57,520,515)	_	(137,338,627)	_	-		(54,078,461)	-		(267,419,933)	` _	(55,071,638)
Total Other Financing Sources (Uses)	\$	57,052,976	\$ 229,307,298	\$ 74,572,897	\$ 86,699,534	\$ 161,019,771	\$	95,044,307	\$ 88,122,026 \$	S	91,308,692 \$	94,569,238	\$ 99,792,453
Net Change in Fund Balance	\$	(7,761,132)	\$ 143,591,722	\$ 6,601,302	\$ 	\$ 	\$		\$ 15,277,449 \$	S	34,781,152 \$		\$ 13,360,753
Debt Service as a Percentage of Noncapital Expenditu	res	10.8%	10.9%	10.5%	10.9%	10.3%		10.4%	10.6%		10.9%	11.3%	4.1%

Source: City Department of Finance

## CITY OF VIRGINIA BEACH, VIRGINIA GOVERNMENTAL FUNDS TAX REVENUE BY SOURCE

#### Last Ten Fiscal Years (Unaudited)

					Fiscal Year					
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
City Taxes										
Real Estate	\$ 319,261,524	\$ 347,360,112	\$ 382,632,555	\$ 397,431,699	\$ 462,811,968	\$ 499,776,925	\$ 515,768,880	\$ 504,334,961	\$ 474,474,648	\$ 461,480,333
Personal Property	48,188,917	80,260,731	57,046,694	66,804,132	70,592,576	75,062,192	70,181,027	59,813,526	65,943,535	73,705,379
General Sales	41,782,279	46,328,049	49,315,425	51,391,606	53,962,203	54,071,427	51,439,533	50,263,545	51,743,905	53,375,318
Utility	43,407,182	45,778,363	47,105,890	47,778,078	46,357,954	49,660,261	45,764,804	46,662,622	45,129,301	45,254,169
Business Licenses	29,214,895	34,173,969	36,444,397	40,611,370	39,931,411	41,801,475	41,047,807	38,092,610	41,281,806	41,129,895
Franchise Taxes	4,407,527	4,526,609	4,644,304	4,863,393	5,178,485	5,487,236	5,891,384	6,256,632	6,827,422	6,962,320
Automobile Licenses	7,539,075	9,129,316	8,845,748	8,935,321	8,815,226	8,945,576	8,962,613	8,654,625	9,018,142	8,970,535
Bank Stock	1,575,352	1,554,429	1,427,672	1,623,110	1,520,710	2,261,296	2,071,296	2,667,046	3,029,323	2,615,883
City Tax on Deeds	4,800,099	6,870,092	10,663,918	12,339,628	10,501,703	8,803,558	6,492,325	6,218,098	5,796,601	6,203,751
City Tax on Wills	61,119	119,044	78,938	57,044	159,186	88,725	77,086	65,742	67,623	80,884
Cigarette	9,775,806	12,243,891	11,747,980	11,024,720	11,040,079	11,503,774	11,786,853	12,468,847	12,063,516	12,182,212
Amusement	4,033,833	4,228,092	4,595,065	4,648,949	4,881,693	5,020,312	5,422,767	5,226,534	5,314,873	5,472,204
Hotel Taxes	17,669,887	19,103,583	19,175,967	20,982,033	22,616,459	23,623,107	22,955,423	22,801,413	24,169,996	25,003,788
Restaurant Meals	34,377,007	38,144,787	41,565,553	45,025,727	46,743,465	48,069,618	48,304,462	48,442,376	50,594,181	53,254,313
Transient Occupancy	380,943	457,108	511,562	616,730	748,209	861,559	 920,264	 934,382	 1,122,301	1,106,769
Total	\$ 566,475,445	\$ 650,278,175	\$ 675,801,668	\$ 714,133,540	\$ 785,861,327	\$ 835,037,041	\$ 837,086,524	\$ 812,902,959	\$ 796,577,173	\$ 796,797,753

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		Real Property Assessed Value		Total Taxable Real Property	Direct Tax	Personal Pro Assessed V		Total Taxable Personal Property	Direct Tax	Estimated Actual	Assessed Value as a Percentage
Year	Residential	Commercial	Public Service	Assessed Value	Rate	Residential	Commercial	Assessed Value	Rate	Taxable Value	of Actual Value
2003 \$	21,434,954,497 \$	4,514,290,861 \$	753,259,714 \$	26,702,505,072 \$	1.2200	\$ 2,367,600,955 \$	636,937,587 \$	3,004,538,542 \$	3.7000	\$ 29,707,043,614	100.0%
2004	22,767,618,113	4,746,370,613	743,170,991	28,257,159,717	1.2200	2,485,568,403	766,618,714	3,252,187,117	3.7000	31,509,346,834	100.0%
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%

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	Base Real Property	Additional Real Property Tax Rate	Additional Real Property Tax Rate	Additional Real Property Tax Rate			Direct Tax Rat own Center S	old Donation S	SD	Personal Property Tax
Year	Tax Rate	Sandbridge SSD	Town Center SSD	Old Donation SSD	Regular	Residents	Residents	Residents		Rate
2003	\$ 1.2200	\$ 0.1200	\$ 0.5700	\$ -	\$ 1.2200	\$ 1.3400	\$ 1.7900	\$ 1.2200	\$	3.7000
2004	1.2200	0.1200	0.5700	-	1.2200	1.3400	1.7900	1.2200		3.7000
2005	1.1964	0.1200	0.5700	-	1.1964	1.3164	1.7664	1.1964		3.7000
2006	1.0239	0.1200	0.5700	-	1.0239	1.1439	1.5939	1.0239		3.7000
2007	0.9900	0.0600	0.5700	-	0.9900	1.0500	1.5600	0.9900		3.7000
2008	0.8900	0.0600	0.5000	-	0.8900	0.9500	1.3900	0.8900		3.7000
2009	0.8900	0.0600	0.4500	-	0.8900	0.9500	1.3400	0.8900		3.7000
2010	0.8900	0.0600	0.4500	-	0.8900	0.9500	1.3400	0.8900		3.7000
2011	0.8900	0.0600	0.4500	-	0.8900	0.9500	1.3400	0.8900		3.7000
2012	0.8900	0.0600	0.4500	0.1840	0.8900	0.9500	1.3400	1.0740		3.7000

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.

## CITY OF VIRGINIA BEACH, VIRGINIA PRINCIPAL PROPERTY TAXPAYERS

## Current Year and Nine Years Ago (Unaudited)

	Real Property Assessed Value	Percent of Total Rea Property Assessed Value	l	Real Property Assessed Value	Percent of Total Real Property Assessed Value	Rank
	 20			 20		
E. D. & A. F. Ruffin & B. L. Thompson	\$ 302,501,600	0.59 %	1	\$ 66,638,512	0.25 %	11
Armada Hoffler	296,809,400	0.58	2	62,344,820	0.23	13
Virginia Electric & Power Company	294,279,082	0.57	3	331,323,624	1.24	1
Lynnhaven Mall LLC*	288,402,800	0.56	4	218,025,451	0.82	2
Ramon W. Breeden, Jr.	251,093,938	0.49	5	115,552,252	0.43	4
Verizon Virginia, Inc.	203,597,461	0.40	6	194,152,271	0.73	3
J. M., R.J.F., A.D. & L.E. Caplan	201,192,900	0.39	7	-	-	
Pembroke Square Assoc.	168,734,700	0.33	8	109,514,790	0.41	5
Cheryl P. McLeskey	136,537,824	0.27	9	65,250,451	0.24	12
Christian Broadcasting Assoc./Net, Inc.	127,291,300	0.25	10	58,988,522	0.22	15
Thomas J. Lyons, Jr.	109,585,000	0.21	11	76,786,432	0.29	8
Lake Gem	106,874,100	0.21	12	50,220,974	0.19	18
Westminster Canterbury	104,908,800	0.20	13	77,078,890	0.29	7
Sifen, Michael D.	94,734,700	0.18	14	37,686,412	0.14	24
Watergate Treehouse Associates LP	93,302,200	0.18	15	50,584,900	0.19	17
Atlantic Shores Cooperative	93,032,800	0.18	16	75,544,154	0.28	10
BBR/Marina Shores LLC	86,652,600	0.17	17	-	-	
Aimco Maple Bay & Aimco Reflections LLC	80,498,000	0.16	18	-	-	
Windsor Lake & Shoreline Apartments LLC.	78,665,700	0.15	19	41,346,480	0.15	23
Potter Properties	76,518,300	0.15	20	60,508,610	0.23	14
Inland Diversified Virginia Beach Landstown LLC	74,292,500	0.14	21	-	-	
Virginia Natural Gas	70,119,594	0.14	22	-	-	
Occidental Development, Ltd.	59,026,100	0.11	23	-	-	
Wal Mart Real Estate Business Trust	50,344,200	0.10	24	35,897,541	0.13	25
Princess Anne Properties, Inc.	46,365,600	0.09	25	45,076,824	0.17	21
Gale M. Levine	-	-	-	42,848,026	0.16	22
Tidewater Oxford Ltd Partnership	-	-	-	86,566,488	0.32	6
Cecil V. Cutchins	-	-	-	47,835,424	0.18	19
New Regency Hilltop Associates	-	-	-	75,722,198	0.28	9
Sandler Development at Towne, etc.	-	-	-	46,991,248	0.18	20
Kemp River & Bonneys Corner Associates	-	-	_	51,671,881	0.19	16
Totals	\$ 3,495,361,199	6.80 %		\$ 2,124,157,175	7.94 %	

Sources: Office of Real Estate Assessor

Commissioner of the Revenue

2003 Comprehensive Annual Financial Report

<sup>\*</sup> Formerly Knickerbocker Properties

## CITY OF VIRGINIA BEACH, VIRGINIA PROPERTY TAX LEVIES AND COLLECTIONS

## Last Ten Fiscal Years (Unaudited)

	Total	Collected wit		Collections		Total Collecti	ons to Date
Fiscal	Tax		Percentage	in Subsequent	_		Percentage
Year	Levy	Amount	of Levy	Years		Amount	of Levy
2003	\$ 445,787,734	\$ 420,490,211	94.3 %	\$ 17,641,035	\$	438,131,246	98.3 %
2004	458,846,761	421,236,325	91.8	18,004,594		439,240,919	95.7
2005	505,050,845	468,796,012	92.8	20,083,543		488,879,555	96.8
2006	531,438,288	483,649,302	91.0	13,928,719		497,578,021	93.6
2007	527,465,143	505,518,196	95.8	17,287,715		522,805,911	99.1
2008	562,044,329	537,526,149	95.6	20,187,988		557,714,137	99.2
2009	570,582,069	547,934,162	96.0	18,475,325		566,409,487	99.3
2010	546,129,490	526,040,648	96.3	14,647,057		540,687,705	99.0
2011	523,586,269	504,769,073	96.4	10,826,695		515,595,768	98.5
2012	529,296,087	496,807,253	93.9	-		496,807,253	93.9

