

City of Virginia Beach, Virginia

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For Fiscal Year Ended
June 30, 2010



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

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2010**

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

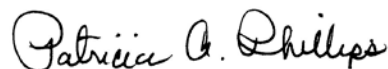
Acknowledgments...

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, Wendy Hu
CAFR Team -	Aaron McCoy, Susan Riley, Debbie Shevock, Keena Garns, Patti Porter, Linda Granger, Trish Donahue, Nancy Leavitt
Technical Assistance -	David Bradley, Paul Harris, Marc Davis, Economic Vitality Strategic Issue Team, Richard Lester, Arlene Ney, Cynthia Whitbred-Spanoulis
Staff Support -	Penny Williams, Loretta Brown, Donna Vaughan
Photograph - Cover	Craig D. McClure

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

Sincerely,



Patricia A. Phillips, Director
Department of Finance

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

CITY OF VIRGINIA BEACH, VIRGINIA

CITY COUNCIL

William D. Sessoms, Jr., Mayor At-Large
Louis R. Jones, Vice Mayor Bayside District
Harry E. Diezel Kempsville District
Robert Dyer Centerville District
Glen 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
Rita Sweet Bellito At-Large
Rosemary Wilson At-Large

SCHOOL BOARD

Daniel D. “Dan” Edwards, Chairman.. District 1–Centerville
William J. Brunke, IV, Vice Chairman District 7–Princes Anne
Sandra Smith-Jones District 2–Kempsville
Brent N. McKenzie District 3–Rose Hall
Carolyn D. Weems District 4–Bayside
Emma L. “Em” Davis District 5–Lynnhaven
Patricia G. Edmondson..... District 6–Beach
Todd C. Davidson..... At-Large
Ashley K. McLeod..... At-Large
Patrick S. Salyer At-Large
D. Scott Seery..... At-Large

CONSTITUTIONAL OFFICERS

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

VIRGINIA BEACH DEVELOPMENT AUTHORITY

Donald V. Jellig Chair
John W. Richardson Vice Chair
Douglas D. Ellis Assistant Secretary
Prescott Sherrod Assistant Secretary
Elizabeth A. Twohy Treasurer
C. Maxwell Bartholomew, Jr..... Commissioner
Dan H. Brockwell Commissioner
Luke M. Hillier Commissioner
Paul V. Michels Commissioner
Jerrold L. Miller Commissioner
Shewling Moy Wong Commissioner

APPOINTED OFFICERS

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

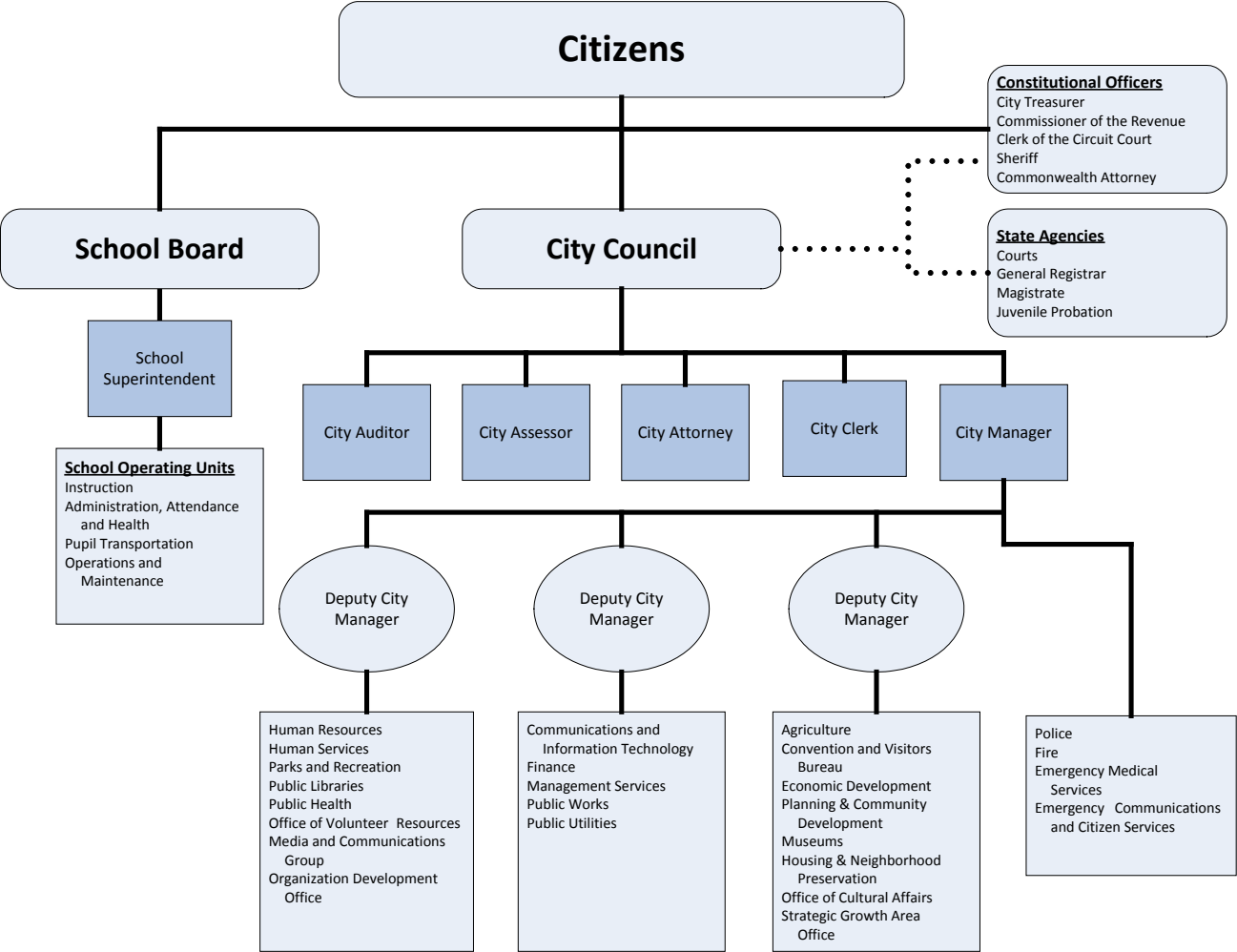
VIRGINIA BEACH COMMUNITY DEVELOPMENT CORPORATION

Mary Kay Horoszewski Executive Director
Carol Hare President
Denise Howard Vice President
Gregory Dragas Secretary/Treasurer
James Banks Director
Elsie M. Barnes Director
Christopher Beale Director
Tanya Bullock Director
Ann K. Crenshaw Director
David Doucette Director
Carolyn McPherson Director
Emmanuel Voces Director

CITY LEADERS

Susan D. Walston Deputy City Manager
David L. Hansen Deputy City Manager
Robert S. Herbert Deputy City Manager

Operating Structure





DEPARTMENT OF FINANCE
(757) 385-4681
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City of Virginia Beach

VBgov.com

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

November 24, 2010

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, 2010, 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 434,412 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.

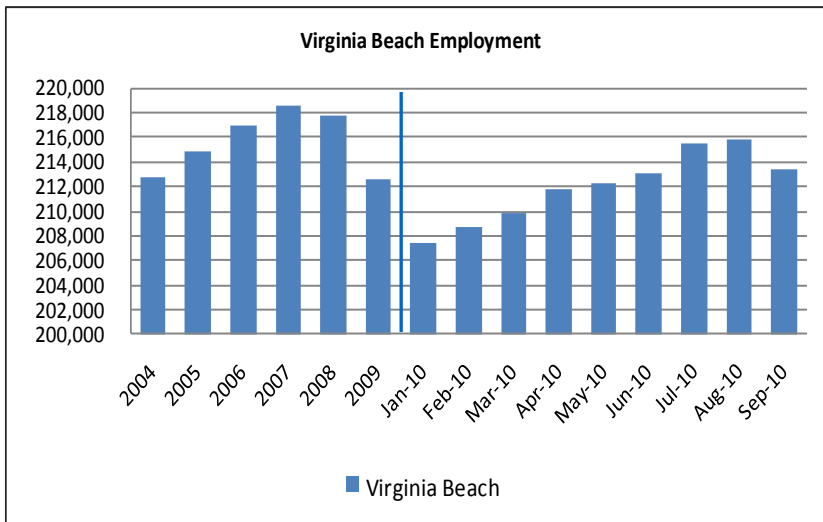
In accordance with the requirements of the Governmental Accounting Standards Board (GASB), the financial reporting entity consists of the primary government (the City of Virginia Beach) as well as its component units, which are legally separate organizations for which the City Council is financially 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

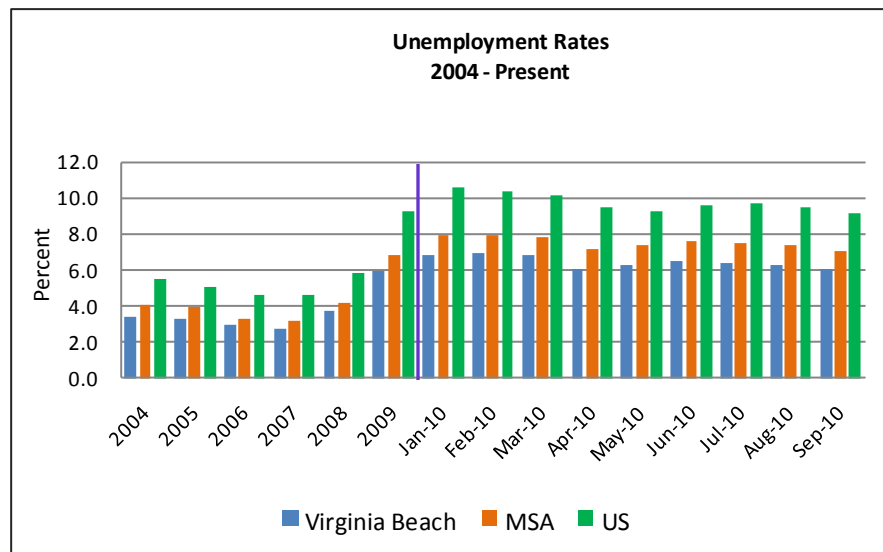
The Virginia Beach economy showed the effects of the national recession in 2009, but appears to be recovering in 2010. Defense spending, an economic stabilizer for the region's economy, continued to show modest but steady growth; and improvement in several of the year-to-date 2010 economic indicators points towards the beginning of recovery, especially in the areas of tourism, port traffic, building permits and retail sales.



Virginia Beach employment peaked in 2007 at 218,611. Employment for 2009 averaged 212,596, down about 6,000 from the peak. For the first 9 months of 2010, employment increased about 600 each month to 213,334, which is just 2.4% below its pre-recession peak three years ago. Employment across the U.S. is 4.3%

below its pre-recession peak as of September 2010. (Source: Virginia Employment Commission and BLS)

In September, the unemployment rate was 6.0% for Virginia Beach, 7.0% for the MSA, and 9.2% for the U.S. The unemployment rates for Virginia Beach and the region have been below the U.S. rate for the past twenty years and remain below it today. Prior to the recession, the Virginia Beach rate averaged around 2 percentage points lower than that of the nation; since the recession, the spread has grown to greater than 3 percentage points. The spread between the MSA and the nation has widened from around 1.5 percentage points to over 2 points. This demonstrates the disproportionate effect the recession is having outside the region. (Source: Virginia Employment Commission and BLS)

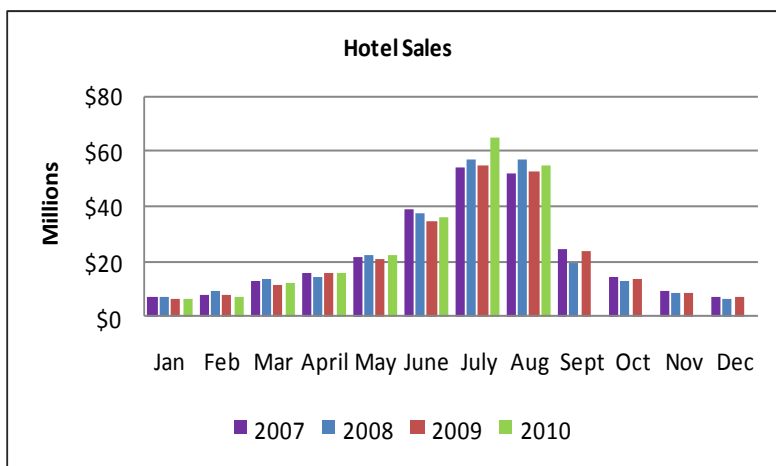


1.5 percentage points to over 2 points. This demonstrates the disproportionate effect the recession is having outside the region. (Source: Virginia Employment Commission and BLS)

The per capita income for Virginia Beach was \$45,022 in 2008, which is greater than that for the state at \$44,075 and the nation at \$40,166. The Virginia Beach median household income in 2009 dropped to \$59,298, a decrease of 9.8% due to the slow economy and changes in household composition brought about by the in-migration of a greater proportion of non-married households. Household income in Virginia Beach is still greater than the MSA at \$55,209 and the nation at \$50,221. (Source: US Census Bureau)

Defense spending, tourism, and the ports are stabilizers of the Virginia Beach economy. Defense spending in Virginia Beach increased from \$2.2 billion in 2008 to \$3.1 billion in 2009. Defense spending in the Hampton Roads MSA also continued to increase and is expected to reach \$20 billion in 2010. From 2000-2010, defense spending in Hampton Roads has increased, on average, almost 7% per year. (Sources: 2010 State of the Region Report, ODU and US Census Bureau)

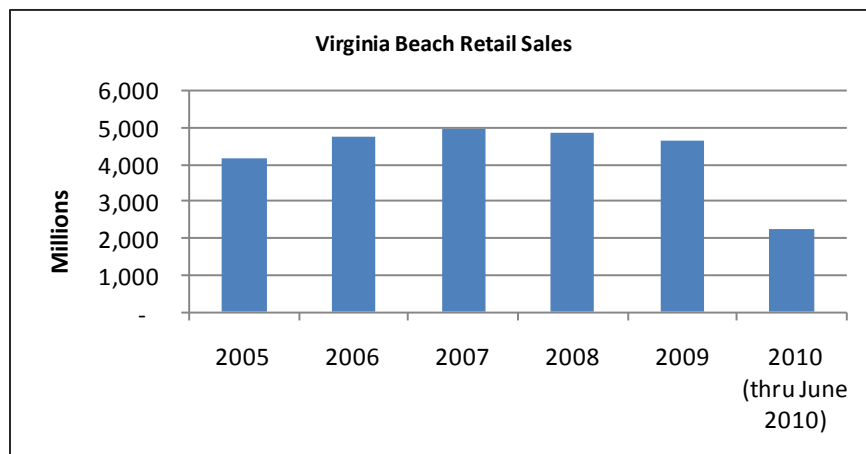
Tourism is another stabilizer of the Virginia Beach economy. In 2009, direct visitor spending was estimated to be \$816 million and is estimated to produce a total economic impact of around \$1.34 billion from Virginia Beach industries, creating 12,500 jobs and \$323 million in payroll earnings. (2009 Virginia Beach Tourism Economic Impact Study, ODU).



Hotel revenue was down 3.2% in the 2009. However, the 2010 summer tourism season rebounded, posting a 9.6% increase over 2009. Restaurant sales during the summer season showed a similar trend, being up 3.14% over 2009. July 2010 hotel and restaurant sales were the highest of the last four years. (Source: Convention & Visitors Bureau)

The Port of Virginia is another important segment of the Hampton Roads economy. General cargo short tons shipped through the Port were down 16.4% in 2009, due to the economic downturn. The number of short tons shipped year-to-date through September of 2010 is up 5.2% compared to the same period in 2009, offering evidence of a recovery, though not yet on par with 2008. Looking ahead, the Port is likely to gain market share from the completion of the Heartland Corridor later in 2010 which opens access to western markets and completion of the expansion of the Panama Canal in 2014. (Source: Port of Virginia)

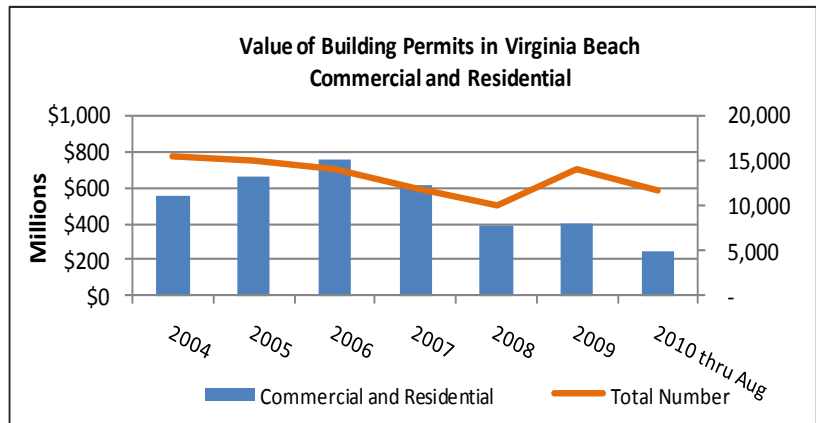
Retail sales in Virginia Beach declined 4.2% in 2009. Sales in the first six months of 2010 were \$2.2 billion, down less than 1% compared to the first six months of 2009. In fact, second quarter sales were actually greater than second quarter sales in 2009.



The fact that the rate of decline in sales is slowing is a good sign that the Virginia Beach economy is in recovery. (Source: Virginia Dept of Taxation)

Real estate assessments declined 2.3% in FY 2010 and are projected to decline another 6.2% in FY 2011. The decline in assessments is not expected to level off until FY 2013, though the rate of decline is likely to slow. There were 1,066 foreclosures in Virginia Beach in 2009 and 839 January-July 2010. Foreclosures are still affecting real estate assessments in certain neighborhoods and are likely to do so through FY 2012, though to a lesser extent. (Source: Real Estate Assessor's Office, Circuit Court)

The total number and value of building permits was down in 2009 due to the poor economic conditions. The good news is that 11,760 permits have been issued year-to-date through August 2010 which is greater than the number issued for this time period in 2009. However, the value of these permits is less than those in 2009. (Source: Real Estate Assessor's Office, Dept of Planning)



Insecurity in the overall economy, in particular the business and labor markets, is affecting the nation's confidence. Consumer confidence measured its lowest in March 2009 at 25 (100 indicates a positive outlook), and was at 50.2 in October 2010, up slightly since October 2009 when it measured 47.7. With consumer confidence remaining low, the pace of economic growth in the coming months is not likely to pick up appreciably. (Source: the Conference Board)

The Virginia Beach economy did not begin to feel the effects of the recession that began in December 2007 until the second half of 2008. Most economic indicators were down in 2009. Positive economic signs, however, can be seen in the first half of 2010. The summer tourism season, retail sales, number of building permits and port traffic are up compared to the same period in 2010. While the pace of the recovery is slower than that of previous recoveries, the Virginia Beach economy is in recovery mode, nonetheless.

MAJOR INITIATIVES

The 2009-2010 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 in August 2009:

- 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 2010 brought many opportunities for the Virginia Beach Development Authority, which continued its successful efforts to grow a diversified economy for the City despite many challenges brought about by changing global economic forces and increased competition for investment worldwide. Nearly \$50 million in new capital was invested by the City's business community during FY 2010 through the combined efforts of the Authority and Department of Economic Development. Companies working with the Department reported the creation of 1,450 new jobs (649 by existing companies, 801 by companies new to the City) and filled more than 737,000 square feet of new and existing commercial space throughout Virginia Beach.

AAA Bond Ratings

For the first time in its history, all three major ratings agencies, Standard & Poor's, Moody's Investors Service and Fitch Ratings, awarded the City their highest possible AAA bond ratings. All three ratings agencies praised the City's conservative fiscal approach. Virginia Beach is the only city in Hampton Roads with perfect AAA bond ratings.

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 proposed light rail project. Each of the eight areas have unique qualities and will have its own implementation plans developed with community input that outline the vision and serve as marketing tools. Four of the eight plans have been completed to date: Pembroke, Newtown, Burton Station and the Resort Area. Other SGAs include Centerville/Regent, Rosemont, Lynnhaven and Hilltop. A new City office was created in July 2009 to coordinate implementation efforts.

Oceana Land Use Conformity Program

The Oceana Land Use Conformity Program was designed to preserve property around Oceana Naval Air Station in compliance with base operational needs. The goals of the program are to bring new conforming uses into specific areas around the base, to convert nonconforming uses into conforming uses, to retain conforming uses and to relocate non-conforming uses to other areas of the City. The City also launched YesOceana.com, an aggressive incentive program geared specifically for commercial real estate.



To date, 28 non-conforming properties have been eliminated from Accident Potential Zone 1 (APZ-1) and 12 conforming businesses have been granted incentives for locating into APZ-1. By providing financial encouragement, the City is able to spur economic development compatible with the mission of NAS Oceana. As a result of this innovative program, the Association of Defense Communities named Virginia Beach the 2010 Active Base Community of the Year. This award recognizes an active defense community whose efforts in building partnerships with a military installation have enhanced military value and the overall economic development of the community.

Verizon Wireless Virginia Beach Amphitheater

In 2009 in its fourteenth season, the Virginia Beach Amphitheater returned 13.12 percent on the City's \$10.5 million investment and provided a venue for world-renowned performers and local cultural and community events. During the 2009 season, the amphitheater held 22 events with attendance in excess of 280,000 patrons. In the first fourteen years of operation, the amphitheater has



provided performances for almost 4 million music lovers and generated over \$16 million in direct revenue for the City.

Mayor's Alternative Energy Task Force

The Task Force was created in April 2009 to review existing energy needs and to evaluate opportunities for innovative, viable, alternative energy sources that will reduce the reliance on foreign sources and provide for a more sustainable and intelligent energy future. It has been recognized that Virginia Beach is ideally situated for wind energy development with outstanding wind resources, a robust electrical grid and industrial capacity to build facilities. The 2010 Alternative Energy Task Force Report found that Virginia is the second largest importer of power in the nation behind California. The report recommended the adoption of several goals as a framework for a City-wide energy strategy. The goals are to increase energy independence, reduce municipal energy consumption, expand energy education, reduce greenhouse gas emissions, capitalize on economic development opportunities including alternative energy development and increase indigenous energy production.

Town Center

Town Center is the heart of a mixed-use, Main Street style development within the City's emerging Central Business District. It is being constructed in phases, with the first phase being completed in 2003. Phase III was completed in 2008 when Two Columbus Center, a 100,000 sq. ft. office building was added to the tax rolls. Phase IV, which was approved by City Council in January 2009, will bring a new office tower, a third hotel, meeting space, additional apartments and more retail space. Although several blocks have been cleared, construction has been delayed due to overall conditions in the economy. Town Center is the core of the Central Business District-South Tax Increment Financing District. Incremental real estate taxes generated by the project are used to pay debt service on the garages and other infrastructure. In addition, it generates \$5 million per year from business taxes and trustee taxes such as hotel, meal, and sales taxes for the City.

Princess Anne Commons

A major medical complex is being developed as part of Princess Anne Commons. Operation Smile, an international children's medical charity, broke ground in September 2010 on their new \$20 million world headquarters building alongside Tidewater Community College's new Regional Health Professions Center. Operation Smile will build the headquarters building on 9.37 acres donated by the City of Virginia Beach. In addition to the land, the City will contribute \$1.4 million in infrastructure related costs. Princess Anne Commons, an incubator for biomedical companies, medical non profits and educational institutions, will also be home to the Sentara Princess Anne Medical Center, LifeNet Health and Children's Hospital of the Kings Daughters.

International Business Attraction

Expanding the City's international business development became a primary focus area in FY 2010. Growing the city's international business community is expected to improve economic diversity and help attract a broader labor force for all local firms. The strategy includes development of new international marketing materials, a more aggressive international travel schedule, development of a new network of global partners through contact with foreign chambers of commerce and direct contact with site consultants and corporate partners. During

the past year, officials attended trade fairs and visited the corporate headquarters of several local firms, including those in Germany, Italy and Japan.

The International Economic Development Council presented the Virginia Beach Department of Economic Development with an Award of Excellence for its Powerful Forces at Work—*Wall Street Journal* advertising campaign launched in 2009.

Quality Physical Environment

Laskin Road Gateway Project

Work continued on the second phase of 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. Construction currently under way includes water, sanitary sewer, storm water, power, traffic and road improvements. 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.



Virginia Beach Transit Extension Study

Hampton Roads Transit (HRT) initiated an environmental impact study for the continuation of the light rail route under construction in Norfolk for 10.6 miles from Newtown Road to Birdneck Road. The City and Norfolk Southern agreed on terms for the purchase of Norfolk Southern's right of way for \$40 million and the closing was accomplished in September 2010. The corridor is being considered for light rail as well as other alternative transportation projects.

Intelligent Transportation System (ITS)

Included in the 2009 Master Transportation Plan, the goal of this project is to use technology to move traffic more efficiently. The design of the traffic communications network was completed and installation included 92 miles of fiber optic cable, 152 video cameras and 39 closed circuit TV cameras. Traffic signals were successfully retimed on 10 major traffic corridors. City Council further approved the placement of 6 dynamic message signs for the fall of 2010. By using ITS technology to increase roadway capacity, more expensive road widening projects can be delayed or avoided.

Green Initiatives

The City continued its green leadership role in environmental sustainability and green initiatives by promoting best practices in energy and environmental design, model projects and procedures, education and incentives. The City has an established policy for implementing a green building program consistent with the U.S. Green Building Council's (USGBC) Leadership in Energy and Environmental Design (LEED) criteria. The Virginia Beach Convention Center became the first convention center in the country and the largest building in Virginia to achieve the LEED Gold Certification for Existing Buildings. The Convention Center's sustainability initiatives include programs for recycling, water efficiency, and energy efficiency that enable it to operate as efficiently as possible while reducing the impact on the environment. In addition, LEED certifications were completed on two Virginia Beach schools. A real estate tax reduction for green building initiatives was approved in May of 2010 for implementation in FY 2011.



Family and Youth Opportunities

Ten Year Plan to End Homelessness

Consistent with the goals of the Ten Year plan to End Homelessness, the City helped to form the BEACH (Bringing an End to All City Homelessness) Community Partnership between citizens and faith, business, non-profit and city organizations. Through this partnership, BEACH seeks to better address homelessness through enhanced cooperation and communication, coordinated service delivery, resource development and new strategies. BEACH has several projects under way, including skills training, service coordination and mobilization of stakeholders. The City also funds other initiatives to help the homeless, including building apartment complexes with other cities, providing vouchers for homeless veterans, distributing funds to families in danger of being evicted, preparing pocket guides with phone numbers for help, supporting non profits that provide housing and approving seed money for the Healing Place shelters for those struggling with substance abuse.

H1N1 Influenza Vaccination Program

As part of the Emergency Preparedness and Response Program, the Virginia Beach Health Department provided more than 41,000 H1N1 vaccinations. Vaccination clinics were held at every elementary, middle and high school throughout Virginia Beach City Public Schools. In addition, a number of additional clinics were held throughout the community to provide mass vaccination opportunities to a number of targeted population groups such as 18-24 year olds, pregnant mothers, day care children and others. As vaccine availability increased, community outreach vaccination clinics were opened to the general public through March 2010. Many City partners supported the vaccination program, including the Virginia Beach Office of Safe Schools, Fire Department, Public Utilities, Sherriff's Office and Media and Communications.

Summer Youth Program

Made possible by the American Recovery and Reinvestment Act (ARRA) funds provided by Opportunity, Inc. and the Edward Byrne Juvenile Accountability Grant, the City was able to offer three separate employment programs to more than 90 youth from across Virginia Beach. These programs afforded students an opportunity to gain meaningful work experience through the use of mentoring and hands-on training. One of the most important elements of the program were the adults who served as supervisors and mentors, providing structure, guidance and meaningful opportunities for the young people to learn and apply new skills.

Safe Community

Project Lifesaver

The Virginia Beach Police Department continues to have the largest Project Lifesaver Program in the United States with 137 clients enrolled. Virginia was the first major city police department to take on the effort to help family members locate loved ones with Alzheimer's disease or related disorders, and children with Down syndrome or Autism Spectrum disorder. Teams of trained officers use state-of-the-art electronic tracking equipment to locate people enrolled in the project who have wandered away. The Police Department hosted the 7th Annual International Project Lifesaver Conference in Virginia Beach on October 2009.

Haiti FEMA Deployment

The Virginia Beach Fire Department is the sponsoring agency for FEMA's Urban Search and Rescue Team, Virginia Task force 2 (VA TF 2). On January 14, 2010, VA TF 2 was activated for search and rescue efforts in earthquake ravaged Haiti. Authorized by the White House, this was the first international rescue mission for VA TF 2. Once in Haiti, VA TF 2 joined other international rescue teams and assisted and supported 134 rescues. VA TF 2 was directly responsible for rescuing two children and a Danish civil affairs officer in Haiti. The Team returned home eight days later and received recognition from President Obama and Senators Webb and Warner.

EMS Electronic Medical Records Initiative

The Virginia Beach Department of Emergency Medical Services (VBEMS) converted hand written patient care records to electronic format using hand-held mobile data terminals and a digitally secure wireless network. The project required tremendous efforts from EMS members, the City Department of Communications and Information Technology, Sentara Health Systems and the software vendor ImageTrend. Patient care reports are now transmitted directly to the receiving hospital's Emergency Department (ED). Additionally, a patient's previous medical records are easily accessible to the ED staff. Through a unique partnership with Sentara Health Systems, VBEMS is the first in the country to be allowed access to hospital medical records to track patient outcomes. VBEMS was chosen as a recipient of the Governor's Technology Award for "Innovative Use of Technology in Government" for its advanced electronic medical records initiative.

Cultural and Recreational Opportunities

Virginia Beach Field House

The Virginia Beach Field House was opened in the Athletic Village of Princess Anne Commons. Built on City land, the \$15 million facility was constructed and financed by the private sector in a true public-private partnership. With indoor artificial turf fields for soccer, field hockey, and lacrosse and courts for volleyball and basketball, the facility will serve the local athletic community as well as attract regional and national sporting events to the City. The 175,000 square foot facility also contains party rooms, an arcade and a fully stocked food court. The Field House can also serve as a Category II medical sheltering facility for community members requiring special assistance during severe storm events.

United Football League/Sportsplex

The United Football League (UFL) recently announced that it would make the Virginia Beach Sportsplex the home of the new Virginia Destroyers. Originally built by the City as a soccer stadium, Sportsplex was turned over for operation by Hometown Sports Management in 2009. Artificial turf was added and the venue which seats 6,500 was successfully opened up to other sports. The City is continuing discussions with the UFL for what could be Virginia Beach's first professional football team.

Virginia Aquarium

The Virginia Aquarium & Marine Science Center opened its new \$25 million renovation entitled *Restless Planet* in November, 2009. It features four immersive habitats, new exhibits, and 110,000 gallons of new aquariums including species that existed in Virginia millions of years ago. Home to 6,000 new animals and 367 new species, *Restless Planet* more than doubles the Aquarium's animal collection. Families can also enjoy a number of educational experiments, games and artifacts in *Restless Planet's* two Science Shacks.



The Aquarium's advertising and public relations campaign for *Restless Planet* won a Significant Achievement Award for Marketing Excellence from the Association of Zoos and Aquariums.

Sandler Center

During its third season, the Sandler Center for the Performing Arts realized \$1.6 million in gross ticket sales from more than 404 events and nearly 90,000 patrons, generating more than \$146,000 in admission taxes for the City. The center also partnered with the community to provide a free summer concert series, the Kids Arts Palooza and specially designed matinees and classes for more than 4,650 students, ensuring that arts programming remained accessible to children.

Outdoors Plan

The *Virginia Beach Outdoors Plan* is a long-range planning document that provides guidance for open space acquisition and outdoor recreational planning. It outlines the need to acquire 1200 acres of land through the year 2026. As of June 30, 2010, 98 acres of new open space was gained with the acquisition of the Marshview property which borders Owls Creek and Lake Rudee. After 19 years of on and off discussions, the City acquired the 98 acre tract from the Navy.



Compatible with the Navy's program, the undeveloped forested property will become a public park with most of land remaining in its natural state. The City is also pursuing the acquisition of Pleasure House Point, 122 acres overlooking the Lynnhaven River, in partnership with The Trust for Public Land and the Chesapeake Bay Foundation.

JT's Grommet Island Beach Park and Playground for EveryBODY

Grommet Island Park is a 15,000 square foot oceanfront park that is fully wheelchair accessible. The first of its kind in the United States, the park that opened in the summer of 2010 was completely funded by donations and in-kind services valued at more than \$1.6 million. More than 9,000 individuals, families, nonprofit organizations, private businesses and corporate sponsors raised the funds for the park as well as for ALS (better known as Lou Gehrig's disease) research and patient services. The park includes a wheelchair accessible deck with three perimeter landings that extend further out onto the beach. Visitors can also rent specially designed beach wheelchairs that allow them direct access to the water so "EveryBODY" can enjoy a day at the oceanfront in Virginia Beach.



Quality Education and Lifelong Learning

Exceptional Schools

Virginia Beach City Public Schools (VBCPS) is the largest school division in southeastern Virginia, serving approximately 69,225 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. In 2010, eight of the City's high schools were ranked in the top six percent nationwide by Newsweek magazine for being among the best

of the best in the nation. In addition, *GreatSchools*, a national non-profit group that studies public and private school education, ranked VBCPS number five on its list of the ten best school districts in the nation among large cities. Construction is scheduled to begin on the new Kellam High School in the spring of 2011.

Renaissance Academy



Opened in January 2010, the Renaissance Academy is the first center of its kind in the nation, housing six alternative education programs serving students in grades 6-12 and a museum commemorating the former African American school that once stood on the site. Dedicated to the memory of Princess Anne County Training School, later renamed Union Kempsville High School, the new museum tells the story of African American Education in Princess Anne County and Virginia Beach from its formal beginnings in 1934 through integration in 1969.

The LEED silver certified Renaissance Academy building supports the region's first green roof on a K-12 academic building. A rainwater collection system collects water from the roof and stores it in a 50,000 gallon cistern to be used for toilet flushing. This will allow the school to save approximately one million gallons of treated water per year. The new building has other unique environmental features including a geothermal heat pump for heating and cooling, grass planted on a portion of the roof to reduce heating and cooling costs, solar collectors for kitchen hot water and day lit spaces supplemented by dimming ballast electric lighting with photo sensor and occupancy sensor controls.

Kempsville Area Library

The Kempsville Area Library reopened after a nine month, \$830,000 renovation marking the final milestone in the City's \$26 million investment in new and renovated libraries over the past decade. During that time, every library in the City was either replaced or thoroughly renovated. In addition to new carpeting, furniture, paint and HVAC system, the Kempsville Library also has a new computer lab, study rooms and a living room area popular with local residents.

Joint Use Library

Construction is scheduled to begin late this year on the new Joint Use Library being built in partnership with Tidewater Community College at the Princess Anne Commons Academic Village. At 120,000 square feet, the library will be one-third bigger than the City's Meyera E. Oberndorf Central Library. The library is expected to open in early 2012 offering services for everyone from college students to retirees to youngsters just learning to read. It will be the largest and most innovative library in Virginia Beach.

Quality Organization

HR/Payroll System

The City launched *InSITE*, a new Human Resources/Payroll software application in 2009. Beginning in the summer of 2010, the system was enhanced by providing self service access to City employees and their supervisors. The new self service functionality allows all City employees to view and in some cases update their own personal information. In addition, managers and supervisors can view non-confidential information for all employees within their direct reporting structure, including leave details.

Minority Business Initiative

For FY 2010, City expenditures to minority vendors were \$14.8 million, up from \$14.1 million in FY 2009. These expenditures to minority vendors represented 6.56% of total city expenditures in FY 2010, slightly down from 7.31% in FY 2009. City Council passed a resolution in FY 2008 setting a 10% annual goal for minority participation in City contracts. Efforts to improve the minority participation percentage include the new requirement that prime contractors submit a Women and Minority Participation Plan with every contract awarded. In addition, the 12th Annual Minority Business Council Fall Construction Workshop and Expo will emphasize construction contracts, including bonding, subcontracting and the bidding process.

American Reinvestment and Recovery Act (ARRA) Accountability and Compliance

The City's Finance Department created a web presence and initiated quarterly meetings to provide contract, program management and Recovery Act information to City employees managing ARRA dollars. These efforts were to help meet federal requirements for accountability and transparency and to ensure that financial information reported was accurate. Information on requirements, new regulatory changes, new reporting requirements, internal controls, fraud awareness and purchasing terms were shared with staff to help improve knowledge, facilitate positive outcomes and enhance program management. The total amount of ARRA dollars received in FY 2010 was \$27.6 million (Schools), \$21.3 million (City) and \$10.6 million managed by VDOT for roadways.

Volunteer Resources

In almost every City department, volunteers make a difference in the quality of life for Virginia Beach residents and visitors. More than 18,000 volunteers give more than 1.3 million hours per year in various City programs, the equivalent of 650 full time City employees, providing services valued at \$18 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.

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 (i.e. Tourism Growth Investment fund, Major Projects Special Revenue Fund, and Tourism Advertising Program Special Revenue Fund). 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 the recent upgrade of the City's bond ratings to AAA by Standard & Poors, 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 referenda 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, at least four town hall meetings where city staffers 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 the final budget is voted upon.

The FY 2009-2014 Biennial Capital Improvement Program (CIP), which was approved by City Council in May 2009, sets forth a six-year program totaling \$2.3 billion. Of this amount, \$1.3 billion was appropriated through FY 2008-09, \$236.4 million was appropriated in FY 2009-10, and \$735.5 billion is programmed in future years of the Capital Improvement Program. Funding for this program will be from local, state, federal, and private sources, with local debt comprising less than 38.6% 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 2010, 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. Three such agreements were completed in FY 2010 at a total purchase price of \$1,559,051 with 183.39 acres acquired. For the total program at June 30, 2010, 74 agreements totaling 7,939.11 acres at a total purchase price of \$32,093,435 have been executed.

The City has developed a series of Debt Management Policies to provide a functional tool for

<u>Ratio Description</u>	<u>Established Standard</u>	<u>FY10</u>	<u>FY09</u>
Annual Debt Service to General Governmental Expenditures	No greater than 10.0%	8.4%	8.0%
Overall Net Debt to Estimated Full Value	No greater than 3.5%	1.8%	1.7%
Overall Net Debt Per Capita	No greater than \$2,400	\$2,274	\$2,259
Overall Net Debt Per Capita to Per Capita Personal Income	No greater than 6.5%	5.1%	5.0%

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 the following target levels for these key debt ratios:

All debt affordability indicators fall within the established guidelines. The State Constitution further limits the City's ability to create debt. The Legal Debt Limitation is 10% of assessed value of property in the City. As of June 30, 2010, the total assessed value of real property in the City was \$56,270,202,797 which translates into a legal debt limit of \$5,627,020,280. The City's net obligations subject to this debt limit, as of June 30, 2010 totaled \$670,254,683 and represented 11.9% of this limit.

The City completed an unprecedented number of bond sales this year due to the low interest rate environment. General Obligation (GO), Public Facility Revenue (PFRB), and Water and Sewer Revenue new money bonds were issued as well as refunding bonds. In addition, the City participated in three new bond programs authorized by the America Recovery and Reinvestment Act – Recovery Zone Economic Development (RZ) bonds, Build America Bonds (BAB) and Qualified School Construction Bonds (QSCB). As a result of the ratings review process for these sales, Moody's Investment Services and Fitch Ratings upgraded the City's GO bonds to triple-A. Virginia Beach was already rated AAA by Standard & Poor'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 2010.

In addition, City Council has 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.

AWARDS AND RECOGNITION

During FY 2010, the City of Virginia Beach received a number of awards and was recognized by a variety of organizations. Among these awards and recognitions are:

Association of Defense Communities named Virginia Beach the **2010 Active Base Community of the Year**; Forbes.com ranked Virginia Beach as America's **20th Fastest Recovering City from the Recession**; Brookings Institute ranked the Virginia Beach MSA **16th in Economic Health**; American Planning Association listed the Virginia Beach Boardwalk in the **Top 10 Great Public Spaces in America**; Good Morning America Report researched by Zillow.com ranked the City as **The Best City to Buy a Home**; WebMD Health News ranked the City the **10th Fittest City**; Center for Digital Government ranked Virginia Beach first in the **Best of the Web Award** for Cities; *US News and World Report* ranked the City as one of America's **10 Best Places to Grow Up**; *Forbes* magazine placed Virginia Beach as the **16th Best City for Working Mother**, the **6th Best Place in the US for the Outdoors** and the **2nd Best City for Jobs This Summer (2010)**; *Shermans Travel*, *National Geographic* and *Travel and Leisure* magazines all named Virginia Beach among the **Best Boardwalk's in America**; *Shermans Travel* ranked Virginia Beach as one of the **Top Ten Secluded Beaches**; *Men's Health* ranked Virginia Beach as the **4th Safest City for Children**; Portfolio.com ranked the City as the **4th Best City for Income Growth in the Past 25 Years**; *Money Magazine* ranked the City as the **11th Best Place to Retire**; McDonald's Corporation named Virginia Beach as one of the **Top Ten Happiest Cities for Families**; America's Promise Alliance named the City as one of the **100 Best Communities for Young People**.

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, 2009, and the Distinguished Budget Presentation Award for the FY 2010 Resource Management Plan.

ACKNOWLEDGMENTS

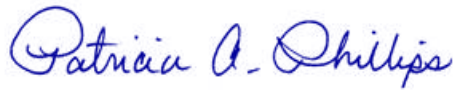
During the year, the staff of the Finance Department rendered professional and knowledgeable services to the City. We are most appreciative of these efforts and take this opportunity to recognize these outstanding public servants. They maintain the accounting records of the City on a current and timely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

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, 2009

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



President

Executive Director



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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 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, 2010, 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 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. 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2010, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis, budgetary comparison information and schedules of funding progress as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and express no opinion thereon.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, combining nonmajor fund financial statements, statistical section, and continuing disclosure schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole. The introductory, statistical section, and the continuing disclosure schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Cherry, Bekaert & Holland, L.L.P.

Virginia Beach, Virginia
November 24, 2010

MANAGEMENT'S
DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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 through the fiscal year ending June 2010. 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

Entity-Wide

- The City's total net assets, excluding component units, on a government-wide basis, totaled \$3.3 billion at June 30, 2010, an increase of 0.9% over June 30, 2009. Most of these net assets are invested in capital assets or are restricted for specific purposes.
- The City and Schools had expenditures of \$177.6 million for capital projects during FY2010 (Exhibit 18.)
- School Board expenditures for education totaled \$773.9 million during fiscal year 2010. Net Assets totaled \$571.4 million, \$411.6 of which is invested in capital assets. Of this amount, \$98.0 million is unrestricted.
- American Recovery and Reinvestment Act (ARRA) monies were received by City and Schools. The City Received \$21.3 million and Schools received \$27.6 million. An additional \$10.6 million was expended by the Commonwealth for road construction in Virginia Beach.

Governmental Activities

- The City received a AAA bond rating in FY2010 from Moody's Investor Services, Standard & Poor's, and Fitch Ratings, resulting in better interest rates for city borrowing efforts. In FY2010, the City refunded \$99.6 million of general obligation debt and issued \$66.0 million in new general obligation debt. An additional \$138.5 million of public facility refunding bonds was refunded and \$17.0 million of new public facility bonds were issued. New general obligation and public improvement bond debt is issued to provide funding primarily for City and School facilities, infrastructure and economic enhancement projects.
- Land and Improvements increased by 4.1% over FY2009, primarily due to land purchases for the Oceana Land Use Conformity Program, Norfolk Southern right-of-way acquisition, and the Circuit City building on Independence Blvd.
- As of June 30, 2010, the City's governmental activities reported combined ending net asset balances of \$2.5 billion. Most of these balances are invested in capital assets or are restricted for specific purposes such as debt service, capital projects, schools, or other operations.
- Unrestricted net assets decreased from \$63.9 million to \$21.9 million, due primarily to the use of reserves to support citywide expenditures and the funding of capital projects through the Major Projects Fund.

Business-Type Activities

- The net assets of the City's business-type activities increased by \$11.3 million during fiscal year 2010 and totaled \$825.7 million.
- In FY2010, \$65.0 million of new revenue bonds and \$33.4 million of refunding revenue bonds were issued for the water and sewer system.
- Water and Sewer, Storm Water and Parking business activities remained stable, with no significant change in revenue or service charges.

General Fund

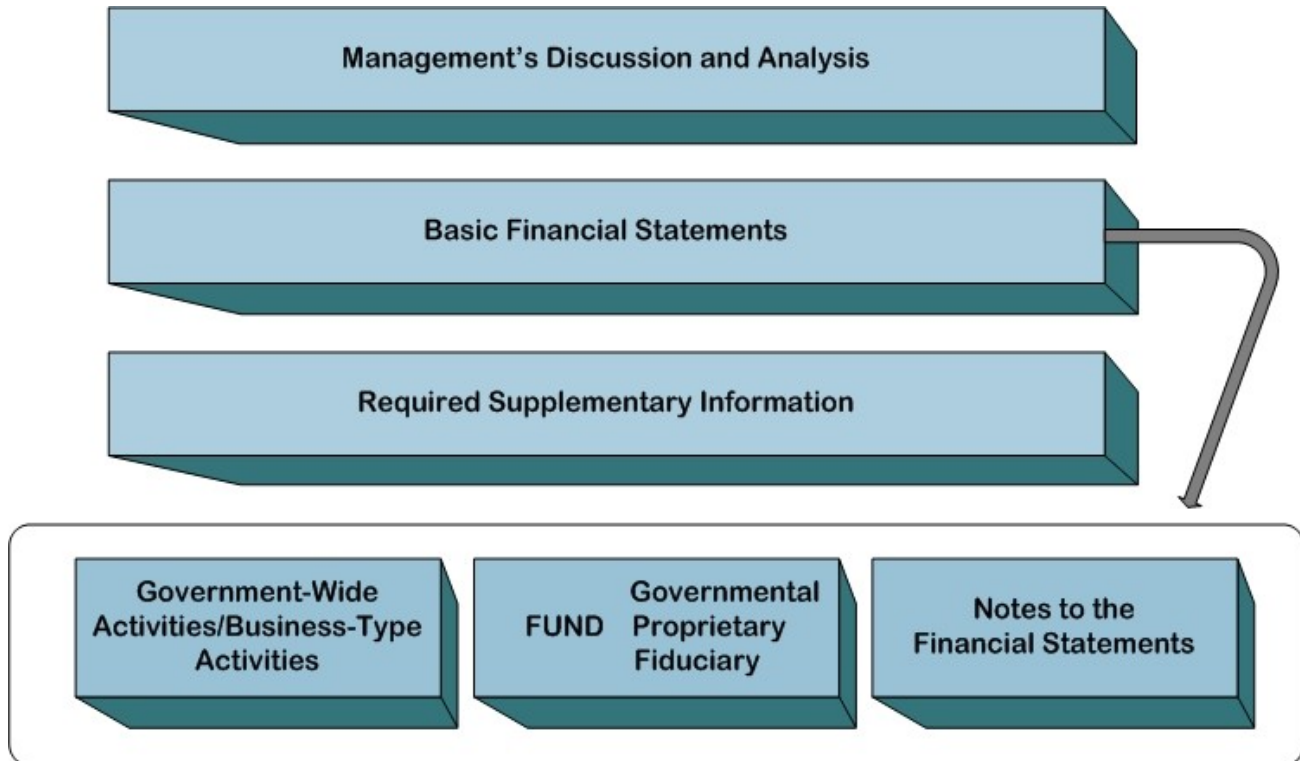
At the end of the FY2010, undesignated fund balance for the General Fund was \$102.0 million, or 10.5% of the FY2010/11 budgeted revenues well within policy. General Fund real estate and personal property taxes declined by \$21.7 million, but charges for services increased by \$20.6 million which offset declines in other local taxes, use of money and property, and revenues due from the Commonwealth. Overall, only a \$3.5 million dollar General Fund revenues decrease was experienced. General fund expenditures also decreased by \$40.7 million compared to the prior fiscal year.

- The City's real estate tax rate remained at \$0.89 per \$100 of assessed valuation for FY2009. The tax rate on personal property of \$3.70 per \$100 of assessed valuation also remained unchanged.
- General Fund Revenues were close to target with about \$3.5 million less than budgeted, while expenditures were 5.8% less than budget in FY2010.
- General property tax revenues (real estate and personal property taxes) comprise 57.0% of General Fund revenues, down 3.5% from last fiscal year. New charges for services revenues include the Red Light violation program which brought in \$1.8 million.
- \$57.8 million was transferred to the Capital Projects Fund to support the City's Capital Improvement Program.

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 MD&A-1. This section of the report has three components: Management's Discussion and Analysis; the basic financial statements; and required supplementary information. Within the basic financial statements information is provided on governmental activities and also fund activities for the different fund types.

Figure MD&A-1: Components of the Financial Section



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.

Proprietary funds - Services for which the City charges customers a fee are generally reported in proprietary funds. These funds, like the government-wide statements, provide both long-term and short-term financial information. The City's enterprise funds (one type of proprietary fund) are the same as its business-type activities, but the fund financial statements provide more detail and additional information, such as cash flows. The City utilizes enterprise funds to account for its storm water, water and sewer, 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, landscaping and information technology services.

Fiduciary funds - Used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations and other governmental units. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The Fiduciary Funds are Agency Funds (Special Welfare and Escheat Property), the Pension Trust Fund and the Postemployment Benefits Trust Fund. The Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. These fiduciary activities are excluded from the City's government-wide financial statements because the City cannot use these assets to finance its operations.

Financial Analysis of the City as a 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 \$3.3 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 \$32.6 million to \$3.3 billion (Table 2). Most of these net assets are invested in capital assets or restricted for a particular purpose such as debt or capital projects. The City's unrestricted net assets, which are used to finance day-to-day operations, totaled \$25.5 million down from \$82.1 million (Table 1). This is primarily due to the increased investment in capital assets of \$76.9 million. The component units' net assets totaled \$631.6 million, most of which is invested in capital assets.

STATEMENT OF NET ASSETS

The largest portion of the City of Virginia Beach's net assets (97.2 percent up 1.8% from FY2009) reflects the investment in capital assets (e.g., land, buildings, parks, infrastructure, machinery and equipment) less any related debt used to acquire those assets that is still outstanding. These assets are used to provide services to citizens and therefore, 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.

Table 1. City of Virginia Beach's Net Assets (in Millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2010	2009*	2010	2009	2010	2009*
Current and Other Assets	\$ 634.7	\$ 609.9	\$ 205.2	\$ 150.8	\$ 839.9	\$ 760.7
Capital Assets	3,050.9	3,001.2	835.6	813.2	3,886.5	3,814.4
Total Assets	3,685.6	3,611.1	1,040.8	964.0	4,726.4	4,575.1
Long-Term Debt Outstanding	1,163.7	1,115.2	201.8	138.7	1,365.5	1,253.9
Other Liabilities	62.0	57.3	13.3	10.9	75.3	68.2
Total Liabilities	1,225.7	1,172.5	215.1	149.6	1,440.8	1,322.1
Invested in Capital Assets, net of related debt	2,389.9	2,325.7	690.4	677.7	3,080.3	3,003.4
Restricted	48.1	49.0	131.7	118.5	179.8	167.5
Unrestricted	21.9	63.9	3.6	18.2	25.5	82.1
Total Net Assets	\$ 2,459.9	\$ 2,438.6	\$ 825.7	\$ 814.4	\$ 3,285.6	\$ 3,253.0

*Restated

Governmental Activities unrestricted net assets decreased \$42.0 million and totaled \$21.9 million at June 30, 2010. Inclusive in Governmental Activities unrestricted net assets are ending fund balances of the General Fund and most Special Revenue Funds, which are intended for specific purposes by City Council. The fund balances of these Special revenue funds had a net decrease of \$10.6 million during FY2010. Notable decreases include School Reserve (\$5.2 million), Tourism Growth Investment (\$1.5 million), Open Space (\$1.2 million), Agricultural Reserve (\$1.8 million) and Grants Consolidated (\$3.1 million) and Major Projects (\$3.1 million). Notable increases include Parks and Recreation (\$1.6 million) Housing and Neighborhood Preservation (\$0.9 million), and Federal Section Eight Program (\$0.9 million).

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 \$3.9 billion net of accumulated depreciation. These assets include roads, bridges, parks, water and sewer facilities, land, and other long-lived assets. For FY2010, the primary government's investment in capital assets, net of related debt increased \$76.9 million due to assets contributed by developers, an increase to General Fund reserve for Capital Projects, and defeasement of prior existing debt.

Net assets of the City's governmental activities increased \$21.3 million in FY2010 as compared to an increase of \$143.5 million in FY2009. General government revenues totaled \$1,183.9 million in FY2010 as compared to \$1,259.7 million in FY2009. Current developer-contributed roadways include \$3.8 million for FY2010.

During FY2010, the City's Governmental Funds expended \$177.6 million on its capital improvement program. Included in this amount is \$31.8 million of Schools 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 capitalized costs, notably the acquisition of land adjacent to Oceana Naval Air Station. Construction in Progress increases are due in part to federal stimulus funds and construction on several roadway and intersection projects.

The net assets of business-type activities, which are used to continue construction and maintenance of the storm water and water and sewer utilities increased by \$11.2 million, resulting in part from receiving \$0.44 million in developer contributed utility assets. During FY2010, these utilities provided \$32.9 of cash funding to their capital improvement programs.

(continued)

Table 2. City of Virginia Beach's Changes in Net Assets (in Millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2010	2009*	2010	2009	2010	2009*
Revenues:						
Program Revenues:						
Charges for Services	\$ 64.5	\$ 52.9	\$ 120.3	\$ 115.3	\$ 184.8	\$ 168.2
Operating Grants & Contributions	214.8	202.4	5.3	5.2	220.1	207.6
Capital Grants & Contributions	30.7	88.8	0.6	2.4	31.3	91.2
General Revenues:						
Property Taxes	558.4	590.0	-	-	558.4	590.0
Other Taxes	248.0	253.0	-	-	248.0	253.0
Other	<u>67.5</u>	<u>72.6</u>	<u>0.9</u>	<u>2.8</u>	<u>68.4</u>	<u>75.4</u>
Total Revenues	<u>\$ 1,183.9</u>	<u>\$ 1,259.7</u>	<u>\$ 127.1</u>	<u>\$ 125.7</u>	<u>\$ 1,311.0</u>	<u>\$ 1,385.4</u>
Expenses:						
Legislative	\$ 1.1	\$ 1.2	\$ -	\$ -	\$ 1.1	\$ 1.2
Executive	3.0	3.4	-	-	3.0	3.4
Law	3.5	3.7	-	-	3.5	3.7
Finance	16.9	16.6	-	-	16.9	16.6
Human Resources	8.5	12.9	-	-	8.5	12.9
Judicial	48.5	50.6	-	-	48.5	50.6
Health	3.0	3.1	-	-	3.0	3.1
Police	86.6	88.2	-	-	86.6	88.2
Human Services	120.2	115.5	-	-	120.2	115.5
Public Works	156.4	135.1	-	-	156.4	135.1
Parks & Recreation	45.2	44.2	-	-	45.2	44.2
Library	16.1	15.7	-	-	16.1	15.7
Planning	10.1	10.3	-	-	10.1	10.3
Agriculture	0.9	1.0	-	-	0.9	1.0
Economic Development	2.3	2.7	-	-	2.3	2.7
Convention & Visitor Bureau	26.4	28.3	-	-	26.4	28.3
Communication & Info. Tech. Technology	23.9	31.9	-	-	23.9	31.9
Emergency Communication & Citizen	8.3	-	-	-	8.3	-
Boards and Commissions	28.8	28.3	-	-	28.8	28.3
Fire	46.9	44.8	-	-	46.9	44.8
Management Services	3.9	3.6	-	-	3.9	3.6
Education & Transfer to School	358.9	370.3	-	-	358.9	370.3
Housing & Neighborhood Preservation	23.0	22.8	-	-	23.0	22.8
Museums	8.5	8.2	-	-	8.5	8.2
General Government	35.6	16.8	-	-	35.6	16.8
Emergency Medical Services	7.6	7.3	-	-	7.6	7.3
Water & Sewer	-	-	96.9	95.3	96.9	95.3
Storm Water	-	-	13.1	13.1	13.1	13.1
Parking	-	-	1.3	1.4	1.3	1.4
Interest on Long-Term Debt	<u>73.0</u>	<u>48.9</u>	<u>-</u>	<u>-</u>	<u>73.0</u>	<u>48.9</u>
Total Expenses	<u>\$ 1,167.1</u>	<u>\$ 1,115.4</u>	<u>\$ 111.3</u>	<u>\$ 109.8</u>	<u>\$ 1,278.4</u>	<u>\$ 1,225.2</u>
Increases in Net Assets before Transfers	16.8	144.3	15.8	15.9	32.6	160.2
Transfers	<u>4.5</u>	<u>1.9</u>	<u>(4.5)</u>	<u>(1.9)</u>	<u>-</u>	<u>-</u>
Change in Net Assets	<u>\$ 21.3</u>	<u>\$ 146.2</u>	<u>\$ 11.3</u>	<u>\$ 14.0</u>	<u>\$ 32.6</u>	<u>\$ 160.2</u>
Net Assets – Beginning	<u>2,438.6</u>	<u>2,292.4</u>	<u>814.4</u>	<u>800.4</u>	<u>3,253.0</u>	<u>3,092.8</u>
Net Assets – Ending	<u>\$ 2,459.9</u>	<u>\$ 2,438.6</u>	<u>\$ 825.7</u>	<u>\$ 814.4</u>	<u>\$ 3,285.6</u>	<u>\$ 3,253.0</u>

* Restated

(continued)

REVENUES

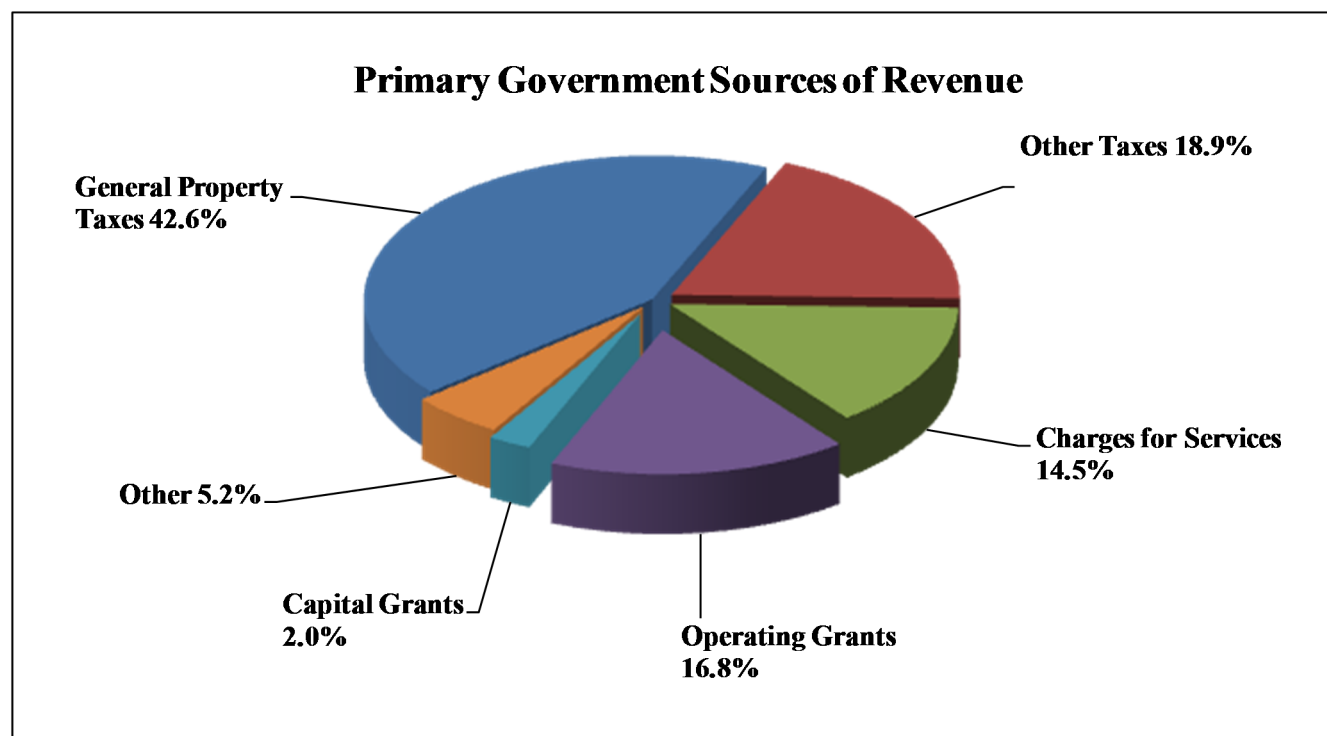
For the fiscal year ended June 30, 2010, revenues for governmental activities totaled \$1,183.9 million, a decrease of \$75.8 million, primarily due to decreases in general property tax revenues and capital grants and contributions.

General property taxes, the City's largest revenue source, were \$558.4 million, a decrease of \$31.6 million from FY2009. Included in these taxes are real and personal property levies, which are payable in December and June of the fiscal year. This revenue decrease reflects both a decrease in real estate revenue of \$11.4 million and \$20.2 million personal property revenues. The personal property tax rate was \$3.70 per \$100 of assessed value (100% of fair market value.) The real estate tax rate was \$0.89 per \$100 of assessed value (100% of fair market value) during the fiscal year. The personal property tax rate has not been changed since 1982.

The new General Fund Red Light Violation program fees brought in \$1.8 million in new revenues which contributed to an increase in fine and forfeiture revenues. Interest on general fund bank deposits decreased from \$4.6 million to \$1.3 million contributing to an overall decrease in revenues from the use of money and property.

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 \$248.0 million. This represents a \$5.0 million decrease over the previous two years.

Figure MD&A-2: Revenues by Source - Primary Government as of June 30, 2010



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 \$310.0 million down \$34.1 million from FY2009. The result was a combination of an increase of \$11.6 million in charges for services, an increase of \$12.4 million in operating grants and contributions and a decrease of \$58.1 million in capital grants and contributions. Operating grants and contributions representing primarily federal and state operating grants were reported at \$214.8 million, up \$12.4 million from the prior fiscal year. The Charges for Services revenue category totaled \$64.5 million and Capital Grants and Contributions totaled \$30.7 million. For additional information and comparative results, see Table 2.

Business-type activities generated program revenues of \$126.2 million, primarily from charges for services, which totaled \$120.3 million. It should be noted that there was a decrease in Water and Sewer capital grants and contribution revenues of \$1.8 in FY2010. Storm Water and Resort Parking showed modest increases in revenue. \$33.4 million in storm water revenue refunding bonds and \$65.0 million of new revenue bonds were issued in FY2010 for Water & Sewer. Operating grants were at \$5.2 million and capital grants at \$0.6 million comprised the remaining program revenue for the business-type activities.

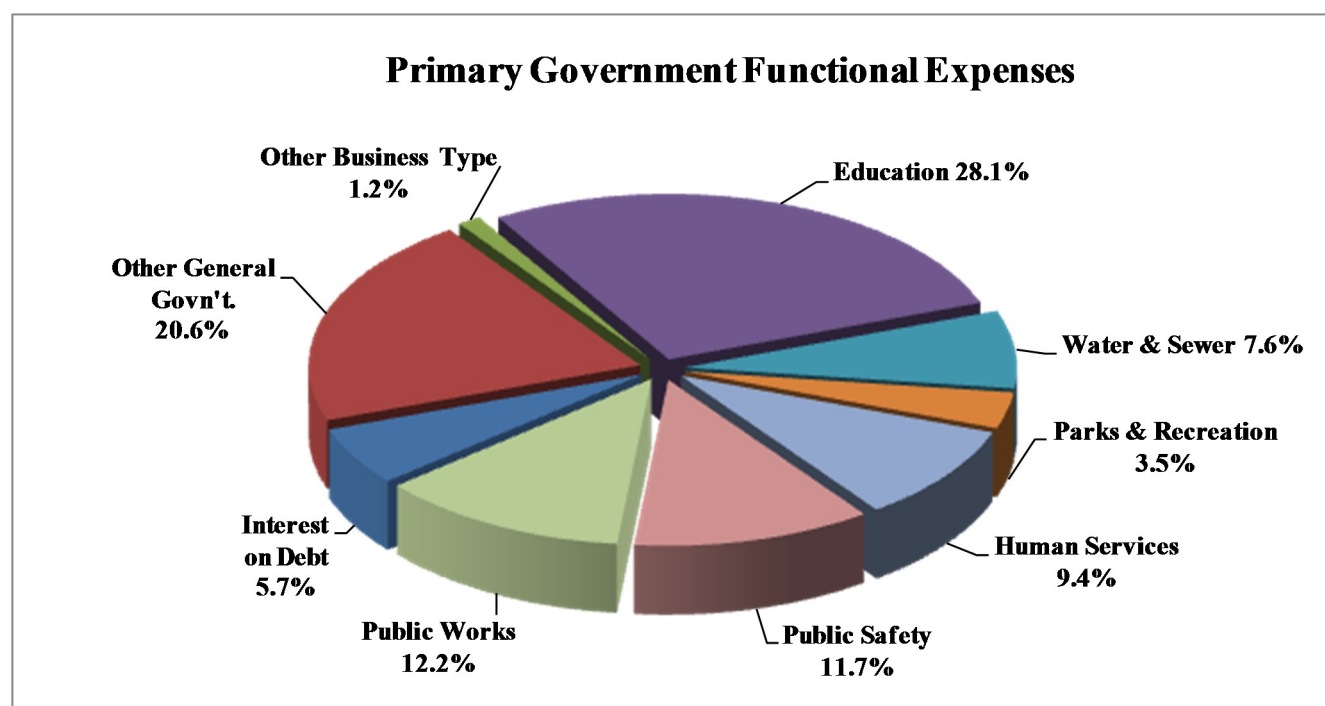
EXPENSES

For the fiscal year ended June 30, 2010, expenses for governmental activities totaled \$1,167.1 million, an increase of \$51.7 million, primarily due to the increase in interest on long-term debt. Most general government operating departments experienced only slight variations in spending over the previous fiscal year. Two notable increases \$18.8 million for General Government due to increases in depreciation expenses and \$21.3 million for Public Works primarily due to closing non-capitalizable road pavement maintenance program projects.

