

City of Virginia Beach, Virginia

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For Fiscal Year Ended
June 30, 2008



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

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2008**

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

Acknowledgments.....

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

Management -	Donald Barnett, Miryam Woodson, Wendy Hu
CAFR Team -	Bernard Abey, James Cooper, Katrina Flowers Patti Porter, Nancy Leavitt, Susan Riley, Richard Lester, Arlene Ney
Technical Assistance -	Rich Dunford, Greg Anger, David Bradley, Mary G. Hancock, Marc Davis
Staff Support -	Keena Garns, Penny Williams, Sheila Miller Linda Granger, Debbie Shevock, Trish Donahue, Loretta Brown, Donna Vaughan, Jody Clark, Bonnie Castellow
Photograph - Cover	Craig D. McClure

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

Sincerely,



Patricia A. Phillips, Director
Department of Finance

**CITY OF VIRGINIA BEACH, VIRGINIA
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INTRODUCTORY SECTION

CITY OF VIRGINIA BEACH, VIRGINIA

CITY COUNCIL

Meyera E. Oberndorf, Mayor At-Large
Louis R. Jones, Vice Mayor Bayside District
Harry E. Diezel Kempsville District
Robert Dyer Centerville District
Reba S. McClanan Rose Hall District
James L. Wood Lynnhaven District
John E. Uhrin Beach District
Barbara M. Henley Princess Anne District
Bill R. DeSteph At-Large
Ron A. Villanueva At-Large
Rosemary Wilson At-Large

SCHOOL BOARD

Daniel D. "Dan" Edwards, Chairman District 1 – Centerville
Rita Sweet Bellitto, Vice Chairman At-Large
Todd C. Davidson At-Large
Emma L. "Em" Davis District 5 – Lynnhaven
Patricia G. Edmondson District 6 - Beach
Edward "Ed" Fissinger, Sr. At-Large
Dan R. Lowe District 4 – Bayside
William J. "Bill" Brunke, IV District 7 – Princess Anne
Sandra Smith-Jones District 2 – Kempsville
Michael W. Stewart District 3 - Rose Hall
Carolyn D. Weems At-Large

CONSTITUTIONAL OFFICERS

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

VIRGINIA BEACH DEVELOPMENT AUTHORITY

Donald V. Jellig Chair
Page G. Lea Vice Chair
Teresa H. Carrington Secretary
Douglas D. Ellis Assistant Secretary
Elizabeth A. Twohy Treasurer
C. Maxwell Bartholomew, Jr. Commissioner
Dan H. Brockwell Commissioner
Paul V. Michels Commissioner
Jerrold L. Miller Commissioner
John W. Richardson Commissioner
Prescott Sherrod Commissioner

APPOINTED OFFICERS

James K. Spore City Manager
Leslie L. Lilley City Attorney
Ruth Hodges Fraser City Clerk
Jerald Banagan Real Estate Assessor
Lyndon S. Remias City Auditor

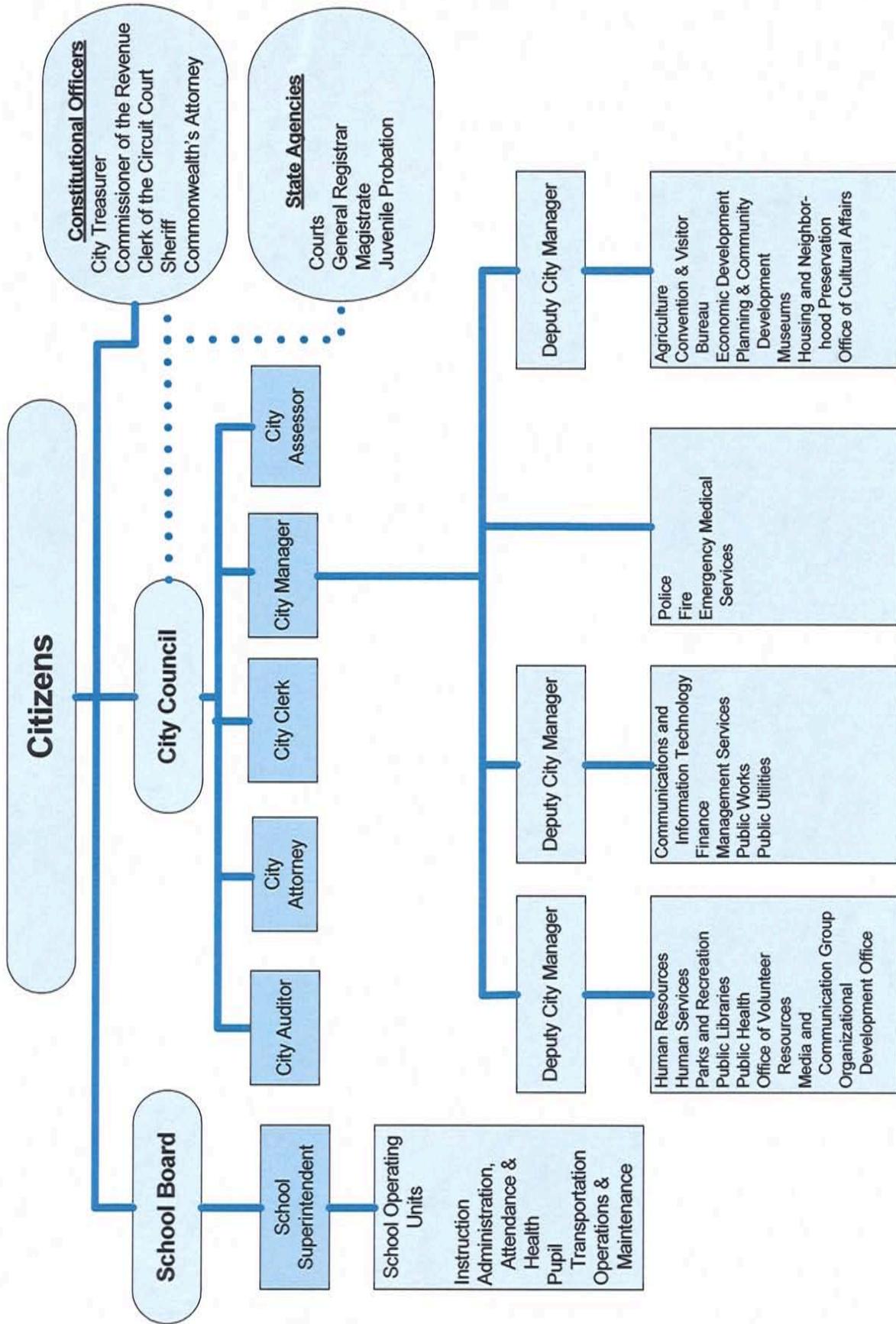
VIRGINIA BEACH COMMUNITY DEVELOPMENT CORPORATION

Mary Kay Horoszewski Executive Director
Carol Hare President
Denise Howard Vice President
Robert N. Templeton, II Secretary/Treasurer
Elsie M. Barnes Director
Tanya Bullock Director
Ann K. Crenshaw Director
Christopher J. Fanny Director
Gregory Dragas Director
Dr. Helen Moore Director
Emmanuel Voces Director
Barbara Clevenger Director

CITY LEADERS

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

Operating Structure





City of Virginia Beach

VBgov.com

DEPARTMENT OF FINANCE
(757) 385-4681
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MUNICIPAL CENTER
BUILDING 1
2401 COURTHOUSE DRIVE
VIRGINIA BEACH, VA 23456-9009

November 24, 2008

The Honorable Meyera E. Oberndorf, Mayor
Members of the Virginia Beach City Council
Municipal Center
Virginia Beach, Virginia 23456

Dear Council Members:

The Comprehensive Annual Financial Report of the City of Virginia Beach, Virginia for the fiscal year ended June 30, 2008, 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 2008 estimated population for the City of Virginia Beach was 434,072 according to the U.S. Census Bureau.

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

In accordance with the requirements of the Governmental Accounting Standards Board (GASB), the financial reporting entity consists of the primary government (the City of Virginia Beach) as well as its component units, which are legally separate organizations for which the City Council is financially accountable. These discretely presented component units qualifying for inclusion in this report are the Virginia Beach School Board, Virginia Beach Development Authority, and Virginia Beach Community Development Corporation. Financial accountability for these component units was determined on the basis of City Council's selection of governing authority, designation of management, ability to influence operations, and/or accountability for fiscal matters. The component units are discretely presented and are reported in a separate column in the financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position, results of operations, and cash flows from those of the primary government.

The City provides a full range of general governmental services for its citizens. These services include police, emergency medical response, fire protection, collection and disposal of refuse, water, storm water and sewer services, parks and recreation facilities, museums, libraries, and maintenance of streets and highways. Other services provided include public education in grades kindergarten through 12, public health and social services, certain technical and special education services, mental health assistance, agricultural services, housing services, and judicial activities.

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

ECONOMIC CONDITIONS AND OUTLOOK

Like the national and regional economies, the economy of the City of Virginia Beach has slowed down. However, the impacts on the local economy are mitigated by strong defense spending, the military presence, tourism and shipping industries. In addition, real estate revenues are expected to increase at a much slower rate over the next five years compared to the rapid growth of the last five years.

Economic Development and Employment

During 2008, 29 new businesses located in Virginia Beach, and 37 additional existing companies were retained or expanded their presence. This resulted in 1,513 new employment opportunities, along with 8,700 retained jobs, and more than \$240 million in new capital investment. Twenty-one of the new businesses that located in Virginia Beach are international companies.

The Hampton Roads Regional economy reported mixed economic performance in FY 2008. The region and Virginia Beach registered increases in employment and income while maintaining relatively low unemployment rates. Retail sales were up in FY 2008 over 2007. Trade activity through the port of Virginia continued to increase, supporting jobs in the region and across Virginia. Regional tourism spending increased, and total real estate assessments increased.

Total non-farm employment in Virginia Beach grew by 21,884 jobs over the period 2001-2006. The largest increase occurred in the Real Estate sector (+3,575) followed closely by Healthcare (+3,433), and Retail (+2,886) sectors. The largest decline occurred in the Information sector (-686), followed by Management (-240) and the Professional sectors (-32). Since 1996 Virginia Beach has been the job leader in Hampton Roads. Over the last 10 years, Virginia Beach has added 33.4% of the new jobs in South Hampton Roads. (Source: BEA)

Civilian employment in Virginia Beach increased by 1.7% from September 2007 to September 2008. Military employment is not included in the above total.

Local unemployment rates for June 2008 increased 1% above the rate for June 2007. Virginia Beach posted an unemployment rate of 3.8% while the State posted a rate of 4.2%, and the MSA posted a rate of 4.4%. All the local rates are well below that of the nation at 5.7%, which increased from 4.7% the prior June. (Source: VEC)

Income

Virginia Beach per capita income rose to \$40,396 in 2006 from \$38,317 in 2005. As a percent of the national per capita income, it remained at 110%. The MSA per capita income at \$34,858 continued to increase, but fell to 95% of the national average (\$36,714) from 96%. Defense spending, tourism, and shipping industries supported the trend in rising incomes in Virginia Beach during this time period. (Source: BEA and U.S. Census)

Retail Sales

Retail sales growth has slowed in Virginia Beach and the region. Retail sales in Virginia Beach increased to \$4.9 billion in FY 2008, up slightly from \$4.8 billion in FY 2007. This represents a 2% increase compared to a 14% increase in 2007. Retail sales for the first half of calendar year 2008 were down to \$2.35 billion from \$2.38 billion in the first half of calendar year 2007. Retail sales in the MSA were flat in FY 2008 at \$16.8 billion and showed a decrease of 2% of the first half of calendar year 2008 over the first half of 2007. (Source: Virginia Department of Taxation)

Hotel/Restaurant Sales

During FY 2008, restaurant sales increased to \$877.5 million from \$857.8 million in FY 2007, an increase of 2.3%. Restaurant sales for the first seven months of 2008 were \$522 million, up from \$508 million for the same period in 2007. During FY 2008, hotel sales were flat compared to FY 2007, remaining at approximately \$267 million. Hotel sales for the first seven months of 2008 were \$161 million, up slightly from \$159 million for the same period in 2007. (Source: Virginia Beach Convention and Visitors Bureau and the Weldon Cooper Center)

Port Activity

The economic well-being of Virginia Beach is closely tied to that of the Port of Hampton Roads. In 2007, 2.13 million 20-foot equivalent units (TEU) of containerized cargo were shipped through the port, up 4.0% over 2006. (Source: Virginia Port Authority)

Tourism

Virginia Beach accommodated 2.73 million out-of-town visitors in 2007 and tourist spending increased to a new high of \$890.0 million, up from \$857.0 million in 2006. Total visitor expenditures generated \$78.4 million in direct City revenue and cost the City \$66.6 million, generating a net dollar return of \$11.8 million, or 17.7%. The City's hospitality industry provided employment to 15,100 people in Virginia Beach. Virginia Beach tourism has increased its share of the total regional tourism market from 31.8% in 2003 to 32.5% in 2007. (Source: 2006 Virginia Beach Tourism Economic Impact Study, ODU)

MAJOR INITIATIVES

The 2007-2008 financial report reflects the use of resources to achieve the city government's vision as defined by City Council.

Strategic issues have been identified that will close the gap between where the city is today and the community it strives to become. To achieve its vision, City Council has identified seven major strategic issue areas. The City has made significant progress in these areas as indicated by the initiatives described in this section. Reflecting the cross-functional nature of an effective strategic plan, several of these initiatives affect two or more of the strategic areas. The seven strategic issue areas are:

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

Steady progress was made in realizing City Council's vision of making Virginia Beach a Community for a Lifetime.

Quality Physical Environment

Sandler Center – In November 2007, the Sandler Center for the Performing Arts celebrated its grand opening. The Center is a \$47 million project that provides 86,000 square feet of state-of-the-art, professional quality, multipurpose venue including a capacity of 1,300 seats and 18,000 square feet of outdoor plaza. The Sandler Center won the “Project of the Year” award from the Virginia/DC/Maryland Chapter of the American Public Works Association for 2007.

Convention Center - The Center hosted 405 events during 2007. There were also 51 conventions, trade shows and sporting events with about 90,000 non-residents attending. This translated into an estimated direct spending of more than \$49 million. The Center was awarded “Project of the Year” by the American Public Works Association for 2007.

Sentara Healthcare – The State has given approval for the construction of a new 120-bed hospital to join the Sentara complex at Princess Anne Commons.

Strategic Growth Areas - The City has identified 13 strategic growth areas for future growth and development. The current focus is on three areas: a reshaping of the resort area, continued well-planned growth of Town Center, and development of the Northampton Boulevard corridor.

Workforce Housing – In August 2007, Council adopted a Workforce Housing ordinance. In October 2007, Council appointed the Workforce Housing Advisory Board to develop the details of how the program would work. The recommendations of the Advisory Board were presented to Council in October 2008.

Family and Youth Opportunities

The Virginia Department of Public Health has completed the first of four assessments for a Comprehensive Community Health Assessment and is now finishing up the remaining three assessments.

Project HOPE Virginia Beach was established with the goal of removing barriers to education and learning for homeless children and youth. The program is managed by Virginia Beach Public Schools. During the FY 2006-2007 school year there were an estimated 624 students enrolled who were identified as homeless. Project HOPE provides school supplies, opportunities for parental involvement, homework and tutoring programs as well as opportunities to allow for school stability.

The Social Services Division, the Virginia Beach Public Schools and the Casey Family Program have a partnership to focus on improving educational outcomes for foster children.

Safe Community

Installation of GPS devices in public safety vehicles was completed in June 2008 as a component of the Mobile Data Terminal Replacement Project. The Automatic Vehicle (AVL) Location Project, which provides for GPS based map display of public safety vehicles within 9-1-1 operations, is now underway.

The City opened the new First Landing Fire/EMS Station on Shore Drive.

EMS volunteers responded to almost 38,000 calls during FY 08.

According to FBI statistics, Virginia Beach has again been recognized as one of the safest cities of its size in the country.

In July 2008, the Virginia Beach 911 Center was awarded reaccreditation by the Commission on Accreditation for Law Enforcement Agencies, Inc. VB 911 is the first city emergency communications center in Virginia to earn CALEA reaccreditation.

Cultural and Recreational Opportunities

In 2007, the City hosted approximately 419 special events aimed at the entire range of citizen groups within Virginia Beach. The total number of events has remained stable during the last three years, but the duration of the events, known as “event days”, has increased by an annual average of 7.3% for the past five years. Among these events were: the Neptune Festival, Holiday Lights, the Boardwalk Art Show, the Susan G. Komen Race for the Cure, the East Coast Surfing Championships, the American Music Festival, Beach Bash Outing, Easter Eggstravaganza, Kite Festival, Remember the Music, Viva Elvis, Stars & Stripes Explosion, Blues at the Beach, Latin Fest, Filipino Fest, Soul Fest, October Brew-Fest, annual Polar Plunge, the Shamrock Marathon, the Redskins Beach Blitz fan appreciation festival, and the Rock ‘n’ Roll Half Marathon.

Quality Education and Lifelong Learning

The Princess Anne Commons area has become the focus of a growing academic cluster. Construction began in the summer of 2008 on a new Health/Science Building at Tidewater Community College (TCC). The new Science Building, also at Tidewater Community College, is now open. The next project is the TCC-City joint use library to be located on the Virginia Beach TCC campus at Princess Anne Commons. Design of the building will begin January 2009.

For the third year in a row, 100% of the City’s schools earned full accreditation in SOL testing.

The 285,000-square-foot Renaissance Academy will be Virginia Beach City Public Schools’ alternative education center serving students in grades 6-12. The facility is scheduled to open January 2010. In addition to the Renaissance Academy, Virginia Beach City Schools has a number of other projects under construction. Among them are:

Virginia Beach Middle School replacement, scheduled to open in January 2010, and Windsor Oaks Elementary School replacement, scheduled to open in the fall of 2009. Among the recently completed projects are: Brookwood Elementary replacement, Windsor Woods Elementary replacement, Newtown Elementary replacement, Diamond Springs Elementary replacement, and Beach Garden Park renovations. Projects currently under design include: Pupil Services Transportation Maintenance Facility, scheduled to start construction in January/February 2009, and Great Neck Middle School replacement, scheduled to start construction in June 2009.

Quality Organization

The Media and Communications Group coordinated three public meetings as part of the pilot series of city-wide town meetings beginning in January 2007. These meetings give the City Council an opportunity to receive citizen input on important issues in an informal setting.

Increased bandwidth for the Public Internet Access computers has been installed at Central, Oceanfront and Princess Anne Libraries to improve the speed of Internet access.

In the spring of 2008, The Department of Communications and Information Technology introduced a new enterprise Integrated Voice Response (IVR) system so that city call centers can more efficiently process calls for service.

HR/Payroll System – This project, which will go live in January, 2009, entails replacement of the existing legacy HR/Payroll System with a new, more business-capable system.

Minority Business Initiative – Several new approaches have been developed to increase the amount of city expenditures to minority businesses. In April 2007, a new requirement was added for submission of Women and Minority Participation Plans for construction and requests for proposals for solicitations estimated to exceed \$50,000. In August 2007, the Woman and Minority-Owned Business Participation on City Procurements Administrative Directive was issued to direct City departments with delegated procurement authority to include minority and woman-owned businesses in their procurement processes. In an effort to enhance minority participation in City procurements, City Council adopted a resolution on May 6, 2008 which set a 10% goal for minority participation in City contracts. The 10th Annual Minority Business EXPO was held in November 2008 with 313 total attendance. As a result of these initiatives, the amount of City expenditures to minority-owned businesses has increased from \$7.6 million in FY 2007 to \$12.2 million in FY 2008.

Workforce Development – City departments are engaged in Phase II of the Workforce Planning and Development program, which consists of environmental scanning, assessing current and future required Knowledge, Skills, and Abilities (KSAs) and competencies, and developing action steps to address identified organizational and individual gaps. The Workforce Planning and Development Program was initiated to ensure that the City is prepared to meet the challenges and opportunities of changing

technology, globalization, market changes, cost containment, an aging workforce, and attrition.

Economic Vitality

A project was undertaken to inventory city-owned property and to identify excess properties that can potentially be sold. The extensive inventory of city properties is being analyzed and sorted for potential sale consideration. A Real Estate Specialist has been hired in the Department of Economic Development to assist with this effort.

The City of Virginia Beach Military Economic Development Advisory Committee (MEDAC) was established by City Council in March 2008 to enhance the coordination between the City and the military and its various installation tenant commands. This committee will help the City identify economic development opportunities that engage defense contractors locating to and conducting business in Virginia Beach.

In 2008, the Virginia Beach Development Authority did not authorize the issuance of any industrial revenue bond but did provide Economic Development Investment Program assistance in the amount of \$263,000. The Virginia Beach Development Authority also continues its planning for a convention center hotel and the development of the “Dome” site in the resort area.

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.

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.

CAPITAL FINANCING AND DEBT MANAGEMENT

The FY 2009-2014 Capital Improvement Program (CIP), which was approved by City Council in May 2008, sets forth a six-year program totaling \$2.3 billion. Of this amount, \$1.1 billion was appropriated through FY 2007-08, \$220 million was appropriated in FY 2008-09, and \$1.03 billion is programmed in future years of the Capital Improvement Program. Funding for this program will be from local, state, federal, and private sources, with local debt comprising less than 38% of total funding. The six-year plan provides phased funding for critical public works infrastructure needs and upgrades that will help ensure compliance with increasingly strict environmental requirements, funding for facility improvements to serve a growing City population, and funding for public schools. The CIP also includes an increase in 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 2008, the City continued to acquire development rights in designated areas within the southern portion of the City for the **Agricultural Reserve Program**. The rights were acquired through the issuance of installment purchase agreements, which are considered valid contractual obligations of the City. Three such agreements were completed in FY 2008 at a total purchase price of \$2,265,524 with 246.44 acres acquired. For the total program at June 30, 2008, 66 agreements totaling 7,326.30 acres at a total purchase price of \$26,807,090 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 the following target levels for these key debt ratios:

<u>Ratio Description</u>	<u>Established Standard</u>	<u>FY08</u>	<u>FY07</u>
Annual Debt Service to General Governmental Expenditures	No greater than 10.0%	7.5%	7.5%
Overall Net Debt to Estimated Full Value	No greater than 3.5%	1.7%	2.1%
Overall Net Debt Per Capita	No greater than \$2,400	\$2,249	\$2,200
Overall Net Debt Per Capita Personal Income	No greater than 6.5%	5.1%	5.2%

All debt affordability indicators fall within the established guidelines. The State Constitution further limits the City's ability to create debt. The Legal Debt Limitation is 10% of assessed value of property in the City. As of June 30, 2008, the total assessed value of real property in the City was \$55,794,296,244 which translates into a legal debt limit of \$5,579,429,624. The City's net obligations subject to this debt limit, as of June 30, 2008 totaled \$635,045,232 and represented 11.38% of this limit.

In June 2007, Standard & Poor's Rating Service raised its rating on Virginia Beach's General Obligation Bonds to AAA from AA+ reflecting a strong local economy exhibiting significant tax base growth, a comprehensive economic development strategy that has been enhancing the city's position as a tourism and convention destination while at the same time diversifying its economic base, and a professional and seasoned management team that has fostered tax base expansion while maintaining a historically strong financial profile. This rating was reaffirmed with the City's \$90 million General Obligation Public Improvement Bond sale in March 2008.

GASB 45

GASB 45 is a statement of accounting practices issued by the Governmental Accounting Standards Board to provide more complete, reliable, and decision-useful financial reporting regarding the costs and financial obligations that governments incur when they provide postemployment benefits other than pensions (OPEB) as part of the compensation for services rendered by their employees. Postemployment healthcare benefits, the most common form of OPEB, are a very significant financial commitment for many governments. The City of Virginia Beach joined the Virginia Pooled OPEB Trust, a joint effort of the Virginia Association of Counties and the Virginia Municipal League, and deposited the first year's annual required contribution (ARC) on June 30, 2008. In addition, City Council appointed a 5-member Local Finance Board made up of representatives for the City and School Division to monitor the funds deposited in the irrevocable trust.

CASH MANAGEMENT

The City Charter provides that the elected City Treasurer is the custodian of City funds. Cash temporarily idle during the fiscal year is invested by the City Treasurer in certificates of deposit, bankers' acceptances, commercial paper, and various other short-term instruments (See Note 7). Investments and deposits totaled \$860.6 million at June 30, 2008.

RISK MANAGEMENT

The City's risk management program is designed to protect the investment of taxpayers by identifying and reducing risk that confronts the City. The City manages the program with a combination of in-house staff and third-party administrators. Contributions are made to the Risk Management Fund to accumulate resources to pay excess coverage premium costs and self-insured costs for claims filed against the City.

AWARDS AND RECOGNITION

During FY 2008, the City of Virginia Beach received a number of awards and was recognized by a variety of organizations. Among these awards and recognitions are:

Digital Cities ranked the City second in the nation for technology that benefits citizens, America's Promise Alliance recognized the City as one of the "100 Best Communities for Young People," *Fit Pregnancy* magazine named Virginia Beach one of the best cities in America to have a baby in, *American City Business Journal* named Virginia Beach "America's Least Stressful Metropolitan Area" based on air quality, low crime rates, stable employment and strong income growth, the City's Secure Messaging Application (SMA) received the Public Technology Institute's 2007/2008 "Technology Solutions Award," the new VBTV program "In the Works" received an Award of Excellence in the Videographer Awards for 2008, Virginia Beach was listed as the 24th most literate City in the 2007 national study of America's Most Literate Cities, *Fortune Small Business* magazine ranked the City as the 14th best in which to live and launch a small business, *U.S. News* listed Virginia Beach as one of the top 10 green retirement destinations, *Sherman's Travel*, a national travel guide magazine, ranked the oceanfront's boardwalk as one of the top 10 boardwalks in America.

INDEPENDENT AUDIT

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

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2007, and the Distinguished Budget Presentation Award for the FY 2008 Resource Management Plan.

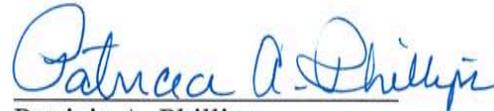
ACKNOWLEDGMENTS

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

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

Respectively,


James K. Spore
City Manager


Patricia A. Phillips
Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Virginia Beach
Virginia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2007

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



Oliver S. Cox

President

Jeffrey R. Emer

Executive Director



FINANCIAL SECTION



Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the 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, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Virginia Beach Community Development Corporation, which represents 3.10% and .60%, respectively, of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinions, insofar as it relates to the amounts included for the Virginia Beach Community Development Corporation, is based on the report of the other auditors.

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

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Virginia Beach, Virginia, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2008 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis and the Schedule of Funding Progress for a Defined Benefit Pension Plan and Other Postemployment Benefits are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and express no opinion thereon.

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

Cherry, Bekert & Holland, L. L. P.

Virginia Beach, Virginia
November 24, 2008

**MANAGEMENT'S DISCUSSION
AND
ANALYSIS**

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

The following discussion and analysis of the City of Virginia Beach financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2008. Please read it in conjunction with the transmittal letter at the front of this report and the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

General Fund

At the end of the current fiscal year, undesignated fund balance for the General Fund was \$120.1 million, or 11.2% of the FY2009 projected General Fund revenues. The undesignated fund balance increased by \$16.7 million from FY2007, primarily as a result of increases in property and other local taxes coupled with operating expenditures being less than budgeted. General Fund revenues and transfers increased \$50.5 million due to growth in local taxes, mainly real estate and personal property taxes, an increase of 5.2% over FY2007. Expenditures and transfers increased \$37.2 million, 3.8% higher than last fiscal year. However, FY2008 expenditures and transfers were 6.0% less than budget.

- The City's real estate tax rate was reduced to \$.89 from \$.99 per \$100 of assessed valuation for FY2008. The tax rate on personal property of \$3.70 per \$100 of assessed valuation remained unchanged. The real estate tax rate will remain at \$.89 per \$100 of assessed valuation for FY2009. The real estate rate reduction for FY2008 was in response to assessment increases over the past four years.
- Approximately \$49.7 million was transferred to the Capital Projects Fund to support the City's Capital Improvement Program.
- General property tax revenues (real estate and personal property taxes) comprise 59.9% of General Fund revenues. Revenues from general property taxes in FY2008 increased 7.2% from FY2007. The assessed values of real and personal property increased 18.8% to a total of \$60.0 billion.

Governmental Activities

- On a government-wide basis for governmental activities, the City had expenses net of program revenue of \$796.9 million. General revenues and transfers totaled \$921.8 million resulting in an increase in net assets of \$124.8 million (Exhibit 2).
- As of June 30, 2008, the City's governmental activities reported combined ending net asset balances of \$2.3 billion. Most of these balances are invested in capital assets or are restricted for specific purposes such as debt service, capital projects, schools, or other operations.
- During the fiscal year ended June 30, 2008, \$90.0 million in new General Obligation Bond debt was issued to provide funding for public improvements, primarily City and School Board facilities, infrastructure and economic enhancement projects. The City is rated AAA by Standard and Poor's, AA+ by Fitch, and Aa1 by Moody's for General Obligation Debt.
- Unrestricted net assets increased from \$73.6 million to \$87.7 million, due primarily to expenditure savings and an increase in most revenues.

Business-Type Activities

- The net assets of the City's business-type activities increased by \$22.8 million during fiscal year 2008 and totaled \$800.4 million.
- The water and sewer and storm water utilities provided cash funding of \$14.1 million to their capital improvement programs.

Entity-Wide

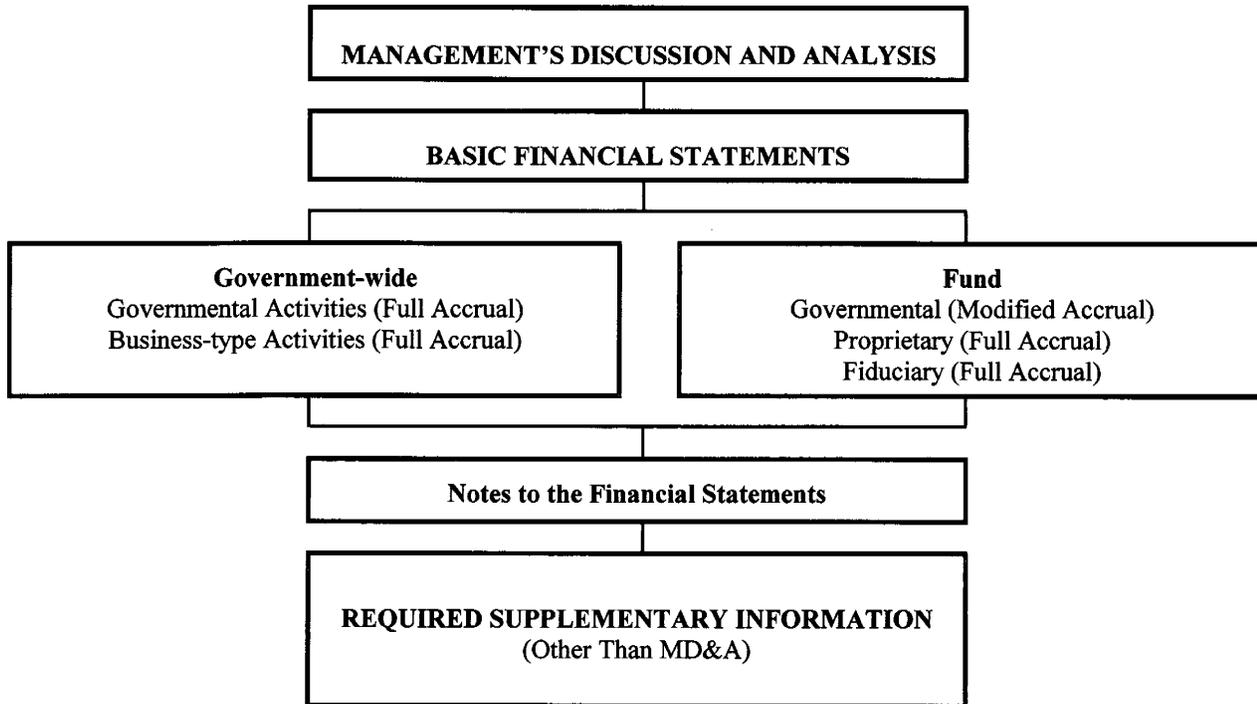
- The City's total net assets, excluding component units, on a government-wide basis, totaled \$3.1 billion at June 30, 2008, an increase of 5.0% over June 30, 2007. Most of these net assets are invested in capital assets or are restricted for specific purposes.
- The City and Schools had expenditures of \$248.5 million for capital projects during FY2008.
- School Board expenditures for education totaled \$793.5 million during fiscal year 2008. Net Assets totaled \$481.1 million, most of which is invested in capital assets. Of this, \$60.9 million is unrestricted.

(continued)

USING THE FINANCIAL SECTION OF THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT

This Comprehensive Annual Financial Report consists of four sections: introductory, financial, statistical, and single audit. As illustrated in the following chart, the financial section of this report has three components: management's discussion and analysis (this section), the basic financial statements, and required supplementary information.

Components of the Financial Section



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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

The two government-wide statements report the City's net assets and how they have changed. Net assets, the difference between the City's assets and liabilities, are one way to measure the financial health of the City. Over time, increases or decreases in the City's net assets are an indicator of whether its financial health is improving or deteriorating. To assess the overall health of the City, one needs to consider other nonfinancial factors such as changes in the City's property tax base and condition of the City's infrastructure.

(continued)

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

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

Business-type activities - The City's water and sewer, storm water, and parking operations are reported here. Fees are charged to customers to help cover the costs of providing these services

Component units - The City includes three other entities in its report - the City of Virginia Beach School Board, the Virginia Beach Development Authority and the Community Development Corporation. Although legally separate, these "component units" are important because the City is financially accountable for them, providing operating and capital funding.

FUND FINANCIAL STATEMENTS

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

The City has three types of funds:

Governmental funds - General Fund, Debt Service Fund, Capital Projects Fund, and Special Revenue Funds (such as Parks and Recreation and Tourism Growth Investment) are governmental funds, funds which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided at the bottom of the governmental funds statements that explain the relationship (or differences) between them.

Proprietary funds - Services for which the City charges customers a fee are generally reported in proprietary funds. These funds, like the government-wide statements, provide both long-term and short-term financial information. The City's enterprise funds (one type of proprietary fund) are the same as its business-type activities, but the fund financial statements provide more detail and additional information, such as cash flows. The City utilizes enterprise funds to account for its storm water, water and sewer, and parking operations. The City uses internal service funds (the other type of proprietary fund) to report activities that provide supplies and services for the City's other programs and activities. The City's internal service funds are used for providing city garage and fuel services, risk management, printing, landscaping and information technology services.

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

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Over time, net assets may serve as a useful indicator of a government's financial position. In the case of the City of Virginia Beach, assets exceeded liabilities by \$3.1 billion at the close of the fiscal year, as shown in Table 1 on the following page.

The City's combined net assets (the City's bottom line) increased by \$147.7 million to \$3.1 billion from \$2.9 billion (Table 2). Most of these net assets are invested in capital assets or restricted for a particular purpose such as debt or capital projects. The City's unrestricted net assets, which are used to finance day-to-day operations, totaled \$89.0 million (Table 1). The component units' net assets totaled \$525.0 million, most of which is restricted for particular purposes.

(continued)

Statement of Net Assets:

The following table reflects the condensed Statement of Net Assets:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2008	2007	2008	2007	2008	2007
Current and Other Assets	\$ 588.8	\$ 571.1	\$ 161.7	\$ 159.5	\$ 750.5	\$ 730.6
Capital Assets	2,869.7	2,737.8	794.2	777.9	3,663.9	3,515.7
Total Assets	<u>\$ 3,458.5</u>	<u>\$ 3,308.9</u>	<u>\$ 955.9</u>	<u>\$ 937.4</u>	<u>\$ 4,414.4</u>	<u>\$ 4,246.3</u>
Long-Term Liabilities	\$ 1,008.6	\$ 978.4	\$ 137.8	\$ 142.9	\$ 1,146.4	\$ 1,121.3
Other Liabilities	156.7	162.2	17.7	16.9	174.4	179.1
Total Liabilities	<u>\$ 1,165.3</u>	<u>\$ 1,140.6</u>	<u>\$ 155.5</u>	<u>\$ 159.8</u>	<u>\$ 1,320.8</u>	<u>\$ 1,300.4</u>
Net Assets:						
Invested in Capital Assets, Net of Related Debt	\$ 2,135.3	\$ 2,052.2	\$ 666.0	\$ 658.9	\$ 2,801.3	\$ 2,711.1
Restricted	70.2	42.5	133.1	117.2	203.3	159.7
Unrestricted	87.7	73.6	1.3	1.5	89.0	75.1
Total Net Assets	<u>\$ 2,293.2</u>	<u>\$ 2,168.3</u>	<u>\$ 800.4</u>	<u>\$ 777.6</u>	<u>\$ 3,093.6</u>	<u>\$ 2,945.9</u>

See Exhibit 1 for additional information

The largest portion of the City of Virginia Beach’s net assets (91.0 percent) reflects its investment in capital assets (e.g., land, buildings, parks, infrastructure, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. These assets are used to provide services to citizens and therefore, are not available for future spending. Although the City of Virginia Beach’s investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Governmental Activities unrestricted net assets increased \$14.1 million and totaled \$87.7 million at June 30, 2008. Inclusive in Governmental Activities unrestricted net assets are ending fund balances of the General Fund and certain Special Revenue Funds, which are intended for specific purposes by City Council. These special revenue funds include, but are not limited to, Agriculture Reserve Fund, Major Projects Fund, Open Space Fund, Tourism Growth Investment Fund, and Tourism Advertising Program Fund. The balance of these funds at June 30, 2008 was \$50.6 million.

As part of the implementation of GASB Statement No. 34 in FY2002, the City included accounting for existing infrastructure and other assets, which now total \$3.7 billion net of accumulated depreciation. These assets include roads, bridges, parks, water and sewer facilities, land, and other long-lived assets. For FY2008, the primary government’s investment in capital assets, net of related debt increased \$90.2 million.

Net assets of the City’s governmental activities increased 5.8 percent, or \$124.9 million in FY2008. General government revenues totaled \$1,213.1 million, which included \$14.3 million of developer-contributed roadways. In addition, right-of-way for those roadway projects totaled \$25.6 million. Expenses for the same period totaled \$1,088.6 million.

During FY2008, the City’s Governmental Funds expended \$188.0 million on its capital improvement program. Included in this amount is \$12.3 million of Schools Capital Project expenditures for School Board assets of which the City has a “tenancy in common” with the School Board. Increases in the capital asset inventory and decreases in construction in progress were due to the capitalization of the projects, notably City’s new emergency operations center and development at Rudee Loop. The majority of the expenditure increases were for the Pavilion theater replacement, communication infrastructure replacement, outfall improvements at 79th, 16th and 42nd streets, the acquisition of property around Oceana Naval Air Station and several roadway intersection and signalization projects.

The net assets of business-type activities, which are used to continue construction and maintenance of the storm water and water and sewer utilities, increased by \$22.8 million, resulting in part from receiving \$6.5 million in developer contributed utility assets. During 2008, these utilities provided \$14.1 million of cash funding to their capital improvement programs.

Table 2
Comparative Changes in Net Assets
For the Year Ended June 30, 2008
With Comparative Totals for June 30, 2007
(in Millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program Revenues:						
Charges for Services	\$ 52.4	\$ 54.2	\$ 115.4	\$ 109.9	\$ 167.8	\$ 164.1
Operating Grants & Contributions	190.0	169.2	5.6	5.4	195.6	174.6
Capital Grants & Contributions	49.3	39.3	6.5	1.3	55.8	40.6
General Revenues:						
Property Taxes	576.4	528.1	-	-	576.4	528.1
Other Taxes	260.4	253.5	-	-	260.4	253.5
Other	84.6	84.3	6.0	5.5	90.6	89.8
Total Revenues	<u>\$ 1,213.1</u>	<u>\$ 1,128.6</u>	<u>\$ 133.5</u>	<u>\$ 122.1</u>	<u>\$ 1,346.6</u>	<u>\$ 1,250.7</u>
Expenses:						
Legislative	\$ 1.2	\$ 1.2	-	-	\$ 1.2	\$ 1.2
Executive	3.6	3.6	-	-	3.6	3.6
Law	3.7	3.6	-	-	3.7	3.6
Finance	16.7	16.2	-	-	16.7	16.2
Human Resources	13.4	7.8	-	-	13.4	7.8
Judicial	49.5	48.7	-	-	49.5	48.7
Health	3.2	3.1	-	-	3.2	3.1
Police	88.9	85.0	-	-	88.9	85.0
Public Works	125.7	139.8	-	-	125.7	139.8
Parks & Recreation	44.8	43.9	-	-	44.8	43.9
Library	15.9	15.9	-	-	15.9	15.9
Planning	10.3	9.8	-	-	10.3	9.8
Agriculture	0.9	1.1	-	-	0.9	1.1
Economic Development	2.2	2.5	-	-	2.2	2.5
Convention & Visitor Bureau	30.2	23.7	-	-	30.2	23.7
Communication & Information Technology	19.9	21.8	-	-	19.9	21.8
Boards and Commissions	31.6	19.2	-	-	31.6	19.2
Fire	43.7	42.8	-	-	43.7	42.8
Management Services	3.7	3.5	-	-	3.7	3.5
Human Services	108.1	98.9	-	-	108.1	98.9
Education & Transfer to School	363.6	357.8	-	-	363.6	357.8
Housing & Neighborhood Preservation	22.9	21.5	-	-	22.9	21.5
Museums	7.9	8.8	-	-	7.9	8.8
General Government	22.9	51.5	-	-	22.9	51.5
Emergency Medical Services	7.2	7.4	-	-	7.2	7.4
Water & Sewer	-	-	94.4	90.7	94.4	90.7
Storm Water	-	-	14.2	14.4	14.2	14.4
Parking	-	-	1.7	1.7	1.7	1.7
Interest on Long-Term Debt	46.9	42.7	-	-	46.9	42.7
Total Expenses	<u>\$ 1,088.6</u>	<u>\$ 1,081.8</u>	<u>\$ 110.3</u>	<u>\$ 106.8</u>	<u>\$ 1,198.9</u>	<u>\$ 1,188.6</u>
Increases in Net Assets before Transfers	124.5	46.8	23.2	15.3	147.7	62.1
Transfers	0.4	0.4	(0.4)	(0.4)	-	-
Change in Net Assets	<u>\$ 124.9</u>	<u>\$ 47.2</u>	<u>\$ 22.8</u>	<u>\$ 14.9</u>	<u>\$ 147.7</u>	<u>\$ 62.1</u>
Net Assets – Beginning	2,168.3	2,121.1	777.6	762.7	2,945.9	2,883.8
Net Assets – Ending	<u>\$ 2,293.2</u>	<u>\$ 2,168.3</u>	<u>\$ 800.4</u>	<u>\$ 777.6</u>	<u>\$ 3,093.6</u>	<u>\$ 2,945.9</u>

See Exhibit 2 for additional information

(continued)

REVENUES

For the fiscal year ended June 30, 2008, revenues from governmental activities totaled \$1.2 billion, an increase of \$84.5 million, primarily due to growth in real estate tax revenue, other local taxes, investment earnings, and receipts from the Commonwealth.

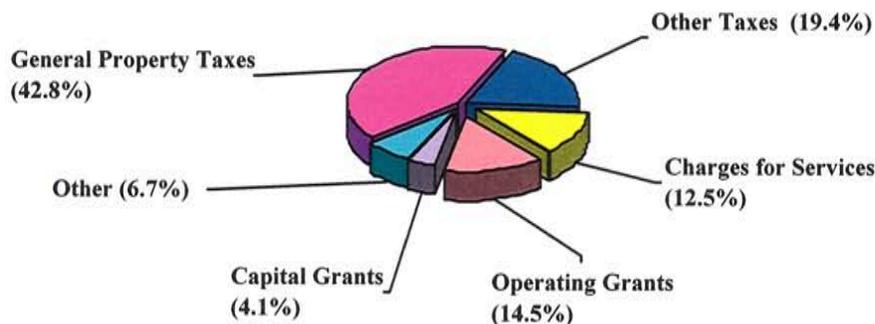
General property taxes, the City's largest revenue source, were \$576.4 million, an increase of \$48.3 million over the previous year. Included in these taxes are real and personal property levies, which are payable in December and June of the fiscal year. This revenue increase is primarily attributable to an increase in real property assessments of \$8.8 billion for fiscal year 2008 and an increase of \$365.0 million in Personal Property Assessments during the same period. The personal property tax rate was \$3.70 per \$100 of assessed value (100% of fair market value). The real estate tax rate was \$.89 per \$100 of assessed value (100% of fair market value) during the fiscal year. The personal property tax rate has not been increased since 1982.

The "Other Taxes" revenue category, which includes taxes on general sales, utility purchases, cigarettes, hotel rooms, restaurant meals, amusements, and business and automobile licenses, totaled \$260.4 million. This represents a \$6.9 million increase over the previous year, or 2.7%.

Program revenues are derived from the program itself and reduce the cost of the function to the City. Total program revenues for governmental activities were \$291.7 million. The most significant of these revenues is reported in the category "Operating Grants and Contributions". These revenues totaled \$190.0 million for the year ended June 30, 2008 and represent primarily state and federal operating grants. Other program revenue categories were "Charges for Services", totaling \$52.4 million and "Capital Grants and Contributions", totaling \$49.3 million. For additional information and comparative results, see Table 2.

Business-type activities generated program revenues of \$127.5 million, primarily from charges for services, which totaled \$115.4 million. This revenue source increased during FY08 for each of the business-type funds. Operating grants, \$5.6 million, and capital grants, \$6.5 million, comprised the remaining program revenue for the business-type activities.

Primary Government Sources of Revenue June 30, 2008



(continued)

EXPENSES

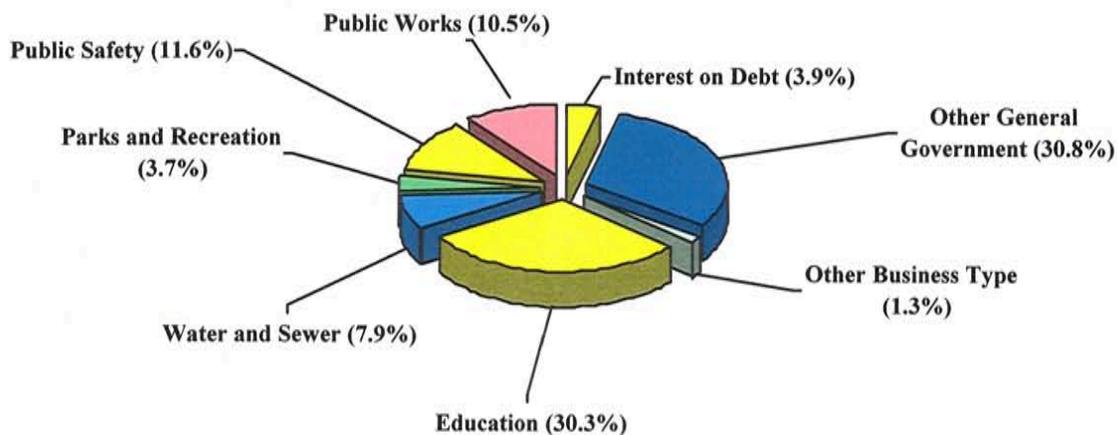
For the fiscal year ended June 30, 2008, expenses for governmental activities totaled \$1,088.6 million, an increase of \$6.8 million. Several departments reduced expenditures during FY08 as compared to FY07. Notable were the public works and general government activities. In keeping with the City's commitment to the well being of its citizens, there were increases in expenses for education purposes, public safety, human services, and convention/visitor development. Otherwise, most general government operating departments experienced only slight increases in spending over the previous fiscal year.

The City and School Board strive to provide competitive compensation levels for employees. The FY2008 expenses include funding for a 1.5% general increase for all City employees and a 2.0% merit increase for City employees, based on satisfactory performance. School Board expenses include an average 3.5% increase for all School Board employees.

Education continues to be one of the City's highest priorities and commitments. The City's funding for education in FY2008 totaled \$363.6 million, or 43.0% of total School's Governmental Funds revenue. The City's share of funding for educational purposes increased by \$5.8 million or 1.6%. Included in the educational expense amount is \$24.2 million of local funding which was provided for school construction.

Expenses for the City's business-type activities totaled \$110.3 million, which provided water, sewer and storm water utility services as well as parking operations (Table 2).

Primary Government Functional Expenses June 30, 2008



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

For the fiscal year ended June 30, 2008, the City's governmental funds reflect a combined fund balance of \$483.3 million, some of which is reserved or designated for specific purposes. This represented an increase of \$20.5 million in the combined fund balances of governmental funds (Exhibit 4). The primary reason for the increase in fund balances was the increase in general property tax revenue collected, increases in revenue from the Commonwealth and federal governments and the issuance of new debt. In addition, these other factors should be noted:

- Expenses for Public Safety totaled \$139.8 million, an increase of \$4.6 million over FY2007.
- Expenditures related to Homeland Security totaled \$1.94 million in FY2008.

(continued)

- Expenditures by the Public Works department, \$125.7 million in fiscal year 2008, were for the construction and preservation of general government infrastructure, including maintenance on roadways, the City landfill and other City infrastructure.
- Interest on Debt Service, for both general government and school debt, totaled \$46.9 million for the year and interest on Enterprise Debt totaled \$42.7 million. This represents a reduction of expenditures for this purpose of \$4.2 million from the previous year.
- The City spent \$22.9 million for housing programs from its governmental funds.
- The City spent \$188.0 million in the Capital Projects Fund and received funding of \$90.0 million in General Obligation Bonds to support its current as well as future capital expenditures. In addition to this, cash funding totaling \$61.5 million was received during FY 2008 in support of the City's Capital Project program. Also, \$24.2 million was received during the current fiscal year from Federal and State agencies in support of various capital projects.

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).

The increase in the Revenue budget during the fiscal year was \$10.7 million, primarily as a result of the following:

- ♦ Funding of \$.13 million was provided from the Oyster Heritage Fund for the construction of oyster reefs and to continue the oyster shell recycling program in the Lynnhaven watershed.
- ♦ Additional funding of \$.33 million from the State Compensation Board provided for the hiring of five new attorneys, two paralegals and one office assistant for the Commonwealth Attorney's Office.
- ♦ Funding from the State Compensation Board was appropriated for technology enhancements and salary increases for the Clerk of Circuit Court Office in the amount of \$.2 million.
- ♦ Funding from the Seized Assets Fund provided for a major crimes coordinator position in the Commonwealth's Attorney's Office in the amount of \$.02 million.
- ♦ Surplus revenues totaling \$9.0 million in Sandbridge Tax Increment Financing Fund were transferred to the General Fund to be used to fund a 2009 capital project.
- ♦ Additional funding of \$150,000 was provided to the Police Department as a local match for a Homeland Security grant for the replacement of vessels in the Marine Patrol fleet.
- ♦ Revenue budget for the Commonwealth's Attorney's Office increased \$.03 million to fund the renovation of offices and waiting areas.
- ♦ Increases were provided for Sheriff's Department salary increases and for providing additional tax relief for the elderly.

General Fund expenditure budget increased during the year under review to reflect additional funding for capital projects and the appropriation of School Board reversion funds. Funding for Police and Fire was increased to fulfill City Council's Public Safety Compensation Initiative. Other departmental increases were the result of approved carryover funds and re-appropriations of encumbrances.

CAPITAL ASSETS

At the end of Fiscal Year 2008, the City's governmental activities (including internal service funds) had invested \$2,869.7 million, net of accumulated depreciation, in a variety of capital assets and infrastructure, as reflected in the following schedule:

	Balance June 30, 2007	Net Additions/ Deletions	Balance June 30, 2008
Non-Depreciable Assets:			
Land and Land Improvements	\$ 607.5	\$ 44.1	\$ 651.6
Agriculture Reserve Development Rights	24.5	2.3	26.8
Construction in Progress	440.5	45.1	485.6
Other Capital Assets:			
Infrastructure	1,618.8	23.6	1,642.4
Buildings	814.7	62.6	877.3
Furniture and Other Equipment	129.2	13.5	142.7
Improvements	164.6	22.1	186.7
Less: Accumulated Depreciation	(1,062.0)	(81.4)	(1,143.4)
Totals	\$ 2,737.8	\$ 131.9	\$ 2,869.7

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

The FY2009-2014 Capital Improvement Program (CIP), which was approved by City Council in May, 2008, sets forth a six-year program totaling \$2.3 billion. This plan provides scheduled funding for the construction of city facilities, acquisition of major equipment and computer systems, roadways, infrastructure maintenance, and economic development projects. Also, funding is provided to address the economic development incentive program, Oceana and Interfacility Traffic Conformity and Acquisition Program. Phased funding for beach replenishment, street resurfacing, parks, and neighborhood storm water management is also provided. Infrastructure improvements at various intersections are also included in the plan.

The School Board has included initial funding for the replacement of two schools and continuation funding for the replacement of three additional schools. The scheduled replacement date for these schools varies. The continuation of renovations and replacements of HVAC systems, tennis courts and school roofing are also included.

LONG-TERM DEBT

In March 2008, the City issued \$90.0 million in General Obligation Bonds, with a premium of \$4.06 million, for school construction (\$46.2 million), roadways (\$17.0 million), building projects (\$9.8 million), and recreation, coastal, and economic enhancement projects (\$17.0 million). For this sale the credit rating agencies rated the City of Virginia Beach bond ratings for General Obligation Debt of AA+ by Fitch, AAA by Standard and Poor's, and Aa1 by Moody's.

In May 2008, the City issued \$51.6 million in general Obligation Public Improvement Refunding Bonds which restructured existing debt saving the City \$2.4 million in future debt service costs. This sale resulted in a premium of \$2.6 million. The credit rating agencies rated the City of Virginia Beach revenue bonds at AA+ by Fitch, AAA by Standard and Poor's, and Aa1 by Moody's.

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

(continued)

Table 4
Long-Term Liabilities
Primary Government
at June 30, 2008
(in Millions)

	Governmental Activities	Business-Type Activities	Total Primary Government
General Obligation Bonds	\$ 597.2	\$ 2.4	\$ 599.6
Public Facility Revenue Bonds	269.4	-	269.4
Double Barrel and Revenue Bonds	-	135.6	135.6
Certificates of Participation	5.2	-	5.2
State Literary Fund Loans	8.7	-	8.7
Agriculture Reserve Program	26.8	-	26.8
Town Center Support Agreement	87.5	-	87.5
Other Long-Term Liabilities	102.3	6.3	108.6
Totals	<u>\$ 1,097.1</u>	<u>\$ 144.3</u>	<u>\$ 1,241.4</u>

For detailed information on the City's long-term liabilities, please refer to Note 5 in notes to the financial statements.

The City and Schools have evaluated their respective obligations under GASB 45 related to retiree health benefits. The actuarial accrued liability for both the City and School Board is \$157 million. In June 2008 the City and School Board joined the Virginia Pooled OPEB Trust, a joint effort of the Virginia Association of Counties and the Virginia Municipal League. Funds were deposited into this irrevocable trust for the future payment of these benefits. The annual required contribution for both organizations was made during the fiscal year.

ECONOMIC FACTORS

Over the last ten years, Virginia Beach has added 33.4% of the new jobs in South Hampton Roads, with employment totaling 233,891 in 2008.

As of 2006 (the latest data available from the U.S. Bureau of Economic Analysis), the City's per capita income was \$40,396.

Retail sales in Virginia Beach increased to \$4.9 billion in calendar year 2007, up from \$4.7 billion in calendar year 2006. This represents a 4.3% increase over 2006 levels.

Tourism remains a major industry for the City of Virginia Beach. During 2007, the City's tourism industry generated revenue of \$890 million, up from \$857 million in 2006. The net return on investment for tourist spending was 17.7%.

Virginia Beach has an unemployment rate of 3.8% as of June 2008, below the state rate of 4.2% and well below the national rate of 5.7%.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

BASIC
FINANCIAL STATEMENTS

CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF NET ASSETS
JUNE 30, 2008

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	Other
ASSETS					
Cash and Temporary Investments	\$ 223,397,537	\$ 105,701,462	\$ 329,098,999	\$ 252,183,623	\$ 6,172,361
Restricted Cash & Cash Equivalents	233,127,946	29,422,772	262,550,718	-	9,582,482
Receivables (net)	42,455,441	19,527,092	61,982,533	259,000	3,684,991
Due from Other Governments	83,927,236	2,083,260	86,010,496	17,212,062	729,779
Inventories	1,291,527	1,929,778	3,221,305	1,323,099	3,037,678
Other Assets	1,977,480	3,017,355	4,994,835	516,574	2,293,129
Land Held for Resale	-	-	-	-	12,972,770
Net Pension Asset	2,663,728	-	2,663,728	-	-
Capital assets (net of Accumulated Depreciation):					
Land and Improvements	678,353,817	142,684,836	821,038,653	28,616,050	21,180,262
Buildings and Improvements	697,522,091	1,749,756	699,271,847	259,605,634	104,741,782
Improvements other than Buildings	149,967,736	1,134,741	151,102,477	-	-
Machinery and Equipment	39,336,602	7,305,970	46,642,572	-	-
Infrastructure	818,865,339	595,876,146	1,414,741,485	-	-
Construction in Progress	485,638,863	45,487,805	531,126,668	49,658,942	2,122,287
Total Capital Assets	<u>\$ 2,869,684,448</u>	<u>\$ 794,239,254</u>	<u>\$ 3,663,923,702</u>	<u>\$ 337,880,626</u>	<u>\$ 128,044,331</u>
Total Assets	<u>\$ 3,458,525,343</u>	<u>\$ 955,920,973</u>	<u>\$ 4,414,446,316</u>	<u>\$ 609,374,984</u>	<u>\$ 166,517,521</u>
LIABILITIES					
Accounts Payable	\$ 52,893,803	\$ 8,332,153	\$ 61,225,956	\$ 31,558,911	\$ 8,864,702
Accrued Liabilities	12,009,921	2,844,589	14,854,510	61,624,051	1,672,436
Due to Other Governments	3,367,960	-	3,367,960	105,045	-
Long-term Liabilities:					
Due Within One Year	88,493,578	6,556,873	95,050,451	19,208,672	4,714,345
Due in More Than One Year	1,008,580,426	137,776,608	1,146,357,034	15,757,325	107,338,191
Total Liabilities	<u>\$ 1,165,345,688</u>	<u>\$ 155,510,223</u>	<u>\$ 1,320,855,911</u>	<u>\$ 128,254,004</u>	<u>\$ 122,589,674</u>
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	\$ 2,135,340,973	\$ 665,969,934	\$ 2,801,310,907	\$ 337,880,626	\$ 17,265,328
Restricted for:					
Future Debt Service	19,006,999	16,161,627	35,168,626	-	3,966,262
Special Projects	18,116,613	-	18,116,613	82,373,296	-
Schools	33,065,747	-	33,065,747	-	-
Water and Sewer Fund Operations	-	106,425,506	106,425,506	-	-
Stormwater Fund Operations	-	10,037,442	10,037,442	-	-
Parking Fund Operations	-	500,000	500,000	-	-
Unrestricted	87,649,323	1,316,241	88,965,564	60,867,058	22,696,257
Total Net Assets	<u>\$ 2,293,179,655</u>	<u>\$ 800,410,750</u>	<u>\$ 3,093,590,405</u>	<u>\$ 481,120,980</u>	<u>\$ 43,927,847</u>

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, 2008**

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
Legislative	\$ 1,190,152	\$ -	\$ -	\$ -
Executive	3,595,144	-	-	-
Law	3,708,452	513	-	-
Finance	16,661,856	271,492	1,701,168	-
Human Resources	13,400,793	564,730	-	-
Judicial	49,472,871	4,025,927	25,290,051	-
Health	3,220,239	59,776	38,971	-
Police	88,937,127	1,425,005	1,616,743	-
Human Services	108,144,955	3,383,220	72,025,642	-
Public Works	125,719,748	1,810,874	30,556,461	39,906,315
Parks & Recreation	44,780,014	14,586,938	122,625	-
Library	15,845,140	672,183	275,994	-
Planning	10,286,282	5,307,304	54,289	-
Agriculture	937,265	145,130	66,066	-
Economic Development	2,168,890	691,207	1,824,832	-
Convention & Visitor Development	30,236,487	3,012,735	-	-
Communications & Information Technology	19,895,881	28,415	1,836,376	-
Boards and Commissions	31,611,562	50,113	236,086	-
Fire	43,731,113	202,543	1,448,372	1,169,615
Management Services	3,704,939	-	-	-
Education	363,554,215	-	-	-
Housing & Neighborhood Preservation	22,857,744	183,588	17,989,511	-
Museums	7,854,366	5,547,623	701,037	-
Emergency Medical Services	7,251,081	-	613,719	73,367
General Government	22,967,787	10,412,161	33,589,808	8,182,276
Interest on Long-term Debt	46,906,778	-	-	-
Total Governmental Activities	<u>\$ 1,088,640,881</u>	<u>\$ 52,381,477</u>	<u>\$ 189,987,751</u>	<u>\$ 49,331,573</u>
Business-type Activities:				
Water and Sewer	\$ 94,410,608	\$ 97,364,528	\$ 12,725	\$ 6,491,686
Stormwater	14,231,356	15,728,693	5,589,452	-
Parking	1,675,539	2,319,168	-	-
Total Business-type Activities	<u>\$ 110,317,503</u>	<u>\$ 115,412,389</u>	<u>\$ 5,602,177</u>	<u>\$ 6,491,686</u>
Total Primary Government	<u><u>\$ 1,198,958,384</u></u>	<u><u>\$ 167,793,866</u></u>	<u><u>\$ 195,589,928</u></u>	<u><u>\$ 55,823,259</u></u>
Component Units:				
Virginia Beach Development Authority	\$ 11,542,083	\$ 2,734,315	\$ 7,823,981	\$ 2,891,692
Virginia Beach Community Development Corporation	3,407,882	1,822,782	2,638,988	-
Virginia Beach School Board	793,458,093	17,469,908	143,803,458	11,275,914
Total Component Units	<u>\$ 808,408,058</u>	<u>\$ 22,027,005</u>	<u>\$ 154,266,427</u>	<u>\$ 14,167,606</u>

General revenues:

Taxes:
General Property Taxes - Real Estate and Personal Property
Sales
Meal
Utility
Business Licenses
Lodging
Cigarette
Automobile Licenses
City Tax on Deeds and Wills
Emergency 911 Telephone
Amusement
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
Special Items:
Transfer of Infrastructure to Primary Government (net)
Transfers
Total general revenues and transfers
Change in net assets
Net Assets - Beginning
Net Assets - Ending

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

**CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008**

Net (Expenses) Revenues and Changes in Net Assets				
Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	School Board	Other
\$ (1,190,152)	\$ -	\$ (1,190,152)	\$ -	\$ -
(3,595,144)	-	(3,595,144)	-	-
(3,707,939)	-	(3,707,939)	-	-
(14,689,196)	-	(14,689,196)	-	-
(12,836,063)	-	(12,836,063)	-	-
(20,156,893)	-	(20,156,893)	-	-
(3,121,492)	-	(3,121,492)	-	-
(85,895,379)	-	(85,895,379)	-	-
(32,736,093)	-	(32,736,093)	-	-
(53,446,098)	-	(53,446,098)	-	-
(30,070,451)	-	(30,070,451)	-	-
(14,896,963)	-	(14,896,963)	-	-
(4,924,689)	-	(4,924,689)	-	-
(726,069)	-	(726,069)	-	-
347,149	-	347,149	-	-
(27,223,752)	-	(27,223,752)	-	-
(18,031,090)	-	(18,031,090)	-	-
(31,325,363)	-	(31,325,363)	-	-
(40,910,583)	-	(40,910,583)	-	-
(3,704,939)	-	(3,704,939)	-	-
(363,554,215)	-	(363,554,215)	-	-
(4,684,645)	-	(4,684,645)	-	-
(1,605,706)	-	(1,605,706)	-	-
(6,563,995)	-	(6,563,995)	-	-
29,216,458	-	29,216,458	-	-
(46,906,778)	-	(46,906,778)	-	-
<u>\$ (796,940,080)</u>	<u>\$ -</u>	<u>\$ (796,940,080)</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ 9,458,331	\$ 9,458,331	\$ -	\$ -
-	7,086,789	7,086,789	-	-
-	643,629	643,629	-	-
<u>\$ -</u>	<u>\$ 17,188,749</u>	<u>\$ 17,188,749</u>	<u>\$ -</u>	<u>\$ -</u>
\$ (796,940,080)	\$ 17,188,749	\$ (779,751,331)	\$ -	\$ -
			\$ -	\$ 1,907,905
			-	1,053,888
			(620,908,813)	-
			<u>\$ (620,908,813)</u>	<u>\$ 2,961,793</u>
\$ 576,420,840	\$ -	\$ 576,420,840	\$ -	\$ -
54,121,980	-	54,121,980	-	-
48,069,618	-	48,069,618	-	-
42,071,272	-	42,071,272	-	-
41,834,619	-	41,834,619	-	-
23,623,107	-	23,623,107	-	-
11,503,774	-	11,503,774	-	-
8,945,576	-	8,945,576	-	-
8,892,283	-	8,892,283	-	-
7,281,412	-	7,281,412	-	-
5,020,312	-	5,020,312	-	-
9,074,242	-	9,074,242	-	-
<u>\$ 836,859,035</u>	<u>\$ -</u>	<u>\$ 836,859,035</u>	<u>\$ -</u>	<u>\$ -</u>
-	-	-	383,315,703	-
53,413,358	-	53,413,358	284,784,227	-
16,206,742	6,003,643	22,210,385	4,457,283	431,081
14,869,671	-	14,869,671	340,667	701,362
-	-	-	-	(1,270,112)
426,235	(426,235)	-	-	-
<u>\$ 921,775,041</u>	<u>\$ 5,577,408</u>	<u>\$ 927,352,449</u>	<u>\$ 672,897,880</u>	<u>\$ (137,669)</u>
\$ 124,834,961	\$ 22,766,157	\$ 147,601,118	\$ 51,989,067	\$ 2,824,124
2,168,344,694	777,644,593	2,945,989,287	429,131,913	41,103,723
<u>\$ 2,293,179,655</u>	<u>\$ 800,410,750</u>	<u>\$ 3,093,590,405</u>	<u>\$ 481,120,980</u>	<u>\$ 43,927,847</u>

CITY OF VIRGINIA BEACH, VIRGINIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Temporary Investments	\$ 127,658,449	\$ -	\$ 78,190,740	\$ 205,849,189
Cash and Temporary Investments - Restricted	-	192,468,835	40,659,111	233,127,946
Cash Advances	286,439	-	-	286,439
Receivables (net of allowance for uncollectibles, where applicable):				
Property Tax	24,961,657	-	-	24,961,657
Accounts	3,838,154	116,495	652,990	4,607,639
Loans	10,977,275	-	752,421	11,729,696
Accrued Interest	1,124,613	-	-	1,124,613
Due from:				
Other Funds	1,963,553	-	-	1,963,553
Other Governments	68,583,534	4,399,164	10,944,538	83,927,236
Inventories	208,362	-	236,195	444,557
Total Assets	<u>\$ 239,602,036</u>	<u>\$ 196,984,494</u>	<u>\$ 131,435,995</u>	<u>\$ 568,022,525</u>
LIABILITIES				
Vouchers and Accounts Payable	\$ 9,510,477	\$ 27,491,583	\$ 5,429,129	\$ 42,431,189
Payroll Withholdings Payable	8,411,381	-	-	8,411,381
Deposits Payable	3,680,776	-	-	3,680,776
Due to Other Funds	-	-	1,963,553	1,963,553
Intergovernmental Payables	228,176	2,938,581	201,203	3,367,960
Deferred Revenue	24,706,185	-	167,216	24,873,401
Total Liabilities	<u>\$ 46,536,995</u>	<u>\$ 30,430,164</u>	<u>\$ 7,761,101</u>	<u>\$ 84,728,260</u>
FUND BALANCES				
Fund Balances:				
Reserved for:				
Encumbrances - Capital Projects Fund	\$ -	\$ 79,040,684	\$ -	\$ 79,040,684
Encumbrances - Special Revenue Funds	-	-	1,518,092	1,518,092
Loans - General Fund	10,977,275	-	-	10,977,275
Loans - Special Revenue Funds	-	-	752,421	752,421
Unreserved, Designated for, reported in:				
Encumbrances - General Fund	4,826,489	-	-	4,826,489
Encumbrances - Special Revenue Funds	-	-	515,865	515,865
General Fund for School Capital Projects and Other	33,065,747	-	-	33,065,747
Debt Service Fund for Future Debt Service	-	-	19,006,999	19,006,999
Special Revenue Funds for Special Projects	-	-	26,774,084	26,774,084
General Fund for Future Programs	10,226,371	-	-	10,226,371
General Fund for Capital Projects	13,884,232	-	-	13,884,232
Unreserved, Undesignated, reported in:				
General Fund	120,084,927	-	-	120,084,927
Capital Projects	-	87,513,646	-	87,513,646
Special Revenue Funds	-	-	75,107,433	75,107,433
Total Fund Balances	<u>\$ 193,065,041</u>	<u>\$ 166,554,330</u>	<u>\$ 123,674,894</u>	<u>\$ 483,294,265</u>
Total Liabilities and Fund Balances	<u>\$ 239,602,036</u>	<u>\$ 196,984,494</u>	<u>\$ 131,435,995</u>	<u>\$ 568,022,525</u>

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

**CITY OF VIRGINIA BEACH, VIRGINIA
RECONCILIATION OF BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2008**

Total Fund Balances - Governmental funds (Exhibit 3)	\$ 483,294,265
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Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds.	2,867,829,014
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Other long-term assets are not available to pay for current period expenditures and therefore are offset by deferred revenue in the governmental funds.	32,369,184
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Internal Service Funds are used by management to charge the costs of printing services, risk management, information technology, and city garage to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets. (Exhibit 1)	(73,150)
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Services provided by the general government to business-type activities are not included in the entity-wide statements. The elimination decreases net assets.	(2,174,119)
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Internal service fund amounts payable to the general government are eliminated from the Statement of Net Assets. However, the amount due from business-type activities for the Internal Service Funds loss charge back is included.	102,558
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Net Pension Asset is not included in the governmental funds.	2,663,728
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Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:

General Obligation Bonds	\$	597,155,459	
State Literary Fund Loans		8,676,546	
Accrued Interest on Bonds Sold		12,349,579	
Town Center Support Agreement		87,450,000	
Agriculture Reserve Strips		26,807,090	
Public Facility Revenue Bonds		269,380,000	
Williams Farm Property Debt		2,337,500	
Premium on Bonds Sold		41,799,339	
Deferred Loss on Refunding		(1,493,918)	
Certificates of Participation		5,155,000	
Compensated Absences (annual and sick leave)		35,944,788	
Landfill Closure and Post-Closure Care		5,270,442	
		(1,090,831,825)	