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)

				Government	al Activities				Busin	ess Type Activitio	es			
		State	Public	Obligations				Virginia Beach Development			Obligations		Percentage	
	General	Literary	Facility	Under	Certificates	Williams	Agriculture	Authority	General	Double	Under	Total	of	
Fiscal	Obligation	Fund	Revenue	Capital	of	Farm	Reserve	Support	Obligation	Barrel and	Capital	Primary	Personal	Per
Year	Bonds	Loans	Bonds	Leases	Participation	Property	Program	Agreements	Bonds	Revenue	Leases	Government*	Income**	Capita
2003 \$	539,226,717 \$	15,059,046 \$	- \$	2,119,178	\$ 18,760,000 \$	- \$	20,463,086 \$	23,855,000 \$	9,881,635 \$	124,648,408 \$	175,000 \$	754,188,070	4.0%	\$ 1,413
2004	555,079,595	13,702,546	153,200,000	1,068,013	16,805,000	4,037,500	21,542,452	35,655,000	5,840,535	120,177,375	-	927,108,016	4.8%	1,805
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	4.8%	1,883
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	4.6%	1,930
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	4.9%	2,194
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	4.9%	2,234
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	5.1%	2,244
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	5.0%	2,256
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	5.1%	2,287
2012	672,098,904	4,750,000	246,679,514	-	-	637,500	38,799,844	79,850,486	528,450	198,620,894	-	1,241,965,592	5.1%	2,275

Source: City Department of Finance and Annual Long Term Debt Report

Notes: \* Total Primary Government Debt excludes 1998 Social Services Lease Revenue Bond, as it is Virginia Beach Development Authority debt service.

<sup>\* \*</sup> For calculation of Percentage of Personal Income, the per Capital Personal Income information is per the Bureau of Economic Analysis, except for 2011 and 2012, which are estimated.

Debt Per Capita includes all tax supported debt.

# CITY OF VIRGINIA BEACH, VIRGINIA RATIOS OF OUTSTANDING GENERAL BONDED DEBT BY TYPE Last Ten Fiscal Years (Unaudited)

Fiscal Year	State General Literary Obligation Fund Bonds Loans		Total	Percentage of Estimated Actual Full Value of Property	Overall Net Debt Per Capita	
2003	\$	549,108,352 \$	15,059,046 \$	564,167,398	1.9%	\$ 1,413
2004		560,920,130	13,702,546	574,622,676	1.8%	1,805
2005		507,825,172	12,446,046	520,271,218	1.5%	1,883
2006		537,412,163	11,189,546	548,601,709	1.3%	1,930
2007		562,335,734	9,933,046	572,268,780	1.1%	2,194
2008		599,561,596	8,676,546	608,238,142	1.0%	2,234
2009		623,700,693	7,620,046	631,320,739	1.0%	2,244
2010		631,597,701	6,563,546	638,161,247	1.1%	2,256
2011		669,514,476	5,507,046	675,021,522	1.2%	2,287
2012		672,627,354	4,750,000	677,377,354	1.2%	2,275

Sources: The following sources were used in compiling the above information:

City Department of Finance Annual Long Term Debt Report

### CITY OF VIRGINIA BEACH, VIRGINIA LEGAL DEBT MARGIN INFORMATION

### Last Ten Fiscal Years (Unaudited)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt Limit	\$ 2,670,250,507	\$ 2,825,715,972	\$ 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
Total Net Debt Applicable to limit	584,630,486	596,165,128	542,613,308	571,245,135	596,810,346	635,045,232	661,855,123	670,254,683	713,387,034	716,177,198
Legal Debt Margin	\$ 2,085,620,021	\$ 2,229,550,844	\$ 2,648,027,413	\$ 3,289,462,565	\$ 4,033,705,116	\$ 4,944,384,392	\$ 5,095,609,244	\$ 4,956,765,597	\$ 4,576,904,085	\$ 4,428,494,425
Total Net Debt applicable to the limit as a percentage of debt limit	21.89%	21.10%	17.01%	14.80%	12.89%	11.38%	11.50%	11.91%	13.48%	13.92%

Legal Debt Margin Calculation For Fiscal Year 2012							
Assessed Value of Real Property (Taxable):							
Regular	\$	50,508,022,826					
Public Service		938,693,399					
Total Assessed Value of Real Property	\$	51,446,716,225					
Debt limit (10% of Total Assessed Value)	\$	5,144,671,623					
Total Net Debt Applicable to limit		716,177,198					
Legal Debt Margin	\$	4,428,494,425					

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	Revenu	e Bonds

	Water and Sewer	Less:	Net				
Fiscal	Charges	Operating Available					
Year	and Other	Expenses	Revenue	Principal	Interest (1)	Total	Coverage
2003	\$ 82,465,995 \$	60,660,147 \$	21,805,848 \$	7,972,983 \$	5,716,644 \$	13,689,627	1.59
2004	90,508,637	59,814,993	30,693,644	7,776,033	5,926,331	13,702,364	2.24
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	78,439,073	24,380,667	5,811,090	6,382,454	12,193,544	2.00
2012	109,514,875	76,153,822	33,361,053	7,022,735	6,959,920	13,982,655	2.39

(1) Includes Bank Charges. Amounts shown for 2011 and 2012 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)

							Education		
				Per			Level In		
				Capita		Number	Years of		
Fiscal			Personal	Personal	Median	of City	Formal	School	Unemployment
Year	Population		Income	Income	Age	Employees	Schooling	Enrollment	Rate
2003	426,900	\$	15,311,803 +	\$ 35,135	33.8	6,228	12.7	75,436	3.7%
2004	428,200		16,313,369 +	37,156	34.2	6,378	13.3	75,151	3.4%
2005	434,000		17,206,799 +	39,333	34.4	6,580	13.6	74,091	3.3%
2006	433,470		18,485,529 +	42,281	34.7	6,831	13.5	72,953	2.9%
2007	431,820		19,165,012 +	44,145	35.0	6,898	13.8	71,452	2.7%
2008	430,349		19,459,762 +	45,022	36.0	7,131	13.6	70,473	3.7%
2009	432,696		19,510,331 +	44,999	36.6	7,700	14.0	69,335	6.4%
2010	434,412		19,697,709 +	44,857	36.7	7,713	13.9	69,225	6.5%
2011	437,994	*	**	**	34.9	7,481	14.0	69,219	6.0%
2012	441,246	*	**	**	34.7	7,477	13.8	68,977	5.5%

Sources: City Department of Finance

Labor Market Statistics

Virginia Employment Commission Bureau of Economic Analysis Experian Data Solutions

Notes:

- \* From the Weldon Cooper Center for Public Service
- \*\* Information not yet available
- † In thousands of dollars

## CITY OF VIRGINIA BEACH, VIRGINIA PRINCIPAL EMPLOYERS

## Current Year and Nine Years Ago (Unaudited)

	Approximate Number of Employees	Percent of Total City Employment 2012	Rank	Approximate Number of Employees	Percent of Total City Employment 2003	Rank
City of Virginia Beach / Schools	17,227	7.39 %	1	16,762	8.42 %	1
Sentara Medical	4,600	1.97	2	2,021	1.02	3
Lynnhaven Mall *	2,600	1.12	3	3,500	1.76	2
SAIC	2,500	1.07	4	-	-	-
GEICO	2,300	0.99	5	1,600	0.80	7
STIHL, Inc.	2,052	0.88	6	1,300	0.65	9
Navy Exchange Service Command	2,000	0.86	7	1,888	0.95	4
Gold Key PHR	1,943	0.83	8	-	-	-
Amerigroup Corporation **	1,850	0.79	9	1,300	0.65	8
Christian Broadcasting Network	1,000	0.43	10	-	-	-
Pembroke Mall *	-	-	-	1,700	0.85	5
Lillian Vernon Corp.	-	-	-	1,700	0.85	5
Cox Communications			-	1,200	0.60	10
Totals	38,072	16.33 %		32,971	16.56 %	

Source: City Department of Economic Development. Data reported for FY 2012 is based on current Community Profile as of 10/27/2012.

<sup>\*</sup> Current source of data focus is by individual employers

<sup>\*\*</sup> Fortune 500 Company

## CITY OF VIRGINIA BEACH, VIRGINIA FULL-TIME EQUIVALENT GOVERNMENT EMPLOYEES BY FUNCTION Last Ten Fiscal Years (Unaudited)