Education continues to be one of the City's highest priorities and commitments. The City's funding for education in FY2010 totaled \$358.9 million, or 44.7% of total School's Governmental Funds revenue. The City's share of funding for educational purposes increased slightly in FY2010. Included in the educational expense amount is \$4.6 million of local funding which was provided for school construction.

Expenses for the City's business-type activities totaled \$111.3 million, which provided water, sewer and storm water utility services as well as parking operations (Table 2).

Figure MD &A-3: Expenses – Primary Government as of June 30, 2010



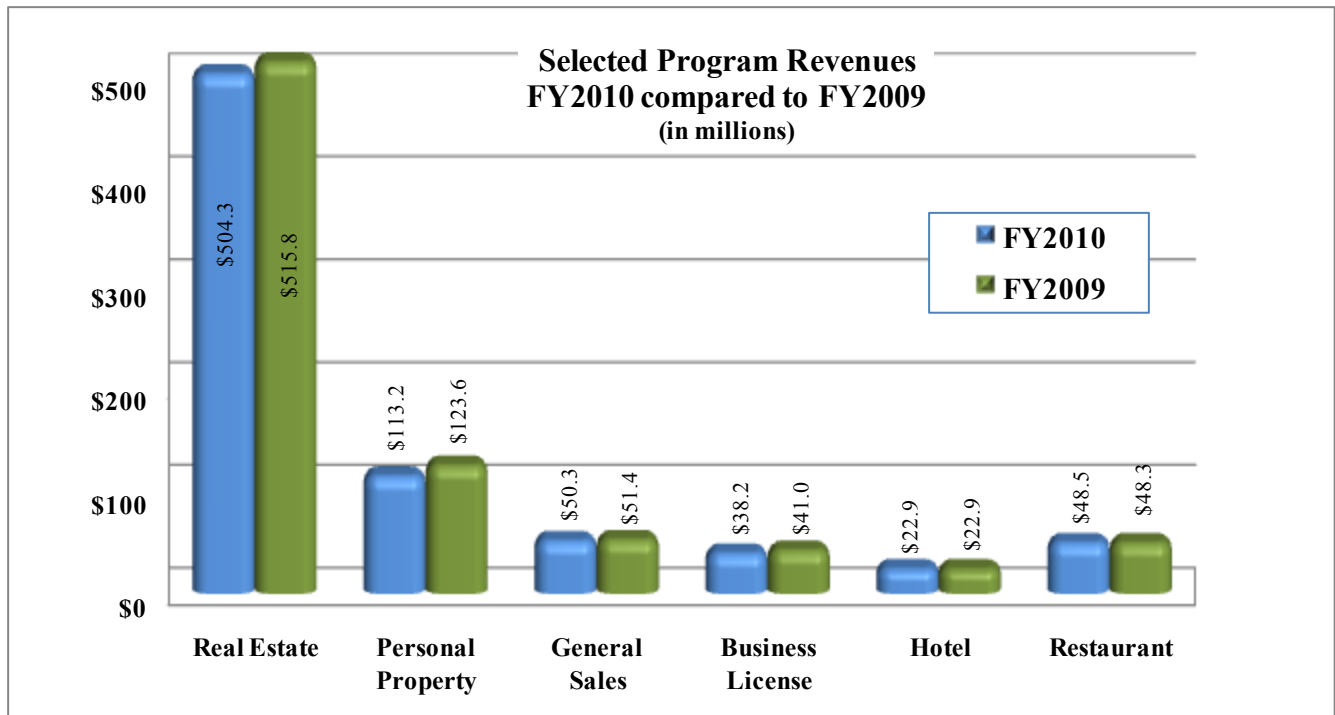
Financial Analysis of the City's Funds

For the fiscal year ended June 30, 2010, the City's governmental funds reflect a combined fund balance of \$535.3 million, some of which is reserved or designated for specific purposes. This represented an increase of \$34.8 million in the combined fund balances of governmental funds (Exhibit 4). The primary reason for the increase in fund balances was the increase in revenues from the Federal Government of \$37.7 million over last year and savings in departmental expenditures. A majority of departments continue to hold open positions, reduce programs, cut expenditures to offset state reductions, and promote entity-wide efficiencies in anticipation of additional reductions for the FY2011 general fund. In addition, these other factors should be noted:

- Real estate, personal property and interest on delinquent taxes declined \$21.8 million from FY2009.
- Charges for services increased by \$20.8 million from FY2009, with a one-time SPSA Refuse Disposal payment for outstanding receivable accounting for most of the increase at \$20.0 Million .
- Revenues from the Commonwealth decreased by \$10.6 million from FY2009.
- The City expended \$177.6 million in the Capital Projects Fund and received funding of \$83.0 million from new debt issued to support its current as well as future capital expenses. Cash funding totaling \$72.2 million was received from the General Fund and other Special Revenue funds in support of the City's Capital Project program. Also, \$49.9 million was received from Federal and State agencies in support of capital projects in FY2010.

(continued)

Figure MD &A-4: Revenues –Primary Governmental Activities



- Interest on Debt Service, for both general government and school debt, totaled \$47.1 million for the year representing a decrease of \$1.3 million of expenses from the previous year.
- In FY2010, the Emergency Communications and Citizen Services activities were reported as a separate department from Communications and Information Technology department.
- Over \$110.0 million received by the City through federal programs including \$21.3 million ARRA Federal Recovery Act grants and awards.
- The City received \$35.1 million in federal funding, \$14.8 million from the Commonwealth, \$4.7 million in dedicated funding, \$4.9 million in other funding to supplement the \$152.1 million in local funding for capital projects. Total capital project revenues in FY2010 was \$211.6 million.

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 \$53.2 million less than appropriated.
- Elimination of proposed pay raise for School and City employees, saving \$17.8 million and 8.8 million respectively.
- The Commonwealth reduced reimbursement to the Commissioner of the Revenue, City Real Estate Assessor and Treasurer in FY2010 by \$0.3 million.
- Kellam High School Replacement Project added \$10.3 million to the budget and was offset by school special reserve funding, state stimulus and state lottery funding.
- Funding was designated for the Animal Control Shelter to complete design work for construction to commence in FY2011.

Capital Assets

At the end of Fiscal Year 2010, the City's governmental activities (including internal service funds) had invested \$3,050.9 million, net of accumulated depreciation, in a variety of capital assets and infrastructure, as reflected in the following schedule:

Table 3. City of Virginia Beach's Changes in Capital Assets (in Millions)

	Balance FY2009	Net Additions/ Deletions	Balance FY2010
Non-Depreciable Assets:			
Land and Land Improvements	\$ 783.0	\$ 36.1	\$ 819.1
Agriculture Reserve Development Rights	30.5	1.6	32.1
Construction in Progress	177.0	51.3	228.3
Other Capital Assets:			
Infrastructure	1,819.6	27.3	1,846.9
Buildings	967.2	(18.4)	948.8
Furniture and Other Equipment	179.2	8.0	187.2
Improvements	231.6	3.2	234.8
Less: Accumulated Depreciation	<u>(1,186.9)</u>	<u>(59.4)</u>	<u>(1,246.3)</u>
Totals	\$ <u>3,001.2</u>	\$ <u>49.7</u>	\$ <u>3,050.9</u>

For detailed information on the City's capital asset activity, please refer to Note 4 in notes to the financial statements.

During the fiscal year just completed the City's capital projects fund balance increased by \$34.1 million, primarily as a result of the issuance of General Obligation bonds and expenditures slowing as several major projects were completed. The capital projects fund has a cash balance of \$256.5 million to support project expenditures through FY2011.

Encumbrances for capital projects increased \$3.8 million in FY2010 as a result of projects such as Princess Anne/Kempsville Road intersection improvement, Constitution Drive extension, Witchduck Road, Communication Infrastructure Replacement and Building Rehab and Renewal Phase II.

The FY2010-2015 Biennial Capital Improvement Program (CIP) Second Year Amendments, adopted by City Council in May 2009, established a six year program totaling \$2.26 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 FY2010 expended \$14.2 million to convert nonconforming property uses to conforming uses and to provide aggressive incentives for commercial real estate uses. The capital improvement project at the intersection of Princess Anne and Kempsville Roads expended \$20.8 million during FY2010 while \$10.0 million was used for Norfolk Southern Railroad right of way acquisition which will enable future transportation options.

Long Term Debt

In FY2010, the City issued \$83.0 million in new tax supported debt with premiums totaling \$3.4 million. This funding will support future expenditures for both City and School projects. In addition, \$99.6 million in General Obligation Refunding Bonds and \$138.5 in Public Facility Refunding Bonds were issued to capitalize on lower interest rates in the bond market. The City refunded a total of \$237.5 million in FY2010 which will save \$14.4 million in debt service costs over the life of the bonds.

State statutes limit the amount of general obligation debt the City can issue to ten percent of the assessed value of real property within the City. The City's outstanding debt is significantly below this limit, which is currently \$5.6 billion.

(continued)

Table 4. City of Virginia Beach's Long-Term Liabilities, Primary Government (in Millions) for FY2010

	Governmental Activities	Business-Type Activities	Total Primary Government
General Obligation Bonds	\$ 630.2	\$ 1.4	\$ 631.6
Public Facility Revenue Bonds	261.3	-	261.3
Double Barrel and Revenue Bonds	-	192.6	192.6
State Literary Fund Loans	6.5	-	6.5
Agriculture Reserve Program	32.1	-	32.1
Town Center PFRB's	83.4	-	83.4
Williams Farm Property	1.5	-	1.5
Sub-Total	\$ 1,015.0	\$ 194.0	\$ 1,209.0
Other Long-Term Liabilities			
Premium	73.9	4.7	78.6
Accrued Compensated Leave	39.1	3.1	42.2
Estimated Claims & Judgments	24.7	-	24.7
Other*	11.0	-	11.0
Totals	\$ 1,163.7	\$ 201.8	\$ 1,365.5

*Other includes landfill closure and post closure care and deferred loss

For FY 2010, debt service on tax-supported debt was \$123.6 million. For detailed information on the City's long-term liabilities, please refer to Note 5 in notes to the financial statements.

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 \$154.6 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.

Economic Factors

The unemployment rate for Virginia Beach and the region has been below the U.S. rate for the past five years. Virginia Beach is 3.2% under the national rate, with an average of 6.3 as of August 2010. In a Brookings Institution study of the 100 largest metropolitan areas, Hampton Roads' economy ranked 41st.

As of 2008 (the latest data available from the U.S. Bureau of Economic Analysis), the City's per capita income was \$45,022, as compared to the nation's per capita income at \$40,166. Virginia Beach's median household income in 2009 at \$59,298, a decrease of 9.8% over 2008 due to the slow economy, but it is still greater than the nation's at \$50,221.

Retail sales in Virginia Beach decreased 2.8% through FY2010, but in June 2010 showed a 2% increase. Residential and commercial/industrial building permits began declining in 2007 with 16,043 permits issued in 2008, 14,135 issued in 2009 and 11,760 issued in January – August 2010.

Requests for Information

Tourism, a major industry for the City of Virginia Beach, experienced a 3.5% loss of hotel-related revenue for the 2009 summer tourist season, but increased 8.5% for the 2010 summer tourist season. 75.2% of tourists are repeat visitors to the area.

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

BASIC FINANCIAL STATEMENTS

CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF NET ASSETS
JUNE 30, 2010

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	Other
ASSETS					
Cash and Investments	\$ 197,442,952	\$ 108,022,631	\$ 305,465,583	\$ 255,654,726	\$ 9,147,814
Restricted Cash & Cash Equivalents	291,103,124	69,753,337	360,856,461	-	9,717,769
Receivables (net)	47,694,751	20,933,201	68,627,952	286,875	4,313,568
Due from Other Governments	92,585,556	105,333	92,690,889	23,538,560	260,075
Inventories	1,173,973	2,315,988	3,489,961	928,866	6,144,378
Other Assets	4,654,708	4,078,318	8,733,026	353,783	1,399,286
Land Held for Resale	-	-	-	-	17,971,424
Capital assets (net of accumulated depreciation):					
Land and Improvements	851,229,169	142,775,007	994,004,176	29,881,022	27,015,905
Buildings and Improvements	785,274,785	1,563,126	786,837,911	342,271,330	102,689,121
Improvements other than Buildings	186,775,365	1,061,859	187,837,224	-	-
Machinery and Equipment	60,512,931	5,850,352	66,363,283	-	28,941
Infrastructure	938,787,660	590,263,466	1,529,051,126	-	-
Construction in Progress	228,317,257	94,159,512	322,476,769	39,413,411	500,457
Total Capital Assets	\$ 3,050,897,167	\$ 835,673,322	\$ 3,886,570,489	\$ 411,565,763	\$ 130,234,424
Total Assets	\$ 3,685,552,231	\$ 1,040,882,130	\$ 4,726,434,361	\$ 692,328,573	\$ 179,188,738
LIABILITIES					
Accounts Payable	\$ 46,052,828	\$ 10,810,457	\$ 56,863,285	\$ 22,184,857	\$ 10,035,541
Accrued Liabilities	12,927,845	2,545,448	15,473,293	63,715,858	1,823,650
Due to Other Governments	2,979,455	-	2,979,455	88,549	-
Long-term Liabilities:					
Due Within One Year	111,459,728	7,915,066	119,374,794	20,215,480	5,851,440
Due in More Than One Year	1,052,266,256	193,915,593	1,246,181,849	14,748,825	101,204,654
Total Liabilities	\$ 1,225,686,112	\$ 215,186,564	\$ 1,440,872,676	\$ 120,953,569	\$ 118,915,285
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	\$ 2,389,856,033	\$ 690,413,751	\$ 3,080,269,784	\$ 411,565,763	\$ 22,738,837
Restricted for:					
Future Debt Service	17,251,355	16,373,191	33,624,546	-	2,616,939
Special Projects	15,970,128	-	15,970,128	61,805,620	-
Schools	14,937,111	-	14,937,111	-	-
Water and Sewer Fund Operations	-	101,119,679	101,119,679	-	-
Storm Water Fund Operations	-	14,100,129	14,100,129	-	-
Unrestricted	21,851,492	3,688,816	25,540,308	98,003,621	34,917,677
Total Net Assets	\$ 2,459,866,119	\$ 825,695,566	\$ 3,285,561,685	\$ 571,375,004	\$ 60,273,453

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

**CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010**

			Program Revenues	
			Operating Grants and Contributions	Capital Grants and Contributions
	Expenses	Charges for Services		
Primary Government:				
Governmental Activities:				
Legislative	\$ 1,101,059	\$ -	\$ -	\$ -
Executive	2,960,506	-	-	-
Law	3,486,020	1,007	-	-
Finance	16,925,748	266,724	1,447,726	-
Human Resources	8,494,623	4,659	-	-
Judicial	48,468,317	4,993,137	23,027,237	-
Health	2,987,001	32,360	23,540	-
Police	86,602,182	3,436,506	2,072,437	-
Human Services	120,191,660	4,952,643	82,511,543	-
Public Works	156,433,035	10,299,832	32,636,140	4,911,784
Parks & Recreation	45,258,239	14,660,279	108,854	1,349,000
Library	16,053,738	617,088	287,307	-
Planning	10,138,645	4,076,448	16,054	-
Agriculture	911,927	164,684	174,162	-
Economic Development	2,260,972	-	-	-
Convention & Visitor Development	26,441,351	4,706,217	-	-
Communications & Information Technology	23,892,765	160,747	-	-
Emergency Communications and Citizen Services	8,286,906	-	-	-
Boards and Commissions	28,838,862	41,000	94,296	-
Fire	46,923,435	406,679	1,492,600	977,851
Management Services	3,905,792	-	-	-
Education	358,870,557	-	-	-
Housing & Neighborhood Preservation	22,992,624	312,489	22,787,293	-
Museums	8,491,250	6,609,514	751,724	-
Emergency Medical Services	7,595,142	2,068	557,082	125,835
General Government	35,592,598	8,777,127	46,763,493	23,366,648
Interest on Long-term Debt	73,058,398	-	-	-
Total Governmental Activities	\$ 1,167,163,352	\$ 64,521,208	\$ 214,751,488	\$ 30,731,118
Business-type Activities:				
Water and Sewer	\$ 96,891,679	\$ 98,568,890	\$ -	\$ 628,640
Storm Water	13,116,763	19,285,386	5,222,410	-
Parking	1,357,625	2,420,174	-	-
Total Business-type Activities	\$ 111,366,067	\$ 120,274,450	\$ 5,222,410	\$ 628,640
Total Primary Government	\$ 1,278,529,419	\$ 184,795,658	\$ 219,973,898	\$ 31,359,758
Component Units:				
Virginia Beach Development Authority	\$ 9,467,197	\$ 3,069,327	\$ 14,209,300	\$ 50,098
Virginia Beach Community Development Corporation	4,099,706	2,305,104	2,342,431	-
Virginia Beach School Board	773,936,984	17,029,809	143,007,213	9,445,175
Total Component Units	\$ 787,503,887	\$ 22,404,240	\$ 159,558,944	\$ 9,495,273
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 - Restated				
Net Assets - Ending				

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

CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010

Net (Expenses) Revenues and Changes in Net Assets					
Primary Government			Component Units		
Governmental Activities	Business-type Activities	Total	School Board	Other	
\$ (1,101,059)	\$ -	\$ (1,101,059)	\$ -	\$ -	
(2,960,506)	-	(2,960,506)	-	-	
(3,485,013)	-	(3,485,013)	-	-	
(15,211,298)	-	(15,211,298)	-	-	
(8,489,964)	-	(8,489,964)	-	-	
(20,447,943)	-	(20,447,943)	-	-	
(2,931,101)	-	(2,931,101)	-	-	
(81,093,239)	-	(81,093,239)	-	-	
(32,727,474)	-	(32,727,474)	-	-	
(108,585,279)	-	(108,585,279)	-	-	
(29,140,106)	-	(29,140,106)	-	-	
(15,149,343)	-	(15,149,343)	-	-	
(6,046,143)	-	(6,046,143)	-	-	
(573,081)	-	(573,081)	-	-	
(2,260,972)	-	(2,260,972)	-	-	
(21,735,134)	-	(21,735,134)	-	-	
(23,732,018)	-	(23,732,018)	-	-	
(8,286,906)	-	(8,286,906)	-	-	
(28,703,566)	-	(28,703,566)	-	-	
(44,046,305)	-	(44,046,305)	-	-	
(3,905,792)	-	(3,905,792)	-	-	
(358,870,557)	-	(358,870,557)	-	-	
107,158	-	107,158	-	-	
(1,130,012)	-	(1,130,012)	-	-	
(6,910,157)	-	(6,910,157)	-	-	
43,314,670	-	43,314,670	-	-	
(73,058,398)	-	(73,058,398)	-	-	
<u>\$ (857,159,538)</u>	<u>\$ -</u>	<u>\$ (857,159,538)</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ -	\$ 2,305,851	\$ 2,305,851	\$ -	\$ -	
-	11,391,033	11,391,033	-	-	
-	1,062,549	1,062,549	-	-	
<u>\$ -</u>	<u>\$ 14,759,433</u>	<u>\$ 14,759,433</u>	<u>\$ -</u>	<u>\$ -</u>	
<u>\$ (857,159,538)</u>	<u>\$ 14,759,433</u>	<u>\$ (842,400,105)</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ -	\$ -	\$ -	\$ -	\$ 7,861,528	
-	-	-	-	547,829	
-	-	-	(604,454,787)	-	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (604,454,787)</u>	<u>\$ 8,409,357</u>	
\$ 558,423,911	\$ -	\$ 558,423,911	\$ -	\$ -	
50,331,672	-	50,331,672	-	-	
46,023,992	-	46,023,992	-	-	
38,204,143	-	38,204,143	-	-	
48,566,456	-	48,566,456	-	-	
6,283,840	-	6,283,840	-	-	
11,949,379	-	11,949,379	-	-	
8,654,496	-	8,654,496	-	-	
5,141,354	-	5,141,354	-	-	
22,919,279	-	22,919,279	-	-	
9,871,136	-	9,871,136	-	-	
<u>\$ 806,369,658</u>	<u>\$ -</u>	<u>\$ 806,369,658</u>	<u>\$ -</u>	<u>\$ -</u>	
-	-	-	361,465,466	-	
53,413,134	-	53,413,134	264,848,498	-	
4,067,799	943,565	5,011,364	734,959	223,706	
10,077,276	-	10,077,276	6,283,791	283,659	
4,450,848	(4,450,848)	-	-	-	
<u>\$ 878,378,715</u>	<u>\$ (3,507,283)</u>	<u>\$ 874,871,432</u>	<u>\$ 633,332,714</u>	<u>\$ 507,365</u>	
<u>\$ 21,219,177</u>	<u>\$ 11,252,150</u>	<u>\$ 32,471,327</u>	<u>\$ 28,877,927</u>	<u>\$ 8,916,722</u>	
<u>\$ 2,438,646,942</u>	<u>\$ 814,443,416</u>	<u>\$ 3,253,090,358</u>	<u>\$ 542,497,077</u>	<u>\$ 51,356,731</u>	
<u>\$ 2,459,866,119</u>	<u>\$ 825,695,566</u>	<u>\$ 3,285,561,685</u>	<u>\$ 571,375,004</u>	<u>\$ 60,273,453</u>	

CITY OF VIRGINIA BEACH, VIRGINIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>				
Cash and Investments	\$ 116,290,387	\$ -	\$ 63,925,669	\$ 180,216,056
Cash and Investments - Restricted	-	256,510,056	34,593,068	291,103,124
Cash Advances	177,487	-	-	177,487
Receivables (net of allowance for uncollectibles, where applicable):				
Property Tax	26,858,777	-	-	26,858,777
Accounts	4,792,269	44,221	390,391	5,226,881
Loans	9,763,249	-	5,748,317	15,511,566
Accrued Interest	97,414	-	-	97,414
Due from:				
Other Funds	214,227	-	-	214,227
Other Governments	71,264,955	15,498,236	5,822,365	92,585,556
Inventories	518,668	-	-	518,668
Total Assets	<u>\$ 229,977,433</u>	<u>\$ 272,052,513</u>	<u>\$ 110,479,810</u>	<u>\$ 612,509,756</u>
<u>LIABILITIES</u>				
Vouchers and Accounts Payable	\$ 20,611,805	\$ 18,894,322	\$ 4,104,393	\$ 43,610,520
Payroll Withholdings Payable	590,559	-	-	590,559
Deposits Payable	1,450,991	-	-	1,450,991
Due to Other Funds	-	-	214,227	214,227
Intergovernmental Payables	233,559	2,634,295	111,601	2,979,455
Deferred Revenue	28,110,860	-	292,958	28,403,818
Total Liabilities	<u>\$ 50,997,774</u>	<u>\$ 21,528,617</u>	<u>\$ 4,723,179</u>	<u>\$ 77,249,570</u>
<u>FUND BALANCES</u>				
Reserved for:				
Encumbrances	\$ -	\$ 94,413,850	\$ 1,895,681	\$ 96,309,531
Loans	9,763,249	-	5,748,317	15,511,566
Unreserved, Designated for, reported in:				
Encumbrances	7,906,269	-	823,956	8,730,225
General Fund for School Capital Projects and Other	14,937,111	-	-	14,937,111
Debt Service Fund for Future Debt Service	-	-	17,251,355	17,251,355
Special Revenue Funds for Special Projects	-	-	16,424,259	16,424,259
Special Revenue Funds for Future Programs	-	-	27,635,346	27,635,346
General Fund for Future Programs	12,156,100	-	-	12,156,100
General Fund for Capital Projects	32,138,507	-	-	32,138,507
Unreserved, Undesignated, reported in:				
General Fund	102,078,423	-	-	102,078,423
Capital Projects	-	156,110,046	-	156,110,046
Special Revenue Funds	-	-	35,977,717	35,977,717
Total Fund Balances	<u>\$ 178,979,659</u>	<u>\$ 250,523,896</u>	<u>\$ 105,756,631</u>	<u>\$ 535,260,186</u>
Total Liabilities and Fund Balances	<u>\$ 229,977,433</u>	<u>\$ 272,052,513</u>	<u>\$ 110,479,810</u>	<u>\$ 612,509,756</u>

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

**CITY OF VIRGINIA BEACH, VIRGINIA
RECONCILIATION OF BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2010**

Total Fund Balances - Governmental funds (Exhibit 3)	\$	535,260,186
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Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds.		3,049,980,996
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Other long-term assets are not available to pay for current period expenditures and therefore are offset by deferred revenue in the governmental funds.		33,339,940
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Internal Service Funds are used by management to charge the costs of printing services, risk management, information technology, and city garage to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets. (Exhibit 1)		(8,321,947)
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Services provided by the general government to business-type activities are not included in the entity-wide statements. The elimination decreases net assets.		(2,193,454)
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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.		293,605
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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	\$	630,203,763	
State Literary Fund Loans		6,563,546	
Accrued Interest on Bonds Sold		10,332,258	
Town Center Support Agreement		83,445,000	
Agriculture Reserve Strips		32,093,435	
Public Facility Revenue Bonds		261,265,000	
Williams Farm Property Debt		1,487,500	
Premium on Bonds Sold		73,874,678	
Deferred Loss on Refunding		(1,081,802)	
Compensated Absences (annual and sick leave)		38,219,536	
Landfill Closure and Post-Closure Care		12,090,293	
		(1,148,493,207)	

Total Net Assets - Governmental Activities (Exhibit 1)	\$	2,459,866,119
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The accompanying notes are an integral part of the financial statements.

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

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES				
General Property Taxes:				
Real Estate property taxes	\$ 484,475,789	\$ -	\$ 19,859,172	\$ 504,334,961
Personal property taxes	113,226,394	-	-	113,226,394
Other Local Taxes	247,820,090	-	934,382	248,754,472
Fines and Forfeitures	6,337,089	-	396,680	6,733,769
Permits, Privilege Fees, and Regulatory Licenses	4,222,376	-	-	4,222,376
From Use of Money and Property	5,593,259	127,965	4,120,611	9,841,835
Charges for Services	38,498,286	-	17,399,136	55,897,422
Miscellaneous	9,761,731	6,501,932	1,437,685	17,701,348
Sale of Property	-	10,000	-	10,000
From Other Local Governments	447,717	-	-	447,717
From Commonwealth	102,732,704	14,780,889	9,335,352	126,848,945
From Federal Government	22,276,947	35,072,874	52,621,415	109,971,236
Total Revenues	<u>\$ 1,035,392,382</u>	<u>\$ 56,493,660</u>	<u>\$ 106,104,433</u>	<u>\$ 1,197,990,475</u>
EXPENDITURES				
Current Operating:				
Legislative	\$ 1,099,021	\$ -	\$ -	\$ 1,099,021
Executive	2,956,270	-	2,102	2,958,372
Law	3,526,957	-	-	3,526,957
Finance	16,263,353	-	-	16,263,353
Human Resources	8,475,233	-	-	8,475,233
Judicial	13,008,624	-	35,351,951	48,360,575
Health	2,981,771	-	-	2,981,771
Police	82,522,433	-	1,807,595	84,330,028
Human Services	106,086,736	-	13,618,833	119,705,569
Public Works	87,891,953	-	837,585	88,729,538
Parks and Recreation	12,827,095	-	29,148,066	41,975,161
Library	15,692,314	-	303,157	15,995,471
Planning	10,071,101	-	774	10,071,875
Agriculture	806,377	-	125,000	931,377
Economic Development	2,243,759	-	-	2,243,759
Convention and Visitor Development	9,435,872	-	16,751,392	26,187,264
Communications and Information Technology	20,973,541	-	232,153	21,205,694
Emergency Communications and Citizen Services	8,286,906	-	-	8,286,906
Boards and Commissions	28,254,486	-	2,050,000	30,304,486
Fire	41,163,860	-	2,527,856	43,691,716
Management Services	3,854,542	-	-	3,854,542
Education	322,472,324	52,104,788	6,849,705	381,426,817
Housing and Neighborhood Preservation	1,820,467	-	21,423,945	23,244,412
Museums	8,418,709	-	44,993	8,463,702
General Government	-	-	3,625,500	3,625,500
Emergency Medical Services	6,720,915	-	831,383	7,552,298
Capital Outlay	-	125,455,464	-	125,455,464
Debt Service:				
Principal Retirement	-	-	76,488,392	76,488,392
Interest and Fiscal Charges	-	-	47,082,762	47,082,762
Total Expenditures	<u>\$ 817,854,619</u>	<u>\$ 177,560,252</u>	<u>\$ 259,103,144</u>	<u>\$ 1,254,518,015</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>\$ 217,537,763</u>	<u>\$ (121,066,592)</u>	<u>\$ (152,998,711)</u>	<u>\$ (56,527,540)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ 13,031,378	\$ 72,156,520	\$ 200,884,834	\$ 286,072,732
Transfers Out	(215,270,605)	-	(67,562,580)	(282,833,185)
Issuance of Debt	-	82,995,000	-	82,995,000
Premium on Bonds Sold	-	-	3,353,398	3,353,398
Issuance of Refunding Bonds	-	-	238,115,000	238,115,000
Premium on Refunding Bonds Sold	-	-	31,025,680	31,025,680
Payment to Refunding Bonds Escrow Agent	-	-	(267,419,933)	(267,419,933)
Total Other Financing Sources (Uses)	<u>\$ (202,239,227)</u>	<u>\$ 155,151,520</u>	<u>\$ 138,396,399</u>	<u>\$ 91,308,692</u>
Net Change in Fund Balance	\$ 15,298,536	\$ 34,084,928	\$ (14,602,312)	\$ 34,781,152
Fund Balance at Beginning of Year	163,681,123	216,438,968	120,358,943	500,479,034
Fund Balance at End of Year	<u>\$ 178,979,659</u>	<u>\$ 250,523,896</u>	<u>\$ 105,756,631</u>	<u>\$ 535,260,186</u>

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

**CITY OF VIRGINIA BEACH, VIRGINIA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010**

Net Change in fund balance - total governmental funds (Exhibit 4)	\$	34,781,152
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Amounts reported for governmental activities in the Statement of Activities (Exhibit 2) are different because:

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

General Government Capital Project Expenditures	\$	125,455,464	
General Government Capital Outlay Expenditures		22,838,977	
Non-Capitalizable Capital Project Expenditures		(18,034,729)	
Depreciation on General Government Assets		(83,496,565)	
Contribution of Assets to General Government		6,260,784	
Loss on Disposition of Assets		<u>(4,457,078)</u>	48,566,853

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.	(6,431,264)
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The issuance of long-term debt provides current financial resources to governmental funds while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net 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.	(40,925,974)
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Net expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(11,638,505)
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Internal Service Funds are used by management to charge the costs of fleet management and management systems to individual funds and customers. Losses arising from the internal customers are added as expenditures on the Statement of Activities as charge backs. Revenues and expenditures with outside customers are included also, as are non-operating revenues and expenses. This amount is the effect of reporting internal service funds with governmental activities.	(3,133,085)
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Change in net assets of governmental activities (Exhibit 2)	\$	<u>21,219,177</u>
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The accompanying notes are an integral part of the financial statements.

CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2010

	Budget Amounts			Variance
	Original	Final	Actual Amounts	Final Budget Positive (Negative)
REVENUES				
General Property Taxes:				
Real Estate property taxes	\$ 479,671,814	\$ 479,671,814	\$ 484,475,789	\$ 4,803,975
Personal property taxes	119,922,496	119,922,496	113,226,394	(6,696,102)
Other Local Taxes	255,516,845	255,516,845	247,820,090	(7,696,755)
Permits, Privilege Fees, and Regulatory Licenses	4,303,891	4,303,891	4,222,376	(81,515)
Fines and Forfeitures	7,942,961	7,942,961	6,337,089	(1,605,872)
From Use of Money and Property	10,104,509	10,116,509	5,593,259	(4,523,250)
Charges for Service	21,409,373	21,366,567	38,498,286	17,131,719
Miscellaneous	10,092,493	10,107,184	9,761,731	(345,453)
From Other Local Governments	442,547	442,547	447,717	5,170
From Commonwealth	107,006,368	105,906,652	102,732,704	(3,173,948)
From Federal Government	23,033,419	23,080,989	22,276,947	(804,042)
Total Revenues	<u>\$ 1,039,446,716</u>	<u>\$ 1,038,378,455</u>	<u>\$ 1,035,392,382</u>	<u>\$ (2,986,073)</u>
EXPENDITURES				
Legislative	\$ 1,213,268	\$ 1,230,917	\$ 1,099,021	\$ 131,896
Executive	3,069,307	3,123,464	2,956,270	167,194
Law	3,875,841	3,875,841	3,526,957	348,884
Finance	17,284,621	16,944,344	16,263,353	680,991
Human Resources	10,017,084	10,121,640	8,475,233	1,646,407
Judicial	14,184,134	14,094,854	13,008,624	1,086,230
Health	3,453,359	3,525,570	2,981,771	543,799
Police	87,645,513	87,908,724	82,522,433	5,386,291
Human Services	112,146,368	112,852,480	106,086,736	6,765,744
Public Works	84,616,871	92,265,604	87,891,953	4,373,651
Parks and Recreation	13,691,224	14,042,564	12,827,095	1,215,469
Library	16,681,358	17,264,520	15,692,314	1,572,206
Planning	10,145,290	10,492,174	10,071,101	421,073
Agriculture	860,134	865,534	806,377	59,157
Economic Development	2,045,444	2,319,252	2,243,759	75,493
Convention and Visitor Development	9,939,621	10,069,709	9,435,872	633,837
Communications and Information Technology	21,903,513	23,590,625	20,973,541	2,617,084
Emergency Communications and Citizen Services	9,168,294	9,205,914	8,286,906	919,008
Boards and Commissions	29,303,341	30,929,644	28,254,486	2,675,158
Fire	42,642,222	43,117,902	41,163,860	1,954,042
Management Services	4,034,514	4,412,280	3,854,542	557,738
Education	339,825,106	340,191,920	322,472,324	17,719,596
Housing and Neighborhood Preservation	1,750,830	1,942,825	1,820,467	122,358
Museums	9,600,189	9,640,173	8,418,709	1,221,464
Emergency Medical Services	7,228,263	7,042,703	6,720,915	321,788
Total Expenditures	<u>\$ 856,325,709</u>	<u>\$ 871,071,177</u>	<u>\$ 817,854,619</u>	<u>\$ 53,216,558</u>
Excess of Revenues over Expenditures	<u>\$ 183,121,007</u>	<u>\$ 167,307,278</u>	<u>\$ 217,537,763</u>	<u>\$ 50,230,485</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ 5,336,280	\$ 13,593,778	\$ 13,031,378	\$ (562,400)
Transfers Out	(224,604,430)	(225,197,499)	(215,270,605)	9,926,894
Total Other Financing Sources (Uses)	<u>\$ (219,268,150)</u>	<u>\$ (211,603,721)</u>	<u>\$ (202,239,227)</u>	<u>\$ 9,364,494</u>
Net Change in Fund Balance	\$ (36,147,143)	\$ (44,296,443)	\$ 15,298,536	\$ 59,594,979
Fund Balance at Beginning of Year	163,681,123	163,681,123	163,681,123	-
Fund Balance at End of Year	<u>\$ 127,533,980</u>	<u>\$ 119,384,680</u>	<u>\$ 178,979,659</u>	<u>\$ 59,594,979</u>

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

CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2010

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Water and Sewer	Storm Water	Nonmajor Parking	Totals	Internal Service Funds
ASSETS					
Current Assets:					
Cash and Investments	\$ 94,022,334	\$ 12,108,985	\$ 1,891,312	\$ 108,022,631	\$ 17,226,896
Accounts Receivable - Net	15,745,543	3,287,809	-	19,033,352	113
Intergovernmental Receivables	105,333	-	-	105,333	-
Inventory	2,315,988	-	-	2,315,988	655,305
Total Current Assets	<u>\$ 112,189,198</u>	<u>\$ 15,396,794</u>	<u>\$ 1,891,312</u>	<u>\$ 129,477,304</u>	<u>\$ 17,882,314</u>
Noncurrent Assets:					
Cash and Investments - Restricted	\$ 68,722,635	\$ 1,030,702	\$ -	\$ 69,753,337	\$ -
Deferred Charges	4,078,318	-	-	4,078,318	-
Capital Assets:					
Land	12,508,717	128,891,290	1,375,000	142,775,007	-
Site Improvements	-	-	1,457,642	1,457,642	265,782
Buildings	3,590,809	-	-	3,590,809	-
Utility System	847,032,401	94,778,706	-	941,811,107	-
Construction in Progress	47,600,674	46,558,838	-	94,159,512	-
Office Furniture and Fixtures	1,494,319	-	-	1,494,319	-
Machinery and Equipment	18,840,857	8,786,392	96,044	27,723,293	13,114,507
Less: Accumulated Depreciation	(331,195,444)	(45,657,052)	(485,871)	(377,338,367)	(12,464,118)
Total Capital Assets	<u>\$ 599,872,333</u>	<u>\$ 233,358,174</u>	<u>\$ 2,442,815</u>	<u>\$ 835,673,322</u>	<u>\$ 916,171</u>
Total Noncurrent Assets	<u>\$ 672,673,286</u>	<u>\$ 234,388,876</u>	<u>\$ 2,442,815</u>	<u>\$ 909,504,977</u>	<u>\$ 916,171</u>
Total Assets	<u>\$ 784,862,484</u>	<u>\$ 249,785,670</u>	<u>\$ 4,334,127</u>	<u>\$ 1,038,982,281</u>	<u>\$ 18,798,485</u>
LIABILITIES					
Current Liabilities:					
Vouchers and Accounts Payable	\$ 5,405,242	\$ 486,037	\$ 70,543	\$ 5,961,822	\$ 1,555,397
Deposits Payable	96,538	-	-	96,538	-
Accrued Interest Payable	2,076,463	170,302	-	2,246,765	-
Construction Contracts Payable	4,848,635	-	-	4,848,635	-
Deferred Revenue	202,145	-	-	202,145	-
Current Portion of Long-term Liabilities	6,817,648	1,085,242	12,176	7,915,066	6,381,189
Total Current Liabilities	<u>\$ 19,446,671</u>	<u>\$ 1,741,581</u>	<u>\$ 82,719</u>	<u>\$ 21,270,971</u>	<u>\$ 7,936,586</u>
Long-term Liabilities (less current portion)	185,346,206	8,549,761	19,626	193,915,593	19,183,846
Total Liabilities	<u>\$ 204,792,877</u>	<u>\$ 10,291,342</u>	<u>\$ 102,345</u>	<u>\$ 215,186,564</u>	<u>\$ 27,120,432</u>
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	\$ 463,343,857	\$ 224,627,079	\$ 2,442,815	\$ 690,413,751	\$ 916,171
Restricted for:					
Future Debt Service	15,606,071	767,120	-	16,373,191	-
Operations	101,119,679	14,100,129	-	115,219,808	-
Unrestricted (Deficit)	-	-	1,788,967	1,788,967	(9,238,118)
Total Net Assets	<u>\$ 580,069,607</u>	<u>\$ 239,494,328</u>	<u>\$ 4,231,782</u>	<u>\$ 823,795,717</u>	<u>\$ (8,321,947)</u>
Reconciling Items:					
Elimination of Internal Activities - Indirect Cost				2,174,119	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				(274,270)	
Total Net Assets of Business-type activities (Exhibit 1)				<u>\$ 825,695,566</u>	

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

CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Water and Sewer	Storm Water	Nonmajor Parking	Totals	Internal Service Funds
<u>OPERATING REVENUES</u>					
Charges for Services	\$ 95,338,432	\$ 19,266,659	\$ 2,409,174	\$ 117,014,265	\$ 36,170,150
Insurance Recovery	-	-	-	-	22,390
Miscellaneous	340,057	55	11,000	351,112	122
Total Operating Revenues	<u>\$ 95,678,489</u>	<u>\$ 19,266,714</u>	<u>\$ 2,420,174</u>	<u>\$ 117,365,377</u>	<u>\$ 36,192,662</u>
<u>OPERATING EXPENSES</u>					
Cost of Goods Sold	\$ 24,952,124	\$ -	\$ -	\$ 24,952,124	\$ 8,795,440
Personal Services	19,706,915	4,215,876	259,587	24,182,378	7,366,037
Fringe Benefits	6,367,409	1,419,421	67,627	7,854,457	2,648,727
Contractual Services	4,085,009	321,431	796,138	5,202,578	3,066,807
Internal Services	2,264,581	904,038	26,403	3,195,022	715,592
Other Charges	12,009,132	1,892,542	162,711	14,064,385	16,456,119
Leases and Rentals	-	-	-	-	1,187,917
Land Structure Maintenance	-	1,934,620	-	1,934,620	92,756
Depreciation	20,601,320	2,058,715	45,159	22,705,194	651,744
Total Operating Expenses	<u>\$ 89,986,490</u>	<u>\$ 12,746,643</u>	<u>\$ 1,357,625</u>	<u>\$ 104,090,758</u>	<u>\$ 40,981,139</u>
<u>OPERATING INCOME (LOSS)</u>	<u>\$ 5,691,999</u>	<u>\$ 6,520,071</u>	<u>\$ 1,062,549</u>	<u>\$ 13,274,619</u>	<u>\$ (4,788,477)</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>					
From Commonwealth	\$ -	\$ 5,222,410	\$ -	\$ 5,222,410	\$ -
Interest Income	793,573	139,641	10,351	943,565	113,687
Connection Fees	2,748,324	-	-	2,748,324	-
Gain (Loss) From Sale of Assets	49,634	18,672	-	68,306	36,799
Interest and Fiscal Agent Fees	(4,540,213)	(370,120)	-	(4,910,333)	-
City of Norfolk Water Servicing True Up	(1,791,766)	-	-	(1,791,766)	-
Total Nonoperating Revenues	<u>\$ (2,740,448)</u>	<u>\$ 5,010,603</u>	<u>\$ 10,351</u>	<u>\$ 2,280,506</u>	<u>\$ 150,486</u>
<u>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</u>	<u>\$ 2,951,551</u>	<u>\$ 11,530,674</u>	<u>\$ 1,072,900</u>	<u>\$ 15,555,125</u>	<u>\$ (4,637,991)</u>
Capital Contributions	441,478	-	-	441,478	-
Transfers In	264,233	71,862	258,803	594,898	1,461,301
Transfers Out	(4,054,900)	(264,233)	(726,613)	(5,045,746)	(250,000)
<u>CHANGE IN NET ASSETS</u>	<u>\$ (397,638)</u>	<u>\$ 11,338,303</u>	<u>\$ 605,090</u>	<u>\$ 11,545,755</u>	<u>\$ (3,426,690)</u>
Total Net Assets at Beginning of Year (Deficit)	<u>580,467,245</u>	<u>228,156,025</u>	<u>3,626,692</u>		<u>(4,895,257)</u>
Total Net Assets at End of Year (Deficit)	<u><u>\$ 580,069,607</u></u>	<u><u>\$ 239,494,328</u></u>	<u><u>\$ 4,231,782</u></u>		<u><u>\$ (8,321,947)</u></u>
Reconciling Items:					
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				(293,605)	
Change in Net Assets of Business-type activities (Exhibit 2)				<u><u>\$ 11,252,150</u></u>	

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

CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water and Sewer	Storm Water	Nonmajor Parking	Totals	Internal Service Funds
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>					
Receipts from Customers and Users	\$ 94,251,436	\$ 18,995,836	\$ 2,409,174	\$ 115,656,446	\$ 36,173,490
Receipts from (Payments for) Interfund Services Provided	5,685	(904,038)	-	(898,353)	-
Other Operating Cash Receipts	340,057	-	11,000	351,057	22,512
Cash Payments to Suppliers of Goods and Services	(41,216,081)	(3,928,710)	(1,058,177)	(46,202,968)	(24,821,632)
Cash Payments to Employees for Services	(26,007,734)	(5,613,094)	(325,523)	(31,946,351)	(10,085,420)
Net Cash Provided By Operating Activities	<u>\$ 27,373,363</u>	<u>\$ 8,549,994</u>	<u>\$ 1,036,474</u>	<u>\$ 36,959,831</u>	<u>\$ 1,288,950</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>					
Intergovernmental Receipts	\$ -	\$ 5,222,410	\$ -	\$ 5,222,410	\$ -
Receipts from Other Funds	264,233	71,862	258,803	594,898	1,461,301
Payments to Other Funds	(4,054,900)	(264,233)	(726,613)	(5,045,746)	(250,000)
Net Cash Provided (Used) By Noncapital Financing Activities	<u>\$ (3,790,667)</u>	<u>\$ 5,030,039</u>	<u>\$ (467,810)</u>	<u>\$ 771,562</u>	<u>\$ 1,211,301</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>					
Capital Contributions	\$ 2,748,324	\$ -	\$ -	\$ 2,748,324	\$ -
Interest Paid on Long-term Debt	(5,615,275)	(558,104)	-	(6,173,379)	-
Acquisition and Construction of Capital Assets	(32,429,600)	(10,898,167)	-	(43,327,767)	(203,374)
Proceeds from Sale of Debt	65,000,000	-	-	65,000,000	-
Proceeds from Sale of Refunding Bonds	33,360,000	-	-	33,360,000	-
Principal Repayment on Refunding Long-term Debt	(30,640,000)	-	-	(30,640,000)	-
Proceeds from Sale of Salvage	49,634	18,672	-	68,306	53,109
City of Norfolk Water Services True Up	(1,791,766)	-	-	(1,791,766)	-
Principal Paid on Capital Debt	(5,171,061)	(816,099)	-	(5,987,160)	-
Net Cash Provided (Used) By Capital and Related Financing Activities	<u>\$ 25,510,256</u>	<u>\$ (12,253,698)</u>	<u>\$ -</u>	<u>\$ 13,256,558</u>	<u>\$ (150,265)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>					
Interest and Dividends Received	<u>\$ 793,573</u>	<u>\$ 139,641</u>	<u>\$ 10,351</u>	<u>\$ 943,565</u>	<u>\$ 113,687</u>
Net Increase (Decrease) in Cash and Temporary Investments	49,886,525	1,465,976	579,015	51,931,516	2,463,673
Cash and Temporary Investments, July 1	<u>112,858,444</u>	<u>11,673,711</u>	<u>1,312,297</u>	<u>125,844,452</u>	<u>14,763,223</u>
Cash and Temporary Investments, June 30	<u><u>\$ 162,744,969</u></u>	<u><u>\$ 13,139,687</u></u>	<u><u>\$ 1,891,312</u></u>	<u><u>\$ 177,775,968</u></u>	<u><u>\$ 17,226,896</u></u>

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

CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water and Sewer	Storm Water	Nonmajor Parking	Totals	Internal Service Funds
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO</u>					
<u>NET CASH PROVIDED BY OPERATING ACTIVITIES:</u>					
Operating Income (Loss)	\$ 5,691,999	\$ 6,520,071	\$ 1,062,549	\$ 13,274,619	\$ (4,788,477)
Adjustments to Reconcile Operating Income (Loss) to					
Net Cash Provided (Used) By Operating Activities:					
Depreciation Expense	20,601,320	2,058,715	45,159	22,705,194	651,743
(Increase) Decrease in Accounts Receivable	(1,086,996)	(270,878)	-	(1,357,874)	3,340
(Increase) Decrease in Intergovernmental Receivables	5,685	-	-	5,685	-
(Increase) Decrease in Inventory	(186,013)	-	-	(186,013)	(21,502)
Increase (Decrease) in Vouchers and Accounts Payable	2,475,415	219,883	(72,925)	2,622,373	193,311
Increase (Decrease) in Deposits Payable	(191,907)	-	-	(191,907)	(12,901)
Increase (Decrease) in Deferred Revenue	(2,730)	-	-	(2,730)	-
Increase (Decrease) in Estimated Claims and Judgments	-	-	-	-	5,334,091
Increase (Decrease) in Accrued Compensated Leave	66,590	22,203	1,691	90,484	(70,655)
Total Adjustments	<u>\$ 21,681,364</u>	<u>\$ 2,029,923</u>	<u>\$ (26,075)</u>	<u>\$ 23,685,212</u>	<u>\$ 6,077,427</u>
Net Cash Provided By Operating Activities	<u>\$ 27,373,363</u>	<u>\$ 8,549,994</u>	<u>\$ 1,036,474</u>	<u>\$ 36,959,831</u>	<u>\$ 1,288,950</u>
<u>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</u>					
Capital Contributions of Capital Assets	<u>\$ 441,478</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 441,478</u>	<u>\$ -</u>

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

CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2010

	Other Postemployment Benefits Trust Fund	Sheriff's Office Pension Trust Fund	Agency Funds
<u>ASSETS</u>			
Cash	\$ -	\$ -	\$ 282,903
Receivables, Accrued Interest	14	-	-
Due from Commonwealth	-	-	5,824
Investments, at Fair Value:			
Mutual Funds	25,909,782	3,024,746	-
Total Assets	<u>\$ 25,909,796</u>	<u>\$ 3,024,746</u>	<u>\$ 288,727</u>
<u>LIABILITIES</u>			
Vouchers and Accounts Payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 288,727</u>
<u>NET ASSETS</u>			
Held in Trust for Other Postemployment Benefits and Pension Benefits	<u>\$ 25,909,796</u>	<u>\$ 3,024,746</u>	

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

CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2010

	Other Postemployment Benefits Trust Fund	Sheriff's Office Pension Trust Fund
<u>ADDITIONS</u>		
Contributions:		
From Primary Government	\$ 17,736,047	\$ -
From Plan Members	3,043,665	-
Total Contributions	<u>\$ 20,779,712</u>	<u>\$ -</u>
Investment Earnings:		
Increase (Decrease) in the Fair Value of Investments	\$ 1,926,135	\$ (335,560)
Interest and Dividends	254	83,869
Total Investment Earnings	\$ 1,926,389	\$ (251,691)
Less Investment Expense	1,000	-
Net Investment Earnings	<u>\$ 1,925,389</u>	<u>\$ (251,691)</u>
Total Additions	<u>\$ 22,705,101</u>	<u>\$ (251,691)</u>
<u>DEDUCTIONS</u>		
Benefits	\$ 12,819,708	\$ 72,115
Administrative Expenses	21,186	654
Total Deductions	<u>\$ 12,840,894</u>	<u>\$ 72,769</u>
Change in Net Assets	9,864,207	(324,460)
Net Assets at Beginning of Year	<u>16,045,589</u>	<u>3,349,206</u>
Net Assets at End of Year	<u><u>\$ 25,909,796</u></u>	<u><u>\$ 3,024,746</u></u>

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



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CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

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CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

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 434,412.

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, 2010 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.

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

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, 2010 were as follows:

Arts and Humanities Commission	\$ 444,147
American Water Works Association Research	27,502
Atlantic Wildfowl Museum	51,431
Boardwalk Arts Festival	50,500
Contemporary Art Center	208,607
Crime Solvers	2,040
Eastern Virginia Medical School	433,310
Hampton Roads Economic Development Alliance	433,033
Hampton Roads Partnership	16,508
Hampton Roads Planning District Commission	352,886
Safe Drinking Water Act	160,000
Tidewater Community College	6,000
Transportation District of Hampton Roads	3,747,059
Virginia Beach Maritime Historical Museum	59,630
Virginia Beach SPCA	37,185
Virginia Dare Soil and Water Conservation District	8,000
Virginia Institute of Government	112,792
Volunteer Fire Squads	18,160
Volunteer Rescue Squads	48,000
Volunteers of America	169,303
WHRO TV	138,668
Total	<u>\$ 6,524,761</u>

B. Government-Wide and Fund Financial Statements

The basic financial statements include both government-wide (based upon the City as a whole) and fund financial statements. While the previous model emphasized fund types (the total of all funds on a particular type), in the new reporting model the focus is on either the City as a whole or major individual funds (within the fund financial statements). Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either Governmental or Business-Type. In the government-wide Statement of Net 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.

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

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 segment 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 discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

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

The City reports the following major Governmental Funds:

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

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

The City reports the following major Proprietary Funds:

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

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

Additionally, the City reports the following fund types:

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

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.

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

C. Basis of Accounting

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

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All Governmental Funds are accounted for using a current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The term available is limited to collection within forty-five days of the fiscal year end. Levies made prior to the fiscal year end but which are not available are 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	Interest on Deposits
General Sales Taxes	Revenue from Commonwealth
Utility Taxes	Revenue from Federal Government
Hotel Taxes	Amusement Taxes
Restaurant 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.

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Accounting (continued)

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.

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
Equipment	5-10	years
Roadway Network	40	years
Bridge Network	50	years
Hurricane Protection Network	50	years
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.

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Capital Assets and Long-Term Liabilities (continued)

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	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.
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, Law Enforcement Block Grant 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 are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP).

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Operating Budget Process (continued)

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 394 projects in its Capital Improvements Program and an annual limitation (without a referendum) on the amount of bonds that may be issued, allocations for capital projects represent funding by phases of a number of projects based upon their anticipated execution of contractual obligations. The appropriations for Capital Projects require one reading of the ordinance for approval after public hearings on the City's Capital Improvement Program. The accounting, encumbering, and controlling of the funds are based upon the project length of each individual project which may be over several years. Therefore, budgetary comparisons are not presented for Capital Projects in this report. Appropriations reallocated to new or existing capital projects require one reading of the ordinance by City Council for approval.
9. The federal and state grants in the Grants Consolidated Fund are budgeted separately from the Operating Budget and do not parallel the City's fiscal year. Expenditures are restricted by the grantor agency and are subject to financial and compliance audits (Note 8B). 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 \$4,803,945 during the 2010 Fiscal Year. The amendments were primarily funded through increases in estimated revenue and the General Fund balance.
10. The Water and Sewer Enterprise Fund incurred costs in excess of its Fiscal Year 2010 budget by \$14,383,370 due to charging of depreciation. It is the policy of the City to budget for capital outlay in the year of acquisition and not include in its budget a provision for depreciation. The ending net assets were sufficient to cover this overage.
11. The Storm Water Enterprise Fund incurred costs in excess of its Fiscal Year 2010 budget by \$910,900 due to charging of depreciation. It is the policy of the City to budget for capital outlay in the year of acquisition and not include in its budget a provision for depreciation. The ending net assets were sufficient to cover this overage.
12. 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

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Inventories (continued)

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 carryforward 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. 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 7). 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 7).

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).

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Miscellaneous (continued)

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.

J. Fund Equity and Net Assets

In the fund financial statements, Governmental Funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for specific purpose. The most significant of these are reservations for encumbrances and loans.

Designations of fund balance represents tentative management plans that are subject to change. The City routinely establishes designations for future fund balance appropriations for School Board Capital Projects and True Up, Capital Project appropriations and carryforwards.

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.

K. 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.

L. 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.

M. Unrestricted Net Assets - Governmental Activities

Inclusive in Governmental Activities unrestricted net assets are ending undesignated 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.

N. 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

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Restricted Net Assets (continued)

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 unreserved and restricted for future debt costs.

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

2. RECEIVABLES AND ACCRUED LIABILITIES

A. Receivables

Receivables at June 30, 2010 consist of the following:

Primary Government

	Governmental Activities	Business-Type Activities	Total
Accrued Interest	\$ 97,414	\$ -	\$ 97,414
Property Taxes	37,163,287	-	37,163,287
Loans	15,511,566	-	15,511,566
Due from Other Government	92,585,556	105,333	92,690,889
Accounts	5,266,440	23,580,171	28,846,611
Gross Receivables	\$ 150,624,263	\$ 23,685,504	\$ 174,309,767
Less: Allowance for Uncollectibles	(10,344,069)	(2,646,970)	(12,991,039)
Total Fund Statements	\$ 140,280,194	\$ 21,038,534	\$ 161,318,728
Internal Service Funds	\$ 113	\$ -	\$ 113
Net Receivables - Entity Wide	\$ 140,280,307	\$ 21,038,534	\$ 161,318,841

Major Funds – Governmental

	General Fund	Capital Projects	Total
Accrued Interest	\$ 97,414	\$ -	\$ 97,414
Property Taxes	37,163,287	-	37,163,287
Accounts	4,792,269	44,221	4,836,490
Loans	9,763,249	-	9,763,249
Intergovernmental Accounts	71,264,955	15,498,236	86,763,191
Due from Other Funds	214,227	-	214,227
Gross Receivables	\$ 123,295,401	\$ 15,542,457	\$ 138,837,858
Less: Allowance for Uncollectibles	(10,304,510)	-	(10,304,510)
Net Receivables	\$ 112,990,891	\$ 15,542,457	\$ 128,533,348

Major Funds – Proprietary

	Water and Sewer	Storm Water	Total
Accounts	\$ 18,192,945	\$ 3,487,377	\$ 21,680,322
Intergovernmental Accounts	105,333	-	105,333
Gross Receivables	\$ 18,298,278	\$ 3,487,377	\$ 21,785,655
Less: Allowance for Uncollectibles	(2,447,402)	(199,568)	(2,646,970)
Net Receivables	\$ 15,850,876	\$ 3,287,809	\$ 19,138,685

The intergovernmental accounts receivable account represents the amounts due from the State of Virginia, Federal Government and other local governments.

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

2. RECEIVABLES AND ACCRUED LIABILITIES (continued)

A. Receivables (continued)

Component Units

Receivables at June 30, 2010 consist of the following:

	School Board	Virginia Beach Development Authority	Community Development Corporation	Total
Notes	\$ -	\$ -	\$ 941,495	\$ 941,495
Accrued Interest	-	-	366,764	366,764
Intergovernmental	23,538,560	-	260,075	23,798,635
Accounts	286,875	2,922,909	82,400	3,292,184
Net Receivables	<u>\$ 23,825,435</u>	<u>\$ 2,922,909</u>	<u>\$ 1,650,734</u>	<u>\$ 28,399,078</u>

B. Property Taxes Receivable

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

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

During Fiscal Year 2010 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.

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, 2010:

Primary Government

	Governmental Activities
General Sales Tax	\$ 4,326,632
Telecommunications Tax	3,553,632
Reimbursements	480,602
Franchise Tax	1,062,106
Excess Fees - Clerk	67,391
Division of Motor Vehicles	837,377
Personal Property Tax Relief Act	53,412,868
Public Assistance Grants	991,147
Recordation Fees	570,052
Other Grants, Entitlements, & Shared Revenues	407,711
Sheriff's Department	1,191,592
Medicaid Reimbursement	1,259,106
Police Extradition	31,780
Grants Consolidated	203,037
Comprehensive Services Act	2,566,976
Total Due from Commonwealth	<u>\$ 70,962,009</u>

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

2. RECEIVABLES AND ACCRUED LIABILITIES (continued)

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

School Board Component Unit

State Share Sales Tax	\$ 5,219,018
Special Education – Regional Program	4,133,446
Other Grants, Entitlements and Shared Revenues	270,367
Technology Initiative	2,306,784
Total Due From Commonwealth – Governmental Funds	\$ 11,929,615
Reimbursement – Health Insurance	137,733
Total Due from Commonwealth	\$ 12,067,348
Refund – State Withholding	\$ 542

2. The following revenues were due from various Federal agencies at June 30, 2010:

Primary Government

	Governmental Activities
Public Assistance Grants	\$ 1,522,070
ARRA Funding	1,179,380
FEMA Reimbursement	1,617,257
Law Enforcement	47,860
Grants Consolidated	1,290,534
Housing Assistance	413,192
Capital Improvements	15,282,807
Mental Health/Mental Retardation	1,410
Community Development Block Grant	72,599
Coastal Resources Grant	7,893
Total Due from Federal Government	\$ 21,435,002

School Board Component Unit

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

3. The following revenues were due from other Local governments at June 30, 2010:

The Federal Section Eight Program Special Revenue Fund was due \$42,860 from other service providers and authorities.

The General Government Capital Projects Fund was due \$145,685 from the Virginia Beach Development Authority for rent and building repairs.

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

2. RECEIVABLES AND ACCRUED LIABILITIES (continued)

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

The Water and Sewer Enterprise Fund was due \$90,710 from the City of Chesapeake for cost incurred at Lake Gaston and \$14,623 from the Federal Government in regards to the Navy Water Agreement.

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, 2010 are as follows:

a. General Fund	\$	10,304,510
b. Water and Sewer Fund		2,447,402
c. Storm Water Fund		199,568
Total	\$	<u>12,951,480</u>

E. The major components of Accrued Liabilities at June 30, 2010 consist of the following:

Primary Government

	Governmental Activities	Business-Type Activities	Total
Accrued Interest Payable	\$ 11,484,895	\$ 2,246,765	\$ 13,731,660
Deposits Payable	1,442,950	96,538	1,539,488
Unearned Revenue	-	202,145	202,145
Total Accrued Liabilities	\$ <u>12,927,845</u>	\$ <u>2,545,448</u>	\$ <u>15,473,293</u>

Component Units

	School Board	Virginia Beach Development Authority	Community Development Authority	Total
Accrued Interest	\$ -	\$ 815,431	\$ 41,647	\$ 857,078
Unearned Revenue	6,280,367	-	736,917	7,017,284
Deposits Payable	45,000	165,000	64,655	274,655
Accrued Salaries	57,390,491	-	-	57,390,491
Total Accrued Liabilities	\$ <u>63,715,858</u>	\$ <u>980,431</u>	\$ <u>843,219</u>	\$ <u>65,539,508</u>

3. DEFERRED REVENUE

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, 2010:

A. General Fund

Uncollected Taxes, Assessments, and other receipts	\$ <u>28,110,860</u>
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B. Special Revenue Funds – Nonmajor

Golf Courses – Coupon Books	\$ 3,817
Federal Section Eight Program – Fraud Recovery	63,857
Parks and Recreation – Advance class registration	225,284
Total Nonmajor Special Revenue Funds	\$ <u>292,958</u>

C. Enterprise Funds

Water and Sewer – Customers and Developers Tap and Meter Fees	\$ <u>202,145</u>
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(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

3. DEFERRED REVENUE (continued)

D. School Board Component Unit

School Operating Fund – Summer School Tuition and Rent Fees	\$ 263,461
School Grants Fund – Early Reading Intervention and other grants.	46,988
Other Governmental Funds – School Cafeterias - Charges for Services	360,460
School Health Insurance Internal Service Fund – Prepayment of July health insurance premiums	5,609,458
Total School Board Component Unit	<u>\$ 6,280,367</u>

4. 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	10,753,091
Town Center Beacon Building & Land	5,027,946
Hunt Club 2	200,305
Princess Anne	434,534
Total Land Held For Resale	<u>\$ 17,971,424</u>

B. Governmental Activities

The following is a summary of the changes in capital assets for the fiscal year ended June 30, 2010:

	<u>Balance July 1, 2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2010</u>
Capital Assets Not Being Depreciated:				
Land and Improvements	\$ 783,021,551	\$ 44,382,507	\$ 8,268,324	\$ 819,135,734
Agricultural Reserve Program	30,534,384	1,559,051	-	32,093,435
Construction in Progress	176,978,658	145,788,257	94,449,658	228,317,257
Total Capital Assets Not Being Depreciated	<u>\$ 990,534,593</u>	<u>\$ 191,729,815</u>	<u>\$ 102,717,982</u>	<u>\$ 1,079,546,426</u>
Other Capital Assets:				
Buildings and Improvements	\$ 611,362,104	\$ 1,990,165	\$ -	\$ 613,352,269
School Buildings	355,812,295	124,554,446	144,887,239	335,479,502
Site Improvements	231,384,672	3,077,629	-	234,462,301
Site Improvements – Internal Service Funds	265,782	-	-	265,782
Equipment	166,190,242	10,055,752	2,166,622	174,079,372
Equipment – ISF	12,988,107	203,375	76,975	13,114,507
Roadway Network	1,638,446,006	26,625,457	-	1,665,071,463
Landfill Network	16,152,005	667,827	-	16,819,832
Bridge Network	67,283,111	-	-	67,283,111
Hurricane Protection Network	97,680,665	-	-	97,680,665
Total Other Capital Assets at Historical Cost	<u>\$ 3,197,564,989</u>	<u>\$ 167,174,651</u>	<u>\$ 147,130,836</u>	<u>\$ 3,217,608,804</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 126,068,115	\$ 15,861,655	\$ -	\$ 141,929,770
School Buildings	44,183,476	5,450,038	28,006,298	21,627,216
Site Improvements	41,504,022	6,186,874	-	47,690,896
Site Improvements – ISF	261,587	235	-	261,822
Equipment	99,698,406	16,918,229	2,137,983	114,478,652
Equipment – ISF	11,611,451	651,509	60,664	12,202,296
Roadway Network	808,558,142	40,961,150	-	849,519,292
Landfill Network	14,745,525	345,718	-	15,091,243
Bridge Network	26,789,580	1,269,326	-	28,058,906
Hurricane Protection Network	13,444,357	1,953,613	-	15,397,970
Total Accumulated Depreciation	<u>\$ 1,186,864,661</u>	<u>\$ 89,598,347</u>	<u>\$ 30,204,945</u>	<u>\$ 1,246,258,063</u>
Total Capital Assets, Being Depreciated, Net	<u>\$ 2,010,700,328</u>	<u>\$ 77,576,304</u>	<u>\$ 116,925,891</u>	<u>\$ 1,971,350,741</u>
Governmental Activities Capital Assets, Net	<u>\$ 3,001,234,921</u>	<u>\$ 269,306,119</u>	<u>\$ 219,643,873</u>	<u>\$ 3,050,897,167</u>

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

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

B. Governmental Activities (continued)

Governmental Activities capital assets net of accumulated depreciation at June 30, 2010 are comprised of the following:

General Government Capital Assets, Net	\$ 3,049,980,996
Internal Service Fund Capital Assets, Net	916,171
Total	\$ <u>3,050,897,167</u>

Depreciation was charged to governmental functions as follows:

Legislative	\$ 267
Executive	1,792
Law	2,826
Finance	624,658
Human Resources	44,660
Judicial	219,260
Health	2,846
Police	2,424,354
Public Works	47,571,944
Parks and Recreation	2,705,282
Library	71,955
Planning	51,111
Agriculture	2,458
Economic Development	1,277
Convention and Visitors Bureau	229,402
Communications & Information Technology	2,827,526
Boards and Commissions	227,463
Fire	3,213,674
Management Services	26,932
Human Services	286,677
Education and Transfer to School	5,450,038
Housing and Neighborhood Preservation	52,066
Museums	12,386
General Government	23,318,065
Emergency Medical Services	229,428
Total	\$ <u>89,598,347</u>

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

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

C. Component Unit - School Board

Capital Assets activity for the year ended June 30, 2010 was as follows:

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

* All depreciation was charged to School Board Component Unit.

