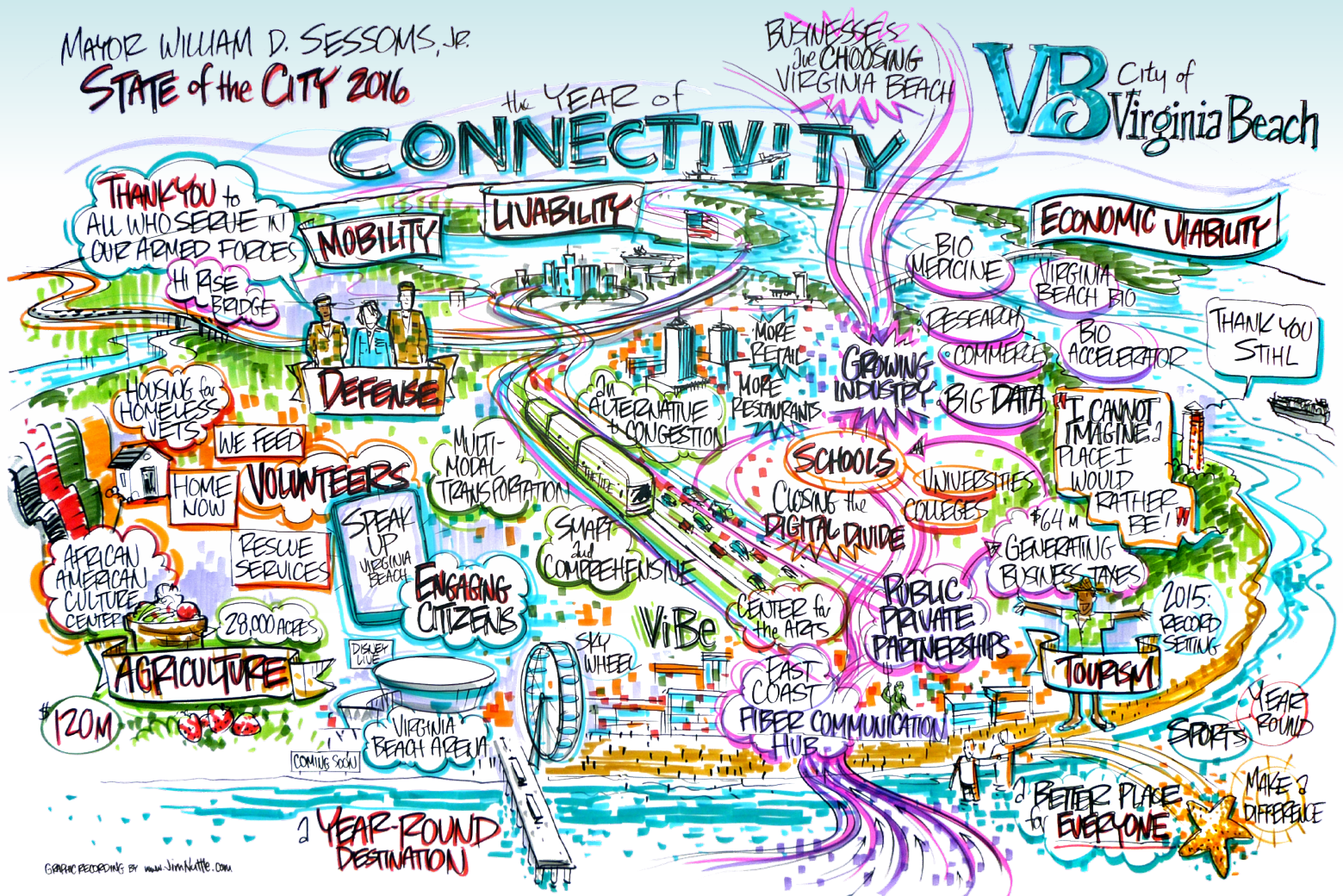


For Fiscal Year Ended June 30, 2016
Virginia Beach, Virginia

BUSINESSES
are CHOOSING
VIRGINIA BEACH



City of Virginia Beach



GRAPHIC RECORDING BY www.JimNuttall.com

The logo for the City of Virginia Beach, featuring a large blue 'VB' with a wave graphic, followed by the text 'City of Virginia Beach' and the tagline 'A Community for a Lifetime' in a smaller font.

Cover illustration: Artist Jim Nuttle drew the illustration as a graphic depiction of Mayor William D. Sessoms, Jr.'s 2016 State of the City speech.

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

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2016**

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

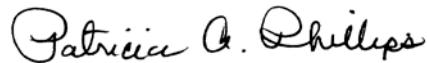
Acknowledgments...

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, Kevin Kielbasa
CAFR Team -	Patricia Kephart, Jumel Nicholas, Ronald Snellings, Christina Hoeflein, Lisa Pittenger, Trish Donahue, Nancy Leavitt, Andrew Oliver
Technical Assistance -	Sean Murphy
Staff Support -	Penny Williams, Loretta Brown, Bonnie Castellow
Photographs -	Craig D. McClure

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

Sincerely,

A handwritten signature in cursive script that reads "Patricia A. Phillips".

Patricia A. Phillips, Director
Department of Finance

**CITY OF VIRGINIA BEACH, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2016**

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INTRODUCTORY SECTION

CITY OF VIRGINIA BEACH, VIRGINIA

CITY COUNCIL

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

SCHOOL BOARD

Daniel D. Edwards, Chairman District 2 – Kempsville
Beverly M. Anderson, Vice Chairman At-Large
Leonard C. Tengco District 1 – Centerville
Joel A. McDonald District 3 – Rose Hall
Carolyn D. Weems District 4 – Bayside
Carolyn T. Rye District 5 – Lynnhaven
Sharon R. Felton District 6 – Beach
Kimberly A. Melnyk District 7 – Princes Anne
Dorothy M. Holtz At-Large
Ashley K. McLeod At-Large
Elizabeth E. Taylor At-Large

CONSTITUTIONAL OFFICERS

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

VIRGINIA BEACH DEVELOPMENT AUTHORITY

Dorothy L. Wood Chair
Charles M. Salle Vice Chair
Shewling Moy Secretary
Michael H. Levinson Assistant Secretary
Bryan D. Cuffee Treasurer
David L. Bernd Commissioner
Linwood O. Branch Commissioner
Jerrold L. Miller Commissioner
Peter K. Mueller Commissioner
Joseph E. Strange Commissioner
Stephen J. McNulty Commissioner

APPOINTED OFFICERS

David L. Hansen City Manager
Mark D. Stiles City Attorney
Ruth Hodges Fraser City Clerk
Jerald Banagan Real Estate Assessor
Lyndon S. Remias City Auditor

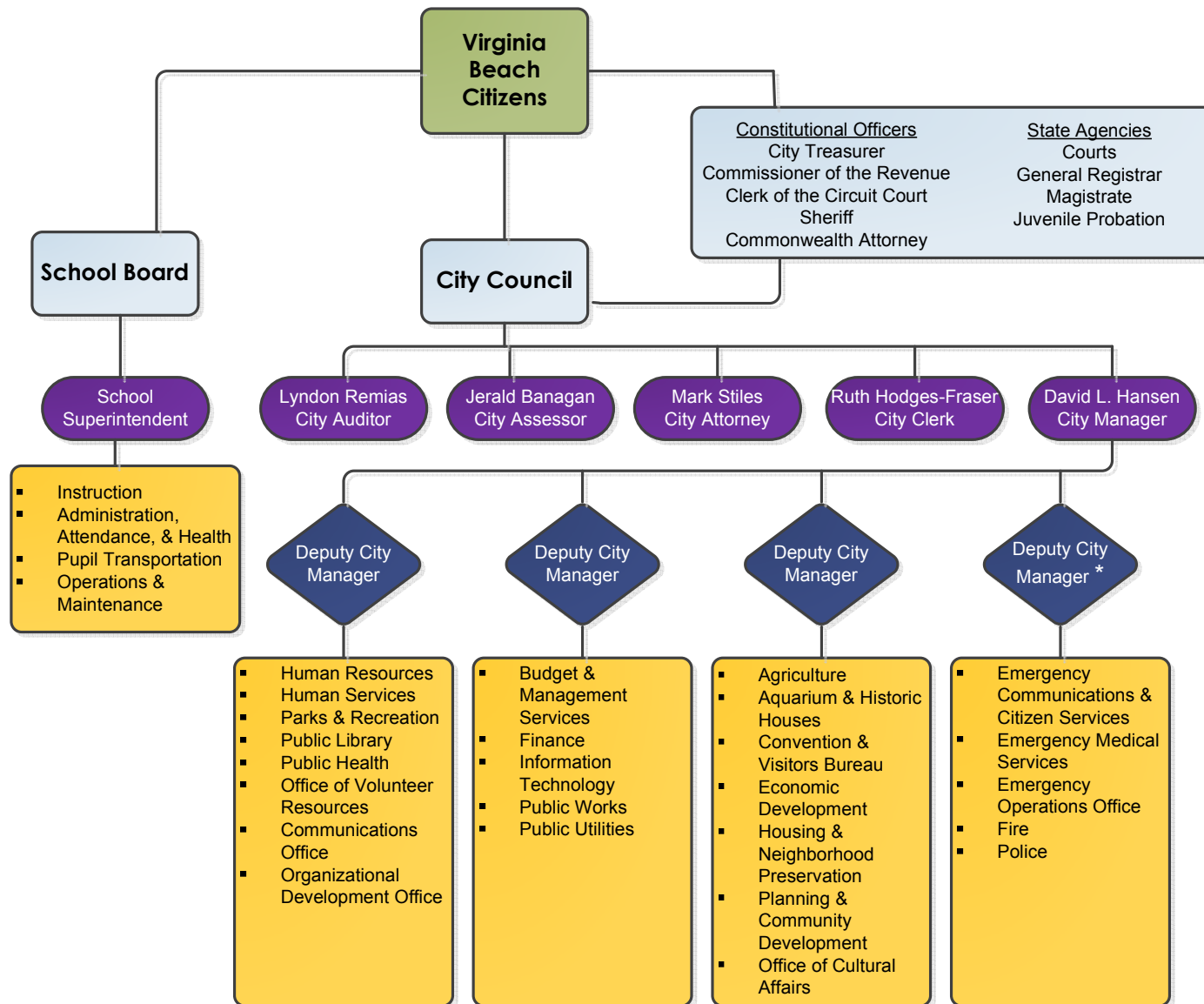
CITY LEADERS

Thomas M. Leahy III Deputy City Manager
Kenneth L. Chandler Deputy City Manager
Steven R. Cover Deputy City Manager
Ronald H. Williams, Jr. Deputy City Manager

VIRGINIA BEACH COMMUNITY DEVELOPMENT CORPORATION

Addie W. Thomason President and CEO
Jessica Guglielmo Vice President and COO
Sharon Shoff Vice President
Alex Kalasinsky Chair
James Banks Director
Christopher Beale Director
Wanda Cooper Director
Tammy Hindle Director
Mark Johnson Director
Kyle Korte Director
Courtney Lalonde Director
Anthony Nero Director
Terron Rogers Director

CITY ORGANIZATION & INFORMATION



* New Position/Reorganization



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

City of Virginia Beach

VBgov.com

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

December 1, 2016

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, 2016, 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 454,247.

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

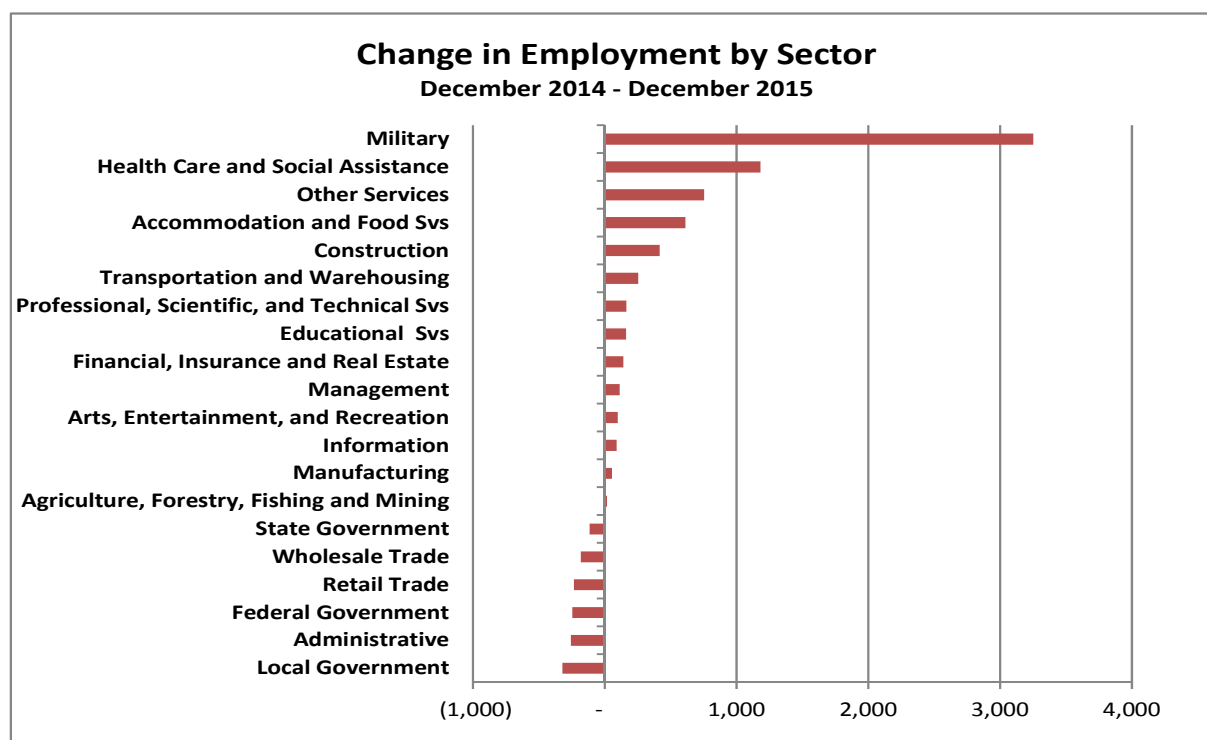
In accordance with the requirements of the Governmental Accounting Standards Board (GASB), the financial reporting entity consists of the primary government (the City of Virginia Beach) as well as its component units, which are legally separate organizations for which the City Council is financially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

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

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

ECONOMIC CONDITIONS AND OUTLOOK

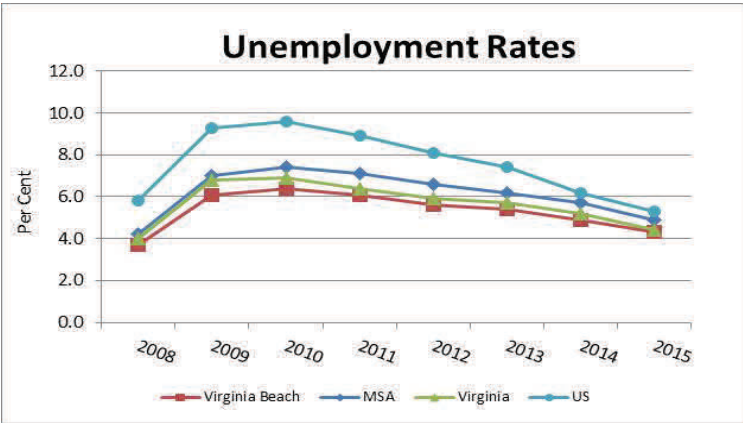
The Virginia Beach economy continues to improve in most areas. There are positive trends in the areas of job growth, tourism, real estate assessments, and port activity. While the unemployment rate continues to decrease, a positive trend, the size of the labor force continues to decrease also. Defense spending remains flat even while the Defense Department increases the number of active duty personnel on the Navy bases.



The **average employment** in the fourth quarter of 2015 was 199,811, compared to 193,849 in the fourth quarter of 2014, an increase of 5,962 jobs over this period. The largest **employment sectors** in Virginia Beach are the Military, Retail Trade, Accommodation and Food Services, Health Care and Social Assistance, and Local Government. Employment in the Military, and Health Care and Social Assistance sectors saw the largest increases over the period December 2014 - December 2015. The Local Government sector decreased the most over this time period, followed by the Administrative, Federal Government, and Retail and Wholesale Trade sectors. (Source: Virginia Employment Commission)

There were 25,673 **active-duty military** reported by the Navy in FY-2015, an increase of 3,253 from FY-2014. Overall, the Department of Defense plans to decrease the active-duty Army roster by 40,000 by 2020 and to increase the Navy roster by 6,000 during the same period. (Sources: *Navy Region Mid-Atlantic FY-2015 Economic Impact Report*; *2016 State of the Region Report*, Old Dominion University)

The average number of Virginia Beach residents employed in 2015 was 220,565 out of a labor force of 230,434. The average employment from January through September 2016 was 219,180, which is just slightly lower than in 2015, but surpassing the pre-recession high of 217,518 that occurred in 2007. (Source: Virginia Employment Commission and BLS)



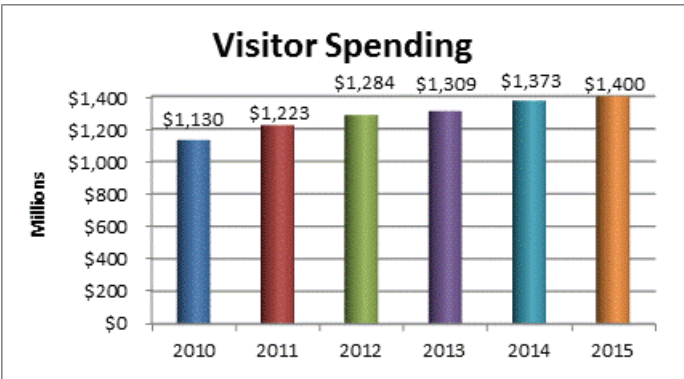
In September 2016, the **unemployment rate** was 4.0% for Virginia Beach, 4.6% for the MSA, 4.0% for the state and 4.8% for the U.S. These rates are all lower than or equal to the rate for the previous month and the previous year. There has been a steady decline in the unemployment rate in Virginia Beach since 2010. (Source: VEC & BLS)

The **per capita income** for Virginia Beach was \$51,161 in 2014, which is greater than that for the state at \$50,345 and the nation at \$46,049. The per capita income for Virginia Beach has increased an average of 2.5% per year since 2010. (Source: BEA)

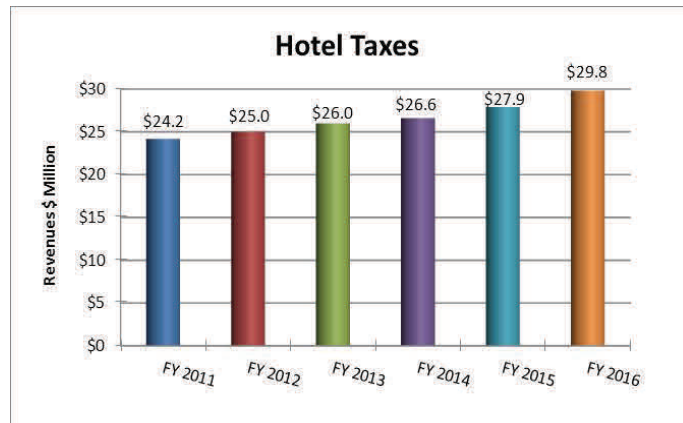
The Virginia Beach **median household income** in 2015 was \$67,281. It has increased an average of 0.9% per year since 2010. (Source: US Census Bureau)

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 2016 is projected to be \$19.2 billion, about the same as in 2014 and 2015. The economic impact from the Virginia Beach Navy bases increased 14.4% in FY-15. (Sources: *Navy Region Mid-Atlantic FY-2015 Economic Impact Report*; *2016 State of the Region Report*, Old Dominion University)

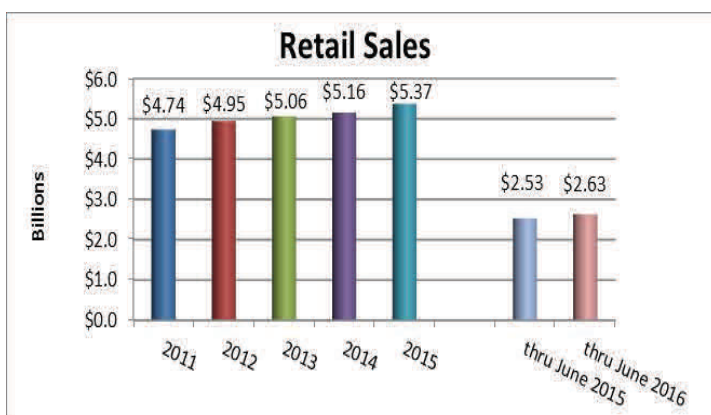
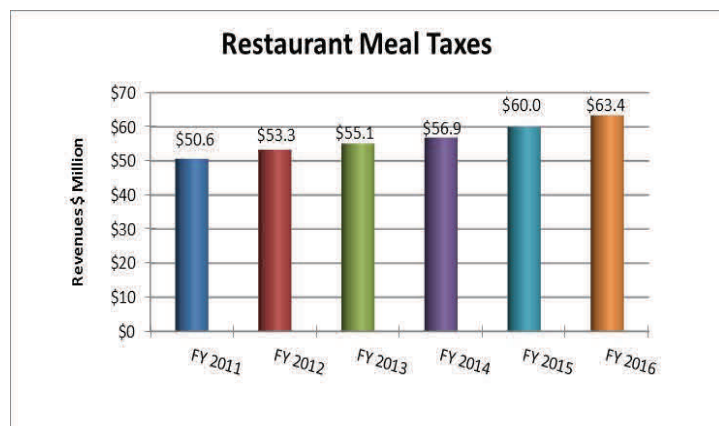
The Budget Control Act of 2011 mandated across the board cuts in federal discretionary and defense spending. Since then, three compromise budget bills have increased the sequestration caps, the latest one being the Bipartisan Budget Act of 2015. There may be additional relief from sequestration in the future, but it would not alter the trend towards a smaller, active-duty military force. (Source: 2016 State of the Region Report, Old Dominion University)



The **Tourism and Convention Industry** is a stabilizer of the Virginia Beach economy. In 2015, direct visitor spending reached a record high of \$1.40 billion despite the slow recovery from the recession. Spending has increased each year of the last six years. Tourism and the convention industry supported 12,924 jobs in 2015. (U.S. Travel Association)



Hotel tax revenue collected in FY-16 was \$29.8 million, surpassing the \$27.9 million collected in FY-15 and setting another all-time record high. The robust hotel taxes are indicative of the strength of the tourism industry in Virginia Beach. The hotel tax rate was 8.0% plus the \$1.00/room night charge throughout this period. (Source: Dept. of Finance)

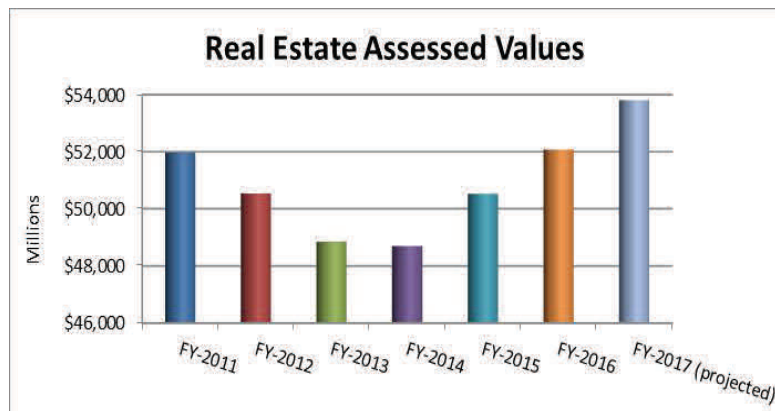


Restaurant meals tax revenue collected in FY-16 was \$63.4 million, \$3.4 million more than in FY-15, also setting another all-time record high. Restaurant meals tax revenue has been a consistent performer, even during the recession. The restaurant tax was 5.5% throughout this period. (Source: Dept. of Finance)

Retail sales in Virginia Beach rose 4.2% in 2015 to \$5.37 billion, more than double the percentage increase in 2014. Sales in the first six months of 2016 were up 3.9%, signaling that the pace of growth continues to be strong in 2016. (Source: Virginia Dept. of Taxation)

The **Port of Virginia** is another important segment of the Hampton Roads economy. The number of 20-foot equivalent unit containers (TEU) shipped through the Port in 2015 increased from 2.39 million to 2.55 million, a 6.5% increase. Year-to-date through September, the number of containers shipped has increased 1.9% over the same period last year. The Port of Virginia is the third largest container port on the east coast. Due to its ability to host the huge super ships, it is well positioned to increase market share, which will help to diversify the regional economy. Port activities create jobs directly at the Port or indirectly in industries that supply the Port or serve its employees. (Source: Port of Virginia, 2016 *State of the Region Report*, Old Dominion University)

Virginia Beach real estate assessments are projected to increase 3.3% in FY-17. Assessments increased 3.0% in FY-16, following a 3.8% increase in FY-15, indicating an end to the recession-related declines and setting the stage for future increases. (Source: Real Estate Assessor's Office)



In the aftermath of the recession, **foreclosures** in Virginia Beach peaked at 1,688 in 2011. There were 849 foreclosures in 2015, up slightly from 839 in 2014. There have been 659 foreclosures in 2016 through September compared to 615 over the same period in 2015. The number of foreclosures is now back down to the level it was in 2002, prior to the housing bubble and the resulting recession. (Sources: Real Estate Assessor's Office, Circuit Court)

The total number of **building permits** increased to 8,351 in 2015 up from 7,807 in 2014. The value of the permits decreased in 2015 to \$493.4 million compared to \$510.4 million in 2014. Through October 2016, 7,661 building permits have been issued valued at \$550 million, compared to 7,267 permits valued at \$442 million over the same period in 2015, a positive indicator for 2016. (Source: Dept. of Planning)

In summary, there are many reasons to be optimistic about the Virginia Beach economy. Visitor spending and hotel tax revenues remain at all-time highs, indicating the tourism sector remains strong. Job growth is strong, which translates into higher meals tax receipts, which are also at all-time highs. Retail sales is showing an uptick in 2016. Unemployment in Virginia Beach remains the lowest in the region. Real estate assessments increased in FY-16 and are projected to increase in FY-17 as the number of foreclosures declines to prerecession levels. Regionally, the Port of Virginia continues to grow in importance to the

region's economy. The number of 20-ft container units passing through the Port has increased for the sixth year in a row. The number of active duty military personnel on the Virginia Beach bases has increased, though defense spending remains flat. These measures indicate the Virginia Beach economy will continue to grow at a steady pace next year.

MAJOR INITIATIVES

The FY-16 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:

1. Grow the Local Economy
2. Create a Financially Sustainable City Providing Excellent Services
3. Improve the Transportation System
4. Revitalize Neighborhoods and Plan for the future
5. Be a Competitive, First Class Resort for Residents, Businesses and Tourists.

To enhance City Council's long time vision of *A Community for a Lifetime*, in March 2013 Council adopted the City's first sustainability plan, *A Community Plan for a Sustainable Future*. It is designed to focus City and community efforts toward achieving economic, environmental and social sustainability and is intended to help achieve the vision set forth in the *Envision Virginia Beach 2040 Committee Report*. Existing City plans and projects, as well as all new projects, are viewed through the sustainability lens. Metrics have been developed to track progress in achieving the goals set forth in both plans.

During FY-16, the City made progress toward the goals identified in its Strategic Plan 2014-2019-2029 and the Sustainability Plan as discussed below.

Goal #1—Grow the Local Economy

Become a major "Amateur/Semi Pro" sports destination—Arena

In February 2014, the City received competing proposals for a \$200 million sports and entertainment arena across the street from the Virginia Beach Convention Center. After extensive review and public participation, Council selected United States Management (USM) to work with City staff to develop a comprehensive development agreement (Agreement), which was approved in December 2015.

USM's proposal assumed financial and operational risk in return for 1/8 of existing hotel taxes and all taxes generated by the arena. The City was responsible for up to \$76.5 million in infrastructure improvements.

As set forth in the Agreement, USM was to finance the project with equity and a loan from a Chinese lender. In June of 2016, USM proposed changing from a loan structure to unrated bonds issued by the VBDA. Ultimately, Council rejected these proposed changes. USM is considering its options, including performance under the originally approved debt and equity structure.

Retain and expand military presence—NAS Oceana Encroachment Reduction Program

YesOceana, Virginia Beach's award winning Oceana Land Use Conformity Program, was created to rollback the incompatible land uses surrounding Naval Air Station Oceana, the Navy's East Coast Master Jet Base. Since inception, the business component of the program has eliminated a total of 53 non-conforming commercial properties in the Accident Potential Zone 1 (APZ-1) and the City has committed a total of \$2.7 million to 36 businesses to promote compatible uses within the APZ-1 district. Included in that total, the VBDA has awarded \$2.3 million in Economic Development Investment Program (EDIP) grants for projects under the YesOceana program, leveraging more than \$40 million in new private development.

The YesOceana program received the Virginia Economic Development Association's Community Economic Development Award (CEDA) for 2016. The award recognizes excellence in Economic Development through the following efforts: Business Retention and Expansion; Business Recruitment; Community Development; and Community Involvement. The program is the first 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. This has reduced the density of people living and working around the jet base, making it easier for the Navy to pursue its mission. The commitment demonstrated by the Commonwealth, the City of Virginia Beach and the partnership with the Navy continues to be a successful model for reducing incompatible development. As a result of the program's continued success, the Cities of Chesapeake and Hampton are receiving funding to develop similar programs to address encroachment.

NAS Oceana generates 16,500 jobs with a total payroll of more than \$868 million and is one of the most important components of the Virginia Beach economy.

Retain and grow existing businesses and expand higher paying job opportunities—Virginia Beach Development Authority (VBDA)

FY-16 was another successful year for business development in the City. Through the combined efforts of the VBDA and the Department of Economic Development, more than \$372 million in new capital was invested by the City's business community in 38 companies. Of those, 13 were new locations and 25 were expansions. The Department of Economic Development recorded 709 new jobs created by the new locations and 879 jobs created through expansion, totaling 1,588 new jobs created.

Minority Business Initiative

For FY-16, City expenditures to minority vendors were \$17.4 million, which represented 6.56% of total City expenditures, an increase from 4.85% in FY-15. Minority firms received 10.6% of goods and services awards, and 2.70% of construction contracts. The construction contract awards represent an increase of almost 1% from FY-15. Notable initiatives have attributed to success, including development of the Procurement Opportunity Committee (POC) and the City's collaboration with Hampton University. The POC has generated \$1.1 million dollars in new minority awards since its inception in March 2016. Hampton University has established a Small Business Center to assist with increasing the market of ready, willing and capable Small,

Women, and Minority (SWaM) businesses while providing a resource for area businesses. The City manages Locally Administered Projects (LAP) funded in part through the Virginia Department of Transportation. Recently, City staff have completed the final phase of transition, DBE goal methodology/determination, allowing the City to maintain autonomous project management oversight.

Over 200 participants attended the Minority Business Council 18th Conference and Expo which was held on November 3, 2016. There were speakers and workshops for attendees on how to increase their business with City departments.

Town Center Expansion - Phase VI and Beyond the Core Area

Town Center, the focal point of the City's Central Business District, continues to drive the economy, drawing crowds and attracting popular new restaurants, shops and businesses. The latest phase to be developed, Phase VI, represents the highest ratio of private versus public investment, with more than \$11 of private sector investment for every \$1 of public investment. The \$41 million project will feature a nine story mixed use building including 33,000 square feet of new retail space, a 5,000-square foot restaurant, 120 new studio and one-bedroom apartments, an elevated public plaza and a \$7.6 million privately funded 300-seat experimental theater. The VBDA approved the development agreement for this project in May 2016; groundbreaking occurred on October 24.

Spinoff projects due to the success of Town Center include Pembroke Mall expansion and redevelopment highlighted by the region's first REI and Nordstrom Rack retail stores, the CitiView mixed project on Bonney Road, and Convergence Center V, a new 50,000-square foot Class A office building with parking deck that opened March 2015. In June 2016, the Virginia Beach Development Authority approved a term sheet for CityView Two, a mixed use development. The VBDA will return the incremental real estate taxes up to \$8.2 million to assist in the development of the parking structure for the \$62 million project.

Bioscience Business Development

Due to the national importance of the Biomedical and Healthcare Industry, which is slated to grow exponentially as a percentage of the GDP in the coming years, City Council approved \$1 million in the FY-16 budget to be utilized for the pursuit of this industry sector, specifically companies specializing in cardio, diabetes, neuroscience, and oncology. The Department of Economic Development created a brand to market the initiative, known as "VABeachBio."

The City transferred 155 acres of land in this corridor to the Virginia Beach Development Authority for the future development of a bio/health science research park. The park is expected to accommodate up to 1 million square feet of new commercial space. The Development Authority also opened its first bio-accelerator in partnership with Tidewater Community College in Spring 2016. The 1,500-square foot space has been fully leased.

Goal #2—Create a Financially Sustainable City Providing Excellent Services

Maintain Triple A Bond Ratings

For the seventh year in a row, all three major bond rating 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.

Deliver City Services in the most cost effective manner— Transoceanic Fiber Cables

The first transoceanic fiber cable connections in the Mid-Atlantic are coming to Virginia Beach. In March 2016, Spanish telecom giant Telefónica announced plans to connect Rio de Janeiro and Fortaleza, Brazil to Virginia Beach with the BRUSA ultrafast submarine cable. This connection will increase the availability of ultrahigh-speed broadband services between the US and South America. In May 2016, Microsoft and Facebook announced plans to build "MAREA"—a new, state of the art subsea cable connecting Bilbao, Spain to Virginia Beach. This will be the highest-capacity subsea cable to cross the Atlantic with an estimated design capacity of 160 terrabits per second. The VBDA approved sale of a 3.5-acre site in Corporate Landing to Telefónica International Wholesale Services USA, Inc. for \$735,000 for construction of a 24,000-square foot data center that will support both projects. The City's Information Technology Department began an infrastructure improvement program in 2015. This proactive modernization effort made the City ready and attractive as a transoceanic cable landing site.

Have top rated/#1 schools—Old Donation Center and Kemps Landing Magnet School

Old Donation Center and Kemps Landing Magnet Schools are being combined in a single consolidated facility to provide gifted and talented services for grades 2 - 8. Construction on the \$63.36 million project is underway at Independence Boulevard and Honey Grove Road. The projected completion date is the fall of 2017, though construction is running ahead of schedule and could have students/staff in the building in April 2017.

Goal #3—Improve the Transportation System

Better mass transit with increased local ridership - Light Rail

On November 8, 2016, voters rejected a non-binding referendum on the plan to extend light rail to Town Center 57% to 43%. The City Council is reviewing its options for connectivity along the former Norfolk-Southern Railroad Corridor, which was purchased for an intended extension of Light Rail to Town Center. The companion projects to Light Rail, a shared use path and increased bus service, are also under review by the Council in light of the results of the 2016 referendum.

Reduce congestion and improve traffic flow - Governor's Transportation Fund - Lesner Bridge

The Governor's Transportation Plan provides \$156.1 million for four major road projects in Virginia Beach. These projects are: Witchduck Road Phase II, Lynnhaven Parkway Phase XI,

Holland Road Phase VI, and the Lesner Bridge replacement project. These projects are in various stages of design/construction, to be completed between 2016 - 2018.

The largest of these projects is the Lesner Bridge Replacement project. The Lesner Bridge connects Shore Drive between the Chesapeake Bay and the Lynnhaven River. Constructed in the 1950's and 60's, the bridge was built to last 50 years. Construction to replace the aging bridge began in June 2014. The project will cost \$116.5 million and will replace the existing Lesner Bridge with a signature facility that will be capable of handling six lanes of traffic in the future. Construction of the westbound bridge lanes (north span) was opened to traffic on November 11, 2016 and construction of the eastbound bridge and lanes (south span) will begin next. The project is expected to be completed in February 2018.

Goal #4—Revitalize neighborhoods and plan for the future

Improve neighborhood infrastructure and City amenities - Housing Resource Center

The Housing Resource Center is a major part of City Council's plan to end homelessness. It will offer day services for homeless people, a temporary emergency shelter and community services to prevent homelessness. The City will build the 3-story, \$30 million Housing Resource Center at 104 N. Witchduck Road, near Southern Blvd. It will replace and expand upon the services offered at the Lighthouse Center. The new Housing Resource Center will include a 40-bed short-term shelter for families with children, 40 shelter beds for single adults and 30 affordable efficiency apartments. It will also have classrooms and a health clinic, and office space for city agencies and other groups that work with families and individuals to prevent homelessness. The ceremonial ground breaking took place on October 13, 2016. The center is scheduled to open in 2018.

Sea Level Rise/Recurrent Flooding Comprehensive Analysis

Hampton Roads, by the nature of its geography, is susceptible to sea level rise. Virginia Beach is proactively assessing its vulnerability, developing strategies, and implementing policy and engineering measure to increase its resiliency. The City's approach to sea level rise incorporates the Storm Water Master Plan, the Comprehensive Sea Level Rise (SLR) Study that is now underway, and Water Quality Regulations. The first phase of the SLR Study is designed to define the problem and its constituent parts. All four major watersheds are being evaluated: Lynnhaven, Elizabeth, Atlantic, and Southern. The second phase is to identify adaptation strategies and to ascertain the right solutions for particular locations. The third phase is to provide recommendation for action, with priorities and implementation costs. When spread over many future years, the City's strategy for dealing with sea level rise/recurrent flooding preserves the tax base and future economic growth opportunities at a cost that is affordable to its citizens.

Kempsville Recreation Center Replacement

The Kempsville Recreation Center replacement is now under construction. It opened in 1977 as Virginia Beach's first community recreation center. After more than 37 years of serving the community, it closed its doors in February 2015. The new facility will be 87,116 square feet, to include a jogging track, double gymnasium, fitness areas, pool, therapeutic recreation program space, seven multi-purpose rooms, and improved parking and pedestrian access. The old center has been demolished and construction of the new facility is more than halfway completed. The new center will open in early 2017.

Neighborhood Channel Dredging

In 2010 the City adopted a new strategy to assist communities in re-establishing navigational channels. The strategy involves the use of Special Service Districts (SSD), where waterfront property owners agree to a surcharge on their real estate taxes for the purpose of constructing the navigation channel. The City participates in the cost by dredging a spur channel from the main City navigation channel to the neighborhood. The SSD revenues cover the cost of continuing the channel into the community to serve all participating properties. Individual channels linking private properties to the neighborhood channel is funded entirely by property owners wishing to connect to the system. To date, seven SSDs have been created under this program.

Goal #5—Be a competitive, first class resort for residents, businesses and tourists

More variety of facilities and activities, including participatory events and local participation-Veterans United Home Loan Amphitheater

In 2015, in its 20th season, the amphitheater attracted nearly 300,000 patrons to 26 events. Over the 20 seasons, performances have resulted in direct revenue of more than \$24.9 million for the City and provided performances for more than 5.5 million music lovers. The amphitheater provides a venue for world-renowned performers as well as local cultural and community events.

Convention Center Business Development— The Convention Center completed its 11th year in August 2016. Total attendance for FY-16 reached 663,000, which is a new record. The Center successfully negotiated to bring Antiques Road Show to Virginia Beach for a June 2016 taping, which will be aired over three hours of broadcast on Public Television Service in 2017. This high quality event will showcase Virginia Beach nationally.

Become a year-round destination - Cavalier Hotel Restoration

The old Cavalier Hotel, a landmark built in 1927 and a symbol of the City's early resort days, has hosted presidents, celebrities and guests from around the world. When a judge ordered the property sold to settle a lawsuit, the City Council supported saving the Cavalier by endorsing a series of incentives to attract a developer to buy and preserve it. On July 23, 2013, hotelier Bruce Thompson and his company Gold Key/PHR closed on the 21-acre property, including both the old hotel and a surrounding parcel, as well as the newer Cavalier across the street on the oceanfront. Since then, the old hotel has been placed on the Virginia Landmarks Register as well as the National Register of Historic Places. Tourism Development Gap Financing was approved by the Commonwealth Office of the Comptroller and the Virginia Tourism

Corporation in July 2014. This program allows the developer to retain one percent of state and local tax revenue generated by the project to provide financing for up to 20% of the development cost. The City provided \$13 million for infrastructure improvements and will return incremental real estate taxes due to the project not to exceed \$5 million.

The historic Cavalier will be renovated and will reopen in spring 2017. The surrounding property will include 83 residential homes, including estate homes, cottages and bungalows. The oceanfront hotel has been demolished and will reopen in 2017 as a new Oceanfront Marriott Hotel.

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 and ethics, recognition, leadership, training & development, and the work environment. Based on survey results, Organization Action Plans are developed to address survey findings.

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

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

FINANCIAL MANAGEMENT POLICIES

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

A number of the City's financial management policies govern how the operating budget is prepared and managed. For example, the budget will be balanced on a current revenue to expenditure basis, unencumbered budget appropriations (except for those for capital projects and grants) will lapse at the end of the fiscal year, the appropriation ordinance will set the legal level of budgetary control and the City will set fees and user charges for each self-supporting enterprise fund at a level that fully supports costs. Regarding fund balance policies, the unassigned fund balance or net position 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 subject to appropriation. 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 2017-2022 Capital Improvement Program (CIP), which was approved by City Council on May 10, 2016, set forth a program totaling \$3.1 billion. Of this amount, \$1.5 billion was

appropriated through FY 2016, \$303.1 million was appropriated in FY 2017 and \$1.3 billion was programmed for years FY2018-2022 of the Capital Improvement Program. Funding for this program will be from local, state, federal, and private sources, with local debt comprising 55.6% of funding for the six-year plan. 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 roads, facility improvements, and 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-16, the City continued to acquire development rights in designated areas within the southern portion of the City for the Agricultural Reserve Program. The rights were acquired through the issuance of installment purchase agreements, which are considered valid contractual obligations of the City. One agreement was completed in FY-16 at a total purchase price of \$565,264 with 50.47 acres acquired. For the total program at June 30, 2016, 91 agreements totaling 9,178 acres at a total purchase price of \$42,374,198 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 as shown below. All debt affordability indicators fall within the established guidelines.

The City issued \$61.255 million General Obligation bonds in FY-16 and refunded \$50.430 million to achieve debt service savings of \$4.17 million over 12 years. Also issued in FY-16 were \$89.425 million Water and Sewer Refunding and Revenue bonds. As a result of the refunding, the Water and Sewer Enterprise Fund will save \$12.66 million in debt service payments over the next fourteen years, a very significant savings.

For the seventh year in a row, all three major rating agencies, Standard & Poor's, Moody's and Fitch Ratings, affirmed the City's triple-A ratings on its General Obligation bonds. In addition, Moody's upgraded the Water and Sewer Revenue bonds a notch from Aa2 to Aa1. As of June 30, 2016, the City had \$996 million of tax supported debt outstanding.

Ratio Description	Established Standard	FY16	FY15
Annual Debt Service to General Governmental Expenditures	No greater than 10.0%	8.6%	8.7%
Overall Net Debt to Estimated Full Value	No greater than 3.5%	1.9%	2.0%
Overall Net Debt Per Capita	No greater than \$3,000	\$2,195	\$2,254
Overall Net Debt Per Capita to Per Capita Personal Income	No greater than 6.5%	4.3%	4.4%

AWARDS AND RECOGNITION

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

One of the “Best Large Cities to Start a Business”, WalletHub, June 2016; **One of “America’s Best Boardwalks”**, USA Today, May 2016; **“Second Hardest Working City in America”**, *WalletHub*, May 2016; **One of the “Best Places to Live if You’re Trying to Save Money”**, Huffington Post, April 2016; **Among the 5 “Hottest Beach Vacation Destinations for Families”**, MSN Travel, March 2016; **Fifth Best “Digital City”** with populations more than 250,000, *Center for Digital Government*, November 2015; **One of the “Best Cities for Latinos”**, *Latin Post*, September 2015; **One of the “10 Best Cities to Live”**, *WalletHub*, August 2015; **“Best Large City for Veterans to Live”**, *USA Today*, July 2015; **“4th Best City for First-time Homebuyers”**, *Vox Business & Finance*, July 2015; **One of the “10 Best U.S. Cities for Millennial College Students”**, *USA Today*, April 2015; **One of America’s “Most Literate Cities”**, *USA Today*, April 2015; **One of the “Ten Best U.S. Beaches for Families”**, *Family Vacation Critic*, April 2015; **One of the “Ten Most Beautiful Cities in the USA”**, *The Culture Trip*, March 2015.

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, 2015, and the Distinguished Budget Presentation Award for the FY 2015 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,

A handwritten signature in blue ink, appearing to read 'D. Hansen', with a long horizontal flourish extending to the right.

David L. Hansen
City Manager

A handwritten signature in blue ink, reading 'Patricia A. Phillips', written in a cursive style.

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, 2015

A handwritten signature in black ink, reading "Jeffrey R. Emen". The signature is written in a cursive, flowing style.

Executive Director/CEO

FINANCIAL SECTION

Report of Independent Auditor

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, 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, 2016, 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 4.16 percent, 12.35 percent, and 0.63 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as it relates to the amounts included for the Virginia Beach Community Development Corporation, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards and specifications require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the individual and aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Virginia Beach, Virginia's basic financial statements. The introductory section, combining schedules nonmajor governmental funds, general fund budget to actual schedules, combining schedules and individual funds, capital projects schedule, enterprise funds statements, internal service funds statements, trust and agency funds statements, discretely presented school board component unit, the schedule of expenditures of federal awards, the statistical section, and continuing disclosure schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by *Title 2 U.S. Code of Federal Regulations Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is also not a required part of the basic financial statements.

The combining schedules nonmajor governmental funds, general fund budget to actual schedules, combining schedules and individual funds, capital projects schedule, enterprise funds statements, internal service funds statements, trust and agency funds statements, discretely presented school board component unit, 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, combining schedules nonmajor governmental funds, general fund budget to actual schedules, combining schedules and individual funds, capital projects schedule, enterprise funds statements, internal service funds statements, trust and agency funds statements, discretely presented school board component unit, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2016, 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.

Cheryl Bekant LLP

Virginia Beach, Virginia
December 1, 2016

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**MANAGEMENT'S
DISCUSSION AND ANALYSIS**

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Virginia Beach has put together this section to provide readers with a narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2016. 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

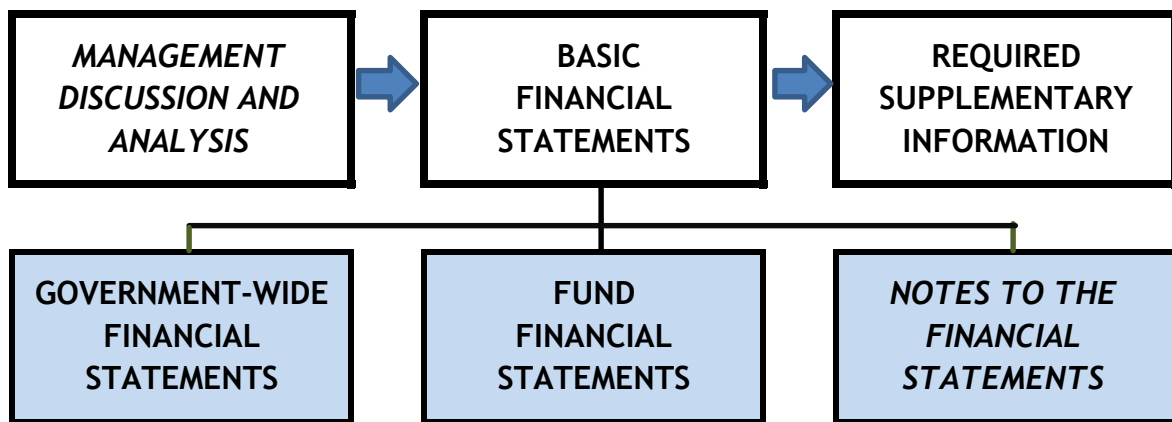
- ◆ At the end of the fiscal year, the Primary Government's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$3.6 billion. This amount represents an increase of \$151.2 million, or 4.4%, over prior year's net position of \$3.4 billion. A large part of the net position is invested in capital assets or is restricted for capital projects and future debt service. The unrestricted net position deficit totals \$91.4 million (Table 1). The net position deficit is the result of implementation of GASB Statement No. 68 which includes a total net pension liability of \$337.4 million for fiscal year 2016.
- ◆ Net position for governmental activities increased \$102.0 million. During the year, the \$1.3 billion generated in taxes and other revenues for governmental programs exceeded expenses by \$117.9 million (before transfers). This is an improvement over the prior year, when revenues exceeded expenses by \$77.7 million before transfers.
- ◆ In the City's business-type activities, net position increased by \$49.2 million compared to prior year's increase of \$46.8 million.
- ◆ The City's governmental funds reported combined ending fund balances of \$599.3 million, a 8.3% increase compared to prior year's fund balance. The total fund balance consists of 2.9% nonspendable, 7.4% restricted, 61.7% of committed, and 28.0% remaining amounts available for spending at the government's discretion (either assigned for specific purposes or unassigned).
- ◆ Governmental funds show increases in property taxes of \$49.7 million due to increases of property assessed values of 2.9% for real estate and 0.3% for personal property. The real estate tax rate increased from \$0.93 to \$0.99 per \$100 of assessed valuation but the personal property tax rate remained the same at \$4.0 per \$100 of assessed valuation. Other revenue sources that showed improved performance over prior year are other local taxes and revenues from use of money and property. Receipts from the Commonwealth increased by \$16.8 million due to increased support for roads maintenance and construction projects. Federal government decreased by \$7.5 million due to lower federal reimbursement towards construction projects.
- ◆ The City maintained its Triple-A bond rating from Moody's Investor Services, Standard & Poor's, and Fitch Ratings. During this fiscal year, new and refunded debt issued by the City included \$61.3 million and \$50.4 million, respectively, in General Obligation Public Improvement bonds. The City also issued new debt and refunded debt of \$46.6 million and \$42.9 million, respectively in Water and Sewer System Revenue Bonds.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Figure 1: Components of the Financial Section

The basic financial statements include two types of statements, government-wide and fund financial statements, that



present different views of the City.

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

Government-Wide Financial Statements

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

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

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

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

Governmental Activities - Most of the City's basic services are included here, such as police, fire and other public safety services, parks and recreation, public works, and general administration. Property and sales taxes, charges for services, and state and federal grants finance most of these activities.

Business-type activities - The City's water and sewer, storm water, waste management, 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 water and sewer, storm water, waste management, 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, 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 \$151.2 million over prior year's ending balance of \$3.4 billion. Net position from governmental activities increased by \$102.0 million. Business-type activities resulted in an increase in net position of \$49.2 million.

The largest component of the City's net position (\$3.0 billion or 85.1%) is the investment in capital assets (e.g., land, buildings, machinery, and equipment), net of any outstanding related debt used to acquire those assets. The City uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Net investment in capital assets for business-type activities represents, in the most part, the assets of the water, sewer, and storm water utilities.

The City's unrestricted net position deficit, which is used to finance day-to-day operations, totaled a negative \$91.3 million compared to prior year's net position deficit of \$141.0 million. Included in the unrestricted net position deficit 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. The primary government capital assets total \$4.5 billion, net of accumulated depreciation, and include roads, bridges, parks, water and sewer facilities, storm water, 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 \$323.5 million of net book value of School Board property equal to the total outstanding principal balance of the "on behalf" debt at June 30, 2016.

Table 1
Statement of Net Position
(in Millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Current and Other Assets	\$ 728.5	\$ 670.8	\$ 359.0	\$ 313.7	\$ 1,087.5	\$ 984.5
Capital Assets	3,347.2	3,335.1	1,122.8	1,091.5	4,470.0	4,426.6
Total Assets	4,075.7	4,005.9	1,481.8	1,405.2	5,557.5	5,411.1
Deferred Outflows of Resources	49.3	48.8	6.0	6.0	55.3	54.8
Long-Term Debt Outstanding	1,462.3	1,478.8	402.5	371.6	1,864.9	1,850.4
Other Liabilities	69.7	61.1	27.0	27.2	96.7	88.3
Total Liabilities	1,532.0	1,539.9	429.5	398.8	1,961.6	1,938.7
Deferred Inflows of Resources	66.7	90.5	7.3	10.6	74.0	101.1
Net Position						
Net Investment in Capital Assets	2,286.1	2,252.2	760.0	758.9	3,046.1	3,011.1
Restricted	362.8	343.6	259.7	212.4	622.5	556.0
Unrestricted (Deficit) - Restated	(122.6)	(171.5)	31.3	30.5	(91.3)	(141.0)
Total Net Position	\$ 2,526.3	\$ 2,424.3	\$ 1,051.0	\$ 1,001.8	\$ 3,577.3	\$ 3,426.1

(continued)

Changes in Net Position

The City's net position increased by \$151.2 million during the current year as compared to the \$108.6 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	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program Revenues:						
Charges for Services	\$ 86.3	\$ 84.9	\$ 210.4	\$ 214.3	\$ 296.7	\$ 299.2
Operating Grants & Contributions	176.6	167.1	0.1	0.0	176.7	167.1
Capital Grants & Contributions	49.3	49.9	8.2	7.4	57.5	57.3
General Revenues:						
Property Taxes	622.4	574.1	-	-	622.4	574.1
Other Taxes	290.4	282.9	-	-	290.4	282.9
Other	75.0	72.2	0.8	0.2	75.8	72.4
Total Revenues	<u>1,300.0</u>	<u>1,231.1</u>	<u>219.5</u>	<u>221.9</u>	<u>1,519.5</u>	<u>1,453.0</u>
Expenses:						
Legislative	1.2	1.2	-	-	1.2	1.2
Executive	3.8	2.6	-	-	3.8	2.6
Law	3.8	3.8	-	-	3.8	3.8
Finance	17.1	17.2	-	-	17.1	17.2
Human Resources	11.8	11.0	-	-	11.8	11.0
Judicial	56.3	54.2	-	-	56.3	54.2
Health	3.2	3.2	-	-	3.2	3.2
Police	94.0	96.4	-	-	94.0	96.4
Human Services	109.2	110.1	-	-	109.2	110.1
Public Works	175.6	151.1	-	-	175.6	151.1
Parks & Recreation	45.1	46.4	-	-	45.1	46.4
Library	17.0	17.6	-	-	17.0	17.6
Planning	9.7	10.0	-	-	9.7	10.0
Agriculture	1.4	1.2	-	-	1.4	1.2
Economic Development	2.1	1.6	-	-	2.1	1.6
Convention & Visitor Bureau	25.8	29.2	-	-	25.8	29.2
Communication & Information Technology	33.6	33.6	-	-	33.6	33.6
Emergency Communication & Citizen	8.1	8.8	-	-	8.1	8.8
Boards and Commissions	30.2	29.5	-	-	30.2	29.5
Fire	50.3	49.7	-	-	50.3	49.7
Management Services	1.4	1.4	-	-	1.4	1.4
Education	398.1	390.0	-	-	398.1	390.0
Housing & Neighborhood Preservation	26.3	26.3	-	-	26.3	26.3
Museums	10.8	10.7	-	-	10.8	10.7
Emergency Medical Services	10.2	10.0	-	-	10.2	10.0
Strategic Growth Area	0.6	1.1	-	-	0.6	1.1
General Government	1.8	2.1	-	-	1.8	2.1
Water & Sewer	-	-	109.2	110.8	109.2	110.8
Storm Water	-	-	23.3	22.9	23.3	22.9
Development Authority	-	-	9.9	11.0	9.9	11.0
Waste Management	-	-	40.0	41.9	40.0	41.9
Parking	-	-	3.8	4.4	3.8	4.4
Interest on Long-Term Debt	33.6	33.4	-	-	33.6	33.4
Total Expenses	<u>1,182.1</u>	<u>1,153.4</u>	<u>186.2</u>	<u>191.0</u>	<u>1,368.3</u>	<u>1,344.4</u>
Excess (Deficiency) Before Transfers	<u>117.9</u>	<u>77.7</u>	<u>33.3</u>	<u>30.9</u>	<u>151.2</u>	<u>108.6</u>
Transfers	<u>(15.9)</u>	<u>(15.9)</u>	<u>15.9</u>	<u>15.9</u>	<u>-</u>	<u>-</u>
Change in Net Position	<u>102.0</u>	<u>61.8</u>	<u>49.2</u>	<u>46.8</u>	<u>151.2</u>	<u>108.6</u>
Net Position – Beginning	<u>2,424.3</u>	<u>2,362.5</u>	<u>1,001.8</u>	<u>955.0</u>	<u>3,426.1</u>	<u>3,317.5</u>
Net Position – Ending	<u>\$ 2,526.3</u>	<u>\$ 2,424.3</u>	<u>\$ 1,051.0</u>	<u>\$ 1,001.8</u>	<u>\$ 3,577.3</u>	<u>\$ 3,426.1</u>

(continued)

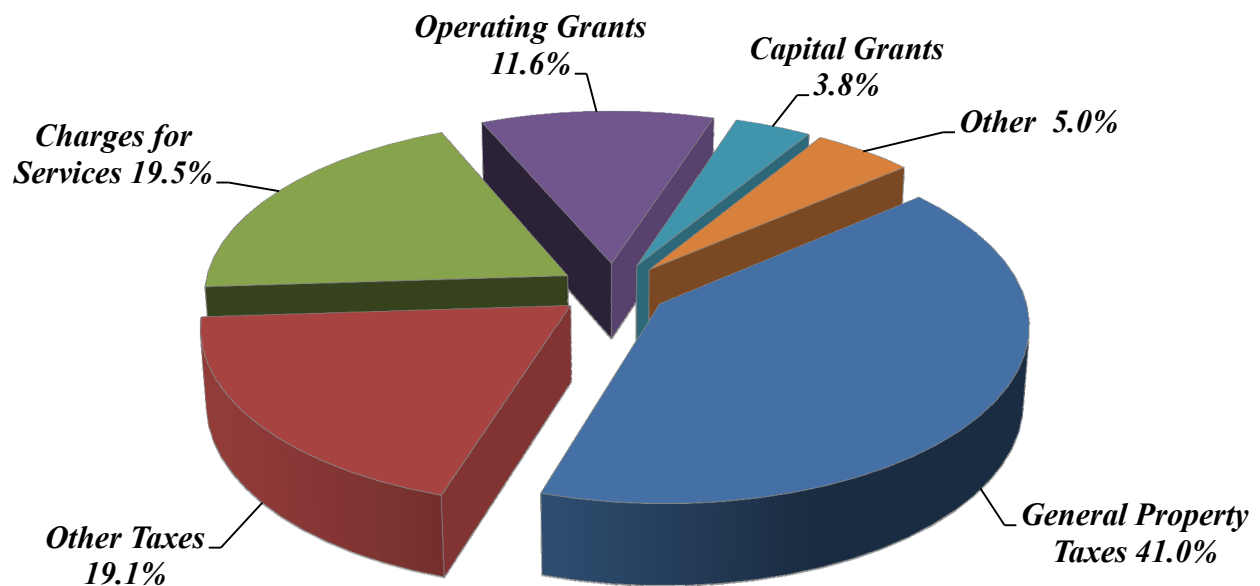
Revenues

The City's total revenues were \$1,519.5 million, a \$66.5 million or 4.6% increase over prior year. Increases in the real estate tax rate of 6.5% and record high revenues from sales and meal taxes account for part of this change. The largest revenue sources for the City are property taxes at 41.0%, charges for services at 19.5%, and other taxes (e.g. sales, utility, business license, meal, and lodging) at 19.1%. Operating grants and contributions show an increase of \$9.6 million from prior year due increased support by the State for maintenance of roads (Figure 2).

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 \$312.2 million, an increase of \$10.3 million from prior year. General revenues, all other revenues besides program revenues, totaled \$987.8 million. This represents an increase of \$58.6 million over prior year, mainly the result of higher property tax revenues. For the current fiscal year, the City maintained its personal property tax rate of \$4.00 per \$100 of assessed valuation but increased its real estate tax rate from \$0.93 to \$0.99 per \$100 of assessed valuation to fund various transportation initiative projects.

Business-type activities generated program and general revenues of \$219.5 million, primarily from charges for services (\$210.4 million).

Figure 2: Revenues by Source - Primary Government as of June 30, 2016



Expenses

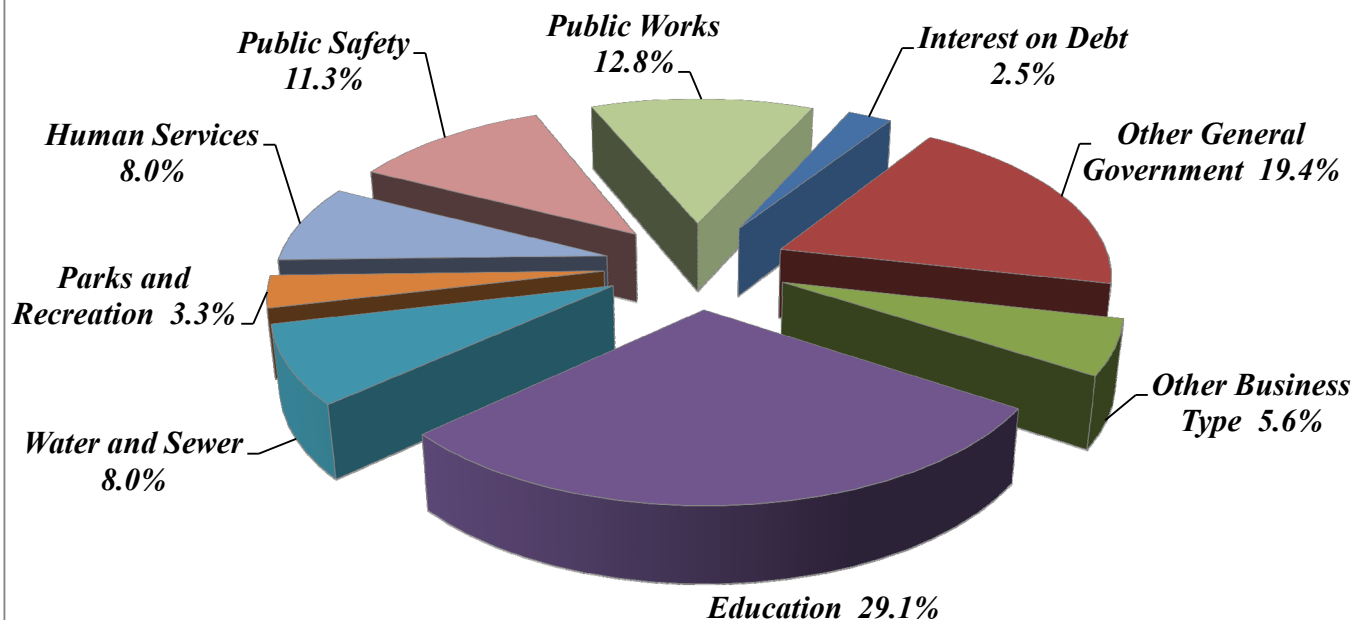
Total cost of all programs and services was \$1,368.3 million, a \$23.9 million or 1.8% increase over prior year expenses. The City's expenses cover a range of services, which as a percent of total include education at 29.1%, public safety (police, fire, and emergency medical services) at 11.3%, and public works at 12.8%.

Expenses for governmental activities totaled \$1,182.1 million, an increase of \$28.7 million over prior year primarily due to additional City support towards education, salary increases totaling 3% (1% is the state mandated VRS increase for full-time employees and a 2% general increase), and increases in expenditures related to Public Works for road maintenance. Other general government operating departments experienced only slight variations in spending over the previous fiscal year.

Education continues to be one of the City's highest priorities and commitments. The City's funding for education totaled \$398.1 million (net of the adjustment to account for the tenancy in common legislation) and it represents 48.8% (versus 49.1% in prior year) of the total School's revenues (exhibit 45).

Expenses for the City's business-type activities totaled \$186.2 million and includes expenses related to water, sewer, storm water, and waste management utility services as well as parking operations and economic development.

Figure 3: Expenses - Primary Government as of June 30, 2016



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental funds

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

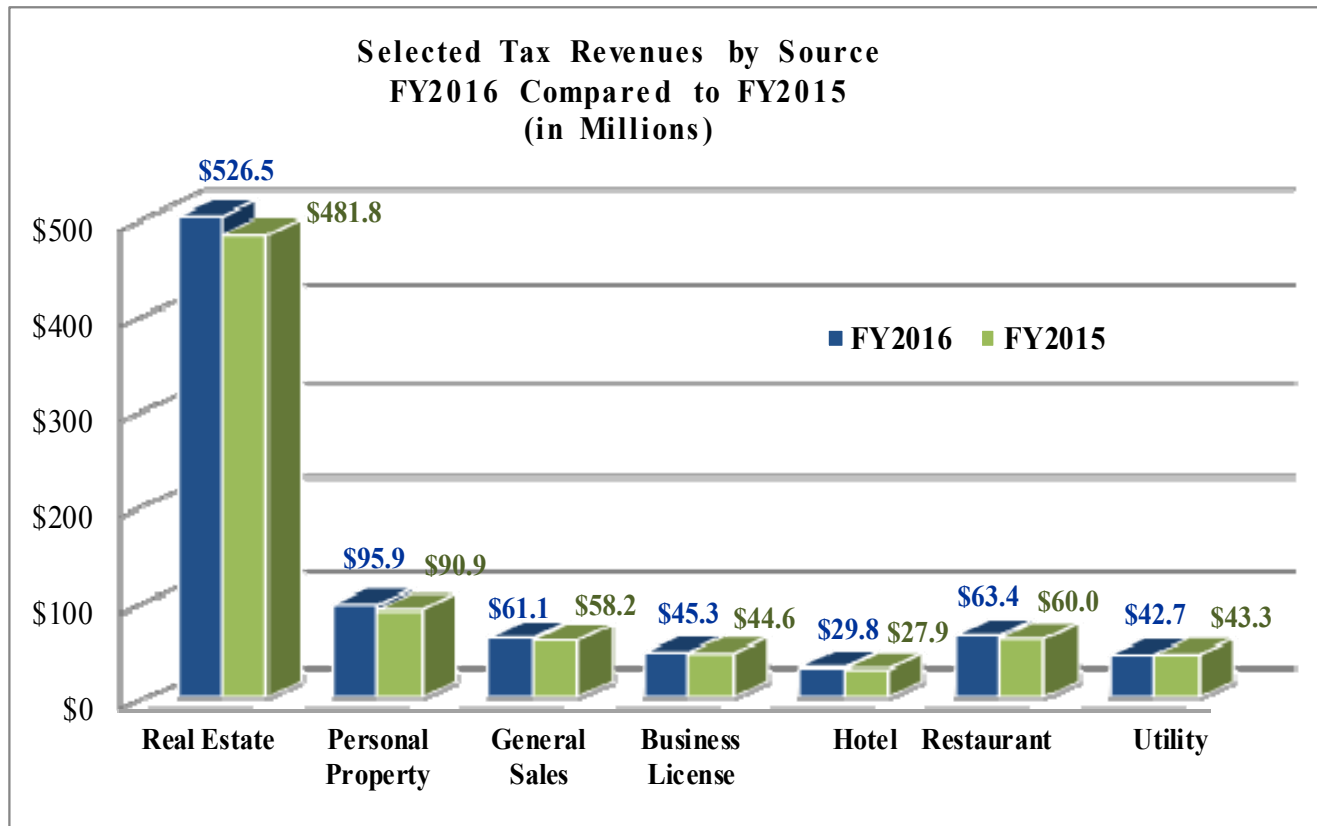
The total fund balance for the governmental funds at the end of the fiscal year was \$599.3 million, an increase of \$46.1 million from prior fiscal year. This change is a combination of increases in fund balances of \$21.7 million in the general fund and an increase in fund balance for other governmental funds of \$22.5 million. Increases in the fund balance for the general fund was the combined result of increased property tax revenues offset by decreased other taxes and increased departmental spending.

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

- ◆ \$17.4 million or 2.9% is nonspendable consisting in the City's loans receivable and investment in inventories.
- ◆ \$44.2 million or 7.4% 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 (\$34.5 million); federal and state grants in housing programs (\$0.8 million), public safety initiatives (\$2.6 million), seized forfeited assets (\$0.5 million), human services (\$3.6 million); and special service districts (\$2.2 million).
- ◆ \$369.8 million or 61.7% 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 (\$301.1 million), convention and visitor development (\$8.5 million), agriculture reserve program activities (\$11.6 million), tax increment financing (\$7.2 million), transportation initiative programs (\$15.0 million), parks and recreation activities (\$12.5 million) and other smaller amounts in the nonmajor special revenue funds.
- ◆ \$60.7 million or 10.1% 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 \$10.1 million to help offset increases in Waste Management expenditures due to the expiration of the SPSA contract, \$8.0 million for next year's capital program, \$7.7 million for Hurricane Matthew relief and \$16.8 million for education (\$15.6 million of unexpended funding and \$1.2 million of true-up funds) and the remaining amounts represent other commitments to be spent in FY17.
- ◆ \$107.1 million or 17.9% is unassigned, which is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications.

Items to be noted include:

- ◆ Real estate taxes of \$526.5 million increased from \$481.8 million in prior year. Real estate revenues are the City's single largest revenue source and comprised 40.7% of total revenues received for the year. This is mainly due to an increase of 2.9% in assessed values which increased by \$1.5B, and as mentioned earlier, City Council approved an increase in the tax rate from \$0.93 to \$0.99 per \$100 of assessed value to support transportation initiative projects. This resulted in an additional \$46.6 million in the amount levied.



- ◆ Revenues recorded for personal property taxes of \$95.9 million were higher than prior year by \$5.0 million. 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 \$289.6 million. This represents an \$8.3 million increase over the previous year mainly due to improved performance in sales, meals, and hotel taxes.
- ◆ Federal and state funding of \$273.8 million, 21.1% of total revenues received, increased \$9.3 million from prior year mainly due to support towards roadway projects such as the Lesner Bridge Replacement project.
- ◆ City employees received a total of 3% increase (1% is the state mandated VRS increase for full-time employees and a 2% general increase).
- ◆ The City instituted a hiring freeze for 6-months during fiscal year 2016. This hiring freeze was in anticipation of the next year's budget shortfall caused by the loss of \$10 million dollars in SPSA revenue. It resulted in total savings of approximately \$11 million dollars to various departments throughout the city.
- ◆ Significant changes in fund balance were in the Special Revenue Funds where in the Multimodal Transportation Fund, which was a new fund in Fiscal Year 2016 (\$15.0 million increase), Parks and Recreation (\$2.2 million decrease), Tourism Investment Program (\$5.4 million increase), and Sandbridge TIF(\$1.8 million decrease).
- ◆ The capital projects fund reported \$175.6 million in expenditures. Revenues received in this fund from the federal and state governments were \$6.2 million and \$38.6 million, respectively, which were mostly in support of transportation projects. General Obligation Public Improvement and Public Facility Revenue bonds and premiums totaling \$69.3 million were issued in support of general government capital projects. The capital projects fund received cash funding totaling \$59.5 million from the general fund and other special revenue funds.

(continued)

Proprietary funds

The City's proprietary fund statements offer short and long-term financial information about the activities that the government operates as a business, such as the water and sewer system, storm water, waste management, parking, and development authority funds. These statements provide the same type of information found in the government-wide financial statements, but in more detail. The ending net position for the proprietary funds totals \$1.1 billion. Notable items are as follows:

- ◆ The Water and Sewer fund's net position increased by \$22.5 million, continuing to reflect strong financial management and the continuing acquisition and construction of capital assets to help address continued compliance with federal consent order.
- ◆ The net position for the Storm Water fund increased by \$17.7 million, which provides funding to continue addressing backlogs in the areas of flood control and water quality over the next several years.
- ◆ The net position for the Development Authority, which is the City's blended component unit, increased by \$3.0 million.
- ◆ The net position for the Waste Management fund, increased by \$2.9 million. The fund accounts for the annual operating expenses of the waste management functions, including recycling activities, waste collection, and disposal at the landfill.
- ◆ The Parking business activity reported an increase of \$0.1 million in net position.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

- ◆ General fund departments continue to manage their budgets and expended \$56.3 million less than appropriated.
- ◆ Final budget amounts were often greater than original amounts due to the re-appropriation of prior year encumbrances which were completed in the current fiscal year. At year-end, Public Works and Communication and Information Technology had significant encumbrances (\$1.2 million and \$1.2 million, respectively) for pavement maintenance contracts deferred due to weather and timing of contracts with major software vendors.
- ◆ Significant positive variances were the result of the following:
 - ⇒ Human Services (\$7.7 million or 6.8%) - due to lower expenditures in personnel charges (\$7.0 million).
 - ⇒ Public Works (\$8.9 million or 11.7%) - due to savings in personnel charges (\$4.0 million), timing of pavement maintenance projects that were not completed during the fiscal year and the capitalization of Public Works inventory.
 - ⇒ Police (\$5.0 million or 5.0%) - due to savings of \$4.0 million in personnel charges and \$0.7 million in fuel savings.
 - ⇒ Education (\$15.6 million or 4.1%) - unexpended funding received from the general fund which was returned at year-end. This amount will be re-appropriated by City Council in the next fiscal year to the School's funds.
 - ⇒ At the end of the fiscal year, unassigned fund balance for the general fund was \$107.1 million or 10.1% of next fiscal year's revenues, and is within City Council policy.

CAPITAL ASSETS

During the current fiscal year, the City's investment in capital assets increased by \$43.4 million, or 1.0%, to a total of \$4,470.0 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 (\$40.5 million). This project provides streetscape (physical enhancements to attract and retain businesses and customers) and other improvements, including Water and Sewer along Laskin Road.
- ◆ Lynnhaven Parkway (\$13.0 million). This project was for the construction of a six-lane divided highway from Holland Road to the existing six-lane section at Lishelle Place—a distance of approximately 1.4 miles. The right-of-way width varied between 120 feet and 200 feet and the new alignment displaced 31-homes which removed the existing driveway conflicts and provided greater opportunity for aesthetic enhancements.
- ◆ Highway Safety Improvement Program (\$10.4 million). This project funded bicycle and pedestrian safety improvements to eight locations in the City using Federal Highway Safety Improvement Program (HSIP) funding. The locations included; Virginia Beach Boulevard and Stepney Lane; General Booth Boulevard and London Bridge Road; Norfolk Avenue from Arctic Avenue to Pacific Avenue; Mill Dam Road from First Colonial Road to Great Neck Road; Virginia Beach Boulevard from First Colonial Road to Birdneck Road; London Bridge Road and Shipp's Corner Road; Dam Neck Road and Galvani Drive; and Lynnhaven Parkway and South Independence Boulevard.
- ◆ Fire and Rescue Station—Town Center (Thalia) (\$9.3 million). This project constructed a 24,500 square foot fire and rescue station (17,000 sf) including space for the Fire Marshall and District Chiefs (7,500 sf), to replace the existing 5,027 square foot 4-bay station built in 1952. The old station supported 5 fire staff, 2 fire engines, 1 battalion vehicle and officer. This replacement station houses an additional 4 firefighters with a new ladder truck, 2 to 5 EMS personnel, and 1 ambulance. The facility includes 4 apparatus bays, kitchen, bunkrooms, offices, decontamination area, emergency generator, sprinkler/alarm system, and a vehicle exhaust removal system.