					Fiscal	Year				
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<u>Department</u>										
Agriculture	15.0	15.0	15.0	15.0	15.0	15.0	14.0	13.0	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	18.0	18.0	19.0	32.0	32.0	32.0	29.7	26.2	23.0	21.0
City Real Estate Assessor	35.0	35.4	35.4	35.4	35.4	35.4	38.4	38.4	34.3	34.0
City Treasurer	78.0	80.5	80.2	79.0	77.0	77.4	75.7	76.7	72.2	72.0
Commissioner of the Revenue	69.0	63.9	61.8	63.0	64.0	62.6	63.6	64.1	57.9	60.9
Commonwealth's Attorney	75.0	82.3	82.3	83.0	82.7	82.9	91.4	91.4	87.4	84.0
Communications and Information Technology	279.0	280.6	286.6	309.0	308.8	308.8	181.8	187.8	179.8	183.0
Community Corrections	9.0	9.0	9.0	-	-	-	-	-	-	-
Comprehensive Services Act	1.0	-	-	-	-	-	-	-	-	-
Convention and Visitor Bureau	81.0	85.2	116.5	122.0	136.0	137.7	135.7	130.9	113.5	113.5
Courts and Courts' Support	20.0	19.0	19.0	76.0	76.0	76.0	76.0	76.0	76.0	75.0
Cultural Affairs	-	-	-	2.0	5.0	5.0	3.0	3.0	3.0	3.0
Economic Development	15.0	15.0	15.0	16.0	16.0	16.0	17.0	16.0	15.0	16.0
Emergency Communications & Citizen Services	-	-	-	-	-	-	132.0	127.0	122.0	123.5
Emergency Medical Services	19.0	20.5	52.9	57.0	56.5	56.5	56.5	56.5	62.6	65.3
Finance	62.0	62.0	60.4	63.0	64.0	63.0	57.0	58.0	54.0	55.0
Fire	440.0	450.7	452.7	470.0	473.0	472.9	469.8	467.8	466.7	466.0
General Registrar	16.0	15.6	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0
General Services	497.0	-	-	-	-	-	-	-	-	-
Health	10.0	10.7	11.2	11.2	11.2	11.2	11.1	11.1	10.8	10.8
Housing and Neighborhood Preservation	67.0	66.0	69.0	69.0	69.0	69.0	69.0	68.0	67.0	66.0
Human Resources	48.0	49.8	50.8	56.0	57.0	58.1	54.1	53.1	47.0	47.0
Human Services	342.0	807.6	920.8	990.0	1,014.0	1,068.6	1,079.1	1,073.9	1,045.7	1,066.4
Law	44.0	40.9	42.0	43.0	43.0	43.0	43.0	43.0	40.4	39.0
Legislative	18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0	17.0	17.0
Library	228.0	254.6	261.6	265.0	264.9	264.9	262.9	260.9	227.5	227.5
MH/MR/SA	475.0	-	-	-	-	-	-	-	-	-
Management Services	19.0	19.0	21.0	21.0	22.0	22.0	21.0	20.0	15.0	15.0
Museums and Cultural Arts	133.0	132.4	132.6	143.0	141.0	151.4	151.4	151.4	151.5	153.0
Non-Departmental	-	80.0	-	-	-	-	-	-	-	-
Parks and Recreation	607.0	859.4	859.4	864.0	869.0	872.7	877.3	872.2	855.4	843.4
Planning and Community Development	127.0	127.0	129.0	128.0	128.0	127.0	125.0	123.0	113.0	110.0
Police	967.0	994.5	1,009.1	1,008.1	1,016.0	1,016.0	1,005.9	1,005.9	995.7	1,007.4
Public Utilities	389.0	392.7	392.7	396.0	400.0	399.5	401.5	404.5	404.5	412.0
Public Works	604.0	847.4	852.4	878.0	874.0	874.4	877.4	871.4	866.4	882.0
Sheriff and Corrections	415.0	420.0	507.1	502.0	512.0	514.1	524.4	524.4	524.4	519.6
Strategic Growth Area		-	-	-	-	-	-	2.0	15.0	15.0
Total City Positions	6,228.0	6,378.3	6,600.4	6,832.7	6,898.4	6,969.2	6,980.6	6,953.4	6,793.5	6,833.3
Total School Positions	10,533.9	10,217.0	10,497.8	10,548.0	10,635.0	10,541.9	10,519.5	10,391.9	10,476.3	10,387.3
TOTAL POSITIONS	16,761.9	16,595.3	17,098.2	17,380.0	17,533.4	17,511.1	17,500.0	17,345.3	17,269.8	17,220.6

Sources: City of Virginia Beach Resource Management Plans

## CITY OF VIRGINIA BEACH, VIRGINIA OPERATING INDICATORS BY FUNCTION

## Last Ten Fiscal Years (Unaudited)

					Fisca	l Year				
-	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<u>FUNCTION</u>										
Police										
Number of physical adult arrests	27,461	25,257	26,597	24,504	25,326	26,802	26,632	23,951	23,923	23,705
Number of calls for service	200,575	197,478	193,796	199,653	199,654	202,253	200,360	196,717	196,626	195,156
Number of traffic accidents	9,725	9,740	9,414	9,457	9,303	9,250	9,021	8,759	8,391	8,102
Fire										
Number of fire related incidents	1,476	1,301	1,269	1,128	1,397	1,301	1,166	1,080	1,252	1,188
Number of rescue incidents	15,630	15,386	15,146	15,136	16,758	16,921	17,162	18,257	17,930	20,727
Public Utilities										
Number of Water Connections	127,534	128,718	129,376	130,005	130,647	131,085	131,367	131,618	131,897	132,010
Public Works										
Number of building permits issued	15,563	16,906	16,136	14,241	13,552	11,374	9,889	11,322	7,636	8,003
Highways and Streets										
Arterial lane miles	728	734	734	738	738	738	717	735	739	755
Collector/local miles	2,475	2,515	2,539	2,554	2,554	2,641	2,662	2,670	2,676	2,680
Sanitation and Refuse										
Number of homes receiving refuse collection	122,000	123,500	125,000	122,600	123,161	123,740	123,668	123,789	124,179	124,171
Number of tons of garbage collected	205,839	212,820	206,075	207,427	204,619	196,501	189,604	196,145	147,760	137,413
Culture and Recreation										
Number of visitations to recreation centers	1,731,611	1,787,229	1,688,772	1,609,047	1,575,539	1,636,823	1,523,232	1,502,059	1,538,616	1,614,682
Number of recreation centers	6	6	6	6	6	6	6	6	6	6
Education										
Student membership	75,436	75,436	74,091	72,953	71,452	70,473	69,335	69,225	69,219	68,977
Number of elementary schools	54	54	54	55	55	56	56	56	55	55
Number of secondary schools	24	24	24	24	24	24	24	24	24	24
Number of specialty schools	9	10	11	11	11	11	11	9	7	7

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)

					Fisca	ıl Year				
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<u>FUNCTION</u>										
Police										
Stations	4	4	4	4	4	4	4	4	4	4
Patrol Vehicles Units - Marked	267	267	274	277	268	259	256	242	242	269
Helicopter	2	2	2	2	2	2	3	2	2	2
Airplane	1	1	1	-	-	-	-	-	-	-
Watercraft:										
Boats	10	10	10	10	10	10	8	8	8	8
Fire										
Stations	19	19	19	19	19	19	19	19	19	19
Fire Trucks	47	47	44	44	47	48	51	50	50	50
Emergency Medical Services										
Ambulances	40	40	44	30	30	35	34	42	42	42
Public Works										
Miles of streets:										
Lane miles:										
Arterial	728	734	734	738	738	738	717	735	739	744
Collector/Local	2,475	2,515	2,539	2,554	2,554	2,641	2,662	2,670	2,676	2,680
Center Lane miles:										
Arterial	193	194	194	194	194	192	189	192	192	192
Collector/Local	1,213	1,232	1,244	1,251	1,251	1,291	1,300	1,304	1,307	1,308
Number of Street Lights	40,077	41,334	42,026	41,807	42,066	43,960	45,364	45,509	46,806	48,277
Collection Trucks	*	101	103	101	103	104	103	101	101	109
Culture and Recreation										
Number of Developed District Parks	9	9	9	9	7	7	7	8	8	8
Number of Developed Community Parks	8	10	10	10	11	11	11	13	13	13
Number of Developed Neighborhood Parks	170	198	179	181	183	166	166	181	180	181
Number of Natural Parks	*	3	26	29	3	3	3	3	3	5
Other Park Areas	44	13	13	14	28	59	59	58	45	46
Number of Acres in Developed Parks	2,658	1,452	1,465	1,387	1,711	1,736	1,757	3,158	3,174	3,648
Golf Courses (City Owned)	4	4	4	4	5	5	5	5	5	5
Recreation Centers	6	6	6	6	6	6	6	6	6	7
Water										
Miles of Water Lines	1,427	1,432	1,443	1,456	1,459	1,477	1,482	1,483	1,488	1,490
Water Pumping Stations	10	9	9	9	9	9	8	9	9	9
Sewer										
Miles of Sewer Lines	1,526	1,535	1,546	1,569	1,572	1,609	1,621	1,623	1,630	1,635
Sewer Pumping Stations	389	391	393	400	401	403	405	405	406	405

Source: Various City Departments

<sup>\*</sup> Information is not available for all fiscal years.

#### CITY OF VIRGINIA BEACH, VIRGINIA SCHEDULE OF THE TREASURER'S CASH ACCOUNTABILITY JUNE 30, 2012 (Unaudited)

(======================================				
Cash in Office			\$	5,500
Cash With				
Bank of America:				
Regular	\$	125,942,723		
Investments		5,000,000		
Welfare		243,100		
School Board Empl Salary Escrow		194,070		
BB&T:				
Checking		1,950,000		
Money Market		255,539,507		
Investments		54,000,000		
School Payroll		6,914,712		
BB&T Capital Markets:		*,*,, -=		
Investments		11,974,458		
Morgan Keegan:		11,571,150		
Investments		14,972,680		
Smith Barney:		14,772,000		
Investments		40,000,000		
SunTrust Bank:		40,000,000		
City Payroll		18,897,530		
Money Market		5,118,220		
Towne Bank:		3,116,220		
		(5.1(0.924		
Investments		65,160,824		
Treasurer of Virginia:		195 000 000		
Investment Pool	-	185,000,000		<b>5</b> 00 00 <b>5</b> 0 <b>0</b> 4
Total Deposits and Investments				790,907,824
Cash with Trust Agents				
Cash With SNAP Program	\$	25,241,644		
Cash With Trustee - PFRB		4,018		
Cash With Trustee - Debt Service		6,638,029		
Cash With Trustee - Treasury Strips		26,622,277		
Total Cash with Trust Agents	-	20,022,277		58,505,968
-				
Total Cash Accountability			\$	849,419,292
Add:				
Accrued Interest on Investments	\$	322,728		
Commonwealth of Virginia - Deferred Debits		3,120		
Deposits in Transit		6,653,290		6,979,138
Deduct:	e	55 500		
Commonwealth of Virginia - Current Credits	\$	55,582		
Treasurer Restitution		7,879		
John T. Atkinson - Deferred Account		(22,738)		
Over and Short		6,908		
Outstanding Checks:				
Bank of America		4,937,466		
Bank of America - Welfare		243,100		
BB&T - School Payroll		14,061		
SunTrust - City Payroll		171,504		(5,413,762)
Total Cash Accountability			\$	850,984,668
Reconciliation of Cash Accountability to the government-wide financial statements at June 30, 2012 as reported in Note 8:				
Balance of City and School funds			\$	850,984,668
Funds for which the Treasurer does not act as fiscal agent:				
School's Activity Funds				3,755,257
Banner Fund				422
			-	
Total deposits and investments of the government-wide financial statements			\$	854,740,347

## SINGLE AUDIT SECTION



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

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

We have audited 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, 2012, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 21, 2012. We did not audit the financial statements of the Virginia Beach Community Development Corporation, which represents 18% and 3% respectively, of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon 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 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 Specifications for Audits of Counties, Cities and Towns issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Other auditors 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 auditors' 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

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

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

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

#### **Compliance and Other Matters**

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

We did identify three matters of noncompliance with State compliance requirements which are described in the accompanying schedule of findings and questioned costs as 2012-1, 2012-2 and 2012-3.

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

Cherry, Bekaust . Holland, J. J. P.