D. Business-Type Activities

The following is a summary of the changes in capital assets for the fiscal year ended June 30, 2010:

	Balance July 1, 2009	Increases	Decreases	Balance June 30, 2010
Capital Assets Not Being Depreciated:				
Land and Improvements	\$ 142,684,090	\$ 90,917	\$ -	\$ 142,775,007
Construction in Progress	70,215,087	43,657,850	19,713,425	94,159,512
Total Capital Assets Not Being Depreciated	\$ 212,899,177	\$ 43,748,767	\$ 19,713,425	\$ 236,934,519
Other Capital Assets:				
Buildings and Improvements	\$ 3,590,809	\$ -	\$ -	\$ 3,590,809
Site Improvements	1,457,642	-	-	1,457,642
Utility System	922,436,703	19,415,904	41,500	941,811,107
Machinery and Equipment	28,150,978	1,763,404	696,770	29,217,612
Total Other Capital Assets at Historical Cost	\$ 955,636,132	\$ 21,179,308	\$ 738,270	\$ 976,077,170
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 1,934,368	\$ 93,315	\$ -	\$ 2,027,683
Site Improvements	359,342	36,441	-	395,783
Utility System	331,834,321	19,746,520	33,200	351,547,641
Machinery and Equipment	21,227,091	2,828,918	688,749	23,367,260
Total Accumulated Depreciation	\$ 355,355,122	\$ 22,705,194	\$ 721,949	\$ 377,338,367
Total Capital Assets Being Depreciated, Net	\$ 600,281,010	\$ (1,525,886)	\$ 16,321	\$ 598,738,803
Business -Type Activities Capital Assets, Net	\$ 813,180,187	\$ 42,222,881	\$ 19,729,746	\$ 835,673,322

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

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

D. Business-Type Activities (continued)

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

Water and Sewer	\$ 20,601,320
Storm Water	2,058,715
Resort Parking	45,159
Total Depreciation Expense	<u>\$ 22,705,194</u>

E. Major Fund - Water and Sewer Enterprise Fund

	Balance July 1, 2009	Increases	Decreases	Balance June 30, 2010
Capital Assets Not Being Depreciated:				
Land and Improvements	\$ 12,426,777	\$ 81,940	\$ -	\$ 12,508,717
Construction in Progress	33,515,164	32,587,444	18,501,934	47,600,674
Total Capital Assets Not Being Depreciated	<u>\$ 45,941,941</u>	<u>\$ 32,669,384</u>	<u>\$ 18,501,934</u>	<u>\$ 60,109,391</u>
Other Capital Assets:				
Buildings and Improvements	\$ 3,590,809	\$ -	\$ -	\$ 3,590,809
Utility System	828,860,511	18,213,390	41,500	847,032,401
Machinery and Equipment	19,196,647	1,763,404	624,875	20,335,176
Total Other Capital Assets at Historical Cost	<u>\$ 851,647,967</u>	<u>\$ 19,976,794</u>	<u>\$ 666,375</u>	<u>\$ 870,958,386</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 1,934,368	\$ 93,315	\$ -	\$ 2,027,683
Utility System	294,672,667	18,396,115	33,200	313,035,582
Machinery and Equipment	14,637,143	2,111,890	616,854	16,132,179
Total Accumulated Depreciation	<u>\$ 311,244,178</u>	<u>\$ 20,601,320</u>	<u>\$ 650,054</u>	<u>\$ 331,195,444</u>
Total Capital Assets Being Depreciated, Net	<u>\$ 540,403,789</u>	<u>\$ (624,526)</u>	<u>\$ 16,321</u>	<u>\$ 539,762,942</u>
Water and Sewer Capital Assets, Net	<u>\$ 586,345,730</u>	<u>\$ 32,044,858</u>	<u>\$ 18,518,255</u>	<u>\$ 599,872,333</u>

F. Major Fund – Storm Water Enterprise Fund

	Balance July 1, 2009	Increases	Decreases	Balance June 30, 2010
Capital Assets Not Being Depreciated:				
Land and Improvements	\$ 128,882,313	\$ 8,977	\$ -	\$ 128,891,290
Construction in Progress	36,699,923	11,070,406	1,211,491	46,558,838
Total Capital Assets Not Being Depreciated	<u>\$ 165,582,236</u>	<u>\$ 11,079,383</u>	<u>\$ 1,211,491</u>	<u>\$ 175,450,128</u>
Other Capital Assets:				
Utility System	\$ 93,576,192	\$ 1,202,514	\$ -	\$ 94,778,706
Machinery and Equipment	8,858,287	-	71,895	8,786,392
Total Other Capital Assets at Historical Cost	<u>\$ 102,434,479</u>	<u>\$ 1,202,514</u>	<u>\$ 71,895</u>	<u>\$ 103,565,098</u>
Less Accumulated Depreciation For:				
Utility System	\$ 37,161,654	\$ 1,350,405	\$ -	\$ 38,512,059
Machinery and Equipment	6,508,578	708,310	71,895	7,144,993
Total Accumulated Depreciation	<u>\$ 43,670,232</u>	<u>\$ 2,058,715</u>	<u>\$ 71,895</u>	<u>\$ 45,657,052</u>
Total Capital Assets Being Depreciated, Net	<u>\$ 58,764,247</u>	<u>\$ (856,201)</u>	<u>\$ -</u>	<u>\$ 57,908,046</u>
Storm Water Capital Assets, Net	<u>\$ 224,346,483</u>	<u>\$ 10,223,182</u>	<u>\$ 1,211,491</u>	<u>\$ 233,358,174</u>

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

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

G. Component Unit - Virginia Beach Development Authority

	Balance July 1, 2009	Increases	Decreases	Balance June 30, 2010
Capital Assets Not Being Depreciated:				
Land and Improvements	\$ 19,475,938	\$ 3,590,665	\$ -	\$ 23,066,603
Construction in Progress	500,359	98	-	500,457
Total Capital Assets Not Being Depreciated	\$ 19,976,297	\$ 3,590,763	\$ -	\$ 23,567,060
Other Capital Assets:				
Buildings and Improvements	\$ 100,294,066	\$ 1,953,385	\$ -	\$ 102,247,451
Total Other Capital Assets at Historical Cost	\$ 100,294,066	\$ 1,953,385	\$ -	\$ 102,247,451
Less Accumulated Depreciation for:				
Component Unit – Virginia Beach Dev. Authority	\$ 12,319,127	\$ 2,829,541	\$ -	\$ 15,148,668
Capital Assets, Net	\$ 107,951,236	\$ 2,714,607	\$ -	\$ 110,665,843

All depreciation was charged to Virginia Beach Development Authority

H. Component Unit - Virginia Beach Community Development Corporation

	Balance July 1, 2009	Increases	Decreases	Balance June 30, 2010
Capital Assets Not Being Depreciated:				
Land and Improvements	\$ 3,593,302	\$ 356,000	\$ -	\$ 3,949,302
Other Capital Assets:				
Buildings and Improvements	\$ 20,316,150	\$ 998,821	\$ -	\$ 21,314,971
Vehicles	28,941	-	-	28,941
Less Accumulated Depreciation for:	4,952,697	771,936	-	5,724,633
Component Unit – Va. Beach Community Dev. Corp.	\$ 18,985,696	\$ 582,885	\$ -	\$ 19,568,581

All depreciation was charged to Virginia Beach Community Development Corporation

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:

<u>Governmental Activities</u>	Expended through June 30, 2010	Outstanding Commitments	Unobligated Balance
Engineering and Highways	\$ 123,898,949	\$ 56,901,982	\$ 100,583,120
Buildings	80,535,607	22,937,842	52,934,117
Parks and Recreation	16,240,833	5,909,177	26,632,304
Coastal	-	1,233,179	39,088,392
Economic and Tourism	7,641,868	7,431,670	17,585,156
Total Governmental Activities	\$ 228,317,257	\$ 94,413,850	\$ 236,823,089
<u>School Board Component Unit</u>			
Buildings and Improvements Other than Buildings	\$ 39,413,411	\$ 60,809,732	\$ 30,213,831

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

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

I. Construction in Progress (continued)

2. Component Unit

Construction in Progress is composed of the following at June 30, 2010:

	Expended through June 30, 2010	Outstanding Commitments	Unobligated Balance
Virginia Beach Development Authority	\$ 500,457	\$ -	-

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, 2010:

	Expended through June 30, 2010	Outstanding Commitments	Unobligated Balance
Water Utility Projects	\$ 12,998,229	\$ 4,010,862	\$ 14,769,754
Sewer Utility Projects	34,602,445	17,853,134	20,280,035
Storm Water Projects	46,558,838	21,909,529	25,301,429
Total Business-Type Activities	\$ 94,159,512	\$ 43,773,525	\$ 60,351,218

5. LONG-TERM DEBT

A. A Summary of Changes In Long-Term Liabilities

1. Primary Government - Governmental Activities

	Balance July 1, 2009	Additions	Reductions	Balance June 30, 2010	Amounts Due Within One Year
General Obligation Bonds	\$ 621,800,655	\$ 165,625,000	\$ (157,221,892)	\$ 630,203,763	\$ 57,298,257
State Literary Fund Loans	7,620,046	-	(1,056,500)	6,563,546	1,056,500
Public Facility Revenue Bonds	257,075,000	118,470,000	(114,280,000)	261,265,000	18,720,000
Certificates of Participation	2,645,000	-	(2,645,000)	-	-
Williams Farm Property	1,912,500	-	(425,000)	1,487,500	425,000
Town Center PFRB's	84,790,000	37,015,000	(38,360,000)	83,445,000	3,685,000
Agricultural Reserve Program	30,534,384	1,559,051	-	32,093,435	-
Total Tax Supported Debt	\$ 1,006,377,585	\$ 322,669,051	\$ (313,988,392)	\$ 1,015,058,244	\$ 81,184,757
Other Debt:					
Landfill Closure & Post-Closure Care	\$ 5,411,936	\$ 6,678,357	\$ -	\$ 12,090,293	\$ -
Deferred Loss	(1,287,860)	206,058	-	(1,081,802)	(206,058)
Premium	43,203,786	34,379,078	(3,708,186)	73,874,678	3,198,837
Accrued Compensated Leave – restated*	39,170,871	19,972,977	(20,031,383)	39,112,465	21,935,929
Estimated Claims & Judgments	19,338,015	17,456,198	(12,122,107)	24,672,106	5,346,263
Governmental Activities Long-Term Debt	\$ 1,112,214,333	\$ 401,361,719	\$ (349,850,068)	\$ 1,163,725,984	\$ 111,459,728

*The beginning balance of Accrued Compensated Leave has been restated. Previous reported amount was \$42,197,745.

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

5. LONG-TERM DEBT (continued)

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

2. Primary Government - Business-Type Activities

	Balance July 1, 2009	Additions	Reductions	Balance June 30, 2010	Amounts Due Within One Year
General Obligation Bonds	\$ 1,900,038	\$ -	\$ (506,100)	\$ 1,393,938	\$ 431,468
Double Barrel and Revenue	130,405,780	98,360,000	(36,121,061)	192,644,719	5,561,090
	\$ 132,305,818	\$ 98,360,000	\$ (36,627,161)	\$ 194,038,657	\$ 5,992,558
Less/add Deferred Amounts:					
For Issuance Premiums	\$ 3,421,237	\$ 1,527,104	\$ (210,538)	\$ 4,737,803	\$ 210,538
Total Bonds Payable	\$ 135,727,055	\$ 99,887,104	\$ (36,837,699)	\$ 198,776,460	\$ 6,203,096
Accrued Compensated Leave	\$ 2,963,715	\$ 1,913,553	\$ (1,823,069)	\$ 3,054,199	\$ 1,711,970
Business-Type Activities Long-Term Debt	\$ 138,690,770	\$ 101,800,657	\$ (38,660,768)	\$ 201,830,659	\$ 7,915,066

3. Major Fund - Water and Sewer Enterprise Fund

	Balance July 1, 2009	Additions	Reductions	Balance June 30, 2010	Amounts Due Within One Year
Double Barrel and Revenue	\$ 122,495,780	\$ 98,360,000	\$ (35,811,061)	\$ 185,044,719	\$ 5,231,090
	\$ 122,495,780	\$ 98,360,000	\$ (35,811,061)	\$ 185,044,719	\$ 5,231,090
Less/add Deferred Amounts:					
For Issuance Premiums	\$ 3,421,237	\$ 1,527,104	\$ (210,538)	\$ 4,737,803	\$ 210,538
Total Bonds Payable	\$ 125,917,017	\$ 99,887,104	\$ (36,021,599)	\$ 189,782,522	\$ 5,441,628
Accrued Compensated Leave	\$ 2,314,742	\$ 1,555,618	\$ (1,489,028)	\$ 2,381,332	\$ 1,376,020
Water and Sewer Long-Term Debt	\$ 128,231,759	\$ 101,442,722	\$ (37,510,627)	\$ 192,163,854	\$ 6,817,648

4. Major Fund – Storm Water Enterprise Fund

	Balance July 1, 2009	Additions	Reductions	Balance June 30, 2010	Amounts Due Within One Year
General Obligation Bonds	\$ 1,900,038	\$ -	\$ (506,100)	\$ 1,393,938	\$ 431,468
Double Barrel and Revenue	7,910,000	-	(310,000)	7,600,000	330,000
Total Bonds Payable	\$ 9,810,038	\$ -	\$ (816,100)	\$ 8,993,938	\$ 761,468
Accrued Compensated Leave	\$ 618,862	\$ 340,646	\$ (318,443)	\$ 641,065	\$ 323,774
Storm Water Long-Term Debt	\$ 10,428,900	\$ 340,646	\$ (1,134,543)	\$ 9,635,003	\$ 1,085,242

5. Component Unit - School Board

	Balance July 1, 2009	Additions	Reductions	Balance June 30, 2010	Amounts Due Within One Year
Accrued Compensated Leave	\$ 21,503,544	\$ 9,298,529	\$ (9,742,383)	\$ 21,059,690	\$ 9,839,807
Estimated Claims and Judgments	13,449,953	112,911,923	(112,527,646)	13,834,230	10,375,673
Net Pension Obligation	70,436	-	(51)	70,385	-
Component Unit Long-Term Debt— Schools	\$ 35,023,933	\$ 122,210,452	\$ (122,270,080)	\$ 34,964,305	\$ 20,215,480

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

5. LONG-TERM DEBT (continued)

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

6. Component Unit - Virginia Beach Development Authority

	Balance			Balance	Amounts
	July 1, 2009	Additions	Reductions	June 30, 2010	Due Within
					One Year
Lease Revenue Bonds	\$ 5,505,000	\$ -	\$ (500,000)	\$ 5,005,000	\$ 525,000
Public Facility Revenue Bonds	84,790,000	37,015,000	(38,360,000)	83,445,000	3,685,000
Revenue Note	1,298,051	-	-	1,298,051	-
Total Bonds Payable	\$ 91,593,051	\$ 37,015,000	\$ (38,860,000)	\$ 89,748,051	\$ 4,210,000
Add Bond Premium	1,949,162	-	(121,754)	1,827,408	-
Deferred Loss on Refunding	-	(1,540,000)	-	(1,540,000)	-
Less Bond Discount	(167,423)	-	15,308	(152,115)	-
Total Bonds and Notes Payable	\$ 93,374,790	\$ 35,475,000	\$ (38,966,446)	\$ 89,883,344	\$ 4,210,000
Notes Payable City of Virginia Beach	4,744,530	-	(516,504)	4,228,026	-
Component Unit Long-Term Debt –					
Virginia Beach Development Authority	\$ 98,119,320	\$ 35,475,000	\$ (39,482,950)	\$ 94,111,370	\$ 4,210,000

7. Component Unit - Virginia Beach Community Development Corporation

	Balance			Balance	Amounts
	July 1, 2009	Additions	Reductions	June 30, 2010	Due Within
					One Year
Notes Payable	\$ 9,934,047	\$ 5,941,304	\$ (2,930,627)	\$ 12,944,724	\$ 1,641,440
Component Unit Long-Term Debt –					
Va. Beach Development Corp.	\$ 9,934,047	\$ 5,941,304	\$ (2,930,627)	\$ 12,944,724	\$ 1,641,440

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

5. LONG-TERM DEBT (continued)

B. Bonds, Notes and Loans Payable

General Obligation Bonds and Loans:

Bond Issue/Purpose	Dated	Issue Amount	True Interest Costs %	Proprietary Percentage		Balance Outstanding
				Storm Water %	Water & Sewer %	
2009 PI Refunding	01/26/10	\$ 20,755,000	3.041988	-	-	\$ 20,755,000
2008 PI Refunding	01/26/10	78,875,000	2.910179	-	-	78,875,000
2010 Recovery Zone	03/15/10	5,995,000	3.038509	-	-	5,995,000
2010 A PI	05/25/10	60,000,000	2.97032	-	-	60,000,000
2009 PI	06/16/09	72,000,000	3.655747	-	-	57,600,000
2008 PI	03/25/08	90,000,000	4.161171	-	-	63,000,000
2008 VPSA	12/01/08	6,350,705	-	-	-	6,062,742
2008 Refunding	05/13/08	51,625,000	2.881742	-	-	37,345,000
2007	03/27/07	75,000,000	4.003699	-	-	52,500,000
2005 PI	12/15/05	80,000,000	4.270424	-	-	48,000,000
2004B PI Refunding	10/01/04	114,855,000	3.688578	-	-	111,725,000
2004 A	06/01/04	65,000,000	4.354874	1.13	-	26,000,000
2003 A PI	05/15/03	50,000,000	3.575097	-	-	20,000,000
2003 B PI Refunding	05/15/03	50,870,000	2.835286	0.93	-	26,090,000
2002 PI & Refunding	03/05/02	95,000,000	4.315919	1.11	-	6,500,000
2002 State Literary	01/01/02	7,500,000	3	-	-	4,500,000
2001 PI	06/01/01	48,500,000	4.608981	-	-	2,425,000
1996 A School	11/14/96	4,151,083	3	-	-	1,629,038
1996 State Literary	03/01/96	2,500,000	3	-	-	750,000
1996 State Literary	03/01/96	2,500,000	3	-	-	750,000
1995 A PI	12/21/95	2,096,324	3	-	-	707,271
1993 Refunding	04/15/93	156,080,000	4.9999286	-	6.51	5,625,000
1992 School	11/12/92	794,347	5.86289	-	-	142,668
1991 State Literary	09/01/91	130,546	4	-	-	13,546
1991 State Literary	09/01/91	250,000	4	-	-	250,000
1991 A PI VPSA	07/31/91	5,278,597	6.447	-	-	620,982
1990 State Literary	07/15/90	2,000,000	4	-	-	100,000
1990 State Literary	07/15/90	2,000,000	3	-	-	100,000
1990 State Literary	07/15/90	2,000,000	4	-	-	100,000

Total General Obligation Bonds and Loans \$ 638,161,247

“Double Barrel” Revenue Bonds and Notes:*

2010 A W&S Revenue	06/29/10	\$ 65,000,000	3.475462	-	100	\$ 65,000,000
2010 B W&S Refunding	06/29/10	8,410,000	3.02756	-	100	8,410,000
2010 C W&S Refunding	06/29/10	24,950,000	3.156061	-	100	24,950,000
2005 W&S Revenue & Refund	10/05/05	92,700,000	4.2312375	-	100	73,375,000
2002 W&S Revenue	10/15/02	28,000,000	4.8066	-	100	4,740,000
2000 W&S Revenue	07/15/00	40,000,000	5.405144	-	100	1,280,000
2000 Storm Water Revenue	01/01/00	10,000,000	5.917853	-	-	7,600,000
1998 Taxable W&S Revenue	08/28/98	5,774,218	4.3	-	100	3,248,059
1997 Taxable W&S Revenue	01/30/97	7,190,048	4.75	-	100	3,558,498
1994 Taxable W&S Revenue	01/18/95	1,405,031	4.50	-	100	483,162

Total “Double Barrel” and Revenue Bonds and Notes \$ 192,644,719

Other Long-Term Debt:

2003 Public Facility Revenue	09/01/03	\$ 153,200,000	4.6840646	-	-	\$ 49,450,000
Williams Farm Install. Pur. Agmt	01/14/04	4,250,000	5	-	-	1,487,500
Public Facilities Revenue Bonds						
2005 A **	05/01/05	77,850,000	3.2284162	-	-	33,145,000
Public Facilities Revenue Bonds 2007 A **	06/26/07	96,835,000	4.5444247	-	-	60,200,000
Public Facilities Revenue Bonds 2010 A	05/25/10	17,000,000	2.582319	-	-	17,000,000
Public Facilities Refunding Revenue Bonds						
2010 B	05/25/10	98,035,000	2.993556	-	-	73,685,000
Public Facilities Refunding Revenue Bonds						
2010 C	05/25/10	40,450,000	3.396935	-	-	27,785,000

Total Other Long-Term Debt \$ 262,752,500

Total Bonds, Notes and Loans Payable (Excludes Other Component Units) \$ 1,093,558,466

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

5. LONG-TERM DEBT (continued)

B. Bonds, Notes and Loans Payable (continued)

General Obligation Bonds and Loans (continued)

* Water and Sewer and Storm Water Enterprise Funds incur 100% of debt service cost.

** Inclusive in the \$77,850,000 in Public Facilities Revenue Bonds was \$9,175,000 of proceeds that were used to refund a portion of the 1993 Certificates of Participation.

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, 2010, the outstanding balance of the defeased debt, including current year defeased debt, is \$346.9 million, of which \$60.4 million is for the Water and Sewer Fund.

C. Current Refunding of 1998 General Obligation Refunding Bonds

1. On May 13, 2008, the City issued \$51.625 million of General Obligation Public Improvement Refunding bonds combined with \$2.617 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 \$52.43 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 government activities column of the statement of net assets. The reacquisition price exceeded the net carrying amount of the old debt by \$440,750. 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 current and advance refunding was undertaken to reduce total debt service payments over the next 8 years by \$2.4 million and resulted in an economic gain of \$2.5 million.

2. 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 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.

3. 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

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

5. LONG-TERM DEBT (continued)

C. Current Refunding of 1998 General Obligation Refunding Bonds (continued)

3. Advance Refunding of General Obligation Public Improvement Bonds (continued)

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.

4. 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.

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:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 57,298,257	\$ 27,643,650	\$ 431,468	\$ 63,060
2012	54,805,148	25,518,117	434,020	38,935
2013	52,580,809	22,957,858	306,434	18,801
2014	49,532,970	20,642,981	222,016	4,915
2015	46,142,933	18,527,029	-	-
2016-2020	188,991,039	62,494,672	-	-
2021-2025	129,745,396	25,833,279	-	-
2026-2030	57,670,757	4,846,664	-	-
	<u>\$ 636,767,309</u>	<u>\$ 208,464,250</u>	<u>\$ 1,393,938</u>	<u>\$ 125,711</u>

Annual Debt Service requirements to maturity for revenue bonds and notes are as follows:

<u>Year Ending June 30</u>	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2011	\$ 6,141,090	\$ 6,807,138
2012	7,367,735	7,365,309
2013	7,616,071	7,081,316
2014	8,181,176	6,786,106
2015	8,503,131	6,470,909
2016-2020	43,550,516	26,890,768
2021-2025	46,740,000	18,120,854
2026-2030	38,065,000	8,784,168
2031-2035	22,095,000	2,713,108
2036	4,385,000	81,232
	<u>\$ 192,644,719</u>	<u>\$ 91,100,908</u>

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

5. 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 other long-term debt:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2011	\$ 19,145,000	\$ 10,539,048
2012	15,785,000	11,290,900
2013	16,490,000	10,534,832
2014	16,992,500	9,734,875
2015	17,350,000	8,944,700
2016-2020	82,990,000	33,408,449
2021-2025	81,500,000	12,358,993
2026-2030	12,500,000	928,500
	<u>\$ 262,752,500</u>	<u>\$ 97,740,297</u>

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, 2010, was \$50,279,856. Of this amount, \$1,352,191 was capitalized in the Major Enterprise Funds and in the Business-Type Activities.

E. Agricultural Reserve Program

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

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

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

As of June 30, 2010, 74 installment purchase agreements totaling 7,939.11 acres at a total purchase price of \$32,093,435 have been executed.

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

5. LONG-TERM DEBT (continued)

E. Agricultural Reserve Program (continued)

Annual Debt Service requirements to maturity for Agricultural Reserve Program:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ -	\$ 1,833,564
2012	-	1,832,445
2013	-	1,832,445
2014	-	1,832,445
2015	-	1,832,445
2016-2020	-	9,162,229
2021-2025	12,638,005	7,345,665
2026-2030	9,704,085	3,334,607
2031-2035	9,751,345	1,394,474
Totals	\$ <u>32,093,435</u>	\$ <u>30,400,319</u>

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, 2010, this amount is \$5.6 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 \$2,400 debt per capita.

G. Water and Sewer Enterprise Revenue Bonds

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

H. Storm Water Revenue Bonds

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

I. General Debt Service Fund Expenditures

	<u>Principal Retirement</u>	<u>Interest and Fiscal Charges</u>	<u>Total</u>
Serial Bonds and Notes	\$ 57,221,892	\$ 27,332,807	\$ 84,554,699
Capital Leases and Other Long-Term Obligations	18,210,000	14,965,216	33,175,216
Agricultural Reserve Program	-	1,793,971	1,793,971
State Literary Fund Notes	1,056,500	236,552	1,293,052
Bank Charges & Bond Issuance Costs	-	2,754,216	2,754,216
Totals	\$ <u>76,488,392</u>	\$ <u>47,082,762</u>	\$ <u>123,571,154</u>

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

5. LONG-TERM DEBT (continued)

J. Accrued Compensated Leave

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

<u>Compensated Leave</u>	<u>Primary Government</u>		<u>School Board Component Unit</u>	<u>Total</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>		
City - Annual	\$ 28,673,619	\$ 2,472,653	\$ -	\$ 31,146,272
City - Compensatory	6,685,288	128,526	-	6,813,814
City - Sick	3,753,558	453,020	-	4,206,578
School - Annual	-	-	9,162,417	9,162,417
School - Sick	-	-	10,086,786	10,086,786
School - Personal	-	-	1,810,487	1,810,487
Total	\$ 39,112,465	\$ 3,054,199	\$ 21,059,690	\$ 63,226,354

K. Authorized But Unissued Bonds

<u>Purpose</u>	<u>June 30, 2010</u>
General Obligation Debt:	
2009 Charter Bonds	\$ 58,456,888
2010 Charter Bonds	68,180,000
Total General Obligation Debt	\$ 126,636,888
Water and Sewer Debt:	
2009 W & S Revenue Bonds	\$ 16,087,666
Total Water and Sewer Debt	\$ 16,087,666
Storm Water Utility Revenue Bonds:	
1998 Storm Water Utility Revenue Bonds	\$ 5,028,440
1999 Storm Water Utility Revenue Bonds	5,300,000
2000 Storm Water Utility Revenue Bonds	3,900,000
2001 Storm Water Utility Revenue Bonds	200,000
2003 Storm Water Utility Revenue Bonds	580,000
2004 Storm Water Utility Revenue Bonds	510,000
2005 Storm Water Utility Revenue Bonds	2,420,000
2006 Storm Water Utility Revenue Bonds	2,510,000
2008 Storm Water Utility Revenue Bonds	6,000,000
Total Storm Water Utility Debt	\$ 26,448,440
Total Authorized and Unissued Debt - June 30, 2010	\$ 169,172,994

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.	\$ 12,944,724
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(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

5. LONG-TERM DEBT (continued)

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

1. Notes Payable - City of Virginia Beach

Details for the City of Virginia Beach Notes Payable as of June 30, 2010 are as follows:

Long-Term Notes Payable	\$ 4,228,026
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On February 25, 2003, the Virginia Beach City Council approved a restructuring proposal for the outstanding debt between the City and the Authority. Under this restructuring accrued interest in the amount of \$1,235,331 was canceled and the remaining debt was separated into two non-interest bearing notes. Note 1, in the original principal amount of \$4,830,936, is secured by a first lien on the 31st Street property. Note 2, in the original principal amount of \$1,425,201, is secured by a first lien on Corporate Landing and Oceana West Corporate Parks.

The following covenants will be in effect while the loan is outstanding: 1) The Authority will incur no additional debt without City approval; 2) All net proceeds from the sale or ground lease of the 31st Street property will be paid to the City when received; 3) 20% of the net proceeds generated from all land sales in Corporate Landing and Oceana West will be used to reduce the outstanding debt; and 4) The remaining net (80%) from land sales in Corporate Landing and Oceana West will be used by the Authority to fund its infrastructure requirements and to fund strategic land acquisitions.

2. Notes Payable – Town Center

Details of Other Notes Payable as of June 30, 2010, are as follows:

Note Payable: Wachovia - Town Center Note	\$ 1,298,051
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On March 6, 2000, the Authority and Town Center Associates, L.L.C. entered into an agreement for the development of the Town Center. Financing for the purchase of the land for future phases beyond Phase I of this project was obtained from Wachovia Bank 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 loan agreement was signed on June 8, 2000 and calls for semi-annual interest payments starting November 30, 2000. Under the terms of this agreement, the Authority is not required to make any principal or interest payments on this loan until the final due date of December 2010; 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. As of June 30, 2010 the outstanding balance is \$1,298,051. The interest rate is the LIBOR rate plus 0.42%. The loan is secured by a surety agreement provided by Town Center Associates, L.L.C. that requires Town Center Associates, L.L.C. to purchase the land.

3. Bonds Payable

Details of Bonds Payable as of June 30, 2010 are as follows:

Social Services Facility:

Lease Revenue Bonds 1998	\$ 5,005,000
Less: Unamortized Bond Discount	(36,861)
Less Current Portion	(525,000)
Long-Term Portion	\$ 4,443,139

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

5. LONG-TERM DEBT (continued)

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

3. Bonds Payable (continued)

Lease Revenue Bonds Series 1998, interest due semi-annually at a rate that ranges from 4.3 to 5.0% secured by the City's obligation to pay the Authority basic rent payments due annually with final payment due December 2017.

Town Center Project:

Public Facility Revenue Bonds	\$ 70,255,000
Public Facility Revenue Bonds (Taxable)	13,190,000
Less: Unamortized Bond Discount	(115,254)
Add: Unamortized Bond Premium	1,827,408
Less: Deferred Loss on Refunding	(1,540,000)
Less Current Portion	(3,685,000)
Long-Term Portion	<u>\$ 79,932,154</u>

Public Facility Revenue Bonds Series 2002 A & B, Series 2003A, Series 2005 A & B, Series 2007 A & B and Series 2010 B & C, 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) and at a rate that ranges from 2.00% to 5.00% (Series 2010 B & C) 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, 2010, including interest payments of \$36,884,318 are summarized as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 4,210,000	\$ 3,707,358
2012	4,540,000	4,070,464
2013	6,698,051	3,864,843
2014	5,687,469	3,644,391
2015	5,875,000	3,414,850
2016-2020	30,990,557	12,829,198
2021-2025	30,255,000	4,893,569
2026-2030	5,720,000	459,645
Plus: Unamortized Net Premium	1,827,408	-
Less: Deferred loss on refunding	(1,540,000)	-
Less: Unamortized Bond Discount	(152,115)	-
Total	<u>\$ 94,111,370</u>	<u>\$ 36,884,318</u>

O. Net Pension Obligation School Board Component Unit

The Net Pension Obligation for the School Board Component Unit at June 30, 2010 is \$70,385.

P. Compliance

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

Q. 2002 Town Center Project Phase I Support Agreement

The Virginia Beach Development Authority (Authority), a component unit of the City, issued in June 2002, \$20,815,000 of Public Facility Revenue Bonds, Series 2002A and \$3,040,000 Taxable Public Facility Revenue Bonds, Series 2002B to finance the acquisition of a public parking facility for the Town Center Project (Phase I).

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

5. LONG-TERM DEBT (continued)

Q. 2002 Town Center Project Phase I Support Agreement (continued)

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. 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 nor 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.

R. Sale of Public Facility Revenue Bonds

In September 2003, The Virginia Beach Development Authority (Authority), acting as a conduit issuer, sold \$165 million public facility revenue bonds. The Series 2003A were rated 'AA' and have a true interest cost (TIC) of 4.399577%. The Authority and the City of Virginia Beach are providing funds for a number of key economic development projects focused on redevelopment of the City's downtown area. The public facility revenue bonds are limited obligations of the Authority, payable solely from certain payments to be made by the City, pursuant to a Support Agreement dated September 1, 2003. Of the \$165 million in bonds, the City is recording \$153.2 million in debt and the Authority is recording \$11.8 million in debt for the portion attributable to the Town Center Garage.

In May 2005, The Virginia Beach Development Authority (Authority), acting as a conduit issuer, sold \$103.9 million public facility revenue bonds. The Series 2005A (\$94.9 million) and Series 2005B (\$9 million Taxable) were rated 'AA' and have a true interest cost (TIC) of 4.032939% for Series 2005A and 4.965915% for Series 2005B. The Authority and the City of Virginia Beach are providing funds for a number of key economic development projects. The public facility revenue bonds are limited obligations of the Authority, payable solely from certain payments to be made by the City, pursuant to the Support Agreement dated May 1, 2005. Of the \$103.9 million in bonds (combined), the City is recording \$73.82 million in debt, and the Authority is recording \$30.08 million in debt for the portion attributable to the 31st Street Project, purchase of the 9th Street Garage and additional funding for the purchase of additional parking in the Town Center area.

In June 2007, The Virginia Beach Development Authority (Authority), acting as a conduit issuer, sold \$100.8 million public facility revenue bonds. The Series 2007A (\$96.835 million) and Series 2007B (\$4.03 million Taxable) were rated 'AA' and have a true interest cost (TIC) of 4.5444247% for Series 2007A and 6.296255% for Series 2007B. The Authority and the City of Virginia Beach are providing funds for a number of key economic development projects focused on redevelopment of the City's downtown area. The public facility revenue bonds are limited obligations of the Authority, payable solely from certain payments to be made by the City, pursuant to a Support Agreement dated June 1, 2007. Of the \$100.8 million in bonds, the City is recording \$75.2 million in debt and the Authority is recording \$25.6 million in debt for the portion attributable to the Town Center Garages.

In May 2010, The Virginia Beach Development Authority (Authority), acting as a conduit issuer, sold \$17 million public facility revenue bonds, Series 2010A; \$98.035 million public facility refunding revenue bonds, Series 2010B and \$40.45 million public facility refunding revenue bonds, Series 2010C. The Series 2010 A, B & C were rated 'AA' and have a true interest cost (TIC) of 2.582319% for Series 2010A, 2.993556% for Series 2010B and 3.396935% for Series 2010C. The City of Virginia Beach is providing funds for certain economic development projects and equipment leases and to refund \$138.5 of public facility revenue bonds. The public facility revenue bonds are limited obligations of the Authority, payable solely from certain payments to be made by the City, pursuant to a third Support Agreement dated May 1, 2010. Of the \$155.5 million in public facility revenue bonds, \$138.5 million are refunding bonds of which \$37.015 million was issued to refund debt currently held by the Virginia Beach Development Authority. The remaining proceeds will be recognized by the City.

The entire obligation is subject to annual appropriation by the City Council and therefore, these bonds do not constitute a general obligation debt of the City nor a pledge of the full faith and credit of the City. They are limited obligations of the Authority, payable solely from certain payments made by the City.

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

6. 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. The scheduled payments the City makes to the trustee will be used to pay the debt service on the bonds. The following is a schedule by years of future lease payments under this operating lease as of June 30, 2010:

<u>Fiscal Year Ending June 30:</u>	
2011	\$ 525,000
2012	550,000
2013	575,000
2014	605,000
2015	635,000
2016-2018	2,115,000
Total Lease Payments	<u>\$ 5,005,000</u>

The leasing arrangement also requires additional rent equal to one-eighth of one percent of the outstanding principal balance of the bonds as an administrative fee; also, additional rent of \$50,000 to be paid semi-annually. The additional rent of \$50,000 will be placed in a reserve to be used as needed for capital and structural improvements, maintenance and repair of the facility.

7. DEPOSITS AND INVESTMENTS

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

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

As of June 30, 2010, the City had the following investments. Except for the investments in State Non Arbitrage Program (SNAP) and the Arbitrage Investment Management Program (AIM), all investments are in an internal investment pool.

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

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

7. DEPOSITS AND INVESTMENTS (continued)

Reconciliation of total deposits and investments to the government-wide financial statements at June 30, 2010:

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

Interest Rate Risk:

Interest rate risk represents the risk governments are exposed to as a result of changes in interest rates for their debt investments. The City's investment policy mitigates its exposure to fair value losses arising from interest rates by structuring the investment portfolio so that securities mature to meet cash requirements reducing the need to seek securities on the open market prior to maturity. In addition, interest rate risk is reduced by investing operating funds primarily in shorter-term securities.

Credit Risk:

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

The LGIP is an externally managed investment pool that is not registered with the Securities Exchange Commission but is managed as a "2a-7 like pool". Pursuant to the Code of Virginia, the Treasury Board of the Commonwealth sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board at their regularly scheduled monthly 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 - The City requires that all investments be clearly marked as to ownership and to the extent possible, be registered in the name of the City.

The City's rated debt investments as of June 30, 2010 were rated by Standard & Poor's and Moody's and/or an equivalent national rating organization and the ratings are presented below using the respective rating scale from both agencies.

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

7. DEPOSITS AND INVESTMENTS (continued)

Credit Risk: (continued)

	<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>	
		<u>AAA</u>	<u>A1/P1/F1+</u>
State Treasurer's Local Government Investment Pool (LGIP)		\$ 525,000,000	\$ -
U. S. Government Securities		35,000,000	-
State Non Arbitrage Program (SNAP)		71,142,158	-
Arbitrage Investment Management Program (AIM)		12,727,730	-

Concentration of Credit Risk: Concentration of credit risk represents the risk of investments in any one issue that represents 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, 2010, investments in bankers' acceptance instruments and U.S. Government Securities are recorded at fair value. All other investments are reported utilizing amortized cost due to maturity dates less than one year. The fair valuing of bankers' acceptance instruments and U.S. Government Securities at June 30, 2010 resulted in a net increase of \$338,736.

All City and School Board Funds participate in a centralized cash and investment pool. Interest earnings on investments are allocated to the appropriate funds based upon the average monthly cash balance of each fund. As of June 30, 2010, \$95,295 in interest income was reported in designated funds and subsequently transferred to the General Fund.

8. COMMITMENTS AND CONTINGENCIES

A. Litigation

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

B. Intergovernmental Grants, Entitlements, and Shared Revenues

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

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

C. City Manager Employment Contract

On October 27, 2009, City Council adopted an ordinance extending the contract of employment for the City Manager for the period December 1, 2009, through November 30, 2011. 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.

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

8. COMMITMENTS AND CONTINGENCIES (continued)

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 City believes the landfill closure and post-closure care obligations should 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 7.874 million tons. The remaining useful life of the landfill is estimated to be 5 years, through the year 2015.

To date, approximately 89.93 percent of the developed landfill has been used. Based on a 2010 study, the estimated cost for both closure and post-closure care is \$26,077,061, 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's share of this amount is \$12,090,293 and is reflected in the government-wide financial statements.

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

F. Water Services Contract

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

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

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

9. INTERFUND BALANCES AND TRANSACTIONS, FUND RESULTS AND RECONCILIATIONS

A. Interfund Transfers

Interfund transfers for the year ended June 30, 2010 were made up of the following:

Transfers To:	Transfer From:						
	General Fund	Water & Sewer	Storm Water	Nonmajor Governmental	Nonmajor Parking Enterprise	Internal Service	Total
General Fund	\$ -	\$ -	\$ -	\$ 13,031,378	\$ -	\$ -	\$ 13,031,378
Capital Project Funds	58,502,736	4,054,900	-	9,348,884	-	250,000	72,156,520
Storm Water Fund	58,648	-	-	13,214	-	-	71,862
Water and Sewer Fund	-	-	264,233	-	-	-	264,233
Nonmajor							
Governmental Funds	155,248,674	-	-	44,909,547	726,613	-	200,884,834
Internal Service Fund	1,460,547	-	-	754	-	-	1,461,301
Nonmajor Parking Enterprise Fund	-	-	-	258,803	-	-	258,803
Total	\$ 215,270,605	\$ 4,054,900	\$ 264,233	\$ 67,562,580	\$ 726,613	\$ 250,000	\$ 288,128,931

Purpose:

Transfers From General Fund:

\$ 58,502,736	Capital Project Funds: Funding for Pay-As-You-Go Capital Project Funds.
\$ 58,648	Storm Water Fund: General Fund support of Storm Water operations.
\$ 155,248,674	Nonmajor Governmental Funds: Funding for Special Revenue Programs.
\$ 1,460,547	Internal Service Fund: Funding for Risk Management Fund.

Transfers From Water and Sewer Enterprise Fund:

\$ 4,054,900	Capital Projects: Water and Sewer Support Services received.
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Transfers From Storm Water Enterprise Fund:

\$ 264,233	Water and Sewer Fund: Storm Water support for billing system operations.
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Transfers From Nonmajor Governmental Funds:

\$ 13,031,378	General Fund: Special Revenue Funds, primarily surplus funds from Sandbridge TIF and other funds.
\$ 9,348,884	Capital Projects Funds: Funding for Pay-As-You-Go Capital Projects.
\$ 13,214	Storm Water Fund: Tourism Growth Investment Fund support of Storm Water operations.
\$ 44,909,547	Nonmajor Governmental Funds: Funding for support of existing programs.
\$ 258,803	Nonmajor Enterprise Funds: Operational support.
\$ 754	Internal Service Fund: ComIT charges.

Transfer From Nonmajor Enterprise Funds:

\$ 726,613	Nonmajor Governmental Funds: Operational support.
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Transfer From Internal Service Funds:

\$ 250,000	Capital Projects Funds: Funding for Communications System Capital Projects.
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CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

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

B. Net Assets Deficit

The following Primary Government fund has a deficit balance in equity at June 30, 2010:

Internal Service Fund:	
Risk Management	\$ <u>18,327,228</u>

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

C. Fund Closing, Name Change and Restatement

The Law Enforcement Block Grant Fund will be closing effective June 30, 2010. The last remaining grant in this fund was closed in FY 2010 which resulted in the remaining funds being refunded to the grantor. Beginning in Fiscal Year 2011, this program will be accounted for in the Grants Consolidated Fund.

The City has restated its Governmental Activities beginning net assets to reflect corrections to the compensated leave recorded in fiscal year 2009 and net pension obligation recorded in fiscal year 1998. The compensated leave adjustment resulted in an increase of \$3,026,874 in net assets while the net pension obligation adjustment resulted in a reduction in net assets of \$2,661,807. The net combined adjustment for both restatements was an increase of \$365,067, which resulted in revised beginning net assets of \$2,438,646,942.

10. 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, \$100,000 for each fire and property claim, and \$2,000,000 for each public officials (errors and omissions) claim. The insurance coverage for each major category of risk is the same as those reported in the prior fiscal year. There have not been any reductions in commercial insurance coverage from the prior year and the amount of settlements applied against this coverage in each of the past three years did not exceed the commercial insurance. The City has \$10 million of excess insurance coverage per claim and \$20 million aggregate.

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

The estimated claims and judgments liability of \$24,672,106 reported in the Fund at June 30, 2010 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.

		<u>Beginning of Fiscal-Year Liability</u>		<u>Current-Year Claims & Changes in Estimates</u>		<u>Claims Payments</u>		<u>Balance at Fiscal Year-End</u>
2009-2010	\$	19,338,015	\$	17,456,198	\$	12,122,107	\$	24,672,106
2008-2009	\$	17,642,752	\$	9,793,285	\$	8,098,022	\$	19,338,015

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

10. RISK MANAGEMENT (continued)

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); School Leaders Liability (errors and omissions) is \$50,000 per occurrence; Vehicle Liability is \$200,000 per occurrence; General Liability is \$50,000 per occurrence; and Workers' Compensation is \$400,000 per occurrence.

Commercial insurance is purchased to cover the amount in excess of the above self-insured levels for specific losses. This coverage extends to Fire and Property Insurance for losses greater than \$100,000 for each occurrence and 1% of the total insured value of the damaged covered property when such loss or damage results from a named storm (minimum - \$250,000 per occurrence); losses in excess of \$50,000 per occurrence for School Leaders Liability; and losses in excess of \$50,000 per occurrence for General Liability; losses in excess of \$200,000 per occurrence for Vehicle liability; and losses in excess of \$400,000 per occurrence for Workers' Compensation. When economically feasible, commercial insurance is purchased to cover certain exposures completely. The amount of settlements did not exceed insurance coverage for each of the past three fiscal years.

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

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

The School Board uses the information provided by the third-party administrators to aid in the determination of self-insurance liabilities. The computed liability as of June 30, 2010 is \$6,110,230 (undiscounted) as follows:

	Beginning-of Fiscal-Year Liability		Current-Year Claims & Changes in Estimates		Claims Payments		Balance at Fiscal Year-End
2009-2010	\$ 6,024,794	\$	4,821,550	\$	4,736,114	\$	6,110,230
2008-2009	\$ 5,281,336	\$	5,453,630	\$	4,710,172	\$	6,024,794

Effective January 1, 2000, the School Board established a self-insured health care benefits program for all School Board and City employees. Certain claims expenses paid on behalf of each employee during a single policy year are covered by excess loss insurance with a specific stop-loss limit of \$500,000. Claims processing and payments for all health care claims are made through third-party administrators. The School Board uses the information provided by the third-party administrators and a health care benefits consultant to aid in the determination of self-insurance liabilities. The computed liability as of June 30, 2010 is \$7,724,000 (undiscounted), as follows:

	Beginning-of Fiscal-Year Liability		Current-Year Claims & Changes in Estimates		Claims Payments		Balance at Fiscal Year-End
2009-2010	\$ 7,425,159	\$	108,090,373	\$	107,791,532	\$	7,724,000
2008-2009	\$ 7,915,000	\$	93,962,037	\$	94,451,878	\$	7,425,159

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.

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

10. RISK MANAGEMENT (continued)

C. Surety Bonds (continued)

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.

11. RETIREMENT

A. Virginia Retirement System

1. Plan Description

The City and School Board contribute to the Virginia Retirement System (VRS or the System), an agent and cost-sharing multiple-employer defined benefit pension plan, respectively, administered by the VRS. All full-time, salaried permanent employees of participating employers must participate in the System. Benefits vest after five years of service. Employees are eligible for an unreduced retirement benefit at age 65 with five years of service (age 60 for participating law enforcement officers, firefighters and sheriffs) or age 50 with at least 30 years of service if elected by the employer (age 50 with at least 25 years of service for participating local or law enforcement officers, firefighters and sheriffs) payable monthly for life in an annual amount equal to 1.70% of their average final compensation (AFC) for each year of credited service (1.85% sheriffs and if the employer elects to other employees in hazardous duty positions receiving enhanced benefits). Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for annual cost-of-living adjustment (COLA) limited to 5% per year beginning in their second year of retirement. AFC is defined as the highest consecutive 36 months of reported compensation. Participating local law enforcement officers, firefighters, and sheriffs may receive a monthly benefit supplement if they retire prior to age 65. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia. The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be downloaded from their website <http://www.varetire.org/Pdf/Publications/2009annurept.pdf> or by writing to the System at P.O. Box 2500, Richmond, VA 23218-2500.

2. Funding Policy, Status and Progress

As of June 30, 2009 for the City, the most recent actuarial valuation date, the plan was 80.10% funded. The actuarial accrued liability for benefits was \$1,382,172,898, and the actuarial value of assets was \$1,107,057,761, resulting in an unfunded actuarial accrued liability (UAAL) of \$275,115,137. The covered payroll (annual payroll of active employees covered by the plan) was \$285,407,357, and the ratio of the UAAL to the covered payroll was 96.39%.

As of June 30, 2009 for the School Board, the most recent actuarial valuation date, the plan was 91.78% funded. The actuarial accrued liability for benefits was \$167,501,425, and the actuarial value of assets was \$153,730,529, resulting in an unfunded actuarial accrued liability (UAAL) of \$13,770,896. The covered payroll (annual payroll of active employees covered by the plan) was \$42,555,387, and the ratio of the UAAL to the covered payroll was 32.36%.

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

11. RETIREMENT (continued)

A. Virginia Retirement System (continued)

2. Funding Policy, Status and Progress (continued)

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information for the City and School Board about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their annual salary to the VRS. The City and School Board have assumed this 5.00% member contribution. In addition, the City and School Board are required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The City's contribution rate for the Fiscal Year ended 2010 was 16.48% of annual covered payroll (including the 5% member contribution). The School Board (non-professional employees) contribution rate for the Fiscal Year ended 2010 was 11.64% of annual covered payroll.

The School Board 2010 contribution to the VRS statewide teacher pool was \$44,050,383. This amount represented 13.81% of annual covered payroll for July 2009 through March 2010 and zero (0.00%) for April through June 2010. The contribution rate for 2009 and 2008 was 13.81% and 15.30%, respectively. The actual contribution for each of these years was equal to the required contribution.

3. Annual Pension Cost

For the Fiscal Year ended 2010, the City's annual pension cost of \$46,752,410 was equal to the City's actual contributions. For 2010, the School Board's annual pension cost of \$4,784,471 was less than the School Board's actual contributions of \$4,784,522.

The 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 include (a) an investment rate of return (net of administrative expenses) of 7.50% (b) projected salary increases 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 payroll on an open basis. The remaining amortization period at June 30, 2009 was 20 years.

The School Board's annual pension costs and net pension obligations to VRS for the current year were as follows:

	<u>City</u>	<u>School Board ⁽¹⁾</u>
Annual required contribution	\$ 46,752,410	\$ 4,784,522
Interest on net pension obligation/asset	-	5,282
Adjustment to annual required contribution	-	(5,333)
Annual pension cost	46,752,410	4,784,471
Contributions made	(46,752,410)	(4,784,522)
Increase in net pension obligation/asset	-	(51)
Net pension obligation (asset) beginning of year	-	70,436
Net pension obligation (asset) end of year	\$ -	\$ 70,385

(1) Excludes contribution to VRS statewide teacher pool in the amount of \$44,050,383.

The City's net pension obligation at year end was zero.

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

11. RETIREMENT (continued)

A. Virginia Retirement System (continued)

4. Three-Year Trend Information for City of Virginia Beach

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Assets)
<u>City</u>			
June 30, 2010	\$ 46,752,410	100.0%	\$ -
June 30, 2009	\$ 47,153,922	100.0%	\$ -
June 30, 2008	\$ 49,259,535	100.0%	\$ -
<u>School Board</u>			
June 30, 2010	\$ 4,784,521	100.0%	\$ 70,385
June 30, 2009	\$ 4,964,405	100.0%	\$ 70,436
June 30, 2008	\$ 5,228,955	100.0%	\$ 70,487

The net pension obligation (NPO) at July 1, 1997, date of adoption of GASB 27, was zero and was determined in accordance with GASB Statement No. 27. The City has restated NPO's for the years 1998 to 2009 which has resulted in the NPO being zero for all prior years. Actual contributions for 2010 were equal to the City's required contribution.

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.

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, 2009.

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. Plan assets are invested in a fully benefit-responsive investment contract. Contributions are maintained in a pooled account with a guaranteed interest rate. The contract is included in the Plan's financial statements at contract value, which approximate fair value, as reported to the Plan by the third party administrator. Contract value represents contributions made under the contract, plus earnings, less plan withdrawals and fees.

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.

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

12. OTHER POSTEMPLOYMENT BENEFITS

Plan Description. The City and School Board Other Postemployment Benefit Plans are a single-employer defined benefit plan, administered in accordance with State and City statutes. Section 15.2-1500 of the Virginia State Code provides that every locality shall provide for the governmental functions of the locality, including employment of the officers and other employees. In connection with this employment, the City 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. 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, 2010 the City and School Board contributed, \$8,854,121 and \$8,881,926 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 2010, the City and School Board's annual OPEB cost of \$8,854,121 million and \$8,881,926 million, respectively, was equal to the required contribution. The amount placed in the OPEB Trust was \$4.5 million and \$3.5 million 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 2010, 2009 and 2008 are presented below.

City

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
06/30/2010	\$ 8,854,121	100%	\$ -
06/30/2009	\$ 8,932,316	100%	\$ -
06/30/2008	\$ 10,277,268	100%	\$ -

School Board

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
06/30/2010	\$ 8,881,926	100%	\$ -
06/30/2009	\$ 8,829,752	100%	\$ -
06/30/2008	\$ 9,207,085	100%	\$ -

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

12. OTHER POSTEMPLOYMENT BENEFITS (continued)

Funded Status and Funding Progress. The funded status of the plan as of January 1, 2010, was as follows:

	<u><i>City</i></u>	<u><i>School Board</i></u>
Actuarial accrued liability (AAL)	\$ 79,295,953	\$ 75,347,493
Actuarial value of plan assets	9,558,773	8,648,413
Unfunded actuarial accrued liability (UAAL)	\$ <u>69,737,180</u>	\$ <u>66,699,080</u>
Funded ratio (actuarial value of plan assets/AAL)	12.1%	11.5%
Covered payroll (active plan members)	\$ 285,407,357	\$ 432,476,829
UAAL as a percentage of covered payroll	24.4%	15.4%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as 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, 2010, actuarial valuation, for the year ending June 30, 2010 the projected unit credit method was used. The actuarial assumptions included a 7.5% investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 8% initially, reduced by decrements to an ultimate rate of 4.50% after ten years. Both rates include a 2.5% inflation assumption. Unfunded actuarial accrued liabilities for each organization are being amortized as a level dollar amount over an open 30 year period. The remaining amortization period is 30 years.



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**REQUIRED
SUPPLEMENTAL
INFORMATION
(Unaudited)**

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

In accordance with the Governmental Accounting Standards Board Statements No. 25, and 27, the following information is a required part of the basic financial statements.

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

<u>City Employees</u>						
	(a)	(b)	(b-a)	(a/b)	(c)	
<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded (Overfunded) Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
June 30, 2007	\$ 979,005,170	\$ 1,181,134,126	\$ 202,128,956	82.89%	\$ 266,600,100	75.82%
June 30, 2008	\$ 1,086,477,595	\$ 1,295,698,546	\$ 209,220,951	83.85%	\$ 280,202,036	74.67%
June 30, 2009	\$ 1,107,057,761	\$ 1,382,172,898	\$ 275,115,137	80.10%	\$ 285,407,357	96.39%
<u>School Board Non-Professional Employees</u>						
	(a)	(b)	(b-a)	(a/b)	(c)	
<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded (Overfunded) Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
June 30, 2007	\$ 137,500,094	\$ 148,701,032	\$ 11,200,938	92.47%	\$ 40,564,649	27.61%
June 30, 2008	\$ 151,911,320	\$ 158,571,135	\$ 6,659,815	95.80%	\$ 41,951,424	15.88%
June 30, 2009	\$ 153,730,529	\$ 167,501,425	\$ 13,770,896	91.78%	\$ 42,555,387	32.36%

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

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

City								
	(a)		(b)		(b-a)	(a/b)		(c)
Actuarial Valuation Date	Actuarial Value of Assets		Actuarial Accrued Liability (AAL)		Unfunded (Overfunded) Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
January 1, 2008	\$ -	\$	84,679,145	\$	84,679,145	0.0%	\$ 266,600,100	31.8%
January 1, 2009	\$ 4,996,388	\$	75,897,658	\$	70,901,270	6.6%	\$ 280,202,036	25.3%
January 1, 2010	\$ 9,558,773	\$	79,295,953	\$	69,737,180	12.1%	\$ 285,407,357	24.4%

School Board								
	(a)		(b)		(b-a)	(a/b)		(c)
Actuarial Valuation Date	Actuarial Value of Assets		Actuarial Accrued Liability (AAL)		Unfunded (Overfunded) Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
January 1, 2008	\$ -	\$	72,279,351	\$	72,279,351	0.0%	\$ 431,243,164	16.8%
January 1, 2009	\$ 3,897,182	\$	72,692,511	\$	68,795,329	5.4%	\$ 440,959,594	15.6%
January 1, 2010	\$ 8,648,413	\$	75,347,493	\$	66,699,080	11.5%	\$ 432,476,829	15.4%

Schedules of Employer Contributions

City			
Year Ended Date	Annual Required Contribution	Percentage Contributed	
June 30, 2008	\$ 10,277,268	100%	
June 30, 2009	\$ 8,932,316	100%	
June 30, 2010	\$ 8,854,121	100%	

School Board			
Year Ended Date	Annual Required Contribution	Percentage Contributed	
June 30, 2008	\$ 9,207,085	100%	
June 30, 2009	\$ 8,829,752	100%	
June 30, 2010	\$ 8,881,926	100%	

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



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OTHER SUPPLEMENTAL INFORMATION

**NONMAJOR
GOVERNMENTAL FUNDS**

NONMAJOR GOVERNMENTAL FUNDS

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

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

CITY OF VIRGINIA BEACH, VIRGINIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2010

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Total Nonmajor Governmental Funds
<u>ASSETS</u>			
Cash and Investments	\$ 63,565,832	\$ 359,837	\$ 63,925,669
Cash and Investments - Restricted	17,422,336	-	17,422,336
Agriculture Reserve Program Treasury Strips	-	17,170,732	17,170,732
Receivables (net of allowance for uncollectables, where applicable):			
Accounts	390,391	-	390,391
Loans	5,748,317	-	5,748,317
Due from:			
Other Governments	42,860	-	42,860
Commonwealth	1,394,629	-	1,394,629
Federal Government	4,384,876	-	4,384,876
Total Assets	<u>\$ 92,949,241</u>	<u>\$ 17,530,569</u>	<u>\$ 110,479,810</u>
<u>LIABILITIES</u>			
Vouchers and Accounts Payable	\$ 3,825,179	\$ 279,214	\$ 4,104,393
Due to:			
Other Funds	214,227	-	214,227
Commonwealth	73,500	-	73,500
Federal Government	38,101	-	38,101
Deferred Revenue	292,958	-	292,958
Total Liabilities	<u>\$ 4,443,965</u>	<u>\$ 279,214</u>	<u>\$ 4,723,179</u>
<u>FUND BALANCES</u>			
Reserved for:			
Encumbrances	\$ 1,895,681	\$ -	\$ 1,895,681
Loans	5,748,317	-	5,748,317
Unreserved:			
Designated for Future Debt Service	-	17,251,355	17,251,355
Designated for Special Projects	16,424,259	-	16,424,259
Designated for Future Programs	27,635,346	-	27,635,346
Designated for Encumbrances	823,956	-	823,956
Undesignated	35,977,717	-	35,977,717
Total Fund Balances	<u>\$ 88,505,276</u>	<u>\$ 17,251,355</u>	<u>\$ 105,756,631</u>
Total Liabilities and Fund Balances	<u>\$ 92,949,241</u>	<u>\$ 17,530,569</u>	<u>\$ 110,479,810</u>

CITY OF VIRGINIA BEACH, VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Total Nonmajor Governmental Funds
<u>REVENUES</u>			
General Property Taxes - Real Estate	\$ 19,859,172	\$ -	\$ 19,859,172
Other Local Taxes	934,382	-	934,382
From Use of Money and Property	1,902,296	2,218,315	4,120,611
Charges for Services	17,399,136	-	17,399,136
Miscellaneous	1,437,685	-	1,437,685
Fines and Forfeitures	396,680	-	396,680
From Commonwealth	9,335,352	-	9,335,352
From Federal Government	52,621,415	-	52,621,415
Total Revenues	<u>\$ 103,886,118</u>	<u>\$ 2,218,315</u>	<u>\$ 106,104,433</u>
<u>EXPENDITURES</u>			
Judicial	\$ 35,351,951	\$ -	\$ 35,351,951
Executive	2,102	-	2,102
Library	303,157	-	303,157
Police	1,807,595	-	1,807,595
Fire	2,527,856	-	2,527,856
Public Works	837,585	-	837,585
Planning	774	-	774
Parks and Recreation	29,148,066	-	29,148,066
Agriculture	125,000	-	125,000
Communication and Information Technology	232,153	-	232,153
Convention and Visitor Development	16,751,392	-	16,751,392
Education	6,849,705	-	6,849,705
Housing and Neighborhood Prevention	21,423,945	-	21,423,945
Human Services	13,618,833	-	13,618,833
Museums	44,993	-	44,993
General Government	3,625,500	-	3,625,500
Boards and Commissions	2,050,000	-	2,050,000
Emergency Medical Services	831,383	-	831,383
Debt Service:			
Principal Retirement	-	76,488,392	76,488,392
Interest and Fiscal Charges	-	47,082,762	47,082,762
Total Expenditures	<u>\$ 135,531,990</u>	<u>\$ 123,571,154</u>	<u>\$ 259,103,144</u>
Deficiency of Revenues over Expenditures	<u>\$ (31,645,872)</u>	<u>\$ (121,352,839)</u>	<u>\$ (152,998,711)</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In	\$ 88,571,715	\$ 112,313,119	\$ 200,884,834
Transfers Out	(67,562,580)	-	(67,562,580)
Premium on Bonds Sold	-	3,353,398	3,353,398
Issuance of Refunding Bonds	-	238,115,000	238,115,000
Premium on Refunding Bonds Sold	-	31,025,680	31,025,680
Payment to Refunding Bonds Escrow Agent	-	(267,419,933)	(267,419,933)
Total Other Financing Sources and (Uses)	<u>\$ 21,009,135</u>	<u>\$ 117,387,264</u>	<u>\$ 138,396,399</u>
Net Change in Fund Balance	\$ (10,636,737)	\$ (3,965,575)	\$ (14,602,312)
Fund Balance at Beginning of Year	<u>99,142,013</u>	<u>21,216,930</u>	<u>120,358,943</u>
Fund Balance at End of Year	<u><u>\$ 88,505,276</u></u>	<u><u>\$ 17,251,355</u></u>	<u><u>\$ 105,756,631</u></u>



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GENERAL FUND

GENERAL FUND

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

CITY OF VIRGINIA BEACH, VIRGINIA
GENERAL FUND
SCHEDULE OF REVENUES COMPARED TO FINAL BUDGET
FOR THE YEAR ENDED JUNE 30, 2010

Source	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<u>General Property Taxes</u>				
Real Estate	\$ 478,321,330	\$ 478,321,330	\$ 483,382,393	\$ 5,061,063
Personal Property	119,915,531	119,915,531	112,612,808	(7,302,723)
Prior Year's Personal Property	6,965	6,965	32,801	25,836
Interest on Delinquent Taxes	1,350,484	1,350,484	1,674,181	323,697
Total General Property Taxes	<u>\$ 599,594,310</u>	<u>\$ 599,594,310</u>	<u>\$ 597,702,183</u>	<u>\$ (1,892,127)</u>
<u>Other Local Taxes</u>				
General Sales	\$ 51,129,941	\$ 51,129,941	\$ 50,263,545	\$ (866,396)
Utility	49,393,006	49,393,006	46,662,622	(2,730,384)
Business Licenses	40,556,906	40,556,906	38,092,610	(2,464,296)
Franchise Taxes - Cox Communications	5,873,378	5,873,378	6,256,632	383,254
Automobile Licenses	9,050,812	9,050,812	8,654,625	(396,187)
Bank Stock	1,538,731	1,538,731	2,667,046	1,128,315
City Tax on Deeds	5,919,512	5,919,512	6,218,098	298,586
City Tax on Wills	97,661	97,661	65,742	(31,919)
Cigarette	12,935,527	12,935,527	12,468,847	(466,680)
Amusement	5,300,732	5,300,732	5,226,534	(74,198)
Hotel Taxes	23,891,018	23,891,018	22,801,413	(1,089,605)
Restaurant Meals	49,829,621	49,829,621	48,442,376	(1,387,245)
Total Other Local Taxes	<u>\$ 255,516,845</u>	<u>\$ 255,516,845</u>	<u>\$ 247,820,090</u>	<u>\$ (7,696,755)</u>
<u>Permits, Privilege Fees, and Regulatory Licenses</u>				
Dog and Cat Licenses	\$ 449,961	\$ 449,961	\$ 350,241	\$ (99,720)
Use Permits	30,170	30,170	29,450	(720)
Building Permits	1,000,000	1,000,000	1,064,900	64,900
Electrical Permits	400,000	400,000	383,505	(16,495)
Plumbing Permits	250,000	250,000	242,353	(7,647)
Highway Permits	115,000	115,000	153,864	38,864
Taxi Driver Permits	2,950	2,950	3,440	490
Business Closing Permits	-	-	325	325
Administrative Fees	163,355	163,355	126,488	(36,867)
Bicycle Licenses	115	115	128	13
Certificates	77,630	77,630	50,326	(27,304)
Boat Landing and Launching Permits	587	587	-	(587)
Pedestrian Bridge Fee - Atlantic Avenue	1,450	1,450	1,450	-
Abandoned Vehicle Franchises	39,834	39,834	64,702	24,868
Excavation and Soil Removal Fees	300	300	200	(100)
Precious Metal Dealers Permits	11,593	11,593	30,400	18,807
Encroachment Application Fees	9,549	9,549	6,750	(2,799)
Vacation of Plats	140	140	168	28
Fence Inspection Fees	5,425	5,425	3,780	(1,645)
Non-Comforming Use Permits	782	782	1,170	388
Mechanical Permits	560,307	560,307	641,800	81,493
Sign Permits	61,843	61,843	50,507	(11,336)
Fire Permits	180,045	180,045	169,570	(10,475)
Special Events/Permit Fees	29,285	29,285	29,950	665
Peddler's Permits	178	178	700	522
Moving and Hauling Permits	177,363	177,363	179,850	2,487
Erosion and Sediment Control Permits	7,053	7,053	4,950	(2,103)
Subdivision Inspection Fees - Highways	63,051	63,051	6,797	(56,254)
Wetlands Permits	33,461	33,461	26,100	(7,361)
Water and Sewer Connection Inspection Fees	48,998	48,998	30,147	(18,851)
Highway Permit Inspection Fees	113,001	113,001	69,951	(43,050)
Coastal Primary Sand Dune Fees	1,999	1,999	1,400	(599)