Total Net Assets - Governmental Activities (Exhibit 1)	\$ <u>2,293,179,655</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
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES				
General Property Taxes	\$ 610,096,658	\$ -	\$ 17,619,416	\$ 627,716,074
Other Local Taxes	251,747,376	-	8,450,548	260,197,924
Fines and Forfeitures	5,728,762	-	426,735	6,155,497
Permits, Privilege Fees, and Regulatory Licenses	5,008,807	-	-	5,008,807
From Use of Money and Property	15,629,869	576,478	7,666,625	23,872,972
Charges for Services	12,037,882	-	23,666,358	35,704,240
Miscellaneous	6,266,065	2,520,301	2,421,293	11,207,659
From Other Local Governments	425,580	-	2,497,076	2,922,656
From Commonwealth	88,965,684	11,554,265	33,309,951	133,829,900
From Federal Government	22,524,598	12,686,101	27,668,830	62,879,529
Total Revenues	<u>\$ 1,018,431,281</u>	<u>\$ 27,337,145</u>	<u>\$ 123,726,832</u>	<u>\$ 1,169,495,258</u>
EXPENDITURES				
Current Operating:				
Legislative	\$ 1,184,474	\$ -	\$ -	\$ 1,184,474
Executive	3,626,970	-	-	3,626,970
Law	3,718,122	-	-	3,718,122
Finance	16,554,091	-	-	16,554,091
Human Resources	13,417,794	-	-	13,417,794
Judicial	13,655,598	-	35,515,004	49,170,602
Health	3,232,255	-	-	3,232,255
Police	86,681,984	-	1,440,557	88,122,541
Human Services	87,468,297	-	20,777,343	108,245,640
Public Works	80,649,153	-	358,127	81,007,280
Parks and Recreation	13,613,805	-	28,505,888	42,119,693
Library	15,728,575	-	331,305	16,059,880
Planning	10,331,341	-	-	10,331,341
Agriculture	761,992	-	168,870	930,862
Economic Development	2,145,140	-	-	2,145,140
Convention and Visitor Development	9,440,068	-	16,001,813	25,441,881
Communications and Information Technology	18,784,903	-	333,238	19,118,141
Boards and Commissions	28,889,764	-	2,491,286	31,381,050
Fire	41,731,409	-	1,740,434	43,471,843
Management Services	3,676,965	-	-	3,676,965
Education	332,889,324	12,319,286	-	345,208,610
Housing and Neighborhood Preservation	1,700,794	-	21,439,732	23,140,526
Museums	699,504	-	7,130,383	7,829,887
General Government	-	-	11,114,894	11,114,894
Emergency Medical Services	6,825,724	-	440,232	7,265,956
Capital Outlay	-	175,645,583	-	175,645,583
Debt Service:				
Principal Retirement	-	-	65,114,538	65,114,538
Interest and Fiscal Charges	-	-	45,750,215	45,750,215
Total Expenditures	<u>\$ 797,408,046</u>	<u>\$ 187,964,869</u>	<u>\$ 258,653,859</u>	<u>\$ 1,244,026,774</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ 221,023,235</u>	<u>\$ (160,627,724)</u>	<u>\$ (134,927,027)</u>	<u>\$ (74,531,516)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ 11,803,592	\$ 61,518,495	\$ 205,015,134	\$ 278,337,221
Transfers Out	(216,264,821)	-	(61,256,165)	(277,520,986)
Proceeds from Issuance of Debt	-	90,000,000	51,625,000	141,625,000
Premium on Bonds Sold	-	-	6,681,533	6,681,533
Payment to Refunding Bonds Escrow Agent	-	-	(54,078,461)	(54,078,461)
Total Other Financing Sources (Uses)	<u>\$ (204,461,229)</u>	<u>\$ 151,518,495</u>	<u>\$ 147,987,041</u>	<u>\$ 95,044,307</u>
Net Change in Fund Balance	<u>\$ 16,562,006</u>	<u>\$ (9,109,229)</u>	<u>\$ 13,060,014</u>	<u>\$ 20,512,791</u>
Fund Balance at Beginning of Year	176,503,035	175,663,559	110,614,880	462,781,474
Fund Balance at End of Year	<u>\$ 193,065,041</u>	<u>\$ 166,554,330</u>	<u>\$ 123,674,894</u>	<u>\$ 483,294,265</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, 2008**

Net Change in fund balance - total governmental funds (Exhibit 4) \$ 20,512,791

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

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

General Government Capital Project Expenditures	\$	175,645,583	
General Government Capital Outlay Expenditures		7,840,057	
Non-Capitalizable Capital Project Expenditures		(7,757,919)	
Depreciation on General Government Assets		(85,390,532)	
Contribution of Assets to General Government		39,906,315	
Loss on Disposition of Assets		<u>(107,491)</u>	130,136,013

Revenues in the fund statements which were subject to accrual in the prior year are additions to beginning net assets and, therefore, are not reported as revenues in the Statement of Activities. 2,267,328

The issuance of long-term debt provides current financial resources to governmental funds while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. (31,917,913)

Some 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. 1,281,720

The change in value of the Net Pension Asset is not reported in governmental funds. 11,151

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. 2,543,871

Change in net assets of governmental activities (Exhibit 2) \$ 124,834,961

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, 2008

	<u>Budget Amounts</u>			Variance Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
General Property Taxes	\$ 613,337,886	\$ 613,337,886	\$ 610,096,658	\$ (3,241,228)
Other Local Taxes	254,850,855	254,850,855	251,747,376	(3,103,479)
Permits, Privilege Fees, and Regulatory Licenses	5,112,043	5,112,043	5,008,807	(103,236)
Fines and Forfeitures	5,468,683	5,486,320	5,728,762	242,442
From Use of Money and Property	10,420,682	10,429,427	15,629,869	5,200,442
Charges for Service	13,106,809	13,234,779	12,037,882	(1,196,897)
Miscellaneous	7,113,654	7,200,380	6,266,065	(934,315)
From Other Local Governments	397,496	397,496	425,580	28,084
From Commonwealth	90,033,076	91,329,425	88,965,684	(2,363,741)
From Federal Government	25,044,258	25,044,258	22,524,598	(2,519,660)
Total Revenues	<u>\$ 1,024,885,442</u>	<u>\$ 1,026,422,869</u>	<u>\$ 1,018,431,281</u>	<u>\$ (7,991,588)</u>
EXPENDITURES				
Legislative	\$ 1,166,173	\$ 1,229,857	\$ 1,184,474	\$ 45,383
Executive	3,580,751	3,876,448	3,626,970	249,478
Law	3,632,946	3,896,671	3,718,122	178,549
Finance	16,097,200	16,886,101	16,554,091	332,010
Human Resources	8,750,872	14,140,213	13,417,794	722,419
Judicial	12,776,667	14,796,134	13,655,598	1,140,536
Health	3,380,499	3,382,713	3,232,255	150,458
Police	78,600,565	88,257,225	86,681,984	1,575,241
Human Services	90,423,929	96,696,980	87,468,297	9,228,683
Public Works	78,739,271	81,910,136	80,649,153	1,260,983
Parks and Recreation	13,718,410	14,616,861	13,613,805	1,003,056
Library	16,169,397	17,343,961	15,728,575	1,615,386
Planning	9,775,142	11,055,146	10,331,341	723,805
Agriculture	956,756	1,048,321	761,992	286,329
Economic Development	2,085,944	2,368,927	2,145,140	223,787
Convention and Visitor Development	9,815,733	10,379,699	9,440,068	939,631
Communications and Information Technology	20,264,163	21,316,794	18,784,903	2,531,891
Boards and Commissions	28,155,954	30,553,673	28,889,764	1,663,909
Fire	37,819,791	42,175,456	41,731,409	444,047
Management Services	3,995,452	4,156,718	3,676,965	479,753
Education	353,468,093	368,158,222	332,889,324	35,268,898
Housing and Neighborhood Preservation	1,719,476	1,733,231	1,700,794	32,437
Museums	817,782	796,953	699,504	97,449
Emergency Medical Services	6,430,086	6,912,744	6,825,724	87,020
Total Expenditures	<u>\$ 802,341,052</u>	<u>\$ 857,689,184</u>	<u>\$ 797,408,046</u>	<u>\$ 60,281,138</u>
Excess of Revenues over Expenditures	<u>\$ 222,544,390</u>	<u>\$ 168,733,685</u>	<u>\$ 221,023,235</u>	<u>\$ 52,289,550</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ 2,752,458	\$ 11,948,991	\$ 11,803,592	\$ (145,399)
Transfers Out	(217,467,646)	(221,069,077)	(216,264,821)	4,804,256
Total Other Financing Sources (Uses)	<u>\$ (214,715,188)</u>	<u>\$ (209,120,086)</u>	<u>\$ (204,461,229)</u>	<u>\$ 4,658,857</u>
Net Change in Fund Balance	<u>\$ 7,829,202</u>	<u>\$ (40,386,401)</u>	<u>\$ 16,562,006</u>	<u>\$ 56,948,407</u>
Fund Balance at Beginning of Year	176,503,035	176,503,035	176,503,035	-
Fund Balance at End of Year	<u>\$ 184,332,237</u>	<u>\$ 136,116,634</u>	<u>\$ 193,065,041</u>	<u>\$ 56,948,407</u>

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

CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2008

	Business-type Activities - Enterprise Funds				Governmental
	Water and Sewer	Storm Water	Nonmajor Parking	Totals	Activities
					Internal Service Funds
ASSETS					
Current Assets:					
Cash and Temporary Investments	\$ 94,974,602	\$ 8,767,655	\$ 1,959,205	\$ 105,701,462	\$ 17,548,348
Accounts Receivable - Net	14,446,682	2,661,345	107,796	17,215,823	31,836
Intergovernmental Receivables	2,083,260	-	-	2,083,260	-
Inventory	1,929,778	-	-	1,929,778	846,970
Prepaid Support and Maintenance	-	-	-	-	6,984
Total Current Assets	\$ 113,434,322	\$ 11,429,000	\$ 2,067,001	\$ 126,930,323	\$ 18,434,138
Noncurrent Assets:					
Cash and Temporary Investments - Restricted	\$ 28,405,589	\$ 1,017,183	\$ -	\$ 29,422,772	\$ -
Deferred Charges	3,017,355	-	-	3,017,355	-
Capital Assets:					
Land	12,429,323	128,880,513	1,375,000	142,684,836	-
Site Improvements	-	-	1,457,642	1,457,642	265,782
Buildings	3,590,809	-	-	3,590,809	-
Utility System	816,242,612	92,035,545	-	908,278,157	-
Construction in Progress	14,664,337	30,823,468	-	45,487,805	-
Office Furniture and Fixtures	1,520,228	-	-	1,520,228	-
Machinery and Equipment	17,361,343	8,141,509	96,044	25,598,896	13,122,423
Less: Accumulated Depreciation	(291,942,513)	(42,041,559)	(395,047)	(334,379,119)	(11,532,771)
Total Capital Assets	\$ 573,866,139	\$ 217,839,476	\$ 2,533,639	\$ 794,239,254	\$ 1,855,434
Total Noncurrent Assets	\$ 605,289,083	\$ 218,856,659	\$ 2,533,639	\$ 826,679,381	\$ 1,855,434
Total Assets	\$ 718,723,405	\$ 230,285,659	\$ 4,600,640	\$ 953,609,704	\$ 20,289,572
LIABILITIES					
Current Liabilities:					
Vouchers and Accounts Payable	\$ 3,552,951	\$ 623,504	\$ 221,045	\$ 4,397,500	\$ 1,762,923
Deposits Payable	277,652	-	-	277,652	8,041
Accrued Interest Payable	2,114,494	213,244	-	2,327,738	-
Construction Contracts Payable	3,934,653	-	-	3,934,653	-
Deferred Revenue	239,199	-	-	239,199	-
Current Portion of Long-term Liabilities	5,639,515	912,650	4,708	6,556,873	5,982,682
Total Current Liabilities	\$ 15,758,464	\$ 1,749,398	\$ 225,753	\$ 17,733,615	\$ 7,753,646
Long-term Liabilities (less current portion)	\$ 127,498,304	\$ 10,253,297	\$ 25,007	\$ 137,776,608	\$ 12,609,076
Total Liabilities	\$ 143,256,768	\$ 12,002,695	\$ 250,760	\$ 155,510,223	\$ 20,362,722
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	\$ 455,958,623	\$ 207,477,672	\$ 2,533,639	\$ 665,969,934	\$ 1,855,434
Restricted for:					
Operations	104,114,237	10,037,442	500,000	114,651,679	-
Future Debt Service	15,393,777	767,850	-	16,161,627	-
Unrestricted	-	-	1,316,241	1,316,241	(1,928,584)
Total Net Assets (Deficits)	\$ 575,466,637	\$ 218,282,964	\$ 4,349,880	\$ 798,099,481	\$ (73,150)
Reconciling Items:					
Elimination of Internal Activities - Indirect Cost				2,174,119	
Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds				137,150	
Total Net Assets Business-type (Exhibit 1)				\$ 800,410,750	

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

CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Business-type Activities - Enterprise Funds				Governmental
	Water and Sewer	Storm Water	Nonmajor Parking	Totals	Internal Service Funds
<u>OPERATING REVENUES</u>					
Charges for Services (net of Bad Debt)	\$ 90,599,657	\$ 15,599,738	\$ 2,304,781	\$ 108,504,176	\$ 39,156,901
Insurance Recovery	-	-	-	-	111,892
Miscellaneous	149,988	-	14,387	164,375	1,717
Total Operating Revenues	<u>\$ 90,749,645</u>	<u>\$ 15,599,738</u>	<u>\$ 2,319,168</u>	<u>\$ 108,668,551</u>	<u>\$ 39,270,510</u>
<u>OPERATING EXPENSES</u>					
Cost of Goods Sold	\$ 24,958,227	\$ -	\$ -	\$ 24,958,227	\$ 10,524,454
Personal Services	19,090,003	3,904,613	265,742	23,260,358	7,655,456
Fringe Benefits	6,356,363	1,283,979	80,614	7,720,956	2,801,744
Contractual Services	4,147,272	305,177	999,612	5,452,061	2,927,705
Internal Services	2,960,204	1,046,671	30,789	4,037,664	1,040,839
Other Charges	12,741,275	856,829	253,140	13,851,244	9,898,070
Leases and Rentals	-	-	-	-	1,169,605
Land Structures and Improvements	-	2,451,712	-	2,451,712	102,943
Depreciation	19,475,406	3,927,360	45,642	23,448,408	848,877
Total Operating Expenses	<u>\$ 89,728,750</u>	<u>\$ 13,776,341</u>	<u>\$ 1,675,539</u>	<u>\$ 105,180,630</u>	<u>\$ 36,969,693</u>
<u>OPERATING INCOME (LOSS)</u>	<u>\$ 1,020,895</u>	<u>\$ 1,823,397</u>	<u>\$ 643,629</u>	<u>\$ 3,487,921</u>	<u>\$ 2,300,817</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>					
From Commonwealth	\$ -	\$ 5,589,452	\$ -	\$ 5,589,452	\$ -
From Federal Government	12,725	-	-	12,725	-
City of Norfolk Water Servicing True Up	1,897,615	-	-	1,897,615	-
Interest Income	5,045,045	868,372	90,226	6,003,643	676,490
Connection Fees	4,311,380	-	-	4,311,380	-
Gain (Loss) From Sale of Assets	21,354	128,955	-	150,309	76,418
Interest and Fiscal Agent Fees	(4,399,596)	(455,015)	-	(4,854,611)	-
Total Nonoperating Revenues	<u>\$ 6,888,523</u>	<u>\$ 6,131,764</u>	<u>\$ 90,226</u>	<u>\$ 13,110,513</u>	<u>\$ 752,908</u>
<u>INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS</u>	<u>\$ 7,909,418</u>	<u>\$ 7,955,161</u>	<u>\$ 733,855</u>	<u>\$ 16,598,434</u>	<u>\$ 3,053,725</u>
Transfers In	\$ 249,065	\$ 68,826	\$ 258,803	\$ 576,694	\$ -
Transfers Out	-	(249,065)	(753,864)	(1,002,929)	(390,000)
Capital Contributions	6,474,104	-	-	6,474,104	-
<u>INCREASE (DECREASE) IN NET ASSETS</u>	<u>\$ 14,632,587</u>	<u>\$ 7,774,922</u>	<u>\$ 238,794</u>	<u>\$ 22,646,303</u>	<u>\$ 2,663,725</u>
Total Net Assets at Beginning of Year	560,834,050	210,508,042	4,111,086		(2,736,875)
Total Net Assets at End of Year	<u>\$ 575,466,637</u>	<u>\$ 218,282,964</u>	<u>\$ 4,349,880</u>		<u>\$ (73,150)</u>

Reconciling Items:

Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds	119,854
Change in Net Assets of Business-type Activities (Exhibit 2)	<u>\$ 22,766,157</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, 2008**

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water and Sewer	Storm Water	Nonmajor Parking	Totals	Internal Service Funds
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>					
Receipts from Customers and Users	\$ 90,859,271	\$ 15,599,728	\$ 2,317,921	\$ 108,776,920	\$ 39,230,276
Receipts from (Payments for) Interfund Services Provided	(1,858,597)	(1,046,671)	-	(2,905,268)	985
Other Operating Cash Receipts	149,988	36,335	14,387	200,710	113,609
Cash Payments to Suppliers of Goods and Services	(44,921,654)	(2,756,889)	(1,338,449)	(49,016,992)	(27,316,136)
Other Operating Cash Payments	-	(856,829)	-	(856,829)	-
Cash Payments to Employees for Services	(25,393,681)	(5,108,479)	(338,871)	(30,841,031)	(10,440,368)
Net Cash Provided By Operating Activities	<u>\$ 18,835,327</u>	<u>\$ 5,867,195</u>	<u>\$ 654,988</u>	<u>\$ 25,357,510</u>	<u>\$ 1,588,366</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>					
Intergovernmental Receipts	\$ 12,725	\$ 5,589,452	\$ -	\$ 5,602,177	\$ -
Receipts from Other Funds	249,065	68,826	258,803	576,694	(390,000)
Payments to Other Funds	-	(249,065)	(753,864)	(1,002,929)	-
Net Cash Provided (Used) By Noncapital Financing Activities	<u>\$ 261,790</u>	<u>\$ 5,409,213</u>	<u>\$ (495,061)</u>	<u>\$ 5,175,942</u>	<u>\$ (390,000)</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>					
Capital Contributions	\$ 4,311,380	\$ -	\$ -	\$ 4,311,380	\$ -
Interest Paid on Long-term Debt	(5,941,524)	(641,851)	-	(6,583,375)	-
Acquisition and Construction of Capital Assets	(22,355,583)	(7,845,027)	-	(30,200,610)	(316,049)
Proceeds from Sale of Salvage	21,354	128,955	-	150,309	79,562
City of Norfolk Water Services True Up	1,897,615	-	-	1,897,615	-
Principal Paid on Capital Debt	(4,880,568)	(786,100)	-	(5,666,668)	-
Net Cash Provided (Used) By Capital and Related Financing Activities	<u>\$ (26,947,326)</u>	<u>\$ (9,144,023)</u>	<u>\$ -</u>	<u>\$ (36,091,349)</u>	<u>\$ (236,487)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>					
Interest and Dividends Received	\$ 5,045,045	\$ 868,372	\$ 90,226	\$ 6,003,643	\$ 676,490
Net Cash Provided By Investing Activities	<u>\$ 5,045,045</u>	<u>\$ 868,372</u>	<u>\$ 90,226</u>	<u>\$ 6,003,643</u>	<u>\$ 676,490</u>
Net Increase (Decrease) in Cash and Temporary Investments	\$ (2,805,164)	\$ 3,000,757	\$ 250,153	\$ 445,746	\$ 1,638,369
Cash and Temporary Investments, July 1	126,185,355	6,784,081	1,709,052	134,678,488	15,909,979
Cash and Temporary Investments, June 30	<u>\$ 123,380,191</u>	<u>\$ 9,784,838</u>	<u>\$ 1,959,205</u>	<u>\$ 135,124,234</u>	<u>\$ 17,548,348</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, 2008**

	Business-type Activities - Enterprise Funds				Totals	Governmental Activities
	Water and Sewer	Storm Water	Nonmajor Parking	-	-	Internal Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:						
Operating Income (Loss)	\$ 1,020,895	\$ 1,823,397	\$ 643,629	\$ -	\$ 3,487,921	\$ 2,300,817
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) By Operating Activities:						
Depreciation Expense	19,475,406	3,927,360	45,642	-	23,448,408	848,877
(Increase) Decrease in Accounts Receivable	259,614	(189,824)	13,140	-	82,930	73,375
(Increase) Decrease in Intergovernmental Receivables	(1,858,597)	-	-	-	(1,858,597)	-
(Increase) Decrease in Inventory	(28,988)	-	-	-	(28,988)	(174,612)
(Increase) Decrease in Prepaid Support and Maintenance	-	-	-	-	-	5,381
Increase (Decrease) in Vouchers and Accounts Payable	(125,569)	272,861	(54,908)	-	92,384	(1,320,888)
Increase (Decrease) in Deposits Payable	(80,383)	-	-	-	(80,383)	8,041
Increase (Decrease) in Due from Commonwealth	-	-	-	-	-	985
Increase (Decrease) in Deferred Revenue	120,264	-	-	-	120,264	(465)
Increase (Decrease) in Estimated Claims and Judgments	-	-	-	-	-	(169,977)
Increase (Decrease) in Accrued Compensated Leave	-	-	-	-	-	16,832
Total Adjustments	52,685	33,401	7,485	-	93,571	-
Net Cash Provided By Operating Activities	\$ 17,814,432	\$ 4,043,798	\$ 11,359	\$ -	\$ 21,869,589	\$ (712,451)
	\$ 18,835,327	\$ 5,867,195	\$ 654,988	\$ -	\$ 25,357,510	\$ 1,588,366
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:						
Capital Contributions of Capital Assets	\$ 6,474,104	\$ -	\$ -	\$ -	\$ 6,474,104	\$ -

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

CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2008

	Other Postemployment Benefits Trust Fund	Sheriff's Office Pension Trust Fund	Agency Funds
<u>ASSETS</u>			
Cash	\$ -	\$ -	\$ 286,775
Receivables, Accrued Interest	575	-	-
Investments, at Fair Value			
Mutual Funds	-	3,717,818	-
Money Market Trust	8,895,000	-	-
Total Assets	\$ 8,895,575	\$ 3,717,818	\$ 286,775
<u>LIABILITIES</u>			
Vouchers and Accounts Payable	\$ -	\$ -	\$ 286,775
Total Liabilities	\$ -	\$ -	\$ 286,775
<u>NET ASSETS</u>			
Held in Trust for Benefits	\$ 8,895,575	\$ 3,717,818	

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

CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2008

	Other Postemployment Benefits Trust Fund	Sheriff's Office Pension Trust Fund
<u>ADDITIONS</u>		
Contributions:		
From Primary Government	\$ 19,500,000	\$ -
From Plan Members	2,601,483	-
Total Contributions	<u>\$ 22,101,483</u>	<u>\$ -</u>
Investment Earnings:		
Net Appreciation In the Fair Value of Investments	\$ -	\$ 216,488
Interest and Dividends	575	143,037
Total Investment Earnings	<u>\$ 575</u>	<u>\$ 359,525</u>
 Total Additions	 <u>\$ 22,102,058</u>	 <u>\$ 359,525</u>
 <u>DEDUCTIONS</u>		
Benefits	\$ 13,201,483	\$ 269,166
Administrative Expenses	5,000	7,393
 Total Deductions	 <u>\$ 13,206,483</u>	 <u>\$ 276,559</u>
Change in Net Assets	\$ 8,895,575	\$ 82,966
Net Assets at Beginning of Year	-	3,634,852
Net Assets at End of Year	<u>\$ 8,895,575</u>	<u>\$ 3,717,818</u>

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



**CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

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CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

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**CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

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 a population in 2008 of 434,072.

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

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

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

A. The Financial Reporting Entity

1. Component Units

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

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

Blended component units, although legally separate entities are, in substance, part of the City's operations and so data from these units are combined with data of the primary government. The City has no component units that meet the requirements for blending.

Discretely presented component units are entities that are legally separate from the City, but for which the City is financially accountable, or whose relationship with the City is such that exclusion would cause the City's financial statements to be misleading or incomplete. These component units are reported in separate columns to emphasize that they are legally separate from the City. All component units have a June 30, 2008 year-end.

- a. School Board - The School Board is a legally separate entity that is responsible for elementary and secondary education within the City. The members of the School Board are elected by the voters; however, the School Board is fiscally dependent upon the City because the City Council annually approves its budget, levies the necessary taxes to finance operations and approves the borrowing of money and issuance of bonds. Separate financial statements including statistical information of the School Board may be obtained by writing to the Virginia Beach School Board, 2512 George Mason Drive, Virginia Beach, Virginia 23456.
- b. Virginia Beach Development Authority - The Development Authority was established for the specific purpose of attracting new industries and the expansion of existing industries. The Authority's Commissioners are appointed by the City Council. The Authority is authorized to issue industrial development bonds after approval by the City Council and to purchase land to improve and sell for development. In addition, the Authority facilitates economic development projects as needed by City Council. Complete financial statements of the Authority may be obtained by writing to the Virginia Beach Development Authority, 222 Central Park Avenue, Suite 1000, Virginia Beach, VA 23462.

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. The Financial Reporting Entity (continued)

1. Component Units (continued)

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

2. Contributions to Certain Other Entities

Annually, the City contributes to various organizations on behalf of the citizens of Virginia Beach. These organizations are not considered entities qualifying for inclusion in this report. The reasons for not including the subject organizations in this report are due to the level of control the City exercises over these entities and the lack of a financial benefit or burden relationship. Contributions during the year-ended June 30, 2008 were as follows:

Arts and Humanities Commission	\$	462,333
American Water Works Association Research		27,699
Atlantic Wildfowl Museum		28,647
Boardwalk Arts Festival		50,500
Contemporary Art Center		190,327
Crime Solvers		2,040
Eastern Virginia Medical School		440,098
Hampton Roads Economic Development Alliance		435,026
Hampton Roads Partnership		16,508
Hampton Roads Planning District Commission		355,445
Safe Drinking Water Act		160,000
Tidewater Community College		6,000
Transportation District of Hampton Roads		2,869,136
Virginia Aquarium		67,170
Virginia Beach Foundation		87,500
Virginia Beach Maritime Historical Museum		62,212
Virginia Beach SPCA		30,600
Virginia Dare Soil and Water Conservation District		8,000
Virginia Institute of Government		27,151
Volunteer Fire Squads		13,160
Volunteer Rescue Squads		38,488
WHRO TV		145,404
Total	\$	5,523,444

B. Government-Wide and Fund Financial Statements

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

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

The City reports the following major Governmental Funds:

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

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

The City reports the following major Proprietary Funds:

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

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

Additionally, the City reports the following fund types:

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

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

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

C. Basis of Accounting

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

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

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

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

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

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

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Accounting (continued)

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

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

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

D. Capital Assets and Long-Term Liabilities

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

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

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

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

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

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

E. Operating Budget Process

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

1. The City Manager is required by the City Charter to present a proposed operating budget at least 90 days before the beginning of each fiscal year which begins July 1. The proposed operating budget must be balanced with projected expenditures equal to estimated revenues and/or the required financing from the proper undesignated fund balances. The necessary budget ordinances are also submitted at this time.
2. The City Council is required by the City Charter to hold a public hearing on the budget at which time all interested persons are given an opportunity to comment. The notice of the time and place must be published at least seven days prior to the hearing. In addition, City Council holds budget workshops with the City Manager that are open to the media and public.
3. If the proposed operating budget is not legally adopted by the City Council upon one reading of the budget ordinances by June 1, the operating budget is automatically adopted as proposed.
4. The City Manager or the Director of Management Services is hereby authorized to approve transfers of appropriations in an amount up to \$100,000 between any Appropriation Units included in this ordinance. The City Manager shall make a monthly report to the City Council of all transfers between \$25,000 and \$100,000. In addition, the City Manager may transfer, in amounts necessary, appropriations from all Reserves for Contingencies except Reserve for Contingencies - Regular, within the intent of the Reserve as approved by City Council. Additional appropriations require one reading of the ordinance for approval and must be offset by additional estimated revenues and/or a transfer from the proper undesignated fund balances. Additional appropriations that exceed 1% of the total estimated revenues shown in the adopted budget require one reading by City Council for approval after a public hearing.
5. Annual budgets are adopted for the General Fund, the Debt Service Fund, Enterprise Funds and all Special Revenue Funds except for School Reserve, Proffer Impact, Public Investment Protection Strategy, Law Enforcement Block Grant, Wetlands Board Mitigation and Grants Consolidated. The Grants Consolidated Fund's budget is adopted on a project-length basis along with the City Capital Projects Fund. The budget for these funds are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP).

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Operating Budget Process (continued)

6. The accounting system is employed as a budgetary management control device to monitor the individual departments or bureaus/divisions within departments. The legal level of budgetary control is at the organizational unit level as noted in the separately issued budget report. Additional controls are exercised administratively on some budget units, personnel positions and capital outlay items and the appropriations related thereto. A budget unit is an activity (e.g. Waste Collection) of an organizational unit (e.g. Public Works Department). Each budget unit manager is authorized to transfer appropriations within their respective unit up to a maximum of \$10,000 without City Manager approval. The City Manager or the Director of Management Services is authorized to transfer appropriations up to a maximum of \$100,000. See Note 1E4 above.
7. Unexpended appropriations lapse (except for the City Capital Projects, and Grants Funds) and are closed to the proper fund balances at the end of each fiscal year (June 30). However, appropriations for the subsequent fiscal year are increased in the amount necessary to satisfy the outstanding encumbrances at June 30. The current operating budget ordinance approved by City Council stipulated that an undesignated General Fund Balance of 8% to 12% of the following year's budgeted revenues for contingency and emergency situations, not to be used to support appropriations already approved, except upon subsequent authorization by City Council.
8. Capital Projects for the City are budgeted separately from the Operating Budget. Since the City has over 418 projects in its Capital Improvements Program and an annual limitation (without a referendum) on the amount of bonds that may be issued, allocations for capital projects represent funding by phases of a number of projects based upon their anticipated execution of contractual obligations. The appropriations for Capital Projects require one reading of the ordinance for approval after public hearings on the City's Capital Improvement Program. The accounting, encumbering, and controlling of the funds are based upon the project length of each individual project which may be over several years. Therefore, budgetary comparisons are not presented for Capital Projects in this report. Appropriations reallocated to new or existing capital projects require one reading of the ordinance by City Council for approval.
9. The federal and state grants in the Grants Consolidated Fund are budgeted separately from the Operating Budget and do not parallel the City's fiscal year. Expenditures are restricted by the grantor agency and are subject to financial and compliance audits (Note 8B). Annual revenues and expenditures are reported within the applicable Special Revenue Funds.

There were supplemental amendments to the Operating Budget, other than for encumbrances (Note 1E7), of approximately \$2,416,699 million during the 2008 Fiscal Year. The amendments were primarily funded through increases in estimated revenue and the General Fund balance.

10. The Water and Sewer Enterprise Fund incurred costs in excess of its Fiscal Year 2008 budget by \$16,454,390 due to charging of depreciation. It is the policy of the City to budget for capital outlay in the year of acquisition and not include in its budget a provision for depreciation. The ending net assets were sufficient to cover this overage.
11. The Storm Water Enterprise Fund incurred costs in excess of its Fiscal Year 2008 budget by \$2,074,651 due to charging of depreciation. It is the policy of the City to budget for capital outlay in the year of acquisition and not include in its budget a provision for depreciation. The ending net assets were sufficient to cover this overage.
12. All expenditures were within existing appropriations for the governmental major funds.

F. Inventories

All inventories, except in the Water and Sewer Enterprise Fund, Virginia Aquarium and Marine Science Center Special Revenue Fund and the City Garage Internal Service Fund, are reported at cost using the first-in, first-out

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Inventories (continued)

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

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

G. Land Held For Resale

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

H. Accrued Compensated Leave

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

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

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

I. Miscellaneous

1. Cash and Investments

Cash invested at June 30 is included in the various cash accounts reflected in the financial statements. Investments are stated at amortized cost or at their fair value (Note 7). Interest earnings on investments are allocated to the appropriate funds based upon the average monthly cash balance of each fund. Qualified investments in State Treasurer's LGIP, AIM and SNAP are reported at amortized cost. All others are reported at fair value (Note 7).

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

2. Proprietary Funds' Other Charges

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

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

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

I. **Miscellaneous** (continued)

3. **Statement of Cash Flows**

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

J. **Fund Equity and Net Assets**

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

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

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

K. **Long-Term Obligations**

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

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

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

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

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

Inclusive in Governmental Activities unrestricted net assets are ending fund balances of certain Special Revenue Funds which have been earmarked for specific purposes by City Council. These funds are, but are not limited to, Agriculture Reserve Fund, Major Projects Fund, Open Space Fund, Tourism Growth Investment Fund and Tourism Advertising Program Fund. The balance of these funds at June 30, 2008 was \$50.6 million.

N. **Restricted Net Assets**

Some primary government and component unit net asset amounts are subject to various restrictions. Bond resolutions restrict the net assets of the Water and Sewer, Storm Water and Debt Service Funds for operations.

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Restricted Net Assets (continued)

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

2. RECEIVABLES AND ACCRUED LIABILITIES

A. Receivables

Receivables at June 30, 2008 consist of the following:

Primary Government

	Governmental Activities	Business-Type Activities	Total
Accrued Interest	\$ 1,124,613	\$ -	\$ 1,124,613
Property Taxes	41,866,602	-	41,866,602
Loans	11,729,696	-	11,729,696
Accounts	4,607,639	21,860,657	26,468,296
Gross Receivables	\$ 59,328,550	\$ 21,860,657	\$ 81,189,207
Less: Allowance for Uncollectibles	(16,904,945)	(2,333,565)	(19,238,510)
Total Fund Statements	\$ 42,423,605	\$ 19,527,092	\$ 61,950,697
Internal Service Funds	\$ 31,836	\$ -	\$ 31,836
Net Receivables - Entity Wide	\$ 42,455,441	\$ 19,527,092	\$ 61,982,533

Major Funds – Governmental

	General Fund	Capital Projects	Total
Accrued Interest	\$ 1,124,613	\$ -	\$ 1,124,613
Property Taxes	41,866,602	-	41,866,602
Accounts	3,838,154	116,495	3,954,649
Loans	10,977,275	-	10,977,275
Intergovernmental Accounts	68,583,534	4,399,164	72,982,698
Due from Other Funds	1,963,553	-	1,963,553
Gross Receivables	\$ 128,353,731	\$ 4,515,659	\$ 132,869,390
Less: Allowance for Uncollectibles	(16,904,945)	-	(16,904,945)
Net Receivables	\$ 111,448,786	\$ 4,515,659	\$ 115,964,445

Major Funds – Proprietary

	Water and Sewer	Storm Water	Total
Accounts	\$ 16,576,783	\$ 2,864,809	\$ 19,441,592
Intergovernmental Accounts	2,083,260	-	2,083,260
Gross Receivables	\$ 18,660,043	\$ 2,864,809	\$ 21,524,852
Less: Allowance for Uncollectibles	(2,130,101)	(203,464)	(2,333,565)
Net Receivables	\$ 16,529,942	\$ 2,661,345	\$ 19,191,287

The intergovernmental accounts receivable account represents the amounts due from other local governments. The allowance for uncollectible receivables is \$2,333,565 at June 30, 2008 and is based on historical collection rates, specific account analysis and subsequent cash receipts.

**CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

2. RECEIVABLES AND ACCRUED LIABILITIES (continued)

A. Receivables (continued)

Component Units

Receivables at June 30, 2008 consist of the following:

	<u>School Board</u>	<u>Virginia Beach Development Authority</u>	<u>Community Development Corporation</u>	<u>Total</u>
Notes	\$ -	\$ -	\$ 984,457	\$ 984,457
Accrued Interest	-	-	261,671	261,671
Intergovernmental	17,212,062	-	729,779	17,941,841
Accounts	259,000	3,189,095	234,225	3,682,320
Net Receivables	<u>\$ 17,471,062</u>	<u>\$ 3,189,095</u>	<u>\$ 2,210,132</u>	<u>\$ 22,870,289</u>

B. Property Taxes Receivable

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

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

During Fiscal Year 2008 the real property rate was \$0.89 per \$100 of assessed valuation (100% of fair market value except for public service corporation properties); an additional \$0.06 per \$100 of assessed valuation is charged to those residents of Sandbridge; an additional \$0.50 per \$100 of assessed valuation is charged to all real estate within Town Center Special Service District (reduced to \$0.45 per \$100 of assessed value for FY 2009), not exempt from taxation; the personal property rate was \$3.70 per \$100 of assessed valuation (100% of fair market value). Other personal property tax rates exist for qualified equipment. There are no limits currently on the property tax rates which may be established by the City Council.

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

1. The following revenues were due from the Commonwealth of Virginia at June 30, 2008:

Primary Government

	<u>Governmental Activities</u>
General Sales Tax	\$ 4,559,717
Telecommunications Tax	4,815,527
Reimbursements	723,722
Excess Fees - Clerk	170,074
Division of Motor Vehicles	739,769
Personal Property Tax Relief Act	53,412,868
Public Assistance Grants	1,069,825
Recordation Fees	596,039
Other Grants, Entitlements, & Shared Revenues	423,975
Sheriff's Department	1,275,728
Medicaid Reimbursement	1,435,162
Police Extradition	199,320
Grants Consolidated	99,112
Comprehensive Services Act	2,651,636
Total Due from Commonwealth	<u>\$ 72,172,474</u>

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

2. RECEIVABLES AND ACCRUED LIABILITIES (continued)

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

School Board Component Unit

State Share Sales Tax	\$	6,257,262
Special Education – Regional Program		3,890,282
Other Grants, Entitlements and Shared Revenues		701,830
Technology Initiative		60,690
Total Due From Commonwealth – Governmental Funds		10,910,064
Reimbursement – Health Insurance		122,101
Total Due from Commonwealth	\$	11,032,165

2. The following revenues were due from various Federal agencies at June 30, 2008:

Primary Government

		Governmental Activities
Public Assistance Grants	\$	2,106,381
Law Enforcement		2,328,210
Grants Consolidated		1,478,026
Housing Assistance		2,139,327
Mental Health/Mental Retardation		2,332
Community Development Block Grant		1,448,201
Maintenance of Roads		2,205,278
Total Due from Federal Government	\$	11,707,755

School Board Component Unit

Carl Perkins	\$	759,732
National School Meal Program		411,630
NJROTC		56,998
Preschool Incentive		47,996
Safe and Drug Free Schools/Community Act		119,752
Teaching American History - WHO		59,241
Title I		3,327,131
Title II		1,161,032
Title III		30,544
Title V		16,330
Other Grants, Entitlements and Shared Revenues		189,511
Total Due From Federal Government	\$	6,179,897

3. The following revenues were due from other Local governments at June 30, 2008:

The Federal Section Eight Program was due \$47,007 from other service providers and authorities.

The Water and Sewer Enterprise Fund was due \$185,645 from the City of Chesapeake for cost incurred at Lake Gaston and \$1,897,615 from the City of Norfolk per the Water Servicing Agreement.

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

2. 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, 2008 are as follows:

a. General Fund	\$	16,904,945
b. Water and Sewer Fund		2,130,101
c. Storm Water Fund		203,464
Total	\$	<u>19,238,510</u>

E. The major components of Accrued Liabilities at June 30, 2008 consist of the following:

Primary Government

		Governmental Activities		Business-Type Activities		Total
Accrued Interest Payable	\$	8,321,104	\$	2,327,738	\$	10,648,842
Deposits Payable		3,688,817		277,652		3,966,469
Unearned Revenue		-		239,199		239,199
Total Accrued Liabilities	\$	<u>12,009,921</u>	\$	<u>2,844,589</u>	\$	<u>14,854,510</u>

Component Units

		School Board		Virginia Beach Development Authority		Community Development Authority		Total
Accrued Interest	\$	-	\$	1,411,374	\$	34,249	\$	1,445,623
Unearned Revenue		6,287,617		-		25,393		6,313,010
Deposits Payable		45,000		150,000		-		195,000
Security Deposits		-		-		51,420		51,420
Accrued Salaries		55,291,434		-		-		55,291,434
Total Accrued Liabilities	\$	<u>61,624,051</u>	\$	<u>1,561,374</u>	\$	<u>111,062</u>	\$	<u>63,296,487</u>

3. DEFERRED REVENUE

Deferred revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Under the full accrual basis of accounting, such amounts are measurable, but are unearned. Deferred revenue consists of the following as of June 30, 2008:

A. General Fund

Uncollected Taxes, Assessments and other receipts	\$	<u>24,706,185</u>
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B. Special Revenue Funds – Nonmajor

Virginia Aquarium	\$	5,178
Golf Courses – Coupon Books		15,257
Parks and Recreation – Advance class registration		146,781
Total Nonmajor Special Revenue Funds	\$	<u>167,216</u>

C. Enterprise Funds

Water and Sewer – Customers and Developers Tap and Meter Fees	\$	<u>239,199</u>
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(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

3. DEFERRED REVENUE (continued)

D. School Board Component Unit

School Operating Fund – Summer School Tuition (Regular and Gifted), Rent	\$	219,954
School Grants Fund - Leaders Mentoring Leaders, and other grants.		145,178
Other Governmental Funds – School Cafeterias - Charges for Services		291,933
School Health Insurance Internal Service Fund – Prepayment of July health insurance premiums		5,630,552
Total School Board Component Unit	\$	<u>6,287,617</u>

4. CAPITAL ASSETS AND LAND HELD FOR RESALE

A. Land Held for Resale - Discretely Presented Component Unit

Oceana West Corporate Park	\$	1,555,548
Corporate Landing		10,782,383
Princess Anne		434,534
Hunt Club 2		200,305
Total Land Held For Resale	\$	<u>12,972,770</u>

B. Governmental Activities

The following is a summary of the changes in capital assets for the fiscal year ended June 30, 2008:

	<u>Balance</u>		<u>Increases</u>		<u>Decreases</u>		<u>Balance</u>
	<u>June 30, 2007</u>						<u>June 30, 2008</u>
Capital Assets Not Being Depreciated:							
Land and Improvements	\$ 607,499,038	\$ 44,047,689	\$ -	\$ -	\$ -	\$ 651,546,727	
Agricultural Reserve Program	24,541,566	2,265,524	-	-	-	26,807,090	
Construction in Progress	440,545,177	137,538,490	92,444,804	-	-	485,638,863	
Total Capital Assets Not Being Depreciated	<u>\$ 1,072,585,781</u>	<u>\$ 183,851,703</u>	<u>\$ 92,444,804</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,163,992,680</u>	
Other Capital Assets:							
Buildings and Improvements	\$ 494,131,710	\$ 24,487,743	\$ -	\$ -	\$ -	\$ 518,619,453	
School Buildings	320,576,958	38,107,093	-	-	-	358,684,051	
Site Improvements	164,285,764	22,134,005	-	-	-	186,419,769	
Site Improvements – ISF	265,782	-	-	-	-	265,782	
Equipment	116,078,065	18,178,954	4,691,255	-	-	129,565,764	
Equipment – ISF	13,055,218	316,049	248,844	-	-	13,122,423	
Roadway Network	1,438,712,309	22,924,233	-	-	-	1,461,636,542	
Landfill Network	15,327,671	527,749	-	-	-	15,855,420	
Bridge Network	67,076,553	132,886	-	-	-	67,209,439	
Hurricane Protection Network	97,680,665	-	-	-	-	97,680,665	
Total Other Capital Assets at Historical Cost	<u>\$ 2,727,190,695</u>	<u>\$ 126,808,712</u>	<u>\$ 4,940,099</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,849,059,308</u>	
Less Accumulated Depreciation For:							
Buildings and Improvements	\$ 108,450,193	\$ 13,215,134	\$ -	\$ -	\$ -	\$ 121,665,327	
School Buildings	39,354,584	18,761,502	-	-	-	58,116,086	
Site Improvements	31,963,642	4,492,822	-	-	-	36,456,464	
Site Improvements – ISF	261,116	235	-	-	-	261,351	
Equipment	88,287,719	8,376,210	4,583,764	-	-	92,080,165	
Equipment – ISF	10,668,479	848,642	245,701	-	-	11,271,420	
Roadway Network	736,001,262	35,991,887	-	-	-	771,993,149	
Landfill Network	13,204,473	1,306,639	-	-	-	14,511,112	
Bridge Network	24,228,998	1,292,725	-	-	-	25,521,723	
Hurricane Protection Network	9,537,130	1,953,613	-	-	-	11,490,743	
Total Accumulated Depreciation	<u>\$ 1,061,957,596</u>	<u>\$ 86,239,409</u>	<u>\$ 4,829,465</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,143,367,540</u>	
Total Capital Assets, Being Depreciated, Net	<u>\$ 1,665,233,099</u>	<u>\$ 40,569,303</u>	<u>\$ 110,634</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,705,691,768</u>	
Governmental Activities Capital Assets, Net	<u>\$ 2,737,818,880</u>	<u>\$ 224,421,006</u>	<u>\$ 92,555,438</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,869,684,448</u>	

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

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

B. Governmental Activities (continued)

Governmental Activities capital assets net of accumulated depreciation at June 30, 2008 are comprised of the following:

General Government Capital Assets, Net	\$ 2,867,829,014
Internal Service Fund Capital Assets, Net	<u>1,855,434</u>
Total	<u>\$ 2,869,684,448</u>

Depreciation was charged to governmental functions as follows:

Legislative	\$ 1,601
Executive	5,500
Law	2,825
Finance	40,216
Human Resources	449
Judicial	176,656
Health	6,168
Police	2,391,349
Public Works	43,338,805
Parks and Recreation	1,824,956
Library	68,801
Planning	34,096
Agriculture	3,277
Convention and Visitors Bureau	198,152
Communications & Information Technology	811,107
Boards and Commissions	228,361
Fire	546,756
Management Services	25,863
Human Services	279,421
Education and Transfer to School	18,761,502
Housing and Neighborhood Preservation	44,928
Museums	8,948
Emergency Medical Services	172,292
General Government	<u>17,267,380</u>
Total	<u>\$ 86,239,409</u>

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

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

C. Component Unit - School Board

Capital Assets activity for the year ended June 30, 2008 was as follows:

	<u>Balance June 30, 2007</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2008</u>
Capital Assets Not Being Depreciated:				
Land	\$ 28,612,050	\$ 4,000	\$ -	\$ 28,616,050
Construction in Progress	58,354,546	54,901,883	63,597,487	49,658,942
Total Capital Assets Not Being Depreciated	<u>\$ 86,966,596</u>	<u>\$ 54,905,883</u>	<u>\$ 63,597,487</u>	<u>\$ 78,274,992</u>
Capital Assets Being Depreciated:				
Buildings	\$ 293,198,823	\$ 60,115,496	\$ 42,735,351	\$ 310,578,968
Improvements Other Than Buildings	46,923,451	1,671,090	225,093	48,369,448
Machinery and Equipment	47,660,213	8,261,815	766,440	55,155,588
Machinery and Equipment – Automobiles	44,563,498	4,416,561	639,889	48,340,170
Total Capital Assets Being Depreciated	<u>\$ 432,345,985</u>	<u>\$ 74,464,962</u>	<u>\$ 44,366,773</u>	<u>\$ 462,444,174</u>
Less Accumulated Depreciation For: *				
Buildings	\$ 135,144,196	\$ 12,757,142	\$ 21,751,054	\$ 126,150,284
Improvements Other Than Buildings	22,787,391	2,072,027	222,526	24,636,892
Machinery and Equipment	24,266,238	5,179,507	707,372	28,738,373
Machinery and Equipment – Automobiles	20,355,267	3,557,727	600,003	23,312,991
Total Accumulated Depreciation	<u>\$ 202,553,092</u>	<u>\$ 23,566,403</u>	<u>\$ 23,280,955</u>	<u>\$ 202,838,540</u>
Total Capital Assets, Being Depreciated, Net	<u>\$ 229,792,893</u>	<u>\$ 50,898,559</u>	<u>\$ 21,085,818</u>	<u>\$ 259,605,634</u>
Component Unit School Board, Capital Assets, Net	<u>\$ 316,759,489</u>	<u>\$ 105,804,442</u>	<u>\$ 84,683,305</u>	<u>\$ 337,880,626</u>

* All depreciation was charged to School Board Component Unit.

D. Business-Type Activities

The following is a summary of the changes in capital assets for the fiscal year ended June 30, 2008:

	<u>Balance June 30, 2007</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2008</u>
Capital Assets Not Being Depreciated:				
Land and Improvements	\$ 142,407,069	\$ 277,767	\$ -	\$ 142,684,836
Construction in Progress	54,657,075	31,452,832	40,622,102	45,487,805
Total Capital Assets Not Being Depreciated	<u>\$ 197,064,144</u>	<u>\$ 31,730,599</u>	<u>\$ 40,622,102</u>	<u>\$ 188,172,641</u>
Other Capital Assets:				
Buildings and Improvements	\$ 3,590,809	\$ -	\$ -	\$ 3,590,809
Site Improvements	1,457,642	-	-	1,457,642
Utility System	861,725,394	46,552,763	-	908,278,157
Machinery and Equipment	25,860,684	2,181,113	922,673	27,119,124
Total Other Capital Assets at Historical Cost	<u>\$ 892,634,529</u>	<u>\$ 48,733,876</u>	<u>\$ 922,673</u>	<u>\$ 940,445,732</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 1,747,738	\$ 93,315	\$ -	\$ 1,841,053
Site Improvements	286,460	36,441	-	322,901
Utility System	291,895,824	20,506,187	-	312,402,011
Machinery and Equipment	17,900,088	2,812,465	899,399	19,813,154
Total Accumulated Depreciation	<u>\$ 311,830,110</u>	<u>\$ 23,448,408</u>	<u>\$ 899,399</u>	<u>\$ 334,379,119</u>
Total Capital Assets Being Depreciated, Net	<u>\$ 580,804,419</u>	<u>\$ 25,285,468</u>	<u>\$ 23,274</u>	<u>\$ 606,066,613</u>
Business -Type Activities Capital Assets, Net	<u>\$ 777,868,563</u>	<u>\$ 57,016,067</u>	<u>\$ 40,645,376</u>	<u>\$ 794,239,254</u>

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

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

D. Business-Type Activities (continued)

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

Water and Sewer	\$ 19,475,406
Storm Water	3,927,360
Resort Parking	<u>45,642</u>
Total Depreciation Expense and Increase from Equipment Brought Back into Service	<u>\$ 23,448,408</u>

E. Major Fund - Water and Sewer Enterprise Fund

	<u>Balance</u> <u>June 30, 2007</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2008</u>
Capital Assets Not Being Depreciated:				
Land and Improvements	\$ 12,363,520	\$ 65,803	\$ -	\$ 12,429,323
Construction in Progress	<u>27,105,959</u>	<u>24,235,608</u>	<u>36,677,230</u>	<u>14,664,337</u>
Total Capital Assets Not Being Depreciated	<u>\$ 39,469,479</u>	<u>\$ 24,301,411</u>	<u>\$ 36,677,230</u>	<u>\$ 27,093,660</u>
Other Capital Assets:				
Buildings and Improvements	\$ 3,590,809	\$ -	\$ -	\$ 3,590,809
Utility System	<u>773,215,156</u>	<u>43,027,456</u>	<u>-</u>	<u>816,242,612</u>
Machinery and Equipment	<u>18,399,707</u>	<u>1,174,928</u>	<u>693,064</u>	<u>18,881,571</u>
Total Other Capital Assets at Historical Cost	<u>\$ 795,205,672</u>	<u>\$ 44,202,384</u>	<u>\$ 693,064</u>	<u>\$ 838,714,992</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 1,747,738	\$ 93,315	\$ -	\$ 1,841,053
Utility System	<u>259,321,960</u>	<u>17,227,962</u>	<u>-</u>	<u>276,549,922</u>
Machinery and Equipment	<u>12,067,199</u>	<u>2,154,129</u>	<u>669,790</u>	<u>13,551,538</u>
Total Accumulated Depreciation	<u>\$ 273,136,897</u>	<u>\$ 19,475,406</u>	<u>\$ 669,790</u>	<u>\$ 291,942,513</u>
Total Capital Assets Being Depreciated, Net	<u>\$ 522,068,775</u>	<u>\$ 24,726,978</u>	<u>\$ 23,274</u>	<u>\$ 546,772,479</u>
Water and Sewer Capital Assets, Net	<u>\$ 561,538,254</u>	<u>\$ 49,028,389</u>	<u>\$ 36,700,504</u>	<u>\$ 573,866,139</u>

F. Major Fund – Storm Water Enterprise Fund

	<u>Balance</u> <u>June 30, 2007</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2008</u>
Capital Assets Not Being Depreciated:				
Land and Improvements	\$ 128,668,549	\$ 211,964	\$ -	\$ 128,880,513
Construction in Progress	<u>27,551,116</u>	<u>7,217,224</u>	<u>3,944,872</u>	<u>30,823,468</u>
Total Capital Assets Not Being Depreciated	<u>\$ 156,219,665</u>	<u>\$ 7,429,188</u>	<u>\$ 3,944,872</u>	<u>\$ 159,703,981</u>
Other Capital Assets:				
Utility System	\$ 88,510,238	\$ 3,525,307	\$ -	\$ 92,035,545
Machinery and Equipment	<u>7,364,933</u>	<u>1,006,185</u>	<u>229,609</u>	<u>8,141,509</u>
Total Other Capital Assets at Historical Cost	<u>\$ 95,875,171</u>	<u>\$ 4,531,492</u>	<u>\$ 229,609</u>	<u>\$ 100,177,054</u>
Less Accumulated Depreciation For:				
Utility System	\$ 32,573,863	\$ 3,278,226	\$ -	\$ 35,852,089
Machinery and Equipment	<u>5,769,945</u>	<u>649,134</u>	<u>229,609</u>	<u>6,189,470</u>
Total Accumulated Depreciation	<u>\$ 38,343,808</u>	<u>\$ 3,927,360</u>	<u>\$ 229,609</u>	<u>\$ 42,041,559</u>
Total Capital Assets Being Depreciated, Net	<u>\$ 57,531,363</u>	<u>\$ 604,132</u>	<u>\$ -</u>	<u>\$ 58,135,495</u>
Storm Water Capital Assets, Net	<u>\$ 213,751,028</u>	<u>\$ 8,033,320</u>	<u>\$ 3,944,872</u>	<u>\$ 217,839,476</u>

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

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

G. Component Unit - Virginia Beach Development Authority

	<u>Balance</u> <u>June 30, 2007</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2008</u>
Capital Assets Not Being Depreciated:				
Land and Improvements	\$ 17,680,370	\$ 721,382	\$ 80,292	\$ 18,321,460
Construction in Progress	393,847	1,728,440	-	2,122,287
Total Capital Assets Not Being Depreciated	<u>\$ 18,074,217</u>	<u>\$ 2,449,822</u>	<u>\$ 80,292</u>	<u>\$ 20,443,747</u>
Other Capital Assets:				
Buildings and Improvements	\$ 75,362,693	\$ 26,273,070	\$ 1,477,886	\$ 100,157,877
Total Other Capital Assets at Historical Cost	<u>\$ 75,362,693</u>	<u>\$ 26,273,070</u>	<u>\$ 1,477,886</u>	<u>\$ 100,157,877</u>
Less Accumulated Depreciation for:				
Component Unit - Virginia Beach Dev. Authority	\$ 7,179,235	\$ 2,510,171	\$ 123,773	\$ 9,565,633
Capital Assets, Net	<u>\$ 86,257,675</u>	<u>\$ 26,212,721</u>	<u>\$ 1,434,405</u>	<u>\$ 111,035,991</u>

All depreciation was charged to Virginia Beach Development Authority

H. Component Unit - Virginia Beach Community Development Corporation

	<u>Balance</u> <u>June 30, 2007</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2008</u>
Capital Assets Not Being Depreciated:				
Land and Improvements	\$ 1,776,702	\$ 1,082,100	\$ -	\$ 2,858,802
Other Capital Assets:				
Buildings and Improvements	\$ 12,335,953	\$ 6,058,148	\$ -	\$ 18,394,101
Less Accumulated Depreciation for:	3,634,304	610,259	-	4,244,563
Component Unit - Va. Beach Community Dev. Corp.	<u>\$ 10,478,351</u>	<u>\$ 6,529,989</u>	<u>\$ -</u>	<u>\$ 17,008,340</u>

All depreciation was charged to Virginia Beach Community Development Corporation

I. Construction in Progress

1. Governmental Activities and School Board Component Unit

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

<u>Governmental Activities</u>	<u>Expended through</u> <u>June 30, 2008</u>	<u>Outstanding</u> <u>Commitments</u>	<u>Unobligated</u> <u>Balance</u>
Engineering and Highways	\$ 218,255,873	\$ 30,245,563	\$ 146,527,838
Buildings and Other	184,049,470	15,782,468	57,372,207
Parks and Recreation	36,847,222	4,368,001	23,716,419
Coastal	3,834,910	5,397,376	25,744,722
Economic Tourism Development	42,651,388	4,996,611	19,168,649
Total Governmental Activities	<u>\$ 485,638,863</u>	<u>\$ 60,790,019</u>	<u>\$ 272,529,835</u>
 <u>School Board Component Unit</u>			
Buildings and Improvements Other than Buildings	<u>\$ 49,658,942</u>	<u>\$ 64,309,465</u>	<u>\$ 40,494,178</u>

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

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

I. Construction in Progress (continued)

2. Component Unit

Construction in Progress is composed of the following at June 30, 2008:

	Expended through June 30, 2008	Outstanding Commitments	Unobligated Balance
Virginia Beach Development Authority	\$ 2,122,287	\$ -	\$ -

3. Business-Type Activities

In accordance with the City's accounting policies, these projects will not be transferred from Construction in Progress into the various capital asset accounts until substantially completed. Construction in Progress for Business-Type Activities is comprised of the following at June 30, 2008:

	Expended through June 30, 2008	Outstanding Commitments	Unobligated Balance
Water Utility Projects	\$ 5,574,535	\$ 3,414,345	\$ 22,452,448
Sewer Utility Projects	9,089,802	12,833,373	20,426,500
Storm Water Projects	30,823,468	9,055,789	30,745,975
Total Business-Type Activities	\$ 45,487,805	\$ 25,303,507	\$ 73,624,923

5. LONG-TERM DEBT

A. A Summary of Changes In Long-Term Liabilities

1. Primary Government - Governmental Activities

	Balance July 1, 2007	Additions	Reductions	Balance June 30, 2008	Amounts Due Within One Year
General Obligation Bonds	\$ 559,423,497	\$ 140,483,683	\$ (102,751,721)	\$ 597,155,459	\$ 53,505,508
State Literary Fund Loans	9,933,046	-	(1,256,500)	8,676,546	1,256,500
Public Facility Revenue Bonds	279,715,000	-	(10,335,000)	269,380,000	12,305,000
Certificates of Participation	5,155,000	-	-	5,155,000	2,510,000
Williams Farm Property	2,762,500	-	(425,000)	2,337,500	425,000
Town Center Support Agreements	89,085,000	-	(1,635,000)	87,450,000	2,660,000
Landfill Closure & Post Closure Care	5,133,200	137,242	-	5,270,442	-
Agricultural Reserve Program	24,541,566	2,265,524	-	26,807,090	-
Deferred Loss	(1,207,971)	(1,648,461)	1,362,514	(1,493,918)	(206,058)
Premium	37,964,860	6,681,533	(2,847,054)	41,799,339	2,979,633
Accrued Compensated Leave	35,163,568	8,333,572	(6,603,346)	36,893,794	7,369,416
Estimated Claims & Judgments	17,812,729	5,879,394	(6,049,371)	17,642,752	5,688,579
Governmental Activities Long-Term Debt	\$ 1,065,481,995	\$ 162,132,487	\$ (130,540,478)	\$ 1,097,074,004	\$ 88,493,578

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

5. LONG-TERM DEBT (continued)

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

2. Primary Government - Business-Type Activities

	<u>Balance</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2008</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
General Obligation Bonds	\$ 2,912,237	\$ 1,141,317	\$ (1,647,417)	\$ 2,406,137	\$ 506,100
Double Barrel and Revenue	140,758,924	-	(5,160,568)	135,598,356	5,192,576
	<u>\$ 143,671,161</u>	<u>\$ 1,141,317</u>	<u>\$ (6,807,985)</u>	<u>\$ 138,004,493</u>	<u>\$ 5,698,676</u>
Less/add Deferred Amounts:					
For Issuance Premiums	\$ 3,842,311	\$ -	\$ (210,538)	\$ 3,631,773	\$ 210,538
On Refundings	(257,404)	-	171,603	(85,801)	(85,801)
Total Bonds Payable	<u>\$ 147,256,068</u>	<u>\$ 1,141,317</u>	<u>\$ (6,846,920)</u>	<u>\$ 141,550,465</u>	<u>\$ 5,823,413</u>
Accrued Compensated Leave	\$ 2,689,445	\$ 791,909	\$ (698,338)	\$ 2,783,016	\$ 733,460
Business-Type Activities Long-Term Debt	<u>\$ 149,945,513</u>	<u>\$ 1,933,226</u>	<u>\$ (7,545,258)</u>	<u>\$ 144,333,481</u>	<u>\$ 6,556,873</u>

3. Major Fund - Water and Sewer Enterprise Fund

	<u>Balance</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2008</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Double Barrel and Revenue	\$ 132,273,924	\$ -	\$ (4,880,568)	\$ 127,393,356	\$ 4,897,576
	<u>\$ 132,273,924</u>	<u>\$ -</u>	<u>\$ (4,880,568)</u>	<u>\$ 127,393,356</u>	<u>\$ 4,897,576</u>
Less/add Deferred Amounts:					
For Issuance Premiums	\$ 3,842,311	\$ -	\$ (210,538)	\$ 3,631,773	\$ 210,538
On Refundings	(257,404)	-	171,603	(85,801)	(85,801)
Total Bonds Payable	<u>\$ 135,858,831</u>	<u>\$ -</u>	<u>\$ (4,919,503)</u>	<u>\$ 130,939,328</u>	<u>\$ 5,022,313</u>
Accrued Compensated Leave	\$ 2,145,806	\$ 648,269	\$ (595,584)	\$ 2,198,491	\$ 617,202
Water and Sewer Long-Term Debt	<u>\$ 138,004,637</u>	<u>\$ 648,269</u>	<u>\$ (5,515,087)</u>	<u>\$ 133,137,819</u>	<u>\$ 5,639,515</u>

4. Major Fund – Storm Water Enterprise Fund

	<u>Balance</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2008</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
General Obligation Bonds	\$ 2,912,237	\$ 1,141,317	\$ (1,647,417)	\$ 2,406,137	\$ 506,100
Double Barrel and Revenue	8,485,000	-	(280,000)	8,205,000	295,000
Total Bonds Payable	<u>\$ 11,397,237</u>	<u>\$ 1,141,317</u>	<u>\$ (1,927,417)</u>	<u>\$ 10,611,137</u>	<u>\$ 801,100</u>
Accrued Compensated Leave	\$ 521,409	\$ 134,393	\$ (100,992)	\$ 554,810	\$ 111,550
Storm Water Long-Term Debt	<u>\$ 11,918,646</u>	<u>\$ 1,275,710</u>	<u>\$ (2,028,409)</u>	<u>\$ 11,165,947</u>	<u>\$ 912,650</u>

5. Component Unit - School Board

	<u>Balance</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2008</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Accrued Compensated Leave	\$ 20,839,485	\$ 9,856,230	\$ 8,996,541	\$ 21,699,174	\$ 9,311,420
Estimated Claims and Judgments	10,686,091	94,112,775	91,602,530	13,196,336	9,897,252
Net Pension Obligation	70,386	101	-	70,487	-
Component Unit Long-Term Debt-- Schools	<u>\$ 31,595,962</u>	<u>\$ 103,969,106</u>	<u>\$ 100,599,071</u>	<u>\$ 34,965,997</u>	<u>\$ 19,208,672</u>

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

5. LONG-TERM DEBT (continued)

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

6. Component Unit - Virginia Beach Development Authority

	<u>Balance</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2008</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Lease Revenue Bonds	\$ 6,440,000	\$ -	\$ (455,000)	\$ 5,985,000	\$ 480,000
Public Facility Revenue Bonds	89,085,000	-	(1,635,000)	87,450,000	2,660,000
Revenue Note	1,236,508	61,543	-	1,298,051	-
Total Bonds Payable	\$ 96,761,508	\$ 61,543	\$ (2,090,000)	\$ 94,733,051	\$ 3,140,000
Add Bond Premium	2,192,670	-	(121,753)	2,070,917	-
Less Bond Discount	(153,943)	(49,453)	20,665	(182,731)	-
Total Bonds and Notes Payable	\$ 98,800,235	\$ 12,090	\$ 2,191,088	\$ 96,621,237	\$ -
Notes Payable City of Virginia Beach	5,586,006	-	(254,458)	5,331,548	-
Component Unit Long-Term Debt – Virginia Beach Development Authority	\$ 104,386,241	\$ 12,090	\$ (2,445,546)	\$ 101,952,785	\$ 3,140,000

7. Component Unit - Virginia Beach Community Development Corporation

	<u>Balance</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2008</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Notes Payable	\$ 7,628,633	\$ 3,156,000	\$ (684,882)	\$ 10,099,751	\$ 1,574,345
Component Unit Long-Term Debt – Va. Beach Development Corp.	\$ 7,628,633	\$ 3,156,000	\$ (684,882)	\$ 10,099,751	\$ 1,574,345

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

5. LONG-TERM DEBT (continued)

B. Bonds, Notes and Loans Payable

General Obligation Bonds and Loans:

<u>Bond Issue/Purpose</u>	<u>Dated</u>	<u>Issue Amount</u>	<u>True Interest Costs %</u>	<u>Proprietary Percentage</u>		<u>Balance Outstanding</u>
				<u>Storm Water %</u>	<u>Water & Sewer %</u>	
2008 PI	03/25/08	\$ 90,000,000	4.161171	-	-	\$ 90,000,000
2008 Refunding	05/13/08	51,625,000	2.881742	-	-	51,625,000
2007	03/27/07	75,000,000	4.003699	-	-	71,250,000
2005 PI	12/15/05	80,000,000	4.270424	-	-	72,000,000
2004B PI Refunding	10/01/04	114,855,000	3.688578	-	-	114,480,000
2004A	06/01/04	65,000,000	4.354874	1.13	-	55,250,000
Adam Thoroughgood House	09/15/03	250,000	-	-	-	50,000
2003-A PI	05/15/03	50,000,000	3.575097	-	-	25,000,000
2003-B PI Refunding	05/15/03	50,870,000	2.835286	.93	-	34,360,000
2002 PI & Refunding	03/05/02	95,000,000	4.315919	1.11	-	34,145,000
2002 State Literary	01/01/02	7,500,000	3.00	-	-	5,250,000
2001 PI	06/01/01	48,500,000	4.608981	-	-	14,550,000
2000 PI	01/01/00	76,100,000	5.432937	-	-	7,610,000
1997 PI	06/01/97	56,700,000	5.0876	-	-	2,835,000
1996-A School	11/14/96	4,151,083	3.00	-	-	2,056,509
1996 State Literary	03/01/96	2,500,000	3.00	-	-	1,000,000
1996 State Literary	03/01/96	2,500,000	3.00	-	-	1,000,000
1995-A PI	12/21/95	2,096,324	3.00	-	-	926,407
1993 Refunding	04/15/93	156,080,000	4.9999286	-	6.51	21,980,000
1992 School	11/12/92	794,347	5.86289	-	-	230,780
1991 State Literary	09/01/91	130,546	4.00	-	-	26,546
1991 State Literary	09/01/91	2,500,000	4.00	-	-	500,000
1991-A PI VPSA	07/31/91	5,278,597	6.447	-	-	1,212,900
1990 State Literary	07/15/90	2,000,000	4.00	-	-	300,000
1990 State Literary	07/15/90	2,000,000	3.00	-	-	300,000
1990 State Literary	07/15/90	2,000,000	4.00	-	-	300,000
Total General Obligation Bonds and Loans						\$ 608,238,142
<u>"Double Barrel" Revenue Bonds and Notes:*</u>						
2005 W&S Revenue & Refund	10/05/05	\$ 92,700,000	4.2312375	-	100	\$ 86,950,000
2002 W&S Revenue	10/15/02	28,000,000	4.8066	-	100	28,000,000
2000 W&S Revenue	07/15/00	40,000,000	5.405144	-	100	3,665,000
2000 Storm Water Revenue	01/01/00	10,000,000	5.917853	100	-	8,205,000
1998 Taxable W&S Revenue	08/28/98	5,774,218	4.30	-	100	3,815,957
1997 Taxable W&S Revenue	01/30/97	7,190,048	4.75	-	100	4,314,133
1994 Taxable W&S Revenue	01/18/95	1,405,031	4.50	-	100	648,266
Total "Double Barrel" and Revenue Bonds and Notes						\$ 135,598,356
<u>Other Long-Term Debt:</u>						
2003 Public Facility Revenue	09/01/03	\$ 153,200,000	4.6840646	-	-	\$ 133,580,000
Williams Farm Install. Pur. Agmt	01/14/04	4,250,000	5.00	-	-	2,337,500
Refunding Certificates of Partic.	06/01/93	36,700,000	5.335062	-	-	5,155,000
Public Facilities Revenue Bonds						
2005A **	05/01/05	77,850,000	3.2284162	-	-	60,520,000
Public Facilities Revenue Bonds						
2007A **	06/26/07	96,835,000	4.5444247	-	-	75,280,000
Total Other Long-Term Debt						\$ 276,872,500
Total Bonds, Notes and Loans Payable (Excludes Other Component Units)						\$ 1,020,708,998

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

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

Defeased Debt - In prior years, the City defeased certain general obligation, public improvement, and public utility bonds by placing funds in irrevocable escrow accounts to provide for future debt service payments on the defeased debt.

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

5. LONG-TERM DEBT (continued)

B. Bonds, Notes and Loans Payable (continued)

Accordingly, the escrow account assets and liabilities for the defeased debt are not included in the City's financial statements. At June 30, 2008, the outstanding balance of the defeased debt, including current year defeased debt, is \$ 190.8 million, of which \$29.8 million is for the Water and Sewer Fund.

C. Current Refunding of 1998 General Obligation Refunding Bonds

On May 13, 2008, the City issued \$51.625 million of General Obligation Public Improvement Refunding bonds combined with \$2.617 million in premiums to provide resources to purchase U.S. Government State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$52.43 million of General Obligation Public Improvement bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the government activities column of the statement of net assets. The reacquisition price exceeded the net carrying amount of the old debt by \$440,750. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. This current and advance refunding was undertaken to reduce total debt service payments over the next 8 years by \$2.4 million and resulted in an economic gain of \$2.5 million.