Virginia Beach, Virginia November 21, 2012



#### Independent Auditors' Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Federal Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133

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

#### **Compliance**

We have audited the compliance of the City of Virginia Beach, Virginia (the City) with the types of compliance requirements described in the *U.S. Office of Management and Budget (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, 2012. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the 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, 2012.

#### Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing an opinion on compliance 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* 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.

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

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

Cherry, Bekaert . Holland, J. J. P.

Virginia Beach, Virginia November 21, 2012

#### City of Virginia Beach

#### Schedule of Findings and Questioned Costs Year Ended June 30, 2012

#### A. Summary of Auditors' Results

<b>Financial</b>	<b>Statements:</b>
1 manciai	Diatements.

Type of report issued on the financial statements: Unqualified

Internal control over financial reporting:

• Material weaknesses identified: No

• Significant deficiencies identified: None reported

Noncompliance which is material to the financial statements noted? **No** 

Federal Awards:

Type of report issued on compliance for major programs: Unqualified

Internal control over major programs:

• Material weaknesses identified: No

• Significant deficiencies identified: None reported

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?

Identification of major Programs:

- Housing Voucher Cluster; CFDA 14.871
- Highway Planning and Construction Cluster; CFDA 20.205
- Early Intervention Services (IDEA) Cluster; CFDA 84.181
- Energy Efficiency and Conservation Block Grant Program (EECBG); CFDA 81.128

No

- Education Jobs Fund ARRA; CFDA 84.410
- Disaster Grants Public Assistance: CFDA 97.036

Dollar threshold to distinguish between type A and type B Programs: \$3,000,000

The City was qualified as a low risk auditee? Yes

#### **State Compliance:**

Internal control over financial reporting:

Material weaknesses identified: No
 Significant deficiencies identified: Yes

B. Findings – Financial Statement Audit

- None
- C. Findings and Questioned Costs Major Federal Programs

None

#### D. Findings and Questioned Costs - Commonwealth of Virginia

#### **Virginia Department of Social Services**

#### **Special Welfare Trust**

#### **State Finding 2012-1: Special Welfare Trust**

#### Criteria:

The *Code of Virginia*, Section 63.2-320 requires that receipts are credited accurately and timely to the Special Welfare account or the dedicated account of the appropriate individual.

#### **Condition:**

While performing our audit procedures to ensure compliance with Section 3-15 of the *Specifications for Audits of Counties, Cities and Towns*, we noted one instance where an allowance of \$140 was posted to the wrong individual's account and not corrected in a timely manner.

#### Cause:

Procedures were not in place to ensure that receipts are recorded to the proper individual's account.

#### Effect:

The City of Virginia Beach is not in compliance with Section 3-15 of the *Specifications for Audits of Counties, Cities and Towns*.

#### **Recommendation:**

We recommend a procedure be put in place to ensure all receipts are posted to the proper individual's account.

#### **State Finding 2012-2: Special Welfare Trust**

#### Criteria:

The *Code of Virginia*, Section 63.2-320 requires that unexpended Special Welfare funds and dedicated funds are returned to individuals who leave the agency's custody, refunded to applicable funding sources (for example Social Security), or escheated to the State (unclaimed property), and Special Welfare accounts and Social Security income dedicated accounts without recent transaction activities are necessary.

#### **Condition:**

While performing our audit procedures to ensure compliance with Section 3-15 of the *Specifications for Audits of Counties, Cities and Towns*, we noted two instances where the balance for a child who left the agency's custody were not properly refunded to the applicable funding source or escheated to the State. The total amount of \$772 should have been refunded or escheated on a more timely basis.

#### Cause:

Procedures were not in place to ensure balances of individuals who leave the agency's custody are properly refunded to the applicable funding sources or escheated to the State.

#### **Effect:**

The City of Virginia Beach is not in compliance with Section 3-15 of the Specifications for Audits of Counties, Cities and Towns.

#### **Recommendation:**

We recommend a procedure be put in place to ensure balances of individuals who leave the agency's custody are properly refunded to the applicable funding sources or escheated to the State.

#### **SNAPET**

#### **State Finding 2012-3: SNAPET**

#### Criteria:

The *Code of Virginia* requires that source documentation is obtained for all expenditures reported under LASER cost codes 84403 and 84404 to verify expenditures were properly reported.

#### **Condition:**

While performing our audit procedures to ensure compliance with Section 3-15 of the *Specifications for Audits of Counties, Cities and Towns*, we noted two months where a temporary employee's salary was reported to SNAPET with cost code 84403 when it should have been reported to VIEW.

#### Cause:

Procedures were not in place to ensure expenditures are reported to the correct program.

#### **Effect:**

The City of Virginia Beach is not in compliance with Section 3-15 of the *Specifications for Audits of Counties, Cities and Towns*.

#### **Recommendation:**

We recommend a procedure be put in place to ensure all expenditures are reported to the correct programs and cost codes.

#### E. Resolution of Prior Year's Findings

#### None

Federal Granting Agency/Recipient State Agency/ Grant Program/Grant Number	Federal Catalogue Number	]	Expenditures
DEPARTMENT OF AGRICULTURE:			
Pass Through Payments:			
Department of Agriculture			
Food Distribution Program (Donated USDA Food) After School Snack Program	10.550 10.558	\$	1,529,237 12,704
Department of Social Services			
Food Stamps Program - Administration	10.561		3,088,883
<b>Department of Education</b>			
School Breakfast Program National School Lunch Program Equipment Assistance Grant FY12	10.553 10.555 10.579		2,679,569 8,329,977 20,581
Total Department of Agriculture		\$	15,660,951
DEPARTMENT OF COMMERCE (NOAA):			
Pass Through Payments:			
Department of Environmental Quality			
Virginia Coastal Resources Management Program	11.419	\$	24,772
Total Department of Commerce (NOAA)		\$	24,772
DEPARTMENT OF COMMERCE (NIST):			
Direct Payments:			
NIST Summer Institute FY12	11.609	\$	3,500
Total Department of Commerce (NIST)		\$	3,500
DEPARTMENT OF DEFENSE:			
Direct Payments:			
Supplemental Payment to Federal Impacted Area Language Grant Program - Startalk Elementary Chinese Academy FY11 Language Grant Program - Startalk Elementary Chinese Academy FY12	12.XXX 12.901 12.901	\$	2,270,897 61,874 5,277
Total Department of Defense		\$	2,338,048

Federal Granting Agency/Recipient State Agency/ Grant Program/Grant Number	Federal Catalogue Number	]	Expenditures
DEPARTMENT OF THE NAVY:			
Direct Payments:			
ROTC Program Encroachment Partnering Agreement	12.XXX 12.XXX	\$	352,378 200,000
Total Department of the Navy		\$	552,378
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:			
Direct Payments:			
Housing Counseling Assistance Program Community Development Block Grant Emergency Shelter Grant Supportive Housing Programs (New Haven) Supportive Housing Programs (HMIS) Supportive Housing Programs (THP) Supportive Housing Programs (Veterans First) Home Investment Partnerships Program Housing Opportunities for Persons with AIDS Section 8 Moderate Rehabilitation Single Room Occupancy ARRA - Community Development Block Grant ARRA - Homeless Prevention & Rapid Re-Housing Program Housing Choice Voucher Program (Section 8)  Pass Through Payments:  Virginia Department of Housing and Community Development Neighborhood Stabilization Program	14.169 14.218 14.231 14.235 14.235 14.235 14.235 14.239 14.241 14.249 14.253 14.257 14.871	\$	17,905 1,666,413 97,897 39,396 75,084 371,406 10,658 1,186,415 1,008,980 96,008 4,549 341,154 17,260,363
HOME Investment Partnerships	14.239		11,675
Total Department of Housing and Urban Development		\$	22,763,381
DEPARTMENT OF THE INTERIOR:			
Direct Payments:			
Refuge Revenue Sharing Act (Public Law 95-469)	15.659	\$	81,858
Total Department of the Interior		\$	81,858
DEPARTMENT OF JUSTICE:			
Direct Payments:			
Assistance to Localities for Administration DEA Seized Property COPS Technology Program Edward Byrne Memorial Justice Assistance Grant Program ARRA - Edward Byrne Memorial Justice Assistance Grant Program	16.XXX 16.XXX 16.710 16.738 16.804	\$	578,762 601,073 979,562 41,342 13,922

Federal Granting Agency/Recipient State Agency/ Grant Program/Grant Number	Federal Catalogue Number	Expenditures
DEPARTMENT OF JUSTICE: (continued)		
Pass Through Payments:		
<b>Department of Criminal Justice Services</b>		
Juvenile Accountability Block Grant Alliance to End Partner Violence 07 & 08 Edward Byrne Memorial Justice Assistance Grant Program	16.523 16.588 16.738	\$ 23,821 37,821 121,060
<b>Department of Criminal Justice Services</b>		
ARRA - Edward Byrne Memorial Justice Assistance Grant Program	16.803	14,500
County of Bedford		
ARRA - Internet Crimes against Children Task Force Program	16.800	15,435
Total Department of Justice		\$ 2,427,298
DEPARTMENT OF LABOR:		
Pass Through Payments:		
Virginia Community College System		
Workforce Investment Act Adult Program Workforce Investment Act Youth Activities Workforce Investment Act Dislocated Workers Americorps	17.258 17.259 17.260 94.006	\$ 2,233,482 1,561,891 1,276,975 7,129
Greater Peninsula Workforce Development Consortium		
H1B Technical Skills Grant	17.268	103,818
Total Department of Labor		\$ 5,183,295
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION DEPARTMENT OF TRANSPORTATION:		
Pass Through Payments:		
<b>Department of Motor Vehicles</b>		
State and Community Highway Safety Grant - Seat Belt Enforcement DMV DUI Education Grants	20.600 20.601	\$ 49,376 30,770
Virginia Department of Transportation		
Ferry Plantation House Restoration Highway Safety Improvement Programs - HSIP Funds Urban Construction Initiative/Highway Planning & Construction Pedestrian System Improvements ARRA - Federal-Aid Highway Program - Withduck Road CMAQ-STP (Congestion Mitigation and Air Quality-Surface Transportation)	20.XXX 20.XXX 20.205 20.205 20.205 20.205	40,046 1,240,495 8,910,467 85,174 380,620 2,276,197
Total Department of Transportation		\$ 13,013,145