Table 3
Capital Assets
(in Millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Non-Depreciable Assets:						
Land	\$ 1,005.1	\$ 1,003.4	\$ 165.1	\$ 164.7	\$ 1,170.2	\$ 1,169.1
Agriculture Reserve Program	42.4	41.8	-	-	42.4	41.8
Construction in Progress	230.7	156.0	38.7	39.4	269.4	195.5
Other Capital Assets:						
Infrastructure	2,169.8	2,154.1	-	-	2,169.8	2,154.4
Buildings	1,099.7	1,094.1	139.3	139.3	1,239.0	1,227.1
Machinery and Equipment	283.2	265.4	52.1	48.4	335.3	313.4
Utility System	-	-	1,287.0	1,224.5	1,287.0	1,238.8
Improvements	295.6	292.1	1.1	1.1	296.7	284.2
Less: Accumulated Depreciation	(1,779.3)	(1,671.8)	(560.5)	(525.9)	(2,339.8)	(2,197.7)
Totals	<u>\$ 3,347.2</u>	<u>\$ 3,335.1</u>	<u>\$ 1,122.8</u>	<u>\$ 1,091.5</u>	<u>\$ 4,470.0</u>	<u>\$ 4,426.6</u>

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

(continued)

- ◆ Street Reconstruction (\$10.7M). This project funded the reconstruction of existing roadways. Reconstruction involves the replacement of the existing pavement structure and was performed on roadways that had reached the end of their service life based on current survey and condition assessments. This type of work may additionally include replacement of curb and gutter systems when needed for pavement performance and sidewalk replacement.
- ◆ Sanitary Sewer Capacity Program (\$6.7 million). This project provides funding for the engineering study design, construction services, and program development for federal consent order compliance. Specific tasks and activities include replacement of existing sanitary gravity sewers, force mains, or pump stations that have capacity limitations.
- ◆ Pacific Avenue Water Improvements (\$1.8 million). This project provides for the replacement of the existing 12-inch diameter water main between 15th Street and 23rd Street.
- ◆ Sanitary Sewer System Revitalization Program Phase II (\$2.8 million). This program corrected defects in the wastewater collection system identified through the Sanitary Sewer Regulatory Compliance Program project (CIP 6-804).

Construction in progress expenditures for the fiscal year totaled \$175.6 million for general government, \$27.7 million for water/sewer and \$11.0 million for storm water projects. Major expenditures include funding for the replacement of the current Lesner Bridge with a facility that is capable of handling six lanes of traffic in the future (\$24.4 million), the acquisition of parcels of land for the Witchduck Road project to improve capacity needs (\$13.2 million), the construction of the Kempsville Recreation Center (\$14.3 million) and the on-going replacement of communication infrastructure including radios, computer-aided dispatch workstations, transmitter sites, public safety vehicle mobile computer terminals, and various other types of communication hardware (\$10.1 million).

LONG TERM DEBT

At the end of the fiscal year 2016, the City had \$1,302.0 million in bonds and notes outstanding and \$562.8 million in other liabilities for a total of \$1,864.8 million 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 \$53.0 billion, which makes the City's debt less than the current debt limitation of \$5.3 billion.

For the seventh 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 (GO). On January 27, 2016, the City received eleven electronic bids on \$61.255 million new money GO bonds. The bonds were awarded to SunTrust Robinson Humphrey at an overall true interest cost (TIC) of 2.438%, the lowest rate the city has ever received on a large, new-money bond issue. The bond proceeds will fund the Lesner Bridge replacement and the Kemps Landing/Old Donation Center replacement and various other city and school projects. Also on January 27, the City received fourteen bids on \$50.430 million GO refunding bonds. The bonds were awarded to Citigroup Global Markets, Inc. at a TIC of 1.772%. The refunding achieved debt service savings of \$4.17 million over fourteen years.

On May 25, 2016, the City had a very successful Water and Sewer Revenue Bond sale. As part of the rating review, Moody's upgraded its rating on these bonds to Aa1, one notch below AAA. The City received eight electronic bids on \$89.425 million of new money and refunding bonds, consisting of \$46.560 million new money bonds and \$42.865 million refunding bonds. The bonds were awarded to Citigroup Global Markets, Inc. at an overall true interest cost (TIC) of 2.385%. This breaks down to 2.711% for the new money bonds; and 1.814% for the refunding bonds. As a result of the refunding, the Water and Sewer Enterprise Fund will save \$12.66 million in debt service payments over the next fourteen years, a very significant savings.

Table 4
Long Term Liabilities
(in Millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
General Obligation Bond	\$ 652.9	\$ 652.4	\$ -	\$ -	\$ 652.9	\$ 652.4
Public Facility Revenue Bonds	263.3	285.4	77.1	83.4	340.4	368.8
Revenue Bonds	-	-	264.1	239.8	264.1	239.8
State Literary Fund Loans	2.2	2.8	-	-	2.2	2.8
Agriculture Reserve Program	42.4	41.8	-	-	42.4	41.8
Sub-total	960.8	982.4	341.2	323.2	1,302.0	1,305.6
Other Long-Term Liabilities:						
Premium/Discount on Bonds Sold	99.5	99.0	21.1	8.8	120.6	107.8
Accrued Compensated Leave	43.3	42.3	4.9	4.8	48.2	47.1
Net Pension Liability	302.1	298.9	35.3	34.9	337.4	333.8
Estimated Claims & Judgments	31.1	30.9	-	-	31.1	30.9
Landfill Closure & Post-closure Care	25.5	25.3	-	-	25.5	25.3
	501.5	496.4	61.3	48.5	562.8	544.9
Totals	<u>\$ 1,462.3</u>	<u>\$ 1,478.8</u>	<u>\$ 402.5</u>	<u>\$ 371.7</u>	<u>\$ 1,864.8</u>	<u>\$ 1,850.5</u>

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

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 87.5% for workers compensation, 2.4% for general liability, and 10.1% for automobile liability.

Landfill closure and post-closure care liability increased \$0.2 million to \$25.5 million during the current fiscal year due to inflation.

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. Virginia Beach has the strongest economy in Hampton Roads.

The unemployment rate was 4.0% for Virginia Beach, the lowest in the region. This compares favorably with the State's rate of 4.6% and the national rate of 4.8%. The growth in the City's labor force (0.77%) is outpacing the growth of its population (0.61%). The City has recovered employment and nearly recovered the jobs lost from the recession of its prerecession peak.

City's consumer revenues are performing well since the recession ended and approximate or exceed their long-term averages. Current growth rates for general sales, meal, and hotel taxes are at 3.1%, 5.5%, and 4.9% which approximate their long-term averages of 3.3%, 4.7% and 4.3%, respectively. Real estate is the largest local source of revenue for the City. The City is projecting positive real estate assessment growth for the third consecutive year with overall assessments increasing 3.0%.

These indicators were taken into account when adopting the 2016-17 budget. The 2016-17 budget adopted the following changes:

- ◆ The 2016-17 combined operating budgets for City and Schools total \$1.9 billion, represent a 2.3% overall increase over the 2015-16 adjusted budget. The total budget supports \$1,038.1 million in City programs and \$876.8 million in School programs. The funding provided by the City to the School system totals \$411.3 million which includes \$33.2 million of dedicated real estate tax. The City allocates funding to Schools via a revenue sharing formula. This increase will also provide for pay increases of 3.34% to City and 2% to School employees (includes the 1% mandated VRS increase).
- ◆ Real estate tax revenues are budgeted at \$528,290,337, and increase of 2.7% over prior year.
- ◆ Personal property tax revenues increased 2.6% to \$143,202,520.
- ◆ Hotel tax rate increase of \$1 per night with a sunset provision after five years to support Tourism projects.
- ◆ Increase of from \$21.36 to \$23.00 per month in the Waste Management Fund for waste collections. This helps support the replacement of solid waste trucks not able to be purchased using current fund balance.
- ◆ Various small increases in fees for the services provided by several department such as Parks and Recreation, Police, Libraries and the Courts
- ◆ The fiscal year 2017-2022 Adopted Capital Improvement Program (CIP) established a six year programmed funding totaling \$1.6 billion. The program provides scheduled funding for the construction of projects for utilities (\$344.7 million), schools (\$283.2 million), and roadways (\$552.6 million). The CIP includes \$78.5 million in funding for infrastructure improvements to support the construction of a new arena.

REQUEST FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF NET POSITION
JUNE 30, 2016

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	Community Development Corporation
<u>ASSETS</u>					
Cash and Investments	\$ 200,038,050	\$ 177,486,696	\$ 377,524,746	\$ 143,185,316	\$ 608,201
Restricted Cash & Cash Equivalents	378,493,086	115,868,104	494,361,190	-	-
Receivables (net)	65,454,190	33,559,122	99,013,312	1,276,599	3,125,062
Due from Other Governments	84,963,856	935,738	85,899,594	19,439,553	18,637
Internal Balances	(6,147,833)	6,147,833	-	-	-
Inventories	5,327,889	2,475,602	7,803,491	598,456	8,000
Other Assets	322,987	-	322,987	2,190,634	1,382,378
Land Held for Resale	-	22,530,172	22,530,172	-	-
Capital assets (net of accumulated depreciation):					
Land and Improvements	1,047,477,955	165,063,809	1,212,541,764	39,666,627	7,864,202
Buildings and Improvements	816,424,561	96,379,553	912,804,114	356,784,510	16,138,159
Improvements other than Buildings	204,946,827	819,831	205,766,658	21,766,145	-
Machinery and Equipment	78,197,087	16,326,832	94,523,919	31,642,961	23,461
Infrastructure	969,477,580	805,531,435	1,775,009,015	-	-
Construction in Progress	230,672,621	38,724,525	269,397,146	53,245,854	-
Total Capital Assets	\$ 3,347,196,631	\$ 1,122,845,985	\$ 4,470,042,616	\$ 503,106,097	\$ 24,025,822
Total Assets	\$ 4,075,648,856	\$ 1,481,849,252	\$ 5,557,498,108	\$ 669,796,655	\$ 29,168,100
<u>DEFERRED OUTFLOWS OF RESOURCES</u>					
Employer Contributions Subsequent to the Measurement Date	\$ 44,638,820	\$ 5,209,099	\$ 49,847,919	\$ 58,321,000	\$ -
Debt Refundings Resulting in Loss Transactions	4,624,025	833,758	5,457,783	-	-
Total Deferred Outflows of Resources	\$ 49,262,845	\$ 6,042,857	\$ 55,305,702	\$ 58,321,000	\$ -
<u>LIABILITIES</u>					
Accounts Payable	\$ 53,933,893	\$ 22,074,964	\$ 76,008,857	\$ 16,420,958	\$ 239,929
Accrued Liabilities	15,346,286	4,929,145	20,275,431	65,311,773	123,636
Due to Other Governments	323,259	-	323,259	87,914	-
Long-term Liabilities:					
Due Within One Year	126,134,352	20,528,068	146,662,420	20,404,668	704,501
Due in More Than One Year	1,336,209,973	381,999,509	1,718,209,482	682,497,213	14,992,774
Total Liabilities	\$ 1,531,947,763	\$ 429,531,686	\$ 1,961,479,449	\$ 784,722,526	\$ 16,060,840
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	\$ 51,231,742	\$ 5,978,454	\$ 57,210,196	\$ 61,708,000	\$ -
Property Taxes Levied for Subsequent Year	9,574,624	-	9,574,624	-	-
Unavailable Revenue for Housing Loans	493,950	-	493,950	-	-
Debt Refundings Resulting in Gain Transactions	5,367,663	1,372,227	6,739,890	-	-
Total Deferred Inflows of Resources	\$ 66,667,979	\$ 7,350,681	\$ 74,018,660	\$ 61,708,000	\$ -
<u>NET POSITION</u>					
Net Investment in Capital Assets	\$ 2,286,145,556	\$ 760,003,698	\$ 3,046,149,254	\$ 503,106,097	\$ 8,357,972
Restricted for:					
Capital Projects	301,149,808	79,068,191	380,217,999	20,731,125	-
Future Debt Service	34,468,350	25,342,590	59,810,940	-	-
Special Projects	27,202,578	-	27,202,578	16,236,275	-
Water and Sewer Fund Operations	-	126,559,715	126,559,715	-	-
Storm Water Fund Operations	-	28,746,488	28,746,488	-	-
Unrestricted (Deficit)	(122,670,333)	31,289,060	(91,381,273)	(658,386,368)	4,749,288
Total Net Position	\$ 2,526,295,959	\$ 1,051,009,742	\$ 3,577,305,701	\$ (118,312,871)	\$ 13,107,260

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, 2016**

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
Legislative	\$ 1,199,261	\$ -	\$ -	\$ -
Executive	3,788,704	6,930	-	-
Law	3,763,766	2,124	-	-
Finance	17,077,306	1,645,507	1,457,098	-
Human Resources	11,750,627	-	-	-
Judicial	56,308,364	3,549,429	23,845,548	-
Health	3,179,240	-	115,750	-
Police	93,988,335	3,965,201	1,121,110	-
Human Services	109,133,450	24,956,662	56,220,800	-
Public Works	175,477,790	3,564,521	43,293,523	3,993,753
Parks & Recreation	45,082,490	15,569,444	5,114,110	-
Library	17,001,977	726,001	250,926	-
Planning	9,689,950	5,020,717	-	-
Agriculture	1,427,900	62,171	282,632	-
Economic Development	2,076,114	367,208	-	-
Convention & Visitor Development	25,836,560	5,904,184	-	-
Communications & Information Technology	33,641,832	1,924,588	-	572,727
Emergency Communications and Citizen Services	8,140,536	142,005	-	-
Boards and Commissions	30,230,164	10,614	297,563	-
Fire	50,306,088	413,115	3,166,946	-
Management Services	1,415,041	-	-	-
Education	398,127,741	-	-	-
Housing & Neighborhood Preservation	26,300,165	2,427,410	22,046,214	-
Museums	10,841,342	9,171,646	1,085,559	-
Emergency Medical Services	10,201,025	135,355	402,615	-
Strategic Growth Area	638,519	-	-	-
General Government	1,826,647	6,690,903	17,853,693	44,792,246
Interest and Fiscal Charges	33,580,400	-	-	-
Total Governmental Activities	<u>1,182,031,334</u>	<u>86,255,735</u>	<u>176,554,087</u>	<u>49,358,726</u>
Business-type Activities:				
Water and Sewer	109,232,931	124,303,922	27,218	6,884,804
Storm Water	23,288,944	39,522,703	-	1,291,092
Development Authority	9,920,441	4,999,007	-	-
Waste Management	39,965,302	37,766,169	45,522	-
Parking	3,770,402	3,824,504	-	-
Total Business-type Activities	<u>186,178,020</u>	<u>210,416,305</u>	<u>72,740</u>	<u>8,175,896</u>
Total Primary Government	<u>\$ 1,368,209,354</u>	<u>\$ 296,672,040</u>	<u>\$ 176,626,827</u>	<u>\$ 57,534,622</u>
Component Units:				
Virginia Beach Community Development Corporation	\$ 6,662,769	\$ 2,906,892	\$ 2,201,219	\$ -
Virginia Beach School Board	772,610,344	15,076,354	142,463,184	-
Total Component Units	<u>\$ 779,273,113</u>	<u>\$ 17,983,246</u>	<u>\$ 144,664,403</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, 2016**

Net (Expenses) Revenues and Changes in Net Position				
Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	School Board	Community Development Corporation
\$ (1,199,261)	\$ -	\$ (1,199,261)	\$ -	\$ -
(3,781,774)	-	(3,781,774)	-	-
(3,761,642)	-	(3,761,642)	-	-
(13,974,701)	-	(13,974,701)	-	-
(11,750,627)	-	(11,750,627)	-	-
(28,913,387)	-	(28,913,387)	-	-
(3,063,490)	-	(3,063,490)	-	-
(88,902,024)	-	(88,902,024)	-	-
(27,955,988)	-	(27,955,988)	-	-
(124,625,993)	-	(124,625,993)	-	-
(24,398,936)	-	(24,398,936)	-	-
(16,025,050)	-	(16,025,050)	-	-
(4,669,233)	-	(4,669,233)	-	-
(1,083,097)	-	(1,083,097)	-	-
(1,708,906)	-	(1,708,906)	-	-
(19,932,376)	-	(19,932,376)	-	-
(31,144,517)	-	(31,144,517)	-	-
(7,998,531)	-	(7,998,531)	-	-
(29,921,987)	-	(29,921,987)	-	-
(46,726,027)	-	(46,726,027)	-	-
(1,415,041)	-	(1,415,041)	-	-
(398,127,741)	-	(398,127,741)	-	-
(1,826,541)	-	(1,826,541)	-	-
(584,137)	-	(584,137)	-	-
(9,663,055)	-	(9,663,055)	-	-
(638,519)	-	(638,519)	-	-
67,510,195	-	67,510,195	-	-
(33,580,400)	-	(33,580,400)	-	-
(869,862,786)	-	(869,862,786)	-	-
-	21,983,013	21,983,013	-	-
-	17,524,851	17,524,851	-	-
-	(4,921,434)	(4,921,434)	-	-
-	(2,153,611)	(2,153,611)	-	-
-	54,102	54,102	-	-
-	32,486,921	32,486,921	-	-
<u>\$(869,862,786)</u>	<u>\$32,486,921</u>	<u>\$(837,375,865)</u>	<u>\$-</u>	<u>\$-</u>
\$ -	\$ -	\$ -	\$ -	\$ (1,554,658)
-	-	-	(615,070,806)	-
<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$(615,070,806)</u>	<u>\$(1,554,658)</u>
\$ 622,389,162	\$ -	\$ 622,389,162	\$ -	\$ -
61,409,466	-	61,409,466	-	-
40,961,377	-	40,961,377	-	-
44,956,510	-	44,956,510	-	-
63,558,427	-	63,558,427	-	-
7,299,045	-	7,299,045	-	-
10,950,799	-	10,950,799	-	-
10,867,860	-	10,867,860	-	-
6,953,928	-	6,953,928	-	-
29,999,408	-	29,999,408	-	-
13,480,842	-	13,480,842	-	-
912,826,824	-	912,826,824	-	-
-	-	-	403,461,767	-
53,412,868	-	53,412,868	253,632,906	-
7,172,459	814,880	7,987,339	153,334	109,686
14,369,406	-	14,369,406	399,783	99,996
(15,898,147)	15,898,147	-	-	-
971,883,410	16,713,027	988,596,437	657,647,790	209,682
102,020,624	49,199,948	151,220,572	42,576,984	(1,344,976)
2,424,275,335	1,001,809,794	3,426,085,129	(160,889,855)	14,452,236
<u>\$2,526,295,959</u>	<u>\$1,051,009,742</u>	<u>\$3,577,305,701</u>	<u>\$(118,312,871)</u>	<u>\$13,107,260</u>

**CITY OF VIRGINIA BEACH, VIRGINIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016**

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>				
Cash and Investments	\$ 121,715,607	\$ -	\$ 56,518,698	\$ 178,234,305
Cash and Investments - Restricted	12,299,308	313,298,607	52,895,171	378,493,086
Cash Advances	111,128	-	-	111,128
Receivables (net of allowance for uncollectibles, where applicable):				
Property Tax	41,043,225	-	-	41,043,225
Accounts	1,926,261	-	548,427	2,474,688
Loans	6,276,131	-	6,488,666	12,764,797
Due from:				
Other Funds	125,957	-	-	125,957
Other Governments	69,587,197	11,975,257	3,401,380	84,963,834
Inventories	4,661,815	-	-	4,661,815
Total Assets	<u>\$ 257,746,629</u>	<u>\$ 325,273,864</u>	<u>\$ 119,852,342</u>	<u>\$ 702,872,835</u>
<u>LIABILITIES</u>				
Vouchers and Accounts Payable	\$ 27,531,045	\$ 18,113,277	\$ 6,474,000	\$ 52,118,322
Payroll Withholdings Payable	-	-	-	-
Deposits Payable	2,897,711	-	-	2,897,711
Due to Other Funds	-	5,986,949	125,957	6,112,906
Intergovernmental Payables	299,429	23,830	-	323,259
Unearned Revenue	814,146	-	164,877	979,023
Total Liabilities	<u>\$ 31,542,331</u>	<u>\$ 24,124,056</u>	<u>\$ 6,764,834</u>	<u>\$ 62,431,221</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable Revenue - Housing Loans	\$ -	\$ -	\$ 493,950	\$ 493,950
Unavailable Revenue - Property Taxes	40,686,856	-	-	40,686,856
Total Deferred Inflows of Resources	<u>\$ 40,686,856</u>	<u>\$ -</u>	<u>\$ 493,950</u>	<u>\$ 41,180,806</u>
<u>FUND BALANCES</u>				
Nonspendable:				
Inventories	\$ 4,661,815	\$ -	\$ -	\$ 4,661,815
Loans Receivable	6,276,131	-	6,488,666	12,764,797
Restricted for:				
Special Revenue Funds	-	-	9,100,350	9,100,350
Debt Service	-	-	34,468,350	34,468,350
Community Services Board	675,616	-	-	675,616
Committed to:				
Education	12,299,308	-	-	12,299,308
Special Revenue Funds	-	-	56,381,585	56,381,585
Capital Improvement Program:				
Engineering and Highways	-	66,374,181	-	66,374,181
Buildings	-	23,331,327	-	23,331,327
Parks and Recreation	-	24,987,077	-	24,987,077
Coastal	-	2,514,465	-	2,514,465
Economic and Tourism	-	25,333,446	-	25,333,446
General Government	-	158,609,312	-	158,609,312
Assigned to:				
Special Programs	776,411	-	-	776,411
Communications & Information Technology	1,195,904	-	-	1,195,904
Education	16,754,643	-	-	16,754,643
Hurricane Matthew Relief	7,695,750	-	-	7,695,750
General Government	8,075,900	-	-	8,075,900
Human Services	149,761	-	-	149,761
Waste Management	10,062,505	-	-	10,062,505
Capital Improvement Program - General	8,012,051	-	-	8,012,051
Risk Management	1,800,000	-	-	1,800,000
Special Revenue Funds	-	-	6,170,501	6,170,501
Unassigned	107,081,647	-	(15,894)	107,065,753
Total Fund Balances	<u>\$ 185,517,442</u>	<u>\$ 301,149,808</u>	<u>\$ 112,593,558</u>	<u>\$ 599,260,808</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 257,746,629</u>	<u>\$ 325,273,864</u>	<u>\$ 119,852,342</u>	<u>\$ 702,872,835</u>

**CITY OF VIRGINIA BEACH, VIRGINIA
RECONCILIATION OF BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2016**

Total Fund Balances - Governmental funds (Exhibit 3)	\$	599,260,808
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds.		3,346,010,597
Other long-term assets are not available to pay for current period expenditures and therefore are offset by unearned revenue in the governmental funds.		49,578,574
Deferred Inflows and Outflows of Resources used to reflect deferred gains and losses on debt refunding bonds are not reported in the governmental funds.		235,385
Deferred Inflows and Outflows of Resources used to reflect differences between expected and actual earnings on pension plan investments are not reported in the governmental funds.		(6,434,355)
Deferred Inflows of Resources used to reflect Property Taxes Levied in current year for subsequent year.		(9,574,624)
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)		(17,161,600)
Services provided by the general government to business-type activities are not included in the entity-wide statements. The elimination decreases net position.		249,492
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.		(160,884)
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	\$	652,896,524	
Net Pension Liability		294,850,750	
State Literary Fund Loans		2,250,000	
Accrued Interest on Bonds Sold		12,456,616	
Agriculture Reserve Strips		42,374,198	
Public Facility Revenue Bonds		263,313,932	
Premium on Bonds Sold		99,472,784	
Compensated Absences (annual and sick leave)		42,549,985	
Landfill Closure and Post-Closure Care		25,542,645	
			(1,435,707,434)

Total Net Position - Governmental Activities (Exhibit 1)	\$	2,526,295,959
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The accompanying notes are an integral part of the financial statements.

CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES				
General Property Taxes:				
Real Estate property taxes	\$ 466,391,170	\$ -	\$ 60,060,739	\$ 526,451,909
Personal property taxes	95,930,682	-	-	95,930,682
Other Local Taxes	233,105,129	-	56,486,387	289,591,516
Fines and Forfeitures	5,964,279	-	452,728	6,417,007
Permits, Privilege Fees, and Regulatory Licenses	4,922,398	-	-	4,922,398
From Use of Money and Property	6,349,029	2,417,488	7,089,850	15,856,367
Charges for Services	52,646,840	-	18,352,109	70,998,949
Miscellaneous	5,865,876	1,435,360	3,847,478	11,148,714
From Commonwealth	154,448,241	38,624,156	22,974,115	216,046,512
From Federal Government	20,326,517	6,168,090	31,222,414	57,717,021
Total Revenues	<u>\$ 1,045,950,161</u>	<u>\$ 48,645,094</u>	<u>\$ 200,485,820</u>	<u>\$ 1,295,081,075</u>
EXPENDITURES				
Current Operating:				
Legislative	\$ 1,233,934	\$ -	\$ -	\$ 1,233,934
Executive	3,998,371	-	-	3,998,371
Law	4,022,217	-	-	4,022,217
Finance	18,062,607	-	-	18,062,607
Human Resources	11,914,851	-	-	11,914,851
Judicial	14,277,459	-	44,239,102	58,516,561
Health	3,177,862	-	-	3,177,862
Police	94,043,170	-	1,135,988	95,179,158
Human Services	105,720,704	-	7,223,406	112,944,110
Public Works	66,729,291	-	15,000	66,744,291
Parks and Recreation	13,394,124	-	29,871,260	43,265,384
Library	17,103,595	-	265,151	17,368,746
Planning	9,737,642	-	4,222	9,741,864
Agriculture	728,253	-	740,307	1,468,560
Economic Development	3,949,271	-	-	3,949,271
Convention and Visitor Development	8,734,628	-	17,571,828	26,306,456
Communications and Information Technology	20,463,895	-	-	20,463,895
Emergency Communications and Citizen Services	8,609,489	-	-	8,609,489
Boards and Commissions	28,573,296	-	6,794,294	35,367,590
Strategic Growth Area	746,889	-	-	746,889
Fire	48,956,961	-	2,280,644	51,237,605
Management Services	1,485,496	-	-	1,485,496
Education	360,904,820	27,187,506	-	388,092,326
Housing and Neighborhood Preservation	2,051,289	-	24,499,042	26,550,331
Museums	11,140,739	-	-	11,140,739
General Government	-	-	2,566,531	2,566,531
Emergency Medical Services	9,430,107	-	681,146	10,111,253
Capital Outlay	-	148,425,984	-	148,425,984
Debt Service:				
Principal Retirement	30,861,157	-	55,836,975	86,698,132
Interest and Fiscal Charges	17,222,523	-	27,966,278	45,188,801
Total Expenditures	<u>\$ 917,274,640</u>	<u>\$ 175,613,490</u>	<u>\$ 221,691,174</u>	<u>\$ 1,314,579,304</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>\$ 128,675,521</u>	<u>\$ (126,968,396)</u>	<u>\$ (21,205,354)</u>	<u>\$ (19,498,229)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ 9,777,300	\$ 59,492,672	\$ 82,233,541	\$ 151,503,513
Transfers Out	(116,879,321)	-	(39,365,802)	(156,245,123)
Issuance of Debt	-	61,255,000	-	61,255,000
Premium on Bonds Sold	122,361	8,054,203	5,447,330	13,623,894
Issuance of Refunding Bonds	-	-	50,430,000	50,430,000
Payment to Refunding Bonds Escrow Agent	-	-	(55,585,547)	(55,585,547)
Agriculture Reserve Agreement	-	-	565,264	565,264
Total Other Financing Sources (Uses)	<u>\$ (106,979,660)</u>	<u>\$ 128,801,875</u>	<u>\$ 43,724,786</u>	<u>\$ 65,547,001</u>
Net Change in Fund Balance	21,695,861	1,833,479	22,519,432	46,048,772
Fund Balance at Beginning of Year	163,821,581	299,316,329	90,074,126	553,212,036
Fund Balance at End of Year	<u>\$ 185,517,442</u>	<u>\$ 301,149,808</u>	<u>\$ 112,593,558</u>	<u>\$ 599,260,808</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, 2016**

Net Change in fund balance - total governmental funds (Exhibit 4)	\$	46,048,772
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Amounts reported for governmental activities in the Statement of Activities (Exhibit 2) are different because:

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

General Government Capital Outlay Expenditures	\$	154,608,792	
General Government Expenditures		(9,027,220)	
Non-Capitalizable Capital Outlay Expenditures		(20,231,648)	
Depreciation on General Government Assets		(105,275,539)	
Contribution of Assets to General Government		4,566,480	
Loss on Disposition of Assets		<u>(13,035,754)</u>	11,605,111

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.		665,374
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The issuance of long-term debt provides current financial resources to governmental funds while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		19,803,784
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Certain net expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated Absences		(984,814)	
Pension Expense		23,429,259	

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.		1,453,138
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Change in net position of governmental activities (Exhibit 2)	\$	<u>102,020,624</u>
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The accompanying notes are an integral part of the financial statements.

CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Budget Amounts			Variance
	Original	Final	Actual Amounts	Final Budget Positive (Negative)
REVENUES				
General Property Taxes:				
Real Estate property taxes	\$ 467,993,529	\$ 467,993,529	\$ 466,391,170	\$ (1,602,359)
Personal property taxes	89,789,652	89,789,652	95,930,682	6,141,030
Other Local Taxes	234,112,747	234,112,747	233,105,129	(1,007,618)
Permits, Privilege Fees, and Regulatory Licenses	4,928,555	4,928,555	4,922,398	(6,157)
Fines and Forfeitures	6,966,800	6,966,800	5,964,279	(1,002,521)
From Use of Money and Property	5,379,100	5,409,100	6,349,029	939,929
Charges for Services	55,809,859	55,988,221	52,646,840	(3,341,381)
Miscellaneous	4,561,303	4,758,856	5,865,876	1,107,020
From Commonwealth	151,403,607	154,666,178	154,448,241	(217,937)
From Federal Government	19,642,222	19,642,222	20,326,517	684,295
Total Revenues	<u>\$ 1,040,587,374</u>	<u>\$ 1,044,255,860</u>	<u>\$ 1,045,950,161</u>	<u>\$ 1,694,301</u>
EXPENDITURES				
Legislative	\$ 1,108,345	\$ 1,282,619	\$ 1,233,934	\$ 48,685
Executive	3,979,455	4,154,862	3,998,371	156,491
Law	4,012,759	4,086,432	4,022,217	64,215
Finance	17,994,969	18,533,382	18,062,607	470,775
Human Resources	13,121,446	12,980,846	11,914,851	1,065,995
Judicial	14,545,798	15,307,987	14,277,459	1,030,528
Health	3,168,806	3,193,863	3,177,862	16,001
Police	96,941,334	99,039,602	94,043,170	4,996,432
Human Services	110,784,048	113,443,574	105,720,704	7,722,870
Public Works	68,949,723	75,583,917	66,729,291	8,854,626
Parks and Recreation	13,788,281	14,429,044	13,394,124	1,034,920
Library	17,792,888	18,652,549	17,103,595	1,548,954
Planning	10,401,415	10,754,308	9,737,642	1,016,666
Agriculture	833,949	845,580	728,253	117,327
Economic Development	3,819,484	4,032,756	3,949,271	83,485
Convention and Visitor Development	9,272,159	9,514,960	8,734,628	780,332
Communications and Information Technology	21,685,494	23,119,039	20,463,895	2,655,144
Emergency Communications and Citizen Services	10,515,619	10,727,901	8,609,489	2,118,412
Boards and Commissions	28,667,296	31,320,415	28,573,296	2,747,119
Strategic Growth Area	804,556	820,857	746,889	73,968
Fire	48,136,383	49,396,051	48,956,961	439,090
Management Services	1,510,665	1,563,258	1,485,496	77,762
Education	372,535,732	376,488,217	360,904,820	15,583,397
Housing and Neighborhood Preservation	1,812,451	2,166,924	2,051,289	115,635
Museums	12,116,416	12,580,437	11,140,739	1,439,698
Emergency Medical Services	9,594,009	9,846,038	9,430,107	415,931
Debt Service:				
Principal Retirement	31,792,402	31,792,402	30,861,157	931,245
Interest and Fiscal Charges	17,890,284	17,890,284	17,222,523	667,761
Total Expenditures	<u>\$ 947,576,166</u>	<u>\$ 973,548,104</u>	<u>\$ 917,274,640</u>	<u>\$ 56,273,464</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>\$ 93,011,208</u>	<u>\$ 70,707,756</u>	<u>\$ 128,675,521</u>	<u>\$ 57,967,765</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ 1,744,121	\$ 9,777,300	\$ 9,777,300	\$ -
Transfers Out	(115,219,454)	(116,891,034)	(116,879,321)	11,713
Premium on Refunding Bonds Sold	-	-	122,361	122,361
Total Other Financing Sources (Uses)	<u>\$ (113,475,333)</u>	<u>\$ (107,113,734)</u>	<u>\$ (106,979,660)</u>	<u>\$ 134,074</u>
Net Change in Fund Balance	(20,464,125)	(36,405,978)	21,695,861	58,101,839
Fund Balance at Beginning of Year	163,821,581	163,821,581	163,821,581	-
Fund Balance at End of Year	<u>\$ 143,357,456</u>	<u>\$ 127,415,603</u>	<u>\$ 185,517,442</u>	<u>\$ 58,101,839</u>

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

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CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2016

	Business-Type Activities - Enterprise Funds	
	Water and Sewer	Storm Water
<u>ASSETS</u>		
Current Assets:		
Cash and Investments	\$ 130,738,629	\$ 31,690,052
Accounts Receivable - Net	18,645,662	6,432,655
Intergovernmental Receivables	935,738	-
Inventory	2,475,602	-
Total Current Assets	<u>\$ 152,795,631</u>	<u>\$ 38,122,707</u>
Noncurrent Assets:		
Cash and Investments - Restricted	77,983,859	35,314,487
Land Held for Resale	-	-
Capital Assets:		
Land	12,941,871	131,664,678
Site Improvements	-	-
Buildings	18,611,567	-
Utility System	1,054,112,387	232,807,611
Construction in Progress	27,686,222	11,038,303
Machinery and Equipment	29,171,181	13,983,084
Less: Accumulated Depreciation	(461,258,406)	(63,287,813)
Total Capital Assets	<u>\$ 681,264,822</u>	<u>\$ 326,205,863</u>
Total Noncurrent Assets	<u>\$ 759,248,681</u>	<u>\$ 361,520,350</u>
Total Assets	<u>\$ 912,044,312</u>	<u>\$ 399,643,057</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Debt Refundings Resulting in Loss Transactions	\$ -	\$ -
Support and Maintenance	-	-
VRS Employer Contributions	4,830,269	1,624,362
Total Deferred Outflows of Resources	<u>\$ 4,830,269</u>	<u>\$ 1,624,362</u>
<u>LIABILITIES</u>		
Current Liabilities:		
Vouchers and Accounts Payable	\$ 4,010,039	\$ 685,423
Deposits Payable	148,744	-
Accrued Interest Payable	2,726,842	214,243
Construction Contracts Payable	3,862,760	3,354,938
Due to Other Funds	-	-
Advances from General Fund	-	-
Unearned Revenue	616,000	-
Current Portion of Long-term Liabilities	10,675,190	2,330,266
Total Current Liabilities	<u>\$ 22,039,575</u>	<u>\$ 6,584,870</u>
Long-term Liabilities (less current portion)	250,459,655	52,323,805
Total Liabilities	<u>\$ 272,499,230</u>	<u>\$ 58,908,675</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Debt Refundings Resulting in Gain Transactions	\$ -	\$ -
Net difference between Projected and Actual		
Earnings on Plan Investments	5,292,001	1,779,637
Total Deferred Inflows of Resources	<u>\$ 5,292,001</u>	<u>\$ 1,779,637</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	\$ 444,119,723	\$ 279,795,475
Restricted for:		
Capital Projects	50,424,617	28,643,574
Future Debt Service	17,979,295	3,393,570
Operations	126,559,715	28,746,488
Unrestricted (Deficit)	-	-
Total Net Position	<u>\$ 639,083,350</u>	<u>\$ 340,579,107</u>
Reconciling Items:		
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds		
Total Net Position of Business-type activities (Exhibit 1)		

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

CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2016

Business-Type Activities - Enterprise Funds					Governmental Activities
Waste Management	Development Authority	Nonmajor Parking	Totals	Internal Service Funds	
\$ 2,050,557	\$ 9,047,695	\$ 3,959,763	\$ 177,486,696	\$ 21,803,745	
5,580,670	8,891,586	271,955	39,822,528	38,333	
-	-	-	935,738	-	
-	-	-	2,475,602	666,074	
<u>\$ 7,631,227</u>	<u>\$ 17,939,281</u>	<u>\$ 4,231,718</u>	<u>\$ 220,720,564</u>	<u>\$ 22,508,152</u>	
-	2,569,758	-	115,868,104	-	
-	22,530,172	-	22,530,172	-	
-	20,457,260	-	165,063,809	-	
366,891	-	779,517	1,146,408	265,782	
-	120,710,147	-	139,321,714	-	
-	-	-	1,286,919,998	-	
-	-	-	38,724,525	-	
8,334,732	565,065	69,824	52,123,886	6,497,077	
(3,699,334)	(31,846,658)	(362,144)	(560,454,355)	(5,576,825)	
<u>\$ 5,002,289</u>	<u>\$ 109,885,814</u>	<u>\$ 487,197</u>	<u>\$ 1,122,845,985</u>	<u>\$ 1,186,034</u>	
<u>\$ 5,002,289</u>	<u>\$ 134,985,744</u>	<u>\$ 487,197</u>	<u>\$ 1,261,244,261</u>	<u>\$ 1,186,034</u>	
<u>\$ 12,633,516</u>	<u>\$ 152,925,025</u>	<u>\$ 4,718,915</u>	<u>\$ 1,481,964,825</u>	<u>\$ 23,694,186</u>	
\$ -	\$ 833,758	\$ -	\$ 833,758	\$ -	
-	-	-	-	211,859	
1,513,321	-	80,430	8,048,382	1,658,797	
<u>\$ 1,513,321</u>	<u>\$ 833,758</u>	<u>\$ 80,430</u>	<u>\$ 8,882,140</u>	<u>\$ 1,870,656</u>	
\$ 1,998,141	\$ 7,541,310	\$ 649,318	\$ 14,884,231	\$ 1,815,571	
-	-	-	148,744	-	
-	1,223,316	-	4,164,401	-	
-	-	-	7,217,698	-	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	616,000	-	
580,147	6,921,280	21,185	20,528,068	9,397,529	
<u>\$ 2,578,288</u>	<u>\$ 15,685,906</u>	<u>\$ 670,503</u>	<u>\$ 47,559,142</u>	<u>\$ 11,213,100</u>	
<u>7,036,682</u>	<u>71,827,052</u>	<u>352,315</u>	<u>381,999,509</u>	<u>29,695,978</u>	
<u>\$ 9,614,970</u>	<u>\$ 87,512,958</u>	<u>\$ 1,022,818</u>	<u>\$ 429,558,651</u>	<u>\$ 40,909,078</u>	
\$ -	\$ 1,372,227	\$ -	\$ 1,372,227	\$ -	
1,657,981	-	88,118	8,817,737	1,817,364	
<u>\$ 1,657,981</u>	<u>\$ 1,372,227</u>	<u>\$ 88,118</u>	<u>\$ 10,189,964</u>	<u>\$ 1,817,364</u>	
\$ 5,002,289	\$ 30,599,013	\$ 487,197	\$ 760,003,697	\$ 1,186,034	
-	-	-	79,068,191	-	
-	3,969,725	-	25,342,590	-	
-	-	-	155,306,203	-	
(2,128,403)	30,304,860	3,201,212	31,377,669	(18,347,634)	
<u>\$ 2,873,886</u>	<u>\$ 64,873,598</u>	<u>\$ 3,688,409</u>	<u>\$ 1,051,098,350</u>	<u>\$ (17,161,600)</u>	
			(88,608)		
			<u>\$ 1,051,009,742</u>		

CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2016

	Business-Type Activities - Enterprise Funds	
	Water and Sewer	Storm Water
<u>OPERATING REVENUES</u>		
Charges for Services	\$ 123,025,673	\$ 39,458,769
Insurance Recovery	-	-
Miscellaneous	821,184	11,457
Total Operating Revenues	<u>\$ 123,846,857</u>	<u>\$ 39,470,226</u>
<u>OPERATING EXPENSES</u>		
Cost of Goods Sold	\$ 24,487,885	\$ -
Personal Services	21,668,019	8,434,444
Fringe Benefits	6,519,396	2,393,731
Contractual Services	5,078,318	2,443,716
Internal Services	3,397,497	1,221,322
Other Charges	16,779,179	3,713,954
Leases and Rentals	-	-
Land Structure Maintenance	-	177,998
Depreciation	25,954,884	4,792,210
Total Operating Expenses	<u>\$ 103,885,178</u>	<u>\$ 23,177,375</u>
<u>OPERATING INCOME (LOSS)</u>	<u>\$ 19,961,679</u>	<u>\$ 16,292,851</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>		
From Commonwealth	\$ 27,218	\$ -
Interest Income	597,518	177,937
Gain (Loss) From Sale of Assets	266,035	62,998
Payment Under Support Agreement	-	-
Interest and Fiscal Agent Fees	(5,222,310)	(145,667)
Total Nonoperating Revenues (Expenses)	<u>\$ (4,331,539)</u>	<u>\$ 95,268</u>
<u>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</u>	<u>\$ 15,630,140</u>	<u>\$ 16,388,119</u>
Capital Contributions	6,884,804	1,291,092
Transfers In	-	29,873
Transfers Out	-	-
<u>CHANGE IN NET POSITION</u>	<u>\$ 22,514,944</u>	<u>\$ 17,709,084</u>
Total Net Position at Beginning of Year	616,568,406	322,870,023
Total Net Position at End of Year	<u><u>\$ 639,083,350</u></u>	<u><u>\$ 340,579,107</u></u>

Reconciling Items:

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.

Adjustment to reflect the consolidation of blended component unit activities as an enterprise fund

Change in Net Position of Business-type activities (Exhibit 2)

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
JUNE 30, 2016

Business-Type Activities - Enterprise Funds					Governmental Activities
Waste Management	Development Authority	Nonmajor Parking	Totals	Internal Service Funds	
\$ 36,783,990	\$ 2,687,587	\$ 4,912,304	\$ 206,868,323	\$ 41,851,220	
-	-	4,833	4,833	276,494	
980,953	250,814	-	2,064,408	15,000	
<u>\$ 37,764,943</u>	<u>\$ 2,938,401</u>	<u>\$ 4,917,137</u>	<u>\$ 208,937,564</u>	<u>\$ 42,142,714</u>	
\$ -	\$ -	\$ -	\$ 24,487,885	\$ 9,938,870	
6,603,137	-	385,172	37,090,772	6,869,942	
2,050,107	-	121,646	11,084,880	2,021,544	
22,987,961	1,667,120	2,643,046	34,820,161	3,519,586	
3,715,206	-	49,008	8,383,033	814,700	
2,950,359	2,737,878	364,205	26,545,575	17,063,978	
-	-	187,731	187,731	-	
-	-	-	177,998	-	
1,690,149	3,129,219	19,488	35,585,950	465,904	
<u>\$ 39,996,919</u>	<u>\$ 7,534,217</u>	<u>\$ 3,770,296</u>	<u>\$ 178,363,985</u>	<u>\$ 40,694,524</u>	
\$ (2,231,976)	\$ (4,595,816)	\$ 1,146,841	\$ 30,573,579	\$ 1,448,190	
\$ 45,522	\$ -	\$ -	\$ 72,740	\$ -	
2,098	25,172	12,155	814,880	88,572	
(38,877)	-	7,547	297,703	112,660	
-	11,018,017	(461,186)	10,556,831	-	
-	(3,486,404)	(225,600)	(9,079,981)	-	
<u>\$ 8,743</u>	<u>\$ 7,556,785</u>	<u>\$ (667,084)</u>	<u>\$ 2,662,173</u>	<u>\$ 201,232</u>	
\$ (2,223,233)	\$ 2,960,969	\$ 479,757	\$ 33,235,752	\$ 1,649,422	
-	-	-	8,175,896	-	
5,166,556	-	20,581	5,217,010	-	
<u>-</u>	<u>-</u>	<u>(440,000)</u>	<u>(440,000)</u>	<u>(35,400)</u>	
\$ 2,943,323	\$ 2,960,969	\$ 60,338	\$ 46,188,658	\$ 1,614,022	
(69,437)	61,912,629	3,628,071		(18,775,622)	
<u>\$ 2,873,886</u>	<u>\$ 64,873,598</u>	<u>\$ 3,688,409</u>		<u>\$ (17,161,600)</u>	
			160,884		
			2,850,406		
			<u>\$ 49,199,948</u>		

CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Business-Type Activities - Enterprise Funds	
	Water and Sewer	Storm Water
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Receipts from Customers and Users	\$ 122,204,191	\$ 39,399,951
Receipts from (Payments for) Interfund Services Provided	246,001	-
Other Operating Cash Receipts	821,184	11,457
Cash Payments to Suppliers of Goods and Services	(49,272,420)	(7,439,981)
Cash Payments to Employees for Services	(29,795,779)	(11,289,043)
Cash Payments for Quasi-External Other Operating	-	-
Net Cash Provided (Used) By Operating Activities	<u>\$ 44,203,177</u>	<u>\$ 20,682,384</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>		
Intergovernmental Receipts	\$ 27,218	\$ -
Receipts from Other Funds	-	\$29,873
Payments Under Support Agreement	-	-
Payments to Other Funds	-	-
Net Cash Provided (Used) By Noncapital Financing Activities	<u>\$ 27,218</u>	<u>\$ 29,873</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>		
Capital Contributions	\$ 3,600,852	\$ -
Net Interest on Long-term Debt	3,257,842	(1,746,426)
Acquisition and Construction of Capital Assets	(36,559,017)	(20,922,948)
Proceeds from Sale of Bonds	89,425,000	-
From Federal Government	945,982	268,750
Proceeds from Sale of Salvage	266,035	62,998
Principal Paid on Capital Debt	(63,481,805)	(1,660,000)
Net Cash Provided (Used) By Capital and Related Financing Activities	<u>\$ (2,545,111)</u>	<u>\$ (23,997,626)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Interest and Dividends Received	<u>\$ 597,518</u>	<u>\$ 177,937</u>
Net Increase (Decrease) in Cash and Investments	42,282,802	(3,107,432)
Cash and Investments, July 1	166,439,686	70,111,971
Cash and Investments, June 30	<u><u>\$ 208,722,488</u></u>	<u><u>\$ 67,004,539</u></u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</u>		
Operating Income (Loss)	\$ 19,961,679	\$ 16,292,851
Adjustments to Reconcile Operating Income (Loss) to		
Net Cash Provided By Operating Activities:		
Depreciation and Amortization Expense	25,954,884	4,792,210
Changes in assets and liabilities:		
Accounts Receivable	347,985	(58,818)
Intergovernmental Receivables	(923,466)	-
Inventory	(234,763)	-
Deferred Outflow of Resources	(1,763,996)	(593,211)
Vouchers and Accounts Payable	575,808	117,009
Deposits Payable	8,159	-
Due to Other Funds	-	-
Unearned Revenue	121,255	-
Deferred Inflow of Resources	(143,092)	(48,120)
Accrued Compensated Leave	72,898	104,520
Net Pension Liability	225,826	75,943
Net Cash Provided (Used) By Operating Activities	<u><u>\$ 44,203,177</u></u>	<u><u>\$ 20,682,384</u></u>
<u>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</u>		
Capital Contributions of Capital Assets	<u><u>\$ 735,903</u></u>	<u><u>\$ -</u></u>

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

CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

Business-Type Activities - Enterprise Funds					Governmental Activities
Waste Management	Development Authority	Nonmajor Parking	Totals	Internal Service Funds	
\$ 38,235,148	\$ 2,978,631	\$ 4,640,349	\$ 207,458,270	\$ 42,089,381	
-	(20,796)	-	225,205	-	
980,953	(32,639)	4,833	1,785,788	15,000	
(29,562,031)	(4,301,798)	(3,324,771)	(93,901,001)	(31,132,413)	
(9,182,620)	-	(552,518)	(50,819,960)	(9,467,752)	
(1,426,178)	-	-	(1,426,178)	-	
<u>\$ (954,728)</u>	<u>\$ (1,376,602)</u>	<u>\$ 767,893</u>	<u>\$ 63,322,124</u>	<u>\$ 1,504,216</u>	
\$ 45,522	\$ -	\$ -	\$ 72,740	\$ -	
5,166,556	-	20,581	5,217,010	-	
-	-	(686,786)	(686,786)	-	
-	-	(440,000)	(440,000)	(35,400)	
<u>\$ 5,212,078</u>	<u>\$ -</u>	<u>\$ (1,106,205)</u>	<u>\$ 4,162,964</u>	<u>\$ (35,400)</u>	
\$ -	\$ 11,808,017	\$ -	\$ 15,408,869	\$ -	
-	(3,643,416)	-	(2,132,000)	-	
(2,208,891)	-	-	(59,690,856)	(348,651)	
-	-	-	89,425,000	-	
-	-	-	1,214,732	-	
-	-	7,547	336,580	112,660	
-	(6,284,634)	-	(71,426,439)	-	
<u>\$ (2,208,891)</u>	<u>\$ 1,879,967</u>	<u>\$ 7,547</u>	<u>\$ (26,864,114)</u>	<u>\$ (235,991)</u>	
\$ 2,098	\$ 25,172	\$ 12,155	\$ 814,880	\$ 88,572	
2,050,557	528,537	(318,610)	41,435,854	1,321,397	
-	11,088,916	4,278,373	251,918,946	20,482,348	
<u>\$ 2,050,557</u>	<u>\$ 11,617,453</u>	<u>\$ 3,959,763</u>	<u>\$ 293,354,800</u>	<u>\$ 21,803,745</u>	
\$ (2,231,976)	\$ (4,595,816)	\$ 1,146,841	\$ 30,573,579	\$ 1,448,190	
1,690,149	3,129,219	19,488	35,585,950	465,904	
1,451,158	-	(271,955)	1,468,370	(38,333)	
-	1,507,592	-	584,126	-	
-	-	-	(234,763)	161,550	
(552,659)	117,707	(29,373)	(2,821,532)	(583,200)	
91,495	(1,513,449)	(82,509)	(811,646)	(208,686)	
-	-	-	8,159	-	
(1,426,178)	-	-	(1,426,178)	-	
-	-	-	121,255	-	
(44,831)	(21,855)	(2,383)	(260,281)	(49,140)	
(2,637)	-	(15,976)	158,805	(12,237)	
70,751	-	3,760	376,280	77,552	
<u>\$ (954,728)</u>	<u>\$ (1,376,602)</u>	<u>\$ 767,893</u>	<u>\$ 63,322,124</u>	<u>\$ 1,504,216</u>	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 735,903</u>	<u>\$ -</u>	

CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2016

	<u>Trust Funds</u>	<u>Agency Funds</u>
<u>ASSETS</u>		
Cash and Investments	\$ 61,966,236	\$ 135,531
Total Assets	<u>61,966,236</u>	<u>135,531</u>
<u>LIABILITIES</u>		
Vouchers and Accounts Payable	\$ -	\$ 135,531
<u>NET POSITION</u>		
Held in Trust for Other Postemployment Benefits and Pension Benefits	<u>\$ 61,966,236</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, 2016

	<u>Trust Funds</u>
<u>ADDITIONS</u>	
Contributions:	
From Primary Government	\$ 9,788,326
From Plan Members	6,652,325
Total Contributions	<u>16,440,651</u>
Investment Earnings:	
Increase (Decrease) in the Fair Value of Investments	(257,244)
Interest and Dividends	105,252
Total Investment Earnings	(151,992)
Less Investment Expense	57,423
Net Investment Earnings	<u>(209,415)</u>
Total Additions	<u>\$ 16,231,236</u>
<u>DEDUCTIONS</u>	
Benefits	\$ 16,709,738
Administrative Expenses	2,326
Total Deductions	<u>\$ 16,712,064</u>
Change in Net Position	(480,828)
Net Position at Beginning of Year	<u>62,447,064</u>
Net Position at End of Year	<u><u>\$ 61,966,236</u></u>

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

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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 454,247.

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.

The Virginia Beach Development Authority (Authority), although legally separate, in substance, is presented as a blended component unit and part of 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. Therefore, the Authority's outstanding bonds are expected to be repaid entirely from resources (support agreements) from the City. The support agreements are for a majority of the outstanding debt of the Authority which necessitates this treatment as a blended component unit.

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, 4525 Main Street, Suite 700, 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, 2016 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, 2016

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, 2016 were as follows:

American Water Works Association Research	\$ 26,125
Arts and Humanities Commission	502,832
Atlantic Wildfowl Museum	52,131
Boardwalk Arts Festival	50,500
Contemporary Art Center	225,000
Eastern Virginia Medical School	441,694
Hampton Roads Economic Development Alliance	426,055
Hampton Roads Planning District Commission	473,915
Safe Drinking Water Act	160,000
Southeastern Tidewater Regional Participation	27,603
Tidewater Community College	5,100
Transportation District of Hampton Roads	6,794,294
Virginia Aquarium and Marine Science Center Foundation	55,575
Virginia Beach Maritime Historical Museum	59,630
Virginia Beach SPCA	30,000
Virginia Dare Soil and Water Conservation District	8,000
Virginia Institute of Government	3,850
Volunteer Fire Squads	13,938
Volunteer Rescue Squads	65,038
Volunteers of America	207,819
WHRO TV	136,702
Total	<u>\$ 9,765,800</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, 2016

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 **Waste Management Fund** provides service to our residents for collection, management and disposal of solid waste, recyclable materials and other refuse. In addition, the fund is responsible for the operation of the City's landfill.

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

Additionally, the City reports the following fund types:

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

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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, Workforce Housing Revolving and Community Development Loan and programs. This fund supports the administration of both capital improvement projects in target neighborhoods and various other housing programs. The uses of fund balance are restricted to the federal programs that generated the funds.

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

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

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

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

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

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.

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.

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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.

Multimodal Transportation - collects and remits revenue dedications from local funding sources to support transportation initiatives across the City. This fund also receives dedicated funding from a portion of the real estate taxes and other sources to support and maintain the City's transportation system.

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, 2016

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, 2016

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.

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Operating Budget Process (continued)

Additional appropriations require one reading of the ordinance for approval and must be offset by additional estimated revenues and/or a transfer from the proper undesignated fund balances. Additional appropriations that exceed 1% of the total estimated revenues shown in the adopted budget require one reading by City Council for approval after a public hearing.

5. Annual budgets are adopted for the General Fund, the Debt Service Fund, Enterprise Funds and all Special Revenue Funds except for 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 334 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 \$773,567 during the 2016 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.

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Reported inventories are accounted for under the consumption method (i.e., recorded as expenditures when used) in the remaining Governmental Funds, except for General Fund Public Works inventory. This inventory utilizes the Purchase Method (i.e., recorded as expenditures when purchased).

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. The Development Authority Enterprise Fund inventories are reported at net realizable value.

G. Land and Building Inventory Held For Resale

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

H. Accrued Compensated Leave

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

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

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

I. Fund Balances

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

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

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

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Fund Balances (continued)

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

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

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

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

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

J. Use of Estimates

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

K. Fund Balance Policy

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

L. Miscellaneous

1. Cash and Investments

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

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. Miscellaneous (continued)

1. Cash and Investments (continued)

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

3. Statement of Cash Flows

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

4. Bond Premiums and Discounts

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

5. Internal Balances

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

M. Net Position

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

N. Long-Term Obligations

In the government-wide financial statements, and Proprietary Fund types in the financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable Governmental Activities, Business-Type Activities, or Proprietary Fund type statement of net position. Bond premiums and deferred loss on refunding bonds are deferred over the life of the bonds using a straight-line method. Issuance costs are reported as debt service expenditures in the year occurred.

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

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Long-Term Obligations (continued)

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 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.

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 include, but are not limited to, Agriculture Reserve Fund, Tax Increment Financing Funds, Open Space Fund, Parks and Recreation, Tourism Investment Program, 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. The Waste Management Enterprise Fund ending net position is restricted for fund operations.

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 and pension contributions subsequent to the measurement date. The deferred outflow related to debt 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 property tax levy recorded in the current fiscal year pertaining to Fiscal Year 2016 and pension activity that will be recognized in pension expense over a four to five year period. 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.

S. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Political Subdivision's Retirement Plan and the additions to/deductions from the Political Subdivision's Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS).

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

S. Pensions (continued)

For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

2. FUND BALANCES – GENERAL FUND AND NONMAJOR GOVERNMENTAL FUNDS

General Fund and Nonmajor governmental fund balances are classified as nonspendable, restricted, committed, assigned and/or unassigned (Note 1.I) 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 balances for the General Fund and Nonmajor governmental funds are presented below:

GENERAL FUND:

Nonspendable:

Inventories	\$ 4,661,815
Housing and EMS Loans	6,276,131
Total Nonspendable	<u>\$ 10,937,946</u>

Restricted:

Community Services Board	<u>\$ 675,616</u>
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Committed:

Education	<u>\$ 12,299,308</u>
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Assigned:

Community Programs	\$ 85,455
Judicial	468,338
Library	51,243
Living Shorelines Program	10,227
Maritime Forest Program	43,512
Oyster Heritage Program	57,920
Public Safety	59,716
Total Special Programs	\$ 776,411
Communications & Information Technology	1,195,904
Education	16,754,643
Hurricane Matthew Relief	7,695,750
General Government	8,075,900
Human Services	149,761
Waste Management	10,062,505
Capital Improvement Program - General	8,012,051
Risk Management	1,800,000
Total Assigned	<u>\$ 54,522,925</u>

Unassigned:

General Government	<u>\$ 107,081,647</u>
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Total Fund Balance

\$ 185,517,442

NONMAJOR GOVERNMENTAL FUNDS:

Nonspendable:

Housing and Community Development Loans	<u>\$ 6,488,666</u>
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Restricted:

Federal and State Grants	\$ 3,506,340
Housing and Community Development	243,897
Forfeited Assets - Judicial	533,870
Forfeited Assets - Police	2,209,573
Special Service Districts	2,239,961
Emergency FEMA	366,709
Total Special Revenue Funds	\$ 9,100,350
Future Debt Service	34,468,350
Total Restricted	<u>\$ 43,568,700</u>

Committed:

Sandbridge TIF Programs	\$ 4,985,068
Central Business District TIF	2,251,833
Parks and Recreation Activities	12,060,701
Wetlands Board Mitigation	270,607
Open Space Program	172,919
Educational	328,065
Tourism	8,490,825
Multimodal Transportation	14,976,969
Agriculture Program	11,588,738
Judicial	1,255,860
Total Committed	<u>\$ 56,381,585</u>

Assigned:

Sandbridge TIF Programs	\$ 720,720
Central Business District TIF	539,010
Educational	23,164
Special Service District Programs	18,677
Forfeited Assets - Judicial	400,000
Forfeited Assets - Police	260,205
Open Space Program	534,895
Agriculture Programs	1,220,661
Dredging Programs	451,169
Parks and Recreation Activities	2,002,000
Total Assigned	<u>\$ 6,170,501</u>

Unassigned:

Dredging Programs	<u>\$ (15,894)</u>
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Total Fund Balance

\$ 112,593,558

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

3. RECEIVABLES AND ACCRUED LIABILITIES

A. Receivables

Receivables at June 30, 2016 consist of the following:

Primary Government

	Governmental Activities	Business-Type Activities	Total
Real Estate Taxes	\$ 15,542,480	\$ -	\$ 15,542,480
Personal Property Taxes	41,344,184	-	41,344,184
Loans	12,764,797	-	12,764,797
Due from Other Government	84,963,856	935,738	85,899,594
Accounts	21,080,038	42,741,376	63,821,414
Gross Receivables	\$ 175,695,355	\$ 43,677,114	\$ 219,372,469
Less: Allowance for Uncollectibles	(25,277,309)	(9,182,254)	(34,459,563)
Net Receivables - Entity Wide	<u>\$ 150,418,046</u>	<u>\$ 34,494,860</u>	<u>\$ 184,912,906</u>

Major Funds – Governmental

	General Fund	Capital Projects	Total
Real Estate Taxes	\$ 15,542,480	\$ -	\$ 15,542,480
Personal Property Taxes	41,344,184	-	41,344,184
Accounts	1,926,261	-	1,926,261
Loans	6,276,131	-	6,276,131
Intergovernmental Accounts	69,587,197	11,975,257	81,562,454
Due from Other Funds	125,957	-	125,957
Gross Receivables	\$ 134,802,210	\$ 11,975,257	\$ 146,777,467
Less: Allowance for Uncollectibles	(15,843,439)	-	(15,843,439)
Net Receivables	<u>\$ 118,958,771</u>	<u>\$ 11,975,257</u>	<u>\$ 130,934,028</u>

Major Funds – Proprietary

	Water and Sewer	Storm Water	Waste Management	Virginia Beach Development Authority	Total
Accounts	\$ 21,527,454	\$ 6,452,559	\$ 5,597,822	\$ 8,891,586	\$ 42,469,421
Intergovernmental Accounts	935,738	-	-	-	935,738
Gross Receivables	\$ 22,463,192	\$ 6,452,559	\$ 5,597,822	\$ 8,891,586	\$ 43,405,159
Less: Allowance for Uncollectibles	(2,881,792)	(19,904)	(17,152)	-	(2,918,848)
Net Receivables	<u>\$ 19,581,400</u>	<u>\$ 6,432,655</u>	<u>\$ 5,580,670</u>	<u>\$ 8,891,586</u>	<u>\$ 40,486,311</u>

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

Component Units

Receivables at June 30, 2016 consist of the following:

	School Board	Community Development Corporation	Total
Notes, Deed of Trust	\$ -	\$ 1,726,654	\$ 1,726,654
Accrued Interest	-	681,883	681,883
Intergovernmental Accounts	19,439,553	-	19,439,553
Accounts	1,276,599	184,757	1,461,356
Net Receivables	<u>\$ 20,716,152</u>	<u>\$ 2,593,294</u>	<u>\$ 23,309,446</u>

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

3. RECEIVABLES AND ACCRUED LIABILITIES (continued)

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 2016 the real property rate was \$0.99 per \$100 of assessed valuation (100% of fair market value except for public service corporation properties); an additional \$.06 per \$100 of assessed valuation is charged to those residents of Sandbridge; an additional \$.45 per \$100 of assessed valuation is charged to all real estate within Town Center Special Service District; an additional \$.184 per \$100 of assessed valuation is charged to all real estate within the Old Donation Special Service District; an additional \$.363 per \$100 of assessed valuation is charged to all real estate within the Bayville Creek Special Service District, not exempt from taxation; an additional \$.1594 per \$100 of assessed valuation is charged to all real estate within the Shadowlawn Special Service District; an additional \$.2913 per \$100 of assessed valuation is charged to all real estate within the Chesapeake Special Service District; an additional \$.079 of \$100 of assessed valuation is charged to all real estate within the Harbour Point Special Service District; an additional \$.063 per \$100 of assessed valuation is charged to all real estate within the Gills Cove Special Service District; an additional \$.438 per \$100 of assessed valuation is charged to all real estate within the Hurd's Cove Special Service District; taxes on all real estate that has been classified as an energy efficient building, not exempt from taxation, at a rate of \$0.84 on each \$100 of assessed valuation thereof; taxes on buildings that are individually listed on the Virginia Landmarks Register, not including the real estate or land on which the building is located, so long as the building is maintained in a condition such that it retains the characteristics for which it was listed on the Virginia Landmarks Register at a rate of \$0.52 on each \$100 of assessed valuation thereof. The personal property rate was \$4.00 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, 2016:

Primary Government

	Governmental Activities
General Sales Tax	\$ 10,965,416
Telecommunications Tax	2,040,484
Police Extradition	10,883
Personal Property Tax Relief Act	53,412,868
Other Grants, Entitlements, & Shared Revenues	1,533,672
Sheriff's Department	1,667,247
Capital Projects	10,723,129
Total Due from Commonwealth	\$ 80,353,699

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

3. RECEIVABLES AND ACCRUED LIABILITIES (continued)

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

School Board Component Unit

State Share Sales Tax	\$ 5,638,396
Special Education-Regional Program	4,665,050
Technology Initiative	2,064,657
VA Learning Backpack Bayside	217,056
VA Learning Backpack Green Run	179,550
VA Learning Backpack Kempsville	166,782
Juvenile Detention Center	253,516
Other Grants, Entitlements and Shared Revenues	78,415
Total Due from Commonwealth-Governmental Funds	<u>\$ 13,263,422</u>

2. The following revenues were due from various Federal agencies at June 30, 2016:

Primary Government

	Governmental Activities
Public Assistance Grants	\$ 1,635,146
Law Enforcement	2,935
Grants Consolidated	833,332
Housing Assistance	8,078
Capital Projects	1,252,128
Emergency FEMA	314,071
Federal Home Grants	564,467
Total Due from Federal Government	<u>\$ 4,610,157</u>

School Board Component Unit

Adult Basic Education	\$ 63,054
Carl Perkins	664,888
DODEA MCASP	239,310
DODEA Special Education	49,581
McKinney Homeless	104,670
Medicaid	694,936
MTSS B Evaluation	76,689
National School Meal Program	1,033,489
NJROTC	78,903
Preschool Incentive	50,854
Title I	1,355,964
Title II	492,097
Title IV	37,247
Title VI-B	1,166,778
Other Grants, Entitlements and Shared Revenues	67,671
Total Due from Federal Government	<u>\$ 6,176,131</u>

3. The following revenues were due from Other Local Governments at June 30, 2016:

The Water and Sewer Enterprise Fund was due \$935,738 from the City of Norfolk, Virginia in accordance with the Water Services Contract True-up (Note 9F).

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

3. RECEIVABLES AND ACCRUED LIABILITIES (continued)

D. Allowances For Uncollectible Accounts Receivable

Allowances for uncollectible accounts receivable are generally established using historical collection data, specific account analysis and subsequent cash receipts. The allowances at June 30, 2016 are as follows:

General Fund	\$ 15,843,439
Water and Sewer Fund	2,881,792
Storm Water Fund	19,904
Waste Management Fund	17,152
Total	<u>\$ 18,762,287</u>

E. The major components of Accrued Liabilities at June 30, 2016 consist of the following:

Primary Government

	Governmental Activities	Business-Type Activities	Total
Accrued Interest Payable	\$ 12,456,616	\$ 4,164,401	\$ 16,621,017
Deposits Payable	2,889,670	148,744	3,038,414
Unearned Revenue	-	616,000	616,000
Total Accrued Liabilities	<u>\$ 15,346,286</u>	<u>\$ 4,929,145</u>	<u>\$ 20,275,431</u>

Component Units

	School Board	Community Development Corporation	Total
Accrued Interest Payable	\$ -	\$ 59,546	\$ 59,546
Unearned Revenue	8,568,776	-	8,568,776
Deposits Payable	75,000	64,091	139,091
Accrued Salaries	56,667,997	-	56,667,997
Total Accrued Liabilities	<u>\$ 65,311,773</u>	<u>\$ 123,637</u>	<u>\$ 65,435,410</u>

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, 2016:

A. General Fund

Aquarium - Advance ticket receipts	\$ 151,746
Human Services - Advance program receipts	662,400
Total General Fund	<u>\$ 814,146</u>

B. Special Revenue Funds – Nonmajor

Parks and Recreation - Advance class registration	\$ 164,877
Total Special Revenue Funds	<u>\$ 164,877</u>

C. Enterprise Funds

Water and Sewer - Customers and Developers tap and meter fees	\$ 616,000
Total Enterprise Funds	<u>\$ 616,000</u>

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

4. UNEARNED REVENUE (continued)

D. School Board Component Unit

General Fund - Summer School Tuition and Behind the Wheel	\$ 385,045
School Grants Fund - Early Reading Intervention, Algebra Readiness, VA Initiative At Risk Four Year Old, Assessment of Learning and other grants	418,868
Other Governmental Funds - School Cafeterias - Charges for Services	401,328
Total Unearned Revenue - Governmental Funds	1,205,241
School Health Insurance Internal Service Fund - Prepayment of July health insurance premiums	7,363,535
Total Unearned Revenue - Governmental Activities	<u>\$ 8,568,776</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 Office Park	9,878,630
London Bridge Commerce Park	1,624,500
Town Center Beacon Building	4,877,946
Hunt Club 2	200,305
Headquarters Hotel Site	4,393,243
Total Land Held for Resale	<u>\$ 22,530,172</u>

B. Governmental Activities

The following is a summary of the changes in capital assets for the fiscal year ended June 30, 2016:

	Balance July 1, 2015	Increases	Decreases	Balance June 30, 2016
Capital Assets Not Being Depreciated:				
Land and Improvements*	\$ 1,003,395,981	\$ 1,824,256	\$ 116,480	\$ 1,005,103,757
Agriculture Reserve Program	41,808,934	565,264	-	42,374,198
Construction in Progress	156,000,060	131,347,662	56,675,101	230,672,621
Total Capital Assets Not Being Depreciated	<u>\$ 1,201,204,975</u>	<u>\$ 133,737,182</u>	<u>\$ 56,791,581</u>	<u>\$ 1,278,150,576</u>
Other Capital Assets:				
Buildings and Improvements*	\$ 744,308,348	\$ 6,709,186	\$ 16,958,951	\$ 734,058,583
School Buildings	349,767,490	67,263,712	51,346,532	365,684,670
Site Improvements*	291,826,093	3,518,943	-	295,345,036
Site Improvements - Internal Service Funds	265,782	-	-	265,782
Equipment*	259,235,176	23,020,560	5,523,171	276,732,565
Equipment - ISF	6,188,106	364,491	55,520	6,497,077
Roadway Network	1,956,835,286	15,656,856	-	1,972,492,142
Landfill Network	18,676,153	-	-	18,676,153
Bridge Network	80,950,452	-	-	80,950,452
Hurricane Protection Network	97,680,665	-	-	97,680,665
Total Other Capital Assets at Historical Cost	<u>\$ 3,805,733,551</u>	<u>\$ 116,533,748</u>	<u>\$ 73,884,174</u>	<u>\$ 3,848,383,125</u>
Less Accumulated Depreciation For:				
Buildings and Improvements*	\$ 225,830,382	\$ 18,869,436	\$ 3,539,228	\$ 241,160,590
School Buildings	32,122,687	10,035,415	-	42,158,102
Site Improvements*	82,841,469	7,559,288	-	90,400,757
Site Improvements - ISF	262,998	236	-	263,234
Equipment*	177,964,054	26,410,807	4,655,897	199,718,964
Equipment - ISF	4,887,603	465,668	39,680	5,313,591
Roadway Network	1,068,827,607	48,920,882	-	1,117,748,489
Landfill Network	18,676,153	-	-	18,676,153
Bridge Network	35,216,027	1,561,513	-	36,777,540
Hurricane Protection Network	25,166,037	1,953,613	-	27,119,650
Total Accumulated Depreciation	<u>\$ 1,671,795,017</u>	<u>\$ 115,776,858</u>	<u>\$ 8,234,805</u>	<u>\$ 1,779,337,070</u>
Total Capital Assets Being Depreciated, Net	<u>\$ 2,133,938,534</u>	<u>\$ 756,890</u>	<u>\$ 65,649,369</u>	<u>\$ 2,069,046,055</u>
Governmental Activities Capital Assets, Net	<u>\$ 3,335,143,509</u>	<u>\$ 134,494,072</u>	<u>\$ 122,440,950</u>	<u>\$ 3,347,196,631</u>

* Beginning Balances were restated due to reclassification of assets between Land, Buildings, Site Improvements and Equipment and the related Accumulated Depreciation.

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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

B. Governmental Activities (continued)

Governmental Activities capital assets net of accumulated depreciation at June 30, 2016 are comprised of the following:

General Government Capital Assets, Net	\$ 3,346,010,597
Internal Service Fund Capital Assets, Net	1,186,034
Total	<u>\$ 3,347,196,631</u>

Depreciation was charged to governmental functions as follows:

Finance	\$ 61,205
Executive	22,415
Judicial	300,100
Health	13,101
Police	3,721,779
Public Works	78,578,236
Parks and Recreation	3,403,032
Libraries	445,408
Planning	458,860
Economic Development	13,291
Convention & Visitors Bureau	156,996
Communications & Information Technology	14,125,485
Boards and Commissions	460
Emergency Communications	60,360
Fire	2,046,576
Human Services	932,672
Education and Transfer to School	10,035,415
Housing & Neighborhood Preservation	44,759
Museums	69,545
General Government	634,301
Emergency Medical Services	652,862
Total	<u>\$ 115,776,858</u>

C. Component Unit - School Board

Capital Assets activity for the year ended June 30, 2016 was as follows:

	Balance July 1, 2015	Increases	Decreases	Balance June 30, 2016
Capital Assets Not Being Depreciated:				
Land	\$ 39,670,603	\$ -	\$ 3,976	\$ 39,666,627
Construction in Progress	26,318,706	27,327,976	400,828	53,245,854
Total Capital Assets Not Being Depreciated	<u>\$ 65,989,309</u>	<u>\$ 27,327,976</u>	<u>\$ 404,804</u>	<u>\$ 92,912,481</u>
Capital Assets Being Depreciated				
Buildings	\$ 646,164,845	\$ 6,806,533	\$ 17,137,284	\$ 635,834,094
Improvement Other Than Buildings	62,051,591	57,496	-	62,109,087
Machinery and Equipment	109,144,166	3,818,909	1,927,007	111,036,068
Total Capital Assets Being Depreciated	<u>\$ 817,360,602</u>	<u>\$ 10,682,938</u>	<u>\$ 19,064,291</u>	<u>\$ 808,979,249</u>
Less Accumulated Depreciation For: *				
Buildings	\$ 270,063,581	\$ 20,202,628	\$ 11,216,625	\$ 279,049,584
Improvement Other Than Buildings	38,177,055	2,165,887	-	40,342,942
Machinery and Equipment	73,903,386	7,341,540	1,851,819	79,393,107
Total Accumulated Depreciation	<u>\$ 382,144,022</u>	<u>\$ 29,710,055</u>	<u>\$ 13,068,444</u>	<u>\$ 398,785,633</u>
Total Capital Assets Being Depreciated, Net	<u>\$ 435,216,580</u>	<u>\$ (19,027,117)</u>	<u>\$ 5,995,847</u>	<u>\$ 410,193,616</u>
Component Unit School Board, Capital Assets, Net	<u>\$ 501,205,889</u>	<u>\$ 8,300,859</u>	<u>\$ 6,400,651</u>	<u>\$ 503,106,097</u>

Depreciation was charged to School Board Component Unit.

