

Annual Comprehensive Financial Report

For Fiscal Year Ended June 30, 2023



CITY OF VIRGINIA BEACH, VIRGINIA



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

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2023**

**PREPARED BY
DEPARTMENT OF FINANCE**

ACKNOWLEDGEMENTS

The preparation of this report has been accomplished by the efficient and dedicated services of the staff of the Department of Finance. I would also like to thank the City Auditor's Office for their assistance in managing the audit and audit contract. 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.

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(in alphabetical order)

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Photographer: Craig McClure, Will Smith Layout: Anna Kristina Alfaro

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.

**CITY OF VIRGINIA BEACH, VIRGINIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2023**

TABLE OF CONTENTS	<u>PAGE NO.</u>
INTRODUCTORY SECTION	
Elected and Appointed Officials	v
City Organization Chart	vi
Letter of Transmittal	vii
Certificate of Achievement for Excellence in Financial Reporting	xxxix
FINANCIAL SECTION	
Independent Auditor's Report	xli
Management's Discussion and Analysis	1
Basic Financial Statements:	
Government-Wide Financial Statements	
Statement of Net Position	15
Statement of Activities	16
Governmental Funds' Financial Statements:	
Balance Sheet	18
Reconciliation of Balance Sheet to the Statement of Net Position	19
Statement of Revenues, Expenditures, and Changes in Fund Balance	20
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	21
Proprietary Funds' Financial Statements:	
Statement of Net Position	22
Statement of Revenues, Expenses and Changes in Net Position	24
Statement of Cash Flows	26
Fiduciary Funds' Financial Statements:	
Statement of Fiduciary Net Position	28
Statement of Changes in Fiduciary Net Position	29
Notes to Financial Statements:	
1. Summary of Significant Accounting Policies	30
2. Fund Balances – General Fund and Nonmajor Governmental Funds	43
3. Receivables and Accrued Liabilities	44
4. Unearned Revenue	49
5. Capital Assets and Land Held for Resale	50
6. Long-Term Debt	56
7. Assets and Obligations under Leases	67
8. Subscription-Based Information Technology Arrangements	70
9. Deposits and Investments	71
10. Commitments and Contingencies	74
11. Tax Abatements	76
12. Interfund Balances and Transactions, Fund Results and Reconciliations	79
13. Risk Management	81
14. Retirement	83
15. Other Postemployment Benefits	106
16. Subsequent Events	129
Required Supplemental Information other than Management's Discussion and Analysis:	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	132
Schedule of Changes in the Net Pension Liability and Related Ratios	133
Schedule of Employer Pension Contributions	135
Schedule of Employer's Share of Net Pension Liability	137
Schedule of Employer's Share of Net OPEB Liability and Related Ratios	138
Schedule of OPEB Annual Contributions	140
Schedule of Employer's Share of the Net OPEB Liability	141
Schedule of OPEB Group Life Insurance Annual Contributions	143
Schedule of OPEB Line of Duty Annual Contributions	144
Schedule of OPEB Virginia Local Disability Program Annual Contributions	145
Schedule of OPEB Health Insurance Credit Program Annual Contributions	146

**CITY OF VIRGINIA BEACH, VIRGINIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2023**

FINANCIAL SECTION (continued)	<u>PAGE NO.</u>
Combining Schedules Nonmajor Governmental Funds:	
Combining Balance Sheet – Nonmajor Governmental Funds	150
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Special Revenue Funds	151
General Fund Budget to Actual:	
Schedule of Revenues Compared to Final Budget	154
Schedule of Expenditures Compared to Final Budget	156
Combining Schedules and Individual Funds:	
Combining Balance Sheet – Nonmajor Special Revenue Funds	164
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Special Revenue Funds	168
Statements of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	
Agriculture Reserve Program Special Revenue Fund	172
Central Business District South Tax Increment Financing Special Revenue Fund	173
Combined Area Dredging Projects Special Revenue Fund	174
Federal Section Eight Program Special Revenue Fund	175
Forfeited Assets Special Revenue Fund	176
Grants Consolidated Special Revenue Fund	177
Housing and Neighborhood Preservation Special Revenue Fund	178
Law Library Special Revenue Fund	179
Open Space Special Revenue Fund	180
Parks and Recreation Special Revenue Fund	181
Sandbridge Special Service District Special Revenue Fund	182
Sheriff's Department Special Revenue Fund	183
Tourism Advertising Program Special Revenue Fund	184
Tourism Investment Program Special Revenue Fund	185
Town Center Special Service District Special Revenue Fund	186
Debt Service Fund	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	188
Capital Projects:	
Schedule of General Government Capital Projects	190
Enterprise Funds:	
Statement of Net Position – Water and Sewer Enterprise Fund	200
Statement of Revenues, Expenses and Changes in Net Position – Water and Sewer Enterprise Fund	201
Statement of Cash Flows – Water and Sewer Enterprise Fund	202
Schedule of Operating Expenses – Budget and Actual – Water and Sewer Enterprise Fund	203
Schedule of Water and Sewer Fund Capital Projects	205
Statement of Net Position – Storm Water Enterprise Fund	210
Statement of Revenues, Expenses and Changes in Net Position – Storm Water Enterprise Fund	211
Statement of Cash Flows – Storm Water Enterprise Fund	212
Schedule of Operating Expenses - Budget and Actual – Storm Water Enterprise Fund	213
Schedule of Storm Water Fund Capital Projects	214
Statement of Net Position – Waste Management Enterprise Fund	218
Statement of Revenues, Expenses and Changes in Net Position – Waste Management Enterprise Fund	219
Statement of Cash Flows – Waste Management Enterprise Fund	220
Schedule of Operating Expenses - Budget and Actual – Waste Management Enterprise Fund	221
Statement of Net Position – Development Authority Enterprise Fund	224
Statement of Revenues, Expenses and Changes in Net Position – Development Authority Enterprise Fund	225
Statement of Cash Flows – Development Authority Fund	226
Internal Service Funds:	
Combining Statement of Net Position	228
Combining Statement of Revenues, Expenses and Changes in Net Position	230
Combining Statement of Cash Flows	232

**CITY OF VIRGINIA BEACH, VIRGINIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2023**

FINANCIAL SECTION (continued)	<u>PAGE NO.</u>
Custodial Funds:	
Combining Statement of Fiduciary Net Position – Custodial Funds	236
Combining Statement of Changes in Fiduciary Net Position – Custodial Funds	237
Discretely Presented School Board Component Unit:	
Statement of Net Position	240
Statement of Activities	241
Balance Sheet – Governmental Funds	242
Reconciliation of the Balance Sheet to the Statement of Net Position	243
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	244
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	245
Combining Balance Sheet – Nonmajor Governmental Funds – Special Revenue Funds	246
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds – Special Revenue Funds	247
Combining Statement of Net Position – Internal Service Funds	248
Combining Statement of Revenues, Expenses and Changes in Fund Net Position Internal Service Funds	249
Combining Statement of Cash Flows – Internal Service Funds	250
Statement of Fiduciary Net Position	251
Statement of Changes in Fiduciary Net Position	252
Other Component Units:	
Statement of Net Position	253
Statement of Revenues and Expenses	254
Statement of Cash Flows	255

STATISTICAL SECTION

Table

1	Net Position by Component – Last Ten Fiscal Years	259
2	Changes in Net Position – Last Ten Fiscal Years	260
3	Fund Balances of Governmental Funds – Last Ten Fiscal Years	262
4	Changes in Fund Balance of Governmental Funds – Last Ten Fiscal Years	264
5	Governmental Funds Tax Revenue by Source – Last Ten Fiscal Years	266
6	Assessed Value and Estimated Actual Value of Taxable Property – Last Ten Fiscal Years	267
7	Revenue Rates for Real Estate and for Personal Property – Last Ten Fiscal Years	268
8	Principal Property Taxpayers – Assessed Value	269
9	Property Tax Levies and Collections – Last Ten Fiscal Years	270
10	Ratios of Outstanding Debt by Type – Last Ten Fiscal Years	271
11	Ratios of Outstanding General Bonded Debt by Type – Last Ten Fiscal Years	272
12	Legal Debt Margin Information – Last Ten Fiscal Years	273
13	Pledged – Revenue Coverage – Last Ten Fiscal Years – Water and Sewer	274
14	Pledged – Revenue Coverage – Last Ten Fiscal Years – Storm Water	275
15	Demographic and Economic Statistics – Last Ten Fiscal Years	276
16	Principal Employers	277
17	Full-Time Equivalent Government Employees by Function – Last Ten Fiscal Years	278
18	Operating Indicators by Function – Last Ten Fiscal Years	279
19	Capital Asset Statistics by Function – Last Ten Fiscal Years	280
20	Schedule of the Treasurer’s Cash Accountability Report	281

**CITY OF VIRGINIA BEACH, VIRGINIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2023**

SINGLE AUDIT SECTION	<u>PAGE NO.</u>
Report of Independent Auditor on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	283
Report of Independent Auditor on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Grant Guidance	285
Schedule of Findings and Questioned Costs	287
Schedule of Expenditures of Federal Awards	290
Notes to Schedule of Expenditures of Federal Awards	295

CONTINUING DISCLOSURE

Schedule

1-1	Principal Taxpayers	298
1-2	Property Tax Rates and Change in Tax Levy	299
1-3	Historical Assessed Value	300
1-4	Property Tax Levies and Collections	301
1-5	Principal Tax Revenues by Source	302
2-1	Ten Largest Utility (Water) Customers	303
2-2	Water and Sewer Enterprise Fund Outstanding Debt by Issue	304
2-3	Water Resource Recovery Fees History of Receipts and Disbursements	305
2-4	Water and Sewer Enterprise Fund System Operating Revenues, Expenses, and Coverage	306
2-5	Water and Sewer Enterprise Fund Debt Service Requirements	307
2-6	Water and Sewer Enterprise Fund Water and Sewer Rate History	308
3-1	Ten Largest Storm Water Utility Accounts	309
3-2	Storm Water Utility Distribution by Type of Property	310
3-3	Storm Water Utility Fee Collections	311
3-4	Storm Water Utility Fund Pro Forma Calculation of Revenue Covenants	312
3-5	Storm Water Utility Fund Debt Service Requirements	313
3-6	Storm Water Utility Fund Rate History	314

INTRODUCTORY SECTION

CITY OF VIRGINIA BEACH, VIRGINIA

PRINCIPAL OFFICIALS

AS OF JUNE 30, 2023

CITY COUNCIL

Robert M. Dyer Mayor
 Rosemary Wilson, Vice Mayor District 5
 N.D. “Rocky” Holcomb District 1
 Barbara Henley..... District 2
 Michael Berlucci District 3
 Dr. Amelia Ross-Hammond..... District 4
 Robert W. “Worth” Remick District 6
 Sabrina D. Wooten District 7
 Chris Taylor District 8
 Joashua F. “Joash” Schulman District 9
 Jennifer V. Rouse..... District 10

SCHOOL BOARD

Trenace B. Riggs, Chair District 1 - Centerville
 Carolyn D. Weems, Vice Chair District 9
 Jennifer Franklin..... District 2 - Kempsville
 Kimberly A. Melnyk..... District 2
 Jessica L. Owens District 3 – Rose Hall
 Staci Martin District 4
 Michael Callan District 6
 David Culpepper District 8
 Kathleen Brown District 10
 Beverly M. Anderson..... At-Large
 Victoria Manning..... At-Large

CONSTITUTIONAL OFFICERS

V. Leigh Henderson City Treasurer
 Phillip J. Kellam..... Commissioner of the Revenue
 Tina E. Sinnen..... Clerk of Circuit Court
 Colin Stolle Commonwealth’s Attorney
 Kenneth Stolle..... Sheriff

VIRGINIA BEACH DEVELOPMENT AUTHORITY

Lisa M. Murphy Chair
 William Brunke Treasurer
 Charles Rigney VBDA Secretary
 W. Taylor Franklin Assistant Secretary
 Linda Bright-Garris Commissioner
 Dr. William Brown Commissioner
 Penny Morgan..... Commissioner
 Ronnie L. Parker Commissioner
 Michael J. Standing Commissioner
 David Weiner Commissioner
 Guenter H. Weissenseel..... Commissioner

APPOINTED OFFICERS

Patrick A. Duhaney City Manager
 Mark D. Stiles City Attorney
 Amanda Barnes..... City Clerk
 Sue C. Cunningham..... Real Estate Assessor
 Lyndon S. Remias..... City Auditor

CITY LEADERS

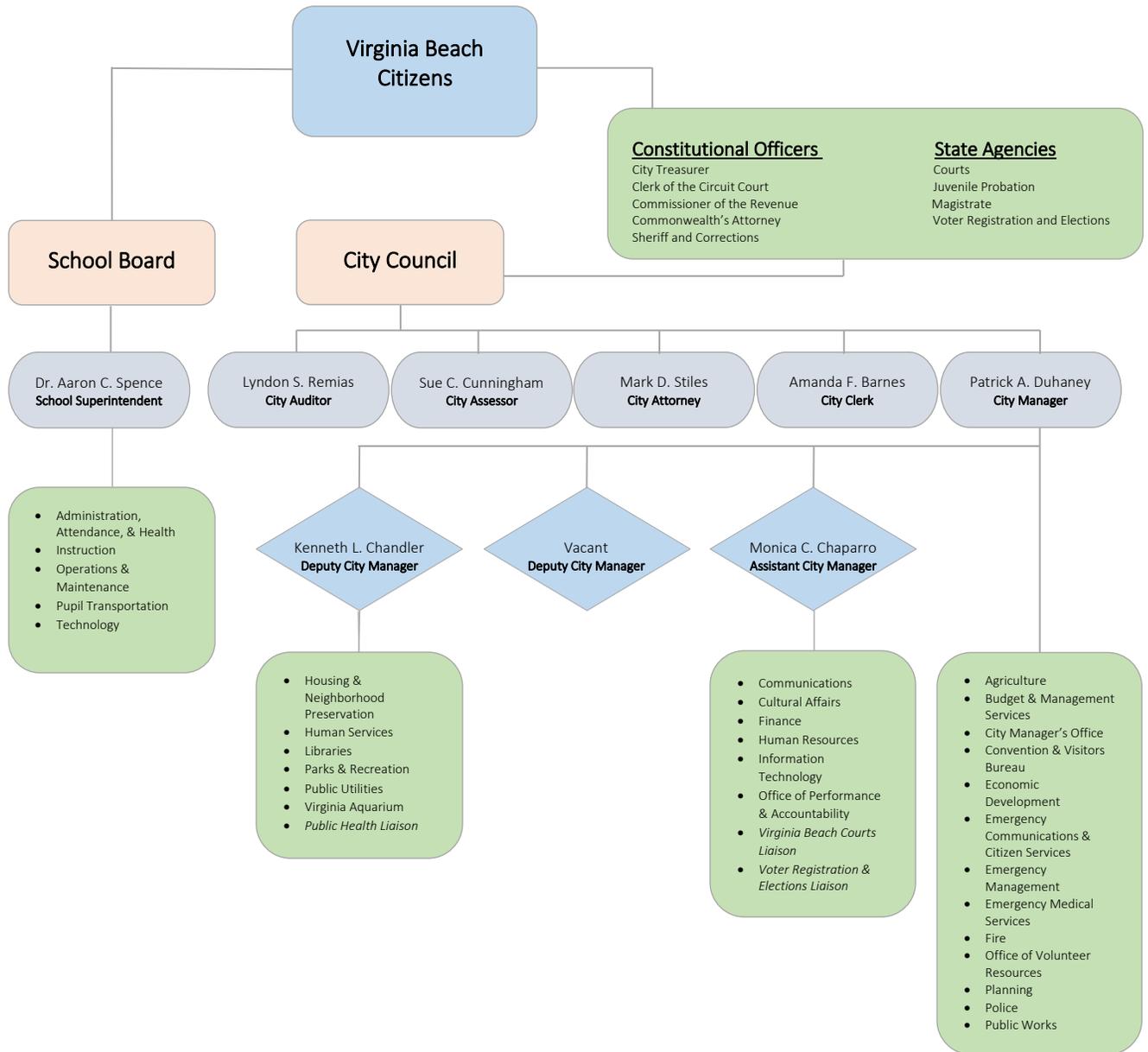
Kenneth L. Chandler Deputy City Manager
 Monica C. Chaparro..... Assistant City Manager

VIRGINIA BEACH

COMMUNITY DEVELOPMENT CORPORATION

Frank McKinney President/Chair
 Dr. Audrey Douglas-Cooke Vice President
 Christopher L. Brown. Director
 J. David Crain Jr Director
 Robert Ewell Director
 Andrew Friedman Director
 Brandon Hutchins Director
 Jeremy C. Johnson Director
 Courtney Lalonde Director
 Tim McCarthy Director

CITY ORGANIZATION





City of Virginia Beach

VBgov.com

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

MUNICIPAL CENTER
BUILDING 1
2401 COURTHOUSE DRIVE
VIRGINIA BEACH, VA 23456

December 7, 2023

The Honorable Robert M. Dyer, Mayor
Members of the Virginia Beach City Council
Municipal Center
Virginia Beach, Virginia 23456

Subject: Annual Comprehensive Financial Report

Dear Mayor and Council Members and Citizens of Virginia Beach, Virginia:

The Annual Comprehensive Financial Report of the City of Virginia Beach, Virginia, for the fiscal year ended June 30, 2023, is hereby submitted. The City is required by the Code of the Commonwealth of Virginia and by the City Charter to publish at the close of each fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States (GAAP) and audited in accordance with Government Auditing Standards by a firm of independent certified public accountants. This report has been prepared by the Department of Finance and complies with state law and guidelines of the Auditor of Public Accounts of the Commonwealth of Virginia. It includes all financial activities of the financial reporting entity, which consists of the City of Virginia Beach as well as its component units including City of Virginia Beach School Board, Virginia Beach Economic Development Authority and Community Development Corporation.

Responsibility for the accuracy of the data and the completeness and fairness of presentation, including all disclosures, rests with the City management. 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.

REPORT CONTENTS

The Annual Comprehensive Financial Report consists of three sections: Introductory, Financial, and Statistical. In addition, the Single Audit and Continuing Disclosure sections are included at the end of the document. The Single Audit section presents the City's federal expenditures by grantor agency in accordance with Subpart F of 2 CFR 200. The Continuing Disclosure section provides certain annual financial information and material event notices as required by Rule 15c2-

12 of the Securities and Exchange Commission. GAAP requires that management provide a narrative explanation of the financial statements and other statistical data, which will enhance readers' understanding of the City's financial condition, changes in financial condition and results of operation 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 auditor.

CITY PROFILE AND SERVICES

The City of Virginia Beach, Virginia was established 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 that covers 310 square miles and 38 miles of shoreline on the Atlantic Ocean and the Chesapeake Bay. The City encompasses the entire eastern border of Virginia south of the Delmarva Peninsula and includes all of the area from the Chesapeake Bay to the North Carolina border. The latest estimated population as of July 1, 2022 for the City of Virginia Beach is 455,385, which makes the City the most populated city in the region and Virginia, and third most populated locality behind Fairfax County and Prince William County in Virginia (*Source: University of Virginia Weldon Cooper Center for Public Service*). The City is part of a Metropolitan Statistical Area (MSA) comprised of 16 localities, classified by the U.S. Census Bureau as Virginia Beach-Norfolk-Newport News, VA-NC Metro Area, and commonly referred to as Tidewater, Hampton Roads, Coastal Virginia, or by the region's area code "757". It had a population in 2022 of 1,808,102, making it the 38th most populous MSA nationwide (*Source: Census Bureau, American Community Survey 2022*). The Virginia Beach-Norfolk-Newport News, VA-NC Metro Area is centrally located on the Eastern Seaboard, providing businesses access to more than half of the total U.S. population within a 750-mile (1,200 km) radius.



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 City Council has 11 members, who serve for four-year terms. On August 15, 2023, the City Council formally adopted a 10-1 voting system. This system divides the City into ten districts of approximately equal voting-age population. Under this system, each voter is able to vote for only the Mayor and the representative for their ward district. The City Council elects a Vice-Mayor from among its members for a two-year term at its biennial organizational meeting.

The City operates under the Council-Manager form of government as established by its City Charter. The City Manager is the administrative head of the municipal government and carries out the policies of the City Council. The City Manager is appointed by the City Council and serves at the pleasure of the City Council.

The City Council also appoints members to certain boards, commissions, and authorities as it deems necessary to the operation of the City. The School Board is made up of 11 members, who serve four-year terms. The Virginia Beach City Charter requires the election of the School Board to be in the same manner and according to the same schedule as elections of the City Council. Accordingly, the 10-1 election ward district system used to elect the City Council is used to elect School Board members. The School Board exercises all of the powers conferred and performs all of the duties imposed upon them by general law. It does not have taxing authority.

The City and School Board provide a full range of general governmental services. These services include police, emergency medical response, fire protection, collection and disposal of refuse, water and sewer, and storm water services, parks and recreation facilities, museums, libraries, and maintenance of streets, highways, parks, and public beaches. Other services provided include public education in grades kindergarten through twelfth grade, public health and social services, certain technical and special education services, behavioral health assistance, planning and community development services, agricultural services, housing services, correctional facilities and judicial services.

The City budget appropriates all funds including City, state and federal pass-through funds for education, social services, correctional facilities and judicial activities. Cities in Virginia have sole property taxing jurisdiction over the entire area within their boundaries and operate independently of any county government. There are no overlapping jurisdictions and, consequently, citizens of Virginia cities are not subject to overlapping debt or taxation. Further, cities in Virginia are prohibited from annexation to adjust their boundaries.

LOCAL ECONOMY – MAJOR INDUSTRIES, ECONOMIC CONDITIONS AND OUTLOOK

Hampton Roads Region

The 24th annual State of the Region Report by Old Dominion University’s Dragas Center for Economic Analysis and Policy provides a positive assessment of the state of the regional economy for 2023 in terms of performance by its three pillars defense spending, Port of Virginia and travel and tourism industry. Some highlights from the report include:

- The report cites the recovery from the pandemic shock and growth in the civilian labor force and employment as well as growth in regional Gross Domestic Product (GDP). The regional economy is on course for its third consecutive year of growth since the pandemic with growth rates of 6.3% in 2021 to \$88.2 billion, an estimated 2.4% in 2022 to \$90.3 billion, and projected 2.0% in 2023 to \$92.1 billion. Based on Bureau of Economic Analysis data from 2020 to 2021, growth in the GDP for Hampton Roads (6.3%) was faster than other regions in the Commonwealth (Richmond, VA 5% and Washington-Arlington-Alexandria, DC-VA-MD-WV 5%), but slower than in other peer or aspirant regions outside Virginia such as Charleston-North Charleston (7.6%), SC, Durham-Chapel Hill,

NC (7.8%), Raleigh-Cary NC (9.0%), and Nashville-Davidson-Murfreesboro-Franklin, TN (12.0%).

- Growth in GDP was driven by increased federal defense spending, continued growth in cargo moving through the Port of Virginia, and resiliency of the travel and tourism industry.
- The economic impact of veterans (including retired military) was identified as a fourth pillar bolstering the regional economy that adds billions of dollars annually. As such, ODU recommends that the region should continue to attract and retain this population, which totaled 224,949 in 2022 or about 12.5% of the region's population with 31.4% of them between the ages of 17 to 44, and 33% of them being military retirees. Roughly 28% of the region's veterans reside in Virginia Beach. Over 10,000 active-duty military separating from the military annually, and veterans in the region are more likely to be employed compared with their civilian counterparts. Moreover, military retirees received pensions and other benefits totaling more than \$2.3 billion annually in 2022, which flow through the regional economy. Also impacting the regional economy is spending (in excess of \$1.1 billion in 2022) by the Veterans Administration for goods and services in support of veterans.
- To sustain and accelerate economic growth, ODU recommends both continued investment in the existing pillars of the regional economy as well as investment in high-growth sectors including cybersecurity and data analytics/modeling/simulation product development, maritime industry, health care and health sciences, renewable energy, and unmanned systems. Also, it recommends that the region improve transportation infrastructure and public education and continue to build a culture of entrepreneurship and innovation for long-term growth. As in prior years, the report recommends the region must continue regional collaboration in economic development initiatives and consider consolidating the provision of city and county services to increase efficiencies, eliminate duplicative administrative structures and reduce costs to taxpayers.

Virginia Beach

According to most recent data published in December 2022 from the U.S. Bureau of Economic Analysis, Virginia Beach's GDP was \$20.6 billion in 2021 or 23.4% of the regional economy (\$88.2 billion) and 4.1% of the Commonwealth of Virginia's economy (\$505.4 billion). If this relationship continues, then the City's economy may be close to \$21.5 billion by 2023 based on ODU's 2023 projections of \$92.1 billion for the regional economy. The Virginia Beach economy rebounded quickly from the COVID-19 pandemic. Increased real estate and personal property assessments, outperformed consumer-driven revenues such as restaurant meals and general sales, and positive trends in the hospitality sector signal a full recovery by 2023. There is also growth in the labor force, jobs, tourism, and tax base.

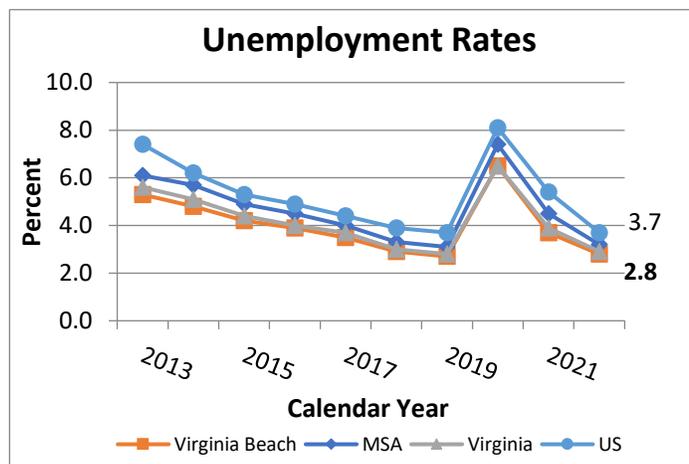
Labor Force and Employment - According to the most recent annual data from the U.S. Department of Labor, Bureau of Labor Statistics, in 2022 Virginia Beach had 27.1% of the region's civilian household labor force (232,263 out of 856,346). The City's household labor force has recovered from its decline in 2020 and 2021, and by the first six-months of 2023, surpassed the pre-pandemic level in 2019 for the same period (see following table).

Virginia Beach	2019* (Pre-Pandemic)	2021*	2022*	% Change 2022 vs. 2021
Civilian labor force	234,572	228,327	232,263	1.7%
Employment	228,302	219,893	225,770	2.7%
January - June				
	2019* (Pre-Pandemic)	2022*	2023*	% Change 2023 vs. 2022
Civilian labor force	233,833	231,614	238,153	2.8%
Employment	227,289	225,499	231,553	2.7%
*Reflects monthly average for the year or 6-month period. Data reflects household survey of employment for payroll and nonpayroll (e.g., sole proprietors, “gig” economy workers, etc.) jobs.				
<i>Source: U.S. Department of Labor, Bureau of Labor Statistics (BLS)</i>				

According to the latest available employer payroll survey data from the Virginia Employment Commission showing composition of the workforce, employers in the City, excluding the military, provided jobs for 171,929 persons through the first quarter (January through March not seasonally adjusted) of calendar year 2023 (199,427 including the military), compared with 168,590 in the first quarter of 2022 (196,088 including the military). This resulted in an increase of 3,339 jobs or 2.0% over this period. During 2023, the largest employment sectors in Virginia Beach were the Service sector (primarily Health Care and Social Assistance, Accommodation and Food Services, and Professional Scientific and Technical), Military, and Wholesale and Retail Trade. As shown in the following table, comparison of the first quarter 2022 with the first quarter 2023, job increases occurred primarily in the Services, Manufacturing and Local Government sectors. Whereas job losses occurred primarily in the Finance Insurance and Real Estate and Construction sectors.

City of Virginia Beach Average Employment by Industry Sector* As of First Quarter 2023 and 2022					
Industry Sector	2022	2023	Change in Jobs	% Change	% of Total Employment for 2023
<u>Private</u>					
Services	82,413	86,081	3,668	4.5	43.2
Wholesale and Retail Trade	24,912	24,548	(364)	(1.5)	12.3
Construction	10,077	9,513	(564)	(5.6)	4.8
Financial, Insurance and Real Estate	11,583	10,889	(694)	(6.0)	5.4
Manufacturing	6,417	6,961	544	8.5	3.5
Transportation and Warehousing	2,670	2,942	272	10.2	1.5
Information	2,909	2,596	(313)	(10.8)	1.3
Agriculture, Forestry, Fishing and Mining	81	87	6	7.4	0.0
Total Private*	141,062	143,617	2,555	1.8	72.0
<u>Public – Civilian</u>					
State Government	1,493	1,406	(87)	(5.8)	0.7
Local Government	19,499	20,199	700	3.6	10.1
Federal Government	6,536	6,707	171	2.6	3.4
Total Public – Civilian	27,528	28,312	784	2.8	14.2
Total Civilian Employment	168,590	171,929	3,339	2.0	86.2
Military	27,498	27,498	-	0.0	13.8
Total Employment	196,088	199,427	3,339	1.7	100.0
* Per the VEC, excludes unclassified businesses, and immaterial amounts have been suppressed in certain industry sub-categories, which are included in the total amounts.					
Sources:					
- Virginia Employment Commission, Economic Information Services Division, Quarterly Census of Employment and Wages Report (QCEW) excluding unclassified jobs; latest data available					
- U.S. Department of the Navy, NRMA (Navy Region Mid-Atlantic) Integrated Shore Requirements Office (N5), Navy Region Mid-Atlantic FFY 2020 Economic Impact Report (February 1, 2022); based on latest data available					

Annual average **unemployment rates** for 2022 were 2.8% for Virginia Beach, 3.2% for the Virginia Beach-Norfolk-Newport News, VA-NC MSA, 2.9% for Commonwealth of Virginia, and 3.7% for the U.S. Unemployment rates have decreased in 2022 compared with 2021 for the City, MSA, Commonwealth and nation as the recovery continues from the impacts of COVID-19 pandemic. The unemployment rate for the nation has reached the 2019 rate of 3.7 and is almost at the 2019 pre-pandemic level for the City (2.7), MSA (3.1) and Commonwealth (2.8). There has been a steady decline in the unemployment rate in Virginia Beach from 2013 through 2019. The shock of COVID-19 caused unemployment to increase in Virginia Beach to 12.6% in April 2020 with

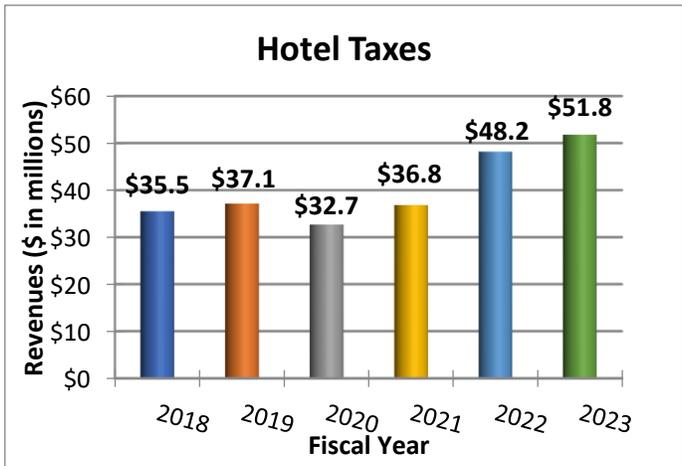


gradual decline to 2.5% in July 2023 as the economy continued recovering. Likewise, for the MSA, the unemployment rate rose to 12.4% in April 2020 and declined to 2.9% in July 2023. For the Commonwealth, the unemployment rate was 11.1% in April 2020 and decreased to 2.7% in July 2023. For the U.S., the unemployment rate was 14.4% in April 2020 and decreased to 3.8% in July 2023. (Source: U.S. Department of Labor, Bureau of Labor Statistics (BLS) reflecting household unemployment rate)

Based on the most recent data available, the **per capita personal income** for 2022 was \$65,986 for Virginia Beach, \$57,873 for the MSA, \$68,985 for Virginia, and \$65,470 for the U.S. Over the 5-year period from 2017 to 2022, the per capita personal income for Virginia Beach has increased an average of 3.7% per year (Source: U.S. Department of Commerce, Bureau of Economic Analysis (BEA)). Based on the latest data available, the **median household income** continues to increase for Virginia Beach in 2022 to \$83,245 compared with \$81,634 in 2021. Median household income for the City has increased an average of 2.8% per year since 2017. (Source: US Census Bureau, 2022 American Community Survey)

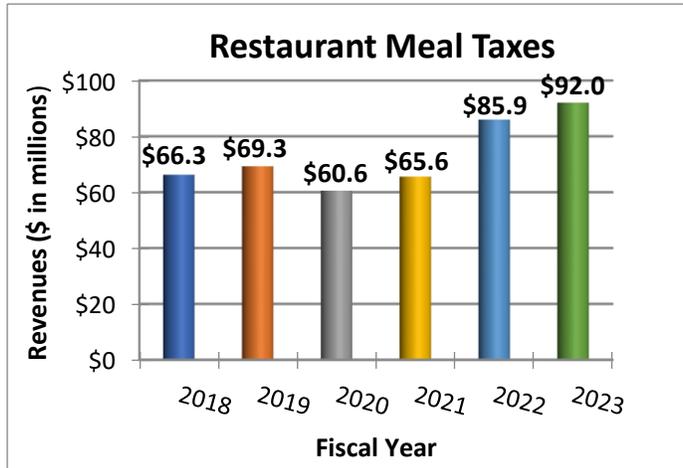
Key Consumer Revenues -Hotel/Lodging

tax revenue (including taxes produced by non-hotels/short-term rental properties) collected in FY 2023 totaled \$51.8 million, an increase of \$3.6 million (7.4%) compared with \$48.2 million collected in FY 2022 and exceeding the pre-pandemic level of \$37.1 million in FY 2019. Over the longer term, hotel tax revenues rose 7.8% annually from 2018 to 2023 on average, which is indicative of the strength of the tourism industry in Virginia Beach. The citywide hotel tax rate remained at 8.0%

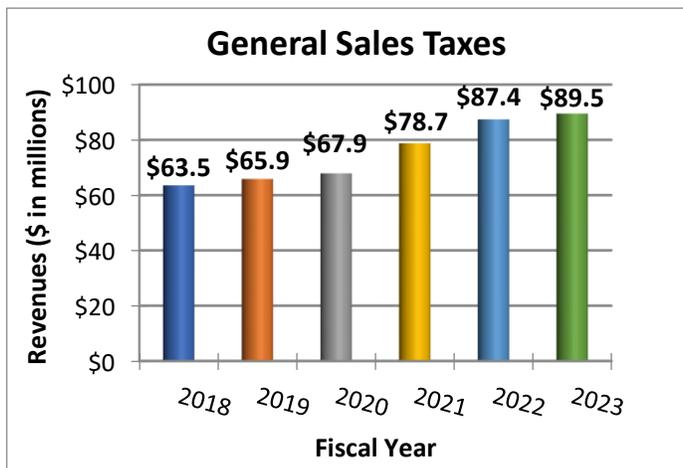


plus the \$2.00/room night charge throughout FY 2023. However, there is an additional 1.5% tax assessed for short-term rentals in the Sandbridge Special Service District for use for beach replenishment and maintenance, for a total of 9.5%. Also, effective May 1, 2021, an additional 1% was added to the citywide rate per 2020 legislation from the General Assembly to be remitted to the Virginia Treasury and used by the transportation district within Hampton Roads; these pass-through amounts are not reflected in the previous chart.

Restaurant meals tax revenue collected in FY 2023 totaled \$92.0 million, an increase of \$6.1 million (7.1%) compared with \$85.9 million collected in FY 2022 and exceeding the pre-pandemic collections in FY 2019. Over the long term, restaurant meals tax revenue has been a consistent performer and has increased annually 6.8% on average over the last six years. The restaurant tax rate remained 5.5% throughout this period.



General sales tax revenue reflects the City’s 1% share of the State sales tax. The amount collected in FY 2023 totaled \$89.5 million, an increase of \$2.1 million (2.4%) compared with \$87.4 million collected in FY 2022. This revenue stream has been increasing annually over the last six years by 7.1% on average.



Tax Base - Virginia Beach real estate assessments as of July 1 are projected to total \$76.2 billion in FY 2024, an increase of roughly 9.4% over FY 2023 (\$69.7 billion) following a 9.5% increase in FY 2023 over FY 2022 (\$63.7 billion). The City’s tax base has steadily grown from FY 2018 (\$55.5 billion) through FY 2024 (projected) with annual increases of 5.4% on average. *(Source: Real Estate Assessor’s Office, Annual Report)*

Residential and commercial building activity has continued to grow somewhat. The number of building permits issued (net of demolition permits) for calendar 2022 totaled 7,719 valued at \$207.3 million, which exceeded the number and value of permits in calendar 2021 of 7,698 and \$147.2 million, but less in value than for calendar 2019 having 6,356 permits totaling \$430.8 million. For calendar 2023 through October the number and value of building permits (net of demolition permits) totaled 5,684 and \$320.1 million, respectively. Compared with the same period in 2022, this reflected a decline of 15.7% in the number of permits (6,740) but an increase of 75.5% in the value of permits (\$182.4 million). According to the Office of the Real Estate Assessor, for the second quarter of 2023, expansion in the tax base continued with the value of new construction of \$287.4 million compared with \$190.3 million for the second quarter of 2022. New construction (including additions and renovations) was primarily residential totaling \$239.8 million (83.4%) with \$47.6 million (16.6%) being commercial construction. New residential dwelling units and business structures added to the City’s tax base totaled roughly 224 (207 and 17, respectively) versus roughly 254 in 2021 (comprised of 246 residential and 8 commercial units). *(Source: Department of Planning and Community Development, Office of the Real Estate Assessor, New Construction Report for the Quarter Ending June 30, 2023).*

Major Industries

The strength of the City’s economy lies in its diversification including construction/real estate, light industry, technology services, wholesale and retail sales, agriculture, advanced manufacturing, healthcare, four major military bases, and hospitality and convention trade. The City encourages and supports this diversification. The three largest business and industrial sectors in the City are Defense, Tourism, and Agriculture. Defense spending, the Port of Virginia, and Tourism continue to be stabilizers of and sources of growth in the Hampton Roads regional and Virginia Beach local economies.

Defense Spending - According to ODU’s 2023 State of the Region report, the Department of Defense’s direct spending in Hampton Roads in FY 2023 is projected to be \$27.1 billion reflecting an increase of \$1.4 billion or 5.4% increase over the 2022 level of \$25.7 billion. According to ODU, defense-related spending accounts for 40% of the regional economy or 4 of every 10 dollars spent in the region. The federal fiscal year 2023 (FFY) discretionary/base budget amount for the Department of Defense was \$797.7 billion, an increase of \$41.1 billion or 5.4% over FFY 2022 \$756.6 billion. Although the President proposed an FFY 2024 Budget for Defense of \$842 billion, Congress has not yet enacted the National Defense Authorization Act for Fiscal Year 2024.



On November 16, 2023, the President signed into law the H.R. 6363 “Further Continuing Appropriations and Other Extensions Act, 2024,” which extends FFY 2023 funding levels to provide FFY 2024 appropriations to Federal agencies for continuing projects and activities funded through January 19, 2024 for four appropriations bills (Agriculture-Rural Development, Military Construction-Veterans Affairs, Energy & Water, and Transportation-HUD) and through February 2, 2024 for the remaining eight appropriations bills (Commerce-Justice-Science, Defense, Financial Services & General Government, Homeland Security, Interior-Environment, Labor-HHS-Education, Legislative Branch, and State & Foreign Operations). On September 30, 2023, the President signed into law the H.R. 5860, which provides fiscal year appropriations to Federal agencies through November 17, 2023 for continuing projects and activities of the Federal Government under FFY 2023 funding levels and extends several expiring authorities, such as reauthorizing the Federal Aviation Administration through December 31, 2023. Also, the signed bill includes supplemental funding and/or authorization of \$16 billion for natural disaster relief for events during 2023 (*Source: The White House/Federal CR Press Releases for H.R.5860 and H.R. 6363, Federal Times, October 2, 2023, and National Association of Counties, November 16, 2023*).

The region and Virginia Beach continue to experience significant direct defense spending from military bases located within the City. In conjunction with defense spending, defense contract

spending has a sizable impact on the economy. The City is home to various defense contracting companies including SAIC, Lockheed Martin Corporation, ADS Tactical Inc., Q.E.D. Systems, Inc., Valkyrie Enterprises, LLC, Allied Technology Group Inc., Global Technical Systems (GTS), and Northrop Grumman (*Source: Virginia Beach Department of Economic Development*). Based on the latest analysis by the U.S. Department of Defense, Office of Local Defense Community Cooperation report “Defense Spending by State Fiscal Year 2022”, defense contract spending totaled \$41.98 billion in FFY 2022 for Virginia, an increase of 9.1% compared with \$38.48 billion in FFY 2021. For FFY 2022, defense contract spending totaled \$2.24 billion for Virginia Beach, an increase of 1.5% compared with \$2.21 billion in FFY 2021.

The Port of Virginia – The Port of Virginia has the deepest, obstruction-free shipping channels on the East Coast and is the third largest container port on the East Coast (and second largest in tonnage) with capacity to process over four million containers annually. The Port does more than service ships hauling cargo: it drives investment, job creation, revenue growth, and connects Virginia to the world. With 50-foot channels, six marine terminals, and the largest container cranes in the world, the Port of Virginia connects global businesses to their customers anywhere, as well as being one of the nation’s 16 strategic ports for deploying military personnel and equipment worldwide. Nearly 30 international shipping lines offer direct, dedicated service to and from Virginia, with connections to 200+ countries around the world. The Port is the largest intermodal rail port on the East Coast, with to/from service to 19 inland destinations.



Photo of Virginia International Gateway © The Port of Virginia

The Port is one of the pillars of the Hampton Roads economy. And, it has a sizable positive impact on the state’s economy according to the most recent economic impact report by the College of William and Mary (April 26, 2023) as shown in the following table.

FY 2022 Economic Impact of the Port of Virginia
• \$124.1 billion in output sales (12%)
• \$63.0 billion in Virginia Gross State Product (10%)
• \$41.4 billion in Virginia labor income (7%)
• 565,000 full- and part-time jobs
• \$5.8 billion in State and Local taxes and fees (8%)
<i>Source: College of William & Mary, “The Fiscal Year 2022 Virginia Economic Impacts of the Port of Virginia”, April 16, 2023.</i>

According to the State of the Port 2023 presentation to the region (April 2023), over the last 20-years market share in terms of container growth has been shifting from the west coast to the east coast. Although 2022 was an exceptional and record-breaking year for the Port of Virginia, the overall market declined in 2023 with the impacts felt less in the Port of Virginia compared with west coast ports.

Summary of Trade through the Port of Virginia & Four East Coast Ports						
	Pre-Pandemic FY 2019	FY 2022	FY 2023	% Change FY 2023 vs. FY 2022	% Change FY 2023 vs. FY 2019	Market Share in TEU Volume
Port of Virginia:						3
Total TEUs*	2,938,856	3,695,156	3,429,654	-7.2%	16.7%	
General Cargo Tonnage	22,080,857	26,025,540	25,175,108	-3.3%	14.0%	
Ship Calls	1,570	1,471	1,650	12.2%	5.1%	
Total TEUs:						
New York/New Jersey	7,382,164	9,485,493	8,330,549	-12.2%	12.8%	1
Savannah, GA	4,480,639	5,763,713	5,376,452	-6.7%	20.0%	2
Charleston, S.C.	2,393,099	2,853,050	2,581,377	-9.5%	7.9%	4
* TEU = Twenty-Foot Equivalent Units (includes imports, exports, loaded and empty containers)						
Source: U.S. Dept of Transportation, Bureau of Transportation Statistics and respective Port websites						

Global trade is big business in Virginia Beach, with over 50 international-based firms having their U.S. or North American headquarters in the City. Examples include consumer product firms like STIHL Inc. and Kettler International Inc., and industrial companies such as Busch Vacuum Solutions, Hermes Abrasives, Ltd., IMS:Gear Virginia, Inc. (Source: Virginia Beach Department of Economic Development). Increased demand for port services is anticipated with continued growth in the transportation and warehousing sector in the City (10.2% in 2023 Q1 related employment per Virginia Employment Commission) including new development announcements in 2023 such as global container shipping company ZIM American Integrated Shipping Services headquarters relocation and expansion and two Amazon warehouse facilities planned for the Dam Neck/Harper’s Road area including a 3.2-million square-foot fulfillment center (estimated completion in 2025) and a 219,000 square-foot “last-mile” delivery station (estimated completion in 2024).

The Port’s ability to compete has been bolstered by the continuation of major capital investments. The next phase of infrastructure improvements over the next four years totals \$1.2 billion, including:

- **Norfolk Harbor Deepening/Widening Project** - funded by the U.S. Army Corps of Engineers and the Commonwealth of Virginia (50% each) totaling an estimated \$450 million that will deepen the Norfolk Channel to 55’, the Thimble Shoals channel to 56’, and the Atlantic Ocean channel to 59’, and widen the channel to permit two-way navigation, which will also be a benefit to U.S. Naval operations. The Port anticipates the channel project to be completed by late 2024. This project will improve the competitiveness of the Port, enabling it to regain its status as the deepest port on the east coast, and attract more ultra large container vessels (transporting over 24,000 TEUs), helping to diversify the regional economy.

- **Norfolk International Terminal Rail Project** – This \$90 million project will increase rail capacity by 30% with estimated completion in 2024.
- **North Berth at Norfolk International Terminals** – This \$650 million project will modernize and increase capacity from 1.4M to 2.2M TEUs bringing the Port of Virginia to 5.8M TEU capacity with Phase I date estimated in 2025 and Phase II completion date estimated for 2027. (Source: *The Port of Virginia, Monthly Statistics and 2020 Annual Report, Virginia Port Authority Annual Comprehensive Financial Report FY 2022, The Port of Virginia, 2023 State of the Port Presentation by Stephen Edwards, CEO, April 25, 2023*).

Tourism - Tourism is an important industry in Virginia Beach and a vital component in the City’s economy producing revenues from visitor spending that supports the provision of City services and capital projects. Examples of projects include the Virginia Beach Convention Center, Virginia Beach Sports Center, Atlantic Park Entertainment Venue, Atlantic Park Parking, 17th Street Regional Stormwater Facility, and Pacific Avenue improvements. According to a study of the economic impact of



visitor spending to Virginia Beach conducted in September 2023 for the City by Tourism Economics (an Oxford Economics Company), there were 13.6 million visitors to the City in 2022 compared with 11.5 million in 2021 and 13.6 million in 2019 (pre-pandemic); these included international and domestic day and overnight visitors. Based on its econometrically-based visitor volume model using actual Virginia Beach tourism data, the study estimated direct visitor spending in Virginia Beach totaled \$2.4 billion in 2022 compared with \$2.1 billion in 2021, and \$1.9 billion pre-pandemic in 2019. Visitor spending includes spending in these industries: lodging including second home spending (i.e., upkeep costs for seasonal second homes used for recreation), food and beverage, retail, recreation, and local transportation. Furthermore, visitor spending had an estimated total economic impact on Virginia Beach’s economy of \$3.7 billion in 2022 (comprised of \$2.4 billion in direct spending, \$825 million in indirect impacts and \$459 million in induced impacts) and generated \$324 million in state and local taxes. The study indicated that visitor spending directly supported 32,704 total jobs (direct, indirect and induced) (19% of total civilian jobs in the City for 2022) with a labor income of \$900 million in 2022.

The Tourism industry’s performance, as indicated by hotel market data, improved during FY 2023 compared with FY 2022. According to hotel market data from January to July 2023 provided to the Virginia Tourism Corporation by Smith Travel Research Inc., a division of CoStar Group Inc. that provides market data on the U.S. hospitality industry, citywide hotel performance has improved with increased demand for rooms, room revenues, and average daily rates charged to visitors. Specifically, this data showed room demand increased by 3.5%, room supply increased

by 3.2%, occupancy increased by 0.30% from 60.9% to 61.1%, average daily rate paid per room increased by 1.7% from \$166.58 to \$169.39 and revenue per available room increased by 2.0% from \$101.5 to \$103.49.

Agriculture - In 2022 (latest data available) Agriculture comprised 25,897 acres of farmland in production (versus 26,407 in 2021) and over 206 farms and farm-related businesses. The agricultural business sector is diverse including production agriculture/agronomic crops (soybeans, corn, and wheat), fruits and vegetables (over 24 different locally grown products including the area's highly regarded strawberry crop), equine, livestock, and agritourism consisting of on-farm agricultural education and programs, pick your own operations, farm to table events, and special theme event programs.



Cullipher Farms Sunflowers and Salmons Farms Grain Silos

According to the annual analysis by Virginia Cooperative Extension/Virginia Polytechnic Institute and State University, agriculture generated \$191.0 million in economic impact in 2022 compared with \$170.9 million in 2021. The growth in the economic impact of agricultural products in 2022 showed growth in fruits and vegetables, agritourism, Farmers Markets, and equine industry but most notably with crop commodities of corn, wheat, and soybeans. These crops produced increases in yield per acre and price per bushel.

KEY INITIATIVES

The FY 2023 financial report reflects the use of resources to achieve the City government's vision as defined by City Council in its five strategy areas established in its two-year [Strategic Plan FY 2022-23](#) that it affirmed in September 2021: 1) 21st century infrastructure, 2) safe and healthy community, 3) growing economic opportunity, 4) thriving neighborhoods, and 5) innovative and sustainable government. For more details about the progress made toward these focus areas, see the report posted on the City's website [Year-End Performance Report FY 2023](#). To ensure that Virginia Beach remains a preferred coastal city to attract residents, businesses and visitors, the City balances its efforts and use of resources to sustain the important components that make the City livable and successful. City Council's vision and strategies provide direction for these efforts. Highlights of some key initiatives during FY 2023 impacting the success and sustainability of the City are shown below.