Federal Granting Agency/Recipient State Agency/ Grant Program/Grant Number	Federal Catalogue Number	F	Expenditures
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION:			
Direct Payments:			
Aerospace Education Services Program National Space Foundation Grant FY12	43.001 43.008	\$	59,231 2,500
Total National Aeronautics and Space Administration		\$	61,731
DEPARTMENT OF ENERGY:			
Direct Payments:			
ARRA - Local Energy Assurance Plan Grant Program (LEAP) ARRA - Energy Efficiency and Conservation Block Grant Program (EECBG)	81.122 81.128	\$	38,977 488,227
Total Department of Energy		\$	527,204
DEPARTMENT OF EDUCATION:			
Direct Payments:			
School Assistance in Federally Affected Areas (Public Law 874) Title IV - PELL Grant Teaching American History (SAIL) FY10	84.041 84.063 84.215X	\$	9,365,441 24,614 339,103
Pass Through Payments:			
Virginia Department of Education			
Adult Basic Education FY12 English Literacy - Civics Education Title I, Part A FY11 Title I, Part A FY12	84.002 84.002A 84.010 84.010		309,075 57,767 6,398,734 6,059,614
Title I, Part A, School Improvement FY11 School Improvement - Title I, Part A FY11 CPES Title I, Part D, Subpart 1 FY12	84.010 84.010 84.010		83,740 6,850 22,911
Title I, Part D Subpart 2 FY10 Title I, Part D Subpart 2 FY11 Title I, Part D Subpart 2 FY12 Title VIB FY10	84.013 84.013 84.013 84.027		5,673 208,425 41,358 33,392
Title VIB FY11 Title VIB FY12 Va Incentive Program for Speech-Language Pathologists FY10 Va Incentive Program for Speech-Language Pathologists FY12	84.027 84.027 84.027A 84.027A		15,334,919 5,132,945 19,500 6,000
Carl D. Perkins FY11 Carl D. Perkins FY12 Vocational Education Instruction Preschool Incentive Grant (IDEA) FY10	84.048 84.048 84.048 84.173		76,833 814,485 295 2,274
Preschool Incentive Grant (IDEA) FY11 Preschool Incentive Grant (IDEA) FY12 ARRA - Preschool Incentive Grant FY10	84.173 84.173 84.173		121,942 321,352 55,938
McKinney Education for Homeless Children and Youth FY11 McKinney Education for Homeless Children and Youth FY12 Title IV, Part B 21CCLC FY12	84.196 84.196 84.287		12,137 63,195 105,384

EPARTMENT OF EDUCATION: (continued)  Pass Through Payments: (continued)  Virginia Department of Education (continued)  Title I, Part D Subpart 1 FY11 Title II, Part D FY10 Title II, Part D FY11 Title III, Part A Immigrant and Youth Grant FY10 Title III, Part A Immigrant and Youth Grant FY11 Title III, Part A Language Acquisition FY10 Title III Part A Language Acquisition FY11 Title III Part A Language Acquisition FY11 Title III, Part A FY10 Title II, Part A FY10 Title II, Part A FY11 Title II, Part A FY11 ARRA - Title I, Part D FY10 ARRA - Title I, Part D Subpart 2 FY10 ARRA - Title I, Part D Subpart 2 FY10 ARRA - State Fiscal Stabilization Fund - Education State Grant ARRA - State Fiscal Stabilization Fund - College Park Elementary Grant ARRA Education Jobs Fund FY12 Chesapeake Bay Restoration FY10 Chesapeake Bay Restoration FY12	84.318 84.318 84.318 84.365 84.365 84.365 84.365 84.367 84.367	\$ 18,532 20,520 19,363 4,862
Virginia Department of Education (continued)  Title I, Part D Subpart 1 FY11 Title II, Part D FY10 Title II, Part D FY11 Title III, Part A Immigrant and Youth Grant FY10 Title III, Part A Immigrant and Youth Grant FY11 Title III Part A Language Acquisition FY10 Title III Part A Language Acquisition FY11 Title III Part A Language Acquisition FY12 Title II, Part A FY10 Title II, Part A FY11 Title II, Part A FY11 Title II, Part A FY11 ARRA - Title II, Part D FY10 ARRA - Title I, Part D Subpart 2 FY10 ARRA - Title I, Part D Subpart 2 FY10 ARRA - State Fiscal Stabilization Fund - Education State Grant ARRA - State Fiscal Stabilization Fund - College Park Elementary Grant ARRA Education Jobs Fund FY12 Chesapeake Bay Restoration FY10 Chesapeake Bay Restoration FY10	84.318 84.318 84.365 84.365 84.365 84.365 84.367 84.367	\$ 20,520 19,363 4,862
Title I, Part D Subpart 1 FY11 Title II, Part D FY10 Title II, Part A Immigrant and Youth Grant FY10 Title III, Part A Immigrant and Youth Grant FY11 Title III, Part A Immigrant and Youth Grant FY11 Title III Part A Language Acquisition FY10 Title III Part A Language Acquisition FY11 Title III Part A Language Acquisition FY12 Title II, Part A FY10 Title II, Part A FY11 Title II, Part A FY11 Title II, Part A FY12 ARRA - Title II, Part D FY10 ARRA - Title I, Part D Subpart 2 FY10 ARRA Title VIB FY10 ARRA - State Fiscal Stabilization Fund - Education State Grant ARRA - State Fiscal Stabilization Fund - College Park Elementary Grant ARRA Education Jobs Fund FY12 Chesapeake Bay Restoration FY10 Chesapeake Bay Restoration FY10	84.318 84.318 84.365 84.365 84.365 84.365 84.367 84.367	\$ 20,520 19,363 4,862
Title II, Part D FY10 Title III, Part A Immigrant and Youth Grant FY10 Title III, Part A Immigrant and Youth Grant FY11 Title III, Part A Immigrant and Youth Grant FY11 Title III Part A Language Acquisition FY10 Title III Part A Language Acquisition FY11 Title III Part A Language Acquisition FY12 Title II, Part A FY10 Title II, Part A FY11 Title II, Part A FY11 Title II, Part A FY11 ARRA - Title II, Part D FY10 ARRA - Title I, Part D Subpart 2 FY10 ARRA Title VIB FY10 ARRA - State Fiscal Stabilization Fund - Education State Grant ARRA - State Fiscal Stabilization Fund - College Park Elementary Grant ARRA Education Jobs Fund FY12 Chesapeake Bay Restoration FY10 Chesapeake Bay Restoration FY10	84.318 84.318 84.365 84.365 84.365 84.365 84.367 84.367	\$ 20,520 19,363 4,862
Title II, Part D FY11  Title III, Part A Immigrant and Youth Grant FY10  Title III, Part A Immigrant and Youth Grant FY11  Title III Part A Language Acquisition FY10  Title III Part A Language Acquisition FY11  Title III Part A Language Acquisition FY12  Title II, Part A FY10  Title II, Part A FY11  Title II, Part A FY11  Title II, Part A FY11  ARRA - Title II, Part D FY10  ARRA - Title I, Part D Subpart 2 FY10  ARRA Title VIB FY10  ARRA - State Fiscal Stabilization Fund - Education State Grant  ARRA - State Fiscal Stabilization Fund - College Park Elementary Grant  ARRA Education Jobs Fund FY12  Chesapeake Bay Restoration FY10  Chesapeake Bay Restoration FY10	84.318 84.365 84.365 84.365 84.365 84.367 84.367 84.367	19,363 4,862
Title III, Part A Immigrant and Youth Grant FY10 Title III, Part A Immigrant and Youth Grant FY11 Title III Part A Language Acquisition FY10 Title III Part A Language Acquisition FY11 Title III Part A Language Acquisition FY12 Title II, Part A FY10 Title II, Part A FY11 Title II, Part A FY11 Title II, Part A FY12 ARRA - Title II, Part D FY10 ARRA - Title I, Part D FY10 ARRA - Title I, Part D Subpart 2 FY10 ARRA Title VIB FY10 ARRA - State Fiscal Stabilization Fund - Education State Grant ARRA - State Fiscal Stabilization Fund - College Park Elementary Grant ARRA Education Jobs Fund FY12 Chesapeake Bay Restoration FY10 Chesapeake Bay Restoration FY12	84.365 84.365 84.365 84.365 84.367 84.367 84.367	4,862
Title III, Part A Immigrant and Youth Grant FY11 Title III Part A Language Acquisition FY10 Title III Part A Language Acquisition FY11 Title III Part A Language Acquisition FY12 Title II, Part A FY10 Title II, Part A FY11 Title II, Part A FY11 Title II, Part A FY12 ARRA - Title II, Part D FY10 ARRA - Title I, Part D Subpart 2 FY10 ARRA Title VIB FY10 ARRA - State Fiscal Stabilization Fund - Education State Grant ARRA - State Fiscal Stabilization Fund - College Park Elementary Grant ARRA Education Jobs Fund FY12 Chesapeake Bay Restoration FY10 Chesapeake Bay Restoration FY12	84.365 84.365 84.365 84.367 84.367 84.367	
Title III Part A Language Acquisition FY10 Title III Part A Language Acquisition FY11 Title III Part A Language Acquisition FY12 Title II, Part A FY10 Title II, Part A FY11 Title II, Part A FY11 Title II, Part A FY12 ARRA - Title II, Part D FY10 ARRA - Title I, Part D Subpart 2 FY10 ARRA Title VIB FY10 ARRA - State Fiscal Stabilization Fund - Education State Grant ARRA - State Fiscal Stabilization Fund - College Park Elementary Grant ARRA Education Jobs Fund FY12 Chesapeake Bay Restoration FY10 Chesapeake Bay Restoration FY12	84.365 84.365 84.365 84.367 84.367	
Title III Part A Language Acquisition FY11 Title III Part A Language Acquisition FY12 Title II, Part A FY10 Title II, Part A FY11 Title II, Part A FY11 Title II, Part A FY12 ARRA - Title II, Part D FY10 ARRA - Title I, Part D Subpart 2 FY10 ARRA - Title I, Part D Subpart 2 FY10 ARRA Title VIB FY10 ARRA - State Fiscal Stabilization Fund - Education State Grant ARRA - State Fiscal Stabilization Fund - College Park Elementary Grant ARRA Education Jobs Fund FY12 Chesapeake Bay Restoration FY10 Chesapeake Bay Restoration FY12	84.365 84.365 84.367 84.367 84.367	32,666
Title III Part A Language Acquisition FY11 Title III Part A Language Acquisition FY12 Title II, Part A FY10 Title II, Part A FY11 Title II, Part A FY11 Title II, Part A FY12 ARRA - Title II, Part D FY10 ARRA - Title I, Part D Subpart 2 FY10 ARRA - Title I, Part D Subpart 2 FY10 ARRA Title VIB FY10 ARRA - State Fiscal Stabilization Fund - Education State Grant ARRA - State Fiscal Stabilization Fund - College Park Elementary Grant ARRA Education Jobs Fund FY12 Chesapeake Bay Restoration FY10 Chesapeake Bay Restoration FY12	84.365 84.367 84.367 84.367	19,53
Title III Part A Language Acquisition FY12  Title II, Part A FY10  Title II, Part A FY11  Title II, Part A FY11  Title II, Part A FY12  ARRA - Title II, Part D FY10  ARRA - Title I, Part D Subpart 2 FY10  ARRA - Title I, Part D Subpart 2 FY10  ARRA Title VIB FY10  ARRA - State Fiscal Stabilization Fund - Education State Grant  ARRA - State Fiscal Stabilization Fund - College Park Elementary Grant  ARRA Education Jobs Fund FY12  Chesapeake Bay Restoration FY10  Chesapeake Bay Restoration FY12	84.367 84.367 84.367	98,75
Title II, Part A FY10 Title II, Part A FY11 Title II, Part A FY12 ARRA - Title II, Part D FY10 ARRA - Title I, Part D Subpart 2 FY10 ARRA - Title I, Part D Subpart 2 FY10 ARRA Title VIB FY10 ARRA - State Fiscal Stabilization Fund - Education State Grant ARRA - State Fiscal Stabilization Fund - College Park Elementary Grant ARRA Education Jobs Fund FY12 Chesapeake Bay Restoration FY10 Chesapeake Bay Restoration FY12	84.367 84.367 84.367	36:
Title II, Part A FY11 Title II, Part A FY12 ARRA - Title II, Part D FY10 ARRA - Title I, Part A FY10 ARRA - Title I, Part D Subpart 2 FY10 ARRA Title VIB FY10 ARRA - State Fiscal Stabilization Fund - Education State Grant ARRA - State Fiscal Stabilization Fund - College Park Elementary Grant ARRA Education Jobs Fund FY12 Chesapeake Bay Restoration FY10 Chesapeake Bay Restoration FY12	84.367 84.367	43,22
Title II, Part A FY12 ARRA - Title II, Part D FY10 ARRA - Title I, Part A FY10 ARRA - Title I, Part D Subpart 2 FY10 ARRA Title VIB FY10 ARRA - State Fiscal Stabilization Fund - Education State Grant ARRA - State Fiscal Stabilization Fund - College Park Elementary Grant ARRA Education Jobs Fund FY12 Chesapeake Bay Restoration FY10 Chesapeake Bay Restoration FY12	84.367	1,033,37
ARRA - Title II, Part D FY10 ARRA - Title I, Part A FY10 ARRA - Title I, Part D Subpart 2 FY10 ARRA Title VIB FY10 ARRA - State Fiscal Stabilization Fund - Education State Grant ARRA - State Fiscal Stabilization Fund - College Park Elementary Grant ARRA Education Jobs Fund FY12 Chesapeake Bay Restoration FY10 Chesapeake Bay Restoration FY12		1,563,94
ARRA - Title I, Part A FY10 ARRA - Title I, Part D Subpart 2 FY10 ARRA Title VIB FY10 ARRA - State Fiscal Stabilization Fund - Education State Grant ARRA - State Fiscal Stabilization Fund - College Park Elementary Grant ARRA Education Jobs Fund FY12 Chesapeake Bay Restoration FY10 Chesapeake Bay Restoration FY12	84.386	103,699
ARRA - Title I, Part D Subpart 2 FY10 ARRA Title VIB FY10 ARRA - State Fiscal Stabilization Fund - Education State Grant ARRA - State Fiscal Stabilization Fund - College Park Elementary Grant ARRA Education Jobs Fund FY12 Chesapeake Bay Restoration FY10 Chesapeake Bay Restoration FY12	84.389	1,111,53
ARRA Title VIB FY10 ARRA - State Fiscal Stabilization Fund - Education State Grant ARRA - State Fiscal Stabilization Fund - College Park Elementary Grant ARRA Education Jobs Fund FY12 Chesapeake Bay Restoration FY10 Chesapeake Bay Restoration FY12	84.389	2,77
ARRA - State Fiscal Stabilization Fund - Education State Grant ARRA - State Fiscal Stabilization Fund - College Park Elementary Grant ARRA Education Jobs Fund FY12 Chesapeake Bay Restoration FY10 Chesapeake Bay Restoration FY12	84.391	1,066,09
ARRA - State Fiscal Stabilization Fund - College Park Elementary Grant ARRA Education Jobs Fund FY12 Chesapeake Bay Restoration FY10 Chesapeake Bay Restoration FY12	84.394	498,43
ARRA Education Jobs Fund FY12 Chesapeake Bay Restoration FY10 Chesapeake Bay Restoration FY12	84.394	1,812,47
Chesapeake Bay Restoration FY10 Chesapeake Bay Restoration FY12	84.410	
Chesapeake Bay Restoration FY12		14,690,36
	94.004	7,69
	94.004	13,14
Department of Behavioral Health and Developmental Services		
Early Intervention Program for Infants and Toddlers with Disabilities	84.181	422,412
ARRA - Early Intervention Program for Infants and Toddlers with Disabilities	84.181	 106,60
Total Department of Education		\$ 67,714,26
PARTMENT 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	\$ 105,38
Block Grants for Community Mental Health Services	93.958	209,05
Block Grants for Prevention & Treatment of Substance Abuse	93.959	1,816,81
Virginia Department for the Aging/ Southeastern Virginia Area Wide Model Program		
Supportive Services and Senior Centers (Title IIIB)	93.044	52,000
Department of Social Services		
Family Preservation	93.556	177,239
Temporary Assistance for Needy Families	75.550	2,595,952
Refugee and Entrant Assistance - State Administered Programs	93 558	
Home Energy Assistance	93.558 93.566	11,000