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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, 2016:

	Balance July 1, 2015	Increases	Decreases	Balance June 30, 2016
Capital Assets Not Being Depreciated:				
Land and Improvements	\$ 164,726,921	\$ 336,888	\$ -	\$ 165,063,809
Construction in Progress	39,403,183	63,002,376	63,681,034	38,724,525
Total Capital Assets Not Being Depreciated	\$ 204,130,104	\$ 63,339,264	\$ 63,681,034	\$ 203,788,334
Other Capital Assets:				
Buildings and Improvements	\$ 139,321,714	\$ -	\$ -	\$ 139,321,714
Site Improvements	1,146,408	-	-	1,146,408
Utility System	1,224,462,214	62,457,784	-	1,286,919,998
Machinery and Equipment	48,358,864	4,839,127	1,074,104	52,123,887
Total Other Capital Assets at Historical Cost	\$ 1,413,289,200	\$ 67,296,911	\$ 1,074,104	\$ 1,479,512,007
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 39,561,471	\$ 3,380,690	\$ -	\$ 42,942,161
Site Improvements	289,509	37,068	-	326,577
Utility System	454,018,769	27,369,794	-	481,388,563
Machinery and Equipment	32,072,761	4,798,398	1,074,104	35,797,055
Total Accumulated Depreciation	\$ 525,942,510	\$ 35,585,950	\$ 1,074,104	\$ 560,454,356
Total Capital Assets Being Depreciated, Net	\$ 887,346,690	\$ 31,710,961	\$ -	\$ 919,057,651
Business-Type Activities Capital Assets, Net	\$ 1,091,476,794	\$ 95,050,225	\$ 63,681,034	\$ 1,122,845,985

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

Water and Sewer	\$ 25,954,884
Storm Water	4,792,210
Waste Management	1,690,149
Development Authority	3,129,219
Resort Parking	19,488
Total	\$ 35,585,950

E. Major Fund - Water and Sewer Enterprise Fund

	Balance July 1, 2015	Increases	Decreases	Balance June 30, 2016
Capital Assets Not Being Depreciated:				
Land and Improvements ¹	\$ 12,870,320	\$ 71,551	\$ -	\$ 12,941,871
Construction in Progress	17,607,600	41,474,147	31,395,525	27,686,222
Total Capital Assets Not Being Depreciated	\$ 30,477,920	\$ 41,545,698	\$ 31,395,525	\$ 40,628,093
Other Capital Assets:				
Buildings and Improvements	\$ 18,611,567	\$ -	\$ -	\$ 18,611,567
Utility System	1,022,986,703	31,125,684	-	1,054,112,387
Machinery and Equipment	28,744,421	1,083,401	656,641	29,171,181
Total Other Capital Assets at Historical Cost	\$ 1,070,342,691	\$ 32,209,085	\$ 656,641	\$ 1,101,895,135
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 11,177,431	\$ 274,157	\$ -	\$ 11,451,588
Utility System	403,742,586	23,711,252	-	427,453,838
Machinery and Equipment	21,040,146	1,969,475	656,641	22,352,980
Total Accumulated Depreciation	\$ 435,960,163	\$ 25,954,884	\$ 656,641	\$ 461,258,406
Total Capital Assets Being Depreciated, Net	\$ 634,382,528	\$ 6,254,201	\$ -	\$ 640,636,729
Water and Sewer Capital Assets, Net	\$ 664,860,448	\$ 47,799,899	\$ 31,395,525	\$ 681,264,822

¹ Beginning Balance restated due to reclassification of Utility System assets to Buildings of \$14,378,758 and related accumulated depreciation of \$8,674,809.

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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

F. Major Fund – Storm Water Enterprise Fund

	Balance July 1, 2015	Increases	Decreases	Balance June 30, 2016
Capital Assets Not Being Depreciated:				
Land and Improvements	\$ 131,399,341	\$ 265,337	\$ -	\$ 131,664,678
Construction in Progress	21,795,583	21,528,229	32,285,509	11,038,303
Total Capital Assets Not Being Depreciated	\$ 153,194,924	\$ 21,793,566	\$ 32,285,509	\$ 142,702,981
Other Capital Assets:				
Utility System	\$ 201,475,511	\$ 31,332,100	\$ -	\$ 232,807,611
Machinery and Equipment	12,804,816	1,585,711	407,443	13,983,084
Total Other Capital Assets at Historical Cost	\$ 214,280,327	\$ 32,917,811	\$ 407,443	\$ 246,790,695
Less Accumulated Depreciation For:				
Utility System	\$ 50,276,183	\$ 3,658,542	\$ -	\$ 53,934,725
Machinery and Equipment	8,626,864	1,133,667	407,443	9,353,088
Total Accumulated Depreciation	\$ 58,903,047	\$ 4,792,209	\$ 407,443	\$ 63,287,813
	155,377,280			
Total Capital Assets Being Depreciated, Net	\$ 155,377,280	\$ 28,125,602	\$ -	\$ 183,502,882
Storm Water Capital Assets, Net	\$ 308,572,204	\$ 49,919,168	\$ 32,285,509	\$ 326,205,863

G. Major Fund – Waste Management

	Balance July 1, 2015	Increases	Decreases	Balance June 30, 2016
Capital Assets Not Being Depreciated:				
Land and Improvements	\$ -	\$ -	\$ -	\$ -
Construction in Progress	-	-	-	-
Total Capital Assets Not Being Depreciated	\$ -	\$ -	\$ -	\$ -
Other Capital Assets:				
Site Improvements ¹	\$ 366,891	\$ -	\$ -	\$ 366,891
Machinery and Equipment ¹	6,164,718	2,170,014	-	8,334,732
Total Other Capital Assets at Historical Cost	\$ 6,531,609	\$ 2,170,014	\$ -	\$ 8,701,623
Less Accumulated Depreciation For:				
Site Improvements ¹	\$ 16,677	\$ 17,580	\$ -	\$ 34,257
Machinery and Equipment ¹	1,992,508	1,672,569	-	3,665,077
Total Accumulated Depreciation	\$ 2,009,185	\$ 1,690,149	\$ -	\$ 3,699,334
Total Capital Assets Being Depreciated, Net	\$ 4,522,424	\$ 479,865	\$ -	\$ 5,002,289
Waste Management Capital Assets, Net	\$ 4,522,424	\$ 479,865	\$ -	\$ 5,002,289

¹ Beginning balance adjusted due to reclassification of Machinery and Equipment assets to Site Improvements of \$366,891 and \$16,677 of related Accumulated Depreciation.

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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

H. Major Fund - Virginia Beach Development Authority

	Balance July 1, 2015	Increases	Decreases	Balance June 30, 2016
Capital Assets Not Being Depreciated:				
Land and Improvements	\$ 20,457,260	\$ -	\$ -	\$ 20,457,260
Construction in Progress	-	-	-	-
Total Capital Assets Not Being Depreciated	\$ -	\$ -	\$ -	\$ 20,457,260
Other Capital Assets:				
Buildings and Improvements	\$ 120,710,147	\$ -	\$ -	\$ 120,710,147
Machinery and Equipment	565,065	-	-	565,065
Total Other Capital Assets at Historical Cost	\$ 121,275,212	\$ -	\$ -	\$ 121,275,212
Less Accumulated Depreciation For:				
Buildings	\$ 28,384,040	\$ 3,106,533	\$ -	\$ 31,490,573
Machinery and Equipment	333,399	22,686	-	356,085
Total Accumulated Depreciation	\$ 28,717,439	\$ 3,129,219	\$ -	\$ 31,846,658
Total Capital Assets Being Depreciated, Net	\$ 92,557,773	\$ (3,129,219)	\$ -	\$ 89,428,554
Development Authority Capital Assets, Net	\$ 113,015,033	\$ (3,129,219)	\$ -	\$ 109,885,814

Depreciation was charged to Virginia Beach Development Authority.

I. Component Unit - Virginia Beach Community Development Corporation

	Balance July 1, 2015	Increases	Decreases	Balance June 30, 2016
Capital Assets Not Being Depreciated:				
Land and Improvements	\$ 7,864,202	\$ -	\$ -	\$ 7,864,202
Total Capital Assets Not Being Depreciated	\$ 7,864,202	\$ -	\$ -	\$ 7,864,202
Other Capital Assets:				
Buildings and Improvements ¹	\$ 28,675,934	\$ 20,601	\$ -	\$ 28,696,535
Vehicles	67,809	-	-	67,809
Total Other Capital Assets at Historical Cost	\$ 28,743,743	\$ 20,601	\$ -	\$ 28,764,344
Less Accumulated Depreciation	\$ 10,579,636	\$ 1,023,088	-	\$ 11,602,724
Component Unit-Va Beach Community Dev.	\$ 25,028,309	\$ (1,002,487)	\$ -	\$ 24,025,822

¹ Beginning balance restated by \$411,623 due to FY15 amount being consolidated with Second Act Communities.

J. Construction in Progress

1. Governmental Activities and School Board Component Unit

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

	Expended through June 30, 2016	Outstanding Commitments	Unobligated Balance
<u>Government Activities</u>			
Engineering and Highways	\$ 142,942,506	\$ 66,374,181	\$ 217,216,417
Buildings	34,562,171	23,331,327	99,306,654
Parks and Recreation	43,860,222	24,987,077	28,416,335
Virginia Beach Development Authority	279,139	-	-
Coastal	18,345	2,514,465	43,486,124
Economic and Tourism	9,010,238	25,333,446	69,537,864
Total Other Capital Assets at Historical Cost	\$ 230,672,621	\$ 142,540,496	\$ 457,963,394
<u>School Board Component Unit</u>			
Buildings and Improvements Other than Buildings	\$ 53,245,854	\$ 12,980,506	\$ -

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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

J. Construction in Progress (continued)

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, 2016:

	Expended through June 30, 2016	Outstanding Commitments	Unobligated Balance
Water & Sewer Utility Projects	\$ 27,686,222	\$ 34,017,630	\$ 63,331,512
Storm Water Projects	11,038,303	19,749,719	51,716,228
Total Business-Type Activities	\$ 38,724,525	\$ 53,767,349	\$ 115,047,740

6. LONG-TERM DEBT

A. A Summary of Changes In Long-Term Liabilities

1. Primary Government - Governmental Activities

	Balance July 1, 2015	Additions	Reductions	Balance June 30, 2016	Amounts Due Within One Year
General Obligation Bonds	\$ 652,395,842	\$ 111,685,000	\$ 111,184,318	\$ 652,896,524	\$ 59,124,860
State Literary Fund Loans	2,875,000	-	625,000	2,250,000	375,000
Public Facility Revenue Bonds	285,374,297	-	22,060,365	263,313,932	23,203,720
Agriculture Reserve Program	41,808,934	565,264	-	42,374,198	-
Total Tax Supported Debt	\$ 982,454,073	\$ 112,250,264	\$ 133,869,683	\$ 960,834,654	\$ 82,703,580
Other Debt:					
Landfill Closure & Post-Closure Care	\$ 25,314,812	\$ 227,833	\$ -	\$ 25,542,645	\$ -
Premiums	99,011,787	13,623,894	13,162,897	99,472,784	10,217,974
Net Pension Liability	298,892,504	140,062,372	136,837,888	302,116,988	-
Accrued Compensation Leave	42,304,468	24,638,494	23,665,918	43,277,044	24,242,853
Estimated Claims & Judgements	30,857,594	11,519,552	11,276,936	31,100,210	8,969,945
Governmental Activities Long-Term Debt	\$ 1,478,835,238	\$ 302,322,409	\$ 318,813,322	\$ 1,462,344,325	\$ 126,134,352

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

6. LONG-TERM DEBT (continued)

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

2. Primary Government - Business-Type Activities

	Balance July 1, 2015	Additions	Reductions	Balance June 30, 2016	Amounts Due Within One Year
Revenue Bonds	\$ 239,805,516	\$ 89,425,000	\$ 65,141,805	\$ 264,088,711	\$ 9,512,707
Public Facility Revenue Bonds	83,365,703	-	6,284,634	77,081,069	6,921,280
Total Tax Supported Debt	\$ 323,171,219	\$ 89,425,000	\$ 71,426,439	\$ 341,169,780	\$ 16,433,987
Less/Add Deferred Amounts:					
For Issuance Premiums	8,805,066	13,009,888	668,659	21,146,295	1,283,579
Less Bond Discount	(17,724)	-	(5,468)	(12,256)	-
Total Bonds Payable	\$ 331,958,561	\$ 102,434,888	\$ 72,089,630	\$ 362,303,819	\$ 17,717,566
Net Pension Liability	34,879,066	16,344,488	15,968,208	35,255,346	-
Accrued Compensated Leave	4,809,607	2,902,454	2,743,649	4,968,412	2,810,502
Business-Type Activities Long-Term Debt	\$ 371,647,234	\$ 121,681,830	\$ 90,801,487	\$ 402,527,577	\$ 20,528,068

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

	Balance July 1, 2015	Additions	Reductions	Balance June 30, 2016	Amounts Due Within One Year
Revenue Bonds	\$ 192,925,516	\$ 89,425,000	\$ 63,481,805	\$ 218,868,711	\$ 7,812,707
Add Deferred Amounts:					
For Issuance Premiums	5,670,514	13,009,888	404,013	18,276,389	1,157,613
Total Bonds Payable	\$ 198,596,030	\$ 102,434,888	\$ 63,885,818	\$ 237,145,100	\$ 8,970,320
Net Pension Liability	20,932,814	9,809,211	9,583,385	21,158,640	-
Accrued Compensated Leave	2,758,207	1,730,687	1,657,789	2,831,105	1,704,870
Fund Long-Term Liabilities	\$ 222,287,051	\$ 113,974,786	\$ 75,126,992	\$ 261,134,845	\$ 10,675,190

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

	Balance July 1, 2015	Additions	Reductions	Balance June 30, 2016	Amounts Due Within One Year
Revenue Bonds	\$ 46,880,000	\$ -	\$ 1,660,000	\$ 45,220,000	\$ 1,700,000
Less/add Deferred Amounts:					
For Issuance Premiums	1,316,353	-	125,966	1,190,387	125,966
Total Bonds Payable	\$ 48,196,353	\$ -	\$ 1,785,966	\$ 46,410,387	\$ 1,825,966
Net Pension Liability	7,039,456	3,298,721	3,222,778	7,115,399	-
Accrued Compensation Leave	1,023,765	594,892	490,372	1,128,285	504,300
Storm Water Long-Term Debt	\$ 56,259,574	\$ 3,893,613	\$ 5,499,116	\$ 54,654,071	\$ 2,330,266

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

6. LONG-TERM DEBT (continued)

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

5. Major Fund – Waste Management Enterprise Fund (Included in Business-Type Activities)

	Balance			Balance	Amounts
	July 1, 2015	Additions	Reductions	June 30, 2016	Due Within
					One Year
Net Pension Liability	\$ 6,558,240	\$ 3,073,221	\$ 3,002,470	\$ 6,628,991	\$ -
Accrued Compensated Leave	990,475	561,489	564,126	987,838	580,147
Waste Management Long-Term Debt	<u>\$ 7,548,715</u>	<u>\$ 3,634,710</u>	<u>\$ 3,566,596</u>	<u>\$ 7,616,829</u>	<u>\$ 580,147</u>

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

	Balance			Balance	Amounts
	July 1, 2015	Additions	Reductions	June 30, 2016	Due Within
					One Year
Public Facility Revenue Bonds	\$ 83,365,703	\$ -	\$ 6,284,634	\$ 77,081,069	\$ 6,921,280
Revenue Note	-	-	-	-	-
Total Bonds Payable	\$ 83,365,703	\$ -	\$ 6,284,634	\$ 77,081,069	\$ 6,921,280
For Issuance Premiums	1,818,199	-	138,680	1,679,519	-
Less Bond Discount	(17,724)	-	(5,468)	(12,256)	-
Virginia Beach Development Authority	<u>\$ 85,166,178</u>	<u>\$ -</u>	<u>\$ 6,417,846</u>	<u>\$ 78,748,332</u>	<u>\$ 6,921,280</u>

7. Component Unit - School Board

	Balance			Balance	Amounts
	July 1, 2015	Additions	Reductions	June 30, 2016	Due Within
					One Year
Net Pension Liabilities	\$ 634,760,000	\$ 200,914,000	\$ 168,411,000	\$ 667,263,000	\$ -
Accrued Compensated Leave	19,975,324	9,390,866	8,820,309	20,545,881	9,084,918
Estimated Claims and Judgements	17,118,000	137,690,000	139,715,000	15,093,000	11,319,750
Long-Term Liabilities	<u>\$ 671,853,324</u>	<u>\$ 347,994,866</u>	<u>\$ 316,946,309</u>	<u>\$ 702,901,881</u>	<u>\$ 20,404,668</u>

8. Component Unit - Virginia Beach Community Development Corporation

	Balance			Balance	Amounts
	July 1, 2015	Additions	Reductions	June 30, 2016	Due Within
					One Year
Notes Payable	\$ 16,239,174	\$ 1,114,162	\$ 1,656,061	\$ 15,697,275	\$ 704,501
Component Unit Long-Term Debt - Va. Beach Development Corp.	<u>\$ 16,239,174</u>	<u>\$ 1,114,162</u>	<u>\$ 1,656,061</u>	<u>\$ 15,697,275</u>	<u>\$ 704,501</u>

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

6. LONG-TERM DEBT (continued)

B. Bonds, Notes and Loans Payable

Bond Issue/Purpose	Dated	Issue Amount	True Interest	Proprietary Percentage			Outstanding Balance
				Storm Water %	Water & Sewer%	VBDA%	CITY
General Obligation Bonds and Loans:							
2016A PI	2/9/2016	\$ 61,255,000	2.437448	-	-	-	\$ 61,255,000
2016B PI Refunding	2/9/2016	50,430,000	1.771418	-	-	-	50,430,000
2015A PI	4/21/2015	51,295,000	2.617345	-	-	-	48,735,000
2015B PI Refunding	4/21/2015	56,530,000	1.989322	-	-	-	56,530,000
2014A PI	4/22/2014	85,050,000	2.920553	-	-	-	77,350,000
2013A PI	4/17/2013	22,885,000	2.587348	-	-	-	20,605,000
2013B PI Refunding	4/17/2013	33,795,000	2.143873	-	-	-	22,865,000
Pleasure House Point	7/10/2012	6,000,000	0.25	-	-	-	4,120,626
2012A PI	4/18/2012	65,000,000	2.849726	-	-	-	52,000,000
2012B PI Refunding	4/18/2012	19,630,000	2.413515	-	-	-	19,630,000
2011A PI	6/29/2010	90,000,000	3.212396	-	-	-	67,500,000
2010-1 QSCB	7/8/2010	4,875,000	5.31	-	-	-	3,165,000
2010 Recovery Zone	3/15/2010	5,995,000	3.038509	-	-	-	4,500,000
2010A PI	5/25/2010	60,000,000	2.97032	-	-	-	42,000,000
2009 PI Refunding	1/26/2010	20,755,000	3.041988	-	-	-	19,415,000
2009B PI Refunding	1/26/2010	78,875,000	2.910179	-	-	-	74,695,000
2009 PI	6/16/2009	72,000,000	3.655747	-	-	-	10,800,000
2008 PI	3/25/2008	90,000,000	4.161171	-	-	-	9,000,000
2008 VPSA	12/1/2008	6,350,705	-	-	-	-	4,303,608
2007 PI	3/27/2007	75,000,000	4.003699	-	-	-	3,750,000
2002 State Literary	1/1/2002	7,500,000	3	-	-	-	2,250,000
1996A School	11/14/1996	4,151,083	3	-	-	-	247,290
Total General Obligation Bonds and Loans							\$ 655,146,524
Revenue Bond:*							
2016 A W&S Revenue	6/8/2016	\$ 46,560,000	2.711344	-	100	-	\$ 46,560,000
2016 B W&S Refunding	6/8/2016	42,865,000	1.813975	-	100	-	42,865,000
2015 A Storm Water Revenue	1/28/2015	23,500,000	2.829639	100	-	-	22,895,000
2013 W&S Revenue	11/13/2013	44,845,000	3.641572	-	100	-	42,825,000
2010 A Storm Water Revenue	11/16/2010	20,000,000	3.170505	100	-	-	17,295,000
2010 B Storm Water Refunding	11/16/2010	7,380,000	2.607102	100	-	-	5,030,000
2010 A W&S Revenue	6/29/2010	65,000,000	3.475462	-	100	-	57,055,000
2010 B W&S Refunding	6/29/2010	8,410,000	3.02756	-	100	-	7,745,000
2010 C W&S Refunding	6/29/2010	24,950,000	3.156061	-	100	-	19,780,000
1998 Taxable W&S Revenue	8/28/1998	5,774,218	4.3	-	100	-	1,223,426
1997 Taxable W&S Revenue	1/30/1997	7,190,048	4.75	-	100	-	815,285
Total Revenue Bonds							\$ 264,088,711
Public Facility Revenue Bonds:							
2015A Public Facility Revenue	6/25/2015	\$ 48,245,000	3.050953	-	-	-	\$ 45,575,001
2015B Public Facility Revenue	6/25/2015	34,885,000	2.67798	-	-	27.05	34,885,000
2014A Public Facility Revenue	6/18/2014	44,975,000	2.984041	-	-	41.76	40,475,000
2014B Public Facility Revenue	6/18/2014	20,320,000	2.430979	-	-	25.62	16,150,000
2013A Public Facility Revenue	6/19/2013	20,960,000	2.599602	-	-	-	18,230,000
2012A Public Facility Revenue	4/18/2012	22,580,000	2.599602	-	-	-	18,920,000
2012B Public Facility Refunding	4/18/2012	25,640,000	2.448956	-	-	21.12	23,200,000
2010A Public Facility Revenue	5/25/2010	17,000,000	2.582319	-	-	-	6,800,000
2010B Public Facility Revenue	5/25/2010	98,035,000	2.993556	-	-	24.84	76,695,000
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	11,390,000
2007B Public Facility Revenue	6/26/2007	4,030,000	6.296255	-	-	100.00	2,975,000
2005B Public Facility Revenue	5/1/2005	9,000,000	4.965915	-	-	89.00	5,145,000
Total Public Facility Revenue Bonds							\$ 340,395,001
Other Long-Term Debt:							
Agricultural Reserve Program	Various	\$ 42,374,198	Various	-	-	-	\$ 42,374,198
Total Other Long-Term Debt							\$ 42,374,198
Grand Total Bonds, Notes and Loans Payable							\$ 1,302,004,434

* Water and Sewer and Storm Water Enterprise Funds

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

6. LONG-TERM DEBT (continued)

B. Bonds, Notes and Loans Payable (continued)

Defeased Debt - In current and prior years, the City defeased certain general obligation, public improvement, and public utility bonds by placing funds in irrevocable escrow accounts to provide for future debt service payments on the defeased debt. Accordingly, the escrow account assets and liabilities for the defeased debt are not included in the City's financial statements. At June 30, 2016, the outstanding balance of the defeased debt, including current year defeased debt, is \$164.4 million, and is considered in-substance defeased.

C. Summary of Recent Refundings

1. Current Refunding of Water and Sewer Revenue Bonds

On June 8, 2016, the City issued \$42.865 million of Water and Sewer Refunding Revenue Bonds, Series 2016B. The refunding bonds combined with \$8.75 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 \$74.377 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 net carrying amount of the old debt exceeded the reacquisition price by \$11.245 million. This difference is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next 15 years by \$15.9 million and resulted in an economic gain of \$10.85 million. The escrow agent called all of the 2002 and 2005 Water and Sewer refunded bonds on 6/8/2016.

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

On February 9, 2016, the City issued \$50.430 million of General Obligation Public Improvement Refunding Bonds, Series 2016B to refund portions of the 2004B and 2009 Series General Obligation Public Improvement Bonds. The refunding bonds combined with \$5.25 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 \$64.035 million of refunded General Obligation bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net assets. The net carrying amount of the old debt exceeded the reacquisition price by \$1.925 million. This difference is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next 13 years by \$4.173 million and resulted in an economic gain of \$3.63 million. The escrow agent called the 2004B refunded bonds on 5/1/2016 and will call the remaining \$14.4 million series 2009 refunded bonds on 6/1/2019.

3. Advance Refunding of Public Facility Revenue Bonds

On June 25, 2015, the City issued \$34,885 million of Public Facility Refunding Revenue Bonds, Series 2015B to refund portions of the 2007A Series Public Facility Revenue Bonds. The refunding bonds combined with \$5.2 million in premiums to provide resources to purchase U.S. Government, State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$52.02 million of refunded Public Facility Revenue Bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net position. The net carrying amount of the old debt exceeded the reacquisition price by \$995,000. This difference is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next 13 years by \$3.5 million and resulted in an economic gain of \$3.06 million. On July 1, 2017 the escrow agent will call the \$35,880,000 series 2007A refunded bonds.

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

6. LONG-TERM DEBT (continued)

C. Summary of Recent Refundings (continued)

4. Advance Refunding of General Obligation Public Improvement Bonds

On April 21, 2015, the City issued \$56.53 million of General Obligation Public Improvement Refunding Bonds, Series 2015B to refund portions of the 2007, 2008, and 2009 Series General Obligation Public Improvement Bonds. The refunding bonds combined with \$13.64 million in premium 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 \$90.04 million of refunded General Obligation Bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the government activities column of the statement of net position. The net carrying amount of the old debt exceeded the reacquisition price by \$7.52 million. This difference is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next 14 years by \$8.77 million and resulted in an economic gain of \$7.24 million. The escrow agent will call \$26,250,000 Series 2007 refunded bonds on 9/15/16, \$27,000,000 series 2008 refunded bonds on 10/1/17, and \$10,800,000 series 2009 refunded bonds on 6/1/19.

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

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 escrow agent has called all of the 2002A, 2003A, and 2007A refunded bonds. Series 2007A bonds of \$10 million will be called by the escrow agent on 7/15/17.

6. Advance Refunding of General Obligation Public Improvement Bonds

On January 26, 2010, the City issued \$20.755 million of General Obligation Public Improvement Bonds, Series 2009A and \$78.875 million of General Obligation Public Improvement Bonds, Series 2009B. The refunding bonds combined with \$12 million in premiums to provide resources to purchase U.S. Government, State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$100 million of General Obligation Public Improvement Bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt currently held by \$.37 million. This difference was displayed as deferred outflows of resources. The remaining life of the refunded debt is equal to the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next 13 years by \$8.03 million and resulted in an economic gain of \$5.6 million. The refunded bonds escrow agent called all of the 2001, 2002, 2004A, and 2005 refunded bonds. The remaining refunded bonds will be called as follows: \$11.25m series 2007 on 9/15/16, \$18m series 2008 on 10/1/17, and \$10.8m series 2009 bonds on 6/1/19. Escrowed refunded bonds outstanding to be called total \$40,050,000.

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2017	\$ 59,499,860	\$ 28,771,737
2018	56,353,194	26,064,480
2019	53,814,035	23,180,423
2020	53,930,502	20,475,084
2021	49,502,635	18,207,966
2022-2026	207,114,910	62,394,513
2027-2031	129,776,388	22,742,008
2032-2036	45,155,000	3,665,038
	<u>\$ 655,146,524</u>	<u>\$ 205,501,249</u>

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

Year Ending June 30	Business-Type Activities	
	Principal	Interest
2017	\$ 9,512,707	\$ 10,427,578
2018	10,560,728	10,725,500
2019	11,010,276	10,276,964
2020	11,480,000	9,796,029
2021	11,960,000	9,310,620
2022-2026	67,875,000	38,054,868
2027-2031	59,600,000	23,138,619
2032-2036	53,650,000	11,023,585
2037-2042	28,440,000	2,232,403
Totals	<u>\$ 264,088,711</u>	<u>\$ 124,986,166</u>

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

Year Ending June 30	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2017	\$ 23,203,720	\$ 11,553,299	\$ 6,921,280	\$ 3,525,455
2018	23,961,160	10,452,975	7,333,840	3,190,960
2019	24,746,160	9,296,692	7,073,840	2,836,214
2020	25,470,881	8,183,368	7,249,120	2,509,056
2021	24,270,715	6,886,762	7,669,285	2,114,600
2022-2026	93,783,911	18,054,269	29,511,089	5,339,442
2027-2031	33,168,905	5,478,941	8,461,095	1,216,319
2032-2036	14,708,480	1,111,605	2,861,520	209,845
	<u>\$ 263,313,932</u>	<u>\$ 71,017,911</u>	<u>\$ 77,081,069</u>	<u>\$ 20,941,891</u>

Debt service requirements for general obligation bonds are principally met by the General Fund. Also, for the Governmental Activities, Landfill Closure and Post-Closure Care, Federal Arbitrage Rebate (there are no set maturity dates for these liabilities) will be liquidated by the General Fund. Compensated absences (except School Board and most Proprietary Funds) will be liquidated by the General Fund. Internal Service Funds predominately serve the Governmental Funds. Accordingly, long-term liabilities for them are included as part of the above totals for Governmental Activities in Note 6A1. Claims and Judgments are liquidated by the Risk Management Fund.

Interest expense incurred on the above noted debt for the year ended June 30, 2016, was \$53,228,639. Of this amount, \$5,440,076 was capitalized in the Major Enterprise Funds and in the Business-Type Activities.

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

6. LONG-TERM DEBT (continued)

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; and on May 12, 2015, the City Council reduced this amount to 56 one-hundredths 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, 2016, 91 installment purchase agreements totaling 9,178 acres at a total purchase price of \$42,374,198 have been executed.

Annual Debt Service requirements to maturity for Agricultural Reserve Program:

Year Ending June 30	Principal	Interest
2017	\$ -	\$ 2,262,453
2018	-	2,262,453
2019	-	2,262,453
2020	-	2,262,453
2021	-	2,262,453
2022-2026	14,804,763	8,608,656
2027-2031	7,838,663	4,991,161
2032-2036	15,722,086	2,964,115
2037-2041	4,008,686	286,278
Totals	\$ 42,374,198	\$ 28,162,475

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, 2016, the legal debt margin was \$4.6 billion. However, the City Council has adopted four affordability polices that restrict the amount of debt below the amount indicated by the “Legal Debt Margin”, including a ceiling of \$3,000 debt per capita.

G. Water and Sewer Enterprise Revenue Bonds

Water and Sewer Revenue Bonds are obligations of the City, payable solely from pledged revenues of the System (Water and Sewer Fund), subject to the prior application thereof to the payment of Operating Expenses. The City has pledged future water and sewer revenues, net of specified operating expenses, to repay the following bond issues:

- \$7.2 million in Water and Sewer Revenue Bonds issued in January 1997. The bonds are payable solely from water and sewer customer net revenues and are payable through 2018. At June 30, 2016, the total principal and interest remaining to be paid on the bonds is \$854,314.

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

6. LONG-TERM DEBT (continued)

G. Water and Sewer Enterprise Revenue Bonds (continued)

- \$5.8 million in Water and Sewer Revenue Bonds issued in August 1998. The bonds are payable solely from water and sewer customer net revenues and are payable through 2019. At June 30, 2016, the total principal and interest remaining to be paid on the bonds is \$1,317,121.
- \$65 million in Water and Sewer Revenue Bonds issued in June 2010. The bonds are payable solely from water and sewer customer net revenues and are payable through 2036. At June 30, 2016, the total principal and interest remaining to be paid on the bonds is \$93,297,526.
- \$8.4 million in Water and Sewer Refunding Revenue Bonds issued in June 2010. The bonds are payable solely from water and sewer customer net revenues and are payable through 2022. At June 30, 2016, the total principal and interest remaining to be paid on the bonds is \$8,724,450.
- \$24.9 million in Water and Sewer Refunding Revenue Bonds issued in June 2010. The bonds are payable solely from water and sewer customer net revenues and are payable through 2028. At June 30, 2016, the total principal and interest remaining to be paid on the bonds is \$23,742,841.
- \$44.9 million in Water and Sewer Revenue Bonds issued in November 2013. The bonds are payable solely from water and sewer customer net revenues and are payable through 2039. At June 30, 2016, the total principal and interest remaining to be paid on the bonds is \$66,062,800.
- \$46.7 million in Water and Sewer Revenue Bonds issued in June 2016. The bonds are payable solely from water and sewer customer net revenues and are payable through 2042. At June 30, 2016, the total principal and interest remaining to be paid on the bonds is \$70,641,098.
- \$42.9 million in Water and Sewer Refunding Revenue Bonds issued in June 2016. The bonds are payable solely from water and sewer customer net revenues and are payable through 2031. At June 30, 2016, the total principal and interest remaining to be paid on the bonds is \$58,467,246.

The aforementioned Water and Sewer Revenue Bonds were issued for rehabilitation of aging infrastructure, neighborhood improvement projects, system expansion, and roadway and storm water coordination projects adopted in the City's Capital Improvement Program. The total principal and interest remaining to be paid on the outstanding Water and Sewer Revenue Bonds is \$323,107,396. 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. Furthermore, the City will pursue the goal of debt service coverage on its water and sewer revenue bonds at not less than 1.50 times. At June 30, 2016, the debt service coverage on the water and sewer revenue bonds is 3.1 times. The total principal and interest expense for the current year and total customer operating income (excluding depreciation) were \$17,556,428 and \$54,114,933, respectively.

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 has pledged future water and sewer revenues, net of specified operating expenses, to repay the following bond issues:

- \$20 million in Storm Water Revenue Bonds issued in November 2010. The bonds are payable solely from storm water customer net revenues and are payable through 2036. At June 30, 2016, the total principal and interest remaining to be paid on the bonds is \$27,541,976.
- \$7.4 million in Storm Water Revenue Bonds issued in November 2010. The bonds are payable solely from storm water customer net revenues and are payable through 2025. At June 30, 2016, the total principal and interest remaining to be paid on the bonds is \$5,786,741.

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

6. LONG-TERM DEBT (continued)

H. Storm Water Revenue Bonds (continued)

- \$23.5 million in Storm Water Revenue Bonds issued in January 2015. The bonds are payable solely from storm water customer net revenues and are payable through 2040. At June 30, 2016, the total principal and interest remaining to be paid on the bonds is \$32,638,766.

The aforementioned Storm Water Revenue Bonds were issued to address flood control, water quality and capital maintenance adopted in the City's Capital Improvement Program. The total principal and interest remaining to be paid on the outstanding Storm Water Revenue Bonds is \$65,967,483. 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. Furthermore, the City will pursue the goal of debt service coverage on its storm water revenue bonds at not less than 1.50 times. At June 30, 2016, the debt service coverage on the storm water revenue bonds is 6.8 times. The total principal and interest expense for the current year and total customer operating income (excluding depreciation) were \$3,124,820 and \$21,262,998, respectively.

I. Debt Service Expenditures

	Principal*	Interest and Fiscal	
	Retirement	Charges	Total
General Government City:			
General Obligation Bonds	\$ 58,829,318	\$ 27,342,307	\$ 86,171,625
State Literary Fund Loans	625,000	86,250	711,250
Public Facility Revenue Bonds	22,060,365	11,342,291	33,402,656
Agriculture Reserve Program	-	2,254,059	2,254,059
Bank Charges & Bond Issuance Costs	-	795,878	795,878
Total Tax-Supported Debt Service	<u>\$ 81,514,683</u>	<u>\$ 41,820,785</u>	<u>\$ 123,335,468</u>
	Principal*	Interest and Fiscal	
	Retirement	Charges	Total
Enterprise Funds:			
Revenue Bonds	\$ 11,031,805	\$ 10,864,175	\$ 21,895,980
Public Facility Revenue Bonds	5,644,634	3,593,616	9,238,250
Bank Charges & Bond Issuance Costs	-	634,297	634,297
Total Enterprise Debt Service	<u>\$ 16,676,439</u>	<u>\$ 15,092,088</u>	<u>\$ 31,768,527</u>
Total Debt Service	<u>\$ 98,191,122</u>	<u>\$ 56,912,873</u>	<u>\$ 155,103,995</u>

* Excludes bonds refunded

J. Accrued Compensated Leave

The accrued compensated leave is as follows at June 30, 2016:

	Primary Government			
	Governmental	Business-Type	School Board	
	Activities	Activities	Component Unit	Total
City - Annual	\$ 30,762,034	\$ 3,886,288	\$ -	\$ 34,648,322
City - Compensatory	9,202,130	422,520	-	9,624,650
City - Sick	3,312,880	659,604	-	3,972,484
School - Annual	-	-	10,016,205	10,016,205
School - Sick	-	-	8,573,293	8,573,293
School - Personal	-	-	1,956,383	1,956,383
Total	<u>\$ 43,277,044</u>	<u>\$ 4,968,412</u>	<u>\$ 20,545,881</u>	<u>\$ 68,791,337</u>

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

6. LONG-TERM DEBT (continued)

K. Authorized But Unissued Bonds

<u>Purpose</u>	<u>June 30, 2016</u>
General Obligation Debt:	
2014 Charter Bonds	\$ 15,113,072
2015 Charter Bonds	61,778,816
2016 Charter Bonds	70,800,000
Total General Obligation Debt	<u>\$ 147,691,888</u>
Water and Sewer Debt:	
2013 W & S Revenue Bonds	\$ 5,682,666
2014 W & S Revenue Bonds	27,000,000
2015 W & S Revenue Bonds	20,000,000
Total Water and Sewer Debt	<u>\$ 52,682,666</u>
Storm Water Utility Revenue Bonds:	
2013 Storm Water Utility Revenue Bonds	\$ 11,748,440
2014 Storm Water Utility Revenue Bonds	9,000,000
2015 Storm Water Utility Revenue Bonds	16,656,167
2016 Storm Water Utility Revenue Bonds	15,977,102
Total Storm Water Utility Debt	<u>\$ 53,381,709</u>
Total Authorized and Unissued Debt - June 30, 2016	<u>\$ 253,756,263</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, as amended and supplemented, 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>\$ 15,697,275</u>
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N. Compliance

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

O. 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 2005B, and 2007A & B, to finance the acquisition of three public parking garages and appurtenant structures for the Town Center Project - Phase II and III. VBDA issued 2014A Public Facility Revenue Bonds and paid \$20.5 million (includes premium) to purchase the Block 11 garage in Town Center Phase V during FY2014. These 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 2010B & C, Series 2012B, and 2014B and 2015B to advance refund certain maturities of the previously issued PFRB's series 2002A, 2003A, 2005A, 2007A series and its 1998 Lease Revenue Bonds.

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

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

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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.

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).

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs (the City does not value any of its investments using level 3 inputs).

As of June 30, 2016, the City had the following recurring investments. Except for the investments in the State Non Arbitrage Program (SNAP), Virginia Investment Pool (VIP), and Local Government Investment Pool (LGIP), all investments are in an internal investment pool.

	6/30/2016	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)	Weighted Average Maturities (in months)
<u>Investments at Fair Value:</u>					
Money Market funds	\$ 100,401,154	\$ -	\$ 100,401,154	\$ -	0.13
Commercial Paper	99,897,639	-	99,897,639	-	0.54
U. S. Government Securities	70,000,000	-	70,000,000	-	0.09
	<u>\$ 270,298,793</u>	<u>\$ -</u>	<u>\$ 270,298,793</u>	<u>\$ -</u>	
<u>Investments Measured at other than Fair Value:</u>					
Certificates of Deposits	\$ 85,000,000				0.91
State Non Arbitrage Program – SNAP	21,342,602				0.03
State Treasurer's Local Government Pool (LGIP)	360,000,000				0.48
Virginia Investment Pool (VIP)	10,251,382				0.01
Total Fair Value	<u>\$ 476,593,984</u>				
Total Investments	<u>\$ 746,892,777</u>				
Portfolio Weighted Average Maturity					<u>0.44</u>

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

8. DEPOSITS AND INVESTMENTS (continued)

Reconciliation of total deposits and investments to the government-wide financial statements at June 30, 2016:

	Primary Government	School Board Component Unit	Total
Cash and Investments	\$ 377,524,746	\$ 143,185,316	\$ 520,710,062
Restricted Cash and Cash Equivalents	494,361,190	-	494,361,190
Fiduciary Funds	135,531	17,585,415	17,720,946
Total	<u>\$ 872,021,467</u>	<u>\$ 160,770,731</u>	<u>\$ 1,032,792,198</u>
Less: Cash on Deposit			(285,899,421)
Total Market Value of Investments at June 30, 2016			<u>\$ 746,892,777</u>

The City has investments in U. S. Government securities valued at \$70 million (Level 2 inputs). These investments are classified in Level 2 of the fair value hierarchy and are valued using matrix pricing techniques maintained by various pricing vendors. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Fair value is defined as the quoted market value on the last trading day of the period. These prices are obtained from various pricing sources by our custodian bank.

Investments in Money Market Funds (Level 2 inputs) and Commercial Paper (Level 2 inputs) are classified in Level 2 of the fair value hierarchy and are valued in accordance with pricing sources by our custodian bank.

The remaining investments are measured in accordance with existing GASB standards and at amortized costs totaled \$476,593,984 at June 30, 2016.

Interest Rate Risk:

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

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

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

Credit Risk:

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

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

8. DEPOSITS AND INVESTMENTS (continued)

Credit Risk: (continued)

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

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

The City’s rated debt investments as of June 30, 2016 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)	\$ 360,000,000	\$ -
U. S. Government Securities	70,000,000	-
State Non Arbitrage Program (SNAP)	21,342,602	-

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, 2016, 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, 2016 resulted in a net increase of \$372,994.

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, 2016, \$10,787 in interest income was reported in designated funds and subsequently transferred to the General Fund.

9. COMMITMENTS AND CONTINGENCIES

A. Litigation

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

B. Intergovernmental Grants, Entitlements, and Shared Revenues

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

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

9. COMMITMENTS AND CONTINGENCIES (continued)

B. Intergovernmental Grants, Entitlements, and Shared Revenues (continued)

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

C. City Manager Employment Contract

On January 26, 2016 City Council appointed David L. Hansen as City Manager for the City. Mr. Hansen's contract is for the period January 26, 2016 to January 31, 2018.

D. Salaries Payable

The outstanding School Board Component Unit Funds' amount represents salaries due (2 months) to school teachers 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 expired 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 remaining capacity as of the end of Calendar Year 2015 of the developed cells at the landfill is 1.84 million tons. Future development will increase the total landfill capacity to 5.4 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. Estimated remaining life of the landfill is 25 years.

To date, approximately 80 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 \$25,542,645, an amount based on landfill capacity used to date. Until another cell of the landfill is opened, no additional estimated closure and post-closure care costs will be recognized, except for the effects of inflation, changes in estimates, changes in technology or changes in laws or regulations. This amount is reflected in the government-wide financial statements.

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

F. Water Services Contract

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

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

9. COMMITMENTS AND CONTINGENCIES (continued)

F. Water Services Contract (continued)

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, 2016 the City had outstanding encumbrances as follows:

General Fund	
Communications and Information Technology	\$ 1,195,904
General Government	1,076,430
Human Services	265,830
Libraries	616,244
Museums and Cultural Arts	524,693
Sandler Center for the Performing Arts	1,626,680
Police	557,170
Public Works	1,240,869
Parks and Recreation	434,560
Vehicle Replacement	732,380
Total General Fund	<u>\$ 8,270,760</u>
Capital Projects Fund	
Engineering and Highways	\$ 66,374,181
Buildings	23,331,327
Parks and Recreation	24,987,077
Coastal	2,514,465
Economic and Tourism	25,333,446
Total Capital Projects Fund	<u>\$ 142,540,496</u>
Nonmajor Special Revenue Funds	
Total	<u>\$ 152,477,386</u>

10. INTERFUND BALANCES AND TRANSACTIONS, FUND RESULTS AND RECONCILIATIONS

A. Interfund Transfers

Interfund transfers for the year ended June 30, 2016 were made up of the following:

<u>Transfer To:</u>	<u>General Fund</u>	<u>Nonmajor Governmental</u>	<u>Nonmajor Parking Enterprise</u>	<u>Internal Service</u>	<u>Total</u>
General Fund - Consolidated	\$ 8,835	\$ 9,761,065	\$ -	\$ 7,400	\$ 9,777,300
Capital Projects Fund	34,046,759	25,095,913	350,000	-	59,492,672
Storm Water Fund	-	29,873	-	-	29,873
Waste Management	5,166,556	-	-	-	5,166,556
Nonmajor Governmental	77,636,590	4,478,951	90,000	28,000	82,233,541
Nonmajor Enterprise Funds	20,581	-	-	-	20,581
Total	<u>\$ 116,879,321</u>	<u>\$ 39,365,802</u>	<u>\$ 440,000</u>	<u>\$ 35,400</u>	<u>\$ 156,720,523</u>

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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

Purpose:

Transfers From General Fund:

\$	8,835	Funding for the Circuit Court technology Program.
	34,046,759	Capital Projects Fund: Funding for Pay-As-You-Go Capital Projects Fund.
	5,166,556	Waste Management Fund: Funding for support of Waste Management with loss of SPSA.
	77,636,590	Nonmajor Governmental Funds: Funding for Special Revenue programs and Debt Fund.
	20,581	Nonmajor Enterprise Fund: Funding for Parking support.

Transfers From Nonmajor Governmental Funds:

\$	9,761,065	General Fund: Special Revenue Funds, primarily surplus funds from Sandbridge TIF.
	25,095,913	Capital Projects Fund: Funding for Pay-As-You Go capital projects.
	29,873	Storm Water Fund: Funding for support of Storm Water operations.
	4,478,951	Nonmajor Governmental Funds: Funding for support of existing programs

Transfer From Nonmajor Enterprise Fund:

\$	350,000	Capital Project Funds: Economic and Tourism.
	90,000	Nonmajor Governmental Funds: Funding for support of existing programs.

Transfer From Internal Service Funds:

\$	7,400	General Fund: Funding for Landscape Services.
	28,000	Nonmajor Governmental Funds: Funding for support of existing programs.

B. Net Position Deficit

The following Primary Government fund has a deficit balance in equity at June 30, 2016:

<u>Proprietary Funds:</u>	
Risk Management Fund	\$ 22,374,235
City Garage	\$ 1,074,276
School Site Landscaping	\$ 1,278,795

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.

The deficit in the City Garage and School Site Landscaping Funds are a result of the recognition of their share of June 30, 2016 Pension Liability. The respective rate structure will be evaluated for future adjustments.

C. New Fund

The Multimodal Transportation Special Revenue Fund was established in Fiscal Year 2016 to collect and remit revenue dedications from local funding sources to support transportation initiatives across the City. This fund also receives dedicated funding from a portion of the real estate taxes and other sources to support and maintain the City's transportation system.

D. Inventory

The Department of Public Works Operational Inventory was established during Fiscal Year 2016. This inventory was created to improve accountability and internal control and will be recorded utilizing the purchase method (i.e., recorded as expenditures when purchased). Ending value of this inventory was \$ 4.1 million.

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

11. RISK MANAGEMENT

A. Primary Government Self-Insurance Program

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

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

The estimated claims and judgments liability of \$31,100,210 reported in the Fund at June 30, 2016 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The City prepares a biannual update of the actuarial liability and believes the estimates contained in its latest actuarial analysis, dated June 30, 2016, substantially reflects estimated claims and judgments for the period ending June 30, 2016.

	Beginning Liability	Claims & Changes in Estimates	Claims Payments	Balance at Year-End
2014-2015	\$ 25,462,274	\$ 13,475,124	\$ 8,079,804	\$ 30,857,594
2015-2016	\$ 30,857,594	\$ 11,519,552	\$ 11,276,936	\$ 31,100,210

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; Student Professional & International Travel Liability coverage is \$2,250,000 per claim; Crime (Employee Dishonesty) coverage is \$1,000 per occurrence; Environmental Impairment and Cyber Liability coverage has a \$1,000,000 limit per occurrence; General Liability and Wrongful Act coverage is \$350,000 per occurrence; Automobile Liability coverage (engine on) is \$450,000 per occurrence; Automobile Physical Damage coverage (engine off) is \$60,000 per occurrence; General and Automobile Liability has a \$4,000,000 excess limit per occurrence; and Workers' Compensation Excess coverage is \$850,000 per claim.

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.

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, 2016 is \$7,554,000 (undiscounted) as follows:

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CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
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11. RISK MANAGEMENT (continued)

B. School Board Self-Insurance Program (continued)

Fiscal Year	Beginning -of Fiscal-Year Liability	Current-Year Claims & Changes in Estimates	Claims Payments	Balance at Fiscal Year-End
2014-2015	\$ 7,896,000	\$ 6,588,000	\$ 5,894,000	\$ 8,590,000
2015-2016	\$ 8,590,000	\$ 5,052,000	\$ 6,088,000	\$ 7,554,000

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 \$600,000. 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, 2016 is \$7,539,000 (undiscounted), as follows:

Fiscal Year	Beginning -of Fiscal-Year Liability	Current-Year Claims & Changes in Estimates	Claims Payments	Balance at Fiscal Year-End
2014-2015	\$ 9,392,000	\$ 138,879,000	\$ 139,743,000	\$ 8,528,000
2015-2016	\$ 8,528,000	\$ 132,638,000	\$ 133,627,000	\$ 7,539,000

C. Surety Bonds

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

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

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

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

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

12. RETIREMENT

A. Virginia Retirement System

Plan Description

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

Plan Description

The City and School Board Nonprofessional (non-teacher) are 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 the City and School Board are automatically covered by VRS Retirement Plan upon employment. This plan is administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer are pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria a defined in the *Code of Virginia*, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

Within the VRS Plan, the System administers three different benefit structures for covered employees – Plan 1, Plan 2, and, Hybrid. Each of these benefit structures has a different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
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PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>About Plan 1: Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p>	<p>About Plan 2: Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p>	<p>About the Hybrid Retirement Plan: The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. (see "Eligible Members")</p> <ul style="list-style-type: none"> • The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
<p>Eligible Members: Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p>	<p>Eligible Members: Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p>	<p>Eligible Members: Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> • Political subdivision employees* • Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014.

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

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

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
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		<p><u>Defined Contributions Component:</u> Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.</p> <p>Members are always 100% vested in the contributions that they make.</p> <p>Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none"> • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. <p>Distribution is not required by law until age 70½.</p>
<p>Calculating the Benefit: The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.</p>	<p>Calculating the Benefit: See definition under Plan 1.</p>	<p><u>Calculating the Benefit Defined Benefit Component:</u> See definition under Plan 1.</p>

**CITY OF VIRGINIA BEACH, VIRGINIA
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JUNE 30, 2016**

<p>An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.</p>		<p><u>Defined Contribution Component:</u> The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.</p>
<p>Average Final Compensation: A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation: A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation: Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>
<p>Service Retirement Multiplier VRS: The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.</p> <p>Sheriffs and regional jail superintendents: The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.</p> <p>Political subdivision hazardous duty employees: The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.</p>	<p>Service Retirement Multiplier VRS: Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.</p> <p>Sheriffs and regional jail superintendents: Same as Plan 1.</p> <p>Political subdivision hazardous duty employees: Same as Plan 1.</p>	<p>Service Retirement Multiplier <u>Defined Benefit Component:</u> VRS: The retirement multiplier for the defined benefit component is 1.00%.</p> <p>For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.</p> <p>Sheriffs and regional jail superintendents: Not applicable.</p> <p>Political subdivision hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Not applicable.</p>

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
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<p>Normal Retirement Age VRS: Age 65.</p> <p>Political subdivisions hazardous duty employees: Age 60.</p>	<p>Normal Retirement Age VRS: Normal Social Security retirement age.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Normal Retirement Age <u>Defined Benefit Component:</u> VRS: Same as Plan 2.</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Earliest Unreduced Retirement Eligibility VRS: Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.</p> <p>Political subdivisions hazardous duty employees: Age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.</p>	<p>Earliest Unreduced Retirement Eligibility VRS: Normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Earliest Unreduced Retirement Eligibility <u>Defined Benefit Component:</u> VRS: Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>

**CITY OF VIRGINIA BEACH, VIRGINIA
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<p>Earliest Reduced Retirement Eligibility VRS: Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.</p> <p>Political subdivisions hazardous duty employees: 50 with at least five years of creditable service.</p>	<p>Earliest Reduced Retirement Eligibility VRS: Age 60 with at least five years (60 months) of creditable service.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Earliest Reduced Retirement Eligibility <u>Defined Benefit</u> Component: VRS: Age Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution</u> Component: Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Cost-of-Living Adjustment (COLA) in Retirement: The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p> <p><u>Eligibility:</u> For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</p> <p>For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement: The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.</p> <p><u>Eligibility:</u> Same as Plan 1.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement <u>Defined Benefit</u> Component: Same as Plan 2.</p> <p><u>Defined Contribution</u> Component: Not applicable.</p> <p><u>Eligibility:</u> Same as Plan 1 and Plan 2.</p>

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

<p><u>Exceptions to COLA Effective Dates:</u> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP). • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins. 	<p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1.</p>	<p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1 and Plan 2.</p>
<p>Disability Coverage: Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>	<p>Disability Coverage: Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</p>	<p>Disability Coverage: Employees of political subdivisions (including Plan 1 and Plan2 opt-ins) participate in the Virginia Local Disability Program (VL governing body provides and employer-paid comparable program for its members.</p> <p>Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>

CITY OF VIRGINIA BEACH, VIRGINIA
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<p>Purchase of Prior Service: Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.</p>	<p>Purchase of Prior Service: Same as Plan 1.</p>	<p>Purchase of Prior Service <u>Defined Benefit Component:</u> Same as Plan 1, with the following exceptions:</p> <ul style="list-style-type: none"> • Hybrid Retirement Plan members are ineligible for ported service. • The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation. • Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost. After that one year period, the rate for most categories of service will change to actuarial cost. <p><u>Defined Contribution Component:</u> Not applicable.</p>
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The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplemental information for VRS. A copy of the most recent report may be obtained from the VRS website at <http://www.varetire.org/pdf/publications/2015-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500 Richmond, VA., 23218-2500.

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

12. RETIREMENT (continued)

A. Virginia Retirement System (continued)

Employees Covered by Benefit Terms

As of the June 30, 2014 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Number</u>
Inactive Members or Their Beneficiaries	
Currently Receiving Benefits	3,270
Inactive Members:	
Vested	755
Non-Vested	1,175
Active Elsewhere in VRS	<u>783</u>
Total Inactive Members	2,713
Active Members	<u>5,931</u>
Total	<u>11,914</u>

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5.00% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5.00% member contribution. This could be phased in over a period of 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.

Consistent with the phase-in funding being used for state and teacher employer contributions; political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2015, the alternate rate was the employer contribution rate used in FY 2012 or 80% of the actuarially determined employer contribution rate from the June 30, 2013 actuarial valuations, whichever was greater.

The actuarially determined employer contribution rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with additional amount to finance any unfunded accrued liability.

The City contractually required employer contribution rate for the year ended June 30, 2016 was 13.88% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2014.

The School Board's contractually required employer contribution rate for the year ended June 30, 2016 was 14.50% of covered employee compensation, Professional employees. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2014. The actuarial rate for the Professional Plan (Teacher Retirement Plan) was 18.20%, however, it was reduced to 17.64% as a result of a transfer at June 20, 2015. The rate 18.20% was based upon on an actuarially determined rate from an actuarial valuation as of June 30, 2014.

In addition, for the Nonprofessional (non-teacher) employees, the School Board is contractually 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 School Board's contribution rate for the fiscal year ended 2016 was 9.11% of annual covered payroll. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2014.

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CITY OF VIRGINIA BEACH, VIRGINIA
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12. RETIREMENT (continued)

A. Virginia Retirement System (continued)

Contributions (continued)

These rates, when combined with employee contributions, were expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employer's contributions to the pension plan from the City were \$49,847,919 and \$48,703,360 (excludes amounts paid on the employees' behalf of \$2,263,573 and \$4,741,173) for the years ended June 30, 2016 and June 30, 2015, respectively. Contribution to the pension plan from the School Board for the Professional Plan (Teacher Retirement) was \$54,463,409 and \$55,858,551 for the years ended June 30, 2016 and June 30, 2015, respectively. For the Nonprofessional (non-teacher) employer's contributions were \$3,857,605 and \$3,732,422 for the years ended June 30, 2016 and June 30, 2015, respectively.

Net Pension Liability

The City's net pension liability was measured as of June 30, 2015 and totaled \$337,372,334. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2014, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2015.

At June 30, 2016, the School Board reported a net pension liability of \$653,690,000 for its proportionate share of the Net Pension Liability of the Teacher Retirement Plan (Professional). The Net Pension Liability was measured as of June 30, 2015 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The "School Board's proportion of the Net Pension Liability was based on the School's actuarially determined employer contributions to the pension plan for the year ended June 30, 2015 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2015, the School Board's proportion was 5.19364% as compared to 5.16303% at June 30, 2014.

In addition, the School Board's Net Pension Liability for the Nonprofessional (non-teacher) Retirement Plan was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2014, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2015. At June 30, 2016, the School Board's reported a liability of \$13,573,000 for the Nonprofessional (non-teacher) Retirement Plan.

Actuarial Assumptions – City General Employees

The total pension liability for General Employees in the City and School Board's Retirement Plans was based on an actuarial valuation as of June 30, 2014, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2015.

Inflation	2.5 percent
Salary increases, including Inflation	3.5 percent – 5.35%
Investment rate of return	7.0 Percent, net of pension plan investment expense, including inflation*

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

12. RETIREMENT (continued)

A. Virginia Retirement System (continued)

Actuarial Assumptions – City General Employees (continued)

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Mortality rates: 14 % of deaths are assumed to be service related.

Largest 10 – Non-LEOS: Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females were set back 2 years.

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year.

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement.

All Others (Non 10 Largest) – Non-LEOS: Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females were set back 2 years.

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year.

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10-Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

All Others (Non 10 Largest) – Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

12. RETIREMENT (continued)

A. Virginia Retirement System (continued)

Actuarial Assumptions – City Public Safety Employees

The total pension liability for Public Safety employees in the City Retirement Plan was based on an actuarial valuation as of June 30, 2014, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2015.

Inflation	2.5 percent
Salary increases, including Inflation	3.5 percent – 4.75 percent
Investment rate of return	7.0 percent, net of pension plan investment expense, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Mortality rates: 60% of deaths are assumed to be service related.

Largest 10-LEOS: Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 2 years.

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year.

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement.

All Others (Non 10 Largest) – LEOS: Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 2 years.

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year.

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 –LEOS:

- Update mortality table
- Decrease in male rates of disability

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

12. RETIREMENT (continued)

A. Virginia Retirement System (continued)

All Others (Non 10 Largest) – LEOS:

- Update mortality table
- Adjustments to rates of service retirement for females
- Increase in rates of withdrawal
- Decrease in male and female rates of disability

Actuarial Assumptions – School Board

Professional/Teacher Retirement Plan

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2014, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2015.

Inflation	2.5 percent
Salary increases, including Inflation	3.5 percent – 5.95
Investment rate of return	7.0 Percent, net of pension plan investment expense, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Mortality rates:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 3 years and females were set back 5 years.

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females were set back 3 years.

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 1 year and no provision for future mortality improvement.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

- Update mortality table
- Adjustments to the rates of service retirement
- Decrease in rates of withdrawals for 3 through 9 years of service
- Decrease in rates of disability
- Reduce rates of salary increase by 0.25% per year

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

12. RETIREMENT (continued)

A. Virginia Retirement System (continued)

Nonprofessional (non-teacher) Retirement Plan

The total pension liability for Nonprofessional Retirement Plan (non-teacher) was based on an actuarial valuation as of June 30, 2014, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2015.

Inflation	2.5 percent
Salary increases, including Inflation	3.5 percent – 5.35%
Investment rate of return	7.0 Percent, net of pension plan investment expense, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Mortality rates: 14% of deaths are assumed to be service related.

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females were set back 2 years.

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year.

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

12. RETIREMENT (continued)

A. Virginia Retirement System (continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
U.S. Equity	19.50%	6.46%	1.26%
Developed Non U.S. Equity	16.50%	6.28%	1.04%
Emerging Market Equity	6.00%	10.00%	0.60%
Fixed Income	15.00%	0.09%	0.01%
Emerging Debt	3.00%	3.51%	0.11%
Rate Sensitive Credit	4.50%	3.51%	0.16%
Non Rate Sensitive Credit	4.50%	5.00%	0.23%
Convertibles	3.00%	4.81%	0.14%
Public Real Estate	2.25%	6.12%	0.14%
Private Real Estate	12.75%	7.10%	0.91%
Private Equity	12.00%	10.41%	1.25%
Cash	1.00%	-1.50%	-0.02%
Total	100.00%		5.83%
Inflation			2.50%
* Expected arithmetic nominal return			8.33

* Using stochastic projection results provides an expected range of real rates of return over various time horizons. Looking at one year results produces an expected real return of 8.33% but also has a high standard deviation, which means there is high volatility. Over larger time horizons the volatility declines significantly and provides a median return of 7.44%, including expected inflation of 2.50%.

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

12. RETIREMENT (continued)

A. Virginia Retirement System (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the City and School Board's Retirement Plans will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the Long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	City		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at June 30, 2014	\$ 1,749,367,437	\$ 1,415,595,867	\$ 333,771,570
Changes for the Year:			
Service Cost	35,932,562	-	35,932,562
Interest	119,573,242	-	119,573,242
Difference between expected and actual experience:	(24,723,400)	-	(24,723,400)
Contribution - Employer	-	48,703,360	(48,703,360)
Contribution - Employee	-	14,937,006	(14,937,006)
Net Investment Income	-	64,442,330	(64,442,330)
Benefit payments, including refunds of Employee Contributions	(82,356,519)	(82,356,519)	-
Administrative Expense	-	(887,459)	887,459
Other Changes	-	(13,597)	(13,597)
Net Changes	48,425,885	44,825,121	3,600,764
Balances at June 30, 2015	\$ 1,797,793,322	\$ 1,460,420,988	\$ 337,372,334

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

12. RETIREMENT (continued)

A. Virginia Retirement System (continued)

	School Board Nonprofessional		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at June 30, 2014:	\$ 198,934,626	\$ 188,111,748	\$ 10,822,878
Changes for the Year:			
Service Cost	4,089,939	-	4,089,939
Interest	13,574,596	-	13,574,596
Changes of Assumptions:			
Difference between expected/actual experience:	(747,303)	-	(747,303)
Contribution - Employer	-	3,739,486	(3,739,486)
Contribution - Employee	-	2,041,468	(2,041,468)
Net Investment Income	-	8,507,018	(8,507,018)
Benefit payments	(9,558,643)	(9,558,643)	-
Refunds of Contributions	(465,012)	(465,012)	-
Administrative Expenses	-	(118,985)	118,985
Other Changes	-	(1,792)	1,792
Net Changes	6,893,577	4,143,540	2,750,037
Balances at June 30, 2015	\$ 205,828,203	\$ 192,255,288	\$ 13,572,915

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	City		
	1% Decrease	Current Discount	1% Increase
	(6.00%)	Rate (7.00%)	(8.00%)
Plan's Net Pension Liability	\$ 564,869,530	\$ 337,372,334	\$ 147,315,001

The following presents the net pension liability of the Nonprofessional (non-teacher) Retirement Plan using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	School Board Nonprofessional		
	1% Decrease	Current Discount	1% Increase
	(6.00%)	Rate (7.00%)	(8.00%)
Plan's Net Pension Liability	\$ 38,495,000	\$ 13,572,915	\$ (7,346,000)

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

12. RETIREMENT (continued)

A. Virginia Retirement System (continued)

In addition, the following presents the School Board's proportionate share of the net pension liability for the Professional/Teacher Retirement Plan using the discount rate of 7.00%, as well as what the School Board's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	School Board Professional		
	1%	Current	1%
	Decrease	Discount	Increase
	(6.00%)	Rate (7.00%)	(8.00%)
School Board's Proportionate Share of the Net Pension Liability for the VRS Teacher Retirement Plan	\$ 956,613,000	\$ 653,690,000	\$ 404,320,000

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2016, the City's recognized pension expense was \$22,851,859.

For the year ended June 30, 2016, the School Board recognized pension expense of \$45,516,000 of the Teacher Retirement Plan (Professional). Since there was a change in proportionate share between June 30, 2013 and June 30, 2014, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

In addition, for the year ended June 30, 2016, the School Board recognized pension expense of \$509,000 for the Nonprofessional (non-teacher) Retirement Plan.

At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	City	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 19,383,573
Net difference between projected and actual earnings on plan investments	-	37,826,623
Employer contributions subsequent to the Measurement Date	49,847,919	-
Total	<u>\$ 49,847,919</u>	<u>\$ 57,210,196</u>

\$49,847,919 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

12. RETIREMENT (continued)

A. Virginia Retirement System (continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>City</u>
<u>Year Ended June 30:</u>	
2017	\$ (20,212,886)
2018	(20,212,886)
2019	(20,212,886)
2020	3,428,463
Thereafter	<u>\$ 57,210,196</u>

At June 30, 2016, for the Teacher Retirement Plan (Professional), the School Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>School Board Professional</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual experience	\$ -	\$ 9,001,000
Net difference between projected and actual earnings on pension plan investments	-	40,031,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	7,173,000
Employer contributions subsequent to the measurement date	54,463,000	-
Total	<u>\$ 54,463,000</u>	<u>\$ 56,205,000</u>

\$54,463,000 reported as deferred outflows of resources related to pensions resulting from the School Board's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>School Board Professional</u>
<u>Fiscal Year Ended June 30</u>	<u>Deferred Amounts</u>
2017	\$ (20,082,000)
2018	(20,082,000)
2019	(20,082,000)
2020	4,625,000
2021	(584,000)
Total	<u>\$ (56,205,000)</u>

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

12. RETIREMENT (continued)

A. Virginia Retirement System (continued)

In addition, at June 30, 2016, for the Nonprofessional (non-teacher) Retirement Plan, the School Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	School Board Nonprofessional	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 497,000
Net difference between projected and actual earnings on pension plan investments	-	5,006,000
Employer contributions subsequent to the measurement date	3,858,000	-
Total	<u>\$ 3,858,000</u>	<u>\$ 5,503,000</u>

\$3,858,000 reported as deferred outflows of resources related to pensions resulting from the School Board's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	School Board Nonprofessional
Fiscal Year Ended June 30	Deferred Amounts
2017	\$ (2,220,000)
2018	(2,215,000)
2019	(1,969,000)
2020	901,000
Total	<u>\$ (5,503,000)</u>

B. Sheriff's Supplemental Retirement Plan

1. Description of the Plan

The following brief description of the City of Virginia Beach Sheriff's Office Supplemental Retirement Plan (the "Plan") is provided for general information purposes only. Reference should be made to the Plan agreement for a more complete description of the Plan's provisions.

The Sheriff's Supplemental Plan is a defined contribution plan that was established by the City Council of Virginia Beach, Virginia ("City Council") in 1995 in accordance with Internal Revenue Code ("IRC") Section 401. The Plan sponsor and participating employer is the City of Virginia Beach Sheriff's Office ("Employer"). The Plan is available to all employees of the City of Virginia Beach Sheriff's Office, who have completed one year of service, as defined by the Plan.

The City Code of Virginia Beach, Virginia establishes a Deferred Compensation Board ("Board") to supervise, administer and implement the Plan. The Board has full power and authority to adopt rules and regulations for the administration of the Plan. The Board also contracts with providers to manage the investment of plan assets and is responsible for selecting the Plan investment options. Plan provisions and contribution requirements are established and may be amended by the City Council.

As of June 30, 2015, the number of participants was as follows:

Employed participants with ending balances	398
Terminated participants with ending balances	114
Participants with zero ending balances	3
	<u>515</u>

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

12. RETIREMENT (continued)

B. Sheriff's Supplemental Retirement Plan (continued)

1. Description of the Plan (continued)

Participants may not contribute to the Plan. The Employer may contribute discretionary amounts to be determined by the City of Virginia Beach Sheriff's Office annually. During the plan year end, the employer contribution totaled \$1,426, which is the amount of expenditures recognized. Current year forfeitures totaled \$70. Employer contributions to the Plan, and any earnings they generate, are vested as follows:

<u>Years of Service</u>	<u>Vested Percentage</u>
0 – 5 years	0%
5 years or more	100%

Participants may withdraw from their accounts during a qualifying distribution event. Qualifying distribution events are: retirement, permanent disability, termination from employment, attainment of age 59½, and death. Ordinary income tax will apply to each withdrawal. Withdrawals received prior to age 59½ may also be assessed a 10% early withdrawal federal tax penalty.

Participant Accounts – Each participant's account is credited with an allocation of the City's discretionary contributions as well as Plan earnings. Participant accounts are charged with an allocation of administrative expenses that are paid by the Plan. Allocations are based on participant compensation, account balances, or specific participant transactions as defined. The benefit to which the participant is entitled is the benefit that can be provided from the participant's vested account.

Payment of Benefits – On termination of service due to death, disability, or retirement, a participant may elect to receive either a lump-sum amount equal to the value of the participant's vested interest in his or her account, or annual installments not to exceed the lifetime of the payee. For termination of service for other reasons, a participant may receive the value of the vested interest in his or her account as a lump-sum distribution.

2. Summary of Significant Accounting Policies

Basis of Accounting – The Plan's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America using the financial reporting framework established by the Governmental Accounting Standards Board ("GASB").

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Investments and Investment Income – Investments in mutual funds are stated at fair value. Investments in guaranteed investment contracts that are determined to be fully benefit responsive are stated at contract value. Investment income is recognized as revenue when earned. The net appreciation (depreciation) in fair value of investments is recorded as an increase (decrease) to investment income based on the valuation of investments.

Fair Value – Fair value is the amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. If a quoted market price is available for an investment, the fair value to be used is the total of the number of trading units of the instrument times the market price per unit.

The fair value of mutual funds traded on a national securities exchange is determined by using the last reported sales price on the last business day of the Plan year; listed securities for which no sale was reported on that date are valued at the mean between the last reported bid and asked prices.

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

12. RETIREMENT (continued)

B. Sheriff's Supplemental Retirement Plan (continued)

2. Summary of Significant Accounting Policies (continued)

Contract Value – Contract value is the value of an unallocated contract that is determined by the insurance entity in accordance with the terms of the contract.

Contributions – Contributions are recognized in the period when due in accordance with the terms of the Plan.

Benefit Payments – Benefit payments are recorded when paid.

Administrative Expenses – Administrative expenses are recorded when incurred. Certain administrative functions are performed by the City and are not reflected in these statements.

3. Investments

The Board has adopted an investment policy that 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 monitors the investment options' compliance to the investment policy. The Plan's authorized investments consist of funds in nine major asset classes defined by either investment objective or risk category.

The Plan had the following investments as of June 30, 2015:

<u>INVESTMENTS</u>	<u>2015</u>
MAXIM Aggressive Profile	\$ 241,136
MAXIM Moderately Aggressive Profile	147,400
MAXIM Moderate Profile	258,260
MAXIM Moderately Conservative Profile	80,291
MAXIM Conservative Profile	103,309
Templeton World Fund	84,993
William Blair International Growth	55,243
Baron Small Cap Fund	180,901
Eagle Small Cap Growth R5	9,798
Heartland Value Fund	95,175
Morgan Stanley Inst. Mid Cap Growth I	12,875
Vanguard Mid Cap Index Fund	34,577
American Century Equity Growth Fund	59,588
American Funds Growth Fund R4	139,351
Janus Forty Class S	3,676
MFS Massachusetts Investors Growth Fund	64,749
Mutual Shares Fund	185,594
Vanguard Institutional Index Fund	386,429
Vanguard Total Bond Market Index Instit.	75,087
AB Discovery Value Fund	30,962
	<hr/>
	\$ 2,249,394
Guaranteed investment contract, at contract value:	
Virginia Beach Fixed Income Fund	<hr/>
	1,437,817
	<hr/>
	\$ 3,687,211
	<hr/>

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CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

12. RETIREMENT (continued)

B. Sheriff's Supplemental Retirement Plan (continued)

3. Investments (continued)

Custodial Credit Risk – This is the risk that in the event of the failure of the counterparty, the Plan will not be able to recover the value of the investment of collateral securities that are in the possession of an outside party. 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. Securities that exist in book entry form are held in trust by the custodian in the name of the Plan.

Guaranteed Investment Contract – As part of the investment objectives of the investment policy, the Board has established the Virginia Beach Fixed Income Fund ("Stable Value Fund"). The objective of the Stable Value Fund is to provide principal preservation, benefit responsiveness, liquidity, and current income at levels that typically are higher than those provided by money market funds over an interest rate cycle. The investments of the Stable Value Fund are expected to produce relatively stable annual returns on fund assets with little to no fluctuation in account values. A security-backed contract has similar characteristics as a traditional investment contract and is comprised of two parts: the first part is a fixed-income security or portfolio of fixed-income securities; the second part is a contract value guarantee (wrapper) provided by a third-party. Wrappers provide contract value payments for certain participant-initiated withdrawals and transfers, a floor crediting rate, and return of fully accrued contract value at maturity.

The Stable Value Fund is a guaranteed investment contract with Empower Retirement ("Empower"). Elective contributions are invested in the Stable Value Fund at the option of the Plan's participants. Empower maintains the assets of the Stable Value Fund in a separate account.

Participant accounts are credited with contributions and earnings on the under-lying investments and charged for participant withdrawals and administrative expenses charged by the issuer. Empower is contractually obligated to repay the principal and a specified interest rate that is guaranteed to the Plan. As of and for the year end, the crediting interest rate on the guaranteed investment contract was 1.85%.

At June 30th, the fair value of the contract was as follows:

Components:	2015
Underlying investments	\$ 1,437,817
Wrap contract	15,283
Total	<u>\$ 1,453,100</u>

The Board has established the following guidelines for the investment of assets and management of certain risks related to the Stable Value Fund:

Authorized Investments – Subject to quality and diversification guidelines, Empower invests the assets of the Stable Value Fund in any or all of the following: United States Treasury Securities including Treasury Bills, Notes, Bonds or Strips; Commercial paper; Corporate and non-corporate credit bonds rated A-A/3 or better as rated by S&P, Moody's or Fitch at time of purchase; Non-agency securities, United States Agency Securities; Mortgaged-backed securities issued by Government National Mortgage Association ("GNMA"), Federal National Mortgage Association ("FNMA"), or Federal Home Loan Mortgage Corporation ("FHLMC"), Collateralized mortgage obligations secured by GNMA, FNMA, or FHLMC securities and instruments of commercial banks domiciled in the United States of America, with the requirement that all money deposited into these banks be 100% guaranteed by the Federal Deposit Insurance Corporation.

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

12. RETIREMENT (continued)

B. Sheriff's Supplemental Retirement Plan (continued)

3. Investments (continued)

Credit Risk – This is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The Plan manages its credit risk of the Stable Value Fund by monitoring the credit quality of the guaranteed investment contract's issuer.

Concentration of Credit Risk – This is the risk of loss attributed to the magnitude of the Plan's investment in a single issuer. The Board manages the Stable Value Fund's exposure to concentrations of credit risk by ensuring the fund invests in a diversified portfolio of high credit quality securities.

Interest Rate Risk – This is the risk that changes in interest rates will adversely affect the fair value of investments. The Board's investment policy for the Stable Value Fund states that the average duration of the portfolio will not exceed 4 years.

4. Concentrations

The following table presents the Plan's investments (other than those explicitly guaranteed or issued by the U.S. government or those invested in mutual funds, external investment pools or other pooled investments) that represent 5% or more of the Plan's net assets as of June 30, 2015:

	2015
Virginia Beach Fixed Income Fund	<u><u>\$ 1,437,817</u></u>

5. Revenue Sharing Fee Agreement

The Plan sponsor has contracted with Empower Retirement Services ("Empower") under an agreement (the "Agreement") to provide certain administrative services. The Agreement calls for the Plan to pay Empower a quarterly recordkeeping and communication fee of 0.0625% (i.e. 0.25% per annum) of the average Plan assets in exchange for certain defined services.