Flood Protection

Sea Level Rise/Recurrent Flooding Comprehensive Analysis

Flood protection associated with more frequent and intense storm events, sea level rise and land subsidence has become a critical issue in the Hampton Roads region and for the City. As a coastal community, Virginia Beach is proactively assessing its vulnerability, developing strategies, and implementing policy and engineering measures to increase its



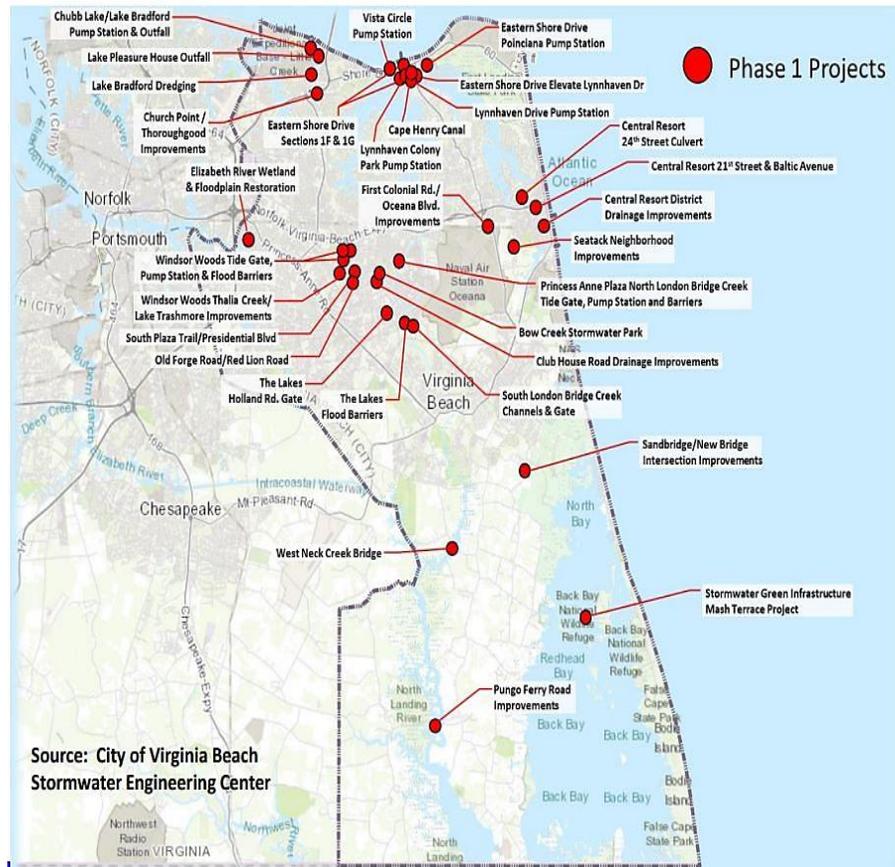
resiliency to reduce the impacts of severe storm events and tidal and storm surge flooding. The City's approach to resiliency incorporates the City's Stormwater Master Drainage Plan, the Sea Level Wise Adaptation Strategy Plan, and Water Quality Regulations.

The Stormwater Master Drainage Plan involves two phases. The first phase is complete and created detailed computer models of the City's five major watersheds: Lynnhaven, Oceanfront, Elizabeth River, Little Creek and Southern Rivers (the Southern Rivers watershed includes Back Bay, North Landing River, Northwest River, and Small Coastal South) to assess the stormwater infrastructure performance and identify areas where flooding is occurring. The second phase is underway and is developing master plans for all drainage basins in the five major watersheds to identify the needed infrastructure improvements to mitigate the flooding in areas identified from the modeling. This plan, which is addressing rainfall and stormwater drainage issues, works in conjunction with the Sea Level Wise Adaptation Strategy Plan, which focuses on coastal hazards and future conditions.

The Sea Level Wise Adaptation Strategy Study is complete. It outlines a proactive, long-term approach to enable Virginia Beach to adapt to changing environmental conditions to ensure a vibrant future. This plan is the culmination of five years of work that included input from technical experts, community participants, and regional partners to gain a full understanding of flood risk and anticipated changes that will occur over time. The plan outlines policy and engineering strategies to reduce short and long-term impacts and creates city-wide and watershed-level 'action plans' to guide strategy implementation. Furthermore, the plan aims to improve Virginia Beach's overall flood resilience by using natural mitigations to lessen the magnitude and extent of flooding events through open space nature-based features in addition to engineered solutions to prevent the passage of floodwater into inhabited areas. On June 16, 2020, City Council adopted and incorporated the Sea Level Wise Adaptation Strategy report into the City's Comprehensive Plan. The final Sea Level Wise Adaptation Strategy plan is posted on the City's website and can be found at this link [Sea Level Wise](#).

Since 2014, the City has performed numerous scientific studies to determine the correct design standards which should be utilized for future projects. The new Public Works Design Standards contain more stringent stormwater requirements including Modeling, Increased Design Rainfall

Depths, Starting Tailwater elevations, Groundwater Baseflow and Sea Level Rise. These design standards were adopted by City Council on June 16, 2020, and updated in March 2022 for incorporation into the City Code. The City developed a funding strategy using a combination of property tax increases and Stormwater Utility Equivalent Residential Unit (ERU) fee rate increases to fund an aggressive operations and maintenance program and Capital Improvement Program. Tax and fee increases were approved by City



Council in the Adopted FY 2020 Budget; however, the stormwater ERU rate increases for July 1, 2020, and July 1, 2021, were postponed until FY 2023 to provide relief to residents and businesses due to the impacts of COVID-19. In addition, to accelerate flood protection capital projects, on July 13, 2021, City Council approved the Flood Protection Program Bond Referendum question for the November 2, 2021, General Election ballot to obtain voter approval to issue \$567.5 million in General Obligation Bonds for the design and construction of twenty-one stormwater flood mitigation projects within 10-years for Phase 1 of a multi-phase flood protection program. Based on election data results from the Virginia Department of Elections, Virginia Beach voters approved the bond referendum by a wide margin with 72.7% of ballots (110,834) cast voting “yes” versus 27.3% (41,669) voting “no”.

Following the Flood Protection Program Bond Referendum, City Council adopted an ordinance on November 16, 2021, to freeze the Stormwater ERU fee at the current rate of 49.3¢ daily until FY 2029. In support of the Referendum, City Council dedicated 4.1¢ in real estate taxes in the FY 2023 Adopted Budget to the Flood Protection Referendum Fund to pay the debt service on General Obligation Bonds to be issued for the flood protection projects. Previously, Flood Protection projects were supported by the Stormwater Utility fee, and completion of these priority projects would have taken nearly forty years with the previous level of funding. As a result of the

Referendum, these projects are to be completed by 2032. To augment the local resources provided for the maintenance of the stormwater system, in the fall of 2021, City Council appropriated over \$44.0 million from the American Rescue Plan Act to two projects, Lake Management and Neighborhood Rehabilitation; these funds are required to be spent by 2026. This infusion of funding is nearly two and a half times more than stormwater maintenance projects receive in a typical year and will enhance maintenance for 17 lake dredging projects and approximately 60 miles of pipe cleaning for 21 neighborhoods.

The FY 2023 Flood Protection Capital Improvement Program combined the twenty-one projects from the Bond Referendum into seven Master Projects to include companion projects that were already underway in the Stormwater Capital Improvement Program. The FY 2023 Flood Protection Capital Improvement Program is forecasting to spend \$404 million over the next 6 years to address recurrent flooding and the FY 2023 Stormwater Capital Improvement Program is forecasting to spend \$457.7 million for stormwater utility system capital maintenance,



August 16, 2023 - Windsor Woods Tide Gate construction.

stormwater quality and other stormwater system needs. In addition to the funding from the federal government and Stormwater Utility, the FY 2023 Adopted Stormwater Capital Improvement Program included \$18.7 million for a Regional Stormwater Management Facility at 17th Street in the Resort Area funded through the Tourism Investment Program Fund due to the limited capacity of the Stormwater Utility Fund given the frozen ERU rate. Almost all of the projects in the FY 2023 Flood Protection Capital Improvement program have started, except for two. To complete all the projects within ten years, the City is using the design-build delivery method for ten of them. Out of those ten, seven have been included in one design-build contract which is currently in the procurement phase. Eight projects are in the planning/preliminary engineering phase, ten are in the design phase, two are in the construction bid phase, five are under construction, and one project has been completed.

Beach Nourishment - The City has a strong commitment to maintain its beaches to reduce the risk of coastal flooding and resulting storm damage to public and private infrastructure. The City continues to use periodic beach nourishment projects to fortify its public beaches by maintaining their elevation and width. A wider beach improves storm protection by increasing the distance between the upland bank and waves. Like most East Coast beaches, Virginia Beach



Ocean Park, June 2022

experiences moderate beach erosion resulting from wind and wave action. Cost-effective periodic beach nourishment at Virginia Beach has been demonstrably successful in combating natural erosion and stabilizing the shoreline position. Beach nourishment is acknowledged as an important element in adaptation strategies to combat sea level rise. According to the U.S. Army Corps of Engineers (USACE), the most recent renourishments of the City's Resort/North End Beach in 2019 (1.4 million cubic yards of sand) and the Sandbridge Beach in 2020 (1.7 million cubic yards of sand) prevented damage to coastal infrastructure of \$450 million and \$140 million, respectively.

A summary of recent and planned nourishment activities for the City's Beaches is detailed below.

Beaches on Atlantic Ocean

- **Resort Beach and North End** –The next renourishment cycle is planned for early 2024.
- **Sandbridge Beach** –The next renourishment cycle is being planned for 2025 with an anticipated federal contribution of \$22 million.
- **Croatan Beach** - The City completed significant dune restoration work at Croatan Beach in December 2018, which was followed by a 50,000-cubic yard beach nourishment that was included in the federal/USACE Rudee Inlet maintenance dredging performed in March 2022. Capital project 100142 Croatan Beach Restoration programs \$2.5 million in the FY 2024-FY2029 Capital Improvement Program for future sand placement as needed. A placement of 120,000 cubic yards of sand is being planned for early 2024.

Beaches on Chesapeake Bay

The bay beaches adjacent to the Lynnhaven Inlet, Cape Henry, and Ocean Park have been nourished multiple times using sand from the federal/USACE Lynnhaven Inlet maintenance dredging project. Bay Beaches Restoration (project 100030) provides funding for sand placement along Cape Henry and Ocean Park beaches that occurs from sources other than the Lynnhaven Inlet federal channel dredging project.

- **Cape Henry Beach** - A truck haul placing approximately 70,000 cubic yards of sand from the City's Lynnhaven Dredged Material Management site was completed in July 2023. The

next planned nourishment of Cape Henry Beach from the Lynnhaven Inlet federal channel dredging is planned for winter 2023/2024 with the placement of an additional 180,000 cubic yards of sand.

- **Ocean Park Beach** – This beach was improved to a higher and wider dimension with a major beach and dune restoration project completed July 2022 in partnership with the Virginia Port Authority making use of sand mined from their Norfolk Harbor and Channels Deepening project from the Thimble Shoal Channel. The City’s cost for the Ocean Park restoration sand placement was \$6.14 million to place 400,000 cubic yards of sand along 6,000 feet of beach. This was four times more sand than has ever been placed on Ocean Park Beach. Future renourishment of Ocean Park Beach will occur from dredging of the Lynnhaven Inlet Federal channel.
- **Chesapeake Beach** – This beach is the westernmost bay beach. Its nourishment project was completed in May 2018 where over 430,000 cubic yards of sand were mined from a nearshore borrow site and placed on the beach. A project to continue maintenance of the restored Chesapeake Beach (project 100064) is fully funded at \$8.5 million in the FY 2023 Capital Improvement Program, with the next replenishment planned for late 2023.

Tourism

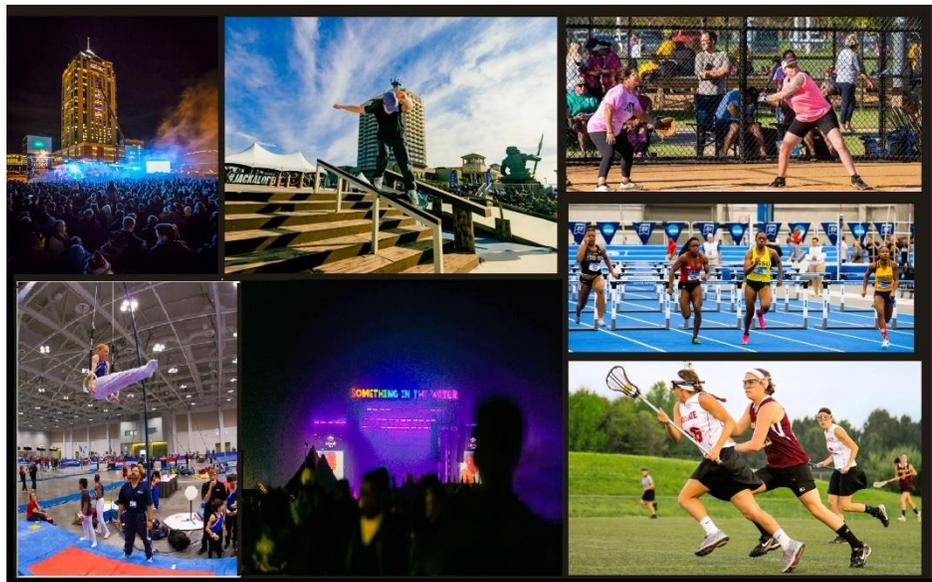
To expand the tourism sector of the economy, the tourism, travel and hospitality industry has continued investing in its products. Also, the City Council has supported and/or funded multiple initiatives, such as Virginia Beach Convention Center, Virginia Beach Sports Center, Virginia Aquarium, and public portions of the Atlantic Park project (Entertainment venue, parking, streetscapes and off-site infrastructure).

Convention quality hotels – The hotel product in the City continues to be refreshed and expanded. According to Smith Travel Research data, as of July 2023 the available hotel room inventory in the City consisted of 11,571 hotel rooms located in 105 properties, reflecting an increase of 205 (1.8%) hotel rooms compared with July 2022 (11,366 hotel rooms in 102 properties); this inventory will fluctuate throughout the year due to hotel renovations, new construction, and seasonal and weather closures. Two new hotels opened at the Oceanfront in 2023, the Embassy Suites by Hilton (February 2023, \$47 million 12-stories with 157-rooms and meeting space) at the Cavalier Hotel complex on 42nd Street and The Moxy located at 1201 Atlantic Avenue (June 2023, seven-stories with 134-rooms) (*Source: The Virginian Pilot, February 17, 2023, Smith Travel Research, and Alexandria Living Magazine, April 11, 2023*). There are multiple hotels in various stages of development including Tempo/Homewood Suites by Hilton (14-story 209-rooms) planned for Pembroke Square with anticipated opening in winter 2026; Home2 Suites by Hilton currently under construction in the Princess Anne corridor adjacent to Tidewater Community College (114-rooms and free-standing restaurant) anticipated to open in 2024; Hampton Inn and Suites Town Center on the corner of Columbus Street and Market Street (\$19 million, 14-story, 120-room); and Homewood Suites by Hilton at the Oceanfront (142-rooms with parking garage located between 31st and 33rd Streets on Atlantic Avenue anticipated to open in 2025).

The City has offered incentives for the development of convention quality hotels. For the \$440 million Cavalier Resort project that began development in 2014 and was completed in nine years,

the City provided \$18 million in various incentives for the restoration of the historic Cavalier Hotel (85-room Marriott Autograph Hotel opened in March 2018). Also, this project included two companion hotels, the Oceanfront Marriott Hotel with parking garage (adding 305 rooms, convention meeting space and opened in May 2020) and Embassy Suites by Hilton as previously mentioned, the Cavalier Beach Club, 42 Ocean (35 luxury condominiums), Cavalier Residences (81 single-family houses), a public park and Atlantic Avenue road improvements. Initial projections were that these three hotels would produce annual revenues of \$2 million to the City in Year 1 growing to \$6 million by Year 7 with net present value over 20-years to the City of \$65 million, net of City incentives. According to the project developer, the Cavalier Resort is generating \$9.5 million annually in tax revenue to the City and that the City recouped its \$18 million investment by 2021 before the resort project was completed (*Source: Cavalier Resort Virginia Beach 2023 - Council Presentation February 21, 2023, Gold Key/PHR*).

Sports Tourism and Special Events – Events are held throughout the year to promote Virginia Beach as a year-round destination. Over the years sporting events and special events/festivals have energized the tourism industry by attracting visitors to the City. Pre-pandemic, in 2019 there were 406 special events held in the City of which 179 were held in the resort area and 227 in other areas of the City. By 2023 through October, there were 355 events held of which 193 were in the resort and 162 in other areas of the City. Various sports facilities (city owned and privately owned) that host sporting events (including local, regional and national events) are located in the City including but not limited to Virginia Beach Sports Center, Virginia Beach Convention Center, Hampton Roads Soccer Complex, Virginia Beach oceanfront, Princess Anne Athletic Complex, USA Regional Field Hockey Training Center, Virginia Beach Field House, Virginia Beach Sportsplex, Pickleball Virginia Beach (formerly Owl Creek Tennis Center), Iceland Family Skating Center, Outdoor 50-meter Pool at Princess Anner Family YMCA, USA Regional Field Hockey Training Center, and Virginia Beach Tennis and Country Club (*Source: Victus Advisors, “Final Report: Updated Virginia Beach Sports Tourism Market & Facilities Opportunity Study”, February 1, 2023*). According to the most recent sports tourism market and facilities opportunity study by Victus Advisors (February 2023), sports tourism generated 132,943 hotel room-nights in FY 2021-22 and the Virginia Beach Sports Center was responsible for 52,869 or 40% of those and sports events held at the oceanfront generated 26,000 or 20%. According to the City’s Convention and Visitors Bureau, during FY 2023, a total of 165 sporting events (with estimated attendance of 559,424) were held in the City. A few examples of annual, recurring sporting and special events



held in 2023 include the Last Night on the Town in Town Center in its ninth year (December 31), East Coast Surfing Championship in its 61st season, Virginia Beach Neptune Festival in its 49th season, Yuengling Shamrock Marathon in its 51st season (March 17-19), ISSA (International Senior Softball Association) Senior Softball in its 16th season, and North American Sand Soccer Championships in its 30th season. In 2023 new or recently introduced sporting/special events held included the NCAA (National Collegiate Athletic Association) Division II Indoor Track and Field Championships (March 10-11), Bulls & Barrels Beach Rodeo (April 15-16), Something In The Water (April 23 -30), WCLA (Women’s Collegiate Lacrosse Associate) National Championship (May 9-12), Jackalope Festival (June 2-4), BEACH IT! Festival (June 23 – 25), and Chartway Virginia Beach 10 Miler & 5K (September 2-3). To measure the benefit to the City of these events, City Council requested an economic impact analysis of eight sporting/special events and festivals. The events selected for the study included legacy events as well as events in their second and first year: North American Sand Soccer Championships, Bulls & Barrels, Something In The Water, Jackalope, BEACHIT!, Boardwalk Art Show, Virginia Beach Neptune Festival, and Virginia Beach Jeepfest. As shown in the table, some key findings of the study by the Institute for Service Research for five events held in April and June 2023 reflect a range of positive economic impacts.

Economic Impact of Five Special Events Held in Virginia Beach in 2023¹	
<ul style="list-style-type: none"> • Economic impact: \$62.8 million - \$70.7 million • City revenues: \$3.9 million - \$4.3 million • City expenditures: \$3.5 million • Virginia Beach hotel room nights generated: 33,596 – 44,010 	
<ol style="list-style-type: none"> 1. <i>Bulls & Barrels (April 15-16), Something in the Water (April 28-30), Jackalope (June 2-4), North American Sand Soccer Championships (June 9-11), and Beach It! (June 23-25)</i> 	
<p><i>Source: Institute for Service Research, City Council Presentation - Convention & Visitors Bureau 2023 Resort Events Economic Impact Studies, October 17, 2023.</i></p>	

Atlantic Park (former Dome site) –

The Virginia Beach Development Authority negotiated a development agreement with Venture Realty Group for a \$335 million mixed-use, multi-venue year-round entertainment complex on the former Dome site, a 10.35-acre site over three blocks between 18th and 20th Streets at the oceanfront. The development agreement was approved by the Virginia Beach Development Authority and City Council on November 2019. The complex will include mixed-use retail, office space, multi-family housing, an approximately 4.2-acre Wavegarden Surf Park including an approximately 2.68-acre surf lagoon and related facilities, and a 3-story 3,500-seat indoor & 1,500 capacity outdoor entertainment and concert venue. The project will involve private financing of \$210 million and a City contribution of approximately \$125 million for parking, offsite infrastructure including undergrounding duct banks, traffic signals, pedestrian crossing, stormwater improvements and streetscapes, and an entertainment



venue “The Dome”. The City’s contribution is funded by the City’s Tourism Investment Program Fund. Also, the agreement entails a performance grant of a maximum of \$5 million annually over 20 years from the project-generated tax revenues. Construction of Phase I (surf park, entertainment venue, commercial, parking and more than 300 multi-family/apartment homes and office spaces) began in March 30, 2023 with planned completion of Phase I in summer 2025 (*Source: Venture Realty Group website, Virginia Business, March 30, 2023 and The Virginian Pilot, March 30, 2023 and August 31, 2023*). Phase II will include the remainder of the multi-family/apartment housing, parking spaces, office and retail development.

Economic Development

The business community in Virginia Beach is comprised of a diverse collection of industries, including national and international corporate headquarters, high-powered and technologically advanced manufacturers, billion-dollar defense contractors, and locally owned small businesses. Two hundred foreign companies representing 27 countries operate in Virginia Beach. The City has multiple business districts including Airport Industrial Park, Corporate Landing Business Park, Oceana area business parks, YesOceana, Pembroke/Town Center, Princess Anne Commons/Innovation Park, and Opportunity Zones (eight in number). Industry sectors that are pivotal to the growth of the local economy include advanced manufacturing, bio and life sciences, defense, information technology/cybersecurity, maritime and logistics, offshore wind, office/retail, and entrepreneurship. To expand the tax base and address City Council’s strategy to grow economic opportunity, the City’s Department of Economic Development has prioritized promoting corporate parks, particularly Corporate Landing and Innovation Park, and work in partnership with NAS (Naval Air Station) Oceana to implement the NAS Oceana Future Base Design initiative to make 14 underutilized parcels totaling 1,100 acres available for lease for future compatible economic development. In FY 2023, significant growth occurred in each of the City’s adopted target business sectors, including several announcements by innovative new businesses as well as small businesses, an important part of our economy.

The City of Virginia Beach Development Authority (VBDA), a component, but legally separate unit, of the City of Virginia Beach established by the Virginia General Assembly in 1964, facilitates the expansion of the tax base by incentivizing through a variety of programs aimed at recruiting, expanding, and enhancing existing businesses and facilitating job creation.

Development Incentives - Assisting in these business development efforts, the City has various economic development incentives in addition to grants and tax credit incentives available from the Commonwealth of Virginia (Commonwealth Opportunity Fund, Virginia Jobs Investment Program, corporate income tax credits, and tax exemptions for manufacturers) and Port of Virginia (various tax credits and Economic & Infrastructure Development Grant Program).

- **Economic Development Investment Program (EDIP)** provides a locally funded discretionary incentive program that promotes business development and expansion to qualifying companies with their growth needs in Virginia Beach. Since the inception of EDIP in 1994, the City and the VBDA have awarded 336 EDIP grants totaling \$71.2 million, which was intended to generate roughly \$2.7 billion in private investment and create and retain 44,648 jobs. For FY 2023, a total of \$4.1 million in EDIP grants were approved for 12 projects, which are intended to leverage more than \$117.9 million in

private investment (ratio of \$29 of private investment to \$1 of public investment). These included various sectors: manufacturing (STIHL Incorporated, SANJO Virginia Beach Inc., Fortis Solutions, Power Train Industries, Inc., Aslin Beer Company, and New Realm Brewing), defense/manufacturing (BMK Ventures, Inc.), warehousing/distribution/maritime/logistics/unmanned systems (Zim American Integrated Shipping Services and DroneUp), and information technology (Vectrona, 360IT Partners, and Jazz Solutions, Inc.). Over this fiscal year, 14 companies proposed to invest a total of \$468.3 million in new capital investments in the City. Also, two additional companies located in the International Incubator and the Old Dominion University Data Science Institute established an office in Virginia Beach.

- **Business License Incentives** available for businesses new to the City that cap the cost of business licenses to \$50 annually for the first two years of operation.
- **YesOceana Program/APZ-1** (Accident Potential Zone) Incentives, developed to meet requirements of the Base Realignment and Closure Commission to protect and retain the Navy’s East Coast master jet base, NAS Oceana, in Virginia Beach. This innovative program consists of zoning ordinances and economic incentives to foster the conversion of nonconforming businesses in the Accident Potential Zone 1 (APZ-1) into conforming ones and relocating ones that cannot be converted to another part of Virginia Beach. Incentives include conditional-use permit waivers, rebates of business license taxes and development fees for compatible business development in the APZ-1 zone around NAS Oceana, and residential property acquisition in APZ-1.
- **Tax Exempt Industrial Revenue Bonds** issued by the Virginia Beach Development Authority for businesses to acquire and construct industrial and commercial facilities.
- **Façade Improvement Grant** program, which is a matching grant program to support small (fewer than 50 employees), locally owned, and operated businesses in the City of Virginia Beach that are current on their City licenses, fees and taxes. Other requirements can be found on the City’s business incentive webpage at [YesVirginiaBeach-Incentives](#). The FIG program’s matching grant investments are up to \$10,000 for exterior building, site, and outdoor dining improvements. This 2023, FIG has awarded 15 small businesses a total of \$119,384 grants which is estimated to incentivize \$463,145 in private capital investment.

Business Support - Five support centers located in the Central Business District are provided to support growth of small businesses, entrepreneurship, and innovation: The HIVE, GrowSmart, VABeach BIO, International Incubator, and the Industrial Incubator.

- **The HIVE** supports businesses in the early stages of development and new-to-market companies by giving them access to a variety of resources,



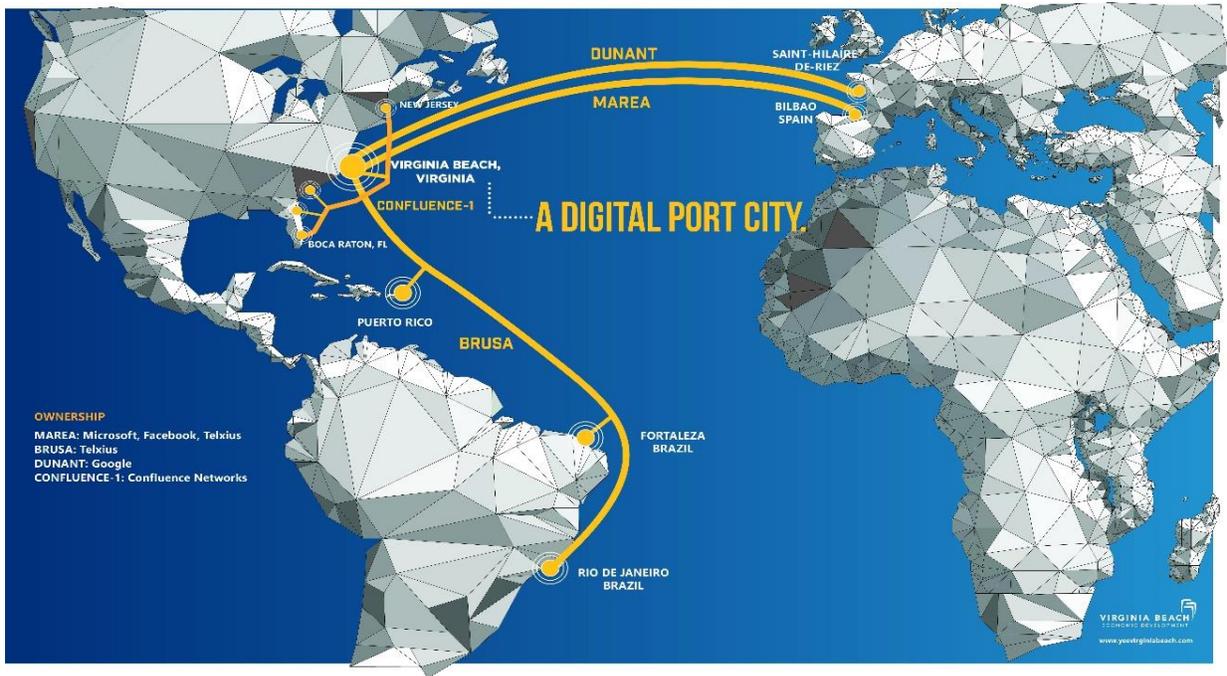
including training and mentoring programs with a number of partner agencies. The HIVE Resource Center is located in Town Center and had a remarkable year, now counting more than 900 clients and 80+ business resource partners. Throughout the year, The HIVE conducted 340 trainings and workshops, assisted more than 310 existing Virginia Beach businesses and startups, and helped 160 organizations secure their State SWaM business certifications. The City's esteemed partnership with Virginia Wesleyan University (VWU) has brought tremendous value to The HIVE. In 2022 alone, VWU has offered 32 talent development courses at The HIVE or on their campus, reaching a total of 1,149 eager learners, of which 74 percent reside in the Virginia Beach area.

- **Grow Smart** provided industry support to childcare businesses in VB: 250 programs, 14,500 childcare spaces and local economic impact of \$175 million. GrowSmart services align with The HIVE and included 12 business trainings, 12 quality professional development trainings, and business mentoring and job embedded coaching serving 400 early childhood educators & business-owners.
- The **VA Beach BIO** is a business accelerator, which features 5,706 square feet of fully furnished space that includes wet/dry labs, private offices, and conference rooms to support startup and small and growing companies in the biotechnology and life sciences sector.
- The **International Incubator** offers Class-A office space and shared conference room and is geared towards foreign companies that need space to grow their sales volume before establishing their own office or manufacturing facility in the City.
- The **Industrial Incubator** initiative began in 2022 given the success of the International Incubator and the need for industrial space. Utilizing a City-owned 16,500-square foot light industrial building situated in the Lynnhaven corridor, the Department of Economic Development is overseeing the design and build-out to accommodate up to five businesses while providing them with office, warehouse, and assembly space. Similar to the previous incubator models, the Industrial Incubator will be a soft-landing spot for international businesses setting up sales and distribution operations in the City before they transition to full production. Although the space will not be ready until 2024 Q1, the Industrial Incubator is being actively marketed to prospects and has received significant interest.

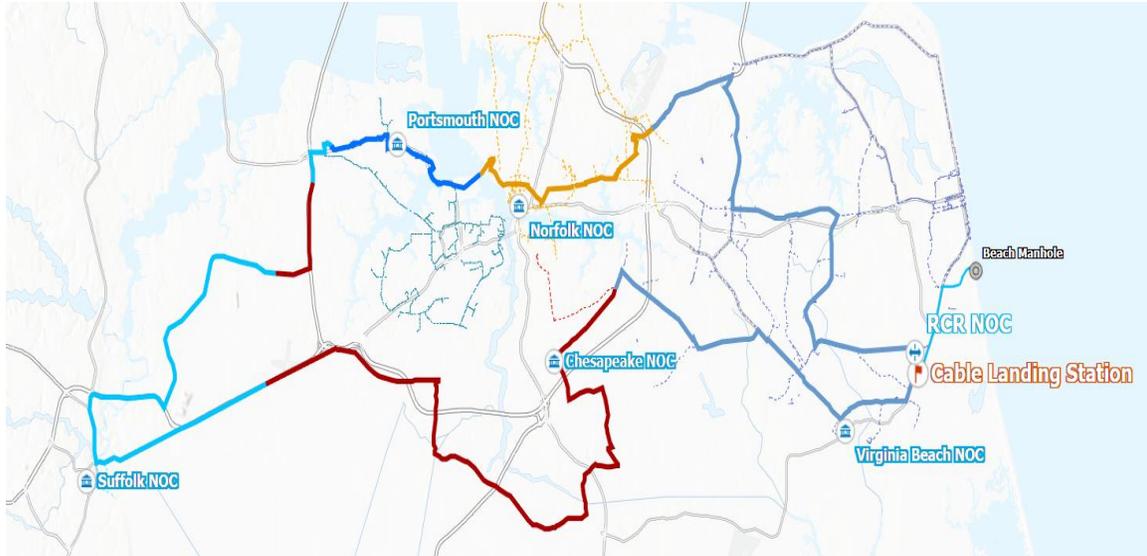
Initiatives to diversify the local economy beyond defense and tourism industries are on-going with developments in technology, biomedical, advanced manufacturing, mixed-use developments, and offshore wind energy industries. Highlights of these efforts are as follows.

Cybersecurity and Information Technology - Virginia Beach is rapidly emerging as a leader in the cybersecurity, information technology, and advanced digital communications industries. The City is a growing international digital port and global internet hub for high-speed fiber-optic subsea telecommunication cables and associated data centers, which create higher-paid tech jobs as well as attract new businesses requiring high-speed data transmission. Subsea cables serve as the major carriers of the internet and are responsible for the majority of the world's digital traffic. Corporate Landing Business Park, a 325-acre, light industrial, research and Dominion Energy-certified data center park, is the city's hub for the digital port. Three cables constructed from 2017 to 2020 are in operation (MAREA, BRUSA, and DUNANT), and two additional cable projects (SA-Ex1 South Atlantic Express, and CONFLUENCE-1) have been announced and are in various stages of planning and development. One data center has been constructed (Globalinx) along with a cable

landing operated by Telxius. The three existing cables and one that is in development are depicted in the following map.



- **Regional High-Speed Broadband** - The Hampton Roads Regional Connectivity Ring project is an open-access telecommunications network to connect the region to the transatlantic subsea fiber optic cables in Virginia Beach. The project is being developed by the Southside Network Authority, comprised of members of the City Councils, Chief Administrative Officers, and Chief Information Officers, who will also manage the usage and the utilization of the fiber ring. As planned, the project will be constructed in four phases and is currently in Phase 1 to construct 119-mile fiber ring to connect the five southside cities (Chesapeake, Norfolk, Suffolk, and Virginia Beach) to the MAREA cable including the construction of 40+ miles of fiber in Virginia Beach. The Ring will connect to high-speed broadband networks through carrier-neutral "hotels" such as Globalinx, among others. The estimated cost for Phase 1 is between \$23 and \$28 million. Virginia Beach funded its share of the cost using \$8.3 million in American Rescue Plan Act funds. Groundbreaking for Phase 1 occurred in April 2022 and construction completion is anticipated by the end of 2023. Future project phases will extend the network further in the Hampton Roads region to provide broadband service to the 17 local jurisdictions and 1.7 million people. This project has multiple benefits to the City and region. This fiber ring could potentially serve Internet Service Providers in areas where the providers lack a presence.



Advanced Manufacturing – Given its central location on the East Coast of the United States and its access to an extensive multi-modal transportation network, and the Port of Virginia, Virginia Beach offers a logistical advantage to manufacturers looking to transport their goods both domestically and internationally. A few examples of manufacturing business expansions announced or underway during FY 2023 included:

- **STIHL Inc.** - employs over 3,300 workers and has consistently expanded its manufacturing operation in the City since establishing its North American headquarters in 1974 growing from 20,000 square-feet to now over 2 million square-feet of manufacturing and office space on 150 acres. In November 2022, STIHL announced a \$49 million expansion project that will add 26,000 square-feet, retain 3,330 jobs and create 15 jobs to expand its chain saw guide bar manufacturing facility totaling 86,000 square-feet upon completion. For this project, VBDA approved an EDIP grant of \$500,000.
- **SANJO Virginia Beach Inc.** - a specialty-type metal stamping manufacturer based in Barcelona, Spain with its North American headquarters in Virginia Beach, is undertaking its second expansion project totaling \$9 million, retaining 10 and creating 40 jobs that will add 23,446 square-foot in manufacturing space, totaling over 50,000 square-feet upon completion in 2024. By remaining in the City, Sanjo remains in close proximity to its primary customer, STIHL Inc. For this project, VBDA provided an EDIP grant of \$350,000.



- **Acoustical Sheetmetal Company (ACS)** - a manufacturer of sound attenuating and weather protective enclosures for on-site power generation equipment that employs 145 workers, is investing \$15.8 million and creating 200 jobs to expand its operation in the City of Virginia Beach with 100,000 square-feet of additional manufacturing space to increase production. ASC's headquarters is located on 5.5 acres in Virginia Beach comprised of 100,000 square-feet of manufacturing space, an 11,000 square-foot clean storage facility, 2,000 square-feet of administrative space, and an acre of staging space. For this project, in July 2020 the Governor of the Commonwealth of Virginia approved a \$750,000 grant from the Commonwealth's Opportunity Fund and provided a Major Business Facility Job Tax Credit for new, full-time jobs created, and funding and services to support employee training activities through the Virginia Jobs Investment Program.
- **Fortis Solutions Group** - a packaging manufacturer that provides products nationwide such as pressure sensitive labels, cold seal, shrink sleeves, flexible packaging, folding cartons, and label applicators, will be investing \$3.1 million to expand its existing 37,500 square-foot facility to 62,500 square-feet with a 25,000 square-foot addition. For this project, VBDA provided an EDIP grant of \$125,000.
- **Power Train Industries, Inc.** - a manufacturer that specializes in driveshaft parts for popular foreign rear-wheel drive cars and light trucks, announced a project to invest \$2.5 million to relocate within the City from a 22,000 square-foot facility to a 100,000 square-foot facility retain 35 jobs and create 95 jobs. For this project, VBDA provided an EDIP grant of \$192,600.

Maritime and Logistics – With its close proximity to The Port of Virginia, the deepest harbor on the East Coast, Virginia Beach has naturally gained a heavy concentration of businesses involved in freight transportation arrangement, marine cargo handling, logistics consulting services, port and harbor operations, coastal and deep-sea freight transportation, supply chain management and warehousing and storage. An example of business development in the maritime and logistics sector announced or underway during FY 2023 is **Zim American Integrated Shipping Services** – a global container shipping company based in Israel that operates a modern fleet on all major shipping routes worldwide, will be investing \$13.9 million, retaining 290 jobs, and creating 307 jobs to relocate its U.S. headquarters from Norfolk to an expanded 70,760 square-foot office building in Virginia Beach with anticipated completion in the 1st quarter 2024. For this project, VBDA approved and EDIP grant of \$1,500,000 and the Governor of the Commonwealth of Virginia approved a grant from the Commonwealth's Opportunity Fund of \$1,497,300.

Industry of Unmanned Systems- Virginia Beach is well-positioned to support the growth of the emergent unmanned vehicle systems industry. **DroneUp LLC** – a Virginia-Beach start-up company founded in 2016, has expanded across the U.S. and Europe, and is a leader in unmanned aircraft systems that provides last-mile drone delivery services in the U.S. and delivers on-demand services to commercial, government and military organizations, including commercial shipyards, off-shore wind facilities, public safety support and disaster management. It employs 300 employees and over 20,000 drone pilots. In 2021, the company announced a multi-year agreement with Walmart, Inc. to provide drone delivery services at 153 stores by June 2024, with a goal of eventually serving all 4,000 Walmart retail stores in the United States. DroneUp will be investing a total of \$27.2 million comprised of an expansion of its Virginia Beach headquarters (\$6.95 million) adding 510 new jobs and construction of a testing, training and research and development center for drone operators at Richard bland College in Dinwiddie County (\$20.2 million) adding 145 new jobs. For this project VBDA approved an EDIP grant of \$800,000. The Governor of the Commonwealth of Virginia approved grants from the Commonwealth’s Opportunity Fund of \$800,000 and from the Virginia Economic Development Incentive Fund.



Offshore Wind Energy - Virginia Beach and Hampton Roads are positioned to become one of the main offshore wind energy hubs in the nation. Virginia Beach Economic Development, alongside State and Regional stakeholders, has been working diligently to help support the growth and development of this new industry by attracting businesses to the local supply chain, working with existing local companies to diversify their offerings and enter the supply chain, and partnering with educational institutions to offer workforce training. Two of the largest offshore wind farms in the U.S. are planned off City shores in the Mid-Atlantic, totaling \$18 billion in private capital investment and will bring 5.1 gigawatt (GW) of energy online. With an estimated cost of \$9.8 billion, Dominion Energy’s Coastal Virginia Offshore Wind (CVOW), which will consist of 176 turbines constructed 27 miles directly off the City’s shores, will generate enough clean, renewable energy to power up to 660,000 homes. Project construction is scheduled to occur between 2024 and 2026. Once in operation, CVOW could create 1,100 direct and indirect jobs annually in Hampton Roads and generate almost \$6 million in revenues for local governments. Avangrid Renewables LLC is the Kitty Hawk Wind project with estimated cost of \$8 billion to construct up to 180 wind turbine generators 27-miles off the coast of Corolla, North Carolina, and 41-miles from Rudee Inlet in Virginia Beach. Project construction is anticipated to begin in 2026.



At full build-out, this project has the potential to yield 3.5 GW of electricity, which would be enough to power over 1 million homes. (*Source: Virginia Beach Department of Economic Development, Dominion Energy, and Kitty Hawk Offshore Wind, May 4, 2023 City Council presentation*)

Education

The Virginia Beach City Public Schools (VBCPS) is the largest school division in the region, fourth largest in the Commonwealth of Virginia, and 55th largest in the nation. On March 31, 2023, the average daily membership for FY 2022-23 school year (SY) was 63,401.80, which was a decrease of 0.28% compared with the same period in FY 2021-22 (63,578.59). The VBCPS consists of 55 elementary schools, 14 middle schools, 11 high schools, and a number of secondary/post-secondary specialty schools. All VBCPS schools are accredited without conditions and share this status with eight other Virginia Beach – Chesapeake - Norfolk metropolitan statistical area school divisions. For the seventh consecutive year, all VBCPS schools are accredited without conditions, and the graduation rate has equaled or exceeded the Commonwealth of Virginia rate.

VBCPS continues to modernize or replace school facilities and has 16 active projects in the Capital Improvement Program for various capital needs including facilities maintenance and replacements as well as software, safe schools, and transportation needs, with appropriations to date roughly \$347.1 million and total annual average funding of \$62.2 million for 12 projects in the adopted FY 2024/FY 2029 Capital Improvement Program. The next three schools identified for replacement, Princess Anne High School (originally built in 1954), Bettie F. Williams Elementary (Grades 4-5) (originally built in 1961)/Bayside 6th Grade Campus (originally built in 1957), and Bayside High School (originally built in 1964), which are included in the FY 2024/FY2029 CIP, are currently in the preliminary design process and public input process to refine project scopes and estimated project costs. Currently, construction is completed on three schools totaling \$105.2 million (Princess Anne Middle School Replacement, Plaza Annex Renovation, and Lynnhaven Middle School Expansion).

Thirty-three school facilities have been modernized or replaced in the past 25 years: a capital investment of more than three quarters of a billion dollars. With the three most recently completed schools, Virginia Beach City Public Schools will have a total of 14 facilities that are LEED Certified, representing 2.1+ million square-feet of space that is LEED Certified, or about 20% of School assets.

INTERNAL CONTROL AND BUDGETARY ACCOUNTING

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

benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

The City 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.

FINANCIAL MANAGEMENT POLICIES

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

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

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

DEBT MANAGEMENT POLICIES

In 1992, the City developed a series of Debt Management Policies to provide a functional tool for debt management and capital planning. Periodically, these policies have been revised. The most recent amendments occurred in February 2023 whereby City Council adopted a resolution to amend the City's financial policies to reflect the most current credit rating criteria and best practices set by three national credit rating agencies (Standard & Poor's, Moody's Investor

Services and Fitch Ratings). 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. Also, City Council approved amendments to the debt indicators within the City’s debt management policy, replacing indicators (i.e. net debt per capita no greater than \$3,000 and net debt per capita to per capita personal income no greater than 6.5%) not used by rating agencies with metrics more aligned with those in current use (i.e., fixed costs to general government expenditures no greater than 20% and ten-year payout greater than 50%). As shown in the following table, all debt affordability indicators were within the established guidelines for FY 2023.

Ratio Description	Established Guidelines	As of June 30, 2023
Annual Debt Service to General Government Expenditures ¹ .	No greater than 10%	6.8%
Overall Net Debt to Estimated Full Value of Taxable Property ² .	No greater than 3.0%	1.2%
Fixed Costs to General Government Expenditures ³ .	No greater than 20%	15.0%
Ten-Year Payout of Tax-Supported Debt ³ .	Greater than 50%	77.1%
^{1.} Last modified in 2006. ^{2.} Amended in FY 2023 from 3.5% ^{3.} Debt indicators added in FY 2023 replacing two obsolete indicators.		

For the fourteenth consecutive year, three major rating agencies, Fitch, Moody’s, and S&P, affirmed the City’s triple-A ratings with stable outlooks on its outstanding General Obligation Bonds. Ratings for outstanding Public Facility Revenue Bonds (appropriations supported) were generally one notch below the General Obligation rating; the ratings were affirmed in 2023 with stable outlooks at AA+ by Fitch and S&P. In 2023, Moody’s upgraded the ratings on Virginia Beach Public Facility Revenue Bonds, Series 2020B and 2014B from Aa2 to Aa1 with stable outlooks. This upgrade was the result of revised rating methodology, US Cities and Counties Methodology published in 2022, whereby Moody’s adjusted the rating based on the most essential asset financed by these bonds. For the remaining outstanding Public Facility Revenue Bond issues, Moody’s last affirmed existing ratings at Aa1 and Aa2 in May 2020. Water and Sewer System Revenue Bonds were rated in September/October 2020 at AAA by Fitch and S&P and Aa1 by Moody’s with stable outlooks. Storm Water Utility Revenue Bonds were rated in September 2020 by Fitch and Moody’s at AAA and Aa1, respectively, with stable outlooks. In August 2022, Fitch last affirmed its AAA ratings with stable outlook for Virginia Beach’s outstanding Storm Water Utility Revenue Bonds and its Water and Sewer System Revenue Bonds.

LONG TERM FINANCIAL PLANNING

Annually, the City and Schools jointly prepare a five-year financial forecast of revenues and expenditures for the City's General Fund and Schools Operating Fund, which serves as a planning tool for the annual operating budget. This forecast establishes a framework for use in decision making by highlighting significant issues that must be addressed to maintain a structurally balanced budget. It assists the City in understanding the fiscal challenges ahead and the need to establish priorities. This forecast identifies key factors that affect the City's fiscal outlook such as changes in major revenue streams and costs.

The City has established several General Fund reserves of fund balance including a general-purpose reserve, which holds funds to protect the City from unforeseen increases in expenditures or reductions in revenues, or other extraordinary events which could adversely impact the fiscal health of the City. Specific purpose reserves are created as needed to meet identified future obligations and to fund capital projects.

The City's six-year Capital Improvement Plan is reviewed and revised annually to reflect changing conditions affecting existing projects and changing City Council priorities. This review identifies needed capital projects, estimates capital requirements, develops project financing and timing, and estimates operational expenses of projects subsequent to completion.

CERTIFICATE OF ACHIEVEMENT AND AWARDS

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 of Virginia Beach for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2022. This reflects the 44th time that the City has achieved this prestigious award over many years. To be awarded a Certificate of Achievement, a government must publish an efficiently organized ACFR, providing full disclosure and transparency. This report must satisfy both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. The City believes its FY 2023 ACFR continues to meet the Certificate of Achievement Program's requirements and will submit it to the GFOA to determine its eligibility for another certificate. In addition, the City received GFOA's Award for Outstanding Achievement in Popular Annual Financial Reporting (PAFR Award) for its Popular Annual Financial Report for fiscal year ended June 30, 2022 for a 5th consecutive time. Likewise, the City will submit the FY 2023 PAFR to the GFOA for consideration.

The GFOA also presented a Distinguished Budget Presentation Award to the City of Virginia Beach for its annual budget for the fiscal year beginning July 1, 2023 (FY 2024). This reflects the 37th time the City has achieved this prestigious award over many years. To receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, an operations guide, a financial plan, and a communications device. Budget documents must be rated "proficient" in all four categories, and in the fourteen mandatory criteria within those categories, to receive the award. The award is valid for a period of one year only.

ACKNOWLEDGMENTS

During the year, the staff of the Departments of Finance, Budget and Management Services as well as financial staff of other departments 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.

City Council provides meaningful oversight of the financial affairs and policies of the City. Their support results in a strong financial position for the City and they are to also be commended.

Respectfully submitted,



Patrick A. Duhaney
City Manager



Letitia L. Shelton
Director of Finance



Government Finance Officers Association

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Presented to

**City of Virginia Beach
Virginia**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO



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FINANCIAL SECTION

Report of Independent Auditor

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

Report on the Audit of the Financial Statements

Opinions

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, 2023, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Virginia Beach Community Development Corporation, which represent 3.3%, 7.8%, and 0.7%, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units, as of June 30, 2023. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Virginia Beach Development Corporation, is based solely on the report of the other auditors.

Basis for Opinions

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 (the “Specifications”). Our responsibilities under those standards and specifications are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City’s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Specifications will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Specifications, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Combining Schedules Nonmajor Governmental Funds, General Fund Budget to Actual, Combining Schedules and Individual Funds, Debt Service Fund, Capital Projects, Enterprise Funds, Internal Service Funds, Custodial Funds, Discretely Presented School Board Component Unit, and Other Component Units statements and schedules, as listed in the table of contents, and schedule of expenditures of federal awards as required by Title 2 of U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining and Individual Statements, supplementary information, and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Introductory and Statistical sections and Continuing Disclosure Schedules, as listed in the table of contents, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Cherry Bekaert LLP

Virginia Beach, Virginia
December 7, 2023



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**MANAGEMENT'S
DISCUSSION AND ANALYSIS**

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the City of Virginia Beach (City) provides this narrative overview and analysis of the City's financial performance during the fiscal year that ended June 30, 2023. Readers are encouraged to consider the information presented here in conjunction with the transmittal letter at the front of this report and the City's financial statements which follow this section.