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA
GENERAL FUND
SCHEDULE OF REVENUES COMPARED TO FINAL BUDGET
FOR THE YEAR ENDED JUNE 30, 2010**

Source	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<u>Permits, Privilege Fees, and Regulatory Licenses (continued)</u>				
Storage Tank Inspection	\$ 8,319	\$ 8,319	\$ 9,825	\$ 1,506
Right of Way Permit Inspection Fees	60,909	60,909	49,275	(11,634)
Transfer Fees	16,665	16,665	16,811	146
Subdivision Approval Fees	40,416	40,416	36,715	(3,701)
Yard Debris Trailers	200,000	200,000	190,068	(9,932)
Zoning Change Fees	12,572	12,572	19,580	7,008
Selective Pruning	200	200	-	(200)
ATM - Permit Fees	3,000	3,000	7,250	4,250
Variance Fees	3,915	3,915	2,175	(1,740)
Zoning Verification	7,033	7,033	4,950	(2,083)
Reconsideration Conditions Fees	4,537	4,537	6,900	2,363
Street Closures	35,000	35,000	86,026	51,026
Residential Parking	30,000	30,000	34,839	4,839
Board of Zoning Appeals - Variances	45,900	45,900	32,600	(13,300)
Total Permits, Privilege Fees, and Regulatory Licenses	<u>\$ 4,303,891</u>	<u>\$ 4,303,891</u>	<u>\$ 4,222,376</u>	<u>\$ (81,515)</u>
<u>Fines and Forfeitures</u>				
Court Fines and Forfeitures	\$ 5,354,753	\$ 5,354,753	\$ 3,888,577	\$ (1,466,176)
Parking Tickets - Penalties	360,000	360,000	422,549	62,549
Overweight Vehicles Fees	219,530	219,530	207,491	(12,039)
Wetlands/Dunes - Civil Charges	13,992	13,992	-	(13,992)
Chesapeake Bay Preservation Fee	2,862	2,862	750	(2,112)
DUI Response Reimbursements	29,218	29,218	15,180	(14,038)
Red Light Violations	1,955,070	1,955,070	1,797,417	(157,653)
Zoning Fines	7,536	7,536	5,125	(2,411)
Total Fines and Forfeitures	<u>\$ 7,942,961</u>	<u>\$ 7,942,961</u>	<u>\$ 6,337,089</u>	<u>\$ (1,605,872)</u>
<u>From Use of Money and Property</u>				
<u>Revenue from Use of Money:</u>				
Interest on Bank Deposits	\$ 5,726,605	\$ 5,726,605	\$ 1,319,436	\$ (4,407,169)
Interest - AIM Deposits 93 COP Debt Service	-	-	1,209	1,209
<u>Revenue from Use of Property:</u>				
Rent - Adam Thoroughgood House	25,500	25,500	4,470	(21,030)
Farmers Market-Merchants Dues and Promo Fees	4,680	4,680	5,195	515
Rent - Rudee Inlet Property	24,000	24,000	36,300	12,300
Rent - Town Center	170,326	170,326	82,520	(87,806)
Farmers Market Fees	112,067	112,067	113,647	1,580
Public Telephone Commissions	2,378	2,378	-	(2,378)
Vending Machine Concessions	-	-	43	43
Sale School Grad Video Tapes	22,000	22,000	13,559	(8,441)
Sale of Police Weapons	-	-	316	316
Photocopying Machines	60,968	60,968	68,824	7,856
Bicycle Auctions - Unclaimed Property	11,000	11,000	8,372	(2,628)
Special Events - Farmers Market	1,000	1,000	1,045	45
Rent - Convention Center	1,208,062	1,208,062	1,573,235	365,173
Concessions - Convention Center	999,900	999,900	947,074	(52,826)
Rudee Inlet Parking Permits	236	236	234	(2)
Farmers Market and Flea Market Vendor Fee	1,200	1,200	1,440	240
School Tours	1,200	1,200	1,550	350
Room Rentals, Aquarium	16,890	16,890	24,024	7,134
Rent - Owl Creek Golf Center	22,000	22,000	25,000	3,000
31st Street Park	21,332	21,332	-	(21,332)
Rent - Law Library	60,000	60,000	60,000	-

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA
GENERAL FUND
SCHEDULE OF REVENUES COMPARED TO FINAL BUDGET
FOR THE YEAR ENDED JUNE 30, 2010**

Source	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<u>From Use of Money and Property</u>				
<u>Revenue from Use of Property (continued)</u>				
Virginia Beach National Golf	\$ 100,000	\$ 112,000	\$ 151,367	\$ 39,367
Rent - Adult Probation	115,829	115,829	115,829	-
Rent - Community Diversion/Corrections	44,147	44,147	44,147	-
Rent - Virginia Bar Association - JC	2,200	2,200	2,369	169
Rent - Sprint Cellular Tower	10,556	10,556	10,488	(68)
Rent - Other Properties	648,144	648,144	347,880	(300,264)
Rent - Rooms	7,500	7,500	110	(7,390)
Rent - Nextel	72,853	72,853	24,660	(48,193)
Rent for Antennea	69,341	69,341	82,765	13,424
Rent - Agricultural Land	3,012	3,012	6,923	3,911
Rent - Water and Sewer Office	396,678	396,678	396,678	-
Sale of Trash Containers	142,905	142,905	122,550	(20,355)
Total from Use of Money and Property	<u>\$ 10,104,509</u>	<u>\$ 10,116,509</u>	<u>\$ 5,593,259</u>	<u>\$ (4,523,250)</u>
<u>Charges For Services</u>				
City Clerk Services	\$ 75	\$ 75	\$ -	\$ (75)
U S Passport Processing Fees	9,270	9,270	13,839	4,569
Excess Fees - Clerk	500,000	500,000	731,347	231,347
Court Costs	1,065	1,065	406	(659)
Court Order Administrative Fees	26,300	26,300	18,780	(7,520)
Public Defender Fees	75,146	75,146	97,138	21,992
Sale of Police Reports	145,000	145,000	186,282	41,282
Police - False Alarm Fees	230,484	230,484	551,464	320,980
Fire Services	250,000	250,000	217,910	(32,090)
Animal Disposal Fees	-	-	1,445	1,445
Animal Adoption Fees	59,352	59,352	45,512	(13,840)
Board and Impounding Fees	112,619	112,619	77,396	(35,223)
Refuse Disposal Charges	660,000	660,000	262,226	(397,774)
Refuse Disposal Charges - SPSA	1,660,993	1,660,993	20,345,980	18,684,987
Sale of Methane Gas - Trashmore	65,000	65,000	74,529	9,529
Obstetrical Services	-	-	22	22
Mental Health and Mental Retardation	1,664,826	1,664,826	1,911,385	246,559
Substance Abuse	114,100	114,100	114,924	824
Museums Gift Shop Sales	1,479,366	1,479,366	1,242,078	(237,288)
FLH-Admissions-Special Events/General Tours	19,300	19,300	9,086	(10,214)
Lynnhaven House Admissions	-	-	314	314
Aquarium Admissions	3,663,711	3,663,711	3,919,248	255,537
Aquarium Memberships	657,500	657,500	558,184	(99,316)
Aquarium IMAX Theater	1,924,065	1,924,065	776,840	(1,147,225)
Library Fines and Fees	310,535	310,535	285,522	(25,013)
Sale of Publications	3,821	3,821	2,635	(1,186)
Sale of Maps - Planning Commission	193	193	-	(193)
Convention Center Staff Services	917,603	917,603	850,054	(67,549)
Data Processing Services	10,000	10,000	-	(10,000)
Courthouse Maintenance	149,390	149,390	126,903	(22,487)
Other Services Provided	2,718,751	2,675,945	2,413,660	(262,285)
Site Plan Review Fees	250,233	250,233	129,022	(121,211)
State's Attorney	19,557	19,557	17,067	(2,490)
Water and Sewer Direct Charges	3,078,339	3,078,339	3,043,545	(34,794)
Water and Sewer In Lieu of Taxes	100,000	100,000	100,000	-
Water and Sewer Utility Yard Maintenance	181,398	181,398	90,887	(90,511)
Water and Sewer Landscape Services	315,988	315,988	261,074	(54,914)
Construction Plan Review Fees	9,991	9,991	6,832	(3,159)

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA
GENERAL FUND
SCHEDULE OF REVENUES COMPARED TO FINAL BUDGET
FOR THE YEAR ENDED JUNE 30, 2010**

Source	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<u>Charges For Services (continued)</u>				
Chesapeake Bay Preservation Act Variance Fees	\$ 25,402	\$ 25,402	\$ 14,750	\$ (10,652)
Total Charges for Services	\$ 21,409,373	\$ 21,366,567	\$ 38,498,286	\$ 17,131,719
<u>Miscellaneous Revenue</u>				
Indirect Costs - Public Utilities	\$ 2,412,842	\$ 2,412,842	\$ 1,778,065	\$ (634,777)
Indirect and Direct Costs - Storm Water Management	1,159,131	1,159,131	1,240,390	81,259
Indirect Costs-Housing & Neighborhood Preservation	314,381	314,381	315,619	1,238
Indirect and Direct Costs - Resort Parking	112,130	112,130	110,018	(2,112)
Indirect and Direct Cost - TGIF	3,050,000	3,050,000	3,050,000	-
Excess Property Processing	2,000	2,000	35,600	33,600
Miscellaneous	361,091	368,276	734,537	366,261
Returned Check Processing Charges	93,546	93,546	77,756	(15,790)
Campaign Financing	-	-	1,250	1,250
Donations	17,139	18,129	464,201	446,072
City Treasurer Charges	359,631	359,631	347,046	(12,585)
Aquarium Foundation	805,533	805,533	713,012	(92,521)
Farm Classification - Late Filling Fees	60	60	140	80
Convention Center Concessions	1,200	1,200	1,450	250
Sale of Properties	556	556	1,096	540
Sale of Salvage Materials	178,834	178,834	92,902	(85,932)
Refund of Surplus - Health Department	10,605	10,605	32,338	21,733
Medicaid Out -Station	68,125	68,125	86,001	17,876
Sale - Recyclable Materials	-	-	5,886	5,886
Sale of Video Reproductions	822	822	-	(822)
Beam Advertising	20,867	20,867	20,952	85
DVP Street Light Reimbursement	510,000	510,000	88,657	(421,343)
Reimbursement - Responsible Parties - HAZMAT	-	6,516	27,146	20,630
Reimbursement - DMV	614,000	614,000	537,669	(76,331)
Total Miscellaneous Revenue	\$ 10,092,493	\$ 10,107,184	\$ 9,761,731	\$ (345,453)
<u>From Commonwealth</u>				
Rolling Stock Tax	\$ 17,744	\$ 17,744	\$ 11,302	\$ (6,442)
Mobile Homes Sales Tax	27,670	27,670	37,245	9,575
Passenger Car Rental Tax	976,508	976,508	886,141	(90,367)
Demolished Vehicle	-	-	(555)	(555)
Reimbursement - Treasurer	884,731	745,783	650,135	(95,648)
Reimbursement - Commissioner of the Revenue	780,202	675,679	655,161	(20,518)
Reimbursement - General Registrar's Salary	105,520	105,520	88,046	(17,474)
Reimbursement - Clerk of Circuit Court	1,866,687	1,607,565	1,609,130	1,565
Reimbursement - Commonwealth's Attorney	2,695,676	2,485,546	2,273,979	(211,567)
Reimbursement - Medical Examiner	1,720	1,720	-	(1,720)
Reimbursement - Health Department Automobile	8,671	8,671	6,362	(2,309)
Reimbursement - State Aid Law Enforcement	13,049,374	12,673,589	10,970,412	(1,703,177)
State Prisoner Transportation	680,000	680,000	307,674	(372,326)
Mental Health, Mental Retardation and Substance Abuse	17,090,728	16,664,844	16,540,879	(123,965)
Circuit Court Clerk Technology	-	240,000	240,000	-
Maintenance of Roads	33,764,517	33,764,517	32,621,140	(1,143,377)
Recordation Fees	1,725,638	1,725,638	1,104,682	(620,956)
Clean Community	55,000	55,000	45,234	(9,766)
Public Assistance Grants	20,232,525	20,246,219	18,990,438	(1,255,781)
Medicaid	12,903,723	13,077,400	13,653,051	575,651
DMV Select Program	125,000	125,000	142,430	17,430
Virginia Commission For The Arts	5,000	5,000	5,000	-
Wireless E-911 Services Board	1,800,000	1,800,000	1,610,394	(189,606)

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA
GENERAL FUND
SCHEDULE OF REVENUES COMPARED TO FINAL BUDGET
FOR THE YEAR ENDED JUNE 30, 2010**

Source	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<u>From Commonwealth (continued)</u>				
Spay and Neuter Services	\$ -	\$ -	\$ 1,855	\$ 1,855
Universal Service Funds	89,370	89,370	41,370	(48,000)
State Aid Library	253,894	241,199	241,199	-
Other State Revenue	(2,133,530)	(2,133,530)	-	2,133,530
Total From Commonwealth	<u>\$ 107,006,368</u>	<u>\$ 105,906,652</u>	<u>\$ 102,732,704</u>	<u>\$ (3,173,948)</u>
<u>From Federal Government</u>				
Public Law 97-258	\$ -	\$ -	\$ 616	\$ 616
Public Law 95-469 - Refuge Revenue Sharing Act	174,513	174,513	121,533	(52,980)
Indirect Costs - Social Services	660,996	660,996	531,584	(129,412)
Federal Emergency Management Agency	52,000	52,000	52,914	914
SEVAMP Grant	38,572	38,572	76,581	38,009
Mental Health, Mental Retardation and Substance Abuse	2,585,623	2,633,193	2,736,521	103,328
USDA Juvenile Detention	98,100	98,100	95,097	(3,003)
Public Assistance Grants	19,369,815	19,369,815	16,806,203	(2,563,612)
City ARRA	-	-	1,855,898	1,855,898
Medicaid Out-Station	53,800	53,800	-	(53,800)
Total From Federal Government	<u>\$ 23,033,419</u>	<u>\$ 23,080,989</u>	<u>\$ 22,276,947</u>	<u>\$ (804,042)</u>
<u>Other Local Governments</u>				
City of Chesapeake	\$ 262,547	\$ 262,547	\$ 259,398	\$ (3,149)
Virginia Beach Development Authority	180,000	180,000	188,319	8,319
Total Other Local Governments	<u>\$ 442,547</u>	<u>\$ 442,547</u>	<u>\$ 447,717</u>	<u>\$ 5,170</u>
TOTAL REVENUES	<u>\$ 1,039,446,716</u>	<u>\$ 1,038,378,455</u>	<u>\$ 1,035,392,382</u>	<u>\$ (2,986,073)</u>
<u>Other Financing Sources</u>				
Transfers In	<u>\$ 5,336,280</u>	<u>\$ 13,593,778</u>	<u>\$ 13,031,378</u>	<u>\$ (562,400)</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 1,044,782,996</u>	<u>\$ 1,051,972,233</u>	<u>\$ 1,048,423,760</u>	<u>\$ (3,548,473)</u>

CITY OF VIRGINIA BEACH, VIRGINIA
GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO FINAL BUDGET
FOR THE YEAR ENDED JUNE 30, 2010

Source	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<u>Legislative Department</u>				
Municipal Council	\$ 587,139	\$ 591,769	\$ 512,864	\$ 78,905
City Clerk	626,129	639,148	586,157	52,991
Total Legislative Department	<u>\$ 1,213,268</u>	<u>\$ 1,230,917</u>	<u>\$ 1,099,021</u>	<u>\$ 131,896</u>
<u>Executive Department</u>				
City Manager	\$ 1,814,209	\$ 1,844,866	\$ 1,790,030	\$ 54,836
Organizational Development Office	367,312	367,312	334,015	33,297
Media and Communication Group	759,447	782,947	723,209	59,738
Volunteer Council	128,339	128,339	109,016	19,323
Total Executive Department	<u>\$ 3,069,307</u>	<u>\$ 3,123,464</u>	<u>\$ 2,956,270</u>	<u>\$ 167,194</u>
<u>Law Department</u>				
City Attorney	<u>\$ 3,875,841</u>	<u>\$ 3,875,841</u>	<u>\$ 3,526,957</u>	<u>\$ 348,884</u>
<u>Finance Department</u>				
Director of Finance:				
Director's Office	\$ 867,798	\$ 867,798	\$ 840,592	\$ 27,206
Comptroller's Office	1,359,651	1,424,109	1,395,785	28,324
Payroll	737,688	673,134	635,458	37,676
Purchasing	1,162,452	1,165,959	1,065,614	100,345
Local Vehicle Registration	894,908	894,908	775,455	119,453
Total Director of Finance	<u>\$ 5,022,497</u>	<u>\$ 5,025,908</u>	<u>\$ 4,712,904</u>	<u>\$ 313,004</u>
Commissioner of the Revenue	3,942,320	3,837,797	3,755,680	82,117
Board of Equalization	19,130	19,130	9,814	9,316
City Real Estate Assessor	3,114,292	3,085,910	2,869,935	215,975
Treasurer	5,186,382	4,975,599	4,915,020	60,579
Total Finance Department	<u>\$ 17,284,621</u>	<u>\$ 16,944,344</u>	<u>\$ 16,263,353</u>	<u>\$ 680,991</u>
<u>Human Resources Department</u>				
Director's Office	\$ 960,669	\$ 971,450	\$ 943,676	\$ 27,774
Employee Relations	445,938	445,938	388,272	57,666
Staffing and Placement	1,206,319	1,206,319	1,109,180	97,139
Training and Development	677,747	745,914	650,452	95,462
Police Services	86,139	86,139	87,580	(1,441)
Benefits Administration	824,814	770,097	770,097	-
Employee Special Benefits	4,656,199	4,720,746	3,567,111	1,153,635
Occupational Safety	376,687	376,687	258,991	117,696
Occupational Health	782,572	798,350	699,874	98,476
Total Human Resources Department	<u>\$ 10,017,084</u>	<u>\$ 10,121,640</u>	<u>\$ 8,475,233</u>	<u>\$ 1,646,407</u>
<u>Judicial Department</u>				
Circuit Court	\$ 998,897	\$ 1,006,997	\$ 972,556	\$ 34,441
General District Court	320,995	366,120	339,631	26,489
Juvenile and Domestic Relations - District Court	162,320	166,684	132,871	33,813
Commonwealth's Attorney	6,930,297	6,814,035	6,771,171	42,864
Consumer Affairs	235,810	235,810	232,650	3,160
Victim/Witness	258,603	258,603	235,530	23,073
Clerk of the Circuit Court	2,788,828	2,769,906	2,724,731	45,175
Magistrates	130,910	130,910	93,268	37,642
Juvenile Probation	2,052,190	2,040,505	1,300,414	740,091
Youth Intervention CHINS Unit	305,284	305,284	205,802	99,482
Total Judicial Department	<u>\$ 14,184,134</u>	<u>\$ 14,094,854</u>	<u>\$ 13,008,624</u>	<u>\$ 1,086,230</u>

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO FINAL BUDGET
FOR THE YEAR ENDED JUNE 30, 2010

Source	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<u>Health Department</u>				
Preventive Medicine	\$ 3,453,359	\$ 3,525,570	\$ 2,981,771	\$ 543,799
<u>Human Services Department</u>				
Administration	\$ 4,846,608	\$ 4,847,107	\$ 4,518,680	\$ 328,427
Mental Health	17,997,215	18,330,159	17,537,844	792,315
Mental Retardation	17,954,844	18,097,935	17,322,900	775,035
Substance Abuse	5,790,946	5,936,099	5,189,202	746,897
Social Services	40,204,332	40,211,527	38,110,067	2,101,460
Biznet Village	3,604,373	3,643,127	4,207,182	(564,055)
Pendleton Child Service Center	1,946,731	1,948,523	1,758,337	190,186
Comprehensive Services Act Administration & Social Services	14,829,904	14,872,710	12,812,783	2,059,927
Juvenile Detention Center	4,971,415	4,965,293	4,629,741	335,552
Total Human Services Department	\$ 112,146,368	\$ 112,852,480	\$ 106,086,736	\$ 6,765,744
<u>Police Department</u>				
Director's Office	\$ 2,853,095	\$ 2,944,029	\$ 2,895,625	\$ 48,404
Personnel and Training	3,884,932	4,117,699	3,760,393	357,306
Crime Prevention	734,253	727,136	695,008	32,128
Police Support	4,294,595	4,363,678	4,158,694	204,984
Uniform Patrol	48,075,274	48,029,620	45,587,784	2,441,836
Red Light Camera Program	1,278,605	1,179,504	1,046,793	132,711
Investigative Division	12,188,460	12,190,040	11,482,802	707,238
Special Investigative Unit	4,726,740	4,739,346	4,299,076	440,270
Police Helicopter Unit	1,575,068	1,575,068	1,554,018	21,050
Mounted Patrol	1,376,642	1,380,047	1,300,968	79,079
Marine Patrol	931,445	931,445	852,707	78,738
School Resource Officer Program	2,460,249	2,460,249	2,317,339	142,910
False Alarms	78,620	78,620	38,564	40,056
Commercial Extraditions	678,544	678,544	291,441	387,103
Animal Control	2,508,991	2,513,699	2,241,221	272,478
Total Police Department	\$ 87,645,513	\$ 87,908,724	\$ 82,522,433	\$ 5,386,291
<u>Public Works Department</u>				
Director's Office	\$ 182,683	\$ 188,683	\$ 269,001	\$ (80,318)
Administration Services	6,212,671	6,168,861	5,705,753	463,108
Beach Management and Engineering	582,214	582,214	518,978	63,236
Waste Management/Administration	980,889	982,641	991,969	(9,328)
Bureau of Waste Disposal	13,184,355	20,007,355	19,862,620	144,735
Bureau of Waste Collection	11,500,842	11,500,842	11,534,415	(33,573)
Recycling Bureau	5,325,351	5,325,351	5,142,226	183,125
Real Estate Office	978,459	978,459	889,421	89,038
Engineering/Administration	744,448	744,448	723,699	20,749
Design	273,561	273,561	306,679	(33,118)
Surveys	1,116,651	1,176,651	978,764	197,887
Drafting	448,738	538,796	462,395	76,401
Traffic Engineering	1,516,619	1,516,619	1,421,511	95,108
Project Management	1,024,876	1,021,240	1,087,066	(65,826)
Project Management/Buildings	644,405	648,041	653,267	(5,226)
Construction	1,073,820	1,073,820	981,310	92,510
Contracts	442,746	480,556	535,225	(54,669)
Customer Service/Administration	938,267	1,032,747	1,243,702	(210,955)
Planning, Estimating and Scheduling	655,112	655,112	668,594	(13,482)
Infrastructure Maintenance Contracts	635,769	635,769	629,934	5,835

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO FINAL BUDGET
FOR THE YEAR ENDED JUNE 30, 2010

Source	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<u>Public Works Department (continued)</u>				
Support Services and Systems Support	\$ 879,756	\$ 883,259	\$ 857,752	\$ 25,507
System Support	741,406	741,406	657,553	83,853
Street Maintenance	4,422,796	4,589,287	4,414,427	174,860
Dredging Operations	1,665,149	1,670,015	1,625,836	44,179
Technical Services	307,767	307,767	326,022	(18,255)
Mosquito Control	1,740,146	1,742,451	1,539,414	203,037
Traffic Operations	3,929,157	4,233,495	3,650,217	583,278
Beach Operations	1,206,365	1,206,365	1,098,529	107,836
Street Light Installation	510,000	510,000	75,987	434,013
Electrical	1,573,659	1,576,997	1,683,072	(106,075)
Bridge Maintenance	339,212	343,497	323,571	19,926
Management and Support	9,631,965	9,663,365	8,231,727	1,431,638
Heating and Air Conditioning	1,728,967	1,735,510	1,940,863	(205,353)
General Maintenance	3,238,671	3,243,205	3,227,705	15,500
Custodial	3,645,649	3,675,610	3,243,224	432,386
Resort Building Maintenance	593,730	611,609	389,525	222,084
Total Public Works Department	<u>\$ 84,616,871</u>	<u>\$ 92,265,604</u>	<u>\$ 87,891,953</u>	<u>\$ 4,373,651</u>
<u>Library Department</u>				
Director's Office	\$ 1,450,069	\$ 1,452,057	\$ 1,390,130	\$ 61,927
Central Library	2,801,884	2,806,384	2,520,874	285,510
Great Neck Area Library	594,189	606,828	608,865	(2,037)
Bayside Area Library	1,109,198	1,109,198	1,103,010	6,188
Oceanfront Area Library	970,011	970,011	947,381	22,630
Kempsville Area Library	1,239,365	1,239,565	1,066,561	173,004
Windsor Woods Area Library	609,049	609,049	595,165	13,884
Pungo/Blackwater Area Library	405,813	405,813	342,433	63,380
Princess Anne Library	1,147,523	1,147,523	1,066,475	81,048
South Rosemont Youth Library	432,898	432,898	375,344	57,554
Mobil Services	270,087	270,087	255,379	14,708
Youth and Family Services	357,634	357,634	408,579	(50,945)
Municipal Reference	-	-	197	(197)
Records Management	445,530	486,702	456,949	29,753
Cataloging Services	956,394	913,356	809,033	104,323
Automated Services	768,679	877,203	910,988	(33,785)
Ready to Learn	158,060	158,060	126,411	31,649
Collections Management	2,964,975	3,422,152	2,708,540	713,612
Total Library Department	<u>\$ 16,681,358</u>	<u>\$ 17,264,520</u>	<u>\$ 15,692,314</u>	<u>\$ 1,572,206</u>
<u>Planning Department</u>				
Director's Office	\$ 1,427,009	\$ 1,458,128	\$ 1,364,244	\$ 93,884
Comprehensive Planning	631,697	696,291	697,922	(1,631)
Environmental Management	216,181	319,065	271,329	47,736
Development Services	1,660,373	1,660,373	1,564,748	95,625
Public Utilities - Development Services	263,635	263,635	260,881	2,754
Current Planning	1,927,751	1,927,751	1,976,722	(48,971)
Permits Administration	1,222,001	1,370,288	1,252,156	118,132
Building Inspections	2,796,643	2,796,643	2,683,099	113,544
Total Planning Department	<u>\$ 10,145,290</u>	<u>\$ 10,492,174</u>	<u>\$ 10,071,101</u>	<u>\$ 421,073</u>
<u>Agriculture Department</u>				
Director's Office	\$ 383,857	\$ 383,857	\$ 366,793	\$ 17,064
Virginia Cooperative Extension	265,495	265,495	251,122	14,373

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA
GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO FINAL BUDGET
FOR THE YEAR ENDED JUNE 30, 2010**

Source	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<u>Agriculture Department (continued)</u>				
Farmers Market	\$ 210,782	\$ 216,182	\$ 188,462	\$ 27,720
Total Agriculture Department	\$ 860,134	\$ 865,534	\$ 806,377	\$ 59,157
<u>Economic Development Department</u>				
Director of Economic Development	\$ 2,045,444	\$ 2,319,252	\$ 2,243,759	\$ 75,493
<u>Convention and Visitor Development</u>				
Director's Office	\$ 1,014,205	\$ 1,014,205	\$ 942,315	\$ 71,890
Resort Programs and Special Events	601,922	602,972	590,190	12,782
Tourism Marketing and Sales	407,927	407,927	406,962	965
Convention Marketing and Sales	1,075,133	1,075,133	1,135,777	(60,644)
Sports Marketing	552,076	552,076	547,982	4,094
Convention Center	6,288,358	6,417,396	5,812,646	604,750
Total Convention and Visitor Development	\$ 9,939,621	\$ 10,069,709	\$ 9,435,872	\$ 633,837
<u>Parks and Recreation Department</u>				
Landscape Administration	\$ 3,741,751	\$ 4,053,060	\$ 3,623,014	\$ 430,046
Grounds Maintenance	4,583,120	4,544,775	4,247,517	297,258
Parks Maintenance	2,952,924	2,968,212	2,868,431	99,781
Special Zones Management	658,902	658,902	624,479	34,423
Resort Area Landscaping	1,754,527	1,817,615	1,463,654	353,961
Total Parks and Recreation Department	\$ 13,691,224	\$ 14,042,564	\$ 12,827,095	\$ 1,215,469
<u>Boards and Commissions</u>				
General Registrar	\$ 1,264,732	\$ 1,547,820	\$ 1,355,593	\$ 192,227
Zoning Board of Appeals	41,789	41,789	21,821	19,968
Mass Transit Operations	2,907,059	2,907,059	2,907,059	-
Wetlands Board of Virginia Beach	14,331	14,331	5,936	8,395
Audit Services	576,573	592,342	583,717	8,625
Cultural Activities	425,097	430,867	421,193	9,674
COIG - General Operation Grants	525,662	539,662	526,858	12,804
Arts and Humanities Commissions	479,687	490,870	446,547	44,323
Sandler Center for Performing Arts	1,607,449	1,707,449	1,607,449	100,000
Regional Participation	2,071,573	2,151,758	2,066,268	85,490
Vehicle Replacements	3,111,914	3,737,037	1,679,919	2,057,118
Revenue Reimbursements	15,928,947	16,352,947	16,279,101	73,846
Strategic Growth Area	194,650	261,835	237,886	23,949
Independent Financial Services	153,878	153,878	115,139	38,739
Total Boards and Commissions	\$ 29,303,341	\$ 30,929,644	\$ 28,254,486	\$ 2,675,158
<u>Fire Department</u>				
Fire Marshal's Office	\$ 4,701,913	\$ 4,978,944	\$ 4,678,053	\$ 300,891
Fire Operations	36,566,031	36,764,680	35,276,014	1,488,666
Emergency Management	252,129	232,129	232,879	19,250
Fire Training	1,122,149	1,122,149	976,914	145,235
Total Fire Department	\$ 42,642,222	\$ 43,117,902	\$ 41,163,860	\$ 1,954,042
<u>Communications and Information Technology</u>				
ComIT Business Center	\$ 691,218	\$ 691,218	\$ 630,873	\$ 60,345
Applications Support	6,744,008	7,623,359	6,418,202	1,205,157
Operations Support	1,053,811	1,059,131	995,012	64,119
System Support	7,592,618	8,093,033	7,616,286	476,747
Center for GIS	1,664,680	1,681,307	1,476,812	204,495

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA
GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO FINAL BUDGET
FOR THE YEAR ENDED JUNE 30, 2010**

Source	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<u>Communications and Information Technology (continued)</u>				
Information Security and Privacy Office	\$ 1,699,556	\$ 1,699,556	\$ 1,504,332	\$ 195,224
Emergency Communications	-	219,285	65,100	154,185
Technology Project Management	649,637	741,712	631,375	110,337
Video Services	1,532,662	1,552,575	1,432,975	119,600
Mail Services	275,323	229,449	202,574	26,875
Total Communications and Information Technology	<u>\$ 21,903,513</u>	<u>\$ 23,590,625</u>	<u>\$ 20,973,541</u>	<u>\$ 2,617,084</u>
<u>Emergency Communications and Citizen Services</u>				
Emergency Communications	\$ 8,801,779	\$ 8,801,779	\$ 7,906,098	\$ 895,681
Citizen Services	366,515	404,135	380,808	23,327
Total Emergency Communications and Citizen Services	<u>\$ 9,168,294</u>	<u>\$ 9,205,914</u>	<u>\$ 8,286,906</u>	<u>\$ 919,008</u>
<u>Housing and Neighborhood Preservation</u>				
Code Enforcement	<u>\$ 1,750,830</u>	<u>\$ 1,942,825</u>	<u>\$ 1,820,467</u>	<u>\$ 122,358</u>
<u>Museums Department</u>				
Francis Land House	\$ 100,173	\$ 100,173	\$ 42,622	\$ 57,551
Aquarium and Marine Science Center	1,558,349	1,558,349	1,469,340	89,009
Aquarium Research and Conservation	376,268	376,268	345,468	30,800
Aquarium Gift Shop	1,058,280	1,058,280	930,779	127,501
Aquarium IMAX Theater	1,445,682	1,445,682	676,659	769,023
Aquarium Exhibits	1,971,910	1,975,915	2,059,273	(83,358)
Education	673,348	673,348	527,350	145,998
Marketing	747,483	747,483	858,660	(111,177)
Aquarium Foundation	815,034	815,034	715,195	99,839
Historical Preservation	121,525	125,525	117,264	8,261
Adam Thoroughgood House	100,639	101,415	84,155	17,260
Lynnhaven House	39,588	39,588	17,230	22,358
Custodial Services	343,059	343,059	335,803	7,256
Historic Homes Administration	248,851	280,054	238,911	41,143
Total Museums Department	<u>\$ 9,600,189</u>	<u>\$ 9,640,173</u>	<u>\$ 8,418,709</u>	<u>\$ 1,221,464</u>
<u>Management Services Department</u>				
Director's Office	\$ 1,649,923	\$ 1,821,440	\$ 1,642,434	\$ 179,006
Facilities Management	2,384,591	2,590,840	2,212,108	378,732
Total Management Services Department	<u>\$ 4,034,514</u>	<u>\$ 4,412,280</u>	<u>\$ 3,854,542</u>	<u>\$ 557,738</u>
<u>Emergency Medical Services</u>				
Director's Office	\$ 603,211	\$ 603,283	\$ 593,242	\$ 10,041
Operations	1,468,883	1,283,251	1,843,052	(559,801)
Lifeguard Services	-	66,725	27,934	38,791
Training	565,475	565,475	498,344	67,131
Emergency Response System	2,958,965	2,892,240	2,843,275	48,965
Regulation & Enforcement	1,631,729	1,631,729	915,068	716,661
Total Emergency Medical Services	<u>\$ 7,228,263</u>	<u>\$ 7,042,703</u>	<u>\$ 6,720,915</u>	<u>\$ 321,788</u>
<u>Education</u>				
School Operating	\$ 335,208,106	\$ 335,208,106	\$ 317,516,669	\$ 17,691,437
School Health Insurance	-	366,814	338,655	28,159
School Capital Projects	4,617,000	4,617,000	4,617,000	-
Total Education	<u>\$ 339,825,106</u>	<u>\$ 340,191,920</u>	<u>\$ 322,472,324</u>	<u>\$ 17,719,596</u>
Total Department Expenditures	<u>\$ 856,325,709</u>	<u>\$ 871,071,177</u>	<u>\$ 817,854,619</u>	<u>\$ 53,216,558</u>

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO FINAL BUDGET
FOR THE YEAR ENDED JUNE 30, 2010

Source	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Other Financing Uses				
Transfers Out:				
General Debt Service	\$ 86,987,406	\$ 85,526,859	\$ 77,264,447	\$ 8,262,412
Housing and Neighborhood Preservation	812,685	832,685	832,685	-
Tourism Advertising Program	9,443,263	9,443,263	8,958,955	484,308
Buildings Capital Projects	7,034,942	6,608,504	6,608,504	-
Engineering and Highways Capital Projects	27,237,336	27,239,974	27,239,974	-
Parks and Recreation Capital Projects	7,182,602	7,222,602	7,222,602	-
Economic & Tourism Capital Projects	13,120,578	13,120,578	13,120,578	-
Coastal Capital Projects	3,485,938	3,635,938	3,635,938	-
Sandbridge Special Service District	74,582	74,582	84,901	(10,319)
Major Projects	12,906,789	12,906,789	12,642,628	264,161
Open Spaces	3,985,256	3,985,256	3,863,410	121,846
Grants Consolidated	408,603	944,683	926,678	18,005
Mental Health and Mental Retardation	-	-	(7,417)	7,417
Sheriff's Department	12,394,250	12,659,460	12,639,509	19,951
Arts and Humanities Commission	37,237	37,237	-	37,237
Tourism Growth Investment Program	17,208,652	17,208,652	16,758,963	449,689
Agriculture Reserve	4,824,373	4,824,373	4,577,765	246,608
Parks and Recreation - Dedicated Tax	12,632,023	12,632,023	12,632,023	-
City Garage	-	25,579	-	25,579
Parks and Recreation	3,771,165	3,771,165	3,771,165	-
Storm Water Utility	958,648	958,648	958,648	-
Federal Section 8	98,102	78,102	78,102	-
Risk Management	-	1,460,547	1,460,547	-
Total Other Financing Uses	<u>\$ 224,604,430</u>	<u>\$ 225,197,499</u>	<u>\$ 215,270,605</u>	<u>\$ 9,926,894</u>
TOTAL EXPENDITURES AND OTHER				
FINANCING USES	<u>\$ 1,080,930,139</u>	<u>\$ 1,096,268,676</u>	<u>\$ 1,033,125,224</u>	<u>\$ 63,143,452</u>

**NONMAJOR
SPECIAL REVENUE FUNDS**

NONMAJOR SPECIAL REVENUE FUNDS

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

Law Enforcement Block Grant - accounts for Federal Grant funds used for reducing crime and improving public safety.

Law Library - accounts for the revenues and expenditures of providing legal information and research.

Sandbridge Tax Increment Financing - accounts for future development project costs for the Sandbridge area.

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.

Lynnhaven Mall Tax Increment Financing - accounts for transportation and parking improvements in this shopping district.

Golf Courses – finances the operations of the Municipal Golf Courses. This fund is fully supported by the green fees, cart rentals, and concessions at the golf courses.

Town Center Special Service District – The Town Center Special Service District Special Revenue Fund was established to provide funds for the construction of public parking facilities in conjunction with realizing a long-term City Council goal of developing a town center in the Central Business District (CBD) within the Pembroke area of the City.

DEA Seized Property - accounts for City's share of Federal revenues derived from the sale of seized property by the Drug Enforcement Administration.

Access Channel Support - accounts for receipts from cable franchisee in accordance with the Cable Communication Policy Act.

Federal Section Eight Program - accounts for funds received from the federal government to provide rental assistance to low and moderate income families.

Sheriff's Department - accounts for the cost of the care and custody of persons placed in the Virginia Beach Correctional Center by the courts.

Inmate Services - accounts for funds generated by inmate telephone use.

Parks and Recreation - accounts for the cost of providing recreational activities in the City.

Tourism Growth Investment - accounts for the TGIF projects and revenues and expenditures associated with these projects.

NONMAJOR SPECIAL REVENUE FUNDS (continued)

School Reserve – accounts for funds held to better position the School Board to respond to unexpected fiscal events.

Central Business District South Tax Increment Financing - accounts for funding of public parking and other public improvements in this business district.

Sandbridge Special Service District - accounts for the revenues and expenditures associated with beach and shoreline restoration and maintenance within the Sandbridge District.

Agriculture Reserve Program - accounts for revenue to promote and encourage the preservation of farmland in the rural southern portion of the City, in which agricultural uses predominate, by means which are voluntary rather than regulatory.

Emergency FEMA - accounts for receipts from the Federal Emergency Management Agency (FEMA), and for the cost of providing urban search and rescue services in disaster situations.

Tourism Advertising Program - accounts for revenue for increased tourism advertising. Revenue is generated by a charge per hotel room night.

Proffer Impact - accounts for funds received from developers who donate funds to be used for neighborhood infrastructure development.

Marine Science Center - accounts for the operations of the museum.

Public Investment Protection Strategy - to account for the purchase of strategically located property.

Open Space - accounts for the acquisition and preservation of land in the City of Virginia Beach.

Major Projects - was established to provide funding for the rebuilding of the Convention Center, Replacement Theater and a parking lot for the Virginia Aquarium and Marine Science Center.

Transition Area - retains a portion of Real Estate Taxes generated from homes built in the Transition Area to be used as a source of financing for future infrastructure needs in that area.

Wetlands Board Mitigation - provides funds 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).



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**CITY OF VIRGINIA BEACH, VIRGINIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2010**

	Law Enforcement Block Grant	Law Library	Sandbridge Tax Increment Financing	Housing and Neighborhood Preservation	Lynnhaven Mall Tax Increment Financing
<u>ASSETS</u>					
Cash and Investments	\$ -	\$ 306,242	\$ -	\$ -	\$ -
Restricted Cash	-	-	8,946,474	-	1,959,347
Accounts Receivable	-	-	-	-	-
Loans Receivable	-	-	-	5,748,317	-
Due from Other Governments	-	-	-	-	-
Due from Commonwealth	-	-	-	-	-
Due from Federal Government	-	-	-	551,678	-
Total Assets	<u>\$ -</u>	<u>\$ 306,242</u>	<u>\$ 8,946,474</u>	<u>\$ 6,299,995</u>	<u>\$ 1,959,347</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Vouchers and Accounts Payable	\$ -	\$ 8,272	\$ -	\$ 343,023	\$ 830,069
Due to Other Funds	-	-	-	208,655	-
Due to Commonwealth	-	-	-	-	-
Due to Federal Government	-	-	-	-	-
Deferred Revenue	-	-	-	-	-
Total Liabilities	<u>\$ -</u>	<u>\$ 8,272</u>	<u>\$ -</u>	<u>\$ 551,678</u>	<u>\$ 830,069</u>
Fund Balances:					
Reserved for:					
Encumbrances	\$ -	\$ -	\$ -	\$ -	\$ -
Loans	-	-	-	5,748,317	-
Unreserved:					
Designated for Special Projects	-	-	8,946,474	-	927,262
Designated for Future Programs	-	-	-	-	202,016
Encumbrances	-	8,513	-	-	-
Undesignated	-	289,457	-	-	-
Total Fund Balances	<u>\$ -</u>	<u>\$ 297,970</u>	<u>\$ 8,946,474</u>	<u>\$ 5,748,317</u>	<u>\$ 1,129,278</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ -</u>	<u>\$ 306,242</u>	<u>\$ 8,946,474</u>	<u>\$ 6,299,995</u>	<u>\$ 1,959,347</u>

**CITY OF VIRGINIA BEACH, VIRGINIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2010**

Golf Courses	Town Center Special Service District	DEA Seized Property	Access Channel Support	Federal Section Eight Program	Sub-Total (continued)
\$ 189,432	\$ -	\$ 1,936,137	\$ -	\$ 2,964,173	\$ 5,395,984
-	1,016,469	-	-	178,342	12,100,632
-	-	-	-	31,929	31,929
-	-	-	-	-	5,748,317
-	-	-	-	42,860	42,860
-	-	-	-	-	-
-	-	-	-	23,546	575,224
<u>\$ 189,432</u>	<u>\$ 1,016,469</u>	<u>\$ 1,936,137</u>	<u>\$ -</u>	<u>\$ 3,240,850</u>	<u>\$ 23,894,946</u>
\$ 57,970	\$ -	\$ 9,728	\$ -	\$ 87,491	\$ 1,336,553
-	-	-	-	-	208,655
-	-	-	-	-	-
-	-	-	-	-	-
3,817	-	-	-	63,857	67,674
<u>\$ 61,787</u>	<u>\$ -</u>	<u>\$ 9,728</u>	<u>\$ -</u>	<u>\$ 151,348</u>	<u>\$ 1,612,882</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	5,748,317
-	905,216	-	-	2,074,397	12,853,349
-	-	200,000	-	-	402,016
-	111,253	97,226	-	63,954	280,946
127,645	-	1,629,183	-	951,151	2,997,436
<u>\$ 127,645</u>	<u>\$ 1,016,469</u>	<u>\$ 1,926,409</u>	<u>\$ -</u>	<u>\$ 3,089,502</u>	<u>\$ 22,282,064</u>
\$ 189,432	\$ 1,016,469	\$ 1,936,137	\$ -	\$ 3,240,850	\$ 23,894,946

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2010**

	Sheriff's Department	Inmate Services	Parks and Recreation	Tourism Growth Investment	School Reserve
<u>ASSETS</u>					
Cash and Investments	\$ 3,700,130	\$ 1,056,502	\$ 7,843,509	\$ 363,217	\$ 15,142,810
Restricted Cash	-	-	-	-	-
Accounts Receivable	191,308	39,567	118,594	-	-
Loans Receivable	-	-	-	-	-
Due from Other Governments	-	-	-	-	-
Due from Commonwealth	1,191,592	-	-	-	-
Due from Federal Government	47,860	-	-	-	-
Total Assets	<u>\$ 5,130,890</u>	<u>\$ 1,096,069</u>	<u>\$ 7,962,103</u>	<u>\$ 363,217</u>	<u>\$ 15,142,810</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Vouchers and Accounts Payable	\$ 177,276	\$ 5,579	\$ 588,390	\$ 95,375	\$ -
Due to Other Funds	-	-	-	-	-
Due to Commonwealth	-	-	3,381	-	-
Due to Federal Government	-	-	-	-	-
Deferred Revenue	-	-	225,284	-	-
Total Liabilities	<u>\$ 177,276</u>	<u>\$ 5,579</u>	<u>\$ 817,055</u>	<u>\$ 95,375</u>	<u>\$ -</u>
Fund Balances:					
Reserved for:					
Encumbrances	\$ -	\$ -	\$ -	\$ -	\$ -
Loans	-	-	-	-	-
Unreserved:					
Designated for Special Projects	-	-	-	-	-
Designated for Future Programs	3,303,658	263,600	-	-	13,000,000
Encumbrances	296,721	-	169,654	9,376	-
Undesignated	1,353,235	826,890	6,975,394	258,466	2,142,810
Total Fund Balances	<u>\$ 4,953,614</u>	<u>\$ 1,090,490</u>	<u>\$ 7,145,048</u>	<u>\$ 267,842</u>	<u>\$ 15,142,810</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 5,130,890</u></u>	<u><u>\$ 1,096,069</u></u>	<u><u>\$ 7,962,103</u></u>	<u><u>\$ 363,217</u></u>	<u><u>\$ 15,142,810</u></u>

**CITY OF VIRGINIA BEACH, VIRGINIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2010**

Central Business District South Tax Increment Financing	Sandbridge Special Service District	Agriculture Reserve Program	Emergency FEMA	Tourism Advertising Program	Sub-Total (continued)
\$ -	\$ -	\$ 13,153,769	\$ 411,415	\$ 877,517	\$ 47,944,853
1,855,164	3,133,996	-	-	-	17,089,792
-	-	-	-	-	381,398
-	-	-	-	-	5,748,317
-	-	-	-	-	42,860
-	-	-	-	-	1,191,592
-	-	-	1,617,257	-	2,240,341
<u>\$ 1,855,164</u>	<u>\$ 3,133,996</u>	<u>\$ 13,153,769</u>	<u>\$ 2,028,672</u>	<u>\$ 877,517</u>	<u>\$ 74,639,153</u>
\$ -	\$ -	\$ 760	\$ 326,111	\$ 599,696	\$ 3,129,740
-	-	-	-	-	208,655
-	-	-	-	-	3,381
-	-	-	-	-	-
-	-	-	-	-	292,958
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 760</u>	<u>\$ 326,111</u>	<u>\$ 599,696</u>	<u>\$ 3,634,734</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	5,748,317
1,592,418	1,978,492	-	-	-	16,424,259
262,746	1,155,504	4,000,000	-	-	22,387,524
-	-	-	-	48,632	805,329
-	-	9,153,009	1,702,561	229,189	25,638,990
<u>\$ 1,855,164</u>	<u>\$ 3,133,996</u>	<u>\$ 13,153,009</u>	<u>\$ 1,702,561</u>	<u>\$ 277,821</u>	<u>\$ 71,004,419</u>
<u>\$ 1,855,164</u>	<u>\$ 3,133,996</u>	<u>\$ 13,153,769</u>	<u>\$ 2,028,672</u>	<u>\$ 877,517</u>	<u>\$ 74,639,153</u>

**CITY OF VIRGINIA BEACH, VIRGINIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2010**

	Proffer Impact	Marine Science Center	Public Investment Protection Strategy	Open Space
<u>ASSETS</u>				
Cash and Investments	\$ 207,601	\$ -	\$ 72,321	\$ 3,775,040
Restricted Cash	-	-	-	-
Accounts Receivable	-	-	-	-
Loans Receivable	-	-	-	-
Due from Other Governments	-	-	-	-
Due from Commonwealth	-	-	-	-
Due from Federal Government	-	7,893	-	-
Total Assets	<u>\$ 207,601</u>	<u>\$ 7,893</u>	<u>\$ 72,321</u>	<u>\$ 3,775,040</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Vouchers and Accounts Payable	\$ -	\$ -	\$ -	\$ 18,124
Due to Other Funds	-	5,572	-	-
Due to Commonwealth	-	-	-	-
Due to Federal Government	-	-	-	-
Deferred Revenue	-	-	-	-
Total Liabilities	<u>\$ -</u>	<u>\$ 5,572</u>	<u>\$ -</u>	<u>\$ 18,124</u>
Fund Balances:				
Reserved for:				
Encumbrances	\$ -	\$ -	\$ -	\$ -
Loans	-	-	-	-
Unreserved:				
Designated for Special Projects	-	-	-	-
Designated for Future Programs	-	-	-	1,402,405
Encumbrances	-	-	-	18,627
Undesignated	207,601	2,321	72,321	2,335,884
Total Fund Balances	<u>\$ 207,601</u>	<u>\$ 2,321</u>	<u>\$ 72,321</u>	<u>\$ 3,756,916</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 207,601</u>	<u>\$ 7,893</u>	<u>\$ 72,321</u>	<u>\$ 3,775,040</u>

**CITY OF VIRGINIA BEACH, VIRGINIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2010**

Major Projects	Transitional Area	Wetlands Mitigation	Grants Consolidated	Totals
\$ 11,426,310	\$ 9,465	\$ 130,242	\$ -	\$ 63,565,832
-	-	-	332,544	17,422,336
-	-	-	8,993	390,391
-	-	-	-	5,748,317
-	-	-	-	42,860
-	-	-	203,037	1,394,629
-	-	-	2,136,642	4,384,876
<u>\$ 11,426,310</u>	<u>\$ 9,465</u>	<u>\$ 130,242</u>	<u>\$ 2,681,216</u>	<u>\$ 92,949,241</u>
\$ -	\$ -	\$ -	\$ 677,315	\$ 3,825,179
-	-	-	-	214,227
-	-	-	70,119	73,500
-	-	-	38,101	38,101
-	-	-	-	292,958
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 785,535</u>	<u>\$ 4,443,965</u>
\$ -	\$ -	\$ -	\$ 1,895,681	\$ 1,895,681
-	-	-	-	5,748,317
-	-	-	-	16,424,259
3,845,417	-	-	-	27,635,346
-	-	-	-	823,956
7,580,893	9,465	130,242	-	35,977,717
<u>\$ 11,426,310</u>	<u>\$ 9,465</u>	<u>\$ 130,242</u>	<u>\$ 1,895,681</u>	<u>\$ 88,505,276</u>
<u>\$ 11,426,310</u>	<u>\$ 9,465</u>	<u>\$ 130,242</u>	<u>\$ 2,681,216</u>	<u>\$ 92,949,241</u>

CITY OF VIRGINIA BEACH, VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Law Enforcement Block Grant	Law Library	Sandbridge Tax Increment Financing	Housing and Neighborhood Preservation	Lynnhaven Mall Tax Increment Financing
<u>REVENUES</u>					
General Property Taxes	\$ -	\$ -	\$ 9,430,061	\$ -	\$ 2,110,054
Other Local Taxes	-	-	-	-	-
From Use of Money and Property	-	4,068	61,437	10,777	6,486
Charges for Services	-	267,299	-	84,850	-
Miscellaneous	-	-	-	306,721	-
Fines and Forfeiture	-	-	-	-	-
From Commonwealth	-	-	-	-	-
From Federal Government	-	-	-	3,905,279	-
Total Revenues	<u>\$ -</u>	<u>\$ 271,367</u>	<u>\$ 9,491,498</u>	<u>\$ 4,307,627</u>	<u>\$ 2,116,540</u>
<u>EXPENDITURES</u>					
Judicial	\$ 706	\$ -	\$ -	\$ -	\$ -
Executive	-	-	-	-	-
Library	-	255,523	-	-	-
Police	8,215	-	-	-	-
Fire	-	-	-	-	-
Public Works	-	-	-	-	-
Planning	-	-	-	-	-
Parks and Recreation	-	-	-	-	-
Agriculture	-	-	-	-	-
Communications and Information Technology	-	-	-	-	-
Convention and Visitor Development	-	-	-	-	-
Education	-	-	-	-	-
Housing and Neighborhood Preservation	-	-	-	4,083,046	-
Human Services	556	-	-	-	-
Museums	-	-	-	-	-
General Government	-	-	-	-	-
Boards and Commissions	-	-	-	-	2,050,000
Emergency Medical Services	-	-	-	-	-
Total Expenditures	<u>\$ 9,477</u>	<u>\$ 255,523</u>	<u>\$ -</u>	<u>\$ 4,083,046</u>	<u>\$ 2,050,000</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>\$ (9,477)</u>	<u>\$ 15,844</u>	<u>\$ 9,491,498</u>	<u>\$ 224,581</u>	<u>\$ 66,540</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers In	\$ -	\$ -	\$ -	\$ 871,534	\$ -
Transfers Out	-	-	(8,868,924)	(166,953)	-
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (8,868,924)</u>	<u>\$ 704,581</u>	<u>\$ -</u>
<u>EXCESS OF REVENUE AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>	<u>\$ (9,477)</u>	<u>\$ 15,844</u>	<u>\$ 622,574</u>	<u>\$ 929,162</u>	<u>\$ 66,540</u>
<u>FUND BALANCES - JULY 1</u>	<u>9,477</u>	<u>282,126</u>	<u>8,323,900</u>	<u>4,819,155</u>	<u>1,062,738</u>
<u>FUND BALANCES - JUNE 30</u>	<u>\$ -</u>	<u>\$ 297,970</u>	<u>\$ 8,946,474</u>	<u>\$ 5,748,317</u>	<u>\$ 1,129,278</u>

CITY OF VIRGINIA BEACH, VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

Golf Courses	Town Center Special Service District	DEA Seized Property	Access Channel Support	Federal Section Eight Program	Sub-Total (continued)
\$ -	\$ 1,815,004	\$ -	\$ -	\$ -	\$ 13,355,119
-	-	-	-	-	-
160,390	2,108	8,633	-	10,165	264,064
1,980,213	-	-	-	-	2,332,362
4,553	-	6,861	-	135,200	453,335
-	-	-	-	-	-
-	-	237,146	-	-	237,146
-	-	987,638	-	16,445,421	21,338,338
<u>\$ 2,145,156</u>	<u>\$ 1,817,112</u>	<u>\$ 1,240,278</u>	<u>\$ -</u>	<u>\$ 16,590,786</u>	<u>\$ 37,980,364</u>
\$ -	\$ -	\$ 136,294	\$ -	\$ -	\$ 137,000
-	-	-	-	-	-
-	-	-	-	-	255,523
-	-	197,411	-	-	205,626
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2,161,496	-	-	-	-	2,161,496
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	15,800,374	19,883,420
-	-	-	-	-	556
-	-	-	-	-	-
-	1,730,985	-	-	-	1,730,985
-	-	-	-	-	2,050,000
-	-	-	-	-	-
<u>\$ 2,161,496</u>	<u>\$ 1,730,985</u>	<u>\$ 333,705</u>	<u>\$ -</u>	<u>\$ 15,800,374</u>	<u>\$ 26,424,606</u>
<u>\$ (16,340)</u>	<u>\$ 86,127</u>	<u>\$ 906,573</u>	<u>\$ -</u>	<u>\$ 790,412</u>	<u>\$ 11,555,758</u>
\$ -	\$ 300,000	\$ -	\$ -	\$ 104,225	\$ 1,275,759
(89,550)	-	(406,399)	(245,283)	(754)	(9,777,863)
<u>\$ (89,550)</u>	<u>\$ 300,000</u>	<u>\$ (406,399)</u>	<u>\$ (245,283)</u>	<u>\$ 103,471</u>	<u>\$ (8,502,104)</u>
\$ (105,890)	\$ 386,127	\$ 500,174	\$ (245,283)	\$ 893,883	\$ 3,053,654
233,535	630,342	1,426,235	245,283	2,195,619	19,228,410
<u>\$ 127,645</u>	<u>\$ 1,016,469</u>	<u>\$ 1,926,409</u>	<u>\$ -</u>	<u>\$ 3,089,502</u>	<u>\$ 22,282,064</u>

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Sheriff's Department	Inmate Services	Parks and Recreation	Tourism Growth Investment	School Reserve
<u>REVENUES</u>					
General Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Other Local Taxes	-	-	-	-	-
From Use of Money and Property	34,315	5,291	994,293	365,617	-
Charges for Services	2,791,022	1,141,505	11,047,340	-	-
Miscellaneous	52,463	2,106	75,688	405,172	-
Fines and Forfeiture	-	-	-	396,680	-
From Commonwealth	5,662,841	-	-	-	-
From Federal Government	12,206,387	-	998	-	-
Total Revenues	<u>\$ 20,747,028</u>	<u>\$ 1,148,902</u>	<u>\$ 12,118,319</u>	<u>\$ 1,167,469</u>	<u>\$ -</u>
<u>EXPENDITURES</u>					
Judicial	\$ 34,039,394	\$ 676,820	\$ -	\$ -	\$ -
Executive	-	-	-	-	-
Library	-	-	-	-	-
Police	-	-	-	-	-
Fire	-	-	-	-	-
Public Works	-	-	-	-	-
Planning	-	-	-	-	-
Parks and Recreation	-	-	26,751,723	-	-
Agriculture	-	-	-	-	-
Communications and Information Technology	-	-	-	-	-
Convention and Visitor Development	-	-	-	7,735,400	-
Education	-	-	-	-	5,200,000
Housing and Neighborhood Preservation	-	-	-	-	-
Human Services	-	-	-	-	-
Museums	-	-	-	-	-
General Government	-	-	-	-	-
Boards and Commissions	-	-	-	-	-
Emergency Medical Services	-	-	-	-	-
Total Expenditures	<u>\$ 34,039,394</u>	<u>\$ 676,820</u>	<u>\$ 26,751,723</u>	<u>\$ 7,735,400</u>	<u>\$ 5,200,000</u>
<u>EXCESS OF REVENUES OVER</u>					
<u>(UNDER) EXPENDITURES</u>	<u>\$ (13,292,366)</u>	<u>\$ 472,082</u>	<u>\$ (14,633,404)</u>	<u>\$ (6,567,931)</u>	<u>\$ (5,200,000)</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers In	\$ 12,889,509	\$ -	\$ 16,403,188	\$ 16,758,963	\$ -
Transfers Out	-	(285,450)	(75,567)	(11,714,105)	-
Total Other Financing Sources (Uses)	<u>\$ 12,889,509</u>	<u>\$ (285,450)</u>	<u>\$ 16,327,621</u>	<u>\$ 5,044,858</u>	<u>\$ -</u>
<u>EXCESS OF REVENUE AND</u>					
<u>OTHER FINANCING SOURCES</u>					
<u>OVER (UNDER) EXPENDITURES</u>					
<u>AND OTHER FINANCING USES</u>	<u>\$ (402,857)</u>	<u>\$ 186,632</u>	<u>\$ 1,694,217</u>	<u>\$ (1,523,073)</u>	<u>\$ (5,200,000)</u>
<u>FUND BALANCES - JULY 1</u>	<u>5,356,471</u>	<u>903,858</u>	<u>5,450,831</u>	<u>1,790,915</u>	<u>20,342,810</u>
<u>FUND BALANCES - JUNE 30</u>	<u>\$ 4,953,614</u>	<u>\$ 1,090,490</u>	<u>\$ 7,145,048</u>	<u>\$ 267,842</u>	<u>\$ 15,142,810</u>

CITY OF VIRGINIA BEACH, VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

Central Business District South Tax Increment Financing	Sandbridge Special Service District	Agriculture Reserve Program	Emergency FEMA	Tourism Advertising Program	Sub-Total (continued)
\$ 5,744,764	\$ 759,289	\$ -	\$ -	\$ -	\$ 19,859,172
-	934,382	-	-	-	934,382
12,770	20,187	74,174	-	28,768	1,799,479
-	-	-	-	86,907	17,399,136
-	-	-	-	49,069	1,037,833
-	-	-	-	-	396,680
-	-	160,664	-	-	6,060,651
-	-	-	1,618,017	-	35,163,740
<u>\$ 5,757,534</u>	<u>\$ 1,713,858</u>	<u>\$ 234,838</u>	<u>\$ 1,618,017</u>	<u>\$ 164,744</u>	<u>\$ 82,651,073</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34,853,214
-	-	-	-	-	-
-	-	-	-	-	255,523
-	-	-	-	-	205,626
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	28,913,219
-	-	125,000	-	-	125,000
-	-	-	-	-	-
-	-	-	-	8,957,345	16,692,745
-	-	-	-	-	5,200,000
-	-	-	-	-	19,883,420
-	-	-	-	-	556
-	-	-	-	-	-
-	-	-	1,499,727	-	3,230,712
-	-	-	-	-	2,050,000
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 125,000</u>	<u>\$ 1,499,727</u>	<u>\$ 8,957,345</u>	<u>\$ 111,410,015</u>
<u>\$ 5,757,534</u>	<u>\$ 1,713,858</u>	<u>\$ 109,838</u>	<u>\$ 118,290</u>	<u>\$ (8,792,601)</u>	<u>\$ (28,758,942)</u>
\$ 500,000	\$ 2,029,233	\$ 4,577,765	\$ -	\$ 8,958,955	\$ 63,393,372
(5,556,841)	(3,336,076)	(6,495,655)	(182,591)	(85,036)	(37,509,184)
<u>\$ (5,056,841)</u>	<u>\$ (1,306,843)</u>	<u>\$ (1,917,890)</u>	<u>\$ (182,591)</u>	<u>\$ 8,873,919</u>	<u>\$ 25,884,188</u>
\$ 700,693	\$ 407,015	\$ (1,808,052)	\$ (64,301)	\$ 81,318	\$ (2,874,754)
1,154,471	2,726,981	14,961,061	1,766,862	196,503	73,879,173
<u>\$ 1,855,164</u>	<u>\$ 3,133,996</u>	<u>\$ 13,153,009</u>	<u>\$ 1,702,561</u>	<u>\$ 277,821</u>	<u>\$ 71,004,419</u>

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Proffer Impact	Marine Science Center	Public Investment Protection Strategy	Open Space
<u>REVENUES</u>				
General Property Taxes	\$ -	\$ -	\$ -	\$ -
Other Local Taxes	-	-	-	-
From Use of Money and Property	1,170	-	395	25,071
Charges for Services	-	-	-	-
Miscellaneous	-	-	10,000	-
Fines and Forfeiture	-	-	-	-
From Commonwealth	-	-	-	-
From Federal Government	-	38,712	-	-
Total Revenues	<u>\$ 1,170</u>	<u>\$ 38,712</u>	<u>\$ 10,395</u>	<u>\$ 25,071</u>
<u>EXPENDITURES</u>				
Judicial	\$ -	\$ -	\$ -	\$ -
Executive	-	-	-	-
Library	-	-	-	-
Police	-	-	-	-
Fire	-	-	-	-
Public Works	-	-	-	-
Planning	-	-	-	-
Parks and Recreation	-	-	-	65,252
Agriculture	-	-	-	-
Communications and Information Technology	-	-	-	-
Convention and Visitor Development	-	-	-	-
Education	-	-	-	-
Housing and Neighborhood Preservation	-	-	-	-
Human Services	-	-	-	-
Museums	-	44,993	-	-
General Government	9,940	-	-	282,092
Boards and Commissions	-	-	-	-
Emergency Medical Services	-	-	-	-
Total Expenditures	<u>\$ 9,940</u>	<u>\$ 44,993</u>	<u>\$ -</u>	<u>\$ 347,344</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>\$ (8,770)</u>	<u>\$ (6,281)</u>	<u>\$ 10,395</u>	<u>\$ (322,273)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	\$ -	\$ -	\$ -	\$ 3,863,409
Transfers Out	(1,170)	-	-	(4,814,589)
Total Other Financing Sources (Uses)	<u>\$ (1,170)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (951,180)</u>
<u>EXCESS OF REVENUE AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>	<u>\$ (9,940)</u>	<u>\$ (6,281)</u>	<u>\$ 10,395</u>	<u>\$ (1,273,453)</u>
<u>FUND BALANCES - JULY 1</u>	<u>217,541</u>	<u>8,602</u>	<u>61,926</u>	<u>5,030,369</u>
<u>FUND BALANCES - JUNE 30</u>	<u>\$ 207,601</u>	<u>\$ 2,321</u>	<u>\$ 72,321</u>	<u>\$ 3,756,916</u>

