

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For Fiscal Year Ended
June 30, 2013

Virginia Beach, Virginia



Joint Use Library



Tidewater Community College and the City of Virginia Beach have partnered to create a unique joint library, delivering more services to the TCC campus and to the entire Beach community than either organization could deliver separately. Located on TCC's Virginia Beach campus, on the corner of Rosemont Road and Faculty Blvd., the library is 125,000 square feet - more than two football fields.

<http://www.vbgov.com/government/departments/libraries/news-and-events/pages/joint-use-library.aspx>

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

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2013**

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

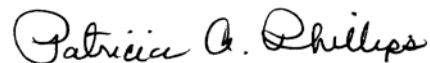
Acknowledgments...

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

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

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

Sincerely,



Patricia A. Phillips, Director
Department of Finance

**CITY OF VIRGINIA BEACH, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2013**

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	28

FINANCIAL SECTION

Independent Auditors' Report	29
Management's Discussion and Analysis	33
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	47
Statement of Activities	48
Governmental Funds Financial Statements:	
Balance Sheet	50
Reconciliation of the Balance Sheet to the Statement of Net Position	51
Statement of Revenues, Expenditures, and Changes in Fund Balance	52
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	53
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	54
Proprietary Funds Financial Statements:	
Statement of Net Position	56
Statement of Revenues, Expenses and Changes in Fund Net Position	58
Statement of Cash Flows	60
Fiduciary Funds Financial Statements:	
Statement of Fiduciary Net Position	62
Statement of Changes in Fiduciary Net Position	63
Notes to Financial Statements	64
1. Summary of Significant Accounting Policies	64
2. Fund Balances – Nonmajor Governmental Funds	76
3. Receivables and Accrued Liabilities	76
4. Unearned Revenue	80
5. Capital Assets and Land Held for Resale	80
6. Long-Term Debt	86
7. Assets and Obligations under Leases	95
8. Deposits and Investments	96
9. Commitments and Contingencies	98
10. Interfund Balances and Transactions, Fund Results and Reconciliations	100
11. Risk Management	102
12. Retirement	104
13. Other Postemployment Benefits	107
Required Supplemental Information other than Management's Discussion and Analysis:	
Schedules of Funding Progress for Virginia Retirement System	112
Schedules of Funding Progress for Other Postemployment Benefits	113
Schedules of Employer Contributions for Other Postemployment Benefits	113
Other Supplemental Information	
Combining Schedules Nonmajor Governmental Funds:	
Combining Balance Sheet - Nonmajor Governmental Funds	116
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Governmental Funds	117

**CITY OF VIRGINIA BEACH, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2013**

FINANCIAL SECTION (continued)

PAGE NO.

General Fund Budget to Actual:

Schedule of Revenues.....	120
Schedule of Expenditures	125

Combining Schedules and Individual Funds:

Combining Balance Sheet - Nonmajor Special Revenue Funds	134
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Special Revenue Funds	140
Statements of Revenues, Expenditures, and Changes in Fund Balance and Budget and Actual:	
Law Library Fund	146
Sandbridge Tax Increment Financing Fund	147
Housing and Neighborhood Preservation Fund	148
Town Center Special Service District Fund	149
Forfeited Assets Fund	150
Federal Section Eight Program Fund	151
Sheriff's Department Fund.....	152
Waste Management Fund.....	153
Parks and Recreation Fund.....	154
Tourism Investment Program Fund.....	155
Central Business District South Tax Increment Financing Fund.....	156
Sandbridge Special Service District Fund.....	157
Tourism Advertising Program Fund	158
Agriculture Reserve Program Fund.....	159
Emergency FEMA Fund.....	160
Open Space Fund.....	161
Combined Area Dredging Projects Fund	162
Wetlands Board Mitigation Fund.....	163
Schedule of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual - Debt Service Fund.....	166

Capital Projects:

Schedule of General Government Capital Projects	168
---	-----

Enterprise Funds:

Statement of Net Position - Water and Sewer Fund	176
Statement of Revenues, Expenses and Changes in Net Position - Water and Sewer Fund.....	177
Statement of Cash Flows - Water and Sewer Fund	178
Schedule of Changes in Restricted Assets - Water and Sewer Fund	179
Schedule of Operating Expenses - Budget and Actual - Water and Sewer Fund.....	180
Schedule of Water and Sewer Fund Capital Projects	182
Statement of Net Position – Storm Water Fund.....	186
Statement of Revenues, Expenses and Changes in Net Position – Storm Water Fund	187
Statement of Cash Flows – Storm Water Fund.....	188
Schedule of Operating Expenses - Budget and Actual – Storm Water Fund	189
Schedule of Storm Water Fund Capital Projects	190
Statement of Net Position – Development Authority Fund	194
Statement of Revenues, Expenses and Changes in Net Position – Development Authority Fund.....	195
Statement of Cash Flows – Development Authority Fund	196

Internal Service Funds:

Combining Statement of Net Position	198
Combining Statement of Revenues, Expenses and Changes in Net Position.....	200
Combining Statement of Cash Flows	202

Trust and Agency Funds:

Combining Statement of Fiduciary Assets and Liabilities – Agency Funds	206
Combining Statement of Changes in Assets and Liabilities – Agency Funds.....	207
Combining Statement of Fiduciary Net Position – Trust Funds.....	208
Combining Statement of Changes in Fiduciary Net Position – Trust Funds	209

**CITY OF VIRGINIA BEACH, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2013**

FINANCIAL SECTION (continued)

PAGE NO.

Discretely Presented School Board Component Unit:

Statement of Net Position	212
Statement of Activities	213
Balance Sheet - Governmental Funds.....	214
Reconciliation of the Balance Sheet to the Statement of Net Position	215
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	216
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	217
School Operating Special Revenue Fund – Budget and Actual.....	218
School Grants Special Revenue Fund – Budget and Actual.....	221
Combining Balance Sheet - Nonmajor Governmental Funds - Special Revenue Funds	224
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds - Special Revenue Funds.....	225
Combining Statement of Net Position - Internal Service Funds	226
Combining Statement of Revenues, Expenses and Changes in Fund Net Position Internal Service Funds.....	227
Combining Statement of Cash Flows - Internal Service Funds	228
Combining Statement of Changes in Assets and Liabilities - Agency Funds.....	229

STATISTICAL SECTION

Table

1 Net Position by Component - Last Ten Fiscal Years.....	233
2 Changes in Net Position - Last Ten Fiscal Years	234
3 Fund Balances of Governmental Funds - Last Ten Fiscal Years.....	236
4 Changes in Fund Balance of Governmental Funds - Last Ten Fiscal Years.....	238
5 General Governmental Activities Tax Revenue by Source - Last Ten Fiscal Years	240
6 Assessed Value and Estimated Actual Value of Taxable Property - Last Ten Fiscal Years.....	241
7 Revenue Rates for Real Estate and for Personal Property - Last Ten Fiscal Years	242
8 Principal Property Taxpayers - Assessed Value	243
9 Property Tax Levies and Collections - Last Ten Fiscal Years.....	244
10 Ratios of Outstanding Debt by Type - Last Ten Fiscal Years	245
11 Ratios of Outstanding General Bonded Debt by Type - Last Ten Fiscal Years	246
12 Legal Debt Margin Information - Last Ten Fiscal Years	247
13 Pledged - Revenue Coverage - Last Ten Fiscal Years.....	248
14 Demographic and Economic Statistics - Last Ten Fiscal Years	249
15 Principal Employers	250
16 Full-Time Equivalent Government Employees by Function - Last Ten Fiscal Years	251
17 Operating Indicators by Function - Last Ten Fiscal Years	252
18 Capital Asset Statistics by Function - Last Ten Fiscal Years	253
19 Treasurer's Accountability Report	254

SINGLE AUDIT SECTION

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit on Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	255
Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Federal Program and on Internal Control over Compliance in Accordance With OMB Circular A-133	257
Schedule of Findings and Questioned Costs	259
Schedule of Expenditures of Federal Awards	262
Notes to Schedule of Expenditures of Federal Awards	269

**CITY OF VIRGINIA BEACH, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2013**

PAGE NO.

CONTINUING DISCLOSURE

Schedule

1-1 Principal Taxpayers	272
1-2 Property Tax Rates and Change in Tax Levy.....	273
1-3 Historical Assessed Value.....	274
1-4 Property Tax Levies and Collections	275
1-5 Principal Tax Revenues by Source	276
2-1 Ten Largest Utility (Water) Customers.....	277
2-2 Water and Sewer Enterprise Fund Outstanding Debt by Issue.....	278
2-3 Water Resource Recovery Fees History of Receipts and Reimbursements.....	279
2-4 Water and Sewer Enterprise Fund System Operating Revenues, Expenses, and Coverage	280
2-5 Water and Sewer Enterprise Fund Debt Service Requirements	281
2-6 Water and Sewer Enterprise Fund Water and Sewer Rate History	282
3-1 Ten Largest Storm Water Utility Accounts.....	283
3-2 Storm Water Utility Distribution by Type of Property.....	284
3-3 Storm Water Utility Fee Collections.....	285
3-4 Storm Water Utility Pro Forma Calculation of Revenue Covenants.....	286
3-5 Storm Water Utility Debt Service Requirements	287

INTRODUCTORY SECTION

CITY OF VIRGINIA BEACH, VIRGINIA

CITY COUNCIL

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

SCHOOL BOARD

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

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

APPOINTED OFFICERS

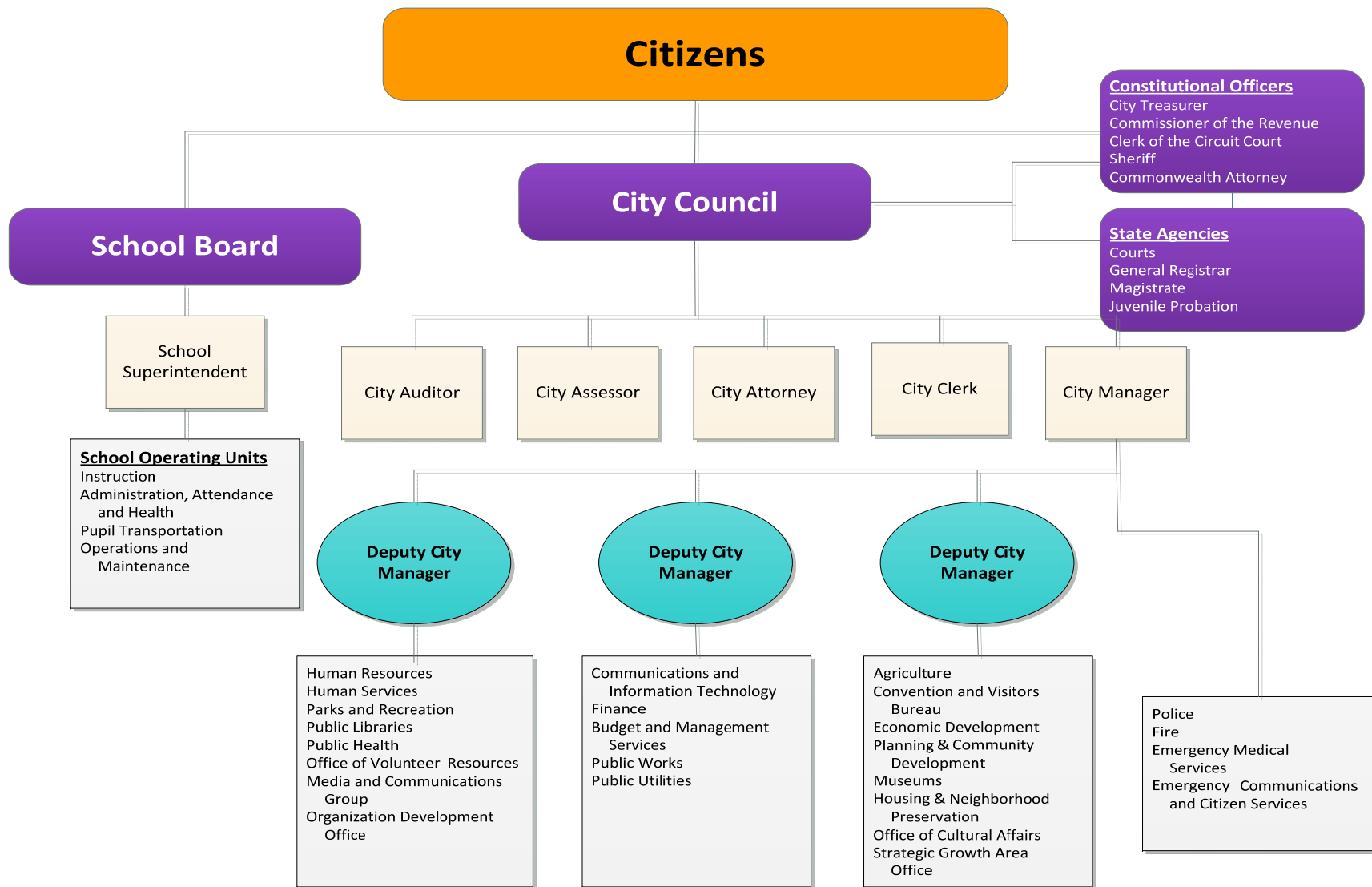
James K. Spore City Manager
Mark D. Stiles City Attorney
Ruth Hodges Fraser City Clerk
Jerald Banagan Real Estate Assessor
Lyndon S. Remias City Auditor

CITY LEADERS

Cindy A. Curtis Deputy City Manager
David L. Hansen Deputy City Manager
Vacant Deputy City Manager

VIRGINIA BEACH COMMUNITY DEVELOPMENT CORPORATION

Mary Kay Horoszewski Executive Director
Christopher Beale President
Anthony Nero Vice President
James Banks Secretary/Treasurer
Elsie Barnes Director
Ann Crenshaw Director
Jill Eyler Director
Kenneth J. Longo Director
Carolyn McPherson Director
Emmanuel Voces Director
Robert Williams, Jr. Director
James Wood Director





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

City of Virginia Beach

VBgov.com

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

November 20, 2013

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, 2013, 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 447,489 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.

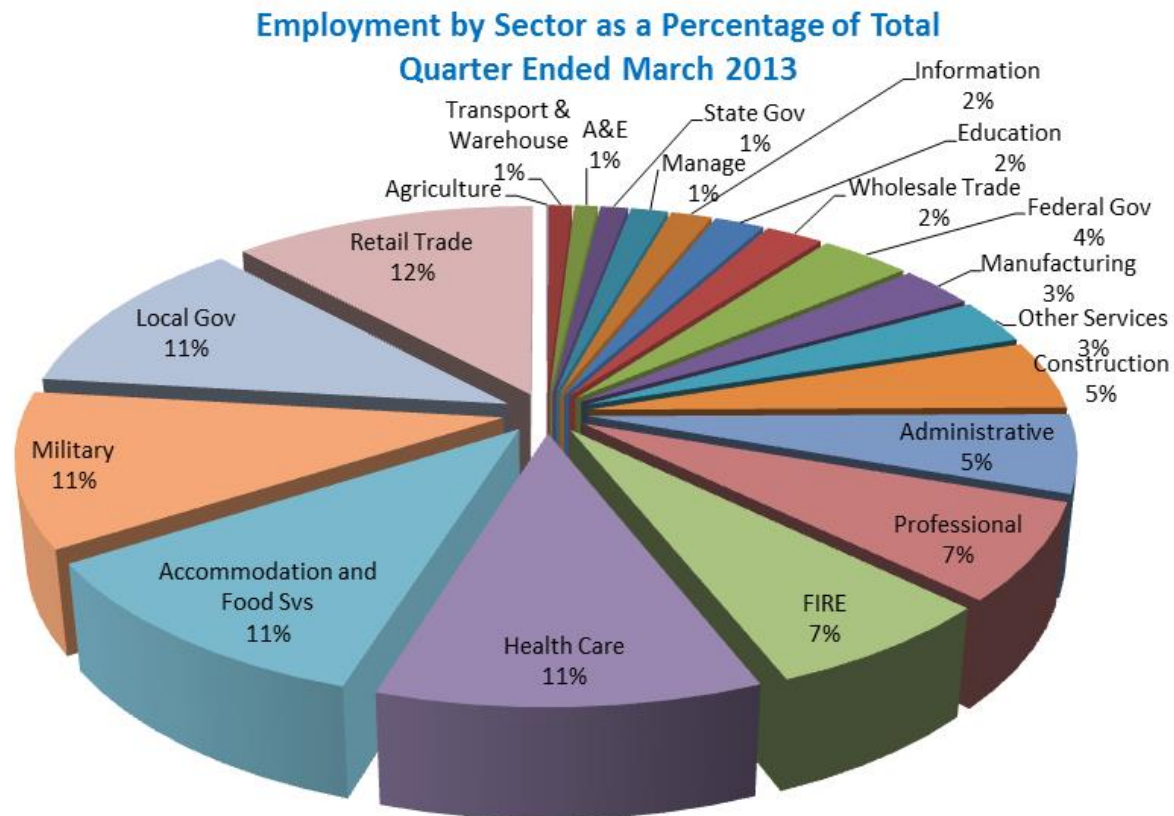
In accordance with the requirements of the Governmental Accounting Standards Board (GASB), the financial reporting entity consists of the primary government (the City of Virginia Beach) as well as its component units, which are legally separate organizations for which the City Council is financially accountable. The component units qualifying for inclusion in this report are the Virginia Beach City Public Schools and the Virginia Beach Community Development Corporation, which are discretely presented, and the Virginia Beach Development Authority, a blended component unit. Financial accountability for these component units was determined on the basis of City Council's selection of governing authority, designation of management, ability to influence operations, and/or accountability for fiscal matters. The 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

Positive economic trends can now be found in the areas of job growth, employment, unemployment, tourism, retail sales, and port activity. In fact, tourism in Virginia Beach was relatively strong throughout the recession and continues to reach all-time highs. Regionally, budget cuts and sequestration impacted defense spending, but less than projected. Over the next two years, it may be a different story. There are enough positive trends in other areas and they are strong enough to somewhat offset the possible decline in defense spending.



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

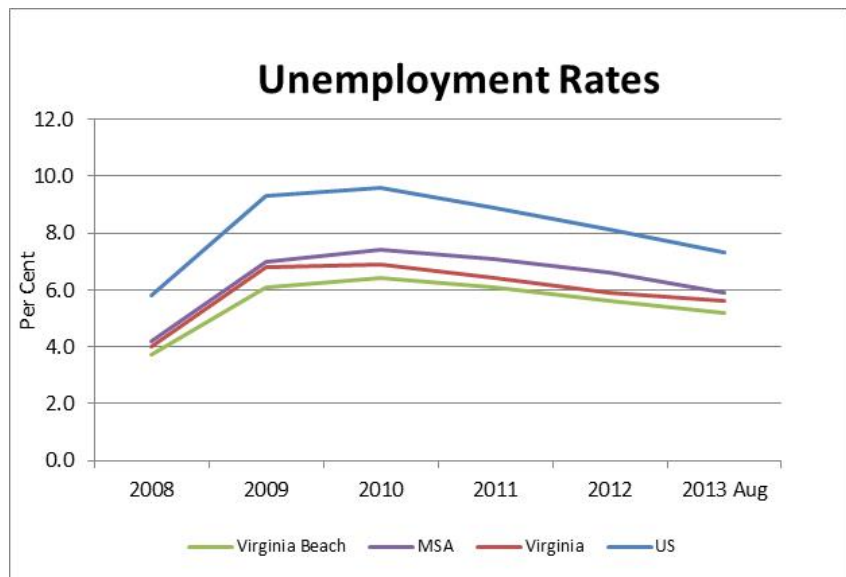
The average employment in the first quarter of 2013 was 184,516 compared to 179,770 in the first quarter of 2012, an increase of 4,746 jobs. Employment increased most in the Retail, Accommodations, Health Care, Administrative, and Federal Government sectors. (Source: Virginia Employment Commission and BEA)

There were 20,087 **active-duty military** jobs reported by the Bureau of Economic Analysis in 2011, down 136 from 2010. Since 2007, active-duty military employment in Virginia Beach has been reduced by 1,644. Defense cuts due to sequestration could further decrease the number of active-duty personnel in Virginia Beach and the region. (Source: Bureau of Economic Analysis)

The average number of Virginia Beach residents employed in 2012 was 213,920 out of a labor force of 226,690. The average employment from January through August 2013 was 217,785, which is on track to surpass the 2012 level and the pre-recession high of 217,518 that occurred in 2007. (Source: Virginia Employment Commission and BLS)

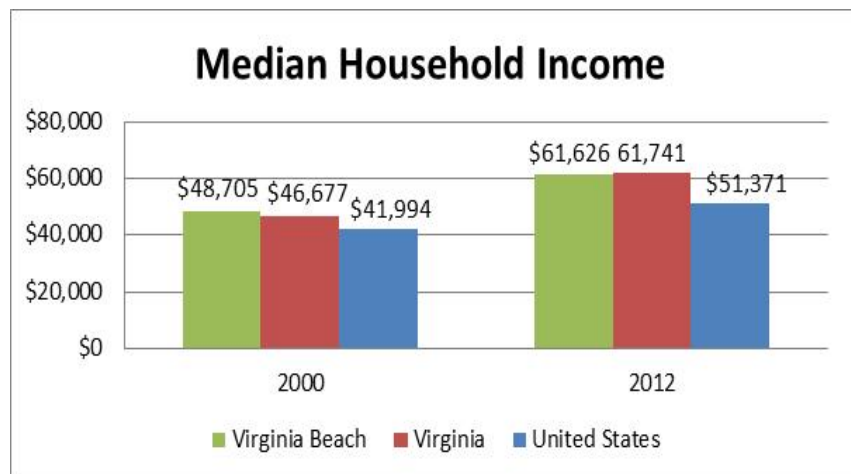
In August 2013, the **unemployment rate** was 5.2% for Virginia Beach, 5.9% for the MSA, 5.6% for the state and 7.3% for the U.S. These rates are all lower than they were the previous month and the previous year. **In 2012 Virginia Beach had the 7th lowest rate among the 50 largest cities.**

The unemployment numbers are trending down, though slowly. (Source: VEC & BLS)



The **per capita income** for Virginia Beach was \$46,799 in 2011, which is greater than that for the state at \$46,107 and the nation at \$41,560. (Source: BEA)

The Virginia Beach **median household income** in 2012 was \$61,626. Virginia Beach improved from 116% of the national median household income to 120% since 2000. (Source: US Census Bureau)



Defense spending, tourism, and the ports are stabilizers of the Hampton Roads and

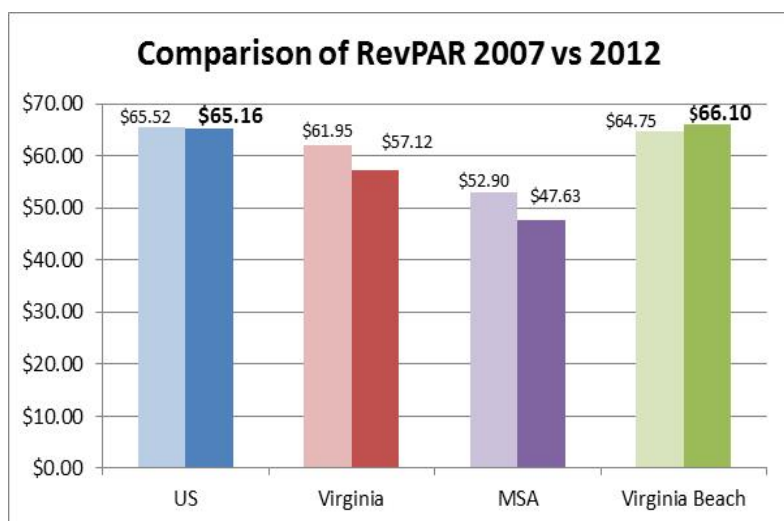
Virginia Beach economies. Department of Defense direct spending in Hampton Roads in 2013 is projected to decrease to \$21.13 billion, following spending at an all-time high of \$21.97 billion in 2012. Defense spending is likely to decline through 2014 due to the \$483.7 billion in defense spending cuts already agreed upon over the next 9 years and the \$482.5 billion in automatic across-the-board budget cuts (sequestration) through 2021 that have been in effect since January 2013. (Sources: 2013 State of the Region Report, ODU and USA)

The **Tourism and Convention Industry** is a stabilizer of the Virginia Beach economy. In 2012, direct visitor spending reached a record high of \$1.28 billion despite sequestration and the recession. Spending has increased every year since 2009. Tourism and the convention industry supported 12,025 jobs in 2012. (U.S. Travel Association)

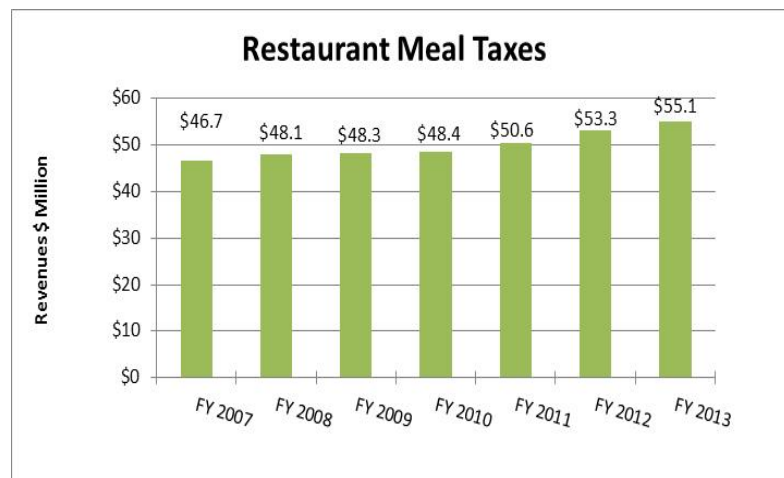
Hotel tax revenue is up 15.0% for the period FY-07 through FY-13. Collections in FY-13 were \$26.0 million, an all-time high, and are indicative of the strength of the tourism industry in Virginia Beach. The hotel tax rate was 8.0% plus the \$1.00/room night charge throughout this period. (Source: Dept. of Finance)



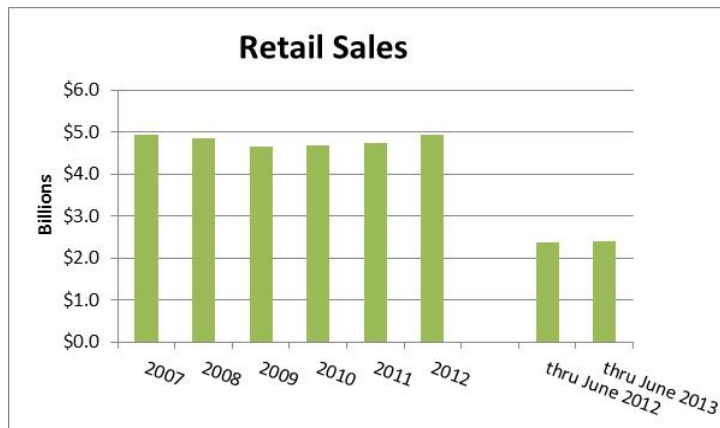
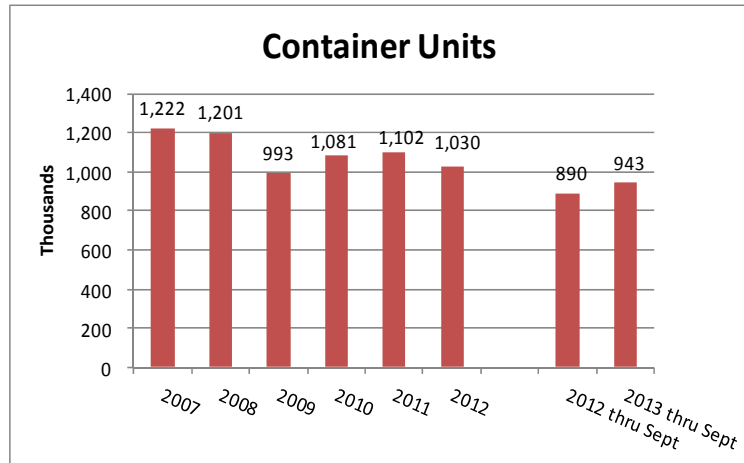
Revenue Per Available Room (RevPAR) is the standard statistic the hospitality industry uses to measure financial performance and to make comparisons across different markets. RevPAR for Virginia Beach increased from 2007 through 2012 by 2.1% and is still the only regional hotel market to report an increase over this time period. (Source: Smith Travel Research)



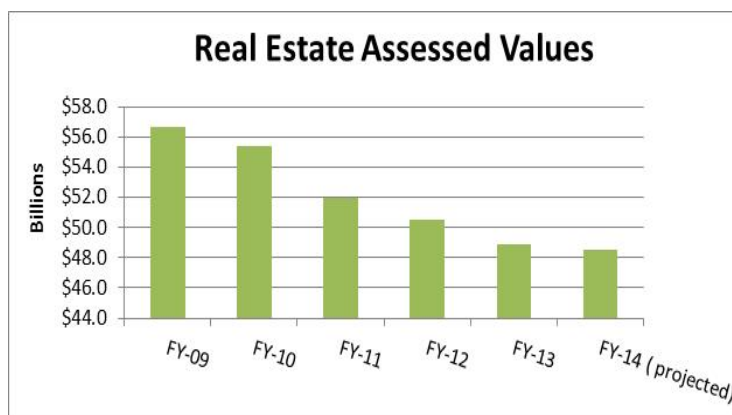
Restaurant meal tax revenue increased 18.0% for the period FY-07 through FY-13. Restaurant sales and tax revenues are at their highest level in the last 7 years. The restaurant tax was 5.5% throughout this period. (Source: Dept. of Finance)



The **Port of Virginia** is another important segment of the Hampton Roads economy. The number of 20-foot equivalent unit containers (TEU) shipped through the Port rebounded in 2012 by 9.8% and is on track to continue the increase in 2013. In fact, after losing market share since 2007, the Port of Virginia actually increased market share in FY-12. This success can be attributed to the completion of Norfolk Southern's Heartland Rail Corridor to the Midwest, CSX's on-dock rail services, the ability to handle deep-draft ships; and improved management, setting the stage for more jobs and higher incomes. (Source: Port of Virginia, ODU)

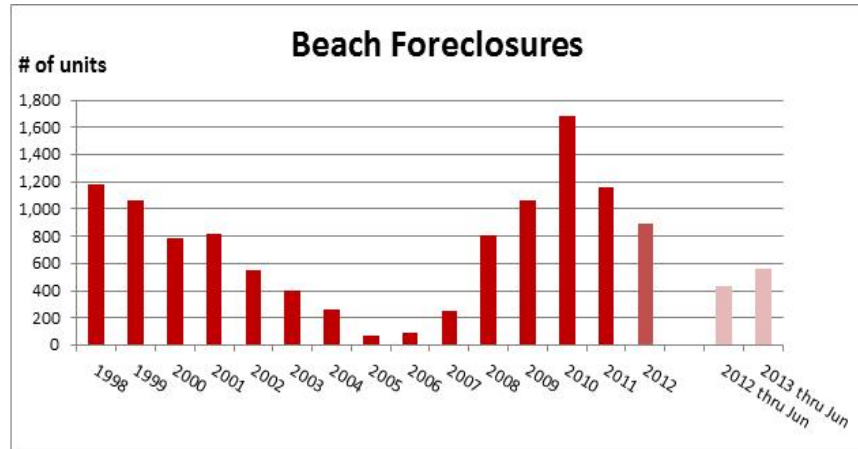


Retail sales in Virginia Beach rose 4.0% in 2012 to \$4.95 billion, after rising only 1.0% in 2011. Annual sales finally reached the 2007 pre-recession peak of \$4.94 billion. Sales in the first six months of 2013 were up 1.75% over the same period in FY-12, a positive sign for the economy. (Source: Virginia Dept. of Taxation)



Virginia Beach **real estate assessments** declined 3.4% in FY-13, the 4th consecutive year of decline. The silver lining is the FY-14 assessments are projected to decline only 0.7%, which is essentially flat. Assessments peaked in FY-09, and even though the recession officially ended in June 2009, continued to decline as lower housing prices and foreclosures were factored into the assessments. Source: (Real Estate Assessor's Office)

There were 895 **foreclosures** in Virginia Beach in 2012, down from 1,164 in 2011. Some banks delayed foreclosure proceedings in 2012 until abusive foreclosure practices were identified and eliminated. Foreclosures are now rising modestly in 2013. (Sources: Real Estate Assessor's Office, Circuit Court)



The total number of **building permits** was down to 7,660 in 2012 from 7,921 in 2011. The value of the permits was down to \$359.6 million in 2012 from \$491.1 million the year before. However, the value of the 2013 permits through September is \$390.6 million, already surpassing the full 2012 value. (Source: Dept. of Planning)

The **Consumer Confidence Index** dropped to 71.2 in October down from 80.2 in September. It had been holding steady in the low 80s for the previous four months. The large drop in Consumer Confidence has more to do with the federal government shutdown and debt ceiling crisis than the consumers' long term outlook for the economy. (Source: Conference Board)

Almost all sectors of the Virginia Beach economy are doing well. Tourism spending and hotel taxes are at all-time highs, as are restaurant taxes. Job growth, employment and retail sales are showing healthy growth. Unemployment in Virginia Beach is the lowest in the region. The trend of declining real estate assessments will lessen in FY-14, though foreclosures will continue to impact assessments in the near-term. Regionally, the Port of Virginia is gaining market share along the East Coast. Less positively, budget cuts and sequestration threaten Department of Defense spending in Hampton Roads, creating uncertainty for the economy. The Consumer Confidence Index had been holding steady, but was negatively impacted by events in Washington, D.C. A rebound in consumer confidence is needed to continue the economic recovery.

MAJOR INITIATIVES

The 2012-2013 financial report reflects the use of resources to achieve the city government's vision as defined by City Council. To achieve its vision, City Council identified five goal areas at its Annual Goal Setting workshop:

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

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

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

Economic Vitality

Light Rail

In 2012 62.7% of Virginia Beach voters approved an advisory referendum that directed the City Council to “use all reasonable efforts” to pursue financing and development of a light rail line, connecting to Norfolk’s existing line. Six of the eight SGA’s lie along this public transportation corridor. In April 2013, the City received an unsolicited proposal from a consortium of private companies to extend light rail to Virginia Beach. City Council accepted the proposal and invited



competing proposals to be submitted. Two additional private proposals were received in October. A Draft Environmental Impact Study was prepared by Hampton Roads Transit and presented to City Council in September 2013. After public hearings in early 2014, Council is expected to vote on the locally preferred alternative in 2014 and is expected to decide on the private proposals in 2014 or 2015.

Virginia Beach Development Authority

FY 2013 was another successful year for the Virginia Beach Development Authority, which continued its efforts to grow a diversified economy for the City despite the challenging economic times. Through the combined efforts of the Authority and Department of Economic Development, nearly \$260 million in new capital was invested by the City’s business community in 54 projects. Of those, 25 were new locations and 29 were expansions. Thirteen percent of the projects announced capital investments of at least \$10 million, with the largest being the \$105 million expansion of Town Center. Companies working with the Department of Economic Development reported the creation of over 2,200 new jobs representing a 100 percent increase over the past fiscal year.

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. The eight strategic growth areas are Pembroke, Newtown, Burton Station, Resort Area, Rosemont, Lynnhaven, Hilltop and Centerville. As of 2013, each of the eight SGA's has its own plan developed with community input that outlines the vision and serves as a marketing tool. This unique planning effort won the City the Virginia Municipal League's 2013 President's Award for an extraordinary planning initiative that culminated with adoption of eight separate master plans as part of the Comprehensive Plan.

Cavalier Hotel Restoration

The old Cavalier Hotel, a landmark built in 1927 and a symbol of the City's early resort days, has hosted presidents, celebrities and guests from around the world. When a judge ordered the property sold to settle a lawsuit, the City Council supported saving the Cavalier by endorsing a series of incentives to attract someone to buy and preserve it. On July 23, 2013, hotelier Bruce Thompson closed on the 22 acre property,



including both the old hotel and the newer Cavalier across the street for \$35 million. Thompson agreed to spend over \$200 million on both hotels including the lawn and the entrance off Cavalier Drive as well as the Oceanfront Beach Club and a new tower on the oceanfront. The new hotels—the restored old Cavalier, the revitalized newer Cavalier and the new tower—will bring roughly \$52 to \$58 million in new tax revenues to Virginia Beach over the next 20 years. The City will provide \$18 million, \$13 million upfront and \$5 million in real estate tax incentives over the next few years. The ratio of public to private funds is 1:11, a sound investment.

AAA Bond Ratings

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

N.A.S. Oceana Encroachment Reduction Program

Virginia Beach developed an unprecedented plan to roll back encroachment in the area surrounding NAS Oceana, known as Accident Potential Zone-1 (APZ-1) and the Clear Zone. The City worked closely with the Navy as it created a plan to meet not only the BRAC Commission's mandates, but also the needs of the military and the local community. The

program, known as Yes Oceana, focuses on three components — zoning changes, property acquisition, and a conformity program which reduces incompatible development while promoting conforming uses in APZ-1. In a unique arrangement the City and the Commonwealth of Virginia contribute a combined total of \$15 million per year to make sure the plan has the necessary funding to accomplish its mission. The program is the only one of its kind in the country, and it has been highly successful in moving nonconforming residential and business uses out of the APZ-1, and moving conforming uses into the area. To date, the City and Commonwealth have devoted over \$128 million to protecting the mission of Oceana. This year, major locations and expansions within the program included YUMJACK, Workplace Solutions Inc., BFFE International, Architectural Graphics and DAVCON, Inc. Last year's acquisition of the London Bridge Commerce Center eliminated 22 non-conforming land uses from the APZ-1 district. This year, the City worked to relocate the last remaining tenants to other parts of the City. The result is a new 18 acre shovel-ready site adjacent to I-264 for industrial development.

Town Center

Town Center, the focal point of the City's Central Business District, drives the economy with more than 1.6 million square feet of office and retail space plus apartments, hotels, meeting space and the Sandler Center for the Performing Arts. In January 2013, construction began on a new 15 story office tower which will feature a parking garage, 290 apartments, 213,000 square feet of office space, and 21,400 square feet of retail space. Town Center is the core of the Central Business District-South Tax Increment Financing District. Incremental real estate taxes generated by the project are used to pay debt service on the garages and other public infrastructure. In addition, Town Center generates nearly \$7 million per year for the City from business taxes, and trustee taxes such as hotel, meal, and admission taxes. Town Center will become the headquarters of Clark Nexsen, one of the oldest and largest architecture and engineering firms in Virginia and one of the top 50 firms of its type in the U.S.

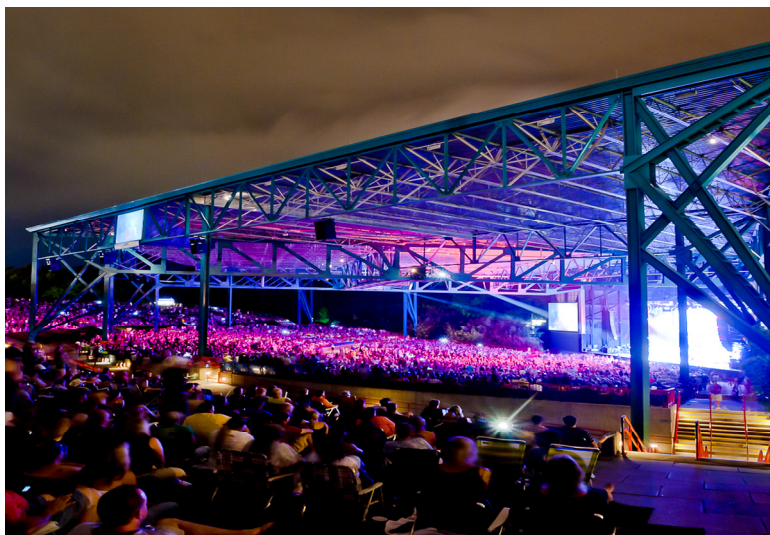


Shopping Mall Renovations

Virginia Beach's two major shopping malls, Lynnhaven Mall and Pembroke Mall, are undergoing renovations. Pembroke Mall, across the street from Town Center, is completing a \$35 million renovation and expansion project, adding stores such as Target and Old Navy, along with restaurants including Bahama Breeze. Lynnhaven Mall, the largest shopping mall in southeastern Virginia, recently began construction on a multi-million dollar renovation. The project involves extensive updating of the interior, including tile flooring, contemporary painting, lighting, seating areas, signage and restrooms. The City Council created the Lynnhaven Mall Tax Increment Financing (TIF) District to stimulate private investment in the mall. Fourteen years after it was created, the highly successful TIF district was retired in 2012.

Virginia Beach Amphitheater: Farm Bureau Live at Virginia Beach

In 2012, in its seventeenth season, the amphitheater attracted more than 220,000 music lovers to 23 events and generated \$1.24 million for the City of Virginia Beach. Over the 17 seasons, performances have resulted in direct revenue of more than \$19.9 million nearly doubling the City's \$10.5 million initial investment. The amphitheater provides a venue for such world-renowned performers as Jimmy Buffett, Kenny Chesney and Kid Rock, as well as local cultural and community events.



Princess Anne Commons

A major medical complex has been developed as part of Princess Anne Commons. 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, completed its new Institute of Regenerative Medicine in the fall of 2012. Operation Smile, an international children's charity that provides free surgeries to repair cleft lip, cleft palate and other facial deformities in children around the world, has moved into its new world headquarters building alongside Tidewater Community College's new Regional Health Professions Center. Princess Anne Commons is also home to the Children's Hospital of the Kings Daughters Health and Surgery Center. The new Princess Anne Commons Gateway Park which opened in summer of 2013 was renovated from the former Princess Anne Park site. The site includes a new trail system, picnic shelters, restrooms, playground equipment, tree plantings and expanded parking. In addition, the park includes a refurbishment of the Light Garden sculpture originally located at the former Virginia Beach Pavilion. The sculpture by internationally known



artist Dale Elrod consists of sun refraction glass panels arranged to resemble a grove of trees illustrating the role of light throughout the course of a day. The new Tidewater Community College Student Center was also completed in 2013 in the Princess Anne Commons area. The 87,000 square foot, three story facility is located entirely on the pond of the campus. To enter the center, students cross bridges onto the platform supporting the facility. The center includes a dining area, fitness and recreational areas, child care area and a full service bookstore.

International Business Attraction

International outreach efforts continued in FY 2013 with nine marketing missions to nine different countries. Four major business announcements were made involving Koster American, Prufrex USA Inc., DaiEi Papers and Hi-logic who either located or expanded their US headquarters in Virginia Beach. FY2013 also marked an increased focus on German business. Forty-seven percent of all international companies in Virginia Beach are based in Germany and, of those, fifty-seven percent serve as U.S. or North American headquarters for their parent companies.

Envision Virginia Beach 2040

In January 2011, the Mayor appointed a 13-member citizen visioning group to study and analyze current trends to determine the future of Virginia Beach in 2040. The Committee completed its report in May 2012, which includes a Vision Statement and describes the Quality of Life in the Community in 2040. The central elements of the Vision include: Connected Community, Learning Community, Diverse Community, Unique Environment, Active Lifestyle, and Thriving Economy. A Vision to Action Coalition was subsequently formed and meets regularly to monitor and pursue the report's vision of the future.

Quality Physical Environment

Laskin Road Gateway Project

Work was completed on the Laskin Road Gateway Project, one of the key entries to the oceanfront. A modern roundabout intersection at Laskin Road and 30th Street was opened to the public in May of 2013 by the Public Works Department. The City agreed for the Public Art Virginia Beach Foundation to construct a "WAVE" sculpture inside the traffic roundabout. The 35 foot, 15,000 pound stainless steel sculpture rests in a 35 foot wide reflecting pool. The strategic



placement of the sculpture inside the roundabout provides a strong sense of arrival to the Resort Area. Funded by private donations raised by the foundation, the Wave has an open design that allows high winds to pass through reducing resistance. In addition, the sculpture is enhanced with a colorful display of LED programmed lighting for visibility in the evening. The public was invited to join the City of Virginia Beach, the Public Art Virginia Beach Foundation, and the artist, Jeff Laramore, at the dedication of the sculpture to the citizens of Virginia Beach.

Sand Replenishment Projects

The Department of Public Works and the U.S. Army Corps of Engineers (USACE) announced the awarding of an \$11.9 million contract for resort beach replenishment to Weeks Marine of Camden, New Jersey. Work to replenish 1.25 million cubic yards of sand between 15th and

89th streets was completed in April 2013. The resort beach was restored to 300 feet in width, meeting the requirements of the Hurricane Protection Beach Re-nourishment project. Similarly, Weeks Marine was awarded A \$15.35 million contract to replace 2.0 million cubic yards of sand along Sandbridge Beach between Back Bay National Wildlife Refuge and the Dam Neck Naval Facility. The project was completed in early summer of 2013. These sand replenishments projects are vital to protect the resort beaches as well as the coastline against erosion.

Lesner Bridge Replacement

The Lesner Bridge connects Shore Drive between the Chesapeake and Lynnhaven Bays. Constructed in the 1950's and 60's, the bridge was built to last 50 years. Construction to replace the aging bridge will begin in 2014. Once complete, the bridge will feature 4 lanes with the potential to expand to six lanes and will have multi-purpose paths on both sides. Unlike the current bridge, the new bridge is intended to last 100 to 120 years as a result of new building technologies and materials. The project is expected to cost \$95 million funded through the Governor's Transportation Plan.



Proposed Lesner Bridge Replacement
Photo courtesy of Clark-Nexsen

Expanded Parking and Facilities at Sandbridge

Several projects are underway at Sandbridge Beach making the area a more attractive destination for both visitors and locals. Improvements in parking include the \$600,000 expansion of Little Island Park lot #2 to create an additional 128 spaces as well as the recently completed increase of 34 spaces at the Sandbridge Market. In addition, construction began on the \$323,677 new public restrooms located next to the marketplace. Expected to be completed in March 2014, the new 552 square foot facility will include typical men/women restrooms in addition to a family restroom, two shower/foot wash stations, decking and walkways.

Green Accomplishments and Energy Initiatives

The Environment and Sustainability Office (ESO) was established to bring together staffing and resources dedicated to administration of the City's green initiatives. In FY 2012 the ESO focused its efforts on drafting the City's Sustainability Plan. The adopted plan was available in March of 2013. The Sustainability Task Force, a 23 member team representing government and non-government agencies, public schools and community groups, provides recommendations to achieve sustainability goals and coordinates the development and maintenance of the plan. In April 2011, the City of Virginia Beach joined the ENERGY STAR program as an ENERGY STAR partner with the Environmental Protection Agency and the Dept. of Energy. In 2013, the Virginia Beach Visitor Information Center earned the ENERGY

STAR certification and received high marks for sustainable practices for the second year in a row. In addition, the new Bow Creek Recreation Center and two new fire stations have been designed to achieve LEED (Leadership in Energy and Environmental Design) certification featuring geo-thermal heating and cooling systems.

The City initiated the Energy Accounting and Management Project to reduce energy costs and streamline the high volume of energy vendor payments. An energy management software acquisition enabled the City to become the first municipality in Virginia to implement a single entry electronic invoice-to-payment process for energy vendors. Implemented in September 2012, the system also captures information to better manage energy costs, analyze trends and improve energy efficiency. The City received the Louisville Award for Innovation in Government from the Government Finance Officers Association (GFOA) for the energy management software project. This special award is designed to recognize an exceptional accomplishment that introduces a new concept or technique with enduring value to the government finance profession.

Various Road Projects

The Bikeways and Trails Plan calls for the incorporation of bike paths into the design of new roadway construction and annual paving schedules, which are expanded to enhance on-road biking where possible. In calendar 2012, 3.8 miles of eastbound bike lanes on Shore Drive were completed along with 30 additional miles of bike lanes citywide. In addition, Nimmo Parkway was connected between Holland and Princess Anne Roads. Parkway construction continues on the connection between Holland Road and General Booth Boulevard. Construction also continues on the widening of Princess Anne Road between Princess Anne Commons and the Municipal Center. The Princess Anne/Kempsville Intersection project is 65% complete and is expected to be complete in spring 2014. The intersection has been moved, and Princess Anne Road has been realigned. In addition, new sections of Witchduck Road have been opened. New residential and commercial areas as well as a history trail and canoe/kayak launch are proposed near the intersection.

Safe Community

State Honors for Response to Jet Crash

The Virginia Beach Fire Department won the Governor's Fire Service Award for Outstanding Fire Response for its response to the April 6, 2012, F-18 aircraft crash into the Mayfair Mews apartment complex. The award recognizes the Fire Department's mutual aid system and interagency cooperation in the response to this complex incident. The department quickly controlled a massive fire in the apartment complex, coordinated the response by 19 city agencies and 20 federal and state agencies, found housing for 15 displaced families, worked with NAS Oceana to help other residents find housing and apply for assistance and ensured damaged units were fixed or demolished.

Fire and EMS Station Replacements

The new Town Center Fire and EMS Station will replace the current Fire Station 7 on Thalia Road which was built in the 1950's. The new station on Columbus Street will be a two story, 25,916 square foot structure with four equipment apparatus bays and room to expand to five.

Serving Town Center and the surrounding area, the station will have a new ladder truck and sleeping quarters for 15 Fire and EMS workers and a Battalion Chief. The second floor will house Fire Administration offices as well as support facilities and offices for Fire and EMS Captains. The Town Center station is budgeted at \$9.43 million and will be complete in late 2013. The Chesapeake Beach Fire and EMS Station will replace the current fire station on Pleasure



Chesapeake Beach Fire Station

House Road constructed in 1964. The new station at Greenwell Road and Shore Drive will be a two story 14,644 square foot building with three equipment apparatus bays, sleeping quarters for 10 Fire and EMS personnel, support facilities and offices for Fire and EMS captains. The Chesapeake Beach station is budgeted at \$5.66 million and was substantially complete in August 2013. The Blackwater Fire and EMS Station will be an 11,400 square foot facility with five equipment apparatus bays and 8 sleeping rooms. Contracting for the Blackwater Fire and EMS Station replacement is in progress with completion targeted for 2015.

Low Crime Rate

The City's crime rate has continued to decline over a ten year period, upholding Virginia Beach's reputation as one of the safest cities of its size in the nation. In 2012, violent crimes were down by 2.4% and property crimes were down by 3.4%. In addition, the Virginia Beach Police Department cleared 65.2% of violent crimes and 29.6% of property crimes, much higher than the national average of 40.0% and 13.7% respectively. Chief James Cervera attributed the high clearance rates to the Police Department's highly trained and educated officers and staff as well as the highly successful Crime Solvers program.

Family and Youth Opportunities

Mayor's Action Challenge: 500 Families Financially Fit for the Future

Mayor William D. Sessoms, Jr., established the "Mayor's Action Challenge" to provide Virginia Beach families with affordable and sustainable opportunities that help them improve their quality of life. Participants are given a series of milestones to complete as they are challenged to increase their awareness in five key components of financial fitness: Education, Earnings, Asset Building, Savings, and Protection. Special resources including corporate and community partners, coaching, materials and web-based information are provided to assist families in meeting the milestones. Upon successful completion of the challenge, participants are awarded a certificate of completion and their name is added to the Mayor's list of the Families Financially Fit for the Future. The first recipient of the Mayor's Action Challenge Award was recognized in August 2013. The recipient attended monthly Bank On classes. The

Bank On Program is coordinated by the Human Services Department with banks, credit unions, and other community partners providing volunteer classroom instructors and coaches. The program has received recognition in a CUNA award to Beach Municipal Employees Credit Union and by the National Extension Association of Family and Consumer Sciences for community partnership.

Public Forums/Homelessness

The City sponsored several events where those experiencing homelessness could receive assistance on a variety of topics including affordable housing, employment, Social Security assistance, social services, veterans' services and others. In addition, the public was invited to several community consultations on homelessness as well as virtual town hall forums where citizens could share thoughts and make suggestions. Property on Witchduck Road was acquired as a potential site for a new Housing Resource Center. The project includes design and construction of an approximately 43,000 square foot facility that would include shelter and housing for both single individuals and families. Detailed decisions about the number of units and types of housing will be made during the design process, expected to begin in 2014 with construction following in 2015. Total project costs are estimated at \$23 million.

Cultural and Recreational Opportunities

Sandler Center

During its sixth season, the Sandler Center for the Performing Arts realized \$1.67 million in gross ticket sales from 392 events and 150,436 patrons, generating \$149,679 in admission taxes for the City. The Center also partnered with the community to provide the summer acoustic concert series "Ynot Wednesdays" for the fifth year, Kids Art Palooza, matinee shows geared towards students enhancing their SOL learning, master classes, All City Music Festival, Young Peoples concert series, and other opportunities for more than 10,000 students.



Bow Creek Recreation Center

After 50 years of use, the Bow Creek Recreation Center is being replaced. The old center is demolished and a new, two-story structure will be built on the footprint of the original building. The new center will have 84 percent more square footage, due largely to the addition of a second floor. It will also feature an indoor pool with play components and 25-yard lap lanes, a two-court indoor gymnasium, fitness spaces, a weight room, youth development classrooms with a dedicated playground, and locker rooms with family changing areas. The new Center is expected open late in 2014.

Williams Farm Community Recreation Center

The 71,000 square foot facility which opened in October, 2012, features three classrooms for early childhood programs; a zero-depth swimming pool with a 156-foot slide, a current channel, a 13-foot tall rock climbing wall, a children's play fort, and an outdoor sprayground; an indoor perimeter walk/run track, weight room and gymnasium; and a multimedia room for teens with recording studio, green screen and state of the art workstations for creating audio, video and illustrative graphics. Located next to the recreation center, the 30-acre Williams Farm Park and Skate Park includes a 25,000 square foot concrete skate park, a multipurpose field area, restrooms, vending and office areas. Both the recreation center and the skate park won Best New Facility Awards from the Virginia Recreation and Park Society at its 2013 conference.

Virginia Aquarium

City Council approved the opening of Virginia's largest "aerial forest park" in the summer of 2014, followed by a conservation garden in the fall of 2014. The Adventure Park, located on the campus of the Virginia Aquarium, will feature multiple zip lines and aerial ropes challenge courses. The project is a joint venture between the Aquarium's nonprofit Foundation and the Outdoor Venture Group. By partnering with the Outdoor Venture Group through its Foundation, the Aquarium not only eliminated any tax burden on citizens to build and maintain the Adventure Park, but added an additional sales and admissions tax revenue stream to the City. In the year following the opening of the course, the Department of Parks and Recreation will create a Coastal Conservation Garden featuring native plants.

Pleasure House Point

The 2013 Best New Environmental Sustainability Award was presented to the City in recognition of the preservation of the Pleasure House Point Natural Area by the Virginia Recreation and Park Society. This natural area was acquired and preserved through a partnership with the Trust for Public Land (TPL) in collaboration with the Chesapeake Bay Foundation (CBF). Under construction on the site is the new Brock Environmental Education Center which will be the greenest most sustainable building in Virginia and among the greenest structures in the world. The center, which will provide environmental education programs and community meeting and training space, is targeted to open in late 2014.

Quality Education and Lifelong Learning

Exceptional Schools

Virginia Beach City Public Schools (VBCPS) is the largest school division in southeastern Virginia, serving approximately 68,408 students in grades K-12. Currently, the school system includes 56 elementary schools, 14 middle schools, 11 high schools, one charter school and a number of specialty centers including the Renaissance Academy, Advanced Technology Center, Technical and Career Education Center and Adult Learning Center. VBCPS continues to be one of the best school divisions in the country according to GreatSchools, which ranked VBCPS as the fifth best large school division in the nation. The School Division is one of only 12 Virginia School Divisions recognized by the College Board with placement on the third annual Advanced Placement (AP) District Honor Roll for increasing the availability of AP courses while also increasing the percentage of students scoring 3 or higher on AP exams. The Washington Post ranked all VBCPS high schools among the top 9 percent in the nation.

Joint Use Library

The Joint Use Library, built in partnership with Tidewater Community College, opened in August 2013, serving both the college and the public. The new 125,000 square foot library is located on the Tidewater Community College Virginia Beach Campus in the Princess Anne Commons Academic Village. The facility houses more than 128,000 items and offers the best of both worlds: the research capacity and longer hours of a college library and the materials, programming and children's area



of a public library. An interactive children's area with themed activities tailored to the City of Virginia Beach is only one of the special features of the Joint Use Library. An information marketplace with a coffee shop nearby greets patrons when they enter; more than 350 computers scattered throughout the building are for public use; and free Wi-Fi access is available. Work stations allow students to digitally scan pages from books and periodicals, and 36 rooms provide space for group study. The building will be open following TCC's schedule, meaning that when classes are in session, the public will have access for 16 more hours a week than a typical public library schedule. A community room is available for meetings. Funding for the \$43 million library, which employs 125, is split: 83 percent came from TCC and 17 percent from the City of Virginia Beach. Construction began in June 2011.

School Replacement Projects

Since 1997, the Virginia Beach Public Schools has spent \$556 million to modernize or replace 29 of the division's oldest elementary schools, along with maintenance, supply, custodial and transportation facilities. Site preparation for the new \$102 million Kellam High School started in the spring of 2011. Construction on the new 336,000 square foot LEED Gold certified facility continued through 2013 on a 108 acre site located on West Neck Road just south of North Landing Road. Staff and students are expected to occupy the new school in the spring of 2014. Old Donation Center and Kemps Landing Magnet School will be combined in a single consolidated facility to provide gifted and talented services for grades 2—8. Design work is currently underway with construction on the \$63.36 million facility projected to start in early 2014.

Virginia Beach Public Library

A community anchor for more than 50 years, Virginia Beach Public Library includes a central library, seven area libraries, a law library a bookmobile and the new Joint Use Library. Services include workforce development, and job-search support, small business resources, computer and technology classes, early childhood literacy classes and local history archives. In

addition to books in a variety of formats (print, audio and downloadable), the library provides online research tools accessible from home or work, as well as movies, music and a variety of specialty collections.

Quality Organization

50th Anniversary Celebration

To celebrate the 50 year anniversary of the merger of Princess Anne County and the Town of Virginia Beach that formed the City of Virginia Beach, the City is having a year-long birthday celebration in partnership with Virginia Beach Events Unlimited and Beachevents. Throughout 2013, events are being held that promote the city's history, milestones and successes; recognize the people that helped shape Virginia Beach; and celebrate "50 Years of Living the Life." In addition, the International Sister Cities joined in the celebration. Delegations from Moss, Norway; North Down Borough, Northern Ireland, United Kingdom; Miyazaki, Japan; San Juan del Sur, Nicaragua and Olongapo, The Philippines traveled to Virginia Beach for a series of public events.



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 over 1.4 million hours in FY 2013 in various City programs, the equivalent of about 680 full time City employees, providing services valued at \$20.6 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.

Technology Improvements

The City launched a new web-based citizen engagement tool called Virtual Town Hall that helps the City gather residents' opinions about city projects and initiatives, with the goal of incorporating this feedback in the decision-making process. This new program allows citizens to indicate budgetary priorities, share opinions and review what fellow residents are saying about current issues. In addition, a new and improved map application was launched that enables the public to locate city services. In addition to property address and Geographic Parcel Identification Number (GPIN), the map center includes new searches for schools, neighborhoods, intersections, parks, libraries, museums and historic sites, and much more. User-created maps can be easily saved, printed and shared. The Virginia Beach Department of Communications and Information Technology (ComIT) received a 2012 Governor's Technology Award in the *IT as Efficiency Driver – Government to Government* category for its Automated Computer Management System. The system is a web-based tool that automates many of the processes and activities associated with lifecycle management and replacement of city computers, significantly improving the efficiency and cost effectiveness of overall computer management for the city.

Minority Business Initiative

For FY 2013, City expenditures to minority vendors were \$12.9 million, which represented 5.37% of total city expenditures, a slight increase from 5.2% in FY 2012. Minority firms received 9.37% of goods and services contracts, but only 1.68% of construction contracts. The Small Business Enhancement Program approved by City Council and implemented in August, 2012, focuses on increasing small business participation throughout City procurements. Results of the program have not matured to the extent to be reported at this time. This program was developed to rely on the prime contractors to make sufficient efforts to obtain minority participation when available. The City has been certified through the Virginia Department of Transportation under the Urban Construction Initiative Program which will track minority participation in federally funded roadway projects. This program is still in the transition phase, and the City has not assumed full responsibility for all of the program aspects at this time.

The 15th Annual Minority Business Council Conference and Expo was held on November 7, 2013, with speakers and workshops for attendees on how to increase their business with City departments as well as other regional and state agencies.

The City of Virginia Beach was recognized and honored by the Commonwealth of Virginia for its efforts to embrace diversity. The City was awarded a Governor's 2013 Diversity Award by the Commonwealth and was the only municipality to be so honored, receiving the "SWaM Innovation and Best Practices Award" for 2013 in recognition of its outstanding efforts and effective programs in this area.



**City of Virginia Beach
15th Annual Minority Business Council
Conference & Expo**

INTERNAL CONTROL AND BUDGETARY ACCOUNTING

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

The City's control environment reflects the attitude of management at all levels towards ethical behavior, organizational values, competence, integrity and the well-being of the organization.

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

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

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

FINANCIAL MANAGEMENT POLICIES

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

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

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

RESOURCE MANAGEMENT, CAPITAL FINANCING AND DEBT MANAGEMENT

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

The FY 2013-2018 Capital Improvement Program (CIP), which was approved by City Council in May 2012, sets forth a program totaling \$2.57 billion. Of this amount, \$1.39 billion has been appropriated through FY 2012, \$277 million was appropriated in FY 2013 and \$900 million was programmed for years FY2014-2018 of the Capital Improvement Program. Funding for this program will be from local, state, federal, and private sources, with local debt comprising less than 42.5% of total funding. The six-year plan provides phased funding for critical public works infrastructure needs and upgrades that will help ensure compliance with increasingly strict environmental requirements, funding for facility improvements to serve a growing City population, and funding for public schools. The CIP also includes funding for capital investments for recreational activities, leisure programs, and the preservation and acquisition of open space that enhances the quality of life for the citizens of Virginia Beach.

During FY 2013, 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. Four such agreements were completed in FY 2013 at a total purchase price of \$2,393,744 with 327.61 acres acquired. For the total program at June 30, 2013, 88 agreements totaling 9,055 acres at a total purchase price of \$41,193,588 have been executed.

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

All debt affordability indicators fall within the established guidelines. The State Constitution further limits the City's ability to create debt. The Legal Debt Limitation is 10% of assessed value of property in the City. As of June 30, 2013, the total assessed value of real property in the City was \$49,781,837,828 which translates into a legal debt limit of \$4,978,183,783. The City's net obligations subject to this debt limit, as of June 30, 2013 totaled \$685,988,698 and represented 13.78% of this limit.

Ratio Description	Established Standard	FY13	FY12
Annual Debt Service to General Governmental Expenditures	No greater than 10.0%	8.4%	8.4%
Overall Net Debt to Estimated Full Value	No greater than 3.5%	2.0%	2.0%
Overall Net Debt Per Capita	No greater than \$2,800	\$2,172	\$2,244
Overall Net Debt Per Capita to Per Capita Personal Income	No greater than 6.5%	4.6%	4.8%

The City issued \$28.885M General Obligation bonds in FY-13. It also issued \$20.96M Public Facility Revenue bonds. In addition, the City issued \$33.795M General Obligation Refunding bonds, realizing \$3.9M in debt service savings through 2026. As a result of the ratings review process, all three major rating agencies, Standard & Poor's, Moody's Investors Service and Fitch Ratings, affirmed the City triple-A ratings on its general obligation bonds. The negative outlook previously assigned by Moody's was removed and revised to stable, concurrent with the United States Federal Government outlook revision to stable.

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 2013.

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

AWARDS AND RECOGNITION

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

4th place in **Top Ten U.S. Beach Destinations**, *SuccessfulMeetings.com*, October 2012; One of **America's 10 Hardest Working Cities**, *Forbes*, August 2013; **Fittest City in America**, *Facebook's Fittest Cities*, 2013; **2nd Most Business Friendly City in America**, *CNNMoney.com Report*, June 2013; **2nd Most Small-Business Friendly City**, *Governing Magazine*, April 2013; **6th Happiest City in the Country in Which to Work**, *Forbes*, January 2013; One of **America's 50 Best Cities**, *Bloomberg Businessweek*, September 2012; **9th Fittest City in America** for 2011, *American College of Sports Medicine*, 2011; **Top State in Which to Make a Living** in 2012, *MoneyRates.com*, 2012; **Best Run City in America 24/7**, *Wall Street Journal*, January 2012; **Gold Excellence in Economic Development Award**, *International Economic Development Council*, 2013; One of 29 **Accredited Economic Development Organizations in North America**, *International Economic Development Council*, 2012; **Best in High Tech** awarded to the Virginia Beach Convention Center, *Convene Magazine*, 2012; **Pinnacle Award for Excellence in Conference Centers** awarded to the Virginia Beach Convention and Visitors Bureau, *Successful Meetings Magazine*, 2012; **7th Healthiest City in America for Women**, *Women's Health Magazine*, January 2012; **2nd Best City in America for Raising a Family 24/7**, *Wall Street Journal*, January 2012; **7th Best Park Facilities**, *American Sports Medicine*, May 2013; **Best School District**, *Building Council's Center for Green Schools*, January 2013.

INDEPENDENT AUDIT

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

CERTIFICATE OF ACHIEVEMENT

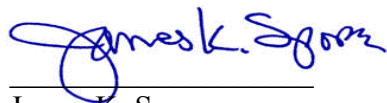
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2012, and the Distinguished Budget Presentation Award for the FY 2012 Resource Management Plan.

ACKNOWLEDGMENTS

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

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

Respectively,



James K. Spore
City Manager



Patricia A. Phillips
Director of Finance



Government Finance Officers Association

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

Presented to

**City of Virginia Beach
Virginia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

FINANCIAL SECTION

Report of Independent Auditor

The Honorable Members of the 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, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Virginia Beach Community Development Corporation, which represent 4.78% and 0.69% 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 they relate to the amounts included for the Virginia Beach Community Development Corporation, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards and specifications require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the individual and aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

As described in Note 10 to the financial statements, effective July 1, 2012, the City adopted the provisions of Governmental Accounting Standards Board Statements ("GASBS") No. 61 *The Financial Reporting Entity: Omnibus-an Amendment of GASB Statements No. 14 and No. 34*; No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*; and GASBS No. 65 *Items Previously Reported as Assets and Liabilities*. Our opinions are not modified with respect to this matter.

Fund Reclassification

As described in Note 10 to the financial statements, effective July 1, 2012, the City has reclassified the beginning balance of certain nonmajor special revenue funds. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2013, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Cherry Reheant" followed by "LLP". The signature is written in a cursive, flowing style.

Virginia Beach, Virginia
November 20, 2013



This Page Intentionally Left Blank

**MANAGEMENT'S
DISCUSSION AND ANALYSIS**

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Virginia Beach has put together this section to provide readers with a narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2013. 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.

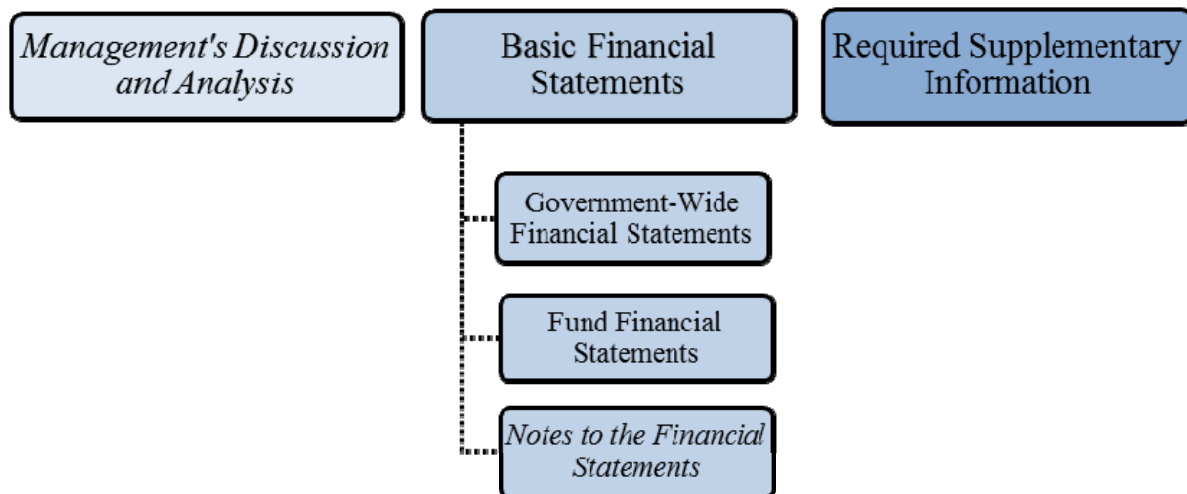
FINANCIAL HIGHLIGHTS

- ◇ At the end of the fiscal year, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$3.6 billion. This amount represents an increase of \$73.2 million, or 2.1%, over prior year's ending balance of \$3.5 billion (restated). A large part of the net position is invested in capital assets or is restricted for future debt service. The unrestricted net position totals \$226.5 million. Prior year balances were restated to reflect the presentation of the Development Authority as a blended component unit (Tables 1 and 2).
- ◇ Net position for governmental activities increased \$34.3 million. During the year, the \$1.2 billion generated in taxes and other revenues for governmental programs exceeded expenses by \$49.6 million (before transfers). This is better than the prior year, when revenues exceeded expenses by \$22.2 million.
- ◇ In the City's business-type activities, net position increased by \$38.9 million compared to prior year's increase of \$33.2 million.
- ◇ The City's governmental funds reported combined ending fund balances of \$535.4 million, a 7.4% decrease compared to prior year. Of the total fund balance, 7.7% is either nonspendable or restricted, 60.2% is committed (mainly for projects in the capital improvement program), and 32.1% remaining available for spending at the government's discretion (either assigned for specific purposes or unassigned).
- ◇ Governmental funds show increases in property taxes of \$15.8 million and \$8.5 million in other local taxes due to an increase in the real estate tax rate from \$0.89 to \$0.95 per \$100 of assessed valuation and improved performance in taxes for business license, hotel, and restaurant meals. Receipts from the Commonwealth and the federal government decreased by \$7.3 million and \$8.6 million, respectively.
- ◇ The general fund reported a decrease in fund balance of \$2.5 million. General fund revenues and other financing sources were higher than budget by \$0.9 million, while expenditures and other financing uses were \$50.7 million less than budget. Total general fund transfers to other funds include \$44.3 million to the debt service fund, \$29.4 million for the capital improvement program, \$14.8 million for the Waste Management special revenue fund, and \$14.9 million for the Sheriff's Department special revenue fund.
- ◇ The City maintained its AAA bond rating from Moody's Investor Services, Standard & Poor's, and Fitch Ratings. During this fiscal year, new debt issued by the City included \$22.9 million in General Obligation Public Improvement bonds, \$21.0 million in Public Facility Revenue bonds, and a \$6.0 million loan from the Virginia Resources Authority.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Figure 1: Components of the Financial Section



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

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

Government-Wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements, such as general statutes or the City's budget ordinance. The City's funds are divided into the following categories:

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

FINANCIAL ANALYSIS OF THE CITY AS WHOLE

Net Position

The statement of net position serves as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$3.6 billion at the close of the fiscal year. (Table 1.) The City's combined net position (the City's bottom line) increased by \$73.2 million over prior year's ending balance of \$3.5 billion (restated). Net position from governmental activities increased by \$34.3 million. Business-type activities resulted in an increase in net position of \$38.9 million.