FINANCIAL HIGHLIGHTS

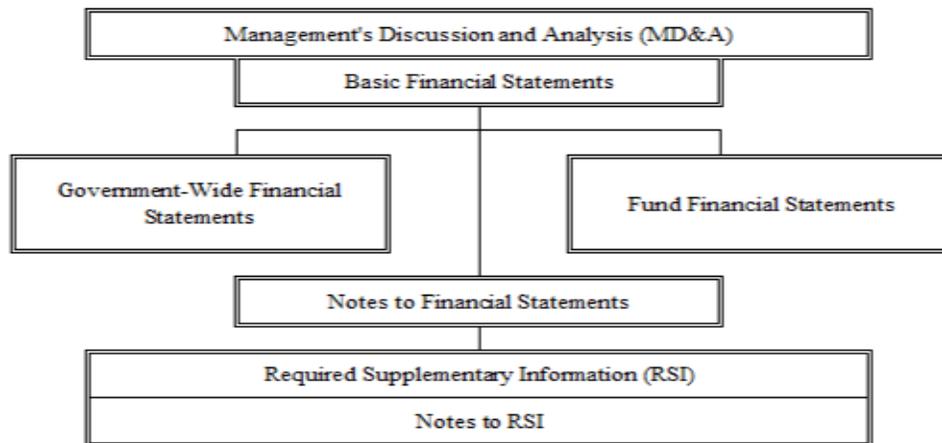
- At the end of the fiscal year 2023, the total net position of the City on a government-wide basis, excluding component units, was \$4.4 billion. Of this amount, the unrestricted net position totals \$590.7 million. Total net position increased by \$190.6 million from the prior fiscal year end's net position.
 - The total net position for governmental activities was \$2.9 billion, an increase of \$89.8 million over the prior year's net position.
 - The business-type activities net position was \$1.4 billion, an increase of \$100.8 million over the prior year's net position.
- As of the close of fiscal year 2023 the City's governmental funds reported combined ending fund balances of \$678.1 million, a decrease of \$91.8 million from the prior year.
 - \$10.3 million, or 1.5%, is considered nonspendable (inventories and loans receivable)
 - \$55.2 million, or 8.2%, is restricted by outside agencies
 - \$291.0 million, or 42.9%, is committed for the capital improvement program, education and outside agencies
 - \$131.2 million, or 19.3%, is assigned for specific purposes as identified by the City
 - \$190.4 million, or 28.1%, is unassigned in the General Fund and is available for spending at the City's discretion
- The City's total bonded debt decreased by \$121.6 million, or 9.4% from the prior year's.
- For the fourteenth consecutive year, all three major rating agencies, Standard & Poor's, Moody's Investor Service and Fitch Ratings, affirmed the City's triple-A ratings on its General Obligation bonds.
- The City implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*.

OVERVIEW OF THE FINANCIAL STATEMENTS

This financial section of the Annual Comprehensive Financial Report (ACFR) consists of four sections: (1) management's discussion and analysis (presented here), (2) basic financial statements, (3) required supplementary information, and (4) other supplementary information.

The City's basic financial statements comprise three components: *government-wide financial statements*, *fund financial statements*, and *notes to the basic financial statements*. The government-wide financial statements provide both long-term and short-term information about the City's overall financial status. The fund financial statements focus on the individual parts of the City government, reporting the operations of the City in more detail than the government-wide statements. Both perspectives (government-wide and individual fund) allow the reader to address relevant questions, broaden the basis for comparison (year-to-year or government to government), and enhance the City's accountability. The *notes to the basic financial statements* explain some of the information in the financial statements and provide more detailed data. This section is followed by the *required supplementary information* that further explains and supports the information in the financial statements.

Figure 1: Components of the Financial Section



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 two government-wide statements, Statement of Net Position and Statement of Activities, report the City's net position and how it has changed. The Statement of Net Position presents information on all of the City's assets and deferred outflows of resources compared to liabilities and deferred inflows of resources, with the difference between them reported as net position. The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. It accounts for all of the current year's revenues and expenses, regardless of when cash is received or paid.

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

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

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

Business-type Activities - The City's water and sewer, storm water, waste management, certain economic development functions (blended component unit Virginia Beach Development Authority (VBDA)), and parking operations are reported here. Fees charged to customers help cover the costs of providing these services.

Component units - The City includes four other entities in its report - the City of Virginia Beach School Board (Schools), the Development Authority, the Atlantic Park Community Development Authority (CDA), and the Community Development Corporation (CDC). Although legally separate, these "component units" are important because the City is financially accountable for them, providing operating and capital funding. The VBDA is presented as a blended component unit and included in the City's reporting entity. The Schools, CDA and CDC are presented as discretely component units with the Schools reported in a separate column of the entity-wide statements and the CDA and CDC combined and reported in the "Other" column of the entity-wide statements. The CDA and CDC component units are presented individually in the fund financial statements.

Fund Financial Statements

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

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

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

Proprietary funds - Services for which the City charges customers a fee are generally reported in proprietary funds. These funds, like the government-wide statements, provide both long-term and short-term financial information. The City's enterprise funds (one type of proprietary fund) are the same as its business-type activities, but the fund financial statements provide more detail and additional information, such as cash flows. The City utilizes enterprise funds to account for its water and sewer, storm water, waste management, certain economic development functions, and parking operations. The VBDA is presented as a blended component unit and its proprietary fund is included in the City's reporting entity as a major enterprise fund. The City uses internal service funds (the other type of proprietary fund) to report activities that provide supplies and services for the City's other programs and activities. The City's internal service funds are used for providing city garage and fuel services, risk management, school site landscaping, and 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's Fiduciary funds are divided into two separate fund types: the Other Postemployment Benefits Trust Fund and the Custodial Funds (Special Welfare, Sheriff's Inmate Fund and Escheat Funds). Fiduciary funds are reported using the full accrual basis of accounting and the economic resources measurement focus. These fiduciary activities are excluded from the City's government-wide financial statements because the City cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE CITY AS WHOLE

Net Position

The *Statement of Net Position* serves as a useful indicator of a government's financial position. At the end of the fiscal year, the City's total net position was \$4.4 billion. This amount represents an increase of \$190.6 million, or 4.6%, over the prior year's net position. The net position for governmental activities increased by \$89.8 million and the business-type activities net position increased by \$100.8 million.

The City's total assets were \$6.5 billion. This amount includes \$5.0 billion of capital assets, net of accumulated depreciation, which include roads, bridges, parks, utilities (water, sewer and storm water) infrastructure, land, other long-lived assets, and projects in the construction in progress program. Under the "tenancy in common" with the School Board, the City has included \$370.0 million of net book value of School Board property equal to the total outstanding principal balance of the "on behalf" debt at June 30, 2023.

The largest component of the City's net position (\$3.6 billion or 83.3%) is the investment in capital assets (e.g., land, buildings, machinery, and equipment), net of any outstanding related debt used to acquire those assets. The City uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Net investment in capital assets for business-type activities represents, for the most part, the capital assets of the water, sewer, and storm water utilities.

At June 30, 2023, the City reported \$590.7 million in the unrestricted category of its net position. This is \$80.2 million lower than last year's net position of \$670.9 million due to increases in net investment of capital assets. The unrestricted category includes fund balances of the general fund, capital projects, and special revenue funds that have been committed or assigned at the fund level.

Table 1
Statement of Net Position
(in Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Current and Other Assets	\$ 987.4	\$ 1,081.1	\$ 490.7	\$ 490.1	\$ 1,478.1	\$ 1,571.2
Capital Assets	3,557.0	3,502.4	1,415.7	1,346.8	4,972.7	4,849.2
Total Assets	<u>4,544.4</u>	<u>4,583.5</u>	<u>1,906.4</u>	<u>1,836.9</u>	<u>6,450.8</u>	<u>6,420.4</u>
Deferred Outflows of Resources	150.2	186.6	10.6	14.4	160.8	201.0
Long-Term Debt Outstanding	1,474.0	1,485.3	416.6	445.4	1,890.6	1,930.7
Other Liabilities	162.0	179.6	30.9	29.9	192.9	209.5
Total Liabilities	<u>1,636.0</u>	<u>1,664.9</u>	<u>447.5</u>	<u>475.3</u>	<u>2,083.5</u>	<u>2,140.2</u>
Deferred Inflows of Resources	134.9	271.3	37.1	44.4	172.0	315.7
Net Position						
Net Investment in Capital Assets	2,602.7	2,462.1	1,026.3	927.5	3,629.0	3,389.6
Restricted	62.6	68.6	73.8	36.4	136.4	105.0
Unrestricted	258.4	303.2	332.3	367.7	590.7	670.9
Total Net Position	<u>\$ 2,923.7</u>	<u>\$ 2,833.9</u>	<u>\$ 1,432.4</u>	<u>\$ 1,331.6</u>	<u>\$ 4,356.1</u>	<u>\$ 4,165.5</u>

Changes in Net Position (Statement of Activities)

The following table shows the revenues and expenses of the governmental and business-type activities.

Table 2
Changes in Net Position
(in Millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program Revenues:						
Charges for Services	\$ 122.5	\$ 117.1	\$ 288.0	\$ 222.9	\$ 410.5	\$ 340.0
Operating Grants & Contributions	231.3	213.6	1.5	0.1	232.8	213.7
Capital Grants & Contributions	3.5	7.6	3.3	3.9	6.8	11.5
General Revenues:						
Property Taxes	833.5	769.7	-	-	833.5	769.7
Other Taxes	374.0	364.4	-	-	374.0	364.4
Other	86.6	76.1	11.8	3.5	98.5	79.6
Total Revenues	<u>1,651.4</u>	<u>1,548.5</u>	<u>304.6</u>	<u>230.3</u>	<u>1,956.1</u>	<u>1,778.9</u>
Expenses:						
Legislative	1.3	1.1	-	-	1.3	1.1
Executive	11.2	5.8	-	-	11.2	5.8
Law	5.6	4.9	-	-	5.6	4.9
Finance	21.5	22.5	-	-	21.5	22.5
Human Resources	5.9	5.3	-	-	5.9	5.3
Judicial	82.1	73.9	-	-	82.1	73.9
Health	4.0	4.1	-	-	4.0	4.1
Police	122.9	115.2	-	-	122.9	115.2
Human Services	137.2	124.1	-	-	137.2	124.1
Public Works	202.9	179.3	-	-	202.9	179.3
Parks & Recreation	58.5	52.6	-	-	58.5	52.6
Library	19.1	18.0	-	-	19.1	18.0
Planning	1.5	15.9	-	-	1.5	15.9
Agriculture	15.0	5.5	-	-	15.0	5.5
Economic Development	71.3	16.5	-	-	71.3	16.5
Convention & Visitor Bureau	36.8	30.3	-	-	36.8	30.3
Cultural Affairs	1.6	1.6	-	-	1.6	1.6
Information Technology	53.4	46.4	-	-	53.4	46.4
Emergency Communication & Citizen Services	10.5	9.5	-	-	10.5	9.5
Fire	81.4	72.1	-	-	81.4	72.1
Budget and Management Services	1.2	1.1	-	-	1.2	1.1
Education	470.2	519.8	-	-	470.2	519.8
Housing & Neighborhood Preservation	38.6	39.5	-	-	38.6	39.5
Museums	12.9	11.7	-	-	12.9	11.7
Emergency Medical Services	18.2	14.7	-	-	18.2	14.7
General Government	46.3	5.1	-	-	46.3	5.1
Water & Sewer	-	-	129.4	123.1	129.4	123.1
Storm Water	-	-	28.8	27.3	28.8	27.3
Development Authority	-	-	16.2	11.5	16.2	11.5
Waste Management	-	-	40.5	39.6	40.5	39.6
Parking	-	-	6.8	4.0	6.8	4.0
Interest on Long-Term Debt	12.6	12.5	-	-	12.6	12.5
Total Expenses	<u>1,543.7</u>	<u>1,409.0</u>	<u>221.7</u>	<u>205.4</u>	<u>1,765.5</u>	<u>1,614.5</u>
Excess Before Transfers	107.7	139.5	82.9	24.9	190.6	164.4
Transfers	(17.9)	(31.9)	17.9	31.9	-	-
Change in Net Position	89.8	107.6	100.8	56.8	190.6	164.4
Net Position – Beginning	2,833.9	2,726.3	1,331.6	1,274.8	4,165.5	4,001.1
Net Position – Ending	<u>\$ 2,923.7</u>	<u>\$ 2,833.9</u>	<u>\$ 1,432.4</u>	<u>\$ 1,331.6</u>	<u>\$ 4,356.1</u>	<u>\$ 4,165.5</u>

Revenues

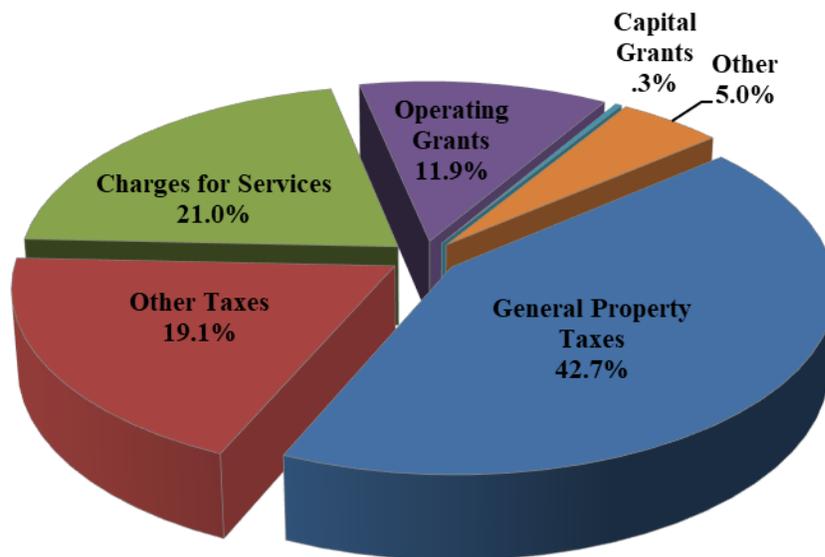
The City’s total revenues were \$2.0 billion, an increase of \$177.2 million over the revenues from prior year primarily due to increases in property tax and other taxes. These revenues consist of program and general revenues. Program revenues are derived from the program itself and reduce the reliance on the City's general revenues; these include charges for services, operating and capital grants and contributions. General revenues are all other revenues and include property and other taxes, and interest earnings.

For *Governmental Activities*, program revenues totaled \$357.3 million, compared to \$338.3 million from the prior year. There was an increase in revenues for charges for services for Human Services, Agriculture and Parks and Recreation and a decrease in capital grants and contribution receipts for roadways.

General revenues totaled \$1.3 billion. This represents an increase of \$83.9 million over the prior year.

Business-type Activities generated program and general revenues of \$304.6 million, primarily from charges for services which were \$288.0 million and capital grants and contributions which were \$3.3 million. Operating grants and contributions totaled \$1.5 million and general revenues totaled \$11.8 million.

Figure 1: Revenues by Source - Primary Government as of June 30, 2023



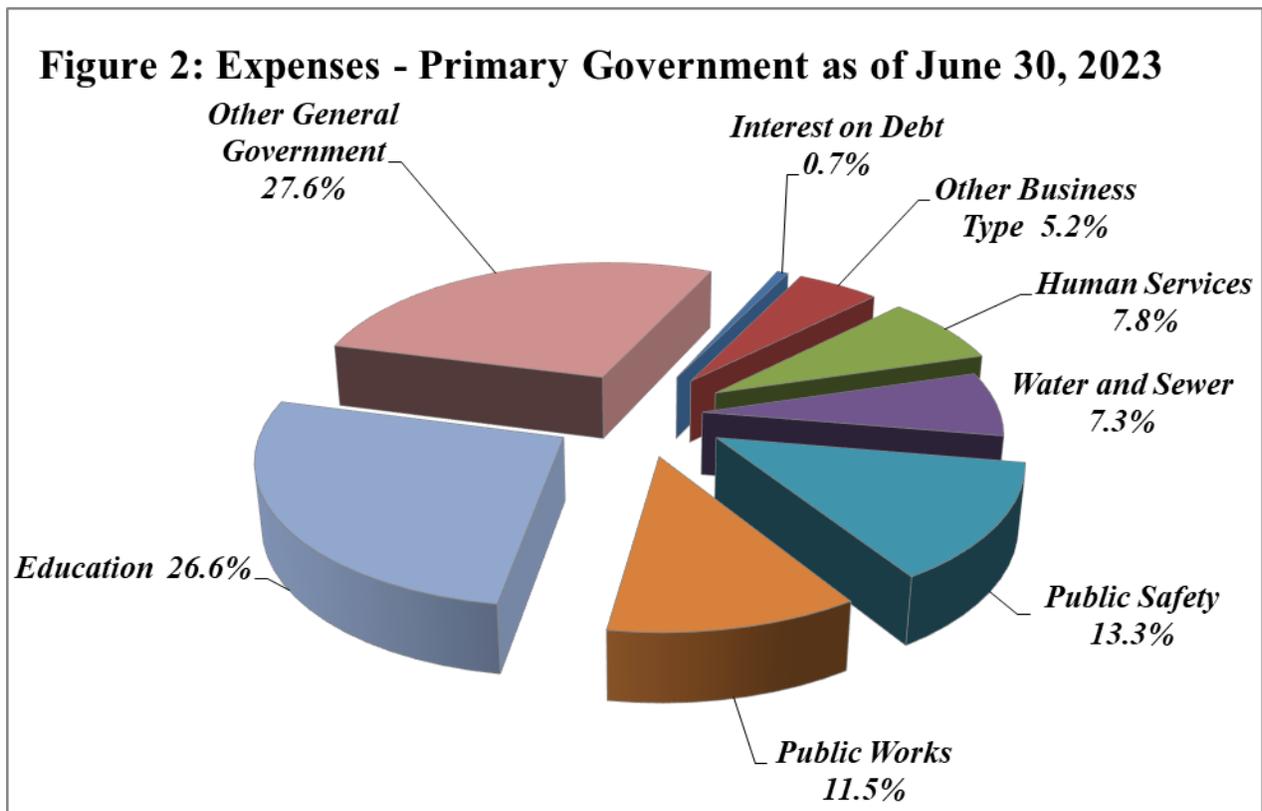
Expenses

The City's total cost of all programs and services was \$1.8 billion, a \$151.0 million increase over expenses from the prior year. Figure 2 shows the breakdown of major expenses by function.

Expenses (before transfers) for *Governmental Activities* totaled \$1.5 billion, an increase of \$134.7 million over the prior year. The increase in current year expenses are due mainly to public safety and general government expenditures in the General Fund.

Education continues to be one of the City's highest priorities and commitments. The City's funding for education totaled \$470.2 million (net of the adjustment to account for the tenancy-in-common legislation). This amount represents a decrease of \$49.6 million from prior year due to no new debt issued in fiscal year 2023.

Expenses for the *Business-type Activities* include those related to water, sewer, storm water, and waste management utility services as well as parking operations and certain economic development functions (blended component unit). For the current fiscal year these totaled \$221.7 million, a \$16.3 million increase from prior year.



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental funds

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

At the end of the fiscal year, the total fund balance for the City's governmental funds was \$678.1 million, compared to \$769.8 million in the prior fiscal year, a decrease of \$91.7 million. The decrease is primarily due to the \$110 million increase in capital outlay expenditures.

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

- \$10.3 million is nonspendable which consists of loans and inventories in the General Fund.
- \$55.2 million is restricted, which can be spent only for the specific purposes stipulated by external providers, such as grantors or restricted through legislation. In the General Fund, this amount is for community services programs and totals \$1.9 million. Non-major governmental funds consisted mainly of debt service costs of \$30.3 million and other federal and state grants funds \$23.0 million.
- \$291.0 million is committed, which can only be used for the specific purposes imposed by the formal action of City Council. In the General Fund committed balance of \$15.2 million is for education. The non-major governmental funds consist of \$54.1 million for convention and visitor development, \$19.5 million for the agriculture reserve program activities, \$17.9 million for parks and recreation, \$0.2 million for judicial activities and \$7.5 million for Central Business District South Tax Increment Financing fund.

Included in the committed fund balance is \$176.6 million for the capital improvement programs consisting of:

- Engineering and Highways - \$29.0 million
- Buildings - \$14.5 million
- Parks & Recreation - \$9.1 million
- Flood Protection - \$19.0 million
- Communications and Technology - \$8.1 million
- Coastal - \$14.1 million
- Economic and Tourism - \$15.1 million
- General Government - \$67.7 million

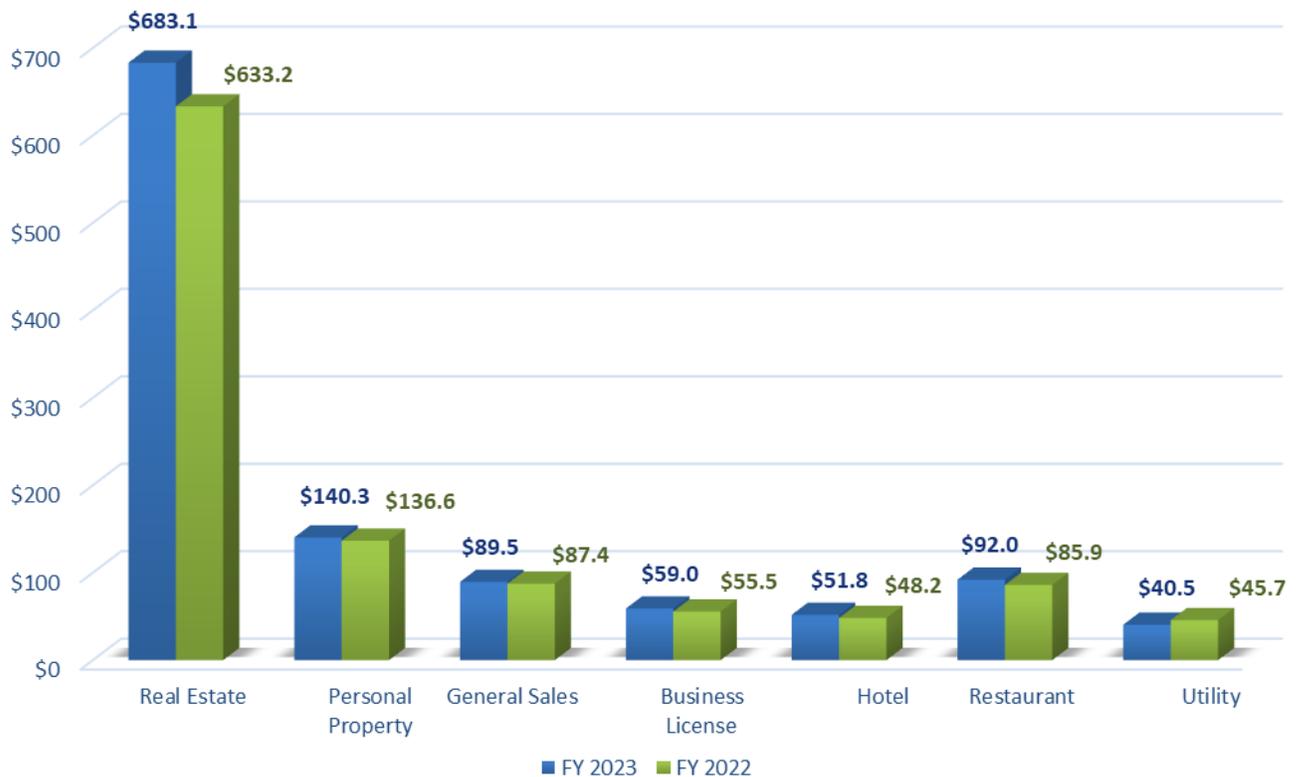
- \$131.2 million is assigned, which applies to amounts that are intended for specific purposes but do not meet the criteria to be classified as restricted or committed. For example, this amount includes \$41.1 million for fiscal year 2024's capital program and \$26.1 million for education, which includes unspent funding by the schools reverted to the City.
- \$190.4 million is unassigned, which is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications.

Items to be noted include:

- Real estate taxes of \$683.1 million increased by \$50.0 million from prior year. Real estate revenues are the City's single largest revenue source and comprised 42.0% of total revenues received for the year. This is mainly due to an increase of 9.3% in real estate assessed values. The real estate tax rate remained at \$.99 for fiscal year 2023.

- Revenues recorded for personal property taxes of \$140.3 million were higher than prior year by \$3.7 million. There was a decrease of 3.4% in personal property tax assessed values as a result of increased exonerations. The City continues to receive PPTRA (personal property tax relief program) reimbursements from the State of \$53.4 million, which are reported as state revenues.
- Other Taxes revenue category, which includes taxes on general sales, utility purchases, cigarettes, hotel rooms, restaurant meal, amusement, business licenses, deeds, wills, and automobile licenses totaled \$373.4 million. This represents a \$6.3 million increase over the previous year due to economic recovery and inflation. Noted increases in general sales \$2.1 million, hotel taxes \$1.1 million, meal taxes \$3.9 million and business licenses \$3.5 million. Noted decreases in utility purchases \$5.1 million and city tax on deeds \$5.2 million.
- Revenues from federal and state funding of \$309.9 million were lower than prior year by \$0.5 million.
- Revenues received in the capital projects fund from the federal and state governments were \$3.2 million and \$7.0 million, respectively, which were mostly in support of transportation projects. The capital projects fund received cash funding totaling \$130.1 million from the General Fund and other special revenue funds.

Figure 3: Selected Tax Revenues by Source (in millions)



Proprietary funds

The City's proprietary fund statements offer short and long-term financial information about the activities that the government operates as a business, such as the water and sewer system, storm water, waste management, parking, and development authority funds. These statements provide the same type of information found in the government-wide financial statements, but in more detail. The ending net position for the proprietary funds totals \$1.4 billion.

Notable items are as follows:

- The Water and Sewer fund's net position increased by \$10.0 million continues to reflect strong financial management and the continuing acquisition and construction of capital assets to help address continued compliance with federal consent order on sanitary sewer overflows. Water and Sewer fees are \$5.20 per thousand gallons.
- The net position for the Storm Water fund increased by \$22.9 million, which provides funding to continue addressing backlogs in the areas of flood control and water quality over the next several years. Total operating revenues of \$45.7 million were comparable to the prior year. Total operating expenses were \$25.8 million, an increase of \$2.3 million over the prior year primarily due to increases in personal and contractual services. The equivalent residential unit fee of .493 cents per day remains in effect.
- The net position for the Waste Management fund decreased by \$1.7 million due to increased operating costs. The fund accounts for the annual operating expenses of the waste management functions, including recycling activities, waste collection, and disposal at the landfill. Waste collection and disposal fees increased from \$25.00 to \$27.50 per month.
- The net position for the Development Authority, which is the City's blended component unit, increased by \$71.0 million due to increases in capital contributions.

GENERAL FUND BUDGETARY HIGHLIGHTS

The following is a brief review of the budgetary changes from the original to the final budget and actual amounts to final budget (See Exhibits 12 and 13):

- Final budget amounts were often greater than original amounts due to the re-appropriation of prior year encumbrances which were completed in the current fiscal year. During the fiscal year, City Council approved various modifications to the original adopted budget. Major budget adjustments include:
 - \$1.6 million combined state funding from the GO Virginia and the Commonwealth Opportunity Fund grant programs to fund business site readiness and incentive payments for the Innovation Park.
 - \$2.6 million supplemental funding to support the City's Children's Services Act program due to increased program utilization and increased rates.
 - \$1.5 million in reserves to add 3% to each department's health insurance premiums.
 - \$5.1 million additional funding from the Virginia Department of Transportation (VDOT) for the maintenance of roads due to VDOT's release of fuel reserves.
 - \$1.2 million to negotiate design contract for the 5/31 Memorial site.
 - \$20.0 million payroll reserves used for attrition.
 - \$2.2 million in additional appropriations for energy and fuel cost increases in fiscal year 2023.

- \$35.3 million for various schools renovations and replacement projects.

Actual total revenues were greater than the amended budget by \$3.3 million primarily due to increases in interest from bank deposits (\$12.4 million), revenue from the Commonwealth (\$1.3 million) and convention center rent (\$0.2 million), coupled with decreases in general property taxes (\$6.2 million) and other local taxes (\$4.4 million).

General fund expenditures totaled \$1.2 billion which was \$116.7 million lower than the amended budget.

- Significant favorable variances were the result of the following:
 - Public Works was (\$11.8 million) or (11.7%) below the amended budget - due to savings in personnel charges (\$2.6 million), timing of pavement maintenance projects that were not completed during the fiscal year (\$1.6 million), lower repair and maintenance services for equipment and facility (\$2.0 million) and under utilization of Storm Water departments budgeted in General Fund in fiscal year 2023 (\$3.8 million).
 - Non-Departmental expenditures were \$8.0 million or (13.9%) below the amended budget due to decreased spending on vehicle (\$4.6 million) and computer (\$2.5 million) replacements.
 - Education was (\$36.1 million) or (6.9%) below the amended budget - mainly due to the reversion funds that were returned to the City's general fund at year-end. This amount will be requested by the School Board to be reappropriated in the next fiscal year budget to support Shool's operating cost.
 - The General Government category did not utilize (\$40.6 million) of appropriations for Contingencies.

At the end of the fiscal year, unassigned fund balance for the general fund was \$196.1 million or 13.9% of next fiscal year's budgeted revenues, and is within the City's fund balance policy.

CAPITAL ASSETS

During the current fiscal year, the City's investment in capital assets of \$5.0 billion increased by \$123.4 million from prior year (Table 3). This investment includes a broad range of capital assets (e.g. land, equipment, buildings, park facilities, roads, bridges, water and sewer lines, and construction in progress).

Major capital projects placed in service during the year included:

Buildings

- Fire/EMS Building at Burton Station opened to serve the residents and businesses in the Burton Station area of the City. The station is a three-bay station with administrative office spaces, a day room, kitchen, sleeping quarters, locker room and apparatus bay - \$7.8 million project.

Coastal Projects

- Beach Replenishment and Restoration continued during fiscal year 2023, which includes expenditures of \$4.2 million in Beach Restoration and \$2.7 million in Beach Replenishment.

Roadways

- Road Improvement and reconstruction of existing roadways throughout the city which includes total resurfacing of streets that have reached the end of their service life totaled \$47.3 million. Such projects included; First Colonial Road/Virginia Beach Boulevard intersection (\$4.0 million), Laskin Road Bridge and Road improvements (\$7.8 million), Sandbridge and Nimmo Road Improvements (\$9.6 million), and Traffic safety improvements (\$6.3 million).

Capital Project expenditures for the fiscal year totaled \$255.7 million for general government, \$21.8 million for water/sewer and \$48.4 million for storm water projects.

Major current year general government expenditures include:

Buildings

- Renovation of Operation Buildings including old public works/public utilities operations building and police buildings - \$14.3 million
- Landfill #2 project to provide a cap of the Phase I cell of the landfill - \$9.8 million.

Flood Protection Program

- In November 2021, Virginia beach voters overwhelmingly supported a resiliency package for several key flood protection initiatives to include drainage improvements, tide gates, pump stations and flood barriers throughout the city, cost related to these activities in fiscal year 2023 - \$6.2 million.

Water/Sewer Utility

- Expenditures to upgrade, rehabilitation of existing and the construction of new water system transmission mains and storage tanks - \$3.7 million
- Modifications and rehabilitation of sewer pump stations - \$2.9 million
- Sanitary sewer system revitalizations - \$3.3 million

Storm Water Utility

- Expenditures for maintenance of city lakes, including dredging and structural repairs/upgrades of dams and spillways - \$29.7 million
- Utility infrastructure rehabilitation and drainage improvements to minimize flooding - \$12.8 million
- Upgrades and renovations to existing infrastructure - \$6.9 million

Table 3
Capital Assets
(In Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Non-Depreciable Assets:						
Land	\$ 1,057.7	\$ 1,057.5	\$ 201.4	\$ 178.3	\$ 1,259.1	\$ 1,235.8
Agriculture Reserve Program	44.1	49.8	-	-	44.1	49.8
Construction in Progress	206.4	161.6	119.5	71.4	325.9	233.0
Other Capital Assets:						
Land - Leases	0.3	0.3	3.0	3.0	3.3	3.3
Infrastructure	2,478.2	2,431.3	-	-	2,478.2	2,431.3
Buildings	1,452.9	1,408.7	165.0	165.0	1,617.9	1,573.7
Buildings - Leases	27.8	15.4	2.2	2.2	30.0	17.6
Machinery and Equipment	381.8	364.8	84.1	80.3	465.9	445.1
Subscription - Asset	10.6	-	1.0	-	11.6	-
Utility System	-	-	1,683.9	1,645.9	1,683.9	1,645.9
Site Improvements	382.9	389.1	1.2	1.2	384.1	390.3
Less: Accumulated Depreciation	(2,485.7)	(2,376.1)	(845.6)	(800.4)	(3,331.3)	(3,176.5)
Totals	<u>\$ 3,557.0</u>	<u>\$ 3,502.4</u>	<u>\$ 1,415.7</u>	<u>\$ 1,346.9</u>	<u>\$ 4,972.7</u>	<u>\$ 4,849.3</u>

For detailed information on the City's capital asset activity, refer to Note 5 to the financial statements - Capital Assets and Land Held for Resale.

LONG TERM LIABILITIES

At the end of fiscal year 2023, the City had \$1.2 billion in bonds and notes outstanding and \$725.8 million in other liabilities for a total of \$1.9 billion (Table 4).

The state constitution limits the amount of general obligation debt a governmental entity may issue to 10% of the total assessed value of real property. At the end of the fiscal year, the City's assessed value of real property was \$70.9 billion, which makes the City's debt less than the current debt limitation of \$7.1 billion.

For the fourteenth consecutive year, all three major rating agencies, Standard & Poor's, Moody's Investor Service and Fitch Ratings, affirmed the City's Triple-A ratings on its General Obligation bonds.

Water and Sewer Revenue Bonds were rated AAA by Fitch and Standard & Poor's, and Aa1 by Moody's Investor Service in 2022 on the City's \$187.7 million in outstanding bonds. Storm Water Revenue Bonds were rated AAA by Fitch and Aa1 by Moody's Investors Service in 2022 on the City's \$130.4 million in outstanding bonds.

Estimated claims and judgments reflect estimated unpaid losses and ALAE (allocated loss adjustment expenses) as of the end of the year. The projected liability by line of business consists of 78.0% for workers' compensation, 20.0% for general liability, and 2.0% for automobile liability. Landfill closure and post-closure care liability of \$24.6 increased \$1.7 million during the current fiscal year due to inflation.

Table 4
Long Term Liabilities
(in Millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
General Obligation Bond	\$ 508.8	\$ 564.1	\$ -	\$ -	\$ 508.8	\$ 564.1
Public Facility Revenue Bonds	267.7	304.0	26.1	34.6	293.8	338.6
Revenue Bonds	-	-	318.2	334.0	318.2	334.0
Agriculture Reserve Program	44.1	49.8	-	-	44.1	49.8
Sub-total	820.6	917.9	344.3	368.6	1,164.9	1,286.5
Other Long-Term Liabilities:						
Landfill Closure & Post-closure Care	24.6	22.9	-	-	24.6	22.9
Premium/Discount on Bonds Sold	96.1	107.7	34.0	40.7	130.1	148.4
Net Pension Liability	330.1	237.1	24.9	22.9	355.0	260.0
Net OPEB Liability	86.6	94.4	5.4	5.6	92.0	100.0
Accrued Compensated Leave	47.8	44.1	4.0	3.7	51.8	47.8
Lease Liability	21.5	11.7	3.4	4.5	24.9	16.2
Estimated Claims & Judgments	42.0	49.4	-	-	42.0	49.4
Subscription Liability	4.8	-	0.6	-	5.4	-
	653.5	567.3	72.3	77.4	725.8	644.7
Totals	\$ 1,474.1	\$ 1,485.2	\$ 416.6	\$ 446.0	\$ 1,890.7	\$ 1,931.2

For detailed information the City's long-term debt activity, refer to Note 6 to the financial statements - Long-term Debt.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City's strong financial management and conservative budgeting practices allow the City to continue its commitment to the citizens of Virginia Beach. The Virginia Beach economy continues to improve as real estate assessments continue to increase, and consumer-driven revenues such as general sales, hotel tax, meals tax and amusement tax continue to perform well.

The adopted budget seeks to implement City Council priorities while also remaining flexible and conservative as the City continues to navigate the residual impacts of the pandemic, inflation, global supply chain issues, global unrest and other uncertainties.

The above indicators were taken into account when adopting the budget for fiscal year 2024. The adopted budget includes the following highlights:

- Real estate tax rate of \$0.99 per \$100 valuation will remain the same in fiscal year 2023-2024 intended to ease the burden of increasing home values in the City. The real estate tax remains the single largest revenue source

for the City, generating 27% of the City's total revenue and 46% of the General Fund revenue. Assessments have steadily been increasing over the past ten years.

- Personal property tax rate of \$4.00 per \$100 of assessed value will remain the same in fiscal year 2023-2024. The previous program which applied a 25% discount rate to the value of each vehicle and applied the tax levied to the new, fair market value of the vehicle is no longer in effect. As the car market returns to normal, personal property assessments are expected to decrease.
- Water commodity rate was increased by \$0.30 per 1,000 gallons of water used. This is the first of a five-year programmed rate increase.
- The sanitary sewer charge increased by \$0.77 per month. This is the first of a three-year programmed rate increase.
- Waste collection fees increased by \$2.50 to \$27.50 per month to support the daily operations of the Waste Management Division and will cover the increased costs for staffing, fuel, and vehicle replacements.
- The adopted Capital Improvement Program (CIP) for fiscal years 2024 through 2029 established six-year programmed funding of \$5.1 billion. For year one, the amount appropriated was \$375.6 million. The six-year program provides scheduled funding for the construction of projects for roadways \$936.6 million, storm water \$493.8 million, utilities \$460.4 million, schools \$720.4 million, flood protection \$761.8 million, economic and tourism development \$608.2 million, buildings \$414.7 million, coastal development \$197.5 million, information technology \$290.1 million, and parks and recreation \$231.7 million.

REQUEST FOR INFORMATION

This report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City's Finance Department, City of Virginia Beach, Municipal Center, Virginia Beach, Virginia 23456, telephone 757-385-4681, or visit the City's web site at www.virginiabeach.gov.

BASIC FINANCIAL STATEMENTS

CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF NET POSITION
JUNE 30, 2023

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	Other
ASSETS					
Cash and Investments	\$ 763,811,358	\$ 172,082,985	\$ 935,894,343	\$ 369,991,488	\$ 2,747,374
Restricted Cash & Cash Equivalents	29,513,656	209,376,594	238,890,250	-	43,600,147
Receivables (net)	122,009,406	56,260,615	178,270,021	7,202,630	5,330,958
Due from Other Governments	77,534,235	723,666	78,257,901	40,261,488	208,671
Internal Balances	(16,516,201)	16,516,201	-	-	-
Inventories	10,162,133	3,195,663	13,357,796	726,037	-
Other Assets	985,254	-	985,254	1,160,282	33,234
Net OPEB Asset	-	-	-	45,743	-
Land Held for Resale	-	32,521,030	32,521,030	-	1,638,906
Capital assets (net of accumulated depreciation):					
Land and Improvements	1,101,918,194	204,002,615	1,305,920,809	38,967,870	9,713,110
Buildings and Improvements	1,021,098,640	93,552,432	1,114,651,072	426,183,921	15,359,285
Improvements other than Buildings	236,081,136	481,550	236,562,686	27,874,112	-
Machinery and Equipment	107,608,430	18,388,903	125,997,333	59,205,300	715,249
Infrastructure	883,912,779	979,819,605	1,863,732,384	-	-
Construction in Progress	206,350,979	119,467,277	325,818,256	18,441,696	215,592
Total Capital Assets	<u>3,556,970,158</u>	<u>1,415,712,382</u>	<u>4,972,682,540</u>	<u>570,672,899</u>	<u>26,003,236</u>
Total Assets	<u>4,544,469,999</u>	<u>1,906,389,136</u>	<u>6,450,859,135</u>	<u>990,060,567</u>	<u>79,562,526</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Outflows from Pensions	116,090,847	8,778,301	124,869,148	121,293,159	-
Deferred Outflows From OPEB	32,583,477	1,745,139	34,328,616	40,977,121	-
Deferred Outflows from Debt Refunding	1,502,280	66,785	1,569,065	-	-
Total Deferred Outflows of Resources	<u>150,176,604</u>	<u>10,590,225</u>	<u>160,766,829</u>	<u>162,270,280</u>	<u>-</u>
LIABILITIES					
Accounts Payable	50,052,049	20,675,575	70,727,624	35,465,922	433,179
Accrued Liabilities	111,695,930	9,789,516	121,485,446	98,697,703	1,964,824
Due to Other Governments	256,318	447,255	703,573	123,422	178,121
Long-term Liabilities:					
Due Within One Year	144,704,451	29,297,631	174,002,082	27,312,974	1,113,778
Due in More Than One Year:					
Compensated Absences	17,989,165	1,029,405	19,018,570	31,013,218	-
Lease Liability	17,477,286	2,505,500	19,982,786	-	-
Subscription Liability	2,520,479	290,079	2,810,558	778,559	-
Claims and Contingencies	33,799,676	-	33,799,676	4,522,571	-
Bonds and Notes Payable	816,322,255	353,066,917	1,169,389,172	-	69,000,856
Landfill	24,566,050	-	24,566,050	-	-
Net Pension Liability	330,059,160	24,957,684	355,016,844	462,205,827	-
Net OPEB Liability	86,573,280	5,424,204	91,997,484	157,587,101	-
Total Liabilities	<u>1,636,016,099</u>	<u>447,483,766</u>	<u>2,083,499,865</u>	<u>817,707,297</u>	<u>72,690,758</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows from Pensions	93,288,640	7,054,094	100,342,734	122,002,414	-
Deferred Inflows from OPEB	31,991,391	1,485,075	33,476,466	23,321,600	-
Deferred Inflows from Debt Refunding	2,632,798	892,444	3,525,242	-	-
Deferred Inflows from Leases	7,036,435	27,705,798	34,742,233	1,902,638	-
Total Deferred Inflows of Resources	<u>134,949,264</u>	<u>37,137,411</u>	<u>172,086,675</u>	<u>147,226,652</u>	<u>-</u>
NET POSITION					
Net Investment in Capital Assets	2,602,704,864	1,026,281,613	3,628,986,477	557,050,053	6,345,375
Restricted for:					
Future Debt Service	30,282,245	29,707,644	59,989,889	-	-
Special Projects	32,289,487	44,071,495	76,360,982	36,829,279	43,632,494
Unrestricted (Deficit)	258,404,644	332,297,432	590,702,076	(406,482,434)	(43,106,101)
Total Net Position (Deficit)	<u>\$ 2,923,681,240</u>	<u>\$ 1,432,358,184</u>	<u>\$ 4,356,039,424</u>	<u>\$ 187,396,898</u>	<u>\$ 6,871,768</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, 2023

	Program Revenues				Net (Expenses) Revenues and Changes in Net Position			Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	School Board	Other
Primary Government:									
Governmental Activities:									
Legislative	\$ 1,270,590	\$ -	\$ -	\$ -	(1,270,590)	\$ -	(1,270,590)	\$ -	\$ -
Executive	11,164,998	-	-	-	(11,164,998)	-	(11,164,998)	-	-
Law	5,649,595	1,281	-	-	(5,648,314)	-	(5,648,314)	-	-
Finance	21,494,055	627,088	1,703,055	-	(19,163,912)	-	(19,163,912)	-	-
Human Resources	5,904,595	58,142	-	-	(5,846,453)	-	(5,846,453)	-	-
Judicial	82,081,133	4,452,638	28,029,938	-	(49,598,557)	-	(49,598,557)	-	-
Health	4,014,844	328,118	115,803	-	(3,570,923)	-	(3,570,923)	-	-
Police	122,888,250	1,362,460	1,437,707	148,666	(119,939,417)	-	(119,939,417)	-	-
Human Services	137,187,024	30,848,325	77,405,890	-	(28,932,809)	-	(28,932,809)	-	-
Public Works	202,890,102	2,587,647	61,448,445	2,960,296	(135,893,714)	-	(135,893,714)	-	-
Parks & Recreation	58,488,037	15,426,715	6,255,110	111,251	(36,694,961)	-	(36,694,961)	-	-
Library	19,107,761	285,528	292,905	-	(18,529,328)	-	(18,529,328)	-	-
Planning	1,481,207	6,543,851	111,835	-	5,174,479	-	5,174,479	-	-
Agriculture	15,006,254	7,030,591	214,810	-	(7,760,853)	-	(7,760,853)	-	-
Economic Development	71,265,585	582,110	118,393	-	(70,565,082)	-	(70,565,082)	-	-
Convention & Visitor Development	36,847,213	3,203,148	-	-	(33,644,065)	-	(33,644,065)	-	-
Cultural Affairs	1,613,615	60,100	-	-	(1,553,515)	-	(1,553,515)	-	-
Information Technology	53,390,404	654	-	-	(53,389,750)	-	(53,389,750)	-	-
Emergency Communications and Citizen Services	10,538,164	141,461	-	-	(10,396,703)	-	(10,396,703)	-	-
Fire	81,434,129	1,000,780	7,042,090	-	(73,391,259)	-	(73,391,259)	-	-
Budget and Management Services	470,150,749	-	-	-	(470,150,749)	-	(470,150,749)	-	-
Education	38,590,491	2,005,982	29,296,020	-	(7,288,489)	-	(7,288,489)	-	-
Housing & Neighborhood Preservation	12,946,911	13,076,280	-	-	129,369	-	129,369	-	-
Museums	18,241,153	21,908	-	-	(18,219,245)	-	(18,219,245)	-	-
Emergency Medical Services	46,326,095	32,849,143	17,852,330	245,047	4,620,425	-	4,620,425	-	-
General Government	12,600,164	-	-	-	(12,600,164)	-	(12,600,164)	-	-
Interest	1,543,812,273	122,493,950	231,324,331	3,465,260	(1,186,528,732)	-	(1,186,528,732)	-	-
Total Governmental Activities									
Business-type Activities:									
Water and Sewer	129,355,105	131,686,568	-	3,270,306	-	5,601,769	5,601,769	-	-
Storm Water	28,806,275	46,221,163	1,383,248	-	-	18,798,136	18,798,136	-	-
Waste Management	40,531,439	37,711,858	69,849	-	-	(2,749,732)	(2,749,732)	-	-
Development Authority	16,170,202	66,886,214	-	-	-	50,716,012	50,716,012	-	-
Parking	6,814,732	5,518,809	-	-	-	(1,295,923)	(1,295,923)	-	-
Total Business-type Activities	221,677,753	288,024,612	1,453,097	3,270,306	-	71,070,262	71,070,262	-	-
Total Primary Government	1,765,490,026	410,518,562	232,777,428	6,735,566	(1,186,528,732)	71,070,262	(1,115,458,470)	-	-
Component Units:									
Virginia Beach School Board	972,469,479	14,779,616	269,510,671	15,823,813	-	-	(672,355,379)	-	(8,924,566)
Other	221,877,096	5,123,955	2,583,560	6,185,015	-	-	-	-	-
Total Component Units	\$ 995,286,575	\$ 19,903,571	\$ 272,094,231	\$ 22,008,828			\$ (672,355,379)	\$ (8,924,566)	

General Revenues:						
Taxes:						
Real Estate Property Taxes	\$ 683,149,860	\$	-	\$	683,149,860	\$ -
Personal Property Taxes	150,330,302		-		150,330,302	-
Sales	90,129,727		-		90,129,727	-
Utility	40,428,732		-		40,428,732	-
Business Licenses	59,007,924		-		59,007,924	-
Meal	92,398,321		-		92,398,321	-
City Tax on Deeds and Wills	7,870,701		-		7,870,701	-
Cigarette	8,241,038		-		8,241,038	-
Automobile Licenses	10,596,831		-		10,596,831	-
Amusement	9,055,008		-		9,055,008	-
Lodging	52,095,548		-		52,095,548	-
Bank Stock	4,183,698		-		4,183,698	-
Total City Taxes	1,207,487,690		-		1,207,487,690	-
Grants and contributions not restricted to specific programs	53,412,868		-		53,412,868	-
Investment earnings	18,884,519		5,830,296		24,714,815	306,797,997
Miscellaneous	14,380,430		5,986,600		20,367,030	977,987
Transfers	(17,856,710)		17,856,710		-	8,736,741
Total General Revenues and Transfers	1,276,308,797		29,673,606		1,305,982,403	456,010,900
Change in Net Position	89,780,065		100,743,868		190,523,933	772,523,625
Net Position - Beginning	2,833,901,175		1,331,614,316		4,165,515,491	100,168,246
Net Position - Ending	\$ 2,923,681,240	\$	1,432,358,184	\$	4,356,039,424	\$ 87,228,652
						\$ 187,396,898
						\$ 6,871,768

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

CITY OF VIRGINIA BEACH, VIRGINIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 383,894,302	\$ 188,480,725	\$ 135,140,748	\$ 707,515,775
Cash and Investments - Restricted	-	-	29,513,656	29,513,656
Cash Advances	90,188	-	-	90,188
Receivables (net of allowance for collectibles, where applicable):				
Property Tax	78,056,025	-	-	78,056,025
Accounts	8,130,657	94,555	125,230	8,350,442
Leases	6,060,893	66,640	918,342	7,045,875
Loans	3,231,253	-	4,650,639	7,881,892
Due from:				
Due from Other Funds	5,289,287	-	51,207	5,340,494
Due from Commonwealth	63,529,704	6,530,123	1,566,910	71,626,737
Due from Federal Government	188,120	3,630,611	2,088,767	5,907,498
Inventories	6,219,159	-	816,641	7,035,800
Total Assets	<u>554,689,588</u>	<u>198,802,654</u>	<u>174,872,140</u>	<u>928,364,382</u>
LIABILITIES				
Vouchers and Accounts Payable	42,539,157	10,059,423	7,801,473	60,400,053
Deposits Payable	6,537,651	-	-	6,537,651
Due to Other Funds	143,732	12,076,619	4,893,239	17,113,590
Intergovernmental Payables	248,341	6,000	1,977	256,318
Unearned Revenues	90,925,518	-	1,778,585	92,704,103
Total Liabilities	<u>140,394,399</u>	<u>22,142,042</u>	<u>14,475,274</u>	<u>177,011,715</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows from Leases	5,964,879	39,178	1,032,378	7,036,435
Deferred Inflows from Opioid Settlements	4,492,017	-	-	4,492,017
Unavailable Revenue - Property Taxes	61,766,943	-	-	61,766,943
Total Deferred Inflows of Resources	<u>72,223,839</u>	<u>39,178</u>	<u>1,032,378</u>	<u>73,295,395</u>
FUND BALANCES				
Nonspendable:				
Nonspendable Inventories	6,219,158	-	816,641	7,035,799
Loans Receivable	3,231,253	-	-	3,231,253
Restricted for:				
Debt Service	-	-	30,282,245	30,282,245
Community Services Board	1,922,110	-	-	1,922,110
General Government	-	-	2,910,984	2,910,984
Housing and Community Development	-	-	10,258,191	10,258,191
Judicial	-	-	449,082	449,082
Public Safety	-	-	2,673,835	2,673,835
Special Service District	-	-	6,719,217	6,719,217
Committed to:				
Agriculture	-	-	19,504,292	19,504,292
Convention and Visitor Development	-	-	54,118,212	54,118,212
Education	15,247,762	-	-	15,247,762
Judicial	-	-	151,357	151,357
Capital Improvement Program:				
Engineering and Highways	-	28,976,260	-	28,976,260
Buildings	-	14,453,240	-	14,453,240
Flood Protection	-	18,992,233	-	18,992,233
Communications and Information Technology	-	8,144,178	-	8,144,178
Parks and Recreation	-	9,148,950	17,866,461	27,015,411
Public Safety	-	-	16,310	16,310
Coastal	-	14,138,644	-	14,138,644
Economic and Tourism	-	15,052,351	-	15,052,351
General Government	-	67,715,578	-	67,715,578
Tax Increment Financing	-	-	7,458,253	7,458,253
Assigned to:				
Education	26,140,809	-	-	26,140,809
Convention and Visitor Development	-	-	10,765,660	10,765,660
Special Service District	-	-	1,029,727	1,029,727
General Government	52,169,420	-	-	52,169,420
Capital Improvement Program - General	41,054,274	-	-	41,054,274
Unassigned	196,086,564	-	(5,655,979)	190,430,585
Total Fund Balances	<u>342,071,350</u>	<u>176,621,434</u>	<u>159,364,488</u>	<u>678,057,272</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 554,689,588</u>	<u>\$ 198,802,654</u>	<u>\$ 174,872,140</u>	<u>\$ 928,364,382</u>

