



City of Virginia Beach, Virginia

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

*For Fiscal Year Ended  
June 30, 2011*

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

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2011**

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

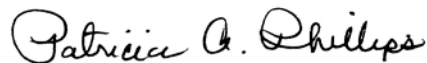
## Acknowledgments...

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

Management -	Donald Barnett, Miryam Woodson, Aaron McCoy
CAFR Team -	Keena Garns, Marc Stein, Patty Kephart, Kelley Peroe, Debbie Shevock, Nancy Leavitt, Patti Porter, Linda Granger, Trish Donahue
Technical Assistance -	Paul Harris, Marc Davis, Economic Vitality Strategic Issue Team, Richard Lester, Arlene Ney, Cynthia Whitbred-Spanoulis
Staff Support -	Penny Williams, Loretta Brown, Donna Vaughan, Bonnie Castellow
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  
FOR THE YEAR ENDED JUNE 30, 2011**

**TABLE OF CONTENTS**

**PAGE NO.**

**INTRODUCTORY SECTION**

Elected and Appointed Officials .....	1
City Organization Chart .....	2
Letter of Transmittal .....	3
Certificate of Achievement for Excellence in Financial Reporting .....	25

**FINANCIAL SECTION**

<b>Independent Auditors' Report</b> .....	27
<b>Management's Discussion and Analysis</b> .....	29
<b>Basic Financial Statements:</b>	
<b>Government-Wide Financial Statements:</b>	
Statement of Net Assets .....	39
Statement of Activities .....	40
<b>Governmental Funds Financial Statements:</b>	
Balance Sheet .....	42
Reconciliation of the Balance Sheet to the Statement of Net Assets .....	43
Statement of Revenues, Expenditures, and Changes in Fund Balance .....	44
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	45
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund .....	46
<b>Proprietary Funds Financial Statements:</b>	
Statement of Net Assets .....	47
Statement of Revenues, Expenses and Changes in Fund Net Assets .....	48
Statement of Cash Flows .....	49
<b>Fiduciary Funds Financial Statements:</b>	
Statement of Fiduciary Net Assets .....	51
Statement of Changes in Fiduciary Net Assets .....	52
<b>Notes to Financial Statements</b> .....	54
<b>Required Supplemental Information other than Management's Discussion and Analysis:</b>	
Schedules of Funding Progress for Virginia Retirement System .....	102
Schedules of Funding Progress for Other Postemployment Benefits .....	103
Schedules of Employer Contributions for Other Postemployment Benefits .....	103
<b>Other Supplemental Information</b>	
<b>Combining Schedules Nonmajor Governmental Funds:</b>	
Combining Balance Sheet - Nonmajor Governmental Funds .....	106
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Governmental Funds .....	107
<b>General Fund Budget to Actual:</b>	
Schedule of Revenues .....	110
Schedule of Expenditures .....	115
<b>Combining Schedules and Individual Funds:</b>	
Combining Balance Sheet - Nonmajor Special Revenue Funds .....	124
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Special Revenue Funds .....	130
Statements of Revenues, Expenditures, and Changes in Fund Balance and Budget and Actual:	
Law Library Fund .....	136
Sandbridge Tax Increment Financing Fund .....	137



**CITY OF VIRGINIA BEACH, VIRGINIA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2011**

**FINANCIAL SECTION (continued)**

**PAGE NO.**

**Combining Schedules and Individual Funds: (continued)**

Housing and Neighborhood Preservation Fund .....	138
Lynnhaven Mall Tax Increment Financing Fund .....	139
Town Center Special Service District Fund .....	140
DEA Seized Property Fund .....	141
Federal Section Eight Program Fund .....	142
Sheriff's Department Fund.....	143
Inmate Services Fund.....	144
Parks and Recreation Fund.....	145
Tourism Growth Investment Fund.....	146
Central Business District South Tax Increment Financing Fund.....	147
Sandbridge Special Service District Fund.....	148
Agriculture Reserve Program Fund.....	149
Emergency FEMA Fund .....	150
Tourism Advertising Program Fund .....	151
Proffer Impact Fund .....	152
Public Investment Protection Strategy Fund .....	153
Open Space Fund .....	154
Major Projects Fund.....	155
Transitional Area Fund .....	156
Wetlands Board Mitigation Fund.....	157
Schedule of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual - Debt Service Fund.....	160

**Capital Projects:**

Schedule of General Government Capital Projects .....	162
---	-----

**Enterprise Funds:**

Statement of Net Assets - Water and Sewer Fund .....	172
Statement of Revenues, Expenses and Changes in Net Assets - Water and Sewer Fund .....	173
Statement of Cash Flows - Water and Sewer Fund .....	174
Schedule of Changes in Restricted Assets - Water and Sewer Fund .....	175
Schedule of Operating Expenses - Budget and Actual - Water and Sewer Fund.....	176
Schedule of Water and Sewer Fund Capital Projects .....	178
Statement of Net Assets – Storm Water Fund .....	184
Statement of Revenues, Expenses and Changes in Net Assets – Storm Water Fund.....	185
Statement of Cash Flows – Storm Water Fund.....	186
Schedule of Operating Expenses - Budget and Actual – Storm Water Fund .....	187
Schedule of Storm Water Fund Capital Projects .....	189

**Internal Service Funds:**

Combining Statement of Net Assets.....	192
Combining Statement of Revenues, Expenses and Changes in Net Assets .....	194
Combining Statement of Cash Flows .....	196

**Trust and Agency Funds:**

Combining Statement of Fiduciary Assets and Liabilities – Agency Funds .....	200
Combining Statement of Changes in Assets and Liabilities – Agency Funds.....	201
Combining Statement of Fiduciary Net Assets – Trust Funds .....	202
Combining Statement of Changes in Fiduciary Net Assets – Trust Funds.....	203

**Nonmajor Component Units:**

Statement of Net Assets .....	205
Statement of Activities.....	206
Combining Statement of Cash Flows .....	207

**CITY OF VIRGINIA BEACH, VIRGINIA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2011**

**FINANCIAL SECTION (continued)**

**PAGE NO.**

**Discretely Presented School Board Component Unit:**

Statement of Net Assets.....	210
Statement of Activities .....	211
Balance Sheet - Governmental Funds.....	212
Reconciliation of the Balance Sheet to the Statement of Net Assets .....	213
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds .....	214
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	215
School Operating Special Revenue Fund – Budget and Actual.....	216
School Grants Special Revenue Fund – Budget and Actual.....	219
Combining Balance Sheet - Nonmajor Governmental Funds - Special Revenue Funds .....	222
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds - Special Revenue Funds.....	223
Combining Statement of Net Assets - Internal Service Funds.....	224
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets - Internal Service Funds.....	225
Combining Statement of Cash Flows - Internal Service Funds .....	226
Combining Statement of Changes in Assets and Liabilities - Agency Funds.....	227

**STATISTICAL SECTION**

**Table**

1 Net Assets by Component - Last Ten Fiscal Years .....	231
2 Changes in Net Assets - Last Ten Fiscal Years .....	232
3 Fund Balances of Governmental Funds - Last Ten Fiscal Years.....	234
4 Changes in Fund Balance of Governmental Funds - Last Ten Fiscal Years.....	236
5 General Governmental Activities Tax Revenue by Source - Last Ten Fiscal Years .....	238
6 Assessed Value and Estimated Actual Value of Taxable Property - Last Ten Fiscal Years.....	239
7 Revenue Rates - Last Ten Fiscal Years .....	240
8 Principal Property Taxpayers - Assessed Value .....	241
9 Property Tax Levies and Collections - Last Ten Fiscal Years.....	242
10 Ratios of Outstanding Debt by Type - Last Ten Fiscal Years .....	243
11 Ratios of Outstanding General Bonded Debt by Type - Last Ten Fiscal Years .....	244
12 Legal Debt Margin Information - Last Ten Fiscal Years .....	245
13 Pledged - Revenue Coverage - Last Ten Fiscal Years.....	246
14 Demographic and Economic Statistics - Last Ten Fiscal Years .....	247
15 Principal Employers .....	248
16 Full-Time Equivalent Government Employees by Function - Last Ten Fiscal Years .....	249
17 Operating Indicators by Function - Last Ten Fiscal Years .....	250
18 Capital Asset Statistics by Function - Last Ten Fiscal Years .....	251
19 Treasurer's Accountability Report .....	252

**SINGLE AUDIT SECTION**

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.....	253
Independent Auditors' Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 .....	255
Schedule of Findings and Questioned Costs .....	257
Schedule of Expenditures of Federal Awards .....	259
Notes to Schedule of Expenditures of Federal Awards .....	265

**CITY OF VIRGINIA BEACH, VIRGINIA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2011**

---

**PAGE NO.**

**CONTINUING DISCLOSURE**

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**Schedule**

1-1 Principal Taxpayers .....	268
1-2 Property Tax Rates and Change in Tax Levy.....	269
1-3 Historical Assessed Value.....	270
1-4 Property Tax Levies and Collections .....	271
1-5 Principal Tax Revenues by Source .....	272
2-1 Ten Largest Utility (Water) Customers.....	273
2-2 Water and Sewer Enterprise Fund Outstanding Debt by Issue.....	274
2-3 Water Resource Recovery Fees History of Receipts and Reimbursements.....	275
2-4 Water and Sewer Enterprise Fund System Operating Revenues, Expenses, and Coverage .....	276
2-5 Water and Sewer Enterprise Fund Debt Service Requirements .....	277
2-6 Water and Sewer Enterprise Fund Water and Sewer Rate History .....	278
3-1 Ten Largest Storm Water Utility Accounts.....	279
3-2 Storm Water Utility Distribution by Type of Property.....	280
3-3 Storm Water Utility Fee Collections.....	281
3-4 Storm Water Utility Pro Forma Calculation of Revenue Covenants.....	282
3-5 Storm Water Utility Debt Service Requirements.....	283

# **INTRODUCTORY SECTION**



# CITY OF VIRGINIA BEACH, VIRGINIA

## CITY COUNCIL

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  
John D. Moss ..... 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  
Vacant ..... District 2–Kempsville  
Brent N. Mckenzie ..... District 3–Rose Hall  
Carolyn D. Weems ..... District 4–Bayside  
Emma L. “Em” Davis ..... District 5–Lynnhaven  
Sam Reid ..... District 6–Beach  
Todd C. Davidson..... At-Large  
Dottie Holtz ..... At-Large  
Ashley K. McLeod ..... At-Large  
Patrick S. Salyer..... 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

John W. Richardson ..... Chair  
Elizabeth A. Twohy ..... Vice Chair  
Jerrold L. Miller ..... Secretary  
Dan H. Brockwell ..... Treasurer  
Donald V. Jellig ..... Assistant Secretary  
C. Maxwell Bartholomew, Jr..... Commissioner  
Linwood O. Branch ..... Commissioner  
Bryan D. Cuffee ..... Commissioner  
Luke M. Hillier ..... Commissioner  
Shewling Moy Wong ..... Commissioner  
Dorothy Wood ..... Commissioner

## APPOINTED OFFICERS

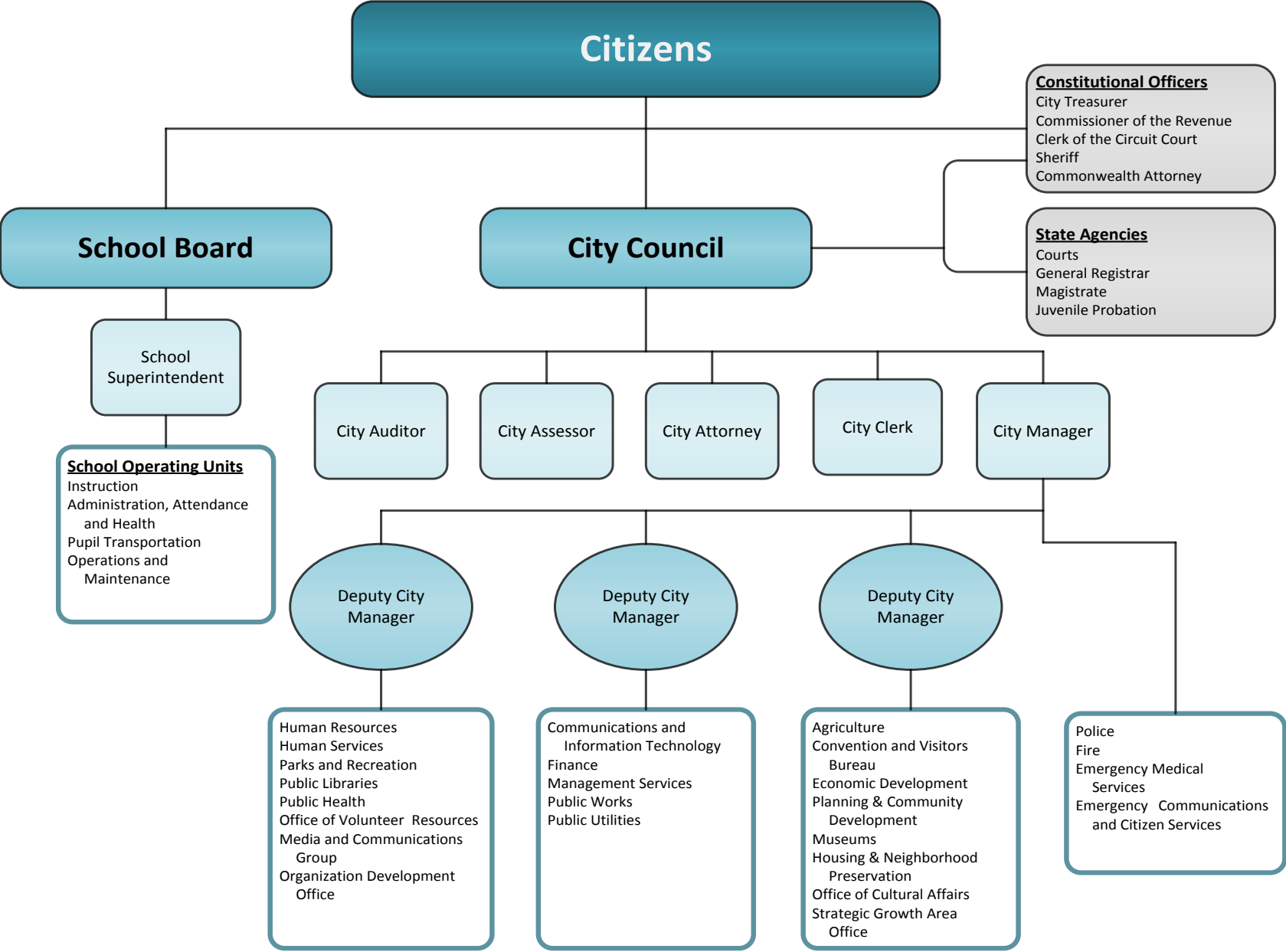
James K. Spore ..... City Manager  
Mark D. Stiles ..... City Attorney  
Ruth Hodges Fraser ..... City Clerk  
Jerald Banagan ..... Real Estate Assessor  
Lyndon S. Remias ..... City Auditor

## VIRGINIA BEACH COMMUNITY DEVELOPMENT CORPORATION

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

## CITY LEADERS

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





DEPARTMENT OF FINANCE  
(757) 385-4681  
FAX (757) 385-4302  
TDD (757) 385-4305

# City of Virginia Beach

[VBgov.com](http://VBgov.com)

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

November 23, 2011

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, 2011, 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 437,994 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.

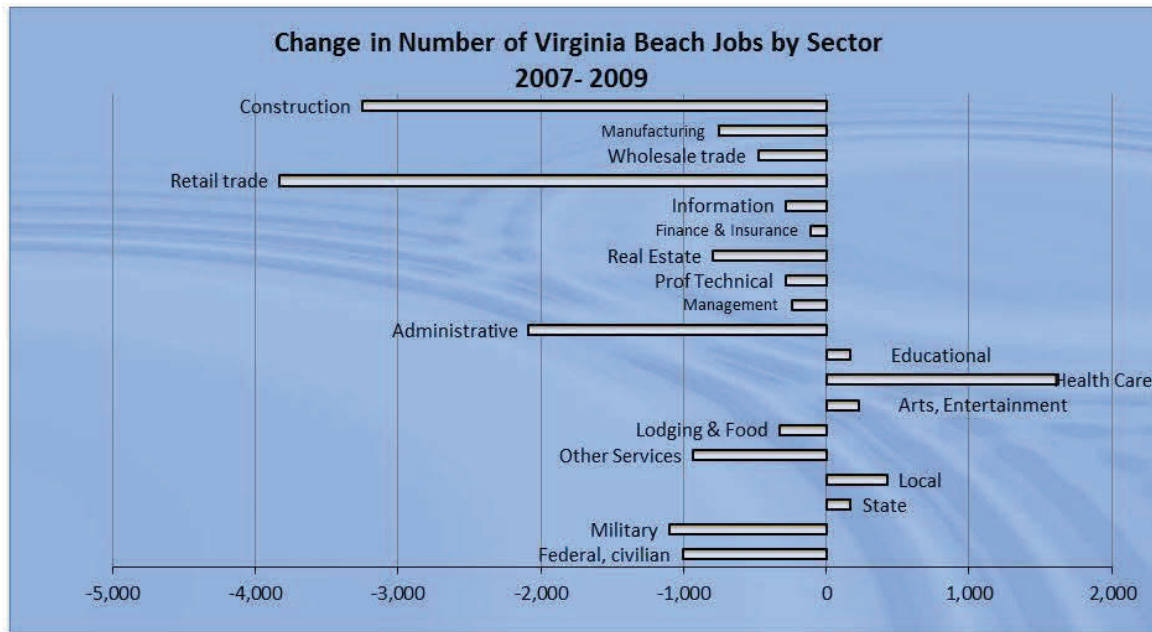
The City provides a full range of general governmental services for its citizens. These services include police, emergency medical response, fire protection, collection and disposal of refuse, water, storm water and sewer services, parks and recreation facilities, museums, libraries, and maintenance 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.

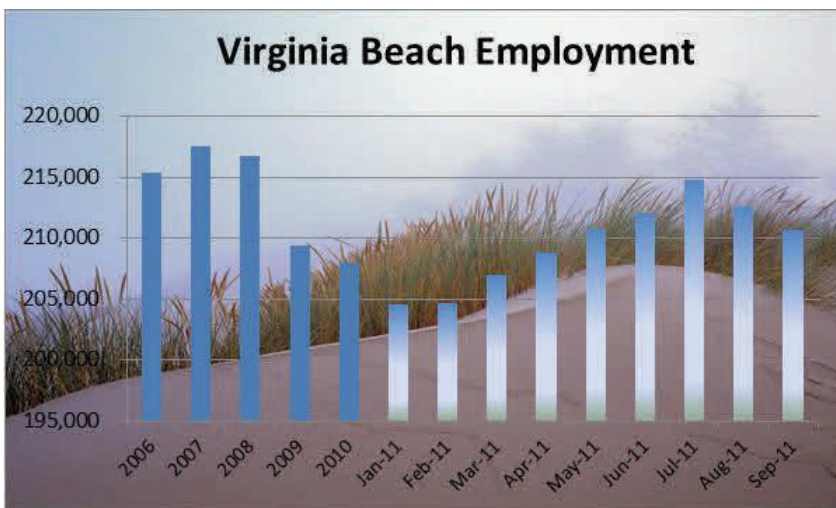
## **ECONOMIC CONDITIONS AND OUTLOOK**

Though the Great Recession technically ended in the second quarter of 2009, the recovery has been slow. The Virginia Beach economy shows growth in tourism, and retail sales, boosting employment and median household income. An increase in foreclosures is a drag on real estate assessments. Defense spending and general cargo, economic stabilizers for the region's economy, continue to show modest but steady growth. However, the positive aspects of the economy are not enough to boost consumer confidence, which is what it will take for the economy to make a robust recovery.



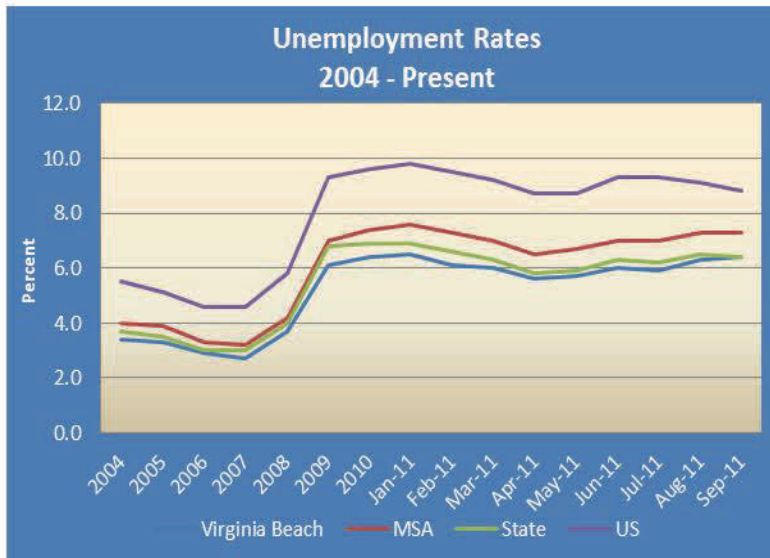


From the start of the great recession at the end of 2007 through 2009, Virginia Beach has lost 13,179 jobs. Most of these job losses were in the construction and retail trade sectors. Education, Health Care, and Arts & Entertainment actually gained jobs during this period. The change in the number of government jobs was split, with a decrease in the number of federal jobs and an increase in state and local jobs. The federal stimulus program kept local governments from shedding jobs early in the recession. (Source: BEA)

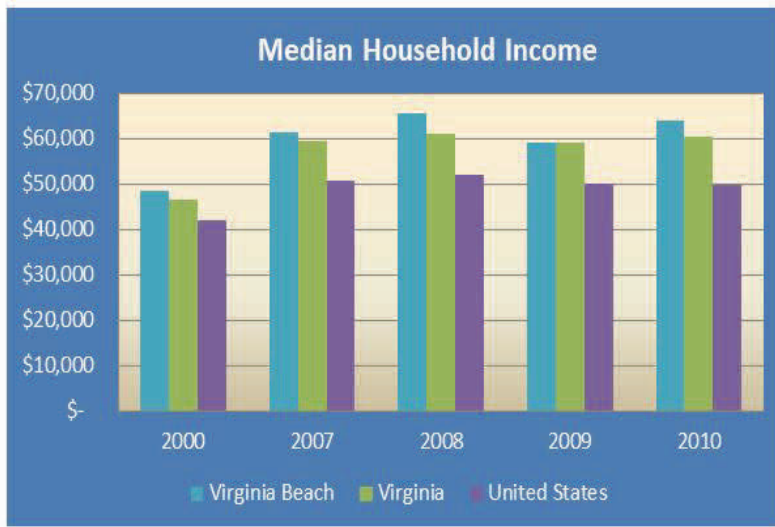


Employment in Virginia Beach averaged 208,026 in 2010, down 4.4% from its pre-recession peak of 217,518. As of September 2011, the average employment for year-to-date 2011 was 209,488, which is on track to be better than in 2010. According to Old Dominion University economists, the trend now is for the private sector to create jobs and the public

sector to shed jobs due to the decline in property values and the diminishing stimulus money. (Source: Virginia Employment Commission and BLS)



In September 2011, the unemployment rate was 6.4% for Virginia Beach, 7.3% for the MSA, 6.4% for the state and 8.8% 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. The unemployment rates peaked in January 2011, but have only declined slightly since then, remaining stubbornly high. (Source: Virginia Employment Commission and BLS)



The per capita income for Virginia Beach was \$44,999 in 2009, which is greater than that for the state at \$44,057 and the nation at \$39,635. (Source: BEA)

The Virginia Beach median household income in 2010 increased to \$64,212 an increase of 8.3% over 2009. Median household income was also up for the state in

2010, but is still declining for the nation. (Source: US Census Bureau)

Defense spending, tourism, and the ports are stabilizers of the Virginia Beach economy. Defense spending in Virginia Beach increased from \$3.1 billion in 2009 to \$3.3 billion in 2010. Defense spending in the Hampton Roads MSA also continued to increase, though at a slower rate, and is expected to reach \$20.7 billion in 2011. From 2000-2011, defense spending in Hampton Roads has increased, on average, almost 7% per year. (Sources: 2011 State of the Region Report, ODU and US Census Bureau)

Tourism is another stabilizer of the Virginia Beach economy. In 2010 direct visitor spending was estimated to be \$1.13 billion, creating 11,560 jobs and \$211.3 million in payroll earnings. Direct visitor spending in 2010 increased by 6.5% over 2009. (U.S. Travel Association October 2011 Annual Report)



Hotel taxes were up 6.1% in 2010 and have now surpassed the pre-recession high of \$23.6 million. Hotel Virginia Beach tends to benefit in poor economies as tourists choose to vacation at places within driving distance. Hotel taxes were at their highest level of the last 5 years in FY-11.



Restaurant sales have increased each year since the start of the recession, being up 4.5% in 2010. Restaurant taxes were also at the highest level in the last 5 years. (Source: Convention & Visitors Bureau)

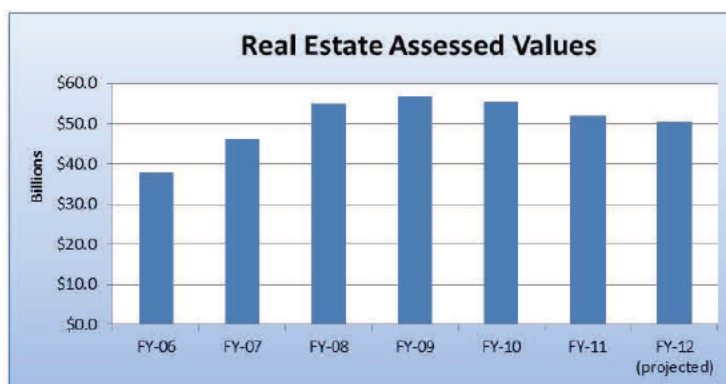


The Port of Virginia is another important sector of the Hampton Roads economy. General cargo short tons shipped through the Port were up 2.8% in 2010. While an improvement over 2009, the tons shipped are still below the 2008 peak. The number of short tons shipped year-to-date through September of 2011 was up a slight 1.1% over the same period in 2010. Looking ahead, the Port continues to position itself to compete for market share when the widening of the Panama Canal is completed in 2014. The opening of the Heartland Rail Corridor, the development of Craney Island,

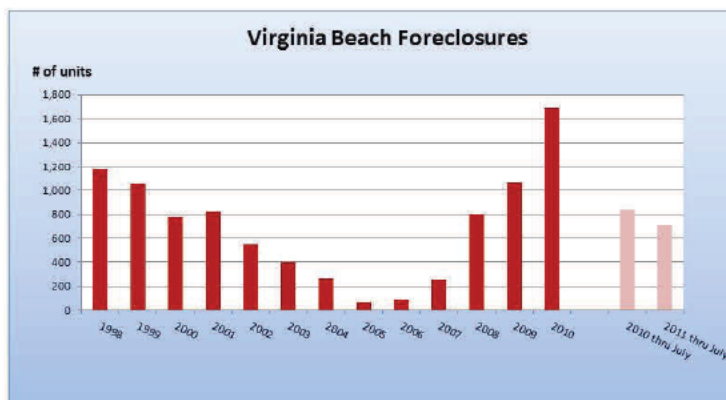
the repositioning of the Portsmouth Marine Terminal and other initiatives will increase the port's competitive position. (Source: Port of Virginia and ODU)



Retail sales in Virginia Beach rose 1.1% in 2010 after two consecutive years of decline in 2008 and 2009. Sales in the first six months of 2011 were also up 1.1% over the same period in 2010. Retail sales at the state level are up 3.3% in the first half of 2011. Though the increases are small compared to pre-recession times, it is good to see retail sales growing again. (Source: Virginia Dept of Taxation)



Real estate assessments declined 6.2% in FY 2011 and are projected to decline 2.9% in FY 2012, which would be the 3rd consecutive year of decline. The decline in assessments is not expected to level off until FY 2016, though the rate of decline is slowing.



There were 1,688 foreclosures in Virginia Beach in 2010, up from 1,066 in 2009. There have been 714 foreclosures during the period January-July 2011, which is down from the same period in 2010. This decrease is a promising sign, though foreclosures are likely to affect real estate assessments for the next few years. (Source: Real Estate Assessor's Office, Circuit Court)

The total number of building permits was down from 8,456 in FY-10 to 7,559 in FY-11. The value of the permits was also down, from \$378.6 million to \$302.7 million. (Source: Real Estate Assessor's Office, Dept of Planning)

The Consumer Confidence Index declined sharply in August 2011 to 45.2 from 59.5, remained low at 46.4 in September, and then dropped further to 39.8 in October. (100 indicates a positive outlook.) In October 2010 it measured 50.2. With consumer confidence at a lower point than a year ago, the pace of economic growth is not likely to pick up appreciably in the coming months. (Source: the Conference Board)



The Virginia Beach economy continues its recovery, though slowly. Employment, retail sales, and general cargo, while now increasing, are still below their pre-recession levels. Defense spending continues to stabilize the economy, with support from port activity and tourism. Virginia Beach hotel sales have surpassed their pre-recession highs, and restaurant sales have increased each year since the start of the recession. The troublesome area of the Virginia Beach economy is real estate assessments, which are suppressed due the back log of distressed homes that have yet to work their way through the foreclosure process. Consumer Confidence is still very pessimistic, and until that changes, the pace of the recovery is not likely to pick up.

## **MAJOR INITIATIVES**

The 2010-2011 financial report reflects the use of resources to achieve the city government's vision as defined by City Council. To achieve its vision, City Council identified five goal areas at its Annual Goal Setting workshop:

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

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

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

## **Economic Vitality**

### *Virginia Beach Development Authority*

FY 2011 was a tremendous success for the Virginia Beach Development Authority, which continued its efforts to grow a diversified economy for the City despite the unstable economic conditions that many other areas of the country are experiencing. Through the combined efforts of the Authority and Department of Economic Development, nearly \$175 million in new capital was invested by the City's business community during FY 2011, a 258% increase over FY 2010. Companies working with the Department reported the creation of 2,106 new jobs, a 51% increase over the previous year. While 1,435 jobs were created by existing companies, 671 were from companies new to the City. More than 1.2 million square feet of new and existing commercial space was and filled, an increase in almost 500,000 square feet over FY 2010.

### *Triple-A Bond Ratings*

For the second year in a row, all three major ratings agencies, Standard & Poor's, Moody's Investors Service and Fitch Ratings, assigned a triple-A rating to Virginia Beach's general obligation bonds. However, Moody's recently assigned Virginia Beach's triple-A rating a negative outlook, instead of the previous stable outlook, due to the region's close ties to the federal government, which was also assigned a negative outlook by Moody's.

### *Strategic Growth Areas (SGAs)*

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



community input that outlines the vision and serves as a marketing tool. Five of the eight plans have been completed to date: Pembroke, Newtown, Burton Station, Resort Area and Rosemont. The Rosemont Plan is the City's most recently completed plan and was approved by City Council in September, 2011. Planning is now underway for the Lynnhaven SGA. The remaining SGA's include Centerville/Regent and Hilltop.

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

Virginia Beach developed an unprecedented plan to roll back encroachment in the area surrounding NAS Oceana, known as Accident Potential Zone-1 (APZ-1) and the Clear Zone. The City worked closely with the Navy as it created a plan to meet not only the BRAC Commission's mandates, but also the needs of the military and the local community. The plan focuses on three components – zoning changes, property acquisition, and a conformity program which reduces incompatible development while promoting conforming uses in APZ-1. In a unique arrangement, the City and the Commonwealth of Virginia contribute a combined total of \$15 million per year to make sure the plan has the necessary funding to accomplish its mission. In an effort to recruit and retain conforming businesses in APZ-1, such as wholesale trade, distribution and manufacturing operations, the City launched YesOceana.com, an aggressive incentive program geared toward commercial real estate. Thus far, 37 commercial properties have been



acquired through the APZ-1 Acquisition Program. Some of those properties included both compatible and incompatible uses. A total of 29 incompatible commercial uses have been permanently eliminated from APZ-1. The properties acquired by the City will either be held for future City uses or sold, but in either case, only conforming redevelopment will be permitted. Additionally, 19 conforming businesses have been granted incentives as part of the APZ-1 Conformity Program. By providing financial encouragement for both portions of the program, the City is able to spur economic development that is compatible with the mission of NAS Oceana.

#### *Virginia Beach Amphitheater*

In 2010 in its fifteenth season, the Virginia Beach Amphitheater returned 11.56 percent on the City's \$10.5 million investment and provided a venue for world-renowned performers as well as local cultural and community events. During the 2010 season, the amphitheater held 26 events with attendance in excess of 237,000 patrons. In the first fifteen years of operation, the amphitheater has provided performances for over 4.2 million music lovers and generated over \$17.5 million in direct revenue for the City. In February 2011 Live Nation Entertainment, the world's largest live entertainment company, and Virginia Farm Bureau Insurance announced a three year sponsorship relationship that gives Virginia Farm Bureau Insurance naming rights to the amphitheater. The Virginia Beach Amphitheater is now known as the Farm Bureau Live at Virginia Beach Amphitheater.

#### *Town Center*

Town Center is the focal point of the City's Central Business District. Covering 17 city blocks, and offering more than 800,000 square feet of Class A office space and 832,000 square feet of commercial space, Town Center features an eclectic mix of shopping, dining, entertainment and living options. Town Center is the core of the Central Business District-South Tax Incremental 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.



#### *International Business Attraction*

International outreach efforts continued in FY 2011 with marketing missions to Europe and South America. Officials traveled to Germany and Italy to visit the headquarters of several companies with facilities in Virginia Beach, including Stihl, Hermes, Busch and Carraro. During the mission, Stihl introduced Virginia Beach officials to BMZ USA, Inc., a manufacturer of lithium batteries. Later, BMZ selected Virginia Beach as the location of their US headquarters, one of four international companies to locate or expand in Virginia Beach in FY 2011. The City also entered two new international markets this fiscal year: Brazil and Poland. The International Economic Development Council presented the Virginia Beach Development Authority with an Honorable Mention Award for Excellence for their Annual Report for 2010.

### *Princess Anne Commons*

A major medical complex is being developed as part of Princess Anne Commons. The new Sentara Princess Anne Hospital opened its 160 bed acute care facility in August 2011. LifeNet Health, the largest organ and tissue bank in the United States, broke ground on its new Institute of Regenerative Medicine in April 2011. The 42,000 square foot facility will house key scientific and discovery operations for developing regenerative medicine products for patients all over the world. Operation Smile, an international children's medical charity, is continuing the construction of its new \$20 million world headquarters building alongside Tidewater Community College's new Regional Health Professions Center. Princess Anne Commons, an incubator for biomedical companies, medical non profits and educational institutions, is also home to the Children's Hospital of the Kings Daughters Health and Surgery Center.



### *Envision Virginia Beach 2040*

In January, 2011, the Mayor appointed a 13-member citizen visioning group to study and analyze current trends to determine the future of Virginia Beach in 2040. Driving factors will encompass economic development, military presence, modes of transportation, safe and stable neighborhoods, quality of education, employment for future generations, agricultural reserve, urban and cultural opportunities, recreational and environmental preservation and transportation corridors.

## **Quality Physical Environment**

### *Green Accomplishments and Energy Initiatives*

In FY 2011, the new Environment and Sustainability Office (ESO) was established to bring together staffing and resources dedicated to administration of the City's Wetlands Board, The Chesapeake Bay Preservation Area Board, the Clean Waters Task Force, the Sustainability



Advisory Team, ongoing Environmental Management functions and new green initiatives. In September, the City of Virginia Beach attained a Gold Certification from Virginia's Go Green Government Challenge. The challenge is a friendly competition designed to encourage implementation of specific environmental policies and practical actions to reduce carbon emissions. The Virginia Beach City Public Schools was honored as one of eleven recipients, and the only school division in Virginia, to earn the Environmental Protection Agency's Mid-Atlantic Environmental Achievement Award for exemplary achievements. In April, the City joined the EPA's Energy Star Program as an Energy Star Partner. Through Energy Star's many tools and resources, the program offers extensive energy conservation information. In partnership with Energy Star, the City will develop and implement a plan to save energy, spread the word about the importance of energy efficiency, support the Energy Star Challenge



to improve energy efficiency of America's commercial buildings, and highlight achievements with recognition by Energy Star.

#### *Lynnhaven River Now Partnership*

In partnership with Lynnhaven River Now, the City has participated in efforts to clean up the Lynnhaven River, a tributary to the Chesapeake Bay. A "no discharge zone" has been established for boats, the City's sanitary sewer system has been improved, the effects of storm water run-off have been reduced and new oyster beds have been created. The City, Lynnhaven River Now, the U.S. Army Corps of Engineers and other partners received a national Coastal America Award for their oyster restoration work. Over 1,460 acres



have been opened for shellfishing and oyster reef construction. In 2002, only one percent of the river was open for shellfish harvesting. Now, over 41 percent is open, a degree of improvement that is rare among environmental clean up projects.

#### *Various Road Projects*

Constitution Drive Extended was completed to provide a new road and bridge connecting the two halves of the Central Business District: Town Center and the Convergence Center. Birdneck Road was widened to four lanes, a four year, \$49 million project. Lynnhaven Parkway was widened to six lanes between Holland Road and Lynnhaven Mall, a three year, \$49 million project. Construction continues on the widening of Princess Anne Road between Princess Anne Commons and the Municipal Center. The project also includes a new spur of Nimmo Parkway between Kellam High School and the Municipal Center. Construction also continued on the widening of Witchduck Road to six lanes. The city also is planning to replace the aged Lesner Bridge on Shore Drive, a key link between two major military bases – JEB Little Creek and JEB Fort Story.



#### *Laskin Road Gateway Project*

Work continued on the Laskin Road Gateway Project, one of the key entries to the oceanfront. Plans are to transform the area surrounding 31st Street into a busy pedestrian district of outdoor cafes, upscale shops, restaurants, offices and apartments. Many infrastructure improvements have been completed, including water, sanitary sewer, storm water, power, traffic and road improvements. Construction on Phase IV, including a modern roundabout intersection at Laskin Road and 30th Street as well as relocation of overhead utilities, is scheduled to begin in the fall of 2011. Beach Centre, Gold Key PHR's \$70 million mixed use project, will soon be under construction. The project will include 178 apartments, 70,000 square feet of office

space, 50,000 square feet of commercial retail space and over 600 parking places. In addition, the Oceanaire Resort Conference Center is also under construction with plans to open in the summer of 2012. This new \$65 million investment will include 220 rooms and 12,000 square feet of conference space.. With direct access to the oceanfront along Laskin Road, this key gateway district is the Resort Area's ideal location for a concentration of high-end retail in a village-like setting.

## **Safe Community**

### *Animal Care and Adoption Center*

In 2008 City Council unanimously approved a resolution committing to the development of an adoption friendly animal shelter. After holding public forums, reviewing proposals and acquiring funds in the FY 2011 CIP, the City, along with Armada Hoffer Construction Company, held a groundbreaking ceremony in December, 2010. The new \$12.5 million LEED certified facility will be modern, energy efficient and architecturally



pleasing. The project's objectives are to promote and increase adoptions, increase holding capacities, improve animal care and environment, reduce and control disease, and improve community relations. The facility will provide care for over 340 domestic and exotic animals, including dogs, cats, small pets, birds, livestock and poultry. The shelter is substantially complete as of December, 2011.

## **Family and Youth Opportunities**

### *Public Forums/Homelessness*

The Virginia Beach Department of Housing and Neighborhood Preservation is hosting a series of public forums regarding the issue of homelessness in the City. The forums give service providers and citizens an opportunity to discuss key concerns, share ideas and collectively develop solutions to resolve concerns. Eight donation meters were installed at the oceanfront for contributions to support homeless initiatives and to discourage panhandling. Through FY 2011, \$5000 in meter sponsorships and a little over \$2000 in meter donations was raised. The Oceanfront Homeless Advisory Committee was formed to recommend how the meter money should be spent. The committee has approved expenditures for bus tickets, prescriptions, emergency supplies and identification assistance.

### *Mayors Action Challenge for Children and Families*

This year the City joined the Mayor's Action Challenge for Children and Families, a National League of Cities initiative. The mayor's call to action features four bold goals to make Virginia Beach children safer, better educated and healthier, and to help their families become financially secure. The challenge specifies that these goals focus on four key priorities: opportunities to learn and grow, a safe neighborhood to call home, a healthy lifestyle and environment, and a financially fit family in which to thrive.

### *Virginia Beach Financial Planning Day*

The City partnered with the Financial Planning Association of Hampton Roads and others to host Virginia Beach Financial Planning Day, providing citizens with a free opportunity to address specific questions to financial planners volunteering their time and expertise on a pro-bono basis. The City promoted the day long event held at the Virginia Beach Convention Center to help citizens improve their financial stability and plan for the future. After a keynote address given by Governor Betsy Duke of the Federal Reserve Board, attendees were able to seek information on a range of topics including general financial planning, income tax planning, estate planning, investment planning, insurance planning, retirement planning, employee benefits and special circumstances. The event was organized as part of the national Financial Planning Days initiative, designed to provide free financial planning education to people across the country. Financial Planning days was created by four national non profit organizations: Certified Financial Planner Board of Standards, Financial Planning Association, Foundation for Financial Planning and the U.S Conference of Mayors.

### *Traffic Safety*

The Virginia Beach Police Department was the recipient on the International Association of Chiefs of Police (IACP) Clayton J. Hall Memorial Award which recognizes the country's best in highway safety and traffic enforcement. The award is presented annually to the law enforcement agency that best represents what a comprehensive traffic safety program should be. The department also won first place in the Virginia Law Enforcement Challenge as well as a special award in the area of Impaired Driving, acknowledging efforts to reduce drunk driving in the City. Some of the department's programs include the Shore Drive initiatives, the annual DUI conference, traffic safety lectures and extensive officer training. It is through these efforts that the Virginia Beach Police Department makes roadways in Virginia Beach safer for citizens and visitors.

### *Fire Department Reaccreditation*

The Virginia Beach Fire Department is one of only 148 agencies to earn reaccreditation honors from the Commission on Fire Accreditation International (CFAI) and is one of the largest departments in the nation to meet the 82 core competencies as well as the 258 performance standards. The Fire Department partnered with the Emergency Communications and Citizen Services Department to improve emergency call efficiency, resulting in a savings of over one minute of call processing time, allowing fire apparatus to respond quicker. The accreditation process forces organizations to continually seek self improvement and best practices in fire service. The Virginia Beach Fire Department is committed to delivering the best and most efficient fire protection and emergency care possible to citizens and visitors. The accreditation process takes 18 months to complete and will last until 2016.

### *Emergency Medical Services (EMS) Volunteer Marine Rescue Team*

The Virginia Beach EMS Marine Rescue Team received the Aquatic Rescue Response Team Certification from the United States Lifesaving Association (USLA). Virginia Beach was the second of only two agencies across the country to pass the rigorous process and meet USLA standards. The Virginia Beach EMS Marine Rescue Team and Lifeguard Services responds to water related emergencies throughout the year with certified divers and lifeguards.

## Cultural and Recreational Opportunities

### *Virginia Aquarium*

The Virginia Aquarium and Marine Science Center features several aquariums with a total of 800,000 gallons of water, live animal habitats and hands-on exhibits, nature trail and outdoor aviary. For the first time in the spring of 2011, the Aquarium offered Seal Splash, an in the water premium experience that takes visitors behind the scenes and into the harbor seal pool with a trainer. Also new this year, baby pipefish are on exhibit in the Marsh Pavilion. Born to the Aquarium's pipefish with their long snake-like bodies and seahorse-type snouts, some will live at the Aquarium and



others will travel to other accredited institutions upon maturity. The Aquarium celebrated its 25th anniversary on June 14, 2011 as the only non-historic Virginia attraction reaching more than 650,000 guests a year.

### *Virginia Destroyers/Sportsplex*

The UFL Virginia Destroyers, Virginia Beach's first professional football team, began play in the 2011 football season. The season included three home games at the Virginia Beach Sportsplex. The first home game at the Sportsplex attracted over 12,000 fans. Originally built by the City as a soccer stadium, Sportsplex was turned over for operation by Hometown Sports Management in 2009. NFL quality artificial turf was added with plans to install a new multi-media scoreboard. In addition to the Virginia Destroyers, other teams in the UFL include the Las Vegas Locomotives, the Sacramento Mountain Lions and the Omaha Nighthawks. The 2011 season culminated in the Virginia Destroyers winning the league championship at the Sportplex in front of a standing room only crowd of 14,172.

### *Sandler Center*

During its fourth season, the Sandler Center for the Performing Arts realized \$1.76 million in gross ticket sales from more than 744 events and 109,576 patrons, generating more than \$158,000 in admission taxes for the City. The center also partnered with the community to provide the summer acoustic concert series "Ynot Wednesdays", the Kids Arts Palooza and specially designed matinees, lectures, the All-City Music Festival and other opportunities for more than 8,785 students. The Sandler Center also worked with the Virginia Beach City Public Schools to ensure educational programs coincided with the current school curriculum.



### *Art Under Glass*

The City of Virginia Beach Office of Cultural Affairs, in conjunction with Town Center Associates, launched *Art Under Glass* to make vacant storefront space in Town Center available for temporary art installations by local artists. Selected by a panel of arts professionals, these pop-up art exhibits rotate every two months, as space is available. *Art Under Glass* enhances the vibrancy and accessibility of the arts community and adds to the downtown atmosphere of the Town Center Arts and Entertainment District.

### *Pleasure House Point*

As part of a large conservation effort to permanently protect the Pleasure House Point property located within the Lynnhaven watershed, the City was awarded a \$500,000 grant from the Virginia Land Conservation Foundation. The grant will help the City acquire 82 acres of coastal wetlands and marine forest. Efforts to protect the largest undeveloped parcel of land on the Lynnhaven River (122 acres) began in 2010 with a partnership with the Trust for Public Land, the Chesapeake Bay Foundation and the City. The Trust for Public Land initiated a plan to purchase the property and sell parcels to the Chesapeake Bay Foundation and the City. The project has strong local support. Organizations and individuals have rallied to raise funds to ensure the entire property is preserved as a natural area.



### *Williams Farm Community Recreation Center*

Located in the Western Bayside area of the City on property acquired through the City's Open Space Program, the Williams Farm Community Recreation Center is to be a 71,000 square foot LEED silver certified facility with a multi-purpose gymnasium, large pool area, rock climbing wall, community meeting rooms, classrooms, fitness spaces, indoor perimeter track, outdoor basketball court and outdoor sprayground (water play area). Also part of the project are improvements to the adjacent Williams Farm Community Park including a 25,000 square foot in ground concrete skatepark, picnic shelters, restrooms, concessions and walkway improvements. Both the recreation center and the park improvements are expected to be open to the public in September 2012.

### *Kid's Cove*

The grand opening of the newly designed and expanded Kid's Cove playground took place at Mount Trashmore in December 2010. The ceremony included a tribute to the original wooden playground built with the support of volunteers of the Virginia Beach Junior Woman's Club and others in 1993. At nearly 26,000 square feet, the new playground is almost twice the size of the original playground and includes a general play area, a swing area, a climber area and four new mini picnic shelters. The new playground is fully compliant with the Americans with Disabilities Act (ADA) and is barrier free to accommodate all children.



## **Quality Education and Lifelong Learning**

### *Exceptional Schools*

Virginia Beach City Public Schools (VBCPS) is the largest school division in southeastern Virginia, serving approximately 69,219 students in grades K-12. Currently the school system includes 56 elementary schools, 14 middle schools, 11 high schools, and a number of specialty centers including the Renaissance Academy, Advanced Technology Center, Technical and Career Education Center and Adult Learning Center. New facilities constructed this year included the new Pupil Transportation Services Maintenance Facility, the new College Park Elementary School and the new Great Neck Middle School. In 2011, ten of the City's high schools were ranked in the top 1,900 schools nationwide by the *Washington Post* for being among 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.

### *Kellam High School Replacement*

Site preparation for the new \$102 million Kellam High School started in the spring of 2011. Groundbreaking for the new 336,000 square foot LEED gold certified facility took place on September 30, 2011. Prior to developing the design of the replacement building, numerous workshops were held with school division staff, Kellam High teachers and students, neighbors and members of the community at large. The purpose of the workshops was to gather input for designing a school that embraces a



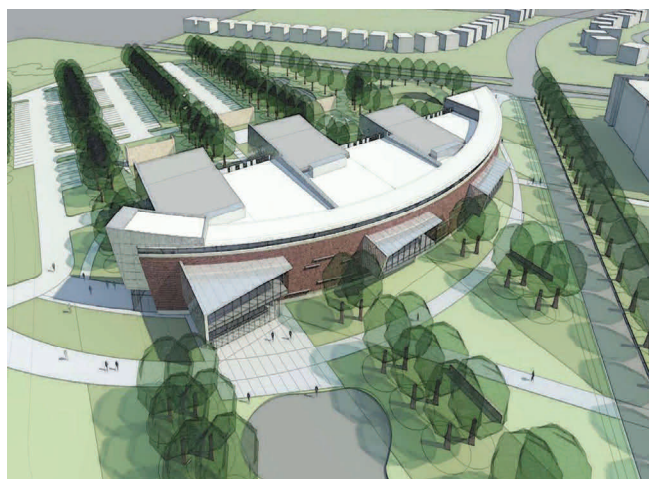
multidisciplinary approach, supports critical and creative thinking and provides access to technology to solve real world problems. The new Kellam High School is currently under construction on a 108 acre site located on West Neck Road just south of North Landing Road. Substantial completion is scheduled for late in 2013 with staff and students slated to occupy the new school in the spring of 2014.

#### *Virginia Beach Public Library*

The Virginia Beach Public Library system includes a central library, eight area libraries, a law library and a bookmobile. New this year is the Freegal Music Service providing access to Sony Music's extensive collection of downloadable music. Also new this year is the availability of eBooks for download to a Kindle or an mobile device with the Kindle App. In addition to Kindle, Virginia Beach Public Library's downloadable eBooks and audiobooks can be accessed using a variety of devices including PC, Mac, iPhone, Android, iPad, and other eBook readers. In 2010, the Library saw 1.9 million people through its doors and checked out more than 3.3 million items.

#### *Joint Use Library*

Construction commenced in June, 2011, 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. Including equipment and furnishings, the total cost of the new library is \$53 million, split between the state (\$42 million) and the City (\$11 million). The library is expected to open in the spring of 2013 serving both the community college and the public.



### **Quality Organization**

#### *Minority Business Initiative*

For FY 2011, City expenditures to minority vendors were \$13.5 million. These expenditures to minority vendors represented 5.92% of total city expenditures in FY 2011, slightly down from 6.56% in FY 2010. City Council adopted 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 requirement that prime contractors submit a Women and Minority Participation Plan with every contract awarded. In addition, the 12<sup>th</sup> Annual Minority Business Council Fall Construction Workshop and Expo was held with emphasis on construction contracts, including bonding, subcontracting and the bidding process. In July, 2011, City Council approved an option to waive bonding requirements on certain "non-transportation" construction projects, and in September, 2011, approved an ordinance establishing a small business enhancement program for City purchases.

### *Volunteer Resources*

In almost every City department, volunteers make a difference in the quality of life for Virginia Beach residents and visitors. More than 20,000 volunteers gave almost 1.4 million hours in FY 2011 in various City programs, the equivalent of about 670 full time City employees, providing services valued at \$19 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.

### *Improved Websites*

The City launched a new and improved VBgov.com, the City's official external website. Last overhauled in 2006, the new site features updated branding, design improvements and enhanced navigability prompted by advances in technology, an increase in mobile computing, the rise of social media networking and changing user needs. The new site design and functionality is based on direct feedback and requests from users, as well as the City's desire to implement technology improvements for citizens. Internally, a new web-based content and collaboration platform, SharePoint, is now being used throughout the City organization to help teams and departments work together and share knowledge and information. One of the main purposes of an internal SharePoint site is to allow members to collaborate more effectively with a tool that is user friendly and fully integrated with Microsoft Office.

## **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 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 2011-2016 Biennial Capital Improvement Program (CIP), which was approved by City Council in May 2010, set forth a six-year program totaling \$2.2 billion. Of this amount, \$1.4 billion was appropriated through FY 2011 and \$843 million was programmed for 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 41.5% of total funding. The six-year plan provides phased funding for critical public works infrastructure needs and upgrades that will help ensure compliance with increasingly strict environmental requirements, funding for facility improvements to serve a growing City population, and funding for public schools. The CIP also includes funding for capital investments for recreational activities, leisure programs, and the preservation and acquisition of open space that enhances the quality of life for the citizens of Virginia Beach.

During FY 2011, 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. Nine such agreements were completed in FY 2011 at a total purchase price of \$6,272,077 with 741.49 acres acquired. For the total program at June 30, 2011, 83 agreements totaling 8,680.60 acres at a total purchase price of \$38,365,512 have been executed.

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

<b><u>Ratio Description</u></b>	<b><u>Established Standard</u></b>	<b><u>FY11</u></b>	<b><u>FY10</u></b>
<b>Annual Debt Service to General Governmental Expenditures</b>	<b>No greater than 10.0%</b>	<b>8.5%</b>	<b>8.4%</b>
<b>Overall Net Debt to Estimated Full Value</b>	<b>No greater than 3.5%</b>	<b>1.9%</b>	<b>1.8%</b>
<b>Overall Net Debt Per Capita</b>	<b>No greater than \$2,800</b>	<b>\$2,287</b>	<b>\$2,256</b>
<b>Overall Net Debt Per Capita to Per Capita Personal Income</b>	<b>No greater than 6.5%</b>	<b>5.1%</b>	<b>5.0%</b>

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, 2011, the total assessed value of real property in the City was \$52,902,911,192 which translates into a legal debt limit of \$5,290,291,119. The City's net obligations subject to this debt limit, as of June 30, 2011, totaled \$713,387,034 and represented 13.48% of this limit.

The City issued \$90M General Obligation bonds in FY-11. It also issued \$20M Storm Water Revenue bonds. In addition, the City participated in a new bond program authorized by the American Recovery and Reinvestment Act – Qualified School Construction Bonds (QSCB), which has a zero percent interest rate. As a result of the ratings review process for these sales, all three major ratings agencies, Standard & Poor's, Moody's Investors Service and Fitch Ratings, retained the City's triple-A rating. However, Moody's recently assigned Virginia Beach's triple-A rating a negative outlook, instead of the previous stable outlook, due to the region's close ties to the federal government, which was also assigned a negative outlook by Moody's.

## **OTHER POSTEMPLOYMENT BENEFITS (GASB 45)**

GASB 45 is a statement of accounting practices issued by the Governmental Accounting Standards Board to provide more complete, reliable, and decision-useful financial reporting regarding the costs and financial obligations that governments incur when they provide postemployment benefits other than pensions (OPEB) as part of the compensation for services rendered by their employees. Postemployment healthcare benefits, the most common form of OPEB, are a very significant financial commitment for many governments. The City of Virginia Beach is a member of the Virginia Pooled OPEB Trust, a joint effort of the Virginia Association of Counties and the Virginia Municipal League, and deposited the annual required contribution (ARC) during Fiscal Year 2011.

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 2011, the City of Virginia Beach received a number of awards and was recognized by a variety of organizations. Among these awards and recognitions are:

*Bloomberg Businessweek* ranked Virginia Beach eighth in its listing of **America's Best Cities**; *National Geographic* listed the Virginia Beach Boardwalk in the **Top Ten U.S. Boardwalks**; *Ebony* listed Virginia Beach as a **Family Friendly City**; America's Promise Alliance named Virginia Beach as one the nation's **100 Best Cities for Young People**; the American Institute for Economic Research ranked Virginia Beach within the top twenty **College Destinations**; the International Economic Development Council awarded Virginia Beach the **2010 Marketing Award for Excellence**; Underwriters Laboratories named Virginia Beach as one of the ten **Safest Cities for Families with Young Children**; Tripadvisor named Virginia Beach as one of the top ten **Great Places to Discover the United States**; *Meetings and Conventions*

selected the Virginia Beach Convention and Visitors Bureau as a recipient of the **2011 Gold Service Award** for superior customer service.

## **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, 2010, 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,



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James K. Spore  
City Manager



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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, 2010

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 individual and aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Virginia Beach, Virginia (the City), as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Virginia Beach Community Development Corporation, which represents 17% and 2% respectively, of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinions, insofar as it relates to the amounts included for the Virginia Beach Community Development Corporation, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the individual and aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Virginia Beach, Virginia, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparisons for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2011 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.



The Management's Discussion and Analysis and the Schedules of Funding Progress 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 basic financial statements. The introductory section, combining and individual non-major fund statements, budgetary comparison schedules, capital project expenditure schedules, statistical section, as well as the accompanying schedule of expenditures of federal awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non-major fund financial statements, budgetary comparison schedules, capital project expenditure schedules and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections of this report have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on them.

A handwritten signature in black ink, reading "Cheryl Dechant". The signature is written in a cursive, flowing style.

Virginia Beach, Virginia  
November 23, 2011

**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 2011. 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 \$3.4 billion at June 30, 2011, an increase of 2.8% over June 30, 2010. Most of these net assets are invested in capital assets such as land and improvements or are restricted for specific purposes like construction in progress.
- The City had expenditures of \$169.7 million for capital projects during FY2011 (Exhibit 18.)
- School Board expenditures for education totaled \$786.7 million during fiscal year 2011. Net Assets totaled \$574.1 million, \$449.8 of which is invested in capital assets. Of this amount, \$79.3 million is unrestricted.
- American Recovery and Reinvestment Act (ARRA) monies were received by City and Schools. The City Received \$12.2 million and Schools received \$38.2 million. An additional \$10.6 million was expended by the Commonwealth for road construction in Virginia Beach.

#### Governmental Activities

- The City again received a AAA bond rating in FY2011 from Moody's Investor Services, Standard & Poor's, and Fitch Ratings, resulting in better interest rates for city borrowing efforts. In FY2011, the City issued \$90.0 million General Obligation Public Improvement bonds and \$4.9 million Qualified School Construction bonds. Land and Improvements increased by 4.4% over FY2010, primarily due to the Brown farm and other land purchases for the Oceana Land Use Conformity Program.
- As of June 30, 2011, 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 \$21.9 million to \$16.2, primarily due to Educational commitments.

#### Business-Type Activities

- The net assets of the City's business-type activities increased by \$12.1 million during fiscal year 2011 and totaled \$837.7 million.
- In FY2011, \$20.0 million of Storm Water Revenue bonds and \$7.4 million of Storm Water Refunding Revenue bonds were issued for the storm water system.
- Water and Sewer net assets increased slightly to \$581.4 million, continuing to reflect strong financial management.
- Storm Water net assets increase during the year under review was a result of improved cost management and is consistent with prior year results.
- Parking business activity remained stable with no significant changes.

#### General Fund

At the end of the FY2011, unassigned fund balance for the General Fund was \$113.5 million or 11.9% of the FY2011/12 budgeted revenues, and well within policy. General Fund real estate taxes declined by \$31.7 million as did revenues from the Commonwealth which declined \$15.5 million. Personal property taxes increased by \$6.3 million and charges for services increased by \$5.8 million. The General Fund received a one-time transfer of \$14.5 million from the School Board. Overall, a \$56.6 million General Fund revenues decrease was experienced, while General Fund expenditures and other financing uses decreased only by \$36.7 million compared to the prior fiscal year.

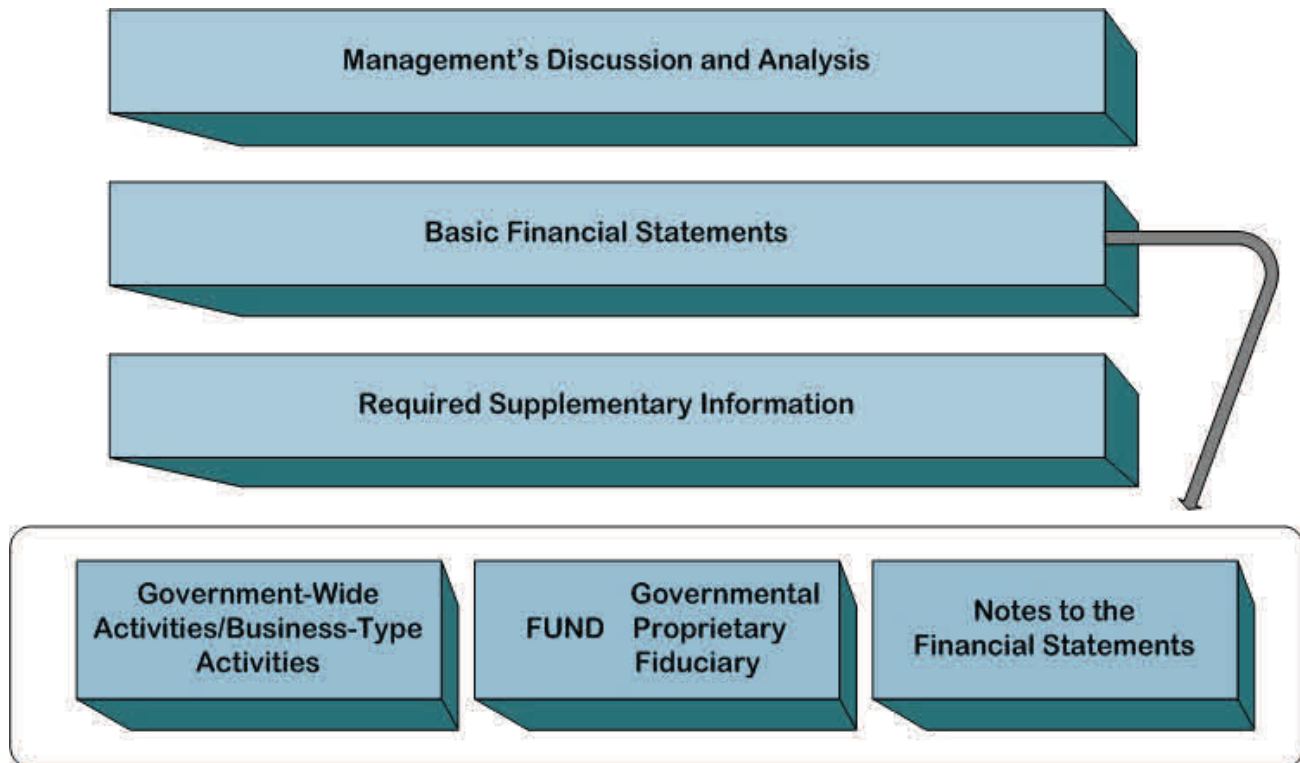
- The City's real estate tax rate remained at \$0.89 per \$100 of assessed valuation for FY2011. The tax rate on personal property of \$3.70 per \$100 of assessed valuation also remained unchanged.
- General Fund Revenues were close to target with about \$.7 million less than budgeted, while expenditures were 4.7% less than budget in FY2011.
- General property tax revenues (real estate and personal property taxes) comprise 58.4% of General Fund revenues, up 1.4% from last fiscal year.
- \$45.8 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 \$3.4 billion at the close of the fiscal year, as shown in Table 1 on the following page.

The City's combined net assets (the City's bottom line) increased by \$90.3 million to \$3.4 billion (Table 2). Most of these net assets are from governmental services with about 24.8% restricted for business type activities. The City's unrestricted net assets, which are used to finance day-to-day operations, totaled \$20.7 million down from \$25.5 million (Table 1). This is primarily due to the increased investment in capital assets of \$89.0 million. The component units' net assets totaled \$634.5 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 (96.9 percent, down .3% from FY2010) 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	
	2011	2010	2011	2010	2011	2010
Current and Other Assets	\$ 669.9	\$ 634.7	\$ 205.7	\$ 205.2	\$ 875.6	\$ 839.9
Capital Assets	<u>3,113.4</u>	<u>3,050.9</u>	<u>862.1</u>	<u>835.6</u>	<u>3,975.5</u>	<u>3,886.5</u>
<b>Total Assets</b>	<b>3,783.3</b>	<b>3,685.6</b>	<b>1,067.8</b>	<b>1,040.8</b>	<b>4,851.1</b>	<b>4,726.4</b>
Long-Term Debt Outstanding	1,185.1	1,163.7	215.6	201.8	1,400.7	1,365.5
Other Liabilities	<u>60.1</u>	<u>62.0</u>	<u>14.5</u>	<u>13.3</u>	<u>74.6</u>	<u>75.3</u>
<b>Total Liabilities</b>	<b>1,245.2</b>	<b>1,225.7</b>	<b>230.1</b>	<b>215.1</b>	<b>1,475.3</b>	<b>1,440.8</b>
Invested in Capital Assets, net of related debt	2,458.9	2,389.9	699.1	690.4	3,158.0	3,080.3
Restricted	63.0	48.1	134.1	131.7	197.1	179.8
Unrestricted	<u>16.2</u>	<u>21.9</u>	<u>4.5</u>	<u>3.6</u>	<u>20.7</u>	<u>25.5</u>
<b>Total Net Assets</b>	<b>\$ 2,538.1</b>	<b>\$ 2,459.9</b>	<b>\$ 837.7</b>	<b>\$ 825.7</b>	<b>\$ 3,375.8</b>	<b>\$ 3,285.6</b>

Governmental Activities unrestricted net assets decreased \$5.7 million and totaled \$16.2 million at June 30, 2011. 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 \$22.2 million during FY2011. Notable increases include Grants Consolidated (\$2.2 million). Notable decreases include the Major Projects (\$3.6 million), Agricultural Reserve Program (\$3.5 million), Emergency FEMA (\$1.6 million), Open Space (\$1.2 million), the Federal Section Eight Program (\$1.0 million) and the School Reserve Fund which will now be accounted for in the General Fund. The Golf Courses Special Revenue fund was eliminated when golf course operations were privatized, so management oversight of golf course operations is now part of the Parks and Recreation Special Revenue fund accounting. The Marine Science Center Special Revenue Fund was absorbed by Museums and is no longer included in non-major special revenue funds in FY2011.

As part of the implementation of GASB Statement No. 34 in FY2002, the City included accounting for existing infrastructure and other assets, which now total \$4.0 billion net of accumulated depreciation. These assets include roads, bridges, parks, water and sewer facilities, land, and other long-lived assets. For FY2011, the primary government's investment in capital assets, net of related debt increased \$77.7 million due to assets contributed by developers, an increase to General Fund assigned for Capital Projects, and defeasement of prior existing debt. Net assets of the City's governmental activities increased \$78.2 million in FY2011 as compared to an increase of \$21.3 million in FY2010. General government revenues totaled \$1,185.0 million in FY2011 greater than the \$1,183.9 million in FY2010. Current developer-contributed roadways include \$6.4 million for FY2011.