The Agreement specifies that the recordkeeping and communication fee is to be paid from certain revenues Empower and its affiliates receive from mutual fund families and other investment options offered by the Plan, including an annual fee of .20% on the average asset balance of the Stable Value Fund. Additionally, there is an explicit 0.10% per annual charge (0.025% per quarter) on participants investing in Vanguard investment options.

In the event that the revenues received total more than the annual recordkeeping and communication fee, Empower agrees to place any excess amounts into separate Plan unallocated trust accounts ("general account") to be solely used for Plan purposes. In the event the revenues received total less than the annual recordkeeping and communication fee, Empower will present an invoice to the Plan Sponsor for the amounts owed and unpaid. If the Plan Sponsor fails to authorize payment within 60 calendar days, Empower is instructed to withdraw the unpaid fees on a prorate basis from the participant accounts.

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

12. RETIREMENT (continued)

B. Sheriff's Supplemental Retirement Plan (continued)

5. Revenue Sharing Fee Agreement (continued)

In addition to the quarterly reconciliation of the fees received, there is also an annual reconciliation conducted capping the per-head cost at \$80, with an amount in excess of \$80 remitted back to the Plans' General Accounts. In the 2015 annual reconciliation, there was no excess.

For the year ended June 30, 2015, activity in the general account was as follows:

	2015
Balance, beginning of the year:	\$ 4,764
Dividends and interest	104
Revenue sharing and restitution receipts	2,842
Plan level administrative expenses	(491)
Other	(1,363)
Total	<u>\$ 5,856</u>

6. Plan Termination

Although it has not expressed any intent to do so, the City has the right to terminate the Plan at any time. Upon Plan termination, all amounts deferred will be distributed to participants or beneficiaries as soon as administratively practicable after the termination date.

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, 919 East Main Street, Suite 1100, Richmond, VA 23219.

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

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

13. OTHER POSTEMPLOYMENT BENEFITS (continued)

Funding Policy. Contribution requirements of the City, School Board and plan members are established and may be amended by the respective legislative bodies. The required contributions were actuarially determined and are based upon projected pay as you go financing requirements with an additional amount to prefund benefits. For the period ending June 30, 2016 the City and School Board contributed, \$5,186,400 and \$4,462,800 respectively. Plan members from each organization contributed \$132.77 per month for retiree-only point of service coverage. City and School Board retirees with coverage for their spouses will contribute \$563.49 per month to age 65. Retirees who participate in the Wellness for Life program will receive reduced retiree rates. Employees who retire with at least 25 years of service with the City and School Board as well as those who retire on a work-related disability compensable under the Workers' Compensation Act before age 65 are eligible for access to health insurance coverage. This benefit is payable until the retiree becomes eligible for Medicare. The City and School Board has determined that all current employees and retirees shall contribute to the cost of their health care coverage and no level of benefit shall be provided free of charge. The retiree contribution rate shall be based on the experience of the plan, the City's and School Board's annual contribution amount and the remaining premium cost.

Annual OPEB Cost. For 2016, the City and School Board's annual OPEB cost of \$5,186,400 and \$4,462,800, respectively, was equal to its required contribution. The City and School Board's OPEB cost for 2016 totaled \$5,998,200 and \$5,748,000, respectively, and exceeded its annual required contributions noted above. This overage was not withdrawn from the Trust Accounts. 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 2016, 2015 and 2014 are presented below:

<u>Fiscal Year</u> <u>Ending</u>	<u>Annual OPEB</u> <u>Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost</u> <u>Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
<u>City</u>			
06/30/16	\$ 5,186,400	100%	\$ -
06/30/15	\$ 7,259,200	100%	\$ -
06/30/14	\$ 7,101,900	100%	\$ -
<u>School Board</u>			
06/30/16	\$ 4,462,800	100%	\$ -
06/30/15	\$ 5,832,200	100%	\$ -
06/30/14	\$ 5,700,900	100%	\$ -

Funded Status and Funding Progress. The funded status of the plan as of January 1, 2016, was as follows:

	<u>City</u>	<u>School Board</u>
Actuarial accrued liability (AAL)	\$ 70,605,100	\$ 57,839,900
Actuarial value of plan assets	33,403,800	27,364,500
Unfunded actuarial accrued liability (UAAL)	<u>\$ 37,201,300</u>	<u>\$ 30,475,400</u>
Funded ratio (actuarial value of plan assets/AAL)	47.31%	47.31%
Covered payroll (active plan members)	\$ 306,050,000	\$ 426,884,300
UAAL as a percentage of covered payroll	12.16%	7.14%

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

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

13. OTHER POSTEMPLOYMENT BENEFITS (continued)

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, 2016, actuarial valuation, for the years ending June 30, 2016 and 2017 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 3.7% in 2016, 9% in 2017 initially, graded to 4.5% over 65 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.

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**REQUIRED
SUPPLEMENTAL
INFORMATION
(Unaudited)**

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

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

CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY AND RELATED RATIOS

	City	
	FY15	FY14
Total Pension Liability		
Service Cost	\$ 35,932,562	\$ 35,838,242
Interest	119,573,242	114,650,965
Changes of benefit terms	-	-
Differences between expected and actual experience	(24,723,400)	-
Changes in assumptions	-	-
Benefit Payments, including refunds of employee contributions	(82,356,519)	(77,985,409)
Net change in total pension liability	48,425,885	72,503,798
Total pension liability - beginning	1,749,367,437	1,676,863,639
Total pension liability - ending (a)	\$ 1,797,793,322	\$ 1,749,367,437
Plan Fiduciary Net Position		
Contributions - employer	\$ 48,703,360	\$ 45,827,648
Contributions - employee	14,937,006	14,813,559
Net investment income	64,442,330	194,451,721
Benefit Payments, including refunds of employee contributions	(82,356,519)	(77,985,409)
Administrative expenses	(887,459)	(1,053,309)
Other	(13,597)	10,242
Net change in plan fiduciary net position	44,825,121	176,064,452
Plan fiduciary net position - beginning	1,415,595,867	1,239,531,415
Plan fiduciary net position - ending (b)	\$ 1,460,420,988	\$ 1,415,595,867
Political subdivision's net pension liability, ending (a) - (b)	\$ 337,372,334	\$ 333,771,570
Political fiduciary net position as a percentage of the total pension liability	81.2%	80.9%
Covered-employee payroll	\$ 322,555,290	\$ 315,341,888
City's net pension liability as a percentage of covered -employee payroll	104.6%	105.8%

**Schedule is intended to show information for 10 years. The first year for this presentation was 2015; additional years will be included as they become available.*

CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY AND RELATED RATIOS

	School Board	
	FY15	FY14
Total Pension Liability		
Service Cost	\$ 4,089,939	\$ 4,171,321
Interest	13,574,596	13,051,394
Changes of benefit terms	-	-
Differences between expected and actual experience	(747,303)	-
Changes in assumptions	-	-
Refunds of Contributions	(465,012)	-
Benefit Payments, including refunds of employee contributions	(9,558,643)	(9,473,141)
Net change in total pension liability	6,893,577	7,749,574
Total pension liability - beginning	198,934,626	191,185,052
Total pension liability - ending (a)	\$ 205,828,203	\$ 198,934,626
Plan Fiduciary Net Position		
Contributions - employer	\$ 3,739,486	\$ 3,646,317
Contributions - employee	2,041,468	2,000,972
Net investment income	8,507,018	25,850,848
Benefit Payments, including refunds of employee contributions	(9,558,643)	(9,473,141)
Refunds of Contributions	(465,012)	-
Administrative expenses	(118,985)	(141,126)
Other	(1,792)	1,363
Net change in plan fiduciary net position	4,143,540	21,885,233
Plan fiduciary net position - beginning	188,111,748	166,226,515
Plan fiduciary net position - ending (b)	\$ 192,255,288	\$ 188,111,748
Political subdivision's net pension liability, ending (a) - (b)	\$ 13,572,915	\$ 10,822,878
Political fiduciary net position as a percentage of the total pension liability	93.41%	94.56%
Covered-employee payroll	\$ 41,802,052	\$ 40,427,033
School Board's net pension liability as a percentage of covered -employee payroll	32.47%	26.77%

**Schedule is intended to show information for 10 years. The first year for this presentation was 2015; additional years will be included as they become available.*

**Schedule of Employer Contributions
For the Year Ended June 30, 2016**

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contributions (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Employee Payroll (4)	Contributions as a % of Covered Employee Payroll (5)
City					
2014	\$ 45,827,648	\$ 45,827,648	\$ -	\$ 315,341,888	14.53
2015	48,703,360	48,703,360	-	322,555,290	15.10
2016	49,847,919	49,847,919	-	329,620,903	15.12
School Board Nonprofessional					
2014	\$ 3,646,317	\$ 3,646,317	\$ -	\$ 40,427,033	9.02
2015	3,739,486	3,739,486	-	41,802,052	8.95
2016	3,857,605	3,857,605	-	42,344,732	9.11

**Schedule is intended to show information for 10 years. The first year for this presentation was 2015; additional years will be included as they become available. The amounts presented have a measurement date of the prior fiscal year-end.*

School Board Professional (Teacher)

Date	Employer's Proportion of the Net Pension Liability (a)	Employer's Proportionate Share of the Net Pension Liability (b)	Employer's Covered Employee Payroll (c)	Employer's Proportionate Share of the NPL as a % of its Employee Payroll (d)	Plan Fiduciary Net Position as a % of the Total Pension Liability (e)
June 30, 2015	5.16303%	\$ 623,937,000	\$ 377,297,007	165.37	70.88
June 30, 2016	5.19364%	653,690,000	385,231,385	169.69	70.68

**Schedule is intended to show information for 10 years. The first year for this presentation was 2015; additional years will be included as they become available. The amounts presented have a measurement date of the prior fiscal year-end.*

Notes to Required Supplemental Information
For the Year Ended June 30, 2016

Changes of benefit terms – There have been no significant changes to the System benefit provisions since the prior actuarial valuation. A hybrid plan with changes to the defined benefit plan structure and a new defined contribution component were adopted in 2012. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. The liabilities presented do not reflect the hybrid plan since it covers new members joining the System after the valuation date of June 30, 2013 and the impact on the liabilities as of the measurement date of June 30, 2014 are minimal.

Changes of assumptions – The following changes in actuarial assumptions were made effective June 30, 2013 based on the most recent experience study of the System for the four- year period ending June 30, 2012:

Largest 10 – Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

Largest 10 –LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) – Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

All Others (Non 10 Largest) – LEOS:

- Update mortality table
- Adjustments to rates of service retirement for females
- Increase in rates of withdrawal
- Decrease in male and female rates of disability

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, 2012	\$ 20,982,000	\$ 93,542,000	\$ 72,560,000	22.43%	\$ 283,026,400	25.64%
January 1, 2014	\$ 29,363,100	\$ 83,582,300	\$ 54,219,200	35.13%	\$ 290,297,000	18.68%
January 1, 2016	\$ 33,403,800	\$ 70,605,100	\$ 37,201,300	47.31%	\$ 306,050,000	12.16%
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, 2012	\$ 17,306,300	\$ 77,083,800	\$ 59,777,500	22.45%	\$ 409,662,700	14.59%
January 1, 2014	\$ 23,164,800	\$ 65,951,300	\$ 42,786,500	35.12%	\$ 421,065,100	10.16%
January 1, 2016	\$ 27,364,500	\$ 57,839,900	\$ 30,475,400	47.31%	\$ 426,884,300	7.14%

Schedules of Employer Contributions

City		
<u>Year Ended Date</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
June 30, 2014	\$ 7,101,900	100%
June 30, 2015	\$ 7,259,200	100%
June 30, 2016	\$ 5,186,400	100%
School Board		
<u>Year Ended Date</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
June 30, 2014	\$ 5,700,900	100%
June 30, 2015	\$ 5,832,200	100%
June 30, 2016	\$ 4,462,800	100%

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, 2016

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Total Nonmajor Governmental Funds
<u>ASSETS</u>			
Cash and Investments	\$ 55,942,162	\$ 576,536	\$ 56,518,698
Cash and Investments - Restricted	19,003,357	-	19,003,357
Agriculture Reserve Program Treasury Strips - Restricted	-	33,891,814	33,891,814
Receivables (net of allowance for uncollectables, where applicable):			
Accounts	548,427	-	548,427
Loans	6,488,666	-	6,488,666
Due from:			
Commonwealth	1,678,497	-	1,678,497
Federal Government	1,722,883	-	1,722,883
Total Assets	<u>\$ 85,383,992</u>	<u>\$ 34,468,350</u>	<u>\$ 119,852,342</u>
<u>LIABILITIES</u>			
Vouchers and Accounts Payable	\$ 6,474,000	\$ -	\$ 6,474,000
Due to Other Funds	125,957	-	125,957
Unearned Revenue	164,877	-	164,877
Total Liabilities	<u>\$ 6,764,834</u>	<u>\$ -</u>	<u>\$ 6,764,834</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Unavailable Revenue - Housing Loans	<u>\$ 493,950</u>	<u>\$ -</u>	<u>\$ 493,950</u>
<u>FUND BALANCES</u>			
Nonspendable	\$ 6,488,666	\$ -	\$ 6,488,666
Restricted for:			
Special Revenue Funds	9,100,350	-	9,100,350
Debt Service	-	34,468,350	34,468,350
Committed to:			
Special Revenue Funds	56,381,585	-	56,381,585
Assigned to:			
Special Revenue Funds	6,170,501	-	6,170,501
Unassigned	(15,894)	-	(15,894)
Total Fund Balances	<u>\$ 78,125,208</u>	<u>\$ 34,468,350</u>	<u>\$ 112,593,558</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 85,383,992</u>	<u>\$ 34,468,350</u>	<u>\$ 119,852,342</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, 2016

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Total Nonmajor Governmental Funds
<u>REVENUES</u>			
General Property Taxes - Real Estate	\$ 60,060,739	-	\$ 60,060,739
Other Local Taxes	56,486,387	-	56,486,387
From Use of Money and Property	2,476,234	4,613,616	7,089,850
Charges for Services	18,352,109	-	18,352,109
Miscellaneous	3,847,478	-	3,847,478
Fines and Forfeitures	452,728	-	452,728
From Commonwealth	22,974,115	-	22,974,115
From Federal Government	30,752,963	469,451	31,222,414
Total Revenues	<u>\$ 195,402,753</u>	<u>\$ 5,083,067</u>	<u>\$ 200,485,820</u>
<u>EXPENDITURES</u>			
Current Operating:			
Judicial	\$ 44,239,102	\$ -	\$ 44,239,102
Library	265,151	-	265,151
Police	1,135,988	-	1,135,988
Fire	2,280,644	-	2,280,644
Public Works	15,000	-	15,000
Planning	4,222	-	4,222
Parks and Recreation	29,871,260	-	29,871,260
Agriculture	740,307	-	740,307
Convention and Visitor Development	17,571,828	-	17,571,828
Boards and Commissions	6,794,294	-	6,794,294
Housing and Neighborhood Prevention	24,499,042	-	24,499,042
Human Services	7,223,406	-	7,223,406
General Government	2,566,531	-	2,566,531
Emergency Medical Services	681,146	-	681,146
Debt Service:			
Principal Retirement	24,737,639	31,099,336	55,836,975
Interest and Fiscal Charges	14,393,011	13,573,267	27,966,278
Total Expenditures	<u>\$ 177,018,571</u>	<u>\$ 44,672,603</u>	<u>\$ 221,691,174</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>\$ 18,384,182</u>	<u>\$ (39,589,536)</u>	<u>\$ (21,205,354)</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In	\$ 37,486,532	\$ 44,747,009	\$ 82,233,541
Transfers Out	(39,359,521)	(6,281)	(39,365,802)
Proceeds of Refunding Bonds	-	50,430,000	50,430,000
Premium on Bonds Sold	-	5,447,330	5,447,330
Payment to Refunding Bonds Escrow Agent	-	(55,585,547)	(55,585,547)
Agriculture Reserve Agreement	565,264	-	565,264
Total Other Financing Sources and (Uses)	<u>\$ (1,307,725)</u>	<u>\$ 45,032,511</u>	<u>\$ 43,724,786</u>
Net Change in Fund Balance	17,076,457	5,442,975	22,519,432
Fund Balance at Beginning of Year	61,048,751	29,025,375	90,074,126
Fund Balance at End of Year	<u>\$ 78,125,208</u>	<u>\$ 34,468,350</u>	<u>\$ 112,593,558</u>

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GENERAL FUND

GENERAL FUND

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

CITY OF VIRGINIA BEACH, VIRGINIA
GENERAL FUND
SCHEDULE OF REVENUES COMPARED TO FINAL BUDGET
FOR THE YEAR ENDED JUNE 30, 2016

Source	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<u>General Property Taxes</u>				
Real Estate	\$ 465,365,394	\$ 465,365,394	\$ 464,109,879	\$ (1,255,515)
Personal Property	87,533,819	87,533,819	93,806,549	6,272,730
Interest and Penalties on Personal Property	2,255,833	2,255,833	2,124,133	(131,700)
Interest and Penalties on Real Estate Taxes	2,628,135	2,628,135	2,281,291	(346,844)
Total General Property Taxes	<u>\$ 557,783,181</u>	<u>\$ 557,783,181</u>	<u>\$ 562,321,852</u>	<u>\$ 4,538,671</u>
<u>Other Local Taxes</u>				
General Sales	\$ 59,780,905	\$ 59,780,905	\$ 61,099,407	\$ 1,318,502
Utility	43,804,319	43,804,319	42,658,906	(1,145,413)
Business Licenses	46,842,468	46,842,468	45,301,911	(1,540,557)
Franchise Taxes - Cox Communications	8,146,171	8,146,171	8,115,171	(31,000)
Automobile Licenses	9,534,845	9,534,845	9,062,965	(471,880)
Bank Stock	2,348,972	2,348,972	3,023,394	674,422
City Tax on Deeds	6,878,623	6,878,623	7,222,757	344,134
City Tax on Wills	79,882	79,882	76,288	(3,594)
Cigarette	11,642,478	11,642,478	9,486,583	(2,155,895)
Hotel Taxes	6,328,444	6,328,444	6,648,138	319,694
Restaurant Meals	38,725,640	38,725,640	40,409,609	1,683,969
Total Other Local Taxes	<u>\$ 234,112,747</u>	<u>\$ 234,112,747</u>	<u>\$ 233,105,129</u>	<u>\$ (1,007,618)</u>
<u>Permits, Privilege Fees, and Regulatory Licenses</u>				
Police Permits and Licenses	\$ 537,550	\$ 537,550	\$ 552,742	\$ 15,192
Planning Permits and Licenses	4,185,595	4,185,595	4,192,286	6,691
Other Permits, Fees, and Licenses	25,365	25,365	43,230	17,865
Public Works Fees	-	-	7,750	7,750
Fire Permits	180,045	180,045	126,390	(53,655)
Total Permits, Privilege Fees, and Regulatory Licenses	<u>\$ 4,928,555</u>	<u>\$ 4,928,555</u>	<u>\$ 4,922,398</u>	<u>\$ (6,157)</u>
<u>Fines and Forfeitures</u>				
Court Fines and Forfeitures	\$ 3,900,000	\$ 3,900,000	\$ 2,478,956	\$ (1,421,044)
Fire Lane Violations	1,200,000	1,200,000	1,250,963	50,963
Overweight Vehicles Fees	101,000	101,000	258,719	157,719
DUI Response Reimbursements	24,000	24,000	29,189	5,189
Red Light Violations	1,723,500	1,723,500	1,931,131	207,631
Other Fines	18,300	18,300	15,321	(2,979)
Total Fines and Forfeitures	<u>\$ 6,966,800</u>	<u>\$ 6,966,800</u>	<u>\$ 5,964,279</u>	<u>\$ (1,002,521)</u>
<u>From Use of Money and Property</u>				
<u>Revenue from Use of Money:</u>				
Interest on Bank Deposits	\$ 633,607	\$ 633,607	\$ 1,285,374	\$ 651,767
<u>Revenue from Use of Property:</u>				
Farmers Market Fees	182,254	182,254	31,836	(150,418)
Photocopying Machines	124,540	124,540	108,269	(16,271)
Convention Center Rent	1,740,000	1,740,000	1,727,205	(12,795)
Convention Center Concessions	1,000,000	1,000,000	1,418,008	418,008
Rent - Amphitheatre	179,218	179,218	186,903	7,685
Lease of Land and Property	1,359,481	1,389,481	1,409,770	20,289
Tower/Antenna Leases	160,000	160,000	181,664	21,664
Total from Use of Money and Property	<u>\$ 5,379,100</u>	<u>\$ 5,409,100</u>	<u>\$ 6,349,029</u>	<u>\$ 939,929</u>

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
GENERAL FUND
SCHEDULE OF REVENUES COMPARED TO FINAL BUDGET
FOR THE YEAR ENDED JUNE 30, 2016

Source	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<u>Charges For Services</u>				
Police - False Alarm Fees	\$ 360,603	\$ 360,603	\$ 554,983	\$ 194,380
Fire Services	326,425	327,425	286,720	(40,705)
Animal Adoption Fees	44,000	44,000	36,772	(7,228)
Other Charges and Fees	322,071	471,817	415,149	(56,668)
Human Services	28,468,318	28,475,318	25,922,454	(2,552,864)
Aquarium and Historical Houses	8,371,150	8,371,150	9,141,426	770,276
Library Fees	461,834	461,834	447,049	(14,785)
Planning Maps, Publications, and Fees	553,611	553,611	360,630	(192,981)
Convention Center	958,000	958,000	1,087,780	129,780
Other Services Provided	1,528,000	1,528,000	1,338,582	(189,418)
Reimbursement - Freedom of Information Act Costs	-	-	9,127	9,127
Water and Sewer Direct Charges	6,365,965	6,372,837	5,228,232	(1,144,605)
Waste Management Direct Charges	2,119,897	2,119,897	1,986,994	(132,903)
Storm Water Direct Charges	1,887,755	1,901,499	1,802,571	(98,928)
Water and Sewer Right of Way Utility	4,000,000	4,000,000	4,000,000	-
Chesapeake Bay Preservation Act Variance Fees	42,230	42,230	28,371	(13,859)
Total Charges for Services	\$ 55,809,859	\$ 55,988,221	\$ 52,646,840	\$ (3,341,381)
<u>Miscellaneous Revenue</u>				
Indirect and Direct Cost - TGIF	\$ 90,000	\$ 90,000	\$ 90,000	\$ -
Miscellaneous	765,765	765,765	2,122,927	1,357,162
Returned Check Processing Charges	65,000	65,000	64,945	(55)
Campaign Financing	-	-	300	300
Donations	750	198,303	293,550	95,247
City Treasurer Charges	717,935	717,935	1,020,612	302,677
Contemporary Arts	65,000	65,000	55,575	(9,425)
Aquarium Foundation	1,646,483	1,646,483	1,085,559	(560,924)
Miscellaneous Receipts Convention Center	16,131	16,131	39,062	22,931
Sale of Properties	450	450	475	25
Sale of Salvage Materials	385,000	385,000	603,756	218,756
Refund of Surplus - Health Department	85,000	85,000	22,821	(62,179)
Miscellaneous Receipts Human Services	83,922	83,922	142,647	58,725
Beam Advertising	10,867	10,867	8,689	(2,178)
Miscellaneous Receipts Libraries	6,000	6,000	3,014	(2,986)
DVP Street Light Reimbursement	510,000	510,000	242,476	(267,524)
Reimbursement - Responsible Parties - HAZMAT	-	-	20,215	20,215
Reimbursement - DMV	113,000	113,000	49,253	(63,747)
Total Miscellaneous Revenue	\$ 4,561,303	\$ 4,758,856	\$ 5,865,876	\$ 1,107,020
<u>From Commonwealth</u>				
Rolling Stock Tax	\$ 17,422	\$ 17,422	\$ 15,625	\$ (1,797)
Mobile Homes Sales Tax	34,311	34,311	32,930	(1,381)
Passenger Car Rental Tax	1,050,000	1,050,000	1,246,263	196,263
Reimbursement - Treasurer	644,640	644,640	649,427	4,787
Reimbursement - Commissioner of the Revenue	678,079	678,079	677,080	(999)
Reimbursement - General Registrar's Salary	76,648	253,090	292,563	39,473
Reimbursement - Clerk of Circuit Court	1,929,288	1,929,288	1,972,756	43,468
Reimbursement - Commonwealth's Attorney	2,679,405	2,679,405	2,615,629	(63,776)
Reimbursement - Health Department Automobile	136,058	136,058	16,605	(119,453)

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA
GENERAL FUND
SCHEDULE OF REVENUES COMPARED TO FINAL BUDGET
FOR THE YEAR ENDED JUNE 30, 2016**

Source	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<u>From Commonwealth (continued)</u>				
Reimbursement - State Aid Law Enforcement	\$ 10,936,280	\$ 10,936,280	\$ 10,936,280	\$ -
Personal Property Paid by Commonwealth	53,412,868	53,412,868	53,412,868	-
State Prisoner Transportation	380,000	380,000	317,815	(62,185)
Mental Health, Developmental Services and Substance Abuse	11,596,153	12,128,791	12,674,979	546,188
Juvenile Justice Block Grant	2,942,068	2,942,068	3,016,729	74,661
Circuit Court Clerk Technology	-	460,000	250,900	(209,100)
Maintenance of Roads	45,951,140	47,943,901	47,947,209	3,308
Recordation Fees	2,013,700	2,013,700	1,993,536	(20,164)
Public Assistance Grants	14,429,526	14,530,256	13,579,163	(951,093)
Medicaid	371,392	371,392	577,601	206,209
DMV Select Program	165,000	165,000	130,591	(34,409)
Virginia Commission For The Arts	5,000	5,000	5,000	-
Wireless E-911 Services Board	1,716,354	1,716,354	1,827,027	110,673
Spay and Neuter Services	-	-	1,402	1,402
State Aid Library	238,275	238,275	250,926	12,651
Other State Revenue	-	-	7,337	7,337
Total From Commonwealth	<u>\$ 151,403,607</u>	<u>\$ 154,666,178</u>	<u>\$ 154,448,241</u>	<u>\$ (217,937)</u>
<u>From Federal Government</u>				
Public Law 95-469 - Refuge Revenue Sharing Act	\$ -	\$ -	\$ 92,316	\$ 92,316
Indirect Costs - Social Services	722,900	722,900	806,731	83,831
Federal Emergency Management Agency	192,851	192,851	82,473	(110,378)
SEVAMP Grant	28,600	28,600	99,145	70,545
Mental Health, Developmental Services and Substance Abuse	2,809,672	2,809,672	2,549,680	(259,992)
USDA Juvenile Detention	85,000	85,000	65,829	(19,171)
Public Assistance Grants	15,520,436	15,520,436	16,347,124	826,688
Federal Reimbursement of Interest	282,763	282,763	283,219	456
Total From Federal Government	<u>\$ 19,642,222</u>	<u>\$ 19,642,222</u>	<u>\$ 20,326,517</u>	<u>\$ 684,295</u>
TOTAL REVENUES	<u>\$ 1,040,587,374</u>	<u>\$ 1,044,255,860</u>	<u>\$ 1,045,950,161</u>	<u>\$ 1,694,301</u>
<u>Other Financing Sources</u>				
Transfers In	\$ 1,744,121	\$ 9,777,300	\$ 9,777,300	\$ -
Premium on Bonds Sold	-	-	122,361	122,361
Total Other Financing Sources	<u>\$ 1,744,121</u>	<u>\$ 9,777,300</u>	<u>\$ 9,899,661</u>	<u>\$ 122,361</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 1,042,331,495</u>	<u>\$ 1,054,033,160</u>	<u>\$ 1,055,849,822</u>	<u>\$ 1,816,662</u>

**CITY OF VIRGINIA BEACH, VIRGINIA
GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO FINAL BUDGET
FOR THE YEAR ENDED JUNE 30, 2016**

Source	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<u>Legislative Department</u>				
Municipal Council	\$ 526,441	\$ 550,541	\$ 548,254	\$ 2,287
City Clerk	581,904	732,078	685,680	46,398
Total Legislative Department	<u>\$ 1,108,345</u>	<u>\$ 1,282,619</u>	<u>\$ 1,233,934</u>	<u>\$ 48,685</u>
<u>Executive Department</u>				
City Manager	\$ 1,928,454	\$ 2,008,357	\$ 1,901,750	\$ 106,607
Organizational Development Office	289,254	304,268	283,856	20,412
Media and Communication Group	1,549,170	1,619,225	1,616,101	3,124
Volunteer Council	212,577	223,012	196,664	26,348
Total Executive Department	<u>\$ 3,979,455</u>	<u>\$ 4,154,862</u>	<u>\$ 3,998,371</u>	<u>\$ 156,491</u>
<u>Law Department</u>				
City Attorney	\$ 4,012,759	\$ 4,086,432	\$ 4,022,217	\$ 64,215
<u>Finance Department</u>				
Director of Finance:				
Director's Office	\$ 727,625	\$ 769,976	\$ 769,199	\$ 777
Comptroller's Office	1,674,303	1,785,140	1,622,686	162,454
Payroll	833,740	846,547	853,854	(7,307)
Purchasing	1,156,007	1,278,649	1,276,577	2,072
Local Vehicle Registration	363,000	341,000	282,379	58,621
Total Director of Finance	<u>\$ 4,754,675</u>	<u>\$ 5,021,312</u>	<u>\$ 4,804,695</u>	<u>\$ 216,617</u>
Commissioner of the Revenue	4,350,535	4,492,625	4,503,772	(11,147)
Board of Equalization	8,890	9,041	5,610	3,431
City Real Estate Assessor	3,188,980	3,234,174	3,055,231	178,943
Treasurer	5,691,889	5,776,230	5,693,299	82,931
Total Finance Department	<u>\$ 17,994,969</u>	<u>\$ 18,533,382</u>	<u>\$ 18,062,607</u>	<u>\$ 470,775</u>
<u>Human Resources Department</u>				
Director's Office	\$ 358,972	\$ 364,080	\$ 350,928	\$ 13,152
Employee Relations	2,765,480	2,817,417	2,478,221	339,196
Benefits Administration	8,813,288	8,539,732	7,928,953	610,779
Occupational Safety	1,183,706	1,259,617	1,156,749	102,868
Total Human Resources Department	<u>\$ 13,121,446</u>	<u>\$ 12,980,846</u>	<u>\$ 11,914,851</u>	<u>\$ 1,065,995</u>
<u>Judicial Department</u>				
Circuit Court	\$ 1,087,268	\$ 1,096,350	\$ 1,077,597	\$ 18,753
General District Court	401,081	490,067	377,117	112,950
Juvenile and Domestic Relations - District Court	129,355	132,531	106,574	25,957
Commonwealth's Attorney	7,862,105	8,008,569	7,886,162	122,407
Clerk of the Circuit Court	3,283,302	3,774,673	3,495,253	279,420
Magistrates	91,154	91,154	73,597	17,557
Juvenile Probation	1,691,533	1,714,643	1,261,159	453,484
Total Judicial Department	<u>\$ 14,545,798</u>	<u>\$ 15,307,987</u>	<u>\$ 14,277,459</u>	<u>\$ 1,030,528</u>
<u>Health Department</u>				
Preventive Medicine	\$ 3,168,806	\$ 3,193,863	\$ 3,177,862	\$ 16,001
<u>Human Services Department</u>				
Administration	\$ 7,104,595	\$ 7,284,125	\$ 6,703,543	\$ 580,582
Mental Health	21,260,291	22,153,548	20,299,025	1,854,523
Developmental Services	19,520,924	19,978,768	18,202,213	1,776,555
Substance Abuse	5,214,511	5,477,342	4,850,504	626,838
Social Services	34,581,736	35,165,891	33,386,929	1,778,962
Comprehensive Services Act Administration & Social Services	10,064,951	10,068,366	10,566,550	(498,184)
Indian River Road ICF/MR	7,844,896	8,052,874	7,098,851	954,023
Juvenile Detention Center	5,192,144	5,262,660	4,613,089	649,571
Total Human Services Department	<u>\$ 110,784,048</u>	<u>\$ 113,443,574</u>	<u>\$ 105,720,704</u>	<u>\$ 7,722,870</u>

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO FINAL BUDGET
FOR THE YEAR ENDED JUNE 30, 2016

Source	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<u>Police Department</u>				
Director's Office	\$ 3,358,169	\$ 3,412,276	\$ 3,311,020	\$ 101,256
Personnel and Training	4,436,557	4,548,154	4,470,290	77,864
Crime Prevention	71,029,278	72,608,062	68,861,621	3,746,441
Investigative Division	18,117,330	18,471,110	17,400,239	1,070,871
Total Police Department	<u>\$ 96,941,334</u>	<u>\$ 99,039,602</u>	<u>\$ 94,043,170</u>	<u>\$ 4,996,432</u>
<u>Public Works Department</u>				
Director's Office	\$ 293,545	\$ 297,629	\$ 320,814	\$ (23,185)
Administration Services	7,213,996	7,303,509	7,016,033	287,476
Waste Management/Administration	750,706	750,706	750,160	546
Real Estate Office	10,013,475	10,235,171	9,129,858	1,105,313
Customer Service/Administration	49,295,878	55,501,628	48,179,486	7,322,142
Support Services and Systems Support	845,365	855,375	799,543	55,832
Facilities Management	536,758	639,899	533,397	106,502
Total Public Works Department	<u>\$ 68,949,723</u>	<u>\$ 75,583,917</u>	<u>\$ 66,729,291</u>	<u>\$ 8,854,626</u>
<u>Library Department</u>				
Director's Office	\$ 1,423,019	\$ 1,443,437	\$ 1,363,158	\$ 80,279
Central Library	2,654,729	2,702,534	2,582,566	119,968
Great Neck Area Library	748,266	810,454	727,461	82,993
Bayside Area Library	934,689	969,082	920,035	49,047
Oceanfront Area Library	746,895	759,945	732,464	27,481
Kempsville Area Library	1,149,717	1,169,597	1,099,659	69,938
Windsor Woods Area Library	630,283	642,760	586,208	56,552
Pungo/Blackwater Area Library	426,768	419,140	403,190	15,950
Princess Anne Library	1,086,691	1,108,795	1,074,740	34,055
Joint Use Library	1,906,786	1,936,237	1,820,035	116,202
Youth and Family Services	1,086,883	1,102,256	1,032,887	69,369
Support Services	4,998,162	5,588,312	4,761,192	827,120
Total Library Department	<u>\$ 17,792,888</u>	<u>\$ 18,652,549</u>	<u>\$ 17,103,595</u>	<u>\$ 1,548,954</u>
<u>Planning Department</u>				
Director's Office	\$ 1,453,234	\$ 1,569,937	\$ 1,168,576	\$ 401,361
Comprehensive Planning	544,855	621,520	575,941	45,579
Environment and Sustainability	352,705	360,387	379,117	(18,730)
Development Services	1,939,600	1,972,778	1,775,788	196,990
Public Utilities - Development Services	297,943	305,513	299,152	6,361
Current Planning	456,040	463,578	445,793	17,785
Building Permits and Inspections	3,820,660	3,898,926	3,586,489	312,437
Chesapeake Bay Program	217,434	220,861	236,533	(15,672)
Wetlands Program	141,455	143,402	141,053	2,349
Zoning Administration	1,177,489	1,197,406	1,129,200	68,206
Total Planning Department	<u>\$ 10,401,415</u>	<u>\$ 10,754,308</u>	<u>\$ 9,737,642</u>	<u>\$ 1,016,666</u>
<u>Agriculture Department</u>				
Director's Office	\$ 298,010	\$ 302,664	\$ 261,225	\$ 41,439
Virginia Cooperative Extension	304,856	310,032	279,637	30,395
Farmers Market	231,083	232,884	187,391	45,493
Total Agriculture Department	<u>\$ 833,949</u>	<u>\$ 845,580</u>	<u>\$ 728,253</u>	<u>\$ 117,327</u>
<u>Economic Development Department</u>				
Director of Economic Development	\$ 3,523,542	\$ 3,695,988	\$ 3,672,086	\$ 23,902
Growsmart	295,942	336,768	277,185	59,583
Total Economic Development Department	<u>\$ 3,819,484</u>	<u>\$ 4,032,756</u>	<u>\$ 3,949,271</u>	<u>\$ 83,485</u>

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO FINAL BUDGET
FOR THE YEAR ENDED JUNE 30, 2016

Source	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<u>Convention and Visitor Development</u>				
Director's Office	\$ 887,762	\$ 898,326	\$ 967,071	\$ (68,745)
Tourism Marketing and Sales	491,972	502,447	457,385	45,062
Convention Marketing and Sales	1,084,626	1,101,914	1,097,207	4,707
Sports Marketing	262,469	266,405	269,713	(3,308)
Convention Center	6,545,330	6,745,868	5,943,252	802,616
Total Convention and Visitor Development	<u>\$ 9,272,159</u>	<u>\$ 9,514,960</u>	<u>\$ 8,734,628</u>	<u>\$ 780,332</u>
<u>Parks and Recreation Department</u>				
Landscape Administration	\$ 2,338,269	\$ 2,437,343	\$ 2,379,575	\$ 57,768
Grounds Maintenance	6,822,383	7,117,284	6,506,129	611,155
Parks Maintenance	3,107,524	3,292,810	3,016,799	276,011
Special Zones Management	711,492	730,902	705,966	24,936
Resort Area Landscaping	808,613	850,705	785,655	65,050
Total Parks and Recreation Department	<u>\$ 13,788,281</u>	<u>\$ 14,429,044</u>	<u>\$ 13,394,124</u>	<u>\$ 1,034,920</u>
<u>Boards and Commissions</u>				
General Registrar	\$ 1,392,477	\$ 2,093,442	\$ 1,982,999	\$ 110,443
Zoning Board of Appeals	18,208	18,208	14,817	3,391
Wetlands Board of Virginia Beach	3,571	3,571	3,428	143
Chesapeake Bay Preservation Board	9,756	9,756	9,613	143
Audit Services	761,283	772,362	767,633	4,729
Cultural Affairs	788,401	863,000	700,331	162,669
COIG - General Operation Grants	409,126	409,126	409,126	-
Lease/Rent of Facilities	1,678,889	1,678,889	1,646,256	32,633
Arts and Humanities Commissions	500,000	507,351	503,230	4,121
Planning Commission	23,687	23,687	23,680	7
Sandler Center for Performing Arts	1,041,607	1,984,604	357,924	1,626,680
Regional Participation	2,218,478	2,218,478	2,213,478	5,000
Vehicle Replacements	5,107,514	5,779,841	5,043,331	736,510
Revenue Reimbursements	13,239,529	13,239,529	13,719,418	(479,889)
Independent Financial Services	153,878	256,659	164,999	91,660
Computer Replacement Program	1,320,892	1,461,912	1,013,033	448,879
Total Boards and Commissions	<u>\$ 28,667,296</u>	<u>\$ 31,320,415</u>	<u>\$ 28,573,296</u>	<u>\$ 2,747,119</u>
<u>Fire Department</u>				
Fire Marshal's Office	\$ 2,731,334	\$ 2,789,444	\$ 2,509,029	\$ 280,415
Fire Administration	2,172,089	2,206,729	2,084,969	121,760
Fire Operations	41,583,101	42,696,780	42,632,813	63,967
Emergency Management	358,693	365,758	366,964	(1,206)
Fire Training	1,291,166	1,337,340	1,363,186	(25,846)
Total Fire Department	<u>\$ 48,136,383</u>	<u>\$ 49,396,051</u>	<u>\$ 48,956,961</u>	<u>\$ 439,090</u>
<u>Communications and Information Technology</u>				
ComIT Business Center	\$ 970,855	\$ 992,253	\$ 949,631	\$ 42,622
Applications Support	8,419,845	9,404,820	7,862,016	1,542,804
System Support	6,715,093	6,859,208	6,099,511	759,697
Center for GIS	2,175,169	2,211,871	2,228,915	(17,044)
Video Services	-	125,368	122,221	3,147
GF Telecommunications	1,713,918	1,752,789	1,444,695	308,094
Technology Services	1,477,547	1,556,414	1,524,223	32,191
Mail Services	213,067	216,316	232,683	(16,367)
Total Communications and Information Technology	<u>\$ 21,685,494</u>	<u>\$ 23,119,039</u>	<u>\$ 20,463,895</u>	<u>\$ 2,655,144</u>

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO FINAL BUDGET
FOR THE YEAR ENDED JUNE 30, 2016

Source	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<u>Emergency Communications and Citizen Services</u>				
Emergency Communications	\$ 8,420,245	\$ 8,575,241	\$ 7,004,252	\$ 1,570,989
Director's Office	227,966	231,880	199,988	31,892
Administration	385,931	420,253	362,599	57,654
Citizen Services	793,533	805,644	726,685	78,959
Training	48,868	48,868	36,361	12,507
Technology and Support	639,076	646,015	279,604	366,411
Total Emergency Communications and Citizen Services	<u>\$ 10,515,619</u>	<u>\$ 10,727,901</u>	<u>\$ 8,609,489</u>	<u>\$ 2,118,412</u>
<u>Housing and Neighborhood Preservation</u>				
Code Enforcement	\$ 1,812,451	\$ 1,974,824	\$ 1,854,279	\$ 120,545
Homeless Initiative	-	192,100	197,010	(4,910)
Total Housing and Neighborhood Preservation	<u>\$ 1,812,451</u>	<u>\$ 2,166,924</u>	<u>\$ 2,051,289</u>	<u>\$ 115,635</u>
<u>Museums Department</u>				
Aquarium and Marine Science Center	\$ 9,775,353	\$ 10,184,305	\$ 9,300,230	\$ 884,075
Aquarium Foundation	1,491,584	1,512,416	1,097,708	414,708
Historical Preservation	849,479	883,716	742,801	140,915
Total Museums Department	<u>\$ 12,116,416</u>	<u>\$ 12,580,437</u>	<u>\$ 11,140,739</u>	<u>\$ 1,439,698</u>
<u>Management Services Department</u>				
Director's Office	<u>\$ 1,510,665</u>	<u>\$ 1,563,258</u>	<u>\$ 1,485,496</u>	<u>\$ 77,762</u>
<u>Emergency Medical Services</u>				
Director's Office	\$ 730,035	\$ 728,411	\$ 650,871	\$ 77,540
Operations	2,553,914	2,634,483	2,352,824	281,659
Lifeguard Services	1,720,925	1,734,812	1,750,867	(16,055)
Training	506,119	550,130	547,803	2,327
Emergency Response System	3,860,923	3,971,705	3,923,877	47,828
Regulation & Enforcement	222,093	226,497	203,865	22,632
Total Emergency Medical Services	<u>\$ 9,594,009</u>	<u>\$ 9,846,038</u>	<u>\$ 9,430,107</u>	<u>\$ 415,931</u>
<u>Strategic Growth Area</u>				
Strategic Growth Area	\$ 636,663	\$ 643,921	\$ 567,889	\$ 76,032
Resort Programs and Special Events	167,893	176,936	179,000	(2,064)
Total Strategic Growth Area	<u>\$ 804,556</u>	<u>\$ 820,857</u>	<u>\$ 746,889</u>	<u>\$ 73,968</u>
<u>Debt Service</u>				
Principal	\$ 31,792,402	\$ 31,792,402	\$ 30,861,157	\$ 931,245
Interest	17,890,284	17,890,284	17,222,523	667,761
Total Debt Service	<u>\$ 49,682,686</u>	<u>\$ 49,682,686</u>	<u>\$ 48,083,680</u>	<u>\$ 1,599,006</u>
<u>Education</u>				
School Operating	\$ 359,360,518	\$ 363,955,451	\$ 348,372,054	\$ 15,583,397
School Operating from Reserves	8,299,318	8,299,318	8,299,318	-
School Capital Projects	4,875,896	4,233,448	4,233,448	-
Total Education	<u>\$ 372,535,732</u>	<u>\$ 376,488,217</u>	<u>\$ 360,904,820</u>	<u>\$ 15,583,397</u>
Total Department Expenditures	<u>\$ 947,576,166</u>	<u>\$ 973,548,104</u>	<u>\$ 917,274,640</u>	<u>\$ 56,273,464</u>

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO FINAL BUDGET
FOR THE YEAR ENDED JUNE 30, 2016

Source	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<u>Other Financing Uses</u>				
Transfers Out:				
General Debt Service	\$ 43,914,641	\$ 43,914,641	\$ 43,914,641	\$ -
Parking Enterprise Fund	-	20,581	20,581	-
Housing and Neighborhood Preservation	666,328	713,479	713,479	-
Multimodal Transportation Program	5,771,212	5,771,212	5,771,212	-
General Government Capital Projects	17,958,856	17,930,915	17,930,915	-
Engineering and Highways Capital Projects	1,364,014	1,294,014	1,294,014	-
Parks and Recreation Capital Projects	3,313,692	3,313,692	3,313,692	-
Economic & Tourism Capital Projects	6,165,671	6,165,671	6,165,671	-
Coastal Capital Projects	5,122,467	5,342,467	5,342,467	-
Grants Consolidated	559,479	801,674	789,960	11,714
Sheriff's Department	20,080,127	21,027,055	21,027,055	-
Tourism Growth Investment Program	-	1,500	1,500	-
Communication and Information Technology	-	8,835	8,835	-
Parks and Recreation	4,439,642	4,699,963	4,699,964	(1)
Federal Section 8	301,647	322,047	322,047	-
Federal Housing Assistance Program	375,232	376,842	376,842	-
Waste Management	5,166,556	5,166,556	5,166,556	-
Public Safety City Marina	19,890	19,890	19,890	-
Total Other Financing Uses	<u>\$ 115,219,454</u>	<u>\$ 116,891,034</u>	<u>\$ 116,879,321</u>	<u>\$ 11,713</u>
TOTAL EXPENDITURES AND OTHER				
FINANCING USES	<u>\$ 1,062,795,620</u>	<u>\$ 1,090,439,138</u>	<u>\$ 1,034,153,961</u>	<u>\$ 56,285,177</u>

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**NONMAJOR
SPECIAL REVENUE FUNDS**

NONMAJOR SPECIAL REVENUE FUNDS

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

The City has the following Nonmajor Special Revenue Funds:

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

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

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

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

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

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

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

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

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

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

NONMAJOR SPECIAL REVENUE FUNDS (continued)

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

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

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

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

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

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

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

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

Multimodal Transportation – collects and remits revenue dedications from local funding sources to support transportation initiatives across the City. This fund also receives dedicated funding from a portion of the real estate taxes and other sources to support and maintain the City's transportation system.

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

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

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**CITY OF VIRGINIA BEACH, VIRGINIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2016**

	Law Library	Sandbridge Tax Increment Financing	Housing and Neighborhood Preservation
<u>ASSETS</u>			
Cash and Investments	\$ 364,750	\$ -	\$ -
Restricted Cash	-	5,705,788	-
Accounts Receivable	-	-	493,950
Loans Receivable	-	-	6,488,666
Due from Commonwealth	-	-	11,250
Due from Federal Government	-	-	564,467
Total Assets	<u>\$ 364,750</u>	<u>\$ 5,705,788</u>	<u>\$ 7,558,333</u>
<u>LIABILITIES</u>			
Vouchers and Accounts Payable	\$ 13,521	\$ -	\$ 205,863
Due to Other Funds	-	-	125,957
Unearned Revenue	-	-	-
Total Liabilities	<u>\$ 13,521</u>	<u>\$ -</u>	<u>\$ 331,820</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Unavailable Revenue - Housing Loans	\$ -	\$ -	\$ 493,950
<u>FUND BALANCES</u>			
Nonspendable	\$ -	\$ -	\$ 6,488,666
Restricted for:			
General Government	-	-	-
Housing and Community Development	-	-	243,897
Judicial	-	-	-
Public Safety	-	-	-
Special Service District	-	-	-
Committed to:			
Agriculture	-	-	-
Convention and Visitor Development	-	-	-
Educational	328,065	-	-
Judicial	-	-	-
Parks and Recreation	-	-	-
Tax Increment Financing	-	4,985,068	-
Transportation	-	-	-
Assigned to:			
Agriculture	-	-	-
Educational	23,164	-	-
Judicial	-	-	-
Public Safety	-	-	-
Parks and Recreation	-	-	-
Special Service District	-	-	-
Tax Increment Financing	-	720,720	-
Unassigned	-	-	-
Total Fund Balances	<u>\$ 351,229</u>	<u>\$ 5,705,788</u>	<u>\$ 6,732,563</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	<u>\$ 364,750</u>	<u>\$ 5,705,788</u>	<u>\$ 7,558,333</u>

**CITY OF VIRGINIA BEACH, VIRGINIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2016**

Development Authority	Town Center Special Service District	Forfeited Assets	Federal Section Eight Program	Sub-Total (continued)
\$ -	\$ -	\$ -	\$ 645,685	\$ 1,010,435
1,120,862	1,785,428	3,762,183	240,317	12,614,578
-	-	-	460	494,410
-	-	-	-	6,488,666
-	-	-	-	11,250
-	-	-	8,078	572,545
<u>\$ 1,120,862</u>	<u>\$ 1,785,428</u>	<u>\$ 3,762,183</u>	<u>\$ 894,540</u>	<u>\$ 21,191,884</u>
\$ 1,120,862	\$ 162,699	\$ 358,535	\$ 313,850	\$ 2,175,330
-	-	-	-	125,957
-	-	-	-	-
<u>\$ 1,120,862</u>	<u>\$ 162,699</u>	<u>\$ 358,535</u>	<u>\$ 313,850</u>	<u>\$ 2,301,287</u>
\$ -	\$ -	\$ -	\$ -	\$ 493,950
\$ -	\$ -	\$ -	\$ -	\$ 6,488,666
-	-	-	580,690	580,690
-	-	-	-	243,897
-	-	533,870	-	533,870
-	-	2,209,573	-	2,209,573
-	1,604,052	-	-	1,604,052
-	-	-	-	-
-	-	-	-	-
-	-	-	-	328,065
-	-	-	-	-
-	-	-	-	-
-	-	-	-	4,985,068
-	-	-	-	-
-	-	-	-	-
-	-	-	-	23,164
-	-	400,000	-	400,000
-	-	260,205	-	260,205
-	-	-	-	-
-	18,677	-	-	18,677
-	-	-	-	720,720
-	-	-	-	-
<u>\$ -</u>	<u>\$ 1,622,729</u>	<u>\$ 3,403,648</u>	<u>\$ 580,690</u>	<u>\$ 18,396,647</u>
<u>\$ 1,120,862</u>	<u>\$ 1,785,428</u>	<u>\$ 3,762,183</u>	<u>\$ 894,540</u>	<u>\$ 21,191,884</u>

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2016**

	Sheriff's Department	Parks and Recreation	Tourism Investment Program
<u>ASSETS</u>			
Cash and Investments	\$ 1,256,842	\$ 15,238,082	\$ 7,134,437
Restricted Cash	-	-	-
Accounts Receivable	-	54,017	-
Loans Receivable	-	-	-
Due from Commonwealth	1,667,247	-	-
Due from Federal Government	2,935	-	-
Total Assets	<u>\$ 2,927,024</u>	<u>\$ 15,292,099</u>	<u>\$ 7,134,437</u>
<u>LIABILITIES</u>			
Vouchers and Accounts Payable	\$ 1,671,164	\$ 1,064,521	\$ 82,676
Due to Other Funds	-	-	-
Unearned Revenue	-	164,877	-
Total Liabilities	<u>\$ 1,671,164</u>	<u>\$ 1,229,398</u>	<u>\$ 82,676</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Unavailable Revenue - Housing Loans	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>FUND BALANCES</u>			
Nonspendable	\$ -	\$ -	\$ -
Restricted for:			
General Government	-	-	-
Housing and Community Development	-	-	-
Judicial	-	-	-
Public Safety	-	-	-
Special Service District	-	-	-
Committed to:			
Agriculture	-	-	-
Convention and Visitor Development	-	-	7,051,761
Educational	-	-	-
Judicial	1,255,860	-	-
Parks and Recreation	-	12,060,701	-
Tax Increment Financing	-	-	-
Transportation	-	-	-
Assigned to:			
Agriculture	-	-	-
Educational	-	-	-
Judicial	-	-	-
Public Safety	-	-	-
Parks and Recreation	-	2,002,000	-
Special Service District	-	-	-
Tax Increment Financing	-	-	-
Unassigned	-	-	-
Total Fund Balances	<u>\$ 1,255,860</u>	<u>\$ 14,062,701</u>	<u>\$ 7,051,761</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	<u>\$ 2,927,024</u>	<u>\$ 15,292,099</u>	<u>\$ 7,134,437</u>

**CITY OF VIRGINIA BEACH, VIRGINIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2016**

Central Business District South Tax Increment Financing	Sandbridge Special Service District	Tourism Advertising Program	Sub-Total (continued)
\$ -	\$ -	\$ 2,207,739	\$ 26,847,535
2,790,843	635,909	-	16,041,330
-	-	-	548,427
-	-	-	6,488,666
-	-	-	1,678,497
-	-	-	575,480
<u>\$ 2,790,843</u>	<u>\$ 635,909</u>	<u>\$ 2,207,739</u>	<u>\$ 52,179,935</u>
\$ -	\$ -	\$ 768,675	\$ 5,762,366
-	-	-	125,957
-	-	-	164,877
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 768,675</u>	<u>\$ 6,053,200</u>
\$ -	\$ -	\$ -	\$ 493,950
\$ -	\$ -	\$ -	\$ 6,488,666
-	-	-	580,690
-	-	-	243,897
-	-	-	533,870
-	-	-	2,209,573
-	635,909	-	2,239,961
-	-	-	-
-	-	1,439,064	8,490,825
-	-	-	328,065
-	-	-	1,255,860
-	-	-	12,060,701
2,251,833	-	-	7,236,901
-	-	-	-
-	-	-	-
-	-	-	23,164
-	-	-	400,000
-	-	-	260,205
-	-	-	2,002,000
-	-	-	18,677
539,010	-	-	1,259,730
-	-	-	-
<u>\$ 2,790,843</u>	<u>\$ 635,909</u>	<u>\$ 1,439,064</u>	<u>\$ 45,632,785</u>
<u>\$ 2,790,843</u>	<u>\$ 635,909</u>	<u>\$ 2,207,739</u>	<u>\$ 52,179,935</u>

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2016**

	Agriculture Reserve Program	Emergency FEMA	Open Space
<u>ASSETS</u>			
Cash and Investments	\$ 12,828,852	\$ 52,638	\$ 717,167
Restricted Cash	-	-	-
Accounts Receivable	-	-	-
Loans Receivable	-	-	-
Due from Commonwealth	-	-	-
Due from Federal Government	-	314,071	-
Total Assets	<u>\$ 12,828,852</u>	<u>\$ 366,709</u>	<u>\$ 717,167</u>
<u>LIABILITIES</u>			
Vouchers and Accounts Payable	\$ 19,453	\$ -	\$ 9,353
Due to Other Funds	-	-	-
Unearned Revenue	-	-	-
Total Liabilities	<u>\$ 19,453</u>	<u>\$ -</u>	<u>\$ 9,353</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Unavailable Revenue - Housing Loans	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>FUND BALANCES</u>			
Nonspendable	\$ -	\$ -	\$ -
Restricted for:			
General Government	-	-	-
Housing and Community Development	-	-	-
Judicial	-	-	-
Public Safety	-	366,709	-
Special Service District	-	-	-
Committed to:			
Agriculture	11,588,738	-	-
Convention and Visitor Development	-	-	-
Educational	-	-	-
Judicial	-	-	-
Parks and Recreation	-	-	172,919
Tax Increment Financing	-	-	-
Transportation	-	-	-
Assigned to:			
Agriculture	1,220,661	-	-
Educational	-	-	-
Judicial	-	-	-
Public Safety	-	-	-
Parks and Recreation	-	-	534,895
Special Service District	-	-	-
Tax Increment Financing	-	-	-
Unassigned	-	-	-
Total Fund Balances	<u>\$ 12,809,399</u>	<u>\$ 366,709</u>	<u>\$ 707,814</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	<u>\$ 12,828,852</u>	<u>\$ 366,709</u>	<u>\$ 717,167</u>

**CITY OF VIRGINIA BEACH, VIRGINIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2016**

Combined Area Dredging Projects	Wetlands Board Mitigation	Multimodal Transportation	Grants Consolidated	Totals
\$ -	\$ 270,607	\$ 15,225,363	\$ -	\$ 55,942,162
435,275	-	-	2,526,752	19,003,357
-	-	-	-	548,427
-	-	-	-	6,488,666
-	-	-	-	1,678,497
-	-	-	833,332	1,722,883
<u>\$ 435,275</u>	<u>\$ 270,607</u>	<u>\$ 15,225,363</u>	<u>\$ 3,360,084</u>	<u>\$ 85,383,992</u>
\$ -	\$ -	\$ 248,394	\$ 434,434	\$ 6,474,000
-	-	-	-	125,957
-	-	-	-	164,877
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 248,394</u>	<u>\$ 434,434</u>	<u>\$ 6,764,834</u>
\$ -	\$ -	\$ -	\$ -	\$ 493,950
\$ -	\$ -	\$ -	\$ -	\$ 6,488,666
-	-	-	2,925,650	3,506,340
-	-	-	-	243,897
-	-	-	-	533,870
-	-	-	-	2,576,282
-	-	-	-	2,239,961
-	-	-	-	11,588,738
-	-	-	-	8,490,825
-	-	-	-	328,065
-	-	-	-	1,255,860
-	270,607	-	-	12,504,227
-	-	-	-	7,236,901
-	-	14,976,969	-	14,976,969
-	-	-	-	1,220,661
-	-	-	-	23,164
-	-	-	-	400,000
-	-	-	-	260,205
-	-	-	-	2,536,895
451,169	-	-	-	469,846
-	-	-	-	1,259,730
(15,894)	-	-	-	(15,894)
<u>\$ 435,275</u>	<u>\$ 270,607</u>	<u>\$ 14,976,969</u>	<u>\$ 2,925,650</u>	<u>\$ 78,125,208</u>
<u>\$ 435,275</u>	<u>\$ 270,607</u>	<u>\$ 15,225,363</u>	<u>\$ 3,360,084</u>	<u>\$ 85,383,992</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, 2016

	Law Library	Sandbridge Tax Increment Financing	Housing and Neighborhood Preservation
<u>REVENUES</u>			
General Property Taxes	\$ -	\$ 8,762,601	\$ -
Other Local Taxes	-	-	-
From Use of Money and Property	4,726	25,063	14,481
Charges for Services	251,861	-	225
Miscellaneous	-	-	1,037
Fines and Forfeitures	-	-	-
From Commonwealth	-	-	11,250
From Federal Government	-	-	2,508,137
Total Revenues	<u>\$ 256,587</u>	<u>\$ 8,787,664</u>	<u>\$ 2,535,130</u>
<u>EXPENDITURES</u>			
Current:			
Judicial	\$ -	\$ -	\$ -
Library	265,151	-	-
Police	-	-	-
Fire	-	-	-
Public Works	-	-	-
Planning	-	-	-
Parks and Recreation	-	-	-
Agriculture	-	-	-
Convention and Visitor Development	-	-	-
Transportation	-	-	-
Housing and Neighborhood Preservation	-	-	2,823,333
Human Services	-	-	-
General Government	-	-	-
Emergency Medical Services	-	-	-
Total Expenditures	<u>\$ 265,151</u>	<u>\$ -</u>	<u>\$ 2,823,333</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>\$ (8,564)</u>	<u>\$ 8,787,664</u>	<u>\$ (288,203)</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In	\$ -	\$ -	\$ 1,090,321
Transfers Out	-	(10,612,120)	(131,653)
Agriculture Reserve Agreement	-	-	-
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ (10,612,120)</u>	<u>\$ 958,668</u>
<u>EXCESS OF REVENUE AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>	<u>\$ (8,564)</u>	<u>\$ (1,824,456)</u>	<u>\$ 670,465</u>
<u>FUND BALANCES-JULY 1</u>	<u>359,793</u>	<u>7,530,244</u>	<u>6,062,098</u>
<u>FUND BALANCES - JUNE 30</u>	<u>\$ 351,229</u>	<u>\$ 5,705,788</u>	<u>\$ 6,732,563</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, 2016

Development Authority	Town Center Special Service District	Forfeited Assets	Federal Section Eight Program	Sub-Total (continued)
\$ -	\$ 1,847,510	\$ -	\$ -	\$ 10,610,111
-	-	-	-	-
-	266,984	11,312	822	323,388
-	26,325	-	-	278,411
-	67,714	-	2,310,180	2,378,931
-	-	-	-	-
-	-	621,095	-	632,345
-	-	81,070	18,138,499	20,727,706
<u>\$ -</u>	<u>\$ 2,208,533</u>	<u>\$ 713,477</u>	<u>\$ 20,449,501</u>	<u>\$ 34,950,892</u>
\$ -	\$ -	\$ 233,894	\$ -	\$ 233,894
-	-	-	-	265,151
-	-	710,182	-	710,182
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	20,545,635	23,368,968
-	-	-	-	-
-	1,612,181	-	-	1,612,181
-	-	-	-	-
<u>\$ -</u>	<u>\$ 1,612,181</u>	<u>\$ 944,076</u>	<u>\$ 20,545,635</u>	<u>\$ 26,190,376</u>
<u>\$ -</u>	<u>\$ 596,352</u>	<u>\$ (230,599)</u>	<u>\$ (96,134)</u>	<u>\$ 8,760,516</u>
\$ -	\$ 150,000	\$ -	\$ 322,047	\$ 1,562,368
-	(382,726)	(86,884)	(6,495)	(11,219,878)
-	-	-	-	-
<u>\$ -</u>	<u>\$ (232,726)</u>	<u>\$ (86,884)</u>	<u>\$ 315,552</u>	<u>\$ (9,657,510)</u>
\$ -	\$ 363,626	\$ (317,483)	\$ 219,418	\$ (896,994)
-	1,259,103	3,721,131	361,272	19,293,641
<u>\$ -</u>	<u>\$ 1,622,729</u>	<u>\$ 3,403,648</u>	<u>\$ 580,690</u>	<u>\$ 18,396,647</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, 2016

	Sheriff's Department	Parks and Recreation	Tourism Investment Program
<u>REVENUES</u>			
General Property Taxes	\$ -	\$ 17,741,058	\$ -
Other Local Taxes	-	-	36,815,293
From Use of Money and Property	11,001	1,586,239	441,680
Charges for Services	4,498,278	13,524,218	-
Miscellaneous	7,158	82,277	650,428
Fines and Forfeiture	-	-	452,728
From Commonwealth	18,539,110	11,630	-
From Federal Government	147,858	-	-
Total Revenues	<u>\$ 23,203,405</u>	<u>\$ 32,945,422</u>	<u>\$ 38,360,129</u>
<u>EXPENDITURES</u>			
Current:			
Judicial	\$ 43,478,219	\$ -	\$ -
Library	-	-	-
Police	-	-	-
Fire	-	-	-
Public Works	-	-	-
Planning	-	-	-
Parks and Recreation	-	33,148,870	-
Agriculture	-	-	-
Convention and Visitor Development	-	-	29,458,583
Transportation	-	-	-
Housing and Neighborhood Preservation	-	-	-
Human Services	-	-	-
General Government	-	-	-
Emergency Medical Services	-	-	-
Total Expenditures	<u>\$ 43,478,219</u>	<u>\$ 33,148,870</u>	<u>\$ 29,458,583</u>
<u>EXCESS OF REVENUES OVER</u>			
<u>(UNDER) EXPENDITURES</u>	<u>\$ (20,274,814)</u>	<u>\$ (203,448)</u>	<u>\$ 8,901,546</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In	\$ 21,027,055	\$ 4,719,854	\$ 1,500
Transfers Out	-	(6,699,050)	(3,503,706)
Agriculture Reserve Agreement	-	-	-
Total Other Financing Sources (Uses)	<u>\$ 21,027,055</u>	<u>\$ (1,979,196)</u>	<u>\$ (3,502,206)</u>
<u>EXCESS OF REVENUE AND</u>			
<u>OTHER FINANCING SOURCES</u>			
<u>OVER (UNDER) EXPENDITURES</u>			
<u>AND OTHER FINANCING USES</u>			
	\$ 752,241	\$ (2,182,644)	\$ 5,399,340
<u>FUND BALANCES-JULY 1</u>	<u>503,619</u>	<u>16,245,345</u>	<u>1,652,421</u>
<u>FUND BALANCES - JUNE 30</u>	<u>\$ 1,255,860</u>	<u>\$ 14,062,701</u>	<u>\$ 7,051,761</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, 2016

Central Business District South Tax Increment Financing		Sandbridge Special Service District		Tourism Advertising Program		Sub-Total (continued)
\$	6,501,079	\$	655,207	\$	-	\$ 35,507,455
	500,000		912,373		11,393,481	49,621,147
	2,101		4,125		51,397	2,419,931
	-		-		51,202	18,352,109
	367,208		-		13,767	3,499,769
	-		-		-	452,728
	-		-		-	19,183,085
	-		-		-	20,875,564
\$	7,370,388	\$	1,571,705	\$	11,509,847	\$ 149,911,788
\$	-	\$	-	\$	-	\$ 43,712,113
	-		-		-	265,151
	-		-		-	710,182
	-		-		-	-
	-		-		-	-
	-		-		-	-
	-		-		-	33,148,870
	-		-		-	-
	-		-		11,220,456	40,679,039
	-		-		-	-
	-		-		-	23,368,968
	-		-		-	-
	7,469,029		-		-	9,081,210
	-		-		-	-
\$	7,469,029	\$	-	\$	11,220,456	\$ 150,965,533
\$	(98,641)	\$	1,571,705	\$	289,391	\$ (1,053,745)
\$	-	\$	2,804,143	\$	-	\$ 30,114,920
	(150,000)		(4,187,880)		(56,838)	(25,817,352)
	-		-		-	-
\$	(150,000)	\$	(1,383,737)	\$	(56,838)	\$ 4,297,568
\$	(248,641)	\$	187,968	\$	232,553	\$ 3,243,823
	3,039,484		447,941		1,206,511	42,388,962
\$	2,790,843	\$	635,909	\$	1,439,064	\$ 45,632,785

(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, 2016

	Agriculture Reserve Program	Emergency FEMA	Open Space
<u>REVENUES</u>			
General Property Taxes	\$ 2,858,168	\$ -	\$ -
Other Local Taxes	-	-	2,533,066
From Use of Money and Property	38,600	-	1,520
Charges for Services	-	-	-
Miscellaneous	-	-	-
Fines and Forfeiture	-	-	-
From Commonwealth	282,632	-	-
From Federal Government	-	913,268	-
Total Revenues	<u>\$ 3,179,400</u>	<u>\$ 913,268</u>	<u>\$ 2,534,586</u>
<u>EXPENDITURES</u>			
Current:			
Judicial	\$ -	\$ -	\$ -
Library	-	-	-
Police	-	-	-
Fire	-	-	-
Public Works	-	-	-
Planning	-	-	-
Parks and Recreation	-	-	482,638
Agriculture	2,997,096	-	-
Convention and Visitor Development	-	-	-
Transportation	-	-	-
Housing and Neighborhood Preservation	-	-	-
Human Services	-	-	-
General Government	-	945,110	2,501,469
Emergency Medical Services	-	-	-
Total Expenditures	<u>\$ 2,997,096</u>	<u>\$ 945,110</u>	<u>\$ 2,984,107</u>
<u>EXCESS OF REVENUES OVER</u>			
<u>(UNDER) EXPENDITURES</u>	<u>\$ 182,304</u>	<u>\$ (31,842)</u>	<u>\$ (449,521)</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In	\$ -	\$ -	\$ -
Transfers Out	(1,932,368)	-	(1,718)
Agriculture Reserve Agreement	565,264	-	-
Total Other Financing Sources (Uses)	<u>\$ (1,367,104)</u>	<u>\$ -</u>	<u>\$ (1,718)</u>
<u>EXCESS OF REVENUE AND</u>			
<u>OTHER FINANCING SOURCES</u>			
<u>OVER (UNDER) EXPENDITURES</u>			
<u>AND OTHER FINANCING USES</u>	<u>\$ (1,184,800)</u>	<u>\$ (31,842)</u>	<u>\$ (451,239)</u>
<u>FUND BALANCES-JULY 1</u>	<u>13,994,199</u>	<u>398,551</u>	<u>1,159,053</u>
<u>FUND BALANCES - JUNE 30</u>	<u>\$ 12,809,399</u>	<u>\$ 366,709</u>	<u>\$ 707,814</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, 2016

Combined Area Dredging Projects	Wetlands Board Mitigation	Multimodal Transportation	Grants Consolidated	Totals
\$ 565,086	\$ -	\$ 21,130,030	\$ -	\$ 60,060,739
-	-	4,332,174	-	56,486,387
-	768	10,787	4,628	2,476,234
-	-	-	-	18,352,109
-	12,662	-	335,047	3,847,478
-	-	-	-	452,728
-	-	-	3,508,398	22,974,115
-	-	-	8,964,131	30,752,963
<u>\$ 565,086</u>	<u>\$ 13,430</u>	<u>\$ 25,472,991</u>	<u>\$ 12,812,204</u>	<u>\$ 195,402,753</u>
\$ -	\$ -	\$ -	\$ 526,989	\$ 44,239,102
-	-	-	-	265,151
-	-	-	425,806	1,135,988
-	-	-	2,280,644	2,280,644
-	-	-	15,000	15,000
-	-	-	4,222	4,222
-	-	-	35,904	33,667,412
-	-	-	-	2,997,096
-	-	-	-	40,679,039
-	-	6,794,294	-	6,794,294
-	-	-	1,130,074	24,499,042
-	-	-	7,223,406	7,223,406
-	-	-	9,240	12,537,029
-	-	-	681,146	681,146
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,794,294</u>	<u>\$ 12,332,431</u>	<u>\$ 177,018,571</u>
\$ 565,086	\$ 13,430	\$ 18,678,697	\$ 479,773	\$ 18,384,182
\$ -	\$ -	\$ 6,545,902	\$ 825,710	\$ 37,486,532
(205,971)	-	(10,247,630)	(1,154,482)	(39,359,521)
-	-	-	-	565,264
<u>\$ (205,971)</u>	<u>\$ -</u>	<u>\$ (3,701,728)</u>	<u>\$ (328,772)</u>	<u>\$ (1,307,725)</u>
\$ 359,115	\$ 13,430	\$ 14,976,969	\$ 151,001	\$ 17,076,457
76,160	257,177	-	2,774,649	61,048,751
<u>\$ 435,275</u>	<u>\$ 270,607</u>	<u>\$ 14,976,969</u>	<u>\$ 2,925,650</u>	<u>\$ 78,125,208</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, 2016

	Budget Amounts		Actual Amounts	Variance Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
From Use of Money and Property	\$ 4,185	\$ 4,185	\$ 4,726	\$ 541
Charges for Services	280,000	280,000	251,861	(28,139)
Total Revenues	<u>\$ 284,185</u>	<u>\$ 284,185</u>	<u>\$ 256,587</u>	<u>\$ (27,598)</u>
<u>EXPENDITURES</u>				
Law Library	<u>\$ 545,766</u>	<u>\$ 548,673</u>	<u>\$ 265,151</u>	<u>\$ 283,522</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>\$ (261,581)</u>	<u>\$ (264,488)</u>	<u>\$ (8,564)</u>	<u>\$ 255,924</u>
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>	<u>\$ (261,581)</u>	<u>\$ (264,488)</u>	<u>\$ (8,564)</u>	<u>\$ 255,924</u>
<u>FUND BALANCE - JULY 1</u>	<u>359,793</u>	<u>359,793</u>	<u>359,793</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>	<u><u>\$ 98,212</u></u>	<u><u>\$ 95,305</u></u>	<u><u>\$ 351,229</u></u>	<u><u>\$ 255,924</u></u>

CITY OF VIRGINIA BEACH, VIRGINIA
SANDBRIDGE TAX INCREMENT FINANCING SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance
	Original	Final		Final Budget Positive (Negative)
<u>REVENUES</u>				
General Property Taxes	\$ 8,960,059	\$ 8,960,059	\$ 8,762,601	\$ (197,458)
From Use of Money and Property	27,459	27,459	25,063	(2,396)
Total Revenues	<u>\$ 8,987,518</u>	<u>\$ 8,987,518</u>	<u>\$ 8,787,664</u>	<u>\$ (199,854)</u>
<u>EXPENDITURES</u>				
Sandbridge TIF	<u>\$ 8,000,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>\$ 987,518</u>	<u>\$ 8,987,518</u>	<u>\$ 8,787,664</u>	<u>\$ (199,854)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers Out	<u>\$ (2,612,120)</u>	<u>\$ (10,612,120)</u>	<u>\$ (10,612,120)</u>	<u>\$ -</u>
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>	<u>\$ (1,624,602)</u>	<u>\$ (1,624,602)</u>	<u>\$ (1,824,456)</u>	<u>\$ (199,854)</u>
<u>FUND BALANCE - JULY 1</u>	<u>7,530,244</u>	<u>7,530,244</u>	<u>7,530,244</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>	<u><u>\$ 5,905,642</u></u>	<u><u>\$ 5,905,642</u></u>	<u><u>\$ 5,705,788</u></u>	<u><u>\$ (199,854)</u></u>

CITY OF VIRGINIA BEACH, VIRGINIA
HOUSING AND NEIGHBORHOOD PRESERVATION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Budget Amounts			Variance Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
<u>REVENUES</u>				
From Use of Money and Property	\$ -	\$ -	\$ 14,481	\$ 14,481
Charges for Services	-	-	225	225
Miscellaneous	195,000	153,703	1,037	(152,666)
From Commonwealth	-	11,250	11,250	-
From Federal Government	2,603,529	2,511,511	2,508,137	(3,374)
Total Revenues	<u>\$ 2,798,529</u>	<u>\$ 2,676,464</u>	<u>\$ 2,535,130</u>	<u>\$ (141,334)</u>
<u>EXPENDITURES</u>				
Housing and Neighborhood Preservation	<u>\$ 3,711,231</u>	<u>\$ 3,635,132</u>	<u>\$ 2,823,333</u>	<u>\$ 811,799</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	<u>\$ (912,702)</u>	<u>\$ (958,668)</u>	<u>\$ (288,203)</u>	<u>\$ 670,465</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	\$ 1,041,560	\$ 1,090,321	\$ 1,090,321	\$ -
Transfers Out	(128,858)	(131,653)	(131,653)	-
Total Other Financing Sources (Uses)	<u>\$ 912,702</u>	<u>\$ 958,668</u>	<u>\$ 958,668</u>	<u>\$ -</u>
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 670,465</u>	<u>\$ 670,465</u>
<u>FUND BALANCE - JULY 1</u>				
	<u>6,062,098</u>	<u>6,062,098</u>	<u>6,062,098</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>				
	<u>\$ 6,062,098</u>	<u>\$ 6,062,098</u>	<u>\$ 6,732,563</u>	<u>\$ 670,465</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, 2016