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

**CITY OF VIRGINIA BEACH, VIRGINIA
RECONCILIATION OF BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2023**

Total Fund Balances - Governmental funds (Exhibit 3)		\$ 678,057,272
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.		3,555,224,628
Other long-term assets are not available to pay for current period expenditures and, therefore, are offset by unearned revenue in the governmental funds.		91,155,701
Deferred Inflows and Outflows of Resources used to reflect deferred gains and losses on debt refunding bonds are not reported in the governmental funds.		(1,130,518)
Deferred Inflows and Outflows of Resources used to reflect differences between expected and actual earnings on pension plan investments and other postemployment benefits are not reported in the governmental funds (net of ISF).		22,894,935
Internal Service Funds (ISF) are used by management to charge the costs of risk management, information technology, and city garage to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position. (Exhibit 1)		9,414,074
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	(508,818,472)	
Net Pension Liability (net of ISF)	(323,739,860)	
Net Other Postemployment Benefits Liability (net of ISF)	(85,261,476)	
Subscription Liability	(4,812,596)	
Lease Liability	(21,516,168)	
Accrued Interest on Bonds Sold	(8,296,285)	
Agriculture Reserve Strips	(44,146,562)	
Public Facility Revenue Bonds	(267,719,194)	
Premium on Bonds Sold	(96,062,381)	
Compensated Absences (annual and sick leave) (net of ISF)	(46,995,808)	
Landfill Closure and Post-Closure Care	(24,566,050)	
	(1,431,934,852)	
Total Net Position - Governmental Activities (Exhibit 1)		\$ 2,923,681,240

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, 2023

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
General Property Taxes:				
Real Estate property taxes	\$ 642,486,762	\$ -	\$ 40,652,079	\$ 683,138,841
Personal property taxes	140,251,330	-	-	140,251,330
Other Local Taxes	289,645,377	-	83,758,997	373,404,374
Fines and Forfeitures	1,326,584	-	-	1,326,584
Permits, Privilege Fees, and Regulatory Licenses	9,190,870	-	273,546	9,464,416
From Use of Money and Property	21,432,482	369,459	3,390,890	25,192,831
Charges for Services	54,562,395	-	20,603,806	75,166,201
Miscellaneous	6,741,151	1,917,115	558,509	9,216,775
From Commonwealth	180,077,748	6,963,587	27,524,982	214,566,317
From Federal Government	25,974,231	3,151,696	66,235,046	95,360,973
Total Revenues	<u>1,371,688,930</u>	<u>12,401,857</u>	<u>242,997,855</u>	<u>1,627,088,642</u>
EXPENDITURES				
Current Operating:				
Legislative	1,267,998	-	-	1,267,998
Executive	6,669,070	-	786	6,669,856
Law	5,623,140	-	-	5,623,140
Finance	23,949,092	-	-	23,949,092
Human Resources	6,114,668	-	-	6,114,668
Judicial	18,811,256	-	62,657,214	81,468,470
Health	3,898,158	-	118,391	4,016,549
Police	119,029,333	-	1,442,808	120,472,141
Human Services	127,902,634	-	12,305,029	140,207,663
Public Works	88,737,824	-	7,289,902	96,027,726
Parks and Recreation	15,556,310	-	37,043,430	52,599,740
Library	19,089,613	-	223,124	19,312,737
Planning	12,257,895	-	27,645	12,285,540
Agriculture	907,229	-	195,550	1,102,779
Economic Development	7,069,218	-	487,742	7,556,960
Convention and Visitor Development	9,497,199	-	24,796,757	34,293,956
Cultural Affairs	2,957,549	-	928,833	3,886,382
Information Technology	25,013,855	-	-	25,013,855
Emergency Communications and Citizen Services	10,601,086	-	2,994	10,604,080
Fire	74,752,264	-	7,002,676	81,754,940
Budget and Management Services	1,229,516	-	-	1,229,516
Education	456,472,085	-	-	456,472,085
Housing and Neighborhood Preservation	7,137,522	-	31,743,867	38,881,389
Aquariums	13,058,273	-	-	13,058,273
General Registrar	3,340,831	-	-	3,340,831
General Government	50,871,645	-	8,337,512	59,209,157
Emergency Medical Services	18,011,224	-	484,225	18,495,449
Capital Outlay	-	254,018,476	8,502	254,026,978
Lease Payments	3,707,313	-	426,409	4,133,722
Subscription Payments	3,723,519	1,634,491	42,138	5,400,148
Debt Service:				
Principal Retirement	37,330,169	-	68,988,123	106,318,292
Interest and Fiscal Charges	14,330,454	-	24,521,804	38,852,258
Total Expenditures	<u>1,188,917,942</u>	<u>255,652,967</u>	<u>289,075,461</u>	<u>1,733,646,370</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>182,770,988</u>	<u>(243,251,110)</u>	<u>(46,077,606)</u>	<u>(106,557,728)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	727,192	130,132,141	98,116,822	228,976,155
Transfers Out	(182,542,715)	-	(46,964,544)	(229,507,259)
Capitalized Leases	6,123,168	-	-	6,123,168
Capitalized Subscriptions	6,096,478	2,764,032	312,992	9,173,502
Total Other Financing Sources (Uses)	<u>(169,595,877)</u>	<u>132,896,173</u>	<u>51,465,270</u>	<u>14,765,566</u>
Net Change in Fund Balance	13,175,111	(110,354,937)	5,387,664	(91,792,162)
Fund Balance at Beginning of Year	328,896,239	286,976,371	153,976,824	769,849,434
Fund Balance at End of Year	<u>\$ 342,071,350</u>	<u>\$ 176,621,434</u>	<u>\$ 159,364,488</u>	<u>\$ 678,057,272</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, 2023**

Net Change in fund balance - total governmental funds (Exhibit 4) \$ (91,792,162)

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

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

General Government Capital Outlay Expenditures	\$	254,018,476	
General Government Expenditures		(70,633,176)	
Non-Capitalizable Capital Outlay Expenditures		6,469,012	
Depreciation on General Government Assets		(152,859,446)	
Gain on Disposition of Assets		2,849,735	39,844,601

Revenues in the fund statements which were subject to accrual in the prior year are additions to beginning net position and, therefore, are not reported as revenues in the Statement of Activities. 17,704,769

The issuance of long-term debt provides current financial resources to governmental funds while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. 98,482,679

Certain net expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated Absences		(3,567,577)	
Pension Expense		12,881,737	
Subscription Expenses		5,340,366	
Lease Expenses		4,027,698	
Other Postemployment Benefits		383,553	

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. 6,474,401

Change in net position of governmental activities (Exhibit 2) \$ 89,780,065

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

CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023

	Business-Type Activities - Enterprise Funds	
	Water and Sewer	Storm Water
ASSETS		
Current Assets:		
Cash and Investments	\$ 123,778,687	\$ 22,904,038
Accounts Receivable - Net	15,148,762	5,689,026
Due From Other Funds	-	-
Lease Receivable	-	-
Intergovernmental Receivables	723,666	-
Inventory	3,195,663	-
Total Current Assets	142,846,778	28,593,064
Noncurrent Assets:		
Cash and Investments - Restricted	99,493,045	69,487,095
Accounts Receivable - Non-current	-	-
Lease Receivable - Non-current	-	-
Land Held for Resale	-	-
Capital Assets:		
Land	14,618,544	134,087,267
Site Improvements	-	-
Buildings	21,037,299	664,899
Utility System	1,256,214,787	427,669,661
Construction in Progress	36,562,668	62,485,559
Machinery and Equipment	37,458,171	23,288,378
Less: Accumulated Depreciation	(657,236,355)	(114,504,499)
Total Capital Assets	708,655,114	533,691,265
Total Noncurrent Assets	808,148,159	603,178,360
Total Assets	950,994,937	631,771,424
DEFERRED OUTFLOWS OF RESOURCES		
Debt Refundings Resulting in Loss Transactions	-	-
Deferred Outflows for Pensions	5,681,547	1,398,534
Deferred Outflows for OPEB	1,070,032	253,182
Total Deferred Outflows of Resources	6,751,579	1,651,716
LIABILITIES		
Current Liabilities:		
Vouchers and Accounts Payable	3,702,331	588,587
Deposits Payable	242,212	669
Accrued Interest Payable	1,793,840	592,645
Construction Contracts Payable	2,019,969	3,969,146
Due to Other Funds	-	-
Unearned Revenues	2,625,430	-
Current Portion of Long-term Liabilities	16,532,811	6,364,196
Total Current Liabilities	26,916,593	11,515,243
Long-term Liabilities:		
Compensated Absences	542,894	137,984
Claims and Contingencies	-	-
Bonds and Notes Payable	192,959,807	138,144,519
Subscriptions Payable	290,079	-
Leases Payable	168,381	-
Net Pension Liability	16,153,266	3,976,189
Net OPEB Liability	3,325,730	786,669
Total Long-term Liabilities	213,440,157	143,045,361
Total Liabilities	240,356,750	154,560,604
DEFERRED INFLOWS OF RESOURCES		
Debt Refundings Resulting in Gain Transactions	125,386	423,300
Deferred Inflows for Pensions	4,565,595	1,123,838
Deferred Inflows for Leases	2,649	-
Deferred Inflows for OPEB	910,548	215,396
Total Deferred Inflows of Resources	5,604,178	1,762,534
NET POSITION		
Net Investment in Capital Assets	498,370,175	385,220,835
Restricted for:		
Future Debt Services	20,259,887	9,447,757
Special Projects	-	-
Unrestricted (deficit)	193,155,526	82,431,410
Total Net Position	\$ 711,785,588	\$ 477,100,002

Reconciling Items:

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

Total Net Position of Business-type activities (Exhibit 1)

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

CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023

Business-Type Activities - Enterprise Funds				Governmental Activities	
Waste Management	Development Authority	Nonmajor Parking	Totals	Internal Service Funds	
\$ 12,640,190	\$ 5,951,464	\$ 6,808,606	\$ 172,082,985	\$	56,295,583
4,638,451	2,605,458	-	28,081,697		-
-	12,220,351	-	12,220,351		-
-	805,617	-	805,617		-
-	-	-	723,666		-
-	-	-	3,195,663		3,126,333
17,278,641	21,582,890	6,808,606	217,109,979		59,421,916
-	40,396,454	-	209,376,594		-
-	29,985	-	29,985		-
-	27,343,316	-	27,343,316		-
-	32,521,030	-	32,521,030		-
-	52,698,440	2,965,874	204,370,125		-
410,325	-	779,517	1,189,842		265,782
8,730	145,408,109	95,922	167,214,959		-
-	-	-	1,683,884,448		-
-	20,419,050	-	119,467,277		-
22,367,725	1,900,510	139,727	85,154,511		8,393,657
(17,729,705)	(55,068,802)	(1,029,419)	(845,568,780)		(6,913,909)
5,057,075	165,357,307	2,951,621	1,415,712,382		1,745,530
5,057,075	265,648,092	2,951,621	1,684,983,307		1,745,530
22,335,716	287,230,982	9,760,227	1,902,093,286		61,167,446
-	66,785	-	66,785		-
1,598,325	-	99,895	8,778,301		2,222,671
404,130	-	17,795	1,745,139		421,922
2,002,455	66,785	117,690	10,590,225		2,644,593
1,668,718	13,230,314	448,635	19,638,585		1,879,495
75	-	-	242,956		-
-	275,150	4,625	2,666,260		-
-	-	-	5,989,115		-
-	447,255	-	447,255		-
-	-	-	2,625,430		-
649,167	5,484,215	267,242	29,297,631		8,770,687
2,317,960	19,436,934	720,502	60,907,232		10,650,182
341,259	-	7,268	1,029,405		171,768
-	-	-	-		33,799,676
-	21,962,591	-	353,066,917		-
-	-	-	290,079		-
-	-	2,337,119	2,505,500		-
4,544,216	-	284,013	24,957,684		6,319,300
1,256,379	-	55,426	5,424,204		1,311,804
6,141,854	21,962,591	2,683,826	387,273,789		41,602,548
8,459,814	41,399,525	3,404,328	448,181,021		52,252,730
-	343,758	-	892,444		-
1,284,387	-	80,274	7,054,094		1,786,101
-	27,703,149	-	27,705,798		-
343,964	-	15,167	1,485,075		359,134
1,628,351	28,046,907	95,441	37,137,411		2,145,235
5,057,075	137,633,528	-	1,026,281,613		1,745,530
-	-	-	29,707,644		-
-	44,071,495	-	44,071,495		-
9,192,931	36,146,312	6,378,148	327,304,327		7,668,544
\$ 14,250,006	\$ 217,851,335	\$ 6,378,148	1,427,365,079	\$	9,414,074
			4,993,105		
			1,432,358,184		

CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Business-Type Activities - Enterprise Funds</u>	
	<u>Water and Sewer</u>	<u>Storm Water</u>
<u>OPERATING REVENUES</u>		
Charges for Services	\$ 130,238,014	\$ 45,703,661
Insurance Recovery	-	-
Miscellaneous	195,406	6,845
Total Operating Revenues	<u>130,433,420</u>	<u>45,710,506</u>
<u>OPERATING EXPENSES</u>		
Cost of Goods Sold	32,558,116	-
Personal Services	29,799,690	5,947,128
Contractual Services	10,877,039	3,338,823
Internal Services	4,474,786	1,474,982
Other Charges	15,991,805	3,813,122
Leases and Rentals	8,660	-
Depreciation	29,163,315	10,624,806
Total Operating Expenses	<u>122,873,411</u>	<u>25,198,861</u>
<u>OPERATING INCOME (LOSS)</u>	<u>7,560,009</u>	<u>20,511,645</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>		
From Commonwealth	-	-
Interest Income	3,374,596	1,633,071
Gain (Loss) From Sale of Assets	92,083	6,089
Payment Under Support Agreement	-	-
Interest and Fiscal Agent Fees	(5,780,029)	(3,561,711)
Total Nonoperating Revenues (Expenses)	<u>(2,313,350)</u>	<u>(1,922,551)</u>
<u>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</u>	<u>5,246,659</u>	<u>18,589,094</u>
Capital Contributions	4,101,159	500,000
Capital Contributions - Federal Government	-	1,383,248
Capital Contributions - Transfers In	682,718	1,828,183
Transfers In	-	551,703
Transfers Out	-	-
<u>CHANGE IN NET POSITION</u>	<u>10,030,536</u>	<u>22,852,228</u>
Total Net Position at Beginning of Year	701,755,052	454,247,774
Total Net Position at End of Year	<u>\$ 711,785,588</u>	<u>\$ 477,100,002</u>

Reconciling Items:

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.
Change in Net Position of Business-type activities (Exhibit 2)

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

**CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023**

Business-Type Activities - Enterprise Funds				Governmental Activities
Waste Management	Development Authority	Nonmajor Parking	Totals	Internal Service Funds
\$ 37,188,648	\$ 2,849,693	\$ 5,518,809	\$ 221,498,825	\$ 50,307,817
-	-	-	-	1,464,693
882,751	2,096,435	-	3,181,437	-
38,071,399	4,946,128	5,518,809	224,680,262	51,772,510
352,007	2,358,808	-	35,268,931	16,136,627
10,674,072	-	673,997	47,094,887	11,041,303
15,746,116	8,567,368	3,225,118	41,754,464	3,761,931
6,638,157	-	51,891	12,639,816	1,054,340
4,089,871	702,868	349,140	24,946,806	12,359,205
-	-	-	8,660	-
2,604,444	3,703,142	322,057	46,417,764	746,299
40,104,667	15,332,186	4,622,203	208,131,328	45,099,705
(2,033,268)	(10,386,058)	896,606	16,548,934	6,672,805
69,849	-	-	69,849	-
147,646	582,255	93,807	5,831,375	907,010
81,173	(10,692)	-	168,653	(5,414)
-	14,992,095	-	14,992,095	-
-	(827,324)	(692,529)	(10,861,593)	-
298,668	14,736,334	(598,722)	10,200,379	901,596
(1,734,600)	4,350,276	297,884	26,749,313	7,574,401
-	66,619,725	-	71,220,884	-
-	-	-	1,383,248	-
-	-	-	2,510,901	-
-	-	68,500	620,203	-
-	-	(1,500,000)	(1,500,000)	(1,100,000)
(1,734,600)	70,970,001	(1,133,616)	100,984,549	6,474,401
15,984,606	146,881,334	7,511,764		2,939,673
\$ 14,250,006	\$ 217,851,335	\$ 6,378,148		\$ 9,414,074
			(240,681)	
			\$ 100,743,868	

CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Business-Type Activities - Enterprise Funds	
	Water and Sewer	Storm Water
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Receipts from Customers and Users	\$ 130,338,357	\$ 46,173,500
Receipts from (Payments for) Interfund Services Provided	1,918,853	-
Other Operating Cash Receipts (Disbursements)	195,406	-
Cash Payments to Suppliers of Goods and Services	(64,216,505)	(9,285,177)
Cash Payments to Employees for Services	(31,883,656)	(8,426,078)
Net Cash Provided By Operating Activities	<u>36,352,455</u>	<u>28,462,245</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>		
Intergovernmental Receipts	-	-
Receipts from Other Funds	-	551,703
Payments Under Support Agreement	-	-
Payments to Other Funds	-	-
Net Cash Provided By (Used in) Noncapital Financing Activities	<u>-</u>	<u>551,703</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>		
Capital Contributions	3,738,733	3,211,431
Interest on Long-term Debt	(10,426,916)	(5,409,496)
Acquisition and Construction of Capital Assets	(22,406,743)	(49,522,291)
Subscription Financing	574,363	-
Payments from the City	-	-
Lease Financing	(819,572)	-
Proceeds (Loss) from Sale of Salvage	92,083	6,089
Principal Paid on Capital Debt	(11,405,000)	(4,470,000)
Net Cash Provided By (Used in) Capital and Related Financing Activities	<u>(40,653,052)</u>	<u>(56,184,267)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Interest and Dividends Received	<u>3,374,596</u>	<u>1,633,071</u>
Net Cash Provided By Investing Activities	<u>3,374,596</u>	<u>1,633,071</u>
Net Increase (Decrease) in Cash and Investments	(926,001)	(25,537,248)
Cash and Investments, July 1	224,197,734	117,928,381
Cash and Investments, June 30	<u>\$ 223,271,733</u>	<u>\$ 92,391,133</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO</u>		
<u>NET CASH PROVIDED BY OPERATING ACTIVITIES:</u>		
Operating Income (Loss)	\$ 7,560,009	\$ 20,511,645
Adjustments to Reconcile Operating Income (Loss) to		
Net Cash Provided By (Used in) Operating Activities:		
Depreciation and Amortization Expense	29,163,315	10,624,806
Changes in assets and liabilities:		
Accounts Receivable	2,226,636	462,994
Intergovernmental Receivables	(219,522)	-
Lease Receivable	12,082	-
Inventory	(502,848)	-
Deferred Outflow of Resources	1,965,792	962,093
Vouchers and Accounts Payable	271,696	(658,265)
Deposits Payable	25,086	15
Unearned Revenue	(100,033)	-
Deferred Inflow of Resources	(6,854,497)	(1,497,384)
Estimated Claims and Judgments	-	-
Accrued Compensated Leave	139,424	45,080
Net Pension Liability	2,786,043	(1,953,241)
Net OPEB Liability	(120,728)	(35,498)
Net Cash Provided By (Used in) Operating Activities	<u>36,352,455</u>	<u>28,462,245</u>
<u>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</u>		
Capital Contributions of Capital Assets	\$ 1,045,144	\$ -
Amortization of Bond Premiums	1,726,134	1,233,464
Economic Development Investment Program Appropriations	-	-

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, 2023

Business-Type Activities - Enterprise Funds				Governmental
Waste Management	Development Authority	Nonmajor Parking	Totals	Internal Service Funds
\$ 37,773,495	\$ 192,637	\$ 5,518,809	\$ 219,996,798	\$ 51,772,510
-	(11,168,391)	-	(9,249,538)	-
882,751	-	-	1,078,157	-
(26,715,209)	-	(3,643,557)	(103,860,448)	(32,301,639)
(11,169,515)	-	(989,927)	(52,469,176)	(18,996,093)
<u>771,522</u>	<u>(10,975,754)</u>	<u>885,325</u>	<u>55,495,793</u>	<u>474,778</u>
69,849	-	-	69,849	-
-	-	68,500	620,203	-
-	-	(692,528)	(692,528)	-
-	-	(1,500,000)	(1,500,000)	(1,100,000)
<u>69,849</u>	<u>-</u>	<u>(2,124,028)</u>	<u>(1,502,476)</u>	<u>(1,100,000)</u>
-	35,325,621	-	42,275,785	-
-	(1,311,243)	-	(17,147,655)	-
(1,057,757)	(845,665)	(41,155)	(73,873,611)	(262,259)
-	-	-	574,363	-
-	-	50,613	(768,959)	-
-	14,593,339	-	14,593,339	-
81,173	-	-	179,345	(5,414)
-	(8,454,937)	-	(24,329,937)	-
<u>(976,584)</u>	<u>39,307,115</u>	<u>9,458</u>	<u>(58,497,330)</u>	<u>(267,673)</u>
147,646	582,255	93,807	5,831,375	907,010
<u>147,646</u>	<u>582,255</u>	<u>93,807</u>	<u>5,831,375</u>	<u>907,010</u>
12,433	28,913,616	(1,135,438)	1,327,362	14,115
12,627,757	17,434,302	7,944,044	380,132,218	56,281,468
<u>\$ 12,640,190</u>	<u>\$ 46,347,918</u>	<u>\$ 6,808,606</u>	<u>\$ 381,459,580</u>	<u>\$ 56,295,583</u>
\$ (2,033,268)	\$ (10,386,058)	\$ 896,606	\$ 16,548,934	\$ 6,672,805
2,604,444	3,703,142	322,057	46,417,764	746,299
584,847	(3,915,840)	-	(641,363)	-
-	-	-	(219,522)	-
-	(3,702,670)	-	(3,690,588)	-
-	(1,164,688)	-	(1,667,536)	540,170
640,764	-	(140)	3,568,509	697,779
110,867	1,813,044	(17,408)	1,519,934	470,294
75	-	-	25,176	-
-	(897,920)	-	(997,953)	-
(2,284,951)	3,575,236	(50,642)	(7,112,238)	(2,681,820)
-	-	-	-	(7,414,218)
84,817	-	(338,404)	(69,083)	48,545
1,111,388	-	75,963	2,020,153	1,456,129
(47,461)	-	(2,707)	(206,394)	(61,205)
<u>771,522</u>	<u>(10,975,754)</u>	<u>885,325</u>	<u>55,495,793</u>	<u>474,778</u>
\$ -	\$ 31,249,102	\$ -	\$ 32,294,246	\$ -
-	(439,948)	-	2,519,650	-
-	1,966,449	-	1,966,449	-

CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2023

	<u>Trust Funds</u>	<u>Custodial Funds</u>
<u>ASSETS</u>		
Cash and Investments	\$ -	\$ 545,053
Fixed Income	11,528,273	-
Stocks	28,244,270	-
Real Estate	8,646,205	-
Alternative Investments	9,222,619	-
Total Assets	<u>57,641,367</u>	<u>545,053</u>
<u>LIABILITIES</u>		
Due to Commonwealth	<u>-</u>	<u>5,149</u>
<u>NET POSITION</u>		
Restricted for OPEB	57,641,367	-
Restricted for Individuals, Organizations & Others	<u>-</u>	<u>539,904</u>

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

**CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023**

	Trust Funds	Custodial Funds
<u>ADDITIONS</u>		
Contributions From Primary Government	\$ 7,721,459	\$ -
Custodial Fund Additions	-	2,275,042
Investment Income (Loss):		
Increase (Decrease) in the Fair Value of Investments	4,085,103	-
Total Investment Income (Loss)	<u>4,085,103</u>	<u>-</u>
Total Additions	<u>11,806,562</u>	<u>2,275,042</u>
<u>DEDUCTIONS</u>		
Benefits	7,721,459	-
Administrative Expenses	37,354	-
Custodial Fund Deductions	-	2,127,595
Total Deductions	<u>7,758,813</u>	<u>2,127,595</u>
Net Increase (Decrease) in Net Position	4,047,749	147,447
<u>RESTRICTED NET POSITION:</u>		
Beginning of Year	53,593,618	392,457
End of Year	<u>\$ 57,641,367</u>	<u>\$ 539,904</u>

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

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Virginia Beach, Virginia (the City), was formed on January 1, 1963, by the merger of Princess Anne County and the then former smaller City of Virginia Beach. This merger created what has become one of the largest cities in the Commonwealth of Virginia with an area of 310 square miles and an estimated population of 459,750.

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's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applicable to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles in the United States of America. All applicable GASB statements have been implemented. The following is a summary of the significant accounting policies of the City of Virginia Beach:

A. The Financial Reporting Entity

The financial reporting entity consists of the Primary Government (City), 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 financial data of the City 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.

Blended Component Unit

The Virginia Beach Development Authority (VBDA) - The VBDA, although legally separate in substance, is presented as a blended component unit and part of the City's reporting entity. The City has responsibility through support agreements for debt payments on outstanding Public Facility Revenue Bonds which are recorded on the VBDA's financial records. Therefore, the VBDA's outstanding bonds are expected to be repaid entirely from resources (support agreements) from the City. The support agreements are for a majority of the outstanding debt of the VBDA which necessitates this treatment as a blended component unit.

The VBDA was established for the specific purpose of attracting new industries and the expansion of existing industries. The VBDA's Commissioners are appointed by the City Council. The VBDA 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 VBDA facilitates economic development projects as needed by City Council. Complete financial statements of the VBDA may be obtained by writing to the Virginia Beach Development Authority, 4525 Main Street, Suite 700, Virginia Beach, VA 23462.

Discretely Presented Component Units

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 of the component units have a fiscal year end of June 30.

- a. Schools - The Schools 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;

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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. In addition, a financial burden relationship exists between the City and Schools because the City maintains a legal liability for the bonds issued for Schools' capital assets. 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, VA 23456.

b. Virginia Beach Community Development Corporation (CDC) - The CDC 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 CDC is appointed by City Council. Funding received by the CDC from the City is in the form of grants. Complete financial statements of the CDC may be obtained by writing to Virginia Beach Community Development Corporation, 2700 International Parkway, Suite 300, Virginia Beach, VA 23452.

c. Atlantic Park Community Development Authority (CDA) - The CDA was established pursuant to the Virginia Water and Waste Authorities Act, Chapter 51, Title 15.2 of the Code of Virginia, 1950, as amended, and Chapter 59.2 of Title 15.2 of the Code of Virginia. The CDA was created by an ordinance adopted by the City Council on September 7, 2021, as amended by an ordinance adopted on April 5, 2022 to leverage the combined public and private investments and facilitate development and financing. The members of the CDA board are members of the City Council. The City has pledged certain additional real property taxes within the district along with meals, admissions, and sales taxes collected within the district as a revenue source for retiring debt issued by the CDA. If the revenues do not perform sufficient to meet debt service, there is a special assessment imposed upon the real property within the district. The City's obligations are subject to appropriation and limited to the amount of tax revenues collected within the district as well as any special assessments collected on the CDA's behalf. Complete financial statements of the CDA may be obtained by writing to MuniCap, Inc., at 8965 Guilford Road, Suite 210, Columbia, Maryland 21046.

Joint Venture

Southeastern Public Service Authority (SPSA) - SPSA is a joint venture of the cities of Chesapeake, Franklin, Norfolk, Portsmouth, Suffolk and Virginia Beach and the counties of Isle of Wight and Southampton, created for the purpose of providing, operating and maintaining a regional system for the collection, transfer, processing and disposal of solid waste refuse. SPSA is a primary government, with no component units, that is a public body politic and corporate created pursuant to the Virginia Water and Sewer Authorities Act. It is governed by a sixteen (16) member Board of Directors consisting of eight (8) members appointed by the Governor and eight members appointed by each of the member cities or counties. Budgeting and financing of SPSA is subject to the approval of the Board of Directors with each representative having a single vote. SPSA is responsible for its own financial matters, maintains its own books of accounts and is audited annually by independent accountants that it engages. The participating governments do not have an equity interest in SPSA, and accordingly, no equity interest has been reflected in the City's financial statements June 30, 2023. Complete financial statements of the SPSA can be obtained from SPSA, 730 Woodland Drive, Chesapeake, VA 23320.

Jointly Governed Organizations

Hampton Roads Planning District Commission (HRPDC) - A regional planning agency authorized by the Virginia Area Development Act of 1968, it was created by the merger of the Southeastern Virginia Planning District Commission and the Peninsula Planning District Commission on July 1, 1990. HRPDC performs various planning services for the cities of Chesapeake, Franklin,

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Hampton, Newport News, Norfolk, Portsmouth, Poquoson, Suffolk, Williamsburg and Virginia Beach, plus the counties of Gloucester, Isle of Wight, James City, Southampton, and York. Revenue of the HRPDC is received primarily from local governmental (member) contributions and various state and federal grant programs. The participating governments do not have an equity interest in the HRPDC and accordingly no equity interest has been reflected in the City's financial statements at June 30, 2023. Completed financial statements of the HRPDC can be obtained from the HRPDC, 730 Woodlake Drive, Chesapeake, VA 23320.

Transportation District Commission (TDC) - The TDC was formed on June 29, 1999 to effect the merger of the Peninsula Transportation District Commission and the Tidewater Transportation District Commission effective October 1, 1999. The TDC was established in accordance with the Chapter 45 of Title 15.2 of the Code of Virginia. The TDC provides public transportation facilities and services within the cities of Chesapeake, Hampton, Norfolk, Portsmouth, Newport News and Virginia Beach. Oversight responsibility is exercised by all of the participating localities through their designated representatives. Responsibility for the day-to-day operations of the TDC rests with professional management. The TDC is the governing body of Hampton Roads Transit (HRT). The participating governments do not have an equity interest in the TDC and accordingly no equity interest has been reflected in the City's financial statements at June 30, 2023. Completed financial statements of the TDC can be obtained from the TDC at HRT 509 E 18th Street, Norfolk, VA 23510.

Hampton Roads Transportation Alliance Committee (HRTAC) The HRTAC was formed on July 1, 2014 to manage Hampton Roads Transportation Fund revenues and determine how new regional money, of approximately \$200 million annually will be invested in transportation projects. The twenty-three (23) member commission consists of mayors from local governments, state legislators and Commonwealth Transportation Board members from the fourteen (14) cities and counties embraced by the Commission including Chesapeake, Franklin, Hampton, Newport News, Norfolk, Poquoson, Portsmouth, Suffolk, Virginia Beach, Williamsburg and the Counties of Isle of Wight, James City Southampton and York. Separate financial statements are available from the HRTAC, 700 Woodlake Drive, Chesapeake, VA 23320.

Hampton Roads Economic Development Alliance (HREDA) The HREDA is a non-profit, initiatives and activities are designed to promote the jurisdictions of Chesapeake, Franklin, Hampton, Isle of Wight, Newport News, Norfolk, Poquoson, Portsmouth, Southampton County, Suffolk and Virginia Beach, Virginia. The business affairs are managed by a Board of not less than fifty (50) or more than three hundred (300) Directors. The participating governments do not have an equity interest in HREDA and accordingly no equity interest has been reflected in the City's financial statements at June 30, 2023. Separate financial statements are available from the HREDA, 500 Main Street, Suite 1300, Norfolk, VA 23510.

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. Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either Governmental or Business-type. In the government-wide Statement of Net Position, both the Governmental and Business-type Activities columns are presented on a consolidated basis by column and are reflected on a full accrual and economic resources basis, which incorporate long-term assets and receivables as well as long-term debt and obligations. The City generally uses restricted assets first 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.

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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 (police, public works, etc.) or a Business-type activity (water & sewer, waste management, etc.). 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 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 programs, licenses, permits, charges for service, and interest income. A significant part of the General Fund's revenues is used to finance the operations of the City of Virginia Beach School Board. The General Fund also includes the Flood Protection Referendum subfund which is used to account for collections and disbursements of the dedicated tax revenues.

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

The City reports the following major Proprietary Funds:

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

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

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

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

Additionally, the City reports the following fund types:

Internal Service Funds account for the financing of goods and services provided to other departments and agencies of the City or to other governmental units on a cost reimbursement basis. The City utilizes

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Internal Service Funds for its City Garage, Risk Management, School Site Landscaping, Telecommunications, and Subscriptions.

Special Revenue Funds account for revenue derived from specific sources that are restricted by legal and regulatory provisions to finance specific activities. The City has the following Special Revenue Funds, which are described in detail in the Non-major Special Revenue Fund section: Agriculture Reserve Program, Central Business District South Tax Increment Financing, Combined Area Dredging Projects, Emergency FEMA, Federal Section Eight Program, Forfeited Assets, Grants Consolidated, Housing and Neighborhood Preservation, Law Library, Open Space, Parks and Recreation, Sandbridge Special Service District, Sheriff's Department, Tourism Advertising Program, Tourism Investment Program, Town Center Special Service District, Wetlands Board Mitigation.

Debt Service Fund accounts for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Parking Enterprise Fund accounts for revenues derived from the operations of the Parking Systems Management Office, which manages the operation of parking lots at numerous locations. The primary revenue streams collected by the Parking Fund are residential parking permit fees, parking ticket fees, and charges for service at the City's garages or parking meters.

Fiduciary Funds are used to account for assets held by the City in a trustee capacity or for individuals, private organizations and other governmental units. The City's Fiduciary Funds are divided into two separate fund types:

Other Postemployment Benefits (OPEB) Trust Fund accounts for assets held in trust by the City for the employees and beneficiaries of its OPEB plan.

Custodial Funds (Special Welfare, Sheriff's Inmate Fund and Escheat Property Funds) accounts for the assets held by the City as an agent for welfare recipients, individuals, the Commonwealth of Virginia, and other governmental units. The Custodial Funds are used to report fiduciary activities that are not required to be reported as another fiduciary fund type.

C. Basis of Accounting

The government-wide financial statements, Proprietary Fund and Fiduciary Fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by provider have been met.

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

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

expenditures in Governmental Funds. Proceeds of general long-term debt and acquisitions under 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	

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

Unearned revenues also arise when resources are received by the government before it has a legal claim to them. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for unearned revenue is removed from the Balance Sheet, or Statement of Net Position, 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, Storm Water Function, Waste Management Function, Parking Function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions. Proprietary Funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a Proprietary Fund's principal ongoing operations. The principal operating revenues of the Enterprise Funds and the City's Internal Service Funds are charges to customers for sales and service. Operating expenses for Enterprise Funds and Internal Service Funds include the cost of sales and services, personnel, contractual services, land structures and improvements, other charges, internal service charges and depreciation. All other revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Capital Assets

Capital assets, which include land, buildings, improvements, right-to-use leased assets, 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. They are recorded as expenditures in the Governmental Funds and as assets in the government-wide financial statements. Depreciation is recorded on capital assets on a government-wide basis using the straight-line method and the following estimated useful lives:

Building and Improvements	40	years
Site Improvements	40	years
Equipment	5-10	years
Roadway Network	40	years

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Bridge Network	50	years
Hurricane Protection Network	50	years
Landfill Network		Percentage of Completion

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

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

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

Utility System Water and Sewer	20-100 years
Utility System Storm Water	5-50 years
Buildings and Improvements	40 years
Site Improvements	40 years
Machinery and Equipment	5-10 years

Interest incurred during the construction phase of capital assets of Business-type Activities is included as part of the capitalized value of the assets constructed through FY 2018.

All capital assets are reported at cost or estimated historical cost, if actual cost is not available. The value of historical buildings is included in assets. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value.

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 unassigned 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 Budget and Management Services is authorized to approve transfers of appropriations in an amount up to \$100,000 between any Appropriation Units included in the budget 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

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

- the ordinance for approval and must be offset by additional estimated revenues and/or a transfer from the proper unassigned fund balances. Additional appropriations that exceed 1% of the total estimated expenditures shown in the adopted budget require a public hearing and one reading of the ordinance for approval by City Council.
5. Annual budgets are adopted for the General Fund, Enterprise Funds and all Special Revenue Funds except for Wetlands Board Mitigation, Development Authority and the Emergency FEMA Fund. The City's Capital Project Fund and the Grants Consolidated Fund's budgets are adopted on a project basis. The budgets for these funds are adopted in conformity with the GAAP.
 6. The accounting system is employed as a budgetary management control device to monitor the individual departments or bureaus/divisions within departments. The legal level of budgetary control is at the organizational unit level as noted in the separately issued budget report. Additional controls are exercised administratively on some budget units, personnel positions and capital outlay items and the appropriations related thereto. A budget unit is an activity (e.g. Street Maintenance) of an organizational unit (e.g. Public Works Department). Department Directors are authorized to make spending adjustments within non-controlled accounts (operating support accounts including contractual services, internal service charges, other charges and supplies) that do not exceed the scope or intent of the department's approved budget. The non-controlled accounts for the appropriation unit must balance in total, but do not have to balance individually. The City Manager or the Director of Budget and Management Services is authorized to transfer appropriations up to a maximum of \$100,000 through the accrual period.
 7. The City Manager or the Director of Budget and Management Services is authorized to change the Estimated Revenues included in the annual Budget Ordinance to reflect expected collections. If the Estimated Revenue in support of an Operating Appropriation Unit declines, the City Manager or the Director of Budget and Management Services is authorized to reduce, subject to any other provision of law, those appropriations to equal the decline in Estimated Revenue. The City Manager shall give prior notice to the City Council of any reduction to total appropriations exceeding \$100,000. The notice to City Council shall identify the basis and amount of the appropriation reduction and the Appropriation Units affected.
 8. 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 the city shall maintain an unassigned General Fund Balance of 8% to 12% of the following years' budgeted revenues for contingency and emergency situations. These shall not to be used to support appropriations already approved, except upon subsequent authorization by City Council.
 9. Capital Projects for the City are budgeted separately from the Operating Budget. Since the City has over three hundred (300) 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 the City's Capital Improvement Program require a public hearing and one reading of the ordinance for approval. 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.
 10. Many of 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

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

agency and are subject to financial and compliance audits. Annual revenues and expenditures are reported within the applicable Special Revenue Funds.

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

F. Inventories

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

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

The Water and Sewer Enterprise Fund and the General Fund's Virginia Aquarium and Marine Science Center, the City Garage Internal Service Fund and the Sheriff's Special Revenue Fund inventories are reported at cost using the moving weighted average cost inventory method. The VBDA Enterprise Fund inventories are reported at net realizable value.

G. Land and Building Inventory Held For Resale

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

H. Accrued Compensated Leave

In accordance with GAAP, an accrual has been made in the financial statements for accrued compensated leave. Annual leave, according to a graduated scale based on years of employment, is credited to each employee as it accrues. A permanent City employee, not participating in the VRS Hybrid Plan, may carry-forward a maximum of fifty (50) days. All full-time employees hired on or after January 1, 2014, except hazardous duty employees, and those hired before this date, who made the irrevocable decision to participate in the Hybrid Plan shall accrue and use Paid Time Off. Those participating in the Hybrid Plan may carry-forward a maximum of twenty-four (24) days.

City employees not participating in the Hybrid Plan are granted one sick leave day per month and may accumulate an unlimited number of sick leave days; however, no payment is made by the City on the unused portion upon employment termination (except on the condition of retirement).

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 increases.

The City established guidelines, following IRS regulations, for the administration of the Leave Donation Program which allows eligible employees to obtain approval to receive sick leave donations. The City also established the following plans:

Hybrid Retirement Plan - A Virginia Retirement System (VRS) program provided to eligible employees that specifies retirement payout and provides short-term and long-term disability income replacement under the Virginia Local Disability Plan (VLDP).

VRS Plan 1 and Plan 2 Retirement Plan - A VRS retirement program provided to eligible employees that specifies retirement payout with no provisions for short-term and long-term disability income replacement.

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

I. Fund Balances

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

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

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

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

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

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

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

J. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

K. Fund Balance Policy

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

L. Miscellaneous

1. Cash and Investments

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

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

2. Proprietary Funds' Other Charges

This category mainly consists of General Fund charges (e.g., data processing, buildings and grounds maintenance, indirect costs) to the Water and Sewer, Storm Water, Waste Management and Resort Parking Enterprise Funds, Internal Service Funds except Risk Management, and the Development Authority. For Risk Management it represents premiums and claims payments (including current estimated claims and judgments). The VBDA other charges consist of selling, lease and leasehold improvements, professional services, and other general expenses.

3. Statement of Cash Flows

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

4. Bond Premiums and Discounts

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

5. Internal Balances

The amount reported in the Statement of Net Position for internal balances represents support payments to the blended component unit, the VBDA, during the fiscal year just ended and the amounts charged back to the business-type activities.

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

M. Net Position

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

N. Long-Term Obligations

In the Government-wide and Proprietary Fund type financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable Governmental or Business-type Statement of Activities, or the Proprietary Fund type Statement of Net Position. Bond premiums and deferred loss on refunding bonds are deferred over the life of the bonds using a straight-line method. Issuance costs are reported as debt service expenditures in the year incurred.

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

O. Restricted Assets - Cash and Investments

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

P. Unrestricted Net Position - Governmental Activities

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

Q. Restricted Net Position

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

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

R. Deferred Outflows and Inflows of Resources

Deferred outflows of resources represent a consumption of net assets that applies to a future period and as such will not be recognized as an expense or expenditure until then. The City's deferred outflows of resources consist of the amount by which the principal and premium of a refunding bond exceed the net

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

carrying amount of the refunded debt, Pension and OPEB activities and contributions made subsequent to the measurement date. The deferred outflow related to debt is being amortized over the remaining life of the refunded debt or the life of the new debt, whichever is shorter.

Deferred inflows of resources represents an acquisition of net assets that applies to a future period and as such will not be recognized as a revenue until then. The City’s deferred inflows of resources consist of the amount by which the net carrying amount of refunded debt exceed the principal and premium of a refunding bond, the property tax levy recorded in the current fiscal year pertaining to Fiscal Year 2021, Pension and OPEB activities that will be recognized as pension expense over a four to five year period, long term receivables associated with leases. The deferred inflow is being amortized over the remaining life of the refunded debt or the life of the new debt, whichever is shorter. Under the modified accrual basis of accounting, the City has revenues which are applicable to a future period, and will not be recognized until the period they become available. These amounts are recorded on the governmental funds balance sheet as a deferred inflow of resources.

S. Pensions

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Political Subdivision’s Retirement Plan and the additions to deductions from the Political Subdivision’s Retirement Plan’s net fiduciary position have been determined on the same basis as they were reported by the VRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

T. Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows and inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Political Subdivision’s OPEB Plan, and the additions to/deductions from the Political Subdivision’s OPEB Plan’s net fiduciary position have been determined on the same basis as they were reported by the VRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

U. New Accounting Standards

In Fiscal Year 2023, the City implemented the GASB Statements No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, and No. 96, *Subscription-Based Information Technology Arrangements* (see Note 8 for additional information.)

V. Pronouncements Issued but not Yet Effective

GASB has issued the following pronouncements prior to June 30, 2023 that may affect future financial position, results of operations, cash flows or financial presentation of the City upon implementation. Management has not yet evaluated the effect of implementation of these standards.

GASB STATEMENT NO.	GASB ACCOUNTING STANDARD	EFFECTIVE FISCAL YEAR
99	<i>Omnibus 2022</i>	2023 - 2024
100	<i>Accounting Changes and Error Corrections</i>	2024
101	<i>Compensated Absences</i>	2025

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

2. FUND BALANCES – GENERAL FUND AND NONMAJOR GOVERNMENTAL FUNDS

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

GENERAL FUND:

Nonspendable:	
Inventories	\$ 6,219,158
Housing and Volunteer Rescue Squad Loans	<u>3,231,253</u>
Total Nonspendable	9,450,411
Restricted:	
Community Services Board	1,922,110
Committed	
Education	15,247,762
Assigned:	
Community Programs	\$ 197,704
Judicial	632,203
Library	306,166
Living Shorelines Program	10,722
Maritime Forest Program	43,512
Oyster Heritage Program	145,412
Public Safety	28,976
Other General Programs	<u>104,065</u>
Total Special Programs	1,468,760
General Government	50,700,660
Total General Government	52,169,420
Education	26,140,809
Capital Improvement Program - General	<u>41,054,274</u>
Total Assigned	119,364,503
Unassigned:	
General Government	<u>196,086,564</u>
Total Fund Balance	<u><u>\$ 342,071,350</u></u>

NONMAJOR GOVERNMENTAL FUNDS:

Nonspendable:	
Inventories	\$ 816,641
Restricted:	
General Government	2,910,984
Housing and Community Development	10,258,191
Forfeited Assets - Judicial	449,082
Forfeited Assets - Police	1,890,388
Public Safety	783,447
Special Service Districts	<u>6,719,217</u>
Total Special Revenue Funds	23,827,950
Future Debt Service	<u>30,282,245</u>
Total Restricted	54,110,195
Committed:	
Agriculture Program	19,504,292
Convention and Visitor Development	54,118,212
Forfeited Assets - Judicial	151,357
Parks and Recreation Activities	17,866,461
Public Safety	16,310
Central Business District TIF Program	<u>7,458,253</u>
Total Committed	99,114,885
Assigned:	
Convention and Visitor Development	10,765,660
Special Service Districts	<u>1,029,727</u>
Total Assigned	11,795,387
Unassigned:	
General Government	<u>(5,655,979)</u>
Total Fund Balance	<u><u>\$ 159,364,488</u></u>

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

3. RECEIVABLES AND ACCRUED LIABILITIES

A. Receivables

Receivables at June 30, 2023 consist of the following:

Primary Government

	Governmental Activities	Business-type Activities	Total
Real Estate Taxes	\$ 18,327,887	\$ -	\$ 18,327,887
Personal Property Taxes	81,564,200	-	81,564,200
Accounts	39,035,194	31,694,407	70,729,601
Leases	7,045,875	28,148,933	35,194,808
Loans	7,631,892	-	7,631,892
Due from Other Government	77,534,235	723,666	78,257,901
Gross Receivables	231,139,283	60,567,006	291,706,289
Less: Allowance for Uncollectibles	(31,595,642)	(3,582,725)	(35,178,367)
Net Receivables - Entity Wide	<u>\$ 199,543,641</u>	<u>\$ 56,984,281</u>	<u>\$ 256,527,922</u>

Major Funds – Governmental

	General Fund	Capital Projects	Total
Real Estate Taxes	\$ 18,327,887	\$ -	\$ 18,327,887
Personal Property Taxes	81,564,200	-	81,564,200
Accounts	8,130,657	94,555	8,225,212
Leases	6,060,893	66,640	6,127,533
Loans	3,231,253	-	3,231,253
Due from Other Funds	5,289,287	-	5,289,287
Intergovernmental Accounts	63,717,824	10,160,734	73,878,558
Gross Receivables	186,322,001	10,321,929	196,643,930
Less: Allowance for Uncollectibles	(21,836,062)	-	(21,836,062)
Net Receivables	<u>\$ 164,485,939</u>	<u>\$ 10,321,929</u>	<u>\$ 174,807,868</u>

Major Funds – Proprietary

	Water and Sewer	Storm Water	Waste Management	Virginia Beach Development Authority	Total
Accounts	\$ 17,641,236	\$ 5,971,826	\$ 5,445,902	\$ 2,635,443	\$ 31,694,407
Leases	-	-	-	28,148,933	\$ 28,148,933
Intergovernmental Accounts	723,666	-	-	12,220,351	12,944,017
Gross Receivables	18,364,902	5,971,826	5,445,902	43,004,727	72,787,357
Less: Allowance for Uncollectibles	(2,492,474)	(282,800)	(807,451)	-	(3,582,725)
Net Receivables	<u>\$ 15,872,428</u>	<u>\$ 5,689,026</u>	<u>\$ 4,638,451</u>	<u>\$ 42,974,742</u>	<u>\$ 69,204,632</u>

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Component Units

Receivables at June 30, 2023 consist of the following:

	School Board	Community Development Corporation	Atlantic Park CDA	Total
Intergovernmental Accounts	\$ 40,261,488	\$ 208,671	\$ -	\$ 40,470,159
Accounts Receivables	5,233,857	933,171	-	6,167,028
Lease Receivables	1,968,773	-	-	1,968,773
Net Receivables	<u>\$ 47,464,118</u>	<u>\$ 1,141,842</u>	<u>\$ -</u>	<u>\$ 46,637,187</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 which remains uncollected after the 45 day accrual period is recorded as unearned revenue for the fund financial statements.

Fiscal Year 2023 real property rate was \$.99 per \$100 of assessed valuation, except for public service corporation properties. In addition there are Special Service Districts that were charged an additional rate, these districts and rates are as followed:

Special Service District	Additional Tax Rate
Bayville Creek Special Service District	\$ 0.472
Chesapeake Colony Special Service District	0.2913
Gills Cove Special Service District	0.063
Harbour Point Special Service District	0.120
Hurds Cove Special Service District	0.438
Old Donation Special Service District	0.184
Sandbridge Special Service District	0.020
Schilling Point Special Service District	0.404
Shadowlawn Special Service District	0.1594
Town Center Special Service District	0.450

Additionally, the real property tax rate on all real estate that has been classified as an energy efficient building, not exempt from taxation, was \$0.84 on each \$100 of assessed valuation thereof. Taxes on buildings that are individually listed on the Virginia Landmarks Register, not including the real estate or land on which the building is located, so long as the building is maintained in a condition such that it retains the characteristics for which it was listed on the Virginia Landmarks Register, were at a rate of \$0.52 on each \$100 of assessed valuation thereof. The personal property rate was \$4.00 per \$100 of assessed valuation (100% of fair market value). Other personal property tax rates exist for qualified equipment.