During FY2011, the City's Governmental Funds expended \$169.7 million on its capital improvement program. Included in this amount is \$17.2 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 and local funding for construction on roadways, bridge construction and right of way acquisition.

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 \$12.1 million, resulting in part from receiving \$4.3 million in developer contributed utility assets in FY2011. During FY2011, these utilities provided \$33.6 million 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	
	2011	2010	2011	2010	2011	2010
<b>Revenues:</b>						
Program Revenues:						
Charges for Services	\$ 79.9	\$ 64.5	\$ 126.9	\$ 120.3	\$ 206.8	\$ 184.8
Operating Grants & Contributions	195.5	214.8	3.6	5.3	199.1	220.1
Capital Grants & Contributions	32.8	30.7	1.9	0.6	34.7	31.3
General Revenues:						
Property Taxes	537.5	558.4	-	-	537.5	558.4
Other Taxes	259.0	248.0	-	-	259.0	248.0
Other	80.3	67.5	0.8	0.9	81.1	68.4
Total Revenues	\$ 1,185.0	\$ 1,183.9	\$ 133.2	\$ 127.1	\$ 1,318.2	\$ 1,311.0
<b>Expenses:</b>						
Legislative	\$ 1.1	\$ 1.1	\$ -	\$ -	\$ 1.1	\$ 1.1
Executive	2.5	3.0	-	-	2.5	3.0
Law	3.6	3.5	-	-	3.6	3.5
Finance	16.9	16.9	-	-	16.9	16.9
Human Resources	8.2	8.5	-	-	8.2	8.5
Judicial	49.7	48.5	-	-	49.7	48.5
Health	2.9	3.0	-	-	2.9	3.0
Police	87.6	86.6	-	-	87.6	86.6
Human Services	113.6	120.2	-	-	113.6	120.2
Public Works	144.1	156.4	-	-	144.1	156.4
Parks & Recreation	43.0	45.2	-	-	43.0	45.2
Library	15.3	16.1	-	-	15.3	16.1
Planning	9.4	10.1	-	-	9.4	10.1
Agriculture	2.8	0.9	-	-	2.8	0.9
Economic Development	2.0	2.3	-	-	2.0	2.3
Convention & Visitor Bureau	24.4	26.4	-	-	24.4	26.4
Communication & Info. Tech. Technology	25.0	23.9	-	-	25.0	23.9
Emergency Communication & Citizen	8.2	8.3	-	-	8.2	8.3
Boards and Commissions	29.8	28.8	-	-	29.8	28.8
Fire	46.5	46.9	-	-	46.5	46.9
Management Services	1.5	3.9	-	-	1.5	3.9
Education & Transfer to School	362.6	358.9	-	-	362.6	358.9
Housing & Neighborhood Preservation	25.3	23.0	-	-	25.3	23.0
Museums	8.8	8.5	-	-	8.8	8.5
General Government	22.3	35.6	-	-	22.3	35.6
Emergency Medical Services	7.7	7.6	-	-	7.7	7.6
Water & Sewer	-	-	104.6	96.9	104.6	96.9
Storm Water	-	-	14.2	13.1	14.2	13.1
Parking	-	-	1.6	1.3	1.6	1.3
Interest on Long-Term Debt	42.7	73.0	-	-	-	-
Total Expenses	\$ 1,107.5	\$ 1,167.1	\$ 120.4	\$ 111.3	\$ 1,227.9	\$ 1,278.4
Increases in Net Assets before Transfers	77.5	16.8	12.8	15.8	90.3	32.6
Transfers	0.7	4.5	-0.7	-4.5	0.0	0.0
Change in Net Assets	\$ 78.2	\$ 21.3	\$ 12.1	\$ 11.3	\$ 90.3	\$ 32.6
Net Assets – Beginning	2,459.9	2,438.6	825.7	814.4	3,285.6	3,253.0
Net Assets – Ending	\$ 2,538.1	\$ 2,459.9	\$ 837.8	\$ 825.7	\$ 3,375.9	\$ 3,285.6

(continued)

## REVENUES

For the fiscal year ended June 30, 2011, revenues for governmental activities totaled \$1,185.0 million, an increase of \$1.1 million, primarily due to increases in charges for services.

General property taxes, the City's largest revenue source, were \$537.5 million, a decrease of \$20.9 million from FY2010. 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 a decrease in real estate revenue of \$27.0 million and an increase of \$6.1 million in 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 "Other Taxes" revenue category, which includes taxes on general sales, utility purchases, cigarettes, hotel rooms, restaurant meals, amusements, and business and automobile licenses, totaled \$259.0 million. This represents a \$11.0 million increase over the previous year.

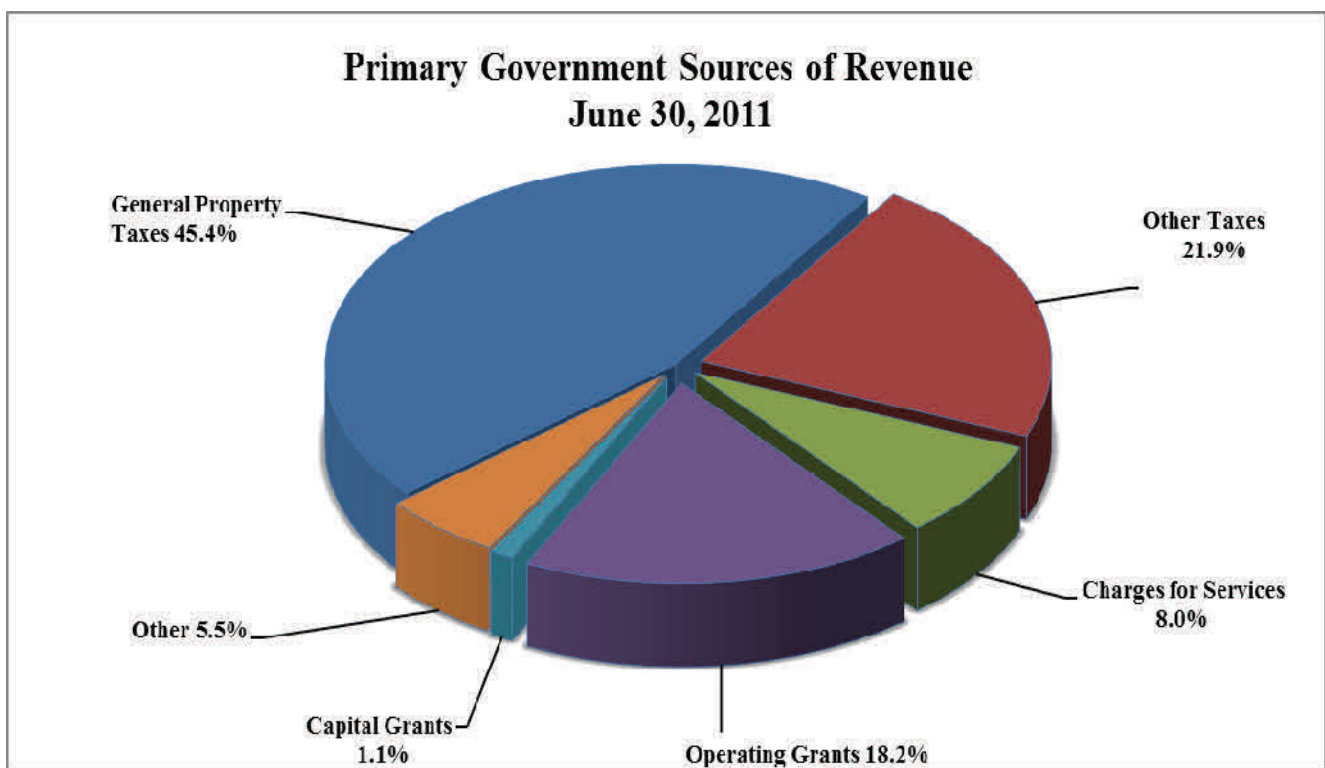


Figure MD&A-2: Revenues by Source - Primary Government as of June 30, 2011

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 \$308.2 million, a decrease of \$1.8 million from FY2010. The result was a combination of an increase of \$15.4 million in charges for services, a decrease of \$19.3 million in operating grants and contributions and an increase of \$2.1 million in capital grants and contributions. Operating grants and contributions representing primarily federal and state operating grants were reported at \$195.5 million. The Charges for Services revenue category totaled \$79.9 million up \$15.4 million from the prior fiscal year, primarily due to the reclassification of Medicaid payments as a Charge for Service. Capital Grants and Contributions totaled \$32.8 million up from the prior fiscal year by \$2.1 million. For additional information and comparative results, see Table 2.

Business-type activities generated program revenues of \$132.4 million, primarily from charges for services, which totaled \$126.9 million. It should be noted that there was an increase in Water and Sewer capital grants and contribution revenues of \$1.3 from FY2010. Storm Water and Resort Parking showed modest decrease in revenue. Operating grants were at \$3.6 million and capital grants at \$1.9 million comprised the remaining program revenue for the business-type activities.

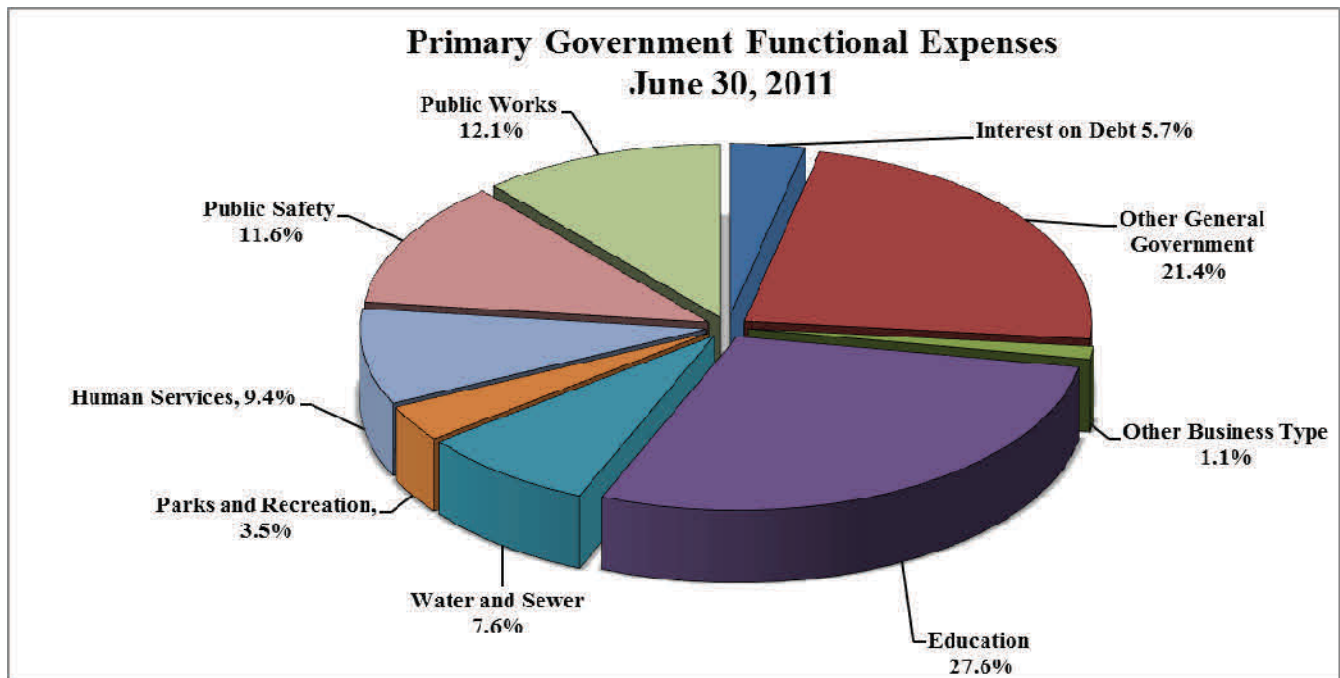
## EXPENSES

For the fiscal year ended June 30, 2011, expenses for governmental activities totaled \$1,107.5 million, a decrease of \$59.6 million, primarily due to the decrease in interest on long-term debt of \$30.3 million. Most general government operating departments experienced only slight variations in spending over the previous fiscal year. There are five notable increases: \$3.7 million for Education, \$2.3 million for Housing and Neighborhood Preservation, \$1.9 for Agriculture, \$1.2 million for Judicial, and \$1.1 million for Communications and Information Technology. Notable decreases in spending include depreciation expenses, a \$13.3 million decrease in General Government and \$12.3 million decrease for Public Works.

Education continues to be one of the City's highest priorities and commitments. The City's funding for education in FY2011 totaled \$362.6 million, or 46.0% of total School's Governmental Funds revenue. The City's share of funding for educational purposes was approximately unchanged in FY2011 showing only a slight decline from the previous fiscal year. The decline was a result of an overall reduction in the current year operating budget. Included in the educational expense amount is \$4.7 million of local funding which was provided for school construction.

Expenses for the City's business-type activities totaled \$120.4 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, 2011

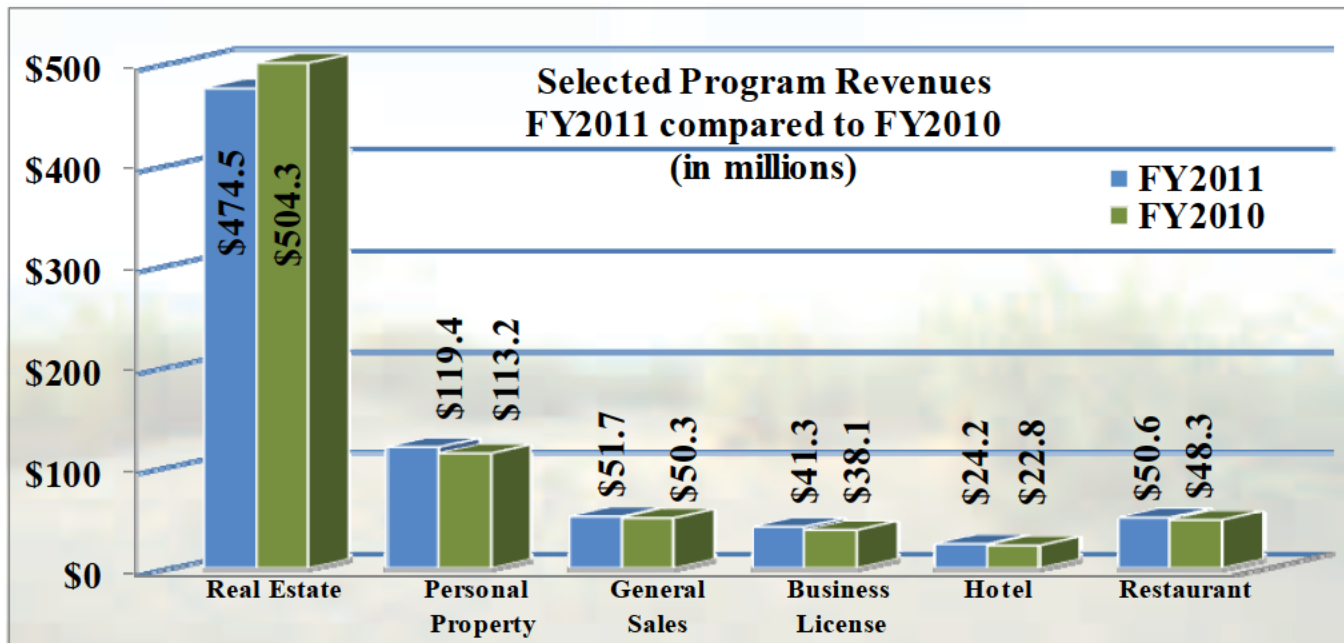


## Financial Analysis of the City's Funds

For the fiscal year ended June 30, 2011, the City's governmental funds reflect a combined fund balance of \$565.0 million. This represented an increase of \$29.8 million in the combined fund balances of governmental funds (Exhibit 4). The primary reason for the increase in fund balances was the increase in capital project investments and fund balance. 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 FY2013 general fund operating budget. In addition, these other factors should be noted:

- Real estate property taxes declined \$29.9 million from FY2010.
- Charges for services increased by \$5.4 million from FY2010, with the majority of this increase attributable to Human Service charges.
- Revenues from the Commonwealth increased by \$11.0 million from FY2010.
- The City expended \$169.7 million in the Capital Projects Fund. \$48.8 million was received from Federal and State agencies in support of capital projects in FY2011. The City issued \$94.9 million in General Obligation Public Improvement and Qualified School Construction bonds in FY2011. Cash funding totaling \$55.2 million was received from the General Fund and other Special Revenue funds in support of the City's Capital Project program.

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



- Interest on Debt Service, for both general government and school debt, totaled \$43.1 million for the year representing a decrease of \$4.0 million of expenses from the previous year.
- In FY2011, the Facilities Management Division was transferred from Management Services to Public Works, and the Golf Special Revenue fund was eliminated with the privatization of golf courses.
- The City received \$81.0 million from federal programs, a \$29 million decrease partial due to the expiring ARRA Federal Recovery Act grants and awards.
- The City received \$137.8 million from the Commonwealth, an \$11.0 million increase due to increased funding for the Sheriff.
- For Capital Projects, the City received \$20.0 million in federal funding and \$28.8 million from the Commonwealth to supplement the \$160.2 million in local funding for capital projects. Total capital project revenues in FY2011 was \$209.0 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 \$40.1 million less than appropriated.
- The General Fund had a planned use of fund balance for one time commitments.
- Funding was committed for the Animal Control Shelter for construction to commence in FY2011.
- In FY2011 there were three new fees, and fourteen fee increases contributing to an increase in charges for services.
- The Golf Course Special Revenue Fund merged with the Parks and Recreation Special Revenue Fund and the Museum Grant Fund has been dissolved and made a budget unit within the Grants Fund.
- Final budget amounts were often greater than original amounts due to the re-appropriation of prior year encumbrances which were completed in FY2011. Significant encumbrances include \$1.9 million for acquisition of city vehicles, and \$1.6 million for a communications radio system implementation.
- The Department of Human Services positive variance in their FY2011 Operating Budget was a result of actual costs for day care and purchased services being less than anticipated and salary and benefit savings.
- The Department of Public Works positive budgetary variance resulted from savings from purchased services, electrical services and waste disposal.
- The Department of Education positive budgetary variance resulted from unexpended General Fund funding which was returned at year-end.
- Education re-appropriation of prior year unexpended funds contributed to the difference between original and final budget of \$3.8 million.
- The City established a Strategic Growth Area Office to manage the City's comprehensive plan, redevelopment, transportation initiatives and protecting rural and natural areas. The office facilitates development of resort business opportunities and manages the parking enterprise fund. Funding for this effort was reflected in the Boards and Commission budget increase of \$2.6 million.

(continued)



## Capital Assets

At the end of Fiscal Year 2011, the City's governmental activities (including internal service funds) had invested \$3,113.5 million, net of accumulated depreciation, in a variety of capital assets and infrastructure, as reflected in the following:

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

	Balance FY2010	Net Additions/ Deletions	Balance FY2011
<b>Non-Depreciable Assets:</b>			
Land and Land Improvements	\$ 819.1	\$ 31.3	\$ 850.4
Agriculture Reserve Development	32.1	6.3	38.4
Construction in Progress	228.3	60.9	289.2
<b>Other Capital Assets:</b>			
Infrastructure	1,846.9	13.6	1,860.4
Buildings	948.8	31.4	980.2
Furniture and Other Equipment	187.2	(1.7)	185.5
Improvements	234.7	7.6	242.3
Less: Accumulated Depreciation	(1,246.2)	(86.7)	(1,332.9)
<b>Totals</b>	<b>\$ 3,050.9</b>	<b>\$ 62.6</b>	<b>\$ 3,113.5</b>

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

During the fiscal year just completed, the City's capital projects fund balance increased by \$39.0 million, primarily as a result of project commitments slowing as several major projects were completed. The capital projects fund has a cash balance of \$298.5 million to support capital project expenditures.

Encumbrances for capital projects increased \$28.3 million in FY2011 as a result of projects such as the Norfolk Southern Row Acquisition, Princess Anne/Kempsville Road intersection improvement, Laskin Road Gateway Phase 1A, Congestion Relief/Safety Improvement Program, Animal Control & K9 Facility, and Williams Farm Community Recreation Center.

The FY2011-2016 Biennial Capital Improvement Program (CIP) Second Year Amendments, adopted by City Council in May 2010, established a six year program totaling \$2.23 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 FY2011 expended \$8.0 million to convert nonconforming property uses to conforming uses and to provide aggressive incentives for commercial real estate uses. The new Animal Care and Adoption Center opening in December 2011 has \$8.0 million in expenses in FY2011. The capital improvement project at the intersection of Princess Anne and Kempsville Roads expended \$7.1 million during FY2011 while \$25.1 million was used for Norfolk Southern Railroad right of way acquisition which will enable future transportation options.

## Long Term Debt

In FY2011, the City issued \$90.0 million in new tax supported debt with a premium of \$6.6 million. This funding will support future expenditures for both City and School projects. In addition, \$4.9 million in Qualified School Construction bonds were issued. Storm Water Revenue bonds totaling \$20.0 million and Storm Water Refunding Revenue Bonds of \$7.4 million were issued for the storm water system.

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 \$5.3 billion.

(continued)

Table 4. City of Virginia Beach's Long-Term Liabilities, Primary Government (in millions) for FY2011

	Governmental Activities	Business-Type Activities	Total Primary Government
General Obligation Bonds	\$ 668.5	\$ 1.0	\$ 669.5
Public Facility Revenue Bonds	242.5	-	242.5
Double Barrel and Revenue Bonds	-	206.6	206.6
State Literary Fund Loans	5.5	-	5.5
Agriculture Reserve Program	38.4	-	38.4
Town Center PFRB's	79.8	-	79.8
Williams Farm Property	1.1	-	1.1
Sub-Total	\$ 1,035.8	\$ 207.6	\$ 1,243.4
Other Long-Term Liabilities			
Premium on Bonds Sold	74.4	4.8	79.2
Accrued Compensated Leave	38.8	3.2	42.0
Estimated Claims & Judgments	24.2	-	24.2
Other*	11.9	-	11.9
Totals	\$ 1,185.1	\$ 215.6	\$ 1,400.7

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

For FY 2011, debt service on tax-supported debt was \$123.5 million. For detailed information on the City's long-term liabilities, please refer to Note 6 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 twenty years. Virginia Beach is 2.8% under the national rate, with an average of 6.3 as of August 2011.

As of 2009 (the latest data available from the U.S. Bureau of Economic Analysis), the City's per capita income was \$44,999, as compared to the nation's per capita income at \$39,635. Virginia Beach's median household income in 2010 increased to \$64,212 an increase of 8.3% over 2009 and greater than the national median household income.

Retail sales in Virginia Beach increased 1.1% in 2010, and sales in the first six months of 2011 were up 1.1% over 2010. All building permits began declining in 2007 with 11,374 permits issued in 2008, 9,889 issued in 2009, 11,322 issued in 2010 and 7,636 issued in 2011.

Tourism is a major industry for the City of Virginia Beach. Direct visitor spending increased by 6.5% over 2009 in 2010. July 2011 hotel and restaurant sales were the highest of the last four years. 75.2% of tourists are repeat visitors to the area.

### Requests for Information

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





# **BASIC FINANCIAL STATEMENTS**

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2011**

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	Other
<b><u>ASSETS</u></b>					
Cash and Investments	\$ 181,427,529	\$ 107,545,164	\$ 288,972,693	\$ 202,652,446	\$ 9,766,779
Restricted Cash & Cash Equivalents	349,607,092	69,793,165	419,400,257	-	7,741,761
Receivables (net)	48,033,765	22,131,155	70,164,920	669,324	6,774,148
Due from Other Governments	84,477,882	81,688	84,559,570	38,873,232	40,305
Inventories	1,288,703	2,291,304	3,580,007	1,012,962	1,281,888
Other Assets	5,013,188	3,862,811	8,875,999	2,737,791	1,437,911
Land Held for Resale	-	-	-	-	17,971,424
Capital assets (net of accumulated depreciation):					
Land and Improvements	888,724,483	144,762,718	1,033,487,201	31,115,889	28,923,031
Buildings and Improvements	788,469,324	1,469,811	789,939,135	350,222,312	102,610,865
Improvements other than Buildings	187,146,779	1,025,418	188,172,197	-	-
Machinery and Equipment	53,066,550	4,583,126	57,649,676	-	28,941
Infrastructure	906,814,100	584,495,540	1,491,309,640	-	-
Construction in Progress	289,216,720	125,752,261	414,968,981	68,407,664	504,329
Total Capital Assets	\$ 3,113,437,956	\$ 862,088,874	\$ 3,975,526,830	\$ 449,745,865	\$ 132,067,166
Total Assets	\$ 3,783,286,115	\$ 1,067,794,161	\$ 4,851,080,276	\$ 695,691,620	\$ 177,081,382
<b><u>LIABILITIES</u></b>					
Accounts Payable	\$ 39,500,587	\$ 11,491,675	\$ 50,992,262	\$ 23,069,046	\$ 11,597,276
Accrued Liabilities	14,189,297	3,039,777	17,229,074	63,742,064	1,722,038
Due to Other Governments	6,430,845	-	6,430,845	87,916	-
Long-term Liabilities:					
Due Within One Year	115,152,805	10,748,089	125,900,894	20,412,586	6,212,787
Due in More Than One Year	1,069,893,581	204,799,953	1,274,693,534	14,280,404	97,138,144
Total Liabilities	\$ 1,245,167,115	\$ 230,079,494	\$ 1,475,246,609	\$ 121,592,016	\$ 116,670,245
<b><u>NET ASSETS</u></b>					
Invested in Capital Assets, Net of Related Debt	\$ 2,458,877,944	\$ 699,132,196	\$ 3,158,010,140	\$ 449,745,865	\$ 31,107,146
Restricted for:					
Future Debt Service	19,721,461	19,622,664	39,344,125	-	1,314,843
Special Projects	18,283,743	-	18,283,743	45,013,457	-
Education	25,009,975	-	25,009,975	-	-
Water and Sewer Fund Operations	-	86,505,810	86,505,810	-	-
Storm Water Fund Operations	-	27,906,284	27,906,284	-	-
Unrestricted	16,225,877	4,547,713	20,773,590	79,340,282	27,989,148
Total Net Assets	\$ 2,538,119,000	\$ 837,714,667	\$ 3,375,833,667	\$ 574,099,604	\$ 60,411,137

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, 2011**

			Program Revenues	
			Operating Grants and Contributions	Capital Grants and Contributions
	Expenses	Charges for Services		
<b>Primary Government:</b>				
Governmental Activities:				
Legislative	\$ 1,105,878	\$ -	\$ -	\$ -
Executive	2,513,730	-	-	-
Law	3,599,766	212	-	-
Finance	16,912,340	273,552	1,384,122	-
Human Resources	8,222,168	22,150	-	-
Judicial	49,738,210	4,402,463	25,878,411	-
Health	2,939,495	45,621	31,068	-
Police	87,550,834	4,026,448	1,674,397	-
Human Services	113,614,181	23,797,305	60,014,849	-
Public Works	144,084,373	6,743,429	37,908,156	8,305,515
Parks & Recreation	42,919,471	14,405,985	140,324	-
Library	15,258,538	760,480	363,692	-
Planning	9,350,124	4,097,287	93,910	-
Agriculture	2,844,410	127,156	225,362	-
Economic Development	1,989,067	-	-	-
Convention & Visitor Development	24,450,034	5,067,297	-	-
Communications & Information Technology	24,975,516	159,742	-	-
Emergency Communications and Citizen Services	8,233,437	-	-	-
Boards and Commissions	29,809,481	40,750	74,067	-
Fire	46,496,015	409,613	1,648,176	1,226,690
Management Services	1,452,377	-	-	-
Education	362,627,543	-	-	-
Housing & Neighborhood Preservation	25,286,359	215,523	22,672,674	-
Museums	8,812,689	7,208,895	713,439	-
Emergency Medical Services	7,693,052	3,760	586,272	-
General Government	22,315,404	8,096,615	42,134,735	23,235,587
Interest on Long-term Debt	42,665,372	-	-	-
Total Governmental Activities	\$ 1,107,459,864	\$ 79,904,283	\$ 195,543,654	\$ 32,767,792
Business-type Activities:				
Water and Sewer	\$ 104,625,349	\$ 102,398,524	\$ 768,954	\$ 1,877,989
Storm Water	14,178,468	21,321,426	2,800,294	-
Parking	1,603,150	3,213,279	-	-
Total Business-type Activities	\$ 120,406,967	\$ 126,933,229	\$ 3,569,248	\$ 1,877,989
Total Primary Government	\$ 1,227,866,831	\$ 206,837,512	\$ 199,112,902	\$ 34,645,781
<b>Component Units:</b>				
Virginia Beach Development Authority	\$ 11,438,784	\$ 3,131,258	\$ 8,460,937	\$ 53,872
Virginia Beach Community Development Corporation	4,299,333	2,007,847	1,756,463	-
Virginia Beach School Board	786,685,723	17,267,397	146,074,200	9,710,467
Total Component Units	\$ 802,423,840	\$ 22,406,502	\$ 156,291,600	\$ 9,764,339
<b>General Revenues:</b>				
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, 2011**

Net (Expenses) Revenues and Changes in Net Assets				
Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	School Board	Other
\$ (1,105,878)	\$ -	\$ (1,105,878)	\$ -	\$ -
(2,513,730)	-	(2,513,730)	-	-
(3,599,554)	-	(3,599,554)	-	-
(15,254,666)	-	(15,254,666)	-	-
(8,200,018)	-	(8,200,018)	-	-
(19,457,336)	-	(19,457,336)	-	-
(2,862,806)	-	(2,862,806)	-	-
(81,849,989)	-	(81,849,989)	-	-
(29,802,027)	-	(29,802,027)	-	-
(91,127,273)	-	(91,127,273)	-	-
(28,373,162)	-	(28,373,162)	-	-
(14,134,366)	-	(14,134,366)	-	-
(5,158,927)	-	(5,158,927)	-	-
(2,491,892)	-	(2,491,892)	-	-
(1,989,067)	-	(1,989,067)	-	-
(19,382,737)	-	(19,382,737)	-	-
(24,815,774)	-	(24,815,774)	-	-
(8,233,437)	-	(8,233,437)	-	-
(29,694,664)	-	(29,694,664)	-	-
(43,211,536)	-	(43,211,536)	-	-
(1,452,377)	-	(1,452,377)	-	-
(362,627,543)	-	(362,627,543)	-	-
(2,398,162)	-	(2,398,162)	-	-
(890,355)	-	(890,355)	-	-
(7,103,020)	-	(7,103,020)	-	-
51,151,533	-	51,151,533	-	-
(42,665,372)	-	(42,665,372)	-	-
<u>\$ (799,244,135)</u>	<u>\$ -</u>	<u>\$ (799,244,135)</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ 420,118	\$ 420,118	\$ -	\$ -
-	9,943,252	9,943,252	-	-
-	1,610,129	1,610,129	-	-
<u>\$ -</u>	<u>\$ 11,973,499</u>	<u>\$ 11,973,499</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ (799,244,135)</u>	<u>\$ 11,973,499</u>	<u>\$ (787,270,636)</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ 207,283
-	-	-	-	(535,023)
-	-	-	(613,633,659)	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (613,633,659)</u>	<u>\$ (327,740)</u>
\$ 537,521,503	-	\$ 537,521,503	\$ -	\$ -
51,945,150	-	51,945,150	-	-
47,159,975	-	47,159,975	-	-
41,183,389	-	41,183,389	-	-
50,870,246	-	50,870,246	-	-
5,864,224	-	5,864,224	-	-
12,270,185	-	12,270,185	-	-
9,018,255	-	9,018,255	-	-
5,312,439	-	5,312,439	-	-
24,401,106	-	24,401,106	-	-
10,981,669	-	10,981,669	-	-
<u>\$ 796,528,141</u>	<u>\$ -</u>	<u>\$ 796,528,141</u>	<u>\$ -</u>	<u>\$ -</u>
-	-	-	371,517,109	-
67,913,073	-	67,913,073	243,388,637	-
1,755,326	761,924	2,517,250	488,078	155,806
10,584,154	-	10,584,154	964,435	309,618
716,322	(716,322)	-	-	-
<u>\$ 877,497,016</u>	<u>\$ 45,602</u>	<u>\$ 877,542,618</u>	<u>\$ 616,358,259</u>	<u>\$ 465,424</u>
<u>\$ 78,252,881</u>	<u>\$ 12,019,101</u>	<u>\$ 90,271,982</u>	<u>\$ 2,724,600</u>	<u>\$ 137,684</u>
2,459,866,119	825,695,566	3,285,561,685	571,375,004	60,273,453
<u>\$ 2,538,119,000</u>	<u>\$ 837,714,667</u>	<u>\$ 3,375,833,667</u>	<u>\$ 574,099,604</u>	<u>\$ 60,411,137</u>

**CITY OF VIRGINIA BEACH, VIRGINIA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2011**

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b><u>ASSETS</u></b>				
Cash and Investments	\$ 115,715,515	\$ -	\$ 40,963,441	\$ 156,678,956
Cash and Investments - Restricted	13,391,021	298,458,193	37,757,878	349,607,092
Cash Advances	176,333	-	-	176,333
Receivables (net of allowance for uncollectibles, where applicable):				
Property Tax	25,053,653	-	-	25,053,653
Accounts	5,117,576	-	226,104	5,343,680
Loans	8,746,592	-	6,015,607	14,762,199
Accrued Interest	26,517	-	-	26,517
Due from:				
Other Funds	679,537	-	-	679,537
Other Governments	71,815,989	7,214,866	5,447,027	84,477,882
Inventories	453,056	-	-	453,056
Total Assets	<u>\$ 241,175,789</u>	<u>\$ 305,673,059</u>	<u>\$ 90,410,057</u>	<u>\$ 637,258,905</u>
<b><u>LIABILITIES</u></b>				
Vouchers and Accounts Payable	\$ 22,026,230	\$ 11,159,809	\$ 3,347,160	\$ 36,533,199
Payroll Withholdings Payable	590,559	-	-	590,559
Deposits Payable	1,420,226	-	-	1,420,226
Due to Other Funds	-	-	679,537	679,537
Intergovernmental Payables	1,399,773	5,025,324	5,748	6,430,845
Deferred Revenue	26,251,222	-	318,070	26,569,292
Total Liabilities	<u>\$ 51,688,010</u>	<u>\$ 16,185,133</u>	<u>\$ 4,350,515</u>	<u>\$ 72,223,658</u>
<b><u>FUND BALANCES</u></b>				
Nonspendable:				
Inventories	\$ 453,056	\$ -	\$ -	\$ 453,056
Restricted for:				
Special Revenue Funds	-	-	16,862,215	16,862,215
Debt Service	-	-	19,721,461	19,721,461
Comprehensive Services Act	987,701	-	-	987,701
Committed to:				
Education	25,009,975	-	-	25,009,975
Loans Receivable	8,746,592	-	-	8,746,592
Capital Improvement Program - General Government	-	166,717,409	-	166,717,409
Special Revenue Funds	-	-	38,536,668	38,536,668
Assigned to:				
Communications & Information Technology	3,312,916	-	-	3,312,916
Public Works	2,793,580	-	-	2,793,580
Human Services	1,439,953	-	-	1,439,953
Libraries	712,896	-	-	712,896
General Government	9,163,600	-	-	9,163,600
Capital Improvement Program:				
Engineering and Highways	-	62,518,707	-	62,518,707
Buildings	12,133,509	18,025,710	-	30,159,219
Parks and Recreation	-	22,908,553	-	22,908,553
Coastal	-	1,662,098	-	1,662,098
Economic and Tourism	4,369,383	17,655,449	-	22,024,832
General Government	7,360,864	-	-	7,360,864
Special Revenue Funds	-	-	10,939,198	10,939,198
Unassigned	113,003,754	-	-	113,003,754
Total Fund Balances	<u>\$ 189,487,779</u>	<u>\$ 289,487,926</u>	<u>\$ 86,059,542</u>	<u>\$ 565,035,247</u>
Total Liabilities and Fund Balances	<u>\$ 241,175,789</u>	<u>\$ 305,673,059</u>	<u>\$ 90,410,057</u>	<u>\$ 637,258,905</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, 2011**

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Total Fund Balances - Governmental funds (Exhibit 3)	\$	565,035,247
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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.		3,112,662,266
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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.		33,655,328
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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)		(822,335)
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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.		(1,899,849)
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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.		18,587
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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	\$	668,552,006	
State Literary Fund Loans		5,507,046	
Accrued Interest on Bonds Sold		11,662,581	
Town Center Support Agreement		79,760,000	
Agriculture Reserve Strips		38,365,512	
Public Facility Revenue Bonds		242,545,000	
Williams Farm Property Debt		1,062,500	
Premium on Bonds Sold		73,336,237	
Deferred Loss on Refunding		(875,744)	
Compensated Absences (annual and sick leave)		37,959,786	
Landfill Closure and Post-Closure Care		12,655,320	
		(1,170,530,244)	

Total Net Assets - Governmental Activities (Exhibit 1)	\$	2,538,119,000
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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, 2011**

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b><u>REVENUES</u></b>				
General Property Taxes:				
Real Estate property taxes	\$ 452,847,983	\$ -	\$ 21,626,665	\$ 474,474,648
Personal property taxes	119,356,403	-	-	119,356,403
Other Local Taxes	211,836,500	-	44,322,490	256,158,990
Fines and Forfeitures	6,630,008	-	802,051	7,432,059
Permits, Privilege Fees, and Regulatory Licenses	3,824,168	-	-	3,824,168
From Use of Money and Property	5,487,446	101,525	1,993,500	7,582,471
Charges for Services	44,276,986	-	17,001,043	61,278,029
Miscellaneous	10,376,708	3,891,615	986,763	15,255,086
Sale of Property	-	15,000	-	15,000
From Other Local Governments	14,921,907	-	-	14,921,907
From Commonwealth	87,251,040	28,805,397	21,788,011	137,844,448
From Federal Government	22,369,097	19,973,635	38,686,715	81,029,447
Total Revenues	<u>\$ 979,178,246</u>	<u>\$ 52,787,172</u>	<u>\$ 147,207,238</u>	<u>\$ 1,179,172,656</u>
<b><u>EXPENDITURES</u></b>				
Current Operating:				
Legislative	\$ 1,104,591	\$ -	\$ -	\$ 1,104,591
Executive	2,481,195	-	82,177	2,563,372
Law	3,576,615	-	-	3,576,615
Finance	15,804,138	-	-	15,804,138
Human Resources	8,229,652	-	-	8,229,652
Judicial	13,426,046	-	35,614,402	49,040,448
Health	2,934,899	-	-	2,934,899
Police	84,393,829	-	1,261,161	85,654,990
Human Services	104,475,774	-	8,946,981	113,422,755
Public Works	89,138,253	-	1,431,811	90,570,064
Parks and Recreation	12,094,504	-	27,992,796	40,087,300
Library	15,098,228	-	344,684	15,442,912
Planning	9,324,289	-	-	9,324,289
Agriculture	727,053	-	2,110,093	2,837,146
Economic Development	2,007,505	-	-	2,007,505
Convention and Visitor Development	8,279,202	-	15,715,239	23,994,441
Communications and Information Technology	19,371,700	-	-	19,371,700
Emergency Communications and Citizen Services	8,233,437	-	-	8,233,437
Boards and Commissions	32,695,117	-	1,759,443	34,454,560
Fire	41,006,167	-	2,750,793	43,756,960
Management Services	1,484,095	-	-	1,484,095
Education	333,041,053	17,231,262	-	350,272,315
Housing and Neighborhood Preservation	1,714,813	-	23,863,536	25,578,349
Museums	8,772,027	-	33,089	8,805,116
General Government	-	-	1,830,932	1,830,932
Emergency Medical Services	6,853,596	-	736,749	7,590,345
Capital Outlay	-	152,439,078	-	152,439,078
Debt Service:				
Principal Retirement	-	-	80,413,257	80,413,257
Interest and Fiscal Charges	-	-	43,141,572	43,141,572
Total Expenditures	<u>\$ 826,267,778</u>	<u>\$ 169,670,340</u>	<u>\$ 248,028,715</u>	<u>\$ 1,243,966,833</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>\$ 152,910,468</u>	<u>\$ (116,883,168)</u>	<u>\$ (100,821,477)</u>	<u>\$ (64,794,177)</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers In	\$ 12,662,130	\$ 55,155,826	\$ 157,341,624	\$ 225,159,580
Transfers Out	(170,207,288)	(377,518)	(61,431,403)	(232,016,209)
Issuance of Debt	-	94,875,000	-	94,875,000
Premium on Bonds Sold	-	6,193,890	406,800	6,600,690
Increase (Decrease) in Treasury Strips	-	-	(49,823)	(49,823)
Total Other Financing Sources (Uses)	<u>\$ (157,545,158)</u>	<u>\$ 155,847,198</u>	<u>\$ 96,267,198</u>	<u>\$ 94,569,238</u>
Net Change in Fund Balance	<u>\$ (4,634,690)</u>	<u>\$ 38,964,030</u>	<u>\$ (4,554,279)</u>	<u>\$ 29,775,061</u>
Fund Balance at Beginning of Year - Restated	<u>194,122,469</u>	<u>250,523,896</u>	<u>90,613,821</u>	<u>535,260,186</u>
Fund Balance at End of Year	<u>\$ 189,487,779</u>	<u>\$ 289,487,926</u>	<u>\$ 86,059,542</u>	<u>\$ 565,035,247</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, 2011**

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Net Change in fund balance - total governmental funds (Exhibit 4)	\$	29,775,061
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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	\$	152,439,078	
General Government Capital Outlay Expenditures		(7,179,676)	
Non-Capitalizable Capital Project Expenditures		(6,585,829)	
Depreciation on General Government Assets		(86,083,891)	
Contribution of Assets to General Government		8,305,515	
Loss on Disposition of Assets		(4,486,008)	56,409,189

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.	(101,409)
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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.	(15,607,908)
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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. Current year treatment for Compensated Absences has resulted in the following.	259,749
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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.	7,518,199
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Change in net assets of governmental activities (Exhibit 2)	\$	78,252,881
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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, 2011**

	Budget Amounts			Variance Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
<b>REVENUES</b>				
General Property Taxes:				
Real Estate property taxes	\$ 451,312,023	\$ 451,312,023	\$ 452,847,983	\$ 1,535,960
Personal property taxes	118,574,744	118,574,744	119,356,403	781,659
Other Local Taxes	210,510,843	210,510,843	211,836,500	1,325,657
Permits, Privilege Fees, and Regulatory Licenses	4,612,160	4,612,160	3,824,168	(787,992)
Fines and Forfeitures	7,276,472	7,276,472	6,630,008	(646,464)
From Use of Money and Property	5,714,912	5,714,912	5,487,446	(227,466)
Charges for Services	44,314,114	44,263,092	44,276,986	13,894
Miscellaneous	9,614,060	10,023,106	10,376,708	353,602
From Other Local Governments	442,147	14,942,147	14,921,907	(20,240)
From Commonwealth	88,961,841	90,046,078	87,251,040	(2,795,038)
From Federal Government	22,608,384	22,608,384	22,369,097	(239,287)
Total Revenues	<u>\$ 963,941,700</u>	<u>\$ 979,883,961</u>	<u>\$ 979,178,246</u>	<u>\$ (705,715)</u>
<b>EXPENDITURES</b>				
Legislative	\$ 1,095,672	\$ 1,164,949	\$ 1,104,591	\$ 60,358
Executive	2,690,963	2,569,736	2,481,195	88,541
Law	3,560,843	3,752,363	3,576,615	175,748
Finance	15,849,738	16,281,393	15,804,138	477,255
Human Resources	8,762,723	8,881,289	8,229,652	651,637
Judicial	13,898,096	14,232,731	13,426,046	806,685
Health	3,041,377	3,065,252	2,934,899	130,353
Police	86,631,319	86,943,225	84,393,829	2,549,396
Human Services	110,301,394	111,308,160	104,475,774	6,832,386
Public Works	94,319,811	95,262,134	89,138,253	6,123,881
Parks and Recreation	12,468,357	12,684,064	12,094,504	589,560
Library	15,420,849	16,136,899	15,098,228	1,038,671
Planning	9,496,344	9,589,106	9,324,289	264,817
Agriculture	767,127	786,395	727,053	59,342
Economic Development	2,098,549	2,187,972	2,007,505	180,467
Convention and Visitor Development	8,686,242	8,861,216	8,279,202	582,014
Communications and Information Technology	21,690,104	23,125,799	19,371,700	3,754,099
Emergency Communications and Citizen Services	9,195,864	9,540,816	8,233,437	1,307,379
Boards and Commissions	32,089,029	34,706,800	32,695,117	2,011,683
Fire	42,292,935	42,371,454	41,006,167	1,365,287
Management Services	1,448,304	1,584,373	1,484,095	100,278
Education	339,006,260	342,695,160	333,041,053	9,654,107
Housing and Neighborhood Preservation	1,679,325	1,944,762	1,714,813	229,949
Museums	9,421,107	9,543,579	8,772,027	771,552
Emergency Medical Services	7,119,054	7,184,561	6,853,596	330,965
Total Expenditures	<u>\$ 853,031,386</u>	<u>\$ 866,404,188</u>	<u>\$ 826,267,778</u>	<u>\$ 40,136,410</u>
Excess of Revenues over Expenditures	<u>\$ 110,910,314</u>	<u>\$ 113,479,773</u>	<u>\$ 152,910,468</u>	<u>\$ 39,430,695</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	\$ 4,611,250	\$ 12,662,130	\$ 12,662,130	\$ -
Transfers Out	(160,013,630)	(171,412,951)	(170,207,288)	1,205,663
Total Other Financing Sources (Uses)	<u>\$ (155,402,380)</u>	<u>\$ (158,750,821)</u>	<u>\$ (157,545,158)</u>	<u>\$ 1,205,663</u>
Net Change in Fund Balance	\$ (44,492,066)	\$ (45,271,048)	\$ (4,634,690)	\$ 40,636,358
Fund Balance at Beginning of Year - Restated	194,122,469	194,122,469	194,122,469	-
Fund Balance at End of Year	<u>\$ 149,630,403</u>	<u>\$ 148,851,421</u>	<u>\$ 189,487,779</u>	<u>\$ 40,636,358</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, 2011**

	<b>Business-Type Activities - Enterprise Funds</b>				<b>Governmental Activities</b>
	<b>Water and Sewer</b>	<b>Storm Water</b>	<b>Nonmajor Parking</b>	<b>Totals</b>	<b>Internal Service Funds</b>
<b><u>ASSETS</u></b>					
Current Assets:					
Cash and Investments	\$ 76,809,255	\$ 27,781,485	\$ 2,954,424	\$ 107,545,164	\$ 24,748,573
Accounts Receivable - Net	16,417,434	3,832,459	-	20,249,893	68
Intergovernmental Receivables	81,688	-	-	81,688	-
Inventory	2,291,304	-	-	2,291,304	835,647
Total Current Assets	<u>\$ 95,599,681</u>	<u>\$ 31,613,944</u>	<u>\$ 2,954,424</u>	<u>\$ 130,168,049</u>	<u>\$ 25,584,288</u>
Noncurrent Assets:					
Cash and Investments - Restricted	\$ 67,750,291	\$ 2,042,874	\$ -	\$ 69,793,165	\$ -
Deferred Charges	3,862,811	-	-	3,862,811	-
Capital Assets:					
Land	12,508,717	130,879,001	1,375,000	144,762,718	-
Site Improvements	-	-	1,457,642	1,457,642	265,782
Buildings	3,590,809	-	-	3,590,809	-
Utility System	856,987,923	99,184,090	-	956,172,013	-
Construction in Progress	71,537,405	54,214,856	-	125,752,261	-
Office Furniture and Fixtures	1,494,319	-	-	1,494,319	-
Machinery and Equipment	18,912,159	8,601,708	96,044	27,609,911	5,734,715
Less: Accumulated Depreciation	(350,949,607)	(47,273,230)	(527,962)	(398,750,799)	(5,224,807)
Total Capital Assets	<u>\$ 614,081,725</u>	<u>\$ 245,606,425</u>	<u>\$ 2,400,724</u>	<u>\$ 862,088,874</u>	<u>\$ 775,690</u>
Total Noncurrent Assets	<u>\$ 685,694,827</u>	<u>\$ 247,649,299</u>	<u>\$ 2,400,724</u>	<u>\$ 935,744,850</u>	<u>\$ 775,690</u>
Total Assets	<u><u>\$ 781,294,508</u></u>	<u><u>\$ 279,263,243</u></u>	<u><u>\$ 5,355,148</u></u>	<u><u>\$ 1,065,912,899</u></u>	<u><u>\$ 26,359,978</u></u>
<b><u>LIABILITIES</u></b>					
Current Liabilities:					
Vouchers and Accounts Payable	\$ 6,901,380	\$ 165,770	\$ 253,603	\$ 7,320,753	\$ 2,080,473
Deposits Payable	102,836	-	-	102,836	-
Accrued Interest Payable	2,412,810	370,256	-	2,783,066	-
Construction Contracts Payable	4,170,922	-	-	4,170,922	-
Deferred Revenue	153,875	-	-	153,875	-
Current Portion of Long-term Liabilities	8,910,259	1,815,860	21,970	10,748,089	6,055,922
Total Current Liabilities	<u>\$ 22,652,082</u>	<u>\$ 2,351,886</u>	<u>\$ 275,573</u>	<u>\$ 25,279,541</u>	<u>\$ 8,136,395</u>
Long-term Liabilities (less current portion)	177,226,719	27,560,834	12,400	204,799,953	19,045,918
Total Liabilities	<u>\$ 199,878,801</u>	<u>\$ 29,912,720</u>	<u>\$ 287,973</u>	<u>\$ 230,079,494</u>	<u>\$ 27,182,313</u>
<b><u>NET ASSETS</u></b>					
Invested in Capital Assets, Net of Related Debt	\$ 477,642,072	\$ 219,089,400	\$ 2,400,724	\$ 699,132,196	\$ 775,690
Restricted for:					
Future Debt Service	17,267,825	2,354,839	-	19,622,664	-
Operations	86,505,810	27,906,284	-	114,412,094	-
Unrestricted (Deficit)	-	-	2,666,451	2,666,451	(1,598,025)
Total Net Assets	<u><u>\$ 581,415,707</u></u>	<u><u>\$ 249,350,523</u></u>	<u><u>\$ 5,067,175</u></u>	<u><u>\$ 835,833,405</u></u>	<u><u>\$ (822,335)</u></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				(292,857)	
Total Net Assets of Business-type activities (Exhibit 1)				<u><u>\$ 837,714,667</u></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, 2011**

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Water and Sewer	Storm Water	Nonmajor Parking	Totals	Internal Service Funds
<b><u>OPERATING REVENUES</u></b>					
Charges for Services	\$ 98,607,194	\$ 21,126,767	\$ 3,213,279	\$ 122,947,240	\$ 37,408,022
Insurance Recovery	-	-	-	-	90,339
Miscellaneous	952,427	51	-	952,478	515
Total Operating Revenues	<u>\$ 99,559,621</u>	<u>\$ 21,126,818</u>	<u>\$ 3,213,279</u>	<u>\$ 123,899,718</u>	<u>\$ 37,498,876</u>
<b><u>OPERATING EXPENSES</u></b>					
Cost of Goods Sold	\$ 25,340,950	\$ -	\$ -	\$ 25,340,950	\$ 10,804,612
Personal Services	20,057,137	4,521,799	335,716	24,914,652	7,154,628
Fringe Benefits	6,679,443	1,499,131	90,804	8,269,378	2,717,313
Contractual Services	4,364,797	341,246	829,597	5,535,640	3,153,193
Internal Services	2,407,267	982,813	22,537	3,412,617	790,506
Other Charges	16,227,536	1,778,078	130,692	18,136,306	11,426,525
Leases and Rentals	-	-	151,713	151,713	810,404
Land Structure Maintenance	-	2,111,547	-	2,111,547	513,188
Depreciation	20,362,760	1,991,821	42,091	22,396,672	334,481
Total Operating Expenses	<u>\$ 95,439,890</u>	<u>\$ 13,226,435</u>	<u>\$ 1,603,150</u>	<u>\$ 110,269,475</u>	<u>\$ 37,704,850</u>
<b><u>OPERATING INCOME (LOSS)</u></b>	<u>\$ 4,119,731</u>	<u>\$ 7,900,383</u>	<u>\$ 1,610,129</u>	<u>\$ 13,630,243</u>	<u>\$ (205,974)</u>
<b><u>NONOPERATING REVENUES (EXPENSES)</u></b>					
From Commonwealth	\$ -	\$ 2,656,916	\$ -	\$ 2,656,916	\$ -
From Federal Government	768,954	143,378	-	912,332	-
Interest Income	643,162	107,270	11,492	761,924	90,851
Gain (Loss) From Sale of Assets	136,008	159,102	-	295,110	41,784
Interest and Fiscal Agent Fees	(5,514,159)	(916,527)	-	(6,430,686)	-
City of Norfolk Water Services True Up	(3,361,943)	-	-	(3,361,943)	-
Total Nonoperating Revenues	<u>\$ (7,327,978)</u>	<u>\$ 2,150,139</u>	<u>\$ 11,492</u>	<u>\$ (5,166,347)</u>	<u>\$ 132,635</u>
<b><u>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</u></b>	<u>\$ (3,208,247)</u>	<u>\$ 10,050,522</u>	<u>\$ 1,621,621</u>	<u>\$ 8,463,896</u>	<u>\$ (73,339)</u>
Capital Contributions - Tap Fees and Other	4,290,114	-	-	4,290,114	-
Transfers In	264,233	72,258	219,983	556,474	7,900,000
Transfers Out	-	(266,585)	(1,006,211)	(1,272,796)	(327,049)
<b><u>CHANGE IN NET ASSETS</u></b>	<u>\$ 1,346,100</u>	<u>\$ 9,856,195</u>	<u>\$ 835,393</u>	<u>\$ 12,037,688</u>	<u>\$ 7,499,612</u>
Total Net Assets at Beginning of Year (Deficit)	<u>580,069,607</u>	<u>239,494,328</u>	<u>4,231,782</u>		<u>(8,321,947)</u>
Total Net Assets at End of Year (Deficit)	<u>\$ 581,415,707</u>	<u>\$ 249,350,523</u>	<u>\$ 5,067,175</u>		<u>\$ (822,335)</u>
Reconciling Items:					
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				(18,587)	
Change in Net Assets of Business-type activities (Exhibit 2)				<u>\$ 12,019,101</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, 2011**

	<b>Business-type Activities - Enterprise Funds</b>				<b>Governmental Activities</b>
	<b>Water and Sewer</b>	<b>Storm Water</b>	<b>Nonmajor Parking</b>	<b>Totals</b>	<b>Internal Service Funds</b>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>					
Receipts from Customers and Users	\$ 97,935,303	\$ 20,582,168	\$ 3,213,279	\$ 121,730,750	\$ 37,498,406
Receipts from (Payments for) Interfund Services Provided	23,645	(982,813)	-	(959,168)	-
Other Operating Cash Receipts	952,427	-	-	952,427	515
Cash Payments to Suppliers of Goods and Services	(46,861,700)	(4,551,138)	(948,911)	(52,361,749)	(27,608,548)
Cash Payments to Employees for Services	(26,653,810)	(6,008,005)	(426,520)	(33,088,335)	(9,880,279)
Net Cash Provided By Operating Activities	<u>\$ 25,395,865</u>	<u>\$ 9,040,212</u>	<u>\$ 1,837,848</u>	<u>\$ 36,273,925</u>	<u>\$ 10,094</u>
<b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u></b>					
Intergovernmental Receipts	\$ -	\$ 2,656,916	\$ -	\$ 2,656,916	\$ -
Receipts from Other Funds	264,233	72,258	219,983	556,474	7,900,000
City of Norfolk Water Services True Up	(3,361,943)	-	-	(3,361,943)	-
Payments to Other Funds	-	(266,585)	(1,006,211)	(1,272,796)	(327,049)
Net Cash Provided (Used) By Noncapital Financing Activities	<u>\$ (3,097,710)</u>	<u>\$ 2,462,589</u>	<u>\$ (786,228)</u>	<u>\$ (1,421,349)</u>	<u>\$ 7,572,951</u>
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u></b>					
Capital Contributions	\$ 2,616,957	\$ -	\$ -	\$ 2,616,957	\$ -
Interest Paid on Long-term Debt	(7,151,407)	(1,130,488)	-	(8,281,895)	-
Acquisition and Construction of Capital Assets	(31,686,162)	(13,445,923)	-	(45,132,085)	(248,408)
Proceeds from Sale of Debt	-	20,000,000	-	20,000,000	-
Proceeds from Sale of Refunding Bonds	-	7,380,000	-	7,380,000	-
Principal Repayment on Refunding Long-term Debt	-	(7,270,000)	-	(7,270,000)	-
From Federal Government	768,954	143,378	-	912,332	-
Proceeds from Sale of Salvage	136,008	159,102	-	295,110	96,189
Principal Paid on Capital Debt	(5,811,090)	(761,468)	-	(6,572,558)	-
Net Cash Provided (Used) By Capital and Related Financing Activities	<u>\$ (41,126,740)</u>	<u>\$ 5,074,601</u>	<u>\$ -</u>	<u>\$ (36,052,139)</u>	<u>\$ (152,219)</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>					
Interest and Dividends Received	<u>\$ 643,162</u>	<u>\$ 107,270</u>	<u>\$ 11,492</u>	<u>\$ 761,924</u>	<u>\$ 90,851</u>
Net Increase (Decrease) in Cash and Temporary Investments	(18,185,423)	16,684,672	1,063,112	(437,639)	7,521,677
Cash and Temporary Investments, July 1	<u>162,744,969</u>	<u>13,139,687</u>	<u>1,891,312</u>	<u>177,775,968</u>	<u>17,226,896</u>
Cash and Temporary Investments, June 30	<u><u>\$ 144,559,546</u></u>	<u><u>\$ 29,824,359</u></u>	<u><u>\$ 2,954,424</u></u>	<u><u>\$ 177,338,329</u></u>	<u><u>\$ 24,748,573</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, 2011**

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water and Sewer	Storm Water	Nonmajor Parking	Totals	Internal Service Funds
<b><u>RECONCILIATION OF OPERATING INCOME (LOSS) TO</u></b>					
<b><u>NET CASH PROVIDED BY OPERATING ACTIVITIES:</u></b>					
Operating Income (Loss)	\$ 4,119,731	\$ 7,900,383	\$ 1,610,129	\$ 13,630,243	\$ (205,974)
Adjustments to Reconcile Operating Income (Loss) to					
Net Cash Provided (Used) By Operating Activities:					
Depreciation Expense	20,362,760	1,991,821	42,091	22,396,672	334,481
(Increase) Decrease in Accounts Receivable	(671,891)	(544,650)	-	(1,216,541)	45
(Increase) Decrease in Intergovernmental Receivables	23,645	-	-	23,645	-
(Increase) Decrease in Inventory	24,684	-	-	24,684	(180,342)
Increase (Decrease) in Vouchers and Accounts Payable	1,496,138	(320,267)	183,060	1,358,931	525,078
Increase (Decrease) in Deposits Payable	6,298	-	-	6,298	-
Increase (Decrease) in Deferred Revenue	(48,270)	-	-	(48,270)	-
Increase (Decrease) in Estimated Claims and Judgments	-	-	-	-	(454,855)
Increase (Decrease) in Accrued Compensated Leave	82,770	12,925	2,568	98,263	(8,339)
Total Adjustments	<u>\$ 21,276,134</u>	<u>\$ 1,139,829</u>	<u>\$ 227,719</u>	<u>\$ 22,643,682</u>	<u>\$ 216,068</u>
Net Cash Provided By Operating Activities	<u><u>\$ 25,395,865</u></u>	<u><u>\$ 9,040,212</u></u>	<u><u>\$ 1,837,848</u></u>	<u><u>\$ 36,273,925</u></u>	<u><u>\$ 10,094</u></u>
<b><u>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</u></b>					
Capital Contributions of Capital Assets	<u><u>\$ 1,673,157</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,673,157</u></u>	<u><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, 2011**

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	<u>Trust Funds</u>	<u>Agency Funds</u>
<b><u>ASSETS</u></b>		
Cash	\$ -	\$ 390,180
Receivables, Accrued Interest	9	-
Investments, at Fair Value:		
Mutual Funds	42,315,009	-
Total Assets	<u>\$ 42,315,018</u>	<u>\$ 390,180</u>
<b><u>LIABILITIES</u></b>		
Vouchers and Accounts Payable	<u>\$ -</u>	<u>\$ 390,180</u>
<b><u>NET ASSETS</u></b>		
Held in Trust for Other Postemployment Benefits and Pension Benefits	<u>\$ 42,315,018</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, 2011**

	<u>Trust Funds</u>
<b><u>ADDITIONS</u></b>	
Contributions:	
From Primary Government	\$ 17,736,047
From Plan Members	<u>2,970,912</u>
Total Contributions	<u>\$ 20,706,959</u>
Investment Earnings:	
Increase (Decrease) in the Fair Value of Investments	\$ 5,497,800
Interest and Dividends	<u>73,687</u>
Total Investment Earnings	\$ 5,571,487
Less Investment Expense	<u>31,475</u>
Net Investment Earnings	<u>\$ 5,540,012</u>
Total Additions	<u>\$ 26,246,971</u>
<b><u>DEDUCTIONS</u></b>	
Benefits	\$ 12,864,642
Administrative Expenses	<u>1,853</u>
Total Deductions	<u>\$ 12,866,495</u>
Change in Net Assets	\$ 13,380,476
Net Assets at Beginning of Year	<u>28,934,542</u>
Net Assets at End of Year	<u><u>\$ 42,315,018</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, 2011**

	<u>PAGE NO.</u>
<b>1. Summary of Significant Accounting Policies</b>	
A. Financial Reporting Entity .....	56
B. Government-Wide and Fund Financial Statements .....	57
C. Basis of Accounting .....	59
D. Capital Assets and Long-Term Liabilities .....	60
E. Operating Budget Process .....	61
F. Inventories .....	62
G. Land Held for Resale .....	63
H. Accrued Compensated Leave .....	63
I. Fund Balances .....	63
J. Use of Estimates .....	64
K. Fund Balance Policy .....	64
L. Miscellaneous .....	64
M. Net Assets .....	65
N. Long-Term Obligations .....	65
O. Restricted Assets –Cash and Investments .....	65
P. Unrestricted Net Assets – Governmental Activities .....	65
Q. Restricted Net Assets .....	65
<b>2. Fund Balances – Nonmajor Governmental Funds .....</b>	<b>66</b>
<b>3. Receivables and Accrued Liabilities</b>	
A. Receivables .....	67
B. Property Taxes Receivable .....	68
C. Intergovernmental Receivables - Primary Government and School Board Component Unit – Entity Wide .....	68
D. Allowances for Uncollectible Accounts Receivable .....	70
E. Major Components of Accrued Liabilities .....	70
<b>4. Deferred Revenue</b>	
A. General Fund .....	70
B. Special Revenue Funds – Nonmajor .....	70
C. Enterprise Funds .....	70
D. School Board Component Unit .....	71
<b>5. Capital Assets and Land Held For Resale</b>	
A. Land Held for Resale - Discretely Presented Component Unit .....	71
B. Governmental Activities .....	71
C. Component Unit - School Board .....	73
D. Business-Type Activities .....	73
E. Major Fund - Water and Sewer Enterprise Fund .....	74
F. Major Fund – Storm Water Enterprise Fund .....	74
G. Component Unit - Virginia Beach Development Authority .....	75
H. Component Unit - Virginia Beach Community Development Corporation .....	75
I. Construction in Progress .....	75
<b>6. Long-Term Debt</b>	
A. A Summary of Changes in Long-Term Liabilities .....	76
B. Bonds, Notes and Loans Payable .....	79
C. Summary of Recent Refundings .....	80
D. A Summary of Annual Requirements to Amortize All Bonds and Notes Payable .....	81
E. Agriculture Reserve Program .....	82
F. Legal Debt Margin .....	83
G. Water and Sewer Enterprise Revenue Bonds .....	83
H. Storm Water Revenue Bonds .....	83
I. General Debt Service Fund Expenditures .....	83
J. Accrued Compensated Leave .....	84
K. Authorized But Unissued Bonds .....	84
L. Revenue Covenants .....	84
M. Notes Payable - Discretely Presented Component Unit Community Development Corporation .....	84

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

---

	<u>PAGENO.</u>
<b>6. Long-Term Debt (continued)</b>	
N. Notes Payable - Discretely Presented Component Unit Virginia Beach Development Authority.....	84
O. Compliance .....	86
P. 2002 Town Center Project Phase I Support Agreement.....	86
Q. Sale of Public Facility Revenue Bonds .....	87
<b>7. Assets and Obligations under Leases .....</b>	<b>88</b>
<b>8. Deposits and Investments.....</b>	<b>88</b>
<b>9. Commitments and Contingencies</b>	
A. Litigation.....	90
B. Intergovernmental Grants, Entitlements and Shared Revenues.....	90
C. City Manager Employment Contract.....	90
D. Salaries Payable .....	90
E. Landfill Closure .....	90
F. Water Services Contract.....	91
G. Encumbrances .....	91
<b>10. Interfund Balances and Transactions, Fund Results and Reconciliations</b>	
A. Interfund Transfers.....	92
B. Net Assets Deficit .....	93
C. Accounting Changes, Restatements and Fund Closing .....	93
<b>11. Risk Management</b>	
A. Primary Government Self-Insurance Program .....	93
B. School Board Self-Insurance Program.....	94
C. Surety Bonds.....	95
<b>12. Retirement and Deferred Compensation</b>	
A. Virginia Retirement System .....	95
B. Sheriff's Supplemental Retirement Plan .....	98
<b>13. Other Postemployment Benefits.....</b>	<b>98</b>



**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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**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, 2011 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, 2011**

---

**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, 2011 were as follows:

Arts and Humanities Commission	\$	428,476
American Water Works Association Research		27,502
Atlantic Wildfowl Museum		51,431
Boardwalk Arts Festival		50,500
Contemporary Art Center		177,220
Crime Solvers		2,040
Eastern Virginia Medical School		433,033
Hampton Roads Economic Development Alliance		412,059
Hampton Roads Partnership		15,210
Hampton Roads Planning District Commission		352,886
Safe Drinking Water Act		160,000
Tidewater Community College		5,100
Transportation District of Hampton Roads		4,062,909
Virginia Aquarium and Marine Science Center		62,715
Virginia Beach Maritime Historical Museum		59,630
Virginia Beach SPCA		30,000
Virginia Dare Soil and Water Conservation District		8,000
Volunteer Fire Squads		8,160
Volunteer Rescue Squads		39,000
Volunteers of America		187,491
WHRO TV		138,450
Total	\$	<u>6,711,812</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, 2011**

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**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, 2011**

---

**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, 2011**

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**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, 2011**

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**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, Proffer Impact, Transitional Area, Wetlands Board Mitigation and the Grants Consolidated Fund. The Grants Consolidated Fund's budget is adopted on a project-length basis along with the City Capital Projects Fund. The budget for these funds is adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP).