The largest component of the City's net position (\$3.2 billion or 88.9%) is the investment in capital assets (e.g., land, buildings, machinery, and equipment), net of any outstanding related debt used to acquire those assets. The City uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Current year increase of \$94.6 million is mainly due to reductions in long term liabilities. Net investment in capital assets for business-type activities represents, in the most part, the assets of the water, sewer, and storm water utilities.

The City's unrestricted net position, which is used to finance day-to-day operations, totaled \$226.5 million down from \$244.9 million. Included in unrestricted net position for governmental activities are fund balances of the general fund and most special revenue funds that have been committed or assigned at the fund level.

Table 1
Statement of Net Position
(in Millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2013	2012*	2013	2012*	2013	2012*
Current and Other Assets	\$ 660.2	\$ 679.8	\$ 219.2	\$ 224.7	\$ 879.4	\$ 904.5
Capital Assets	3,198.2	3,151.2	1,018.1	997.7	4,216.3	4,148.9
Total Assets	3,858.4	3,831.0	1,237.3	1,222.4	5,095.7	5,053.4
Deferred Outflows of Resources	0.5	0.7	1.2	1.3	1.7	2.0
Long-Term Debt Outstanding	1,109.5	1,130.6	276.3	289.8	1,385.8	1,420.4
Other Liabilities	70.0	63.0	15.7	26.2	85.7	89.2
Total Liabilities	1,179.5	1,193.6	292.0	316.0	1,471.5	1,509.6
Deferred Inflows of Resources	7.0	-	0.3	0.4	7.3	0.4
Net Position						
Net Investment in Capital Assets	2,428.3	2,383.1	790.1	740.7	3,218.4	3,123.8
Restricted	40.8	43.6	132.9	133.1	173.7	176.7
Unrestricted	203.3	211.4	23.2	33.5	226.5	244.9
Total Net Position	\$ 2,672.4	\$ 2,638.1	\$ 946.2	\$ 907.3	\$ 3,618.6	\$ 3,545.4

* Balances were restated to reflect presentation of the Virginia Beach Development Authority as a blended component unit.

Capital assets total \$4.2 billion, net of accumulated depreciation, and include roads, bridges, parks, water and sewer facilities, land, other long-lived assets, and projects in the construction in progress program. Under the "tenancy in common" with the School Board, the City has included \$314.5 million of net book value of School Board property equal to the total outstanding principal balance of the "on behalf" debt at June 30, 2013. Capital assets increases resulted from additions to construction in progress for roadway projects, purchase of the 122-acre tract known as Pleasure House Point (to preserve wetlands and maritime forest), and the acquisition of several parcels of land purchased as part of the six-year program to protect the Oceana Naval Air Station from encroaching development (BRAC).

(continued)

Changes in Net Position

The City's net position increased by \$73.2 million during the current year as compared to the \$54.1 million increase in prior year. The following table summarizes the changes in net position:

Table 2
Changes in Net Position
(in Millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2013	2012*	2013	2012*	2013	2012*
Revenues:						
Program Revenues:						
Charges for Services	\$ 106.0	\$ 88.1	\$ 153.6	\$ 146.7	\$ 259.6	\$ 234.8
Operating Grants & Contributions	166.1	169.4	-	10.2	166.1	179.6
Capital Grants & Contributions	37.5	41.6	1.9	1.1	39.4	42.7
General Revenues:						
Property Taxes	552.0	537.8	-	-	552.0	537.8
Other Taxes	274.8	260.3	-	-	274.8	260.3
Other	74.2	70.0	0.7	7.3	74.9	77.3
Total Revenues	<u>1,210.6</u>	<u>1,167.2</u>	<u>156.2</u>	<u>165.3</u>	<u>1,366.8</u>	<u>1,332.5</u>
Expenses:						
Legislative	1.3	1.1	-	-	1.3	1.1
Executive	2.6	2.8	-	-	2.6	2.8
Law	3.7	3.7	-	-	3.7	3.7
Finance	18.0	17.8	-	-	18.0	17.8
Human Resources	9.9	9.1	-	-	9.9	9.1
Judicial	53.4	51.9	-	-	53.4	51.9
Health	2.9	2.9	-	-	2.9	2.9
Police	94.3	89.8	-	-	94.3	89.8
Human Services	108.9	112.3	-	-	108.9	112.3
Public Works	197.2	195.6	-	-	197.2	195.6
Parks & Recreation	44.5	42.6	-	-	44.5	42.6
Library	16.1	15.6	-	-	16.1	15.6
Planning	9.4	9.5	-	-	9.4	9.5
Agriculture	0.9	0.8	-	-	0.9	0.8
Economic Development	0.9	2.4	-	-	0.9	2.4
Convention & Visitor Bureau	24.3	25.2	-	-	24.3	25.2
Communication & Info. Tech. Technology	28.5	27.1	-	-	28.5	27.1
Emergency Communication & Citizen	8.6	8.6	-	-	8.6	8.6
Boards and Commissions	28.2	30.8	-	-	28.2	30.8
Fire	49.3	48.6	-	-	49.3	48.6
Management Services	1.6	1.5	-	-	1.6	1.5
Education	371.8	346.3	-	-	371.8	346.3
Housing & Neighborhood Preservation	27.1	25.1	-	-	27.1	25.1
Museums	9.6	9.5	-	-	9.6	9.5
Emergency Medical Services	8.9	8.7	-	-	8.9	8.7
Strategic Growth Area	0.9	1.0	-	-	0.9	1.0
General Government	2.7	6.7	-	-	2.7	6.7
Water & Sewer	-	-	103.1	102.3	103.1	102.3
Storm Water	-	-	16.6	15.4	16.6	15.4
Development Authority	-	-	11.2	13.7	11.2	13.7
Parking	-	-	1.7	2.0	1.7	2.0
Interest on Long-Term Debt	35.5	48.0	-	-	35.5	48.0
Total Expenses	<u>1,161.0</u>	<u>1,145.0</u>	<u>132.6</u>	<u>133.4</u>	<u>1,293.6</u>	<u>1,278.4</u>
Excess (Deficiency) Before Transfers	49.6	22.2	23.6	31.9	73.2	54.1
Transfers	(15.3)	(1.3)	15.3	1.3	-	-
Change in Net Position	34.3	20.9	38.9	33.2	73.2	54.1
Net Position – Beginning (Restated)	2,638.1	2,617.2	907.3	874.1	3,545.4	3,491.3
Net Position – Ending	<u>\$ 2,672.4</u>	<u>\$ 2,638.1</u>	<u>\$ 946.2</u>	<u>\$ 907.3</u>	<u>\$ 3,618.6</u>	<u>\$ 3,545.4</u>

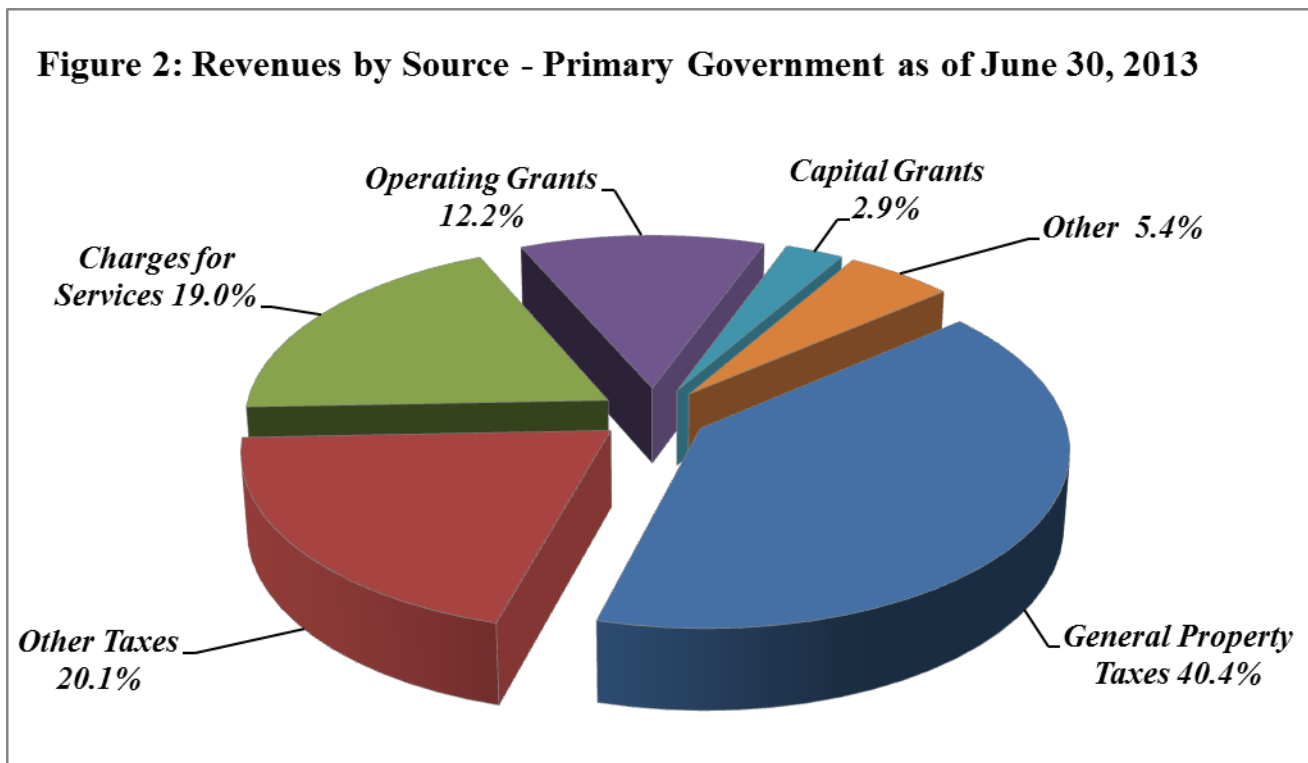
* Balances were restated to reflect presentation of the Virginia Beach Development Authority as a blended component unit.

(continued)

Revenues

The City's total revenues were \$1,366.8 million, a \$34.3 million or 2.6% increase over prior year. Increases in the real estate tax rate, sewer charges, storm water fees, and waste collection fees account for this change. The largest revenue sources for the City are property taxes at 40.4%, other taxes (e.g. sales, utility, business license, meal, and lodging) at 20.1%, and charges for services at 19.0%. Capital and operating grants and contributions, 15.1% of revenues, show a decline of \$16.8 million (1.7%) from prior year due to lower reimbursements for various transportation projects and social services programs.

Figure 2: Revenues by Source - Primary Government as of June 30, 2013



Program revenues are derived from the program itself and reduce the cost of the function of the City. For governmental activities, total program revenues were \$309.6 million, an increase of \$10.5 million from prior year. General revenues, all other revenues besides program revenues, totaled \$901.0 million. This represents an increase of \$32.9 million over prior year, mainly the result of an increase in property tax revenue. For the current fiscal year, the City increased its real estate tax rate, from \$0.89 to \$0.95 per \$100 of assessed valuation, to offset both the loss of real estate tax revenue (due to decreased assessments of 3.6%.) and the loss of state funding for education and road construction. The tax rate on personal property of \$3.70 per \$100 of assessed valuation remained unchanged.

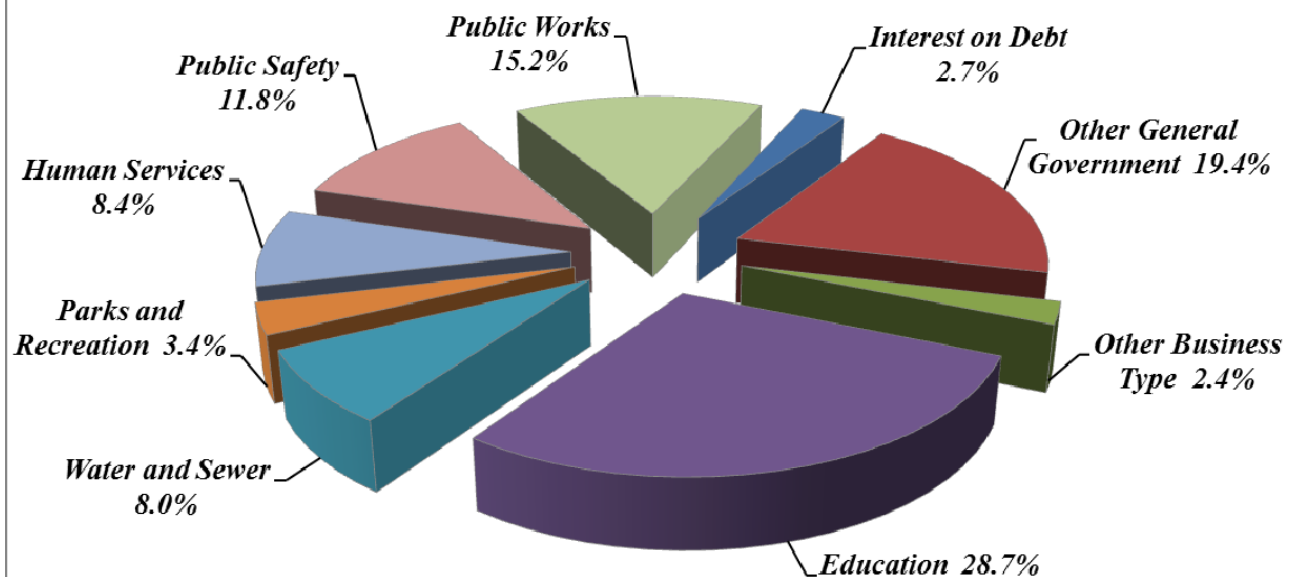
Business-type activities generated program and general revenues of \$156.2 million, primarily from charges for services (\$153.6 million).

Expenses

Total cost of all programs and services was \$1,293.6 million, a \$15.2 million or 1.2% increase over prior year. The City's expenses cover a range of services, which include education at 28.7%, public safety (police, fire, and emergency medical services) at 11.8%, and public works at 15.2%.

Expenses for governmental activities totaled \$1,161.0 million, an increase of \$16.0 million, primarily due to additional City support towards education. Other general government operating departments experienced only slight variations in spending over the previous fiscal year.

Figure 3: Expenses - Primary Government as of June 30, 2013



Education continues to be one of the City's highest priorities and commitments. The City's funding for education totaled \$371.8 million (net of the adjustment to account for the tenancy in common legislation) and it represents 48.0% of the total School's revenues. The City's expenses towards education increased by 7.4% from prior year.

Expenses for the City's business-type activities totaled \$132.6 million, and includes expenses related to water, sewer, and storm water utility services as well as parking operations and economic development.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

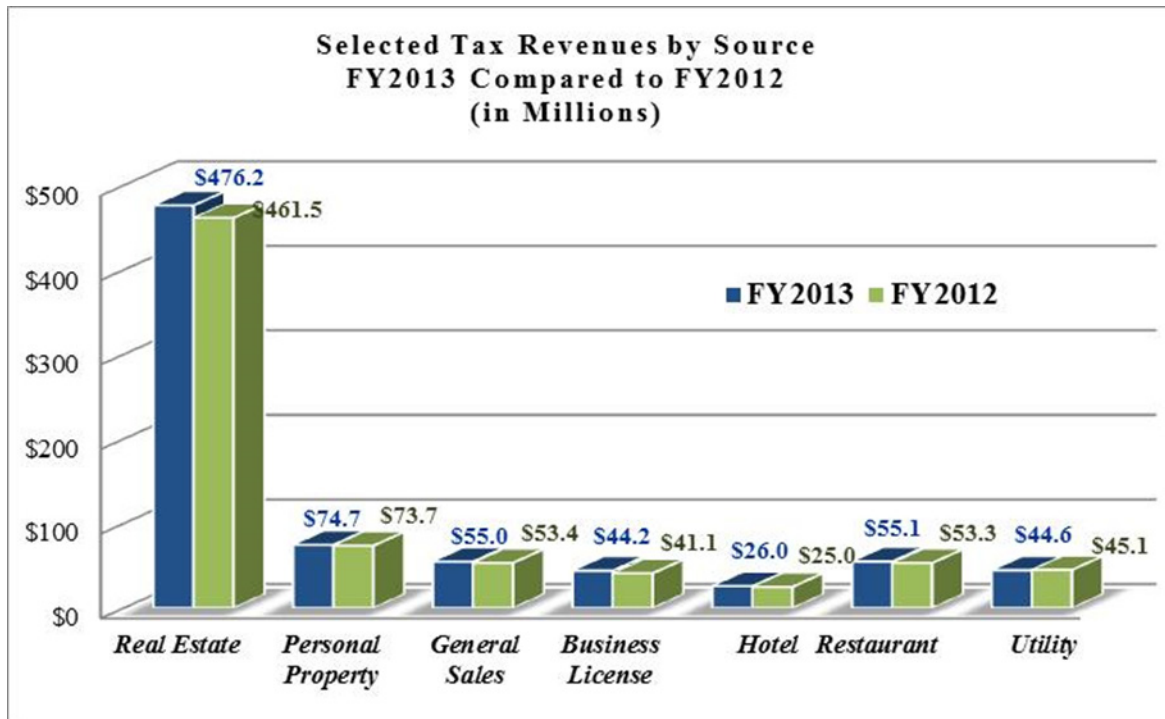
Governmental funds - The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure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

- ◆ \$0.6 million or 0.1% is considered to be nonspendable, as it is the City's investment in inventories.
- ◆ \$40.9 million or 7.6% is restricted, which can be spent only for the specific purposes stipulated by external providers, such as grantors or restricted through legislation. This amount includes debt service costs (\$25.5 million); federal and state grants in housing programs (\$6.9 million) and other City programs (\$3.4 million), seized forfeited assets (\$3.7 million); and special service districts (\$1.4 million).
- ◆ \$322.2 million or 60.2% is committed, which can only be used only for the specific purposes imposed by the formal action of City Council. Included in committed fund balance is the funding for the capital improvement program (\$252.7 million), parks and recreation activities (\$18.1 million), education (\$14.6 million), and tax increment financing (\$12.7 million).
- ◆ \$69.4 million or 13.0% is assigned, which applies to amounts that are intended for specific purposes but do not meet the criteria to be classified as restricted or committed. The assigned amounts include \$24.5 million to be used in next year's capital program, \$21.9 million for education, and \$9.9 million to offset any economic effects from future federal budget cuts (sequestration).
- ◆ \$102.4 million or 19.1% is unassigned, which is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. The City's policy is to maintain an unassigned fund balance between 8% and 12% of the succeeding year's budgeted revenues. This amount represents 10.4% of next fiscal year's revenues, and is within policy.

Ending fund balance for the governmental funds was \$535.4 million, a decrease of \$43.0 million from prior fiscal year. This change is primarily due to the \$43.9 million decrease in fund balance for the capital projects' fund. Factors for this change include a one-time transfer of \$14.1 million to the storm water fund and decreases in federal and state funding for transportation projects (\$24.4 million received in current year compared to \$34.4 million received in prior year).

Changes in the fund balances for the general fund (decrease of \$2.5 million) and other governmental funds (increase of \$3.4 million) were due to increases in taxes and fees and to the successful efforts of City departments in managing their budgets and promoting city-wide efficiencies in anticipation of future reductions for next year's operating budgets and to offset further federal and state funding reductions. Items to be noted include:

- ◆ Real estate taxes of \$476.2 million increased by \$14.7 million from prior year. As mentioned earlier, City Council approved an increase in the real estate tax rate, from \$0.89 to \$0.95 per \$100 of assessed valuation, to offset both the loss of real estate tax revenue (due to decreased assessments of 3.4%.) and the loss of state funding for education and road construction. The tax rate on personal property of \$3.70 per \$100 of assessed valuation remained unchanged and its total revenue is virtually the same as prior year. The personal property tax rate has not been changed since 1982. The City continues to receive PPTRA (personal property tax relief program) reimbursements from the state of \$53.4 million, which are reported as state revenues.
- ◆ Other Taxes revenue category, which includes taxes on general sales, utility purchases, cigarettes, hotel rooms, restaurant meal, amusement, business licenses, deeds, wills, and automobile licenses totaled \$270.1 million. This represents an \$8.5 million increase over the previous year. Collections for hotel taxes (\$26.0 million) and restaurant meal taxes (\$55.1 million) were the highest on record.



- ◆ Federal and state funding totaling \$240.6 million decreased by \$15.9 million from prior year.
- ◆ A new waste management special revenue fund was established to account for the annual operating expenses for the waste management functions, including recycling activities, waste collection, and disposal at the landfill. The fees related to this service were originally instituted in prior fiscal year in the general fund.
- ◆ Fund balances of the special revenue funds had a net increase of \$4.6 million. Most of the increases were in Parks and Recreation (\$4.1 million), Waste Management (\$2.9 million), Central Business District (\$2.5 million); and decreases in the Sheriff's Department (\$1.4 million), and Tourism Investment Program (\$2.1 million). The Inmate and Sheriff's Department special revenue funds merged.
- ◆ The capital projects fund reported \$157.9 million in expenditures. Revenues received in this fund from the federal and state governments were \$11.5 million and \$12.9 million, respectively, which were mostly in support of transportation projects. General Obligation Public Improvement and Public Facility Revenue bonds totaling \$49.8 million were issued in support of general government capital projects. The capital projects fund received cash funding totaling \$40.4 million from the general fund and other special revenue funds.

Major capital projects expenditures were incurred for road projects to raise the traffic capacity of intersections such as Princess Anne Road (\$10.0 million) and Nimmo Parkway (\$7.1 million); for projects to provide physical enhancements for future economic development in the resort area, such as the Laskin Road Gateway (\$9.0 million); and for the acquisition of several parcels of land purchased as part of the six-year program to protect the Oceana Naval Air Station from encroaching development (\$10.9 million).

Proprietary funds - The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The major enterprise funds are the water and sewer, storm water, and development authority funds. The ending net position for the proprietary funds totals \$953.5 million. Notable items are as follows:

- ◆ The water and sewer fund's net position increased by \$14.2 million, continuing to reflect strong financial management. Revenue increases of \$5.2 million reflect a 5.0% increase in the sewer rate.

- ♦ The net position for the storm water fund increased by \$32.1 million. The increase was due to a 15.8% increase in the storm water equivalent residential unit rate and a \$14.0 million transfer from the governmental funds. The rate increase will provide funding to continue addressing backlogs in the areas of flood control and water quality over the next several years.
- ♦ The proprietary total net position includes \$50.5 million in net position for the Development Authority Enterprise fund, which is presented as a blended component unit for the first time.
- ♦ Parking business activity remained stable with no significant changes.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

- ♦ General fund departments continue to manage their budgets and expended \$50.7 million less than appropriated.
- ♦ The general fund has a planned use of fund balance for one time commitments, \$3.1 million for school operations and \$24.5 million for the capital projects fund.
- ♦ Final budget amounts were often greater than original amounts due to the re-appropriation of prior year encumbrances which were completed in current fiscal year. At year-end, only Communication and Information Technology had a significant encumbrance (\$1.7 million) for annual maintenance contracts and future programs.
- ♦ Significant positive variances were the result of the following:
 - Human Services (\$7.2 million or 6.7%) - actual lower costs for several program areas with Child Care being the largest.
 - Library (\$2.3 million or 12.5%) - lower spending due to delay in the opening of the Tidewater Community College and the City's joint use library by 8 months from originally planned.
 - Communication and Information Technology (\$2.7 million or 11.0%) - Savings of \$1.0 million was due to vacancies resulting from employee retirements and turnover. Delays in starting technology projects resulted in \$1.6 million in purchases of computers and contractual services to be deferred until following year.
 - Education (\$18.8 million or 5.3%) - unexpended general fund funding which was returned at year-end.
- ♦ At the end of the fiscal year, unassigned fund balance for the general fund was \$102.4 million or 10.4% of next fiscal year's revenues, and is within City policy.

CAPITAL ASSETS

During the current fiscal year, the City's investment in capital assets increased by \$67.4 million, or 1.6%, to a total of \$4,216.3 million (Table 3). This investment includes a broad range of capital assets (e.g. land, equipment, buildings, park facilities, roads, bridges, water and sewer lines, and construction in progress).

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

- ♦ Laskin Road Gateway Phase 1A (\$37.9 million). This project provided streetscape (physical enhancements to attract and retain businesses and customers) and improvements to the water and sewer infrastructure in the oceanfront resort area.
- ♦ Witchduck Road Phase I (\$23.9 million). This project provided a six-lane divided roadway on a 170 foot right of way from Princess Anne Road to I-264. Funding included \$21.7 million in federal and state contributions.

- ♦ Communication infrastructure replacement (\$23.9 million). This projects replaced various safety communication infrastructure equipment associated with receiving, dispatching transponding, and answering public safety calls.
- ♦ Computerized traffic signal system upgrades (\$20.2 million). Funding included \$14.8 million in federal contributions.
- ♦ Williams Farm Recreation Center (\$20.1 million). This is a new 70,993 square foot, Silver LEED-certified recreation center.
- ♦ Various sanitary sewer pump stations rehabilitation (\$69.0 million).
- ♦ Various storm water infrastructure rehabilitation (\$51.6 million) .

The fiscal year 2013-2018 Capital Improvement Program (CIP) adopted by City Council in May 2012, established a six year program totaling \$2.6 billion. The program provides scheduled funding for the construction of projects for roadways (\$623.3 million); general government (\$936.1 million) such as acquisition of major equipment and computer systems, buildings, parks and recreation, and economic development; schools (\$449.2 million); water and sewer (\$329.1 million); and storm water (\$232.6 million).

Current year expenditures for construction in progress projects were \$157.9 million for general government, \$27.2 million for water and sewer, and \$15.5 million for storm water projects. Major expenditures include funding to acquire several parcels of land as part of the six-year program to protect the Oceana Naval Air Station from encroaching development (\$10.9 million), purchase of the 122-acre tract known as Pleasure House Point to preserve wetlands and maritime forest (\$11.5 million), improvements for the intersection of Princess Anne and Kempsville roads (\$6.8 million), and the Laskin Road Gateway Phase 1-A (\$9.0 million).

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

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2013	2012*	2013	2012*	2013	2012*
Non-Depreciable Assets:						
Land	\$ 962.2	\$ 893.1	\$ 165.2	\$ 165.1	\$ 1,127.4	\$ 1,058.2
Agriculture Reserve Program	41.2	38.8	-	-	41.2	38.8
Construction in Progress	101.0	326.6	17.0	170.5	118.0	497.1
Other Capital Assets:						
Infrastructure	2,030.8	1,879.7	-	-	2,030.8	1,879.7
Buildings	1,032.6	975.3	105.2	105.2	1,137.8	1,080.5
Machinery and Equipment	249.9	195.6	34.5	31.2	284.4	226.8
Utility System	-	-	1,158.9	965.3	1,158.9	965.3
Improvements	277.3	248.8	1.5	1.5	278.8	250.3
Less: Accumulated Depreciation	(1,496.8)	(1,406.7)	(464.2)	(441.1)	(1,961.0)	(1,847.8)
Totals	<u>\$ 3,198.2</u>	<u>\$ 3,151.2</u>	<u>\$ 1,018.1</u>	<u>\$ 997.7</u>	<u>\$ 4,216.3</u>	<u>\$ 4,148.9</u>

* Balances were restated to reflect presentation of the Virginia Beach Development Authority as a blended component unit.

LONG TERM DEBT

At the end of the current fiscal year, the City had \$1,204.7 million in bonds and notes outstanding and \$181.1 million in other liabilities for a total of \$1,385.8 in long term liabilities (Table 4).

The state constitution limits the amount of general obligation debt a governmental entity may issue to 10% of the total assessed value of real property. At the end of the fiscal year, the City's assessed value of real property was \$49.8 billion, which makes the City's debt less than the current debt limitation of \$5.0 billion.

For the fourth year in a row, the City obtained the highest possible bond rating of Triple-A from the three major ratings agencies, Fitch, Moody's and Standard & Poor's. Continuing to benefit from these outstanding credit ratings, the City was able to obtain an extremely low interest rate of 2.58% when it issued \$22.9 million in new general obligation public improvement bonds. The bonds proceeds were to support the construction of the new Kellam High School. The City also refinanced \$33.8 million in general obligation improvement bonds generating a debt service savings of \$3.9 million over 14 years. The City also issued \$21.0 million in Public Facility Revenue bonds to fund several capital projects such as construction of a 24,500 square foot fire and rescue station at Town Center; modernization of the Bow Creek community recreation center, improvements to the Laskin Road Gateway, acquisition of property and replacement of public infrastructure supporting strategic growth area plans at Burton Station Village, Newtown, and Wesleyan Drive, improvements to reduce energy costs in school buildings, and other various projects. The City obtained a \$6.0 million low interest rate loan from Virginia Resources Authority to finance the purchase of the 122-acre tract known as Pleasure House Point (to preserve wetlands and maritime forest).

Estimated claims and judgments reflect estimated unpaid losses and ALAE (allocated loss adjustment expenses) as of the end of the year. The projected liability by line of business consists of 91.8% for workers compensation, 3.7% for general liability, and 4.5% for automobile liability. Landfill closure and post-closure care liability increased during the year as the result of the settlement agreement between the City and Southeastern Public Service Authority (SPSA) of Virginia. At the end of the year, the liability became solely the responsibility of the City pursuant to the settlement where the City agreed to accept \$9.5 million as payment in full for SPSA's current and future liability related to the closure and post-closure costs incurred for the landfill.

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

Table 4
Long Term Liabilities
(in Millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2013	2012*	2013	2012*	2013	2012*
General Obligation Bond	\$ 640.5	\$ 672.1	\$ 0.2	\$ 0.5	\$ 640.7	\$ 672.6
Public Facility Revenue Bonds	251.6	246.7	75.6	79.9	327.2	326.6
Revenue Bonds	-	-	190.4	198.6	190.4	198.6
State Literary Fund Loans	4.1	4.8	-	-	4.1	4.8
Agriculture Reserve Program	41.2	38.8	-	-	41.2	38.8
Williams Farm Property	0.2	0.6	-	-	0.2	0.6
Revenue Note	-	-	0.9	1.3	0.9	1.3
Sub-total	937.6	963.0	267.1	280.3	1,204.7	1,243.3
Other Long-Term Liabilities:						
Premium/Discount on Bonds Sold	78.4	89.8	5.6	6.0	84.0	95.8
Accrued Compensated Leave	41.2	41.0	3.6	3.5	44.8	44.5
Estimated Claims & Judgments	25.5	23.6	-	-	25.5	23.6
Landfill Closure & Post-closure Care	26.8	13.2	-	-	26.8	13.2
Totals	<u>\$ 1,109.5</u>	<u>\$ 1,130.6</u>	<u>\$ 276.3</u>	<u>\$ 289.8</u>	<u>\$ 1,385.8</u>	<u>\$ 1,420.4</u>

* Balances were restated to reflect presentation of the Virginia Beach Development Authority as a blended component unit.

(continued)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City's strong financial management and conservative budgeting practices allow the City to continue its commitment to the citizens of Virginia Beach despite challenging economic times. In August 2013, the *unemployment rate* was 5.2% for Virginia Beach, 5.6% for the state, and 7.3% for the U.S. These rates are lower than they were the previous year.

The *per capita income* for Virginia Beach was \$46,799 in 2011 (most recent information available), which was 1.0% greater than the per capita income for the state at \$46,107, and 12.6% greater than the nation's at \$41,560 (U.S. Bureau of Economic Analysis). The Virginia Beach *median household income* in 2012 decreased 4.6% to \$61,626 from 2011; however, it is greater than the national median household income by 20.0%.

Retail sales in Virginia Beach increased 4.0% in 2012, and sales in the first six months of 2013 were up 1.7% over the first six months of 2012. Consumer confidence index climbed 6.0% in the last twelve months to 75.5 in June 2013.

Tourism is a major industry for the City of Virginia Beach. Virginia Beach achieved another record year for tourism and has seen increases every year since 2009, despite sequestration and the declines in the national economy during the previous few years. Hotel sales for the fiscal year were the highest on record and restaurant sales were the highest of the last seven years. For the last three years, Virginia Beach has increased the number of jobs supported by tourism.

The City's budget for the 2013-14 fiscal year include the following significant factors:

- ◆ For City and Schools combined, revenues for 2013-14 are projected to increase 0.65% compared to the adjusted 2012-13 operating budget. Of the total budget of \$1,780.4 million budget, \$940.9 million is allocated to support City programs and \$839.5 million is used to support School programs.
- ◆ The adopted general fund budget for 2013-14 of \$985.0 million is virtually the same as the adopted 2012-13 budget. The primary revenue, property taxes is budgeted at \$565.7 million compared to \$571.4 million in prior year. For the 2013-14 budget year, Council decreased the real estate tax rate from \$0.95 to \$0.93 per \$100 assessed value.
- ◆ The 2013-14 budget reduces the sequestration reserve by \$1.9 million, increases cigarette tax from \$0.65 to \$0.70 per pack to support economic development programs, increases the waste management fee to \$21.36 per month, and reflects previously approved increases for storm water (\$0.05 per equivalent residential unit or 13.7%) and sanitary sewer rate increases (\$2.90 per month or 11.7%).

REQUEST FOR INFORMATION

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



This Page Intentionally Left Blank

BASIC FINANCIAL STATEMENTS

CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF NET POSITION
JUNE 30, 2013

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	Community Development Corporation
<u>ASSETS</u>					
Cash and Investments	\$ 184,598,234	\$ 109,430,334	\$ 294,028,568	\$ 114,367,676	\$ 1,447,756
Restricted Cash & Cash Equivalents	331,355,416	69,551,989	400,907,405	-	-
Receivables (net)	53,675,925	25,338,392	79,014,317	818,376	2,695,948
Due from Other Governments	79,743,111	79,140	79,822,251	24,443,676	5,300
Internal Balances	9,011,623	(9,011,623)	-	-	-
Inventories	1,398,372	2,295,683	3,694,055	1,127,250	1,575,300
Other Assets	458,743	-	458,743	778,659	1,128,756
Land Held for Resale	-	21,510,309	21,510,309	-	-
Capital assets (net of accumulated depreciation):					
Land and Improvements	1,003,423,523	165,181,951	1,168,605,474	39,670,603	7,402,602
Buildings and Improvements	809,942,951	80,012,064	889,955,015	392,383,415	18,102,603
Improvements other than Buildings	209,265,728	952,536	210,218,264	-	-
Machinery and Equipment	89,910,788	8,424,661	98,335,449	-	47,354
Infrastructure	984,621,216	746,526,182	1,731,147,398	-	-
Construction in Progress	101,004,841	16,995,523	118,000,364	71,559,129	-
Total Capital Assets	\$ 3,198,169,047	\$ 1,018,092,917	\$ 4,216,261,964	\$ 503,613,147	\$ 25,552,559
Total Assets	\$ 3,858,410,471	\$ 1,237,287,141	\$ 5,095,697,612	\$ 645,148,784	\$ 32,405,619
<u>DEFERRED OUTFLOWS OF RESOURCES</u>					
Debt refundings resulting in loss transactions	\$ 463,628	\$ 1,186,879	\$ 1,650,507	\$ -	\$ -
<u>LIABILITIES</u>					
Accounts Payable	\$ 53,785,175	\$ 11,043,387	\$ 64,828,562	\$ 16,627,303	\$ 82,765
Accrued Liabilities	15,623,261	4,636,307	20,259,568	62,925,836	124,365
Due to Other Governments	465,983	-	465,983	106,934	-
Long-term Liabilities:					
Due Within One Year	114,722,370	17,202,117	131,924,487	20,345,265	949,754
Due in More Than One Year	994,804,496	259,048,135	1,253,852,631	15,793,392	15,157,183
Total Liabilities	\$ 1,179,401,285	\$ 291,929,946	\$ 1,471,331,231	\$ 115,798,730	\$ 16,314,067
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Debt refundings resulting in gain transactions	\$ 7,033,501	\$ 349,967	\$ 7,383,468	\$ -	\$ -
<u>NET POSITION</u>					
Net Investment in Capital Assets	\$ 2,428,253,890	\$ 790,083,898	\$ 3,218,337,788	\$ 503,613,147	\$ 11,055,616
Restricted for:					
Future Debt Service	25,490,892	21,072,328	46,563,220	-	-
Special Projects	15,434,364	-	15,434,364	20,931,172	-
Water and Sewer Fund Operations	-	98,252,503	98,252,503	-	-
Storm Water Fund Operations	-	13,526,562	13,526,562	-	-
Unrestricted	203,260,167	23,258,816	226,518,983	4,805,735	5,035,936
Total Net Position	\$ 2,672,439,313	\$ 946,194,107	\$ 3,618,633,420	\$ 529,350,054	\$ 16,091,552

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, 2013**

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
Legislative	\$ 1,273,769	\$ -	\$ -	\$ -
Executive	2,596,006	52,400	-	3,500
Law	3,679,233	-	-	-
Finance	18,015,281	266,190	1,362,395	-
Human Resources	9,916,732	-	-	-
Judicial	53,427,866	3,688,139	23,492,411	-
Health	2,871,475	38,107	5,633	-
Police	94,306,684	3,747,317	1,125,161	-
Human Services	108,913,384	23,782,371	52,977,070	1,610,464
Public Works	197,205,942	30,845,235	37,420,679	11,368,758
Parks & Recreation	44,461,864	14,891,219	4,772,851	-
Library	16,135,167	728,317	426,470	-
Planning	9,390,272	4,432,198	79,787	-
Agriculture	882,778	52,893	298,300	-
Economic Development	942,848	-	2,500,000	-
Convention & Visitor Development	24,259,211	5,437,203	-	-
Communications & Information Technology	28,524,903	184,907	-	-
Emergency Communications and Citizen Services	8,585,726	-	-	-
Boards and Commissions	28,150,540	4,676	110,696	-
Fire	49,299,627	414,091	2,812,906	-
Management Services	1,600,743	-	-	-
Education	371,831,366	-	-	-
Housing & Neighborhood Preservation	27,094,230	1,831,674	21,664,916	-
Museums	9,557,237	8,073,443	987,547	-
Emergency Medical Services	8,911,501	5,703	505,011	-
Strategic Growth Area	940,819	-	-	-
General Government	2,785,087	7,535,955	15,607,339	24,519,764
Interest and Fiscal Charges	35,483,724	-	-	-
Total Governmental Activities	<u>1,161,044,015</u>	<u>106,012,038</u>	<u>166,149,172</u>	<u>37,502,486</u>
Business-type Activities:				
Water and Sewer	103,110,267	115,160,670	-	1,669,877
Stormwater	16,592,160	32,721,540	-	275,815
Development Authority	11,210,520	2,630,055	-	-
Parking	1,668,933	3,134,711	-	-
Total Business-type Activities	<u>132,581,880</u>	<u>153,646,976</u>	<u>-</u>	<u>1,945,692</u>
Total Primary Government	<u>\$ 1,293,625,895</u>	<u>\$ 259,659,014</u>	<u>\$ 166,149,172</u>	<u>\$ 39,448,178</u>
Component Units:				
Virginia Beach Community Development Corporation	\$ 4,528,606	\$ 2,823,404	\$ 2,202,645	\$ -
Virginia Beach School Board	784,529,618	15,980,680	134,612,328	-
Total Component Units	<u>\$ 789,058,224</u>	<u>\$ 18,804,084</u>	<u>\$ 136,814,973</u>	<u>\$ -</u>
General Revenues:				
Taxes:				
General Property Taxes - Real Estate and Personal Property				
Sales				
Utility				
Business Licenses				
Meal				
City Tax on Deeds and Wills				
Cigarette				
Automobile Licenses				
Amusement				
Lodging				
Franchise, Bank Stock and Transient Occupancy				
Total City Taxes				
Payment from City of Virginia Beach				
Grants and contributions not restricted to specific programs				
Investment earnings				
Miscellaneous				
Transfers				
Total General Revenues and Transfers				
Change in Net Position				
Net Position - Beginning - Restated				
Net Position - Ending				

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

**CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013**

Net (Expenses) Revenues and Changes in Net Position				
Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	School Board	Community Development Corporation
\$ (1,273,769)	\$ -	\$ (1,273,769)	\$ -	\$ -
(2,540,106)	-	(2,540,106)	-	-
(3,679,233)	-	(3,679,233)	-	-
(16,386,696)	-	(16,386,696)	-	-
(9,916,732)	-	(9,916,732)	-	-
(26,247,316)	-	(26,247,316)	-	-
(2,827,735)	-	(2,827,735)	-	-
(89,434,206)	-	(89,434,206)	-	-
(30,543,479)	-	(30,543,479)	-	-
(117,571,270)	-	(117,571,270)	-	-
(24,797,794)	-	(24,797,794)	-	-
(14,980,380)	-	(14,980,380)	-	-
(4,878,287)	-	(4,878,287)	-	-
(531,585)	-	(531,585)	-	-
1,557,152	-	1,557,152	-	-
(18,822,008)	-	(18,822,008)	-	-
(28,339,996)	-	(28,339,996)	-	-
(8,585,726)	-	(8,585,726)	-	-
(28,035,168)	-	(28,035,168)	-	-
(46,072,630)	-	(46,072,630)	-	-
(1,600,743)	-	(1,600,743)	-	-
(371,831,366)	-	(371,831,366)	-	-
(3,597,640)	-	(3,597,640)	-	-
(496,247)	-	(496,247)	-	-
(8,400,787)	-	(8,400,787)	-	-
(940,819)	-	(940,819)	-	-
44,877,971	-	44,877,971	-	-
(35,483,724)	-	(35,483,724)	-	-
(851,380,319)	-	(851,380,319)	-	-
-	13,720,280	13,720,280	-	-
-	16,405,195	16,405,195	-	-
-	(8,580,465)	(8,580,465)	-	-
-	1,465,778	1,465,778	-	-
-	23,010,788	23,010,788	-	-
<u>\$ (851,380,319)</u>	<u>\$ 23,010,788</u>	<u>\$ (828,369,531)</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ 497,443
-	-	-	(633,936,610)	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (633,936,610)</u>	<u>\$ 497,443</u>
\$ 551,950,361	\$ -	\$ 551,950,361	\$ -	\$ -
55,995,114	-	55,995,114	-	-
46,635,170	-	46,635,170	-	-
44,671,818	-	44,671,818	-	-
55,296,252	-	55,296,252	-	-
7,530,469	-	7,530,469	-	-
11,748,003	-	11,748,003	-	-
10,278,790	-	10,278,790	-	-
5,365,290	-	5,365,290	-	-
26,265,622	-	26,265,622	-	-
11,049,732	-	11,049,732	-	-
826,786,621	-	826,786,621	-	-
-	-	-	368,549,606	-
53,412,868	-	53,412,868	255,033,462	-
199,920	586,174	786,094	137,633	60,547
20,533,875	-	20,533,875	655,856	306,989
(15,258,704)	15,258,704	-	-	-
885,674,580	15,844,878	901,519,458	624,376,557	367,536
34,294,261	38,855,666	73,149,927	(9,560,053)	864,979
2,638,145,052	907,338,441	3,545,483,493	538,910,107	15,226,573
<u>\$ 2,672,439,313</u>	<u>\$ 946,194,107</u>	<u>\$ 3,618,633,420</u>	<u>\$ 529,350,054</u>	<u>\$ 16,091,552</u>

**CITY OF VIRGINIA BEACH, VIRGINIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013**

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>				
Cash and Investments	\$ 119,869,563	\$ -	\$ 41,868,654	\$ 161,738,217
Cash and Investments - Restricted	14,616,865	274,345,165	42,393,386	331,355,416
Cash Advances	278,045	-	-	278,045
Receivables (net of allowance for uncollectibles, where applicable):				
Property Tax	27,923,410	-	-	27,923,410
Accounts	2,778,876	-	5,109,922	7,888,798
Loans	4,693,695	-	6,432,569	11,126,264
Due from:				
Other Funds	1,570,452	-	-	1,570,452
Other Governments	69,177,022	4,854,161	5,711,928	79,743,111
Inventories	581,099	-	-	581,099
Total Assets	<u>\$ 241,489,027</u>	<u>\$ 279,199,326</u>	<u>\$ 101,516,459</u>	<u>\$ 622,204,812</u>
<u>LIABILITIES</u>				
Vouchers and Accounts Payable	\$ 20,048,971	\$ 26,505,874	\$ 5,658,143	\$ 52,212,988
Deposits Payable	3,416,177	-	-	3,416,177
Due to Other Funds	-	-	1,570,452	1,570,452
Intergovernmental Payables	430,722	35,261	-	465,983
Unearned Revenue	-	-	202,763	202,763
Total Liabilities	<u>\$ 23,895,870</u>	<u>\$ 26,541,135</u>	<u>\$ 7,431,358</u>	<u>\$ 57,868,363</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable Revenue - Property Taxes	<u>\$ 28,920,095</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,920,095</u>
<u>FUND BALANCES</u>				
Nonspendable:				
Inventories	\$ 581,099	\$ -	\$ -	\$ 581,099
Restricted for:				
Special Revenue Funds	-	-	14,541,663	14,541,663
Debt Service	-	-	25,490,892	25,490,892
Comprehensive Services Act	892,701	-	-	892,701
Committed to:				
Education	14,616,865	-	-	14,616,865
Loans Receivable	4,693,695	-	-	4,693,695
Special Revenue Funds	-	-	50,210,648	50,210,648
Capital Improvement Program:				
Engineering and Highways	-	59,088,055	-	59,088,055
Buildings	-	11,341,591	-	11,341,591
Parks and Recreation	-	26,348,133	-	26,348,133
Coastal	-	1,024,962	-	1,024,962
Economic and Tourism	-	28,591,195	-	28,591,195
General Government	-	126,264,255	-	126,264,255
Assigned to:				
Communications & Information Technology	1,607,960	-	-	1,607,960
Education	21,948,500	-	-	21,948,500
General Government	32,104,449	-	-	32,104,449
Sequestration	9,864,000	-	-	9,864,000
Special Revenue Funds	-	-	3,841,898	3,841,898
Unassigned	102,363,793	-	-	102,363,793
Total Fund Balances	<u>\$ 188,673,062</u>	<u>\$ 252,658,191</u>	<u>\$ 94,085,101</u>	<u>\$ 535,416,354</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 241,489,027</u>	<u>\$ 279,199,326</u>	<u>\$ 101,516,459</u>	<u>\$ 622,204,812</u>

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

**CITY OF VIRGINIA BEACH, VIRGINIA
RECONCILIATION OF BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2013**

Total Fund Balances - Governmental funds (Exhibit 3)	\$	535,416,354
--	----	-------------

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds.		3,196,827,226
Other long-term assets are not available to pay for current period expenditures and therefore are offset by unearned revenue in the governmental funds.		46,590,883
Deferred Inflows and Outflows of Resources used to reflect deferred gains and losses on debt refunding bonds are not reported in the governmental funds.		(6,547,808)
Internal Service Funds are used by management to charge the costs of printing services, risk management, information technology, and city garage to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position. (Exhibit 1)		(2,669,092)
Services provided by the general government to business-type activities are not included in the entity-wide statements. The elimination decreases net position.		(2,232,726)
Internal service fund amounts payable to the general government are eliminated from the Statement of Net Position. However, the amount due from business-type activities for the Internal Service Funds loss charge back is included.		533,474

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	\$	640,448,095	
State Literary Fund Loans		4,125,000	
Accrued Interest on Bonds Sold		12,250,389	
Agriculture Reserve Strips		41,193,588	
Public Facility Revenue Bonds		251,574,514	
Williams Farm Property Debt		212,500	
Premium on Bonds Sold		78,449,778	
Compensated Absences (annual and sick leave)		40,398,949	
Landfill Closure and Post-Closure Care		26,826,185	
		(1,095,478,998)	

Total Net Position - Governmental Activities (Exhibit 1)	\$	2,672,439,313
--	----	---------------

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, 2013

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
<u>REVENUES</u>				
General Property Taxes:				
Real Estate property taxes	\$ 441,017,425	\$ -	\$ 35,199,695	\$ 476,217,120
Personal property taxes	74,723,035	-	-	74,723,035
Other Local Taxes	222,285,793	-	47,842,279	270,128,072
Fines and Forfeitures	6,163,791	-	738,507	6,902,298
Permits, Privilege Fees, and Regulatory Licenses	4,222,312	-	-	4,222,312
From Use of Money and Property	6,083,451	477,704	1,925,447	8,486,602
Charges for Services	42,722,379	-	43,115,010	85,837,389
Miscellaneous	11,310,202	10,275,344	4,159,059	25,744,605
From Other Local Governments	95,294	-	2,500,000	2,595,294
From Commonwealth	143,423,419	11,496,207	21,295,561	176,215,187
From Federal Government	17,591,661	12,918,115	33,913,588	64,423,364
Total Revenues	<u>\$ 969,638,762</u>	<u>\$ 35,167,370</u>	<u>\$ 190,689,146</u>	<u>\$ 1,195,495,278</u>
<u>EXPENDITURES</u>				
Current Operating:				
Legislative	\$ 1,298,568	\$ -	\$ -	\$ 1,298,568
Executive	2,539,253	-	65,890	2,605,143
Law	3,697,386	-	-	3,697,386
Finance	16,993,124	-	-	16,993,124
Human Resources	9,924,243	-	-	9,924,243
Judicial	13,749,135	-	39,527,052	53,276,187
Health	2,866,304	-	-	2,866,304
Police	90,179,187	-	868,836	91,048,023
Human Services	100,393,290	-	8,742,870	109,136,160
Public Works	64,492,013	-	38,531,338	103,023,351
Parks and Recreation	12,565,847	-	32,687,570	45,253,417
Library	15,762,279	-	271,628	16,033,907
Planning	9,226,718	-	62,433	9,289,151
Agriculture	710,443	-	2,330,156	3,040,599
Economic Development	2,343,970	-	-	2,343,970
Convention and Visitor Development	8,166,937	-	43,416,268	51,583,205
Communications and Information Technology	22,348,352	-	-	22,348,352
Emergency Communications and Citizen Services	8,585,726	-	-	8,585,726
Boards and Commissions	33,495,194	-	-	33,495,194
Strategic Growth Area	940,819	-	-	940,819
Fire	43,502,476	-	1,931,612	45,434,088
Management Services	1,595,914	-	-	1,595,914
Development Authority	-	-	55,539	55,539
Education	338,904,499	25,685,161	-	364,589,660
Housing and Neighborhood Preservation	1,708,273	-	25,380,563	27,088,836
Museums	9,527,077	-	15,883	9,542,960
General Government	-	-	8,014,133	8,014,133
Emergency Medical Services	7,902,998	-	598,570	8,501,568
Capital Outlay	-	132,201,426	-	132,201,426
Debt Service:				
Principal Retirement	28,797,801	-	30,543,474	59,341,275
Interest and Fiscal Charges	16,943,232	-	14,204,512	31,147,744
Total Expenditures	<u>\$ 869,161,058</u>	<u>\$ 157,886,587</u>	<u>\$ 247,248,327</u>	<u>\$ 1,274,295,972</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>\$ 100,477,704</u>	<u>\$ (122,719,217)</u>	<u>\$ (56,559,181)</u>	<u>\$ (78,800,694)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	\$ 9,208,538	\$ 40,370,508	\$ 85,127,345	\$ 134,706,391
Transfers Out	(112,728,811)	(14,073,374)	(22,910,910)	(149,713,095)
Issuance of Debt	-	49,845,000	33,795,000	83,640,000
Premium on Bonds Sold	540,500	2,666,018	4,136,236	7,342,754
Payment to Refunding Bonds Escrow Agent	-	-	(37,929,148)	(37,929,148)
Increase (Decrease) in Treasury Strips	-	-	(2,225,854)	(2,225,854)
Total Other Financing Sources (Uses)	<u>\$ (102,979,773)</u>	<u>\$ 78,808,152</u>	<u>\$ 59,992,669</u>	<u>\$ 35,821,048</u>
Net Change in Fund Balance	<u>(2,502,069)</u>	<u>(43,911,065)</u>	<u>3,433,488</u>	<u>(42,979,646)</u>
Fund Balance at Beginning of Year - As Reclassified	<u>191,175,131</u>	<u>296,569,256</u>	<u>90,651,613</u>	<u>578,396,000</u>
Fund Balance at End of Year	<u>\$ 188,673,062</u>	<u>\$ 252,658,191</u>	<u>\$ 94,085,101</u>	<u>\$ 535,416,354</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, 2013**

Net Change in fund balance - total governmental funds (Exhibit 4)	\$ (42,979,646)
---	-----------------

Amounts reported for governmental activities in the Statement of Activities (Exhibit 2) are different because:

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

General Government Capital Outlay Expenditures	\$	138,493,172	
General Government Expenditures		(7,046,207)	
Non-Capitalizable Capital Outlay Expenditures		(10,143,752)	
Depreciation on General Government Assets		(87,769,022)	
Contribution of Assets to General Government		12,982,722	
Loss on Disposition of Assets		(1,583,593)	44,933,320

Revenues in the fund statements which were subject to accrual in the prior year are additions to beginning net position and, therefore, are not reported as revenues in the Statement of Activities.	5,733,886
--	-----------

The issuance of long-term debt provides current financial resources to governmental funds while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	27,609,045
--	------------

Net expenses for Compensated Absences reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	309,984
---	---------

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.	(1,312,328)
--	-------------

Change in net position of governmental activities (Exhibit 2)	\$ 34,294,261
---	---------------

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, 2013

	Budget Amounts			Variance
	Original	Final	Actual Amounts	Final Budget Positive (Negative)
REVENUES				
General Property Taxes:				
Real Estate property taxes	\$ 438,975,636	\$ 438,975,636	\$ 441,017,425	\$ 2,041,789
Personal property taxes	79,000,027	79,000,027	74,723,035	(4,276,992)
Other Local Taxes	219,806,554	219,806,554	222,285,793	2,479,239
Fines and Forfeitures	6,043,373	6,043,373	6,163,791	120,418
Permits, Privilege Fees, and Regulatory Licenses	4,273,393	4,273,393	4,222,312	(51,081)
From Use of Money and Property	5,585,929	5,600,929	6,083,451	482,522
Charges for Services	42,476,541	42,831,588	42,722,379	(109,209)
Miscellaneous	10,647,417	11,068,465	11,310,202	241,737
From Other Local Governments	250,484	250,484	95,294	(155,190)
From Commonwealth	145,379,617	145,786,156	143,423,419	(2,362,737)
From Federal Government	16,730,201	16,730,201	17,591,661	861,460
Total Revenues	<u>\$ 969,169,172</u>	<u>\$ 970,366,806</u>	<u>\$ 969,638,762</u>	<u>\$ (728,044)</u>
EXPENDITURES				
Legislative	\$ 1,121,867	\$ 1,304,309	\$ 1,298,568	\$ 5,741
Executive	2,658,037	2,663,861	2,539,253	124,608
Law	3,819,468	3,827,883	3,697,386	130,497
Finance	17,277,469	17,649,072	16,993,124	655,948
Human Resources	10,220,747	10,590,405	9,924,243	666,162
Judicial	13,941,000	14,495,425	13,749,135	746,290
Health	2,991,428	3,058,281	2,866,304	191,977
Police	92,000,136	93,118,527	90,179,187	2,939,340
Human Services	106,030,865	107,554,563	100,393,290	7,161,273
Public Works	64,025,944	66,713,842	64,492,013	2,221,829
Parks and Recreation	13,233,825	13,553,455	12,565,847	987,608
Library	17,399,209	18,020,202	15,762,279	2,257,923
Planning	9,881,735	10,018,800	9,226,718	792,082
Agriculture	757,224	857,616	710,443	147,173
Economic Development	2,561,326	2,698,895	2,343,970	354,925
Convention and Visitor Development	8,839,297	8,987,606	8,166,937	820,669
Communications and Information Technology	22,842,774	25,098,990	22,348,352	2,750,638
Emergency Communications and Citizen Services	10,453,477	10,528,860	8,585,726	1,943,134
Boards and Commissions	34,237,546	35,806,250	33,495,194	2,311,056
Strategic Growth Area	952,992	980,807	940,819	39,988
Fire	44,588,074	44,772,337	43,502,476	1,269,861
Management Services	1,514,382	1,667,684	1,595,914	71,770
Education	355,781,295	357,736,021	338,904,499	18,831,522
Housing and Neighborhood Preservation	1,680,366	1,836,686	1,708,273	128,413
Museums	10,039,310	10,334,097	9,527,077	807,020
Emergency Medical Services	7,726,688	7,989,010	7,902,998	86,012
Debt Service:				
Principal Retirement	31,139,885	31,059,885	28,797,801	2,262,084
Interest and Fiscal Charges	16,943,232	16,943,232	16,943,232	-
Total Expenditures	<u>\$ 904,659,598</u>	<u>\$ 919,866,601</u>	<u>\$ 869,161,058</u>	<u>\$ 50,705,543</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>\$ 64,509,574</u>	<u>\$ 50,500,205</u>	<u>\$ 100,477,704</u>	<u>\$ 49,977,499</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ 614,858	\$ 8,095,271	\$ 9,208,538	\$ 1,113,267
Transfers Out	(112,487,281)	(112,749,379)	(112,728,811)	20,568
Premium on Refunding Bonds Sold	-	-	540,500	540,500
Total Other Financing Sources (Uses)	<u>\$ (111,872,423)</u>	<u>\$ (104,654,108)</u>	<u>\$ (102,979,773)</u>	<u>\$ 1,674,335</u>
Net Change in Fund Balance	(47,362,849)	(54,153,903)	(2,502,069)	51,651,834
Fund Balance at Beginning of Year - As Reclassified	191,175,131	191,175,131	191,175,131	-
Fund Balance at End of Year	<u>\$ 143,812,282</u>	<u>\$ 137,021,228</u>	<u>\$ 188,673,062</u>	<u>\$ 51,651,834</u>

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



This Page Intentionally Left Blank

CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2013

	Business-Type Activities - Enterprise Funds					Governmental Activities
	Water and Sewer	Storm Water	Development Authority	Nonmajor Parking	Totals	Internal Service Funds
<u>ASSETS</u>						
Current Assets:						
Cash and Investments	\$ 87,191,556	\$ 11,576,410	\$ 7,452,955	\$ 3,209,413	\$ 109,430,334	\$ 22,860,017
Accounts Receivable - Net	18,087,300	5,348,602	238,709	-	23,674,611	1,543
Intergovernmental Receivables	79,140	-	-	-	79,140	-
Inventory	2,295,683	-	-	-	2,295,683	817,273
Total Current Assets	<u>\$ 107,653,679</u>	<u>\$ 16,925,012</u>	<u>\$ 7,691,664</u>	<u>\$ 3,209,413</u>	<u>\$ 135,479,768</u>	<u>\$ 23,678,833</u>
Noncurrent Assets:						
Cash and Investments - Restricted	\$ 37,199,784	\$ 30,047,552	\$ 2,304,653	\$ -	\$ 69,551,989	\$ -
Land Held for Resale	-	-	21,510,309	-	21,510,309	-
Capital Assets:						
Land	12,669,816	131,201,523	19,935,612	1,375,000	165,181,951	-
Site Improvements	-	-	-	1,457,642	1,457,642	265,782
Buildings	3,590,809	-	101,654,157	-	105,244,966	-
Utility System	976,268,875	182,638,918	-	-	1,158,907,793	-
Construction in Progress	11,689,321	5,306,202	-	-	16,995,523	-
Machinery and Equipment	24,221,235	9,586,488	593,294	79,844	34,480,861	6,768,279
Less: Accumulated Depreciation	(389,851,300)	(50,514,229)	(23,225,340)	(584,950)	(464,175,819)	(5,692,240)
Total Capital Assets	<u>\$ 638,588,756</u>	<u>\$ 278,218,902</u>	<u>\$ 98,957,723</u>	<u>\$ 2,327,536</u>	<u>\$ 1,018,092,917</u>	<u>\$ 1,341,821</u>
Total Noncurrent Assets	<u>\$ 675,788,540</u>	<u>\$ 308,266,454</u>	<u>\$ 122,772,685</u>	<u>\$ 2,327,536</u>	<u>\$ 1,109,155,215</u>	<u>\$ 1,341,821</u>
Total Assets	<u>\$ 783,442,219</u>	<u>\$ 325,191,466</u>	<u>\$ 130,464,349</u>	<u>\$ 5,536,949</u>	<u>\$ 1,244,634,983</u>	<u>\$ 25,020,654</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>						
Debt Refundings Resulting in Loss Transactions	\$ -	\$ -	\$ 1,186,879	\$ -	\$ 1,186,879	\$ 180,698

	Business-Type Activities - Enterprise Funds					Governmental Activities
	Water and Sewer	Storm Water	Development Authority	Nonmajor Parking	Totals	Internal Service Funds
<u>LIABILITIES</u>						
Current Liabilities:						
Vouchers and Accounts Payable	\$ 3,651,992	\$ 138,399	\$ 1,582,204	\$ 121,556	\$ 5,494,151	\$ 1,572,187
Deposits Payable	99,975	-	-	-	99,975	-
Accrued Interest Payable	2,547,537	346,341	1,328,284	-	4,222,162	-
Construction Contracts Payable	3,635,156	2,003,245	-	-	5,638,401	-
Unearned Revenue	310,965	-	3,205	-	314,170	-
Current Portion of Long-term Liabilities	9,726,334	1,763,161	5,692,939	19,683	17,202,117	6,417,734
Total Current Liabilities	\$ 19,971,959	\$ 4,251,146	\$ 8,606,632	\$ 141,239	\$ 32,970,976	\$ 7,989,921
Long-term Liabilities (less current portion)	161,714,266	25,137,079	72,189,958	6,832	259,048,135	19,880,523
Total Liabilities	\$ 181,686,225	\$ 29,388,225	\$ 80,796,590	\$ 148,071	\$ 292,019,111	\$ 27,870,444
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Debt Refundings Resulting in Gain Transactions	\$ -	\$ -	\$ 349,967	\$ -	\$ 349,967	\$ -
<u>NET POSITION</u>						
Net Investment in Capital Assets	\$ 485,826,666	\$ 280,017,958	\$ 21,911,738	\$ 2,327,536	\$ 790,083,898	\$ 1,341,821
Restricted for:						
Future Debt Service	17,676,825	2,258,721	1,136,782	-	21,072,328	-
Operations	98,252,503	13,526,562	-	-	111,779,065	-
Unrestricted (Deficit)	-	-	27,456,151	3,061,342	30,517,493	(4,010,913)
Total Net Position	\$ 601,755,994	\$ 295,803,241	\$ 50,504,671	\$ 5,388,878	\$ 953,452,784	\$ (2,669,092)
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					(474,867)	
Adjustment to reflect the consolidation of blended component unit activities as an enterprise fund					(8,957,929)	
Total Net Position of Business-type activities (Exhibit 1)					\$ 946,194,107	

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

CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Business-Type Activities - Enterprise Funds					Governmental Activities
	Water and Sewer	Storm Water	Development Authority	Nonmajor Parking	Totals	Internal Service Funds
<u>OPERATING REVENUES</u>						
Charges for Services	\$ 109,290,170	\$ 32,726,218	\$ 2,969,507	\$ 3,134,406	\$ 148,120,301	\$ 39,935,441
Insurance Recovery	-	-	-	-	-	90,927
Miscellaneous	322,472	138,272	344,188	-	804,932	1,988
Total Operating Revenues	<u>\$ 109,612,642</u>	<u>\$ 32,864,490</u>	<u>\$ 3,313,695</u>	<u>\$ 3,134,406</u>	<u>\$ 148,925,233</u>	<u>\$ 40,028,356</u>
<u>OPERATING EXPENSES</u>						
Cost of Goods Sold	\$ 25,968,026	\$ -	\$ -	\$ -	\$ 25,968,026	\$ 12,258,240
Personal Services	20,439,071	6,437,849	-	272,163	27,149,083	6,928,319
Fringe Benefits	7,292,011	2,402,654	-	90,073	9,784,738	2,685,579
Contractual Services	4,672,897	131,438	2,267,123	889,508	7,960,966	2,627,657
Internal Services	2,782,857	1,101,362	-	16,231	3,900,450	692,970
Other Charges	16,679,459	2,355,891	2,742,269	168,492	21,946,111	15,720,920
Leases and Rentals	-	-	-	193,500	193,500	15,054
Land Structure Maintenance	-	1,888,763	-	-	1,888,763	17,750
Depreciation	19,766,950	2,391,640	2,671,162	36,465	24,866,217	407,175
Total Operating Expenses	<u>\$ 97,601,271</u>	<u>\$ 16,709,597</u>	<u>\$ 7,680,554</u>	<u>\$ 1,666,432</u>	<u>\$ 123,657,854</u>	<u>\$ 41,353,664</u>
<u>OPERATING INCOME (LOSS)</u>	<u>\$ 12,011,371</u>	<u>\$ 16,154,893</u>	<u>\$ (4,366,859)</u>	<u>\$ 1,467,974</u>	<u>\$ 25,267,379</u>	<u>\$ (1,325,308)</u>

	Business-Type Activities - Enterprise Funds					Governmental Activities
	Water and Sewer	Storm Water	Development Authority	Nonmajor Parking	Totals	Internal Service Funds
<u>NONOPERATING REVENUES (EXPENSES)</u>						
From Federal Government	\$ 1,017,733	\$ 275,815	\$ -	\$ -	\$ 1,293,548	\$ -
Interest Income	457,185	89,689	32,372	6,928	586,174	51,980
Gain (Loss) From Sale of Assets	479,457	32,081	-	305	511,843	74,526
Payment Under Support Agreement	-	-	9,022,058	(395,000)	8,627,058	-
Interest and Fiscal Agent Fees	(5,359,361)	(18,330)	(3,583,660)	(301,576)	(9,262,927)	-
Total Nonoperating Revenues (Expenses)	<u>\$ (3,404,986)</u>	<u>\$ 379,255</u>	<u>\$ 5,470,770</u>	<u>\$ (689,343)</u>	<u>\$ 1,755,696</u>	<u>\$ 126,506</u>
<u>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</u>	\$ 8,606,385	\$ 16,534,148	\$ 1,103,911	\$ 778,631	\$ 27,023,075	\$ (1,198,802)
Capital Contributions - Tap Fees and Other	5,670,290	-	-	-	5,670,290	-
Transfers In	272,160	15,909,669	-	-	16,181,829	98,000
Transfers Out	<u>(310,000)</u>	<u>(306,827)</u>	<u>-</u>	<u>(306,298)</u>	<u>(923,125)</u>	<u>(350,000)</u>
<u>CHANGE IN NET POSITION</u>	\$ 14,238,835	\$ 32,136,990	\$ 1,103,911	\$ 472,333	\$ 47,952,069	\$ (1,450,802)
Total Net Position at Beginning of Year - Restated	<u>587,517,159</u>	<u>263,666,251</u>	<u>49,400,760</u>	<u>4,916,545</u>		<u>(1,218,290)</u>
Total Net Position at End of Year	<u>\$ 601,755,994</u>	<u>\$ 295,803,241</u>	<u>\$ 50,504,671</u>	<u>\$ 5,388,878</u>		<u>\$ (2,669,092)</u>
Reconciling Items:						
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.					(138,474)	
Adjustment to reflect the consolidation of blended component unit activities as an enterprise fund					<u>(8,957,929)</u>	
Change in Net Position of Business-type activities (Exhibit 2)					<u>\$ 38,855,666</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, 2013

	Business-Type Activities - Enterprise Funds					Governmental Activities
	Water and Sewer	Storm Water	Development Authority	Nonmajor Parking	Totals	Internal Service Funds
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>						
Receipts from Customers and Users	\$ 107,961,966	\$ 31,693,472	\$ 3,364,446	\$ 3,134,406	\$ 146,154,290	\$ 40,024,825
Receipts from (Payments for) Interfund Services Provided	7,455	-	(551,168)	-	(543,713)	-
Other Operating Cash Receipts	322,472	138,272	9,903	-	470,647	1,988
Cash Payments to Suppliers of Goods and Services	(50,126,901)	(5,698,375)	(5,150,364)	(1,341,408)	(62,317,048)	(31,022,590)
Cash Payments to Employees for Services	(27,692,832)	(8,814,172)	-	(364,727)	(36,871,731)	(9,681,593)
Net Cash Provided (Used) By Operating Activities	<u>\$ 30,472,160</u>	<u>\$ 17,319,197</u>	<u>\$ (2,327,183)</u>	<u>\$ 1,428,271</u>	<u>\$ 46,892,445</u>	<u>\$ (677,370)</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>						
Receipts from Other Funds	\$ 272,160	\$ 15,909,669	\$ -	\$ -	\$ 16,181,829	\$ 98,000
Payments Under Support Agreement	-	-	-	(696,576)	(696,576)	-
Payments to Other Funds	(310,000)	(306,827)	-	(306,298)	(923,125)	(350,000)
Net Cash Provided (Used) By Noncapital Financing Activities	<u>\$ (37,840)</u>	<u>\$ 15,602,842</u>	<u>\$ -</u>	<u>\$ (1,002,874)</u>	<u>\$ 14,562,128</u>	<u>\$ (252,000)</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>						
Capital Contributions	\$ 5,179,415	\$ -	\$ 9,022,058	\$ -	\$ 14,201,473	\$ -
Interest Paid on Long-term Debt	(7,715,423)	(1,065,204)	(3,724,687)	-	(12,505,314)	-
Acquisition and Construction of Capital Assets	(26,842,308)	(13,440,902)	-	-	(40,283,210)	(402,027)
From Federal Government	1,017,733	275,815	-	-	1,293,548	-
Proceeds from Sale of Salvage	479,457	32,081	314,528	305	826,371	74,526
Principal Paid on Capital Debt	(7,251,072)	(1,296,433)	(8,271,544)	-	(16,819,049)	-
Net Cash Provided (Used) By Capital and Related Financing Activities	<u>\$ (35,132,198)</u>	<u>\$ (15,494,643)</u>	<u>\$ (2,659,645)</u>	<u>\$ 305</u>	<u>\$ (53,286,181)</u>	<u>\$ (327,501)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>						
Interest and Dividends Received	\$ 457,185	\$ 89,689	\$ 32,372	\$ 6,928	\$ 586,174	\$ 51,980
Net Increase (Decrease) in Cash and Temporary Investments	(4,240,693)	17,517,085	(4,954,456)	432,630	8,754,566	(1,204,891)
Cash and Temporary Investments, July 1	<u>128,632,033</u>	<u>24,106,877</u>	<u>14,712,064</u>	<u>2,776,783</u>	<u>170,227,757</u>	<u>24,064,908</u>
Cash and Temporary Investments, June 30	<u><u>\$ 124,391,340</u></u>	<u><u>\$ 41,623,962</u></u>	<u><u>\$ 9,757,608</u></u>	<u><u>\$ 3,209,413</u></u>	<u><u>\$ 178,982,323</u></u>	<u><u>\$ 22,860,017</u></u>

	Business-Type Activities - Enterprise Funds					Governmental Activities
	Water and Sewer	Storm Water	Development Authority	Nonmajor Parking	Totals	Internal Service Funds
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO</u>						
<u>NET CASH PROVIDED BY OPERATING ACTIVITIES:</u>						
Operating Income (Loss)	\$ 12,011,371	\$ 16,154,893	\$ (4,366,859)	\$ 1,467,974	\$ 25,267,379	\$ (1,325,308)
Adjustments to Reconcile Operating Income (Loss) to						
Net Cash Provided (Used) By Operating Activities:						
Depreciation and Amortization Expense	19,766,950	2,391,640	2,671,162	36,465	24,866,217	407,175
(Increase) Decrease in Accounts Receivable	(1,328,204)	(1,032,746)	-	-	(2,360,950)	(1,543)
(Increase) Decrease in Intergovernmental Receivables	7,455	-	1,887,002	-	1,894,457	-
(Increase) Decrease in Inventory	(31,879)	-	-	-	(31,879)	7,210
(Increase) Decrease in Deferred Outflow of Resources	-	-	-	-	-	(180,698)
Increase (Decrease) in Vouchers and Accounts Payable	(97,280)	(220,921)	(2,470,174)	(73,677)	(2,862,052)	(1,394,341)
Increase (Decrease) in Accrued Interest Payable	-	-	(51,519)	-	(51,519)	-
Increase (Decrease) in Deposits Payable	(14,663)	-	-	-	(14,663)	-
Increase (Decrease) in Unearned Revenue	120,160	-	3,205	-	123,365	-
Increase (Decrease) in Estimated Claims and Judgments	-	-	-	-	-	1,877,830
Increase (Decrease) in Accrued Compensated Leave	38,250	26,331	-	(2,491)	62,090	(67,695)
Total Adjustments	<u>\$ 18,460,789</u>	<u>\$ 1,164,304</u>	<u>\$ 2,039,676</u>	<u>\$ (39,703)</u>	<u>\$ 21,625,066</u>	<u>\$ 647,938</u>
Net Cash Provided (Used) By Operating Activities	<u>\$ 30,472,160</u>	<u>\$ 17,319,197</u>	<u>\$ (2,327,183)</u>	<u>\$ 1,428,271</u>	<u>\$ 46,892,445</u>	<u>\$ (677,370)</u>
<u>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</u>						
Capital Contributions of Capital Assets	<u>\$ 490,875</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 490,875</u>	<u>\$ -</u>

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

CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2013

	<u>Trust Funds</u>	<u>Agency Funds</u>
<u>ASSETS</u>		
Cash	\$ -	\$ 370,841
Investments, at Fair Value:		
Mutual Funds	<u>53,877,130</u>	<u>-</u>
Total Assets	<u>\$ 53,877,130</u>	<u>\$ 370,841</u>
<u>LIABILITIES</u>		
Vouchers and Accounts Payable	<u>\$ -</u>	<u>\$ 370,841</u>
<u>NET POSITION</u>		
Held in Trust for Other Postemployment Benefits and Pension Benefits	<u>\$ 53,877,130</u>	

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

CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2013

	Trust Funds
<u>ADDITIONS</u>	
Contributions:	
From Primary Government	\$ 17,016,943
From Plan Members	3,627,303
Total Contributions	<u>20,644,246</u>
Investment Earnings:	
Increase (Decrease) in the Fair Value of Investments	4,618,620
Interest and Dividends	72,886
Total Investment Earnings	4,691,506
Less Investment Expense	38,581
Net Investment Earnings	<u>4,652,925</u>
Total Additions	<u>\$ 25,297,171</u>
<u>DEDUCTIONS</u>	
Benefits	\$ 17,438,321
Administrative Expenses	1,857
Total Deductions	<u>\$ 17,440,178</u>
Change in Net Position	7,856,993
Net Position at Beginning of Year	<u>46,020,137</u>
Net Position at End of Year	<u><u>\$ 53,877,130</u></u>

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

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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 447,489.