#### CITY OF VIRGINIA BEACH, VIRGINIA SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2012

Federal Granting Agency/Recipient State Agency/ Grant Program/Grant Number	Federal Catalogue Number	Expenditures
DEPARTMENT OF HEALTH AND HUMAN SERVICES: (continued)		
Pass Through Payments: (continued)		
<b>Department of Social Services (continued)</b>		
Child Care Assistance (Childcare Cluster)	93.575	\$ 3,005,411
Child Care and Development Fund (Childcare Cluster)	93.596	1,155,281
Chafee Education and Training Vouchers Program	93.599	15,655
Child Welfare Services	93.645	6,969
Foster Care Title IV-E	93.658	2,464,423
Adoption Assistance	93.659	958,411
Social Services Block Grant	93.667	1,731,120
Independent Living	93.674	62,187
FAMIS State Children's Insurance Program	93.767	87,530
Medical Assistance Program (Medicaid Cluster)	93.778	1,846,867
Virginia Department of Medical Assistance Services		
Medical Assistance Program - Medicaid	93.778	1,145,194
Total Department of Health and Human Services		\$ 17,659,677
DEPARTMENT OF HOMELAND SECURITY:		
Direct Payments:		
Urban Areas Security Initiative - UASI	97.008	\$ 1,174,214
FEMA National US&R Response System	97.025	1,387,416
Assistance to Firefighters Grant	97.044	45,125
Port Security Grant Program - Police	97.056	218,825
Pass Through Payments:		
Virginia Department of Emergency Management		
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	4,068,888
Emergency Management Performance Grants	97.042	52,914
Heavy Tactical	97.073	91,724
State Homeland Security	97.073	3,044
Port Security	97.073	17,321
<b>Department of Criminal Justice Services</b>		
State Domestic Preparedness Equipment Support Program	97.004	190,146
Virginia Department of Health		
State Homeland Security Grant	97.073	124,100
Total Department of Homeland Security		
Total Department of Homeland Security		\$ 7,373,717
Total Federal Financial Assistance		\$ 155,385,216

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, 2012

#### 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		\$	20,988,943
Capital Projects Fund			15,243,133
Non Major Governmental Funds Enterprise Funds			35,522,794 1,306,092
Other Component Units (not including Virginia Beach Pass-through \$276	202)		1,306,092
School Board Funds		85,026,315	
School Board Fullus	-	65,020,515	
Total federal awards reported in basic financial statements			159,154,103
Plus: Prior year balances from the following:			
School Breakfast Program	10.553		192,954
National School Lunch Program	10.555		561,305
Total realized revenue reported in Schedule of Expenditures of Federa		159,908,362	
Less: Revenue closed to fund balances from the following:			
Food Distribution Program (Donated USDA Food)	10.550		5,428
School Breakfast Program	10.553		564,444
National School Lunch Program	10.555		1,631,067
After School Snack Program	10.558		1,522
Home Investment Partnerships Program	14.239		356,550
Housing Opportunities for Persons with AIDS	14.241		6,943
Section 8 Moderate Rehabilitation Single Room Occupancy	14.249		2,367
Early Intervention Program for Infants and Toddlers with Disabilities	84.181		207,804
Mental Health Services for the Homeless-Block Grant	93.150		18,598
Block Grants for Prevention & Treatment of Substance Abuse	93.959		98,632
Supportive Services and Senior Centers (Title IIIB)	93.044		17,963
Less: Revenue not subject to Single Audit:			
School Health Insurance COBRA			1,034
General Fund Federal Bond Subsidy			304,702
Water & Sewer EF Federal Bond Subsidy			1,017,733
Storm Water EF Federal Bond Subsidy			288,359
Total Federal Expenditures		\$	155,385,216

## CITY OF VIRGINIA BEACH, VIRGINIA NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2012

#### 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	\$ 276,202
Opportunity, Inc. of Hampton Roads:		
Workforce Investment Act Adult Program	17.258	2,233,482
Workforce Investment Act Youth Activities	17.259	1,561,891
Workforce Investment Act Dislocated Workers	17.260	1,276,975
AmeriCorps	94.006	7,129
Greater Peninsula Workforce Development Consortium:		
H1B Technical Skills Grant	17.268	103,818
Total Opportunity, Inc. of Hampton Roads		\$ 5,183,295



This Page Intentionally Left Blank

### **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.

<u>Contents</u>	<u>Page</u>
Schedule 1-1 Schedule 1-2 Schedule 1-3 Schedule 1-4	d Public Facility Revenue Bond Operating Data:
Water and Sewer Reve	enue Bond Operating Data:
Schedule 2-1	Ten Largest Utility (Water) Customers
Schedule 2-2	Outstanding Debt by Issue
Schedule 2-3	History of Receipts and Disbursements
Schedule 2-4	System Operating Revenues, Expenses and Coverage
Schedule 2-5	Debt Service Requirements
Schedule 2-6	Water and Sewer Rate History
Storm Water Revenue	Bond Operating Data:
Schedule 3-1	Ten Largest Storm Water Utility Accounts
Schedule 3-2	Distribution by Type of Property
Schedule 3-3	Utility Fee Collections
Schedule 3-4	Pro Forma Calculation of Revenue Covenants
Schedule 3-5	Debt Service Requirements