(continued)



**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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**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 361 projects in its Capital Improvements Program and an annual limitation (without a referendum) on the amount of bonds that may be issued, allocations for capital projects represent funding by phases of a number of projects based upon their anticipated execution of contractual obligations. The appropriations for Capital Projects require one reading of the ordinance for approval after public hearings on the City's Capital Improvement Program. The accounting, encumbering, and controlling of the funds are based upon the project length of each individual project which may be over several years. Therefore, budgetary comparisons are not presented for Capital Projects in this report. Appropriations reallocated to new or existing capital projects require one reading of the ordinance by City Council for approval.
9. The federal and state grants in the Grants Consolidated Fund are budgeted separately from the Operating Budget and do not parallel the City's fiscal year. Expenditures are restricted by the grantor agency and are subject to financial and compliance audits (Note 9B). Annual revenues and expenditures are reported within the applicable Special Revenue Funds.

There were supplemental amendments to the Operating Budget, other than for encumbrances (Note 1E7), of approximately \$16,188,429 during the 2011 Fiscal Year. The amendments were primarily funded through increases in estimated revenue and the General Fund balance.

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

**F. Inventories**

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

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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

**F. Inventories** (continued)

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

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

**G. Land Held For Resale**

Land inventory for a discretely presented component unit (Virginia Beach Development Authority) is stated at the lower of net realizable value or original purchase price plus capitalized interest, if applicable, and development cost.

**H. Accrued Compensated Leave**

Annual leave, according to a graduated scale based on years of employment, is credited to each employee as it accrues. A permanent City employee may carry-forward a maximum of 50 days.

City employees are granted one sick leave day per month and may accumulate an unlimited number of sick leave days; however, no payment is made by the City on the unused portion upon employment termination (except on the condition of retirement). In accordance with Governmental Accounting Standards Board Statement (GASB) Number 16, an accrual has been made in the financial statements for these payments.

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

**I. Fund Balances**

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

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

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

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

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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

**I. Fund Balances** (continued)

authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. It also includes the long-term amount of loans approved by City Council.

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

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

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

**J. Use of Estimates**

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

**K. Fund Balance Policy**

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

**L. Miscellaneous**

**1. Cash and Investments**

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

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

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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

**L. Miscellaneous** (continued)

**2. Proprietary Funds' Other Charges**

This category mainly consists of General Fund charges (e.g., data processing, buildings and grounds maintenance, indirect costs) to the Water and Sewer, Storm Water and Resort Parking Enterprise Funds as well as Internal Service Funds except Risk Management, where it represents premiums and claims payments (including current estimated claims and judgments).

**3. Statement of Cash Flows**

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

**M. Net Assets**

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

**N. Long-Term Obligations**

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

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

**O. Restricted Assets - Cash and Investments**

Certain proceeds of the Primary Government's revenue bond issuance and certificates of participation have been set aside in separate bank accounts as a reserve for future debt service payments.

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

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

**Q. Restricted Net Assets**

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

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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

**Q. 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 restricted for future debt costs.

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

**2. FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS**

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

<b>Restricted:</b>	
Federal and State Grants	\$ 11,981,970
Special Service Districts	2,070,725
Judicial Programs	2,601,919
Future Development	207,601
Total Special Revenue Funds	<u>16,862,215</u>
Future Debt Service	<u>19,721,461</u>
<i>Total Restricted</i>	<u><u>\$ 36,583,676</u></u>
<b>Committed:</b>	
Tax Increment Financing	\$ 10,554,892
Judicial Programs	4,106,500
Parks and Recreation Activities	8,940,927
Convention and Visitor Development	6,284,853
Agriculture Program	8,084,608
General Government	564,888
<i>Total Committed</i>	<u><u>\$ 38,536,668</u></u>
<b>Assigned:</b>	
Tax Increment Financing	\$ 1,552,053
Special Service District	2,141,364
Judicial Programs	1,433,705
Agriculture Programs	1,595,132
Parks and Recreation Activities	1,087,857
Convention and Visitor Development	3,129,087
<i>Total Assigned</i>	<u><u>\$ 10,939,198</u></u>
<b>Total Fund Balance</b>	<u><u>\$ 86,059,542</u></u>

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**3. RECEIVABLES AND ACCRUED LIABILITIES**

**A. Receivables**

Receivables at June 30, 2011 consist of the following:

**Primary Government**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Accrued Interest	\$ 26,517	\$ -	\$ 26,517
Property Taxes	35,516,146	-	35,516,146
Loans	14,762,199	-	14,762,199
Due from Other Government	84,477,882	81,688	84,559,570
Accounts	8,252,708	24,876,670	33,129,378
Gross Receivables	\$ 143,035,452	\$ 24,958,358	\$ 167,993,810
Less: Allowance for Uncollectibles	(10,523,873)	(2,745,515)	(13,269,388)
Total Fund Statements	\$ 132,511,579	\$ 22,212,843	\$ 154,724,422
Internal Service Funds	68	-	68
Net Receivables - Entity Wide	\$ 132,511,647	\$ 22,212,843	\$ 154,724,490

**Major Funds – Governmental**

	<b>General Fund</b>	<b>Capital Projects</b>	<b>Total</b>
Accrued Interest	\$ 26,517	\$ -	\$ 26,517
Property Taxes	35,516,146	-	35,516,146
Accounts	5,117,576	-	5,117,576
Loans	8,746,592	-	8,746,592
Intergovernmental Accounts	71,815,989	7,214,866	79,030,855
Due from Other Funds	679,537	-	679,537
Gross Receivables	\$ 121,902,357	\$ 7,214,866	\$ 129,117,223
Less: Allowance for Uncollectibles	(10,462,493)	-	(10,462,493)
Net Receivables	\$ 111,439,864	\$ 7,214,866	\$ 118,654,730

**Major Funds – Proprietary**

	<b>Water and Sewer</b>	<b>Storm Water</b>	<b>Total</b>
Accounts	\$ 18,963,994	\$ 4,031,414	\$ 22,995,408
Intergovernmental Accounts	81,688	-	81,688
Gross Receivables	\$ 19,045,682	\$ 4,031,414	\$ 23,077,096
Less: Allowance for Uncollectibles	(2,546,560)	(198,955)	(2,745,515)
Net Receivables	\$ 16,499,122	\$ 3,832,459	\$ 20,331,581

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

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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

**A. Receivables** (continued)

**Component Units**

Receivables at June 30, 2011 consist of the following:

	<b>School Board</b>	<b>Virginia Beach Development Authority</b>	<b>Community Development Corporation</b>	<b>Total</b>
Notes	\$ -	\$ -	\$ 931,216	\$ 931,216
Accrued Interest	-	-	423,437	423,437
Intergovernmental	38,873,232	-	40,305	38,913,537
Accounts	669,324	5,343,292	76,203	6,088,819
Net Receivables	\$ 39,542,556	\$ 5,343,292	\$ 1,471,161	\$ 46,357,099

**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 2011 the real property rate was \$0.89 per \$100 of assessed valuation (100% of fair market value except for public service corporation properties); an additional \$.06 per \$100 of assessed valuation is charged to those residents of Sandbridge; an additional \$.45 per \$100 of assessed valuation is charged to all real estate within Town Center Special Service District, not exempt from taxation; the personal property rate was \$3.70 per \$100 of assessed valuation (100% of fair market value). Other personal property tax rates exist for qualified equipment. There are no limits currently on the property tax rates which may be established by the City Council. In addition, City Council is the only governmental entity that has the local taxing authority.

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

1. The following revenues were due from the Commonwealth of Virginia at June 30, 2011:

**Primary Government**

	<b>Governmental Activities</b>
Maintenance of Roads	\$ 1,560,783
General Sales Tax	4,392,696
Telecommunications Tax	3,925,697
Reimbursements	469,779
Franchise Tax	565,349
Excess Fees – Clerk	50,515
Division of Motor Vehicles	819,034
Personal Property Tax Relief Act	53,412,868
Public Assistance Grants	3,014,380
Recordation Fees	536,228
Other Grants, Entitlements, & Shared Revenues	399,812
Sheriff's Department	1,165,579
Medicaid Reimbursement	1,660,802
Police Extradition	36,755
Grants Consolidated	1,296,136
Comprehensive Services Act	829,340
Total Due from Commonwealth	\$ 74,135,753

(continued)



**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**3. 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	\$ 5,529,702
Special Education – Regional Program	3,928,960
Technology Initiative	866,980
Other Grants, Entitlements and Shared Revenues	288,360
Total Due From Commonwealth – Governmental Funds	\$ 10,614,002
Reimbursement – Health Insurance	87,538
Total Due from Commonwealth	\$ 10,701,540

2. The following revenues were due from various Federal agencies at June 30, 2011:

**Primary Government**

	<b>Governmental Activities</b>
Public Assistance Grants	\$ 1,646,297
ARRA Funding	61,712
Law Enforcement	61,273
Grants Consolidated	1,897,839
Housing Assistance	329,911
Capital Improvements	5,654,083
Mental Health/Mental Retardation	1,409
Community Development Block Grant	637,792
Total Due from Federal Government	\$ 10,290,316

**School Board Component Unit**

Adult Basic Education	\$ 99,956
ARRA/SFSF Program	5,878,226
Carl Perkins	826,961
McKinney Homeless	55,863
Medicaid	143,817
National School Meal Program	754,259
NJROTC	81,116
Preschool Incentive	293,217
Preschool Incentive – ARRA	45,518
Teaching American History – SAIL	93,502
Title I	5,299,923
Title I – ARRA	861,928
Title II	1,013,378
Title II – ARRA	45,579
Title III	146,343
Title VI-B	1,957,469
Title VI-B – ARRA	10,470,193
Other Grants, Entitlements and Shared Revenues	101,003
Total Due From Federal Government	\$ 28,168,251
COBRA Health Insurance Subsidies	3,441
Total Due From Federal Government	\$ 28,171,692

3. The following revenues were due from other Local governments at June 30, 2011:

The Federal Section Eight Program Special Revenue Fund was due \$51,813 from other service providers and authorities.

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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

**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, 2011 are as follows:

a. General Fund	\$ 10,462,493
b. Water and Sewer Fund	2,546,560
c. Storm Water Fund	198,955
Total	<u>\$ 13,208,008</u>

**E. The major components of Accrued Liabilities at June 30, 2011 consist of the following:**

**Primary Government**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Accrued Interest Payable	\$ 12,777,112	\$ 2,783,066	\$ 15,560,178
Deposits Payable	1,412,185	102,836	1,515,021
Unearned Revenue	-	153,875	153,875
Total Accrued Liabilities	<u>\$ 14,189,297</u>	<u>\$ 3,039,777</u>	<u>\$ 17,229,074</u>

**Component Units**

	<b>School Board</b>	<b>Virginia Beach Development Authority</b>	<b>Community Development Authority</b>	<b>Total</b>
Accrued Interest	\$ -	\$ 1,447,053	\$ 48,218	\$ 1,495,271
Unearned Revenue	6,566,434	-	1,200	6,567,634
Deposits Payable	55,000	165,000	60,567	280,567
Accrued Salaries	57,120,630	-	-	57,120,630
Total Accrued Liabilities	<u>\$ 63,742,064</u>	<u>\$ 1,612,053</u>	<u>\$ 109,985</u>	<u>\$ 65,464,102</u>

**4. 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, 2011:

**A. General Fund**

Uncollected Taxes, Assessments, and other receipts	<u>\$ 26,251,222</u>
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**B. Special Revenue Funds – Nonmajor**

Federal Section Eight Program – Fraud Recovery and HUD Eligibility	\$ 114,847
Parks and Recreation – Advance class registration	203,223
Total Nonmajor Special Revenue Funds	<u>\$ 318,070</u>

**C. Enterprise Funds**

Water and Sewer – Customers and Developers Tap and Meter Fees	<u>\$ 153,875</u>
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(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**4. DEFERRED REVENUE** (continued)

**D. School Board Component Unit**

School Operating Fund – Summer School Tuition	\$ 499,743
School Grants Fund – At Risk Four Year Old Initiative and other grants	27,040
Other Governmental Funds – School Cafeterias - Charges for Services	400,084
Total Deferred Revenue – Governmental Funds	<u>926,867</u>
School Health Insurance Internal Service Fund – Prepayment of July health insurance premiums	5,639,567
Total Unearned Revenue – Governmental Activities	<u>\$ 6,566,434</u>

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

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

Oceana West Corporate Park	\$ 1,555,548
Corporate Landing	10,753,091
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, 2011:

	<u>Balance July 1, 2010</u>		<u>Increases</u>		<u>Decreases</u>		<u>Balance June 30, 2011</u>
Capital Assets Not Being Depreciated:							
Land and Improvements	\$ 819,135,734	\$	37,205,531	\$	5,982,294	\$	850,358,971
Agricultural Reserve Program	32,093,435		6,272,077		-		38,365,512
Construction in Progress	228,317,257		109,527,184		48,627,721		289,216,720
Total Capital Assets Not Being Depreciated	<u>\$ 1,079,546,426</u>	\$	<u>153,004,792</u>	\$	<u>54,610,015</u>	\$	<u>1,177,941,203</u>
Other Capital Assets:							
Buildings and Improvements	\$ 613,352,269	\$	10,958,669	\$	91,008	\$	624,219,930
School Buildings	335,479,502		20,573,983		-		356,053,485
Site Improvements	234,462,301		7,841,004		202,502		242,100,803
Site Improvements – Internal Service Funds	265,782		-		-		265,782
Equipment	174,079,372		10,638,851		4,943,602		179,774,621
Equipment – ISF	13,114,507		301,616		7,681,408		5,734,715
Roadway Network	1,665,071,463		12,400,346		-		1,677,471,809
Landfill Network	16,819,832		1,026,635		-		17,846,467
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>\$ 3,217,608,804</u>	\$	<u>63,741,104</u>	\$	<u>12,918,520</u>	\$	<u>3,268,431,388</u>
Less Accumulated Depreciation For:							
Buildings and Improvements	\$ 141,929,770	\$	15,893,962	\$	2,085	\$	157,821,647
School Buildings	21,627,216		12,355,228		-		33,982,444
Site Improvements	47,690,896		7,293,853		27,000		54,957,749
Site Improvements – ISF	261,822		235		-		262,057
Equipment	114,478,652		17,495,535		4,494,151		127,480,036
Equipment – ISF	12,202,296		334,245		7,573,791		4,962,750
Roadway Network	849,519,292		41,626,787		-		891,146,079
Landfill Network	15,091,243		551,045		-		15,642,288
Bridge Network	28,058,906		1,269,095		-		29,328,001
Hurricane Protection Network	15,397,970		1,953,614		-		17,351,584
Total Accumulated Depreciation	<u>\$ 1,246,258,063</u>	\$	<u>98,773,599</u>	\$	<u>12,097,027</u>	\$	<u>1,332,934,635</u>
Total Capital Assets, Being Depreciated, Net	<u>\$ 1,971,350,741</u>	\$	<u>(35,032,495)</u>	\$	<u>821,493</u>	\$	<u>1,935,496,753</u>
Governmental Activities Capital Assets, Net	<u>\$ 3,050,897,167</u>	\$	<u>117,972,297</u>	\$	<u>55,431,508</u>	\$	<u>3,113,437,956</u>

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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

**B. Governmental Activities** (continued)

Governmental Activities capital assets net of accumulated depreciation at June 30, 2011 are comprised of the following:

General Government Capital Assets, Net	\$ 3,112,662,266
Internal Service Fund Capital Assets, Net	775,690
Total	<u>\$ 3,113,437,956</u>

Depreciation was charged to governmental functions as follows:

Law	\$ 2,259
Finance	1,177,985
Human Resources	44,660
Judicial	259,046
Health	2,846
Police	2,477,360
Public Works	49,025,629
Parks and Recreation	2,723,719
Library	76,987
Planning	66,360
Economic Development	1,277
Convention and Visitors Bureau	224,976
Communications & Information Technology	5,551,310
Boards and Commissions	114,651
Fire	3,490,021
Management Services	20,538
Human Services	260,010
Education and Transfer to School	12,355,228
Housing and Neighborhood Preservation	48,679
Museums	11,875
General Government	20,429,081
Emergency Medical Services	409,102
Total	<u>\$ 98,773,599</u>

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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

**C. Component Unit - School Board**

Capital Assets activity for the year ended June 30, 2011 was as follows:

	Balance July 1, 2010	Increases	Decreases	Balance June 30, 2011
Capital Assets Not Being Depreciated:				
Land	\$ 29,881,022	\$ 1,243,700	\$ 8,833	\$ 31,115,889
Construction in Progress	39,413,411	54,786,676	25,792,423	68,407,664
Total Capital Assets Not Being Depreciated	\$ 69,294,433	\$ 56,030,376	\$ 25,801,256	\$ 99,523,553
Capital Assets Being Depreciated:				
Buildings	\$ 469,214,124	\$ 31,463,228	\$ 21,562,741	\$ 479,114,611
Improvements Other Than Buildings	49,053,594	1,331,287	109,236	50,275,645
Machinery and Equipment	98,096,085	11,700,950	5,623,678	104,173,357
Total Capital Assets Being Depreciated	\$ 616,363,803	\$ 44,495,465	\$ 27,295,655	\$ 633,563,613
Less Accumulated Depreciation For: *				
Buildings	\$ 192,950,481	\$ 17,375,736	\$ 13,078,226	\$ 197,247,991
Improvements Other Than Buildings	28,374,820	1,868,817	109,236	30,134,401
Machinery and Equipment	52,767,172	8,464,676	5,272,939	55,958,909
Total Accumulated Depreciation	\$ 274,092,473	\$ 27,709,229	\$ 18,460,401	\$ 283,341,301
Total Capital Assets, Being Depreciated, Net	\$ 342,271,330	\$ 16,786,236	\$ 8,835,254	\$ 350,222,312
Component Unit School Board, Capital Assets, Net	\$ 411,565,763	\$ 72,816,612	\$ 34,636,510	\$ 449,745,865

\* 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, 2011:

	Balance July 1, 2010	Increases	Decreases	Balance June 30, 2011
Capital Assets Not Being Depreciated:				
Land and Improvements	\$ 142,775,007	\$ 1,987,711	\$ -	\$ 144,762,718
Construction in Progress	94,159,512	47,431,334	15,838,585	125,752,261
Total Capital Assets Not Being Depreciated	\$ 236,934,519	\$ 49,419,045	\$ 15,838,585	\$ 270,514,979
Other Capital Assets:				
Buildings and Improvements	\$ 3,590,809	\$ -	\$ -	\$ 3,590,809
Site Improvements	1,457,642	-	-	1,457,642
Utility System	941,811,107	14,360,906	-	956,172,013
Machinery and Equipment	29,217,612	919,335	1,032,717	29,104,230
Total Other Capital Assets at Historical Cost	\$ 976,077,170	\$ 15,280,241	\$ 1,032,717	\$ 990,324,694
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 2,027,683	\$ 93,315	\$ -	\$ 2,120,998
Site Improvements	395,783	36,441	-	432,224
Utility System	351,547,641	20,128,832	-	371,676,473
Machinery and Equipment	23,367,260	2,138,084	984,240	24,521,104
Total Accumulated Depreciation	\$ 377,338,367	\$ 22,396,672	\$ 984,240	\$ 398,750,799
Total Capital Assets Being Depreciated, Net	\$ 598,738,803	\$ (7,116,431)	\$ 48,477	\$ 591,573,895
Business -Type Activities Capital Assets, Net	\$ 835,673,322	\$ 42,302,614	\$ 15,887,062	\$ 862,088,874

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**5. 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	\$ 20,362,760
Storm Water	1,991,821
Resort Parking	42,091
Total Depreciation Expense	<u>\$ 22,396,672</u>

**E. Major Fund - Water and Sewer Enterprise Fund**

	<b>Balance July 1, 2010</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2011</b>
Capital Assets Not Being Depreciated:				
Land and Improvements	\$ 12,508,717	\$ -	\$ -	\$ 12,508,717
Construction in Progress	47,600,674	33,376,576	9,439,845	71,537,405
Total Capital Assets Not Being Depreciated	<u>\$ 60,109,391</u>	<u>\$ 33,376,576</u>	<u>\$ 9,439,845</u>	<u>\$ 84,046,122</u>
Other Capital Assets:				
Buildings and Improvements	\$ 3,590,809	\$ -	\$ -	\$ 3,590,809
Utility System	847,032,401	9,955,522	-	856,987,923
Machinery and Equipment	20,335,176	686,010	614,708	20,406,478
Total Other Capital Assets at Historical Cost	<u>\$ 870,958,386</u>	<u>\$ 10,641,532</u>	<u>\$ 614,708</u>	<u>\$ 880,985,210</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 2,027,683	\$ 93,315	\$ -	\$ 2,120,998
Utility System	313,035,582	18,720,379	-	331,755,961
Machinery and Equipment	16,132,179	1,549,066	608,597	17,072,648
Total Accumulated Depreciation	<u>\$ 331,195,444</u>	<u>\$ 20,362,760</u>	<u>\$ 608,597</u>	<u>\$ 350,949,607</u>
Total Capital Assets Being Depreciated, Net	<u>\$ 539,762,942</u>	<u>\$ (9,721,228)</u>	<u>\$ 6,111</u>	<u>\$ 530,035,603</u>
Water and Sewer Capital Assets, Net	<u>\$ 599,872,333</u>	<u>\$ 23,655,348</u>	<u>\$ 9,445,956</u>	<u>\$ 614,081,725</u>

**F. Major Fund – Storm Water Enterprise Fund**

	<b>Balance July 1, 2010</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2011</b>
Capital Assets Not Being Depreciated:				
Land and Improvements	\$ 128,891,290	\$ 1,987,711	\$ -	\$ 130,879,001
Construction in Progress	46,558,838	14,054,758	6,398,740	54,214,856
Total Capital Assets Not Being Depreciated	<u>\$ 175,450,128</u>	<u>\$ 16,042,469</u>	<u>\$ 6,398,740</u>	<u>\$ 185,093,857</u>
Other Capital Assets:				
Utility System	\$ 94,778,706	\$ 4,405,384	\$ -	\$ 99,184,090
Machinery and Equipment	8,786,392	233,325	418,009	8,601,708
Total Other Capital Assets at Historical Cost	<u>\$ 103,565,098</u>	<u>\$ 4,638,709</u>	<u>\$ 418,009</u>	<u>\$ 107,785,798</u>
Less Accumulated Depreciation For:				
Utility System	\$ 38,512,059	\$ 1,408,453	\$ -	\$ 39,920,512
Machinery and Equipment	7,144,993	583,368	375,643	7,352,718
Total Accumulated Depreciation	<u>\$ 45,657,052</u>	<u>\$ 1,991,821</u>	<u>\$ 375,643</u>	<u>\$ 47,273,230</u>
Total Capital Assets Being Depreciated, Net	<u>\$ 57,908,046</u>	<u>\$ 2,646,888</u>	<u>\$ 42,366</u>	<u>\$ 60,512,568</u>
Storm Water Capital Assets, Net	<u>\$ 233,358,174</u>	<u>\$ 18,689,357</u>	<u>\$ 6,441,106</u>	<u>\$ 245,606,425</u>

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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

**G. Component Unit - Virginia Beach Development Authority**

	Balance July 1, 2010	Increases	Decreases	Balance June 30, 2011
Capital Assets Not Being Depreciated:				
Land and Improvements	\$ 23,066,603	\$ 11,726	\$ -	\$ 23,078,329
Construction in Progress	500,457	3,872	-	504,329
Total Capital Assets Not Being Depreciated	\$ 23,567,060	\$ 15,598	\$ -	\$ 23,582,658
Other Capital Assets:				
Buildings and Improvements	\$ 102,247,451	\$ -	\$ -	\$ 102,247,451
Total Other Capital Assets at Historical Cost	\$ 102,247,451	\$ -	\$ -	\$ 102,247,451
Less Accumulated Depreciation for:				
Component Unit – Virginia Beach Dev. Authority	\$ 15,148,668	\$ 2,726,398	\$ -	\$ 17,875,066
Capital Assets, Net	\$ 110,665,843	\$ 2,710,800	\$ -	\$ 107,955,043

All depreciation was charged to Virginia Beach Development Authority

**H. Component Unit - Virginia Beach Community Development Corporation**

	Balance July 1, 2010	Increases	Decreases	Balance June 30, 2011
Capital Assets Not Being Depreciated:				
Land and Improvements	\$ 3,949,302	\$ 1,895,400	\$ -	\$ 5,844,702
Other Capital Assets:				
Buildings and Improvements	\$ 21,314,971	\$ 3,570,115	\$ -	\$ 24,885,086
Vehicles	28,941	-	-	28,941
Less Accumulated Depreciation for:	5,724,633	921,973	-	6,646,606
Component Unit – Va. Beach Community Dev. Corp.	\$ 19,568,581	\$ 4,543,542	\$ -	\$ 24,112,123

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, 2011	Outstanding Commitments	Unobligated Balance
Engineering and Highways	\$ 163,750,542	\$ 62,518,707	\$ 104,403,335
Buildings	93,517,870	18,025,710	51,964,673
Parks and Recreation	22,486,499	22,908,553	32,718,071
Coastal	-	1,662,098	41,113,674
Economic and Tourism	9,461,809	17,655,449	18,792,700
Total Governmental Activities	\$ 289,216,720	\$ 122,770,517	\$ 248,992,453
<u>School Board Component Unit</u>			
Buildings and Improvements Other than Buildings	\$ 68,407,664	\$ 23,280,186	\$ 34,033,105

(continued)



**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**5. 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, 2011:

	<b>Expended through June 30, 2011</b>		<b>Outstanding Commitments</b>		<b>Unobligated Balance</b>
Virginia Beach Development Authority	\$ 504,329	\$	-	\$	-

**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, 2011:

	<b>Expended through June 30, 2011</b>		<b>Outstanding Commitments</b>		<b>Unobligated Balance</b>
Water Utility Projects	\$ 14,048,607	\$	6,907,699	\$	11,582,942
Sewer Utility Projects	57,488,798		18,146,025		23,406,685
Storm Water Projects	54,214,856		14,846,288		27,473,495
Total Business-Type Activities	\$ 125,752,261	\$	39,900,012	\$	62,463,122

**6. LONG-TERM DEBT**

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

**1. Primary Government - Governmental Activities**

	<b>Balance July 1, 2010</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance June 30, 2011</b>	<b>Amounts Due Within One Year</b>
General Obligation Bonds	\$ 630,203,763	\$ 94,875,000	\$ (56,526,757)	\$ 668,552,006	\$ 58,833,102
State Literary Fund Loans	6,563,546	-	(1,056,500)	5,507,046	757,046
Public Facility Revenue Bonds	261,265,000	-	(18,720,000)	242,545,000	15,360,000
Williams Farm Property	1,487,500	-	(425,000)	1,062,500	425,000
Town Center PFRB's	83,445,000	-	(3,685,000)	79,760,000	3,440,000
Agricultural Reserve Program	32,093,435	6,272,077	-	38,365,512	-
Total Tax Supported Debt	\$ 1,015,058,244	\$ 101,147,077	\$ (80,413,257)	\$ 1,035,792,064	\$ 78,815,148
Other Debt:					
Landfill Closure & Post-Closure Care	\$ 12,090,293	\$ 565,027	\$ -	\$ 12,655,320	\$ -
Deferred Loss	(1,081,802)	206,058	-	(875,744)	(206,058)
Premium	73,874,678	6,600,690	(6,062,249)	74,413,119	6,392,284
Accrued Compensated Leave	39,112,465	29,575,553	(29,843,642)	38,844,376	24,662,654
Estimated Claims & Judgments	24,672,106	5,678,791	(6,133,646)	24,217,251	5,488,777
Governmental Activities Long-Term Debt	\$ 1,163,725,984	\$ 143,773,196	\$ (122,452,794)	\$ 1,185,046,386	\$ 115,152,805

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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

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

**2. Primary Government - Business-Type Activities**

	Balance July 1, 2010	Additions	Reductions	Balance June 30, 2011	Amounts Due Within One Year
General Obligation Bonds	\$ 1,393,938	\$ -	\$ (431,468)	\$ 962,470	\$ 434,020
Double Barrel and Revenue	192,644,719	27,380,000	(13,411,090)	206,613,629	7,992,735
	\$ 194,038,657	\$ 27,380,000	\$ (13,842,558)	\$ 207,576,099	\$ 8,426,755
Less/add Deferred Amounts:					
For Issuance Premiums	4,737,803	396,765	(315,087)	4,819,481	331,620
Total Bonds Payable	\$ 198,776,460	\$ 27,776,765	\$ (14,157,645)	\$ 212,395,580	\$ 8,758,375
Accrued Compensated Leave	3,054,199	2,451,601	(2,353,338)	3,152,462	1,989,714
Business-Type Activities Long-Term Debt	\$ 201,830,659	\$ 30,228,366	\$ (16,510,983)	\$ 215,548,042	\$ 10,748,089

**3. Major Fund - Water and Sewer Enterprise Fund**

	Balance July 1, 2010	Additions	Reductions	Balance June 30, 2011	Amounts Due Within One Year
Double Barrel and Revenue	\$ 185,044,719	\$ -	\$ (5,811,090)	\$ 179,233,629	\$ 7,022,735
	\$ 185,044,719	\$ -	\$ (5,811,090)	\$ 179,233,629	\$ 7,022,735
Less/add Deferred Amounts:					
For Issuance Premiums	4,737,803	-	(298,556)	4,439,247	298,557
Total Bonds Payable	\$ 189,782,522	\$ -	\$ (6,109,646)	\$ 183,672,876	\$ 7,321,292
Accrued Compensated Leave	2,381,332	1,942,243	(1,859,473)	2,464,102	1,588,967
Water and Sewer Long-Term Debt	\$ 192,163,854	\$ 1,942,243	\$ (7,969,119)	\$ 186,136,978	\$ 8,910,259

**4. Major Fund – Storm Water Enterprise Fund**

	Balance July 1, 2010	Additions	Reductions	Balance June 30, 2011	Amounts Due Within One Year
General Obligation Bonds	\$ 1,393,938	\$ -	\$ (431,468)	\$ 962,470	\$ 434,020
Double Barrel and Revenue	7,600,000	27,380,000	(7,600,000)	27,380,000	970,000
	\$ 8,993,938	\$ 27,380,000	\$ (8,031,468)	\$ 28,342,470	\$ 1,404,020
Less/add Deferred Amounts:					
For Issuance Premiums	-	396,765	(16,531)	380,234	33,063
Total Bonds Payable	\$ 8,993,938	\$ 27,776,765	\$ (8,047,999)	\$ 28,722,704	\$ 1,437,083
Accrued Compensated Leave	641,065	464,980	(452,055)	653,990	378,777
Storm Water Long-Term Debt	\$ 9,635,003	\$ 28,241,745	\$ (8,500,051)	\$ 29,376,694	\$ 1,815,860

**5. Component Unit - School Board**

	Balance July 1, 2010	Additions	Reductions	Balance June 30, 2011	Amounts Due Within One Year
Accrued Compensated Leave	\$ 21,059,690	\$ 8,821,561	\$ 9,547,603	\$ 20,333,648	\$ 9,643,079
Estimated Claims and Judgments	13,834,230	115,312,119	114,787,007	14,359,342	10,769,507
Net Pension Obligation	70,385	-	70,385	-	-
Component Unit Long-Term Debt– Schools	\$ 34,964,305	\$ 124,133,680	\$ 124,404,995	\$ 34,692,990	\$ 20,412,586

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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

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

**6. Component Unit - Virginia Beach Development Authority**

	Balance July 1, 2010		Additions		Reductions		Balance June 30, 2011		Amounts Due Within One Year
Lease Revenue Bonds	\$ 5,005,000	\$	-	\$	(525,000)	\$	4,480,000	\$	550,000
Public Facility Revenue Bonds	83,445,000		-		(3,685,000)		79,760,000		3,440,000
Revenue Note	1,298,051		-		-		1,298,051		1,298,051
Total Bonds Payable	\$ 89,748,051	\$	-	\$	(4,210,000)	\$	85,538,051	\$	5,288,051
Add Bond Premium	1,827,408		-		(121,754)		1,705,654		-
Deferred Loss on Refunding	(1,540,000)		-		117,707		(1,422,293)		-
Less Bond Discount	(152,115)		-		15,308		(136,807)		-
Total Bonds and Notes Payable	\$ 89,883,344	\$	-	\$	(4,198,739)	\$	85,684,605	\$	5,288,051
Notes Payable City of Virginia Beach	4,228,026		-		(564,843)		3,663,183		-
Component Unit Long-Term Debt – Virginia Beach Development Authority	\$ 94,111,370	\$	-	\$	(4,763,582)	\$	89,347,788	\$	5,288,051

**7. Component Unit - Virginia Beach Community Development Corporation**

	Balance July 1, 2010		Additions		Reductions		Balance June 30, 2011		Amounts Due Within One Year
Notes Payable	\$ 12,944,724	\$	2,674,629	\$	(1,616,210)	\$	14,003,143	\$	924,736
Component Unit Long-Term Debt – Va. Beach Development Corp.	\$ 12,944,724	\$	2,674,629	\$	(1,616,210)	\$	14,003,143	\$	924,736

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**6. 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 %	
2011 A PI	06/29/10	\$ 90,000,000	3.212396	-	-	\$ 90,000,000
2010-1 QSCB	07/08/10	4,875,000	5.310	-	-	4,590,000
2010 Recovery Zone	03/15/10	5,995,000	3.038509	-	-	5,770,000
2010 A PI	05/25/10	60,000,000	2.97032	-	-	57,000,000
2009 PI Refunding	01/26/10	20,755,000	3.041988	-	-	20,655,000
2009 B PI Refunding	01/26/10	78,875,000	2.910179	-	-	78,875,000
2009 PI	06/16/09	72,000,000	3.655747	-	-	54,000,000
2008 PI	03/25/08	90,000,000	4.161171	-	-	58,500,000
2008 VPSA	12/01/08	6,350,705	-	-	-	5,773,969
2008 Refunding	05/13/08	51,625,000	2.881742	-	-	27,880,000
2007 PI	03/27/07	75,000,000	4.003699	-	-	48,750,000
2005 PI	12/15/05	80,000,000	4.270424	-	-	44,000,000
2004B PI Refunding	10/01/04	114,855,000	3.688578	-	-	105,225,000
2004 A PI	06/01/04	65,000,000	4.354874	1.13	-	22,750,000
2003 A PI	05/15/03	50,000,000	3.575097	-	-	17,500,000
2003 B PI Refunding	05/15/03	50,870,000	2.835286	0.93	-	20,810,000
2002 PI & Refunding	03/05/02	95,000,000	4.315919	1.11	-	3,250,000
2002 State Literary	01/01/02	7,500,000	3.0	-	-	4,125,000
1996 A School	11/14/96	4,151,083	3.0	-	-	1,409,674
1996 State Literary	03/01/96	2,500,000	3.0	-	-	625,000
1996 State Literary	03/01/96	2,500,000	3.0	-	-	625,000
1995 A PI	12/21/95	2,096,324	3.0	-	-	594,850
1993 Refunding	04/15/93	156,080,000	4.9999286	-	6.51	1,770,000
1992 PI VPSA	11/12/92	794,347	5.86289	-	-	96,615
1991 State Literary	09/01/91	130,546	4.0	-	-	7,046
1991 State Literary	09/01/91	2,500,000	4.0	-	-	125,000
1991 A PI VPSA	07/31/91	5,278,597	6.447	-	-	314,368
Total General Obligation Bonds and Loans						\$ 675,021,522

**"Double Barrel" Revenue Bonds and Notes:\***

2010 A Storm Water Revenue	11/16/10	\$ 20,000,000	3.170505	100	-	\$ 20,000,000
2010 B Storm Water Refunding	11/16/10	7,380,000	2.607102	100	-	7,380,000
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	8,250,000
2010 C W&S Refunding	06/29/10	24,950,000	3.156061	-	100	24,530,000
2005 W&S Revenue & Refund	10/05/05	92,700,000	4.2312375	-	100	70,220,000
2002 W&S Revenue	10/15/02	28,000,000	4.8066	-	100	4,740,000
1998 Taxable W&S Revenue	08/28/98	5,774,218	4.3	-	100	2,945,467
1997 Taxable W&S Revenue	01/30/97	7,190,048	4.75	-	100	3,153,229
1994 Taxable W&S Revenue	01/18/95	1,405,031	4.50	-	100	394,933
Total "Double Barrel" and Revenue Bonds and Notes						\$ 206,613,629

**Other Long-Term Debt:**

2010 A Public Facilities Revenue	05/25/10	\$ 17,000,000	2.582319	-	-	\$ 15,300,000
2010 B Public Facilities Refunding	05/25/10	98,035,000	2.993556	-	-	72,555,000
2010 C Public Facilities Refunding	05/25/10	40,450,000	3.396935	-	-	27,465,000
2007 A Public Facilities Revenue	06/26/07	96,835,000	4.5444247	-	-	56,025,000
2005 A Public Facilities Revenue	05/01/05	77,850,000	3.2284162	-	-	27,800,000
2004 Williams Farm Install. Pur. Agmt	01/14/04	4,250,000	5.0	-	-	1,062,500
2003 Public Facility Revenue	09/01/03	153,200,000	4.6840646	-	-	43,400,000
Total Other Long-Term Debt						\$ 243,607,500

Total Bonds, Notes and Loans Payable (Excludes Other Component Units) \$ 1,125,242,651

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

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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

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

**General Obligation Bonds and Loans** (continued)

Defeased Debt - In prior years, the City defeased certain general obligation, public improvement, and public utility bonds by placing funds in irrevocable escrow accounts to provide for future debt service payments on the defeased debt. Accordingly, the escrow account assets and liabilities for the defeased debt are not included in the City's financial statements. At June 30, 2011, the outstanding balance of the defeased debt, including current year defeased debt, is \$292.8 million, of which \$30.6 million is for the Water and Sewer Fund.

**C. Summary of Recent Refundings**

**1. Current Refunding of Storm Water Bonds Series 2000**

On November 16, 2010, the City issued \$7.380 million of Storm Water Utility Refunding Revenue Bonds. Proceeds from the Series 2010 B were used to redeem the City's outstanding Storm Water Utility Revenue Bonds, Series 2000. The Refunding Bonds, combined with \$51,845 of premium, were used to redeem the Refunded Bonds on November 16, 2010 at a price of 101% of the principal amount. This current refunding was undertaken to reduce total debt service payments over the next 15 years by \$1.85 million and resulted in an economic gain of \$1.6 million.

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

On May 25, 2010, the City issued \$98.035 million of Public Facility Refunding Revenue Bonds, Series 2010B and \$40.45 million of Public Facility Refunding Revenue Bonds, Series 2010C. The refunding bonds combined with \$19.03 million in premiums to provide resources to purchase U.S. Government, State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$137.5 million of Public Facility Revenue bonds. Included in the bonds sold were \$37.015 million in Public Facility Refunding Revenue Bonds to refund debt currently held by the Virginia Beach Development Authority. The remaining bonds were sold to refund debt currently outstanding for the City. As a result, the refunded bonds are considered to be defeased and the City's portion of the liability has been removed from the government activities column of the statement of net assets. The reacquisition price exceeded the net carrying 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 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.

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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

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

**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:

Year Ending June 30	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2012	\$ 59,590,148	\$ 29,738,446	\$ 434,020	\$ 35,340
2013	57,365,809	27,303,363	306,434	16,541
2014	54,317,970	24,834,375	222,016	4,440
2015	50,927,933	22,519,594	-	-
2016	47,576,294	20,184,159	-	-
2017-2021	201,281,461	68,496,611	-	-
2022-2026	142,078,049	30,710,270	-	-
2027-2031	60,921,388	6,409,708	-	-
	<u>\$ 674,059,052</u>	<u>\$ 230,196,526</u>	<u>\$ 962,470</u>	<u>\$ 56,321</u>

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

Year Ending June 30	Business-Type Activities	
	Principal	Interest
2012	\$ 7,992,735	\$ 9,025,845
2013	8,241,071	8,741,422
2014	8,806,176	8,446,655
2015	9,123,130	8,133,125
2016	9,396,806	7,781,185
2017-2021	46,328,711	33,250,010
2022-2026	51,475,000	23,305,621
2027-2031	39,380,000	12,231,656
2032-2036	25,870,000	3,800,535
	<u>\$ 206,613,629</u>	<u>\$ 114,716,054</u>

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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

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

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

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2012	\$ 15,785,000	\$ 11,290,900
2013	16,490,000	10,534,831
2014	16,992,500	9,734,875
2015	17,350,000	8,944,700
2016	15,300,000	8,258,950
2017-2021	84,540,000	29,324,750
2022-2026	68,805,000	8,704,869
2027-2028	8,345,000	407,375
	<u>\$ 243,607,500</u>	<u>\$ 87,201,250</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, 2011, was \$46,930,091. 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, 2011, 83 installment purchase agreements totaling 8,681 acres at a total purchase price of \$38,365,512 have been executed.

(continued)



**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**6. 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>
2012	\$ -	\$ 2,129,754
2013	-	-
2014	-	-
2015	-	-
2016	-	-
2017-2021	-	10,648,772
2022-2026	14,804,763	7,945,165
2027-2031	7,838,663	4,327,670
2032-2036	15,722,086	2,300,624
Totals	\$ <u>38,365,512</u>	\$ <u>35,871,001</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, 2011, this amount is \$5.3 billion. However, the City Council has adopted four affordability policies that restrict the amount of debt below the amount indicated by the "Legal Debt Margin", including a ceiling of \$2,800 debt per capita.

**G. Water and Sewer Enterprise Revenue Bonds**

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

**H. Storm Water Revenue Bonds**

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

**I. General Debt Service Fund Expenditures**

	<u>Principal Retirement</u>	<u>Interest and Fiscal Charges</u>	<u>Total</u>
Serial Bonds and Notes	\$ 56,526,757	\$ 28,123,096	\$ 84,649,853
Other Long-Term Obligations	22,830,000	14,016,443	36,846,443
State Literary Fund Notes	1,056,500	201,542	1,258,042
Bank Charges & Bond Issuance Costs	-	800,491	800,491
Totals	\$ <u>80,413,257</u>	\$ <u>43,141,572</u>	\$ <u>123,554,829</u>

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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

**J. Accrued Compensated Leave**

The accrued compensated leave is as follows at June 30, 2011:

<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	\$ 28,474,426	\$ 2,559,043	\$ -	\$ 31,033,469
City - Compensatory	6,870,761	146,639	-	7,017,400
City - Sick	3,499,189	446,780	-	3,945,969
School - Annual	-	-	8,732,605	8,732,605
School - Sick	-	-	9,775,927	9,775,927
School - Personal	-	-	1,825,116	1,825,116
Total	\$ 38,844,376	\$ 3,152,462	\$ 20,333,648	\$ 62,330,486

**K. Authorized But Unissued Bonds**

<u>Purpose</u>	<u>June 30, 2011</u>
General Obligation Debt:	
2010 Charter Bonds	\$ 31,761,888
2011 Charter Bonds	65,500,000
Total General Obligation Debt	\$ 97,261,888
Water and Sewer Debt:	
2009 W & S Revenue Bonds	\$ 16,087,666
2011 W & S Revenue Bonds	27,000,000
Total Water and Sewer Debt	\$ 43,087,666
Storm Water Utility Revenue Bonds:	
2006 Storm Water Utility Revenue Bonds	\$ 448,440
2008 Storm Water Utility Revenue Bonds	6,000,000
2011 Storm Water Utility Revenue Bonds	16,300,000
Total Storm Water Utility Debt	\$ 22,748,440
Total Authorized and Unissued Debt - June 30, 2011	\$ 163,097,994

**L. Revenue Covenants**

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

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

Various mortgage loan agreements and notes payable with interest at 3.25% to 7.1%, collateralized by real property. \$ 14,003,143

**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, 2011 are as follows:

Long-Term Notes Payable \$ 3,663,183

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

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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

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

**1. Notes Payable - City of Virginia Beach** (continued)

amount of \$4,830,936, is secured by a first lien on the 31<sup>st</sup> 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 31<sup>st</sup> 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, 2011, are as follows:

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

On March 6, 2000, the Authority and Town Center Associates, L.L.C. entered into an agreement for the development of the Town Center. Financing for the purchase of the land for future phases beyond Phase I of this project was obtained from 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, 2011 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, 2011 are as follows:

**Social Services Facility:**

Lease Revenue Bonds 1998	\$        4,480,000
Less: Unamortized Bond Discount	(31,946)
Less Current Portion	(550,000)
Long-Term Portion	\$        3,898,054

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**6. 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	\$ 67,665,000
Public Facility Revenue Bonds (Taxable)	12,095,000
Less: Unamortized Bond Discount	(104,861)
Add: Unamortized Bond Premium	1,705,654
Less: Deferred Loss on Refunding	(1,422,293)
Less Current Portion	(3,440,000)
Long-Term Portion	<u>\$ 76,498,500</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, 2011, including interest payments of \$33,176,960 are summarized as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 5,288,051	\$ 4,070,464
2013	4,810,000	3,864,843
2014	5,800,000	3,644,391
2015	5,610,000	3,414,850
2016	6,117,510	3,175,955
2017-2021	32,325,673	11,274,386
2022-2026	25,340,000	3,524,586
2027-2028	3,910,000	207,485
Plus: Unamortized Net Premium	1,705,654	-
Less: Deferred loss on refunding	(1,422,293)	-
Less: Unamortized Bond Discount	(136,807)	-
Total	<u>\$ 89,347,788</u>	<u>\$ 33,176,960</u>

**O. Compliance**

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

**P. 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, 2011**

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

**P. 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.

**Q. 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 31<sup>st</sup> Street Project, purchase of the 9<sup>th</sup> 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, 2011**

**7. ASSETS AND OBLIGATIONS UNDER LEASES**

**Operating Leases Governmental Activities**

**Social Services Facility**

The City is leasing the Social Services Facility through a financing arrangement with the Virginia Beach Development Authority. Under the arrangement, the Authority issued \$9,800,000 in tax-exempt Lease Revenue Bonds to finance the Facility. 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, 2011:

<b><u>Fiscal Year Ending June 30:</u></b>		
2012	\$	755,301
2013		753,926
2014		755,750
2015		755,990
2016		759,000
2017- 2018		1,518,125
Total Minimum Lease Payments	\$	5,298,092
Less Amount Representing Interest		(818,092)
Present Value of Minimum Lease Payments	\$	<u>4,480,000</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.

**8. DEPOSITS AND INVESTMENTS**

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

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

As of June 30, 2011, 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.

<b><u>Investment Type</u></b>	<b><u>Fair Value</u></b>	<b><u>Weighted Average Maturities (in months)</u></b>
Certificates of Deposit	\$ 124,194,873	1.60
State Treasurer's Local Government Investment Pool (LGIP)	335,000,000	0.62
Commercial Paper Disc. – Amortizing	17,468,943	0.10
U. S. Government Securities	48,500,000	1.70
State Non Arbitrage Program – SNAP	4,855,308	0.01
Arbitrage Investment Management Program – AIM	<u>12,901,590</u>	<u>0.02</u>
Total Fair Value	\$ <u>542,920,714</u>	
Portfolio Weighted Average Maturity		<u><u>0.90</u></u>

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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

Reconciliation of total deposits and investments to the government-wide financial statements at June 30, 2011:

	Primary Government	School Board Component Unit	Total
Cash and Investments	\$ 288,972,693	\$ 202,652,446	\$ 491,625,139
Restricted Cash and Cash Equivalents	419,400,257	-	419,400,257
Fiduciary Funds	390,180	13,441,756	13,831,936
Total	<u>\$ 708,763,130</u>	<u>\$ 216,094,202</u>	<u>\$ 924,857,332</u>
Less: Cash on Deposit			(381,936,618)
Total Market Value of Investments at June 30, 2011			<u>\$ 542,920,714</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, 2011 were rated by Standard & Poor's and Moody's and/or an equivalent national rating organization and the ratings are presented below using the respective rating scale from both agencies.

<u><b>Rated Debt Investments</b></u>	<u><b>Fair Quality Ratings</b></u>
	<u><b>AAA</b></u> <u><b>A1/P1/F1+</b></u>
State Treasurer's Local Government Investment Pool (LGIP)	\$ 335,000,000      \$ -
U. S. Government Securities	48,500,000      -
State Non Arbitrage Program (SNAP)	4,855,308      -
Arbitrage Investment Management Program (AIM)	12,901,590      -

(continued)



**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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

**Credit Risk:** (continued)

**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, 2011, 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, 2011 resulted in a net increase of \$627,565.

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, 2011, \$51,014 in interest income was reported in designated funds and subsequently transferred to the General Fund.

**9. COMMITMENTS AND CONTINGENCIES**

**A. Litigation**

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

**B. Intergovernmental Grants, Entitlements, and Shared Revenues**

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

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

**C. City Manager Employment Contract**

On 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.

**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

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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

**E. Landfill Closure** (continued)

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 8.1 million tons. The remaining useful life of the landfill is estimated to be 4 years, through the year 2015.

To date, approximately 92.51 percent of the developed landfill has been used. Based on a 2010 study, the estimated cost for both closure and post-closure care is \$28,293,417, 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 \$12,655,320 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.

**G. Encumbrances**

Encumbrance accounting, the recording of purchase orders, contracts, and other monetary commitments in order to reserve an applicable portion of an appropriation is used as an extension of formal budgetary control by the City. At June 30, 2011 the City had outstanding encumbrances as follows:

General Fund	\$	10,760,375
Capital Projects		122,770,517
Nonmajor Special Revenue Funds		2,486,210
Total	\$	<u>136,017,102</u>

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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

**A. Interfund Transfers**

Interfund transfers for the year ended June 30, 2011 were made up of the following:

Transfers To:	Transfer From:						Total
	General Fund	Capital Projects	Storm Water	Nonmajor Governmental	Nonmajor Parking Enterprise	Internal Service	
General Fund	\$ 45,000	\$ -	\$ 2,352	\$ 12,614,778	\$ -	\$ -	\$ 12,662,130
Capital Project Funds	45,572,650	-	-	8,956,127	300,000	327,049	55,155,826
Storm Water Fund	58,648	-	-	13,610	-	-	72,258
Water and Sewer Fund	-	-	264,233	-	-	-	264,233
Nonmajor Governmental Funds	118,130,990	377,518	-	38,126,905	706,211	-	157,341,624
Internal Service Fund	6,400,000	-	-	1,500,000	-	-	7,900,000
Nonmajor Parking Enterprise Fund	-	-	-	219,983	-	-	219,983
Total	\$ 170,207,288	\$ 377,518	\$ 266,585	\$ 61,431,403	\$ 1,006,211	\$ 327,049	\$ 233,616,054

**Purpose:**

**Transfers From General Fund:**

\$ 45,000	General Fund: Oyster Heritage Trust Fund
45,572,650	Capital Project Funds: Funding for Pay-As-You-Go Capital Project Funds.
58,648	Storm Water Fund: General Fund support of Storm Water operations.
118,130,990	Nonmajor Governmental Funds: Funding for Special Revenue Programs.
6,400,000	Internal Service Fund: Funding for Risk Management Fund.

**Transfers From Capital Projects Fund:**

\$ 377,518	Nonmajor Governmental Funds – Sheriff
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**Transfers From Storm Water Enterprise Fund:**

\$ 2,352	General Fund: ComIT charges
264,233	Water and Sewer Fund: Storm Water support for billing system operations.

**Transfers From Nonmajor Governmental Funds:**

\$ 12,614,778	General Fund: Special Revenue Funds, primarily surplus funds from Sandbridge TIF and Agriculture Reserve.
8,956,127	Capital Projects Funds: Funding for Pay-As-You-Go Capital Projects.
13,610	Storm Water Fund: Tourism Growth Investment Fund support of Storm Water operations.
38,126,905	Nonmajor Governmental Funds: Funding for support of existing programs.
219,983	Nonmajor Enterprise Funds: Operational support.
1,500,000	Internal Service Fund: Funding for Risk Management Fund

**Transfer From Nonmajor Enterprise Funds:**

\$ 300,000	Capital Projects Funds: Economic and Tourism Development
706,211	Nonmajor Governmental Funds: Operational support.

**Transfer From Internal Service Funds:**

\$ 327,049	Capital Projects Funds: Funding for Communications System Capital Projects.
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**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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**10. 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, 2011:

Internal Service Fund:	
Risk Management	\$ <u>10,807,957</u>

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

**C. Accounting Changes, Restatements and Fund Closing**

1. During Fiscal Year 2011 the City adopted GASB Statement 54, "Fund Balance reporting and Governmental Fund Type Definitions". As a result of this adoption the beginning fund balance for the General Fund was restated to reflect the addition of the School Reserve Special Revenue Fund. The ending fund balance for this special revenue fund will now be reflected as a portion of the committed fund balance for the General Fund. All activity will be reflected within the General Fund Financial Statements. As a result of this combination the beginning fund balance of the General Fund has been restated to reflect a balance of \$194,122,469.
2. The Access Channel Support Special Revenue Fund closed effective July 1, 2010. Financial activities associated with this fund will be accounted for in the General Fund in Fiscal Year 2011 and thereafter. There were no residual balances remaining in this fund at year end therefore General Fund balance was not restated.
3. Effective July 1, 2010 the Golf Course Special Revenue Fund will be accounted for in the Parks and Recreation Fund. The Golf Course Special Revenue Fund was closed and the remaining balance of this fund transferred to the Parks and Recreation Fund. As a result of this combination, the beginning fund balance in the Parks and Recreation Fund has been restated to reflect a balance of \$7,272,693.
4. Effective July 1, 2010 the Marine Science Center Special Revenue Fund will be accounted for in the Grants Consolidated Special Revenue Fund. As a result of this combination the beginning fund balance for the Grants Consolidated Fund has been restated to reflect a balance of \$1,898,002.

**11. RISK MANAGEMENT**

**A. Primary Government Self-Insurance Program**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City is also exposed to the risk of loss for employee medical benefits. These benefits are accounted for in the School Health Insurance Internal Service Fund. This fund accounts for and finances this joint self-insured program between the City and the School Board. During Fiscal Year 1973, the City established a Risk Management Fund (an internal service Fund) to account for and finance its uninsured risks of loss. Under this program, the Risk Management Fund provides coverage for up to a maximum of \$850,000 for each workers' compensation claim, \$2,000,000 for each general and auto liability claim, \$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.

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**11. RISK MANAGEMENT** (continued)

**A. Primary Government Self-Insurance Program** (continued)

The estimated claims and judgments liability of \$24,217,251 reported in the Fund at June 30, 2011 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.

		<b>Beginning of Fiscal-Year Liability</b>		<b>Current-Year Claims &amp; Changes in Estimates</b>		<b>Claims Payments</b>		<b>Balance at Fiscal Year-End</b>
2009-2010	\$	19,338,015	\$	17,456,198	\$	12,122,107	\$	24,672,106
2010-2011	\$	24,672,106	\$	5,678,791	\$	6,133,646	\$	24,217,251

**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 \$150,000 per occurrence; Vehicle Liability is \$250,000 per occurrence; General Liability is \$150,000 per occurrence; and Workers' Compensation is \$500,000 per occurrence.

Commercial insurance is purchased to cover the amount in excess of the above self-insured levels for specific losses. 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 \$150,000 per occurrence for School Leaders Liability; and losses in excess of \$150,000 per occurrence for General Liability; losses in excess of \$250,000 per occurrence for Vehicle liability; and losses in excess of \$500,000 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, 2011 is \$6,788,342 (undiscounted) as follows:

		<b>Beginning-of Fiscal-Year Liability</b>		<b>Current-Year Claims &amp; Changes in Estimates</b>		<b>Claims Payments</b>		<b>Balance at Fiscal Year-End</b>
2010-2011	\$	6,110,230	\$	5,518,013	\$	4,839,901	\$	6,788,342
2009-2010	\$	6,024,794	\$	4,821,550	\$	4,736,114	\$	6,110,230

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

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**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**11. RISK MANAGEMENT** (continued)

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

administrators and a health care benefits consultant to aid in the determination of self-insurance liabilities. The computed liability as of June 30, 2011 is \$7,571,000 (undiscounted), as follows:

	<u>Beginning-of Fiscal-Year Liability</u>		<u>Current-Year Claims &amp; Changes in Estimates</u>		<u>Claims Payments</u>		<u>Balance at Fiscal Year-End</u>
2010-2011	\$ 7,724,000	\$	109,794,106	\$	109,947,106	\$	7,571,000
2009-2010	\$ 7,425,159	\$	108,090,373	\$	107,791,532	\$	7,724,000

**C. Surety Bonds**

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

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

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

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

**12. RETIREMENT**

**A. Virginia Retirement System**

**Plan Description**

The City and School Board participate in the Virginia Retirement System (VRS or the System), which is an agent and cost-sharing, multiple-employer defined benefit pension plan. The City is a separate cost-sharing pool within VRS, and makes contributions based on rates set by VRS's actuarial calculations of the annual required contributions. All full-time, salaried permanent (professional) employees of public school divisions and employees of participating employers are automatically covered by VRS upon employment. Benefits vest after five years of service credit. Members earn one month of service credit for each month they are employed and their employer is paying into the VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as credit in their plan.

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

- Members hired before July 1, 2010 and who have service credits before July 1, 2010 are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or age 50 with at least 30 years of service credit. They may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least ten years of service credit.
- Members hired or rehired on or after July 1, 2010 and who have no service credits before July 1, 2010 are covered under Plan 2. Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with at least five years of service credit.

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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**12. RETIREMENT** (continued)

**A. Virginia Retirement System** (continued)

**Plan Description** (continued)

- Eligible hazardous duty members in Plan 1 and Plan 2 are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. These members include sheriffs, deputy sheriffs and hazardous duty employees of political subdivisions that have elected to provide enhanced coverage for hazardous duty service. They may retire with a reduced benefit as early as age 50 with at least five years of service credit. All other provisions of the member's plan apply.

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

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

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

**Funding Policy**

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. In addition, the City and School Board are required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The City's contribution rate for the fiscal year ended 2011 was 17.58% of annual covered payroll. The School Board (non-professional employees) contribution rate for the fiscal year ended 2011 was 11.26% of annual covered payroll.

The School Board 2011 contribution to the VRS statewide teacher pool was \$34,487,826. This amount represented 3.93% of annual covered payroll for 2011. The contribution for 2010 was \$44,050,383 and 13.81% of annual covered payroll. The contribution for 2009 was \$55,006,620 and 13.81%, of annual covered payroll. The actual contribution for each of these years was equal to the required contribution.

**Annual Pension Cost**

For the Fiscal Year ended 2011, the City's annual pension cost of \$48,314,954 was equal to the City's actual contributions. For 2011, the School Board's annual pension cost of \$4,363,858 was equal to the School Board's actual contributions.

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**12. RETIREMENT** (continued)

**A. Virginia Retirement System** (continued)

**Three-Year Trend Information for City of Virginia Beach**

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Assets)</u>
<b><u>City</u></b>			
June 30, 2011	\$ 48,314,954	100.0%	\$ -
June 30, 2010	\$ 46,752,410	100.0%	\$ -
June 30, 2009	\$ 47,153,922	100.0%	\$ -
<b><u>School Board</u></b>			
June 30, 2011	\$ 4,363,858	100.0%	\$ -
June 30, 2010	\$ 4,784,521	100.0%	\$ -
June 30, 2009	\$ 4,964,405	100.0%	\$ -

The FY 2011 required contribution was determined as part of the June 30, 2009 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2009 included (a) an investment rate of return (net of administrative expenses) of 7.00%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the City's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The City's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2009 for the Unfunded Actuarial Accrued Liability (UAAL) was 20 years.

**Funded Status and Funding Progress**

As of June 30, 2011 for the City, the most recent actuarial valuation date, the plan was 73.14% funded. The actuarial accrued liability for benefits was \$1,523,438,859, and the actuarial value of assets was \$1,114,172,642, resulting in an unfunded actuarial accrued liability (UAAL) of \$409,266,217. The covered payroll (annual payroll of active employees covered by the plan) was \$280,058,066, and the ratio of the UAAL to the covered payroll was 146.14%.

As of June 30, 2011 for the School Board, the most recent actuarial valuation date, the plan was 84.39% funded. The actuarial accrued liability for benefits was \$182,222,930, and the actuarial value of assets was \$153,783,371, resulting in an unfunded actuarial accrued liability (UAAL) of \$28,439,559. The covered payroll (annual payroll of active employees covered by the plan) was \$41,493,390, and the ratio of the UAAL to the covered payroll was 68.54%.

(continued)



**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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**12. RETIREMENT** (continued)

**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, 2010.

**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.

**13. OTHER POSTEMPLOYMENT BENEFITS**

*Plan Description.* The City and School Board Other Postemployment Benefit Plans are each 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 which invests funds contributed by each participating employer. It does not administer the retiree health benefits of each participating employer. Deposits to this trust are irrevocable and are held solely for the payment of OPEB benefits for the City and School Board.

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**13. OTHER POSTEMPLOYMENT BENEFITS** (continued)

*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, 2011 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 2011, 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 2011, 2010 and 2009 are presented below:

**City**

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
06/30/2011	\$ 8,854,121	100%	\$ -
06/30/2010	\$ 8,854,121	100%	\$ -
06/30/2009	\$ 8,932,316	100%	\$ -

**School Board**

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
06/30/2011	\$ 8,881,926	100%	\$ -
06/30/2010	\$ 8,881,926	100%	\$ -
06/30/2009	\$ 8,829,752	100%	\$ -

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

	<b><u>City</u></b>	<b><u>School Board</u></b>
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)	\$ 69,737,180	\$ 66,699,080
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.

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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**13. OTHER POSTEMPLOYMENT BENEFITS** (continued)

*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 years ending June 30, 2010 and 2011 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.

**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**

<b><u>City Employees</u></b>						
	(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, 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%
June 30, 2010	\$ 1,114,172,642	\$ 1,523,438,859	\$ 409,266,217	73.14%	\$ 280,058,066	146.14%
<b><u>School Board Non-Professional Employees</u></b>						
	(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, 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%
June 30, 2010	\$ 153,783,371	\$ 182,222,930	\$ 28,439,559	84.39%	\$ 41,493,390	68.54%

Note: Source Virginia Retirement System Actuarial Valuation Report for June 30, 2010. 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, 2009	\$ 8,932,316	100%
June 30, 2010	\$ 8,854,121	100%
June 30, 2011	\$ 8,854,121	100%

School Board		
Year Ended Date	Annual Required Contribution	Percentage Contributed
June 30, 2009	\$ 8,829,752	100%
June 30, 2010	\$ 8,881,926	100%
June 30, 2011	\$ 8,881,926	100%

Note: Source Postretirement Benefit Valuation Report, dated January 2010, for the periods ending June 30, 2010 and 2011.