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

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

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

A. The Financial Reporting Entity

1. Component Units

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

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

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

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

Discretely presented component units are entities that are legally separate from the City, but for which the City is financially accountable, or whose relationship with the City is such that exclusion would cause the City's financial statements to be misleading or incomplete. These component units are reported in separate columns to emphasize that they are legally separate from the City. All component units have a June 30, 2013 year-end.

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

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. The Financial Reporting Entity (continued)

1. Component Units (continued)

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

2. Contributions to Certain Other Entities

Annually, the City contributes to various organizations on behalf of the citizens of Virginia Beach. These organizations are not considered entities qualifying for inclusion in this report. The reasons for not including the subject organizations in this report are due to the level of control the City exercises over these entities and the lack of a financial benefit or burden relationship. Contributions during the year-ended June 30, 2013 were as follows:

Arts and Humanities Commission	\$ 415,407
American Water Works Association Research	25,691
Atlantic Wildfowl Museum	51,431
Boardwalk Arts Festival	50,500
Contemporary Art Center	221,092
Eastern Virginia Medical School	433,033
Hampton Roads Economic Development Alliance	412,059
Hampton Roads Partnership	15,210
Hampton Roads Planning District Commission	420,238
Safe Drinking Water Act	160,000
Tidewater Community College	5,100
Transportation District of Hampton Roads	5,062,679
Virginia Aquarium and Marine Science Center	59,430
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	94,000
Volunteers of America	191,301
WHRO TV	137,954
Total	<u>\$ 7,860,915</u>

B. Government-Wide and Fund Financial Statements

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

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

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

The City reports the following major Governmental Funds:

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

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

The City reports the following major Proprietary Funds:

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

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

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

Additionally, the City reports the following fund types:

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

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

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

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

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

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

C. Basis of Accounting

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

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All Governmental Funds are accounted for using a current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The term available is limited to collection within forty-five days of the fiscal year end. Levies made prior to the fiscal year end but which are not available are recorded as unearned. Expenditures are recorded when the related fund liability is incurred, if measurable (except for unmatured interest on general long-term debt which is recognized when due and paid). Interest on general long-term debt is recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in Governmental Funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Accounting (continued)

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

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

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

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

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

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

D. Capital Assets

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

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

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

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Capital Assets (continued)

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

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

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

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

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

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

E. Operating Budget Process

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

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

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

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Operating Budget Process (continued)

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

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

There were supplemental amendments to the Operating Budget, other than for encumbrances (Note 1E7), of approximately \$11,933,183 during the 2013 Fiscal Year. The amendments were primarily funded through increases in estimated revenue and the General Fund balance.

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

F. Inventories

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

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Inventories (continued)

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

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

G. Land and Building Inventory Held For Resale

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

H. Accrued Compensated Leave

Annual leave, according to a graduated scale based on years of employment, is credited to each employee as it accrues. A permanent City employee 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) of City Council. Those committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action (ordinance) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by City Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable.

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Fund Balances (continued)

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

Assigned - Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by City Council's delegation of this authority to the City Manager or his designee in the annual operating budget ordinance. Amendments must follow guidance described in Note 1E.

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

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

J. Use of Estimates

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

K. Fund Balance Policy

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

L. Miscellaneous

1. Cash and Investments

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

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

2. Proprietary Funds' Other Charges

This category mainly consists of General Fund charges (e.g., data processing, buildings and grounds maintenance, indirect costs) to the Water and Sewer, Storm Water and Resort Parking Enterprise Funds as well as Internal

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. Miscellaneous (continued)

2. Proprietary Funds' Other Charges (continued)

Service Funds except Risk Management, and the Development Authority. For Risk Management it represents premiums and claims payments (including current estimated claims and judgments). The Development Authority other charges consist of selling, lease and lease hold improvements, professional services and other general expenses.

3. Statement of Cash Flows

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

4. Bond Premiums and Discounts

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

5. Internal Balances

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

M. Net Position

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

N. Long-Term Obligations

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

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

O. Restricted Assets - Cash and Investments

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

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

P. Unrestricted Net Position - Governmental Activities

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

Q. Restricted Net Position

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

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

R. Deferred Outflows and Inflows of Resources

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

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

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

2. FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS

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

Restricted:		
Federal and State Grants	\$	9,455,909
Special Service Districts		1,355,701
Public Safety		2,880,984
Judicial Programs		849,069
Total Special Revenue Funds	\$	14,541,663
Future Debt Service		25,490,892
<i>Total Restricted</i>	<u>\$</u>	<u>40,032,555</u>
Committed:		
Tax Increment Financing	\$	12,727,487
Public Works		2,914,123
Parks and Recreation Activities		18,054,750
Convention and Visitor Bureau		5,127,559
Educational		369,300
Agriculture Program		10,110,679
Judicial		906,750
<i>Total Committed</i>	<u>\$</u>	<u>50,210,648</u>
Assigned:		
Tax Increment Financing	\$	676,471
Educational		5,000
Special Service District		909,082
Judicial Programs		1,514,990
Housing and Community Development		139,629
Parks and Recreation Activities		596,726
<i>Total Assigned</i>	<u>\$</u>	<u>3,841,898</u>
Total Fund Balance	<u>\$</u>	<u>94,085,101</u>

3. RECEIVABLES AND ACCRUED LIABILITIES

A. Receivables

Receivables at June 30, 2013 consist of the following:

Primary Government

	Governmental Activities	Business-Type Activities	Total
Property Taxes	\$ 39,042,700	\$ -	\$ 39,042,700
Loans	11,126,264	-	11,126,264
Due from Other Government	79,743,111	79,140	79,822,251
Accounts	14,693,836	28,050,772	42,744,608
Gross Receivables	\$ 144,605,911	\$ 28,129,912	\$ 172,735,823
Less: Allowance for Uncollectibles	(11,186,875)	(2,712,380)	(13,899,255)
Net Receivables - Entity Wide	<u>\$ 133,419,036</u>	<u>\$ 25,417,532</u>	<u>\$ 158,836,568</u>

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

3. RECEIVABLES AND ACCRUED LIABILITIES (continued)

A. Receivables (continued)

Major Funds – Governmental

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Total</u>
Property Taxes	\$ 39,042,700	\$ -	\$ 39,042,700
Accounts	2,778,876	-	2,778,876
Loans	4,693,695	-	4,693,695
Intergovernmental Accounts	69,177,022	4,854,161	74,031,183
Due from Other Funds	1,570,452	-	1,570,452
Gross Receivables	\$ 117,262,745	\$ 4,854,161	\$ 122,116,906
Less: Allowance for Uncollectibles	(11,119,290)	-	(11,119,290)
Net Receivables	<u>\$ 106,143,455</u>	<u>\$ 4,854,161</u>	<u>\$ 110,997,616</u>

Major Funds – Proprietary

	<u>Water and Sewer</u>	<u>Storm Water</u>	<u>Virginia Beach Development Authority</u>	<u>Total</u>
Accounts	\$ 20,782,858	\$ 5,365,424	\$ 238,709	\$ 26,386,991
Intergovernmental Accounts	79,140	-	-	79,140
Gross Receivables	\$ 20,861,998	\$ 5,365,424	\$ 238,709	\$ 26,466,131
Less: Allowance for Uncollectibles	(2,695,558)	(16,822)	-	(2,712,380)
Net Receivables	<u>\$ 18,166,440</u>	<u>\$ 5,348,602</u>	<u>\$ 238,709</u>	<u>\$ 23,753,751</u>

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

Component Units

Receivables at June 30, 2013 consist of the following:

	<u>School Board</u>	<u>Community Development Corporation</u>	<u>Total</u>
Notes	\$ -	\$ 2,058,347	\$ 2,058,347
Accrued Interest	-	539,703	539,703
Intergovernmental	24,443,676	5,300	24,448,976
Accounts	818,376	97,898	916,274
Net Receivables	<u>\$ 25,262,052</u>	<u>\$ 2,701,248</u>	<u>\$ 27,963,300</u>

B. Property Taxes Receivable

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

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

During Fiscal Year 2013 the real property rate was \$0.95 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

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

3. RECEIVABLES AND ACCRUED LIABILITIES (continued)

B. Property Taxes Receivable (continued)

residents of Sandbridge; an additional \$.45 per \$100 of assessed valuation is charged to all real estate within Town Center Special Service District; an additional \$.184 per \$100 of assessed valuation is charged to all real estate within the Old Donation Special Service District; an additional \$.363 per \$100 of assessed valuation is charged to all real estate within the Bayville Creek Special Service District, not exempt from taxation; 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, 2013:

Primary Government

	Governmental Activities
General Sales Tax	\$ 4,740,378
Telecommunications Tax	3,620,662
Reimbursements	466,979
Franchise Tax	605,142
Excess Fees – Clerk	62,746
Violations-Red Light Cameras	137,331
Automobile Licenses	788,278
Personal Property Tax Relief Act	53,412,868
Public Assistance Grants	2,285,149
Recordation Fees	561,610
Other Grants, Entitlements, & Shared Revenues	569,308
Sheriff's Department	1,197,850
Virginia Wireless E-911 Services Board	146,633
Capital Projects	950,089
Grants Consolidated	872,999
Total Due from Commonwealth	<u>\$ 70,418,022</u>

School Board Component Unit

State Share Sales Tax	\$ 5,457,945
Special Education – Regional Program	3,979,593
Technology Initiative	427,413
Juvenile Detention Center	202,626
Other Grants, Entitlements and Shared Revenues	61,103
Total Due from Commonwealth – Governmental Funds	<u>\$ 10,128,680</u>
School Health Insurance Internal Service Fund-Health Insurance-City Line of Duty	120,016
Total Due from Commonwealth-Governmental Activities	<u>\$ 10,248,696</u>

2. The following revenues were due from various Federal agencies at June 30, 2013:

Primary Government

	Governmental Activities
Public Assistance Grants	\$ 1,779,938
Law Enforcement	100,978
Grants Consolidated	2,343,925
Housing Assistance	963,741
Capital Improvements	3,904,072
Federal Home Grants	224,478
Total Due from Federal Government	<u>\$ 9,317,132</u>

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

3. RECEIVABLES AND ACCRUED LIABILITIES (continued)

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

School Board Component Unit

Adult Basic Education	\$ 50,597
Carl Perkins	298,753
DODEA MCASP	578,793
DODEA SFLEP	92,967
National School Meal Program	614,933
Preschool Incentive	139,830
Title I	2,739,219
Title II	501,381
Title III	29,086
Title IV	89,217
Title VI-B	9,035,068
Other Grants, Entitlements and Shared Revenues	25,136
Total Due from Federal Government	<u>\$ 14,194,980</u>
Agency Funds-Payroll Deductions and Fringe Benefits	<u>\$ 584</u>

3. The following revenues were due from other Local governments at June 30, 2013:

The Federal Section Eight Program Special Revenue Fund was due \$7,957 from other service providers and authorities.

D. Allowances For Uncollectible Accounts Receivable

Allowances for uncollectible accounts receivable are generally established using historical collection data, specific account analysis and subsequent cash receipts. The allowances at June 30, 2013 are as follows:

a. General Fund	\$ 11,119,290
b. Water and Sewer Fund	2,695,558
c. Storm Water Fund	16,822
Total	<u>\$ 13,831,670</u>

E. The major components of Accrued Liabilities at June 30, 2013 consist of the following:

Primary Government

	Governmental Activities	Business-Type Activities	Total
Accrued Interest Payable	\$ 12,250,386	\$ 4,222,162	\$ 16,472,548
Deposits Payable	3,372,875	99,975	3,472,850
Unearned Revenue	-	314,170	314,170
Total Accrued Liabilities	<u>\$ 15,623,261</u>	<u>\$ 4,636,307</u>	<u>\$ 20,259,568</u>

Component Units

	School Board	Community Development Authority	Total
Accrued Interest Payable	\$ -	\$ 52,534	\$ 52,534
Unearned Revenue	7,836,953	-	7,836,953
Deposits Payable	55,000	71,831	126,831
Accrued Salaries	55,033,883	-	55,033,883
Total Accrued Liabilities	<u>\$ 62,925,836</u>	<u>\$ 124,365</u>	<u>\$ 63,050,201</u>

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

4. UNEARNED REVENUE

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

Unearned revenue consists of the following as of June 30, 2013:

A. General Fund

Uncollected Taxes, Assessments, and other receipts	\$ 28,920,095
--	---------------

B. Special Revenue Funds – Nonmajor

Parks and Recreation - Advance class registration	\$ 202,763
---	------------

C. Enterprise Funds

Development Authority - Miscellaneous receipts	\$ 3,205
Water and Sewer - Customers and Developers Tap and Meter Fees	310,965
Total Enterprise Funds	<u>\$ 314,170</u>

D. School Board Component Unit

School Operating Fund – Summer School Tuition and School Rentals	\$ 449,230
School Grants Fund – Early Reading Intervention and other grants	290,122
Other Governmental Funds – School Cafeterias and Communication Towers - Charges for	324,708
Total Unearned Revenue – Governmental Funds	1,064,060
School Health Insurance Internal Service Fund – Prepayment of July health insurance premiums	6,772,893
Total Unearned Revenue – Governmental Activities	<u>\$ 7,836,953</u>

5. CAPITAL ASSETS AND LAND HELD FOR RESALE

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

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

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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

B. Governmental Activities

The following is a summary of the changes in capital assets for the fiscal year ended June 30, 2013:

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013
Capital Assets Not Being Depreciated:				
Land and Improvements	\$ 893,049,079	\$ 70,356,806	\$ 1,175,950	\$ 962,229,935
Agricultural Reserve Program	38,799,844	2,393,744	-	41,193,588
Construction in Progress	326,577,066	128,959,303	354,531,528	101,004,841
Total Capital Assets Not Being Depreciated	<u>\$ 1,258,425,989</u>	<u>\$ 201,709,853</u>	<u>\$ 355,707,478</u>	<u>\$ 1,104,428,364</u>
Other Capital Assets:				
Buildings and Improvements	\$ 631,887,890	\$ 53,947,661	\$ -	\$ 685,835,551
School Buildings	343,453,614	3,297,662	-	346,751,276
Site Improvements	248,781,750	28,475,620	-	277,257,370
Site Improvements – Internal Service Funds	265,782	-	-	265,782
Equipment	188,994,633	59,838,277	5,691,897	243,141,013
Equipment – ISF	6,540,414	402,029	211,967	6,730,476
Roadway Network	1,696,216,381	137,593,495	-	1,833,809,876
Landfill Network	18,378,745	195,790	-	18,574,535
Bridge Network	67,283,111	13,198,307	-	80,481,418
Hurricane Protection Network	97,680,665	-	-	97,680,665
Total Other Capital Assets at Historical Cost	<u>\$ 3,299,482,985</u>	<u>\$ 296,948,841</u>	<u>\$ 5,903,864</u>	<u>\$ 3,590,527,962</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 173,729,835	\$ 16,645,791	\$ -	\$ 190,375,626
School Buildings	25,026,544	7,241,706	-	32,268,250
Site Improvements	61,404,054	6,590,842	-	67,994,896
Site Improvements - ISF	262,292	236	-	262,528
Equipment	141,726,848	18,318,088	5,476,144	154,568,792
Equipment - ISF	5,196,935	406,939	211,965	5,391,909
Roadway Network	933,082,875	42,405,409	-	975,488,284
Landfill Network	16,189,579	886,201	-	17,075,780
Bridge Network	30,806,072	1,296,332	-	32,102,404
Hurricane Protection Network	19,305,197	1,953,613	-	21,258,810
Total Accumulated Depreciation	<u>\$ 1,406,730,231</u>	<u>\$ 95,745,157</u>	<u>\$ 5,688,109</u>	<u>\$ 1,496,787,279</u>
Total Capital Assets, Being Depreciated, Net	<u>\$ 1,892,752,754</u>	<u>\$ 201,203,684</u>	<u>\$ 215,755</u>	<u>\$ 2,093,740,683</u>
Governmental Activities Capital Assets, Net	<u>\$ 3,151,178,743</u>	<u>\$ 402,913,537</u>	<u>\$ 355,923,233</u>	<u>\$ 3,198,169,047</u>

Governmental Activities capital assets net of accumulated depreciation at June 30, 2013 are comprised of the following:

General Government Capital Assets, Net	\$ 2,880,238,856
Internal Service Fund Capital Assets, Net	317,930,191
Total	<u>\$ 3,198,169,047</u>

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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

B. Governmental Activities (continued)

Depreciation was charged to governmental functions as follows:

Finance	\$ 1,089,761
Human Resources	44,660
Judicial	267,342
Health	9,710
Police	2,875,859
Public Works	69,370,067
Parks and Recreation	2,970,829
Library	167,806
Planning	106,523
Economic Development	3,775
Convention and Visitors Bureau	345,548
Communications & Information Technology	6,077,578
Boards and Commissions	1,379
Fire	3,794,298
Management Services	1,068
Human Services	300,246
Education and Transfer to School	7,241,706
Housing and Neighborhood Preservation	50,050
Museums	12,722
General Government	471,168
Emergency Medical Services	543,062
Total	\$ 95,745,157

C. Component Unit - School Board

Capital Assets activity for the year ended June 30, 2013 was as follows:

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013
Capital Assets Not Being Depreciated:				
Land	\$ 39,672,374	\$ 250	\$ 2,021	\$ 39,670,603
Construction in Progress	45,644,455	32,749,327	6,834,653	71,559,129
Total Capital Assets Not Being Depreciated	<u>\$ 85,316,829</u>	<u>\$ 32,749,577</u>	<u>\$ 6,836,674</u>	<u>\$ 111,229,732</u>
Capital Assets Being Depreciated:				
Buildings	\$ 556,079,442	\$ 12,207,684	\$ 3,775,602	\$ 564,511,524
Improvements Other Than Buildings	52,070,043	333,172	-	52,403,215
Machinery and Equipment	103,424,565	4,625,635	2,587,238	105,462,962
Total Capital Assets Being Depreciated	<u>\$ 711,574,050</u>	<u>\$ 17,166,491</u>	<u>\$ 6,362,840</u>	<u>\$ 722,377,701</u>
Less Accumulated Depreciation For: *				
Buildings	\$ 220,550,875	\$ 18,701,207	\$ 7,719,646	\$ 231,532,436
Improvements Other Than Buildings	31,846,232	1,883,655	-	33,729,887
Machinery and Equipment	59,545,811	7,643,525	2,457,373	64,731,963
Total Accumulated Depreciation	<u>\$ 311,942,918</u>	<u>\$ 28,228,387</u>	<u>\$ 10,177,019</u>	<u>\$ 329,994,286</u>
Total Capital Assets, Being Depreciated, Net	<u>\$ 399,631,132</u>	<u>\$ (11,061,896)</u>	<u>\$ (3,814,179)</u>	<u>\$ 392,383,415</u>
Component Unit School Board, Capital Assets, Net	<u>\$ 484,947,961</u>	<u>\$ 21,687,681</u>	<u>\$ 3,022,495</u>	<u>\$ 503,613,147</u>

* All depreciation was charged to School Board Component Unit.

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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

D. Business-Type Activities

The following is a summary of the changes in capital assets for the fiscal year ended June 30, 2013:

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013
Capital Assets Not Being Depreciated:				
Land and Improvements	\$ 165,068,935	\$ 500,173	\$ 387,157	\$ 165,181,951
Construction in Progress	170,490,705	42,769,723	196,264,905	16,995,523
Total Capital Assets Not Being Depreciated	<u>\$ 335,559,640</u>	<u>\$ 43,269,896</u>	<u>\$ 196,652,062</u>	<u>\$ 182,177,474</u>
Other Capital Assets:				
Buildings and Improvements	\$ 105,244,966	\$ -	\$ -	\$ 105,244,966
Site Improvements	1,457,642	-	-	1,457,642
Utility System	965,257,506	193,650,287	-	1,158,907,793
Machinery and Equipment	31,175,168	5,037,409	1,731,716	34,480,861
Total Other Capital Assets at Historical Cost	<u>\$ 1,103,135,282</u>	<u>\$ 198,687,696</u>	<u>\$ 1,731,716</u>	<u>\$ 1,300,091,262</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 22,507,573	\$ 2,725,329	\$ -	\$ 25,232,902
Site Improvements	468,665	36,441	-	505,106
Utility System	392,253,988	20,127,623	-	412,381,611
Machinery and Equipment	25,811,092	1,976,824	1,731,716	26,056,200
Total Accumulated Depreciation	<u>\$ 441,041,318</u>	<u>\$ 24,866,217</u>	<u>\$ 1,731,716</u>	<u>\$ 464,175,819</u>
Total Capital Assets Being Depreciated, Net	<u>\$ 662,093,964</u>	<u>\$ 173,821,479</u>	<u>\$ -</u>	<u>\$ 835,915,443</u>
Business -Type Activities Capital Assets, Net	<u>\$ 997,653,604</u>	<u>\$ 217,091,375</u>	<u>\$ 196,652,062</u>	<u>\$ 1,018,092,917</u>

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

Water and Sewer	\$ 19,766,950
Storm Water	2,391,640
Development Authority	2,671,162
Resort Parking	36,465
Total Depreciation Expense	<u>\$ 24,866,217</u>

E. Major Fund - Water and Sewer Enterprise Fund

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013
Capital Assets Not Being Depreciated:				
Land and Improvements	\$ 12,559,576	\$ 110,240	\$ -	\$ 12,669,816
Construction in Progress	99,807,778	27,223,657	115,342,114	11,689,321
Total Capital Assets Not Being Depreciated	<u>\$ 112,367,354</u>	<u>\$ 27,333,897</u>	<u>\$ 115,342,114</u>	<u>\$ 24,359,137</u>
Other Capital Assets:				
Buildings and Improvements	\$ 3,590,809	\$ -	\$ -	\$ 3,590,809
Utility System	863,063,821	113,205,054	-	976,268,875
Machinery and Equipment	21,161,480	3,978,636	918,881	24,221,235
Total Other Capital Assets at Historical Cost	<u>\$ 887,816,110</u>	<u>\$ 117,183,690</u>	<u>\$ 918,881</u>	<u>\$ 1,004,080,919</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 2,214,313	\$ 93,315	\$ -	\$ 2,307,628
Utility System	350,684,498	18,417,746	-	369,102,244
Machinery and Equipment	18,104,420	1,255,889	918,881	18,441,428
Total Accumulated Depreciation	<u>\$ 371,003,231</u>	<u>\$ 19,766,950</u>	<u>\$ 918,881</u>	<u>\$ 389,851,300</u>
Total Capital Assets Being Depreciated, Net	<u>\$ 516,812,879</u>	<u>\$ 97,416,740</u>	<u>\$ -</u>	<u>\$ 614,229,619</u>
Water and Sewer Capital Assets, Net	<u>\$ 629,180,233</u>	<u>\$ 124,750,637</u>	<u>\$ 115,342,114</u>	<u>\$ 638,588,756</u>

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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

F. Major Fund – Storm Water Enterprise Fund

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013
Capital Assets Not Being Depreciated:				
Land and Improvements	\$ 130,881,277	\$ 320,246	\$ -	\$ 131,201,523
Construction in Progress	70,682,927	15,546,066	80,922,791	5,306,202
Total Capital Assets Not Being Depreciated	<u>\$ 201,564,204</u>	<u>\$ 15,866,312</u>	<u>\$ 80,922,791</u>	<u>\$ 136,507,725</u>
Other Capital Assets:				
Utility System	\$ 102,193,685	\$ 80,445,233	\$ -	\$ 182,638,918
Machinery and Equipment	9,340,550	1,058,773	812,835	9,586,488
Total Other Capital Assets at Historical Cost	<u>\$ 111,534,235</u>	<u>\$ 81,504,006</u>	<u>\$ 812,835</u>	<u>\$ 192,225,406</u>
Less Accumulated Depreciation For:				
Utility System	\$ 41,569,490	\$ 1,709,877	\$ -	\$ 43,279,367
Machinery and Equipment	7,365,934	681,763	812,835	7,234,862
Total Accumulated Depreciation	<u>\$ 48,935,424</u>	<u>\$ 2,391,640</u>	<u>\$ 812,835</u>	<u>\$ 50,514,229</u>
Total Capital Assets Being Depreciated, Net	<u>\$ 62,598,811</u>	<u>\$ 79,112,366</u>	<u>\$ -</u>	<u>\$ 141,711,177</u>
Storm Water Capital Assets, Net	<u><u>\$ 264,163,015</u></u>	<u><u>\$ 94,978,678</u></u>	<u><u>\$ 80,922,791</u></u>	<u><u>\$ 278,218,902</u></u>

G. Major Fund - Virginia Beach Development Authority

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013
Capital Assets Not Being Depreciated:				
Land and Improvements	\$ 20,253,082	\$ 69,687	\$ 387,157	\$ 19,935,612
Total Capital Assets Not Being Depreciated	<u>\$ 20,253,082</u>	<u>\$ 69,687</u>	<u>\$ 387,157</u>	<u>\$ 19,935,612</u>
Other Capital Assets:				
Buildings and Improvements	\$ 101,654,157	\$ -	\$ -	\$ 101,654,157
Machinery and Equipment	593,294	-	-	593,294
Total Other Capital Assets at Historical Cost	<u>\$ 102,247,451</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 102,247,451</u>
Less Accumulated Depreciation For:				
Buildings	\$ 20,293,260	\$ 2,632,014	\$ -	\$ 22,925,274
Machinery and Equipment	260,918	39,148	-	300,066
Total Accumulated Depreciation	<u>\$ 20,554,178</u>	<u>\$ 2,671,162</u>	<u>\$ -</u>	<u>\$ 23,225,340</u>
Total Capital Assets Being Depreciated, Net	<u>\$ 81,693,273</u>	<u>\$ (2,671,162)</u>	<u>\$ -</u>	<u>\$ 79,022,111</u>
Development Authority Capital Assets, Net	<u><u>\$ 101,946,355</u></u>	<u><u>\$ (2,601,475)</u></u>	<u><u>\$ 387,157</u></u>	<u><u>\$ 98,957,723</u></u>

All depreciation was charged to Virginia Beach Development Authority.

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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

H. Component Unit - Virginia Beach Community Development Corporation

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013
Capital Assets Not Being Depreciated:				
Land and Improvements	\$ 6,394,602	\$ 1,008,000	\$ -	\$ 7,402,602
Other Capital Assets:				
Buildings and Improvements	\$ 25,862,186	\$ 767,749	\$ -	\$ 26,629,935
Vehicles	28,941	35,964	-	64,905
Total Other Capital Assets at Historical Cost	\$ 25,891,127	\$ 803,713	\$ -	\$ 26,694,840
Less Accumulated Depreciation	\$ 7,588,442	\$ 956,441	\$ -	\$ 8,544,883
Component Unit – Va. Beach Community Dev.	\$ 24,697,287	\$ 855,272	\$ -	\$ 25,552,559

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, 2013	Outstanding Commitments	Unobligated Balance
Engineering and Highways	\$ 47,124,723	\$ 59,088,055	\$ 212,111,794
Buildings	37,362,080	11,341,591	69,241,690
Parks and Recreation	9,447,214	26,348,133	36,755,231
Development Authority	768,973	-	-
Coastal	-	1,024,962	29,203,448
Economic and Tourism	6,301,851	28,591,195	21,083,351
Total Governmental Activities	\$ 101,004,841	\$ 126,393,936	\$ 368,395,514
<u>School Board Component Unit</u>			
Buildings and Improvements Other than Buildings	\$ 71,559,129	\$ 6,839,100	\$ 22,495,897

2. Business-Type Activities

In accordance with the City's accounting policies, these projects will not be transferred from Construction in Progress into the various capital asset accounts until substantially completed. Construction in Progress for Business-Type Activities is comprised of the following at June 30, 2013:

	Expended through June 30, 2013	Outstanding Commitments	Unobligated Balance
Water Utility Projects	\$ 9,633,611	\$ 9,511,882	\$ 16,506,357
Sewer Utility Projects	2,055,710	17,864,586	37,050,998
Storm Water Projects	5,306,202	14,145,799	38,723,682
Total Business-Type Activities	\$ 16,995,523	\$ 41,522,267	\$ 92,281,037

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

6. LONG-TERM DEBT

A. A Summary of Changes In Long-Term Liabilities

1. Primary Government - Governmental Activities

	Balance July 1, 2012	Additions	Reductions	Balance June 30, 2013	Amounts Due Within One Year
General Obligation Bonds	\$ 672,098,904	\$ 62,680,000	\$ 94,330,809	\$ 640,448,095	\$ 58,082,864
State Literary Fund Loans	4,750,000	-	625,000	4,125,000	625,000
Public Facility Revenue Bonds	246,679,514	20,960,000	16,065,000	251,574,514	18,000,000
Williams Farm Property	637,500	-	425,000	212,500	212,500
Agricultural Reserve Program	38,799,844	2,393,744	-	41,193,588	-
Total Tax Supported Debt	\$ 962,965,762	\$ 86,033,744	\$ 111,445,809	\$ 937,553,697	\$ 76,920,364
Other Debt:					
Landfill Closure & Post-Closure Care	\$ 13,242,349	\$ 16,498,836	\$ 2,915,000	\$ 26,826,185	\$ -
Premium	89,811,296	7,342,754	18,704,272	78,449,778	7,076,837
Accrued Compensation Leave	40,992,643	24,372,139	24,129,850	41,234,932	24,853,745
Estimated Claims & Judgements	23,584,444	12,149,718	10,271,888	25,462,274	5,871,424
Governmental Activities Long-Term Debt	<u>\$ 1,130,596,494</u>	<u>\$ 146,397,191</u>	<u>\$ 167,466,819</u>	<u>\$ 1,109,526,866</u>	<u>\$ 114,722,370</u>

2. Primary Government - Business-Type Activities

	Balance July 1, 2012	Additions	Reductions	Balance June 30, 2013	Amounts Due Within One Year
General Obligation Bonds	\$ 528,450	\$ -	\$ 306,434	\$ 222,016	\$ 222,016
Revenue Bonds	198,620,894	-	8,241,072	190,379,822	8,806,176
Public Facility Revenue Bonds	79,850,486	-	4,270,000	75,580,486	4,745,000
Revenue Note	1,298,051	-	350,112	947,939	947,939
	\$ 280,297,881	\$ -	\$ 13,167,618	\$ 267,130,263	\$ 14,721,131
Less/add Deferred Amounts:					
For Issuance Premiums	\$ 6,071,760	\$ -	\$ 453,374	\$ 5,618,386	\$ 331,621
Less Bond Discount	(121,499)	-	(13,825)	(107,674)	-
Total Bonds Payable	\$ 286,248,142	\$ -	\$ 13,607,167	\$ 272,640,975	\$ 15,052,752
Accrued Compensated Leave	\$ 3,547,186	\$ 2,151,763	\$ 2,089,672	\$ 3,609,277	\$ 2,149,365
Business-Type Activities Long-Term Debt	<u>\$ 289,795,328</u>	<u>\$ 2,151,763</u>	<u>\$ 15,696,839</u>	<u>\$ 276,250,252</u>	<u>\$ 17,202,117</u>

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

	Balance July 1, 2012	Additions	Reductions	Balance June 30, 2013	Amounts Due Within One Year
Revenue Bonds	\$ 172,210,894	\$ -	\$ 7,251,072	\$ 164,959,822	\$ 7,796,176
	\$ 172,210,894	\$ -	\$ 7,251,072	\$ 164,959,822	\$ 7,796,176
Less/add Deferred Amounts:					
For Issuance Premiums	4,140,690	-	298,556	3,842,134	298,557
Total Bonds Payable	\$ 176,351,584	\$ -	\$ 7,549,628	\$ 168,801,956	\$ 8,094,733
Accrued Compensated Leave	2,600,394	1,622,328	1,584,078	2,638,644	1,631,601
Water and Sewer Long-Term Debt	<u>\$ 178,951,978</u>	<u>\$ 1,622,328</u>	<u>\$ 9,133,706</u>	<u>\$ 171,440,600</u>	<u>\$ 9,726,334</u>

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

6. LONG-TERM DEBT (continued)

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

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

	Balance July 1, 2012	Additions	Reductions	Balance June 30, 2013	Amounts Due Within One Year
General Obligation Bonds	\$ 528,450	\$ -	\$ 306,434	\$ 222,016	\$ 222,016
Double Barrel and Revenue	26,410,000	-	990,000	25,420,000	1,010,000
	<u>\$ 26,938,450</u>	<u>\$ -</u>	<u>\$ 1,296,434</u>	<u>\$ 25,642,016</u>	<u>\$ 1,232,016</u>
Less/add Deferred Amounts: For Issuance Premiums	347,170	-	33,064	314,106	33,064
Total Bonds Payable	<u>\$ 27,285,620</u>	<u>\$ -</u>	<u>\$ 1,329,498</u>	<u>\$ 25,956,122</u>	<u>\$ 1,265,080</u>
Accrued Compensated Leave	917,786	509,415	483,083	944,118	498,081
Storm Water Long-Term Debt	<u>\$ 28,203,406</u>	<u>\$ 509,415</u>	<u>\$ 1,812,581</u>	<u>\$ 26,900,240</u>	<u>\$ 1,763,161</u>

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

	Balance July 1, 2012	Additions	Reductions	Balance June 30, 2013	Amounts Due Within One Year
Public Facility Revenue Bonds	\$ 79,850,486	\$ -	\$ 4,270,000	\$ 75,580,486	\$ 4,745,000
Revenue Note	1,298,051	-	350,112	947,939	947,939
Total Bonds Payable	\$ 81,148,537	\$ -	\$ 4,620,112	\$ 76,528,425	\$ 5,692,939
For Issuance Premiums	1,583,900	-	121,754	1,462,146	-
Less Bond Discount	(121,499)	-	13,825	(107,674)	-
Virginia Beach Development Authority	<u>\$ 82,610,938</u>	<u>\$ -</u>	<u>\$ 4,755,691</u>	<u>\$ 77,882,897</u>	<u>\$ 5,692,939</u>

6. Component Unit - School Board

	Balance July 1, 2012	Additions	Reductions	Balance June 30, 2013	Amounts Due Within One Year
Accrued Compensated Leave	\$ 20,068,737	\$ 8,431,342	\$ 8,211,422	\$ 20,288,657	\$ 8,457,765
Estimated Claims and Judgments	16,559,000	133,912,761	134,621,761	15,850,000	11,887,500
Component Unit Long-Term Debt— Schools	<u>\$ 36,627,737</u>	<u>\$ 142,344,103</u>	<u>\$ 142,833,183</u>	<u>\$ 36,138,657</u>	<u>\$ 20,345,265</u>

7. Component Unit - Virginia Beach Community Development Corporation

	Balance July 1, 2012	Additions	Reductions	Balance June 30, 2013	Amounts Due Within One Year
Notes Payable	\$ 14,764,835	\$ 3,465,000	\$ 2,122,898	\$ 16,106,937	\$ 949,754
Component Unit Long-Term Debt – Va. Beach Development Corp.	<u>\$ 14,764,835</u>	<u>\$ 3,465,000</u>	<u>\$ 2,122,898</u>	<u>\$ 16,106,937</u>	<u>\$ 949,754</u>

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

6. LONG-TERM DEBT (continued)

B. Bonds, Notes and Loans Payable

Bond Issue/Purpose	Dated	Issue Amount	True Interest	Storm Water %	Water & Sewer%	VBDA%	CITY
General Obligation Bonds and Loans:							
2013A PI	4/17/2013	\$ 22,885,000	2.587348	-	-	-	\$ 22,885,000
2013B PI Refunding	4/17/2013	33,795,000	2.143873	-	-	-	33,795,000
Pleasure House Point	7/10/2012	6,000,000	0.25	-	-	-	6,000,000
2012A PI	4/18/2012	65,000,000	2.849726	-	-	-	61,750,000
2012B PI Refunding	4/18/2012	19,630,000	2.413515	-	-	-	19,630,000
2011A PI	6/29/2010	90,000,000	3.212396	-	-	-	81,000,000
2010-1 QSCB	7/8/2010	4,875,000	5.31	-	-	-	4,020,000
2010 Recovery Zone	3/15/2010	5,995,000	3.038509	-	-	-	5,270,000
2010A PI	5/25/2010	60,000,000	2.97032	-	-	-	51,000,000
2009 PI Refunding	1/26/2010	20,755,000	3.041988	-	-	-	20,485,000
2009B PI Refunding	1/26/2010	78,875,000	2.910179	-	-	-	78,875,000
2009 PI	6/16/2009	72,000,000	3.655747	-	-	-	46,800,000
2008 PI	3/25/2008	90,000,000	4.161171	-	-	-	49,500,000
2008 VPSA	12/1/2008	6,350,705	-	-	-	-	5,187,791
2008 Refunding	5/13/2008	51,625,000	2.881742	-	-	-	9,215,000
2007 PI	3/27/2007	75,000,000	4.003699	-	-	-	41,250,000
2005 PI	12/15/2005	80,000,000	4.270424	-	-	-	12,000,000
2004B PI Refunding	10/1/2004	114,855,000	3.688578	-	-	-	84,185,000
2004A PI	6/1/2004	65,000,000	4.354874	1.13	-	-	6,500,000
2002 State Literary	1/1/2002	7,500,000	3	-	-	-	3,375,000
1996A School	11/14/1996	4,151,083	3	-	-	-	958,524
1996 State Literary	3/1/1996	2,500,000	3	-	-	-	375,000
1996 State Literary	3/1/1996	2,500,000	3	-	-	-	375,000
1995A PI	12/21/1995	2,096,324	3	-	-	-	363,796
Total General Obligation Bonds and Loans							\$ 644,795,111
Revenue Bonds and Notes:*							
2010A Storm Water Revenue	11/16/2010	\$ 20,000,000	3.170505	100	-	-	\$ 18,950,000
2010B Storm Water Refunding	11/16/2010	7,380,000	2.607102	100	-	-	6,470,000
2010A W&S Revenue	6/29/2010	65,000,000	3.475462	-	100	-	61,975,000
2010B W&S Refunding	6/29/2010	8,410,000	3.02756	-	100	-	8,055,000
2010C W&S Refunding	6/29/2010	24,950,000	3.156061	-	100	-	24,530,000
2005 W&S Revenue & Refund	10/5/2005	92,700,000	4.2312375	-	100	-	60,870,000
2002 W&S Revenue	10/15/2002	28,000,000	4.8066	-	100	-	4,740,000
1998 Taxable W&S Revenue	8/28/1998	5,774,218	4.3	-	100	-	2,300,258
1997 Taxable W&S Revenue	1/30/1997	7,190,048	4.75	-	100	-	2,283,316
1994 Taxable W&S Revenue	1/18/1995	1,405,031	4.5	-	100	-	206,248
Total Revenue Bonds and Notes							\$ 190,379,822
Public Facility Revenue Bonds:							
2013A Public Facility Revenue	6/19/2013	\$ 20,960,000	2.599602	-	-	-	\$ 20,960,000
2012A Public Facility Revenue	4/18/2012	22,580,000	2.599602	-	-	-	22,580,000
2012B Public Facility Refunding	4/18/2012	25,640,000	2.448956	-	-	21.12	25,055,000
2010A Public Facility Revenue	5/25/2010	17,000,000	2.582319	-	-	-	11,900,000
2010B Public Facility Revenue	5/25/2010	98,035,000	2.993556	-	-	24.84	96,080,000
2010C Public Facility Refunding	5/25/2010	40,450,000	3.396935	-	-	31.31	39,955,000
2007A Public Facility Revenue	6/26/2007	96,835,000	4.5444247	-	-	19.51	62,355,000
2007B Public Facility Revenue	6/26/2007	4,030,000	6.296255	-	-	100	3,435,000
2005A Public Facility Revenue	5/1/2005	94,900,000	3.2284162	-	-	12.02	29,630,000
2005B Public Facility Revenue	5/1/2005	9,000,000	4.965915	-	-	89	6,420,000
2003A Public Facility Revenue	9/1/2003	165,000,000	4.6840646	-	-	3.61	7,600,000
2002A Public Facility Revenue	6/1/2002	20,815,000	4.7981	-	-	100	1,185,000
Total Public Facility Bonds:							\$ 327,155,000
Other Long-Term Debt:							
2004 Williams Farm IPA	1/14/2004	\$ 4,250,000	5	-	-	-	\$ 212,500
Revenue Note	3/6/2000	5,500,000	Various	-	-	-	947,939
Agriculture Reserve Program	Various	41,193,588	Various	-	-	-	41,193,588
Total Other Long-Term Debt							\$ 42,354,027
Grand Total Bonds, Notes and Loans Payable							\$ 1,204,683,960

* Water and Sewer and Storm Water Enterprise Funds

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

6. LONG-TERM DEBT (continued)

B. Bonds, Notes and Loans Payable (continued)

Defeased Debt - In prior years, the City defeased certain general obligation, public improvement, and public utility bonds by placing funds in irrevocable escrow accounts to provide for future debt service payments on the defeased debt. Accordingly, the escrow account assets and liabilities for the defeased debt are not included in the City's financial statements. At June 30, 2013, the outstanding balance of the defeased debt, including current year defeased debt, is \$263.4 million, and is considered in-substance defeased. Included in this total is \$7.4 million for the Water and Sewer Fund.

C. Summary of Recent Refundings

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

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

2. Advance Refunding of General Obligation Public Improvement Bonds

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

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

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

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

6. LONG-TERM DEBT (continued)

C. Summary of Recent Refundings (continued)

3. Advance Refunding of Public Facility Revenue Bonds Series 2003A and Series 1998 Lease Revenue Bonds
(continued)

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

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

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

5. Advance Refunding of General Obligation Public Improvement Bonds

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

6. Advance Refunding of Water and Sewer Revenue Bonds

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

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

6. LONG-TERM DEBT (continued)

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

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

<u>Year Ending June 30</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 58,707,864	\$ 27,581,980	\$ 222,016	\$ 4,440
2015	56,019,390	25,703,491	-	-
2016	52,594,318	23,354,788	-	-
2017	49,734,860	20,848,497	-	-
2018	46,648,194	18,489,380	-	-
2019-2023	200,205,339	61,594,053	-	-
2024-2028	136,551,970	25,769,125	-	-
2029-2033	42,966,160	4,067,904	-	-
2034-2038	1,145,000	20,038	-	-
	<u>\$ 644,573,095</u>	<u>\$ 207,429,256</u>	<u>\$ 222,016</u>	<u>\$ 4,440</u>

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

<u>Year Ending June 30</u>	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2014	\$ 8,806,176	\$ 14,696,015
2015	9,123,130	13,688,454
2016	9,396,807	12,714,524
2017	9,777,707	11,551,454
2018	9,105,728	10,384,385
2019-2023	46,895,275	33,048,121
2024-2028	49,580,000	7,551,466
2029-2033	31,405,000	981,850
2034-2038	16,290,000	981,850
	<u>\$ 190,379,823</u>	<u>\$ 105,598,119</u>

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

<u>Year Ending June 30</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 18,000,000	\$ 11,125,587	\$ 4,745,000	\$ 3,570,428
2015	19,935,000	10,336,032	5,040,000	3,352,422
2016	17,885,000	9,587,832	5,315,000	3,126,692
2017	18,265,000	8,710,732	5,965,000	2,840,722
2018	19,025,000	7,839,907	6,380,000	2,544,478
2019-2023	99,372,442	25,085,399	33,837,558	7,962,722
2024-2028	49,207,072	5,994,907	14,297,928	1,566,559
2029-2033	9,885,000	984,850	-	-
	<u>\$ 251,574,514</u>	<u>\$ 79,665,246</u>	<u>\$ 75,580,486</u>	<u>\$ 24,964,023</u>

Annual Debt Service requirements to maturity for Other Long-Term Debt are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2014	\$ 212,500	\$ 5,313
	<u>\$ 212,500</u>	<u>\$ 5,313</u>

See Note 6N for additional debt to maturity information on Enterprise Revenue Note outstanding balance of \$949,939.

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

6. LONG-TERM DEBT (continued)

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

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

Interest expense incurred on the above noted debt for the year ended June 30, 2013, was \$53,709,048. Of this amount, \$3,251,834 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, 2013, 88 installment purchase agreements totaling 9,055 acres at a total purchase price of \$41,193,588 have been executed.

Annual Debt Service requirements to maturity for Agricultural Reserve Program:

<u>Year Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ -	\$ 2,223,799
2015	-	2,223,799
2016	-	2,223,799
2017	-	2,223,799
2018	-	2,223,799
2019-2023	9,160,785	10,641,492
2024-2028	11,302,302	6,607,749
2029-2033	6,344,003	4,166,814
2034-2038	14,386,498	1,383,760
Totals	<u>\$ 41,193,588</u>	<u>\$ 33,918,810</u>

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

6. LONG-TERM DEBT (continued)

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, 2013, this amount is \$5.0 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 net debt per capita. Not included in the net debt per capita are amortizations, revenue bonds and ARP debt.

G. Water and Sewer Enterprise Revenue Bonds

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

H. Storm Water Revenue Bonds

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

I. Debt Service Expenditures

<u>General Government City:</u>	<u>Principal *</u> <u>Retirement</u>	<u>Interest and Fiscal</u> <u>Charges</u>	<u>Total</u>
General Obligation Bonds & Literary Fund Loans	\$ 60,615,809	\$ 29,940,573	\$ 90,556,382
Public Facility Revenue Bonds	16,065,000	11,213,772	27,278,772
Williams Farm IPA	425,000	26,563	451,563
Agricultural Reserve Program	-	2,161,202	2,161,202
Bank Charges & Bond Issuance Costs	-	985,077	985,077
Total Tax Supported Debt	<u>\$ 77,105,809</u>	<u>\$ 44,327,187</u>	<u>\$ 121,432,996</u>
 <u>Enterprise Funds:</u>	 <u>Principal</u> <u>Retirement</u>	 <u>Interest and Fiscal</u> <u>Charges</u>	 <u>Total</u>
General Obligation Bonds	\$ 306,434	\$ 16,541	\$ 322,975
Revenue Bonds	8,241,071	8,741,422	16,982,493
Public Facility Revenue Bonds	4,270,000	3,770,177	8,040,177
Bank Charges & Bond Issuance Costs	-	23,998	23,998
Total Tax Supported Debt	<u>\$ 12,817,505</u>	<u>\$ 12,552,138</u>	<u>\$ 25,369,643</u>
 Total Debt Service	 <u>\$ 89,923,314</u>	 <u>\$ 56,879,325</u>	 <u>\$ 146,802,639</u>

* Excludes bonds refunded of \$34,340,000.

J. Accrued Compensated Leave

The accrued compensated leave is as follows at June 30, 2013:

<u>Compensated</u> <u>Leave</u>	<u>Primary Government</u>		<u>School Board</u> <u>Component Unit</u>	<u>Total</u>
	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>		
City - Annual	\$ 29,481,392	\$ 2,888,768	\$ -	\$ 32,370,160
City - Compensatory	7,941,340	170,915	-	8,112,255
City - Sick	3,812,200	549,594	-	4,361,794
School - Annual	-	-	9,120,153	9,120,153
School - Sick	-	-	9,269,144	9,269,144
School - Personal	-	-	1,899,360	1,899,360
Total	<u>\$ 41,234,932</u>	<u>\$ 3,609,277</u>	<u>\$ 20,288,657</u>	<u>\$ 65,132,866</u>

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

6. LONG-TERM DEBT (continued)

K. Authorized But Unissued Bonds

<u>Purpose</u>	<u>June 30, 2013</u>
General Obligation Debt:	
2011 Charter Bonds	\$ 15,711,050
2012 Charter Bonds	55,365,838
2013 Charter Bonds	68,120,000
Total General Obligation Debt	<u>\$ 139,196,888</u>
Water and Sewer Debt:	
2009 W & S Revenue Bonds	\$ 16,087,666
2011 W & S Revenue Bonds	27,000,000
2012 W & S Revenue Bonds	27,000,000
2013 W & S Revenue Bonds	27,000,000
Total Water and Sewer Debt	<u>\$ 97,087,666</u>
Storm Water Utility Revenue Bonds:	
2006 Storm Water Utility Revenue Bonds	\$ 448,440
2008 Storm Water Utility Revenue Bonds	6,000,000
2011 Storm Water Utility Revenue Bonds	16,300,000
2013 Storm Water Utility Revenue Bonds	12,500,000
Total Storm Water Utility Debt	<u>\$ 35,248,440</u>
 Total Authorized and Unissued Debt - June 30, 2013	 <u>\$ 271,532,994</u>

L. Revenue Covenants

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

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

Various mortgage loan agreements and notes payable with interest at 3.25% to 7.1%, collateralized by real property.	<u>\$ 16,106,937</u>
---	----------------------

N. Notes Payable - Component Unit Virginia Beach Development Authority

Notes Payable – Town Center

Details of Other Notes Payable as of June 30, 2013, are as follows:

Note Payable: Wachovia - Town Center	<u>\$ 947,939</u>
--------------------------------------	-------------------

On March 6, 2000, the Authority and Town Center Associates, L.L.C. entered into an agreement for the development of the Town Center. Financing for the purchase of the land for future phases beyond Phase I of this project was obtained from First Union National Bank/Wachovia in the amount of \$5,500,000. Total advances on this loan may not exceed \$11,135,000, to include accrued interest through December 2006. The original loan agreement was signed on June 8, 2000 and called for semi-annual interest payments starting November 30, 2000, with all principal and interest due December 1, 2006. Under the terms of this agreement, the Authority was not required to make any principal or interest payments on this loan until November of 2008; and the intention is to not make principal or interest payments, except to the extent funds are available from the sale of this land. To date, \$1,146,175 has been added to the original principal of the loan in the form of interest. As of June 30, 2013 the outstanding balance was \$947,939. The loan is secured by a surety agreement provided by Town Center Associates, L.L.C.

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

6. LONG-TERM DEBT (continued)

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

Notes Payable – Town Center (continued)

In November of 2012, the Authority approved the Phase V Development Agreement. This agreement specifies that in the event the developer does not construct improvements on the remainder of the Town Center land before April of 2015, the developer has an obligation to make payments to the City in an amount totaling \$2,950,000 beginning in 2015. The payments will be offset by taxes generated on the remaining option land should the developer timely make those improvements.

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

O. Compliance

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

P. Public Facility Revenue Bonds and Associated VBDA Support Agreements

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

The Authority issued Public Facility Revenue Bonds, Series 2003, 2005A & B, and 2007A & B to finance acquisition of three public parking garages and appurtenant structures for the Town Center Project – Phases II and III.

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

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

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

7. ASSETS AND OBLIGATIONS UNDER LEASES

Operating Leases Governmental Activities

Social Services Facility

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

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

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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, 2013, the City had the following investments. Except for the investments in State Non Arbitrage Program (SNAP), all investments are in an internal investment pool.

Investment Type	Fair Value	Weighted Average Maturities (in months)
Certificates of Deposit	\$ 119,000,000	3.33
State Treasurer's Local Government Investment Pool (LGIP)	60,000,000	0.19
Commercial Paper Disc. – Amortizing	45,180,181	0.56
U. S. Government Securities	71,000,000	4.64
State Non Arbitrage Program – SNAP	26,384,472	0.08
Total Fair Value	<u>\$ 321,564,653</u>	
Portfolio Weighted Average Maturity		<u>2.38</u>

Reconciliation of total deposits and investments to the government-wide financial statements at June 30, 2013:

	Primary Government	School Board Component Unit	Total
Cash and Investments	\$ 294,028,568	\$ 114,367,676	\$ 408,396,244
Restricted Cash and Cash Equivalents	400,907,405	-	400,907,405
Fiduciary Funds	370,841	16,922,565	17,293,406
Total	<u>\$ 695,306,814</u>	<u>\$ 131,290,241</u>	<u>\$ 826,597,055</u>
Less: Cash on Deposit			(505,032,402)
Total Market Value of Investments at June 30, 2013			<u>\$ 321,564,653</u>

Interest Rate Risk:

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

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

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

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

8. DEPOSITS AND INVESTMENTS (continued)

Credit Risk:

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

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

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

The City's rated debt investments as of June 30, 2013 were rated by Standard & Poor's and Moody's and/or an equivalent national rating organization and the ratings are presented below using the respective rating scale from both agencies.

	<u>AAA</u>	<u>A1/P1/F1+</u>
State Treasurer's Local Government Investment Pool (LGIP)	\$ 60,000,000	\$ -
U. S. Government Securities	71,000,000	-
State Non Arbitrage Program (SNAP)	26,384,472	-

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, 2013, 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, 2013 resulted in a net increase of \$283,105.

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, 2013, \$20,609 in interest income was reported in designated funds and subsequently transferred to the General Fund.

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

9. COMMITMENTS AND CONTINGENCIES

A. Litigation

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

B. Intergovernmental Grants, Entitlements, and Shared Revenues

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

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

C. City Manager Employment Contract

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

D. Salaries Payable

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

E. Landfill Closure

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

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

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

To date, approximately 93.28 percent of the developed landfill has been used. Based on a 2012 study, the present value of the estimated cost for both closure and post-closure care is \$26,826,185, an amount based on landfill capacity used to date. Until another cell of the landfill is opened, no additional estimated closure and post-closure care costs will be recognized, except for the effects of inflation, changes in estimates, changes in technology or changes in laws or regulations. This amount is reflected in the government-wide financial statements.

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

9. COMMITMENTS AND CONTINGENCIES (continued)

E. Landfill Closure (continued)

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, 2013 the City had outstanding encumbrances as follows:

General Fund	
Communications and Information	\$ 1,607,960
General Government	2,568,946
Human Services	949,718
Libraries	525,743
Police	845,498
Public Works	763,214
Parks and Recreation	519,608
Vehicle Replacement	740,577
Total General Fund	<u>\$ 8,521,264</u>
Capital Projects Fund	
Engineering and Highways	\$ 59,088,055
Buildings	11,341,591
Parks and Recreation	26,348,133
Coastal	1,024,962
Economic and Tourism	28,591,195
Total Capital Projects Fund	<u>\$ 126,393,936</u>
Nonmajor Special Revenue Funds	<u>3,232,791</u>
Total	<u>\$ 138,147,991</u>

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

10. INTERFUND BALANCES AND TRANSACTIONS, FUND RESULTS AND RECONCILIATIONS

A. Interfund Transfers

Interfund transfers for the year ended June 30, 2013 were made up of the following:

Transfers To:	Transfer From:							Total
	General Fund	Capital Projects	Storm Water	Water & Sewer	Nonmajor Governmental	Nonmajor Parking Enterprise	Internal Service	
General Fund	\$ -	\$ -	\$ 4,667	\$ -	\$ 9,197,573	\$ 6,298	\$ -	\$ 9,208,538
Capital Project	29,443,055	-	30,000	310,000	9,937,453	300,000	350,000	40,370,508
Storm Water Fund	1,807,276	14,073,374	-	-	29,019	-	-	15,909,669
Water and Sewer	-	-	272,160	-	-	-	-	272,160
Nonmajor								
Governmental	81,478,480	-	-	-	3,648,865	-	-	85,127,345
Internal Service	-	-	-	-	98,000	-	-	98,000
Total	<u>\$ 112,728,811</u>	<u>\$ 14,073,374</u>	<u>\$ 306,827</u>	<u>\$ 310,000</u>	<u>\$ 22,910,910</u>	<u>\$ 306,298</u>	<u>\$ 350,000</u>	<u>\$ 150,986,220</u>

Purpose:

Transfers From General Fund:

\$ 29,443,055	Capital Project Funds: Funding for Pay-As-You-Go Capital Project Funds.
1,807,276	Storm Water Fund: General Fund support of Storm Water operations.
81,478,480	Nonmajor Governmental Funds: Funding for Special Revenue Programs.

Transfers From Capital Projects:

\$ 14,073,374	Transfer Net Funding remaining from selected Storm Water capital projects, which were previously accounted for in the Capital Project Fund.
---------------	---

Transfers From Storm Water Enterprise Fund:

\$ 4,667	General Fund: Support General Fund operations.
30,000	Capital Projects Fund: Roadways.
272,160	Water and Sewer Fund: Storm Water support for billing system operations.

Transfers From Water and Sewer Enterprise Fund:

\$ 310,000	Capital Projects: Roadways
------------	----------------------------

Transfers From Nonmajor Governmental Funds:

\$ 9,197,573	General Fund: Special Revenue Funds, primarily surplus funds from Sandbridge TIF and Agriculture Reserve.
9,937,453	Capital Projects Funds: Funding for Pay-As-You Go Capital Projects.
29,019	Storm Water Fund: Funding for support of Storm Water operations.
3,648,865	Nonmajor Governmental Funds: Funding for support of existing programs
98,000	Internal Service.

Transfer From Nonmajor Enterprise Funds:

\$ 6,298	General Fund: Support General Fund operations.
300,000	Capital Project Funds: Economic and Tourism.

Transfer From Internal Service Funds:

\$ 350,000	Capital Project Funds: Funding for Communications System Capital.
------------	---

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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

B. Net Position Deficit

The following Primary Government fund has a deficit balance in equity at June 30, 2013:

Internal Service Fund:	
Risk Management	<u>\$ 15,610,324</u>

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

C. Accounting Changes, Restatements and Fund Combinations

1. The Old Donation Special Revenue Fund will now be titled Combined Area Dredging Projects effective July 1, 2012. From this date forward the combined City dredging program will be accounted for in this Special Revenue Fund.
2. The Waste Management Fund was established effective July 1, 2012 to account for funds generated through monthly service charges for providing services to our residents for collection, management and disposal of solid waste, recyclable materials and other refuse.
3. The City adopted GASB Statement No. 61, *The Financial Reporting Entity* (GASB 61): *Omnibus*, GASB Statement No. 62 *Codification of Accounting and Financial Reporting Guidance contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* (GASB 62), GASB Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65 *Items Previously Reported as Assets and Liabilities* (GASB 65) for the fiscal year ended June 30, 2013.

Implementation of GASB 61 resulted in the inclusion of the Virginia Beach Development Authority in the City's reporting entity as a blended component unit. Prior to this statement the Authority was presented as a discretely presented component unit. This inclusion resulted in the restatement of the Governmental and Business-type Activities beginning net position. In addition, beginning totals for Governmental and Business-type Activities capital assets and long term debt were also restated as reflected in the notes to the financial statements.

Implementation of GASB 62 did not have any financial reporting impact on the City for fiscal year ended June 30, 2013.

Implementation of GASB 63 required the reclassification of Net Assets to Net Position and it also required the new categories called Deferred Outflows of Resources and Deferred Inflows of Resources.

Implementation of GASB 65 recognized cost of issuance of bonds as an expense, therefore the adoption of this statement resulted in an increase to the cost of issuance expense and a decrease to the unamortized bond issuance costs and unamortized underwriters discount fee for fiscal year ended June 30, 2012. The restatement of prior period net position for fiscal year ended June 30, 2012 decreased both the net position and unamortized issuance costs (bond issuance costs) by \$8,713,486 for the City. As a result, net position as of July 1, 2012 has been adjusted accordingly:

	Governmental Activities	Business-type Activities	Total Net Position
Balance, as previously reported, June 30, 2012	\$ 2,562,682,433	\$ 861,549,866	\$ 3,424,232,299
Adjustments for implementation of new regulations:			
GASB 61, to report VBDA as blended component unit			
To eliminate support agreement expenses	79,850,486	-	79,850,486
To include VBDA's beginning net position	713,434	49,400,760	50,114,194
GASB 65, changes related to debt issuance cost	(5,101,301)	(3,612,185)	(8,713,486)
Balance, as restated, June 30, 2012	<u>\$ 2,638,145,052</u>	<u>\$ 907,338,441</u>	<u>\$ 3,545,483,493</u>

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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

C. Accounting Changes, Restatements and Fund Combinations (continued)

4. The beginning fund balance of the General Fund was reclassified to reflect the addition of the Lynnhaven Mall Tax Increment Financing Special Revenue Fund which was closed effective June 30, 2012. This fund has achieved its original financing objective. The ending fund balance for this special revenue fund will now be reflected as a portion of the unassigned fund balance for the General Fund. All activity will be reflected with the General Fund Financial Statements. As a result of this combination the beginning fund balance of the General Fund has been reclassified to reflect a balance of \$191,175,131 (includes the addition of \$125,699).
5. Effective July 1, 2012 the Inmate Services Special Revenue Fund will be accounted for in the Sheriff's Department Special Revenue Fund. The Inmate Services Special Revenue Fund was closed and the remaining balance of this fund transferred to the Sheriff's Department Fund. As a result of this combination, the beginning fund balance in the Sheriff's Department Fund has been reclassified to reflect a balance of \$3,594,497.

11. RISK MANAGEMENT

A. Primary Government Self-Insurance Program

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City is also exposed to the risk of loss for employee medical benefits. These benefits are accounted for in the School Health Insurance Internal Service Fund. This fund accounts for and finances this joint self-insured program between the City and the School Board. During Fiscal Year 1973, the City established a Risk Management Fund (an internal service Fund) to account for and finance its uninsured risks of loss. Under this program, the Risk Management Fund provides coverage for up to a maximum of \$850,000 for each workers' compensation claim, \$2,000,000 for each general and auto liability claim, \$50,000 (Schools are \$100k) for each fire and property claim, and \$2,000,000 for each public officials (errors and omissions) claim. The insurance coverage for each major category of risk is the same as those reported in the prior fiscal year. There have not been any reductions in commercial insurance coverage from the prior year and the amount of settlements applied against this coverage in each of the past three years did not exceed the commercial insurance. The City has \$10 million of excess insurance coverage per claim and \$20 million aggregate.

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

The estimated claims and judgments liability of \$25,462,274 reported in the Fund at June 30, 2013 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

	<u>Beginning Liability</u>	<u>Claims & Changes in Estimates</u>	<u>Claims Payments</u>	<u>Balance at Year-End</u>
2011-2012	\$ 24,217,251	\$ 6,715,857	\$ 7,348,664	\$ 23,584,444
2012-2013	\$ 23,584,444	\$ 12,149,718	\$ 10,271,888	\$ 25,462,274

B. School Board Self-Insurance Program

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

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

11. RISK MANAGEMENT (continued)

B. School Board Self-Insurance Program (continued)

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

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

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, 2013 is \$7,272,000 (undiscounted) as follows:

	Beginning Liability	Claims & Changes in Estimates	Claims Payments	Balance at Year-End
2011-2012	\$ 6,788,342	\$ 6,038,595	\$ 4,940,937	\$ 7,886,000
2012-2013	\$ 7,886,000	\$ 4,014,814	\$ 4,628,814	\$ 7,272,000

Effective January 1, 2000, the School Board established a self-insured health care benefits program for all School Board and City employees. Certain claims expenses paid on behalf of each employee during a single policy year are covered by excess loss insurance with a specific stop-loss limit of \$500,000. The amount of settlements did not exceed insurance coverage for each of the past three fiscal years. Claims processing and payments for all health care claims are made through third-party administrators. The School Board uses the information provided by the third-party administrators and a health care benefits consultant to aid in the determination of self-insurance liabilities. The computed liability as of June 30, 2013 is \$8,578,000 (undiscounted), as follows:

	Beginning Liability	Claims & Changes in Estimates	Claims Payments	Balance at Year-End
2011-2012	\$ 7,571,000	\$ 118,744,637	\$ 117,642,637	\$ 8,673,000
2012-2013	\$ 8,673,000	\$ 129,897,947	\$ 129,992,947	\$ 8,578,000

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.

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

11. RISK MANAGEMENT (continued)

C. Surety Bonds (continued)

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

12. RETIREMENT

A. Virginia Retirement System

Plan Description

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

The City is a separate cost-sharing pool within VRS, and makes contributions based on rates set by VRS's actuarial calculations of the annual required contributions. All full-time, salaried permanent employees of public school divisions and employees of participating employers are automatically covered by VRS upon employment.

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

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

- Members hired before July 1, 2010 who were vested as of January 1, 2013 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 Plan 1 members who were not vested on January 1, 2013 are covered under Plan 2. Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with at least five years of service credit.
- Eligible hazardous duty members in Plan 1 and Plan 2 are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. These members include sheriffs, deputy sheriffs and hazardous duty employees of political subdivisions that have elected to provide enhanced coverage for hazardous duty service. They may retire with a reduced benefit as early as age 50 with at least five years of service credit. All other provisions of the member's plan apply.

The VRS Basic Benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the member's average final compensation multiplied by the member's total service credit. Under Plan 1, average final compensation is the average of the member's 36 consecutive months of highest compensation. Under Plan 2, average final compensation is the average of the member's 60 consecutive months of highest compensation. The retirement multiplier for non-hazardous duty members is 1.70%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier for eligible political subdivision hazardous duty employees other than sheriffs and jail superintendents is 1.70% or 1.85% as elected by the employer. The multiplier for Plan 2 members was reduced to 1.65% effective January 1, 2013 unless they are hazardous duty employees and their employer has elected the enhanced retirement multiplier. 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 Advanced Pension Option or those retiring with a reduced benefit.