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

Annual Debt Service requirements to maturity for general obligation bonds are as follows:

Year Ending June 30	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2009	\$ 54,762,008	\$ 28,238,349	\$ 506,100	\$ 125,769
2010	54,390,429	25,803,302	506,100	97,520
2011	50,084,484	23,150,669	431,468	63,060
2012	47,577,806	20,708,060	434,020	38,935
2013	45,351,973	18,394,185	306,434	18,801
2014-2018	178,905,305	63,566,709	222,015	4,915
2019-2023	118,760,000	27,053,000	-	-
2024-2027	56,000,000	5,348,438	-	-
	<u>\$ 605,832,005</u>	<u>\$ 212,262,712</u>	<u>\$ 2,406,137</u>	<u>\$ 349,000</u>

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

Year Ending June 30	Business-Type Activities	
	Principal	Interest
2009	\$ 5,192,576	\$ 6,208,559
2010	5,481,061	6,002,683
2011	5,561,090	5,788,289
2012	5,782,735	5,569,090
2013	5,981,071	5,340,097
2014-2018	33,214,546	22,385,439
2019-2023	32,770,277	14,199,682
2024-2028	32,485,000	5,877,097
2029-2031	9,130,000	698,250
	<u>\$ 135,598,356</u>	<u>\$ 72,069,186</u>

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

5. LONG-TERM DEBT (continued)

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

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

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2009	\$ 15,240,000	\$ 13,456,699
2010	15,325,000	12,685,389
2011	15,995,000	11,967,475
2012	13,930,000	11,154,473
2013	14,625,000	10,435,609
2014-2018	74,172,500	40,869,760
2019-2023	86,890,000	21,286,724
2024-2028	40,695,000	3,395,420
	\$ 276,872,500	\$ 125,251,549

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, most compensated absences (except School Board Component Unit), Federal Arbitrage Rebate (there are no set maturity dates for these liabilities) will be liquidated by the General Fund. Internal Service Funds predominantly serve the Governmental Funds. Accordingly, long-term liabilities for them are included as part of the above totals for Governmental Activities. Claims and Judgments are liquidated by the Risk Management Fund.

Interest expense incurred on the above noted debt for the year ended June 30, 2008, was \$51,348,420. Of this amount, \$1,767,328 was capitalized in the Major Enterprise Funds and in the Business-Type Activities.

E. Agricultural Reserve Program

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

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

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

As of June 30, 2008, 66 installment purchase agreements totaling 7,326 acres at a total purchase price of \$26,807,090 have been executed.

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

5. LONG-TERM DEBT (continued)

E. Agricultural Reserve Program (continued)

Annual Debt Service requirements to maturity for Agricultural Reserve Program:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ -	\$ 1,595,867
2010	-	1,596,219
2011	-	1,596,219
2012	-	1,596,219
2013	-	1,596,219
2014-2018	-	7,981,098
2019-2023	9,160,785	7,503,594
2024-2028	11,302,302	3,469,851
2029-2033	6,344,003	1,028,095
Totals	\$ <u>26,807,090</u>	\$ <u>27,963,381</u>

F. Legal Debt Margin

The Legal Debt Margin is a charter requirement which sets the upper limit on the amount of debt Virginia Beach may issue. At June 30, 2008, this amount is \$5.5 billion. However, the City Council has adopted four affordability polices that restrict the amount of debt below the amount indicated by the "Legal Debt Margin", including a ceiling of \$2,400 debt per capita.

G. Water and Sewer Enterprise Revenue Bonds

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

H. Storm Water Revenue Bonds

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

I. General Debt Service Fund Expenditures

	<u>Principal Retirement</u>	<u>Interest and Fiscal Charges</u>	<u>Total</u>
Serial Bonds and Notes	\$ 51,413,038	\$ 26,902,183	\$ 78,315,221
Capital Leases and Other Long-Term Obligations	12,445,000	16,297,090	28,742,090
Agricultural Reserve Program	-	1,507,398	1,507,398
State Literary Fund Notes	1,256,500	314,572	1,571,072
Bank Charges & Bond Issuance Costs	-	728,972	728,972
Totals	\$ <u>65,114,538</u>	\$ <u>45,750,215</u>	\$ <u>110,864,753</u>

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

5. LONG-TERM DEBT (continued)

J. Accrued Compensated Leave

The accrued compensated leave is as follows at June 30, 2008:

<u>Compensated Leave</u>	<u>Primary Government</u>		<u>School Board Component Unit</u>	<u>Total</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>		
City - Annual	\$ 26,976,026	\$ 2,274,902	\$ -	\$ 29,250,928
City - Compensatory	5,798,699	414,250	-	6,212,949
City - Sick	4,119,069	93,864	-	4,212,933
School - Annual	-	-	9,881,359	9,881,359
School - Sick	-	-	10,107,829	10,107,829
School - Personal	-	-	1,709,986	1,709,986
Total	\$ 36,893,794	\$ 2,783,016	\$ 21,699,174	\$ 61,375,984

K. Authorized But Unissued Bonds

<u>Purpose</u>	<u>June 30, 2008</u>
General Obligation Debt:	
2006 Charter Bonds	\$ 7,402,593
2007 Charter Bonds	63,800,000
2008 Charter Bonds	68,700,000
Total General Obligation Debt	\$ 139,902,593
Water and Sewer Debt:	
2005 W & S Revenue Bonds	\$ 13,344,201
2006 W & S Revenue Bonds	18,950,465
2007 W & S Revenue Bonds	18,793,000
2008 W & S Revenue Bonds	13,000,000
Total Water and Sewer Debt	\$ 64,087,666
Storm Water Utility Revenue Bonds:	
1998 Storm Water Utility Revenue Bonds	\$ 5,028,440
1999 Storm Water Utility Revenue Bonds	5,300,000
2000 Storm Water Utility Revenue Bonds	3,900,000
2001 Storm Water Utility Revenue Bonds	200,000
2003 Storm Water Utility Revenue Bonds	580,000
2004 Storm Water Utility Revenue Bonds	510,000
2005 Storm Water Utility Revenue Bonds	2,420,000
2006 Storm Water Utility Revenue Bonds	2,510,000
2008 Storm Water Utility Revenue Bonds	6,000,000
Total Storm Water Utility Debt	\$ 26,448,440
Total Authorized and Unissued Debt - June 30, 2008	\$ 230,438,699

L. Revenue Covenants

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

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

Various mortgage loan agreements and notes payable with interest at 3.25% to 9.25%, collateralized by real property.	\$ 10,099,751
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(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

5. LONG-TERM DEBT (continued)

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

1. Notes Payable - City of Virginia Beach

Details for the City of Virginia Beach Notes Payable as of June 30, 2008 are as follows:

Long-Term Notes Payable	\$	5,331,548
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On February 25, 2003, the Virginia Beach City Council approved a restructuring proposal for the outstanding debt between the City and the Authority. Under this restructuring accrued interest in the amount of \$1,235,331 was canceled and the remaining debt was separated into two non-interest bearing notes. Note 1, in the original principal amount of \$4,830,936, is secured by a first lien on the 31st Street property. Note 2, in the original principal amount of \$1,425,201, is secured by a first lien on Corporate Landing and Oceana West Corporate Parks.

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

2. Notes Payable - Town Center

Details of Other Notes Payable as of June 30, 2008, are as follows:

Note Payable: Wachovia - Town Center Note	\$	1,298,051
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On March 6, 2000, the Authority and Town Center Associates, L.L.C. entered into an agreement for the development of the Town Center. Financing for the purchase of the land for future phases beyond Phase I of this project was obtained from Wachovia Bank in the amount of \$5,500,000. Total advances on this loan may not exceed \$11,135,000 to include accrued interest through December 2006. The loan agreement was signed on June 8, 2000 and calls for semi-annual interest payments starting November 30, 2000. Under the terms of this agreement, the Authority is not required to make any principal or interest payments on this loan until the final due date of December 2010; and the intention is to not make principal or interest payments, except to the extent funds are available from the sale of this land. To date, \$1,146,175 has been added to the original principal of the loan. As of June 30, 2008 the outstanding balance is \$1,298,051. The interest rate is the LIBOR rate plus 0.42%. The loan is secured by a surety agreement provided by Town Center Associates, L.L.C. that requires Town Center Associates, L.L.C. to purchase the land.

3. Bonds Payable

Details of Bonds Payable as of June 30, 2008 are as follows:

Social Services Facility:

Lease Revenue Bonds 1998	\$	5,985,000
Less: Unamortized Bond Discount		(46,691)
Less Current Portion		(480,000)
Long-Term Portion	\$	5,458,309

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

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

5. LONG-TERM DEBT (continued)

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

3. Bonds Payable (continued)

Town Center Project:

Public Facility Revenue Bonds	\$	72,495,000
Public Facility Revenue Bonds (Taxable)		14,955,000
Less: Unamortized Bond Discount		(136,040)
Add: Unamortized Bond Premium		2,070,917
Less Current Portion		(2,660,000)
Long-Term Portion	\$	86,724,877

Public Facility Revenue Bonds Series 2002 A & B, Series 2003A, Series 2005 A & B, and Series 2007 A & B, interest due semi-annually at a rate that ranges from 4.0 to 5.75% (Series 2002 A & B) at a rate that ranges from 3.00% to 5.25% (Series 2003 A), at a rate that ranges from 4.00% to 5.00% (Series 2005 A & B) and at a rate that ranges from 5.00% to 6.50% (Series 2007 A & B) secured by the City's pledge of the revenues and receipts derived from the support agreement, certain funds established under the agreement of trust and the investment income there from. Final payment under the support agreements will be in July 2028.

The requirements to amortize all long-term bonds and notes payable as of June 30, 2008, including interest payments of \$47,392,365 are summarized as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 3,140,000	\$ 4,655,891
2010	3,762,535	4,495,375
2011	5,466,113	4,319,847
2012	4,085,528	4,130,745
2013	4,449,528	3,926,224
2014-2018	28,755,640	15,962,023
2019-2023	34,962,640	8,340,981
2024-2028	15,442,615	1,561,279
Plus: Unamortized Net Premium	2,070,917	-
Less: Unamortized Bond Discount	(182,731)	-
Total	\$ 101,952,785	\$ 47,392,365

O. Net Pension Obligation School Board Component Unit

The Net Pension Obligation for the School Board Component Unit at June 30, 2008 is \$70,487.

P. Compliance

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

Q. 2002 Town Center Project Phase I Support Agreement

The Virginia Beach Development Authority (Authority), a component unit of the City, issued in June 2002, \$20,815,000 of Public Facility Revenue Bonds, Series 2002A and \$3,040,000 Taxable Public Facility Revenue Bonds, Series 2002B to finance the acquisition of a public parking facility for the Town Center Project (Phase I). The Series 2002 Bonds are limited obligations of the Authority, payable solely from certain payments to be made by the City, pursuant to a Support Agreement dated June 1, 2002. The obligation of the City is subject to annual appropriation by the City Council and therefore, these bonds do not constitute a general obligation debt of the City nor a pledge of the full faith and credit of the City. The bonds are limited obligations of the Authority, payable solely from payments made by the City.

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

5. LONG-TERM DEBT (continued)

R. Sale of Public Facility Revenue Bonds

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

In May 2005, The Virginia Beach Development Authority (Authority), acting as a conduit issuer, sold \$103.9 million public facility revenue bonds. The Series 2005A (\$94,900,000) and Series 2005B (\$9,000,000 Taxable) were rated 'AA' and have a true interest cost (TIC) of 4.032939% for Series 2005A and 4.965915% for Series 2005B. The Authority and the City of Virginia Beach are providing funds for a number of key economic development projects. The public facility revenue bonds are limited obligations of the Authority, payable solely from certain payments to be made by the City, pursuant to the Support Agreement dated May 1, 2005. Of the \$103.9 million in bonds (combined), the City is recording \$73.82 million in debt, and the Authority is recording \$30.08 million in debt for the portion attributable to the 31st Street Project, purchase of the 9th Street Garage and additional funding for the purchase of additional parking in the Town Center area.

In June 2007, The Virginia Beach Development Authority (Authority), acting as a conduit issuer, sold \$100.8 million public facility revenue bonds. The Series 2007A (\$96,835,000) and Series 2007B (\$4,030,000 Taxable) were rated 'AA' and have a true interest cost (TIC) of 4.5444247% for Series 2007A and 6.296255% for Series 2007B. The Authority and the City of Virginia Beach are providing funds for a number of key economic development projects focused on redevelopment of the City's downtown area. The public facility revenue bonds are limited obligations of the Authority, payable solely from certain payments to be made by the City, pursuant to a Support Agreement dated June 1, 2007. Of the \$100.8 million in bonds, the City is recording \$75.2 million in debt and the Authority is recording \$25.6 million in debt for the portion attributable to the Town Center Garages.

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

6. ASSETS AND OBLIGATIONS UNDER LEASES

Operating Leases Governmental Activities

Social Services Facility

The City is leasing the Social Services Facility through a financing arrangement with the Virginia Beach Development Authority. Under the arrangement, the Authority issued \$9,800,000 in tax-exempt Lease Revenue Bonds to finance the Facility. The scheduled payments the City makes to the trustee will be used to pay the debt service on the bonds. The following is a schedule by years of future lease payments under this operating lease as of June 30, 2008:

<u>Fiscal Year Ending June 30:</u>		
2009	\$	480,000
2010		500,000
2011		525,000
2012		550,000
2013		575,000
2014-2018		3,355,000
Total Lease Payments	\$	<u>5,985,000</u>

**CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

6. ASSETS AND OBLIGATIONS UNDER LEASES (continued)

Operating Leases Governmental Activities (continued)

Social Services Facility (continued)

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

7. DEPOSITS AND INVESTMENTS

Deposits:

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

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

As of June 30, 2008, the City had the following investments. Except for the investments in State Non Arbitrage Program (SNAP) and the Arbitrage Investment Management Program (AIM), all investments are in an internal investment pool.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturities (in months)</u>
Certificates of Deposit	\$ 131,603,502	0.33
State Treasurer's Local Government Investment Pool (LGIP)	555,000,000	0.69
Bankers Acceptances	9,982,008	0.01
U. S. Government Securities	69,913,217	0.46
State Non Arbitrage Program – SNAP	17,810,651	0.02
Arbitrage Investment Management Program – AIM	14,717,881	0.02
Total Fair Value	<u>\$ 799,027,259</u>	
Portfolio Weighted Average Maturity		<u>1.53</u>

Reconciliation of total deposits and investments to the government-wide financial statements at June 30, 2008:

	<u>Primary Government</u>	<u>School Board Component Unit</u>	<u>Total</u>
Cash and Investments	\$ 329,098,999	\$ 252,183,623	\$ 581,282,622
Restricted Cash and Cash Equivalents	262,550,718	-	262,550,718
Fiduciary Funds	286,775	16,515,472	16,802,247
Total	<u>\$ 591,936,492</u>	<u>\$ 268,699,095</u>	<u>\$ 860,635,587</u>
Less: Cash on Deposit			<u>\$ (61,608,328)</u>
Total Market Value of Investments at June 30, 2008			<u>\$ 799,027,259</u>

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

7. DEPOSITS AND INVESTMENTS (continued)

Deposits: (continued)

Interest Rate Risk:

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

Credit Risk:

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

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

Custodial Credit Risks Investments - The City requires that all investments be clearly marked as to ownership and to the extent possible, be registered in the name of the City.

The City's rated debt investments as of June 30, 2008 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>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>	
	<u>AAA</u>	<u>A1/P1/F1+</u>
State Treasurer's Local Government Investment Pool (LGIP)	\$ 555,000,000	\$ -
Bankers Acceptance	-	9,982,008
U. S. Government Securities	69,913,217	-
State Non Arbitrage Program (SNAP)	17,810,651	-
Arbitrage Investment Management Program (AIM)	14,717,881	-

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, 2008, 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, 2008 resulted in a net increase of \$758,758.

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

7. DEPOSITS AND INVESTMENTS (continued)

Deposits: (continued)

Concentration of Credit Risk: (continued)

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, 2008, \$582,804 in interest income was reported in designated funds and subsequently transferred to the General Fund.

8. COMMITMENTS AND CONTINGENCIES

A. Litigation

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

B. Intergovernmental Grants, Entitlements, and Shared Revenues

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

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

C. City Manager Employment Contract

On May 15, 2007, City Council adopted an ordinance extending the contract of employment for the City Manager for the period December 1, 2006, through November 30, 2009. In the event the City Manager's employment is terminated by the City Council and certain conditions are met, the City Council must continue to compensate the former City Manager for a period of twelve months.

D. Salaries Payable

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

E. Landfill Closure

On August 8, 1984, the City entered into two agreements with Southeastern Public Service Authority of Virginia (SPSA). Under the first agreement, which continues until 2017, the City agreed to use SPSA's solid waste disposal system to dispose of solid waste generated within and collected by the City. For this service, the City agreed to pay tipping fees to SPSA.

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

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

8. COMMITMENTS AND CONTINGENCIES (continued)

E. Landfill Closure (continued)

Prior to the establishment of the above agreements, the landfill was used exclusively by the City. The City believes the landfill closure and post closure care obligations should be apportioned between SPSA and the City based on actual usage of the facility. The total capacity of the developed cells at the landfill is 8.75 million tons. Future development will increase the total landfill capacity to 13.572 million tons. The City used 3.597 million tons prior to the date of the agreements (August 1984). Total usage to date has been estimated at 7.598 million tons. The remaining useful life of the landfill is estimated to be 7 years, through the year 2015.

To date, approximately 86.78 percent of the developed landfill has been used. Based on a new study, the estimated cost for both closure and post closure care is \$10,760,098, an amount based on landfill capacity used to date. Until another cell of the landfill is opened, no additional estimated closure and post closure care costs will be recognized, except for the effects of inflation, changes in estimates, changes in technology or changes in laws or regulations. The City's share of this amount is \$5,270,442 and is reflected in the government-wide financial statements.

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

F. Water Services Contract

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

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

9. INTERFUND BALANCES AND TRANSACTIONS, FUND RESULTS AND RECONCILIATIONS

A. Interfund Balances

At June 30, the General Fund has a "Due from Special Revenue Funds" as a result of advances made to eliminate negative cash balances in those funds. The General Fund will be reimbursed when the Special Revenue Funds receive amounts owed from federal and state sources:

		<u>Due From:</u>
		Nonmajor
		<u>Governmental</u>
<u>Due To:</u>		
General Fund	\$	<u>1,963,553</u>

**CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

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

B. Interfund Transfers

Interfund transfers for the year ended June 30, 2008 were made up of the following:

Transfers To:	Transfer From:					
	General Fund	Storm Water	Nonmajor Governmental	Nonmajor Parking Enterprise	Internal Service	Total
General Fund	\$ -	\$ -	\$ 11,803,592	\$ -	\$ -	\$ 11,803,592
Capital Project Funds	49,665,697	-	11,462,798	-	390,000	61,518,495
Storm Water Fund	56,371	-	12,455	-	-	68,826
Water and Sewer Fund	-	249,065	-	-	-	249,065
Nonmajor Governmental Funds	166,542,753	-	37,718,517	753,864	-	205,015,134
Nonmajor Parking Enterprise Fund	-	-	258,803	-	-	258,803
Total	\$ 216,264,821	\$ 249,065	\$ 61,256,165	\$ 753,864	\$ 390,000	\$ 278,913,915

Purpose:

Transfers From General Fund:

\$ 49,665,697	Capital Project Funds: Funding for Pay-As-You-Go Capital Project Funds.
\$ 56,371	Storm Water Fund: General Fund support of Storm Water operations.
\$ 166,542,753	Nonmajor Enterprise Funds: Funding for Special Revenue Programs.

Transfers From Storm Water Enterprise Fund:

\$ 249,065	Water and Sewer Fund: Storm Water support of billing system operations.
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Transfers From Nonmajor Governmental Funds:

\$ 11,803,592	General Fund: Special Revenue Funds, primarily surplus funds from Sandbridge TIF.
\$ 11,462,798	Capital Projects Funds: Funding for Pay-As-You-Go Capital Project Funds.
\$ 12,455	Storm Water Fund: Tourism Growth Investment Fund support of Storm Water operations.
\$ 37,718,517	Nonmajor Governmental Funds: Funding for support of existing programs.
\$ 258,803	Nonmajor Enterprise Funds: Operational support.

Transfer From Nonmajor Enterprise Funds:

\$ 753,864	Nonmajor Governmental Funds: Operational support.
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Transfer From Internal Service Funds:

\$ 390,000	Capital Projects Funds: Communications system – Information Technology work.
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C. Net Assets Deficit

The following Primary Government fund has a deficit balance in equity at June 30, 2008:

Internal Service Funds:	
Risk Management	\$ <u>12,732,220</u>

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

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

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

D. Fund Closing, Name Change and Restatement

1. The Fire Store and Police Services Special Revenue Funds were closed during Fiscal Year 2008. Balances have now been combined with the General Fund. The beginning fund balance in the General Fund has been restated to reflect this combination. This reclassification resulted in an increase to the beginning fund balance in the amount of \$163,199.
2. The Federal Police Department Grant Special Revenue Fund has closed effective June 30, 2007. All grant activities previously accounted for in this fund have now expired.
3. The Housing and Neighborhood Preservation Special Revenue Fund will now account for the combined activities of the Housing and Neighborhood Preservation, Federal Housing Assistance Grant and CD Loan and Grant Special Revenue Funds. The CD Loan and Grant Fund and the Federal Housing Assistance Grant Fund were closed and all balances were transferred. As a result of this combination, the beginning fund balance in the Housing and Neighborhood Preservation Fund has been restated to reflect a balance of \$2,612,845.
4. The Sportsplex Special Revenue Fund was closed effective June 30, 2007. As a result of this closing, all balances were transferred to the Parks and Recreation Special Revenue Fund. The beginning fund balance in the Parks and Recreation Fund were adjusted to reflect this combination. This reclassification resulted in an increase to the beginning fund balance in the amount of \$52,387.

10. RISK MANAGEMENT

A. Primary Government Self-Insurance Program

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

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 \$17,642,752 reported in the Fund at June 30, 2008 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.

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

10. RISK MANAGEMENT (continued)

A. Primary Government Self-Insurance Program (continued)

		Beginning of Fiscal-Year Liability		Current-Year Claims & Changes in Estimates		Claims Payments		Balance at Fiscal Year-End
2007-2008	\$	17,812,729	\$	5,879,394	\$	6,049,371	\$	17,642,752
2006-2007	\$	16,628,582	\$	6,482,747	\$	5,298,600	\$	17,812,729

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 2% of the total insured value of the damaged covered property when such loss or damage results from a named storm (minimum deductible - \$500,000); School Leaders Liability (errors and omissions) is \$50,000 per occurrence; Vehicle Liability is \$100,000 per occurrence; General Liability is \$50,000 per occurrence; and Workers Compensation is \$350,000 per occurrence.

Commercial insurance is purchased to cover the amount in excess of the above self-insured levels for specific losses. The amount of settlements did not exceed insurance coverage for each of the past three fiscal years. This coverage extends to Fire and Property Insurance for losses greater than \$100,000 for each occurrence and 2% of the total insured value of the damaged covered property when such loss or damage results from a named storm (minimum - \$500,000); losses in excess of \$50,000 per occurrence for School Leaders Liability; and losses in excess of \$50,000 per occurrence for General Liability; losses in excess of \$100,000 per occurrence for Vehicle liability; and losses in excess of \$350,000 per occurrence for Workers' Compensation. When economically feasible, commercial insurance is purchased to cover certain exposures completely. The amount of settlements did not exceed insurance coverage for each of the past three fiscal years.

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

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

The School Board uses the information provided by the third-party administrators to aid in the determination of self-insurance liabilities. The computed liability as of June 30, 2008 is \$5,281,336 (undiscounted) as follows:

		Beginning-of Fiscal-Year Liability		Current-Year Claims & Changes in Estimates		Claims Payments		Balance at Fiscal Year-End
2007-2008	\$	4,441,877	\$	4,840,543	\$	4,001,084	\$	5,281,336
2006-2007	\$	3,638,026	\$	5,294,935	\$	4,491,084	\$	4,441,877

Effective January 1, 2000, the School Board established a self-insured health care benefits program for all School Board and City employees. Certain claims expenses paid on behalf of each employee during a single policy year are covered by excess loss insurance with a specific stop-loss limit of \$500,000. Claims processing and payments for all health care claims are made through third-party administrators. The School Board uses the information provided by the third-party administrators and a health care benefits consultant to aid in the determination of self-insurance liabilities. The computed liability as of June 30, 2008 is \$7,915,000 (undiscounted), as follows:

**CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

10. RISK MANAGEMENT (continued)

B. School Board Self-Insurance Program (continued)

		<u>Beginning-of Fiscal-Year Liability</u>		<u>Current-Year Claims & Changes in Estimates</u>		<u>Claims Payments</u>		<u>Balance at Fiscal Year-End</u>
2007-2008	\$	6,244,214	\$	89,272,232	\$	87,601,446	\$	7,915,000
2006-2007	\$	7,415,434	\$	84,253,972	\$	85,425,192	\$	6,244,214

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 against fraudulent acts.

11. RETIREMENT AND DEFERRED COMPENSATION

A. Virginia Retirement System

1. Plan Description

The City and School Board contribute to the Virginia Retirement System (VRS or the System), an agent and cost-sharing multiple-employer defined benefit pension plan, respectively, administered by the VRS. All full-time, salaried permanent employees of participating employers must participate in the System. Benefits vest after five years of service. Employees are eligible for an unreduced retirement benefit at age 65 with five years of service (age 60 for participating law enforcement officers, firefighters and Sheriffs) or age 50 with at least 30 years of service if elected by the employer (age 50 with at least 25 years of service for participating local or law enforcement officers, firefighters and Sheriffs) payable monthly for life in an annual amount equal to 1.7 percent of their average final compensation (AFC) for each year of credited service (1.85% sheriffs and if the employer elects to other employees in hazardous duty positions receiving enhanced benefits). Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for annual cost-of-living adjustment (COLA) limited to 5% per year beginning in their second year of retirement. AFC is defined as the highest consecutive 36 months of reported compensation. Participating local law enforcement officers, firefighters, and sheriffs may receive a monthly benefit supplement if they retire prior to age 65. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia. The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be downloaded from their website <http://www.varetire.org/Pdf/Publications/2007AnnuRept.pdf> or by writing to the System at P.O. Box 2500, Richmond, VA 23218-2500.

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

11. RETIREMENT AND DEFERRED COMPENSATION (continued)

A. Virginia Retirement System (continued)

2. Funding Policy, Status and Progress

As of June 30, 2007 for the City, the most recent actuarial valuation date, the plan was 82.89 percent funded. The actuarial accrued liability for benefits was \$1,181,134,126, and the actuarial value of assets was \$979,005,170, resulting in an unfunded actuarial accrued liability (UAAL) of \$202,128,956. The covered payroll (annual payroll of active employees covered by the plan) was \$266,600,100, and the ratio of the UAAL to the covered payroll was 75.82 percent.

As of June 30, 2007 for the School Board, the most recent actuarial valuation date, the plan was 92.47 percent funded. The actuarial accrued liability for benefits was \$148,701,032, and the actuarial value of assets was \$137,500,094, resulting in an unfunded actuarial accrued liability (UAAL) of \$11,200,938. The covered payroll (annual payroll of active employees covered by the plan) was \$40,564,649, and the ratio of the UAAL to the covered payroll was 27.61 percent.

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

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their annual salary to the VRS. The City and School Board have assumed this 5% member contribution. In addition, the City and School Board are required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The City's contribution rate for the Fiscal Year ended 2008 was 17.72% of annual covered payroll (including the 5% member contribution). The School Board (non-professional employees) contribution rate for the Fiscal Year ended 2008 was 12.52% of annual covered payroll.

The School Board 2008 contribution to the VRS statewide teacher pool was \$59,590,311. This amount represented 15.30% of annual covered payroll for 2008 and compares to 14.20% for 2007 and 11.62% for 2006. The actual contribution for each of these years was equal to the required contribution.

3. Annual Pension Cost

For the Fiscal Year ended 2008, the City's annual pension cost of \$49,259,535 was less than the City's actual contributions of \$49,270,686. For 2008, the School Board's annual pension cost of \$5,228,955 was greater than the School Board's actual contributions of \$5,228,854.

The required contributions were determined as part of the June 30, 2005 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions include (a) 7.5% investment rate of return, (b) projected salary increases that ranged between 3.75% and 5.6% and (c) 2.5% per year cost-of-living adjustments. Both (a) and (b) include an inflation component of 2.5%. The actuarial value of the City and School Board's assets are equal to the modified market value of assets. This method was determined using techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The City's and School Board's unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis within a period of 20 years or less.

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

11. RETIREMENT AND DEFERRED COMPENSATION (continued)

A. Virginia Retirement System (continued)

3. Annual Pension Cost (continued)

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

	City	School Board⁽¹⁾
Annual required contribution	\$ 49,263,322	\$ 5,228,854
Interest on net pension obligation/asset	(198,943)	5,279
Adjustment to annual required contribution	195,156	(5,178)
Annual pension cost	49,259,535	5,228,955
Contributions made	(49,270,686)	(5,228,854)
Increase in net pension obligation/asset	11,151	101
Net pension obligation (asset) beginning of year	(2,652,577)	70,386
Net pension obligation (asset) end of year	\$ (2,663,728)	\$ 70,487

⁽¹⁾ Excludes contribution to VRS statewide teacher pool in the amount of \$59,590,311.

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

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Assets)
<i>City</i>			
June 30, 2008	\$ 49,259,535	100.0%	\$ (2,663,728)
June 30, 2007	\$ 45,676,301	100.0%	\$ (2,652,577)
June 30, 2006	\$ 38,081,152	99.8%	\$ (2,635,636)
<i>School Board</i>			
June 30, 2008	\$ 5,228,955	100.0%	\$ 70,487
June 30, 2007	\$ 5,030,366	100.0%	\$ 70,386
June 30, 2006	\$ 3,339,323	100.2%	\$ 69,936

B. Sheriff's Supplemental Retirement Plan

1. Plan Description

The Sheriff's Supplemental Plan is a defined contribution pension plan established by the Sheriff and approved by City Council to provide additional retirement benefits to all full-time employees of the Sheriff who have at least one year of service. Benefits vest after five years of service.

Contributions to the plan are made from the Sheriff's Special Revenue Fund and are approved by City Council prior to the end of each plan year. Contributions cannot exceed an amount equal to 15 percent of the compensation of all participants during the year. Contributions shall be allocated to the participants' accounts by the proportion of the participant's base salary to total base salary of all participants. Participant contributions are not allowed. There were no contributions made for the plan year ending August 31, 2007.

2. Significant Accounting Principles

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

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

11. RETIREMENT AND DEFERRED COMPENSATION (continued)

B. Sheriff's Supplemental Retirement Plan (continued)

2. Significant Accounting Principles (continued)

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

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

12. OTHER POSTEMPLOYMENT BENEFITS

Plan Description. The City and School Board Other Postemployment Benefit Plans are a single-employer defined benefit plan, administered in accordance with State and City statutes. Section 15.2-1500 of the Virginia State Code provides that every locality shall provide for the governmental functions of the locality, including employment of the officers and other employees. In connection with this employment, the City has established certain plans to provide post-employment benefits other than pensions as defined in Section 15.2-1545 of the Virginia Code to retirees and their spouses and eligible dependents. Employees who retire with at least 25 years of service with the City and School Board as well those who retire on a work-related disability compensable under the Works 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 are not available at this time for Other Postemployment Benefits. However, financial information for this program is included in our fiduciary fund statements.

In accordance with Article 8, Chapter 15, Subtitled II of Title 15.2 of the Virginia Code, the City and School Board have elected to establish a trust for the purpose of accumulating and investing assets to fund Other Postemployment Benefits. The City and School Board in accordance with this election have joined the Virginia Pooled OPEB Trust Fund. Deposits to this trust are irrevocable and are held solely for the payment of OPEB benefits for the City and School Board.

Funding Policy. Contribution requirements of the City, School Board and plan members are established and may be amended by the respective legislative bodies. The required contributions were actuarially determined and are based upon projected pay as you go financing requirements with an additional amount to prefund benefits. For the period ending June 30, 2008 the City and School Board contributed, \$10.3 million and \$9.2 million respectively. Plan members from each organization contributed \$39.50 per month for retiree-only coverage. City retirees with coverage for their spouse will contribute \$320 per month to age 65. The School Board has adopted a resolution to eliminate the subsidy for health care and phase this elimination in over 10 years. The City has determined that all current employees and retirees shall contribute to the cost of their health care coverage and no level of benefit shall be provided free of charge. The retiree contribution rate shall be based on the experience of the plan, the City's annual contribution amount and the remaining premium cost.

Annual OPEB Cost. For 2008, the City and School Board's annual OPEB cost of \$10.3 million and \$9.2 million, respectively, was equal to the required contribution. 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 2008 is presented below.

**CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

12. OTHER POSTEMPLOYMENT BENEFITS (continued)

City

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
06/30/2008	\$ 10,300,000	100%	\$ -

School Board

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
06/30/2008	\$ 9,200,000	100%	\$ -

Funded Status and Funding Progress. The funded status of the plan as of January 1, 2008, was as follows:

Actuarial accrued liability (AAL)	\$ 84,679,145	\$ 72,279,351
Actuarial value of plan assets	-	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 84,679,145</u>	<u>\$ 72,279,351</u>
Funded ratio (actuarial value of plan assets/AAL)	-	-
Covered payroll (active plan members)	\$ 266,600,100	\$ 40,564,649
UAAL as a percentage of covered payroll	31.76%	178.18%

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

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

In the January 1, 2008, actuarial valuation, for the year ending June 30, 2008 the projected unit credit method was used. The actuarial assumptions included a 7.5 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 9 percent initially, reduced by decrements to an ultimate rate of 5 percent after ten years. Both rates include a 2.5 percent inflation assumption. The actuarial value of City and School Board assets were not considered due to this being the implementation year of this liability. Unfunded actuarial accrued liabilities for each organization are being amortized as a level dollar amount over a period of 30 years.

**REQUIRED
SUPPLEMENTAL
INFORMATION
(Unaudited)**

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

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

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

<u>City Employees</u>						
<u>Actuarial Valuation Date</u>	(a) <u>Actuarial Value of Assets</u>	(b) <u>Actuarial Accrued Liability (AAL)</u>	(b-a) <u>Unfunded (Overfunded) Accrued Liability (UAAL)</u>	(a/b) <u>Funded Ratio</u>	(c) <u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
June 30, 2005	\$ 793,892,257	\$ 1,030,691,599	\$ 236,799,342	77.03%	\$ 238,569,686	99.26 %
June 30, 2006	\$ 851,058,564	\$ 1,074,066,746	\$ 223,008,182	79.24%	\$ 254,018,890	87.79 %
June 30, 2007	\$ 979,005,170	\$ 1,181,134,126	\$ 202,128,956	82.89%	\$ 266,600,100	75.82 %
<u>School Board Non-Professional Employees</u>						
<u>Actuarial Valuation Date</u>	(a) <u>Actuarial Value of Assets</u>	(b) <u>Actuarial Accrued Liability (AAL)</u>	(b-a) <u>Unfunded (Overfunded) Accrued Liability (UAAL)</u>	(a/b) <u>Funded Ratio</u>	(c) <u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
June 30, 2005	\$ 113,382,672	\$ 131,859,617	\$ 18,476,945	85.99%	\$ 37,295,433	49.54 %
June 30, 2006	\$ 120,152,277	\$ 132,461,886	\$ 12,309,609	90.71%	\$ 36,861,591	33.39 %
June 30, 2007	\$ 137,500,094	\$ 148,701,032	\$ 11,200,938	92.47%	\$ 40,564,649	27.61 %

Note: Source Virginia Retirement System Actuarial Valuation Report for June 30, 2007. Revised economic and noneconomic assumptions due to experience review.

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

<u>City</u>										
<u>Actuarial Valuation Date</u>	(a)	(b)	(b-a)	(a/b)	(c)					
	<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, 2008	\$ -	\$ 84,679,145	\$ 84,679,145	0%	\$ 266,600,100	31.76				%
<u>School Board</u>										
<u>Actuarial Valuation Date</u>	(a)	(b)	(b-a)	(a/b)	(c)					
	<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, 2008	\$ -	\$ 72,279,351	\$ 72,279,351	0%	\$ 40,564,649	178.18				%

Schedules of Employer Contributions

<u>City</u>		
<u>Year Ended Date</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
June 30, 2008	\$ 10,300,000	100%
<u>School Board</u>		
<u>Year Ended Date</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
June 30, 2008	\$ 9,200,000	100%

Note: Source Postretirement Benefit Valuation Report, dated January 2008, for the period ending June 30, 2008.



**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, 2008**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Total Nonmajor Governmental Funds
<u>ASSETS</u>			
Cash and Temporary Investments	\$ 73,921,114	\$ 4,269,626	\$ 78,190,740
Cash and Temporary Investments - Restricted	25,815,215	2,716,415	28,531,630
Agriculture Reserve Program Treasury Strips	-	12,127,481	12,127,481
Receivables (net of allowance for uncollectible, where applicable):			
Loans	752,421	-	752,421
Accounts	649,084	3,906	652,990
Due from:			
Due From Other Local Governments	47,007	-	47,007
Commonwealth	5,700,568	-	5,700,568
Federal Government	5,196,963	-	5,196,963
Inventories	236,195	-	236,195
Total Assets	<u>\$ 112,318,567</u>	<u>\$ 19,117,428</u>	<u>\$ 131,435,995</u>
<u>LIABILITIES</u>			
Vouchers and Accounts Payable	\$ 5,318,700	\$ 110,429	\$ 5,429,129
Due to:			
Other Funds	1,963,553	-	1,963,553
Commonwealth	125,000	-	125,000
Federal Government	76,203	-	76,203
Deferred Revenue	167,216	-	167,216
Total Liabilities	<u>\$ 7,650,672</u>	<u>\$ 110,429</u>	<u>\$ 7,761,101</u>
<u>FUND BALANCES:</u>			
Reserved for:			
Encumbrances - Special Revenue Funds	\$ 1,518,092	\$ -	\$ 1,518,092
Loans	752,421	-	752,421
Unreserved:			
Encumbrances - Special Revenue Funds	515,865	-	515,865
Designated for Future Debt Service	-	19,006,999	19,006,999
Designated for Special Projects	26,774,084	-	26,774,084
Undesignated	75,107,433	-	75,107,433
Total Fund Balances	<u>\$ 104,667,895</u>	<u>\$ 19,006,999</u>	<u>\$ 123,674,894</u>
Total Liabilities and Fund Balances	<u>\$ 112,318,567</u>	<u>\$ 19,117,428</u>	<u>\$ 131,435,995</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, 2008

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Total Nonmajor Governmental Funds
<u>REVENUES</u>			
General Property Taxes	\$ 17,619,416	\$ -	\$ 17,619,416
Other Local Taxes	8,450,548	-	8,450,548
From Use of Money and Property	6,072,068	1,594,557	7,666,625
Charges for Services	23,666,358	-	23,666,358
Miscellaneous	2,421,293	-	2,421,293
Fines and Forfeitures	426,735	-	426,735
From Other Local Governments	2,497,076	-	2,497,076
From Commonwealth	33,309,951	-	33,309,951
From Federal Government	27,668,830	-	27,668,830
Total Revenues	<u>\$ 122,132,275</u>	<u>\$ 1,594,557</u>	<u>\$ 123,726,832</u>
<u>EXPENDITURES</u>			
Judicial	\$ 35,515,004	\$ -	\$ 35,515,004
Police	1,440,557	-	1,440,557
Public Works	358,127	-	358,127
Parks and Recreation	28,505,888	-	28,505,888
Library	331,305	-	331,305
Agriculture	168,870	-	168,870
Communication and Information Technology	333,238	-	333,238
Convention and Visitor Development	16,001,813	-	16,001,813
Boards and Commissions	2,491,286	-	2,491,286
Fire	1,740,434	-	1,740,434
Housing and Neighborhood Prevention	21,439,732	-	21,439,732
Human Services	20,777,343	-	20,777,343
Museums	7,130,383	-	7,130,383
General Government	11,114,894	-	11,114,894
Emergency Medical Services	440,232	-	440,232
Debt Service:			
Principal Retirement	-	65,114,538	65,114,538
Interest and Fiscal Charges	-	45,750,215	45,750,215
Total Expenditures	<u>\$ 147,789,106</u>	<u>\$ 110,864,753</u>	<u>\$ 258,653,859</u>
Deficiency of Revenues over Expenditures	<u>\$ (25,656,831)</u>	<u>\$ (109,270,196)</u>	<u>\$ (134,927,027)</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In	\$ 94,102,212	\$ 110,912,922	\$ 205,015,134
Transfers Out	(60,399,253)	(856,912)	(61,256,165)
Proceeds of Refunding Bonds	-	51,625,000	51,625,000
Premium of Bonds Sold	-	6,681,533	6,681,533
Payment to Refunding Bonds Escrow Agent	-	(54,078,461)	(54,078,461)
Total Other Financing Sources and (Uses)	<u>\$ 33,702,959</u>	<u>\$ 114,284,082</u>	<u>\$ 147,987,041</u>
Net Change in Fund Balance	<u>\$ 8,046,128</u>	<u>\$ 5,013,886</u>	<u>\$ 13,060,014</u>
Fund Balance at Beginning of Year	96,621,767	13,993,113	110,614,880
Fund Balance at End of Year	<u><u>\$ 104,667,895</u></u>	<u><u>\$ 19,006,999</u></u>	<u><u>\$ 123,674,894</u></u>



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, 2008**

Source	Original Budget	Final Budget	Actual	Variance - Positive (Negative)
<u>General Property Taxes</u>				
Real Estate	\$ 474,823,325	\$ 474,823,325	\$ 480,529,868	\$ 5,706,543
Personal Property	136,976,789	136,976,789	127,939,149	(9,037,640)
Prior Year's Personal Property	73,760	73,760	36,683	(37,077)
Interest on Delinquent Taxes	1,464,012	1,464,012	1,590,958	126,946
Total General Property Taxes	<u>\$ 613,337,886</u>	<u>\$ 613,337,886</u>	<u>\$ 610,096,658</u>	<u>\$ (3,241,228)</u>
<u>Other Local Taxes</u>				
General Sales	\$ 55,691,644	\$ 55,691,644	\$ 54,071,427	\$ (1,620,217)
Utility	42,214,067	42,214,067	42,071,272	(142,795)
Business Licenses	44,987,245	44,987,245	41,801,475	(3,185,770)
Franchise Taxes - Cox Communications	4,746,613	4,746,613	5,487,236	740,623
Automobile Licenses	9,428,425	9,428,425	8,945,576	(482,849)
Bank Stock	1,746,842	1,746,842	2,261,296	514,454
City Tax on Deeds	7,866,513	7,866,513	8,803,558	937,045
City Tax on Wills	79,036	79,036	88,725	9,689
Cigarette	10,749,109	10,749,109	11,503,774	754,665
Amusement	5,161,559	5,161,559	5,020,312	(141,247)
Hotel Taxes	23,044,882	23,044,882	23,623,107	578,225
Restaurant Meals	49,134,920	49,134,920	48,069,618	(1,065,302)
Total Other Local Taxes	<u>\$ 254,850,855</u>	<u>\$ 254,850,855</u>	<u>\$ 251,747,376</u>	<u>\$ (3,103,479)</u>
<u>Permits, Privilege Fees, and Regulatory Licenses</u>				
Dog and Cat Licenses	\$ 69,205	\$ 69,205	\$ 220,034	\$ 150,829
Use Permits	47,450	47,450	32,120	(15,330)
Building Permits	1,496,023	1,496,023	1,356,694	(139,329)
Electrical Permits	574,640	574,640	525,907	(48,733)
Plumbing Permits	409,072	409,072	391,086	(17,986)
Highway Permits	188,988	188,988	246,840	57,852
Taxi Driver Permits	1,700	1,700	3,273	1,573
Business Closing Permits	390	390	650	260
Administrative Fees	120,964	120,964	168,600	47,636
Bicycle Licenses	500	500	91	(409)
Certificates	120,775	120,775	80,123	(40,652)
Boat Landing and Launching Permits	2,843	2,843	-	(2,843)
Pedestrian Bridge Fee - Atlantic Avenue	1,494	1,494	1,450	(44)
Abandoned Vehicle Franchises	-	-	37,802	37,802
Excavation and Soil Removal Fees	300	300	300	-
Precious Metal Dealers Permits	12,000	12,000	17,800	5,800
Encroachment Application Fees	9,720	9,720	12,750	3,030
Vacation of Plats	200	200	168	(32)
Fence Inspection Fees	5,340	5,340	5,160	(180)
Non-Comforming Use Permits	1,500	1,500	625	(875)
Mechanical Permits	715,464	715,464	723,825	8,361
Sign Permits	60,875	60,875	55,063	(5,812)
Fire Permits	165,000	165,000	169,145	4,145
Special Events/Permit Fees	18,725	18,725	28,075	9,350
Peddler's Permits	375	375	425	50
Moving and Hauling Permits	55,121	55,121	176,653	121,532

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA
GENERAL FUND
SCHEDULE OF REVENUES COMPARED TO FINAL BUDGET
FOR THE YEAR ENDED JUNE 30, 2008**

Source	Original Budget	Final Budget	Actual	Variance - Positive (Negative)
<u>Permits, Privilege Fees, and Regulatory Licenses (continued)</u>				
Erosion and Sediment Control Permits	\$ 12,350	\$ 12,350	\$ 8,400	\$ (3,950)
Subdivision Inspection Fees - Highways	22,718	22,718	116,382	93,664
Wetlands Permits	44,950	44,950	34,000	(10,950)
Water and Sewer Connection Inspection Fees	80,750	80,750	52,650	(28,100)
Highway Permit Inspection Fees	203,786	203,786	107,556	(96,230)
Coastal Primary Sand Dune Fees	3,750	3,750	1,500	(2,250)
Storage Tank Inspection	4,250	4,250	6,940	2,690
Right of Way Permit Inspection Fees	87,617	87,617	62,865	(24,752)
Transfer Fees	21,500	21,500	18,206	(3,294)
Subdivision Approval Fees	149,849	149,849	52,027	(97,822)
Yard Debris Trailers	215,000	215,000	160,405	(54,595)
Zoning Change Fees	45,685	45,685	15,225	(30,460)
ATM - Permit Fees	-	-	4,900	4,900
Variance Fees	9,284	9,284	5,119	(4,165)
Zoning Verification	9,188	9,188	7,750	(1,438)
Reconsideration Conditions Fees	5,150	5,150	8,550	3,400
Street Closures	40,542	40,542	42,073	1,531
Board of Zoning Appeals - Variances	77,010	77,010	49,600	(27,410)
Total Permits, Privilege Fees, and Regulatory Licenses	<u>\$ 5,112,043</u>	<u>\$ 5,112,043</u>	<u>\$ 5,008,807</u>	<u>\$ (103,236)</u>
<u>Fines and Forfeitures</u>				
Court Fines and Forfeitures	\$ 4,289,398	\$ 4,289,398	\$ 4,936,553	\$ 647,155
Parking Tickets - Penalties	508,076	508,076	499,041	(9,035)
Overweight Vehicles Fees	223,877	223,877	232,592	8,715
Wetlands/Dunes - Civil Charges	6,500	6,500	26,638	20,138
Chesapeake Bay Preservation Fee	24,582	42,219	2,000	(40,219)
DUI Response Reimbursements	110,000	110,000	26,038	(83,962)
Red Light Violations	305,000	305,000	-	(305,000)
Zoning Fines	1,250	1,250	5,900	4,650
Total Fines and Forfeitures	<u>\$ 5,468,683</u>	<u>\$ 5,486,320</u>	<u>\$ 5,728,762</u>	<u>\$ 242,442</u>
<u>From Use of Money and Property</u>				
<u>Revenue from Use of Money:</u>				
Interest on Bank Deposits	\$ 6,909,428	\$ 6,909,428	\$ 10,979,534	\$ 4,070,106
Interest - Loans	-	-	2,475	2,475
Interest - AIM Deposits 93 COP Debt Service	-	-	95,806	95,806
<u>Revenue from Use of Property:</u>				
Rent - Virginia Power	600	600	-	(600)
Rent - Adam Thoroughgood House	32,450	32,450	24,058	(8,392)
Farmers Market-Merchants Dues and Promo Fees	5,040	5,040	4,705	(335)
Rent - Rudee Inlet Property	-	-	90,507	90,507
Rent - Town Center	197,559	197,559	236,453	38,894
Farmers Market Fees	88,212	88,212	102,647	14,435
Public Telephone Commissions	2,378	2,378	-	(2,378)
Vending Machine Concessions	-	-	18	18
Sale School Grad Video Tapes	10,500	10,500	19,487	8,987
Sale of Police Memorabilia	20,400	20,400	6,747	(13,653)

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA
GENERAL FUND
SCHEDULE OF REVENUES COMPARED TO FINAL BUDGET
FOR THE YEAR ENDED JUNE 30, 2008**

Source	Original Budget	Final Budget	Actual	Variance - Positive (Negative)
<u>From Use of Money and Property</u>				
<u>Revenue from Use of Property (continued)</u>				
Sale of Police Weapons	\$ -	\$ -	\$ 3,282	\$ 3,282
Rent - DeWitt Cottage	-	-	1	1
Photocopying Machines	61,373	61,373	67,674	6,301
Rent - Dolphin Run-3	-	-	8,600	8,600
Rent - First Colonial/Laskin Road	-	-	20,981	20,981
Rent - Vetshouse	-	-	1	1
Bicycle Auctions - Unclaimed Property	10,500	10,500	9,650	(850)
Special Events - Farmers Market	3,500	3,500	656	(2,844)
Rent - Convention Center	1,114,122	1,114,122	1,558,601	444,479
Concessions - Convention Center	520,000	520,000	1,156,450	636,450
Rent - 1484 Laskin Road	27,000	27,000	28,450	1,450
Rent-Hutchison Prop at Kempsville Vol Fire Dept	1	1	2	1
Boardwalk Telescope Fees	-	-	4,015	4,015
Rent - Parking Lot - Old Kempsville Fire Station	1,800	1,800	-	(1,800)
Rudee Inlet Parking Permits	50	50	292	242
Farmers Market and Flea Market Vendor Fee	2,250	2,250	750	(1,500)
Rent - Credit Union Municipal Center Site	1	1	-	(1)
School Tours	3,300	3,300	1,028	(2,272)
Rent - Owl Creek Golf Center	22,000	22,000	25,000	3,000
31st Street Park	21,332	21,332	-	(21,332)
Rent - Kempsville and Indian River Road Property	1	1	-	(1)
Rent - Central Library Meeting Rooms	604	604	-	(604)
Lease - Kellam Property - Courthouse Area	3,168	3,168	-	(3,168)
Rent - Great Neck Rd Right Of Way Under Long Crk Brdg	1,240	1,240	1,570	330
Rent - Law Library	60,000	60,000	60,000	-
Virginia Beach National Golf	-	8,745	18,963	10,218
Rent - Adult Probation	112,000	112,000	108,915	(3,085)
Rent - Community Diversion/Corrections	42,448	42,448	37,415	(5,033)
Rent - Virginia Bar Association - JC	2,200	2,200	2,233	33
Rent - Sprint Cellular Tower	9,111	9,111	10,379	1,268
Judicial Center Cafeteria - Gross Receipts	-	-	1	1
Rent - Other Properties	506,575	506,575	282,732	(223,843)
Rent - Rooms	1,500	1,500	917	(583)
Rent - Nextel	21,380	21,380	70,348	48,968
Rent for Antenna	73,415	73,415	68,807	(4,608)
Rent - Agricultural Land	3,012	3,012	3,012	-
Rent - Water and Sewer Office	370,232	370,232	370,232	-
Sale of Trash Containers	160,000	160,000	146,475	(13,525)
Total from Use of Money and Property	<u>\$ 10,420,682</u>	<u>\$ 10,429,427</u>	<u>\$ 15,629,869</u>	<u>\$ 5,200,442</u>
<u>Charges For Services</u>				
City Clerk Services	\$ 35,775	\$ 75	\$ -	\$ (75)
U S Passport Processing Fees	23,000	23,000	10,770	(12,230)
Excess Fees - Clerk	1,778,561	1,778,561	2,020,088	241,527
Court Costs	1,065	1,065	829	(236)
Court Order Administrative Fees	27,000	27,000	25,508	(1,492)
Public Defender Fees	73,758	73,758	72,180	(1,578)

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
GENERAL FUND
SCHEDULE OF REVENUES COMPARED TO FINAL BUDGET
FOR THE YEAR ENDED JUNE 30, 2008

Source	Original Budget	Final Budget	Actual	Variance - Positive (Negative)
<u>Charges For Services (continued)</u>				
Sale of Police Reports	\$ 120,000	\$ 120,000	\$ 197,662	\$ 77,662
Police - False Alarm Fees	40,000	47,024	31,153	(15,871)
Fire Services	-	13,750	16,350	2,600
Animal Disposal Fees	-	-	2,333	2,333
Animal Adoption Fees	39,345	39,345	60,438	21,093
Board and Impounding Fees	67,490	67,490	110,411	42,921
Refuse Disposal Charges	660,000	660,000	540,491	(119,509)
Refuse Disposal Charges - SPSA	1,017,184	1,017,184	750,355	(266,829)
Sale of Methane Gas - Trashmore	64,980	64,980	72,401	7,421
Obstetrical Services	-	-	530	530
Mental Health and Mental Retardation	1,589,766	1,688,566	1,485,618	(202,948)
Substance Abuse	604,829	604,829	173,332	(431,497)
Museums Gift Shop Sales	26,050	26,050	22,694	(3,356)
FLH-Admissions-Special Events/General Tours	22,500	22,500	16,080	(6,420)
Lynnhaven House Admissions	6,365	6,365	695	(5,670)
Library Fines and Fees	322,161	322,161	312,704	(9,457)
Sale of Publications	4,385	4,385	9,900	5,515
Sale of Maps - Planning Commission	70	70	-	(70)
Convention Center Staff Services	350,000	350,000	408,055	58,055
Maps and Digital Data	19,971	19,971	91	(19,880)
Courthouse Maintenance	200,901	200,901	152,422	(48,479)
Other Services Provided	2,430,376	2,430,376	2,053,015	(377,361)
Site Plan Review Fees	353,463	353,463	276,157	(77,306)
State's Attorney	-	-	21,432	21,432
Water and Sewer Direct Charges	2,602,683	2,646,779	2,646,779	-
Water and Sewer In Lieu of Taxes	100,000	100,000	100,000	-
Water and Sewer Utility Yard Maintenance	134,956	134,956	126,166	(8,790)
Water and Sewer Landscape Services	299,550	299,550	279,565	(19,985)
Construction Plan Review Fees	49,835	49,835	11,328	(38,507)
Chesapeake Bay Preservation Act Variance Fees	40,790	40,790	30,350	(10,440)
Total Charges for Services	<u>\$ 13,106,809</u>	<u>\$ 13,234,779</u>	<u>\$ 12,037,882</u>	<u>\$ (1,196,897)</u>
<u>Miscellaneous Revenue</u>				
Indirect Costs - Public Utilities	\$ 2,322,064	\$ 2,322,064	\$ 1,709,233	\$ (612,831)
Indirect and Direct Costs - Storm Water Management	1,085,645	1,085,645	492,701	(592,944)
Indirect Costs-Housing & Neighborhood Preservation	256,816	256,816	299,016	42,200
Indirect and Direct Costs - Resort Parking	94,439	142,358	127,617	(14,741)
Indirect and Direct Cost - TGIF	2,000,000	2,000,000	2,000,000	-
Excess Property Processing	5,000	5,000	13,050	8,050
Miscellaneous	106,222	133,997	422,107	288,110
Returned Check Processing Charges	46,697	46,697	88,459	41,762
Campaign Financing	-	-	450	450
Sportsplex Residual Construction Funds	-	-	38	38
Donations	5,600	7,881	105,176	97,295
City Treasurer Charges	239,863	239,863	360,507	120,644
Contemporary Arts	-	-	37,500	37,500
Farm Classification - Late Filing Fees	140	140	70	(70)
Convention Center Concessions	4,000	4,000	1,212	(2,788)

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
GENERAL FUND
SCHEDULE OF REVENUES COMPARED TO FINAL BUDGET
FOR THE YEAR ENDED JUNE 30, 2008

Source	Original Budget	Final Budget	Actual	Variance - Positive (Negative)
<u>Miscellaneous Revenue (continued)</u>				
Sale of Properties	\$ 81,152	\$ 81,152	-	\$ (81,152)
Sale of Salvage Materials	548,313	548,313	169,482	(378,831)
Refund of Surplus - Health Department	5,000	5,000	59,246	54,246
Medicaid Out -Station	50,078	50,078	90,627	40,549
Sale - Recyclable Materials	50,000	50,000	109,850	59,850
Sale of Video Reproductions	625	625	319	(306)
Beam Advertising	19,000	19,000	15,936	(3,064)
Reimbursement - Responsible Parties - HAZMAT	18,000	26,751	12,712	(14,039)
Reimbursement - DMV	175,000	175,000	150,757	(24,243)
Total Miscellaneous Revenue	<u>\$ 7,113,654</u>	<u>\$ 7,200,380</u>	<u>\$ 6,266,065</u>	<u>\$ (934,315)</u>
<u>From Commonwealth</u>				
ABC Profits	\$ 249,302	\$ 249,302	\$ 249,302	\$ -
Share of Wine Tax	261,317	261,317	261,317	-
Rolling Stock Tax	17,744	17,744	8,105	(9,639)
Mobile Homes Sales Tax	27,670	27,670	34,463	6,793
Passenger Car Rental Tax	1,103,506	1,103,506	963,640	(139,866)
Demolished Vehicle	-	-	(340)	(340)
Reimbursement - Treasurer	838,657	838,657	802,188	(36,469)
Reimbursement - Commissioner of the Revenue	718,769	718,769	773,947	55,178
Reimbursement - General Registrar's Salary	101,905	101,905	230,736	128,831
Reimbursement - Clerk of Circuit Court	1,706,001	1,932,057	1,774,179	(157,878)
Reimbursement - Commonwealth's Attorney	2,028,684	2,376,014	2,525,686	149,672
Reimbursement - Medical Examiner	5,790	5,790	-	(5,790)
Reimbursement - Health Department Automobile	7,308	7,308	5,782	(1,526)
Reimbursement - State Aid Law Enforcement	13,690,943	13,690,943	13,002,429	(688,514)
Mental Health, Mental Retardation and Substance Abuse	14,853,863	14,924,347	12,176,547	(2,747,800)
Circuit Court Clerk Technology	-	525,000	525,327	327
Maintenance of Roads	30,598,572	30,598,572	30,541,461	(57,111)
Recordation Fees	1,725,638	1,725,638	2,258,511	532,873
Clean Community	60,000	77,479	57,479	(20,000)
Public Assistance Grants	10,007,502	10,007,502	9,464,942	(542,560)
Medicaid	11,698,981	11,808,981	12,917,509	1,108,528
DMV Select Program	49,862	49,862	125,033	75,171
State Aid Library	281,062	281,062	267,441	(13,621)
Total From Commonwealth	<u>\$ 90,033,076</u>	<u>\$ 91,329,425</u>	<u>\$ 88,965,684</u>	<u>\$ (2,363,741)</u>
<u>From Federal Government</u>				
Public Law 97-258	\$ -	\$ -	\$ 367	\$ 367
Public Law 95-469 - Refuge Revenue Sharing Act	158,678	158,678	162,852	4,174
Indirect Costs - Social Services	354,034	354,034	523,225	169,191
Federal Emergency Management Agency	52,000	52,000	240,663	188,663
SEVAMP Grant	38,572	38,572	33,189	(5,383)
Mental Health, Mental Retardation and Substance Abuse	2,773,833	2,773,833	2,311,380	(462,453)
USDA Juvenile Detention	80,000	80,000	100,348	20,348
Public Assistance Grants	21,587,141	21,587,141	19,113,600	(2,473,541)
Medicaid Out-Station	-	-	38,974	38,974
Total From Federal Government	<u>\$ 25,044,258</u>	<u>\$ 25,044,258</u>	<u>\$ 22,524,598</u>	<u>\$ (2,519,660)</u>

**CITY OF VIRGINIA BEACH, VIRGINIA
GENERAL FUND
SCHEDULE OF REVENUES COMPARED TO FINAL BUDGET
FOR THE YEAR ENDED JUNE 30, 2008**

Source	Original Budget	Final Budget	Actual	Variance - Positive (Negative)
<u>Other Local Governments</u>				
City of Chesapeake	\$ 247,496	\$ 247,496	\$ 247,475	\$ (21)
Virginia Beach Development Authority	150,000	150,000	178,105	28,105
	<u>\$ 397,496</u>	<u>\$ 397,496</u>	<u>\$ 425,580</u>	<u>\$ 28,084</u>
TOTAL REVENUES	<u>\$ 1,024,885,442</u>	<u>\$ 1,026,422,869</u>	<u>\$ 1,018,431,281</u>	<u>\$ (7,991,588)</u>
<u>Other Financing Sources</u>				
Transfers In	\$ 2,752,458	\$ 11,948,991	\$ 11,803,592	\$ (145,399)
TOTAL REVENUE AND OTHER FINANCING SOURCES	<u>\$ 1,027,637,900</u>	<u>\$ 1,038,371,860</u>	<u>\$ 1,030,234,873</u>	<u>\$ (8,136,987)</u>

CITY OF VIRGINIA BEACH, VIRGINIA
GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO FINAL BUDGET
FOR THE YEAR ENDED JUNE 30, 2008

	Original Budget	Final Budget	Actual	Variance - Positive (Negative)
<u>Legislative Department</u>				
Municipal Council	\$ 575,376	\$ 597,016	\$ 569,830	\$ 27,186
City Clerk	590,797	632,841	614,644	18,197
Total Legislative Department	<u>\$ 1,166,173</u>	<u>\$ 1,229,857</u>	<u>\$ 1,184,474</u>	<u>\$ 45,383</u>
<u>Executive Department</u>				
City Manager	\$ 1,918,303	\$ 2,116,704	\$ 1,954,609	\$ 162,095
Organizational Development Office	343,005	360,259	353,774	6,485
Media and Communication Group	1,157,503	1,234,207	1,183,267	50,940
Volunteer Council	161,940	165,278	135,320	29,958
Total Executive Department	<u>\$ 3,580,751</u>	<u>\$ 3,876,448</u>	<u>\$ 3,626,970</u>	<u>\$ 249,478</u>
<u>Law Department</u>				
City Attorney	\$ 3,632,946	\$ 3,896,671	\$ 3,718,122	\$ 178,549
<u>Finance Department</u>				
Director of Finance:				
Director's Office	\$ 1,123,035	\$ 1,207,453	\$ 1,217,139	\$ (9,686)
Comptroller's Office	1,505,369	1,465,480	1,434,670	30,810
Payroll	637,782	649,163	622,503	26,660
Purchasing	1,070,126	1,121,774	1,086,424	35,350
Local Vehicle Registration	474,300	474,300	444,032	30,268
Total Director of Finance	<u>\$ 4,810,612</u>	<u>\$ 4,918,170</u>	<u>\$ 4,804,768</u>	<u>\$ 113,402</u>
Commissioner of the Revenue	3,701,243	3,941,044	3,885,346	55,698
Board of Equalization	19,318	22,565	10,872	11,693
City Real Estate Assessor	2,661,031	2,857,044	2,815,696	41,348
Treasurer	4,904,996	5,147,278	5,037,409	109,869
Total Finance Department	<u>\$ 16,097,200</u>	<u>\$ 16,886,101</u>	<u>\$ 16,554,091</u>	<u>\$ 332,010</u>
<u>Human Resources Department</u>				
Director's Office	\$ 806,994	\$ 943,181	\$ 842,023	\$ 101,158
Employee Relations	563,140	565,875	458,073	107,802
Staffing and Placement	1,300,114	1,342,633	1,233,090	109,543
Training and Development	709,641	836,084	524,589	311,495
Police Services	140,798	151,091	107,018	44,073
Benefits Administration	312,458	337,358	312,458	24,900
Employee Special Benefits	3,753,458	8,757,114	8,725,577	31,537
Occupational Safety	367,383	385,464	380,643	4,821
Occupational Health	796,886	821,413	834,323	(12,910)
Total Human Resources Department	<u>\$ 8,750,872</u>	<u>\$ 14,140,213</u>	<u>\$ 13,417,794</u>	<u>\$ 722,419</u>
<u>Judicial Department</u>				
Circuit Court	\$ 969,166	\$ 1,053,930	\$ 976,851	\$ 77,079
General District Court	329,171	329,171	310,812	18,359
Juvenile and Domestic Relations - District Court	155,480	155,520	121,602	33,918
Commonwealth's Attorney	5,583,194	6,669,389	6,363,792	305,597
Consumer Affairs	372,864	354,195	340,750	13,445
Victim/Witness	277,866	238,167	216,164	22,003

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO FINAL BUDGET
FOR THE YEAR ENDED JUNE 30, 2008

	Original Budget	Final Budget	Actual	Variance - Positive (Negative)
Judicial Department (continued)				
Clerk of the Circuit Court	\$ 2,653,355	\$ 3,421,346	\$ 3,305,734	\$ 115,612
Magistrates	140,181	143,910	137,726	6,184
Juvenile Probation	2,039,978	2,070,837	1,679,807	391,030
Youth Intervention CHINS Unit	255,412	359,669	202,360	157,309
Total Judicial Department	<u>\$ 12,776,667</u>	<u>\$ 14,796,134</u>	<u>\$ 13,655,598</u>	<u>\$ 1,140,536</u>
Health Department				
Preventive Medicine	\$ 3,380,499	\$ 3,382,713	\$ 3,232,255	\$ 150,458
Human Services Department				
Administration	\$ 5,020,783	\$ 5,176,240	\$ 4,885,870	\$ 290,370
Mental Health	16,294,068	19,079,409	16,304,424	2,774,985
Mental Retardation	15,973,132	17,455,272	16,709,047	746,225
Substance Abuse	4,384,366	4,898,530	4,591,459	307,071
Social Services	38,333,488	39,368,911	36,663,618	2,705,293
Biznet Village	3,402,990	3,488,133	1,764,808	1,723,325
Pendleton Child Service Center	1,921,520	1,901,823	1,694,250	207,573
Juvenile Detention Center	5,093,582	5,328,662	4,854,821	473,841
Total Human Services Department	<u>\$ 90,423,929</u>	<u>\$ 96,696,980</u>	<u>\$ 87,468,297</u>	<u>\$ 9,228,683</u>
Police Department				
Director's Office	\$ 2,137,198	\$ 2,334,684	\$ 2,377,569	\$ (42,885)
Auxiliary Police	38,080	23,091	4,231	18,860
Personnel and Training	3,079,982	3,653,361	3,627,379	25,982
Crime Prevention	836,731	928,014	913,727	14,287
Police Support	3,840,403	4,260,915	3,888,518	372,397
Uniform Patrol	45,539,882	51,081,581	50,534,975	546,606
Red Light Camera Program	305,000	305,000	506	304,494
Investigative Division	11,075,416	12,203,746	12,226,294	(22,548)
Special Investigative Unit	4,281,090	4,978,952	4,723,133	255,819
Police Helicopter Unit	1,315,449	1,518,625	1,566,887	(48,262)
Mounted Patrol	1,159,135	1,351,948	1,329,590	22,358
Marine Patrol	800,144	863,451	795,512	67,939
School Resource Officer Program	2,059,913	2,390,837	2,356,555	34,282
Police Store	20,400	43,400	9,953	33,447
Animal Control	2,111,742	2,319,620	2,327,155	(7,535)
Total Police Department	<u>\$ 78,600,565</u>	<u>\$ 88,257,225</u>	<u>\$ 86,681,984</u>	<u>\$ 1,575,241</u>
Public Works Department				
Director's Office	\$ 403,175	\$ 330,772	\$ 188,503	\$ 142,269
Administration Services	405,718	596,920	426,540	170,380
Beach Management and Engineering	491,178	496,496	483,756	12,740
Waste Management/Administration	975,056	983,826	859,048	124,778
Bureau of Waste Disposal	12,335,389	12,413,121	11,592,244	820,877
Bureau of Waste Collection	10,557,298	11,641,359	11,754,020	(112,661)
Recycling Bureau	5,255,912	5,256,382	5,138,913	117,469
Real Estate Office	939,964	964,292	975,198	(10,906)
Engineering/Administration	876,037	787,456	748,554	38,902

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA
GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO FINAL BUDGET
FOR THE YEAR ENDED JUNE 30, 2008**

	Original Budget	Final Budget	Actual	Variance - Positive (Negative)
Public Works Department (continued)				
Design	\$ 280,953	\$ 268,701	\$ 172,900	\$ 95,801
Surveys	1,125,476	1,195,225	1,065,711	129,514
Drafting	429,173	456,490	412,149	44,341
Traffic Engineering	6,445,363	6,522,813	7,124,439	(601,626)
Project Management	1,601,341	1,565,070	1,472,612	92,458
Construction	1,090,451	1,097,093	912,059	185,034
Contracts	418,798	433,615	445,145	(11,530)
Customer Service/Administration	921,668	931,917	885,604	46,313
Planning, Estimating and Scheduling	705,800	764,669	830,454	(65,785)
Infrastructure Maintenance Contracts	713,331	721,248	669,015	52,233
Support Services and Systems Support	821,975	866,977	834,905	32,072
System Support	703,297	657,888	685,935	(28,047)
Street Maintenance	4,254,024	4,633,397	4,341,746	291,651
Dredging Operations	1,549,222	1,628,439	1,596,898	31,541
Technical Services	304,818	312,875	284,405	28,470
Mosquito Control	1,947,273	2,027,840	1,945,362	82,478
Traffic Operations	3,920,079	4,479,417	4,281,754	197,663
Beach Operations	1,199,193	1,218,032	1,224,382	(6,350)
Electrical	1,708,264	1,763,844	1,696,283	67,561
Bridge Maintenance	386,281	417,710	332,531	85,179
Management and Support	6,771,198	6,877,281	8,214,760	(1,337,479)
Heating and Air Conditioning	1,814,380	1,901,154	1,911,137	(9,983)
General Maintenance	2,969,799	3,137,386	3,282,485	(145,099)
Custodial	3,817,798	3,939,041	3,388,509	550,532
Resort Building Maintenance	599,589	621,390	471,197	150,193
Total Public Works Department	<u>\$ 78,739,271</u>	<u>\$ 81,910,136</u>	<u>\$ 80,649,153</u>	<u>\$ 1,260,983</u>
Library Department				
Director's Office	\$ 1,270,965	\$ 1,287,824	\$ 1,255,896	\$ 31,928
Central Library	2,813,896	2,883,062	2,604,607	278,455
Great Neck Area Library	557,154	590,175	549,106	41,069
Bayside Area Library	1,164,345	1,191,228	1,069,049	122,179
Oceanfront Area Library	930,413	985,505	932,335	53,170
Kempsville Area Library	1,147,012	1,218,055	1,198,895	19,160
Windsor Woods Area Library	597,978	624,813	608,669	16,144
Pungo/Blackwater Area Library	362,372	396,868	371,338	25,530
Princess Anne Library	1,073,598	1,150,030	1,094,237	55,793
South Rosemont Youth Library	365,496	505,158	357,583	147,575
Mobil Services	250,425	266,221	230,389	35,832
Youth and Family Services	325,322	339,198	332,732	6,466
Municipal Reference	582,284	762,853	625,910	136,943
Cataloging Services	972,169	998,775	889,516	109,259
Automated Services	650,845	710,262	632,310	77,952
Ready to Learn	112,257	117,370	128,871	(11,501)
Collections Management	2,992,866	3,316,564	2,847,132	469,432
Total Library Department	<u>\$ 16,169,397</u>	<u>\$ 17,343,961</u>	<u>\$ 15,728,575</u>	<u>\$ 1,615,386</u>