CITY OF VIRGINIA BEACH, VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

Major Projects	Transitional Area	Wetlands Mitigation	Grants Consolidated	Totals
\$ -	\$ -	\$ -	\$ -	\$ 19,859,172
-	-	-	-	934,382
74,268	1,342	571	-	1,902,296
-	-	-	-	17,399,136
-	-	38,587	351,265	1,437,685
-	-	-	-	396,680
-	-	-	3,274,701	9,335,352
-	-	-	17,418,963	52,621,415
<u>\$ 74,268</u>	<u>\$ 1,342</u>	<u>\$ 39,158</u>	<u>\$ 21,044,929</u>	<u>\$ 103,886,118</u>
\$ -	\$ -	\$ -	\$ 498,737	\$ 35,351,951
-	-	-	2,102	2,102
-	-	-	47,634	303,157
-	-	-	1,601,969	1,807,595
-	-	-	2,527,856	2,527,856
-	-	-	837,585	837,585
-	-	-	774	774
-	-	-	169,595	29,148,066
-	-	-	-	125,000
-	-	-	232,153	232,153
-	-	-	58,647	16,751,392
-	-	-	1,649,705	6,849,705
-	-	-	1,540,525	21,423,945
-	-	-	13,618,277	13,618,833
-	-	-	-	44,993
-	-	-	102,756	3,625,500
-	-	-	-	2,050,000
-	-	-	831,383	831,383
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,719,698</u>	<u>\$ 135,531,990</u>
<u>\$ 74,268</u>	<u>\$ 1,342</u>	<u>\$ 39,158</u>	<u>\$ (2,674,769)</u>	<u>\$ (31,645,872)</u>
\$ 16,816,577	\$ -	\$ 2,638	\$ 4,495,719	\$ 88,571,715
(19,993,377)	(296,121)	-	(4,948,139)	(67,562,580)
<u>\$ (3,176,800)</u>	<u>\$ (296,121)</u>	<u>\$ 2,638</u>	<u>\$ (452,420)</u>	<u>\$ 21,009,135</u>
\$ (3,102,532)	\$ (294,779)	\$ 41,796	\$ (3,127,189)	\$ (10,636,737)
14,528,842	304,244	88,446	5,022,870	99,142,013
<u>\$ 11,426,310</u>	<u>\$ 9,465</u>	<u>\$ 130,242</u>	<u>\$ 1,895,681</u>	<u>\$ 88,505,276</u>

CITY OF VIRGINIA BEACH, VIRGINIA
LAW ENFORCEMENT BLOCK GRANT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Actual Amounts</u>
<u>REVENUES</u>	
Total Revenues	\$ -
<u>EXPENDITURES</u>	
Law Enforcement	\$ 9,477
<u>EXCESS OF REVENUES OVER</u>	
<u>(UNDER) EXPENDITURES</u>	\$ (9,477)
<u>FUND BALANCE - JULY 1</u>	9,477
<u>FUND BALANCE - JUNE 30</u>	\$ -

CITY OF VIRGINIA BEACH, VIRGINIA
LAW LIBRARY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual Amounts	Variance Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
From Use of Money and Property	\$ 7,087	\$ 7,087	\$ 4,068	\$ (3,019)
Charges for Services	281,520	281,520	267,299	(14,221)
Total Revenues	<u>\$ 288,607</u>	<u>\$ 288,607</u>	<u>\$ 271,367</u>	<u>\$ (17,240)</u>
<u>EXPENDITURES</u>				
Law Library	<u>\$ 288,607</u>	<u>\$ 290,360</u>	<u>\$ 255,523</u>	<u>\$ 34,837</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	\$ -	\$ (1,753)	\$ 15,844	\$ 17,597
<u>FUND BALANCE - JULY 1</u>	<u>282,126</u>	<u>282,126</u>	<u>282,126</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>	<u><u>\$ 282,126</u></u>	<u><u>\$ 280,373</u></u>	<u><u>\$ 297,970</u></u>	<u><u>\$ 17,597</u></u>

CITY OF VIRGINIA BEACH, VIRGINIA
SANDBRIDGE TAX INCREMENT FINANCING SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	Budget Amounts			Variance
	Original	Final	Actual Amounts	Final Budget Positive (Negative)
<u>REVENUES</u>				
General Property Taxes	\$ 9,369,273	\$ 9,369,273	\$ 9,430,061	\$ 60,788
From Use of Money and Property	260,188	260,188	61,437	(198,751)
Total Revenues	<u>\$ 9,629,461</u>	<u>\$ 9,629,461</u>	<u>\$ 9,491,498</u>	<u>\$ (137,963)</u>
<u>EXPENDITURES</u>				
Sandbridge TIF	<u>\$ 9,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ -</u>	<u>\$ 1,000,000</u>
Total Expenditures	<u>\$ 9,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ -</u>	<u>\$ 1,000,000</u>
<u>EXCESS OF REVENUES OVER</u>				
<u>(UNDER) EXPENDITURES</u>	<u>\$ 629,461</u>	<u>\$ 8,629,461</u>	<u>\$ 9,491,498</u>	<u>\$ 862,037</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers Out	<u>\$ (868,924)</u>	<u>\$ (8,868,924)</u>	<u>\$ (8,868,924)</u>	<u>\$ -</u>
<u>EXCESS OF REVENUES AND</u>				
<u>OTHER FINANCING SOURCES</u>				
<u>OVER (UNDER) EXPENDITURES</u>				
<u>AND OTHER FINANCING USES</u>	<u>\$ (239,463)</u>	<u>\$ (239,463)</u>	<u>\$ 622,574</u>	<u>\$ 862,037</u>
<u>FUND BALANCE - JULY 1</u>				
	<u>8,323,900</u>	<u>8,323,900</u>	<u>8,323,900</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>				
	<u>\$ 8,084,437</u>	<u>\$ 8,084,437</u>	<u>\$ 8,946,474</u>	<u>\$ 862,037</u>

CITY OF VIRGINIA BEACH, VIRGINIA
HOUSING AND NEIGHBORHOOD PRESERVATION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual Amounts	Variance Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
From Use of Money and Property	\$ -	\$ -	\$ 10,777	\$ 10,777
Charges for Services	70,000	50,000	84,850	34,850
Miscellaneous	350,000	350,000	306,721	(43,279)
From Federal Government	3,857,411	3,893,975	3,905,279	11,304
Total Revenues	<u>\$ 4,277,411</u>	<u>\$ 4,293,975</u>	<u>\$ 4,307,627</u>	<u>\$ 13,652</u>
<u>EXPENDITURES</u>				
Housing and Neighborhood Preservation	<u>\$ 4,961,992</u>	<u>\$ 4,998,556</u>	<u>\$ 4,083,046</u>	<u>\$ 915,510</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>\$ (684,581)</u>	<u>\$ (704,581)</u>	<u>\$ 224,581</u>	<u>\$ 929,162</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	\$ 812,685	\$ 871,534	\$ 871,534	\$ -
Transfers Out	(128,104)	(166,953)	(166,953)	-
Total Other Financing Sources (Uses)	<u>\$ 684,581</u>	<u>\$ 704,581</u>	<u>\$ 704,581</u>	<u>\$ -</u>
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 929,162</u>	<u>\$ 929,162</u>
<u>FUND BALANCE - JULY 1</u>	<u>4,819,155</u>	<u>4,819,155</u>	<u>4,819,155</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>	<u><u>\$ 4,819,155</u></u>	<u><u>\$ 4,819,155</u></u>	<u><u>\$ 5,748,317</u></u>	<u><u>\$ 929,162</u></u>

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, 2010

	Budget Amounts			Variance
	Original	Final	Actual Amounts	Final Budget Positive (Negative)
<u>REVENUES</u>				
General Property Taxes	\$ 2,153,527	\$ 2,153,527	\$ 2,110,054	\$ (43,473)
From Use of Money and Property	-	-	6,486	6,486
Total Revenues	<u>\$ 2,153,527</u>	<u>\$ 2,153,527</u>	<u>\$ 2,116,540</u>	<u>\$ (36,987)</u>
<u>EXPENDITURES</u>				
Mass Transit	\$ 250,000	\$ 250,000	\$ 250,000	\$ -
Lynnhaven Mall	1,903,527	1,903,527	1,800,000	103,527
Total Expenditures	<u>\$ 2,153,527</u>	<u>\$ 2,153,527</u>	<u>\$ 2,050,000</u>	<u>\$ 103,527</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 66,540</u>	<u>\$ 66,540</u>
<u>FUND BALANCE - JULY 1</u>				
	<u>1,062,738</u>	<u>1,062,738</u>	<u>1,062,738</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>				
	<u>\$ 1,062,738</u>	<u>\$ 1,062,738</u>	<u>\$ 1,129,278</u>	<u>\$ 66,540</u>

CITY OF VIRGINIA BEACH, VIRGINIA
GOLF COURSES SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	Budget Amounts			Variance Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
<u>REVENUES</u>				
From Use of Money and Property	\$ 186,524	\$ 199,663	\$ 160,390	\$ (39,273)
Charges for Services	2,648,260	2,648,260	1,980,213	(668,047)
Miscellaneous	-	-	4,553	4,553
Total Revenues	<u>\$ 2,834,784</u>	<u>\$ 2,847,923</u>	<u>\$ 2,145,156</u>	<u>\$ (702,767)</u>
<u>EXPENDITURES</u>				
Redwing Golf Course	\$ 851,828	\$ 856,207	\$ 741,987	\$ 114,220
Bow Creek Golf Course	622,177	626,557	524,281	102,276
Kempsville Greens Golf Course	735,154	739,534	659,213	80,321
Golf Administration	336,075	336,075	236,015	100,060
Total Expenditures	<u>\$ 2,545,234</u>	<u>\$ 2,558,373</u>	<u>\$ 2,161,496</u>	<u>\$ 396,877</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	<u>\$ 289,550</u>	<u>\$ 289,550</u>	<u>\$ (16,340)</u>	<u>\$ (305,890)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers Out	<u>\$ (289,550)</u>	<u>\$ (289,550)</u>	<u>\$ (89,550)</u>	<u>\$ 200,000</u>
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (105,890)</u>	<u>\$ (105,890)</u>
<u>FUND BALANCE - JULY 1</u>				
	<u>233,535</u>	<u>233,535</u>	<u>233,535</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>				
	<u>\$ 233,535</u>	<u>\$ 233,535</u>	<u>\$ 127,645</u>	<u>\$ (105,890)</u>

CITY OF VIRGINIA BEACH, VIRGINIA
TOWN CENTER SPECIAL SERVICE DISTRICT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual Amounts	Variance Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
General Property Taxes	\$ 1,660,420	\$ 1,660,420	\$ 1,815,004	\$ 154,584
From Use of Money and Property	196,475	196,475	2,108	(194,367)
Total Revenues	<u>\$ 1,856,895</u>	<u>\$ 1,856,895</u>	<u>\$ 1,817,112</u>	<u>\$ (39,783)</u>
<u>EXPENDITURES</u>				
Town Center Parking Operations	\$ 2,094,895	\$ 2,182,971	\$ 1,684,415	\$ 498,556
Town Center Operations	62,000	62,127	46,570	15,557
Total Expenditures	<u>\$ 2,156,895</u>	<u>\$ 2,245,098</u>	<u>\$ 1,730,985</u>	<u>\$ 514,113</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>\$ (300,000)</u>	<u>\$ (388,203)</u>	<u>\$ 86,127</u>	<u>\$ 474,330</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	<u>\$ 300,000</u>	<u>\$ 300,000</u>	<u>\$ 300,000</u>	<u>\$ -</u>
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>	<u>\$ -</u>	<u>\$ (88,203)</u>	<u>\$ 386,127</u>	<u>\$ 474,330</u>
<u>FUND BALANCE - JULY 1</u>	<u>630,342</u>	<u>630,342</u>	<u>630,342</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>	<u><u>\$ 630,342</u></u>	<u><u>\$ 542,139</u></u>	<u><u>\$ 1,016,469</u></u>	<u><u>\$ 474,330</u></u>

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, 2010

	Budget Amounts			Variance
	Original	Final	Actual Amounts	Final Budget Positive (Negative)
<u>REVENUES</u>				
From Use of Money and Property	\$ -	\$ -	\$ 8,633	\$ 8,633
Miscellaneous	-	-	6,861	6,861
From Commonwealth	-	-	237,146	237,146
From Federal Government	-	-	987,638	987,638
Total Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,240,278</u>	<u>\$ 1,240,278</u>
<u>EXPENDITURES</u>				
Commonwealth Attorney	\$ 160,000	\$ 225,445	\$ 136,294	\$ 43,651
Uniform Patrol	-	354,486	193,145	161,341
Special Investigative Division	-	30,000	4,266	25,734
Total Expenditures	<u>\$ 160,000</u>	<u>\$ 609,931</u>	<u>\$ 333,705</u>	<u>\$ 230,726</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	<u>\$ (160,000)</u>	<u>\$ (609,931)</u>	<u>\$ 906,573</u>	<u>\$ 1,471,004</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers Out	<u>\$ (539,760)</u>	<u>\$ (360,899)</u>	<u>\$ (406,399)</u>	<u>\$ (45,500)</u>
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>				
	<u>\$ (699,760)</u>	<u>\$ (970,830)</u>	<u>\$ 500,174</u>	<u>\$ 1,471,004</u>
<u>FUND BALANCE - JULY 1</u>	<u>1,426,235</u>	<u>1,426,235</u>	<u>1,426,235</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>	<u>\$ 726,475</u>	<u>\$ 455,405</u>	<u>\$ 1,926,409</u>	<u>\$ 1,471,004</u>

CITY OF VIRGINIA BEACH, VIRGINIA
ACCESS CHANNEL SUPPORT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual Amounts	Variance
	Original	Final		Final Budget Positive (Negative)
<u>REVENUES</u>				
Total Revenues	\$ -	\$ -	\$ -	\$ -
<u>EXPENDITURES</u>				
Total Expenditures	\$ -	\$ -	\$ -	\$ -
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	\$ -	\$ -	\$ -	\$ -
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers Out	\$ (245,283)	\$ (245,283)	\$ (245,283)	\$ -
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>	\$ (245,283)	\$ (245,283)	\$ (245,283)	\$ -
<u>FUND BALANCE - JULY 1</u>	245,283	245,283	245,283	-
<u>FUND BALANCE - JUNE 30</u>	\$ -	\$ -	\$ -	\$ -

CITY OF VIRGINIA BEACH, VIRGINIA
FEDERAL SECTION EIGHT PROGRAM SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	Budget Amounts			Variance
	Original	Final	Actual Amounts	Final Budget Positive (Negative)
<u>REVENUES</u>				
From Use of Money and Property	\$ -	\$ -	\$ 10,165	\$ 10,165
Miscellaneous	24,000	39,000	135,200	96,200
From Federal Government	17,702,204	16,409,672	16,445,421	35,749
Total Revenues	<u>\$ 17,726,204</u>	<u>\$ 16,448,672</u>	<u>\$ 16,590,786</u>	<u>\$ 142,114</u>
<u>EXPENDITURES</u>				
Rental Subsidy Program	<u>\$ 17,824,306</u>	<u>\$ 16,575,004</u>	<u>\$ 15,800,374</u>	<u>\$ 774,630</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	<u>\$ (98,102)</u>	<u>\$ (126,332)</u>	<u>\$ 790,412</u>	<u>\$ 916,744</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	\$ 98,102	\$ 78,102	\$ 104,225	\$ 26,123
Transfers Out	-	(754)	(754)	-
Total Other Financing Sources (Uses)	<u>\$ 98,102</u>	<u>\$ 77,348</u>	<u>\$ 103,471</u>	<u>\$ 26,123</u>
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>				
	<u>\$ -</u>	<u>\$ (48,984)</u>	<u>\$ 893,883</u>	<u>\$ 942,867</u>
<u>FUND BALANCE - JULY 1</u>				
	<u>2,195,619</u>	<u>2,195,619</u>	<u>2,195,619</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>				
	<u>\$ 2,195,619</u>	<u>\$ 2,146,635</u>	<u>\$ 3,089,502</u>	<u>\$ 942,867</u>

CITY OF VIRGINIA BEACH, VIRGINIA
SHERIFF'S DEPARTMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	Budget Amounts			Variance
	Original	Final	Actual Amounts	Final Budget Positive (Negative)
<u>REVENUES</u>				
From Use of Money and Property	\$ -	\$ -	\$ 34,315	\$ 34,315
Charges for Services	2,288,255	2,288,255	2,791,022	502,767
Miscellaneous	37,960	37,960	52,463	14,503
From Commonwealth	19,381,205	19,381,205	5,662,841	(13,718,364)
From Federal Government	321,200	321,200	12,206,387	11,885,187
Total Revenues	<u>\$ 22,028,620</u>	<u>\$ 22,028,620</u>	<u>\$ 20,747,028</u>	<u>\$ (1,281,592)</u>
<u>EXPENDITURES</u>				
Judicial	<u>\$ 35,325,573</u>	<u>\$ 36,178,658</u>	<u>\$ 34,039,394</u>	<u>\$ 2,139,264</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	<u>\$ (13,296,953)</u>	<u>\$ (14,150,038)</u>	<u>\$ (13,292,366)</u>	<u>\$ 857,672</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	<u>\$ 12,644,250</u>	<u>\$ 12,909,460</u>	<u>\$ 12,889,509</u>	<u>\$ (19,951)</u>
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>				
	<u>\$ (652,703)</u>	<u>\$ (1,240,578)</u>	<u>\$ (402,857)</u>	<u>\$ 837,721</u>
<u>FUND BALANCE - JULY 1</u>	<u>5,356,471</u>	<u>5,356,471</u>	<u>5,356,471</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>	<u>\$ 4,703,768</u>	<u>\$ 4,115,893</u>	<u>\$ 4,953,614</u>	<u>\$ 837,721</u>

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, 2010

	Budget Amounts		Actual Amounts	Variance
	Original	Final		Final Budget Positive (Negative)
<u>REVENUES</u>				
From Use of Money and Property	\$ 15,000	\$ 15,000	\$ 5,291	\$ (9,709)
Charges for Services	929,710	929,710	1,141,505	211,795
Miscellaneous	-	-	2,106	2,106
Total Revenues	<u>\$ 944,710</u>	<u>\$ 944,710</u>	<u>\$ 1,148,902</u>	<u>\$ 204,192</u>
<u>EXPENDITURES</u>				
Inmate Services	<u>\$ 670,159</u>	<u>\$ 751,506</u>	<u>\$ 676,820</u>	<u>\$ 74,686</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	<u>\$ 274,551</u>	<u>\$ 193,204</u>	<u>\$ 472,082</u>	<u>\$ 278,878</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers Out	<u>\$ (274,551)</u>	<u>\$ (285,450)</u>	<u>\$ (285,450)</u>	<u>\$ -</u>
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>				
	<u>\$ -</u>	<u>\$ (92,246)</u>	<u>\$ 186,632</u>	<u>\$ 278,878</u>
<u>FUND BALANCE - JULY 1</u>				
	<u>903,858</u>	<u>903,858</u>	<u>903,858</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>				
	<u>\$ 903,858</u>	<u>\$ 811,612</u>	<u>\$ 1,090,490</u>	<u>\$ 278,878</u>

CITY OF VIRGINIA BEACH, VIRGINIA
PARKS AND RECREATION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	Budget Amounts			Variance
	Original	Final	Actual Amounts	Final Budget Positive (Negative)
REVENUES				
From Use of Money and Property	\$ 1,084,782	\$ 1,084,782	\$ 994,293	\$ (90,489)
Charges for Services	11,011,997	11,011,997	11,047,340	35,343
Miscellaneous	117,000	117,000	75,688	(41,312)
From Federal Government	1,000	1,000	998	(2)
Total Revenues	<u>\$ 12,214,779</u>	<u>\$ 12,214,779</u>	<u>\$ 12,118,319</u>	<u>\$ (96,460)</u>
EXPENDITURES				
Citywide Recreation Programs	\$ 9,807,090	\$ 10,040,037	\$ 10,169,474	\$ (129,437)
Sportsplex Operations	-	8,750	8,976	(226)
Parks Operations and Services	3,090,536	3,106,175	2,893,036	213,139
Athletic Complex	269,385	273,075	288,507	(15,432)
Recreation Centers	11,485,201	11,632,294	10,162,142	1,470,152
Maintenance	3,221,161	3,235,367	2,724,394	510,973
USFHA Field Hockey Training Center	-	-	332	(332)
Human Resources	638,115	616,024	444,011	172,013
City Beautification and Recreation	106,479	110,125	60,851	49,274
Total Expenditures	<u>\$ 28,617,967</u>	<u>\$ 29,021,847</u>	<u>\$ 26,751,723</u>	<u>\$ 2,270,124</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES				
	<u>\$ (16,403,188)</u>	<u>\$ (16,807,068)</u>	<u>\$ (14,633,404)</u>	<u>\$ 2,173,664</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ 16,403,188	\$ 16,403,188	\$ 16,403,188	\$ -
Transfers Out	-	-	(75,567)	(75,567)
Total Other Financing Sources (Uses)	<u>\$ 16,403,188</u>	<u>\$ 16,403,188</u>	<u>\$ 16,327,621</u>	<u>\$ (75,567)</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES				
	\$ -	\$ (403,880)	\$ 1,694,217	\$ 2,098,097
FUND BALANCE - JULY 1				
	<u>5,450,831</u>	<u>5,450,831</u>	<u>5,450,831</u>	<u>-</u>
FUND BALANCE - JUNE 30				
	<u>\$ 5,450,831</u>	<u>\$ 5,046,951</u>	<u>\$ 7,145,048</u>	<u>\$ 2,098,097</u>

CITY OF VIRGINIA BEACH, VIRGINIA
TOURISM GROWTH INVESTMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	Budget Amounts			Variance
	Original	Final	Actual Amounts	Final Budget Positive (Negative)
<u>REVENUES</u>				
From Use of Money and Property	\$ 297,000	\$ 297,000	\$ 365,617	\$ 68,617
Miscellaneous	298,131	298,131	405,172	107,041
Fines and Forfeitures	583,278	583,278	396,680	(186,598)
Total Revenues	<u>\$ 1,178,409</u>	<u>\$ 1,178,409</u>	<u>\$ 1,167,469</u>	<u>\$ (10,940)</u>
<u>EXPENDITURES</u>				
Economic Development	\$ 3,284,763	\$ 3,290,304	\$ 3,218,849	\$ 71,455
Direct Costs	3,050,000	3,050,000	3,050,000	-
Mass Transit Operations	590,000	590,000	590,000	-
Cultural Activities	50,500	50,500	50,500	-
Recycling	50,000	50,000	30,129	19,871
Landscaping	33,210	33,210	26,509	6,701
Maintenance	432,101	437,283	358,590	78,693
Contractual Services	353,060	407,060	410,823	(3,763)
Total Expenditures	<u>\$ 7,843,634</u>	<u>\$ 7,908,357</u>	<u>\$ 7,735,400</u>	<u>\$ 172,957</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	<u>\$ (6,665,225)</u>	<u>\$ (6,729,948)</u>	<u>\$ (6,567,931)</u>	<u>\$ 162,017</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	\$ 17,208,652	\$ 17,208,652	\$ 16,758,963	\$ (449,689)
Transfers Out	(11,331,277)	(11,331,277)	(11,714,105)	(382,828)
Total Other Financing Sources (Uses)	<u>\$ 5,877,375</u>	<u>\$ 5,877,375</u>	<u>\$ 5,044,858</u>	<u>\$ (832,517)</u>
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>				
	<u>\$ (787,850)</u>	<u>\$ (852,573)</u>	<u>\$ (1,523,073)</u>	<u>\$ (670,500)</u>
<u>FUND BALANCE - JULY 1</u>				
	<u>1,790,915</u>	<u>1,790,915</u>	<u>1,790,915</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>				
	<u>\$ 1,003,065</u>	<u>\$ 938,342</u>	<u>\$ 267,842</u>	<u>\$ (670,500)</u>

CITY OF VIRGINIA BEACH, VIRGINIA
SCHOOL RESERVE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual Amounts	Variance Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
Total Revenues	\$ -	\$ -	\$ -	\$ -
<u>EXPENDITURES</u>				
School Reserve	\$ 4,400,000	\$ 5,200,000	\$ 5,200,000	\$ -
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	\$ (4,400,000)	\$ (5,200,000)	\$ (5,200,000)	\$ -
<u>FUND BALANCE - JULY 1</u>	20,342,810	20,342,810	20,342,810	-
<u>FUND BALANCE - JUNE 30</u>	\$ 15,942,810	\$ 15,142,810	\$ 15,142,810	\$ -

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, 2010

	Budget Amounts		Actual Amounts	Variance Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
General Property Taxes	\$ 5,729,830	\$ 5,729,830	\$ 5,744,764	\$ 14,934
From Use of Money and Property	71,104	71,104	12,770	(58,334)
Total Revenues	<u>\$ 5,800,934</u>	<u>\$ 5,800,934</u>	<u>\$ 5,757,534</u>	<u>\$ (43,400)</u>
<u>EXPENDITURES</u>				
CBD South	<u>\$ 619,880</u>	<u>\$ 619,880</u>	<u>\$ -</u>	<u>\$ 619,880</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>\$ 5,181,054</u>	<u>\$ 5,181,054</u>	<u>\$ 5,757,534</u>	<u>\$ 576,480</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	\$ 500,000	\$ 500,000	\$ 500,000	\$ -
Transfers Out	(5,681,054)	(5,681,054)	(5,556,841)	124,213
Total Other Financing Sources (Uses)	<u>\$ (5,181,054)</u>	<u>\$ (5,181,054)</u>	<u>\$ (5,056,841)</u>	<u>\$ 124,213</u>
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 700,693</u>	<u>\$ 700,693</u>
<u>FUND BALANCE - JULY 1</u>	<u>1,154,471</u>	<u>1,154,471</u>	<u>1,154,471</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>	<u><u>\$ 1,154,471</u></u>	<u><u>\$ 1,154,471</u></u>	<u><u>\$ 1,855,164</u></u>	<u><u>\$ 700,693</u></u>

CITY OF VIRGINIA BEACH, VIRGINIA
SANDBRIDGE SPECIAL SERVICE DISTRICT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual Amounts	Variance Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
General Property Taxes	\$ 755,302	\$ 755,302	\$ 759,289	\$ 3,987
Other Local Taxes	863,538	863,538	934,382	70,844
From Use of Money and Property	80,680	80,680	20,187	(60,493)
Total Revenues	<u>\$ 1,699,520</u>	<u>\$ 1,699,520</u>	<u>\$ 1,713,858</u>	<u>\$ 14,338</u>
<u>EXPENDITURES</u>				
Total Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>\$ 1,699,520</u>	<u>\$ 1,699,520</u>	<u>\$ 1,713,858</u>	<u>\$ 14,338</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	\$ 1,589,432	\$ 1,589,432	\$ 2,029,233	\$ 439,801
Transfers Out	(3,336,076)	(3,336,076)	(3,336,076)	-
Total Other Financing Sources (Uses)	<u>\$ (1,746,644)</u>	<u>\$ (1,746,644)</u>	<u>\$ (1,306,843)</u>	<u>\$ 439,801</u>
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>	<u>\$ (47,124)</u>	<u>\$ (47,124)</u>	<u>\$ 407,015</u>	<u>\$ 454,139</u>
<u>FUND BALANCE - JULY 1</u>	<u>2,726,981</u>	<u>2,726,981</u>	<u>2,726,981</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>	<u><u>\$ 2,679,857</u></u>	<u><u>\$ 2,679,857</u></u>	<u><u>\$ 3,133,996</u></u>	<u><u>\$ 454,139</u></u>

CITY OF VIRGINIA BEACH, VIRGINIA
AGRICULTURE RESERVE PROGRAM SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	Budget Amounts			Variance Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
<u>REVENUES</u>				
From Use of Money and Property	\$ -	\$ -	\$ 74,174	\$ 74,174
From Commonwealth	-	160,664	160,664	-
Total Revenues	<u>\$ -</u>	<u>\$ 160,664</u>	<u>\$ 234,838</u>	<u>\$ 74,174</u>
<u>EXPENDITURES</u>				
Agriculture Reserve Program	<u>\$ 859,967</u>	<u>\$ 320,491</u>	<u>\$ 125,000</u>	<u>\$ 195,491</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	<u>\$ (859,967)</u>	<u>\$ (159,827)</u>	<u>\$ 109,838</u>	<u>\$ 269,665</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	\$ 4,824,373	\$ 4,824,373	\$ 4,577,765	\$ (246,608)
Transfers Out	(7,234,647)	(8,501,234)	(6,495,655)	2,005,579
Total Other Financing Sources (Uses)	<u>\$ (2,410,274)</u>	<u>\$ (3,676,861)</u>	<u>\$ (1,917,890)</u>	<u>\$ 1,758,971</u>
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>				
	\$ (3,270,241)	\$ (3,836,688)	\$ (1,808,052)	\$ 2,028,636
<u>FUND BALANCE - JULY 1</u>				
	<u>14,961,061</u>	<u>14,961,061</u>	<u>14,961,061</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>				
	<u>\$ 11,690,820</u>	<u>\$ 11,124,373</u>	<u>\$ 13,153,009</u>	<u>\$ 2,028,636</u>

CITY OF VIRGINIA BEACH, VIRGINIA
EMERGENCY FEMA SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual Amounts	Variance
	Original	Final		Final Budget Positive (Negative)
<u>REVENUES</u>				
From Federal Government	\$ -	\$ 1,700,000	\$ 1,618,017	\$ (81,983)
<u>EXPENDITURES</u>				
FEMA Operations	\$ -	\$ 1,517,409	\$ 1,499,727	\$ 17,682
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	\$ -	\$ 182,591	\$ 118,290	\$ (64,301)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers Out	\$ -	\$ (182,591)	\$ (182,591)	\$ -
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>	\$ -	\$ -	\$ (64,301)	\$ (64,301)
<u>FUND BALANCE - JULY 1</u>	1,766,862	1,766,862	1,766,862	-
<u>FUND BALANCE - JUNE 30</u>	\$ 1,766,862	\$ 1,766,862	\$ 1,702,561	\$ (64,301)

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, 2010

	Budget Amounts		Actual Amounts	Variance Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
From Use of Money and Property	\$ 48,442	\$ 48,442	\$ 28,768	\$ (19,674)
Charges for Services	306,950	306,950	86,907	(220,043)
Miscellaneous	40,000	40,000	49,069	9,069
Total Revenues	<u>\$ 395,392</u>	<u>\$ 395,392</u>	<u>\$ 164,744</u>	<u>\$ (230,648)</u>
<u>EXPENDITURES</u>				
Visitor Information Center	\$ 1,011,236	\$ 983,038	\$ 895,556	\$ 87,482
Tourism and Convention Advertising	8,981,406	8,992,990	8,061,789	931,201
Total Expenditures	<u>\$ 9,992,642</u>	<u>\$ 9,976,028</u>	<u>\$ 8,957,345</u>	<u>\$ 1,018,683</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	<u>\$ (9,597,250)</u>	<u>\$ (9,580,636)</u>	<u>\$ (8,792,601)</u>	<u>\$ 788,035</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	\$ 9,443,263	\$ 9,443,263	\$ 8,958,955	\$ (484,308)
Transfers Out	(56,838)	(85,036)	(85,036)	-
Total Other Financing Sources (Uses)	<u>\$ 9,386,425</u>	<u>\$ 9,358,227</u>	<u>\$ 8,873,919</u>	<u>\$ (484,308)</u>
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>				
	<u>\$ (210,825)</u>	<u>\$ (222,409)</u>	<u>\$ 81,318</u>	<u>\$ 303,727</u>
<u>FUND BALANCE - JULY 1</u>	<u>196,503</u>	<u>196,503</u>	<u>196,503</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>	<u><u>\$ (14,322)</u></u>	<u><u>\$ (25,906)</u></u>	<u><u>\$ 277,821</u></u>	<u><u>\$ 303,727</u></u>

CITY OF VIRGINIA BEACH, VIRGINIA
PROFFER IMPACT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual Amounts	Variance
	Original	Final		Final Budget Positive (Negative)
<u>REVENUES</u>				
From Use of Money and Property	\$ -	\$ -	\$ 1,170	\$ 1,170
<u>EXPENDITURES</u>				
Proffer	\$ -	\$ 9,940	\$ 9,940	\$ -
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	\$ -	\$ (9,940)	\$ (8,770)	\$ 1,170
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers Out	\$ -	\$ -	\$ (1,170)	\$ (1,170)
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>	\$ -	\$ (9,940)	\$ (9,940)	\$ -
<u>FUND BALANCE - JULY 1</u>	217,541	217,541	217,541	-
<u>FUND BALANCE - JUNE 30</u>	\$ 217,541	\$ 207,601	\$ 207,601	\$ -

CITY OF VIRGINIA BEACH, VIRGINIA
MARINE SCIENCE CENTER SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
From Federal Government	\$ 31,000	\$ 31,000	\$ 38,712	\$ 7,712
<u>EXPENDITURES</u>				
Grants	\$ 31,000	\$ 31,000	\$ 44,993	\$ (13,993)
<u>EXCESS OF REVENUES OVER</u> <u>(UNDER) EXPENDITURES</u>	\$ -	\$ -	\$ (6,281)	\$ (6,281)
<u>FUND BALANCE - JULY 1</u>	8,602	8,602	8,602	-
<u>FUND BALANCE - JUNE 30</u>	<u>\$ 8,602</u>	<u>\$ 8,602</u>	<u>\$ 2,321</u>	<u>\$ (6,281)</u>

CITY OF VIRGINIA BEACH, VIRGINIA
PUBLIC INVESTMENT PROTECTION STRATEGY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Actual Amounts</u>
<u>REVENUES</u>	
From Use of Money and Property	\$ 395
Miscellaneous	10,000
Total Revenues	<u>\$ 10,395</u>
<u>EXPENDITURES</u>	
Total Expenditures	<u>\$ -</u>
<u>EXCESS OF REVENUES OVER</u> <u>(UNDER) EXPENDITURES</u>	 \$ 10,395
<u>FUND BALANCE - JULY 1</u>	 <u>61,926</u>
<u>FUND BALANCE - JUNE 30</u>	 <u><u>\$ 72,321</u></u>

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, 2010

	Budget Amounts		Actual Amounts	Variance
	Original	Final		Final Budget Positive (Negative)
<u>REVENUES</u>				
From Use of Money and Property	\$ 100,411	\$ 100,411	\$ 25,071	\$ (75,340)
<u>EXPENDITURES</u>				
Open Space Program	\$ 421,702	\$ 427,731	\$ 347,344	\$ 80,387
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	\$ (321,291)	\$ (327,320)	\$ (322,273)	\$ 5,047
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	\$ 3,985,256	\$ 3,985,256	\$ 3,863,409	\$ (121,847)
Transfers Out	(4,898,134)	(4,898,134)	(4,814,589)	83,545
Total Other Financing Sources (Uses)	\$ (912,878)	\$ (912,878)	\$ (951,180)	\$ (38,302)
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>	\$ (1,234,169)	\$ (1,240,198)	\$ (1,273,453)	\$ (33,255)
<u>FUND BALANCE - JULY 1</u>	5,030,369	5,030,369	5,030,369	-
<u>FUND BALANCE - JUNE 30</u>	\$ 3,796,200	\$ 3,790,171	\$ 3,756,916	\$ (33,255)

CITY OF VIRGINIA BEACH, VIRGINIA
MAJOR PROJECTS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual Amounts	Variance
	Original	Final		Final Budget Positive (Negative)
<u>REVENUES</u>				
From Use of Money and Property	\$ 762,790	\$ 762,790	\$ 74,268	\$ (688,522)
<u>EXPENDITURES</u>				
Total Expenditures	\$ -	\$ -	\$ -	\$ -
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	\$ 762,790	\$ 762,790	\$ 74,268	\$ (688,522)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	\$ 17,143,266	\$ 17,143,266	\$ 16,816,577	\$ (326,689)
Transfers Out	(22,051,701)	(22,051,701)	(19,993,377)	2,058,324
Total Other Financing Sources (Uses)	\$ (4,908,435)	\$ (4,908,435)	\$ (3,176,800)	\$ 1,731,635
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>	\$ (4,145,645)	\$ (4,145,645)	\$ (3,102,532)	\$ 1,043,113
<u>FUND BALANCE - JULY 1</u>	14,528,842	14,528,842	14,528,842	-
<u>FUND BALANCE - JUNE 30</u>	\$ 10,383,197	\$ 10,383,197	\$ 11,426,310	\$ 1,043,113

CITY OF VIRGINIA BEACH, VIRGINIA
TRANSITIONAL AREA SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual Amounts	Variance Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
From Use of Money and Property	\$ -	\$ -	\$ 1,342	\$ 1,342
<u>EXPENDITURES</u>				
Total Expenditures	\$ -	\$ -	\$ -	\$ -
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	\$ -	\$ -	\$ 1,342	\$ 1,342
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers Out	\$ (296,121)	\$ (296,121)	\$ (296,121)	\$ -
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>	\$ (296,121)	\$ (296,121)	\$ (294,779)	\$ 1,342
<u>FUND BALANCE - JULY 1</u>	304,244	304,244	304,244	-
<u>FUND BALANCE - JUNE 30</u>	<u>\$ 8,123</u>	<u>\$ 8,123</u>	<u>\$ 9,465</u>	<u>\$ 1,342</u>

CITY OF VIRGINIA BEACH, VIRGINIA
WETLANDS BOARD MITIGATION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	Budget Amounts			Variance
	Original	Final	Actual Amounts	Final Budget Positive (Negative)
<u>REVENUES</u>				
From Use of Money and Property	\$ -	\$ -	\$ 571	\$ 571
Miscellaneous	-	-	38,587	38,587
Total Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,158</u>	<u>\$ 39,158</u>
<u>EXPENDITURES</u>				
Wetlands Mitigation	<u>\$ -</u>	<u>\$ 2,638</u>	<u>\$ -</u>	<u>\$ 2,638</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	<u>\$ -</u>	<u>\$ (2,638)</u>	<u>\$ 39,158</u>	<u>\$ 41,796</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	<u>\$ 2,638</u>	<u>\$ 2,638</u>	<u>\$ 2,638</u>	<u>\$ -</u>
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>				
	<u>\$ 2,638</u>	<u>\$ -</u>	<u>\$ 41,796</u>	<u>\$ 41,796</u>
<u>FUND BALANCE - JULY 1</u>				
	<u>88,446</u>	<u>88,446</u>	<u>88,446</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>				
	<u>\$ 91,084</u>	<u>\$ 88,446</u>	<u>\$ 130,242</u>	<u>\$ 41,796</u>

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, 2010**

	Budget Amounts			Variance Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
<u>REVENUES</u>				
From Use of Money and Property	\$ -	\$ -	\$ 2,218,315	\$ 2,218,315
<u>EXPENDITURES</u>				
Principal	\$ 77,269,766	\$ 75,809,219	\$ 76,488,392	\$ (679,173)
Interest	50,739,651	52,006,238	47,082,762	4,923,476
Total Expenditures	\$ 128,009,417	\$ 127,815,457	\$ 123,571,154	\$ 4,244,303
<u>EXCESS OF REVENUES OVER</u>				
<u>(UNDER) EXPENDITURES</u>	\$ (128,009,417)	\$ (127,815,457)	\$ (121,352,839)	\$ 6,462,618
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	\$ 125,081,967	\$ 124,888,007	\$ 112,313,119	\$ (12,574,888)
Premium on Bonds Sold	-	-	3,353,398	3,353,398
Issuance of Refunding Bonds	-	-	238,115,000	238,115,000
Premium on Refunding Bonds Sold			31,025,680	31,025,680
Payment to Refunding Bonds Escrow Agent	-	-	(267,419,933)	(267,419,933)
Total Other Financing Sources (Uses)	\$ 125,081,967	\$ 124,888,007	\$ 117,387,264	\$ (7,500,743)
<u>EXCESS OF REVENUES AND</u>				
<u>OTHER FINANCING SOURCES</u>				
<u>OVER (UNDER) EXPENDITURES</u>				
<u>AND OTHER FINANCING USES</u>	\$ (2,927,450)	\$ (2,927,450)	\$ (3,965,575)	\$ (1,038,125)
<u>FUND BALANCE - JULY 1</u>	21,216,930	21,216,930	21,216,930	-
<u>FUND BALANCE - JUNE 30</u>	\$ 18,289,480	\$ 18,289,480	\$ 17,251,355	\$ (1,038,125)

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, 2010

Project Number	Project Name	Budget to Date	Current Year Expenditures	Total Expenditures	Construction In Progress	Outstanding Encumbrances	Available Balance
2007	SHIPP'S CORNER RD BRIDGE REPLACEMENT	\$ 2,695,378	\$ -	\$ 2,532,081	\$ -	\$ 1,298	\$ 161,999
2018	MAJOR INTERSECTION IMPROVEMENTS	5,509,613	282,242	1,960,525	1,960,525	131,630	3,417,459
2021	RURAL ROAD IMPROVEMENTS	6,677,080	34,701	4,579,557	4,579,557	1,701,402	396,121
2025	WITCHDUCK ROAD - PHASE II	3,591,900	88,157	748,323	748,323	742,247	2,101,330
2031	STREET RECONSTRUCTION	4,191,151	1,328,355	3,030,095	141,490	988,191	172,865
2035	AVALON WOODS - AVALON AVENUE	1,650,000	120,649	255,942	255,942	683,761	710,297
2039	COMPUTERIZED TRAFFIC SIGNAL SYS UPGRADE/REPL	21,165,833	3,779,385	13,856,888	14,072,766	4,044,784	3,264,160
2048	PRINCESS ANNE RD/KEMPSVILLE RD INTERSECTION	53,072,269	20,789,781	44,659,611	598,923	5,306,596	3,106,062
2052	TRAFFIC SIGNAL REHABILITATION	2,450,000	287,384	2,295,975	-	33,406	120,619
2053	ACCESS ROAD FOR ELEMENTARY SCHOOL 2008	1,000,000	-	1,000,000	-	-	-
2065	ELBOW ROAD EXTENDED - PHASE II-A	4,381,200	1,241	4,151,445	-	15,420	214,335
2067	SANDBRIDGE ROAD SAFETY IMPROVEMENTS	5,307,000	-	4,223,771	-	337,184	746,045
2071	BAKER ROAD EXTENDED	3,225,000	423,896	610,701	610,701	49,989	2,564,310
2072	FIRST COLONIAL RD/VB BLVD INTERSECTION IMPRVMT	9,853,414	1,422,340	5,718,105	-	217,715	3,917,595
2073	BUCKNER ROAD EXTENDED	2,421,000	2,149,412	2,357,660	2,357,660	57,818	5,522
2074	I-264 GREAT NECK RAMP	3,300,000	-	2,903,382	-	250	396,368
2076	LASKIN ROAD GATEWAY	16,396,121	151,610	14,857,322	-	433,211	1,105,588
2083	DIAMOND SPRINGS ROAD BRIDGE REPLACEMENT	4,120,000	1,291,623	3,528,589	3,528,589	566,342	25,069
2089	SOUTHEASTERN PARKWAY AND GREENBELT (PARTIAL)	23,548,139	62,726	23,175,835	-	343,760	28,544
2091	NIMMO PARKWAY - PHASES II AND III	60,000	-	40,697	-	-	19,303
2107	SEABOARD ROAD	2,791,000	73,219	2,473,483	2,473,483	317,462	55
2115	SHORE DRIVE INTERSECTIONS - DEMO PROJECT	5,502,806	17,697	4,917,439	-	286,329	299,038
2116	SHORE DRIVE CORRIDOR IMPRV-PHASE II	600,000	(148)	-	-	-	600,000
2117	SHORE DRIVE CORRIDOR IMPRV-PHASE III	850,000	-	-	-	-	850,000
2118	SHORE DRIVE CORRIDOR IMPRV-PHASE IV	2,450,000	-	398,437	398,437	351,639	1,699,924
2121	NIMMO PARKWAY - PHASE V-A	16,311,068	16,795	73,448	73,448	28,668	16,208,953
2129	PAVEMENT MAINTENANCE PROGRAM-PHASE II	18,188,805	8,193,874	16,135,709	114,798	1,706,782	346,314
2137	GREAT NECK RD IV/LONDON BRIDGE RD III	6,323,694	15,023	5,643,448	-	421,802	258,444
2143	LASKIN ROAD GATEWAY-PHASE I-A	19,604,195	9,929,223	10,295,529	10,295,529	5,256,692	4,051,974
2145	WESLEYAN DRIVE	8,038,550	720,932	730,713	730,713	328,579	6,979,258
2149	BIRDNECK ROAD - PHASE II	11,486,710	197,038	6,490,337	6,490,337	1,532,137	3,464,236
2150	SALEM RD/PA ROAD INTERSECTION IMPROVEMENT	900,000	204,468	308,681	308,681	318,315	273,003
2152	ELBOW ROAD EXTENDED - PHASE II	9,441,800	523,338	4,110,106	4,110,106	159,575	5,172,119
2156	LASKIN ROAD - PHASE I (VDOT)	4,125,000	53,662	1,932,216	1,932,216	8,247	2,184,537
2157	LYNNHAVEN PARKWAY - PHASE IX	13,480,300	2,048,766	9,839,440	9,839,440	2,105,872	1,534,988
2158	HOLLAND ROAD - PHASE VI (PARTIAL)	1,350,200	21,576	553,739	553,739	5,159	791,302
2160	CITY WIDE STREET LGHTG IMPRVMTS-PHASE II	120,000	44,382	98,123	-	20,687	1,190
2161	TRAFFIC SIGNAL RETIMING	1,756,091	655,874	1,558,105	1,558,105	131,757	66,229
2163	SHORE DRIVE BIKE AND PEDESTRIAN SAFETY	36,288	24,072	24,393	24,393	-	11,895
2165	LASKIN ROAD - PHASE II	1,995,879	-	625,137	625,137	102,311	1,268,431
2166	PACIFIC AVE BIKE AND PEDESTRIAN SAFETY	63,540	41,736	44,480	44,480	-	19,060
2167	LYNNHAVEN PARKWAY - PHASE XI	1,864,190	9,420	219,375	219,375	21,000	1,623,815
2168	LESNER BRIDGE REPLACEMENT	10,124,406	2,706,700	8,016,928	8,016,928	1,204,808	902,670
2172	LED TRAFFIC SIGNAL UPGRADE	400,000	-	367,016	-	-	32,984
2176	TRANSPORTATION NETWORK ANALYSIS	1,650,000	226,751	935,070	935,070	166,446	548,484
2177	HSIP GRANT- HIGH ACCIDENT LOCATIONS	1,682,000	40,258	40,258	40,258	1,532,200	109,542
2178	HSIP GRANT- BICYCLE/PEDESTRIAN SAFETY	1,565,000	268,651	275,302	275,302	1,289,698	-
2186	NORFOLK SOUTHERN RIGHT-OF-WAY	450,000	384,454	400,338	400,338	29,672	19,990
2190	CONGESTION RELIEF/SAFETY IMPRV PROGRAM	4,047,000	333,284	399,867	399,867	3,618,577	28,556
2195	PRINCESS ANNE RD-INTERSECTION IMPRVMTS	5,223,000	1,839,875	3,908,251	-	60,521	1,254,228
2200	SHORE DRIVE DEMO PROJECT PHASES II & III	575,090	7,042	562,044	-	9,846	3,200
2208	CONSTITUTION DRIVE EXTENDED	8,751,912	2,814,309	3,748,864	3,748,864	4,465,940	537,108
2211	SECONDARY STREET IMPROVEMENTS	1,346,686	1,710	1,331,067	-	5,428	10,191
2256	INDIAN RIVER ROAD - PHASE VII	11,848,000	834,881	4,122,246	4,122,246	1,105,297	6,620,457
2257	LYNNHAVEN PARKWAY/VOLVO PARKWAY	1,003,762	7,351	367,035	-	115,167	521,560
2263	MAJOR BRIDGE REHABILITATION	7,866,475	475,573	5,288,248	5,288,248	2,578,227	-
2268	WETLANDS MITIGATION BANKING	1,352,000	7,082	160,727	160,727	-	1,191,273
2284	STREET ASPHALT RESURFACING	68,592,600	113,011	68,425,208	-	159,660	7,732
2285	TRAFFIC SAFETY IMPROVEMENTS - PHASE II	16,103,203	111,438	14,520,035	-	1,583,168	-
2300	TRAFFIC SAFETY IMPROVEMENTS - PHASE III	2,358,380	431,948	571,573	571,573	1,078,599	708,207
2301	NFK SOUTHERN ROW ACQUISITION	10,000,000	10,000,000	10,000,000	10,000,000	-	-
2305	PRINCESS ANNE RD - PH IV (FERRELL - PH II)	15,712,663	59,802	2,503,523	2,503,523	81,656	13,127,484
2502	WEST NECK ROAD (TAN)	4,091,103	478,204	1,114,099	1,114,099	2,905,076	71,928
2731	SHORE DRIVE INTERIM SAFETY IMPROVEMENTS	1,000,000	8,130	86,456	86,456	5,750	907,794
2837	VARIOUS COST PARTICIPATION PROJECTS	4,194,354	3,977	4,143,092	-	612	50,650
2931	WITCHDUCK ROAD - PHASE I	27,486,900	4,460,841	17,588,557	17,588,557	6,147,617	3,750,726
TOTAL ENGINEERING & HIGHWAYS CAPITAL PROJECTS		\$ 509,319,748	\$ 80,619,721	\$ 351,834,646	\$ 123,898,949	\$ 56,901,982	\$ 100,583,120

CITY OF VIRGINIA BEACH, VIRGINIA
BUILDINGS CAPITAL PROJECTS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2010

Project Number	Project Name	Budget to Date	Current Year Expenditures	Total Expenditures	Construction In Progress	Outstanding Encumbrances	Available Balance
3009	PUBLIC SAFETY EMERGENCY COMMUNICATIONS SYSTEM	\$ 3,132,089	\$ -	\$ 3,085,103	\$ -	\$ -	\$ 46,986
3021	FIRE AN RESCUE STATION - THALIA	5,500,000	1,452,477	1,481,796	1,481,796	-	4,018,204
3035	CIT-CRIMINAL JUSTICE AUTO-SYS ANALYSIS	300,000	10,653	26,257	26,257	6,993	266,750
3038	VARIOUS BUILDINGS REHABILITATION AND RENEWAL	14,490,904	255,099	14,403,865	-	3,000	84,039
3041	VMSM ELEVATED PEDESTRIAN CROSSWALK	512,179	-	397,628	397,628	114,551	-
3043	CIT-IN-VEHICLE MAPPING	424,716	227,814	312,866	-	16,599	95,250
3048	CIT-SOFTWARE INFRASTRUCTURE	286,000	111,852	238,366	-	46,786	848
3050	CIT-PLANNING ADDRESS PROCESS CONVERSION	100,000	74,450	74,450	-	-	25,550
3052	CIT-IT SERVICE CONTINUITY	2,687,755	360,820	1,383,016	1,383,016	48,407	1,256,332
3054	ANIMAL CONTROL & K-9 REPLACEMENTS	3,590,000	583,232	647,161	647,161	2,942,839	-
3061	CIT-HANSEN V.8 UPGRADE	725,000	202,164	492,251	-	105,541	127,208
3068	CIT-IT NETWORK INFRSTR REPLCMNT-PH II	564,803	-	-	-	-	564,803
3073	COLONIAL EDUC CONS & LAND ACQUIS	1,095,100	535	739,569	739,569	-	355,531
3076	CIT-CONVERSION-VIRTUALIZATION ANALYSIS	60,000	22,015	23,023	-	10,823	26,154
3077	CIT-DATA CTR SUSTAINABILITY/RISK REDUCTN	250,000	35,760	101,721	101,721	-	148,279
3078	CIT-GIS WEB INFRASTRUCTURE UPGRADE	150,000	66,759	112,915	-	-	37,085
3081	CIT-HR/PAYROLL SYS-LAG/WORK WEEK CHNG	275,000	7,020	254,080	-	20,920	-
3083	CIT-SYSTEM CENTER CONFIGURATION MGMT	150,000	51,102	112,571	-	-	37,429
3085	CIT-ERS-AUTOMATE EMER MEDICL DISPATCH	205,910	63,615	63,615	63,615	118,858	23,437
3086	CIT-EMS-HANDHELD FIELD REPORTING	523,000	376,749	427,987	427,987	55,065	39,948
3087	CIT-HNP-FIELD AUTOMATION ANALYSIS	136,000	-	-	-	-	136,000
3088	CIT-ODO COLLABORATIVE LEARNING	412,000	187,523	371,813	371,813	-	40,187
3090	CIT-P&R-CLASS/INSITE INTERFACE	69,760	-	-	-	-	69,760
3091	CIT-PLANNING-ADDRSSNG SYS INTEGRATION	220,000	-	-	-	-	220,000
3092	CIT-PLANNING-BUS SYS INTEGRATION ANALY	72,800	1,208	1,208	1,208	71,592	-
3096	CIT-POLICE-MDT INCREASED FUNCTIONALITY	281,324	230,692	230,692	230,692	-	50,632
3100	VARIOUS BUILDINGS HVAC REHABILITATION/RENEWAL	6,264,734	34,490	6,259,873	-	-	4,861
3103	HERITAGE BUILDING - MAINTENANCE PROGRAM	150,000	112,459	112,459	-	37,541	-
3104	FIRE STA #19-STUMPY LAKE/SALEM-REPAIRS	765,142	398,148	484,275	484,275	271,531	9,336
3109	LIBRARY AUTOMATION SYSTEM REPLACEMENT	1,300,000	-	1,244,357	1,244,357	-	55,643
3114	BEAUTIFICATION PILOT PROJECT	580,000	86,801	578,975	578,975	1,025	-
3119	CIT-CABLE ACCESS INFRASTRUCTURE REPLACE	1,218,930	390,846	667,102	667,102	15,769	536,059
3124	COPS INTEROPERABLE COMM TECH GRNT - PH II	8,139,100	2,845,834	6,499,549	6,499,549	1,202,598	436,953
3133	FIRE TRAINING CTR IMPROVE-PHASE III	1,764,282	-	-	-	-	1,764,282
3138	UASI INTEROPERABLE COMMUNICATIONS TECHN	3,543,780	1,218,378	2,501,098	2,501,098	1,031,883	10,799
3140	ENERGY PERFORMANCE CONTRACTS (CITY)	5,000,000	692,821	937,249	-	23,093	4,039,658
3142	CIT-COMMUNICATIONS INFRA REPLACE-PHII	2,742,000	-	-	-	45,800	2,696,200
3143	UASI INTEROPERABLE COMM TECH GRANT PH II	4,000,000	-	-	-	135,673	3,864,327
3144	MUNICIPAL CENTER PARKING - COURTS	325,000	118,083	139,375	139,375	182,487	3,139
3146	VA AQUARIUM BLDG SYS REHAB & RENEW-PH I	673,016	-	-	-	-	673,016
3147	HISTORIC PROP ACQUISITION REVOLVING FUND	200,000	-	-	-	-	200,000
3148	AQUARIUM/OWL CREEK MASTER PLAN	100,000	516	516	-	-	99,484
3150	VB FIELD HOUSE EMERGENCY SHELTER	425,000	168,485	168,485	-	241,515	15,000
3151	COPS LAW ENFORCE TECH GRANT 09	800,000	-	-	-	-	800,000
3175	SOUTH ROSEMONT AREA LIBRARY	7,417,865	253	844,778	844,778	1,631	6,571,456
3200	REV ASSESSMENT & COLLECTION SYS	11,924,799	972,526	9,400,881	-	946,415	1,577,503
3207	CIT-PH 2 PERMITS/INSPECT INTRACTV INTRNT	1,927,984	481,522	785,421	785,421	473,957	668,606
3209	CIT-ENTERPRISE ELCTRNC RECORDS MGMT SYS	1,750,000	89,828	182,819	182,819	44,546	1,522,635
3212	CIT - IT NETWORK INFRASTRUCTURE REPLACE	2,656,000	315,397	2,177,196	2,177,196	-	478,804
3214	CIT - CODE ENFORCEMENT DATABASE	643,000	41,787	606,589	-	-	36,411
3217	CIT - MH CLIENT INFORMATION SYSTEM	2,900,000	3,855	2,053,945	2,053,945	251,114	594,941
3229	POLICE TRNG FACILITY-SITE SELECTION/DESIGN	5,310,000	529,853	4,734,636	-	455,915	119,449
3244	FIRE/RESCUE STATION-CHESAPEAKE BEACH	2,300,000	-	1,362,147	1,362,147	125	937,728
3248	FIRE/RESCUE STATION-BLACKWATER	600,000	-	6,291	6,291	-	593,709
3262	TIDEWATER COMMUNITY COLLEGE EXPANSION	19,503,290	2,545,901	12,738,809	12,738,809	14,089	6,750,392
3275	VMSM RENEWAL & REPLACEMENT	666,200	135,501	644,066	-	2,796	19,338
3278	VA AQUARIUM RENEWAL & REPLACEMENT-PH II	525,000	-	181,329	-	-	343,671
3280	CIT-CITY HUMAN RESOURCES/PAYROLL SYSTEM	10,583,061	885,893	10,568,852	-	10,740	3,469
3281	CIT-COMMUNICATION INFRASTRUCTURE REPLACE	24,125,000	3,317,832	17,599,775	17,599,775	4,700,852	1,824,373
3282	MUNICIPAL BUILDING SECURITY ENHANCEMENTS	950,000	22,996	796,172	796,172	22,131	131,697

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
BUILDINGS CAPITAL PROJECTS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2010

Project Number	Project Name	Budget to Date	Current Year Expenditures	Total Expenditures	Construction In Progress	Outstanding Encumbrances	Available Balance
3283	PAVILION THEATER REPLACEMENT	\$ 47,000,000	\$ 279,291	\$ 46,716,436	\$ -	\$ 53,912	\$ 229,652
3286	CIT-ADDRESS LOCATION REPLACE	490,000	31,214	481,593	-	-	8,407
3289	CIT-POLICE-CITIZEN INTERNET SOFTWARE MOD	206,726	2,805	182,037	-	7,523	17,166
3292	VA AQUARIUM ANIMAL CARE ANNEX	1,790,566	3,000	1,583,268	1,583,268	-	207,298
3300	FERRY PLANTATION HOUSE	145,000	6,631	18,556	18,556	98,399	28,045
3322	VMSM ORIGINAL EXHIBIT GALLERY RENOVATION	11,915,188	369,596	11,778,762	-	73,314	63,112
3340	CIT - TELECOMMUNICATIONS REPLACEMENT	2,160,000	289,060	1,636,185	1,636,185	91,299	432,516
3343	ADAM THOROUGHGOOD HOUSE EXTERIOR	300,000	165,792	220,878	-	25,629	53,493
3344	POLICE FOURTH PRECINCT-REPLACEMENT	750,000	-	-	-	-	750,000
3346	CIT-AUTOMATIC VEHICLE LOCATOR SYSTEM	1,313,500	254,599	644,420	644,420	116,743	552,337
3349	CIT-HUMAN SRVCS IT SYSTEMS INTERGRATION	340,500	159,832	159,832	159,832	19,598	161,070
3359	BLDG MODERN, RENEWALS AND REPLACEMENTS	1,023,000	9,942	806,961	806,961	11,146	204,893
3365	FIRE FACILITY REHAB AND RENEWAL PH II	3,529,382	451,466	2,242,572	2,242,572	233,569	1,053,241
3366	VAR BLDGS HVAC REHAB AND RENEWAL PH II	6,666,474	2,090,803	5,242,376	-	866,919	557,179
3367	VAR BLDGS REHAB AND RENEWAL PH II	14,335,878	2,918,193	7,296,087	7,296,087	6,947,962	91,829
3368	VARIOUS SITE ACQUISITIONS	28,697,150	5,895,060	24,742,145	-	652,900	3,302,105
3371	FIRE APPARATUS-PHASE II	5,231,675	1,654,955	5,190,498	-	40,550	627
3447	LIBRARY RENOVATIONS AND REPLACEMENTS	9,654,586	567,245	9,613,179	9,613,179	23,179	18,228
3976	FIRE TRAINING CENTER ENHANCEMENTS/RENEWAL	2,082,370	-	2,082,370	-	-	-
3977	JUDICIAL CENTER	38,249,000	-	38,137,747	-	-	111,253
3982	CAMP PENDLETON SITE ACQUISITION	6,520,244	-	6,481,929	-	-	38,315
TOTAL BUILDINGS CAPITAL PROJECTS		<u>\$ 350,388,762</u>	<u>\$ 34,881,028</u>	<u>\$ 274,516,803</u>	<u>\$ 80,535,607</u>	<u>\$ 22,937,842</u>	<u>\$ 52,934,117</u>

CITY OF VIRGINIA BEACH, VIRGINIA
PARKS AND RECREATION CAPITAL PROJECTS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2010

Project Number	Project Name	Budget to Date	Current Year Expenditures	Total Expenditures	Construction In Progress	Outstanding Encumbrances	Available Balance
4004	OPEN SPACE PROGRAM SITE ACQUISITION	\$ 49,539,757	\$ 12,215	\$ 41,593,646	\$ -	\$ 34,366	\$ 7,911,745
4009	COMMUNITY RECREATION CENTERS RENEW/REPLACE	6,438,576	13,857	6,165,117	-	-	273,459
4010	EXISTING TRAILS REPAIRS	1,500,000	7,688	1,490,738	-	-	9,262
4013	COMMUNITY REC CTRS REPAIRS & RENOV-PH II	16,469,844	1,586,890	5,405,574	5,405,574	1,594,801	9,469,469
4016	DST/COMM PRKS/SPEC USE FAC DEV/REN-PH II	3,519,906	452,004	1,955,122	1,955,122	1,129,947	434,837
4017	GOLF COURSES EQUIP & INFRASTRUCTURE-PH II	700,000	30,379	465,416	-	1,872	232,712
4018	GREENWAYS AND SCENIC WATERWAYS-PHASE II	599,946	71,473	116,316	116,316	37,904	445,726
4019	NEW PRINCESS ANNE ATHLETIC FIELDS	15,849,199	121,318	15,654,156	-	82,501	112,542
4020	SHORE DRIVE CORRIDOR TRAILS	537,779	(4,072)	372,863	-	67,078	97,838
4023	NEIGHBORHOOD PARKS ACQUISITION/DEV-PH II	747,546	145,950	492,146	492,146	1,046	254,354
4024	PARK PLAYGROUND REOVATIONS	4,401,000	302,018	3,630,743	-	567,867	202,390
4034	REC CENTERS ROOF MAIN AND REPLACE (ON-GOING)	3,603,000	-	2,927,563	-	-	675,437
4035	NATURAL AREA PRESERVES	187,634	45,337	142,947	-	3,636	41,051
4036	TENNIS COURT RENOVATIONS-PHASE II	1,492,987	385,488	1,152,391	1,152,391	340,596	-
4042	RED WING LAKE GOLF COURSE IMPROVEMENTS	5,000,000	-	4,990,728	-	9,272	-
4051	STUMPY LAKE GC INFRASTRUCTURE IMPROVMNTS	2,300,000	524,235	1,359,967	1,359,967	922,251	17,782
4055	OPEN SPACE PARK DEVELOPMENT & MAINT	6,890,000	574,553	3,029,427	3,029,427	207,861	3,652,712
4058	PACIFIC AVENUE TRAIL EXTENSION	1,148,889	668,978	1,119,037	-	29,852	-
4063	ATHLETIC FIELDS UPGRADE & LIGHTING PH II	725,000	278,257	499,221	499,221	-	225,779
4070	OPEN SPACE PRGM SITE AQUISITION-PHII	1,724,305	-	-	-	-	1,724,305
4072	BAYSIDE COMMUNITY CENTER	1,100,000	409,834	893,483	893,483	40,976	165,541
4073	KEMPSVILLE PONY LEAGUE FIELDS RELOCATION	2,250,000	12,064	2,224,470	-	21,240	4,290
4074	CITY BIKEWAYS & TRAILS IMPROVEMENTS PH I	781,650	2,334	473,798	473,798	173,901	133,951
4075	PEDESTRIAN SYSTEM IMPROVEMENTS-PHASE I	1,000,000	508,782	818,548	818,548	64,077	117,375
4076	PLAYGROUNDS ON THE BEACH	100,000	7,884	65,230	-	-	34,770
4080	SPORTSPLEX/NATL TRNG CTR REN & REPLACE	417,573	44,840	44,840	44,840	-	372,733
4309	MT TRASHMORE DISTRICT PARK RENOV-PH II	500,000	-	-	-	500,000	-
4949	DIST/COMM PARK DEVELOPMENT/RENOVATIONS (ON-GOING)	5,494,334	2,394	5,492,201	-	2,133	-
4971	MOUNT TRASHMORE PARK RENOVATIONS	1,600,000	27,005	1,501,756	-	76,000	22,244
TOTAL PARKS & RECREATION CAPITAL PROJECTS		<u>\$ 136,618,925</u>	<u>\$ 6,231,705</u>	<u>\$ 104,077,444</u>	<u>\$ 16,240,833</u>	<u>\$ 5,909,177</u>	<u>\$ 26,632,304</u>

**CITY OF VIRGINIA BEACH, VIRGINIA
COASTAL CAPITAL PROJECTS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2010**

Project Number	Project Name	Budget to Date	Current Year Expenditures	Total Expenditures	Construction In Progress	Outstanding Encumbrances	Available Balance
8002	BEACH PROFILE MONITORING PROGRAM	\$ 325,487	\$ -	\$ 202,501	\$ -	\$ -	\$ 122,986
8003	LANDFILL #2 PHASE I CLOSURE	6,194,536	-	-	-	-	6,194,536
8004	VARIOUS MINOR DREDGING PROJECTS	1,236,269	301,998	712,822	-	70,500	452,947
8005	W BRANCH LYNNHAVEN RIVER MAINT DREDGING	4,917,013	366,052	657,433	-	219,734	4,039,845
8007	RUDEE INLET OUTER CHANNEL MAINT DREDGE	1,685,995	530,000	1,685,995	-	-	-
8008	BEACH REPLENISHMENT	11,332,741	941,135	5,324,990	-	44,067	5,963,684
8014	LYNNHAVEN INLET MAINTENANCE DREDGING	2,024,913	338,120	2,011,950	-	-	12,963
8023	SANDBRIDGE BEACH ACCESS IMPRV/SAND MGMT	800,000	231,495	252,876	-	212,801	334,323
8078	CHESAPEAKE BEACH SAND STUDY	150,000	-	-	-	-	150,000
8110	EASTERN BRANCH LYNNHAVEN RIVER DREDGING	712,871	-	-	-	-	712,871
8282	SANDBRIDGE EMERGENCY BEACH RESTORATION	39,944,386	261,056	21,198,012	-	56,536	18,689,838
8830	RUDEE INLET DREDGING	6,739,142	887,185	6,440,603	-	2,400	296,139
8933	LANDFILL #2 - EXPANSION	23,948,402	667,827	21,203,002	-	627,141	2,118,260
TOTAL COASTAL CAPITAL PROJECTS		<u>\$ 100,011,755</u>	<u>\$ 4,524,868</u>	<u>\$ 59,690,184</u>	<u>\$ -</u>	<u>\$ 1,233,179</u>	<u>\$ 39,088,392</u>