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

12. RETIREMENT (continued)

A. Virginia Retirement System (continued)

Plan Description (continued)

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/2012-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Funding Policy

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

In addition, the City and School Board are required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The City and employees' contribution rate for the fiscal year ended 2013 was 20.68% of annual covered payroll. The School Board (non-professional employees) contribution rate for the fiscal year ended 2013 was 14.11% of annual covered payroll.

The School Board 2013 contribution to the VRS statewide teacher pool was \$63,194,423. This amount represented 16.66% of annual covered payroll for 2013. The contribution for 2012 was \$42,884,174 and 11.33% of annual covered payroll. The contribution for 2011 was \$34,487,826 and 8.93%, 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 2013, the City's annual pension cost of \$54,955,790 was equal to the City's actual contributions. For 2013, the School Board's annual pension cost of \$5,686,650 was equal to the School Board's actual contributions.

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

12. RETIREMENT (continued)

A. Virginia Retirement System (continued)

Three-Year Trend Information for City of Virginia Beach

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Assets)
<u>City</u>			
June 30, 2013	\$ 54,955,790	100.00%	\$ -
June 30, 2012	\$ 49,174,585	100.00%	\$ -
June 30, 2011	\$ 48,314,954	100.00%	\$ -

School Board Non-Professional Employees

June 30, 2013	\$ 5,686,650	100.00%	\$ -
June 30, 2012	\$ 4,488,305	100.00%	\$ -
June 30, 2011	\$ 4,363,858	100.00%	\$ -

The FY 2013 required contribution was determined as part of the June 30, 2011 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2011 included (a) an investment rate of return (net of administrative expenses) of 7.0%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees, 3.75% to 6.20% per year for teachers, and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year for Plan 1 employees and 2.25% for Plan 2 employees. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the City's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The City's unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at June 30, 2009 for the Unfunded Actuarial Accrued Liability (UAAL) was 30 years.

Funded Status and Funding Progress

As of June 30, 2012 for the City, the most recent actuarial valuation date, the plan was 68.57% funded. The actuarial accrued liability for benefits was \$1,659,201,183, and the actuarial value of assets was \$1,137,764,995, resulting in an unfunded actuarial accrued liability (UAAL) of \$521,436,188. The covered payroll (annual payroll of active employees covered by the plan) was \$283,727,245, and the ratio of the UAAL to the covered payroll was 183.78%.

As of June 30, 2012 for the School Board, the most recent actuarial valuation date, the plan was 79.81% funded. The actuarial accrued liability for benefits was \$192,573,584, and the actuarial value of assets was \$153,700,081, resulting in an unfunded actuarial accrued liability (UAAL) of \$38,873,503. The covered payroll (annual payroll of active employees covered by the plan) was \$40,059,396, and the ratio of the UAAL to the covered payroll was 97.04%.

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

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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. The city code of Virginia Beach, Virginia establishes a Deferred Compensation Board ("Board") to supervise, administer and implement the Plan.

Contributions to the plan are made from the Sheriff's Special Revenue Fund and are approved by City Council prior to the end of each plan year. Contributions cannot exceed an amount equal to 15 percent of the compensation of all participants during the year. Contributions shall be allocated to the participants' accounts by the proportion of the participant's base salary to total base salary of all participants. Participant contributions are not allowed. Contributions for the plan year ending August 31, 2012 were \$287,843.

2. Significant Accounting Principles

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

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

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

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

13. OTHER POSTEMPLOYMENT BENEFITS

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

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

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

13. OTHER POSTEMPLOYMENT BENEFITS (continued)

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

Funding Policy. Contribution requirements of the City, School Board and plan members are established and may be amended by the respective legislative bodies. The required contributions were actuarially determined and are based upon projected pay as you go financing requirements with an additional amount to prefund benefits. For the period ending June 30, 2013 the City and School Board contributed, \$8,871,000 and \$7,858,100 respectively. Plan members from each organization contributed \$86.53 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 \$413.59 per month to age 65. Retirees who participate in the Wellness for Life program will receive reduced retiree rates. 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 2013, the City and School Board's annual OPEB cost of \$8,871,000 million and \$7,858,100 million, respectively, was equal to the required contribution. The amount placed in the OPEB Trust was \$1,816,700 and \$1,252,500 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 2013, 2012 and 2011 are presented below:

City

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2013	\$ 8,871,000	100%	\$ -
6/30/2012	\$ 8,714,600	100%	\$ -
6/30/2011	\$ 8,854,121	100%	\$ -

School Board

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2013	\$ 7,858,100	100%	\$ -
6/30/2012	\$ 7,721,500	100%	\$ -
6/30/2011	\$ 8,881,926	100%	\$ -

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

	<u>City</u>	<u>School Board</u>
Actuarial accrued liability (AAL)	\$ 93,542,000	\$ 77,083,800
Actuarial value of plan assets	20,982,000	17,306,300
Unfunded actuarial accrued liability (UAAL)	<u>\$ 72,560,000</u>	<u>\$ 59,777,500</u>
Funded ratio (actuarial value of plan)	22.43%	22.45%
Covered payroll (active plan members)	\$ 283,026,400	\$ 409,662,700
UAAL as a percentage of covered payroll	25.64%	14.59%

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

13. OTHER POSTEMPLOYMENT BENEFITS (continued)

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

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

In the January 1, 2012, actuarial valuation, for the years ending June 30, 2012 and 2013 the projected unit credit method was used. The actuarial assumptions included a 7.5% investment rate of return (net of administrative expenses) and an annual healthcare cost trend assumption of 7.2% initially, graded to 4.8% over 83 years with no projected salary increase assumed. An inflation rate assumption of 2.5% was incorporated in the actuarial valuation. Employer and retiree contributions are assumed to increase at the same rate as the medical cost trend assumptions. There were no additional postretirement benefit increases assumed. Unfunded actuarial accrued liabilities for each organization are being amortized as a level dollar amount over an open 30 year period. The remaining amortization period is 30 years.



This Page Intentionally Left Blank

**REQUIRED
SUPPLEMENTAL
INFORMATION
(Unaudited)**

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

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

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

<u>City Employees</u>						
	(a)	(b)	(b-a)	(a/b)	(c)	
<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded (Overfunded) Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
June 30, 2010	\$ 1,114,172,642	\$ 1,523,438,859	\$ 409,266,217	73.14%	\$ 280,058,066	146.14%
June 30, 2011	\$ 1,139,545,339	\$ 1,579,038,961	\$ 439,493,622	72.17%	\$ 275,816,830	159.34%
June 30, 2012	\$ 1,137,764,995	\$ 1,659,201,183	\$ 521,436,188	68.57%	\$ 283,727,245	183.78%
<u>School Board Non-Professional Employees</u>						
	(a)	(b)	(b-a)	(a/b)	(c)	
<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded (Overfunded) Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
June 30, 2010	\$ 153,783,371	\$ 182,222,930	\$ 28,439,559	84.39%	\$ 41,493,390	68.54%
June 30, 2011	\$ 155,756,190	\$ 187,196,469	\$ 31,440,279	83.20%	\$ 40,672,520	77.30%
June 30, 2012	\$ 153,700,081	\$ 192,573,584	\$ 38,873,503	79.81%	\$ 40,059,396	97.04%

Note: Source Virginia Retirement System (VRS) Actuarial Valuation Reports. Excludes pension obligations for Virginia Beach teachers who are included in a statewide teacher pension system with VRS.

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

City						
	(a)	(b)	(b-a)	(a/b)	(c)	
<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded (Overfunded) Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
January 1, 2009	\$ 4,996,388	\$ 75,897,658	\$ 70,901,270	6.60%	\$ 280,202,036	25.30%
January 1, 2010	\$ 9,558,773	\$ 79,295,953	\$ 69,737,180	12.10%	\$ 285,407,357	24.40%
January 1, 2012	\$ 20,982,000	\$ 93,542,000	\$ 72,560,000	22.43%	\$ 283,026,400	25.64%

School Board						
	(a)	(b)	(b-a)	(a/b)	(c)	
<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded (Overfunded) Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
January 1, 2009	\$ 3,897,182	\$ 72,692,511	\$ 68,795,329	5.40%	\$ 440,959,594	15.60%
January 1, 2010	\$ 8,648,413	\$ 75,347,493	\$ 66,699,080	11.50%	\$ 432,476,829	15.40%
January 1, 2012	\$ 17,306,300	\$ 77,083,800	\$ 59,777,500	22.45%	\$ 409,662,700	14.59%

Schedules of Employer Contributions

City		
<u>Year Ended Date</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
June 30, 2011	\$ 8,854,121	100%
June 30, 2012	\$ 8,714,600	100%
June 30, 2013	\$ 8,871,000	100%

School Board		
<u>Year Ended Date</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
June 30, 2011	\$ 8,881,926	100%
June 30, 2012	\$ 7,721,500	100%
June 30, 2013	\$ 7,858,100	100%



This Page Intentionally Left Blank

OTHER SUPPLEMENTAL INFORMATION

**NONMAJOR
GOVERNMENTAL FUNDS**

NONMAJOR GOVERNMENTAL FUNDS

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

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

**CITY OF VIRGINIA BEACH, VIRGINIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Total Nonmajor Governmental Funds
<u>ASSETS</u>			
Cash and Investments	\$ 41,866,566	\$ 2,088	\$ 41,868,654
Cash and Investments - Restricted	16,904,582	-	16,904,582
Agriculture Reserve Program Treasury Strips - Restricted	-	25,488,804	25,488,804
Receivables (net of allowance for uncollectables, where applicable):			
Accounts	5,109,922	-	5,109,922
Loans	6,432,569	-	6,432,569
Due from:			
Other Governments	7,957	-	7,957
Commonwealth	2,070,849	-	2,070,849
Federal Government	3,633,122	-	3,633,122
Total Assets	<u>\$ 76,025,567</u>	<u>\$ 25,490,892</u>	<u>\$ 101,516,459</u>
<u>LIABILITIES</u>			
Vouchers and Accounts Payable	\$ 5,658,143	\$ -	\$ 5,658,143
Due to Other Funds	1,570,452	-	1,570,452
Unearned Revenue	202,763	-	202,763
Total Liabilities	<u>\$ 7,431,358</u>	<u>\$ -</u>	<u>\$ 7,431,358</u>
<u>FUND BALANCES</u>			
Restricted for:			
Special Revenue Funds	\$ 14,541,663	\$ -	\$ 14,541,663
Debt Service	-	25,490,892	25,490,892
Committed to:			
Special Revenue Funds	50,210,648	-	50,210,648
Assigned to:			
Special Revenue Funds	3,841,898	-	3,841,898
Total Fund Balances	<u>\$ 68,594,209</u>	<u>\$ 25,490,892</u>	<u>\$ 94,085,101</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 76,025,567</u>	<u>\$ 25,490,892</u>	<u>\$ 101,516,459</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, 2013

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Total Nonmajor Governmental Funds
<u>REVENUES</u>			
General Property Taxes - Real Estate	\$ 35,199,695	\$ -	\$ 35,199,695
Other Local Taxes	47,842,279	-	47,842,279
From Use of Money and Property	1,925,447	-	1,925,447
Charges for Services	43,115,010	-	43,115,010
Miscellaneous	6,659,059	-	6,659,059
Fines and Forfeitures	738,507	-	738,507
From Commonwealth	21,295,561	-	21,295,561
From Federal Government	33,420,487	493,101	33,913,588
Total Revenues	<u>\$ 190,196,045</u>	<u>\$ 493,101</u>	<u>\$ 190,689,146</u>
<u>EXPENDITURES</u>			
Judicial	\$ 39,527,052	\$ -	\$ 39,527,052
Executive	65,890	-	65,890
Library	271,628	-	271,628
Police	868,836	-	868,836
Fire	1,931,612	-	1,931,612
Public Works	38,531,338	-	38,531,338
Planning	62,433	-	62,433
Parks and Recreation	32,687,570	-	32,687,570
Agriculture	2,330,156	-	2,330,156
Convention and Visitor Development	43,416,268	-	43,416,268
Housing and Neighborhood Prevention	25,380,563	-	25,380,563
Human Services	8,742,870	-	8,742,870
Museums	15,883	-	15,883
Development Authority	55,539	-	55,539
General Government	8,014,133	-	8,014,133
Emergency Medical Services	598,570	-	598,570
Debt Service:			
Principal Retirement	-	30,543,474	30,543,474
Interest and Fiscal Charges	-	14,204,512	14,204,512
Total Expenditures	<u>\$ 202,500,341</u>	<u>\$ 44,747,986</u>	<u>\$ 247,248,327</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>\$ (12,304,296)</u>	<u>\$ (44,254,885)</u>	<u>\$ (56,559,181)</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In	\$ 39,780,079	\$ 45,347,266	\$ 85,127,345
Transfers Out	(22,910,910)	-	(22,910,910)
Proceeds of Refunding Bonds	-	33,795,000	33,795,000
Premium on Bonds Sold	-	4,136,236	4,136,236
Payment to Refunding Bonds Escrow Agent	-	(37,929,148)	(37,929,148)
Increase (Decrease) in Treasury Strips	-	(2,225,854)	(2,225,854)
Total Other Financing Sources and (Uses)	<u>\$ 16,869,169</u>	<u>\$ 43,123,500</u>	<u>\$ 59,992,669</u>
Net Change in Fund Balance	4,564,873	(1,131,385)	3,433,488
Fund Balance at Beginning of Year - As Reclassified	64,029,336	26,622,277	90,651,613
Fund Balance at End of Year	<u>\$ 68,594,209</u>	<u>\$ 25,490,892</u>	<u>\$ 94,085,101</u>



This Page Intentionally Left Blank

GENERAL FUND

GENERAL FUND

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

**CITY OF VIRGINIA BEACH, VIRGINIA
GENERAL FUND
SCHEDULE OF REVENUES COMPARED TO FINAL BUDGET
FOR THE YEAR ENDED JUNE 30, 2013**

Source	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<u>General Property Taxes</u>				
Real Estate	\$ 436,632,299	\$ 436,632,299	\$ 438,446,012	\$ 1,813,713
Personal Property	76,923,689	76,923,689	72,444,974	(4,478,715)
Prior Year's Personal Property	2,076,338	2,076,338	2,278,061	201,723
Interest on Delinquent Taxes	2,343,337	2,343,337	2,571,413	228,076
Total General Property Taxes	<u>\$ 517,975,663</u>	<u>\$ 517,975,663</u>	<u>\$ 515,740,460</u>	<u>\$ (2,235,203)</u>
<u>Other Local Taxes</u>				
General Sales	\$ 54,098,252	\$ 54,098,252	\$ 54,978,531	\$ 880,279
Utility	44,979,473	44,979,473	44,623,292	(356,181)
Business Licenses	42,423,932	42,423,932	44,224,356	1,800,424
Franchise Taxes - Cox Communications	7,527,233	7,527,233	7,192,940	(334,293)
Automobile Licenses	9,627,435	9,627,435	9,437,635	(189,800)
Bank Stock	3,180,790	3,180,790	2,354,647	(826,143)
City Tax on Deeds	5,912,533	5,912,533	7,458,847	1,546,314
City Tax on Wills	70,000	70,000	71,435	1,435
Cigarette	11,218,625	11,218,625	11,033,557	(185,068)
Amusement	-	-	11,042	11,042
Hotel Taxes	5,622,146	5,622,146	5,765,219	143,073
Restaurant Meals	35,146,135	35,146,135	35,134,292	(11,843)
Total Other Local Taxes	<u>\$ 219,806,554</u>	<u>\$ 219,806,554</u>	<u>\$ 222,285,793</u>	<u>\$ 2,479,239</u>
<u>Permits, Privilege Fees, and Regulatory Licenses</u>				
Dog and Cat Licenses	\$ 198,000	\$ 198,000	\$ 211,119	\$ 13,119
Use Permits	51,075	51,075	47,708	(3,367)
Building Permits	1,369,935	1,369,935	1,176,494	(193,441)
Electrical Permits	339,711	339,711	383,493	43,782
Plumbing Permits	282,561	282,561	280,689	(1,872)
Highway Permits	180,000	180,000	186,664	6,664
Taxi Driver Permits	17,800	17,800	13,850	(3,950)
Administrative Fees	120,561	120,561	153,150	32,589
Certificates	50,127	50,127	53,603	3,476
Abandoned Vehicle Franchises	76,021	76,021	68,949	(7,072)
Precious Metal Dealers Permits	43,500	43,500	71,200	27,700
Encroachment Application Fees	750	750	6,000	5,250
Fence Inspection Fees	3,960	3,960	4,950	990
Mechanical Permits	651,964	651,964	623,358	(28,606)
Sign Permits	53,775	53,775	49,691	(4,084)
Fire Permits	180,045	180,045	180,270	225
Special Events/Permit Fees	66,363	66,363	67,110	747
Moving and Hauling Permits	159,300	159,300	179,968	20,668
Wetlands Permits	28,100	28,100	25,100	(3,000)
Water and Sewer Connection Inspection Fees	41,229	41,229	46,770	5,541
Highway Permit Inspection Fees	97,137	97,137	135,230	38,093
Storage Tank Inspection	7,890	7,890	2,640	(5,250)
Right of Way Permit Inspection Fees	51,591	51,591	52,333	742
Transfer Fees	16,665	16,665	18,233	1,568
Subdivision Approval Fees	44,406	44,406	47,198	2,792
Zoning Change Fees	24,440	24,440	20,600	(3,840)
ATM - Permit Fees	7,250	7,250	8,700	1,450
Variance Fees	6,120	6,120	7,859	1,739
Zoning Verification	6,980	6,980	6,281	(699)
Reconsideration Conditions Fees	3,000	3,000	4,650	1,650

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
GENERAL FUND
SCHEDULE OF REVENUES COMPARED TO FINAL BUDGET
FOR THE YEAR ENDED JUNE 30, 2013

Source	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<u>Permits, Privilege Fees, and Regulatory Licenses (continued)</u>				
Street Closures	\$ 56,622	\$ 56,622	\$ 42,250	\$ (14,372)
Residential Parking	36,515	36,515	46,202	9,687
Total Permits, Privilege Fees, and Regulatory Licenses	<u>\$ 4,273,393</u>	<u>\$ 4,273,393</u>	<u>\$ 4,222,312</u>	<u>\$ (51,081)</u>
<u>Fines and Forfeitures</u>				
Court Fines and Forfeitures	\$ 3,609,013	\$ 3,609,013	\$ 489,186	\$ (3,119,827)
Forfeited Deposits for Plans	-	-	3,430,604	3,430,604
Overweight Vehicles Fees	124,000	124,000	113,334	(10,666)
Chesapeake Bay Preservation Fee	-	-	8,300	8,300
DUI Response Reimbursements	31,000	31,000	24,290	(6,710)
Red Light Violations	2,279,360	2,279,360	2,081,421	(197,939)
Amusement Tax Penalties	-	-	13,541	13,541
Zoning Fines	-	-	3,115	3,115
Total Fines and Forfeitures	<u>\$ 6,043,373</u>	<u>\$ 6,043,373</u>	<u>\$ 6,163,791</u>	<u>\$ 120,418</u>
<u>From Use of Money and Property</u>				
<u>Revenue from Use of Money:</u>				
Interest on Bank Deposits	\$ 968,638	\$ 968,638	\$ 850,543	\$ (118,095)
<u>Revenue from Use of Property:</u>				
Rent - Adam Thoroughgood House	11,430	11,430	8,099	(3,331)
Farmers Market-Merchants Dues and Promo Fees	4,897	4,897	7,426	2,529
Rent - Town Center	-	-	27,572	27,572
Farmers Market Fees	124,050	124,050	8,381	(115,669)
Sale School Grad Video Tapes	12,000	12,000	9,567	(2,433)
Fees - Miscellaneous Equipment and Facilities	205,487	205,487	261,810	56,323
Photocopying Machines	78,776	78,776	74,833	(3,943)
Bicycle Auctions - Unclaimed Property	9,600	9,600	1,705	(7,895)
Special Events - Farmers Market	2,000	2,000	2,252	252
Rent - Convention Center	1,511,000	1,511,000	1,618,581	107,581
Concessions - Convention Center	1,013,600	1,013,600	1,104,946	91,346
Rent - 14th/15th Street Pier	15,000	15,000	-	(15,000)
Farmers Market and Flea Market Vendor Fee	2,200	2,200	4,324	2,124
School Tours	3,000	3,000	10,610	7,610
Room Rentals, Aquarium	19,049	19,049	20,758	1,709
Rent - Owl Creek Golf Center	25,000	25,000	-	(25,000)
Rent - Central Library Meeting Rooms	8,500	8,500	2,806	(5,694)
Rent - Law Library	57,252	57,252	57,252	-
Virginia Beach National Golf	100,000	115,000	32,226	(82,774)
Rent - Adult Probation	122,833	122,833	-	(122,833)
Rent - Community Diversion/Corrections	44,912	44,912	-	(44,912)
Rent - Virginia Bar Association - JC	2,440	2,440	-	(2,440)
Rent - Amphitheatre	176,893	176,893	102,770	(74,123)
Rent - Other Properties	663,645	663,645	1,463,101	799,456
Lease of Land and Property	-	-	11,111	11,111
Rent - Rooms	2,400	2,400	6,100	3,700
Rent - Agricultural Land	4,649	4,649	-	(4,649)
Rent - Water and Sewer Office	396,678	396,678	396,678	-
Total from Use of Money and Property	<u>\$ 5,585,929</u>	<u>\$ 5,600,929</u>	<u>\$ 6,083,451</u>	<u>\$ 482,522</u>

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA
GENERAL FUND
SCHEDULE OF REVENUES COMPARED TO FINAL BUDGET
FOR THE YEAR ENDED JUNE 30, 2013**

Source	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<u>Charges For Services</u>				
U S Passport Processing Fees	\$ 97,025	\$ 97,025	\$ 112,908	\$ 15,883
Excess Fees - Clerk	425,823	425,823	673,109	247,286
Court Costs	468	468	144	(324)
Court Order Administrative Fees	26,300	26,300	18,070	(8,230)
Public Defender Fees	75,146	75,146	111,723	36,577
Sale of Police Reports	204,500	204,500	312,151	107,651
Police - False Alarm Fees	374,353	374,353	307,265	(67,088)
Fire Services	190,000	190,000	224,780	34,780
Animal Disposal Fees	2,000	2,000	8,197	6,197
Animal Adoption Fees	36,500	36,500	40,694	4,194
Board and Impounding Fees	76,000	76,000	68,841	(7,159)
Sale of Methane Gas - Trashmore	3,000	3,000	2,747	(253)
Mental Health and Mental Retardation	22,679,110	22,679,110	21,250,267	(1,428,843)
Substance Abuse	53,174	53,174	69,299	16,125
Museums Gift Shop Sales	1,350,575	1,350,575	1,327,750	(22,825)
FLH-Admissions-Special Events/General Tours	8,740	8,740	6,807	(1,933)
Aquarium Admissions	4,400,000	4,673,391	5,238,120	564,729
Aquarium Memberships	600,000	600,000	828,393	228,393
Aquarium IMAX Theater	610,000	610,000	556,891	(53,109)
Library Fines and Fees	342,400	342,400	361,310	18,910
Sale of Publications	-	-	2,927	2,927
Convention Center Staff Services	770,000	770,000	943,291	173,291
Data Processing Services	368,436	368,436	365,807	(2,629)
Courthouse Maintenance	146,780	146,780	129,296	(17,484)
Other Services Provided	2,429,480	2,432,446	2,475,350	42,904
Site Plan Review Fees	170,000	170,000	192,272	22,272
Reimbursement - FOIA - Req. Costs	-	-	3,002	3,002
State's Attorney	20,523	20,523	46,566	26,043
Water and Sewer Direct Charges	2,509,104	2,561,504	2,535,253	(26,251)
Water and Sewer Utility Yard Maintenance	154,380	161,770	161,770	-
Water and Sewer Landscape Services	310,560	310,560	294,795	(15,765)
Water and Sewer Right of Way Utility	4,000,000	4,018,900	4,018,900	-
Construction Plan Review Fees	25,964	25,964	15,019	(10,945)
Chesapeake Bay Preservation Act Variance Fees	16,200	16,200	18,665	2,465
Total Charges for Services	\$ 42,476,541	\$ 42,831,588	\$ 42,722,379	\$ (109,209)
<u>Miscellaneous Revenue</u>				
Indirect Costs - Public Utilities	\$ 2,200,000	\$ 2,200,000	\$ 2,041,984	\$ (158,016)
Indirect and Direct Costs - Storm Water Management	1,258,229	1,258,229	1,607,179	348,950
Indirect Costs-Housing & Neighborhood Preservation	315,619	315,619	278,257	(37,362)
Indirect and Direct Costs - Resort Parking	112,130	112,130	194,124	81,994
Indirect and Direct Cost - TGIF	2,050,000	2,053,000	2,053,000	-
Excess Property Processing	6,342	6,342	300	(6,042)
Miscellaneous	663,518	711,826	1,083,806	371,980
Returned Check Processing Charges	81,142	81,142	65,391	(15,751)
Settlements	-	-	4,892	4,892
Campaign Financing	-	-	1,250	1,250
Donations	7,750	187,750	330,271	142,521
City Treasurer Charges	1,250,000	1,250,000	1,592,342	342,342
Aquarium Foundation	1,074,458	1,074,458	950,301	(124,157)
Convention Center Concessions	1,450	1,450	-	(1,450)
Sale of Properties	800	800	655	(145)

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
GENERAL FUND
SCHEDULE OF REVENUES COMPARED TO FINAL BUDGET
FOR THE YEAR ENDED JUNE 30, 2013

Source	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<u>Miscellaneous Revenue (continued)</u>				
Sale of Salvage Materials	\$ 325,000	\$ 514,740	\$ 252,296	\$ (262,444)
Refund of Surplus - Health Department	53,572	53,572	38,107	(15,465)
Medicaid Out -Station	90,250	90,250	79,918	(10,332)
Sale - Recyclable Materials	1,790	1,790	5,483	3,693
Beam Advertising	20,867	20,867	19,152	(1,715)
DVP Street Light Reimbursement	510,000	510,000	174,956	(335,044)
Reimbursement - Responsible Parties - HAZMAT	-	-	10,584	10,584
Reimbursement - DMV	624,500	624,500	525,954	(98,546)
Total Miscellaneous Revenue	<u>\$ 10,647,417</u>	<u>\$ 11,068,465</u>	<u>\$ 11,310,202</u>	<u>\$ 241,737</u>
<u>From Commonwealth</u>				
Rolling Stock Tax	\$ 28,174	\$ 28,174	\$ 17,422	\$ (10,752)
Mobile Homes Sales Tax	37,425	37,425	34,311	(3,114)
Passenger Car Rental Tax	932,611	932,611	1,110,256	177,645
Reimbursement - Treasurer	552,767	552,767	593,460	40,693
Reimbursement - Commissioner of the Revenue	651,532	651,532	637,283	(14,249)
Reimbursement - General Registrar's Salary	78,015	114,115	104,446	(9,669)
Reimbursement - Clerk of Circuit Court	1,870,824	1,870,824	1,816,567	(54,257)
Reimbursement - Commonwealth's Attorney	2,380,078	2,380,078	2,322,388	(57,690)
Reimbursement - Health Department Automobile	8,671	8,671	5,633	(3,038)
Reimbursement - State Aid Law Enforcement	10,936,280	10,936,280	10,416,271	(520,009)
Personal Property Paid by Commonwealth	53,412,868	53,412,868	53,412,868	-
State Prisoner Transportation	371,950	371,950	412,880	40,930
Mental Health, Mental Retardation and Substance Abuse	10,212,595	10,212,595	10,386,010	173,415
Juvenile Justice Block Grant	2,113,540	2,113,540	2,108,391	(5,149)
Circuit Court Clerk Technology	-	369,192	347,346	(21,846)
Maintenance of Roads	41,152,239	41,152,239	42,075,384	923,145
Recordation Fees	326,542	326,542	326,542	-
Public Assistance Grants	18,060,689	18,061,936	14,837,838	(3,224,098)
Medicaid	189,399	189,399	190,531	1,132
DMV Select Program	161,000	161,000	131,652	(29,348)
Virginia Commission For The Arts	5,000	5,000	5,000	-
Wireless E-911 Services Board	1,614,419	1,614,419	1,895,491	281,072
Spay and Neuter Services	-	-	1,552	1,552
Universal Service Funds	73,847	73,847	23,889	(49,958)
State Aid Library	209,152	209,152	210,008	856
Total From Commonwealth	<u>\$ 145,379,617</u>	<u>\$ 145,786,156</u>	<u>\$ 143,423,419</u>	<u>\$ (2,362,737)</u>
<u>From Federal Government</u>				
Public Law 95-469 - Refuge Revenue Sharing Act	\$ 121,533	\$ 121,533	\$ 77,271	\$ (44,262)
Federal Law Enforcement	31,000	31,000	7,729	(23,271)
Indirect Costs - Social Services	549,619	549,619	496,424	(53,195)
Federal Emergency Management Agency	52,914	52,914	52,914	-
SEVAMP Grant	87,000	87,000	39,133	(47,867)
Mental Health, Mental Retardation and Substance Abuse	2,726,018	2,726,018	2,827,973	101,955
USDA Juvenile Detention	95,698	95,698	85,684	(10,014)
Public Assistance Grants	12,761,718	12,761,718	13,699,832	938,114
Federal Reimbursement of Interest	304,701	304,701	304,701	-
Total From Federal Government	<u>\$ 16,730,201</u>	<u>\$ 16,730,201</u>	<u>\$ 17,591,661</u>	<u>\$ 861,460</u>

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA
GENERAL FUND
SCHEDULE OF REVENUES COMPARED TO FINAL BUDGET
FOR THE YEAR ENDED JUNE 30, 2013**

Source	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<u>Other Local Governments</u>				
City of Chesapeake	\$ 250,484	\$ 250,484	\$ 95,294	\$ (155,190)
TOTAL REVENUES	\$ 969,169,172	\$ 970,366,806	\$ 969,638,762	\$ (728,044)
<u>Other Financing Sources</u>				
Transfers In	\$ 614,858	\$ 8,095,271	\$ 9,208,538	\$ 1,113,267
Premium on Refunding Bonds Sold	-	-	540,500	540,500
Total Other Financing Sources	\$ 614,858	\$ 8,095,271	\$ 9,749,038	\$ 1,653,767
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 969,784,030	\$ 978,462,077	\$ 979,387,800	\$ 925,723

**CITY OF VIRGINIA BEACH, VIRGINIA
GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO FINAL BUDGET
FOR THE YEAR ENDED JUNE 30, 2013**

Source	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<u>Legislative Department</u>				
Municipal Council	\$ 545,118	\$ 580,766	\$ 575,026	\$ 5,740
City Clerk	576,749	723,543	723,542	1
Total Legislative Department	<u>\$ 1,121,867</u>	<u>\$ 1,304,309</u>	<u>\$ 1,298,568</u>	<u>\$ 5,741</u>
<u>Executive Department</u>				
City Manager	\$ 1,807,625	\$ 1,805,139	\$ 1,745,358	\$ 59,781
Organizational Development Office	306,602	307,102	272,796	34,306
Media and Communication Group	337,731	337,418	335,523	1,895
Volunteer Council	206,079	214,202	185,576	28,626
Total Executive Department	<u>\$ 2,658,037</u>	<u>\$ 2,663,861</u>	<u>\$ 2,539,253</u>	<u>\$ 124,608</u>
<u>Law Department</u>				
City Attorney	<u>\$ 3,819,468</u>	<u>\$ 3,827,883</u>	<u>\$ 3,697,386</u>	<u>\$ 130,497</u>
<u>Finance Department</u>				
Director of Finance:				
Director's Office	\$ 700,648	\$ 707,060	\$ 703,746	\$ 3,314
Comptroller's Office	1,600,741	1,697,834	1,631,654	66,180
Payroll	713,678	713,579	702,586	10,993
Purchasing	1,145,037	1,156,194	1,055,359	100,835
Local Vehicle Registration	779,657	779,657	730,538	49,119
Total Director of Finance	<u>\$ 4,939,761</u>	<u>\$ 5,054,324</u>	<u>\$ 4,823,883</u>	<u>\$ 230,441</u>
Commissioner of the Revenue	4,035,389	4,276,999	4,111,395	165,604
Board of Equalization	15,846	15,808	8,534	7,274
City Real Estate Assessor	3,175,280	3,100,676	2,988,650	112,026
Treasurer	5,111,193	5,201,265	5,060,662	140,603
Total Finance Department	<u>\$ 17,277,469</u>	<u>\$ 17,649,072</u>	<u>\$ 16,993,124</u>	<u>\$ 655,948</u>
<u>Human Resources Department</u>				
Director's Office	\$ 361,716	\$ 389,771	\$ 321,831	\$ 67,940
Employee Relations	586,707	585,256	427,464	157,792
Staffing and Placement	1,220,147	1,222,077	1,026,805	195,272
Training and Development	748,509	826,905	723,720	103,185
Police Services	97,462	97,379	96,566	813
Benefits Administration	662,283	662,283	662,283	-
Employee Special Benefits	5,266,655	5,513,617	5,487,008	26,609
Member Communications	110,641	110,016	108,675	1,341
Human Rights Commission	69,524	69,399	59,622	9,777
Occupational Safety	249,944	252,343	205,213	47,130
Occupational Health	847,159	861,359	805,056	56,303
Total Human Resources Department	<u>\$ 10,220,747</u>	<u>\$ 10,590,405</u>	<u>\$ 9,924,243</u>	<u>\$ 666,162</u>
<u>Judicial Department</u>				
Circuit Court	\$ 1,034,008	\$ 1,032,491	\$ 1,000,918	\$ 31,573
General District Court	359,618	415,540	412,842	2,698
Juvenile and Domestic Relations - District Court	137,438	149,696	138,214	11,482
Commonwealth's Attorney	7,491,148	7,519,584	7,361,328	158,256
Clerk of the Circuit Court	3,041,507	3,515,953	3,261,531	254,422
Magistrates	95,514	95,723	93,399	2,324
Juvenile Probation	1,477,283	1,461,954	1,239,616	222,338
Youth Intervention CHINS Unit	304,484	304,484	241,287	63,197
Total Judicial Department	<u>\$ 13,941,000</u>	<u>\$ 14,495,425</u>	<u>\$ 13,749,135</u>	<u>\$ 746,290</u>
<u>Health Department</u>				
Preventive Medicine	<u>\$ 2,991,428</u>	<u>\$ 3,058,281</u>	<u>\$ 2,866,304</u>	<u>\$ 191,977</u>

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA
GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO FINAL BUDGET
FOR THE YEAR ENDED JUNE 30, 2013**

Source	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<u>Human Services Department</u>				
Administration	\$ 5,034,060	\$ 5,069,880	\$ 5,187,103	\$ (117,223)
Mental Health	18,750,495	19,081,755	17,821,549	1,260,206
Mental Retardation	18,442,683	18,716,118	18,034,661	681,457
Substance Abuse	5,343,818	5,435,537	5,340,626	94,911
Social Services	33,038,452	33,151,101	31,316,260	1,834,841
Biznet Village	4,986,512	4,994,643	4,978,913	15,730
Pendleton Child Service Center	1,780,283	1,780,148	1,641,910	138,238
Comprehensive Services Act Administration & Social Services	13,198,211	13,100,943	10,668,026	2,432,917
Indian River Road ICF/MR	1,057,460	1,826,842	1,184,628	642,214
Juvenile Detention Center	4,398,891	4,397,596	4,219,614	177,982
Total Human Services Department	<u>\$ 106,030,865</u>	<u>\$ 107,554,563</u>	<u>\$ 100,393,290</u>	<u>\$ 7,161,273</u>
<u>Police Department</u>				
Director's Office	\$ 3,225,094	\$ 3,225,740	\$ 3,256,730	\$ (30,990)
Personnel and Training	4,270,824	4,509,225	4,212,688	296,537
Crime Prevention	891,785	903,297	694,273	209,024
Police Support	4,797,263	5,141,858	4,605,807	536,051
Uniform Patrol	49,441,307	49,915,854	49,310,444	605,410
Red Light Camera Program	1,293,185	1,293,185	1,270,254	22,931
Investigative Division	12,557,507	12,561,612	12,219,964	341,648
Special Investigative Unit	4,695,499	4,712,716	4,503,489	209,227
Police Helicopter Unit	1,640,435	1,643,054	1,685,870	(42,816)
Mounted Patrol	1,455,409	1,460,913	1,392,721	68,192
Marine Patrol	953,400	958,065	932,714	25,351
School Resource Officer Program	2,604,683	2,604,683	2,337,148	267,535
False Alarms	67,467	67,217	51,414	15,803
Commercial Extraditions	413,184	413,184	450,169	(36,985)
Animal Control	3,693,094	3,707,924	3,255,502	452,422
Total Police Department	<u>\$ 92,000,136</u>	<u>\$ 93,118,527</u>	<u>\$ 90,179,187</u>	<u>\$ 2,939,340</u>
<u>Public Works Department</u>				
Director's Office	\$ 291,743	\$ 291,622	\$ 617,906	\$ (326,284)
Administration Services	7,121,284	7,151,488	6,983,109	168,379
Waste Management/Administration	386,519	387,659	387,293	366
Bureau of Waste Collection	-	76,402	17,547	58,855
Recycling Bureau	-	501,921	498,215	3,706
Real Estate Office	907,715	907,562	919,265	(11,703)
Engineering/Administration	773,771	763,867	752,486	11,381
Design	-	-	30	(30)
Surveys	1,149,338	1,187,606	1,081,961	105,645
Drafting	414,630	419,217	413,516	5,701
Traffic Engineering	1,202,413	1,202,131	1,212,630	(10,499)
Project Management	1,194,926	1,194,828	1,161,481	33,347
Project Management/Buildings	721,247	720,965	707,224	13,741
Construction	1,122,977	1,116,290	1,039,166	77,124
Contracts	865,365	865,820	809,109	56,711
Customer Service/Administration	1,060,266	1,059,712	994,361	65,351
Planning, Estimating and Scheduling	438,250	438,250	383,755	54,495
Infrastructure Maintenance Contracts	650,271	714,134	702,404	11,730
Support Services and Systems Support	885,683	888,990	758,986	130,004
System Support	1,055,213	1,055,130	910,471	144,659
Street Maintenance	14,493,405	14,893,998	14,482,768	411,230
Dredging Operations	1,653,655	1,657,364	1,599,865	57,499
Mosquito Control	1,541,187	1,720,422	1,320,974	399,448
Traffic Operations	4,538,902	5,006,094	5,426,122	(420,028)
Beach Operations	1,317,179	1,347,179	1,407,109	(59,930)
Street Light Installation	510,000	510,000	109,863	400,137
Facilities Management	593,082	592,640	461,042	131,598
Electrical	1,727,188	1,805,263	1,765,190	40,073

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA
GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO FINAL BUDGET
FOR THE YEAR ENDED JUNE 30, 2013**

Source	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<u>Public Works Department (continued)</u>				
Yard Debris and Hazardous Household Waste	\$ -	\$ 527,532	\$ 475,878	\$ 51,654
Bridge Maintenance	391,696	391,696	356,792	34,904
Management and Support	7,664,745	7,711,221	7,611,156	100,065
Heating and Air Conditioning	1,887,386	1,940,494	1,972,051	(31,557)
General Maintenance	3,145,129	3,335,702	3,188,660	147,042
Custodial	3,735,328	3,742,925	3,523,495	219,430
Resort Building Maintenance	585,451	587,718	440,133	147,585
Total Public Works Department	<u>\$ 64,025,944</u>	<u>\$ 66,713,842</u>	<u>\$ 64,492,013</u>	<u>\$ 2,221,829</u>
<u>Library Department</u>				
Director's Office	\$ 1,417,299	\$ 1,590,178	\$ 1,361,071	\$ 229,107
Central Library	2,816,402	2,811,635	2,623,404	188,231
Great Neck Area Library	597,645	597,798	587,235	10,563
Bayside Area Library	925,163	928,414	817,895	110,519
Oceanfront Area Library	754,442	751,997	718,630	33,367
Kempsville Area Library	1,132,430	1,133,745	1,030,222	103,523
Windsor Woods Area Library	626,610	625,414	540,568	84,846
Pungo/Blackwater Area Library	348,317	347,940	342,756	5,184
Princess Anne Library	1,063,560	1,062,658	963,295	99,363
Joint Use Library	1,535,974	1,532,366	808,506	723,860
Youth and Family Services	751,625	750,759	682,237	68,522
Records Management	401,604	401,438	377,616	23,822
Cataloging Services	-	49,505	26,974	22,531
Automated Services	971,023	978,045	880,614	97,431
Collections Management	4,057,115	4,458,310	4,001,256	457,054
Total Library Department	<u>\$ 17,399,209</u>	<u>\$ 18,020,202</u>	<u>\$ 15,762,279</u>	<u>\$ 2,257,923</u>
<u>Planning Department</u>				
Director's Office	\$ 1,101,283	\$ 1,178,094	\$ 987,448	\$ 190,646
Comprehensive Planning	474,748	474,748	486,318	(11,570)
Environment and Sustainability	326,203	379,974	363,483	16,491
Development Services	1,702,853	1,702,853	1,610,638	92,215
Public Utilities - Development Services	283,837	283,837	275,152	8,685
Current Planning	499,106	499,106	457,821	41,285
Building Permits and Inspections	3,763,737	3,770,595	3,473,237	297,358
Chesapeake Bay Program	206,108	206,108	205,535	573
Wetlands Program	153,906	153,906	112,292	41,614
Transportation Planning	206,919	206,919	97,151	109,768
Zoning Administration	1,138,035	1,137,660	1,105,488	32,172
Weights & Measures	25,000	25,000	52,155	(27,155)
Total Planning Department	<u>\$ 9,881,735</u>	<u>\$ 10,018,800</u>	<u>\$ 9,226,718</u>	<u>\$ 792,082</u>
<u>Agriculture Department</u>				
Director's Office	\$ 276,935	\$ 295,139	\$ 241,558	\$ 53,581
Virginia Cooperative Extension	284,213	283,512	260,738	22,774
Farmers Market	196,076	278,965	208,147	70,818
Total Agriculture Department	<u>\$ 757,224</u>	<u>\$ 857,616</u>	<u>\$ 710,443</u>	<u>\$ 147,173</u>
<u>Economic Development Department</u>				
Director of Economic Development	\$ 2,324,869	\$ 2,440,545	\$ 2,138,252	\$ 302,293
Growsmart	236,457	258,350	205,718	52,632
Total Economic Development Department	<u>\$ 2,561,326</u>	<u>\$ 2,698,895</u>	<u>\$ 2,343,970</u>	<u>\$ 354,925</u>

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA
GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO FINAL BUDGET
FOR THE YEAR ENDED JUNE 30, 2013**

Source	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<u>Convention and Visitor Development</u>				
Director's Office	\$ 1,153,387	\$ 1,151,991	\$ 1,060,389	\$ 91,602
Tourism Marketing and Sales	462,139	462,139	451,920	10,219
Convention Marketing and Sales	980,591	980,402	914,068	66,334
Sports Marketing	276,129	276,129	251,336	24,793
Convention Center	5,967,051	6,116,945	5,489,224	627,721
Total Convention and Visitor Development	<u>\$ 8,839,297</u>	<u>\$ 8,987,606</u>	<u>\$ 8,166,937</u>	<u>\$ 820,669</u>
<u>Parks and Recreation Department</u>				
Landscape Administration	\$ 1,872,996	\$ 1,886,839	\$ 1,891,854	\$ (5,015)
Grounds Maintenance	6,252,332	6,444,467	5,836,023	608,444
Parks Maintenance	3,052,373	3,155,110	2,948,595	206,515
Special Zones Management	649,907	653,041	606,368	46,673
Resort Area Landscaping	1,406,217	1,413,998	1,283,007	130,991
Total Parks and Recreation Department	<u>\$ 13,233,825</u>	<u>\$ 13,553,455</u>	<u>\$ 12,565,847</u>	<u>\$ 987,608</u>
<u>Boards and Commissions</u>				
General Registrar	\$ 1,378,340	\$ 1,704,738	\$ 1,581,147	\$ 123,591
Zoning Board of Appeals	21,828	21,428	20,836	592
Mass Transit Operations	4,472,679	4,472,679	4,472,679	-
Wetlands Board of Virginia Beach	10,903	10,733	2,992	7,741
Chesapeake Bay Preservation Board	14,215	13,315	12,731	584
Audit Services	623,735	635,851	628,603	7,248
Cultural Affairs	492,561	498,279	480,185	18,094
COIG - General Operation Grants	426,343	426,343	408,947	17,396
Lease/Rent of Facilities	1,673,225	1,673,225	1,522,186	151,039
Arts and Humanities Commissions	440,686	458,621	415,262	43,359
Planning Commission	40,910	39,410	31,110	8,300
Sandler Center for Performing Arts	1,425,677	1,427,143	462,500	964,643
Regional Participation	1,993,213	2,145,713	2,128,873	16,840
Vehicle Replacements	5,111,914	6,167,455	5,422,065	745,390
Revenue Reimbursements	15,957,439	15,957,439	15,801,269	156,170
Independent Financial Services	153,878	153,878	103,809	50,069
Total Boards and Commissions	<u>\$ 34,237,546</u>	<u>\$ 35,806,250</u>	<u>\$ 33,495,194</u>	<u>\$ 2,311,056</u>
<u>Fire Department</u>				
Fire Marshal's Office	\$ 2,246,130	\$ 2,247,984	\$ 2,339,100	\$ (91,116)
Fire Administration	2,135,223	2,134,736	1,914,992	219,744
Fire Operations	38,447,899	38,630,071	37,420,324	1,209,747
Emergency Management	350,512	350,639	350,480	159
Fire Training	1,408,310	1,408,907	1,477,580	(68,673)
Total Fire Department	<u>\$ 44,588,074</u>	<u>\$ 44,772,337</u>	<u>\$ 43,502,476</u>	<u>\$ 1,269,861</u>
<u>Communications and Information Technology</u>				
ComIT Business Center	\$ 991,811	\$ 989,815	\$ 853,715	\$ 136,100
Applications Support	7,405,384	8,367,592	7,327,102	1,040,490
System Support	7,705,872	8,883,171	7,815,149	1,068,022
Center for GIS	2,020,661	2,060,021	1,925,972	134,049
Video Services	1,436,430	1,492,075	1,343,917	148,158
GF Telecommunications	1,159,303	1,149,378	1,125,881	23,497
Technology Services	1,888,119	1,921,744	1,723,714	198,030
Mail Services	235,194	235,194	232,902	2,292
Total Communications and Information Technology	<u>\$ 22,842,774</u>	<u>\$ 25,098,990</u>	<u>\$ 22,348,352</u>	<u>\$ 2,750,638</u>

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA
GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO FINAL BUDGET
FOR THE YEAR ENDED JUNE 30, 2013**

Source	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<u>Emergency Communications and Citizen Services</u>				
Emergency Communications	\$ 7,883,391	\$ 7,961,122	\$ 7,130,920	\$ 830,202
Director's Office	211,614	211,614	186,160	25,454
Administration	400,081	397,465	264,633	132,832
Citizen Services	885,099	886,613	792,961	93,652
Training	46,896	47,146	45,091	2,055
Technology and Support	1,026,396	1,024,900	165,961	858,939
Total Emergency Communications and Citizen Services	<u>\$ 10,453,477</u>	<u>\$ 10,528,860</u>	<u>\$ 8,585,726</u>	<u>\$ 1,943,134</u>
<u>Housing and Neighborhood Preservation</u>				
Code Enforcement	\$ 1,680,366	\$ 1,724,011	\$ 1,683,168	\$ 40,843
Homeless Initiative	-	112,675	25,105	87,570
Total Housing and Neighborhood Preservation	<u>\$ 1,680,366</u>	<u>\$ 1,836,686</u>	<u>\$ 1,708,273</u>	<u>\$ 128,413</u>
<u>Museums Department</u>				
Francis Land House	\$ 37,176	\$ 58,040	\$ 33,923	\$ 24,117
Aquarium and Marine Science Center	1,785,160	2,049,651	1,819,594	230,057
Aquarium Research and Conservation	410,133	410,133	392,148	17,985
Aquarium Gift Shop	984,823	984,823	936,501	48,322
Aquarium IMAX Theater	505,104	505,104	549,074	(43,970)
Aquarium Exhibits	2,802,578	2,800,394	2,657,621	142,773
Education	449,074	448,321	489,702	(41,381)
Marketing	835,078	826,309	771,525	54,784
Aquarium Foundation	1,100,841	1,100,841	957,721	143,120
Historical Preservation	117,478	117,223	114,393	2,830
Adam Thoroughgood House	85,503	85,367	53,384	31,983
Lynnhaven House	144,829	167,358	57,432	109,926
Custodial Services	356,451	356,451	353,726	2,725
Historic Homes Administration	296,374	296,624	233,779	62,845
Union Kempsville High School Museum	84,704	83,454	75,460	7,994
Coastal Resources	44,004	44,004	31,094	12,910
Total Museums Department	<u>\$ 10,039,310</u>	<u>\$ 10,334,097</u>	<u>\$ 9,527,077</u>	<u>\$ 807,020</u>
<u>Management Services Department</u>				
Director's Office	\$ 1,514,382	\$ 1,667,684	\$ 1,595,914	\$ 71,770
<u>Emergency Medical Services</u>				
Director's Office	\$ 551,721	\$ 550,464	\$ 566,832	\$ (16,368)
Operations	1,716,513	1,962,129	2,029,040	(66,911)
Lifeguard Services	1,652,501	1,653,730	1,586,055	67,675
Training	529,234	528,323	533,083	(4,760)
Emergency Response System	3,081,669	3,087,430	2,998,895	88,535
Medical Shelters	-	12,139	11,089	1,050
Regulation & Enforcement	195,050	194,795	178,004	16,791
Total Emergency Medical Services	<u>\$ 7,726,688</u>	<u>\$ 7,989,010</u>	<u>\$ 7,902,998</u>	<u>\$ 86,012</u>
<u>Strategic Growth Area</u>				
Strategic Growth Area	\$ 562,810	\$ 569,654	\$ 563,844	\$ 5,810
Resort Programs and Special Events	390,182	411,153	376,975	34,178
Total Strategic Growth Area	<u>\$ 952,992</u>	<u>\$ 980,807</u>	<u>\$ 940,819</u>	<u>\$ 39,988</u>
<u>Debt Service</u>				
Principal	\$ 31,139,885	\$ 31,059,885	\$ 28,797,801	\$ 2,262,084
Interest	16,943,232	16,943,232	16,943,232	-
Total Debt Service	<u>\$ 48,083,117</u>	<u>\$ 48,003,117</u>	<u>\$ 45,741,033</u>	<u>\$ 2,262,084</u>

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA
GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO FINAL BUDGET
FOR THE YEAR ENDED JUNE 30, 2013**

Source	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<u>Education</u>				
School Operating	\$ 316,309,267	\$ 318,263,993	\$ 300,143,117	\$ 18,120,876
School Operating from Reserves	11,000,000	11,000,000	11,000,000	-
School Instructional Technology	26,881,028	26,881,028	26,170,382	710,646
School Capital Projects	1,591,000	1,591,000	1,591,000	-
Total Education	<u>\$ 355,781,295</u>	<u>\$ 357,736,021</u>	<u>\$ 338,904,499</u>	<u>\$ 18,831,522</u>
 Total Department Expenditures	 <u>\$ 904,659,598</u>	 <u>\$ 919,866,601</u>	 <u>\$ 869,161,058</u>	 <u>\$ 50,705,543</u>
<u>Other Financing Uses</u>				
Transfers Out:				
General Debt Service	\$ 42,477,133	\$ 42,477,133	\$ 42,477,133	\$ -
Payment Under Support Agreement	1,777,752	1,777,752	1,777,752	-
Housing and Neighborhood Preservation	712,340	708,684	708,683	1
General Government Capital Projects	25,065,599	24,934,648	24,934,648	-
Parks and Recreation Capital Projects	2,264,682	2,264,682	2,264,682	-
Grants Consolidated	524,109	674,074	653,507	20,567
Sheriff's Department	14,745,030	14,896,783	14,896,783	-
Tourism Investment Program	250,000	250,000	250,000	-
Parks and Recreation	5,457,028	5,539,080	5,539,080	-
Storm Water Utility	1,807,276	1,807,276	1,807,276	-
Federal Section 8	242,773	240,474	240,474	-
Federal Housing Assistance Program	125,000	125,000	125,000	-
City Beautification	-	30,000	30,000	-
EDIP General Government CIP	2,243,725	2,243,725	2,243,725	-
Waste Management	14,774,944	14,760,178	14,760,178	-
Public Safety City Marina	19,890	19,890	19,890	-
Total Other Financing Uses	<u>\$ 112,487,281</u>	<u>\$ 112,749,379</u>	<u>\$ 112,728,811</u>	<u>\$ 20,568</u>
 TOTAL EXPENDITURES AND OTHER FINANCING USES	 <u><u>\$ 1,017,146,879</u></u>	 <u><u>\$ 1,032,615,980</u></u>	 <u><u>\$ 981,889,869</u></u>	 <u><u>\$ 50,726,111</u></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.

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

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

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

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

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

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

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

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

NONMAJOR SPECIAL REVENUE FUNDS (continued)

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

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

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

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

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

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

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

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

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

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



This Page Intentionally Left Blank

**CITY OF VIRGINIA BEACH, VIRGINIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2013**

	Law Library	Sandbridge Tax Increment Financing	Housing and Neighborhood Preservation
<u>ASSETS</u>			
Cash and Investments	\$ 382,390	\$ -	\$ -
Restricted Cash	-	8,773,627	-
Accounts Receivable	-	-	-
Loans Receivable	-	-	6,432,569
Due from Other Governments	-	-	-
Due from Commonwealth	-	-	-
Due from Federal Government	-	-	1,188,219
Total Assets	<u>\$ 382,390</u>	<u>\$ 8,773,627</u>	<u>\$ 7,620,788</u>
<u>LIABILITIES</u>			
Vouchers and Accounts Payable	\$ 8,090	\$ -	\$ 201,220
Due to Other Funds	-	-	986,999
Unearned Revenue	-	-	-
Total Liabilities	<u>\$ 8,090</u>	<u>\$ -</u>	<u>\$ 1,188,219</u>
<u>FUND BALANCES</u>			
Restricted for:			
General Government	\$ -	\$ -	\$ -
Housing and Community Development	-	-	6,432,569
Judicial	-	-	-
Public Safety	-	-	-
Special Service District	-	-	-
Committed to:			
Agriculture	-	-	-
Convention and Visitor Development	-	-	-
Educational	369,300	-	-
Judicial	-	-	-
Parks and Recreation	-	-	-
Public Works	-	-	-
Tax Increment Financing	-	8,404,986	-
Assigned:			
Educational	5,000	-	-
Housing and Community Development	-	-	-
Judicial	-	-	-
Parks and Recreation	-	-	-
Special Service District	-	-	-
Tax Increment Financing	-	368,641	-
Total Fund Balances	<u>\$ 374,300</u>	<u>\$ 8,773,627</u>	<u>\$ 6,432,569</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 382,390</u>	<u>\$ 8,773,627</u>	<u>\$ 7,620,788</u>

**CITY OF VIRGINIA BEACH, VIRGINIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2013**

Development Authority	Town Center Special Service District	Forfeited Assets	Federal Section Eight Program	Sub-Total (continued)
\$ -	\$ -	\$ 3,871,339	\$ 721,400	\$ 4,975,129
1,120,862	1,540,175	-	112,402	11,547,066
-	-	-	1,540	1,540
-	-	-	-	6,432,569
-	-	-	7,957	7,957
-	-	-	-	-
-	-	-	-	1,188,219
<u>\$ 1,120,862</u>	<u>\$ 1,540,175</u>	<u>\$ 3,871,339</u>	<u>\$ 843,299</u>	<u>\$ 24,152,480</u>
\$ 1,120,862	\$ 2,396	\$ 12,557	\$ 189,761	\$ 1,534,886
-	-	-	-	986,999
-	-	-	-	-
<u>\$ 1,120,862</u>	<u>\$ 2,396</u>	<u>\$ 12,557</u>	<u>\$ 189,761</u>	<u>\$ 2,521,885</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	513,909	6,946,478
-	-	849,069	-	849,069
-	-	2,809,713	-	2,809,713
-	1,271,444	-	-	1,271,444
-	-	-	-	-
-	-	-	-	-
-	-	-	-	369,300
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	8,404,986
-	-	-	-	5,000
-	-	-	139,629	139,629
-	-	200,000	-	200,000
-	-	-	-	-
-	266,335	-	-	266,335
-	-	-	-	368,641
<u>\$ -</u>	<u>\$ 1,537,779</u>	<u>\$ 3,858,782</u>	<u>\$ 653,538</u>	<u>\$ 21,630,595</u>
<u>\$ 1,120,862</u>	<u>\$ 1,540,175</u>	<u>\$ 3,871,339</u>	<u>\$ 843,299</u>	<u>\$ 24,152,480</u>

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2013**

	Sheriff's Department	Waste Management	Parks and Recreation
<u>ASSETS</u>			
Cash and Investments	\$ 1,301,447	\$ -	\$ 18,132,127
Restricted Cash	-	-	-
Accounts Receivable	-	4,987,317	120,992
Loans Receivable	-	-	-
Due from Other Governments	-	-	-
Due from Commonwealth	1,197,850	-	-
Due from Federal Government	100,978	-	-
Total Assets	<u>\$ 2,600,275</u>	<u>\$ 4,987,317</u>	<u>\$ 18,253,119</u>
<u>LIABILITIES</u>			
Vouchers and Accounts Payable	\$ 378,535	\$ 1,762,983	\$ 677,999
Due to Other Funds	-	310,211	-
Unearned Revenue	-	-	202,763
Total Liabilities	<u>\$ 378,535</u>	<u>\$ 2,073,194</u>	<u>\$ 880,762</u>
<u>FUND BALANCES</u>			
Restricted for:			
General Government	\$ -	\$ -	\$ -
Housing and Community Development	-	-	-
Judicial	-	-	-
Public Safety	-	-	-
Special Service District	-	-	-
Committed to:			
Agriculture	-	-	-
Convention and Visitor Development	-	-	-
Educational	-	-	-
Judicial	906,750	-	-
Parks and Recreation	-	-	17,295,357
Public Works	-	2,914,123	-
Tax Increment Financing	-	-	-
Assigned:			
Educational	-	-	-
Housing and Community Development	-	-	-
Judicial	1,314,990	-	-
Parks and Recreation	-	-	77,000
Special Service District	-	-	-
Tax Increment Financing	-	-	-
Total Fund Balances	<u>\$ 2,221,740</u>	<u>\$ 2,914,123</u>	<u>\$ 17,372,357</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,600,275</u>	<u>\$ 4,987,317</u>	<u>\$ 18,253,119</u>

**CITY OF VIRGINIA BEACH, VIRGINIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2013**

Tourism Investment Program	Central Business District South Tax Increment Financing	Sandbridge Special Service District	Tourism Advertising Program	Sub-Total (continued)
\$ 3,694,646	\$ -	\$ -	\$ 2,286,710	\$ 30,390,059
-	4,630,512	727,004	-	16,904,582
-	-	-	73	5,109,922
-	-	-	-	6,432,569
-	-	-	-	7,957
-	-	-	-	1,197,850
-	-	-	-	1,289,197
<u>\$ 3,694,646</u>	<u>\$ 4,630,512</u>	<u>\$ 727,004</u>	<u>\$ 2,286,783</u>	<u>\$ 61,332,136</u>
\$ 24,788	\$ 181	\$ -	\$ 829,082	\$ 5,208,454
-	-	-	-	1,297,210
-	-	-	-	202,763
<u>\$ 24,788</u>	<u>\$ 181</u>	<u>\$ -</u>	<u>\$ 829,082</u>	<u>\$ 6,708,427</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	6,946,478
-	-	-	-	849,069
-	-	-	-	2,809,713
-	-	84,257	-	1,355,701
-	-	-	-	-
3,669,858	-	-	1,457,701	5,127,559
-	-	-	-	369,300
-	-	-	-	906,750
-	-	-	-	17,295,357
-	-	-	-	2,914,123
-	4,322,501	-	-	12,727,487
-	-	-	-	5,000
-	-	-	-	139,629
-	-	-	-	1,514,990
-	-	-	-	77,000
-	-	642,747	-	909,082
-	307,830	-	-	676,471
<u>\$ 3,669,858</u>	<u>\$ 4,630,331</u>	<u>\$ 727,004</u>	<u>\$ 1,457,701</u>	<u>\$ 54,623,709</u>
<u>\$ 3,694,646</u>	<u>\$ 4,630,512</u>	<u>\$ 727,004</u>	<u>\$ 2,286,783</u>	<u>\$ 61,332,136</u>

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2013**

	Agriculture Reserve Program	Emergency FEMA	Open Space
<u>ASSETS</u>			
Cash and Investments	\$ 10,113,732	\$ 76,244	\$ 1,074,495
Restricted Cash	-	-	-
Accounts Receivable	-	-	-
Loans Receivable	-	-	-
Due from Other Governments	-	-	-
Due from Commonwealth	-	-	-
Due from Federal Government	-	-	-
Total Assets	<u>\$ 10,113,732</u>	<u>\$ 76,244</u>	<u>\$ 1,074,495</u>
<u>LIABILITIES</u>			
Vouchers and Accounts Payable	\$ 3,053	\$ 4,973	\$ 7,412
Due to Other Funds	-	-	-
Unearned Revenue	-	-	-
Total Liabilities	<u>\$ 3,053</u>	<u>\$ 4,973</u>	<u>\$ 7,412</u>
<u>FUND BALANCES</u>			
Restricted for:			
General Government	\$ -	\$ -	\$ -
Housing and Community Development	-	-	-
Judicial	-	-	-
Public Safety	-	71,271	-
Special Service District	-	-	-
Committed to:			
Agriculture	10,110,679	-	-
Convention and Visitor Development	-	-	-
Educational	-	-	-
Judicial	-	-	-
Parks and Recreation	-	-	547,357
Public Works	-	-	-
Tax Increment Financing	-	-	-
Assigned:			
Educational	-	-	-
Housing and Community Development	-	-	-
Judicial	-	-	-
Parks and Recreation	-	-	519,726
Special Service District	-	-	-
Tax Increment Financing	-	-	-
Total Fund Balances	<u>\$ 10,110,679</u>	<u>\$ 71,271</u>	<u>\$ 1,067,083</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	<u>\$ 10,113,732</u>	<u>\$ 76,244</u>	<u>\$ 1,074,495</u>

**CITY OF VIRGINIA BEACH, VIRGINIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2013**

Combined Area Dredging Projects		Wetlands Board Mitigation		Grants Consolidated		Totals
\$	-	\$	212,036	\$	-	\$ 41,866,566
	-		-		-	16,904,582
	-		-		-	5,109,922
	-		-		-	6,432,569
	-		-		-	7,957
	-		-		872,999	2,070,849
	-		-		2,343,925	3,633,122
<u>\$</u>	<u>-</u>	<u>\$</u>	<u>212,036</u>	<u>\$</u>	<u>3,216,924</u>	<u>\$ 76,025,567</u>
\$	-	\$	-	\$	434,251	\$ 5,658,143
	-		-		273,242	1,570,452
	-		-		-	202,763
<u>\$</u>	<u>-</u>	<u>\$</u>	<u>-</u>	<u>\$</u>	<u>707,493</u>	<u>\$ 7,431,358</u>
\$	-	\$	-	\$	2,509,431	\$ 2,509,431
	-		-		-	6,946,478
	-		-		-	849,069
	-		-		-	2,880,984
	-		-		-	1,355,701
	-		-		-	10,110,679
	-		-		-	5,127,559
	-		-		-	369,300
	-		-		-	906,750
	-		212,036		-	18,054,750
	-		-		-	2,914,123
	-		-		-	12,727,487
	-		-		-	5,000
	-		-		-	139,629
	-		-		-	1,514,990
	-		-		-	596,726
	-		-		-	909,082
	-		-		-	676,471
<u>\$</u>	<u>-</u>	<u>\$</u>	<u>212,036</u>	<u>\$</u>	<u>2,509,431</u>	<u>\$ 68,594,209</u>
<u>\$</u>	<u>-</u>	<u>\$</u>	<u>212,036</u>	<u>\$</u>	<u>3,216,924</u>	<u>\$ 76,025,567</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, 2013

	Law Library	Sandbridge Tax Increment Financing	Housing and Neighborhood Preservation
<u>REVENUES</u>			
General Property Taxes	\$ -	\$ 7,226,431	\$ -
Other Local Taxes	-	-	-
From Use of Money and Property	3,652	23,803	11,588
Charges for Services	293,199	-	50,540
Miscellaneous	-	-	5,544
Fines and Forfeitures	-	-	-
From Commonwealth	-	-	-
From Federal Government	-	-	3,544,865
Total Revenues	<u>\$ 296,851</u>	<u>\$ 7,250,234</u>	<u>\$ 3,612,537</u>
<u>EXPENDITURES</u>			
Current:			
Judicial	\$ -	\$ -	\$ -
Executive	-	-	-
Library	255,847	-	-
Police	-	-	-
Fire	-	-	-
Public Works	-	-	-
Planning	-	-	-
Parks and Recreation	-	-	-
Agriculture	-	-	-
Convention and Visitor Development	-	-	-
Housing and Neighborhood Preservation	-	-	4,470,900
Human Services	-	-	-
Museums	-	-	-
Development Authority	-	-	-
General Government	-	-	-
Emergency Medical Services	-	-	-
Total Expenditures	<u>\$ 255,847</u>	<u>\$ -</u>	<u>\$ 4,470,900</u>
<u>EXCESS OF REVENUES OVER</u>			
<u>(UNDER) EXPENDITURES</u>	<u>\$ 41,004</u>	<u>\$ 7,250,234</u>	<u>\$ (858,363)</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In	\$ -	\$ -	\$ 833,683
Transfers Out	-	(7,350,000)	(129,258)
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ (7,350,000)</u>	<u>\$ 704,425</u>
<u>EXCESS OF REVENUE AND</u>			
<u>OTHER FINANCING SOURCES</u>			
<u>OVER (UNDER) EXPENDITURES</u>			
<u>AND OTHER FINANCING USES</u>			
	\$ 41,004	\$ (99,766)	\$ (153,938)
<u>FUND BALANCES-JULY 1-AS RECLASSIFIED</u>	<u>333,296</u>	<u>8,873,393</u>	<u>6,586,507</u>
<u>FUND BALANCES - JUNE 30</u>	<u>\$ 374,300</u>	<u>\$ 8,773,627</u>	<u>\$ 6,432,569</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, 2013

Development Authority	Town Center Special Service District	Forfeited Assets	Federal Section Eight Program	Sub-Total (continued)
\$ -	\$ 1,536,750	\$ -	\$ -	\$ 8,763,181
-	-	-	-	-
-	2,791	25,351	-	67,185
-	-	-	-	343,739
55,539	-	12,474	1,645,871	1,719,428
-	-	-	-	-
-	-	547,147	-	547,147
-	-	211,414	17,063,813	20,820,092
<u>\$ 55,539</u>	<u>\$ 1,539,541</u>	<u>\$ 796,386</u>	<u>\$ 18,709,684</u>	<u>\$ 32,260,772</u>
\$ -	\$ -	\$ 106,964	\$ -	\$ 106,964
-	-	-	-	-
-	-	-	-	255,847
-	-	424,574	-	424,574
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	19,899,789	24,370,689
-	-	-	-	-
-	-	-	-	-
55,539	-	-	-	55,539
-	1,444,138	-	-	1,444,138
-	-	-	-	-
<u>\$ 55,539</u>	<u>\$ 1,444,138</u>	<u>\$ 531,538</u>	<u>\$ 19,899,789</u>	<u>\$ 26,657,751</u>
<u>\$ -</u>	<u>\$ 95,403</u>	<u>\$ 264,848</u>	<u>\$ (1,190,105)</u>	<u>\$ 5,603,021</u>
\$ -	\$ 150,000	\$ -	\$ 240,474	\$ 1,224,157
-	(337,197)	(10,438)	(475)	(7,827,368)
<u>\$ -</u>	<u>\$ (187,197)</u>	<u>\$ (10,438)</u>	<u>\$ 239,999</u>	<u>\$ (6,603,211)</u>
\$ -	\$ (91,794)	\$ 254,410	\$ (950,106)	\$ (1,000,190)
-	1,629,573	3,604,372	1,603,644	22,630,785
<u>\$ -</u>	<u>\$ 1,537,779</u>	<u>\$ 3,858,782</u>	<u>\$ 653,538</u>	<u>\$ 21,630,595</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, 2013