	Budget Amounts		Actual Amounts	Variance Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
General Property Taxes	\$ 1,800,494	\$ 1,800,494	\$ 1,847,510	\$ 47,016
From Use of Money and Property	1,000	1,000	266,984	265,984
Charges for Services	-	-	26,325	26,325
Miscellaneous	-	-	67,714	67,714
Total Revenues	<u>\$ 1,801,494</u>	<u>\$ 1,801,494</u>	<u>\$ 2,208,533</u>	<u>\$ 407,039</u>
<u>EXPENDITURES</u>				
Town Center Parking Operations	\$ 1,981,980	\$ 2,027,092	\$ 1,565,702	\$ 461,390
Town Center Operations	76,309	89,203	46,479	42,724
Total Expenditures	<u>\$ 2,058,289</u>	<u>\$ 2,116,295</u>	<u>\$ 1,612,181</u>	<u>\$ 504,114</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>\$ (256,795)</u>	<u>\$ (314,801)</u>	<u>\$ 596,352</u>	<u>\$ 911,153</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	\$ 150,000	\$ 150,000	\$ 150,000	\$ -
Transfers Out	(431,404)	(431,404)	(382,726)	48,678
Total Other Financing Sources (Uses)	<u>\$ (281,404)</u>	<u>\$ (281,404)</u>	<u>\$ (232,726)</u>	<u>\$ 48,678</u>
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>	<u>\$ (538,199)</u>	<u>\$ (596,205)</u>	<u>\$ 363,626</u>	<u>\$ 959,831</u>
<u>FUND BALANCE - JULY 1</u>	<u>1,259,103</u>	<u>1,259,103</u>	<u>1,259,103</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>	<u>\$ 720,904</u>	<u>\$ 662,898</u>	<u>\$ 1,622,729</u>	<u>\$ 959,831</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, 2016

	Budget Amounts			Variance Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
<u>REVENUES</u>				
From Use of Money and Property	\$ -	\$ -	\$ 11,312	\$ 11,312
From Commonwealth	-	-	621,095	621,095
From Federal Government	-	-	81,070	81,070
Total Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 713,477</u>	<u>\$ 713,477</u>
<u>EXPENDITURES</u>				
Commonwealth Attorney	\$ -	\$ 400,000	\$ 47,240	\$ 352,760
Sheriff	-	237,000	174,804	62,196
Uniform Patrol	-	1,389,443	719,532	669,911
Special Investigative Division	-	18,915	2,500	16,415
Total Expenditures	<u>\$ -</u>	<u>\$ 2,045,358</u>	<u>\$ 944,076</u>	<u>\$ 1,101,282</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	<u>\$ -</u>	<u>\$ (2,045,358)</u>	<u>\$ (230,599)</u>	<u>\$ 1,814,759</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	\$ -	\$ 200	\$ -	\$ (200)
Transfers Out	-	(7,750)	(86,884)	(79,134)
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ (7,550)</u>	<u>\$ (86,884)</u>	<u>\$ (79,334)</u>
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>				
	<u>\$ -</u>	<u>\$ (2,052,908)</u>	<u>\$ (317,483)</u>	<u>\$ 1,735,425</u>
<u>FUND BALANCE - JULY 1</u>				
	<u>3,721,131</u>	<u>3,721,131</u>	<u>3,721,131</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>				
	<u>\$ 3,721,131</u>	<u>\$ 1,668,223</u>	<u>\$ 3,403,648</u>	<u>\$ 1,735,425</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, 2016

	Budget Amounts			Variance Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
<u>REVENUES</u>				
From Use of Money and Property	\$ -	\$ -	\$ 822	\$ 822
Miscellaneous	2,706,766	2,706,766	2,310,180	(396,586)
From Federal Government	17,644,619	18,072,556	18,138,499	65,943
Total Revenues	<u>\$ 20,351,385</u>	<u>\$ 20,779,322</u>	<u>\$ 20,449,501</u>	<u>\$ (329,821)</u>
<u>EXPENDITURES</u>				
Rental Subsidy Program	<u>\$ 20,653,032</u>	<u>\$ 21,094,897</u>	<u>\$ 20,545,635</u>	<u>\$ 549,262</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	<u>\$ (301,647)</u>	<u>\$ (315,575)</u>	<u>\$ (96,134)</u>	<u>\$ 219,441</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	\$ 301,647	\$ 322,047	\$ 322,047	\$ -
Transfers Out	-	(6,495)	(6,495)	-
Total Other Financing Sources (Uses)	<u>\$ 301,647</u>	<u>\$ 315,552</u>	<u>\$ 315,552</u>	<u>\$ -</u>
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>				
	<u>\$ -</u>	<u>\$ (23)</u>	<u>\$ 219,418</u>	<u>\$ 219,441</u>
<u>FUND BALANCE - JULY 1</u>				
	<u>361,272</u>	<u>361,272</u>	<u>361,272</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>				
	<u>\$ 361,272</u>	<u>\$ 361,249</u>	<u>\$ 580,690</u>	<u>\$ 219,441</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, 2016

	Budget Amounts			Variance Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
<u>REVENUES</u>				
From Use of Money and Property	\$ 11,000	\$ 11,000	\$ 11,001	\$ 1
Charges for Services	4,627,588	4,696,786	4,498,278	(198,508)
Miscellaneous	10,000	10,000	7,158	(2,842)
From Commonwealth	18,092,672	18,092,672	18,539,110	446,438
From Federal Government	200,750	200,750	147,858	(52,892)
Total Revenues	<u>\$ 22,942,010</u>	<u>\$ 23,011,208</u>	<u>\$ 23,203,405</u>	<u>\$ 192,197</u>
<u>EXPENDITURES</u>				
Judicial	<u>\$ 43,022,137</u>	<u>\$ 44,071,224</u>	<u>\$ 43,478,219</u>	<u>\$ 593,005</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	<u>\$ (20,080,127)</u>	<u>\$ (21,060,016)</u>	<u>\$ (20,274,814)</u>	<u>\$ 785,202</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	<u>\$ 20,080,127</u>	<u>\$ 21,027,055</u>	<u>\$ 21,027,055</u>	<u>\$ -</u>
Total Other Financing Sources (Uses)	<u>\$ 20,080,127</u>	<u>\$ 21,027,055</u>	<u>\$ 21,027,055</u>	<u>\$ -</u>
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>				
	<u>\$ -</u>	<u>\$ (32,961)</u>	<u>\$ 752,241</u>	<u>\$ 785,202</u>
<u>FUND BALANCE - JULY 1</u>				
	<u>503,619</u>	<u>503,619</u>	<u>503,619</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>				
	<u>\$ 503,619</u>	<u>\$ 470,658</u>	<u>\$ 1,255,860</u>	<u>\$ 785,202</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, 2016

	Budget Amounts		Actual Amounts	Variance Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
General Property Taxes	\$ 17,810,382	\$ 17,810,382	\$ 17,741,058	\$ (69,324)
From Use of Money and Property	1,644,904	1,644,904	1,586,239	(58,665)
Charges for Services	13,567,897	13,567,897	13,524,218	(43,679)
Miscellaneous	185,776	185,776	82,277	(103,499)
From Commonwealth	15,750	15,750	11,630	(4,120)
Total Revenues	<u>\$ 33,224,709</u>	<u>\$ 33,224,709</u>	<u>\$ 32,945,422</u>	<u>\$ (279,287)</u>
<u>EXPENDITURES</u>				
Citywide Recreation Programs	\$ 10,808,121	\$ 11,171,497	\$ 9,876,229	\$ 1,295,268
Parks Operations and Services	4,122,781	4,180,858	3,757,335	423,523
Recreation Centers	15,755,845	15,928,912	15,003,677	925,235
Golf Courses	106,241	107,697	109,012	(1,315)
City Beautification and Recreation	722,027	765,150	606,465	158,685
Debt Service	3,774,676	3,796,176	3,796,152	24
Total Expenditures	<u>\$ 35,289,691</u>	<u>\$ 35,950,290</u>	<u>\$ 33,148,870</u>	<u>\$ 2,801,420</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	<u>\$ (2,064,982)</u>	<u>\$ (2,725,581)</u>	<u>\$ (203,448)</u>	<u>\$ 2,522,133</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	\$ 4,459,532	\$ 4,719,854	\$ 4,719,854	\$ -
Transfers Out	(6,696,550)	(6,699,050)	(6,699,050)	-
Total Other Financing Sources (Uses)	<u>\$ (2,237,018)</u>	<u>\$ (1,979,196)</u>	<u>\$ (1,979,196)</u>	<u>\$ -</u>
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>				
	<u>\$ (4,302,000)</u>	<u>\$ (4,704,777)</u>	<u>\$ (2,182,644)</u>	<u>\$ 2,522,133</u>
<u>FUND BALANCE - JULY 1</u>				
	<u>16,245,345</u>	<u>16,245,345</u>	<u>16,245,345</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>				
	<u><u>\$ 11,943,345</u></u>	<u><u>\$ 11,540,568</u></u>	<u><u>\$ 14,062,701</u></u>	<u><u>\$ 2,522,133</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, 2016

	Budget Amounts			Variance
	Original	Final	Actual Amounts	Final Budget Positive (Negative)
REVENUES				
Other Local Taxes	\$ 35,800,675	\$ 35,056,846	\$ 36,815,293	\$ 1,758,447
From Use of Money and Property	424,900	424,900	441,680	16,780
Miscellaneous	574,096	574,096	650,428	76,332
Fines and Forfeitures	714,000	714,000	452,728	(261,272)
Total Revenues	<u>\$ 37,513,671</u>	<u>\$ 36,769,842</u>	<u>\$ 38,360,129</u>	<u>\$ 1,590,287</u>
EXPENDITURES				
Economic Development	\$ 100,000	\$ 137,000	\$ 125,472	\$ 11,528
Direct Costs	-	15,386	15,386	-
Special Events	3,938,506	4,025,804	3,572,727	453,077
Cultural Activities	50,500	50,500	50,500	-
Recycling	52,000	52,000	52,000	-
Landscaping	481,009	468,318	463,485	4,833
Maintenance	490,946	506,420	472,454	33,966
Contractual Services	5,138,684	4,382,039	1,599,348	2,782,691
Debt Service	24,071,789	24,071,789	23,107,211	964,578
Total Expenditures	<u>\$ 34,323,434</u>	<u>\$ 33,709,256</u>	<u>\$ 29,458,583</u>	<u>\$ 4,250,673</u>
EXCESS OF REVENUES OVER				
<u>(UNDER) EXPENDITURES</u>	<u>\$ 3,190,237</u>	<u>\$ 3,060,586</u>	<u>\$ 8,901,546</u>	<u>\$ 5,840,960</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ -	\$ 1,500	\$ 1,500	\$ -
Transfers Out	(3,190,237)	(3,190,237)	(3,503,706)	(313,469)
Total Other Financing Sources (Uses)	<u>\$ (3,190,237)</u>	<u>\$ (3,188,737)</u>	<u>\$ (3,502,206)</u>	<u>\$ (313,469)</u>
EXCESS OF REVENUES AND				
<u>OTHER FINANCING SOURCES</u>				
<u>OVER (UNDER) EXPENDITURES</u>				
<u>AND OTHER FINANCING USES</u>	<u>\$ -</u>	<u>\$ (128,151)</u>	<u>\$ 5,399,340</u>	<u>\$ 5,527,491</u>
FUND BALANCE - JULY 1				
	<u>1,652,421</u>	<u>1,652,421</u>	<u>1,652,421</u>	<u>-</u>
FUND BALANCE - JUNE 30				
	<u>\$ 1,652,421</u>	<u>\$ 1,524,270</u>	<u>\$ 7,051,761</u>	<u>\$ 5,527,491</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, 2016

	Budget Amounts		Actual Amounts	Variance Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
General Property Taxes	\$ 6,377,444	\$ 6,377,444	\$ 6,501,079	\$ 123,635
Other Local Taxes	500,000	500,000	500,000	-
From Use of Money and Property	2,000	2,000	2,101	101
Miscellaneous	400,000	400,000	367,208	(32,792)
Total Revenues	<u>\$ 7,279,444</u>	<u>\$ 7,279,444</u>	<u>\$ 7,370,388</u>	<u>\$ 90,944</u>
<u>EXPENDITURES</u>				
Debt Service	<u>\$ 7,649,568</u>	<u>\$ 7,649,568</u>	<u>\$ 7,469,029</u>	<u>\$ 180,539</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>\$ (370,124)</u>	<u>\$ (370,124)</u>	<u>\$ (98,641)</u>	<u>\$ 271,483</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>\$ (520,124)</u>	<u>\$ (520,124)</u>	<u>\$ (248,641)</u>	<u>\$ 271,483</u>
<u>FUND BALANCE - JULY 1</u>	<u>3,039,484</u>	<u>3,039,484</u>	<u>3,039,484</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>	<u>\$ 2,519,360</u>	<u>\$ 2,519,360</u>	<u>\$ 2,790,843</u>	<u>\$ 271,483</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, 2016

	Budget Amounts		Actual Amounts	Variance Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
General Property Taxes	\$ 666,699	\$ 666,699	\$ 655,207	\$ (11,492)
Lodging Taxes	798,013	798,013	912,373	114,360
From Use of Money and Property	6,899	6,899	4,125	(2,774)
Total Revenues	<u>\$ 1,471,611</u>	<u>\$ 1,471,611</u>	<u>\$ 1,571,705</u>	<u>\$ 100,094</u>
<u>EXPENDITURES</u>				
Total Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>\$ 1,471,611</u>	<u>\$ 1,471,611</u>	<u>\$ 1,571,705</u>	<u>\$ 100,094</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In for Lodging Taxes	\$ 2,490,674	\$ 2,490,674	\$ 2,804,143	\$ 313,469
Transfers Out to Coastal CIP Projects	(4,187,880)	(4,187,880)	(4,187,880)	-
Total Other Financing Sources (Uses)	<u>\$ (1,697,206)</u>	<u>\$ (1,697,206)</u>	<u>\$ (1,383,737)</u>	<u>\$ 313,469</u>
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>	<u>\$ (225,595)</u>	<u>\$ (225,595)</u>	<u>\$ 187,968</u>	<u>\$ 413,563</u>
<u>FUND BALANCE - JULY 1</u>	<u>447,941</u>	<u>447,941</u>	<u>447,941</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>	<u><u>\$ 222,346</u></u>	<u><u>\$ 222,346</u></u>	<u><u>\$ 635,909</u></u>	<u><u>\$ 413,563</u></u>

CITY OF VIRGINIA BEACH, VIRGINIA
TOURISM ADVERTISING PROGRAM SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
Other Local Taxes	\$ 10,901,780	\$ 10,901,780	\$ 11,393,481	\$ 491,701
From Use of Money and Property	45,700	45,700	51,397	5,697
Charges for Services	101,198	101,198	51,202	(49,996)
Miscellaneous	27,399	27,399	13,767	(13,632)
Total Revenues	<u>\$ 11,076,077</u>	<u>\$ 11,076,077</u>	<u>\$ 11,509,847</u>	<u>\$ 433,770</u>
<u>EXPENDITURES</u>				
Visitor Information Center	\$ 1,338,706	\$ 1,349,726	\$ 1,190,318	\$ 159,408
Tourism and Convention Advertising	9,680,533	10,820,625	10,030,138	790,487
Total Expenditures	<u>\$ 11,019,239</u>	<u>\$ 12,170,351</u>	<u>\$ 11,220,456</u>	<u>\$ 949,895</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>\$ 56,838</u>	<u>\$ (1,094,274)</u>	<u>\$ 289,391</u>	<u>\$ 1,383,665</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers Out	\$ (56,838)	\$ (56,838)	\$ (56,838)	\$ -
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>	<u>\$ -</u>	<u>\$ (1,151,112)</u>	<u>\$ 232,553</u>	<u>\$ 1,383,665</u>
<u>FUND BALANCE - JULY 1</u>	<u>1,206,511</u>	<u>1,206,511</u>	<u>1,206,511</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>	<u>\$ 1,206,511</u>	<u>\$ 55,399</u>	<u>\$ 1,439,064</u>	<u>\$ 1,383,665</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, 2016

	Budget Amounts		Actual Amounts	Variance Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
General Property Taxes	\$ 2,869,337	\$ 2,869,337	\$ 2,858,168	\$ (11,169)
From Use of Money and Property	-	-	38,600	38,600
From Commonwealth	-	282,632	282,632	-
Total Revenues	<u>\$ 2,869,337</u>	<u>\$ 3,151,969</u>	<u>\$ 3,179,400</u>	<u>\$ 27,431</u>
<u>EXPENDITURES</u>				
Agriculture Reserve Program	\$ 224,980	\$ 224,980	\$ 740,307	\$ (515,327)
Debt Service	3,089,564	2,539,827	2,256,789	283,038
Total Expenditures	<u>\$ 3,314,544</u>	<u>\$ 2,764,807</u>	<u>\$ 2,997,096</u>	<u>\$ (232,289)</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>\$ (445,207)</u>	<u>\$ 387,162</u>	<u>\$ 182,304</u>	<u>\$ (204,858)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers Out	\$ -	\$ (1,932,368)	\$ (1,932,368)	\$ -
Agriculture Reserve Agreement	-	-	565,264	565,264
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ (1,932,368)</u>	<u>\$ (1,367,104)</u>	<u>\$ 565,264</u>
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>	<u>\$ (445,207)</u>	<u>\$ (1,545,206)</u>	<u>\$ (1,184,800)</u>	<u>\$ 360,406</u>
<u>FUND BALANCE - JULY 1</u>	<u>13,994,199</u>	<u>13,994,199</u>	<u>13,994,199</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>	<u><u>\$ 13,548,992</u></u>	<u><u>\$ 12,448,993</u></u>	<u><u>\$ 12,809,399</u></u>	<u><u>\$ 360,406</u></u>

CITY OF VIRGINIA BEACH, VIRGINIA
EMERGENCY FEMA SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
From Federal Government	\$ -	\$ 1,700,000	\$ 913,268	\$ (786,732)
<u>EXPENDITURES</u>				
FEMA Operations	\$ -	\$ 1,700,000	\$ 945,110	\$ 754,890
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	\$ -	\$ -	\$ (31,842)	\$ (31,842)
<u>FUND BALANCE - JULY 1</u>	387,282	387,282	398,551	(11,269)
<u>FUND BALANCE - JUNE 30</u>	<u>\$ 387,282</u>	<u>\$ 387,282</u>	<u>\$ 366,709</u>	<u>\$ (43,111)</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, 2016

	Budget Amounts		Actual Amounts	Variance Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
Other Local Taxes	\$ 2,424,755	\$ 2,424,755	\$ 2,533,066	\$ 108,311
From Use of Money and Property	-	-	1,520	1,520
Total Revenues	<u>\$ 2,424,755</u>	<u>\$ 2,424,755</u>	<u>\$ 2,534,586</u>	<u>\$ 109,831</u>
<u>EXPENDITURES</u>				
Open Space Program	\$ 527,728	\$ 526,010	\$ 482,638	\$ 43,372
Debt Service	2,571,781	2,571,781	2,501,469	70,312
Total Expenditures	<u>\$ 3,099,509</u>	<u>\$ 3,097,791</u>	<u>\$ 2,984,107</u>	<u>\$ 113,684</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>\$ (674,754)</u>	<u>\$ (673,036)</u>	<u>\$ (449,521)</u>	<u>\$ 223,515</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers Out	\$ -	\$ (1,718)	\$ (1,718)	\$ -
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>	<u>\$ (674,754)</u>	<u>\$ (674,754)</u>	<u>\$ (451,239)</u>	<u>\$ 223,515</u>
<u>FUND BALANCE - JULY 1</u>	<u>1,159,053</u>	<u>1,159,053</u>	<u>1,159,053</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>	<u>\$ 484,299</u>	<u>\$ 484,299</u>	<u>\$ 707,814</u>	<u>\$ 223,515</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, 2016

	Budget Amounts		Actual Amounts	Variance Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
General Property Taxes	\$ 599,799	\$ 599,799	\$ 565,086	\$ (34,713)
Total Revenues	\$ 599,799	\$ 599,799	\$ 565,086	\$ (34,713)
<u>EXPENDITURES</u>				
Area Dredging Projects	\$ 386,182	\$ 386,182	\$ -	\$ 386,182
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	\$ 213,617	\$ 213,617	\$ 565,086	\$ 351,469
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers Out	\$ (235,677)	\$ (235,677)	\$ (205,971)	\$ 29,706
Total Other Financing Sources (Uses)	\$ (235,677)	\$ (235,677)	\$ (205,971)	\$ 29,706
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>				
	\$ (22,060)	\$ (22,060)	\$ 359,115	\$ 381,175
<u>FUND BALANCE - JULY 1</u>				
	76,160	76,160	76,160	-
<u>FUND BALANCE - JUNE 30</u>				
	\$ 54,100	\$ 54,100	\$ 435,275	\$ 381,175

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, 2016

	<u>Actual Amounts</u>
<u>REVENUES</u>	
From Use of Money and Property	\$ 768
Miscellaneous	12,662
Total Revenues	<u>\$ 13,430</u>
<u>EXPENDITURES</u>	
Total Expenditures	<u>\$ -</u>
<u>EXCESS OF REVENUES OVER</u>	
<u>(UNDER) EXPENDITURES</u>	<u>\$ 13,430</u>
<u>EXCESS OF REVENUES AND</u>	
<u>OTHER FINANCING SOURCES</u>	
<u>OVER (UNDER) EXPENDITURES</u>	
<u>AND OTHER FINANCING USES</u>	\$ 13,430
<u>FUND BALANCE - JULY 1</u>	<u>257,177</u>
<u>FUND BALANCE - JUNE 30</u>	<u><u>\$ 270,607</u></u>

CITY OF VIRGINIA BEACH, VIRGINIA
MULTIMODAL TRANSPORTATION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
From Use of Money and Property	\$ -	\$ -	\$ 10,787	\$ 10,787
General Property Taxes	21,212,594	21,212,594	21,130,030	(82,564)
Other Local Taxes	4,349,754	4,349,754	4,332,174	(17,580)
Total Revenues	<u>\$ 25,562,348</u>	<u>\$ 25,562,348</u>	<u>\$ 25,472,991</u>	<u>\$ (89,357)</u>
<u>EXPENDITURES</u>				
Multi-Modal Transportation	\$ 21,860,620	\$ 21,860,620	\$ 6,794,294	\$ 15,066,326
Total Expenditures	<u>\$ 21,860,620</u>	<u>\$ 21,860,620</u>	<u>\$ 6,794,294</u>	<u>\$ 15,066,326</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	<u>\$ 3,701,728</u>	<u>\$ 3,701,728</u>	<u>\$ 18,678,697</u>	<u>\$ 14,976,969</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	\$ 6,545,902	\$ 6,545,902	\$ 6,545,902	\$ -
Transfers Out	(10,247,630)	(10,247,630)	(10,247,630)	-
Total Other Financing Sources (Uses)	<u>\$ (3,701,728)</u>	<u>\$ (3,701,728)</u>	<u>\$ (3,701,728)</u>	<u>\$ -</u>
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,976,969</u>	<u>\$ 14,976,969</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>\$ 14,976,969</u>	<u>\$ 14,976,969</u>

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DEBT SERVICE FUND

DEBT SERVICE FUND

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

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

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016**

	Budget Amounts		Actual Amounts	Variance Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
From Use of Money and Property	\$ -	\$ -	\$ 4,613,616	\$ 4,613,616
Federal Reimbursement of Interest	-	-	469,451	469,451
Total Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,083,067</u>	<u>\$ 5,083,067</u>
<u>EXPENDITURES</u>				
Principal	\$ 31,196,650	\$ 31,196,650	\$ 31,099,336	\$ 97,314
Interest	13,560,193	14,386,281	13,573,267	813,014
Total Expenditures	<u>\$ 44,756,843</u>	<u>\$ 45,582,931</u>	<u>\$ 44,672,603</u>	<u>\$ 910,328</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>\$ (44,756,843)</u>	<u>\$ (45,582,931)</u>	<u>\$ (39,589,536)</u>	<u>\$ 5,993,395</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	\$ 44,756,843	\$ 45,589,212	\$ 44,747,009	\$ (842,203)
Transfers Out	-	(6,281)	(6,281)	-
Proceeds of Refunding Bonds	-	-	50,430,000	50,430,000
Premium on Bonds Sold	-	-	5,447,330	5,447,330
Payment to Refunding Bonds Escrow Agent	-	-	(55,585,547)	(55,585,547)
Total Other Financing Sources (Uses)	<u>\$ 44,756,843</u>	<u>\$ 45,582,931</u>	<u>\$ 45,032,511</u>	<u>\$ (550,420)</u>
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,442,975</u>	<u>\$ 5,442,975</u>
<u>FUND BALANCE - JULY 1</u>	<u>29,025,375</u>	<u>29,025,375</u>	<u>29,025,375</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>	<u>\$ 29,025,375</u>	<u>\$ 29,025,375</u>	<u>\$ 34,468,350</u>	<u>\$ 5,442,975</u>

GENERAL GOVERNMENT

CAPITAL PROJECTS

GENERAL GOVERNMENT CAPITAL PROJECTS

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

**CITY OF VIRGINIA BEACH, VIRGINIA
ENGINEERING AND HIGHWAYS CAPITAL PROJECTS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2016**

Project Number	Project Name	Budget to Date	Current Year Expenditures	Total Expenditures	Construction In Progress	Outstanding Encumbrances	Available Balance
2003000	CORPORATED LANDING ROADWAY IMPROVEMENTS	\$ 1,625,051	\$ 927,434	\$ 929,645	\$ 929,645	\$ 104,629	\$ 590,777
2021000	RURAL ROAD IMPROVEMENTS	8,403,916	633,682	6,081,882	633,682	118,750	2,203,284
2022000	MAJOR BRIDGE REHAB II	3,272,111	379,009	1,302,755	1,302,755	334,030	1,635,326
2024000	RURAL ROAD IMPROVEMENTS II	600,000	17	17	17	-	599,983
2025000	WITCHDUCK ROAD - PHASE II	55,880,573	13,155,484	23,571,859	23,571,859	986,103	31,322,611
2026000	STREET RECONSTRUCTION II	6,450,000	317,131	3,475,599	3,475,599	2,201,652	772,749
2027000	VARIOUS COST PARTICIPATION PROJECTS II	125,000	-	-	-	-	125,000
2028000	WETLANDS MITIGATION BANKING II	300,000	-	-	-	-	300,000
2033000	PRINCESS ANNE ROAD PHASE VII-A	350,000	7,642	70,133	70,133	26,229	253,638
2038000	ROSEMONT ROAD PHASE V	10,784,393	551,928	747,745	747,745	164,272	9,872,376
2042000	INDIAN RIVER/PROVIDENCE INTER IMPROVE	2,052,200	125,806	248,707	248,707	37,181	1,766,312
2045000	PACIFIC AVENUE IMPROVEMENTS	17,330,000	1,358,885	11,771,166	-	632,925	4,925,909
2046000	CAVALIER DRIVE IMPROVEMENTS	2,449,040	-	1,224,520	1,224,520	-	1,224,520
2047000	UPTON DR EXT/DAM NECK IMPROVEMENTS	1,300,000	-	1,423	1,423	-	1,298,577
2048000	PRINCESS ANNE RD/KEMPSVILLE RD INTERSECTION IMPR (88,671,045	5,947,940	87,153,766	5,947,940	29,106	1,488,173
2050000	LANDSTOWN RD IMPROVEMENTS	5,947,909	281,413	363,262	363,262	199,354	5,385,293
2072000	FIRST COLONIAL RD/VB BLVD INTERSECTION IMPROVEMENT	23,096,938	2,081,203	9,409,694	2,175,078	320,543	13,366,701
2078000	SANDBRIDGE ROAD-NIMMO VVI-A	1,232,000	444,605	477,841	477,841	3,160	750,999
2088000	WEST NECK ROAD PHASE IV	1,800,000	108,462	108,462	108,462	-	1,691,538
2089000	SOUTHEASTERN PARKWAY AND GREENBELT (PARTIAL)	23,549,335	1,778	23,202,000	4,527	-	347,335
2092000	VIRGINIA BEACH TRANSIT EXTENSION PROJECT	17,500,000	472,664	472,664	472,664	1,049,159	15,978,177
2107000	SEABOARD ROAD	7,788,267	209,370	6,186,750	209,370	755,273	846,244
2108000	LIGHT RAIL CORRIDOR SHARED-USE PATH	2,500,000	48,468	48,468	48,468	521,322	1,930,210
2117000	SHORE DRIVE CORRIDOR IMPRV-PHASE III	14,701,437	342,908	966,642	966,642	295,822	13,438,973
2118000	SHORE DRIVE CORRIDOR IMPRV-PHASE IV	750,076	-	398,437	398,437	351,639	-
2145000	WESLEYAN DRIVE	15,620,506	178,836	11,995,148	364,516	38,150	3,587,208
2149000	BIRDNECK ROAD - PHASE II	9,986,710	106,040	8,054,231	111,085	344,563	1,587,916
2152000	ELBOW ROAD EXTENDED - PHASE II	21,406,565	249,877	5,076,254	5,076,254	349,310	15,981,001
2156000	LASKIN ROAD - PHASE I (VDOT)	5,029,500	14,900	2,253,896	2,253,896	45,059	2,730,545
2158000	HOLLAND ROAD - PHASE VI (PARTIAL)	6,555,039	32,637	3,729,736	3,729,736	46,618	2,778,685
2160000	CITY WIDE STREET LGHTG IMPRVMNTS-PHASE II	480,000	81,652	472,262	179,049	6,092	1,646
2161000	TRAFFIC SIGNAL RETIMING	4,010,936	140,268	3,353,820	140,268	117,665	539,451
2165000	LASKIN ROAD - PHASE II	1,417,017	-	625,137	625,137	-	791,880
2167000	LYNNHAVEN PARKWAY - PHASE XI	6,781,289	47,774	885,995	885,995	42,110	5,853,184
2168000	LESNER BRIDGE REPLACEMENT	115,754,867	24,401,660	61,025,344	61,025,344	46,238,836	8,490,687
2176000	TRANSPORTATION NETWORK ANALYSIS	4,287,000	216,919	2,041,161	796,694	193,096	2,052,743
2177000	HSIP GRANT- HIGH ACCIDENT LOCATIONS	2,032,000	-	1,077,049	-	-	954,951
2195000	PRINCESS ANNE RD-INTERSECTION IMPRVMNTS	24,125,750	157,273	7,181,053	3,160,898	5,723,611	11,221,086
2256000	INDIAN RIVER ROAD - PHASE VII	8,733,075	151,626	5,049,720	5,049,720	215,405	3,467,950
2300000	TRAFFIC SAFETY IMPROVEMENTS - PHASE III	18,210,512	1,880,111	9,483,043	3,605,492	2,396,602	6,330,867
2401000	GREENWICH RD/CLEVELAND ST CROSSOVER	11,698,750	76,381	3,309,414	3,309,414	581,225	7,808,111
2409000	CENTERVILLE TURNPIKE INTERIM IMPROVEMNTS	22,868,747	811,487	2,175,972	2,175,972	171,960	20,520,815
2410000	TRAFFIC SIGNAL REHAB-PHASE II	500,000	151,583	339,318	339,318	14,768	145,914
2414000	SHIPPS CORNER ROAD IMPROVEMENTS	1,571,600	55,421	271,673	271,673	26,605	1,273,322
2416000	SANDBRIDGE ROAD BRIDGE REPLACEMENT	1,250,000	382,347	537,357	537,357	30,182	682,461
2418000	INDIAN RD/KEMPSVILLE RD IMPROVMENT	15,638,375	2,840,423	5,925,320	5,925,320	1,661,175	8,051,880
2422000	PUNGO TURN LANE	250,000	-	591	591	-	249,409
TOTAL ENGINEERING & HIGHWAYS CAPITAL PROJECTS		<u>\$ 596,667,529</u>	<u>\$ 59,373,044</u>	<u>\$ 313,076,931</u>	<u>\$ 142,942,506</u>	<u>\$ 66,374,181</u>	<u>\$ 217,216,417</u>

CITY OF VIRGINIA BEACH, VIRGINIA
BUILDINGS CAPITAL PROJECTS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2016

Project Number	Project Name	Budget to Date	Current Year Expenditures	Total Expenditures	Construction In Progress	Outstanding Encumbrances	Available Balance
3006000	COASTAL GARDEN/OUTDOOR ADVENTURE PARK	\$ 543,736	\$ 66,855	\$ 104,638	\$ 104,638	\$ 339,530	\$ 99,568
3019000	ADAM THOROUGHGOOD HOUSE VISITOR CENTER	2,244,826	355,736	588,846	588,846	1,419,978	236,002
3028000	AQUARIUM MARSH PAVILION ENHANCEMENTS	10,716,580	230,618	508,059	508,059	1,660,239	8,548,282
3047000	LANDFILL #2 PHASE 1 CAPPING	14,451,878	179,438	3,742,224	3,742,224	576	10,709,078
3052000	CIT-IT SERVICE CONTINUITY	6,275,182	766,036	5,474,947	766,036	156,647	643,588
3056000	PUBLIC SAFETY EQUIPMENT REPLACEMENT	1,322,086	-	-	-	-	1,322,086
3057000	SELF-CONTAINED BREATHING APPARATUS REPL	3,815,800	3,309,469	3,309,469	3,309,469	274,031	232,300
3059000	HOUSING OPPORTUNITY LOANS AND GRANTS	425,000	340,870	340,870	340,870	84,130	-
3060000	TCC SITE IMPROVEMENTS II	1,600,000	-	-	-	-	1,600,000
3068000	CIT-IT NETWORK INFRSTR REPLCMNT-PH II	4,264,128	1,100,267	2,807,214	-	1,244,402	212,512
3075999	FIRE/EMS STATION BURTON STATION	-	3,546	3,546	3,546	-	(3,546)
3087000	CIT-HNP-FIELD AUTOMATION ANALYSIS	136,000	902	99,350	99,350	-	36,650
3093000	CIT-PLANNING-BUS SYS INTEGRATION IMPLEM	361,889	158,414	342,541	342,541	13,709	5,639
3095000	CIT-POLICE-INTGRD PUB SFTY RCRD MGT SYS	10,401,389	2,989,455	3,294,105	-	6,348,130	759,154
3103000	HERITAGE BUILDING - MAINTENANCE PROGRAM	2,018,850	350,602	931,944	-	175,024	911,882
3119000	CIT-CABLE ACCESS INFRASTRUCTURE REPLACE	3,153,261	195,067	1,186,392	228,442	37,571	1,929,298
3120000	CORRECTIONAL CENTER GENERATOR	531,658	-	-	-	44,830	486,828
3133000	FIRE TRAINING CTR IMPROVE-PHASE III	1,832,828	-	34,066	34,066	-	1,798,762
3134000	FIRE APPARATUS III	6,027,333	2,480,374	5,769,887	-	256,120	1,326
3136000	VAR BLDGS HVAC REHAB & RENEWAL PH III	7,009,331	1,256,589	5,049,226	-	82,057	1,878,048
3137000	VARIOUS BLDGS REHAB & RENEWAL PH III	7,420,219	2,337,247	5,394,563	-	980,634	1,045,022
3139000	VARIOUS SITE ACQUISITIONS PHASE II	8,215,428	701,065	5,240,309	701,065	87,210	2,887,909
3140000	ENERGY PERFORMANCE CONTRACTS (CITY)	4,583,915	575,947	3,707,501	-	128,139	748,275
3142000	CIT-COMMUNICATIONS INFRA REPLACE-PHII	30,872,274	2,077,468	20,372,142	2,077,468	2,390,608	8,109,524
3146000	VA AQUARIUM BLDG SYS REHAB & RENEW-PH I	10,543,450	438,817	7,097,424	-	290,542	3,155,484
3147000	HISTORIC PROP ACQUISITION REVOLVING FUND	200,000	-	197,207	197,207	-	2,793
3200000	REV ASSESSMENT & COLLECTION SYS	11,924,799	138,908	10,202,045	415,523	1,338,639	384,115
3201000	COMMONWEALTH'S ATTY BUILD-OUT OF JUD CTR	544,189	11,642	357,522	357,522	11,528	175,139
3217000	CIT - MH CLIENT INFORMATION SYSTEM	2,900,000	-	2,396,995	-	32,820	470,185
3278000	VA AQUARIUM RENEWAL & REPLACEMENT-PH II	2,375,000	92,994	1,381,513	-	16,704	976,783
3292000	VA AQUARIUM ANIMAL CARE ANNEX	3,813,000	283,560	2,035,985	2,035,985	836,872	940,143
3301000	FERRY PLANTATION HOUSE - PHASE II	106,577	461	13,321	13,321	12,750	80,506
3344000	POLICE FOURTH PRECINCT-REPLACEMENT	5,884,997	260,449	261,198	261,198	424,485	5,199,314
3367000	VAR BLDGS REHAB AND RENEWAL PH II	14,755,685	207,931	14,042,497	207,931	146,522	566,666
3503000	LIGHTHOUSE MULTI-SERVICE CENTER	29,963,792	1,218,680	3,935,568	3,935,568	657,580	25,370,644
3505000	BLDG MODERNIZATION/RENEWAL/REPLACE-PH II	100,000	23,770	52,881	52,881	22,090	25,029
3506000	FIRE FACILITY REHAB & RENEWAL PH III	2,845,852	421,826	2,409,219	2,409,219	235,641	200,992
3508000	ARC FLASH MITIGATION	1,280,000	105,963	930,483	-	173,597	175,920
3510000	INTRMEDIATE CARE FACILITIES REN/REP PH I	1,187,895	-	67,276	67,276	-	1,120,619
3518000	CONVENTION CTR CAPITAL MAINTENANCE	687,126	209,154	227,544	227,544	14,646	444,936
3519000	CHESAPEAKE BAY AQUARIUM RENOVATION	1,750,000	100,294	138,684	138,684	55,297	1,556,019
3523000	CORRECTION CTR MASTER CONTROL UPGRADE	1,715,401	21,308	21,308	21,308	2,261	1,691,832
3607000	CIT-DATA STORAGE/MGMT EVIDENTIARY FILES	1,318,060	79,398	815,295	815,295	-	502,765
3608000	CIT-DISASTER RECOVERY DATA CENTER POWER	592,078	137,335	563,366	563,366	26,438	2,274
3610000	CIT-OCEANFRONT CAMERAS	5,143,921	640,570	977,032	977,032	576,185	3,590,704
3614000	FIRE RADIO REPLACE/IN-MASK COMM	4,861,758	3,244,919	3,301,713	3,301,713	243,555	1,316,490
3615000	CIT-BUS REV/PERS PROP RACS IMPLEMENTATION	3,852,000	461,019	1,322,954	1,322,954	1,062,244	1,466,802
3619000	CIT-ALI DATABASE MGMT/SELECTIVE ROUTING	2,007,876	4,508	86,810	86,810	250,000	1,671,066
3632000	PLANNING BUSINESS SYSTEM INTEGRATION	1,344,413	506,332	1,137,851	1,137,851	109,622	96,940
3638000	CIT-APPLICATION PORTFOLIO SUSTAINMENT	700,000	253,917	283,615	283,615	67,871	348,514
3648000	BIWEEKLY & LAG PAYROLL IMPLEMENTATIONS	728,410	374,878	528,973	-	113,072	86,365
3652000	CIT-TELECOMMUNICATIONS REPLACEMENT PH II	1,954,494	63,917	799,195	799,195	30,390	1,124,909
3657000	DISASTER RECOV IV-ELECT BACKUP/BLDG ACCESS	810,000	38,725	89,097	89,097	1,518	719,385
3663000	CIT-ENTERPRISE SCHEDULING/TIMEKEEPING SY	350,000	-	-	-	-	350,000
3664000	CIT-METROPOLITAN AREA NETWORK	4,147,484	1,643,517	1,997,457	1,997,457	854,893	1,295,134
TOTAL BUILDINGS CAPITAL PROJECTS		<u>\$ 248,611,848</u>	<u>\$ 30,460,757</u>	<u>\$ 125,973,867</u>	<u>\$ 34,562,171</u>	<u>\$ 23,331,327</u>	<u>\$ 99,306,654</u>

CITY OF VIRGINIA BEACH, VIRGINIA
PARKS AND RECREATION CAPITAL PROJECTS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2016

Project Number	Project Name	Budget to Date	Current Year Expenditures	Total Expenditures	Construction In Progress	Outstanding Encumbrances	Available Balance
4025000	WOODSTOCK COVE SHORELINE RE-CONSTRUCT	\$ 742,623	\$ 599,231	\$ 682,102	\$ 682,102	\$ 500	\$ 60,021
4039000	PAAC MULTI-PURPOSE ATHLETIC FIELD RENOV	4,275,000	1,306,076	1,306,076	1,306,076	2,530,293	438,631
4064000	CITY BIKEWAYS & TRAILS PLAN IMLEM PH II	2,474,146	67,093	1,058,161	1,058,161	23,469	1,392,516
4079000	THALIA CREEK GREENWAY I	1,250,000	-	-	-	-	1,250,000
4080000	SPORTSPLEX/NATL TRNG CTR REN & REPLACE	3,326,958	42,789	2,211,468	814,583	384,323	731,167
4300000	COM REC CTRS REPAIRS & RENOV-PHIII	10,187,768	823,490	3,271,584	-	139,127	6,777,057
4301000	PRKS/SPEC USE FACILIT DEV/RENOV-PHIII	6,023,993	697,308	4,314,627	4,314,627	68,414	1,640,952
4302000	GOLF COURSES CONT'TUAL OBLIGATIONS-MAINT	600,000	26,384	132,427	-	-	467,573
4303000	GREENWAY SCENIC WATER & NAT AREA PH III	645,000	34,239	185,684	185,684	-	459,316
4305000	TENNIS COURT RENOVATIONS - PHASE III	975,000	262,126	807,225	807,225	99,008	68,767
4306000	OPEN SPACE PARK DEVELOPMENT/MAINT-PHII	7,716,021	980,406	5,072,086	5,072,086	127,302	2,516,633
4307000	ATHLETIC FIELDS LIGHTING/RENOV-PH III	1,227,277	65,299	761,741	761,741	60,830	404,706
4308000	OPEN SPACE PROG SITE ACQUISITION PH III	7,608,630	2,605,346	5,205,811	5,205,811	-	2,402,819
4309000	MT TRASHMORE DISTRICT PARK RENOV-PH II	1,500,000	92,711	1,226,110	-	227,533	46,357
4500000	PARK PLAYGROUND RENOVATIONS-PHASE III	1,986,884	273,944	1,497,285	1,497,285	308,142	181,457
4502000	LYNNHAVEN BOAT RAMP/BEACH FAC REP/RENOV	402,359	-	74,985	74,985	-	327,374
4503000	P&R ADMINISTRATION OFFICES RELOCATION	11,733,874	330,860	1,167,370	1,167,370	9,042,367	1,524,137
4505000	MODERNIZATION-BOW CREEK RECREATION CNTR	27,398,612	604,633	25,889,394	604,633	-	1,509,218
4506000	PARKS INFRASTRUCTURE RENEWAL/REPLACMENT	4,650,000	605,258	3,294,893	3,294,893	(4,452)	1,359,559
4507000	PRKS FACILITIES LIFE CYCLE MAINT-ONGOING	250,000	42,839	167,855	-	50,801	31,344
4509000	KEMPSVILLE RECREATION CENTER	32,258,051	14,257,115	16,889,740	16,889,740	11,861,309	3,507,002
4517000	STUMPY LAKE GOLF COURSE LEASE OBLIGATIONS PH I	177,265	-	-	-	-	177,265
4519000	BIKEWAYS/TRAILS REPAIRS/RENOVATIONS I	560,000	52,904	170,208	-	-	389,792
4520000	GROMMET ISLAND PARK REPAIRS & RENOV-PHI	144,000	-	21,829	21,829	-	122,171
4522000	THALIA CREEK GREENWAY TRAIL	800,000	543	101,388	101,388	68,111	630,501
TOTAL PARKS & RECREATION CAPITAL PROJECTS		<u>\$ 128,913,461</u>	<u>\$ 23,770,594</u>	<u>\$ 75,510,049</u>	<u>\$ 43,860,222</u>	<u>\$ 24,987,077</u>	<u>\$ 28,416,335</u>

CITY OF VIRGINIA BEACH, VIRGINIA
COASTAL CAPITAL PROJECTS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2016

Project Number	Project Name	Budget to Date	Current Year Expenditures	Total Expenditures	Construction In Progress	Outstanding Encumbrances	Available Balance
8005000	W BRANCH LYNNHAVEN RIVER MAINT DREDGING	\$ 6,166,082	\$ 1,402,094	\$ 5,341,028	\$ -	\$ 765,131	\$ 59,923
8008000	BEACH REPLENISHMENT	11,423,125	461,813	11,423,097	-	28	-
8010000	SANDBRIDGE BEACH RESTORATION II	16,500,000	-	-	-	-	16,500,000
8011000	VARIOUS MINOR DREDGING II	825,000	289,309	771,676	-	16,992	36,332
8013000	LYNNHAVEN MAINTENANCE DREDGING II	617,450	7,538	7,538	-	46,236	563,676
8016000	GILLS COVE NEIGHBORHOOD DREDGING	146,815	25,583	49,578	-	13,790	83,447
8110000	EASTERN BRANCH LYNNHAVEN RIVER DREDGING	5,150,000	92,033	103,937	-	292,129	4,753,934
8282000	SANDBRIDGE EMERGENCY BEACH RESTORATION	53,983,152	309,474	38,558,904	-	45,927	15,378,321
8405000	SANDBRIDGE BEACH ACCESS IMPROV PH II	1,175,000	194,331	890,960	-	193,905	90,135
8406000	RUDEE INLET FEDERAL DREDGING PH II	1,635,000	68,214	997,019	-	109,049	528,932
8407000	RUDEE INLET OUTER CHAN MAINT DREDG PH II	2,200,000	2,823	969,222	-	-	1,230,778
8408000	PLEASURE HOUSE POINT MITIGATION	220,000	7,769	151,238	-	-	68,762
8409000	CHESAPEAKE BAY BEACHES	820,000	137,511	199,591	-	30,205	590,204
8500000	OLD DONATION CREEK AREA DREDGING	1,015,000	78,655	235,997	-	698,398	80,605
8501000	BAYVILLE CREEK NEIGHBORHOOD DREDGING	1,043,300	755,389	917,565	-	47,877	77,858
8502000	SHADOWLAWN AREA DREDGING	437,503	71,434	126,093	-	51,915	259,495
8503000	CHESOPEIAN COLONY NEIGHBORHOOD DREDGING	2,677,034	28,336	165,196	-	16,272	2,495,566
8504000	HARBOUR POINT NEIGHBORHOOD DREDGING	312,810	54,514	89,617	-	45,324	177,869
8505000	HURDS COVE NEIGHBORHOOD DREDGING	600,000	84,598	95,194	-	107,405	397,401
8933000	LANDFILL #2 - EXPANSION	23,548,931	-	23,402,163	18,345	33,882	112,886
TOTAL COASTAL CAPITAL PROJECTS		<u>\$ 130,496,202</u>	<u>\$ 4,071,418</u>	<u>\$ 84,495,613</u>	<u>\$ 18,345</u>	<u>\$ 2,514,465</u>	<u>\$ 43,486,124</u>

**CITY OF VIRGINIA BEACH, VIRGINIA
ECONOMIC AND TOURISM CAPITAL PROJECTS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2016**

Project Number	Project Name	Budget to Date	Current Year Expenditures	Total Expenditures	Construction In Progress	Outstanding Encumbrances	Available Balance
9006000	WINSTON-SALEM AVE IMPROVEMENTS	\$ 3,604,516	\$ 104,924	\$ 426,988	\$ 426,988	\$ 336,360	\$ 2,841,168
9008000	HISTORIC KEMPSVILLE	2,500,000	13,857	312,047	312,047	12,500	2,175,453
9011000	TRANSIT CORRIDOR DEVELOPMENT	1,000,000	64,550	203,997	-	190,000	606,003
9015000	PROPOSED ARENA INFRASTRUCTURE DEVELOPMENT	46,520,000	-	-	-	-	46,520,000
9017000	BIRDNECK RD & 17TH STREET IMPROVEMENTS	6,980,000	145,310	145,310	145,310	810,241	6,024,449
9059000	OCEANA & ITA CONFORMITY & ACQUISITION II	3,026,282	1,382,492	1,382,492	1,382,492	2,128,638	(484,848)
9060000	OCEANA/INTERFAC TRAF AREA CONFORM & ACQ	136,728,210	2,839,346	134,262,951	2,839,346	304,398	2,160,861
9069000	19TH STREET CORRIDOR IMPROVEMENTS	12,700,000	196,195	11,244,131	196,195	1,344,690	111,179
9076000	ECONOMIC DEVELOPMENT INITIATIVES	100,000	-	53,800	-	-	46,200
9081000	STRATEGIC GROWTH AREA PROGRAM	18,109,086	789,063	8,441,738	789,063	8,951,683	715,665
9082000	OCEANFRONT GARAGES CAPITAL MAINTENANCE	4,387,991	278,063	2,704,715	-	742,531	940,745
9083000	TOWN CENTER GARAGE & PLAZA CAPITAL MAINT	2,662,727	181,984	797,956	-	854,581	1,010,190
9091000	SGA-BURTON STATION RD IMPROVEMENTS-PH III	8,500,000	233,394	796,295	796,295	5,050,795	2,652,910
9096000	OCEANFRONT CAPITAL PROJECTS REINVEST	2,355,877	1,339,640	1,847,080	1,847,080	240,480	268,317
9108000	29TH STREET IMPROVEMENTS	3,200,000	172,350	275,422	275,422	2,897,278	27,300
9141000	ECONOMIC DEVELOPMENT INVESTMENT PROGRAM (ON-GOING)	50,346,333	2,661,138	45,520,522	-	1,443,044	3,382,767
9276000	CAPE HENRY LIGHTHOUSE RESTORATION-PHII	602,476	2,914	147,884	-	26,227	428,365
9500000	VB AMPHITHEATER CAPITAL MAINTENANCE	1,100,000	188,895	988,860	-	-	111,140
TOTAL ECONOMIC & TOURISM CAPITAL PROJECTS		<u>\$ 304,423,498</u>	<u>\$ 10,594,115</u>	<u>\$ 209,552,188</u>	<u>\$ 9,010,238</u>	<u>\$ 25,333,446</u>	<u>\$ 69,537,864</u>

CITY OF VIRGINIA BEACH, VIRGINIA
SUMMARY OF GENERAL GOVERNMENT CAPITAL PROJECTS REVENUES
FOR THE YEAR ENDED JUNE 30, 2016

	Budget Revenues	Actual Revenues		
		Prior Years	Current Year	Total
FEDERAL FUNDING	\$ 92,516,219	\$ 82,611,792	\$ 6,168,090	\$ 88,779,882
STATE FUNDING	239,609,615	110,124,220	38,624,156	148,748,376
LOCAL FUNDING	1,076,986,704	739,575,475	132,654,723	872,230,198
TOTAL GENERAL GOVERNMENT CAPITAL PROJECTS REVENUES	<u>\$ 1,409,112,538</u>	<u>\$ 932,311,487</u>	<u>\$ 177,446,969</u>	<u>\$ 1,109,758,456</u>

CITY OF VIRGINIA BEACH, VIRGINIA
SUMMARY OF GENERAL GOVERNMENT CAPITAL PROJECTS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2016

Project Name	Budget to Date	Current Year Expenditures	Total Expenditures	Construction In Progress	Outstanding Encumbrances	Available Balance
ENGINEERING AND HIGHWAYS	\$ 596,667,529	\$ 59,373,044	\$ 313,076,931	\$ 142,942,506	\$ 66,374,181	\$ 217,216,417
BUILDINGS	248,611,848	30,460,757	125,973,867	34,562,171	23,331,327	99,306,654
PARKS AND RECREATION	128,913,461	23,770,594	75,510,049	43,860,222	24,987,077	28,416,335
COASTAL	130,496,202	4,071,418	84,495,613	18,345	2,514,465	43,486,124
ECONOMIC AND TOURISM	304,423,498	10,594,115	209,552,188	9,010,238	25,333,446	69,537,864
GENERAL GOVERNMENT EXPENDITURES	<u>\$ 1,409,112,538</u>	128,269,928	<u>\$ 808,608,648</u>	230,393,482	<u>\$ 142,540,496</u>	<u>\$ 457,963,394</u>
CLOSED CAPITAL PROJECTS EXPENDITURES		<u>4,238,876</u>				
TOTAL GENERAL GOVERNMENT EXPENDITURES		132,508,804				
TRANSFER TO SCHOOL BOARD		<u>43,104,686</u>				
DEVELOPMENT AUTHORITY				<u>279,139</u>		
TOTAL CURRENT YEAR CAPITAL PROJECTS EXPENDITURES AND OTHER FINANCING USES		<u>\$ 175,613,490</u>		<u>\$ 230,672,621</u>		
TOTAL GENERAL GOVERNMENT CAPITAL PROJECTS REVENUES			\$ 1,109,758,456			
TOTAL GENERAL GOVERNMENT CAPITAL PROJECTS EXPENDITURES			(808,608,648)			
GENERAL GOVERNMENT CAPITAL PROJECT FUND BALANCE			<u>\$ 301,149,808</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, 2016

ASSETS

Current Assets:

Cash and Investments	\$ 130,738,629
Accounts Receivable - Net of Estimated Uncollectibles	18,645,662
Intergovernmental Receivables	935,738
Inventory	2,475,602
Total Current Assets	<u>\$ 152,795,631</u>

Non-current Assets:

Cash and Investments - Restricted	\$ 77,983,859
Capital Assets:	
Land	12,941,871
Buildings	18,611,567
Utility System	1,054,112,387
Machinery and Equipment	29,171,181
Construction in Progress	27,686,222
Less: Accumulated Depreciation	<u>(461,258,406)</u>
Total Capital Assets	<u>\$ 681,264,822</u>
Total Non-current Assets	<u>\$ 759,248,681</u>
Total Assets	<u>\$ 912,044,312</u>

DEFERRED OUTFLOWS OF RESOURCES

VRS Employer Contributions	<u>\$ 4,830,269</u>
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LIABILITIES

Current Liabilities:

Vouchers and Accounts Payable	\$ 4,010,039
Deposits Payable	148,744
Accrued Interest Payable	2,726,842
Construction Contracts Payable	3,862,760
Unearned Revenue	616,000
Current Portion of Long-term Liabilities	10,675,190
Total Current Liabilities	<u>\$ 22,039,575</u>

Long-Term Liabilities (less current portion):

Double Barrel and Revenue Bonds and Notes	\$ 211,056,004
Premium on Refunding Bonds	17,118,776
Accrued Compensated Leave	1,126,235
Net Pension Liability	21,158,640
Total Long-Term Liabilities (less current portion)	<u>\$ 250,459,655</u>
Total Liabilities	<u>\$ 272,499,230</u>

DEFERRED INFLOWS OF RESOURCES

Net difference between Projected and Actual Earnings on Plan Investments	<u>\$ 5,292,001</u>
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NET POSITION

Net Investment in Capital Assets	\$ 444,119,723
Restricted for Capital Projects	50,424,617
Restricted for Debt Service	17,979,295
Restricted for Operations	128,991,292
Total Net Position	<u>\$ 639,083,350</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, 2016

OPERATING REVENUES

Service Charges	\$ 75,233,225
Sale of Water	44,846,586
Tap Fees	815,025
Fire Hydrant Rental	6,789
Navy Wheelage Charges	129,195
City of Norfolk Water True Up	825,386
Interfund Services Provided	1,169,467
Miscellaneous	821,184
Total Operating Revenues	<u>\$ 123,846,857</u>

OPERATING EXPENSES

Cost of Goods Sold - Water Purchases	\$ 24,487,885
Personal Services	21,668,019
Fringe Benefits	6,519,396
Contractual Services	5,078,318
Internal Services	3,397,497
Other Charges	16,017,239
CIP Annual Expenditures	761,940
Depreciation	25,954,884
Total Operating Expenses	<u>\$ 103,885,178</u>

<u>OPERATING INCOME (LOSS)</u>	<u>\$ 19,961,679</u>
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NONOPERATING REVENUES (EXPENSES)

Interest Income	\$ 597,518
Gain From Sale of Assets	266,035
Interest on Double Barrel/Revenue Bonds and Notes	(5,222,310)
Commonwealth	27,218
Total Nonoperating Expenses, net	<u>\$ (4,331,539)</u>

<u>INCOME (LOSS) BEFORE CONTRIBUTIONS</u>	\$ 15,630,140
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Capital Contributions	<u>6,884,804</u>
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<u>CHANGE IN NET POSITION</u>	\$ 22,514,944
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<u>TOTAL NET POSITION - BEGINNING</u>	<u>616,568,406</u>
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<u>TOTAL NET POSITION - ENDING</u>	<u><u>\$ 639,083,350</u></u>
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**CITY OF VIRGINIA BEACH, VIRGINIA
WATER AND SEWER ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016**

CASH FLOWS FROM OPERATING ACTIVITIES:

Receipts from Customers and Users	\$ 122,204,191
Receipts from Interfund Services Provided	246,001
Other Operating Cash Receipts	821,184
Cash Payments To Suppliers of Goods and Services	(49,272,420)
Cash Payments To Employees for Services	(29,795,779)
Net Cash Provided (Used) By Operating Activities	<u>\$ 44,203,177</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Intergovernmental Receipts	\$ 27,218
Net Cash Provided (Used) By Noncapital Financing Activities	<u>\$ 27,218</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Net Interest on Long-term Debt	\$ 3,257,842
Acquisition and Construction of Capital Assets	(36,559,017)
Proceeds from Sale of Salvage	266,035
Receipts of Connection Fees	3,600,852
Federal Government Bond Subsidy	945,982
Proceeds from Sale of Bonds	46,560,000
Proceeds from Sale of Refunding Bonds	42,865,000
Principal Repayment on Refunding Long-term Debt	(54,110,000)
Principal Paid on Long-term Debt	(9,371,805)
Net Cash Provided (Used) By Capital and Related Financing Activities	<u>\$ (2,545,111)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Interest and Dividends Received	\$ 597,518
Net Increase (Decrease) in Cash and Investments	42,282,802
Cash and Investments, July 1	<u>166,439,686</u>
Cash and Investments, June 30	<u><u>\$ 208,722,488</u></u>

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

Operating Income	\$ 19,961,679
Adjustments to Reconcile Operating Income to Net Cash Provided By Operating Activities:	
Depreciation	25,954,884
Net changes in assets and liabilities:	
Accounts Receivable	347,985
Intergovernmental Receivables	(923,466)
Inventory	(234,763)
Deferred Outflows	(1,763,996)
Vouchers and Accounts Payable	575,808
Deposits Payable	8,159
Unearned Revenue	121,255
Accrued Compensated Leave	72,898
Net Pension Liability	225,826
Deferred Inflows	(143,092)
Net Cash Provided (Used) By Operating Activities	<u><u>\$ 44,203,177</u></u>

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:

Capital Contributions of Fixed Assets	<u><u>\$ 735,903</u></u>
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CITY OF VIRGINIA BEACH, VIRGINIA
WATER AND SEWER ENTERPRISE FUND
SCHEDULE OF CHANGES IN RESTRICTED ASSETS
FOR THE YEAR ENDED JUNE 30, 2016

CASH - DESIGNATED FOR CONSTRUCTION

Balance - July 1	\$ 24,643,718
Receipts:	
Water and Sewer Enterprise	16,275,000
Transfer from General Fund	1,500,000
Transfer from WRRF	2,414,095
Federal Emergency Management Agency	102,067
VA Department of Emergency Management	27,218
Reallocated CIP interest to GF	(298,472)
Proceeds from Sale of Bonds	49,877,469
Total Receipts	<u>69,897,377</u>
Disbursements:	
Water and Sewer Construction Expenditures	37,331,706
Accrued Expenditures Not Paid in Current Year	2,922,012
Total Disbursements	<u>40,253,718</u>
Balance - June 30 Designated for Construction	<u><u>\$ 54,287,377</u></u>

CASH - WATER RESOURCE RECOVERY FEES

Balance - July 1	\$ -
Receipts:	
Fees	2,414,095
Disbursements:	
Construction Expenditures	2,414,095
Balance - June 30 Water Resource Recovery Fees	<u><u>\$ -</u></u>

CASH - WATER AND SEWER DEBT SERVICE RESERVE

Balance - July 1	\$ 17,005,845
Net Disbursements and Receipts	973,450
Balance - June 30 Water and Sewer Debt Service	<u><u>\$ 17,979,295</u></u>

CASH - WITH FISCAL AGENT

Balance - July 1	\$ 8,491,041
Net Disbursements and Receipts	(2,773,854)
Balance - June 30 Cash With Fiscal Agent	<u><u>\$ 5,717,187</u></u>

<u>TOTAL RESTRICTED CASH</u>	<u><u>\$ 77,983,859</u></u>
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CITY OF VIRGINIA BEACH, VIRGINIA
WATER AND SEWER ENTERPRISE FUND
SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Budget	Actual	Variance Positive (Negative)
<u>Director of Public Utilities</u>			
Personal Services	\$ 287,584	\$ 256,245	\$ 31,339
Fringe Benefits	98,831	92,847	5,984
Contractual Services	4,720	545	4,175
Internal Services	22,700	22,825	(125)
Other Charges	44,748	29,035	15,713
Total Director of Public Utilities	<u>\$ 458,583</u>	<u>\$ 401,497</u>	<u>\$ 57,086</u>
<u>Engineering Staff</u>			
Personal Services	\$ 6,247,671	\$ 6,052,843	\$ 194,828
Fringe Benefits	2,011,094	1,968,609	42,485
Contractual Services	1,184,752	463,492	721,260
Internal Services	305,216	236,468	68,748
Other Charges	251,741	192,212	59,529
Total Engineering Staff	<u>\$ 10,000,474</u>	<u>\$ 8,913,624</u>	<u>\$ 1,086,850</u>
<u>Operations and Maintenance Administration</u>			
Personal Services	\$ 2,144,929	\$ 2,019,623	\$ 125,306
Fringe Benefits	765,219	716,200	49,019
Contractual Services	2,237,749	1,072,938	1,164,811
Internal Services	179,146	152,340	26,806
Other Charges	560,527	545,114	15,413
Total Operations and Maintenance Administration	<u>\$ 5,887,570</u>	<u>\$ 4,506,215</u>	<u>\$ 1,381,355</u>
<u>Water Distribution</u>			
Personal Services	\$ 2,587,215	\$ 2,483,831	\$ 103,384
Fringe Benefits	923,559	903,937	19,622
Contractual Services	152,630	114,889	37,741
Internal Services	624,435	533,957	90,478
Other Charges	837,966	886,596	(48,630)
Total Water Distribution	<u>\$ 5,125,805</u>	<u>\$ 4,923,210</u>	<u>\$ 202,595</u>
<u>Lake Gaston Facilities</u>			
Contractual Services	\$ 1,820,713	\$ 1,270,550	\$ 550,163
Internal Services	82,085	12,380	69,705
Other Charges	1,465,261	625,473	839,788
Total Lake Gaston Facilities	<u>\$ 3,368,059</u>	<u>\$ 1,908,403</u>	<u>\$ 1,459,656</u>
<u>Sewer Collection Systems</u>			
Personal Services	\$ 3,341,412	\$ 3,031,224	\$ 310,188
Fringe Benefits	1,113,349	1,024,569	88,780
Contractual Services	417,574	115,987	301,587
Internal Services	1,381,232	1,370,914	10,318
Other Charges	791,335	560,646	230,689
Total Sewer Collection Systems	<u>\$ 7,044,902</u>	<u>\$ 6,103,340</u>	<u>\$ 941,562</u>
<u>Sewer Pump Stations</u>			
Personal Services	\$ 2,475,733	\$ 2,364,177	\$ 111,556
Fringe Benefits	935,303	893,643	41,660
Contractual Services	270,378	230,034	40,344
Internal Services	555,782	476,002	79,780
Other Charges	3,034,995	2,265,852	769,143
Total Sewer Pump Stations	<u>\$ 7,272,191</u>	<u>\$ 6,229,708</u>	<u>\$ 1,042,483</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, 2016

	Budget	Actual	Variance Positive (Negative)
<u>Customer Services</u>			
Personal Services	\$ 2,951,056	\$ 2,842,073	\$ 108,983
Fringe Benefits	1,190,541	1,082,521	108,020
Contractual Services	2,324,076	1,764,810	559,266
Internal Services	283,621	222,707	60,914
Other Charges	969,755	758,797	210,958
Total Customer Services	<u>\$ 7,719,049</u>	<u>\$ 6,670,908</u>	<u>\$ 1,048,141</u>
<u>Water Purchases</u>	<u>\$ 24,943,865</u>	<u>\$ 24,487,885</u>	<u>\$ 455,980</u>
<u>Meter Operations</u>			
Personal Services	\$ 1,812,245	\$ 1,710,223	\$ 102,022
Fringe Benefits	717,432	654,970	62,462
Contractual Services	82,759	13,771	68,988
Internal Services	326,101	276,958	49,143
Other Charges	981,827	825,522	156,305
Total Meter Operations	<u>\$ 3,920,364</u>	<u>\$ 3,481,444</u>	<u>\$ 438,920</u>
<u>Electrical Support</u>			
Personal Services	\$ 973,316	\$ 907,780	\$ 65,536
Fringe Benefits	343,979	312,865	31,114
Contractual Services	80,100	31,302	48,798
Internal Services	103,921	92,946	10,975
Other Charges	151,291	134,292	16,999
Total Meter Operations	<u>\$ 1,652,607</u>	<u>\$ 1,479,185</u>	<u>\$ 173,422</u>
<u>General Fund Charges</u>			
Office Rental	\$ 396,678	\$ 396,678	\$ -
Landscape Services	442,606	414,785	27,821
Support Personnel	507,637	494,738	12,899
Building Maintenance	164,380	164,380	-
Communication Technology Charges	1,924,307	1,924,307	-
Indirect Cost Allocation	2,575,000	1,476,715	1,098,285
Right of Way Utility	4,000,000	4,000,000	-
Water Assistance	250,000	180,701	69,299
Radio Maintenance	141,396	141,396	-
Total General Fund Charges	<u>\$ 10,402,004</u>	<u>\$ 9,193,700</u>	<u>\$ 1,208,304</u>
<u>Other Charges</u>			
Retiree Health Insurance	\$ 460,000	550,497	\$ (90,497)
CIP Annual Expenditures	-	761,940	(761,940)
Net Deferred Retirement Contributions	-	(1,681,262)	1,681,262
Total Other Charges	<u>\$ 460,000</u>	<u>\$ (368,825)</u>	<u>\$ 828,825</u>
Total Budgeted Operating Expenses	<u>\$ 88,255,473</u>	<u>\$ 77,930,294</u>	<u>\$ 10,325,179</u>

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

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

CITY OF VIRGINIA BEACH, VIRGINIA
WATER AND SEWER FUND CAPITAL PROJECTS
WATER CAPITAL PROJECTS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2016

Project Number	Project Name	Budget to Date	Current Year Expenditures	Total Expenditures	Construction In Progress	Outstanding Encumbrances	Available Balance
5010000	RAW WATER TRANSMISSION SYSTEM REHAB I	\$ 1,100,000	\$ 82,619	\$ 88,746	\$ 88,746	\$ 192,104	\$ 819,150
5011000	BCH GARDEN PRK-KILBORNE CT/HOLLY RD IMP	500,000	-	362,616	-	-	137,384
5017000	PUBLIC ACCESS RENOVATIONS - BLDG 2	417,500	-	377,540	-	-	39,960
5024000	HOLLAND ROAD - PHASE VI	2,600,000	760,350	1,489,759	1,489,759	-	1,110,241
5027000	LESNER BRIDGE WATER LINE REPLACEMENT	250,000	46,304	46,304	46,304	75,409	128,287
5028000	WITCHDUCK RD - PHASE II WATER IMPROVEMENT	1,802,000	60,037	60,037	60,037	918	1,741,045
5030000	SHORE DRIVE WATER LINE IMPROVEMENTS PH III	385,000	30,132	30,132	30,132	70,308	284,560
5031000	SYSTEM EXP COST PARTICIPATION AGREE PH II	220,000	-	100,000	100,000	-	120,000
5043000	LANDSTOWN ROAD WATER IMPROVEMENTS	450,000	11,250	11,250	11,250	6,750	432,000
5046000	UTILITIES EMERG RESPONSE PRG-PHASE II	900,000	47,347	613,385	96,756	45,164	241,451
5083000	STUMPY LAKE-WTR RESVR/PMP FACILITIES IMP	3,241,221	-	3,175,484	-	-	65,737
5089000	VAR ROADWAY/STRM WTR COORDINATION - PH V	1,260,000	-	855,508	19,641	116,297	288,195
5090000	LYNNHAVEN PARKWAY - PHASE XI	635,198	4,445	41,525	41,525	282,348	311,325
5116000	PROSPERITY ROAD WATER IMPROVE 51% PROGR	2,250,000	1,314,866	1,373,488	1,373,488	266,397	610,115
5148000	ELBOW ROAD EXT - PH I & II	429,663	-	379,662	-	-	50,001
5149000	INDIAN RIVER RD - PHASE VII	68,548	-	58,224	-	10,324	-
5151000	LANDSTOWN YARD IMPROVEMENTS - PHASE IV	2,576,000	525,905	1,353,049	777,163	240,908	982,043
5203000	LOTUS GARDEN WATER IMPROVEMENTS-51% PRG	2,020,000	1,430,154	2,020,000	-	-	-
5207000	LASKIN ROAD - PHASE I	905,606	10,380	362,998	207,393	25,845	516,763
5251000	VARIOUS RDWY STORM WATER COOR VI	850,000	123,443	128,016	128,016	(6,269)	728,253
5254000	WATER REQUESTS & AGREEMENT (51% PRG) VI	100,000	-	100,000	100,000	-	-
5260000	UTILITY CROSSINGS CONDITION ASSESS PH II	1,243,518	8,849	220,470	220,470	1,151	1,021,897
5403000	SERVICE ORDER AUTOMATION SOLUTION DESIGN	150,000	1,800	1,800	1,800	-	148,200
5404000	COMPUTERIZED MAPPING/INFRAS MGMT-PHII	1,095,495	-	856,184	-	-	239,311
5405000	CUSTOMER INFO SYSTEM VERSION MIGRATION	1,200,000	-	144,463	144,463	-	1,055,537
5407000	COMPUTERIZED MAP/INFRASTRUCTURE MGMT III	100,000	10,755	10,755	10,755	420	88,825
5408000	NIMMO PARKWAY-WATER MAIN REPLACE-PH V	250,000	-	900	900	128,395	120,705
5452000	COMPREHENSIVE WATER MASTER PLANNING VI	700,000	88,682	191,272	-	311,160	197,568
5501000	WTR PUMP STATION/TANK UPGRADE PRG - PH I	14,984,996	2,122,892	12,816,055	-	810,220	1,358,721
5602000	PA RD/KEMPSVILLE RD INTERSECTION IMPROVE	759,300	27,762	86,717	86,717	31,711	640,872
5604000	PA ROAD WATER IMPROVEMENTS - PHASE VII	820,000	9,061	9,061	9,061	-	810,939
5708000	RESORT AREA NEIGHBORHOOD REVITALIZATION	4,446,636	203,923	3,350,892	-	22,680	1,073,064
5804000	WATER LINE EXT REPLACE REHAB PROGRAM	7,035,000	791,689	2,381,173	791,689	1,177,566	3,476,261
5805000	WTR SYS AGING INFRASTRUCTURE PRG - PH I	6,150,000	260,005	4,725,647	639,654	169,362	1,254,991
5806000	BACKFLOW PREVENT/CROSS CONNCT CTRL PH II	536,271	117,743	331,595	331,595	81,180	123,496
5944000	PRINCESS ANNE ROAD - PHASE IV	2,416,145	-	2,054,242	-	-	361,903
5952000	WTR PUMP STA FLOW MONITOR/DATA STORAGE	1,469,176	140,389	641,419	641,419	208,121	619,636
5953000	WATER TAP INSTALLATION PROGRAM PH II	779,754	186,215	688,464	463,531	82,810	8,480
5964000	WATER RESOURCES - LAKE GASTON	153,865,865	-	153,158,026	-	-	707,839
5967000	WTR RESOURCES INVESTIGATION/PLANNING - PH I	700,000	66,501	208,839	-	43,851	447,310
TOTAL WATER CAPITAL PROJECT EXPENDITURES		<u>\$ 221,662,892</u>	8,483,498	<u>\$ 194,905,697</u>	<u>\$ 7,912,264</u>	<u>\$ 4,395,130</u>	<u>\$ 22,362,065</u>
CLOSED WATER CAPITAL PROJECTS EXPENDITURES			<u>96,250</u>				
TOTAL CURRENT YEAR WATER CAPITAL PROJECTS EXPENDITURES			<u>\$ 8,579,748</u>				

CITY OF VIRGINIA BEACH, VIRGINIA
WATER AND SEWER FUND CAPITAL PROJECTS
SEWER CAPITAL PROJECTS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2016