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO FINAL BUDGET
FOR THE YEAR ENDED JUNE 30, 2008

	Original Budget	Final Budget	Actual	Variance - Positive (Negative)
<u>Planning Department</u>				
Director's Office	\$ 1,341,281	\$ 1,709,056	\$ 1,690,642	\$ 18,414
Comprehensive Planning	625,067	633,831	566,249	67,582
Environmental Management	196,434	397,993	351,417	46,576
Development Services	1,544,514	1,678,930	1,664,687	14,243
Public Utilities - Development Services	236,989	256,439	244,233	12,206
Current Planning	1,880,868	1,995,727	1,890,293	105,434
Permits Administration	1,316,100	1,564,409	1,136,600	427,809
Building Inspections	2,633,889	2,818,761	2,787,220	31,541
Total Planning Department	<u>\$ 9,775,142</u>	<u>\$ 11,055,146</u>	<u>\$ 10,331,341</u>	<u>\$ 723,805</u>
<u>Agriculture Department</u>				
Director's Office	\$ 356,654	\$ 358,375	\$ 260,425	\$ 97,950
Virginia Cooperative Extension	199,763	209,768	243,437	(33,669)
Wetlands and Dunes Restoration	-	61,621	14,605	47,016
Farmers Market	340,339	356,976	240,474	116,502
The Farmers Market at Town Center	60,000	61,581	3,051	58,530
Total Agriculture Department	<u>\$ 956,756</u>	<u>\$ 1,048,321</u>	<u>\$ 761,992</u>	<u>\$ 286,329</u>
<u>Economic Development Department</u>				
Director of Economic Development	\$ 2,085,944	\$ 2,368,927	\$ 2,145,140	\$ 223,787
<u>Convention and Visitor Development</u>				
Director's Office	\$ 1,003,053	\$ 995,421	\$ 953,335	\$ 42,086
Resort Programs and Special Events	1,319,817	1,347,301	786,649	560,652
Tourism Marketing and Sales	345,836	370,250	357,433	12,817
Convention Marketing and Sales	1,025,461	1,071,560	1,060,371	11,189
Sports Marketing	560,648	560,959	548,497	12,462
Convention Center	5,560,918	6,034,208	5,733,783	300,425
Total Convention and Visitor Development	<u>\$ 9,815,733</u>	<u>\$ 10,379,699</u>	<u>\$ 9,440,068</u>	<u>\$ 939,631</u>
<u>Parks and Recreation Department</u>				
Landscape Administration	\$ 3,163,793	\$ 3,567,594	\$ 3,326,414	\$ 241,180
Grounds Maintenance	5,046,893	5,295,633	5,193,408	102,225
Parks Maintenance	3,559,013	3,687,346	3,601,069	86,277
Resort Area Landscaping	1,948,711	2,066,288	1,492,914	573,374
Total Parks and Recreation Department	<u>\$ 13,718,410</u>	<u>\$ 14,616,861</u>	<u>\$ 13,613,805</u>	<u>\$ 1,003,056</u>
<u>Boards and Commissions</u>				
General Registrar	\$ 1,443,392	\$ 1,674,275	\$ 1,354,019	\$ 320,256
Zoning Board of Appeals	43,304	43,304	39,329	3,975
Mass Transit Operations	2,333,635	2,333,635	2,236,525	97,110
Wetlands Board of Virginia Beach	14,204	14,204	2,588	11,616
Audit Services	505,347	578,384	539,256	39,128
Cultural Activities	432,148	475,079	402,829	72,250
COIG - General Operation Grants	698,710	746,710	640,360	106,350
Sandler Center for Performing Arts	1,311,021	1,450,053	1,446,328	3,725
Regional Participation	1,991,132	2,020,733	1,991,991	28,742
Vehicle Replacements	4,528,945	6,205,818	5,909,708	296,110

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO FINAL BUDGET
FOR THE YEAR ENDED JUNE 30, 2008

	Original Budget	Final Budget	Actual	Variance - Positive (Negative)
<u>Boards and Commissions (continued)</u>				
Human Services Intergration - Info Tech	\$ 628,815	\$ 621,277	\$ -	\$ 621,277
Revenue Reimbursements	14,077,398	14,257,298	14,211,554	45,744
Independent Financial Services	147,903	132,903	115,277	17,626
Total Boards and Commissions	<u>\$ 28,155,954</u>	<u>\$ 30,553,673</u>	<u>\$ 28,889,764</u>	<u>\$ 1,663,909</u>
<u>Fire Department</u>				
Fire Marshal's Office	\$ 3,201,287	\$ 4,151,092	\$ 4,193,147	\$ (42,055)
Fire Operations	32,981,247	36,345,574	35,932,465	413,109
Emergency Management	229,630	231,915	201,320	30,595
Fire Training	1,407,627	1,446,875	1,404,477	42,398
Total Fire Department	<u>\$ 37,819,791</u>	<u>\$ 42,175,456</u>	<u>\$ 41,731,409</u>	<u>\$ 444,047</u>
<u>Communications and Information Technology</u>				
ComIT Business Center	\$ 765,781	\$ 787,669	\$ 697,441	\$ 90,228
Applications Support	6,384,227	6,905,218	5,686,151	1,219,067
Operations Support	1,019,317	1,054,449	980,510	73,939
System Support	8,074,398	8,363,347	7,730,819	632,528
Center for GIS	1,456,929	1,601,992	1,400,993	200,999
Public Information Office	973,582	943,263	741,376	201,887
Information Security and Privacy Office	381,148	411,371	314,334	97,037
Video Services	955,623	982,460	966,888	15,572
Mail Services	253,158	267,025	266,391	634
Total Communications and Information Technology	<u>\$ 20,264,163</u>	<u>\$ 21,316,794</u>	<u>\$ 18,784,903</u>	<u>\$ 2,531,891</u>
<u>Housing and Neighborhood Preservation</u>				
Code Enforcement	\$ 1,719,476	\$ 1,733,215	\$ 1,700,660	\$ 32,555
Neighborhood Investment Program	-	-	134	(134)
Nuisance and Abatement	-	16	-	16
Total Housing and Neighborhood Preservation	<u>\$ 1,719,476</u>	<u>\$ 1,733,231</u>	<u>\$ 1,700,794</u>	<u>\$ 32,437</u>
<u>Museums Department</u>				
Francis Land House	\$ 278,355	\$ 284,304	\$ 272,606	\$ 11,698
Historical Preservation	305,449	212,934	197,618	15,316
Adam Thoroughgood House	107,238	138,143	106,880	31,263
Virginia Beach 2007	-	-	500	(500)
Lynnhaven House	126,740	161,572	121,900	39,672
Total Museums Department	<u>\$ 817,782</u>	<u>\$ 796,953</u>	<u>\$ 699,504</u>	<u>\$ 97,449</u>
<u>Management Services Department</u>				
Director's Office	\$ 1,623,049	\$ 1,788,379	\$ 1,605,276	\$ 183,103
Facilities Management	2,372,403	2,368,339	2,071,689	296,650
Total Management Services Department	<u>\$ 3,995,452</u>	<u>\$ 4,156,718</u>	<u>\$ 3,676,965</u>	<u>\$ 479,753</u>
<u>Emergency Medical Services</u>				
Director's Office	\$ 590,044	\$ 623,176	\$ 581,532	\$ 41,644
Operations	1,222,844	1,236,990	1,237,333	(343)
Training	552,418	594,697	586,952	7,745
Emergency Response System	2,526,765	2,896,616	2,874,974	21,642

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO FINAL BUDGET
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
<u>Emergency Medical Services (continued)</u>				
Regulation & Enforcement	\$ 1,538,015	\$ 1,561,265	\$ 1,544,933	\$ 16,332
Total Emergency Medical Services	<u>\$ 6,430,086</u>	<u>\$ 6,912,744</u>	<u>\$ 6,825,724</u>	<u>\$ 87,020</u>
<u>Education</u>				
School Operating	\$ 336,870,685	\$ 343,048,685	\$ 307,779,787	\$ 35,268,898
School Cafeterias	-	912,129	912,129	-
School Capital Projects	16,597,408	24,197,408	24,197,408	-
Total Education	<u>\$ 353,468,093</u>	<u>\$ 368,158,222</u>	<u>\$ 332,889,324</u>	<u>\$ 35,268,898</u>
Total Departmental Expenditures	<u>\$ 802,341,052</u>	<u>\$ 857,689,184</u>	<u>\$ 797,408,046</u>	<u>\$ 60,281,138</u>
<u>Other Financing Uses</u>				
Transfers Out:				
General Debt Service	\$ 81,398,625	\$ 81,398,625	\$ 78,483,446	\$ 2,915,179
Housing and Neighborhood Preservation	903,173	899,288	899,288	-
Comprehensive Services Act	3,873,359	3,873,359	3,873,359	-
Tourism Advertising Program	9,223,083	9,243,083	9,156,038	87,045
Buildings Capital Projects	5,118,537	5,666,036	5,069,192	596,844
Engineering and Highways Capital Projects	24,803,062	24,803,062	24,803,062	-
Parks and Recreation Capital Projects	7,666,220	7,666,220	7,666,220	-
Economic & Tourism Capital Projects	9,649,821	9,649,821	9,649,821	-
Coastal Capital Projects	2,477,402	2,477,402	2,477,402	-
Sandbridge Special Service District	71,686	71,686	80,971	(9,285)
Major Projects	12,604,687	12,604,687	12,734,639	(129,952)
Open Spaces	3,929,752	3,929,752	3,836,653	93,099
Grants Consolidated	396,922	582,802	546,349	36,453
Sheriff's Department	11,231,130	13,145,265	13,135,269	9,996
Arts and Humanities Commission	438,818	434,818	434,818	-
Inmate Services	5,825	5,825	5,825	-
Virginia Aquarium and Marine Science Center	403,733	1,010,272	1,010,272	-
Tourism Growth Investment Program	16,908,518	16,908,518	16,804,380	104,138
Agriculture Reserve	4,789,876	4,789,876	4,050,085	739,791
Law Library	137,515	137,515	137,515	-
Parks and Recreation - Dedicated Tax	11,585,238	11,585,238	11,585,238	-
City Garage	-	137,000	-	137,000
Parks and Recreation	3,828,986	4,027,679	4,027,679	-
E-911 Emergency Communication	4,943,834	4,943,834	4,943,834	-
Sportsplex	336,373	336,373	336,373	-
Storm Water Utility	56,371	56,371	56,371	-
Federal Section 8	314,494	314,064	314,064	-
Transitional Area	370,606	370,606	146,658	223,948
Total Other Financing Uses	<u>\$ 217,467,646</u>	<u>\$ 221,069,077</u>	<u>\$ 216,264,821</u>	<u>\$ 4,804,256</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u><u>\$ 1,019,808,698</u></u>	<u><u>\$ 1,078,758,261</u></u>	<u><u>\$ 1,013,672,867</u></u>	<u><u>\$ 65,085,394</u></u>



**NONMAJOR
SPECIAL REVENUE FUNDS**

NONMAJOR SPECIAL REVENUE FUNDS

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

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

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

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

E-911 Communication System - accounts for the revenues (utility taxes) and expenditures of the E-911 enhanced emergency telephone system installation, implementation and maintenance.

Housing and Neighborhood Preservation - accounts for the combined activities of the Federal Community Development Block Grant (CDBG), Federal Housing Assistance Grant, and Community Development Loan and programs. This fund supports the administration of both capital improvement projects in target neighborhoods and various other housing programs.

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

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

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

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

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

Police Extradition - accounts for the cost of operating the airplane and associated revenues received from the State.

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

Comprehensive Services Act - accounts for State and local funding for at-risk youth and families.

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

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

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

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

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

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

(continued)

**NONMAJOR
SPECIAL REVENUE FUNDS (continued)**

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

EMS State Four-for-Life - accounts for supplements to the Department of Emergency Medical Services. Revenue supplements are based on a fee that the Commonwealth adds to its annual state inspection charge for vehicles.

Fire Programs - supports fire fighter training and equipment needs. It receives its funding from a special fee that the Commonwealth assesses insurance companies that insure homes.

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

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

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

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

Virginia Aquarium and Marine Science Center - accounts for the operations of the museum.

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

Arts and Humanities Commission - accounts for various grants related to arts and humanities within the City.

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

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

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

Wetlands Board Mitigation - provides funds for the purchase of land and re-creation of wetlands.

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



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**CITY OF VIRGINIA BEACH, VIRGINIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2008**

	Law Enforcement Block Grant	Law Library	Sandbridge Tax Increment Financing	E-911 Communication System
<u>ASSETS</u>				
Cash and Temporary Investments	\$ 35,590	\$ 209,701	\$ -	\$ -
Restricted Cash	-	-	7,476,803	5,843,946
Accounts Receivable	-	-	-	-
Loans Receivable	-	-	-	-
Due from Other Local Governments	-	-	-	-
Due from Commonwealth	-	-	-	1,474,772
Due from Federal Government	-	-	-	-
Inventories	-	-	-	-
Total Assets	<u>\$ 35,590</u>	<u>\$ 209,701</u>	<u>\$ 7,476,803</u>	<u>\$ 7,318,718</u>
<u>LIABILITIES AND FUND</u>				
<u>BALANCES</u>				
Liabilities:				
Vouchers and Accounts Payable	\$ -	\$ 12,137	\$ -	\$ 130,824
Due to Other Funds	-	-	-	-
Due to Commonwealth	-	-	-	-
Due to Federal Government	11,491	-	-	-
Deferred Revenue	-	-	-	-
Total Liabilities	<u>\$ 11,491</u>	<u>\$ 12,137</u>	<u>\$ -</u>	<u>\$ 130,824</u>
Fund Balances:				
Reserved for:				
Encumbrances	\$ -	\$ -	\$ -	\$ -
Loans	-	-	-	-
Unreserved, designated for:				
Encumbrances	-	17,891	-	141,358
Special Projects	-	-	7,476,803	7,046,536
Undesignated	24,099	179,673	-	-
Total Fund Balances	<u>\$ 24,099</u>	<u>\$ 197,564</u>	<u>\$ 7,476,803</u>	<u>\$ 7,187,894</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 35,590</u>	<u>\$ 209,701</u>	<u>\$ 7,476,803</u>	<u>\$ 7,318,718</u>

**CITY OF VIRGINIA BEACH, VIRGINIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2008**

Housing and Neighborhood Preservation	Lynnhaven Mall Tax Increment Financing	Golf Courses	Town Center Special Service District	Sub-Total (continued)
\$ -	\$ -	\$ 591,712	\$ -	\$ 837,003
-	1,860,091	-	1,542,981	16,723,821
13,224	-	-	-	13,224
752,421	-	-	-	752,421
-	-	-	-	-
-	-	-	-	1,474,772
3,360,826	-	-	-	3,360,826
-	-	-	-	-
<u>\$ 4,126,471</u>	<u>\$ 1,860,091</u>	<u>\$ 591,712</u>	<u>\$ 1,542,981</u>	<u>\$ 23,162,067</u>
\$ 562,265	\$ 899,540	\$ 82,980	\$ 13,287	\$ 1,701,033
951,361	-	-	-	951,361
-	-	-	-	-
-	-	-	-	11,491
-	-	15,257	-	15,257
<u>\$ 1,513,626</u>	<u>\$ 899,540</u>	<u>\$ 98,237</u>	<u>\$ 13,287</u>	<u>\$ 2,679,142</u>
\$ 1,060,758	\$ -	\$ -	\$ -	\$ 1,060,758
752,421	-	-	-	752,421
-	-	-	2,715	161,964
-	960,551	15,438	1,526,979	17,026,307
799,666	-	478,037	-	1,481,475
<u>\$ 2,612,845</u>	<u>\$ 960,551</u>	<u>\$ 493,475</u>	<u>\$ 1,529,694</u>	<u>\$ 20,482,925</u>
<u>\$ 4,126,471</u>	<u>\$ 1,860,091</u>	<u>\$ 591,712</u>	<u>\$ 1,542,981</u>	<u>\$ 23,162,067</u>

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2008**

	DEA Seized Property	Access Channel Support	Police Extradition	Federal Section Eight Program
ASSETS				
Cash and Temporary Investments	\$ 2,014,478	\$ 449,456	\$ -	\$ 1,134,698
Restricted Cash	-	-	-	-
Accounts Receivable	71	71,540	-	-
Loans Receivable	-	-	-	-
Due from Other Local Governments	-	-	-	47,007
Due from Commonwealth	-	-	199,320	-
Due from Federal Government	-	-	-	226,702
Inventories	-	-	-	-
Total Assets	<u>\$ 2,014,549</u>	<u>\$ 520,996</u>	<u>\$ 199,320</u>	<u>\$ 1,408,407</u>
LIABILITIES AND FUND				
BALANCES				
Liabilities:				
Vouchers and Accounts Payable	\$ 3,269	\$ 3,685	\$ 26,590	\$ 104,129
Due to Other Funds	-	-	172,730	-
Due to Commonwealth	-	-	-	-
Due to Federal Government	-	-	-	4,814
Deferred Revenue	-	-	-	-
Total Liabilities	<u>\$ 3,269</u>	<u>\$ 3,685</u>	<u>\$ 199,320</u>	<u>\$ 108,943</u>
Fund Balances:				
Reserved for:				
Encumbrances	\$ -	\$ -	\$ -	\$ 3,706
Loans	-	-	-	-
Unreserved, designated for:				
Encumbrances	136,858	-	-	-
Special Projects	-	-	-	-
Undesignated	1,874,422	517,311	-	1,295,758
Total Fund Balances	<u>\$ 2,011,280</u>	<u>\$ 517,311</u>	<u>\$ -</u>	<u>\$ 1,299,464</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,014,549</u>	<u>\$ 520,996</u>	<u>\$ 199,320</u>	<u>\$ 1,408,407</u>

**CITY OF VIRGINIA BEACH, VIRGINIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2008**

Comprehensive Services Act	Sheriff's Department	Inmate Services	Parks and Recreation	Sub-Total (continued)
\$ -	\$ 3,571,029	\$ 882,097	\$ 4,672,890	\$ 13,561,651
-	-	-	-	16,723,821
-	159,206	49,820	110,672	404,533
-	-	-	-	752,421
-	-	-	-	47,007
2,651,636	1,275,728	-	-	5,601,456
-	129,077	-	-	3,716,605
-	-	-	-	-
<u>\$ 2,651,636</u>	<u>\$ 5,135,040</u>	<u>\$ 931,917</u>	<u>\$ 4,783,562</u>	<u>\$ 40,807,494</u>
\$ 1,273,418	\$ 483,083	\$ 3,801	\$ 597,874	\$ 4,196,882
839,462	-	-	-	1,963,553
-	-	-	3,381	3,381
-	-	-	-	16,305
-	-	-	146,781	162,038
<u>\$ 2,112,880</u>	<u>\$ 483,083</u>	<u>\$ 3,801</u>	<u>\$ 748,036</u>	<u>\$ 6,342,159</u>
\$ -	\$ -	\$ -	\$ -	\$ 1,064,464
-	-	-	-	752,421
-	6,000	-	108,436	413,258
-	-	-	-	17,026,307
538,756	4,645,957	928,116	3,927,090	15,208,885
<u>\$ 538,756</u>	<u>\$ 4,651,957</u>	<u>\$ 928,116</u>	<u>\$ 4,035,526</u>	<u>\$ 34,465,335</u>
<u>\$ 2,651,636</u>	<u>\$ 5,135,040</u>	<u>\$ 931,917</u>	<u>\$ 4,783,562</u>	<u>\$ 40,807,494</u>

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2008**

	Tourism Growth Investment	School Reserve	Central Business District South Tax Increment Financing	Sandbridge Special Service District
<u>ASSETS</u>				
Cash and Temporary Investments	\$ 2,417,018	\$ 4,344,063	\$ -	\$ -
Restricted Cash	-	-	5,746,833	2,426,405
Accounts Receivable	23,475	-	-	-
Loans Receivable	-	-	-	-
Due from Other Local Governments	-	-	-	-
Due from Commonwealth	-	-	-	-
Due from Federal Government	-	-	-	-
Inventories	334	-	-	-
Total Assets	<u>\$ 2,440,827</u>	<u>\$ 4,344,063</u>	<u>\$ 5,746,833</u>	<u>\$ 2,426,405</u>
<u>LIABILITIES AND FUND</u>				
<u>BALANCES</u>				
Liabilities:				
Vouchers and Accounts Payable	\$ 167,520	\$ -	\$ 64,601	\$ -
Due to Other Funds	-	-	-	-
Due to Commonwealth	-	-	-	-
Due to Federal Government	-	-	-	-
Deferred Revenue	-	-	-	-
Total Liabilities	<u>\$ 167,520</u>	<u>\$ -</u>	<u>\$ 64,601</u>	<u>\$ -</u>
Fund Balances:				
Reserved for:				
Encumbrances	\$ -	\$ -	\$ -	\$ -
Loans	-	-	-	-
Unreserved, designated for:				
Encumbrances	50,133	-	-	-
Special Projects	-	-	5,682,232	2,426,405
Undesignated	2,223,174	4,344,063	-	-
Total Fund Balances	<u>\$ 2,273,307</u>	<u>\$ 4,344,063</u>	<u>\$ 5,682,232</u>	<u>\$ 2,426,405</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 2,440,827</u></u>	<u><u>\$ 4,344,063</u></u>	<u><u>\$ 5,746,833</u></u>	<u><u>\$ 2,426,405</u></u>

**CITY OF VIRGINIA BEACH, VIRGINIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2008**

EMS State Four-For-Life	Fire Programs	Agriculture Reserve Program	Emergency FEMA	Sub-Total (continued)
\$ 372,593	\$ 2,088,151	\$ 13,582,574	\$ 1,798,132	\$ 38,164,182
-	-	-	-	24,897,059
-	-	-	-	428,008
-	-	-	-	752,421
-	-	-	-	47,007
-	-	-	-	5,601,456
-	-	-	-	3,716,605
-	-	-	-	334
<u>\$ 372,593</u>	<u>\$ 2,088,151</u>	<u>\$ 13,582,574</u>	<u>\$ 1,798,132</u>	<u>\$ 73,607,072</u>
\$ 16,030	\$ 25,259	\$ 7,396	\$ 11,205	\$ 4,488,893
-	-	-	-	1,963,553
-	-	-	-	3,381
-	-	-	-	16,305
-	-	-	-	162,038
<u>\$ 16,030</u>	<u>\$ 25,259</u>	<u>\$ 7,396</u>	<u>\$ 11,205</u>	<u>\$ 6,634,170</u>
\$ -	\$ -	\$ -	\$ 21,222	\$ 1,085,686
-	-	-	-	752,421
13,220	34,293	-	-	510,904
-	-	-	-	25,134,944
343,343	2,028,599	13,575,178	1,765,705	39,488,947
<u>\$ 356,563</u>	<u>\$ 2,062,892</u>	<u>\$ 13,575,178</u>	<u>\$ 1,786,927</u>	<u>\$ 66,972,902</u>
<u>\$ 372,593</u>	<u>\$ 2,088,151</u>	<u>\$ 13,582,574</u>	<u>\$ 1,798,132</u>	<u>\$ 73,607,072</u>

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2008**

	Tourism Advertising Program	Proffer Impact	Virginia Aquarium and Marine Science Center	Public Investment Protection Strategy
<u>ASSETS</u>				
Cash and Temporary Investments	\$ 923,181	\$ 214,102	\$ 5,247	\$ 60,776
Restricted Cash	-	-	-	-
Accounts Receivable	-	-	220,801	-
Loans Receivable	-	-	-	-
Due from Other Local Governments	-	-	-	-
Due from Commonwealth	-	-	-	-
Due from Federal Government	-	-	-	-
Inventories	-	-	235,861	-
Total Assets	<u>\$ 923,181</u>	<u>\$ 214,102</u>	<u>\$ 461,909</u>	<u>\$ 60,776</u>
<u>LIABILITIES AND FUND</u>				
<u>BALANCES</u>				
Liabilities:				
Vouchers and Accounts Payable	\$ 271,749	\$ -	\$ 307,010	\$ -
Due to Other Funds	-	-	-	-
Due to Commonwealth	-	-	63	-
Due to Federal Government	-	-	-	-
Deferred Revenue	-	-	5,178	-
Total Liabilities	<u>\$ 271,749</u>	<u>\$ -</u>	<u>\$ 312,251</u>	<u>\$ -</u>
Fund Balances:				
Reserved for:				
Encumbrances	\$ -	\$ -	\$ -	\$ -
Loans	-	-	-	-
Unreserved, designated for:				
Encumbrances	4,765	-	-	-
Special Projects	-	-	-	-
Undesignated	646,667	214,102	149,658	60,776
Total Fund Balances	<u>\$ 651,432</u>	<u>\$ 214,102</u>	<u>\$ 149,658</u>	<u>\$ 60,776</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 923,181</u></u>	<u><u>\$ 214,102</u></u>	<u><u>\$ 461,909</u></u>	<u><u>\$ 60,776</u></u>

**CITY OF VIRGINIA BEACH, VIRGINIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2008**

Arts and Humanities Commission	Open Space	Major Projects	Transitional Area	Wetlands Mitigation	Grants Consolidated	Totals
\$ 39,737	\$ 6,323,914	\$ 27,822,829	\$ 296,121	\$ 71,025	\$ -	\$ 73,921,114
-	-	-	-	-	918,156	25,815,215
-	-	-	-	-	275	649,084
-	-	-	-	-	-	752,421
-	-	-	-	-	-	47,007
-	-	-	-	-	99,112	5,700,568
-	-	-	-	-	1,480,358	5,196,963
-	-	-	-	-	-	236,195
<u>\$ 39,737</u>	<u>\$ 6,323,914</u>	<u>\$ 27,822,829</u>	<u>\$ 296,121</u>	<u>\$ 71,025</u>	<u>\$ 2,497,901</u>	<u>\$ 112,318,567</u>
\$ 2,500	\$ 447	\$ 3,200	\$ -	\$ -	\$ 244,901	\$ 5,318,700
-	-	-	-	-	-	1,963,553
-	-	-	-	-	121,556	125,000
-	-	-	-	-	59,898	76,203
-	-	-	-	-	-	167,216
<u>\$ 2,500</u>	<u>\$ 447</u>	<u>\$ 3,200</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 426,355</u>	<u>\$ 7,650,672</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 432,406	\$ 1,518,092
-	-	-	-	-	-	752,421
-	196	-	-	-	-	515,865
-	-	-	-	-	1,639,140	26,774,084
37,237	6,323,271	27,819,629	296,121	71,025	-	75,107,433
<u>\$ 37,237</u>	<u>\$ 6,323,467</u>	<u>\$ 27,819,629</u>	<u>\$ 296,121</u>	<u>\$ 71,025</u>	<u>\$ 2,071,546</u>	<u>\$ 104,667,895</u>
<u>\$ 39,737</u>	<u>\$ 6,323,914</u>	<u>\$ 27,822,829</u>	<u>\$ 296,121</u>	<u>\$ 71,025</u>	<u>\$ 2,497,901</u>	<u>\$ 112,318,567</u>

CITY OF VIRGINIA BEACH, VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Law Enforcement Block Grant	Law Library	Sandbridge Tax Increment Financing	E-911 Communication System
<u>REVENUES</u>				
General Property Taxes	\$ -	\$ -	\$ 9,886,612	\$ -
Other Local Taxes	-	-	-	7,282,583
From Use of Money and Property	-	9,159	353,976	100,490
Charges for Services	-	296,327	-	562,926
Miscellaneous	-	-	-	158,814
Fines and Forfeiture	-	-	-	-
From Other Local Governments	-	-	-	-
From Commonwealth	-	-	-	1,836,376
From Federal Government	-	-	-	-
Total Revenues	<u>\$ -</u>	<u>\$ 305,486</u>	<u>\$ 10,240,588</u>	<u>\$ 9,941,189</u>
<u>EXPENDITURES</u>				
Judicial	\$ 22,559	\$ -	\$ -	\$ -
Library	-	309,258	-	-
Police	14,362	-	-	-
Fire	-	-	-	-
Public Works	-	-	-	-
Parks and Recreation	-	-	-	-
Agriculture	-	-	-	-
Communications and Information Technology	-	-	-	227,583
Convention and Visitor Development	-	-	-	-
Housing and Neighborhood Preservation	-	-	-	-
Human Services	10,176	-	-	-
Museums	-	-	-	-
General Government	-	-	-	9,227,421
Boards and Commissions	-	-	-	-
Emergency Medical Services	-	-	-	-
Total Expenditures	<u>\$ 47,097</u>	<u>\$ 309,258</u>	<u>\$ -</u>	<u>\$ 9,455,004</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	<u>\$ (47,097)</u>	<u>\$ (3,772)</u>	<u>\$ 10,240,588</u>	<u>\$ 486,185</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	\$ -	\$ 137,515	\$ -	\$ 4,943,834
Transfers Out	-	-	(9,000,000)	(1,586,622)
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ 137,515</u>	<u>\$ (9,000,000)</u>	<u>\$ 3,357,212</u>
<u>EXCESS OF REVENUE AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>				
	<u>\$ (47,097)</u>	<u>\$ 133,743</u>	<u>\$ 1,240,588</u>	<u>\$ 3,843,397</u>
<u>FUND BALANCES - JULY 1</u>				
	<u>71,196</u>	<u>63,821</u>	<u>6,236,215</u>	<u>3,344,497</u>
<u>FUND BALANCES (DEFICITS) - JUNE 30</u>				
	<u>\$ 24,099</u>	<u>\$ 197,564</u>	<u>\$ 7,476,803</u>	<u>\$ 7,187,894</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, 2008

Housing and Neighborhood Preservation	Lynnhaven Mall Tax Increment Financing	Golf Courses	Town Center Special Service District	Sub-Total (continued)
\$ -	\$ 1,960,898	\$ -	\$ 1,274,196	\$ 13,121,706
-	-	-	-	7,282,583
14,407	42,194	183,386	43,448	747,060
870	-	2,487,355	-	3,347,478
261,016	-	-	-	419,830
-	-	-	-	-
-	-	-	-	-
-	-	-	-	1,836,376
3,172,980	-	-	-	3,172,980
<u>\$ 3,449,273</u>	<u>\$ 2,003,092</u>	<u>\$ 2,670,741</u>	<u>\$ 1,317,644</u>	<u>\$ 29,928,013</u>
\$ -	\$ -	\$ -	\$ -	\$ 22,559
-	-	-	-	309,258
-	-	-	-	14,362
-	-	-	-	-
-	-	2,298,791	-	2,298,791
-	-	-	-	-
-	-	-	-	227,583
-	-	-	-	-
4,222,969	-	-	-	4,222,969
-	-	-	-	10,176
-	-	-	-	-
-	-	-	934,828	10,162,249
-	2,027,907	-	-	2,027,907
-	-	-	-	-
<u>\$ 4,222,969</u>	<u>\$ 2,027,907</u>	<u>\$ 2,298,791</u>	<u>\$ 934,828</u>	<u>\$ 19,295,854</u>
<u>\$ (773,696)</u>	<u>\$ (24,815)</u>	<u>\$ 371,950</u>	<u>\$ 382,816</u>	<u>\$ 10,632,159</u>
\$ 899,288	\$ -	\$ -	\$ -	\$ 5,980,637
(125,592)	-	(200,000)	-	(10,912,214)
<u>\$ 773,696</u>	<u>\$ -</u>	<u>\$ (200,000)</u>	<u>\$ -</u>	<u>\$ (4,931,577)</u>
\$ -	\$ (24,815)	\$ 171,950	\$ 382,816	\$ 5,700,582
2,612,845	985,366	321,525	1,146,878	14,782,343
<u>\$ 2,612,845</u>	<u>\$ 960,551</u>	<u>\$ 493,475</u>	<u>\$ 1,529,694</u>	<u>\$ 20,482,925</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, 2008

	DEA Seized Property	Access Channel Support	Police Extradition	Federal Section Eight Program
<u>REVENUES</u>				
General Property Taxes	\$ -	\$ -	\$ -	\$ -
Other Local Taxes	-	306,406	-	-
From Use of Money and Property	69,909	14,135	-	63,196
Charges for Services	-	-	-	-
Miscellaneous	3,553	-	-	22,466
Fines and Forfeiture	-	-	-	-
From Other Local Governments	-	-	-	-
From Commonwealth	881,485	-	710,302	-
From Federal Government	72,017	-	-	13,570,415
Total Revenues	<u>\$ 1,026,964</u>	<u>\$ 320,541</u>	<u>\$ 710,302</u>	<u>\$ 13,656,077</u>
<u>EXPENDITURES</u>				
Judicial	\$ 106,690	\$ -	\$ -	\$ -
Library	-	-	-	-
Police	42,921	-	710,302	-
Fire	-	-	-	-
Public Works	-	-	-	-
Parks and Recreation	-	-	-	-
Agriculture	-	-	-	-
Communications and Information Technology	-	78,444	-	-
Convention and Visitor Development	-	-	-	-
Housing and Neighborhood Preservation	-	-	-	16,076,995
Human Services	-	-	-	-
Museums	-	-	-	-
General Government	-	-	-	-
Boards and Commissions	-	-	-	-
Emergency Medical Services	-	-	-	-
Total Expenditures	<u>\$ 149,611</u>	<u>\$ 78,444</u>	<u>\$ 710,302</u>	<u>\$ 16,076,995</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>\$ 877,353</u>	<u>\$ 242,097</u>	<u>\$ -</u>	<u>\$ (2,420,918)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	\$ -	\$ -	\$ -	\$ 314,064
Transfers Out	(179,500)	-	-	(12,000)
Total Other Financing Sources (Uses)	<u>\$ (179,500)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 302,064</u>
<u>EXCESS OF REVENUE AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>				
	\$ 697,853	\$ 242,097	\$ -	\$ (2,118,854)
<u>FUND BALANCES - JULY 1</u>	<u>1,313,427</u>	<u>275,214</u>	<u>-</u>	<u>3,418,318</u>
<u>FUND BALANCES (DEFICITS) - JUNE 30</u>	<u>\$ 2,011,280</u>	<u>\$ 517,311</u>	<u>\$ -</u>	<u>\$ 1,299,464</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, 2008

Comprehensive Services Act	Sheriff's Department	Inmate Services	Parks and Recreation	Sub-Total (continued)
\$ -	\$ -	\$ -	\$ -	\$ 13,121,706
-	-	-	-	7,588,989
-	11,557	32,137	1,014,059	1,952,053
-	2,699,994	975,541	10,818,488	17,841,501
669,647	56,223	-	95,612	1,267,331
-	-	-	-	-
-	-	-	-	-
7,225,690	19,256,991	-	-	29,910,844
-	572,169	-	917	17,388,498
<u>\$ 7,895,337</u>	<u>\$ 22,596,934</u>	<u>\$ 1,007,678</u>	<u>\$ 11,929,076</u>	<u>\$ 89,070,922</u>
\$ -	\$ 34,200,191	\$ 472,802	\$ 1,387	\$ 34,803,629
-	-	-	-	309,258
-	-	-	-	767,585
-	-	-	-	-
-	-	-	26,189,256	28,488,047
-	-	-	-	-
-	-	-	-	306,027
-	-	-	-	-
-	-	-	-	20,299,964
12,273,539	-	-	-	12,283,715
-	-	-	-	-
-	-	-	-	10,162,249
-	-	-	-	2,027,907
-	-	-	-	-
<u>\$ 12,273,539</u>	<u>\$ 34,200,191</u>	<u>\$ 472,802</u>	<u>\$ 26,190,643</u>	<u>\$ 109,448,381</u>
<u>\$ (4,378,202)</u>	<u>\$ (11,603,257)</u>	<u>\$ 534,876</u>	<u>\$ (14,261,567)</u>	<u>\$ (20,377,459)</u>
\$ 3,873,359	\$ 13,385,269	\$ 5,825	\$ 15,949,290	\$ 39,508,444
-	-	(274,551)	(34,150)	(11,412,415)
<u>\$ 3,873,359</u>	<u>\$ 13,385,269</u>	<u>\$ (268,726)</u>	<u>\$ 15,915,140</u>	<u>\$ 28,096,029</u>
\$ (504,843)	\$ 1,782,012	\$ 266,150	\$ 1,653,573	\$ 7,718,570
1,043,599	2,869,945	661,966	2,381,953	26,746,765
<u>\$ 538,756</u>	<u>\$ 4,651,957</u>	<u>\$ 928,116</u>	<u>\$ 4,035,526</u>	<u>\$ 34,465,335</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, 2008

	Tourism Growth Investment	School Reserve	Central Business District South Tax Increment Financing	Sandbridge Special Service District
REVENUES				
General Property Taxes	\$ -	\$ -	\$ 3,711,235	\$ 786,475
Other Local Taxes	-	-	-	861,559
From Use of Money and Property	383,966	-	1,500,305	87,551
Charges for Services	-	-	-	-
Miscellaneous	296,658	-	-	-
Fines and Forfeiture	426,735	-	-	-
From Other Local Governments	-	-	2,497,076	-
From Commonwealth	-	-	-	-
From Federal Government	-	-	-	-
Total Revenues	<u>\$ 1,107,359</u>	<u>\$ -</u>	<u>\$ 7,708,616</u>	<u>\$ 1,735,585</u>
EXPENDITURES				
Judicial	\$ -	\$ -	\$ -	\$ -
Library	-	-	-	-
Police	-	-	-	-
Fire	-	-	-	-
Public Works	-	-	-	-
Parks and Recreation	-	-	-	-
Agriculture	-	-	-	-
Communications and Information Technology	-	-	-	-
Convention and Visitor Development	6,075,761	-	-	-
Housing and Neighborhood Preservation	-	-	-	-
Human Services	-	-	-	-
Museums	-	-	-	-
General Government	-	-	677,101	-
Boards and Commissions	-	-	-	-
Emergency Medical Services	-	-	-	-
Total Expenditures	<u>\$ 6,075,761</u>	<u>\$ -</u>	<u>\$ 677,101</u>	<u>\$ -</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES				
	<u>\$ (4,968,402)</u>	<u>\$ -</u>	<u>\$ 7,031,515</u>	<u>\$ 1,735,585</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ 16,804,381	\$ -	\$ -	\$ 1,836,202
Transfers Out	(12,036,760)	-	(3,774,435)	(2,904,786)
Total Other Financing Sources (Uses)	<u>\$ 4,767,621</u>	<u>\$ -</u>	<u>\$ (3,774,435)</u>	<u>\$ (1,068,584)</u>
EXCESS OF REVENUE AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES				
	<u>\$ (200,781)</u>	<u>\$ -</u>	<u>\$ 3,257,080</u>	<u>\$ 667,001</u>
FUND BALANCES - JULY 1				
	<u>2,474,088</u>	<u>4,344,063</u>	<u>2,425,152</u>	<u>1,759,404</u>
FUND BALANCES (DEFICITS) - JUNE 30				
	<u>\$ 2,273,307</u>	<u>\$ 4,344,063</u>	<u>\$ 5,682,232</u>	<u>\$ 2,426,405</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, 2008

EMS State Four-For-Life	Fire Programs	Agriculture Reserve Program	Emergency FEMA	Sub-Total (continued)
\$ -	\$ -	\$ -	\$ -	\$ 17,619,416
-	-	-	-	8,450,548
11,839	89,901	582,804	-	4,608,419
-	-	-	-	17,841,501
-	-	-	-	1,563,989
-	-	-	-	426,735
-	-	-	-	2,497,076
607,916	1,130,867	-	-	31,649,627
-	-	-	51,722	17,440,220
<u>\$ 619,755</u>	<u>\$ 1,220,768</u>	<u>\$ 582,804</u>	<u>\$ 51,722</u>	<u>\$ 102,097,531</u>
\$ -	\$ -	\$ -	\$ -	\$ 34,803,629
-	-	-	-	309,258
-	-	-	-	767,585
-	521,640	-	-	521,640
-	-	-	-	-
-	-	-	-	28,488,047
-	-	168,870	-	168,870
-	-	-	-	306,027
-	-	-	-	6,075,761
-	-	-	-	20,299,964
-	-	-	-	12,283,715
-	-	-	-	-
-	-	-	35,728	10,875,078
-	-	-	-	2,027,907
337,708	-	-	-	337,708
<u>\$ 337,708</u>	<u>\$ 521,640</u>	<u>\$ 168,870</u>	<u>\$ 35,728</u>	<u>\$ 117,265,189</u>
<u>\$ 282,047</u>	<u>\$ 699,128</u>	<u>\$ 413,934</u>	<u>\$ 15,994</u>	<u>\$ (15,167,658)</u>
\$ -	\$ -	\$ 4,050,085	\$ -	\$ 62,199,112
(18,346)	-	(7,827,039)	(42,845)	(38,016,626)
<u>\$ (18,346)</u>	<u>\$ -</u>	<u>\$ (3,776,954)</u>	<u>\$ (42,845)</u>	<u>\$ 24,182,486</u>
\$ 263,701	\$ 699,128	\$ (3,363,020)	\$ (26,851)	\$ 9,014,828
92,862	1,363,764	16,938,198	1,813,778	57,958,074
<u>\$ 356,563</u>	<u>\$ 2,062,892</u>	<u>\$ 13,575,178</u>	<u>\$ 1,786,927</u>	<u>\$ 66,972,902</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, 2008

	Tourism Advertising Program	Proffer Impact	Virginia Aquarium and Marine Science Center	Public Investment Protection Strategy
<u>REVENUES</u>				
General Property Taxes	\$ -	\$ -	\$ -	\$ -
Other Local Taxes	-	-	-	-
From Use of Money and Property	58,150	7,461	22,384	2,439
Charges for Services	472,097	-	5,349,677	-
Miscellaneous	-	21,250	744,155	-
Fines and Forfeiture	-	-	-	-
From Other Local Governments	-	-	-	-
From Commonwealth	-	-	-	-
From Federal Government	-	-	30,916	-
Total Revenues	\$ 530,247	\$ 28,711	\$ 6,147,132	\$ 2,439
<u>EXPENDITURES</u>				
Judicial	\$ -	\$ -	\$ -	\$ -
Library	-	-	-	-
Police	-	-	-	-
Fire	-	-	-	-
Public Works	-	-	-	-
Parks and Recreation	-	-	-	-
Agriculture	-	-	-	-
Communications and Information Technology	-	-	-	-
Convention and Visitor Development	9,926,052	-	-	-
Housing and Neighborhood Preservation	-	-	-	-
Human Services	-	-	-	-
Museums	-	-	7,130,383	-
General Government	-	-	-	-
Boards and Commissions	-	-	-	-
Emergency Medical Services	-	-	-	-
Total Expenditures	\$ 9,926,052	\$ -	\$ 7,130,383	\$ -
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	\$ (9,395,805)	\$ 28,711	\$ (983,251)	\$ 2,439
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	\$ 9,156,038	\$ -	\$ 1,010,272	\$ -
Transfers Out	(55,724)	(7,461)	-	-
Total Other Financing Sources (Uses)	\$ 9,100,314	\$ (7,461)	\$ 1,010,272	\$ -
<u>EXCESS OF REVENUE AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>				
	\$ (295,491)	\$ 21,250	\$ 27,021	\$ 2,439
<u>FUND BALANCES - JULY 1</u>	946,923	192,852	122,637	58,337
<u>FUND BALANCES (DEFICITS) - JUNE 30</u>	\$ 651,432	\$ 214,102	\$ 149,658	\$ 60,776

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, 2008

Arts and Humanities Commission	Open Space	Major Projects	Transitional Area	Wetlands Mitigation	Grants Consolidated	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,619,416
-	-	-	-	-	-	8,450,548
995	232,663	1,129,400	9,690	467	-	6,072,068
-	-	-	-	-	3,083	23,666,358
-	-	-	-	8,706	83,193	2,421,293
-	-	-	-	-	-	426,735
-	-	-	-	-	-	2,497,076
5,000	-	-	-	-	1,655,324	33,309,951
-	-	-	-	-	10,197,694	27,668,830
<u>\$ 5,995</u>	<u>\$ 232,663</u>	<u>\$ 1,129,400</u>	<u>\$ 9,690</u>	<u>\$ 9,173</u>	<u>\$ 11,939,294</u>	<u>\$ 122,132,275</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 711,375	\$ 35,515,004
-	-	-	-	-	22,047	331,305
-	-	-	-	-	672,972	1,440,557
-	-	-	-	-	1,218,794	1,740,434
-	-	343,127	-	-	15,000	358,127
-	2,167	-	-	-	15,674	28,505,888
-	-	-	-	-	-	168,870
-	-	-	-	-	27,211	333,238
-	-	-	-	-	-	16,001,813
-	-	-	-	-	1,139,768	21,439,732
-	-	-	-	-	8,493,628	20,777,343
-	-	-	-	-	-	7,130,383
-	194,523	-	-	-	45,293	11,114,894
463,379	-	-	-	-	-	2,491,286
-	-	-	-	-	102,524	440,232
<u>\$ 463,379</u>	<u>\$ 196,690</u>	<u>\$ 343,127</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,464,286</u>	<u>\$ 147,789,106</u>
\$ (457,384)	\$ 35,973	\$ 786,273	\$ 9,690	\$ 9,173	\$ (524,992)	\$ (25,656,831)
\$ 434,818	\$ 3,836,653	\$ 16,744,466	\$ 146,658	\$ -	\$ 574,195	\$ 94,102,212
-	(4,185,575)	(18,129,068)	-	-	(4,799)	(60,399,253)
<u>\$ 434,818</u>	<u>\$ (348,922)</u>	<u>\$ (1,384,602)</u>	<u>\$ 146,658</u>	<u>\$ -</u>	<u>\$ 569,396</u>	<u>\$ 33,702,959</u>
\$ (22,566)	\$ (312,949)	\$ (598,329)	\$ 156,348	\$ 9,173	\$ 44,404	\$ 8,046,128
59,803	6,636,416	28,417,958	139,773	61,852	2,027,142	96,621,767
<u>\$ 37,237</u>	<u>\$ 6,323,467</u>	<u>\$ 27,819,629</u>	<u>\$ 296,121</u>	<u>\$ 71,025</u>	<u>\$ 2,071,546</u>	<u>\$ 104,667,895</u>

**CITY OF VIRGINIA BEACH, VIRGINIA
LAW ENFORCEMENT BLOCK GRANT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Actual Amounts</u>
<u>REVENUES</u>	\$ -
<u>EXPENDITURES</u>	
Law Enforcement	\$ 47,097
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	\$ (47,097)
<u>FUND BALANCE - JULY 1</u>	71,196
<u>FUND BALANCE - JUNE 30</u>	\$ 24,099

**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, 2008**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget Positive (Negative)</u>
<u>REVENUES</u>				
From Use of Money and Property	\$ 6,587	\$ 6,587	\$ 9,159	\$ 2,572
Charges for Services	285,123	285,123	296,327	11,204
Total Revenues	<u>\$ 291,710</u>	<u>\$ 291,710</u>	<u>\$ 305,486</u>	<u>\$ 13,776</u>
<u>EXPENDITURES</u>				
Law Library	<u>\$ 429,225</u>	<u>\$ 431,095</u>	<u>\$ 309,258</u>	<u>\$ 121,837</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	<u>\$ (137,515)</u>	<u>\$ (139,385)</u>	<u>\$ (3,772)</u>	<u>\$ 135,613</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	<u>\$ 137,515</u>	<u>\$ 137,515</u>	<u>\$ 137,515</u>	<u>\$ -</u>
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>				
	\$ -	\$ (1,870)	\$ 133,743	\$ 135,613
<u>FUND BALANCE - JULY 1</u>				
	<u>63,821</u>	<u>63,821</u>	<u>63,821</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>				
	<u>\$ 63,821</u>	<u>\$ 61,951</u>	<u>\$ 197,564</u>	<u>\$ 135,613</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, 2008

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget Positive Negative</u>
<u>REVENUES</u>				
General Property Taxes	\$ 10,066,322	\$ 10,066,322	\$ 9,886,612	\$ (179,710)
From Use of Money and Property	246,453	246,453	353,976	107,523
Total Revenues	<u>\$ 10,312,775</u>	<u>\$ 10,312,775</u>	<u>\$ 10,240,588</u>	<u>\$ (72,187)</u>
<u>EXPENDITURES</u>				
Sandbridge TIF	<u>\$ 10,312,775</u>	<u>\$ 1,312,775</u>	<u>\$ -</u>	<u>\$ 1,312,775</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	<u>\$ -</u>	<u>\$ 9,000,000</u>	<u>\$ 10,240,588</u>	<u>\$ 1,240,588</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers Out	<u>\$ -</u>	<u>\$ (9,000,000)</u>	<u>\$ (9,000,000)</u>	<u>\$ -</u>
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,240,588</u>	<u>\$ 1,240,588</u>
<u>FUND BALANCE - JULY 1</u>				
	<u>6,236,215</u>	<u>6,236,215</u>	<u>6,236,215</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>				
	<u><u>\$ 6,236,215</u></u>	<u><u>\$ 6,236,215</u></u>	<u><u>\$ 7,476,803</u></u>	<u><u>\$ 1,240,588</u></u>

CITY OF VIRGINIA BEACH, VIRGINIA
E-911 COMMUNICATION SYSTEM SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
From Use of Money and Property	\$ 44,775	\$ 44,775	\$ 100,490	\$ 55,715
Charge for Services	725,000	725,000	562,926	(162,074)
Other Local Taxes	7,085,853	7,085,853	7,282,583	196,730
Miscellaneous	-	-	158,814	158,814
From Commonwealth	1,979,000	1,979,000	1,836,376	(142,624)
Total Revenues	<u>\$ 9,834,628</u>	<u>\$ 9,834,628</u>	<u>\$ 9,941,189</u>	<u>\$ 106,561</u>
<u>EXPENDITURES</u>				
Communication Division	<u>\$ 13,530,940</u>	<u>\$ 13,786,118</u>	<u>\$ 9,455,004</u>	<u>\$ 4,331,114</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	<u>\$ (3,696,312)</u>	<u>\$ (3,951,490)</u>	<u>\$ 486,185</u>	<u>\$ 4,437,675</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	\$ 4,943,834	\$ 4,943,834	\$ 4,943,834	\$ -
Transfers Out	<u>(1,247,522)</u>	<u>(1,586,622)</u>	<u>(1,586,622)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>\$ 3,696,312</u>	<u>\$ 3,357,212</u>	<u>\$ 3,357,212</u>	<u>\$ -</u>
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>				
	\$ -	\$ (594,278)	\$ 3,843,397	\$ 4,437,675
<u>FUND BALANCE - JULY 1</u>				
	<u>3,344,497</u>	<u>3,344,497</u>	<u>3,344,497</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>				
	<u>\$ 3,344,497</u>	<u>\$ 2,750,219</u>	<u>\$ 7,187,894</u>	<u>\$ 4,437,675</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, 2008

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget Positive (Negative)</u>
<u>REVENUES</u>				
From Use of Money and Property	\$ -	\$ -	\$ 14,407	\$ 14,407
Charges for Services	-	-	870	870
Miscellaneous	350,000	946,077	261,016	(685,061)
From Federal Government	3,933,822	3,933,822	3,172,980	(760,842)
Total Revenues	<u>\$ 4,283,822</u>	<u>\$ 4,879,899</u>	<u>\$ 3,449,273</u>	<u>\$ (1,430,626)</u>
<u>EXPENDITURES</u>				
Housing and Neighborhood Preservation	<u>\$ 5,061,403</u>	<u>\$ 5,653,595</u>	<u>\$ 4,222,969</u>	<u>\$ 1,430,626</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	<u>\$ (777,581)</u>	<u>\$ (773,696)</u>	<u>\$ (773,696)</u>	<u>\$ -</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	\$ 903,173	\$ 899,288	\$ 899,288	\$ -
Transfers Out	(125,592)	(125,592)	(125,592)	-
Total Other Financing Sources (Uses)	<u>\$ 777,581</u>	<u>\$ 773,696</u>	<u>\$ 773,696</u>	<u>\$ -</u>
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>FUND BALANCE - JULY 1</u>	<u>2,612,845</u>	<u>2,612,845</u>	<u>2,612,845</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>	<u>\$ 2,612,845</u>	<u>\$ 2,612,845</u>	<u>\$ 2,612,845</u>	<u>\$ -</u>

CITY OF VIRGINIA BEACH, VIRGINIA
LYNNHAVEN MALL TAX INCREMENT FINANCING SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget Positive (Negative)</u>
<u>REVENUES</u>				
General Property Taxes	\$ 2,097,774	\$ 2,097,774	\$ 1,960,898	\$ (136,876)
From Use of Money and Property	-	-	42,194	42,194
Total Revenues	<u>\$ 2,097,774</u>	<u>\$ 2,097,774</u>	<u>\$ 2,003,092</u>	<u>\$ (94,682)</u>
<u>EXPENDITURES</u>				
Mass Transit	\$ 151,000	\$ 250,000	\$ 250,000	\$ -
Lynnhaven Mall	1,946,774	1,847,774	1,777,907	69,867
Total Expenditures	<u>\$ 2,097,774</u>	<u>\$ 2,097,774</u>	<u>\$ 2,027,907</u>	<u>\$ 69,867</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (24,815)</u>	<u>\$ (24,815)</u>
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (24,815)</u>	<u>\$ (24,815)</u>
<u>FUND BALANCE - JULY 1</u>				
	<u>985,366</u>	<u>985,366</u>	<u>985,366</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>				
	<u>\$ 985,366</u>	<u>\$ 985,366</u>	<u>\$ 960,551</u>	<u>\$ (24,815)</u>

**CITY OF VIRGINIA BEACH, VIRGINIA
GOLF COURSES SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget Positive (Negative)</u>
<u>REVENUES</u>				
From Use of Money and Property	\$ 231,400	\$ 231,400	\$ 183,386	\$ (48,014)
Charges for Services	2,609,343	2,609,343	2,487,355	(121,988)
Total Revenues	<u>\$ 2,840,743</u>	<u>\$ 2,840,743</u>	<u>\$ 2,670,741</u>	<u>\$ (170,002)</u>
<u>EXPENDITURES</u>				
Redwing Golf Course	\$ 827,984	\$ 899,517	\$ 889,922	\$ 9,595
Bow Creek Golf Course	722,070	705,436	607,573	97,863
Kempsville Greens Golf Course	786,595	792,591	664,602	127,989
Golf Administration	304,094	243,614	136,694	106,920
Total Expenditures	<u>\$ 2,640,743</u>	<u>\$ 2,641,158</u>	<u>\$ 2,298,791</u>	<u>\$ 342,367</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>\$ 200,000</u>	<u>\$ 199,585</u>	<u>\$ 371,950</u>	<u>\$ 172,365</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers Out	\$ (200,000)	\$ (200,000)	\$ (200,000)	\$ -
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>	<u>\$ -</u>	<u>\$ (415)</u>	<u>\$ 171,950</u>	<u>\$ 172,365</u>
<u>FUND BALANCE - JULY 1</u>	<u>321,525</u>	<u>321,525</u>	<u>321,525</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>	<u>\$ 321,525</u>	<u>\$ 321,110</u>	<u>\$ 493,475</u>	<u>\$ 172,365</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, 2008

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget Positive (Negative)</u>
<u>REVENUES</u>				
General Property Taxes	\$ 1,522,219	\$ 1,522,219	\$ 1,274,196	\$ (248,023)
From Use of Money and Property	-	-	43,448	43,448
Total Revenues	<u>\$ 1,522,219</u>	<u>\$ 1,522,219</u>	<u>\$ 1,317,644</u>	<u>\$ (204,575)</u>
<u>EXPENDITURES</u>				
Town Center Parking Operations	\$ 1,324,696	\$ 1,324,696	\$ 854,975	\$ 469,721
Town Center Operations	157,096	185,864	79,853	106,011
Total Expenditures	<u>\$ 1,481,792</u>	<u>\$ 1,510,560</u>	<u>\$ 934,828</u>	<u>\$ 575,732</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	<u>\$ 40,427</u>	<u>\$ 11,659</u>	<u>\$ 382,816</u>	<u>\$ 371,157</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers Out	<u>\$ (40,427)</u>	<u>\$ (40,427)</u>	<u>\$ -</u>	<u>\$ 40,427</u>
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>				
	<u>\$ -</u>	<u>\$ (28,768)</u>	<u>\$ 382,816</u>	<u>\$ 411,584</u>
<u>FUND BALANCE - JULY 1</u>				
	<u>1,146,878</u>	<u>1,146,878</u>	<u>1,146,878</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>				
	<u>\$ 1,146,878</u>	<u>\$ 1,118,110</u>	<u>\$ 1,529,694</u>	<u>\$ 411,584</u>

CITY OF VIRGINIA BEACH, VIRGINIA
DEA SEIZED PROPERTY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget Positive (Negative)</u>
<u>REVENUES</u>				
From Use of Money and Property	\$ -	\$ -	\$ 69,909	\$ 69,909
Miscellaneous	-	-	3,553	3,553
From Commonwealth	160,000	160,000	881,485	721,485
From Federal Government	-	-	72,017	72,017
Total Revenues	<u>\$ 160,000</u>	<u>\$ 160,000</u>	<u>\$ 1,026,964</u>	<u>\$ 866,964</u>
<u>EXPENDITURES</u>				
Commonwealth's Attorney	\$ 160,000	\$ 160,000	\$ 106,690	\$ 53,310
Uniform Patrol	-	196,802	27,384	169,418
Special Investigative Division	-	18,746	15,537	3,209
Total Expenditures	<u>\$ 160,000</u>	<u>\$ 375,548</u>	<u>\$ 149,611</u>	<u>\$ 225,937</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>\$ -</u>	<u>\$ (215,548)</u>	<u>\$ 877,353</u>	<u>\$ 1,092,901</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers Out	\$ -	\$ (179,500)	\$ (179,500)	\$ -
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>	<u>\$ -</u>	<u>\$ (395,048)</u>	<u>\$ 697,853</u>	<u>\$ 1,092,901</u>
<u>FUND BALANCE - JULY 1</u>	<u>1,313,427</u>	<u>1,313,427</u>	<u>1,313,427</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>	<u>\$ 1,313,427</u>	<u>\$ 918,379</u>	<u>\$ 2,011,280</u>	<u>\$ 1,092,901</u>

CITY OF VIRGINIA BEACH, VIRGINIA
ACCESS CHANNEL SUPPORT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
From Use of Money and Property	\$ -	\$ -	\$ 14,135	\$ 14,135
Other Local Taxes	244,975	244,975	306,406	61,431
Total Revenues	<u>\$ 244,975</u>	<u>\$ 244,975</u>	<u>\$ 320,541</u>	<u>\$ 75,566</u>
<u>EXPENDITURES</u>				
Access Channel Support	<u>\$ 270,721</u>	<u>\$ 270,721</u>	<u>\$ 78,444</u>	<u>\$ 192,277</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>\$ (25,746)</u>	<u>\$ (25,746)</u>	<u>\$ 242,097</u>	<u>\$ 267,843</u>
<u>FUND BALANCE - JULY 1</u>	<u>275,214</u>	<u>275,214</u>	<u>275,214</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>	<u>\$ 249,468</u>	<u>\$ 249,468</u>	<u>\$ 517,311</u>	<u>\$ 267,843</u>

**CITY OF VIRGINIA BEACH, VIRGINIA
POLICE EXTRADITION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
From Commonwealth	\$ 814,784	\$ 814,784	\$ 710,302	\$ (104,482)
<u>EXPENDITURES</u>				
Police Extradition	\$ 814,784	\$ 814,784	\$ 710,302	\$ 104,482
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	\$ -	\$ -	\$ -	\$ -
<u>FUND BALANCE - JULY 1</u>	-	-	-	-
<u>FUND BALANCE - JUNE 30</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF VIRGINIA BEACH, VIRGINIA
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, 2008

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget Positive (Negative)</u>
<u>REVENUES</u>				
From Federal Government	\$ 13,020,210	\$ 13,458,630	\$ 13,570,415	\$ 111,785
From Use of Money and Property	-	-	63,196	63,196
Miscellaneous	15,000	15,000	22,466	7,466
Total Revenues	<u>\$ 13,035,210</u>	<u>\$ 13,473,630</u>	<u>\$ 13,656,077</u>	<u>\$ 182,447</u>
<u>EXPENDITURES</u>				
Rental Subsidy Program	<u>\$ 14,169,199</u>	<u>\$ 16,548,638</u>	<u>\$ 16,076,995</u>	<u>\$ 471,643</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	<u>\$ (1,133,989)</u>	<u>\$ (3,075,008)</u>	<u>\$ (2,420,918)</u>	<u>\$ 654,090</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	\$ 314,494	\$ 314,064	\$ 314,064	\$ -
Transfers Out	-	(12,000)	(12,000)	-
Total Other Financing Sources (Uses)	<u>\$ 314,494</u>	<u>\$ 302,064</u>	<u>\$ 302,064</u>	<u>\$ -</u>
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>				
	\$ (819,495)	\$ (2,772,944)	\$ (2,118,854)	\$ 654,090
<u>FUND BALANCE - JULY 1</u>				
	<u>3,418,318</u>	<u>3,418,318</u>	<u>3,418,318</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>				
	<u>\$ 2,598,823</u>	<u>\$ 645,374</u>	<u>\$ 1,299,464</u>	<u>\$ 654,090</u>

CITY OF VIRGINIA BEACH, VIRGINIA
COMPREHENSIVE SERVICES ACT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Charges for Services	\$ 2,500	\$ 2,500	\$ -	\$ (2,500)
Miscellaneous	830,500	830,500	669,647	(160,853)
From Commonwealth	6,262,069	7,083,139	7,225,690	142,551
Total Revenues	<u>\$ 7,095,069</u>	<u>\$ 7,916,139</u>	<u>\$ 7,895,337</u>	<u>\$ (20,802)</u>
<u>EXPENDITURES</u>				
Human Services	<u>\$ 10,968,428</u>	<u>\$ 12,339,258</u>	<u>\$ 12,273,539</u>	<u>\$ 65,719</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	<u>\$ (3,873,359)</u>	<u>\$ (4,423,119)</u>	<u>\$ (4,378,202)</u>	<u>\$ 44,917</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	<u>\$ 3,873,359</u>	<u>\$ 3,873,359</u>	<u>\$ 3,873,359</u>	<u>\$ -</u>
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>				
	<u>\$ -</u>	<u>\$ (549,760)</u>	<u>\$ (504,843)</u>	<u>\$ 44,917</u>
<u>FUND BALANCE - JULY 1</u>				
	<u>1,043,599</u>	<u>1,043,599</u>	<u>1,043,599</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>				
	<u>\$ 1,043,599</u>	<u>\$ 493,839</u>	<u>\$ 538,756</u>	<u>\$ 44,917</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, 2008

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
From Use of Money and Property	\$ -	\$ -	\$ 11,557	\$ 11,557
Charges for Services	1,845,265	2,145,265	2,699,994	554,729
Miscellaneous	37,960	37,960	56,223	18,263
From Commonwealth	17,671,324	18,294,323	19,256,991	962,668
From Federal Government	321,200	321,200	572,169	250,969
Total Revenues	<u>\$ 19,875,749</u>	<u>\$ 20,798,748</u>	<u>\$ 22,596,934</u>	<u>\$ 1,798,186</u>
<u>EXPENDITURES</u>				
Judicial	<u>\$ 31,356,879</u>	<u>\$ 34,448,580</u>	<u>\$ 34,200,191</u>	<u>\$ 248,389</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	<u>\$ (11,481,130)</u>	<u>\$ (13,649,832)</u>	<u>\$ (11,603,257)</u>	<u>\$ 2,046,575</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	<u>\$ 11,481,130</u>	<u>\$ 13,395,265</u>	<u>\$ 13,385,269</u>	<u>\$ (9,996)</u>
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>				
	<u>\$ -</u>	<u>\$ (254,567)</u>	<u>\$ 1,782,012</u>	<u>\$ 2,036,579</u>
<u>FUND BALANCE - JULY 1</u>				
	<u>2,869,945</u>	<u>2,869,945</u>	<u>2,869,945</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>				
	<u>\$ 2,869,945</u>	<u>\$ 2,615,378</u>	<u>\$ 4,651,957</u>	<u>\$ 2,036,579</u>

CITY OF VIRGINIA BEACH, VIRGINIA
INMATE SERVICES SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
From Use of Money and Property	\$ 15,000	\$ 15,000	\$ 32,137	\$ 17,137
Charges for Services	830,491	830,491	975,541	145,050
Total Revenues	<u>\$ 845,491</u>	<u>\$ 845,491</u>	<u>\$ 1,007,678</u>	<u>\$ 162,187</u>
<u>EXPENDITURES</u>				
Inmate Services	<u>\$ 576,765</u>	<u>\$ 575,622</u>	<u>\$ 472,802</u>	<u>\$ 102,820</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	<u>\$ 268,726</u>	<u>\$ 269,869</u>	<u>\$ 534,876</u>	<u>\$ 265,007</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	\$ 5,825	\$ 5,825	\$ 5,825	\$ -
Transfers Out	(274,551)	(274,551)	(274,551)	-
Total Other Financing Sources (Uses)	<u>\$ (268,726)</u>	<u>\$ (268,726)</u>	<u>\$ (268,726)</u>	<u>\$ -</u>
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>				
	\$ -	\$ 1,143	\$ 266,150	\$ 265,007
<u>FUND BALANCE - JULY 1</u>				
	<u>661,966</u>	<u>661,966</u>	<u>661,966</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>				
	<u>\$ 661,966</u>	<u>\$ 663,109</u>	<u>\$ 928,116</u>	<u>\$ 265,007</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, 2008

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
From Use of Money and Property	\$ 1,164,304	\$ 1,164,304	\$ 1,014,059	\$ (150,245)
Charges for Services	10,384,417	10,384,417	10,818,488	434,071
Miscellaneous	127,520	127,520	95,612	(31,908)
From Federal Government	1,000	1,000	917	(83)
Total Revenues	<u>\$ 11,677,241</u>	<u>\$ 11,677,241</u>	<u>\$ 11,929,076</u>	<u>\$ 251,835</u>
<u>EXPENDITURES</u>				
Citywide Recreation Programs	\$ 9,346,589	\$ 9,758,275	\$ 9,624,385	\$ 133,890
Sportsplex Operations	395,150	440,463	330,003	110,460
Parks Operations and Services	2,503,519	2,605,746	2,577,137	28,609
Athletic Complex	682,045	711,801	649,331	62,470
Recreation Centers	11,899,672	11,542,829	10,259,595	1,283,234
Maintenance	2,652,373	2,672,104	2,660,831	11,273
City Beautification and Recreation	100,334	113,492	89,361	24,131
Total Expenditures	<u>\$ 27,579,682</u>	<u>\$ 27,844,710</u>	<u>\$ 26,190,643</u>	<u>\$ 1,654,067</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	<u>\$ (15,902,441)</u>	<u>\$ (16,167,469)</u>	<u>\$ (14,261,567)</u>	<u>\$ 1,905,902</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	\$ 15,750,597	\$ 15,949,290	\$ 15,949,290	\$ -
Transfers Out	(119,540)	(97,316)	(34,150)	63,166
Total Other Financing Sources (Uses)	<u>\$ 15,631,057</u>	<u>\$ 15,851,974</u>	<u>\$ 15,915,140</u>	<u>\$ 63,166</u>
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>				
	<u>\$ (271,384)</u>	<u>\$ (315,495)</u>	<u>\$ 1,653,573</u>	<u>\$ 1,969,068</u>
<u>FUND BALANCE - JULY 1</u>	<u>2,381,953</u>	<u>2,381,953</u>	<u>2,381,953</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>	<u>\$ 2,110,569</u>	<u>\$ 2,066,458</u>	<u>\$ 4,035,526</u>	<u>\$ 1,969,068</u>

CITY OF VIRGINIA BEACH, VIRGINIA
TOURISM GROWTH INVESTMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget Positive (Negative)</u>
<u>REVENUES</u>				
From Use of Money and Property	\$ 318,607	\$ 318,607	\$ 383,966	\$ 65,359
Fines and Forfeitures	555,172	555,172	426,735	(128,437)
Miscellaneous	288,657	288,657	296,658	8,001
Total Revenues	<u>\$ 1,162,436</u>	<u>\$ 1,162,436</u>	<u>\$ 1,107,359</u>	<u>\$ (55,077)</u>
<u>EXPENDITURES</u>				
Economic Development	\$ 2,932,369	\$ 2,932,369	\$ 2,795,032	\$ 137,337
Direct Costs	2,000,000	2,027,775	2,027,775	-
Mass Transit Operations	384,501	384,501	384,501	-
Cultural Activities	50,500	50,500	50,500	-
Landscaping	31,313	33,701	25,309	8,392
Maintenance	357,342	494,619	437,185	57,434
Contractual Services	597,466	590,696	355,459	235,237
Total Expenditures	<u>\$ 6,353,491</u>	<u>\$ 6,514,161</u>	<u>\$ 6,075,761</u>	<u>\$ 438,400</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	<u>\$ (5,191,055)</u>	<u>\$ (5,351,725)</u>	<u>\$ (4,968,402)</u>	<u>\$ 383,323</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	\$ 16,908,518	\$ 16,908,518	\$ 16,804,381	\$ (104,137)
Transfers Out	(11,717,463)	(11,717,463)	(12,036,760)	(319,297)
Total Other Financing Sources (Uses)	<u>\$ 5,191,055</u>	<u>\$ 5,191,055</u>	<u>\$ 4,767,621</u>	<u>\$ (423,434)</u>
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>				
	<u>\$ -</u>	<u>\$ (160,670)</u>	<u>\$ (200,781)</u>	<u>\$ (40,111)</u>
<u>FUND BALANCE - JULY 1</u>				
	<u>2,474,088</u>	<u>2,474,088</u>	<u>2,474,088</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>				
	<u>\$ 2,474,088</u>	<u>\$ 2,313,418</u>	<u>\$ 2,273,307</u>	<u>\$ (40,111)</u>

**CITY OF VIRGINIA BEACH, VIRGINIA
 SCHOOL RESERVE SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Actual Amounts</u>
<u>REVENUES</u>	\$ -
<u>EXPENDITURES</u>	
School Reserve	\$ -
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	\$ -
<u>FUND BALANCE - JULY 1</u>	4,344,063
<u>FUND BALANCE - JUNE 30</u>	\$ 4,344,063