	Sheriff's Department	Waste Management	Parks and Recreation
<u>REVENUES</u>			
General Property Taxes	\$ -	\$ -	\$ 16,274,305
Other Local Taxes	-	-	-
From Use of Money and Property	16,279	-	1,488,851
Charges for Services	3,144,439	26,632,263	12,898,328
Miscellaneous	1,497,745	23,554	207,702
Fines and Forfeiture	-	-	-
From Commonwealth	17,280,263	51,070	27,518
From Federal Government	395,071	-	-
Total Revenues	<u>\$ 22,333,797</u>	<u>\$ 26,706,887</u>	<u>\$ 30,896,704</u>
<u>EXPENDITURES</u>			
Current:			
Judicial	\$ 38,578,746	\$ -	\$ -
Executive	-	-	-
Library	-	-	-
Police	-	-	-
Fire	-	-	-
Public Works	-	38,448,548	-
Planning	-	-	-
Parks and Recreation	-	-	29,706,844
Agriculture	-	-	-
Convention and Visitor Development	-	-	-
Housing and Neighborhood Preservation	-	-	-
Human Services	-	-	-
Museums	-	-	-
Development Authority	-	-	-
General Government	-	-	-
Emergency Medical Services	-	-	-
Total Expenditures	<u>\$ 38,578,746</u>	<u>\$ 38,448,548</u>	<u>\$ 29,706,844</u>
<u>EXCESS OF REVENUES OVER</u>			
<u>(UNDER) EXPENDITURES</u>	<u>\$ (16,244,949)</u>	<u>\$ (11,741,661)</u>	<u>\$ 1,189,860</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In	\$ 14,897,243	\$ 14,760,178	\$ 5,588,970
Transfers Out	(25,051)	(104,394)	(2,702,077)
Total Other Financing Sources (Uses)	<u>\$ 14,872,192</u>	<u>\$ 14,655,784</u>	<u>\$ 2,886,893</u>
<u>EXCESS OF REVENUE AND</u>			
<u>OTHER FINANCING SOURCES</u>			
<u>OVER (UNDER) EXPENDITURES</u>			
<u>AND OTHER FINANCING USES</u>			
	\$ (1,372,757)	\$ 2,914,123	\$ 4,076,753
<u>FUND BALANCES-JULY 1-AS RECLASSIFIED</u>	<u>3,594,497</u>	<u>-</u>	<u>13,295,604</u>
<u>FUND BALANCES - JUNE 30</u>	<u><u>\$ 2,221,740</u></u>	<u><u>\$ 2,914,123</u></u>	<u><u>\$ 17,372,357</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, 2013

Tourism Investment Program	Central Business District South Tax Increment Financing	Sandbridge Special Service District	Tourism Advertising Program	Sub-Total (continued)
\$ -	\$ 5,255,106	\$ 580,826	\$ -	\$ 30,873,418
31,628,324	500,000	1,274,717	10,041,840	43,444,881
273,934	2,393	3,819	49,676	1,902,137
-	-	-	96,241	43,115,010
572,484	2,500,000	-	23,730	6,544,643
738,507	-	-	-	738,507
-	-	-	-	17,905,998
-	-	-	-	21,215,163
<u>\$ 33,213,249</u>	<u>\$ 8,257,499</u>	<u>\$ 1,859,362</u>	<u>\$ 10,211,487</u>	<u>\$ 165,739,757</u>
\$ -	\$ -	\$ -	\$ -	\$ 38,685,710
-	-	-	-	-
-	-	-	-	255,847
-	-	-	-	424,574
-	-	-	-	-
-	-	-	-	38,448,548
-	-	-	-	-
-	-	-	-	29,706,844
-	-	-	-	-
33,171,482	-	-	10,204,786	43,376,268
-	-	-	-	24,370,689
-	-	-	-	-
-	-	-	-	-
-	-	-	-	55,539
-	5,579,550	-	-	7,023,688
-	-	-	-	-
<u>\$ 33,171,482</u>	<u>\$ 5,579,550</u>	<u>\$ -</u>	<u>\$ 10,204,786</u>	<u>\$ 182,347,707</u>
<u>\$ 41,767</u>	<u>\$ 2,677,949</u>	<u>\$ 1,859,362</u>	<u>\$ 6,701</u>	<u>\$ (16,607,950)</u>
\$ 250,000	\$ -	\$ 2,398,524	\$ -	\$ 39,119,072
(2,371,876)	(150,000)	(4,804,405)	(90,761)	(18,075,932)
<u>\$ (2,121,876)</u>	<u>\$ (150,000)</u>	<u>\$ (2,405,881)</u>	<u>\$ (90,761)</u>	<u>\$ 21,043,140</u>
\$ (2,080,109)	\$ 2,527,949	\$ (546,519)	\$ (84,060)	\$ 4,435,190
5,749,967	2,102,382	1,273,523	1,541,761	50,188,519
<u>\$ 3,669,858</u>	<u>\$ 4,630,331</u>	<u>\$ 727,004</u>	<u>\$ 1,457,701</u>	<u>\$ 54,623,709</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, 2013

	Agriculture Reserve Program	Emergency FEMA	Open Space
<u>REVENUES</u>			
General Property Taxes	\$ 4,213,715	\$ -	\$ -
Other Local Taxes	-	-	4,397,398
From Use of Money and Property	20,609	-	2,255
Charges for Services	-	-	-
Miscellaneous	-	-	-
Fines and Forfeiture	-	-	-
From Commonwealth	278,859	-	-
From Federal Government	-	830,599	-
Total Revenues	<u>\$ 4,513,183</u>	<u>\$ 830,599</u>	<u>\$ 4,399,653</u>
<u>EXPENDITURES</u>			
Current:			
Judicial	\$ -	\$ -	\$ -
Executive	-	-	-
Library	-	-	-
Police	-	-	-
Fire	-	-	-
Public Works	-	-	-
Planning	-	-	-
Parks and Recreation	-	-	2,910,889
Agriculture	2,330,156	-	-
Convention and Visitor Development	-	-	-
Housing and Neighborhood Preservation	-	-	-
Human Services	-	-	-
Museums	-	-	-
Development Authority	-	-	-
General Government	-	955,844	-
Emergency Medical Services	-	-	-
Total Expenditures	<u>\$ 2,330,156</u>	<u>\$ 955,844</u>	<u>\$ 2,910,889</u>
<u>EXCESS OF REVENUES OVER</u>			
<u>(UNDER) EXPENDITURES</u>	<u>\$ 2,183,027</u>	<u>\$ (125,245)</u>	<u>\$ 1,488,764</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In	\$ -	\$ -	\$ -
Transfers Out	(1,180,318)	-	(2,026,724)
Total Other Financing Sources (Uses)	<u>\$ (1,180,318)</u>	<u>\$ -</u>	<u>\$ (2,026,724)</u>
<u>EXCESS OF REVENUE AND</u>			
<u>OTHER FINANCING SOURCES</u>			
<u>OVER (UNDER) EXPENDITURES</u>			
<u>AND OTHER FINANCING USES</u>	\$ 1,002,709	\$ (125,245)	\$ (537,960)
<u>FUND BALANCES-JULY 1-AS RECLASSIFIED</u>	<u>9,107,970</u>	<u>196,516</u>	<u>1,605,043</u>
<u>FUND BALANCES - JUNE 30</u>	<u>\$ 10,110,679</u>	<u>\$ 71,271</u>	<u>\$ 1,067,083</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, 2013

Combined Area Dredging Projects	Wetlands Board Mitigation	Grants Consolidated	Totals
\$ 112,562	\$ -	\$ -	\$ 35,199,695
-	-	-	47,842,279
-	446	-	1,925,447
-	-	-	43,115,010
-	16,150	98,266	6,659,059
-	-	-	738,507
-	-	3,110,704	21,295,561
-	-	11,374,725	33,420,487
<u>\$ 112,562</u>	<u>\$ 16,596</u>	<u>\$ 14,583,695</u>	<u>\$ 190,196,045</u>
\$ -	\$ -	\$ 841,342	\$ 39,527,052
-	-	65,890	65,890
-	-	15,781	271,628
-	-	444,262	868,836
-	-	1,931,612	1,931,612
-	-	82,790	38,531,338
-	-	62,433	62,433
-	-	69,837	32,687,570
-	-	-	2,330,156
-	-	40,000	43,416,268
-	-	1,009,874	25,380,563
-	-	8,742,870	8,742,870
-	-	15,883	15,883
-	-	-	55,539
-	-	34,601	8,014,133
-	-	598,570	598,570
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,955,745</u>	<u>\$ 202,500,341</u>
<u>\$ 112,562</u>	<u>\$ 16,596</u>	<u>\$ 627,950</u>	<u>\$ (12,304,296)</u>
\$ -	\$ -	\$ 661,007	\$ 39,780,079
(112,562)	-	(1,515,374)	(22,910,910)
<u>\$ (112,562)</u>	<u>\$ -</u>	<u>\$ (854,367)</u>	<u>\$ 16,869,169</u>
\$ -	\$ 16,596	\$ (226,417)	\$ 4,564,873
-	195,440	2,735,848	64,029,336
<u>\$ -</u>	<u>\$ 212,036</u>	<u>\$ 2,509,431</u>	<u>\$ 68,594,209</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, 2013

	Budget Amounts			Variance
	Original	Final	Actual Amounts	Final Budget Positive (Negative)
<u>REVENUES</u>				
From Use of Money and Property	\$ 4,450	\$ 4,450	\$ 3,652	\$ (798)
Charges for Services	270,000	270,000	293,199	23,199
Total Revenues	<u>\$ 274,450</u>	<u>\$ 274,450</u>	<u>\$ 296,851</u>	<u>\$ 22,401</u>
<u>EXPENDITURES</u>				
Law Library	<u>\$ 284,450</u>	<u>\$ 285,660</u>	<u>\$ 255,847</u>	<u>\$ 29,813</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	\$ (10,000)	\$ (11,210)	\$ 41,004	\$ 52,214
<u>FUND BALANCE - JULY 1</u>				
	<u>333,296</u>	<u>333,296</u>	<u>333,296</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>				
	<u>\$ 323,296</u>	<u>\$ 322,086</u>	<u>\$ 374,300</u>	<u>\$ 52,214</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, 2013

	Budget Amounts			Variance
	Original	Final	Actual Amounts	Final Budget Positive (Negative)
<u>REVENUES</u>				
General Property Taxes	\$ 7,098,316	\$ 7,098,316	\$ 7,226,431	\$ 128,115
From Use of Money and Property	15,300	15,300	23,803	8,503
Total Revenues	<u>\$ 7,113,616</u>	<u>\$ 7,113,616</u>	<u>\$ 7,250,234</u>	<u>\$ 136,618</u>
<u>EXPENDITURES</u>				
Sandbridge TIF	<u>\$ 7,113,616</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	<u>\$ -</u>	<u>\$ 7,113,616</u>	<u>\$ 7,250,234</u>	<u>\$ 136,618</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers Out	<u>\$ -</u>	<u>\$ (7,350,000)</u>	<u>\$ (7,350,000)</u>	<u>\$ -</u>
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>				
	<u>\$ -</u>	<u>\$ (236,384)</u>	<u>\$ (99,766)</u>	<u>\$ 136,618</u>
<u>FUND BALANCE - JULY 1</u>				
	<u>8,873,393</u>	<u>8,873,393</u>	<u>8,873,393</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>				
	<u>\$ 8,873,393</u>	<u>\$ 8,637,009</u>	<u>\$ 8,773,627</u>	<u>\$ 136,618</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, 2013

	Budget Amounts		Actual Amounts	Variance Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
From Use of Money and Property	\$ -	\$ -	\$ 11,588	\$ 11,588
Charges for Services	70,000	70,000	50,540	(19,460)
Miscellaneous	180,000	180,000	5,544	(174,456)
From Federal Government	2,605,305	2,606,544	3,544,865	938,321
Total Revenues	<u>\$ 2,855,305</u>	<u>\$ 2,856,544</u>	<u>\$ 3,612,537</u>	<u>\$ 755,993</u>
<u>EXPENDITURES</u>				
Housing and Neighborhood Preservation	<u>\$ 3,563,787</u>	<u>\$ 3,568,617</u>	<u>\$ 4,470,900</u>	<u>\$ (902,283)</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>\$ (708,482)</u>	<u>\$ (712,073)</u>	<u>\$ (858,363)</u>	<u>\$ (146,290)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	\$ 837,340	\$ 833,683	\$ 833,683	\$ -
Transfers Out	(128,858)	(129,258)	(129,258)	-
Total Other Financing Sources (Uses)	<u>\$ 708,482</u>	<u>\$ 704,425</u>	<u>\$ 704,425</u>	<u>\$ -</u>
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>	<u>\$ -</u>	<u>\$ (7,648)</u>	<u>\$ (153,938)</u>	<u>\$ (146,290)</u>
<u>FUND BALANCE - JULY 1</u>	<u>6,586,507</u>	<u>6,586,507</u>	<u>6,586,507</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>	<u>\$ 6,586,507</u>	<u>\$ 6,578,859</u>	<u>\$ 6,432,569</u>	<u>\$ (146,290)</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, 2013

	Budget Amounts		Actual Amounts	Variance Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
General Property Taxes	\$ 1,476,231	\$ 1,476,231	\$ 1,536,750	\$ 60,519
From Use of Money and Property	2,600	2,600	2,791	191
Total Revenues	<u>\$ 1,478,831</u>	<u>\$ 1,478,831</u>	<u>\$ 1,539,541</u>	<u>\$ 60,710</u>
<u>EXPENDITURES</u>				
Town Center Parking Operations	\$ 1,580,361	\$ 1,580,361	\$ 1,417,525	\$ 162,836
Town Center Operations	29,367	29,367	26,613	2,754
Total Expenditures	<u>\$ 1,609,728</u>	<u>\$ 1,609,728</u>	<u>\$ 1,444,138</u>	<u>\$ 165,590</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	<u>\$ (130,897)</u>	<u>\$ (130,897)</u>	<u>\$ 95,403</u>	<u>\$ 226,300</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	\$ 150,000	\$ 150,000	\$ 150,000	\$ -
Transfers Out	(337,197)	(337,197)	(337,197)	-
Total Other Financing Sources (Uses)	<u>\$ (187,197)</u>	<u>\$ (187,197)</u>	<u>\$ (187,197)</u>	<u>\$ -</u>
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>				
	<u>\$ (318,094)</u>	<u>\$ (318,094)</u>	<u>\$ (91,794)</u>	<u>\$ 226,300</u>
<u>FUND BALANCE - JULY 1</u>				
	<u>1,629,573</u>	<u>1,629,573</u>	<u>1,629,573</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>				
	<u><u>\$ 1,311,479</u></u>	<u><u>\$ 1,311,479</u></u>	<u><u>\$ 1,537,779</u></u>	<u><u>\$ 226,300</u></u>

CITY OF VIRGINIA BEACH, VIRGINIA
FORFEITED ASSETS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013

	Budget Amounts			Variance
	Original	Final	Actual Amounts	Final Budget Positive (Negative)
<u>REVENUES</u>				
From Use of Money and Property	\$ -	\$ -	\$ 25,351	\$ 25,351
Miscellaneous	-	-	12,474	12,474
From Commonwealth	-	-	547,147	547,147
From Federal Government	-	-	211,414	211,414
Total Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 796,386</u>	<u>\$ 796,386</u>
<u>EXPENDITURES</u>				
Commonwealth Attorney	\$ 200,000	\$ 200,000	\$ 106,964	\$ 93,036
Uniform Patrol	-	625,668	387,101	238,567
Special Investigative Division	-	78,534	37,473	41,061
Total Expenditures	<u>\$ 200,000</u>	<u>\$ 904,202</u>	<u>\$ 531,538</u>	<u>\$ 372,664</u>
<u>EXCESS OF REVENUES OVER</u>				
<u>(UNDER) EXPENDITURES</u>	<u>\$ (200,000)</u>	<u>\$ (904,202)</u>	<u>\$ 264,848</u>	<u>\$ 1,169,050</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers Out	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (10,438)</u>	<u>\$ (10,438)</u>
<u>EXCESS OF REVENUES AND</u>				
<u>OTHER FINANCING SOURCES</u>				
<u>OVER (UNDER) EXPENDITURES</u>				
<u>AND OTHER FINANCING USES</u>	<u>\$ (200,000)</u>	<u>\$ (904,202)</u>	<u>\$ 254,410</u>	<u>\$ 1,158,612</u>
<u>FUND BALANCE - JULY 1</u>	<u>3,604,372</u>	<u>3,604,372</u>	<u>3,604,372</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>	<u>\$ 3,404,372</u>	<u>\$ 2,700,170</u>	<u>\$ 3,858,782</u>	<u>\$ 1,158,612</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, 2013

	Budget Amounts		Actual Amounts	Variance Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
Miscellaneous	\$ 52,733	\$ 1,219,428	\$ 1,645,871	\$ 426,443
From Federal Government	16,986,704	17,776,999	17,063,813	(713,186)
Total Revenues	<u>\$ 17,039,437</u>	<u>\$ 18,996,427</u>	<u>\$ 18,709,684</u>	<u>\$ (286,743)</u>
<u>EXPENDITURES</u>				
Rental Subsidy Program	<u>\$ 17,474,801</u>	<u>\$ 20,029,017</u>	<u>\$ 19,899,789</u>	<u>\$ 129,228</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>\$ (435,364)</u>	<u>\$ (1,032,590)</u>	<u>\$ (1,190,105)</u>	<u>\$ (157,515)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	\$ 242,773	\$ 240,474	\$ 240,474	\$ -
Transfers Out	-	(475)	(475)	-
Total Other Financing Sources (Uses)	<u>\$ 242,773</u>	<u>\$ 239,999</u>	<u>\$ 239,999</u>	<u>\$ -</u>
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>	<u>\$ (192,591)</u>	<u>\$ (792,591)</u>	<u>\$ (950,106)</u>	<u>\$ (157,515)</u>
<u>FUND BALANCE - JULY 1</u>	<u>1,603,644</u>	<u>1,603,644</u>	<u>1,603,644</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>	<u><u>\$ 1,411,053</u></u>	<u><u>\$ 811,053</u></u>	<u><u>\$ 653,538</u></u>	<u><u>\$ (157,515)</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, 2013

	Budget Amounts		Actual Amounts	Variance Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
From Use of Money and Property	\$ 17,500	\$ 17,500	\$ 16,279	\$ (1,221)
Charges for Services	3,555,892	3,555,892	3,144,439	(411,453)
Miscellaneous	876,619	876,619	1,497,745	621,126
From Commonwealth	17,359,747	17,608,339	17,280,263	(328,076)
From Federal Government	1,149,750	1,149,750	395,071	(754,679)
Total Revenues	<u>\$ 22,959,508</u>	<u>\$ 23,208,100</u>	<u>\$ 22,333,797</u>	<u>\$ (874,303)</u>
<u>EXPENDITURES</u>				
Judicial	<u>\$ 38,935,820</u>	<u>\$ 39,754,963</u>	<u>\$ 38,578,746</u>	<u>\$ 1,176,217</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>\$ (15,976,312)</u>	<u>\$ (16,546,863)</u>	<u>\$ (16,244,949)</u>	<u>\$ 301,914</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	\$ 14,745,030	\$ 14,897,244	\$ 14,897,243	\$ (1)
Transfers Out	(24,551)	(25,051)	(25,051)	-
Total Other Financing Sources (Uses)	<u>\$ 14,720,479</u>	<u>\$ 14,872,193</u>	<u>\$ 14,872,192</u>	<u>\$ (1)</u>
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>	<u>\$ (1,255,833)</u>	<u>\$ (1,674,670)</u>	<u>\$ (1,372,757)</u>	<u>\$ 301,913</u>
<u>FUND BALANCE - JULY 1 - AS RECLASSIFIED</u>	<u>3,594,497</u>	<u>3,594,497</u>	<u>3,594,497</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>	<u><u>\$ 2,338,664</u></u>	<u><u>\$ 1,919,827</u></u>	<u><u>\$ 2,221,740</u></u>	<u><u>\$ 301,913</u></u>

CITY OF VIRGINIA BEACH, VIRGINIA
WASTE MANAGEMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013

	Budget Amounts		Actual Amounts	Variance Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
Charges for Services	\$ 26,645,070	\$ 26,645,070	\$ 26,632,263	\$ (12,807)
Miscellaneous	-	-	23,554	23,554
From Commonwealth	35,390	51,070	51,070	-
Total Revenues	<u>\$ 26,680,460</u>	<u>\$ 26,696,140</u>	<u>\$ 26,706,887</u>	<u>\$ 10,747</u>
<u>EXPENDITURES</u>				
Program Support	\$ 1,040,838	\$ 1,039,331	\$ 998,341	\$ 40,990
Waste Disposal	21,350,943	21,350,443	18,660,530	2,689,913
Waste Collection	12,500,363	12,467,779	12,210,423	257,356
Yard Debris and Household Hazardous Waste	1,925,542	1,843,023	1,955,820	(112,797)
Recycling	4,637,718	4,651,348	4,623,434	27,914
Total Expenditures	<u>\$ 41,455,404</u>	<u>\$ 41,351,924</u>	<u>\$ 38,448,548</u>	<u>\$ 2,903,376</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>\$ (14,774,944)</u>	<u>\$ (14,655,784)</u>	<u>\$ (11,741,661)</u>	<u>\$ 2,914,123</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	\$ 14,774,944	\$ 14,760,178	\$ 14,760,178	\$ -
Transfers Out	-	(104,394)	(104,394)	-
Total Other Financing Sources (Uses)	<u>\$ 14,774,944</u>	<u>\$ 14,655,784</u>	<u>\$ 14,655,784</u>	<u>\$ -</u>
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,914,123</u>	<u>\$ 2,914,123</u>
<u>FUND BALANCE - JULY 1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,914,123</u>	<u>\$ 2,914,123</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, 2013

	Budget Amounts		Actual Amounts	Variance Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
General Property Taxes	\$ 16,749,009	\$ 16,749,009	\$ 16,274,305	\$ (474,704)
From Use of Money and Property	1,477,888	1,477,888	1,488,851	10,963
Charges for Services	12,938,796	12,938,796	12,898,328	(40,468)
Miscellaneous	130,000	230,000	207,702	(22,298)
From Commonwealth	26,000	29,920	27,518	(2,402)
Total Revenues	<u>\$ 31,321,693</u>	<u>\$ 31,425,613</u>	<u>\$ 30,896,704</u>	<u>\$ (528,909)</u>
<u>EXPENDITURES</u>				
Citywide Recreation Programs	\$ 10,799,471	\$ 10,990,641	\$ 9,869,926	\$ 1,120,715
Parks Operations and Services	3,080,380	3,110,203	2,808,086	302,117
Athletic Complex	469,494	469,367	456,037	13,330
Recreation Centers	14,283,873	14,307,433	11,543,786	2,763,647
Little Island Park	242,948	242,746	263,243	(20,497)
Maintenance	3,229,337	3,264,523	2,855,193	409,330
Lynnhaven Municipal Marina	29,889	29,769	31,771	(2,002)
Human Resources	499,803	499,958	439,747	60,211
Golf Courses	101,266	101,266	101,023	243
City Beautification and Recreation	125,304	262,087	59,700	202,387
Debt Service	1,889,313	1,889,313	1,278,332	610,981
Total Expenditures	<u>\$ 34,751,078</u>	<u>\$ 35,167,306</u>	<u>\$ 29,706,844</u>	<u>\$ 5,460,462</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	<u>\$ (3,429,385)</u>	<u>\$ (3,741,693)</u>	<u>\$ 1,189,860</u>	<u>\$ 4,931,553</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	\$ 5,476,918	\$ 5,588,971	\$ 5,588,970	\$ (1)
Transfers Out	(2,573,615)	(2,661,410)	(2,702,077)	(40,667)
Total Other Financing Sources (Uses)	<u>\$ 2,903,303</u>	<u>\$ 2,927,561</u>	<u>\$ 2,886,893</u>	<u>\$ (40,668)</u>
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>				
	<u>\$ (526,082)</u>	<u>\$ (814,132)</u>	<u>\$ 4,076,753</u>	<u>\$ 4,890,885</u>
<u>FUND BALANCE - JULY 1</u>				
	<u>13,295,604</u>	<u>13,295,604</u>	<u>13,295,604</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>				
	<u><u>\$ 12,769,522</u></u>	<u><u>\$ 12,481,472</u></u>	<u><u>\$ 17,372,357</u></u>	<u><u>\$ 4,890,885</u></u>

CITY OF VIRGINIA BEACH, VIRGINIA
TOURISM INVESTMENT PROGRAM SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013

	Budget Amounts		Actual Amounts	Variance Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
Other Local Taxes	\$ 31,673,476	\$ 31,673,476	\$ 31,628,324	\$ (45,152)
From Use of Money and Property	269,966	269,966	273,934	3,968
Miscellaneous	413,311	413,311	572,484	159,173
Fines and Forfeitures	776,000	776,000	738,507	(37,493)
Total Revenues	<u>\$ 33,132,753</u>	<u>\$ 33,132,753</u>	<u>\$ 33,213,249</u>	<u>\$ 80,496</u>
<u>EXPENDITURES</u>				
Economic Development	\$ 100,000	\$ 175,000	\$ 163,663	\$ 11,337
Direct Costs	2,050,000	2,053,000	2,053,000	-
Mass Transit Operations	590,000	590,000	590,000	-
Special Events	3,522,454	3,522,454	3,378,617	143,837
Cultural Activities	50,500	50,500	50,500	-
Recycling	52,000	52,000	28,995	23,005
Landscaping	275,485	275,485	34,566	240,919
Maintenance	475,961	476,964	417,225	59,739
Contractual Services	387,723	388,185	391,104	(2,919)
Debt Service	26,252,872	26,177,872	26,063,812	114,060
Total Expenditures	<u>\$ 33,756,995</u>	<u>\$ 33,761,460</u>	<u>\$ 33,171,482</u>	<u>\$ 589,978</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	<u>\$ (624,242)</u>	<u>\$ (628,707)</u>	<u>\$ 41,767</u>	<u>\$ 670,474</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	\$ 250,000	\$ 250,000	\$ 250,000	\$ -
Transfers Out	(2,276,391)	(2,276,391)	(2,371,876)	(95,485)
Total Other Financing Sources (Uses)	<u>\$ (2,026,391)</u>	<u>\$ (2,026,391)</u>	<u>\$ (2,121,876)</u>	<u>\$ (95,485)</u>
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>				
	<u>\$ (2,650,633)</u>	<u>\$ (2,655,098)</u>	<u>\$ (2,080,109)</u>	<u>\$ 574,989</u>
<u>FUND BALANCE - JULY 1 - AS RECLASSIFIED</u>				
	<u>5,749,967</u>	<u>5,749,967</u>	<u>5,749,967</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>				
	<u>\$ 3,099,334</u>	<u>\$ 3,094,869</u>	<u>\$ 3,669,858</u>	<u>\$ 574,989</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, 2013

	Budget Amounts		Actual Amounts	Variance Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
General Property Taxes	\$ 4,976,213	\$ 4,976,213	\$ 5,255,106	\$ 278,893
Other Local Taxes	500,000	500,000	500,000	-
From Use of Money and Property	3,000	3,000	2,393	(607)
Miscellaneous	-	-	2,500,000	2,500,000
Total Revenues	<u>\$ 5,479,213</u>	<u>\$ 5,479,213</u>	<u>\$ 8,257,499</u>	<u>\$ 2,778,286</u>
<u>EXPENDITURES</u>				
Debt Service	<u>\$ 5,588,312</u>	<u>\$ 5,588,312</u>	<u>\$ 5,579,550</u>	<u>\$ 8,762</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>\$ (109,099)</u>	<u>\$ (109,099)</u>	<u>\$ 2,677,949</u>	<u>\$ 2,787,048</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers Out	<u>\$ (150,000)</u>	<u>\$ (150,000)</u>	<u>\$ (150,000)</u>	<u>\$ -</u>
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>	<u>\$ (259,099)</u>	<u>\$ (259,099)</u>	<u>\$ 2,527,949</u>	<u>\$ 2,787,048</u>
<u>FUND BALANCE - JULY 1</u>	<u>2,102,382</u>	<u>2,102,382</u>	<u>2,102,382</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>	<u>\$ 1,843,283</u>	<u>\$ 1,843,283</u>	<u>\$ 4,630,331</u>	<u>\$ 2,787,048</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, 2013

	Budget Amounts		Actual Amounts	Variance Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
General Property Taxes	\$ 581,621	\$ 581,621	\$ 580,826	\$ (795)
Other Local Taxes	1,306,790	1,306,790	1,274,717	(32,073)
From Use of Money and Property	7,100	7,100	3,819	(3,281)
Total Revenues	<u>\$ 1,895,511</u>	<u>\$ 1,895,511</u>	<u>\$ 1,859,362</u>	<u>\$ (36,149)</u>
<u>EXPENDITURES</u>				
Total Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>\$ 1,895,511</u>	<u>\$ 1,895,511</u>	<u>\$ 1,859,362</u>	<u>\$ (36,149)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	\$ 2,277,372	\$ 2,277,372	\$ 2,398,524	\$ 121,152
Transfers Out	(4,804,405)	(4,804,405)	(4,804,405)	-
Total Other Financing Sources (Uses)	<u>\$ (2,527,033)</u>	<u>\$ (2,527,033)</u>	<u>\$ (2,405,881)</u>	<u>\$ 121,152</u>
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>	<u>\$ (631,522)</u>	<u>\$ (631,522)</u>	<u>\$ (546,519)</u>	<u>\$ 85,003</u>
<u>FUND BALANCE - JULY 1</u>	<u>1,273,523</u>	<u>1,273,523</u>	<u>1,273,523</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>	<u>\$ 642,001</u>	<u>\$ 642,001</u>	<u>\$ 727,004</u>	<u>\$ 85,003</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, 2013

	Budget Amounts		Actual Amounts	Variance Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
Other Local Taxes	\$ 9,848,749	\$ 9,848,749	\$ 10,041,840	\$ 193,091
From Use of Money and Property	42,730	42,730	49,676	6,946
Charges for Services	201,970	201,970	96,241	(105,729)
Miscellaneous	48,200	48,200	23,730	(24,470)
Total Revenues	<u>\$ 10,141,649</u>	<u>\$ 10,141,649</u>	<u>\$ 10,211,487</u>	<u>\$ 69,838</u>
<u>EXPENDITURES</u>				
Visitor Information Center	\$ 1,179,549	\$ 1,280,730	\$ 1,025,907	\$ 254,823
Tourism and Convention Advertising	8,905,262	9,716,733	9,178,879	537,854
Total Expenditures	<u>\$ 10,084,811</u>	<u>\$ 10,997,463</u>	<u>\$ 10,204,786</u>	<u>\$ 792,677</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>\$ 56,838</u>	<u>\$ (855,814)</u>	<u>\$ 6,701</u>	<u>\$ 862,515</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers Out	<u>\$ (56,838)</u>	<u>\$ (90,761)</u>	<u>\$ (90,761)</u>	<u>\$ -</u>
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>	<u>\$ -</u>	<u>\$ (946,575)</u>	<u>\$ (84,060)</u>	<u>\$ 862,515</u>
<u>FUND BALANCE - JULY 1</u>	<u>1,541,761</u>	<u>1,541,761</u>	<u>1,541,761</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>	<u><u>\$ 1,541,761</u></u>	<u><u>\$ 595,186</u></u>	<u><u>\$ 1,457,701</u></u>	<u><u>\$ 862,515</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, 2013

	Budget Amounts			Variance
	Original	Final	Actual Amounts	Final Budget Positive (Negative)
<u>REVENUES</u>				
General Property Taxes	\$ 4,336,626	\$ 4,336,626	\$ 4,213,715	\$ (122,911)
From Use of Money and Property	-	-	20,609	20,609
From Commonwealth	-	271,668	278,859	7,191
Total Revenues	<u>\$ 4,336,626</u>	<u>\$ 4,608,294</u>	<u>\$ 4,513,183</u>	<u>\$ (95,111)</u>
<u>EXPENDITURES</u>				
Agriculture Reserve Program	\$ 693,602	\$ 605,665	\$ 166,459	\$ 439,206
Debt Service	3,643,024	3,644,188	2,163,697	1,480,491
Total Expenditures	<u>\$ 4,336,626</u>	<u>\$ 4,249,853</u>	<u>\$ 2,330,156</u>	<u>\$ 1,919,697</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	<u>\$ -</u>	<u>\$ 358,441</u>	<u>\$ 2,183,027</u>	<u>\$ 1,824,586</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers Out	<u>\$ -</u>	<u>\$ (358,441)</u>	<u>\$ (1,180,318)</u>	<u>\$ (821,877)</u>
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,002,709</u>	<u>\$ 1,002,709</u>
<u>FUND BALANCE - JULY 1</u>				
	<u>9,107,970</u>	<u>9,107,970</u>	<u>9,107,970</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>				
	<u>\$ 9,107,970</u>	<u>\$ 9,107,970</u>	<u>\$ 10,110,679</u>	<u>\$ 1,002,709</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, 2013

	Budget Amounts		Actual Amounts	Variance Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
From Federal Government	\$ -	\$ 1,720,000	\$ 830,599	\$ (889,401)
<u>EXPENDITURES</u>				
FEMA Operations	\$ -	\$ 1,720,000	\$ 955,844	\$ 764,156
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	\$ -	\$ -	\$ (125,245)	\$ (125,245)
<u>FUND BALANCE - JULY 1</u>	196,516	196,516	196,516	-
<u>FUND BALANCE - JUNE 30</u>	<u>\$ 196,516</u>	<u>\$ 196,516</u>	<u>\$ 71,271</u>	<u>\$ (125,245)</u>

CITY OF VIRGINIA BEACH, VIRGINIA
OPEN SPACE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013

	Budget Amounts		Actual Amounts	Variance Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
Other Local Taxes	\$ 4,402,029	\$ 4,402,029	\$ 4,397,398	\$ (4,631)
From Use of Money and Property	14,560	14,560	2,255	(12,305)
Total Revenues	<u>\$ 4,416,589</u>	<u>\$ 4,416,589</u>	<u>\$ 4,399,653</u>	<u>\$ (16,936)</u>
<u>EXPENDITURES</u>				
Open Space Program	\$ 506,138	\$ 517,954	\$ 484,502	\$ 33,452
Debt Service	2,433,043	2,433,043	2,426,387	6,656
Total Expenditures	<u>\$ 2,939,181</u>	<u>\$ 2,950,997</u>	<u>\$ 2,910,889</u>	<u>\$ 40,108</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>\$ 1,477,408</u>	<u>\$ 1,465,592</u>	<u>\$ 1,488,764</u>	<u>\$ 23,172</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers Out	<u>\$ (2,026,724)</u>	<u>\$ (2,026,724)</u>	<u>\$ (2,026,724)</u>	<u>\$ -</u>
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>	<u>\$ (549,316)</u>	<u>\$ (561,132)</u>	<u>\$ (537,960)</u>	<u>\$ 23,172</u>
<u>FUND BALANCE - JULY 1</u>	<u>1,605,043</u>	<u>1,605,043</u>	<u>1,605,043</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>	<u><u>\$ 1,055,727</u></u>	<u><u>\$ 1,043,911</u></u>	<u><u>\$ 1,067,083</u></u>	<u><u>\$ 23,172</u></u>

CITY OF VIRGINIA BEACH, VIRGINIA
COMBINED AREA DREDGING PROJECTS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013

	Budget Amounts		Actual Amounts	Variance Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
General Property Taxes	\$ 119,160	\$ 119,160	\$ 112,562	\$ (6,598)
<u>EXPENDITURES</u>				
Total Expenditures	\$ -	\$ -	\$ -	\$ -
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	\$ 119,160	\$ 119,160	\$ 112,562	\$ (6,598)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers Out	\$ (119,160)	\$ (119,160)	\$ (112,562)	\$ 6,598
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>	\$ -	\$ -	\$ -	\$ -
<u>FUND BALANCE - JULY 1</u>	-	-	-	-
<u>FUND BALANCE - JUNE 30</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF VIRGINIA BEACH, VIRGINIA
WETLANDS BOARD MITIGATION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Actual Amounts</u>
<u>REVENUES</u>	
From Use of Money and Property	\$ 446
Miscellaneous	16,150
Total Revenues	<u>\$ 16,596</u>
<u>EXPENDITURES</u>	
Total Expenditures	<u>\$ -</u>
<u>EXCESS OF REVENUES OVER</u>	
<u>(UNDER) EXPENDITURES</u>	\$ 16,596
<u>FUND BALANCE - JULY 1</u>	<u>195,440</u>
<u>FUND BALANCE - JUNE 30</u>	<u><u>\$ 212,036</u></u>



This Page Intentionally Left Blank

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, 2013**

	Budget Amounts			Variance Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
<u>REVENUES</u>				
Federal Reimbursement of Interest	\$ -	\$ -	\$ 493,101	\$ 493,101
<u>EXPENDITURES</u>				
Principal	\$ 30,236,635	\$ 30,236,635	\$ 30,543,474	\$ (306,839)
Interest	14,781,855	14,781,855	14,204,512	577,343
Total Expenditures	\$ 45,018,490	\$ 45,018,490	\$ 44,747,986	\$ 270,504
<u>EXCESS OF REVENUES OVER</u>				
<u>(UNDER) EXPENDITURES</u>	\$ (45,018,490)	\$ (45,018,490)	\$ (44,254,885)	\$ 763,605
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	\$ 45,018,490	\$ 45,018,490	\$ 45,347,266	\$ 328,776
Proceeds of Refunding Bonds	-	-	33,795,000	33,795,000
Premium on Bonds Sold	-	-	4,136,236	4,136,236
Payment to Refunding Bonds Escrow Agent	-	-	(37,929,148)	(37,929,148)
Increase (Decrease) in Treasury Strips	-	-	(2,225,854)	(2,225,854)
Total Other Financing Sources (Uses)	\$ 45,018,490	\$ 45,018,490	\$ 43,123,500	\$ (1,894,990)
<u>EXCESS OF REVENUES AND</u>				
<u>OTHER FINANCING SOURCES</u>				
<u>OVER (UNDER) EXPENDITURES</u>				
<u>AND OTHER FINANCING USES</u>	\$ -	\$ -	\$ (1,131,385)	\$ (1,131,385)
<u>FUND BALANCE - JULY 1</u>				
	26,622,277	26,622,277	26,622,277	-
<u>FUND BALANCE - JUNE 30</u>				
	\$ 26,622,277	\$ 26,622,277	\$ 25,490,892	\$ (1,131,385)

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, 2013

Project Number	Project Name	Budget to Date	Current Year Expenditures	Total Expenditures	Construction In Progress	Outstanding Encumbrances	Available Balance
2018000	MAJOR INTERSECTION IMPROVEMENTS	\$ 3,371,856	\$ 817	\$ 2,430,405	\$ -	\$ 45,880	\$ 895,571
2021000	RURAL ROAD IMPROVEMENTS	7,877,080	62,805	4,761,524	4,761,524	33,752	3,081,804
2025000	WITCHDUCK ROAD - PHASE II	38,643,000	931,668	2,020,701	2,020,701	37,945	36,584,354
2031000	STREET RECONSTRUCTION	10,669,701	1,051,052	8,259,275	-	1,826,381	584,045
2039000	COMPUTERIZED TRAFFIC SIGNAL SYS UPGRADE/REPLACI	20,342,308	1,253,889	20,169,758	-	104,059	68,491
2048000	PRINCESS ANNE RD/KEMPSVILLE RD INTERSECTION IMPR	88,711,045	6,842,796	68,712,567	-	9,913,991	10,084,487
2072000	FIRST COLONIAL RD/VB BLVD INTERSECTION IMPROVEM	7,495,000	34,167	6,793,071	-	179,659	522,270
2076000	LASKIN ROAD GATEWAY	15,232,428	81,093	15,105,631	-	-	126,797
2089000	SOUTHEASTERN PARKWAY AND GREENBELT (PARTIAL)	23,549,335	215	23,197,473	-	2,500	349,362
2107000	SEABOARD ROAD	8,288,267	316,587	2,791,168	2,791,168	3,486,722	2,010,377
2117000	SHORE DRIVE CORRIDOR IMPRV-PHASE III	11,525,042	203,169	497,177	497,177	259,105	10,768,760
2118000	SHORE DRIVE CORRIDOR IMPRV-PHASE IV	750,076	-	398,437	398,437	351,639	-
2121000	NIMMO PARKWAY - PHASE V-A	38,579,886	7,114,755	7,260,375	7,260,375	30,540,259	779,252
2137000	GREAT NECK RD IV/LONDON BRIDGE RD III	5,900,996	-	5,658,579	-	-	242,417
2143000	LASKIN ROAD GATEWAY-PHASE 1-A	41,036,947	8,651,935	37,930,374	-	-	3,106,573
2145000	WESLEYAN DRIVE	15,620,506	4,609,620	8,614,576	-	-	7,005,930
2149000	BIRDNECK ROAD - PHASE II	9,986,710	611,408	7,943,146	-	-	2,043,564
2152000	ELBOW ROAD EXTENDED - PHASE II	16,480,873	137,365	4,405,943	4,405,943	256,997	11,817,933
2156000	LASKIN ROAD - PHASE I (VDOT)	4,125,000	247,429	2,222,646	2,222,646	46,012	1,856,342
2157000	LYNNHAVEN PARKWAY - PHASE IX	12,752,922	1,223,782	12,750,003	-	1,653	1,266
2158000	HOLLAND ROAD - PHASE VI (PARTIAL)	3,748,984	161,813	774,136	774,136	154,991	2,819,857
2160000	CITY WIDE STREET LGHTG IMPRVMNTS-PHASE II	300,000	59,826	293,213	-	6,528	259
2161000	TRAFFIC SIGNAL RETIMING	4,010,936	1,252,204	3,008,286	-	822,915	179,735
2165000	LASKIN ROAD - PHASE II	1,555,879	-	625,137	625,137	-	930,742
2167000	LYNNHAVEN PARKWAY - PHASE XI	4,690,902	206,920	482,452	482,452	62,476	4,145,974
2168000	LESNER BRIDGE REPLACEMENT	80,874,406	2,076,397	10,654,925	10,654,925	133,304	70,086,177
2176000	TRANSPORTATION NETWORK ANALYSIS	1,950,000	24,842	969,118	-	343,170	637,712
2177000	HSIP GRANT- HIGH ACCIDENT LOCATIONS	1,757,000	581,897	1,044,489	1,044,489	351,332	361,179
2178000	HSIP GRANT- BICYCLE/PEDESTRIAN SAFETY	12,638,135	4,807,057	7,765,813	-	1,705,806	3,166,516
2186000	NORFOLK SOUTHERN RIGHT-OF-WAY	450,000	6,008	417,393	-	2,280	30,327
2190000	CONGESTION RELIEF/SAFETY IMPRV PROGRAM	11,703,501	(1,067,803)	2,398,708	-	2,150,351	7,154,442
2195000	PRINCESS ANNE RD-INTERSECTION IMPRVMNTS	4,630,077	97,911	4,020,156	-	72,715	537,206
2256000	INDIAN RIVER ROAD - PHASE VII	6,909,000	1,179	4,750,804	4,750,804	139,228	2,018,968
2263000	MAJOR BRIDGE REHABILITATION	9,897,538	1,117,702	9,343,893	-	-	553,645
2285000	TRAFFIC SAFETY IMPROVEMENTS - PHASE II	15,885,200	850	14,851,593	-	16,392	1,017,215
2300000	TRAFFIC SAFETY IMPROVEMENTS - PHASE III	7,268,953	993,103	3,491,515	-	997,013	2,780,425
2305000	PRINCESS ANNE RD - PH IV (FERRELL - PH II)	9,328,000	3,027,303	6,331,701	265,388	872,787	2,123,512
2401000	GREENWICH RD/CLEVELAND ST CROSSOVER	4,260,000	261,096	1,819,308	1,819,308	368,397	2,072,295
2409000	CENTERVILLE TURNPIKE INTERIM IMPROVEMNTS	11,369,000	442,953	608,240	608,240	264,600	10,496,160
2410000	TRAFFIC SIGNAL REHAB-PHASE II	100,000	-	-	-	-	100,000
2418000	INDIAN RD/KEMPSVILLE RD IMPROVMENT	6,275,000	463,839	475,845	475,845	179,278	5,619,877
2420000	PROGRES LANE EXTENSION	836,000	541,547	565,583	-	52,054	218,363
2421000	SPORTSPLEX DRIVE	2,850,000	1,265,718	1,265,718	1,265,718	1,296,209	288,073
2422000	PUNGO TURN LANE	250,000	310	310	310	-	249,690
2502000	WEST NECK ROAD (TAN)	4,091,103	59,473	2,039,079	-	726,901	1,325,123
2931000	WITCHDUCK ROAD - PHASE I	26,464,278	1,744	23,912,777	-	1,282,774	1,268,727
TOTAL ENGINEERING & HIGHWAYS CAPITAL PROJECTS		<u>\$ 615,032,870</u>	<u>\$ 49,758,441</u>	<u>\$ 343,833,021</u>	<u>\$ 47,124,723</u>	<u>\$ 59,088,055</u>	<u>\$ 212,111,794</u>

CITY OF VIRGINIA BEACH, VIRGINIA
BUILDINGS CAPITAL PROJECTS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2013

Project Number	Project Name	Budget to Date	Current Year Expenditures	Total Expenditures	Construction In Progress	Outstanding Encumbrances	Available Balance
3021000	FIRE AN RESCUE STATION - THALIA	\$ 9,435,001	\$ 3,770,294	\$ 5,826,338	\$ 5,826,338	\$ 2,635,364	\$ 973,299
3035000	CIT-CRIMINAL JUSTICE AUTO-SYS ANALYSIS	300,000	84,285	128,628	128,628	150,290	21,082
3052000	CIT-IT SERVICE CONTINUITY	3,201,753	193,468	2,288,718	-	532,469	380,566
3054000	ANIMAL CONTROL & K-9 REPLACEMENTS	13,358,851	67,593	13,316,345	-	34,112	8,394
3061000	CIT-HANSEN V.8 UPGRADE	725,000	31,826	632,813	31,826	10,092	82,095
3068000	CIT-IT NETWORK INFRSTR REPLCMNT-PH II	1,396,803	-	-	-	-	1,396,803
3073000	COLONIAL EDUC CONS & LAND ACQUIS	1,095,100	-	739,569	-	-	355,531
3087000	CIT-HNP-FIELD AUTOMATION ANALYSIS	136,000	29,780	65,485	65,485	16,441	54,074
3090000	CIT-P&R-CLASS/INSITE INTERFACE	69,760	-	-	-	13,917	55,843
3091000	CIT-PLANNING-ADDRSSING SYS INTEGRATION	220,000	81,836	165,292	165,292	11,640	43,068
3093000	CIT-PLANNING-BUS SYS INTEGRATION IMLEM	361,889	29,871	38,205	38,205	20,822	302,862
3095000	CIT-POLICE-INTGRTD PUB SFTY RCRD MGT SYS	7,034,366	422	755	755	-	7,033,611
3097000	CIT-AQUAR TICKETING & FINANCIAL SYSTEM	390,000	35,134	150,527	150,527	22,096	217,377
3102000	ALARM SYSTEM MONITORING/MOSCAD	1,663,000	467,393	677,829	677,829	80,627	904,544
3103000	HERITAGE BUILDING - MAINTENANCE PROGRAM	918,850	61,697	289,217	-	222,619	407,014
3119000	CIT-CABLE ACCESS INFRASTRUCTURE REPLACE	2,187,261	67,767	806,580	806,580	175,514	1,205,167
3133000	FIRE TRAINING CTR IMPROVE-PHASE III	3,162,074	34,066	34,066	34,066	-	3,128,008
3136000	VAR BLDGS HVAC REHAB & RENEWAL PH III	2,193,865	1,149,222	1,239,652	-	211,492	742,721
3137000	VARIOUS BLDGS REHAB & RENEWAL PH III	1,974,466	493,476	701,800	701,800	216,451	1,056,215
3139000	VARIOUS SITE ACQUISITIONS PHASE II	5,067,402	1,083,413	2,579,641	2,579,641	-	2,487,761
3140000	ENERGY PERFORMANCE CONTRACTS (CITY)	4,583,915	569,817	2,306,103	-	180,775	2,097,037
3142000	CIT-COMMUNICATIONS INFRA REPLACE-PHII	15,641,376	420,918	497,808	497,808	183,612	14,959,956
3146000	VA AQUARIUM BLDG SYS REHAB & RENEW-PH I	6,803,016	1,499,889	1,962,720	1,962,720	2,376,478	2,463,818
3147000	HISTORIC PROP ACQUISITION REVOLVING FUND	200,000	3,080	3,080	3,080	2,420	194,500
3151000	COPS LAW ENFORCE TECH GRANT 09	800,000	104,520	235,007	235,007	564,993	-
3175000	VIRGINIA BEACH LIFELONG LEARNING CENTER	6,567,865	451,622	6,383,836	6,383,836	76,502	107,527
3200000	REV ASSESSMENT & COLLECTION SYS	11,924,799	3,200	9,509,805	-	607,527	1,807,467
3201000	COMMONWEALTH'S ATTY BUILD-OUT OF JUD CTR	441,898	10,438	10,438	10,438	43,471	387,989
3212000	CIT - IT NETWORK INFRASTRUCTURE REPLACE	2,656,000	114,965	2,471,458	-	-	184,542
3217000	CIT - MH CLIENT INFORMATION SYSTEM	2,900,000	60,855	2,301,476	-	15,971	582,553
3244000	FIRE/RESCUE STATION-CHESAPEAKE BEACH	5,664,885	3,207,334	4,862,619	4,862,619	617,767	184,499
3248000	FIRE/RESCUE STATION-BLACKWATER	306,091	155,391	187,954	187,954	94	118,043
3262000	TIDEWATER COMMUNITY COLLEGE EXPANSION	21,011,340	550,802	19,837,738	-	-	1,173,602
3278000	VA AQUARIUM RENEWAL & REPLACEMENT-PH II	1,125,000	736,014	1,100,489	-	7,668	16,843
3281000	CIT-COMMUNICATION INFRASTRUCTURE REPLACE	24,125,000	541,531	23,850,849	-	272,904	1,247
3282000	MUNICIPAL BUILDING SECURITY ENHANCEMENTS	950,000	22,640	882,072	882,072	61,254	6,674
3292000	VA AQUARIUM ANIMAL CARE ANNEX	1,790,566	119,872	1,736,489	1,736,489	-	54,077
3301000	FERRY PLANTATION HOUSE - PHASE II	106,577	6,597	6,597	6,597	7,873	92,107
3317000	POLICE SPEC OPS/FORENSICS/EVID COMPLEX	7,783,899	3,607,809	3,885,031	3,885,031	112,855	3,786,013
3340000	CIT - TELECOMMUNICATIONS REPLACEMENT	2,862,166	312,137	2,320,448	-	51,695	490,023
3344000	POLICE FOURTH PRECINCT-REPLACEMENT	434,504	-	-	-	-	434,504
3359000	BLDG MODERN, RENEWALS AND REPLACEMENTS	1,023,000	161,744	979,361	979,361	10,545	33,094
3365000	FIRE FACILITY REHAB AND RENEWAL PH II	3,629,382	312,371	3,518,656	-	49,876	60,850
3367000	VAR BLDGS REHAB AND RENEWAL PH II	14,755,685	1,938,141	12,471,067	-	380,939	1,903,679
3368000	VARIOUS SITE ACQUISITIONS	26,755,452	1,977	25,320,816	-	-	1,434,636
3371000	FIRE APPARATUS-PHASE II	10,304,900	1,549,197	10,134,616	-	36,788	133,496
3503000	LIGHTHOUSE MULTI-SERVICE CENTER	2,325,000	36,944	1,844,008	1,844,008	-	480,992
3505000	BLDG MODERNIZATION/RENEWAL/REPLACE-PH II	100,000	-	8,788	8,788	-	91,212
3506000	FIRE FACILITY REHAB & RENEWAL PH III	1,823,288	269,475	298,980	298,980	58,005	1,466,303
3507000	JUDICIAL CNTR WATER INTRUSION ABATEMENT	3,900,000	2,476	210,327	210,327	145,140	3,544,533
3508000	ARC FLASH MITIGATION	1,280,000	504,440	514,528	-	267,158	498,314
3510000	INTRMEDIATE CARE FACILITIES REN/REP PH I	659,679	-	67,276	67,276	-	592,403
3602000	CIT-ORACLE APPLICATIONS RELEASE 12 UPG	2,480,355	1,309,911	2,430,368	-	34,579	15,408
3607000	CIT-DATA STORAGE/MGMT EVIDENTIARY FILES	1,318,060	96,246	105,784	105,784	219,304	992,972
3615000	CIT-BUS REV/PERS PROP RACS IMPLEMENTATION	3,852,000	12,139	79,875	79,875	33,059	3,739,066
3618000	CIT- DISASTER RECOVERY PHASE II	500,000	130,595	226,396	-	82,918	190,686
3619000	CIT-ALI DATABASE MGMT/SELECTIVE ROUTING	2,007,876	18,906	32,880	32,880	-	1,974,996
3620000	VBALERT REPLACEMENT	435,859	216,311	349,953	349,953	63,419	22,487
3622000	CIT-LIBRARY AUTOMATED MATERIAL HANDLING	1,835,708	1,094,553	1,096,703	1,096,703	140,228	598,777
3623000	CIT- EGIS MASTER ADDRESS REPOSITORY	329,408	-	-	-	-	329,408
3631000	CIT-SOC SRVCS INTERFACE SYS REPLACEMENT	538,756	392,343	411,236	411,236	74,133	53,387
3637000	CIT-DISASTER RECOVERY CRITICAL SVC ANAL III	436,150	162,813	162,813	-	111,188	162,149
3638000	CIT-APPLICATION PORTFOLIO SUSTAINMENT	350,000	-	-	-	-	350,000
3646000	CIT-EGIS BASE MAP UPDATE	336,579	16,286	16,286	16,286	96,507	223,786
3652000	CIT-TELECOMMUNICATIONS REPLACMENT PH II	350,000	-	-	-	-	350,000
TOTAL BUILDINGS CAPITAL PROJECTS		\$ 254,897,475	\$ 28,407,842	\$ 174,314,194	\$ 37,362,080	\$ 11,341,591	\$ 69,241,690

CITY OF VIRGINIA BEACH, VIRGINIA
PARKS AND RECREATION CAPITAL PROJECTS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2013

Project Number	Project Name	Budget to Date	Current Year Expenditures	Total Expenditures	Construction In Progress	Outstanding Encumbrances	Available Balance
4018000	GREENWAYS AND SCENIC WATERWAYS-PHASE II	\$ 731,419	\$ 205,228	\$ 648,269	\$ -	\$ 13,127	\$ 70,023
4053000	FIELD HOCKEY NATL TRNG CTR REPAIRS/RENOV	952,664	684,222	684,222	684,222	4,807	263,635
4064000	CITY BIKEWAYS & TRAILS PLAN IMPLEM PH II	315,000	51,091	51,091	51,091	-	263,909
4071000	WILLIAMS FARM COMMUNITY REC CTR DESIGN	22,372,269	3,882,206	20,095,473	-	1,654,512	622,284
4072000	BAYSIDE COMMUNITY CENTER	1,100,000	36,092	1,032,705	-	18,048	49,247
4075000	PEDESTRIAN SYSTEM IMPROVEMENTS-PHASE I	1,250,000	134,040	974,103	-	-	275,897
4080000	SPORTSPLEX/NATL TRNG CTR REN & REPLACE	1,642,994	228,466	1,259,429	-	59,769	323,796
4300000	COM REC CTRS REPAIRS & RENOV-PHIII	12,358,038	504,381	633,950	633,950	108,856	11,615,232
4301000	PRKS/SPEC USE FACILIT DEV/RENOV-PHIII	2,361,013	1,067,113	1,482,533	1,482,533	434,307	444,173
4302000	GOLF COURSES CONT'TUAL OBLIGATIONS-MAINT	240,000	977	51,668	51,668	-	188,332
4303000	GREENWAY SCENIC WATER & NAT AREA PH III	125,000	90,500	90,500	90,500	-	34,500
4305000	TENNIS COURT RENOVATIONS - PHASE III	275,000	158,905	274,582	274,582	-	418
4306000	OPEN SPACE PARK DEVELOPMENT/MAINT-PHII	5,370,611	175,619	183,873	183,873	2,082,879	3,103,859
4307000	ATHLETIC FIELDS LIGHTING/RENOV-PH III	471,277	182,661	394,954	394,954	38,200	38,123
4308000	OPEN SPACE PROG SITE ACQUISITION PH III	5,592,029	20,515	20,515	20,515	6,000	5,565,514
4309000	MT TRASHMORE DISTRICT PARK RENOV-PH II	1,250,000	322,323	1,099,248	1,099,248	13,784	136,968
4500000	PARK PLAYGROUND RENOVATIONS-PHASE III	803,338	378,220	454,217	454,217	315,650	33,471
4502000	LYNNHAVEN BOAT RAMP/BEACH FAC REP/RENOV	352,359	58,102	74,985	74,985	-	277,374
4503000	P&R ADMINISTRATION OFFICES RELOCATION	337,500	2,176	175,750	175,750	-	161,750
4505000	MODERNIZATION-BOW CREEK RECREATION CNTR	26,398,612	1,780,011	2,714,791	2,714,791	21,546,613	2,137,208
4506000	PARKS INFRASTRUCTURE RENEWAL/REPLACMENT	1,650,000	252,701	896,688	896,688	29,609	723,703
4507000	PRKS FACILITIES LIFE CYCLE MAINT-ONGOING	250,000	30,353	36,707	-	3,796	209,497
4509000	KEMPSVILLE RECREATION CENTER	8,910,696	163,647	163,647	163,647	18,176	8,728,873
4517000	STUMPY LAKE GOLF COURSE LEASE OBLIGATIONS PH I	96,265	-	-	-	-	96,265
4520000	GROMMET ISLAND PARK REPAIRS & RENOV-PHI	144,000	-	-	-	-	144,000
4521000	TRANSPORTATION ALT TO BACK BAY NATIONAL WILDLIFE R	449,000	1,820	1,820	-	-	447,180
4522000	THALIA CREEK GREENWAY TRAIL	800,000	-	-	-	-	800,000
TOTAL PARKS & RECREATION CAPITAL PROJECTS		<u>\$ 96,599,084</u>	<u>\$ 10,411,369</u>	<u>\$ 33,495,720</u>	<u>\$ 9,447,214</u>	<u>\$ 26,348,133</u>	<u>\$ 36,755,231</u>

CITY OF VIRGINIA BEACH, VIRGINIA
COASTAL CAPITAL PROJECTS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2013

Project Number	Project Name	Budget to Date	Current Year Expenditures	Total Expenditures	Construction In Progress	Outstanding Encumbrances	Available Balance
8002000	BEACH PROFILE MONITORING PROGRAM	\$ 475,487	\$ 52,676	\$ 291,337	\$ -	\$ 4,000	\$ 180,150
8003000	LANDFILL #2 PHASE I CAPPING	6,194,536	-	-	-	-	6,194,536
8004000	VARIOUS MINOR DREDGING PROJECTS	1,810,931	568,134	1,604,765	-	106,801	99,365
8005000	W BRANCH LYNNHAVEN RIVER MAINT DREDGING	5,425,726	1,569,853	2,520,592	-	262,568	2,642,566
8007000	RUDEE INLET OUTER CHANNEL MAINT DREDGE	2,415,995	-	1,685,995	-	-	730,000
8008000	BEACH REPLENISHMENT	12,332,741	228,774	10,709,243	-	22,941	1,600,557
8014000	LYNNHAVEN INLET MAINTENANCE DREDGING	2,524,913	51,493	2,137,840	-	7,918	379,155
8023000	SANDBRIDGE BEACH ACCESS IMPRV/SAND MGMT	1,275,000	95,541	1,010,052	-	81,026	183,922
8282000	SANDBRIDGE EMERGENCY BEACH RESTORATION	53,983,152	224,294	40,442,583	-	241,210	13,299,359
8405000	SANDBRIDGE BEACH ACCESS IMPROV PH II	275,000	-	-	-	-	275,000
8406000	RUDEE INLET FEDERAL DREDGING PH II	550,000	-	-	-	-	550,000
8407000	RUDEE INLET OUTER CHAN MAINT DREDG PH II	450,000	-	-	-	-	450,000
8408000	PLEASURE HOUSE POINT MITIGATION	120,000	38,603	38,603	-	11,798	69,599
8409000	CHESAPEAKE BAY BEACHES	1,000,000	37,561	37,561	-	-	962,439
8500000	OLD DONATION CREEK AREA DREDGING	428,148	71,017	115,172	-	12,639	300,337
8501000	BAYVILLE CREEK NEIGHBOTHOOD DREDGING	375,492	48,863	71,355	-	9,894	294,243
8830000	RUDEE INLET DREDGING	7,749,142	565,151	7,158,958	-	28,700	561,484
8933000	LANDFILL #2 - EXPANSION	23,948,402	195,790	23,282,199	-	235,467	430,736
TOTAL COASTAL CAPITAL PROJECTS		<u>\$ 121,334,665</u>	<u>\$ 3,747,750</u>	<u>\$ 91,106,255</u>	<u>\$ -</u>	<u>\$ 1,024,962</u>	<u>\$ 29,203,448</u>

CITY OF VIRGINIA BEACH, VIRGINIA
ECONOMIC AND TOURISM CAPITAL PROJECTS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2013

Project Number	Project Name	Budget to Date	Current Year Expenditures	Total Expenditures	Construction In Progress	Outstanding Encumbrances	Available Balance
9018000	CONVENTION CENTER REPLACEMENT	\$ 206,844,513	\$ -	\$ 205,724,414	\$ -	\$ 1,120,099	\$ -
9058000	RUDEE WALK (PARTIAL) - PHASE I	1,477,551	301,105	627,453	627,453	42,364	807,734
9060000	OCEANA/INTERFAC TRAF AREA CONFORM & ACQ	116,358,034	10,850,531	105,742,644	-	6,788,820	3,826,570
9069000	19TH STREET CORRIDOR IMPROVEMENTS	12,700,000	2,958,395	9,918,348	-	1,820,814	960,838
9076000	ECONOMIC DEVELOPMENT INITIATIVES	100,000	-	53,800	-	-	46,200
9081000	STRATEGIC GROWTH AREA PROGRAM	15,749,686	1,946,633	5,004,193	5,004,193	10,560,371	185,122
9082000	OCEANFRONT GARAGES CAPITAL MAINTENANCE	2,931,671	710,802	1,623,687	-	294,306	1,013,678
9083000	TOWN CENTER GARAGE & PLAZA CAPITAL MAINT	1,685,238	4,350	207,230	-	-	1,478,008
9085000	SGA-BURTON STATION RD IMPROVEMNTS-PH II	3,250,000	38,813	97,137	97,137	135,582	3,017,281
9091000	SGA-BURTON STATION RD IMPROVEMNTS-PH III	8,500,000	328,375	458,667	458,667	375,648	7,665,685
9141000	ECONOMIC DEVELOPMENT INVESTMENT PROGRAM (ON-GOING	41,931,069	2,252,638	34,159,384	-	7,326,911	444,774
9199000	CONFERENCE/CONVENTION FACILITY RENOVATION (ON-GOIN	2,491,022	-	2,420,194	-	-	70,828
9276000	CAPE HENRY LIGHTHOUSE RESTORATION-PHII	402,476	33,053	33,053	33,053	115,330	254,093
9500000	VB AMPHITHEATER CAPITAL MAINTENANCE	500,000	245,162	345,162	-	-	154,838
9504000	NEWTOWN SGA	420,000	12,250	12,250	12,250	5,950	401,800
9505000	PEMBROKE SGA	415,000	69,098	69,098	69,098	5,000	340,902
9506000	ROSEMONT SGA	415,000	-	-	-	-	415,000
TOTAL ECONOMIC & TOURISM CAPITAL PROJECTS		<u>\$ 416,171,260</u>	<u>\$ 19,751,205</u>	<u>\$ 366,496,714</u>	<u>\$ 6,301,851</u>	<u>\$ 28,591,195</u>	<u>\$ 21,083,351</u>

CITY OF VIRGINIA BEACH, VIRGINIA
SUMMARY OF GENERAL GOVERNMENT CAPITAL PROJECTS REVENUES
FOR THE YEAR ENDED JUNE 30, 2013

	Budget Revenues	Actual Revenues		
		Prior Years	Current Year	Total
FEDERAL FUNDING	\$ 121,176,752	\$ 93,001,448	\$ 12,918,115	\$ 105,919,563
STATE FUNDING	226,539,736	91,158,756	11,496,207	102,654,963
LOCAL FUNDING	1,156,318,866	913,487,404	103,634,574	1,017,121,978
TOTAL GENERAL GOVERNMENT CAPITAL PROJECTS REVENUES	<u>\$ 1,504,035,354</u>	<u>\$ 1,097,647,608</u>	<u>\$ 128,048,896</u>	<u>\$ 1,225,696,504</u>

CITY OF VIRGINIA BEACH, VIRGINIA
SUMMARY OF GENERAL GOVERNMENT CAPITAL PROJECTS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2013

Project Name	Budget to Date	Current Year Expenditures	Total Expenditures	Construction In Progress	Outstanding Encumbrances	Available Balance
ENGINEERING AND HIGHWAYS	\$ 615,032,870	\$ 49,758,441	\$ 343,833,021	\$ 47,124,723	\$ 59,088,055	\$ 212,111,794
BUILDINGS	254,897,475	28,407,842	174,314,194	37,362,080	11,341,591	69,241,690
PARKS AND RECREATION	96,599,084	10,411,369	33,495,720	9,447,214	26,348,133	36,755,231
COASTAL	121,334,665	3,747,750	91,106,255	-	1,024,962	29,203,448
ECONOMIC AND TOURISM	416,171,260	19,751,205	366,496,714	6,301,851	28,591,195	21,083,351
GENERAL GOVERNMENT EXPENDITURES	<u>\$ 1,504,035,354</u>	112,076,607	<u>\$ 1,009,245,904</u>	100,235,868	<u>\$ 126,393,936</u>	<u>\$ 368,395,514</u>
CLOSED CAPITAL PROJECTS EXPENDITURES		<u>16,827,157</u>				
TOTAL GENERAL GOVERNMENT EXPENDITURES		128,903,764				
TRANSFER TO SCHOOL BOARD		<u>28,982,823</u>				
TOTAL CURRENT YEAR CAPITAL PROJECTS EXPENDITURES		157,886,587				
TRANSFER TO STORM WATER		14,073,374				
DEVELOPMENT AUTHORITY				<u>768,973</u>		
TOTAL CURRENT YEAR CAPITAL PROJECTS EXPENDITURES AND OTHER FINANCING USES		<u>\$ 171,959,961</u>		<u>\$ 101,004,841</u>		

**WATER AND SEWER
ENTERPRISE FUND**

WATER AND SEWER ENTERPRISE FUND

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

CITY OF VIRGINIA BEACH, VIRGINIA
WATER AND SEWER ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2013

ASSETS

Current Assets:

Cash and Investments	\$ 87,191,556
Accounts Receivable - Net of Estimated Uncollectibles	18,087,300
Intergovernmental Receivables	79,140
Inventory	2,295,683
Total Current Assets	<u>\$ 107,653,679</u>

Non-current Assets:

Cash and Investments - Restricted	\$ 37,199,784
Capital Assets:	
Land	12,669,816
Buildings	3,590,809
Utility System	976,268,875
Machinery and Equipment	24,221,235
Construction in Progress	11,689,321
Less: Accumulated Depreciation	<u>(389,851,300)</u>
Total Capital Assets	<u>\$ 638,588,756</u>
Total Non-current Assets	<u>\$ 675,788,540</u>
Total Assets	<u>\$ 783,442,219</u>

LIABILITIES

Current Liabilities:

Vouchers and Accounts Payable	\$ 3,651,992
Deposits Payable	99,975
Accrued Interest Payable	2,547,537
Construction Contracts Payable	3,635,156
Unearned Revenue	310,965
Current Portion of Long-term Liabilities	9,726,334
Total Current Liabilities	<u>\$ 19,971,959</u>

Long-Term Liabilities (less current portion):

Double Barrel and Revenue Bonds and Notes	\$ 157,163,646
Premium on Refunding Bonds	3,543,577
Accrued Compensated Leave	1,007,043
Total Long-Term Liabilities (less current portion)	<u>\$ 161,714,266</u>
Total Liabilities	<u>\$ 181,686,225</u>

NET POSITION

Net Investment in Capital Assets	\$ 485,826,666
Restricted for Debt Service	17,676,825
Restricted for Operations	98,252,503
Total Net Position	<u>\$ 601,755,994</u>

CITY OF VIRGINIA BEACH, VIRGINIA
WATER AND SEWER ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2013

OPERATING REVENUES

Service Charges	\$ 62,230,665
Sale of Water	46,543,461
Tap Fees	352,745
Fire Hydrant Rental	6,820
Navy Wheelage Charges	156,479
Miscellaneous	322,472
Total Operating Revenues	<u>\$ 109,612,642</u>

OPERATING EXPENSES

Cost of Goods Sold - Water Purchases	\$ 25,968,026
Personal Services	20,439,071
Fringe Benefits	7,292,011
Contractual Services	4,672,897
Internal Services	2,782,857
Other Charges	16,679,459
Depreciation	19,766,950
Total Operating Expenses	<u>\$ 97,601,271</u>

OPERATING INCOME (LOSS)\$ 12,011,371**NONOPERATING REVENUES (EXPENSES)**

Interest Income	\$ 457,185
Gain (Loss) From Sale of Assets	479,457
From Federal Government	1,017,733
Interest on Double Barrel/Revenue Bonds and Notes	(5,359,361)
Total Nonoperating Revenues (Expenses)	<u>\$ (3,404,986)</u>

**INCOME (LOSS) BEFORE CONTRIBUTIONS
AND TRANSFERS**\$ 8,606,385

Capital Contributions - Tap Fees and Other	5,670,290
Transfers In	272,160
Transfers Out	<u>(310,000)</u>

CHANGE IN NET POSITION\$ 14,238,835**TOTAL NET POSITION - BEGINNING - RESTATED**587,517,159**TOTAL NET POSITION - ENDING**\$ 601,755,994

**CITY OF VIRGINIA BEACH, VIRGINIA
WATER AND SEWER ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2013**

CASH FLOWS FROM OPERATING ACTIVITIES:

Receipts from Customers and Users	\$ 107,961,966
Receipts from (Payments for) Interfund Services Provided	7,455
Other Operating Cash Receipts	322,472
Cash Payments To Suppliers of Goods and Services	(50,126,901)
Cash Payments To Employees for Services	(27,692,832)
Net Cash Provided By Operating Activities	<u>\$ 30,472,160</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Receipts from Other Funds	\$ 272,160
Payments to Other Funds	(310,000)
Net Cash Provided (Used) By Noncapital Financing Activities	<u>\$ (37,840)</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Interest Paid on Long-term Debt	\$ (7,715,423)
Acquisition and Construction of Capital Assets	(26,842,308)
Proceeds from Sale of Salvage	479,457
Receipts of Connection Fees	5,179,415
Federal Government Bond Subsidy	1,017,733
Principal Paid on Long-term Debt	(7,251,072)
Net Cash Provided (Used) By Capital and Related Financing Activities	<u>\$ (35,132,198)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Interest and Dividends Received	\$ 457,185
Net Increase (Decrease) in Cash and Temporary Investments	(4,240,693)
Cash and Temporary Investments, July 1	<u>128,632,033</u>
Cash and Temporary Investments, June 30	<u><u>\$ 124,391,340</u></u>