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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, 2011**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Total Nonmajor Governmental Funds
<b><u>ASSETS</u></b>			
Cash and Investments	\$ 40,095,364	\$ 868,077	\$ 40,963,441
Cash and Investments - Restricted	18,683,883	-	18,683,883
Agriculture Reserve Program Treasury Strips	-	19,073,995	19,073,995
Receivables (net of allowance for uncollectables, where applicable):			
Accounts	226,104	-	226,104
Loans	6,015,607	-	6,015,607
Due from:			
Other Governments	51,813	-	51,813
Commonwealth	2,461,715	-	2,461,715
Federal Government	2,933,499	-	2,933,499
Total Assets	<u>\$ 70,467,985</u>	<u>\$ 19,942,072</u>	<u>\$ 90,410,057</u>
<b><u>LIABILITIES</u></b>			
Vouchers and Accounts Payable	\$ 3,126,549	\$ 220,611	\$ 3,347,160
Due to:			
Other Funds	679,537	-	679,537
Commonwealth	3,381	-	3,381
Federal Government	2,367	-	2,367
Deferred Revenue	318,070	-	318,070
Total Liabilities	<u>\$ 4,129,904</u>	<u>\$ 220,611</u>	<u>\$ 4,350,515</u>
<b><u>FUND BALANCES</u></b>			
Restricted for:			
Special Revenue Funds	\$ 16,862,215	\$ -	\$ 16,862,215
Debt Service	-	19,721,461	19,721,461
Committed to:			
Special Revenue Funds	38,536,668	-	38,536,668
Assigned to:			
Special Revenue Funds	10,939,198	-	10,939,198
Total Fund Balances	<u>\$ 66,338,081</u>	<u>\$ 19,721,461</u>	<u>\$ 86,059,542</u>
Total Liabilities and Fund Balances	<u>\$ 70,467,985</u>	<u>\$ 19,942,072</u>	<u>\$ 90,410,057</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, 2011**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Total Nonmajor Governmental Funds
<b><u>REVENUES</u></b>			
General Property Taxes - Real Estate	\$ 21,626,665	\$ -	\$ 21,626,665
Other Local Taxes	44,322,490	-	44,322,490
From Use of Money and Property	1,988,364	5,136	1,993,500
Charges for Services	17,001,043	-	17,001,043
Miscellaneous	986,763	-	986,763
Fines and Forfeitures	802,051	-	802,051
From Commonwealth	21,788,011	-	21,788,011
From Federal Government	38,011,241	675,474	38,686,715
Total Revenues	<u>\$ 146,526,628</u>	<u>\$ 680,610</u>	<u>\$ 147,207,238</u>
<b><u>EXPENDITURES</u></b>			
Judicial	\$ 35,614,402	\$ -	\$ 35,614,402
Executive	82,177	-	82,177
Library	344,684	-	344,684
Police	1,261,161	-	1,261,161
Fire	2,750,793	-	2,750,793
Public Works	1,431,811	-	1,431,811
Parks and Recreation	27,992,796	-	27,992,796
Agriculture	2,110,093	-	2,110,093
Convention and Visitor Development	15,715,239	-	15,715,239
Housing and Neighborhood Prevention	23,863,536	-	23,863,536
Human Services	8,946,981	-	8,946,981
Museums	33,089	-	33,089
General Government	1,830,932	-	1,830,932
Boards and Commissions	1,759,443	-	1,759,443
Emergency Medical Services	736,749	-	736,749
Debt Service:			
Principal Retirement	-	80,413,257	80,413,257
Interest and Fiscal Charges	-	43,141,572	43,141,572
Total Expenditures	<u>\$ 124,473,886</u>	<u>\$ 123,554,829</u>	<u>\$ 248,028,715</u>
Deficiency of Revenues over Expenditures	<u>\$ 22,052,742</u>	<u>\$ (122,874,219)</u>	<u>\$ (100,821,477)</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>			
Transfers In	\$ 32,354,276	\$ 124,987,348	\$ 157,341,624
Transfers Out	(61,431,403)	-	(61,431,403)
Premium on Bonds Sold	-	406,800	406,800
Increase (Decrease) Treasury Strips	-	(49,823)	(49,823)
Total Other Financing Sources and (Uses)	<u>\$ (29,077,127)</u>	<u>\$ 125,344,325</u>	<u>\$ 96,267,198</u>
Net Change in Fund Balance	<u>\$ (7,024,385)</u>	<u>\$ 2,470,106</u>	<u>\$ (4,554,279)</u>
Fund Balance at Beginning of Year - Restated	<u>73,362,466</u>	<u>17,251,355</u>	<u>90,613,821</u>
Fund Balance at End of Year	<u><u>\$ 66,338,081</u></u>	<u><u>\$ 19,721,461</u></u>	<u><u>\$ 86,059,542</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, 2011**

Source	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b><u>General Property Taxes</u></b>				
Real Estate	\$ 449,833,986	\$ 449,833,986	\$ 451,680,757	\$ 1,846,771
Personal Property	117,895,943	117,895,943	118,915,748	1,019,805
Prior Year's Personal Property	46,130	46,130	18,738	(27,392)
Interest on Delinquent Taxes	2,110,708	2,110,708	1,589,143	(521,565)
Total General Property Taxes	<u>\$ 569,886,767</u>	<u>\$ 569,886,767</u>	<u>\$ 572,204,386</u>	<u>\$ 2,317,619</u>
<b><u>Other Local Taxes</u></b>				
General Sales	\$ 50,596,245	\$ 50,596,245	\$ 51,743,905	\$ 1,147,660
Utility	47,253,219	47,253,219	45,129,301	(2,123,918)
Business Licenses	40,771,644	40,771,644	41,281,806	510,162
Franchise Taxes - Cox Communications	6,538,943	6,538,943	6,827,422	288,479
Automobile Licenses	8,734,363	8,734,363	9,018,142	283,779
Bank Stock	2,136,327	2,136,327	3,029,323	892,996
City Tax on Deeds	6,842,673	6,842,673	5,796,601	(1,046,072)
City Tax on Wills	80,940	80,940	67,529	(13,411)
Cigarette	11,742,780	11,742,780	11,135,553	(607,227)
Hotel Taxes	5,148,596	5,148,596	5,533,160	384,564
Restaurant Meals	30,665,113	30,665,113	32,273,758	1,608,645
Total Other Local Taxes	<u>\$ 210,510,843</u>	<u>\$ 210,510,843</u>	<u>\$ 211,836,500</u>	<u>\$ 1,325,657</u>
<b><u>Permits, Privilege Fees, and Regulatory Licenses</u></b>				
Dog and Cat Licenses	\$ 449,961	\$ 449,961	\$ 204,049	\$ (245,912)
Use Permits	39,373	39,373	37,250	(2,123)
Building Permits	817,933	817,933	930,305	112,372
Electrical Permits	367,090	367,090	330,930	(36,160)
Plumbing Permits	239,210	239,210	226,242	(12,968)
Highway Permits	159,819	159,819	179,720	19,901
Taxi Driver Permits	27,250	27,250	21,160	(6,090)
Administrative Fees	742,610	742,610	119,700	(622,910)
Bicycle Licenses	115	115	151	36
Certificates	44,105	44,105	52,348	8,243
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	23,014	(16,820)
Excavation and Soil Removal Fees	205	205	250	45
Precious Metal Dealers Permits	31,300	31,300	43,600	12,300
Encroachment Application Fees	36,278	36,278	8,750	(27,528)
Vacation of Plats	140	140	168	28
Fence Inspection Fees	3,256	3,256	4,050	794
Non-Conforming Use Permits	2,763	2,763	1,125	(1,638)
Mechanical Permits	493,565	493,565	577,484	83,919
Sign Permits	60,423	60,423	54,709	(5,714)
Fire Permits	180,045	180,045	165,980	(14,065)
Special Events/Permit Fees	64,145	64,145	35,600	(28,545)
Peddler's Permits	478	478	705	227
Moving and Hauling Permits	162,600	162,600	169,155	6,555
Erosion and Sediment Control Permits	4,130	4,130	5,575	1,445
Subdivision Inspection Fees - Highways	227	227	3,212	2,985
Wetlands Permits	19,214	19,214	27,100	7,886
Water and Sewer Connection Inspection Fees	28,496	28,496	31,728	3,232
Highway Permit Inspection Fees	109,619	109,619	101,827	(7,792)
Coastal Primary Sand Dune Fees	1,929	1,929	1,600	(329)
Storage Tank Inspection	15,645	15,645	5,115	(10,530)

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES COMPARED TO FINAL BUDGET**  
**FOR THE YEAR ENDED JUNE 30, 2011**

Source	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b><u>Permits, Privilege Fees, and Regulatory Licenses (continued)</u></b>				
Right of Way Permit Inspection Fees	\$ 49,672	\$ 49,672	\$ 46,874	\$ (2,798)
Transfer Fees	16,665	16,665	16,430	(235)
Subdivision Approval Fees	35,070	35,070	45,671	10,601
Yard Debris Trailers	205,586	205,586	181,186	(24,400)
Zoning Change Fees	50,689	50,689	28,800	(21,889)
ATM - Permit Fees	3,000	3,000	7,250	4,250
Variance Fees	2,370	2,370	8,692	6,322
Zoning Verification	3,831	3,831	6,350	2,519
Reconsideration Conditions Fees	8,505	8,505	4,400	(4,105)
Street Closures	36,000	36,000	37,682	1,682
Residential Parking	30,000	30,000	42,781	12,781
Board of Zoning Appeals - Variances	26,977	26,977	34,000	7,023
Total Permits, Privilege Fees, and Regulatory Licenses	<u>\$ 4,612,160</u>	<u>\$ 4,612,160</u>	<u>\$ 3,824,168</u>	<u>\$ (787,992)</u>
<b><u>Fines and Forfeitures</u></b>				
Court Fines and Forfeitures	\$ 4,829,436	\$ 4,829,436	\$ 3,825,105	\$ (1,004,331)
Overweight Vehicles Fees	263,544	263,544	169,421	(94,123)
Wetlands/Dunes - Civil Charges	13,992	13,992	-	(13,992)
Chesapeake Bay Preservation Fee	3,000	3,000	-	(3,000)
DUI Response Reimbursements	-	-	34,111	34,111
Red Light Violations	2,166,500	2,166,500	2,590,183	423,683
Zoning Fines	-	-	11,188	11,188
Total Fines and Forfeitures	<u>\$ 7,276,472</u>	<u>\$ 7,276,472</u>	<u>\$ 6,630,008</u>	<u>\$ (646,464)</u>
<b><u>From Use of Money and Property</u></b>				
<b><u>Revenue from Use of Money:</u></b>				
Interest on Bank Deposits	\$ 1,235,395	\$ 1,235,395	\$ 1,390,098	\$ 154,703
<b><u>Revenue from Use of Property:</u></b>				
Rent - Adam Thoroughgood House	17,448	17,448	1,540	(15,908)
Farmers Market-Merchants Dues and Promo Fees	4,680	4,680	4,905	225
Rent - Rudee Inlet Property	24,000	24,000	-	(24,000)
Rent - Town Center	94,000	94,000	80,922	(13,078)
Farmers Market Fees	112,067	112,067	90,199	(21,868)
Sale School Grad Video Tapes	22,000	22,000	14,593	(7,407)
Fees - Miscellaneous Equipment and Facilities	-	-	62,026	62,026
Photocopying Machines	78,329	78,329	78,177	(152)
Bicycle Auctions - Unclaimed Property	20,000	20,000	11,611	(8,389)
Special Events - Farmers Market	1,000	1,000	2,977	1,977
Rent - Convention Center	1,352,065	1,352,065	1,511,156	159,091
Concessions - Convention Center	999,000	999,000	842,660	(156,340)
Rent - 14th/15th Street Pier	-	-	5,000	5,000
Rudee Inlet Parking Permits	236	236	316	80
Farmers Market and Flea Market Vendor Fee	1,200	1,200	1,630	430
School Tours	1,200	1,200	2,180	980
Room Rentals, Aquarium	31,421	31,421	21,223	(10,198)
Rent - Owl Creek Golf Center	22,000	22,000	25,000	3,000
Rent - 1601 Sinking Creek	-	-	280	280
Rent - Law Library	57,252	57,252	57,252	-
Virginia Beach National Golf	100,000	100,000	42,700	(57,300)
Rent - Adult Probation	115,829	115,829	119,304	3,475
Rent - Community Diversion/Corrections	45,034	45,034	44,912	(122)
Rent - Virginia Bar Association - JC	2,200	2,200	2,440	240

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES COMPARED TO FINAL BUDGET**  
**FOR THE YEAR ENDED JUNE 30, 2011**

Source	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b><u>From Use of Money and Property</u></b>				
<b><u>Revenue from Use of Property (continued)</u></b>				
Rent - Sprint Cellular Tower	\$ 10,767	\$ 10,767	\$ 10,805	\$ 38
Rent - Other Properties	664,370	664,370	414,582	(249,788)
Rent - Rooms	6,000	6,000	1,300	(4,700)
Rent - Nextel	25,000	25,000	22,376	(2,624)
Rent for Antennea	117,808	117,808	103,027	(14,781)
Rent - Agricultural Land	3,012	3,012	1,400	(1,612)
Rent - Water and Sewer Office	396,678	396,678	396,678	-
Sale of Trash Containers	154,921	154,921	124,177	(30,744)
Total from Use of Money and Property	<u>\$ 5,714,912</u>	<u>\$ 5,714,912</u>	<u>\$ 5,487,446</u>	<u>\$ (227,466)</u>
<b><u>Charges For Services</u></b>				
U S Passport Processing Fees	\$ 141,770	\$ 141,770	\$ 289,426	\$ 147,656
Excess Fees - Clerk	500,000	500,000	575,721	75,721
Court Costs	25	25	468	443
Court Order Administrative Fees	26,300	26,300	19,429	(6,871)
Public Defender Fees	75,146	75,146	91,106	15,960
Sale of Police Reports	175,000	175,000	213,884	38,884
Police - False Alarm Fees	230,484	230,484	493,091	262,607
Fire Services	150,000	150,000	223,055	73,055
Animal Disposal Fees	-	-	2,414	2,414
Animal Adoption Fees	59,352	59,352	28,213	(31,139)
Board and Impounding Fees	85,000	85,000	71,348	(13,652)
Refuse Disposal Charges	480,000	480,000	13,496	(466,504)
Refuse Disposal Charges - SPSA	1,936,760	1,936,760	2,309,502	372,742
Sale of Methane Gas - Trashmore	65,000	65,000	68,215	3,215
Obstetrical Services	-	-	648	648
Mental Health and Mental Retardation	20,729,430	20,729,430	20,744,828	15,398
Substance Abuse	53,900	53,900	120,523	66,623
Museums Gift Shop Sales	1,428,312	1,428,312	1,342,367	(85,945)
FLH-Admissions-Special Events/General Tours	13,466	13,466	6,908	(6,558)
Aquarium Admissions	4,025,000	4,025,000	4,563,153	538,153
Aquarium Memberships	500,000	500,000	586,866	86,866
Aquarium IMAX Theater	1,450,000	1,450,000	614,614	(835,386)
Library Fines and Fees	549,900	549,900	374,629	(175,271)
Sale of Publications	78	78	1,070	992
Sale of Maps - Planning Commission	193	193	-	(193)
Convention Center Staff Services	796,665	796,665	1,010,229	213,564
Maps and Digital Data	-	-	173	173
Courthouse Maintenance	160,000	160,000	146,780	(13,220)
Other Services Provided	2,856,960	2,856,960	2,821,265	(35,695)
Site Plan Review Fees	186,148	186,148	179,366	(6,782)
Reimbursement - FOIA - Req. Costs	-	-	73	73
State's Attorney	20,523	20,523	22,490	1,967
FLH Memberships	-	-	260	260
Water and Sewer Direct Charges	2,982,310	2,982,310	2,910,682	(71,628)
Water and Sewer In Lieu of Taxes	100,000	100,000	100,000	-
Water and Sewer Utility Yard Maintenance	196,218	145,196	38,430	(106,766)
Water and Sewer Landscape Services	325,162	325,162	261,713	(63,449)
Water and Sewer Right of Way Utility	4,000,000	4,000,000	4,000,000	-
Construction Plan Review Fees	5,627	5,627	14,651	9,024
Chesapeake Bay Preservation Act Variance Fees	9,385	9,385	15,900	6,515
Total Charges for Services	<u>\$ 44,314,114</u>	<u>\$ 44,263,092</u>	<u>\$ 44,276,986</u>	<u>\$ 13,894</u>

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES COMPARED TO FINAL BUDGET**  
**FOR THE YEAR ENDED JUNE 30, 2011**

Source	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b><u>Miscellaneous Revenue</u></b>				
Indirect Costs - Public Utilities	\$ 2,412,842	\$ 2,412,842	\$ 1,893,207	\$ (519,635)
Indirect and Direct Costs - Storm Water Management	1,159,131	1,159,131	1,154,711	(4,420)
Indirect Costs-Housing & Neighborhood Preservation	323,812	323,812	315,619	(8,193)
Indirect and Direct Costs - Resort Parking	112,130	112,130	106,880	(5,250)
Indirect and Direct Cost - TGIF	2,050,000	2,050,000	2,050,000	-
Excess Property Processing	2,000	2,000	6,342	4,342
Miscellaneous	873,530	885,108	1,108,335	223,227
Returned Check Processing Charges	84,050	84,050	81,847	(2,203)
Campaign Financing	-	-	700	700
Donations	79,000	89,485	211,576	122,091
City Treasurer Charges	320,350	648,350	1,360,562	712,212
Aquarium Foundation	809,644	859,644	681,259	(178,385)
Farm Classification - Late Filling Fees	-	-	120	120
Convention Center Concessions	1,200	1,200	1,450	250
Sale of Properties	450	450	496	46
Sale of Salvage Materials	133,754	133,754	231,960	98,206
Refund of Surplus - Health Department	35,000	35,000	44,973	9,973
Medicaid Out -Station	72,300	72,300	71,221	(1,079)
Sale - Recyclable Materials	-	5,483	26,637	21,154
Beam Advertising	20,867	20,867	23,597	2,730
DVP Street Light Reimbursement	510,000	510,000	412,654	(97,346)
Reimbursement - Responsible Parties - HAZMAT	-	-	26,899	26,899
Reimbursement - DMV	614,000	617,500	565,663	(51,837)
Total Miscellaneous Revenue	<u>\$ 9,614,060</u>	<u>\$ 10,023,106</u>	<u>\$ 10,376,708</u>	<u>\$ 353,602</u>
<b><u>From Commonwealth</u></b>				
Rolling Stock Tax	\$ 17,744	\$ 17,744	\$ 12,361	\$ (5,383)
Mobile Homes Sales Tax	27,670	27,670	33,876	6,206
Passenger Car Rental Tax	976,508	976,508	801,529	(174,979)
Reimbursement - Treasurer	666,827	666,827	597,476	(69,351)
Reimbursement - Commissioner of the Revenue	675,973	675,973	643,825	(32,148)
Reimbursement - General Registrar's Salary	97,118	97,118	73,567	(23,551)
Reimbursement - Clerk of Circuit Court	1,870,624	1,870,624	1,819,343	(51,281)
Reimbursement - Commonwealth's Attorney	2,457,229	2,380,078	2,361,400	(18,678)
Reimbursement - Medical Examiner	1,720	1,720	-	(1,720)
Reimbursement - Health Department Automobile	8,671	8,671	6,603	(2,068)
Reimbursement - State Aid Law Enforcement	11,333,330	10,408,739	9,325,427	(1,083,312)
State Prisoner Transportation	657,900	657,900	292,530	(365,370)
Mental Health, Mental Retardation and Substance Abuse	11,232,941	11,461,512	11,662,326	200,814
Circuit Court Clerk Technology	-	357,817	302,436	(55,381)
Maintenance of Roads	36,689,307	36,689,307	36,913,701	224,394
Recordation Fees	1,725,638	-	1,478,328	1,478,328
Clean Community	-	-	600	600
Public Assistance Grants	21,134,962	21,134,962	18,526,536	(2,608,426)
Medicaid	189,399	189,399	223,014	33,615
DMV Select Program	125,000	125,000	142,821	17,821
Virginia Commission For The Arts	5,000	5,000	-	(5,000)
Wireless E-911 Services Board	1,400,000	1,900,000	1,705,383	(194,617)
Spay and Neuter Services	-	-	1,182	1,182
Universal Service Funds	89,370	89,370	114,618	25,248
State Aid Library	229,139	304,139	212,158	(91,981)
Other State Revenue	(2,650,229)	-	-	-
Total From Commonwealth	<u>\$ 88,961,841</u>	<u>\$ 90,046,078</u>	<u>\$ 87,251,040</u>	<u>\$ (2,795,038)</u>

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA  
GENERAL FUND  
SCHEDULE OF REVENUES COMPARED TO FINAL BUDGET  
FOR THE YEAR ENDED JUNE 30, 2011**

<b>Source</b>	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b><u>From Federal Government</u></b>				
Public Law 95-469 - Refuge Revenue Sharing Act	\$ 159,448	\$ 159,448	\$ 76,665	\$ (82,783)
Indirect Costs - Social Services	419,747	419,747	505,493	85,746
Federal Emergency Management Agency	52,000	52,000	52,914	914
SEVAMP Grant	90,572	90,572	77,748	(12,824)
Mental Health, Mental Retardation and Substance Abuse	2,666,168	2,666,168	2,810,591	144,423
USDA Juvenile Detention	81,100	81,100	87,274	6,174
Public Assistance Grants	18,933,607	18,933,607	17,858,303	(1,075,304)
City ARRA	205,742	205,742	900,109	694,367
Total From Federal Government	<u>\$ 22,608,384</u>	<u>\$ 22,608,384</u>	<u>\$ 22,369,097</u>	<u>\$ (239,287)</u>
<b><u>Other Local Governments</u></b>				
City of Chesapeake	\$ 258,547	\$ 258,547	\$ 245,014	\$ (13,533)
Virginia Beach Schools	-	14,500,000	14,500,000	-
Virginia Beach Development Authority	183,600	183,600	176,893	(6,707)
Total Other Local Governments	<u>\$ 442,147</u>	<u>\$ 14,942,147</u>	<u>\$ 14,921,907</u>	<u>\$ (20,240)</u>
<b>TOTAL REVENUES</b>	<u>\$ 963,941,700</u>	<u>\$ 979,883,961</u>	<u>\$ 979,178,246</u>	<u>\$ (705,715)</u>
<b><u>Other Financing Sources</u></b>				
Transfers In	<u>\$ 4,611,250</u>	<u>\$ 12,662,130</u>	<u>\$ 12,662,130</u>	<u>\$ -</u>
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<u><u>\$ 968,552,950</u></u>	<u><u>\$ 992,546,091</u></u>	<u><u>\$ 991,840,376</u></u>	<u><u>\$ (705,715)</u></u>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES COMPARED TO FINAL BUDGET**  
**FOR THE YEAR ENDED JUNE 30, 2011**

Source	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b><u>Legislative Department</u></b>				
Municipal Council	\$ 553,348	\$ 576,615	\$ 516,811	\$ 59,804
City Clerk	542,324	588,334	587,780	554
Total Legislative Department	<u>\$ 1,095,672</u>	<u>\$ 1,164,949</u>	<u>\$ 1,104,591</u>	<u>\$ 60,358</u>
<b><u>Executive Department</u></b>				
City Manager	\$ 1,683,144	\$ 1,723,851	\$ 1,660,176	\$ 63,675
Organizational Development Office	328,131	326,388	314,390	11,998
Media and Communication Group	558,643	377,372	371,087	6,285
Volunteer Council	121,045	142,125	135,542	6,583
Total Executive Department	<u>\$ 2,690,963</u>	<u>\$ 2,569,736</u>	<u>\$ 2,481,195</u>	<u>\$ 88,541</u>
<b><u>Law Department</u></b>				
City Attorney	<u>\$ 3,560,843</u>	<u>\$ 3,752,363</u>	<u>\$ 3,576,615</u>	<u>\$ 175,748</u>
<b><u>Finance Department</u></b>				
Director of Finance:				
Director's Office	\$ 727,254	\$ 751,408	\$ 750,408	\$ 1,000
Comptroller's Office	1,344,650	1,475,759	1,432,030	43,729
Payroll	691,542	680,818	608,088	72,730
Purchasing	1,074,998	1,091,091	1,019,236	71,855
Local Vehicle Registration	852,772	852,772	789,949	62,823
Total Director of Finance	<u>\$ 4,691,216</u>	<u>\$ 4,851,848</u>	<u>\$ 4,599,711</u>	<u>\$ 252,137</u>
Commissioner of the Revenue	3,677,713	3,677,140	3,668,500	8,640
Board of Equalization	16,732	16,732	9,354	7,378
City Real Estate Assessor	2,809,634	2,795,443	2,770,064	25,379
Treasurer	4,654,443	4,940,230	4,756,509	183,721
Total Finance Department	<u>\$ 15,849,738</u>	<u>\$ 16,281,393</u>	<u>\$ 15,804,138</u>	<u>\$ 477,255</u>
<b><u>Human Resources Department</u></b>				
Director's Office	\$ 862,293	\$ 882,501	\$ 723,528	\$ 158,973
Employee Relations	402,102	400,005	394,569	5,436
Staffing and Placement	1,179,884	1,175,909	1,031,030	144,879
Training and Development	570,183	604,319	526,294	78,025
Police Services	90,727	90,258	88,510	1,748
Benefits Administration	662,283	662,283	662,283	-
Employee Special Benefits	3,878,361	3,927,583	3,826,486	101,097
Occupational Safety	248,365	248,517	225,371	23,146
Occupational Health	868,525	889,914	751,581	138,333
Total Human Resources Department	<u>\$ 8,762,723</u>	<u>\$ 8,881,289</u>	<u>\$ 8,229,652</u>	<u>\$ 651,637</u>
<b><u>Judicial Department</u></b>				
Circuit Court	\$ 957,408	\$ 997,748	\$ 976,766	\$ 20,982
General District Court	494,693	494,693	360,086	134,607
Juvenile and Domestic Relations - District Court	143,839	171,127	144,901	26,226
Commonwealth's Attorney	6,993,815	6,901,990	6,736,652	165,338
Victim/Witness	212,438	122,541	124,617	(2,076)
Clerk of the Circuit Court	2,775,084	3,226,756	3,050,700	176,056
Magistrates	97,296	98,479	96,837	1,642
Juvenile Probation	1,928,489	1,923,298	1,690,511	232,787
Youth Intervention CHINS Unit	295,034	296,099	244,976	51,123
Total Judicial Department	<u>\$ 13,898,096</u>	<u>\$ 14,232,731</u>	<u>\$ 13,426,046</u>	<u>\$ 806,685</u>
<b><u>Health Department</u></b>				
Preventive Medicine	<u>\$ 3,041,377</u>	<u>\$ 3,065,252</u>	<u>\$ 2,934,899</u>	<u>\$ 130,353</u>

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES COMPARED TO FINAL BUDGET**  
**FOR THE YEAR ENDED JUNE 30, 2011**

Source	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b><u>Human Services Department</u></b>				
Administration	\$ 4,678,390	\$ 4,668,173	\$ 4,595,904	\$ 72,269
Mental Health	18,159,790	18,481,291	17,053,538	1,427,753
Mental Retardation	17,307,194	17,480,048	16,905,094	574,954
Substance Abuse	5,277,044	5,852,571	5,487,308	365,263
Social Services	40,210,811	40,119,668	37,754,489	2,365,179
Biznet Village	4,153,546	4,203,520	4,296,581	(93,061)
Pendleton Child Service Center	1,704,244	1,699,126	1,627,394	71,732
Comprehensive Services Act Administration & Social Services	14,487,821	14,487,119	12,515,405	1,971,714
Juvenile Detention Center	4,322,554	4,316,644	4,240,061	76,583
Total Human Services Department	<u>\$ 110,301,394</u>	<u>\$ 111,308,160</u>	<u>\$ 104,475,774</u>	<u>\$ 6,832,386</u>
<b><u>Police Department</u></b>				
Director's Office	\$ 3,087,807	\$ 3,085,141	\$ 3,074,273	\$ 10,868
Personnel and Training	3,908,398	4,145,454	3,935,157	210,297
Crime Prevention	857,468	858,681	697,225	161,456
Police Support	4,288,146	4,379,756	4,191,402	188,354
Uniform Patrol	46,803,436	46,656,337	45,880,240	776,097
Red Light Camera Program	1,174,563	1,271,428	1,200,565	70,863
Investigative Division	12,085,924	12,143,621	11,925,728	217,893
Special Investigative Unit	4,517,062	4,495,831	4,421,362	74,469
Police Helicopter Unit	1,573,596	1,569,323	1,608,525	(39,202)
Mounted Patrol	1,451,808	1,450,506	1,330,869	119,637
Marine Patrol	925,574	923,933	872,912	51,021
School Resource Officer Program	2,404,989	2,394,336	2,372,702	21,634
False Alarms	77,870	86,573	43,006	43,567
Commercial Extraditions	854,425	854,425	328,826	525,599
Animal Control	2,620,253	2,627,880	2,511,037	116,843
Total Police Department	<u>\$ 86,631,319</u>	<u>\$ 86,943,225</u>	<u>\$ 84,393,829</u>	<u>\$ 2,549,396</u>
<b><u>Public Works Department</u></b>				
Director's Office	\$ 249,892	\$ 248,573	\$ 268,010	\$ (19,437)
Administration Services	6,254,278	6,279,941	6,289,906	(9,965)
Beach Management and Engineering	-	-	2,475	(2,475)
Waste Management/Administration	950,882	952,897	1,016,749	(63,852)
Bureau of Waste Disposal	12,548,655	12,549,222	11,254,061	1,295,161
Bureau of Waste Collection	11,633,202	11,591,047	11,971,062	(380,015)
Recycling Bureau	5,403,904	5,403,904	5,284,805	119,099
Real Estate Office	971,583	966,756	844,925	121,831
Engineering/Administration	743,142	740,233	706,749	33,484
Design	-	-	22	(22)
Surveys	1,098,815	1,115,039	1,009,132	105,907
Drafting	442,781	496,508	482,040	14,468
Traffic Engineering	1,130,724	1,124,722	1,109,948	14,774
Project Management	1,185,748	1,269,437	1,209,659	59,778
Project Management/Buildings	671,311	667,729	667,063	666
Construction	1,348,794	1,342,334	1,287,031	55,303
Contracts	1,062,869	1,056,181	1,043,886	12,295
Customer Service/Administration	970,787	1,099,673	1,014,326	85,347
Planning, Estimating and Scheduling	661,318	658,050	622,724	35,326
Infrastructure Maintenance Contracts	621,954	618,923	636,796	(17,873)
Support Services and Systems Support	882,477	887,273	837,754	49,519
System Support	1,091,558	1,087,777	1,028,489	59,288
Street Maintenance	14,334,637	14,406,799	11,947,512	2,459,287
Dredging Operations	1,674,547	1,669,818	1,646,978	22,840

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES COMPARED TO FINAL BUDGET**  
**FOR THE YEAR ENDED JUNE 30, 2011**

Source	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b><u>Public Works Department (continued)</u></b>				
Technical Services	\$ -	\$ -	\$ 16,098	\$ (16,098)
Mosquito Control	1,710,306	1,798,496	1,703,064	95,432
Traffic Operations	4,017,549	4,547,400	4,359,154	188,246
Beach Operations	1,221,024	1,220,321	1,175,095	45,226
Street Light Installation	510,000	510,000	221,207	288,793
Electrical	1,626,699	1,634,184	1,690,164	(55,980)
Bridge Maintenance	341,559	340,147	323,831	16,316
Management and Support	9,721,598	9,743,824	8,478,602	1,265,222
Heating and Air Conditioning	1,727,785	1,723,343	1,958,555	(235,212)
General Maintenance	3,277,794	3,231,599	3,427,368	(195,769)
Custodial	3,629,413	3,659,597	3,162,991	496,606
Resort Building Maintenance	602,226	620,387	440,022	180,365
Total Public Works Department	<u>\$ 94,319,811</u>	<u>\$ 95,262,134</u>	<u>\$ 89,138,253</u>	<u>\$ 6,123,881</u>
<b><u>Library Department</u></b>				
Director's Office	\$ 1,328,762	\$ 1,284,357	\$ 1,206,845	\$ 77,512
Central Library	2,420,415	2,414,704	2,633,487	(218,783)
Great Neck Area Library	571,976	569,542	576,669	(7,127)
Bayside Area Library	1,097,270	1,053,746	895,450	158,296
Oceanfront Area Library	910,524	906,938	790,096	116,842
Kempsville Area Library	1,050,087	1,047,254	1,058,612	(11,358)
Windsor Woods Area Library	601,502	598,745	584,087	14,658
Pungo/Blackwater Area Library	334,645	333,226	324,514	8,712
Princess Anne Library	1,106,153	1,101,292	1,002,041	99,251
South Rosemont Youth Library	357,332	355,734	375,119	(19,385)
Mobil Services	261,948	265,760	217,048	48,712
Youth and Family Services	428,815	426,573	416,087	10,486
Records Management	383,794	507,942	433,209	74,733
Cataloging Services	735,182	737,759	671,092	66,667
Automated Services	902,054	1,030,191	970,030	60,161
Ready to Learn	152,407	152,786	145,411	7,375
Collections Management	2,777,983	3,350,350	2,798,431	551,919
Total Library Department	<u>\$ 15,420,849</u>	<u>\$ 16,136,899</u>	<u>\$ 15,098,228</u>	<u>\$ 1,038,671</u>
<b><u>Planning Department</u></b>				
Director's Office	\$ 1,245,682	\$ 1,108,192	\$ 1,019,049	\$ 89,143
Comprehensive Planning	657,242	631,192	605,559	25,633
Environmental Management	122,306	667,398	644,901	22,497
Development Services	1,589,748	1,581,028	1,575,682	5,346
Public Utilities - Development Services	268,402	266,933	263,349	3,584
Current Planning	1,900,751	1,632,395	1,615,192	17,203
Permits Administration	1,125,985	1,128,853	1,081,774	47,079
Building Inspections	2,586,228	2,573,115	2,517,881	55,234
Weights & Measures	-	-	902	(902)
Total Planning Department	<u>\$ 9,496,344</u>	<u>\$ 9,589,106</u>	<u>\$ 9,324,289</u>	<u>\$ 264,817</u>
<b><u>Agriculture Department</u></b>				
Director's Office	\$ 313,442	\$ 311,831	\$ 308,442	\$ 3,389
Virginia Cooperative Extension	263,778	262,495	243,032	19,463
Farmers Market	189,907	212,069	175,579	36,490
Total Agriculture Department	<u>\$ 767,127</u>	<u>\$ 786,395</u>	<u>\$ 727,053</u>	<u>\$ 59,342</u>
<b><u>Economic Development Department</u></b>				
Director of Economic Development	<u>\$ 2,098,549</u>	<u>\$ 2,187,972</u>	<u>\$ 2,007,505</u>	<u>\$ 180,467</u>

(continued)



**CITY OF VIRGINIA BEACH, VIRGINIA**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES COMPARED TO FINAL BUDGET**  
**FOR THE YEAR ENDED JUNE 30, 2011**

<b>Source</b>	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b><u>Convention and Visitor Development</u></b>				
Director's Office	\$ 994,782	\$ 991,884	\$ 1,026,653	\$ (34,769)
Resort Programs and Special Events	-	1,847	3,116	(1,269)
Tourism Marketing and Sales	434,941	432,657	430,471	2,186
Convention Marketing and Sales	946,572	941,555	890,852	50,703
Sports Marketing	456,942	455,582	446,256	9,326
Convention Center	5,853,005	6,037,691	5,481,854	555,837
Total Convention and Visitor Development	<u>\$ 8,686,242</u>	<u>\$ 8,861,216</u>	<u>\$ 8,279,202</u>	<u>\$ 582,014</u>
<b><u>Parks and Recreation Department</u></b>				
Landscape Administration	\$ 3,106,754	\$ 3,228,211	\$ 2,943,307	\$ 284,904
Grounds Maintenance	4,511,761	4,497,511	4,369,388	128,123
Parks Maintenance	2,912,236	2,987,493	2,852,423	135,070
Special Zones Management	595,378	593,977	611,612	(17,635)
Resort Area Landscaping	1,342,228	1,376,872	1,317,774	59,098
Total Parks and Recreation Department	<u>\$ 12,468,357</u>	<u>\$ 12,684,064</u>	<u>\$ 12,094,504</u>	<u>\$ 589,560</u>
<b><u>Boards and Commissions</u></b>				
General Registrar	\$ 1,124,916	\$ 1,179,514	\$ 1,036,814	\$ 142,700
Zoning Board of Appeals	35,501	35,546	20,302	15,244
Mass Transit Operations	2,992,155	3,222,909	3,222,909	-
Wetlands Board of Virginia Beach	14,331	14,331	4,585	9,746
Audit Services	577,486	574,469	574,004	465
Cultural Activities	387,051	386,027	378,111	7,916
COIG - General Operation Grants	379,257	393,257	393,257	-
Lease/Rent of Facilities	1,586,830	1,634,830	1,579,368	55,462
Arts and Humanities Commissions	376,693	450,694	440,249	10,445
Sandler Center for Performing Arts	1,590,213	1,590,213	1,590,213	-
Regional Participation	1,933,213	1,998,213	1,997,669	544
Vehicle Replacements	3,111,914	5,261,531	4,739,061	522,470
Revenue Reimbursements	16,411,728	16,411,728	15,473,208	938,520
Strategic Growth Area	906,278	893,813	775,701	118,112
Resort Programs and Special Events	507,585	505,847	351,984	153,863
Independent Financial Services	153,878	153,878	117,682	36,196
Total Boards and Commissions	<u>\$ 32,089,029</u>	<u>\$ 34,706,800</u>	<u>\$ 32,695,117</u>	<u>\$ 2,011,683</u>
<b><u>Fire Department</u></b>				
Fire Marshal's Office	\$ 4,692,605	\$ 4,838,919	\$ 4,921,616	\$ (82,697)
Fire Operations	36,336,517	36,274,030	34,934,303	1,339,727
Emergency Management	252,341	251,042	247,113	3,929
Fire Training	1,011,472	1,007,463	903,135	104,328
Total Fire Department	<u>\$ 42,292,935</u>	<u>\$ 42,371,454</u>	<u>\$ 41,006,167</u>	<u>\$ 1,365,287</u>
<b><u>Communications and Information Technology</u></b>				
ComIT Business Center	\$ 644,147	\$ 649,753	\$ 636,895	\$ 12,858
Applications Support	6,926,700	7,563,116	6,338,746	1,224,370
Operations Support	480,965	483,411	463,752	19,659
System Support	8,034,963	8,290,823	6,437,334	1,853,489
Center for GIS	1,717,757	1,756,743	1,646,519	110,224
Information Security and Privacy Office	1,726,947	1,838,943	1,563,799	275,144
Emergency Communications	-	84,000	84,153	(153)
Technology Project Management	754,418	800,520	646,101	154,419
Video Services	1,198,988	1,454,058	1,367,861	86,197
Mail Services	205,219	204,432	186,540	17,892
Total Communications and Information Technology	<u>\$ 21,690,104</u>	<u>\$ 23,125,799</u>	<u>\$ 19,371,700</u>	<u>\$ 3,754,099</u>

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES COMPARED TO FINAL BUDGET**  
**FOR THE YEAR ENDED JUNE 30, 2011**

Source	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b><u>Emergency Communications and Citizen Services</u></b>				
Emergency Communications	\$ 8,407,983	\$ 8,680,261	\$ 7,534,991	\$ 1,145,270
Citizen Services	787,881	860,555	698,446	162,109
Total Emergency Communications and Citizen Services	<u>\$ 9,195,864</u>	<u>\$ 9,540,816</u>	<u>\$ 8,233,437</u>	<u>\$ 1,307,379</u>
<b><u>Housing and Neighborhood Preservation</u></b>				
Code Enforcement	\$ 1,679,325	\$ 1,769,762	\$ 1,679,894	\$ 89,868
Homeless Initiative	-	175,000	34,919	140,081
Total Housing and Neighborhood Preservation	<u>\$ 1,679,325</u>	<u>\$ 1,944,762</u>	<u>\$ 1,714,813</u>	<u>\$ 229,949</u>
<b><u>Museums Department</u></b>				
Francis Land House	\$ 88,232	\$ 90,867	\$ 78,787	\$ 12,080
Aquarium and Marine Science Center	1,660,969	1,657,209	1,653,382	3,827
Aquarium Research and Conservation	368,411	367,317	358,708	8,609
Aquarium Gift Shop	1,061,625	1,060,036	982,608	77,428
Aquarium IMAX Theater	1,034,660	1,105,046	582,674	522,372
Aquarium Exhibits	2,186,979	2,181,977	2,388,742	(206,765)
Education	632,779	630,665	509,350	121,315
Marketing	770,681	769,456	781,396	(11,940)
Aquarium Foundation	812,743	860,879	691,249	169,630
Historical Preservation	113,402	115,902	115,073	829
Adam Thoroughgood House	88,676	88,378	97,546	(9,168)
Lynnhaven House	28,537	28,537	21,302	7,235
Custodial Services	327,103	325,772	309,046	16,726
Historic Homes Administration	246,310	261,538	202,164	59,374
Total Museums Department	<u>\$ 9,421,107</u>	<u>\$ 9,543,579</u>	<u>\$ 8,772,027</u>	<u>\$ 771,552</u>
<b><u>Management Services Department</u></b>				
Director's Office	\$ 1,448,304	\$ 1,563,057	\$ 1,484,095	\$ 78,962
Facilities Management	-	21,316	-	21,316
Total Management Services Department	<u>\$ 1,448,304</u>	<u>\$ 1,584,373</u>	<u>\$ 1,484,095</u>	<u>\$ 100,278</u>
<b><u>Emergency Medical Services</u></b>				
Director's Office	\$ 593,414	\$ 595,044	\$ 591,411	\$ 3,633
Operations	1,304,111	1,303,000	1,277,898	25,102
Lifeguard Services	164,800	164,800	176,512	(11,712)
Training	549,828	551,725	505,131	46,594
Emergency Response System	3,014,520	3,002,804	2,850,837	151,967
Medical Shelters	-	76,072	-	76,072
Regulation & Enforcement	1,492,381	1,491,116	1,451,807	39,309
Total Emergency Medical Services	<u>\$ 7,119,054</u>	<u>\$ 7,184,561</u>	<u>\$ 6,853,596</u>	<u>\$ 330,965</u>
<b><u>Education</u></b>				
School Operating	\$ 298,556,120	\$ 301,332,920	\$ 292,240,691	\$ 9,092,229
School Operating from Reserves	13,000,000	13,000,000	13,000,000	-
School Instructional Technology	23,346,140	23,658,240	23,096,362	561,878
School Capital Projects	4,104,000	4,704,000	4,704,000	-
Total Education	<u>\$ 339,006,260</u>	<u>\$ 342,695,160</u>	<u>\$ 333,041,053</u>	<u>\$ 9,654,107</u>
Total Department Expenditures	<u>\$ 853,031,386</u>	<u>\$ 866,404,188</u>	<u>\$ 826,267,778</u>	<u>\$ 40,136,410</u>

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES COMPARED TO FINAL BUDGET**  
**FOR THE YEAR ENDED JUNE 30, 2011**

Source	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Other Financing Uses</b>				
Transfers Out:				
General Debt Service	\$ 90,258,598	\$ 90,258,633	\$ 89,087,436	\$ 1,171,197
Housing and Neighborhood Preservation	619,325	619,325	619,325	-
Buildings Capital Projects	14,406,438	14,731,865	14,731,865	-
Engineering and Highways Capital Projects	4,140,020	9,197,408	9,197,408	-
Parks and Recreation Capital Projects	10,304,729	10,304,729	10,304,729	-
Economic & Tourism Capital Projects	10,248,556	9,775,028	9,775,028	-
Coastal Capital Projects	1,785,842	1,785,842	1,785,842	-
Grants Consolidated	431,310	611,246	586,536	24,710
Sheriff's Department	11,924,414	11,822,545	11,812,789	9,756
Tourism Growth Investment Program	250,000	250,000	250,000	-
Parks and Recreation - Dedicated Tax	12,227,077	12,227,077	12,227,077	-
City Garage	-	45,000	45,000	-
Parks and Recreation	3,277,672	3,244,604	3,244,604	-
Storm Water Utility	58,648	58,648	58,648	-
Federal Section 8	81,001	81,001	81,001	-
Risk Management	-	6,400,000	6,400,000	-
Total Other Financing Uses	<u>\$ 160,013,630</u>	<u>\$ 171,412,951</u>	<u>\$ 170,207,288</u>	<u>\$ 1,205,663</u>
<b>TOTAL EXPENDITURES AND OTHER</b>				
<b>FINANCING USES</b>	<u>\$ 1,013,045,016</u>	<u>\$ 1,037,817,139</u>	<u>\$ 996,475,066</u>	<u>\$ 41,342,073</u>

**NONMAJOR  
SPECIAL REVENUE FUNDS**

## NONMAJOR SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

## NONMAJOR SPECIAL REVENUE FUNDS (continued)

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

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

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

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

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

**Proffer Impact** - accounts for funds received from developers, who contribute funds to be used for neighborhood infrastructure development per the City's Conditional Zoning Ordinance. By agreement between the developer and the City, these funds may only be applied to the uses specified in the agreement.

**Public Investment Protection Strategy** - accounts for the sale and purchase of strategically located property.

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

**Major Projects** – accounts for the dedicated revenues from a percentage of the following local taxes: amusement, hotel room, restaurant meal, and cigarette taxes to fund the debt service for the Convention Center, the Sandler Center, and 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** – accounts for the fines assessed for the destruction of wetlands and are to be used for the purchase of land and re-creation of wetlands.

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

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



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**CITY OF VIRGINIA BEACH, VIRGINIA  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2011**

	Law Library	Sandbridge Tax Increment Financing	Housing and Neighborhood Preservation	Lynnhaven Mall Tax Increment Financing
<b><u>ASSETS</u></b>				
Cash and Investments	\$ 343,742	\$ -	\$ -	\$ -
Restricted Cash	-	8,834,123	-	1,850,233
Accounts Receivable	-	-	-	-
Loans Receivable	-	-	6,015,607	-
Due from Other Governments	-	-	-	-
Due from Commonwealth	-	-	-	-
Due from Federal Government	-	-	964,768	-
Total Assets	<u>\$ 343,742</u>	<u>\$ 8,834,123</u>	<u>\$ 6,980,375</u>	<u>\$ 1,850,233</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
Liabilities:				
Vouchers and Accounts Payable	\$ 13,819	\$ -	\$ 285,231	\$ 716,249
Due to Other Funds	-	-	679,537	-
Due to Commonwealth	-	-	-	-
Due to Federal Government	-	-	-	-
Deferred Revenue	-	-	-	-
Total Liabilities	<u>\$ 13,819</u>	<u>\$ -</u>	<u>\$ 964,768</u>	<u>\$ 716,249</u>
Fund Balances:				
Restricted for:				
Grants	\$ -	\$ -	\$ 6,015,607	\$ -
Special Service District	-	-	-	-
Judicial	-	-	-	-
Other	-	-	-	-
Committed to:				
Tax Increment Financing	-	8,046,807	-	841,693
Judicial	-	-	-	-
Parks and Recreation	-	-	-	-
Convention and Visitor Development	-	-	-	-
Agriculture	-	-	-	-
Other	329,923	-	-	-
Assigned:				
Tax Increment Financing	-	787,316	-	292,291
Special Service District	-	-	-	-
Judicial	-	-	-	-
Agriculture	-	-	-	-
Parks and Recreation	-	-	-	-
Convention and Visitor Development	-	-	-	-
Total Fund Balances	<u>\$ 329,923</u>	<u>\$ 8,834,123</u>	<u>\$ 6,015,607</u>	<u>\$ 1,133,984</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u><u>\$ 343,742</u></u>	<u><u>\$ 8,834,123</u></u>	<u><u>\$ 6,980,375</u></u>	<u><u>\$ 1,850,233</u></u>



**CITY OF VIRGINIA BEACH, VIRGINIA  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2011**

<b>Town Center Special Service District</b>	<b>DEA Seized Property</b>	<b>Federal Section Eight Program</b>	<b>Sheriff's Department</b>	<b>Sub-Total (continued)</b>
\$ -	\$ 2,802,711	\$ 1,948,554	\$ 3,026,694	\$ 8,121,701
1,650,044	-	55,728	-	12,390,128
-	-	31,517	43,988	75,505
-	-	-	-	6,015,607
-	-	51,813	-	51,813
-	-	-	1,165,579	1,165,579
-	-	2,935	61,273	1,028,976
<u>\$ 1,650,044</u>	<u>\$ 2,802,711</u>	<u>\$ 2,090,547</u>	<u>\$ 4,297,534</u>	<u>\$ 28,849,309</u>
\$ 4,043	\$ 792	\$ 133,679	\$ 441,296	\$ 1,595,109
-	-	-	-	679,537
-	-	-	-	-
-	-	2,367	-	2,367
-	-	114,847	-	114,847
<u>\$ 4,043</u>	<u>\$ 792</u>	<u>\$ 250,893</u>	<u>\$ 441,296</u>	<u>\$ 2,391,860</u>
\$ -	\$ -	\$ 1,839,654	\$ -	\$ 7,855,261
1,439,204	-	-	-	1,439,204
-	2,601,919	-	-	2,601,919
-	-	-	-	-
-	-	-	-	8,888,500
-	-	-	3,004,626	3,004,626
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	329,923
-	-	-	-	1,079,607
206,797	-	-	-	206,797
-	200,000	-	851,612	1,051,612
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 1,646,001</u>	<u>\$ 2,801,919</u>	<u>\$ 1,839,654</u>	<u>\$ 3,856,238</u>	<u>\$ 26,457,449</u>
<u>\$ 1,650,044</u>	<u>\$ 2,802,711</u>	<u>\$ 2,090,547</u>	<u>\$ 4,297,534</u>	<u>\$ 28,849,309</u>

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2011**

	Inmate Services	Parks and Recreation	Tourism Growth Investment	Central Business District South Tax Increment Financing
<b><u>ASSETS</u></b>				
Cash and Investments	\$ 1,491,567	\$ 8,119,907	\$ 730,729	\$ -
Restricted Cash	-	-	-	2,138,838
Accounts Receivable	140	84,448	65,000	-
Loans Receivable	-	-	-	-
Due from Other Governments	-	-	-	-
Due from Commonwealth	-	-	-	-
Due from Federal Government	-	-	-	-
Total Assets	<u>\$ 1,491,707</u>	<u>\$ 8,204,355</u>	<u>\$ 795,729</u>	<u>\$ 2,138,838</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
Liabilities:				
Vouchers and Accounts Payable	\$ 7,740	\$ 512,866	\$ 26,379	\$ -
Due to Other Funds	-	-	-	-
Due to Commonwealth	-	3,381	-	-
Due to Federal Government	-	-	-	-
Deferred Revenue	-	203,223	-	-
Total Liabilities	<u>\$ 7,740</u>	<u>\$ 719,470</u>	<u>\$ 26,379</u>	<u>\$ -</u>
Fund Balances:				
Restricted for:				
Grants	\$ -	\$ -	\$ -	\$ -
Special Service District	-	-	-	-
Judicial	-	-	-	-
Other	-	-	-	-
Committed to:				
Tax Increment Financing	-	-	-	1,666,392
Judicial	1,101,874	-	-	-
Parks and Recreation	-	7,484,885	-	-
Convention and Visitor Development	-	-	769,350	-
Agriculture	-	-	-	-
Other	-	-	-	-
Assigned:				
Tax Increment Financing	-	-	-	472,446
Special Service District	-	-	-	-
Judicial	382,093	-	-	-
Agriculture	-	-	-	-
Parks and Recreation	-	-	-	-
Convention and Visitor Development	-	-	-	-
Total Fund Balances	<u>\$ 1,483,967</u>	<u>\$ 7,484,885</u>	<u>\$ 769,350</u>	<u>\$ 2,138,838</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u><u>\$ 1,491,707</u></u>	<u><u>\$ 8,204,355</u></u>	<u><u>\$ 795,729</u></u>	<u><u>\$ 2,138,838</u></u>

**CITY OF VIRGINIA BEACH, VIRGINIA  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2011**

<b>Sandbridge Special Service District</b>	<b>Agriculture Reserve Program</b>	<b>Emergency FEMA</b>	<b>Tourism Advertising Program</b>	<b>Sub-Total (continued)</b>
\$ -	\$ 9,682,573	\$ 86,459	\$ 998,006	\$ 29,230,942
2,566,114	-	-	-	17,095,080
-	-	-	-	225,093
-	-	-	-	6,015,607
-	-	-	-	51,813
-	-	-	-	1,165,579
-	-	-	-	1,028,976
<u>\$ 2,566,114</u>	<u>\$ 9,682,573</u>	<u>\$ 86,459</u>	<u>\$ 998,006</u>	<u>\$ 54,813,090</u>
\$ 26	\$ 2,833	\$ -	\$ 221,726	\$ 2,366,679
-	-	-	-	679,537
-	-	-	-	3,381
-	-	-	-	2,367
-	-	-	-	318,070
<u>\$ 26</u>	<u>\$ 2,833</u>	<u>\$ -</u>	<u>\$ 221,726</u>	<u>\$ 3,370,034</u>
\$ -	\$ -	\$ 86,459	\$ -	\$ 7,941,720
631,521	-	-	-	2,070,725
-	-	-	-	2,601,919
-	-	-	-	-
-	-	-	-	10,554,892
-	-	-	-	4,106,500
-	-	-	-	7,484,885
-	-	-	776,280	1,545,630
-	8,084,608	-	-	8,084,608
-	-	-	-	329,923
-	-	-	-	1,552,053
1,934,567	-	-	-	2,141,364
-	-	-	-	1,433,705
-	1,595,132	-	-	1,595,132
-	-	-	-	-
-	-	-	-	-
<u>\$ 2,566,088</u>	<u>\$ 9,679,740</u>	<u>\$ 86,459</u>	<u>\$ 776,280</u>	<u>\$ 51,443,056</u>
<u>\$ 2,566,114</u>	<u>\$ 9,682,573</u>	<u>\$ 86,459</u>	<u>\$ 998,006</u>	<u>\$ 54,813,090</u>

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2011**

	Proffer Impact	Public Investment Protection Strategy	Open Space
<b><u>ASSETS</u></b>			
Cash and Investments	\$ 207,601	\$ 72,597	\$ 2,553,546
Restricted Cash	-	-	-
Accounts Receivable	-	-	-
Loans Receivable	-	-	-
Due from Other Governments	-	-	-
Due from Commonwealth	-	-	-
Due from Federal Government	-	-	-
Total Assets	<u>\$ 207,601</u>	<u>\$ 72,597</u>	<u>\$ 2,553,546</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
Liabilities:			
Vouchers and Accounts Payable	\$ -	\$ -	\$ 9,647
Due to Other Funds	-	-	-
Due to Commonwealth	-	-	-
Due to Federal Government	-	-	-
Deferred Revenue	-	-	-
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,647</u>
Fund Balances:			
Restricted for:			
Grants	\$ -	\$ -	\$ -
Special Service District	-	-	-
Judicial	-	-	-
Other	207,601	-	-
Committed to:			
Tax Increment Financing	-	-	-
Judicial	-	-	-
Parks and Recreation	-	-	1,456,042
Convention and Visitor Development	-	-	-
Agriculture	-	-	-
Other	-	72,597	-
Assigned:			
Tax Increment Financing	-	-	-
Special Service District	-	-	-
Judicial	-	-	-
Agriculture	-	-	-
Parks and Recreation	-	-	1,087,857
Convention and Visitor Development	-	-	-
Total Fund Balances	<u>\$ 207,601</u>	<u>\$ 72,597</u>	<u>\$ 2,543,899</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u><u>\$ 207,601</u></u>	<u><u>\$ 72,597</u></u>	<u><u>\$ 2,553,546</u></u>

**CITY OF VIRGINIA BEACH, VIRGINIA  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2011**

Major Projects	Transitional Area	Wetlands Mitigation	Grants Consolidated	Totals
\$ 7,868,310	\$ 9,501	\$ 152,867	\$ -	\$ 40,095,364
-	-	-	1,588,803	18,683,883
-	-	-	1,011	226,104
-	-	-	-	6,015,607
-	-	-	-	51,813
-	-	-	1,296,136	2,461,715
-	-	-	1,904,523	2,933,499
<u>\$ 7,868,310</u>	<u>\$ 9,501</u>	<u>\$ 152,867</u>	<u>\$ 4,790,473</u>	<u>\$ 70,467,985</u>
\$ -	\$ -	\$ -	\$ 750,223	\$ 3,126,549
-	-	-	-	679,537
-	-	-	-	3,381
-	-	-	-	2,367
-	-	-	-	318,070
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 750,223</u>	<u>\$ 4,129,904</u>
\$ -	\$ -	\$ -	\$ 4,040,250	\$ 11,981,970
-	-	-	-	2,070,725
-	-	-	-	2,601,919
-	-	-	-	207,601
-	-	-	-	10,554,892
-	-	-	-	4,106,500
-	-	-	-	8,940,927
4,739,223	-	-	-	6,284,853
-	-	-	-	8,084,608
-	9,501	152,867	-	564,888
-	-	-	-	1,552,053
-	-	-	-	2,141,364
-	-	-	-	1,433,705
-	-	-	-	1,595,132
-	-	-	-	1,087,857
3,129,087	-	-	-	3,129,087
<u>\$ 7,868,310</u>	<u>\$ 9,501</u>	<u>\$ 152,867</u>	<u>\$ 4,040,250</u>	<u>\$ 66,338,081</u>
<u>\$ 7,868,310</u>	<u>\$ 9,501</u>	<u>\$ 152,867</u>	<u>\$ 4,790,473</u>	<u>\$ 70,467,985</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, 2011**

	Law Library	Sandbridge Tax Increment Financing	Housing and Neighborhood Preservation	Lynnhaven Mall Tax Increment Financing
<b><u>REVENUES</u></b>				
General Property Taxes	\$ -	\$ 7,845,752	\$ -	\$ 1,759,442
Other Local Taxes	-	-	-	-
From Use of Money and Property	4,535	41,897	14,328	4,707
Charges for Services	315,484	-	69,775	-
Miscellaneous	35	-	10,065	-
Fines and Forfeitures	-	-	-	-
From Commonwealth	-	-	-	-
From Federal Government	-	-	5,156,813	-
Total Revenues	<u>\$ 320,054</u>	<u>\$ 7,887,649</u>	<u>\$ 5,250,981</u>	<u>\$ 1,764,149</u>
<b><u>EXPENDITURES</u></b>				
Judicial	\$ -	\$ -	\$ -	\$ -
Executive	-	-	-	-
Library	288,101	-	-	-
Police	-	-	-	-
Fire	-	-	-	-
Public Works	-	-	-	-
Parks and Recreation	-	-	-	-
Agriculture	-	-	-	-
Convention and Visitor Development	-	-	-	-
Housing and Neighborhood Preservation	-	-	5,049,158	-
Human Services	-	-	-	-
Museums	-	-	-	-
General Government	-	-	-	-
Boards and Commissions	-	-	-	1,759,443
Emergency Medical Services	-	-	-	-
Total Expenditures	<u>\$ 288,101</u>	<u>\$ -</u>	<u>\$ 5,049,158</u>	<u>\$ 1,759,443</u>
<b><u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u></b>	<u>\$ 31,953</u>	<u>\$ 7,887,649</u>	<u>\$ 201,823</u>	<u>\$ 4,706</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers In	\$ -	\$ -	\$ 619,325	\$ -
Transfers Out	-	(8,000,000)	(553,858)	-
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ (8,000,000)</u>	<u>\$ 65,467</u>	<u>\$ -</u>
<b><u>EXCESS OF REVENUE AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u></b>	<u>\$ 31,953</u>	<u>\$ (112,351)</u>	<u>\$ 267,290</u>	<u>\$ 4,706</u>
<b><u>FUND BALANCES - JULY 1 - RESTATED</u></b>	<u>297,970</u>	<u>8,946,474</u>	<u>5,748,317</u>	<u>1,129,278</u>
<b><u>FUND BALANCES - JUNE 30</u></b>	<u><u>\$ 329,923</u></u>	<u><u>\$ 8,834,123</u></u>	<u><u>\$ 6,015,607</u></u>	<u><u>\$ 1,133,984</u></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, 2011**

<b>Town Center Special Service District</b>	<b>DEA Seized Property</b>	<b>Federal Section Eight Program</b>	<b>Sheriff's Department</b>	<b>Sub-Total (continued)</b>
\$ 1,726,154	\$ -	\$ -	\$ -	\$ 11,331,348
-	-	-	-	-
4,199	9,573	5,433	23,332	108,004
-	-	-	2,602,354	2,987,613
-	4,286	47,168	101,046	162,600
-	-	-	-	-
-	591,051	-	17,532,842	18,123,893
-	419,157	15,696,146	659,756	21,931,872
<u>\$ 1,730,353</u>	<u>\$ 1,024,067</u>	<u>\$ 15,748,747</u>	<u>\$ 20,919,330</u>	<u>\$ 54,645,330</u>
\$ -	\$ 55,746	\$ -	\$ 34,191,495	\$ 34,247,241
-	-	-	-	-
-	-	-	-	288,101
-	81,912	-	-	81,912
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	17,079,596	-	22,128,754
-	-	-	-	-
-	-	-	-	-
1,250,821	-	-	-	1,250,821
-	-	-	-	1,759,443
-	-	-	-	-
<u>\$ 1,250,821</u>	<u>\$ 137,658</u>	<u>\$ 17,079,596</u>	<u>\$ 34,191,495</u>	<u>\$ 59,756,272</u>
<u>\$ 479,532</u>	<u>\$ 886,409</u>	<u>\$ (1,330,849)</u>	<u>\$ (13,272,165)</u>	<u>\$ (5,110,942)</u>
\$ 150,000	\$ -	\$ 81,001	\$ 12,174,789	\$ 13,025,115
-	(10,899)	-	-	(8,564,757)
<u>\$ 150,000</u>	<u>\$ (10,899)</u>	<u>\$ 81,001</u>	<u>\$ 12,174,789</u>	<u>\$ 4,460,358</u>
\$ 629,532	\$ 875,510	\$ (1,249,848)	\$ (1,097,376)	\$ (650,584)
<u>1,016,469</u>	<u>1,926,409</u>	<u>3,089,502</u>	<u>4,953,614</u>	<u>27,108,033</u>
<u>\$ 1,646,001</u>	<u>\$ 2,801,919</u>	<u>\$ 1,839,654</u>	<u>\$ 3,856,238</u>	<u>\$ 26,457,449</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, 2011**

	Inmate Services	Parks and Recreation	Tourism Growth Investment	Central Business District South Tax Increment Financing
<b><u>REVENUES</u></b>				
General Property Taxes	\$ -	\$ -	\$ -	\$ 5,299,472
Other Local Taxes	-	-	12,482,021	-
From Use of Money and Property	4,778	1,322,582	400,087	3,523
Charges for Services	1,092,912	12,750,084	-	-
Miscellaneous	191,098	71,278	350,538	-
Fines and Forfeiture	-	-	802,051	-
From Commonwealth	-	55,912	-	-
From Federal Government	-	996	-	-
Total Revenues	<u>\$ 1,288,788</u>	<u>\$ 14,200,852</u>	<u>\$ 14,034,697</u>	<u>\$ 5,302,995</u>
<b><u>EXPENDITURES</u></b>				
Judicial	\$ 875,379	\$ -	\$ -	\$ -
Executive	-	-	-	-
Library	-	-	-	-
Police	-	-	-	-
Fire	-	-	-	-
Public Works	-	-	-	-
Parks and Recreation	-	27,813,583	-	-
Agriculture	-	-	-	-
Convention and Visitor Development	-	-	6,642,519	-
Housing and Neighborhood Preservation	-	-	-	-
Human Services	-	-	-	-
Museums	-	-	-	-
General Government	-	-	-	-
Boards and Commissions	-	-	-	-
Emergency Medical Services	-	-	-	-
Total Expenditures	<u>\$ 875,379</u>	<u>\$ 27,813,583</u>	<u>\$ 6,642,519</u>	<u>\$ -</u>
<b><u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u></b>	<u>\$ 413,409</u>	<u>\$ (13,612,731)</u>	<u>\$ 7,392,178</u>	<u>\$ 5,302,995</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers In	\$ 377,518	\$ 15,471,681	\$ 250,000	\$ 500,000
Transfers Out	(397,450)	(1,646,758)	(7,140,670)	(5,519,321)
Total Other Financing Sources (Uses)	<u>\$ (19,932)</u>	<u>\$ 13,824,923</u>	<u>\$ (6,890,670)</u>	<u>\$ (5,019,321)</u>
<b><u>EXCESS OF REVENUE AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u></b>	<u>\$ 393,477</u>	<u>\$ 212,192</u>	<u>\$ 501,508</u>	<u>\$ 283,674</u>
<b><u>FUND BALANCES - JULY 1 - RESTATED</u></b>	<u>1,090,490</u>	<u>7,272,693</u>	<u>267,842</u>	<u>1,855,164</u>
<b><u>FUND BALANCES - JUNE 30</u></b>	<u><u>\$ 1,483,967</u></u>	<u><u>\$ 7,484,885</u></u>	<u><u>\$ 769,350</u></u>	<u><u>\$ 2,138,838</u></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, 2011**

<b>Sandbridge Special Service District</b>	<b>Agriculture Reserve Program</b>	<b>Emergency FEMA</b>	<b>Tourism Advertising Program</b>	<b>Sub-Total (continued)</b>
\$ 652,582	\$ 4,343,263	\$ -	\$ -	\$ 21,626,665
1,213,583	-	-	9,370,779	23,066,383
14,299	40,467	-	43,213	1,936,953
-	-	-	170,434	17,001,043
-	-	-	43,591	819,105
-	-	-	-	802,051
-	210,580	-	-	18,390,385
-	-	-	-	21,932,868
<u>\$ 1,880,464</u>	<u>\$ 4,594,310</u>	<u>\$ -</u>	<u>\$ 9,628,017</u>	<u>\$ 105,575,453</u>
\$ -	\$ -	\$ -	\$ -	\$ 35,122,620
-	-	-	-	-
-	-	-	-	288,101
-	-	-	-	81,912
-	-	-	-	-
-	-	-	-	-
-	-	-	-	27,813,583
-	2,110,093	-	-	2,110,093
-	-	-	9,072,720	15,715,239
-	-	-	-	22,128,754
-	-	-	-	-
-	-	-	-	-
-	-	116,102	-	1,366,923
-	-	-	-	1,759,443
-	-	-	-	-
<u>\$ -</u>	<u>\$ 2,110,093</u>	<u>\$ 116,102</u>	<u>\$ 9,072,720</u>	<u>\$ 106,386,668</u>
<u>\$ 1,880,464</u>	<u>\$ 2,484,217</u>	<u>\$ (116,102)</u>	<u>\$ 555,297</u>	<u>\$ (811,215)</u>
\$ 2,121,628	\$ -	\$ -	\$ -	\$ 31,745,942
(4,570,000)	(5,957,486)	(1,500,000)	(56,838)	(35,353,280)
<u>\$ (2,448,372)</u>	<u>\$ (5,957,486)</u>	<u>\$ (1,500,000)</u>	<u>\$ (56,838)</u>	<u>\$ (3,607,338)</u>
\$ (567,908)	\$ (3,473,269)	\$ (1,616,102)	\$ 498,459	\$ (4,418,553)
<u>3,133,996</u>	<u>13,153,009</u>	<u>1,702,561</u>	<u>277,821</u>	<u>55,861,609</u>
<u>\$ 2,566,088</u>	<u>\$ 9,679,740</u>	<u>\$ 86,459</u>	<u>\$ 776,280</u>	<u>\$ 51,443,056</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, 2011**

	Proffer Impact	Public Investment Protection Strategy	Open Space
<b><u>REVENUES</u></b>			
General Property Taxes	\$ -	\$ -	\$ -
Other Local Taxes	-	-	4,030,493
From Use of Money and Property	791	276	11,804
Charges for Services	-	-	-
Miscellaneous	-	-	-
Fines and Forfeiture	-	-	-
From Commonwealth	-	-	-
From Federal Government	-	-	-
Total Revenues	<u>\$ 791</u>	<u>\$ 276</u>	<u>\$ 4,042,297</u>
<b><u>EXPENDITURES</u></b>			
Judicial	\$ -	\$ -	\$ -
Executive	-	-	-
Library	-	-	-
Police	-	-	-
Fire	-	-	-
Public Works	-	-	-
Parks and Recreation	-	-	114,936
Agriculture	-	-	-
Convention and Visitor Development	-	-	-
Housing and Neighborhood Preservation	-	-	-
Human Services	-	-	-
Museums	-	-	-
General Government	791	-	355,629
Boards and Commissions	-	-	-
Emergency Medical Services	-	-	-
Total Expenditures	<u>\$ 791</u>	<u>\$ -</u>	<u>\$ 470,565</u>
<b><u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u></b>	<u>\$ -</u>	<u>\$ 276</u>	<u>\$ 3,571,732</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>			
Transfers In	\$ -	\$ -	\$ -
Transfers Out	-	-	(4,784,749)
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,784,749)</u>
<b><u>EXCESS OF REVENUE AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u></b>			
	\$ -	\$ 276	\$ (1,213,017)
<b><u>FUND BALANCES - JULY 1 - RESTATED</u></b>	<u>207,601</u>	<u>72,321</u>	<u>3,756,916</u>
<b><u>FUND BALANCES - JUNE 30</u></b>	<u>\$ 207,601</u>	<u>\$ 72,597</u>	<u>\$ 2,543,899</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, 2011**