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, 2008

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget Positive (Negative)</u>
<u>REVENUES</u>				
General Property Taxes	\$ 3,926,373	\$ 3,926,373	\$ 3,711,235	\$ (215,138)
From Use of Money and Property	71,104	71,104	1,500,305	1,429,201
Other Local Governments	-	-	2,497,076	2,497,076
Total Revenues	<u>\$ 3,997,477</u>	<u>\$ 3,997,477</u>	<u>\$ 7,708,616</u>	<u>\$ 3,711,139</u>
<u>EXPENDITURES</u>				
CBD South	<u>\$ 963,607</u>	<u>\$ 2,563,607</u>	<u>\$ 677,101</u>	<u>\$ 1,886,506</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	<u>\$ 3,033,870</u>	<u>\$ 1,433,870</u>	<u>\$ 7,031,515</u>	<u>\$ 5,597,645</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers Out	<u>\$ (3,033,870)</u>	<u>\$ (3,774,435)</u>	<u>\$ (3,774,435)</u>	<u>\$ -</u>
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>				
	<u>\$ -</u>	<u>\$ (2,340,565)</u>	<u>\$ 3,257,080</u>	<u>\$ 5,597,645</u>
<u>FUND BALANCE - JULY 1</u>				
	<u>2,425,152</u>	<u>2,425,152</u>	<u>2,425,152</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>				
	<u><u>\$ 2,425,152</u></u>	<u><u>\$ 84,587</u></u>	<u><u>\$ 5,682,232</u></u>	<u><u>\$ 5,597,645</u></u>

CITY OF VIRGINIA BEACH, VIRGINIA
SANDBRIDGE SPECIAL SERVICE DISTRICT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
General Property Taxes	\$ 802,294	\$ 802,294	\$ 786,475	\$ (15,819)
Other Local Taxes	431,895	431,895	861,559	429,664
From Use of Money and Property	24,404	24,404	87,551	63,147
Total Revenues	<u>\$ 1,258,593</u>	<u>\$ 1,258,593</u>	<u>\$ 1,735,585</u>	<u>\$ 476,992</u>
<u>EXPENDITURES</u>				
Total Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	<u>\$ 1,258,593</u>	<u>\$ 1,258,593</u>	<u>\$ 1,735,585</u>	<u>\$ 476,992</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	\$ 1,060,974	\$ 1,060,974	\$ 1,836,202	\$ 775,228
Transfers Out	(2,904,786)	(2,904,786)	(2,904,786)	-
Total Other Financing Sources (Uses)	<u>\$ (1,843,812)</u>	<u>\$ (1,843,812)</u>	<u>\$ (1,068,584)</u>	<u>\$ 775,228</u>
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>				
	\$ (585,219)	\$ (585,219)	\$ 667,001	\$ 1,252,222
<u>FUND BALANCE - JULY 1</u>				
	<u>1,759,404</u>	<u>1,759,404</u>	<u>1,759,404</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>				
	<u>\$ 1,174,185</u>	<u>\$ 1,174,185</u>	<u>\$ 2,426,405</u>	<u>\$ 1,252,220</u>

CITY OF VIRGINIA BEACH, VIRGINIA
EMS STATE FOUR-FOR-LIFE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget Positive (Negative)</u>
<u>REVENUES</u>				
From Use of Money and Property	\$ -	\$ -	\$ 11,839	\$ 11,839
From Commonwealth	305,000	305,000	607,916	302,916
Total Revenues	<u>\$ 305,000</u>	<u>\$ 305,000</u>	<u>\$ 619,755</u>	<u>\$ 314,755</u>
<u>EXPENDITURES</u>				
State Emergency Medical Assistance	<u>\$ 305,000</u>	<u>\$ 363,348</u>	<u>\$ 337,708</u>	<u>\$ 25,640</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	<u>\$ -</u>	<u>\$ (58,348)</u>	<u>\$ 282,047</u>	<u>\$ 340,395</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers Out	<u>\$ -</u>	<u>\$ (18,346)</u>	<u>\$ (18,346)</u>	<u>\$ -</u>
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>				
	<u>\$ -</u>	<u>\$ (76,694)</u>	<u>\$ 263,701</u>	<u>\$ 340,395</u>
<u>FUND BALANCE - JULY 1</u>	<u>92,862</u>	<u>92,862</u>	<u>92,862</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>	<u>\$ 92,862</u>	<u>\$ 16,168</u>	<u>\$ 356,563</u>	<u>\$ 340,395</u>

CITY OF VIRGINIA BEACH, VIRGINIA
FIRE PROGRAMS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget Positive (Negative)</u>
<u>REVENUES</u>				
From Use of Money and Property	\$ -	\$ -	\$ 89,901	\$ 89,901
From Commonwealth	600,159	600,159	1,130,867	530,708
Total Revenues	<u>\$ 600,159</u>	<u>\$ 600,159</u>	<u>\$ 1,220,768</u>	<u>\$ 620,609</u>
<u>EXPENDITURES</u>				
Fire Programs	<u>\$ 600,159</u>	<u>\$ 649,624</u>	<u>\$ 521,640</u>	<u>\$ 127,984</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	\$ -	\$ (49,465)	\$ 699,128	\$ 748,593
<u>FUND BALANCE - JULY 1</u>				
	<u>1,363,764</u>	<u>1,363,764</u>	<u>1,363,764</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>				
	<u>\$ 1,363,764</u>	<u>\$ 1,314,299</u>	<u>\$ 2,062,892</u>	<u>\$ 748,593</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, 2008

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
From Use of Money and Property	\$ -	\$ -	\$ 582,804	\$ 582,804
<u>EXPENDITURES</u>				
Agriculture Reserve Program	\$ 1,476,979	\$ 1,476,979	\$ 168,870	\$ 1,308,109
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	\$ (1,476,979)	\$ (1,476,979)	\$ 413,934	\$ 1,890,913
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	\$ 4,789,876	\$ 4,789,876	\$ 4,050,085	\$ (739,791)
Transfers Out	(8,912,897)	(8,912,897)	(7,827,039)	1,085,858
Total Other Financing Sources (Uses)	\$ (4,123,021)	\$ (4,123,021)	\$ (3,776,954)	\$ 346,067
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>				
	\$ (5,600,000)	\$ (5,600,000)	\$ (3,363,020)	\$ 2,236,980
<u>FUND BALANCE - JULY 1</u>				
	16,938,198	16,938,198	16,938,198	-
<u>FUND BALANCE - JUNE 30</u>				
	\$ 11,338,198	\$ 11,338,198	\$ 13,575,178	\$ 2,236,980

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, 2008

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
From Federal Government	\$ -	\$ 51,722	\$ 51,722	\$ -
<u>EXPENDITURES</u>				
FEMA Operations	\$ -	\$ 35,728	\$ 35,728	\$ -
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	\$ -	\$ 15,994	\$ 15,994	\$ -
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers Out	\$ -	\$ (42,845)	\$ (42,845)	\$ -
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>	\$ -	\$ (26,851)	\$ (26,851)	\$ -
<u>FUND BALANCE - JULY 1</u>	1,813,778	1,813,778	1,813,778	-
<u>FUND BALANCE - JUNE 30</u>	\$ 1,813,778	\$ 1,786,927	\$ 1,786,927	\$ -

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, 2008

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget Positive (Negative)</u>
<u>REVENUES</u>				
From Use of Money and Property	\$ 33,442	\$ 33,442	\$ 58,150	\$ 24,708
Charges for Services	450,950	450,950	472,097	21,147
Miscellaneous	40,000	40,000	-	(40,000)
Total Revenues	<u>\$ 524,392</u>	<u>\$ 524,392</u>	<u>\$ 530,247</u>	<u>\$ 5,855</u>
<u>EXPENDITURES</u>				
Visitor Information Center	\$ 1,193,827	\$ 1,219,398	\$ 880,373	\$ 339,025
Tourism and Convention Advertising	8,497,924	9,160,259	9,045,679	114,580
Total Expenditures	<u>\$ 9,691,751</u>	<u>\$ 10,379,657</u>	<u>\$ 9,926,052</u>	<u>\$ 453,605</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	<u>\$ (9,167,359)</u>	<u>\$ (9,855,265)</u>	<u>\$ (9,395,805)</u>	<u>\$ 459,460</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	\$ 9,223,083	\$ 9,243,083	\$ 9,156,038	\$ (87,045)
Transfers Out	(55,724)	(55,724)	(55,724)	-
Total Other Financing Sources (Uses)	<u>\$ 9,167,359</u>	<u>\$ 9,187,359</u>	<u>\$ 9,100,314</u>	<u>\$ (87,045)</u>
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>				
	\$ -	\$ (667,906)	\$ (295,491)	\$ 372,415
<u>FUND BALANCE - JULY 1</u>				
	<u>946,923</u>	<u>946,923</u>	<u>946,923</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>				
	<u>\$ 946,923</u>	<u>\$ 279,017</u>	<u>\$ 651,432</u>	<u>\$ 372,415</u>

**CITY OF VIRGINIA BEACH, VIRGINIA
PROFFER IMPACT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Actual Amounts</u>
<u>REVENUES</u>	
From Use of Money and Property	\$ 7,461
Miscellaneous	21,250
Total Revenues	\$ 28,711
<u>EXPENDITURES</u>	
Proffer	\$ -
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	
	\$ 28,711
<u>OTHER FINANCING SOURCES (USES)</u>	
Transfers Out	\$ (7,461)
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>	
	\$ 21,250
<u>FUND BALANCE - JULY 1</u>	192,852
<u>FUND BALANCE - JUNE 30</u>	\$ 214,102

CITY OF VIRGINIA BEACH, VIRGINIA
VIRGINIA AQUARIUM AND MARINE SCIENCE CENTER SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget Positive (Negative)</u>
<u>REVENUES</u>				
From Use of Money and Property	\$ 26,500	\$ 26,500	\$ 22,384	\$ (4,116)
Charges for Services	5,978,715	5,228,021	5,349,677	121,656
Miscellaneous	789,886	828,407	744,155	(84,252)
From Federal Government	31,000	31,000	30,916	(84)
Total Revenues	<u>\$ 6,826,101</u>	<u>\$ 6,113,928</u>	<u>\$ 6,147,132</u>	<u>\$ 33,204</u>
<u>EXPENDITURES</u>				
Administration	\$ 1,507,199	\$ 1,360,312	\$ 1,362,846	\$ (2,534)
Gift Shop	844,236	860,461	867,517	(7,056)
Custodial Services	297,979	301,369	308,046	(6,677)
IMAX Theater	724,807	772,076	776,040	(3,964)
Education	560,821	588,608	513,386	75,222
Exhibits	1,627,219	1,644,196	1,660,272	(16,076)
Marketing	643,828	649,029	640,750	8,279
Foundation	719,886	754,407	670,468	83,939
Research and Development	272,859	285,379	298,926	(13,547)
Grants	31,000	31,000	32,132	(1,132)
Total Expenditures	<u>\$ 7,229,834</u>	<u>\$ 7,246,837</u>	<u>\$ 7,130,383</u>	<u>\$ 116,454</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	<u>\$ (403,733)</u>	<u>\$ (1,132,909)</u>	<u>\$ (983,251)</u>	<u>\$ 149,658</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	<u>\$ 403,733</u>	<u>\$ 1,010,272</u>	<u>\$ 1,010,272</u>	<u>\$ -</u>
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>				
	<u>\$ -</u>	<u>\$ (122,637)</u>	<u>\$ 27,021</u>	<u>\$ 149,658</u>
<u>FUND BALANCE - JULY 1</u>				
	<u>122,637</u>	<u>122,637</u>	<u>122,637</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>				
	<u>\$ 122,637</u>	<u>\$ -</u>	<u>\$ 149,658</u>	<u>\$ 149,658</u>

CITY OF VIRGINIA BEACH, VIRGINIA
PUBLIC INVESTMENT PROTECTION STRATEGY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Actual Amounts</u>
<u>REVENUES</u>	
From Use of Money and Property	\$ 2,439
<u>EXPENDITURES</u>	
Public Investment Protection	\$ -
<u>EXCESS OF REVENUES OVER</u> <u>(UNDER) EXPENDITURES</u>	\$ 2,439
<u>FUND BALANCE - JULY 1</u>	<u>58,337</u>
<u>FUND BALANCE - JUNE 30</u>	<u>\$ 60,776</u>

CITY OF VIRGINIA BEACH, VIRGINIA
ARTS AND HUMANITIES COMMISSION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget Positive (Negative)</u>
<u>REVENUES</u>				
From Use of Money and Property	\$ -	\$ -	\$ 995	\$ 995
From Commonwealth	5,000	5,000	5,000	-
Total Revenues	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ 5,995</u>	<u>\$ 995</u>
<u>EXPENDITURES</u>				
Boards and Commissions	<u>\$ 443,818</u>	<u>\$ 481,818</u>	<u>\$ 463,379</u>	<u>\$ 18,439</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	<u>\$ (438,818)</u>	<u>\$ (476,818)</u>	<u>\$ (457,384)</u>	<u>\$ 19,434</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	<u>\$ 438,818</u>	<u>\$ 434,818</u>	<u>\$ 434,818</u>	<u>\$ -</u>
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>				
	<u>\$ -</u>	<u>\$ (42,000)</u>	<u>\$ (22,566)</u>	<u>\$ 19,434</u>
<u>FUND BALANCE - JULY 1</u>				
	<u>59,803</u>	<u>59,803</u>	<u>59,803</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>				
	<u>\$ 59,803</u>	<u>\$ 17,803</u>	<u>\$ 37,237</u>	<u>\$ 19,434</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, 2008

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
From Use of Money and Property	\$ 428,414	\$ 428,414	\$ 232,663	\$ (195,751)
<u>EXPENDITURES</u>				
Open Space Program	\$ 683,761	\$ 683,761	\$ 196,690	\$ 487,071
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>\$ (255,347)</u>	<u>\$ (255,347)</u>	<u>\$ 35,973</u>	<u>\$ 291,320</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	\$ 3,929,752	\$ 3,929,752	\$ 3,836,653	\$ (93,099)
Transfers Out	(4,674,405)	(4,674,405)	(4,185,575)	488,830
Total Other Financing Sources (Uses)	<u>\$ (744,653)</u>	<u>\$ (744,653)</u>	<u>\$ (348,922)</u>	<u>\$ 395,731</u>
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>	<u>\$ (1,000,000)</u>	<u>\$ (1,000,000)</u>	<u>\$ (312,949)</u>	<u>\$ 687,051</u>
<u>FUND BALANCE - JULY 1</u>	<u>6,636,416</u>	<u>6,636,416</u>	<u>6,636,416</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>	<u>\$ 5,636,416</u>	<u>\$ 5,636,416</u>	<u>\$ 6,323,467</u>	<u>\$ 687,051</u>

CITY OF VIRGINIA BEACH, VIRGINIA
MAJOR PROJECTS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
From Use of Money and Property	\$ 843,303	\$ 843,303	\$ 1,129,400	\$ 286,097
<u>EXPENDITURES</u>				
Major Projects Expenditures	\$ 364,920	\$ 364,920	\$ 343,127	\$ 21,793
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	\$ 478,383	\$ 478,383	\$ 786,273	\$ 307,890
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	\$ 16,729,920	\$ 16,729,920	\$ 16,744,466	\$ 14,546
Transfers Out	(21,066,868)	(21,066,868)	(18,129,068)	2,937,800
Total Other Financing Sources (Uses)	\$ (4,336,948)	\$ (4,336,948)	\$ (1,384,602)	\$ 2,952,346
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>				
	\$ (3,858,565)	\$ (3,858,565)	\$ (598,329)	\$ 3,260,236
<u>FUND BALANCE - JULY 1</u>	<u>28,417,958</u>	<u>28,417,958</u>	<u>28,417,958</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>	<u>\$ 24,559,393</u>	<u>\$ 24,559,393</u>	<u>\$ 27,819,629</u>	<u>\$ 3,260,236</u>

CITY OF VIRGINIA BEACH, VIRGINIA
TRANSITIONAL AREA SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
From Use of Money and Property	\$ -	\$ -	\$ 9,690	\$ 9,690
<u>EXPENDITURES</u>				
Transitional Area Services	\$ 370,606	\$ 370,606	\$ -	\$ 370,606
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	\$ (370,606)	\$ (370,606)	\$ 9,690	\$ 380,296
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	\$ 370,606	\$ 370,606	\$ 146,658	\$ (223,948)
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>	\$ -	\$ -	\$ 156,348	\$ 156,348
<u>FUND BALANCE - JULY 1</u>	<u>139,773</u>	<u>139,773</u>	<u>139,773</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>	<u>\$ 139,773</u>	<u>\$ 139,773</u>	<u>\$ 296,121</u>	<u>\$ 156,348</u>

**CITY OF VIRGINIA BEACH, VIRGINIA
WETLANDS BOARD MITIGATION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2008**

	Actual Amounts
<u>REVENUES</u>	
From Use of Money and Property	\$ 467
Miscellaneous	8,706
Total Revenues	\$ 9,173
 <u>EXPENDITURES</u>	
Wetlands Mitigation	\$ -
 <u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	\$ 9,173
 <u>FUND BALANCE - JULY 1</u>	61,852
 <u>FUND BALANCE - JUNE 30</u>	\$ 71,025

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, 2008

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
From Use of Money and Property	\$ -	\$ -	\$ 1,594,557	\$ 1,594,557
<u>EXPENDITURES</u>				
Principal	\$ 69,261,965	\$ 69,239,738	\$ 65,114,538	\$ 4,125,200
Interest	49,397,560	49,397,560	45,750,215	3,647,345
Total Expenditures	<u>\$ 118,659,525</u>	<u>\$ 118,637,298</u>	<u>\$ 110,864,753</u>	<u>\$ 7,772,545</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>\$ (118,659,525)</u>	<u>\$ (118,637,298)</u>	<u>\$ (109,270,196)</u>	<u>\$ 9,367,102</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	\$ 118,659,525	\$ 118,637,298	\$ 110,912,922	\$ (7,724,376)
Transfers Out	(856,912)	(856,912)	(856,912)	-
Proceeds of Refunding Bonds	-	-	51,625,000	51,625,000
Premium on Bonds Sold	-	-	6,681,533	6,681,533
Payment to Refunding Bonds Escrow Agent	-	-	(54,078,461)	(54,078,461)
Total Other Financing Sources (Uses)	<u>\$ 117,802,613</u>	<u>\$ 117,780,386</u>	<u>\$ 114,284,082</u>	<u>\$ (3,496,304)</u>
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>				
	\$ (856,912)	\$ (856,912)	\$ 5,013,886	\$ 5,870,798
<u>FUND BALANCE - JULY 1</u>	<u>13,993,113</u>	<u>13,993,113</u>	<u>13,993,113</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>	<u>\$ 13,136,201</u>	<u>\$ 13,136,201</u>	<u>\$ 19,006,999</u>	<u>\$ 5,870,798</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 BUDGETED REVENUES
FOR THE YEAR ENDED JUNE 30, 2008

Project Number	Project Name	Local Funding	Public Facility Revenue Bonds	Dedicated Funding	State Funding	Federal Funding	Other Funding	Total Funding
2007000	SHIPP'S CORNER RD BRIDGE REPLACEMENT	\$ 2,986,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,986,000
2018000	MAJOR INTERSECTION IMPROVEMENTS	6,359,613	-	500,000	-	-	-	6,859,613
2021000	RURAL ROAD IMPROVEMENTS	6,180,959	-	-	-	-	-	6,180,959
2025000	WITCHDUCK ROAD - PHASE II	876,900	-	-	715,000	-	-	1,591,900
2031000	STREET RECONSTRUCTION	1,891,151	-	-	-	-	-	1,891,151
2035000	AVALON WOODS - AVALON AVENUE	1,650,000	-	-	-	-	-	1,650,000
2039000	COMPUTERIZED TRAFFIC SIGNAL SYS UPGRADE/REPLACEMEN	1,196,833	-	-	15,000,000	4,969,000	-	21,165,833
2043000	MISCELLANEOUS CORRIDOR STUDIES	400,000	-	-	-	-	-	400,000
2048000	PRINCESS ANNE RD/KEMPSVILLE RD INTERSECTION IMPR	4,253,018	-	-	35,142,000	-	-	39,395,018
2052000	TRAFFIC SIGNAL REHABILITATION	2,250,000	-	-	-	-	-	2,250,000
2053000	ACCESS ROAD FOR ELEMENTARY SCHOOL 2008	1,000,000	-	-	-	-	-	1,000,000
2065000	ELBOW ROAD EXTENDED - PHASE II-A	3,164,200	-	-	1,217,000	-	-	4,381,200
2067000	SANDBRIDGE ROAD SAFETY IMPROVEMENTS	5,307,000	-	-	-	-	-	5,307,000
2071000	BAKER ROAD EXTENDED	3,025,000	-	-	-	-	-	3,025,000
2072000	FIRST COLONIAL RD/VB BLVD INTERSECTION IMPROVEMENT	9,974,131	-	-	-	-	-	9,974,131
2073000	BUCKNER ROAD EXTENDED	2,021,810	-	-	-	-	-	2,021,810
2074000	LYNNHAVEN PARKWAY INTERCHANGE/GREAT NECK RD.	3,300,000	-	-	-	-	-	3,300,000
2076000	LASKIN ROAD GATEWAY	16,396,121	-	-	-	-	-	16,396,121
2083000	DIAMOND SPRINGS ROAD BRIDGE REPLACEMENT	3,655,000	-	-	-	-	-	3,655,000
2089000	SOUTHEASTERN PARKWAY AND GREENBELT (PARTIAL)	21,596,001	-	-	-	378,011	-	21,974,012
2091000	NIMMO PARKWAY - PHASES II AND III	60,000	-	-	-	-	-	60,000
2107000	SEABOARD ROAD	4,752,000	-	-	-	-	-	4,752,000
2115000	SHORE DRIVE INTERSECTIONS - DEMO PROJECT	5,502,806	-	-	-	-	-	5,502,806
2116000	SHORE DRIVE CORRIDOR IMPRV-PHASE II	500,000	-	-	-	-	-	500,000
2117000	SHORE DRIVE CORRIDOR IMPRV-PHASE III	500,000	-	-	-	-	-	500,000
2118000	SHORE DRIVE CORRIDOR IMPRV-PHASE IV	1,500,000	-	-	-	-	-	1,500,000
2121000	NIMMO PARKWAY - PHASE V-A	5,181,232	-	-	-	-	-	5,181,232
2137000	GREAT NECK RD IV/LONDON BRIDGE RD III	1,170,854	-	-	5,152,840	-	-	6,323,694
2145000	WESLEYAN DRIVE	800,000	-	-	7,238,550	-	-	8,038,550
2149000	BIRDNECK ROAD - PHASE II	5,312,710	-	-	6,174,000	-	-	11,486,710
2150000	SALEM RD/PA ROAD INTERSECTION IMPROVEMENT	-	-	-	600,000	300,000	-	900,000
2151000	SANDBRIDGE CORRIDOR IMPROVEMENTS	2,915,000	-	-	-	-	-	2,915,000
2152000	ELBOW ROAD EXTENDED - PHASE II	2,389,800	-	-	6,413,205	-	-	8,803,005
2156000	LASKIN ROAD - PHASE I (VDOT)	4,125,000	-	-	-	-	-	4,125,000
2157000	LYNNHAVEN PARKWAY - PHASE IX	3,330,000	-	-	7,150,300	-	-	10,480,300
2158000	HOLLAND ROAD - PHASE VI (PARTIAL)	1,350,200	-	-	-	-	-	1,350,200
2161000	TRAFFIC SIGNAL RETIMING	-	-	-	600,500	555,791	-	1,156,291
2165000	LASKIN ROAD - PHASE II	591,879	-	-	4,430,000	-	-	5,021,879
2167000	LYNNHAVEN PARKWAY - PHASE XI	1,864,190	-	-	-	-	-	1,864,190
2168000	LESNER BRIDGE REPLACEMENT	2,000,000	-	-	1,000,000	-	-	3,000,000
2172000	LED TRAFFIC SIGNAL UPGRADE	400,000	-	-	-	400,000	-	400,000
2176000	TRANSPORTATION NETWORK ANALYSIS	1,650,000	-	-	-	-	-	1,650,000
2186000	NORFOLK SOUTHERN RIGHT-OF-WAY	300,000	-	-	-	-	-	300,000
2190000	CONGESTION RELIEF/SAFETY IMPRV PROGRAM	2,100,000	-	-	-	-	-	2,100,000
2195000	PRINCESS ANNE RD-INTERSECTION IMPRVMENTS	5,315,000	-	-	-	-	-	5,315,000
2200000	SHORE DRIVE DEMO PROJECT PAHSES II & III	1,075,000	-	-	-	-	-	1,075,000
2208000	CONSTITUTIONARY DRIVE EXTENDED	9,176,912	-	-	-	-	-	9,176,912
2211000	SECONDARY STREET IMPROVEMENTS	1,346,686	-	-	-	-	-	1,346,686
2238000	PEMBROKE AREA COMP TRANSPORTATION PLAN	925,000	-	-	-	-	-	925,000
2256000	INDIAN RIVER ROAD - PHASE VII	3,299,000	-	-	11,441,820	-	-	14,740,820
2257000	LYNNHAVEN PARKWAY/VOLVO PARKWAY	1,480,000	-	-	-	-	-	1,480,000
2261000	CITY LINE ROAD (PARTIAL)	5,200	-	-	-	-	-	5,200
2263000	MAJOR BRIDGE REHABILITATION	6,546,475	-	-	-	-	-	6,546,475
2268000	WETLANDS MITIGATION BANKING	1,252,000	-	-	-	-	-	1,252,000
2284000	STREET ASPHALT RESURFACING	68,498,600	-	94,000	-	-	-	68,592,600
2285000	TRAFFIC SAFETY IMPROVEMENTS - PHASE II	14,674,223	-	-	744,980	684,000	-	16,103,203
2305000	PRINCESS ANNE RD - PH IV (FERRELL - PH II)	8,516,842	-	-	-	-	-	8,516,842
2502000	WEST NECK ROAD (TAN)	3,380,550	-	-	94,614	-	-	3,475,164
2731000	SHORE DRIVE INTERIM SAFETY IMPROVEMENTS	1,000,000	-	-	-	-	-	1,000,000
2837000	VARIOUS COST PARTICIPATION PROJECTS	4,132,595	-	-	-	61,759	-	4,194,354
2931000	WITCHDUCK ROAD - PHASE I	511,943	-	-	17,390,057	-	-	17,902,000
	TOTAL ENGINEERING & HIGHWAYS CAPITAL PROJECTS	\$ 276,915,434	\$ -	\$ 594,000	\$ 120,504,866	\$ 6,948,561	\$ -	\$ 404,962,861

CITY OF VIRGINIA BEACH, VIRGINIA
ENGINEERING AND HIGHWAYS CAPITAL PROJECTS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2008

Project Number	Project Name	Budget To Date	Current Year Expenditures	Total Expenditures	Construction In Progress	Outstanding Encumbrances	Available Balance
2007000	SHIPP'S CORNER RD BRIDGE REPLACEMENT	\$ 2,986,000	\$ 132,886	\$ 2,512,150	\$ -	\$ 462,282	\$ 11,568
2018000	MAJOR INTERSECTION IMPROVEMENTS	6,859,613	376,137	1,049,634	1,049,634	1,281,702	4,528,277
2021000	RURAL ROAD IMPROVEMENTS	6,180,959	22,911	4,509,451	4,509,451	896,997	774,511
2025000	WITCHDUCK ROAD - PHASE II	1,591,900	100,290	496,862	496,862	980,818	114,220
2031000	STREET RECONSTRUCTION	1,891,151	-	1,466,505	-	207,978	216,668
2035000	AVALON WOODS - AVALON AVENUE	1,650,000	76,136	109,974	109,974	43,378	1,496,648
2039000	COMPUTERIZED TRAFFIC SIGNAL SYS UPGRADE/REPLACEMEN	21,165,833	717,919	7,882,453	7,882,453	2,010,253	11,273,127
2043000	MISCELLANEOUS CORRIDOR STUDIES	400,000	-	355,822	-	41,220	2,958
2048000	PRINCESS ANNE RD/KEMPSVILLE RD INTERSECTION IMPR	39,395,018	868,559	7,736,329	7,824,932	1,176,146	30,482,543
2052000	TRAFFIC SIGNAL REHABILITATION	2,250,000	190,273	1,538,604	-	32,238	679,158
2053000	ACCESS ROAD FOR ELEMENTARY SCHOOL 2008	1,000,000	109,392	1,000,000	-	-	-
2065000	ELBOW ROAD EXTENDED - PHASE II-A	4,381,200	35,124	4,060,065	-	62,247	258,888
2067000	SANDBRIDGE ROAD SAFETY IMPROVEMENTS	5,307,000	159,554	4,204,446	4,204,446	400,955	701,599
2071000	BAKER ROAD EXTENDED	3,025,000	13,675	171,846	-	62,517	2,790,637
2072000	FIRST COLONIAL RD/VB BLVD INTERSECTION IMPROVEMENT	9,974,131	2,617,377	3,392,027	3,392,027	285,534	6,296,570
2073000	BUCKNER ROAD EXTENDED	2,021,810	98,964	102,053	102,053	131,658	1,788,099
2074000	LYNNHAVEN PARKWAY INTERCHANGE/GREAT NECK RD.	3,300,000	24	2,903,382	2,903,382	110,250	286,368
2076000	LASKIN ROAD GATEWAY	16,396,121	2,104,344	14,261,019	14,261,019	1,376,354	758,748
2083000	DIAMOND SPRINGS ROAD BRIDGE REPLACEMENT	3,655,000	113,191	449,554	449,554	2,688,944	516,502
2089000	SOUTHEASTERN PARKWAY AND GREENBELT (PARTIAL)	21,974,012	879,182	21,559,857	21,559,857	262,924	151,231
2091000	NIMMO PARKWAY - PHASES II AND III	60,000	-	40,697	-	-	19,303
2107000	SEABOARD ROAD	4,752,000	537,829	1,646,787	1,646,787	399,639	2,705,574
2115000	SHORE DRIVE INTERSECTIONS - DEMO PROJECT	5,502,806	1,371,921	4,555,113	4,555,113	600,304	347,389
2116000	SHORE DRIVE CORRIDOR IMPRV-PHASE II	500,000	-	-	-	-	500,000
2117000	SHORE DRIVE CORRIDOR IMPRV-PHASE III	500,000	-	-	-	-	500,000
2118000	SHORE DRIVE CORRIDOR IMPRV-PHASE IV	1,500,000	336,243	338,035	338,035	660,960	501,005
2121000	NIMMO PARKWAY - PHASE V-A	5,181,232	-	19,465	19,465	-	5,161,767
2137000	GREAT NECK RD IV/LONDON BRIDGE RD III	6,323,694	193,395	5,628,425	5,628,425	419,594	275,675
2145000	WESLEY AN DRIVE	8,038,550	658	9,780	9,780	5,350	8,023,420
2149000	BIRDNECK ROAD - PHASE II	11,486,710	399,684	6,011,954	6,011,954	2,620,291	2,854,465
2150000	SALEM RD/PA ROAD INTERSECTION IMPROVEMENT	900,000	22,805	22,805	22,805	17,561	859,634
2151000	SANDBRIDGE CORRIDOR IMPROVEMENTS	2,915,000	12,340	2,481,134	2,481,134	430,965	2,901
2152000	ELBOW ROAD EXTENDED - PHASE II	8,803,005	684,961	3,253,127	3,253,127	185,186	5,364,692
2156000	LASKIN ROAD - PHASE I (VDOT)	4,125,000	113,782	1,854,251	1,854,251	217,018	2,053,731
2157000	LYNNHAVEN PARKWAY - PHASE IX	10,480,300	5,151,885	4,755,093	6,046,712	5,316,317	408,890
2158000	HOLLAND ROAD - PHASE VI (PARTIAL)	1,350,200	108,499	480,550	480,550	55,159	814,491
2161000	TRAFFIC SIGNAL RETIMING	1,156,291	658	2,500	2,500	-	1,153,791
2165000	LASKIN ROAD - PHASE II	5,021,879	10,444	625,039	625,039	102,311	4,294,529
2167000	LYNNHAVEN PARKWAY - PHASE XI	1,864,190	11,324	204,507	204,507	100,000	1,559,683
2168000	LESNER BRIDGE REPLACEMENT	3,000,000	1,363,518	2,392,219	2,392,219	598,178	9,603
2172000	LED TRAFFIC SIGNAL UPGRADE	400,000	99,942	367,016	367,016	17,073	15,911
2176000	TRANSPORTATION NETWORK ANALYSIS	1,650,000	79,298	650,519	650,519	183,150	816,331
2186000	NORFOLK SOUTHERN RIGHT-OF-WAY	300,000	-	1,025	1,025	-	298,975
2190000	CONGESTION RELIEF/SAFETY IMPRV PROGRAM	2,100,000	41,373	41,373	41,373	13,221	2,045,406
2195000	PRINCESS ANNE RD-INTERSECTION IMPRVMTS	5,315,000	283,862	2,051,826	2,051,826	69,355	3,193,819
2200000	SHORE DRIVE DEMO PROJECT PHASES II & III	1,075,000	323,157	501,957	501,957	569,933	3,110
2208000	CONSTITUTION DRIVE EXTENDED	9,176,912	260,751	260,751	260,751	-	8,916,161
2211000	SECONDARY STREET IMPROVEMENTS	1,346,686	96,682	1,255,082	1,255,082	6,868	84,736
2238000	PEMBROKE AREA COMP TRANSPORTATION PLAN	925,000	305,744	751,431	751,431	112,094	61,475
2256000	INDIAN RIVER ROAD - PHASE VII	14,740,820	250,846	1,805,893	1,805,893	251,529	12,683,398
2257000	LYNNHAVEN PARKWAY/VOLVO PARKWAY	1,480,000	126,011	335,085	-	604,007	540,908
2261000	CITY LINE ROAD (PARTIAL)	5,200	-	4,878	-	-	322
2263000	MAJOR BRIDGE REHABILITATION	6,546,475	122,021	4,668,496	4,668,496	64,298	1,813,681
2268000	WETLANDS MITIGATION BANKING	1,252,000	3,687	159,296	159,296	5,543	1,087,161
2284000	STREET ASPHALT RESURFACING	68,592,600	9,464,005	67,820,999	67,820,999	373,536	398,065
2285000	TRAFFIC SAFETY IMPROVEMENTS - PHASE II	16,103,203	982,266	14,315,363	14,315,363	1,050,525	737,315
2305000	PRINCESS ANNE RD - PH IV (FERRELL - PH II)	8,516,842	185,524	2,123,329	2,123,329	1,013,893	5,379,620
2502000	WEST NECK ROAD (TAN)	3,475,164	155,781	489,061	489,060	875,452	2,110,651
2731000	SHORE DRIVE INTERIM SAFETY IMPROVEMENTS	1,000,000	47,914	47,914	47,914	25,880	926,206
2837000	VARIOUS COST PARTICIPATION PROJECTS	4,194,354	19,503	4,055,699	4,055,699	108,771	29,884
2931000	WITCHDUCK ROAD - PHASE I	17,902,000	9,042,721	12,398,953	12,398,953	657,207	4,845,840
	TOTAL ENGINEERING & HIGHWAYS CAPITAL PROJECTS	\$ 404,962,861	\$ 40,826,972	\$ 228,189,460	\$ 218,255,873	\$ 30,245,563	\$ 146,527,838

**CITY OF VIRGINIA BEACH, VIRGINIA
BUILDINGS CAPITAL PROJECTS BUDGETED REVENUES
FOR THE YEAR ENDED JUNE 30, 2008**

Project Number	Project Name	Local Funding	Public Facility Revenue Bonds	Dedicated Funding	State Funding	Federal Funding	Other Funding	Total Funding
3003000	JUDICIAL CENTER PARKING EXPANSION	\$ 814,238	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 814,238
3005000	UNDERGROUND STORAGE TANKS-CITY	8,734,869	-	842,123	530,000	100,000	55,000	10,261,992
3009000	PUBLIC SAFETY EMERGENCY COMMUNICATIONS SYSTEM	1,710,403	-	1,421,686	-	-	-	3,132,089
3011000	BEACH HOUSE ACQUISITION AND REHABILITATION	1,412,880	-	85,000	-	-	300,000	1,797,880
3013000	BOYS' CLUB/GIRLS' CLUB - GREEN RUN LIBRARY	500,000	-	-	-	-	-	500,000
3017000	FIRE AND RESCUE STATION - FIRST LANDING	5,892,000	-	60,000	-	-	-	5,952,000
3021000	FIRE AN RESCUE STATION - THALIA	5,323,557	-	-	-	-	-	5,323,557
3023000	SOCIAL SERVICES BUILDING REPLACEMENT	2,863	-	-	-	-	9,497,137	9,500,000
3024000	VIRGINIA BEACH JUVENILE DETENTION CENTER	7,004,881	-	-	5,764,514	-	-	12,769,395
3027000	LAW ENFORCEMENT TRAINING ACADEMY	887,112	-	2,100,000	-	-	-	2,987,112
3035000	CIT-CRIMINAL JUSTICE AUTO-SYS ANALYSIS	300,000	-	-	-	-	-	300,000
3038000	VARIOUS BUILDINGS REHABILITATION AND RENEWAL	14,277,886	-	104,000	-	109,018	-	14,490,904
3041000	VMSM ELEVATED PEDESTRIAN CROSSWALK	512,179	-	-	-	-	-	512,179
3045000	CIT-ENTERPRISE DATA & INFO MGMT PLAN-PH I	414,000	-	-	-	-	-	414,000
3048000	CIT-SOFTWARE INFRASTRUCTURE	286,000	-	-	-	-	-	286,000
3050000	CIT-PLANNING ADDRESS PROCESS CONVERSION	100,000	-	-	-	-	-	100,000
3051000	CIT-311/CUSTOMER RELATIONSHIP-PHASE II	325,000	-	-	-	-	-	325,000
3052000	CIT-IT SERVICE CONTINUITY	1,900,000	-	-	-	-	-	1,900,000
3053000	CIT-INFORMATION MANAGEMENT-PHASE II	100,000	-	-	-	-	-	100,000
3058000	GREAT NECK RESCUE STATION SITE IMPROVE	750,000	-	-	-	-	-	750,000
3061000	CIT-HANSEN V.8 UPGRADE	500,000	-	-	-	-	-	500,000
3073000	COLONIAL EDUC CONS & LAND ACQUIS	751,100	-	-	-	250,000	-	1,001,100
3100000	VARIOUS BUILDINGS HVAC REHABILITATION AND RENEWAL	6,264,734	-	-	-	-	-	6,264,734
3109000	LIBRARY AUTOMATION SYSTEM REPLACEMENT	1,300,000	-	-	-	-	-	1,300,000
3114000	BEAUTIFICATION PILOT PROJECT	580,000	-	-	-	-	-	580,000
3118000	FIRE TRAINING CENTER IMPROVEMENTS	975,896	-	3,200,124	300,000	-	-	4,476,020
3124000	COPS INTEROPERABLE COMM TECH GRNT - PH II	339,100	-	-	-	3,000,000	800,000	4,139,100
3138000	UASI INTEROPERABLE COMMUNICATIONS TECHN	-	-	-	-	3,213,780	-	3,213,780
3173000	EMER COMMUNICATIONS/EMER OPS CENTERS	1,932,000	7,264,000	-	-	1,000,000	-	10,196,000
3175000	SOUTH ROSEMONT AREA LIBRARY	4,677,498	-	-	-	-	-	4,677,498
3185000	FIRE APPARATUS REPLACEMENT	2,387,313	4,780,000	3,522,687	-	-	-	10,690,000
3200000	REV ASSESSMENT & COLLECTION SYS	3,724,799	8,200,000	-	-	-	-	11,924,799
3207000	CIT-PH 2 PERMITS/INSPECT INTRACTV INTRNT	1,000,000	-	-	-	-	-	1,000,000
3208000	CIT-ASSET MODULE	158,196	-	55,124	-	-	-	213,320
3209000	CIT-ENTERPRISE ELCTRNC RECORDS MGMT SYS	750,000	-	-	-	-	-	750,000
3212000	CIT - IT NETWORK INFRASTRUCTURE REPLACE	2,250,000	-	406,000	-	-	-	2,656,000
3213000	CIT - MAINFRAME REPLACEMENT	-	-	698,545	-	-	-	698,545
3214000	CIT - CODE ENFORCEMENT DATABASE	400,000	-	243,000	-	-	-	643,000
3217000	CIT - MH CLIENT INFORMATION SYSTEM	700,000	-	2,200,000	-	-	-	2,900,000
3227000	POLICE REPLACE & HANGER EXPAN	2,355,000	-	1,320,000	-	-	-	3,675,000
3229000	POLICE TRNG FACILITY-SITE SELECTION/DESIGN	4,880,000	-	80,000	-	-	-	4,960,000
3244000	FIRE/RESCUE STATION-CHESAPEAKE BEACH	2,300,000	-	-	-	-	-	2,300,000
3248000	FIRE/RESCUE STATION-BLACKWATER	600,000	-	-	-	-	-	600,000
3262000	TIDEWATER COMMUNITY COLLEGE EXPANSION	17,313,290	-	-	-	-	-	17,313,290
3273000	CIT - VIDEO SERVICES RELOCATION	321,145	-	171,610	-	-	125,000	617,755
3274000	MIT MEASURES CRITICAL FACILITIES (FEMA)	95,738	-	-	-	703,725	-	799,463
3275000	VMSM RENEWAL & REPLACEMENT	291,200	-	375,000	-	-	-	666,200
3277000	FINANCE ACCOUNTING SYSTEM REPLACEMENT	-	-	2,394,776	-	-	-	2,394,776
3280000	CIT-CITY HUMAN RESOURCES/PAYROLL SYSTEM	60,000	300,000	9,348,061	-	-	-	9,708,061
3281000	CIT-COMMUNICATION INFRASTRUCTURE REPLACE	8,719,976	9,200,000	2,708,632	-	-	-	20,628,608
3282000	MUNICIPAL BUILDING SECURITY ENHANCEMENTS	950,000	-	-	-	-	-	950,000
3283000	PAVILION THEATER REPLACEMENT	5,000,000	30,000,000	-	-	-	12,000,000	47,000,000
3286000	CIT-ADDRESS LOCATION REPLACE	-	-	490,000	-	-	-	490,000
3289000	CIT-POLICE-CITIZEN INTERNET SOFTWARE MOD	206,726	-	-	-	-	-	206,726
3292000	VA AQUARIUM ANIMAL CARE ANNEX	2,413,924	-	-	-	-	-	2,413,924
3299000	SHERIFF'S WORKFORCE/RELEASE FACILITY	-	-	600,000	-	-	-	600,000
3300000	FERRY PLANTATION HOUSE	-	-	-	-	115,000	30,000	145,000
3322000	VMSM ORIGINAL EXHIBIT GALLERY RENOVATION	11,672,682	-	-	-	167,506	-	11,840,188
3340000	CIT - TELECOMMUNICATIONS REPLACEMENT	780,000	-	880,000	-	-	-	1,660,000
3343000	ADAM THOROUGHGOOD HOUSE EXTERIOR MOISTURE DAMAGE	150,000	-	-	-	150,000	-	300,000
3344000	POLICE FOURTH PRECINCT-REPLACEMENT	680,150	-	69,850	-	-	-	750,000
3346000	CIT-AUTOMATIC VEHICLE LOCATOR SYSTEM	-	-	1,313,500	-	-	-	1,313,500
3349000	CIT-HUMAN SRVCS IT SYSTEMS INTERGRATION	-	-	-	-	340,500	-	340,500
3359000	BLDG MODERN, RENEWALS AND REPLACEMENTS	823,000	-	-	-	-	-	823,000
3365000	FIRE FACILITY REHAB AND RENEWAL PH II	2,092,302	-	-	-	-	-	2,092,302
3366000	VAR BLDGS HVAC REHAB AND RENEWAL PH II	3,625,806	-	-	-	-	-	3,625,806
3367000	VAR BLDGS REHAB AND RENEWAL PH II	7,348,702	-	-	-	-	-	7,348,702
3368000	VARIOUS SITE ACQUISITIONS	17,608,900	-	-	-	-	-	17,608,900
3369000	LEROY DR MASTER PLAN/FACILITY REPLACE	320,000	-	-	-	-	-	320,000
3371000	FIRE APPARATUS-PHASE II	2,585,300	-	-	-	-	-	2,585,300
3413000	BAYSIDE LIBRARY & POLICE PRECINCT	6,761,687	-	-	-	-	-	6,761,687
3420000	DAM NECK YARD FACILITY DESIGN	146,792	-	-	-	-	-	146,792
3432000	POLICE MOUNTED PATROL FACILITY	1,305,000	-	-	-	-	-	1,305,000
3441000	CORRECTION CENTER ADDITION III/BUILDING & LANDSCAP	48,447,497	-	241,603	12,000,000	-	-	60,689,100
3447000	LIBRARY RENOVATIONS AND REPLACEMENTS	9,654,586	-	-	-	-	-	9,654,586
3976000	FIRE TRAINING CENTER ENHANCEMENTS AND RENEWAL	-	-	177,636	1,904,734	-	-	2,082,370
	TOTAL BUILDINGS CAPITAL PROJECTS	\$239,447,907	\$ 59,744,000	\$ 35,108,957	\$20,499,248	\$9,149,529	\$22,807,137	\$386,756,778

**CITY OF VIRGINIA BEACH, VIRGINIA
BUILDINGS CAPITAL PROJECTS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2008**

Project Number	Project Name	Budget To Date	Current Year Expenditures	Total Expenditures	Construction In Progress	Outstanding Encumbrances	Available Balance
3003000	JUDICIAL CENTER PARKING EXPANSION	\$ 814,238	\$ -	\$ 809,761	\$ -	\$ 4,477	\$ -
3005000	UNDERGROUND STORAGE TANKS-CITY	10,261,992	11,051	9,645,059	-	-	616,933
3009000	PUBLIC SAFETY EMERGENCY COMMUNICATIONS SYSTEM	3,132,089	-	3,085,103	-	-	46,986
3011000	BEACH HOUSE ACQUISITION AND REHABILITATION	1,797,880	-	1,794,731	-	-	3,149
3013000	BOYS' CLUB/GIRLS' CLUB - GREEN RUN LIBRARY	500,000	-	477,949	-	-	22,051
3017000	FIRE AND RESCUE STATION - FIRST LANDING	5,952,000	1,008,725	5,838,924	5,838,924	1,977	111,099
3021000	FIRE AN RESCUE STATION - THALIA	5,323,557	13,000	23,033	23,033	-	5,300,524
3023000	SOCIAL SERVICES BUILDING REPLACEMENT	9,500,000	14,170	9,255,211	-	47,372	197,417
3024000	VIRGINIA BEACH JUVENILE DETENTION CENTER	12,769,395	72,888	12,680,295	-	-	89,100
3027000	LAW ENFORCEMENT TRAINING ACADEMY	2,987,112	-	2,956,665	-	30,447	-
3035000	CIT-CRIMINAL JUSTICE AUTO-SYS ANALYSIS	300,000	-	-	-	-	300,000
3038000	VARIOUS BUILDINGS REHABILITATION AND RENEWAL	14,490,904	1,096,834	13,202,510	13,202,510	156,900	1,131,494
3041000	VMSM ELEVATED PEDESTRIAN CROSSWALK	512,179	-	397,628	397,628	114,551	-
3045000	CIT-ENTERPRISE DATA & INFO MGMT PLAN-PH I	414,000	881	881	881	48,044	365,075
3048000	CIT-SOFTWARE INFRASTRUCTURE	286,000	48,769	48,769	48,769	13,221	224,010
3050000	CIT-PLANNING ADDRESS PROCESS CONVERSION	100,000	-	-	-	74,450	25,550
3051000	CIT-311/CUSTOMER RELATIONSHIP-PHASE II	325,000	-	-	-	-	325,000
3052000	CIT-IT SERVICE CONTINUITY	1,900,000	330,002	694,702	694,702	262,591	942,707
3053000	CIT-INFORMATION MANAGEMENT-PHASE II	100,000	34,655	86,259	86,259	11,069	2,672
3058000	GREAT NECK RESCUE STATION SITE IMPROVE	750,000	-	-	-	-	750,000
3061000	CIT-HANSEN V.8 UPGRADE	500,000	70,320	70,320	70,320	376,319	53,361
3073000	COLONIAL EDUC CONGS & LAND ACQUIS	1,001,100	141,000	141,000	141,000	-	860,100
3100000	VARIOUS BUILDINGS HVAC REHABILITATION AND RENEWAL	6,264,734	774,490	6,084,668	6,084,668	26,559	153,507
3109000	LIBRARY AUTOMATION SYSTEM REPLACEMENT	1,300,000	13,335	1,244,357	1,244,357	-	55,643
3114000	BEAUTIFICATION PILOT PROJECT	580,000	30,747	490,348	490,348	1,025	88,627
3118000	FIRE TRAINING CENTER IMPROVEMENTS	4,476,020	273,578	4,349,626	3,005,418	126,394	-
3124000	COPS INTEROPERABLE COMM TECH GRNT	4,139,100	3,020,321	3,020,321	3,020,321	228,812	889,967
3138000	UASI INTEROPERABLE COMMUNICATIONS TECHN	3,213,780	1,222,176	1,222,176	1,222,176	127,063	1,864,541
3173000	EMER COMMUNICATIONS/EMER OPS CENTERS	10,196,000	23,159	10,128,389	-	58,509	9,102
3175000	SOUTH ROSEMONT AREA LIBRARY	4,677,498	3,750	154,590	154,590	56,565	4,466,343
3185000	FIRE APPARATUS REPLACEMENT	10,690,000	1,621,514	10,627,228	10,627,228	196	62,576
3200000	REV ASSESSMENT & COLLECTION SYS	11,924,799	1,296,614	7,626,986	7,626,986	1,943,644	2,354,169
3207000	CIT-PH 2 PERMITS/INSPECT INTRACTV INTRNT	1,000,000	28,276	114,075	114,075	2,595	883,330
3208000	CIT-ASSET MODULE	213,320	-	151,167	151,167	62,153	-
3209000	CIT-ENTERPRISE ELCTRNC RECORDS MGMT SYS	750,000	23,237	23,237	23,237	1,468	725,295
3212000	CIT - IT NETWORK INFRASTRUCTURE REPLACE	2,656,000	329,536	1,436,703	1,436,703	84,926	1,134,371
3213000	CIT - MAINFRAME REPLACEMENT	698,545	-	698,545	-	-	-
3214000	CIT - CODE ENFORCEMENT DATABASE	643,000	25,939	526,065	526,065	-	116,935
3217000	CIT - MH CLIENT INFORMATION SYSTEM	2,900,000	262,616	1,865,849	1,865,849	470,743	563,408
3227000	POLICE REPLACE & HANGER EXPAN	3,675,000	2,627,939	2,650,414	2,650,414	1,023,976	610
3229000	POLICE TRNG FACILITY-SITE SELECTION/DESIGN	4,960,000	710,708	1,649,460	1,649,460	2,128,824	1,181,716
3244000	FIRE/RESCUE STATION-CHESAPEAKE BEACH	2,300,000	7,200	7,200	7,200	1,350,125	942,675
3248000	FIRE/RESCUE STATION-BLACKWATER	600,000	3,146	6,291	6,291	-	593,709
3262000	TIDEWATER COMMUNITY COLLEGE EXPANSION	17,313,290	10,696	9,832,220	9,832,220	2,033	7,479,037
3273000	CIT - VIDEO SERVICES RELOCATION	617,755	-	599,775	-	-	17,980
3274000	MIT MEASURES CRITICAL FACILITIES (FEMA)	799,463	-	783,322	-	-	16,141
3275000	VMSM RENEWAL & REPLACEMENT	666,200	110,992	494,125	-	5,496	166,579
3277000	FINANCE ACCOUNTING SYSTEM REPLACEMENT	2,394,776	-	2,394,776	-	-	-
3280000	CIT-CITY HUMAN RESOURCES/PAYROLL SYSTEM	9,708,061	4,531,036	8,477,323	8,477,323	969,652	261,086
3281000	CIT-COMMUNICATION INFRASTRUCTURE REPLACE	20,628,608	7,847,440	12,112,746	12,112,746	730,508	7,785,354
3282000	MUNICIPAL BUILDING SECURITY ENHANCEMENTS	950,000	72,680	717,442	717,442	117,734	114,824
3283000	PAVILION THEATER REPLACEMENT	47,000,000	7,970,837	46,324,298	46,324,298	436,419	239,283
3286000	CIT-ADDRESS LOCATION REPLACE	490,000	352,618	450,047	450,047	31,214	8,739
3289000	CIT-POLICE-CITIZEN INTERNET SOFTWARE MOD	206,726	2,295	177,490	177,490	12,070	17,166
3292000	VA AQUARIUM ANIMAL CARE ANNEX	2,413,924	-	1,513,924	1,513,924	85,298	814,702
3299000	SHERIFF'S WORKFORCE/RELEASE FACILITY	600,000	-	172,688	172,688	365,435	61,877
3300000	FERRY PLANTATION HOUSE	145,000	11,925	11,925	11,925	5,827	127,248
3322000	VMSM ORIGINAL EXHIBIT GALLERY RENOVATION	11,840,188	5,880,839	8,284,102	8,284,102	2,672,963	883,123
3340000	CIT - TELECOMMUNICATIONS REPLACEMENT	1,660,000	302,477	762,686	762,686	262,578	634,736
3343000	ADAM THOROUGHGOOD HOUSE EXTERIOR MOISTURE DAMAG	300,000	52,140	52,140	-	23,230	224,630
3344000	POLICE FOURTH PRECINCT-REPLACEMENT	750,000	-	-	-	-	750,000
3346000	CIT-AUTOMATIC VEHICLE LOCATOR SYSTEM	1,313,500	-	-	-	-	1,313,500
3349000	CIT-HUMAN SRVCS IT SYSTEMS INTERGRATION	340,500	-	-	-	-	340,500
3359000	BLDG MODERN, RENEWALS AND REPLACEMENTS	823,000	724,513	791,496	791,496	10,090	21,414
3365000	FIRE FACILITY REHAB AND RENEWAL PH II	2,092,302	918,838	1,546,547	1,546,547	23,582	522,173
3366000	VAR BLDGS HVAC REHAB AND RENEWAL PH II	3,625,806	1,306,736	2,343,908	-	55,815	1,226,083
3367000	VAR BLDGS REHAB AND RENEWAL PH II	7,348,702	1,371,532	3,086,084	3,086,084	384,565	3,878,053
3368000	VARIOUS SITE ACQUISITIONS	17,608,900	1,977,034	17,281,916	17,281,916	2,152	324,832
3369000	LEROY DR MASTER PLAN/FACILITY REPLACE	320,000	55,205	176,177	-	136,156	7,667
3371000	FIRE APPARATUS-PHASE II	2,585,300	1,369,163	1,369,163	1,369,163	-	1,216,137
3413000	BAYSIDE LIBRARY & POLICE PRECINCT	6,761,687	2,119	6,715,912	-	32,785	12,990
3420000	DAM NECK YARD FACILITY DESIGN	146,792	-	86,314	86,314	478	60,000
3432000	POLICE MOUNTED PATROL FACILITY	1,305,000	-	1,304,599	-	-	401
3441000	CORRECTION CENTER ADDITION III/BUILDING & LANDSCAP	60,689,100	1,999,569	59,863,974	-	523,641	301,485
3447000	LIBRARY RENOVATIONS AND REPLACEMENTS	9,654,586	68,133	8,506,119	8,506,119	57,752	1,090,715
3976000	FIRE TRAINING CENTER ENHANCEMENTS AND RENEWAL	2,082,370	134,362	2,082,370	134,362	-	-
	TOTAL BUILDINGS CAPITAL PROJECTS	\$386,756,778	\$ 52,213,755	\$ 313,602,103	\$ 184,049,470	\$ 15,782,468	\$ 57,372,207

CITY OF VIRGINIA BEACH, VIRGINIA
PARKS AND RECREATION CAPITAL PROJECTS BUDGETED REVENUES
FOR THE YEAR ENDED JUNE 30, 2008

Project Number	Project Name	Local Funding	Public Facility Revenue Bonds	Dedicated Funding	State Funding	Federal Funding	Other Funding	Total Funding
4001000	NORFOLK AVENUE MULTIPURPOSE TRAIL	\$ 130,000	\$ -	\$ -	\$ -	\$ 374,973	\$ -	\$ 504,973
4004000	OPEN SPACE PROGRAM SITE ACQUISITION	11,805,000	25,750,000	11,295,765	-	500,000	188,992	49,539,757
4008000	MARSHVIEW PROPERTY PLANNING	87,039	-	-	-	-	-	87,039
4009000	COMMUNITY RECREATION CENTERS RENEWALS AND REPLACEM	5,638,576	-	800,000	-	-	-	6,438,576
4010000	EXISTING TRAILS REPAIRS	1,500,000	-	-	-	-	-	1,500,000
4013000	COMMUNITY REC CTRS REPAIRS & RENOV-PH II	7,107,148	-	-	-	-	20,000	7,127,148
4016000	DST/COMM PRKS/SPEC USE FAC DEV/REN-PH II	1,711,853	-	-	-	-	-	1,711,853
4017000	GOLF COURSES EQUIP & INFRASTRUCTURE-PH II	400,000	-	-	-	-	-	400,000
4018000	GREENWAYS AND SCENIC WATERWAYS-PHASE II	312,446	-	-	-	-	-	312,446
4019000	NEW PRINCESS ANNE ATHLETIC FIELDS	4,523,793	-	-	-	-	11,325,406	15,849,199
4020000	SHORE DRIVE CORRIDOR TRAILS	287,779	-	-	250,000	-	-	537,779
4023000	NEIGHBORHOOD PARKS ACQUISITION/DEV-PH II	350,000	-	-	-	-	29,983	379,983
4024000	PARK PLAYGROUND REOVATIONS	3,410,000	-	-	-	-	31,000	3,441,000
4028000	MULTI-USE RECREATION FIELDS	2,854,764	-	808,451	-	-	-	3,663,215
4030000	REC OFFICE & STORAGE AT SCH SITES PH II	78,000	-	200,000	-	-	-	278,000
4031000	LITTLE ISLAND PIER ACCESS IMPROVEMENTS	475,000	-	-	36,000	-	-	511,000
4032000	PARKING LOT IMPROVEMENTS	150,000	-	-	-	-	-	150,000
4033000	MUNICIPAL SKATE PARKS	708,000	-	100,000	-	-	-	808,000
4034000	REC CENTERS ROOF MAIN AND REPLACE (ON-GOING)	2,603,000	-	1,000,000	-	-	-	3,603,000
4035000	NATURAL AREA PRESERVES	187,634	-	-	-	-	-	187,634
4036000	TENNIS COURT RENOVATIONS-PHASE II	792,987	-	-	-	-	-	792,987
4042000	RED WING LAKE GOLF COURSE IMPROVEMENTS	3,250,000	-	1,750,000	-	-	-	5,000,000
4046000	WILLIAMS PARK IMPROVEMENTS	-	-	-	-	-	1,264,972	1,264,972
4051000	STUMPY LAKE GC INFRASTRUCTURE IMPROVMNTS	2,300,000	-	-	-	-	-	2,300,000
4055000	OPEN SPACE PARK DEVELOPMENT & MAINT	3,100,000	-	-	-	-	-	3,100,000
4058000	PACIFIC AVENUE TRAIL EXTENSION	-	-	-	-	800,000	-	800,000
4063000	ATHLETIC FIELDS UPGRADE & LIGHTING PH II	325,000	-	-	-	-	-	325,000
4070000	OPEN SPACE PRGM SITE AQUISITION-PHII	500,000	-	-	-	-	-	500,000
4072000	BAYSIDE COMMUNITY CENTER	800,000	-	-	-	-	-	800,000
4073000	KEMPSVILLE PONY LEAGUE FIELDS RELOCATION	2,250,000	-	-	-	-	-	2,250,000
4074000	CITY BIKEWAYS & TRAILS IMPROVEMENTS PH I	781,650	-	-	-	-	-	781,650
4075000	PEDESTRIAN SYSTEM IMPROVEMENTS-PHASE 1	1,000,000	-	-	-	-	-	1,000,000
4076000	PLAYGROUNDS ON THE BEACH	70,000	-	-	-	-	30,000	100,000
4949000	DIST/COMM PARK DEVELOPMENT AND RENOVATIONS (ON-GO)	5,494,334	-	-	-	-	-	5,494,334
4950000	NEIGHBORHOOD PARK DEVELOPMENT (ON-GOING)	2,898,006	-	-	-	-	321,756	3,219,762
4970000	PARK PLAYGROUNDS RENOVATIONS	2,091,535	-	-	-	-	285,820	2,377,355
4971000	MOUNT TRASHMORE PARK RENOVATIONS	1,600,000	-	-	-	-	-	1,600,000
TOTAL PARKS & RECREATION CAPITAL PROJECTS		<u>\$71,573,544</u>	<u>\$ 25,750,000</u>	<u>\$15,954,216</u>	<u>\$286,000</u>	<u>\$1,674,973</u>	<u>\$ 13,497,929</u>	<u>\$128,736,662</u>

CITY OF VIRGINIA BEACH, VIRGINIA
PARKS AND RECREATION CAPITAL PROJECTS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2008

Project Number	Project Name	Budget To Date	Current Year Expenditures	Total Expenditures	Construction In Progress	Outstanding Encumbrances	Available Balance
4001000	NORFOLK AVENUE MULTIPURPOSE TRAIL	\$ 504,973	\$ 5,679	\$ 503,444	\$ -	\$ 40	\$ 1,489
4004000	OPEN SPACE PROGRAM SITE ACQUISITION	49,539,757	888,942	37,767,889	-	936,675	10,835,193
4008000	MARSHVIEW PROPERTY PLANNING	87,039	4,995	74,956	-	1,850	10,233
4009000	COMMUNITY RECREATION CENTERS RENEWALS AND REPLACEM	6,438,576	269,841	6,102,142	-	38,168	298,266
4010000	EXISTING TRAILS REPAIRS	1,500,000	2,175	1,428,378	-	38,166	33,456
4013000	COMMUNITY REC CTRS REPAIRS & RENOV-PH II	7,127,148	1,357,103	1,691,790	1,691,790	1,250,051	4,185,307
4016000	DST/COMM PRKS/SPEC USE FAC DEV/REN-PH II	1,711,853	468,137	1,000,848	1,000,848	125,653	585,352
4017000	GOLF COURSES EQUIP & INFRASTRUCTURE-PH II	400,000	271,018	332,013	332,013	1,872	66,115
4018000	GREENWAYS AND SCENIC WATERWAYS-PHASE II	312,446	7,742	14,018	14,018	-	298,428
4019000	NEW PRINCESS ANNE ATHLETIC FIELDS	15,849,199	380,174	15,490,493	15,490,493	35,166	323,540
4020000	SHORE DRIVE CORRIDOR TRAILS	537,779	188,120	308,472	308,472	151,333	77,974
4023000	NEIGHBORHOOD PARKS ACQUISITION/DEV-PH II	379,983	110,458	207,933	207,933	50,414	121,636
4024000	PARK PLAYGROUND REOVATIONS	3,441,000	1,453,454	2,647,980	2,647,980	766,724	26,296
4028000	MULTI-USE RECREATION FIELDS	3,663,215	-	3,628,954	-	-	34,261
4030000	REC OFFICE & STORAGE AT SCH SITES PH II	278,000	-	185,493	185,493	-	92,507
4031000	LITTLE ISLAND PIER ACCESS IMPROVEMENTS	511,000	-	502,161	-	-	8,839
4032000	PARKING LOT IMPROVEMENTS	150,000	-	148,489	-	-	1,511
4033000	MUNICIPAL SKATE PARKS	808,000	800	802,552	-	5,341	107
4034000	REC CENTERS ROOF MAIN AND REPLACE (ON-GOING)	3,603,000	904,407	2,927,563	-	2,000	673,437
4035000	NATURAL AREA PRESERVES	187,634	6,473	97,594	97,594	7,918	82,122
4036000	TENNIS COURT RENOVATIONS-PHASE II	792,987	204,274	604,274	604,274	-	188,713
4042000	RED WING LAKE GOLF COURSE IMPROVEMENTS	5,000,000	28,446	4,985,807	4,985,805	14,193	-
4046000	WILLIAMS PARK IMPROVEMENTS	1,264,972	-	1,250,000	-	-	14,972
4051000	STUMPY LAKE GC INFRASTRUCTURE IMPROVMNTS	2,300,000	163,496	266,532	387,532	75,962	1,957,506
4055000	OPEN SPACE PARK DEVELOPMENT & MAINT	3,100,000	703,523	2,147,486	2,147,486	28,137	924,377
4058000	PACIFIC AVENUE TRAIL EXTENSION	800,000	45,838	64,472	64,472	12,570	722,958
4063000	ATHLETIC FIELDS UPGRADE & LIGHTING PH II	325,000	63,463	107,497	107,497	-	217,503
4070000	OPEN SPACE PRGM SITE AQUISITION-PHII	500,000	-	-	-	-	500,000
4072000	BAYSIDE COMMUNITY CENTER	800,000	310,481	311,996	311,996	213,705	274,299
4073000	KEMPSVILLE PONY LEAGUE FIELDS RELOCATION	2,250,000	1,793,258	2,054,294	2,054,294	187,271	8,435
4074000	CITY BIKEWAYS & TRAILS IMPROVEMENTS PH I	781,650	58,705	415,295	415,295	87,135	279,220
4075000	PEDESTRIAN SYSTEM IMPROVEMENTS-PHASE I	1,000,000	220,145	226,659	226,659	93,630	679,711
4076000	PLAYGROUNDS ON THE BEACH	100,000	87,346	87,346	-	-	12,654
4949000	DIST/COMM PARK DEVELOPMENT AND RENOVATIONS (ON-GOI	5,494,334	29,577	5,487,157	-	7,177	-
4950000	NEIGHBORHOOD PARK DEVELOPMENT (ON-GOING)	3,219,762	2,837	3,214,987	-	3,361	1,414
4970000	PARK PLAYGROUNDS RENOVATIONS	2,377,355	33,666	2,202,585	2,202,585	174,770	-
4971000	MOUNT TRASHMORE PARK RENOVATIONS	1,600,000	141,544	1,362,693	1,362,693	58,719	178,588
	TOTAL PARKS & RECREATION CAPITAL PROJECTS	\$ 128,736,662	\$ 10,206,117	\$ 100,652,242	\$ 36,847,222	\$ 4,368,001	\$ 23,716,419

**CITY OF VIRGINIA BEACH, VIRGINIA
COASTAL CAPITAL PROJECTS BUDGETED REVENUES
FOR THE YEAR ENDED JUNE 30, 2008**

Project Number	Project Name	Local Funding	Public Facility Revenue Bonds	Dedicated Funding	State Funding	Federal Funding	Other Funding	Total Funding
8002000	BEACH PROFILE MONITORING PROGRAM	\$ 275,487	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 275,487
8003000	LANDFILL #2 PHASE I CLOSURE	2,533,220	-	2,973,780	-	-	-	5,507,000
8004000	VARIOUS MINOR DREDGING PROJECTS	271,269	-	865,000	-	-	-	1,136,269
8005000	W BRANCH LYNNHAVEN RIVER MAINT DREDGING	2,999,013	-	-	-	-	-	2,999,013
8007000	RUDEE INLET OUTER CHANNEL MAINT DREDGE	1,155,995	-	-	-	-	-	1,155,995
8008000	BEACH REPLENISHMENT	7,056,808	-	550,000	-	-	-	7,606,808
8014000	LYNNHAVEN INLET MAINTENANCE DREDGING	1,864,913	-	160,000	-	-	-	2,024,913
8018000	OUTFALL IMPROVEMENTS-79TH 16TH 42ND STS	2,600,000	-	1,000,000	-	-	-	3,600,000
8023000	SANDBRIDGE BEACH ACCESS IMPRV/SAND MGMT	150,000	-	200,000	-	-	-	350,000
8282000	SANDBRIDGE EMERGENCY BEACH RESTORATION	13,375,578	-	15,808,808	2,800,000	-	-	31,984,386
8830000	RUDEE INLET DREDGING	5,813,077	-	-	-	806,065	-	6,619,142
8933000	LANDFILL #2 - EXPANSION	7,789,202	-	14,059,860	-	-	2,099,340	23,948,402
	TOTAL COASTAL CAPITAL PROJECTS	\$45,884,562	\$ -	\$35,617,448	\$2,800,000	\$ 806,065	\$ 2,099,340	\$ 87,207,415

**CITY OF VIRGINIA BEACH, VIRGINIA
COASTAL CAPITAL PROJECTS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2008**

Project Number	Project Name	Budget To Date	Current Year Expenditures	Total Expenditures	Construction In Progress	Outstanding Encumbrances	Available Balance
8002000	BEACH PROFILE MONITORING PROGRAM	\$ 275,487	\$ -	\$ 200,487	\$ 200,487	\$ -	\$ 75,000
8003000	LANDFILL #2 PHASE 1 CLOSURE	5,507,000	-	-	-	-	5,507,000
8004000	VARIOUS MINOR DREDGING PROJECTS	1,136,269	322	241,094	-	500,000	395,175
8005000	W BRANCH LYNNHAVEN RIVER MAINT DREDGING	2,999,013	39,098	194,475	-	66,525	2,738,013
8007000	RUDEE INLET OUTER CHANNEL MAINT DREDGE	1,155,995	785,323	1,155,995	-	-	-
8008000	BEACH REPLENISHMENT	7,606,808	2,074,395	3,259,726	-	2,756,260	1,590,822
8014000	LYNNHAVEN INLET MAINTENANCE DREDGING	2,024,913	135,904	1,560,758	-	83,695	380,460
8018000	OUTFALL IMPROVEMENTS-79TH 16TH 42ND STS	3,600,000	3,600,000	3,600,000	3,600,000	-	-
8023000	SANDBRIDGE BEACH ACCESS IMPRV/SAND MGMT	350,000	-	-	-	-	350,000
8282000	SANDBRIDGE EMERGENCY BEACH RESTORATION	31,984,386	194,567	20,648,874	-	274,591	11,060,921
8830000	RUDEE INLET DREDGING	6,619,142	169,762	5,488,319	-	800,000	330,823
8933000	LANDFILL #2 - EXPANSION	23,948,402	901,194	19,715,589	34,423	916,305	3,316,508
	TOTAL COASTAL CAPITAL PROJECTS	\$ 87,207,415	\$ 7,900,565	\$ 56,065,317	\$ 3,834,910	\$ 5,397,376	\$ 25,744,722

**CITY OF VIRGINIA BEACH, VIRGINIA
ECONOMIC AND TOURISM CAPITAL PROJECTS BUDGETED REVENUES
FOR THE YEAR ENDED JUNE 30, 2008**