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

Operating Income (Loss)	\$ 12,011,371
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By Operating Activities:	
Depreciation	19,766,950
(Increase)/Decrease in Accounts Receivable	(1,328,204)
(Increase)/Decrease in Intergovernmental Receivables	7,455
(Increase)/Decrease in Inventory	(31,879)
Increase/(Decrease) in Vouchers and Accounts Payable	(97,280)
Increase/(Decrease) in Deposits Payable	(14,663)
Increase/(Decrease) in Unearned Revenue	120,160
Increase/(Decrease) in Accrued Compensated Leave	38,250
Total Adjustments	<u>\$ 18,460,789</u>
Net Cash Provided By Operating Activities	<u><u>\$ 30,472,160</u></u>

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:

Capital Contributions of Fixed Assets	<u><u>\$ 490,875</u></u>
---------------------------------------	--------------------------

**CITY OF VIRGINIA BEACH, VIRGINIA
WATER AND SEWER ENTERPRISE FUND
SCHEDULE OF CHANGES IN RESTRICTED ASSETS
FOR THE YEAR ENDED JUNE 30, 2013**

CASH - DESIGNATED FOR CONSTRUCTION

Balance - July 1	\$ 28,323,589
Receipts:	
Water and Sewer Enterprise	13,000,000
Transfer from WRRF	3,904,782
Total Receipts	<u>16,904,782</u>
Disbursements:	
Water and Sewer Construction Expenditures	24,877,559
Accrued Expenditures Not Paid in Current Year	4,310,946
Total Disbursements	<u>29,188,505</u>
Balance - June 30 Designated for Construction	<u><u>\$ 16,039,866</u></u>

CASH - WATER RESOURCE RECOVERY FEES

Balance - July 1	\$ -
Receipts:	
Fees	3,904,782
Disbursements:	
Construction Expenditures	3,904,782
Balance - June 30 Water Resource Recovery Fees	<u><u>\$ -</u></u>

CASH - WATER AND SEWER DEBT SERVICE

Balance - July 1	\$ 13,932,497
Net Disbursements and Receipts	270,337
Balance - June 30 Water and Sewer Debt Service	<u><u>\$ 14,202,834</u></u>

CASH - WITH FISCAL AGENT

Balance - July 1	\$ 7,893,901
Net Disbursements and Receipts	(936,817)
Balance - June 30 Cash With Fiscal Agent	<u><u>\$ 6,957,084</u></u>

TOTAL RESTRICTED CASH

\$ 37,199,784

CITY OF VIRGINIA BEACH, VIRGINIA
WATER AND SEWER ENTERPRISE FUND
SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013

	Budget	Actual	Variance Positive (Negative)
<u>Director of Public Utilities</u>			
Personal Services	\$ 265,218	\$ 260,197	\$ 5,021
Fringe Benefits	100,027	94,809	5,218
Contractual Services	4,200	1,965	2,235
Internal Services	13,700	9,444	4,256
Other Charges	34,848	28,070	6,778
Total Director of Public Utilities	<u>\$ 417,993</u>	<u>\$ 394,485</u>	<u>\$ 23,508</u>
<u>Engineering Staff</u>			
Personal Services	\$ 5,510,614	\$ 5,232,268	\$ 278,346
Fringe Benefits	1,968,683	1,789,804	178,879
Contractual Services	210,941	78,350	132,591
Internal Services	214,314	175,055	39,259
Other Charges	267,114	235,705	31,409
Total Engineering Staff	<u>\$ 8,171,666</u>	<u>\$ 7,511,182</u>	<u>\$ 660,484</u>
<u>Operations and Maintenance Administration</u>			
Personal Services	\$ 1,246,979	\$ 1,149,607	\$ 97,372
Fringe Benefits	477,070	415,737	61,333
Contractual Services	1,381,877	1,010,460	371,417
Internal Services	125,964	116,800	9,164
Other Charges	436,997	412,353	24,644
Total Operations and Maintenance Administration	<u>\$ 3,668,887</u>	<u>\$ 3,104,957</u>	<u>\$ 563,930</u>
<u>Water Distribution</u>			
Personal Services	\$ 2,262,130	\$ 2,213,497	\$ 48,633
Fringe Benefits	809,778	768,326	41,452
Contractual Services	43,170	31,672	11,498
Internal Services	443,548	458,264	(14,716)
Other Charges	355,833	399,625	(43,792)
Total Water Distribution	<u>\$ 3,914,459</u>	<u>\$ 3,871,384</u>	<u>\$ 43,075</u>
<u>Lake Gaston Facilities</u>			
Contractual Services	\$ 1,758,430	\$ 1,117,709	\$ 640,721
Internal Services	31,592	12,910	18,682
Other Charges	1,382,084	534,052	848,032
Total Lake Gaston Facilities	<u>\$ 3,172,106</u>	<u>\$ 1,664,671</u>	<u>\$ 1,507,435</u>
<u>Water Pump Stations</u>			
Personal Services	\$ 1,349,901	\$ 1,304,831	\$ 45,070
Fringe Benefits	507,715	468,096	39,619
Contractual Services	268,488	145,920	122,568
Internal Services	130,191	137,394	(7,203)
Other Charges	514,726	463,479	51,247
Total Water Pump Stations	<u>\$ 2,771,021</u>	<u>\$ 2,519,720</u>	<u>\$ 251,301</u>
<u>Sewer Collection Systems</u>			
Personal Services	\$ 3,517,324	\$ 3,248,277	\$ 269,047
Fringe Benefits	1,178,608	1,039,264	139,344
Contractual Services	116,412	60,393	56,019
Internal Services	913,565	929,477	(15,912)
Other Charges	807,555	687,647	119,908
Total Sewer Collection Systems	<u>\$ 6,533,464</u>	<u>\$ 5,965,058</u>	<u>\$ 568,406</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, 2013

	Budget	Actual	Variance Positive (Negative)
<u>Sewer Pump Stations</u>			
Personal Services	\$ 2,839,683	\$ 2,776,925	\$ 62,758
Fringe Benefits	1,146,790	1,037,350	109,440
Contractual Services	306,061	308,516	(2,455)
Internal Services	480,346	558,659	(78,313)
Other Charges	2,387,179	2,505,167	(117,988)
Total Sewer Pump Stations	<u>\$ 7,160,059</u>	<u>\$ 7,186,617</u>	<u>\$ (26,558)</u>
<u>Customer Services</u>			
Personal Services	\$ 2,696,796	\$ 2,570,086	\$ 126,710
Fringe Benefits	1,174,996	1,010,148	164,848
Contractual Services	2,250,815	1,883,846	366,969
Internal Services	402,608	196,119	206,489
Other Charges	1,121,806	720,525	401,281
Total Customer Services	<u>\$ 7,647,021</u>	<u>\$ 6,380,724</u>	<u>\$ 1,266,297</u>
<u>Water Purchases</u>	<u>\$ 27,741,296</u>	<u>\$ 25,968,026</u>	<u>\$ 1,773,270</u>
<u>Meter Operations</u>			
Personal Services	\$ 1,784,068	\$ 1,683,383	\$ 100,685
Fringe Benefits	761,237	668,477	92,760
Contractual Services	96,950	34,066	62,884
Internal Services	184,324	188,735	(4,411)
Other Charges	1,109,209	874,109	235,100
Total Meter Operations	<u>\$ 3,935,788</u>	<u>\$ 3,448,770</u>	<u>\$ 487,018</u>
<u>General Fund Charges</u>			
Office Rental	\$ 396,678	\$ 396,678	\$ -
Landscape Services	310,560	294,795	15,765
Support Personnel	551,560	548,931	2,629
Building Maintenance	161,770	161,770	-
Communication Technology Charges	1,925,270	1,925,270	-
Indirect Cost Allocation	2,252,400	2,094,384	158,016
Right of Way Utility	4,000,000	4,000,000	-
Water Assistance	281,754	255,503	26,251
Radio Maintenance	141,396	141,396	-
Total General Fund Charges	<u>\$ 10,021,388</u>	<u>\$ 9,818,727</u>	<u>\$ 202,661</u>
Total Budgeted Operating Expenses	<u>\$ 85,155,148</u>	<u>\$ 77,834,321</u>	<u>\$ 7,320,827</u>

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

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

**CITY OF VIRGINIA BEACH, VIRGINIA
WATER AND SEWER FUND CAPITAL PROJECTS
BUDGETED AND ACTUAL REVENUES
FOR THE YEAR ENDED JUNE 30, 2013**

	Budget Revenues	Actual Revenues		
		Prior Years	Current Year	Total
FEDERAL FUNDING	\$ 187,066	\$ -	\$ 66,333	\$ 66,333
STATE FUNDING	48,036	-	17,689	17,689
LOCAL FUNDING	376,690,872	266,603,206	13,000,000	279,603,206
TOTAL WATER AND SEWER CAPITAL PROJECTS	<u>\$ 376,925,974</u>	<u>\$ 266,603,206</u>	<u>\$ 13,084,022</u>	<u>\$ 279,687,228</u>

CITY OF VIRGINIA BEACH, VIRGINIA
WATER AND SEWER FUND CAPITAL PROJECTS
WATER CAPITAL PROJECTS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2013

Project Number	Project Name	Budget to Date	Current Year Expenditures	Total Expenditures	Construction In Progress	Outstanding Encumbrances	Available Balance
5006	WATER APPURTENANCES EVAL & IMP	\$ 225,000	\$ -	\$ 225,000	\$ -	\$ -	\$ -
5008	BIRDNECK ROAD - PHASE II	206,488	-	178,053	-	-	28,435
5011	BCH GARDEN PRK-KILBORNE CT/HOLLY RD IMP	500,000	-	36,476	36,476	-	463,524
5017	PUBLIC ACCESS RENOVATIONS - BLDG 2	417,500	53,012	370,331	-	31,659	15,510
5024	HOLLAND ROAD - PHASE VI	250,000	86,857	86,857	86,857	43,401	119,742
5028	WITCHDUCK RD - PHASE II WATER IMPROVEMENT	167,000	-	-	-	-	167,000
5030	SHORE DRIVE WATER LINE IMPROVEMENTS PH III	50,000	-	-	-	-	50,000
5046	UTILITIES EMERG RESPONSE PRG-PHASE II	750,000	206,598	396,815	396,815	151,253	201,933
5083	STUMPY LAKE-WTR RESVR/PMP FACILITIES IMP	3,365,000	23,372	3,147,992	-	43,413	173,595
5084	SYSTEM EXPAN COST PART AGREEMENTS - PH II	511,444	45,113	156,715	156,715	-	354,729
5086	COMP WATER MASTER PLANNING-PHASE V	950,000	167,678	797,979	797,979	121,118	30,903
5088	SMALL LINE IMPROVEMENTS-PHASE V	950,000	92,281	869,693	869,693	22,553	57,754
5089	VAR ROADWAY/STRM WTR COORDINATION - PH V	1,260,000	480,392	768,585	768,585	8,488	482,928
5090	LYNNHAVEN PARKWAY - PHASE XI	635,198	10,019	28,825	28,825	818	605,556
5091	WATER REQUEST & AGREEMENTS-51% PROG - PH V	90,000	10,257	50,257	-	-	39,743
5148	ELBOW ROAD EXT - PH I & II	379,663	-	379,662	-	-	1
5149	INDIAN RIVER RD - PHASE VII	68,548	-	58,224	-	10,324	-
5151	LANDSTOWN YARD IMPROVEMENTS - PHASE IV	2,196,000	195,017	417,130	417,130	22,914	1,755,957
5162	BACKFLOW PREVENTN/CROSS CONN CONTROL PRG	871,449	69,540	742,037	-	47,761	81,652
5203	LOTUS GARDEN WATER IMPROVEMENTS-51% PRG	2,020,000	-	25,244	25,244	-	1,994,756
5250	POTABLE WELLS EVALUATION PROGRAM-PH III	550,000	192,500	321,750	-	-	228,250
5252	WATER QUALITY PROGRAM - PHASE IV	300,000	75,969	75,969	-	74,119	149,912
5255	AUTO MOBILE WATER METER RDNG SYS-PH II	412,000	37,200	186,264	186,264	-	225,736
5260	UTILITY CROSSINGS CONDITION ASSESS PH II	393,518	31,259	31,259	31,259	55,143	307,116
5403	SERVICE ORDER AUTOMATION SOLUTION DESIGN	150,000	-	-	-	-	150,000
5404	COMPUTERIZED MAPPING/INFRAS MGMT-PHII	1,095,495	77,035	793,906	793,906	83,704	217,885
5405	CUSTOMER INFO SYSTEM VERSION MIGRATION	1,100,000	27,388	142,901	142,901	1,674	955,425
5408	NIMMO PARKWAY-WATER MAIN REPLACE-PH V	250,000	-	900	900	128,395	120,705
5451	ENGINEERING SERVICES - VARIOUS PROJECTS	150,000	-	142,335	-	4,476	3,189
5501	WTR PUMP STATION/TANK UPGRADE PRG - PH I	11,284,996	1,756,056	4,119,494	4,119,494	6,268,245	897,256
5602	PA RD/KEMPSVILLE RD INTERSECTION IMPROVE	759,300	23,498	31,969	31,969	32,890	694,441
5708	RESORT AREA NEIGHBORHOOD REVITALIZATION	3,646,636	445,499	2,253,049	-	368,577	1,025,010
5752	HVAC IMPROVEMENTS 2ND FLR BLDG #20	95,609	-	95,608	-	-	1
5803	WATER VALVE CONDITION ASSESSMENT & MAINT	99,009	-	99,008	-	-	1
5804	WATER LINE EXT REPLACE REHAB PROGRAM	1,150,000	241,807	463,491	463,491	685,868	641
5805	WTR SYS AGING INFRASTRUCTURE PRG - PH I	4,250,000	737,370	3,240,904	-	473,887	535,209
5806	BACKFLOW PREVENT/CROSS CONNCT CTRL PH II	1,736,271	5,086	31,467	31,467	-	1,704,804
5944	PRINCESS ANNE ROAD - PHASE IV	2,416,145	-	1,482,200	-	649,237	284,709
5952	WTR PUMP STA FLOW MONITOR/DATA STORAGE	1,069,176	42,723	183,970	183,970	37,491	847,716
5953	WATER TAP INSTALLATION PROGRAM PH II	150,000	63,671	63,671	63,671	55,684	30,644
5964	WATER RESOURCES - LAKE GASTON	153,865,865	97,018	153,151,412	-	27,293	687,160
5967	WTR RESOURCES INVESTIGATION/PLANNING - PH I	900,000	21,674	21,674	-	61,497	816,829
TOTAL WATER CAPITAL PROJECT EXPENDITURES		<u>\$ 201,687,310</u>	5,315,889	<u>\$ 175,669,076</u>	<u>\$ 9,633,611</u>	<u>\$ 9,511,882</u>	<u>\$ 16,506,357</u>
CLOSED WATER CAPITAL PROJECTS EXPENDITURES			<u>413,893</u>				
TOTAL CURRENT YEAR WATER CAPITAL PROJECTS EXPENDITURES			<u>\$ 5,729,782</u>				

CITY OF VIRGINIA BEACH, VIRGINIA
WATER AND SEWER FUND CAPITAL PROJECTS
SEWER CAPITAL PROJECTS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2013

Project Number	Project Name	Budget to Date	Current Year Expenditures	Total Expenditures	Construction In Progress	Outstanding Encumbrances	Available Balance
6019	RESORT AREA NEIGHBORHOOD REVITALIZATION	\$ 11,260,000	\$ 1,055,984	\$ 6,795,970	\$ -	\$ 777,592	\$ 3,686,438
6031	SEWER APPURTENANCES EVALUATION	67,715	-	67,715	-	-	-
6041	PUMP STATION MODIFICATIONS-PHASE V	21,904,641	4,503,063	14,632,759	-	4,411,428	2,860,454
6051	INDIAN RIVER ROAD - PHASE VII	14,717	-	9,473	9,473	5,244	1
6057	HOLLAND ROAD - PHASE VI	100,000	31,748	31,748	31,748	41,148	27,104
6061	EMERG RESPONSE PRG-PHASE II	750,000	112,671	278,460	278,460	159,645	311,894
6065	INFILTRATION, INFLOW, AND REHAB - PHASE IV	25,271,799	33,659	25,088,621	-	44,646	138,532
6069	BIRDNECK ROAD - PHASE II	2,565,931	-	2,413,893	-	-	152,038
6070	INFILTRATION & REHAB PH V	15,900,000	832,144	10,991,983	-	3,759,897	1,148,120
6081	LASKIN RD - PH II & GATEWAY IMPROVEMENTS	1,065,965	-	1,062,164	-	-	3,801
6085	SANITARY SEWER AGING INFRASTR PRG-PH II	8,300,000	1,284,021	7,119,666	-	306,570	873,764
6086	PU PUBLIC ACCESS RENOVATIONS - BLDG 2	417,500	16,091	256,589	-	91,276	69,635
6089	COMP SEWER MASTER PLANNING - PHASE IV	2,600,000	334,428	1,887,540	-	74,582	637,878
6090	CLEAN WATER ACT COMPLIANCE STUDIES - PH I	200,000	-	-	-	-	200,000
6092	VACUUM VALVE MONITORING SYSTEM	180,000	-	-	-	-	180,000
6093	CONSENT ORDER REHAB PLAN IMPLEMENTATION - PH I	1,600,000	209,388	209,388	209,388	222,012	1,168,599
6106	VAR ROADWAY/STRM WTR COORDINATION - PH V	1,351,655	112,227	439,356	439,356	91,466	820,834
6138	LANDSTOWN YARD IMPROVEMENTS - PHASE III	3,565,230	18,188	3,419,603	-	139,095	6,532
6146	SEWER REQUESTS & AGREEMENTS - PHASE V	50,000	50,000	50,000	50,000	-	-
6148	SYSTEM EXPAN COST PART AGREEMENTS - PH II	1,427,000	68,403	726,255	726,255	-	700,745
6151	LANDSTOWN YARD IMPROVEMENTS - PHASE IV	1,365,000	113,372	288,819	288,819	22,594	1,053,586
6203	LOTUS GARDEN SEWER IMPROVEMENTS-51% PRG	1,650,000	317,057	486,665	486,665	166,833	996,503
6403	SERVICE ORDER AUTOMATION SOLUTION DESIGN	150,000	-	-	-	-	150,000
6404	COMPUTERIZED MAPPING MGMT-PH II	1,095,000	203,416	523,590	523,590	48,047	523,363
6405	CUSTOMER INFO SYSTEM VERSION MIGRATION	1,100,000	14,020	126,320	126,320	1	973,679
6411	CIT-SRV AREA MSTR PLAN/INFO SYS (SAMPIS)	900,000	37,187	825,978	825,978	-	74,022
6501	AUX POWER PRG-SEWER PMP STATIONS-PH III	2,891,516	301,810	586,530	586,530	663,885	1,641,100
6506	SAN SEWER SYS REVITALIZATION PRG PH I	13,850,000	161,337	13,734,003	-	55,735	60,263
6552	SANITARY SEWER SYS REVITAL'N PRG-PH II	8,500,000	4,170,476	7,124,981	-	1,132,649	242,370
6555	UTILITY CROSSINGS CONDITION ASSESS PH II	384,211	35,279	35,279	35,279	49,621	299,311
6557	SGA SANITARY SEWER SYSTEM IMPROVEMENTS	1,600,000	-	-	-	-	1,600,000
6564	RELOCATION SEWER CLEAN OUTS N LANDING	225,000	-	-	-	65,624	159,376
6566	NIMMO PARKWAY SANITARY SEWER EXT-PH V	170,000	-	-	-	4,000	166,000
6567	SEWER PUMP STA BACKFLOW PREV'N MOD'NS	750,000	-	-	-	-	750,000
6601	FIRST COLONIAL/VB BLVD INTERSECTION IMPROV	10,000	-	-	-	-	10,000
6602	PA ROAD/KEMPSVILLE RD INTERSECTION IMPROV	969,600	236,508	376,779	376,779	71,037	521,784
6603	WITCHDUCK ROAD-PHASE I SEWER IMPROVEMENTS	445,600	14,075	296,991	296,991	51,564	97,045
6604	WITCHDUCK ROAD-PHASE II SEWER IMPROVEMENTS	96,499	9,681	9,681	9,681	9,681	77,136
6611	PUMP STA WET WELL REVITALIZATION-PH II	1,000,000	232,456	327,099	-	97,937	574,963
6752	HVAC IMPROVEMENTS 2ND FLR BLDG #20	95,609	-	95,608	-	-	1
6804	SANIT SWR REGULATORY COMPLICANCE PRG - PH I	20,393,476	2,816,518	15,410,980	-	2,189,929	2,792,567
6951	SEWER TAP INSTALLATION PROGRAM	2,005,000	55,630	1,348,843	-	60,000	596,157
6952	SWR PUMP STA FLOW MONITOR/DATA STORAGE	10,200,000	709,347	1,337,545	1,337,545	1,073,835	7,788,620
6953	SEWER TAP INSTALLATION PROGRAM PH II	300,000	139,387	139,387	139,387	30,000	130,613
6973	SANITARY SEWER CAPACITY PROGRAM - PHASE I	6,500,000	582,510	1,766,817	1,766,813	1,947,013	2,786,170
TOTAL SEWER CAPITAL PROJECT EXPENDITURES		<u>\$ 175,238,664</u>	<u>18,812,081</u>	<u>\$ 120,323,078</u>	<u>\$ 8,545,057</u>	<u>\$ 17,864,586</u>	<u>\$ 37,050,998</u>
CLOSED CAPITAL PROJECTS EXPENDITURES			<u>419,718</u>				
TOTAL CURRENT YEAR SEWER CAPITAL PROJECTS EXPENDITURES			<u>\$ 19,231,799</u>				
WATER AND SEWER CAPITAL PROJECTS		<u>\$ 376,925,974</u>	<u>\$ 24,961,581</u>	<u>\$ 295,992,154</u>	18,178,668	<u>\$ 27,376,468</u>	<u>\$ 53,557,355</u>
CAPITALIZED INTEREST REMAINING IN CONSTRUCTION IN PROGRESS					3,566,839		
OTHER ENTITIES SHARE OF WATER AND SEWER PROJECTS					(10,056,186)		
WATER AND SEWER FUND CONSTRUCTION IN PROGRESS					<u>\$ 11,689,321</u>		

**STORM WATER
ENTERPRISE FUND**

STORM WATER ENTERPRISE FUND

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

CITY OF VIRGINIA BEACH, VIRGINIA
STORM WATER ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2013

ASSETS

Current Assets:

Cash and Investments	\$ 11,576,410
Accounts Receivable - Net of Estimated Uncollectibles	5,348,602
Total Current Assets	<u>\$ 16,925,012</u>

Non-current Assets:

Cash and Investments - Restricted	\$ 30,047,552
Capital Assets:	
Land	131,201,523
Utility System	182,638,918
Machinery and Equipment	9,586,488
Construction in Progress	5,306,202
Less: Accumulated Depreciation	(50,514,229)
Total Capital Assets	<u>\$ 278,218,902</u>
Total Non-current Assets	<u>\$ 308,266,454</u>
Total Assets	<u>\$ 325,191,466</u>

LIABILITIES

Current Liabilities:

Vouchers and Accounts Payable	\$ 138,399
Accrued Interest Payable	346,341
Construction Contracts Payable	2,003,245
Current Portion of Long-term Liabilities	1,763,161
Total Current Liabilities	<u>\$ 4,251,146</u>

Long-Term Liabilities (less current portion):

Double Barrel and Revenue Bonds and Notes	\$ 24,410,000
Premium on Refunding Bonds	281,042
Accrued Compensated Leave	446,037
Total Long-Term Liabilities (less current portion)	<u>\$ 25,137,079</u>
Total Liabilities	<u>\$ 29,388,225</u>

NET POSITION

Net Investment in Capital Assets	\$ 280,017,958
Restricted for Debt Service	2,258,721
Restricted for Operations	13,526,562
Total Net Position	<u>\$ 295,803,241</u>

CITY OF VIRGINIA BEACH, VIRGINIA
STORM WATER ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2013

OPERATING REVENUES

Service Charges	\$ 32,726,218
Miscellaneous	138,272
Total Operating Revenues	<u>\$ 32,864,490</u>

OPERATING EXPENSES

Personal Services	\$ 6,437,849
Fringe Benefits	2,402,654
Contractual Services	131,438
Internal Services	1,101,362
Other Charges	2,355,891
Land Structure Maintenance	1,888,763
Depreciation	2,391,640
Total Operating Expenses	<u>\$ 16,709,597</u>

OPERATING INCOME (LOSS)

\$ 16,154,893

NONOPERATING REVENUES (EXPENSES)

Interest Income	\$ 89,689
From Federal Government	275,815
Gain (Loss) From Sale of Assets	32,081
Interest and Fiscal Charges	(18,330)
Total Nonoperating Revenues (Expenses)	<u>\$ 379,255</u>

TRANSFERS

Transfers In	\$ 15,909,669
Transfers Out	(306,827)
Total Transfers	<u>\$ 15,602,842</u>

CHANGE IN NET POSITION

\$ 32,136,990

TOTAL NET POSITION - BEGINNING

263,666,251

TOTAL NET POSITION - ENDING

\$ 295,803,241

**CITY OF VIRGINIA BEACH, VIRGINIA
STORM WATER ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2013**

CASH FLOWS FROM OPERATING ACTIVITIES:

Receipts from Customers and Users	\$ 31,693,472
Other Operating Cash Receipts	138,272
Cash Payments To Suppliers of Goods and Services	(5,698,375)
Cash Payments To Employees for Services	(8,814,172)
Net Cash Provided By Operating Activities	<u>\$ 17,319,197</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Receipts from Other Funds	\$ 15,909,669
Payments to Other Funds/Entities	(306,827)
Net Cash Provided by (Used In) Noncapital Financing Activities	<u>\$ 15,602,842</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Interest Paid on Long-term Debt	\$ (1,065,204)
Acquisition and Construction of Capital Assets	(13,440,902)
Proceeds from Sale of Salvage	32,081
Federal Government Bond Subsidy	275,815
Principal Paid on Long-term Debt	(1,296,433)
Net Cash Provided (Used) By Capital and Related Financing Activities	<u>\$ (15,494,643)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Interest and Dividends Received	\$ 89,689
Net Increase (Decrease) in Cash and Temporary Investments	17,517,085
Cash and Temporary Investments, July 1	24,106,877
Cash and Temporary Investments, June 30	<u><u>\$ 41,623,962</u></u>

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

Operating Income (Loss)	\$ 16,154,893
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By Operating Activities:	
Depreciation	2,391,640
(Increase)/Decrease in Accounts Receivable	(1,032,746)
Increase/(Decrease) in Vouchers and Accounts Payable	(220,921)
Increase/(Decrease) in Accrued Compensated Leave	26,331
Total Adjustments	<u>\$ 1,164,304</u>
Net Cash Provided By Operating Activities	<u><u>\$ 17,319,197</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, 2013

	Budget	Actual	Variance Positive (Negative)
<u>Project Management</u>			
Personal Services	\$ 1,590,286	\$ 1,330,189	\$ 260,097
Fringe Benefits	481,961	464,457	17,504
Contractual Services	246,442	74,245	172,197
Internal Services	25,991	18,191	7,800
Other Charges	218,445	154,845	63,600
Total Project Management	<u>\$ 2,563,125</u>	<u>\$ 2,041,927</u>	<u>\$ 521,198</u>
<u>Customer Services</u>			
Personal Services	\$ 93,210	\$ 99,213	\$ (6,003)
Fringe Benefits	33,021	31,067	1,954
Contractual Services	11,469	4,960	6,509
Internal Services	5,661	2,603	3,058
Other Charges	5,992	1,431	4,561
Total Customer Services	<u>\$ 149,353</u>	<u>\$ 139,274</u>	<u>\$ 10,079</u>
<u>Operations and Maintenance</u>			
Personal Services	\$ 4,389,956	\$ 3,897,157	\$ 492,799
Fringe Benefits	1,746,890	1,522,738	224,152
Contractual Services	172,303	49,392	122,911
Internal Services	1,071,190	1,021,232	49,958
Other Charges	866,436	565,000	301,436
Land Structures and Improvements	2,203,536	1,888,763	314,773
Total Operations and Maintenance	<u>\$ 10,450,311</u>	<u>\$ 8,944,282</u>	<u>\$ 1,506,029</u>
<u>Inspections and Environmental Spill Response</u>			
Personal Services	\$ 769,962	\$ 704,514	\$ 65,448
Fringe Benefits	283,065	240,516	42,549
Contractual Services	2,266	1,978	288
Internal Services	20,973	23,037	(2,064)
Other Charges	224,429	21,080	203,349
Total Inspections and Environmental Spill Response	<u>\$ 1,300,695</u>	<u>\$ 991,125</u>	<u>\$ 309,570</u>
<u>Residential Street Sweeping</u>			
Personal Services	\$ 488,362	\$ 406,776	\$ 81,586
Fringe Benefits	188,490	143,876	44,614
Contractual Services	23,380	863	22,517
Internal Services	45,267	36,299	8,968
Other Charges	18,083	6,356	11,727
Total Residential Street Sweeping	<u>\$ 763,582</u>	<u>\$ 594,170</u>	<u>\$ 169,412</u>

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
STORM WATER ENTERPRISE FUND
SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013

			Variance Positive (Negative)
	Budget	Actual	
<u>General Fund Charges</u>			
Direct Cost Allocations	\$ 510,992	\$ 510,992	\$ -
Indirect Cost Allocations	722,271	1,071,221	(348,950)
Landscape Services	24,966	24,966	-
Total General Fund Charges	<u>\$ 1,258,229</u>	<u>\$ 1,607,179</u>	<u>\$ (348,950)</u>
 Total Budgeted Operating Expenses	 <u>\$ 16,485,295</u>	 <u>\$ 14,317,957</u>	 <u>\$ 2,167,338</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, 2013

Funding Sources	Budget Revenues	Actual Revenues		
		Prior Years	Current Year	Total
LOCAL FUNDING	\$ 150,030,957	\$ 113,159,647	\$ 14,122,870	\$ 127,282,517
STATE FUNDING	724,458	724,458	-	724,458
FEDERAL FUNDING	1,549,138	-	113,507	113,507
TOTAL STORM WATER UTILITY CAPITAL PROJECTS	<u>\$ 152,304,553</u>	<u>\$ 113,884,105</u>	<u>\$ 14,236,377</u>	<u>\$ 128,120,482</u>

CITY OF VIRGINIA BEACH, VIRGINIA
STORM WATER CAPITAL PROJECTS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2013

Project Number	Project Name	Budget to Date	Current Year Expenditures	Total Expenditures	Construction In Progress	Outstanding Encumbrances	Available Balance
7004	STORM WATER INFRASTRUCTURE REHABILITATION	\$ 20,703,442	\$ 4,976,083	\$ 17,492,220	\$ -	\$ 3,210,423	\$ 799
7005	NORTH LAKE HOLLY WATERSHED	16,771,135	1,508,653	6,923,099	-	2,532,562	7,315,474
7010	ELIZABETH RIVER SHORES (PARTIAL)	2,130,450	169,627	1,528,280	-	93,818	508,352
7016	SOUTH LAKE HOLLY WATERSHED (PARTIAL)	12,038,000	95,870	2,546,512	-	473,969	9,017,519
7024	SOUTHERN CANAL/LEAD DITCH & CULVERT IMPRV	1,450,000	48,117	456,155	-	135,106	858,739
7027	SWM MSTR PLANNING, ANALYSIS, & INVENTORY	1,695,906	111,139	989,124	989,124	316,912	389,870
7031	KEMPS GREENS GC COMM STRM WTR BK STABIL	740,000	-	695,474	-	-	44,526
7033	STORM WATER MAINTENANCE BACKLOG	5,300,000	39,540	4,251,364	-	75,861	972,775
7035	LAWSON FOREST DRAINAGE	1,080,000	-	105,718	105,718	19,095	955,187
7036	BAKER ROAD CULVERT & DITCH IMPROVEMENTS	450,000	9,172	120,497	120,497	19,333	310,170
7037	BELLAMY MANOR OUTFALL DITCH	450,000	-	-	-	-	450,000
7038	THOROUGHGOOD DRAINAGE	670,000	168,434	168,434	168,434	50,088	451,478
7049	BCH GRDN PRK-KILBORNE CRT/HOLLY RD IMPRV	900,000	39,577	344,023	344,023	115,770	440,207
7063	NEIGHBORHD SW INFRASTRUCT IMP	8,901,820	160,702	8,377,294	-	74,338	450,188
7067	PRIMARY SYSTEM INFRASTRUCTURE IMPROVEMENTS	12,401,286	620,040	10,488,062	-	917,050	996,174
7091	RESIDENTIAL DRAINAGE COST PART PRG	293,651	78,201	241,549	241,549	(7,077)	59,179
7151	EASTERN SHORE DRIVE DRAINAGE	1,835,000	-	-	-	-	1,835,000
7152	DAM & SPILLWAY STRUCTURAL IMPROVEMENTS	6,953,735	2,001,054	5,479,136	-	1,288,480	186,119
7153	LYNNHAVEN WATERSHED RESTORATION	3,744,878	382,950	2,985,516	-	410,766	348,596
7159	WATER QUALITY PARTICIPATION PROJECTS	1,086,499	50,000	691,722	691,722	103,100	291,677
7183	STORM WATER QUALITY ENHANCEMENTS	8,616,441	1,273,013	5,856,060	-	1,454,699	1,305,682
7200	SEVERE REPETITIVE LOSS GRANT PROGRAM	1,721,265	178,582	178,582	-	203,259	1,339,424
7400	ARAGONA DRAINAGE IMPROVEMENTS	1,510,000	15,294	15,294	15,294	14,391	1,480,315
7406	ELIZABETH RIVER TMDL IMPLEMENTATION PLAN	400,000	-	58,078	58,078	-	341,922
7409	SHORE DRIVE DRAINAGE PRELIMINARY STUDY	428,152	164,910	355,769	355,769	37,299	35,084
7410	SOUTHERN RIVER TMDL IMPLEMENTATION PLAN	400,000	61,523	61,523	61,523	291,009	47,468
7411	OCEANFRONT STORM WATER FACILITIES MAINT	354,000	162,625	322,978	322,978	15,050	15,972
7412	STORM WATER PUMP STATION MODIFICATIONS	708,000	379,101	579,047	579,047	38,427	90,526
7413	NEIGHBORHD SW INFRASTRUCTURE IMPROV PH II	1,002,890	-	-	-	-	1,002,890
7414	STORM WATER QUALITY ENHANCEMENTS PH II	1,181,078	-	-	-	-	1,181,078
7415	LAKE MANAGEMENT PH II	3,391,280	488,785	488,785	488,785	626,164	2,276,331
7416	SW INFRASTRUCTURE REHAB & IMPROV PH II	4,853,122	676,596	676,596	676,596	773,743	3,402,783
7902	NORTH BEACH DRAINAGE	28,142,523	861,681	26,958,181	-	862,164	322,178
TOTAL STORM WATER UTILITY CAPITAL PROJECTS		<u>\$ 152,304,553</u>	<u>\$ 14,721,269</u>	<u>\$ 99,435,072</u>	<u>5,219,137</u>	<u>\$ 14,145,799</u>	<u>\$ 38,723,682</u>
CAPITALIZED INTEREST					87,065		
STORM WATER FUND CONSTRUCTION IN PROGRESS					<u>\$ 5,306,202</u>		

DEVELOPMENT AUTHORITY

ENTERPRISE FUND

DEVELOPMENT AUTHORITY ENTERPRISE FUND

The Development Authority Enterprise Fund (Authority) was established for the specific purpose of attracting new industries and the expansion of existing industries. The Authority's Commissioners are appointed by the City Council. The Authority is authorized to issue industrial development bonds after approval by the City Council and to purchase land to improve and sell for development. In addition, the Authority facilitates economic development projects as needed by City Council. The Development Authority is presented as a blended component unit and is included in the City's reporting entity. The City has responsibility through support agreements for debt payments on outstanding Public Facility Revenue Bonds which are recorded on the Authority's financial records.

CITY OF VIRGINIA BEACH, VIRGINIA
DEVELOPMENT AUTHORITY ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2013

ASSETS

Current Assets:

Cash and Investments	\$ 7,452,955
Accounts Receivable - Net	238,709
Total Current Assets	<u>\$ 7,691,664</u>

Non-current Assets:

Cash and Investments - Restricted	\$ 2,304,653
Land Held for Resale	21,510,309
Capital Assets:	
Land	19,935,612
Buildings	101,654,157
Machinery and Equipment	593,294
Less: Accumulated Depreciation	<u>(23,225,340)</u>
Total Capital Assets	<u>\$ 98,957,723</u>
Total Non-current Assets	<u>\$ 122,772,685</u>
Total Assets	<u>\$ 130,464,349</u>

DEFERRED OUTFLOWS OF RESOURCES

Debt Refundings Resulting in Loss Transactions	<u>\$ 1,186,879</u>
--	---------------------

LIABILITIES

Current Liabilities:

Vouchers and Accounts Payable	\$ 1,582,204
Accrued Interest Payable	1,328,284
Unearned Revenue	3,205
Current Portion of Long-term Liabilities	<u>5,692,939</u>
Total Current Liabilities	<u>\$ 8,606,632</u>

Long-Term Liabilities (less current portion):

Public Facility Revenue Bonds	\$ 70,835,486
Premium on Revenue Bonds	<u>1,354,472</u>
Total Long-Term Liabilities (less current portion)	<u>\$ 72,189,958</u>
Total Liabilities	<u>\$ 80,796,590</u>

DEFERRED INFLOWS OF RESOURCES

Debt Refundings Resulting in Gain Transactions	<u>\$ 349,967</u>
--	-------------------

NET POSITION

Net Investment in Capital Assets	\$ 21,911,738
Restricted for Debt Service	1,136,782
Unrestricted	<u>27,456,151</u>
Total Net Position	<u>\$ 50,504,671</u>

CITY OF VIRGINIA BEACH, VIRGINIA
DEVELOPMENT AUTHORITY ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2013

OPERATING REVENUES

Charges for Services	\$ 2,969,507
Miscellaneous	344,188
Total Operating Revenues	<u>\$ 3,313,695</u>

OPERATING EXPENSES

Contractual Services	\$ 2,267,123
Other Charges	2,742,269
Depreciation	2,671,162
Total Operating Expenses	<u>\$ 7,680,554</u>

<u>OPERATING INCOME (LOSS)</u>	<u>\$ (4,366,859)</u>
---------------------------------------	-----------------------

NONOPERATING REVENUES (EXPENSES)

Interest Income	\$ 32,372
Payment Under Support Agreement	9,022,058
Interest and Fiscal Charges	(3,583,660)
Total Nonoperating Revenues	<u>\$ 5,470,770</u>

<u>CHANGE IN NET POSITION</u>	\$ 1,103,911
--------------------------------------	--------------

<u>TOTAL NET POSITION - BEGINNING</u>	<u>49,400,760</u>
--	-------------------

<u>TOTAL NET POSITION - ENDING</u>	<u><u>\$ 50,504,671</u></u>
---	-----------------------------

**CITY OF VIRGINIA BEACH, VIRGINIA
DEVELOPMENT AUTHORITY ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2013**

CASH FLOWS FROM OPERATING ACTIVITIES:

Receipts from Customers and Users	\$ 3,364,446
Receipts from (Payments for) Interfund Services Provided	(551,168)
Other Operating Cash Receipts	9,903
Cash Payments To Suppliers of Goods and Services	(5,150,364)
Net Cash Provided By Operating Activities	<u>\$ (2,327,183)</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Capital Contributions	\$ 9,022,058
Interest Paid on Long-term Debt	(3,724,687)
Proceeds from Sale of Salvage	314,528
Principal Paid on Capital Debt	(8,271,544)
Net Cash Provided (Used) By Capital and Related Financing Activities	<u>\$ (2,659,645)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Interest and Dividends Received	<u>\$ 32,372</u>
Net Increase (Decrease) in Cash and Temporary Investments	(4,954,456)
Cash and Temporary Investments, July 1	<u>14,712,064</u>
Cash and Temporary Investments, June 30	<u><u>\$ 9,757,608</u></u>

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

Operating Income (Loss)	\$ (4,366,859)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By Operating Activities:	
Depreciation and Amortization Expense	2,767,014
(Increase)/Decrease in Intergovernmental Receivables	1,887,002
Increase/(Decrease) in Vouchers and Accounts Payable	(2,566,026)
Increase (Decrease) in Accrued Interest Payable	(51,519)
Increase (Decrease) in Unearned Revenue	3,205
Total Adjustments	<u>\$ 2,039,676</u>
Net Cash Provided By Operating Activities	<u><u>\$ (2,327,183)</u></u>

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:

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

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

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

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

CITY OF VIRGINIA BEACH, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2013

	City Garage	Risk Management	Print Shop
<u>ASSETS</u>			
Current Assets:			
Cash and Investments	\$ 3,369,597	\$ 10,494,027	\$ 216,220
Accounts Receivable	-	-	-
Inventory	817,273	-	-
Total Current Assets	4,186,870	10,494,027	216,220
Noncurrent Assets:			
Capital Assets:			
Site Improvements	265,782	-	-
Machinery and Equipment	2,391,735	293,215	990,164
Total Property, Plant and Equipment	2,657,517	293,215	990,164
Less: Accumulated Depreciation	(1,917,278)	(293,215)	(990,164)
Net Property, Plant and Equipment	740,239	-	-
Total Assets	\$ 4,927,109	\$ 10,494,027	\$ 216,220
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Support and Maintenance	\$ 180,698	\$ -	\$ -
<u>LIABILITIES</u>			
Current Liabilities:			
Vouchers and Accounts Payable	\$ 637,905	\$ 598,078	\$ -
Current Portion of Long-term Liabilities	350,858	5,888,598	-
Total Current Liabilities	988,763	6,486,676	-
Noncurrent Liabilities:			
Long-term Liabilities (less current portion)	240,339	19,617,675	-
Total Liabilities	1,229,102	26,104,351	-
<u>NET POSITION</u>			
Net Investment in Capital Assets	740,239	-	-
Unrestricted	3,138,466	(15,610,324)	216,220
Total Net Position	\$ 3,878,705	\$ (15,610,324)	\$ 216,220

CITY OF VIRGINIA BEACH, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2013

School Site Landscaping	Telecommunications	Subscriptions	Totals
\$ 670,689	\$ 2,948,982	\$ 5,160,502	\$ 22,860,017
-	1,543	-	1,543
-	-	-	817,273
670,689	2,950,525	5,160,502	23,678,833
-	-	-	265,782
2,625,681	-	467,484	6,768,279
2,625,681	-	467,484	7,034,061
(2,186,771)	-	(304,812)	(5,692,240)
438,910	-	162,672	1,341,821
\$ 1,109,599	\$ 2,950,525	\$ 5,323,174	\$ 25,020,654
\$ -	\$ -	\$ -	\$ 180,698
\$ 115,049	\$ 29,793	\$ 191,362	\$ 1,572,187
134,067	44,211	-	6,417,734
249,116	74,004	191,362	7,989,921
17,804	4,705	-	19,880,523
266,920	78,709	191,362	27,870,444
438,910	-	162,672	1,341,821
403,769	2,871,816	4,969,140	(4,010,913)
\$ 842,679	\$ 2,871,816	\$ 5,131,812	\$ (2,669,092)

CITY OF VIRGINIA BEACH, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2013

	<u>City Garage</u>	<u>Risk Management</u>	<u>Print Shop</u>
<u>OPERATING REVENUES</u>			
Billings to Departments	\$ 19,583,049	\$ 11,020,400	\$ 1,936
Insurance Recovery	76,617	14,310	-
Miscellaneous	-	100	1,888
Total Operating Revenues	<u>\$ 19,659,666</u>	<u>\$ 11,034,810</u>	<u>\$ 3,824</u>
<u>OPERATING EXPENSES</u>			
Cost of Goods Sold	\$ 12,258,240	\$ -	\$ -
Personal Services	3,988,242	432,116	-
Fringe Benefits	1,515,505	157,528	-
Contractual Services	428,179	473,827	10,480
Internal Services	242,700	5,936	-
Other Charges	426,271	13,097,343	-
Leases and Rentals	-	-	15,054
Land Structures and Improvements	-	-	-
Depreciation	156,806	-	-
Total Operating Expenses	<u>\$ 19,015,943</u>	<u>\$ 14,166,750</u>	<u>\$ 25,534</u>
<u>OPERATING INCOME (LOSS)</u>	<u>\$ 643,723</u>	<u>\$ (3,131,940)</u>	<u>\$ (21,710)</u>
<u>NONOPERATING REVENUES (EXPENSES) AND TRANSFERS</u>			
Interest Income	\$ 8,020	\$ 27,041	\$ 618
Transfers In	98,000	-	-
Transfers Out	-	-	-
Gain (Loss) on Disposition of Assets	64,031	-	-
Total Nonoperating Revenues (Expenses)	<u>\$ 170,051</u>	<u>\$ 27,041</u>	<u>\$ 618</u>
<u>CHANGE IN NET POSITION</u>	813,774	(3,104,899)	(21,092)
<u>TOTAL NET POSITION - BEGINNING</u>	<u>3,064,931</u>	<u>(12,505,425)</u>	<u>237,312</u>
<u>TOTAL NET POSITION - ENDING</u>	<u><u>\$ 3,878,705</u></u>	<u><u>\$ (15,610,324)</u></u>	<u><u>\$ 216,220</u></u>

CITY OF VIRGINIA BEACH, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2013

School Site Landscaping	Telecommunications	Subscriptions	Totals
\$ 3,751,950	\$ 3,053,674	\$ 2,524,432	\$ 39,935,441
-	-	-	90,927
-	-	-	1,988
<u>\$ 3,751,950</u>	<u>\$ 3,053,674</u>	<u>\$ 2,524,432</u>	<u>\$ 40,028,356</u>
\$ -	\$ -	\$ -	\$ 12,258,240
1,811,717	696,244	-	6,928,319
792,689	219,857	-	2,685,579
343,407	252,759	1,119,005	2,627,657
432,864	8,309	3,161	692,970
353,169	783,723	1,060,414	15,720,920
-	-	-	15,054
17,750	-	-	17,750
163,925	-	86,444	407,175
<u>\$ 3,915,521</u>	<u>\$ 1,960,892</u>	<u>\$ 2,269,024</u>	<u>\$ 41,353,664</u>
<u>\$ (163,571)</u>	<u>\$ 1,092,782</u>	<u>\$ 255,408</u>	<u>\$ (1,325,308)</u>
\$ 85	\$ 5,009	\$ 11,207	\$ 51,980
-	-	-	98,000
-	(350,000)	-	(350,000)
10,495	-	-	74,526
<u>\$ 10,580</u>	<u>\$ (344,991)</u>	<u>\$ 11,207</u>	<u>\$ (125,494)</u>
(152,991)	747,791	266,615	(1,450,802)
995,670	2,124,025	4,865,197	(1,218,290)
<u>\$ 842,679</u>	<u>\$ 2,871,816</u>	<u>\$ 5,131,812</u>	<u>\$ (2,669,092)</u>

CITY OF VIRGINIA BEACH, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2013

	City Garage	Risk Management	Print Shop
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Receipts from Customers and Users	\$ 19,659,666	\$ 11,034,710	\$ 1,936
Other Operating Cash Receipts	-	100	1,888
Cash Payments to Suppliers of Goods and Services	(13,814,704)	(12,050,142)	(230,308)
Cash Payments to Employees for Services	(5,522,947)	(577,856)	(62,468)
Net Cash Provided (Used) By Operating Activities	<u>\$ 322,015</u>	<u>\$ (1,593,188)</u>	<u>\$ (288,952)</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>			
Receipts from Other Funds	\$ 98,000	\$ -	\$ -
Payments to Other Funds	-	-	-
Net Cash Provided By Noncapital Financing Activities	<u>\$ 98,000</u>	<u>\$ -</u>	<u>\$ -</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>			
Acquisition and Construction of Capital Assets	\$ (329,181)	\$ -	\$ -
Proceeds from Sale of Salvage	64,031	-	-
Net Cash Provided (Used) By Capital and Related Financing Activities	<u>\$ (265,150)</u>	<u>\$ -</u>	<u>\$ -</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Interest and Dividends Received	<u>\$ 8,020</u>	<u>\$ 27,041</u>	<u>\$ 618</u>
Net Increase (Decrease) in Cash and Temporary Investments	\$ 162,885	\$ (1,566,147)	\$ (288,334)
Cash and Temporary Investments, July 1	<u>3,206,712</u>	<u>12,060,174</u>	<u>504,554</u>
Cash and Temporary Investments, June 30	<u><u>\$ 3,369,597</u></u>	<u><u>\$ 10,494,027</u></u>	<u><u>\$ 216,220</u></u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</u>			
Operating Income (Loss)	\$ 643,723	\$ (3,131,940)	\$ (21,710)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) By Operating Activities:			
Depreciation Expense	156,806	-	-
(Increase) Decrease in Accounts Receivable	-	-	-
(Increase) Decrease in Inventory	7,210	-	-
(Increase) Decrease in Deferred Outflow of Resources	(180,698)	-	-
Increase (Decrease) in Vouchers and Accounts Payable	(285,826)	(350,866)	(204,774)
Increase (Decrease) in Estimated Claims and Judgments	-	1,877,830	-
Increase (Decrease) in Accrued Compensated Leave	(19,200)	11,788	(62,468)
Total Adjustments	<u>\$ (321,708)</u>	<u>\$ 1,538,752</u>	<u>\$ (267,242)</u>
Net Cash Provided (Used) By Operating Activities	<u><u>\$ 322,015</u></u>	<u><u>\$ (1,593,188)</u></u>	<u><u>\$ (288,952)</u></u>

CITY OF VIRGINIA BEACH, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2013

School Site Landscaping	Telecommunications	Subscriptions	Totals
\$ 3,751,950	\$ 3,052,131	\$ 2,524,432	\$ 40,024,825
-	-	-	1,988
(1,157,108)	(1,153,834)	(2,616,494)	(31,022,590)
(2,601,160)	(917,162)	-	(9,681,593)
<u>\$ (6,318)</u>	<u>\$ 981,135</u>	<u>\$ (92,062)</u>	<u>\$ (677,370)</u>
\$ -	\$ -	\$ -	\$ 98,000
-	(350,000)	-	(350,000)
<u>\$ -</u>	<u>\$ (350,000)</u>	<u>\$ -</u>	<u>\$ (252,000)</u>
\$ -	\$ -	\$ (72,846)	\$ (402,027)
10,495	-	-	74,526
<u>\$ 10,495</u>	<u>\$ -</u>	<u>\$ (72,846)</u>	<u>\$ (327,501)</u>
\$ 85	\$ 5,009	\$ 11,207	\$ 51,980
\$ 4,262	\$ 636,144	\$ (153,701)	\$ (1,204,891)
666,427	2,312,838	5,314,203	24,064,908
<u>\$ 670,689</u>	<u>\$ 2,948,982</u>	<u>\$ 5,160,502</u>	<u>\$ 22,860,017</u>
\$ (163,571)	\$ 1,092,782	\$ 255,408	\$ (1,325,308)
163,925	-	86,444	407,175
-	(1,543)	-	(1,543)
-	-	-	7,210
-	-	-	(180,698)
(9,918)	(109,043)	(433,914)	(1,394,341)
-	-	-	1,877,830
3,246	(1,061)	-	(67,695)
<u>\$ 157,253</u>	<u>\$ (111,647)</u>	<u>\$ (347,470)</u>	<u>\$ 647,938</u>
<u>\$ (6,318)</u>	<u>\$ 981,135</u>	<u>\$ (92,062)</u>	<u>\$ (677,370)</u>



This Page Intentionally Left Blank

TRUST AND AGENCY FUNDS

TRUST FUNDS and AGENCY FUNDS

Trust Funds and Agency Funds are used to account for the assets held by a governmental unit as an 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, 2013

	<u>Escheat Property</u>	<u>Special Welfare</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and Investments	\$ 700	\$ 370,141	\$ 370,841
	<u>700</u>	<u>370,141</u>	<u>370,841</u>
<u>LIABILITIES</u>			
Vouchers and Accounts Payable	\$ 700	\$ 370,141	\$ 370,841
	<u>700</u>	<u>370,141</u>	<u>370,841</u>

CITY OF VIRGINIA BEACH, VIRGINIA
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2013</u>
<u>SPECIAL WELFARE</u>				
<u>ASSETS</u>				
Cash and Temporary Investments	\$ 481,897	\$ 690,152	\$ 801,908	\$ 370,141
<u>LIABILITIES</u>				
Vouchers and Accounts Payable	\$ 481,897	\$ 690,152	\$ 801,908	\$ 370,141
<u>ESCHEAT PROPERTY</u>				
<u>ASSETS</u>				
Cash and Temporary Investments	\$ 4,606	\$ 210,063	\$ 213,969	\$ 700
<u>LIABILITIES</u>				
Vouchers and Accounts Payable	\$ 4,606	\$ 210,063	\$ 213,969	\$ 700
<u>TOTALS-ALL AGENCY FUNDS</u>				
<u>ASSETS</u>				
Cash and Temporary Investments	\$ 486,503	\$ 900,215	\$ 1,015,877	\$ 370,841
<u>LIABILITIES</u>				
Vouchers and Accounts Payable	\$ 486,503	\$ 900,215	\$ 1,015,877	\$ 370,841

CITY OF VIRGINIA BEACH, VIRGINIA
TRUST FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2013

	Other Postemployment Benefits Trust Fund	Sheriff's Office Pension Trust Fund	Total Trust Funds
<u>ASSETS</u>			
Investments, at Fair Value:			
Mutual Funds	\$ 50,239,523	\$ 3,637,607	\$ 53,877,130
<u>LIABILITIES</u>			
Vouchers and Accounts Payable	\$ -	\$ -	\$ -
<u>NET POSITION</u>			
Held in Trust for Other Postemployment Benefits and Pension Benefits	\$ 50,239,523	\$ 3,637,607	\$ 53,877,130

CITY OF VIRGINIA BEACH, VIRGINIA
TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2013

	Other Postemployment Benefits Trust Fund	Sheriff's Office Pension Trust Fund	Total Trust Funds
<u>ADDITIONS</u>			
Contributions:			
From Primary Government	\$ 16,729,100	\$ 287,843	\$ 17,016,943
From Plan Members	3,627,303	-	3,627,303
Total Contributions	<u>20,356,403</u>	<u>287,843</u>	<u>20,644,246</u>
Investment Earnings:			
Increase (Decrease) in the Fair Value of Investments	4,447,339	171,281	4,618,620
Interest and Dividends	-	72,886	72,886
Total Investment Earnings	<u>4,447,339</u>	<u>244,167</u>	<u>4,691,506</u>
Less Investment Expense	38,581	-	38,581
Net Investment Earnings	<u>4,408,758</u>	<u>244,167</u>	<u>4,652,925</u>
Total Additions	<u>\$ 24,765,161</u>	<u>\$ 532,010</u>	<u>\$ 25,297,171</u>
<u>DEDUCTIONS</u>			
Benefits	\$ 17,287,203	\$ 151,118	\$ 17,438,321
Administrative Expenses	1,000	857	1,857
Total Deductions	<u>\$ 17,288,203</u>	<u>\$ 151,975</u>	<u>\$ 17,440,178</u>
Change in Net Position	7,476,958	380,035	7,856,993
Net Position at Beginning of Year	<u>42,762,565</u>	<u>3,257,572</u>	<u>46,020,137</u>
Net Position at End of Year	<u>\$ 50,239,523</u>	<u>\$ 3,637,607</u>	<u>\$ 53,877,130</u>



This Page Intentionally Left Blank

DISCRETELY PRESENTED

SCHOOL BOARD COMPONENT UNIT

DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT

Major Governmental Funds:

School Operating Fund - is the general operating fund of the School Board which is used to account for all of the financial resources, except those required to be accounted for in another fund.

School Grants Special Revenue Fund - accounts for certain private, Commonwealth of Virginia, and Federal grants (with matching local funds, if required).

School Textbooks Special Revenue Fund - accounts for the financing (e.g., Commonwealth of Virginia) and acquisition of textbooks and related materials used in the school division.

School Capital Projects Fund – accounts for all revenues and expenditures related to the construction of the School’s fixed assets and infrastructure.

Nonmajor Governmental Funds:

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

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

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

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

Internal Service Funds:

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

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

Agency Funds:

Payroll Deductions - accounts for employee payroll deductions.

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

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

CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
STATEMENT OF NET POSITION
JUNE 30, 2013

	Governmental Activities
<u>ASSETS</u>	
Current Assets:	
Cash and Temporary Investments	\$ 114,367,676
Accounts Receivable	818,376
Due from Commonwealth	10,248,696
Due from Federal Government	14,194,980
Inventories	1,127,250
Prepaid Items	778,659
Total Current Assets	<u>\$ 141,535,637</u>
Noncurrent Assets:	
Capital Assets:	
Land	\$ 39,670,603
Buildings, Improvements, Equipment and Vehicles (net of accumulated depreciation)	392,383,415
Construction in Progress	71,559,129
Total Noncurrent Assets	<u>\$ 503,613,147</u>
Total Assets	<u><u>\$ 645,148,784</u></u>
<u>LIABILITIES</u>	
Current Liabilities:	
Salaries Payable	\$ 55,033,883
Vouchers and Accounts Payable	16,627,303
Deposits Payable	55,000
Due to Commonwealth	19,020
Due to Federal Government	87,914
Unearned Revenue	7,836,953
Long-term Liabilities (due within one year)	20,345,265
Total Current Liabilities	<u>\$ 100,005,338</u>
Noncurrent Liabilities:	
Long-term Liabilities (due in more than one year)	15,793,392
Total Liabilities	<u>\$ 115,798,730</u>
<u>NET POSITION</u>	
Investment in Capital Assets	\$ 503,613,147
Restricted for:	
Grants	1,060,524
Cafeterias	3,825,795
Textbooks	16,044,853
Unrestricted	4,805,735
Total Net Position	<u><u>\$ 529,350,054</u></u>

CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

		Program Revenues			Net (Expenses) Revenues and Change In Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
	Expenses				
<u>GOVERNMENTAL ACTIVITIES</u>					
Instruction	\$ 577,046,558	\$ 2,530,353	\$ 115,229,816	\$ -	\$ (459,286,389)
Admin, Attendance, & Health	20,504,499	-	8,370	-	(20,496,129)
Pupil Transportation	34,224,798	-	-	-	(34,224,798)
Operations and Maintenance	89,634,735	424,637	2,000	-	(89,208,098)
Cafeterias	26,525,914	12,195,744	14,881,490	-	551,320
Technology	36,593,114	829,946	4,490,652	-	(31,272,516)
Total Governmental Activities	<u>\$ 784,529,618</u>	<u>\$ 15,980,680</u>	<u>\$ 134,612,328</u>	<u>\$ -</u>	<u>\$ (633,936,610)</u>

General Revenues:

Local Sources:

Local Government	\$ 368,549,606
Miscellaneous	655,856

Federal and State Aid not Restricted to Specific Purposes:

State Basic Aid	166,739,680
State Sales Tax	68,889,270
Federal Impact Aid	19,404,512

Interest Earnings	137,633
-------------------	---------

Total General Revenues	<u>\$ 624,376,557</u>
------------------------	-----------------------

Change in Net Position	(9,560,053)
------------------------	-------------

Total Net Position - July 1	<u>538,910,107</u>
-----------------------------	--------------------

Total Net Position - June 30	<u><u>\$ 529,350,054</u></u>
------------------------------	------------------------------

CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

	School Operating	School Grants	School Textbooks	Capital Projects	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>						
Cash and Temporary Investments	\$ 45,427,561	\$ -	\$ 16,212,307	\$ 11,046,883	\$ 9,568,619	\$ 82,255,370
Accounts Receivable	341,280	78,579	5,560	-	20,333	445,752
Due from Other Funds	8,964,011	-	-	-	-	8,964,011
Due from Commonwealth	9,437,538	691,142	-	-	-	10,128,680
Due from Federal Government	-	13,580,047	-	-	614,933	14,194,980
Inventories	-	-	-	-	1,127,250	1,127,250
Prepaid Items	511,177	-	153,637	-	3,606	668,420
Total Assets	<u>\$ 64,681,567</u>	<u>\$ 14,349,768</u>	<u>\$ 16,371,504</u>	<u>\$ 11,046,883</u>	<u>\$ 11,334,741</u>	<u>\$ 117,784,463</u>
<u>LIABILITIES</u>						
Salaries Payable	\$ 51,087,302	\$ 3,000,577	\$ 996	\$ 5,986	\$ 937,603	\$ 55,032,464
Vouchers and Accounts Payable	6,979,642	1,017,801	325,655	7,517,548	223,102	16,063,748
Deposits Payable	-	-	-	-	55,000	55,000
Due to Other Funds	-	8,964,011	-	-	-	8,964,011
Due to Commonwealth	2,287	16,733	-	-	-	19,020
Due to Federal Government	-	-	-	87,914	-	87,914
Unearned Revenue	449,230	290,122	-	-	324,708	1,064,060
Total Liabilities	<u>\$ 58,518,461</u>	<u>\$ 13,289,244</u>	<u>\$ 326,651</u>	<u>\$ 7,611,448</u>	<u>\$ 1,540,413</u>	<u>\$ 81,286,217</u>
<u>FUND BALANCES</u>						
Nonspendable	\$ 511,177	\$ -	\$ -	\$ -	\$ 1,130,856	\$ 1,642,033
Restricted	-	1,060,524	16,044,853	-	3,825,795	20,931,172
Committed	-	-	-	6,839,100	-	6,839,100
Assigned	5,651,929	-	-	-	4,837,677	10,489,606
Unassigned	-	-	-	(3,403,665)	-	(3,403,665)
Total Fund Balances	<u>\$ 6,163,106</u>	<u>\$ 1,060,524</u>	<u>\$ 16,044,853</u>	<u>\$ 3,435,435</u>	<u>\$ 9,794,328</u>	<u>\$ 36,498,246</u>
Total Liabilities and Fund Balances	<u>\$ 64,681,567</u>	<u>\$ 14,349,768</u>	<u>\$ 16,371,504</u>	<u>\$ 11,046,883</u>	<u>\$ 11,334,741</u>	<u>\$ 117,784,463</u>

**CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2013**

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

Total Fund Balances - Governmental Funds (this exhibit)	\$ 36,498,246
---	---------------

Capital assets used in governmental activities are not financial resources and,
therefore, are not reported in the governmental funds.

Cost of Capital Assets	\$ 833,607,433	
less: Accumulated Depreciation	<u>329,994,286</u>	503,613,147

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	(20,288,657)
----------------------	--------------

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

Total Assets	\$ 32,715,185	
less: Total Liabilities	<u>23,187,867</u>	
Total Net Position		<u>9,527,318</u>

Total Net Position - Governmental Activities (Exhibit 40)	<u><u>\$ 529,350,054</u></u>
---	------------------------------

CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	School Operating	School Grants	School Textbooks	Capital Projects	Other Governmental Funds	Total Governmental Funds
<u>REVENUES</u>						
From Use of Money and Property	\$ 350,637	\$ -	\$ 36,495	\$ 27,163	\$ 483,771	\$ 898,066
Charges for Services	1,571,466	-	-	-	12,189,421	13,760,887
Miscellaneous	1,633,058	274,391	44,556	-	198,874	2,150,879
From Local Government	337,975,782	-	-	30,573,823	-	368,549,605
From Commonwealth	307,402,791	6,982,084	3,626,324	-	507,862	318,519,061
From Federal Government	20,486,105	35,940,391	-	-	14,373,628	70,800,124
Total Revenues	<u>\$ 669,419,839</u>	<u>\$ 43,196,866</u>	<u>\$ 3,707,375</u>	<u>\$ 30,600,986</u>	<u>\$ 27,753,556</u>	<u>\$ 774,678,622</u>
<u>EXPENDITURES</u>						
Current:						
Instruction	\$ 506,336,353	\$ 41,910,211	\$ 4,176,989	\$ 57,682	\$ 336,137	\$ 552,817,372
Admin, Attendance, & Health	20,158,024	-	-	-	-	20,158,024
Pupil Transportation	30,850,164	-	-	-	-	30,850,164
Operations and Maintenance	85,225,055	-	-	3,351,298	-	88,576,353
Cafeterias	-	-	-	-	26,139,487	26,139,487
Technology	29,633,602	4,490,652	1,450,076	141,220	459,273	36,174,823
Capital Outlay	-	-	-	38,405,769	-	38,405,769
Total Expenditures	<u>\$ 672,203,198</u>	<u>\$ 46,400,863</u>	<u>\$ 5,627,065</u>	<u>\$ 41,955,969</u>	<u>\$ 26,934,897</u>	<u>\$ 793,121,992</u>
<u>EXCESS (DEFICIENCY) OF REVENUES</u>						
<u>OVER (UNDER) EXPENDITURES</u>	<u>\$ (2,783,359)</u>	<u>\$ (3,203,997)</u>	<u>\$ (1,919,690)</u>	<u>\$ (11,354,983)</u>	<u>\$ 818,659</u>	<u>\$ (18,443,370)</u>
<u>OTHER FINANCING SOURCES (USES)</u>						
Transfers In	\$ -	\$ 3,059,471	\$ -	\$ -	\$ -	\$ 3,059,471
Transfers Out	(3,059,471)	-	-	-	-	(3,059,471)
Sale of Capital Assets	21,765	-	-	269,178	-	290,943
Total Other Financing Sources (Uses)	<u>\$ (3,037,706)</u>	<u>\$ 3,059,471</u>	<u>\$ -</u>	<u>\$ 269,178</u>	<u>\$ -</u>	<u>\$ 290,943</u>
<u>NET CHANGE IN FUND BALANCES</u>	<u>(5,821,065)</u>	<u>(144,526)</u>	<u>(1,919,690)</u>	<u>(11,085,805)</u>	<u>818,659</u>	<u>(18,152,427)</u>
<u>FUND BALANCES - JULY 1</u>	<u>11,984,171</u>	<u>1,205,050</u>	<u>17,964,543</u>	<u>14,521,240</u>	<u>8,975,669</u>	<u>54,650,673</u>
<u>FUND BALANCES - JUNE 30</u>	<u>\$ 6,163,106</u>	<u>\$ 1,060,524</u>	<u>\$ 16,044,853</u>	<u>\$ 3,435,435</u>	<u>\$ 9,794,328</u>	<u>\$ 36,498,246</u>

**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, 2013**

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)	\$ (18,152,427)
---	-----------------

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities. This is the amount by which capital outlay exceeded depreciation expense (including other transactions (e.g., loss on disposals)) for the fiscal year.

21,656,168

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	\$ 8,211,422	
Leave Earned	<u>(8,431,342)</u>	(219,920)

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

Risk Management	\$ 541,938	
Health Insurance	<u>(10,394,830)</u>	(9,852,892)

Section 15.2-1800.1 of the Code of Virginia, as amended, affects the reporting of local School Board capital assets and related debt for financial reporting purposes. Under this legislation, the City has a "tenancy in common" with the School Board whenever the City incurs "on-behalf" of debt for any school property owned by the School Board which is payable over more than one year. For financial reporting purposes, the City will report the Net Book Value of School Board property (the School Board incurs the depreciation expense) equal to the total outstanding principal balance of the applicable "on-behalf" of debt at June 30, 2013. This amount is the applicable Net Book Value change and depreciation expense for the fiscal year.