CITY OF VIRGINIA BEACH, VIRGINIA
ECONOMIC AND TOURISM CAPITAL PROJECTS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2010

Project Number	Project Name	Budget to Date	Current Year Expenditures	Total Expenditures	Construction In Progress	Outstanding Encumbrances	Available Balance
9010	VIRGINIA MARINE SCIENCE MUSEUM - PHASE III (DESIGN	\$ 1,581,103	\$ -	\$ 1,569,483	\$ -	\$ 3,817	\$ 7,803
9013	CLOSED - 31ST STREET DEVELOPMENT SITE ACQUISITION	2,023,000	-	2,022,645	-	-	355
9016	TOWN CENTER INFRASTRUCTURE	8,684,829	(155)	8,580,398	-	101,304	3,127
9018	CONVENTION CENTER REPLACEMENT	206,844,513	77,375	205,598,738	-	1,142,660	103,115
9034	NEIGHBORHOOD REVITALIZATION STRAT PLAN	400,000	43,224	383,164	383,164	-	16,836
9036	19TH ST CORRIDOR DESIGN & IMPROVEMENTS	1,065,515	-	1,035,255	1,035,255	26,312	3,948
9048	BOARDWALK REVITALIZATION	3,531,360	-	3,507,462	-	-	23,898
9052	PUBLIC BEACH IMPROVEMENT PROGRAM (PARTIAL)	392,465	-	392,465	-	-	-
9058	RUDEE WALK (PARTIAL) - PHASE I	514,000	6,814	176,357	176,357	-	337,643
9060	OCEANA/INTERFAC TRAF AREA CONFORM & ACQ	65,622,867	14,270,705	61,019,097	1,416,423	3,544,394	1,059,376
9061	17TH STREET PARK STORAGE FACILITY	100,000	2,421	98,941	-	-	1,059
9069	19TH STREET CORRIDOR IMPROVEMENTS	12,700,000	824,165	3,334,122	3,334,122	489,002	8,876,876
9070	ACQUISITION OF 9TH STREET GARAGE	9,750,000	-	9,750,000	-	-	-
9076	ECONOMIC DEVELOPMENT INITIATIVES	100,000	-	53,800	-	-	46,200
9081	STATEGIC GROWTH AREA PROGRAM	6,500,000	1,216,528	1,296,547	1,296,547	605,445	4,598,008
9082	OCEANFRONT GARAGES CAPITAL MAINTENANCE	1,250,000	250,892	431,688	-	66,826	751,486
9083	TOWN CENTER GARAGE & PLAZA CAPITAL MAINT	1,118,110	-	1,118,110	-	-	-
9141	ECONOMIC DEV INVESTMENT PROGRAM (ON-GOING)	34,983,034	2,126,134	32,359,384	-	1,446,772	1,176,878
9199	CONF/CONVENTION FACILITY RENOVATION (ON-GOING)	2,550,000	-	2,420,194	-	-	129,806
9255	CONFERENCE/CONVENTION FACILITY EXPANSION	2,550,232	-	2,549,458	-	-	774
9260	ECONOMIC AND TOURISM DEVELOPMENT PARTNERSHIPS	15,261,616	-	15,256,478	-	5,138	-
9275	CAPE HENRY LIGHTHOUSE RESTORATION	200,000	-	41,141	-	-	158,859
9302	RUDEE LOOP DEVELOPMENT - PHASE I (PARTIAL)	14,336,155	65,516	14,141,347	-	-	194,808
9303	RESORT AREA MULTI MODAL TRANSPORTATION CTR STUDY	255,000	-	255,000	-	-	-
9336	SPOT BLIGHT ABATEMENT PROGRAM	312,778	1,400	218,477	-	-	94,301
TOTAL ECONOMIC & TOURISM CAPITAL PROJECTS		<u>\$ 392,626,577</u>	<u>\$ 18,885,019</u>	<u>\$ 367,609,751</u>	<u>\$ 7,641,868</u>	<u>\$ 7,431,670</u>	<u>\$ 17,585,156</u>

CITY OF VIRGINIA BEACH, VIRGINIA
SUMMARY OF GENERAL GOVERNMENT CAPITAL PROJECTS REVENUES
FOR THE YEAR ENDED JUNE 30, 2010

	Budget Revenues	Actual Revenues		
		Prior Years	Current Year	Total
FEDERAL FUNDING	\$ 40,868,451	\$ 37,375,936	\$ 35,072,874	\$ 72,448,810
STATE FUNDING	170,284,147	72,695,925	14,780,889	87,393,411
DEDICATED FUNDING	122,342,798	108,816,569	4,733,381	113,549,950
LOCAL FUNDING	1,109,385,828	1,023,037,282	152,151,231	1,169,288,515
OTHER FUNDING	46,084,543	27,019,353	4,906,805	31,926,158
TOTAL GENERAL GOVERNMENT CAPITAL PROJECTS REVENUES	<u>\$ 1,488,965,767</u>	<u>\$ 1,268,945,065</u>	<u>\$ 211,645,180</u>	<u>\$ 1,474,606,844</u>

CITY OF VIRGINIA BEACH, VIRGINIA
SUMMARY OF GENERAL GOVERNMENT CAPITAL PROJECTS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2010

Project Name	Budget to Date	Current Year Expenditures	Total Expenditures	Construction In Progress	Outstanding Encumbrances	Available Balance
ENGINEERING AND HIGHWAYS	\$ 509,319,748	\$ 80,619,721	\$ 351,834,646	\$ 123,898,949	\$ 56,901,982	\$ 100,583,120
BUILDINGS	350,388,762	34,881,028	274,516,803	80,535,607	22,937,842	52,934,117
PARKS AND RECREATION	136,618,925	6,231,705	104,077,444	16,240,833	5,909,177	26,632,304
COASTAL	100,011,755	4,524,868	59,690,184	-	1,233,179	39,088,392
ECONOMIC AND TOURISM	<u>392,626,577</u>	18,885,019	<u>367,609,751</u>	<u>7,641,868</u>	<u>7,431,670</u>	<u>17,585,156</u>
GENERAL GOVERNMENT EXPENDITURES	<u>\$ 1,488,965,767</u>	\$ 145,142,341	<u>\$ 1,157,728,828</u>	<u>\$ 228,317,257</u>	<u>\$ 94,413,850</u>	<u>\$ 236,823,089</u>
CLOSED CAPITAL PROJECTS EXPENDITURES		<u>645,916</u>				
TOTAL GENERAL GOVERNMENT EXPENDITURES		\$ 145,788,257				
TRANSFER TO SCHOOL BOARD		31,771,995				
TOTAL CURRENT YEAR GENERAL GOVERNMENT CAPITAL PROJECTS EXPENDITURES		<u>\$ 177,560,252</u>				



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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, 2010

ASSETS

Current Assets:

Cash and Investments	\$ 94,022,334
Accounts Receivable - Net of Estimated Uncollectibles	15,745,543
Intergovernmental Receivables	105,333
Inventory	2,315,988
Total Current Assets	<u>\$ 112,189,198</u>

Non-current Assets:

Cash and Investments - Restricted	\$ 68,722,635
Deferred Charges	4,078,318
Capital Assets:	
Land	12,508,717
Buildings	3,590,809
Utility System	847,032,401
Office Furniture and Fixtures	1,494,319
Machinery and Equipment	18,840,857
Construction in Progress	47,600,674
Less: Accumulated Depreciation	(331,195,444)
Total Capital Assets	<u>\$ 599,872,333</u>
Total Non-current Assets	<u>\$ 672,673,286</u>
Total Assets	<u>\$ 784,862,484</u>

LIABILITIES

Current Liabilities:

Vouchers and Accounts Payable	\$ 5,405,242
Deposits Payable	96,538
Accrued Interest Payable	2,076,463
Construction Contracts Payable	4,848,635
Deferred Revenue	202,145
Current Portion of Long-term Liabilities	6,817,648
Total Current Liabilities	<u>\$ 19,446,671</u>

Long-Term Liabilities (less current portion):

Double Barrel and Revenue Bonds and Notes	\$ 179,813,629
Premium on Refunding Bonds	4,527,265
Accrued Compensated Leave	1,005,312
Total Long-Term Liabilities (less current portion)	<u>\$ 185,346,206</u>
Total Liabilities	<u>\$ 204,792,877</u>

NET ASSETS

Invested in Capital Assets, Net of Related Debt	\$ 463,343,857
Restricted for Debt Service	15,606,071
Restricted for Operations	101,119,679
Total Net Assets	<u>\$ 580,069,607</u>

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, 2010

OPERATING REVENUES

Service Charges	\$ 49,175,781
Sale of Water	45,703,476
Tap Fees	298,963
Fire Hydrant Rental	3,410
Navy Wheelage Charges	156,802
Miscellaneous	340,057
Total Operating Revenues	<u>\$ 95,678,489</u>

OPERATING EXPENSES

Cost of Goods Sold - Water Purchases	\$ 24,952,124
Personal Services	19,706,915
Fringe Benefits	6,367,409
Contractual Services	4,085,009
Internal Services	2,264,581
Other Charges	12,009,132
Depreciation	20,601,320
Total Operating Expenses	<u>\$ 89,986,490</u>

OPERATING INCOME (LOSS)

\$ 5,691,999

NONOPERATING REVENUES (EXPENSES)

Interest Income	\$ 793,573
Connection Fees	2,748,324
Gain (Loss) From Sale of Assets	49,634
Interest on Double Barrel/Revenue Bonds and Notes	(4,540,213)
City of Norfolk Water Servicing True Up	(1,791,766)
Total Nonoperating Revenues (Expenses)	<u>\$ (2,740,448)</u>

\$ 2,951,551

CAPITAL CONTRIBUTIONS

\$ 441,478

TRANSFERS

Transfers In	\$ 264,233
Transfers Out	(4,054,900)
Total Transfers Net	<u>\$ (3,790,667)</u>

CHANGE IN NET ASSETS

\$ (397,638)

TOTAL NET ASSETS - BEGINNING

580,467,245

TOTAL NET ASSETS - ENDING

\$ 580,069,607

**CITY OF VIRGINIA BEACH, VIRGINIA
WATER AND SEWER ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2010**

CASH FLOWS FROM OPERATING ACTIVITIES:

Receipts from Customers and Users	\$ 94,251,436
Receipts from (Payments for) Interfund Services Provided	5,685
Other Operating Cash Receipts	340,057
Cash Payments To Suppliers of Goods and Services	(41,216,081)
Cash Payments To Employees for Services	(26,007,734)
Net Cash Provided By Operating Activities	<u>\$ 27,373,363</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Receipts from Other Funds	\$ 264,233
Payments to Other Funds/Entities	(4,054,900)
Net Cash Provided by (Used In) Noncapital Financing Activities	<u>\$ (3,790,667)</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Interest Paid on Long-term Debt	\$ (5,615,275)
Acquisition and Construction of Capital Assets	(32,429,600)
Proceeds from Sale of Salvage	49,634
Receipts of Connection Fees	2,748,324
Proceeds from Sale of Bonds	65,000,000
Proceeds from Sale of Refunding Bonds	33,360,000
Principal Repayment on Refunding Long-term Debt	(30,640,000)
City of Norfolk Water Services True Up	(1,791,766)
Principal Paid on Long-term Debt	(5,171,061)
Net Cash Provided (Used) By Capital and Related Financing Activities	<u>\$ 25,510,256</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Interest and Dividends Received	\$ 793,573
Net Increase (Decrease) in Cash and Temporary Investments	\$ 49,886,525
Cash and Temporary Investments, July 1	<u>112,858,444</u>
Cash and Temporary Investments, June 30	<u><u>\$ 162,744,969</u></u>

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

Operating Income (Loss)	\$ 5,691,999
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By Operating Activities:	
Depreciation	20,601,320
(Increase)/Decrease in Accounts Receivable	(1,086,996)
(Increase)/Decrease in Intergovernmental Receivables	5,685
(Increase)/Decrease in Inventory	(186,013)
Increase/(Decrease) in Vouchers and Accounts Payable	2,475,415
Increase/(Decrease) in Deposits Payable	(191,907)
Increase/(Decrease) in Deferred Revenue	(2,730)
Increase/(Decrease) in Accrued Compensated Leave	66,590
Total Adjustments	<u>\$ 21,681,364</u>
Net Cash Provided By Operating Activities	<u><u>\$ 27,373,363</u></u>

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:

Capital Contributions of Fixed Assets	<u>\$ 441,478</u>
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CITY OF VIRGINIA BEACH, VIRGINIA
WATER AND SEWER ENTERPRISE FUND
SCHEDULE OF CHANGES IN RESTRICTED ASSETS
FOR THE YEAR ENDED JUNE 30, 2010

CASH - DESIGNATED FOR CONSTRUCTION

Balance - July 1	\$ -
Receipts:	
Water and Sewer Enterprise	\$ 18,204,072
Proceeds from Sale of Bonds	65,000,000
Transfer from WRRF	1,989,535
Total Receipts	<u>\$ 85,193,607</u>
Disbursements:	
Water and Sewer Construction Expenditures	\$ 30,026,920
Accrued Expenditures Not Paid in Current Year	1,912,641
Total Disbursements	<u>\$ 31,939,561</u>
Balance - June 30 Designated for Construction	<u><u>\$ 53,254,046</u></u>

CASH - WATER RESOURCE RECOVERY FEES

Balance - July 1	\$ -
Receipts:	
Fees	\$ 1,989,535
Disbursements:	
Construction Expenditures	1,989,535
Balance - June 30 Water Resource Recovery Fees	<u><u>\$ -</u></u>

CASH - WATER AND SEWER DEBT SERVICE

Balance - July 1	\$ 10,719,741
Net Disbursements and Receipts	(137,482)
Balance - June 30 Water and Sewer Debt Service	<u><u>\$ 10,582,259</u></u>

CASH - WITH FISCAL AGENT

Balance - July 1	\$ 4,807,325
Net Disbursements and Receipts	79,005
Balance - June 30 Cash With Fiscal Agent	<u><u>\$ 4,886,330</u></u>

<u>TOTAL RESTRICTED CASH</u>	<u><u>\$ 68,722,635</u></u>
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CITY OF VIRGINIA BEACH, VIRGINIA
WATER AND SEWER ENTERPRISE FUND
SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	Budget	Actual	Variance Positive (Negative)
<u>Director of Public Utilities</u>			
Personal Services	\$ 257,214	\$ 253,816	\$ 3,398
Fringe Benefits	82,390	82,703	(313)
Contractual Services	8,364	597	7,767
Internal Services	8,021	9,393	(1,372)
Other Charges	45,951	38,910	7,041
Total Director of Public Utilities	<u>\$ 401,940</u>	<u>\$ 385,419</u>	<u>\$ 16,521</u>
<u>Engineering Staff</u>			
Personal Services	\$ 5,263,118	\$ 4,829,707	\$ 433,411
Fringe Benefits	1,595,826	1,440,764	155,062
Contractual Services	176,864	24,817	152,047
Internal Services	204,544	167,553	36,991
Other Charges	214,857	162,089	52,768
Total Engineering Staff	<u>\$ 7,455,209</u>	<u>\$ 6,624,930</u>	<u>\$ 830,279</u>
<u>Operations and Maintenance Administration</u>			
Personal Services	\$ 1,193,652	\$ 1,146,608	\$ 47,044
Fringe Benefits	385,327	376,140	9,187
Contractual Services	956,898	817,038	139,860
Internal Services	122,449	131,060	(8,611)
Other Charges	434,060	396,984	37,076
Total Operations and Maintenance Administration	<u>\$ 3,092,386</u>	<u>\$ 2,867,830</u>	<u>\$ 224,556</u>
<u>Water Distribution</u>			
Personal Services	\$ 2,106,711	\$ 2,092,500	\$ 14,211
Fringe Benefits	673,923	661,439	12,484
Contractual Services	72,237	45,124	27,113
Internal Services	375,628	363,415	12,213
Other Charges	447,865	248,935	198,930
Total Water Distribution	<u>\$ 3,676,364</u>	<u>\$ 3,411,413</u>	<u>\$ 264,951</u>
<u>Lake Gaston Facilities</u>			
Contractual Services	\$ 1,685,880	\$ 1,251,431	\$ 434,449
Internal Services	17,136	13,160	3,976
Other Charges	1,050,928	699,125	351,803
Total Lake Gaston Facilities	<u>\$ 2,753,944</u>	<u>\$ 1,963,716</u>	<u>\$ 790,228</u>
<u>Water Pump Stations</u>			
Personal Services	\$ 1,363,830	\$ 1,288,681	\$ 75,149
Fringe Benefits	434,823	410,281	24,542
Contractual Services	254,006	84,282	169,724
Internal Services	128,111	129,946	(1,835)
Other Charges	510,131	477,138	32,993
Total Water Pump Stations	<u>\$ 2,690,901</u>	<u>\$ 2,390,328</u>	<u>\$ 300,573</u>
<u>Sewer Collection Systems</u>			
Personal Services	\$ 3,193,083	\$ 3,109,074	\$ 84,009
Fringe Benefits	985,701	917,592	68,109
Contractual Services	113,146	106,774	6,372
Internal Services	726,602	767,622	(41,020)
Other Charges	736,967	672,194	64,773
Total Sewer Collection Systems	<u>\$ 5,755,499</u>	<u>\$ 5,573,256</u>	<u>\$ 182,243</u>

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
WATER AND SEWER ENTERPRISE FUND
SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	Budget	Actual	Variance Positive (Negative)
<u>Sewer Pump Stations</u>			
Personal Services	\$ 2,831,070	\$ 2,716,565	\$ 114,505
Fringe Benefits	962,106	913,955	48,151
Contractual Services	233,866	287,152	(53,286)
Internal Services	275,329	296,287	(20,958)
Other Charges	1,983,027	2,105,800	(122,773)
Total Sewer Pump Stations	<u>\$ 6,285,398</u>	<u>\$ 6,319,759</u>	<u>\$ (34,361)</u>
<u>Customer Services</u>			
Personal Services	\$ 2,597,739	\$ 2,487,659	\$ 110,080
Fringe Benefits	951,984	915,554	36,430
Contractual Services	1,930,484	1,447,541	482,943
Internal Services	394,918	264,867	130,051
Other Charges	988,751	730,281	258,470
Total Customer Services	<u>\$ 6,863,876</u>	<u>\$ 5,845,902</u>	<u>\$ 1,017,974</u>
<u>Water Purchases</u>	<u>\$ 26,814,190</u>	<u>\$ 24,952,124</u>	<u>\$ 1,862,066</u>
<u>Meter Operations</u>			
Personal Services	\$ 1,887,874	\$ 1,782,305	\$ 105,569
Fringe Benefits	682,041	648,981	33,060
Contractual Services	29,631	20,253	9,378
Internal Services	128,014	121,278	6,736
Other Charges	600,608	805,111	(204,503)
Total Meter Operations	<u>\$ 3,328,168</u>	<u>\$ 3,377,928</u>	<u>\$ (49,760)</u>
<u>General Fund Charges</u>			
Office Rental	\$ 396,678	\$ 396,678	\$ -
Landscape Services	315,988	261,074	54,914
Support Personnel	783,789	748,996	34,793
Building Maintenance	181,398	90,887	90,511
Communication Technology Charges	1,898,154	1,900,470	(2,316)
Payment in Lieu of Taxes	100,000	100,000	-
Indirect Cost Allocation	2,412,842	1,778,065	634,777
Water Assistance	255,000	254,999	1
Radio Maintenance	141,396	141,396	-
Total General Fund Charges	<u>\$ 6,485,245</u>	<u>\$ 5,672,565</u>	<u>\$ 812,680</u>
Total Budgeted Operating Expenses	<u>\$ 75,603,120</u>	<u>\$ 69,385,170</u>	<u>\$ 6,217,950</u>
<u>Depreciation</u>	<u>-</u>	<u>20,601,320</u>	<u>(20,601,320)</u>
Total Operating Expenses	<u><u>\$ 75,603,120</u></u>	<u><u>\$ 89,986,490</u></u>	<u><u>\$ (14,383,370)</u></u>

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

CITY OF VIRGINIA BEACH, VIRGINIA
WATER AND SEWER FUND CAPITAL PROJECTS
WATER CAPITAL PROJECTS BUDGETED AND ACTUAL REVENUES
FOR THE YEAR ENDED JUNE 30, 2010

	Budget Revenues	Actual Revenues		
		Prior Years	Current Year	Total
FEDERAL FUNDING	\$ 95,923	\$ 95,923	\$ -	\$ 95,923
LOCAL FUNDING	34,095,770	20,520,891	13,574,879	34,095,770
TOTAL WATER CAPITAL PROJECTS REVENUES	<u>\$ 34,191,693</u>	<u>\$ 20,616,814</u>	<u>\$ 13,574,879</u>	<u>\$ 34,191,693</u>

CITY OF VIRGINIA BEACH, VIRGINIA
WATER AND SEWER FUND CAPITAL PROJECTS
WATER CAPITAL PROJECTS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2010

Project Number	Project Name	Budget to Date	Current Year Expenditures	Total Expenditures	Construction In Progress	Outstanding Encumbrances	Available Balance
5011	BCH GARDEN PRK-KILBORNE CT/HOLLY RD IMP	\$ -	\$ 25,483	\$ 25,483	\$ 25,483	\$ -	\$ (25,483)
5017	PUBLIC ACCESS RENOVATIONS - BLDG 2	767,500	151,328	242,129	242,129	92,161	433,210
5067	COURTHOUSE AND SANDBRIDGE TANK MODIFICATIONS	278,909	-	278,909	-	-	-
5083	STUMPY LAKE-WTR RESVR/PMP FACILITIES IMP	3,365,000	1,657,552	2,858,129	2,858,129	368,069	138,802
5084	SYSTEM EXPAN COST PART AGREEMENTS-PH II	656,715	-	16,638	16,638	-	640,077
5086	COMP WATER MASTER PLANNING-PHASE V	550,000	202,604	316,181	316,181	75,623	158,196
5088	SMALL LINE IMPROVEMENTS-PHASE V	950,000	126,059	371,401	371,401	214,540	364,059
5089	VAR ROADWAY/STRM WTR COORDINATION-PH V	500,000	30,431	30,431	30,431	117,697	351,872
5090	LYNNHAVEN PARKWAY - PHASE XI	25,198	-	642	642	24,556	-
5092	LANDSTOWN YARD IMPROVEMENTS - PHASE III	4,055,000	853,153	1,382,014	1,382,014	1,817,086	855,900
5119	FLOW MONITORING SYSTEM	950,000	-	663,824	-	-	286,176
5138	COMP WATER MASTER PLANNING - PH IV	1,471,329	1,826	1,470,115	-	-	1,214
5162	BACKFLOW PREVENTN/CROSS CONN CONTROL PRG	875,000	13,700	546,022	546,022	15,618	313,360
5166	AUTOMATED MOBILE WATER METER READING SYS	560,000	13,927	13,927	13,927	264,621	281,452
5203	LOTUS GARDEN WATER IMPROVEMENTS-51% PRG	2,020,000	-	25,244	25,244	-	1,994,756
5302	POTABLE WELLS EVALUATION PROGRAM PH II	825,000	191,375	645,611	645,611	96,250	83,139
5303	WATER QUALITY PROGRAM PHASE III	450,000	33,176	179,625	179,625	198,753	71,622
5400	FIRE HYDRANT PROGRAM PHASE II	200,000	1,140	91,410	91,410	35,237	73,353
5401	RECORD MANAGEMENT IMPROVEMENTS	100,000	-	17,809	17,809	3,965	78,226
5402	FLOW MONITORING PROGRAM-PHASE II	75,000	-	-	-	-	75,000
5403	SERVICE ORDER AUTOMATION SOLUTION DESIGN	100,000	-	-	-	-	100,000
5404	COMPUTERIZED MAPPING/INFRAS MGMT-PHII	547,495	20,377	101,731	101,731	10,492	435,272
5405	CUSTOMER INFO SYSTEM VERSION MIGRATION	825,000	-	12,198	12,198	51,013	761,789
5451	ENGINEERING SERVICES-VARIOUS PROJECTS	100,000	41,984	92,774	92,774	7,226	-
5501	WTR PUMP STATION/TANK UPGRADE PRG-PH I	900,725	226,676	270,401	270,401	69,445	560,879
5600	29TH STREET WATER TANK REPLACEMENT	3,275,041	1,171,260	3,181,483	3,181,483	92,258	1,300
5601	FIRST COLONIAL/VB BLVD INTERSECTION IMPV	130,000	-	-	-	-	130,000
5602	PA ROAD/KEMPSVILLE RD INTERSECTION IMPROVE	810,000	-	-	-	-	810,000
5604	PA ROAD WATER IMPROVEMENTS-PHASE VII	850,000	-	-	-	-	850,000
5708	RESORT AREA NEIGHBORHOOD REVITALIZATION	3,046,636	99,414	1,724,201	1,724,201	172,323	1,150,112
5802	UTILITY CROSSINGS CONDITION ASSESSMENT	190,000	68,637	118,441	118,441	29,235	42,324
5804	WATER LINE EXT REPLACE REHAB PROGRAM	50,000	50,000	50,000	50,000	-	-
5805	WTR SYS AGING INFRASTRUCTURE PRG-PH I	450,000	64,634	106,979	106,979	178,671	164,350
5806	BACKFLOW PREVENT/CROSS CONNECT CTRL-PH II	100,000	6,244	6,244	6,244	26	93,730
5944	PRINCESS ANNE ROAD - PHASE IV	2,857,145	17,586	64,339	64,339	42,806	2,750,000
5951	WATER TAP INSTALLATION PROGRAM	665,000	86,400	442,433	442,433	25,000	197,567
5952	WATER PUMP STA FLOW MONITOR/DATA STORAGE	420,000	64,309	64,309	64,309	8,191	347,500
5967	WTR RESOURCES INVESTIGATN/PLANNING-PH I	200,000	-	-	-	-	200,000
TOTAL WATER CAPITAL PROJECT EXPENDITURES		<u>\$ 34,191,693</u>	<u>\$ 5,219,275</u>	<u>\$ 15,411,077</u>	<u>\$ 12,998,229</u>	<u>\$ 4,010,862</u>	<u>\$ 14,769,754</u>

**CITY OF VIRGINIA BEACH, VIRGINIA
WATER AND SEWER CAPITAL PROJECTS FUND
SEWER CAPITAL PROJECTS BUDGETED AND ACTUAL REVENUES
FOR THE YEAR ENDED JUNE 30, 2010**

	Budget	Actual Revenues		
LOCAL FUNDING	\$ 78,279,742	\$ 43,396,070	\$ 34,883,672	\$ 78,279,742
TOTAL SEWER CAPITAL PROJECTS REVENUES	<u>\$ 78,279,742</u>	<u>\$ 43,396,070</u>	<u>\$ 34,883,672</u>	<u>\$ 78,279,742</u>

CITY OF VIRGINIA BEACH, VIRGINIA
WATER AND SEWER FUND CAPITAL PROJECTS
SEWER CAPITAL PROJECTS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2010

Project Number	Project Name	Budget to Date	Current Year Expenditures	Total Expenditures	Construction In Progress	Outstanding Encumbrances	Available Balance
6019	RESORT AREA NEIGHBORHOOD REVITALIZATION	\$ 7,010,000	\$ 1,184,615	\$ 4,101,446	\$ 4,101,446	\$ 356,133	\$ 2,552,421
6027	KENLEY ROAD/BONNEY ROAD SEWER IMP - 51%	345,000	-	-	-	-	345,000
6028	COMPREHENSIVE EMERGENCY RESPONSE AND PLANNING	1,280,000	177,060	1,198,889	1,198,889	81,111	-
6031	SEWER APPURTENANCES EVALUATION	125,000	13,943	66,140	66,140	-	58,860
6041	INDIAN RIVER ROAD - PHASE VII	6,000,000	768,541	243,090	243,090	3,319,048	2,437,862
6051	INDIAN RIVER ROAD - PHASE VII	14,717	-	9,473	9,473	5,244	-
6061	EMERG RESPONSE PRG-PHASE II	50,000	-	-	-	28,001	21,999
6070	INFILTRATION INFLOW & REHAB ? PHV	6,500,000	1,090,424	969,564	969,564	4,408,196	1,122,240
6085	SANITARY SEWER AGING INFRASTR PRG - PH II	5,200,000	308,621	4,560,711	4,560,711	557,358	81,931
6086	PU PUBLIC ACCESS RENOVATIONS - BLDG 2	767,500	153,413	234,657	234,657	92,161	440,682
6089	COMP SEWER MASTER PLANNING-PHASE IV	1,400,000	275,962	900,084	900,084	179,900	320,016
6106	VAR ROADWAY/STRM WTR COORDINATION-PH V	200,000	31,704	93,641	93,641	26,903	79,456
6138	LANDSTOWN YARD IMPROVEMENTS - PHASE III	4,265,230	845,335	1,644,215	1,644,215	1,869,195	751,820
6139	BAYWAY ROAD SEWER IMPROVEMENTS - 51%	230,000	5,914	160,743	160,743	9,475	59,782
6148	SYSTEM EXPAN COST PART AGREEMENTS-PH II	2,145,000	11,515	384,257	384,257	-	1,760,743
6169	IVR/CTI, BILL PRNT, AUTO PYMT SOL DSGN	624,260	36,534	577,402	577,402	42,795	4,063
6178	MIDDLE SCHOOL WATER & SEWER IMPROVE	310,000	-	-	-	-	310,000
6203	LOTUS GARDEN SEWER IMPROVEMENTS-51% PRG	1,650,000	-	42,982	42,982	-	1,607,018
6401	RECORDS MANAGEMENT IMPROVEMENTS	100,000	-	14,451	14,451	3,965	81,584
6403	SERVICE ORDER AUTOMATION SOLUTION DESIGN	100,000	-	-	-	-	100,000
6404	COMPUTERIZED MAPPING/INFRAS MGMT - PH II	200,000	20,377	106,796	106,796	10,491	82,713
6405	CUSTOMER INFO SYSTEM VERNON MIGRATION	825,000	-	12,198	12,198	51,013	761,789
6411	CIT-SRV AREA MSTR PLAN/INFO SYS (SAMPIS)	850,000	28,049	772,082	772,082	26,926	50,992
6451	ENGINEERING SERVICES - VARIOUS PROJECTS	150,000	28,277	93,715	93,715	28,120	28,165
6502	PRIV SANI SEWER PMP STA ABANCONMENT PRG	300,000	46,309	46,309	46,309	-	253,691
6505	PRINCESS ANNE PLAZA REHABILITATION-PH II	6,558,583	21,352	2,892,541	2,892,541	2,119,251	1,546,791
6506	SAN SEWER SYS REVITALIZATION	9,850,000	2,556,480	8,550,254	8,550,254	1,223,955	75,791
6601	FIRST COLONIAL/VB BLVD INTERSECTION IMPV	190,000	-	-	-	-	190,000
6602	PA ROAD/KEMPSVILLE RD INTERSECTON IMPRV	750,000	-	-	-	-	750,000
6603	WITCHDUCK ROAD-PHASE I SEWER IMPROVEMENTS	420,000	13,594	13,594	13,594	232,124	174,282
6604	WITCHDUCK ROAD-PHASE II SEWER IMPROVEMENTS	50,000	-	-	-	46,499	3,501
6612	PUMP STATION WET WELL REVITALIZATION	2,400,000	687,652	2,372,528	2,372,528	27,021	451
6613	AUX POWER PRG SEW PUMP STA PH II	2,350,000	249,553	1,444,526	1,444,526	400,814	504,660
6801	VAR SWR INFRASTRUCTURE MAINT SUP-PH II	100,000	-	14,850	14,850	20	85,130
6802	UTILITY CROSSINGS CONDITION ASSESSMENT	190,000	47,502	78,219	78,219	28,765	83,016
6803	SEWER VALVE CONDITION ASSESSMENT & MAINT	100,000	58,720	90,436	90,436	-	9,564
6804	SANIT SWR REGULATORY COMPLIANCE PRG-PH I	8,894,452	3,488,357	6,138,481	6,138,481	2,293,191	462,780
6951	SEWER TAP INSTALLATION PROGRAM	1,755,000	137,323	1,003,049	1,003,049	75,013	676,938
6952	SWR PUMP STA FLOW MONITOR/DATA STORAGE	2,030,000	130,928	131,952	131,952	309,407	1,588,641
6973	SANITARY SEWER CAPACITY PROGRAM-PHASE I	2,000,000	254,619	1,183,298	1,183,298	1,039	815,663
TOTAL SEWER CAPITAL PROJECT EXPENDITURES		<u>\$ 78,279,742</u>	<u>\$ 12,672,673</u>	<u>\$ 40,146,573</u>	<u>\$ 40,146,573</u>	<u>\$ 17,853,134</u>	<u>\$ 20,280,035</u>
WATER AND SEWER CAPITAL PROJECTS		<u>\$ 112,471,435</u>	<u>\$ 17,891,948</u>	<u>\$ 55,557,650</u>	<u>\$ 53,144,802</u>	<u>\$ 21,863,996</u>	<u>\$ 35,049,789</u>
CURRENT YEAR EXPENDITURES ON CLOSED PROJECTS			<u>10,737,271</u>				
CURRENT YEAR EXPENDITURES ON CAPITAL PROJECTS			<u>\$ 28,629,219</u>				
CAPITALIZED INTEREST REMAINING IN CONSTRUCTION IN PROGRESS					2,433,459		
OTHER ENTITIES SHARE OF WATER AND SEWER PROJECTS					(7,977,587)		
WATER AND SEWER FUND CONSTRUCTION IN PROGRESS					<u>\$ 47,600,674</u>		



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**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, 2010

ASSETS

Current Assets:

Cash and Investments	\$ 12,108,985
Accounts Receivable - Net of Estimated Uncollectibles	3,287,809
Total Current Assets	<u>\$ 15,396,794</u>

Non-current Assets:

Cash and Investments - Restricted	\$ 1,030,702
Capital Assets:	
Land	128,891,290
Utility System	94,778,706
Machinery and Equipment	8,786,392
Construction in Progress	46,558,838
Less: Accumulated Depreciation	<u>(45,657,052)</u>
Total Capital Assets	<u>\$ 233,358,174</u>
Total Non-current Assets	<u>\$ 234,388,876</u>
Total Assets	<u>\$ 249,785,670</u>

LIABILITIES

Current Liabilities:

Vouchers and Accounts Payable	\$ 486,037
Accrued Interest Payable	170,302
Current Portion of Long-term Liabilities	<u>1,085,242</u>
Total Current Liabilities	<u>\$ 1,741,581</u>

Long-Term Liabilities (less current portion):

Double Barrel and Revenue Bonds and Notes	\$ 7,270,000
General Obligation Bonds	962,470
Accrued Compensated Leave	<u>317,291</u>
Total Long-Term Liabilities (less current portion)	<u>\$ 8,549,761</u>
Total Liabilities	<u>\$ 10,291,342</u>

NET ASSETS

Invested in Capital Assets, Net of Related Debt	\$ 224,627,079
Restricted for Debt Service	767,120
Restricted for Operations	<u>14,100,129</u>
Total Net Assets	<u>\$ 239,494,328</u>

CITY OF VIRGINIA BEACH, VIRGINIA
STORM WATER ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2010

OPERATING REVENUES

Service Charges	\$ 19,266,659
Miscellaneous	55
Total Operating Revenues	<u>\$ 19,266,714</u>

OPERATING EXPENSES

Personal Services	\$ 4,215,876
Fringe Benefits	1,419,421
Contractual Services	321,431
Internal Services	904,038
Other Charges	1,892,542
Land Structure Maintenance	1,934,620
Depreciation	2,058,715
Total Operating Expenses	<u>\$ 12,746,643</u>

OPERATING INCOME (LOSS)

\$ 6,520,071

NONOPERATING REVENUES (EXPENSES)

Interest Income	\$ 139,641
From Commonwealth	5,222,410
Gain (Loss) From Sale of Assets	18,672
Interest and Fiscal Charges	(370,120)
Total Nonoperating Revenues (Expenses) Net	<u>\$ 5,010,603</u>

TRANSFERS

Transfers In	\$ 71,862
Transfers Out	(264,233)
Total Transfers Net	<u>\$ (192,371)</u>

CHANGE IN NET ASSETS

\$ 11,338,303

TOTAL NET ASSETS - BEGINNING

228,156,025

TOTAL NET ASSETS - ENDING

\$ 239,494,328

**CITY OF VIRGINIA BEACH, VIRGINIA
STORM WATER ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2010**

CASH FLOWS FROM OPERATING ACTIVITIES:

Receipts from Customers and Users	\$ 18,995,836
Receipts from (Payments for) Interfund Services Provided	(904,038)
Cash Payments to Suppliers of Goods and Services	(3,928,710)
Cash Payments to Employees for Services	(5,613,094)
Net Cash Provided By Operating Activities	<u>\$ 8,549,994</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Intergovernmental Receipts	\$ 5,222,410
Receipts from Other Funds	71,862
Payments to Other Funds	(264,233)
Net Cash Provided (Used) By Noncapital Financing Activities	<u>\$ 5,030,039</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Interest Paid on Long-term Debt	\$ (558,104)
Acquisition and Construction of Capital Assets	(10,898,167)
Proceeds from Sale of Salvage	18,672
Principal Paid on Long-term Debt	(816,099)
Net Cash Provided (Used) By Capital and Related Financing Activities	<u>\$ (12,253,698)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Interest and Dividends Received	<u>\$ 139,641</u>
Net Increase (Decrease) in Cash and Temporary Investments	\$ 1,465,976
Cash and Temporary Investments, July 1	<u>11,673,711</u>
Cash and Temporary Investments, June 30	<u><u>\$ 13,139,687</u></u>

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

Operating Income (Loss)	\$ 6,520,071
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By Operating Activities:	
Depreciation Expense	2,058,715
(Increase) in Accounts Receivable	(270,878)
Increase in Vouchers and Accounts Payable	219,883
Increase in Accrued Compensated Leave	22,203
Total Adjustments	<u>\$ 2,029,923</u>
Net Cash Provided By Operating Activities	<u><u>\$ 8,549,994</u></u>

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:

Capital Contributions of Fixed Assets	<u><u>\$ -</u></u>
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CITY OF VIRGINIA BEACH, VIRGINIA
STORM WATER ENTERPRISE FUND
SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	Budget	Actual	Variance Positive (Negative)
<u>Project Management</u>			
Personal Services	\$ 774,370	\$ 762,069	\$ 12,301
Fringe Benefits	237,293	230,486	6,807
Contractual Services	260,318	163,111	97,207
Internal Services	15,647	10,942	4,705
Other Charges	102,227	69,152	33,075
Total Project Management	<u>\$ 1,389,855</u>	<u>\$ 1,235,760</u>	<u>\$ 154,095</u>
<u>Customer Services</u>			
Personal Services	\$ 94,764	\$ 91,872	\$ 2,892
Fringe Benefits	26,433	27,617	(1,184)
Contractual Services	13,525	-	13,525
Internal Services	6,185	1,970	4,215
Other Charges	7,178	1,293	5,885
Total Customer Services	<u>\$ 148,085</u>	<u>\$ 122,752</u>	<u>\$ 25,333</u>
<u>Operations and Maintenance</u>			
Personal Services	\$ 3,288,239	\$ 3,036,168	\$ 252,071
Fringe Benefits	1,104,178	1,054,180	49,998
Contractual Services	226,618	158,320	68,298
Internal Services	911,009	864,928	46,081
Other Charges	689,164	569,056	120,108
Land Structures and Improvements	2,431,481	1,934,620	496,861
Total Operations and Maintenance	<u>\$ 8,650,689</u>	<u>\$ 7,617,272</u>	<u>\$ 1,033,417</u>
<u>Inspections and Environmental Spill Response</u>			
Personal Services	\$ 293,640	\$ 287,229	\$ 6,411
Fringe Benefits	89,987	91,896	(1,909)
Contractual Services	2,266	-	2,266
Internal Services	13,977	17,930	(3,953)
Other Charges	21,481	12,649	8,832
Total Inspections and Environmental Spill Response	<u>\$ 421,351</u>	<u>\$ 409,704</u>	<u>\$ 11,647</u>
<u>Residential Street Sweeping</u>			
Personal Services	\$ 40,156	\$ 38,538	\$ 1,618
Fringe Benefits	15,064	15,242	(178)
Contractual Services	335	-	335
Internal Services	9,640	8,268	1,372
Other Charges	1,437	2	1,435
Total Residential Street Sweeping	<u>\$ 66,632</u>	<u>\$ 62,050</u>	<u>\$ 4,582</u>

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
STORM WATER ENTERPRISE FUND
SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

			Variance Positive (Negative)
	Budget	Actual	
<u>General Fund Charges</u>			
Direct Cost Allocations	\$ 510,992	\$ 510,992	\$ -
Indirect Cost Allocations	623,173	722,271	(99,098)
Landscape Services	24,966	7,127	17,839
Total General Fund Charges	<u>\$ 1,159,131</u>	<u>\$ 1,240,390</u>	<u>\$ (81,259)</u>
 Total Budgeted Operating Expenses	 \$ 11,835,743	 \$ 10,687,928	 \$ 1,147,815
 <u>Depreciation</u>	 <u>-</u>	 <u>2,058,715</u>	 <u>(2,058,715)</u>
 Total Operating Expenses	 <u><u>\$ 11,835,743</u></u>	 <u><u>\$ 12,746,643</u></u>	 <u><u>\$ (910,900)</u></u>

Note: Total General Fund Charges reclassified as Other Charges.

CITY OF VIRGINIA BEACH, VIRGINIA
STORM WATER CAPITAL PROJECTS BUDGETED AND ACTUAL REVENUES
FOR THE YEAR ENDED JUNE 30, 2010

Funding Sources	Budget Revenues	Actual Revenues		
		Prior Years	Current Year	Total
LOCAL FUNDING	\$ 107,773,708	\$ 85,125,979	\$ 10,626,159	\$ 95,752,138
OTHER FUNDING	12,000	21,200	14,451	35,651
TOTAL STORM WATER UTILITY CAPITAL PROJECTS	<u>\$ 107,785,708</u>	<u>\$ 85,147,179</u>	<u>\$ 10,640,610</u>	<u>\$ 95,787,789</u>

CITY OF VIRGINIA BEACH, VIRGINIA
STORM WATER CAPITAL PROJECTS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2010

Project Number	Project Name	Budget to Date	Current Year Expenditures	Total Expenditures	Construction In Progress	Outstanding Encumbrances	Available Balance
7004	STORM WATER INFRASTRUCTURE REHABILITATION	\$ 6,491,115	\$ 2,721,485	\$ 6,327,142	\$ 6,327,142	\$ 36,174	\$ 127,799
7005	NORTH LAKE HOLLY WATERSHED	13,551,135	88,426	5,187,710	5,187,710	600,712	7,762,713
7010	ELIZABETH RIVER SHORES (PARTIAL)	1,280,450	209,301	557,052	557,052	49,117	674,281
7016	SOUTH LAKE HOLLY WATERSHED (PARTIAL)	6,283,000	184,000	915,022	915,022	457,558	4,910,420
7024	SOUTHERN CANAL/LEAD DITCH & CULVERT IMPRV	950,000	255,146	335,274	-	34,554	580,172
7027	SWM MSTR PLANNING, ANALYSIS, & INVENTORY	845,906	213,074	685,984	685,984	37,575	122,347
7031	KEMPS GREENS GC COMM STRM WTR BK STABIL	740,000	14,979	695,474	695,474	34,478	10,048
7033	STORM WATER MAINTENANCE BACKLOG	6,800,000	329,945	885,675	885,675	2,540,069	3,374,256
7035	LAWSON FOREST DRAINAGE	630,000	36,934	36,934	36,934	100,500	492,566
7049	BCH GRDN PRK-KILBORNE CRT/HOLLY RD IMPRV	900,000	2,769	31,148	31,150	-	868,852
7063	NEIGHBORHD SW INFRASTRUCT IMP	8,666,820	202,194	7,482,283	-	157,554	1,026,983
7067	PRIMARY SYSTEM INFRASTRUCTURE IMPROVEMENTS	9,102,713	754,150	8,760,314	-	326,893	15,506
7091	RESIDENTIAL DRAINAGE COST PART PRG	200,000	20,871	156,867	156,867	2,167	40,966
7145	ARTIC AVENUE - BALTIC AVENUE	8,253,333	154,529	7,113,215	7,113,215	704,571	435,547
7152	DAM & SPILLWAY STRUCTURAL IMPROVEMENTS	4,811,175	244,840	2,867,488	2,867,488	1,663,606	280,081
7153	LYNNHAVEN WATERSHED RESTORATION	2,806,532	309,065	2,228,839	2,228,839	305,401	272,292
7157	LYNNHAVEN RIVER ENC RESTORATION STUDY	1,500,000	71,011	1,499,858	1,499,858	-	142
7159	WATER QUALITY PARTICIPATION PROJECTS	801,500	173,748	441,428	441,428	37,195	322,877
7183	STORM WATER QUALITY ENHANCEMENTS	5,315,619	218,993	2,289,959	2,289,959	1,294,594	1,731,066
7902	NORTH BEACH DRAINAGE	28,642,523	4,664,326	12,863,197	12,863,197	13,526,811	2,252,515
TOTAL STORM WATER UTILITY CAPITAL PROJECTS		<u>\$ 108,571,821</u>	<u>\$ 10,869,786</u>	<u>\$ 61,360,863</u>	44,782,994	<u>\$ 21,909,529</u>	<u>\$ 25,301,429</u>
CAPITALIZED INTEREST					1,775,844		
STORM WATER FUND CONSTRUCTION IN PROGRESS					<u>\$ 46,558,838</u>		

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.

Information Technology – prior to FY07, this fund provided computer operations and data communication services for City and School agencies. Beginning in FY07, units were transitioned to the General Fund, the Telecommunications Fund, and the Subscriptions Fund. Remaining units provides services to City agencies and funding for capital improvements.

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 - 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, 2010

	<u>City Garage</u>	<u>Risk Management</u>	<u>Print Shop</u>
<u>ASSETS</u>			
Current Assets:			
Cash and Investments	\$ 2,510,319	\$ 6,704,262	\$ 710,826
Accounts Receivable	-	-	-
Inventory	642,691	-	12,614
Total Current Assets	<u>\$ 3,153,010</u>	<u>\$ 6,704,262</u>	<u>\$ 723,440</u>
Noncurrent Assets:			
Capital Assets:			
Site Improvements	\$ 265,782	\$ -	\$ -
Machinery and Equipment	1,723,542	293,215	990,164
Total Property, Plant and Equipment	<u>\$ 1,989,324</u>	<u>\$ 293,215</u>	<u>\$ 990,164</u>
Less: Accumulated Depreciation	(1,874,598)	(293,215)	(990,164)
Net Property, Plant and Equipment	<u>\$ 114,726</u>	<u>\$ -</u>	<u>\$ -</u>
Total Assets	<u>\$ 3,267,736</u>	<u>\$ 6,704,262</u>	<u>\$ 723,440</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Vouchers and Accounts Payable	\$ 564,404	\$ 316,010	\$ 320,214
Current Portion of Long-term Liabilities	308,140	5,896,352	39,479
Total Current Liabilities	<u>\$ 872,544</u>	<u>\$ 6,212,362</u>	<u>\$ 359,693</u>
Noncurrent Liabilities:			
Long-term Liabilities (less current portion)	\$ 260,542	\$ 18,819,128	\$ 56,643
Total Liabilities	<u>\$ 1,133,086</u>	<u>\$ 25,031,490</u>	<u>\$ 416,336</u>
<u>NET ASSETS</u>			
Invested in Capital Assets, net of related debt	\$ 114,726	\$ -	\$ -
Unrestricted	2,019,924	(18,327,228)	307,104
Total Net Assets (Deficits)	<u>\$ 2,134,650</u>	<u>\$ (18,327,228)</u>	<u>\$ 307,104</u>

CITY OF VIRGINIA BEACH, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2010

Information Technology	School Site Landscaping	Telecommunications	Subscriptions	Totals
\$ 328,653	\$ 1,858,428	\$ 1,228,256	\$ 3,886,152	\$ 17,226,896
-	-	113	-	113
-	-	-	-	655,305
<u>\$ 328,653</u>	<u>\$ 1,858,428</u>	<u>\$ 1,228,369</u>	<u>\$ 3,886,152</u>	<u>\$ 17,882,314</u>
\$ -	\$ -	\$ -	\$ -	\$ 265,782
7,536,651	2,386,241	-	184,694	13,114,507
<u>\$ 7,536,651</u>	<u>\$ 2,386,241</u>	<u>\$ -</u>	<u>\$ 184,694</u>	<u>\$ 13,380,289</u>
(7,454,696)	(1,789,604)	-	(61,841)	(12,464,118)
<u>\$ 81,955</u>	<u>\$ 596,637</u>	<u>\$ -</u>	<u>\$ 122,853</u>	<u>\$ 916,171</u>
<u>\$ 410,608</u>	<u>\$ 2,455,065</u>	<u>\$ 1,228,369</u>	<u>\$ 4,009,005</u>	<u>\$ 18,798,485</u>
\$ -	\$ 73,637	\$ 63,615	\$ 217,517	\$ 1,555,397
-	99,339	37,879	-	6,381,189
<u>\$ -</u>	<u>\$ 172,976</u>	<u>\$ 101,494</u>	<u>\$ 217,517</u>	<u>\$ 7,936,586</u>
\$ -	\$ 27,173	\$ 20,360	\$ -	\$ 19,183,846
<u>\$ -</u>	<u>\$ 200,149</u>	<u>\$ 121,854</u>	<u>\$ 217,517</u>	<u>\$ 27,120,432</u>
\$ 81,955	\$ 596,637	\$ -	\$ 122,853	\$ 916,171
328,653	1,658,279	1,106,515	3,668,635	(9,238,118)
<u>\$ 410,608</u>	<u>\$ 2,254,916</u>	<u>\$ 1,106,515</u>	<u>\$ 3,791,488</u>	<u>\$ (8,321,947)</u>

CITY OF VIRGINIA BEACH, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2010

	<u>City Garage</u>	<u>Risk Management</u>	<u>Print Shop</u>
<u>OPERATING REVENUES</u>			
Billings to Departments	\$ 15,390,503	\$ 9,157,020	\$ 2,734,020
Insurance Recovery	-	22,390	-
Miscellaneous	122	-	-
Total Operating Revenues	<u>\$ 15,390,625</u>	<u>\$ 9,179,410</u>	<u>\$ 2,734,020</u>
<u>OPERATING EXPENSES</u>			
Cost of Goods Sold	\$ 8,626,475	\$ -	\$ 168,965
Personal Services	3,901,273	348,901	475,825
Fringe Benefits	1,362,042	122,859	161,670
Contractual Services	546,622	538,457	622,637
Internal Services	184,893	10,331	132,419
Other Charges	408,411	14,487,704	32,702
Leases and Rentals	-	-	1,187,917
Land Structures and Improvements	-	-	-
Depreciation	59,775	-	-
Total Operating Expenses	<u>\$ 15,089,491</u>	<u>\$ 15,508,252</u>	<u>\$ 2,782,135</u>
<u>OPERATING INCOME (LOSS)</u>	<u>\$ 301,134</u>	<u>\$ (6,328,842)</u>	<u>\$ (48,115)</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>			
Interest Income	\$ 27,803	\$ 52,348	\$ 2,847
Transfers In	-	1,460,547	-
Transfers Out	-	-	-
Gain (Loss) on Disposition of Assets	40,933	-	-
Total Nonoperating Revenues (Expenses)	<u>\$ 68,736</u>	<u>\$ 1,512,895</u>	<u>\$ 2,847</u>
<u>CHANGE IN NET ASSETS</u>	<u>\$ 369,870</u>	<u>\$ (4,815,947)</u>	<u>\$ (45,268)</u>
<u>TOTAL NET ASSETS - BEGINNING</u>	<u>1,764,780</u>	<u>(13,511,281)</u>	<u>352,372</u>
<u>TOTAL NET ASSETS - ENDING</u>	<u><u>\$ 2,134,650</u></u>	<u><u>\$ (18,327,228)</u></u>	<u><u>\$ 307,104</u></u>

CITY OF VIRGINIA BEACH, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2010

Information Technology	School Site Landscaping	Telecommunications	Subscriptions	Totals
\$ -	\$ 3,867,990	\$ 2,599,640	\$ 2,420,977	\$ 36,170,150
-	-	-	-	22,390
-	-	-	-	122
<u>\$ -</u>	<u>\$ 3,867,990</u>	<u>\$ 2,599,640</u>	<u>\$ 2,420,977</u>	<u>\$ 36,192,662</u>
\$ -	\$ -	\$ -	\$ -	\$ 8,795,440
-	1,885,658	753,644	736	7,366,037
-	779,651	222,505	-	2,648,727
-	54,475	316,108	988,508	3,066,807
-	361,297	14,496	12,156	715,592
-	288,698	621,828	616,776	16,456,119
-	-	-	-	1,187,917
-	92,756	-	-	92,756
246,102	304,588	-	41,279	651,744
<u>\$ 246,102</u>	<u>\$ 3,767,123</u>	<u>\$ 1,928,581</u>	<u>\$ 1,659,455</u>	<u>\$ 40,981,139</u>
<u>\$ (246,102)</u>	<u>\$ 100,867</u>	<u>\$ 671,059</u>	<u>\$ 761,522</u>	<u>\$ (4,788,477)</u>
\$ 1,604	\$ 4,244	\$ 4,299	\$ 20,542	\$ 113,687
-	-	-	754	1,461,301
-	-	(250,000)	-	(250,000)
-	(4,134)	-	-	36,799
<u>\$ 1,604</u>	<u>\$ 110</u>	<u>\$ (245,701)</u>	<u>\$ 21,296</u>	<u>\$ 1,361,787</u>
\$ (244,498)	\$ 100,977	\$ 425,358	\$ 782,818	\$ (3,426,690)
655,106	2,153,939	681,157	3,008,670	(4,895,257)
<u>\$ 410,608</u>	<u>\$ 2,254,916</u>	<u>\$ 1,106,515</u>	<u>\$ 3,791,488</u>	<u>\$ (8,321,947)</u>

CITY OF VIRGINIA BEACH, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2010

	<u>City Garage</u>	<u>Risk Management</u>	<u>Print Shop</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Receipts from Customers and Users	\$ 15,393,956	\$ 9,157,020	\$ 2,734,020
Other Operating Cash Receipts	122	22,390	-
Cash Payments to Suppliers of Goods and Services	(9,773,197)	(9,723,582)	(2,007,077)
Cash Payments to Employees for Services	(5,285,131)	(496,839)	(657,332)
Net Cash Provided (Used) By Operating Activities	<u>\$ 335,750</u>	<u>\$ (1,041,011)</u>	<u>\$ 69,611</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>			
Receipts from Other Funds	\$ -	\$ 1,460,547	\$ -
Payments to Other Funds	-	-	-
Net Cash Provided By Noncapital Financing Activities	<u>\$ -</u>	<u>\$ 1,460,547</u>	<u>\$ -</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>			
Acquisition and Construction of Capital Assets	\$ (39,828)	\$ -	\$ -
Proceeds from Sale of Salvage	40,933	-	-
Net Cash Provided (Used) By Capital and Related Financing Activities	<u>\$ 1,105</u>	<u>\$ -</u>	<u>\$ -</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Interest and Dividends Received	\$ 27,803	\$ 52,348	\$ 2,847
Net Increase (Decrease) in Cash and Temporary Investments	\$ 364,658	\$ 471,884	\$ 72,458
Cash and Temporary Investments, July 1	<u>2,145,659</u>	<u>6,232,378</u>	<u>638,368</u>
Cash and Temporary Investments, June 30	<u><u>\$ 2,510,317</u></u>	<u><u>\$ 6,704,262</u></u>	<u><u>\$ 710,826</u></u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</u>			
Operating Income (Loss)	<u>\$ 301,134</u>	<u>\$ (6,328,842)</u>	<u>\$ (48,115)</u>
Adjustments to Reconcile Operating Income (Loss) to			
Net Cash Provided (Used) By Operating Activities:			
Depreciation Expense	\$ 59,775	\$ -	\$ -
(Increase) Decrease in Accounts Receivable	3,453	-	-
(Increase) Decrease in Inventory	(27,877)	-	6,375
Increase (Decrease) in Vouchers and Accounts Payable	21,081	(8,280)	131,187
Increase (Decrease) in Deposits Payable	-	(12,901)	-
Increase (Decrease) in Estimated Claims and Judgments	-	5,334,091	-
Increase (Decrease) in Accrued Compensated Leave	(21,816)	(25,079)	(19,836)
Total Adjustments	<u>\$ 34,616</u>	<u>\$ 5,287,831</u>	<u>\$ 117,726</u>
Net Cash Provided (Used) By Operating Activities	<u><u>\$ 335,750</u></u>	<u><u>\$ (1,041,011)</u></u>	<u><u>\$ 69,611</u></u>

CITY OF VIRGINIA BEACH, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2010

Information Technology	School Site Landscaping	Telecommunications	Subscriptions	Totals
\$ -	\$ 3,867,990	\$ 2,599,527	\$ 2,420,977	\$ 36,173,490
-	-	-	-	22,512
-	(789,027)	(956,884)	(1,571,865)	(24,821,632)
-	(2,678,681)	(966,701)	(736)	(10,085,420)
<u>\$ -</u>	<u>\$ 400,282</u>	<u>\$ 675,942</u>	<u>\$ 848,376</u>	<u>\$ 1,288,950</u>
\$ -	\$ -	\$ -	\$ 754	\$ 1,461,301
-	-	(250,000)	-	(250,000)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (250,000)</u>	<u>\$ 754</u>	<u>\$ 1,211,301</u>
\$ -	\$ (163,548)	\$ -	\$ -	\$ (203,376)
-	12,176	-	-	53,109
<u>\$ -</u>	<u>\$ (151,372)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (150,267)</u>
\$ 1,604	\$ 4,244	\$ 4,299	\$ 20,542	\$ 113,687
\$ 1,604	\$ 253,154	\$ 430,241	\$ 869,672	\$ 2,463,671
<u>327,049</u>	<u>1,605,274</u>	<u>798,015</u>	<u>3,016,480</u>	<u>14,763,223</u>
<u>\$ 328,653</u>	<u>\$ 1,858,428</u>	<u>\$ 1,228,256</u>	<u>\$ 3,886,152</u>	<u>\$ 17,226,894</u>
<u>\$ (246,102)</u>	<u>\$ 100,867</u>	<u>\$ 671,059</u>	<u>\$ 761,522</u>	<u>\$ (4,788,477)</u>
\$ 246,102	\$ 304,587	\$ -	\$ 41,279	\$ 651,743
-	-	(113)	-	3,340
-	-	-	-	(21,502)
-	8,200	(4,452)	45,575	193,311
-	-	-	-	(12,901)
-	-	-	-	5,334,091
-	(13,372)	9,448	-	(70,655)
<u>\$ 246,102</u>	<u>\$ 299,415</u>	<u>\$ 4,883</u>	<u>\$ 86,854</u>	<u>\$ 6,077,427</u>
<u>\$ -</u>	<u>\$ 400,282</u>	<u>\$ 675,942</u>	<u>\$ 848,376</u>	<u>\$ 1,288,950</u>



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AGENCY FUNDS

AGENCY FUNDS

The Agency Funds are used to account for the assets held by a governmental unit as an agent for individuals, private organizations, other governmental units, and/or other funds. Agency Funds do not involve the measurement of results of operations, as they are custodial in nature (assets = liabilities). The City has the following Agency Funds:

Escheat Property – funds held on behalf of others payable to the Commonwealth of Virginia.

Special Welfare - is established under the authority of Section 63.1-51, Code of Virginia, as amended. This fund accounts for Social Security or Veteran's Administration benefits for specific individuals for which the City is acting as the custodian. It also accounts for donations and the provision for emergency assistance to indigent citizens.