Project Number	Project Name	Budget to Date	Current Year Expenditures	Total Expenditures	Construction In Progress	Outstanding Encumbrances	Available Balance
6019000	RESORT AREA NEIGHBORHOOD REVITALIZATION	\$ 14,960,000	\$ 1,235,227	\$ 9,962,430	\$ 1,235,227	\$ 560,214	\$ 4,437,356
6041000	PUMP STATION MODIFICATIONS-PHASE V	46,242,465	7,043,553	33,578,084	-	10,722,425	1,941,956
6043000	LANDSTOWN ROAD SEWER IMPROVEMENTS	350,000	14,470	14,470	14,470	9,530	326,000
6051000	INDIAN RIVER ROAD - PHASE VII	14,717	-	9,473	9,469	5,244	-
6057000	HOLLAND ROAD - PHASE VI	2,550,000	498,264	1,172,795	1,172,795	-	1,377,205
6061000	EMERG RESPONSE PRG-PHASE II	900,000	26,667	527,094	51,080	7,844	365,062
6065000	INFILTRATION, INFLOW, AND REHAB - PHASE IV	25,171,603	-	25,088,621	-	-	82,982
6070000	INFILTRATION & REHAB PH V	23,960,000	1,292,658	19,037,738	1,292,658	1,459,659	3,462,603
6075000	LASKIN ROAD - PHASE I	600,030	-	79,918	79,888	10,000	510,112
6086000	PU PUBLIC ACCESS RENOVATIONS - BLDG 2	417,500	-	290,725	-	-	126,775
6089000	COMP SEWER MASTER PLANNING - PHASE IV	2,300,000	-	2,215,878	-	-	84,122
6090000	CLEAN WATER ACT COMPLIANCE STUDIES - PH I	200,000	-	84,233	-	88,854	26,913
6091000	SEWER REQUESTS & AGREEMENTS PH VI (51%)	100,000	-	100,000	100,000	-	-
6092000	VACUUM VALVE MONITORING SYSTEM	400,000	113,331	113,331	113,331	12,592	274,077
6093000	CONSENT ORDER REHAB PLAN IMPLEMENTATION - PH I	8,575,000	381,130	1,426,454	572,243	5,189,307	1,959,239
6116000	PROSPERITY ROAD SEWER IMPROVE 51% PROGR	1,250,000	591,556	801,262	801,262	266,931	181,807
6151000	LANDSTOWN YARD IMPROVEMENTS - PHASE IV	1,745,000	512,875	888,204	589,445	268,132	588,664
6201000	GREEN HILL FARMS SEWER IMPROVE (51% PRG)	2,620,000	51,422	172,460	172,460	1,869,579	577,961
6203000	LOTUS GARDEN SEWER IMPROVEMENTS-51% PRG	1,650,000	563,438	1,650,000	1,060,733	-	-
6403000	SERVICE ORDER AUTOMATION SOLUTION DESIGN	150,000	2,000	2,000	2,000	-	148,000
6404000	COMPUTERIZED MAPPING MGMT-PH II	895,000	-	654,860	-	-	240,140
6405000	CUSTOMER INFO SYSTEM VERSION MIGRATION	1,200,000	-	126,320	126,320	-	1,073,680
6411000	CIT-SRV AREA MSTR PLAN/INFO SYS (SAMPIS)	900,000	-	862,025	-	-	37,975
6501000	AUX POWER PRG-SEWER PMP STATIONS-PH III	12,806,816	2,652,349	7,334,020	-	989,339	4,483,457
6550000	COMPREHENSIVE SEWER MASTER PLANNING V	650,000	203,216	505,941	-	85,000	59,059
6551000	SYSTEM EXP COST PARTICIPATION AGREE III	1,320,000	89,280	484,305	484,305	-	835,695
6552000	SANITARY SEWER SYS REVIT'L N PRG-PH II	21,165,736	3,331,067	16,068,832	-	1,439,860	3,657,044
6555000	UTILITY CROSSINGS CONDITION ASSESS PH II	1,284,211	-	84,900	84,900	-	1,199,311
6556000	VARIOUS ROADWAY/STORM WATER COORD VI	1,220,000	82,415	120,597	120,597	606,732	492,671
6557000	SGA SANITARY SEWER SYSTEM IMPROVEMENTS	1,600,000	-	-	-	-	1,600,000
6559000	SANITARY SEWER ASSET MGMT PROGRAM III	1,100,000	11,180	11,180	11,180	43,687	1,045,133
6564000	RELOCATION SEWER CLEAN OUTS N LANDING	325,000	2,217	66,015	66,015	1,109	257,876
6565000	COMPUTERIZED MAPPING & INFRASTRUCTURE	100,000	10,755	10,755	10,755	420	88,825
6566000	NIMMO PARKWAY SANITARY SEWER EXT-PH V	305,000	-	-	-	4,000	301,000
6601000	FIRST COLONIAL/VB BLVD INTERSECTION IMPROV	10,000	-	-	-	-	10,000
6602000	PA ROAD/KEMPSVILLE RD INTERSECTION IMPROV	969,600	-	636,256	65,975	197,011	136,333
6603000	WITCHDUCK ROAD-PHASE I SEWER IMPROVEMENTS	297,507	-	296,991	-	-	516
6604000	WITCHDUCK ROAD-PHASE II SEWER IMPROVEMENTS	461,499	25,704	43,130	43,130	9,047	409,322
6804000	SANIT SWR REGULATORY COMPLIANCE PRG - PH I	26,098,476	2,775,164	22,859,151	-	1,561,080	1,678,245
6952000	SWR PUMP STA FLOW MONITOR/DATA STORAGE	18,674,828	4,180,454	7,743,714	7,743,714	4,091,692	6,839,422
6953000	SEWER TAP INSTALLATION PROGRAM PH II	1,206,811	316,033	1,059,871	664,680	115,758	31,182
6973000	SANITARY SEWER CAPACITY PROGRAM - PHASE I	6,700,000	2,619,544	6,670,819	-	7,454	21,727
TOTAL SEWER CAPITAL PROJECT EXPENDITURES		\$ 233,446,799	\$ 28,625,969	\$ 162,854,852	\$ 16,688,632	\$ 29,622,500	\$ 40,969,447
CLOSED CAPITAL PROJECTS EXPENDITURES			125,987				
TOTAL CURRENT YEAR SEWER CAPITAL PROJECTS EXPENDITURES			28,751,956				
WATER AND SEWER CAPITAL PROJECTS		<u>\$ 455,109,691</u>	<u>\$ 37,331,704</u>	<u>\$ 357,760,549</u>	24,600,896	<u>\$ 34,017,630</u>	<u>\$ 63,331,512</u>
CAPITALIZED INTEREST REMAINING IN CONSTRUCTION IN PROGRESS					3,085,326		
WATER AND SEWER FUND CONSTRUCTION IN PROGRESS					<u>\$ 27,686,222</u>		
TOTAL WATER AND SEWER CAPITAL PROJECTS REVENUES				\$ 408,185,166			
TOTAL WATER AND SEWER CAPITAL PROJECTS EXPENDITURES				(357,760,549)			
WATER AND SEWER NET POSITION RESTRICTED FOR CAPITAL PROJECTS				<u>\$ 50,424,617</u>			

**CITY OF VIRGINIA BEACH, VIRGINIA
WATER AND SEWER FUND CAPITAL PROJECTS
BUDGETED AND ACTUAL REVENUES
FOR THE YEAR ENDED JUNE 30, 2016**

	Budget Revenues	Actual Revenues		
		Prior Years	Current Year	Total
FEDERAL FUNDING	\$ 474,466	\$ 235,888	\$ 102,067	\$ 337,955
STATE FUNDING	88,640	62,903	27,218	90,121
LOCAL FUNDING	454,546,585	340,403,093	67,353,997	407,757,090
TOTAL GENERAL GOVERNMENT CAPITAL PROJECTS REVENUES	<u>\$ 455,109,691</u>	<u>\$ 340,701,884</u>	<u>\$ 67,483,282</u>	<u>\$ 408,185,166</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, in order 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, 2016

ASSETS

Current Assets:

Cash and Investments	\$ 31,690,052
Accounts Receivable - Net of Estimated Uncollectibles	6,432,655
Total Current Assets	<u>\$ 38,122,707</u>

Non-current Assets:

Cash and Investments - Restricted	\$ 35,314,487
Capital Assets:	
Land	131,664,678
Utility System	232,807,611
Machinery and Equipment	13,983,084
Construction in Progress	11,038,303
Less: Accumulated Depreciation	<u>(63,287,813)</u>
Total Capital Assets	<u>\$ 326,205,863</u>
Total Non-current Assets	<u>\$ 361,520,350</u>
Total Assets	<u>\$ 399,643,057</u>

DEFERRED OUTFLOWS OF RESOURCES

VRS Employer Contributions	<u>\$ 1,624,362</u>
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LIABILITIES

Current Liabilities:

Vouchers and Accounts Payable	\$ 685,423
Accrued Interest Payable	214,243
Construction Contracts Payable	3,354,938
Current Portion of Long-term Liabilities	<u>2,330,266</u>
Total Current Liabilities	<u>\$ 6,584,870</u>

Long-Term Liabilities (less current portion):

Double Barrel and Revenue Bonds and Notes	\$ 43,520,000
Premium on Refunding Bonds	1,064,421
Accrued Compensated Leave	623,985
Net Pension Liability	<u>7,115,399</u>
Total Long-Term Liabilities (less current portion)	<u>\$ 52,323,805</u>
Total Liabilities	<u>\$ 58,908,675</u>

DEFERRED INFLOWS OF RESOURCES

Net difference between Projected and Actual Earnings on Plan Investments	<u>\$ 1,779,637</u>
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NET POSITION

Net Investment in Capital Assets	\$ 279,795,475
Restricted for Capital Projects	28,643,574
Restricted for Debt Service	3,393,570
Restricted for Operations	<u>28,746,488</u>
Total Net Position	<u>\$ 340,579,107</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, 2016

OPERATING REVENUES

Service Charges	\$ 39,458,769
Miscellaneous	11,457
Total Operating Revenues	<u>\$ 39,470,226</u>

OPERATING EXPENSES

Personal Services	\$ 8,434,444
Fringe Benefits	2,393,731
Contractual Services	2,443,716
Internal Services	1,221,322
Other Charges	3,713,954
Land Structure Maintenance	177,998
Depreciation	4,792,210
Total Operating Expenses	<u>\$ 23,177,375</u>

OPERATING INCOME (LOSS)

\$ 16,292,851

NONOPERATING REVENUES (EXPENSES)

Interest Income	\$ 177,937
Gain (Loss) From Sale of Assets	62,998
Interest and Fiscal Charges	(145,667)
Total Nonoperating Revenues (Expenses)	<u>\$ 95,268</u>

INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS

\$ 16,388,119

Capital Contributions	1,291,092
Transfers In	29,873
Total Transfers and Contributions	<u>\$ 1,320,965</u>

CHANGE IN NET POSITION

\$ 17,709,084

TOTAL NET POSITION - BEGINNING

322,870,023

TOTAL NET POSITION - ENDING

\$ 340,579,107

**CITY OF VIRGINIA BEACH, VIRGINIA
STORM WATER ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016**

CASH FLOWS FROM OPERATING ACTIVITIES:

Receipts from Customers and Users	\$ 39,399,951
Other Operating Cash Receipts	11,457
Cash Payments To Suppliers of Goods and Services	(7,439,981)
Cash Payments To Employees for Services	(11,289,043)
Net Cash Provided (Used) By Operating Activities	<u>\$ 20,682,384</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Receipts from Other Funds	\$ 29,873
Net Cash Provided (Used) By Noncapital Financing Activities	<u>\$ 29,873</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Net Interest on Long-term Debt	\$ (1,746,426)
Acquisition and Construction of Capital Assets	(20,922,948)
Proceeds from Sale of Salvage	62,998
Federal Reimbursement of Interest	268,750
Principal Paid on Long-term Debt	(1,660,000)
Net Cash Provided (Used) By Capital and Related Financing Activities	<u>\$ (23,997,626)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Interest and Dividends Received	\$ 177,937
Net Cash Provided By Investing Activities	<u>177,937</u>
Net Increase (Decrease) in Cash and Investments	(3,107,432)
Cash and Investments, July 1	<u>70,111,971</u>
Cash and Investments, June 30	<u><u>\$ 67,004,539</u></u>

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

Operating Income	\$ 16,292,851
Adjustments to Reconcile Operating Income to Net Cash Provided By Operating Activities:	
Depreciation	4,792,210
Net Changes in assets and liabilities:	
Accounts Receivable	(58,818)
Deferred Outflows	(593,211)
Vouchers and Accounts Payable	117,009
Accrued Compensated Leave	104,520
Net Pension Liability	75,943
Deferred Inflows	(48,120)
Net Cash Provided (Used) By Operating Activities	<u><u>\$ 20,682,384</u></u>

CITY OF VIRGINIA BEACH, VIRGINIA
STORM WATER ENTERPRISE FUND
SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

			Variance
	Budget	Actual	Positive
			(Negative)
<u>Project Management</u>			
Personal Services	\$ 1,656,361	\$ 1,722,057	\$ (65,696)
Fringe Benefits	568,127	548,609	19,518
Contractual Services	293,087	90,271	202,816
Internal Services	37,487	30,332	7,155
Other Charges	307,528	212,999	94,529
Total Project Management	<u>\$ 2,862,590</u>	<u>\$ 2,604,268</u>	<u>\$ 258,322</u>
<u>Customer Services</u>			
Personal Services	\$ 32,465	\$ 53,115	\$ (20,650)
Fringe Benefits	243	7,665	(7,422)
Contractual Services	5,600	-	5,600
Internal Services	2,521	1,329	1,192
Other Charges	4,268	-	4,268
Total Customer Services	<u>\$ 45,097</u>	<u>\$ 62,109</u>	<u>\$ (17,012)</u>
<u>Operations and Maintenance</u>			
Personal Services	\$ 5,323,315	\$ 5,015,288	\$ 308,027
Fringe Benefits	1,902,091	1,884,891	17,200
Contractual Services	4,476,815	2,287,868	2,188,947
Internal Services	989,753	896,234	93,519
Other Charges	745,194	414,911	330,283
Land Structures and Improvements	203,738	177,998	25,740
Total Operations and Maintenance	<u>\$ 13,640,906</u>	<u>\$ 10,677,190</u>	<u>\$ 2,963,716</u>
<u>Inspections and Environmental Spill Response</u>			
Personal Services	\$ 567,074	\$ 540,343	\$ 26,731
Fringe Benefits	184,197	164,414	19,783
Contractual Services	233,954	49,685	184,269
Internal Services	25,384	25,198	186
Other Charges	18,317	11,684	6,633
Total Inspections and Environmental Spill Response	<u>\$ 1,028,926</u>	<u>\$ 791,324</u>	<u>\$ 237,602</u>
<u>Residential Street Sweeping</u>			
Personal Services	\$ 1,336,482	\$ 1,103,641	\$ 232,841
Fringe Benefits	448,925	353,540	95,385
Contractual Services	124,714	15,892	108,822
Internal Services	324,049	268,229	55,820
Other Charges	102,434	46,295	56,139
Total Residential Street Sweeping	<u>\$ 2,336,604</u>	<u>\$ 1,787,597</u>	<u>\$ 549,007</u>

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
STORM WATER ENTERPRISE FUND
SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

			Variance
	Budget	Actual	Positive
			(Negative)
<u>General Fund Charges</u>			
Indirect Cost Allocations	\$ 1,836,000	\$ 1,737,072	\$ 98,928
Landscape Services	51,755	51,755	-
ComIT Core Services	13,744	13,744	-
Stormwater Regulations	139,533	139,533	-
Total General Fund Charges	<u>\$ 2,041,032</u>	<u>\$ 1,942,104</u>	<u>\$ 98,928</u>
<u>Other Charges</u>			
Annual CIP Expenditures	\$ -	\$ 463,098	\$ (463,098)
Water and Sewer Billing System Charges	622,863	622,863	-
Net Deferred Retirement Contributions	-	(565,388)	565,388
Total Other Charges	<u>\$ 622,863</u>	<u>\$ 520,573</u>	<u>\$ 102,290</u>
Total Budgeted Operating Expenses	<u>\$ 22,578,018</u>	<u>\$ 18,385,165</u>	<u>\$ 4,192,853</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, 2016

Funding Sources	Budget Revenues	Actual Revenues		
		Prior Years	Current Year	Total
FEDERAL FUNDING	\$ 3,603,121	\$ 521,523	\$ 1,022,342	\$ 1,543,865
STATE FUNDING	1,019,728	724,458	-	724,458
LOCAL FUNDING	217,798,620	168,923,766	8,407,007	177,330,773
TOTAL STORM WATER UTILITY CAPITAL PROJECTS	<u>\$ 222,421,469</u>	<u>\$ 170,169,747</u>	<u>\$ 9,429,349</u>	<u>\$ 179,599,096</u>

CITY OF VIRGINIA BEACH, VIRGINIA
STORM WATER CAPITAL PROJECTS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2016

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	\$ 42,890	\$ 20,672,388	\$ 42,890	\$ 19,989	\$ 11,065
7005	NORTH LAKE HOLLY WATERSHED	17,071,135	325,208	9,098,398	768,591	1,081,169	6,891,568
7016	SOUTH LAKE HOLLY WATERSHED (PARTIAL)	13,438,000	1,934,870	6,329,406	-	804,890	6,303,704
7023	PRIMARY SYSTEM INFRASTRUCTURE IMPROVE II	3,810,000	1,044,602	2,243,736	37,191	1,282,095	284,169
7024	SOUTHERN CANAL/LEAD DITCH & CULVERT IMPRV	1,750,000	592,629	1,161,561	883,577	14,209	574,230
7026	RESIDENTIAL DRAINAGE COST PART PRGM II	150,000	55,619	62,104	62,104	-	87,896
7027	SWM MSTR PLANNING, ANALYSIS, & INVENTORY	3,570,906	815,470	2,162,642	874,047	889,814	518,450
7028	WINDSOR WOODS DRAINAGE	3,184,453	242,099	242,099	242,099	553,323	2,389,031
7030	SEA LEVEL RISE/RECURRENT FLOODING ANALYSIS	3,844,447	143,116	191,738	-	69,178	3,583,531
7032	FLOOD MITIGATION ASSISTANCE GRANT PROGRAM	1,227,144	140,600	140,600	140,600	57,555	1,028,989
7033	STORM WATER MAINTENANCE BACKLOG	4,400,000	4,449	4,326,402	75,038	2,677	70,921
7034	STORMWATER OPERATIONS MODULAR BUILDING	490,000	37,897	37,897	37,897	25,820	426,283
7035	LAWSON FOREST DRAINAGE	680,000	254,732	403,145	-	-	276,855
7036	BAKER ROAD CULVERT & DITCH IMPROVEMENTS	450,000	9,200	129,731	129,731	38,664	281,605
7037	BELLAMY MANOR OUTFALL DITCH	750,000	2,410	2,410	2,410	20,085	727,505
7038	THOROUGHGOOD DRAINAGE	870,000	19,077	869,690	-	-	310
7049	BCH GRDN PRK-KILBORNE CRT/HOLLY RD IMPRV	900,000	18,596	842,279	-	-	57,721
7063	NEIGHBORHD SW INFRASTRUCT IMP	8,901,820	1,568	8,892,194	-	-	9,626
7067	PRIMARY SYSTEM INFRASTRUCTURE IMPROVEMENTS	12,401,286	113,460	12,077,190	113,460	125,529	198,567
7151	EASTERN SHORE DRIVE DRAINAGE	13,139,357	604,387	1,173,736	1,173,736	2,770,252	9,195,369
7152	DAM & SPILLWAY STRUCTURAL IMPROVEMENTS	6,953,735	16,386	6,745,582	377,483	81,143	127,010
7153	LYNNHAVEN WATERSHED RESTORATION	4,658,446	656,843	4,149,713	813,736	431,002	77,731
7159	WATER QUALITY PARTICIPATION PROJECTS	1,386,499	-	766,625	24,924	53,100	566,774
7183	STORM WATER QUALITY ENHANCEMENTS	8,616,441	385,759	7,668,467	438,548	175,695	772,279
7200	SEVERE REPETITIVE LOSS GRANT PROGRAM	1,847,009	180,662	1,431,032	-	12,114	403,863
7400	ARAGONA DRAINAGE IMPROVEMENTS	2,360,000	7,456	33,795	33,795	457,678	1,868,527
7402	COLLEGE PARK/LEVEL GREEN DRAINAGE IMPROV	498,687	51,161	51,161	51,161	4,800	442,726
7406	ELIZABETH RIVER TMDL IMPLEMENTATION PLAN	1,000,000	53,054	228,887	228,887	-	771,113
7409	SHORE DRIVE DRAINAGE PRELIMINARY STUDY	428,152	-	426,353	-	-	1,799
7410	SOUTHERN RIVER TMDL IMPLEMENTATION PLAN	1,000,000	366	117,932	117,932	-	882,068
7411	OCEANFRONT STORM WATER FACILITIES MAINT	1,208,000	145,445	708,658	321,630	211,130	288,212
7412	STORM WATER PUMP STATION MODIFICATIONS	2,416,889	215,686	1,742,166	1,074,559	93,979	580,744
7413	NEIGHBORHD SW INFRASTRUCTURE IMPROV PH II	3,349,995	587,105	1,168,918	1,290,172	57,182	2,123,895
7414	STORM WATER QUALITY ENHANCEMENTS PH II	8,469,866	1,815,193	3,441,006	-	2,311,269	2,717,591
7415	LAKE MANAGEMENT PH II	17,064,824	2,901,433	9,157,568	-	5,140,791	2,766,465
7416	SW INFRASTRUCTURE REHAB & IMPROV PH II	21,872,866	6,396,849	14,719,774	137,395	2,964,587	4,188,505
7902	NORTH BEACH DRAINAGE	27,558,070	17,090	27,338,539	-	-	219,531
TOTAL STORM WATER UTILITY CAPITAL PROJECTS		<u>\$ 222,421,469</u>	<u>\$ 19,833,367</u>	<u>\$ 150,955,522</u>	9,493,593	<u>\$ 19,749,719</u>	<u>\$ 51,716,228</u>
CAPITALIZED INTEREST					1,544,710		
STORM WATER FUND CONSTRUCTION IN PROGRESS					<u>\$ 11,038,303</u>		
TOTAL STORM WATER CAPITAL PROJECTS REVENUES				\$ 179,599,096			
TOTAL STORM WATER CAPITAL PROJECTS EXPENDITURES				(150,955,522)			
STORM WATER NET POSITION RESTRICTED FOR CAPITAL PROJECTS				\$ 28,643,574			

WASTE MANAGEMENT

ENTERPRISE FUND

WASTE MANAGEMENT ENTERPRISE FUND

The Waste Management Enterprise Fund provides citywide residential automated, manual and special solid waste collections, providing containers for residents to dispose of large quantities of yard debris, centralizing the city's recycling effort, operating a city 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.

CITY OF VIRGINIA BEACH, VIRGINIA
WASTE MANAGEMENT ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2016

ASSETS

Current Assets:

Cash and Investments	\$ 2,050,557
Accounts Receivable - Net of Estimated Uncollectibles	5,580,670
Total Current Assets	<u>\$ 7,631,227</u>

Non-current Assets:

Capital Assets:

Machinery and Equipment	\$ 8,334,732
General Site Improvements Other Than Buildings	366,891
Less: Accumulated Depreciation	<u>(3,699,334)</u>
Total Capital Assets	<u>\$ 5,002,289</u>
Total Non-current Assets	<u>\$ 5,002,289</u>
Total Assets	<u>\$ 12,633,516</u>

DEFERRED OUTFLOWS OF RESOURCES

VRS Employer Contributions	<u>\$ 1,513,321</u>
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LIABILITIES

Current Liabilities:

Vouchers and Accounts Payable	\$ 1,998,141
Current Portion of Long-term Liabilities	580,147
Total Current Liabilities	<u>\$ 2,578,288</u>

Long-Term Liabilities (less current portion):

Net Pension Liability	\$ 6,628,991
Accrued Compensated Leave	407,691
Total Long-Term Liabilities (less current portion)	<u>\$ 7,036,682</u>
Total Liabilities	<u>\$ 9,614,970</u>

DEFERRED INFLOWS OF RESOURCES

Net Difference between Projected and Actual Earnings on Plan Investments	<u>\$ 1,657,981</u>
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NET POSITION

Net Investment in Capital Assets	\$ 5,002,289
Unrestricted (Deficit)	<u>(2,128,403)</u>
Total Net Position	<u>\$ 2,873,886</u>

CITY OF VIRGINIA BEACH, VIRGINIA
WASTE MANAGEMENT ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016

<u>OPERATING REVENUES</u>	
Service Charges	\$ 32,593,181
SPSA Rebate	4,190,809
Miscellaneous	980,953
Total Operating Revenues	<u>\$ 37,764,943</u>
<u>OPERATING EXPENSES</u>	
Personal Services	\$ 6,603,137
Fringe Benefits	2,050,107
Contractual Services	22,987,961
Internal Services	3,715,206
Other Charges	2,950,359
Depreciation	1,690,149
Total Operating Expenses	<u>\$ 39,996,919</u>
<u>OPERATING INCOME (LOSS)</u>	<u>\$ (2,231,976)</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>	
Interest Income	\$ 2,098
Gain (Loss) From Sale of Assets	(38,877)
From Commonwealth	45,522
Total Nonoperating Revenues (Expenses)	<u>\$ 8,743</u>
<u>INCOME (LOSS) BEFORE TRANSFERS</u>	<u>\$ (2,223,233)</u>
Transfers In	<u>5,166,556</u>
<u>CHANGE IN NET POSITION</u>	<u>\$ 2,943,323</u>
<u>TOTAL NET POSITION - BEGINNING</u>	<u>(69,437)</u>
<u>TOTAL NET POSITION - ENDING</u>	<u><u>\$ 2,873,886</u></u>

**CITY OF VIRGINIA BEACH, VIRGINIA
WASTE MANAGEMENT ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016**

CASH FLOWS FROM OPERATING ACTIVITIES:

Receipts from Customers and Users	\$ 38,235,148
Other Operating Cash Receipts	980,953
Cash Payments To Suppliers of Goods and Services	(29,562,031)
Cash Payments To Employees for Services	(9,182,620)
Cash Payments for Quasi-External Other Operating	(1,426,178)
Net Cash Provided (Used) By Operating Activities	<u>\$ (954,728)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Intergovernmental Receipts	\$ 45,522
Receipts from Other Funds	5,166,556
Net Cash Provided (Used) By Noncapital Financing Activities	<u>\$ 5,212,078</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Acquisition and Construction of Capital Assets	<u>\$ (2,208,891)</u>
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CASH FLOWS FROM INVESTING ACTIVITIES:

Interest and Dividends Received	<u>\$ 2,098</u>
Net Increase (Decrease) in Cash and Temporary Investments	2,050,557
Cash and Temporary Investments, July 1	<u>-</u>
Cash and Temporary Investments, June 30	<u><u>\$ 2,050,557</u></u>

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

Operating Income (Loss)	\$ (2,231,976)
Adjustments to Reconcile Operating Income to Net Cash Provided By Operating Activities:	
Depreciation	1,690,149
Net changes in assets and liabilities:	
Accounts Receivable	1,451,158
Deferred Outflows	(552,659)
Vouchers and Accounts Payable	91,495
Due to Other Funds	(1,426,178)
Deferred Inflows	(44,831)
Accrued Compensated Leave	(2,637)
Net Pension Liability	70,751
Net Cash Provided (Used) By Operating Activities	<u><u>\$ (954,728)</u></u>

CITY OF VIRGINIA BEACH, VIRGINIA
WASTE MANAGEMENT ENTERPRISE FUND
SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Budget	Actual	Variance Positive (Negative)
<u>Program Support</u>			
Personal Services	\$ 591,535	\$ 490,644	\$ 100,891
Fringe Benefits	240,785	208,902	31,883
Contractual Services	50,596	55,007	(4,411)
Internal Services	68,620	66,707	1,913
Other Charges	34,443	17,537	16,906
Total Program Support	<u>\$ 985,979</u>	<u>\$ 838,797</u>	<u>\$ 147,182</u>
<u>Bureau of Waste Disposal</u>			
Personal Services	\$ 689,696	\$ 643,887	\$ 45,809
Fringe Benefits	203,897	197,429	6,468
Contractual Services	17,578,734	17,208,618	370,116
Internal Services	378,844	282,520	96,324
Other Charges	144,087	120,911	23,176
Total Bureau of Waste Disposal	<u>\$ 18,995,258</u>	<u>\$ 18,453,365</u>	<u>\$ 541,893</u>
<u>Bureau of Waste Collections</u>			
Personal Services	\$ 5,355,810	\$ 5,163,424	\$ 192,386
Fringe Benefits	2,217,195	2,031,695	185,500
Contractual Services	277,056	122,384	154,672
Internal Services	3,655,718	3,303,167	352,551
Other Charges	273,978	162,866	111,112
Total Bureau of Waste Collections	<u>\$ 11,779,757</u>	<u>\$ 10,783,536</u>	<u>\$ 996,221</u>
<u>Yard Debris & Hazardous Household Waste</u>			
Personal Services	\$ 239,096	\$ 170,176	\$ 68,920
Fringe Benefits	78,365	81,934	(3,569)
Contractual Services	1,821,474	1,069,671	751,803
Internal Services	94,123	62,107	32,016
Other Charges	32,821	14,577	18,244
Total Yard Debris & Hazardous Household Waste	<u>\$ 2,265,879</u>	<u>\$ 1,398,465</u>	<u>\$ 867,414</u>
<u>Recycling</u>			
Personal Services	\$ 142,881	\$ 135,006	\$ 7,875
Fringe Benefits	56,796	56,886	(90)
Contractual Services	4,648,800	4,532,281	116,519
Internal Services	728	705	23
Other Charges	171,928	100,870	71,058
Total Recycling	<u>\$ 5,021,133</u>	<u>\$ 4,825,748</u>	<u>\$ 195,385</u>
<u>General Fund Charges</u>			
Direct Costs Allocation	\$ 1,973,833	\$ 1,840,930	\$ 132,903
Landfill	146,064	146,064	-
Total General Fund Charges	<u>\$ 2,119,897</u>	<u>\$ 1,986,994</u>	<u>\$ 132,903</u>
<u>Other Charges</u>			
Water and Sewer Billing System Charges	\$ 546,604	\$ 546,604	\$ -
Net Deferred Retirement Contributions	-	(526,739)	526,739
Total Other Charges	<u>\$ 546,604</u>	<u>\$ 19,865</u>	<u>\$ 526,739</u>
Total Budgeted Operating Expenses	<u><u>\$ 41,714,507</u></u>	<u><u>\$ 38,306,770</u></u>	<u><u>\$ 3,407,737</u></u>

Note: Total General Fund Charges reclassified as Other Charges.

Budget does not include Reserves.

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

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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, 2016

ASSETS

Current Assets:

Cash and Investments	\$ 9,047,695
Accounts Receivable - Net	8,891,586
Total Current Assets	<u>\$ 17,939,281</u>

Non-current Assets:

Cash and Investments - Restricted	\$ 2,569,758
Land Held for Resale	22,530,172
Capital Assets:	
Land	20,457,260
Buildings	120,710,147
Machinery and Equipment	565,065
Less: Accumulated Depreciation	<u>(31,846,658)</u>
Total Capital Assets	<u>\$ 109,885,814</u>
Total Non-current Assets	<u>\$ 134,985,744</u>
Total Assets	<u>\$ 152,925,025</u>

DEFERRED OUTFLOWS OF RESOURCES

Debt Refundings Resulting in Loss Transactions	<u>\$ 833,758</u>
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LIABILITIES

Current Liabilities:

Vouchers and Accounts Payable	\$ 7,541,310
Accrued Interest Payable	1,223,316
Current Portion of Long-term Liabilities	<u>6,921,280</u>
Total Current Liabilities	<u>\$ 15,685,906</u>

Long-Term Liabilities (less current portion):

Public Facility Revenue Bonds	\$ 70,159,789
Premium on Revenue Bonds	<u>1,667,263</u>
Total Long-Term Liabilities (less current portion)	<u>\$ 71,827,052</u>
Total Liabilities	<u>\$ 87,512,958</u>

DEFERRED INFLOWS OF RESOURCES

Debt Refundings Resulting in Gain Transactions	<u>\$ 1,372,227</u>
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NET POSITION

Net Investment in Capital Assets	\$ 30,599,013
Restricted for Debt Service	3,969,725
Unrestricted	<u>30,304,860</u>
Total Net Position	<u><u>\$ 64,873,598</u></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, 2016

OPERATING REVENUES

Charges for Services	\$ 2,687,587
Miscellaneous	250,814
Total Operating Revenues	<u>\$ 2,938,401</u>

OPERATING EXPENSES

Contractual Services	\$ 1,667,120
Other Charges	2,737,878
Depreciation	3,129,219
Total Operating Expenses	<u>\$ 7,534,217</u>

OPERATING INCOME (LOSS)

\$ (4,595,816)

NONOPERATING REVENUES (EXPENSES)

Interest Income	\$ 25,172
Payment Under Support Agreement	11,018,017
Interest and Fiscal Charges	(3,486,404)
Total Nonoperating Revenues	<u>\$ 7,556,785</u>

CHANGE IN NET POSITION

\$ 2,960,969

TOTAL NET POSITION - BEGINNING

61,912,629

TOTAL NET POSITION - ENDING

\$ 64,873,598

**CITY OF VIRGINIA BEACH, VIRGINIA
DEVELOPMENT AUTHORITY ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016**

CASH FLOWS FROM OPERATING ACTIVITIES:

Receipts from Customers and Users	\$ 2,978,631
Receipts from Interfund Services Provided	(20,796)
Other Operating Cash Receipts	(32,639)
Cash Payments To Suppliers of Goods and Services	(4,301,798)
Net Cash Provided (Used) By Operating Activities	<u>\$ (1,376,602)</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Capital Contributions	\$ 11,808,017
Interest Paid on Long-term Debt	(3,643,416)
Principal Paid on Capital Debt	(6,284,634)
Net Cash Provided (Used) By Capital and Related Financing Activities	<u>\$ 1,879,967</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Interest and Dividends Received	<u>\$ 25,172</u>
Net Increase (Decrease) in Cash and Temporary Investments	528,537
Cash and Temporary Investments, July 1	<u>11,088,916</u>
Cash and Temporary Investments, June 30	<u><u>\$ 11,617,453</u></u>

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

Operating Income (Loss)	\$ (4,595,816)
Adjustments to Reconcile Operating Income to Net Cash Provided By Operating Activities:	
Depreciation	3,129,219
Net changes in assets and liabilities:	
Intergovernmental Receivables	1,507,592
Deferred Outflow of Resources	117,707
Vouchers and Accounts Payable	(1,513,449)
Deferred Inflow of Resources	(21,855)
Net Cash Provided (Used) By Operating Activities	<u><u>\$ (1,376,602)</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 vehicle repairs, parts, fuel and related services to City departments.

Risk Management - provides insurance, claims handling, risk identification, and consulting services to City departments.

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

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

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

CITY OF VIRGINIA BEACH, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2016

	City Garage	Risk Management
<u>ASSETS</u>		
Current Assets:		
Cash and Investments	\$ 3,143,123	\$ 9,717,902
Accounts Receivable	-	-
Inventory	666,074	-
Total Current Assets	<u>3,809,197</u>	<u>9,717,902</u>
Noncurrent Assets:		
Capital Assets:		
Site Improvements	265,782	-
Machinery and Equipment	2,649,799	293,215
Total Property, Plant and Equipment	<u>2,915,581</u>	<u>293,215</u>
Less: Accumulated Depreciation	<u>(2,240,348)</u>	<u>(293,215)</u>
Net Property, Plant and Equipment	<u>675,233</u>	<u>-</u>
Total Assets	<u>\$ 4,484,430</u>	<u>\$ 9,717,902</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Support and Maintenance	\$ 211,859	\$ -
VRS Employer Contributions	952,298	99,172
	<u>\$ 1,164,157</u>	<u>\$ 99,172</u>
<u>LIABILITIES</u>		
Current Liabilities:		
Vouchers and Accounts Payable	\$ 963,114	\$ 526,793
Current Portion of Long-term Liabilities	310,300	8,991,183
Total Current Liabilities	<u>1,273,414</u>	<u>9,517,976</u>
Noncurrent Liabilities:		
Net Pension Liability	4,171,472	434,416
Long-term Liabilities (less current portion)	234,647	22,130,265
Total Noncurrent Liabilities	<u>4,406,119</u>	<u>22,564,681</u>
Total Liabilities	<u>\$ 5,679,533</u>	<u>\$ 32,082,657</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Net Difference between Projected and Actual Earnings on Plan Investments	<u>\$ 1,043,330</u>	<u>\$ 108,652</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	\$ 675,233	\$ -
Unrestricted (Deficit)	<u>(1,749,509)</u>	<u>(22,374,235)</u>
Total Net Position	<u>\$ (1,074,276)</u>	<u>\$ (22,374,235)</u>

CITY OF VIRGINIA BEACH, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2016

School Site Landscaping	Telecommunications	Subscriptions	Totals
\$ 709,033	\$ 2,961,420	\$ 5,272,267	\$ 21,803,745
-	22	38,311	38,333
-	-	-	666,074
709,033	2,961,442	5,310,578	22,508,152
-	-	-	265,782
2,739,021	-	815,042	6,497,077
2,739,021	-	815,042	6,762,859
(2,531,283)	-	(511,979)	(5,576,825)
207,738	-	303,063	1,186,034
\$ 916,771	\$ 2,961,442	\$ 5,613,641	\$ 23,694,186
\$ -	\$ -	\$ -	\$ 211,859
462,201	145,126	-	1,658,797
\$ 462,201	\$ 145,126	\$ -	\$ 1,870,656
\$ 48,217	\$ 42,846	\$ 234,601	\$ 1,815,571
78,535	17,511	-	9,397,529
126,752	60,357	234,601	11,213,100
2,024,633	635,717	-	7,266,238
-	64,828	-	22,429,740
2,024,633	700,545	-	29,695,978
\$ 2,151,385	\$ 760,902	\$ 234,601	\$ 40,909,078
\$ 506,382	\$ 159,000	\$ -	\$ 1,817,364
\$ 207,738	\$ -	\$ 303,063	\$ 1,186,034
(1,486,533)	2,186,666	5,075,977	(18,347,634)
\$ (1,278,795)	\$ 2,186,666	\$ 5,379,040	\$ (17,161,600)

CITY OF VIRGINIA BEACH, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016

	<u>City Garage</u>	<u>Risk Management</u>
<u>OPERATING REVENUES</u>		
Billings to Departments	\$ 16,624,231	\$ 15,816,240
Insurance Recovery	118,989	157,505
Miscellaneous	-	-
Total Operating Revenues	<u>\$ 16,743,220</u>	<u>\$ 15,973,745</u>
<u>OPERATING EXPENSES</u>		
Cost of Goods Sold	\$ 9,938,870	\$ -
Personal Services	4,034,562	391,300
Fringe Benefits	1,171,800	97,005
Contractual Services	444,328	343,956
Internal Services	308,131	13,550
Other Charges	547,693	14,252,065
Depreciation	256,769	-
Total Operating Expenses	<u>\$ 16,702,153</u>	<u>\$ 15,097,876</u>
<u>OPERATING INCOME (LOSS)</u>	<u>\$ 41,067</u>	<u>\$ 875,869</u>
<u>NONOPERATING REVENUES (EXPENSES) AND TRANSFERS</u>		
Interest Income	\$ 19,467	\$ 42,733
Transfers Out	(28,000)	-
Gain (Loss) on Disposition of Assets	112,660	-
Total Nonoperating Revenues (Expenses)	<u>\$ 104,127</u>	<u>\$ 42,733</u>
<u>CHANGE IN NET POSITION</u>	145,194	918,602
<u>TOTAL NET POSITION - BEGINNING</u>	<u>(1,219,470)</u>	<u>(23,292,837)</u>
<u>TOTAL NET POSITION - ENDING</u>	<u><u>\$ (1,074,276)</u></u>	<u><u>\$ (22,374,235)</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, 2016

School Site Landscaping	Telecommunications	Subscriptions	Totals
\$ 3,884,352	\$ 3,039,869	\$ 2,486,528	\$ 41,851,220
-	-	-	276,494
-	15,000	-	15,000
<u>\$ 3,884,352</u>	<u>\$ 3,054,869</u>	<u>\$ 2,486,528</u>	<u>\$ 42,142,714</u>
\$ -	\$ -	\$ -	\$ 9,938,870
1,797,588	633,492	13,000	6,869,942
607,551	145,188	-	2,021,544
140,526	755,833	1,834,943	3,519,586
441,068	51,951	-	814,700
347,347	1,196,995	719,878	17,063,978
106,644	-	102,491	465,904
<u>\$ 3,440,724</u>	<u>\$ 2,783,459</u>	<u>\$ 2,670,312</u>	<u>\$ 40,694,524</u>
<u>\$ 443,628</u>	<u>\$ 271,410</u>	<u>\$ (183,784)</u>	<u>\$ 1,448,190</u>
\$ 2,249	\$ 7,212	\$ 16,911	\$ 88,572
(7,400)	-	-	(35,400)
-	-	-	112,660
<u>\$ (5,151)</u>	<u>\$ 7,212</u>	<u>\$ 16,911</u>	<u>\$ 165,832</u>
438,477	278,622	(166,873)	1,614,022
<u>(1,717,272)</u>	<u>1,908,044</u>	<u>5,545,913</u>	<u>(18,775,622)</u>
<u>\$ (1,278,795)</u>	<u>\$ 2,186,666</u>	<u>\$ 5,379,040</u>	<u>\$ (17,161,600)</u>

CITY OF VIRGINIA BEACH, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016

	<u>City Garage</u>	<u>Risk Management</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Receipts from Customers and Users	\$ 16,743,220	\$ 15,973,745
Other Operating Cash Receipts	-	-
Cash Payments to Suppliers of Goods and Services	(11,132,253)	(14,157,448)
Cash Payments to Employees for Services	(5,538,637)	(531,837)
Net Cash Provided (Used) By Operating Activities	<u>\$ 72,330</u>	<u>\$ 1,284,460</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>		
Payments to Other Funds	\$ (28,000)	\$ -
Net Cash Provided (Used) By Noncapital Financing Activities	<u>\$ (28,000)</u>	<u>\$ -</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Acquisition and Construction of Capital Assets	\$ (310,963)	\$ -
Proceeds from Sale of Salvage	112,660	-
Net Cash Provided (Used) By Capital and Related Financing Activities	<u>\$ (198,303)</u>	<u>\$ -</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Interest and Dividends Received	<u>\$ 19,467</u>	<u>\$ 42,733</u>
Net Increase (Decrease) in Cash and Temporary Investments	\$ (134,506)	\$ 1,327,193
Cash and Temporary Investments, July 1	<u>3,277,629</u>	<u>8,390,709</u>
Cash and Temporary Investments, June 30	<u><u>\$ 3,143,123</u></u>	<u><u>\$ 9,717,902</u></u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</u>		
Operating Income	\$ 41,067	\$ 875,869
Adjustments to Reconcile Operating Income to		
Net Cash Provided By Operating Activities:		
Depreciation Expense	256,769	-
Net Changes in assets and liabilities:		
Accounts Receivable	-	-
Inventory	161,550	-
Deferred Outflow of Resources	(325,189)	(36,217)
Vouchers and Accounts Payable	(77,368)	209,853
Net Pension Liability	44,522	4,637
Deferred Inflow of Resources	(28,210)	(2,938)
Estimated Claims and Judgments	-	242,616
Accrued Compensated Leave	(811)	(9,360)
Net Cash Provided (Used) By Operating Activities	<u><u>\$ 72,330</u></u>	<u><u>\$ 1,284,460</u></u>

CITY OF VIRGINIA BEACH, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016

School Site Landscaping	Telecommunications	Subscriptions	Totals
\$ 3,884,352	\$ 3,039,847	\$ 2,448,217	\$ 42,089,381
-	15,000	-	15,000
(1,011,525)	(2,043,279)	(2,787,908)	(31,132,413)
(2,594,600)	(802,678)	-	(9,467,752)
<u>\$ 278,227</u>	<u>\$ 208,890</u>	<u>\$ (339,691)</u>	<u>\$ 1,504,216</u>
\$ (7,400)	\$ -	\$ -	\$ (35,400)
<u>\$ (7,400)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (35,400)</u>
\$ -	\$ -	\$ (37,688)	\$ (348,651)
-	-	-	112,660
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (37,688)</u>	<u>\$ (235,991)</u>
\$ 2,249	\$ 7,212	\$ 16,911	\$ 88,572
\$ 273,076	\$ 216,102	\$ (360,468)	\$ 1,321,397
<u>435,957</u>	<u>2,745,318</u>	<u>5,632,735</u>	<u>20,482,348</u>
<u>\$ 709,033</u>	<u>\$ 2,961,420</u>	<u>\$ 5,272,267</u>	<u>\$ 21,803,745</u>
\$ 443,628	\$ 271,410	\$ (183,784)	\$ 1,448,190
106,644	-	102,491	465,904
-	(22)	(38,311)	(38,333)
-	-	-	161,550
(168,795)	(52,999)	-	(583,200)
(82,584)	(38,500)	(220,087)	(208,686)
21,608	6,785	-	77,552
(13,693)	(4,299)	-	(49,140)
-	-	-	242,616
(28,581)	26,515	-	(12,237)
<u>\$ 278,227</u>	<u>\$ 208,890</u>	<u>\$ (339,691)</u>	<u>\$ 1,504,216</u>

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TRUST AND AGENCY FUNDS

TRUST FUNDS and AGENCY FUNDS

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

The City has the following Trust Funds:

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

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

The City has the following Agency Funds:

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

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

CITY OF VIRGINIA BEACH, VIRGINIA
AGENCY FUNDS
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2016

	<u>Escheat Property</u>	<u>Special Welfare</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and Investments	\$ 3,822	\$ 131,709	\$ 135,531
	<u> </u>	<u> </u>	<u> </u>
<u>LIABILITIES</u>			
Vouchers and Accounts Payable	\$ 3,822	\$ 131,709	\$ 135,531
	<u> </u>	<u> </u>	<u> </u>

CITY OF VIRGINIA BEACH, VIRGINIA
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2016</u>
<u>SPECIAL WELFARE</u>				
<u>ASSETS</u>				
Cash and Investments	\$ 216,340	\$ 628,171	\$ 712,802	\$ 131,709
<u>LIABILITIES</u>				
Vouchers and Accounts Payable	\$ 216,340	\$ 628,171	\$ 712,802	\$ 131,709
<u>ESCHEAT PROPERTY</u>				
<u>ASSETS</u>				
Cash and Investments	\$ 4,481	\$ 283,944	\$ 284,603	\$ 3,822
<u>LIABILITIES</u>				
Vouchers and Accounts Payable	\$ 4,481	\$ 283,944	\$ 284,603	\$ 3,822
<u>TOTALS-ALL AGENCY FUNDS</u>				
<u>ASSETS</u>				
Cash and Investments	\$ 220,821	\$ 912,115	\$ 997,405	\$ 135,531
<u>LIABILITIES</u>				
Vouchers and Accounts Payable	\$ 220,821	\$ 912,115	\$ 997,405	\$ 135,531

CITY OF VIRGINIA BEACH, VIRGINIA
TRUST FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2016

	Other Postemployment Benefits Trust Fund	Sheriff's Office Pension Trust Fund	Total Trust Funds
<u>ASSETS</u>			
General Account	\$ -	\$ 5,856	\$ 5,856
Investments, at Fair Value:			
Mutual Funds	58,273,169	2,249,394	60,522,563
Stable Value Funds	-	1,437,817	1,437,817
Total Assets	<u>\$ 58,273,169</u>	<u>\$ 3,693,067</u>	<u>\$ 61,966,236</u>
<u>LIABILITIES</u>			
Vouchers and Accounts Payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>NET POSITION</u>			
Held in Trust for Other Postemployment Benefits and Pension Benefits	<u>\$ 58,273,169</u>	<u>\$ 3,693,067</u>	<u>\$ 61,966,236</u>

CITY OF VIRGINIA BEACH, VIRGINIA
TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016

	Other Postemployment Benefits Trust Fund	Sheriff's Office Pension Trust Fund	Total Trust Funds
<u>ADDITIONS</u>			
Contributions:			
From Primary Government	\$ 9,786,900	\$ 1,426	\$ 9,788,326
From Plan Members	6,652,325	-	6,652,325
Total Contributions	<u>16,439,225</u>	<u>1,426</u>	<u>16,440,651</u>
Investment Earnings:			
Increase (Decrease) in the Fair Value of Investments	(250,877)	(6,367)	(257,244)
Interest and Dividends	-	105,252	105,252
Total Investment Earnings	<u>(250,877)</u>	<u>98,885</u>	<u>(151,992)</u>
Less Investment Expense	57,423	-	57,423
Net Investment Earnings	<u>(308,300)</u>	<u>98,885</u>	<u>(209,415)</u>
Total Additions	<u>\$ 16,130,925</u>	<u>\$ 100,311</u>	<u>\$ 16,231,236</u>
<u>DEDUCTIONS</u>			
Benefits	\$ 16,439,225	\$ 270,513	\$ 16,709,738
Administrative Expenses	1,000	1,326	2,326
Total Deductions	<u>\$ 16,440,225</u>	<u>\$ 271,839</u>	<u>\$ 16,712,064</u>
Change in Net Position	(309,300)	(171,528)	(480,828)
Net Position at Beginning of Year	<u>58,582,469</u>	<u>3,864,595</u>	<u>62,447,064</u>
Net Position at End of Year	<u>\$ 58,273,169</u>	<u>\$ 3,693,067</u>	<u>\$ 61,966,236</u>

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DISCRETELY PRESENTED

SCHOOL BOARD

COMPONENT UNIT

DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT

Major Governmental Funds:

School Operating Fund - is the general operating fund of the School Board which is used to account for all of the financial resources, except those required to be accounted for in another fund.

School Grants Special Revenue Fund - accounts for certain private, Commonwealth of Virginia, and Federal grants (with matching local funds, if required).

School Textbooks Special Revenue Fund - accounts for the financing (e.g., Commonwealth of Virginia) and acquisition of textbooks and related materials used in the school division.

School Capital Projects Fund – accounts for all revenues and expenditures related to the construction of the School’s fixed assets and infrastructure.

Nonmajor Governmental Funds:

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

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

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

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

Internal Service Funds:

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

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

Agency Funds:

Payroll Deductions - accounts for employee payroll deductions.

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

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

CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
STATEMENT OF NET POSITION
JUNE 30, 2016

	Governmental Activities
<u>ASSETS</u>	
Current Assets:	
Cash and Temporary Investments	\$ 143,185,316
Accounts Receivable	1,276,599
Due from Commonwealth	13,263,422
Due from Federal Government	6,176,131
Inventories	598,456
Prepaid Items	2,190,634
Total Current Assets	<u>\$ 166,690,558</u>
Noncurrent Assets:	
Capital Assets:	
Land	\$ 39,666,627
Buildings, Improvements, Equipment and Vehicles (net of accumulated depreciation)	410,193,616
Construction in Progress	53,245,854
Total Noncurrent Assets	<u>\$ 503,106,097</u>
Total Assets	<u>\$ 669,796,655</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	<u>\$ 58,321,000</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Salaries Payable	\$ 56,667,997
Vouchers and Accounts Payable	16,420,958
Deposits Payable	75,000
Due to Federal Government	87,914
Unearned Revenue	8,568,776
Long-term Liabilities (due within one year)	20,404,668
Total Current Liabilities	<u>\$ 102,225,313</u>
Noncurrent Liabilities:	
Net Pension Liability	667,263,000
Long-term Liabilities (due in more than one year)	15,234,213
Total Liabilities	<u>\$ 784,722,526</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	<u>\$ 61,708,000</u>
<u>NET POSITION</u>	
Investment in Capital Assets	\$ 503,106,097
Restricted for:	
Capital Projects	20,731,125
Grants	759,498
Cafeterias	7,029,421
Textbooks	8,447,356
Unrestricted	<u>(658,386,368)</u>
Total Net Position	<u><u>\$ (118,312,871)</u></u>

CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

		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	\$ 568,912,291	\$ 2,696,121	\$ 117,191,926	\$ -	\$ (449,024,244)
Admin, Attendance, & Health	20,989,423	-	-	-	(20,989,423)
Pupil Transportation	30,739,249	-	-	-	(30,739,249)
Operations and Maintenance	86,966,670	628,300	98,770	-	(86,239,600)
Cafeterias	26,288,628	11,266,046	18,609,773	-	3,587,191
Technology	38,714,083	485,887	6,562,715	-	(31,665,481)
Total Governmental Activities	<u>\$ 772,610,344</u>	<u>\$ 15,076,354</u>	<u>\$ 142,463,184</u>	<u>\$ -</u>	<u>\$ (615,070,806)</u>

General Revenues:

Local Sources:

Local Government	\$ 403,461,767
Miscellaneous	399,783

Federal and State Aid not Restricted to Specific Purposes:

State Basic Aid	172,363,914
State Sales Tax	72,382,607
Federal Impact Aid	8,886,385
Interest Earnings	153,334

Total General Revenues	<u>\$ 657,647,790</u>
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Change in Net Position	42,576,984
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Total Net Position - July 1	<u>(160,889,855)</u>
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Total Net Position - June 30	<u><u>\$ (118,312,871)</u></u>
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CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016

	School Operating	School Grants	School Textbooks	Capital Projects	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>						
Cash and Temporary Investments	\$ 52,906,664	\$ -	\$ 8,451,069	\$ 28,143,065	\$ 12,126,625	\$ 101,627,423
Accounts Receivable	230,721	92,137	6,674	-	14,864	344,396
Due from Other Funds	2,688,762	-	-	-	-	2,688,762
Due from Commonwealth	10,303,446	2,959,976	-	-	-	13,263,422
Due from Federal Government	773,839	4,356,724	-	-	1,045,568	6,176,131
Inventories	-	-	-	-	598,456	598,456
Prepaid Items	844,003	-	1,126,588	-	9,163	1,979,754
Total Assets	<u>\$ 67,747,435</u>	<u>\$ 7,408,837</u>	<u>\$ 9,584,331</u>	<u>\$ 28,143,065</u>	<u>\$ 13,794,676</u>	<u>\$ 126,678,344</u>
<u>LIABILITIES</u>						
Salaries Payable	\$ 52,726,337	\$ 2,979,606	\$ -	\$ 15,863	\$ 945,962	\$ 56,667,768
Vouchers and Accounts Payable	5,399,698	562,103	10,387	6,779,535	439,492	13,191,215
Deposits Payable	-	-	-	-	75,000	75,000
Due to Other Funds	-	2,688,762	-	-	-	2,688,762
Due to Federal Government	-	-	-	87,914	-	87,914
Unearned Revenue	385,045	418,868	-	-	401,328	1,205,241
Total Liabilities	<u>\$ 58,511,080</u>	<u>\$ 6,649,339</u>	<u>\$ 10,387</u>	<u>\$ 6,883,312</u>	<u>\$ 1,861,782</u>	<u>\$ 73,915,900</u>
<u>FUND BALANCES</u>						
Nonspendable	\$ 844,003	\$ -	\$ 1,126,588	\$ -	\$ 607,619	\$ 2,578,210
Restricted	-	759,498	8,447,356	20,731,125	7,029,421	36,967,400
Committed	-	-	-	528,628	4,295,854	4,824,482
Assigned	8,392,352	-	-	-	-	8,392,352
Total Fund Balances	<u>\$ 9,236,355</u>	<u>\$ 759,498</u>	<u>\$ 9,573,944</u>	<u>\$ 21,259,753</u>	<u>\$ 11,932,894</u>	<u>\$ 52,762,444</u>
Total Liabilities and Fund Balances	<u>\$ 67,747,435</u>	<u>\$ 7,408,837</u>	<u>\$ 9,584,331</u>	<u>\$ 28,143,065</u>	<u>\$ 13,794,676</u>	<u>\$ 126,678,344</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, 2016**

Amounts reported for governmental activities in the Statement of Net Position (Exhibit 44)
are different from amounts reported for governmental funds in this exhibit because:

Total Fund Balances - Governmental Funds (this exhibit)	\$	52,762,444
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Capital assets used in governmental activities are not financial resources and,
therefore, are not reported in the governmental funds.

	\$	901,891,730	
Cost of Capital Assets			
less: Accumulated Depreciation		398,785,633	503,106,097

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		(20,545,881)
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Internal Service Funds are used to account for the risk management and health
insurance programs; and related charges to the various governmental funds. The assets
and liabilities of the internal service funds are included in governmental activities in
the Statement of Net Position.

	\$	42,700,976	
Total Assets			
less: Total Liabilities		25,686,507	
Total Net Position			17,014,469

Governmental Accounting Standards Board Statement Number 68 on Accounting and
Financial Reporting for Pensions was implemented in Fiscal Year 2015 (Note 8).
Pensions are not reported in the governmental funds.

	\$	(667,263,000)	
Net Pension Liability			
Deferred Outflows of Resources		65,398,000	
Deferred Inflows of Resources		(68,785,000)	(670,650,000)

Total Net Position - Governmental Activities (Exhibit 44)	\$	(118,312,871)
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CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	School Operating	School Grants	School Textbooks	Capital Projects	Other Governmental Funds	Total Governmental Funds
<u>REVENUES</u>						
From Use of Money and Property	\$ 562,376	\$ -	\$ 24,120	\$ 53,382	\$ 547,148	\$ 1,187,026
Charges for Services	1,309,542	-	273	-	10,963,755	12,273,570
Miscellaneous	1,601,538	204,541	56,781	-	503,841	2,366,701
From Local Government	355,706,910	-	-	47,754,857	-	403,461,767
From Commonwealth	321,967,608	9,078,539	3,897,199	-	588,066	335,531,412
From Federal Government	10,984,116	31,354,314	-	-	18,012,707	60,351,137
Total Revenues	<u>\$ 692,132,090</u>	<u>\$ 40,637,394</u>	<u>\$ 3,978,373</u>	<u>\$ 47,808,239</u>	<u>\$ 30,615,517</u>	<u>\$ 815,171,613</u>
<u>EXPENDITURES</u>						
Current:						
Instruction	\$ 522,827,006	\$ 39,645,577	\$ 3,433,250	\$ 40,375	\$ 215,522	\$ 566,161,730
Admin, Attendance, & Health	21,867,909	-	-	-	-	21,867,909
Pupil Transportation	30,772,076	-	-	-	-	30,772,076
Operations and Maintenance	85,640,251	-	-	5,591,165	-	91,231,416
Cafeterias	-	-	-	-	27,118,359	27,118,359
Technology	29,353,639	3,902,879	2,659,836	658,248	485,887	37,060,489
Capital Outlay	-	-	-	34,015,383	-	34,015,383
Total Expenditures	<u>\$ 690,460,881</u>	<u>\$ 43,548,456</u>	<u>\$ 6,093,086</u>	<u>\$ 40,305,171</u>	<u>\$ 27,819,768</u>	<u>\$ 808,227,362</u>
<u>EXCESS (DEFICIENCY) OF REVENUES</u>						
<u>OVER (UNDER) EXPENDITURES</u>	<u>\$ 1,671,209</u>	<u>\$ (2,911,062)</u>	<u>\$ (2,114,713)</u>	<u>\$ 7,503,068</u>	<u>\$ 2,795,749</u>	<u>\$ 6,944,251</u>
<u>OTHER FINANCING SOURCES (USES)</u>						
Transfers In	\$ -	\$ 3,213,930	\$ -	\$ -	\$ -	\$ 3,213,930
Transfers Out	(3,213,930)	-	-	-	-	(3,213,930)
Sale of Capital Assets	15,715	-	-	-	-	15,715
Total Other Financing Sources (Uses)	<u>\$ (3,198,215)</u>	<u>\$ 3,213,930</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,715</u>
<u>NET CHANGE IN FUND BALANCES</u>	<u>(1,527,006)</u>	<u>302,868</u>	<u>(2,114,713)</u>	<u>7,503,068</u>	<u>2,795,749</u>	<u>6,959,966</u>
<u>FUND BALANCES - JULY 1</u>	<u>10,763,361</u>	<u>456,630</u>	<u>11,688,657</u>	<u>13,756,685</u>	<u>9,137,145</u>	<u>45,802,478</u>
<u>FUND BALANCES - JUNE 30</u>	<u>\$ 9,236,355</u>	<u>\$ 759,498</u>	<u>\$ 9,573,944</u>	<u>\$ 21,259,753</u>	<u>\$ 11,932,894</u>	<u>\$ 52,762,444</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, 2016**

Amounts reported for governmental activities in the Statement of Activities (Exhibit 45) are different from amounts reported for governmental funds in this exhibit because:

Net Change in Fund Balances - Governmental Funds (this exhibit)	\$ 6,959,966
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Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities. This is the amount by which capital outlay exceeded depreciation expense (including other transactions (e.g., loss on disposals)) for the fiscal year.

17,817,387

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	\$ 8,820,310	
Leave Earned	<u>(9,390,866)</u>	(570,556)

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	\$ 2,609,152	
Health Insurance	<u>9,418,215</u>	12,027,367

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, 2016. This amount is the applicable Net Book Value change and depreciation expense for the fiscal year.

(15,917,180)

Governmental Accounting Standards Board Statement Number 68 on Accounting and Financial Reporting for Pensions was implemented in Fiscal Year 2015 (Note 8). This amount is the Pension Expense for the fiscal year.

Pension Expense	\$ (32,503,000)	
Deferred Inflow	56,033,000	
Deferred Outflow	<u>(1,270,000)</u>	<u>22,260,000</u>

Change in Net Position of governmental activities in the Statement of Activities (Exhibit 45)	<u><u>\$ 42,576,984</u></u>
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CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
SCHOOL OPERATING SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

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	\$ 562,376	\$ 112,376
<u>Charges for Services</u>				
Tuition and Educational Fees	\$ 1,481,100	\$ 1,481,100	\$ 1,309,542	\$ (171,558)
<u>Miscellaneous Revenue</u>				
Sale of Salvage	\$ 12,000	\$ 12,000	\$ 118,121	\$ 106,121
Insurance Proceeds	-	-	40,232	40,232
Donations	-	-	21,110	21,110
Miscellaneous	224,703	224,703	195,800	(28,903)
Indirect Costs	600,000	600,000	655,908	55,908
Athletics	504,000	504,000	529,095	25,095
Instructional Technology	-	-	41,272	41,272
Total Miscellaneous Revenue	\$ 1,340,703	\$ 1,340,703	\$ 1,601,538	\$ 260,835
<u>From Local Government</u>				
City - General Fund	\$ 359,360,518	\$ 362,355,251	\$ 346,772,054	\$ (15,583,197)
City - School Reserve Fund	8,299,318	8,299,318	8,299,318	-
City for Consolidated Benefits Office	635,538	635,538	635,538	-
Total From Local Governmen	\$ 368,295,374	\$ 371,290,107	\$ 355,706,910	\$ (15,583,197)
<u>From Commonwealth</u>				
Basic Aid	\$ 172,797,329	\$ 172,797,329	\$ 172,363,914	\$ (433,415)
Reimbursement-Social Security	10,175,132	10,175,132	10,166,255	(8,877)
Reimbursement-Retirement	20,188,110	20,188,110	20,048,988	(139,122)
Reimbursement-Life Insurance	648,614	648,614	648,048	(566)
Remedial Education	4,013,299	4,013,299	4,009,798	(3,501)
Remedial Education-Summer School	434,254	434,254	250,985	(183,269)
Special Education	17,877,423	17,877,423	17,861,826	(15,597)
Special Education-Regional Program	9,106,315	9,106,315	9,455,957	349,642
Special Education-Homebound	97,163	97,163	145,795	48,632
Special Education-Foster Children	-	-	170,399	170,399
Foster Home Children	278,407	278,407	151,320	(127,087)
Vocational	2,107,995	2,107,995	2,106,156	(1,839)
Vocational-Occupational/Tech	251,471	251,471	202,458	(49,013)
Vocational-Adult Education	-	-	30,866	30,866
Sales Tax	71,783,907	71,783,907	72,382,607	598,700
Class Size Initiative	4,355,747	4,355,747	4,227,867	(127,880)
At-Risk Initiative	2,321,931	2,321,931	2,319,901	(2,030)
English as a Second Language	595,615	595,615	637,066	41,451
Visually Impaired	2,847,553	2,847,553	2,845,412	(2,141)
Math/Reading Instructional Specialists	37,911	37,911	38,349	438
Gifted and Talented Aid	1,905,304	1,905,304	1,903,641	(1,663)
Total From Commonwealth	\$ 321,823,480	\$ 321,823,480	\$ 321,967,608	\$ 144,128

(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, 2016

Source	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<u>REVENUES (continued)</u>	321,823,480			
<u>From Federal Government</u>				
Public Law 874	\$ 10,211,723	\$ 10,211,723	\$ 6,187,097	\$ (4,024,626)
Public Law 874-Special Education	-	-	930,424	930,424
Dept of the Navy-NJROTC	100,000	100,000	309,354	209,354
Department of Defense	1,500,000	1,500,000	1,267,686	(232,314)
Dept of Defense Special Education	-	-	501,177	501,177
Medicaid Reimbursement	664,809	664,809	1,545,593	880,784
Medicaid Reimbursement - Transportation	-	-	242,085	242,085
Other Federal Funds	-	-	700	700
Total From Federal Governmen	<u>\$ 12,476,532</u>	<u>\$ 12,476,532</u>	<u>\$ 10,984,116</u>	<u>\$ (1,492,416)</u>
Total Revenues	<u>\$ 705,867,189</u>	<u>\$ 708,861,922</u>	<u>\$ 692,132,090</u>	<u>\$ (16,729,832)</u>
<u>EXPENDITURES</u>				
<u>Current</u>				
<u>Instruction</u>				
Elementary Classroom	\$ 140,768,824	\$ 139,122,542	\$ 138,366,126	\$ 756,416
Senior High Classroom	71,955,100	72,112,740	71,938,939	173,801
Technical and Career Education	17,993,028	18,025,372	16,316,721	1,708,651
Gifted Education and Academy Programs	13,704,944	13,713,745	13,042,194	671,551
Special Education	87,753,107	89,818,143	89,508,209	309,934
Summer School	1,998,296	1,951,480	1,904,463	47,017
General Adult Education	1,810,645	1,755,056	1,738,322	16,734
Alternative Education-Renaissance	6,834,209	6,700,237	6,195,789	504,448
Student Activities	3,164,870	3,222,965	3,219,533	3,432
Student Athletics	4,922,642	4,940,705	4,679,599	261,106
Office/Principal - Elementary	25,496,312	25,458,248	24,539,974	918,274
Office/Principal - Senior High	11,115,510	11,063,682	10,871,325	192,357
Office/Principal - Tech & Career	641,093	637,064	585,798	51,266
Guidance Services	16,177,984	15,988,112	15,787,355	200,757
Social Work Services	3,208,933	3,435,121	3,395,828	39,293
Media and Communications	1,716,938	1,797,139	1,785,821	11,318
Instructional Support	12,147,496	12,022,243	11,778,289	243,954
Instructional Center for Teacher Leadership	1,364,061	1,267,199	1,052,606	214,593
Diversity	72,624	75,672	68,237	7,435
Special Education Support	3,035,882	3,009,502	3,002,544	6,958
Gifted Education and Academy Programs Support	2,213,000	2,211,892	2,118,746	93,146
Media Services Support	12,886,079	12,839,632	12,564,402	275,230
Educational Leadership and Assessment	2,922,155	2,617,251	2,113,071	504,180
Middle School Classroom	57,389,493	57,258,516	56,629,729	628,787
Remedial Education	7,589,351	7,560,953	7,402,434	158,519
Office/Principal - Middle Schools	9,947,079	9,961,467	9,951,735	9,732
Homebound Services	407,977	407,977	376,617	31,360
Technical and Career Ed Support	928,000	950,000	920,391	29,609
Student Leadership	1,370,950	1,370,950	1,353,658	17,292
Psychological Services	3,579,714	3,530,532	3,464,815	65,717
Audiological Services	442,357	530,432	445,567	84,865
School Administration	1,804,537	1,827,137	1,717,068	110,069
Alternative Education	1,446,292	1,426,314	1,339,552	86,762
Green Run Collegiate Public Charter	2,508,529	2,664,990	2,651,549	13,441
Total Instruction	<u>\$ 531,318,011</u>	<u>\$ 531,275,010</u>	<u>\$ 522,827,006</u>	<u>\$ 8,448,004</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, 2016

Source	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<u>EXPENDITURES (continued)</u>				
<u>Admin, Attendance, & Health</u>				
Board, Legal, & Governmental	\$ 1,006,142	\$ 1,002,392	\$ 877,986	\$ 124,406
Office of the Superintendent	1,096,644	1,053,478	903,042	150,436
Department of Budget & Finance	4,258,303	4,056,317	3,760,801	295,516
Department of Human Resources	5,062,853	5,046,223	4,752,889	293,334
Internal Audit	436,063	436,494	390,330	46,164
Purchasing	1,012,206	1,047,830	1,040,657	7,173
Center for Teacher Leadership	564,960	802,253	726,302	75,951
Consolidated Benefits Office	2,012,781	2,151,542	2,121,086	30,456
Health Services	7,341,485	7,341,315	7,294,816	46,499
Green Run Collegiate Public Charter	-	9,000	-	9,000
Total Admin, Attendance, & Health	<u>\$ 22,791,437</u>	<u>\$ 22,946,844</u>	<u>\$ 21,867,909</u>	<u>\$ 1,078,935</u>
<u>Pupil Transportation</u>				
Management	\$ 2,204,125	\$ 2,266,725	\$ 2,250,424	\$ 16,301
Vehicle Operation	18,082,173	18,440,210	16,199,707	2,240,503
Vehicle Operation - Special Education	5,237,355	7,059,661	5,864,284	1,195,377
Vehicle Maintenance	3,103,202	3,301,795	3,212,477	89,318
Monitoring Services	2,858,499	3,057,499	3,056,056	1,443
Green Run Collegiate Public Charter	-	189,128	189,128	-
Total Pupil Transportation	<u>\$ 31,485,354</u>	<u>\$ 34,315,018</u>	<u>\$ 30,772,076</u>	<u>\$ 3,542,942</u>
<u>Operations and Maintenance</u>				
Facility Planning & Construction	\$ 770,187	\$ 805,002	\$ 792,847	\$ 12,155
School Plant	44,358,591	47,650,168	43,091,533	4,558,635
Supply Services	1,622,458	1,642,376	1,609,028	33,348
Grounds Services	3,884,352	3,884,352	3,884,352	-
Custodial Services	29,398,920	28,685,480	27,149,155	1,536,325
Safety and Loss Control	7,355,785	7,281,092	7,005,367	275,725
Vehicle Services	1,042,597	2,180,808	842,893	1,337,915
Telecommunications	1,065,030	1,363,430	1,265,076	98,354
Green Run Collegiate Public Charter	376,494	21,400	-	21,400
Total Operations & Maintenance	<u>\$ 89,874,414</u>	<u>\$ 93,514,108</u>	<u>\$ 85,640,251</u>	<u>\$ 7,873,857</u>
<u>Technology</u>				
Instruction	\$ 13,837,637	\$ 15,778,439	\$ 15,035,088	\$ 743,351
Admin, Attendance & Health	1,757,551	1,674,355	1,415,071	259,284
Pupil Transportation	89,947	349,931	349,224	707
Operations and Maintenance	10,774,635	14,280,515	12,480,309	1,800,206
Green Run Collegiate Public Charter	-	76,836	73,947	2,889
Total Technology	<u>\$ 26,459,770</u>	<u>\$ 32,160,076</u>	<u>\$ 29,353,639</u>	<u>\$ 2,806,437</u>
Total Expenditures	<u>\$ 701,928,986</u>	<u>\$ 714,211,056</u>	<u>\$ 690,460,881</u>	<u>\$ 23,750,175</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	<u>\$ 3,938,203</u>	<u>\$ (5,349,134)</u>	<u>\$ 1,671,209</u>	<u>\$ 7,020,343</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers Out	\$ (4,059,203)	\$ (4,084,436)	\$ (3,213,930)	\$ 870,506
Sale of Capital Assets	15,000	15,000	15,715	715
Total Other Financing Sources (Uses)	<u>\$ (4,044,203)</u>	<u>\$ (4,069,436)</u>	<u>\$ (3,198,215)</u>	<u>\$ 871,221</u>
<u>NET CHANGE IN FUND BALANCE</u>	<u>(106,000)</u>	<u>(9,418,570)</u>	<u>(1,527,006)</u>	<u>7,891,564</u>
<u>FUND BALANCE - JULY 1</u>	<u>10,763,361</u>	<u>10,763,361</u>	<u>10,763,361</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>	<u>\$ 10,657,361</u>	<u>\$ 1,344,791</u>	<u>\$ 9,236,355</u>	<u>\$ 7,891,564</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, 2016

Source	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<u>REVENUES</u>				
Miscellaneous	\$ 322,284	\$ 477,640	\$ 204,541	\$ (273,099)
From Commonwealth	9,423,343	10,212,603	9,078,539	(1,134,064)
From Federal Government	37,125,326	37,804,013	31,354,314	(6,449,699)
Contingency	7,200,000	5,162,499	-	(5,162,499)
Total Revenues	<u>\$ 54,070,953</u>	<u>\$ 53,656,755</u>	<u>\$ 40,637,394</u>	<u>\$ (13,019,361)</u>
<u>EXPENDITURES</u>				
<u>Instruction</u>				
Adult Education & Family Literacy Act - FY15	\$ 415,113	\$ 356,545	\$ 356,545	\$ -
Adult Education & Family Literacy Act - FY16	-	24,946	24,946	-
Advanced Placement Program FY16	57,180	66,497	66,497	-
Algebra Readiness FY15	-	91,214	91,214	-
Algebra Readiness FY16	837,167	827,521	750,097	77,424
Allstate Foundation Safe Teen Driving FY07	-	396	396	-
Alternative Assessment Assist Incentive FY16	-	5,998	5,998	-
Asia Society Confucius Classroom Network FY13	-	4,120	1,255	2,865
Assessment for Learning Project FY16	-	50,568	4,170	46,398
Career & Technical Ed State Equip Alloc FY16	8,427	27,451	27,451	-
Career Switcher Program Mentor Reimb. FY16	11,000	15,000	15,000	-
C. Perkins Vocational & Tech. Act FY15	-	70,386	70,386	-
C. Perkins Vocational & Tech. Act FY16	717,807	549,643	523,869	25,774
DNA Building Block for MS Literacy FY15	38,360	29,129	25,245	3,884
DoDEA MCASP FY13	33,269	33,269	33,269	-
DoDEA MCASP FY15	155,491	374,159	374,159	-
DoDEA MCASP Operation PRIDE FY14	31,019	31,019	31,019	-
DoDEA MCASP Operation PRIDE FY15	395,701	450,395	444,777	5,618
DoDEA MCASP Operation PRIDE FY16	672,118	750,229	174,330	575,899
DoDEA S-FLEP FY15	60,615	52,229	44,600	7,629
DoDEA Special Education FY15	45,707	97,832	97,832	-
DoDEA Special Education FY16	305,430	297,959	130,613	167,346
Dominion Educational Partnership FY15	-	4,249	4,249	-
Dual Enrollment - TCC FY16	275,918	501,886	501,886	-
Early Reading Initiative FY15	-	417,903	417,903	-
Early Reading Initiative FY16	1,275,124	1,093,353	958,381	134,972
General Adult Education FY16	34,586	34,586	34,586	-
Girls on the Run Program-Rosemont ES FY16	-	3,341	1,149	2,192
Governors STEM Academy Landstown HS FY15	-	524	502	22
Green Run Collegiate Support FY14	-	4,744	4,744	-
Green Run Collegiate Support FY16	-	12,500	12,500	-
Inclusion Leadership Support-Salem HS FY13	-	457	-	457
Industry Credentials for Students FY16	78,176	80,333	80,333	-
ISAEP FY16	62,869	61,220	61,220	-
Jail Education Program FY16	233,301	176,550	162,568	13,982
Jail Education Program FY16 LQ	-	231,403	66,247	165,156
Juvenile Detention Center FY16	722,796	699,493	686,861	12,632
Juvenile Detention Center FY16 LQ	-	699,493	252,636	446,857
LTG (RET) Pete Taylor Partnership Excell. FY14	-	6,273	2,445	3,828
McKinney Homeless FY15	35,001	58,279	55,158	3,121