Project Number	Project Name	Local Funding	Public Facility Revenue Bonds	Dedicated Funding	State Funding	Federal Funding	Other Funding	Total Funding
9003000	MULTI-PURPOSE SPORTS STADIUM	\$ 9,869,269	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,869,269
9010000	VIRGINIA MARINE SCIENCE MUSEUM - PHASE III (DESIGN)	21,000	-	-	2,000,000	63,744	-	2,084,744
9012000	24TH STREET STATE RENOVATIONS	828,986	-	58,409	-	-	-	887,395
9016000	TOWN CENTER INFRASTRUCTURE	8,684,829	-	-	-	-	-	8,684,829
9018000	CONVENTION CENTER REPLACEMENT	-	160,721,000	32,598,513	10,000,000	-	3,525,000	206,844,513
9019000	BEACH STREET USA - PHASE I	1,036,703	-	10,388	-	-	-	1,047,091
9026000	ATLANTIC AVENUE TROLLY LANES	445,000	-	84,300	-	-	-	529,300
9027000	31ST STREET PARTNERSHIP PROJECT	6,881,364	18,361,800	6,408,380	-	-	-	31,651,544
9034000	NEIGHBORHOOD REVITALIZATION STRAT PLAN	400,000	-	-	-	-	-	400,000
9035000	TOWN CENTER PEDESTRIAN BRIDGE (DESIGN)	400,000	-	-	-	-	-	400,000
9036000	19TH ST CORRIDOR DESIGN & IMPROVEMENTS	745,515	-	320,000	-	-	-	1,065,515
9048000	BOARDWALK REVITALIZATION	3,373,523	-	133,939	-	-	-	3,507,462
9051000	31ST STREET STAGE AND RESTROOMS	109,646	-	-	-	-	-	109,646
9052000	PUBLIC BEACH IMPROVEMENT PROGRAM (PARTIAL)	203,000	-	166,864	-	-	46,500	416,364
9058000	RUDEE WALK (PARTIAL) - PHASE I	254,000	-	-	-	-	-	254,000
9060000	OCEANA/INTERFAC TRAF AREA CONFORM & ACQ	15,000,000	-	3,700,000	15,000,000	-	-	33,700,000
9061000	17TH STREET PARK STORAGE FACILITY	-	-	100,000	-	-	-	100,000
9069000	19TH STREET CORRIDOR IMPROVEMENTS	12,700,000	-	-	-	-	-	12,700,000
9070000	ACQUISITION OF 9TH STREET GARAGE	-	9,750,000	-	-	-	-	9,750,000
9075000	BEACH STREET USA PHASE II	2,897	-	142,964	-	-	-	145,861
9076000	ECONOMIC DEVELOPMENT INITIATIVES	100,000	-	-	-	-	-	100,000
9141000	ECONOMIC DEVELOPMENT INVESTMENT PROGRAM (ON-GOING)	31,979,917	-	-	-	-	-	31,979,917
9198000	BURTON STATION (PARTIAL)	2,727,330	-	-	-	849,189	241,115	3,817,634
9199000	CONFERENCE/CONVENTION FACILITY RENOVATION (ON-GOING)	1,710,000	-	840,000	-	-	-	2,550,000
9253000	VIRGINIA BEACH HIGHER EDUCATION CENTER	3,321,000	-	-	-	-	-	3,321,000
9260000	ECONOMIC AND TOURISM DEVELOPMENT PARTNERSHIPS	12,459,568	-	790,000	-	-	2,062,701	15,312,269
9275000	CAPE HENRY LIGHTHOUSE RESTORATION	-	-	-	-	160,000	40,000	200,000
9280000	ECONOMIC AND TOURISM DEVELOPMENT STUDIES	813,800	-	100,000	-	-	-	913,800
9302000	RUDEE LOOP DEVELOPMENT - PHASE I (PARTIAL)	14,302,000	-	34,155	-	-	-	14,336,155
9336000	SPOT BLIGHT ABATEMENT PROGRAM	-	-	-	-	-	230,000	230,000
9704000	BEACH EROSION CONTROL AND HURRICANE PROTECTION	42,121,703	-	-	-	2,700,000	-	44,821,703
	TOTAL ECONOMIC & TOURISM CAPITAL PROJECTS	<u>\$170,491,050</u>	<u>\$ 188,832,800</u>	<u>\$ 45,487,912</u>	<u>\$27,000,000</u>	<u>\$ 3,772,933</u>	<u>\$6,145,316</u>	<u>\$441,730,011</u>

**CITY OF VIRGINIA BEACH, VIRGINIA
ECONOMIC AND TOURISM CAPITAL PROJECTS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2008**

Project Number	Project Name	Budget To Date	Current Year Expenditures	Total Expenditures	Construction In Progress	Outstanding Encumbrances	Available Balance
9003000	MULTI-PURPOSE SPORTS STADIUM	\$ 9,869,269	\$ -	\$ 9,869,269	\$ -	\$ -	\$ -
9010000	VIRGINIA MARINE SCIENCE MUSEUM - PHASE III (DESIGN)	2,084,744	-	1,569,483	-	511,620	3,641
9012000	24TH STREET STATE RENOVATIONS	887,395	-	887,287	-	-	108
9016000	TOWN CENTER INFRASTRUCTURE	8,684,829	994,449	8,579,538	8,579,538	102,533	2,758
9018000	CONVENTION CENTER REPLACEMENT	206,844,513	5,058,622	205,435,487	-	1,184,597	224,429
9019000	BEACH STREET USA - PHASE I	1,047,091	-	1,047,091	-	-	-
9026000	ATLANTIC AVENUE TROLLY LANES	529,300	-	529,300	-	-	-
9027000	31ST STREET PARTNERSHIP PROJECT	31,651,544	22,823	31,615,164	-	-	36,380
9034000	NEIGHBORHOOD REVITALIZATION STRAT PLAN	400,000	24,137	313,277	313,277	48,581	38,142
9035000	TOWN CENTER PEDESTRIAN BRIDGE (DESIGN)	400,000	400,000	400,000	400,000	-	-
9036000	19TH ST CORRIDOR DESIGN & IMPROVEMENTS	1,065,515	26,153	1,027,630	1,027,630	26,312	11,573
9048000	BOARDWALK REVITALIZATION	3,507,462	-	3,507,462	-	-	-
9051000	31ST STREET STAGE AMD RESTROOMS	109,646	8,404	105,235	-	-	4,411
9052000	PUBLIC BEACH IMPROVEMENT PROGRAM (PARTIAL)	416,364	-	392,465	-	-	23,899
9058000	RUDEE WALK (PARTIAL) - PHASE I	254,000	-	168,861	168,861	81,643	3,496
9060000	OCEANA/INTERFAC TRAF AREA CONFORM & ACQ	33,700,000	14,076,865	28,056,304	28,056,301	507,756	5,135,940
9061000	17TH STREET PARK STORAGE FACILITY	100,000	96,235	96,235	96,235	-	3,765
9069000	19TH STREET CORRIDOR IMPROVEMENTS	12,700,000	104,903	236,215	236,215	188,104	12,275,681
9070000	ACQUISITION OF 9TH STREET GARAGE	9,750,000	-	9,750,000	-	-	-
9075000	BEACH STREET USA PHASE II	145,861	-	145,861	-	-	-
9076000	ECONOMIC DEVELOPMENT INITIATIVES	100,000	-	53,800	-	-	46,200
9141000	ECONOMIC DEVELOPMENT INVESTMENT PROGRAM (ON-GOING)	31,979,917	2,149,821	29,041,336	-	2,321,120	617,461
9198000	BURTON STATION (PARTIAL)	3,817,634	215,598	3,679,260	3,679,260	-	138,374
9199000	CONFERENCE/CONVENTION FACILITY RENOVATION (ON-GOING)	2,550,000	-	2,420,194	-	5,299	124,507
9253000	VIRGINIA BEACH HIGHER EDUCATION CENTER	3,321,000	-	3,318,172	-	-	2,828
9260000	ECONOMIC AND TOURISM DEVELOPMENT PARTNERSHIPS	15,312,269	94,070	15,256,478	94,070	11,782	44,009
9275000	CAPE HENRY LIGHTHOUSE RESTORATION	200,000	-	41,141	-	-	158,859
9280000	ECONOMIC AND TOURISM DEVELOPMENT STUDIES	913,800	-	912,419	-	-	1,381
9302000	RUDEE LOOP DEVELOPMENT - PHASE I (PARTIAL)	14,336,155	-	14,075,830	-	3,645	256,680
9336000	SPOT BLIGHT ABATEMENT PROGRAM	230,000	-	216,147	-	-	13,853
9704000	BEACH EROSION CONTROL AND HURRICANE PROTECTION	44,821,703	-	44,817,810	-	3,619	274
	TOTAL ECONOMIC & TOURISM CAPITAL PROJECTS	\$441,730,011	\$ 23,272,080	\$ 417,564,751	\$ 42,651,388	\$ 4,996,611	\$ 19,168,649

CITY OF VIRGINIA BEACH, VIRGINIA
SUMMARY OF GENERAL GOVERNMENT CAPITAL PROJECTS BUDGETED REVENUES
FOR THE YEAR ENDED JUNE 30, 2008

Project Type	Local Funding	Revenue Bond Funding	Dedicated Funding	State Funding	Federal Funding	Other Funding	Total Funding
ENGINEERING AND HIGHWAYS	\$ 276,915,434	\$ -	\$ 594,000	\$ 120,504,866	\$ 6,948,561	\$ -	\$ 404,962,861
BUILDINGS	239,447,907	59,744,000	35,108,957	20,499,248	9,149,529	22,807,137	386,756,778
PARKS AND RECREATION	71,573,544	25,750,000	15,954,216	286,000	1,674,973	13,497,929	128,736,662
COASTAL	45,884,562	-	35,617,448	2,800,000	806,065	2,099,340	87,207,415
ECONOMIC AND TOURISM	<u>170,491,050</u>	<u>188,832,800</u>	<u>45,487,912</u>	<u>27,000,000</u>	<u>3,772,933</u>	<u>6,145,316</u>	<u>441,730,011</u>
TOTAL GENERAL GOVERNMENT CAPITAL PROJECT REVENUES	<u>\$ 804,312,497</u>	<u>\$ 274,326,800</u>	<u>\$ 132,762,533</u>	<u>\$ 171,090,114</u>	<u>\$ 22,352,061</u>	<u>\$ 44,549,722</u>	<u>\$1,449,393,727</u>

CITY OF VIRGINIA BEACH, VIRGINIA
SUMMARY OF GENERAL GOVERNMENT CAPITAL PROJECTS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2008

Project Type	Budget To Date	Current Year Expenditures	Total Expenditures	Construction In Progress	Outstanding Encumbrances	Available Balance
ENGINEERING AND HIGHWAYS	\$ 404,962,861	\$ 40,826,972	\$ 228,189,460	\$218,255,873	\$ 30,245,563	\$ 146,527,838
BUILDINGS	386,756,778	52,213,755	313,602,103	184,049,470	15,782,468	57,372,207
PARKS AND RECREATION	128,736,662	10,206,117	100,652,242	36,847,222	4,368,001	23,716,419
COASTAL	87,207,415	7,900,565	56,065,317	3,834,910	5,397,376	25,744,722
ECONOMIC AND TOURISM	<u>441,730,011</u>	<u>23,272,080</u>	<u>417,564,751</u>	<u>42,651,388</u>	<u>4,996,611</u>	<u>19,168,649</u>
GENERAL GOVERNMENT CAPITAL PROJECTS EXPENDITURES	<u>\$ 1,449,393,727</u>	<u>\$ 134,419,489</u>	<u>\$ 1,116,073,873</u>	<u>\$485,638,863</u>	<u>\$ 60,790,019</u>	<u>\$ 272,529,835</u>
CLOSED CAPITAL PROJECTS EXPENDITURES		3,119,001				
GENERAL GOVERNMENT CAPITAL PROJECTS EXPENDITURES		<u>\$ 137,538,490</u>				
TRANSFER TO SCHOOL BOARD		50,426,379				
TOTAL CURRENT YEAR GENERAL GOVERNMENT CAPITAL PROJECTS EXPENDITURES		<u>\$ 187,964,869</u>				



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**WATER AND SEWER
ENTERPRISE FUND**

WATER AND SEWER ENTERPRISE FUND

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

**CITY OF VIRGINIA BEACH, VIRGINIA
WATER AND SEWER ENTERPRISE FUND
STATEMENT OF NET ASSETS
JUNE 30, 2008**

ASSETS

Current Assets:	
Cash and Temporary Investments	\$ 94,974,602
Accounts Receivable - Net of Estimated Uncollectible Accounts	14,446,682
Intergovernmental Receivables	2,083,260
Inventory	1,929,778
Total Current Assets	<u>\$ 113,434,322</u>
Non-current Assets	
Cash and Temporary Investments - Restricted	\$ 28,405,589
Deferred Charges	3,017,355
Capital Assets:	
Land	12,429,323
Buildings	3,590,809
Utility System	816,242,612
Office Furniture and Fixtures	1,520,228
Machinery and Equipment	17,361,343
Construction in Progress	14,664,337
Less: Accumulated Depreciation	<u>(291,942,513)</u>
Total Capital Assets	<u>\$ 573,866,139</u>
Total Non-current Assets	<u>\$ 605,289,083</u>
Total Assets	<u>\$ 718,723,405</u>

LIABILITIES

Current Liabilities:	
Vouchers and Accounts Payable	\$ 3,552,951
Deposits Payable	277,652
Accrued Interest Payable	2,114,494
Construction Contracts Payable	3,934,653
Deferred Revenue	239,199
Current Portion of Long-term Liabilities	<u>5,639,515</u>
Total Current Liabilities	<u>\$ 15,758,464</u>
Long-term Liabilities (less current portion):	
Double Barrel and Revenue Bonds and Notes	\$ 122,495,780
Premium on Refunding Bonds	3,421,235
Accrued Compensated Leave	1,581,289
Total Long-term Liabilities (less current portion)	<u>\$ 127,498,304</u>
Total Liabilities	<u>\$ 143,256,768</u>

NET ASSETS

Invested in Capital Assets, Net of Related Debt	\$ 455,958,623
Restricted for Debt Service	15,393,777
Restricted for Operations	<u>104,114,237</u>
Total Net Assets	<u>\$ 575,466,637</u>

**CITY OF VIRGINIA BEACH, VIRGINIA
WATER AND SEWER ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2008**

<u>OPERATING REVENUES</u>	
Service Charges	\$ 45,483,705
Sale of Water	44,503,043
Tap Fees	403,011
Fire Hydrant Rental	14,260
Navy Wheeling Charges	195,638
Miscellaneous	149,988
Total Operating Revenues	<u>\$ 90,749,645</u>
<u>OPERATING EXPENSES</u>	
Cost of Goods Sold - Water Purchases	\$ 24,958,227
Personal Services	19,090,003
Fringe Benefits	6,356,363
Contractual Services	4,147,272
Internal Services	2,960,204
Other Charges	12,741,275
Depreciation	19,475,406
Total Operating Expenses	<u>\$ 89,728,750</u>
<u>OPERATING INCOME (LOSS)</u>	<u>\$ 1,020,895</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>	
Interest Income	\$ 5,045,045
Connection Fees	4,311,380
Gain (Loss) From Sale of Assets	21,354
Interest on Double Barrel/Revenue Bonds and Notes	(4,399,596)
From Federal Government	12,725
City of Norfolk Water Servicing True Up	1,897,615
Total Nonoperating Revenues (Expenses) Net	<u>\$ 6,888,523</u>
<u>CAPITAL CONTRIBUTIONS</u>	<u>\$ 6,474,104</u>
<u>TRANSFERS</u>	
Transfers In	<u>\$ 249,065</u>
<u>INCREASE IN NET ASSETS</u>	<u>\$ 14,632,587</u>
<u>TOTAL NET ASSETS - BEGINNING</u>	<u>560,834,050</u>
<u>TOTAL NET ASSETS - ENDING</u>	<u><u>\$ 575,466,637</u></u>

**CITY OF VIRGINIA BEACH, VIRGINIA
WATER AND SEWER ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2008**

CASH FLOWS FROM OPERATING ACTIVITIES:

Receipts from Customers and Users	\$ 90,859,271
Receipts from (Payments for) Interfund Services Provided	(1,858,597)
Other Operating Cash Receipts	149,988
Cash Payments To Suppliers of Goods and Services	(44,921,654)
Cash Payments To Employees for Services	(25,393,681)
Net Cash Provided By Operating Activities	<u>\$ 18,835,327</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Intergovernmental Receipts	\$ 12,725
Receipts from Other Funds	249,065
Net Cash Provided by (Used In) Noncapital Financing Activities	<u>\$ 261,790</u>

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

Interest Paid on Long-term Debt	\$ (5,941,524)
Acquisition and Construction of Capital Assets	(22,355,583)
Proceeds from Sale of Salvage	21,354
Receipts of Capital Contributions	4,311,380
City of Norfolk Water Services True Up	1,897,615
Principal Paid on Long-term Debt	(4,880,568)
Net Cash Provided (Used) By Capital and Related Financing Activities	<u>\$ (26,947,326)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Interest and Dividends Received	\$ 5,045,045
Net Cash Provided By Investing Activities	<u>\$ 5,045,045</u>

Net Increase (Decrease) in Cash and Temporary Investments \$ (2,805,164)

Cash and Temporary Investments, July 1 126,185,355
Cash and Temporary Investments, June 30 \$ 123,380,191

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

Operating Income (Loss)	\$ 1,020,895
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By Operating Activities:	
Depreciation	19,475,406
(Increase)/Decrease in Accounts Receivable	259,614
(Increase)/Decrease in Intergovernmental Receivables	(1,858,597)
(Increase)/Decrease in Inventory	(28,988)
Increase/(Decrease) in Vouchers and Accounts Payable	(125,569)
Increase/(Decrease) in Deposits Payable	(80,383)
Increase/(Decrease) in Deferred Revenue	120,264
Increase/(Decrease) in Accrued Compensated Leave	52,685
Total Adjustments	<u>\$ 17,814,432</u>
Net Cash Provided By Operating Activities	<u>\$ 18,835,327</u>

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:

Capital Contributions of Fixed Assets	<u>\$ 6,474,104</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, 2008**

CASH - DESIGNATED FOR CONSTRUCTION

Balance - July 1	\$ 28,043,807
Receipts:	
Miscellaneous Receipts	\$ 19
Water and Sewer Enterprise	6,250,000
Transfer from WRRF	2,994,253
Total Receipts	<u>\$ 9,244,272</u>
Disbursements:	
Water and Sewer Construction Expenditures	\$ 22,946,569
Accrued Expenditures Not Paid in Current Year	1,309,698
Total Disbursements	<u>\$ 24,256,267</u>
Balance - June 30 Designated for Construction	<u><u>\$ 13,031,812</u></u>

CASH - WATER RESOURCE RECOVERY FEES

Balance - July 1	\$ -
Receipts:	
Fees	\$ 2,994,253
Disbursements:	
Construction Expenditures	2,994,253
Balance - June 30 Water Resource Recovery Fees	<u><u>\$ -</u></u>

CASH - WATER AND SEWER DEBT SERVICE

Balance - July 1	\$ 10,719,741
Disbursements:	(20,000)
Balance - June 30 Water and Sewer Debt Service	<u><u>\$ 10,699,741</u></u>

CASH - WITH FISCAL AGENT

Balance - July 1	\$ 4,790,781
Net Disbursements and Receipts	(116,745)
Balance - June 30 Cash With Fiscal Agent	<u><u>\$ 4,674,036</u></u>

TOTAL RESTRICTED CASH

	<u><u>\$ 28,405,589</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, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
<u>Director of Public Utilities</u>			
Personal Services	\$ 247,678	\$ 242,594	\$ 5,084
Fringe Benefits	82,139	84,089	(1,950)
Contractual Services	8,632	6,951	1,681
Internal Services	7,543	8,930	(1,387)
Other Charges	34,465	31,565	2,900
Total Director of Public Utilities	<u>\$ 380,457</u>	<u>\$ 374,129</u>	<u>\$ 6,328</u>
<u>Engineering Staff</u>			
Personal Services	\$ 4,863,470	\$ 4,365,710	\$ 497,760
Fringe Benefits	1,527,221	1,431,789	95,432
Contractual Services	216,384	77,183	139,201
Internal Services	535,747	499,310	36,437
Other Charges	343,433	263,665	79,768
Land Structures and Improvements	1,020	-	1,020
Total Engineering Staff	<u>\$ 7,487,275</u>	<u>\$ 6,637,657</u>	<u>\$ 849,618</u>
<u>Operations and Maintenance Administration</u>			
Personal Services	\$ 1,132,278	\$ 1,128,421	\$ 3,857
Fringe Benefits	383,244	369,509	13,735
Contractual Services	967,339	908,142	59,197
Internal Services	115,415	118,962	(3,547)
Other Charges	475,934	374,887	101,047
Total Operations and Maintenance Administration	<u>\$ 3,074,210</u>	<u>\$ 2,899,921</u>	<u>\$ 174,289</u>
<u>Water Distribution</u>			
Personal Services	\$ 2,057,341	\$ 2,106,696	\$ (49,355)
Fringe Benefits	673,283	672,015	1,268
Contractual Services	107,267	59,743	47,524
Internal Services	339,026	356,742	(17,716)
Other Charges	572,867	428,812	144,055
Total Water Distribution	<u>\$ 3,749,784</u>	<u>\$ 3,624,008</u>	<u>\$ 125,776</u>
<u>Lake Gaston Facilities</u>			
Contractual Services	\$ 1,620,444	\$ 1,318,783	\$ 301,661
Internal Services	16,340	784	15,556
Other Charges	713,796	1,770,822	(1,057,026)
Total Lake Gaston Facilities	<u>\$ 2,350,580</u>	<u>\$ 3,090,389</u>	<u>\$ (739,809)</u>
<u>Water Pump Stations</u>			
Personal Services	\$ 1,311,722	\$ 1,279,363	\$ 32,359
Fringe Benefits	440,227	401,819	38,408
Contractual Services	349,686	190,642	159,044
Internal Services	154,210	178,672	(24,462)
Other Charges	638,652	532,687	105,965
Total Water Pump Stations	<u>\$ 2,894,497</u>	<u>\$ 2,583,183</u>	<u>\$ 311,314</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, 2008

	Budget	Actual	Variance - Positive (Negative)
<u>Sewer Collection Systems</u>			
Personal Services	\$ 2,875,676	\$ 3,040,574	\$ (164,898)
Fringe Benefits	974,171	925,456	48,715
Contractual Services	148,639	120,239	28,400
Internal Services	801,542	906,057	(104,515)
Other Charges	637,016	605,705	31,311
Total Sewer Collection Systems	<u>\$ 5,437,044</u>	<u>\$ 5,598,031</u>	<u>\$ (160,987)</u>
<u>Sewer Pump Stations</u>			
Personal Services	\$ 2,788,452	\$ 2,629,426	\$ 159,026
Fringe Benefits	987,914	911,195	76,719
Contractual Services	105,295	140,012	(34,717)
Internal Services	292,259	318,956	(26,697)
Other Charges	1,805,808	2,188,930	(383,122)
Total Sewer Pump Stations	<u>\$ 5,979,728</u>	<u>\$ 6,188,519</u>	<u>\$ (208,791)</u>
<u>Customer Services</u>			
Personal Services	\$ 2,474,851	\$ 2,507,354	\$ (32,503)
Fringe Benefits	953,403	897,363	56,040
Contractual Services	1,684,601	1,299,844	384,757
Internal Services	450,010	394,269	55,741
Other Charges	843,926	722,569	121,357
Total Customer Services	<u>\$ 6,406,791</u>	<u>\$ 5,821,399</u>	<u>\$ 585,392</u>
<u>Water Purchases</u>	<u>\$ 26,225,386</u>	<u>\$ 24,958,227</u>	<u>\$ 1,267,159</u>
<u>Meter Operations</u>			
Personal Services	\$ 1,811,148	\$ 1,789,865	\$ 21,283
Fringe Benefits	678,487	663,128	15,359
Contractual Services	28,509	25,733	2,776
Internal Services	153,452	177,522	(24,070)
Other Charges	743,431	572,270	171,161
Total Meter Operations	<u>\$ 3,415,027</u>	<u>\$ 3,228,518</u>	<u>\$ 186,509</u>
<u>General Fund Charges</u>			
Office Rental	\$ 370,232	\$ 370,232	\$ -
Landscape Services	299,550	279,565	19,985
Support Personnel	717,496	717,496	-
Building Maintenance	134,956	126,166	8,790
Communication Technology Charges	1,929,283	1,946,671	(17,388)
Payment in Lieu of Taxes	100,000	100,000	-
Indirect Cost Allocation	2,322,064	1,709,233	612,831
Total General Fund Charges	<u>\$ 5,873,581</u>	<u>\$ 5,249,363</u>	<u>\$ 624,218</u>
Total Budgeted Operating Expenses	<u>\$ 73,274,360</u>	<u>\$ 70,253,344</u>	<u>\$ 3,021,016</u>
<u>Depreciation</u>	<u>-</u>	<u>19,475,406</u>	<u>(19,475,406)</u>
Total Operating Expenses	<u>\$ 73,274,360</u>	<u>\$ 89,728,750</u>	<u>\$ (16,454,390)</u>

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

CITY OF VIRGINIA BEACH, VIRGINIA
WATER AND SEWER FUND CAPITAL PROJECTS
WATER CAPITAL PROJECTS BUDGETED REVENUES
FOR THE YEAR ENDED JUNE 30, 2008

Project Number	Project Name	Local Funding	Dedicated Funding	State Funding	Federal Funding	Other Funding	Total Funding
5001000	COMP EMER RESPONSE & TRAINING - PHI	\$ 2,260,000	\$ -	\$ -	\$ 95,923	\$ -	\$ 2,355,923
5006000	WATER APPURTENANCES EVAL & IMP	125,000	-	-	-	-	125,000
5007000	CUSTOMER INFORMATION SYSTEM REPLACEMENT	2,850,000	-	-	-	-	2,850,000
5008000	BIRDNECK ROAD - PHASE II	395,000	-	-	-	-	395,000
5013000	WATER SCADA SYSTEM UPGRADE	1,074,000	-	-	-	-	1,074,000
5017000	PUBLIC ACCESS RENOVATIONS - BLDG 2	767,500	-	-	-	-	767,500
5024000	HOLLAND ROAD - PHASE VI	60,000	-	-	-	-	60,000
5067000	COURTHOUSE AND SANDBRIDGE TANK MODIFICATIONS	354,000	-	-	-	-	354,000
5072000	MAXEY MANOR - 51% TYPE	259,151	-	-	-	-	259,151
5083000	STUMPY LAKE-WTR RESVR/PMP FACILITIES IMP	2,765,000	-	-	-	-	2,765,000
5084000	SYSTEM EXPAN COST PART AGREEMENTS-PH II	200,000	-	-	-	-	200,000
5085000	LYNNHAVEN PUMP STATION MODIFICATIONS - PHASE II	630,000	-	-	-	-	630,000
5086000	COMP WATER MASTER PLANNING-PHASE V	150,000	-	-	-	-	150,000
5087000	BAYWAY ROAD WATER IMPROVEMENTS-51%	25,000	-	-	-	-	25,000
5088000	SMALL LINE IMPROVEMENTS-PHASE V	500,000	-	-	-	-	500,000
5090000	LYNNHAVEN PARKWAY - PHASE XI	70,000	-	-	-	-	70,000
5091000	WATER REQUEST & AGREEMENTS-51% PROG-PH V	150,000	-	-	-	-	150,000
5092000	LANDSTOWN YARD IMPROVEMENTS - PHASE III	3,145,000	-	-	-	-	3,145,000
5119000	FLOW MONITORING SYSTEM	950,000	-	-	-	-	950,000
5130000	LYNNHAVEN PARKWAY EXTENDED	250,000	-	-	-	-	250,000
5131000	TANK UPGRADE PROGRAM - PHASE II	3,396,000	-	-	-	-	3,396,000
5136000	WATER QUALITY PROGRAM - PHASE II (PARTIAL)	1,300,000	-	-	-	-	1,300,000
5138000	COMP WATER MASTER PLANNING - PH IV	1,500,000	-	-	-	-	1,500,000
5140000	VAR RDWAY/STRM WTR COORD - PH IV	759,452	-	-	-	-	759,452
5141000	WTR REQ/AGREEMENTS (51%) - PH IV	200,000	-	-	-	-	200,000
5147000	PROVIDENCE ROAD WATER MAIN	100,000	-	-	-	-	100,000
5148000	ELBOW RD EXT - PH I & II	635,000	-	-	-	-	635,000
5149000	INDIAN RIVER RD - PHASE VII	68,548	-	-	-	-	68,548
5162000	BACKFLOW PREVENTN/CROSS CONN CONTROL PRG	800,000	-	-	-	-	800,000
5163000	VAR WATER INFRASTRUCTURE MAINT SUPP PRG	720,000	-	-	-	-	720,000
5164000	IVR/CTI, BILL PRNT, AUTO PYMT SOL DSGN	600,000	-	-	-	-	600,000
5165000	SHORE DRIVE WATER LINE IMPROVEMENTS	1,649,994	-	-	-	-	1,649,994
5166000	AUTOMATED MOBILE WATER METER READING SYS	560,000	-	-	-	-	560,000
5167000	WATER TANK UPGRADE PROGRAM-PHASE III	1,325,000	-	-	-	-	1,325,000
5202000	LASKIN RD IMPRV - PH II & GATEWAY	1,785,000	-	-	-	-	1,785,000
5203000	LOTUS GARDEN WATER IMPROVEMENTS-51% PRG	2,020,000	-	-	-	-	2,020,000
5207000	LASKIN ROAD - PHASE I	3,030,000	-	-	-	-	3,030,000
5302000	POTABLE WELLS EVALUATION PROGRAM PH II	300,000	-	-	-	-	300,000
5303000	WATER QUALITY PROGRAM PHASE III	250,000	-	-	-	-	250,000
5400000	FIRE HYDRANT PROGRAM PHASE II	150,000	-	-	-	-	150,000
5401000	RECORD MANAGEMENT IMPROVEMENTS	100,000	-	-	-	-	100,000
5402000	FLOW MONITORING PROGRAM-PHASE II	75,000	-	-	-	-	75,000
5404000	COMPUTERIZED MAPPING/INFRAS MGMT-PHII	150,000	-	-	-	-	150,000
5405000	CUSTOMER INFO SYSTEM VERSION MIGRATION	225,000	-	-	-	-	225,000
5451000	ENGINEERING SERVICES-VARIOUS PROJECTS	100,000	-	-	-	-	100,000
5600000	29TH STREET WATER TANK REPLACEMENT	1,000,000	-	-	-	-	1,000,000
5601000	FIRST COLONIAL/VB BLVD INTERSECTION IMPV	130,000	-	-	-	-	130,000
5708000	RESORT AREA NEIGHBORHOOD REVITALIZATION	3,445,000	-	-	-	-	3,445,000
5710000	19TH STREET CORRIDOR WATER IMPROVEMENTS	275,000	-	-	-	-	275,000
5752000	HVAC IMPROVEMENTS 2ND FLR BLDG #20	107,500	-	-	-	-	107,500
5802000	UTILITY CROSSINGS CONDITION ASSESSMENT	140,000	-	-	-	-	140,000
5803000	WATER VALVE CONDITION ASSESSMENT & MAINT	100,000	-	-	-	-	100,000
5944000	PRINCESS ANNE ROAD - PHASE IV	250,000	-	-	-	-	250,000
5951000	WATER TAP INSTALLATION PROGRAM	300,000	-	-	-	-	300,000
5964000	WATER RESOURCES - LAKE GASTON	129,016,667	25,583,333	-	-	-	154,600,000
5965000	WATER RESOURCES	400,000	-	-	-	-	400,000
TOTAL WATER CAPITAL PROJECT REVENUES		\$ 173,942,812	\$ 25,583,333	\$ -	\$ 95,923	\$ -	\$ 199,622,068

**CITY OF VIRGINIA BEACH, VIRGINIA
WATER AND SEWER FUND CAPITAL PROJECTS
WATER CAPITAL PROJECTS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2008**

Project Number	Project Name	Budget to Date	Total Expenditures	Current Year Expenditures	Construction In Progress	Outstanding Encumbrances	Available Balance
5001000	COMP EMER RESPONSE & TRAINING - PH I	\$ 2,355,923	\$ 1,809,430	\$ 226,715	\$ 1,809,430	\$ 121,685	\$ 424,808
5006000	WATER APPURTENANCES EVAL & IMP	125,000	86,947	49,650	86,947	20,243	17,810
5007000	CUSTOMER INFORMATION SYSTEM REPLACEMENT	2,850,000	2,827,988	-	-	3,200	18,812
5008000	BIRDNECK ROAD - PHASE II	395,000	174,846	120,006	174,846	31,642	188,512
5013000	WATER SCADA SYSTEM UPGRADE	1,074,000	840,072	137,538	840,072	216,408	17,520
5017000	PUBLIC ACCESS RENOVATIONS - BLDG 2	767,500	66,374	20,013	66,374	10,407	690,719
5024000	HOLLAND ROAD - PHASE VI	60,000	-	-	-	-	60,000
5067000	COURTHOUSE AND SANDBRIDGE TANK MODIFICATIONS	354,000	278,908	-	278,908	-	75,092
5072000	MAXEY MANOR - 51% TYPE	259,151	251,604	-	-	7,545	2
5083000	STUMPY LAKE-WTR RESVR/PMP FACILITIES IMP	2,765,000	919,677	52,079	919,677	43,660	1,801,663
5084000	SYSTEM EXPAN COST PART AGREEMENTS-PH II	200,000	10,500	10,500	10,500	-	189,500
5085000	LYNNHAVEN PUMP STATION MODIFICATIONS - PHASE II	630,000	3,150	-	-	-	626,850
5086000	COMP WATER MASTER PLANNING-PHASE V	150,000	-	-	-	50,000	100,000
5087000	BAYWAY ROAD WATER IMPROVEMENTS-51%	25,000	4,993	4,993	4,993	-	20,007
5088000	SMALL LINE IMPROVEMENTS-PHASE V	500,000	182,228	182,228	182,228	103,030	214,742
5090000	LYNNHAVEN PARKWAY - PHASE XI	70,000	642	-	642	24,555	44,803
5091000	WATER REQUEST & AGREEMENTS-51% PROG-PH V	150,000	40,000	-	40,000	-	110,000
5092000	LANDSTOWN YARD IMPROVEMENTS - PHASE III	3,145,000	370,596	203,435	370,596	145,828	2,628,576
5119000	FLOW MONITORING SYSTEM	950,000	663,824	-	-	-	286,176
5130000	LYNNHAVEN PARKWAY EXTENDED	250,000	12,225	-	-	126,848	110,927
5131000	TANK UPGRADE PROGRAM - PHASE II	3,396,000	3,033,726	53,231	-	176,966	185,308
5136000	WATER QUALITY PROGRAM - PHASE II (PARTIAL)	1,300,000	1,168,043	-	-	16,898	115,059
5138000	COMP WATER MASTER PLANNING - PH IV	1,500,000	1,455,924	139,772	-	15,405	28,671
5140000	VAR RDWAY/STRM WTR COORD - PH IV	759,452	741,716	12,548	-	12,303	5,433
5141000	WTR REQ/AGREEMENTS (51%) - PH IV	200,000	93,738	3,650	-	-	106,262
5147000	PROVIDENCE ROAD WATER MAIN	100,000	-	-	-	-	100,000
5148000	ELBOW RD EXT - PH I & II	635,000	379,662	-	-	-	255,338
5149000	INDIAN RIVER RD - PHASE VII	68,548	58,224	-	-	10,324	-
5162000	BACKFLOW PREVENTN/CROSS CONN CONTROL PRG	800,000	407,751	194,441	407,751	233,253	158,996
5163000	VAR WATER INFRASTRUCTURE MAINT SUPP PRG	720,000	599,743	336,396	599,743	119,324	933
5164000	IVR/CTI, BILL PRNT, AUTO PYMT SOL DSGN	600,000	415,039	255,104	415,039	112,157	72,804
5165000	SHORE DRIVE WATER LINE IMPROVEMENTS	1,649,994	1,397,956	185,532	-	123,191	128,847
5166000	AUTOMATED MOBILE WATER METER READING SYS	560,000	-	-	-	-	560,000
5167000	WATER TANK UPGRADE PROGRAM-PHASE III	1,325,000	35,544	11,729	35,544	14,415	1,275,041
5202000	LASKIN RD IMPRV - PH II & GATEWAY	1,785,000	917,937	1,300	917,937	260,015	607,048
5203000	LOTUS GARDEN WATER IMPROVEMENTS-51% PRG	2,020,000	-	-	-	70,872	1,949,128
5207000	LASKIN ROAD - PHASE I	3,030,000	153,699	27,483	153,699	9,104	2,867,197
5302000	POTABLE WELLS EVALUATION PROGRAM PH II	300,000	291,445	176,416	291,445	8,554	1
5303000	WATER QUALITY PROGRAM PHASE III	250,000	86,370	35,174	86,370	131,777	31,853
5400000	FIRE HYDRANT PROGRAM PHASE II	150,000	58,128	53,358	58,128	91,871	1
5401000	RECORD MANAGEMENT IMPROVEMENTS	100,000	13,699	2,787	13,699	4,880	81,421
5402000	FLOW MONITORING PROGRAM-PHASE II	75,000	-	-	-	-	75,000
5404000	COMPUTERIZED MAPPING/INFRAS MGMT-PHII	150,000	13,011	13,011	13,011	77,105	59,884
5405000	CUSTOMER INFO SYSTEM VERSION MIGRATION	225,000	-	-	-	-	225,000
5451000	ENGINEERING SERVICES-VARIOUS PROJECTS	100,000	-	-	-	100,000	-
5600000	29TH STREET WATER TANK REPLACEMENT	1,000,000	5,613	1,507	5,613	107	994,280
5601000	FIRST COLONIAL/VB BLVD INTERSECTION IMPV	130,000	-	-	-	-	130,000
5708000	RESORT AREA NEIGHBORHOOD REVITALIZATION	3,445,000	1,309,326	211,992	1,309,326	557,275	1,578,399
5710000	19TH STREET CORRIDOR WATER IMPROVEMENTS	275,000	-	-	-	-	275,000
5752000	HVAC IMPROVEMENTS 2ND FLR BLDG #20	107,500	95,608	95,608	95,608	-	11,892
5802000	UTILITY CROSSINGS CONDITION ASSESSMENT	140,000	9,422	9,422	9,422	80,352	50,226
5803000	WATER VALVE CONDITION ASSESSMENT & MAINT	100,000	-	-	-	-	100,000
5944000	PRINCESS ANNE ROAD - PHASE IV	250,000	31,090	21,133	31,090	76,055	142,855
5951000	WATER TAP INSTALLATION PROGRAM	300,000	255,472	146,187	255,472	44,528	-
5964000	WATER RESOURCES - LAKE GASTON	154,600,000	152,069,835	89,640	-	85,469	2,444,696
5965000	WATER RESOURCES	400,000	113,550	28,165	-	77,094	209,356
TOTAL WATER CAPITAL PROJECT EXPENDITURES		\$ 199,622,068	\$ 173,755,275	\$ 3,112,743	\$ 9,484,110	\$ 3,414,345	\$ 22,452,448

CITY OF VIRGINIA BEACH, VIRGINIA
WATER AND SEWER FUND CAPITAL PROJECTS
SEWER CAPITAL PROJECTS BUDGETED REVENUES
FOR THE YEAR ENDED JUNE 30, 2008

Project Number	Project Name	Local Funding	Dedicated Funding	State Funding	Federal Funding	Other Funding	Total Funding
6018000	COMPREHENSIVE SEWER EVALUATION/REHABILITATION	\$ 8,125,000	\$ -	\$ -	\$ -	\$ -	\$ 8,125,000
6019000	RESORT AREA NEIGHBORHOOD REVITALIZATION	4,910,000	-	-	-	-	4,910,000
6027000	KENLEY ROAD/BONNEY ROAD SEWER IMP - 51%	265,000	-	-	-	-	265,000
6028000	COMPREHENSIVE EMERGENCY RESPONSE AND PLANNING	1,280,000	-	-	-	-	1,280,000
6030000	LITTLE NECK POINT (PARTIAL)	8,520,000	-	-	-	-	8,520,000
6031000	SEWER APPURTENANCES EVALUATION	75,000	-	-	-	-	75,000
6033000	INFILTRATION, INFLOW, AND REHABILITATION - PHASE I	6,329,906	-	-	-	-	6,329,906
6035000	VAR RDWAY/STRM WTR COORD - PH III	808,375	-	-	-	-	808,375
6038000	SEWER SCADA SYSTEM UPGRADE	1,117,000	-	-	-	-	1,117,000
6051000	INDIAN RIVER ROAD - PHASE VII	20,000	-	-	-	-	20,000
6057000	HOLLAND ROAD - PHASE VI	100,000	-	-	-	-	100,000
6065000	INFILTRATION, INFLOW, AND REHAB - PHASE IV	18,815,000	-	-	-	-	18,815,000
6066000	PUMP STATION MODIFICATIONS - PHASE IV (PARTIAL)	20,078,000	-	-	-	-	20,078,000
6067000	VAR RDWAY/STRMWTR COORD - PH IV	660,000	-	-	-	-	660,000
6068000	SEWER REQ & AGREEMTS - PHASE IV (51%)	550,000	-	-	-	-	550,000
6069000	BIRDNECK ROAD - PHASE II	3,280,000	-	-	-	-	3,280,000
6075000	LASKIN ROAD - PHASE I	160,000	-	-	-	-	160,000
6081000	LASKIN RD - PH II & GATEWAY IMPROVEMENTS	2,130,000	-	-	-	-	2,130,000
6084000	MAXEY MANOR - 51%	1,591,000	-	-	-	-	1,591,000
6085000	SANITARY SEWER AGING INFRASTR PRG - PH II	4,300,000	-	-	-	-	4,300,000
6086000	PU PUBLIC ACCESS RENOVATIONS - BLDG 2	767,500	-	-	-	-	767,500
6089000	COMP SEWER MASTER PLANNING-PHASE IV	300,000	-	-	-	-	300,000
6103000	LAKE RIDGE INTERCEPTOR FORCE MAIN	2,783,041	-	8,741,959	-	-	11,525,000
6105000	PRIVATE PUMP STATION EVALUATION PROGRAM	520,000	-	-	-	-	520,000
6138000	LANDSTOWN YARD IMPROVEMENTS - PHASE III	3,355,230	-	-	-	-	3,355,230
6139000	BAYWAY ROAD SEWER IMPROVEMENTS - 51%	55,000	-	-	-	-	55,000
6146000	SEWER REQUESTS & AGREEMENTS-PHASE IV	100,000	-	-	-	-	100,000
6148000	SYSTEM EXPAN COST PART AGREEMENTS-PH II	1,970,000	-	-	-	-	1,970,000
6149000	PRINCESS ANNE SEWER FORCE MAIN - PHASE IV	75,000	-	-	-	-	75,000
6168000	VAR SAN SEWER INTRASTRUCTURE MAINT SUPP	650,000	-	-	-	-	650,000
6169000	IVR/CTI, BILL PRNT, AUTO PYMT SOL DSGN	600,000	-	-	-	-	600,000
6178000	MIDDLE SCHOOL WATER & SEWER IMPROVE	310,000	-	-	-	-	310,000
6203000	LOTUS GARDEN SEWER IMPROVEMENTS-51% PRG	1,625,000	-	-	-	-	1,625,000
6401000	RECORDS MANAGEMENT IMPROVEMENTS	100,000	-	-	-	-	100,000
6404000	COMPUTERIZED MAPPING/INFRAS MGMT - PH II	150,000	-	-	-	-	150,000
6405000	CUSTOMER INFO SYSTEM VERNON MIGRATION	225,000	-	-	-	-	225,000
6411000	CIT-SRV AREA MSTR PLAN/INFO SYS (SAMPIS)	800,000	-	-	-	-	800,000
6451000	ENGINEERING SERVICES - VARIOUS PROJECTS	100,000	-	-	-	-	100,000
6502000	PRIV SANI SEWER PMP STA ABANCONMENT PRG	150,000	-	-	-	-	150,000
6505000	PRINCESS ANNE PLAZA REHABILITATION-PH II	3,300,000	-	-	-	-	3,300,000
6506000	SAN SEWER SYS REVITALIZATION	3,850,000	-	-	-	-	3,850,000
6601000	FIRST COLONIAL/VB BLVD INTERSECTION IMPV	190,000	-	-	-	-	190,000
6602000	PA ROAD/KEMPSVILLE RD INTERSECTON IMPRV	200,000	-	-	-	-	200,000
6603000	WITCHDUCK ROAD-PHASE I SEWER IMPROVEMENTS	70,000	-	-	-	-	70,000
6604000	WITCHDUCK ROAD-PHASE II SEWER IMPROVEMENTS	50,000	-	-	-	-	50,000
6612000	PUMP STATION WET WELL REVITALIZATION	1,000,000	-	-	-	-	1,000,000
6613000	AUX POWER PRG SEW PUMP STA PH II	1,450,000	-	-	-	-	1,450,000
6710000	19TH STREET CORRIDOR SEWER IMPROVEMENTS	750,000	-	-	-	-	750,000
6752000	HVAC IMPROVEMENTS 2ND FLOOR BLDG #20	107,500	-	-	-	-	107,500
6802000	UTILITY CROSSINGS CONDITION ASSESSMENT	140,000	-	-	-	-	140,000
6803000	SEWER VALVE CONDITION ASSESSMENT & MAINT	100,000	-	-	-	-	100,000
6937000	ARAGONA REHABILITATION	7,187,310	-	-	212,690	-	7,400,000
6938000	PRINCESS ANNE PLAZA REHABILITATION	14,818,572	-	-	-	-	14,818,572
6951000	SEWER TAP INSTALLATION PROGRAM	900,000	-	-	-	-	900,000
TOTAL SEWER CAPITAL PROJECT REVENUES		\$ 131,863,434	\$ -	\$ 8,741,959	\$ 212,690	\$ -	\$ 140,818,083

**CITY OF VIRGINIA BEACH, VIRGINIA
WATER AND SEWER FUND CAPITAL PROJECTS
SEWER CAPITAL PROJECTS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2008**

Project Number	Project Name	Budget to Date	Total Expenditures	Current Year Expenditures	Construction In Progress	Outstanding Encumbrances	Available Balance
6018000	COMPREHENSIVE SEWER EVALUATION/REHABILITATION	\$ 8,125,000	\$ 7,464,012	\$ 1,876,670	\$ -	\$ 600,575	\$ 60,413
6019000	RESORT AREA NEIGHBORHOOD REVITALIZATION	4,910,000	1,934,607	1,078,158	1,934,607	1,287,694	1,687,699
6027000	KENLEY ROAD/BONNEY ROAD SEWER IMP - 51%	265,000	-	-	-	-	265,000
6028000	COMPREHENSIVE EMERGENCY RESPONSE & PLANNING	1,280,000	920,717	74,686	920,717	105,239	254,044
6030000	LITTLE NECK POINT (PARTIAL)	8,520,000	8,464,843	70,762	-	53,979	1,178
6031000	SEWER APPURTENANCES EVALUATION	75,000	37,447	26,764	37,447	11,375	26,178
6033000	INFILTRATION, INFLOW, & REHABILITATION - PHASE I	6,329,906	6,212,234	6,239	-	102,891	14,781
6035000	VAR RDWAY/STRM WTR COORD - PH III	808,375	771,574	2,266	-	931	35,870
6038000	SEWER SCADA SYSTEM UPGRADE	1,117,000	902,082	137,850	-	213,262	1,656
6051000	INDIAN RIVER ROAD - PHASE VII	20,000	9,473	-	9,473	5,244	5,283
6057000	HOLLAND ROAD - PHASE VI	100,000	-	-	-	-	100,000
6065000	INFILTRATION, INFLOW, AND REHAB - PHASE IV	18,815,000	17,128,318	4,645,083	-	1,545,226	141,456
6066000	PUMP STATION MODIFICATIONS - PHASE IV (PARTIAL)	20,078,000	14,368,080	4,598,922	-	2,112,450	3,597,470
6067000	VAR RDWAY/STRMWTR COORD - PH IV	660,000	339,082	23,139	-	104,116	216,802
6068000	SEWER REQ & AGREEMTS - PHASE IV (51%)	550,000	184,869	-	-	1,064	364,067
6069000	BIRDNECK ROAD - PHASE II	3,280,000	1,914,363	403,656	403,656	641,567	724,070
6075000	LASKIN ROAD - PHASE I	160,000	30	-	30	-	159,970
6081000	LASKIN RD - PH II & GATEWAY IMPROVEMENTS	2,130,000	1,028,277	39,935	1,028,277	261,337	840,386
6084000	MAXEY MANOR - 51%	1,591,000	1,590,430	4,133	-	130	440
6085000	SANITARY SEWER AGING INFRASTR PRG - PH II	4,300,000	1,237,671	1,237,671	1,190,115	3,013,663	48,666
6086000	PU PUBLIC ACCESS RENOVATIONS - BLDG 2	767,500	49,905	12,165	49,905	18,255	699,340
6089000	COMP SEWER MASTER PLANNING-PHASE IV	300,000	275,240	275,240	275,240	24,760	-
6103000	LAKE RIDGE INTERCEPTOR FORCE MAIN	11,525,000	11,388,775	686	-	44,208	92,017
6105000	PRIVATE PUMP STATION EVALUATION PROGRAM	520,000	520,000	6,127	-	-	-
6138000	LANDSTOWN YARD IMPROVEMENTS - PHASE III	3,355,230	592,558	351,128	592,558	286,645	2,476,027
6139000	BAYWAY ROAD SEWER IMPROVEMENTS - 51%	55,000	5,293	5,293	5,293	475	49,232
6146000	SEWER REQUESTS & AGREEMENTS - PHASE V	100,000	-	-	-	-	100,000
6148000	SYSTEM EXPAN COST PART AGREEMENTS-PH II	1,970,000	91,543	6,950	91,543	-	1,878,457
6149000	PRINCESS ANNE SEWER FORCE MAIN - PHASE IV	75,000	28,433	26,194	28,433	34,319	12,248
6168000	VAR SAN SEWER INTRASTRUCTURE MAINT SUPP	650,000	609,974	114,672	609,974	12,746	27,280
6169000	IVR/CTI, BILL PRNT, AUTO PYMT SOL DSGN	600,000	407,720	254,309	407,720	112,157	80,123
6178000	MIDDLE SCHOOL WATER & SEWER IMPROVE	310,000	-	-	-	-	310,000
6203000	LOTUS GARDEN SEWER IMPROVEMENTS-51% PRG	1,625,000	-	-	-	119,555	1,505,445
6401000	RECORDS MANAGEMENT IMPROVEMENTS	100,000	13,701	10,426	13,701	4,880	81,419
6404000	COMPUTERIZED MAPPING/INFRAS MGMT - PH II	150,000	13,011	13,011	13,011	84,501	52,488
6405000	CUSTOMER INFO SYSTEM VERNON MIGRATION	225,000	-	-	-	-	225,000
6411000	CIT-SRV AREA MSTR PLAN/INFO SYS (SAMPIS)	800,000	663,625	341,358	663,625	104,368	32,007
6451000	ENGINEERING SERVICES - VARIOUS PROJECTS	100,000	34,456	34,456	34,456	56,514	9,030
6502000	PRIV SANI SEWER PMP STA ABANCONMENT PRG	150,000	-	-	-	-	150,000
6505000	PRINCESS ANNE PLAZA REHABILITATION-PH II	3,300,000	1,404,797	1,403,678	1,234,307	310,502	1,584,701
6506000	SAN SEWER SYS REVITALIZATION	3,850,000	3,654,784	1,820,708	3,654,784	166,027	29,189
6601000	FIRST COLONIAL/VB BLVD INTERSECTION IMPV	190,000	-	-	-	-	190,000
6602000	PA ROAD/KEMPSVILLE RD INTERSECTON IMPRV	200,000	-	-	-	-	200,000
6603000	WITCHDUCK ROAD-PHASE I SEWER IMPROVEMENTS	70,000	-	-	-	-	70,000
6604000	WITCHDUCK ROAD-PHASE II SEWER IMPROVEMENTS	50,000	-	-	-	46,499	3,501
6612000	PUMP STATION WET WELL REVITALIZATION	1,000,000	988,117	345,701	988,117	4,180	7,703
6613000	AUX POWER PRG SEW PUMP STA PH II	1,450,000	594,745	-	594,745	698,861	156,394
6710000	19TH STREET CORRIDOR SEWER IMPROVEMENTS	750,000	-	-	-	-	750,000
6752000	HVAC IMPROVEMEMTS 2ND FLR BLDG #30	107,500	95,608	95,608	95,608	-	11,892
6802000	UTILITY CROSSINGS CONDITION ASSESSMENT	140,000	9,422	9,422	9,422	80,352	50,226
6803000	SEWER VALVE CONDITION ASSESSMENT & MAINT	100,000	-	-	-	-	100,000
6937000	ARAGONA REHABILITATION	7,400,000	7,274,743	-	-	466	124,791
6938000	PRINCESS ANNE PLAZA REHABILITATION	14,818,572	13,755,683	87,316	-	357,672	705,217
6951000	SEWER TAP INSTALLATION PROGRAM	900,000	577,968	283,527	577,968	204,688	117,344
TOTAL SEWER CAPITAL PROJECT EXPENDITURES		\$ 140,818,083	\$ 107,558,210	\$ 19,723,909	\$ 15,464,732	\$ 12,833,373	\$ 20,426,500
WATER AND SEWER CAPITAL PROJECTS		\$ 340,440,151	\$ 281,313,485	\$ 22,836,652	\$ 24,948,842	\$ 16,247,718	\$ 42,878,948
CURRENT YEAR EXPENDITURES ON CLOSED PROJECTS				109,917			
CURRENT YEAR EXPENDITURES ON CAPITAL PROJECTS				\$ 22,946,569			
CAPITALIZED INTEREST REMAINING IN CONSTRUCTION IN PROGRESS					1,753,491		
OTHER ENTITIES SHARE OF WATER AND SEWER PROJECTS					(12,037,996)		
WATER AND SEWER FUND CONSTRUCTION IN PROGRESS					\$ 14,664,337		



**STORM WATER
ENTERPRISE FUND**

STORM WATER ENTERPRISE FUND

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



CITY OF VIRGINIA BEACH, VIRGINIA
STORM WATER ENTERPRISE FUND
STATEMENT OF NET ASSETS
JUNE 30, 2008

ASSETS

Current Assets:

Cash and Temporary Investments	\$ 8,767,655
Accounts Receivable - Net of Estimated Uncollectibles	2,661,345
Total Current Assets	<u>\$ 11,429,000</u>

Non-current Assets:

Cash and Temporary Investments - Restricted	\$ 1,017,183
Capital Assets:	
Land	128,880,513
Utility System	92,035,545
Machinery and Equipment	8,141,509
Construction in Progress	30,823,468
Less: Accumulated Depreciation	(42,041,559)
Total Capital Assets	<u>\$ 217,839,476</u>
Total Non-current Assets	<u>\$ 218,856,659</u>
Total Assets	<u>\$ 230,285,659</u>

LIABILITIES

Current Liabilities:

Vouchers and Accounts Payable	\$ 623,504
Accrued Interest Payable	213,244
Current Portion of Long-term Liabilities	912,650
Total Current Liabilities	<u>\$ 1,749,398</u>

Long-term Liabilities (less current portion):

Double Barrel and Revenue Bonds and Notes	\$ 7,910,000
General Obligation Bonds	1,900,037
Accrued Compensated Leave	443,260
Total Long-term Liabilities (less current portion)	<u>\$ 10,253,297</u>
Total Liabilities	<u>\$ 12,002,695</u>

NET ASSETS

Invested in Capital Assets, Net of Related Debt	\$ 207,477,672
Restricted for Debt Service	767,850
Restricted for Operations	10,037,442
Total Net Assets	<u>\$ 218,282,964</u>

**CITY OF VIRGINIA BEACH, VIRGINIA
STORM WATER ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2008**

<u>OPERATING REVENUES</u>	
Service Charges	\$ 15,599,738
Total Operating Revenues	<u>\$ 15,599,738</u>
<u>OPERATING EXPENSES</u>	
Personal Services	\$ 3,904,613
Fringe Benefits	1,283,979
Contractual Services	305,177
Internal Services	1,046,671
Other Charges	856,829
Land, Structures and Improvements	2,451,712
Depreciation	3,927,360
Total Operating Expenses	<u>\$ 13,776,341</u>
<u>OPERATING INCOME (LOSS)</u>	<u>\$ 1,823,397</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>	
Interest Income	\$ 868,372
From Commonwealth	5,589,452
Gain (Loss) From Sale of Assets	128,955
Interest and Fiscal Charges	(455,015)
Total Nonoperating Revenues (Expenses) Net	<u>\$ 6,131,764</u>
<u>TRANSFERS</u>	
Transfers In	\$ 68,826
Transfers Out	(249,065)
Total Transfers Net	<u>\$ (180,239)</u>
<u>INCREASE IN NET ASSETS</u>	<u>\$ 7,774,922</u>
<u>TOTAL NET ASSETS - BEGINNING</u>	<u>210,508,042</u>
<u>TOTAL NET ASSETS - ENDING</u>	<u>\$ 218,282,964</u>

**CITY OF VIRGINIA BEACH, VIRGINIA
STORM WATER ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2008**

CASH FLOWS FROM OPERATING ACTIVITIES:

Receipts from Customers and Users	\$ 15,599,728
Receipts from (Payments for) Interfund Services Provided	(1,046,671)
Other Operating Cash Receipts	36,335
Cash Payments to Suppliers of Goods and Services	(2,756,889)
Other Operating Cash Payments	(856,829)
Cash Payments to Employees for Services	(5,108,479)
Net Cash Provided By Operating Activities	<u>\$ 5,867,195</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Intergovernmental Receipts	\$ 5,589,452
Receipts from Other Funds	68,826
Payments to Other Funds	(249,065)
Net Cash Provided (Used) By Noncapital Financing Activities	<u>\$ 5,409,213</u>

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

Interest Paid on Long-term Debt	\$ (641,851)
Acquisition and Construction of Capital Assets	(7,845,027)
Proceeds from Sale of Salvage	128,955
Principal Paid on Long-term Debt	(786,100)
Net Cash Provided (Used) By Capital and Related Financing Activities	<u>\$ (9,144,023)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Interest and Dividends Received	\$ 868,372
Net Cash Provided By Investing Activities	<u>\$ 868,372</u>
Net Increase (Decrease) in Cash and Temporary Investments	\$ 3,000,757
Cash and Temporary Investments, July 1	<u>6,784,081</u>
Cash and Temporary Investments, June 30	<u>\$ 9,784,838</u>

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

Operating Income (Loss)	\$ 1,823,397
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By Operating Activities:	
Depreciation Expense	3,927,360
(Increase) in Accounts Receivable	(189,824)
Increase in Vouchers and Accounts Payable	272,861
Increase in Accrued Compensated Leave	33,401
Total Adjustments	<u>\$ 4,043,798</u>
Net Cash Provided By Operating Activities	<u>\$ 5,867,195</u>

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:

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

CITY OF VIRGINIA BEACH, VIRGINIA
STORM WATER ENTERPRISE FUND
SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	Budget	Actual	Variance - Positive (Negative)
<u>Project Management</u>			
Personal Services	\$ 791,451	\$ 711,862	\$ 79,589
Fringe Benefits	254,089	232,702	21,387
Contractual Services	204,691	198,686	6,005
Internal Services	18,685	13,075	5,610
Other Charges	94,673	59,243	35,430
Total Project Management	<u>\$ 1,363,589</u>	<u>\$ 1,215,568</u>	<u>\$ 148,021</u>
<u>Customer Services</u>			
Personal Services	\$ 77,602	\$ 62,991	\$ 14,611
Fringe Benefits	24,363	18,169	6,194
Contractual Services	13,260	1,275	11,985
Internal Services	6,108	1,112	4,996
Other Charges	7,140	4,924	2,216
Total Customer Services	<u>\$ 128,473</u>	<u>\$ 88,471</u>	<u>\$ 40,002</u>
<u>Operations and Maintenance</u>			
Personal Services	\$ 3,013,610	\$ 2,865,970	\$ 147,640
Fringe Benefits	955,451	946,671	8,780
Contractual Services	174,275	104,834	69,441
Internal Services	975,695	991,421	(15,726)
Other Charges	657,769	289,896	367,873
Land Structures and Improvements	2,940,315	2,451,712	488,603
Total Operations and Maintenance	<u>\$ 8,717,115</u>	<u>\$ 7,650,504</u>	<u>\$ 1,066,611</u>
<u>Inspections and Environmental Spill Response</u>			
Personal Services	\$ 228,420	\$ 226,797	\$ 1,623
Fringe Benefits	70,872	71,524	(652)
Contractual Services	2,412	382	2,030
Internal Services	23,473	29,652	(6,179)
Other Charges	14,685	9,985	4,700
Total Inspections and Environmental Spill Response	<u>\$ 339,862</u>	<u>\$ 338,340</u>	<u>\$ 1,522</u>
<u>Residential Street Sweeping</u>			
Personal Services	\$ 38,858	\$ 36,993	\$ 1,865
Fringe Benefits	15,076	14,913	163
Contractual Services	328	-	328
Internal Services	11,335	11,411	(76)
Other Charges	1,409	80	1,329
Total Residential Street Sweeping	<u>\$ 67,006</u>	<u>\$ 63,397</u>	<u>\$ 3,609</u>

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA
STORM WATER ENTERPRISE FUND
SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
<u>General Fund Charges</u>			
Direct Cost Allocations	\$ 458,644	\$ 50,079	\$ 408,565
Indirect Cost Allocations	591,872	422,012	169,860
Landscape Services	<u>35,129</u>	<u>20,610</u>	<u>14,519</u>
Total General Fund Charges	<u>\$ 1,085,645</u>	<u>\$ 492,701</u>	<u>\$ 592,944</u>
Total Budgeted Operating Expenses	\$ 11,701,690	\$ 9,848,981	\$ 1,852,709
<u>Depreciation</u>	<u>-</u>	<u>3,927,360</u>	<u>(3,927,360)</u>
Total Operating Expenses	<u>\$ 11,701,690</u>	<u>\$ 13,776,341</u>	<u>\$ (2,074,651)</u>

Note: Total General Fund Charges reclassified as Other Charges.

CITY OF VIRGINIA BEACH
STORM WATER CAPITAL PROJECTS BUDGETED REVENUES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Project Number	Project Name	Local Funding	Dedicated Funding	State Funding	Federal Funding	Other Funding	Total Funding
7004000	STORM WATER INFRASTRUCTURE REHABILITATION	\$ 2,682,615	\$ -	\$ -	\$ -	\$ -	\$ 2,682,615
7005000	NORTH LAKE HOLLY WATERSHED	10,689,929	-	23,706	-	-	10,713,635
7010000	ELIZABETH RIVER SHORES (PARTIAL)	1,280,450	-	-	-	-	1,280,450
7012000	FAIR MEADOWS DRAINAGE	1,838,000	-	-	-	-	1,838,000
7016000	SOUTH LAKE HOLLY WATERSHED (PARTIAL)	7,483,000	-	-	-	-	7,483,000
7024000	SOUTHERN CANAL/LEAD DITCH & CULVERT IMPRV	750,000	-	-	-	-	750,000
7027000	SWM MSTR PLANNING, ANALYSIS, & INVENTORY	845,906	-	-	-	-	845,906
7031000	KEMPS GREENS GC COMM STRM WTR BK STABIL	740,000	-	-	-	-	740,000
7033000	STORM WATER MAINTENANCE BACKLOG	800,000	-	-	-	-	800,000
7063000	NEIGHBORHOOD SW INFRASTRUCT IMPROVEMENTS	8,377,644	-	577,407	-	-	8,955,051
7067000	PRIMARY SYSTEM INFRASTRUCTURE IMPROVEMENTS	7,192,713	-	-	-	-	7,192,713
7091000	RESIDENTIAL DRAINAGE COST PARTICIPATION PRG	500,000	-	-	-	-	500,000
7145000	ARCTIC AVENUE - BALTIC AVENUE	8,253,333	-	-	-	-	8,253,333
7152000	DAM & SPILLWAY STRUCTURAL IMPROVEMENTS	5,835,115	-	-	-	-	5,835,115
7153000	LYNNHAVEN WATERSHED RESTORATION	2,010,397	-	73,500	-	-	2,083,897
7157000	LYNNHAVEN RIVER ENC RESTORATION STUDY	1,426,000	-	-	-	-	1,426,000
7159000	WATER QUALITY PARTICIPATION PROJECTS	700,000	-	101,500	-	-	801,500
7160000	THALIA CREEK TRIBUTARY RESTORATION	800,000	-	-	-	-	800,000
7183000	STORM WATER QUALITY ENHANCEMENTS	2,194,474	200,000	10,000	-	-	2,404,474
7902000	NORTH BEACH DRAINAGE	19,272,523	-	-	-	-	19,272,523
	TOTAL STORM WATER UTILITY CAPITAL PROJECTS	\$ 83,672,099	\$ 200,000	\$ 786,113	\$ -	\$ -	\$ 84,658,212

CITY OF VIRGINIA BEACH
STORM WATER CAPITAL PROJECTS EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Project Number	Project Name	Budget to Date	Current Year Expenditures	Total Expenditures	Construction In Progress	Outstanding Encumbrances	Available Balance
7004000	STORM WATER INFRASTRUCTURE REHABILITATION	\$ 2,682,615	\$ 543,382	\$ 2,651,618	\$ 2,651,618	\$ 3,574	\$ 27,423
7005000	NORTH LAKE HOLLY WATERSHED	10,713,635	112,254	5,065,668	5,065,668	698,348	4,949,619
7010000	ELIZABETH RIVER SHORES (PARTIAL)	1,280,450	35,228	214,384	214,384	86,968	979,098
7012000	FAIR MEADOWS DRAINAGE	1,838,000	-	1,624,193	-	-	213,807
7016000	SOUTH LAKE HOLLY WATERSHED (PARTIAL)	7,483,000	187,181	573,202	573,202	675,970	6,233,828
7024000	SOUTHERN CANAL/LEAD DITCH & CULVERT IMPRV	750,000	3,661	28,969	3,661	27,015	694,016
7027000	SWM MSTR PLANNING, ANALYSIS, & INVENTORY	845,906	9,416	423,454	423,454	39,371	383,081
7031000	KEMPS GREENS GC COMM STRM WTR BK STABIL	740,000	42,401	95,027	95,027	30,525	614,448
7033000	STORM WATER MAINTENANCE BACKLOG	800,000	234,954	288,534	288,534	511,466	-
7063000	NEIGHBORHD SW INFRASTRUCT IMPROVEMENTS	8,955,051	796,125	7,224,036	-	262,001	1,469,014
7067000	PRIMARY SYSTEM INFRASTRUCTURE IMPROVEMENTS	7,192,713	982,648	6,597,951	-	538,384	56,378
7091000	RESIDENTIAL DRAINAGE COST PARTICIPATION PRG	500,000	23,325	127,420	127,420	14,060	358,520
7145000	ARCTIC AVENUE - BALTIC AVENUE	8,253,333	2,419,818	5,356,589	5,356,589	2,896,744	-
7152000	DAM & SPILLWAY STRUCTURAL IMPROVEMENTS	5,835,115	162,123	2,306,923	2,306,923	1,386,600	2,141,592
7153000	LYNNHAVEN WATERSHED RESTORATION	2,083,897	337,693	1,614,723	1,614,723	331,411	137,763
7157000	LYNNHAVEN RIVER ENC RESTORATION STUDY	1,426,000	244,257	1,226,879	1,226,879	9,121	190,000
7159000	WATER QUALITY PARTICIPATION PROJECTS	801,500	72,087	175,087	175,087	243,000	383,413
7160000	THALIA CREEK TRIBUTARY RESTORATION	800,000	15,946	15,946	15,946	9,579	774,475
7183000	STORM WATER QUALITY ENHANCEMENTS	2,404,474	260,469	1,631,228	1,631,228	223,795	549,451
7902000	NORTH BEACH DRAINAGE	19,272,523	340,242	7,614,617	7,614,617	1,067,857	10,590,049
	TOTAL STORM WATER UTILITY CAPITAL PROJECTS	<u>\$ 84,658,212</u>	<u>\$ 6,823,210</u>	<u>\$ 44,856,448</u>	<u>\$ 29,384,960</u>	<u>\$ 9,055,789</u>	<u>\$ 30,745,975</u>
	CURRENT YEAR EXPENDITURES ON CLOSED PROJECTS		15,617				
	CURRENT YEAR EXPENDITURES ON CAPITAL PROJECTS		<u>\$ 6,838,827</u>				
	CAPITALIZED INTEREST				1,438,508		
	STORM WATER FUND CONSTRUCTION IN PROGRESS				<u>\$ 30,823,468</u>		



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INTERNAL SERVICE FUNDS

INTERNAL SERVICE FUNDS

The Internal Service Funds are used to account for the financing of goods and services provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units, on a cost reimbursement basis. The City has established Internal Service Funds for the following activities:

City Garage - provides vehicles repairs, parts, fuel and related services to City departments.

Risk Management - provides insurance, claims handling, risk identification, and consulting services to City departments.