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, 2012 (Unaudited)

			Real Property
	Taxpayer	<b>Business Type</b>	Assessed
			Value
1 I	E. D. & A. F. Ruffin & B. L. Thompson	Apartments/Shopping Center	\$ 302,501,600
2	Armada Hoffler	Office/Retail/Vacant Land	296,809,400
3 V	Virginia Electric & Power Company	Utility	294,279,082
4 I	Lynnhaven Mall LLC*	Shopping Mall	288,402,800
5 I	Ramon W. Breeden, Jr.	Apartments/Shopping Center	251,093,938
6 V	Verizon Virginia, Inc.	Utility	203,597,461
7 J	J. M. , R.J.F. , A.D. & L.E. Caplan	Real Estate	201,192,900
8 I	Pembroke Square Assoc.	Shopping Mall	168,734,700
9 (	Cheryl P. McLeskey	Real Estate	136,537,824
10 (	Christian Broadcasting Assoc./Net, Inc.	Broadcasting	127,291,300
11	Thomas J. Lyons, Jr.	Hotels	109,585,000
12 I	Lake Gem	Shopping Center/Fast-Food	106,874,100
13 V	Westminster Canterbury	Real Estate	104,908,800
14	Sifen, Michael D.	Real Estate	94,734,700
15 V	Watergate Treehouse Associates LP	Shopping Center	93,302,200
16 A	Atlantic Shores Cooperative	Apartments	93,032,800
17 I	BBR/Marina Shores LLC	Shopping Center	86,652,600
18 A	Aimco Maple Bay & Aimco Reflections LLC	Apartments	80,498,000
19 V	Windsor Lake & Shoreline Apartments LLC.	Apartments/Shopping Center	78,665,700
20 I	Potter Properties	Shopping Center	76,518,300
21 I	Inland Diversified Virginia Beach Landstown LLC	Shopping Center	74,292,500
22 Y	Virginia Natural Gas	Utility	70,119,594
23 (	Occidental Development, Ltd.	Apartments	59,026,100
24 V	Wal Mart Real Estate Business Trust	Retail Stores	50,344,200
25 I	Princess Anne Properties, Inc.	Real Estate	46,365,600
7	Total		\$ 3,495,361,199

Source: City Assessor & Commissioner of the Revenue

Note: Includes certain personal property taxed at real property rates as provided in Section 58.512.1 of the Code of Virginia, as amended.

### CITY OF VIRGINIA BEACH, VIRGINIA PROPERTY TAX RATES AND CHANGE IN TAX LEVY

#### Fiscal Years 1996 Through 2012

(Unaudited)

	Tax Rate	Real	Percentage Annual	
Fisc	al on Real	Property	Change in	
Yea	r Property (1)	Tax Levy	Tax Levy	
199	6 \$ 1.188	\$ 213,069,095	7.77%	
199	7 1.220	226,859,499	6.47%	
199	8 1.220	236,751,484	4.36%	
199	9 1.220	246,389,536	4.07%	
200	0 1.220	264,436,560	7.32%	
200	1 1.220	280,963,485	6.25%	
200	2 1.220	305,058,532	8.58%	
200	3 1.220	327,953,650	7.51%	
200	4 1.220	341,740,132	4.20%	
200	5 1.196	378,178,905	10.66%	
200	6 1.024	393,544,291	4.06%	
200	7 0.990	461,816,439	17.35%	
200	8 0.890	483,635,234	4.72%	
200	9 0.890	497,742,524	2.92%	
201	0.890	485,659,493	-2.43%	
201	0.890	456,029,698	-6.18%	
201		443,160,075	-2.82%	

<sup>(1)</sup> Tax rate per \$100 per assessed value.

#### 270

#### CITY OF VIRGINIA BEACH, VIRGINIA HISTORICAL ASSESSED VALUE Fiscal Years 1996 Through 2012 (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%

- (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.

### CITY OF VIRGINIA BEACH, VIRGINIA PROPERTY TAX LEVIES AND COLLECTIONS

## Fiscal Years 1996 through 2012 (Unaudited)

	Collected within the Total Fiscal Year of the Levy			Collections		Total Collections to Date				
Fiscal		Tax			Percentage	ir	Subsequent			Percentage
Year		Levy		Amount	of Levy		Years*		Amount	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		18,001,045		439,237,370	95.7
2005		505,050,845		468,796,012	92.8		20,030,354		488,826,366	96.8
2006		531,438,288		483,649,302	91.0		13,798,610		497,447,912	93.6
2007		527,465,143		505,518,196	95.8		16,871,382		522,389,578	99.0
2008		562,044,329		537,526,149	95.6		18,471,365		555,997,514	98.9
2009		570,582,069		547,934,162	96.0		14,969,028		562,903,190	98.7
2010		546,129,490		526,040,648	96.3		14,091,427		540,132,075	98.9
2011		523,586,269		504,769,073	96.4		10,826,695		515,595,768	98.5
2012		529,296,087		496,807,253	93.9		-		496,807,253	93.9

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.

<sup>\*</sup> 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.

#### 272

### CITY OF VIRGINIA BEACH, VIRGINIA PRINCIPAL TAX REVENUES BY SOURCE

## Fiscal Years 1996 through 2012 (Unaudited)

	Real	Personal	General		Restaurant		Total
Fiscal	Property	Property	Sales	Utility	Meal	Other	Taxes
Year	Taxes 1	Taxes <sup>2</sup>	Tax	Tax	Tax	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	106,726,610	46,328,049	45,778,363	38,144,787	92,406,133	676,744,054
2005	382,632,555	114,024,492	49,315,425	47,105,890	41,565,553	98,135,551	732,779,466
2006	397,431,699	129,482,648	51,391,606	47,778,078	45,025,727	105,702,298	776,812,056
2007	462,221,198	124,098,407	53,962,203	46,357,954	46,743,465	105,393,161	838,776,388
2008	499,241,014	128,475,060	54,071,427	50,521,820	48,069,618	107,535,059	887,913,998
2009	515,768,880	123,593,895	51,439,533	45,764,804	48,304,462	105,627,818	890,499,392
2010	504,334,961	113,226,394	50,263,545	46,662,622	48,442,376	103,385,929	866,315,827
2011	474,474,648	119,356,403	51,743,905	45,129,301	50,594,181	108,691,603	849,990,041
2012	461,480,333	127,118,247	53,375,318	45,254,169	53,254,313	109,764,503	850,246,883

- (1) Includes penalty & interest (\$10 minimum) on delinquent collections.
- (2) Includes State Payments under Personal Property Tax Relief Act.

## CITY OF VIRGINIA BEACH, VIRGINIA TEN LARGEST UTILITY (WATER) CUSTOMERS

Fiscal Year 2012 (Unaudited)

	<b>Annual Consumption</b>	
Customer	in 1,000 Gallons	Type of Customer
Virginia Beach Correction Center	43,276	City Correction Center
Sentara Virginia Beach General Hospital	34,699	Hospital
S L Nusbaum Realty	34,404	Thalia Garden Apartments
Sentara Princessc Anne Hospital	33,195	Hospital
Gold Key Resorts	27,907	Hotel Management
Westminister-Canterbury of Hampton Roads	26,840	Retirement Center
Watergate Assoc Lakes	25,472	Linkhorn Bay Apartments
Colony Mobile Home Park	23,313	Mobile Home Park
Countyview Mobile Ct.	21,521	Mobile Home Park
Lynnhaven Mall	20,268	Shopping Mall

Source: City Department of Public Utilities

#### CITY OF VIRGINIA BEACH, VIRGINIA WATER AND SEWER ENTERPRISE FUND OUTSTANDING DEBT BY ISSUE at June 30, 2012

(Unaudited)

2010A Water and Sewer System Revenue Bonds	\$ 63,510,000
2010B Water and Sewer System Refunding Revenue Bonds	8,155,000
2010C Water and Sewer System Refunding Revenue Bonds	24,530,000
2005 Water and Sewer System Revenue & Refunding Bonds	65,615,000
2002 Water and Sewer System Revenue Bonds	4,740,000
1998 Taxable Water and Sewer System Revenue Bond (1)	2,629,724
1997 Taxable Water and Sewer System Revenue Bond (1)	2,728,480
1994 Taxable Water and Sewer System Revenue Bond (1)	302,690
Total Water and Sewer Debt Outstanding	\$ 172,210,894

- (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 2008 through 2012 (in thousands of dollars) (Unaudited)

	Fiscal Year						
	2008	2009	2010	2011	2012		
Balance - July 1	\$ -	\$ -	\$ -	\$ -	\$ -		
Fees Received	2,994	1,741	1,990	1,938	3,265		
Disbursements	2,994	1,741	1,990	1,938	3,265		
Balance - June 30	\$ -	\$ -	\$ -	\$ -	\$ -		

## 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					
	2008	2009	2010	2011	2012	
Operating Revenues						
Service Charges	\$ 45,693	\$ 47,588	\$ 49,336	\$ 49,941	\$ 56,041	
Water Usage	44,906	44,628	46,002	48,666	47,589	
Miscellaneous	150	399	340	953	884	
Total Operating Revenues	\$ 90,749	\$ 92,615	\$ 95,678	\$ 99,560	\$ 104,514	
Operating Expenses						
Water Acquisition	\$ 24,958	\$ 25,251	\$ 24,952	\$ 25,341	\$ 25,353	
Water Distribution	9,298	8,560	7,765	8,199	8,282	
Sewer Collection	11,786	11,519	11,893	12,367	12,605	
Administration and Engineering	15,161	15,253	15,551	19,853	20,469	
Customer Services	9,050	9,491	9,224	9,317	9,445	
Total Operating Expenses	\$ 70,253	\$ 70,074	\$ 69,385	\$ 75,077	\$ 76,154	
Net Operating Income	\$ 20,496	\$ 22,541	\$ 26,293	\$ 24,483	\$ 28,360	
Non-Operating Revenues/(Expense)						
Interest	\$ 5,045	\$ 2,368	\$ 794	\$ 643	\$ 524	
Water Resource Recovery Fee	2,994	1,741	1,990	1,938	3,265	
Connection Fees	1,317	780	758	679	1,212	
Norfolk Water True-Up	1,898	-	(1,792)	(3,362)	(166)	
Total Non-Operating Income	\$ 11,254	\$ 4,889	\$ 1,750	\$ (102)	\$ 4,835	
Income Available For Debt Service	\$ 31,750	\$ 27,430	\$ 28,043	\$ 24,381	\$ 33,195	
Annual Debt Service*						
Water and Sewer Revenue Bonds	\$ 10,807	\$ 10,636	\$ 10,720	\$ 12,181	\$ 13,932	
Total Water and Sewer Debt Service	\$ 10,807	\$ 10,636	\$ 10,720	\$ 12,181	\$ 13,932	
Coverage of Debt Service on Water and						
Sewer Revenue Bonds	2.94x	2.58x	2.62x	2.00x	2.39x	
Coverage of Debt Service on All Debt						
Supported by Water and Sewer Revenues	2.94x	2.58x	2.62x	2.00x	2.39x	

Source: City Departments of Finance and Public Utilities.