(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, 2016

Source	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<u>EXPENDITURES (continued)</u>				
<u>Instruction (continued)</u>				
McKinney Homeless FY16	70,000	63,000	49,513	13,487
MTSS-B Evaluation FY16	-	477,523	96,330	381,193
MyCAA - ALC Courses FY16	5,000	3,210	3,210	-
MyCAA - LPN Program FY16	10,000	4,000	4,000	-
Nat'l Board Certified Teachers Stipend FY16	352,500	335,000	335,000	-
New Teacher Mentor FY16	38,401	29,622	29,622	-
NJROTC FY16	-	41,935	41,935	-
Opportunity Inc. - STEM Grant FY16	220,492	311,814	148,271	163,543
Opportunity Inc. - Adult Learning Center FY16	101,792	90,000	41,930	48,070
Positive Behavior Interventions & Support FY14	-	1,184	1,131	53
Positive Behavior Interventions & Support FY15	-	12,473	12,473	-
Positive Behavior Interventions & Support FY16	-	25,000	9,563	15,437
Post 9/11 GI Bill FY15	-	2,724	2,724	-
Preschool Incentive Grant FY14	-	202	202	-
Preschool Incentive Grant FY15	182,015	103,088	103,088	-
Preschool Incentive Grant FY16	474,237	469,814	392,757	77,057
Project Hope - City Wide SCA FY14	-	4,673	489	4,184
Race to GED FY16	64,188	64,188	64,188	-
School Security Equipment Grant FY15	-	1,169	1,169	-
School Security Equipment Grant FY16	-	18,701	18,701	-
Startalk Elementary Chinese Academy FY15	88,195	75,877	75,259	618
Startalk Elementary Chinese Academy FY16	-	81,304	18,223	63,081
STEM Teacher Recruitment/Retention FY16	-	11,000	11,000	-
Title I Distinguished School Rosemont FY16	-	8,500	-	8,500
Title I Part A Rosemont Award FY15	-	9,698	9,698	-
Title I Part A 128-15 FY15	3,063,455	3,351,827	3,351,827	-
Title I Part A 128-16 FY16	9,320,594	10,286,601	6,434,176	3,852,425
Title I Part D Subpart 1 FY16	5,000	20,500	15,514	4,986
Title I Part D Subpart 1 Library Materials FY16	-	1,000	893	107
Title I Part D Subpart 2 FY14	16,592	19,709	19,709	-
Title I Part D Subpart 2 FY15	164,031	174,093	148,746	25,347
Title I Part D Subpart 2 FY16	190,762	158,897	-	158,897
Title II NCLB128-14 FY14	26,675	26,082	26,082	-
Title II NCLB128-15 FY15	342,934	241,962	223,139	18,823
Title II NCLB128-16 FY16	2,181,723	2,160,657	2,004,490	156,167
Title III Part A Immigrant & Youth FY15	16,128	19,727	19,727	-
Title III Part A Immigrant & Youth FY16	29,865	25,247	1,077	24,170
Title III Part A Immig. & Youth Supplement FY16	-	5,975	5,975	-
Title III Part A Language Acquisition FY15	94,695	93,039	93,039	-
Title III Part A Language Acquisition FY16	102,720	104,973	23,391	81,582
Title IV Pell Grant FY16	-	39,361	39,361	-
Title IV Part B 21st CCLC-Williams ES FY15	68,272	94,218	93,986	232
Title IV Part B 21st CCLC-GRC FY15	109,362	72,334	72,334	-
Title IV Part B 21st CCLC-GRC FY16	162,626	113,991	53,069	60,922
Title VI B Early Childhood Supplement FY14	-	7,253	7,253	-
Title VI B PL 105-17 FY15	1,325,873	855,554	794,836	60,718
Title VI B PL 105-17 FY16	14,206,952	14,161,180	14,086,818	74,362
VA Beach Historic Preserv Research Prog FY16	-	1,480	-	1,480

(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, 2016

Source	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<u>EXPENDITURES (continued)</u>				
<u>Instruction (continued)</u>				
VA Geographic Alliance FY11	-	36	-	36
VA Initiative-At Risk Four-Year Olds FY15	-	13,910	13,910	-
VA Initiative-At Risk Four-Year Olds FY16	4,224,000	4,224,000	4,010,090	213,910
VA Star FY12	-	504	-	504
Virginia Middle School Teacher Corps. FY16	35,000	20,000	20,000	-
Virtual VA Advanced Placement FY16	-	11,537	-	11,537
Workplace Readiness Skills Comm Exam FY16	-	18,623	18,623	-
Contingency	7,200,000	5,162,499	-	5,162,499
Total Instruction	<u>\$ 50,996,254</u>	<u>\$ 52,025,560</u>	<u>\$ 39,645,577</u>	<u>\$ 12,379,983</u>
<u>Technology</u>				
Algebra Readiness FY16	\$ 30,915	\$ 24,230	\$ 24,230	\$ -
Career & Technical Education Equipment FY16	80,000	63,362	63,362	-
C. Perkins Vocational & Tech. Act FY15	-	5,264	5,264	-
C. Perkins Vocational & Tech. Act FY16	155,899	263,983	141,019	122,964
DNA Building Blocks for MS Literacy FY15	389	224	224	-
DoDEA MCASP FY15	55,379	368	368	-
DoDEA MCASP Operation PRIDE FY15	31,450	73,600	69,369	4,231
DoDEA MCASP Operation PRIDE FY16	142,412	64,300	966	63,334
DoDEA S-FLEP FY15	400	19	19	-
DoDEA Special Education FY15	2,566	740	740	-
DoDEA Special Education FY16	2,450	5,606	3,052	2,554
Early Reading Initiative FY15	-	81,292	81,292	-
Early Reading Initiative FY16	21,693	181,267	47,504	133,763
Governors STEM Academy Landstown HS FY15	-	2,476	2,476	-
ISAEP FY16	-	1,649	1,649	-
Jail Education Program FY16	3,250	400	98	302
Jail Education Program FY16 LQ	-	400	-	400
Juvenile Detention Center FY16	8,200	15,100	14,569	531
Juvenile Detention Center FY16 LQ	-	8,900	879	8,021
Opportunity Inc. - STEM Grant FY16	-	186	186	-
Positive Behavior Interventions & Support FY15	-	1,225	1,225	-
Preschool Incentive Grant FY14	-	8,784	8,784	-
Preschool Incentive Grant FY15	780	86	86	-
Preschool Incentive Grant FY16	780	5,373	5,373	-
School Security Equipment Grant FY16	-	103,593	103,593	-
Startalk Elementary Chinese Academy FY15	1,094	400	400	-
Startalk Elementary Chinese Academy FY16	-	594	86	508
Technology Initiative FY14	435,997	109,897	109,897	-
Technology Initiative FY15	435,997	139,466	86,970	52,496
Technology Initiative FY16	2,618,400	2,618,400	2,129,001	489,399
Title I Part A Rosemont Award FY15	-	7,303	7,303	-
Title I Part A 128-15 FY15	541,583	336,285	336,285	-
Title I Part A 128-16 FY16	968,337	392,990	46,458	346,532
Title I Part D Subpart 1 FY16	-	1,500	-	1,500
Title I Part D Subpart 2 FY14	2,493	7,950	7,950	-
Title I Part D Subpart 2 FY15	19,593	16,430	-	16,430
Title I Part D Subpart 2 FY16	16,743	5,576	-	5,576

(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, 2016

Source	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<u>EXPENDITURES (continued)</u>				
<u>Technology (continued)</u>				
Title IV Part B 21st CCLC-Williams ES FY15	500	-	-	-
Title IV Part B 21st CCLC-GRC FY15	1,000	15,411	-	15,411
Title IV Part B 21st CCLC-GRC FY16	1,000	11,962	4,084	7,878
Title IV Early Childhood Supplement FY14	-	3,740	3,740	-
Title VI B PL 105-17 FY15	-	10,833	-	10,833
Title VI B PL 105-17 FY16	26,000	-	-	-
VA Elearning Backpack Bayside FY15	-	10,213	10,213	-
VA Elearning Backpack Bayside FY16	267,696	263,347	217,056	46,291
VA Elearning Backpack Green Run FY15	-	8,011	8,011	-
VA Elearning Backpack Green Run FY16	212,784	218,340	183,137	35,203
VA Elearning Backpack Kempsville FY15	-	7,662	7,662	-
VA Elearning Backpack Kempsville FY16	205,920	203,018	168,299	34,719
Total Technology	<u>\$ 6,291,700</u>	<u>\$ 5,301,755</u>	<u>\$ 3,902,879</u>	<u>\$ 1,398,876</u>
Total Expenditures	<u>\$ 57,287,954</u>	<u>\$ 57,327,315</u>	<u>\$ 43,548,456</u>	<u>\$ 13,778,859</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	<u>\$ (3,217,001)</u>	<u>\$ (3,670,560)</u>	<u>\$ (2,911,062)</u>	<u>\$ 759,498</u>
<u>OTHER FINANCING SOURCES</u>				
Transfers In	<u>\$ 3,217,001</u>	<u>\$ 3,670,560</u>	<u>\$ 3,213,930</u>	<u>\$ (456,630)</u>
<u>NET CHANGE IN FUND BALANCE</u>				
	-	-	302,868	302,868
<u>FUND BALANCE - JULY 1</u>				
	<u>456,630</u>	<u>456,630</u>	<u>456,630</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>				
	<u>\$ 456,630</u>	<u>\$ 456,630</u>	<u>\$ 759,498</u>	<u>\$ 302,868</u>

CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
SCHOOL TEXTBOOKS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

Source	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<u>REVENUES</u>				
From Use of Money and Property	\$ 100,000	\$ 100,000	\$ 24,120	\$ (75,880)
Charges for Services	-	-	273	273
Miscellaneous	10,000	10,000	56,781	46,781
From Commonwealth	3,900,602	3,900,602	3,897,199	(3,403)
Total Revenues	<u>\$ 4,010,602</u>	<u>\$ 4,010,602</u>	<u>\$ 3,978,373</u>	<u>\$ (32,229)</u>
<u>EXPENDITURES</u>				
<u>Instruction</u>				
Personnel Services	\$ 71,794	\$ 71,794	\$ 79,870	\$ (8,076)
Fringe Benefits	27,995	27,995	33,672	(5,677)
Purchased Services	1,500	1,500	-	1,500
Materials and Supplies	8,992,858	8,997,753	3,319,708	5,678,045
Total Instruction	<u>\$ 9,094,147</u>	<u>\$ 9,099,042</u>	<u>\$ 3,433,250</u>	<u>\$ 5,665,792</u>
<u>Technology</u>				
Purchased Services	\$ -	\$ -	\$ 2,659,836	\$ (2,659,836)
Total Technology	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,659,836</u>	<u>\$ (2,659,836)</u>
Total Expenditures	<u>\$ 9,094,147</u>	<u>\$ 9,099,042</u>	<u>\$ 6,093,086</u>	<u>\$ 3,005,956</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>\$ (5,083,545)</u>	<u>\$ (5,088,440)</u>	<u>\$ (2,114,713)</u>	<u>\$ 2,973,727</u>
<u>NET CHANGE IN FUND BALANCE</u>	(5,083,545)	(5,088,440)	(2,114,713)	2,973,727
<u>FUND BALANCE - JULY 1</u>	<u>11,688,657</u>	<u>11,688,657</u>	<u>11,688,657</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>	<u>\$ 6,605,112</u>	<u>\$ 6,600,217</u>	<u>\$ 9,573,944</u>	<u>\$ 2,973,727</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, 2016

	School Cafeterias	School Communication Towers/ Technology	School Vending Operations	School Equipment Replacement	Totals
<u>ASSETS</u>					
Cash and Temporary Investments	\$ 7,755,256	\$ 3,077,634	\$ 42,241	\$ 1,251,494	\$ 12,126,625
Accounts Receivable	13,527	1,337	-	-	14,864
Due from Federal Government	1,045,568	-	-	-	1,045,568
Inventories	598,456	-	-	-	598,456
Prepaid Items	9,163	-	-	-	9,163
Total Assets	<u>\$ 9,421,970</u>	<u>\$ 3,078,971</u>	<u>\$ 42,241</u>	<u>\$ 1,251,494</u>	<u>\$ 13,794,676</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Salaries Payable	\$ 945,962	\$ -	\$ -	\$ -	\$ 945,962
Vouchers and Accounts Payable	437,640	1,630	222	-	439,492
Deposits Payable	-	75,000	-	-	75,000
Unearned Revenue	401,328	-	-	-	401,328
Total Liabilities	<u>\$ 1,784,930</u>	<u>\$ 76,630</u>	<u>\$ 222</u>	<u>\$ -</u>	<u>\$ 1,861,782</u>
Fund Balances:					
Nonspendable	\$ 607,619	\$ -	\$ -	\$ -	\$ 607,619
Restricted	7,029,421	-	-	-	7,029,421
Assigned	-	3,002,341	42,019	1,251,494	4,295,854
Total Fund Balances	<u>\$ 7,637,040</u>	<u>\$ 3,002,341</u>	<u>\$ 42,019</u>	<u>\$ 1,251,494</u>	<u>\$ 11,932,894</u>
Total Liabilities and Fund Balances	<u>\$ 9,421,970</u>	<u>\$ 3,078,971</u>	<u>\$ 42,241</u>	<u>\$ 1,251,494</u>	<u>\$ 13,794,676</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, 2016

	School Cafeterias	School Communication Towers/ Technology	School Vending Operations	School Equipment Replacement	Totals
<u>REVENUES</u>					
From Use of Money and Property	\$ 16,317	\$ 527,135	\$ 100	\$ 3,596	\$ 547,148
Charges for Services	10,771,205	-	192,550	-	10,963,755
Miscellaneous	503,841	-	-	-	503,841
From Commonwealth	588,066	-	-	-	588,066
From Federal Government	18,012,707	-	-	-	18,012,707
Total Revenues	<u>\$ 29,892,136</u>	<u>\$ 527,135</u>	<u>\$ 192,650</u>	<u>\$ 3,596</u>	<u>\$ 30,615,517</u>
<u>EXPENDITURES</u>					
Instruction	\$ -	\$ -	\$ 215,522	\$ -	\$ 215,522
Cafeterias	27,118,359	-	-	-	27,118,359
Technology	95,979	389,908	-	-	485,887
Total Expenditures	<u>\$ 27,214,338</u>	<u>\$ 389,908</u>	<u>\$ 215,522</u>	<u>\$ -</u>	<u>\$ 27,819,768</u>
<u>EXCESS (DEFICIENCY) OF REVENUES</u>					
<u>OVER (UNDER) EXPENDITURES</u>	<u>\$ 2,677,798</u>	<u>\$ 137,227</u>	<u>\$ (22,872)</u>	<u>\$ 3,596</u>	<u>\$ 2,795,749</u>
<u>NET CHANGE IN FUND BALANCES</u>	<u>2,677,798</u>	<u>137,227</u>	<u>(22,872)</u>	<u>3,596</u>	<u>2,795,749</u>
<u>FUND BALANCES - JULY 1</u>	<u>4,959,242</u>	<u>2,865,114</u>	<u>64,891</u>	<u>1,247,898</u>	<u>9,137,145</u>
<u>FUND BALANCES - JUNE 30</u>	<u>\$ 7,637,040</u>	<u>\$ 3,002,341</u>	<u>\$ 42,019</u>	<u>\$ 1,251,494</u>	<u>\$ 11,932,894</u>

CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2016

	School Risk Management	School Health Insurance	Totals
<u>ASSETS</u>			
Cash and Investments	\$ 11,525,427	\$ 30,032,466	\$ 41,557,893
Accounts Receivable	-	932,203	932,203
Prepaid Items	210,880	-	210,880
Total Assets	<u>\$ 11,736,307</u>	<u>\$ 30,964,669</u>	<u>\$ 42,700,976</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Salaries Payable	\$ 9	\$ 220	\$ 229
Vouchers and Accounts Payable	69,612	3,160,131	3,229,743
Unearned Revenue	-	7,363,535	7,363,535
Estimated Claims and Judgments (due within one year)	5,665,500	5,654,250	11,319,750
Total Current Liabilities	<u>\$ 5,735,121</u>	<u>\$ 16,178,136</u>	<u>\$ 21,913,257</u>
Noncurrent Liabilities:			
Estimated Claims and Judgments (due in more than one year)	1,888,500	1,884,750	3,773,250
Total Liabilities	<u>\$ 7,623,621</u>	<u>\$ 18,062,886</u>	<u>\$ 25,686,507</u>
<u>NET POSITION</u>			
Unrestricted	<u>\$ 4,112,686</u>	<u>\$ 12,901,783</u>	<u>\$ 17,014,469</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, 2016

	School Risk Management	School Health Insurance	Totals
<u>OPERATING REVENUES</u>			
Charges for Services	\$ 6,505,724	\$ 142,473,088	\$ 148,978,812
Miscellaneous Revenue	13,520	-	13,520
Total Operating Revenues	<u>\$ 6,519,244</u>	<u>\$ 142,473,088</u>	<u>\$ 148,992,332</u>
<u>OPERATING EXPENSES</u>			
Personnel Services	\$ 358,037	\$ 337,275	\$ 695,312
Fringe Benefits	132,002	129,139	261,141
Other Charges	5,051,816	132,637,522	137,689,338
Total Operating Expenses	<u>\$ 5,541,855</u>	<u>\$ 133,103,936</u>	<u>\$ 138,645,791</u>
<u>OPERATING INCOME (LOSS)</u>	<u>\$ 977,389</u>	<u>\$ 9,369,152</u>	<u>\$ 10,346,541</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>			
Transfers In-General Fund	\$ 1,600,000	\$ -	\$ 1,600,000
Interest Income	31,763	49,063	80,826
<u>CHANGE IN NET POSITION</u>	2,609,152	9,418,215	12,027,367
<u>TOTAL NET POSITION - JULY 1</u>	<u>1,503,534</u>	<u>3,483,568</u>	<u>4,987,102</u>
<u>TOTAL NET POSITION - JUNE 30</u>	<u><u>\$ 4,112,686</u></u>	<u><u>\$ 12,901,783</u></u>	<u><u>\$ 17,014,469</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, 2016

	School Risk Management	School Health Insurance	Totals
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>			
Receipts from Customers and Users	\$ 6,519,244	\$ 142,498,293	\$ 149,017,537
Payments to Vendors for Goods and Services	(6,802,055)	(133,515,734)	(140,317,789)
Payments to Employees for Services	(490,545)	(466,288)	(956,833)
Net Cash Provided By Operating Activities	<u>\$ (773,356)</u>	<u>\$ 8,516,271</u>	<u>\$ 7,742,915</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>			
Intergovernmental Receipts	\$ 1,600,000	\$ -	\$ 1,600,000
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>			
Interest Received on Investments	<u>31,763</u>	<u>49,063</u>	<u>80,826</u>
Net Increase (Decrease) in Cash and Temporary Investments	\$ 858,407	\$ 8,565,334	\$ 9,423,741
Cash and Temporary Investments, July 1	<u>10,667,020</u>	<u>21,467,132</u>	<u>32,134,152</u>
Cash and Temporary Investments, June 30	<u>\$ 11,525,427</u>	<u>\$ 30,032,466</u>	<u>\$ 41,557,893</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO</u>			
<u>NET CASH PROVIDED BY OPERATING ACTIVITIES:</u>			
Operating Income (Loss)	\$ 977,389	\$ 9,369,152	\$ 10,346,541
Adjustments to Reconcile Operating Income (Loss) to			
Net Cash Provided by Operating Activities:			
(Increase) Decrease in Accounts Receivable	-	(435,882)	(435,882)
(Increase) Decrease in Due from Commonwealth	-	117,419	117,419
(Increase) Decrease in Prepaid Items	(209,076)	-	(209,076)
Increase (Decrease) in Salaries Payable	(506)	126	(380)
Increase (Decrease) in Vouchers and Accounts Payable	(505,163)	110,788	(394,375)
Increase (Decrease) in Unearned Revenue	-	343,668	343,668
Increase (Decrease) in Estimated Claims and Judgments	(1,036,000)	(989,000)	(2,025,000)
Total Adjustments	<u>\$ (1,750,745)</u>	<u>\$ (852,881)</u>	<u>\$ (2,603,626)</u>
Net Cash Provided By Operating Activities	<u>\$ (773,356)</u>	<u>\$ 8,516,271</u>	<u>\$ 7,742,915</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, 2016

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
<u>PAYROLL DEDUCTIONS</u>				
<u>ASSETS</u>				
Cash and Temporary Investments	\$ 5,517,605	\$ 135,728,703	\$ 135,656,864	\$ 5,589,444
Accounts Receivable	6,788	-	4,631	2,157
Due from Federal Government	-	465	-	465
Total Assets	<u>\$ 5,524,393</u>	<u>\$ 135,729,168</u>	<u>\$ 135,661,495</u>	<u>\$ 5,592,066</u>
<u>LIABILITIES</u>				
Vouchers and Accounts Payable	<u>\$ 5,524,393</u>	<u>\$ 135,729,168</u>	<u>\$ 135,661,495</u>	<u>\$ 5,592,066</u>
<u>FRINGE BENEFITS</u>				
<u>ASSETS</u>				
Cash and Temporary Investments	\$ 8,721,606	\$ 105,721,352	\$ 106,156,755	\$ 8,286,203
Due From Federal Government	-	465	-	465
Total Assets	<u>\$ 8,721,606</u>	<u>\$ 105,721,817</u>	<u>\$ 106,156,755</u>	<u>\$ 8,286,668</u>
<u>LIABILITIES</u>				
Vouchers and Accounts Payable	<u>\$ 8,721,606</u>	<u>\$ 105,721,352</u>	<u>\$ 106,156,755</u>	<u>\$ 8,286,668</u>
<u>SCHOOL ACTIVITY ACCOUNTS</u>				
<u>ASSETS</u>				
Cash and Temporary Investments	<u>\$ 3,310,682</u>	<u>\$ 11,473,022</u>	<u>\$ 11,073,936</u>	<u>\$ 3,709,768</u>
<u>LIABILITIES</u>				
Vouchers and Accounts Payable	<u>\$ 3,310,682</u>	<u>\$ 11,473,022</u>	<u>\$ 11,073,936</u>	<u>\$ 3,709,768</u>
<u>TOTAL - AGENCY FUNDS</u>				
<u>ASSETS</u>				
Cash and Temporary Investments	\$ 17,549,893	\$ 252,923,077	\$ 252,887,555	\$ 17,585,415
Accounts Receivable	6,788	-	4,631	2,157
Due from Federal Government	-	930	-	930
Total Assets	<u>\$ 17,556,681</u>	<u>\$ 252,924,007</u>	<u>\$ 252,892,186</u>	<u>\$ 17,588,502</u>
<u>LIABILITIES</u>				
Vouchers and Accounts Payable	<u>\$ 17,556,681</u>	<u>\$ 252,923,542</u>	<u>\$ 252,892,186</u>	<u>\$ 17,588,502</u>

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STATISTICAL SECTION

Statistical Section

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

<u>Contents</u>	<u>Page</u>
Financial Trends	257
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	264
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	269
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	274
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	277
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	279
This schedule contains information about the City's deposits and investments.	

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

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

		2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<u>Governmental Activities</u>											
Net Investment in Capital Assets	\$	2,052,211,968	\$ 2,135,340,973	\$ 2,325,729,590	\$ 2,389,856,033	\$ 2,458,877,944	\$ 2,383,146,998	\$ 2,428,253,890	\$ 2,273,830,446	\$ 2,252,154,557	\$ 2,286,145,556
Restricted		42,538,035	70,189,359	48,960,721	48,158,594	63,015,179	38,529,754	40,925,256	272,044,037	343,675,422	362,820,736
Unrestricted		73,594,691	89,556,643	63,956,631	21,851,492	16,225,877	216,468,300	203,260,167	168,304,006	(171,554,644)	(122,670,333)
Total Governmental Activities Net Position	\$	<u>2,168,344,694</u>	<u>\$ 2,295,086,975</u>	<u>\$ 2,438,646,942</u>	<u>\$ 2,459,866,119</u>	<u>\$ 2,538,119,000</u>	<u>\$ 2,638,145,052</u>	<u>\$ 2,672,439,313</u>	<u>\$ 2,714,178,489</u>	<u>\$ 2,424,275,335</u>	<u>\$ 2,526,295,959</u>
<u>Business-type Activities</u>											
Net Investment in Capital Assets	\$	658,871,000	\$ 665,969,934	\$ 677,714,227	\$ 690,413,751	\$ 699,132,196	\$ 740,710,253	\$ 790,083,898	\$ 716,074,522	\$ 758,928,371	\$ 760,003,698
Restricted		117,241,789	133,124,575	118,523,348	131,592,999	134,034,758	134,288,475	132,851,393	249,548,491	212,357,644	259,716,984
Unrestricted		1,531,804	1,316,241	18,205,841	3,688,816	4,547,713	32,339,713	23,258,816	29,249,082	30,523,779	31,289,060
Total Business-type Activities Net Position	\$	<u>777,644,593</u>	<u>\$ 800,410,750</u>	<u>\$ 814,443,416</u>	<u>\$ 825,695,566</u>	<u>\$ 837,714,667</u>	<u>\$ 907,338,441</u>	<u>\$ 946,194,107</u>	<u>\$ 994,872,095</u>	<u>\$ 1,001,809,794</u>	<u>\$ 1,051,009,742</u>
<u>Primary Government</u>											
Net Investment in Capital Assets	\$	2,711,082,968	\$ 2,801,310,907	\$ 3,003,443,817	\$ 3,080,269,784	\$ 3,158,010,140	\$ 3,123,857,251	\$ 3,218,337,788	\$ 2,989,904,968	\$ 3,011,082,928	\$ 3,046,149,254
Restricted		159,779,824	203,313,934	167,484,069	179,751,593	197,049,937	172,818,229	173,776,649	521,592,528	556,033,066	622,537,720
Unrestricted		75,126,495	90,872,884	82,162,472	25,540,308	20,773,590	248,808,013	226,518,983	197,553,088	(141,030,865)	(91,381,273)
Total Primary Government Net Position	\$	<u>2,945,989,287</u>	<u>\$ 3,095,497,725</u>	<u>\$ 3,253,090,358</u>	<u>\$ 3,285,561,685</u>	<u>\$ 3,375,833,667</u>	<u>\$ 3,545,483,493</u>	<u>\$ 3,618,633,420</u>	<u>\$ 3,709,050,584</u>	<u>\$ 3,426,085,129</u>	<u>\$ 3,577,305,701</u>

Table 2

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental Activities:										
Legislative	\$ 1,210,187	\$ 1,190,152	\$ 1,234,039	\$ 1,101,059	\$ 1,105,878	\$ 1,090,648	\$ 1,273,769	\$ 1,189,512	\$ 1,186,251	\$ 1,199,261
Executive	3,633,899	3,595,144	3,443,993	2,960,506	2,513,730	2,780,170	2,596,006	2,498,694	2,621,111	3,788,704
Law	3,587,873	3,708,452	3,673,299	3,486,020	3,599,766	3,666,859	3,679,233	3,937,096	3,776,063	3,763,766
Finance	16,216,901	16,661,856	16,644,600	16,925,748	16,912,340	17,775,815	18,015,281	18,521,840	17,241,258	17,077,306
Human Resources	7,839,373	13,400,793	12,879,203	8,494,623	8,222,168	9,055,986	9,916,732	10,479,994	11,031,258	11,750,627
Judicial	48,721,693	49,472,871	50,631,227	48,468,317	49,738,210	51,871,482	53,427,866	56,389,216	54,160,608	56,308,364
Health	3,123,044	3,220,239	3,074,767	2,987,001	2,939,495	2,931,361	2,871,475	3,126,176	3,215,269	3,179,240
Police	84,975,027	88,937,127	88,212,314	86,602,182	87,550,834	89,806,841	94,306,684	98,885,662	96,431,059	93,988,335
Human Services	98,924,690	108,144,955	115,430,632	120,191,660	113,614,181	112,331,388	108,913,384	110,266,430	110,140,108	109,133,450
Public Works	139,806,780	125,719,748	135,063,747	156,433,035	144,084,373	195,557,135	197,205,942	201,565,478	151,146,960	175,477,790
Parks and Recreation	43,896,040	44,780,014	44,221,519	45,258,239	42,919,471	42,619,362	44,461,864	46,944,369	46,372,607	45,082,490
Library	15,873,880	15,845,140	15,685,382	16,053,738	15,258,538	15,639,419	16,135,167	17,811,215	17,581,450	17,001,977
Planning	9,849,490	10,286,282	10,293,506	10,138,645	9,350,124	9,454,772	9,390,272	9,788,352	9,963,622	9,689,950
Agriculture	1,055,102	937,265	1,044,767	911,927	2,844,410	811,303	882,778	889,198	1,249,439	1,427,900
Economic Development	2,522,273	2,168,890	2,669,517	2,260,972	1,989,067	2,195,509	942,848	1,531,524	1,624,276	2,076,114
Convention and Visitor Development	23,659,756	30,236,487	28,319,158	26,441,351	24,450,034	25,211,870	24,259,211	21,970,212	29,153,694	25,836,560
Communication and Information Technology	21,791,364	19,895,881	31,930,685	23,892,765	24,975,516	27,113,853	28,524,903	35,271,946	33,630,014	33,641,832
Emergency Communications and Citizen Services	-	-	-	8,286,906	8,233,437	8,644,135	8,585,726	8,948,709	8,750,026	8,140,536
Boards and Commissions	19,192,200	31,611,562	28,283,987	28,838,862	29,809,481	30,813,011	28,150,540	28,205,251	29,450,284	30,230,164
Fire	42,765,415	43,731,113	44,748,877	46,923,435	46,496,015	49,299,627	52,577,157	49,680,326	50,306,088	50,306,088
Management Services	3,542,392	3,704,939	3,607,392	3,905,792	1,452,377	1,488,732	1,600,743	1,466,132	1,420,917	1,415,041
Education	357,791,746	363,554,215	370,277,459	358,870,557	362,627,543	346,343,221	371,831,366	376,409,572	390,015,055	398,127,741
Housing and Neighborhood Preservation	21,500,671	22,857,744	22,813,746	22,992,624	25,286,359	25,102,010	27,094,230	26,185,221	26,348,557	26,300,165
Museums	8,842,411	7,854,366	8,148,195	8,491,250	8,812,689	9,524,054	9,557,237	10,314,480	10,704,799	10,841,342
Emergency Medical Services	7,392,858	7,251,081	7,320,448	7,595,142	7,693,052	8,667,955	8,911,501	10,052,359	10,028,682	10,201,025
Strategic Growth Area	-	-	-	-	-	1,011,323	940,819	1,254,362	1,102,864	638,519
General Government	51,462,207	22,967,787	16,825,353	35,592,598	22,315,404	6,689,626	2,785,087	1,657,913	2,095,946	1,826,647
Interest on Long-term Debt	42,652,225	46,906,778	48,918,428	73,058,398	42,665,372	48,481,522	35,483,724	32,290,625	33,395,513	33,580,400
Total Governmental Activities Expenses	\$ 1,081,829,497	\$ 1,088,640,881	\$ 1,115,396,240	\$ 1,167,163,352	\$ 1,107,459,864	\$ 1,145,283,688	\$ 1,161,044,015	\$ 1,190,428,695	\$ 1,153,518,070	\$ 1,182,031,334
Business-Type Activities:										
Water and Sewer	\$ 90,745,302	\$ 94,410,608	\$ 95,332,140	\$ 96,891,679	\$ 104,625,349	\$ 102,310,240	\$ 103,110,267	\$ 107,549,122	\$ 110,779,437	\$ 109,232,931
Storm Water	14,420,597	14,231,356	13,027,354	13,116,763	14,178,468	15,650,645	16,592,160	19,561,223	22,908,803	23,288,944
Development Authority	-	-	-	-	-	-	11,210,520	10,154,302	11,025,011	9,920,441
Waste Management	-	-	-	-	-	-	-	-	41,907,754	39,965,302
Resort Parking	1,636,979	1,675,539	1,430,534	1,357,625	1,603,150	1,973,867	1,668,933	1,902,855	4,419,983	3,770,402
Total Business-type Activities Expenses	\$ 106,802,878	\$ 110,317,503	\$ 109,790,028	\$ 111,366,067	\$ 120,406,967	\$ 119,934,752	\$ 132,581,880	\$ 139,167,502	\$ 191,040,988	\$ 186,178,020
Total Primary Government Expenses	\$ 1,188,632,375	\$ 1,198,958,384	\$ 1,225,186,268	\$ 1,278,529,419	\$ 1,227,866,831	\$ 1,265,218,440	\$ 1,293,625,895	\$ 1,329,596,197	\$ 1,344,559,058	\$ 1,368,209,354
Program Revenues										
Governmental Activities:										
Charges for services:										
Judicial	\$ 3,981,479	\$ 4,025,927	\$ 3,946,053	\$ 4,993,137	\$ 4,402,463	\$ 5,377,347	\$ 3,688,139	\$ 3,101,433	\$ 3,735,209	\$ 3,549,429
Police	1,029,473	1,425,005	1,567,617	3,436,506	4,026,448	3,670,550	3,747,317	3,472,080	3,854,581	3,965,201
Human Services	3,318,504	3,383,220	4,723,828	4,952,643	23,797,305	24,322,382	23,782,371	25,031,069	25,615,214	24,956,662
Public Works	3,562,368	1,810,874	3,469,383	10,299,832	6,743,429	13,465,436	30,845,235	44,380,916	2,766,927	3,564,521
Parks and Recreation	14,466,702	14,586,938	14,620,812	14,660,279	14,405,985	13,876,204	14,891,219	15,114,163	14,974,524	15,569,444
Library	648,003	672,183	679,091	617,088	760,480	706,607	728,317	760,734	789,508	726,001
Planning	5,936,100	5,307,304	4,026,124	4,076,448	4,097,287	4,265,630	4,432,198	4,496,079	5,226,904	5,020,717
Agriculture	162,355	145,130	145,454	164,684	127,156	170,091	52,893	55,585	72,725	62,171
Economic Development	-	691,207	-	-	-	-	-	-	-	367,208
Convention and Visitor Development	3,444,555	3,012,735	3,506,706	4,706,217	5,067,297	5,313,030	5,437,203	5,484,357	5,270,419	5,904,184
Fire	271,360	202,543	354,061	406,679	409,613	346,680	414,091	141,747	404,789	413,115
Housing and Neighborhood Preservation	478,923	183,588	174,560	312,489	215,523	1,170,964	1,831,674	2,033,427	2,300,624	2,427,410

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<u>Program Revenues (continued)</u>										
Governmental Activities: (continued)										
Charges for services: (continued)										
Museums	\$ 6,371,707	\$ 5,547,623	\$ 5,493,504	\$ 6,609,514	\$ 7,208,895	\$ 7,548,640	\$ 8,073,443	\$ 7,701,899	\$ 8,343,814	\$ 9,171,646
General Government	10,177,882	10,412,161	9,756,013	8,777,127	8,096,615	7,395,885	7,535,955	7,532,896	7,480,645	6,690,903
Other Activities	352,329	975,039	524,362	508,565	545,787	497,376	551,983	3,590,913	4,088,006	3,867,123
Operating grants and contributions	169,205,494	189,987,751	202,479,091	214,751,488	195,543,654	169,430,851	166,149,172	163,734,763	167,099,983	176,554,087
Capital grants and contributions	39,329,430	49,331,573	88,794,495	30,731,118	32,767,792	41,572,819	37,502,486	69,771,674	49,910,249	49,358,726
Total Governmental Activities Program Revenues	\$ 262,736,664	\$ 291,700,801	\$ 344,261,154	\$ 310,003,814	\$ 308,215,729	\$ 299,130,492	\$ 309,663,696	\$ 356,403,735	\$ 301,934,121	\$ 312,168,548
Business-type Activities:										
Charges for services:										
Water and Sewer	\$ 93,104,033	\$ 97,364,528	\$ 95,308,313	\$ 98,568,890	\$ 102,398,524	\$ 109,200,204	\$ 115,160,670	\$ 122,079,274	\$ 122,609,520	\$ 124,303,922
Storm Water	14,537,968	15,728,693	17,559,488	19,285,386	21,321,426	27,841,165	32,721,540	37,087,519	39,048,824	39,522,703
Development Authority	-	-	-	-	-	-	2,630,055	189,011	4,665,161	4,999,007
Waste Management	-	-	-	-	-	-	-	-	43,457,679	37,766,169
Parking	2,259,617	2,319,168	2,390,391	2,420,174	3,213,279	2,879,725	3,134,711	2,879,228	4,535,524	3,824,504
Operating grants and contributions	5,405,170	5,602,177	5,216,559	5,222,410	3,569,248	1,306,092	-	-	90,237	72,740
Capital grants and contributions	1,257,077	6,491,686	2,442,568	628,640	1,877,989	974,355	1,945,692	7,507,130	7,413,070	8,175,896
Total Business-type Activities Program Revenues	\$ 116,563,865	\$ 127,506,252	\$ 122,917,319	\$ 126,125,500	\$ 132,380,466	\$ 142,201,541	\$ 155,592,668	\$ 169,742,162	\$ 221,820,015	\$ 218,664,941
Total Primary Government Program Revenues	\$ 379,300,529	\$ 419,207,053	\$ 467,178,473	\$ 436,129,314	\$ 440,596,195	\$ 441,332,033	\$ 465,256,364	\$ 526,145,897	\$ 523,754,136	\$ 530,833,489
<u>Net (Expenses) Revenues</u>										
Governmental Activities	\$ (819,092,833)	\$ (796,940,080)	\$ (771,135,086)	\$ (857,159,538)	\$ (799,244,135)	\$ (846,153,196)	\$ (851,380,319)	\$ (834,024,960)	\$ (851,583,949)	\$ (869,862,786)
Business-type Activities	9,760,987	17,188,749	13,127,291	14,759,433	11,973,499	22,266,789	23,010,788	30,574,660	30,779,027	32,486,921
Total Primary Government Net Expenses	\$ (809,331,846)	\$ (779,751,331)	\$ (758,007,795)	\$ (842,400,105)	\$ (787,270,636)	\$ (823,886,407)	\$ (828,369,531)	\$ (803,450,300)	\$ (820,804,922)	\$ (837,375,865)
<u>General Revenues and Other Changes in Net Position</u>										
Governmental Activities:										
Taxes:										
General Property Taxes -										
Real Estate & Personal Property	\$ 528,091,785	\$ 576,420,840	\$ 589,973,045	\$ 558,423,911	\$ 537,521,503	\$ 537,843,813	\$ 551,950,361	\$ 543,960,594	\$ 574,064,411	\$ 622,389,162
Sales	54,125,457	54,121,980	51,007,274	50,331,672	51,945,150	53,038,789	55,995,114	55,990,140	58,521,297	61,409,466
Utility	39,229,570	42,071,272	47,340,874	46,023,992	47,159,975	43,074,104	46,635,170	42,665,494	44,724,955	40,961,377
Business Licenses	40,117,510	41,834,619	40,919,033	38,204,143	41,183,389	41,205,981	44,671,818	43,657,877	45,155,698	44,956,510
Meal	48,162,200	48,069,618	48,138,128	48,566,456	50,870,246	53,540,559	55,296,252	57,041,072	59,693,981	63,558,427
Lodging	23,364,668	23,623,107	22,734,965	22,919,279	24,401,106	25,624,528	26,265,622	26,252,617	28,216,513	29,999,408
Amusement	4,881,693	5,020,312	5,427,458	5,141,354	5,312,439	5,617,464	5,365,290	6,247,637	6,001,024	6,953,928
City Tax on Deeds and Wills	10,660,889	8,892,283	6,569,411	6,283,840	5,864,224	6,284,635	7,530,469	6,377,834	7,044,958	7,299,045
Cigarette	11,040,079	11,503,774	13,062,433	11,949,379	12,270,185	12,213,135	11,748,003	12,073,540	12,983,847	10,950,799
Automobile Licenses	8,815,226	8,945,576	8,985,629	8,654,496	9,018,255	8,947,535	10,278,790	9,421,028	9,048,539	10,867,860
Emergency 911 Telephone	6,351,737	7,281,412	5,970	-	-	-	-	-	-	-
Other Taxes	6,759,400	9,074,242	8,875,610	9,871,136	10,981,669	10,770,992	11,049,732	10,231,840	11,460,710	13,480,842
Grants and contributions not restricted	53,506,370	53,413,358	53,413,096	53,413,134	67,913,073	53,414,000	53,412,868	53,412,868	53,412,868	53,412,868
Investment Earnings	15,401,732	16,206,742	7,727,438	4,067,799	1,755,326	9,351,455	199,920	3,557,973	3,956,635	7,172,459
Miscellaneous	15,799,971	15,295,906	13,178,417	14,528,124	11,300,476	9,789,639	5,275,171	22,454,268	14,876,713	14,369,406
Total Governmental Activities	\$ 866,308,287	\$ 921,775,041	\$ 917,358,781	\$ 878,378,715	\$ 877,497,016	\$ 870,716,629	\$ 885,674,580	\$ 893,344,782	\$ 929,162,149	\$ 987,781,557
Business-type Activities:										
Investment Earnings	\$ 5,599,105	\$ 6,003,643	\$ 2,820,444	\$ 943,565	\$ 761,924	\$ 264,732	\$ 586,174	\$ 522,661	\$ 660,764	\$ 814,880
Miscellaneous	(404,205)	(426,235)	(1,915,069)	(4,450,848)	(716,322)	1,303,678	15,258,704	21	(478,876)	-
Total Business-type Activities	\$ 5,194,900	\$ 5,577,408	\$ 905,375	\$ (3,507,283)	\$ 45,602	\$ 1,568,410	\$ 15,844,878	\$ 522,682	\$ 181,888	\$ 814,880
Total Primary Government	\$ 871,503,187	\$ 927,352,449	\$ 918,264,156	\$ 874,871,432	\$ 877,542,618	\$ 872,285,039	\$ 901,519,458	\$ 893,867,464	\$ 929,344,037	\$ 988,596,437
<u>Change in Net Position</u>										
Governmental Activities	\$ 124,834,961	\$ 146,223,695	\$ 21,219,177	\$ 78,252,881	\$ 24,563,433	\$ 34,294,261	\$ 59,319,822	\$ 41,739,179	\$ 77,578,200	\$ 117,918,771
Business-type Activities	22,766,157	14,032,666	11,252,150	12,019,101	23,835,199	38,855,666	31,097,342	48,677,988	30,960,915	33,301,801
Total Primary Government	\$ 147,601,118	\$ 160,256,361	\$ 32,471,327	\$ 90,271,982	\$ 48,398,632	\$ 73,149,927	\$ 90,417,164	\$ 90,417,167	\$ 108,539,115	\$ 151,220,572

Source: City Department of Finance

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 453,056	\$ 506,339	\$ 581,099	\$ 7,482,460	\$ 7,093,861	\$ 10,937,946
Restricted	-	-	-	-	987,701	721,002	892,701	892,701	1,080,998	675,616
Committed	-	-	-	-	33,756,567	16,397,989	19,310,560	16,616,865	12,299,308	12,299,308
Assigned	-	-	-	-	41,286,701	69,462,951	65,524,909	50,789,758	46,342,481	54,485,191
Unassigned	-	-	-	-	113,003,754	103,961,151	102,363,793	96,084,791	97,004,933	107,119,381
Reserved	6,466,689	10,977,275	11,202,854	9,763,249	-	-	-	-	-	-
Unreserved	170,036,346	182,087,766	152,478,269	169,216,410	-	-	-	-	-	-
Total General Fund	<u>\$ 176,503,035</u>	<u>\$ 193,065,041</u>	<u>\$ 163,681,123</u>	<u>\$ 178,979,659</u>	<u>\$ 189,487,779</u>	<u>\$ 191,049,432</u>	<u>\$ 188,673,062</u>	<u>\$ 171,866,575</u>	<u>\$ 163,821,581</u>	<u>\$ 185,517,442</u>
All Other Governmental Funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,453,867	\$ 5,768,575
Restricted	-	-	-	-	36,583,676	42,910,053	40,032,555	41,303,255	36,878,328	43,324,803
Committed	-	-	-	-	205,254,077	337,853,345	302,868,839	321,477,382	337,402,946	357,531,393
Assigned	-	-	-	-	133,709,715	6,583,170	3,841,898	8,601,614	9,047,083	6,170,501
Unassigned	-	-	-	-	-	-	-	(554,019)	(391,769)	948,094
Reserved, Reported In:										
All Other Government Funds	96,940,059	81,311,197	96,319,671	102,057,848	-	-	-	-	-	-
Debt Service Funds	13,993,113	19,006,999	21,216,930	17,251,355	-	-	-	-	-	-
Unreserved, Reported In:										
Special Revenue Funds	94,795,858	102,397,382	93,673,677	80,861,278	-	-	-	-	-	-
Capital Projects Funds	80,549,409	87,513,646	126,587,633	156,110,046	-	-	-	-	-	-
Total All Other Governmental Funds	<u>\$ 286,278,439</u>	<u>\$ 290,229,224</u>	<u>\$ 337,797,911</u>	<u>\$ 356,280,527</u>	<u>\$ 375,547,468</u>	<u>\$ 387,346,568</u>	<u>\$ 346,743,292</u>	<u>\$ 370,828,232</u>	<u>\$ 389,390,455</u>	<u>\$ 413,743,366</u>

Source: City Department of Finance

Note: City Adopted GASB 54 in Fiscal Year 2011

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
REVENUES										
Real Estate Taxes	\$ 462,221,198	\$ 499,241,014	\$ 515,768,880	\$ 504,334,961	\$ 474,474,648	\$ 461,480,333	\$ 476,217,120	\$ 464,439,667	\$ 481,774,192	\$ 526,451,909
Personal Property Taxes	124,098,407	128,475,060	123,593,895	113,226,394	119,356,403	73,705,379	74,723,035	78,678,322	90,898,635	95,930,682
Total General Property Taxes	586,319,605	627,716,074	639,362,775	617,561,355	593,831,051	535,185,712	550,940,155	543,117,989	572,672,827	622,382,591
Other Local Taxes:										
General Sales	53,962,203	54,071,427	51,439,533	50,263,545	51,743,905	53,375,318	54,978,531	56,431,418	58,164,569	61,099,407
Utility	39,741,626	42,071,272	45,764,804	46,662,622	45,129,301	45,254,169	44,623,292	44,050,182	43,308,157	42,658,906
Business Licenses	39,931,411	41,801,475	41,047,807	38,092,610	41,281,806	41,129,895	44,224,356	44,027,381	44,586,110	45,301,911
Franchise Taxes-Cox Communications	5,178,485	5,487,236	5,891,384	6,256,632	6,827,422	6,962,320	7,192,940	7,531,593	7,939,584	8,115,171
Automobile Licenses	8,815,226	8,945,576	8,962,613	8,654,625	9,018,142	8,970,535	9,437,635	9,346,971	9,225,176	10,862,073
Bank Stock	1,520,710	2,261,296	2,071,296	2,667,046	3,029,323	2,615,883	2,354,647	2,151,058	2,739,645	3,023,394
City Tax on Deeds	10,501,703	8,803,558	6,492,325	6,218,098	5,796,601	6,203,751	7,458,847	6,297,952	6,970,299	7,222,757
City Tax on Wills	159,186	88,725	77,086	65,742	67,623	80,884	71,622	79,882	74,659	76,288
Cigarette	11,040,079	11,503,774	11,786,853	12,468,847	12,063,516	12,182,212	11,953,020	11,693,536	13,707,486	10,164,199
Amusement	4,881,693	5,020,312	5,422,767	5,226,534	5,314,873	5,472,204	5,482,948	6,015,026	5,902,807	7,034,792
Hotel Taxes	22,616,459	23,623,107	22,955,423	22,801,413	24,169,996	25,003,788	26,049,027	26,643,369	27,914,212	29,780,108
Restaurant Meals	46,743,465	48,069,618	48,304,462	48,442,376	50,594,181	53,254,313	55,122,465	56,872,794	59,968,375	63,437,485
Transient Occupancy Taxes	748,209	861,559	920,264	934,382	1,122,301	1,106,769	1,178,742	761,557	771,695	815,025
Total Other Local Taxes	252,456,783	260,197,924	251,136,617	248,754,472	256,158,990	261,612,041	270,128,072	271,902,719	281,272,774	289,591,516
Fines and Forfeitures	5,712,654	6,155,497	5,772,731	6,733,769	7,432,059	6,821,979	6,902,298	5,443,331	7,359,085	6,417,007
Permits, Privilege Fees, and Regulatory Licenses	5,400,602	5,008,807	4,158,778	4,222,376	3,824,168	4,239,786	4,222,312	6,312,079	5,138,080	4,922,398
From Use of Money and Property	23,604,498	23,872,972	13,223,279	9,841,835	7,582,471	15,495,687	8,486,602	9,281,953	9,706,351	15,856,367
Charges for Services	37,847,747	35,704,240	35,136,062	55,897,422	61,278,029	68,489,147	85,837,389	110,064,203	72,565,586	70,998,949
Miscellaneous	13,815,781	11,207,659	15,871,120	17,701,348	15,255,086	15,900,634	25,744,605	18,041,512	11,935,463	11,148,714
Sale of Property	159,500	-	-	10,000	15,000	-	-	-	-	-
From Other Local Governments	482,343	2,922,656	440,526	447,717	14,921,907	247,709	2,595,294	98,153	49,077	-
From Commonwealth	123,386,258	133,829,900	137,486,037	126,848,945	137,844,448	183,494,275	176,215,187	178,507,205	199,209,892	216,035,262
From Federal Government	67,866,759	62,879,529	72,236,638	109,971,236	81,029,447	73,006,854	64,423,364	59,113,705	65,227,667	57,728,271
Total Revenues	\$ 1,117,052,530	\$ 1,169,495,258	\$ 1,174,824,563	\$ 1,197,990,475	\$ 1,179,172,656	\$ 1,164,493,824	\$ 1,195,495,278	\$ 1,201,882,849	\$ 1,225,136,802	\$ 1,295,081,075
EXPENDITURES										
Legislative	\$ 1,200,362	\$ 1,184,474	\$ 1,229,876	\$ 1,099,021	\$ 1,104,591	\$ 1,078,747	\$ 1,298,568	\$ 1,184,883	\$ 1,208,704	\$ 1,233,934
Executive	3,577,193	3,626,970	3,416,589	2,958,372	2,563,372	2,697,088	2,605,143	2,528,002	2,615,031	3,998,371
Law	3,561,072	3,718,122	3,645,426	3,526,957	3,576,615	3,640,226	3,697,386	3,913,804	3,919,348	4,022,217
Finance	16,312,033	16,554,091	16,554,774	16,263,353	15,804,138	16,600,949	16,993,124	17,367,222	17,815,815	18,062,607
Human Resources	7,821,314	13,417,794	12,899,532	8,475,233	8,229,652	9,010,045	9,924,243	10,416,987	11,174,602	11,914,851
Judicial	47,995,556	49,170,602	50,058,319	48,360,575	49,040,448	51,006,576	53,276,187	55,458,238	55,398,991	58,516,561
Health	3,116,338	3,232,255	3,071,005	2,981,771	2,934,899	2,926,650	2,866,304	3,113,772	3,213,191	3,177,862

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<u>EXPENDITURES (continued)</u>										
Police	\$ 81,333,569	\$ 88,122,541	\$ 86,039,838	\$ 84,330,028	\$ 85,654,990	\$ 87,210,424	\$ 91,048,023	\$ 95,036,357	\$ 94,259,577	\$ 95,179,158
Human Services	98,480,042	108,245,640	114,982,315	119,705,569	113,422,755	111,828,043	109,136,160	110,005,531	112,506,829	112,944,110
Public Works	80,067,766	81,007,280	90,598,946	88,729,538	90,570,064	99,611,309	103,023,351	104,583,810	63,701,224	66,744,291
Parks and Recreation	40,682,352	42,119,693	42,360,029	41,975,161	40,087,300	42,677,953	45,253,417	48,891,417	46,973,301	43,265,384
Library	15,920,138	16,059,880	15,652,089	15,995,471	15,442,912	15,475,052	16,033,907	17,381,850	17,618,171	17,368,746
Planning	9,770,085	10,331,341	10,162,875	10,071,875	9,324,289	9,379,626	9,289,151	9,291,336	9,874,195	9,741,864
Agriculture	1,056,038	930,862	1,052,844	931,377	2,837,146	2,958,894	3,040,599	3,389,546	3,503,327	1,468,560
Economic Development	2,530,958	2,145,140	2,656,922	2,243,759	2,007,505	2,210,063	2,343,970	3,018,382	3,037,408	3,949,271
Convention and Visitor Development	23,607,692	25,441,881	25,300,454	26,187,264	23,994,441	50,515,866	51,583,205	52,048,685	50,793,408	26,306,456
Communications and Information Technology	18,507,578	19,118,141	29,111,294	21,205,694	19,371,700	20,992,614	22,348,352	22,249,372	22,008,128	20,463,895
Emergency Communications and Citizen Services	-	-	-	8,286,906	8,233,437	8,644,135	8,585,726	9,033,409	8,985,752	8,609,489
Boards and Commissions	22,375,925	31,381,050	30,920,448	30,304,486	34,454,560	34,730,107	33,495,194	34,742,684	35,603,080	35,367,590
Fire	41,760,077	43,471,843	43,181,025	43,691,716	43,756,960	44,898,737	45,434,088	47,774,858	49,212,062	51,237,605
Management Services	3,493,535	3,676,965	3,579,581	3,854,542	1,484,095	1,471,547	1,595,914	1,481,262	1,526,664	1,485,496
Development Authority	-	-	-	-	-	-	55,539	736,650	400,429	-
Education	354,158,779	345,208,610	387,081,807	381,426,817	350,272,315	399,636,831	364,589,660	382,971,859	372,506,081	388,092,326
Housing and Neighborhood Preservation	21,759,797	23,140,526	23,025,859	23,244,412	25,578,349	25,057,346	27,088,836	26,138,828	26,490,648	26,550,331
Museums	8,797,003	7,829,887	8,158,942	8,463,702	8,805,116	9,430,030	9,542,960	10,225,773	11,435,283	11,140,739
General Government	10,605,800	11,114,894	7,483,531	3,625,500	1,830,932	8,293,239	8,014,133	7,489,469	11,482,238	2,566,531
Emergency Medical Service	7,135,542	7,265,956	7,155,505	7,552,298	7,590,345	8,302,029	8,501,568	9,500,960	9,508,751	10,111,253
Strategic Growth Area	-	-	-	-	-	1,011,323	940,819	1,223,232	1,136,261	746,889
Capital Outlay	163,139,877	175,645,583	107,225,640	125,455,464	152,439,078	134,374,158	132,201,426	142,572,128	180,758,500	148,425,984
Debt Service:										
Principal Retirement	62,581,830	65,114,538	72,662,009	76,488,392	80,413,257	28,759,234	59,341,275	58,392,964	61,522,444	86,698,132
Interest and Fiscal Charges	43,477,348	45,750,215	48,401,666	47,082,762	43,141,572	16,496,683	31,147,744	29,114,205	32,248,023	45,188,801
Total Expenditures	\$ 1,194,825,599	\$ 1,244,026,774	\$ 1,247,669,140	\$ 1,254,518,015	\$ 1,243,966,833	\$ 1,250,925,524	\$ 1,274,295,972	\$ 1,321,277,475	\$ 1,322,437,466	\$ 1,314,579,304
Excess (Deficiency) of Revenues over (under) Expenditures	\$ (77,773,069)	\$ (74,531,516)	\$ (72,844,577)	\$ (56,527,540)	\$ (64,794,177)	\$ (86,431,700)	\$ (78,800,694)	\$ (119,394,626)	\$ (97,300,664)	\$ (19,498,229)
<u>OTHER FINANCING SOURCES (USES)</u>										
Transfers In	\$ 278,985,024	\$ 278,337,221	\$ 329,930,834	\$ 286,072,732	\$ 225,159,580	\$ 79,048,006	\$ 134,706,391	\$ 131,854,570	\$ 142,195,756	\$ 151,503,513
Transfers Out	(272,265,926)	(277,520,986)	(324,543,593)	(282,833,185)	(232,016,209)	(80,346,618)	(149,713,095)	(130,979,095)	(144,189,251)	(156,245,123)
Agriculture Reserve Agreement	-	-	-	-	-	-	-	270,504	344,842	565,264
Issuance of Debt	150,280,000	141,625,000	78,350,705	321,110,000	94,875,000	118,596	83,640,000	111,248,370	99,540,000	111,685,000
Premium on Refunding Bonds	-	2,616,503	-	-	-	-	-	-	-	-
Premium on Bonds Sold	4,020,673	4,065,030	4,384,080	34,379,078	6,600,690	132,850,000	7,342,754	16,096,112	29,213,786	13,623,894
Proceeds of Refunding Bonds	-	-	-	-	-	-	-	20,320,000	91,415,000	-
Increase (Decrease) in Treasury Strips	-	-	-	-	(49,823)	23,194,107	(2,225,854)	-	-	-
Payment to Refunding Bonds Escrow Agent	-	(54,078,461)	-	(267,419,933)	-	(55,071,638)	(37,929,148)	(22,353,602)	(109,664,176)	(55,585,547)
Total Other Financing Sources (Uses)	\$ 161,019,771	\$ 95,044,307	\$ 88,122,026	\$ 91,308,692	\$ 94,569,238	\$ 99,792,453	\$ 35,821,048	\$ 126,456,859	\$ 108,855,957	\$ 65,547,001
Net Change in Fund Balance	\$ 83,246,702	\$ 20,512,791	\$ 15,277,449	\$ 34,781,152	\$ 29,775,061	\$ 13,360,753	\$ (42,979,646)	\$ 7,062,233	\$ 11,555,293	\$ 46,048,772
Debt Service as a Percentage of Noncapital Expenditures	10.3%	10.4%	10.6%	10.9%	11.3%	4.1%	7.9%	7.4%	8.2%	11.3%

Source: City Department of Finance

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
City Taxes										
Real Estate	\$ 462,811,968	\$ 499,776,925	\$ 515,768,880	\$ 504,334,961	\$ 474,474,648	\$ 461,480,333	476,217,120	\$ 464,439,667	481,774,192	\$ 526,451,909
Personal Property	70,592,576	75,062,192	70,181,027	59,813,526	65,943,535	73,705,379	74,723,035	78,678,322	90,898,635	95,930,682
General Sales	53,962,203	54,071,427	51,439,533	50,263,545	51,743,905	53,375,318	54,978,531	56,431,418	58,164,569	61,099,407
Utility	46,357,954	49,660,261	45,764,804	46,662,622	45,129,301	45,254,169	44,623,292	44,050,182	43,308,157	42,658,906
Business Licenses	39,931,411	41,801,475	41,047,807	38,092,610	41,281,806	41,129,895	44,224,356	44,027,381	44,586,110	45,301,911
Franchise Taxes	5,178,485	5,487,236	5,891,384	6,256,632	6,827,422	6,962,320	7,192,940	7,531,593	7,939,584	8,115,171
Automobile Licenses	8,815,226	8,945,576	8,962,613	8,654,625	9,018,142	8,970,535	9,437,635	9,346,971	9,225,176	10,862,073
Bank Stock	1,520,710	2,261,296	2,071,296	2,667,046	3,029,323	2,615,883	2,354,647	2,151,058	2,739,645	3,023,394
City Tax on Deeds	10,501,703	8,803,558	6,492,325	6,218,098	5,796,601	6,203,751	7,458,847	6,297,952	6,970,299	7,222,757
City Tax on Wills	159,186	88,725	77,086	65,742	67,623	80,884	71,622	79,882	74,659	76,288
Cigarette	11,040,079	11,503,774	11,786,853	12,468,847	12,063,516	12,182,212	11,953,020	11,693,536	13,707,486	10,164,199
Amusement	4,881,693	5,020,312	5,422,767	5,226,534	5,314,873	5,472,204	5,482,948	6,015,026	5,902,807	7,034,792
Hotel Taxes	22,616,459	23,623,107	22,955,423	22,801,413	24,169,996	25,003,788	26,049,027	26,643,369	27,914,212	29,780,108
Restaurant Meals	46,743,465	48,069,618	48,304,462	48,442,376	50,594,181	53,254,313	55,122,465	56,872,794	59,968,375	63,437,485
Transient Occupancy	748,209	861,559	920,264	934,382	1,122,301	1,106,769	1,178,742	761,557	771,695	815,025
Total	<u>\$ 785,861,327</u>	<u>\$ 835,037,041</u>	<u>\$ 837,086,524</u>	<u>\$ 812,902,959</u>	<u>\$ 796,577,173</u>	<u>\$ 796,797,753</u>	<u>\$ 821,068,227</u>	<u>\$ 815,020,708</u>	<u>\$ 853,945,601</u>	<u>\$ 911,974,107</u>

Source: City Department of Finance

Note: Franchise Taxes are represented by Cox Communications

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

Fiscal Year	Real Property Assessed Value			Total Taxable		Personal Property Assessed Value		Total Taxable Personal Property		Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential	Commercial	Public Service	Real Property Assessed Value	Direct Tax Rate	Residential	Commercial	Assessed Value	Rate		
2007	39,343,218,144	6,778,924,250	545,140,581	46,667,282,975	0.9900	2,918,848,554	869,072,522	3,787,921,076	3.7000	50,455,204,051	100.0%
2008	47,862,927,769	7,283,463,230	647,905,245	55,794,296,244	0.8900	3,260,237,123	892,229,360	4,152,466,483	3.7000	59,946,762,727	100.0%
2009	48,889,366,712	7,877,386,575	807,890,384	57,574,643,671	0.8900	2,807,028,410	905,268,622	3,712,297,032	3.7000	61,286,940,703	100.0%
2010	47,128,334,239	8,251,639,426	890,229,132	56,270,202,797	0.8900	2,860,711,763	751,063,121	3,611,774,884	3.7000	59,881,977,681	100.0%
2011	43,967,169,845	8,008,231,601	927,509,746	52,902,911,192	0.8900	3,105,575,058	972,520,233	4,078,095,291	3.7000	56,981,006,483	100.0%
2012	42,582,797,354	7,925,225,472	938,693,399	51,446,716,225	0.8900	3,225,216,284	1,079,909,616	4,305,125,900	3.7000	55,751,842,125	100.0%
2013	40,815,993,416	8,036,001,242	929,843,170	49,781,837,828	0.9500	3,306,948,272	942,744,260	4,249,692,532	3.7000	54,031,530,360	100.0%
2014	40,590,297,065	8,147,317,125	889,050,800	49,626,664,990	0.9300	3,362,985,338	971,033,585	4,334,018,923	3.7000	53,960,683,913	100.0%
2015	42,110,642,755	8,466,636,425	875,496,571	51,452,775,751	0.9300	3,446,918,395	1,122,915,183	4,569,833,578	4.0000	56,022,609,329	100.0%
2016	43,302,214,028	8,714,160,476	895,479,945	52,911,854,449	0.9900	3,552,544,174	1,029,515,444	4,582,059,618	4.0000	57,493,914,067	100.0%

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

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

CITY OF VIRGINIA BEACH, VIRGINIA
REVENUE RATES FOR REAL ESTATE AND FOR PERSONAL PROPERTY
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Base Real Property Tax Rate	Additional Real Property Tax Rate Sandbridge SSD	Additional Real Property Tax Rate Town Center SSD	Additional Real Property Tax Rate Old Donation SSD	Additional Real Property Tax Rate Bayville Creek SSD	Additional Real Property Tax Rate Shadowlawn SSD	Additional Real Property Tax Rate Chesapeakeian SSD	Additional Real Property Tax Rate Harbor Point SSD	Additional Real Property Tax Rate Gills Cove SSD	Additional Real Property Tax Rate Hurds Cove SSD	Personal Property Tax Rate
2007	0.9900	0.0600	0.5700	-	-	-	-	-	-	-	3.7000
2008	0.8900	0.0600	0.5000	-	-	-	-	-	-	-	3.7000
2009	0.8900	0.0600	0.4500	-	-	-	-	-	-	-	3.7000
2010	0.8900	0.0600	0.4500	-	-	-	-	-	-	-	3.7000
2011	0.8900	0.0600	0.4500	-	-	-	-	-	-	-	3.7000
2012	0.8900	0.0600	0.4500	0.1840	-	-	-	-	-	-	3.7000
2013	0.9500	0.0600	0.4500	0.1840	0.3630	-	-	-	-	-	3.7000
2014	0.9300	0.0600	0.4500	0.1840	0.3630	0.1594	-	-	-	-	3.7000
2015	0.9300	0.0600	0.4500	0.1840	0.3630	0.1594	0.2913	0.0790	0.0630	-	4.0000
2016	0.9900	0.0600	0.4500	0.1840	0.3630	0.1594	0.2913	0.0790	0.0630	0.4380	4.0000

Real Property Total Direct Tax Rate

Fiscal Year	Regular	Sandbridge SSD Residents	Town Center SSD Residents	Old Donation SSD Residents	Bayville Creek SSD Residents	Shadowlawn SSD Residents	Chesapeakeian SSD Residents	Harbor Point SSD Residents	Gills Cove SSD Residents	Hurds Cove SSD Residents
2007	0.9900	1.0500	1.5600	0.9900	0.9900	0.9900	0.9900	0.9900	0.9900	0.9900
2008	0.8900	0.9500	1.3900	0.8900	0.8900	0.8900	0.8900	0.8900	0.8900	0.8900
2009	0.8900	0.9500	1.3400	0.8900	0.8900	0.8900	0.8900	0.8900	0.8900	0.8900
2010	0.8900	0.9500	1.3400	0.8900	0.8900	0.8900	0.8900	0.8900	0.8900	0.8900
2011	0.8900	0.9500	1.3400	0.8900	0.8900	0.8900	0.8900	0.8900	0.8900	0.8900
2012	0.8900	0.9500	1.3400	1.0740	0.8900	0.8900	0.8900	0.8900	0.8900	0.8900
2013	0.9500	1.0100	1.4000	1.1340	1.3130	0.9500	0.9500	0.9500	0.9500	0.9500
2014	0.9300	0.9900	1.3800	1.1140	1.2930	1.0894	0.9300	0.9300	0.9300	0.9300
2015	0.9300	0.9900	1.3800	1.1140	1.2930	1.0894	1.2213	1.0090	0.9930	0.9300
2016	0.9900	1.0500	1.4400	1.1740	1.3530	1.1494	1.2813	1.0690	1.0530	1.4280

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)

	2016			2007		
	Real Property Assessed Value	Percent of Total Real Property Assessed Value	Rank	Real Property Assessed Value	Percent of Total Real Property Assessed Value	Rank
Virginia Electric & Power Company	\$ 350,475,577	0.55 %	1	\$ 143,031,647	0.31 %	6
Armada Hoffler	348,578,500	0.55	2	232,069,617	0.50	2
Ramon W. Breeden, Jr.	345,708,500	0.55	3	213,319,441	0.46	3
Lynnhaven Mall LLC	284,948,200	0.45	4	303,052,414	0.66	1
E. D. & A. F. Ruffin & B. L. Thompson	266,804,000	0.42	5	198,279,618	0.43	4
J. M. , R.J.F. , A.D. & L.E. Caplan	257,436,900	0.41	6	-	-	-
Pembroke Square Assoc.	187,416,300	0.30	7	177,861,445	0.39	5
Verizon Virginia, Inc.	170,066,425	0.27	8	130,961,541	0.28	8
Christian Broadcasting Assoc./Net, Inc.	148,392,200	0.23	9	97,074,546	0.21	16
Cheryl P. McLeskey	138,061,200	0.22	10	127,301,797	0.28	9
Thomas J. Lyons, Jr.	136,130,900	0.21	11	124,720,183	0.27	11
Lake Gem	117,789,600	0.19	12	110,826,587	0.24	14
Watergate Treehouse Associates LP	113,616,200	0.18	13	79,782,601	0.17	18
Westminster Canterbury	97,935,900	0.15	14	98,930,833	0.21	15
Aimco Maple Bay & Aimco Reflections LLC	95,318,900	0.15	15	-	-	-
Windsor Lake & Shoreline Apartments LLC.	93,780,100	0.15	16	63,457,104	0.14	21
Virginia Natural Gas	92,538,234	0.15	17	44,427,660	0.10	23
Potter Properties	85,706,400	0.14	18	83,707,791	0.18	17
Inland Diversified Virginia Beach Landstown LLC	81,565,700	0.13	19	-	-	-
Wal Mart Real Estate Business Trust	73,359,200	0.12	20	43,630,036	0.09	24
Atlantic Shores Cooperative	72,796,100	0.11	21	138,355,440	0.30	7
Sifen, Michael D.	64,944,300	0.10	22	70,497,747	0.15	20
Occidental Development, Ltd.	62,928,000	0.10	23	57,876,900	0.13	22
BBR/Marina Shores LLC	51,116,800	0.08	24	-	-	-
Jack Rabbit Self Storage	47,393,100	0.07	25	-	-	-
CLPF Town Square LP	-	-	-	43,508,700	0.09	25
Gale M. Levine	-	-	-	73,814,326	0.16	19
Kemp River & Bonneys Corner Associates	-	-	-	118,822,809	0.26	13
Sandler Development at Towne, etc.	-	-	-	123,743,711	0.27	12
Tidewater Oxford Ltd Partnership	-	-	-	126,559,200	0.27	10
Totals	<u>\$ 3,784,807,236</u>	<u>5.98 %</u>		<u>\$ 3,025,613,694</u>	<u>6.55 %</u>	

Sources: Office of Real Estate Assessor
Commissioner of the Revenue

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

Fiscal Year	Total Tax Levy ¹	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2007	527,465,143	505,518,196	95.8 %	17,601,644	523,119,840	99.2 %
2008	562,044,329	537,526,149	95.6	20,712,902	558,239,051	99.3
2009	570,582,069	547,934,162	96.0	19,539,212	567,473,374	99.5
2010	546,129,490	526,040,648	96.3	17,017,665	543,058,313	99.4
2011	523,586,269	504,769,073	96.4	14,987,003	519,756,076	99.3
2012	522,586,852	501,282,299	95.9	15,492,833	516,775,132	98.9
2013	536,618,666	516,542,429	96.3	15,396,501	531,938,930	99.1
2014	527,036,431	509,339,982	96.6	13,980,043	523,320,025	99.3
2015	558,420,893	537,056,367	96.2	13,368,962	550,425,329	98.6
2016	613,105,892	589,411,524	96.1	-	589,411,524	96.1

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.

(1) Includes both Real and Personal Property and Public Service. For 2016, the breakdown is as follows:

Real Property tax levy (includes Public Service real property): \$510,528,757

Personal Property tax levy (includes Public Service personal property): \$102,577,135

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 (2)	Ratio of Net Debt Per Capita to Per Capita Personal Income (3)
	General Obligation Bonds	State Literary Fund Loans	Public Facility Revenue Bonds	Obligations Under Capital Leases	Certificates of Participation	Williams Farm Property	Agriculture Reserve Program	Virginia Beach Development Authority (5)	General Obligation Bonds	Revenue Bonds	Total Primary Government(1)		
2007	559,423,497	9,933,046	279,715,000	-	5,155,000	2,762,500	24,541,566	89,085,000	2,912,237	140,758,924	1,114,286,770	2,194	4.8%
2008	597,155,459	8,676,546	269,380,000	-	5,155,000	2,337,500	26,807,090	87,450,000	2,406,137	135,598,356	1,134,966,088	2,234	4.8%
2009	621,800,655	7,620,046	257,075,000	-	2,645,000	1,912,500	30,534,384	84,790,000	1,900,038	130,405,780	1,138,683,403	2,244	4.9%
2010	630,203,763	6,563,546	261,265,000	-	-	1,487,500	32,093,435	83,445,000	1,393,938	192,644,719	1,209,096,901	2,256	4.9%
2011	668,552,006	5,507,046	242,545,000	-	-	1,062,500	38,365,512	79,760,000	962,470	206,613,629	1,243,368,163	2,271	4.7%
2012 (4)	727,274,597	4,750,000	281,315,118	-	-	637,500	38,799,844	81,434,386	528,450	203,108,752	1,337,848,647	2,244	4.4%
2013 (4)	686,544,346	4,125,000	283,928,041	-	-	212,500	41,193,588	77,990,571	222,016	194,536,062	1,288,752,124	2,162	4.3%
2014 (4)	720,118,515	3,500,000	290,013,866	-	-	-	41,464,092	93,124,312	-	232,774,217	1,380,995,002	2,256	4.4%
2015 (4)	716,612,342	2,875,000	320,169,585	-	-	-	41,808,934	85,183,901	-	246,792,383	1,413,442,145	2,258	4.4%
2016 (4)	721,605,082	2,250,000	294,372,839	-	-	-	42,374,198	78,760,588	-	283,555,487	1,422,918,194	2,195	4.3%

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

- Notes: (1) Total Primary Government Debt for FY 2006-2011 excludes 1998 Social Services Lease Revenue Bond, as it is Virginia Beach Development Authority debt service. This revenue bond was paid off in FY 2012.
(2) For calculation of Net Debt Per Capita, the population is per Table 15. In addition, Net Debt Per Capita excludes Double Barrel & Revenue Bonds, Agriculture Reserve, and the premiums included in this table presentation.
(3) For calculation of Debt Per Capita to Per Capita Personal Income, the per Capital Personal Income information is per Table 15.
(4) Fiscal Years 2012-2016 have been adjusted to reflect the related unamortized premium. Detailed premium info for prior years was unavailable and therefore not adjusted.
(5) Includes balances of VBDA Note Payable secured by a surety agreement provided by Town Center Associates , L.L.C. for FY 2013 AND FY 2014. Note was paid off during FY15.

FY16 Premium detail and reconciliation to Note 6A1 & 6A2:

	Governmental Activities					Business Activity	Total Primary Government(1)
	General Obligation Bonds	State Literary Fund Loans	Public Facility Revenue Bonds	Agriculture Reserve Program	Total Primary Government		
Principal	\$ 652,896,524	\$ 2,250,000	\$ 263,313,932	\$ 42,374,198	\$ 960,834,654	\$ 341,169,780	\$ 1,302,004,434
Premium	68,708,558	-	31,058,907	-	99,767,465	21,146,295	120,913,760
Total	<u>\$ 721,605,082</u>	<u>\$ 2,250,000</u>	<u>\$ 294,372,839</u>	<u>\$ 42,374,198</u>	<u>\$ 1,060,602,119</u>	<u>\$ 362,316,075</u>	<u>\$ 1,422,918,194</u>
Tax Supported Debt subtotal per 6A1						\$ 960,834,654	
Premiums per 6A1						99,767,465	
Tax Supported Debt subtotal per 6A2						341,169,780	
Premiums per 6A2						21,146,295	
Total per note 6A1 & 6A2						<u>\$ 1,422,918,194</u>	

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

Fiscal Year	General Obligation Bonds (1)	State Literary Fund Loans (1)	Appropriation Backed Debt (2)	Total	Percentage of Estimated Actual Full Value of Property (3)	Net Debt Per Capita (4)
2007	\$562,335,734	\$ 9,933,046	\$ 376,717,500	\$948,986,280	1.9%	2,194
2008	599,561,596	8,676,546	364,322,500	972,560,642	1.6%	2,234
2009	623,700,693	7,620,046	346,422,500	977,743,239	1.6%	2,244
2010	631,597,701	6,563,546	346,197,500	984,358,747	1.6%	2,256
2011	669,514,476	5,507,046	323,367,500	998,389,022	1.8%	2,271
2012	(5) 727,803,047	4,750,000	363,387,004	1,095,940,051	2.0%	2,244
2013	(5) 686,766,362	4,125,000	361,183,173	1,052,074,535	1.9%	2,162
2014	(5) 720,118,515	3,500,000	382,190,239	1,105,808,754	2.0%	2,256
2015	(5) 716,612,342	2,875,000	405,725,325	1,125,212,667	2.0%	2,258
2016	(5) 721,605,082	2,250,000	373,133,427	1,096,988,509	1.9%	2,195

(1) Per Table 10

(2) Includes all Governmental Public Facility Revenue Bonds, Capital Leases, COP's, Williams Farm, and Business Type Virginia Beach Development Authority as per Table 10.