Major Projects	Transitional Area	Wetlands Mitigation	Grants Consolidated	Totals
\$ -	\$ -	\$ -	\$ -	\$ 21,626,665
17,225,614	-	-	-	44,322,490
37,954	36	550	-	1,988,364
-	-	-	-	17,001,043
-	-	22,075	145,583	986,763
-	-	-	-	802,051
-	-	-	3,397,626	21,788,011
-	-	-	16,078,373	38,011,241
<u>\$ 17,263,568</u>	<u>\$ 36</u>	<u>\$ 22,625</u>	<u>\$ 19,621,582</u>	<u>\$ 146,526,628</u>
\$ -	\$ -	\$ -	\$ 491,782	\$ 35,614,402
-	-	-	82,177	82,177
-	-	-	56,583	344,684
-	-	-	1,179,249	1,261,161
-	-	-	2,750,793	2,750,793
-	-	-	1,431,811	1,431,811
-	-	-	64,277	27,992,796
-	-	-	-	2,110,093
-	-	-	-	15,715,239
-	-	-	1,734,782	23,863,536
-	-	-	8,946,981	8,946,981
-	-	-	33,089	33,089
-	-	-	107,589	1,830,932
-	-	-	-	1,759,443
-	-	-	736,749	736,749
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,615,862</u>	<u>\$ 124,473,886</u>
<u>\$ 17,263,568</u>	<u>\$ 36</u>	<u>\$ 22,625</u>	<u>\$ 2,005,720</u>	<u>\$ 22,052,742</u>
\$ -	\$ -	\$ -	\$ 608,334	\$ 32,354,276
(20,821,568)	-	-	(471,806)	(61,431,403)
<u>\$ (20,821,568)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 136,528</u>	<u>\$ (29,077,127)</u>
\$ (3,558,000)	\$ 36	\$ 22,625	\$ 2,142,248	\$ (7,024,385)
<u>11,426,310</u>	<u>9,465</u>	<u>130,242</u>	<u>1,898,002</u>	<u>73,362,466</u>
<u>\$ 7,868,310</u>	<u>\$ 9,501</u>	<u>\$ 152,867</u>	<u>\$ 4,040,250</u>	<u>\$ 66,338,081</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, 2011**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b><u>REVENUES</u></b>				
From Use of Money and Property	\$ 7,800	\$ 7,800	\$ 4,535	\$ (3,265)
Charges for Services	325,000	325,000	315,484	(9,516)
Miscellaneous	-	-	35	35
Total Revenues	<u>\$ 332,800</u>	<u>\$ 332,800</u>	<u>\$ 320,054</u>	<u>\$ (12,746)</u>
<b><u>EXPENDITURES</u></b>				
Law Library	<u>\$ 332,800</u>	<u>\$ 341,313</u>	<u>\$ 288,101</u>	<u>\$ 53,212</u>
<b><u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u></b>	<u>\$ -</u>	<u>\$ (8,513)</u>	<u>\$ 31,953</u>	<u>\$ 40,466</u>
<b><u>FUND BALANCE - JULY 1</u></b>	<u>297,970</u>	<u>297,970</u>	<u>297,970</u>	<u>-</u>
<b><u>FUND BALANCE - JUNE 30</u></b>	<u>\$ 297,970</u>	<u>\$ 289,457</u>	<u>\$ 329,923</u>	<u>\$ 40,466</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, 2011**

	Budget Amounts			Variance Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
<b><u>REVENUES</u></b>				
General Property Taxes	\$ 8,038,054	\$ 8,038,054	\$ 7,845,752	\$ (192,302)
From Use of Money and Property	223,220	223,220	41,897	(181,323)
Total Revenues	<u>\$ 8,261,274</u>	<u>\$ 8,261,274</u>	<u>\$ 7,887,649</u>	<u>\$ (373,625)</u>
<b><u>EXPENDITURES</u></b>				
Sandbridge TIF	<u>\$ 8,261,274</u>	<u>\$ 261,274</u>	<u>\$ -</u>	<u>\$ 261,274</u>
<b><u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u></b>				
	<u>\$ -</u>	<u>\$ 8,000,000</u>	<u>\$ 7,887,649</u>	<u>\$ (112,351)</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers Out	<u>\$ -</u>	<u>\$ (8,000,000)</u>	<u>\$ (8,000,000)</u>	<u>\$ -</u>
<b><u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u></b>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (112,351)</u>	<u>\$ (112,351)</u>
<b><u>FUND BALANCE - JULY 1</u></b>				
	<u>8,946,474</u>	<u>8,946,474</u>	<u>8,946,474</u>	<u>-</u>
<b><u>FUND BALANCE - JUNE 30</u></b>				
	<u>\$ 8,946,474</u>	<u>\$ 8,946,474</u>	<u>\$ 8,834,123</u>	<u>\$ (112,351)</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, 2011**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b><u>REVENUES</u></b>				
From Use of Money and Property	\$ -	\$ -	\$ 14,328	\$ 14,328
Charges for Services	60,000	60,000	69,775	9,775
Miscellaneous	250,000	370,000	10,065	(359,935)
From Federal Government	3,993,975	5,880,852	5,156,813	(724,039)
Total Revenues	<u>\$ 4,303,975</u>	<u>\$ 6,310,852</u>	<u>\$ 5,250,981</u>	<u>\$ (1,059,871)</u>
<b><u>EXPENDITURES</u></b>				
Housing and Neighborhood Preservation	<u>\$ 4,664,442</u>	<u>\$ 6,268,630</u>	<u>\$ 5,049,158</u>	<u>\$ 1,219,472</u>
<b><u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u></b>	<u>\$ (360,467)</u>	<u>\$ 42,222</u>	<u>\$ 201,823</u>	<u>\$ 159,601</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers In	\$ 619,325	\$ 619,325	\$ 619,325	\$ -
Transfers Out	(258,858)	(553,858)	(553,858)	-
Total Other Financing Sources (Uses)	<u>\$ 360,467</u>	<u>\$ 65,467</u>	<u>\$ 65,467</u>	<u>\$ -</u>
<b><u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u></b>	<u>\$ -</u>	<u>\$ 107,689</u>	<u>\$ 267,290</u>	<u>\$ 159,601</u>
<b><u>FUND BALANCE - JULY 1</u></b>	<u>5,748,317</u>	<u>5,748,317</u>	<u>5,748,317</u>	<u>-</u>
<b><u>FUND BALANCE - JUNE 30</u></b>	<u><u>\$ 5,748,317</u></u>	<u><u>\$ 5,856,006</u></u>	<u><u>\$ 6,015,607</u></u>	<u><u>\$ 159,601</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, 2011**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b><u>REVENUES</u></b>				
General Property Taxes	\$ 1,897,984	\$ 1,897,984	\$ 1,759,442	\$ (138,542)
From Use of Money and Property	-	-	4,707	4,707
Total Revenues	<u>\$ 1,897,984</u>	<u>\$ 1,897,984</u>	<u>\$ 1,764,149</u>	<u>\$ (133,835)</u>
<b><u>EXPENDITURES</u></b>				
Mass Transit	\$ 250,000	\$ 250,000	\$ 250,000	\$ -
Lynnhaven Mall	1,850,000	1,850,000	1,509,443	340,557
Total Expenditures	<u>\$ 2,100,000</u>	<u>\$ 2,100,000</u>	<u>\$ 1,759,443</u>	<u>\$ 340,557</u>
<b><u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u></b>	\$ (202,016)	\$ (202,016)	\$ 4,706	\$ 206,722
<b><u>FUND BALANCE - JULY 1</u></b>	<u>1,129,278</u>	<u>1,129,278</u>	<u>1,129,278</u>	<u>-</u>
<b><u>FUND BALANCE - JUNE 30</u></b>	<u>\$ 927,262</u>	<u>\$ 927,262</u>	<u>\$ 1,133,984</u>	<u>\$ 206,722</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, 2011**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b><u>REVENUES</u></b>				
General Property Taxes	\$ 1,710,665	\$ 1,710,665	\$ 1,726,154	\$ 15,489
From Use of Money and Property	191,475	191,475	4,199	(187,276)
Total Revenues	<u>\$ 1,902,140</u>	<u>\$ 1,902,140</u>	<u>\$ 1,730,353</u>	<u>\$ (171,787)</u>
<b><u>EXPENDITURES</u></b>				
Town Center Parking Operations	\$ 1,984,140	\$ 2,095,393	\$ 1,219,257	\$ 876,136
Town Center Operations	68,000	68,000	31,564	36,436
Total Expenditures	<u>\$ 2,052,140</u>	<u>\$ 2,163,393</u>	<u>\$ 1,250,821</u>	<u>\$ 912,572</u>
<b><u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u></b>	<u>\$ (150,000)</u>	<u>\$ (261,253)</u>	<u>\$ 479,532</u>	<u>\$ 740,785</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers In	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ -</u>
<b><u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u></b>	<u>\$ -</u>	<u>\$ (111,253)</u>	<u>\$ 629,532</u>	<u>\$ 740,785</u>
<b><u>FUND BALANCE - JULY 1</u></b>	<u>1,016,469</u>	<u>1,016,469</u>	<u>1,016,469</u>	<u>-</u>
<b><u>FUND BALANCE - JUNE 30</u></b>	<u><u>\$ 1,016,469</u></u>	<u><u>\$ 905,216</u></u>	<u><u>\$ 1,646,001</u></u>	<u><u>\$ 740,785</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, 2011**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b><u>REVENUES</u></b>				
From Use of Money and Property	\$ -	\$ -	\$ 9,573	\$ 9,573
Miscellaneous	-	-	4,286	4,286
From Commonwealth	-	-	591,051	591,051
From Federal Government	-	-	419,157	419,157
Total Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,024,067</u>	<u>\$ 1,024,067</u>
<b><u>EXPENDITURES</u></b>				
Commonwealth Attorney	\$ 200,000	\$ 211,201	\$ 55,746	\$ 155,455
Uniform Patrol	-	149,142	81,912	67,230
Special Investigative Division	-	25,733	-	25,733
Total Expenditures	<u>\$ 200,000</u>	<u>\$ 386,076</u>	<u>\$ 137,658</u>	<u>\$ 248,418</u>
<b><u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u></b>				
	<u>\$ (200,000)</u>	<u>\$ (386,076)</u>	<u>\$ 886,409</u>	<u>\$ 1,272,485</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers Out	<u>\$ -</u>	<u>\$ (10,899)</u>	<u>\$ (10,899)</u>	<u>\$ -</u>
<b><u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u></b>				
	<u>\$ (200,000)</u>	<u>\$ (396,975)</u>	<u>\$ 875,510</u>	<u>\$ 1,272,485</u>
<b><u>FUND BALANCE - JULY 1</u></b>				
	<u>1,926,409</u>	<u>1,926,409</u>	<u>1,926,409</u>	<u>-</u>
<b><u>FUND BALANCE - JUNE 30</u></b>				
	<u><u>\$ 1,726,409</u></u>	<u><u>\$ 1,529,434</u></u>	<u><u>\$ 2,801,919</u></u>	<u><u>\$ 1,272,485</u></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, 2011**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b><u>REVENUES</u></b>				
From Use of Money and Property	\$ -	\$ -	\$ 5,433	\$ 5,433
Charges for Services	15,000	15,000	-	(15,000)
Miscellaneous	24,000	24,000	47,168	23,168
From Federal Government	16,153,087	16,349,485	15,696,146	(653,339)
Total Revenues	<u>\$ 16,192,087</u>	<u>\$ 16,388,485</u>	<u>\$ 15,748,747</u>	<u>\$ (639,738)</u>
<b><u>EXPENDITURES</u></b>				
Rental Subsidy Program	<u>\$ 16,273,088</u>	<u>\$ 17,339,249</u>	<u>\$ 17,079,596</u>	<u>\$ 259,653</u>
<b><u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u></b>	<u>\$ (81,001)</u>	<u>\$ (950,764)</u>	<u>\$ (1,330,849)</u>	<u>\$ (380,085)</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers In	<u>\$ 81,001</u>	<u>\$ 81,001</u>	<u>\$ 81,001</u>	<u>\$ -</u>
<b><u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u></b>	<u>\$ -</u>	<u>\$ (869,763)</u>	<u>\$ (1,249,848)</u>	<u>\$ (380,085)</u>
<b><u>FUND BALANCE - JULY 1</u></b>	<u>3,089,502</u>	<u>3,089,502</u>	<u>3,089,502</u>	<u>-</u>
<b><u>FUND BALANCE - JUNE 30</u></b>	<u><u>\$ 3,089,502</u></u>	<u><u>\$ 2,219,739</u></u>	<u><u>\$ 1,839,654</u></u>	<u><u>\$ (380,085)</u></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, 2011**

	Budget Amounts			Variance
	Original	Final	Actual Amounts	Final Budget Positive (Negative)
<b><u>REVENUES</u></b>				
From Use of Money and Property	\$ -	\$ -	\$ 23,332	\$ 23,332
Charges for Services	2,539,443	2,539,443	2,602,354	62,911
Miscellaneous	-	-	101,046	101,046
From Commonwealth	17,607,506	17,607,506	17,532,842	(74,664)
From Federal Government	240,900	240,900	659,756	418,856
Total Revenues	<u>\$ 20,387,849</u>	<u>\$ 20,387,849</u>	<u>\$ 20,919,330</u>	<u>\$ 531,481</u>
<b><u>EXPENDITURES</u></b>				
Judicial	<u>\$ 35,865,921</u>	<u>\$ 36,236,705</u>	<u>\$ 34,191,495</u>	<u>\$ 2,045,210</u>
<b><u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u></b>				
	<u>\$ (15,478,072)</u>	<u>\$ (15,848,856)</u>	<u>\$ (13,272,165)</u>	<u>\$ 2,576,691</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers In	<u>\$ 12,174,414</u>	<u>\$ 12,184,545</u>	<u>\$ 12,174,789</u>	<u>\$ (9,756)</u>
<b><u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u></b>				
	<u>\$ (3,303,658)</u>	<u>\$ (3,664,311)</u>	<u>\$ (1,097,376)</u>	<u>\$ 2,566,935</u>
<b><u>FUND BALANCE - JULY 1</u></b>	<u>4,953,614</u>	<u>4,953,614</u>	<u>4,953,614</u>	<u>-</u>
<b><u>FUND BALANCE - JUNE 30</u></b>	<u>\$ 1,649,956</u>	<u>\$ 1,289,303</u>	<u>\$ 3,856,238</u>	<u>\$ 2,566,935</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, 2011**

	Budget Amounts			Variance
	Original	Final	Actual Amounts	Final Budget Positive (Negative)
<b><u>REVENUES</u></b>				
From Use of Money and Property	\$ 15,000	\$ 15,000	\$ 4,778	\$ (10,222)
Charges for Services	849,975	1,076,372	1,092,912	16,540
Miscellaneous	-	-	191,098	191,098
Total Revenues	<u>\$ 864,975</u>	<u>\$ 1,091,372</u>	<u>\$ 1,288,788</u>	<u>\$ 197,416</u>
<b><u>EXPENDITURES</u></b>				
Inmate Services	<u>\$ 854,024</u>	<u>\$ 1,500,490</u>	<u>\$ 875,379</u>	<u>\$ 625,111</u>
<b><u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u></b>				
	<u>\$ 10,951</u>	<u>\$ (409,118)</u>	<u>\$ 413,409</u>	<u>\$ 822,527</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers In	\$ -	\$ 377,518	\$ 377,518	\$ -
Transfers Out	(274,551)	(397,450)	(397,450)	-
Total Other Financing Sources (Uses)	<u>\$ (274,551)</u>	<u>\$ (19,932)</u>	<u>\$ (19,932)</u>	<u>\$ -</u>
<b><u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u></b>				
	\$ (263,600)	\$ (429,050)	\$ 393,477	\$ 822,527
<b><u>FUND BALANCE - JULY 1</u></b>	<u>1,090,490</u>	<u>1,090,490</u>	<u>1,090,490</u>	<u>-</u>
<b><u>FUND BALANCE - JUNE 30</u></b>	<u>\$ 826,890</u>	<u>\$ 661,440</u>	<u>\$ 1,483,967</u>	<u>\$ 822,527</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, 2011**

	Budget Amounts			Variance
	Original	Final	Actual Amounts	Final Budget Positive (Negative)
<b><u>REVENUES</u></b>				
From Use of Money and Property	\$ 1,305,713	\$ 1,305,713	\$ 1,322,582	\$ 16,869
Charges for Services	13,785,688	13,785,688	12,750,084	(1,035,604)
Miscellaneous	188,000	188,000	71,278	(116,722)
From Commonwealth	55,000	55,000	55,912	912
From Federal Government	1,000	1,000	996	(4)
Total Revenues	<u>\$ 15,335,401</u>	<u>\$ 15,335,401</u>	<u>\$ 14,200,852</u>	<u>\$ (1,134,549)</u>
<b><u>EXPENDITURES</u></b>				
Citywide Recreation Programs	\$ 9,970,628	\$ 9,983,517	\$ 9,634,608	\$ 348,909
Parks Operations and Services	2,825,382	2,833,314	2,666,542	166,772
Athletic Complex	264,066	263,276	266,529	(3,253)
Recreation Centers	11,269,637	11,283,335	10,429,685	853,650
Little Island Park	235,614	235,063	208,243	26,820
Maintenance	3,049,573	3,145,324	2,723,024	422,300
USFHA Field Hockey Training Center	-	-	106	(106)
Human Resources	481,891	479,783	448,314	31,469
Golf Courses	2,329,869	2,334,407	1,364,861	969,546
City Beautification and Recreation	111,487	139,361	71,671	67,690
Total Expenditures	<u>\$ 30,538,147</u>	<u>\$ 30,697,380</u>	<u>\$ 27,813,583</u>	<u>\$ 2,883,797</u>
<b><u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u></b>				
	<u>\$ (15,202,746)</u>	<u>\$ (15,361,979)</u>	<u>\$ (13,612,731)</u>	<u>\$ 1,749,248</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers In	\$ 15,504,749	\$ 15,471,681	\$ 15,471,681	\$ -
Transfers Out	(1,551,500)	(1,553,852)	(1,646,758)	(92,906)
Total Other Financing Sources (Uses)	<u>\$ 13,953,249</u>	<u>\$ 13,917,829</u>	<u>\$ 13,824,923</u>	<u>\$ (92,906)</u>
<b><u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u></b>				
	<u>\$ (1,249,497)</u>	<u>\$ (1,444,150)</u>	<u>\$ 212,192</u>	<u>\$ 1,656,342</u>
<b><u>FUND BALANCE - JULY 1 - RESTATED</u></b>				
	<u>7,272,693</u>	<u>7,272,693</u>	<u>7,272,693</u>	<u>-</u>
<b><u>FUND BALANCE - JUNE 30</u></b>				
	<u>\$ 6,023,196</u>	<u>\$ 5,828,543</u>	<u>\$ 7,484,885</u>	<u>\$ 1,656,342</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, 2011**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b><u>REVENUES</u></b>				
Other Local Taxes	\$ 11,956,585	\$ 11,956,585	\$ 12,482,021	\$ 525,436
From Use of Money and Property	313,233	313,233	400,087	86,854
Miscellaneous	298,131	298,131	350,538	52,407
Fines and Forfeitures	943,278	943,278	802,051	(141,227)
Total Revenues	<u>\$ 13,511,227</u>	<u>\$ 13,511,227</u>	<u>\$ 14,034,697</u>	<u>\$ 523,470</u>
<b><u>EXPENDITURES</u></b>				
Economic Development	\$ 100,000	\$ 101,903	\$ 85,724	\$ 16,179
Direct Costs	2,050,000	2,050,000	2,050,000	-
Mass Transit Operations	590,000	590,000	590,000	-
Special Events	3,091,656	3,091,656	3,064,966	26,690
Cultural Activities	50,500	50,500	50,500	-
Recycling	52,000	52,000	32,250	19,750
Landscaping	3,343	33,208	26,498	6,710
Maintenance	452,145	457,937	402,782	55,155
Contractual Services	369,117	370,932	339,799	31,133
Total Expenditures	<u>\$ 6,758,761</u>	<u>\$ 6,798,136</u>	<u>\$ 6,642,519</u>	<u>\$ 155,617</u>
<b><u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u></b>	<u>\$ 6,752,466</u>	<u>\$ 6,713,091</u>	<u>\$ 7,392,178</u>	<u>\$ 679,087</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers In	\$ 250,000	\$ 250,000	\$ 250,000	\$ -
Transfers Out	(6,972,466)	(6,972,466)	(7,140,670)	(168,204)
Total Other Financing Sources (Uses)	<u>\$ (6,722,466)</u>	<u>\$ (6,722,466)</u>	<u>\$ (6,890,670)</u>	<u>\$ (168,204)</u>
<b><u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u></b>	<u>\$ 30,000</u>	<u>\$ (9,375)</u>	<u>\$ 501,508</u>	<u>\$ 510,883</u>
<b><u>FUND BALANCE - JULY 1</u></b>	<u>267,842</u>	<u>267,842</u>	<u>267,842</u>	<u>-</u>
<b><u>FUND BALANCE - JUNE 30</u></b>	<u>\$ 297,842</u>	<u>\$ 258,467</u>	<u>\$ 769,350</u>	<u>\$ 510,883</u>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**CENTRAL BUSINESS DISTRICT SOUTH TAX INCREMENT FINANCING SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2011**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b><u>REVENUES</u></b>				
General Property Taxes	\$ 5,456,290	\$ 5,456,290	\$ 5,299,472	\$ (156,818)
From Use of Money and Property	15,000	15,000	3,523	(11,477)
Total Revenues	<u>\$ 5,471,290</u>	<u>\$ 5,471,290</u>	<u>\$ 5,302,995</u>	<u>\$ (168,295)</u>
<b><u>EXPENDITURES</u></b>				
CBD South	<u>\$ 619,919</u>	<u>\$ 619,919</u>	<u>\$ -</u>	<u>\$ 619,919</u>
<b><u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u></b>	<u>\$ 4,851,371</u>	<u>\$ 4,851,371</u>	<u>\$ 5,302,995</u>	<u>\$ 451,624</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers In	\$ 500,000	\$ 500,000	\$ 500,000	\$ -
Transfers Out	(5,614,117)	(5,614,117)	(5,519,321)	94,796
Total Other Financing Sources (Uses)	<u>\$ (5,114,117)</u>	<u>\$ (5,114,117)</u>	<u>\$ (5,019,321)</u>	<u>\$ 94,796</u>
<b><u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u></b>	<u>\$ (262,746)</u>	<u>\$ (262,746)</u>	<u>\$ 283,674</u>	<u>\$ 546,420</u>
<b><u>FUND BALANCE - JULY 1</u></b>	<u>1,855,164</u>	<u>1,855,164</u>	<u>1,855,164</u>	<u>-</u>
<b><u>FUND BALANCE - JUNE 30</u></b>	<u><u>\$ 1,592,418</u></u>	<u><u>\$ 1,592,418</u></u>	<u><u>\$ 2,138,838</u></u>	<u><u>\$ 546,420</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, 2011**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b><u>REVENUES</u></b>				
General Property Taxes	\$ 653,647	\$ 653,647	\$ 652,582	\$ (1,065)
Other Local Taxes	863,360	863,360	1,213,583	350,223
From Use of Money and Property	86,566	86,566	14,299	(72,267)
Total Revenues	<u>\$ 1,603,573</u>	<u>\$ 1,603,573</u>	<u>\$ 1,880,464</u>	<u>\$ 276,891</u>
<b><u>EXPENDITURES</u></b>				
Total Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b><u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u></b>	<u>\$ 1,603,573</u>	<u>\$ 1,603,573</u>	<u>\$ 1,880,464</u>	<u>\$ 276,891</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers In	\$ 1,810,923	\$ 1,810,923	\$ 2,121,628	\$ 310,705
Transfers Out	(4,570,000)	(4,570,000)	(4,570,000)	-
Total Other Financing Sources (Uses)	<u>\$ (2,759,077)</u>	<u>\$ (2,759,077)</u>	<u>\$ (2,448,372)</u>	<u>\$ 310,705</u>
<b><u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u></b>	<u>\$ (1,155,504)</u>	<u>\$ (1,155,504)</u>	<u>\$ (567,908)</u>	<u>\$ 587,596</u>
<b><u>FUND BALANCE - JULY 1</u></b>	<u>3,133,996</u>	<u>3,133,996</u>	<u>3,133,996</u>	<u>-</u>
<b><u>FUND BALANCE - JUNE 30</u></b>	<u><u>\$ 1,978,492</u></u>	<u><u>\$ 1,978,492</u></u>	<u><u>\$ 2,566,088</u></u>	<u><u>\$ 587,596</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, 2011**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b><u>REVENUES</u></b>				
General Property Taxes	\$ 4,576,138	\$ 4,576,138	\$ 4,343,263	\$ (232,875)
From Use of Money and Property	-	-	40,467	40,467
From Commonwealth	-	210,580	210,580	-
Total Revenues	<u>\$ 4,576,138</u>	<u>\$ 4,786,718</u>	<u>\$ 4,594,310</u>	<u>\$ (192,408)</u>
<b><u>EXPENDITURES</u></b>				
Agriculture Reserve Program	\$ 172,000	\$ 382,580	\$ 148,054	\$ 234,526
Debt Service	<u>2,495,429</u>	<u>2,495,429</u>	<u>1,962,039</u>	<u>533,390</u>
Total Expenditures	<u>\$ 2,667,429</u>	<u>\$ 2,878,009</u>	<u>\$ 2,110,093</u>	<u>\$ 767,916</u>
<b><u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u></b>	<u>\$ 1,908,709</u>	<u>\$ 1,908,709</u>	<u>\$ 2,484,217</u>	<u>\$ 575,508</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers Out	<u>\$ (5,908,709)</u>	<u>\$ (7,175,296)</u>	<u>\$ (5,957,486)</u>	<u>\$ 1,217,810</u>
<b><u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u></b>	<u>\$ (4,000,000)</u>	<u>\$ (5,266,587)</u>	<u>\$ (3,473,269)</u>	<u>\$ 1,793,318</u>
<b><u>FUND BALANCE - JULY 1</u></b>	<u>13,153,009</u>	<u>13,153,009</u>	<u>13,153,009</u>	<u>-</u>
<b><u>FUND BALANCE - JUNE 30</u></b>	<u><u>\$ 9,153,009</u></u>	<u><u>\$ 7,886,422</u></u>	<u><u>\$ 9,679,740</u></u>	<u><u>\$ 1,793,318</u></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, 2011**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b><u>REVENUES</u></b>				
Total Revenues	\$ -	\$ -	\$ -	\$ -
<b><u>EXPENDITURES</u></b>				
FEMA Operations	\$ -	\$ -	\$ 116,102	\$ (116,102)
<b><u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u></b>	\$ -	\$ -	\$ (116,102)	\$ (116,102)
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers Out	\$ -	\$ (1,500,000)	\$ (1,500,000)	\$ -
<b><u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u></b>	\$ -	\$ (1,500,000)	\$ (1,616,102)	\$ (116,102)
<b><u>FUND BALANCE - JULY 1</u></b>	1,702,561	1,702,561	1,702,561	-
<b><u>FUND BALANCE - JUNE 30</u></b>	<u>\$ 1,702,561</u>	<u>\$ 202,561</u>	<u>\$ 86,459</u>	<u>\$ (116,102)</u>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**TOURISM ADVERTISING PROGRAM SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2011**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b><u>REVENUES</u></b>				
From Use of Money and Property	\$ 48,442	\$ 48,442	\$ 43,213	\$ (5,229)
Other Local Taxes	8,956,770	8,956,770	9,370,779	414,009
Charges for Services	100,950	100,950	170,434	69,484
Miscellaneous	40,000	40,000	43,591	3,591
Total Revenues	<u>\$ 9,146,162</u>	<u>\$ 9,146,162</u>	<u>\$ 9,628,017</u>	<u>\$ 481,855</u>
<b><u>EXPENDITURES</u></b>				
Visitor Information Center	\$ 1,173,587	\$ 1,171,074	\$ 932,576	\$ 238,498
Tourism and Convention Advertising	7,915,737	7,989,857	8,140,144	(150,287)
Total Expenditures	<u>\$ 9,089,324</u>	<u>\$ 9,160,931</u>	<u>\$ 9,072,720</u>	<u>\$ 88,211</u>
<b><u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u></b>	<u>\$ 56,838</u>	<u>\$ (14,769)</u>	<u>\$ 555,297</u>	<u>\$ 570,066</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers Out	<u>\$ (56,838)</u>	<u>\$ (56,838)</u>	<u>\$ (56,838)</u>	<u>\$ -</u>
<b><u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u></b>	<u>\$ -</u>	<u>\$ (71,607)</u>	<u>\$ 498,459</u>	<u>\$ 570,066</u>
<b><u>FUND BALANCE - JULY 1</u></b>	<u>277,821</u>	<u>277,821</u>	<u>277,821</u>	<u>-</u>
<b><u>FUND BALANCE - JUNE 30</u></b>	<u><u>\$ 277,821</u></u>	<u><u>\$ 206,214</u></u>	<u><u>\$ 776,280</u></u>	<u><u>\$ 570,066</u></u>

CITY OF VIRGINIA BEACH, VIRGINIA  
PROFFER IMPACT SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Actual Amounts</u>
<b><u>REVENUES</u></b>	
From Use of Money and Property	\$ 791
<b><u>EXPENDITURES</u></b>	
Proffer	\$ -
<b><u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u></b>	\$ 791
<b><u>OTHER FINANCING SOURCES (USES)</u></b>	
Transfers Out	\$ (791)
<b><u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u></b>	\$ -
<b><u>FUND BALANCE - JULY 1</u></b>	207,601
<b><u>FUND BALANCE - JUNE 30</u></b>	\$ 207,601

**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, 2011**

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	<u>Actual Amounts</u>
<b><u>REVENUES</u></b>	
From Use of Money and Property	\$ 276
<b><u>EXPENDITURES</u></b>	
Total Expenditures	\$ -
<b><u>EXCESS OF REVENUES OVER</u></b> <b><u>(UNDER) EXPENDITURES</u></b>	\$ 276
<b><u>FUND BALANCE - JULY 1</u></b>	72,321
<b><u>FUND BALANCE - JUNE 30</u></b>	\$ 72,597

**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, 2011**

	Budget Amounts		Actual Amounts	Variance Final Budget Positive (Negative)
	Original	Final		
<b><u>REVENUES</u></b>				
Other Local Taxes	\$ 3,855,043	\$ 3,855,043	\$ 4,030,493	\$ 175,450
From Use of Money and Property	37,962	37,962	11,804	(26,158)
Total Revenues	<u>\$ 3,893,005</u>	<u>\$ 3,893,005</u>	<u>\$ 4,042,297</u>	<u>\$ 149,292</u>
<b><u>EXPENDITURES</u></b>				
Open Space Program	<u>\$ 479,549</u>	<u>\$ 498,177</u>	<u>\$ 470,565</u>	<u>\$ 27,612</u>
<b><u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u></b>				
	<u>\$ 3,413,456</u>	<u>\$ 3,394,828</u>	<u>\$ 3,571,732</u>	<u>\$ 176,904</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers Out	<u>\$ (4,815,861)</u>	<u>\$ (4,815,861)</u>	<u>\$ (4,784,749)</u>	<u>\$ 31,112</u>
<b><u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u></b>				
	<u>\$ (1,402,405)</u>	<u>\$ (1,421,033)</u>	<u>\$ (1,213,017)</u>	<u>\$ 208,016</u>
<b><u>FUND BALANCE - JULY 1</u></b>	<u>3,756,916</u>	<u>3,756,916</u>	<u>3,756,916</u>	<u>-</u>
<b><u>FUND BALANCE - JUNE 30</u></b>	<u>\$ 2,354,511</u>	<u>\$ 2,335,883</u>	<u>\$ 2,543,899</u>	<u>\$ 208,016</u>

**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, 2011**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b><u>REVENUES</u></b>				
Other Local Taxes	\$ 16,881,167	\$ 16,881,167	\$ 17,225,614	\$ 344,447
From Use of Money and Property	250,657	250,657	37,954	(212,703)
Total Revenues	<u>\$ 17,131,824</u>	<u>\$ 17,131,824</u>	<u>\$ 17,263,568</u>	<u>\$ 131,744</u>
<b><u>EXPENDITURES</u></b>				
Total Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b><u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u></b>	<u>\$ 17,131,824</u>	<u>\$ 17,131,824</u>	<u>\$ 17,263,568</u>	<u>\$ 131,744</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers Out	<u>\$ (20,977,241)</u>	<u>\$ (20,977,241)</u>	<u>\$ (20,821,568)</u>	<u>\$ 155,673</u>
<b><u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u></b>	<u>\$ (3,845,417)</u>	<u>\$ (3,845,417)</u>	<u>\$ (3,558,000)</u>	<u>\$ 287,417</u>
<b><u>FUND BALANCE - JULY 1</u></b>	<u>11,426,310</u>	<u>11,426,310</u>	<u>11,426,310</u>	<u>-</u>
<b><u>FUND BALANCE - JUNE 30</u></b>	<u><u>\$ 7,580,893</u></u>	<u><u>\$ 7,580,893</u></u>	<u><u>\$ 7,868,310</u></u>	<u><u>\$ 287,417</u></u>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**TRANSITIONAL AREA SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**FOR THE YEAR ENDED JUNE 30, 2011**

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	<u>Actual Amounts</u>
<b><u>REVENUES</u></b>	
From Use of Money and Property	\$ 36
<b><u>EXPENDITURES</u></b>	
Total Expenditures	\$ -
<b><u>EXCESS OF REVENUES OVER</u></b>	
<b><u>(UNDER) EXPENDITURES</u></b>	\$ 36
<b><u>FUND BALANCE - JULY 1</u></b>	9,465
<b><u>FUND BALANCE - JUNE 30</u></b>	\$ 9,501



**CITY OF VIRGINIA BEACH, VIRGINIA**  
**WETLANDS BOARD MITIGATION SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Actual Amounts</u>
<b><u>REVENUES</u></b>	
From Use of Money and Property	\$ 550
Miscellaneous	22,075
Total Revenues	<u>\$ 22,625</u>
<b><u>EXPENDITURES</u></b>	
Total Expenditures	<u>\$ -</u>
<b><u>EXCESS OF REVENUES OVER</u></b>	
<b><u>(UNDER) EXPENDITURES</u></b>	\$ 22,625
<b><u>FUND BALANCE - JULY 1</u></b>	<u>130,242</u>
<b><u>FUND BALANCE - JUNE 30</u></b>	<u><u>\$ 152,867</u></u>



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# **DEBT SERVICE FUND**

## **DEBT SERVICE FUND**

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

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

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2011**

	Budget Amounts			Variance
	Original	Final	Actual Amounts	Final Budget Positive (Negative)
<b><u>REVENUES</u></b>				
From Use of Money and Property	\$ -	\$ -	\$ 5,136	\$ 5,136
Federal Reimbursement of Interest	-	-	675,474	675,474
Total Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 680,610</u>	<u>\$ 680,610</u>
<b><u>EXPENDITURES</u></b>				
Principal	\$ 78,862,191	\$ 78,862,191	\$ 80,413,257	\$ (1,551,066)
Interest	49,343,441	49,343,441	43,141,572	6,201,869
Total Expenditures	<u>\$ 128,205,632</u>	<u>\$ 128,205,632</u>	<u>\$ 123,554,829</u>	<u>\$ 4,650,803</u>
<b><u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u></b>				
	<u>\$ (128,205,632)</u>	<u>\$ (128,205,632)</u>	<u>\$ (122,874,219)</u>	<u>\$ 5,331,413</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers In	\$ 128,205,632	\$ 128,205,632	\$ 124,987,348	\$ (3,218,284)
Premium on Bonds Sold	-	-	406,800	406,800
Increase (Decrease) in Treasury Strips	-	-	(49,823)	(49,823)
Total Other Financing Sources (Uses)	<u>\$ 128,205,632</u>	<u>\$ 128,205,632</u>	<u>\$ 125,344,325</u>	<u>\$ (2,861,307)</u>
<b><u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u></b>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,470,106</u>	<u>\$ 2,470,106</u>
<b><u>FUND BALANCE - JULY 1</u></b>				
	<u>17,251,355</u>	<u>17,251,355</u>	<u>17,251,355</u>	<u>-</u>
<b><u>FUND BALANCE - JUNE 30</u></b>				
	<u>\$ 17,251,355</u>	<u>\$ 17,251,355</u>	<u>\$ 19,721,461</u>	<u>\$ 2,470,106</u>

**GENERAL GOVERNMENT**

**CAPITAL PROJECTS**

## **GENERAL GOVERNMENT CAPITAL PROJECTS**

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

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**ENGINEERING AND HIGHWAYS CAPITAL PROJECTS EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2011**

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	59,024	2,019,549	2,019,549	637,496	2,852,568
2021	RURAL ROAD IMPROVEMENTS	6,777,080	56,545	4,636,102	4,636,102	1,648,823	492,155
2025	WITCHDUCK ROAD - PHASE II	1,500,000	258	748,581	748,581	742,247	9,172
2031	STREET RECONSTRUCTION	6,364,451	2,505,866	5,535,962	-	785,315	43,174
2035	AVALON WOODS - AVALON AVENUE	1,150,000	865,539	1,121,481	1,121,481	7,141	21,378
2039	COMPUTERIZED TRAFFIC SIGNAL SYS UPGRADE	23,890,833	3,028,314	17,101,086	17,101,086	5,007,865	1,781,881
2048	PRINCESS ANNE RD/KEMPSVILLE RD INTERSECTION	85,140,000	7,127,102	51,786,713	-	22,983,830	10,369,457
2052	TRAFFIC SIGNAL REHABILITATION	2,550,000	53,147	2,349,121	-	39,160	161,719
2053	ACCESS ROAD FOR ELEMENTARY SCHOOL 2008	1,000,000	-	1,000,000	-	-	-
2065	ELBOW ROAD EXTENDED - PHASE II-A	4,381,200	202,731	4,354,176	-	17,131	9,892
2067	SANDBRIDGE ROAD SAFETY IMPROVEMENTS	4,560,955	10,000	4,233,771	-	327,184	-
2071	BAKER ROAD EXTENDED	3,225,000	926,163	1,536,864	1,536,864	330,592	1,357,544
2072	FIRST COLONIAL RD/VB BLVD INTERSECTION	9,795,000	520,013	6,238,118	-	244,074	3,312,808
2073	BUCKNER ROAD EXTENDED	2,421,000	45,018	2,402,678	2,402,678	11,656	6,667
2074	I-264 GREAT NECK RAMP	5,330,984	52	2,903,433	-	250	2,427,301
2076	LASKIN ROAD GATEWAY	15,396,121	85,578	14,942,900	-	314,644	138,577
2077	TOWN CENTER PEDESTRIAN SAFETY IMPROVEMENTS	225	-	225	-	-	-
2083	DIAMOND SPRINGS ROAD BRIDGE REPLACEMENT	4,125,000	353,942	3,882,531	3,882,531	76,634	165,835
2089	SOUTHEASTERN PARKWAY & GREENBELT (PARTIAL)	23,548,139	17,763	23,193,598	-	343,585	10,956
2091	NIMMO PARKWAY - PHASES II AND III	60,000	-	40,697	-	-	19,303
2107	SEABOARD ROAD	2,791,000	41	2,473,523	2,473,523	317,462	15
2115	SHORE DRIVE INTERSECTIONS - DEMO PROJECT	5,252,806	13,433	4,930,872	-	273,305	48,630
2117	SHORE DRIVE CORRIDOR IMPRV-PHASE III	850,000	32,464	32,464	32,464	657,952	159,584
2118	SHORE DRIVE CORRIDOR IMPRV-PHASE IV	750,076	-	398,437	398,437	351,639	-
2121	NIMMO PARKWAY - PHASE V-A	27,613,388	52,759	126,206	126,206	48,886	27,438,296
2129	PAVEMENT MAINTENANCE PROGRAM-PHASE II	18,188,805	1,656,480	17,792,189	-	396,528	88
2137	GREAT NECK RD IV/LONDON BRIDGE RD III	6,323,694	15,131	5,658,579	-	419,502	245,613
2143	LASKIN ROAD GATEWAY-PHASE I-A	23,304,119	8,495,889	18,549,957	18,791,418	2,746,905	2,007,257
2145	WESLEYAN DRIVE	8,784,333	289,790	1,020,503	1,020,503	202,428	7,561,403
2149	BIRDNECK ROAD - PHASE II	11,486,710	137,688	6,628,025	6,628,025	1,655,165	3,203,520
2150	SALEM RD/PA ROAD INTERSECTION IMPROVEMENT	1,054,000	314,988	623,669	623,669	43,366	386,965
2152	ELBOW ROAD EXTENDED - PHASE II	6,186,915	65,129	4,175,235	4,175,235	166,576	1,845,104
2156	LASKIN ROAD - PHASE I (VDOT)	4,125,000	42,053	1,974,269	1,974,269	8,247	2,142,484
2157	LYNNHAVEN PARKWAY - PHASE IX	12,730,300	1,915,213	11,754,653	11,754,653	18,991	956,657
2158	HOLLAND ROAD - PHASE VI (PARTIAL)	1,350,200	23,026	576,765	576,765	5,159	768,276
2160	CITY WIDE STREET LGHTG IMPRVMTS-PHASE II	180,000	77,127	175,250	-	4,345	405
2161	TRAFFIC SIGNAL RETIMING	1,756,091	176,580	1,734,685	1,734,685	21,177	229
2163	SHORE DRIVE BIKE AND PEDESTRIAN SAFETY	36,288	289	24,682	24,682	-	11,606
2165	LASKIN ROAD - PHASE II	995,879	-	625,137	625,137	30	370,712
2166	PACIFIC AVE BIKE AND PEDESTRIAN SAFETY	63,540	-	44,479	44,479	-	19,061
2167	LYNNHAVEN PARKWAY - PHASE XI	1,864,190	31,051	250,425	250,425	-	1,613,765
2168	LESNER BRIDGE REPLACEMENT	10,874,406	60,038	8,076,966	8,076,966	1,145,038	1,652,402
2172	LED TRAFFIC SIGNAL UPGRADE	400,000	32,594	399,609	-	-	391
2176	TRANSPORTATION NETWORK ANALYSIS	1,750,000	9,206	944,275	944,275	157,241	648,484
2177	HSIP GRANT- HIGH ACCIDENT LOCATIONS	1,682,000	164,057	204,315	204,315	1,443,244	34,441
2178	HSIP GRANT- BICYCLE/PEDESTRIAN SAFETY	11,723,120	963,463	1,156,880	1,238,765	1,708,521	8,857,719
2186	NORFOLK SOUTHERN RIGHT-OF-WAY	450,000	11,048	411,385	411,385	24,280	14,335
2190	CONGESTION RELIEF/SAFETY IMPRV PROGRAM	10,640,350	1,028,455	1,221,738	1,428,322	7,086,576	2,332,036
2195	PRINCESS ANNE RD-INTERSECTION IMPRVMTS	4,630,077	7,548	3,915,799	-	57,473	656,805
2208	CONSTITUTION DRIVE EXTENDED	8,751,912	4,041,728	7,790,593	7,790,593	643,312	318,008
2211	SECONDARY STREET IMPROVEMENTS	1,346,686	3,945	1,335,012	-	5,428	6,246
2238	PEMBROKE AREA COMP TRANSPORTATION PLAN	925,000	-	873,563	-	-	51,437
2256	INDIAN RIVER ROAD - PHASE VII	6,348,000	565,992	4,688,238	4,688,238	1,608,331	51,431
2257	LYNNHAVEN PARKWAY/VOLVO PARKWAY	1,003,762	-	367,035	-	115,167	521,561
2263	MAJOR BRIDGE REHABILITATION	8,526,475	1,447,864	6,736,112	6,736,112	1,323,000	467,363
2268	WETLANDS MITIGATION BANKING	352,000	4,330	165,057	165,057	177	186,766
2284	STREET ASPHALT RESURFACING	68,592,600	26,854	68,452,062	-	140,389	149
2285	TRAFFIC SAFETY IMPROVEMENTS - PHASE II	16,103,203	277,952	14,797,987	-	1,145,003	160,213
2300	TRAFFIC SAFETY IMPROVEMENTS - PHASE III	3,597,268	973,487	1,545,061	1,545,061	1,200,047	852,160
2301	NFK SOUTHERN ROW ACQUISITION	35,045,200	25,045,171	15,045,171	15,045,171	-	29
2305	PRINCESS ANNE RD - PH IV (FERRELL - PH II)	14,571,767	1,055,224	3,558,747	3,558,747	53,179	10,959,841
2401	GREENWICH RD/CLEVELAND ST CROSSOVER	3,700,000	1,480,988	1,480,988	1,480,988	-	2,219,012
2402	VIRGINIA BEACH BUS SHELTER PROGRAM	100,000	-	-	-	-	100,000
2502	WEST NECK ROAD (TAN)	4,091,103	859,117	1,973,216	1,973,216	2,082,026	35,861
2731	SHORE DRIVE INTERIM SAFETY IMPROVEMENTS	1,000,000	151,107	237,563	237,563	340,356	422,080
2837	VARIOUS COST PARTICIPATION PROJECTS	4,294,354	-	4,143,092	-	-	151,262
2931	WITCHDUCK ROAD - PHASE I	26,486,900	5,933,765	23,522,321	23,522,321	1,383,331	1,581,247
TOTAL ENGINEERING & HIGHWAYS CAPITAL PROJECTS		\$ 592,094,496	\$ 73,340,119	\$ 405,172,456	\$ 163,750,542	\$ 62,518,707	\$ 104,403,335



**CITY OF VIRGINIA BEACH, VIRGINIA**  
**BUILDINGS CAPITAL PROJECTS EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2011**

<b>Project Number</b>	<b>Project Name</b>	<b>Budget to Date</b>	<b>Current Year Expenditures</b>	<b>Total Expenditures</b>	<b>Construction In Progress</b>	<b>Outstanding Encumbrances</b>	<b>Available Balance</b>
3009	PUBLIC SAFETY EMERGENCY COMMUNICATIONS	\$ 3,132,089	\$ -	\$ 3,085,103	\$ -	\$ -	\$ 46,986
3021	FIRE AN RESCUE STATION - THALIA	5,500,000	11,713	1,493,509	1,493,509	-	4,006,491
3035	CIT-CRIMINAL JUSTICE AUTO-SYS ANALYSIS	300,000	18,038	44,294	44,294	21,131	234,575
3038	VARIOUS BUILDINGS REHABILITATION AND RENEWAL	14,490,904	46,126	14,449,991	-	36,123	4,790
3041	VMSM ELEVATED PEDESTRIAN CROSSWALK	512,179	-	397,628	397,628	114,551	-
3043	CIT-IN-VEHICLE MAPPING	424,716	4,304	317,171	-	-	107,545
3048	CIT-SOFTWARE INFRASTRUCTURE	286,000	35,942	274,308	-	10,833	859
3050	CIT-PLANNING ADDRESS PROCESS CONVERSION	100,000	-	74,450	-	-	25,550
3052	CIT-IT SERVICE CONTINUITY	3,201,753	213,768	1,596,784	1,596,784	162,449	1,442,520
3054	ANIMAL CONTROL & K-9 REPLACEMENTS	13,401,000	8,015,192	8,662,354	8,662,355	4,039,731	698,915
3061	CIT-HANSEN V.8 UPGRADE	725,000	79,981	572,232	-	93,933	58,835
3068	CIT-IT NETWORK INFRSTR REPLCMNT-PH II	771,803	-	-	-	-	771,803
3073	COLONIAL EDUC CONS & LAND ACQUIS	1,095,100	-	739,569	739,569	-	355,531
3076	CIT-CONVERSION-VIRTUALIZATION ANALYSIS	60,000	8,289	31,313	-	-	28,687
3077	CIT-DATA CTR SUSTAINABILITY/RISK REDUCTN	250,000	31,102	132,823	132,823	117,177	-
3078	CIT-GIS WEB INFRASTRUCTURE UPGRADE	150,000	2,247	115,162	-	-	34,838
3081	CIT-HR/PAYROLL SYS-LAG/WORK WEEK CHNG	275,000	20,920	275,000	-	-	-
3083	CIT-SYSTEM CENTER CONFIGURATION MGMT	150,000	9,627	122,198	-	-	27,802
3085	CIT-ERS-AUTOMATE EMER MEDICL DISPATCH	205,910	113,705	177,320	177,320	23,445	5,145
3086	CIT-EMS-HANDHELD FIELD REPORTING	523,000	11,753	439,739	439,739	29,453	53,808
3087	CIT-HNP-FIELD AUTOMATION ANALYSIS	136,000	-	-	-	30,886	105,114
3088	CIT-ODO COLLABORATIVE LEARNING	412,000	-	371,813	371,813	-	40,187
3090	CIT-P&R-CLASS/INSITE INTERFACE	69,760	-	-	-	-	69,760
3091	CIT-PLANNING-ADDRSSING SYS INTEGRATION	220,000	38,783	38,783	38,783	96,642	84,575
3093	CIT-PLANNING-BUS SYS INTEGRATION IMLEM	296,152	-	-	-	-	296,152
3097	CIT-AQUAR TICKETING & FINANCIAL SYSTEM	195,000	25,591	25,591	25,591	120,697	48,712
3102	ALARM SYSTEM MONITORING/MOSCAD	315,496	-	-	-	-	315,496
3103	HERITAGE BUILDING - MAINTENANCE PROGRAM	225,000	55,734	168,193	-	6,500	50,307
3104	FIRE STA #19-STUMPY LAKE/SALEM-REPAIRS	765,142	266,154	750,429	-	14,027	685
3109	LIBRARY AUTOMATION SYSTEM REPLACEMENT	1,318,228	18,852	1,263,209	1,263,209	-	55,019
3114	BEAUTIFICATION PILOT PROJECT	580,000	-	578,975	578,975	1,025	-
3119	CIT-CABLE ACCESS INFRASTRUCTURE REPLACE	1,531,930	11,174	678,276	678,276	39,078	814,576
3124	COPS INTEROPERABLE COMM TECH GRNT - PH II	8,139,100	414,240	6,913,789	6,913,789	793,365	431,946
3125	LARGE VEHICLE REPAIR SHOP	1,799,970	95,262	95,262	95,262	1,428,628	276,080
3133	FIRE TRAINING CTR IMPROVE-PHASE III	2,362,074	-	-	-	-	2,362,074
3138	UASI INTEROPERABLE COMMUNICATIONS TECHN	3,543,780	1,037,434	3,538,532	-	-	5,248
3140	ENERGY PERFORMANCE CONTRACTS (CITY)	5,000,000	605,099	1,542,348	-	45,434	3,412,218
3142	CIT-COMMUNICATIONS INFRA REPLACE-PHII	4,642,000	75,724	75,724	75,724	-	4,566,276
3143	UASI INTEROPERABLE COMM TECH GRANT PH II	4,000,000	255,994	255,994	255,994	1,055,349	2,688,656
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	88,500	89,016	-	9,500	1,484
3150	VB FIELD HOUSE EMERGENCY SHELTER	425,000	245,179	413,664	-	-	11,336
3151	COPS LAW ENFORCE TECH GRANT 09	800,000	29,325	29,325	29,325	23,433	747,242
3175	VIRGINIA BEACH LIFELONG LEARNING CENTER	8,267,865	4,400,454	5,245,232	5,245,232	1,631	3,021,002
3200	REV ASSESSMENT & COLLECTION SYS	11,924,799	105,153	9,506,034	-	608,098	1,810,667
3207	CIT-PH 2 PERMITS/INSPECT INTRACTV INTRNT	1,927,984	688,504	1,473,925	1,473,925	244,687	209,372
3209	CIT-ENTERPRISE ELCTRNC RECORDS MGMT SYS	500,000	26,119	208,937	208,937	32,918	258,145
3212	CIT - IT NETWORK INFRASTRUCTURE REPLACE	2,656,000	97,835	2,275,031	2,275,031	-	380,969
3214	CIT - CODE ENFORCEMENT DATABASE	643,000	-	606,589	-	36,411	-
3217	CIT - MH CLIENT INFORMATION SYSTEM	2,900,000	73,900	2,127,845	2,127,845	167,417	604,738
3229	POLICE TRNG FACILITY-SITE SELECTION/DESIGN	5,310,000	476,433	5,211,069	-	-	98,931
3244	FIRE/RESCUE STATION-CHESAPEAKE BEACH	3,248,800	17,834	1,379,982	1,379,982	95,347	1,773,472
3248	FIRE/RESCUE STATION-BLACKWATER	306,091	-	6,291	6,291	-	299,800
3262	TIDEWATER COMMUNITY COLLEGE EXPANSION	20,203,290	3,977,858	16,716,667	16,716,667	13,526	3,473,098
3275	VMSM RENEWAL & REPLACEMENT	666,200	11,909	655,975	-	3,068	7,157
3278	VA AQUARIUM RENEWAL & REPLACEMENT-PH II	525,000.0	6,534.0	187,863.0	-	72,782.0	264,355.0
3281	CIT-COMMUNICATION INFRASTRUCTURE REPLACE	24,125,000	4,405,200	22,004,975	22,004,975	1,135,001	985,024
3282	MUNICIPAL BUILDING SECURITY ENHANCEMENTS	950,000	297	796,469	796,469	65,622	87,909
3283	PAVILION THEATER REPLACEMENT	47,000,000	229,652	46,946,088	-	3,912	50,000
3292	VA AQUARIUM ANIMAL CARE ANNEX	1,790,566	22,843	1,606,111	1,606,111	-	184,455

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**BUILDINGS CAPITAL PROJECTS EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2011**

<b>Project Number</b>	<b>Project Name</b>	<b>Budget to Date</b>	<b>Current Year Expenditures</b>	<b>Total Expenditures</b>	<b>Construction In Progress</b>	<b>Outstanding Encumbrances</b>	<b>Available Balance</b>
3300	FERRY PLANTATION HOUSE	\$ 145,000	\$ 111,573	\$ 130,129	\$ -	\$ 14,233	\$ 638
3317	POLICE SPEC OPS/FORENSICS/EVID COMPLEX	334,719	15,856	15,856	15,856	-	318,863
3322	VMSM ORIGINAL EXHIBIT GALLERY RENOVATION	11,915,188	63,474	11,842,236	-	20,473	52,479
3340	CIT - TELECOMMUNICATIONS REPLACEMENT	2,485,000	-	1,636,185	1,636,185	-	848,815
3343	ADAM THOROUGHGOOD HOUSE EXTERIOR REHAB	300,000	77,689	298,567	-	123	1,310
3344	POLICE FOURTH PRECINCT-REPLACEMENT	434,504	-	-	-	-	434,504
3346	CIT-AUTOMATIC VEHICLE LOCATOR SYSTEM	1,313,500	6,927	651,347	651,347	94,326	567,828
3349	CIT-HUMAN SRVCS IT SYSTEMS INTERGRATION	340,500	107,837	267,669	267,669	6,805	66,026
3359	BLDG MODERN, RENEWALS AND REPLACEMENTS	1,023,000	-	806,961	806,961	11,146	204,893
3365	FIRE FACILITY REHAB AND RENEWAL PH II	3,629,382	648,297	2,890,869	2,890,869	618,733	119,781
3366	VAR BLDGS HVAC REHAB AND RENEWAL PH II	6,866,474	575,303	5,817,679	-	1,006,357	42,438
3367	VAR BLDGS REHAB AND RENEWAL PH II	14,755,685	1,935,558	9,231,645	9,231,645	4,577,305	946,735
3368	VARIOUS SITE ACQUISITIONS	26,758,577	14,989	24,757,134	-	760,179	1,241,264
3371	FIRE APPARATUS-PHASE II	8,090,036	1,610,448	6,800,946	-	35,011	1,254,079
3447	LIBRARY RENOVATIONS AND REPLACEMENTS	9,636,358	12,760	9,625,939	-	10,419	-
3503	LIGHTHOUSE MULTI-SERVICE CENTER	3,912,943	10,354	10,354	10,354	-	3,902,589
3602	CIT-ORACLE APPLICATIONS RELEASE 12 UPG	2,480,355	93,594	93,594	93,594	16,683	2,370,078
3613	CIT-ANALYSIS-RETIREMENT MAINFRAME APPS	128,226	36,536	36,536	-	27,048	64,642
3615	CIT-BUS REV/PERS PROP RACS IMPLEMENTATION	952,000	61,163	61,163	61,163	33,059	857,778
TOTAL BUILDINGS CAPITAL PROJECTS		<u>\$ 311,750,144</u>	<u>\$ 31,808,635</u>	<u>\$ 241,759,763</u>	<u>\$ 93,517,870</u>	<u>\$ 18,025,710</u>	<u>\$ 51,964,673</u>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**PARKS AND RECREATION CAPITAL PROJECTS EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2011**

<b>Project Number</b>	<b>Project Name</b>	<b>Budget to Date</b>	<b>Current Year Expenditures</b>	<b>Total Expenditures</b>	<b>Construction In Progress</b>	<b>Outstanding Encumbrances</b>	<b>Available Balance</b>
4004	OPEN SPACE PROGRAM SITE ACQUISITION	\$ 49,539,757	\$ 1,994	\$ 41,595,640	\$ -	\$ 34,283	\$ 7,909,834
4010	EXISTING TRAILS REPAIRS	1,500,000	8,269	1,499,007	-	-	993
4013	COMMUNITY REC CTRS REPAIRS & RENOV-PH II	19,369,844	3,289,455	8,695,029	8,695,029	1,144,039	9,530,776
4016	DST/COMM PRKS/SPEC USE FAC DEV/REN-PH II	4,719,291	1,310,710	3,265,832	-	149,793	1,303,666
4017	GOLF COURSES EQUIP & INFRASTRUCTURE-PH II	500,000	27,119	492,536	-	1,780	5,685
4018	GREENWAYS AND SCENIC WATERWAYS-PHASE II	731,419	248,790	365,107	365,107	2,972	363,341
4019	NEW PRINCESS ANNE ATHLETIC FIELDS	15,849,199	69,185	15,723,341	-	-	125,858
4020	SHORE DRIVE CORRIDOR TRAILS	534,302	161,439	534,302	-	-	-
4023	NEIGHBORHOOD PARKS ACQUISITION/DEV-PH II	747,546	127,875	620,020	620,020	14,097	113,429
4024	PARK PLAYGROUND REOVATIONS	4,701,000	618,070	4,248,813	-	426,427	25,760
4034	REC CENTERS ROOF MAIN AND REPLACE (ON-GOING)	3,603,000	242,900	3,170,464	-	24,653	407,883
4035	NATURAL AREA PRESERVES	187,634	44,684	187,630	-	4	-
4036	TENNIS COURT RENOVATIONS-PHASE II	1,592,987	436,005	1,588,395	1,588,395	-	4,592
4042	RED WING LAKE GOLF COURSE IMPROVEMENTS	5,000,000	28	4,990,755	-	9,244	1
4051	STUMPY LAKE GC INFRASTRUCTURE IMPROVMNTS	2,300,000	258	1,360,225	1,360,225	909,806	29,969
4053	FIELD HOCKEY NATL TRNG CTR REPAIRS/RENOV	602,664	-	-	-	-	602,664
4055	OPEN SPACE PARK DEVELOPMENT & MAINT	6,990,000	740,497	3,769,924	3,769,924	89,366	3,130,710
4063	ATHLETIC FIELDS UPGRADE & LIGHTING PH II	961,715	229,865	729,086	729,086	4,780	227,849
4070	OPEN SPACE PRGM SITE AQUISITION-PHII	1,933,000	-	-	-	-	1,933,000
4071	WILLIAMS FARM COMMUNITY REC CTR DESIGN	24,650,058	1,490,930	1,490,930	1,490,930	19,257,468	3,901,660
4072	BAYSIDE COMMUNITY CENTER	1,100,000	62,818	956,300	956,300	93,705	49,995
4074	CITY BIKEWAYS & TRAILS IMPROVEMENTS PH I	931,650	118,259	592,057	592,057	41,205	298,388
4075	PEDESTRIAN SYSTEM IMPROVEMENTS-PHASE I	1,200,000	16,507	861,980	835,055	44,266	293,754
4076	PLAYGROUNDS ON THE BEACH	92,500	23,867	89,097	-	-	3,403
4080	SPORTSPLEX/NATL TRNG CTR REN & REPLACE	847,673	22,259	67,099	67,099	101,288	679,286
4300	COM REC CTRS REPAIRS & RENOV-PHIII	273,459	-	-	-	-	273,459
4304	REC OFFICE & STORAGE/SCHOOL SITES-PHIII	92,507	-	-	-	-	92,507
4306	OPEN SPACE PARK DEVELOPMENT/MAINT-PHII	750,000	-	-	-	-	750,000
4309	MT TRASHMORE DISTRICT PARK RENOV-PH II	750,000	732,061	705,136	732,061	44,864	-
4501	ATHLETIC FIELD ENERGY CONSERVATN RENOV	400,000	346,580	346,580	346,580	32,790	20,630
4502	LYNNHAVEN BOAT RAMP/BEACH FAC REP/RENOV	246,833	-	-	-	10,700	236,133
4503	P&R ADMINISTRATION OFFICES RELOCATION	337,500	86,401	86,401	86,401	87,673	163,426
4504	PARK PARKING LOT REPAIRS/RENOVATIONS	50,000	-	-	-	50,000	-
4506	PARKS INFRASTRUCTURE RENEWAL/REPLACMENT	825,000	252,230	252,230	252,230	333,350	239,420
TOTAL PARKS & RECREATION CAPITAL PROJECTS		<u>\$ 153,910,538</u>	<u>\$ 10,709,055</u>	<u>\$ 98,283,916</u>	<u>\$ 22,486,499</u>	<u>\$ 22,908,553</u>	<u>\$ 32,718,071</u>

**CITY OF VIRGINIA BEACH, VIRGINIA  
COASTAL CAPITAL PROJECTS EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2011**

<b>Project Number</b>	<b>Project Name</b>	<b>Budget to Date</b>	<b>Current Year Expenditures</b>	<b>Total Expenditures</b>	<b>Construction In Progress</b>	<b>Outstanding Encumbrances</b>	<b>Available Balance</b>
8002	BEACH PROFILE MONITORING PROGRAM	\$ 325,487	\$ 18,160	\$ 220,661	\$ -	\$ 5,000	\$ 99,826
8003	LANDFILL #2 PHASE I CLOSURE	6,194,536	-	-	-	-	6,194,536
8004	VARIOUS MINOR DREDGING PROJECTS	1,386,269	165,437	878,259	-	2,985	505,024
8005	W BRANCH LYNNHAVEN RIVER MAINT DREDGING	4,917,013	137,006	794,440	-	91,615	4,030,959
8007	RUDEE INLET OUTER CHANNEL MAINT DREDGE	1,965,995	-	1,685,995	-	-	280,000
8008	BEACH REPLENISHMENT	11,332,741	161,103	5,552,034	-	138,305	5,642,402
8014	LYNNHAVEN INLET MAINTENANCE DREDGING	2,124,913	174,904	2,120,913	-	4,000	-
8023	SANDBRIDGE BEACH ACCESS IMPRV/SAND MGMT	1,025,000	353,415	606,291	-	241,139	177,569
8078	CHESAPEAKE BEACH SAND STUDY	150,000	-	-	-	150,000	-
8282	SANDBRIDGE EMERGENCY BEACH RESTORATION	44,289,386	243,103	21,441,115	-	74,017	22,774,254
8830	RUDEE INLET DREDGING	7,199,142	105,663	6,546,266	-	96,957	555,919
8933	LANDFILL #2 - EXPANSION	23,948,402	1,034,135	22,237,137	-	858,080	853,185
TOTAL COASTAL CAPITAL PROJECTS		<u>\$ 104,858,884</u>	<u>\$ 2,392,926</u>	<u>\$ 62,083,111</u>	<u>\$ -</u>	<u>\$ 1,662,098</u>	<u>\$ 41,113,674</u>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**ECONOMIC AND TOURISM CAPITAL PROJECTS EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2011**

Project Number	Project Name	Budget to Date	Current Year Expenditures	Total Expenditures	Construction In Progress	Outstanding Encumbrances	Available Balance
9016	TOWN CENTER INFRASTRUCTURE	\$ 8,684,829	\$ 22,531	\$ 8,602,929	\$ -	\$ 78,773	\$ 3,127
9018	CONVENTION CENTER REPLACEMENT	206,844,513	4,873	205,603,611	-	1,177,628	63,273
9036	19TH ST CORRIDOR DESIGN & IMPROVEMENTS	1,065,515	101	1,035,356	1,035,356	26,312	3,847
9058	RUDEE WALK (PARTIAL) - PHASE I	514,000	27,700	204,057	204,057	1,748	308,195
9060	OCEANA/INTERFAC TRAF AREA CONFORM & ACQ	82,718,815	8,035,614	69,036,710	18,000	12,657,251	1,024,854
9069	19TH STREET CORRIDOR IMPROVEMENTS	12,700,000	2,286,621	5,588,576	5,620,743	838,143	6,273,281
9070	ACQUISITION OF 9TH STREET GARAGE	9,750,000	-	9,750,000	-	-	-
9076	ECONOMIC DEVELOPMENT INITIATIVES	100,000	-	53,800	-	-	46,200
9081	STRATEGIC GROWTH AREA PROGRAM	8,500,000	1,008,574	2,246,415	2,305,121	521,058	5,732,527
9082	OCEANFRONT GARAGES CAPITAL MAINTENANCE	1,550,000	253,093	684,781	-	90,116	775,103
9083	TOWN CENTER GARAGE & PLAZA CAPITAL MAINT	1,118,110	(1,118,110)	-	-	818,110	300,000
9141	ECONOMIC DEVELOPMENT INVESTMENT PROGRAM	37,331,590	2,337,911	32,359,384	-	1,443,889	3,528,317
9199	CONFERENCE/CONVENTION FACILITY RENOVATION	2,550,000	-	2,420,194	-	-	129,806
9255	CONFERENCE/CONVENTION FACILITY EXPANSION	2,550,232	-	2,549,458	-	-	774
9275	CAPE HENRY LIGHTHOUSE RESTORATION	200,000	-	41,141	-	-	158,859
9302	RUDEE LOOP DEVELOPMENT - PHASE I (PARTIAL)	14,336,155	34,522	14,172,917	2,951	-	163,238
9303	RESORT AREA MULTI MODAL TRANSPORTATION CENTER STUDY	255,000	-	255,000	-	-	-
9336	SPOT BLIGHT ABATEMENT PROGRAM	312,778	-	218,477	-	-	94,301
9500	VB AMPHITHEATER CAPITAL MAINTENANCE	150,000	-	-	-	-	150,000
9503	GROMMET PARK RESTROOMS	315,000	275,581	275,581	275,581	2,421	36,998
TOTAL ECONOMIC & TOURISM CAPITAL PROJECTS		<u>\$ 391,546,537</u>	<u>\$ 13,169,011</u>	<u>\$ 355,098,387</u>	<u>\$ 9,461,809</u>	<u>\$ 17,655,449</u>	<u>\$ 18,792,700</u>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**SUMMARY OF GENERAL GOVERNMENT CAPITAL PROJECTS REVENUES**  
**FOR THE YEAR ENDED JUNE 30, 2011**