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

There are no limits currently on the property tax rates which may be established by the City Council. City Council is the only governmental entity that has the local taxing authority.

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

1. The following revenues were due from the Commonwealth of Virginia at June 30, 2023:

Primary Government

		Governmental Activities
Personal Property Tax Relief Act	\$	53,412,868
Sheriff's Department		1,566,910
Capital Projects		6,530,123
Other Grants, Entitlements and Shared Revenues		3,041,797
Sales Tax		7,075,039
Total Due from Commonwealth	\$	<u><u>71,626,737</u></u>

School Board Component Unit

State Share Sales Tax	\$	7,905,278
Special Education-Regional Program		2,849,806
Technology Initiative		3,000,763
Juvenile Detention Center		292,274
Other Grants, Entitlements and Shared Revenues		344,753
Total Due from Commonwealth-Governmental Funds	\$	<u><u>14,392,874</u></u>

2. The following revenues were due from various Federal agencies at June 30, 2023:

Primary Government

		Governmental Activities
Community Development	\$	465,619
Federal Section Eight Program		376,720
Grants Consolidated		631,478
Housing and Neighborhood Preservation		264,971
Emergency FEMA		349,979
Capital Projects		3,630,611
General Fund		188,120
Total Due from Federal Government	\$	<u><u>5,907,498</u></u>

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

School Board Component Unit

Adult Basic Education	\$ 92,812
ARP and ARPA	9,584,961
CARES	286,865
Carl Perkins	1,050,445
CDC VA Department of Health	401,729
CSLFRF	202,350
COPS School Violence Prevention	140,467
DODEA Spanish Immersion	120,473
McKinney Homeless	109,781
NJROTC	77,309
Preschool Incentive	114,799
RIPE for Public Instruction	287,581
National School Lunch Program	990,931
School Breakfast Program	368,181
Summer Feeding Program	12,230
Child and Adult Care Program	20,386
Title I	7,961,989
Title II	358,770
Title III	189,210
Title IV	355,729
Title VI-B	3,082,129
Other Grants, Entitlements, and Shared Revenues	59,487
Total Due from Federal Government	<u>\$ 25,868,614</u>

3. The following revenues were due from Other Governments at June 30, 2023:

Business - Type Activities:

The Water and Sewer fund is due \$723,666 from the City of Chesapeake in June operations, maintenance, and capital improvement costs for the Lake Gaston Water Supply Project.

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, 2023 are as follows:

General Fund	\$ 21,836,062
Water and Sewer Fund	2,492,474
Storm Water Fund	282,800
Waste Management Fund	807,451
Special Revenue Funds	9,759,580
Total	<u>\$ 35,178,367</u>

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

E. Major Components of Accrued Liabilities at June 30, 2023 consist of the following

Primary Government

	Governmental Activities	Business-Type Activities	Total
Accrued Interest Payable	\$ 8,296,285	\$ 2,666,260	\$ 10,962,545
Unearned Revenues	84,643,023	2,625,430	87,268,453
Other Accrued Liabilities	18,756,622	4,497,826.00	23,254,448
Total Accrued Liabilities	<u>\$ 111,695,930</u>	<u>\$ 9,789,516</u>	<u>\$ 121,485,446</u>

Component Units

	School Board	Community Development Corporation	Atlantic Park CDA	Total
Accrued Interest Payable	\$ 45,468	\$ 167,467	\$ 833,828	\$ 1,046,763
Unearned Revenues	14,096,616	93,954	-	14,190,570
Other Accrued Liabilities	84,555,619	-	869,575	85,425,194
Total Accrued Liabilities	<u>\$ 98,697,703</u>	<u>\$ 261,421</u>	<u>\$ 1,703,403</u>	<u>\$ 100,662,527</u>

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

4. UNEARNED REVENUES

Unearned revenues represent 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.

Unearned revenues consist of the following as of June 30, 2023:

A. General Fund

Unspent ARPA Relief Funds	\$	89,139,924
AEAP Grant		1,294,620
Aquarium - Advance Program Receipts		490,974
Total General Fund	\$	90,925,518

B. Nonmajor Special Revenue Fund

Parks and Recreation - Advance Customer Receipts	\$	757,782
Federal Section Eight Program - Unspent CARES Grant		40,546
Grants Consolidated - Unspent Forestry Grant		14,355
Grants Consolidated - Unspent BHDS IT Infrastructure Grant		22,085
Grants Consolidated - Unspent Tourism Recovery Grant		775,415
Grants Consolidated - Unspent Infant Program Grant		168,402
Total Special Revenue Funds	\$	1,778,585

C. Enterprise Funds

Water and Sewer - Customers and Developers - Tap and Meter Fees	\$	2,625,430
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D. School Board Component Unit

School Operating Fund - Summer School Tuition, Regular School Tuition	\$	579,081
School Grants Fund - Early Reading Intervention, Algebra Readiness, VA Preschool Initiative and Other Grants		4,387,250
Other Governmental Funds - School Cafeterias - Charges for Services		665,280
Total Unearned Revenue - Governmental Funds		5,631,611
School Health Insurance Internal Service Fund - Prepayment of July Health Insurance Premiums		8,465,005
Total Unearned Revenues - Governmental Activities	\$	14,096,616

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

5. CAPITAL ASSETS AND LAND HELD FOR RESALE

A. Governmental Activities

The following is a summary of the changes in capital assets for the fiscal year ended June 30, 2023:

	<u>Balance 7/1/2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 6/30/2023</u>
Capital Assets Not Being Depreciated/Amortized				
Land and Improvements	\$ 1,057,533,197	\$ 20,600,484	\$ 20,469,978	\$ 1,057,663,703
Agriculture Reserve Program	49,790,932	1,305,349	6,949,719	44,146,562
Construction in Progress	161,595,948	254,018,476	209,263,445	206,350,979
Total Capital Assets Not Being Depreciated	<u>1,268,920,077</u>	<u>275,924,309</u>	<u>236,683,142</u>	<u>1,308,161,244</u>
Capital Assets Being Depreciated/Amortized				
Right-to-use - Land - Leases	251,834	-	-	251,834
Buildings and Improvements	980,786,877	23,478,275	-	1,004,265,152
School Buildings	427,984,617	20,679,375	-	448,663,992
Right-to-use - Buildings - Leases	15,376,430	14,369,110	1,948,918	27,796,622
Site Improvements	388,847,600	-	6,218,401	382,629,199
Site Improvements - ISF	265,782	-	-	265,782
Equipment	356,300,338	58,131,301	40,942,088	373,489,551
Right-to-use - Equipment - Leases	304,682	-	304,682	-
Right-to-use - Subscription - Assets	-	10,541,469	-	10,541,469
Equipment - ISF	8,189,100	245,493	57,702	8,376,891
Right-to-use - Subscription - Assets ISF	-	16,766	-	16,766
Infrastructure	2,431,248,549	46,985,535	-	2,478,234,084
Total Other Capital Assets at Historical Cost	<u>4,609,555,809</u>	<u>174,447,324</u>	<u>49,471,791</u>	<u>4,734,531,342</u>
Less Accumulated Depreciation/Amortization				
Right-to-use - Land - Leases	143,905	-	-	143,905
Buildings and Improvements	351,331,960	23,075,261	-	374,407,221
School Buildings	64,989,985	13,678,664	-	78,668,649
Right-to-use - Buildings - Leases Amortization	3,774,095	4,716,657	1,939,496	6,551,256
Site Improvements	137,886,624	9,380,787	718,447	146,548,964
Site Improvements - ISF	264,645	236	-	264,881
Equipment	277,747,411	37,204,792	40,936,939	274,015,264
Right-to-use - Equipment - Leases Amortization	182,809	121,873	304,682	-
Right-to-use - Subscription - Amortization	-	4,151,955	-	4,151,955
Equipment - ISF	5,960,667	734,228	57,702	6,637,193
Right-to-use - Subscription - Amortization ISF	-	11,835	-	11,835
Infrastructure	1,533,791,851	60,529,454	-	1,594,321,305
Total Accumulated Depreciation/Amortization	<u>2,376,073,952</u>	<u>153,605,742</u>	<u>43,957,266</u>	<u>2,485,722,428</u>
Total Capital Assets Being Depreciated/Amortized, Net	<u>2,233,481,857</u>	<u>20,841,582</u>	<u>5,514,525</u>	<u>2,248,808,914</u>
Governmental Activities Capital Assets/Amortized, Net	<u>\$ 3,502,401,934</u>	<u>\$ 296,765,891</u>	<u>\$ 242,197,667</u>	<u>\$ 3,556,970,158</u>

Governmental Activities capital assets net of accumulated depreciation/Amortization at June 30, 2023 are comprised of the following:

General Government Capital Assets, Net	\$ 3,555,224,628
Internal Service Fund Capital Assets, Net	1,745,530
Total	<u>\$ 3,556,970,158</u>

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Depreciation was charged to governmental functions as follows:

Finance	\$	855,373
Judicial		405,591
Police		2,701,514
Public Works		90,866,914
Parks and Recreation		4,748,776
Libraries		275,598
Planning		236,164
Economic Development		43,870
Convention & Visitors Bureau		283,958
Information Technology		30,618,868
Boards and Commissions		178,911
Emergency Communications		10,248
Fire		2,466,968
Human Services		1,805,167
Education and Transfer to School		13,678,664
Housing & Neighborhood Preservation		132,473
Museums		130,120
General Government		3,688,049
Emergency Medical Services		478,516
Total	<u>\$</u>	<u>153,605,742</u>

B. Component Unit - School Board

Capital Assets activity for the year ended June 30, 2023 was as follows:

	<u>Balance</u> <u>7/1/2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>6/30/2023</u>
Capital Assets Not Being Depreciated:				
Land	\$ 38,968,372	\$ -	\$ 502	\$ 38,967,870
Construction in Progress	2,940,086	20,657,191	5,155,581	18,441,696
Total Capital Assets Not Being Depreciated	<u>41,908,458</u>	<u>20,657,191</u>	<u>5,156,083</u>	<u>57,409,566</u>
Capital Assets Being Depreciated				
Buildings	821,812,852	18,042,919	20,679,376	819,176,395
Improvement Other Than Buildings	80,863,075	3,312,610	-	84,175,685
Right-to-use - Subscription Lease	-	2,516,118	-	2,516,118
Machinery and Equipment	145,275,016	12,225,736	5,430,724	152,070,028
Total Capital Assets Being Depreciated	<u>1,047,950,943</u>	<u>36,097,383</u>	<u>26,110,100</u>	<u>1,057,938,226</u>
Less Accumulated Depreciation For:				
Buildings	381,427,808	25,243,331	13,678,665	392,992,474
Improvement Other Than Buildings	53,684,565	2,617,008	-	56,301,573
Right-to-use - Subscription Amortization	-	854,895	-	854,895
Machinery and Equipment	90,281,111	9,560,442	5,315,602	94,525,951
Total Accumulated Depreciation	<u>525,393,484</u>	<u>38,275,676</u>	<u>18,994,267</u>	<u>544,674,893</u>
Total Capital Assets Being Depreciated, Net	<u>522,557,459</u>	<u>(2,178,293)</u>	<u>7,115,833</u>	<u>513,263,333</u>
Component Unit School Board, Capital Assets, Net	<u>\$ 564,465,917</u>	<u>\$ 18,478,898</u>	<u>\$ 12,271,916</u>	<u>\$ 570,672,899</u>

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

C. Business-Type Activities

The following is a summary of the changes in capital assets for the fiscal year ended June 30, 2023:

	<u>Balance</u> <u>7/1/2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>6/30/2023</u>
Capital Assets Not Being Depreciated/Amortized:				
Land	\$ 178,267,244	\$ 23,137,007	\$ -	\$ 201,404,251
Construction in Progress	71,370,357	51,160,103	3,063,183	119,467,277
Total Capital Assets Not Being Depreciated	<u>249,637,601</u>	<u>74,297,110</u>	<u>3,063,183</u>	<u>320,871,528</u>
Capital Assets Being Depreciated/Amortized				
Right-to-use - Land - Leases	2,965,874	-	-	2,965,874
Buildings	165,022,290	-	-	165,022,290
Right-to-use - Buildings - Leases	2,192,669	-	-	2,192,669
Improvement Other Than Buildings	1,189,842	-	-	1,189,842
Utility System	1,645,931,896	38,172,337	219,785	1,683,884,448
Right-to-use - Subscription - Asset	-	1,043,644	-	1,043,644
Machinery and Equipment	80,305,456	5,029,892	1,224,481	84,110,867
Total Capital Assets Being Depreciated/Amortized	<u>1,897,608,027</u>	<u>44,245,873</u>	<u>1,444,266</u>	<u>1,940,409,634</u>
Less Accumulated Depreciation/Amortization For:				
Right-to-use - Land - Leases Amortization	183,755	183,755	-	367,510
Buildings	67,795,158	4,270,291	-	72,065,449
Right-to-use - Buildings - Leases Amortization	490,649	1,106,429	-	1,597,078
Improvement Other Than Buildings	667,335	40,957	-	708,292
Utility System	669,704,453	34,365,884	5,494	704,064,843
Right-to-use - Subscription - Amortization	-	344,408	-	344,408
Machinery and Equipment	61,539,641	6,106,040	1,224,481	66,421,200
Total Accumulated Depreciation/Amortization	<u>800,380,991</u>	<u>46,417,764</u>	<u>1,229,975</u>	<u>845,568,780</u>
Total Capital Assets Being Depreciated/Amortized, Net	<u>1,097,227,035</u>	<u>(2,171,891)</u>	<u>214,291</u>	<u>1,094,840,854</u>
Business-Type Activities Capital Assets, Net	<u>\$ 1,346,864,637</u>	<u>\$ 72,125,219</u>	<u>\$ 3,277,474</u>	<u>\$ 1,415,712,382</u>

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

Water and Sewer	\$ 29,163,315
Storm Water	10,624,806
Waste Management	2,604,444
Development Authority	3,703,142
Parking	322,057
Total	<u>\$ 46,417,764</u>

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

D. Major Fund - Water and Sewer Enterprise Fund

	Balance 7/1/2022	Increases	Decreases	Balance 6/30/2023
Capital Assets Not Being Depreciated/Amortized				
Land and Improvements	\$ 14,618,544	\$ -	\$ -	\$ 14,618,544
Construction in Progress	15,156,303	21,406,365	-	36,562,668
Total Capital Assets Not Being Depreciated	<u>29,774,847</u>	<u>21,406,365</u>	<u>-</u>	<u>51,181,212</u>
Other Capital Assets:				
Buildings and Improvements	18,940,552	-	-	18,940,552
Right-to-use - Buildings - Leases	2,096,747	-	-	2,096,747
Utility System	1,255,223,567	1,211,005	219,785	1,256,214,787
Right-to-use - Subscription Assets	-	904,238	-	904,238
Machinery and Equipment	35,474,141	1,722,190	642,398	36,553,933
Total Other Capital Assets at Historical Cost	<u>1,311,735,007</u>	<u>3,837,433</u>	<u>862,183</u>	<u>1,314,710,257</u>
Less Accumulated Depreciation/Amortization For:				
Buildings and Improvements	16,821,920	814,006	-	17,635,926
Right-to-use - Buildings - Leases Amortization	453,518	836,788	-	1,290,306
Utility System	582,006,515	25,376,841	5,495	607,377,861
Right-to-use - Subscription - Amortization	-	260,641	-	260,641
Machinery and Equipment	29,438,980	1,875,039	642,398	30,671,621
Total Accumulated Depreciation/Amortization	<u>628,720,933</u>	<u>29,163,315</u>	<u>647,893</u>	<u>657,236,355</u>
Total Capital Assets Being Depreciated/Amortized, Net	683,014,074	(25,325,882)	214,290	657,473,902
Water and Sewer Capital Assets, Net	<u>\$ 712,788,921</u>	<u>\$ (3,919,517)</u>	<u>\$ 214,290</u>	<u>\$ 708,655,114</u>

E. Major Fund – Storm Water Enterprise Fund

	Balance 7/1/2022	Increases	Decreases	Balance 6/30/2023
Capital Assets Not Being Depreciated:				
Land and Improvements	\$ 133,990,834	\$ 96,433	\$ -	\$ 134,087,267
Construction in Progress	52,219,253	10,266,306	-	62,485,559
Total Capital Assets Not Being Depreciated	<u>186,210,087</u>	<u>10,362,739</u>	<u>-</u>	<u>196,572,826</u>
Other Capital Assets:				
Buildings and Improvements	664,899	-	-	664,899
Utility System	390,708,329	36,961,332	-	427,669,661
Machinery and Equipment	20,965,869	2,348,196	25,687	23,288,378
Total Other Capital Assets at Historical Cost	<u>412,339,097</u>	<u>39,309,528</u>	<u>25,687</u>	<u>451,622,938</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	166,225	41,556	-	207,781
Utility System	87,697,938	8,989,044	-	96,686,982
Machinery and Equipment	16,041,217	1,594,206	25,687	17,609,736
Total Accumulated Depreciation	<u>103,905,380</u>	<u>10,624,806</u>	<u>25,687</u>	<u>114,504,499</u>
Total Capital Assets Being Depreciated, Net	308,433,717	28,684,722	-	337,118,439
Storm Water Capital Assets, Net	<u>\$ 494,643,804</u>	<u>\$ 39,047,461</u>	<u>\$ -</u>	<u>\$ 533,691,265</u>

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

F. Major Fund – Waste Management

	Balance 7/1/2022	Increases	Decreases	Balance 6/30/2023
Other Capital Assets:				
Buildings	8,730	-	-	8,730
Site Improvements	410,325	-	-	410,325
Right-to-use - Subscription - Asset	-	98,251	-	98,251
Machinery and Equipment	21,861,464	959,506	551,496	22,269,474
Total Other Capital Assets at Historical Cost	22,280,519	1,057,757	551,496	22,786,780
Less Accumulated Depreciation/Amortization For:				
Buildings	1,055	436	-	1,491
Site Improvements	258,087	21,469	-	279,556
Right-to-use - Subscription - Amortization	-	53,592	-	53,592
Machinery and Equipment	15,417,615	2,528,947	551,496	17,395,066
Total Accumulated Depreciation/Amortization	15,676,757	2,604,444	551,496	17,729,705
Total Capital Assets Being Depreciated/Amortized, Net	6,603,762	(1,546,687)	-	5,057,075
Waste Management Capital Assets, Net	\$ 6,603,762	\$ (1,546,687)	\$ -	\$ 5,057,075

G. Major Fund - Virginia Beach Development Authority

	Balance 7/1/2022	Increases	Decreases	Balance 6/30/2023
Capital Assets Not Being Depreciated:				
Land and Improvements	\$ 29,657,866	\$ 23,040,574	\$ -	\$ 52,698,440
Construction in Progress	3,994,801	19,487,432	3,063,183	20,419,050
Total Capital Assets Not Being Depreciated	33,652,667	42,528,006	3,063,183	73,117,490
Other Capital Assets:				
Buildings and Improvements	145,408,109	-	-	145,408,109
Machinery and Equipment	1,900,510	-	-	1,900,510
Total Other Capital Assets at Historical Cost	147,308,619	-	-	147,308,619
Less Accumulated Depreciation For:				
Buildings and Improvements	50,805,959	3,598,048	-	54,404,007
Machinery and Equipment	559,701	105,094	-	664,795
Total Accumulated Depreciation	51,365,660	3,703,142	-	55,068,802
Total Capital Assets Being Depreciated, Net	95,942,959	(3,703,142)	-	92,239,817
Development Authority Capital Assets, Net	\$ 129,595,626	\$ 38,824,864	\$ 3,063,183	\$ 165,357,307

H. Component Unit - Virginia Beach Community Development Corporation

	Balance 7/1/2022	Increases	Decreases	Balance 6/30/2023
Capital Assets Not Being Depreciated:				
Land and Improvements	\$ 9,674,067	\$ 120,143	\$ 81,100	\$ 9,713,110
Construction in Progress	-	215,592	-	215,592
Total Capital Assets Not Being Depreciated	9,674,067	335,735	81,100	9,928,702
Other Capital Assets:				
Buildings and Improvements	36,413,033	-	184,788	36,228,245
Machinery and Equipment	297,846	417,403	-	715,249
Total Other Capital Assets at Historical Cost	36,710,879	417,403	184,788	36,943,494
Less Accumulated Depreciation For:				
Component Unit-VA Beach Community Dev.	19,785,697	1,258,352	175,089	20,868,960
Component Unit-VA Beach Community Dev.	\$ 26,599,249	\$ (505,214)	\$ 90,799	\$ 26,003,236

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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

Oceana West Corporate Park	\$	1,555,548
Corporate Landing Office Park		9,262,803
Town Center Beacon Building		3,402,900
Hunt Club 2		200,305
Historic Kempsville		543,000
Bio-Med Park		17,556,474
Total Land Held for Resale	<u>\$</u>	<u>32,521,030</u>

J. Construction in Progress

1. Governmental Activities and School Board Component Unit

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

	<u>Expended through</u> <u>6/30/2023</u>	<u>Outstanding</u> <u>Commitments</u>	<u>Unobligated</u> <u>Balance</u>
<u>Government Activities</u>			
Engineering and Highways	\$ 73,711,214	\$ 31,124,742	\$ 414,402,195
Buildings	66,123,033	14,453,240	109,991,055
Flood Protection Program	14,497,371	18,992,233	537,987,269
Communications and Information Technology	7,100,235	9,888,767	62,447,094
Parks and Recreation	19,747,129	9,148,950	51,095,072
Coastal	3,444,512	14,138,644	62,403,334
Economic and Tourism	21,727,485	15,052,351	183,968,731
Total Other Capital Assets at Historical Cost	<u>\$ 206,350,979</u>	<u>\$ 112,798,927</u>	<u>\$ 1,422,294,750</u>
<u>School Board Component Unit</u>			
Buildings and Improvements Other than Buildings	<u>\$ 18,441,696</u>	<u>\$ 33,713,319</u>	<u>\$ -</u>

2. Business-Type Activities

In accordance with the City’s accounting policies, these projects will not be transferred from Construction in Progress into the various capital asset accounts until substantially completed. Construction in Progress for Business-Type Activities is comprised of the following at June 30, 2023:

	<u>Expended through</u> <u>6/30/2023</u>	<u>Outstanding</u> <u>Commitments</u>	<u>Unobligated</u> <u>Balance</u>
Water & Sewer Utility Projects	\$ 36,562,668	\$ 29,058,401	\$ 95,866,862
Storm Water Projects	62,485,559	65,820,861	146,886,035
Development Authority	20,419,050	-	-
Total Business-Type Activities	<u>\$ 119,467,277</u>	<u>\$ 94,879,262</u>	<u>\$ 242,752,897</u>

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

6. LONG-TERM DEBT

A. Summary of Changes in Long-Term Liabilities

1. Primary Government - Governmental Activities

	Balance			Amounts	
	July 1, 2022	Additions	Reductions	Balance June 30, 2023	Due Within One Year
General Obligation Bonds	\$ 564,081,370	\$ -	\$ 55,262,898	\$ 508,818,472	\$ 53,149,239
Public Facility Revenue Bonds	303,989,256	-	36,270,062	267,719,194	35,670,785
Agriculture Reserve Program	49,790,932	1,305,349	6,949,719	44,146,562	1,034,361
Total Tax Supported Debt	917,861,558	1,305,349	98,482,679	820,684,228	89,854,385
Other Debt:					
Landfill Closure & Post-Closure Care	22,937,488	1,628,562	-	24,566,050	-
Premiums	107,735,376	-	11,672,995	96,062,381	10,569,969
Net Pension Liability	237,125,171	92,933,989	-	330,059,160	-
Net OPEB Liability	94,361,308	-	7,788,028	86,573,280	-
Accrued Compensation Leave	44,135,054	33,524,361	29,908,238	47,751,177	29,762,012
Lease Liability	11,728,920	13,814,946	4,027,698	21,516,168	4,038,882
Estimated Claims & Judgements	49,400,980	5,852,912	13,267,130	41,986,762	8,187,086
Subscription Liability	-	10,152,962	5,340,366	4,812,596	2,292,117
Governmental Activities Long-Term Debt	\$ 1,485,285,855	\$ 159,213,081	\$ 170,487,134	\$ 1,474,011,802	\$ 144,704,451

2. Primary Government - Business-Type Activities

	Balance			Amounts	
	July 1, 2022	Additions	Reductions	Balance June 30, 2023	Due Within One Year
Revenue Bonds	\$ 334,045,000	\$ -	\$ 15,875,000	\$ 318,170,000	\$ 16,745,000
Public Facility Revenue Bonds	34,555,743	-	8,454,937	26,100,806	5,484,215
Total Self/Tax Supported Debt	368,600,743	-	24,329,937	344,270,806	22,229,215
Less/Add Deferred Amounts:					
For Issuance Premiums	40,706,227	-	6,721,302	33,984,925	2,959,598
Total Bonds Payable	409,306,970	-	31,051,239	378,255,731	25,188,813
Net Pension Liability	22,937,531	2,020,153	-	24,957,684	-
Net OPEB Liability	5,630,598	-	206,394	5,424,204	-
Accrued Compensated Leave	3,698,405	3,624,249	3,364,975	3,957,679	2,928,275
Subscription Liability	-	1,043,644	469,281	574,363	284,284
Lease Liability	4,499,080	-	1,097,321	3,401,759	896,259
Business-Type Activities Long-Term Debt	\$ 446,072,584	\$ 6,688,046	\$ 36,189,210	\$ 416,571,420	\$ 29,297,631

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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

	Balance			Amounts	
	July 1, 2022	Additions	Reductions	Balance June 30, 2023	Due Within One Year
Revenue Bonds	\$ 199,130,000	\$ -	\$ 11,405,000	\$ 187,725,000	\$ 12,045,000
Add Deferred Amounts:					
For Issuance Premiums	23,499,817	-	4,493,876	19,005,941	1,726,134
Total Bonds Payable	222,629,817	-	15,898,876	206,730,941	13,771,134
Net Pension Liability	13,367,223	2,786,043	-	16,153,266	-
Net OPEB Liability	3,446,458	-	120,728	3,325,730	-
Accrued Compensated Leave	2,214,967	2,174,866	2,035,444	2,354,389	1,811,495
Subscription Liability	-	904,238	329,875	574,363	284,284
Lease Liability	1,653,851	-	819,572	834,279	665,898
Water & Sewer Long-Term Liabilities	\$ 243,312,316	\$ 4,960,909	\$ 18,874,620	\$ 229,972,968	\$ 16,532,811

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

	Balance			Amounts	
	July 1, 2022	Additions	Reductions	Balance June 30, 2023	Due Within One Year
Revenue Bonds	\$ 134,915,000	\$ -	\$ 4,470,000	\$ 130,445,000	\$ 4,700,000
Add Deferred Amounts:					
For Issuance Premiums	15,420,463	-	1,787,480	13,632,983	1,233,464
Total Bonds Payable	150,335,463	-	6,257,480	144,077,983	5,933,464
Net Pension Liability	5,929,430	-	1,953,241	3,976,189	-
Net OPEB Liability	822,167	-	35,498	786,669	-
Accrued Compensated Leave	523,635	544,375	499,294	568,716	430,732
Storm Water Long-Term Liabilities	\$ 157,610,695	\$ 544,375	\$ 8,745,513	\$ 149,409,557	\$ 6,364,196

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

	Balance			Amounts	
	July 1, 2022	Additions	Reductions	Balance June 30, 2023	Due Within One Year
Net Pension Liability	\$ 3,432,828	\$ 1,111,388	\$ -	\$ 4,544,216	\$ -
Net OPEB Liability	1,303,840	-	47,461	1,256,379	-
Subscription Liability	-	98,251	98,251	-	-
Accrued Compensated Leave	905,609	864,724	779,907	990,426	649,167
Waste Management Long-Term Liabilities	\$ 5,642,277	\$ 2,074,363	\$ 925,619	\$ 6,791,021	\$ 649,167

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CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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

	Balance			Amounts	
	July 1, 2022	Additions	Reductions	Balance June 30, 2023	Due Within One Year
Public Facility Revenue Bonds	\$ 34,555,743	\$ -	\$ 8,454,937	\$ 26,100,806	\$ 5,484,215
For Issuance Premiums	1,785,947	-	439,947	1,346,000	-
Virginia Beach Development Authority Long-Term Debt	\$ 36,341,690	\$ -	\$ 8,894,884	\$ 27,446,806	\$ 5,484,215

7. Component Unit - School Board

School-related long term debt is shown in table 6.A.1 for Primary Government - Governmental Activities as it is considered and reported as the City's long term debt. The City Council is the only elected local governing body authorized by the City Charter (sections 6.01 & 6.06) and Constitution of Virginia (article VII, section 10) to incur debt in the name of the City.

	Balance			Amounts	
	July 1, 2022	Additions	Reductions	Balance June 30, 2023	Due Within One Year
Net Pension Liability	\$ 374,959,932	\$ 400,481,839	\$ 313,235,944	\$ 462,205,827	\$ -
Net OPEB Liability	144,993,753	68,829,491	56,236,143	157,587,101	-
Accrued Compensated Leave	42,221,717	14,338,573	12,647,065	43,913,225	12,900,007
Estimated Claims and Judgements	18,733,619	158,803,370	159,446,703	18,090,286	13,567,715
Subscription Liability	\$ -	2,342,048	718,237	1,623,811	845,252
School Board Long-Term Liabilities	\$ 580,909,021	\$ 644,795,321	\$ 542,284,092	\$ 683,420,250	\$ 27,312,974

8. Component Unit - Virginia Beach Community Development Corporation

Various mortgage loan agreements and notes payable with interest at 2.5% to 7.1%, collateralized by real property.

	Balance			Amounts	
	July 1, 2022	Additions	Reductions	Balance June 30, 2023	Due Within One Year
Lines of Credit	\$ 2,777,827	\$ 119,203	\$ 2,777,827	\$ 119,203	\$ 119,203
Notes Payable	16,713,110	6,020,100	3,075,349	19,657,861	1,113,778
VBCDC Long Term Liabilities	\$ 19,490,937	\$ 6,139,303	\$ 5,853,176	\$ 19,777,064	\$ 1,232,981

9. Component Unit - Atlantic Park Community Development Authority

	Balance			Amounts	
	July 1, 2022	Additions	Reductions	Balance June 30, 2023	Due Within One Year
Public Facility Revenue Bonds	\$ -	\$ 53,365,000	\$ -	\$ 53,365,000	\$ -
For Issuance Discount	-	(3,062,084)	34,654	(3,027,430)	-
Atlantic Park CDA Long-Term Debt	\$ -	\$ 50,302,916	\$ 34,654	\$ 50,337,570	\$ -

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

B. Bonds, Notes and Loans Payable

Details of long-term indebtedness are shown below with outstanding balance as of June 30, 2023:

Bond Issue/Purpose	Dated	Issue Amount	True Interest (%)	Proprietary Percentage VBDA %	Outstanding Balance City
General Obligation Public Improvement (PI)					
Bonds and Loans:					
2021A PI	8/18/2021	\$ 94,915,000	1.442517	-	\$ 90,165,000
2020 GO Refunding	10/30/2020	3,445,000	1.280000	-	2,465,342
2019A PI	7/31/2019	101,210,000	2.260682	-	84,745,000
2019B PI Refunding	7/31/2019	54,915,000	1.376528	-	17,855,000
2018A PI	3/13/2018	67,595,000	2.885678	-	48,860,000
2017A PI Refunding	12/28/2017	71,530,000	2.253621	-	60,685,000
2016A PI	2/9/2016	61,255,000	2.437448	-	39,840,000
2016B PI Refunding	2/9/2016	50,430,000	1.771418	-	13,320,000
2015A PI	4/21/2015	51,295,000	2.617345	-	30,780,000
2015B PI Refunding	4/21/2015	56,530,000	1.989322	-	40,020,000
2014A PI	4/22/2014	85,050,000	2.920553	-	47,250,000
2013A PI	4/17/2013	22,885,000	2.587348	-	12,595,000
2013B PI Refunding	4/17/2013	33,795,000	2.143873	-	11,305,000
2012B PI Refunding	4/18/2012	19,630,000	2.413515	-	5,655,000
2010-1 QSCB*	7/8/2010	4,875,000	5.310000	-	1,160,000
2008 VPSA*	12/1/2008	6,350,705	-	-	2,118,130
Total General Obligation Bonds and Loans					<u>508,818,472</u>
Revenue Bonds:**					
2020A W&S Revenue	10/22/2020	45,600,000	1.813325	-	43,380,000
2020B W&S Refunding	10/22/2020	51,110,000	1.268969	-	42,225,000
2020A Storm Water Revenue	10/7/2020	77,365,000	2.013284	-	73,735,000
2020B Storm Water Refunding	10/7/2020	14,150,000	1.246522	-	12,090,000
2019 Storm Water Revenue	2/27/2019	29,525,000	3.139267	-	26,635,000
2016A W&S Revenue	6/8/2016	46,560,000	2.711344	-	39,360,000
2016B W&S Refunding	6/8/2016	42,865,000	1.813975	-	28,770,000
2015A Storm Water Revenue	1/28/2015	23,500,000	2.829639	-	17,985,000
2013 W&S Revenue	11/13/2013	44,845,000	3.641572	-	33,990,000
Total Revenue Bonds					<u>318,170,000</u>
Public Facility Revenue Bonds:					
2020A Public Facility Revenue	6/17/2020	158,960,000	1.7175703	-	141,170,000
2020B Public Facility Refunding	6/17/2020	37,620,000	0.2897591	32.40	4,980,000
2018A Public Facility Revenue	3/28/2018	33,395,000	3.0289500	8.85	21,815,000
2016A Public Facility Revenue	11/3/2016	21,225,000	2.4588020	-	13,635,000
2016B Public Facility Refunding	11/3/2016	7,880,000	2.1224430	100.00	2,525,000
2015A Public Facility Revenue	6/25/2015	48,245,000	3.0509530	-	23,190,000
2015B Public Facility Refunding	6/25/2015	34,885,000	2.6779800	27.05	21,985,000
2014A Public Facility Revenue	6/18/2014	44,975,000	2.9840410	41.76	22,225,000
2014B Public Facility Refunding	6/18/2014	20,320,000	2.4309790	25.62	11,080,000
2013A Public Facility Revenue	6/19/2013	20,960,000	2.5996020	-	9,455,000
2012A Public Facility Revenue	6/20/2012	22,580,000	2.5996020	-	10,550,000
2012B Public Facility Refunding	6/20/2012	25,640,000	2.4489560	21.12	11,210,000
Total Public Facility Revenue Bonds					<u>293,820,000</u>
Other Long-Term Debt:					
Agricultural Reserve Program	Various	53,307,347	Various	-	53,307,347
Total Other Long-Term Debt					<u>53,307,347</u>
Grand Total Bonds, Notes and Loans Payable					<u>\$ 1,174,115,819</u>

* QSCB - Qualified School Construction Bond, VPSA - Virginia Public School Authority

** Water and Sewer and Storm Water Enterprise Funds

Defeased Debt - In current and prior years as a result of debt refunding, the City defeased certain general obligation, public improvement, and public utility bonds by placing funds in irrevocable escrow accounts to

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

provide for future debt service payments on the defeased debt. Accordingly, the escrow account assets and liabilities for the defeased debt are not included in the City's financial statements. At June 30, 2023, the outstanding balance of the defeased debt is \$0.0.

C. Summary of Recent Refundings

Periodically, the City issues debt to refund amounts outstanding on prior bond issuances to reduce interest payment costs. As of June 30, 2023, the City does not have any refunded bond issues held in an escrow account.

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

Annual Debt Service requirements to maturity for General Obligation Bonds including loans supported by the City's General Obligation Bond authority (e.g., Virginia Public School Authority and Virginia Resources Authority) are as follows:

Year Ending <u>June 30</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 53,149,239	\$ 20,660,913	\$ 73,810,152
2025	53,235,117	18,023,756	71,258,873
2026	50,171,103	15,475,169	65,646,272
2027	45,875,665	13,102,619	58,978,284
2028	41,859,719	11,001,146	52,860,865
2029-2033	152,927,629	31,459,370	184,386,999
2034-2038	83,065,000	9,024,913	92,089,913
2039-2043	28,535,000	1,045,650	29,580,650
Totals	<u>\$ 508,818,472</u>	<u>\$ 119,793,536</u>	<u>\$ 628,612,008</u>

Annual Debt Service requirements to maturity for Storm Water Utility and Water and Sewer System Revenue Bonds are as follows:

Year Ending <u>June 30</u>	<u>Business-Type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 16,745,000	11,498,781	\$ 28,243,781
2025	17,675,000	10,646,406	28,321,406
2026	17,995,000	9,763,131	27,758,131
2027	16,270,000	8,932,981	25,202,981
2028	16,995,000	8,173,019	25,168,019
2029-2033	79,115,000	30,374,106	109,489,106
2034-2038	77,165,000	16,408,738	93,573,738
2039-2043	54,190,000	6,554,172	60,744,172
2044-2049	22,020,000	858,063	22,878,063
Totals	<u>\$ 318,170,000</u>	<u>\$ 103,209,397</u>	<u>\$ 421,379,397</u>

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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

Year Ending June 30	Governmental Activities		Business-Type Activities		Total Debt Service		
	Principal	Interest	Principal	Interest	Principal	Interest	Total
2024	\$ 35,670,785	\$ 10,255,058	5,484,215	\$ 1,015,598	\$ 41,155,000	\$ 11,270,656	\$ 52,425,656
2025	25,572,081	8,803,117	4,902,919	789,965	30,475,000	9,593,082	40,068,082
2026	21,243,943	7,599,685	2,826,057	576,021	24,070,000	8,175,706	32,245,706
2027	20,179,965	6,627,781	2,900,035	445,325	23,080,000	7,073,106	30,153,106
2028	19,895,460	5,765,620	2,809,540	340,580	22,705,000	6,106,200	28,811,200
2029-2033	74,880,800	18,656,001	5,499,200	886,405	80,380,000	19,542,406	99,922,406
2034-2038	54,156,160	6,014,944	1,678,840	107,544	55,835,000	6,122,488	61,957,488
2029-2043	16,120,000	513,825	-	-	16,120,000	513,825	16,633,825
Totals	<u>\$ 267,719,194</u>	<u>\$ 64,236,031</u>	<u>\$ 26,100,806</u>	<u>\$ 4,161,438</u>	<u>\$ 293,820,000</u>	<u>\$ 68,397,469</u>	<u>\$ 362,217,469</u>

Debt service requirements for general obligation bonds are principally met by the General Fund. The Governmental Activities, Landfill Closure and Post-Closure Care, Federal Arbitrage Rebate (there are no set maturity dates for these liabilities) will also be liquidated by the General Fund. Compensated absences (except School Board and most Proprietary funds) will be liquidated by the General Fund. Internal Service Funds predominately serve the Governmental Funds. Accordingly, long-term liabilities for them are included as part of the above totals for Governmental Activities in Note 6A1. The net pension liability and net OPEB liability are liquidated by the correlating funds with respect to the departmental costs and are reflected, based on allocation, on Internal Services Fund, Enterprise Fund and Entity-Wide Fund statements. Claims and Judgments are liquidated by the Risk Management Fund. Total interest expense incurred on the various types of debt shown in Note 6D for the year ended June 30, 2023, was \$49,047,703 as reflected in Note 6I.

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 each 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, and has made the following changes to the tax rate dedication and/or uses of ARP funds.

- On May 11, 2004, the Council reduced the amount to one cent.
- On May 9, 2006 the Council reduced the amount to nine tenths of one cent.
- On May 12, 2015, the Council reduced the amount to 56 one-hundredths of one cent.
- On May 9, 2017, the Council increased the amount to nine tenths of one cent to preserve property in the Transition Area of the City and other Agricultural Reserve Program costs.
- On May 15, 2018, the Council expanded the use of ARP funds to provide support for storm water capital projects benefiting the southern portion of the City including \$990,000 annually in cash funding for project

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

7-024, "Southern Canal/Lead Ditch and Culvert Improvements" and a one-time contribution of \$1.5 million to project 7-047, "Ashville Park Drainage Improvements" (currently, projects 100390 and 100022, respectively).

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 using funds provided by the dedicated portion of real estate taxes; the term to maturity is 25-years.

As of June 30, 2023, 105 installment purchase agreements totaling 10,388 acres with a total purchase price of \$53,307,347 have been executed. During FY 2023, one installment purchase agreement was executed totaling \$1,305,349 for 102.14 acres. Principal totaling \$6,949,719 was retired in FY 2023. Interest expense incurred on this debt for the year ended June 30, 2023 was \$2,073,074. As of June 30 2023, 86 installment purchase agreements totaling 9,581.02 acres with a total purchase price of \$44,146,562 are outstanding.

Annual Debt Service requirements to maturity for Agricultural Reserve Program:

<u>Year Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	1,034,361	\$ 1,933,531	\$ 2,967,892
2025	2,442,859	1,897,863	4,340,722
2026	2,166,758	1,699,312	3,866,070
2027	3,644,389	1,522,903	5,167,292
2028	2,013,935	1,364,667	3,378,602
2029-2033	6,344,003	5,979,606	12,323,609
2034-2038	14,386,498	3,195,842	17,582,340
2039-2043	4,909,074	1,517,565	6,426,639
2044-2048	7,204,685	560,455	7,765,140
Totals	<u>\$ 44,146,562</u>	<u>\$ 19,671,744</u>	<u>\$ 63,818,306</u>

F. Legal Debt Limit

The Constitution of Virginia (article VII, section 10) and the City Charter (section 6.05:1) impose a legal limit on the amount of general obligation debt that the City may issue without referendum; this legal limit is 10% of the total assessed value of taxable real property. At June 30, 2023, the City's debt limit was \$7.1 billion of which \$6.5 billion was available for the issuance of additional debt (which is known as the legal debt margin).

G. Water and Sewer Enterprise Revenue Bonds

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

- \$44.8 million in Water and Sewer System Revenue Bonds issued on November 13, 2013. The bonds are payable solely from water and sewer customer net revenues and are payable through 2039. At June 30, 2023, the total principal and interest remaining to be paid on the bonds is \$45,955,675.
- \$46.7 million in Water and Sewer System Revenue Bonds issued on June 8, 2016. The bonds are payable solely from water and sewer customer net revenues and are payable through 2042. At June 30, 2023, the total principal and interest remaining to be paid on the bonds is \$52,610,388.

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

- \$42.9 million in Water and Sewer System Refunding Revenue Bonds issued on June 8, 2016. The bonds are payable solely from water and sewer customer net revenues and are payable through 2031. At June 30, 2023, the total principal and interest remaining to be paid on the bonds is \$32,824,537.
- \$45.6 million in Water and Sewer System Revenue Bonds issued on October 22, 2020. The bonds are payable solely from water and sewer customer net revenues and are payable through 2045. At June 30, 2023, the total principal and interest remaining to be paid on the bonds is \$56,971,475.
- \$51.1 million in Water and Sewer System Refunding Revenue Bonds issued on October 22, 2020. The bonds are payable solely from water and sewer customer net revenues and are payable through 2035. At June 30, 2023, the total principal and interest remaining to be paid on the bonds is \$52,394,875.

The aforementioned Water and Sewer System Revenue Bonds were issued for rehabilitation of aging infrastructure, neighborhood improvement projects, system expansion, and roadway and storm water coordination projects adopted in the City's Capital Improvement Program. The total principal and interest remaining to be paid on the outstanding Water and Sewer Revenue Bonds is \$240,756,950. The City will fix, charge, collect and revise its fees, rates and other charges for the use of and for the services furnished by the system so as to produce revenues sufficient to meet its cash requirements each fiscal year. Furthermore, City Council set a goal of debt service coverage on its water and sewer revenue bonds at not less than 1.50-times of net revenues to debt service. At June 30, 2023, the debt service coverage on the water and sewer revenue bonds is 2.6-times. As shown on Statistical Table 13, the total principal and interest expense for the current year and net available customer operating income were \$18,878,730 and \$48,199,079, respectively.

H. Storm Water Revenue Bonds

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

- \$23.5 million in Storm Water Revenue Bonds issued on January 28, 2015. The bonds are payable solely from storm water customer net revenues and are payable through 2040. At June 30, 2023, the total principal and interest remaining to be paid on the bonds is \$23,120,841.
- \$29.5 million in Storm Water Utility Revenue Bonds issued on February 27, 2019. The bonds are payable solely from storm water customer net revenues and are payable through 2043. At June 30, 2023, the total principal and interest remaining to be paid on the bonds is \$37,480,381.
- \$77.4 million in Storm Water Utility Revenue Bonds issued on October 7, 2020. The bonds are payable solely from storm water customer net revenues and are payable through 2045. At June 30, 2023, the total principal and interest remaining to be paid on the bonds is \$104,719,525
- \$14.1 million in Storm Water Utility Refunding Revenue Bonds issued in October 7, 2020. The bonds are payable solely from storm water customer net revenues and are payable through 2035. At June 30, 2023, the total principal and interest remaining to be paid on the bonds is \$15,301,700.

The aforementioned Storm Water Utility Revenue Bonds were issued to address flood control, water quality and capital maintenance adopted in the City's Capital Improvement Program. The total principal and interest remaining to be paid on the outstanding Storm Water Revenue Bonds is \$180,622,447. The City will fix, charge, collect and revise its fees, rates and other charges for the use of and for the services furnished by the system so as to produce revenues sufficient to meet its cash requirements each fiscal year. Furthermore, the City has a policy of debt service coverage on its storm water revenue bonds at not less than 1.5-times of net revenues to debt service. At

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

June 30, 2023, the debt service coverage on the storm water revenue bonds is 3.5-times. As shown on Statistical Tablew 14, the total principal and interest expense for the current year and net available customer operating income were \$9,325,481 and \$32,769,522, respectively.

I. Debt Service Expenditures

Summarized below are the annual requirements to pay debt service costs on all outstanding long-term debt as of June 30, 2023.

General Government City:	Principal Retirement¹	Interest and Fiscal Charges²	Total
General Obligation Bonds	\$ 55,262,898	\$ 23,468,191	\$ 78,731,089
Public Facility Revenue Bonds	36,270,062	11,969,590	48,239,652
Agriculture Reserve Program	6,949,719	2,073,074	9,022,793
Bank Charges & Bond Issuance Costs	-	94,616	94,616
Total Tax Supported Debt Service	98,482,679	37,605,471	136,088,150
	Principal¹ Retirement	Interest and Fiscal² Charges	Total
Enterprise Funds:			
Revenue Bonds	15,875,000	12,298,681	28,173,681
Public Facility Revenue Bonds	8,454,937	1,311,241	9,766,178
Bank Charges & Bond Issuance Costs	-	30,529	30,529
Total Enterprise Debt Service	24,329,937	13,640,451	37,970,388
Total Debt Service	\$ 122,812,616	\$ 51,245,922	\$ 174,058,538

¹ Excludes bonds refunded

² Excludes Premium from bond sales

J. Accrued Compensated Leave

The accrued compensated leave is as follows at June 30, 2023.

	Primary Government			Total
	Governmental Activities	Business-Type Activities	School Board Component Unit	
City - Annual	\$ 35,653,757	\$ 3,176,502	\$ -	\$ 38,830,259
City - Compensatory	9,655,761	507,720	-	10,163,481
City - Sick	2,441,659	273,457	-	2,715,116
School - Annual	-	-	15,696,302	15,696,302
School - Sick	-	-	20,793,211	20,793,211
School - Personal	-	-	7,423,712	7,423,712
Total	\$ 47,751,177	\$ 3,957,679	\$ 43,913,225	\$ 95,622,081

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CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

K. Authorized But Unissued Bonds

A summary of debt authorized by City Council, as of June 30, 2023, but not yet issued is listed below.

Charter Based Debt:

General Obligation Debt:

2018 Charter Bonds	\$	30,068,937
2019 Charter Bonds		65,332,867
2020 Charter Bonds		69,741,841
2021 Charter Bonds ¹		629,178,775
2022 Charter Bonds		69,107,404
2023 Charter Bonds		62,460,057
Total General Obligation Debt		925,889,881

Revenue Bond Debt:

Water and Sewer Debt:

2015 W & S Revenue Bonds	7,082,666
2019 W & S Revenue Bonds	14,373,971
2020 W & S Revenue Bonds	1,318,515
2021 W & S Revenue Bonds	9,993,368
2022 W & S Revenue Bonds	22,597,430
2023 W & S Revenue Bonds	26,030,000
Total Water and Sewer Debt	81,395,950

Storm Water Utility Debt:

2018 Storm Water Utility Revenue Bonds ¹	6,650,717
2019 Storm Water Utility Revenue Bonds	25,000,000
2020 Storm Water Utility Revenue Bonds	34,708,495
2021 Storm Water Utility Revenue Bonds	50,545,315
2022 Storm Water Utility Revenue Bonds	2,177,367
2023 Storm Water Utility Revenue Bonds	6,399,140
Total Storm Water Utility Debt	125,481,034

Total Authorized and Unissued Charter & Revenue Bond Debt - June 30, 2023	1,132,766,865
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Appropriation-Supported Debt:

Public Facility Revenue Bonds¹

Total Authorized and Unissued Debt - June 30, 2023	\$ 488,851,792
	\$ 1,621,618,657

¹ The authorized but unissued 2021 Charter Bonds include \$567,500,000 for twenty-one flood protection projects in the Flood Protection Program approved in a General Election Referendum by voters, with more than 72% voting in the affirmative on November 2, 2021 and authorized by City Council on November 16, 2021.

L. Revenue Covenants

Management believes the City is in compliance with all significant financial covenants contained in the various bond indentures, including those found in the Master Resolution adopted February 1992, as amended and supplemented, for the Water & Sewer Revenue Bonds, as well as those found in the Agreement of Trust dated January 1, 2000, as amended and supplemented, for the Storm Water Revenue Bonds.

M. Compliance

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

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

N. Public Facility Revenue Bonds and Associated VBDA Support Agreements

City Council through the Capital Improvement Program has previously authorized the financing of various public facilities with the utilization of Public Facility Revenue Bonds (PFRB) issued through the VBDA, a blended component unit of the City.

The VBDA issued PFRBs, Series 2005B, and 2007A & B, to finance the acquisition of three public parking garages and appurtenant structures for the Town Center Project - Phase II and III. VBDA issued 2014A Public Facility Revenue Bonds and paid \$20.5 million (includes premium) to purchase the Block 11 garage in Town Center Phase V during FY 2014. These bonds are limited obligations of the Authority, payable from certain payments to be made by the City pursuant to a Support Agreement dated June 1, 2002, as amended.