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

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

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

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

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

CITY OF VIRGINIA BEACH, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2008

	<u>City Garage</u>	<u>Risk Management</u>	<u>Print Shop</u>
<u>ASSETS</u>			
Current Assets:			
Cash and Temporary Investments	\$ 1,572,335	\$ 5,507,393	\$ 658,755
Accounts Receivable	28,944	-	2,861
Inventory	817,583	-	29,387
Prepaid Support and Maintenance	6,984	-	-
Total Current Assets	<u>\$ 2,425,846</u>	<u>\$ 5,507,393</u>	<u>\$ 691,003</u>
Noncurrent Assets:			
Capital Assets:			
Site Improvements	\$ 265,782	\$ -	\$ -
Machinery and Equipment	1,729,531	293,215	990,164
Total Property, Plant and Equipment	<u>\$ 1,995,313</u>	<u>\$ 293,215</u>	<u>\$ 990,164</u>
Less Accumulated Depreciation	1,780,983	293,215	990,164
Net Property, Plant and Equipment	<u>\$ 214,330</u>	<u>\$ -</u>	<u>\$ -</u>
Total Assets	<u>\$ 2,640,176</u>	<u>\$ 5,507,393</u>	<u>\$ 691,003</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Vouchers and Accounts Payable	\$ 783,569	\$ 532,777	\$ 183,943
Deposits Payable	-	8,041	-
Current Portion of Long-term Liabilities	143,645	5,715,384	40,620
Total Current Liabilities	<u>\$ 927,214</u>	<u>\$ 6,256,202</u>	<u>\$ 224,563</u>
Noncurrent Liabilities:			
Long-term Liabilities (less current portion)	\$ 421,583	\$ 11,983,411	\$ 65,957
Total Noncurrent Liabilities	<u>\$ 421,583</u>	<u>\$ 11,983,411</u>	<u>\$ 65,957</u>
Total Liabilities	<u>\$ 1,348,797</u>	<u>\$ 18,239,613</u>	<u>\$ 290,520</u>
<u>NET ASSETS</u>			
Invested in Capital Assets, Net of Related Debt	\$ 214,330	\$ -	\$ -
Unrestricted	1,077,049	(12,732,220)	400,483
Total Net Assets (Deficits)	<u>\$ 1,291,379</u>	<u>\$ (12,732,220)</u>	<u>\$ 400,483</u>

**CITY OF VIRGINIA BEACH, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2008**

Information Technology	School Site Landscaping	Telecommunications	Subscriptions	Totals
\$ 5,683,565	\$ 1,452,016	\$ 277,037	\$ 2,397,247	\$ 17,548,348
-	-	31	-	31,836
-	-	-	-	846,970
-	-	-	-	6,984
<u>\$ 5,683,565</u>	<u>\$ 1,452,016</u>	<u>\$ 277,068</u>	<u>\$ 2,397,247</u>	<u>\$ 18,434,138</u>
\$ -	\$ -	\$ -	\$ -	\$ 265,782
7,847,622	2,206,825	-	55,066	13,122,423
<u>\$ 7,847,622</u>	<u>\$ 2,206,825</u>	<u>\$ -</u>	<u>\$ 55,066</u>	<u>\$ 13,388,205</u>
7,161,255	1,305,318	-	1,836	11,532,771
<u>\$ 686,367</u>	<u>\$ 901,507</u>	<u>\$ -</u>	<u>\$ 53,230</u>	<u>\$ 1,855,434</u>
<u>\$ 6,369,932</u>	<u>\$ 2,353,523</u>	<u>\$ 277,068</u>	<u>\$ 2,450,477</u>	<u>\$ 20,289,572</u>
\$ -	\$ 82,256	\$ 53,685	\$ 126,693	\$ 1,762,923
-	-	-	-	8,041
-	70,284	12,749	-	5,982,682
<u>\$ -</u>	<u>\$ 152,540</u>	<u>\$ 66,434</u>	<u>\$ 126,693</u>	<u>\$ 7,753,646</u>
\$ -	\$ 85,795	\$ 52,330	\$ -	\$ 12,609,076
-	85,795	52,330	-	12,609,076
-	238,335	118,764	126,693	20,362,722
\$ 686,367	\$ 901,507	\$ -	\$ 53,230	\$ 1,855,434
5,683,565	1,213,681	158,304	2,270,554	(1,928,584)
<u>\$ 6,369,932</u>	<u>\$ 2,115,188</u>	<u>\$ 158,304</u>	<u>\$ 2,323,784</u>	<u>\$ (73,150)</u>

CITY OF VIRGINIA BEACH, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2008

	<u>City Garage</u>	<u>Risk Management</u>	<u>Print Shop</u>
<u>OPERATING REVENUES</u>			
Billings to Departments	\$ 17,102,498	\$ 9,646,025	\$ 3,408,063
Insurance Recovery	3,892	108,000	-
Miscellaneous	-	-	-
Total Operating Revenues	<u>\$ 17,106,390</u>	<u>\$ 9,754,025</u>	<u>\$ 3,408,063</u>
<u>OPERATING EXPENSES</u>			
Cost of Goods Sold	\$ 10,344,862	\$ -	\$ 179,592
Personal Services	3,924,075	556,381	528,319
Fringe Benefits	1,419,094	147,403	185,126
Contractual Services	310,652	677,456	1,105,960
Internal Services	341,061	12,980	134,965
Other Charges	411,412	7,918,198	69,760
Leases and Rentals	-	-	1,169,605
Land Structures and Improvements	-	-	-
Depreciation	113,072	-	-
Total Operating Expenses	<u>\$ 16,864,228</u>	<u>\$ 9,312,418</u>	<u>\$ 3,373,327</u>
<u>OPERATING INCOME (LOSS)</u>	<u>\$ 242,162</u>	<u>\$ 441,607</u>	<u>\$ 34,736</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>			
Interest Income	\$ 105,137	\$ 251,199	\$ 18,432
Transfers Out	-	-	-
Gain (Loss) on Disposition of Assets	52,863	8,004	-
Total Nonoperating Revenues (Expenses)	<u>\$ 158,000</u>	<u>\$ 259,203</u>	<u>\$ 18,432</u>
<u>INCREASE (DECREASE) IN NET ASSETS</u>	<u>\$ 400,162</u>	<u>\$ 700,810</u>	<u>\$ 53,168</u>
<u>TOTAL NET ASSETS - BEGINNING</u>	<u>891,217</u>	<u>(13,433,030)</u>	<u>347,315</u>
<u>TOTAL NET ASSETS - ENDING</u>	<u>\$ 1,291,379</u>	<u>\$ (12,732,220)</u>	<u>\$ 400,483</u>

CITY OF VIRGINIA BEACH, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2008

Information Technology	School Site Landscaping	Telecommunications	Subscriptions	Totals
\$ -	\$ 4,149,044	\$ 2,498,726	\$ 2,352,545	\$ 39,156,901
-	-	-	-	111,892
31	-	1,686	-	1,717
<u>\$ 31</u>	<u>\$ 4,149,044</u>	<u>\$ 2,500,412</u>	<u>\$ 2,352,545</u>	<u>\$ 39,270,510</u>
\$ -	\$ -	\$ -	\$ -	\$ 10,524,454
-	1,891,394	713,381	41,906	7,655,456
-	818,795	231,326	-	2,801,744
1,531	47,692	234,015	550,399	2,927,705
-	532,246	19,587	-	1,040,839
150	290,046	673,611	534,893	9,898,070
-	-	-	-	1,169,605
-	102,943	-	-	102,943
437,196	296,773	-	1,836	848,877
<u>\$ 438,877</u>	<u>\$ 3,979,889</u>	<u>\$ 1,871,920</u>	<u>\$ 1,129,034</u>	<u>\$ 36,969,693</u>
<u>\$ (438,846)</u>	<u>\$ 169,155</u>	<u>\$ 628,492</u>	<u>\$ 1,223,511</u>	<u>\$ 2,300,817</u>
\$ 202,070	\$ 18,908	\$ 3,580	\$ 77,164	\$ 676,490
-	-	(390,000)	-	(390,000)
(1,132)	16,683	-	-	76,418
<u>\$ 200,938</u>	<u>\$ 35,591</u>	<u>\$ (386,420)</u>	<u>\$ 77,164</u>	<u>\$ 362,908</u>
\$ (237,908)	\$ 204,746	\$ 242,072	\$ 1,300,675	\$ 2,663,725
6,607,840	1,910,442	(83,768)	1,023,109	(2,736,875)
<u>\$ 6,369,932</u>	<u>\$ 2,115,188</u>	<u>\$ 158,304</u>	<u>\$ 2,323,784</u>	<u>\$ (73,150)</u>

**CITY OF VIRGINIA BEACH, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2008**

	City Garage	Risk Management	Print Shop
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Receipts from Customers and Users	\$ 17,167,353	\$ 9,653,873	\$ 3,408,766
Receipts from (Payments for) Interfund Services Provided	-	-	985
Other Operating Cash Receipts	3,892	108,000	-
Cash Payments to Suppliers of Goods and Services	(11,564,076)	(9,979,422)	(2,622,384)
Cash Payments to Employees for Services	(5,301,794)	(708,069)	(734,539)
Net Cash Provided (Used) By Operating Activities	<u>\$ 305,375</u>	<u>\$ (925,618)</u>	<u>\$ 52,828</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>			
Payments to Other Funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net Cash Provided By Noncapital Financing Activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>			
Acquisition and Construction of Capital Assets	\$ -	\$ -	\$ -
Proceeds from Sale of Salvage	<u>52,863</u>	<u>8,004</u>	<u>-</u>
Net Cash Provided (Used) By Capital and Related Financing Activities	<u>\$ 52,863</u>	<u>\$ 8,004</u>	<u>\$ -</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Interest and Dividends Received	\$ 105,137	\$ 251,199	\$ 18,432
Net Cash Provided By Investing Activities	<u>\$ 105,137</u>	<u>\$ 251,199</u>	<u>\$ 18,432</u>
Net Increase (Decrease) in Cash and Temporary Investments	\$ 463,375	\$ (666,415)	\$ 71,260
Cash and Temporary Investments, July 1	<u>1,108,960</u>	<u>6,173,808</u>	<u>587,495</u>
Cash and Temporary Investments, June 30	<u><u>\$ 1,572,335</u></u>	<u><u>\$ 5,507,393</u></u>	<u><u>\$ 658,755</u></u>

CITY OF VIRGINIA BEACH, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2008

Information Technology	School Site Landscaping	Telecommunications	Subscriptions	Totals
\$ -	\$ 4,149,044	\$ 2,498,695	\$ 2,352,545	\$ 39,230,276
-	-	-	-	985
31	-	1,686	-	113,609
(40,918)	(1,020,358)	(951,731)	(1,137,247)	(27,316,136)
-	(2,716,529)	(937,531)	(41,906)	(10,440,368)
<u>\$ (40,887)</u>	<u>\$ 412,157</u>	<u>\$ 611,119</u>	<u>\$ 1,173,392</u>	<u>\$ 1,588,366</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (390,000)</u>	<u>\$ -</u>	<u>\$ (390,000)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (390,000)</u>	<u>\$ -</u>	<u>\$ (390,000)</u>
\$ -	\$ (260,983)	\$ -	\$ (55,066)	\$ (316,049)
-	18,695	-	-	79,562
<u>\$ -</u>	<u>\$ (242,288)</u>	<u>\$ -</u>	<u>\$ (55,066)</u>	<u>\$ (236,487)</u>
\$ 202,070	\$ 18,908	\$ 3,580	\$ 77,164	\$ 676,490
<u>\$ 202,070</u>	<u>\$ 18,908</u>	<u>\$ 3,580</u>	<u>\$ 77,164</u>	<u>\$ 676,490</u>
\$ 161,183	\$ 188,777	\$ 224,699	\$ 1,195,490	\$ 1,638,369
<u>5,522,382</u>	<u>1,263,239</u>	<u>52,338</u>	<u>1,201,757</u>	<u>15,909,979</u>
<u>\$ 5,683,565</u>	<u>\$ 1,452,016</u>	<u>\$ 277,037</u>	<u>\$ 2,397,247</u>	<u>\$ 17,548,348</u>

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2008**

	City Garage	Risk Management	Print Shop
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO</u>			
<u>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</u>			
Operating Income (Loss)	\$ 242,162	\$ 441,607	\$ 34,736
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) By Operating Activities:			
Depreciation Expense	\$ 113,072	\$ -	\$ -
(Increase) Decrease in Accounts Receivable	64,855	7,848	703
(Increase) Decrease in Due From Commonwealth	-	-	985
(Increase) Decrease in Inventory	(174,004)	-	(608)
(Increase) Decrease in Prepaid Support and Maintenance	5,381	-	-
Increase (Decrease) in Vouchers and Accounts Payable	12,534	(1,208,387)	38,107
Increase (Decrease) in Deposits Payable	-	8,041	-
Increase (Decrease) in Deferred Revenue	-	(465)	-
Increase (Decrease) in Estimated Claims and Judgments	-	(169,977)	-
Increase (Decrease) in Accrued Compensated Leave	41,375	(4,285)	(21,094)
Total Adjustments	<u>\$ 63,213</u>	<u>\$ (1,367,225)</u>	<u>\$ 18,093</u>
Net Cash Provided (Used) By Operating Activities	<u>\$ 305,375</u>	<u>\$ (925,618)</u>	<u>\$ 52,828</u>

**CITY OF VIRGINIA BEACH, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2008**

Information Technology	School Site Landscaping	Telecommunications	Subscriptions	Totals
\$ (438,846)	\$ 169,155	\$ 628,492	\$ 1,223,511	\$ 2,300,817
\$ 437,196	\$ 296,773	\$ -	\$ 1,836	\$ 848,877
-	-	(31)	-	73,375
-	-	-	-	985
-	-	-	-	(174,612)
-	-	-	-	5,381
(39,237)	(47,431)	(24,518)	(51,955)	(1,320,888)
-	-	-	-	8,041
-	-	-	-	(465)
-	-	-	-	(169,977)
-	(6,340)	7,176	-	16,832
<u>\$ 397,959</u>	<u>\$ 243,002</u>	<u>\$ (17,373)</u>	<u>\$ (50,119)</u>	<u>\$ (712,451)</u>
<u>\$ (40,887)</u>	<u>\$ 412,157</u>	<u>\$ 611,119</u>	<u>\$ 1,173,392</u>	<u>\$ 1,588,366</u>



AGENCY FUNDS

AGENCY FUNDS

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

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

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

CITY OF VIRGINIA BEACH, VIRGINIA
AGENCY FUNDS
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2008

	<u>Escheat Property</u>	<u>Special Welfare</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and Temporary Investments	\$ 7,210	\$ 279,565	\$ 286,775
Total Assets	<u>\$ 7,210</u>	<u>\$ 279,565</u>	<u>\$ 286,775</u>
<u>LIABILITIES</u>			
Vouchers and Accounts Payable	\$ 7,210	\$ 279,565	\$ 286,775
Total Liabilities	<u>\$ 7,210</u>	<u>\$ 279,565</u>	<u>\$ 286,775</u>
<u>NET ASSETS</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF VIRGINIA BEACH, VIRGINIA
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Balance</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2008</u>
<u>SPECIAL WELFARE</u>				
<u>ASSETS</u>				
Cash and Temporary Investments	\$ 282,719	\$ 994,238	\$ 997,392	\$ 279,565
Due from Commonwealth	7,413	-	7,413	-
Total Assets	<u>\$ 290,132</u>	<u>\$ 994,238</u>	<u>\$ 1,004,805</u>	<u>\$ 279,565</u>
<u>LIABILITIES</u>				
Vouchers and Accounts Payable	<u>\$ 290,132</u>	<u>\$ 994,238</u>	<u>\$ 1,004,805</u>	<u>\$ 279,565</u>
<u>ESCHEAT PROPERTY</u>				
<u>ASSETS</u>				
Cash and Temporary Investments	\$ 13,062	\$ 335,651	\$ 341,503	\$ 7,210
Total Assets	<u>\$ 13,062</u>	<u>\$ 335,651</u>	<u>\$ 341,503</u>	<u>\$ 7,210</u>
<u>LIABILITIES</u>				
Vouchers and Accounts Payable	<u>\$ 13,062</u>	<u>\$ 335,651</u>	<u>\$ 341,503</u>	<u>\$ 7,210</u>
<u>TOTALS-ALL AGENCY FUNDS</u>				
<u>ASSETS</u>				
Cash and Temporary Investments	\$ 295,781	\$ 1,329,889	\$ 1,338,895	\$ 286,775
Due from Commonwealth	7,413	-	7,413	-
Total Assets	<u>\$ 303,194</u>	<u>\$ 1,329,889</u>	<u>\$ 1,346,308</u>	<u>\$ 286,775</u>
<u>LIABILITIES</u>				
Vouchers and Accounts Payable	<u>\$ 303,194</u>	<u>\$ 1,329,889</u>	<u>\$ 1,346,308</u>	<u>\$ 286,775</u>



**NONMAJOR
COMPONENT UNITS**

CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF NET ASSETS
OTHER COMPONENT UNITS
JUNE 30, 2008

	Virginia Beach Development Authority	Community Development Corporation	Totals
<u>ASSETS</u>			
Current Assets:			
Cash and Temporary Investments	\$ 5,170,764	\$ 1,001,597	\$ 6,172,361
Accounts Receivable - Net	3,189,095	234,225	3,423,320
Notes Receivable	-	984,457	984,457
Accrued Interest Receivable	-	261,671	261,671
Due from Other Governments	-	729,779	729,779
Replacement Reserves and Security Deposits	-	790,208	790,208
Deferred Charges	518,464	-	518,464
Inventory	-	3,037,678	3,037,678
Total Current Assets	<u>\$ 8,878,323</u>	<u>\$ 7,039,615</u>	<u>\$ 15,917,938</u>
Noncurrent Assets:			
Cash and Investments - Restricted	\$ 9,582,482	\$ -	\$ 9,582,482
Land Held for Resale	12,972,770	-	12,972,770
Capital Assets:			
Land	18,321,460	2,858,802	21,180,262
Buildings	100,157,877	18,394,101	118,551,978
Construction In Progress	2,122,287	-	2,122,287
Less: Accumulated Depreciation	<u>(9,565,633)</u>	<u>(4,244,563)</u>	<u>(13,810,196)</u>
Total Capital Assets	<u>\$ 111,035,991</u>	<u>\$ 17,008,340</u>	<u>\$ 128,044,331</u>
Total Noncurrent Assets	<u>\$ 133,591,243</u>	<u>\$ 17,008,340</u>	<u>\$ 150,599,583</u>
Total Assets	<u>\$ 142,469,566</u>	<u>\$ 24,047,955</u>	<u>\$ 166,517,521</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Vouchers and Accounts Payable	\$ 8,823,113	\$ 41,589	\$ 8,864,702
Deposits Payable	150,000	51,420	201,420
Accrued Interest Payable	1,411,374	34,249	1,445,623
Deferred Revenue	-	25,393	25,393
Current Portion of:			
Bonds and Notes Payable	<u>3,140,000</u>	<u>1,574,345</u>	<u>4,714,345</u>
Total Current Liabilities	<u>\$ 13,524,487</u>	<u>\$ 1,726,996</u>	<u>\$ 15,251,483</u>
Noncurrent Liabilities:			
Bonds Payable	\$ 93,481,237	\$ -	\$ 93,481,237
Notes Payable - Other	<u>5,331,548</u>	<u>8,525,406</u>	<u>13,856,954</u>
Total Noncurrent Liabilities	<u>\$ 98,812,785</u>	<u>\$ 8,525,406</u>	<u>\$ 107,338,191</u>
Total Liabilities	<u>\$ 112,337,272</u>	<u>\$ 10,252,402</u>	<u>\$ 122,589,674</u>
<u>NET ASSETS</u>			
Invested in Capital Assets, Net of Related Debt	\$ 10,356,739	\$ 6,908,589	\$ 17,265,328
Restricted for Debt Service	3,966,262	-	3,966,262
Unrestricted	<u>15,809,293</u>	<u>6,886,964</u>	<u>22,696,257</u>
Total Net Assets	<u>\$ 30,132,294</u>	<u>\$ 13,795,553</u>	<u>\$ 43,927,847</u>

**CITY OF VIRGINIA BEACH, VIRGINIA
OTHER COMPONENT UNITS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008**

Functions/Programs	Program Revenues			Net Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Virginia Beach Development Authority	Community Development Corporation	Total
Virginia Beach Development Authority							
Governmental-type Activities	\$ -	\$ -	\$ -	\$ 1,728,440	\$ 1,728,440	\$ -	\$ 1,728,440
Business-type Activities	11,542,083	2,734,315	7,823,981	1,163,252	179,465	-	179,465
Community Development Corporation							
Business-type Activities	3,407,882	1,822,782	2,638,988	-	-	1,053,888	1,053,888
Total Component Units	\$ 14,949,965	\$ 4,557,097	\$ 10,462,969	\$ 2,891,692	\$ 1,907,905	\$ 1,053,888	\$ 2,961,793
General Revenues:							
Unrestricted Investment Earnings					\$ 314,583	\$ 116,498	\$ 431,081
Miscellaneous					100,000	601,362	701,362
Special Items:							
Donation of Town Center Plaza Sculpture					230,511	-	230,511
Gain on Sale of Block 12 Retail Space					390,427	-	390,427
Transfer of Princess Anne Commons land					434,534	-	434,534
Transfer of parking reliance certificate revenue to City					(500,752)	-	(500,752)
Transfer of sale proceeds from Block 12 Retail Space to City					(1,824,832)	-	(1,824,832)
Total General Revenue and Special Items					\$ (855,529)	\$ 717,860	\$ (137,669)
Change in Net Assets					\$ 1,052,376	\$ 1,771,748	\$ 2,824,124
Net Assets at Beginning of Year					29,079,918	12,023,805	41,103,723
Net Assets at End of Year					\$ 30,132,294	\$ 13,795,553	\$ 43,927,847

**CITY OF VIRGINIA BEACH, VIRGINIA
OTHER COMPONENT UNITS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2008**

	Virginia Beach Development Authority	Community Development Corporation	Totals
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>			
Receipts From Customers and Users	\$ 2,716,675	\$ 1,785,141	\$ 4,501,816
Other Operating Cash Receipts	2,665,573	644,105	3,309,678
Cash Payments to Employees for Services	(2,804,700)	(1,542,510)	(4,347,210)
Other Operating Cash Payments	(132,611)	(836,390)	(969,001)
Net Cash Provided (Used) By Operating Activities	<u>\$ 2,444,937</u>	<u>\$ 50,346</u>	<u>\$ 2,495,283</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>			
Intergovernmental Receipts	\$ -	\$ 2,300,510	\$ 2,300,510
Reserve Deposits	-	141,419	141,419
Net Cash Provided By Noncapital Financing Activities	<u>\$ -</u>	<u>\$ 2,441,929</u>	<u>\$ 2,441,929</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>			
Interest Paid on Long-term Debt	\$ (4,180,768)	\$ (344,370)	\$ (4,525,138)
Capital Contributions From City	6,476,281	-	6,476,281
Purchases of Capital Assets	(44,053)	(578,174)	(622,227)
Acquisition and Construction of Capital Assets	-	(4,204,769)	(4,204,769)
Capitalization of Asset Costs	(171,390)	-	(171,390)
Governments Opportunity Fund Award Proceeds	1,600,000	-	1,600,000
Governments Opportunity Fund Award	(1,443,677)	-	(1,443,677)
Other Capital Costs	712,607	-	712,607
Transfer of Parking Reliance Certificate Revenue to City	(500,752)	-	(500,752)
Transfer of Sale Proceeds from Block 12 Retail Space to City	(1,824,832)	-	(1,824,832)
Transfer from Special Projects Fund	156,782	-	156,782
Proceeds From Debt	-	4,529,983	4,529,983
Proceeds From Sales of Capital Assets	1,824,832	25,163	1,849,995
Principal Paid on Capital Debt	(2,344,458)	(2,060,582)	(4,405,040)
Net Cash Provided (Used) By Capital and Related Financing Activities	<u>\$ 260,572</u>	<u>\$ (2,632,749)</u>	<u>\$ (2,372,177)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Interest and Dividends Received	<u>\$ 312,323</u>	<u>\$ 24,896</u>	<u>\$ 337,219</u>
Net Increase (Decrease) in Cash and Temporary Investments	\$ 3,017,832	\$ (115,578)	\$ 2,902,254
Cash and Temporary Investments, July 1	<u>11,132,158</u>	<u>1,117,175</u>	<u>12,249,333</u>
Cash and Temporary Investments, June 30	<u>\$ 14,149,990</u>	<u>\$ 1,001,597</u>	<u>\$ 15,151,587</u>
<u>RECONCILIATION OF COMPONENT UNITS CASH AND TEMPORARY INVESTMENTS:</u>			
Business-Type Activities	\$ 14,149,990	\$ 1,001,597	\$ 15,151,587
Governmental Activities	<u>603,256</u>	<u>-</u>	<u>603,256</u>
Total per Exhibit 35	<u>\$ 14,753,246</u>	<u>\$ 1,001,597</u>	<u>\$ 15,754,843</u>

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA
OTHER COMPONENT UNITS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2008**

	Virginia Beach Development Authority	Community Development Corporation	Totals
<u>RECONCILIATION OF OPERATING INCOME (LOSS)</u>			
<u>TO NET CASH PROVIDED (USED) BY</u>			
<u>OPERATING ACTIVITIES:</u>			
Operating Loss	\$ (2,080,229)	\$ 327,125	\$ (1,753,104)
Adjustments to Reconcile Operating Income to Net Cash Used By Operating Activities:			
Depreciation Expense	2,554,154	610,259	3,164,413
Non Cash Selling Expense and Gain on Sale	-	(15,404)	(15,404)
Changes in Assets and Liabilities:			
Receivables, Net	2,132,181	(333,285)	1,798,896
Accounts and Other Payables	(176,169)	2,937	(173,232)
Accrued Expenses	15,000	48,560	63,560
Land and Building Inventory	-	(589,846)	(589,846)
Net Cash Provided (Used) By Operating Activities	<u>\$ 2,444,937</u>	<u>\$ 50,346</u>	<u>\$ 2,495,283</u>
Noncash Transactions:			
Acquisition of Town Center Capital Assets and Land with City Bond Proceeds	\$ 26,489,856		
Transfer of Princess Anne Commons land from City	434,534		
Donation of Town Center Plaza sculpture	230,511		
Amortization of Bond Discount/Premium	(101,090)		

**DISCRETELY PRESENTED
SCHOOL BOARD COMPONENT UNIT**

DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT

Governmental Funds:

School Operating Special Revenue Fund - accounts for the revenue and expenditures of the City's elementary and secondary education system.

School Grants Special Revenue Fund - accounts for certain Commonwealth of Virginia and Federal Grants of the school system.

School Capital Projects Fund - accounts for the acquisition and construction of School System capital facilities other than those financed by School Board Proprietary and Trust Funds.

School Athletics Special Revenue Fund - accounts for the revenues and expenditures associated with School Athletic Program.

School Cafeterias Special Revenue Fund - accounts for revenues received from and expenses associated with the operation of School System food service facilities.

School Textbook Special Revenue Fund - accounts for the financing and acquisition of textbooks used in the School system.

School Communication Towers/Technology Special Revenue Fund - accounts for the rental of communication towers on School Board property.

School Vending Operations - accounts for receipts/expenditures relating to the soft drink vending operations for the School Board.

School Instructional Technology - accounts for funding designated to increase the level of technology in schools.

School Equipment Replacement - accounts for the accumulation of funds and the replacement of school equipment.

Proprietary Fund:

School Risk Management Internal Service Fund - provides for insurance and the administration thereof for the School Board.

School Health Insurance Internal Service Fund - accounts for premiums for both the City and School health insurance.

Fiduciary Funds:

Payroll Deductions Agency Fund - accounts for payroll deductions and the deferred compensation plan under section 457 of the Internal Revenue Code.

Fringe Benefits Agency Fund - accounts for employer contributions on certain fringe benefits,

School Activity Agency Fund - accounts for the student activity monies maintained on behalf of the students at each school.

CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
STATEMENT OF NET ASSETS
JUNE 30, 2008

	Governmental Activities
<u>ASSETS</u>	
Current Assets:	
Cash and Temporary Investments	\$ 252,183,623
Accounts Receivable	259,000
Due from Commonwealth	11,032,165
Due from Federal Government	6,179,897
Inventories	1,323,099
Prepaid Items	516,574
Total Current Assets	\$ 271,494,358
Noncurrent Assets:	
Capital Assets:	
Land	\$ 28,616,050
Buildings, Improvements, Equipment and Vehicles (net of accumulated depreciation)	259,605,634
Construction in Progress	49,658,942
Total Noncurrent Assets	\$ 337,880,626
Total Assets	\$ 609,374,984
<u>LIABILITIES</u>	
Current Liabilities:	
Salaries Payable	\$ 55,291,434
Vouchers and Accounts Payable	31,558,911
Deposits Payable	45,000
Due to Commonwealth	17,131
Due to Federal Government	87,914
Deferred Revenue	6,287,617
Long-term Liabilities (due within one year)	19,208,672
Total Current Liabilities	\$ 112,496,679
Noncurrent Liabilities:	
Long-term Liabilities (due in more than one year)	15,757,325
Total Liabilities	\$ 128,254,004
<u>NET ASSETS</u>	
Invested in Capital Assets	\$ 337,880,626
Restricted for:	
Capital Projects	81,794,572
Grants	578,724
Unrestricted	60,867,058
Total Net Assets	\$ 481,120,980

**CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008**

	Expenses	Program Revenues			Net (Expenses) Revenues and Change In Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<u>GOVERNMENTAL ACTIVITIES</u>					
Instruction	\$ 609,866,678	\$ 3,757,993	\$ 132,401,774	\$ 11,275,914	\$ (462,430,997)
Admin, Attendance, & Health	21,304,108	-	-	-	(21,304,108)
Pupil Transportation	31,593,740	-	2,333	-	(31,591,407)
Operations and Maintenance	105,258,243	-	133,823	-	(105,124,420)
Cafeterias	25,435,324	13,711,915	11,265,528	-	(457,881)
Total Governmental Activities	<u>\$ 793,458,093</u>	<u>\$ 17,469,908</u>	<u>\$ 143,803,458</u>	<u>\$ 11,275,914</u>	<u>\$ (620,908,813)</u>

General Revenues:

Local Sources:

Local Government	\$	383,315,703
Miscellaneous		340,667
Federal and State Aid not Restricted to Specific Purposes:		
State Basic Aid		193,474,314
State Sales Tax		72,904,963
Federal Impact Aid		18,404,950
Interest Earnings		4,457,283
Total General Revenues	\$	<u>672,897,880</u>
Change in Net Assets	\$	<u>51,989,067</u>
Total Net Assets - July 1		<u>429,131,913</u>
Total Net Assets - June 30	\$	<u><u>481,120,980</u></u>

CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008

	School Operating	School Grants	Capital Projects	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>					
Cash and Temporary Investments	\$ 62,791,503	\$ -	\$ 92,755,921	\$ 39,625,252	\$ 195,172,676
Accounts Receivable	224,085	587	-	23,498	248,170
Due from Other Funds	1,630,964	-	-	-	1,630,964
Due from Commonwealth	10,153,744	756,320	-	-	10,910,064
Due from Federal Government	173,925	5,594,342	-	411,630	6,179,897
Inventories	-	-	-	1,323,099	1,323,099
Prepaid Items	348,816	-	-	137,670	486,486
Total Assets	<u>\$ 75,323,037</u>	<u>\$ 6,351,249</u>	<u>\$ 92,755,921</u>	<u>\$ 41,521,149</u>	<u>\$ 215,951,356</u>
<u>LIABILITIES</u>					
Salaries Payable	\$ 50,991,838	\$ 3,243,440	\$ 21,657	\$ 1,032,917	\$ 55,289,852
Vouchers and Accounts Payable	13,699,684	735,812	10,851,778	1,891,316	27,178,590
Deposits Payable	-	-	-	45,000	45,000
Due to Other Funds	-	1,630,964	-	-	1,630,964
Due to Commonwealth	-	17,131	-	-	17,131
Due to Federal Government	-	-	87,914	-	87,914
Deferred Revenue	219,954	145,178	-	291,933	657,065
Total Liabilities	<u>\$ 64,911,476</u>	<u>\$ 5,772,525</u>	<u>\$ 10,961,349</u>	<u>\$ 3,261,166</u>	<u>\$ 84,906,516</u>
<u>FUND BALANCES</u>					
Reserved for:					
Encumbrances	\$ 10,062,745	\$ -	\$ 64,309,465	\$ 111,569	\$ 74,483,779
Inventories	-	-	-	1,323,099	1,323,099
Prepaid Items	348,816	-	-	137,670	486,486
Unreserved, reported in:					
Designated:					
Capital Projects Fund	-	-	17,485,107	-	17,485,107
Special Revenue Funds	-	578,724	-	6,336,889	6,915,613
Undesignated:					
Special Revenue Funds	-	-	-	30,350,756	30,350,756
Total Fund Balances	<u>\$ 10,411,561</u>	<u>\$ 578,724</u>	<u>\$ 81,794,572</u>	<u>\$ 38,259,983</u>	<u>\$ 131,044,840</u>
Total Liabilities and Fund Balances	<u>\$ 75,323,037</u>	<u>\$ 6,351,249</u>	<u>\$ 92,755,921</u>	<u>\$ 41,521,149</u>	<u>\$ 215,951,356</u>

**CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2008**

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

Total Fund Balances - Governmental Funds (this exhibit)	\$ 131,044,840
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.

Cost of Capital Assets	\$ 540,719,166	
less: Accumulated Depreciation	<u>202,838,540</u>	337,880,626

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

Compensated Absences	\$ 21,699,174	
Net Pension Obligation	<u>70,487</u>	(21,769,661)

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

Total Assets	\$ 57,173,966	
less: Total Liabilities	<u>23,208,791</u>	
Total Net Assets		<u>33,965,175</u>

Total Net Assets - Governmental Activities (Exhibit 38)	<u>\$ 481,120,980</u>
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CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	School Operating	School Grants	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES					
From Use of Money and Property	\$ 443,711	\$ -	\$ 2,771,654	\$ 2,019,899	\$ 5,235,264
Charges for Services	1,567,012	-	-	14,349,978	15,916,990
Miscellaneous	1,251,021	136,119	116,371	205,366	1,708,877
From Local Government	306,054,787	-	74,623,787	2,637,129	383,315,703
From Commonwealth	352,757,113	8,281,194	11,275,914	4,992,635	377,306,856
From Federal Government	19,870,660	31,220,688	-	10,872,122	61,963,470
Total Revenues	<u>\$ 681,944,304</u>	<u>\$ 39,638,001</u>	<u>\$ 88,787,726</u>	<u>\$ 35,077,129</u>	<u>\$ 845,447,160</u>
EXPENDITURES					
Current:					
Instruction	\$ 523,503,213	\$ 42,047,870	\$ 5,051,474	\$ 10,736,974	\$ 581,339,531
Admin, Attendance, & Health	20,984,803	-	-	-	20,984,803
Pupil Transportation	30,443,591	-	9,570	-	30,453,161
Operations and Maintenance	95,446,555	-	10,087,913	25,790,724	131,325,192
Capital Outlay	7,395,447	233,088	57,694,334	125,869	65,448,738
Total Expenditures	<u>\$ 677,773,609</u>	<u>\$ 42,280,958</u>	<u>\$ 72,843,291</u>	<u>\$ 36,653,567</u>	<u>\$ 829,551,425</u>
EXCESS (DEFICIENCY) OF					
REVENUES OVER (UNDER)					
EXPENDITURES	<u>\$ 4,170,695</u>	<u>\$ (2,642,957)</u>	<u>\$ 15,944,435</u>	<u>\$ (1,576,438)</u>	<u>\$ 15,895,735</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	\$ -	\$ 2,632,947	\$ -	\$ 6,694,343	\$ 9,327,290
Transfers Out	(9,327,290)	-	-	-	(9,327,290)
Total Other Financing Sources (Uses)	<u>\$ (9,327,290)</u>	<u>\$ 2,632,947</u>	<u>\$ -</u>	<u>\$ 6,694,343</u>	<u>\$ -</u>
NET CHANGE IN					
FUND BALANCES	<u>\$ (5,156,595)</u>	<u>\$ (10,010)</u>	<u>\$ 15,944,435</u>	<u>\$ 5,117,905</u>	<u>\$ 15,895,735</u>
FUND BALANCES - JULY 1	<u>15,568,156</u>	<u>588,734</u>	<u>65,850,137</u>	<u>33,142,078</u>	<u>115,149,105</u>
FUND BALANCES - JUNE 30	<u>\$ 10,411,561</u>	<u>\$ 578,724</u>	<u>\$ 81,794,572</u>	<u>\$ 38,259,983</u>	<u>\$ 131,044,840</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, 2008**

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

Net Change in Fund Balances - Governmental Funds (this exhibit)	\$ 15,895,735
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Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Assets and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities. This is the amount by which capital outlays exceeded depreciation expense (including loss on capital asset dispositions) for the fiscal year.	47,640,409
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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	\$ 8,996,541	
Leave Earned	<u>(9,856,230)</u>	(859,689)

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

NPO - June 30, 2007	\$ 70,386	
NPO - June 30, 2008	<u>(70,487)</u>	(101)

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

Risk Management	\$ 4,017,631	
Health Insurance	<u>11,814,354</u>	15,831,985

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, 2008. This amount is the applicable Net Book Value change and depreciation expense for the fiscal year.

(26,519,272)

Change in Net Assets of governmental activities in the Statement of Activities (Exhibit 39)	<u>\$ 51,989,067</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, 2008

	Original Budget	Final Budget	Actual	Variance - Positive (Negative)
REVENUES				
<u>From Use of Money and Property</u>				
Rents	\$ 450,000	\$ 450,000	\$ 443,711	\$ (6,289)
<u>Charges for Services</u>				
Tuition and Educational Fees	\$ 1,761,594	\$ 1,761,594	\$ 1,567,012	\$ (194,582)
<u>Miscellaneous Revenue</u>				
Sale of School Buses & Vehicles	\$ 15,000	\$ 15,000	\$ 28,060	\$ 13,060
Sale of Salvage	12,000	12,000	83,375	71,375
Insurance Proceeds	-	-	50,602	50,602
Flex Benefit Forfeitures	15,000	15,000	-	(15,000)
Donations	-	-	100	100
Miscellaneous	95,000	95,000	110,991	15,991
Indirect Costs	350,000	350,000	576,718	226,718
SECEP-Reach	-	-	401,175	401,175
Total Miscellaneous Revenue	\$ 487,000	\$ 487,000	\$ 1,251,021	\$ 764,021
<u>From Local Government</u>	\$ 336,870,685	\$ 341,323,685	\$ 306,054,787	\$ (35,268,898)
<u>From Commonwealth</u>				
Basic Aid	\$ 188,949,497	\$ 188,949,497	\$ 193,474,314	\$ 4,524,817
Reimbursement-Social Security	10,175,825	10,175,825	10,273,507	97,682
Reimbursement-Retirement	15,218,310	15,218,310	15,364,397	146,087
Reimbursement-Life Insurance	545,134	545,134	550,366	5,232
Remedial Education	2,725,668	2,725,668	2,751,832	26,164
Remedial Education-Summer School	1,053,332	1,053,332	1,165,673	112,341
Special Education	20,942,212	20,942,212	21,143,245	201,033
Special Education-Regional Program	9,200,253	9,200,253	8,442,387	(757,866)
Special Education-Homebound	41,054	41,054	45,292	4,238
Special Education-Foster Children	-	-	321,567	321,567
Foster Home Children	486,542	486,542	150,517	(336,025)
Vocational	3,270,801	3,270,801	3,302,199	31,398
Vocational-Occupational/Tech	327,374	327,374	210,006	(117,368)
Vocational-Adult Education	-	-	23,630	23,630
Vocational-Equipment-State	-	-	128,128	128,128
General Adult Education	59,977	59,977	43,595	(16,382)
Sales Tax	76,410,762	76,410,762	72,904,963	(3,505,799)
Class Size Initiative	3,741,602	3,741,602	3,616,245	(125,357)
Salary Support	12,356,360	12,356,360	12,612,565	256,205
Enrollment Loss	3,124,292	3,124,292	1,880,612	(1,243,680)
At-Risk Initiative	1,690,608	1,690,608	1,706,909	16,301
English as a Second Language	639,575	639,575	631,603	(7,972)
Visually Impaired	-	-	24,047	24,047
Industry Credentials for Students	-	-	38,109	38,109
Dual Enrollment	-	-	70,986	70,986
Gifted and Talented Aid	1,862,539	1,862,539	1,880,419	17,880
Total From Commonwealth	\$ 352,821,717	\$ 352,821,717	\$ 352,757,113	\$ (64,604)

(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, 2008

	Original Budget	Final Budget	Actual	Variance - Positive (Negative)
REVENUES (continued)				
From Federal Government				
Public Law 874	\$ 12,461,723	\$ 12,461,723	\$ 13,666,207	\$ 1,204,484
Public Law 874-Special Education	-	-	1,529,316	1,529,316
Adult Basic Education	134,408	134,408	349,545	215,137
Dept of the Navy-NJROTC	100,000	100,000	242,102	142,102
Department of Defense	1,500,000	1,500,000	2,673,104	1,173,104
Dept of Defense Special Education	-	-	536,323	536,323
Medicaid Reimbursement	575,000	575,000	828,483	253,483
Other Federal Funds	-	-	45,580	45,580
Total From Federal Government	<u>\$ 14,771,355</u>	<u>\$ 14,771,131</u>	<u>\$ 19,870,660</u>	<u>\$ 5,099,529</u>
Total Revenues	<u>\$ 707,162,351</u>	<u>\$ 711,615,127</u>	<u>\$ 681,944,304</u>	<u>\$ (29,670,823)</u>
EXPENDITURES				
Current				
Instruction				
Elementary Classroom	\$ 137,527,331	\$ 139,029,427	\$ 136,026,715	\$ 3,002,712
Senior High Classroom	88,950,832	83,721,284	81,290,280	2,431,004
Technical and Career Education	21,651,978	21,389,217	20,413,469	975,748
Gifted and Magnet Programs	13,584,329	13,937,555	12,933,033	1,004,522
Special Education	81,811,257	81,489,196	77,722,448	3,766,748
Summer School	4,011,148	4,011,148	3,054,435	956,713
General Adult Education	2,235,578	2,236,602	2,082,267	154,335
Open Campus High School	2,049,080	2,058,222	1,796,322	261,900
Student Activities	2,815,177	2,815,639	2,781,626	34,013
Office/Principal - Elementary	24,090,455	24,665,139	23,890,437	774,702
Office/Principal - Senior High	10,274,451	10,686,770	10,571,135	115,635
Office/Principal - Tech & Career	527,322	536,773	507,574	29,199
Guidance Services	16,758,979	16,783,258	16,314,768	468,490
Social Work Services	2,563,048	2,588,801	2,509,125	79,676
Media and Communications	1,494,969	1,729,624	1,368,392	361,232
Instructional Technology	10,514,377	10,978,651	10,668,909	309,742
Instructional Support	11,544,153	13,565,158	11,972,635	1,592,523
Organizational Development	2,360,599	2,361,509	1,340,786	1,020,723
Special Education Support	2,560,867	2,648,172	2,424,687	223,485
Gifted & Magnet Programs Support	2,068,674	2,178,659	1,969,139	209,520
Media Services Support	13,806,968	13,797,868	13,217,883	579,985
Research, Evaluation, & Assessment	2,985,689	3,010,184	1,996,081	1,014,103
Middle School Classroom	61,186,325	62,539,896	59,781,540	2,758,356
Remedial Education	6,925,152	6,882,680	6,487,050	395,630
Office/Principal - Middle Schools	9,197,646	9,488,788	8,914,329	574,459
Homebound Services	1,039,536	1,107,784	1,106,597	1,187
Technical and Career Ed Support	934,410	989,410	945,334	44,076
Student Leadership	1,314,129	1,338,067	1,146,934	191,133
Psychological Services	3,414,788	3,443,728	3,313,187	130,541
Audiological Services	416,494	468,296	380,966	87,330
School Administration	1,359,059	1,366,428	1,218,256	148,172
Alternative Education	3,442,575	3,443,410	3,356,874	86,536
Total Instruction	<u>\$ 545,417,375</u>	<u>\$ 547,287,343</u>	<u>\$ 523,503,213</u>	<u>\$ 23,784,130</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, 2008

	Original Budget	Final Budget	Actual	Variance - Positive (Negative)
<u>EXPENDITURES (continued)</u>				
<u>Current (continued)</u>				
<u>Admin, Attendance & Health</u>				
Board, Legal, & Governmental	\$ 1,160,336	\$ 1,160,336	\$ 788,705	\$ 371,631
Office of the Superintendent	1,052,202	1,057,045	823,747	233,298
Department of Budget & Finance	3,698,168	3,739,173	3,231,514	507,659
Department of Human Resources	4,352,816	4,472,556	3,910,753	561,803
Internal Audit	364,919	364,919	287,933	76,986
Purchasing	1,053,271	1,070,216	1,037,551	32,665
Organizational Development	2,610,469	2,539,014	1,692,477	846,537
Office of Technology	955,450	1,298,446	1,192,444	106,002
Benefits Office	2,156,873	2,156,873	1,648,228	508,645
Health Services	6,784,530	6,785,086	6,371,451	413,635
Total Admin, Attendance, & Health	<u>\$ 24,189,034</u>	<u>\$ 24,643,664</u>	<u>\$ 20,984,803</u>	<u>\$ 3,658,861</u>
<u>Pupil Transportation</u>				
Management	\$ 2,045,388	\$ 2,045,388	\$ 2,010,775	\$ 34,613
Vehicle Operation	23,067,592	23,414,157	23,234,077	180,080
Vehicle Maintenance	2,945,597	2,945,597	2,753,665	191,932
Monitoring Services	2,832,463	2,832,463	2,445,074	387,389
Total Pupil Transportation	<u>\$ 30,891,040</u>	<u>\$ 31,237,605</u>	<u>\$ 30,443,591</u>	<u>\$ 794,014</u>
<u>Operations and Maintenance</u>				
Facility Planning & Construction	\$ 721,106	\$ 732,922	\$ 656,071	\$ 76,851
School Plant	45,941,024	50,743,107	46,948,411	3,794,696
Supply Services	1,352,047	1,352,047	1,246,925	105,122
Grounds Services	3,867,990	4,149,990	4,149,044	946
Custodial Services	26,403,835	26,650,065	26,241,525	408,540
Security Services	5,984,838	5,970,745	5,825,781	144,964
Vehicle Services	889,760	889,760	893,140	(3,380)
Telecommunications	1,626,134	2,201,751	1,368,209	833,542
Technology Maintenance	8,801,297	9,121,088	8,117,449	1,003,639
Total Operations & Maintenance	<u>\$ 95,588,031</u>	<u>\$ 101,811,475</u>	<u>\$ 95,446,555</u>	<u>\$ 6,364,920</u>
Total Current	<u>\$ 696,085,480</u>	<u>\$ 704,980,087</u>	<u>\$ 670,378,162</u>	<u>\$ 34,601,925</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, 2008

	Original Budget	Final Budget	Actual	Variance - Positive (Negative)
<u>EXPENDITURES (continued)</u>				
<u>Capital Outlay</u>				
Instruction	\$ 960,502	\$ 2,648,262	\$ 1,508,647	\$ 1,139,615
Admin, Attendance & Health	-	7,515	7,515	-
Pupil Transportation	-	6,855,375	3,855,375	3,000,000
Operations and Maintenance	769,050	2,964,057	2,023,910	940,147
Total Capital Outlay	<u>\$ 1,729,552</u>	<u>\$ 12,475,209</u>	<u>\$ 7,395,447</u>	<u>\$ 5,079,762</u>
Total Expenditures	<u>\$ 697,815,032</u>	<u>\$ 717,455,296</u>	<u>\$ 677,773,609</u>	<u>\$ 39,681,687</u>
<u>EXCESS (DEFICIENCY) OF</u>				
<u>REVENUES OVER (UNDER)</u>				
<u>EXPENDITURES</u>	\$ 9,347,319	\$ (5,840,169)	\$ 4,170,695	\$ 10,010,864
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers Out	(9,347,095)	(9,389,567)	(9,327,290)	62,277
<u>NET CHANGE IN FUND BALANCE</u>	\$ -	\$ (15,229,736)	\$ (5,156,595)	\$ 10,073,141
<u>FUND BALANCE - JULY 1</u>	15,568,156	15,568,156	15,568,156	-
<u>FUND BALANCE - JUNE 30</u>	<u>\$ 15,568,156</u>	<u>\$ 338,420</u>	<u>\$ 10,411,561</u>	<u>\$ 10,073,141</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, 2008

	Original Budget	Final Budget	Actual	Variance - Positive (Negative)
REVENUES				
Miscellaneous	\$ -	\$ 165,052	\$ 136,119	\$ (28,933)
From Commonwealth	10,071,797	10,878,238	8,281,194	(2,597,044)
From Federal Government	36,573,178	37,790,676	31,220,688	(6,569,988)
Contingency	5,655,908	2,891,666	-	(2,891,666)
Total Revenues	<u>\$ 52,300,883</u>	<u>\$ 51,725,632</u>	<u>\$ 39,638,001</u>	<u>\$ (12,087,631)</u>
EXPENDITURES				
Current				
Instruction				
Algebra Readiness FY07	\$ 101,191	\$ -	\$ -	\$ -
Algebra Readiness FY08	921,033	621,998	594,001	27,997
Allstate Foundation Safe Teen Driving FY07	-	10,000	-	10,000
Bike Smart Grant FY08	-	1,883	1,883	-
Career Switcher FY08	-	8,000	8,000	-
C.Perkins Vocational & Tech Act FY07	-	1,416	1,416	-
C.Perkins Vocational & Tech Act FY08	973,947	1,002,214	1,002,214	-
Chesapeake Restoration Grant FY08	-	11,450	-	11,450
Delta Kappa Gamma Ed Found FY05	-	480	-	480
DEQ Vepco School Bus Retrofit FY05	-	2,333	2,333	-
Early Reading Initiative FY08	1,131,311	1,243,892	1,217,528	26,364
English Literacy/Civics Education FY08	37,721	59,536	59,536	-
GED Expansion Grant FY08	10,002	10,000	10,000	-
HSTW-Bayside FY07	6,024	9,417	9,127	290
HSTW-Bayside FY08	15,000	15,000	14,419	581
HSTW-Cox FY08	15,000	15,000	13,710	1,290
HSTW-First Colonial FY07	7,142	9,532	9,439	93
HSTW-First Colonial FY08	15,000	15,000	13,980	1,020
HSTW-Green Run FY07	3,522	9,669	9,334	335
HSTW-Green Run FY08	15,000	15,000	13,622	1,378
HSTW-Ocean Lakes FY08	15,000	-	-	-
HSTW-Salem FY07	4,894	3,715	3,599	116
HSTW-Salem FY08	15,000	15,000	13,937	1,063
HSTW-Tallwood FY07	6,708	5,827	5,800	27
HSTW-Tallwood FY08	15,000	15,000	14,497	503
Industry Credentials for Students FY08	-	59,470	59,470	-
ISAEF FY08	62,869	62,869	62,869	-
Jail Education Program FY08	215,401	213,905	176,785	37,120
Juvenile Detention Ctr FY08	857,396	827,688	814,121	13,567
Leaders Mentoring Leaders FY07	-	98,213	31,603	66,610
McKinney Homeless FY07	-	3,283	3,283	-
McKinney Homeless FY08	55,200	55,200	48,839	6,361

(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, 2008

	Original Budget	Final Budget	Actual	Variance - Positive (Negative)
<u>EXPENDITURES (continued)</u>				
<u>Current (continued)</u>				
<u>Instruction (continued)</u>				
Mentor Teacher Program FY08	\$ 90,617	\$ 77,916	\$ 77,916	\$ -
Natl. Board Certified Tchrs. Stipend FY08	-	117,500	117,500	-
National Science Foundation/Math FY08	-	25,000	25,000	-
National Science Foundation/VCU FY06	-	50,000	50,000	-
National Science Foundation/SJU FY07	-	36,581	36,581	-
Natl. Network of Ptnship. Schools FY08	-	500	500	-
Ninth Grade Transition-Bayside HS FY08	-	4,990	4,610	380
Ninth Grade Transition-Tallwood HS FY08	-	5,000	4,818	182
Preschool Incentive Grant FY07	26,033	34,899	34,899	-
Preschool Incentive Grant FY08	514,040	514,353	476,789	37,564
Race to GED FY08	30,301	51,352	51,352	-
Safe and Drug Free Schools FY07	71,019	38,448	38,448	-
Safe and Drug Free Schools FY08	284,076	277,215	232,041	45,174
State Academic Achievement FY07	-	440	440	-
Teaching American History-WHO FY06	441,386	613,225	177,648	435,577
Technology Initiative FY06	-	734,662	734,662	-
Technology Initiative FY07	2,454,028	2,601,237	2,500,513	100,724
Technology Initiative FY08	2,805,600	2,868,000	-	2,868,000
Title I Part A 128-06 FY06	-	4,299	4,299	-
Title I Part A 128-07 FY07	637,310	621,524	621,524	-
Title I Part A 128-08 FY08	11,127,773	10,761,034	10,428,408	332,626
Title I Part D FY06	-	12,815	12,815	-
Title I Part D FY07	106,558	143,215	102,355	40,860
Title I Part D FY08	143,216	121,989	-	121,989
Title I Part D Subpart 1 FY08	-	39,469	23,879	15,590
Title II NCLB128-05 FY06	-	57,642	57,642	-
Title II NCLB128-06 FY07	518,058	478,607	478,607	-
Title II NCLB128-07 FY08	2,759,314	2,745,945	2,173,136	572,809
Title II Part B Math and Science FY07	-	65,589	12,230	53,359
Title II Part D FY07	25,368	56,694	56,694	-
Title II Part D FY08	-	103,911	41,374	62,537
Title III LEP10128-06 FY07	104,077	123,077	123,077	-
Title III Part A Language Acquisition FY08	165,794	123,989	-	123,989
Title III Part A Immigrant & Youth FY08	-	32,665	8,541	24,124
Title IV Pell Grant FY08	-	14,350	14,350	-
Title V 128-T5-06 FY06	10,171	36,062	36,062	-
Title V 128-T5-07 FY07	77,971	77,190	62,349	14,841
Title V 128-T5-08 FY08	77,971	75,441	146	75,295
Title VI B PL 105-17 FY06	-	47,911	47,911	-
Title VI B PL 105-17 FY07	4,043,802	4,071,164	4,071,164	-
Title V1 B PL 105-17 FY08	14,228,256	14,881,897	10,530,454	4,351,443

(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, 2008

	Original Budget	Final Budget	Actual	Variance - Positive (Negative)
<u>EXPENDITURES (continued)</u>				
<u>Current (continued)</u>				
<u>Instruction (continued)</u>				
VA Beach Educ. Fdn.-Tallwood HS FY08	\$ -	\$ 150,000	\$ 133,823	\$ 16,177
VA Initiative-At Risk Four-Year Olds FY08	4,012,800	4,012,800	4,012,800	-
VCU-VDH Olweus Bullying Prev.FY08	-	5,900	3,900	2,000
VA Comm. For the Arts-Tallwood HS FY08	-	255	228	27
VA Geographic Alliance FY03	-	3,177	901	2,276
VA Middle School Teacher Corps FY08	-	40,000	40,000	-
VA Preschool Pilot Initiative FY08	-	187,900	164,645	23,255
VA Teachers for Tomorrow FY08	-	754	754	-
Virtual Enterprise MOU FY07	-	4,057	2,128	1,929
Virtual Enterprise MOU FY08	-	5,000	1,185	3,815
Virtual VA Placement FY08	-	532	532	-
Workplace Readiness Skills FY06	-	895	895	-
Contingency	5,655,908	2,891,666	-	2,891,666
Total Current	<u>\$ 54,910,808</u>	<u>\$ 54,472,723</u>	<u>\$ 42,047,870</u>	<u>\$ 12,424,853</u>
Capital Outlay	45,827	483,912	233,088	250,824
Total Expenditures	<u>\$ 54,956,635</u>	<u>\$ 54,956,635</u>	<u>\$ 42,280,958</u>	<u>\$ 12,675,677</u>
<u>EXCESS (DEFICIENCY) OF</u>				
<u>REVENUES OVER (UNDER)</u>				
<u>EXPENDITURES</u>	\$ (2,655,752)	\$ (3,231,003)	\$ (2,642,957)	\$ 588,046
<u>OTHER FINANCING</u>				
<u>SOURCES (USES)</u>				
Transfers In	2,655,752	3,231,003	2,632,947	(598,056)
<u>NET CHANGE IN FUND BALANCE</u>	\$ -	\$ -	\$ (10,010)	\$ (10,010)
<u>FUND BALANCE - JULY 1</u>	588,734	588,734	588,734	-
<u>FUND BALANCE - JUNE 30</u>	<u>\$ 588,734</u>	<u>\$ 588,734</u>	<u>\$ 578,724</u>	<u>\$ (10,010)</u>



**CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
JUNE 30, 2008**

	School Athletics	School Cafeterias	School Textbooks
ASSETS			
Cash and Temporary Investments	\$ 833,586	\$ 2,347,450	\$ 17,702,037
Accounts Receivable	820	14,528	1,999
Due from Federal Government	-	411,630	-
Inventories	-	1,323,099	-
Prepaid Items	137,670	-	-
Total Assets	<u>\$ 972,076</u>	<u>\$ 4,096,707</u>	<u>\$ 17,704,036</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Salaries Payable	\$ 49,182	\$ 983,623	\$ 33
Vouchers and Accounts Payable	110,396	144,806	10,331
Deposits Payable	-	-	-
Deferred Revenue	-	291,933	-
Total Liabilities	<u>\$ 159,578</u>	<u>\$ 1,420,362</u>	<u>\$ 10,364</u>
Fund Balances:			
Reserved for:			
Encumbrances	\$ 9,760	\$ 494	\$ 2,835
Inventories	-	1,323,099	-
Prepaid Items	137,670	-	-
Unreserved:			
Designated for Subsequent Year's Operating Budget	24,000	-	-
Undesignated	641,068	1,352,752	17,690,837
Total Fund Balances	<u>\$ 812,498</u>	<u>\$ 2,676,345</u>	<u>\$ 17,693,672</u>
Total Liabilities and Fund Balances	<u>\$ 972,076</u>	<u>\$ 4,096,707</u>	<u>\$ 17,704,036</u>

CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
JUNE 30, 2008

School Communication Towers/ Technology	School Vending Operations	School Instructional Technology	School Equipment Replacement	Totals
\$ 1,797,262	\$ 1,014,411	\$ 13,440,085	\$ 2,490,421	\$ 39,625,252
1,182	4,969	-	-	23,498
-	-	-	-	411,630
-	-	-	-	1,323,099
-	-	-	-	137,670
<u>\$ 1,798,444</u>	<u>\$ 1,019,380</u>	<u>\$ 13,440,085</u>	<u>\$ 2,490,421</u>	<u>\$ 41,521,149</u>
\$ -	\$ 79	\$ -	\$ -	\$ 1,032,917
2,913	-	1,622,870	-	1,891,316
45,000	-	-	-	45,000
-	-	-	-	291,933
<u>\$ 47,913</u>	<u>\$ 79</u>	<u>\$ 1,622,870</u>	<u>\$ -</u>	<u>\$ 3,261,166</u>
\$ 46,261	\$ 18,931	\$ 33,288	\$ -	\$ 111,569
-	-	-	-	1,323,099
-	-	-	-	137,670
300,000	359,815	3,815,945	1,837,129	6,336,889
1,404,270	640,555	7,967,982	653,292	30,350,756
<u>\$ 1,750,531</u>	<u>\$ 1,019,301</u>	<u>\$ 11,817,215</u>	<u>\$ 2,490,421</u>	<u>\$ 38,259,983</u>
<u>\$ 1,798,444</u>	<u>\$ 1,019,380</u>	<u>\$ 13,440,085</u>	<u>\$ 2,490,421</u>	<u>\$ 41,521,149</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, 2008**

	School Athletics	School Cafeterias	School Textbooks
<u>REVENUES</u>			
From Use of Money and Property	\$ 112,693	\$ 59,197	\$ 645,631
Charges for Services	536,299	13,618,109	1,821
Miscellaneous	-	93,807	111,559
From Local Government	-	300,000	-
From Commonwealth	-	393,406	4,599,229
From Federal Government	-	10,872,122	-
Total Revenues	<u>\$ 648,992</u>	<u>\$ 25,336,641</u>	<u>\$ 5,358,240</u>
<u>EXPENDITURES</u>			
Current			
Instruction	\$ 4,418,963	\$ -	\$ 3,626,802
Operations and Maintenance	-	25,790,724	-
Capital Outlay	97,176	-	-
Total Expenditures	<u>\$ 4,516,139</u>	<u>\$ 25,790,724</u>	<u>\$ 3,626,802</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>\$ (3,867,147)</u>	<u>\$ (454,083)</u>	<u>\$ 1,731,438</u>
<u>OTHER FINANCING SOURCES</u>			
Transfers In	\$ 4,128,797	\$ -	\$ 2,565,546
<u>NET CHANGES IN FUND BALANCES</u>	<u>\$ 261,650</u>	<u>\$ (454,083)</u>	<u>\$ 4,296,984</u>
<u>FUND BALANCES - JULY 1</u>	<u>550,848</u>	<u>3,130,428</u>	<u>13,396,688</u>
<u>FUND BALANCES - JUNE 30</u>	<u>\$ 812,498</u>	<u>\$ 2,676,345</u>	<u>\$ 17,693,672</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, 2008

School Communication Towers/ Technology	School Vending Operations	School Instructional Technology	School Equipment Replacement	Totals
\$ 402,616	\$ 37,911	\$ 708,559	\$ 53,292	\$ 2,019,899
-	193,749	-	-	14,349,978
-	-	-	-	205,366
-	-	900,000	1,437,129	2,637,129
-	-	-	-	4,992,635
-	-	-	-	10,872,122
<u>\$ 402,616</u>	<u>\$ 231,660</u>	<u>\$ 1,608,559</u>	<u>\$ 1,490,421</u>	<u>\$ 35,077,129</u>
\$ -	\$ 431,973	\$ 2,259,236	\$ -	\$ 10,736,974
-	-	-	-	25,790,724
28,693	-	-	-	125,869
<u>\$ 28,693</u>	<u>\$ 431,973</u>	<u>\$ 2,259,236</u>	<u>\$ -</u>	<u>\$ 36,653,567</u>
<u>\$ 373,923</u>	<u>\$ (200,313)</u>	<u>\$ (650,677)</u>	<u>\$ 1,490,421</u>	<u>\$ (1,576,438)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,694,343</u>
\$ 373,923	\$ (200,313)	\$ (650,677)	\$ 1,490,421	\$ 5,117,905
<u>1,376,608</u>	<u>1,219,614</u>	<u>12,467,892</u>	<u>1,000,000</u>	<u>33,142,078</u>
<u>\$ 1,750,531</u>	<u>\$ 1,019,301</u>	<u>\$ 11,817,215</u>	<u>\$ 2,490,421</u>	<u>\$ 38,259,983</u>

CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2008

	School Risk Management	School Health Insurance	Total
<u>ASSETS</u>			
Current Assets:			
Cash and Temporary Investments	\$ 17,062,767	\$ 39,948,180	\$ 57,010,947
Accounts Receivable	2,179	8,651	10,830
Due from Commonwealth	-	122,101	122,101
Prepaid Items	30,088	-	30,088
Total Assets	<u>\$ 17,095,034</u>	<u>\$ 40,078,932</u>	<u>\$ 57,173,966</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Salaries Payable	\$ -	\$ 1,582	\$ 1,582
Vouchers and Accounts Payable	113,060	4,267,261	4,380,321
Deferred Revenue	-	5,630,552	5,630,552
Estimated Claims and Judgments (due within one year)	3,961,002	5,936,250	9,897,252
Total Current Liabilities	<u>\$ 4,074,062</u>	<u>\$ 15,835,645</u>	<u>\$ 19,909,707</u>
Noncurrent Liabilities:			
Estimated Claims and Judgments (due in more than one year)	1,320,334	1,978,750	3,299,084
Total Liabilities	<u>\$ 5,394,396</u>	<u>\$ 17,814,395</u>	<u>\$ 23,208,791</u>
<u>NET ASSETS</u>			
Unrestricted	<u>\$ 11,700,638</u>	<u>\$ 22,264,537</u>	<u>\$ 33,965,175</u>
Total Net Assets	<u>\$ 11,700,638</u>	<u>\$ 22,264,537</u>	<u>\$ 33,965,175</u>

CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2008

	School Risk Management	School Health Insurance	Totals
<u>OPERATING REVENUES</u>			
Charges for Services	\$ 8,837,828	\$ 100,299,275	\$ 109,137,103
Insurance Recovery	109	-	109
Miscellaneous Revenue	16,462	-	16,462
Total Operating Revenues	<u>\$ 8,854,399</u>	<u>\$ 100,299,275</u>	<u>\$ 109,153,674</u>
<u>OPERATING EXPENSES</u>			
Personnel Services	\$ 359,728	\$ 186,245	\$ 545,973
Fringe Benefits	115,453	60,157	175,610
Other Charges	4,840,543	89,272,232	94,112,775
Total Operating Expenses	<u>\$ 5,315,724</u>	<u>\$ 89,518,634</u>	<u>\$ 94,834,358</u>
<u>OPERATING INCOME (LOSS)</u>	<u>\$ 3,538,675</u>	<u>\$ 10,780,641</u>	<u>\$ 14,319,316</u>
<u>NONOPERATING REVENUES</u>			
Interest Income	\$ 478,956	\$ 1,033,713	\$ 1,512,669
Total Nonoperating Revenues	<u>\$ 478,956</u>	<u>\$ 1,033,713</u>	<u>\$ 1,512,669</u>
<u>CHANGES IN NET ASSETS</u>	<u>\$ 4,017,631</u>	<u>\$ 11,814,354</u>	<u>\$ 15,831,985</u>
<u>TOTAL NET ASSETS - JULY 1</u>	<u>7,683,007</u>	<u>10,450,183</u>	<u>18,133,190</u>
<u>TOTAL NET ASSETS - JUNE 30</u>	<u>\$ 11,700,638</u>	<u>\$ 22,264,537</u>	<u>\$ 33,965,175</u>

CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2008

	School Risk Management	School Health Insurance	Totals
<u>CASH FLOWS FROM OPERATING</u>			
<u>ACTIVITIES:</u>			
Receipts from Customers and Users	\$ 8,852,220	\$ 100,497,341	\$ 109,349,561
Payments to Vendors for Goods and Services	(4,123,048)	(84,960,227)	(89,083,275)
Payments to Employees for Services	(475,418)	(245,349)	(720,767)
Net Cash Provided By Operating Activities	<u>\$ 4,253,754</u>	<u>\$ 15,291,765</u>	<u>\$ 19,545,519</u>
<u>CASH FLOWS FROM NONCAPITAL</u>			
<u>FINANCING ACTIVITIES:</u>			
Intergovernmental Receipts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>CASH FLOWS FROM INVESTING</u>			
<u>ACTIVITIES:</u>			
Interest Received on Investments	<u>\$ 478,956</u>	<u>\$ 1,033,713</u>	<u>\$ 1,512,669</u>
<u>NET INCREASE (DECREASE) IN</u>			
<u>CASH AND TEMPORARY INVESTMENTS</u>			
	\$ 4,732,710	\$ 16,325,478	\$ 21,058,188
<u>CASH AND TEMPORARY INVESTMENTS,</u>			
<u>BEGINNING OF YEAR</u>			
	<u>12,330,057</u>	<u>23,622,702</u>	<u>35,952,759</u>
<u>CASH AND TEMPORARY INVESTMENTS,</u>			
<u>END OF YEAR</u>			
	<u>\$ 17,062,767</u>	<u>\$ 39,948,180</u>	<u>\$ 57,010,947</u>
<u>RECONCILIATION OF OPERATING</u>			
<u>INCOME TO NET CASH PROVIDED</u>			
<u>BY OPERATING ACTIVITIES:</u>			
Operating Income (Loss)	<u>\$ 3,538,675</u>	<u>\$ 10,780,641</u>	<u>\$ 14,319,316</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
(Increase) Decrease in Assets			
Accounts Receivable	\$ (2,179)	\$ (299)	\$ (2,478)
Due from Commonwealth	-	(51,166)	(51,166)
Prepaid Items	(28,600)	-	(28,600)
Increase (Decrease) in Liabilities			
Salaries Payable	(237)	1,053	816
Vouchers and Accounts Payable	(93,364)	2,641,219	2,547,855
Deferred Revenue	-	249,531	249,531
Estimated Claims and Judgments	839,459	1,670,786	2,510,245
Total Adjustments	<u>\$ 715,079</u>	<u>\$ 4,511,124</u>	<u>\$ 5,226,203</u>
Net Cash Provided By Operating Activities	<u>\$ 4,253,754</u>	<u>\$ 15,291,765</u>	<u>\$ 19,545,519</u>

CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2008

	Balance July 1, 2007	Additions	Deductions	Balance June 30, 2008
<u>PAYROLL DEDUCTIONS</u>				
<u>ASSETS</u>				
Cash and Temporary Investments	\$ 4,464,645	\$ 127,256,519	\$ 127,103,796	\$ 4,617,368
Accounts Receivable	24,462	400	24,462	400
Total Assets	<u>\$ 4,489,107</u>	<u>\$ 127,256,919</u>	<u>\$ 127,128,258</u>	<u>\$ 4,617,768</u>
<u>LIABILITIES</u>				
Vouchers and Accounts Payable	<u>\$ 4,489,107</u>	<u>\$ 127,256,919</u>	<u>\$ 127,128,258</u>	<u>\$ 4,617,768</u>
<u>FRINGE BENEFITS</u>				
<u>ASSETS</u>				
Cash and Temporary Investments	<u>\$ 7,729,703</u>	<u>\$ 107,887,127</u>	<u>\$ 107,122,255</u>	<u>\$ 8,494,575</u>
<u>LIABILITIES</u>				
Vouchers and Accounts Payable	<u>\$ 7,729,703</u>	<u>\$ 107,887,127</u>	<u>\$ 107,122,255</u>	<u>\$ 8,494,575</u>
<u>SCHOOL ACTIVITY ACCOUNTS</u>				
<u>ASSETS</u>				
Cash and Temporary Investments	<u>\$ 2,973,263</u>	<u>\$ 13,804,331</u>	<u>\$ 13,374,065</u>	<u>\$ 3,403,529</u>
<u>LIABILITIES</u>				
Vouchers and Accounts Payable	<u>\$ 2,973,263</u>	<u>\$ 13,804,331</u>	<u>\$ 13,374,065</u>	<u>\$ 3,403,529</u>
<u>TOTAL - AGENCY FUNDS</u>				
<u>ASSETS</u>				
Cash and Temporary Investments	\$ 15,167,611	\$ 248,947,977	\$ 247,600,116	\$ 16,515,472
Accounts Receivable	24,462	400	24,462	400
Total Assets	<u>\$ 15,192,073</u>	<u>\$ 248,948,377</u>	<u>\$ 247,624,578</u>	<u>\$ 16,515,872</u>
<u>LIABILITIES</u>				
Vouchers and Accounts Payable	\$ 15,192,073	\$ 248,948,377	\$ 247,624,578	\$ 16,515,872
Total Liabilities	<u>\$ 15,192,073</u>	<u>\$ 248,948,377</u>	<u>\$ 247,624,578</u>	<u>\$ 16,515,872</u>



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.

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Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	243
Revenue Capacity These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.	250
Debt Capacity 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.	255
Demographic and Economic Information 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.	259
Operating Information 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.	261

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.