(2,990,982)

Change in Net Position of governmental activities in the Statement of Activities (Exhibit 41)	<u><u>\$ (9,560,053)</u></u>
---	------------------------------

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, 2013

Source	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<u>REVENUES</u>				
<u>From Use of Money and Property</u>				
Rents	\$ 450,000	\$ 450,000	\$ 350,637	\$ (99,363)
<u>Charges for Services</u>				
Tuition and Educational Fees	\$ 1,481,100	\$ 1,481,100	\$ 1,571,466	\$ 90,366
<u>Miscellaneous Revenue</u>				
Sale of Salvage	\$ 12,000	\$ 12,000	\$ 150,673	\$ 138,673
Insurance Proceeds	-	-	35,184	35,184
Settlements	-	-	148	148
Donations	-	-	16,165	16,165
Miscellaneous	95,000	95,000	153,352	58,352
Indirect Costs	550,000	550,000	673,441	123,441
Natl Institute of Aerospace-Other	-	-	52,215	52,215
Athletics	534,000	534,000	499,097	(34,903)
Instructional Technology	-	-	52,783	52,783
Total Miscellaneous Revenue	\$ 1,191,000	\$ 1,191,000	\$ 1,633,058	\$ 442,058
<u>From Local Government</u>				
City - General Fund	\$ 343,190,295	\$ 345,145,021	\$ 326,313,499	\$ (18,831,522)
City - School Reserve Fund	11,000,000	11,000,000	11,000,000	-
City for Consolidated Benefits Office	702,737	702,737	662,283	(40,454)
Total From Local Government	\$ 354,893,032	\$ 356,847,758	\$ 337,975,782	\$ (18,871,976)
<u>From Commonwealth</u>				
Basic Aid	\$ 168,036,256	\$ 168,036,256	\$ 166,739,680	\$ (1,296,576)
Reimbursement-Social Security	10,073,286	10,073,286	10,022,605	(50,681)
Reimbursement-Retirement	16,815,888	16,815,888	16,731,284	(84,604)
Reimbursement-Life Insurance	649,889	649,889	646,620	(3,269)
Remedial Education	3,330,683	3,330,683	3,313,926	(16,757)
Remedial Education-Summer School	1,173,172	1,173,172	299,770	(873,402)
Special Education	18,481,230	18,481,230	18,388,246	(92,984)
Special Education-Regional Program	8,104,869	8,104,869	8,353,821	248,952
Special Education-Homebound	55,766	55,766	92,709	36,943
Special Education-Foster Children	-	-	157,600	157,600
Foster Home Children	548,362	548,362	86,780	(461,582)
Vocational	2,518,321	2,518,321	2,505,651	(12,670)
Vocational-Occupational/Tech	328,986	328,986	205,690	(123,296)
Vocational-Equipment-State	-	-	81,588	81,588
Sales Tax	69,064,589	69,064,589	68,889,270	(175,319)
Class Size Initiative	3,036,295	3,036,295	3,010,285	(26,010)
At-Risk Initiative	1,954,938	1,954,938	1,945,431	(9,507)
English as a Second Language	599,483	599,483	556,287	(43,196)
Visually Impaired	-	-	28,608	28,608
Industry Credentials for Students	-	-	8,680	8,680
Gifted and Talented Aid	1,868,432	1,868,432	1,859,032	(9,400)
Supplemental Support of Operating	3,479,228	3,479,228	3,479,228	-
Total From Commonwealth	\$ 310,119,673	\$ 310,119,673	\$ 307,402,791	\$ (2,716,882)

(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, 2013

Source	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<u>REVENUES (continued)</u>				
<u>From Federal Government</u>				
Public Law 874	\$ 14,461,723	\$ 14,461,723	\$ 15,191,212	\$ 729,489
Public Law 874-Special Education	-	-	1,898,511	1,898,511
Dept of the Navy-NJROTC	100,000	100,000	324,892	224,892
Department of Defense	1,500,000	1,500,000	1,995,873	495,873
Dept of Defense Special Education	-	-	318,916	318,916
Medicaid Reimbursement	575,000	575,000	732,618	157,618
Natl Institute of Aerospace	-	-	23,304	23,304
Other Federal Funds	11,261	11,261	779	(10,482)
Total From Federal Government	<u>\$ 16,647,984</u>	<u>\$ 16,647,984</u>	<u>\$ 20,486,105</u>	<u>\$ 3,838,121</u>
 Total Revenues	 <u>\$ 684,782,789</u>	 <u>\$ 686,737,515</u>	 <u>\$ 669,419,839</u>	 <u>\$ (17,317,676)</u>
<u>EXPENDITURES</u>				
<u>Instruction</u>				
Elementary Classroom	\$ 137,598,750	\$ 139,078,914	\$ 136,680,851	\$ 2,398,063
Senior High Classroom	76,572,019	76,502,367	72,767,204	3,735,163
Technical and Career Education	17,059,161	17,053,380	16,940,802	112,578
Gifted Education and Academy Programs	13,444,417	13,404,893	12,789,685	615,208
Special Education	83,926,050	83,916,110	82,758,607	1,157,503
Summer School	1,821,402	1,821,402	1,504,455	316,947
General Adult Education	1,711,749	1,710,939	1,679,664	31,275
Alternative Education-Renaissance	6,815,879	6,822,358	6,294,631	527,727
Student Activities	2,991,914	3,033,424	2,985,348	48,076
Student Athletics	4,810,642	5,321,307	5,067,225	254,082
Office/Principal - Elementary	23,495,941	23,495,990	23,188,224	307,766
Office/Principal - Senior High	9,493,412	9,489,255	9,434,058	55,197
Office/Principal - Tech & Career	537,556	533,939	519,387	14,552
Guidance Services	15,714,981	15,720,299	15,635,775	84,524
Social Work Services	2,614,417	3,054,417	2,996,418	57,999
Media and Communications	1,668,146	1,663,584	1,443,265	220,319
Instructional Support	11,452,955	11,046,834	11,029,453	17,381
Instructional Center for Teacher Leadership	1,650,813	1,650,813	1,249,000	401,813
Diversity	10,290	10,290	10,093	197
Special Education Support	2,772,098	2,777,778	2,777,144	634
Gifted Education and Academy Programs Support	2,309,122	2,325,646	2,083,275	242,371
Media Services Support	12,572,112	12,660,062	12,420,293	239,769
Educational Leadership and Assessment	2,757,671	2,787,346	2,296,714	490,632
Middle School Classroom	57,170,996	57,551,410	55,932,656	1,618,754
Remedial Education	9,628,235	9,628,235	9,289,761	338,474
Office/Principal - Middle Schools	8,269,879	8,244,627	8,244,275	352
Homebound Services	616,561	616,561	462,894	153,667
Technical and Career Ed Support	933,861	933,861	899,566	34,295
Student Leadership	1,255,131	1,255,131	1,226,633	28,498
Psychological Services	3,366,805	3,378,676	3,284,692	93,984
Audiological Services	405,308	405,308	354,407	50,901
School Administration	1,212,600	1,212,600	876,251	336,349
Alternative Education	1,299,594	1,310,391	1,213,647	96,744
Total Instruction	<u>\$ 517,960,467</u>	<u>\$ 520,418,147</u>	<u>\$ 506,336,353</u>	<u>\$ 14,081,794</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, 2013

Source	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<u>EXPENDITURES (continued)</u>				
<u>Admin, Attendance, & Health</u>				
Board, Legal, & Governmental	\$ 1,027,612	\$ 1,027,612	\$ 925,642	\$ 101,970
Office of the Superintendent	1,222,914	1,222,914	1,125,089	97,825
Department of Budget & Finance	3,756,839	3,557,101	3,234,362	322,739
Department of Human Resources	4,800,721	4,747,068	4,468,099	278,969
Internal Audit	397,497	397,497	382,918	14,579
Purchasing	1,024,669	1,029,807	1,028,894	913
Center for Teacher Leadership	574,121	574,121	429,834	144,287
Consolidated Benefits Office	1,665,655	1,808,972	1,808,826	146
Health Services	6,855,207	6,855,207	6,754,360	100,847
Total Admin, Attendance, & Health	<u>\$ 21,325,235</u>	<u>\$ 21,220,299</u>	<u>\$ 20,158,024</u>	<u>\$ 1,062,275</u>
<u>Pupil Transportation</u>				
Management	\$ 1,952,910	\$ 1,952,910	\$ 1,924,795	\$ 28,115
Vehicle Operation	17,135,024	17,901,550	17,901,245	305
Vehicle Operation - Special Education	4,989,769	5,464,247	5,365,961	98,286
Vehicle Maintenance	2,863,388	2,863,388	2,841,371	22,017
Monitoring Services	2,859,140	2,859,140	2,816,792	42,348
Total Pupil Transportation	<u>\$ 29,800,231</u>	<u>\$ 31,041,235</u>	<u>\$ 30,850,164</u>	<u>\$ 191,071</u>
<u>Operations and Maintenance</u>				
Facility Planning & Construction	\$ 696,331	\$ 724,331	\$ 712,785	\$ 11,546
School Plant	43,661,034	47,002,412	43,928,628	3,073,784
Supply Services	1,598,429	1,631,705	1,508,913	122,792
Grounds Services	3,751,950	3,751,950	3,751,950	-
Custodial Services	27,803,034	27,967,306	26,485,010	1,482,296
Safety and Loss Control	6,583,431	6,863,907	6,681,190	182,717
Vehicle Services	997,652	1,013,652	1,013,472	180
Telecommunications	1,182,515	2,101,500	1,143,107	958,393
Total Operations & Maintenance	<u>\$ 86,274,376</u>	<u>\$ 91,056,763</u>	<u>\$ 85,225,055</u>	<u>\$ 5,831,708</u>
<u>Technology</u>				
Instruction	\$ 14,455,485	\$ 18,047,478	\$ 17,585,717	\$ 461,761
Admin, Attendance & Health	1,728,251	1,700,122	1,607,704	92,418
Pupil Transportation	50,163	49,655	49,443	212
Operations and Maintenance	10,210,729	11,449,214	10,390,738	1,058,476
Total Technology	<u>\$ 26,444,628</u>	<u>\$ 31,246,469</u>	<u>\$ 29,633,602</u>	<u>\$ 1,612,867</u>
Total Expenditures	<u>\$ 681,804,937</u>	<u>\$ 694,982,913</u>	<u>\$ 672,203,198</u>	<u>\$ 22,779,715</u>
<u>EXCESS (DEFICIENCY) OF REVENUES</u>				
<u>OVER (UNDER) EXPENDITURES</u>	<u>\$ 2,977,852</u>	<u>\$ (8,245,398)</u>	<u>\$ (2,783,359)</u>	<u>\$ 5,462,039</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers Out	\$ (2,766,452)	\$ (2,847,232)	\$ (2,617,871)	\$ 229,361
Transfers Out - Technology Category	(436,400)	(441,656)	(441,600)	56
Total Transfers Out	<u>(3,202,852)</u>	<u>(3,288,888)</u>	<u>(3,059,471)</u>	<u>229,417</u>
Sale of Capital Assets	15,000	15,000	21,765	6,765
Total Other Financing Sources (Uses)	<u>\$ (3,187,852)</u>	<u>\$ (3,273,888)</u>	<u>\$ (3,037,706)</u>	<u>\$ 236,182</u>
<u>NET CHANGE IN FUND BALANCE</u>	<u>(210,000)</u>	<u>(11,519,286)</u>	<u>(5,821,065)</u>	<u>5,698,221</u>
<u>FUND BALANCE - JULY 1</u>	<u>11,984,171</u>	<u>11,984,171</u>	<u>11,984,171</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>	<u>\$ 11,774,171</u>	<u>\$ 464,885</u>	<u>\$ 6,163,106</u>	<u>\$ 5,698,221</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, 2013

Source	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Miscellaneous	\$ 243,839	\$ 406,627	\$ 274,391	\$ (132,236)
From Commonwealth	12,924,802	11,977,091	6,982,084	(4,995,007)
From Federal Government	46,302,347	46,949,054	35,940,391	(11,008,663)
Contingency	5,727,472	4,804,019	-	(4,804,019)
Total Revenues	<u>\$ 65,198,460</u>	<u>\$ 64,136,791</u>	<u>\$ 43,196,866</u>	<u>\$ (20,939,925)</u>
EXPENDITURES				
Instruction				
Adult Basic Education-ABE FY13	\$ 387,409	\$ 364,530	\$ 364,530	\$ -
Advanced Placement Program FY13	26,050	-	-	-
AFCEA Science Teaching Tools FY11	-	49	49	-
Algebra Readiness FY12	-	10,700	10,700	-
Algebra Readiness FY13	792,694	801,913	635,528	166,385
Allstate Foundation Safe Teen Driving FY07	-	3,808	911	2,897
Asia Society Confucius Classroom Network FY11	-	3,016	3,016	-
Asia Society Confucius Classroom Network FY13	-	19,299	3,005	16,294
Career Switcher FY13	11,000	-	-	-
C. Perkins Vocational & Tech Act FY13	668,411	590,538	590,607	(69)
Chesapeake Restoration Grant FY12	-	35	35	-
College Exposure Program-Rosemont ES FY13	-	1,400	710	690
COPS Secure Our Schools FY12	272,710	17,640	17,640	-
DoDEA MCASP FY12	-	651,251	458,853	192,398
DODEA S-FLEP FY12	-	98,350	92,937	5,413
Early Reading Initiative FY12	-	48,871	48,871	-
Early Reading Initiative FY13	1,270,723	1,133,911	960,320	173,591
English Literacy/Civics Education FY13	67,961	-	-	-
EPA Grant-Plaza MS FY12	-	2,000	407	1,593
EPI Pen Grant FY13	8,371	8,370	8,370	-
GED Expansion Grant FY13	10,000	-	-	-
General Adult Education FY13	43,792	34,586	34,586	-
Girls on the Run Program-Rosemont ES FY13	-	1,100	603	497
Governors Stem Academy Start Up FY12	-	30	30	-
Green Run Collegiate Charter Start-Up FY13	-	25,000	7,281	17,719
Inclusion Leadership Support-Salem HS FY13	-	954	197	757
Industry Credentials for Students FY13	61,910	48,521	48,521	-
ISAEP FY13	62,869	63,712	63,712	-
Jail Education Program FY13	202,182	206,186	200,510	5,676
Juvenile Detention Center FY13	925,913	687,554	669,200	18,354
Juvenile Detention Center FY13 LQ	-	925,913	202,626	723,287
LENS FY12	-	68,995	21,939	47,056
LENS FY13	-	4,825	135	4,690
McKinney Homeless FY12	12,136	6,668	6,668	-
McKinney Homeless FY13	70,000	70,000	69,471	529
MyCAA - ALC Courses FY13	5,000	14,284	14,284	-
MyCAA - LPN Program FY13	10,000	1,000	1,000	-
Natl. Board Certified Teachers Stipend FY13	265,000	265,000	265,000	-
New Teacher Mentor FY13	59,325	46,358	46,358	-
NJROTC FY13	-	43,160	43,160	-
Opportunity Inc. - STEM Grant FY12	11,639	74,272	43,357	30,915
Opportunity Inc. - STEM Grant FY13	232,200	221,760	144,613	77,147
Preschool Incentive Grant FY11	-	15,630	15,630	-

(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, 2013

Source	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<u>EXPENDITURES (continued)</u>				
<u>Instruction (continued)</u>				
Preschool Incentive Grant FY12	\$ 36,302	\$ 144,168	\$ 141,237	\$ 2,931
Preschool Incentive Grant FY13	485,125	494,314	353,230	141,084
Race to GED FY13	59,549	64,188	64,188	-
Risk Management Grant Program FY13	-	2,000	2,000	-
Startalk Elementary Chinese Academy FY12	66,565	55,398	53,300	2,098
Startalk Elementary Chinese Academy FY13	-	60,979	6,780	54,199
Teaching American History-SAIL FY10	-	63,600	63,600	-
Title I Part A 128-12 FY12	2,603,518	3,333,404	3,187,811	145,593
Title I Part A 128-12 FY13	10,658,467	9,322,491	7,221,169	2,101,322
Title I Part A School Improvement FY11	-	27,890	27,890	-
Title I Part D Subpart 1 FY12	6,094	21,054	21,054	-
Title I Part D Subpart 1 FY13	75,334	43,965	9,741	34,224
Title I Part D Subpart 2 FY11	-	12,181	12,181	-
Title I Part D Subpart 2 FY12	200,024	168,402	140,575	27,827
Title I Part D Subpart 2 FY13	236,734	181,761	34,884	146,877
Title II NCLB128-10 FY11	-	10,907	10,907	-
Title II NCLB128-10 FY12	684,307	705,112	675,851	29,261
Title II NCLB128-10 FY13	2,245,000	2,264,195	1,809,730	454,465
Title III Part A Immigrant & Youth FY11	-	7,719	7,719	-
Title III Part A Language Acquisition FY11	12,740	27,182	27,182	-
Title III Part A Language Acquisition FY12	112,366	112,003	96,734	15,269
Title III Part A Language Acquisition FY13	112,366	116,191	1,516	114,675
Title IV Pell Grant FY13	-	24,617	24,617	-
Title IV Part B 21st CCLC-Bayside MS FY12	243,847	63,486	63,486	-
Title IV Part B 21st CCLC-Bayside MS FY13	-	182,620	110,308	72,312
Title IV Part B 21st CCLC-Tri Campus FY13	-	198,000	111,613	86,387
Title VI B PL 105-17 FY12	11,797,230	10,061,555	9,200,918	860,637
Title VI B PL 105-17 FY13	14,778,367	14,643,497	8,932,984	5,710,513
VA Geographic Alliance FY11	-	3,329	1,100	2,229
VA Incentive Program for Speech Lang FY12	22,607	-	-	-
VA Incentive Program for Speech Lang FY13	-	8,000	8,000	-
VA Initiative-At Risk Four-Year Olds FY12	-	10,000	10,000	-
VA Initiative-At Risk Four-Year Olds FY13	4,224,000	4,224,000	4,214,000	10,000
VA Middle School Teacher Corps FY13	45,000	70,000	70,000	-
VA Middle School Teacher Corps Profess FY13	-	1,724	1,560	164
VA Star FY12	-	4,000	3,496	504
Virginia Advanced Study Strategies-VASS FY13	-	70,718	70,718	-
Virginia Beh Police Benevolent Asso FY10	-	1,875	813	1,062
Virtual VA Advanced Placement FY12	-	7,264	7,264	-
Workplace Readiness Skills for State Exam FY13	-	16,576	14,685	1,891
Contingency	5,727,472	4,804,019	-	4,804,019
Total Instruction	\$ 59,910,309	\$ 58,215,573	\$ 41,910,211	\$ 16,305,362
<u>Technology</u>				
Adult Basic Education-ABE FY13	\$ 16,300	\$ 14,889	\$ 14,889	\$ -
C. Perkins Vocational & Tech Act FY13	136,865	246,055	245,986	69
COPS Secure Our Schools FY12	63,515	322,596	322,596	-
DoDEA MCASP FY12	-	133,580	119,940	13,640
DODEA S-FLEP FY12	-	50	30	20
Early Reading Initiative FY12	-	138	138	-
Early Reading Initiative FY13	103,000	71,220	1,727	69,493
Governors Stem Academy Start Up FY13	-	122	122	-

(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, 2013

Source	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<u>EXPENDITURES (continued)</u>				
<u>Technology (continued)</u>				
ISAEF FY13	\$ -	\$ 3,157	\$ 3,157	\$ -
Jail Education Program FY13	308	11,016	9,404	1,612
Juvenile Detention Center FY13	8,390	11,746	11,746	-
Juvenile Detention Center FY13 LQ	-	8,390	-	8,390
LENS FY13	-	175	-	175
McKinney Homeless FY12	-	137	137	-
Preschool Incentive Grant FY12	-	33,434	31,048	2,386
Preschool Incentive Grant FY13	14,825	3,528	-	3,528
Supplemental Tech Initiative-Bayside MS FY13	-	31,200	31,200	-
Technology Initiative FY10	76,000	-	-	-
Technology Initiative FY11	2,587,200	1,767,566	1,743,106	24,460
Technology Initiative FY12	2,587,200	2,616,903	406,251	2,210,652
Technology Initiative FY13	2,618,400	2,618,400	-	2,618,400
Title I Part A 128-12 FY12	-	1,357,349	1,329,029	28,320
Title I Part A 128-12 FY13	-	551,124	67,190	483,934
Title I Part A School Improvement FY11	-	36,894	36,894	-
Title I Part D Subpart 2 FY11	-	29,549	29,549	-
Title I Part D Subpart 2 FY12	-	36,699	20,688	16,011
Title I Part D Subpart 2 FY13	9,000	9,750	-	9,750
Title II NCLB128-10 FY13	-	2,000	560	1,440
Title II Part D FY11	-	38,798	38,798	-
Title III Part A Immigrant & Youth FY11	-	1,225	1,225	-
Title IV Part B 21st CCLC-Bayside MS FY12	-	18,950	18,950	-
Title IV Part B 21st CCLC-Bayside MS FY13	-	5,200	5,408	(208)
Title IV Part B 21st CCLC-Tri Campus FY13	-	2,000	884	1,116
Title VI B PL 105-17 FY13	270,000	201,899	-	201,899
Total Technology	<u>\$ 8,491,003</u>	<u>\$ 10,185,739</u>	<u>\$ 4,490,652</u>	<u>\$ 5,695,087</u>
Total Expenditures	<u>\$ 68,401,312</u>	<u>\$ 68,401,312</u>	<u>\$ 46,400,863</u>	<u>\$ 22,000,449</u>
<u>EXCESS (DEFICIENCY) OF REVENUES</u>				
<u>OVER (UNDER) EXPENDITURES</u>	<u>\$ (3,202,852)</u>	<u>\$ (4,264,521)</u>	<u>\$ (3,203,997)</u>	<u>\$ 1,060,524</u>
<u>OTHER FINANCING SOURCES</u>				
Transfers In	<u>\$ 3,202,852</u>	<u>\$ 4,264,521</u>	<u>\$ 3,059,471</u>	<u>\$ (1,205,050)</u>
<u>NET CHANGE IN FUND BALANCE</u>	<u>-</u>	<u>-</u>	<u>(144,526)</u>	<u>(144,526)</u>
<u>FUND BALANCE - JULY 1</u>	<u>1,205,050</u>	<u>1,205,050</u>	<u>1,205,050</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>	<u>\$ 1,205,050</u>	<u>\$ 1,205,050</u>	<u>\$ 1,060,524</u>	<u>\$ (144,526)</u>

CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	School Cafeterias	School Communication Towers/ Technology	School Vending Operations	School Equipment Replacement	Totals
<u>ASSETS</u>					
Cash and Temporary Investments	\$ 4,665,152	\$ 2,912,250	\$ 198,915	\$ 1,792,302	\$ 9,568,619
Accounts Receivable	18,300	2,033	-	-	20,333
Due from Federal Government	614,933	-	-	-	614,933
Inventories	1,127,250	-	-	-	1,127,250
Prepaid Items	3,606	-	-	-	3,606
Total Assets	<u>\$ 6,429,241</u>	<u>\$ 2,914,283</u>	<u>\$ 198,915</u>	<u>\$ 1,792,302</u>	<u>\$ 11,334,741</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Salaries Payable	\$ 937,603	\$ -	\$ -	\$ -	\$ 937,603
Vouchers and Accounts Payable	210,279	-	679	12,144	223,102
Deposits Payable	-	55,000	-	-	55,000
Unearned Revenue	324,708	-	-	-	324,708
Total Liabilities	<u>\$ 1,472,590</u>	<u>\$ 55,000</u>	<u>\$ 679</u>	<u>\$ 12,144</u>	<u>\$ 1,540,413</u>
Fund Balances:					
Nonspendable	\$ 1,130,856	\$ -	\$ -	\$ -	\$ 1,130,856
Restricted	3,825,795	-	-	-	3,825,795
Assigned	-	2,859,283	198,236	1,780,158	4,837,677
Total Fund Balances	<u>\$ 4,956,651</u>	<u>\$ 2,859,283</u>	<u>\$ 198,236</u>	<u>\$ 1,780,158</u>	<u>\$ 9,794,328</u>
Total Liabilities and Fund Balances	<u>\$ 6,429,241</u>	<u>\$ 2,914,283</u>	<u>\$ 198,915</u>	<u>\$ 1,792,302</u>	<u>\$ 11,334,741</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, 2013

	School Cafeterias	School Communication Towers/ Technology	School Vending Operations	School Equipment Replacement	Totals
<u>REVENUES</u>					
From Use of Money and Property	\$ 6,967	\$ 472,497	\$ 416	\$ 3,891	\$ 483,771
Charges for Services	11,996,871	-	192,550	-	12,189,421
Miscellaneous	198,874	-	-	-	198,874
From Commonwealth	507,862	-	-	-	507,862
From Federal Government	14,373,628	-	-	-	14,373,628
Total Revenues	<u>\$ 27,084,202</u>	<u>\$ 472,497</u>	<u>\$ 192,966</u>	<u>\$ 3,891</u>	<u>\$ 27,753,556</u>
<u>EXPENDITURES</u>					
Instruction	\$ -	\$ -	\$ 302,238	\$ 33,899	\$ 336,137
Cafeterias	26,139,487	-	-	-	26,139,487
Technology	363,560	95,713	-	-	459,273
Total Expenditures	<u>\$ 26,503,047</u>	<u>\$ 95,713</u>	<u>\$ 302,238</u>	<u>\$ 33,899</u>	<u>\$ 26,934,897</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>					
	<u>\$ 581,155</u>	<u>\$ 376,784</u>	<u>\$ (109,272)</u>	<u>\$ (30,008)</u>	<u>\$ 818,659</u>
<u>NET CHANGE IN FUND BALANCES</u>					
	581,155	376,784	(109,272)	(30,008)	818,659
<u>FUND BALANCES - JULY 1</u>					
	<u>4,375,496</u>	<u>2,482,499</u>	<u>307,508</u>	<u>1,810,166</u>	<u>8,975,669</u>
<u>FUND BALANCES - JUNE 30</u>					
	<u>\$ 4,956,651</u>	<u>\$ 2,859,283</u>	<u>\$ 198,236</u>	<u>\$ 1,780,158</u>	<u>\$ 9,794,328</u>

CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2013

	School Risk Management	School Health Insurance	Totals
<u>ASSETS</u>			
Cash and Temporary Investments	\$ 8,704,222	\$ 23,408,084	\$ 32,112,306
Accounts Receivable	8,353	364,271	372,624
Due from Commonwealth	-	120,016	120,016
Prepaid Items	110,239	-	110,239
Total Assets	<u>\$ 8,822,814</u>	<u>\$ 23,892,371</u>	<u>\$ 32,715,185</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Salaries Payable	\$ 143	\$ 1,276	\$ 1,419
Vouchers and Accounts Payable	39,438	524,117	563,555
Unearned Revenue	-	6,772,893	6,772,893
Estimated Claims and Judgments (due within one year)	5,454,000	6,433,500	11,887,500
Total Current Liabilities	<u>\$ 5,493,581</u>	<u>\$ 13,731,786</u>	<u>\$ 19,225,367</u>
Noncurrent Liabilities:			
Estimated Claims and Judgments (due in more than one year)	1,818,000	2,144,500	3,962,500
Total Liabilities	<u>\$ 7,311,581</u>	<u>\$ 15,876,286</u>	<u>\$ 23,187,867</u>
<u>NET POSITION</u>			
Unrestricted	<u>\$ 1,511,233</u>	<u>\$ 8,016,085</u>	<u>\$ 9,527,318</u>

CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	School Risk Management	School Health Insurance	Totals
<u>OPERATING REVENUES</u>			
Charges for Services	\$ 4,960,001	\$ 119,825,541	\$ 124,785,542
Miscellaneous Revenue	18,288	-	18,288
Total Operating Revenues	<u>\$ 4,978,289</u>	<u>\$ 119,825,541</u>	<u>\$ 124,803,830</u>
<u>OPERATING EXPENSES</u>			
Personnel Services	\$ 324,623	\$ 254,605	\$ 579,228
Fringe Benefits	118,040	108,782	226,822
Other Charges	4,014,814	129,897,947	133,912,761
Total Operating Expenses	<u>\$ 4,457,477</u>	<u>\$ 130,261,334</u>	<u>\$ 134,718,811</u>
<u>OPERATING INCOME (LOSS)</u>	<u>\$ 520,812</u>	<u>\$ (10,435,793)</u>	<u>\$ (9,914,981)</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>			
Interest Income	<u>\$ 21,126</u>	<u>\$ 40,963</u>	<u>\$ 62,089</u>
<u>CHANGE IN NET POSITION</u>	541,938	(10,394,830)	(9,852,892)
<u>TOTAL NET POSITION - JULY 1</u>	<u>969,295</u>	<u>18,410,915</u>	<u>19,380,210</u>
<u>TOTAL NET POSITION - JUNE 30</u>	<u><u>\$ 1,511,233</u></u>	<u><u>\$ 8,016,085</u></u>	<u><u>\$ 9,527,318</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, 2013

	School Risk Management	School Health Insurance	Totals
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>			
Receipts from Customers and Users	\$ 4,969,936	\$ 120,845,810	\$ 125,815,746
Payments to Vendors for Goods and Services	(4,826,718)	(128,213,821)	(133,040,539)
Payments to Employees for Services	(442,822)	(2,088,757)	(2,531,579)
Net Cash Provided By Operating Activities	<u>\$ (299,604)</u>	<u>\$ (9,456,768)</u>	<u>\$ (9,756,372)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>			
Interest Received on Investments	\$ 21,126	\$ 40,963	\$ 62,089
Net Increase (Decrease) in Cash and Temporary Investments	(278,478)	(9,415,805)	(9,694,283)
Cash and Temporary Investments, July 1	8,982,700	32,823,889	41,806,589
Cash and Temporary Investments, June 30	<u>\$ 8,704,222</u>	<u>\$ 23,408,084</u>	<u>\$ 32,112,306</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO</u>			
<u>NET CASH PROVIDED BY OPERATING ACTIVITIES:</u>			
Operating Income (Loss)	\$ 520,812	\$ (10,435,793)	\$ (9,914,981)
Adjustments to Reconcile Operating Income (Loss) to			
Net Cash Provided by Operating Activities:			
(Increase) Decrease in Accounts Receivable	(8,353)	16,148	7,795
(Increase) Decrease in Due from Commonwealth	-	(120,016)	(120,016)
(Increase) Decrease in Prepaid Items	(27,987)	-	(27,987)
Increase (Decrease) in Salaries Payable	(159)	(69)	(228)
Increase (Decrease) in Vouchers and Accounts Payable	(169,917)	53,825	(116,092)
Increase (Decrease) in Unearned Revenue	-	1,124,137	1,124,137
Increase (Decrease) in Estimated Claims and Judgments	(614,000)	(95,000)	(709,000)
Total Adjustments	<u>\$ (820,416)</u>	<u>\$ 979,025</u>	<u>\$ 158,609</u>
Net Cash Provided By Operating Activities	<u>\$ (299,604)</u>	<u>\$ (9,456,768)</u>	<u>\$ (9,756,372)</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, 2013

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
<u>PAYROLL DEDUCTIONS</u>				
<u>ASSETS</u>				
Cash and Temporary Investments	\$ 1,214,854	\$ 156,771,109	\$ 153,252,941	\$ 4,733,022
Due from Federal Government	-	413	-	413
Total Assets	<u>\$ 1,214,854</u>	<u>\$ 156,771,522</u>	<u>\$ 153,252,941</u>	<u>\$ 4,733,435</u>
<u>LIABILITIES</u>				
Vouchers and Accounts Payable	<u>\$ 1,214,854</u>	<u>\$ 156,771,522</u>	<u>\$ 153,252,941</u>	<u>\$ 4,733,435</u>
<u>FRINGE BENEFITS</u>				
<u>ASSETS</u>				
Cash and Temporary Investments	\$ 4,882,275	\$ 119,177,966	\$ 115,692,624	\$ 8,367,617
Due From Federal Government	-	171	-	171
Total Assets	<u>\$ 4,882,275</u>	<u>\$ 119,178,137</u>	<u>\$ 115,692,624</u>	<u>\$ 8,367,788</u>
<u>LIABILITIES</u>				
Vouchers and Accounts Payable	<u>\$ 4,882,275</u>	<u>\$ 119,178,137</u>	<u>\$ 115,692,624</u>	<u>\$ 8,367,788</u>
<u>SCHOOL ACTIVITY ACCOUNTS</u>				
<u>ASSETS</u>				
Cash and Temporary Investments	<u>\$ 3,755,258</u>	<u>\$ 12,097,725</u>	<u>\$ 12,031,057</u>	<u>\$ 3,821,926</u>
<u>LIABILITIES</u>				
Vouchers and Accounts Payable	<u>\$ 3,755,258</u>	<u>\$ 12,097,725</u>	<u>\$ 12,031,057</u>	<u>\$ 3,821,926</u>
<u>TOTAL - AGENCY FUNDS</u>				
<u>ASSETS</u>				
Cash and Temporary Investments	\$ 9,852,387	\$ 288,046,800	\$ 280,976,622	\$ 16,922,565
Due from Federal Government	-	584	-	584
Total Assets	<u>\$ 9,852,387</u>	<u>\$ 288,047,384</u>	<u>\$ 280,976,622</u>	<u>\$ 16,923,149</u>
<u>LIABILITIES</u>				
Vouchers and Accounts Payable	<u>\$ 9,852,387</u>	<u>\$ 288,047,384</u>	<u>\$ 280,976,622</u>	<u>\$ 16,923,149</u>



This Page Intentionally Left Blank

STATISTICAL SECTION

Statistical Section

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

<u>Contents</u>	<u>Page</u>
Financial Trends	233
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Revenue Capacity	240
These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.	
Debt Capacity	245
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
Demographic and Economic Information	249
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.	
Operating Information	252
These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	
Schedule of the Treasurer's Cash Accountability	254
This schedule contains information about the City's deposits and investments.	

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



This Page Intentionally Left Blank

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<u>Governmental Activities</u>										
Net Investment in Capital Assets	\$ 1,812,254,909	\$ 1,870,618,904	\$ 1,951,641,519	\$ 2,052,211,968	\$ 2,135,340,973	\$ 2,325,729,590	\$ 2,389,856,033	\$ 2,458,877,944	\$ 2,383,146,998	\$ 2,428,253,890
Restricted	68,963,315	61,524,387	50,526,035	42,538,035	70,189,359	48,960,721	48,158,594	63,015,179	38,529,754	40,925,256
Unrestricted	<u>102,042,576</u>	<u>95,315,158</u>	<u>114,120,819</u>	<u>73,594,691</u>	<u>89,556,643</u>	<u>63,956,631</u>	<u>21,851,492</u>	<u>16,225,877</u>	<u>216,468,300</u>	<u>203,260,167</u>
Total Governmental Activities Net Position	<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>	<u>\$ 2,638,145,052</u>	<u>\$ 2,672,439,313</u>
<u>Business-type Activities</u>										
Net Investment in Capital Assets	\$ 653,808,639	\$ 652,587,954	\$ 655,303,756	\$ 658,871,000	\$ 665,969,934	\$ 677,714,227	\$ 690,413,751	\$ 699,132,196	\$ 740,710,253	\$ 790,083,898
Restricted	104,999,266	97,751,915	106,104,443	117,241,789	133,124,575	118,523,348	131,592,999	134,034,758	134,288,475	132,851,393
Unrestricted	<u>359,573</u>	<u>831,059</u>	<u>1,280,507</u>	<u>1,531,804</u>	<u>1,316,241</u>	<u>18,205,841</u>	<u>3,688,816</u>	<u>4,547,713</u>	<u>32,339,713</u>	<u>23,258,816</u>
Total Business-type Activities Net Position	<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>	<u>\$ 907,338,441</u>	<u>\$ 946,194,107</u>
<u>Primary Government</u>										
Net Investment in Capital Assets	\$ 2,466,063,548	\$ 2,523,206,858	\$ 2,606,945,275	\$ 2,711,082,968	\$ 2,801,310,907	\$ 3,003,443,817	\$ 3,080,269,784	\$ 3,158,010,140	\$ 3,123,857,251	\$ 3,218,337,788
Restricted	173,962,581	159,276,302	156,630,478	159,779,824	203,313,934	167,484,069	179,751,593	197,049,937	172,818,229	173,776,649
Unrestricted	<u>102,402,149</u>	<u>96,146,217</u>	<u>115,401,326</u>	<u>75,126,495</u>	<u>90,872,884</u>	<u>82,162,472</u>	<u>25,540,308</u>	<u>20,773,590</u>	<u>248,808,013</u>	<u>226,518,983</u>
Total Primary Government Net Position	<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>	<u>\$ 3,545,483,493</u>	<u>\$ 3,618,633,420</u>

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental Activities:										
Legislative	\$ 981,325	\$ 1,068,789	\$ 1,148,231	\$ 1,210,187	\$ 1,190,152	\$ 1,234,039	\$ 1,101,059	\$ 1,105,878	\$ 1,090,648	\$ 1,273,769
Executive	2,113,543	2,357,456	2,333,573	3,633,899	3,595,144	3,443,993	2,960,506	2,513,730	2,780,170	2,596,006
Law	3,072,955	3,254,158	3,682,586	3,587,873	3,708,452	3,673,299	3,486,020	3,599,766	3,666,859	3,679,233
Finance	15,269,331	16,059,407	16,595,809	16,216,901	16,661,856	16,644,600	16,925,748	16,912,340	17,775,815	18,015,281
Human Resources	5,419,976	6,172,047	7,194,174	7,839,373	13,400,793	12,879,203	8,494,623	8,222,168	9,055,986	9,916,732
Judicial	44,811,106	39,564,502	44,249,522	48,721,693	49,472,871	50,631,227	48,468,317	49,738,210	51,871,482	53,427,866
Health	2,807,217	2,855,928	2,935,714	3,123,044	3,220,239	3,074,767	2,987,001	2,939,495	2,931,361	2,871,475
Police	68,335,750	73,577,299	77,546,607	84,975,027	88,937,127	88,212,314	86,602,182	87,550,834	89,806,841	94,306,684
Human Services	38,939,054	87,080,754	92,858,627	98,924,690	108,144,955	115,430,632	120,191,660	113,614,181	112,331,388	108,913,384
Public Works	97,304,705	134,770,994	117,466,722	139,806,780	125,719,748	135,063,747	156,433,035	144,084,373	195,557,135	197,205,942
Parks and Recreation	23,587,739	43,768,959	42,723,800	43,896,040	44,780,014	44,221,519	45,258,239	42,919,471	42,619,362	44,461,864
Library	14,257,803	16,346,257	16,986,896	15,873,880	15,845,140	15,685,382	16,053,738	15,258,538	15,639,419	16,135,167
Planning	9,036,272	9,751,358	9,910,293	9,849,490	10,286,282	10,293,506	10,138,645	9,350,124	9,454,772	9,390,272
Agriculture	1,104,806	1,063,296	1,079,789	1,055,102	937,265	1,044,767	911,927	2,844,410	811,303	882,778
Economic Development	3,052,588	1,847,524	1,919,560	2,522,273	2,168,890	2,669,517	2,260,972	1,989,067	2,195,509	942,848
Convention and Visitor Development	16,703,585	41,784,374	25,478,450	23,659,756	30,236,487	28,319,158	26,441,351	24,450,034	25,211,870	24,259,211
Communication and Information Technology	5,688,567	6,166,747	6,328,211	21,791,364	19,895,881	31,930,685	23,892,765	24,975,516	27,113,853	28,524,903
Emergency Communications and Citizen Services	-	-	-	-	-	-	8,286,906	8,233,437	8,644,135	8,585,726
Boards and Commissions	10,698,105	12,526,023	14,596,241	19,192,200	31,611,562	28,283,987	28,838,862	29,809,481	30,813,011	28,150,540
Fire	34,985,948	37,980,843	38,446,066	42,765,415	43,731,113	44,748,877	46,923,435	46,496,015	48,604,326	49,299,627
Management Services	1,437,220	3,092,356	3,234,762	3,542,392	3,704,939	3,607,392	3,905,792	1,452,377	1,488,732	1,600,743
Education	284,577,178	311,448,492	319,810,179	357,791,746	363,554,215	370,277,459	358,870,557	362,627,543	346,343,221	371,831,366
Housing and Neighborhood Preservation	18,661,652	19,566,425	17,870,757	21,500,671	22,857,744	22,813,746	22,992,624	25,286,359	25,102,010	27,094,230
Museums	7,431,946	7,492,376	7,844,418	8,842,411	7,854,366	8,148,195	8,491,250	8,812,689	9,524,054	9,557,237
Emergency Medical Services	3,536,700	6,077,137	6,841,877	7,392,858	7,251,081	7,320,448	7,595,142	7,693,052	8,667,955	8,911,501
Strategic Growth Area	-	-	-	-	-	-	-	-	1,011,323	940,819
General Government	45,235,256	54,789,640	25,652,192	51,462,207	22,967,787	16,825,353	35,592,598	22,315,404	6,689,626	2,785,087
Interest on Long-term Debt	36,881,222	39,969,923	42,544,140	42,652,225	46,906,778	48,918,428	73,058,398	42,665,372	48,481,522	35,483,724
Total Governmental Activities Expenses	\$ 855,261,189	\$ 980,433,064	\$ 947,279,196	\$ 1,081,829,497	\$ 1,088,640,881	\$ 1,115,396,240	\$ 1,167,163,352	\$ 1,107,459,864	\$ 1,145,283,688	\$ 1,161,044,015
Business-Type Activities:										
Water and Sewer	\$ 80,538,848	\$ 84,634,492	\$ 90,434,001	\$ 90,745,302	\$ 94,410,608	\$ 95,332,140	\$ 96,891,679	\$ 104,625,349	\$ 102,310,240	\$ 103,110,267
Storm Water	15,631,258	13,257,532	15,191,577	14,420,597	14,231,356	13,027,354	13,116,763	14,178,468	15,650,645	16,592,160
Development Authority	-	-	-	-	-	-	-	-	-	11,210,520
Resort Parking	1,989,947	1,742,820	1,388,167	1,636,979	1,675,539	1,430,534	1,357,625	1,603,150	1,973,867	1,668,933
Total Business-type Activities Expenses	\$ 100,479,713	\$ 99,634,844	\$ 107,013,745	\$ 106,802,878	\$ 110,317,503	\$ 109,790,028	\$ 111,366,067	\$ 120,406,967	\$ 119,934,752	\$ 132,581,880
Total Primary Government Expenses	\$ 955,740,902	\$ 1,080,067,908	\$ 1,054,292,941	\$ 1,188,632,375	\$ 1,198,958,384	\$ 1,225,186,268	\$ 1,278,529,419	\$ 1,227,866,831	\$ 1,265,218,440	\$ 1,293,625,895
Program Revenues										
Governmental Activities:										
Charges for services:										
Judicial	\$ 3,145,182	\$ 3,217,122	\$ 3,307,011	\$ 3,981,479	\$ 4,025,927	\$ 3,946,053	\$ 4,993,137	\$ 4,402,463	\$ 5,377,347	\$ 3,688,139
Police	1,187,622	1,444,457	1,162,299	1,029,473	1,425,005	1,567,617	3,436,506	4,026,448	3,670,550	3,747,317
Human Services	2,326,495	3,315,732	2,417,055	3,318,504	3,383,220	4,723,828	4,952,643	23,797,305	24,322,382	23,782,371
Public Works	2,015,889	1,902,690	2,926,714	3,562,368	1,810,874	3,469,383	10,299,832	6,743,429	13,465,436	30,845,235
Parks and Recreation	8,836,600	12,266,970	12,737,487	14,466,702	14,586,938	14,620,812	14,660,279	14,405,985	13,876,204	14,891,219
Library	555,447	589,842	553,406	648,003	672,183	679,091	617,088	760,480	706,607	728,317
Planning	5,546,695	5,503,737	6,378,599	5,936,100	5,307,304	4,026,124	4,076,448	4,097,287	4,265,630	4,432,198
Agriculture	103,263	88,697	123,007	162,355	145,130	145,454	164,684	127,156	170,091	52,893
Economic Development	-	-	-	-	691,207	-	-	-	-	-
Convention and Visitor Development	1,404,295	1,284,839	2,066,935	3,444,555	3,012,735	3,506,706	4,706,217	5,067,297	5,313,030	5,437,203
Fire	228,971	181,804	184,929	271,360	202,543	354,061	406,679	409,613	346,680	414,091
Housing and Neighborhood Preservation	133,944	259,014	207,385	478,923	183,588	174,560	312,489	215,523	1,170,964	1,831,674

Fiscal Year

Program Revenues (continued)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental Activities: (continued)										
Charges for services: (continued)										
Museums	\$ 5,479,477	\$ 5,522,133	\$ 5,952,650	\$ 6,371,707	\$ 5,547,623	\$ 5,493,504	\$ 6,609,514	\$ 7,208,895	\$ 7,548,640	\$ 8,073,443
General Government	8,701,176	8,725,746	9,416,710	10,177,882	10,412,161	9,756,013	8,777,127	8,096,615	7,395,885	7,535,955
Other Activities	379,107	389,396	381,996	352,329	975,039	524,362	508,565	545,787	497,376	551,983
Operating grants and contributions	155,268,182	151,298,914	157,781,650	169,205,494	189,987,751	202,479,091	214,751,488	195,543,654	169,430,851	166,149,172
Capital grants and contributions	64,634,349	63,449,638	26,653,064	39,329,430	49,331,573	88,794,495	30,731,118	32,767,792	41,572,819	37,502,486
Total Governmental Activities Program Revenues	\$ 260,260,861	\$ 259,440,731	\$ 232,250,897	\$ 262,736,664	\$ 291,700,801	\$ 344,261,154	\$ 310,003,814	\$ 308,215,729	\$ 299,130,492	\$ 309,663,696
Business-type Activities:										
Charges for services:										
Water and Sewer	\$ 89,029,816	\$ 82,148,096	\$ 89,378,218	\$ 93,104,033	\$ 97,364,528	\$ 95,308,313	\$ 98,568,890	\$ 102,398,524	\$ 109,200,204	\$ 115,160,670
Storm Water	12,629,702	13,812,037	12,351,619	14,537,968	15,728,693	17,559,488	19,285,386	21,321,426	27,841,165	32,721,540
Development Authority	-	-	-	-	-	-	-	-	-	2,630,055
Parking	2,362,984	2,453,757	2,624,955	2,259,617	2,319,168	2,390,391	2,420,174	3,213,279	2,879,725	3,134,711
Operating grants and contributions	4,747,358	4,971,618	5,182,290	5,405,170	5,602,177	5,216,559	5,222,410	3,569,248	1,306,092	-
Capital grants and contributions	2,101,653	3,336,142	6,103,382	1,257,077	6,491,686	2,442,568	628,640	1,877,989	974,355	1,945,692
Total Business-type Activities Program Revenues	\$ 113,088,284	\$ 106,721,650	\$ 115,640,464	\$ 116,563,865	\$ 127,506,252	\$ 122,917,319	\$ 126,125,500	\$ 132,380,466	\$ 142,201,541	\$ 155,592,668
Total Primary Government Program Revenues	\$ 373,349,145	\$ 366,162,381	\$ 347,891,361	\$ 379,300,529	\$ 419,207,053	\$ 467,178,473	\$ 436,129,314	\$ 440,596,195	\$ 441,332,033	\$ 465,256,364

Net (Expenses) Revenues

Governmental Activities	\$ (595,000,328)	\$ (720,992,333)	\$ (715,028,299)	\$ (819,092,833)	\$ (796,940,080)	\$ (771,135,086)	\$ (857,159,538)	\$ (799,244,135)	\$ (846,153,196)	\$ (851,380,319)
Business-type Activities	12,608,571	7,086,806	8,626,719	9,760,987	17,188,749	13,127,291	14,759,433	11,973,499	22,266,789	23,010,788
Total Primary Government Net Expenses	\$ (582,391,757)	\$ (713,905,527)	\$ (706,401,580)	\$ (809,331,846)	\$ (779,751,331)	\$ (758,007,795)	\$ (842,400,105)	\$ (787,270,636)	\$ (823,886,407)	\$ (828,369,531)

General Revenues and Other Changes in Net Position

Governmental Activities:										
Taxes:										
General Property Taxes -										
Real Estate & Personal Property	\$ 406,780,757	\$ 436,458,576	\$ 465,863,881	\$ 528,091,785	\$ 576,420,840	\$ 589,973,045	\$ 558,423,911	\$ 537,521,503	\$ 537,843,813	\$ 551,950,361
Sales	47,153,039	49,623,269	51,544,664	54,125,457	54,121,980	51,007,274	50,331,672	51,945,150	53,038,789	55,995,114
Utility	39,842,996	40,227,571	40,876,918	39,229,570	42,071,272	47,340,874	46,023,992	47,159,975	43,074,104	46,635,170
Business Licenses	34,173,969	36,444,397	40,841,567	40,117,510	41,834,619	40,919,033	38,204,143	41,183,389	41,205,981	44,671,818
Meal	38,143,540	41,792,636	44,088,252	48,162,200	48,069,618	48,138,128	48,566,456	50,870,246	53,540,559	55,296,252
Lodging	19,560,691	19,687,529	21,598,763	23,364,668	23,623,107	22,734,965	22,919,279	24,401,106	25,624,528	26,265,622
Amusement	4,228,092	4,595,065	4,648,949	4,881,693	5,020,312	5,427,458	5,141,354	5,312,439	5,617,464	5,365,290
City Tax on Deeds and Wills	6,989,136	10,828,120	12,396,672	10,660,889	8,892,283	6,569,411	6,283,840	5,864,224	6,284,635	7,530,469
Cigarette	12,243,891	11,747,980	11,024,720	11,040,079	11,503,774	13,062,433	11,949,379	12,270,185	12,213,135	11,748,003
Automobile Licenses	9,129,316	8,845,748	8,935,321	8,815,226	8,945,576	8,985,629	8,654,496	9,018,255	8,947,535	10,278,790
Emergency 911 Telephone	6,406,420	6,403,011	7,414,387	6,351,737	7,281,412	5,970	-	-	-	-
Other Taxes	6,555,413	6,323,789	7,124,271	6,759,400	9,074,242	8,875,610	9,871,136	10,981,669	10,770,992	11,049,732
Grants and contributions not restricted	46,744,198	56,977,798	62,678,516	53,506,370	53,413,358	53,413,096	53,413,134	67,913,073	53,414,000	53,412,868
Investment Earnings	3,968,766	5,049,118	14,718,334	15,401,732	16,206,742	7,727,438	4,067,799	1,755,326	9,351,455	199,920
Miscellaneous	6,521,421	13,353,979	10,103,008	15,799,971	15,295,906	13,178,417	14,528,124	11,300,476	9,789,639	5,275,171
Total Governmental Activities	\$ 690,888,194	\$ 748,358,586	\$ 803,858,223	\$ 866,308,287	\$ 921,775,041	\$ 917,358,781	\$ 878,378,715	\$ 877,497,016	\$ 870,716,629	\$ 885,674,580
Business-type Activities:										
Investment Earnings	\$ 1,388,430	\$ 1,899,612	\$ 3,701,118	\$ 5,599,105	\$ 6,003,643	\$ 2,820,444	\$ 943,565	\$ 761,924	\$ 264,732	\$ 586,174
Miscellaneous	(294,309)	(151,572)	(810,059)	(404,205)	(426,235)	(1,915,069)	(4,450,848)	(716,322)	1,303,678	15,258,704
Total Business-type Activities	\$ 1,094,121	\$ 1,748,040	\$ 2,891,059	\$ 5,194,900	\$ 5,577,408	\$ 905,375	\$ (3,507,283)	\$ 45,602	\$ 1,568,410	\$ 15,844,878
Total Primary Government	\$ 691,982,315	\$ 750,106,626	\$ 806,749,282	\$ 871,503,187	\$ 927,352,449	\$ 918,264,156	\$ 874,871,432	\$ 877,542,618	\$ 872,285,039	\$ 901,519,458
Change in Net Position										
Governmental Activities	\$ 95,887,866	\$ 27,366,253	\$ 88,829,924	\$ 47,215,454	\$ 124,834,961	\$ 146,223,695	\$ 21,219,177	\$ 78,252,881	\$ 24,563,433	\$ 34,294,261
Business-type Activities	13,702,692	8,834,846	11,517,778	14,955,887	22,766,157	14,032,666	11,252,150	12,019,101	23,835,199	38,855,666
Total Primary Government	\$ 109,590,558	\$ 36,201,099	\$ 100,347,702	\$ 62,171,341	\$ 147,601,118	\$ 160,256,361	\$ 32,471,327	\$ 90,271,982	\$ 48,398,632	\$ 73,149,927

Source: City Department of Finance

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Nond spendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 453,056	\$ 506,339	\$ 581,099
Restricted	-	-	-	-	-	-	-	987,701	721,002	892,701
Committed	-	-	-	-	-	-	-	33,756,567	16,397,989	19,310,560
Assigned	-	-	-	-	-	-	-	41,286,701	69,462,951	65,524,909
Unassigned	-	-	-	-	-	-	-	113,003,754	103,961,151	102,363,793
Reserved	8,219,429	7,052,123	6,615,475	6,466,689	10,977,275	11,202,854	9,763,249	-	-	-
Unreserved	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>\$ 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>	<u>\$ 191,049,432</u>	<u>\$ 188,673,062</u>
All Other Governmental Funds										
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 36,583,676	\$ 42,910,053	\$ 40,032,555
Committed	-	-	-	-	-	-	-	205,254,077	337,853,345	302,868,839
Assigned	-	-	-	-	-	-	-	133,709,715	6,583,170	3,841,898
Reserved, Reported In:										
All Other Government Funds	24,369,524	114,948,188	107,021,467	96,940,059	81,311,197	96,319,671	102,057,848	-	-	-
Debt Service Funds	29,118,824	18,474,698	11,557,911	13,993,113	19,006,999	21,216,930	17,251,355	-	-	-
Unreserved, Reported In:										
Special Revenue Funds	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>\$ 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>	<u>\$ 387,346,568</u>	<u>\$ 346,743,292</u>



This Page Intentionally Left Blank

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
REVENUES										
Real Estate Taxes	\$ 347,360,112	\$ 382,632,555	\$ 397,431,699	\$ 462,221,198	\$ 499,241,014	\$ 515,768,880	\$ 504,334,961	\$ 474,474,648	\$ 461,480,333	\$ 476,217,120
Personal Property Taxes	80,260,731	57,046,694	66,804,132	70,592,576	75,062,192	70,181,027	59,813,526	65,943,535	73,705,379	74,723,035
Total General Property Taxes	427,620,843	439,679,249	464,235,831	532,813,774	574,303,206	585,949,907	564,148,487	540,418,183	535,185,712	550,940,155
Other Local Taxes:										
General Sales	46,328,049	49,315,425	51,391,606	53,962,203	54,071,427	51,439,533	50,263,545	51,743,905	53,375,318	54,978,531
Utility	39,842,996	40,702,879	40,876,918	39,741,626	42,071,272	45,764,804	46,662,622	45,129,301	45,254,169	44,623,292
Business Licenses	34,173,969	36,444,397	40,611,370	39,931,411	41,801,475	41,047,807	38,092,610	41,281,806	41,129,895	44,224,356
Franchise Taxes-Cox Communications	4,526,609	4,644,304	4,863,393	5,178,485	5,487,236	5,891,384	6,256,632	6,827,422	6,962,320	7,192,940
Automobile Licenses	9,129,316	8,845,748	8,935,321	8,815,226	8,945,576	8,962,613	8,654,625	9,018,142	8,970,535	9,437,635
Bank Stock	1,554,429	1,427,672	1,623,110	1,520,710	2,261,296	2,071,296	2,667,046	3,029,323	2,615,883	2,354,647
City Tax on Deeds	6,870,092	10,663,918	12,339,628	10,501,703	8,803,558	6,492,325	6,218,098	5,796,601	6,203,751	7,458,847
City Tax on Wills	119,044	78,938	57,044	159,186	88,725	77,086	65,742	67,623	80,884	71,622
Cigarette	12,243,891	11,747,980	11,024,720	11,040,079	11,503,774	11,786,853	12,468,847	12,063,516	12,182,212	11,953,020
Amusement	4,228,092	4,595,065	4,648,949	4,881,693	5,020,312	5,422,767	5,226,534	5,314,873	5,472,204	5,482,948
Hotel Taxes	19,103,583	19,175,967	20,982,033	22,616,459	23,623,107	22,955,423	22,801,413	24,169,996	25,003,788	26,049,027
Restaurant Meals	38,144,787	41,565,553	45,025,727	46,743,465	48,069,618	48,304,462	48,442,376	50,594,181	53,254,313	55,122,465
Transient Occupancy Taxes	457,108	511,562	616,730	748,209	861,559	920,264	934,382	1,122,301	1,106,769	1,178,742
Total Other Local Taxes	222,657,332	236,122,419	249,897,709	252,456,783	260,197,924	251,136,617	248,754,472	256,158,990	261,612,041	270,128,072
Fines and Forfeitures	4,705,366	5,108,116	5,126,218	5,712,654	6,155,497	5,772,731	6,733,769	7,432,059	6,821,979	6,902,298
Permits, Privilege Fees, and Regulatory Licenses	5,226,392	5,050,051	5,834,259	5,400,602	5,008,807	4,158,778	4,222,376	3,824,168	4,239,786	4,222,312
From Use of Money and Property	6,263,924	15,139,965	19,854,097	23,604,498	23,872,972	13,223,279	9,841,835	7,582,471	15,495,687	8,486,602
Charges for Services	25,390,069	27,841,547	29,650,776	37,847,747	35,704,240	35,136,062	55,897,422	61,278,029	68,489,147	85,837,389
Miscellaneous	7,632,596	9,600,932	10,932,347	13,815,781	11,207,659	15,871,120	17,701,348	15,255,086	15,900,634	25,744,605
Sale of Property	2,446,549	-	-	159,500	-	-	10,000	15,000	-	-
From Other Local Governments	338,044	691,082	1,002,094	482,343	2,922,656	440,526	447,717	14,921,907	247,709	2,595,294
From Commonwealth	124,688,359	184,624,417	170,387,032	176,892,089	187,242,768	190,898,905	180,261,813	191,257,316	183,494,275	176,215,187
From Federal Government	61,437,864	55,306,915	54,056,213	67,866,759	62,879,529	72,236,638	109,971,236	81,029,447	73,006,854	64,423,364
Total Revenues	\$ 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	\$ 1,164,493,824	\$ 1,195,495,278
EXPENDITURES										
Legislative	\$ 969,139	\$ 1,071,326	\$ 1,139,038	\$ 1,200,362	\$ 1,184,474	\$ 1,229,876	\$ 1,099,021	\$ 1,104,591	\$ 1,078,747	\$ 1,298,568
Executive	2,080,615	2,348,873	2,326,096	3,577,193	3,626,970	3,416,589	2,958,372	2,563,372	2,697,088	2,605,143
Law	3,081,811	3,250,441	3,668,542	3,561,072	3,718,122	3,645,426	3,526,957	3,576,615	3,640,226	3,697,386
Finance	15,301,485	16,055,188	16,604,300	16,312,033	16,554,091	16,554,774	16,263,353	15,804,138	16,600,949	16,993,124
Human Resources	5,345,747	6,181,109	7,188,192	7,821,314	13,417,794	12,899,532	8,475,233	8,229,652	9,010,045	9,924,243
Judicial	36,462,225	38,834,721	43,178,030	47,995,556	49,170,602	50,058,319	48,360,575	49,040,448	51,006,576	53,276,187
Health	2,822,446	2,849,083	2,933,999	3,116,338	3,232,255	3,071,005	2,981,771	2,934,899	2,926,650	2,866,304

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<u>EXPENDITURES (continued)</u>										
Police	\$ 68,612,314	\$ 73,583,189	\$ 75,741,221	\$ 81,333,569	\$ 88,122,541	\$ 86,039,838	\$ 84,330,028	\$ 85,654,990	\$ 87,210,424	\$ 91,048,023
Human Services	70,321,357	87,033,955	92,454,033	98,480,042	108,245,640	114,982,315	119,705,569	113,422,755	111,828,043	109,136,160
Public Works	59,257,259	74,141,032	76,533,960	80,067,766	81,007,280	90,598,946	88,729,538	90,570,064	99,611,309	103,023,351
Parks and Recreation	21,841,790	37,441,179	38,857,569	40,682,352	42,119,693	42,360,029	41,975,161	40,087,300	42,677,953	45,253,417
Library	14,002,101	16,348,866	17,084,795	15,920,138	16,059,880	15,652,089	15,995,471	15,442,912	15,475,052	16,033,907
Planning	8,886,525	9,710,312	9,843,203	9,770,085	10,331,341	10,162,875	10,071,875	9,324,289	9,379,626	9,289,151
Agriculture	1,078,859	1,066,336	1,049,519	1,056,038	930,862	1,052,844	931,377	2,837,146	2,958,894	3,040,599
Economic Development	1,798,044	1,840,570	1,900,804	2,530,958	2,145,140	2,656,922	2,243,759	2,007,505	2,210,063	2,343,970
Convention and Visitor Development	17,015,252	20,483,117	23,659,037	23,607,692	25,441,881	25,300,454	26,187,264	23,994,441	50,515,866	51,583,205
Communications and Information Technology	2,539,128	2,992,256	2,966,769	18,507,578	19,118,141	29,111,294	21,205,694	19,371,700	20,992,614	22,348,352
Emergency Communications and Citizen Services	-	-	-	-	-	-	8,286,906	8,233,437	8,644,135	8,585,726
Boards and Commissions	10,707,122	12,557,380	18,685,239	22,375,925	31,381,050	30,920,448	30,304,486	34,454,560	34,730,107	33,495,194
Fire	33,843,537	37,237,309	38,303,099	41,760,077	43,471,843	43,181,025	43,691,716	43,756,960	44,898,737	45,434,088
Management Services	1,412,190	3,059,944	3,363,527	3,493,535	3,676,965	3,579,581	3,854,542	1,484,095	1,471,547	1,595,914
Development Authority	-	-	-	-	-	-	-	-	-	55,539
Education	277,310,403	334,162,882	320,964,984	354,158,779	345,208,610	387,081,807	381,426,817	350,272,315	399,636,831	364,589,660
Housing and Neighborhood Preservation	18,804,395	19,592,928	18,110,672	21,759,797	23,140,526	23,025,859	23,244,412	25,578,349	25,057,346	27,088,836
Museums	6,729,933	7,470,421	7,817,722	8,797,003	7,829,887	8,158,942	8,463,702	8,805,116	9,430,030	9,542,960
General Government	28,022,006	10,025,942	11,346,910	10,605,800	11,114,894	7,483,531	3,625,500	1,830,932	8,293,239	8,014,133
Emergency Medical Service	3,448,849	5,968,527	6,769,991	7,135,542	7,265,956	7,155,505	7,552,298	7,590,345	8,302,029	8,501,568
Strategic Growth Area	-	-	-	-	-	-	-	-	1,011,323	940,819
Capital Outlay	144,566,419	124,646,815	145,902,457	163,139,877	175,645,583	107,225,640	125,455,464	152,439,078	134,374,158	132,201,426
Debt Service:										
Principal Retirement	53,414,591	57,714,598	61,003,591	62,581,830	65,114,538	72,662,009	76,488,392	80,413,257	28,759,234	59,341,275
Interest and Fiscal Charges	37,084,954	39,467,989	41,703,346	43,477,348	45,750,215	48,401,666	47,082,762	43,141,572	16,496,683	31,147,744
Total Expenditures	\$ 974,122,914	\$ 1,047,136,288	\$ 1,091,100,645	\$ 1,194,825,599	\$ 1,244,026,774	\$ 1,247,669,140	\$ 1,254,518,015	\$ 1,243,966,833	\$ 1,250,925,524	\$ 1,274,295,972
Excess (Deficiency) of Revenues over (under) Expenditures	\$ (85,715,576)	\$ (67,971,595)	\$ (80,124,069)	\$ (77,773,069)	\$ (74,531,516)	\$ (72,844,577)	\$ (56,527,540)	\$ (64,794,177)	\$ (86,431,700)	\$ (78,800,694)
<u>OTHER FINANCING SOURCES (USES)</u>										
Transfers In	\$ 209,520,906	\$ 225,275,016	\$ 267,684,774	\$ 278,985,024	\$ 278,337,221	\$ 329,930,834	\$ 286,072,732	\$ 225,159,580	\$ 79,048,006	\$ 134,706,391
Transfers Out	(211,072,889)	(224,910,444)	(265,263,920)	(272,265,926)	(277,520,986)	(324,543,593)	(282,833,185)	(232,016,209)	(80,346,618)	(149,713,095)
Issuance of Debt	218,200,000	192,705,000	80,000,000	150,280,000	141,625,000	78,350,705	321,110,000	94,875,000	118,596	83,640,000
Premium on Bonds Sold	12,659,281	18,841,952	4,278,680	4,020,673	4,065,030	4,384,080	34,379,078	6,600,690	132,850,000	7,342,754
Increase (Decrease) in Treasury Strips	-	-	-	-	-	-	-	(49,823)	23,194,107	(2,225,854)
Payment to Refunding Bonds Escrow Agent	-	(137,338,627)	-	-	(54,078,461)	-	(267,419,933)	-	(55,071,638)	(37,929,148)
Total Other Financing Sources (Uses)	\$ 229,307,298	\$ 74,572,897	\$ 86,699,534	\$ 161,019,771	\$ 95,044,307	\$ 88,122,026	\$ 91,308,692	\$ 94,569,238	\$ 99,792,453	\$ 35,821,048
Net Change in Fund Balance	\$ 143,591,722	\$ 6,601,302	\$ 6,575,465	\$ 83,246,702	\$ 20,512,791	\$ 15,277,449	\$ 34,781,152	\$ 29,775,061	\$ 13,360,753	\$ (42,979,646)
Debt Service as a Percentage of Noncapital Expenditures	10.9%	10.5%	10.9%	10.3%	10.4%	10.6%	10.9%	11.3%	4.1%	7.9%

Source: City Department of Finance

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
City Taxes										
Real Estate	\$ 347,360,112	\$ 382,632,555	\$ 397,431,699	\$ 462,811,968	\$ 499,776,925	\$ 515,768,880	\$ 504,334,961	\$ 474,474,648	\$ 461,480,333	\$ 476,217,120
Personal Property	80,260,731	57,046,694	66,804,132	70,592,576	75,062,192	70,181,027	59,813,526	65,943,535	73,705,379	74,723,035
General Sales	46,328,049	49,315,425	51,391,606	53,962,203	54,071,427	51,439,533	50,263,545	51,743,905	53,375,318	54,978,531
Utility	45,778,363	47,105,890	47,778,078	46,357,954	49,660,261	45,764,804	46,662,622	45,129,301	45,254,169	44,623,292
Business Licenses	34,173,969	36,444,397	40,611,370	39,931,411	41,801,475	41,047,807	38,092,610	41,281,806	41,129,895	44,224,356
Franchise Taxes	4,526,609	4,644,304	4,863,393	5,178,485	5,487,236	5,891,384	6,256,632	6,827,422	6,962,320	7,192,940
Automobile Licenses	9,129,316	8,845,748	8,935,321	8,815,226	8,945,576	8,962,613	8,654,625	9,018,142	8,970,535	9,437,635
Bank Stock	1,554,429	1,427,672	1,623,110	1,520,710	2,261,296	2,071,296	2,667,046	3,029,323	2,615,883	2,354,647
City Tax on Deeds	6,870,092	10,663,918	12,339,628	10,501,703	8,803,558	6,492,325	6,218,098	5,796,601	6,203,751	7,458,847
City Tax on Wills	119,044	78,938	57,044	159,186	88,725	77,086	65,742	67,623	80,884	71,622
Cigarette	12,243,891	11,747,980	11,024,720	11,040,079	11,503,774	11,786,853	12,468,847	12,063,516	12,182,212	11,953,020
Amusement	4,228,092	4,595,065	4,648,949	4,881,693	5,020,312	5,422,767	5,226,534	5,314,873	5,472,204	5,482,948
Hotel Taxes	19,103,583	19,175,967	20,982,033	22,616,459	23,623,107	22,955,423	22,801,413	24,169,996	25,003,788	26,049,027
Restaurant Meals	38,144,787	41,565,553	45,025,727	46,743,465	48,069,618	48,304,462	48,442,376	50,594,181	53,254,313	55,122,465
Transient Occupancy	457,108	511,562	616,730	748,209	861,559	920,264	934,382	1,122,301	1,106,769	1,178,742
Total	<u>\$ 650,278,175</u>	<u>\$ 675,801,668</u>	<u>\$ 714,133,540</u>	<u>\$ 785,861,327</u>	<u>\$ 835,037,041</u>	<u>\$ 837,086,524</u>	<u>\$ 812,902,959</u>	<u>\$ 796,577,173</u>	<u>\$ 796,797,753</u>	<u>\$ 821,068,227</u>

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			Total Taxable		Personal Property		Total Taxable		Estimated		Assessed Value as a Percentage of Actual Value
	Assessed Value			Real Property	Direct Tax	Assessed Value		Personal Property	Direct Tax	Actual		
	Residential	Commercial	Public Service	Assessed Value	Rate	Residential	Commercial	Assessed Value	Rate	Taxable Value		
2004	\$ 22,767,618,113	\$ 4,746,370,613	\$ 743,170,991	\$ 28,257,159,717	\$ 1.2200	\$ 2,485,568,403	\$ 766,618,714	\$ 3,252,187,117	\$ 3.7000	\$ 31,509,346,834	100.0%	
2005	25,956,007,302	5,325,837,162	624,562,746	31,906,407,210	1.1964	2,707,998,050	661,169,653	3,369,167,703	3.7000	35,275,574,913	100.0%	
2006	32,231,908,260	6,147,104,498	530,465,288	38,909,478,046	1.0239	2,935,301,133	775,663,085	3,710,964,218	3.7000	42,620,442,264	100.0%	
2007	39,343,218,144	6,778,924,250	545,140,581	46,667,282,975	0.9900	2,918,848,554	869,072,522	3,787,921,076	3.7000	50,455,204,051	100.0%	
2008	47,862,927,769	7,283,463,230	647,905,245	55,794,296,244	0.8900	3,260,237,123	892,229,360	4,152,466,483	3.7000	59,946,762,727	100.0%	
2009	48,889,366,712	7,877,386,575	807,890,384	57,574,643,671	0.8900	2,807,028,410	905,268,622	3,712,297,032	3.7000	61,286,940,703	100.0%	
2010	47,128,334,239	8,251,639,426	890,229,132	56,270,202,797	0.8900	2,860,711,763	751,063,121	3,611,774,884	3.7000	59,881,977,681	100.0%	
2011	43,967,169,845	8,008,231,601	927,509,746	52,902,911,192	0.8900	3,105,575,058	972,520,233	4,078,095,291	3.7000	56,981,006,483	100.0%	
2012	42,582,797,354	7,925,225,472	938,693,399	51,446,716,225	0.8900	3,225,216,284	1,079,909,616	4,305,125,900	3.7000	55,751,842,125	100.0%	
2013	40,815,993,416	8,036,001,242	929,843,170	49,781,837,828	0.9500	3,306,948,272	942,744,260	4,249,692,532	3.7000	54,031,530,360	100.0%	

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

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

CITY OF VIRGINIA BEACH, VIRGINIA
REVENUE RATES FOR REAL ESTATE AND FOR PERSONAL PROPERTY
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Real Property Total Direct Tax Rate												Personal Property Tax Rate									
	Base Real Property Tax Rate	Additional Real Property Tax Rate	Additional Real Property Tax Rate	Additional Real Property Tax Rate	Regular	Sandbridge SSD Residents	Town Center SSD Residents	Old Donation SSD Residents	Bayville Creek SSD Residents													
2004	\$	1.2200	\$	0.1200	\$	0.5700	\$	-	\$	-	\$	1.2200	\$	1.3400	\$	1.7900	\$	1.2200	\$	1.2200	\$	3.7000
2005		1.1964		0.1200		0.5700		-		-		1.1964		1.3164		1.7664		1.1964		1.1964		3.7000
2006		1.0239		0.1200		0.5700		-		-		1.0239		1.1439		1.5939		1.0239		1.0239		3.7000
2007		0.9900		0.0600		0.5700		-		-		0.9900		1.0500		1.5600		0.9900		0.9900		3.7000
2008		0.8900		0.0600		0.5000		-		-		0.8900		0.9500		1.3900		0.8900		0.8900		3.7000
2009		0.8900		0.0600		0.4500		-		-		0.8900		0.9500		1.3400		0.8900		0.8900		3.7000
2010		0.8900		0.0600		0.4500		-		-		0.8900		0.9500		1.3400		0.8900		0.8900		3.7000
2011		0.8900		0.0600		0.4500		-		-		0.8900		0.9500		1.3400		0.8900		0.8900		3.7000
2012		0.8900		0.0600		0.4500		0.1840		-		0.8900		0.9500		1.3400		1.0740		0.8900		3.7000
2013		0.9500		0.0600		0.4500		0.1840		0.3630		0.9500		1.0100		1.4000		1.1340		1.3130		3.7000

Source: City Adopted Resource Management Plan

- Notes:
- 1 - The City is the only entity with local taxing authority within its boundaries.
 - 2 - Real Property Tax Rate is applied to Real Estate such as land and buildings.
 - 3 - Personal Property Tax Rate is applied to personal property such as automobiles and equipment.
 - 4 - The tax bases are mutually exclusive.