The Authority issued PFRBs, Series 2010B & C, Series 2012B, 2014B, 2015B, and 2016B to advance refund certain maturities of the previously issued PFRBs series 2002A, 2003A, 2005A, 2007A, 2005B, 2007B and its 1998 Lease Revenue Bonds. During FY 2018, the Authority issued PFRB, Series 2018A, of which \$3.1 million (including premiums) paid for a public plaza and public infrastructure to elevate Zeiders American Dream Theater in Town Center Phase VI. During FY 2020, the Authority issued PFRB, Series 2020A, of which \$68.6 million (including premiums) paid for the Virginia Beach Sports Center and related parking located on 19th Street across from the Virginia Beach Convention Center. In addition, it issued PFRB, Series 2020B to refund certain maturities of the previously issued series 2010B and 2010C bonds.

A portion of the PFRBs, Series 2003, 2005A, 2007A, 2010A, Series 2012A, 2014A, 2018A, and 2020A was used to finance acquisition and construction of various capital improvements in the City of Virginia Beach.

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

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

7. LEASES

A lease is defined as a contractual agreement that conveys control of the right to use another entity's nonfinancial asset, for a minimum contractual period of greater than one year, in an exchange or exchange-like transaction. Under GASB statement #87, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

Lessee

The City leases a significant amount of nonfinancial assets such as land, land improvements, buildings, and equipment. The related obligations are presented in the amounts equal to the present value of lease payments, payable during the remaining lease term. As the lessee, a lease liability and the associated lease asset is recognized on the government-wide Statement of Net Position.

Amount of Lease Assets by Major Classes of Underlying Asset as of Fiscal Year-end:

Asset Class	Lease Asset Value	Accumulated Amortization
Buildings	\$ 29,989,291	\$ 8,148,334
Land	3,217,708	511,415
Total Leases	\$ 33,206,999	\$ 8,659,749

The City has a variety of variable payment clauses, within its lease arrangements, which include payments dependent on indexes and rates (such as the Consumer Price Index and a market interest rates), including variable payments based on future performance and usage of the underlying asset. Components of variable payments that are fixed in substance, are included in the measurement of the lease liability presented in the table below. The City did not incur expenses related to its leasing activities related to residual value guarantees, lease termination penalties or losses due to impairment. As a lessee, there are currently no agreements that include sale-leaseback and lease-leaseback transactions.

As of June 30, 2023, the City (excluding discretely presented component units) had minimum principal and interest payment requirements for its leasing activities with a remaining term in excess of one year, as follows:

Fiscal Year	Governmental Activities				
	Liability Beginning Balance	Principal Payments	Interest Payments	Total Payments	Liability Ending Balance
2024	\$ 21,516,168	\$ 4,038,882	\$ 182,731	\$ 4,221,613	\$ 17,477,286
2025	17,474,900	3,526,231	142,300	3,668,531	13,948,669
2026	13,951,055	2,591,897	111,939	2,703,836	11,359,158
2027	11,359,159	2,644,451	89,427	2,733,878	8,714,708
2028	8,714,708	2,731,884	66,365	2,798,249	5,982,824
2029-2033	5,982,823	5,840,624	75,123	5,915,747	142,199
2034-2038	142,199	115,323	9,153	124,476	26,876
2039	26,876	26,876	304	27,180	-
Total		\$ 21,516,168	\$ 677,342	\$ 22,193,510	

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Fiscal Year	Business - Type Activities				
	Liability Beginning Balance	Principal Payments	Interest Payments	Total Payments	Liability Ending Balance
2024	\$ 3,401,760	\$ 896,259	\$ 11,330	\$ 907,589	\$ 2,505,501
2025	2,505,501	377,595	7,380	384,975	2,127,906
2026	2,127,906	209,858	6,554	216,412	1,918,048
2027	1,918,048	210,504	5,908	216,412	1,707,544
2028	1,707,544	211,153	5,259	216,412	1,496,391
2029 - 2033	1,496,391	1,065,559	16,501	1,082,060	430,831
2034 - 2035	430,831	430,831	1,991	432,822	-
Total		\$ 3,401,759	\$ 54,923	\$ 3,456,682	

Lessor

In addition, as the lessor, the City leases City-owned properties such as buildings and land. The related receivables are presented in the Statement of Net Position for the amounts equal to the present value of lease payments expected to be received during the lease term. The total amount of lease revenue, interest revenue, and other lease-related revenues recognized in the current reporting period from leases is \$2.1 million. Total deferred inflow of resources related to leases are \$34.7 million. The City's variable payments clause within its lease arrangements as the lessor, is similar to the arrangements made as lessee. The City did not incur revenue related to residual value guarantees or lease termination penalties. It also does not currently have agreements that include sale-leaseback and lease-leaseback transactions.

As of June 30, 2023, the City had minimum principal and interest lease receivable payments for its leasing activities, including its subleasing activities, with a remaining term in excess of one year as follows:

Principal and interest Expected to Maturity

Fiscal Year	Governmental Activities		
	Principal Payments	Interest Payments	Total Payments
2024	\$ 944,846	\$ 125,460	\$ 1,070,306
2025	787,004	115,281	902,285
2026	720,944	106,011	826,955
2027	606,660	97,310	703,970
2028	424,439	90,433	514,872
2029-2033	211,832	425,430	637,262
2034-2038	112,033	408,985	521,018
2039-2043	103,635	396,339	499,974
2044-2048	97,792	383,998	481,790
2049-2053	111,204	370,586	481,790
2054-2058	126,342	355,448	481,790
2059-2063	143,430	338,360	481,790
2064-2068	162,718	319,072	481,790
2069-2073	184,490	297,300	481,790
2074-2078	209,066	272,724	481,790
2079-2083	236,806	244,984	481,790
2084-2088	268,118	213,672	481,790
2089-2093	303,462	178,328	481,790
2094-2098	343,358	138,432	481,790
2099-2103	388,390	93,400	481,790
2104-2108	439,222	42,568	481,790
2109-2111	120,084	1,951	122,035
Total	\$ 7,045,875	\$ 5,016,072	\$ 12,061,947

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Fiscal Year	Business - Type Activities		
	Principal Payments	Interest Payments	Total Payments
2024	\$ 805,617	\$ 120,823	\$ 926,440
2025	809,130	117,310	926,440
2026	802,032	113,826	915,858
2027	805,528	110,330	915,858
2028	809,039	106,819	915,858
2029-2033	3,583,665	482,037	4,065,702
2034-2038	2,585,585	419,065	3,004,650
2039-2043	2,642,427	362,223	3,004,650
2044-2048	2,700,519	304,131	3,004,650
2049-2053	2,759,888	244,762	3,004,650
2054-2058	2,820,562	184,088	3,004,650
2059-2063	2,882,569	122,081	3,004,650
2064-2068	2,945,940	58,710	3,004,650
2069-2070	1,196,432	5,429	1,201,861
Total	\$ 28,148,933	\$ 2,751,634	\$ 30,900,567

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

8. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA)

The City has implemented GASB Statement No. 96 in fiscal year 2023. A SBITA is defined as contractual agreement that conveys control of the right to use another party's information technology software alone or in combination with tangible capital assets, as specified in the contract for a minimum contractual period of greater than one, year in an exchange or exchange-like transaction.

The City uses various SBITA assets that it contracts through cloud computing arrangements, such as software as a service and platform as a service. The related obligations are presented in the amounts equal to the present value of the subscriptions payments payable during the remaining SBITA term. A SBITA asset is presented as part of Equipment, in the Capital Assets section of the government-wide Statement of Net Position.

The City has a variety of variable payment clauses, within its SBITA arrangements, including variable payments based on future performance and usage of the underlying assets. Components of variable payments that are fixed in substance, are included in the measurement of the SBITA liability presented in the table below. The City did not incur expenses related to its SBITA activities such as termination penalties, not previously included in the measurement of the SBITA liability, or losses due to impairment.

As of June 30, 2023 the City (excluding discretely present component units) had minimum principal and interest payment requirements for its SBITA activities, with a remaining term in excess of one year, as follows:

Governmental Activities					
Fiscal Year	Liability Beginning Balance	Principal Payments	Interest Payments	Total Payments	Liability Ending Balance
2024	\$ 4,812,596	\$ 2,292,117	\$ 108,786	\$ 2,400,903	\$ 2,520,479
2025	2,520,479	994,185	60,561	1,054,746	1,526,294
2026	1,526,294	560,992	38,060	599,052	965,302
2027	965,302	567,582	24,190	591,772	397,720
2028	397,720	397,720	10,135	407,855	-
Total		<u>\$ 4,812,596</u>	<u>\$ 241,732</u>	<u>\$ 5,054,328</u>	

Business Type Activities					
Fiscal Year	Liability Beginning Balance	Principal Payments	Interest Payments	Total Payments	Liability Ending Balance
2024	\$ 574,363	\$ 284,284	\$ 11,704	\$ 295,988	\$ 290,079
2025	290,079	290,079	5,911	295,990	-
Total		<u>\$ 574,363</u>	<u>\$ 17,615</u>	<u>\$ 591,978</u>	

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

9. DEPOSITS AND INVESTMENTS

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. Funds deposited in accordance to the Virginia Security for Public Deposits Act are considered to be insured, thereby reducing custodial credit risk. The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party.

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

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

As of June 30, 2023, the City had the following recurring investments. Except for the investments in the SNAP, Virginia Investment Pool (VIP), and LGIP, all investments are in an internal investment pool.

<u>Investments at Fair Value:</u>	<u>6/30/2023</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Other Unobservable Inputs (Level 3)</u>	<u>Weighted Average Maturities (in months)</u>
Money Market funds	\$ 10,208,097	\$ -	\$ 10,208,097	\$ -	0.01
Negotiable Certificates of Deposits	130,076,968	-	130,076,968	-	0.41
Commercial Paper	92,350,171	-	92,350,171	-	0.51
U. S. Government Securities	305,210,538	-	305,210,538	-	3.59
Miscellaneous Coupon Securities	287,526,708	-	287,526,708	-	2.48
	<u>\$ 825,372,482</u>	<u>\$ -</u>	<u>\$ 825,372,482</u>	<u>\$ -</u>	<u>0.04</u>
<u>Investments Measured at amortized Cost:</u>					
Certificates of Deposits	\$ 75,003,452				0.12
SNAP	20,040,364				0.03
LGIP	172,000,000				0.13
VIP	10,745,840				0.01
VIP - Liquidity Pool	173,406,099				<u>0.14</u>
Total Fair Value	<u>\$ 451,195,755</u>				
Total Investments					
Portfolio Weighted Average Maturity	<u>\$ 1,276,568,237</u>				<u>1.54</u>

The City has investments in U.S. Government securities valued at \$305.2 million (Level 2 inputs). These investments are classified in Level 2 of the fair value hierarchy and are valued using matrix pricing techniques maintained by various pricing vendors. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Fair value is defined as the quoted market value on the last trading day of the period. These prices are obtained from various pricing sources by our custodian bank.

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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

The remaining investments, measured in accordance with GAAP and at amortized costs, totaled \$451.2 million at June 30, 2023. Investments within the SNAP Investment Pool are held there to meet the debt service reserve requirements of the bond covenants and therefore cannot be withdrawn for any other purpose. Investments within the LGIP have no restrictions on withdrawals and can be obtained upon demand. Investments in the VIP fall within two primary funds, 1-3 Year High Quality Bond Fund and Stable NAV Liquidity Pool. The 1-3 High Quality Bond Fund redemptions are available twice a month and participants are required to provide 5 days' notice. Redemptions greater than \$5 million are requested to be submitted 60 days in advance and if the redemption is greater than 10% of the portfolio's net asset value without the 60 days' notice, the redemption can be executed over time. The Stable NAV Liquidity Pool has no restrictions on withdrawals and funds are available the same day.

Reconciliation of total deposits and investments to the government-wide financial statements at June 30, 2023:

	Primary Government	School Board Component Unit	Total
Cash and Investment	\$ 935,894,343	\$ 369,991,488	\$ 1,305,885,831
Restricted Cash and Cash Equivalents	238,890,250	-	238,890,250
Fiduciary Funds	58,186,420	42,784,206	100,970,626
Total	\$ 1,232,971,013	\$ 412,775,694	1,645,746,707
Less: Cash on Deposit			(369,178,470)
Total Fair Value of Investment at June 30, 2023			\$ 1,276,568,237

Interest Rate Risk:

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

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

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

Credit Risk:

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

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

with securities approved for direct investment; State Treasurer’s LGIP; and corporate notes with at least a rating of Aa by Moody's or AA by Standard and Poor's.

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

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

The City’s rated debt investments as of June 30, 2023 were rated by Standard & Poor’s and Moody’s and/or an equivalent national rating organization and the ratings are presented below using the respective rating scale from both agencies.

	<u>AAA</u>		<u>A1/P1/F1+</u>
State LGIP	\$ 172,000,000	\$	-
U. S. Government Securities	305,210,538		-
SNAP	20,040,364		-
Commercial Paper	92,350,171		-

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.

All City and School 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.

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

10. 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 financial and program compliance audits by the applicable federal or state agency or their representatives.

Furthermore, Federal grant programs in which the City participates have been audited in accordance with the provisions of the Office of Management 2 CFR 200, Uniform Administrative Requirements. 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, would not have a material adverse effect on the City's financial position.

C. Salaries Payable

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

D. Landfill Closure and Environmental Trust Fund Claims

On May 24, 2016, the City entered into a use and support agreement with Southeastern Public Service Authority of Virginia (SPSA). Under this agreement, effective January 1, 2018 which continues until June 2027, 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.

The total remaining capacity as of January 1, 2023 of the permitted cells at the City landfill is 1.98 million tons. Total usage to date has been estimated at 3.87 million tons. Estimated remaining life of the landfill, based on current fill rates is 18 years for the existing developed capacity and 68 years for the permitted capacity.

As of January 1, 2023, approximately 66 percent (by tonnage) of the permitted landfill has been used. Based on a June 2023 analysis, the present value of the estimated cost for both closure and post-closure care is \$24,566,050, 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 landfill conditions, changes in estimates, changes in technology or changes in laws or regulations. This amount is reflected in the government-wide financial statements. The City is required by law to submit a worksheet that demonstrates the ability to fund landfill closure and post-closure care costs.

The Environmental Trust Funds were established through agreements between the City, Suffolk and SPSA which include the Suffolk Environmental Trust fund and the Virginia Beach Environmental Trust Fund. The purpose of these accounts are to provide for all costs relating to legal suits and other similar claim activity relating to environmental pollution that are made against the Regional Landfill and the Virginia Beach Landfill during a thirty (30) year period after cessation of each landfill's operation. The City's proportionate share of the funds, held by SPSA, total \$308,547 as of June 30, 2023.

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

E. Encumbrances

Encumbrance accounting, the recording of purchase orders, contracts, and other monetary commitments in order to reserve an applicable portion of an appropriation is used as an extension of formal budgetary control by the City. At June 30, 2023 the City had outstanding encumbrances as follows:

General Fund	
General Government	\$ 1,108,844
Agriculture	53,045
Aquarium	201,924
Communications	303,188
Computer Replacement Program	1,369,749
Convention and Visitors Bureau	314,300
Cultural Affairs and Historic Houses	2,265,671
Economic Development	411,670
Emergency Communication and Citizen Services	100,452
Emergency Medical Services	398,042
Finance	463,667
Fire	68,980
Housing	286,286
Human Resources	120,976
Human Services	1,145,200
Information Technology	1,113,780
Library	259,193
Parks and Recreation	717,345
Planning	485,201
Police	1,047,773
Public Works	8,436,541
Vehicle Replacement	4,078,411
Voter Registration and Elections	55,767
Total General Fund	24,806,005
Capital Projects Fund	
Engineering and Highways	31,124,742
Buildings	14,453,240
Information Technology	9,888,767
Parks and Recreation	9,148,950
Coastal	14,138,644
Economic and Tourism	15,052,351
Total Capital Projects Fund	93,806,694
Nonmajor Special Revenue Funds	14,474,391
Total	\$ 133,087,090

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

11. TAX ABATEMENTS

Virginia Beach Tax Abatement Disclosure as required by Statement No. 77 of the Governmental Accounting Standards	Programs Administered by City of Virginia Beach	
	Tourism Development Financing Program (TDFP)	Business License Incentive Program (BPOL)
	Cavalier	
1) Purpose of Program	Provides incentive payment annually of "but for" project revenues after a project is operational and has paid sales taxes. This annual incentive payment is to assist in closing a financing gap between debt and equity a developer currently has and the total financing required by a tourism project.	Incentive program providing partial tax exemption for new businesses, and will foster business development and encourage entrepreneurialism.
2) Tax being abated	1% local sales tax	Business License Tax
3) Authority under which abatement agreements are entered into	VA Code 58.1-3851.1 City Code Chapter 35.4	City Code Chapter 18.202-208
4) Criteria to be eligible to receive abatement	Capital investment greater than \$30 million and taxable sales greater than \$1 million annually. Compensates for a shortfall in project funding, not to exceed 30% of a qualified project's total cost.	A qualifying business that locates in the City of Virginia Beach for the first time and anticipates gross receipts greater than \$100K.
5) How recipients' taxes are reduced	Through sales tax dedication based on generated sales.	Pay maximum license fee of \$60 for the first 2 calendar years.
6) How amount of abatement is determined	1) 1% of local sales tax generated on-premise is paid to developer as an incentive payment - total of \$8.17M 2) 1% of state sales tax generated on-premise is paid to developer as an incentive payment - total of \$8.17M 3) 1% developer access fee that is paid to the state is provided to the developer as an incentive payment - total of \$8.17M	Business License Tax reduced to \$50.
7) Provisions for recapturing abated taxes	N/A	N/A
8) Types of commitments made by the City other than to reduce taxes	1) Economic Development Investment Program Grant - \$8.2M (FY 2014) 2) Green Space/Historic Preservation Easement - \$2.37M (FY2014) 3) Cavalier Drive Improvements - \$2.45M (FY2014 and 2017) 4) Annual Grants based on increased Real Estate Tax Revenues - capped at \$5M in total; fully paid as of 6/30/21	Eligible for Economic Development Investment Program Grant: FY2023 - \$360,133 FY2022 - \$549,159
9) Gross dollar amount, on accrual basis, by which the City's tax revenues were reduced as a result of abatement agreement	Sales Tax: FY2023 - \$681,490 (City's portion only) FY2022 - \$646,346 (City's portion only)	Business License Tax: FY2023 - \$534,972 FY2022 - \$276,525

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Virginia Beach Tax Abatement Disclosure as required by Statement No. 77 of the Governmental Accounting Standards	Programs Administered by City of Virginia Beach	
	Yes Oceana APZ-1 Incentives	Cityview II Development
1) Purpose of Program	Developed to meet the requirements of the Base Realignment and Closure (BRAC) Commission to protect our citizens and keep the Navy's East Coast master jet base, Naval Air Station (NAS) Oceana, in Virginia Beach. Consists of zoning ordinances and incentives to foster the conversion of nonconforming businesses in APZ-1 into conforming ones and relocating ones that cannot be converted to another part of Virginia Beach.	New development of a multiphased, mixed use project that includes office space, apartment units, structured parking and limited service hotel.
2) Tax being abated	Real Estate Tax; Business License Tax and Fees	Real Estate Tax
3) Authority under which abatement agreements are entered into	VA Code 58.1-3220.1 and 58.3221 Ord. No. 2786, 9-23-03 Ord. No. 2932, 3-28-06 VB Code 35-72.1, 35.2-11	VB Code Section 9-1 through 9-9. Ord. No. 3402
4) Criteria to be eligible to receive abatement	The assessed value after the rehabilitation, renovation, or replacement of the structure shall be at least 20% greater than the base assessed value; for commercial or industrial use; consistent with the City's Comprehensive Plan and Zoning Ordinances; result in conversion of a nonconforming use to a conforming use.	The abatement is based on an incremental real estate tax over the assessed value of \$2,555,999 (base value).
5) How recipients' taxes are reduced	Credit on tax bill, rebate, and reimbursements of fees. All last 15 years.	Credit on bill for real estate tax.
6) How amount of abatement is determined	The difference between the taxes computed upon the base value and the initial rehabilitated assessed value of the property for each year of the partial exemption from real estate taxes; credit shall not increase. 90% of business license taxes imposed by Chapter 18.	The difference between the taxes computed upon the base value and the increase in assessed value of the property for each year, following the issuance of final certificate of occupancy. Incentive payment to continue for 25 years from date of initial payment or until the total incentive payments equal \$10,200,000 whichever shall occur first.
7) Provisions for recapturing abated taxes	N/A	N/A
8) Types of commitments made by the City other than to reduce taxes	Eligible for Economic Development Investment Program Grant: FY2023 - \$ - FY2022 - \$71,248	The City to purchase parcels of land from Developer to construct a shared use path along the Thalia Creek = \$300,000.
9) Gross dollar amount, on accrual basis, by which the City's tax revenues were reduced as a result of abatement agreement	Business License Tax: FY2023 - \$129,368 FY2022 - \$74,748 No Real Estate Taxes have been credited to-date	Real Estate Tax: FY2023 - \$956,247

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Virginia Beach Tax Abatement Disclosure as required by Statement No. 77 of the Governmental Accounting Standards	Programs Administered by City of Virginia Beach
	<u>25th Street Parking Garage and iFLY</u>
1) Purpose of Program	The City partnered with a private company to develop a unique tourism amenity and to provide public parking in the resort area. The project includes a public garage, and privately owned entertainment facility and apartments. The project is aligned with Council's Resort Strategic Action Plan (2008) for year-round entertainment, a year-round residential development/presence, and public parking. The Venue opened in 2016 and had private investment of \$21.66 million.
2) Tax being abated	Admissions Tax
3) Authority under which abatement agreements are entered into	Virginia Public-Private Education Facilities and Infrastructure Act of 2002
4) Criteria to be eligible to receive abatement	The project's comprehensive agreement was approved by City Council February 2013.
5) How recipients' taxes are reduced	Company receives a rebate/incentive payment.
6) How amount of abatement is determined	90% of admission taxes remitted to the City are rebated back as an incentive payment (but for revenues) until a total of \$1.6 million have been returned.
7) Provisions for recapturing abated taxes	N/A
8) Types of commitments made by the City other than to reduce taxes	The City sold the 25th Street parking lot to the developer for \$7.65 million. After the developer built 147 apartment units, 2,500 square feet of retail space, "iFLY" entertainment facility, and a 565-space garage, the City purchased the parking garage for \$7.65 million. Also, the City contributed approximately \$250,000 towards landscaping and \$586,000 for streetscape improvements.
9) Gross dollar amount, on accrual basis, by which the City's tax revenues were reduced as a result of abatement agreement	Admission Tax: FY2023 - \$89,429 FY2022 - \$97,446

**CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

12. INTERFUND BALANCES AND TRANSACTIONS, FUND RESULTS AND RECONCILIATIONS

A. Interfund Transfers

Interfund transfers for the year ended June 30, 2023 were made up of the following:

Purpose:

Transfers From General Fund:

Transfer To:	General Fund	Nonmajor Governmental	Nonmajor Parking Enterprise	Internal Service	Total
General Fund	\$ -	\$ 727,192	\$ -	\$ -	\$ 727,192
Capital Projects Fund	90,436,479	37,095,662	1,500,000	1,100,000	130,132,141
Storm Water Fund	1,389,886	990,000	-	-	2,379,886
Water and Sewer Fund	682,718	-	-	-	682,718
Nonmajor Governmental	90,033,632	8,083,190	-	-	98,116,822
Nonmajor Enterprise Funds	-	68,500	-	-	68,500
Total	\$ 182,542,715	\$ 46,964,544	\$ 1,500,000	\$ 1,100,000	\$ 232,107,259

Transfers From General Fund:

\$ 90,436,479	Capital Projects Fund: Funding for Pay-As-You-Go Capital Projects Fund
1,389,886	Storm Water Projects Fund: Funding for Pay-As-You-Go Storm Water Projects Fund
682,718	Storm Water Projects Fund: Funding for Pay-As-You-Go Water and Sewer Projects Fund
90,033,632	Nonmajor Governmental Funds: Funding for Special Revenue programs and Debt Fund

Transfers From Nonmajor Governmental Funds:

\$ 727,192	General Fund: Special Revenue Funds, Primarily Dredging Fund Reimbursements
37,095,662	Capital Projects Fund: Funding for Pay-As-You-Go capital projects
990,000	Storm Water Fund: Funding for support of Storm Water Operations
8,083,190	Nonmajor Governmental Funds: Funding for support of existing programs
68,500	Nonmajor Enterprise Funds: Funding for Parking support

Transfer From Nonmajor Enterprise Fund:

\$ 1,500,000	Capital Project Funds: Economic and Tourism.
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Transfer From Internal Service Fund:

\$ 1,100,000	Capital Project Funds: Funding for support of Information Technology Capital Projects
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B. Net Position Deficit

The following funds have deficit balances in Fund Balance or Net Position at June 30, 2023:

Governmental Funds:

Sheriff's Department Fund	\$ (4,739,582)
Law Library Fund	\$ (99,756)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

The deficit in the Sheriffs Department Fund is a result of court closures in the aftermath of COVID 19 and decreasing inmate population, resulting in a loss of state revenues and the timing of federal reimbursements.

The deficit in the Law Library Fund is a result of record low civil action filing due to the aftermath of the COVID-19 pandemic.

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

13. 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. During Fiscal Year 1973, the City established an internal service Risk Management Fund to account for and finance its uninsured risks of loss. Under this program, the Fund provides coverage for up to a maximum of \$1,500,000 for each workers' compensation claim, \$2,000,000 for each general and auto liability claim, \$50,000 for each fire and property claim (\$100,000 for schools), and \$2,000,000 for each public officials (errors and omissions) claim.

The City is also exposed to the risk of loss for employee medical benefits. These medical 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.

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 \$10,000,000 of excess insurance coverage per claim and \$20,000,000 aggregate. In addition, the City purchased Cyber insurance with a \$5,000,000 limit for each claim and in aggregate policy. These coverages include data breach incident response, network security, privacy liability, data breach liability, regulatory liability, business interruption, data restoration, cyber extortion and media liability.

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 claims liability of \$41,986,762 is based on the ultimate cost of settling the claims, which includes incremental claim adjustment expenses (i.e., outside legal assistance) and estimated recoveries on unsettled claims as required by GAAP. The City prepares an update of the actuarial liability biennially, and believes the estimates contained herein substantially reflect estimated claims and judgments for the period ending June 30, 2023.

Fiscal Year	Beginning Liability	Claims & Changes in Estimates	Claims Payments	Balance at Year-End
2022	\$ 45,654,663	\$ 13,720,658	\$ 9,974,341	\$ 49,400,980
2023	49,400,980	5,852,912	13,267,130	41,986,762

B. School Board Self-Insurance Program

The School Board is self-insured for a portion of its risks. The self-insurance coverage for Fire and Property Insurance is \$100,000 per occurrence (includes unnamed windstorm and earthquake damage) and 1% of the total insured value of the damaged covered property when such loss or damage results from a named windstorm (minimum deductible - \$250,000 per occurrence); Boiler and Machinery Breakdown coverage is \$10,000 per occurrence; School Leaders Liability (errors and omissions) coverage is \$350,000 per occurrence; Crime (Employee Dishonesty) coverage is \$2,500 per occurrence; Environmental Impairment is \$25,000 and Cyber Liability coverage has a \$50,000 self-insured retention. Automobile Liability coverage (engine on) is \$450,000 per occurrence; Automobile Physical Damage coverage (engine off) is \$60,000 per occurrence; General and Automobile and Workers' Compensation self-insured retention is \$750,000 per claim.

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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

Claims processing and payments for all insurance claims are made through commercial carriers and third-party administrators. The School Board uses the information provided by the third-party administrators to aid in the determination of self-insurance liabilities. The computed liability as of June 30, 2023 is \$9,099,286 (undiscounted), as follows:

Fiscal Year	Beginning of Fiscal Year Liability	Current Year Claims & Changes in Estimates	Claims Payments	Balance at Fiscal Year-End
2022	\$ 10,057,092	\$ 8,353,507	\$ 7,289,980	\$ 11,120,619
2023	11,120,619	6,123,274	8,144,607	9,099,286

Self-Insured Health Care Benefits Program

Effective January 1, 2000, the School Board and City Council established a self-insured health care benefits program for all School Board and City employees. Certain claims expenses paid on behalf of each employee during a single policy year are covered by excess loss insurance with a specific stop-loss limit of \$600,000. The amount of settlements did not exceed insurance coverage for each of the past three fiscal years.

Claims processing and payments for all health care claims are made through third-party administrators. The School Board uses the information provided by the third-party administrators and a health care benefits consultant to aid in the determination of self-insurance liabilities. The computed liability for the last three years are as follows:

Fiscal Year	Beginning of Fiscal Year Liability	Current Year Claims & Changes in Estimates	Claims Payments	Balance at Fiscal Year-End
2022	\$ 8,538,000	\$ 152,385,651	\$ 153,310,651	\$ 7,613,000
2023	7,613,000	152,680,096	151,302,096	8,991,000

C. Surety Bonds

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

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

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

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

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

14. RETIREMENT

A. Virginia Retirement System

Plan Description

The City and School Board contribute to the VRS, which provides agent, multiple employer and cost-sharing, multiple-employer defined benefit pension plans administered by the Virginia Retirement System (System). The City employees and School Non Professional employees are covered by the VRS Political Subdivision Retirement Plan, which is the agent, multiple employer defined benefit. All full-time, salaried permanent (professional) employees of Virginia Beach City Public Schools (VBCPS) are covered by the VRS Teacher Retirement Plan, which is the cost-sharing, multiple employer defined benefit plan upon employment.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the VRS Retirement Plans and the additions to/deductions from the VRS Retirement plans' net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

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

**CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

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

**CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Hybrid Opt-In Election: VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.</p>	<p>Hybrid Opt-In Election: Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.</p>	<p>*Non-Eligible Members: Some employees are not eligible to participate in the Hybrid Retirement Plan. They include: • Political subdivision employees who are covered by enhanced benefits for hazardous duty employees.</p> <p>Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.</p>
<p>Retirement Contributions: Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.</p>	<p>Retirement Contributions: Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction.</p>	<p>Retirement Contributions: A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.</p>

**CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

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

**CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
		<p>Defined Contributions Component: Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.</p> <p>Members are always 100% vested in the contributions that they make.</p> <p>Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none"> • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. <p>Distribution is not required by law until age 70½.</p>
<p>Calculating the Benefit: The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.</p>	<p>Calculating the Benefit: See definition under Plan 1.</p>	<p>Calculating the Benefit Defined Benefit Component: See definition under Plan 1.</p>

**CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

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

**CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

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

**CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

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

**CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

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

**CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Purchase of Prior Service: Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.</p>	<p>Purchase of Prior Service: Same as Plan 1.</p>	<p>Purchase of Prior Service Defined Benefit Component: Same as Plan 1, with the following exceptions: - Hybrid Retirement Plan members are ineligible for ported service. Defined Contribution Component: Not applicable.</p>

The System issues a publicly available annual comprehensive financial report that includes financial statements and required supplemental information for VRS. A copy of the most recent report may be obtained from the VRS website at <https://employers.varetire.org/pdfs/gasb/actuarial/gasb-68-2022.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500 Richmond, VA., 23218-2500.

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Employees Covered by Benefit Terms

As of the June 30, 2020 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	City	School Board Non Professional
Inactive Members or Their Beneficiaries Currently Receiving Benefits	4,783	1,810
Inactive Members:		
Vested	978	350
Non-Vested	1,704	1,069
Long Term Disability	9	9
Active Elsewhere in VRS	888	381
Total Inactive Members	3,579	1,809
Active Members	5,791	1,819
Total	14,153	5,438

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to political subdivisions and School divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5.00% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5.00% member contribution. This could be phased in over a period of up to 5 years and the employer was required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution.

The City's contractually required employer contribution rate for the year ended June 30, 2023 was 18.25% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. This rate, when combined with employee contributions, were expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

The School Board Professional VRS plan's contractually required employer contribution rate for the year ended June 30, 2023 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The School Board Non Professional VRS pension plan's contractually required contribution rate for the year ended June 30, 2023 was 7.99% of annual covered payroll. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. This rate, when combined with employee contributions, were expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

**CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

Contributions made by the Employer and Employee for the years ended June 30, 2023 and June 30, 2022 are listed in the table below:

Fiscal Year	City		School Board - Professional		School Board - Non-Professional	
	Employer Contributions	Employee Contributions	Employer Contributions	Employee Contributions	Employer Contributions	Employee Contributions
2023	\$ 67,629,663	\$ 16,674,134	\$ 73,202,797	\$ 70,274,556	\$ 4,109,022	\$ 3,629,076
2022	\$ 54,759,166	\$ 16,143,295	\$ 70,274,556	\$ 67,989,422	\$ 3,629,076	\$ 3,404,642

Net Pension Liability

The City's net pension liability measured as of June 30, 2022 totaled \$355,016,844. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2021, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

As of June 30, 2023, the School Board Professional Retirement Plan reported a liability of \$452,733,028 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School Board's proportion of the net pension liability was based on the School Board's actuarially determined employer contributions to the pension plan for the year ended June 30, 2021 relative to the total actuarially determined employer contributions for all participating employers. At June 30, 2022, the School Board's proportion was 4.75530% as compared to 4.83003% at June 30, 2021. The School Board's net pension liability for the Non Professional Retirement Plan measured as of June 30, 2022 totaled \$9,472,799. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2021, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

Actuarial Assumptions – City General Employees

The total pension liability for general employees in the City's Retirement Plans was based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

Inflation:	2.5 percent
Salary increases, including inflation:	3.5 percent - 5.35 percent
Investment rate of return:	6.75 percent, net of pension plan investment expenses, including inflation*

Mortality rates:

Largest 10 - Non-LEOS: 20% of deaths are assumed to be service related.

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement: Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

All Others (Non 10 Largest) – Non-LEOS: 15% of deaths are assumed to be service related.

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors: Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement: Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Largest 10-Non-LEOS:

- Update mortality rates to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
- Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service
- No change to disability rates
- No change to salary scale
- No change to line of duty
- No change to discount rate

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

- Updated mortality rates to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
- Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service
- No change to disability rates
- No change to salary scale
- No change to line of duty
- No change to discount rate

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Actuarial Assumptions – City Public Safety Employees

The total pension liability for Public Safety employees in the City's Retirement Plan was based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

Inflation:	2.5 percent
Salary increases, including inflation:	3.5 percent - 4.75 percent
Investment rate of return:	6.75 percent, net of pension plan investment expenses, including inflation*

Mortality rates:

Largest 10 - LEOS: 70% of deaths are assumed to be service related

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males; 105% of rates for females set forward 2 years.

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males; 105% of rates for females set forward 3 years.

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males and females set forward 2 years

Mortality Improvement:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

All Others (Non 10 Largest) – Non-LEOS: 45% of deaths are assumed to be service related

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males; 105% of rates for females set forward 2 years.

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males; 105% of rates for females set forward 3 years.

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males and females set forward 2 years.

Mortality Improvement: Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2016 through June 30, 2020 except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study are as follows:

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Largest 10-LEOS:

- Update mortality rates to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
- Adjusted retirement rates to better fit experience and changed final retirement age from 65 to 70
- Decrease withdrawal rates
- No change in disability rates
- No change in salary scale
- No change in line of duty disability
- No change in discount rate

All Others (Non 10 Largest) – LEOS:

- Update mortality rates to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
- Adjusted retirement rates to better fit experience and changed final retirement age from 65 to 70
- Decrease withdrawal rates and change from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty
- No change in disability rates
- No change in salary scale
- No change in line of duty disability
- No change in discount rate

Actuarial Assumptions – School Board

Professional/Teacher Retirement Plan

The total pension liability for the VRS Professional/Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

Inflation	2.5 percent
Salary increases, including Inflation	3.5 percent – 5.95percent
Investment rate of return	6.75 Percent, net of pension plan investment expense, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GAAP purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

Mortality rates:

Pre-Retirement:

Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males

Post-Retirement:

Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females

Post-Disablement:

Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females

Beneficiaries and Survivors:

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally
Mortality Improvements:
Rates projected generationally with Modified MP 2020 Improvement Scale that is 75%
of the MP 2020 rates

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2016 through June 30, 2020 except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study are as follows:

- Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with modified Mortality Improvement Scale MP-2020
- Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; change final retirement age from 75 to 80 for all
- Adjusted rates to better fit experience at each year age and service through 9 years of service
- No change to disability rates
- No change to salary scale
- No change to discount rate

Non Professional Retirement Plan

The total pension liability for Non Professional (Non Teacher) Retirement Plan was based on an actuarial valuation as of June 30, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

Inflation	2.5 percent
Salary increases, including inflation	3.5 percent – 5.35
Investment rate of return	6.75 percent, net of pension plan investment expense, including inflation*

Mortality rates:

Largest 10 - 20% of deaths are assumed to be service related
All Others (Non 10 Largest) - 15% of deaths are assumed to be service related

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males;
105% rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study are as follows:

- Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with modified Mortality Improvement Scale MP-2020
- Adjusted rates to better fit experience for Pan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
- Adjusted rates to better fit experience at each year age and service through 9 years of service
- No change to disability rates
- No change to salary scale
- No change to discount rate

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.83%

* The above allocation provides a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at the time, providing a median return of 7.11%, including expected inflation of 2.50%.

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2021, actuarial valuations, whichever was greater. From July 1, 2022, on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

City	Increase/(Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2021	\$ 2,383,177,175	\$ 2,123,114,473	\$ 260,062,702
Changes for the Year:			
Service Cost	41,392,422	-	41,392,422
Interest	159,269,191	-	159,269,191
Changes in Assumptions	-	-	-
Difference between expected and actual experience	(37,192,336)	-	(37,192,336)
Contribution - Employer	-	54,688,523	(54,688,523)
Contribution - Employee	-	16,674,134	(16,674,134)
Net Investment Income	-	(1,553,682)	1,553,682
Benefit payments, including refunds of Employee Contributions	(130,052,052)	(130,052,052)	-
Administrative Expense	-	(1,328,173)	1,328,173
Other Changes	-	34,333	(34,333)
Net Changes	33,417,225	(61,536,917)	94,954,142
Balances at June 30, 2022	\$ 2,416,594,400	\$ 2,061,577,556	\$ 355,016,844

School Board Non Professional

	Increase/(Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability / (Asset) (a) - (b)
Balances at June 30, 2021	\$ 264,199,697	\$ 265,793,921	\$ (1,594,224)
Changes for the Year:			
Service Cost	3,934,382	-	3,934,382
Interest	17,604,104	-	17,604,104
Difference between expected and actual experience	(4,908,939)	-	(4,908,939)
Changes in Assumptions	-	-	-
Contribution - Employer	-	3,605,284	(3,605,284)
Contribution - Employee	-	2,294,774	(2,294,774)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Net Investment Income	-	(176,724)	176,724
Benefit payments, including refunds of			
Employee Contributions	(14,113,284)	(14,113,284)	-
Refunds of contributions	(551,790)	(551,790)	-
Administrative Expense	-	(166,678)	166,678
Other Changes	-	5,868	(5,868)
Net Changes	<u>1,964,473</u>	<u>(9,102,550)</u>	<u>11,067,023</u>
Balances at June 30, 2022	<u>\$ 266,164,170</u>	<u>\$ 256,691,371</u>	<u>\$ 9,472,799</u>

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

The following presents the net pension liability for the City, School Board Non Professional and School Board's proportional share for the Professional/Teacher Retirement Plans, each using the discount rate of 6.75%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1% Decrease (5.75)%	Current Discount Rate (6.75%)	1% Increase (7.75)%
City's Net Pension Liability	\$ 658,369,739	\$ 355,016,844	\$ 104,966,767
School Board's Non Professional Net Pension Liability / (Asset)	\$ 40,909,343	\$ 9,472,799	\$ (16,477,879)
School Board's Proportionate Share of the Professional/Teacher Retirement Plan	\$ 808,615,846	\$ 452,733,028	\$ 162,966,154

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

For the year ended June 30, 2023, the City recognized pension expense of \$49,467,266. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	City	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,366,363	\$ 38,747,244
Changes of assumptions	51,873,122	-
Net difference between projected and actual earnings on plan investments	-	61,595,490
Employer contributions subsequent to the measurement date	67,629,663	-
Total	<u>\$ 124,869,148</u>	<u>\$ 100,342,734</u>

The \$67,629,663 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as an adjustment of the Net Pension Liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ended June 30:	
2024	\$ (6,834,233)
2025	(15,206,232)
2026	(49,630,679)
2027	28,567,895
	<u>\$ (43,103,249)</u>

School Board Professional/Teachers Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2023, the School Board recognize pension expense of \$74,195,158 for the Professional/Teacher Retirement Plan. At June 30, 2023, the School Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	School Board Professional	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 31,217,732
Change of assumptions	42,683,605	-
Net difference between projected and actual earnings on plan investments	-	59,026,906
Changes in proportion and differences between employer contributions and porportionate share of contributions	9,905	21,201,720
Employer contributions subsequent to the Measurement Date	73,202,797	
Total	<u>\$ 115,896,307</u>	<u>\$ 111,446,358</u>

The \$73,202,797 reported as deferred outflows of resources related to pensions resulting from the contributions by the School Board for the Professional/Teachers plan subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ended June 30:	
2024	(23,063,605)
2025	(27,237,702)
2026	(43,504,692)
2027	25,053,151
	<u>\$ (68,752,848)</u>

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

In addition, for the year ended June 30, 2023, the School Board recognized pension expense was \$(101,730) for the Non Professional Retirement Plan. At June 30, 2023, the School Board Non Professional Plan reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	School Board Non Professional	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 2,803,850
Changes in Assumptions	1,287,830	-
Net difference between projected and actual earnings on plan investments	-	7,752,206
Employer contributions subsequent to the measurement date	4,109,022	-
Total	\$ 5,396,852	\$ 10,556,056

The \$4,109,022 reported as deferred outflows of resources related to pensions resulting from the contributions by the School Board Non Professional plan made subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ended June 30:	
2023	\$ (4,053,399)
2024	(3,568,826)
2025	(5,209,316)
2026	3,563,315
	\$ (9,268,226)

B. Sheriff’s Supplemental Retirement Plan

1. Description of the Plan

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

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

The Deferred Compensation Board and the City Council and School Board of the City, the Plan Sponsor, voted to offer its employees the Commonwealth of Virginia Cash Match Plan (COV). In January 2020, Sheriff’s existing plan was transferred to COV and continue for the benefit of employees of the City of Virginia Beach.

The Virginia Cash Match Plan provides an opportunity for the City of Virginia Beach to make a discretionary contribution on behalf of employees. The investment options for the plan are organized into three pathways to make it easier for participants to implement investment decisions according to

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

their knowledge of investments and investment style. The *Do-It-For-Me Path* includes the target date portfolios for participants who prefer a pre-mixed portfolio that is already diversified. The *Help-Me-Do-It Path* includes a carefully selected menu of ten funds for participants who prefer to take a more active role in investing and want to construct a portfolio that addresses their individual needs. The *Do-It-Myself Path* includes a self-directed brokerage account (SDBA) for those who believe that are skilled and knowledgeable about investments. Investments for the SDBA include mutual funds, exchange-traded funds (ETFs) and individual securities.

As of June 30, 2023, the composition of participants was as follows:

Active Not Contributing	241
Separated from Service	97
Separated Without Balance	-
Total	338

Participants may not contribute to the Plan. The Employer may contribute discretionary amounts to be determined by the City Sheriff's Office annually. The employer did not make any contributions during the plan year end. Employer contributions to the Plan, and any earnings they generate, are vested as follows:

Years of Service	Vested Percentage
0- 5 years	0%
5 years of more	100%

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

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

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

Investment Options – Participants direct the investment of their accounts into various investment options offered by the Plan. The Plan's investments are stated at fair value (except for fully benefit-responsive investment contracts, which are valued at contract value). Fair value is the price received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Contract value is the relevant measure for the portion of net assets available for benefits attributable to fully benefit-responsive investment contracts because contract value is the amount participants normally would receive if they were to initiate permitted transactions under the terms of the Plan.

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

2. Summary of Significant Accounting Policies

Basis of Accounting – The Plan’s financial statements are prepared in accordance with GAAP using the financial reporting framework established by GAAP.

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

Investments Valuation and Income Recognition – Investments are reported at fair value. Plan management determines the Plan’s valuation policies utilizing information provided by the custodian.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net depreciation includes the Plan’s gains and losses on investments bought and sold as well as held during the year.

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

Benefit Payments – Benefit payments are recorded when paid.

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

3. Investments

The Virginia Retirement System Board of Trustees (VRS Board) has adopted an investment policy to provide guidelines for the investment offerings under an unbundled plan construct. The Virginia Cash Match Plan is one of the plans that uses an unbundled structure approach. The VRS unbundled defined contribution plans seek to provide participants with an array of investment choices across a range of asset classes, risk levels, and investment strategies so they can construct and/or invest in portfolios that address their individual needs, and do so using investment vehicles and structure that provide competitive risk-adjusted returns at a reasonable cost.

The Plan had the following investments as of June 30, 2023:

Mutual funds, at fair value:	
Bond Fund	\$ 161,212
Global Real Estate Fund	502
International Stock Fund	119,286
Money Market Fund	46,518
Retirement Portfolio	82,284
Small/Mid-Cap Stock Fund	381,911
Stable Value Fund	820,043
Stock Fund	1,190,302
TD Ameritrade	7,130
Target Date 2025 Portfolio	73,238
Target Date 2030 Portfolio	166,323
Target Date 2035 Portfolio	130,053
Target Date 2040 Portfolio	191,603
Target Date 2045 Portfolio	69,640
Target Date 2050 Portfolio	25,145
Target Date 2055 Portfolio	10
	\$ 3,465,200

**CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

15. OTHER POSTEMPLOYMENT BENEFITS

A. Single-Employer, Defined Benefit Plan

Plan Description

The City and School Board OPEB Plans are each a single-employer, defined benefit plan, administered by the City and School Board in accordance with State and City Statutes. Section 15.2-1500 of the Virginia State Code provides that every locality shall provide for the governmental functions of the locality, including employment of the officers and other employees. In connection with this employment, the City has established certain plans to provide OPEB other than pensions as defined in Section 15.2-1545 of the Virginia Code to retirees and their spouses and eligible dependents.

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 OPEB. In accordance with the election, the City and School Board have joined the Virginia Pooled OPEB Trust Fund (Trust), which was established by the Virginia Municipal League and the Virginia Association of Counties in 2008 for the purpose of accumulating and investing assets to fund OPEB other than pensions for counties, cities, towns, school divisions and other authorized political subdivisions of the Commonwealth of Virginia. The Pooled OPEB Trust issues a publicly available ACFR that includes financial statements are required supplemental information for the OPEB Trust Fund. A copy of the most recent report may be obtained from the VML VACo website at <http://valocalfinace.org/opeb>.

The Trust's Board of Trustees has fiduciary responsibility for the investment of monies and administration of the Trust pursuant to the Trust Agreement. The Board of Trustees is composed of nine members. Trustees are members of Local Finance Boards of participating employers and are elected for staggered three-year terms by the participants in the Trust. In accordance with Section 15.2-1547 of the Virginia Code, City Council appointed the City's Deferred Compensation Board Trust as the OPEB's Local Finance Board (Board) to serve as the trustee of the City and School Board with respect to the OPEB trust. The Board includes City employees, an appointee from City Council, a member of the Sheriff's Office, a member of the School Board, and the Schools' Chief Financial Officer. The trust does not administer the retiree health benefits of each participating employer. Deposits to this trust are irrevocable and are held solely for the payment of OPEB benefits for the City and School Board.

Plan Membership

The membership as of January 1, 2022 includes:

	City	School Board
Active Participants	5,747	10,207
Retirees and Surviving Spouses	662	601
Spouses of Current Retirees	90	62
Total	<u>6,499</u>	<u>10,870</u>

Benefits Provided

The City and School Board provide health insurance benefits for their retirees. These benefits are provided through a self-insured program. Employees that retire under VRS guidelines with at least 25 years of service with the City and/or School Board or City employees with 5 years or more of service with a work related disability compensable under the Workers' Compensation Act are eligible to health insurance coverage. This benefit is payable until the retiree becomes eligible for Medicare.

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Contributions

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, 2023, the actuarially determined contribution was set at \$4,694,600 for the City and at \$7,437,500 for the School Board. City retirees contributed \$3,075 and \$1,459 annually for the Point of Service and Consumer Driven Health Plan, respectively for retiree-only coverage until Medicare eligibility and School Board retirees contributed \$1,753 and \$832 for the Point of Service and Consumer Driven Health Plan, respectively for retiree-only coverage until Medicare eligibility. City retirees with coverage for their spouses contributed \$10,284 and \$6,159 annually for the Point of Service and Consumer Driven Health Plan, respectively, and School Board retirees with coverage for their spouses contributed \$5,862 and \$3,716 for the Point of Service and Consumer Driven Health Plans, respectively, until Medicare eligibility. The City and School Board have 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. Rates are calculated by an actuary with the City and School Board health care consultant and finalized by the Benefits Executive Committee, comprised of City and School Board executive leadership.

Investments Policy, Target Allocation, and Long-Term Expected Rate of Return

The OPEB plan's policy in regard to the allocation of invested assets is established and may be amended by the Virginia Pooled OPEB Trust Fund Board of Trustees. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the OPEB plan.

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions, including inflation, are per Milliman's investment consulting practice as of December 30, 2022.

The following is for the City and School Board:

Asset Class	Target Allocation	Expected Arithmetic Real Rate of Return	Expected Geometric Real Rate of Return
US Core Fixed Income	20.00%	2.27%	2.13%
US Large Cap Equity	21.00%	5.64%	4.09%
US Small Cap Equity	10.00%	7.25%	4.67%
Foreign Developed Equity	13.00%	6.90%	5.15%
Emerging Markets Equity	5.00%	9.58%	6.20%
Private Real Estate Property	15.00%	4.86%	3.70%
Private Equity	10.00%	10.74%	6.54%
Hedge FOF Strategic	6.00%	4.42%	3.48%
Assumed Inflation - Mean		2.33%	2.33%
Assumed Inflation - Standard Deviation		1.41%	1.41%
Portfolio Real Mean Return		5.81%	4.90%
Portfolio Nominal Mean Return		8.14%	7.34%
Portfolio Standard Deviation			13.07%
Long-Term Expected Rate of Return			<u>6.50%</u>

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Net OPEB Liability

The City's Net OPEB Liability was measured as of June 30, 2023 and totaled \$35,704,640. The School Board's Net OPEB Liability was measured as of June 30, 2023 and totaled \$65,517,667. The City and School Board's Total OPEB Liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below, and projected forward to the measurement date. Any significant changes during this period have been reflected as prescribed by GAAP.