<sup>\*</sup> Debt Service is reported net of Federal BABs subsidy beginning in FY 2010 and does not include bank charges.

# CITY OF VIRGINIA BEACH WATER AND SEWER ENTERPRISE FUND DEBT SERVICE REQUIREMENTS as of June 30, 2012

(Unaudited)

Fiscal Year	Principal	Interest	Subsidy	Total
2012-13	\$ 7,251,071.19	\$ 7,699,158.19	\$ (1,017,732.60)	\$ 13,932,496.78
2013-14	7,796,175.59	7,424,391.27	(1,017,732.60)	14,202,834.26
2014-15	8,093,130.37	7,131,261.41	(1,017,732.60)	14,206,659.18
2015-16	8,341,805.69	6,800,171.67	(1,017,732.60)	14,124,244.76
2016-17	8,702,706.63	6,449,370.73	(1,017,732.60)	14,134,344.76
2017-18	8,010,727.75	6,090,981.28	(1,004,494.73)	13,097,214.30
2018-19	8,385,276.42	5,739,108.76	(976,808.86)	13,147,576.32
2019-20	7,655,000.00	5,396,039.98	(946,785.86)	12,104,254.12
2020-21	7,950,000.00	5,079,589.98	(914,830.86)	12,114,759.12
2021-22	8,280,000.00	4,748,536.86	(881,322.73)	12,147,214.13
2022-23	8,665,000.00	4,380,209.99	(845,559.73)	12,199,650.26
2023-24	9,065,000.00	3,996,411.87	(806,512.42)	12,254,899.45
2024-25	9,470,000.00	3,607,793.75	(763,962.48)	12,313,831.27
2025-26	9,950,000.00	3,161,063.75	(718,084.48)	12,392,979.27
2026-27	7,760,000.00	2,719,415.00	(668,664.92)	9,810,750.08
2027-28	8,065,000.00	2,329,897.50	(615,202.86)	9,779,694.64
2028-29	6,000,000.00	1,977,117.50	(557,678.61)	7,419,438.89
2029-30	6,290,000.00	1,652,392.50	(496,087.36)	7,446,305.14
2030-31	6,595,000.00	1,309,418.75	(430,471.55)	7,473,947.20
2031-32	3,590,000.00	1,031,130.00	(360,895.49)	4,260,234.51
2032-33	3,775,000.00	821,227.50	(287,429.62)	4,308,797.88
2033-34	3,965,000.00	600,637.50	(210,223.12)	4,355,414.38
2034-35	4,170,000.00	368,790.00	(129,076.49)	4,409,713.51
2035-36	4,385,000.00	124,972.50	(43,740.37)	4,466,232.13
Totals	\$ 172,210,893.64	\$ 90,639,088.24	\$ (16,746,495.54)	\$ 246,103,486.34

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.

#### 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	

Source: City Department of Public Utilities

## CITY OF VIRGINIA BEACH, VIRGINIA TEN LARGEST STORM WATER UTILITY ACCOUNTS For Billing Period Ending June 30, 2012

For Billing Period Ending June 30, 201 (Unaudited)

Customer	Fees Billed
Sentara Healthcare	\$ 80,957
Pembroke Square	79,711
Virginia Wesleyan College	57,955
Mountain Ventures - Virginia Beach	57,687
Sentara Virginia Beach General Hospital	53,460
Stihl, Inc.	47,670
Eagle Holdings, LLC	46,078
Wal-Mart Real Estate Business	45,548
GEICO	42,999
Wordsworth Village at West Neck	42,584

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, 2012 (Unaudited)

	2012 Percent of Equivalent	
Type of Property	Residential Units (ERU)	
Residential	50.8%	
Multi-Family	10.6%	
Non-Residential	38.6%	

Source: City Department of Public Works/Storm Water Management

#### CITY OF VIRGINIA BEACH, VIRGINIA STORM WATER UTILITY FEE COLLECTIONS As of June 30, 2012 (Unaudited)

Fiscal Year	Assessed fees	Collected fees *	% Collected
2012	\$ 27,632,407	\$ 27,543,488	99.678%
2011	20,883,989	20,792,258	99.561%
2010	19,285,723	19,236,626	99.745%
2009	17,441,273	17,401,477	99.772%
2008	15,487,064	15,459,659	99.823%
2007	14,657,797	14,653,704	99.972%
2006	13,737,919	13,733,827	99.970%
2005	12,456,762	12,452,670	99.967%
2004	12,519,585	12,515,493	99.967%
2003	11,415,662	11,411,570	99.964%
2002	10,437,774	10,433,682	99.961%
2001	9,467,608	9,463,516	99.957%
2000	9,330,500	9,326,408	99.956%
1999	9,219,518	9,215,426	99.956%
1998	7,909,209	7,905,117	99.948%
1997	6,547,709	6,543,617	99.938%
1996	6,441,521	6,437,429	99.936%
1995	6,392,423	6,388,331	99.936%
1994	6,299,650	6,295,558	99.935%

Source: City Department of Public Works/Storm Water Management

<sup>\*</sup> 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			Fisca	1 Y	ear				
<del>-</del>	2008	2009	2010		2011	2012	2	013 Budget	
Total Revenues:									
System Revenues (including interest income)	\$ 16,468,110	\$ 17,962,149	\$ 19,406,355	\$	21,234,088	\$ 27,892,419	\$	32,403,283	
Non-Operating Revenues deposited into the									
Revenue Fund (from the Commonwealth)*	5,589,452	5,216,559	5,222,410		2,656,916	-			
Total Revenues	\$ 22,057,562	\$ 23,178,708	\$ 24,628,765	\$	23,891,004	\$ 27,892,419	\$	32,403,283	
Total Expenses:	9,690,929	10,489,311	10,676,428		11,234,614	13,311,162		13,931,507	
Revenues Available for Debt Service	\$ 12,366,633	\$ 12,689,397	\$ 13,952,337	\$	12,656,390	\$ 14,581,257	\$	18,471,776	
Maximum Principal and Interest									
Requirement on Revenue Bonds (a)	\$ 767,850	\$ 767,850	\$ 767,850	\$	1,989,070	\$ 1,989,070	\$	1,989,070	
Total Maximum Debt Service	\$ 767,850	\$ 767,850	\$ 767,850	\$	1,989,070	\$ 1,989,070	\$	1,989,070	
Debt Service Coverage Ratio	16.1	16.5	18.2		6.4	7.3		9.3	

Source: City Department of Finance

<sup>\*</sup> The City has no legal obligation to deposit revenues from the Commonwealth into the Revenue Fund.

Revenue Requirement B			Fisca	l Year		
	2008	2009	2010	2011	2012	2013 Budget
System Revenues (including interest income)	\$ 16,468,110	\$ 17,962,149	\$ 19,406,355	\$ 21,234,088	\$ 27,892,419	\$ 32,403,283
Less Required Transfers:						
Operating Expenses	\$ 8,684,744	\$ 9,386,471	\$ 10,660,893	\$ 10,479,442	\$ 12,045,293	\$ 11,939,823
Capital Outlay	1,006,185	1,102,840	15,535	755,172	1,265,869	1,991,684
Senior Debt:						
Maximum Principal & Interest						
Requirement on Series 2000 Bonds	767,850	767,850	767,850	-	-	-
Requirement on Series 2010A Bonds (a)	-	-	-	1,343,595	1,343,595	1,343,595
Requirement on Series 2010B Bonds	-	-	-	645,475	645,475	645,475
Subordinate Debt Fund (Prior Bonds)	661,381	631,868	603,619	489,014	469,360	322,975
Capital Improvement Account (Cash)	2,296,188	3,040,556	5,403,749	5,947,338	10,836,635	14,202,870
Total Transfers	\$ 13,416,348	\$ 14,929,585	\$ 17,451,646	\$ 19,660,036	\$ 26,606,227	\$ 30,446,422
Surplus Revenue available after transfers:	\$ 3,051,762	\$ 3,032,564	\$ 1,954,709	\$ 1,574,052	\$ 1,286,192	\$ 1,956,861
Reconciliation of Expenses to CAFR						
Total Operating Expenses (per CAFR)	\$ 13,776,341	\$ 12,622,360	\$ 12,746,643	\$ 13,226,435	\$ 15,550,163	
Less: Depreciation	(3,927,360)	(2,014,734)	(2,058,715)	(1,991,821)	(2,239,001)	
Appropriations from Retained Earnings	(158,052)	(118,315)	(11,500)	-	-	
Total Expenses (Pro Forma Requirement)	\$ 9,690,929	\$ 10,489,311	\$ 10,676,428	\$ 11,234,614	\$ 13,311,162	_

<sup>(</sup>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, 2012 (Unaudited)

Fiscal Year	Principal	Interest	Subsidy	Total
Tear	Ттистрат	Interest	Subsity	1 Otal
2012-13	\$ 990,000.00	\$ 1,042,263.76	\$ (288,358.88)	\$ 1,743,904.89
2013-14	1,010,000.00	1,022,263.76	(288,358.88)	1,743,904.89
2014-15	1,030,000.00	1,001,863.76	(288,358.88)	1,743,504.89
2015-16	1,055,000.00	981,013.76	(288,358.88)	1,747,654.89
2016-17	1,075,000.00	958,276.26	(285,843.25)	1,747,433.01
2017-18	1,095,000.00	932,506.26	(280,358.75)	1,747,147.51
2018-19	1,125,000.00	903,267.51	(273,977.38)	1,754,290.14
2019-20	1,150,000.00	869,776.89	(266,663.47)	1,753,113.42
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	\$ 26,410,000.00	\$ 15,051,122.02	\$ (4,739,877.19)	\$ 36,721,244.83



This Page Intentionally Left Blank