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

	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
<u>Governmental Activities</u>							
Invested In Capital Assets,							
Net of Related Debt	\$ 1,685,289,901	\$ 1,728,551,660	\$ 1,812,254,909	\$ 1,870,618,904	\$ 1,951,641,519	\$ 2,052,211,968	\$ 2,135,340,973
Restricted	62,046,827	58,944,520	68,963,315	61,524,387	50,526,035	42,538,035	70,189,359
Unrestricted	79,711,914	99,876,754	102,042,576	95,315,158	114,120,819	73,594,691	87,649,323
Total Governmental Activities Net Assets	\$ 1,827,048,642	\$ 1,887,372,934	\$ 1,983,260,800	\$ 2,027,458,449	\$ 2,116,288,373	\$ 2,168,344,694	\$ 2,293,179,655
<u>Business-type Activities</u>							
Invested In Capital Assets,							
Net of Related Debt	\$ 631,177,496	\$ 648,215,266	\$ 653,808,639	\$ 652,587,954	\$ 655,303,756	\$ 658,871,000	\$ 665,969,934
Restricted	102,655,026	96,941,853	104,999,266	97,751,915	106,104,443	117,241,789	133,124,575
Unrestricted	2,694,778	307,667	359,573	831,059	1,280,507	1,531,804	1,316,241
Total Business-type Activities Net Assets	\$ 736,527,300	\$ 745,464,786	\$ 759,167,478	\$ 751,170,928	\$ 762,688,706	\$ 777,644,593	\$ 800,410,750
<u>Primary Government</u>							
Invested In Capital Assets,							
Net of Related Debt	\$ 2,316,467,397	\$ 2,376,766,926	\$ 2,466,063,548	\$ 2,523,206,858	\$ 2,606,945,275	\$ 2,711,082,968	\$ 2,801,310,907
Restricted	164,701,853	155,886,373	173,962,581	159,276,302	156,630,478	159,779,824	203,313,934
Unrestricted	82,406,692	100,184,421	102,402,149	96,146,217	115,401,326	75,126,495	88,965,564
Total Primary Government Net Assets	\$ 2,563,575,942	\$ 2,632,837,720	\$ 2,742,428,278	\$ 2,778,629,377	\$ 2,878,977,079	\$ 2,945,989,287	\$ 3,093,590,405

Source: City Department of Finance

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

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

	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
Expenses							
Governmental Activities:							
Legislative	\$ 984,638	\$ 1,012,510	\$ 981,325	\$ 1,068,789	\$ 1,148,231	\$ 1,210,187	\$ 1,190,152
Executive	2,054,510	2,064,752	2,113,543	2,357,456	2,333,573	3,633,899	3,595,144
Law	2,979,220	3,047,980	3,072,955	3,254,158	3,682,586	3,587,873	3,708,452
Finance	15,061,710	15,251,872	15,269,331	16,059,407	16,595,809	16,216,901	16,661,856
Human Resources	5,115,421	5,353,319	5,419,976	6,172,047	7,194,174	7,839,373	13,400,793
Judicial	33,389,794	37,296,673	44,811,106	39,564,502	44,249,522	48,721,693	49,472,871
Health	2,565,034	2,578,949	2,807,217	2,855,928	2,935,714	3,123,044	3,220,239
Police	61,922,164	64,523,717	68,335,750	73,577,299	77,546,607	84,975,027	88,937,127
Human Services	37,926,047	39,011,111	38,939,054	87,080,754	92,858,627	98,924,690	108,144,955
Public Works	87,856,372	93,550,640	97,304,705	134,770,994	117,466,722	139,806,780	125,719,748
Parks and Recreation	22,495,167	23,236,623	23,587,739	43,768,959	42,723,800	43,896,040	44,780,014
Library	12,362,192	12,915,983	14,257,803	16,346,257	16,986,896	15,873,880	15,845,140
Planning	8,329,336	8,432,938	9,036,272	9,751,358	9,910,293	9,849,490	10,286,282
Agriculture	994,038	1,092,462	1,104,806	1,063,296	1,079,789	1,055,102	937,265
Economic Development	2,897,373	4,572,788	3,052,588	1,847,524	1,919,560	2,522,273	2,168,890
Convention and Visitor Development	14,122,848	15,327,892	16,703,585	41,784,374	25,478,450	23,659,756	30,236,487
Communication and Information Technology	3,479,318	5,528,594	5,688,567	6,166,747	6,328,211	21,791,364	19,895,881
General Services	24,833,263	26,142,318	27,638,640	-	-	-	-
Boards and Commissions	8,424,295	11,259,637	10,698,105	12,526,023	14,596,241	19,192,200	31,611,562
Fire	29,191,613	31,254,897	34,985,948	37,980,843	38,446,066	42,765,415	43,731,113
Management Services	1,293,550	1,422,152	1,437,220	3,092,356	3,234,762	3,542,392	3,704,939
Mental Health and Retardation	27,237,445	29,744,703	31,691,000	-	-	-	-
Education	243,307,988	269,339,046	284,577,178	311,448,492	319,810,179	357,791,746	363,554,215
Housing and Neighborhood Preservation	14,620,789	16,494,330	18,661,652	19,566,425	17,870,757	21,500,671	22,857,744
Museums	6,848,681	7,204,334	7,431,946	7,492,376	7,844,418	8,842,411	7,854,366
Emergency Medical Services	3,994,572	3,052,395	3,536,700	6,077,137	6,841,877	7,392,858	7,251,081
General Government	40,601,695	11,633,492	45,235,256	54,789,640	25,652,192	51,462,207	22,967,787
Interest on Long-term Debt	29,382,707	29,674,169	36,881,222	39,969,923	42,544,140	42,652,225	46,906,778
Total Governmental Activities Expenses	\$ 744,271,780	\$ 772,020,276	\$ 855,261,189	\$ 980,433,064	\$ 947,279,196	\$ 1,081,829,497	\$ 1,088,640,881
Business-Type Activities:							
Water and Sewer	\$ 75,639,898	\$ 80,769,987	\$ 80,538,848	\$ 84,634,492	\$ 90,434,001	\$ 90,745,302	\$ 94,410,608
Storm Water	11,797,257	12,538,982	15,631,258	13,257,532	15,191,577	14,420,597	14,231,356
Resort Parking	1,719,121	1,976,293	1,989,947	1,742,820	1,388,167	1,636,979	1,675,539
Golf Courses	2,289,061	2,265,138	2,319,660	-	-	-	-
Total Business-type Activities Expenses	\$ 91,445,337	\$ 97,550,400	\$ 100,479,713	\$ 99,634,844	\$ 107,013,745	\$ 106,802,878	\$ 110,317,503
Total Primary Government Expenses	\$ 835,717,117	\$ 869,570,676	\$ 955,740,902	\$ 1,080,067,908	\$ 1,054,292,941	\$ 1,188,632,375	\$ 1,198,958,384
Program Revenues							
Governmental Activities:							
Charges for services:							
Judicial	\$ 10,398,784	\$ 2,531,659	\$ 3,145,182	\$ 3,217,122	\$ 3,307,011	\$ 3,981,479	\$ 4,025,927
Police	1,837,292	1,019,763	1,187,622	1,444,457	1,162,299	1,029,473	1,425,005
Human Services	2,127,602	1,990,526	2,326,495	3,315,732	2,417,055	3,318,504	3,383,220
Public Works	1,927,828	1,299,951	2,015,889	1,902,690	2,926,714	3,562,368	1,810,874
Parks and Recreation	9,021,571	9,214,908	8,836,600	12,266,970	12,737,487	14,466,702	14,586,938
Library	467,786	519,766	555,447	589,842	553,406	648,003	672,183
Planning	4,380,942	4,772,200	5,546,695	5,503,737	6,378,599	5,936,100	5,307,304
Agriculture	93,966	97,109	103,263	88,697	123,007	162,355	145,130
Economic Development	77,999	-	-	-	-	-	691,207
Convention and Visitor Development	1,147,649	1,308,461	1,404,295	1,284,839	2,066,935	3,444,555	3,012,735
Fire	59,613	80,890	228,971	181,804	184,929	271,360	202,543
Housing and Neighborhood Preservation	294,427	121,332	133,944	259,014	207,385	478,923	183,588
Museums	4,887,288	5,745,407	5,479,477	5,522,133	5,952,650	6,371,707	5,547,623
General Services	1,441,019	328,398	314,167	-	-	-	-
General Government	6,235,767	7,747,088	8,701,176	8,725,746	9,416,710	10,177,882	10,412,161
Other Activities	363,082	442,024	379,107	389,396	381,996	352,329	975,039
Operating grants and contributions	97,989,212	130,029,607	155,268,182	151,298,914	157,781,650	169,205,494	189,987,751
Capital grants and contributions	125,453,720	18,814,831	64,634,349	63,449,638	26,653,064	39,329,430	49,331,573
Total Governmental Activities Program Revenues	\$ 268,205,547	\$ 186,063,920	\$ 260,260,861	\$ 259,440,731	\$ 232,250,897	\$ 262,736,664	\$ 291,700,801
Business-type Activities:							
Charges for services:							
Water and Sewer	\$ 81,657,507	\$ 80,719,115	\$ 89,029,816	\$ 82,148,096	\$ 89,378,218	\$ 93,104,033	\$ 97,364,528
Storm Water	10,470,610	11,590,672	12,629,702	13,812,037	12,351,619	14,537,968	15,728,693
Parking	1,905,859	2,174,164	2,362,984	2,453,757	2,624,955	2,259,617	2,319,168
Golf Courses	2,221,207	1,959,712	2,216,771	-	-	-	-
Operating grants and contributions	7,329,099	4,536,019	4,747,358	4,971,618	5,182,290	5,405,170	5,602,177
Capital grants and contributions	28,670,371	4,842,986	2,101,653	3,336,142	6,103,382	1,257,077	6,491,686
Total Business-type Activities Program Revenues	\$ 132,254,653	\$ 105,822,668	\$ 113,088,284	\$ 106,721,650	\$ 115,640,464	\$ 116,563,865	\$ 127,506,252
Total Primary Government Program Revenues	\$ 400,460,200	\$ 291,886,588	\$ 373,349,145	\$ 366,162,381	\$ 347,891,361	\$ 379,300,529	\$ 419,207,053

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

	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
Net (Expenses) Revenues							
Governmental Activities	\$ (476,066,233)	\$ (585,956,356)	\$ (595,000,328)	\$ (720,992,333)	\$ (715,028,299)	\$ (819,092,833)	\$ (796,940,080)
Business-type Activities	40,809,316	8,272,268	12,608,571	7,086,806	8,626,719	9,760,987	17,188,749
Total Primary Government Net Expenses	<u>\$ (435,256,917)</u>	<u>\$ (577,684,088)</u>	<u>\$ (582,391,757)</u>	<u>\$ (713,905,527)</u>	<u>\$ (706,401,580)</u>	<u>\$ (809,331,846)</u>	<u>\$ (779,751,331)</u>
General Revenues and Other Changes in Net Assets							
Governmental Activities:							
Taxes:							
General Property Taxes -							
Real Estate & Personal Property	\$ 384,601,184	\$ 374,793,839	\$ 406,780,757	\$ 436,458,576	\$ 465,863,881	\$ 528,091,785	\$ 576,420,840
Sales	41,487,812	41,769,580	47,153,039	49,623,269	51,544,664	54,125,457	54,121,980
Utility	36,137,909	37,751,838	39,842,996	40,227,571	40,876,918	39,229,570	42,071,272
Business Licenses	28,693,305	29,214,895	34,173,969	36,444,397	40,841,567	40,117,510	41,834,619
Meal	31,769,848	33,988,710	38,143,540	41,792,636	44,088,252	48,162,200	48,069,618
Lodging	14,364,477	18,050,830	19,560,691	19,687,529	21,598,763	23,364,668	23,623,107
Amusement	3,784,834	4,033,833	4,228,092	4,595,065	4,648,949	4,881,693	5,020,312
City Tax on Deeds and Wills	4,104,627	4,861,218	6,989,136	10,828,120	12,396,672	10,660,889	8,892,283
Cigarette	8,370,693	9,775,806	12,243,891	11,747,980	11,024,720	11,040,079	11,503,774
Automobile Licenses	7,727,033	7,539,075	9,129,316	8,845,748	8,935,321	8,815,226	8,945,576
Emergency 911 Telephone	6,113,897	5,648,093	6,406,420	6,403,011	7,414,387	6,351,737	7,281,412
Other Taxes	7,477,474	6,363,556	6,555,413	6,323,789	7,124,271	6,759,400	9,074,242
Grants and contributions not restricted	24,200	48,993,582	46,744,198	56,977,798	62,678,516	53,506,370	53,413,358
Investment Earnings	5,205,963	4,827,610	3,968,766	5,049,118	14,718,334	15,401,732	16,206,742
Miscellaneous	5,671,132	9,880,061	6,521,421	13,353,979	10,103,008	15,799,971	15,295,906
Special Items	-	8,788,123	2,446,549	-	-	-	-
Total Governmental Activities	<u>\$ 585,534,388</u>	<u>\$ 646,280,648</u>	<u>\$ 690,888,194</u>	<u>\$ 748,358,586</u>	<u>\$ 803,858,223</u>	<u>\$ 866,308,287</u>	<u>\$ 921,775,041</u>
Business-type Activities:							
Investment Earnings	\$ 26,537	\$ 1,858,783	\$ 1,388,430	\$ 1,899,612	\$ 3,701,118	\$ 5,599,105	\$ 6,003,643
Miscellaneous	765,743	(1,193,565)	(294,309)	(151,572)	(810,059)	(404,205)	(426,235)
Total Business-type Activities	<u>\$ 792,280</u>	<u>\$ 665,218</u>	<u>\$ 1,094,121</u>	<u>\$ 1,748,040</u>	<u>\$ 2,891,059</u>	<u>\$ 5,194,900</u>	<u>\$ 5,577,408</u>
Total Primary Government	<u>\$ 586,326,668</u>	<u>\$ 646,945,866</u>	<u>\$ 691,982,315</u>	<u>\$ 750,106,626</u>	<u>\$ 806,749,282</u>	<u>\$ 871,503,187</u>	<u>\$ 927,352,449</u>
Change in Net Assets							
Governmental Activities	\$ 109,468,155	\$ 60,324,292	\$ 95,887,866	\$ 27,366,253	\$ 88,829,924	\$ 47,215,454	\$ 124,834,961
Business-type Activities	41,601,596	8,937,486	13,702,692	8,834,846	11,517,778	14,955,887	22,766,157
Total Primary Government	<u>\$ 151,069,751</u>	<u>\$ 69,261,778</u>	<u>\$ 109,590,558</u>	<u>\$ 36,201,099</u>	<u>\$ 100,347,702</u>	<u>\$ 62,171,341</u>	<u>\$ 147,601,118</u>

Source: City Department of Finance

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

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

	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
General Fund							
Reserved	\$ 8,960,919	\$ 8,688,878	\$ 8,219,429	\$ 7,052,123	\$ 6,615,475	\$ 6,466,689	\$ 10,977,275
Unreserved, Designated for, reported in:							
Encumbrances	2,823,698	3,697,762	3,280,063	3,279,481	5,832,895	6,525,570	4,826,489
School Capital Projects & Other	21,149,154	14,817,264	20,026,602	17,225,004	17,203,669	14,690,129	33,065,747
Future Programs	9,002,297	9,884,460	7,916,811	10,456,269	9,734,213	19,867,675	10,226,371
Capital Projects	3,184,578	2,386,742	8,243,900	4,829,031	9,875,976	25,393,638	13,884,232
Unreserved, Undesignated	59,459,248	63,035,338	72,999,485	96,559,674	123,383,644	103,559,334	120,084,927
Total General Fund	\$ 104,579,894	\$ 102,510,444	\$ 120,686,290	\$ 139,401,582	\$ 172,645,872	\$ 176,503,035	\$ 193,065,041
All Other Governmental Funds							
Reserved for:							
Capital Project Funds	\$ 46,846,123	\$ 25,192,321	\$ 21,951,858	\$ 112,683,267	\$ 103,640,549	\$ 95,114,150	\$ 79,040,684
Special Revenue Funds	1,628,724	1,536,245	2,417,666	2,264,921	3,380,918	1,825,909	2,270,513
Unreserved, Designated for, reported in:							
Encumbrances	1,072,397	807,209	1,004,920	1,015,340	680,912	574,048	515,865
Special Revenue Funds for Special Projects	11,098,588	-	19,806,574	25,824,685	21,764,455	20,362,311	26,774,084
Special Revenue Funds	-	13,606,298	-	-	-	-	-
Future Debt Service	29,756,492	31,839,365	29,118,824	18,474,698	11,557,911	13,993,113	19,006,999
Capital Projects	-	-	105,738,728	-	-	-	-
Unreserved, Undesignated, reported in:							
Special Revenue Funds	35,242,342	46,968,546	65,327,290	73,294,814	65,864,155	73,859,499	75,107,433
Capital Projects Fund	-	-	-	-	-	80,549,409	87,513,646
Total All Other Governmental Funds	\$ 125,644,666	\$ 119,949,984	\$ 245,365,860	\$ 233,557,725	\$ 206,888,900	\$ 286,278,439	\$ 290,229,224

Source: City Department of Finance

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



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

	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
REVENUES							
General Property Taxes	\$ 390,469,411	\$ 416,444,023	\$ 454,086,722	\$ 496,657,047	\$ 526,914,347	\$ 586,319,605	\$ 627,716,074
Other Local Taxes	188,146,100	199,025,004	222,657,332	236,122,419	249,897,709	252,456,783	260,197,924
Fines and Forfeitures	4,544,400	3,993,054	4,705,366	5,108,116	5,126,218	5,712,654	6,155,497
Permits, Privileges, and Regulatory License	4,074,179	4,251,659	5,226,392	5,050,051	5,834,259	5,400,602	5,008,807
From Use of Money and Property	7,254,530	7,301,739	6,263,924	15,139,965	19,854,097	23,604,498	23,872,972
Charges for Services	22,695,165	23,636,412	25,390,069	27,841,547	29,650,776	37,847,747	35,704,240
Miscellaneous	7,024,621	9,171,224	7,632,596	9,600,932	10,932,347	13,815,781	11,207,659
Sale of Property	-	9,072,113	2,446,549	-	-	159,500	-
From Other Local Governments	440,059	344,608	338,044	691,082	1,002,094	482,343	2,922,656
From Commonwealth	94,201,234	90,476,616	98,222,480	127,646,619	107,708,516	123,386,258	133,829,900
From Federal Government	36,641,102	40,140,245	61,437,864	55,306,915	54,056,213	67,866,759	62,879,529
Total Revenues	\$ 755,490,801	\$ 803,856,697	\$ 888,407,338	\$ 979,164,693	\$ 1,010,976,576	\$ 1,117,052,530	\$ 1,169,495,258
EXPENDITURES							
Legislative	\$ 988,674	\$ 1,002,617	\$ 969,139	\$ 1,071,326	\$ 1,139,038	\$ 1,200,362	\$ 1,184,474
Executive	2,041,220	2,085,428	2,080,615	2,348,873	2,326,096	3,577,193	3,626,970
Law	2,872,720	3,039,608	3,081,811	3,250,441	3,668,542	3,561,072	3,718,122
Finance	14,863,706	15,260,977	15,301,485	16,055,188	16,604,300	16,312,033	16,554,091
Human Resources	5,033,197	5,296,544	5,345,747	6,181,109	7,188,192	7,821,314	13,417,794
Judicial	32,906,554	33,183,276	36,462,225	38,834,721	43,178,030	47,995,556	49,170,602
Health	2,569,211	2,577,238	2,822,446	2,849,083	2,933,999	3,116,338	3,232,255
Police	63,324,239	64,193,421	68,612,314	73,583,189	75,741,221	81,333,569	88,122,541
Human Services	64,785,640	68,600,227	70,321,357	87,033,955	92,454,033	98,480,042	108,245,640
Public Works	55,673,399	56,823,767	59,257,259	74,141,032	76,533,960	80,067,766	81,007,280
Parks and Recreation	20,698,083	21,494,838	21,841,790	37,441,179	38,857,569	40,682,352	42,119,693
Library	12,058,148	12,688,503	14,002,101	16,348,866	17,084,795	15,920,138	16,059,880
Planning	8,234,063	8,331,725	8,886,525	9,710,312	9,843,203	9,770,085	10,331,341
Agriculture	979,661	1,049,851	1,078,859	1,066,336	1,049,519	1,056,038	930,862
Economic Development	1,658,092	2,070,931	1,798,044	1,840,570	1,900,804	2,530,958	2,145,140
Convention and Visitor Development	14,007,712	15,594,473	17,015,252	20,483,117	23,659,037	23,607,692	25,441,881
Communications and Information Technology	2,117,381	2,306,533	2,539,128	2,992,256	2,966,769	18,507,578	19,118,141
General Services	24,644,344	25,325,418	27,362,418	-	-	-	-
Boards and Commissions	8,389,086	11,217,932	10,707,122	12,557,380	18,685,239	22,375,925	31,381,050
Fire	30,522,542	30,759,777	33,843,537	37,237,309	38,303,099	41,760,077	43,471,843
Management Services	1,282,788	1,401,867	1,412,190	3,059,944	3,363,527	3,493,535	3,676,965
Education	236,238,913	262,009,555	277,310,403	334,162,882	320,964,984	354,158,779	345,208,610
Housing and Neighborhood Preservation	14,744,668	16,714,245	18,804,395	19,592,928	18,110,672	21,759,797	23,140,526
Museums	6,109,509	6,482,527	6,729,933	7,470,421	7,817,722	8,797,003	7,829,887

(continued)

Fiscal Year

	2002	2003	2004	2005	2006	2007	2008
EXPENDITURES (continued)							
General Government	\$ 6,260,857	\$ 6,950,658	\$ 28,022,006	\$ 10,025,942	\$ 11,346,910	\$ 10,605,800	\$ 11,114,894
Emergency Medical Service	3,954,671	3,037,690	3,448,849	5,968,527	6,769,991	7,135,542	7,265,956
Capital Outlay	82,591,447	107,142,932	144,566,419	124,646,815	145,902,457	163,139,877	175,645,583
Debt Service:							
Principal Retirement	48,178,383	51,192,365	53,414,591	57,714,598	61,003,591	62,581,830	65,114,538
Interest and Fiscal Charges	29,148,442	30,835,882	37,084,954	39,467,989	41,703,346	43,477,348	45,750,215
Total Expenditures	\$ 796,877,350	\$ 868,670,805	\$ 974,122,914	\$ 1,047,136,288	\$ 1,091,100,645	\$ 1,194,825,599	\$ 1,244,026,774
Excess (Deficiency) of Revenues over Expenditures	\$ (41,386,549)	\$ (64,814,108)	\$ (85,715,576)	\$ (67,971,595)	\$ (80,124,069)	\$ (77,773,069)	\$ (74,531,516)
OTHER FINANCING SOURCES (USES)							
Transfers In	\$ 181,885,691	\$ 192,882,034	\$ 209,520,906	\$ 225,275,016	\$ 267,684,774	\$ 278,985,024	\$ 278,337,221
Transfers Out	(182,685,834)	(190,750,083)	(211,072,889)	(224,910,444)	(265,263,920)	(272,265,926)	(277,520,986)
Issuance of Capital Leases	2,954,429	-	-	-	-	-	-
Issuance of Debt	101,440,139	100,397,694	218,200,000	192,705,000	80,000,000	150,280,000	141,625,000
Premium on Refunding Bonds	4,379,284	-	-	-	-	-	2,616,503
Premium on Bonds Sold	-	12,156,422	12,659,281	18,841,952	4,278,680	4,020,673	4,065,030
Discount on Sale of Bonds	-	(112,576)	-	-	-	-	-
Payment to Refunding Bonds Escrow Agent	(30,879,166)	(57,520,515)	-	(137,338,627)	-	-	(54,078,461)
Total Other Financing Sources (Uses)	\$ 77,094,543	\$ 57,052,976	\$ 229,307,298	\$ 74,572,897	\$ 86,699,534	\$ 161,019,771	\$ 95,044,307
Net Change in Fund Balance	\$ 35,707,994	\$ (7,761,132)	\$ 143,591,722	\$ 6,601,302	\$ 6,575,465	\$ 83,246,702	\$ 20,512,791
Debt Service as a Percentage of Noncapital Expenditures	10.8%	10.8%	10.9%	10.5%	10.9%	10.3%	10.4%

Source: City Department of Finance

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

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

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
City Taxes										
Real Estate	\$ 249,878,165	\$ 263,916,207	\$ 276,515,023	\$ 293,591,325	\$ 319,261,524	\$ 347,360,112	\$ 382,632,555	\$ 397,431,699	\$ 462,221,198	\$ 499,241,014
Personal Property	76,016,201	90,545,837	90,791,185	96,878,086	97,182,499	106,726,610	114,024,492	129,482,648	124,098,407	128,475,060
General Sales	37,004,115	38,212,293	39,712,323	40,619,190	41,782,279	46,328,049	49,315,425	51,391,606	53,962,203	54,071,427
Utility	30,594,776	32,094,368	34,080,325	41,755,840	43,407,182	45,778,363	47,105,890	47,778,078	46,357,954	50,521,820
Business Licenses	25,384,743	27,112,961	29,164,132	28,693,305	29,214,895	34,173,969	36,444,397	40,611,370	39,931,411	41,801,475
Franchise Taxes	3,171,881	3,330,952	4,042,811	4,410,861	4,407,527	4,526,609	4,644,304	4,863,393	5,178,485	5,487,236
Automobile Licenses	6,947,777	7,269,775	7,505,645	7,727,033	7,539,075	9,129,316	8,845,748	8,935,321	8,815,226	8,945,576
Bank Stock	1,531,604	1,733,741	2,011,039	2,427,798	1,575,352	1,554,429	1,427,672	1,623,110	1,520,710	2,261,296
City Tax on Deeds	3,245,735	2,997,251	3,149,461	4,035,112	4,800,099	6,870,092	10,663,918	12,339,628	10,501,703	8,803,558
City Tax on Wills	53,973	54,863	54,265	69,515	61,119	119,044	78,938	57,044	159,186	88,725
Cigarette	7,480,324	6,697,871	6,790,959	8,370,693	9,775,806	12,243,891	11,747,980	11,024,720	11,040,079	11,503,774
Amusement	3,528,703	3,702,447	3,676,492	3,784,834	4,033,833	4,228,092	4,595,065	4,648,949	4,881,693	5,020,312
Hotel Taxes	10,583,218	11,275,203	11,794,127	14,364,477	18,050,830	19,560,691	19,687,529	21,598,763	23,364,668	23,623,107
Restaurant Meals	23,157,204	24,436,808	25,320,531	31,887,442	34,377,007	38,144,787	41,565,553	45,025,727	46,743,465	48,069,618
Total	\$ 478,578,419	\$ 513,380,577	\$ 534,608,318	\$ 578,615,511	\$ 615,469,027	\$ 676,744,054	\$ 732,779,466	\$ 776,812,056	\$ 838,776,388	\$ 887,913,998

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		Personal Property Assessed Value		Public Service Assessed Value	Real Property Tax Exempt	Real Property Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential	Commercial	Residential	Commercial						
1999	\$ 16,187,987,131	\$ 3,692,399,199	\$ 1,722,706,974	\$ 537,868,648	\$ 656,859,261	\$ 3,671,059,524	\$ 19,126,761,689	4.9200	\$ 22,797,821,213	83.9%
2000	17,044,575,925	3,952,830,074	2,127,985,607	597,173,343	677,545,782	3,692,412,875	20,707,697,856	4.9200	24,400,110,731	84.9%
2001	17,936,485,345	4,148,966,072	2,222,661,066	647,929,937	705,956,994	3,755,397,316	21,906,602,098	4.9200	25,661,999,414	85.4%
2002	19,059,902,303	4,320,606,845	2,323,789,727	591,700,772	731,786,118	3,918,530,858	23,109,254,907	4.9200	27,027,785,765	85.5%
2003	21,434,954,497	4,514,290,861	2,367,600,955	636,937,587	753,259,714	3,967,842,259	25,739,201,355	4.9200	29,707,043,614	86.6%
2004	22,767,618,113	4,746,370,613	2,485,568,403	766,618,714	743,170,991	4,375,905,649	27,133,441,185	4.9200	31,509,346,834	86.1%
2005	25,956,007,302	5,325,837,162	2,707,998,050	661,169,653	624,562,746	4,484,962,672	30,790,612,241	4.8964	35,275,574,913	87.3%
2006	32,231,908,260	6,147,104,498	2,935,301,133	775,663,085	530,465,288	4,883,845,381	37,736,596,883	4.7239	42,620,442,264	88.5%
2007	39,343,218,144	6,778,924,250	2,918,848,554	869,072,522	545,140,581	4,961,084,810	45,494,119,241	4.6900	50,455,204,051	90.2%
2008	47,862,927,769	7,283,463,230	3,260,237,123	892,229,360	647,905,245	5,655,234,953	54,291,527,774	4.5900	59,946,762,727	90.6%

Sources: Office of Real Estate Assessor
Commissioner of the Revenue

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

Fiscal Year	Real Property Tax Rate	Additional Real Property Tax Rate Sandbridge SSD	Additional Real Property Tax Rate Town Center SSD	Personal Property Tax Rate	Direct Tax Rate
1999	\$ 1.2200	\$ 0.1200	\$ -	\$ 3.7000	\$ 4.9200
2000	1.2200	0.1200	-	3.7000	4.9200
2001	1.2200	0.1200	-	3.7000	4.9200
2002	1.2200	0.1200	0.5700	3.7000	4.9200
2003	1.2200	0.1200	0.5700	3.7000	4.9200
2004	1.2200	0.1200	0.5700	3.7000	4.9200
2005	1.1964	0.1200	0.5700	3.7000	4.8964
2006	1.0239	0.1200	0.5700	3.7000	4.7239
2007	0.9900	0.0600	0.5700	3.7000	4.6900
2008	0.8900	0.0600	0.5000	3.7000	4.5900

Source: City Adopted Resource Management Plan

Note:

- 1 Direct Tax Rate represents the tax rate for those citizens and commercial entities not residing in the City's two Special Service Districts (Sandbridge and Town Center). For those residents and commercial entities, an additional tax noted above is assessed depending in which special service district they reside. For Fiscal Year 2008 their combined tax rate was as follows:

Sandbridge SSD	\$4.6500
Town Center SSD	\$5.0900
- 2 Assessments under Town Center Special Service District began in Fiscal Year 2002.
- 3 The Real Estate Tax Rate was \$0.99 for the fiscal year 2007 and changed in fiscal year 2008 to \$0.89. The Real Estate Tax Rate for Town Center Special Service District was \$0.57 in fiscal year 2007 and changed in fiscal year 2008 to \$0.50.

CITY OF VIRGINIA BEACH, VIRGINIA
PRINCIPAL PROPERTY TAXPAYERS
Assessed Value
(Unaudited)

	2008			1999		
	Real Property Assessed Value	Percent of Total Real Property Assessed Value	Rank	Real Property Assessed Value	Percent of Total Real Property Assessed Value	Rank
Armada-Hoffler LLC **	\$ 314,222,700	0.57 %	1	\$ -	- %	-
Virginia Electric & Power Company	307,541,552	0.56	2	310,724,573	1.56	1
Lynnhaven Mall LLC*	307,053,500	0.56	3	203,118,697	1.02	2
E. C. & A. F. Ruffin & B. L. Thompson **	230,688,553	0.42	4	-	-	-
Ramon W Breeden, Jr	224,816,538	0.41	5	85,076,747	0.43	4
Pembroke Square Associates	209,748,228	0.38	6	96,010,979	0.48	3
Sandler at Ashville Park LLC**	164,492,714	0.30	7	-	-	-
Atlantic Shores Cooperative, Etc.	145,010,140	0.26	8	51,153,003	0.26	6
Christian Broadcasting Network, Inc	144,069,900	0.26	9	65,253,310	0.33	5
Kemps River Corner Associates**	139,081,200	0.25	10	-	-	-
Totals	<u>\$ 2,186,725,025</u>	<u>3.97 %</u>		<u>\$ 811,337,309</u>	<u>4.08 %</u>	

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

Office of Real Estate Assessor
Commissioner of the Revenue
1999 Comprehensive Annual Financial Report

* Formerly Knickerbocker Properties

** Information not available for Fiscal Year 1999.

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

Fiscal Year	Total Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1999	\$ 328,444,301	\$ 303,646,060	92.4 %	\$ 14,866,314	\$ 318,512,374	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	22,155,806	380,447,552	97.9
2002	420,060,733	396,051,828	94.3	31,429,875	427,481,703	101.8
2003	445,787,734	420,490,211	94.3	28,866,565	449,356,776	100.8
2004	458,846,761	440,662,717	96.0	31,429,532	472,092,249	102.9
2005	505,050,845	488,013,220	96.6	40,985,942	528,999,162	104.7
2006	531,438,288	483,649,302	91.0	35,424,702	519,074,004	97.7
2007	592,259,968	548,958,215	92.7	20,260,554	569,218,769	96.1
2008	628,571,026	591,644,620	94.1	18,452,038	610,096,658	97.1

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.

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

Fiscal Year	Governmental Activities										Business-type Activities					Percentage of Personal Income**	Per Capita
	General Obligation Bonds	State Literary Fund Loans	Public Facility Revenue Bonds	Obligations Under Capital Leases	Certificates of Participation	Williams Farm Property	Agriculture Reserve Program	Development Authority Support Agreements	General Obligation Bonds	Double Barrel and Revenue	Obligations Under Capital Leases	Total Primary Government*	Percentage of Personal Income**	Per Capita			
1999	\$ 447,807,336	\$ 11,860,046	\$ -	\$ 1,740,182	\$ 25,730,000	\$ -	\$ 10,195,146	\$ -	\$ 44,314,798	\$ 71,322,960	\$ -	\$ 612,970,468	4.3%	\$ 1,241			
2000	509,369,548	10,878,546	-	1,373,126	24,100,000	-	12,638,005	-	15,155,515	75,625,160	-	649,139,900	4.4%	1,312			
2001	514,872,967	9,897,046	-	984,961	22,400,000	-	14,804,763	-	13,668,835	109,904,950	-	686,533,522	4.2%	1,310			
2002	536,358,908	16,415,546	-	3,428,408	20,625,000	-	18,449,152	23,855,000	12,182,735	103,046,391	340,000	734,701,140	4.4%	1,428			
2003	539,226,717	15,059,046	-	2,119,178	18,760,000	-	20,463,086	23,855,000	9,881,635	124,648,408	175,000	754,188,070	4.2%	1,418			
2004	555,079,595	13,702,546	153,200,000	1,068,013	16,805,000	4,037,500	21,542,452	35,655,000	5,840,535	120,177,375	-	927,108,016	5.0%	1,814			
2005	503,425,737	12,446,046	227,185,000	279,049	5,155,000	3,612,500	22,342,090	61,705,000	4,399,435	115,499,614	-	956,049,471	4.9%	1,894			
2006	533,993,827	11,189,546	218,450,000	4,711	5,155,000	3,187,500	22,643,426	64,845,000	3,418,336	146,143,893	-	1,009,031,239	4.8%	1,944			
2007	559,423,497	9,933,046	279,715,000	-	5,155,000	2,762,500	24,541,566	89,085,000	2,912,237	140,758,924	-	1,114,286,770	5.2%	2,200			
2008	597,155,459	8,676,546	269,380,000	-	5,155,000	2,337,500	26,807,090	87,450,000	2,406,137	135,598,356	-	1,134,966,088	5.1%	2,249			

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

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

** For calculation of Percentage of Personal Income, the per Capital Personal Income information is per the Bureau of Economic Analysis, except for 2006 and 2007, which are estimated.

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

Fiscal Year	General Obligation Bonds	State Literary Fund Loans	Total	Percentage of Estimated Actual Full Value of Property	Overall Net Debt Per Capita
1999	\$ 492,122,134	\$ 11,860,046	\$ 503,982,180	2.2%	\$ 1,241
2000	524,525,063	10,878,546	535,403,609	2.2%	1,312
2001	528,541,802	9,897,046	538,438,848	2.1%	1,310
2002	548,541,643	16,415,546	564,957,189	2.1%	1,428
2003	549,108,352	15,059,046	564,167,398	1.9%	1,418
2004	560,920,130	13,702,546	574,622,676	1.8%	1,814
2005	507,825,172	12,446,046	520,271,218	1.5%	1,894
2006	537,412,163	11,189,546	548,601,709	1.3%	1,944
2007	562,335,734	9,933,046	572,268,780	1.1%	2,200
2008	599,561,596	8,676,546	608,238,142	1.0%	2,249

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

**CITY OF VIRGINIA BEACH, VIRGINIA
LEGAL DEBT MARGIN INFORMATION
Last Ten Years
(Unaudited)**

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Debt Limit	\$ 2,053,724,559	\$ 2,167,495,178	\$ 2,279,140,841	\$ 2,411,229,527	\$ 2,670,250,507	\$ 2,825,715,972	\$ 3,190,640,721	\$ 3,860,707,700	\$ 4,630,515,462	\$ 5,579,429,624
Total Net Debt Applicable to limit	503,982,180	535,403,609	553,243,611	583,406,341	584,630,486	596,165,128	542,613,308	571,245,135	596,810,346	635,045,232
Legal Debt Margin	\$ 1,549,742,379	\$ 1,632,091,569	\$ 1,725,897,230	\$ 1,827,823,186	\$ 2,085,620,021	\$ 2,229,550,844	\$ 2,648,027,413	\$ 3,289,462,565	\$ 4,033,705,116	\$ 4,944,384,392
Total Net Debt applicable to the limit as a percentage of debt limit	24.54%	24.70%	24.27%	24.20%	21.89%	21.10%	17.01%	14.80%	12.89%	11.38%

Legal Debt Margin Calculation For Fiscal Year 2008	
Assessed Value of Real Property (Taxable):	
Regular	\$ 55,146,390,999
Public Service	647,905,245
Total Assessed Value of Real Property	<u>\$ 55,794,296,244</u>
Debt limit (10% of Total Assessed Value)	\$ 5,579,429,624
Debt applicable to limit:	
Total Net Debt Applicable to limit	635,045,232
Legal Debt Margin	<u>\$ 4,944,384,392</u>

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

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

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

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

Water and Sewer Double Barrel and Revenue Bonds									
Fiscal Year	Water and Sewer Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service			Coverage		
				Principal	Interest (1)	Total			
1999	\$ 80,975,855	\$ 61,062,941	\$ 19,912,914	\$ 7,629,946	\$ 4,300,153	\$ 11,930,099	1.67		
2000	84,600,568	54,538,243	30,062,325	8,187,017	4,195,998	12,383,015	2.43		
2001	81,827,081	56,886,082	24,940,999	6,595,211	4,973,740	11,568,951	2.16		
2002	84,902,347	58,787,862	26,114,485	7,638,559	5,622,432	13,260,991	1.97		
2003	82,465,995	60,660,147	21,805,848	7,972,983	5,716,644	13,689,627	1.59		
2004	90,508,637	59,814,993	30,693,644	7,776,033	5,926,331	13,702,364	2.24		
2005	83,586,588	62,957,398	20,629,190	5,372,761	5,617,775	10,990,536	1.88		
2006	92,976,270	66,636,149	26,340,121	2,675,721	5,816,897	8,492,618	3.10		
2007	99,337,488	67,722,280	31,615,208	6,719,969	4,609,355	11,329,324	2.79		
2008	102,003,685	70,253,344	31,750,341	4,880,568	5,941,524	10,822,092	2.93		

(1) Includes Bank Charges

Source: City Department of Finance

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

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

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Median Age	Number of City Employees	Education Level In Years of Formal Schooling	School Enrollment	Unemployment Rate
1999	422,369	\$ 12,097,427	\$ 28,642	29.0	5,662	13.9	76,949	2.7%
2000	426,386	12,841,606	30,109	32.0	5,774	14.1	76,773	2.2%
2001	427,727	13,330,833	31,170	32.3	5,927	13.7	76,065	3.0%
2002	430,713	13,934,242	32,347	32.7	6,137	13.7	75,518	3.5%
2003	435,952	14,839,877	34,021	33.8	6,228	12.7	75,436	3.7%
2004	439,224	15,828,870	36,004	34.2	6,378	13.3	75,151	3.6%
2005	433,470	16,790,136	38,317	34.4	6,580	13.6	74,091	3.5%
2006	433,549	17,684,153	40,396	34.7	6,831	13.5	72,953	2.9%
2007	433,628	18,429,413 *	41,987 *	35.0	6,898	13.8	71,452	2.7%
2008	434,072	19,174,673 *	43,578 *	36.0	6,981	13.6	70,473	3.8%

Sources: The following sources were used in compiling the above information:
City Department of Finance
Bureau of Economic Analysis
Virginia Employment Commission
Claritas

Note: * Projected figures from City Department of Finance.

CITY OF VIRGINIA BEACH, VIRGINIA
PRINCIPAL EMPLOYERS
Last Two Fiscal Years
(Unaudited)

	Approximate Number of Employees	Percent of Total City Employment	Rank	Approximate Number of Employees	Percent of Total City Employment	Rank
	2008			2007		
City of Virginia Beach / Schools	17,533	6.69 %	1	17,533	6.80 %	1
Lynnhaven Mall	2,600	0.99	2	2,600	1.01	2
GEICO	2,200	0.84	3	-	-	-
AmeriGroup Corporation	2,100	0.80	4	1,400	0.54	4
Navy Exchange Service Command	1,888	0.72	5	1,888	0.73	3
STIHL Incorporated	1,863	0.71	6	1,300	0.50	6
Sentara Virginia Beach General Hospital*	1,704	0.65	7	-	-	-
Hall Auto Group	1,300	0.50	8	1,300	0.50	5
Cox Communications	1,200	0.46	9	1,200	0.47	7
CBN	1,000	0.38	10	-	-	-
Farm Fresh Corporate Office	1,000	0.38	11	-	-	-
Checkered Flag Motor Car Company	709	0.27	12	709	0.28	8
Sentara Bayside Hospital	639	0.24	13	-	-	-
HSBC Household Recovery Services	575	0.22	14	-	-	-
Alltel Communications	550	0.21	15	550	0.21	9
United Parcel Service	540	0.21	16	-	-	-
Virginian Pilot Production Plant	539	0.21	17	539	0.21	10
LifeNet Health	503	0.19	18	-	-	-
Science Applications International Corp	500	0.19	19	500	0.19	13
M&G Electronics Corporation	500	0.19	20	-	-	-
Verizon	500	0.19	21	500	0.19	14
The Penrod Company	500	0.19	22	-	-	-
AmSEC LLC (SAIC)	500	0.19	23	500	0.19	11
NCO Financial	500	0.19	24	500	0.19	12
Regent University	460	0.18	25	460	0.18	17
Totals	<u>41,903</u>	<u>15.99 %</u>		<u>31,479</u>	<u>12.19 %</u>	

Source: City Department of Economic Development

Note: Information not maintained prior to Fiscal Year 2006. Percent of Total City Employment is based on projected City Employment numbers.

* Information not available for Fiscal Year 2007.

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

Department	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Agriculture	16	16	16	15	15	15	15	15	15	14
Audit Services	-	-	6	6	6	6	6	6	6	6
City Manager	10	10	18	18	18	30	30	32	32	30
City Real Estate Assessor	33	33	33	34	35	35	35	35	35	38
City Treasurer	76	77	78	78	78	80	80	79	77	76
Commissioner of the Revenue	76	75	71	69	69	62	62	63	64	64
Commonwealth's Attorney	72	72	73	75	75	82	82	83	83	91
Communications and Information Technology	96	216	248	264	279	276	276	309	309	314
Community Corrections	6	6	7	9	9	9	-	-	-	-
Comprehensive Services Act	1	1	1	1	1	1	-	-	-	-
Convention and Visitor Bureau	65	71	72	74	81	114	114	122	136	136
Courts and Courts' Support	11	17	17	19	20	19	19	76	76	76
Economic Development	14	14	14	15	15	15	15	16	16	17
Emergency Medical Services	15	16	17	17	19	53	53	57	57	57
Finance	61	61	60	62	62	60	60	63	64	57
Fire	388	388	401	433	440	453	453	470	473	470
General Register	12	13	16	16	16	12	12	12	12	12
General Services	479	479	485	495	497	499	-	-	-	-
Health	4	5	10	10	10	11	11	11	11	11
Housing and Neighborhood Preservation	58	60	60	63	67	69	69	69	69	69
Human Resources	42	44	47	47	48	51	51	56	57	54
Human Services	317	330	333	339	342	913	913	990	1,014	1,079
Law	39	41	42	44	44	42	42	43	43	43
Legislative	17	18	18	18	18	18	18	18	18	18
Library	193	202	205	228	228	262	262	265	265	263
MH/MR/SA	396	404	448	457	475	471	-	-	-	-
Management Services	24	-	16	19	19	21	21	21	22	21
Museums and Cultural Arts	71	71	71	133	133	133	133	143	144	151
Non-Departmental	-	-	-	-	-	-	-	2	2	3
Parks and Recreation	592	608	606	603	607	859	859	864	869	877
Planning and Community Development	121	123	124	124	127	129	129	128	128	125
Police	1,022	944	959	966	967	1,008	1,008	1,008	1,016	1,006
Public Utilities	376	376	380	382	389	393	393	396	400	402
Public Works	606	584	582	594	604	852	852	878	874	877
Sheriff and Corrections	353	375	393	405	415	507	507	502	512	524
Total City Positions	5,662	5,750	5,927	6,138	6,228	7,560	6,580	6,831	6,898	6,981
Total School Positions	8,777	9,021	10,154	10,176	10,390	10,534	10,515	10,515	10,548	10,817
TOTAL POSITIONS	14,439	14,771	16,081	16,314	16,618	18,094	17,096	17,346	17,446	17,798

Source: City Department of Finance

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

FUNCTION	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Police										
Number of physical arrests	27,889	25,799	27,430	27,333	27,461	25,257	26,597	24,504	25,326	26,802
Number of calls answered	310,897	318,057	293,380	308,427	329,206	351,315	319,166	311,904	314,355	323,161
Number of traffic accidents	8,782	9,046	8,804	8,754	9,725	9,740	9,414	9,457	9,303	9,250
Fire										
Number of fire related incidents	3,993	3,958	4,087	2,258	1,476	1,301	1,269	1,128	1,397	1,301
Number of rescue incidents	11,536	12,096	12,642	14,642	15,630	15,386	15,146	15,136	16,758	16,921
Public Utilities										
Number of Water Connections	121,534	123,066	124,630	126,093	127,534	128,718	129,376	130,005	130,647	131,085
Public Works										
Number of building permits issued	12,408	10,544	14,570	15,019	15,563	16,906	16,136	14,251	13,552	11,374
Number of street lights	39,289	40,388	41,127	41,489	40,077	41,334	42,026	41,807	42,066	43,960
Highways and Streets										
Arterial lane miles	712	719	719	719	728	734	734	738	738	738
Collector/local miles	2,400	2,418	2,443	2,452	2,475	2,515	2,539	2,554	2,554	2,641
Sanitation and Refuse										
Number of homes receiving refuse collection	116,000	116,000	118,000	120,000	122,000	123,500	125,000	122,600	123,161	123,740
Number of tons of garbage collected	181,307	191,316	186,871	191,749	205,839	212,820	206,075	207,427	204,619	196,501
Culture and Recreation										
Number of visitations to recreation centers	1,563,392	1,783,605	1,794,955	1,726,690	1,731,611	1,787,229	1,688,772	1,609,047	1,575,539	1,636,823
Number of recreation centers	6	6	6	6	6	6	6	6	6	6
Education										
Student membership	76,949	76,773	76,065	75,518	75,436	75,436	74,091	72,953	71,452	70,473
Number of elementary schools	53	54	54	54	54	54	54	55	55	56
Number of secondary schools	23	23	23	24	24	24	24	24	24	24
Number of specialty schools	9	9	9	9	9	10	11	11	11	11
General										
Number of full time city employees	4,615	4,673	4,787	4,914	5,011	5,107	5,918	6,176	6,228	6,295
Number of school employees	10,002	10,011	9,860	10,108	10,669	10,347	10,515	10,548	10,635	10,817

Sources: Various City Departments

Note: Indicators are not available for all governmental functions.

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

FUNCTION	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Police										
Stations	4	4	4	4	4	4	4	4	4	4
Patrol Vehicles Units - Marked	264	303	292	366	267	267	274	277	268	259
Helicopter	2	2	2	2	2	2	2	2	2	2
Airplane	*	1	1	1	1	1	1	*	*	*
Watercraft:										
Boats	*	10	10	10	10	10	10	10	10	10
Fire										
Stations	18	18	18	18	19	19	19	19	19	19
Fire Trucks	52	52	53	52	47	47	44	44	47	48
Emergency Medical Services										
Ambulances	43	47	49	39	40	40	44	30	30	35
Public Works										
Miles of streets:										
Lane miles:										
Arterial	712	719	719	719	728	734	734	738	738	738
Collector/Local	2,400	2,418	2,443	2,452	2,475	2,515	2,539	2,554	2,554	2,641
Center Lane miles:										
Arterial	192	193	193	193	193	194	194	194	194	192
Collector/Local	1,182	1,190	1,199	1,203	1,213	1,232	1,244	1,251	1,251	1,291
Number of Street Lights	39,289	40,388	41,127	41,489	40,077	41,334	42,026	41,807	42,066	43,960
Collection Trucks	*	*	*	*	*	101	103	101	103	104
Culture and Recreation										
Number of Developed District Parks	9	9	9	9	8	9	9	9	7	7
Number of Developed Community Parks	8	8	8	8	8	10	10	10	11	11
Number of Developed Neighborhood Parks	186	152	204	204	170	198	179	181	183	166
Number of Natural Parks	*	*	*	*	*	3	26	29	3	3
Other Park Areas	171	24	35	43	44	13	13	14	28	59
Number of Acres in Developed Parks	1,900	2,500	2,041	2,635	2,658	1,452	1,465	1,387	1,711	1,736
Golf Courses (City Owned)	3	3	3	4	4	4	4	4	5	5
Recreation Centers	6	6	6	6	6	6	6	6	6	6
Water										
Miles of Water Lines	1,371	1,388	1,398	1,409	1,427	1,432	1,443	1,456	1,459	1,477
Water Pumping Stations	10	10	10	10	10	9	9	9	9	9
Sewer										
Miles of Sewer Lines	1,451	1,466	1,486	1,505	1,526	1,535	1,546	1,569	1,572	1,609
Sewer Pumping Stations	380	385	386	386	389	391	393	400	401	403

Source: City Department of Finance

* Information is not available for all fiscal years.



SINGLE AUDIT SECTION



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

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

We have audited the financial statements of the City of Virginia Beach, Virginia (the "City") as of and for the year ended June 30, 2008, and have issued our report thereon dated November 24, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. We did not audit the financial statements of the Virginia Beach Community Development Corporation, which represents 3.10% and .60%, respectively, of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and in our opinion, insofar as it relates to the amounts included for the Virginia Beach Community Development Corporation, is based on the report of other auditors.

Internal Control Over Financial Reporting

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

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

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

Compliance and Other Matters

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

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

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

Virginia Beach, Virginia
November 24, 2008



**Independent Auditors' Report on Compliance With Requirements Applicable
to Each Major Program and on Internal Control Over Compliance
in Accordance with OMB Circular A-133**

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

We have audited the compliance of the City of Virginia Beach, Virginia (the City) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

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

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

Cherry, Bekert & Holland, L.L.P.

Virginia Beach, Virginia
November 24, 2008



Independent Auditors' Report on Compliance with Commonwealth of Virginia Laws, Regulations, Contracts and Grants

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

We have audited the financial statements of the City of Virginia Beach, Virginia (the City) as of and for the year ended June 30, 2008, and have issued our report thereon dated November 24, 2008.

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; OMB Circular A-133, *Audits of States, Local Government and Non-Profit Organizations*; and *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. We did not audit the financial statements of the Virginia Beach Community Development Corporation, which represents 3.10% and .60%, respectively, of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Virginia Beach Community Development Corporation, is based on the report of the other auditors.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the City's compliance with certain provisions of the Commonwealth of Virginia's laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with such provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The following is a summary of the Commonwealth of Virginia laws, regulations, contracts and grants (as specified in *Specifications for Audits of Counties, Cities and Towns*, Chapter Three) for which we performed tests of compliance.

Code of Virginia

- Budget and Appropriation Laws
- Cash and Investments
- Conflicts of Interest Act
- Retirement Systems
- Debt Provisions
- Procurement
- Unclaimed Property Act

State Agency Requirements

- Education
- Governors Opportunity Funds
- Highway Maintenance Funds
- Social Services
- Comprehensive Services Act Funds

The results of our tests disclosed no instances of noncompliance with the provisions referred to in the preceding paragraph.

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

Cherry, Bekart → Holland, L. L. P.

Virginia Beach, Virginia
November 24, 2008

City of Virginia Beach
Schedule of Findings and Questioned Costs
Year ended June 30, 2008

I. Summary of Auditors' Results

- (a) The type of report issued on the basic financial statements: **unqualified opinion**
- (b) Reportable conditions in internal control were disclosed by the auditor of the financial statements: **no**

Material weaknesses: **no**

- (c) Noncompliance which is material to the basic financial statements: **no**
- (d) Reportable conditions in internal control over major programs: **no**
Material weaknesses: **no**
- (e) The type of report issued on compliance for major programs: **unqualified opinion**
- (f) Any audit findings which are required to be reported under Section .510(a) of OMB Circular A-133: **no**

(g) Major Programs:

- Department of Agriculture – Child Nutrition Cluster; CFDA 10.553/10.555
- Department of Agriculture – Food Stamp Cluster; CFDA 10.551/10.561
- Department of Justice – Public Safety Partnership and Community Policing Grants; CFDA 16.710
- Department of Labor – Workforce Investment Act Cluster; CFDA 17.258/17.259/17.260
- Department of Transportation – Highway Planning and Construction; CFDA 20.205
- Department of Defense – Impact Aid; CFDA 12.XXX
- Department of Education – Impact Aid; CFDA 84.041
- Department of Education – Special Education Cluster; CFDA 84.027/84.173
- Department of Health and Human Services – Social Services Block Grant; CFDA 93.667

- (h) Dollar threshold used to distinguish between Type A Programs and Type B Programs: **\$3,000,000**
- (i) Auditee qualified as a low-risk auditee under Section .530 of OMB Circular A-133: **no**

II. Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*: None.

III. Findings and Questioned Costs Relating to Federal Awards: None.



CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2008

Federal Granting Agency/Recipient State Agency/ Grant Program/Grant Number	Federal Catalogue Number	Realized Revenue	Expenditures
<u>DEPARTMENT OF AGRICULTURE:</u>			
<u>Direct Payments:</u>			
Summer Food Service Program for Children	10.559	\$ 38,239	\$ 38,239
<u>Pass Through Payments:</u>			
<u>Department of Agriculture</u>			
Food Distribution Program (Donated USDA Food)	10.555	1,973,474	1,973,474
<u>Department of Social Services</u>			
Food Stamps Program - Administration	10.561	2,909,678	2,909,678
<u>Department of Education</u>			
School Breakfast Program	10.553	2,035,075	2,035,075
National School Lunch Program	10.555	7,363,457	7,363,457
Total Department of Agriculture		<u>\$ 14,319,923</u>	<u>\$ 14,319,923</u>
<u>NATIONAL AERONAUTICS AND SPACE ADMINISTRATION:</u>			
<u>Pass Through Payments:</u>			
<u>National Institute of Aerospace</u>			
Aerospace Education Services Program	43.001	\$ 37,320	\$ 37,320
Total National Aeronautics and Space Administration		<u>\$ 37,320</u>	<u>\$ 37,320</u>
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>			
<u>Pass Through Payments:</u>			
<u>Department of Mental Health & Retardation</u>			
Mental Health Services for the Homeless-Block Grant	93.150	\$ 79,744	\$ 79,744
Block Grants for Community Mental Health Services	93.958	239,959	239,959
Block Grants for Prevention & Treatment of Substance Abuse	93.959	1,477,278	1,477,278
Block Grants for Community Mental Health Services (SA-HIV 08)	93.959	180,768	129,640
Block Grants for Community Mental Health Services (Project Link 06)	93.959	2,332	2,332
Block Grants for Community Mental Health Services (Project Link 07)	93.959	75	75
Block Grants for Community Mental Health Services (Project Link 08)	93.959	293,140	271,843
<u>Virginia Department for the Aging/ Southeastern Virginia Area Wide Model Program</u>			
Supportive Services and Senior Centers (Title IIIB)	93.044	106,356	106,356
<u>Department of Social Services</u>			
Home Energy Assistance	93.568	53,235	53,235
Social Services Block Grant (Title XX and Title IV-B)	93.667	2,780,721	2,780,721
Child Care Assistance (Childcare Cluster)	93.575	4,207,733	4,207,733
Child Care and Development Fund (Childcare Cluster)	93.596	1,980,142	1,980,142
Temporary Assistance for Needy Families	93.558	2,124,251	2,124,251
Refugee and Entrant Assistance - State Administered Programs	93.566	30,412	30,412

See accompanying notes to the Schedule of Expenditures of Federal Awards.

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2008

Federal Granting Agency/Recipient State Agency/ Grant Program/Grant Number	Federal Catalogue Number	Realized Revenue	Expenditures
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES: (continued)</u>			
<u>Pass Through Payments (continued):</u>			
<u>Department of Social Services (continued)</u>			
Family Preservation	93.556	\$ 592,914	\$ 592,914
Chafee Education and Training Vouchers Program	93.599	29,887	29,887
Child Welfare Services	93.645	17,609	17,609
Foster Care Title IV-E	93.658	2,398,981	2,398,981
Adoption Assistance	93.659	541,539	541,539
Independent Living	93.674	46,729	46,729
FAMIS State Children's Insurance Program	93.767	103,696	103,696
Working With the Mandated Client Program	93.778	-	280
Medicaid-Special Education Assistance Therapy & Nursing (Medicaid Cluster)	93.778	828,483	828,483
Medical Assistance Program (Medicaid Cluster)	93.778	2,212,695	2,212,695
Total Department of Health and Human Services		<u>\$ 20,328,679</u>	<u>\$ 20,256,534</u>
<u>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</u>			
<u>Direct Payments:</u>			
Community Development Block Grant	14.218	\$ 2,438,241	\$ 2,438,241
Emergency Shelter Grant	14.231	104,594	104,594
Supportive Housing Programs (SHP) - THP Combo VA36B503006	14.235	446,491	446,491
Section 202 Direct Loan Program	14.157	312,647	312,647
HOME Investment in Affordable Housing	14.239	734,739	734,739
Housing Opportunities for Persons With AIDS	14.241	986,174	1,013,874
Housing Choice Voucher Program (Section 8)	14.871	13,570,415	13,570,415
<u>Pass Through Payments:</u>			
<u>Virginia Housing Development Authority</u>			
Housing Counseling Assistance Program	14.169	1,050	1,050
Total Department of Housing and Urban Development		<u>\$ 18,594,351</u>	<u>\$ 18,622,051</u>
<u>NATIONAL SCIENCE FOUNDATION</u>			
<u>Pass Through Payments:</u>			
<u>Virginia Commonwealth University</u>			
Math Specialists in K-5 Schools: Research & Policy Pilot Study	47.076	\$ 50,000	\$ 50,000
<u>St. Joseph University</u>			
Education and Human Resources	47.076	36,581	36,581
Total National Science Foundation		<u>\$ 86,581</u>	<u>\$ 86,581</u>
<u>DEPARTMENT OF THE INTERIOR:</u>			
<u>Direct Payments:</u>			
Public Law 97-258	15.XXX	\$ 163,219	\$ 163,219

See accompanying notes to the Schedule of Expenditures of Federal Awards.

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2008

Federal Granting Agency/Recipient State Agency/ Grant Program/Grant Number	Federal Catalogue Number	Realized Revenue	Expenditures
<u>DEPARTMENT OF THE INTERIOR: (continued)</u>			
<u>Pass Through Payments:</u>			
<u>National Park Services</u>			
Fish & Wildlife Management Assistance	15.608	\$ -	\$ 56,685
Total Department of the Interior		<u>\$ 163,219</u>	<u>\$ 219,904</u>
<u>U. S. ENVIRONMENTAL PROTECTION AGENCY</u>			
<u>Pass Through Payments:</u>			
<u>North Carolina Department of Environment and Natural Resources</u>			
National Estuary Program	66.456	\$ 25,000	\$ 333
<u>Commonwealth of Virginia Department of Conservation and Recreation</u>			
Chesapeake Bay Program	64.466	25,000	11,975
Total U.S. Environmental Protection Agency		<u>\$ 50,000</u>	<u>\$ 12,308</u>
<u>DEPARTMENT OF JUSTICE:</u>			
<u>Direct Payments:</u>			
Assistance to Localities for Administration	16.XXX	\$ 572,169	\$ 572,169
DEA Seized Property	16.579	72,017	72,017
Encourage Arrest Policies and Enforcement of Protection Orders	16.590	337,943	337,943
Enhancing a Culture of Integrity	16.710	135,406	135,406
COPS Interoperable Communications Technology Grant	16.710	3,534,933	3,534,933
COPS 2006 Technology Program	16.710	61,950	61,950
Edward Byrne Memorial Justice Assistance Grant Program	16.738	57,025	57,025
<u>Pass Through Payments:</u>			
<u>Department of Criminal Justice Services</u>			
Edward Byrne Memorial Justice Assistance Recruiting/Retention Grants 07 & 08	16.579	\$ 20,569	\$ 6,814
Edward Byrne Memorial Justice Assistance Collection of Evidence Project 07 & 08	16.579	7,308	-
Alliance to End Partner Violence 07 & 08	16.588	59,655	72,015
<u>Virginia Association of Chiefs of Police</u>			
Project Safe Neighborhood	16.609	-	2,258
Total Department of Justice		<u>\$ 4,858,975</u>	<u>\$ 4,852,529</u>
<u>DEPARTMENT OF THE NAVY:</u>			
<u>Direct Payments:</u>			
ROTC Program	12.XXX	\$ 242,102	\$ 242,102
Total Department of the Navy		<u>\$ 242,102</u>	<u>\$ 242,102</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2008

Federal Granting Agency/Recipient State Agency/ Grant Program/Grant Number	Federal Catalogue Number	Realized Revenue	Expenditures
<u>DEPARTMENT OF HOMELAND SECURITY</u>			
<u>Direct Payments:</u>			
FEMA National Urban Search and Rescue Response System	97.025	\$ 279,325	\$ 269,013
Emergency Food and Shelter	97.024	37,000	71,420
FEMA Task Force 06	97.025	468,858	466,504
FEMA Task Force 07	97.025	738,856	738,856
FEMA Fire Act	97.044	73,367	73,341
<u>Pass Through Payments:</u>			
<u>U.S Department of Housing and Urban Development</u>			
Disaster Housing Assistance Program Grant	97.109	45,677	21,300
<u>Virginia Department of Emergency Management</u>			
Determined Promise Exercise 04	97.004	790	790
FEMA Disaster Relief Reimbursement - Public Assistance Grants	97.036	25,785	2,580
Citizen Corps CERT 07	97.053	10,062	10,062
Law Enforcement Terrorism Prevention Program	97.074	283,230	283,230
Total Department of Homeland Security		<u>\$ 1,962,950</u>	<u>\$ 1,937,096</u>
<u>DEPARTMENT OF DEFENSE:</u>			
<u>Direct Payments:</u>			
Supplemental Payment to Federal Impacted Area	12.XXX	\$ 3,209,427	\$ 3,209,427
Total Department of Defense		<u>\$ 3,209,427</u>	<u>\$ 3,209,427</u>
<u>NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION</u>			
<u>DEPARTMENT OF TRANSPORTATION:</u>			
<u>Pass Through Payments:</u>			
<u>Department of Motor Vehicles</u>			
DMV DUI Education Grants	20.601	\$ 72,339	\$ 70,690
DMV Teen Seat Belt Grant 07 & 08	20.602	37,676	37,775
DMV Click It or Ticket 07 & 08	20.215	7,275	5,879
<u>Virginia Department of Transportation</u>			
Urban Construction Initiative/Highway Planning & Construction	20.205	9,077,578	9,077,578
CMAQ-STP (Congestion Mitigation and Air Quality-Surface Transportation)	20.205	73,590	73,590
Total Department of Transportation		<u>\$ 9,268,458</u>	<u>\$ 9,265,512</u>
<u>DEPARTMENT OF COMMERCE (NOAA):</u>			
<u>Pass Through Payments:</u>			
<u>Department of Environmental Quality</u>			
Virginia Coastal Resources Management Program 06 & 07	11.419	\$ 30,916	\$ 30,916
Total Department of Commerce (NOAA)		<u>\$ 30,916</u>	<u>\$ 30,916</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2008**

Federal Granting Agency/Recipient State Agency/ Grant Program/Grant Number	Federal Catalogue Number	Realized Revenue	Expenditures
<u>DEPARTMENT OF LABOR:</u>			
<u>Pass Through Payments:</u>			
<u>Virginia Employment Commission</u>			
Workforce Investment Act Adult Program	17.258	\$ 2,831,550	\$ 2,831,550
Workforce Investment Act Youth Activities	17.259	2,105,356	2,105,356
Workforce Investment Act Dislocated Workers	17.260	693,570	693,570
Workforce Investment Act National Emergency Grant	17.260	361,804	361,804
Total Department of Labor		\$ 5,992,280	\$ 5,992,280
<u>DEPARTMENT OF EDUCATION:</u>			
<u>Direct Payments:</u>			
School Assistance in Federally Affected Areas (Public Law 874)	84.041	\$ 15,195,523	\$ 15,195,523
Fund for the Improvement of Education (B)	84.215	177,648	177,648
Title IV - PELL Grant	84.063	14,350	14,350
<u>Pass Through Payments:</u>			
<u>Department of Mental Health & Retardation</u>			
Special Education Grants for Infants and Families with Disabilities	84.181	319,948	319,948
<u>Virginia Department of Education</u>			
Adult Basic Education	84.002	349,545	349,545
Carl D. Perkins 07	84.048	1,416	1,416
Carl D. Perkins 08	84.048	1,062,140	1,062,140
Education of the Handicapped Act (IDEA)-Part Silver	84.027	1,738	1,738
Education of the Handicapped Act (IDEA)-Title VIB Act 06	84.027	47,911	47,911
Education of the Handicapped Act (IDEA)-Title VIB Act 07	84.027	4,071,164	4,071,164
Education of the Handicapped Act (IDEA)-Title VIB Act 08	84.027	10,530,454	10,530,454
English Literacy - Civics Education 08	84.002	59,536	59,536
High Schools That Work 07	84.048	25,319	25,319
High Schools That Work 08	84.048	56,110	56,110
McKinney Education for Homeless Children and Youth 07	84.196	3,283	3,283
McKinney Education for Homeless Children and Youth 08	84.196	48,839	48,839
Ninth Grade Transition 08	84.287	9,428	9,428
Preschool Incentive Grant (IDEA) 07	84.173	34,899	34,899
Preschool Incentive Grant (IDEA) 08	84.173	476,789	476,789
Safe and Drug-Free Schools and Communities 07	84.186	38,448	38,448
Safe and Drug-Free Schools and Communities 08	84.186	232,041	232,041
Title I, Part A Improving Basic Programs Operated by LEAs 06	84.010	4,299	4,299
Title I, Part A Improving Basic Programs Operated by LEAs 07	84.010	621,524	621,524
Title I, Part A Improving Basic Programs Operated by LEAs 08	84.010	10,428,408	10,428,408
Title I, Part D Prevention & Intervention-Children & Youth Neglected 06	84.013	12,815	12,815
Title I, Part D Prevention & Intervention-Children & Youth Neglected 07	84.013	102,355	102,355
Title I, Part D Subpart 1 08	84.318	23,879	14,202
Title I, State Academic Achievement 07	84.010	440	440
Title II, Part A Teacher and Principal Training and Recruiting Fund 06	84.367	57,642	57,642
Title II, Part A Teacher and Principal Training and Recruiting Fund 07	84.367	478,607	478,607
Title II, Part A Teacher and Principal Training and Recruiting Fund 08	84.367	2,173,136	2,173,136
Title II, Part B Math & Science Partnerships 07	84.366	12,230	12,230
Title II, Part D Enhancing Education Through Technology 07	84.318	56,694	56,694
Title II, Part D Enhancing Education Through Technology 08	84.318	41,374	41,374

See accompanying notes to the Schedule of Expenditures of Federal Awards.

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2008

Federal Granting Agency/Recipient State Agency/ Grant Program/Grant Number	Federal Catalogue Number	Realized Revenue	Expenditures
<u>DEPARTMENT OF EDUCATION: (continued)</u>			
<u>Pass Through Payments: (continued)</u>			
<u>Virginia Department of Education (continued)</u>			
Title III Part A Immigrant and Youth Grant 08	84.365	\$ 8,541	\$ 8,541
Title III LEP 07	84.365	123,077	123,077
Title V, Part A Innovative Programs 06	84.295	36,062	36,062
Title V, Part A Innovative Programs 07	84.295	62,349	62,349
Title V, Part A Innovative Programs 08	84.295	146	146
Virginia Teachers for Tomorrow	84.048	754	754
Vocational Education Instruction	84.048	6,522	6,522
		<u>\$ 47,007,383</u>	<u>\$ 46,997,706</u>
Total Department of Education		<u>\$ 47,007,383</u>	<u>\$ 46,997,706</u>
Total Federal Financial Assistance		<u>\$ 126,152,564</u>	<u>\$ 126,082,190</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2008

1. General

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

2. Basis of Accounting

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

3. Relationship to Financial Statements

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

General Fund	\$	22,524,598
Special Revenue Funds		27,668,830
Capital Projects Fund		12,686,101
Enterprise Fund		12,725
Other Component Units (not including Virginia Beach Pass-through \$1,271,442)		876,884
School Board Funds		61,963,470
		<hr/>
Total federal awards reported in basic financial statements	\$	125,732,607

Plus: Prior year balances from the following:

School Breakfast Program	10.553	\$	86,005
National School Lunch Program	10.555		308,952
Fish & Wildlife Management Assistance	15.608		25,000
			<hr/>
Total realized revenue reported in Schedule of Expenditures of Federal Awards		\$	126,152,564

Less: Revenue closed to fund balances from the following:

Block Grants for Community Mental Health Services (SA-HIV 08)	93.959	\$	51,128
Block Grants for Community Mental Health Services (Project Link 08)	93.959		21,297
National Estuary Program	66.456		24,667
Chesapeake Bay Program	64.466		13,025
Edward Byrne Memorial Justice Assistance Recruiting/Retention Grants 07 & 08	16.579		13,755
Edward Byrne Memorial Justice Assistance Collection of Evidence Project 07 & 08	16.579		7,308
FEMA National Urban Search and Rescue Response System	97.025		10,312
FEMA Task Force 06	97.025		2,354
FEMA Fire Act	97.044		26
Disaster Housing Assistance Program Grant	97.109		24,377
FEMA Disaster Relief Reimbursement - Public Assistance Grants	97.036		23,205
DMV DUI Education Grants	20.601		1,649
DMV Click It or Ticket 07 & 08	20.215		1,396
Title I, Part D Subpart 1 08	84.318		9,677

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2008

3. Relationship to Financial Statements (Continued)

Plus: Prior Year Revenue Expensed in Current Year

Working With the Mandated Client Program	93.778	\$ 280
Housing Opportunities for Persons With AIDS	14.241	27,700
Fish & Wildlife Management Assistance	15.608	56,685
Alliance to End Partner Violence 07 & 08	16.588	12,360
Project Safe Neighborhood	16.609	2,258
Emergency Food and Shelter	97.024	34,420
DMV Teen Seat Belt Grant 07 & 08	20.602	99
		<u>99</u>
Total Federal Expenditures		<u>\$ 126,082,190</u>

4. Relationship to Federal Financial Reports

Amounts reported in the accompanying schedule substantially agree with the amounts reported in the related federal financial reports except that certain federal financial reports are prepared on the cash basis of accounting and the Schedule of Expenditures of Federal Awards is prepared on the basis of accounting described in Note 2 above.

5. Amounts Provided to Subrecipients

Total amounts provided to subrecipients from the following programs:

Virginia Beach Community Development Corporation:

Community Development Block Grant-Entitlement Grants	14.218	\$ 560,521
HOME Investment Partnerships	14.239	705,296
Emergency Shelter Grant	14.231	5,625
		<u>5,625</u>
Total Virginia Beach Community Development Corporation		<u>\$ 1,271,442</u>

Opportunity, Inc. of Hampton Roads:

Workforce Investment Act Adult Program	17.258	\$ 2,831,550
Workforce Investment Act Youth Activities	17.259	2,105,356
Workforce Investment Act Dislocated Workers	17.260	693,570
Workforce Investment Act National Emergency Grant	17.260	361,804
		<u>361,804</u>
Total Opportunity, Inc. of Hampton Roads		<u>\$ 5,992,280</u>