Changes in Net OPEB Liability

	City		
	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balances as of June 30, 2022	\$ 90,789,831	\$ 53,593,618	\$ 37,196,213
Changes for the year:			
Service Cost	1,788,393	-	1,788,393
Interest on Total OPEB Liability	5,770,588	-	5,770,588
Effect of assumptions changes or inputs	2,718,654	-	2,718,654
Benefit Payments	(7,721,459)	(7,721,459)	-
Employer Contributions	-	7,721,459	(7,721,459)
Net Investment Income	-	4,085,103	(4,085,103)
Administrative Expenses	-	(37,354)	37,354
Balances as of June 30, 2023	<u>\$ 93,346,007</u>	<u>\$ 57,641,367</u>	<u>\$ 35,704,640</u>

	School Board		
	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balances as of June 30, 2022	\$ 91,049,406	\$ 39,779,906	\$ 51,269,500
Changes for the year:			
Service Cost	2,072,937	-	2,072,937
Interest on Total OPEB Liability	5,812,560	-	5,812,560
Effect of economic/demographic gains or losses	13,394,219	-	13,394,219
Effect of assumptions changes or inputs	3,487,727	-	3,487,727
Benefit Payments	(7,514,976)	(7,514,976)	-
Employer Contributions	-	7,514,976	(7,514,976)
Net Investment Income	-	3,032,165	(3,032,165)
Administrative Expenses	-	(27,865)	27,865
Balances as of June 30, 2023	<u>\$ 108,301,873</u>	<u>\$ 42,784,206</u>	<u>\$ 65,517,667</u>

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Sensitivity Analysis

The following presents the Net OPEB Liability of the City and the School Board calculated using the discount rate of 6.50%, as well as what the City and School Board's Net OPEB Liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.50%) or 1 percentage point higher (7.50%) than the current rates.

	1% Decrease	Discount Rate	1% Increase
	5.50%	6.50%	7.50%
City's Total OPEB Liability	\$ 100,496,600	\$ 93,346,007	\$ 86,869,282
Fiduciary Net Position	(57,641,367)	(57,641,367)	(57,641,367)
City's Net OPEB Liability	<u>\$ 42,855,233</u>	<u>\$ 35,704,640</u>	<u>\$ 29,227,915</u>
School Board's Net OPEB Liability	\$ 115,805,465	\$ 108,301,873	\$ 101,344,360
Fiduciary Net Position	(42,784,206)	(42,784,206)	(42,784,206)
School Board's Net OPEB Liability	<u>\$ 73,021,259</u>	<u>\$ 65,517,667</u>	<u>\$ 58,560,154</u>

The following presents the Net OPEB Liability of the City and the School Board using the current healthcare cost trend rates, as well as what the City and School Board's Net OPEB Liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current trend rates.

	1% Decrease	Current Trend	1% Increase
		Rate	
City's Total OPEB Liability	\$ 84,715,123	\$ 93,346,007	\$ 103,261,773
Fiduciary Net Position	(57,641,367)	(57,641,367)	(57,641,367)
City's Net OPEB Liability	<u>\$ 27,073,756</u>	<u>\$ 35,704,640</u>	<u>\$ 45,620,406</u>
School Board's Total OPEB Liability	\$ 98,595,698	\$ 108,301,873	\$ 119,339,346
Fiduciary Net Position	(42,784,206)	(42,784,206)	(42,784,206)
School Board's Net OPEB Liability	<u>\$ 55,811,492</u>	<u>\$ 65,517,667</u>	<u>\$ 76,555,140</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2023 the City's and School Board's recognized OPEB expenses were \$5,320,631 and \$10,466,129, respectively.

At June 30, 2023 the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows	Deferred Inflows
	of Resources	of Resources
Differences between Expected and Actual Experience	\$ 6,553,398	622,928
Changes in Assumptions	5,857,190	9,524,253
Net Difference between Projected and Actual Earnings	1,111,534	-
Total	<u>\$ 13,522,122</u>	<u>\$ 10,147,181</u>

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Amounts recognized as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:	
2024	\$ 1,004,067
2025	(1,051,052)
2026	578,620
2027	1,475,697
2028	1,367,609
Thereafter*	-
	\$ 3,374,941

*Note that additional future deferred inflows and outflows of resources may impact these numbers.

At June 30, 2023 the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 17,167,537	\$ -
Changes in Assumptions	7,221,856	10,816,575
Net Difference between Projected and Actual Earnings	819,408	-
Total	\$ 25,208,801	\$ 10,816,575

Amounts recognized as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:	
2024	\$ 4,991,770
2025	2,272,646
2026	2,791,827
2027	3,061,090
2028	1,274,893
	\$ 14,392,226

*Note that additional future deferred inflows and outflows of resources may impact these numbers.

Discount Rate

The discount rate used to measure the total OPEB liability was 6.5%. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total OPEB liability is equal to the long-term expected rate of return.

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Actuarial Assumptions

The demographic assumptions used are predominately consistent with those used in the City's June 30, 2021 VRS valuations. Please see the January 1, 2022 OPEB valuation report for a complete summary of all the underlying assumptions used in the valuation.

Valuation Date	January 1, 2022
Measurement Date:	June 30, 2023
Inflation:	2.50%
Actuarial Cost Method:	Entry Age Normal
Healthcare Cost Trend Rate	Law Officers with 1 to 19 years of service, the increases range from 4.75% to 4.00% and for those with 20 or more years of service the increase is 3.50%.
Mortality Rates	Based on the RP-2014 Employee Mortality Rates for males and females, as appropriate, with adjustment for mortality improvements based on scale BB to 2020.

B. Multiple Employer, Cost Sharing Defined Benefit Plans

In addition, The City and School Board participates in a number OPEB Plans each of which are multiple-employer, cost-sharing plans that are administered by the Virginia Retirement System (VRS). These plans include; Group Life Insurance, Line of Duty Act Program, and Virginia Local Disability Program. Information pertaining to each of this plans is included below.***Plan Descriptions***

Group Life Insurance

The Group Life Insurance (GLI) Program was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The GLI is a defined benefit plan that provides a basic group life insurance benefit for employees of participating employers. All full-time, salaried permanent employees of the City and School Board are automatically covered by the VRS GLI Program upon employment. This plan is administered by VRS, along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. In addition to the Basic GLI benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional Group Life Insurance Program. For members who elect the optional life insurance coverage, the insurer bills employees directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the GLI Program OPEB. Specific information for the GLI Program, including eligibility, coverage and benefits is set out in the table on the following page.

**CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS
<p>Eligible Employees The GLI Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program. Basic group life insurance coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated member contributions and accrued interest.</p>
<p>Benefit Amounts The benefits payable under the GLI Program have several components</p> <p><u>Natural Death Benefit</u> The natural death benefit is equal to the employee's covered compensation rounded to the nearest highest thousand and then doubled</p> <p><u>Accidental Death Benefit</u> The accidental death benefit is double the natural death benefit.</p> <p><u>Other Benefit Provisions</u> In addition to the basic natural and accidental death benefit, the program provides additional benefits under specific circumstance. These include: <ul style="list-style-type: none"> Accidental dismemberment benefit Safety Belt benefit Repatriation benefit Felonious assault benefit Accelerated death benefit option </p>
<p>Reduction in Benefit Amounts The benefit amounts provided to members covered under the GLI Program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.</p>
<p>Minimum Benefit Amount and Cost-of-Living Adjustment (COLA) For covered members with at least 30 years of service cost, there is a minimum benefit payable under the GLI Program. The minimum benefit was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,984 as of June 30, 2023.</p>

Line of Duty Act Program

The Line of Duty Act (LODA) Program was established pursuant to §9.1-400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The LODA Program provides death and health insurance benefits to eligible state and local government employees, including volunteers, who die or become disabled as a result of the performance of their duties as a public safety officer. All paid employees and volunteers in hazardous duty positions in the City are automatically covered by the Line of Duty Act Program. As required by statute, VRS is responsible for managing the assets of the program. Participating employers made contributions to the program beginning in FY 2012. The employer contributions are determined by VRS's actuary using anticipated program cost and the number of covered individuals associated with all participating employers. Specific information for the LODA OPEB, including eligibility, coverage and benefits is set out in the table below:

**CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

LINE OF DUTY ACT PROGRAM PLAN PROVISIONS
<p>Eligible Employees The eligible employees of the Line and Duty Act Program (LODA) are paid employees and volunteers in hazardous duty positions in Virginia localities and hazardous duty employees who are covered under the Virginia Retirement System (VRS), the State Police Officers' Retirement System (SPORS), or the Virginia Law Officers' Retirement System (VaLORS).</p>
<p>Benefit Amounts The LODA Program provides death and health insurances for eligible individuals: Death Benefit - The LODA Program death benefit is a one-time payment made to the beneficiary or beneficiaries of a covered individual. amounts vary as follows: <ul style="list-style-type: none"> • \$100,000 when a death occurs as the direct or proximate result of performing duty as of January 1, 2006, or after. • \$25,000 when the cause of death is attributed to one of the applicable resumptions and occurred earlier than five years after the retirement date. • An additional \$20,000 benefit is payable when certain members of the National Guard and US military reserves are killed in action in any armed conflict on or after October 7, 2001. Health Insurance - The LODA Program provides health insurance benefits. <ul style="list-style-type: none"> • The health insurance benefits are managed through the Virginia Department of Human Resources Management (DRHM). The health benefits are modeled after the State Employee Health Benefits Program plans and provide consistent, premium-free continued health plan coverage for LODA-eligible disabled individuals, survivors and family members. </p>

Virginia Local Disability Program

All full-time salaried general employees; including local law enforcement officers, firefighters, or emergency medical technicians of political subdivisions who do not provide enhanced hazardous duty benefits; who are in the VRS Hybrid Retirement Plan benefit structure and whose employer has not elected to opt out of the VRS-sponsored program are automatically covered by the VRS Political Subdivision Employee and Teacher Employee Virginia Local Disability Program. This plan is administered by VRS, along with pension and other OPEB plans, for eligible public employer groups in the Commonwealth of Virginia. Political subdivisions are required by Title 51.1 of the Code of Virginia, as amended to provide short-term and long-term disability benefits for their hybrid plan employees either through a local plan or through the Virginia Local Disability Program (VLDP). Specific information for the VLDP, including eligibility, coverage and benefits is set out in the table below.

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

POLITICAL SUBDIVISION EMPLOYEE AND TEACHER EMPLOYEE VIRGINIA LOCAL DISABILITY PROGRAM (VLDP) PLAN PROVISIONS

Eligible Employees

The Teachers Employee and Political Subdivision Employee VLDP was implemented January 1, 2014 to provide short-term and long-term disability benefits for non-work related and work-related disabilities for employees with hybrid plan retirement benefits. Eligible employees are enrolled automatically upon employment, unless their employer has elected to provide comparable coverage. They include:

Teachers and other full-time permanent (professional) salaried employees of public school divisions covered under VRS.

Full-time general employees; including local law enforcement officers, firefighters, or emergency medical technicians who do not have enhanced hazardous duty benefits; of public political subdivisions covered under VRS.

Benefit Amounts

The Teacher Employee and Political Subdivision Employee (VLDP) provides the following benefits for eligible employees:

Short-Term Disability

- The program provides short-term disability benefit beginning after a seven-calendar-day waiting period from the first day of disability. Employees become eligible for non-work-related short-term disability coverage after one year of continuous participation in VLDP with their current employer.
- During the first five years of continuous participation in VLDP with their current employer, employees are eligible for 60% of their pre-disability income if they go out on non-work related or work-related disability.
- Once the eligibility period is satisfied, employees are eligible for higher income replacement levels.

Long-Term Disability

- The VLDP program provides a long-term disability benefit beginning after 125 workdays of short-term disability. Members are eligible if they are unable to work at all or are working fewer than 20 hours per week.
- Members approved for long-term disability will receive 60% of their pre-disability income. If approved for work-related long-term disability, the VLDP benefit will be offset by the workers' compensation benefit. Members will not receive a VLDP benefit if their workers' compensation benefit is greater than the VLDP benefit.

Virginia Local Disability Program Notes:

- Members approved for short-term or long-term disability at age 60 or older will be eligible for a benefit, provided they remain medically eligible.
- VLDP Long-Term Care Plan is a self-funded program that assists with the cost of covered long-term care services.

Health Insurance Credit Program

The Teacher Employee Health Insurance Credit Program was established pursuant to §51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The Teacher Employee Health Insurance Credit Program is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired teachers. All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Employee Health Insurance Credit Program. This plan is administered by the VRS, along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The health insurance credit is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against

**CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree’s death.

The specific information for the Teacher Health Insurance Credit Program OPEB, including eligibility, coverage, and benefits is set out in the table below:

TEACHER EMPLOYEE HEALTH INSURANCE CREDIT PROGRAM (HIC) PLAN PROVISIONS
<p>Eligible Employees The Teacher Employee Retiree HIC was established July 1, 1993 for retired Teacher Employees covered under VRS who retire with at least 15 years of service credit. Eligible employees are enrolled automatically upon employment. They include: Full-time permanent (professional) salaried employees of public school divisions covered under VRS.</p>
<p>Benefit Amounts The Teacher Employee Retiree HIC provides the following benefits for eligible employees: At Retirement – For Teacher and other professional school employees who retire, the monthly benefit is \$4.00 per year of service per month with no cap on the benefit amount. Disability Retirement – For Teacher and other professional school employees who retire on disability or go on long-term disability under the VLDP, the monthly benefit is either:</p> <ul style="list-style-type: none"> • \$4.00 per month multiplied by twice the amount of service credit, or • \$4.00 per month multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.
<p>HIC Notes: The monthly HIC benefit cannot exceed the individual premium amount. Employees who retire after being on long-term disability under VLDP must have at least 15 year of service credit to qualify for the health insurance credit as a retiree.</p>

Contributions

Group Life Insurance

The contribution requirements for the GLI Program are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Program was 1.34% of covered employee compensation. This was allocated into an employee and employer component using a 60/40 split. The employee component was 0.80% (1.34% X 60%) and the employer component was 0.54% (1.34 X 40%). Employers may elect to pay all or part of the employee contribution, however the employer must pay all of the employer contribution. Each Employer’s contractually required employer contribution rate for the year ended June 30, 2023 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Program for the City were \$1,889,213 and \$1,821,273 for the years ended June 30, 2023 and June 30, 2022, respectively. Contributions to the GLI Program for the School Board for combined professionals and nonprofessionals were \$2,821,935 and \$2,637,640 for the years ended June 30, 2023 and June 30, 2022, respectively.

In June 2022, the Commonwealth made a special contribution of approximately \$30.4 million to the Group Life Insurance plan. This special payment was authorized by a Budget Amendment included in Chapter 1 of the 2022 Appropriation Act.

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Line of Duty Act Program

The contribution requirements for the LODA Program are governed by §9.1-400.1 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. Each employer's contractually required employer contribution rate for the LODA Program for the year ended June 30, 2023 was \$681.84 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021 and represents the pay-as-you-go funding rate and not the full actuarial cost of the benefits under the program. The actuarially determined pay-as-you-go rate was expected to finance the costs and related expenses of benefits payable during the year. Contributions to the LODA Program for the City were \$1,347,719 and \$1,361,098 for the years ended June 30, 2023 and June 30, 2022, respectively.

Virginia Local Disability Program

The contribution requirements for active hybrid employees is governed by §51.1-1178(C) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to political subdivisions and school divisions by the Virginia General Assembly. Each political subdivision's contractually required employer contribution rate for the year ended for the year ended June 30, 2023 was 0.85% of covered employee compensation for employees in the VRS Political Subdivision Employee VLDP. Each school division's contractually required employer contribution rate for the year ended June 30, 2023, was 0.47% of covered employee compensation for employees in the VRS Teacher Employee VLDP. These rates were based on an actuarially determined rates from an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the VLDP for the City were \$744,614 and \$657,963 for the years ended June 30, 2023 and June 30, 2022, respectively. Contributions to the Teacher Employee VLDP for the School Board were \$778,254 and \$659,550 for the years ended June 30, 2023 and June 30, 2022, respectively. Contributions to the Political Subdivision Employee VLDP for the School Board were \$240,208 and \$172,623 for the years ended June 30, 2023 and June 30, 2022, respectively.

Health Insurance Credit Program

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2023 was 1.21% and 1.02%, respectively, of covered employee compensation for employees in the VRS Teacher Employee Health Insurance Credit Program or Political Subdivision Health Insurance Credit Program, respectively. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the School Board to the VRS Teacher Employee HIC program were \$5,603,990 and \$5,398,393 for the years ended June 30, 2023 and June 30, 2022, respectively. Contributions from the School Board to the Political Subdivision HIC Program were \$588,631 and \$430,973 for the years ended June 30, 2023 and June 30, 2022, respectively.

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

As June 30, 2023, the City and School Board reported the following liabilities/(assets) for their proportionate share of the multiple-employer, cost sharing plans administered by VRS:

	<u>City</u>	<u>School Board</u>
Net OPEB Liabilities:		
Group Life Insurance Program	\$ 19,365,964	\$ 27,252,676
Line of Duty Act Program	37,039,469	-
Virginia Local Disability Program	(112,589)	(45,743)
Health Insurance Credit Program	-	59,115,873
	<u>\$ 56,292,844</u>	<u>\$ 86,322,806</u>

The net OPEB liabilities were measured as of June 30, 2022 and the total OPEB liabilities used to calculate the net OPEB liabilities was determined by an actuarial valuation as June 30, 2021. The City and School Board's proportion of the Net OPEB liabilities were based on the City and School Board's contributions to VRS for the above plans for the year ended June 30, 2022 relative to the total of the employer contributions for all participating employers. A comparison of the City's and School Board's proportion of the City and School Board's contribution from June 30, 2021 to June 30, 2022 were as followed:

	<u>City</u>	<u>School Board</u>
Proportionate Share of Contributions as of June 30, 2022		
Group Life Insurance	1.60834%	2.26333%
Line of Duty Act Program	9.78701%	N/A
Virginia Local Disability Program - Political Subdivisions	19.14947%	4.44580%
Virginia Local Disability Program - Teachers	N/A	17.43607%
Health Insurance Credit Program	N/A	4.73288%
Proportionate Share of Contributions as of June 30, 2021		
Group Life Insurance	1.62909%	2.29054%
Line of Duty Act Program	9.98391%	N/A
Virginia Local Disability Program - Political Subdivisions	19.71247%	4.35422%
Virginia Local Disability Program - Teachers	N/A	17.50814%
Health Insurance Credit Program	N/A	4.80573%

For the year ended June 30, 2022, the City and School Board recognized OPEB expenses were as followed:

Recognized Net OPEB Expense:	<u>City</u>	<u>School Board</u>
Group Life Insurance	\$ 417,076	\$ 485,169
Line of Duty Act Program	4,924,072	-
Virginia Local Disability Program - Political Subdivision	615,135	141,977
Virginia Local Disability Program - Teachers	-	500,360
Health Insurance Credit Program	-	4,539,920
Total	<u>\$ 5,956,283</u>	<u>\$ 5,667,426</u>

Since there were changes in the proportionate shares between measurement dates of the City and School Board's contribution a portion of the Net OPEB expense were related to deferred amounts from changes in proportion.

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

At June 30, 2023 the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Group Life Insurance		
Difference between Expected & Actual Experience	\$ 1,533,540	\$ 776,916
Net Difference between Projected and Actual Earnings	-	1,210,088
Changes in Assumptions	722,320	1,886,323
Changes in Proportionate Share	50,480	1,057,031
Employer Contributions subsequent to the Measurement Date	1,889,213	-
Total Group Life Insurance	4,195,553	4,930,358
Line of Duty Act		
Difference between Expected & Actual Experience	2,845,637	6,922,599
Net Difference between Projected and Actual Earnings	-	158,398
Changes in Assumptions	10,329,279	9,135,657
Changes in Proportionate Share	1,177,490	1,894,982
Employer Contributions subsequent to the Measurement Date	1,347,919	-
Total Line of Duty Act	15,700,325	18,111,636
Virginia Local Disability Program - Political Subdivision		
Difference between Expected & Actual Experience	158,297	240,919
Net Difference between Projected and Actual Earnings	-	491
Changes in Assumptions	4,311	40,393
Changes in Proportionate Share	3,394	5,488
Employer Contributions subsequent to the Measurement Date	744,614	-
Total Virginia Local Disability Program	910,616	287,291
Grand Total	\$ 20,806,494	\$ 23,329,285

Employer Contributions subsequent to the measurement date totaled \$3,981,746 will be recognized as a reduction of the City's OPEB liability in the Fiscal Year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the City's OPEB expense in future reporting periods as follows:

Fiscal Year	GLI	LODA	VLDP
Ended June 30:			
2024	\$ (570,856)	\$ (57,189)	\$ (8,778)
2025	(597,826)	(53,806)	(10,476)
2026	(1,234,001)	(50,207)	(53,575)
2027	(28,572)	29,601	5,484
2028	(192,763)	(253,577)	(8,287)
Thereafter	-	(3,374,052)	(45,657)
	\$(2,624,018)	\$ (3,759,230)	\$ (121,289)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

At June 30, 2023 the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Group Life Insurance		
Difference between Expected & Actual Experience	\$ 2,158,069	\$ 1,093,312
Net Difference between Projected and Actual Earnings	-	1,702,892
Changes in Assumptions	1,016,482	2,654,520
Changes in Proportionate Share	43,314	1,281,195
Employer Contributions subsequent to the Measurement Date	2,821,935	-
Total Group Life Insurance	6,039,800	6,731,919
Virginia Local Disability Program - Political Subdivision		
Difference between Expected & Actual Experience	36,751	55,933
Net Difference between Projected and Actual Earnings	-	114
Changes in Assumptions	1,001	9,378
Changes in Proportionate Share	547	3,033
Employer Contributions subsequent to the Measurement Date	240,208	-
Total Virginia Local Disability Program	278,507	68,458
Virginia Local Disability Program - Teachers		
Difference between Expected & Actual Experience	231,204	59,481
Net Difference between Projected and Actual Earnings	-	5,453
Changes in Assumptions	58,479	-
Changes in Proportionate Share	3,070	-
Employer Contributions subsequent to the Measurement Date	778,254	-
Total Virginia Local Disability Program	1,071,007	64,934
Health Insurance Credit Program		
Difference between Expected & Actual Experience	-	2,537,108
Net Difference between Projected and Actual Earnings	15,381	59,336
Changes in Assumptions	2,171,004	150,962
Changes in Proportionate Share	-	2,892,308
Employer Contributions subsequent to the Measurement Date	6,192,621	-
Total Health Insurance Credit Program	8,379,006	5,639,714
Grand Total	\$ 15,768,320	\$ 12,505,025

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Employer Contributions subsequent to the measurement date totaled \$10,033,018 will be recognized as a reduction of the School Board’s OPEB liability in the Fiscal Year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the School Board’s OPEB expense in future reporting periods as follows:

Fiscal Year Ended June 30:	
2024	\$ (1,606,917)
2025	(1,477,851)
2026	(2,294,060)
2027	(373,412)
2028	(745,227)
Thereafter	(272,256)
	\$ (6,769,723)

Actuarial Assumptions

The total Cost sharing OPEB liabilities administered by VRS were based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

Inflation	2.50 percent
Salary increases, including inflation –	
General state employees	3.50 percent – 5.35 percent
Teachers	3.50 percent – 5.95 percent
SPORS employees	3.50 percent – 4.75 percent
VaLORS employees	3.50 percent – 4.75 percent
JRS employees	4.00 percent
Locality – General employees	3.50 percent – 5.35 percent
Locality – Hazardous Duty employees	3.50 percent – 4.75 percent
Investment rate of return – GLI, VLDP and HIC	6.75 Percent, net of investment expenses, including inflation
Investment rate of return – LODA	3.69 Percent, including inflation*

* Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 3.69% was used since it approximates the risk-free rate of return.

Mortality rates – General State Employees

Pre-Retirement:

Pub-2010 Amount Weighted General Employee Rates projected generationally; females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted General Healthy Retiree Rates projected generationally; 110% of rates for females

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; males and females set forward 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted General Contingent Annuitant Rates projected generationally; 110% of rates for males and females

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB 2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Mortality rates – Teachers

Pre-Retirement:

Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males

Post-Retirement:

Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females

Post-Disablement:

Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

Rate projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

**CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

Mortality rates – Largest Ten Locality Employers - General Employees

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years.

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year.

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years.

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally.

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty	No change
Discount Rate	No change

Mortality rates – Non-Largest Ten Locality Employers - General Employees

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years.

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year.

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years.

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally.

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

**CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age from 75 to 80
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty	No change
Discount Rate	No change

Line of Duty Act

Mortality rates – Largest Ten Locality Employers with Public Safety Employees

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change

**CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

Mortality rates – Non-Largest Ten Locality Employers with Public Safety Employees

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change

Mortality rates – Largest Ten Locality Employers – Hazardous Duty Employees

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on BRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates
Disability Rates	No change
Salary Scale	No change
Line of Duty	No change
Discount Rate	No change

Mortality rates – Non-Largest Ten Locality Employers – Hazardous Duty Employees

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty	No change
Discount Rate	No change

**CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

Net OPEB Liability

The net OPEB liability/(assets) (NOL) represents the program's total OPEB liability determined in accordance with GAAP, less the associated fiduciary net position. As of the measurement date of June 30, 2022, NOL amounts for each program are as follows (amounts expressed in thousands):

	Group Life Insurance	Line of Duty Act	Virginia Local Disability - Political Subdivision	Virginia Local Disability - Teachers	Health Insurance Credit
Total OPEB Liability	\$ 3,672,085	\$ 385,669	\$ 7,360	\$ 7,207	\$ 1,470,891
Plan Fiduciary Net Position	2,467,989	7,214	7,948	7,320	221,845
Employers' Net OPEB Liability/(Asset)	<u>\$ 1,204,096</u>	<u>\$ 378,455</u>	<u>\$ (588)</u>	<u>\$ (113)</u>	<u>\$ 1,249,046</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	67.21%	1.87%	107.99%	101.57%	15.08%

The total OPEB liability is calculated by VRS's actuary, and each plan fiduciary net position is reported in VRS's financial statements. The net OPEB liability/(asset) is disclosed in accordance with the requirements of GAAP in the VRS's notes to the financial statements and required supplementary information.

Long-Term Expected Rate of Return

Group Life Insurance, Virginia Local Disability Program and Health Insurance Credit Program

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	<u>100.00%</u>		<u>5.33%</u>
		Inflation	<u>2.50%</u>
		Expected arithmetic nominal return*	<u><u>7.83%</u></u>

*The above allocation provides a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide median returns of 6.72%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11% including expected inflation of 2.50%.

**CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

Line of Duty Act Program

The long-term expected rate of return on LODA OPEB Program's investments was set at 3.69% for this valuation. Since LODA is funded on a current-disbursement basis, it is not able to use the VRS pooled Investments 6.75% assumption. Instead, the assumed annual rate of return of 3.69% was used since it approximates the risk-free rate of return. The Single Equivalent Interest Rate (SEIR) is the applicable municipal bond index rate based on the Bond Buyer General Obligation 20-year Municipal Bond Index as of the measurement date of June 30, 2022.

Discount Rate

Group Life Insurance, Virginia Local Disability Program, and Health Insurance Credit Program

The discount rate used to measure the City and School Board's GLI and VLDP OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2022, the rate contributed by the City and School Board for the VRS GLI and VRS VLDP will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2022 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI and VLDP OPEB plans' fiduciary net positions were projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI and VLDP OPEB liability.

Line of Duty Act Program

The discount rate used to measure the total LODA OPEB liability was 3.69%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made per the VRS Statutes and that they will be made in accordance with the VRS funding policy and at rate equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2022, the rate contributed by participating employers to the LODA OPEB Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly.

Sensitivity Analysis

The following presents the City and School Board's proportionate share of the Net OPEB liabilities using the current discount rate, as well as what the City and School Board's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current.

	1% Decrease 5.75%	Discount Rate 6.75%	1% Increase 7.75%
Group Life Insurance:			
City	\$ 28,179,745	\$ 19,365,964	\$ 12,243,224
School Board	39,655,833	27,252,676	17,229,227
Virginia Local Disability Program - Political Subdivision:			
City	\$ 11,932	\$ (112,589)	\$ (220,709)
School Board	2,770	(26,139)	(51,240)
Virginia Local Disability Program - Teachers:			
School Board	\$ 142,028	\$ (19,604)	\$ 159,397
Health Insurance Credit Program:			
School Board	\$ 72,899,224	\$ 64,816,758	\$ 57,958,194

**CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

Line of Duty Act Program

	1% Decrease 2.69%	Discount Rate 3.69%	1% Increase 4.69%
Line of Duty Act			
City	\$ 42,280,209	\$ 37,039,469	\$ 32,751,937

Because the Line of Duty Act Program (LODA) contains a provisions for the payment of health insurances premiums, the liabilities are also impacted by the health care trend rates. The following presents the covered employer’s proportionate share of the net LODA OPEB liability using health care trend rate of 7.00% decreasing to 4.75%, as well as what the covered employer’s proportionate share of the net LODA OPEB liability would be if it were calculated using a health care trend rate that is one percentage point lower (6.00% decreasing to 3.75%) or one percentage point higher (8.00% decreasing to 5.75%) than the current rate:

	1% Decrease 6.00% decreasing to 3.75%	Current Trend Rates 7.00% decreasing to 4.75%	1% Increase 8.00% decreasing to 5.75%
Line of Duty Act:			
City	\$ 31,213,809	\$ 37,039,469	\$ 44,351,575

OPEB Plan Fiduciary Net Position

Detailed information about the Fiduciary Net Position is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (ACFR). A copy of the 2022 VRS ACFR may be downloaded from the VRS website at varetire.org/pdf/publications/2022-annual-report.pdf, or by writing to the System's Chief Financial Officer at PO Box 2500, Richmond, VA, 23218-2500.

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

16. SUBSEQUENT EVENTS

Management has evaluated all events subsequent to June 30, 2023 through December 6, 2023, which is the date these financial statements were available to be issued. Management has determined that there are no subsequent events that require disclosure pursuant to the GASB Accounting Standards Codification.



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**REQUIRED
SUPPLEMENTAL
INFORMATION
(Unaudited)**

REQUIRED SUPPLEMENTAL INFORMATION

GENERAL FUND - BUDGET TO ACTUAL

VIRGINIA RETIREMENT SYSTEM PENSION

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

(UNAUDITED)

In accordance with the Governmental Accounting Standards Board, the following information is a required part of the Basic Financial Statements.

CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Budget Amounts		Actual Amounts	Variance
	Original	Final		Final Budget Positive (Negative)
REVENUES				
General Property Taxes:				
Real Estate property taxes	\$ 649,703,623	\$ 649,703,623	\$ 642,486,762	\$ (7,216,861)
Personal property taxes	139,206,366	139,206,366	140,251,330	1,044,964
Other Local Taxes	295,112,104	294,052,312	289,645,377	(4,406,935)
Fines and Forfeitures	1,490,736	1,490,736	1,326,584	(164,152)
Permits, Privilege Fees, and Regulatory Licenses	9,001,577	9,001,577	9,190,870	189,293
From Use of Money and Property	8,338,756	8,338,756	21,432,482	13,093,726
Charges for Services	54,093,906	54,117,571	54,562,395	444,824
Miscellaneous	8,563,490	8,566,626	6,741,151	(1,825,475)
From Commonwealth	169,072,954	178,733,410	180,077,748	1,344,338
From Federal Government	24,306,319	25,212,055	25,974,231	762,176
Total Revenues	<u>1,358,889,831</u>	<u>1,368,423,032</u>	<u>1,371,688,930</u>	<u>3,265,898</u>
EXPENDITURES				
Legislative	1,305,561	1,419,572	1,267,998	151,574
Executive	6,247,994	7,467,707	6,669,070	798,637
Law	5,255,955	5,674,507	5,623,140	51,367
Finance	24,019,888	26,122,751	23,949,092	2,173,659
Human Resources	6,631,378	7,345,004	6,114,668	1,230,336
Judicial	18,032,331	19,644,768	18,811,256	833,512
Health	3,781,386	4,030,966	3,898,158	132,808
Police	113,277,278	119,474,733	119,029,333	445,400
Human Services	132,084,478	129,941,399	127,902,634	2,038,765
Public Works	92,445,296	100,493,424	88,737,824	11,755,600
Parks and Recreation	15,806,036	17,312,709	15,556,310	1,756,399
Library	19,035,350	20,584,930	19,089,613	1,495,317
Planning	13,111,456	14,354,127	12,257,895	2,096,232
Agriculture	987,715	1,069,591	907,229	162,362
Economic Development	6,704,341	9,105,380	7,069,218	2,036,162
Convention and Visitor Development	10,348,077	10,962,560	9,497,199	1,465,361
Cultural Affairs	3,229,524	5,577,017	2,957,549	2,619,468
Information Technology	23,742,094	25,932,369	25,013,855	918,514
Emergency Communications and Citizen Services	11,682,280	11,666,141	10,601,086	1,065,055
Fire	67,065,867	74,898,896	74,752,264	146,632
Budget and Management Services	1,384,854	1,469,484	1,229,516	239,968
Education	450,062,204	486,860,918	456,472,085	30,388,833
Housing and Neighborhood Preservation	6,645,411	7,812,856	7,137,522	675,334
Aquariums	14,502,760	15,294,469	13,058,273	2,236,196
General Registrar	2,517,777	3,439,001	3,340,831	98,170
General Government	51,394,390	58,886,075	50,871,645	8,014,430
Emergency Medical Services	17,643,540	18,806,963	18,011,224	795,739
Lease Payments	-	-	3,707,313	(3,707,313)
Subscription Payments	-	-	3,723,519	(3,723,519)
Contingencies	61,989,146	40,629,654	-	40,629,654
Debt Service:				
Principal Retirement	41,758,045	41,758,045	37,330,169	4,427,876
Interest and Fiscal Charges	17,553,254	17,553,254	14,330,454	3,222,800
Total Expenditures	<u>1,240,245,666</u>	<u>1,305,589,270</u>	<u>1,188,917,942</u>	<u>116,671,328</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>118,644,165</u>	<u>62,833,762</u>	<u>182,770,988</u>	<u>119,937,226</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	795,419	842,645	727,192	(115,453)
Transfers Out	(164,341,422)	(182,658,168)	(182,542,715)	115,453
Capitalized Leases	-	-	6,123,168	6,123,168
Capitalized Subscriptions	-	-	6,096,478	6,096,478
Use of Fund Balance	44,901,838	118,981,761	-	(118,981,761)
Total Other Financing Sources (uses)	<u>(118,644,165)</u>	<u>(62,833,762)</u>	<u>(169,595,877)</u>	<u>(106,762,115)</u>
Net Change in Fund Balance	-	-	13,175,111	13,175,111
Fund Balance at Beginning of Year	475,777,573	475,777,573	328,896,239	(146,881,334)
Fund Balance at End of Year	<u>\$ 475,777,573</u>	<u>\$ 475,777,573</u>	<u>\$ 342,071,350</u>	<u>\$ (133,706,223)</u>

CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULES OF REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2023

City	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Total Pension Liability									
Service Cost	\$ 35,838,242	\$ 35,932,562	\$ 36,304,048	\$ 36,385,569	\$ 38,749,786	\$ 39,607,023	\$ 42,513,760	\$ 41,628,460	\$ 41,392,422
Interest	114,650,965	119,573,242	122,642,141	127,496,045	132,764,815	137,584,382	141,392,693	147,077,745	159,269,191
Changes in assumptions	-	-	-	7,551,961	-	58,968,730	-	99,509,870	-
Differences between expected and actual experience	-	(24,723,400)	3,527,958	1,570,175	2,420,090	6,189,119	20,475,089	(22,225,698)	(37,192,336)
Benefit Payments, including refunds of employee contributions	(77,985,409)	(82,356,519)	(91,525,484)	(94,739,837)	(100,731,357)	(109,436,121)	(116,831,594)	(123,485,515)	(130,052,052)
Net change in total pension liability	72,503,798	48,425,885	70,948,663	78,263,913	73,203,334	132,913,133	87,549,948	142,504,862	33,417,225
Total pension liability - beginning	1,676,863,639	1,749,367,437	1,797,793,322	1,868,741,985	1,947,005,898	2,020,209,232	2,153,122,365	2,240,672,313	2,383,177,175
Total pension liability - ending (a)	\$ 1,749,367,437	\$ 1,797,793,322	\$ 1,868,741,985	\$ 1,947,005,898	\$ 2,020,209,232	\$ 2,153,122,365	\$ 2,240,672,313	\$ 2,383,177,175	\$ 2,416,594,400
Plan Fiduciary Net Position									
Contributions - employer	\$ 45,827,648	\$ 48,703,360	\$ 49,521,364	\$ 43,305,500	\$ 44,514,635	\$ 47,363,487	\$ 48,245,963	\$ 52,734,089	\$ 54,688,523
Contributions - employee	14,813,559	14,937,006	15,185,917	15,780,809	16,102,282	16,153,428	16,422,289	16,143,295	16,674,134
Net investment income	194,451,721	64,442,330	24,961,833	175,963,753	117,134,461	109,869,540	33,123,371	463,673,957	(1,553,682)
Benefit Payments, including refunds of employee contributions	(77,985,409)	(82,356,519)	(91,525,484)	(94,739,837)	(100,731,357)	(109,436,121)	(116,831,594)	(123,485,515)	(130,052,052)
Administrative expenses	(1,053,309)	(887,459)	(910,017)	(1,029,901)	(1,022,764)	(1,110,715)	(1,141,131)	(1,174,234)	(1,328,173)
Other	10,242	(13,597)	(10,675)	(156,044)	(103,817)	(71,080)	(43,405)	17,203	34,333
Net change in plan fiduciary net position	176,064,452	44,825,121	(2,777,062)	139,124,280	75,893,440	62,768,539	(20,224,507)	407,908,795	(61,536,917)
Plan fiduciary net position - beginning	1,239,531,415	1,415,595,867	1,460,420,988	1,457,643,926	1,596,768,206	1,672,661,646	1,735,430,185	1,715,205,678	2,123,114,473
Plan fiduciary net position - ending (b)	\$ 1,415,595,867	\$ 1,460,420,988	\$ 1,457,643,926	\$ 1,596,768,206	\$ 1,672,661,646	\$ 1,735,430,185	\$ 1,715,205,678	\$ 2,123,114,473	\$ 2,061,577,556
Net pension liability, ending	\$ 333,771,570	\$ 337,372,334	\$ 411,098,059	\$ 350,237,692	\$ 347,547,586	\$ 417,692,180	\$ 2,123,114,473	\$ 260,062,702	\$ 355,016,844
Net position as a percentage of the total pension liability	80.9%	81.2%	78.0%	82.0%	82.8%	80.6%	76.5%	89.1%	85.3%
Covered payroll	\$ 292,873,927	\$ 299,462,518	\$ 305,412,468	\$ 317,193,072	\$ 328,337,502	\$ 333,558,319	\$ 342,477,093	\$ 335,108,903	\$ 347,939,147
City's net pension liability as a percentage of covered payroll	114.0%	112.7%	134.6%	110.4%	105.9%	125.2%	619.9%	77.6%	102.03%

*Schedule is intended to show information for 10 years. Additional years will be included as they become available.

CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULES OF REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2023

	School Board Non Professional								
	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Total Pension Liability									
Service Cost	\$ 4,171,321	\$ 4,089,939	\$ 4,079,432	\$ 4,027,098	\$ 3,831,060	\$ 3,788,974	\$ 3,961,923	\$ 3,964,435	\$ 3,934,382
Interest	13,051,394	13,574,596	14,020,741	14,519,133	14,994,765	15,432,954	15,856,267	16,427,054	17,604,104
Differences between expected and actual experience	-	(747,303)	264,387	1,300,649	(114,972)	2,127,992	2,409,511	(808,663)	(4,908,939)
Changes in assumptions	-	-	-	(1,332,150)	-	6,306,405	-	8,249,072	-
Benefit Payments, including refunds of employee contributions	(9,473,141)	(10,023,655)	(11,063,812)	(11,425,531)	(12,014,444)	(12,468,334)	(13,083,421)	(13,991,919)	(14,113,284)
Refunds of contributions	(469,524)	(465,012)	(482,631)	(358,994)	(461,154)	(419,254)	(467,858)	-	(551,790)
	7,749,574	6,893,577	7,300,748	7,089,199	6,696,409	14,768,737	8,676,422	13,839,979	1,964,473
Net change in total pension liability	191,185,052	198,934,626	205,828,203	213,128,951	220,218,150	226,914,559	241,683,296	250,359,718	264,199,697
Total pension liability - ending (a)	\$ 198,934,626	\$ 205,828,203	\$ 213,128,951	\$ 220,218,150	\$ 226,914,559	\$ 241,683,296	\$ 250,359,718	\$ 264,199,697	\$ 266,164,170
Plan Fiduciary Net Position									
Contributions - employer	\$ 3,646,317	\$ 3,739,486	\$ 3,876,348	\$ 2,959,847	\$ 2,967,419	\$ 2,880,916	\$ 2,906,100	\$ 3,376,047	\$ 3,605,284
Contributions - employee	2,000,972	2,041,468	2,113,676	2,124,981	2,121,653	2,161,296	2,209,656	2,129,012	2,294,774
Net investment income	25,850,848	8,507,018	3,214,427	22,825,346	15,092,474	14,049,158	4,171,983	58,169,277	(176,724)
Benefit Payments, including refunds of employee contributions	(9,003,617)	(9,558,643)	(10,581,181)	(11,066,537)	(11,553,290)	(12,468,334)	(13,083,421)	(13,601,312)	(14,113,284)
Refunds of contributions	(469,524)	(465,012)	(482,631)	(358,994)	(461,154)	(419,254)	(467,858)	(390,607)	(551,790)
Administrative expenses	(141,126)	(118,985)	(120,635)	(135,200)	(133,315)	(143,574)	(145,905)	(148,821)	(166,678)
Other	1,363	(1,792)	(1,394)	(20,191)	(13,321)	(8,810)	(4,932)	(312)	5,868
Net change in plan fiduciary net position	21,885,233	4,143,540	(1,981,390)	16,329,252	8,020,466	6,051,398	(4,414,377)	49,533,284	(9,102,550)
Plan fiduciary net position - beginning	166,226,515	188,111,748	192,255,288	190,273,898	206,603,150	214,623,616	220,675,014	216,260,637	265,793,921
Plan fiduciary net position - ending (b)	\$ 188,111,748	\$ 192,255,288	\$ 190,273,898	\$ 206,603,150	\$ 214,623,616	\$ 220,675,014	\$ 216,260,637	\$ 265,793,921	\$ 256,691,371
Net pension liability/(asset) - ending	\$ 10,822,878	\$ 13,572,915	\$ 22,855,053	\$ 13,615,000	\$ 12,290,943	\$ 21,008,282	\$ 34,099,081	\$ (1,594,224)	\$ 9,472,799
Plan fiduciary net position as a percentage of total pension liability	94.56%	93.41%	89.28%	93.82%	94.58%	91.31%	86.38%	100.60%	96.44%
Covered payroll	\$ 40,017,176	\$ 40,970,605	\$ 42,344,732	\$ 42,112,697	\$ 42,303,998	\$ 42,872,651	\$ 43,518,726	\$ 43,346,298	\$ 45,137,761
Net pension liability/(asset) as a percentage of covered payroll	27.05%	33.13%	53.97%	32.33%	29.05%	49.00%	78.35%	(3.68)%	20.99%

Schedule is intended to show information for 10 years. Additional years will be included as they become available.

CITY OF VIRGINIA BEACH, VIRGINIA

**SCHEDULES OF REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS
JUNE 30, 2023**

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contributions (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
City					
June 30, 2014	\$ 45,827,648	\$ 45,827,648	\$ -	\$ 292,873,927	15.65%
June 30, 2015	48,703,360	48,703,360	-	299,462,518	16.26%
June 30, 2016	49,847,919	49,847,919	-	305,412,468	16.32%
June 30, 2017	43,919,386	43,919,386	-	317,193,072	13.85%
June 30, 2018	44,501,507	44,501,507	-	328,337,502	13.55%
June 30, 2019	47,366,085	47,366,085	-	333,558,319	14.20%
June 30, 2020	48,251,362	48,251,362	-	342,477,093	14.08%
June 30, 2021	52,803,308	52,803,308	-	335,108,903	15.76%
June 30, 2022	54,759,166	54,759,166	-	347,939,147	15.74%
June 30, 2023	67,629,663	67,629,663	-	384,216,743	18.25%
School Board Non Professional					
June 30, 2014	\$ 3,645,565	\$ 3,645,565	\$ -	\$ 40,017,176	9.11%
June 30, 2015	3,732,422	3,732,422	-	40,970,605	9.11%
June 30, 2016	3,857,605	3,857,605	-	42,344,732	9.11%
June 30, 2017	2,956,311	2,956,311	-	42,112,697	7.02%
June 30, 2018	2,969,741	2,969,741	-	42,303,998	7.02%
June 30, 2019	2,885,329	2,885,329	-	42,872,651	6.73%
June 30, 2020	2,928,810	2,928,810	-	43,518,726	6.73%
June 30, 2021	3,404,642	3,404,642	-	42,346,298	8.04%
June 30, 2022	3,629,076	3,629,076	-	45,137,761	8.04%
June 30, 2023	4,109,022	4,109,022	-	51,427,059	7.99%
School Board Professional / Teacher					
June 30, 2014	\$ 43,992,831	\$ 43,992,831	\$ -	\$ 377,297,007	11.66%
June 30, 2015	55,858,551	55,858,551	-	385,231,385	14.50%
June 30, 2016	54,463,409	54,463,409	-	387,364,218	14.06%
June 30, 2017	57,698,763	57,698,763	-	393,579,555	14.66%
June 30, 2018	65,402,518	65,402,518	-	400,750,722	16.32%
June 30, 2019	63,710,358	63,710,358	-	406,316,058	15.68%
June 30, 2020	65,059,491	65,059,491	-	414,920,223	15.68%
June 30, 2021	67,989,422	67,989,422	-	409,081,963	16.62%
June 30, 2022	70,274,556	70,274,556	-	422,831,265	16.62%
June 30, 2023	73,202,797	73,202,797	-	440,450,043	16.62%

Schedule is intended to show information for 10 years. Since 2015 is the first year of this presentation, not all data is available. However, additional years will be included as they become available.

CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULES OF REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2023

Changes of benefit terms – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions – The actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Largest 10 – Non-LEOS:

- Update mortality rates to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
- Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service
- No change to disability rate
- No change to salary scale
- No change to line of duty
- No change to discount rate

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

- Updated mortality rates to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
- Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service
- No change to disability rate
- No change to salary scale
- No change to line of duty
- No change to discount rate

Largest 10 –LEOS:

- Update mortality rates to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
- Adjusted retirement rates to better fit experience and changed final retirement age from 65 to 70
- No change to disability rate
- No change to salary scale
- No change to line of duty
- No change to discount rate

All Others (Non 10 Largest) – LEOS:

- Updated mortality rates to a more current mortality table - RP 2014 projected to 2020
- Increased retirement 50 rates, and lowered rates at older ages
- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service
- Decreased line of duty rate from 60% to 45%
- Decreased discount rate from 7.00% to 6.75%

CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULES OF REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY
JUNE 30, 2023

School Board Professional / Teacher					
Date	Employer's Proportion of the Net Pension Liability (a)	Employer's Proportionate Share of the Net Pension Liability (b)	Employer's Covered Payroll (c)	Employer's Proportionate Share of the NPL as a % of its Covered Payroll (d)	Plan Fiduciary Net Position as a % of the Total Pension Liability (e)
June 30, 2015	5.19364%	\$ 653,690,000	\$ 385,231,385	169.69%	70.68%
June 30, 2016	5.12286%	717,924,000	387,364,218	185.34%	68.28%
June 30, 2017	5.08685%	625,579,000	393,579,555	158.95%	72.92%
June 30, 2018	5.07577%	596,910,000	400,750,722	148.95%	74.81%
June 30, 2019	4.99839%	657,816,528	406,316,058	161.90%	73.51%
June 30, 2020	4.91130%	714,726,039	414,952,023	172.26%	71.47%
June 30, 2021	4.83003%	374,959,932	409,081,963	91.66%	85.46%
June 30, 2022	4.75530%	452,733,028	422,831,262	169.69%	82.61%

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

**CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULES OF REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF EMPLOYER'S SHARE OF NET OPEB LIABILITY AND RELATED RATIOS**

	City						
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Total OPEB Liability							
Service Cost	\$ 2,092,692	\$ 1,452,138	\$ 2,038,460	\$ 2,124,026	\$ 1,568,824	\$ 1,741,329	\$ 1,788,393
Interest	5,784,254	5,558,785	6,656,348	6,702,911	5,331,978	5,305,431	5,770,588
Economic/Demographic Gains or Losses	-	(3,737,558)	-	-	-	7,501,875	-
Assumption Changes	-	15,718,896	3,781,224	(19,288,032)	-	271,399	2,718,654
Benefit Payments	(6,074,717)	(7,387,237)	(7,894,660)	(7,013,877)	(7,269,625)	(7,700,578)	(7,721,459)
Net change in total OPEB liability	1,802,229	11,605,024	4,581,372	(17,474,972)	(368,823)	7,119,456	2,556,176
Total OPEB liability - beginning	83,525,542	85,327,774	96,932,798	101,514,170	84,039,198	83,670,375	90,789,831
Total OPEB liability - ending (a)	\$ 85,327,771	\$ 96,932,798	\$ 101,514,170	\$ 84,039,198	\$ 83,670,375	\$ 90,789,831	\$ 93,346,007
Plan Fiduciary Net Position							
Employer Contributions	\$ 6,074,717	\$ 7,387,237	\$ 7,894,660	\$ 7,013,877	\$ 7,269,625	\$ 7,700,578	\$ 7,721,459
Benefit Payments	(6,074,717)	(7,387,237)	(7,894,660)	(7,013,877)	(7,269,625)	(7,700,578)	(7,721,459)
Net Investment Income (Loss)	4,405,718	3,693,879	1,942,585	1,349,790	13,666,374	(5,452,397)	4,085,103
Administrative Expenses	(34,423)	(35,921)	(36,956)	(37,255)	(38,953)	(41,727)	(37,354)
Net change in plan fiduciary net position	4,371,295	3,657,958	1,905,629	1,312,535	13,627,421	(5,494,124)	4,047,749
Plan fiduciary net position - beginning	34,212,904	38,584,199	42,242,157	44,147,786	45,460,321	59,087,742	53,593,618
Plan fiduciary net position - ending (b)	\$ 38,584,199	\$ 42,242,157	\$ 44,147,786	\$ 45,460,321	\$ 59,087,742	\$ 53,593,618	\$ 57,641,367
Political subdivisions's net OPEB liability, ending (a) - (b)	\$ 46,743,572	\$ 54,690,641	\$ 57,366,384	\$ 38,578,877	\$ 24,582,633	\$ 37,196,213	\$ 35,704,640
Fiduciary net position as a percentage of the total OPEB liability	45.22%	43.58%	43.49%	54.09%	70.62%	59.03%	61.75%
Covered Payroll	\$ 306,050,000	\$ 327,257,500	\$ 327,257,500	\$ 340,412,201	\$ 340,412,201	\$ 345,125,935	\$ 345,125,935
City's OPEB liability as a percentage of covered payroll	15.27%	16.71%	17.53%	11.33%	7.22%	10.78%	10.35%
Net Money-Weighted Rate of Return	12.89%	9.58%	4.60%	3.06%	30.08%	-9.23%	7.63%

The money-weighted rate of return considers the changing amounts actually invested during a period and weights the amount of plan investments by the proportion of time they are available to earn a return during that period. External cash flows are determined on a monthly basis and are assumed to occur at the middle of each month. External cash inflows are netted with external cash outflows, resulting in a net external cash flow in each month. The money-weighted rate of return is calculated net of investment expenses.