CITY OF VIRGINIA BEACH, VIRGINIA
AGENCY FUNDS
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2010

	<u>Escheat Property</u>	<u>Special Welfare</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and Investments	\$ 6,349	\$ 276,554	\$ 282,903
Due from Commonwealth	-	5,824	5,824
Total Assets	<u>\$ 6,349</u>	<u>\$ 282,378</u>	<u>\$ 288,727</u>
<u>LIABILITIES</u>			
Vouchers and Accounts Payable	<u>\$ 6,349</u>	<u>\$ 282,378</u>	<u>\$ 288,727</u>
<u>NET ASSETS</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF VIRGINIA BEACH, VIRGINIA
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2010

	Balance July 1, 2009	Additions	Deductions	Balance June 30, 2010
<u>SPECIAL WELFARE</u>				
<u>ASSETS</u>				
Cash and Temporary Investments	\$ 326,237	\$ 884,561	\$ 934,244	\$ 276,554
Due from Commonwealth	7,466	5,824	7,466	5,824
Total Assets	<u>\$ 333,703</u>	<u>\$ 890,385</u>	<u>\$ 941,710</u>	<u>\$ 282,378</u>
<u>LIABILITIES</u>				
Vouchers and Accounts Payable	<u>\$ 333,703</u>	<u>\$ 890,385</u>	<u>\$ 941,710</u>	<u>\$ 282,378</u>
<u>ESCHEAT PROPERTY</u>				
<u>ASSETS</u>				
Cash and Temporary Investments	<u>\$ 5,758</u>	<u>\$ 423,305</u>	<u>\$ 422,714</u>	<u>\$ 6,349</u>
<u>LIABILITIES</u>				
Vouchers and Accounts Payable	<u>\$ 5,758</u>	<u>\$ 423,305</u>	<u>\$ 422,714</u>	<u>\$ 6,349</u>
<u>TOTALS-ALL AGENCY FUNDS</u>				
<u>ASSETS</u>				
Cash and Temporary Investments	\$ 331,995	\$ 1,307,866	\$ 1,356,958	\$ 282,903
Due from Commonwealth	7,466	5,824	7,466	5,824
Total Assets	<u>\$ 339,461</u>	<u>\$ 1,313,690</u>	<u>\$ 1,364,424</u>	<u>\$ 288,727</u>
<u>LIABILITIES</u>				
Vouchers and Accounts Payable	<u>\$ 339,461</u>	<u>\$ 1,313,690</u>	<u>\$ 1,364,424</u>	<u>\$ 288,727</u>



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NONMAJOR COMPONENT UNITS

CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF NET ASSETS
OTHER COMPONENT UNITS
JUNE 30, 2010

	Virginia Beach Development Authority	Community Development Corporation	Totals
<u>ASSETS</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 7,864,868	\$ 854,132	\$ 8,719,000
Short-Term Investments	-	428,814	428,814
Accounts Receivable - Net	2,922,909	82,400	3,005,309
Notes Receivable	-	941,495	941,495
Accrued Interest Receivable	-	366,764	366,764
Due from Other Governments	-	260,075	260,075
Replacement Reserves and Security Deposits	-	968,789	968,789
Deferred Charges	430,497	-	430,497
Inventory	-	6,144,378	6,144,378
Total Current Assets	<u>\$ 11,218,274</u>	<u>\$ 10,046,847</u>	<u>\$ 21,265,121</u>
Noncurrent Assets:			
Cash and Investments - Restricted	\$ 9,717,769	\$ -	\$ 9,717,769
Land Held for Resale	17,971,424	-	17,971,424
Capital Assets:			
Land	23,066,603	3,949,302	27,015,905
Buildings	102,247,451	21,314,971	123,562,422
Vehicles	-	28,941	28,941
Construction In Progress	500,457	-	500,457
Less: Accumulated Depreciation	(15,148,668)	(5,724,633)	(20,873,301)
Total Capital Assets	<u>\$ 110,665,843</u>	<u>\$ 19,568,581</u>	<u>\$ 130,234,424</u>
Total Noncurrent Assets	<u>\$ 138,355,036</u>	<u>\$ 19,568,581</u>	<u>\$ 157,923,617</u>
Total Assets	<u>\$ 149,573,310</u>	<u>\$ 29,615,428</u>	<u>\$ 179,188,738</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Vouchers and Accounts Payable	\$ 9,728,739	\$ 306,802	\$ 10,035,541
Deposits Payable	165,000	64,655	229,655
Accrued Interest Payable	815,431	41,647	857,078
Deferred Revenue	-	736,917	736,917
Current Portion of:			
Bonds and Notes Payable	4,210,000	1,641,440	5,851,440
Total Current Liabilities	<u>\$ 14,919,170</u>	<u>\$ 2,791,461</u>	<u>\$ 17,710,631</u>
Noncurrent Liabilities:			
Bonds Payable	\$ 85,673,344	\$ 11,303,284	\$ 96,976,628
Notes Payable - Other	4,228,026	-	4,228,026
Total Noncurrent Liabilities	<u>\$ 89,901,370</u>	<u>\$ 11,303,284</u>	<u>\$ 101,204,654</u>
Total Liabilities	<u>\$ 104,820,540</u>	<u>\$ 14,094,745</u>	<u>\$ 118,915,285</u>
<u>NET ASSETS</u>			
Invested in Capital Assets, Net of Related Debt	\$ 10,707,519	\$ 12,031,318	\$ 22,738,837
Restricted for Debt Service	2,616,939	-	2,616,939
Unrestricted	31,428,312	3,489,365	34,917,677
Total Net Assets	<u>\$ 44,752,770</u>	<u>\$ 15,520,683</u>	<u>\$ 60,273,453</u>

**CITY OF VIRGINIA BEACH, VIRGINIA
OTHER COMPONENT UNITS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010**

Functions/Programs	Expenses	Program Revenues			Net Revenue and Changes in Net Assets		
		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	\$ -	\$ -	\$ -	\$ 98	\$ 98	\$ -	\$ 98
Business-type Activities	9,467,197	3,069,327	14,209,300	50,000	7,861,430	-	7,861,430
Community Development Corporation							
Business-type Activities	4,099,706	2,305,104	2,342,431	-	-	547,829	547,829
Total Component Units	<u>\$ 13,566,903</u>	<u>\$ 5,374,431</u>	<u>\$ 16,551,731</u>	<u>\$ 50,098</u>	<u>\$ 7,861,528</u>	<u>\$ 547,829</u>	<u>\$ 8,409,357</u>
General Revenues:							
Unrestricted Investment Earnings					\$ 140,953	\$ 82,753	\$ 223,706
Miscellaneous					-	283,659	283,659
Total General Revenue					<u>\$ 140,953</u>	<u>\$ 366,412</u>	<u>\$ 507,365</u>
Change in Net Assets					\$ 8,002,481	\$ 914,241	\$ 8,916,722
Net Assets at Beginning of Year					36,750,289	14,606,442	51,356,731
Net Assets at End of Year					<u>\$ 44,752,770</u>	<u>\$ 15,520,683</u>	<u>\$ 60,273,453</u>

**CITY OF VIRGINIA BEACH, VIRGINIA
OTHER COMPONENT UNITS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2010**

	Virginia Beach Development Authority	Community Development Corporation	Totals
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>			
Receipts From Customers and Users	\$ 3,078,720	\$ 2,242,161	\$ 5,320,881
Other Operating Cash Receipts	1,018,988	335,414	1,354,402
Cash Payments to Employees for Services	(2,580,773)	(1,723,266)	(4,304,039)
Other Operating Cash Payments	(1,887,656)	(1,094,741)	(2,982,397)
Net Cash Provided (Used) By Operating Activities	<u>\$ (370,721)</u>	<u>\$ (240,432)</u>	<u>\$ (611,153)</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>			
Intergovernmental Receipts	\$ -	\$ 2,877,291	\$ 2,877,291
Reserve Deposits	-	155,464	155,464
Net Cash Provided (Used) By Noncapital Financing Activities	<u>\$ -</u>	<u>\$ 3,032,755</u>	<u>\$ 3,032,755</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>			
Interest Paid on Long-term Debt	\$ (4,357,264)	\$ (472,940)	\$ (4,830,204)
Capital Contributions From City	14,229,535	-	14,229,535
Purchases of Capital Assets	(5,533,213)	(426,150)	(5,959,363)
Acquisition and Construction of Capital Assets	-	(4,717,751)	(4,717,751)
Capitalization of Asset Costs	(1,920)	-	(1,920)
Charity Golf Outing Proceeds, net	(24,611)	-	(24,611)
Proceeds From Sale of Property	-	41,793	41,793
Proceeds From Debt	-	5,941,304	5,941,304
Principal Paid on Capital Debt	(3,901,504)	(2,930,627)	(6,832,131)
Net Cash Provided (Used) By Capital and Related Financing Activities	<u>\$ 411,023</u>	<u>\$ (2,564,371)</u>	<u>\$ (2,153,348)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Interest and Dividends Received	<u>\$ 140,953</u>	<u>\$ (1,668)</u>	<u>\$ 139,285</u>
Net Increase (Decrease) in Cash and Temporary Investments	\$ 181,255	\$ 226,284	\$ 407,539
Cash and Temporary Investments, July 1	<u>15,280,617</u>	<u>627,848</u>	<u>15,908,465</u>
Cash and Temporary Investments, June 30	<u><u>\$ 15,461,872</u></u>	<u><u>\$ 854,132</u></u>	<u><u>\$ 16,316,004</u></u>
<u>RECONCILIATION OF COMPONENT UNITS</u>			
<u>CASH AND TEMPORARY INVESTMENTS:</u>			
Business-Type Activities	\$ 15,461,872	\$ 854,132	\$ 16,316,004
Governmental Activities	<u>2,120,765</u>	<u>-</u>	<u>2,120,765</u>
Total per Exhibit 35	<u><u>\$ 17,582,637</u></u>	<u><u>\$ 854,132</u></u>	<u><u>\$ 18,436,769</u></u>

**CITY OF VIRGINIA BEACH, VIRGINIA
OTHER COMPONENT UNITS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2010**

	Virginia Beach Development Authority	Community Development Corporation	Totals
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH</u>			
<u>PROVIDED (USED) BY OPERATING ACTIVITIES:</u>			
Operating Loss	\$ (2,673,472)	\$ (1,089,464)	\$ (3,762,936)
Adjustments to Reconcile Operating Income to			
Net Cash Used By Operating Activities:			
Depreciation Expense	2,873,523	771,936	3,645,459
Non Cash Selling Expense and Gain on Sale	-	13,586	13,586
Non Operating Interest Earnings	-	(70,835)	(70,835)
Changes in Assets and Liabilities:			
Receivables, Net	1,028,381	523,672	1,552,053
Accounts and Other Payables	(1,599,153)	57,790	(1,541,363)
Accrued Expenses	-	16,265	16,265
Land and Building Inventory	-	(463,382)	(463,382)
Net Cash Provided (Used) By Operating Activities	<u>\$ (370,721)</u>	<u>\$ (240,432)</u>	<u>\$ (611,153)</u>
Noncash Transactions:			
Amortization of Bond Discount/Premium	\$ (106,446)		
EDIP Appropriations	2,120,578		

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

Nonmajor Governmental Funds:

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

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

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

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

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

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, 2010

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

CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010

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

General Revenues:

Local Sources:

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

Federal and State Aid not Restricted to Specific Purposes:

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

Interest Earnings	734,959
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Total General Revenues	<u>\$ 633,332,714</u>
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Change in Net Assets	\$ 28,877,927
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Total Net Assets - July 1	<u>542,497,077</u>
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Total Net Assets - June 30	<u>\$ 571,375,004</u>
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CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010

	School Operating	School Grants
<u>ASSETS</u>		
Cash and Temporary Investments	\$ 62,366,632	\$ -
Accounts Receivable	173,880	1,982
Due from Other Funds	3,483,000	-
Due from Commonwealth	9,353,173	2,576,442
Due from Federal Government	107,554	7,743,148
Inventories	-	-
Prepaid Items	232,296	-
	<hr/>	<hr/>
Total Assets	<u>\$ 75,716,535</u>	<u>\$ 10,321,572</u>
<u>LIABILITIES</u>		
Salaries Payable	\$ 52,689,356	\$ 3,637,054
Vouchers and Accounts Payable	4,731,701	2,260,803
Deposits Payable	-	-
Due to Other Funds	-	3,483,000
Due to Federal Government	-	635
Deferred Revenue	263,461	46,988
	<hr/>	<hr/>
Total Liabilities	<u>\$ 57,684,518</u>	<u>\$ 9,428,480</u>
<u>FUND BALANCES</u>		
Reserved for:		
Encumbrances	\$ 17,799,721	\$ -
Inventories	-	-
Prepaid Items	232,296	-
Unreserved, reported in:		
Designated:		
Capital Projects Fund	-	-
Special Revenue Funds	-	893,092
Undesignated:		
Special Revenue Funds	-	-
	<hr/>	<hr/>
Total Fund Balances	<u>\$ 18,032,017</u>	<u>\$ 893,092</u>
	<hr/>	<hr/>
Total Liabilities and Fund Balances	<u>\$ 75,716,535</u>	<u>\$ 10,321,572</u>

CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010

School Textbooks	School Instructional Technology	Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 22,562,055	\$ 19,486,379	\$ 67,322,668	\$ 8,249,004	\$ 179,986,738
3,864	-	-	97,524	277,250
-	-	-	-	3,483,000
-	-	-	-	11,929,615
-	-	2,819,861	767,597	11,438,160
-	-	-	928,866	928,866
-	-	-	50,794	283,090
<u>\$ 22,565,919</u>	<u>\$ 19,486,379</u>	<u>\$ 70,142,529</u>	<u>\$ 10,093,785</u>	<u>\$ 208,326,719</u>
\$ -	\$ -	\$ 12,170	\$ 1,050,586	\$ 57,389,166
376,178	471,061	9,129,917	335,366	17,305,026
-	-	-	45,000	45,000
-	-	-	-	3,483,000
-	-	87,914	-	88,549
-	-	-	360,460	670,909
<u>\$ 376,178</u>	<u>\$ 471,061</u>	<u>\$ 9,230,001</u>	<u>\$ 1,791,412</u>	<u>\$ 78,981,650</u>
\$ 805,410	\$ 2,322,010	\$ 60,809,732	\$ 187,489	\$ 81,924,362
-	-	-	928,866	928,866
-	-	-	50,794	283,090
-	-	102,796	-	102,796
4,272,012	2,915,947	-	2,489,136	10,570,187
17,112,319	13,777,361	-	4,646,088	35,535,768
<u>\$ 22,189,741</u>	<u>\$ 19,015,318</u>	<u>\$ 60,912,528</u>	<u>\$ 8,302,373</u>	<u>\$ 129,345,069</u>
<u>\$ 22,565,919</u>	<u>\$ 19,486,379</u>	<u>\$ 70,142,529</u>	<u>\$ 10,093,785</u>	<u>\$ 208,326,719</u>

**CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2010**

Amounts reported for governmental activities in the Statement of Net Assets (Exhibit 38)
are different from amounts reported for governmental funds in this exhibit because:

Total Fund Balances - Governmental Funds (this exhibit)	\$ 129,345,069
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Capital assets used in governmental activities are not financial resources and,
therefore, are not reported in the governmental funds.

	Cost of Capital Assets	\$ 685,658,236	
	less: Accumulated Depreciation	<u>274,092,473</u>	411,565,763

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

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

Internal Service Funds are used to account for the risk management and health
insurance programs; and related charges to the various governmental funds. The assets
and liabilities of the internal service funds are included in governmental activities in
the Statement of Net Assets.

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

Total Net Assets - Governmental Activities (Exhibit 38)	<u>\$ 571,375,004</u>
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CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	School Operating	School Grants
<u>REVENUES</u>		
From Use of Money and Property	\$ 422,026	\$ -
Charges for Services	1,503,939	-
Miscellaneous	736,949	5,275
From Local Government	318,692,326	-
From Commonwealth	317,057,808	8,328,241
From Federal Government	32,229,078	37,798,262
Total Revenues	<u>\$ 670,642,126</u>	<u>\$ 46,131,778</u>
<u>EXPENDITURES</u>		
Current:		
Instruction	\$ 491,959,589	\$ 44,868,219
Admin, Attendance, & Health	18,988,180	-
Pupil Transportation	31,579,245	-
Operations and Maintenance	83,235,799	-
Technology	23,604,965	3,940,729
Capital Outlay	-	-
Total Expenditures	<u>\$ 649,367,778</u>	<u>\$ 48,808,948</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>\$ 21,274,348</u>	<u>\$ (2,677,170)</u>
<u>OTHER FINANCING SOURCES (USES)</u>		
Transfers In	\$ -	\$ 2,896,259
Transfers Out	(19,093,344)	-
Total Other Financing Sources (Uses)	<u>\$ (19,093,344)</u>	<u>\$ 2,896,259</u>
<u>NET CHANGE IN FUND BALANCES</u>	\$ 2,181,004	\$ 219,089
<u>FUND BALANCES - JULY 1</u>	<u>15,851,013</u>	<u>674,003</u>
<u>FUND BALANCES - JUNE 30</u>	<u><u>\$ 18,032,017</u></u>	<u><u>\$ 893,092</u></u>

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, 2010

School Textbooks	School Instructional Technology	Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 114,076	\$ 280,169	\$ 290,665	\$ 420,578	\$ 1,527,514
17	-	-	14,038,832	15,542,788
84,978	-	6,007,776	148,555	6,983,533
-	-	42,438,700	334,440	361,465,466
-	-	5,031,804	445,844	330,863,697
-	-	4,413,371	11,991,202	86,431,913
<u>\$ 199,071</u>	<u>\$ 280,169</u>	<u>\$ 58,182,316</u>	<u>\$ 27,379,451</u>	<u>\$ 802,814,911</u>
\$ 5,976,029	\$ -	\$ 3,867,918	\$ 5,696,655	\$ 552,368,410
-	-	-	-	18,988,180
-	-	-	-	31,579,245
-	-	8,244,835	25,969,666	117,450,300
-	593,920	1,775,220	547,312	30,462,146
-	-	52,554,190	-	52,554,190
<u>\$ 5,976,029</u>	<u>\$ 593,920</u>	<u>\$ 66,442,163</u>	<u>\$ 32,213,633</u>	<u>\$ 803,402,471</u>
<u>\$ (5,776,958)</u>	<u>\$ (313,751)</u>	<u>\$ (8,259,847)</u>	<u>\$ (4,834,182)</u>	<u>\$ (587,560)</u>
\$ 5,000,000	\$ 7,000,000	\$ -	\$ 4,197,085	\$ 19,093,344
-	-	-	-	(19,093,344)
<u>\$ 5,000,000</u>	<u>\$ 7,000,000</u>	<u>\$ -</u>	<u>\$ 4,197,085</u>	<u>\$ -</u>
\$ (776,958)	\$ 6,686,249	\$ (8,259,847)	\$ (637,097)	\$ (587,560)
<u>22,966,699</u>	<u>12,329,069</u>	<u>69,172,375</u>	<u>8,939,470</u>	<u>129,932,629</u>
<u>\$ 22,189,741</u>	<u>\$ 19,015,318</u>	<u>\$ 60,912,528</u>	<u>\$ 8,302,373</u>	<u>\$ 129,345,069</u>

**CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010**

Amounts reported for governmental activities in the Statement of Activities (Exhibit 39)
are different from amounts reported for governmental funds in this exhibit because:

Net Change in Fund Balances - Governmental Funds (this exhibit) \$ (587,560)

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.

Capital Outlay	\$ 57,967,639	
Depreciation and Other	<u>(22,831,257)</u>	35,136,382

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

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

Net Pension Obligation (NPO) for the nonprofessional employees in the Virginia Retirement System (VRS) are not reported in governmental funds. However, for governmental activities the net change in the NPO to VRS for the fiscal year is reported in the Statement of Activities.

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

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

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

Section 15.2-1800.1 of the Code of Virginia, as amended, affects the reporting of local School Board capital assets and related debt for financial reporting purposes. Under this legislation, the City has a "tenancy in common" with the School Board whenever the City incurs "on-behalf" of debt for any school property owned by the School Board which is payable over more than one year. For financial reporting purposes, the City will report the Net Book Value of School Board property (the School Board incurs the depreciation expense) equal to the total outstanding principal balance of the applicable "on-behalf" of debt at June 30, 2010. This amount is the applicable Net Book Value change and depreciation expense for the fiscal year.

(7,673,505)

Change in Net Assets of governmental activities in the Statement of Activities (Exhibit 39)	<u><u>\$ 28,877,927</u></u>
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CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
SCHOOL OPERATING SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE- BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

Source	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<u>REVENUES</u>				
<u>From Use of Money and Property</u>				
Rents	\$ 450,000	\$ 450,000	\$ 422,026	\$ (27,974)
<u>Charges for Services</u>				
Tuition and Educational Fees	\$ 1,979,070	\$ 1,979,070	\$ 1,503,939	\$ (475,131)
<u>Miscellaneous Revenue</u>				
Sale of School Buses & Vehicles	15,000	15,000	79,905	64,905
Sale of Salvage	12,000	12,000	88,130	76,130
Insurance Proceeds	-	-	11,251	11,251
Flex Benefit Forfeitures	15,000	15,000	-	(15,000)
Donations	-	-	2	2
Miscellaneous	95,000	95,000	87,968	(7,032)
Indirect Costs	350,000	350,000	469,693	119,693
Total Miscellaneous Revenue	\$ 487,000	\$ 487,000	\$ 736,949	\$ 249,949
<u>From Local Government</u>				
City - General Fund	335,208,106	334,873,666	317,182,229	(17,691,437)
City - School Reserve Fund	800,000	800,000	800,000	-
City for Consolidated Benefits Office	814,000	814,000	710,097	(103,903)
Total From Local Government	\$ 336,822,106	\$ 336,487,666	\$ 318,692,326	\$ (17,795,340)
<u>From Commonwealth</u>				
Basic Aid	190,787,341	177,092,269	181,102,083	4,009,814
Reimbursement-Social Security	10,671,253	10,671,253	10,852,484	181,231
Reimbursement-Retirement	13,756,916	13,756,916	10,503,810	(3,253,106)
Reimbursement-Life Insurance	385,708	385,708	305,090	(80,618)
Remedial Education	2,871,381	2,871,381	2,920,146	48,765
Remedial Education-Summer School	1,218,170	1,218,170	1,287,411	69,241
Special Education	21,471,075	21,471,075	21,835,721	364,646
Special Education-Regional Program	9,823,229	9,823,229	8,428,371	(1,394,858)
Special Education-Homebound	78,174	78,174	129,850	51,676
Special Education-Foster Children	-	-	267,389	267,389
Foster Home Children	528,797	528,797	213,426	(315,371)
Vocational	3,642,797	3,642,797	3,704,663	61,866
Vocational-Occupational/Tech	361,764	361,764	209,536	(152,228)
Vocational-Equipment-State	-	-	89,557	89,557
Sales Tax	72,941,384	72,941,384	66,688,947	(6,252,437)
Class Size Initiative	3,954,621	3,954,621	3,927,539	(27,082)
Enrollment Loss	2,059,550	2,059,550	138,671	(1,920,879)
At-Risk Initiative	1,756,411	1,756,411	1,751,613	(4,798)
English as a Second Language	732,806	732,806	643,183	(89,623)
Visually Impaired	-	-	26,855	26,855
Dual Enrollment	-	-	70,171	70,171
Gifted and Talented Aid	1,928,540	1,928,540	1,961,292	32,752
Funding Loss Cap	1,767,449	1,767,449	-	(1,767,449)
Total From Commonwealth	\$ 340,737,366	\$ 327,042,294	\$ 317,057,808	\$ (9,984,486)

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
SCHOOL OPERATING SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE- BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

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

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
SCHOOL OPERATING SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE- BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

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

CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
SCHOOL GRANTS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

Source	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Miscellaneous	\$ -	\$ 16,073	\$ 5,275	\$ (10,798)
From Commonwealth	11,953,724	10,804,582	8,328,241	(2,476,341)
From Federal Government	72,354,337	75,078,153	37,798,262	(37,279,891)
Contingency	5,655,908	3,501,088	-	(3,501,088)
Total Revenues	<u>\$ 89,963,969</u>	<u>\$ 89,399,896</u>	<u>\$ 46,131,778</u>	<u>\$ (43,268,118)</u>
EXPENDITURES				
Instruction				
Adult Basic Education-ABE FY09	\$ -	\$ 4,548	\$ 4,548	\$ -
Adult Basic Education-ABE FY10	387,668	356,478	354,673	1,805
Adult Basic Education-ABE Incentive FY10	-	17,825	16,583	1,242
Advanced Placement Program FY10	-	4,020	4,020	-
Algebra Readiness FY09	-	24,888	24,888	-
Algebra Readiness FY10	714,902	695,704	695,704	-
Allstate Fdn Safe Teen Driving FY07	-	8,820	1,059	7,761
ARRA/SFSF Program FY10	6,185,930	6,185,930	2,814,791	3,371,139
Career Switcher FY09	-	4,000	4,000	-
C.Perkins Vocational & Tech Act FY09	-	1,654	1,554	100
C.Perkins Vocational & Tech Act FY10	884,195	791,241	790,731	510
Early Reading Initiative FY09	-	18,846	18,846	-
Early Reading Initiative FY10	1,365,372	1,224,240	1,169,940	54,300
English Literacy/Civics Education FY10	47,569	65,385	65,385	-
Equipment Assistance Grant - ARRA FY10	-	60,368	60,368	-
ESRI Geocenter Wkshop Award FY10	-	500	500	-
GED Expansion Grant FY10	9,879	10,000	10,000	-
General Adult Education FY10	35,657	42,632	42,632	-
HSTW-Cox FY10	15,000	15,000	15,000	-
Industry Credentials for Students FY10	34,726	34,726	34,726	-
ISAEF FY10	62,869	62,869	62,869	-
Jail Education Program FY10	235,426	192,343	190,684	1,659
Juvenile Detention Ctr FY10	896,343	854,519	806,080	48,439
MARAMA Idle Reduction Project FY10	-	20,597	20,596	1
McKinney Homeless FY09	-	41,860	30,112	11,748
McKinney Homeless FY10	68,000	68,000	-	68,000
McKinney Homeless - ARRA FY10	-	8,000	8,000	-
MyCAA - ALC Courses FY10	-	18,000	13,939	4,061
MyCAA-LPN Program FY10	-	32,373	18,239	14,134
Natl. Board Certified Tchrs. Stipend FY10	-	222,500	222,500	-
New Teacher Mentor FY10	78,659	59,325	59,325	-
NJROTC FY10	-	27,793	27,793	-
Preschool Incentive Grant FY09	62,889	79,475	68,892	10,583
Preschool Incentive Grant FY10	505,205	499,969	395,440	104,529
Preschool Incentive Grant - ARRA FY10	571,379	315,406	220,456	94,950
Race to GED FY10	44,823	53,485	53,485	-
Safe and Drug Free Schools FY09	58,346	32,897	32,897	-
Safe and Drug Free Schools FY10	233,383	237,689	187,252	50,437
Startalk Elementary Chinese Acad FY09	50,791	47,861	47,861	-
Startalk Elementary Chinese Acad FY10	-	65,128	5,555	59,573
State Academic Grant FY10	-	23,889	17,099	6,790
Stem-Opp. Inc. FY10	-	15,000	14,404	596

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
SCHOOL GRANTS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

Source	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<u>EXPENDITURES (continued)</u>				
<u>Instruction (continued)</u>				
Stem-Opp. Inc. Green House Sustain. FY10	\$ -	\$ 4,982	\$ 2,825	\$ 2,157
Teaching American History-WHO FY06	79,944	118,530	118,530	-
Teaching American History-SAIL FY10	-	971,056	137,724	833,332
Title I Part A 128-09 FY09	1,467,515	1,476,762	1,476,762	-
Title I Part A 128-10 FY10	12,250,128	12,219,409	8,515,429	3,703,980
Title I Part A 128-10 - ARRA FY10	9,216,707	8,877,092	4,074,629	4,802,463
Title I Part D FY09	65,215	113,643	112,040	1,603
Title I Part D Subpart 1 FY09	-	18,751	18,751	-
Title I Part D Subpart 1 FY10	39,201	39,201	20,370	18,831
Title I Part D Subpart 2 FY10	144,367	207,094	60,968	146,126
Title I Part D Subpart 2 - ARRA FY10	76,475	76,475	34,294	42,181
Title II NCLB128-08 FY09	678,929	694,341	692,198	2,143
Title II NCLB128-09 FY10	2,798,879	2,715,742	1,920,751	794,991
Title III Part A Immigrant & Youth FY09	21,939	22,042	19,966	2,076
Title III Part A Immigrant & Youth FY10	21,939	28,463	-	28,463
Title III Part A Language Acquisition FY08	-	22,713	22,713	-
Title III Part A Language Acquisition FY09	131,166	131,768	104,298	27,470
Title III Part A Language Acquisition FY10	131,166	129,640	-	129,640
Title IV Pell Grant FY10	-	24,590	24,590	-
Title V 128-T5-08 FY08	-	1,677	1,409	268
Title VI B PL 105-17 FY08	-	316,912	316,912	-
Title VI B PL 105-17 FY09	3,455,788	4,402,499	4,402,499	-
Title VI B PL 105-17 FY10	14,855,612	15,369,349	8,038,696	7,330,653
Title VI B PL 105-17 - ARRA FY10	17,263,000	14,531,553	1,809,993	12,721,560
VA Incentive Prog for Speech Lang FY10	-	24,000	24,000	-
VA Initiative-At Risk Four-Year Olds FY09	-	8,331	8,331	-
VA Initiative-At Risk Four-Year Olds FY10	4,224,000	4,224,000	4,223,603	397
VA Geographic Alliance FY03	-	3,352	3,352	-
VA Middle School Teacher Corps FY10	20,000	45,000	45,000	-
Virginia Bch Police Benevolent Asso FY10	-	3,400	364	3,036
Virtual Enterprise MOU FY09	-	3,856	1,377	2,479
Virtual Enterprise MOU FY10	-	7,500	1,405	6,095
Virtual VA Placement FY10	-	1,014	1,014	-
Contingency	5,655,908	3,501,088	-	3,501,088
Total Instruction	<u>\$ 85,146,889</u>	<u>\$ 82,881,608</u>	<u>\$ 44,868,219</u>	<u>\$ 38,013,389</u>
<u>Technology</u>				
Adult Basic Education-ABE FY10	\$ -	\$ 26,500	\$ 26,500	\$ -
C.Perkins Vocational & Tech Act FY10	140,000	128,344	127,854	490
Early Reading Initiative FY10	3,000	3,000	214	2,786
Juvenile Detention Ctr FY10	6,000	23,268	23,216	52
Preschool Incentive Grant - ARRA FY10	-	255,973	119,030	136,943
Safe and Drug Free Schools FY10	-	400	356	44
Startalk Elementary Chinese Acad FY09	-	1,455	1,455	-
State Academic Grant FY10	-	1,575	1,670	(95)
Stem-Opp. Inc. Green House Sustain. FY10	-	8,518	8,754	(236)
Teaching American History-SAIL FY10	-	26,898	25,398	1,500
Technology Initiative FY08	1,395,000	782,218	782,218	-
Technology Initiative FY09	2,868,000	2,805,600	2,412,455	393,145

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
SCHOOL GRANTS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

Source	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<u>EXPENDITURES (continued)</u>				
<u>Technology (continued)</u>				
Technology Initiative FY10	\$ 2,868,000	\$ 2,868,000	\$ -	\$ 2,868,000
Title I Part A 128-09 FY09	-	89	89	-
Title I Part A 128-10 FY10	230,000	19,049	8,838	10,211
Title I Part A 128-10 - ARRA FY10	-	264,283	190,359	73,924
Title II Part D FY08	-	34,981	34,981	-
Title II Part D FY09	37,368	67,816	67,260	556
Title II Part D FY10	-	94,131	6,478	87,653
Title II Part D - ARRA FY10	275,900	238,321	54,128	184,193
Title VI B PL 105-17 - ARRA FY10	-	2,438,130	49,476	2,388,654
Total Technology	<u>\$ 7,823,268</u>	<u>\$ 10,088,549</u>	<u>\$ 3,940,729</u>	<u>\$ 6,147,820</u>
Total Expenditures	<u>\$ 92,970,157</u>	<u>\$ 92,970,157</u>	<u>\$ 48,808,948</u>	<u>\$ 44,161,209</u>
<u>EXCESS (DEFICIENCY) OF REVENUES</u>				
<u>OVER (UNDER) EXPENDITURES</u>	<u>\$ (3,006,188)</u>	<u>\$ (3,570,261)</u>	<u>\$ (2,677,170)</u>	<u>\$ 893,091</u>
<u>OTHER FINANCING SOURCES</u>				
Transfers In	<u>\$ 3,006,188</u>	<u>\$ 3,570,261</u>	<u>\$ 2,896,259</u>	<u>\$ (674,002)</u>
<u>NET CHANGE IN FUND BALANCE</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 219,089</u>	<u>\$ 219,089</u>
<u>FUND BALANCE - JULY 1</u>	<u>674,003</u>	<u>674,003</u>	<u>674,003</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>	<u><u>\$ 674,003</u></u>	<u><u>\$ 674,003</u></u>	<u><u>\$ 893,092</u></u>	<u><u>\$ 219,089</u></u>



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CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
JUNE 30, 2010

	School Athletics
<u>ASSETS</u>	
Cash and Temporary Investments	\$ 1,113,164
Accounts Receivable	-
Due from Federal Government	-
Inventories	-
Prepaid Items	46,942
	<hr/>
Total Assets	\$ 1,160,106
	<hr/> <hr/>
<u>LIABILITIES AND FUND BALANCES</u>	
Liabilities:	
Salaries Payable	\$ 28,991
Vouchers and Accounts Payable	19,279
Deposits Payable	-
Deferred Revenue	-
	<hr/>
Total Liabilities	\$ 48,270
	<hr/>
Fund Balances:	
Reserved for:	
Encumbrances	\$ 7,671
Inventories	-
Prepaid Items	46,942
Unreserved:	
Designated for Subsequent Year's Operating Budget	24,000
Undesignated	1,033,223
	<hr/>
Total Fund Balances	\$ 1,111,836
	<hr/>
Total Liabilities and Fund Balances	\$ 1,160,106
	<hr/> <hr/>

CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
JUNE 30, 2010

School Cafeterias	School Communication Towers/ Technology	School Vending Operations	School Equipment Replacement	Totals
\$ 2,490,114	\$ 2,092,320	\$ 507,077	\$ 2,046,329	\$ 8,249,004
72,278	-	25,246	-	97,524
767,597	-	-	-	767,597
928,866	-	-	-	928,866
3,852	-	-	-	50,794
<u>\$ 4,262,707</u>	<u>\$ 2,092,320</u>	<u>\$ 532,323</u>	<u>\$ 2,046,329</u>	<u>\$ 10,093,785</u>
\$ 1,021,595	\$ -	\$ -	\$ -	\$ 1,050,586
225,430	-	587	90,070	335,366
-	45,000	-	-	45,000
360,460	-	-	-	360,460
<u>\$ 1,607,485</u>	<u>\$ 45,000</u>	<u>\$ 587</u>	<u>\$ 90,070</u>	<u>\$ 1,791,412</u>
\$ 12,616	\$ -	\$ 14,186	\$ 153,016	\$ 187,489
928,866	-	-	-	928,866
3,852	-	-	-	50,794
-	300,000	380,539	1,784,597	2,489,136
1,709,888	1,747,320	137,011	18,646	4,646,088
<u>\$ 2,655,222</u>	<u>\$ 2,047,320</u>	<u>\$ 531,736</u>	<u>\$ 1,956,259</u>	<u>\$ 8,302,373</u>
<u>\$ 4,262,707</u>	<u>\$ 2,092,320</u>	<u>\$ 532,323</u>	<u>\$ 2,046,329</u>	<u>\$ 10,093,785</u>

CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	School Athletics
<u>REVENUES</u>	
From Use of Money and Property	\$ 15,682
Charges for Services	490,723
Miscellaneous	-
From Local Government	-
From Commonwealth	-
From Federal Government	-
Total Revenues	<u>\$ 506,405</u>
<u>EXPENDITURES</u>	
Instruction	\$ 4,573,462
Operations and Maintenance	-
Technology	-
Total Expenditures	<u>\$ 4,573,462</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>\$ (4,067,057)</u>
<u>OTHER FINANCING SOURCES</u>	
Transfers In	<u>\$ 4,197,085</u>
<u>NET CHANGE IN FUND BALANCES</u>	<u>\$ 130,028</u>
<u>FUND BALANCES - JULY 1</u>	<u>981,808</u>
<u>FUND BALANCES - JUNE 30</u>	<u><u>\$ 1,111,836</u></u>

CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

School Cafeterias	School Communication Towers/ Technology	School Vending Operations	School Equipment Replacement	Totals
\$ 8,829	\$ 382,419	\$ 2,571	\$ 11,077	\$ 420,578
13,332,415	-	215,694	-	14,038,832
148,555	-	-	-	148,555
91,348	-	-	243,092	334,440
445,844	-	-	-	445,844
11,991,202	-	-	-	11,991,202
<u>\$ 26,018,193</u>	<u>\$ 382,419</u>	<u>\$ 218,265</u>	<u>\$ 254,169</u>	<u>\$ 27,379,451</u>
\$ -	\$ -	\$ 426,867	\$ 696,326	\$ 5,696,655
25,969,666	-	-	-	25,969,666
14,077	490,422	-	42,813	547,312
<u>\$ 25,983,743</u>	<u>\$ 490,422</u>	<u>\$ 426,867</u>	<u>\$ 739,139</u>	<u>\$ 32,213,633</u>
\$ 34,450	\$ (108,003)	\$ (208,602)	\$ (484,970)	\$ (4,834,182)
\$ -	\$ -	\$ -	\$ -	\$ 4,197,085
\$ 34,450	\$ (108,003)	\$ (208,602)	\$ (484,970)	\$ (637,097)
2,620,772	2,155,323	740,338	2,441,229	8,939,470
<u>\$ 2,655,222</u>	<u>\$ 2,047,320</u>	<u>\$ 531,736</u>	<u>\$ 1,956,259</u>	<u>\$ 8,302,373</u>

CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
JUNE 30, 2010

	School Risk Management	School Health Insurance	Total
<u>ASSETS</u>			
Cash and Temporary Investments	\$ 26,811,010	\$ 48,856,978	\$ 75,667,988
Accounts Receivable	118	9,507	9,625
Due from Commonwealth	-	137,733	137,733
Due from Federal Government	-	33,052	33,052
Prepaid Items	70,693	-	70,693
Total Assets	<u>\$ 26,881,821</u>	<u>\$ 49,037,270</u>	<u>\$ 75,919,091</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Salaries Payable	\$ 246	\$ 1,079	\$ 1,325
Vouchers and Accounts Payable	170,581	4,709,250	4,879,831
Unearned Revenue	-	5,609,458	5,609,458
Estimated Claims and Judgments (due within one year)	4,582,673	5,793,000	10,375,673
Total Current Liabilities	<u>\$ 4,753,500</u>	<u>\$ 16,112,787</u>	<u>\$ 20,866,287</u>
Noncurrent Liabilities:			
Estimated Claims and Judgments (due in more than one year)	1,527,557	1,931,000	3,458,557
Total Liabilities	<u>\$ 6,281,057</u>	<u>\$ 18,043,787</u>	<u>\$ 24,324,844</u>
<u>NET ASSETS</u>			
Unrestricted	<u>\$ 20,600,764</u>	<u>\$ 30,993,483</u>	<u>\$ 51,594,247</u>

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, 2010

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

CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	School Risk Management	School Health Insurance	Totals
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>			
Receipts from Customers and Users	\$ 7,642,976	\$ 106,923,287	\$ 114,566,263
Payments to Vendors for Goods and Services	(4,779,714)	(106,226,089)	(111,005,803)
Payments to Employees for Services	(431,197)	(329,139)	(760,336)
Net Cash Provided By Operating Activities	<u>\$ 2,432,065</u>	<u>\$ 368,059</u>	<u>\$ 2,800,124</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>			
Intergovernmental Receipts	<u>\$ -</u>	<u>\$ 103,750</u>	<u>\$ 103,750</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>			
Interest Received on Investments	<u>\$ 144,157</u>	<u>\$ 252,334</u>	<u>\$ 396,491</u>
Net Increase in Cash and Temporary Investments	2,576,222	724,143	3,300,365
Cash and Temporary Investments, July 1	<u>24,234,788</u>	<u>48,132,835</u>	<u>72,367,623</u>
Cash and Temporary Investments, June 30	<u><u>\$ 26,811,010</u></u>	<u><u>\$ 48,856,978</u></u>	<u><u>\$ 75,667,988</u></u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO</u>			
<u>NET CASH PROVIDED BY OPERATING ACTIVITIES:</u>			
Operating Income (Loss)	\$ 2,390,318	\$ (1,331,854)	\$ 1,058,464
Adjustments to Reconcile Operating Income (Loss) to			
Net Cash Provided by Operating Activities:			
(Increase) Decrease in Accounts Receivable	(118)	(916)	(1,034)
(Increase) Decrease in Due from Commonwealth	-	(57,737)	(57,737)
(Increase) Decrease in Due From Federal Government	-	(24,766)	(24,766)
(Increase) Decrease in Prepaid Items	4,491	-	4,491
Increase (Decrease) in Salaries Payable	29	(467)	(438)
Increase (Decrease) in Vouchers and Accounts Payable	(48,091)	1,565,443	1,517,352
Increase (Decrease) in Deferred Revenue	-	(80,485)	(80,485)
Increase (Decrease) in Estimated Claims and Judgments	85,436	298,841	384,277
Total Adjustments	<u>\$ 41,747</u>	<u>\$ 1,699,913</u>	<u>\$ 1,741,660</u>
Net Cash Provided By Operating Activities	<u><u>\$ 2,432,065</u></u>	<u><u>\$ 368,059</u></u>	<u><u>\$ 2,800,124</u></u>

CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

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



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STATISTICAL SECTION

STATISTICAL SECTION

This part of the City of Virginia Beach comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends	235
<i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	
Revenue Capacity	242
<i>These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.</i>	
Debt Capacity	247
<i>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.</i>	
Demographic and Economic Information	251
<i>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.</i>	
Operating Information	254
<i>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.</i>	
Schedule of the Treasurer's Cash Accountability	256
<i>This schedule contains information about the City's deposits and investments.</i>	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented Statement 34 in 2002. Schedules presenting government-wide information begin in that year. Tables are noted where information was not available.



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CITY OF VIRGINIA BEACH, VIRGINIA
NET ASSETS BY COMPONENT
Last Nine Fiscal Years
(Accrual Basis of Accounting)
(Unaudited)

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	
<u>Governmental Activities</u>										
Invested In Capital Assets, Net of Related Debt	\$ 1,685,289,901	\$ 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	
Restricted	62,046,827	58,944,520	68,963,315	61,524,387	50,526,035	42,538,035	70,189,359	48,960,721	48,158,594	
Unrestricted	79,711,914	99,876,754	102,042,576	95,315,158	114,120,819	73,594,691	89,556,643	63,956,631	21,851,492	
Total Governmental Activities Net Assets	<u>\$ 1,827,048,642</u>	<u>\$ 1,887,372,934</u>	<u>\$ 1,983,260,800</u>	<u>\$ 2,027,458,449</u>	<u>\$ 2,116,288,373</u>	<u>\$ 2,168,344,694</u>	<u>\$ 2,295,086,975</u>	<u>\$ 2,438,646,942</u>	<u>\$ 2,459,866,119</u>	
<u>Business-type Activities</u>										
Invested In Capital Assets, Net of Related Debt	\$ 631,177,496	\$ 648,215,266	\$ 653,808,639	\$ 652,587,954	\$ 655,303,756	\$ 658,871,000	\$ 665,969,934	\$ 677,714,227	\$ 690,413,751	
Restricted	102,655,026	96,941,853	104,999,266	97,751,915	106,104,443	117,241,789	133,124,575	118,523,348	131,592,999	
Unrestricted	2,694,778	307,667	359,573	831,059	1,280,507	1,531,804	1,316,241	18,205,841	3,688,816	
Total Business-type Activities Net Assets	<u>\$ 736,527,300</u>	<u>\$ 745,464,786</u>	<u>\$ 759,167,478</u>	<u>\$ 751,170,928</u>	<u>\$ 762,688,706</u>	<u>\$ 777,644,593</u>	<u>\$ 800,410,750</u>	<u>\$ 814,443,416</u>	<u>\$ 825,695,566</u>	
<u>Primary Government</u>										
Invested In Capital Assets, Net of Related Debt	\$ 2,316,467,397	\$ 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	
Restricted	164,701,853	155,886,373	173,962,581	159,276,302	156,630,478	159,779,824	203,313,934	167,484,069	179,751,593	
Unrestricted	82,406,692	100,184,421	102,402,149	96,146,217	115,401,326	75,126,495	90,872,884	82,162,472	25,540,308	
Total Primary Government Net Assets	<u>\$ 2,563,575,942</u>	<u>\$ 2,632,837,720</u>	<u>\$ 2,742,428,278</u>	<u>\$ 2,778,629,377</u>	<u>\$ 2,878,977,079</u>	<u>\$ 2,945,989,287</u>	<u>\$ 3,095,497,725</u>	<u>\$ 3,253,090,358</u>	<u>\$ 3,285,561,685</u>	

Source: City Department of Finance

Note: GASB 34 was implemented by the City of Virginia Beach in FY 2002. Data for this schedule prior to FY 2002 is not available.

Table 2

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

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	
Expenses										
Governmental Activities:										
Legislative	\$ 984,638	\$ 1,012,510	\$ 981,325	\$ 1,068,789	\$ 1,148,231	\$ 1,210,187	\$ 1,190,152	\$ 1,234,039	\$ 1,101,059	
Executive	2,054,510	2,064,752	2,113,543	2,357,456	2,333,573	3,633,899	3,595,144	3,443,993	2,960,506	
Law	2,979,220	3,047,980	3,072,955	3,254,158	3,682,586	3,587,873	3,708,452	3,673,299	3,486,020	
Finance	15,061,710	15,251,872	15,269,331	16,059,407	16,595,809	16,216,901	16,661,856	16,644,600	16,925,748	
Human Resources	5,115,421	5,353,319	5,419,976	6,172,047	7,194,174	7,839,373	13,400,793	12,879,203	8,494,623	
Judicial	33,389,794	37,296,673	44,811,106	39,564,502	44,249,522	48,721,693	49,472,871	50,631,227	48,468,317	
Health	2,565,034	2,578,949	2,807,217	2,855,928	2,935,714	3,123,044	3,220,239	3,074,767	2,987,001	
Police	61,922,164	64,523,717	68,335,750	73,577,299	77,546,607	84,975,027	88,937,127	88,212,314	86,602,182	
Human Services	37,926,047	39,011,111	38,939,054	87,080,754	92,858,627	98,924,690	108,144,955	115,430,632	120,191,660	
Public Works	87,856,372	93,550,640	97,304,705	134,770,994	117,466,722	139,806,780	125,719,748	135,063,747	156,433,035	
Parks and Recreation	22,495,167	23,236,623	23,587,739	43,768,959	42,723,800	43,896,040	44,780,014	44,221,519	45,258,239	
Library	12,362,192	12,915,983	14,257,803	16,346,257	16,986,896	15,873,880	15,845,140	15,685,382	16,053,738	
Planning	8,329,336	8,432,938	9,036,272	9,751,358	9,910,293	9,849,490	10,286,282	10,293,506	10,138,645	
Agriculture	994,038	1,092,462	1,104,806	1,063,296	1,079,789	1,055,102	937,265	1,044,767	911,927	
Economic Development	2,897,373	4,572,788	3,052,588	1,847,524	1,919,560	2,522,273	2,168,890	2,669,517	2,260,972	
Convention and Visitor Development	14,122,848	15,327,892	16,703,585	41,784,374	25,478,450	23,659,756	30,236,487	28,319,158	26,441,351	
Communication and Information Technology	3,479,318	5,528,594	5,688,567	6,166,747	6,328,211	21,791,364	19,895,881	31,930,685	23,892,765	
General Services	24,833,263	26,142,318	27,638,640	-	-	-	-	-	-	
Emergency Communications and Citizen Services	-	-	-	-	-	-	-	-	8,286,906	
Boards and Commissions	8,424,295	11,259,637	10,698,105	12,526,023	14,596,241	19,192,200	31,611,562	28,283,987	28,838,862	
Fire	29,191,613	31,254,897	34,985,948	37,980,843	38,446,066	42,765,415	43,731,113	44,748,877	46,923,435	
Management Services	1,293,550	1,422,152	1,437,220	3,092,356	3,234,762	3,542,392	3,704,939	3,607,392	3,905,792	
Mental Health and Retardation	27,237,445	29,744,703	31,691,000	-	-	-	-	-	-	
Education	243,307,988	269,339,046	284,577,178	311,448,492	319,810,179	357,791,746	363,554,215	370,277,459	358,870,557	
Housing and Neighborhood Preservation	14,620,789	16,494,330	18,661,652	19,566,425	17,870,757	21,500,671	22,857,744	22,813,746	22,992,624	
Museums	6,848,681	7,204,334	7,431,946	7,492,376	7,844,418	8,842,411	7,854,366	8,148,195	8,491,250	
Emergency Medical Services	3,994,572	3,052,395	3,536,700	6,077,137	6,841,877	7,392,858	7,251,081	7,320,448	7,595,142	
General Government	40,601,695	11,633,492	45,235,256	54,789,640	25,652,192	51,462,207	22,967,787	16,825,353	35,592,598	
Interest on Long-term Debt	29,382,707	29,674,169	36,881,222	39,969,923	42,544,140	42,652,225	46,906,778	48,918,428	73,058,398	
Total Governmental Activities Expenses	\$ 744,271,780	\$ 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	
Business-Type Activities:										
Water and Sewer	\$ 75,639,898	\$ 80,769,987	\$ 80,538,848	\$ 84,634,492	\$ 90,434,001	\$ 90,745,302	\$ 94,410,608	\$ 95,332,140	96,891,679	
Storm Water	11,797,257	12,538,982	15,631,258	13,257,532	15,191,577	14,420,597	14,231,356	13,027,354	13,116,763	
Resort Parking	1,719,121	1,976,293	1,989,947	1,742,820	1,388,167	1,636,979	1,675,539	1,430,534	1,357,625	
Golf Courses	2,289,061	2,265,138	2,319,660	-	-	-	-	-	-	
Total Business-type Activities Expenses	\$ 91,445,337	\$ 97,550,400	\$ 100,479,713	\$ 99,634,844	\$ 107,013,745	\$ 106,802,878	\$ 110,317,503	\$ 109,790,028	\$ 111,366,067	
Total Primary Government Expenses	\$ 835,717,117	\$ 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	
Program Revenues										
Governmental Activities:										
Charges for services:										
Judicial	\$ 10,398,784	\$ 2,531,659	\$ 3,145,182	\$ 3,217,122	\$ 3,307,011	\$ 3,981,479	\$ 4,025,927	\$ 3,946,053	\$ 4,993,137	
Police	1,837,292	1,019,763	1,187,622	1,444,457	1,162,299	1,029,473	1,425,005	1,567,617	3,436,506	
Human Services	2,127,602	1,990,526	2,326,495	3,315,732	2,417,055	3,318,504	3,383,220	4,723,828	4,952,643	
Public Works	1,927,828	1,299,951	2,015,889	1,902,690	2,926,714	3,562,368	1,810,874	3,469,383	10,299,832	
Parks and Recreation	9,021,571	9,214,908	8,836,600	12,266,970	12,737,487	14,466,702	14,586,938	14,620,812	14,660,279	
Library	467,786	519,766	555,447	589,842	553,406	648,003	672,183	679,091	617,088	
Planning	4,380,942	4,772,200	5,546,695	5,503,737	6,378,599	5,936,100	5,307,304	4,026,124	4,076,448	
Agriculture	93,966	97,109	103,263	88,697	123,007	162,355	145,130	145,454	164,684	
Economic Development	77,999	-	-	-	-	-	691,207	-	-	
Convention and Visitor Development	1,147,649	1,308,461	1,404,295	1,284,839	2,066,935	3,444,555	3,012,735	3,506,706	4,706,217	
Fire	59,613	80,890	228,971	181,804	184,929	271,360	202,543	354,061	406,679	
Housing and Neighborhood Preservation	294,427	121,332	133,944	259,014	207,385	478,923	183,588	174,560	312,489	

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	
Program Revenues (continued)										
Governmental Activities: (continued)										
Charges for services: (continued)										
Museums	\$ 4,887,288	\$ 5,745,407	\$ 5,479,477	\$ 5,522,133	\$ 5,952,650	\$ 6,371,707	\$ 5,547,623	\$ 5,493,504	\$ 6,609,514	
General Services	1,441,019	328,398	314,167	-	-	-	-	-	-	
General Government	6,235,767	7,747,088	8,701,176	8,725,746	9,416,710	10,177,882	10,412,161	9,756,013	8,777,127	
Other Activities	363,082	442,024	379,107	389,396	381,996	352,329	975,039	524,362	508,565	
Operating grants and contributions	97,989,212	130,029,607	155,268,182	151,298,914	157,781,650	169,205,494	189,987,751	202,479,091	214,751,488	
Capital grants and contributions	125,453,720	18,814,831	64,634,349	63,449,638	26,653,064	39,329,430	49,331,573	88,794,495	30,731,118	
Total Governmental Activities Program Revenues	\$ 268,205,547	\$ 186,063,920	\$ 260,260,861	\$ 259,440,731	\$ 232,250,897	\$ 262,736,664	\$ 291,700,801	\$ 344,261,154	\$ 310,003,814	
Business-type Activities:										
Charges for services:										
Water and Sewer	\$ 81,657,507	\$ 80,719,115	\$ 89,029,816	\$ 82,148,096	\$ 89,378,218	\$ 93,104,033	\$ 97,364,528	\$ 95,308,313	\$ 98,568,890	
Storm Water	10,470,610	11,590,672	12,629,702	13,812,037	12,351,619	14,537,968	15,728,693	17,559,488	19,285,386	
Parking	1,905,859	2,174,164	2,362,984	2,453,757	2,624,955	2,259,617	2,319,168	2,390,391	2,420,174	
Golf Courses	2,221,207	1,959,712	2,216,771	-	-	-	-	-	-	
Operating grants and contributions	7,329,099	4,536,019	4,747,358	4,971,618	5,182,290	5,405,170	5,602,177	5,216,559	5,222,410	
Capital grants and contributions	28,670,371	4,842,986	2,101,653	3,336,142	6,103,382	1,257,077	6,491,686	2,442,568	628,640	
Total Business-type Activities Program Revenues	\$ 132,254,653	\$ 105,822,668	\$ 113,088,284	\$ 106,721,650	\$ 115,640,464	\$ 116,563,865	\$ 127,506,252	\$ 122,917,319	\$ 126,125,500	
Total Primary Government Program Revenues	\$ 400,460,200	\$ 291,886,588	\$ 373,349,145	\$ 366,162,381	\$ 347,891,361	\$ 379,300,529	\$ 419,207,053	\$ 467,178,473	\$ 436,129,314	
Net (Expenses) Revenues										
Governmental Activities	\$ (476,066,233)	\$ (585,956,356)	\$ (595,000,328)	\$ (720,992,333)	\$ (715,028,299)	\$ (819,092,833)	\$ (796,940,080)	\$ (771,135,086)	\$ (857,159,538)	
Business-type Activities	40,809,316	8,272,268	12,608,571	7,086,806	8,626,719	9,760,987	17,188,749	13,127,291	14,759,433	
Total Primary Government Net Expenses	\$ (435,256,917)	\$ (577,684,088)	\$ (582,391,757)	\$ (713,905,527)	\$ (706,401,580)	\$ (809,331,846)	\$ (779,751,331)	\$ (758,007,795)	\$ (842,400,105)	
General Revenues and Other Changes in Net Assets										
Governmental Activities:										
Taxes:										
General Property Taxes -										
Real Estate & Personal Property	\$ 384,601,184	\$ 374,793,839	\$ 406,780,757	\$ 436,458,576	\$ 465,863,881	\$ 528,091,785	\$ 576,420,840	\$ 589,973,045	\$ 558,423,911	
Sales	41,487,812	41,769,580	47,153,039	49,623,269	51,544,664	54,125,457	54,121,980	51,007,274	50,331,672	
Utility	36,137,909	37,751,838	39,842,996	40,227,571	40,876,918	39,229,570	42,071,272	47,340,874	46,023,992	
Business Licenses	28,693,305	29,214,895	34,173,969	36,444,397	40,841,567	40,117,510	41,834,619	40,919,033	38,204,143	
Meal	31,769,848	33,988,710	38,143,540	41,792,636	44,088,252	48,162,200	48,069,618	48,138,128	48,566,456	
Lodging	14,364,477	18,050,830	19,560,691	19,687,529	21,598,763	23,364,668	23,623,107	22,734,965	22,919,279	
Amusement	3,784,834	4,033,833	4,228,092	4,595,065	4,648,949	4,881,693	5,020,312	5,427,458	5,141,354	
City Tax on Deeds and Wills	4,104,627	4,861,218	6,989,136	10,828,120	12,396,672	10,660,889	8,892,283	6,569,411	6,283,840	
Cigarette	8,370,693	9,775,806	12,243,891	11,747,980	11,024,720	11,040,079	11,503,774	13,062,433	11,949,379	
Automobile Licenses	7,727,033	7,539,075	9,129,316	8,845,748	8,935,321	8,815,226	8,945,576	8,985,629	8,654,496	
Emergency 911 Telephone	6,113,897	5,648,093	6,406,420	6,403,011	7,414,387	6,351,737	7,281,412	5,970	-	
Other Taxes	7,477,474	6,363,556	6,555,413	6,323,789	7,124,271	6,759,400	9,074,242	8,875,610	9,871,136	
Grants and contributions not restricted	24,200	48,993,582	46,744,198	56,977,798	62,678,516	53,506,370	53,413,358	53,413,096	53,413,134	
Investment Earnings	5,205,963	4,827,610	3,968,766	5,049,118	14,718,334	15,401,732	16,206,742	7,727,438	4,067,799	
Miscellaneous	5,671,132	9,880,060	6,521,421	13,353,979	10,103,008	15,799,971	15,295,906	13,178,417	14,528,124	
Special Items	-	8,788,123	2,446,549	-	-	-	-	-	-	
Total Governmental Activities	\$ 585,534,388	\$ 646,280,648	\$ 690,888,194	\$ 748,358,586	\$ 803,858,223	\$ 866,308,287	\$ 921,775,041	\$ 917,358,781	\$ 878,378,715	
Business-type Activities:										
Investment Earnings	\$ 26,537	\$ 1,858,783	\$ 1,388,430	\$ 1,899,612	\$ 3,701,118	\$ 5,599,105	\$ 6,003,643	\$ 2,820,444	\$ 943,565	
Miscellaneous	765,743	(1,193,565)	(294,309)	(151,572)	(810,059)	(404,205)	(426,235)	(1,915,069)	(4,450,848)	
Total Business-type Activities	\$ 792,280	\$ 665,218	\$ 1,094,121	\$ 1,748,040	\$ 2,891,059	\$ 5,194,900	\$ 5,577,408	\$ 905,375	\$ (3,507,283)	
Total Primary Government	\$ 586,326,668	\$ 646,945,866	\$ 691,982,315	\$ 750,106,626	\$ 806,749,282	\$ 871,503,187	\$ 927,352,449	\$ 918,264,156	\$ 874,871,432	
Change in Net Assets										
Governmental Activities	\$ 109,468,155	\$ 60,324,292	\$ 95,887,866	\$ 27,366,253	\$ 88,829,924	\$ 47,215,454	\$ 124,834,961	\$ 146,223,695	\$ 21,219,177	
Business-type Activities	41,601,596	8,937,486	13,702,692	8,834,846	11,517,778	14,955,887	22,766,157	14,032,666	11,252,150	
Total Primary Government	\$ 151,069,751	\$ 69,261,778	\$ 109,590,558	\$ 36,201,099	\$ 100,347,702	\$ 62,171,341	\$ 147,601,118	\$ 160,256,361	\$ 32,471,327	

Source: City Department of Finance

Note: GASB 34 was implemented by the City of Virginia Beach in FY 2002. Data for this schedule prior to FY 2002 is not available.

Table 3

CITY OF VIRGINIA BEACH, VIRGINIA
FUND BALANCES OF GOVERNMENTAL FUNDS
Last Nine Fiscal Years
(Unaudited)

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	
General Fund										
Reserved	\$ 8,960,919	\$ 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, Designated for, reported in:										
Encumbrances	2,823,698	3,697,762	3,280,063	3,279,481	5,832,895	6,525,570	4,826,489	5,617,694	7,906,269	
School Capital Projects & Other	21,149,154	14,817,264	20,026,602	17,225,004	17,203,669	14,690,129	33,065,747	8,822,489	14,937,111	
Future Programs	9,002,297	9,884,460	7,916,811	10,456,269	9,734,213	19,867,675	10,226,371	10,245,662	12,156,100	
Capital Projects	3,184,578	2,386,742	8,243,900	4,829,031	9,875,976	25,393,638	13,884,232	35,055,222	32,138,507	
Unreserved, Undesignated	59,459,248	63,035,338	72,999,485	96,559,674	123,383,644	103,559,334	120,084,927	92,737,202	102,078,423	
Total General Fund	<u>\$ 104,579,894</u>	<u>\$ 102,510,444</u>	<u>\$ 120,686,290</u>	<u>\$ 139,401,582</u>	<u>\$ 172,645,872</u>	<u>\$ 176,503,035</u>	<u>\$ 193,065,041</u>	<u>\$ 163,681,123</u>	<u>\$ 178,979,659</u>	
All Other Governmental Funds										
Reserved for:										
Capital Project Funds	\$ 46,846,123	\$ 25,192,321	\$ 21,951,858	\$ 112,683,267	\$ 103,640,549	\$ 95,114,150	\$ 79,040,684	\$ 90,851,335	\$ 94,413,850	
Special Revenue Funds	1,628,724	1,536,245	2,417,666	2,264,921	3,380,918	1,825,909	2,270,513	5,468,336	7,643,998	
Unreserved, Designated for, reported in:										
Special Revenue Funds	12,170,985	14,413,507	20,811,494	26,840,025	22,445,367	20,936,359	27,289,949	19,559,139	44,883,561	
Debt Service Fund	29,756,492	31,839,365	29,118,824	18,474,698	11,557,911	13,993,113	19,006,999	21,216,930	17,251,355	
Capital Projects Fund	-	-	105,738,728	-	-	-	-	-	-	
Unreserved, Undesignated, reported in:										
Special Revenue Funds	35,242,342	46,968,546	65,327,290	73,294,814	65,864,155	73,859,499	75,107,433	74,114,538	35,977,717	
Capital Projects Fund	-	-	-	-	-	80,549,409	87,513,646	125,587,633	156,110,046	
Total All Other Governmental Funds	<u>\$ 125,644,666</u>	<u>\$ 119,949,984</u>	<u>\$ 245,365,860</u>	<u>\$ 233,557,725</u>	<u>\$ 206,888,900</u>	<u>\$ 286,278,439</u>	<u>\$ 290,229,224</u>	<u>\$ 336,797,911</u>	<u>\$ 356,280,527</u>	

Source: City Department of Finance

Note: GASB 34 was implemented by the City of Virginia Beach in FY 2002. Data for this schedule prior to FY 2002 is not available.



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

	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
REVENUES									
Real Estate Taxes	\$ 293,591,325	\$ 319,261,524	\$ 347,360,112	\$ 382,632,555	\$ 397,431,699	\$ 462,221,198	\$ 499,241,014	\$ 515,768,880	\$ 504,334,961
Personal Property Taxes	96,878,086	97,182,499	106,726,610	114,024,492	129,482,648	124,098,407	128,475,060	123,593,895	113,226,394
Total General Property Taxes	390,469,411	416,444,023	454,086,722	496,657,047	526,914,347	586,319,605	627,716,074	639,362,775	617,561,355
Other Local Taxes:									
General Sales	40,619,190	41,782,279	46,328,049	49,315,425	51,391,606	53,962,203	54,071,427	51,439,533	50,263,545
Utility	36,137,909	37,751,838	39,842,996	40,702,879	40,876,918	39,741,626	42,071,272	45,764,804	46,662,622
Utility Taxes-E911	5,617,931	5,655,344	5,935,367	6,403,011	6,901,160	3,337,179	52,326	-	-
Business Licenses	28,693,305	29,214,895	34,173,969	36,444,397	40,611,370	39,931,411	41,801,475	41,047,807	38,092,610
Franchise Taxes-Cox Communications	4,410,861	4,407,527	4,526,609	4,644,304	4,863,393	5,178,485	5,487,236	5,891,384	6,256,632
VA Communications Tax	-	-	-	-	-	3,014,558	7,230,257	-	-
PEG-Capital Fees	-	-	-	-	-	264,591	306,406	-	-
Automobile Licenses	7,727,033	7,539,075	9,129,316	8,845,748	8,935,321	8,815,226	8,945,576	8,962,613	8,654,625
Bank Stock	2,427,798	1,575,352	1,554,429	1,427,672	1,623,110	1,520,710	2,261,296	2,071,296	2,667,046
City Tax on Deeds	4,035,112	4,800,099	6,870,092	10,663,918	12,339,628	10,501,703	8,803,558	6,492,325	6,218,098
City Tax on Wills	69,515	61,119	119,044	78,938	57,044	159,186	88,725	77,086	65,742
Cigarette	8,370,693	9,775,806	12,243,891	11,747,980	11,024,720	11,040,079	11,503,774	11,786,853	12,468,847
Amusement	3,784,834	4,033,833	4,228,092	4,595,065	4,648,949	4,881,693	5,020,312	5,422,767	5,226,534
Hotel Taxes	13,743,842	17,669,887	19,103,583	19,175,967	20,982,033	22,616,459	23,623,107	22,955,423	22,801,413
Restaurant Meals	31,887,442	34,377,007	38,144,787	41,565,553	45,025,727	46,743,465	48,069,618	48,304,462	48,442,376
Transient Occupancy Taxes	620,635	380,943	457,108	511,562	616,730	748,209	861,559	920,264	934,382
Total Other Local Taxes	188,146,100	199,025,004	222,657,332	236,122,419	249,897,709	252,456,783	260,197,924	251,136,617	248,754,472
Fines and Forfeitures	4,544,400	3,993,054	4,705,366	5,108,116	5,126,218	5,712,654	6,155,497	5,772,731	6,733,769
Permits, Privilege, and Regulatory License	4,074,179	4,251,659	5,226,392	5,050,051	5,834,259	5,400,602	5,008,807	4,158,778	4,222,376
From Use of Money and Property	7,254,530	7,301,739	6,263,924	15,139,965	19,854,097	23,604,498	23,872,972	13,223,279	9,841,835
Charges for Services	22,695,165	23,636,412	25,390,069	27,841,547	29,650,776	37,847,747	35,704,240	35,136,062	55,897,422
Miscellaneous	7,024,621	9,171,224	7,632,596	9,600,932	10,932,347	13,815,781	11,207,659	15,871,120	17,701,348
Sale of Property	-	9,072,113	2,446,549	-	-	159,500	-	-	10,000
From Other Local Governments	440,059	344,608	338,044	691,082	1,002,094	482,343	2,922,656	440,526	447,717
From Commonwealth	94,201,234	90,476,616	98,222,480	127,646,619	107,708,516	123,386,258	133,829,900	137,486,037	126,848,945
From Federal Government	36,641,102	40,140,245	61,437,864	55,306,915	54,056,213	67,866,759	62,879,529	72,236,638	109,971,236
Total Revenues	\$ 755,490,801	\$ 803,856,697	\$ 888,407,338	\$ 979,164,693	\$ 1,010,976,576	\$ 1,117,052,530	\$ 1,169,495,258	\$ 1,174,824,563	\$ 1,197,990,475
EXPENDITURES									
Legislative	\$ 988,674	\$ 1,002,617	\$ 969,139	\$ 1,071,326	\$ 1,139,038	\$ 1,200,362	\$ 1,184,474	\$ 1,229,876	\$ 1,099,021
Executive	2,041,220	2,085,428	2,080,615	2,348,873	2,326,096	3,577,193	3,626,970	3,416,589	2,958,372
Law	2,872,720	3,039,608	3,081,811	3,250,441	3,668,542	3,561,072	3,718,122	3,645,426	3,526,957
Finance	14,863,706	15,260,977	15,301,485	16,055,188	16,604,300	16,312,033	16,554,091	16,554,774	16,263,353
Human Resources	5,033,197	5,296,544	5,345,747	6,181,109	7,188,192	7,821,314	13,417,794	12,899,532	8,475,233
Judicial	32,906,554	33,183,276	36,462,225	38,834,721	43,178,030	47,995,556	49,170,602	50,058,319	48,360,575
Health	2,569,211	2,577,238	2,822,446	2,849,083	2,933,999	3,116,338	3,232,255	3,071,005	2,981,771

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	
<u>EXPENDITURES (continued)</u>										
Police	\$ 63,324,239	\$ 64,193,421	\$ 68,612,314	\$ 73,583,189	\$ 75,741,221	\$ 81,333,569	\$ 88,122,541	\$ 86,039,838	\$ 84,330,028	
Human Services	64,785,640	68,600,227	70,321,357	87,033,955	92,454,033	98,480,042	108,245,640	114,982,315	119,705,569	
Public Works	55,673,399	56,823,767	59,257,259	74,141,032	76,533,960	80,067,766	81,007,280	90,598,946	88,729,538	
Parks and Recreation	20,698,083	21,494,838	21,841,790	37,441,179	38,857,569	40,682,352	42,119,693	42,360,029	41,975,161	
Library	12,058,148	12,688,503	14,002,101	16,348,866	17,084,795	15,920,138	16,059,880	15,652,089	15,995,471	
Planning	8,234,063	8,331,725	8,886,525	9,710,312	9,843,203	9,770,085	10,331,341	10,162,875	10,071,875	
Agriculture	979,661	1,049,851	1,078,859	1,066,336	1,049,519	1,056,038	930,862	1,052,844	931,377	
Economic Development	1,658,092	2,070,931	1,798,044	1,840,570	1,900,804	2,530,958	2,145,140	2,656,922	2,243,759	
Convention and Visitor Development	14,007,712	15,594,473	17,015,252	20,483,117	23,659,037	23,607,692	25,441,881	25,300,454	26,187,264	
Communications and Information Technology	2,117,381	2,306,533	2,539,128	2,992,256	2,966,769	18,507,578	19,118,141	29,111,294	21,205,694	
General Services	24,644,344	25,325,418	27,362,418	-	-	-	-	-	-	
Emergency Communications and Citizen Services	-	-	-	-	-	-	-	-	8,286,906	
Boards and Commissions	8,389,086	11,217,932	10,707,122	12,557,380	18,685,239	22,375,925	31,381,050	30,920,448	30,304,486	
Fire	30,522,542	30,759,777	33,843,537	37,237,309	38,303,099	41,760,077	43,471,843	43,181,025	43,691,716	
Management Services	1,282,788	1,401,867	1,412,190	3,059,944	3,363,527	3,493,535	3,676,965	3,579,581	3,854,542	
Education	236,238,913	262,009,555	277,310,403	334,162,882	320,964,984	354,158,779	345,208,610	387,081,807	381,426,817	
Housing and Neighborhood Preservation	14,744,668	16,714,245	18,804,395	19,592,928	18,110,672	21,759,797	23,140,526	23,025,859	23,244,412	
Museums	6,109,509	6,482,527	6,729,933	7,470,421	7,817,722	8,797,003	7,829,887	8,158,942	8,463,702	
General Government	6,260,857	6,950,658	28,022,006	10,025,942	11,346,910	10,605,800	11,114,894	7,483,531	3,625,500	
Emergency Medical Service	3,954,671	3,037,690	3,448,849	5,968,527	6,769,991	7,135,542	7,265,956	7,155,505	7,552,298	
Capital Outlay	82,591,447	107,142,932	144,566,419	124,646,815	145,902,457	163,139,877	175,645,583	107,225,640	125,455,464	
Debt Service:										
Principal Retirement	48,178,383	51,192,365	53,414,591	57,714,598	61,003,591	62,581,830	65,114,538	72,662,009	76,488,392	
Interest and Fiscal Charges	29,148,442	30,835,882	37,084,954	39,467,989	41,703,346	43,477,348	45,750,215	48,401,666	47,082,762	
Total Expenditures	\$ 796,877,350	\$ 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	\$ 1,254,518,015	
Excess (Deficiency) of Revenues over Expenditures	\$ (41,386,549)	\$ (64,814,108)	\$ (85,715,576)	\$ (67,971,595)	\$ (80,124,069)	\$ (77,773,069)	\$ (74,531,516)	\$ (72,844,577)	\$ (56,527,540)	
<u>OTHER FINANCING SOURCES (USES)</u>										
Transfers In	\$ 181,885,691	\$ 192,882,034	\$ 209,520,906	\$ 225,275,016	\$ 267,684,774	\$ 278,985,024	\$ 278,337,221	\$ 329,930,834	\$ 286,072,732	
Transfers Out	(182,685,834)	(190,750,083)	(211,072,889)	(224,910,444)	(265,263,920)	(272,265,926)	(277,520,986)	(324,543,593)	(282,833,185)	
Issuance of Capital Leases	2,954,429	-	-	-	-	-	-	-	-	
Issuance of Debt	101,440,139	100,397,694	218,200,000	192,705,000	80,000,000	150,280,000	141,625,000	78,350,705	321,110,000	
Premium on Refunding Bonds	4,379,284	-	-	-	-	-	2,616,503	-	-	
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	
Discount on Sale of Bonds	-	(112,576)	-	-	-	-	-	-	-	
Payment to Refunding Bonds Escrow Agent	(30,879,166)	(57,520,515)	-	(137,338,627)	-	-	(54,078,461)	-	(267,419,933)	
Total Other Financing Sources (Uses)	\$ 77,094,543	\$ 57,052,976	\$ 229,307,298	\$ 74,572,897	\$ 86,699,534	\$ 161,019,771	\$ 95,044,307	\$ 88,122,026	\$ 91,308,692	
Net Change in Fund Balance	\$ 35,707,994	\$ (7,761,132)	\$ 143,591,722	\$ 6,601,302	\$ 6,575,465	\$ 83,246,702	\$ 20,512,791	\$ 15,277,449	\$ 34,781,152	

Debt Service as a Percentage of Noncapital Expenditures	10.8%	10.8%	10.9%	10.5%	10.9%	10.3%	10.4%	10.6%	10.9%
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Source: City Department of Finance

Note: The implementation of this table begins with Fiscal Year 2002. Information prior to this date would distort comparability as a result of the growth of Special Revenue Funds.