	Budget Revenues	Actual Revenues		
		Prior Years	Current Year	Total
FEDERAL FUNDING	\$ 60,616,028	\$ 71,768,190	\$ 19,973,634	\$ 91,741,824
STATE FUNDING	178,868,021	68,913,190	28,805,397	97,718,587
LOCAL FUNDING	1,314,676,325	1,028,548,512	160,232,857	1,188,781,369
TOTAL GENERAL GOVERNMENT CAPITAL PROJECTS REVENUES	<u>\$ 1,554,160,599</u>	<u>\$ 1,169,229,892</u>	<u>\$ 209,011,888</u>	<u>\$ 1,378,241,780</u>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**SUMMARY OF GENERAL GOVERNMENT CAPITAL PROJECTS EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2011**

<b>Project Name</b>	<b>Budget to Date</b>	<b>Current Year Expenditures</b>	<b>Total Expenditures</b>	<b>Construction In Progress</b>	<b>Outstanding Encumbrances</b>	<b>Available Balance</b>
ENGINEERING AND HIGHWAYS	\$ 592,094,496	\$ 73,340,119	\$ 405,172,456	\$ 163,750,542	\$ 62,518,707	\$ 104,403,335
BUILDINGS	311,750,144	31,808,635	241,759,763	93,517,870	18,025,710	51,964,673
PARKS AND RECREATION	153,910,538	10,709,055	98,283,916	22,486,499	22,908,553	32,718,071
COASTAL	104,858,884	2,392,926	62,083,111	-	1,662,098	41,113,674
ECONOMIC AND TOURISM	<u>391,546,537</u>	<u>13,169,011</u>	<u>355,098,387</u>	<u>9,461,809</u>	<u>17,655,449</u>	<u>18,792,700</u>
GENERAL GOVERNMENT EXPENDITURES	<u>\$ 1,554,160,599</u>	131,419,746	<u>\$ 1,162,397,633</u>	<u>\$ 289,216,720</u>	<u>\$ 122,770,517</u>	<u>\$ 248,992,453</u>
CLOSED CAPITAL PROJECTS EXPENDITURES		<u>445,349</u>				
TOTAL GENERAL GOVERNMENT EXPENDITURES		131,865,095				
TRANSFER TO SCHOOL BOARD		<u>37,805,245</u>				
TOTAL CURRENT YEAR CAPITAL PROJECTS EXPENDITURES		169,670,340				
TRANSFER TO INMATE SERVICES FUND		377,518				
TOTAL CURRENT YEAR CAPITAL PROJECTS EXPENDITURES AND OTHER FINANCING USES		<u>\$ 170,047,858</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, 2011**

**ASSETS**

## Current Assets:

Cash and Investments	\$ 76,809,255
Accounts Receivable - Net of Estimated Uncollectibles	16,417,434
Intergovernmental Receivables	81,688
Inventory	2,291,304
Total Current Assets	<u>\$ 95,599,681</u>

## Non-current Assets:

Cash and Investments - Restricted	\$ 67,750,291
Deferred Charges	3,862,811
Capital Assets:	
Land	12,508,717
Buildings	3,590,809
Utility System	856,987,923
Office Furniture and Fixtures	1,494,319
Machinery and Equipment	18,912,159
Construction in Progress	71,537,405
Less: Accumulated Depreciation	(350,949,607)
Total Capital Assets	<u>\$ 614,081,725</u>
Total Non-current Assets	<u>\$ 685,694,827</u>
Total Assets	<u>\$ 781,294,508</u>

**LIABILITIES**

## Current Liabilities:

Vouchers and Accounts Payable	\$ 6,901,380
Deposits Payable	102,836
Accrued Interest Payable	2,412,810
Construction Contracts Payable	4,170,922
Deferred Revenue	153,875
Current Portion of Long-term Liabilities	8,910,259
Total Current Liabilities	<u>\$ 22,652,082</u>

## Long-Term Liabilities (less current portion):

Double Barrel and Revenue Bonds and Notes	\$ 172,210,894
Premium on Refunding Bonds	4,140,690
Accrued Compensated Leave	875,135
Total Long-Term Liabilities (less current portion)	<u>\$ 177,226,719</u>
Total Liabilities	<u>\$ 199,878,801</u>

**NET ASSETS**

Invested in Capital Assets, Net of Related Debt	\$ 477,642,072
Restricted for Debt Service	17,267,825
Restricted for Operations	86,505,810
Total Net Assets	<u>\$ 581,415,707</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, 2011**

**OPERATING REVENUES**

Service Charges	\$ 49,801,279
Sale of Water	48,354,247
Tap Fees	312,073
Fire Hydrant Rental	7,440
Navy Wheelage Charges	132,155
Miscellaneous	952,427
Total Operating Revenues	<u>\$ 99,559,621</u>

**OPERATING EXPENSES**

Cost of Goods Sold - Water Purchases	\$ 25,340,950
Personal Services	20,057,137
Fringe Benefits	6,679,443
Contractual Services	4,364,797
Internal Services	2,407,267
Other Charges	16,227,536
Depreciation	20,362,760
Total Operating Expenses	<u>\$ 95,439,890</u>

<b><u>OPERATING INCOME (LOSS)</u></b>	<u>\$ 4,119,731</u>
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**NONOPERATING REVENUES (EXPENSES)**

Interest Income	\$ 643,162
Gain (Loss) From Sale of Assets	136,008
From Federal Government	768,954
Interest on Double Barrel/Revenue Bonds and Notes	(5,514,159)
City of Norfolk Water Servicing True Up	(3,361,943)
Total Nonoperating Revenues (Expenses)	<u>\$ (7,327,978)</u>

**INCOME (LOSS) BEFORE CONTRIBUTIONS**

<b><u>AND TRANSFERS</u></b>	\$ (3,208,247)
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Capital Contributions - Tap Fees and Other	4,290,114
Transfers In	<u>264,233</u>

<b><u>CHANGE IN NET ASSETS</u></b>	\$ 1,346,100
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<b><u>TOTAL NET ASSETS - BEGINNING</u></b>	<u>580,069,607</u>
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<b><u>TOTAL NET ASSETS - ENDING</u></b>	<u><u>\$ 581,415,707</u></u>
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**CITY OF VIRGINIA BEACH, VIRGINIA  
WATER AND SEWER ENTERPRISE FUND  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2011**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Receipts from Customers and Users	\$ 97,935,303
Receipts from (Payments for) Interfund Services Provided	23,645
Other Operating Cash Receipts	952,427
Cash Payments To Suppliers of Goods and Services	(46,861,700)
Cash Payments To Employees for Services	(26,653,810)
Net Cash Provided By Operating Activities	<u>\$ 25,395,865</u>

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:**

Receipts from Other Funds	<u>\$ 264,233</u>
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**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:**

Interest Paid on Long-term Debt	\$ (7,151,407)
Acquisition and Construction of Capital Assets	(31,686,162)
Proceeds from Sale of Salvage	136,008
Receipts of Connection Fees	2,616,957
Federal Government Bond Subsidy	768,954
City of Norfolk Water Services True Up	(3,361,943)
Principal Paid on Long-term Debt	(5,811,090)
Net Cash Provided (Used) By Capital and Related Financing Activities	<u>\$ (44,488,683)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Interest and Dividends Received	<u>\$ 643,162</u>
Net Increase (Decrease) in Cash and Temporary Investments	\$ (18,185,423)
Cash and Temporary Investments, July 1	<u>162,744,969</u>
Cash and Temporary Investments, June 30	<u><u>\$ 144,559,546</u></u>

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

Operating Income ( Loss )	\$ 4,119,731
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By Operating Activities:	
Depreciation	20,362,760
(Increase)/Decrease in Accounts Receivable	(671,891)
(Increase)/Decrease in Intergovernmental Receivables	23,645
(Increase)/Decrease in Inventory	24,684
Increase/(Decrease) in Vouchers and Accounts Payable	1,496,138
Increase/(Decrease) in Deposits Payable	6,298
Increase/(Decrease) in Deferred Revenue	(48,270)
Increase/(Decrease) in Accrued Compensated Leave	82,770
Total Adjustments	<u>\$ 21,276,134</u>
Net Cash Provided By Operating Activities	<u><u>\$ 25,395,865</u></u>

**NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:**

Capital Contributions of Fixed Assets	<u>\$ 1,673,157</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, 2011**

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**CASH - DESIGNATED FOR CONSTRUCTION**

Balance - July 1	\$ 53,254,046
Receipts:	
Water and Sewer Enterprise	\$ 25,000,000
Transfer from WRRF	1,938,002
Total Receipts	<u>\$ 26,938,002</u>
Disbursements:	
Water and Sewer Construction Expenditures	\$ 30,343,110
Accrued Expenditures Not Paid in Current Year	2,615,715
Total Disbursements	<u>\$ 32,958,825</u>
Balance - June 30 Designated for Construction	<u><u>\$ 47,233,223</u></u>

**CASH - WATER RESOURCE RECOVERY FEES**

Balance - July 1	\$ -
Receipts:	
Fees	\$ 1,938,002
Disbursements:	
Construction Expenditures	1,938,002
Balance - June 30 Water Resource Recovery Fees	<u><u>\$ -</u></u>

**CASH - WATER AND SEWER DEBT SERVICE**

Balance - July 1	\$ 10,582,259
Net Disbursements and Receipts	3,386,725
Balance - June 30 Water and Sewer Debt Service	<u><u>\$ 13,968,984</u></u>

**CASH - WITH FISCAL AGENT**

Balance - July 1	\$ 4,886,330
Net Disbursements and Receipts	1,661,754
Balance - June 30 Cash With Fiscal Agent	<u><u>\$ 6,548,084</u></u>

<b><u>TOTAL RESTRICTED CASH</u></b>	<u><u>\$ 67,750,291</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, 2011**

	Budget	Actual	Variance Positive (Negative)
<b><u>Director of Public Utilities</u></b>			
Personal Services	\$ 256,446	\$ 250,671	\$ 5,775
Fringe Benefits	85,447	85,293	154
Contractual Services	5,100	1,301	3,799
Internal Services	6,670	6,847	(177)
Other Charges	37,195	33,597	3,598
Total Director of Public Utilities	<u>\$ 390,858</u>	<u>\$ 377,709</u>	<u>\$ 13,149</u>
<b><u>Engineering Staff</u></b>			
Personal Services	\$ 5,185,829	\$ 4,921,388	\$ 264,441
Fringe Benefits	1,618,996	1,547,230	71,766
Contractual Services	174,264	66,946	107,318
Internal Services	190,133	171,825	18,308
Other Charges	216,628	177,189	39,439
Total Engineering Staff	<u>\$ 7,385,850</u>	<u>\$ 6,884,578</u>	<u>\$ 501,272</u>
<b><u>Operations and Maintenance Administration</u></b>			
Personal Services	\$ 1,192,672	\$ 1,150,931	\$ 41,741
Fringe Benefits	397,278	383,920	13,358
Contractual Services	1,067,650	956,291	111,359
Internal Services	101,487	113,035	(11,548)
Other Charges	391,107	383,264	7,843
Total Operations and Maintenance Administration	<u>\$ 3,150,194</u>	<u>\$ 2,987,441</u>	<u>\$ 162,753</u>
<b><u>Water Distribution</u></b>			
Personal Services	\$ 2,134,981	\$ 2,127,371	\$ 7,610
Fringe Benefits	684,724	674,419	10,305
Contractual Services	63,810	52,310	11,500
Internal Services	355,314	384,207	(28,893)
Other Charges	372,187	349,750	22,437
Total Water Distribution	<u>\$ 3,611,016</u>	<u>\$ 3,588,057</u>	<u>\$ 22,959</u>
<b><u>Lake Gaston Facilities</u></b>			
Contractual Services	\$ 1,721,081	\$ 1,335,513	\$ 385,568
Internal Services	18,675	13,321	5,354
Other Charges	1,155,614	769,555	386,059
Total Lake Gaston Facilities	<u>\$ 2,895,370</u>	<u>\$ 2,118,389</u>	<u>\$ 776,981</u>
<b><u>Water Pump Stations</u></b>			
Personal Services	\$ 1,361,413	\$ 1,321,172	\$ 40,241
Fringe Benefits	444,711	435,412	9,299
Contractual Services	136,262	39,259	97,003
Internal Services	145,026	153,890	(8,864)
Other Charges	554,948	542,912	12,036
Total Water Pump Stations	<u>\$ 2,642,360</u>	<u>\$ 2,492,645</u>	<u>\$ 149,715</u>
<b><u>Sewer Collection Systems</u></b>			
Personal Services	\$ 3,086,632	\$ 3,419,789	\$ (333,157)
Fringe Benefits	979,989	995,120	(15,131)
Contractual Services	140,340	113,255	27,085
Internal Services	728,602	830,080	(101,478)
Other Charges	718,294	723,043	(4,749)
Total Sewer Collection Systems	<u>\$ 5,653,857</u>	<u>\$ 6,081,287</u>	<u>\$ (427,430)</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, 2011**

	Budget	Actual	Variance Positive (Negative)
<b><u>Sewer Pump Stations</u></b>			
Personal Services	\$ 2,754,764	\$ 2,723,112	\$ 31,652
Fringe Benefits	969,832	957,322	12,510
Contractual Services	266,292	271,526	(5,234)
Internal Services	296,103	332,226	(36,123)
Other Charges	2,127,798	2,001,852	125,946
Total Sewer Pump Stations	<u>\$ 6,414,789</u>	<u>\$ 6,286,038</u>	<u>\$ 128,751</u>
<b><u>Customer Services</u></b>			
Personal Services	\$ 2,550,870	\$ 2,409,972	\$ 140,898
Fringe Benefits	975,662	941,368	34,294
Contractual Services	1,915,021	1,506,898	408,123
Internal Services	392,321	266,381	125,940
Other Charges	897,956	756,487	141,469
Total Customer Services	<u>\$ 6,731,830</u>	<u>\$ 5,881,106</u>	<u>\$ 850,724</u>
<b><u>Water Purchases</u></b>	<u>\$ 29,716,190</u>	<u>\$ 25,340,950</u>	<u>\$ 4,375,240</u>
<b><u>Meter Operations</u></b>			
Personal Services	\$ 1,820,307	\$ 1,732,731	\$ 87,576
Fringe Benefits	684,153	659,359	24,794
Contractual Services	37,940	21,498	16,442
Internal Services	122,137	135,455	(13,318)
Other Charges	638,555	886,264	(247,709)
Total Meter Operations	<u>\$ 3,303,092</u>	<u>\$ 3,435,307</u>	<u>\$ (132,215)</u>
<b><u>General Fund Charges</u></b>			
Office Rental	\$ 396,678	\$ 396,678	\$ -
Landscape Services	325,162	261,713	63,449
Support Personnel	686,252	652,319	33,933
Building Maintenance	145,196	38,430	106,766
Communication Technology Charges	1,902,575	1,902,575	-
Payment in Lieu of Taxes	100,000	100,000	-
Right of Way Utility	4,000,000	4,000,000	-
Indirect Cost Allocation	2,412,842	1,893,207	519,635
Water Assistance	255,000	217,305	37,695
Radio Maintenance	141,396	141,396	-
Total General Fund Charges	<u>\$ 10,365,101</u>	<u>\$ 9,603,623</u>	<u>\$ 761,478</u>
Total Budgeted Operating Expenses	<u>\$ 82,260,507</u>	<u>\$ 75,077,130</u>	<u>\$ 7,183,377</u>

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

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



**CITY OF VIRGINIA BEACH, VIRGINIA**  
**WATER AND SEWER FUND CAPITAL PROJECTS**  
**WATER CAPITAL PROJECTS BUDGETED AND ACTUAL REVENUES**  
**FOR THE YEAR ENDED JUNE 30, 2011**

	Budget Revenues	Actual Revenues		
		Prior Years	Current Year	Total
FEDERAL FUNDING	\$ 95,923	\$ 95,923	\$ -	\$ 95,923
DEDICATED FUNDING	25,583,333	25,583,333	-	25,583,333
LOCAL FUNDING	179,819,300	175,040,017	4,779,283	179,819,300
TOTAL WATER CAPITAL PROJECTS REVENUES	<u>\$ 205,498,556</u>	<u>\$ 200,719,273</u>	<u>\$ 4,779,283</u>	<u>\$ 205,498,556</u>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**WATER AND SEWER FUND CAPITAL PROJECTS**  
**WATER CAPITAL PROJECTS EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2011**

Project Number	Project Name	Budget to Date	Current Year Expenditures	Total Expenditures	Construction In Progress	Outstanding Encumbrances	Available Balance
5001	COMP EMER RESPONSE & PLANNING - PHASE I	\$ 2,355,923	\$ 40,118	\$ 2,309,816	\$ -	\$ 133	\$ 45,974
5006	WATER APPURTENANCES EVAL & IMP	225,000	11,637	225,000	-	-	-
5007	CUSTOMER INFORMATION SYSTEM REPLACEMENT	2,841,490	-	2,827,988	-	-	13,502
5008	BIRDNECK ROAD - PHASE II	206,488	-	178,053	-	28,434	1
5011	BCH GARDEN PRK - KILBORNE CT/HOLLY RD IMP	450,000	-	25,483	25,483	-	424,517
5013	WATER SCADA SYSTEM UPGRADE	1,074,000	21,765	1,051,567	-	4,645	17,788
5017	PUBLIC ACCESS RENOVATIONS - BLDG 2	417,500	75,191	317,320	317,320	18,258	81,922
5046	UTILITIES EMERG RESPONSE PRG - PHASE II	200,000	9,533	9,533	9,533	38,934	151,533
5083	STUMPY LAKE - WTR RESVR/PMP FACILITIES IMP	3,365,000	203,652	3,111,465	3,111,465	33,028	220,507
5084	SYSTEM EXPAN COST PART AGREEMENTS - PHASE II	156,715	-	16,638	16,638	-	140,077
5086	COMP WATER MASTER PLANNING - PHASE V	550,000	177,559	493,739	493,739	10,228	46,033
5087	BAYWAY ROAD WATER IMPROVEMENTS-51%	168,979	-	159,979	-	3,500	5,500
5088	SMALL LINE IMPROVEMENTS - PHASE V	950,000	259,910	631,311	631,311	120,896	197,793
5089	VAR ROADWAY/STRM WTR COORDINATION - PHASE V	260,000	145,495	175,926	175,926	38,187	45,887
5090	LYNNHAVEN PARKWAY - PHASE XI	65,198	-	642	642	53,555	11,001
5091	WATER REQUEST & AGREEMENTS-51% PROG - PHASE V	40,000	-	40,000	-	-	-
5092	LANDSTOWN YARD IMPROVEMENTS - PHASE III	3,630,000	1,391,569	2,773,583	2,773,583	786,155	70,262
5130	LYNNHAVEN PARKWAY EXTENDED	123,607	-	12,225	-	111,382	-
5131	TANK UPGRADE PROGRAM - PHASE II	3,378,524	11,111	3,151,066	-	143,948	83,510
5136	WATER QUALITY PROGRAM - PHASE II (PARTIAL)	1,193,953	7,554	1,192,495	-	1,457	1
5148	ELBOW ROAD EXT - PHASE I & II	379,663	-	379,662	-	-	1
5149	INDIAN RIVER RD - PHASE VII	68,548	-	58,224	-	10,324	-
5162	BACKFLOW PREVENTN/CROSS CONN CONTROL PRG	871,449	2,240	548,262	548,262	314,103	9,084
5163	VAR WATER INFRASTRUCTURE MAINT SUPP PRG	719,077	-	663,128	-	55,948	1
5164	IVR/CTI, BILL PRNT, AUTO PYMT SOL DSGN	608,510	14,562	599,275	-	9,235	-
5165	SHORE DRIVE WATER LINE IMPROVEMENTS	1,649,994	-	1,526,803	-	123,191	-
5166	AUTOMATED MOBILE WATER READING SYS	360,000	264,621	278,548	278,548	-	81,452
5167	WATER TANK UPGRADE PROGRAM - PHASE III	827,469	189,105	768,342	-	29,367	29,760
5202	LASKIN RD IMPRV - PHASE II & GATEWAY	1,177,953	-	917,937	-	234,994	25,022
5203	LOTUS GARDEN WATER IMPROVEMENTS-51% PRG	2,020,000	-	25,244	25,244	-	1,994,756
5207	LASKIN ROAD - PHASE I	162,804	-	155,606	-	-	7,198
5255	AUTO MOBILE WATER METER RDNG SYS - PHASE II	612,000	15,232	15,232	15,232	133,832	462,936
5302	POTABLE WELLS EVALUATION PROGRAM - PHASE II	975,000	240,625	886,236	886,236	48,125	40,639
5303	WATER QUALITY PROGRAM - PHASE III	550,000	24,140	251,890	251,890	102,546	195,564
5400	FIRE HYDRANT PROGRAM - PHASE III	300,000	8,299	99,711	99,711	10,560	189,729
5401	RECORDS MANAGEMENT IMPROVEMENTS	21,774	-	17,809	17,809	-	3,965
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 - PHASE II	547,495	49,056	150,788	150,788	327,141	69,566
5405	CUSTOMER INFO SYSTEM VERSION MIGRATION	950,000	59,165	71,363	71,363	37,318	841,319
5451	ENGINEERING SERVICES - VARIOUS PROJECTS	150,000	38,999	131,773	131,773	18,227	-
5501	WTR PUMP STATION/TANK UPGRADE PRG - PHASE I	1,714,391	122,957	393,357	393,357	1,047,860	273,174
5600	29TH STREET WATER TANK REPLACEMENT	3,275,041	92,258	3,273,740	-	-	1,301
5602	PA RD/KEMPSVILLE RD INTERSECTION IMPROVE	859,300	-	-	-	40,543	818,757
5708	RESORT AREA NEIGHBORHOOD REVITALIZATION	3,546,636	50,818	1,775,019	1,775,019	43,220	1,728,397
5752	HVAC IMPROVEMENTS 2ND FLR BLDG #20	95,609	-	95,608	-	-	1
5802	UTILITY CROSSING CONDITION ASSESSMENT	240,000	12,175	130,616	130,616	17,061	92,323
5803	WATER VALVE CONDITION ASSESSMENT & MAINT	99,009	-	99,008	-	-	1
5804	WATER LINE EXT REPLACE REHAB PROGRAM	150,000	100,000	150,000	150,000	-	-
5805	WTR SYS AGING INFRASTRUCTURE PRG - PHASE I	1,350,000	686,094	793,072	793,072	556,718	210
5806	BACKFLOW PREVENT/CROSS CONNCT CTRL - PHASE II	236,271	790	7,034	7,034	19,523	209,714
5944	PRINCESS ANNE ROAD - PHASE IV	3,216,145	571,807	75,638	75,638	2,055,798	1,084,709
5951	WATER TAP INSTALLATION PROGRAM	665,000	123,694	566,128	566,128	32,466	66,406
5952	WTR PUMP STA FLOW MONITOR/DATA STORAGE	706,176	60,938	125,247	125,247	-	580,929
5964	WATER RESOURCES - LAKE GASTON	153,865,865	392,086	152,882,570	-	238,075	745,220
5965	WATER RESOURCES	400,000	97,292	391,216	-	8,784	-
5967	WTR RESOURCES INVESTIGATION/PLANNING - PHASE I	300,000	-	-	-	-	300,000
TOTAL WATER CAPITAL PROJECT EXPENDITURES		\$ 205,498,556	\$ 5,572,047	\$ 187,007,915	\$ 14,048,607	\$ 6,907,699	\$ 11,582,942

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**WATER AND SEWER FUND CAPITAL PROJECTS**  
**SEWER CAPITAL PROJECTS BUDGETED AND ACTUAL REVENUES**  
**FOR THE YEAR ENDED JUNE 30, 2011**

	Budget Revenues	Actual Revenues		
		Prior Years	Current Year	Total
FEDERAL FUNDING	\$ 45,833	\$ 45,833	\$ -	\$ 45,833
STATE FUNDING	12,222	12,222	-	12,222
LOCAL FUNDING	196,215,213	175,985,484	20,229,729	196,215,213
TOTAL SEWER CAPITAL PROJECTS REVENUES	<u>\$ 196,273,268</u>	<u>\$ 176,043,539</u>	<u>\$ 20,229,729</u>	<u>\$ 196,273,268</u>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**WATER AND SEWER FUND CAPITAL PROJECTS**  
**SEWER CAPITAL PROJECTS EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2011**

Project Number	Project Name	Budget to Date	Current Year Expenditures	Total Expenditures	Construction In Progress	Outstanding Encumbrances	Available Balance
6018	COMPREHENSIVE SEWER EVALUATION/REHAB PROG	\$ 8,125,000	\$ 35,931	\$ 8,063,151	\$ -	\$ -	\$ 61,849
6019	RESORT AREA NEIGHBORHOOD REVITALIZATION	10,510,000	272,590	4,442,832	4,442,832	143,963	5,923,205
6028	COMPREHENSIVE EMERGENCY RESPONSE & PLANNING	1,280,000	66,744	1,265,632	1,265,632	162	14,206
6030	LITTLE NECK POINT (PARTIAL)	8,520,000	-	8,464,843	-	-	55,157
6031	SEWER APPURTENANCES EVALUATION	67,715	1,575	67,715	-	-	-
6033	INFILTRATION, INFLOW, & REHAB - PHASE I	6,289,019	8,791	6,231,778	-	38,173	19,068
6038	SEWER SCADA SYSTEM UPGRADE	1,115,830	34,069	1,114,330	-	669	831
6041	PUMP STATION MODIFICATIONS - PHASE V	9,443,885	4,122,178	4,890,720	4,890,720	3,593,380	959,785
6051	INDIAN RIVER ROAD - PHASE VII	14,717	-	9,473	9,473	5,244	-
6061	EMERG RESPONSE PRG - PHASE II	200,000	78,239	78,239	78,239	22,177	99,584
6065	INFILTRATION, INFLOW, AND REHAB - PHASE IV	25,315,000	1,027,577	24,728,878	-	499,050	87,072
6066	PUMP STATION MODIFICATIONS - PHASE IV (PARTIAL)	26,078,000	1,188,153	24,102,602	-	1,349,980	625,418
6067	VAR RDWAY/STRM WTR COORD - PHASE IV	443,198	5,459	377,817	-	65,381	-
6069	BIRDNECK ROAD - PHASE II	2,565,931	24,205	2,413,893	-	142,037	10,001
6070	INFILTRATION & REHAB - PHASE V	11,100,000	5,974,096	6,941,699	6,941,699	3,968,850	189,451
6075	LASKIN ROAD - PHASE I	30	-	30	-	-	-
6081	LASKIN RD - PHASE II & GATEWAY IMPROVEMENTS	1,065,935	-	1,062,134	-	-	3,801
6085	SANITARY SEWER AGING INFRASTR PRG - PHASE II	6,400,000	191,857	4,752,569	4,752,569	644,093	1,003,338
6086	PU PUBLIC ACCESS RENOVATIONS - BLDG 2	417,500	5,841	240,498	240,498	85,415	91,587
6089	COMP SEWER MASTER PLANNING - PHASE IV	1,600,000	277,430	1,177,514	1,177,514	173,819	248,667
6106	VAR ROADWAY/STRM WTR COORDINATION - PHASE V	331,655	219,793	313,434	313,434	8,144	10,077
6138	LANDSTOWN YARD IMPROVEMENTS - PHASE III	3,565,230	1,249,607	2,893,822	2,893,822	650,389	21,019
6139	BAYWAY ROAD SEWER IMPROVEMENTS - 51%	230,000	-	160,743	160,743	3,500	65,757
6148	SYSTEM EXPAN COST PART AGREEMENTS - PHASE II	1,145,000	-	384,257	384,257	-	760,743
6149	PRINCESS ANNE SEWER FORCE MAIN - PHASE IV	62,752	-	35,709	-	27,043	-
6169	IVR/CTI, BILL PRNT, AUTO PYMT SOL DSGN	624,260	37,623	615,025	615,025	9,235	-
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	-	85,549
6403	SERVICE ORDER AUTOMATION SOLUTION DESIGN	100,000	-	-	-	-	100,000
6404	COMPUTERIZED MAPPING MGMT - PHASE II	200,000	19,054	125,850	125,850	74,150	-
6405	CUSTOMER INFO SYSTEM VERSION MIGRATION	950,000	58,833	71,031	71,031	37,318	841,651
6411	CIT-SRV AREA MSTR PLAN/INFO SYS (SAMPIS)	900,000	-	772,082	772,082	26,904	101,014
6451	ENGINEERING SERVICES - VARIOUS PROJECTS	200,000	39,774	133,489	133,489	27,245	39,266
6501	AUX POWER PRG - SEWER PMP STATIONS - PHASE III	558,055	828	828	828	117,427	439,800
6502	PRIV SANI SEWER PMP STA ABANDONMENT PRG	46,310	-	46,309	-	-	1
6505	PRINCESS ANNE PLAZA REHABILITATION - PHASE II	6,558,583	2,224,658	5,117,200	5,117,200	1,199,279	242,104
6506	SAN SEWER SYS REVITALIZATION PRG - PHASE I	13,850,000	3,459,686	12,226,590	12,226,590	1,481,548	141,862
6557	SGA SANITARY SEWER SYSTEM IMPROVEMENTS	1,200,000	-	-	-	-	1,200,000
6602	PA ROAD/KEMPSVILLE RD INTERSECTION IMPROV	819,600	-	-	-	431,446	388,154
6603	WITCHDUCK ROAD - PHASE I SEWER IMPROVEMENTS	445,600	246,736	260,330	260,330	11,214	174,056
6604	WITCHDUCK ROAD - PHASE II SEWER IMPROVEMENTS	46,499	-	-	-	46,499	-
6612	PUMP STATION WET WELL REVITALIZATION	2,800,000	241,069	2,613,597	2,613,597	124,078	62,325
6613	AUX POWER PRG - SEW PUMP STA - PHASE II	2,350,000	175,598	1,769,536	1,769,536	421,302	159,162
6752	HVAC IMPROVEMENTS 2ND FLR BLDG #20	95,609	-	95,608	-	-	1
6801	VAR SWR INFRASTRUCTURE MAINT SUP - PHASE II	14,871	-	14,850	-	-	21
6802	UTILITY CROSSINGS CONDITION ASSESSMENT	190,000	12,175	90,394	90,394	16,590	83,016
6803	SEWER VALVE CONDITION ASSESSMENT & MAINT	90,436	-	90,436	-	-	-
6804	SANIT SWR REGULATORY COMPLIANCE PRG - PHASE I	12,493,476	3,141,757	9,280,238	9,280,238	2,334,121	879,117
6938	PRINCESS ANNE PLAZA REHABILITATION	14,818,572	12,742	14,404,335	-	141,779	272,458
6951	SEWER TAP INSTALLATION PROGRAM	1,755,000	196,600	1,199,648	1,199,648	120,161	435,191
6952	SWR PUMP STA FLOW MONITOR/DATA STORAGE	2,030,000	206,186	338,139	338,139	103,221	1,588,640
6973	SANITARY SEWER CAPACITY PROGRAM - PHASE I	5,500,000	-	1,183,298	1,183,298	1,039	4,315,663
TOTAL SEWER CAPITAL PROJECT EXPENDITURES		<u>\$ 196,273,268</u>	<u>\$ 24,857,454</u>	<u>\$ 154,720,558</u>	<u>\$ 63,406,140</u>	<u>\$ 18,146,025</u>	<u>\$ 23,406,685</u>
WATER AND SEWER CAPITAL PROJECTS		<u>\$ 401,771,824</u>	<u>\$ 30,429,501</u>	<u>\$ 341,728,473</u>	<u>\$ 77,454,747</u>	<u>\$ 25,053,724</u>	<u>\$ 34,989,627</u>
CAPITALIZED INTEREST REMAINING IN CONSTRUCTION IN PROGRESS					3,203,164		
OTHER ENTITIES SHARE OF WATER AND SEWER PROJECTS					(9,120,506)		
WATER AND SEWER FUND CONSTRUCTION IN PROGRESS					<u>\$ 71,537,405</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, 2011**

**ASSETS**

## Current Assets:

Cash and Investments	\$ 27,781,485
Accounts Receivable - Net of Estimated Uncollectibles	3,832,459
Total Current Assets	<u>\$ 31,613,944</u>

## Non-current Assets:

Cash and Investments - Restricted	\$ 2,042,874
Capital Assets:	
Land	130,879,001
Utility System	99,184,090
Machinery and Equipment	8,601,708
Construction in Progress	54,214,856
Less: Accumulated Depreciation	<u>(47,273,230)</u>
Total Capital Assets	<u>\$ 245,606,425</u>
Total Non-current Assets	<u>\$ 247,649,299</u>
Total Assets	<u>\$ 279,263,243</u>

**LIABILITIES**

## Current Liabilities:

Vouchers and Accounts Payable	\$ 165,770
Accrued Interest Payable	370,256
Current Portion of Long-term Liabilities	<u>1,815,860</u>
Total Current Liabilities	<u>\$ 2,351,886</u>

## Long-Term Liabilities (less current portion):

Double Barrel and Revenue Bonds and Notes	\$ 26,410,000
General Obligation Bonds	528,450
Premium on Refunding Bonds	347,171
Accrued Compensated Leave	<u>275,213</u>
Total Long-Term Liabilities (less current portion)	<u>\$ 27,560,834</u>
Total Liabilities	<u>\$ 29,912,720</u>

**NET ASSETS**

Invested in Capital Assets, Net of Related Debt	\$ 219,089,400
Restricted for Debt Service	2,354,839
Restricted for Operations	<u>27,906,284</u>
Total Net Assets	<u>\$ 249,350,523</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, 2011**

**OPERATING REVENUES**

Service Charges	\$ 21,126,767
Miscellaneous	51
Total Operating Revenues	<u>\$ 21,126,818</u>

**OPERATING EXPENSES**

Personal Services	\$ 4,521,799
Fringe Benefits	1,499,131
Contractual Services	341,246
Internal Services	982,813
Other Charges	1,778,078
Land Structure Maintenance	2,111,547
Depreciation	1,991,821
Total Operating Expenses	<u>\$ 13,226,435</u>

**OPERATING INCOME (LOSS)**

\$ 7,900,383

**NONOPERATING REVENUES (EXPENSES)**

Interest Income	\$ 107,270
From Commonwealth	2,656,916
From Federal Government	143,378
Gain (Loss) From Sale of Assets	159,102
Interest and Fiscal Charges	(916,527)
Total Nonoperating Revenues (Expenses) Net	<u>\$ 2,150,139</u>

**TRANSFERS**

Transfers In	\$ 72,258
Transfers Out	(266,585)
Total Transfers Net	<u>\$ (194,327)</u>

**CHANGE IN NET ASSETS**

\$ 9,856,195

**TOTAL NET ASSETS - BEGINNING**

239,494,328

**TOTAL NET ASSETS - ENDING**

\$ 249,350,523

**CITY OF VIRGINIA BEACH, VIRGINIA  
STORM WATER ENTERPRISE FUND  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2011**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Receipts from Customers and Users	\$ 20,582,168
Receipts from (Payments for) Interfund Services Provided	(982,813)
Cash Payments to Suppliers of Goods and Services	(4,551,138)
Cash Payments to Employees for Services	(6,008,005)
Net Cash Provided By Operating Activities	<u>\$ 9,040,212</u>

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:**

Intergovernmental Receipts	\$ 2,656,916
Receipts from Other Funds	72,258
Payments to Other Funds	(266,585)
Net Cash Provided (Used) By Noncapital Financing Activities	<u>\$ 2,462,589</u>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:**

Interest Paid on Long-term Debt	\$ (1,130,488)
Acquisition and Construction of Capital Assets	(13,445,923)
Proceeds from Sale of Revenue Bonds	20,000,000
Proceeds from Sale of Refunding Bonds	7,380,000
From Federal Government	143,378
Proceeds from Sale of Salvage	159,102
Principal Repayment on Refunding Long-term Debt	(7,270,000)
Principal Paid on Long-term Debt	(761,468)
Net Cash Provided (Used) By Capital and Related Financing Activities	<u>\$ 5,074,601</u>

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Interest and Dividends Received	<u>\$ 107,270</u>
Net Increase (Decrease) in Cash and Temporary Investments	\$ 16,684,672
Cash and Temporary Investments, July 1	<u>13,139,687</u>
Cash and Temporary Investments, June 30	<u><u>\$ 29,824,359</u></u>

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

Operating Income (Loss)	\$ 7,900,383
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By Operating Activities:	
Depreciation Expense	1,991,821
(Increase) in Accounts Receivable	(544,650)
Increase in Vouchers and Accounts Payable	(320,267)
Increase in Accrued Compensated Leave	12,925
Total Adjustments	<u>\$ 1,139,829</u>
Net Cash Provided By Operating Activities	<u><u>\$ 9,040,212</u></u>

**NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:**

Capital Contributions of Fixed Assets	<u><u>\$ -</u></u>
---------------------------------------	--------------------

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**STORM WATER ENTERPRISE FUND**  
**SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2011**

	Budget	Actual	Variance Positive (Negative)
<b><u>Project Management</u></b>			
Personal Services	\$ 781,739	\$ 763,694	\$ 18,045
Fringe Benefits	250,964	248,503	2,461
Contractual Services	263,706	155,716	107,990
Internal Services	16,973	15,323	1,650
Other Charges	97,278	68,707	28,571
Total Project Management	<u>\$ 1,410,660</u>	<u>\$ 1,251,943</u>	<u>\$ 158,717</u>
<b><u>Customer Services</u></b>			
Personal Services	\$ 99,552	\$ 86,850	\$ 12,702
Fringe Benefits	28,260	28,130	130
Contractual Services	15,586	4,655	10,931
Internal Services	6,954	2,293	4,661
Other Charges	6,553	6,177	376
Total Customer Services	<u>\$ 156,905</u>	<u>\$ 128,105</u>	<u>\$ 28,800</u>
<b><u>Operations and Maintenance</u></b>			
Personal Services	\$ 3,464,709	\$ 3,321,191	\$ 143,518
Fringe Benefits	1,129,344	1,119,088	10,256
Contractual Services	192,500	180,823	11,677
Internal Services	911,009	938,829	(27,820)
Other Charges	772,646	503,199	269,447
Land Structures and Improvements	2,420,257	2,111,547	308,710
Total Operations and Maintenance	<u>\$ 8,890,465</u>	<u>\$ 8,174,677</u>	<u>\$ 715,788</u>
<b><u>Inspections and Environmental Spill Response</u></b>			
Personal Services	\$ 318,191	\$ 309,862	\$ 8,329
Fringe Benefits	92,852	87,951	4,901
Contractual Services	2,266	52	2,214
Internal Services	13,977	18,262	(4,285)
Other Charges	59,481	45,209	14,272
Total Inspections and Environmental Spill Response	<u>\$ 486,767</u>	<u>\$ 461,336</u>	<u>\$ 25,431</u>
<b><u>Residential Street Sweeping</u></b>			
Personal Services	\$ 38,623	\$ 40,202	\$ (1,579)
Fringe Benefits	15,026	15,459	(433)
Contractual Services	335	-	335
Internal Services	9,640	8,106	1,534
Other Charges	3,192	75	3,117
Total Residential Street Sweeping	<u>\$ 66,816</u>	<u>\$ 63,842</u>	<u>\$ 2,974</u>

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**STORM WATER ENTERPRISE FUND**  
**SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2011**

	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b><u>General Fund Charges</u></b>			
Direct Cost Allocations	\$ 510,992	\$ 510,992	\$ -
Indirect Cost Allocations	623,173	618,753	4,420
Landscape Services	24,966	24,966	-
Total General Fund Charges	<u>\$ 1,159,131</u>	<u>\$ 1,154,711</u>	<u>\$ 4,420</u>
 Total Budgeted Operating Expenses	 <u><u>\$ 12,170,744</u></u>	 <u><u>\$ 11,234,614</u></u>	 <u><u>\$ 936,130</u></u>

Note: Total General Fund Charges reclassified as Other Charges.

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

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**STORM WATER CAPITAL PROJECTS BUDGETED AND ACTUAL REVENUES**  
**FOR THE YEAR ENDED JUNE 30, 2011**

Funding Sources	Budget Revenues	Actual Revenues		
		Prior Years	Current Year	Total
LOCAL FUNDING	\$ 116,389,962	\$ 95,752,138	\$ 19,820,741	\$ 115,572,879
OTHER FUNDING	786,113	35,651	12,324	47,975
TOTAL STORM WATER UTILITY CAPITAL PROJECTS	<u>\$ 117,176,075</u>	<u>\$ 95,787,789</u>	<u>\$ 19,833,065</u>	<u>\$ 115,620,854</u>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**STORM WATER CAPITAL PROJECTS EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2011**

<b>Project Number</b>	<b>Project Name</b>	<b>Budget to Date</b>	<b>Current Year Expenditures</b>	<b>Total Expenditures</b>	<b>Construction In Progress</b>	<b>Outstanding Encumbrances</b>	<b>Available Balance</b>
7004000	STORM WATER INFRASTRUCTURE REHABILITATION	\$ 9,729,915	\$ 2,296,845	\$ 8,623,987	\$ 8,623,987	\$ 41,132	\$ 1,064,796
7005000	NORTH LAKE HOLLY WATERSHED	13,551,135	31,156	5,218,866	5,218,866	579,780	7,752,489
7010000	ELIZABETH RIVER SHORES (PARTIAL)	1,830,450	115,074	672,126	672,126	773,430	384,894
7016000	SOUTH LAKE HOLLY WATERSHED (PARTIAL)	6,283,000	124,102	1,039,123	1,039,123	406,743	4,837,133
7024000	SOUTHERN CANAL/LEAD DITCH & CULVERT IMPRV	950,000	-	335,274	-	3,374	611,352
7027000	SWM MSTR PLANNING, ANALYSIS, & INVENTORY	995,906	112,531	798,515	798,515	97,936	99,455
7031000	KEMPS GREENS GC COMM STRM WTR BK STABIL	740,000	-	695,474	-	-	44,526
7033000	STORM WATER MAINTENANCE BACKLOG	6,800,000	2,278,206	3,163,881	3,163,881	1,168,528	2,467,591
7035000	LAWSON FOREST DRAINAGE	630,000	68,784	105,718	105,718	76,270	448,012
7036000	BAKER ROAD CULVERT & DITCH IMPROVEMENTS	270,000	-	-	-	-	270,000
7037000	BELLAMY MANOR OUTFALL DITCH	450,000	-	-	-	-	450,000
7038000	THOROUGHGOOD DRAINAGE	95,000	-	-	-	-	95,000
7049000	BCH GRDN PRK-KILBORNE CRT/HOLLY RD IMPRV	900,000	82,220	113,367	113,367	74,165	712,468
7063000	NEIGHBORHD SW INFRASTRUCT IMP	8,851,820	455,549	7,937,831	-	226,303	687,686
7067000	PRIMARY SYSTEM INFRASTRUCTURE IMPROVEMENTS	9,890,393	593,595	9,353,909	-	209,153	327,331
7091000	RESIDENTIAL DRAINAGE COST PART PRG	250,000	-	156,867	156,867	-	93,133
7145000	ARTIC AVENUE - BALTIC AVENUE	8,253,333	35,714	7,148,930	7,148,930	74,819	1,029,585
7152000	DAM & SPILLWAY STRUCTURAL IMPROVEMENTS	5,347,455	106,742	2,974,230	-	1,609,070	764,155
7153000	LYNNHAVEN WATERSHED RESTORATION	3,191,532	197,347	2,426,186	2,426,186	297,204	468,143
7157000	LYNNHAVEN RIVER ENC RESTORATION STUDY	1,500,000	-	1,499,858	1,499,858	-	142
7159000	WATER QUALITY PARTICIPATION PROJECTS	901,500	97,185	538,614	538,614	53,100	309,786
7183000	STORM WATER QUALITY ENHANCEMENTS	7,122,113	1,159,342	3,449,302	3,449,302	1,109,919	2,562,892
7902000	NORTH BEACH DRAINAGE	28,642,523	5,741,038	18,604,235	18,604,235	8,045,362	1,992,926
TOTAL STORM WATER UTILITY CAPITAL PROJECTS		<u>\$ 117,176,075</u>	<u>\$ 13,495,430</u>	<u>\$ 74,856,293</u>	53,559,575	<u>\$ 14,846,288</u>	<u>\$ 27,473,495</u>
CAPITALIZED INTEREST					655,281		
STORM WATER FUND CONSTRUCTION IN PROGRESS					<u>\$ 54,214,856</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** – this fund provided computer operations and data communication services for City and School agencies. In FY 2007, units were transitioned to the General Fund, the Telecommunications Fund, and the Subscriptions Fund. Remaining units provide services to City agencies and funding for capital improvements. This fund will be completely discontinued in FY 2012.

**School Site Landscaping** - provides for landscaping services for City and Schools.

**Telecommunications** – provides maintenance, support, contract administration, cable management, billing, dial tone provision, service coordination, moves, adds, and changes for the City's telephone system.

**Subscriptions** – provides for the collection and support of specific service agreements between customer departments and Communications and Information Technology. These specific agreements relate to specialized applications, services, and/or hardware associated with the customer department, not enterprise needs.



**CITY OF VIRGINIA BEACH, VIRGINIA**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF NET ASSETS**  
**JUNE 30, 2011**

	<u>City Garage</u>	<u>Risk Management</u>	<u>Print Shop</u>
<b><u>ASSETS</u></b>			
Current Assets:			
Cash and Investments	\$ 2,686,219	\$ 13,653,705	\$ 331,046
Accounts Receivable	-	-	-
Inventory	821,811	-	13,836
Total Current Assets	<u>\$ 3,508,030</u>	<u>\$ 13,653,705</u>	<u>\$ 344,882</u>
Noncurrent Assets:			
Capital Assets:			
Site Improvements	\$ 265,782	\$ -	\$ -
Machinery and Equipment	1,734,086	293,215	990,164
Total Property, Plant and Equipment	\$ 1,999,868	\$ 293,215	\$ 990,164
Less: Accumulated Depreciation	(1,905,166)	(293,215)	(990,164)
Net Property, Plant and Equipment	\$ 94,702	\$ -	\$ -
Total Assets	<u>\$ 3,602,732</u>	<u>\$ 13,653,705</u>	<u>\$ 344,882</u>
<b><u>LIABILITIES</u></b>			
Current Liabilities:			
Vouchers and Accounts Payable	\$ 855,358	\$ 221,167	\$ 184,480
Current Portion of Long-term Liabilities	321,376	5,509,238	48,265
Total Current Liabilities	<u>\$ 1,176,734</u>	<u>\$ 5,730,405</u>	<u>\$ 232,745</u>
Noncurrent Liabilities:			
Long-term Liabilities (less current portion)	\$ 246,917	\$ 18,731,157	\$ 45,842
Total Liabilities	<u>\$ 1,423,651</u>	<u>\$ 24,461,562</u>	<u>\$ 278,587</u>
<b><u>NET ASSETS</u></b>			
Invested in Capital Assets, net of related debt	\$ 94,702	\$ -	\$ -
Unrestricted	2,084,379	(10,807,857)	66,295
Total Net Assets (Deficits)	<u>\$ 2,179,081</u>	<u>\$ (10,807,857)</u>	<u>\$ 66,295</u>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF NET ASSETS**  
**JUNE 30, 2011**

Information Technology	School Site Landscaping	Telecommunications	Subscriptions	Totals
\$ -	\$ 1,304,634	\$ 2,313,415	\$ 4,459,554	\$ 24,748,573
-	-	68	-	68
-	-	-	-	835,647
<u>\$ -</u>	<u>\$ 1,304,634</u>	<u>\$ 2,313,483</u>	<u>\$ 4,459,554</u>	<u>\$ 25,584,288</u>
\$ -	\$ -	\$ -	\$ -	\$ 265,782
-	2,407,989	-	309,261	5,734,715
<u>\$ -</u>	<u>\$ 2,407,989</u>	<u>\$ -</u>	<u>\$ 309,261</u>	<u>\$ 6,000,497</u>
-	(1,927,684)	-	(108,578)	(5,224,807)
<u>\$ -</u>	<u>\$ 480,305</u>	<u>\$ -</u>	<u>\$ 200,683</u>	<u>\$ 775,690</u>
<u>\$ -</u>	<u>\$ 1,784,939</u>	<u>\$ 2,313,483</u>	<u>\$ 4,660,237</u>	<u>\$ 26,359,978</u>
\$ -	\$ 138,925	\$ 549,459	\$ 131,084	\$ 2,080,473
-	134,582	42,461	-	6,055,922
<u>\$ -</u>	<u>\$ 273,507</u>	<u>\$ 591,920</u>	<u>\$ 131,084</u>	<u>\$ 8,136,395</u>
\$ -	\$ 11,927	\$ 10,075	\$ -	\$ 19,045,918
<u>\$ -</u>	<u>\$ 285,434</u>	<u>\$ 601,995</u>	<u>\$ 131,084</u>	<u>\$ 27,182,313</u>
\$ -	\$ 480,305	\$ -	\$ 200,683	\$ 775,690
-	1,019,200	1,711,488	4,328,470	(1,598,025)
<u>\$ -</u>	<u>\$ 1,499,505</u>	<u>\$ 1,711,488</u>	<u>\$ 4,529,153</u>	<u>\$ (822,335)</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, 2011**

	City Garage	Risk Management	Print Shop
<b><u>OPERATING REVENUES</u></b>			
Billings to Departments	\$ 16,777,171	\$ 9,157,027	\$ 2,081,082
Insurance Recovery	74,112	16,227	-
Miscellaneous	-	100	415
Total Operating Revenues	<u>\$ 16,851,283</u>	<u>\$ 9,173,354</u>	<u>\$ 2,081,497</u>
<b><u>OPERATING EXPENSES</u></b>			
Cost of Goods Sold	\$ 10,664,662	\$ -	\$ 139,950
Personal Services	3,762,718	367,817	462,484
Fringe Benefits	1,365,873	131,067	180,248
Contractual Services	360,997	594,392	580,816
Internal Services	243,795	9,910	134,201
Other Charges	442,925	8,495,312	15,522
Leases and Rentals	-	-	810,404
Land Structures and Improvements	-	-	-
Depreciation	30,568	-	-
Total Operating Expenses	<u>\$ 16,871,538</u>	<u>\$ 9,598,498</u>	<u>\$ 2,323,625</u>
<b><u>OPERATING INCOME (LOSS)</u></b>	<u>\$ (20,255)</u>	<u>\$ (425,144)</u>	<u>\$ (242,128)</u>
<b><u>NONOPERATING REVENUES (EXPENSES)</u></b>			
Interest Income	\$ 22,392	\$ 44,365	\$ 1,319
Transfers In	-	7,900,000	-
Transfers Out	-	-	-
Gain (Loss) on Disposition of Assets	42,294	150	-
Total Nonoperating Revenues (Expenses)	<u>\$ 64,686</u>	<u>\$ 7,944,515</u>	<u>\$ 1,319</u>
<b><u>CHANGE IN NET ASSETS</u></b>	<u>\$ 44,431</u>	<u>\$ 7,519,371</u>	<u>\$ (240,809)</u>
<b><u>TOTAL NET ASSETS - BEGINNING</u></b>	<u>2,134,650</u>	<u>(18,327,228)</u>	<u>307,104</u>
<b><u>TOTAL NET ASSETS - ENDING</u></b>	<u><u>\$ 2,179,081</u></u>	<u><u>\$ (10,807,857)</u></u>	<u><u>\$ 66,295</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, 2011**

Information Technology	School Site Landscaping	Telecommunications	Subscriptions	Totals
\$ -	\$ 3,867,990	\$ 2,980,079	\$ 2,544,673	\$ 37,408,022
-	-	-	-	90,339
-	-	-	-	515
<u>\$ -</u>	<u>\$ 3,867,990</u>	<u>\$ 2,980,079</u>	<u>\$ 2,544,673</u>	<u>\$ 37,498,876</u>
\$ -	\$ -	\$ -	\$ -	\$ 10,804,612
-	1,852,330	709,279	-	7,154,628
-	824,035	216,090	-	2,717,313
-	366,521	212,118	1,038,349	3,153,193
-	380,046	13,255	9,299	790,506
-	474,565	1,228,799	769,402	11,426,525
-	-	-	-	810,404
-	513,188	-	-	513,188
-	244,683	-	59,230	334,481
<u>\$ -</u>	<u>\$ 4,655,368</u>	<u>\$ 2,379,541</u>	<u>\$ 1,876,280</u>	<u>\$ 37,704,850</u>
\$ -	\$ (787,378)	\$ 600,538	\$ 668,393	\$ (205,974)
\$ (1,604)	\$ 2,098	\$ 4,435	\$ 17,846	\$ 90,851
-	-	-	-	7,900,000
(327,049)	-	-	-	(327,049)
(81,955)	29,869	-	51,426	41,784
<u>\$ (410,608)</u>	<u>\$ 31,967</u>	<u>\$ 4,435</u>	<u>\$ 69,272</u>	<u>\$ 7,705,586</u>
\$ (410,608)	\$ (755,411)	\$ 604,973	\$ 737,665	\$ 7,499,612
410,608	2,254,916	1,106,515	3,791,488	(8,321,947)
<u>\$ -</u>	<u>\$ 1,499,505</u>	<u>\$ 1,711,488</u>	<u>\$ 4,529,153</u>	<u>\$ (822,335)</u>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

	<u>City Garage</u>	<u>Risk Management</u>	<u>Print Shop</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Receipts from Customers and Users	\$ 16,851,283	\$ 9,173,254	\$ 2,081,082
Other Operating Cash Receipts	-	100	415
Cash Payments to Suppliers of Goods and Services	(11,600,544)	(9,649,313)	(1,817,850)
Cash Payments to Employees for Services	(5,128,980)	(519,113)	(644,746)
Net Cash Provided (Used) By Operating Activities	<u>\$ 121,759</u>	<u>\$ (995,072)</u>	<u>\$ (381,099)</u>
<b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u></b>			
Receipts from Other Funds	\$ -	\$ 7,900,000	\$ -
Payments to Other Funds	-	-	-
Net Cash Provided By Noncapital Financing Activities	<u>\$ -</u>	<u>\$ 7,900,000</u>	<u>\$ -</u>
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u></b>			
Acquisition and Construction of Capital Assets	\$ (10,545)	\$ -	\$ -
Proceeds from Sale of Salvage	42,294	150	-
Net Cash Provided (Used) By Capital and Related Financing Activities	<u>\$ 31,749</u>	<u>\$ 150</u>	<u>\$ -</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Interest and Dividends Received	<u>\$ 22,392</u>	<u>\$ 44,365</u>	<u>\$ 1,319</u>
Net Increase (Decrease) in Cash and Temporary Investments	\$ 175,900	\$ 6,949,443	\$ (379,780)
Cash and Temporary Investments, July 1	<u>2,510,319</u>	<u>6,704,262</u>	<u>710,826</u>
Cash and Temporary Investments, June 30	<u><u>\$ 2,686,219</u></u>	<u><u>\$ 13,653,705</u></u>	<u><u>\$ 331,046</u></u>
<b><u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</u></b>			
Operating Income (Loss)	<u>\$ (20,255)</u>	<u>\$ (425,144)</u>	<u>\$ (242,128)</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) By Operating Activities:			
Depreciation Expense	\$ 30,568	\$ -	\$ -
(Increase) Decrease in Accounts Receivable	-	-	-
(Increase) Decrease in Inventory	(179,120)	-	(1,222)
Increase (Decrease) in Vouchers and Accounts Payable	290,955	(94,843)	(135,735)
Increase (Decrease) in Estimated Claims and Judgments	-	(454,855)	-
Increase (Decrease) in Accrued Compensated Leave	(389)	(20,230)	(2,014)
Total Adjustments	<u>\$ 142,014</u>	<u>\$ (569,928)</u>	<u>\$ (138,971)</u>
Net Cash Provided (Used) By Operating Activities	<u><u>\$ 121,759</u></u>	<u><u>\$ (995,072)</u></u>	<u><u>\$ (381,099)</u></u>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

<b>Information Technology</b>	<b>School Site Landscaping</b>	<b>Telecommunications</b>	<b>Subscriptions</b>	<b>Totals</b>
\$ -	\$ 3,867,990	\$ 2,980,124	\$ 2,544,673	\$ 37,498,406
-	-	-	-	515
-	(1,669,031)	(968,328)	(1,903,482)	(27,608,548)
-	(2,656,368)	(931,072)	-	(9,880,279)
<u>\$ -</u>	<u>\$ (457,409)</u>	<u>\$ 1,080,724</u>	<u>\$ 641,191</u>	<u>\$ 10,094</u>
\$ -	\$ -	\$ -	\$ -	\$ 7,900,000
(327,049)	-	-	-	(327,049)
<u>\$ (327,049)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,572,951</u>
\$ -	\$ (152,228)	\$ -	\$ (85,635)	\$ (248,408)
-	53,745	-	-	96,189
<u>\$ -</u>	<u>\$ (98,483)</u>	<u>\$ -</u>	<u>\$ (85,635)</u>	<u>\$ (152,219)</u>
\$ (1,604)	\$ 2,098	\$ 4,435	\$ 17,846	\$ 90,851
\$ (328,653)	\$ (553,794)	\$ 1,085,159	\$ 573,402	\$ 7,521,677
328,653	1,858,428	1,228,256	3,886,152	17,226,896
<u>\$ -</u>	<u>\$ 1,304,634</u>	<u>\$ 2,313,415</u>	<u>\$ 4,459,554</u>	<u>\$ 24,748,573</u>
\$ -	\$ (787,378)	\$ 600,538	\$ 668,393	\$ (205,974)
\$ -	\$ 244,683	\$ -	\$ 59,230	\$ 334,481
-	-	45	-	45
-	-	-	-	(180,342)
-	65,289	485,844	(86,432)	525,078
-	-	-	-	(454,855)
-	19,997	(5,703)	-	(8,339)
<u>\$ -</u>	<u>\$ 329,969</u>	<u>\$ 480,186</u>	<u>\$ (27,202)</u>	<u>\$ 216,068</u>
<u>\$ -</u>	<u>\$ (457,409)</u>	<u>\$ 1,080,724</u>	<u>\$ 641,191</u>	<u>\$ 10,094</u>



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# **TRUST AND AGENCY FUNDS**



## TRUST FUNDS and AGENCY FUNDS

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

The City has the following Trust Funds:

**Other Postemployment Benefits** – established by the City and School Board in accordance with Article 8, Chapter 15, Subtitle II of Title 15.2, of the Virginia Code, for the purpose of accumulating and investing assets to fund OPEB obligations.

**Sheriff's Office Pension** – accounts for the plan assets of the defined contribution pension plan established by the Sheriff's Office and approved by Council.