(3) Actual Full Value of property is from Table 6.

(4) Population is from Table 15. Computation of Net Debt Per Capita is net of premiums and discounts in the above num

(5) Fiscal Year 2012-2016 have been adjusted to reflect the related unamortized premium.

Detailed premium information for prior years was unavailable and therefore not adjusted.

CITY OF VIRGINIA BEACH, VIRGINIA
LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years
(Unaudited)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt Limit	\$ 4,630,515,462	\$ 5,579,429,624	\$ 5,757,464,367	\$ 5,627,020,280	\$ 5,290,291,119	\$ 5,144,671,623	\$ 4,978,183,783	\$ 4,962,666,499	\$ 5,145,277,575	\$ 5,296,146,888
Total Net Debt Applicable to limit	596,810,346	635,045,232	661,855,123	670,254,683	713,387,034	716,177,198	685,988,698	712,384,323	697,079,775	697,520,721
Legal Debt Margin	<u>\$ 4,033,705,116</u>	<u>\$ 4,944,384,392</u>	<u>\$ 5,095,609,244</u>	<u>\$ 4,956,765,597</u>	<u>\$ 4,576,904,085</u>	<u>\$ 4,428,494,425</u>	<u>\$ 4,292,195,085</u>	<u>\$ 4,250,282,176</u>	<u>\$ 4,448,197,800</u>	<u>\$ 4,598,626,167</u>
Total Net Debt applicable to the limit as a percentage of debt limit	12.89%	11.38%	11.50%	11.91%	13.48%	13.92%	13.78%	14.35%	13.55%	13.17%

Legal Debt Margin Calculation For Fiscal Year 2016

Assessed Value of Real Property (Taxable):	
Regular	\$ 52,016,374,504
Public Service	945,094,380
Total Assessed Value of Real Property	<u>\$ 52,961,468,884</u>
Debt limit (10% of Total Assessed Value)	\$ 5,296,146,888
Total Net Debt Applicable to limit	697,520,721
Legal Debt Margin	<u>\$ 4,598,626,167</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 \$3,000 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 \$3,000.
- 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	Water and Sewer	Less:	Net	Debt Service			Coverage
Year	Charges and Other	Operating Expenses	Available Revenue	Principal	Interest(1)	Total	
2007	\$ 99,337,488	\$ 67,722,280	\$ 31,615,208	\$ 6,719,969	\$ 4,609,355	\$ 11,329,324	2.79
2008	102,003,685	70,253,344	31,750,341	4,880,568	5,941,524	10,822,092	2.94
2009	97,503,949	70,074,154	27,429,795	4,897,576	5,757,570	10,655,146	2.58
2010	99,220,386	71,176,936	28,043,450	5,171,061	5,561,539	10,732,600	2.62
2011	102,819,740	74,439,073	28,380,667	5,811,090	6,382,454	12,193,544	2.33
2012	109,514,875	72,319,602	37,195,273	7,022,735	6,959,920	13,982,655	2.66
2013	115,249,243	73,834,321	41,414,922	7,251,071	6,697,692	13,948,763	2.97
2014	121,766,102	72,145,813	49,620,289	7,796,175	7,231,505	15,027,680	3.30
2015	127,007,164	75,396,537	51,610,627	9,083,131	8,091,897	17,175,028	3.00
2016	130,476,804	73,930,294	56,546,510	9,371,805	8,202,712	17,574,517	3.22

(1) Includes Bank Charges. Amounts shown for 2011-2016 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
PLEDGED-REVENUE COVERAGE
Last Ten Fiscal Years
(Unaudited)

Storm Water Utility Revenue Bonds							
Fiscal	Storm Water	Less:	Net	Debt Service			
Year	Charges	Operating	Available	Principal	Interest (1)	Total	Coverage
	and Other	Expenses	Revenue				
2007	\$ 20,155,045	\$ 8,674,016	\$ 11,481,029	\$ 771,099	\$ 676,101	\$ 1,447,200	7.93
2008	22,057,562	9,690,929	12,366,633	786,099	637,648	1,423,747	8.69
2009	23,178,708	10,489,311	12,689,397	801,099	595,112	1,396,211	9.09
2010	24,628,765	10,676,428	13,952,337	816,099	552,435	1,368,534	10.20
2011	23,891,004	11,234,614	12,656,390	761,468	813,283	1,574,751	8.04
2012	27,892,419	13,311,162	14,581,257	1,404,020	1,097,204	2,501,224	5.83
2013	32,954,179	14,317,957	18,636,222	1,296,433	1,058,805	2,355,238	7.91
2014	37,150,524	15,366,723	21,783,801	1,232,016	1,026,704	2,258,720	9.64
2015	39,294,658	17,489,866	21,804,792	1,030,000	1,228,238	2,258,238	9.66
2016	39,648,163	18,385,165	21,262,998	1,660,000	1,733,570	3,393,570	6.27

(1) Amounts shown for 2011-2016 are net of federal subsidy.

Source: City Department of Finance

Note: 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.

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	School Enrollment	Unemployment Rate
						Level In Years of Formal Schooling		
2007	434,058	19,622,635	45,137	35.0	6,898	13.8	71,452	2.7%
2008	436,944	20,052,028	46,274	36.0	7,131	13.6	70,473	3.7%
2009	437,275	19,705,822	45,300	36.6	7,700	14.0	69,335	6.4%
2010	437,994	20,243,395	46,105	36.7	7,713	13.9	69,225	6.5%
2011	441,246	21,347,691	48,191	34.9	7,481	14.0	69,219	6.0%
2012	447,489	22,420,699	50,297	34.7	7,477	13.8	68,977	5.5%
2013	449,628	22,348,209	49,739	35.0	7,477	13.9	68,614	5.6%
2014	451,672	23,072,795	51,161	35.7	7,669	13.9	68,569	5.5%
2015	453,500	***	***	35.9	7,560	14.0	68,351	4.4%
2016	454,247	***	***	35.9	7,370	13.9	67,890	3.8%

Sources: City Department of Finance
City Department of Economic Development
Weldon Cooper Center for Public Service
Virginia Employment Commission
Bureau of Economic Analysis

Notes: * Weldon Cooper Center for Public Service; except for 2016 which is a projection.
** Bureau of Economic Analysis, except for FY 2015-2016 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
	2016			2007		
City of Virginia Beach / Schools	16,998	7.40 %	1	17,533	6.66 %	1
* Joint Expeditionary Base Little Creek	6,000	2.61	2	-	-	-
Sentara Healthcare	5,189	2.26	3	2,343	0.89	3
* Naval Air Station Oceana/Dam Neck	3,600	1.57	4	-	-	-
GEICO	2,700	1.18	5	2,000	0.76	4
Lynnhaven Mall	2,600	1.13	6	2,600	0.99	2
STIHL Inc	2,067	0.90	7	1,300	0.49	7
Amerigroup	1,850	0.81	8	1,400	0.53	6
Navy Exchange Service Command	1,550	0.67	9	1,888	0.72	5
* Gold Key/PHR Hotels and Resorts	1,000	0.44	10	-	-	-
Hall Auto Group	-	-		1,300	0.49	7
Cox Communications	-	-		1,200	0.46	9
Lillian Vernon	-	-		1,000	0.38	10
Totals	43,554	18.97 %		32,564	12.37 %	

Sources: City Department of Economic Development.
City Department of Finance

* Information not available for 2007

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

Department	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Agriculture	15.0	15.0	14.0	13.0	12.0	12.0	12.0	12.0	12.0	12.0
Aquarium and Historic Houses	141.0	151.4	151.4	151.4	151.5	153.0	155.5	155.9	161.0	164.5
Budget and Management Services	22.0	22.0	21.0	20.0	15.0	15.0	15.0	14.0	15.0	15.0
City Attorney	43.0	43.0	43.0	43.0	40.4	39.0	39.6	39.6	39.6	39.6
City Auditor	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	7.0
City Manager's Office	32.0	32.0	29.7	26.2	23.0	21.0	19.5	19.5	20.5	34.0
City Real Estate Assessor	35.4	35.4	38.4	38.4	34.3	34.0	34.3	34.3	34.3	34.3
City Treasurer	77.0	77.4	75.7	76.7	72.2	72.0	71.8	75.8	76.8	74.6
Commissioner of the Revenue	64.0	62.6	63.6	64.1	57.9	60.9	62.9	63.9	64.9	64.9
Commonwealth's Attorney	82.7	82.9	91.4	91.4	87.4	84.0	85.3	86.3	86.7	87.4
Convention and Visitor Bureau	136.0	137.7	135.7	130.9	113.5	113.5	113.5	110.5	106.7	106.3
Courts and Courts' Support	76.0	76.0	76.0	76.0	76.0	75.0	75.0	75.0	75.0	75.0
Cultural Affairs	5.0	5.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Economic Development	16.0	16.0	17.0	16.0	15.0	16.0	18.0	18.0	18.0	18.0
Emergency Communications & Citizen Services	-	-	132.0	127.0	122.0	123.5	122.8	127.8	131.8	131.8
Emergency Medical Services	56.5	56.5	56.5	56.5	62.6	65.3	65.3	69.3	73.3	75.1
Finance	64.0	63.0	57.0	58.0	54.0	55.0	56.0	57.0	57.0	57.0
Fire	473.0	472.9	469.8	467.8	466.7	466.0	479.7	479.7	485.7	485.7
General Registrar	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	11.9	11.9
Health	11.2	11.2	11.1	11.1	10.8	10.8	9.1	9.1	9.1	9.1
Housing and Neighborhood Preservation	69.0	69.0	69.0	68.0	67.0	66.0	64.0	63.0	62.0	61.0
Human Resources	57.0	58.1	54.1	53.1	47.0	47.0	47.0	47.0	47.0	47.0
Human Services	1,014.0	1,068.6	1,079.1	1,073.9	1,045.7	1,066.4	1,069.4	1,081.4	1,115.2	1,094.9
Information Technology	308.8	308.8	181.8	187.8	179.8	183.0	178.5	180.5	183.5	168.0
Legislative	18.0	18.0	18.0	18.0	17.0	17.0	17.0	17.0	17.0	17.0
Library	264.9	264.9	262.9	260.9	227.5	227.5	265.5	260.0	255.0	253.5
Parks and Recreation	869.0	872.7	877.3	872.2	855.4	843.4	846.9	843.9	838.1	830.1
Planning	128.0	127.0	125.0	123.0	113.0	110.0	108.0	109.0	116.0	115.5
Police	1,016.0	1,016.0	1,005.9	1,005.9	995.7	1,007.4	1,007.4	1,009.4	1,015.8	1,015.8
Public Utilities	400.0	399.5	401.5	404.5	404.5	412.0	411.0	412.0	415.0	418.0
Public Works	874.0	874.4	877.4	871.4	866.4	882.0	890.4	890.4	893.9	902.9
Sheriff's Office	512.0	514.1	524.4	524.4	524.4	519.6	524.4	525.4	525.4	514.4
Strategic Growth Areas	-	-	-	2.0	15.0	15.0	17.0	17.0	18.0	20.0
Total City Positions	6,898.4	6,969.2	6,980.6	6,953.4	6,793.5	6,833.3	6,902.8	6,924.7	6,990.0	6,964.2
Total School Positions	10,635.0	10,541.9	10,519.5	10,391.9	10,476.3	10,387.3	10,326.5	10,190.9	10,220.0	10,034.3
TOTAL POSITIONS	17,533.0	17,511.1	17,500.0	17,345.3	17,269.8	17,220.6	17,229.3	17,115.6	17,210.1	16,998.5

Sources: City of Virginia Beach Resource Management Plans

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
FUNCTION										
Police										
Number of physical adult arrests	25,326	26,802	26,632	23,951	23,923	23,705	23,633	22,224	21,698	19,042
Number of calls for service	199,654	202,253	200,360	196,717	196,626	195,156	187,884	179,974	176,474	173,451
Number of traffic accidents	9,303	9,250	9,021	8,759	8,391	8,102	8,169	8,138	7,913	8,368
Fire										
Number of structure fire incidents	451	453	467	413	453	474	430	410	396	463
Number of non-structure fire incidents	946	849	699	673	799	714	535	614	546	543
Number of EMS incidents	16,758	16,796	17,162	18,114	17,930	20,727	25,656	26,099	26,952	27,786
Number of other incidents	9,458	10,009	9,631	9,870	11,488	13,166	13,307	13,379	13,679	16,309
Public Utilities										
Number of Water Connections	130,647	131,085	131,367	131,618	131,897	132,010	132,324	132,615	132,940	133,411
Public Works										
Number of building permits issued	13,552	11,374	9,889	11,322	7,636	8,003	7,956	7,607	8,192	8,349
Highways and Streets										
Arterial lane miles	738	738	717	735	739	738	744	744	745	750
Collector/local miles	2,554	2,641	2,662	2,670	2,676	2,676	2,680	2,686	2,714	2,726
Sanitation and Refuse										
Number of homes receiving refuse collection	123,161	123,740	123,668	123,789	124,179	124,171	124,536	124,634	122,041	122,282
Number of tons of garbage collected	204,619	196,501	189,604	196,145	147,760	137,413	133,958	130,245	208,917	211,004
Culture and Recreation										
Number of visitations to recreation centers	1,575,539	1,636,823	1,523,232	1,502,059	1,538,616	1,614,682	1,795,782	1,871,312	1,896,615	2,004,301
Number of recreation centers	6	6	6	6	6	7	7	7	7	7
Education										
Student membership	71,452	70,473	69,335	69,225	69,219	68,977	68,614	68,569	68,351	67,890
Number of elementary schools	55	56	56	56	55	55	55	55	55	55
Number of secondary schools	24	24	24	24	24	24	24	24	24	25
Number of specialty schools	11	11	11	9	7	7	9	8	8	8

Sources: Various City Departments

Note: Indicators are not available for all governmental functions.

Table 19

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

FUNCTION	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Police										
Stations	4	4	4	4	4	4	4	4	4	4
Patrol Vehicles Units - Marked	268	259	256	242	242	269	262	262	246	230
Helicopter	2	2	3	2	2	2	2	2	2	2
Watercraft:										
Boats	10	10	8	8	8	8	8	6	8	9
Fire										
Stations	19	19	19	19	19	19	19	19	19	19
Fire Trucks	47	48	51	50	50	46	45	45	45	47
Emergency Medical Services										
Ambulances	30	35	34	42	42	42	45	45	44	44
Public Works										
Miles of streets:										
Lane miles:										
Arterial	738	738	717	735	739	738	744	744	745	750
Collector/Local	2,554	2,641	2,662	2,670	2,676	2,676	2,680	2,686	2,714	2,726
Center Lane miles:										
Arterial	194	192	189	192	192	192	192	192	193	193
Collector/Local	1,251	1,291	1,300	1,304	1,307	1,308	1,312	1,312	1,326	1,330
Number of Street Lights	42,066	43,960	45,364	45,509	46,806	48,277	48,418	48,747	48,788	49,118
Collection Trucks	103	104	103	101	101	109	100	100	100	103
Culture and Recreation										
Number of Developed District Parks	7	7	7	8	8	8	8	8	8	8
Number of Developed Community Parks	11	11	11	13	13	13	11	11	11	13
Number of Developed Neighborhood Parks	183	166	166	181	180	181	182	179	179	169
Number of Natural Parks	3	3	3	3	3	5	5	5	5	5
Other Park Areas	28	59	59	58	45	46	47	48	48	48
Number of Acres in Developed Parks	1,711	1,736	1,757	3,158	3,174	3,648	3,648	3,649	3,661	3,664
Golf Courses (City Owned)	5	5	5	5	5	5	5	5	5	5
Recreation Centers	6	6	6	6	6	7	7	7	7	7
Water										
Miles of Water Lines	1,459	1,477	1,482	1,483	1,488	1,490	1,492	1,496	1,499	1,499
Water Pumping Stations	9	9	8	9	9	9	9	9	10	10
Sewer										
Miles of Sewer Lines	1,572	1,609	1,621	1,623	1,630	1,635	1,639	1,646	1,653	1,646
Sewer Pumping Stations	401	403	405	405	406	405	406	407	408	409

Source: Various City Departments

CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULE OF THE TREASURER'S CASH ACCOUNTABILITY
JUNE 30, 2016
(Unaudited)

<u>Cash in Office</u>		\$	5,500
<u>Cash With</u>			
Bank of America:			
Regular	\$	99,777,083	
Investments		5,000,000	
Welfare		110,711	
School Board Empl Salary Escrow		195,678	
BB&T:			
Checking		1,960,000	
Money Market		99,100,323	
Investments		20,000,000	
School Payroll		6,916,497	
Insured Cash Sweep		100,401,154	
BB&T Capital Markets:			
Investments		37,987,908	
BB&T Scott Stringfellow:			
Investments		65,000,000	
Morgan Keegan:			
Investments		51,777,021	
SunTrust Bank:			
City Payroll		16,085,331	
Money Market		5,130,836	
Towne Bank:			
Investments		65,000,000	
Treasurer of Virginia:			
Investment Pool		360,000,000	
VML/VACO:			
Virginia Investment Pool		10,251,382	
Wells Fargo:			
Investments		14,971,053	
Total Deposits and Investments			959,664,977
<u>Cash with Trust Agents</u>			
Cash With SNAP Program	\$	21,342,602	
Cash With Trustee - Debt Service		876,199	
Cash With Trustee - Treasury Strips		33,891,814	
Total Cash with Trust Agents			56,110,614
Total Cash Accountability			\$ 1,015,781,091
<u>Add:</u>			
Accrued Interest on Investments	\$	372,994	
Commonwealth of Virginia - Deferred Debits		17,869	
Deposits in Transit		2,970,349	
			3,361,211
<u>Deduct:</u>			
Commonwealth of Virginia - Current Credits	\$	7,318	
Treasurer Restitution		37,769	
Treasurer Court Costs & Fines		35,170	
John T. Atkinson - Deferred Account		235,201	
Over and Short		9,386	
Outstanding Checks:			
Bank of America		7,088,456	
Bank of America - Welfare		110,711	
BB&T - School Payroll		13,208	
SunTrust - City Payroll		106,954	
Total Cash Accountability			(7,644,176)
			\$ 1,011,498,127
<u>Reconciliation of Cash Accountability to the government-wide financial statements at June 30, 2016 as reported in Note 8:</u>			
Balance of City and School funds			\$ 1,011,498,127
Funds for which the Treasurer does not act as fiscal agent:			
School Cafeteria Funds			5,000
School Activity Funds			3,709,768
W&S Principal & Interest Payment			4,840,988
Development Authority			12,738,315
Total deposits and investments of the government-wide financial statements			\$ 1,032,792,198

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SINGLE AUDIT SECTION

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and *Specifications for Audits of Counties, Cities and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the individual and aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Virginia Beach, Virginia (the "City") as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 1, 2016. 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.

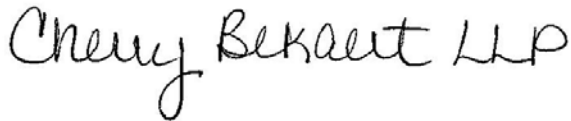
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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.

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 "Cheryl Bekant LLP". The signature is written in a cursive, flowing style.

Virginia Beach, Virginia
December 1, 2016

**Report of Independent Auditor on Compliance for Each Major
Federal Program and on Internal Control over Compliance
Required by the Uniform Grant Guidance**

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

Report on Compliance for Each Major Federal Program

We have audited the City of Virginia Beach, Virginia's (the "City") compliance with the types of compliance requirements described in the *OMB 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, 2016. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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, 2016.

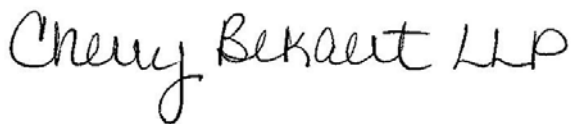
Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Cheryl Bekant LLP". The signature is written in dark ink and is positioned above the typed name and date.

Virginia Beach, Virginia
December 1, 2016

CITY OF VIRGINIA BEACH, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

1) Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued on the financial statements:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified:	No
Significant deficiencies identified:	None reported
Noncompliance material to the financial statements noted?	No

Federal Awards:

Type of auditor's report issued on compliance for major programs:	Unmodified
Internal control over major programs:	
Material weaknesses identified:	No
Significant deficiencies identified:	None reported
Any audit findings disclosed that are required to be reported in Accordance with 200.516(a) of the Uniform Guidance?	No

Identification of major federal programs:

<u>Name of Program</u>	<u>CFDA #</u>
Department of Labor:	
Workforce Investment Act	17.258-CL
Department of Education:	
Impact Aid	84.041
Department of Education:	
Title I	84.010
Department of Human Services:	
Foster Care – Title IV-E	93.658

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 Accordance with Section 200.520 of the Uniform Guidance?	Yes

**CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

2) Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*

None

3) Findings and Questioned Costs Relating to Federal Awards

None

4) Findings and Questioned Costs – *Specifications of Audits of Counties, Cities and Towns*

None

5) Resolution of Prior Year's Findings

2015-001 Corrected

VB

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CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016

Exhibit 57

Federal Granting Agency Pass thru Agency CFDA Title Grant Agency Name	Federal Catalogue Number	Grant Agency Number	Cluster Program Total	Passed Through To Sub- Recipients	Federal Expenditures	Total by CFDA #
<u>DEPARTMENT OF AGRICULTURE:</u>						
<u>Child and Adult Care Program</u>	10.558	AN59640		-	\$ 44,197	\$ 44,197
<u>Pass Through Payments:</u>						
<u>Department of Agriculture</u>						
<u>Child and Adult Care Food Program</u>						
USDA	10.558			-	65,829	65,829
<u>Department of Social Services</u>						
<u>State Administrative Matching Grants for the Supplemental Nutrition Assistance Program</u>						
		0010112, 0010113, 0010114, 0010115, 0010116, 0030116, 0040116, 0050116, 0090116				
Supplemental Nutrition Assistance Program - Administration	10.561			-	3,598,367	3,598,367
Pilot Projects to Reduce Dependency and Increase Work Requirements and Work Effort ur	10.596	0060115		-	236	236
<u>Department of Agriculture</u>						
<u>Food Distribution Program (Child Nutrition Cluster)</u>						
USDA FOOD DISTRIBUTION PROGRAM	10.555	N/A		-	1,826,079	
<u>Department of Education</u>						
<u>National School Lunch Program (Child Nutrition Cluster)</u>						
USDA NATIONAL SCHOOL LUNCH PROGRAM	10.555			-	16,099,763	17,925,842
<u>VA Department of Health</u>						
<u>Summer Food Service Program for Children (Child Nutrition Cluster)</u>						
USDA Summer Food Service Program	10.559			-	86,865	86,865
<u>Total Child Nutrition Cluster</u>			\$ 18,012,707			\$ 21,721,336
Total Department of Agriculture						
<u>DEPARTMENT OF DEFENSE:</u>						
<u>Direct Payments:</u>						
MyCAA - LPN Program FY16	12.XXX			-	\$ 4,000	
MyCAA - ALC Courses FY16	12.XXX			-	3,210	\$ 7,210
<u>Promoting K-12 Student Achievement at Military Connected Schools</u>						
DODEA MCASP FY13	12.556	HE1254-12-1-011		-	33,269	
DODEA MCASP FY15	12.556	HE1254-12-1-011		-	374,526	
DODEA MCASP Operation Pride FY14	12.556	HE1254-13-1-0041		-	31,019	
DODEA MCASP Operation Pride FY15	12.556	HE1254-13-1-0041		-	514,145	
DODEA MCASP Operation Pride FY16	12.556	HE1254-13-1-0041		-	175,296	1,128,255

(continued)
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Federal Granting Agency		Federal Catalogue Number	Grant Agency Number	Cluster Program Total	Passed Through To Sub- Recipients	Federal Expenditures	Total by CFDA #
Pass thru Agency	CFDA Title						
Grant Agency Name							
<u>Invitational Grants for Military Connected Schools</u>							
	DODEA S-FLEP FY15	12.557	HE1254-12-1-011		-	44,618	
	DODEA Special Education FY15	12.557	HE1254-14-1-0033		-	98,573	
	DoDEA-Special Education FY16	12.557	HE1254-14-1-0033		-	133,665	276,856
<u>Department of Defense Impact Aid (Supplement, CWSD, BRAC)</u>		12.558			-	1,768,864	1,768,864
<u>Pass Through Payments:</u>							
<u>National Security Agency</u>							
<u>Mathematical Sciences Grants Program</u>							
	STARTALK ELEMENTARY FY15	12.901	H98230-15-1-0164		-	75,658	
	STARTALK ELEMENTARY FY16	12.901	H98230-16-1-0221		-	18,309	93,967
Total Department of Defense							\$ 3,275,152
<u>DEPARTMENT OF THE NAVY:</u>							
<u>Direct Payments:</u>							
<u>NJROTC</u>		12.XXX			-	\$ 351,289	\$ 351,289
Total Department of the Navy							\$ 351,289
<u>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</u>							
<u>Direct Payments:</u>							
<u>Community Development Block Grants/Entitlement Grants</u>							
	Community Development Block Grant FY11	14.218	B-11-MC-51-0021		-	\$ 1	
	Community Development Block Grant FY12	14.218	B-12-MC-51-0021		-	27	
	Community Development Block Grant FY14	14.218	B-13-MC-51-0021		-	266,861	
	Passed thru to:						
	VBCDC - Owner Occupied Rehab		COMP-14-0046		\$ 26,115	-	
	Community Development Block Grant FY15	14.218	B-14-MC-51-0021		-	95,270	
	Community Development Block Grant FY16	14.218	B-15-MC-51-0021		-	2,416,172	
	Passed thru to:						
	VBCDC - Owner Occupied Rehab	14.218	COMP-15-0022		579,870	-	
	VBCDC - Transitional Housing Program Contract	14.218	COMP-16-0035		18,637	-	
	VOA- Winter Shelter	14.218	COMP-16-0037		109,822	-	
	VOA- Day Services	14.218	COMP-16-0038		98,979	-	
	Samaritan House - Child Services	14.218	COMP-16-0008		22,883	-	
	Virginia Supportive Housing- Cloverleaf Operations	14.218	COMP-16-0021		16,506	-	
	Community Alternatives Mgmt. Group - Rehab	14.218	COMP-16-0053		63,614	-	\$ 2,778,331

CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016

Exhibit 57

Federal Granting Agency Pass thru Agency CFDA Title Grant Agency Name	Federal Catalogue Number	Grant Agency Number	Cluster Program Total	Passed Through To Sub- Recipients	Federal Expenditures	Total by CFDA #
<u>Emergency Solutions Grant Program</u>						
ESG FY15	14.231	E-14-MC-51-0021		-	7,478	
ESG FY16	14.231	E-15-MC-51-0021		-	148,259	
Passed thru to:						
Samaritan House	14.231	COMP-16-0009A		98,761	-	
JCOC	14.231	COMP-16-0014		13,799	-	
Seton House	14.231	COMP-16-0001		12,607	-	155,737
Supportive Housing Program (Veterans First)						
Supportive Housing Program (Veterans First)	14.267	VA0171L3F031402		-	43,218	
Supportive Housing Program (HMIS)	14.267	VA0041L3F031407		-	20,900	
Supportive Housing Program (New Haven Operations)	14.267	VA0042L3F031407		-	4,928	
Supportive Housing Program (THP)	14.267	VA0042L3F031407		-	371,406	440,452
<u>Home Investment Partnerships Program</u>						
Home Program FY12	14.239	M-11-MC-51-0207		-	23	
Home Program FY13	14.239	M-12-MC-51-0207		-	13,353	
Home Program FY14	14.239	M-13-MC-51-0207		-	165,055	
Passed thru to:						
Virginia Supportive Housing-Crescent Square	14.239	COMP-16-0002		125,000	-	
Home Program FY15	14.239	M-14-MC-51-0207		-	175,057	
Passed thru to:						
Southeastern VA Housing Corp - Acquisition/Rehab	14.239	COMP-15-0004		103,313	-	
Home Program FY16	14.239	M-15-MC-51-0207		-	75,727	429,215
<u>Housing Opportunities for Persons with AIDS</u>						
HOPWA FY14	14.241	VAH13F002		-	2,667	
Passed thru to:						
Access AIDS Care	14.241	COMP-14-0053		238	-	
HOPWA FY15	14.241	VAH14F002		-	728,416	
Passed thru to:						
Access AIDS Care	14.241	COMP-15-0086		709,575	-	
HOPWA FY16	14.241	VAH15F002		-	181,967	
Passed thru to:						
Access AIDS Care	14.241	COMP-16-0085		180,437	-	913,050
<u>Continuum of Care Program</u>						
Permanent Housing FY15	14.267	VA0151L3F031302		-	10,875	
Permanent Housing FY16	14.267	VA0151L3F031303		-	50,125	61,000
<u>Section 8 Moderate Rehabilitation Single Room Occupancy</u>						
	14.249	VA039SRO002 & VA039SRO003		-	101,665	101,665
<u>Resident Opportunity and Supportive Services - Service Coordinators</u>						
Family Self Sufficiency Coordinator	14.870	VA039FSH676A014		-	-	-
<u>Section 8 Housing Choice Voucher Program</u>						
	14.871	SA-HCV		-	18,037,065	18,037,065
<u>Lower Income Housing Assistance Program</u>						
	14.856				90,232	90,232
Total Department of Housing and Urban Development					\$	23,006,746

(continued)
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Federal Granting Agency		Federal Catalogue Number	Grant Agency Number	Cluster Program Total	Passed Through To Sub-Recipients	Federal Expenditures	Total by CFDA #
Pass thru Agency	CFDA Title						
Grant Agency Name							
<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	540722061141600		-	\$ 92,316	\$ 92,316
Total U.S. Fish and Wildlife Service							\$ 92,316
<u>DEPARTMENT OF JUSTICE:</u>							
<u>Direct Payments:</u>							
Assistance to Localities for Administration		16.XXX			-	\$ 147,858	\$ 147,858
<u>Equitable Sharing Program</u>							
DEA Police Seized Property - Justice		16.922			-	81,070	81,070
<u>Edward Byrne Memorial Justice Assistance Grant Program</u>							
Edward Byrne Memorial Justice Assistance Grant Program		16.738	2012-DJ-BX-0704		-	2,528	
Edward Byrne Memorial Justice Assistance Grant Program		16.738	2014-DJ-BX-0993		-	62,860	
Edward Byrne Memorial Justice Assistance Grant Program		16.738	2015-DJ-BX-0536		-	33,901	99,289
<u>Pass Through Payments:</u>							
<u>Department of Criminal Justice Services</u>							
<u>Juvenile Accountability Block Grants</u>							
Juvenile Sex Offender Grant		16.523	16-C2881AD14		-	26,267	26,267
<u>Crime Victim Assistance</u>							
Victims of Crim Act Grant Program (Victim Witness FY16)		16.575	2015-VA-GX-0043		-	41,065	41,065
Total Department of Justice							\$ 395,548

CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016

Exhibit 57

Federal Granting Agency Pass thru Agency CFDA Title Grant Agency Name	Federal Catalogue Number	Grant Agency Number	Cluster Program Total	Passed Through To Sub- Recipients	Federal Expenditures	Total by CFDA #
<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	AA-26810-15-55-A-51		-	\$ 2,815,526	\$ 2,815,526
Passed thru to: Opportunity Inc.	17.258	AA-26810-15-55-A-51		2,815,526		
Workforce Investment Act Youth Activities (WIA Cluster)	17.259	AA-26810-15-55-A-51			1,741,460	1,741,460
Passed thru to: Opportunity Inc.	17.259	AA-26810-15-55-A-51		1,741,460		
Workforce Investment Act Dislocated Workers (WIA Cluster)	17.278	AA-26810-15-55-A-51			847,176	847,176
Passed thru to: Opportunity Inc.	17.278	AA-26810-15-55-A-51		847,176	-	
Total WIA Cluster			5,404,162			
Total Department of Labor						\$ 5,404,162
<u>NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION</u>						
<u>DEPARTMENT OF TRANSPORTATION:</u>						
<u>Pass Through Payments:</u>						
<u>VA Department of Motor Vehicles</u>						
<u>State and Community Highway Safety</u>						
DMV Seat Belt Enforcement FY16	20.600	OP-2016-56013-6213		-	\$ 73,393	
Regional Training in Traffic Engineering	20.600	RS-2015-55199-5938		-	15,000	\$ 88,393
<u>Alcohol Open Container Requirements</u>						
DMV Select DUI 15	20.607	154AL-2015-55176-5915		-	37,342	
DMV Select DUI 16	20.607	154AL-2016-56069-6269		-	75,461	112,803
<u>National Priority Safety Programs</u>						
DMV Seat Belt Enforcement FY16	20.616	M2HVE-2015-55170-5909		-	23,979	23,979
<u>Virginia Department of Transportation</u>						
<u>Highway Planning and Construction</u>						
Highway Safety Improvement Programs - HSIP Funds	20.205	various		-	1,816	
Transportation Network Analysis	20.205	various		-	72,408	
Lesner Bridge Replacement	20.205	various		-	1,626,293	
Congestion Relief	20.205	various		-	50,600	
Indian River/Kempsville Rd	20.205	various		-	3,084,412	
Traffic Safety Improvements	20.205	various		-	81,706	
Indian River Rd	20.205	various		-	116,614	
Thalia Creek Greenway Trail	20.205	various		-	23,473	
Elbow Road Phase 2B	20.205	various		-	1,142	5,058,464
<u>Hampton Roads Transit</u>						
<u>Paul S. Sarbanes Transit in the Parks</u>						
Transportation Enhancement Program - Alt Back Bay	20.520	FTA: VA-20-X001		-	182,421	182,421
Total Department of Transportation						\$ 5,466,061

(continued)
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Federal Granting Agency Pass thru Agency CFDA Title Grant Agency Name	Federal Catalogue Number	Grant Agency Number	Cluster Program Total	Passed Through To Sub- Recipients	Federal Expenditures	Total by CFDA #
<u>DEPARTMENT OF VETERANS AFFAIRS</u>						
<u>Direct Payments:</u>						
<u>Post-9/11 Veterans Educational Assistance</u> Post 9/11 GI Bill FY15	64.027			-	\$ 2,724	\$ 2,724
<u>VA Supportive Services for Veteran Families Program</u>	64.033	2015-VA-297		-	842,085	842,085
Total Department of Veteran Affairs						<u>\$ 844,809</u>
<u>ENVIRONMENTAL PROTECTION AGENCY</u>						
<u>Direct Payments:</u>						
<u>Office of Water</u> <u>Chesapeake Bay Program</u>	66.466	16096		-	\$ 25,000	\$ 25,000
Total Environmental Protection Agency						<u>\$ 25,000</u>
<u>DEPARTMENT OF EDUCATION:</u>						
<u>Direct Payments:</u>						
<u>Impact Aid</u> School Assistance in Federally Affected areas (Public Law 874)	84.041			-	\$ 930,424	
School Assistance in Federally Affected areas (Public Law 874)	84.041			-	6,187,097	\$ 7,117,521
MTSS-B Evaluation FY16	84.XXX	ED-IES-14-C-0003		-	96,331	96,331
<u>Federal Pell Grant Program</u> TITLE IV PELL GRANTS	84.063			-	39,361	39,361
<u>Pass Through Payments:</u>						
<u>Virginia Department of Education</u>						
<u>Adult Education-Basic Grants to States</u> Adult Basic Education Grant-ABE FY15	84.002	V002A130047		-	21,204	
Adult Basic Education Grant-ABE FY16	84.002	V002A150047		-	293,708	314,912
<u>Title I Grants to Local Education Programs</u> Title I, Part A FY15	84.010	S010A140046		-	3,688,112	
Title I, Part A Rosemont 2014-2015	84.010	S010A140046		-	17,000	
Title I, Part A FY16	84.010	S010A150046		-	6,480,634	10,185,746

CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016

Exhibit 57

Federal Granting Agency				Passed		
Pass thru Agency	Federal		Cluster	Through	Federal	Total by
CFDA Title	Catalogue	Grant Agency Number	Program	To Sub-	Expenditures	CFDA #
Grant Agency Name	Number		Total	Recipients		
<u>Title I State Agency Program for Neglected and Delinquent Children and Youth</u>						
Title I, Part D Subpart 2 FY14	84.013	S010A130046		-	27,659	
Title I Part D Subpart 1 VBJDC- FY15	84.013	S013A130046		-	893	
Title I, Part D Subpart 2 FY15	84.013	S010A140046		-	148,746	
Title I Part D Subpart 2- FY16	84.013	S010A150046		-	-	
Title I Part D Subpart 1 FY16	84.013	S013A150046		-	15,514	192,811
<u>Special Education-Grants to States</u>						
Title VI-B Early Childhood Supplement FY14	84.027	H173A130112		-	10,993	
Title VI-B FY15	84.027	H027A140107		-	794,836	
Title VI-B FY16	84.027	H027A150107		-	14,086,818	14,892,647
<u>Career and Technical Education-Basic Grants to States</u>						
Carl Perkins FY15	84.048	V048A140046		-	75,650	
Carl Perkins FY16	84.048	V048A150046		-	664,888	
Career and Technical Education	84.048			-	682	
Career and Technical Education	84.048			-	18	741,238
<u>Special Education- Preschool Grants</u>						
Preschool Incentive FY14	84.173	H173A130112		-	8,986	
Preschool Incentive FY15	84.173	H173A140112		-	103,174	
Preschool Incentive FY16	84.173	H173A150112		-	398,130	510,290
<u>Education for Homeless Children and Youth</u>						
McKinney Homeless FY15	84.196	S196A130048		-	55,158	
McKinney Homeless FY16	84.196			-	49,513	104,670
<u>Twenty-First Century Community Learning Centers</u>						
Title IV Part B 21 CCLC Williams FY15	84.287	S287C140047		-	93,986	
Title IV Part B 21 CCLC GRC FY15	84.287	S287C140047		-	72,335	
Title IV Part B 21 CCLC GRC FY16	84.287	S287C150047		-	57,154	223,475
<u>Special Education-State Personnel Development</u>						
Positive Behavior Interventions and Supports (PBIS) FY15	84.323A	H323A120026		-	13,698	13,698
<u>Advanced Placement Program (Advanced Placement Test Fee; Advanced Placement Incentive Program Grants)</u>						
Advanced Placement Fee Program FY16	84.330B			-	66,497	66,497
<u>English Language Acquisition State Grants</u>						
Title III, Part A Language Acquisition FY15	84.365	S365A140046		-	93,039	
Title III, Part A Immigrant & Youth FY15	84.365	S365A140046		-	19,727	
Title III, Part A Language Acquisition FY16	84.365	S365A150046		-	23,391	
Title III, Part A Immigrant & Youth FY16	84.365	S365A150046		-	1,078	
Title III, Part A Immigrant & Youth Supplement FY16	84.365	S365B150046		-	5,976	143,211

Federal Granting Agency						
Pass thru Agency		Federal		Cluster	Passed	
CFDA Title		Catalogue		Program	Through	
Grant Agency Name		Number	Grant Agency Number	Total	To Sub-Recipients	Federal Expenditures
						Total by CFDA #
<u>Mathematics and Science Partnerships</u>						
D N A Building Blocks for Middle School Literacy FY14	84.366	S366B130047		-	25,469	25,469
<u>Improving Teacher Quality State Grants</u>						
Title II, Part A FY14	84.367	S367A130044		-	26,082	
Title II, Part A FY15	84.367	S367A140044		-	223,139	
Title II, Part A FY16	84.367	S367A150044		-	2,004,490	2,253,711
<u>Department of Behavioral Health and Developmental Services</u>						
<u>Special Education-Grants for Infants and Families</u>						
Early Intervention Program for Infants and Toddlers with Disabilities	84.181	720C-04446-15B-38		-	395,075	395,075
Total Department of Education						\$ 37,316,662
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>						
<u>Pass Through Payments:</u>						
<u>VA Department of Behavioral Health and Developmental Services</u>						
<u>Projects for Assistance in Transition from Homelessness (PATH)</u>						
Mental Health Services for the Homeless-Block Grant	93.150	SM016047-15		-	\$ 122,136	\$ 122,136
<u>Block Grants for Community Mental Health Services</u>						
MH FBG SED Child and Youth	93.958	TI010053-15		-	15,087	
MH FBG SMI	93.958	SM-010053-15		-	221,923	237,010
<u>Block Grants for Prevention and Treatment of Substance Abuse</u>						
SA FBG Alcohol/Drug Trmt & Co_Occurring	93.959	TI010053-15		-	330,391	
SA FBG Alcohol/Drug Trmt	93.959	TI010053-15		-	690,172	
SA FBG SARPOS	93.959	TI010053-15		-	65,231	
SA FBG Prevention	93.959	TI010053-15		-	277,355	
One-Time SA FBG Prevention (reimbursement for NPN Conference)	93.959			-	82,263	
SA FBG Jail Services	93.959	TI010053-15		-	165,147	
SA FBG Women	93.959	TI010053-15		-	167,279	
SA FBG Prevention - Women	93.959	TI010053-15		-	20,000	1,797,838
<u>Virginia Department for the Aging/Southeastern Virginia Area Wide Model Program</u>						
<u>National Family Caregiver Support, Title III, Part E</u>						
Senior Services of Southeastern Virginia	93.052	45CFR1321		-	24,533	24,533

CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016

Exhibit 57

Federal Granting Agency Pass thru Agency CFDA Title Grant Agency Name	Federal Catalogue Number	Grant Agency Number	Cluster Program Total	Passed Through To Sub- Recipients	Federal Expenditures	Total by CFDA #
<u>VA Department of Social Services</u>						
<u>HIV Prevention Activities Health Department Based</u>						
PS12-1201 Expanded Testing Program	93.940	VBMEHTP611GY15		-	24,971	24,971
<u>Promoting Safe and Stable Families</u>						
Family Preservation	93.556	950115		-	109,753	109,753
		0400114, 0400115, 0400116, 0900116		-	2,420,822	2,420,822
<u>Temporary Assistance for Needy Families</u>	93.558			-		
<u>Refugee and Entrant Assistance State Administered Programs</u>	93.566	0500114, 0500116		-	8,186	8,186
		0600415, 0600416, 0600515, 0600616		-	250,005	250,005
<u>Low-Income Home Energy Assistance</u>	93.568			-		
<u>Child Care and Development Block Grant (Childcare Cluster)</u>	93.575	0770114, 0770115, 0770116		-	(23,013)	(23,013)
<u>Child Care Mandatory and Matching Funds of the Child Care and Development Fund</u> (Childcare Cluster)	93.596	0750116, 0760116		-	336,606	336,606
Total Child Care CCDF Cluster			313,593			
<u>Chafee Education and Training Vouchers Program (ETV)</u>	93.599	9160115		-	14,934	14,934
<u>Stephanie Tubbs Jones Child Welfare Services Program</u>	93.645	900116		-	15,330	15,330
<u>Foster Care Title IV-E</u>	93.658	1100116		-	2,472,563	2,472,563
<u>Adoption Assistance</u>	93.659	1120116		-	1,332,515	1,332,515
<u>Social Services Block Grant</u>	93.667	1000115, 1000116		-	2,243,209	2,243,209
<u>Chafee Foster Care Independence Program</u>	93.674	9150116		-	44,918	44,918
<u>Children's Health Insurance Program</u>	93.767	540116		-	142,559	142,559
<u>Medical Assistance Program (Medicaid Cluster)</u>	93.778	1200116		-	4,428,383	4,428,383
<u>Medical Assistance Program</u>						
Virginia Department of Medical Assistance Services	93.778			-	1,787,678	1,787,678
Total Department of Health and Human Services						\$ 17,790,936

(continued)
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Federal Granting Agency Pass thru Agency CFDA Title Grant Agency Name	Federal Catalogue Number	Grant Agency Number	Cluster Program Total	Passed Through To Sub- Recipients	Federal Expenditures	Total by CFDA #
<u>DEPARTMENT OF HOMELAND SECURITY:</u>						
<u>Direct Payments:</u>						
<u>Port Security Grant Program</u>						
Port Security Grant Program	97.056	EMW-2013-PU-00285-S01		-	4,316	
Port Security Grant Program	97.056	EMW-2014-PU-00087-S01		-	94,473	
Port Security Grant Program	97.056	EMW-2015-PU-00132-S01		-	71,084	169,873
<u>Staffing for Adequate Fire and Emergency Response (SAFER)</u>						
FEMA - ASSISTANCE TO FIREFIGHTERS SAFER GRANT	97.083	EMW-2014-FH-00534		-	232,408	232,408
<u>Pass Through Payments:</u>						
<u>Federal Emergency Management (FEMA)</u>						
<u>National Urban Search and Rescue (US&R) Response System</u>						
FEMA TF2 Coop Agreement	97.025	EMW-2012-CA-K00002		-	28,166	
FEMA TF2 Coop Agreement	97.025	EMW-2013-CA-K00021		-	85,366	
FEMA TF2 Coop Agreement Hurricane Joaquin Deployment	97.025	EMW-2013-USR-0027-M001		-	976,990	
FEMA TF2 Coop Agreement 15	97.025	EMW-2014-CA-K00005		-	380,895	
FEMA TF2 Coop Agreement 15	97.025	EMW-2015-CA-00005		-	572,682	2,044,099
<u>Virginia Department of Emergency Management</u>						
<u>Flood Mitigation Assistance</u>						
Severe Repetitive Loss Program PH II	97.029	FMA-PJ-03VA2013		-	140,600	140,600
<u>Emergency Management Performance Grants</u>						
Emergency Management Performance Grants	97.042	6895		-	82,473	82,473
<u>Repetitive Flood Claims</u>						
	97.092	SRL-PJ-03VA2009		-	304,401	304,401
Total Department of Homeland Security					\$	2,973,854
Total Federal Financial Assistance			\$	313,593	\$	7,584,318
					\$	118,663,871

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016

1. General

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

2. Basis of Accounting

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

3. Relationship to Financial Statements

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

General Fund	\$	20,326,517
Capital Projects Fund		6,168,090
Non Major Governmental Funds		31,222,414
Enterprise Funds		2,339,141
Other Component Units (not including Virginia Beach Pass-through \$624,622)		1,372,769
School Board Funds		60,351,137
		<hr/>
Total federal awards reported in basic financial statements	\$	121,780,068

Less: Revenue closed to fund balances from the following:

School Breakfast Program (Child Nutrition Cluster)	10.553	\$	-
Encroachment Partnering Agreement - BRAC-N Landing Brenneman	12.XXX		1,623,238
Community Development Block Grant Total	14.218		(661,166)
ESG FY15	14.231		15,260
Home Program Total	14.239		(38,243)
HOPWA Total	14.241		1,678
Permanent Housing Total	14.267		16,675
Section 8 Moderate Rehabilitation Single Room Occupancy	14.249		(231)
Edward Byrne Memorial Justice Assistance Grant Program Total	16.738		14,651
Victims of Crim Act Grant Program (Victim Witness FY16)	16.575		(41,065)
DMV Seat Belt Enforcement FY16	20.600		(21,764)
DMV Select DUI Total	20.607		(44,858)
DMV Seat Belt Enforcement FY16	20.616		(10,280)
Thalia Creek Greenway Trail	20.205		(7,812)
PA and Kemville intersection	20.205		(696,035)
Elbow Road Phase 2B	20.205		7,814
Early Intervention Program for Infants and Toddlers with Disabilities	84.181		(97,149)
MH FBG SED Child and Youth	93.958		295,801
SA FBG Total	93.959		(295,818)
Social Services Block Grant	93.667		(106,866)
Port Security Grant Program Total	97.056		155,567
FEMA - ASSISTANCE TO FIREFIGHTERS SAFER GRANT	97.083		304,110
FEMA TF2 Coop Agreement Total	97.025		149,808
Severe Repetitive Loss Program PH II	97.029		(140,600)
Repetitive Flood Claims	97.092		692,941
		<hr/>	
		\$	1,115,656

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016**

Less: Revenue not subject to Single Audit:

General Fund - Federal Reimbursement for Police OT	\$	33,139
General Fund Federal Bond Subsidy		283,219
Water & Sewer EF Federal Bond Subsidy		945,982
Storm Water EF Federal Bond Subsidy		268,750
Debt Service SRF Federal Bond Subsidy		469,451
	\$	2,000,541
 Total Federal Expenditures	 \$	 <u>118,663,871</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. Indirect Cost Rate

The City does not elect to use a 10% de minimis indirect cost rate allowed under section 2 CFR 200.331(a)(4).

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CONTINUING DISCLOSURE

Continuing Disclosure

This part of the City of Virginia Beach comprehensive annual financial report presents detailed information with regards to Rule 15c2-12 promulgated by the Securities and Exchange Commission to provide certain annual financial information and material event notices.

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Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

CITY OF VIRGINIA BEACH, VIRGINIA
PRINCIPAL TAXPAYERS
Fiscal Year Ending June 30, 2016
(Unaudited)

Taxpayer		Business Type	Real Property Assessed
1	Virginia Electric & Power Company	Utility	\$ 350,475,577
2	Armada Hoffler	Office/Retail/Vacant Land	348,578,500
3	Ramon W. Breeden, Jr.	Apartments/Shopping Center	345,708,500
4	Lynnhaven Mall LLC	Shopping Mall	284,948,200
5	E. D. & A. F. Ruffin & B. L. Thompson	Apartments/Shopping Center	266,804,000
6	J. M. , R.J.F. , A.D. & L.E. Caplan	Real Estate	257,436,900
7	Pembroke Square Assoc.	Shopping Mall	187,416,300
8	Verizon Virginia, Inc.	Utility	170,066,425
9	Christian Broadcasting Assoc./Net, Inc.	Broadcasting	148,392,200
10	Cheryl P. McLeskey	Real Estate	138,061,200
11	Thomas J. Lyons, Jr.	Hotels	136,130,900
12	Lake Gem	Shopping Center/Fast-Food	117,789,600
13	Watergate Treehouse Associates LP	Shopping Center	113,616,200
14	Westminster Canterbury	Real Estate	97,935,900
15	Aimco Maple Bay & Aimco Reflections LLC	Apartments	95,318,900
16	Windsor Lake & Shoreline Apartments LLC.	Apartments/Shopping Center	93,780,100
17	Virginia Natural Gas	Utility	92,538,234
18	Potter Properties	Shopping Mall	85,706,400
19	Inland Diversified Virginia Beach Landstown LLC	Shopping Center	81,565,700
20	Wal Mart Real Estate Business Trust	Retail Stores	73,359,200
21	Atlantic Shores Cooperative	Apartments	72,796,100
22	Sifen, Michael D.	Real Estate	64,944,300
23	Occidental Development, Ltd.	Apartments	62,928,000
24	BBR/Marina Shores LLC	Shopping Center	51,116,800
25	Jack Rabbit Self Storage	Real Estate	47,393,100
Total			<u><u>\$ 3,784,807,236</u></u>

Sources: Office of Real Estate Assessor
Commissioner of the Revenue

CITY OF VIRGINIA BEACH, VIRGINIA
PROPERTY TAX RATES AND CHANGE IN TAX LEVY
Fiscal Years 1996 Through 2016
(Unaudited)

Fiscal Year	Tax Rate on Real Property (1)	Real Property Tax Levy (2)	Percentage Annual Change in Tax Levy
1996	\$ 1.188	\$ 213,069,095	7.77%
1997	1.220	226,859,499	6.47%
1998	1.220	236,751,484	4.36%
1999	1.220	246,389,536	4.07%
2000	1.220	264,436,560	7.32%
2001	1.220	280,963,485	6.25%
2002	1.220	305,058,532	8.58%
2003	1.220	327,953,650	7.51%
2004	1.220	341,740,132	4.20%
2005	1.196	378,178,905	10.66%
2006	1.024	393,544,291	4.06%
2007	0.990	461,816,439	17.35%
2008	0.890	483,635,234	4.72%
2009	0.890	497,742,524	2.92%
2010	0.890	485,659,493	-2.43%
2011	0.890	456,029,698	-6.18%
2012	0.890	443,160,075	-2.82%
2013	0.950	457,057,821	3.14%
2014	0.930	446,015,531	-2.42%
2015	0.930	463,184,807	3.85%
2016	0.990	510,528,757	10.22%

Source: City Department of Finance

(1) Tax rate per \$100 per assessed value.

(2) Calculation of the Real Property Tax Levy begins with the Real Property Assessed Value on Schedule 1-3 and then is adjusted by Supplements, Exonerations, SSD additional levies and other misc. adjustments to arrive at the Tax Levy.

CITY OF VIRGINIA BEACH, VIRGINIA
HISTORICAL ASSESSED VALUE
Fiscal Years 1996 Through 2016
(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%	4,305,125,900	5.57%	938,693,399	1.21%	55,751,842,125	-2.16%
2013	48,851,994,658	-3.28%	4,249,692,532	-1.29%	929,843,170	-0.94%	54,031,530,360	-3.09%
2014	48,737,614,190	-0.23%	4,334,018,923	1.98%	889,050,800	-4.39%	53,960,683,913	-0.13%
2015	50,577,279,180	3.77%	4,569,833,578	5.44%	875,496,571	-1.52%	56,022,609,329	3.82%
2016	52,016,374,504	2.85%	4,582,059,618	0.27%	895,479,945	2.28%	57,493,914,067	2.63%

(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 2016
(Unaudited)

Fiscal Year	Total Tax Levy (1)		Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
1996	\$	280,791,187	\$ 266,155,281	94.8 %	\$ 15,097,887	\$ 281,253,168	100.2 %
1997		297,253,895	282,265,999	95.0	14,874,129	297,140,128	100.0
1998		311,799,732	296,158,994	95.0	15,076,247	311,235,241	99.8
1999		328,444,301	303,646,060	92.4	14,866,315	318,512,375	97.0
2000		367,377,661	342,033,400	93.1	22,482,116	364,515,516	99.2
2001		388,489,478	358,291,746	92.2	20,341,533	378,633,279	97.5
2002		420,060,733	396,051,828	94.3	16,856,675	412,908,503	98.3
2003		445,787,734	420,490,211	94.3	17,638,904	438,129,115	98.3
2004		458,846,761	421,236,325	91.8	18,013,929	439,250,254	95.7
2005		505,050,845	468,796,012	92.8	20,116,692	488,912,704	96.8
2006		531,438,288	483,649,302	91.0	14,022,360	497,671,662	93.6
2007		527,465,143	505,518,196	95.8	17,601,644	523,119,840	99.2
2008		562,044,329	537,526,149	95.6	20,712,902	558,239,051	99.3
2009		570,582,069	547,934,162	96.0	19,539,212	567,473,374	99.5
2010		546,129,490	526,040,648	96.3	17,017,665	543,058,313	99.4
2011		523,586,269	504,769,073	96.4	14,987,003	519,756,076	99.3
2012		522,586,852	501,282,299	95.9	15,492,833	516,775,132	98.9
2013		536,618,666	516,542,429	96.3	15,396,501	531,938,930	99.1
2014		527,036,431	509,339,982	96.6	13,980,043	523,320,025	99.3
2015		558,420,893	537,056,367	96.2	13,368,962	550,425,329	98.6
2016		613,105,892	589,411,524	96.1	-	589,411,524	96.1

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.

(1) Includes both Real and Personal Property and Public Service. For 2016, the breakdown is as follows:

Real Property tax levy (includes Public Service real property): \$510,528,757

Personal Property tax levy (includes Public Service personal property): \$102,577,135

CITY OF VIRGINIA BEACH, VIRGINIA
PRINCIPAL TAX REVENUES BY SOURCE
Fiscal Years 1996 through 2016
(Unaudited)

Fiscal Year	Real Property Taxes ¹	Personal Property Taxes ¹	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	462,811,968	70,592,576	53,962,203	46,357,954	46,743,465	105,393,161	785,861,327
2008	499,776,925	75,062,192	54,071,427	49,660,261	48,069,618	108,396,618	835,037,041
2009	515,768,880	70,181,027	51,439,533	45,764,804	48,304,462	105,627,818	837,086,524
2010	504,334,961	59,813,526	50,263,545	46,662,622	48,442,376	103,385,929	812,902,959
2011	474,474,648	65,943,535	51,743,905	45,129,301	50,594,181	108,691,603	796,577,173
2012	461,480,333	73,705,379	53,375,318	45,254,169	53,254,313	109,728,241	796,797,753
2013	476,217,120	74,723,035	54,978,531	44,623,292	55,122,465	115,403,784	821,068,227
2014	464,439,667	78,678,322	56,431,418	44,050,182	56,872,794	114,548,325	815,020,708
2015	481,774,192	90,898,635	58,164,569	43,308,157	59,968,375	119,831,673	853,945,601
2016	526,451,909	95,930,682	61,099,407	42,658,906	63,437,485	122,395,718	911,974,107

Source: City Department of Finance

Note: Real and Personal Property Tax Revenues include collections for Current Year and Prior years levies collected within the Current Fiscal Year.

(1) Includes taxes, penalty & interest (\$10 minimum) on delinquent collections from prior years.

CITY OF VIRGINIA BEACH, VIRGINIA
TEN LARGEST UTILITY (WATER) CUSTOMERS
Fiscal Year 2016
(Unaudited)

Customer	Annual Consumption in 1,000 Gallons	Type of Customer
Virginia Beach Correction Center	49,562	City Correction Center
Sentara Princess Anne Hospital	36,880	Hospital
S L Nusbaum Realty	36,409	Thalia Garden Apartments
Town Center Associates 7 LLC	30,868	Real Estate Asset Manager
Sentara Virginia Beach General Hospital	29,301	Hospital
Westminister-Canterbury of Hampton Roads	25,579	Retirement Community
County View Mobile Court	25,560	Mobile Home Park
Bonaventure Property Management	21,343	Real Estate Asset Manager
Watergate Assoc Lakes	19,087	Linkhorn Bay Apartments
Atlantic Shores Cooperative Association	18,621	Retirement Community

Source: City Department of Public Utilities

CITY OF VIRGINIA BEACH, VIRGINIA
WATER AND SEWER ENTERPRISE FUND
OUTSTANDING DEBT BY ISSUE
at June 30, 2016
(Unaudited)

2016A Water and Sewer System Revenue Bonds	\$ 46,560,000
2016B Water and Sewer System Refunding Revenue Bonds	42,865,000
2013 Water and Sewer System Revenue Bonds	42,825,000
2010A Water and Sewer System Revenue Bonds	57,055,000
2010B Water and Sewer System Refunding Revenue Bonds	7,745,000
2010C Water and Sewer System Refunding Revenue Bonds	19,780,000
1998 Taxable Water and Sewer System Revenue Bond *	1,223,426
1997 Taxable Water and Sewer System Revenue Bond *	815,285
	<hr/>
Total Water and Sewer Debt Outstanding	<u><u>\$ 218,868,711</u></u>

Source: City Department of Finance

Note: * The 1997 and 1998 taxable issues were privately placed with the Commonwealth of Virginia Revolving Loan fund administered by Virginia Resources Authority.

All Water & Sewer Revenue Bonds are Parity Debt issued pursuant to Article VII, Sec. 10(a)(3) of the Constitution of Virginia, secured solely by the Revenues of the system.

CITY OF VIRGINIA BEACH, VIRGINIA
WATER RESOURCE RECOVERY FEES
HISTORY OF RECEIPTS AND DISBURSEMENTS
Fiscal Year 2011 through 2016
(in thousands of dollars)
(Unaudited)

	Fiscal Year					
	2011	2012	2013	2014	2015	2016
Balance - July 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fees Received	1,938	3,265	3,905	2,116	3,120	2,414
Disbursements	<u>1,938</u>	<u>3,265</u>	<u>3,905</u>	<u>2,116</u>	<u>3,120</u>	<u>2,414</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				
	2012	2013	2014	2015	2016
<u>Operating Revenues</u>					
Service Charges	\$ 56,041	\$ 62,231	\$ 68,226	\$ 74,518	\$ 76,403
Water Usage	47,589	46,543	45,881	45,309	44,847
Interfund Services Provided	-	-	-	1,169	-
Miscellaneous	884	839	1,636	1,187	1,771
Total Operating Revenues	<u>\$ 104,514</u>	<u>\$ 109,613</u>	<u>\$ 115,743</u>	<u>\$ 122,183</u>	<u>\$ 123,021</u>
<u>Operating Expenses</u>					
Water Acquisition	\$ 25,353	\$ 25,968	\$ 23,188	\$ 23,771	\$ 24,488
Water Distribution	8,282	8,056	7,882	6,780	6,832
Sewer Collection	12,605	13,151	12,658	14,274	13,812
Administration and Engineering	16,469	16,829	18,367	19,157	18,646
Customer Services	9,445	9,830	9,813	10,163	10,152
Total Operating Expenses	<u>\$ 72,154</u>	<u>\$ 73,834</u>	<u>\$ 71,908</u>	<u>\$ 74,145</u>	<u>\$ 73,930</u>
Net Operating Income	<u>\$ 32,360</u>	<u>\$ 35,779</u>	<u>\$ 43,835</u>	<u>\$ 48,038</u>	<u>\$ 49,091</u>
<u>Non-Operating Revenues/(Expense)</u>					
Interest	\$ 524	\$ 457	\$ 405	\$ 493	\$ 597
Water Resource Recovery Fee	3,265	3,905	2,116	3,120	2,414
Connection Fees	1,212	1,274	767	1,211	1,187
Norfolk Water True-Up	(166)	-	3,257	-	825
Total Non-Operating Income	<u>\$ 4,835</u>	<u>\$ 5,636</u>	<u>\$ 6,545</u>	<u>\$ 4,824</u>	<u>\$ 5,023</u>
Income Available For Debt Service	<u>\$ 37,195</u>	<u>\$ 41,415</u>	<u>\$ 50,380</u>	<u>\$ 52,862</u>	<u>\$ 54,114</u>
<u>Annual Debt Service*</u>					
Water and Sewer Revenue Bonds	\$ 14,987	\$ 14,950	\$ 15,965	\$ 18,119	\$ 18,520
Total Water and Sewer Debt Service	\$ 14,987	\$ 14,950	\$ 15,965	\$ 18,119	\$ 18,520
<u>Coverage of Debt Service on Water and Sewer Revenue Bonds</u>	\$ 2.48	\$ 2.77	\$ 3.16	\$ 2.92	\$ 2.92
<u>Coverage of Debt Service on All Debt Supported by Water and Sewer Revenues</u>	\$ 2.48	\$ 2.77	\$ 3.16	\$ 2.92	\$ 2.92

* Includes Principal, Interest at gross, and Bank Charges

Source: City Departments of Finance and Public Utilities.

CITY OF VIRGINIA BEACH
WATER AND SEWER ENTERPRISE FUND
DEBT SERVICE REQUIREMENTS
as of June 30, 2016
(Unaudited)

Fiscal Year	Principal	Interest	Gross Debt Service	Subsidy*	Debt Service Net of Subsidy	Principal Outstanding
2016-17	\$ 7,812,707	\$ 8,735,196	\$ 16,547,903	\$ (947,509)	\$ 15,600,393	\$ 211,056,004
2017-18	8,820,728	9,077,938	17,898,665	(1,004,495)	16,894,171	202,235,276
2018-19	9,215,276	8,685,065	17,900,341	(976,809)	16,923,533	193,020,000
2019-20	9,625,000	8,271,996	17,896,996	(946,786)	16,950,210	183,395,000
2020-21	10,045,000	7,853,921	17,898,921	(914,831)	16,984,090	173,350,000
2021-22	10,485,000	7,415,368	17,900,368	(881,323)	17,019,045	162,865,000
2022-23	10,980,000	6,934,041	17,914,041	(845,560)	17,068,482	151,885,000
2023-24	11,520,000	6,411,109	17,931,109	(806,512)	17,124,596	140,365,000
2024-25	12,095,000	5,854,825	17,949,825	(763,962)	17,185,863	128,270,000
2025-26	12,730,000	5,249,295	17,979,295	(718,084)	17,261,211	115,540,000
2026-27	10,670,000	4,677,121	15,347,121	(668,665)	14,678,456	104,870,000
2027-28	11,065,000	4,194,685	15,259,685	(615,203)	14,644,482	93,805,000
2028-29	9,080,000	3,760,068	12,840,068	(557,679)	12,282,389	84,725,000
2029-30	9,470,000	3,339,893	12,809,893	(496,087)	12,313,805	75,255,000
2030-31	9,845,000	2,921,344	12,766,344	(430,472)	12,335,872	65,410,000
2031-32	7,720,000	2,543,280	10,263,280	(360,895)	9,902,385	57,690,000
2032-33	8,050,000	2,185,578	10,235,578	(287,430)	9,948,148	49,640,000
2033-34	8,395,000	1,809,156	10,204,156	(210,223)	9,993,933	41,245,000
2034-35	8,770,000	1,412,928	10,182,928	(129,076)	10,053,851	32,475,000
2035-36	9,150,000	998,573	10,148,573	(43,740)	10,104,832	23,325,000
2036-37	4,945,000	696,706	5,641,706	-	5,641,706	18,380,000
2037-38	5,125,000	516,200	5,641,200	-	5,641,200	13,255,000
2038-39	5,310,000	332,075	5,642,075	-	5,642,075	7,945,000
2038-40	2,570,000	199,800	2,769,800	-	2,769,800	5,375,000
2038-41	2,645,000	121,575	2,766,575	-	2,766,575	2,730,000
2038-42	2,730,000	40,950	2,770,950	-	2,770,950	0.00
Totals	\$ 218,868,711	\$ 104,238,684	\$ 323,107,395	\$ (12,605,342)	\$ 310,502,053	

* Fiscal Year 2016-17 has been adjusted to reflect the 6.9% sequestration in effect.

Source: City Department of Finance

All Water & Sewer Revenue Bonds are Parity Debt issued pursuant to Article VII, Sec. 10(a)(3) of the Constitution of Virginia, secured solely by the Revenues of the system.

CITY OF VIRGINIA BEACH, VIRGINIA
WATER AND SEWER ENTERPRISE FUND
WATER AND SEWER RATE HISTORY
(Unaudited)

Effective Date of Rate Adjustment	Water Commodity Rate (per 1,000 gallons)	Sanitary Sewer Service Charge Single Family Residence (per month)
July 1, 1991	\$ 2.96	\$ 10.58
July 1, 1992	3.11	11.38
July 1, 1993	3.38	11.38
July 1, 1994	3.65	11.38
July 1, 1999	3.55	11.38
July 1, 2001	3.55	12.29
July 1, 2002	3.55	13.27
July 1, 2003	3.55	14.34
July 1, 2005	3.65	15.92
July 1, 2006	3.70	16.88
July 1, 2007	3.80	17.72
July 1, 2008	3.95	18.61
July 1, 2009	4.10	19.54
July 1, 2010	4.41	19.54
July 1, 2011	4.41	22.12
July 1, 2012	4.41	24.86
July 1, 2013	4.41	27.76
July 1, 2014	4.41	30.81
July 1, 2015	4.41	30.81
July 1, 2016	4.41	30.81

Source: City Department of Public Utilities

CITY OF VIRGINIA BEACH, VIRGINIA
TEN LARGEST STORM WATER UTILITY ACCOUNTS
For Billing Period Ending June 30, 2016
(Unaudited)

Customer	Fees Billed
Lynnhaven Mall Group	\$ 580,361
Stihl, Inc.	156,235
Sentara Healthcare	112,716
Inland Diversified Real Estate	103,903
Pembroke Associates	95,104
Eagle Holdings	73,772
Wal Mart Real Estate Holdings	68,886
Virginia Wesleyan College	87,664
Regent University	57,489
Atlantic Shores	48,560

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, 2016
(Unaudited)

Type of Property	2016
	Percent of Equivalent Residential Units (ERU)
Residential	49.2%
Multi-Family	12.0%
Non-Residential	38.8%

Source: City Department of Public Works/Storm Water Management

CITY OF VIRGINIA BEACH, VIRGINIA
STORM WATER UTILITY FEE COLLECTIONS
As of June 30, 2016
(Unaudited)

Fiscal Year	Assessed fees	Collected fees *	% Collected
1996	\$ 6,441,521	\$ 6,435,767	99.911%
1997	6,547,709	6,541,955	99.912%
1998	7,909,209	7,903,455	99.927%
1999	9,219,518	9,213,764	99.938%
2000	9,330,500	9,324,746	99.938%
2001	9,467,608	9,461,854	99.939%
2002	10,437,774	10,432,020	99.945%
2003	11,415,662	11,409,908	99.950%
2004	12,519,585	12,513,831	99.954%
2005	12,456,762	12,451,008	99.954%
2006	13,737,919	13,732,165	99.958%
2007	14,657,797	14,652,043	99.961%
2008	15,487,064	15,481,310	99.963%
2009	17,441,273	17,435,519	99.967%
2010	19,285,723	19,251,212	99.821%
2011	20,883,989	20,833,505	99.758%
2012	27,632,407	27,541,919	99.673%
2013	32,006,788	31,852,199	99.517%
2014	36,709,700	36,537,711	99.531%
2015	39,055,783	38,684,230	99.049%
2016	39,804,972	39,530,243	99.310%

Source: City Department of Public Works/Storm Water Management

* Represents collections to date. The City anticipates that for each of the recent years collection rates will be consistent with earlier years.

CITY OF VIRGINIA BEACH, VIRGINIA
STORM WATER UTILITY FUND
PRO FORMA CALCULATION OF REVENUE COVENANTS
(Unaudited)

Revenue Requirement A	Fiscal Year					
	2012	2013	2014	2015	2016	2017 Budget
Total Revenues:						
System Revenues (including interest income)	\$ 27,892,419	\$ 32,954,179	\$ 37,150,524	\$ 39,294,658	\$ 39,648,163	\$ 39,502,213
Budgeted Operating Expenses	13,311,162	14,317,957	15,366,723	16,645,536	18,487,455	27,462,744
Revenues Available for Debt Service	\$ 14,581,257	\$ 18,636,222	\$ 21,783,801	\$ 22,649,122	\$ 21,160,708	\$ 12,039,469
Maximum Principal and Interest Requirement on Revenue Bonds (a)	\$ 2,040,008	\$ 2,040,008	\$ 2,040,008	\$ 3,402,039	\$ 3,399,201	\$ 3,399,201
Debt Service Coverage Ratio (1.15 MBR Requirement)	7.2	9.1	10.7	6.7	6.2	3.5

Source: City Department of Finance

Revenue Requirement B	Fiscal Year					
	2012	2013	2014	2015	2016	2017 Budget
Total System Revenues (including interest income)	\$ 27,892,419	\$ 32,954,179	\$ 37,150,524	\$ 39,294,658	\$ 39,648,163	\$ 39,502,213
Less:						
Budgeted Operating Expenses	\$ 13,311,162	\$ 14,317,957	\$ 15,366,723	\$ 16,645,536	\$ 18,487,455	\$ 27,462,744
Revenue Bond Debt Service (a):						
Requirement on Series 2010A Bonds	\$ 1,392,783	\$ 1,392,283	\$ 1,391,583	\$ 1,390,683	\$ 1,394,533	\$ 1,391,695
Requirement on Series 2010B Bonds	639,081	639,981	640,681	641,181	641,481	641,581
Requirement on Series 2015 Bonds	-	-	-	226,374	1,357,556	1,359,106
Subordinate Debt Fund (Prior Bonds)	469,360	322,975	226,457	-	-	-
Total Debt Service	\$ 2,501,224	\$ 2,355,239	\$ 2,258,721	\$ 2,258,238	\$ 3,393,570	\$ 3,392,382
Capital Improvement Account (Cash)	10,836,635	14,122,870	13,962,480	9,514,582	8,490,000	7,500,000
Total Expenditures	\$ 26,649,021	\$ 30,796,066	\$ 31,587,924	\$ 28,418,356	\$ 30,371,025	\$ 38,355,126
Surplus Revenue	\$ 1,243,398	\$ 2,158,113	\$ 5,562,600	\$ 10,876,302	\$ 9,277,138	\$ 1,147,087

Reconciliation of Expenses to CAFR						
Total Operating Expenses (per CAFR)	\$ 15,550,163	\$ 16,709,597	\$ 19,477,620	\$ 22,059,299	\$ 23,177,375	
Add (Subtract): Depreciation	(2,239,001)	(2,391,640)	(4,110,897)	(4,569,433)	(4,792,210)	
Annual CIP Expense				(1,265,350)	(463,098)	
Net Deferred Retirement Contribution				421,020	565,388	
Total Budgeted Expenses (Pro Forma Requirement)	\$ 13,311,162	\$ 14,317,957	\$ 15,366,723	\$ 16,645,536	\$ 18,487,455	

(a) All Interest is presented at Gross.

Source: City Department of Finance

CITY OF VIRGINIA BEACH, VIRGINIA
STORM WATER UTILITY FUND
DEBT SERVICE REQUIREMENTS
as of June 30, 2016
(Unaudited)

Fiscal Year	Principal	Interest	Subsidy*	Total
2016-17	\$ 1,700,000.00	\$ 1,692,382.54	\$ (266,120.07)	\$ 3,126,262.47
2017-18	1,740,000.00	1,647,562.54	(280,358.75)	3,107,203.79
2018-19	1,795,000.00	1,591,898.79	(273,977.38)	3,112,921.41
2019-20	1,855,000.00	1,524,033.16	(266,663.47)	3,112,369.69
2020-21	1,915,000.00	1,456,698.78	(258,352.07)	3,113,346.71
2021-22	1,980,000.00	1,389,533.15	(249,213.78)	3,120,319.37
2022-23	2,055,000.00	1,320,030.02	(239,353.63)	3,135,676.39
2023-24	2,135,000.00	1,244,380.02	(228,512.38)	3,150,867.64
2024-25	2,230,000.00	1,158,443.14	(216,510.88)	3,171,932.26
2025-26	1,665,000.00	1,077,843.76	(203,638.75)	2,539,205.01
2026-27	1,745,000.00	1,002,196.26	(189,517.13)	2,557,679.13
2027-28	1,815,000.00	926,131.26	(174,076.88)	2,567,054.38
2028-09	1,890,000.00	851,498.76	(157,878.00)	2,583,620.76
2029-30	1,970,000.00	773,543.76	(140,831.25)	2,602,712.51
2030-31	2,050,000.00	692,138.76	(122,892.00)	2,619,246.76
2031-32	2,130,000.00	607,283.76	(104,060.25)	2,633,223.51
2032-33	2,215,000.00	516,581.26	(83,496.88)	2,648,084.38
2033-34	2,310,000.00	419,581.26	(61,070.63)	2,668,510.63
2034-35	2,405,000.00	318,231.26	(37,489.38)	2,685,741.88
2035-36	2,505,000.00	212,393.76	(12,705.00)	2,704,688.76
2036-37	1,220,000.00	140,018.76	-	1,360,018.76
2037-38	1,260,000.00	102,031.26	-	1,362,031.26
2038-39	1,295,000.00	62,109.38	-	1,357,109.38
2039-40	1,340,000.00	20,937.50	-	1,360,937.50
Totals	<u>\$ 45,220,000.00</u>	<u>\$ 20,747,482.90</u>	<u>\$ (3,566,718.56)</u>	<u>\$ 62,400,764.34</u>

* Fiscal Year 2016/2017 has been adjusted to reflect the 6.9% Federal sequestration rate.

Source: City Department of Finance

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