CITY OF VIRGINIA BEACH, VIRGINIA
GOVERNMENTAL FUNDS TAX REVENUE BY SOURCE
Last Ten Fiscal Years
(Unaudited)

		Fiscal Year									
		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
City Taxes											
Real Estate	\$	276,515,023	\$ 293,591,326	\$ 319,261,524	\$ 347,360,112	\$ 382,632,555	\$ 397,431,699	\$ 462,811,968	\$ 499,776,925	\$ 515,768,880	\$ 504,334,961
Personal Property		90,791,185	96,878,086	97,182,499	106,726,610	114,024,492	129,482,648	123,507,637	127,939,149	123,593,895	113,226,394
General Sales		39,712,323	40,619,190	41,782,279	46,328,049	49,315,425	51,391,606	53,962,203	54,071,427	51,439,533	50,263,545
Utility		39,746,094	41,755,840	43,407,182	45,778,363	47,105,890	47,778,078	46,357,954	49,660,261	45,764,804	46,662,622
Business Licenses		29,164,132	28,693,305	29,214,895	34,173,969	36,444,397	40,611,370	39,931,411	41,801,475	41,047,807	38,092,610
Franchise Taxes		4,042,811	4,410,861	4,407,527	4,526,609	4,644,304	4,863,393	5,178,485	5,487,236	5,891,384	6,256,632
Automobile Licenses		7,505,645	7,727,033	7,539,075	9,129,316	8,845,748	8,935,321	8,815,226	8,945,576	8,962,613	8,654,625
Bank Stock		2,011,039	2,427,798	1,575,352	1,554,429	1,427,672	1,623,110	1,520,710	2,261,296	2,071,296	2,667,046
City Tax on Deeds		3,149,461	4,035,112	4,800,099	6,870,092	10,663,918	12,339,628	10,501,703	8,803,558	6,492,325	6,218,098
City Tax on Wills		54,265	69,515	61,119	119,044	78,938	57,044	159,186	88,725	77,086	65,742
Cigarette		6,790,959	8,370,693	9,775,806	12,243,891	11,747,980	11,024,720	11,040,079	11,503,774	11,786,853	12,468,847
Amusement		3,676,492	3,784,834	4,033,833	4,228,092	4,595,065	4,648,949	4,881,693	5,020,312	5,422,767	5,226,534
Hotel Taxes		11,794,127	13,743,842	17,669,887	19,103,583	19,175,967	20,982,033	22,616,459	23,623,107	22,955,423	22,801,413
Restaurant Meals		25,320,531	31,887,442	34,377,007	38,144,787	41,565,553	45,025,727	46,743,465	48,069,618	48,304,462	48,442,376
Transient Occupancy		527,309	620,635	380,943	457,108	511,562	616,730	748,209	861,559	920,264	934,382
Total	\$	<u>540,801,396</u>	<u>\$ 578,615,512</u>	<u>\$ 615,469,027</u>	<u>\$ 676,744,054</u>	<u>\$ 732,779,466</u>	<u>\$ 776,812,056</u>	<u>\$ 838,776,388</u>	<u>\$ 887,913,998</u>	<u>\$ 890,499,392</u>	<u>\$ 866,315,827</u>

Source: City Department of Finance

Note: Franchise Taxes are represented by Cox Communications

Table 6

CITY OF VIRGINIA BEACH, VIRGINIA
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Real Property		Personal Property		Public Service Assessed Value	Total Taxable Assessed Value	Estimated	Assessed Value
	Assessed Value		Assessed Value				Actual	as a Percentage
	Residential	Commercial	Residential	Commercial			Taxable Value	of Actual Value
2001	\$ 17,936,485,345	\$ 4,148,966,072	\$ 2,222,661,066	\$ 647,929,937	\$ 705,956,994	\$ 25,661,999,414	\$ 25,661,999,414	100.0%
2002	19,059,902,303	4,320,606,845	2,323,789,727	591,700,772	731,786,118	27,027,785,765	27,027,785,765	100.0%
2003	21,434,954,497	4,514,290,861	2,367,600,955	636,937,587	753,259,714	29,707,043,614	29,707,043,614	100.0%
2004	22,767,618,113	4,746,370,613	2,485,568,403	766,618,714	743,170,991	31,509,346,834	31,509,346,834	100.0%
2005	25,956,007,302	5,325,837,162	2,707,998,050	661,169,653	624,562,746	35,275,574,913	35,275,574,913	100.0%
2006	32,231,908,260	6,147,104,498	2,935,301,133	775,663,085	530,465,288	42,620,442,264	42,620,442,264	100.0%
2007	39,343,218,144	6,778,924,250	2,918,848,554	869,072,522	545,140,581	50,455,204,051	50,455,204,051	100.0%
2008	47,862,927,769	7,283,463,230	3,260,237,123	892,229,360	647,905,245	59,946,762,727	59,946,762,727	100.0%
2009	48,889,366,712	7,877,386,575	2,807,028,410	905,268,622	807,890,384	61,286,940,703	61,286,940,703	100.0%
2010	47,128,334,239	8,251,639,426	2,860,711,763	751,063,121	890,229,132	59,881,977,681	59,881,977,681	100.0%

Sources: Office of Real Estate Assessor
Commissioner of the Revenue
City Adopted Resource Management Plan

Note: See Table 7 for revenue rates

CITY OF VIRGINIA BEACH, VIRGINIA
REVENUE RATES
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Real Property Tax Rate	Additional Real Property Tax Rate Sandbridge SSD	Additional Real Property Tax Rate Town Center SSD	Personal Property Tax Rate
2001	\$ 1.2200	\$ 0.1200	\$ -	\$ 3.7000
2002	1.2200	0.1200	0.5700	3.7000
2003	1.2200	0.1200	0.5700	3.7000
2004	1.2200	0.1200	0.5700	3.7000
2005	1.1964	0.1200	0.5700	3.7000
2006	1.0239	0.1200	0.5700	3.7000
2007	0.9900	0.0600	0.5700	3.7000
2008	0.8900	0.0600	0.5000	3.7000
2009	0.8900	0.0600	0.4500	3.7000
2010	0.8900	0.0600	0.4500	3.7000

Source: City Adopted Resource Management Plan

Note: 1 Assessments under Town Center Special Service District began in fiscal year 2002.

2 The additional Real Estate Tax Rate for Town Center Special Service District was \$0.50 in fiscal year 2008 and changed to \$0.45 in fiscal year 2009.

CITY OF VIRGINIA BEACH, VIRGINIA
PRINCIPAL PROPERTY TAXPAYERS
Current Year and Nine Years Ago
(Unaudited)

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

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

Office of Real Estate Assessor

Commissioner of the Revenue

2001 Comprehensive Annual Financial Report

* Formerly Knickerbocker Properties

** Information not available for Fiscal Year 2001.

Table 9

CITY OF VIRGINIA BEACH, VIRGINIA
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Total Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
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	-	526,040,648	96.3

Source: City Department of Finance

Note: Collections in subsequent years represents delinquent accounts collected during the course of the fiscal year for all prior fiscal years.

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

Fiscal Year	Governmental Activities								Business Type Activities						Percentage of Personal Income**	Per Capita
	General Obligation Bonds	State Literary Fund Loans	Public Facility Revenue Bonds	Obligations Under Capital Leases	Certificates of Participation	Williams Farm Property	Agriculture Reserve Program	Virginia Beach Development Authority Support Agreements	General Obligation Bonds	Double Barrel and Revenue	Obligations Under Capital Leases	Total Primary Government*				
2001	\$ 514,872,967	\$ 9,897,046	\$ -	\$ 984,961	\$ 22,400,000	\$ -	\$ 14,804,763	\$ -	\$ 13,668,835	\$ 109,904,950	\$ -	\$ 686,533,522	4.1%	\$ 1,310		
2002	536,358,908	16,415,546	-	3,428,408	20,625,000	-	18,449,152	23,855,000	12,182,735	103,046,391	340,000	734,701,140	4.3%	1,428		
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%	1,418		
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	4.9%	1,814		
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%	1,894		
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%	1,944		
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	5.0%	2,213		
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	5.0%	2,256		
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	5.0%	2,259		
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	5.1%	2,274		

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.

** For calculation of Percentage of Personal Income, the per Capital Personal Income information is per the Bureau of Economic Analysis, except for 2009 and 2010, 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	General Obligation Bonds	State Literary Fund Loans	Total	Percentage of Estimated Actual Full Value of Property	Overall Net Debt Per Capita
2001	\$ 528,541,802	\$ 9,897,046	\$ 538,438,848	2.1%	\$ 1,310
2002	548,541,643	16,415,546	564,957,189	2.1%	1,428
2003	549,108,352	15,059,046	564,167,398	1.9%	1,418
2004	560,920,130	13,702,546	574,622,676	1.8%	1,814
2005	507,825,172	12,446,046	520,271,218	1.5%	1,894
2006	537,412,163	11,189,546	548,601,709	1.3%	1,944
2007	562,335,734	9,933,046	572,268,780	1.1%	2,213
2008	599,561,596	8,676,546	608,238,142	1.0%	2,256
2009	623,700,693	7,620,046	631,320,739	1.0%	2,259
2010	631,597,701	6,563,546	638,161,247	1.1%	2,274

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									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt Limit	\$ 2,279,140,841	\$ 2,411,229,527	\$ 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
Total Net Debt Applicable to limit	553,243,611	583,406,341	584,630,486	596,165,128	542,613,308	571,245,135	596,810,346	635,045,232	661,855,123	670,254,683
Legal Debt Margin	<u>\$ 1,725,897,230</u>	<u>\$ 1,827,823,186</u>	<u>\$ 2,085,620,021</u>	<u>\$ 2,229,550,844</u>	<u>\$ 2,648,027,413</u>	<u>\$ 3,289,462,565</u>	<u>\$ 4,033,705,116</u>	<u>\$ 4,944,384,392</u>	<u>\$ 5,095,609,244</u>	<u>\$ 4,956,765,597</u>
Total Net Debt applicable to the limit as a percentage of debt limit	24.27%	24.20%	21.89%	21.10%	17.01%	14.80%	12.89%	11.38%	11.50%	11.91%

Legal Debt Margin Calculation For Fiscal Year 2010

Assessed Value of Real Property (Taxable):	
Regular	\$ 55,379,973,665
Public Service	890,229,132
Total Assessed Value of Real Property	<u>\$ 56,270,202,797</u>
Debt limit (10% of Total Assessed Value)	
	\$ 5,627,020,280
Total Net Debt Applicable to limit	670,254,683
Legal Debt Margin	<u>\$ 4,956,765,597</u>

Source: The following sources were used in compiling the above information:
City Department of Finance
Annual Long Term Debt Report

Note: Under state law, the City's outstanding general obligation debt should not exceed 10 percent of total assessed property value. However, the City has established financial affordability indicators in addition to keeping debt per capita at \$2,400 or less. The affordability indicators are as follows:

- The total annual debt service for general government supported debt will not exceed 10% of general government expenditures (excluding interfund transfers).
- The City's overall net debt will not exceed 3.5% of the estimated full value of taxable real property.
- The City's overall net debt per capita will not exceed \$2,400.
- The City's overall net debt per capita shall not exceed 6.5% of per capita personal income.

CITY OF VIRGINIA BEACH, VIRGINIA
PLEDGED-REVENUE COVERAGE
Last Ten Fiscal Years
(Unaudited)

Water and Sewer Double Barrel and Revenue Bonds							
Fiscal Year	Water and Sewer Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service			Coverage
				Principal	Interest (1)	Total	
2001	\$ 81,827,081	\$ 56,886,082	\$ 24,940,999	\$ 6,595,211	\$ 4,973,740	\$ 11,568,951	2.16
2002	84,902,347	58,787,862	26,114,485	7,638,559	5,622,432	13,260,991	1.97
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	2.93
2009	97,503,949	70,074,154	27,429,795	4,897,576	5,757,570	10,655,146	2.57
2010	99,220,386	69,385,170	29,835,216	5,171,061	5,561,539	10,732,600	2.78

(1) Includes Bank Charges

Source: City Department of Finance

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

Coverage: The Master Water and Sewer Revenue Bond Resolution, Section 601, states that the City shall fix charge and collect such rates, fees and other charges for the use of and for the services furnished by the system, and shall, from time to time and as often as shall appear necessary, revise such rates, fees and other charges so as to meet two independent requirements.

CITY OF VIRGINIA BEACH, VIRGINIA
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Median Age	Number of City Employees	Education Level In Years of Formal Schooling	School Enrollment	Unemployment Rate
2001	425,257	13,659,782	31,946	32.3	6,385	13.7	76,065	2.9%
2002	426,800	14,272,651	33,152	32.7	6,137	13.7	75,518	3.5%
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	*	**	36.6	7,700	14.0	69,335	6.4%
2010	434,412	*	**	36.7	7,713	13.9	69,225	6.5%

Sources: City Department of Finance
Labor Market Statistics
Bureau of Economic Analysis
Experian Data Solutions

Note: * Projected figures from City Department of Management Services
** Information not yet available

CITY OF VIRGINIA BEACH, VIRGINIA
PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago
(Unaudited)

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

Source: City Department of Economic Development. Data reported for FY 2010 is based on January 2010 update.

* Information not available for Fiscal Year 2001.

Table 16

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

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Department										
Agriculture	16	15	15	15	15	15	15	15	14	13
City Auditor	6	6	6	6	6	6	6	6	6	6
City Manager	18	18	18	30	30	32	32	33	30	26
City Real Estate Assessor	33	34	35	35	35	35	35	35	38	38
City Treasurer	78	78	78	80	80	79	77	77	77	74
Commissioner of the Revenue	71	69	69	62	62	63	64	63	64	64
Commonwealth's Attorney	73	75	75	82	82	83	83	92	93	91
Communications and Information Technology	248	264	279	276	276	309	309	310	314	189
Community Corrections	7	9	9	9	-	-	-	-	-	-
Comprehensive Services Act	1	1	1	1	-	-	-	-	-	-
Convention and Visitor Bureau	72	74	81	114	114	122	136	137	125	121
Courts and Courts' Support	17	19	20	19	19	76	76	76	76	65
Economic Development	14	15	15	15	15	16	16	17	17	16
Emergency Communications & Citizen Services	-	-	-	-	-	-	-	-	-	127
Emergency Medical Services	17	17	19	53	53	57	57	57	57	59
Finance	60	62	62	60	60	63	64	63	57	57
Fire	401	433	440	453	453	470	473	470	469	469
General Registrar	16	16	16	12	12	12	12	12	12	12
General Services	485	495	497	499	-	-	-	-	-	-
Health	10	10	10	11	11	11	11	11	11	11
Housing and Neighborhood Preservation	60	63	67	69	69	69	69	69	69	68
Human Resources	47	47	48	51	51	56	57	58	54	53
Human Services	333	339	342	913	913	990	1,014	1,076	1,085	1,077
Law	42	44	44	42	42	43	43	43	43	43
Legislative	18	18	18	18	18	18	18	18	18	18
Library	205	228	228	262	262	265	265	265	263	261
MH/MR/SA	448	457	475	471	-	-	-	-	-	-
Management Services	16	19	19	21	21	21	22	22	21	20
Museums and Cultural Arts	71	133	133	133	133	143	141	152	152	152
Non-Departmental	-	-	-	-	-	2	5	5	13	15
Parks and Recreation	606	603	607	859	859	864	869	873	875	872
Planning and Community Development	124	130	127	129	129	128	128	127	125	123
Police	959	966	967	1,008	1,008	1,008	1,016	1,015	1,007	1,006
Public Utilities	380	382	389	393	393	396	400	400	402	405
Public Works	582	594	604	852	852	878	874	873	877	871
Sheriff and Corrections	393	405	415	507	507	502	512	523	524	524
Total City Positions	5,927	6,138	6,228	7,560	6,580	6,833	6,898	6,992	6,987	6,946
Total School Positions	10,154	10,176	10,390	10,534	10,515	10,548	10,635	10,542	10,519	10,456
TOTAL POSITIONS	16,081	16,314	16,618	18,094	17,095	17,380	17,533	17,534	17,507	17,402

Sources: City of Virginia Beach Resource Management Plan FY 2010-11

CITY OF VIRGINIA BEACH, VIRGINIA
OPERATING INDICATORS BY FUNCTION
Last Ten Fiscal Years
(Unaudited)

FUNCTION	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Police										
Number of physical arrests	27,430	27,333	27,461	25,257	26,597	24,504	25,326	26,802	26,632	23,951
Number of calls answered	293,380	308,427	329,206	351,315	319,166	311,904	314,355	323,161	450,123	427,173
Number of traffic accidents	8,804	8,754	9,725	9,740	9,414	9,457	9,303	9,250	9,021	8,759
Fire										
Number of fire related incidents	4,087	2,258	1,476	1,301	1,269	1,128	1,397	1,301	1,166	1,080
Number of rescue incidents	12,642	14,642	15,630	15,386	15,146	15,136	16,758	16,921	17,162	18,257
Public Utilities										
Number of Water Connections	124,630	126,093	127,534	128,718	129,376	130,005	130,647	131,085	131,367	131,618
Public Works										
Number of building permits issued	14,570	15,019	15,563	16,906	16,136	14,241	13,552	11,374	9,889	11,322
Highways and Streets										
Arterial lane miles	719	719	728	734	734	738	738	738	717	735
Collector/local miles	2,443	2,452	2,475	2,515	2,539	2,554	2,554	2,641	2,662	2,670
Sanitation and Refuse										
Number of homes receiving refuse collection	118,000	120,000	122,000	123,500	125,000	122,600	123,161	123,740	123,668	123,789
Number of tons of garbage collected	186,871	191,749	205,839	212,820	206,075	207,427	204,619	196,501	189,604	196,145
Culture and Recreation										
Number of visitations to recreation centers	1,794,955	1,726,690	1,731,611	1,787,229	1,688,772	1,609,047	1,575,539	1,636,823	1,473,331	1,499,016
Number of recreation centers	6	6	6	6	6	6	6	6	6	6
Education										
Student membership	76,065	75,518	75,436	75,436	74,091	72,953	71,452	70,473	69,335	69,225
Number of elementary schools	54	54	54	54	54	55	55	56	56	56
Number of secondary schools	23	24	24	24	24	24	24	24	24	24
Number of specialty schools	9	9	9	10	11	11	11	11	11	9
General										
Number of full time city employees	4,787	4,914	5,011	5,107	5,918	6,176	6,228	6,295	6,034	6,014
Number of school employees	9,860	10,108	10,669	10,347	10,515	10,548	10,815	10,817	10,755	10,592

Sources: Various City Departments

Note: Indicators are not available for all governmental functions.

CITY OF VIRGINIA BEACH, VIRGINIA
CAPITAL ASSET STATISTICS BY FUNCTION
Last Ten Fiscal Years
(Unaudited)

FUNCTION	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Police										
Stations	4	4	4	4	4	4	4	4	4	4
Patrol Vehicles Units - Marked	292	366	267	267	274	277	268	259	256	242
Helicopter	2	2	2	2	2	2	2	2	3	2
Airplane	1	1	1	1	1	*	*	*	*	*
Watercraft:										
Boats	10	10	10	10	10	10	10	10	8	8
Fire										
Stations	18	18	19	19	19	19	19	19	19	19
Fire Trucks	53	52	47	47	44	44	47	48	51	50
Emergency Medical Services										
Ambulances	49	39	40	40	44	30	30	35	34	42
Public Works										
Miles of streets:										
Lane miles:										
Arterial	719	719	728	734	734	738	738	738	717	735
Collector/Local	2,443	2,452	2,475	2,515	2,539	2,554	2,554	2,641	2,662	2,670
Center Lane miles:										
Arterial	193	193	193	194	194	194	194	192	189	192
Collector/Local	1,199	1,203	1,213	1,232	1,244	1,251	1,251	1,291	1,300	1,304
Number of Street Lights	41,127	41,489	40,077	41,334	42,026	41,807	42,066	43,960	45,364	45,509
Collection Trucks	*	*	*	101	103	101	103	104	103	101
Culture and Recreation										
Number of Developed District Parks	9	9	9	9	9	9	7	7	7	8
Number of Developed Community Parks	8	8	8	10	10	10	11	11	11	13
Number of Developed Neighborhood Parks	204	204	170	198	179	181	183	166	166	181
Number of Natural Parks	*	*	*	3	26	29	3	3	3	3
Other Park Areas	35	43	44	13	13	14	28	59	59	58
Number of Acres in Developed Parks	2,041	2,635	2,658	1,452	1,465	1,387	1,711	1,736	1,757	3,158
Golf Courses (City Owned)	3	4	4	4	4	4	5	5	5	5
Recreation Centers	6	6	6	6	6	6	6	6	6	6
Water										
Miles of Water Lines	1,398	1,409	1,427	1,432	1,443	1,456	1,459	1,477	1,482	1,483
Water Pumping Stations	10	10	10	9	9	9	9	9	8	9
Sewer										
Miles of Sewer Lines	1,486	1,505	1,526	1,535	1,546	1,569	1,572	1,609	1,621	1,623
Sewer Pumping Stations	386	386	389	391	393	400	401	403	405	405

Source: Various City Departments

* Information is not available for all fiscal years.

CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULE OF THE TREASURER'S CASH ACCOUNTABILITY
JUNE 30, 2010
(Unaudited)

Cash in Office		\$	5,500
Cash With			
Bank of America:			
Regular	\$	13,489,331	
Investments		59,822,296	
Welfare		724,706	
BB&T:			
Regular		1,850,000	
Investments		25,000,000	
School Payroll		7,458,771	
RBC Bank:			
Investments		10,000,000	
Smith Barney:			
Investments		35,000,000	
Sun Trust Bank:			
City Payroll		3,639,425	
Regular		60,053,965	
Towne Bank:			
Investments		25,123,165	
Treasurer of Virginia:			
Investment Pool		525,000,000	
United Central Bank:			
Investments		60,000,000	
Wachovia:			
City Payroll		1,617	
Total Deposits and Investments			827,163,276
Cash with Trust Agents			
Cash With AIM Program	\$	9,963,548	
Cash With SNAP Program		73,906,341	
Cash With Trustee - PFRB		2,602	
Cash With Trustee - Debt Service		8,622,813	
Cash With Trustee - Treasury Strips		17,170,732	
Total Cash with Trust Agents			109,666,036
Total Cash Accountability		\$	936,834,812
Add:			
Accrued Interest on Investments	\$	338,736	
Commonwealth of Virginia - Deferred Debits		1,506	
Deposits in Transit		2,460,882	2,801,124
Deduct:			
Commonwealth of Virginia - Current Credits	\$	12,098	
Treasurer Restitution		1,714	
John T. Atkinson - Deferred Account		26,283	
Over and Short		8,681	
Outstanding Checks:			
Bank of America		7,949,815	
Bank of America - Welfare		453,817	
BB&T - School Payroll		557,749	
Wachovia - City Payroll		1,617	
SunTrust - City Payroll		132,944	(9,144,718)
Total Cash Accountability		\$	930,491,218
Reconciliation of Cash Accountability to the government-wide financial statements at June 30, 2010 as reported in Note 7:			
Balance of City and School funds		\$	930,491,218
Funds for which the Treasurer does not act as fiscal agent:			
School's Activity Funds			3,928,999
Banner Fund			921
Total deposits and investments of the government-wide financial statements		\$	934,421,138

SINGLE AUDIT SECTION



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

The 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 aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Virginia Beach, Virginia (City), as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 24, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia.

Internal Control Over Financial Reporting

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

Compliance and Other Matters

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

This report is intended solely for the information and use of the 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, Bekert & Holland, L.L.P.

Virginia Beach, Virginia
November 24, 2010



REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR 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 its major federal programs for the year ended June 30, 2010. 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 on the City's compliance with those requirements.

In our opinion, the City of Virginia Beach 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, 2010.

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 in order 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 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 preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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 for the information 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, Bekant & Holland, L.L.P.

Virginia Beach, Virginia
November 24, 2010

City of Virginia Beach

Schedule of Findings and Questioned Costs Year Ended June 30, 2010

A. Summary of Auditors' Results

Financial Statements:

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? **No**

Identification of major Programs:

- ARRA - Community Development Block Grants; CFDA 14.218/14.253
- ARRA - Homeless Prevention and Rapid Re-Housing Program; CFDA 14.257
- ARRA - Workforce Investment Cluster; CFDA 17.258/17.259/17.260
- ARRA - State Fiscal Stabilization Fund; CFDA 84.34
- ARRA - Urban Construction Initiative/Highway Planning and Construction; CFDA 20.20
- ARRA - Supplemental Nutrition Assistance Program; CFDA 10.561
- Temporary Assistance for Needy Families; CFDA 93.558
- ARRA - Child Care and Development Block Grant; CFDA 93.575/93.596/93.713
- ARRA - Foster Care - Title IV-E; CFDA 93.658
- ARRA - Title I Grants to Local Educational Agencies; CFDA 84.010/84.389
- ARRA - Special Education Grants; CFDA 84.027/84.173/84.391

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

The City was qualified as a low risk auditee? **Yes**

B. Findings - Financial Statement Audit

None

C. Findings and Questioned Costs - Major Federal Programs

None

D. Findings and Questioned Costs – Commonwealth of Virginia

None

CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010

Federal Granting Agency/Recipient State Agency/ Grant Program/Grant Number	Federal Catalogue Number	Expenditures
<u>DEPARTMENT OF AGRICULTURE:</u>		
<u>Pass Through Payments:</u>		
<u>Department of Agriculture</u>		
Food Distribution Program (Donated USDA Food)	10.550	\$ 1,233,671
<u>Department of Social Services</u>		
Food Stamps Program - Administration	10.561	3,130,154
ARRA Food Stamps Program - Administration	10.561	84,794
<u>Department of Education</u>		
School Breakfast Program	10.553	2,496,408
National School Lunch Program	10.555	8,319,657
ARRA - Equipment Assistance Grant FY10	10.579	60,368
Total Department of Agriculture		<u>\$ 15,325,052</u>
<u>DEPARTMENT OF COMMERCE (NOAA):</u>		
<u>Pass Through Payments:</u>		
<u>Department of Environmental Quality</u>		
Virginia Coastal Resources Management Program	11.419	\$ 38,712
Total Department of Commerce (NOAA)		<u>\$ 38,712</u>
<u>DEPARTMENT OF DEFENSE:</u>		
<u>Direct Payments:</u>		
Supplemental Payment to Federal Impacted Area	12.XXX	\$ 2,758,107
MYCAA - LPN Program FY10	12.XXX	18,239
MYCAA - ALC Courses FY10	12.XXX	13,939
Language Grant Program - Startalk Elementary Chinese Academy FY09	12.901	49,316
Language Grant Program - Startalk Elementary Chinese Academy FY10	12.901	11,655
Total Department of Defense		<u>\$ 2,851,256</u>

CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010

Federal Granting Agency/Recipient State Agency/ Grant Program/Grant Number	Federal Catalogue Number	Expenditures
<u>DEPARTMENT OF THE NAVY:</u>		
<u>Direct Payments:</u>		
ROTC Program	12.XXX	\$ 326,199
Encroachment Partnering Agreement	12.XXX	937,404
		<hr/>
Total Department of the Navy		\$ 1,263,603
		<hr/>

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:

Direct Payments:

Housing Counseling Assistance Program	14.169	\$ 38,043
Community Development Block Grant	14.218	2,253,607
Emergency Shelter Grant	14.231	245,602
Supportive Housing Programs (New Haven)	14.235	4,620
Supportive Housing Programs (HMIS)	14.235	75,084
Supportive Housing Programs (THP)	14.235	371,406
Home Investment Partnerships Program	14.239	979,326
Housing Opportunities for Persons with AIDS	14.241	788,757
Section 8 Moderate Rehabilitation Single Room Occupancy	14.249	92,128
ARRA - Community Development Block Grant	14.253	274,411
ARRA - Homeless Prevention & Rapid Re-Housing Program	14.257	220,290
Housing Choice Voucher Program (Section 8)	14.871	15,801,128

Pass Through Payments:

Virginia Department of Housing and Community Development

Neighborhood Stabilization Program	14.218	961,877
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Virginia Housing Development Authority

Housing Counseling Assistance Program	14.169	4,758
		<hr/>

Total Department of Housing and Urban Development		\$ 22,111,037
		<hr/>

DEPARTMENT OF THE INTERIOR:

Direct Payments:

Public Law 97-258	15.227	\$ 616
Refuge Revenue Sharing Act (Public Law 95-469)	15.659	121,533

CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010

Federal Granting Agency/Recipient State Agency/ Grant Program/Grant Number	Federal Catalogue Number	Expenditures
<u>DEPARTMENT OF THE INTERIOR: (continued)</u>		
<u>Pass Through Payments:</u>		
<u>National Park Services</u>		
Save America's Treasures	15.929	\$ 123,332
Total Department of the Interior		\$ 245,481
<u>U. S. FISH AND WILDLIFE SERVICE:</u>		
<u>Direct Payments:</u>		
Fish Habitat Restoration Grant	15.608	\$ 12,500
Total U.S. Fish and Wildlife Service		\$ 12,500
<u>DEPARTMENT OF JUSTICE:</u>		
<u>Direct Payments:</u>		
Assistance to Localities for Administration	16.XXX	\$ 401,155
DEA Seized Property	16.XXX	987,638
COPS Technology Program	16.710	2,272,657
Edward Byrne Memorial Justice Assistance Grant Program	16.738	157,587
Bulletproof Vest Partnership Program	16.607	18,930
ARRA - Edward Byrne Memorial Justice Assistance Grant Program	16.804	316,093
<u>Pass Through Payments:</u>		
<u>Department of Criminal Justice Services</u>		
Juvenile Accountability Block Grant	16.523	91,995
Alliance to End Partner Violence 07 & 08	16.588	16,968
Edward Byrne Memorial Justice Assistance Grant Program	16.738	47,794
<u>Department of Criminal Justice Services</u>		
ARRA - Edward Byrne Memorial Justice Assistance Grant Program	16.803	900,743
<u>County of Bedford</u>		
ARRA - Internet Crimes against Children Task Force Program	16.800	14,543
Total Department of Justice		\$ 5,226,103

CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010

Federal Granting Agency/Recipient State Agency/ Grant Program/Grant Number	Federal Catalogue Number	Expenditures
<u>DEPARTMENT OF LABOR:</u>		
<u>Direct Payments:</u>		
ARRA - COBRA Continuation Coverage Assistance	17.XXX	\$ 103,750
<u>Pass Through Payments:</u>		
<u>Virginia Community College System</u>		
Workforce Investment Act Adult Program	17.258	2,205,670
ARRA - Workforce Investment Act Adult Program	17.258	1,238,745
Workforce Investment Act Youth Activities	17.259	1,646,125
ARRA - Workforce Investment Act Youth Activities	17.259	2,114,138
Workforce Investment Act Dislocated Workers	17.260	477,798
ARRA - Workforce Investment Act Dislocated Workers	17.260	683,377
STEP OPP Inc. FY10	17.261	14,404
Workforce Innovation In Regional Economic Development	17.268	2,798,683
STEP OPP Inc. Green House Sustainability FY10	17.268	11,579
Total Department of Labor		<u>\$ 11,294,268</u>
<u>NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION</u>		
<u>DEPARTMENT OF TRANSPORTATION:</u>		
<u>Pass Through Payments:</u>		
<u>Department of Motor Vehicles</u>		
State and Community Highway Safety Grant - Seat Belt Enforcement	20.600	\$ 56,195
DMV DUI Education Grants	20.601	47,196
<u>Virginia Department of Transportation</u>		
Highway Safety Improvement Programs - HSIP Funds	20.XXX	47,281
Urban Construction Initiative/Highway Planning & Construction	20.205	22,668,751
Pacific Avenue Trail Extension	20.205	735,795
ARRA - Federal-Aid Highway Program - Withduck Road	20.205	2,121,247
CMAQ-STP (Congestion Mitigation and Air Quality-Surface Transportation)	20.205	4,993,415
Total Department of Transportation		<u>\$ 30,669,880</u>
<u>NATIONAL AERONAUTICS AND SPACE ADMINISTRATION:</u>		
<u>Direct Payments:</u>		
Aerospace Education Services Program	43.001	\$ 123,969
Total National Aeronautics and Space Administration		<u>\$ 123,969</u>

CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010

Federal Granting Agency/Recipient State Agency/ Grant Program/Grant Number	Federal Catalogue Number	Expenditures
<u>ENVIRONMENTAL PROTECTION AGENCY:</u>		
<u>Pass Through Payments:</u>		
<u>Mid-Atlantic Regional Air Management Association</u>		
MARMA Idle Reduction Project Grant FY10	66.039	\$ 20,596
Total Mid-Atlantic Regional Air Management Association		<u>\$ 20,596</u>
<u>DEPARTMENT OF ENERGY:</u>		
<u>Direct Payments:</u>		
ARRA - Local Energy Assurance Plan Grant Program (LEAP)	81.122	\$ 774
ARRA - Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128	<u>631,932</u>
Total Department of Energy		<u>\$ 632,706</u>
<u>DEPARTMENT OF EDUCATION:</u>		
<u>Direct Payments:</u>		
School Assistance in Federally Affected Areas (Public Law 874)	84.041	\$ 14,299,361
Fund for the Improvement of Education (WHO 06)	84.215	118,530
Teaching American History (SAIL) FY10	84.215X	163,122
Title IV - PELL Grant	84.063	24,590
<u>Pass Through Payments:</u>		
<u>Virginia Compensation Board</u>		
ARRA - State Fiscal Stabilization Fund (SFSF) - Government Services	84.397	10,904,489
<u>Virginia Department of Education</u>		
Adult Basic Education	84.002	286,986
Adult Basic Education - ABE FY09	84.002	1,979
Adult Basic Education - ABE Incentive Grant FY10	84.002	14,467
English Literacy - Civics Education FY10	84.002A	55,577
Title I, Part A FY09	84.010	1,476,851
Title I, Part A FY10	84.010	8,524,267
ARRA - Title I, Part A FY10	84.389	4,264,988
Title I, Part D FY09	84.013	112,040
Title I, Part D Subpart 2 FY10	84.013	60,968
ARRA - Title I, Part D Subpart 2 FY10	84.389	34,294
State Academic Grant - Title I Distinguished FY10	84.010	18,769
Title VIB FY08	84.027	316,912
Title VIB FY09	84.027	4,402,499
Title VIB FY10	84.027	8,038,696

CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010

Federal Granting Agency/Recipient State Agency/ Grant Program/Grant Number	Federal Catalogue Number	Expenditures
<u>DEPARTMENT OF EDUCATION: (continued)</u>		
<u>Pass Through Payments: (continued)</u>		
<u>Virginia Department of Education (continued)</u>		
Va Incentive Program for Speech-Language Pathologists FY10	84.027A	\$ 24,000
ARRA Title VIB FY10	84.391	1,859,469
Carl D. Perkins FY08	84.048	1,554
Carl D. Perkins FY10	84.048	918,584
High School That Work - Cox FY10	84.048	10,000
Vocational Education Instruction	84.048	397
Virtual Enterprise MOU FY09	84.048	1,377
Virtual Enterprise MOU FY10	84.048	1,405
Preschool Incentive Grant (IDEA) FY09	84.173	68,892
Preschool Incentive Grant (IDEA) FY10	84.173	395,440
ARRA - Preschool Incentive Grant FY10	84.173	339,486
ARRA - Basic School Aid	84.394	13,695,072
ARRA - State Fiscal Stabilization Fund - Education State Grant	84.394	2,814,791
ARRA - State Fiscal Stabilization Fund - College Park Elementary Grant	84.394	4,413,371
Safe and Drug-Free Schools and Communities FY09	84.186	32,897
Safe and Drug-Free Schools and Communities FY10	84.186	187,609
McKinney Education for Homeless Children and Youth FY09	84.196	30,112
ARRA - McKinney Education for Homeless FY10	84.387	8,000
Title V FY08	84.295	1,409
Title I, Part D Subpart 1 FY09	84.318	18,751
Title I, Part D Subpart 1 FY10	84.318	20,370
Title II, Part D FY08	84.318	34,981
Title II, Part D FY09	84.318	67,260
Title II, Part D FY10	84.318	6,478
ARRA - Title II, Part D FY10	84.386	54,128
Advanced Placement Fee Program FY10	84.330B	4,020
Title II, Part A FY09	84.367	692,198
Title II, Part A FY10	84.367	1,920,751
Title III, Part A Immigrant and Youth Grant FY09	84.365	19,966
Title III FY08	84.365	22,713
Title III FY09	84.365	104,298
<u>Department of Behavioral Health and Developmental Services</u>		
Early Intervention Program for Infants and Toddlers with Disabilities	84.181	404,956
ARRA - Early Intervention Program for Infants and Toddlers with Disabilities	84.181	205,742
Total Department of Education		\$ 81,499,861

CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010

Federal Granting Agency/Recipient State Agency/ Grant Program/Grant Number	Federal Catalogue Number	Expenditures
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>		
<u>Pass Through Payments:</u>		
<u>Department of Behavioral Health and Developmental Services</u>		
Mental Health Services for the Homeless-Block Grant	93.150	\$ 93,849
Block Grants for Community Mental Health Services	93.958	318,435
Block Grants for Prevention & Treatment of Substance Abuse	93.959	1,871,703
<u>Virginia Department for the Aging/ Southeastern Virginia Area Wide Model Program</u>		
Supportive Services and Senior Centers (Title IIIB)	93.044	77,579
<u>Department of Social Services</u>		
Family Preservation	93.556	233,038
Temporary Assistance for Needy Families	93.558	2,710,601
Refugee and Entrant Assistance - State Administered Programs	93.566	18,616
Home Energy Assistance	93.568	134,816
Child Care Assistance (Childcare Cluster)	93.575	3,128,485
Child Care and Development Fund (Childcare Cluster)	93.596	1,845,996
Chafee Education and Training Vouchers Program	93.599	15,223
Adoption Incentive	93.603	3,923
Child Welfare Services	93.645	8,794
Foster Care Title IV-E	93.658	3,022,788
ARRA - Foster Care Title IV-E	93.658	171,625
Adoption Assistance	93.659	716,117
ARRA - Adoption Assistance	93.659	72,947
Social Services Block Grant	93.667	1,083,489
Independent Living	93.674	50,708
ARRA - Child Care and Development Block Grant	93.713	1,320,790
FAMIS State Children's Insurance Program	93.767	139,771
Medical Assistance Program (Medicaid Cluster)	93.778	1,824,981
<u>Virginia Department of Medical Assistance Services</u>		
Medical Assistance Program - Medicaid	93.778	1,047,666
<u>Virginia Department of Housing and Community Development</u>		
Temporary Assistance for Needy Families	93.558	89,167
Total Department of Health and Human Services		\$ 20,001,108

CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010

Federal Granting Agency/Recipient State Agency/ Grant Program/Grant Number	Federal Catalogue Number	Expenditures
<u>DEPARTMENT OF HOMELAND SECURITY:</u>		
<u>Direct Payments:</u>		
Urban Areas Security Initiative - UASI	97.008	\$ 1,514,550
Emergency Food and Shelter	97.024	584
FEMA National US&R Response System	97.025	2,459,344
Port Security Grant Program - Police	97.056	2,268
Assistance to Firefighters Grant	97.044	322,010
<u>Pass Through Payments:</u>		
<u>Virginia Department of Emergency Management</u>		
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	809,842
Emergency Management Performance Grants	97.042	52,914
State Homeland Security Grant	97.073	<u>57,415</u>
<u>Department of Criminal Justice Services</u>		
State Domestic Preparedness Equipment Support Program	97.004	676,322
<u>Virginia Department of Health</u>		
State Homeland Security Grant	97.073	<u>124,100</u>
Total Department of Homeland Security		<u>\$ 6,019,349</u>
Total Federal Financial Assistance		<u><u>\$ 197,335,480</u></u>

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, 2010

1. General

The accompanying Schedule of Expenditures of Federal Awards presents federally assisted programs of the City of

2. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of

3. Relationship to Financial Statements

Revenues from federal awards are reported in the City's basic financial statements as follows:

General Fund		\$ 22,276,947
Special Revenue Funds		52,621,415
Capital Projects Fund		35,072,874
Other Component Units (not including Virginia Beach Pass-through \$249,774)		1,544,955
School Board Funds		<u>86,535,663</u>

Total federal awards reported in basic financial statements		\$ 198,051,854
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Plus: Prior year balances from the following:

School Breakfast Program	10.553	\$ 167,232
National School Lunch Program	10.555	<u>516,298</u>

Total realized revenue reported in Schedule of Expenditures of Federal Awards		\$ 198,735,384
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Less: Revenue closed to fund balances from the following:

School Breakfast Program	10.553	\$ 187,699
National School Lunch Program	10.555	579,898
ARRA Local Government Employment Awareness	10.XXX	5,817
Home Investment Partnership Program	14.239	397,644
Housing Choice Voucher Program	14.241	552,165
State and Community Highway Safety Grant - Seat Belt Enforcement	20.600	4,622
FEMA National US&R Response System	97.025	119,608

Plus: Prior Year Revenue Expensed in Current Year

Foster Care Title IV-E	93.658	\$ 441,314
Assistance to Firefighter Grant	97.044	<u>6,235</u>

Total Federal Expenditures		<u><u>\$ 197,335,480</u></u>
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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.

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010

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	\$ 525,569
HOME Investment Partnerships	14.239	<u>431,484</u>

Total Virginia Beach Community Development Corporation		<u>\$ 957,053</u>
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Opportunity, Inc. of Hampton Roads:

Workforce Investment Act Adult Program	17.258	\$ 2,205,670
ARRA - Workforce Investment Act Adult Program	17.258	1,238,745
Workforce Investment Act Youth Activities	17.259	1,646,125
ARRA - Workforce Investment Act Youth Activities	17.259	1,918,548
Workforce Investment Act Dislocated Workers	17.260	477,798
ARRA - Workforce Investment Act Dislocated Workers	17.260	683,377
Workforce Innovation In Regional Economic Development	17.268	<u>2,798,683</u>

Total Opportunity, Inc. of Hampton Roads		<u>\$ 10,968,946</u>
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CONTINUING DISCLOSURE

Continuing Disclosure

This part of the City of Virginia Beach comprehensive annual financial report presents detailed information with regards to Rule 15c2-12 promulgated by the Securities and Exchange Commission to provide certain annual financial information and material event notices.

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Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

CITY OF VIRGINIA BEACH, VIRGINIA
PRINCIPAL TAXPAYERS
Fiscal Year Ending June 30, 2010
(Unaudited)

		Real Property Assessed Value
Taxpayer	Business Type	
1 Virginia Electric & Power Company	Utility	\$ 443,255,589
2 Armada Hoffler LLC	Office/Retail/Vacant Land	318,289,200
3 Lynnhaven Mall LLC	Shopping Mall	284,011,400
4 E. D. & A. F. Ruffin & B. L. Thompson	Apartments/Shopping Center	232,409,500
5 Ramon W. Breeden, Jr.	Apartments/Shopping Center	231,370,138
6 Verizon Virginia, Inc.	Utility	229,558,928
7 Pembroke Square Associates	Shopping Mall	194,802,300
8 Atlantic Shores Cooperative, etc.	Real Estate	148,766,800
9 Sadler at Ashville Park LLC	Condominiums/Vacant Land	141,643,208
10 Christian Broadcasting Network, Inc.	Broadcasting	140,313,300
11 F. Wayne McLeskey, Jr.	Real Estate	132,943,036
12 Kemps River Corner Associates	Shopping Center	127,596,400
13 Westminster-Canterbury of Hampton Roads	Real Estate	107,872,000
14 Lake Gem II, LLC	Shopping Center/Fast-Food	106,742,300
15 Thomas J. Jr. & Joan N. Lyons	Hotels	103,218,900
16 Watergate Treehouse Associates LP	Apartments	94,136,100
17 Potter Properties	Shopping Center	84,832,700
18 Windsor Lake Apartments, LLC	Apartments/Shopping Center	80,435,800
19 Michael D. Sifen	Real Estate	79,507,300
20 Virginia Natural Gas	Utility	78,004,196
21 Higgs, Scott E. & Gale Levine Higgs	Apartments/Shopping Center	78,778,900
22 Tidewater Oxford Limited Partnership	Apartments	77,156,500
23 Mountain Ventures Virginia Beach LLC	Shopping Center	60,683,700
24 Occidental Development Ltd.	Apartments	57,795,600
25 Cox Virginia Telecom, LLC	Utility	49,206,208
Total		<u><u>\$ 3,683,330,003</u></u>

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 2010
(Unaudited)

Fiscal Year	Tax Rate on Real Property (1)	Real Property Tax Levy	Percentage Annual Change in Tax Levy
1996	\$ 1.188	\$ 213,069,095	7.77%
1997	1.220	226,859,499	6.47%
1998	1.220	236,751,484	4.36%
1999	1.220	246,389,536	4.07%
2000	1.220	264,436,560	7.32%
2001	1.220	280,963,485	6.25%
2002	1.220	305,058,532	8.58%
2003	1.220	327,953,650	7.51%
2004	1.220	341,740,132	4.20%
2005	1.196	378,178,905	10.66%
2006	1.024	393,544,291	4.06%
2007	0.990	461,816,439	17.35%
2008	0.890	483,635,234	4.72%
2009	0.890	497,742,524	2.92%
2010	0.890	485,659,493	-2.43%

Source: City Department of Finance

(1) Tax rate per \$100 per assessed value.

CITY OF VIRGINIA BEACH, VIRGINIA
HISTORICAL ASSESSED VALUE
Fiscal Years 1996 Through 2010
(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%

(1) Real Property is assessed at 100% of fair market value.

(2) Includes both real estate and personal property assessment. All public service property is taxed at the real estate tax rate, except for vehicles.

Source: City Department of Finance

CITY OF VIRGINIA BEACH, VIRGINIA
PROPERTY TAX LEVIES AND COLLECTIONS
Fiscal Years 1996 through 2010
(Unaudited)

Fiscal Year	Total Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years*	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1996	\$ 280,791,187	\$ 266,155,281	94.8 %	\$ 15,097,887	\$ 281,253,168	100.2 %
1997	297,253,895	282,265,999	95.0	14,874,129	297,140,128	100.0
1998	311,799,732	296,158,994	95.0	15,076,247	311,235,241	99.8
1999	328,444,301	303,646,060	92.4	14,866,315	318,512,375	97.0
2000	367,377,661	342,033,400	93.1	22,482,116	364,515,516	99.2
2001	388,489,478	358,291,746	92.2	20,341,533	378,633,279	97.5
2002	420,060,733	396,051,828	94.3	16,856,675	412,908,503	98.3
2003	445,787,734	420,490,211	94.3	17,638,904	438,129,115	98.3
2004	458,846,761	421,236,325	91.8	18,001,045	439,237,370	95.7
2005	505,050,845	468,796,012	92.8	20,030,354	488,826,366	96.8
2006	531,438,288	483,649,302	91.0	13,798,610	497,447,912	93.6
2007	527,465,143	505,518,196	95.8	16,871,382	522,389,578	99.0
2008	562,044,329	537,526,149	95.6	18,471,365	555,997,514	98.9
2009	570,582,069	547,934,162	96.0	14,969,028	562,903,190	98.7
2010	546,129,490	526,040,648	96.3	-	526,040,648	96.3

Source: City Department of Finance

Note: Collections in Subsequent Years represents delinquent accounts collected during the course of the fiscal year for all prior fiscal years.

* The methodology for reporting "Collections in Subsequent Years" was changed in FY 2000. Collections in Subsequent Years for 1996-2000 are stated as reported in our 2005 Comprehensive Annual Financial Report.

CITY OF VIRGINIA BEACH, VIRGINIA
PRINCIPAL TAX REVENUES BY SOURCE
Fiscal Years 1996 through 2010
(Unaudited)

Fiscal Year	Real Property Taxes	Personal Property Taxes	General Sales Tax	Utility Tax	Restaurant Meal Tax	Other Taxes	Total Taxes Assessed
1996	\$ 215,783,669	\$ 66,775,292	\$ 32,808,424	\$ 30,410,466	\$ 19,835,362	\$ 53,613,813	\$ 419,227,026
1997	230,682,146	67,612,923	33,916,147	26,420,839	20,682,238	56,083,447	435,397,740
1998	239,675,849	75,041,794	35,049,804	29,334,345	22,046,548	58,680,182	459,828,522
1999	249,878,165	76,016,201	37,004,115	30,594,776	23,157,204	61,927,958	478,578,419
2000	263,916,207	90,545,837	38,212,293	32,094,368	24,436,808	64,175,064	513,380,577
2001	276,515,023	90,791,185	39,712,323	34,080,325	25,320,531	68,188,931	534,608,318
2002	293,591,325	96,878,086	40,619,190	41,755,840	31,887,442	73,883,628	578,615,511
2003	319,261,524	97,182,499	41,782,279	43,407,182	34,377,007	79,458,536	615,469,027
2004	347,360,112	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

Source: City Department of Finance

(1) Includes penalty & interest (\$10 minimum) on delinquent collections.

CITY OF VIRGINIA BEACH, VIRGINIA
TEN LARGEST UTILITY (WATER) CUSTOMERS
Fiscal Year 2010
(Unaudited)

Customer	Annual Consumption in 1,000 Gallons	Type of Customer
Virginia Beach Correction Center	37,037	City Correction Center
Sentara Virginia Beach General Hospital	35,250	Hospital
S L Nusbaum Realty	31,539	Thalia Garden Apartments
Westminister-Canterbury of Hampton Roads	27,141	Retirement Center
Countyview Mobile Ct.	23,879	Mobile Home Park
Watergate Assoc Lakes	23,501	Linkhorn Bay Apartments
Lynnhaven Mall	22,407	Shopping Mall
S L Nusbaum Realty	21,269	Birdneck Village Apartments
Occidental Development, Ltd.	20,352	Waterfront Apartments
Crelor Land Development Corp.	19,740	Mobile Home Park

Source: City Department of Public Utilities

CITY OF VIRGINIA BEACH, VIRGINIA
WATER AND SEWER ENTERPRISE FUND
OUTSTANDING DEBT BY ISSUE
at June 30, 2010
(Unaudited)

2010A Water and Sewer System Revenue Bonds	\$ 65,000,000
2010B Water and Sewer System Refunding Revenue Bonds	8,410,000
2010C Water and Sewer System Refunding Revenue Bonds	24,950,000
2005 Water and Sewer System Revenue & Refunding Bonds	73,375,000
2002 Water and Sewer System Revenue Bonds	4,740,000
2000 Water and Sewer System Revenue Bonds	1,280,000
1998 Taxable Water and Sewer System Revenue Bond (1)	3,248,059
1997 Taxable Water and Sewer System Revenue Bond (1)	3,558,498
1994 Taxable Water and Sewer System Revenue Bond (1)	483,162
	<hr/>
Total Water and Sewer Debt Outstanding	<u><u>\$ 185,044,719</u></u>

Source: City Department of Finance

(1) The 1994, 1997 & 1998 taxable issues were privately placed with the Commonwealth of Virginia Revolving Loan fund administered by Virginia Resources Authority

(2) All Water & Sewer Bonds listed above are Parity Debt.

CITY OF VIRGINIA BEACH, VIRGINIA
WATER RESOURCE RECOVERY FEES
HISTORY OF RECEIPTS AND DISBURSEMENTS
Fiscal Year 2006 through 2010
(in thousands of dollars)
(Unaudited)

	Fiscal Year				
	2006	2007	2008	2009	2010
Balance - July 1	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:					
Fees	3,899	3,465	2,994	1,741	1,990
Interest Income	-	-	-	-	-
Total Receipts	<u>\$ 3,899</u>	<u>\$ 3,465</u>	<u>\$ 2,994</u>	<u>\$ 1,741</u>	<u>\$ 1,990</u>
Disbursements	<u>3,899</u>	<u>3,465</u>	<u>2,994</u>	<u>1,741</u>	<u>1,990</u>
Balance - June 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Source: City Department of Finance

CITY OF VIRGINIA BEACH, VIRGINIA
WATER AND SEWER ENTERPRISE FUND
SYSTEM OPERATING REVENUES, EXPENSES AND COVERAGE
For Fiscal Year Ending June 30
(in thousands of dollars)
(Unaudited)

	Fiscal Year				
	2006	2007	2008	2009	2010
<u>Operating Revenues</u>					
Service Charges	\$ 40,533	\$ 43,331	\$ 45,693	\$ 47,588	\$ 49,336
Water Usage	43,176	44,454	44,906	44,628	46,002
Miscellaneous	275	240	150	399	340
Total Operating Revenues	<u>\$ 83,984</u>	<u>\$ 88,025</u>	<u>\$ 90,749</u>	<u>\$ 92,615</u>	<u>\$ 95,678</u>
<u>Operating Expenses</u>					
Water Acquisition	\$ 24,976	\$ 25,194	\$ 24,958	\$ 25,251	\$ 24,952
Water Distribution	7,452	7,683	9,298	8,560	7,765
Sewer Collection	10,493	11,283	11,786	11,519	11,893
Administration and Engineering	13,325	14,698	15,161	15,253	15,551
Customer Services	8,794	8,864	9,050	9,491	9,224
Total Operating Expenses	<u>\$ 65,040</u>	<u>\$ 67,722</u>	<u>\$ 70,253</u>	<u>\$ 70,074</u>	<u>\$ 69,385</u>
Net Operating Income	<u>\$ 18,944</u>	<u>\$ 20,303</u>	<u>\$ 20,496</u>	<u>\$ 22,541</u>	<u>\$ 26,293</u>
<u>Non-Operating Revenues/(Expense)</u>					
Interest	\$ 3,427	\$ 5,290	\$ 5,045	\$ 2,368	\$ 794
Water Resource Recovery Fee	3,899	5,226	4,311	2,521	2,748
Sewer Connection Fees	1,657	-	-	-	-
Norfolk Water True-Up	(1,595)	796	1,898	-	(1,792)
Miscellaneous	35	-	-	-	-
Total Non-Operating Income	<u>\$ 7,423</u>	<u>\$ 11,312</u>	<u>\$ 11,254</u>	<u>\$ 4,889</u>	<u>\$ 1,750</u>
Income Available For Debt Service	<u>\$ 26,367</u>	<u>\$ 31,615</u>	<u>\$ 31,750</u>	<u>\$ 27,430</u>	<u>\$ 28,043</u>
<u>Annual Debt Service</u>					
Water and Sewer Revenue Bonds	\$ 8,006	\$ 11,329	\$ 10,807	\$ 10,636	\$ 10,720
Total Water and Sewer Debt Service	\$ 8,493	\$ 11,329	\$ 10,807	\$ 10,636	\$ 10,720
<u>Coverage of Debt Service on Water and Sewer Revenue Bonds</u>	3.29x	2.79x	2.94x	2.58x	2.62x
<u>Coverage of Debt Service on All Debt Supported by Water and Sewer Revenues</u>	3.10x	2.79x	2.94x	2.58x	2.62x

Source: City Departments of Finance and Public Utilities.

CITY OF VIRGINIA BEACH
WATER AND SEWER ENTERPRISE FUND
DEBT SERVICE REQUIREMENTS
as of June 30, 2010
(Unaudited)

Fiscal Year	Principal	Interest	Total
2010-11	\$ 5,811,090.27	\$ 6,370,018.22	\$ 12,181,108.49
2011-12	7,022,735.46	6,946,248.84	13,968,984.30
2012-13	7,251,071.19	6,681,425.61	13,932,496.80
2013-14	7,796,175.59	6,406,658.71	14,202,834.30
2014-15	8,093,130.37	6,113,528.85	14,206,659.22
2015-16	8,341,805.69	5,782,439.11	14,124,244.80
2016-17	8,702,706.63	5,431,638.17	14,134,344.80
2017-18	8,010,727.75	5,086,486.59	13,097,214.34
2018-19	8,385,276.42	4,762,299.94	13,147,576.36
2019-20	7,655,000.00	4,449,254.16	12,104,254.16
2020-21	7,950,000.00	4,164,759.16	12,114,759.16
2021-22	8,280,000.00	3,867,214.16	12,147,214.16
2022-23	8,665,000.00	3,534,650.28	12,199,650.28
2023-24	9,065,000.00	3,189,899.46	12,254,899.46
2024-25	9,470,000.00	2,843,831.27	12,313,831.27
2025-26	9,950,000.00	2,442,979.27	12,392,979.27
2026-27	7,760,000.00	2,050,750.08	9,810,750.08
2027-28	8,065,000.00	1,714,694.64	9,779,694.64
2028-29	6,000,000.00	1,419,438.89	7,419,438.89
2029-30	6,290,000.00	1,156,305.14	7,446,305.14
2030-31	6,595,000.00	878,947.20	7,473,947.20
2031-32	3,590,000.00	670,234.51	4,260,234.51
2032-33	3,775,000.00	533,797.88	4,308,797.88
2033-34	3,965,000.00	390,414.38	4,355,414.38
2034-35	4,170,000.00	239,713.51	4,409,713.51
2035-36	4,385,000.00	81,232.13	4,466,232.13
	<u>\$ 185,044,719.37</u>	<u>\$ 87,208,860.16</u>	<u>\$ 272,253,579.53</u>

Source: City Department of Finance

- (a) 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

Source: City Department of Public Utilities

CITY OF VIRGINIA BEACH, VIRGINIA
TEN LARGEST STORM WATER UTILITY ACCOUNTS
For Billing Period Ending June 30, 2010
(Unaudited)

Customer	Fees Billed
Pembroke Square Associates	\$ 27,872
Virginia Wesleyan College	20,266
Goodman Properties Inc.	20,173
State Board for Community Colleges (TCC)	19,919
Sentara Virginia Beach General Hospital	18,697
GIFT LLC (formerly Lillian Vernon)	16,297
Wal-Mart Real Estate Bus Tr	15,926
GEICO	15,035
Wordsworth Village at West Neck	14,890
CSFB 1998 - (fka Crickum/Kmart)	14,628

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, 2010
(Unaudited)

Type of Property	2010
	Percent of Equivalent Residential Units (ERU)
Residential	50.9%
Multi-Family	10.5%
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, 2010
(Unaudited)

Fiscal Year	Assessed fees	Collected fees *	% Collected
2010	\$ 19,285,723	\$ 19,234,371	99.734%
2009	17,441,273	17,370,023	99.591%
2008	15,487,064	15,451,255	99.769%
2007	14,657,797	14,630,333	99.813%
2006	13,737,919	13,736,466	99.989%
2005	12,456,762	12,455,309	99.988%
2004	12,519,585	12,518,132	99.988%
2003	11,415,662	11,414,209	99.987%
2002	10,437,774	10,436,321	99.986%
2001	9,467,608	9,466,155	99.985%
2000	9,330,500	9,329,047	99.984%
1999	9,219,518	9,218,065	99.984%
1998	7,909,209	7,907,756	99.982%
1997	6,547,709	6,546,256	99.978%
1996	6,441,521	6,440,068	99.977%
1995	6,392,423	6,390,970	99.977%
1994	6,299,650	6,298,197	99.977%

Source: City Department of Public Works/Storm Water Management

* Represents collections to date. The City anticipates that for each of the recent years collection rates will be consistent with earlier years.

CITY OF VIRGINIA BEACH, VIRGINIA
STORM WATER UTILITY FUND
PRO FORMA CALCULATION OF REVENUE COVENANTS
(Unaudited)

Revenue Requirement A	Fiscal Year				
	2007	2008	2009	2010	2011 Budget
Total Revenues:					
System Revenues (including interest income)	\$ 14,749,875	\$ 16,468,110	\$ 17,962,149	\$ 19,406,355	\$ 21,290,525
Non-Operating Revenues deposited into the Revenue Fund (from the Commonwealth) *	5,405,170	5,589,452	5,216,559	5,222,410	2,656,916
Total Revenues	\$ 20,155,045	\$ 22,057,562	\$ 23,178,708	\$ 24,628,765	\$ 23,947,441
Total Expenses:	8,674,016	9,690,959	10,489,311	10,676,428	12,814,842
Revenues Available for Debt Service	\$ 11,481,029	\$ 12,366,603	\$ 12,689,397	\$ 13,952,337	\$ 11,132,599
Maximum Principal and Interest Requirement on Series 2000 Bonds	\$ 767,850	\$ 767,850	\$ 767,850	\$ 767,850	\$ 767,850
Maximum Principal and Interest Requirement on Series 2010 Bonds **	-	-	-	-	1,369,250 **
Total Maximum Debt Service	\$ 767,850	\$ 767,850	\$ 767,850	\$ 767,850	\$ 2,137,100 **
Debt Service Coverage Ratio	15.0	16.1	16.5	18.2	5.2 **

Source: City Department of Finance

* The City has no legal obligation to deposit revenues from the Commonwealth into the Revenue Fund.

** Preliminary, subject to change.

Revenue Requirement B	Fiscal Year				
	2007	2008	2009	2010	2011 Budget
System Revenues (including interest income)	\$ 14,749,875	\$ 16,468,110	\$ 17,962,149	\$ 19,406,355	\$ 21,290,525
Less Required Transfers:					
Operating Expenses	\$ 8,044,011	\$ 8,684,744	\$ 9,386,471	\$ 10,660,893	\$ 11,914,842
Capital Outlay	630,005	1,006,185	1,102,840	15,535	900,000
Senior Debt:					
Maximum Principal & Interest Requirement on Series 2000 Bonds	767,850	767,850	767,850	767,850	767,850
Fiscal Year 2011 Interest on 2010 Bonds	-	-	-	-	415,976 *
Parity Double Barrel Bond Fund	-	-	-	-	-
Subordinate Debt Fund (Prior Bonds)	686,836	661,381	631,868	603,619	494,528
Capital Improvement Account (Cash)	2,992,314	2,296,188	3,040,556	5,403,749	5,969,658
Debt Service Reserve Account	-	-	-	-	-
Total Transfers	\$ 13,121,016	\$ 13,416,348	\$ 14,929,585	\$ 17,451,646	\$ 20,462,854
Surplus Revenue available after transfers:	\$ 1,628,859	\$ 3,051,762	\$ 3,032,564	\$ 1,954,709	\$ 827,671 *
Reconciliation of Expenses to CAFR					
Total Operating Expenses (per CAFR)	\$ 13,894,921	\$ 13,776,341	\$ 12,622,360	\$ 12,746,643	\$ 12,814,842
Less: Depreciation	(3,818,570)	(3,927,360)	(2,014,734)	(2,058,715)	-
Appropriations from Retained Earnings	(1,402,335)	(158,052)	(118,315)	(11,500)	-
Total Expenses (Pro Forma Requirement)	\$ 8,674,016	\$ 9,690,929	\$ 10,489,311	\$ 10,676,428	\$ 12,814,842

Source: City Department of Finance

* Preliminary, subject to change.