Table 8

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

	2013			2004		
	Real Property Assessed Value	Percent of Total Real Property Assessed Value	Rank	Real Property Assessed Value	Percent of Total Real Property Assessed Value	Rank
E. D. & A. F. Ruffin & B. L. Thompson	\$ 357,776,300	0.72 %	1	\$ 54,776,621	0.19 %	16
Virginia Electric & Power Company	297,479,257	0.60	2	334,382,273	1.18	1
Lynnhaven Mall LLC*	297,101,900	0.60	3	268,876,153	0.95	2
Ramon W. Breeden, Jr.	285,676,836	0.57	4	130,144,676	0.46	4
Armada Hoffler	265,210,900	0.53	5	109,436,117	0.39	6
J. M. , R.J.F. , A.D. & L.E. Caplan	214,499,400	0.43	6	-	-	
Verizon Virginia, Inc.	179,412,063	0.36	7	182,473,193	0.65	3
Pembroke Square Assoc.	165,488,300	0.33	8	123,285,381	0.44	5
Cheryl P. McLeskey	137,250,200	0.28	9	83,142,688	0.29	10
Christian Broadcasting Assoc./Net, Inc.	134,313,000	0.27	10	67,729,087	0.24	13
Thomas J. Lyons, Jr.	109,992,200	0.22	11	103,400,252	0.37	7
Lake Gem	104,778,200	0.21	12	66,217,892	0.23	15
Sifen, Michael D.	99,393,400	0.20	13	49,644,081	0.18	19
Westminster Canterbury	95,927,900	0.19	14	77,198,920	0.27	12
Watagate Treehouse Associates LP	95,439,100	0.19	15	50,584,900	0.18	18
Aimco Maple Bay & Aimco Reflections LLC	87,377,300	0.18	16	-	-	
Potter Properties	85,719,800	0.17	17	66,869,961	0.24	14
Virginia Natural Gas	80,805,811	0.16	18	-	-	
Windsor Lake & Shoreline Apartments LLC.	78,626,400	0.16	19	48,891,739	0.17	20
Inland Diversified Virginia Beach Landstown LLC	75,932,900	0.15	20	-	-	
Occidental Development, Ltd.	57,788,200	0.12	21	-	-	
Atlantic Shores Cooperative	52,225,000	0.10	22	79,332,352	0.28	11
BBR/Marina Shores LLC	48,926,900	0.10	23	-	-	
Princess Anne Properties, Inc.	47,892,500	0.10	24	43,147,151	0.15	22
Wal Mart Real Estate Business Trust	47,670,800	0.10	25	-	-	
Tidewater Oxford Ltd Partnership	-	-		102,973,200	0.36	8
Kemp River & Bonneys Corner Associates	-	-		83,855,099	0.30	9
Gale M. Levine	-	-		52,287,355	0.19	17
Sandler Development at Towne, etc.	-	-		46,991,248	0.17	21
Cecil V. Cutchins	-	-		40,592,844	0.14	23
Jack Rabbit Self Storage	-	-		37,364,314	0.13	24
Liberty Property Ltd Partnership	-	-		36,535,345	0.13	25
Totals	<u>\$ 3,502,704,567</u>	<u>7.04 %</u>		<u>\$ 2,340,132,842</u>	<u>8.28 %</u>	

Sources: Office of Real Estate Assessor
Commissioner of the Revenue
2004 Comprehensive Annual Financial Report

* Formerly Knickerbocker Properties

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

Fiscal Year	Total Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2004	\$ 458,846,761	\$ 421,236,325	91.8 %	\$ 18,013,929	\$ 439,250,254	95.7 %
2005	505,050,845	468,796,012	92.8	20,104,806	488,900,818	96.8
2006	531,438,288	483,649,302	91.0	13,953,545	497,602,847	93.6
2007	527,465,143	505,518,196	95.8	17,371,409	522,889,605	99.1
2008	562,044,329	537,526,149	95.6	20,443,540	557,969,689	99.3
2009	570,582,069	547,934,162	96.0	18,970,073	566,904,235	99.4
2010	546,129,490	526,040,648	96.3	16,126,386	542,167,034	99.3
2011	523,586,269	504,769,073	96.4	12,752,793	517,521,866	98.8
2012	529,296,087	496,807,253	93.9	11,589,579	508,396,832	96.1
2013	540,797,475	515,533,542	95.3	-	515,533,542	95.3

Source: City Department of Finance

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

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

Fiscal Year	Governmental Activities							Business Type Activities				** Net Debt Per Capita	*** Ratio of Net Debt Per Capita to Per Capita Personal Income
	General Obligation Bonds	State Literary Fund Loans	Public Facility Revenue Bonds	Obligations Under Capital Leases	Certificates of Participation	Williams Farm Property	***** Agriculture Reserve Program	Virginia Beach Development Authority	General Obligation Bonds	Double Barrel and Revenue	Total Primary Government*		
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	\$ 1,805	4.8%
2005	503,425,737	12,446,046	227,185,000	279,049	5,155,000	3,612,500	22,342,090	61,705,000	4,399,435	115,499,614	956,049,471	1,883	4.8%
2006	533,993,827	11,189,546	218,450,000	4,711	5,155,000	3,187,500	22,643,426	64,845,000	3,418,336	146,143,893	1,009,031,239	1,930	4.6%
2007	559,423,497	9,933,046	279,715,000	-	5,155,000	2,762,500	24,541,566	89,085,000	2,912,237	140,758,924	1,114,286,770	2,194	4.9%
2008	597,155,459	8,676,546	269,380,000	-	5,155,000	2,337,500	26,807,090	87,450,000	2,406,137	135,598,356	1,134,966,088	2,234	4.9%
2009	621,800,655	7,620,046	257,075,000	-	2,645,000	1,912,500	30,534,384	84,790,000	1,900,038	130,405,780	1,138,683,403	2,244	5.1%
2010	630,203,763	6,563,546	261,265,000	-	-	1,487,500	32,093,435	83,445,000	1,393,938	192,644,719	1,209,096,901	2,256	5.0%
2011	668,552,006	5,507,046	242,545,000	-	-	1,062,500	38,365,512	79,760,000	962,470	206,613,629	1,243,368,163	2,271	4.9%
2012	**** 727,274,597	4,750,000	281,315,118	-	-	637,500	26,622,277	81,434,386	528,450	203,108,752	1,325,671,080	2,244	4.8%
2013	**** 686,544,346	4,125,000	283,928,041	-	-	212,500	25,488,803	77,042,632	222,016	194,536,062	1,272,099,400	2,172	4.6%

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

Notes: * Total Primary Government Debt for FY 2004-2011 excludes 1998 Social Services Lease Revenue Bond, as it is Virginia Beach Development Authority debt service. This revenue bond was paid off in FY 2012.

** For calculation of Net Debt Per Capita, the population is per Table 14. In addition, Net Debt Per Capita excludes Double Barrel & Revenue Bonds, Agriculture Reserve, and the premiums included in this table presentation.

*** For calculation of Debt Per Capita to Per Capita Personal Income, the per Capital Personal Income information is per Table 14.

**** Fiscal Years 2012 & 2013 have been adjusted to reflect the related unamortized premium. Detailed premium info for prior years was unavailable and therefore not adjusted.

***** Fiscal Years 2012 & 2013 have been adjusted to reflect the accreted value as reported in the financial statements. Detail for prior years was not readily available, and therefore not adjusted.

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

Fiscal Year	General Obligation Bonds*		State Literary Fund Loans		Appropriation Backed Debt*		** Percentage of Estimated Actual Full Value of Property		*** Net Debt Per Capita	
2004	\$	560,920,130	\$	13,702,546	\$	210,765,513	\$	785,388,189	2.5%	\$ 1,805
2005		507,825,172		12,446,046		297,936,549		818,207,767	2.3%	1,883
2006		537,412,163		11,189,546		291,642,211		840,243,920	2.0%	1,930
2007		562,335,734		9,933,046		376,717,500		948,986,280	1.9%	2,194
2008		599,561,596		8,676,546		364,322,500		972,560,642	1.6%	2,234
2009		623,700,693		7,620,046		346,422,500		977,743,239	1.6%	2,244
2010		631,597,701		6,563,546		346,197,500		984,358,747	1.6%	2,256
2011		669,514,476		5,507,046		323,367,500		998,389,022	1.8%	2,271
2012		727,803,047		4,750,000		361,803,104		1,094,356,151	2.0%	2,244
2013		686,766,362		4,125,000		359,721,028		1,050,612,390	1.9%	2,172

* Fiscal Year 2012 & 2013 have been adjusted to reflect the related unamortized premium.

Detailed premium information for prior years was unavailable and therefore not adjusted.

** Actual Full Value of property is from Table 6.

*** Population is from Table 14. Computation of Net Debt Per Capita is net of premiums and discounts in the above numbers.

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									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt Limit	\$ 2,825,715,972	\$ 3,190,640,721	\$ 3,860,707,700	\$ 4,630,515,462	\$ 5,579,429,624	\$ 5,757,464,367	\$ 5,627,020,280	\$ 5,290,291,119	\$ 5,144,671,623	\$ 4,978,183,783
Total Net Debt Applicable to limit	596,165,128	542,613,308	571,245,135	596,810,346	635,045,232	661,855,123	670,254,683	713,387,034	716,177,198	685,988,698
Legal Debt Margin	<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>	<u>\$ 4,428,494,425</u>	<u>\$ 4,292,195,085</u>
Total Net Debt applicable to the limit as a percentage of debt limit	21.10%	17.01%	14.80%	12.89%	11.38%	11.50%	11.91%	13.48%	13.92%	13.78%

Legal Debt Margin Calculation For Fiscal Year 2013

Assessed Value of Real Property (Taxable):	
Regular	\$ 48,851,994,658
Public Service	929,843,170
Total Assessed Value of Real Property	<u>\$ 49,781,837,828</u>
Debt limit (10% of Total Assessed Value)	\$ 4,978,183,783
Total Net Debt Applicable to limit	685,988,698
Legal Debt Margin	<u>\$ 4,292,195,085</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			Total	Coverage
				Principal	Interest (1)			
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	74,439,073	28,380,667	5,811,090	6,382,454		12,193,544	2.33
2012	109,514,875	72,319,602	37,195,273	7,022,735	6,959,920		13,982,655	2.66
2013	115,249,243	73,834,321	41,414,922	7,251,071	6,697,692		13,948,763	2.97

(1) Includes Bank Charges. Amounts shown for 2011-2013 are net of federal subsidy.

Source: City Department of Finance

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

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

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

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Median Age	Number of City Employees	Education Level In Years of Formal Schooling	School Enrollment	Unemployment Rate
	*	†	**					
2004	436,139	\$ 16,313,369	\$ 37,288	34.2	6,378	13.3	75,151	3.4%
2005	436,156	17,206,799	39,446	34.4	6,580	13.6	74,091	3.3%
2006	435,001	18,485,529	42,229	34.7	6,831	13.5	72,953	2.9%
2007	434,058	19,165,012	44,369	35.0	6,898	13.8	71,452	2.7%
2008	436,944	19,459,762	45,787	36.0	7,131	13.6	70,473	3.7%
2009	437,275	19,510,331	43,766	36.6	7,700	14.0	69,335	6.4%
2010	437,994	19,697,709	44,965	36.7	7,713	13.9	69,225	6.5%
2011	441,246	20,718,174	46,799	34.9	7,481	14.0	69,219	6.0%
2012	447,489	***	46,799	34.7	7,477	13.8	68,977	5.5%
2013	447,489	***	46,799	35.0	7,477	13.9	68,614	5.6%

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

Notes: * Weldon Cooper Center for Public Service; except for 2013 which is projected.
** Bureau of Economic Analysis, except for fy 2012 - 2013 which are projected
*** Information Unavailable
† 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
	2013			2004		
City of Virginia Beach / Schools	17,804	7.54 %	1	16,595	8.30 %	1
* Naval Air Station Oceana/Dam Neck	7,427	3.15	2	-	-	-
Sentara Healthcare	5,189	2.20	3	1,515	0.76	6
* Joint Expeditionary Base Little Creek	4,688	1.99	4	-	-	-
Farm Fresh	4,000	1.70	5	-	-	-
Lynnhaven Mall	2,600	1.10	6	3,500	1.75	2
Navy Exchange Service Command	2,450	1.04	7	1,900	0.95	3
GEICO	2,300	0.97	8	1,500	0.75	7
STIHL Inc	2,067	0.88	9	1,300	0.65	8
Amerigroup	1,850	0.78	10	1,300	0.65	8
Lillian Vernon	-	-		1,700	0.85	4
Pembroke Mall	-	-		1,700	0.85	4
Cox Communications	-	-		1,200	0.60	10
Totals	50,375	21.35 %		32,210	16.11 %	

Source: City Department of Economic Development.

Notes: * Information not available for 2004

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

Department	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Agriculture	15.0	15.0	15.0	15.0	15.0	14.0	13.0	12.0	12.0	12.0
City Auditor	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
City Manager	18.0	19.0	32.0	32.0	32.0	29.7	26.2	23.0	21.0	19.5
City Real Estate Assessor	35.4	35.4	35.4	35.4	35.4	38.4	38.4	34.3	34.0	34.3
City Treasurer	80.5	80.2	79.0	77.0	77.4	75.7	76.7	72.2	72.0	71.8
Commissioner of the Revenue	63.9	61.8	63.0	64.0	62.6	63.6	64.1	57.9	60.9	62.9
Commonwealth's Attorney	82.3	82.3	83.0	82.7	82.9	91.4	91.4	87.4	84.0	85.3
Communications and Information Technology	280.6	286.6	309.0	308.8	308.8	181.8	187.8	179.8	183.0	178.5
Community Corrections	9.0	9.0	-	-	-	-	-	-	-	-
Convention and Visitor Bureau	85.2	116.5	122.0	136.0	137.7	135.7	130.9	113.5	113.5	113.5
Courts and Courts' Support	19.0	19.0	76.0	76.0	76.0	76.0	76.0	76.0	75.0	75.0
Cultural Affairs	-	-	2.0	5.0	5.0	3.0	3.0	3.0	3.0	3.0
Economic Development	15.0	15.0	16.0	16.0	16.0	17.0	16.0	15.0	16.0	18.0
Emergency Communications & Citizen Services	-	-	-	-	-	132.0	127.0	122.0	123.5	122.8
Emergency Medical Services	20.5	52.9	57.0	56.5	56.5	56.5	56.5	62.6	65.3	65.3
Finance	62.0	60.4	63.0	64.0	63.0	57.0	58.0	54.0	55.0	56.0
Fire	450.7	452.7	470.0	473.0	472.9	469.8	467.8	466.7	466.0	479.7
General Registrar	15.6	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0
Health	10.7	11.2	11.2	11.2	11.2	11.1	11.1	10.8	10.8	9.1
Housing and Neighborhood Preservation	66.0	69.0	69.0	69.0	69.0	69.0	68.0	67.0	66.0	64.0
Human Resources	49.8	50.8	56.0	57.0	58.1	54.1	53.1	47.0	47.0	47.0
Human Services	807.6	920.8	990.0	1,014.0	1,068.6	1,079.1	1,073.9	1,045.7	1,066.4	1,069.4
Law	40.9	42.0	43.0	43.0	43.0	43.0	43.0	40.4	39.0	39.6
Legislative	18.0	18.0	18.0	18.0	18.0	18.0	18.0	17.0	17.0	17.0
Library	254.6	261.6	265.0	264.9	264.9	262.9	260.9	227.5	227.5	265.5
Management Services	19.0	21.0	21.0	22.0	22.0	21.0	20.0	15.0	15.0	15.0
Museums and Cultural Arts	132.4	132.6	143.0	141.0	151.4	151.4	151.4	151.5	153.0	155.5
Non-Departmental	80.0	-	-	-	-	-	-	-	-	-
Parks and Recreation	859.4	859.4	864.0	869.0	872.7	877.3	872.2	855.4	843.4	846.9
Planning and Community Development	127.0	129.0	128.0	128.0	127.0	125.0	123.0	113.0	110.0	108.0
Police	994.5	1,009.1	1,008.1	1,016.0	1,016.0	1,005.9	1,005.9	995.7	1,007.4	1,007.4
Public Utilities	392.7	392.7	396.0	400.0	399.5	401.5	404.5	404.5	412.0	411.0
Public Works	847.4	852.4	878.0	874.0	874.4	877.4	871.4	866.4	882.0	890.4
Sheriff and Corrections	420.0	507.1	502.0	512.0	514.1	524.4	524.4	524.4	519.6	524.4
Strategic Growth Area	-	-	-	-	-	-	2.0	15.0	15.0	17.0
Total City Positions	6,378.3	6,600.4	6,832.7	6,898.4	6,969.2	6,980.6	6,953.4	6,793.5	6,833.3	6,902.8
Total School Positions	10,217.0	10,497.8	10,548.0	10,635.0	10,541.9	10,519.5	10,391.9	10,476.3	10,387.3	10,326.5
TOTAL POSITIONS	16,595.3	17,098.2	17,380.0	17,533.4	17,511.1	17,500.0	17,345.3	17,269.8	17,220.6	17,229.3

Sources: City of Virginia Beach Resource Management Plans

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<u>FUNCTION</u>										
Police										
Number of physical adult arrests	25,257	26,597	24,504	25,326	26,802	26,632	23,951	23,923	23,705	23,633
Number of calls for service	197,478	193,796	199,653	199,654	202,253	200,360	196,717	196,626	195,156	187,884
Number of traffic accidents	9,740	9,414	9,457	9,303	9,250	9,021	8,759	8,391	8,102	8,169
Fire										
Number of fire related incidents	1,301	1,269	1,128	1,397	1,301	1,166	1,080	1,252	1,188	965
Number of rescue incidents	15,386	15,146	15,136	16,758	16,921	17,162	18,257	17,930	20,727	25,656
Public Utilities										
Number of Water Connections	128,718	129,376	130,005	130,647	131,085	131,367	131,618	131,897	132,010	132,324
Public Works										
Number of building permits issued	16,906	16,136	14,241	13,552	11,374	9,889	11,322	7,636	8,003	7,956
Highways and Streets										
Arterial lane miles	734	734	738	738	738	717	735	739	755	755
Collector/local miles	2,515	2,539	2,554	2,554	2,641	2,662	2,670	2,676	2,680	2,686
Sanitation and Refuse										
Number of homes receiving refuse collection	123,500	125,000	122,600	123,161	123,740	123,668	123,789	124,179	124,171	124,536
Number of tons of garbage collected	212,820	206,075	207,427	204,619	196,501	189,604	196,145	147,760	137,413	133,958
Culture and Recreation										
Number of visitations to recreation centers	1,787,229	1,688,772	1,609,047	1,575,539	1,636,823	1,523,232	1,502,059	1,538,616	1,614,682	1,795,782
Number of recreation centers	6	6	6	6	6	6	6	6	6	6
Education										
Student membership	75,436	74,091	72,953	71,452	70,473	69,335	69,225	69,219	68,977	68,614
Number of elementary schools	54	54	55	55	56	56	56	55	55	55
Number of secondary schools	24	24	24	24	24	24	24	24	24	24
Number of specialty schools	10	11	11	11	11	11	9	7	7	9

Sources: Various City Departments

Note: Indicators are not available for all governmental functions.

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

FUNCTION	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Police										
Stations	4	4	4	4	4	4	4	4	4	4
Patrol Vehicles Units - Marked	267	274	277	268	259	256	242	242	269	262
Helicopter	2	2	2	2	2	3	2	2	2	2
Airplane	1	1	-	-	-	-	-	-	-	-
Watercraft:										
Boats	10	10	10	10	10	8	8	8	8	8
Fire										
Stations	19	19	19	19	19	19	19	19	19	19
Fire Trucks	47	44	44	47	48	51	50	50	50	50
Emergency Medical Services										
Ambulances	40	44	30	30	35	34	42	42	42	45
Public Works										
Miles of streets:										
Lane miles:										
Arterial	734	734	738	738	738	717	735	739	744	755
Collector/Local	2,515	2,539	2,554	2,554	2,641	2,662	2,670	2,676	2,680	2,686
Center Lane miles:										
Arterial	194	194	194	194	192	189	192	192	192	193
Collector/Local	1,232	1,244	1,251	1,251	1,291	1,300	1,304	1,307	1,308	1,312
Number of Street Lights	41,334	42,026	41,807	42,066	43,960	45,364	45,509	46,806	48,277	48,418
Collection Trucks	101	103	101	103	104	103	101	101	109	100
Culture and Recreation										
Number of Developed District Parks	9	9	9	7	7	7	8	8	8	8
Number of Developed Community Parks	10	10	10	11	11	11	13	13	13	11
Number of Developed Neighborhood Parks	198	179	181	183	166	166	181	180	181	182
Number of Natural Parks	3	26	29	3	3	3	3	3	5	5
Other Park Areas	13	13	14	28	59	59	58	45	46	47
Number of Acres in Developed Parks	1,452	1,465	1,387	1,711	1,736	1,757	3,158	3,174	3,648	3,648
Golf Courses (City Owned)	4	4	4	5	5	5	5	5	5	5
Recreation Centers	6	6	6	6	6	6	6	6	7	7
Water										
Miles of Water Lines	1,432	1,443	1,456	1,459	1,477	1,482	1,483	1,488	1,490	1,492
Water Pumping Stations	9	9	9	9	9	8	9	9	9	9
Sewer										
Miles of Sewer Lines	1,535	1,546	1,569	1,572	1,609	1,621	1,623	1,630	1,635	1,639
Sewer Pumping Stations	391	393	400	401	403	405	405	406	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, 2013
(Unaudited)

<u>Cash in Office</u>		\$	5,500
<u>Cash With</u>			
Bank of America:			
Regular	\$	202,694,333	
Investments		5,000,000	
Welfare		706,136	
School Board Empl Salary Escrow		194,507	
BB&T:			
Checking		1,950,000	
Money Market		230,939,632	
Investments		54,000,000	
School Payroll		6,916,334	
BB&T Capital Markets:			
Investments		2,226,701	
Morgan Keegan:			
Investments		42,953,480	
Smith Barney:			
Investments		71,000,000	
SunTrust Bank:			
City Payroll		10,014,158	
Money Market		5,123,083	
Towne Bank:			
Investments		65,000,000	
Treasurer of Virginia:			
Investment Pool		60,000,000	
Total Deposits and Investments			758,718,364
<u>Cash with Trust Agents</u>			
Cash With SNAP Program	\$	26,384,472	
Cash With Trustee - PFRB		975	
Cash With Trustee - Debt Service		6,957,084	
Cash With Trustee - Treasury Strips		25,488,803	
Total Cash with Trust Agents			58,831,334
Total Cash Accountability		\$	817,555,198
<u>Add:</u>			
Accrued Interest on Investments	\$	283,105	
Commonwealth of Virginia - Deferred Debits		7,629	
Deposits in Transit		3,470,831	3,761,565
<u>Deduct:</u>			
Commonwealth of Virginia - Current Credits	\$	39,374	
Treasurer Restitution		17,223	
John T. Atkinson - Deferred Account		102,909	
Over and Short		8,349	
Outstanding Checks:			
Bank of America		8,769,239	
Bank of America - Welfare		343,336	
BB&T - School Payroll		13,344	
SunTrust - City Payroll		126,750	(9,420,524)
Total Cash Accountability			\$ 811,896,239
<u>Reconciliation of Cash Accountability to the government-wide financial statements at June 30, 2013 as reported in Note 8:</u>			
Balance of City and School funds		\$	811,896,239
Funds for which the Treasurer does not act as fiscal agent:			
School Activity Funds			3,821,926
Development Authority			10,878,470
Banner Fund			420
Total deposits and investments of the government-wide financial statement:		\$	826,597,055

SINGLE AUDIT SECTION

**Independent Auditor's 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***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and *Specifications for Audits of Counties, Cities and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the individual and aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Virginia Beach, Virginia (the "City") as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 20, 2013. Our report includes a reference to other auditors who audited the financial statements of the Virginia Beach Community Development Corporation, as described in our report on the City's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

We did identify one matter of noncompliance with State compliance requirements which is described in the accompanying schedule of findings and questioned costs as 2013-2.

City of Virginia Beach, Virginia's Response to Findings

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing on internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Cherry Beckett" followed by "LLP". The signature is stylized and cursive.

Virginia Beach, Virginia
November 20, 2013

**Independent Auditors' Report on Compliance for Each Major
Federal Program and on Internal Control over Compliance
Required by OMB Circular A-133**

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

Report on Compliance for Each Major Federal Program

We have audited the City of Virginia Beach, Virginia's (the "City") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2013. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs;

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and *OMB Circular A-133* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with *OMB Circular A-133* and which is described in the accompanying schedule of findings and questioned costs as item 2013-1. Our opinion on each major federal program is not modified with respect to this matter.

The City's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with *OMB Circular A-133*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of *OMB Circular A-133*. Accordingly, this report is not suitable for any other purpose.

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

Virginia Beach, Virginia
November 20, 2013

CITY OF VIRGINIA BEACH, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

1) Summary of Auditors' Results

Financial Statements:

Type of auditor's report issued on the financial statements:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified:	No
Significant deficiencies identified:	None reported
Noncompliance material to the financial statements noted?	No

Federal Awards:

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

Identification of major federal programs:

<u>Name of Program</u>	<u>CFDA #</u>
Department of Agriculture:	
Food Stamps Program - Administration	10.561
Department of Housing and Urban Development:	
Community Development Block Grant	14.218
Home Investment Partnerships Program	14.239
Department of Interior:	
Coastal Wetlands Planning, Protection and Restoration Act – Pleasure House Acquisition	15.614
Department of Labor:	
Workforce Investment Act Cluster	17.258/17.259/17.278
Environmental Protection Agency:	
Capitalization Grants for Clean Water State Revolving Funds – Pleasure House Point Acquisition	66.458
Department of Education:	
Title I, Part A Cluster	84.010
School Assistance in Federally Affected Areas Cluster	84.041

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

The City of Virginia Beach was qualified as a low risk auditee?	Yes
---	------------

CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

2) Findings - Financial Statement Audit

None

3) Findings and Questioned Costs - Major Federal Awards Compliance

2013-1 – 14.239 HOME Investment Partnerships Program
14.218 Community Development Block Grants/Entitlement Grants

Criteria

The *Government Funding Transparency Act of 2008*, Pub. L. No. 111-252 requires that grant and cooperative agreement recipients and contracts register in the Federal Funding Accountability and Transparency Act Sub-award Reporting System (FSRS) and report sub-award data through FSRS.

Condition/Context

While performing our audit procedures to ensure compliance with the *Government Funding Transparency Act of 2008* we noted that the City was not reporting its HOME and Community Development Block Grants sub-awards through the Federal Funding Accountability and Transparency Act Sub-award Reporting System.

Cause

Procedures were not in place to ensure sub-awards were properly reported in the Federal Funding Accountability and Transparency Act Sub-award Reporting System.

Questioned Cost

None

Effect

The City of Virginia Beach is not in compliance with the *Government Funding Transparency Act of 2008*.

Recommendation

We recommend a procedure be put in place to ensure all sub-awards be properly reported in the Federal Funding Accountability and Transparency Act Sub-award Reporting System.

Management's Response

We agree. The department has taken steps to address this issue including reporting the City's HOME and CDBG subawards in the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS) and adding the data submission requirements to the Contracts Checklist and review process.

CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

4) Findings and Questioned Costs – State Compliance

2013-2 – Social Services, Child Welfare Trusts

Criteria

The *Code of Virginia*, Section 63.2-320 requires that receipts be credited timely and accurately to Special Welfare accounts.

Condition/Context

While performing our audit procedures to ensure compliance with Section 3-15 of the *Specifications for Audits of Counties, Cities and Towns*, we noted two instances where an allowance was not credited timely to the Special Welfare Account.

Cause

Procedures were not in place to ensure allowances are posted in a timely manner to Special Welfare Accounts.

Effect

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

Recommendation

We recommend a procedure be put in place to ensure receipts are credited timely and accurately to Special Welfare Accounts.

Management's Response

We agree. The department has made changes to their procedures to ensure that Special Welfare funds are posted in a timely manner. These changes include requiring a second person review and reconcile the report of collections and individual accounts monthly and enlisting the assistance of the City Treasurer's Office to ensure frequent and timely reporting of the social security payments received.

5) Resolution of Prior Year's Findings

2012-1 Corrected

2012-2 Corrected

2012-3 Corrected

CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

Federal Granting Agency/Recipient State Agency/ Grant Program/Grant Number	Federal Catalogue Number	Expenditures
<u>DEPARTMENT OF AGRICULTURE:</u>		
<u>Pass Through Payments:</u>		
<u>Department of Agriculture</u>		
Food Distribution Program (Donated USDA Food)	10.550	\$ 1,774,179
<u>Department of Social Services</u>		
Food Stamps Program - Administration	10.561	3,153,907
<u>Department of Education</u>		
School Breakfast Program (Child Nutrition Cluster)	10.553	3,461,337
National School Lunch Program (Child Nutrition Cluster)	10.555	10,840,893
After School Snack Program (Child Nutrition Cluster)	10.558	14,621
		<hr/>
Total Department of Agriculture		\$ 19,244,937
<u>DEPARTMENT OF COMMERCE (NOAA):</u>		
<u>Pass Through Payments:</u>		
<u>Department of Environmental Quality</u>		
Virginia Coastal Resources Management Program	11.419	\$ 37,246
		<hr/>
Total Department of Commerce (NOAA)		\$ 37,246
<u>DEPARTMENT OF DEFENSE:</u>		
<u>Direct Payments:</u>		
Supplemental Payment to Federal Impacted Area	12.XXX	\$ 2,314,789
MYCAA FY10	12.XXX	1,000
MYCAA FY10	12.XXX	14,284
DODEA MCASP FY12	12.557	578,793
DODEA S-FLEP FY12	12.557	92,967
<u>Pass Through Payments:</u>		
<u>Virginia Department of Education</u>		
STARTALK ELEMENTARY CHIN FY12	12.901	6,780
STARTALK ELEMENTARY CHIN FY13	12.901	53,300
		<hr/>
Total Department of Defense		\$ 3,061,913

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

Federal Granting Agency/Recipient State Agency/ Grant Program/Grant Number	Federal Catalogue Number	Expenditures
<u>DEPARTMENT OF THE NAVY:</u>		
<u>Direct Payments:</u>		
ROTC Program	12.XXX	\$ 368,052
Encroachment Partnering Agreement	12.XXX	2,994,000
Total Department of the Navy		<u>\$ 3,362,052</u>
<u>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</u>		
<u>Direct Payments:</u>		
Housing Counseling Assistance Program	14.169	\$ 5,968
Community Development Block Grant	14.218	1,858,565
Emergency Shelter Grant	14.231	103,359
Supportive Housing Programs	14.235	539,117
Home Investment Partnerships Program	14.239	1,103,081
Housing Opportunities for Persons with AIDS	14.241	841,087
Section 8 Moderate Rehabilitation Single Room Occupancy	14.249	96,199
Housing Choice Voucher Program (Section 8)	14.871	16,967,614
<u>Pass Through Payments:</u>		
<u>Virginia Department of Housing and Community Development</u>		
Neighborhood Stabilization Program	14.218	560,808
Home Investment Partnerships Program	14.239	19,675
Total Department of Housing and Urban Development		<u>\$ 22,095,473</u>
<u>U. S. FISH AND WILDLIFE SERVICE:</u>		
<u>Pass Through Payments:</u>		
<u>Virginia Department of Game and Inland Fisheries</u>		
Refuge Revenue Sharing Act (Public Law 95-469)	15.659	\$ 77,271
Pleasure House Acquisition	15.614	1,000,000
Total U.S. Fish and Wildlife Service		<u>\$ 1,077,271</u>

CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

Federal Granting Agency/Recipient State Agency/ Grant Program/Grant Number	Federal Catalogue Number	Expenditures
<u>DEPARTMENT OF JUSTICE:</u>		
<u>Direct Payments:</u>		
Assistance to Localities for Administration	16.XXX	\$ 395,071
DEA Seized Property	16.XXX	211,414
Bulletproof Vest Partnership Program	16.607	7,389
Technology Program/ Save Our Schools	16.710	153,179
COPS SECURE OUR SCHOOLS	16.710	340,236
Edward Byrne Memorial Justice Assistance Grant Program	16.738	160,736
ARRA - Edward Byrne Memorial Justice Assistance Grant Program	16.804	281,665
<u>Pass Through Payments:</u>		
<u>Department of Criminal Justice Services</u>		
Juvenile Accountability Block Grant	16.523	97,455
Community Corrections - Steps to Respect	16.548	22,959
Alliance to End Partner Violence	16.588	44,409
Edward Byrne Memorial Justice Assistance Grant Program	16.738	91,334
<u>Department of Criminal Justice Services</u>		
ARRA - Edward Byrne Memorial Justice Assistance Grant Program	16.803	7,797
<u>County of Bedford</u>		
ARRA - Internet Crimes against Children Task Force Program	16.800	13,551
Total Department of Justice		\$ 1,827,195
<u>DEPARTMENT OF LABOR:</u>		
<u>Pass Through Payments:</u>		
<u>Virginia Community College System</u>		
Workforce Investment Act Adult Program (WIA Cluster)	17.258	\$ 3,168,041
Workforce Investment Act Youth Activities (WIA Cluster)	17.259	1,864,985
Workforce Investment Act Dislocated Workers (WIA Cluster)	17.278	705,437
<u>Greater Peninsula Workforce Development Consortium</u>		
HIB Technical Skills Grant	17.268	1,260,515
<u>Northern Virginia Workforce Investment Board</u>		
Workforce Innovation Fund	17.283	100,293
Total Department of Labor		\$ 7,099,271

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

Federal Granting Agency/Recipient State Agency/ Grant Program/Grant Number	Federal Catalogue Number	Expenditures
<u>NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION</u>		
<u>DEPARTMENT OF TRANSPORTATION:</u>		
<u>Pass Through Payments:</u>		
<u>Department of Motor Vehicles</u>		
State and Community Highway Safety Grant - Seat Belt Enforcement	20.602	\$ 92,366
DMV DUI Education Grants	20.607	74,548
Regional Training in Traffic	20.616	15,000
<u>Virginia Department of Transportation</u>		
Highway Safety Improvement Programs - HSIP Funds	20.XXX	2,945,709
Ferry Plantation House Restoration	20.205	77,910
Urban Construction Initiative/Highway Planning & Construction	20.205	899,895
CMAQ-STP (Congestion Mitigation and Air Quality-Surface Transportation)	20.205	867,262
Total Department of Transportation		\$ 4,972,690
<u>NATIONAL AERONAUTICS AND SPACE ADMINISTRATION:</u>		
<u>Direct Payments:</u>		
Aerospace Education Services Program	43.001	\$ 23,304
Total National Aeronautics and Space Administration		\$ 23,304
<u>ENVIRONMENTAL PROTECTION AGENCY</u>		
<u>Direct Payments:</u>		
Presidential Innovation Award for Environmental Education	66.951	\$ 407
<u>Pass Through Payments:</u>		
<u>Virginia Resources Authority</u>		
Pleasure House Point Acquisition	66.458	6,000,000
Total Environmental Protection Agency		\$ 6,000,407
<u>DEPARTMENT OF ENERGY:</u>		
<u>Direct Payments:</u>		
ARRA - Local Energy Assurance Plan Grant Program (LEAP)	81.122	\$ 58,069
ARRA - Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128	137,879
Total Department of Energy		\$ 195,948

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

Federal Granting Agency/Recipient State Agency/ Grant Program/Grant Number	Federal Catalogue Number	Expenditures
<u>DEPARTMENT OF EDUCATION:</u>		
<u>Direct Payments:</u>		
School Assistance in Federally Affected Areas (Public Law 874)	84.041	\$ 15,191,212
School Assistance in Federally Affected Areas (Public Law 874)	84.041	1,898,511
Title IV - PELL Grant	84.063	24,617
<u>Pass Through Payments:</u>		
<u>Virginia Department of Education</u>		
ADULT BASIC EDUCATION-ABE INCENTIVE GRAN	84.002	322,507
TITLE I PART A FY12	84.010	4,516,840
TITLE I PART D SUBPART 1 FY12	84.010	21,054
TITLE I PART A COLLEGE PARK FY12	84.010	64,784
TITLE I PART D SUBPART 1 FY13	84.010	9,741
TITLE I, PART A FY13	84.010	7,288,359
TITLE I PART D SUBPART 2-FY11	84.013	41,730
TITLE 1 PART D SUBPART 2 FY12	84.013	161,264
TITLE I, PART D, SUBPART 2 FY13	84.013	34,884
TITLE VI-B FY12	84.027	9,200,918
TITLE VI-B FY13	84.027	8,932,984
Vocational Education Instruction	84.048	779
CARL PERKINS FY13	84.048	836,593
PRESCHOOL INCENTIVE FY11	84.173	15,630
PRESCHOOL INCENTIVE FY12	84.173	172,285
PRESCHOOL INCENTIVE FY13	84.173	353,230
MCKINNEY HOMELESS FY12	84.196	6,805
MCKINNEY HOMELESS FY13	84.196	69,471
TITLE IV PART B 21ST CENTRY COMM LRN FY12	84.287	82,436
TITLE IV, PART B 21ST CCLC FY13	84.287	112,496
TITLE IV, PART B 21ST CCLC FY13	84.287	115,716
TITLE II PART D FY11	84.318	38,798
TITLE III PART A LANGUAGE ACQUISITION GR FY11	84.365	27,182
TITLE III PART A IMMIGRANT AND YOUTH GRA FY11	84.365	8,944
TITLE III PART A LANG ACQUISITION FY12	84.365	96,734
TITLE III PART A LANG ACQUISITION FY13	84.365	1,516
TITLE II PART A FY11	84.367	10,907
TITLE II PART A FY12	84.367	675,851
TITLE II PART A FY13	84.367	1,810,290
CHESAPEAKE BAY RESTORATION FY12	94.004	35
TEACHING AMERICAN HISTORY (SAIL) FY10	84.215X	63,600
LEARNING ENHANCED THROUGH THE NATURE OF SCIENCE FY12	84.366B	21,939
VA MIDDLE SCHOOL TEACHER CORPS PROFESS DEVEL FY13	84.367A	1,560
VA MIDDLE SCHOOL TEACHER CORPS PROFESS DEVEL FY14	84.367A	8,000
<u>Department of Behavioral Health and Developmental Services</u>		
Early Intervention Program for Infants and Toddlers with Disabilities	84.181	507,966
Total Department of Education		\$ 52,748,168

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

Federal Granting Agency/Recipient State Agency/ Grant Program/Grant Number	Federal Catalogue Number	Expenditures
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>		
<u>Pass Through Payments:</u>		
<u>Department of Behavioral Health and Developmental Services</u>		
Mental Health Services for the Homeless-Block Grant	93.150	\$ 124,538
Block Grants for Community Mental Health Services	93.958	300,297
Block Grants for Prevention & Treatment of Substance Abuse	93.959	1,909,191
<u>Virginia Department for the Aging/ Southeastern Virginia Area Wide Model Program</u>		
Supportive Services and Senior Centers (Title IIIIE)	93.044	39,133
<u>Department of Social Services</u>		
Family Preservation	93.556	203,716
Temporary Assistance for Needy Families	93.558	2,800,707
Refugee and Entrant Assistance - State Administered Programs	93.566	16,131
Home Energy Assistance	93.568	201,126
Child Care and Development Fund (Childcare Cluster)	93.596	352,629
Chafee Education and Training Vouchers Program	93.599	10,193
Child Welfare Services	93.645	11,667
Foster Care Title IV-E	93.658	2,061,194
Adoption Assistance	93.659	1,062,400
Social Services Block Grant	93.667	2,325,126
Independent Living	93.674	41,193
FAMIS State Children's Insurance Program	93.767	77,361
Medical Assistance Program (Medicaid Cluster)	93.778	1,901,746
<u>Virginia Department of Medical Assistance Services</u>		
Medical Assistance Program - Medicaid	93.778	732,618
Total Department of Health and Human Services		\$ 14,170,966
<u>DEPARTMENT OF HOMELAND SECURITY:</u>		
<u>Direct Payments:</u>		
Urban Areas Security Initiative - UASI	97.008	\$ 3,642,641
FEMA National US&R Response System	97.025	1,890,924
FEMA National US&R Response System	97.039	66,333

CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

Federal Granting Agency/Recipient State Agency/ Grant Program/Grant Number	Federal Catalogue Number	Expenditures
<u>DEPARTMENT OF HOMELAND SECURITY: (continued)</u>		
<u>Pass Through Payments:</u>		
<u>Virginia Department of Emergency Management</u>		
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	\$ 18,016
Emergency Management Performance Grants	97.042	52,914
Port Security	97.056	155,020
FEMA Citizen Corps CERT	97.073	51,490
Heavy Tactical	97.073	151,011
Haz Mat Team Equipment, Exercise, and Training	97.073	48,400
Severe Repetitive Loss	97.092	<u>113,507</u>
<u>Department of Criminal Justice Services</u>		
State Domestic Preparedness Equipment Support Program	97.004	<u>30,128</u>
Total Department of Homeland Security		<u>\$ 6,220,384</u>
Total Federal Financial Assistance		<u><u>\$ 142,137,225</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, 2013

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		\$ 17,591,661
Capital Projects Fund		13,097,955
Non Major Governmental Funds		33,913,588
Enterprise Funds		1,293,548
Other Component Units (not including Virginia Beach Pass-through \$896,202)		1,088,656
School Board Funds		70,800,124
Total federal awards reported in basic financial statements		\$ 137,785,532

Plus: Prior year balances from the following:

School Breakfast Program	10.553	\$ 564,444
National School Lunch Program	10.555	1,631,067
After School Snack Program	10.558	1,522
		2,197,033

Plus: Federal "equivalency" funding from Virginia Resources Authority	66.458	6,000,000
---	--------	-----------

Total realized revenue reported in Schedule of Expenditures of Federal Awards		\$ 145,982,565
---	--	----------------

Less: Revenue closed to fund balances from the following:

Community Development Block Grant	14.218	\$ 64,895
Home Investment Partnerships Program	14.239	518,324
Housing Opportunities for Persons with AIDS	14.241	47,805
School Breakfast Program	10.553	158,923
National School Lunch Program	10.555	455,948
After School Snack Program	10.558	62
Bullet Proof Vest Partnership Program	16.607	13,100
COPS Secure Our Schools	16.710	87,374
Byrne JAG grant	16.738	7,046
ARRA JAG grant	16.803	5,000
ARRA Internet Crimes Against Children	16.800	2,587
Urban Areas Security Initiative	97.008	337,519
FEMA National US&R Response System	97.025	16,913
		\$ 1,715,496

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

Less: Revenue not subject to Single Audit:

General Fund - Federal Reimbursement for Police OT	\$	38,494
General Fund Federal Bond Subsidy		304,701
Water & Sewer EF Federal Bond Subsidy		1,017,733
Storm Water EF Federal Bond Subsidy		275,815
Debt Service SRF Federal Bond Subsidy		493,101
	\$	2,129,844
 Total Federal Expenditures		 <u><u>\$ 142,137,225</u></u>

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	\$ 163,034
HOME Investment Partnerships	14.239	714,466
Emergency Solutions Grant	14.231	<u>18,702</u>
 Total Virginia Beach Community Development Corporation		 <u><u>\$ 896,202</u></u>
 Opportunity, Inc. of Hampton Roads:		
Workforce Investment Act Adult Program	17.258	\$ 3,168,041
Workforce Investment Act Youth Activities	17.259	1,864,985
Workforce Investment Act Dislocated Workers	17.278	705,437
 Greater Peninsula Workforce Development Consortium:		
H1B Technical Skills Grant	17.268	1,260,515
 Northern Virginia Workforce Investment Board		
Workforce Innovation Fund	17.283	<u>100,293</u>
 Total Opportunity, Inc. of Hampton Roads		 <u><u>\$ 7,099,271</u></u>

CONTINUING DISCLOSURE

Continuing Disclosure

This part of the City of Virginia Beach comprehensive annual financial report presents detailed information with regards to Rule 15c2-12 promulgated by the Securities and Exchange Commission to provide certain annual financial information and material event notices.

<u>Contents</u>	<u>Page</u>
General Obligation and Public Facility Revenue Bond Operating Data:.....	272
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	
Water and Sewer Revenue Bond Operating Data:.....	277
Schedule 2-1 Ten Largest Utility (Water) Customers	
Schedule 2-2 Outstanding Debt by Issue	
Schedule 2-3 History of Receipts and Disbursements	
Schedule 2-4 System Operating Revenues, Expenses and Coverage	
Schedule 2-5 Debt Service Requirements	
Schedule 2-6 Water and Sewer Rate History	
Storm Water Revenue Bond Operating Data:.....	283
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, 2013
(Unaudited)

	Taxpayer	Business Type	Real Property Assessed Value
1	E. D. & A. F. Ruffin & B. L. Thompson	Apartments/Shopping Center	\$ 357,776,300
2	Virginia Electric & Power Company	Utility	297,479,257
3	Lynnhaven Mall LLC*	Shopping Mall	297,101,900
4	Ramon W. Breeden, Jr.	Apartments/Shopping Center	285,676,836
5	Armada Hoffler	Office/Retail/Vacant Land	265,210,900
6	J. M. , R.J.F. , A.D. & L.E. Caplan	Real Estate	214,499,400
7	Verizon Virginia, Inc.	Utility	179,412,063
8	Pembroke Square Assoc.	Shopping Mall	165,488,300
9	Cheryl P. McLeskey	Real Estate	137,250,200
10	Christian Broadcasting Assoc./Net, Inc.	Broadcasting	134,313,000
11	Thomas J. Lyons, Jr.	Hotels	109,992,200
12	Lake Gem	Shopping Center/Fast-Food	104,778,200
13	Sifen, Michael D.	Real Estate	99,393,400
14	Westminster Canterbury	Real Estate	95,927,900
15	Watergate Treehouse Associates LP	Shopping Center	95,439,100
16	Aimco Maple Bay & Aimco Reflections LLC	Apartments	87,377,300
17	Potter Properties	Shopping Center	85,719,800
18	Virginia Natural Gas	Utility	80,805,811
19	Windsor Lake & Shoreline Apartments LLC.	Apartments/Shopping Center	78,626,400
20	Inland Diversified Virginia Beach Landstown LLC	Shopping Center	75,932,900
21	Occidental Development, Ltd.	Apartments	57,788,200
22	Atlantic Shores Cooperative	Apartments	52,225,000
23	BBR/Marina Shores LLC	Shopping Center	48,926,900
24	Princess Anne Properties, Inc.	Real Estate	47,892,500
25	Wal Mart Real Estate Business Trust	Retail Stores	47,670,800
Total			<u><u>\$ 3,502,704,567</u></u>

Source: City Assessor & Commissioner of the Revenue

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

CITY OF VIRGINIA BEACH, VIRGINIA
PROPERTY TAX RATES AND CHANGE IN TAX LEVY
Fiscal Years 1996 Through 2013
(Unaudited)

Fiscal Year	Tax Rate on Real Property (1)	Real Property Tax Levy	Percentage Annual Change in Tax Levy
1996	\$ 1.188	\$ 213,069,095	7.77%
1997	1.220	226,859,499	6.47%
1998	1.220	236,751,484	4.36%
1999	1.220	246,389,536	4.07%
2000	1.220	264,436,560	7.32%
2001	1.220	280,963,485	6.25%
2002	1.220	305,058,532	8.58%
2003	1.220	327,953,650	7.51%
2004	1.220	341,740,132	4.20%
2005	1.196	378,178,905	10.66%
2006	1.024	393,544,291	4.06%
2007	0.990	461,816,439	17.35%
2008	0.890	483,635,234	4.72%
2009	0.890	497,742,524	2.92%
2010	0.890	485,659,493	-2.43%
2011	0.890	456,029,698	-6.18%
2012	0.890	443,160,075	-2.82%
2013	0.950	457,057,821	3.14%

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 2013
(Unaudited)

Fiscal Year	Real Property Assessed Value (1)	Percentage Change From Prior Year	Personal Property Assessed Value	Percentage Change From Prior Year	Public Service Property Assessed Value (2)	Percentage Change From Prior Year	Total Assessed Value	Percentage Change From Prior Year
1996	\$ 17,569,373,603	2.21%	\$ 1,773,955,263	11.55%	\$ 631,854,212	5.58%	\$ 19,975,183,078	3.08%
1997	18,231,483,508	3.77%	1,848,939,232	4.23%	623,804,522	-1.27%	20,704,227,262	3.65%
1998	19,068,899,073	4.59%	1,975,719,516	6.86%	630,802,210	1.12%	21,675,420,799	4.69%
1999	19,880,386,330	4.26%	2,260,575,622	14.42%	656,859,261	4.13%	22,797,821,213	5.18%
2000	20,997,405,999	5.62%	2,725,158,950	20.55%	677,545,782	3.15%	24,400,110,731	7.03%
2001	22,085,451,417	5.18%	2,870,591,003	5.34%	705,956,994	4.19%	25,661,999,414	5.17%
2002	23,380,509,148	5.86%	2,915,490,499	1.56%	731,786,118	3.66%	27,027,785,765	5.32%
2003	25,949,245,358	10.99%	3,004,538,542	3.05%	753,259,714	2.93%	29,707,043,614	9.91%
2004	27,513,988,726	6.03%	3,252,187,117	8.24%	743,170,991	-1.34%	31,509,346,834	6.07%
2005	31,281,844,464	13.69%	3,369,167,703	3.60%	624,562,746	-15.96%	35,275,574,913	11.95%
2006	38,379,012,758	22.69%	3,710,964,218	10.14%	530,465,288	-15.07%	42,620,442,264	20.82%
2007	46,122,142,394	20.18%	3,787,921,076	2.07%	545,140,581	2.77%	50,455,204,051	18.38%
2008	55,146,390,999	19.57%	4,152,466,483	9.62%	647,905,245	18.85%	59,946,762,727	18.81%
2009	56,766,753,287	2.94%	3,712,297,032	-10.60%	807,890,384	24.69%	61,286,940,703	2.24%
2010	55,379,973,665	-2.44%	3,611,774,884	-2.71%	890,229,132	10.19%	59,881,977,681	-2.29%
2011	51,975,401,446	-6.15%	4,078,095,291	12.91%	927,509,746	4.19%	56,981,006,483	-4.84%
2012	50,508,022,826	-2.82%	4,305,170,900	5.57%	938,693,399	1.21%	55,751,887,125	-2.16%
2013	48,851,994,658	-3.28%	4,249,692,532	-1.29%	929,843,170	-0.94%	54,031,530,360	-3.09%

(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 2013
(Unaudited)

Fiscal Year	Total Tax Levy		Collected within the Fiscal Year of the Levy		Collections in Subsequent Years*	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
1996	\$	280,791,187	\$ 266,155,281	94.8 %	\$ 15,097,887	\$ 281,253,168	100.2 %
1997		297,253,895	282,265,999	95.0	14,874,129	297,140,128	100.0
1998		311,799,732	296,158,994	95.0	15,076,247	311,235,241	99.8
1999		328,444,301	303,646,060	92.4	14,866,315	318,512,375	97.0
2000		367,377,661	342,033,400	93.1	22,482,116	364,515,516	99.2
2001		388,489,478	358,291,746	92.2	20,341,533	378,633,279	97.5
2002		420,060,733	396,051,828	94.3	16,856,675	412,908,503	98.3
2003		445,787,734	420,490,211	94.3	17,638,904	438,129,115	98.3
2004		458,846,761	421,236,325	91.8	18,013,929	439,250,254	95.7
2005		505,050,845	468,796,012	92.8	20,104,806	488,900,818	96.8
2006		531,438,288	483,649,302	91.0	13,953,545	497,602,847	93.6
2007		527,465,143	505,518,196	95.8	17,371,409	522,889,605	99.1
2008		562,044,329	537,526,149	95.6	20,443,540	557,969,689	99.3
2009		570,582,069	547,934,162	96.0	18,970,073	566,904,235	99.4
2010		546,129,490	526,040,648	96.3	16,126,386	542,167,034	99.3
2011		523,586,269	504,769,073	96.4	12,752,793	517,521,866	98.8
2012		529,296,087	496,807,253	93.9	11,589,579	508,396,832	96.1
2013		540,797,475	515,533,542	95.3	-	515,533,542	95.3

Source: City Department of Finance

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

* The methodology for reporting "Collections in Subsequent Years" was changed in FY 2000. Collections in Subsequent Years for 1996-2000 are stated as reported in our 2005 Comprehensive Annual Financial Report.

CITY OF VIRGINIA BEACH, VIRGINIA
PRINCIPAL TAX REVENUES BY SOURCE
Fiscal Years 1996 through 2013
(Unaudited)

Fiscal Year	Real Property Taxes ¹	Personal Property Taxes	General Sales Tax	Utility Tax	Restaurant Meal Tax	Other Taxes	Total Taxes Assessed
1996	\$ 215,783,669	\$ 66,775,292	\$ 32,808,424	\$ 30,410,466	\$ 19,835,362	\$ 53,613,813	\$ 419,227,026
1997	230,682,146	67,612,923	33,916,147	26,420,839	20,682,238	56,083,447	435,397,740
1998	239,675,849	75,041,794	35,049,804	29,334,345	22,046,548	58,680,182	459,828,522
1999	249,878,165	76,016,201	37,004,115	30,594,776	23,157,204	61,927,958	478,578,419
2000	263,916,207	90,545,837	38,212,293	32,094,368	24,436,808	64,175,064	513,380,577
2001	276,515,023	90,791,185	39,712,323	34,080,325	25,320,531	68,188,931	534,608,318
2002	293,591,325	96,878,086	40,619,190	41,755,840	31,887,442	73,883,628	578,615,511
2003	319,261,524	97,182,499	41,782,279	43,407,182	34,377,007	79,458,536	615,469,027
2004	347,360,112	80,260,731	46,328,049	45,778,363	38,144,787	92,406,133	650,278,175
2005	382,632,555	57,046,694	49,315,425	47,105,890	41,565,553	98,135,551	675,801,668
2006	397,431,699	66,804,132	51,391,606	47,778,078	45,025,727	105,702,298	714,133,540
2007	462,221,198	71,592,573	53,962,203	46,357,954	46,743,465	105,393,161	786,270,554
2008	499,241,014	75,062,192	54,071,427	50,521,820	48,069,618	107,535,059	834,501,130
2009	515,768,880	71,181,027	51,439,533	45,764,804	48,304,462	105,627,818	838,086,524
2010	504,334,961	59,813,526	50,263,545	46,662,622	48,442,376	103,385,929	812,902,959
2011	474,474,648	65,943,535	51,743,905	45,129,301	50,594,181	108,691,603	796,577,173
2012	461,480,333	73,705,379	53,375,318	45,254,169	53,254,313	109,728,241	796,797,753
2013	476,217,120	74,723,035	54,978,531	44,623,292	55,122,465	115,403,784	821,068,227

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 2013
(Unaudited)

Customer	Annual Consumption in 1,000 Gallons	Type of Customer
Virginia Beach Correction Center	45,579	City Correction Center
Sentara Virginia Beach General Hospital	36,664	Hospital
S L Nusbaum Realty	35,845	Thalia Garden Apartments
Sentara Princess Anne Hospital	31,912	Hospital
Westminister-Canterbury of Hampton Roads	29,908	Retirement Center
Countyview Mobile Ct.	22,769	Mobile Home Park
Town Center Associates 7 LLC	20,293	Real Estate Asset Manager
Watergate Assoc Lakes	19,958	Linkhorn Bay Apartments
Bonaventure Property Management	19,942	Real Estate Asset Manager
Colony Mobile Home Park	19,618	Mobile Home Park

Source: City Department of Public Utilities

CITY OF VIRGINIA BEACH, VIRGINIA
WATER AND SEWER ENTERPRISE FUND
OUTSTANDING DEBT BY ISSUE
at June 30, 2013
(Unaudited)

2010A Water and Sewer System Revenue Bonds	\$ 61,975,000
2010B Water and Sewer System Refunding Revenue Bonds	8,055,000
2010C Water and Sewer System Refunding Revenue Bonds	24,530,000
2005 Water and Sewer System Revenue & Refunding Bonds	60,870,000
2002 Water and Sewer System Revenue Bonds	4,740,000
1998 Taxable Water and Sewer System Revenue Bond (1)	2,300,257
1997 Taxable Water and Sewer System Revenue Bond (1)	2,283,317
1994 Taxable Water and Sewer System Revenue Bond (1)	<u>206,248</u>
 Total Water and Sewer Debt Outstanding	 <u><u>\$ 164,959,822</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 2008 through 2013
(in thousands of dollars)
(Unaudited)

	Fiscal Year					
	2008	2009	2010	2011	2012	2013
Balance - July 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fees Received	2,994	1,741	1,990	1,938	3,265	3,905
Disbursements	<u>2,994</u>	<u>1,741</u>	<u>1,990</u>	<u>1,938</u>	<u>3,265</u>	<u>3,905</u>
Balance - June 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Source: City Department of Finance

CITY OF VIRGINIA BEACH, VIRGINIA
WATER AND SEWER ENTERPRISE FUND
SYSTEM OPERATING REVENUES, EXPENSES AND COVERAGE
For Fiscal Year Ending June 30
(in thousands of dollars)
(Unaudited)

	Fiscal Year				
	2009	2010	2011	2012	2013
<u>Operating Revenues</u>					
Service Charges	\$ 47,588	\$ 49,336	\$ 49,941	\$ 56,041	\$ 62,231
Water Usage	44,628	46,002	48,666	47,589	46,543
Miscellaneous	399	340	953	884	839
Total Operating Revenues	<u>\$ 92,615</u>	<u>\$ 95,678</u>	<u>\$ 99,560</u>	<u>\$ 104,514</u>	<u>\$ 109,613</u>
<u>Operating Expenses</u>					
Water Acquisition	\$ 25,251	\$ 24,952	\$ 25,341	\$ 25,353	\$ 25,968
Water Distribution	8,560	7,765	8,199	8,282	8,056
Sewer Collection	11,519	11,893	12,367	12,605	13,151
Administration and Engineering	15,253	15,551	15,853	16,469	16,829
Customer Services	9,491	9,224	9,317	9,445	9,830
Total Operating Expenses	<u>\$ 70,074</u>	<u>\$ 69,385</u>	<u>\$ 71,077</u>	<u>\$ 72,154</u>	<u>\$ 73,834</u>
Net Operating Income	<u>\$ 22,541</u>	<u>\$ 26,293</u>	<u>\$ 28,483</u>	<u>\$ 32,360</u>	<u>\$ 35,779</u>
<u>Non-Operating Revenues/(Expense)</u>					
Interest	\$ 2,368	\$ 794	\$ 643	\$ 524	\$ 457
Water Resource Recovery Fee	1,741	1,990	1,938	3,265	3,905
Connection Fees	780	758	679	1,212	1,274
Norfolk Water True-Up	-	(1,792)	(3,362)	(166)	-
Total Non-Operating Income	<u>\$ 4,889</u>	<u>\$ 1,750</u>	<u>\$ (102)</u>	<u>\$ 4,835</u>	<u>\$ 5,636</u>
Income Available For Debt Service	<u>\$ 27,430</u>	<u>\$ 28,043</u>	<u>\$ 28,381</u>	<u>\$ 37,195</u>	<u>\$ 41,415</u>
<u>Annual Debt Service</u>					
Water and Sewer Revenue Bonds	\$ 10,636	\$ 10,720	\$ 12,181	\$ 13,969	\$ 13,932
Total Water and Sewer Debt Service	\$ 10,636	\$ 10,720	\$ 12,181	\$ 13,969	\$ 13,932
<u>Coverage of Debt Service on Water and Sewer Revenue Bonds</u>	2.58x	2.62x	2.33x	2.66x	2.97x
<u>Coverage of Debt Service on All Debt Supported by Water and Sewer Revenues</u>	2.58x	2.62x	2.33x	2.66x	2.97x

Source: City Departments of Finance and Public Utilities.

CITY OF VIRGINIA BEACH
WATER AND SEWER ENTERPRISE FUND
DEBT SERVICE REQUIREMENTS
as of June 30, 2013
(Unaudited)

Fiscal Year	Principal	Interest	Subsidy	Total
2013-14	\$ 7,796,175.59	\$ 7,424,391.27	\$ (1,017,732.60)	\$ 14,202,834.26
2014-15	8,093,130.37	7,131,261.41	(1,017,732.60)	14,206,659.18
2015-16	8,341,805.69	6,800,171.67	(1,017,732.60)	14,124,244.76
2016-17	8,702,706.63	6,449,370.73	(1,017,732.60)	14,134,344.76
2017-18	8,010,727.75	6,090,981.28	(1,004,494.73)	13,097,214.30
2018-19	8,385,276.42	5,739,108.76	(976,808.86)	13,147,576.32
2019-20	7,655,000.00	5,396,039.98	(946,785.86)	12,104,254.12
2020-21	7,950,000.00	5,079,589.98	(914,830.86)	12,114,759.12
2021-22	8,280,000.00	4,748,536.86	(881,322.73)	12,147,214.13
2022-23	8,665,000.00	4,380,209.99	(845,559.73)	12,199,650.26
2023-24	9,065,000.00	3,996,411.87	(806,512.42)	12,254,899.45
2024-25	9,470,000.00	3,607,793.75	(763,962.48)	12,313,831.27
2025-26	9,950,000.00	3,161,063.75	(718,084.48)	12,392,979.27
2026-27	7,760,000.00	2,719,415.00	(668,664.92)	9,810,750.08
2027-28	8,065,000.00	2,329,897.50	(615,202.86)	9,779,694.64
2028-29	6,000,000.00	1,977,117.50	(557,678.61)	7,419,438.89
2029-30	6,290,000.00	1,652,392.50	(496,087.36)	7,446,305.14
2030-31	6,595,000.00	1,309,418.75	(430,471.55)	7,473,947.20
2031-32	3,590,000.00	1,031,130.00	(360,895.49)	4,260,234.51
2032-33	3,775,000.00	821,227.50	(287,429.62)	4,308,797.88
2033-34	3,965,000.00	600,637.50	(210,223.12)	4,355,414.38
2034-35	4,170,000.00	368,790.00	(129,076.49)	4,409,713.51
2035-36	4,385,000.00	124,972.50	(43,740.37)	4,466,232.13
Totals	<u>\$ 164,959,822.45</u>	<u>\$ 82,939,930.05</u>	<u>\$ (15,728,762.94)</u>	<u>\$ 232,170,989.56</u>

All Water & Sewer Debt is Parity Debt are Revenue Bonds and Notes issued pursuant to Article VII, Sec. 10(a)(3) of the Constitution of Virginia, secured solely by the Revenues of the system.

Source: City Department of Finance

CITY OF VIRGINIA BEACH, VIRGINIA
WATER AND SEWER ENTERPRISE FUND
WATER AND SEWER RATE HISTORY
(Unaudited)

Effective Date of Rate Adjustment	Water Commodity Rate (per 1,000 gallons)	Sanitary Sewer Service Charge Single Family Residence (per month)
July 1, 1991	\$ 2.96	\$ 10.58
July 1, 1992	3.11	11.38
July 1, 1993	3.38	11.38
July 1, 1994	3.65	11.38
July 1, 1999	3.55	11.38
July 1, 2001	3.55	12.29
July 1, 2002	3.55	13.27
July 1, 2003	3.55	14.34
July 1, 2005	3.65	15.92
July 1, 2006	3.70	16.88
July 1, 2007	3.80	17.72
July 1, 2008	3.95	18.61
July 1, 2009	4.10	19.54
July 1, 2010	4.41	19.54
July 1, 2011	4.41	22.12
July 1, 2012	4.41	24.86
July 1, 2013	4.41	27.76

Source: City Department of Public Utilities

CITY OF VIRGINIA BEACH, VIRGINIA
TEN LARGEST STORM WATER UTILITY ACCOUNTS
For Billing Period Ending June 30, 2013
(Unaudited)

Customer	Fees Billed
Sentara Healthcare	\$ 93,767
Pembroke Square	68,705
Virginia Wesleyan College	67,129
Mountain Ventures - Virginia Beach	66,815
Sentara Virginia Beach General Hospital	61,932
Stihl, Inc.	55,222
Eagle Holdings, LLC	53,369
Wal-Mart Real Estate Business	52,705
GEICO	49,802
Wordsworth Village at West Neck	49,321

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, 2013
(Unaudited)

Type of Property	2013 Percent of Equivalent Residential Units (ERU)
Residential	50.6%
Multi-Family	10.9%
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, 2013
(Unaudited)

Fiscal Year	Assessed fees	Collected fees *	% Collected
2013	\$ 32,006,788	\$ 31,850,244	99.511%
2012	27,632,407	27,506,561	99.545%
2011	20,883,989	20,821,039	99.699%
2010	19,285,723	19,247,218	99.800%
2009	17,441,273	17,405,536	99.795%
2008	15,487,064	15,482,163	99.968%
2007	14,657,797	14,652,896	99.967%
2006	13,737,919	13,733,018	99.964%
2005	12,456,762	12,451,861	99.961%
2004	12,519,585	12,514,684	99.961%
2003	11,415,662	11,410,761	99.957%
2002	10,437,774	10,432,873	99.953%
2001	9,467,608	9,462,707	99.948%
2000	9,330,500	9,325,599	99.947%
1999	9,219,518	9,214,617	99.947%
1998	7,909,209	7,904,308	99.938%
1997	6,547,709	6,542,808	99.925%
1996	6,441,521	6,436,620	99.924%
1995	6,392,423	6,387,522	99.923%
1994	6,299,650	6,294,749	99.922%

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)

<u>Revenue Requirement A</u>	Fiscal Year					
	2009	2010	2011	2012	2013	2014 Budget
Total Revenues:						
System Revenues (including interest income)	\$ 17,962,149	\$ 19,406,355	\$ 21,234,088	\$ 27,892,419	\$ 32,954,179	\$ 37,143,136
Non-Operating Revenues deposited into the Revenue Fund (from the Commonwealth)*	5,216,559	5,222,410	2,656,916	-	-	-
Total Revenues	\$ 23,178,708	\$ 24,628,765	\$ 23,891,004	\$ 27,892,419	\$ 32,954,179	\$ 37,143,136
Total Expenses:	10,489,311	10,676,428	11,234,614	13,311,162	14,317,957	14,286,750
Revenues Available for Debt Service	\$ 12,689,397	\$ 13,952,337	\$ 12,656,390	\$ 14,581,257	\$ 18,636,222	\$ 22,856,386
Maximum Principal and Interest Requirement on Revenue Bonds (a)	\$ 767,850	\$ 767,850	\$ 1,989,070	\$ 1,989,070	\$ 1,989,070	\$ 1,989,070
Total Maximum Debt Service	\$ 767,850	\$ 767,850	\$ 1,989,070	\$ 1,989,070	\$ 1,989,070	\$ 1,989,070
Debt Service Coverage Ratio	16.5	18.2	6.4	7.3	9.4	11.5

Source: City Department of Finance

* The City has no legal obligation to deposit revenues from the Commonwealth into the Revenue Fund.

<u>Revenue Requirement B</u>	Fiscal Year					
	2009	2010	2011	2012	2013	2014 Budget
System Revenues (including interest income)	\$ 17,962,149	\$ 19,406,355	\$ 21,234,088	\$ 27,892,419	\$ 32,954,179	\$ 37,143,136
Less Required Transfers:						
Operating Expenses	\$ 9,386,471	\$ 10,660,893	\$ 10,479,442	\$ 12,045,293	\$ 12,456,779	\$ 12,290,066
Capital Outlay	1,102,840	15,535	755,172	1,265,869	1,861,178	1,996,684
Senior Debt:						
Maximum Principal & Interest Requirement on Series 2000 Bonds	767,850	767,850	-	-	-	-
Requirement on Series 2010A Bonds (a)	-	-	1,343,595	1,343,595	1,343,595	1,343,595
Requirement on Series 2010B Bonds	-	-	645,475	645,475	645,475	645,475
Parity Double Barrel Bond Fund	-	-	-	-	-	-
Subordinate Debt Fund (Prior Bonds)	631,868	603,619	489,014	469,360	322,975	226,457
Capital Improvement Account (Cash)	3,040,556	5,403,749	5,947,338	10,836,635	14,122,870	13,962,480
Total Transfers	\$ 14,929,585	\$ 17,451,646	\$ 19,660,036	\$ 26,606,227	\$ 30,752,872	\$ 30,464,757
Surplus Revenue available after transfers:	\$ 3,032,564	\$ 1,954,709	\$ 1,574,052	\$ 1,286,192	\$ 2,201,307	\$ 6,678,379

Reconciliation of Expenses to CAFR

Total Operating Expenses (per CAFR)	\$ 12,622,360	\$ 12,746,643	\$ 13,226,435	\$ 15,550,163	\$ 16,709,597	
Less: Depreciation	(2,014,734)	(2,058,715)	(1,991,821)	(2,239,001)	(2,391,640)	
Appropriations from Retained Earnings	(118,315)	(11,500)	-	-	-	
Total Expenses (Pro Forma Requirement)	\$ 10,489,311	\$ 10,676,428	\$ 11,234,614	\$ 13,311,162	\$ 14,317,957	

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, 2013
(Unaudited)

Fiscal Year	Principal	Interest	Subsidy	Total
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>\$ 25,420,000.00</u>	<u>\$ 14,008,858.26</u>	<u>\$ (4,451,518.32)</u>	<u>\$ 34,977,339.94</u>

Source: City Department of Finance



This Page Intentionally Left Blank



A community for a lifetime...