The City has the following Agency Funds:

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

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

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**AGENCY FUNDS**  
**COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**JUNE 30, 2011**

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	<u>Escheat Property</u>	<u>Special Welfare</u>	<u>Total</u>
<b><u>ASSETS</u></b>			
Cash and Investments	\$ 5,437	\$ 384,743	\$ 390,180
Total Assets	<u>\$ 5,437</u>	<u>\$ 384,743</u>	<u>\$ 390,180</u>
<b><u>LIABILITIES</u></b>			
Vouchers and Accounts Payable	<u>\$ 5,437</u>	<u>\$ 384,743</u>	<u>\$ 390,180</u>
<b><u>NET ASSETS</u></b>	<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, 2011**

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2011</u>
<b><u>SPECIAL WELFARE</u></b>				
<b><u>ASSETS</u></b>				
Cash and Temporary Investments	\$ 276,554	\$ 838,346	\$ 730,157	\$ 384,743
Due from Commonwealth	5,824	-	5,824	-
Total Assets	<u>\$ 282,378</u>	<u>\$ 838,346</u>	<u>\$ 735,981</u>	<u>\$ 384,743</u>
<b><u>LIABILITIES</u></b>				
Vouchers and Accounts Payable	<u>\$ 282,378</u>	<u>\$ 838,346</u>	<u>\$ 735,981</u>	<u>\$ 384,743</u>
<b><u>ESCHEAT PROPERTY</u></b>				
<b><u>ASSETS</u></b>				
Cash and Temporary Investments	<u>\$ 6,349</u>	<u>\$ 66,460</u>	<u>\$ 67,372</u>	<u>\$ 5,437</u>
<b><u>LIABILITIES</u></b>				
Vouchers and Accounts Payable	<u>\$ 6,349</u>	<u>\$ 66,460</u>	<u>\$ 67,372</u>	<u>\$ 5,437</u>
<b><u>TOTALS-ALL AGENCY FUNDS</u></b>				
<b><u>ASSETS</u></b>				
Cash and Temporary Investments	\$ 282,903	\$ 904,806	\$ 797,529	\$ 390,180
Due from Commonwealth	5,824	-	5,824	-
Total Assets	<u>\$ 288,727</u>	<u>\$ 904,806</u>	<u>\$ 803,353</u>	<u>\$ 390,180</u>
<b><u>LIABILITIES</u></b>				
Vouchers and Accounts Payable	<u>\$ 288,727</u>	<u>\$ 904,806</u>	<u>\$ 803,353</u>	<u>\$ 390,180</u>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**TRUST FUNDS**  
**COMBINING STATEMENT OF FIDUCIARY NET ASSETS**  
**JUNE 30, 2011**

	<u>Other Postemployment Benefits Trust Fund</u>	<u>Sheriff's Office Pension Trust Fund</u>	<u>Total Trust Funds</u>
<b><u>ASSETS</u></b>			
Receivables, Accrued Interest	\$ 9	\$ -	\$ 9
Investments, at Fair Value:			
Mutual Funds	39,263,315	3,051,694	42,315,009
Total Assets	<u>\$ 39,263,324</u>	<u>\$ 3,051,694</u>	<u>\$ 42,315,018</u>
<b><u>LIABILITIES</u></b>			
Vouchers and Accounts Payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b><u>NET ASSETS</u></b>			
Held in Trust for Other Postemployment Benefits and Pension Benefits	<u>\$ 39,263,324</u>	<u>\$ 3,051,694</u>	<u>\$ 42,315,018</u>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**TRUST FUNDS**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

	<b>Other Postemployment Benefits Trust Fund</b>	<b>Sheriff's Office Pension Trust Fund</b>	<b>Total Trust Funds</b>
<b><u>ADDITIONS</u></b>			
Contributions:			
From Primary Government	\$ 17,736,047	\$ -	\$ 17,736,047
From Plan Members	2,970,912	-	2,970,912
Total Contributions	<u>\$ 20,706,959</u>	<u>\$ -</u>	<u>\$ 20,706,959</u>
Investment Earnings:			
Increase (Decrease) in the Fair Value of Investments	\$ 5,425,990	\$ 71,810	\$ 5,497,800
Interest and Dividends	9	73,678	73,687
Total Investment Earnings	\$ 5,425,999	\$ 145,488	\$ 5,571,487
Less Investment Expense	31,475	-	31,475
Net Investment Earnings	<u>\$ 5,394,524</u>	<u>\$ 145,488</u>	<u>\$ 5,540,012</u>
Total Additions	<u>\$ 26,101,483</u>	<u>\$ 145,488</u>	<u>\$ 26,246,971</u>
<b><u>DEDUCTIONS</u></b>			
Benefits	\$ 12,746,955	\$ 117,687	\$ 12,864,642
Administrative Expenses	1,000	853	1,853
Total Deductions	<u>\$ 12,747,955</u>	<u>\$ 118,540</u>	<u>\$ 12,866,495</u>
Change in Net Assets	\$ 13,353,528	\$ 26,948	\$ 13,380,476
Net Assets at Beginning of Year	<u>25,909,796</u>	<u>3,024,746</u>	<u>28,934,542</u>
Net Assets at End of Year	<u><u>\$ 39,263,324</u></u>	<u><u>\$ 3,051,694</u></u>	<u><u>\$ 42,315,018</u></u>



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# **NONMAJOR COMPONENT UNITS**

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**STATEMENT OF NET ASSETS**  
**OTHER COMPONENT UNITS**  
**JUNE 30, 2011**

	Virginia Beach Development Authority	Community Development Corporation	Totals
<b><u>ASSETS</u></b>			
Current Assets:			
Cash and Cash Equivalents	\$ 8,140,715	\$ 738,719	\$ 8,879,434
Short-Term Investments	-	887,345	887,345
Accounts Receivable - Net	5,343,292	76,203	5,419,495
Notes Receivable	-	931,216	931,216
Accrued Interest Receivable	-	423,437	423,437
Due from Other Governments	-	40,305	40,305
Replacement Reserves and Security Deposits	-	1,051,399	1,051,399
Deferred Charges	386,512	-	386,512
Inventory	-	1,281,888	1,281,888
Total Current Assets	<u>\$ 13,870,519</u>	<u>\$ 5,430,512</u>	<u>\$ 19,301,031</u>
Noncurrent Assets:			
Cash and Investments - Restricted	\$ 7,741,761	\$ -	\$ 7,741,761
Land Held for Resale	17,971,424	-	17,971,424
Capital Assets:			
Land	23,078,329	5,844,702	28,923,031
Buildings	102,247,451	24,885,086	127,132,537
Vehicles	-	28,941	28,941
Construction In Progress	504,329	-	504,329
Less: Accumulated Depreciation	(17,875,066)	(6,646,606)	(24,521,672)
Total Capital Assets	<u>\$ 107,955,043</u>	<u>\$ 24,112,123</u>	<u>\$ 132,067,166</u>
Total Noncurrent Assets	<u>\$ 133,668,228</u>	<u>\$ 24,112,123</u>	<u>\$ 157,780,351</u>
Total Assets	<u>\$ 147,538,747</u>	<u>\$ 29,542,635</u>	<u>\$ 177,081,382</u>
<b><u>LIABILITIES</u></b>			
Current Liabilities:			
Vouchers and Accounts Payable	\$ 11,536,815	\$ 60,461	\$ 11,597,276
Deposits Payable	165,000	60,567	225,567
Accrued Interest Payable	1,447,053	48,218	1,495,271
Deferred Revenue	-	1,200	1,200
Current Portion of:			
Bonds and Notes Payable	5,288,051	924,736	6,212,787
Total Current Liabilities	<u>\$ 18,436,919</u>	<u>\$ 1,095,182</u>	<u>\$ 19,532,101</u>
Noncurrent Liabilities:			
Bonds Payable	\$ 80,396,554	\$ 13,078,407	\$ 93,474,961
Notes Payable - Other	3,663,183	-	3,663,183
Total Noncurrent Liabilities	<u>\$ 84,059,737</u>	<u>\$ 13,078,407</u>	<u>\$ 97,138,144</u>
Total Liabilities	<u>\$ 102,496,656</u>	<u>\$ 14,173,589</u>	<u>\$ 116,670,245</u>
<b><u>NET ASSETS</u></b>			
Invested in Capital Assets, Net of Related Debt	\$ 19,716,278	\$ 11,390,868	\$ 31,107,146
Restricted for Debt Service	1,314,843	-	1,314,843
Unrestricted	24,010,970	3,978,178	27,989,148
Total Net Assets	<u>\$ 45,042,091</u>	<u>\$ 15,369,046</u>	<u>\$ 60,411,137</u>



**CITY OF VIRGINIA BEACH, VIRGINIA  
OTHER COMPONENT UNITS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2011**

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
<b>Virginia Beach Development Authority</b>							
Governmental-type Activities	\$ -	\$ -	\$ -	\$ 3,872	\$ 3,872	\$ -	\$ 3,872
Business-type Activities	11,438,784	3,131,258	8,460,937	50,000	203,411	-	203,411
<b>Community Development Corporation</b>							
Business-type Activities	4,299,333	2,007,847	1,756,463	-	-	(535,023)	(535,023)
Total Component Units	<u>\$ 15,738,117</u>	<u>\$ 5,139,105</u>	<u>\$ 10,217,400</u>	<u>\$ 53,872</u>	<u>\$ 207,283</u>	<u>\$ (535,023)</u>	<u>\$ (327,740)</u>
General Revenues:							
Unrestricted Investment Earnings					\$ 82,038	\$ 73,768	\$ 155,806
Miscellaneous					-	309,618	309,618
Total General Revenue					<u>\$ 82,038</u>	<u>\$ 383,386</u>	<u>\$ 465,424</u>
Change in Net Assets					\$ 289,321	\$ (151,637)	\$ 137,684
Net Assets at Beginning of Year					44,752,770	15,520,683	60,273,453
Net Assets at End of Year					<u>\$ 45,042,091</u>	<u>\$ 15,369,046</u>	<u>\$ 60,411,137</u>

**CITY OF VIRGINIA BEACH, VIRGINIA  
OTHER COMPONENT UNITS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2011**

	Virginia Beach Development Authority	Community Development Corporation	Totals
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>			
Receipts From Customers and Users	\$ 3,110,843	\$ 3,260,430	\$ 6,371,273
Other Operating Cash Receipts	10,645	356,075	366,720
Cash Payments to Employees for Services	(3,362,764)	(1,681,179)	(5,043,943)
Other Operating Cash Payments	(1,407,048)	(1,097,784)	(2,504,832)
Net Cash Provided (Used) By Operating Activities	<u>\$ (1,648,324)</u>	<u>\$ 837,542</u>	<u>\$ (810,782)</u>
<b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u></b>			
Intergovernmental Receipts	\$ -	\$ 1,240,515	\$ 1,240,515
Reserve Deposits	-	(525,994)	(525,994)
Net Cash Provided (Used) By Noncapital Financing Activities	<u>\$ -</u>	<u>\$ 714,521</u>	<u>\$ 714,521</u>
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u></b>			
Interest Paid on Long-term Debt	\$ (3,715,803)	\$ (610,627)	\$ (4,326,430)
Capital Contributions From City	8,472,249	-	8,472,249
Purchases of Capital Assets	-	(347,948)	(347,948)
Acquisition and Construction of Capital Assets	-	(1,772,269)	(1,772,269)
Charity Golf Outing Proceeds, net	2,631	-	2,631
Remittance to city of Town Center capital maintenance funds	(1,118,110)	-	(1,118,110)
Proceeds From Sale of Property	-	7,088	7,088
Proceeds From Debt	-	2,674,629	2,674,629
Principal Paid on Capital Debt	(4,774,843)	(1,616,210)	(6,391,053)
Net Cash Provided (Used) By Capital and Related Financing Activities	<u>\$ (1,133,876)</u>	<u>\$ (1,665,337)</u>	<u>\$ (2,799,213)</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Interest and Dividends Received	<u>\$ 82,038</u>	<u>\$ (2,139)</u>	<u>\$ 79,899</u>
Net Increase (Decrease) in Cash and Temporary Investments	\$ (2,700,162)	\$ (115,413)	\$ (2,815,575)
Cash and Temporary Investments, July 1	<u>15,461,872</u>	<u>854,132</u>	<u>16,316,004</u>
Cash and Temporary Investments, June 30	<u><u>\$ 12,761,710</u></u>	<u><u>\$ 738,719</u></u>	<u><u>\$ 13,500,429</u></u>
<b><u>RECONCILIATION OF COMPONENT UNITS</u></b>			
<b><u>CASH AND TEMPORARY INVESTMENTS:</u></b>			
Business-Type Activities	\$ 12,761,710	\$ 738,719	\$ 13,500,429
Governmental Activities	<u>3,120,766</u>	<u>-</u>	<u>3,120,766</u>
Total per Exhibit 37	<u><u>\$ 15,882,476</u></u>	<u><u>\$ 738,719</u></u>	<u><u>\$ 16,621,195</u></u>

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA  
OTHER COMPONENT UNITS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2011**

	Virginia Beach Development Authority	Community Development Corporation	Totals
<b><u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH</u></b>			
<b><u>PROVIDED (USED) BY OPERATING ACTIVITIES:</u></b>			
Operating Loss	\$ (2,918,599)	\$ (431,438)	\$ (3,350,037)
Adjustments to Reconcile Operating Income to			
Net Cash Used By Operating Activities:			
Depreciation Expense	2,888,090	921,973	3,810,063
Non Cash Selling Expense and Gain on Sale	-	(4,807)	(4,807)
Non Operating Interest Earnings	-	(71,100)	(71,100)
Changes in Assets and Liabilities:			
Receivables, Net	(13,641)	(498,894)	(512,535)
Accounts and Other Payables	(1,604,174)	(45,727)	(1,649,901)
Accrued Expenses	-	(3,735)	(3,735)
Land and Building Inventory	-	971,270	971,270
Net Cash Provided (Used) By Operating Activities	<u>\$ (1,648,324)</u>	<u>\$ 837,542</u>	<u>\$ (810,782)</u>
Noncash Transactions:			
Amortization of Bond Discount/Premium	\$ (106,446)		
EDIP Appropriations	2,348,556		

**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.

### ***Nonmajor Governmental Funds:***

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

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

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

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

### ***Internal Service Funds:***

**School Risk Management** - provides insurance and the administration thereof for the School Board.

**School Health Insurance** - provides health insurance and the administration thereof for the School Board and City employees.

### ***Agency Funds:***

**Payroll Deductions** - accounts for employee payroll deductions.

**Fringe Benefits** - accounts for the School Board contributions for certain fringe benefits (e.g., life insurance, retirement).

**School Activity Accounts** - accounts for the individual school activity accounts.

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2011**

	<b>Governmental Activities</b>
<b><u>ASSETS</u></b>	
Current Assets:	
Cash and Temporary Investments	\$ 202,652,446
Accounts Receivable	669,324
Due from Commonwealth	10,701,540
Due from Federal Government	28,171,692
Inventories	1,012,962
Prepaid Items	2,737,791
Total Current Assets	<u>\$ 245,945,755</u>
Noncurrent Assets:	
Capital Assets:	
Land	\$ 31,115,889
Buildings, Improvements, Equipment and Vehicles (net of accumulated depreciation)	350,222,312
Construction in Progress	68,407,664
Total Noncurrent Assets	<u>\$ 449,745,865</u>
Total Assets	<u><u>\$ 695,691,620</u></u>
<b><u>LIABILITIES</u></b>	
Current Liabilities:	
Salaries Payable	\$ 57,120,630
Vouchers and Accounts Payable	23,069,046
Deposits Payable	55,000
Due to Federal Government	87,916
Unearned Revenue	6,566,434
Long-term Liabilities (due within one year)	20,412,586
Total Current Liabilities	<u>\$ 107,311,612</u>
Noncurrent Liabilities:	
Long-term Liabilities (due in more than one year)	14,280,404
Total Liabilities	<u>\$ 121,592,016</u>
<b><u>NET ASSETS</u></b>	
Invested in Capital Assets	\$ 449,745,865
Restricted for:	
Capital Projects	44,109,875
Grants	903,582
Unrestricted	79,340,282
Total Net Assets	<u><u>\$ 574,099,604</u></u>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2011**

		Program Revenues			Net (Expenses) Revenues and Change In Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
	Expenses				
<b><u>GOVERNMENTAL ACTIVITIES</u></b>					
Instruction	\$ 567,568,792	\$ 3,185,029	\$ 129,302,367	\$ 9,710,467	\$ (425,370,929)
Admin, Attendance, & Health	18,401,916	-	-	-	(18,401,916)
Pupil Transportation	36,105,660	-	-	-	(36,105,660)
Operations and Maintenance	93,664,818	367,908	-	-	(93,296,910)
Cafeterias	26,113,779	13,276,414	13,681,484	-	844,119
Technology	44,830,758	438,046	3,090,349	-	(41,302,363)
Total Governmental Activities	<u>\$ 786,685,723</u>	<u>\$ 17,267,397</u>	<u>\$ 146,074,200</u>	<u>\$ 9,710,467</u>	<u>\$ (613,633,659)</u>

General Revenues:

## Local Sources:

Local Government	\$ 371,517,109
Miscellaneous	964,435

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

State Basic Aid	159,342,761
State Sales Tax	70,058,126
Federal Impact Aid	13,987,750

Interest Earnings	488,078
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Total General Revenues	<u>\$ 616,358,259</u>
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Change in Net Assets	\$ 2,724,600
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Total Net Assets - July 1	<u>571,375,004</u>
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Total Net Assets - June 30	<u><u>\$ 574,099,604</u></u>
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**CITY OF VIRGINIA BEACH, VIRGINIA**  
**DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2011**

	<b>School Operating</b>	<b>School Grants</b>	<b>School Textbooks</b>	<b>Capital Projects</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b><u>ASSETS</u></b>						
Cash and Temporary Investments	\$68,029,996	\$ -	\$22,078,460	\$47,521,941	\$ 8,187,611	\$145,818,008
Accounts Receivable	292,756	4,372	2,066	-	15,172	314,366
Due from Other Funds	17,326,256	-	-	-	-	17,326,256
Due from Commonwealth	9,458,662	1,155,340	-	-	-	10,614,002
Due from Federal Government	251,370	21,861,694	-	5,300,928	754,259	28,168,251
Inventories	-	-	-	-	1,012,962	1,012,962
Prepaid Items	600,039	-	-	-	1,450	601,489
Total Assets	<u>\$95,959,079</u>	<u>\$23,021,406</u>	<u>\$22,080,526</u>	<u>\$52,822,869</u>	<u>\$ 9,971,454</u>	<u>\$203,855,334</u>
<b><u>LIABILITIES</u></b>						
Salaries Payable	\$52,587,609	\$ 3,500,783	\$ 1,681	\$ 6,719	\$ 1,023,689	\$ 57,120,481
Vouchers and Accounts Payable	10,353,323	1,263,743	35,895	8,618,361	225,775	20,497,097
Deposits Payable	-	-	-	-	55,000	55,000
Due to Other Funds	-	17,326,256	-	-	-	17,326,256
Due to Federal Government	-	2	-	87,914	-	87,916
Deferred Revenue	499,743	27,040	-	-	400,084	926,867
Total Liabilities	<u>\$63,440,675</u>	<u>\$22,117,824</u>	<u>\$ 37,576</u>	<u>\$ 8,712,994</u>	<u>\$ 1,704,548</u>	<u>\$ 96,013,617</u>
<b><u>FUND BALANCES</u></b>						
Nonspendable	\$ 600,039	\$ -	\$ -	\$ -	\$ 1,014,413	\$ 1,614,452
Restricted	-	903,582	22,042,950	20,622,399	2,702,932	46,271,863
Committed	-	-	-	23,487,476	-	23,487,476
Assigned	31,918,365	-	-	-	4,549,561	36,467,926
Total Fund Balances	<u>\$32,518,404</u>	<u>\$ 903,582</u>	<u>\$22,042,950</u>	<u>\$44,109,875</u>	<u>\$ 8,266,906</u>	<u>\$107,841,717</u>
Total Liabilities and Fund Balances	<u>\$95,959,079</u>	<u>\$23,021,406</u>	<u>\$22,080,526</u>	<u>\$52,822,869</u>	<u>\$ 9,971,454</u>	<u>\$203,855,334</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, 2011**

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Amounts reported for governmental activities in the Statement of Net Assets (Exhibit 40)  
are different from amounts reported for governmental funds in this exhibit because:

Total Fund Balances - Governmental Funds (this exhibit)	\$ 107,841,717
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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	\$ 733,087,166	
less: Accumulated Depreciation	<u>283,341,301</u>	449,745,865

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

Compensated Absences	(20,333,648)
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Internal Service Funds are used to account for the risk management and health  
insurance programs; and related charges to the various governmental funds. The assets  
and liabilities of the internal service funds are included in governmental activities in  
the Statement of Net Assets.

Total Assets	\$ 59,416,677	
less: Total Liabilities	<u>22,571,007</u>	
Total Net Assets		<u>36,845,670</u>

Total Net Assets - Governmental Activities (Exhibit 40)	<u><u>\$ 574,099,604</u></u>
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**CITY OF VIRGINIA BEACH, VIRGINIA**  
**DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

	<b>School Operating</b>	<b>School Grants</b>	<b>School Textbooks</b>	<b>Capital Projects</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b><u>REVENUES</u></b>						
From Use of Money and Property	\$ 367,908	\$ -	\$ 83,042	\$ 135,249	\$ 459,126	\$ 1,045,325
Charges for Services	1,796,596	-	93	-	13,376,825	15,173,514
Miscellaneous	1,828,411	25,187	95,212	-	131,232	2,080,042
From Local Government	328,999,336	-	-	42,517,773	-	371,517,109
From Commonwealth	301,137,502	6,057,993	2,160,229	-	486,856	309,842,580
From Federal Government	23,150,301	43,200,985	-	9,710,467	13,194,628	89,256,381
Total Revenues	<u>\$657,280,054</u>	<u>\$ 49,284,165</u>	<u>\$ 2,338,576</u>	<u>\$ 52,363,489</u>	<u>\$ 27,648,667</u>	<u>\$788,914,951</u>
<b><u>EXPENDITURES</u></b>						
Current:						
Instruction	\$483,132,547	\$ 49,113,957	\$ 2,485,367	\$ 249,147	\$ 474,473	\$535,455,491
Admin, Attendance, & Health	18,279,083	-	-	-	-	18,279,083
Pupil Transportation	33,859,385	-	-	552,586	-	34,411,971
Operations and Maintenance	86,228,344	-	-	10,677,415	-	96,905,759
Cafeterias	-	-	-	-	25,899,229	25,899,229
Technology	38,825,274	3,090,349	-	1,463,063	198,596	43,577,282
Capital Outlay	-	-	-	56,384,860	-	56,384,860
Total Expenditures	<u>\$660,324,633</u>	<u>\$ 52,204,306</u>	<u>\$ 2,485,367</u>	<u>\$ 69,327,071</u>	<u>\$ 26,572,298</u>	<u>\$810,913,675</u>
<b><u>EXCESS (DEFICIENCY) OF REVENUES</u></b>						
<b><u>OVER (UNDER) EXPENDITURES</u></b>	<u>\$ (3,044,579)</u>	<u>\$ (2,920,141)</u>	<u>\$ (146,791)</u>	<u>\$ (16,963,582)</u>	<u>\$ 1,076,369</u>	<u>\$ (21,998,724)</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>						
Transfers In	\$ -	\$ 2,930,631	\$ -	\$ -	\$ -	\$ 2,930,631
Transfers Out	(2,930,631)	-	-	-	-	(2,930,631)
Sale of Capital Assets	334,443	-	-	160,929	-	495,372
Total Other Financing Sources (Uses)	<u>\$ (2,596,188)</u>	<u>\$ 2,930,631</u>	<u>\$ -</u>	<u>\$ 160,929</u>	<u>\$ -</u>	<u>\$ 495,372</u>
<b><u>NET CHANGE IN FUND BALANCES</u></b>	<u>\$ (5,640,767)</u>	<u>\$ 10,490</u>	<u>\$ (146,791)</u>	<u>\$ (16,802,653)</u>	<u>\$ 1,076,369</u>	<u>\$ (21,503,352)</u>
<b><u>FUND BALANCES - JULY 1</u></b>	<u>38,159,171</u>	<u>893,092</u>	<u>22,189,741</u>	<u>60,912,528</u>	<u>7,190,537</u>	<u>129,345,069</u>
<b><u>FUND BALANCES - JUNE 30</u></b>	<u>\$ 32,518,404</u>	<u>\$ 903,582</u>	<u>\$ 22,042,950</u>	<u>\$ 44,109,875</u>	<u>\$ 8,266,906</u>	<u>\$107,841,717</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, 2011**

Amounts reported for governmental activities in the Statement of Activities (Exhibit 41)  
are different from amounts reported for governmental funds in this exhibit because:

Net Change in Fund Balances - Governmental Funds (this exhibit)	\$ (21,503,352)
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Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net 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.

53,298,683

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	\$ 9,547,603	
Leave Earned	<u>(8,821,561)</u>	726,042

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.

70,385

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	\$ (14,180,883)	
Health Insurance	<u>(567,694)</u>	(14,748,577)

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, 2011. This amount is the applicable Net Book Value change and depreciation expense for the fiscal year.

(15,118,581)

Change in Net Assets of governmental activities in the Statement of Activities (Exhibit 41)

\$ 2,724,600

**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, 2011**

Source	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b><u>REVENUES</u></b>				
<b><u>From Use of Money and Property</u></b>				
Rents	\$ 450,000	\$ 450,000	\$ 367,908	\$ (82,092)
<b><u>Charges for Services</u></b>				
Tuition and Educational Fees	\$ 1,979,070	\$ 1,979,070	\$ 1,796,596	\$ (182,474)
<b><u>Miscellaneous Revenue</u></b>				
Sale of Salvage	12,000	12,000	346,446	334,446
Insurance Proceeds	-	-	26,951	26,951
Flex Benefit Forfeitures	15,000	15,000	-	(15,000)
Donations	-	-	1,860	1,860
Miscellaneous	95,000	95,000	70,477	(24,523)
Indirect Costs	550,000	550,000	563,562	13,562
Natl Institute of Aerospace-Other	-	-	49,156	49,156
Athletics	531,848	531,848	537,511	5,663
Instructional Technology	-	-	232,448	232,448
Total Miscellaneous Revenue	\$ 1,203,848	\$ 1,203,848	\$ 1,828,411	\$ 624,563
<b><u>From Local Government</u></b>				
City - General Fund	321,902,260	324,991,160	315,337,053	(9,654,107)
City - School Reserve Fund	13,000,000	13,000,000	13,000,000	-
City for Consolidated Benefits Office	712,582	712,582	662,283	(50,299)
Total From Local Government	\$ 335,614,842	\$ 338,703,742	\$ 328,999,336	\$ (9,704,406)
<b><u>From Commonwealth</u></b>				
Basic Aid	166,591,426	159,063,156	159,342,761	279,605
Reimbursement-Social Security	9,980,734	9,980,734	10,073,393	92,659
Reimbursement-Retirement	5,906,965	5,906,965	5,961,804	54,839
Reimbursement-Life Insurance	366,639	366,639	370,043	3,404
Remedial Education	2,770,163	2,770,163	2,795,881	25,718
Remedial Education-Summer School	1,201,110	1,201,110	1,160,030	(41,080)
Special Education	19,268,928	19,268,928	19,447,816	178,888
Special Education-Regional Program	8,748,142	8,748,142	7,871,956	(876,186)
Special Education-Homebound	129,247	129,247	84,546	(44,701)
Special Education-Foster Children	-	-	318,481	318,481
Foster Home Children	538,109	538,109	199,291	(338,818)
Vocational	3,014,589	3,014,589	3,042,576	27,987
Vocational-Occupational/Tech	334,436	334,436	207,694	(126,742)
Vocational-Adult Education	-	-	32,684	32,684
Vocational-Equipment-State	-	-	88,608	88,608
Sales Tax	67,116,477	67,116,477	70,058,126	2,941,649
Class Size Initiative	2,241,253	2,241,253	2,218,993	(22,260)
At-Risk Initiative	1,592,986	1,592,986	1,607,755	14,769
English as a Second Language	581,632	581,632	547,324	(34,308)
Visually Impaired	-	-	28,665	28,665
Composite Index Hold Harmless	14,923,023	14,923,023	13,776,652	(1,146,371)
Dual Enrollment	-	-	52,208	52,208
Gifted and Talented Aid	1,833,196	1,833,196	1,850,215	17,019
Total From Commonwealth	\$ 307,139,055	\$ 299,610,785	\$ 301,137,502	\$ 1,526,717

(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, 2011**

Source	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b><u>REVENUES (continued)</u></b>				
<b><u>From Federal Government</u></b>				
Public Law 874	\$ 14,461,723	\$ 14,461,723	\$ 10,389,713	\$ (4,072,010)
Public Law 874-Special Education	-	-	1,077,799	1,077,799
Dept of the Navy-NJROTC	100,000	100,000	310,175	210,175
Department of Defense	1,500,000	1,500,000	2,017,599	517,599
Dept of Defense Special Education	-	-	502,639	502,639
Medicaid Reimbursement	575,000	575,000	1,196,050	621,050
Basic School Aid ARRA/SFSF	-	7,528,270	7,528,270	-
Natl Institute of Aerospace	-	-	104,762	104,762
Other Federal Funds	-	-	23,294	23,294
Total From Federal Government	<u>\$ 16,636,723</u>	<u>\$ 24,164,993</u>	<u>\$ 23,150,301</u>	<u>\$ (1,014,692)</u>
Total Revenues	<u>\$ 663,023,538</u>	<u>\$ 666,112,438</u>	<u>\$ 657,280,054</u>	<u>\$ (8,832,384)</u>
<b><u>EXPENDITURES</u></b>				
<b><u>Instruction</u></b>				
Elementary Classroom	\$ 129,825,522	\$ 129,089,752	\$ 128,643,954	\$ 445,798
Senior High Classroom	73,755,309	73,215,274	73,170,200	45,074
Technical and Career Education	19,322,171	17,806,555	17,298,213	508,342
Gifted Education and Academy Programs	11,857,067	11,952,513	11,506,793	445,720
Special Education	79,366,268	79,116,302	78,648,796	467,506
Summer School	3,269,702	2,857,702	2,674,716	182,986
General Adult Education	1,764,947	1,542,368	1,490,893	51,475
Alternative Education-Renaissance	5,858,305	5,756,936	5,401,454	355,482
Student Activities	2,771,001	2,772,320	2,708,341	63,979
Student Athletics	4,752,933	4,760,605	4,642,587	118,018
Office/Principal - Elementary	22,329,442	21,929,357	21,718,387	210,970
Office/Principal - Senior High	9,306,938	9,336,150	9,078,153	257,997
Office/Principal - Tech & Career	499,960	499,960	473,451	26,509
Guidance Services	15,123,018	15,113,081	14,876,900	236,181
Social Work Services	2,394,831	2,637,831	2,637,112	719
Media and Communications	1,728,781	1,711,936	1,537,040	174,896
Instructional Support	10,615,361	9,872,211	9,832,856	39,355
Instructional Center for Teacher Leadership	1,680,605	1,527,530	630,640	896,890
Diversity	-	28,000	22,917	5,083
Special Education Support	2,525,184	2,461,184	2,448,196	12,988
Gifted Education and Academy Programs Support	2,002,946	2,014,865	1,922,704	92,161
Media Services Support	12,264,730	12,263,511	12,000,352	263,159
Educational Leadership and Assessment	2,480,326	2,293,361	1,820,939	472,422
Middle School Classroom	54,582,042	53,814,779	53,715,186	99,593
Remedial Education	8,978,696	8,939,671	8,414,691	524,980
Office/Principal - Middle Schools	8,145,856	8,047,143	7,705,001	342,142
Homebound Services	602,891	602,891	557,354	45,537
Technical and Career Ed Support	952,986	952,986	831,566	121,420
Student Leadership	1,302,295	1,302,295	1,147,886	154,409
Psychological Services	3,081,396	3,045,628	3,018,217	27,411
Audiological Services	375,376	355,663	343,808	11,855
School Administration	1,227,154	1,102,373	788,732	313,641
Alternative Education	1,863,332	1,676,528	1,424,512	252,016
Total Instruction	<u>\$ 496,607,371</u>	<u>\$ 490,399,261</u>	<u>\$ 483,132,547</u>	<u>\$ 7,266,714</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, 2011**

Source	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b><u>EXPENDITURES (continued)</u></b>				
<b><u>Admin, Attendance, &amp; Health</u></b>				
Board, Legal, & Governmental	\$ 1,107,334	\$ 1,105,264	\$ 863,185	\$ 242,079
Office of the Superintendent	1,206,082	1,103,391	951,643	151,748
Department of Budget & Finance	3,493,195	3,275,241	3,092,656	182,585
Department of Human Resources	4,343,158	4,226,343	3,830,744	395,599
Internal Audit	338,634	338,634	291,391	47,243
Purchasing	991,603	983,497	980,363	3,134
Center for Teacher Leadership	2,088,639	1,661,769	680,439	981,330
Consolidated Benefits Office	1,617,275	1,464,040	1,463,511	529
Health Services	6,274,054	6,275,805	6,125,151	150,654
Total Admin, Attendance, & Health	<u>\$ 21,459,974</u>	<u>\$ 20,433,984</u>	<u>\$ 18,279,083</u>	<u>\$ 2,154,901</u>
<b><u>Pupil Transportation</u></b>				
Management	1,830,254	1,829,114	1,811,705	17,409
Vehicle Operation	17,538,334	21,162,942	20,739,333	423,609
Vehicle Operation - Special Education	5,038,593	6,232,160	5,919,922	312,238
Vehicle Maintenance	2,912,739	2,905,959	2,851,681	54,278
Monitoring Services	2,606,014	2,599,084	2,536,744	62,340
Total Pupil Transportation	<u>\$ 29,925,934</u>	<u>\$ 34,729,259</u>	<u>\$ 33,859,385</u>	<u>\$ 869,874</u>
<b><u>Operations and Maintenance</u></b>				
Facility Planning & Construction	716,215	717,960	666,870	51,090
School Plant	47,625,680	51,266,294	44,104,406	7,161,888
Supply Services	1,305,402	1,603,119	1,457,436	145,683
Grounds Services	3,867,990	3,867,990	3,867,990	-
Custodial Services	26,952,009	27,420,750	27,318,847	101,903
Safety and Loss Control	6,224,497	6,216,179	6,174,046	42,133
Vehicle Services	1,022,772	1,549,799	861,413	688,386
Telecommunications	1,545,786	2,339,242	1,777,336	561,906
Total Operations & Maintenance	<u>\$ 89,260,351</u>	<u>\$ 94,981,333</u>	<u>\$ 86,228,344</u>	<u>\$ 8,752,989</u>
<b><u>Technology</u></b>				
Instruction	15,396,269	38,502,182	28,332,576	10,169,606
Admin, Attendance & Health	1,107,836	1,267,144	1,214,697	52,447
Pupil Transportation	117,190	126,734	113,409	13,325
Operations and Maintenance	9,209,592	10,360,900	9,164,592	1,196,308
Total Technology	<u>\$ 25,830,887</u>	<u>\$ 50,256,960</u>	<u>\$ 38,825,274</u>	<u>\$ 11,431,686</u>
Total Expenditures	<u>\$ 663,084,517</u>	<u>\$ 690,800,797</u>	<u>\$ 660,324,633</u>	<u>\$ 30,476,164</u>
<b><u>EXCESS (DEFICIENCY) OF REVENUES</u></b>				
<b><u>OVER (UNDER) EXPENDITURES</u></b>	<u>\$ (60,979)</u>	<u>\$ (24,688,359)</u>	<u>\$ (3,044,579)</u>	<u>\$ 21,643,780</u>
<b><u>OTHER FINANCING (USES)</u></b>				
Transfers Out	(2,462,768)	(2,539,187)	(2,509,831)	29,356
Transfers Out-Technology Category	(431,200)	(431,200)	(420,800)	10,400
Total Transfers Out	<u>\$ (2,893,968)</u>	<u>\$ (2,970,387)</u>	<u>\$ (2,930,631)</u>	<u>\$ 39,756</u>
Sale of Capital Assets	15,000	15,000	334,443	319,443
Total Other Financing Sources (Uses)	<u>\$ (2,878,968)</u>	<u>\$ (2,955,387)</u>	<u>\$ (2,596,188)</u>	<u>\$ 359,199</u>
<b><u>NET CHANGE IN FUND BALANCE</u></b>	<u>\$ (2,939,947)</u>	<u>\$ (27,643,746)</u>	<u>\$ (5,640,767)</u>	<u>\$ 22,002,979</u>
<b><u>FUND BALANCE - JULY 1</u></b>	<u>38,159,171</u>	<u>38,159,171</u>	<u>38,159,171</u>	<u>-</u>
<b><u>FUND BALANCE - JUNE 30</u></b>	<u>\$ 35,219,224</u>	<u>\$ 10,515,425</u>	<u>\$ 32,518,404</u>	<u>\$ 22,002,979</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, 2011**

Source	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b><u>REVENUES</u></b>				
Miscellaneous	\$ -	\$ 42,146	\$ 25,187	\$ (16,959)
From Commonwealth	10,582,702	9,786,692	6,057,993	(3,728,699)
From Federal Government	63,287,048	70,147,265	43,200,985	(26,946,280)
Contingency	5,655,908	3,844,347	-	(3,844,347)
Total Revenues	<u>\$ 79,525,658</u>	<u>\$ 83,820,450</u>	<u>\$ 49,284,165</u>	<u>\$ (34,536,285)</u>
<b><u>EXPENDITURES</u></b>				
<b><u>Instruction</u></b>				
Adult Basic Education-ABE FY10	\$ -	\$ 1,805	\$ 1,805	\$ -
Adult Basic Education-ABE FY11	397,104	397,103	397,103	-
Adult Basic Education-ABE Incentive FY10	-	1,242	1,242	-
Advanced Placement Program FY10	-	2,400	2,400	-
Advanced Placement Program FY11	-	26,049	26,049	-
AFCEA Science Teaching Tools FY11	-	1,000	951	49
Algebra Readiness FY11	666,396	665,057	663,170	1,887
Allstate Fdn Safe Teen Driving FY07	-	7,761	2,770	4,991
ARRA/SFSF Program FY10	2,083,453	3,371,139	2,872,703	498,436
Asia Society Confucius Classroom Network FY11	-	23,299	18,402	4,897
Career Switcher FY11	-	11,000	11,000	-
C.Perkins Vocational & Tech Act FY10	-	510	510	-
C.Perkins Vocational & Tech Act FY11	734,585	708,887	632,055	76,832
Chesapeake Restoration Grant FY10	-	15,000	7,304	7,696
Early Reading Initiative FY10	37,690	54,899	54,899	-
Early Reading Initiative FY11	1,203,244	1,033,056	1,027,970	5,086
English Literacy/Civics Education FY11	52,005	59,458	59,458	-
GED Expansion Grant FY11	10,000	10,000	10,000	-
General Adult Education FY11	42,632	36,712	36,712	-
HSTW-Cox FY10	-	1,397	1,397	-
HSTW-Cox FY11	15,000	-	-	-
Industry Credentials for Students FY11	-	67,737	67,737	-
ISAEP FY11	62,869	62,869	62,869	-
Jail Education Program FY11	197,679	217,794	187,773	30,021
Juvenile Detention Ctr FY11	827,834	877,131	818,087	59,044
McKinney Homeless FY09	-	11,749	11,749	-
McKinney Homeless FY10	3,375	68,000	68,000	-
McKinney Homeless FY11	68,000	68,000	55,863	12,137
MyCAA - ALC Courses FY11	-	3,543	3,543	-
MyCAA-LPN Program FY11	-	10,203	10,203	-
Natl. Board Certified Tchrs. Stipend FY11	-	265,000	265,000	-
NBC Learn Archives on Demand FY11	-	4,200	4,200	-
New Teacher Mentor FY11	58,712	51,246	51,246	-
NJROTC FY11	-	23,960	23,960	-
Preschool Incentive Grant FY09	-	10,583	10,583	-
Preschool Incentive Grant FY10	48,072	61,757	59,483	2,274
Preschool Incentive Grant FY11	499,969	499,957	362,385	137,572
Preschool Incentive Grant - ARRA FY10	104,873	131,096	99,158	31,938

(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, 2011**

Source	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>EXPENDITURES (continued)</b>				
<b>Instruction (continued)</b>				
Race to GED FY11	\$ 64,064	\$ 47,396	\$ 47,396	\$ -
Safe and Drug Free Schools FY10	711	50,481	50,481	-
Safe and Drug Free Schools FY11	238,090	-	-	-
School Improvement-Title I, College Park FY11	-	13,350	6,500	6,850
SFSF CIP College Park Project FY10	7,936,308	-	-	-
Startalk Elementary Chinese Acad FY10	-	58,972	58,472	500
Startalk Elementary Chinese Acad FY11	-	66,215	4,206	62,009
State Academic Grant FY10	-	6,695	6,695	-
Teaching American History-SAIL FY10	751,072	826,466	442,832	383,634
Title I Part A 128-10 FY10	1,963,973	3,741,897	3,741,897	-
Title I Part A 128-11 FY11	12,220,458	12,063,045	5,678,724	6,384,321
Title I Part A 128-10 - ARRA FY10	3,608,549	4,727,234	3,720,688	1,006,546
Title I Distinguished Schools FY11	-	13,658	13,658	-
Title I Part D FY09	-	1,602	1,602	-
Title I Part D Subpart 1 FY10	15,926	12,813	12,813	-
Title I Part D Subpart 1 FY11	36,781	44,183	25,651	18,532
Title I Part D Subpart 2 FY10	162,889	146,595	140,922	5,673
Title I Part D Subpart 2 FY11	207,094	299,685	49,617	250,068
Title I Part D Subpart 2 - ARRA FY10	33,689	42,180	39,405	2,775
Title II NCLB128-08 FY09	-	2,143	2,143	-
Title II NCLB128-09 FY10	605,536	794,991	751,771	43,220
Title II NCLB128-10 FY11	2,813,933	2,725,164	1,680,887	1,044,277
Title III Part A Immigrant & Youth FY09	-	2,075	2,075	-
Title III Part A Immigrant & Youth FY10	28,463	28,463	23,601	4,862
Title III Part A Immigrant & Youth FY11	28,463	80,121	38,511	41,610
Title III Part A Language Acquisition FY09	-	26,482	26,482	-
Title III Part A Language Acquisition FY10	129,640	115,735	96,197	19,538
Title III Part A Language Acquisition FY11	129,640	129,876	3,943	125,933
Title IV Pell Grant FY11	-	39,660	39,660	-
Title VI B PL 105-17 FY10	3,820,858	7,282,479	7,281,823	656
Title VI B PL 105-17 FY11	15,279,619	15,247,693	2,503	15,245,190
Title VI B PL 105-17 - ARRA FY10	8,395,679	13,194,765	12,839,549	355,216
VA Commission for the Arts-Bayside ES FY11	-	350	350	-
VA Incentive Prog for Speech Lang FY11	-	19,500	-	19,500
VA Initiative-At Risk Four-Year Olds FY10	-	397	397	-
VA Initiative-At Risk Four-Year Olds FY11	4,224,000	4,224,000	4,214,000	10,000
VA Geographic Alliance FY11	-	5,050	949	4,101
VA Middle School Teacher Corps FY11	40,000	75,000	71,875	3,125
Virginia Beh Police Benevolent Asso FY10	-	3,036	441	2,595
Virtual Enterprise MOU FY10	-	6,095	3,433	2,662
Virtual VA Advanced Placement FY11	-	395	395	-
Youngsters Yearning for More-Thalia ES FY11	-	2,000	1,674	326
Contingency	5,655,908	3,844,347	-	3,844,347
Total Instruction	\$ 75,504,835	\$ 78,874,883	\$ 49,113,957	\$ 29,760,926

(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, 2011**

Source	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b><u>Technology</u></b>				
Algebra Readiness FY11	\$ -	\$ 4,679	\$ 4,679	\$ -
C.Perkins Vocational & Tech Act FY10	-	490	490	-
C.Perkins Vocational & Tech Act FY11	185,000	194,906	194,906	-
Early Reading Initiative FY10	-	2,187	2,187	-
Early Reading Initiative FY11	3,000	-	-	-
English Literacy/Civics Education FY09	7,436	-	-	-
Jail Education Program FY11	1,200	4,358	3,269	1,089
Juvenile Detention Ctr FY11	6,000	9,000	6,618	2,382
Preschool Incentive Grant FY10	-	42,772	42,772	-
Preschool Incentive Grant - ARRA FY10	23,772	100,797	76,797	24,000
Startalk Elementary Chinese Acad FY10	-	601	601	-
Teaching American History-SAIL FY10	5,448	8,366	8,366	-
Technology Initiative FY09	467,600	393,145	393,145	-
Technology Initiative FY10	2,868,000	2,805,600	873,151	1,932,449
Technology Initiative FY11	2,587,200	2,587,200	-	2,587,200
Title I Part A 128-10 - ARRA FY10	-	149,153	44,169	104,984
Title I Part A 128-11 FY11	18,000	51,793	40,685	11,108
Title II Part D FY09	28,464	556	556	-
Title II Part D FY10	64,334	87,653	67,133	20,520
Title II Part D FY11	94,131	71,563	13,402	58,161
Title II Part D - ARRA FY10	90,291	184,193	80,495	103,698
Title III Part A Language Acquisition FY10	-	16,924	16,924	-
Title VI B PL 105-17 FY10	219,396	48,174	15,438	32,736
Title VI B PL 105-17 FY11	89,730	89,730	-	89,730
Title VI B PL 105-17 - ARRA FY10	155,789	1,915,449	1,204,566	710,883
Total Technology	\$ 6,914,791	\$ 8,769,289	\$ 3,090,349	\$ 5,678,940
 Total Expenditures	 \$ 82,419,626	 \$ 87,644,172	 \$ 52,204,306	 \$ 35,439,866
 <b><u>EXCESS (DEFICIENCY) OF REVENUES</u></b>				
<b><u>OVER (UNDER) EXPENDITURES</u></b>	\$ (2,893,968)	\$ (3,823,722)	\$ (2,920,141)	\$ 903,581
 <b><u>OTHER FINANCING SOURCES</u></b>				
Transfers In	\$ 2,893,968	\$ 3,823,722	\$ 2,930,631	\$ (893,091)
 <b><u>NET CHANGE IN FUND BALANCE</u></b>	\$ -	\$ -	\$ 10,490	\$ 10,490
 <b><u>FUND BALANCE - JULY 1</u></b>	893,092	893,092	893,092	-
 <b><u>FUND BALANCE - JUNE 30</u></b>	\$ 893,092	\$ 893,092	\$ 903,582	\$ 10,490

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS**  
**JUNE 30, 2011**

	School Cafeterias	School Communication Towers/ Technology	School Vending Operations	School Equipment Replacement	Totals
<b><u>ASSETS</u></b>					
Cash and Temporary Investments	\$ 3,563,611	\$ 2,369,789	\$ 449,007	\$ 1,805,204	\$ 8,187,611
Accounts Receivable	15,172	-	-	-	15,172
Due from Federal Government	754,259	-	-	-	754,259
Inventories	1,012,962	-	-	-	1,012,962
Prepaid Items	1,450	-	-	-	1,450
Total Assets	<u>\$ 5,347,454</u>	<u>\$ 2,369,789</u>	<u>\$ 449,007</u>	<u>\$ 1,805,204</u>	<u>\$ 9,971,454</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>					
Liabilities:					
Salaries Payable	\$ 1,023,689	\$ -	\$ -	\$ -	\$ 1,023,689
Vouchers and Accounts Payable	206,336	18,943	496	-	225,775
Deposits Payable	-	55,000	-	-	55,000
Deferred Revenue	400,084	-	-	-	400,084
Total Liabilities	<u>\$ 1,630,109</u>	<u>\$ 73,943</u>	<u>\$ 496</u>	<u>\$ -</u>	<u>\$ 1,704,548</u>
Fund Balances:					
Nonspendable	\$ 1,014,413	\$ -	\$ -	\$ -	\$ 1,014,413
Restricted	2,702,932	-	-	-	2,702,932
Assigned	-	2,295,846	448,511	1,805,204	4,549,561
Total Fund Balances	<u>\$ 3,717,345</u>	<u>\$ 2,295,846</u>	<u>\$ 448,511</u>	<u>\$ 1,805,204</u>	<u>\$ 8,266,906</u>
Total Liabilities and Fund Balances	<u>\$ 5,347,454</u>	<u>\$ 2,369,789</u>	<u>\$ 449,007</u>	<u>\$ 1,805,204</u>	<u>\$ 9,971,454</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, 2011**

	School Cafeterias	School Communication Towers/ Technology	School Vending Operations	School Equipment Replacement	Totals
<b><u>REVENUES</u></b>					
From Use of Money and Property	\$ 8,386	\$ 442,190	\$ 1,621	\$ 6,929	\$ 459,126
Charges for Services	13,145,182	-	231,643	-	13,376,825
Miscellaneous	131,232	-	-	-	131,232
From Commonwealth	486,856	-	-	-	486,856
From Federal Government	13,194,628	-	-	-	13,194,628
Total Revenues	<u>\$ 26,966,284</u>	<u>\$ 442,190</u>	<u>\$ 233,264</u>	<u>\$ 6,929</u>	<u>\$ 27,648,667</u>
<b><u>EXPENDITURES</u></b>					
Instruction	\$ -	\$ -	\$ 316,489	\$ 157,984	\$ 474,473
Cafeterias	25,899,229	-	-	-	25,899,229
Technology	4,932	193,664	-	-	198,596
Total Expenditures	<u>\$ 25,904,161</u>	<u>\$ 193,664</u>	<u>\$ 316,489</u>	<u>\$ 157,984</u>	<u>\$ 26,572,298</u>
<b><u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u></b>					
	<u>\$ 1,062,123</u>	<u>\$ 248,526</u>	<u>\$ (83,225)</u>	<u>\$ (151,055)</u>	<u>\$ 1,076,369</u>
<b><u>NET CHANGE IN FUND BALANCES</u></b>					
	<u>\$ 1,062,123</u>	<u>\$ 248,526</u>	<u>\$ (83,225)</u>	<u>\$ (151,055)</u>	<u>\$ 1,076,369</u>
<b><u>FUND BALANCES - JULY 1</u></b>					
	<u>2,655,222</u>	<u>2,047,320</u>	<u>531,736</u>	<u>1,956,259</u>	<u>7,190,537</u>
<b><u>FUND BALANCES - JUNE 30</u></b>					
	<u>\$ 3,717,345</u>	<u>\$ 2,295,846</u>	<u>\$ 448,511</u>	<u>\$ 1,805,204</u>	<u>\$ 8,266,906</u>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT**  
**COMBINING STATEMENT OF NET ASSETS**  
**INTERNAL SERVICE FUNDS**  
**JUNE 30, 2011**

	School Risk Management	School Health Insurance	Total
<b><u>ASSETS</u></b>			
Cash and Temporary Investments	\$ 13,086,740	\$ 43,747,698	\$ 56,834,438
Accounts Receivable	-	354,958	354,958
Due from Commonwealth	-	87,538	87,538
Due from Federal Government	-	3,441	3,441
Prepaid Items	2,136,302	-	2,136,302
Total Assets	<u>\$ 15,223,042</u>	<u>\$ 44,193,635</u>	<u>\$ 59,416,677</u>
<b><u>LIABILITIES</u></b>			
Current Liabilities:			
Salaries Payable	\$ 103	\$ 46	\$ 149
Vouchers and Accounts Payable	2,014,716	557,233	2,571,949
Unearned Revenue	-	5,639,567	5,639,567
Estimated Claims and Judgments (due within one year)	5,091,257	5,678,250	10,769,507
Total Current Liabilities	<u>\$ 7,106,076</u>	<u>\$ 11,875,096</u>	<u>\$ 18,981,172</u>
Noncurrent Liabilities:			
Estimated Claims and Judgments (due in more than one year)	1,697,085	1,892,750	3,589,835
Total Liabilities	<u>\$ 8,803,161</u>	<u>\$ 13,767,846</u>	<u>\$ 22,571,007</u>
<b><u>NET ASSETS</u></b>			
Unrestricted	<u>\$ 6,419,881</u>	<u>\$ 30,425,789</u>	<u>\$ 36,845,670</u>
Total Net Assets	<u>\$ 6,419,881</u>	<u>\$ 30,425,789</u>	<u>\$ 36,845,670</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, 2011**

	School Risk Management	School Health Insurance	Totals
<b><u>OPERATING REVENUES</u></b>			
Charges for Services	\$ 6,069,357	\$ 109,326,544	\$ 115,395,901
Miscellaneous Revenue	58,973	-	58,973
Total Operating Revenues	<u>\$ 6,128,330</u>	<u>\$ 109,326,544</u>	<u>\$ 115,454,874</u>
<b><u>OPERATING EXPENSES</u></b>			
Personnel Services	\$ 315,883	\$ 237,051	\$ 552,934
Fringe Benefits	79,791	69,165	148,956
Other Charges	5,518,013	109,794,106	115,312,119
Total Operating Expenses	<u>\$ 5,913,687</u>	<u>\$ 110,100,322</u>	<u>\$ 116,014,009</u>
<b><u>OPERATING INCOME (LOSS)</u></b>	<u>\$ 214,643</u>	<u>\$ (773,778)</u>	<u>\$ (559,135)</u>
<b><u>NONOPERATING REVENUES (Expenses)</u></b>			
From Federal Government	\$ -	\$ 46,965	\$ 46,965
To Local Government	(14,500,000)	-	(14,500,000)
Interest Income	104,474	159,119	263,593
Total Nonoperating Revenues (Expenses)	<u>\$ (14,395,526)</u>	<u>\$ 206,084</u>	<u>\$ (14,189,442)</u>
<b><u>CHANGE IN NET ASSETS</u></b>	<u>\$ (14,180,883)</u>	<u>\$ (567,694)</u>	<u>\$ (14,748,577)</u>
<b><u>TOTAL NET ASSETS - JULY 1</u></b>	<u>20,600,764</u>	<u>30,993,483</u>	<u>51,594,247</u>
<b><u>TOTAL NET ASSETS - JUNE 30</u></b>	<u><u>\$ 6,419,881</u></u>	<u><u>\$ 30,425,789</u></u>	<u><u>\$ 36,845,670</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, 2011**

	School Risk Management	School Health Insurance	Totals
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>			
Receipts from Customers and Users	\$ 6,128,448	\$ 109,091,008	\$ 115,219,456
Payments to Vendors for Goods and Services	(5,061,375)	(114,099,123)	(119,160,498)
Payments to Employees for Services	(395,817)	(307,249)	(703,066)
Net Cash Provided By Operating Activities	<u>\$ 671,256</u>	<u>\$ (5,315,364)</u>	<u>\$ (4,644,108)</u>
<b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u></b>			
Receipt from Federal Government	\$ -	\$ 46,965	\$ 46,965
Payment to Local Government	(14,500,000)	-	(14,500,000)
Net Cash Provided By Noncapital Financing Activities	<u>\$ (14,500,000)</u>	<u>\$ 46,965</u>	<u>\$ (14,453,035)</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>			
Interest Received on Investments	<u>\$ 104,474</u>	<u>\$ 159,119</u>	<u>\$ 263,593</u>
Net Increase (Decrease) in Cash and Temporary Investments	\$ (13,724,270)	\$ (5,109,280)	\$ (18,833,550)
Cash and Temporary Investments, July 1	<u>26,811,010</u>	<u>48,856,978</u>	<u>75,667,988</u>
Cash and Temporary Investments, June 30	<u><u>\$ 13,086,740</u></u>	<u><u>\$ 43,747,698</u></u>	<u><u>\$ 56,834,438</u></u>
<b><u>RECONCILIATION OF OPERATING INCOME (LOSS) TO</u></b>			
<b><u>NET CASH PROVIDED BY OPERATING ACTIVITIES:</u></b>			
Operating Income (Loss)	\$ 214,643	\$ (773,778)	\$ (559,135)
Adjustments to Reconcile Operating Income (Loss) to			
Net Cash Provided by Operating Activities:			
(Increase) Decrease in Accounts Receivable	118	(345,451)	(345,333)
(Increase) Decrease in Due from Commonwealth	-	50,195	50,195
(Increase) Decrease in Due From Federal Government	-	29,611	29,611
(Increase) Decrease in Prepaid Items	(2,065,609)	-	(2,065,609)
Increase (Decrease) in Salaries Payable	(143)	(1,033)	(1,176)
Increase (Decrease) in Vouchers and Accounts Payable	1,844,135	(4,152,017)	(2,307,882)
Increase (Decrease) in Unearned Revenue	-	30,109	30,109
Increase (Decrease) in Estimated Claims and Judgments	678,112	(153,000)	525,112
Total Adjustments	<u>\$ 456,613</u>	<u>\$ (4,541,586)</u>	<u>\$ (4,084,973)</u>
Net Cash Provided By Operating Activities	<u><u>\$ 671,256</u></u>	<u><u>\$ (5,315,364)</u></u>	<u><u>\$ (4,644,108)</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, 2011**

	Balance July 1, 2010	Additions	Deductions	Balance June 30, 2011
<b><u>PAYROLL DEDUCTIONS</u></b>				
<b><u>ASSETS</u></b>				
Cash and Temporary Investments	\$ 4,455,290	\$ 118,130,530	\$ 118,450,690	\$ 4,135,130
Accounts Receivable	115	172	115	172
Due from Commonwealth	542	-	542	-
Total Assets	<u>\$ 4,455,947</u>	<u>\$ 118,130,702</u>	<u>\$ 118,451,347</u>	<u>\$ 4,135,302</u>
<b><u>LIABILITIES</u></b>				
Vouchers and Accounts Payable	<u>\$ 4,455,947</u>	<u>\$ 118,130,702</u>	<u>\$ 118,451,347</u>	<u>\$ 4,135,302</u>
<b><u>FRINGE BENEFITS</u></b>				
<b><u>ASSETS</u></b>				
Cash and Temporary Investments	<u>\$ 3,777,176</u>	<u>\$ 77,314,717</u>	<u>\$ 75,571,102</u>	<u>\$ 5,520,791</u>
<b><u>LIABILITIES</u></b>				
Vouchers and Accounts Payable	<u>\$ 3,777,176</u>	<u>\$ 77,314,717</u>	<u>\$ 75,571,102</u>	<u>\$ 5,520,791</u>
<b><u>SCHOOL ACTIVITY ACCOUNTS</u></b>				
<b><u>ASSETS</u></b>				
Cash and Temporary Investments	<u>\$ 3,928,999</u>	<u>\$ 13,312,505</u>	<u>\$ 13,455,669</u>	<u>\$ 3,785,835</u>
<b><u>LIABILITIES</u></b>				
Vouchers and Accounts Payable	<u>\$ 3,928,999</u>	<u>\$ 13,312,505</u>	<u>\$ 13,455,669</u>	<u>\$ 3,785,835</u>
<b><u>TOTAL - AGENCY FUNDS</u></b>				
<b><u>ASSETS</u></b>				
Cash and Temporary Investments	\$ 12,161,465	\$ 208,757,752	\$ 207,477,461	\$ 13,441,756
Accounts Receivable	115	172	115	172
Due from Commonwealth	542	-	542	-
Total Assets	<u>\$ 12,162,122</u>	<u>\$ 208,757,924</u>	<u>\$ 207,478,118</u>	<u>\$ 13,441,928</u>
<b><u>LIABILITIES</u></b>				
Vouchers and Accounts Payable	<u>\$ 12,162,122</u>	<u>\$ 208,757,924</u>	<u>\$ 207,478,118</u>	<u>\$ 13,441,928</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.

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b>	231
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
<b>Revenue Capacity</b>	238
These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.	
<b>Debt Capacity</b>	243
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
<b>Demographic and Economic Information</b>	247
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.	
<b>Operating Information</b>	250
These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	
<b>Schedule of the Treasurer's Cash Accountability</b>	252
This schedule contains information about the City's deposits and investments.	

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



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

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b><u>Governmental Activities</u></b>										
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	\$ 2,458,877,944
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	63,015,179
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	16,225,877
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>\$ 2,538,119,000</u>
<b><u>Business-type Activities</u></b>										
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	\$ 699,132,196
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	134,034,758
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	4,547,713
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>\$ 837,714,667</u>
<b><u>Primary Government</u></b>										
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	\$ 3,158,010,140
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	197,049,937
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	20,773,590
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>	<u>\$ 3,375,833,667</u>

Source: City Department of Finance

Table 2

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

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Expenses</b>										
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	\$ 1,105,878
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	2,513,730
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	3,599,766
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	16,912,340
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	8,222,168
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	49,738,210
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	2,939,495
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	87,550,834
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	113,614,181
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	144,084,373
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	42,919,471
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	15,258,538
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	9,350,124
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	2,844,410
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	1,989,067
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	24,450,034
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	24,975,516
General Services	24,833,263	26,142,318	27,638,640	-	-	-	-	-	-	-
Emergency Communications and Citizen Services	-	-	-	-	-	-	-	-	8,286,906	8,233,437
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	29,809,481
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	46,496,015
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	1,452,377
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	362,627,543
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	25,286,359
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	8,812,689
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	7,693,052
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	22,315,404
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	42,665,372
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	\$ 1,107,459,864
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	\$ 104,625,349
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	14,178,468
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	1,603,150
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	\$ 120,406,967
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	\$ 1,227,866,831
<b>Program Revenues</b>										
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	\$ 4,402,463
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	4,026,448
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	23,797,305
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	6,743,429
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	14,405,985
Library	467,786	519,766	555,447	589,842	553,406	648,003	672,183	679,091	617,088	760,480
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	4,097,287
Agriculture	93,966	97,109	103,263	88,697	123,007	162,355	145,130	145,454	164,684	127,156
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	5,067,297
Fire	59,613	80,890	228,971	181,804	184,929	271,360	202,543	354,061	406,679	409,613
Housing and Neighborhood Preservation	294,427	121,332	133,944	259,014	207,385	478,923	183,588	174,560	312,489	215,523

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b><u>Program Revenues (continued)</u></b>										
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	\$ 7,208,895
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	8,096,615
Other Activities	363,082	442,024	379,107	389,396	381,996	352,329	975,039	524,362	508,565	545,787
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	195,543,654
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	32,767,792
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	\$ 308,215,729
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	\$ 102,398,524
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	21,321,426
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	3,213,279
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	3,569,248
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	1,877,989
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	\$ 132,380,466
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	\$ 440,596,195
<b><u>Net (Expenses) Revenues</u></b>										
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)	\$ (799,244,135)
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	11,973,499
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)	\$ (787,270,636)
<b><u>General Revenues and Other Changes in Net Assets</u></b>										
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	\$ 537,521,503
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	51,945,150
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	47,159,975
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	41,183,389
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	50,870,246
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	24,401,106
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	5,312,439
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	5,864,224
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	12,270,185
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	9,018,255
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	10,981,669
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	67,913,073
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	1,755,326
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	11,300,476
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	\$ 877,497,016
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	\$ 761,924
Miscellaneous	765,743	(1,193,565)	(294,309)	(151,572)	(810,059)	(404,205)	(426,235)	(1,915,069)	(4,450,848)	(716,322)
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)	\$ 45,602
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	\$ 877,542,618
<b><u>Change in Net Assets</u></b>										
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	\$ 78,252,881
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	12,019,101
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	\$ 90,271,982

Source: City Department of Finance

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

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>General Fund</b>										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	453,056
Restricted	-	-	-	-	-	-	-	-	-	987,701
Committed	-	-	-	-	-	-	-	-	-	33,756,567
Assigned	-	-	-	-	-	-	-	-	-	41,286,701
Unassigned	-	-	-	-	-	-	-	-	-	113,003,754
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	95,618,975	93,821,566	112,466,861	132,349,459	166,030,397	170,036,346	182,087,766	152,478,269	169,216,410	-
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>	<u>\$ 189,487,779</u>
<b>All Other Governmental Funds</b>										
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	36,583,676
Committed	-	-	-	-	-	-	-	-	-	205,254,077
Assigned	-	-	-	-	-	-	-	-	-	133,709,715
Reserved, Reported In:	-	-	-	-	-	-	-	-	-	-
All Other Government Funds	48,474,847	26,728,566	24,369,524	114,948,188	107,021,467	96,940,059	81,311,197	96,319,671	102,057,848	-
Debt Service Funds	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	-
Unreserved, Reported In:	-	-	-	-	-	-	-	-	-	-
Special Revenue Funds	47,413,327	61,382,053	86,138,784	100,134,839	88,309,522	94,795,858	102,397,382	93,673,677	80,861,278	-
Capital Projects Funds	-	-	105,738,728	-	-	80,549,409	87,513,646	126,587,633	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>\$ 337,797,911</u>	<u>\$ 356,280,527</u>	<u>\$ 375,547,468</u>



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

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>REVENUES</b>										
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	\$ 474,474,648
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	119,356,403
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	593,831,051
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	51,743,905
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	45,129,301
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	41,281,806
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	6,827,422
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	9,018,142
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	3,029,323
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	5,796,601
City Tax on Wills	69,515	61,119	119,044	78,938	57,044	159,186	88,725	77,086	65,742	67,623
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	12,063,516
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	5,314,873
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	24,169,996
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	50,594,181
Transient Occupancy Taxes	620,635	380,943	457,108	511,562	616,730	748,209	861,559	920,264	934,382	1,122,301
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	256,158,990
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	7,432,059
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	3,824,168
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	7,582,471
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	61,278,029
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	15,255,086
Sale of Property	-	9,072,113	2,446,549	-	-	159,500	-	-	10,000	15,000
From Other Local Governments	440,059	344,608	338,044	691,082	1,002,094	482,343	2,922,656	440,526	447,717	14,921,907
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	137,844,448
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	81,029,447
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	\$ 1,179,172,656
<b>EXPENDITURES</b>										
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	\$ 1,104,591
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	2,563,372
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	3,576,615
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	15,804,138
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	8,229,652
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	49,040,448
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	2,934,899

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b><u>EXPENDITURES (continued)</u></b>										
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	\$ 85,654,990
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	113,422,755
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	90,570,064
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	40,087,300
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	15,442,912
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	9,324,289
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	2,837,146
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	2,007,505
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	23,994,441
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	19,371,700
Emergency Communications and Citizen Services	-	-	-	-	-	-	-	-	8,286,906	8,233,437
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	34,454,560
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	43,756,960
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	1,484,095
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	350,272,315
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	25,578,349
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	8,805,116
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	1,830,932
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	7,590,345
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	152,439,078
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	80,413,257
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	43,141,572
Total Expenditures	<u>\$ 796,877,350</u>	<u>\$ 868,670,805</u>	<u>\$ 974,122,914</u>	<u>\$ 1,047,136,288</u>	<u>\$ 1,091,100,645</u>	<u>\$ 1,194,825,599</u>	<u>\$ 1,244,026,774</u>	<u>\$ 1,247,669,140</u>	<u>\$ 1,254,518,015</u>	<u>\$ 1,243,966,833</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>\$ (41,386,549)</u>	<u>\$ (64,814,108)</u>	<u>\$ (85,715,576)</u>	<u>\$ (67,971,595)</u>	<u>\$ (80,124,069)</u>	<u>\$ (77,773,069)</u>	<u>\$ (74,531,516)</u>	<u>\$ (72,844,577)</u>	<u>\$ (56,527,540)</u>	<u>\$ (64,794,177)</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>										
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	\$ 225,159,580
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)	(232,016,209)
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	94,875,000
Premium on Bonds Sold	-	12,156,422	12,659,281	18,841,952	4,278,680	4,020,673	4,065,030	4,384,080	34,379,078	6,600,690
Increase (Decrease) in Treasury Strips	-	-	-	-	-	-	-	-	-	(49,823)
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)	<u>\$ 77,094,543</u>	<u>\$ 57,052,976</u>	<u>\$ 229,307,298</u>	<u>\$ 74,572,897</u>	<u>\$ 86,699,534</u>	<u>\$ 161,019,771</u>	<u>\$ 95,044,307</u>	<u>\$ 88,122,026</u>	<u>\$ 91,308,692</u>	<u>\$ 94,569,238</u>
Net Change in Fund Balance	<u>\$ 35,707,994</u>	<u>\$ (7,761,132)</u>	<u>\$ 143,591,722</u>	<u>\$ 6,601,302</u>	<u>\$ 6,575,465</u>	<u>\$ 83,246,702</u>	<u>\$ 20,512,791</u>	<u>\$ 15,277,449</u>	<u>\$ 34,781,152</u>	<u>\$ 29,775,061</u>
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%	11.3%

Source: City Department of Finance

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

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b><u>City Taxes</u></b>										
Real Estate	\$ 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	\$ 474,474,648
Personal Property	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	119,356,403
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	51,743,905
Utility	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	45,129,301
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	41,281,806
Franchise Taxes	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	6,827,422
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	9,018,142
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	3,029,323
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	5,796,601
City Tax on Wills	69,515	61,119	119,044	78,938	57,044	159,186	88,725	77,086	65,742	67,623
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	12,063,516
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	5,314,873
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	24,169,996
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	50,594,181
Transient Occupancy	620,635	380,943	457,108	511,562	616,730	748,209	861,559	920,264	934,382	1,122,301
Total	<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>	<u>\$ 849,990,041</u>

Source: City Department of Finance

Note: Franchise Taxes are represented by Cox Communications

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

Fiscal Year	Real Property Assessed Value			Total Taxable Real Property		Direct Tax Rate	Personal Property Assessed Value		Total Taxable Personal Property		Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential	Commercial	Public Service	Assessed Value			Residential	Commercial	Assessed Value				
2002	\$ 19,059,902,303	\$ 4,320,606,845	\$ 731,786,118	\$ 24,112,295,266	\$	1.2200	\$ 2,323,789,727	\$ 591,700,772	\$ 2,915,490,499	\$	3.7000	\$ 27,027,785,765	100.0%
2003	21,434,954,497	4,514,290,861	753,259,714	26,702,505,072		1.2200	2,367,600,955	636,937,587	3,004,538,542		3.7000	29,707,043,614	100.0%
2004	22,767,618,113	4,746,370,613	743,170,991	28,257,159,717		1.2200	2,485,568,403	766,618,714	3,252,187,117		3.7000	31,509,346,834	100.0%
2005	25,956,007,302	5,325,837,162	624,562,746	31,906,407,210		1.1964	2,707,998,050	661,169,653	3,369,167,703		3.7000	35,275,574,913	100.0%
2006	32,231,908,260	6,147,104,498	530,465,288	38,909,478,046		1.0239	2,935,301,133	775,663,085	3,710,964,218		3.7000	42,620,442,264	100.0%
2007	39,343,218,144	6,778,924,250	545,140,581	46,667,282,975		0.9900	2,918,848,554	869,072,522	3,787,921,076		3.7000	50,455,204,051	100.0%
2008	47,862,927,769	7,283,463,230	647,905,245	55,794,296,244		0.8900	3,260,237,123	892,229,360	4,152,466,483		3.7000	59,946,762,727	100.0%
2009	48,889,366,712	7,877,386,575	807,890,384	57,574,643,671		0.8900	2,807,028,410	905,268,622	3,712,297,032		3.7000	61,286,940,703	100.0%
2010	47,128,334,239	8,251,639,426	890,229,132	56,270,202,797		0.8900	2,860,711,763	751,063,121	3,611,774,884		3.7000	59,881,977,681	100.0%
2011	43,967,169,845	8,008,231,601	927,509,746	52,902,911,192		0.8900	3,105,575,058	972,520,233	4,078,095,291		3.7000	56,981,006,483	100.0%

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

Notes: 1 - The City is the only entity with local taxing authority within its boundaries.  
2 - See Table 7 for revenue rates

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

Fiscal Year	Real Property Tax Rate		Additional Real Property Tax Rate		Additional Real Property Tax Rate		Personal Property Tax Rate		Real Property Total Direct Tax Rate					
									Sandbridge SSD		Town Center SSD			
									Residents		Residents			
2002	\$	1.2200	\$	0.1200	\$	0.5700	\$	3.7000	\$	1.2200	\$	1.3400	\$	1.7900
2003		1.2200		0.1200		0.5700		3.7000		1.2200		1.3400		1.7900
2004		1.2200		0.1200		0.5700		3.7000		1.2200		1.3400		1.7900
2005		1.1964		0.1200		0.5700		3.7000		1.1964		1.3164		1.7664
2006		1.0239		0.1200		0.5700		3.7000		1.0239		1.1439		1.5939
2007		0.9900		0.0600		0.5700		3.7000		0.9900		1.0500		1.5600
2008		0.8900		0.0600		0.5000		3.7000		0.8900		0.9500		1.3900
2009		0.8900		0.0600		0.4500		3.7000		0.8900		0.9500		1.3400
2010		0.8900		0.0600		0.4500		3.7000		0.8900		0.9500		1.3400
2011		0.8900		0.0600		0.4500		3.7000		0.8900		0.9500		1.3400

Source: City Adopted Resource Management Plan

Note: 1 - The City is the only entity with local taxing authority within its boundaries.

Table 8

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

	Real Property Assessed Value	Percent of Total Real Property Assessed Value	Rank		Real Property Assessed Value	Percent of Total Real Property Assessed Value	Rank
	2011				2002		
Virginia Electric & Power Company	\$ 487,715,425	0.94 %	1		\$ 321,783,670	1.38 %	1
Armada Hoffer	318,436,000	0.61	2		-	0.00	-
Lynnhaven Mall LLC*	283,277,900	0.55	3		213,876,670	0.91	2
E. D. & A. F. Ruffin & B. L. Thompson	265,167,300	0.51	4		62,803,181	0.27	12
Verizon Virginia, Inc.	236,412,822	0.45	5		188,568,191	0.81	3
Ramon W. Breeden, Jr.	234,437,638	0.45	6		109,668,085	0.47	5
J. M. , R.J.F. , A.D. & L.E. Caplan	198,042,900	0.38	7		-	0.00	-
Pembroke Square Assoc.	182,616,100	0.35	8		114,995,270	0.49	4
F. Wayne McLeskey, Jr.	140,327,424	0.27	9		65,713,749	0.28	11
Christian Broadcasting Assoc./Net, Inc.	138,896,300	0.27	10		55,121,148	0.24	14
Atlantic Shores Cooperative	119,486,100	0.23	11		75,544,154	0.32	9
Westminster Canterbury	107,406,300	0.21	14		76,509,100	0.33	8
Lake Gem	103,883,400	0.20	15		36,403,073	0.16	19
Thomas J. Lyons, Jr.	100,189,600	0.19	12		77,691,674	0.33	7
Virginia Natural Gas	91,596,053	0.18	13		-	0.00	-
Watergate Treehouse Associates LP	88,676,900	0.17	16		71,564,704	0.31	10
Sifen, Michael D.	86,014,600	0.17	17		-	0.00	-
Potter Properties	83,552,800	0.16	18		58,701,315	0.25	13
Aimco Maple Bay & Aimco Reflections LLC	80,037,300	0.15	19		-	0.00	-
Windsor Lake & Shoreline Apartments LLC.	77,952,800	0.15	20		41,750,186	0.18	15
Higgs, Scott E and Gale Levine Higgs	74,988,700	0.14	21		39,390,471	0.17	17
Inland Diversified Virginia Beach Landstown LLC	62,114,500	0.12	22		-	0.00	-
Occidental Development, Ltd.	56,266,200	0.11	23		-	0.00	-
Wal Mart Real Estate Business Trust	47,394,200	0.09	24		36,266,936	0.16	20
Princess Anne Properties, Inc.	42,700,500	0.08	25		39,742,342	0.17	16
Tidewater Oxford Ltd Partnership	-	-	-		87,357,189	0.37	6
N H P Pembroke, Pembroke Courts, & Woodshire	-	-	-		38,141,150	0.16	18
ABC Mini Whse. Co. & Jack Rabbit Self Storage	-	-	-		34,977,844	0.15	21
Lucy F. Reasor	-	-	-		34,682,712	0.15	22
Liberty Property Limited Partnership	-	-	-		31,551,400	0.13	23
Kemp River & Bonneys Corner Associates	-	-	-		30,099,722	0.13	24
Pavilion & Rosemont Interstate Center Assoc.	-	-	-		30,006,606	0.13	25
Totals	<u>\$ 3,707,589,762</u>	<u>7.13 %</u>			<u>\$ 1,972,910,542</u>	<u>8.45 %</u>	

Sources: Office of Real Estate Assessor  
Commissioner of the Revenue  
2002 Comprehensive Annual Financial Report

\* Formerly Knickerbocker Properties

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				
			Percentage			Percentage				
	Amount	of Levy	Amount	of Levy						
2002	\$	420,060,733	\$	396,051,828	94.3 %	\$	16,856,675	\$	412,908,503	98.3 %
2003		445,787,734		420,490,211	94.3		17,638,904		438,129,115	98.3
2004		458,846,761		421,236,325	91.8		18,001,045		439,237,370	95.7
2005		505,050,845		468,796,012	92.8		20,030,354		488,826,366	96.8
2006		531,438,288		483,649,302	91.0		13,798,610		497,447,912	93.6
2007		527,465,143		505,518,196	95.8		16,871,382		522,389,578	99.0
2008		562,044,329		537,526,149	95.6		18,471,365		555,997,514	98.9
2009		570,582,069		547,934,162	96.0		14,969,028		562,903,190	98.7
2010		546,129,490		526,040,648	96.3		14,091,427		540,132,075	98.9
2011		523,586,269		504,769,073	96.4		-		504,769,073	96.4

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						
	General Obligation Bonds	State	Public	Obligations	Certificates of Participation	Williams Farm Property	Agriculture Reserve Program	Virginia Beach	General Obligation Bonds	Double Barrel and Revenue	Obligations	Total Primary Government*	Percentage of Personal Income**	Per Capita	
		Literary	Facility	Under				Development			Under				
		Fund	Revenue	Capital				Support			Capital				
		Loans	Bonds	Leases				Agreements			Leases				
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%	\$ 1,424	
2003	539,226,717	15,059,046	-	2,119,178	18,760,000	-	20,463,086	23,855,000	9,881,635	124,648,408	175,000	754,188,070	4.0%	1,413	
2004	555,079,595	13,702,546	153,200,000	1,068,013	16,805,000	4,037,500	21,542,452	35,655,000	5,840,535	120,177,375	-	927,108,016	4.9%	1,805	
2005	503,425,737	12,446,046	227,185,000	279,049	5,155,000	3,612,500	22,342,090	61,705,000	4,399,435	115,499,614	-	956,049,471	4.8%	1,883	
2006	533,993,827	11,189,546	218,450,000	4,711	5,155,000	3,187,500	22,643,426	64,845,000	3,418,336	146,143,893	-	1,009,031,239	4.6%	1,930	
2007	559,423,497	9,933,046	279,715,000	-	5,155,000	2,762,500	24,541,566	89,085,000	2,912,237	140,758,924	-	1,114,286,770	4.9%	2,194	
2008	597,155,459	8,676,546	269,380,000	-	5,155,000	2,337,500	26,807,090	87,450,000	2,406,137	135,598,356	-	1,134,966,088	4.9%	2,234	
2009	621,800,655	7,620,046	257,075,000	-	2,645,000	1,912,500	30,534,384	84,790,000	1,900,038	130,405,780	-	1,138,683,403	5.0%	2,244	
2010	630,203,763	6,563,546	261,265,000	-	-	1,487,500	32,093,435	83,445,000	1,393,938	192,644,719	-	1,209,096,901	5.0%	2,256	
2011	668,552,006	5,507,046	242,545,000	-	-	1,062,500	38,365,512	79,760,000	962,470	206,613,629	-	1,243,368,163	5.1%	2,287	

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 2010 and 2011, 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)**

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>State Literary Fund Loans</b>	<b>Total</b>	<b>Percentage of Estimated Actual Full Value of Property</b>	<b>Overall Net Debt Per Capita</b>
2002	\$ 548,541,643	\$ 16,415,546	\$ 564,957,189	2.1%	\$ 1,424
2003	549,108,352	15,059,046	564,167,398	1.9%	1,413
2004	560,920,130	13,702,546	574,622,676	1.8%	1,805
2005	507,825,172	12,446,046	520,271,218	1.5%	1,883
2006	537,412,163	11,189,546	548,601,709	1.3%	1,930
2007	562,335,734	9,933,046	572,268,780	1.1%	2,194
2008	599,561,596	8,676,546	608,238,142	1.0%	2,234
2009	623,700,693	7,620,046	631,320,739	1.0%	2,244
2010	631,597,701	6,563,546	638,161,247	1.1%	2,256
2011	669,514,476	5,507,046	675,021,522	1.2%	2,287

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									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt Limit	\$ 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	\$ 5,290,291,119
Total Net Debt Applicable to limit	<u>583,406,341</u>	<u>584,630,486</u>	<u>596,165,128</u>	<u>542,613,308</u>	<u>571,245,135</u>	<u>596,810,346</u>	<u>635,045,232</u>	<u>661,855,123</u>	<u>670,254,683</u>	<u>713,387,034</u>
Legal Debt Margin	<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>	<u>\$ 4,576,904,085</u>
Total Net Debt applicable to the limit as a percentage of debt limit	24.20%	21.89%	21.10%	17.01%	14.80%	12.89%	11.38%	11.50%	11.91%	13.48%

**Legal Debt Margin Calculation For Fiscal Year 2011**

Assessed Value of Real Property (Taxable):	
Regular	\$ 51,975,401,446
Public Service	<u>927,509,746</u>
Total Assessed Value of Real Property	<u>\$ 52,902,911,192</u>
Debt limit (10% of Total Assessed Value)	\$ 5,290,291,119
Total Net Debt Applicable to limit	<u>713,387,034</u>
Legal Debt Margin	<u>\$ 4,576,904,085</u>

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

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

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

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

Water and Sewer Double Barrel and Revenue Bonds													
Fiscal Year		Water and Sewer Charges and Other		Less: Operating Expenses		Net Available Revenue	Debt Service						
							Principal	Interest (1)	Total	Coverage			
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	2.94
2009		97,503,949		70,074,154		27,429,795		4,897,576		5,757,570		10,655,146	2.58
2010		99,220,386		71,176,936		28,043,450		5,171,061		5,561,539		10,732,600	2.62
2011		102,819,740		78,439,073		24,380,667		5,811,090		6,382,454		12,193,544	2.00

(1) Includes Bank Charges. Amount shown for 2011 is net of federal subsidy.

Source: City Department of Finance

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

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

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

<b>Fiscal Year</b>	<b>Population</b>	<b>Personal Income</b>	<b>Per Capita Personal Income</b>	<b>Median Age</b>	<b>Number of City Employees</b>	<b>Education Level In Years of Formal Schooling</b>	<b>School Enrollment</b>	<b>Unemployment Rate</b>
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	19,510,331 †	44,999	36.6	7,700	14.0	69,335	6.4%
2010	434,412 *	**	**	36.7	7,713	13.9	69,225	6.5%
2011	437,994 *	**	**	34.9	7,481	14.0	69,219	6.0%

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

Note: \* Projected figures from City Department of Management Services  
\*\* Information not yet available  
† In thousands of dollars

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

	Approximate Number of Employees	Percent of Total City Employment	Rank	Approximate Number of Employees	Percent of Total City Employment	Rank
	2011			2002		
City of Virginia Beach / Schools	18,114	8.52 %	1	16,568	7.99 %	1
Sentara Medical	4,600	2.16	2	2,800	1.35	3
SAIC	2,500	1.18	3	-	-	-
GEICO	2,300	1.08	4	911	0.44	10
STIHL, Inc.	2,000	0.94	5	1,800	0.87	4
Navy Exchange Service Command	2,000	0.94	6	-	-	-
Gold Key PHR	1,943	0.91	7	1,200	0.58	7
Amerigroup Corporation **	1,850	0.87	8	1,000	0.48	8
Christian Broadcasting Network	1,000	0.47	9	-	-	-
LifeNet Health	500	0.24	10	-	-	-
Avis Rent a Car System, Inc.	-	-	-	933	0.45	9
Pembroke Mall *	-	-	-	1,700	0.82	6
Lillian Vernon Corp.	-	-	-	1,700	0.82	5
Lynnhaven Mall *	-	-	-	3,500	1.69	2
Totals	<u>36,807</u>	<u>17.31 %</u>		<u>32,112</u>	<u>15.49 %</u>	

Source: City Department of Economic Development. Data reported for FY 2011 is based on current Community Profile as of 10/27/2011.

\* Current source of data focus is by individual employers

\*\* Fortune 500 Company

Table 16

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

<u>Department</u>	<u>Fiscal Year</u>									
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Agriculture	15	15	15	15	15	15	15	14	13	12
City Auditor	6	6	6	6	6	6	6	6	6	6
City Manager	18	18	30	30	32	32	33	30	26	23
City Real Estate Assessor	34	35	35	35	35	35	35	38	38	34
City Treasurer	78	78	80	80	79	77	77	77	74	72
Commissioner of the Revenue	69	69	62	62	63	64	63	64	64	58
Commonwealth's Attorney	75	75	82	82	83	83	92	93	91	87
Communications and Information Technology	264	279	276	276	309	309	310	314	189	180
Community Corrections	9	9	9	-	-	-	-	-	-	-
Comprehensive Services Act	1	1	1	-	-	-	-	-	-	-
Convention and Visitor Bureau	74	81	114	114	122	136	137	125	121	114
Courts and Courts' Support	19	20	19	19	76	76	76	76	65	76
Economic Development	15	15	15	15	16	16	17	17	16	15
Emergency Communications & Citizen Services	-	-	-	-	-	-	-	-	127	122
Emergency Medical Services	17	19	53	53	57	57	57	57	59	63
Finance	62	62	60	60	63	64	63	57	57	54
Fire	433	440	453	453	470	473	470	469	469	467
General Registrar	16	16	12	12	12	12	12	12	12	12
General Services	495	497	499	-	-	-	-	-	-	-
Health	10	10	11	11	11	11	11	11	11	11
Housing and Neighborhood Preservation	63	67	69	69	69	69	69	69	68	67
Human Resources	47	48	51	51	56	57	58	54	53	47
Human Services	339	342	913	913	990	1,014	1,076	1,085	1,077	1,046
Law	44	44	42	42	43	43	43	43	43	40
Legislative	18	18	18	18	18	18	18	18	18	17
Library	228	228	262	262	265	265	265	263	261	228
MH/MR/SA	457	475	471	-	-	-	-	-	-	-
Management Services	19	19	21	21	21	22	22	21	20	15
Museums and Cultural Arts	133	133	133	133	143	141	152	152	152	151
Non-Departmental	-	-	-	-	2	5	5	13	15	18
Parks and Recreation	603	607	859	859	864	869	873	875	872	855
Planning and Community Development	130	127	129	129	128	128	127	125	123	113
Police	966	967	1,008	1,008	1,008	1,016	1,015	1,007	1,006	996
Public Utilities	382	389	393	393	396	400	400	402	405	405
Public Works	594	604	852	852	878	874	873	877	871	866
Sheriff and Corrections	405	415	507	507	502	512	523	524	524	524
Total City Positions	6,138	6,228	7,560	6,580	6,833	6,898	6,992	6,987	6,946	6,794
Total School Positions	10,176	10,390	10,534	10,515	10,548	10,635	10,542	10,519	10,456	10,476
<b>TOTAL POSITIONS</b>	<b>16,314</b>	<b>16,618</b>	<b>18,094</b>	<b>17,095</b>	<b>17,380</b>	<b>17,533</b>	<b>17,534</b>	<b>17,507</b>	<b>17,402</b>	<b>17,270</b>

Sources: City of Virginia Beach Resource Management Plan FY 2011-12

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

<b>FUNCTION</b>	<b>Fiscal Year</b>									
	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Police										
Number of physical arrests	27,333	27,461	25,257	26,597	24,504	25,326	26,802	26,632	23,951	23,923
Number of calls answered	308,427	329,206	351,315	319,166	311,904	314,355	323,161	450,123	427,173	313,071 *
Number of traffic accidents	8,754	9,725	9,740	9,414	9,457	9,303	9,250	9,021	8,759	8,391
Fire										
Number of fire related incidents	2,258	1,476	1,301	1,269	1,128	1,397	1,301	1,166	1,080	1,252
Number of rescue incidents	14,642	15,630	15,386	15,146	15,136	16,758	16,921	17,162	18,257	17,930
Public Utilities										
Number of Water Connections	126,093	127,534	128,718	129,376	130,005	130,647	131,085	131,367	131,618	131,897
Public Works										
Number of building permits issued	15,019	15,563	16,906	16,136	14,241	13,552	11,374	9,889	11,322	7,636
Highways and Streets										
Arterial lane miles	719	728	734	734	738	738	738	717	735	802
Collector/local miles	2,452	2,475	2,515	2,539	2,554	2,554	2,641	2,662	2,670	2,824
Sanitation and Refuse										
Number of homes receiving refuse collection	120,000	122,000	123,500	125,000	122,600	123,161	123,740	123,668	123,789	124,179
Number of tons of garbage collected	191,749	205,839	212,820	206,075	207,427	204,619	196,501	189,604	196,145	147,760
Culture and Recreation										
Number of visitations to recreation centers	1,726,690	1,731,611	1,787,229	1,688,772	1,609,047	1,575,539	1,636,823	1,473,331	1,597,444	2,043,657
Number of recreation centers	6	6	6	6	6	6	6	6	6	6
Education										
Student membership	75,518	75,436	75,436	74,091	72,953	71,452	70,473	69,335	69,225	69,219
Number of elementary schools	54	54	54	54	55	55	56	56	56	55
Number of secondary schools	24	24	24	24	24	24	24	24	24	14
Number of specialty schools	9	9	10	11	11	11	11	11	9	7
General										
Number of full time city employees	4,914	5,011	5,107	5,918	6,176	6,228	6,295	6,034	6,014	5,936
Number of school employees	10,108	10,669	10,347	10,515	10,548	10,815	10,817	10,755	10,592	10,633

Sources: Various City Departments

Note: Indicators are not available for all governmental functions.

\* Dispatched number to Police by the 911 Center

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

FUNCTION	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Police										
Stations	4	4	4	4	4	4	4	4	4	4
Patrol Vehicles Units - Marked	366	267	267	274	277	268	259	256	242	242
Helicopter	2	2	2	2	2	2	2	3	2	2
Airplane	1	1	1	1	0	0	0	0	0	0
Watercraft:										
Boats	10	10	10	10	10	10	10	8	8	8
Fire										
Stations	18	19	19	19	19	19	19	19	19	19
Fire Trucks	52	47	47	44	44	47	48	51	50	50
Emergency Medical Services										
Ambulances	39	40	40	44	30	30	35	34	42	42
Public Works										
Miles of streets:										
Lane miles:										
Arterial	719	728	734	734	738	738	738	717	735	802
Collector/Local	2,452	2,475	2,515	2,539	2,554	2,554	2,641	2,662	2,670	2,824
Center Lane miles:										
Arterial	193	193	194	194	194	194	192	189	192	340
Collector/Local	1,203	1,213	1,232	1,244	1,251	1,251	1,291	1,300	1,304	1,395
Number of Street Lights	41,489	40,077	41,334	42,026	41,807	42,066	43,960	45,364	45,509	46,806
Collection Trucks	*	*	101	103	101	103	104	103	101	101
Culture and Recreation										
Number of Developed District Parks	9	9	9	9	9	7	7	7	8	8
Number of Developed Community Parks	8	8	10	10	10	11	11	11	13	13
Number of Developed Neighborhood Parks	204	170	198	179	181	183	166	166	181	180
Number of Natural Parks	*	*	3	26	29	3	3	3	3	3
Other Park Areas	43	44	13	13	14	28	59	59	58	45
Number of Acres in Developed Parks	2,635	2,658	1,452	1,465	1,387	1,711	1,736	1,757	3,158	3,174
Golf Courses (City Owned)	4	4	4	4	4	5	5	5	5	5
Recreation Centers	6	6	6	6	6	6	6	6	6	6
Water										
Miles of Water Lines	1,409	1,427	1,432	1,443	1,456	1,459	1,477	1,482	1,483	1,488
Water Pumping Stations	10	10	9	9	9	9	9	8	9	9
Sewer										
Miles of Sewer Lines	1,505	1,526	1,535	1,546	1,569	1,572	1,609	1,621	1,623	1,630
Sewer Pumping Stations	386	389	391	393	400	401	403	405	405	406

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, 2011**  
**(Unaudited)**

<b><u>Cash in Office</u></b>		\$	5,500
<b><u>Cash With</u></b>			
Bank of America:			
Regular	\$	10,915,717	
Investments		55,143,792	
Welfare		444,917	
School Board Empl Salary Escrow		193,572	
BB&T:			
Regular		1,950,000	
Checking		255,067,243	
Investments		39,000,000	
School Payroll		6,937,468	
BB&T Capital Markets:			
Investments		17,468,943	
RBC Bank:			
Investments		10,046,697	
Smith Barney:			
Investments		48,500,000	
Sun Trust Bank:			
City Payroll		2,665,442	
Checking		20,105,245	
Towne Bank:			
Investments		65,148,175	
Treasurer of Virginia:			
Investment Pool		335,000,000	
United Central Bank:			
Investments		10,000,000	
Total Deposits and Investments			878,587,211
<b><u>Cash with Trust Agents</u></b>			
Cash With AIM Program	\$	12,901,590	
Cash With SNAP Program		4,855,309	
Cash With Trustee - PFRB		2,288	
Cash With Trustee - Debt Service		9,317,643	
Cash With Trustee - Treasury Strips		19,073,995	
Total Cash with Trust Agents			46,150,825
Total Cash Accountability			\$ 924,743,536
<b><u>Add:</u></b>			
Accrued Interest on Investments	\$	627,565	
Commonwealth of Virginia - Deferred Debits		2,263	
Deposits in Transit		2,578,364	3,208,192
<b><u>Deduct:</u></b>			
Commonwealth of Virginia - Current Credits	\$	10,472	
Treasurer Restitution		7,325	
John T. Atkinson - Deferred Account		13,294	
Over and Short		7,882	
Outstanding Checks:			
Bank of America		6,261,739	
Bank of America - Welfare		412,371	
BB&T - School Payroll		32,738	
SunTrust - City Payroll		142,901	(6,888,722)
Total Cash Accountability			\$ 921,063,006
<b><u>Reconciliation of Cash Accountability to the government-wide financial statements at June 30, 2011 as reported in Note 7:</u></b>			
Balance of City and School funds		\$	921,063,006
Funds for which the Treasurer does not act as fiscal agent:			
School's Activity Funds			3,785,835
Special Revenue Year-End Accruals			8,491
Total deposits and investments of the government-wide financial statements		\$	924,857,332

# **SINGLE AUDIT SECTION**



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

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

We have audited the financial statements of the City of Virginia Beach, Virginia (the "City") as of and for the year ended June 30, 2011, and have issued our report thereon dated November 23, 2011. 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. We did not audit the financial statements of the Virginia Beach Community Development Corporation, which represents 17% and 2%, respectively, of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and in our opinion, insofar as it relates to the amounts included for the Virginia Beach Community Development Corporation, is based on the report of other auditors.

***Internal Control Over Financial Reporting***

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

A *control deficiency* 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 misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over 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 financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.

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

Virginia Beach, Virginia  
November 23, 2011



**Independent Auditors' Report on Compliance With Requirements Applicable  
to 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 are applicable to each of its major federal programs for the year ended June 30, 2011. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2011.

***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 our auditing procedures for the purpose of expressing our opinion on compliance, 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 *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

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

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

Virginia Beach, Virginia  
November 23, 2011

## City of Virginia Beach

### Schedule of Findings and Questioned Costs Year Ended June 30, 2011

#### A. Summary of Auditors' Results

##### Financial Statements:

Type of report issued on the financial statements:	<b>Unqualified</b>
Internal control over financial reporting:	
• Material weaknesses identified:	<b>No</b>
• Significant deficiencies identified:	<b>None reported</b>
Noncompliance which is material to the financial statements noted?	<b>No</b>

##### Federal Awards:

Type of report issued on compliance for major programs:	<b>Unqualified</b>
Internal control over major programs:	
• Material weaknesses identified:	<b>No</b>
• Significant deficiencies identified:	<b>None reported</b>
Any audit findings disclosed that are required to be reported in Accordance with Section 510(a) of OMB Circular A-133?	<b>No</b>

##### Identification of major Programs:

- ARRA – Adoption Assistance – Title IV-E; CFDA 93.659
- Urban Areas Security Initiative – UASI; CFDA 97.008
- ARRA – Federal Highway Grants; CFDA 20.205
- ARRA – State Fiscal Stabilization Fund; CFDA 84.394
- School Food Cluster; CFDA 10.553/10.555
- ARRA – Energy Efficiency & Conservation Block Grant Program; CFDA 81.128
- School Assistance in Federally Affected Areas; CFDA 84.041/12.XXX
- 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:	<b>\$3,000,000</b>
The City was qualified as a low risk auditee?	<b>Yes</b>

#### 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, 2011**

Federal Granting Agency/Recipient State Agency/ Grant Program/Grant Number	Federal Catalogue Number	Expenditures
<b><u>DEPARTMENT OF AGRICULTURE:</u></b>		
<b><u>Pass Through Payments:</u></b>		
<b><u>Department of Agriculture</u></b>		
Food Distribution Program (Donated USDA Food)	10.550	\$ 1,665,249
<b><u>Department of Social Services</u></b>		
Food Stamps Program - Administration	10.561	2,994,366
ARRA Food Stamps Program - Administration	10.561	174,586
<b><u>Department of Education</u></b>		
School Breakfast Program	10.553	2,763,100
National School Lunch Program	10.555	8,919,368
Total Department of Agriculture		\$ 16,516,669
<b><u>DEPARTMENT OF COMMERCE (NOAA):</u></b>		
<b><u>Pass Through Payments:</u></b>		
<b><u>Department of Environmental Quality</u></b>		
Virginia Coastal Resources Management Program	11.419	\$ 21,885
Total Department of Commerce (NOAA)		\$ 21,885
<b><u>DEPARTMENT OF DEFENSE:</u></b>		
<b><u>Direct Payments:</u></b>		
Supplemental Payment to Federal Impacted Area	12.XXX	\$ 2,520,238
MYCAA - LPN Program FY11	12.XXX	10,203
MYCAA - ALC Courses FY11	12.XXX	3,543
Language Grant Program - Startalk Elementary Chinese Academy FY10	12.901	59,073
Language Grant Program - Startalk Elementary Chinese Academy FY11	12.901	4,206
Total Department of Defense		\$ 2,597,263
<b><u>DEPARTMENT OF THE NAVY:</u></b>		
<b><u>Direct Payments:</u></b>		
ROTC Program	12.XXX	\$ 334,135
Encroachment Partnering Agreement	12.XXX	1,504,068
Total Department of the Navy		\$ 1,838,203

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

<b>Federal Granting Agency/Recipient State Agency/ Grant Program/Grant Number</b>	<b>Federal Catalogue Number</b>	<b>Expenditures</b>
<b><u>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</u></b>		
<b><u>Direct Payments:</u></b>		
Housing Counseling Assistance Program	14.169	\$ 59,485
Community Development Block Grant	14.218	3,354,593
Emergency Shelter Grant	14.231	115,630
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	1,343,749
Housing Opportunities for Persons with AIDS	14.241	1,133,397
Section 8 Moderate Rehabilitation Single Room Occupancy	14.249	100,605
ARRA - Community Development Block Grant	14.253	561,612
ARRA - Homeless Prevention & Rapid Re-Housing Program	14.257	527,274
Housing Choice Voucher Program (Section 8)	14.871	15,595,541
<b><u>Pass Through Payments:</u></b>		
<b><u>Virginia Department of Housing and Community Development</u></b>		
Neighborhood Stabilization Program	14.218	1,095,872
Total Department of Housing and Urban Development		\$ 24,338,868
<b><u>DEPARTMENT OF THE INTERIOR:</u></b>		
<b><u>Direct Payments:</u></b>		
Refuge Revenue Sharing Act (Public Law 95-469)	15.659	\$ 76,665
Total Department of the Interior		\$ 76,665
<b><u>DEPARTMENT OF JUSTICE:</u></b>		
<b><u>Direct Payments:</u></b>		
Assistance to Localities for Administration	16.XXX	\$ 659,756
DEA Seized Property	16.XXX	505,660
COPS Technology Program	16.710	671,880
Edward Byrne Memorial Justice Assistance Grant Program	16.738	151,758
ARRA - Edward Byrne Memorial Justice Assistance Grant Program	16.804	170,984
<b><u>Pass Through Payments:</u></b>		
<b><u>Department of Criminal Justice Services</u></b>		
Juvenile Accountability Block Grant	16.523	947
Alliance to End Partner Violence 07 & 08	16.588	87,872
<b><u>County of Bedford</u></b>		
ARRA - Internet Crimes against Children Task Force Program	16.800	24,628
Total Department of Justice		\$ 2,273,485

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

Federal Granting Agency/Recipient State Agency/ Grant Program/Grant Number	Federal Catalogue Number	Expenditures
<b><u>DEPARTMENT OF LABOR:</u></b>		
<b><u>Pass Through Payments:</u></b>		
<b><u>Virginia Community College System</u></b>		
Workforce Investment Act Adult Program	17.258	\$ 2,546,757
Workforce Investment Act Youth Activities	17.259	1,910,298
ARRA - Workforce Investment Act Youth Activities	17.259	405,498
Workforce Investment Act Dislocated Workers	17.260	1,044,440
ARRA - Workforce Investment Act Dislocated Workers	17.260	556,166
Americorps	94.006	19,774
Total Department of Labor		\$ 6,482,933
<b><u>NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION</u></b>		
<b><u>DEPARTMENT OF TRANSPORTATION:</u></b>		
<b><u>Pass Through Payments:</u></b>		
<b><u>Department of Motor Vehicles</u></b>		
State and Community Highway Safety Grant - Seat Belt Enforcement	20.600	\$ 94,886
DMV DUI Education Grants	20.601	80,313
<b><u>Virginia Department of Transportation</u></b>		
Highway Safety Improvement Programs - HSIP Funds	20.XXX	552,056
Urban Construction Initiative/Highway Planning & Construction	20.205	7,144,772
Pedestrian System Improvements	20.205	150,000
ARRA - Federal-Aid Highway Program - Withduck Road	20.205	5,453,873
CMAQ-STP (Congestion Mitigation and Air Quality-Surface Transportation)	20.205	3,441,572
Total Department of Transportation		\$ 16,917,472
<b><u>NATIONAL AERONAUTICS AND SPACE ADMINISTRATION:</u></b>		
<b><u>Direct Payments:</u></b>		
Aerospace Education Services Program	43.001	\$ 104,762
Total National Aeronautics and Space Administration		\$ 104,762
<b><u>DEPARTMENT OF ENERGY:</u></b>		
<b><u>Direct Payments:</u></b>		
ARRA - Local Energy Assurance Plan Grant Program (LEAP)	81.122	\$ 91,374
ARRA - Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128	3,412,573
Total Department of Energy		\$ 3,503,947

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

<b>Federal Granting Agency/Recipient State Agency/ Grant Program/Grant Number</b>	<b>Federal Catalogue Number</b>	<b>Expenditures</b>
<b><u>DEPARTMENT OF EDUCATION:</u></b>		
<b><u>Direct Payments:</u></b>		
School Assistance in Federally Affected Areas (Public Law 874)	84.041	\$ 11,467,512
Teaching American History (SAIL) FY10	84.215X	451,198
Title IV - PELL Grant	84.063	39,660
<b><u>Pass Through Payments:</u></b>		
<b><u>Virginia Department of Education</u></b>		
Adult Basic Education	84.002	1,358
Adult Basic Education - ABE Incentive Grant FY10	84.002	1,033
Adult Basic Education FY11	84.002	302,469
English Literacy - Civics Education FY11	84.002A	50,539
Title I, Part A FY10	84.010	3,741,897
Title I, Part A FY11	84.010	5,719,409
Title I Distinguished Schools FY11	84.010	13,658
School Improvement - Title I, Part A FY11 CPES	84.010	6,500
NBC Learn Archives On Demand FY11	84.010	4,200
ARRA - Title I, Part A FY10	84.389	3,764,857
Title I, Part D FY09	84.013	1,602
Title I, Part D Subpart 2 FY10	84.013	140,922
Title I, Part D Subpart 2 FY11	84.013	49,617
ARRA - Title I, Part D Subpart 2 FY10	84.389	39,405
State Academic Grant - Title I Distinguished FY10	84.010	6,695
Legal Services (LEA & SEA)	84.027	22,802
Title VIB FY10	84.027	7,297,261
Title VIB FY11	84.027	2,504
ARRA Title VIB FY10	84.391	14,044,115
Carl D. Perkins FY10	84.048	1,000
Carl D. Perkins FY11	84.048	826,961
High School That Work - Cox FY10	84.048	1,397
Vocational Education Instruction	84.048	491
Virtual Enterprise MOU FY10	84.048	3,433
Preschool Incentive Grant (IDEA) FY09	84.173	10,583
Preschool Incentive Grant (IDEA) FY10	84.173	102,255
Preschool Incentive Grant (IDEA) FY11	84.173	362,385
ARRA - Preschool Incentive Grant FY10	84.173	175,955
ARRA - Basic School Aid	84.394	7,528,270
ARRA - State Fiscal Stabilization Fund - Education State Grant	84.394	2,872,703
ARRA - State Fiscal Stabilization Fund - College Park Elementary Grant	84.394	9,710,467
Safe and Drug-Free Schools and Communities FY10	84.186	50,481
McKinney Education for Homeless Children and Youth FY09	84.196	11,748
McKinney Education for Homeless Children and Youth FY10	84.196	68,000
McKinney Education for Homeless Children and Youth FY11	84.196	55,863
Title I, Part D Subpart 1 FY10	84.318	12,813
Title I, Part D Subpart 1 FY11	84.318	25,651
Title II, Part D FY09	84.318	556
Title II, Part D FY10	84.318	67,133
Title II, Part D FY11	84.318	13,402

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

<b>Federal Granting Agency/Recipient State Agency/ Grant Program/Grant Number</b>	<b>Federal Catalogue Number</b>	<b>Expenditures</b>
<b><u>DEPARTMENT OF EDUCATION: (continued)</u></b>		
<b><u>Pass Through Payments: (continued)</u></b>		
<b><u>Virginia Department of Education (continued)</u></b>		
ARRA - Title II, Part D FY10	84.386	\$ 80,495
Advanced Placement Fee Program FY10	84.330B	2,400
Advanced Placement Fee Program FY11	84.330B	26,049
Title II, Part A FY09	84.367	2,143
Title II, Part A FY10	84.367	751,771
Title II, Part A FY11	84.367	1,680,887
Title III, Part A Immigrant and Youth Grant FY09	84.365	2,075
Title III, Part A Immigrant and Youth Grant FY10	84.365	23,601
Title III, Part A Immigrant and Youth Grant FY11	84.365	38,511
Title III FY09	84.365	26,482
Title III Part A Language Acquisition FY10	84.365	113,121
Title III Part A Language Acquisition FY11	84.365	3,943
Chesapeake Bay Restoration FY10	94.004	7,304
<b><u>Department of Behavioral Health and Developmental Services</u></b>		
Early Intervention Program for Infants and Toddlers with Disabilities	84.181	317,687
ARRA - Early Intervention Program for Infants and Toddlers with Disabilities	84.181	197,544
Total Department of Education		<u>\$ 72,344,773</u>
<b><u>DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u></b>		
<b><u>Pass Through Payments:</u></b>		
<b><u>Department of Behavioral Health and Developmental Services</u></b>		
Mental Health Services for the Homeless-Block Grant	93.150	\$ 136,950
Block Grants for Community Mental Health Services	93.958	158,522
Block Grants for Prevention & Treatment of Substance Abuse	93.959	1,736,098
<b><u>Virginia Department for the Aging/ Southeastern Virginia Area Wide Model Program</u></b>		
Supportive Services and Senior Centers (Title IIIB)	93.044	54,279
<b><u>Department of Social Services</u></b>		
Family Preservation	93.556	233,613
Temporary Assistance for Needy Families	93.558	2,456,636
Refugee and Entrant Assistance - State Administered Programs	93.566	8,161
Home Energy Assistance	93.568	160,439
Child Care Assistance (Childcare Cluster)	93.575	3,660,429
Child Care and Development Fund (Childcare Cluster)	93.596	1,813,492
Chafee Education and Training Vouchers Program	93.599	10,563
Child Welfare Services	93.645	13,099
Foster Care Title IV-E	93.658	2,719,209
ARRA - Foster Care Title IV-E	93.658	112,313
Adoption Assistance	93.659	757,729

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

Federal Granting Agency/Recipient State Agency/ Grant Program/Grant Number	Federal Catalogue Number	Expenditures
<b><u>DEPARTMENT OF HEALTH AND HUMAN SERVICES: (continued)</u></b>		
<b><u>Pass Through Payments: (continued)</u></b>		
<b><u>Department of Social Services (continued)</u></b>		
ARRA - Adoption Assistance	93.659	\$ 45,245
Social Services Block Grant	93.667	1,591,255
Independent Living	93.674	47,614
ARRA - Child Care and Development Block Grant	93.713	370,421
FAMIS State Children's Insurance Program	93.767	89,510
Medical Assistance Program (Medicaid Cluster)	93.778	1,807,683
<b><u>Virginia Department of Medical Assistance Services</u></b>		
Medical Assistance Program - Medicaid	93.778	1,196,051
<b><u>Virginia Department of Housing and Community Development</u></b>		
Temporary Assistance for Needy Families	93.558	32,031
Total Department of Health and Human Services		<u>\$ 19,211,342</u>
<b><u>DEPARTMENT OF HOMELAND SECURITY:</u></b>		
<b><u>Direct Payments:</u></b>		
Urban Areas Security Initiative - UASI	97.008	\$ 1,195,657
Emergency Food and Shelter	97.024	584
FEMA National US&R Response System	97.025	1,365,776
ARRA - Port Security Grant Program	97.116	81,081
Assistance to Firefighters Grant	97.044	470,855
<b><u>Pass Through Payments:</u></b>		
<b><u>Virginia Department of Emergency Management</u></b>		
State Domestic Preparedness Equipment Support Program	97.004	100,000
Emergency Management Performance Grants	97.042	98,411
FEMA Citizen Corps CERT	97.073	120,402
Heavy Tactical	97.073	112,798
State Homeland Security	97.073	38,314
Port Security	97.073	68,608
<b><u>Department of Criminal Justice Services</u></b>		
State Domestic Preparedness Equipment Support Program	97.004	948,117
Total Department of Homeland Security		<u>\$ 4,600,603</u>
Total Federal Financial Assistance		<u><u>\$ 170,828,870</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, 2011**

**1. General**

The accompanying Schedule of Expenditures of Federal Awards presents federally assisted programs of the City of Virginia Beach, Virginia and the City's Component Units. The City's reporting entity is disclosed in Note 1A to the City's basic financial statements. Federal awards received directly from federal agencies as well as through other government agencies are included on the schedule.

**2. Basis of Accounting**

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1C to the City's basic financial statements.

**3. Relationship to Financial Statements**

Revenues from federal awards are reported in the City's basic financial statements as follows:

General Fund		\$ 22,369,097
Capital Projects Fund		19,973,635
Non Major Governmental Funds		38,686,715
Enterprise Funds		912,332
Other Component Units (not including Virginia Beach Pass-through \$627,444)		1,638,498
School Board Funds		<u>89,303,346</u>

Total federal awards reported in basic financial statements		\$ 172,883,623
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Plus: Prior year balances from the following:

School Breakfast Program	10.553	\$ 187,699
National School Lunch Program	10.555	<u>579,898</u>

Total realized revenue reported in Schedule of Expenditures of Federal Awards		\$ 173,651,220
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Less: Revenue closed to fund balances from the following:

School Breakfast Program	10.553	\$ 192,954
National School Lunch Program	10.555	561,305
Early Intervention Program for Infants and Toddlers with Disabilities	84.181	191,563
Supportive Services and Senior Centers (Title IIIB)	93.044	24,465
Mental Health Services for the Homeless-Block Grant	93.150	21,330
Block Grants for Community Mental Health Services	93.958	54,954
Block Grants for Prevention & Treatment of Substance Abuse	93.959	<u>141,008</u>

Less: Revenue not subject to Single Audit:

School Health Insurance COBRA		\$ 46,965
Debt Service SRF Federal Bond Subsidy		675,474
Water & Sewer EF Federal Bond Subsidy		768,954
Storm Water EF Federal Bond Subsidy		<u>143,378</u>

Total Federal Expenditures		<u><u>\$ 170,828,870</u></u>
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**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

**4. Relationship to Federal Financial Reports**

Amounts reported in the accompanying schedule substantially agree with the amounts reported in the related federal financial reports except that certain federal financial reports are prepared on the cash basis of accounting and the Schedule of Expenditures of Federal Awards is prepared on the basis of accounting described in Note 2 above.

**5. Amounts Provided to Subrecipients**

Total amounts provided to subrecipients from the following programs:

Virginia Beach Community Development Corporation:

Community Development Block Grant-Entitlement Grants	14.218	\$	209,502
HOME Investment Partnerships	14.239		417,942

Total Virginia Beach Community Development Corporation		\$	627,444
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Opportunity, Inc. of Hampton Roads:

Workforce Investment Act Adult Program	17.258	\$	2,546,757
Workforce Investment Act Youth Activities	17.259		1,910,298
ARRA - Workforce Investment Act Youth Activities	17.259		405,498
Workforce Investment Act Dislocated Workers	17.260		1,044,440
ARRA - Workforce Investment Act Dislocated Workers	17.260		556,166
AmeriCorps	94.006		19,774

Total Opportunity, Inc. of Hampton Roads		\$	6,482,933
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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.

<b><u>Contents:</u></b>	<b><u>Page</u></b>
<b>General Obligation and Public Facility Revenue Bond Operating Data:.....</b>	<b>268</b>
Schedule 1-1 Principal Taxpayers	
Schedule 1-2 Property Tax Rates and Changes in Tax Levy	
Schedule 1-3 Historical Assessed Value	
Schedule 1-4 Property Tax Levies and Collections	
Schedule 1-5 Principal Tax Revenue by Source	
<b>Water and Sewer Revenue Bond Operating Data:.....</b>	<b>273</b>
Schedule 2-1 Ten Largest Utility (Water) Customers	
Schedule 2-2 Outstanding Debt by Issue	
Schedule 2-3 History of Receipts and Disbursements	
Schedule 2-4 System Operating Revenues, Expenses and Coverage	
Schedule 2-5 Debt Service Requirements	
Schedule 2-6 Water and Sewer Rate History	
<b>Storm Water Revenue Bond Operating Data:.....</b>	<b>279</b>
Schedule 3-1 Ten Largest Storm Water Utility Accounts	
Schedule 3-2 Distribution by Type of Property	
Schedule 3-3 Utility Fee Collections	
Schedule 3-4 Pro Forma Calculation of Revenue Covenants	
Schedule 3-5 Debt Service Requirements	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**PRINCIPAL TAXPAYERS**  
**Fiscal Year Ending June 30, 2011**  
**(Unaudited)**

		<b>Real Property</b>	
		<b>Assessed</b>	
<b>Taxpayer</b>	<b>Business Type</b>	<b>Value</b>	
1 Virginia Electric & Power Company	Utility	\$	487,715,425
2 Armada Hoffer	Office/Retail/Vacant Land		318,436,000
3 Lynnhaven Mall LLC	Shopping Mall		283,277,900
4 E. D. & A. F. Ruffin & B. L. Thompson	Apartments/Shopping Center		265,167,300
5 Verizon Virginia, Inc.	Utility		236,412,822
6 Ramon W. Breeden, Jr.	Apartments/Shopping Center		234,437,638
7 J. M. , R.J.F. , A.D. & L.E. Caplan	Real Estate		198,042,900
8 Pembroke Square Assoc.	Shopping Mall		182,616,100
9 F. Wayne McLeskey, Jr.	Real Estate		140,327,424
10 Christian Broadcasting Assoc./Net, Inc.	Broadcasting		138,896,300
11 Atlantic Shores Cooperative, Etc.	Real Estate		119,486,100
12 Westminster Canterbury	Real Estate		107,406,300
13 Lake Gem	Shopping Center/Fast-Food		103,883,400
14 Thomas J. Lyons, Jr.	Hotels		100,189,600
15 Virginia Natural Gas	Utility		91,596,053
16 Watergate Treehouse Associates LP	Apartments		88,676,900
17 Sifen, Michael D.	Real Estate		86,014,600
18 Potter Properties	Shopping Center		83,552,800
19 Aimco Maple Bay & Aimco Reflections LLC	Apartments		80,037,300
20 Windsor Lake Apartments LLC	Apartments/Shopping Center		77,952,800
21 Higgs, Scott E and Gale Levine Higgs	Apartments/Shopping Center		74,988,700
22 Inland Diversified Virginia Beach Landstown LLC	Shopping Center		62,114,500
23 Occidental Development, Ltd.	Apartments		56,266,200
24 Wal Mart Real Estate Business Trust	Retail Stores		47,394,200
25 Princess Anne Properties, Inc.	Real Estate		42,700,500
Total			
		\$	3,707,589,762

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 2011**  
**(Unaudited)**

<b>Fiscal Year</b>	<b>Tax Rate on Real Property (1)</b>	<b>Real Property Tax Levy</b>	<b>Percentage Annual Change in Tax Levy</b>
1996	\$ 1.188	\$ 213,069,095	7.77%
1997	1.220	226,859,499	6.47%
1998	1.220	236,751,484	4.36%
1999	1.220	246,389,536	4.07%
2000	1.220	264,436,560	7.32%
2001	1.220	280,963,485	6.25%
2002	1.220	305,058,532	8.58%
2003	1.220	327,953,650	7.51%
2004	1.220	341,740,132	4.20%
2005	1.196	378,178,905	10.66%
2006	1.024	393,544,291	4.06%
2007	0.990	461,816,439	17.35%
2008	0.890	483,635,234	4.72%
2009	0.890	497,742,524	2.92%
2010	0.890	485,659,493	-2.43%
2011	0.890	456,147,507	-6.08%

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 2011**  
**(Unaudited)**

<b>Fiscal Year</b>	<b>Real Property Assessed Value (1)</b>	<b>Percentage Change From Prior Year</b>	<b>Personal Property Assessed Value</b>	<b>Percentage Change From Prior Year</b>	<b>Public Service Property Assessed Value (2)</b>	<b>Percentage Change From Prior Year</b>	<b>Total Assessed Value</b>	<b>Percentage Change From Prior Year</b>
1996	\$ 17,569,373,603	2.21%	\$ 1,773,955,263	11.55%	\$ 631,854,212	5.58%	\$ 19,975,183,078	3.08%
1997	18,231,483,508	3.77%	1,848,939,232	4.23%	623,804,522	-1.27%	20,704,227,262	3.65%
1998	19,068,899,073	4.59%	1,975,719,516	6.86%	630,802,210	1.12%	21,675,420,799	4.69%
1999	19,880,386,330	4.26%	2,260,575,622	14.42%	656,859,261	4.13%	22,797,821,213	5.18%
2000	20,997,405,999	5.62%	2,725,158,950	20.55%	677,545,782	3.15%	24,400,110,731	7.03%
2001	22,085,451,417	5.18%	2,870,591,003	5.34%	705,956,994	4.19%	25,661,999,414	5.17%
2002	23,380,509,148	5.86%	2,915,490,499	1.56%	731,786,118	3.66%	27,027,785,765	5.32%
2003	25,949,245,358	10.99%	3,004,538,542	3.05%	753,259,714	2.93%	29,707,043,614	9.91%
2004	27,513,988,726	6.03%	3,252,187,117	8.24%	743,170,991	-1.34%	31,509,346,834	6.07%
2005	31,281,844,464	13.69%	3,369,167,703	3.60%	624,562,746	-15.96%	35,275,574,913	11.95%
2006	38,379,012,758	22.69%	3,710,964,218	10.14%	530,465,288	-15.07%	42,620,442,264	20.82%
2007	46,122,142,394	20.18%	3,787,921,076	2.07%	545,140,581	2.77%	50,455,204,051	18.38%
2008	55,146,390,999	19.57%	4,152,466,483	9.62%	647,905,245	18.85%	59,946,762,727	18.81%
2009	56,766,753,287	2.94%	3,712,297,032	-10.60%	807,890,384	24.69%	61,286,940,703	2.24%
2010	55,379,973,665	-2.44%	3,611,774,884	-2.71%	890,229,132	10.19%	59,881,977,681	-2.29%
2011	51,975,401,446	-6.15%	4,078,095,291	12.91%	927,509,746	4.19%	56,981,006,483	-4.84%

(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 2011**  
**(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	14,091,427	540,132,075	98.9
2011		523,586,269	504,769,073	96.4	-	504,769,073	96.4

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 2011**  
**(Unaudited)**

<b>Fiscal Year</b>	<b>Real Property Taxes</b>	<b>Personal Property Taxes</b>	<b>General Sales Tax</b>	<b>Utility Tax</b>	<b>Restaurant Meal Tax</b>	<b>Other Taxes</b>	<b>Total Taxes Assessed</b>
1996	\$ 215,783,669	\$ 66,775,292	\$ 32,808,424	\$ 30,410,466	\$ 19,835,362	\$ 53,613,813	\$ 419,227,026
1997	230,682,146	67,612,923	33,916,147	26,420,839	20,682,238	56,083,447	435,397,740
1998	239,675,849	75,041,794	35,049,804	29,334,345	22,046,548	58,680,182	459,828,522
1999	249,878,165	76,016,201	37,004,115	30,594,776	23,157,204	61,927,958	478,578,419
2000	263,916,207	90,545,837	38,212,293	32,094,368	24,436,808	64,175,064	513,380,577
2001	276,515,023	90,791,185	39,712,323	34,080,325	25,320,531	68,188,931	534,608,318
2002	293,591,325	96,878,086	40,619,190	41,755,840	31,887,442	73,883,628	578,615,511
2003	319,261,524	97,182,499	41,782,279	43,407,182	34,377,007	79,458,536	615,469,027
2004	347,360,112	106,726,610	46,328,049	45,778,363	38,144,787	92,406,133	676,744,054
2005	382,632,555	114,024,492	49,315,425	47,105,890	41,565,553	98,135,551	732,779,466
2006	397,431,699	129,482,648	51,391,606	47,778,078	45,025,727	105,702,298	776,812,056
2007	462,221,198	124,098,407	53,962,203	46,357,954	46,743,465	105,393,161	838,776,388
2008	499,241,014	128,475,060	54,071,427	50,521,820	48,069,618	107,535,059	887,913,998
2009	515,768,880	123,593,895	51,439,533	45,764,804	48,304,462	105,627,818	890,499,392
2010	504,334,961	113,226,394	50,263,545	46,662,622	48,442,376	103,385,929	866,315,827
2011	474,474,648	119,356,403	51,743,905	45,129,301	50,594,181	108,691,603	849,990,041

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 2011**  
**(Unaudited)**

<b>Customer</b>	<b>Annual Consumption in 1,000 Gallons</b>	<b>Type of Customer</b>
Lifenet	82,438	Organ Procurement
Oceans II Condo Association	68,286	Condominium Resort
Virginia Beach Correction Center	39,741	City Correction Center
Sentara Virginia Beach General Hospital	38,510	Hospital
S L Nusbaum Realty	33,136	Thalia Garden Apartments
Westminister-Canterbury of Hampton Roads	28,455	Retirement Center
Countyview Mobile Ct.	27,441	Mobile Home Park
Gold Key Resorts	27,245	Hotel Management
Colony Mobile Home Park	25,523	Mobile Home Park
Watergate Assoc Lakes	24,248	Linkhorn Bay Apartments

Source: City Department of Public Utilities



**CITY OF VIRGINIA BEACH, VIRGINIA**  
**WATER AND SEWER ENTERPRISE FUND**  
**OUTSTANDING DEBT BY ISSUE**  
**at June 30, 2011**  
**(Unaudited)**

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2010A Water and Sewer System Revenue Bonds	\$ 65,000,000
2010B Water and Sewer System Refunding Revenue Bonds	8,250,000
2010C Water and Sewer System Refunding Revenue Bonds	24,530,000
2005 Water and Sewer System Revenue & Refunding Bonds	70,220,000
2002 Water and Sewer System Revenue Bonds	4,740,000
1998 Taxable Water and Sewer System Revenue Bond (1)	2,945,467
1997 Taxable Water and Sewer System Revenue Bond (1)	3,153,229
1994 Taxable Water and Sewer System Revenue Bond (1)	394,933
	<hr/>
Total Water and Sewer Debt Outstanding	<u><u>\$ 179,233,629</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 2007 through 2011**  
**(in thousands of dollars)**  
**(Unaudited)**

	Fiscal Year				
	2007	2008	2009	2010	2011
Balance - July 1	\$ -	\$ -	\$ -	\$ -	\$ -
Fees Received	3,465	2,994	1,741	1,990	1,938
Disbursements	<u>3,465</u>	<u>2,994</u>	<u>1,741</u>	<u>1,990</u>	<u>1,938</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)**

	<b>Fiscal Year</b>				
	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
<b><u>Operating Revenues</u></b>					
Service Charges	\$ 43,331	\$ 45,693	\$ 47,588	\$ 49,336	\$ 49,941
Water Usage	44,454	44,906	44,628	46,002	48,666
Miscellaneous	240	150	399	340	953
Total Operating Revenues	<u>\$ 88,025</u>	<u>\$ 90,749</u>	<u>\$ 92,615</u>	<u>\$ 95,678</u>	<u>\$ 99,560</u>
<b><u>Operating Expenses</u></b>					
Water Acquisition	\$ 25,194	\$ 24,958	\$ 25,251	\$ 24,952	\$ 25,341
Water Distribution	7,683	9,298	8,560	7,765	8,199
Sewer Collection	11,283	11,786	11,519	11,893	12,367
Administration and Engineering	14,698	15,161	15,253	15,551	19,853
Customer Services	8,864	9,050	9,491	9,224	9,317
Total Operating Expenses	<u>\$ 67,722</u>	<u>\$ 70,253</u>	<u>\$ 70,074</u>	<u>\$ 69,385</u>	<u>\$ 75,077</u>
<b>Net Operating Income</b>	<u>\$ 20,303</u>	<u>\$ 20,496</u>	<u>\$ 22,541</u>	<u>\$ 26,293</u>	<u>\$ 24,483</u>
<b><u>Non-Operating Revenues/(Expense)</u></b>					
Interest	\$ 5,290	\$ 5,045	\$ 2,368	\$ 794	\$ 643
Water Resource Recovery Fee	5,226	4,311	2,521	2,748	2,617
Norfolk Water True-Up	796	1,898	-	(1,792)	(3,362)
<b>Total Non-Operating Income</b>	<u>\$ 11,312</u>	<u>\$ 11,254</u>	<u>\$ 4,889</u>	<u>\$ 1,750</u>	<u>\$ (102)</u>
<b>Income Available For Debt Service</b>	<u>\$ 31,615</u>	<u>\$ 31,750</u>	<u>\$ 27,430</u>	<u>\$ 28,043</u>	<u>\$ 24,381</u>
<b><u>Annual Debt Service</u></b>					
Water and Sewer Revenue Bonds	\$ 11,329	\$ 10,807	\$ 10,636	\$ 10,720	\$ 12,181
Total Water and Sewer Debt Service	\$ 11,329	\$ 10,807	\$ 10,636	\$ 10,720	\$ 12,181
<b><u>Coverage of Debt Service on Water and</u></b>					
<b><u>Sewer Revenue Bonds</u></b>	2.79x	2.94x	2.58x	2.62x	2.00x
<b><u>Coverage of Debt Service on All Debt</u></b>					
<b><u>Supported by Water and Sewer Revenues</u></b>	2.79x	2.94x	2.58x	2.62x	2.00x

Source: City Departments of Finance and Public Utilities.

**CITY OF VIRGINIA BEACH**  
**WATER AND SEWER ENTERPRISE FUND**  
**DEBT SERVICE REQUIREMENTS**  
**as of June 30, 2011**  
**(Unaudited)**

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2011-12	\$ 7,022,735.47	\$ 7,963,981.42	\$ 14,986,716.89
2012-13	7,251,071.19	7,699,158.19	14,950,229.38
2013-14	7,796,175.59	7,424,391.27	15,220,566.86
2014-15	8,093,130.37	7,131,261.41	15,224,391.78
2015-16	8,341,805.69	6,800,171.67	15,141,977.36
2016-17	8,702,706.63	6,449,370.73	15,152,077.36
2017-18	8,010,727.75	6,090,981.28	14,101,709.03
2018-19	8,385,276.42	5,739,108.76	14,124,385.18
2019-20	7,655,000.00	5,396,039.98	13,051,039.98
2020-21	7,950,000.00	5,079,589.98	13,029,589.98
2021-22	8,280,000.00	4,748,536.86	13,028,536.86
2022-23	8,665,000.00	4,380,209.99	13,045,209.99
2023-24	9,065,000.00	3,996,411.87	13,061,411.87
2024-25	9,470,000.00	3,607,793.75	13,077,793.75
2025-26	9,950,000.00	3,161,063.75	13,111,063.75
2026-27	7,760,000.00	2,719,415.00	10,479,415.00
2027-28	8,065,000.00	2,329,897.50	10,394,897.50
2028-29	6,000,000.00	1,977,117.50	7,977,117.50
2029-30	6,290,000.00	1,652,392.50	7,942,392.50
2030-31	6,595,000.00	1,309,418.75	7,904,418.75
2031-32	3,590,000.00	1,031,130.00	4,621,130.00
2032-33	3,775,000.00	821,227.50	4,596,227.50
2033-34	3,965,000.00	600,637.50	4,565,637.50
2034-35	4,170,000.00	368,790.00	4,538,790.00
2035-36	4,385,000.00	124,972.50	4,509,972.50
	<u>\$ 179,233,629.11</u>	<u>\$ 98,603,069.66</u>	<u>\$ 277,836,698.77</u>

All Water & Sewer Debt is Parity Debt are Revenue Bonds and Notes issued pursuant to Article VII, Sec. 10(a)(3) of the Constitution of Virginia, secured solely by the Revenues of the system.

Source: City Department of Finance

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**WATER AND SEWER ENTERPRISE FUND**  
**WATER AND SEWER RATE HISTORY**  
**(Unaudited)**

<b>Effective Date of Rate Adjustment</b>	<b>Water Commodity Rate (per 1,000 gallons)</b>	<b>Sanitary Sewer Service Charge Single Family Residence (per month)</b>
July 1, 1991	\$ 2.96	\$ 10.58
July 1, 1992	3.11	11.38
July 1, 1993	3.38	11.38
July 1, 1994	3.65	11.38
July 1, 1999	3.55	11.38
July 1, 2001	3.55	12.29
July 1, 2002	3.55	13.27
July 1, 2003	3.55	14.34
July 1, 2005	3.65	15.92
July 1, 2006	3.70	16.88
July 1, 2007	3.80	17.72
July 1, 2008	3.95	18.61
July 1, 2009	4.10	19.54
July 1, 2010	4.41	19.54
July 1, 2011	4.41	22.12

Source: City Department of Public Utilities

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**TEN LARGEST STORM WATER UTILITY ACCOUNTS**  
**For Billing Period Ending June 30, 2011**  
**(Unaudited)**

Customer	Fees Billed
Pembroke Square Associates	\$ 60,794
Virginia Wesleyan College	44,200
Mountain Ventures	43,996
Sentara Virginia Beach General Hospital	40,785
GIFT LLC (formerly Lillian Vernon)	35,539
Wal-Mart Real Estate Bus Tr	34,740
GEICO	32,790
Wordsworth Village at West Neck	32,478
CSFB 1998 - (fka Crickum/Kmart)	31,910
Thalia Garden	31,298

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, 2011**  
**(Unaudited)**

<b>Type of Property</b>	<b>2011</b>
	<b>Percent of Equivalent Residential Units (ERU)</b>
Residential	50.9%
Multi-Family	10.6%
Non-Residential	38.5%

Source: City Department of Public Works/Storm Water Management

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**STORM WATER UTILITY FEE COLLECTIONS**  
**As of June 30, 2011**  
**(Unaudited)**

<b>Fiscal Year</b>	<b>Assessed fees</b>	<b>Collected fees *</b>	<b>% Collected</b>
2011	\$ 20,883,989	\$ 20,813,977	99.665%
2010	19,285,723	19,211,206	99.614%
2009	17,441,273	17,391,849	99.717%
2008	15,487,064	15,457,617	99.810%
2007	14,657,797	14,632,282	99.826%
2006	13,737,919	13,734,893	99.978%
2005	12,456,762	12,453,736	99.976%
2004	12,519,585	12,516,559	99.976%
2003	11,415,662	11,412,636	99.973%
2002	10,437,774	10,434,748	99.971%
2001	9,467,608	9,464,582	99.968%
2000	9,330,500	9,327,474	99.968%
1999	9,219,518	9,216,492	99.967%
1998	7,909,209	7,906,183	99.962%
1997	6,547,709	6,544,683	99.954%
1996	6,441,521	6,438,495	99.953%
1995	6,392,423	6,389,397	99.953%
1994	6,299,650	6,296,624	99.952%

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)**

<b>Revenue Requirement A</b>	<b>Fiscal Year</b>					
	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012 Budget</b>
Total Revenues:						
System Revenues (including interest income)	\$ 14,749,875	\$ 16,468,110	\$ 17,962,149	\$ 19,406,355	\$ 21,234,088	\$ 27,980,768
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	\$ 23,891,004	\$ 27,980,768
Total Expenses:	8,674,016	9,690,929	10,489,311	10,676,428	11,234,614	12,548,274
Revenues Available for Debt Service	\$ 11,481,029	\$ 12,366,633	\$ 12,689,397	\$ 13,952,337	\$ 12,656,390	\$ 15,432,494
Maximum Principal and Interest Requirement on Revenue Bonds (a)	\$ 767,850	\$ 767,850	\$ 767,850	\$ 767,850	\$ 1,970,098	\$ 1,970,098
Total Maximum Debt Service	\$ 767,850	\$ 767,850	\$ 767,850	\$ 767,850	\$ 1,970,098	\$ 1,970,098
Debt Service Coverage Ratio	15.0	16.1	16.5	18.2	6.4	7.8

Source: City Department of Finance

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

<b>Revenue Requirement B</b>	<b>Fiscal Year</b>					
	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012 Budget</b>
System Revenues (including interest income)	\$ 14,749,875	\$ 16,468,110	\$ 17,962,149	\$ 19,406,355	\$ 21,234,088	\$ 27,980,768
Less Required Transfers:						
Operating Expenses	\$ 8,044,011	\$ 8,684,744	\$ 9,386,471	\$ 10,660,893	\$ 10,479,442	\$ 10,948,274
Capital Outlay	630,005	1,006,185	1,102,840	15,535	755,172	1,600,000
Senior Debt:						
Maximum Principal & Interest Requirement on Series 2000 Bonds	767,850	767,850	767,850	767,850	-	-
Requirement on Series 2010A Bonds (a)	-	-	-	-	1,324,623	1,324,623
Requirement on Series 2010B Bonds	-	-	-	-	645,475	645,475
Parity Double Barrel Bond Fund	-	-	-	-	-	-
Subordinate Debt Fund (Prior Bonds)	686,836	661,381	631,868	603,619	469,360	322,975
Capital Improvement Account (Cash)	2,992,314	2,296,188	3,040,556	5,403,749	5,947,338	10,836,635
Total Transfers	\$ 13,121,016	\$ 13,416,348	\$ 14,929,585	\$ 17,451,646	\$ 19,621,410	\$ 25,677,982
Surplus Revenue available after transfers:	\$ 1,628,859	\$ 3,051,762	\$ 3,032,564	\$ 1,954,709	\$ 1,612,678	\$ 2,302,786

**Reconciliation of Expenses to CAFR**

Total Operating Expenses (per CAFR)	\$ 13,894,921	\$ 13,776,341	\$ 12,622,360	\$ 12,746,643	\$ 13,226,435	\$ 12,548,274
Less: Depreciation	(3,818,570)	(3,927,360)	(2,014,734)	(2,058,715)	(1,991,821)	-
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	\$ 11,234,614	\$ 12,548,274

Source: City Department of Finance

(a) Interest is net of 35% Federal Government interest subsidy on Build America Bonds.

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**STORM WATER UTILITY FUND**  
**DEBT SERVICE REQUIREMENTS**  
as of **JUNE 30, 2011**  
(Unaudited)

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Subsidy</b>	<b>Total</b>
2011-12	\$ 970,000.00	\$ 1,061,863.76	\$ (288,358.88)	\$ 1,743,504.89
2012-13	990,000.00	1,042,263.76	(288,358.88)	1,743,904.89
2013-14	1,010,000.00	1,022,263.76	(288,358.88)	1,743,904.89
2014-15	1,030,000.00	1,001,863.76	(288,358.88)	1,743,504.89
2015-16	1,055,000.00	981,013.76	(288,358.88)	1,747,654.89
2016-17	1,075,000.00	958,276.26	(285,843.25)	1,747,433.01
2017-18	1,095,000.00	932,506.26	(280,358.75)	1,747,147.51
2018-19	1,125,000.00	903,267.51	(273,977.38)	1,754,290.14
2019-20	1,150,000.00	869,776.89	(266,663.47)	1,753,113.42
2020-21	1,180,000.00	831,092.52	(258,352.07)	1,752,740.45
2021-22	1,225,000.00	785,333.14	(249,213.78)	1,761,119.36
2022-23	1,280,000.00	733,961.26	(239,353.63)	1,774,607.64
2023-24	1,340,000.00	681,961.26	(228,512.38)	1,793,448.89
2024-25	1,400,000.00	628,524.38	(216,510.88)	1,812,013.51
2025-26	800,000.00	581,825.00	(203,638.75)	1,178,186.25
2026-27	845,000.00	541,477.50	(189,517.13)	1,196,960.38
2027-28	885,000.00	497,362.50	(174,076.88)	1,208,285.63
2028-09	930,000.00	451,080.00	(157,878.00)	1,223,202.00
2029-30	980,000.00	402,375.00	(140,831.25)	1,241,543.75
2030-31	1,030,000.00	351,120.00	(122,892.00)	1,258,228.00
2031-32	1,080,000.00	297,315.00	(104,060.25)	1,273,254.75
2032-33	1,135,000.00	238,562.50	(83,496.88)	1,290,065.63
2033-34	1,195,000.00	174,487.50	(61,070.63)	1,308,416.88
2034-35	1,255,000.00	107,112.50	(37,489.38)	1,324,623.13
2035-36	1,320,000.00	36,300.00	(12,705.00)	1,343,595.00
Totals	<u>\$ 27,380,000.00</u>	<u>\$ 16,112,985.78</u>	<u>\$ (5,028,236.07)</u>	<u>\$ 38,464,749.71</u>

Source: City Department of Finance



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