* Schedules are intended to show information for 10 years. The first year for this presentation is 2017; additional years will be included as they become available

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

	School Board						
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Total OPEB Liability	\$ 1,529,672	\$ 1,239,627	\$ 2,429,766	\$ 2,566,620	\$ 1,934,661	\$ 2,049,213	\$ 2,072,937
Service Cost	4,928,893	5,027,382	6,508,729	6,616,759	5,305,457	5,360,537	5,812,560
Interest	-	1,400,273	-	2,340,909	-	7,289,849	13,394,219
Economic/Demographic Gains or Losses	-	20,370,070	3,705,597	(22,674,032)	-	(584,251)	3,487,727
Assumption Changes	(5,661,710)	(6,679,101)	(6,650,666)	(5,945,243)	(6,160,668)	(6,864,988)	(7,514,976)
Benefit Payments	796,855	21,358,251	5,993,426	(17,094,987)	1,079,450	7,250,360	17,252,467
Total OPEB liability - beginning	\$ 71,666,051	\$ 72,462,906	\$ 93,821,157	\$ 99,814,583	\$ 82,719,596	\$ 83,799,046	\$ 91,049,406
Total OPEB liability - ending (a)	\$ 72,462,906	\$ 93,821,157	\$ 99,814,583	\$ 82,719,596	\$ 83,799,046	\$ 91,049,406	\$ 108,301,873

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Plan Fiduciary Net Position	\$ 5,661,710	\$ 7,369,401	\$ 6,650,666	\$ 6,950,743	\$ 6,160,668	\$ 6,864,988	\$ 7,514,976
Employer Contributions	(5,661,710)	(6,679,101)	(6,650,666)	(5,945,243)	(6,160,668)	(6,864,988)	(7,514,976)
Benefit Payments	3,098,316	2,597,704	1,397,854	997,100	10,143,922	(4,047,045)	3,032,165
Net Investment Income (Loss)	(24,357)	(25,409)	(26,592)	(27,508)	(29,042)	(31,102)	(27,865)
Administrative Expenses	3,073,959	3,262,595	1,371,262	1,975,092	10,114,880	(4,078,147)	3,004,300
Net change in plan fiduciary net position	\$ 24,060,265	\$ 27,134,224	\$ 30,396,819	\$ 31,768,081	\$ 33,743,173	\$ 43,858,053	\$ 39,779,906
Plan fiduciary net position - beginning	\$ 27,134,224	\$ 30,396,819	\$ 31,768,081	\$ 33,743,173	\$ 43,858,053	\$ 39,779,906	\$ 42,784,206

Political subdivision's net OPEB liability, ending (a) - (b) \$ 45,328,682 \$ 63,424,338 \$ 68,046,502 \$ 48,976,423 \$ 39,940,993 \$ 51,269,500 \$ 65,517,667

Fiduciary net position as a percentage of the total OPEB liability 37.45% 32.40% 31.83% 40.79% 52.34% 43.69% 39.50%

Covered Payroll \$ 426,884,300 \$ 444,517,100 \$ 444,517,100 \$ 466,464,228 \$ 466,464,228 \$ 481,013,873 \$ 481,013,873

School Board's OPEB liability as a percentage of covered payroll 10.62% 14.27% 15.31% 10.50% 8.56% 10.66% 13.62%

Net Money-Weighted Rate of Return 12.89% 9.56% 4.60% 3.04% 30.08% -9.23% 7.63%

The money-weighted rate of return considers the changing amounts actually invested during a period and weights the amount of plan investments by the proportion of time they are available to earn a return during that period. External cash flows are determined on a monthly basis and are assumed to occur at the middle of each month. External cash inflows are netted with external cash outflows, resulting in a net external cash flow in each month. The money weighted rate of return is calculated net of investment expenses.

* Schedules are intended to show information for 10 years. The first year for this presentation is 2017; additional years will be included as they become available

CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULES OF REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF OPEB ANNUAL CONTRIBUTIONS

City					
Fiscal Year Ending June 30	Actuarially Determined Contributions	Actual Employer Contribution 1	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a Percent of Covered Payroll
2014	\$ 7,101,900	\$ 7,101,900	\$ -	290,297,000	2.45%
2015	7,259,200	7,259,200	-	290,297,000	2.50%
2016	5,186,400	5,998,200	(811,800)	306,050,000	1.96%
2017	5,296,700	6,074,700	(778,000)	306,050,000	1.98%
2018	6,296,000	7,387,237	(1,091,237)	327,257,500	2.26%
2019	6,405,600	7,894,660	(1,489,060)	327,257,500	2.41%
2020	4,571,500	7,013,877	(2,442,377)	340,412,201	2.06%
2021	4,657,600	7,269,625	(2,612,025)	340,412,201	2.14%
2022	4,710,600	7,700,578	(2,989,978)	345,125,935	2.23%
2023	4,694,600	7,721,459	(3,026,859)	345,125,935	2.24%

School Board					
Fiscal Year Ending June 30	Actuarially Determined Contributions	Actual Employer Contribution 1	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a Percent of Covered Payroll
2014	\$ 5,700,900	\$ 5,700,900	\$ -	421,065,100	1.35%
2015	5,832,200	5,832,200	-	421,065,100	1.39%
2016	4,462,800	5,748,000	(1,285,200)	426,884,300	1.35%
2017	4,542,400	5,661,700	(1,119,300)	426,884,300	1.33%
2018	7,369,400	7,369,400	-	444,517,100	1.66%
2019	7,656,200	6,650,666	1,005,534	444,517,100	1.50%
2020	5,704,500	6,950,743	(1,246,243)	466,464,228	1.49%
2021	5,835,800	6,160,668	(324,868)	466,464,228	1.32%
2022	5,942,500	6,864,988	(922,488)	481,013,873	1.43%
2023	7,437,500	7,437,500	-	481,013,873	1.55%

1 Employer contributions include trust contributions and explicit subsidy payments provided directly to retirees from the City and School Board own resources. They also include estimated implicit subsidy payments for retirees from the City and School Board own resources

Valuation Timing	Actuarial valuations for OPEB funding purposes are performed biennially as of January 1. The most recent valuation was performed as of January 1, 2022.
Actuarial Cost Method	Projected unit credit
Amortization Method	Level dollar
Amortization Period	23 Years Remaining as of January 1, 2023
Asset Valuation Method	5-year asset smoothing
Inflation	2.50%
Salary Increases	Inflation rate of 2.50%; productivity component 1.00%; and a variable merit component that is dependent on years of service
Discount Rate	6.50%
Healthcare Trend Rates	Please see 01/01/2022 OPEB valuation report

CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULES OF REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF EMPLOYER'S SHARE OF THE NET OPEB LIABILITY

For Measurement Dates	<u>6/30/2022</u>	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>
City:						
<u>Group Life Insurance (GLI)</u>						
Employer's Portion of the Net GLI OPEB Liability	1.60834%	1.62909%	1.66934%	1.70784%	1.72678%	1.71960%
Employers Proportionate Share of the Net GLI OPEB Liability	\$ 19,365,964	\$ 18,967,028	\$ 27,858,552	\$ 27,791,102	\$ 26,225,000	\$ 25,877,000
Employer's Covered Payroll	\$ 349,853,870	\$ 336,346,740	\$ 343,539,339	\$ 334,796,183	\$ 328,337,502	\$ 317,193,072
Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of its Covered Payroll	5.54%	5.64%	8.11%	8.30%	7.99%	8.16%
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	67.21%	67.45%	54.00%	52.00%	51.22%	48.86%
<u>Line of Duty Act (LODA)</u>						
Employer's Portion of the Net LODA OPEB Liability	9.78701%	9.98391%	9.91526%	10.27005%	10.29832%	9.48107%
Employers Proportionate Share of the Net LODA OPEB Liability	\$ 37,039,469	\$ 44,028,199	\$ 41,526,639	\$ 36,847,507	\$ 32,288,000	\$ 24,916,000
Employer's Covered Employee Payroll	\$ 107,833,520	\$ 107,799,200	\$ 109,959,120	\$ 110,370,707	\$ 110,808,888	\$ 103,532,167
Employer's Proportionate Share of the Net LODA OPEB Liability as a Percentage of its Covered Payroll	34.35%	40.84%	37.77%	33.39%	29.14%	24.07%
Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability	1.87%	1.68%	1.02%	0.79%	0.60%	1.30%
<u>Virginia Local Disability Program (VLDP) - Political Subdivision</u>						
Employer's Portion of the Net VLDP OPEB Liability	19.14947%	19.71247%	19.99173%	19.66871%	19.35404%	18.65503%
Employers Proportionate Share of the Net VLDP OPEB Liability/(Asset)	\$ (112,589)	\$ (199,534)	\$ 657,261	\$ 398,444	\$ 156,000	\$ 100,000
Employer's Covered Payroll	\$ 89,713,494	\$ 79,188,866	\$ 74,495,268	\$ 60,780,141	\$ 46,992,859	\$ 34,255,962
Employer's Proportionate Share of the Net VLDP OPEB Liability/(Asset) as a Percentage of its Covered Payroll	-0.13%	-0.25%	0.88%	0.66%	0.33%	0.29%
Plan Fiduciary Net Position as a Percentage of the Total VLDP OPEB Liability	107.99%	119.59%	76.84%	49.19%	51.39%	38.40%

CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULES OF REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF EMPLOYER'S SHARE OF THE NET OPEB LIABILITY

For Measurement Dates School Board:	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017
<u>Group Life Insurance (GLI)</u>						
Employer's Portion of the Net GLI OPEB Liability	2.26333%	2.29054%	2.32010%	2.36880%	2.39294%	2.41666%
Employers Proportionate Share of the Net GLI OPEB Liability	\$ 27,252,676	\$ 26,668,100	\$ 38,718,670	\$ 38,546,680	\$ 36,342,000	\$ 36,367,000
Employer's Covered Payroll	\$ 492,331,588	\$ 472,910,695	\$ 477,484,009	\$ 464,367,468	\$ 455,011,974	\$ 435,693,000
Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of its Covered Payroll	5.54%	5.63%	8.11%	8.30%	7.99%	8.35%
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	67.21%	67.45%	52.64%	52.00%	51.22%	48.86%
<u>Health Insurance Credit (HIC)</u>						
Employer's Portion of the Net HIC OPEB Liability	4.73288%	4.80573%	4.87922%	4.96761%	5.04954%	5.06312%
Employers Proportionate Share of the Net HIC OPEB Liability	\$ 59,115,873	\$ 61,684,868	\$ 63,650,230	\$ 65,030,846	\$ 64,113,000	\$ 64,231,000
Employer's Covered Payroll	\$ 441,111,818	\$ 425,016,085	\$ 427,749,309	\$ 416,667,852	\$ 408,375,692	\$ 393,580,000
Employer's Proportionate Share of the Net HIC OPEB Liability as a Percentage of its Covered Payroll	13.40%	14.51%	14.88%	15.61%	15.70%	16.32%
Plan Fiduciary Net Position as a Percentage of the Total HIC OPEB Liability	15.08%	13.15%	9.95%	8.97%	8.08%	7.04%
<u>Virginia Local Disability Program (VLDP) - Political Subdivision</u>						
Employer's Portion of the Net VLDP OPEB Liability	4.44580%	4.35422%	4.54891%	4.62460%	4.93874%	5.20662%
Employers Proportionate Share of the Net VLDP OPEB Liability/(Asset)	\$ (26,139)	\$ (44,077)	\$ 45,409	\$ 93,686	\$ 38,000	\$ 30,000
Employer's Covered Payroll	\$ 20,828,092	\$ 17,491,581	\$ 16,950,791	\$ 14,290,947	\$ 11,991,585	\$ 9,515,500
Employer's Proportionate Share of the Net VLDP OPEB Liability as a Percentage of its Covered Payroll	-0.13%	-0.25%	0.27%	0.66%	0.32%	0.31%
Plan Fiduciary Net Position as a Percentage of the Total VLDP OPEB Liability	107.99%	119.64%	78.28%	49.19%	51.39%	38.40%
<u>Virginia Local Disability Program (VLDP) - Teachers</u>						
Employer's Portion of the Net VLDP OPEB Liability	17.43607%	17.50814%	17.32958%	16.94127%	16.82241%	16.44512%
Employers Proportionate Share of the Net VLDP OPEB Liability/(Asset)	\$ (19,604)	\$ (123,258)	\$ 139,032	\$ 98,486	\$ 127,000	\$ 98,000
Employer's Covered Payroll	\$ 140,335,596	\$ 117,813,537	\$ 102,504,393	\$ 81,239,317	\$ 62,725,531	\$ 49,489,310
Employer's Proportionate Share of the Net VLDP OPEB Liability as a Percentage of its Covered Payroll	-0.01%	-0.10%	0.14%	0.12%	0.20%	0.21%
Plan Fiduciary Net Position as a Percentage of the Total VLDP OPEB Liability	101.57%	114.41%	78.28%	74.12%	46.18%	31.96%

CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULES OF REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF OPEB GROUP LIFE INSURANCE ANNUAL CONTRIBUTIONS

<u>Date</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Payroll</u>	<u>Contributions as a % of Covered Payroll</u>
Primary Government					
2014	\$ 1,552,232	\$ 1,405,795	\$ 146,437	\$ 292,873,827	0.48%
2015	1,587,151	1,437,420	149,731	299,462,518	0.48%
2016	1,618,686	1,465,980	152,706	305,412,468	0.48%
2017	1,649,404	1,649,404	-	317,193,072	0.52%
2018	1,707,355	1,707,355	-	328,337,502	0.52%
2019	1,740,935	1,740,935	-	334,796,183	0.52%
2020	1,786,400	1,786,400	-	343,539,339	0.52%
2021	1,786,400	1,786,400	-	336,346,740	0.53%
2022	1,821,273	1,821,273	-	349,853,870	0.52%
2023	1,889,213	1,889,213	-	349,845,259	0.54%
School Board - Nonprofessional					
2014	\$ 214,578	\$ 194,335	\$ 20,243	\$ 40,486,356	0.48%
2015	221,058	200,204	20,854	41,709,123	0.48%
2016	231,831	209,960	21,871	43,741,730	0.48%
2017	230,517	230,517	-	44,330,131	0.52%
2018	234,625	234,625	-	45,120,109	0.52%
2019	242,000	242,000	-	46,160,454	0.52%
2020	250,065	250,065	-	47,915,825	0.52%
2021	251,112	251,112	-	46,503,477	0.54%
2022	268,726	268,726	-	49,796,398	0.54%
2023	312,721	312,721	-	57,910,661	0.54%
School Board - Teachers					
2014	\$ 2,011,839	\$ 1,822,043	\$ 189,796	\$ 379,592,250	0.48%
2015	2,053,604	1,859,868	193,736	387,472,533	0.48%
2016	2,079,432	1,883,259	196,173	392,345,632	0.48%
2017	2,087,447	2,087,447	-	401,432,134	0.52%
2018	2,131,438	2,131,438	-	409,891,865	0.52%
2019	2,190,000	2,190,000	-	418,203,923	0.52%
2020	2,257,910	2,257,910	-	429,568,184	0.53%
2021	2,302,569	2,302,569	-	426,407,218	0.54%
2022	2,368,914	2,368,914	-	442,535,190	0.54%
2023	2,509,214	2,509,214	-	464,553,956	0.54%

CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULES OF REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF OPEB LINE OF DUTY ANNUAL CONTRIBUTIONS

<u>Date</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Employee Payroll</u>	<u>Contributions as a % of Covered Payroll</u>
Primary Government					
2013	\$ 849,069	\$ 849,069	\$ -	\$ 90,935,125	0.93%
2014	984,695	984,695	-	91,967,153	1.07%
2015	957,130	957,130	-	94,604,103	1.01%
2016	968,155	968,155	-	96,868,601	1.00%
2017	1,022,399	1,022,399	-	103,532,167	0.99%
2018	1,097,008	1,097,008	-	110,808,888	0.99%
2019	1,378,367	1,378,367	-	110,370,707	1.25%
2020	1,368,198	1,368,198	-	110,338,548	1.24%
2021	1,347,490	1,347,490	-	107,799,200	1.25%
2022	1,361,098	1,361,098	-	107,833,520	1.26%
2023	1,347,919	1,347,919	-	111,262,625	1.21%

CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULES OF REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF OPEB VIRGINIA LOCAL DISABILITY PROGRAM ANNUAL CONTRIBUTIONS

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
Primary Government					
2014	\$ 8,612	\$ 8,612	\$ -	\$ 1,435,308	0.60%
2015	68,668	68,668	-	11,444,652	0.60%
2016	137,137	137,137	-	22,856,172	0.60%
2017	205,536	205,536	-	34,255,962	0.60%
2018	281,957	281,957	-	46,992,859	0.60%
2019	376,838	376,838	-	60,780,141	0.62%
2020	536,372	536,372	-	74,495,268	0.72%
2021	536,612	536,612	-	79,188,866	0.68%
2022	657,963	657,963	-	89,713,494	0.73%
2023	744,614	744,614	-	101,528,389	0.73%
School Board - Nonprofessional					
2014	\$ 1,611	\$ 1,611	\$ -	\$ 268,436	0.60%
2015	18,242	18,242	-	3,040,304	0.60%
2016	40,146	40,146	-	6,691,000	0.60%
2017	57,365	57,365	-	9,560,850	0.60%
2018	71,950	71,950	-	11,991,585	0.60%
2019	102,908	102,908	-	14,290,947	0.72%
2020	122,065	122,065	-	16,950,791	0.72%
2021	145,229	145,229	-	17,491,581	0.83%
2022	172,623	172,623	-	20,828,092	0.83%
2023	240,208	240,208	-	28,259,774	0.85%
School Board - Teachers					
2014	\$ 2,253	\$ 2,253	\$ -	\$ 776,969	0.29%
2015	14,772	14,772	-	15,383,610	0.10%
2016	80,152	80,152	-	27,638,756	0.29%
2017	143,865	143,865	-	46,408,200	0.31%
2018	194,449	194,449	-	62,725,531	0.31%
2019	333,000	333,000	-	81,239,317	0.41%
2020	423,008	423,008	-	102,504,393	0.41%
2021	553,806	553,806	-	117,813,537	0.47%
2022	659,550	659,550	-	140,335,596	0.47%
2023	778,254	778,254	-	165,580,452	0.47%

**FY 2014 was the first year for the Virginia Local Disability Program

CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULES OF REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF OPEB HEALTH INSURANCE CREDIT PROGRAM ANNUAL CONTRIBUTIONS

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
School Board - Nonprofessional					
2013	N/A**	N/A**	N/A**	N/A**	N/A**
2014	N/A**	N/A**	N/A**	N/A**	N/A**
2015	N/A**	N/A**	N/A**	N/A**	N/A**
2016	N/A**	N/A**	N/A**	N/A**	N/A**
2017	N/A**	N/A**	N/A**	N/A**	N/A**
2018	N/A**	N/A**	N/A**	N/A**	N/A**
2019	N/A**	N/A**	N/A**	N/A**	N/A**
2020	N/A**	N/A**	N/A**	N/A**	N/A**
2021	\$ 400,904	\$ 400,904	\$ -	\$ 46,081,028	0.87%
2022	430,973	430,973	-	49,466,229	0.87%
2023	588,631	588,631	-	57,416,545	1.03%
School Board - Teachers					
2013	\$ 4,440,741	\$ 4,213,011	\$ 227,730	\$ 379,550,508	1.11%
2014	4,417,613	4,191,068	226,545	377,573,722	1.11%
2015	4,556,498	4,093,125	463,373	386,143,862	1.06%
2016	4,609,056	4,140,339	468,717	390,598,006	1.06%
2017	4,914,862	4,435,363	479,499	399,582,254	1.11%
2018	5,023,021	5,023,021	-	408,375,692	1.23%
2019	4,997,000	4,997,000	-	416,667,852	1.20%
2020	5,148,298	5,148,298	-	427,749,309	1.20%
2021	5,143,628	5,143,628	-	425,016,085	1.21%
2022	5,398,393	5,398,393	-	441,111,818	1.22%
2023	5,603,990	5,603,990	-	463,002,968	1.21%

** FY 2021 was the first year for the Health Insurance Credit Program for School Board Nonprofessional.

Detailed information about the individual Cost sharing OPEB plans are available in the separately issued VRS 2022 Annual Comprehensive Annual Financial Report (ACFR). A copy of the VRS ACFR may be downloaded from the VRS website at <https://www.varetire.org>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULES OF REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF OPEB HEALTH INSURANCE CREDIT PROGRAM ANNUAL CONTRIBUTIONS
(POLITICAL SUBDIVISION)

	6/30/2022	6/30/2021	6/30/2020
Total HIC OPEB Liability			
Service Cost	\$ 58,118	\$ 63,751	\$ -
Interest on Total OPEB Liability	390,927	354,375	-
Changes Of Benefit Terms	-	-	5,249,993
Difference between actual and expected experience	(167,281)	-	-
Change in Assumptions	475,946	149,910	-
Benefit Payments	(169,274)	-	-
Net Change in Total HIC OPEB Liability	588,436	568,036	5,249,993
Total HIC OPEB Liability, Beginning	5,818,029	5,249,993	-
Total HIC OPEB Liability, Ending (a)	<u>\$ 6,406,465</u>	<u>\$ 5,818,029</u>	<u>\$ 5,249,993</u>
Fiduciary Net Position			
Employer Contributions	\$ 430,973	\$ 400,904	\$ -
Net Investment Income	(5,734)	47,594	-
Benefit Payments	(169,274)	-	-
Administrative Expenses	(1,280)	(1,754)	-
Other	4,151	-	-
Net Change in Fiduciary Net Position	258,836	446,744	-
Fiduciary Net Position, Beginning	446,744	-	-
Fiduciary Net Position, Ending (b)	<u>\$ 705,580</u>	<u>\$ 446,744</u>	<u>\$ -</u>
Net HIC OPEB Liability, Ending (a) - (b)	<u>\$ 5,700,885</u>	<u>\$ 5,371,285</u>	<u>\$ 5,249,993</u>
Net HIC OPEB Liability, Ending (a) - (b)	<u>\$ 5,700,885</u>	<u>\$ 5,371,285</u>	<u>\$ 5,249,993</u>

Notes to Schedule:

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required and until a 10-year trend is complied, OPEB plans should present information for those years for which information is available.



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**NONMAJOR
GOVERNMENTAL FUNDS**

NONMAJOR GOVERNMENTAL FUNDS

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.

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.

**CITY OF VIRGINIA BEACH, VIRGINIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023**

	<u>Special Revenue Funds</u>	<u>Debt Service Fund</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS			
Cash and Investments	\$ 134,257,880	\$ 882,868	\$ 135,140,748
Cash and Investments - Restricted	114,279	29,399,377	29,513,656
Receivables (net of allowance for uncollectibles, where applicable):			
Accounts	125,230	-	125,230
Leases	918,342	-	918,342
Loans	4,650,639	-	4,650,639
Due from:			
Due from Other Funds	51,207	-	51,207
Commonwealth	1,566,910	-	1,566,910
Federal Government	2,088,767	-	2,088,767
Inventories	816,641	-	816,641
Total Assets	<u>144,589,895</u>	<u>30,282,245</u>	<u>174,872,140</u>
LIABILITIES			
Vouchers and Accounts Payable	7,801,473	-	7,801,473
Due to Other Funds	4,893,239	-	4,893,239
Intergovernmental Payables	1,977	-	1,977
Unearned Revenues	1,778,585	-	1,778,585
Total Liabilities	<u>14,475,274</u>	<u>-</u>	<u>14,475,274</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows from Leases	1,032,378	-	1,032,378
Total Deferred Inflows of Resources	<u>1,032,378</u>	<u>-</u>	<u>1,032,378</u>
FUND BALANCES			
Nonspendable Inventories	816,641	-	816,641
Restricted for:			
Debt Service	-	30,282,245	30,282,245
General Government	2,910,984	-	2,910,984
Housing and Community Development	10,258,191	-	10,258,191
Judicial	449,082	-	449,082
Public Safety	2,673,835	-	2,673,835
Special Service District	6,719,217	-	6,719,217
Committed to:			
Agriculture	19,504,292	-	19,504,292
Convention and Visitor Development	54,118,212	-	54,118,212
Judicial	151,357	-	151,357
Parks and Recreation	17,866,461	-	17,866,461
Public Safety	16,310	-	16,310
Tax Increment Financing	7,458,253	-	7,458,253
Assigned to:			
Convention and Visitor Development	10,765,660	-	10,765,660
Special Service District	1,029,727	-	1,029,727
Unassigned	(5,655,979)	-	(5,655,979)
Total Fund Balances	<u>129,082,243</u>	<u>30,282,245</u>	<u>159,364,488</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 144,589,895</u>	<u>\$ 30,282,245</u>	<u>\$ 174,872,140</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, 2023**

	<u>Special Revenue Funds</u>	<u>Debt Service Fund</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES			
General Property Taxes - Real Estate	\$ 40,652,079	\$ -	\$ 40,652,079
Other Local Taxes	83,758,997	-	83,758,997
Permits, Privilege Fees, and Regulatory Licenses	273,546	-	273,546
From Use of Money and Property	4,541,566	(1,150,676)	3,390,890
Charges for Services	20,603,806	-	20,603,806
Miscellaneous	558,509	-	558,509
From Commonwealth	27,524,982	-	27,524,982
From Federal Government	65,989,999	245,047	66,235,046
Total Revenues	<u>243,903,484</u>	<u>(905,629)</u>	<u>242,997,855</u>
EXPENDITURES			
Current Operating:			
Executive	786	-	786
Judicial	62,657,214	-	62,657,214
Health	118,391	-	118,391
Police	1,442,808	-	1,442,808
Human Services	12,305,029	-	12,305,029
Public Works	7,289,902	-	7,289,902
Parks and Recreation	37,043,430	-	37,043,430
Library	223,124	-	223,124
Planning	27,645	-	27,645
Agriculture	195,550	-	195,550
Economic Development	487,742	-	487,742
Convention and Visitor Development	24,796,757	-	24,796,757
Cultural Affairs	928,833	-	928,833
Emergency Communications and Citizen Services	2,994	-	2,994
Fire	7,002,676	-	7,002,676
Housing and Neighborhood Preservation	31,743,867	-	31,743,867
General Government	8,337,512	-	8,337,512
Emergency Medical Services	484,225	-	484,225
Capital Outlay	8,502	-	8,502
Lease Payments	426,409	-	426,409
Subscription Payments	42,138	-	42,138
Debt Service:			
Principal Retirement	37,530,015	31,458,108	68,988,123
Interest and Fiscal Charges	9,563,344	14,958,460	24,521,804
Total Expenditures	<u>242,658,893</u>	<u>46,416,568</u>	<u>289,075,461</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>1,244,591</u>	<u>(47,322,197)</u>	<u>(46,077,606)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	50,971,830	47,144,992	98,116,822
Transfers Out	(40,014,825)	(6,949,719)	(46,964,544)
Capitalized Subscriptions	312,992	-	312,992
Total Other Financing Sources and (Uses)	<u>11,269,997</u>	<u>40,195,273</u>	<u>51,465,270</u>
Net Change in Fund Balance	12,514,588	(7,126,924)	5,387,664
Fund Balance at Beginning of Year	116,567,655	37,409,169	153,976,824
Fund Balance at End of Year	<u>\$ 129,082,243</u>	<u>\$ 30,282,245</u>	<u>\$ 159,364,488</u>



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GENERAL FUND

GENERAL FUND

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

CITY OF VIRGINIA BEACH, VIRGINIA
GENERAL FUND
SCHEDULE OF REVENUES COMPARED TO FINAL BUDGET
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<u>General Property Taxes</u>				
Real Estate	\$ 646,134,333	\$ 646,134,333	\$ 638,705,172	\$ (7,429,161)
Personal Property	136,043,894	136,043,894	134,274,702	(1,769,192)
Interest and Penalties on Personal Property	3,162,472	3,162,472	5,976,628	2,814,156
Interest and Penalties on Real Estate Taxes	3,569,290	3,569,290	3,781,590	212,300
Total General Property Taxes	<u>788,909,989</u>	<u>788,909,989</u>	<u>782,738,092</u>	<u>(6,171,897)</u>
<u>Other Local Taxes</u>				
General Sales	93,871,862	93,871,862	89,501,992	(4,369,870)
Utility	43,125,249	43,125,249	40,543,327	(2,581,922)
Business Licenses	55,915,491	54,855,699	59,030,932	4,175,233
Automobile Licenses	11,278,097	11,278,097	10,753,542	(524,555)
Bank Stock	3,696,076	3,696,076	4,183,698	487,622
City Tax on Deeds	10,804,957	10,804,957	7,767,037	(3,037,920)
City Tax on Wills	107,785	107,785	103,664	(4,121)
Cigarette	8,603,216	8,603,216	7,914,589	(688,627)
Amusement	-	-	22,724	22,724
Hotel Taxes	10,736,531	10,736,531	11,128,383	391,852
Restaurant Meals	56,972,840	56,972,840	58,695,489	1,722,649
Total Other Local Taxes	<u>295,112,104</u>	<u>294,052,312</u>	<u>289,645,377</u>	<u>(4,406,935)</u>
<u>Permits, Privilege Fees, and Regulatory Licenses</u>				
Police Permits and Licenses	518,900	518,900	450,024	(68,876)
Planning Permits and Licenses	5,110,622	5,110,622	5,685,227	574,605
Other Permits, Fees and Licenses	3,150,184	3,150,184	2,870,739	(279,445)
Public Works Fees	1,871	1,871	11,750	9,879
Court Fines and Forfeitures	1,490,736	1,490,736	1,326,584	(164,152)
Fire Permits	220,000	220,000	173,130	(46,870)
Total Permits, Privilege Fees, and Regulatory Licenses	<u>10,492,313</u>	<u>10,492,313</u>	<u>10,517,454</u>	<u>25,141</u>
<u>From Use of Money and Property</u>				
<u>Revenue from Use of Money:</u>				
Interest on Bank Deposits	4,272,745	4,272,745	16,636,622	12,363,877
<u>Revenue from Use of Property:</u>				
Farmers Market Fees	31,880	31,880	31,751	(129)
Photocopying Machines	100,134	100,134	53,831	(46,303)
Convention Center Rent	2,966,938	2,966,938	3,134,231	167,293
Lease of Land and Property	967,059	967,059	1,576,047	608,988
Total from Use of Money and Property	<u>8,338,756</u>	<u>8,338,756</u>	<u>21,432,482</u>	<u>13,093,726</u>
<u>Charges For Services</u>				
Court Costs	1,413,996	1,413,996	825,504	(588,492)
Police - False Alarm Fees	520,000	520,000	639,119	119,119
Fire Services	374,000	374,000	216,933	(157,067)
Animal Adoption Fees	28,200	28,200	23,023	(5,177)
Other Charges and Fees	2,748,900	2,770,831	2,773,377	2,546
Human Services	24,664,306	24,664,306	24,663,571	(735)
Aquarium and Historical Houses	11,059,000	11,059,000	12,584,180	1,525,180
Planning Maps, Publications, and Fees	316,580	316,580	320,716	4,136
Convention Center	157,142	157,142	156,854	(288)
Other Services Provided	920,036	921,770	747,580	(174,190)
Reimbursement - Freedom of Information Act Costs	30,400	30,400	65,924	35,524
Water and Sewer Direct Charges	9,985,502	9,985,502	9,915,233	(70,269)
Storm Water Direct Charges	1,875,844	1,875,844	1,630,381	(245,463)
Total Charges for Services	<u>54,093,906</u>	<u>54,117,571</u>	<u>54,562,395</u>	<u>444,824</u>

CITY OF VIRGINIA BEACH, VIRGINIA
GENERAL FUND
SCHEDULE OF REVENUES COMPARED TO FINAL BUDGET
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Miscellaneous Revenue				
Returned Check Processing Charges	36,181	36,181	116,432	80,251
Donations	1,421,535	1,422,671	1,021,869	(400,802)
City Treasurer Charges	1,562,253	1,562,253	1,956,530	394,277
Sale of Salvage Materials	506,000	506,000	569,473	63,473
Miscellaneous	5,037,521	5,039,521	3,076,847	(1,962,674)
Total Miscellaneous Revenue	<u>8,563,490</u>	<u>8,566,626</u>	<u>6,741,151</u>	<u>(1,825,475)</u>
From Commonwealth				
Rolling Stock Tax	14,693	14,693	30,765	16,072
Mobile Homes Sales Tax	10,691	10,691	29,753	19,062
Passenger Car Rental Tax	1,234,486	1,234,486	1,370,665	136,179
Reimbursement - Treasurer	741,980	741,980	687,246	(54,734)
Reimbursement - Commissioner of the Revenue	813,989	813,989	877,159	63,170
Reimbursement - General Registrar's Salary	76,954	76,954	127,386	50,432
Reimbursement - Clerk of Circuit Court	2,444,056	2,444,056	2,539,606	95,550
Reimbursement - Commonwealth's Attorney	3,129,078	3,129,078	3,131,636	2,558
Reimbursement - Health Department Automobile	18,015	18,015	16,632	(1,383)
Reimbursement - State Aid Law Enforcement	13,871,406	13,901,406	13,372,311	(529,095)
Personal Property Paid by Commonwealth	53,412,868	53,412,868	53,412,868	-
State Prisoner Transportation	350,000	350,000	274,783	(75,217)
Mental Health, Developmental Services and Substance Abuse	17,319,028	17,713,084	17,506,952	(206,132)
Juvenile Justice Block Grant	4,347,856	4,347,856	3,840,353	(507,503)
Maintenance of Roads	52,406,757	57,517,928	60,642,926	3,124,998
Public Assistance Grants	16,406,988	19,215,549	19,300,560	85,011
DMV Select Program	150,000	150,000	138,650	(11,350)
Virginia Commission For The Arts	4,500	4,500	-	(4,500)
Wireless E-911 Services Board	1,637,136	1,637,136	1,583,355	(53,781)
State Aid Library	254,827	289,176	289,176	-
Other State Revenues	427,646	1,709,965	904,966	(804,999)
Total From Commonwealth	<u>169,072,954</u>	<u>178,733,410</u>	<u>180,077,748</u>	<u>1,344,338</u>
From Federal Government				
Public Law 95-469 - Refugee Revenue Sharing Act	-	-	86,133	86,133
Indirect Costs - Social Services	927,906	927,906	1,434,179	506,273
Federal Emergency Management Agency	-	-	1,127,476	1,127,476
SEVAMP Grant	153,100	153,100	168,573	15,473
Mental Health, Developmental Services and Substance Abuse	60,196	60,196	43,741	(16,455)
USDA Juvenile Detention	99,471	99,471	129,032	29,561
Public Assistance Grants	22,782,883	23,688,619	22,985,097	(703,522)
Federal Reimbursement of Interest	282,763	282,763	-	(282,763)
Total From Federal Government	<u>24,306,319</u>	<u>25,212,055</u>	<u>25,974,231</u>	<u>762,176</u>
TOTAL REVENUES	<u>1,358,889,831</u>	<u>1,368,423,032</u>	<u>1,371,688,930</u>	<u>3,265,898</u>
Other Financing Sources				
Transfers In	795,419	842,645	727,192	(115,453)
Use of Fund Balance	44,901,838	118,981,761	-	(118,981,761)
Capitalized Leases	-	-	6,123,168	6,123,168
Capitalized Subscriptions	-	-	6,096,478	6,096,478
Total Other Financing Sources	<u>45,697,257</u>	<u>119,824,406</u>	<u>12,946,838</u>	<u>(106,877,568)</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 1,404,587,088</u>	<u>\$ 1,488,247,438</u>	<u>\$ 1,384,635,768</u>	<u>\$ (103,611,670)</u>

**CITY OF VIRGINIA BEACH, VIRGINIA
GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO FINAL BUDGET
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
City Manager				
Admin & Support	\$ 2,546,031	\$ 2,695,986	\$ 2,577,039	\$ 118,947
Office of Volunteer Resources	500,333	524,107	417,537	106,570
Total City Manager	<u>3,046,364</u>	<u>3,220,093</u>	<u>2,994,576</u>	<u>225,517</u>
Communications				
Admin & Support	2,267,933	3,163,542	2,749,730	413,812
Total Communications	<u>2,267,933</u>	<u>3,163,542</u>	<u>2,749,730</u>	<u>413,812</u>
City Clerk				
Admin & Support	624,826	674,755	660,401	14,354
Total City Clerk	<u>624,826</u>	<u>674,755</u>	<u>660,401</u>	<u>14,354</u>
City Council				
Admin & Support	680,735	744,817	607,597	137,220
Total City Council	<u>680,735</u>	<u>744,817</u>	<u>607,597</u>	<u>137,220</u>
City Attorney				
Admin & Support	5,255,955	5,674,507	5,623,140	51,367
Total City Attorney	<u>5,255,955</u>	<u>5,674,507</u>	<u>5,623,140</u>	<u>51,367</u>
City Auditor				
Admin & Support	961,666	1,078,608	1,072,911	5,697
Total City Auditor	<u>961,666</u>	<u>1,078,608</u>	<u>1,072,911</u>	<u>5,697</u>
City Real Estate Assessor				
Admin & Support	3,455,888	3,473,781	3,061,675	412,106
Board & Commissions	2,774	2,774	1,280	1,494
Total City Real Estate Assessor	<u>3,458,662</u>	<u>3,476,555</u>	<u>3,062,955</u>	<u>413,600</u>
City Treasurer				
Admin & Support	6,954,104	7,675,541	7,272,535	403,006
Total City Treasurer	<u>6,954,104</u>	<u>7,675,541</u>	<u>7,272,535</u>	<u>403,006</u>
Commissioner of the Revenue				
Admin & Support	5,835,305	6,588,228	6,541,532	46,696
Total Commissioner of the Revenue	<u>5,835,305</u>	<u>6,588,228</u>	<u>6,541,532</u>	<u>46,696</u>
Finance				
Admin & Support	2,496,568	2,550,152	2,235,150	315,002
Accounting	1,336,506	1,336,506	1,266,603	69,903
Accounts Payable	425,105	425,105	485,025	(59,920)
Payroll	886,906	886,906	851,371	35,535
Purchasing	1,316,760	1,873,786	1,246,262	627,524
SWAM Office	586,558	586,558	344,286	242,272
Technical Services	723,414	723,414	643,373	80,041
Total Finance	<u>7,771,817</u>	<u>8,382,427</u>	<u>7,072,070</u>	<u>1,310,357</u>
Agriculture				
Admin & Support	342,975	423,646	375,456	48,190
Cooperative Extension	337,661	337,661	255,567	82,094
Farmers Market	307,079	308,284	276,206	32,078
Total Agriculture	<u>987,715</u>	<u>1,069,591</u>	<u>907,229</u>	<u>162,362</u>
Cultural Affairs				
Admin & Support	1,847,685	3,995,846	1,698,447	2,297,399
Board & Commissions	700,000	700,000	697,315	2,685
Historic Museums	681,839	881,171	561,787	319,384
Total Culture Affairs	<u>3,229,524</u>	<u>5,577,017</u>	<u>2,957,549</u>	<u>2,619,468</u>

**CITY OF VIRGINIA BEACH, VIRGINIA
GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO FINAL BUDGET
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<u>Library</u>				
Admin & Support	1,741,151	2,100,533	1,721,313	379,220
Records Management	434,008	470,586	412,030	58,556
Support Services	4,590,918	5,015,888	4,686,751	329,137
Programming & Operations	12,269,273	12,994,254	12,267,348	726,906
Technical Services	-	3,669	2,171	1,498
Total Library	<u>19,035,350</u>	<u>20,584,930</u>	<u>19,089,613</u>	<u>1,495,317</u>
<u>Parks & Recreation</u>				
Landscape Management	15,806,036	17,088,907	15,461,613	1,627,294
Programming & Operations	-	223,802	94,697	129,105
Total Parks & Recreation	<u>15,806,036</u>	<u>17,312,709</u>	<u>15,556,310</u>	<u>1,756,399</u>
<u>Virginia Aquarium</u>				
Programming & Operations	14,502,760	15,294,469	13,058,273	2,236,196
Total Virginia Aquarium	<u>14,502,760</u>	<u>15,294,469</u>	<u>13,058,273</u>	<u>2,236,196</u>
<u>Clerk of the Circuit Court - Judicial</u>				
Admin & Support	4,180,583	4,978,787	4,876,477	102,310
Total Clerk of the Circuit Court	<u>4,180,583</u>	<u>4,978,787</u>	<u>4,876,477</u>	<u>102,310</u>
<u>Commonwealth's Attorney - Judicial</u>				
Admin & Support	10,350,554	11,001,742	10,951,032	50,710
Total Commonwealth's Attorney	<u>10,350,554</u>	<u>11,001,742</u>	<u>10,951,032</u>	<u>50,710</u>
<u>Circuit Court - Judicial</u>				
Support Services	1,281,720	1,416,936	1,389,164	27,772
Total Circuit Court	<u>1,281,720</u>	<u>1,416,936</u>	<u>1,389,164</u>	<u>27,772</u>
<u>Juvenile Probation - Judicial</u>				
Support Services	1,239,398	1,240,205	768,538	471,667
Juvenile Probations CHINS	179,317	179,317	125,104	54,213
Total Juvenile Probation	<u>1,418,715</u>	<u>1,419,522</u>	<u>893,642</u>	<u>525,880</u>
<u>General District Court - Judicial</u>				
Support Services	531,845	535,295	450,520	84,775
Total General District Court	<u>531,845</u>	<u>535,295</u>	<u>450,520</u>	<u>84,775</u>
<u>Juvenile & Domestic Relations Court - Judicial</u>				
Support Services	217,841	241,413	210,411	31,002
Total Juvenile & Domestic Relations Court	<u>217,841</u>	<u>241,413</u>	<u>210,411</u>	<u>31,002</u>
<u>Magistrate - Judicial</u>				
Support Services	51,073	51,073	40,010	11,063
Total Magistrate	<u>51,073</u>	<u>51,073</u>	<u>40,010</u>	<u>11,063</u>
<u>Health Department</u>				
Admin & Support	3,781,386	4,030,966	3,898,158	132,808
Total Health Department	<u>3,781,386</u>	<u>4,030,966</u>	<u>3,898,158</u>	<u>132,808</u>
<u>Human Services</u>				
Admin & Support	9,554,027	9,332,397	6,198,141	3,134,256
Business Services	3,942,329	3,942,329	3,678,596	263,733
Substance Use Disorder	6,349,385	6,491,126	3,881,341	2,609,785
Mental Health	25,695,683	26,185,470	20,880,973	5,304,497
Welfare & Family Services	17,878,989	17,878,989	18,722,157	(843,168)
Childrens Services Act	13,918,710	16,533,440	16,332,537	200,903
Development Services	29,210,531	29,276,621	28,252,327	1,024,294
Benefit Program	11,619,488	6,311,910	10,721,311	(4,409,401)
Juvenile Detention Center	6,043,413	6,003,657	6,359,610	(355,953)
Support Services	1,747,129	1,785,906	6,407,817	(4,621,911)
Adult Services	6,124,794	6,199,554	6,467,824	(268,270)
Total Human Services	<u>132,084,478</u>	<u>129,941,399</u>	<u>127,902,634</u>	<u>2,038,765</u>

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA
GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO FINAL BUDGET
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<u>Human Resources</u>				
Admin & Support	649,327	705,405	614,187	91,218
Employee Relations	1,855,071	2,068,844	1,815,119	253,725
Employee Services	789,207	828,689	160,519	668,170
Occupational Safety & Health	1,602,417	1,726,178	1,558,216	167,962
Staffing & Compensation	1,653,306	1,929,333	1,886,129	43,204
Board & Commissions	82,050	86,555	80,498	6,057
Total Human Resources	<u>6,631,378</u>	<u>7,345,004</u>	<u>6,114,668</u>	<u>1,230,336</u>
<u>Emergency Communications & Citizen Services</u>				
Admin & Support	2,036,149	2,086,120	1,804,511	281,609
Citizen Services	976,217	979,718	966,467	(86,749)
Emergency Communications	8,669,914	8,700,303	7,830,108	870,195
Total Emergency Communications & Citizen Services	<u>11,682,280</u>	<u>11,666,141</u>	<u>10,601,086</u>	<u>1,065,055</u>
<u>Emergency Management</u>				
Admin & Support	1,048,211	1,109,204	1,026,385	82,819
Total Emergency Management	<u>1,048,211</u>	<u>1,109,204</u>	<u>1,026,385</u>	<u>82,819</u>
<u>Emergency Medical Services</u>				
Admin & Support	3,038,751	3,208,630	2,749,351	459,279
Operational Management	12,640,005	13,608,550	12,899,682	708,868
Lifeguard Services	1,964,784	1,989,783	2,362,191	(372,408)
Total Emergency Medical Services	<u>17,643,540</u>	<u>18,806,963</u>	<u>18,011,224</u>	<u>795,739</u>
<u>Fire</u>				
Admin & Support	3,258,913	3,559,245	3,082,798	476,447
Operations & Training	59,101,914	66,370,368	66,452,892	(82,524)
Prevention	3,656,829	3,860,079	4,190,189	(330,110)
Total Fire	<u>66,017,656</u>	<u>73,789,692</u>	<u>73,725,879</u>	<u>63,813</u>
<u>Police</u>				
Admin & Support	3,543,517	4,088,612	4,096,066	(7,454)
Business Services	7,057,846	7,319,104	6,899,142	419,962
Investigations	19,602,191	20,473,308	21,562,838	(1,089,530)
Police Support Services	12,632,669	13,084,617	12,468,590	616,027
Uniform Patrol	70,441,055	74,509,092	74,002,697	506,395
Total Police	<u>113,277,278</u>	<u>119,474,733</u>	<u>119,029,333</u>	<u>445,400</u>
<u>Convention & Visitor Bureau</u>				
Admin & Support	1,518,051	1,567,332	1,269,508	297,824
Programming & Operations	6,633,516	7,190,953	6,149,487	1,041,466
Sales & Marketing	1,707,058	1,714,823	1,702,542	12,281
Tourism Promotion	489,452	489,452	375,662	113,790
Total Convention & Visitor Bureau	<u>10,348,077</u>	<u>10,962,560</u>	<u>9,497,199</u>	<u>1,465,361</u>
<u>Economic Development</u>				
Admin & Support	6,103,999	8,505,038	7,050,569	1,454,469
Strategic Growth Areas	600,342	600,342	18,649	581,693
Total Economic Development	<u>6,704,341</u>	<u>9,105,380</u>	<u>7,069,218</u>	<u>2,036,162</u>
<u>Housing & Neighborhood Preservation</u>				
HNP Code Enforcement	2,235,869	2,348,038	2,202,467	145,571
Homeless Services	4,409,542	4,935,056	4,706,691	228,365
Section 8 Housing	-	529,762	228,364	301,398
Total Housing & Neighborhood Preservation	<u>6,645,411</u>	<u>7,812,856</u>	<u>7,137,522</u>	<u>675,334</u>

CITY OF VIRGINIA BEACH, VIRGINIA
GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO FINAL BUDGET
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<u>Planning</u>				
Admin & Support	3,698,031	4,382,302	3,435,895	946,407
Permits & Inspections	4,745,013	4,984,068	4,171,102	812,966
Development Services	2,878,284	3,073,925	2,886,949	186,976
Planning Zoning Administration	1,790,128	1,913,832	1,763,949	149,883
Planning	<u>13,111,456</u>	<u>14,354,127</u>	<u>12,257,895</u>	<u>2,096,232</u>
<u>Information Technology</u>				
Business Services	1,998,006	2,343,664	2,368,967	(25,303)
Information Services	8,759,199	9,629,172	9,356,119	273,053
Information Systems	12,984,889	13,959,533	13,288,769	670,764
Total Information Technology	<u>23,742,094</u>	<u>25,932,369</u>	<u>25,013,855</u>	<u>918,514</u>
<u>Budget & Management Services</u>				
Admin & Support	1,384,854	1,469,484	1,229,516	239,968
Budget & Management Services	<u>1,384,854</u>	<u>1,469,484</u>	<u>1,229,516</u>	<u>239,968</u>
<u>Office of Performance & Accountability</u>				
Admin & Support	933,697	1,084,072	924,764	159,308
Total Office of Performance & Accountability	<u>933,697</u>	<u>1,084,072</u>	<u>924,764</u>	<u>159,308</u>
<u>Public Works</u>				
Admin & Support	8,924,260	10,118,718	9,437,974	680,744
Real Estate	1,016,624	1,104,261	796,332	307,929
Engineering	9,695,535	10,132,143	9,026,814	1,105,329
Facilities Management	24,990,343	27,025,175	25,276,425	1,748,750
Infrastructure Maintenance	31,439,352	35,423,527	31,353,033	4,070,494
Storm Water Operations	16,379,182	16,689,600	12,847,246	3,842,354
Total Public Works	<u>92,445,296</u>	<u>100,493,424</u>	<u>88,737,824</u>	<u>11,755,600</u>
<u>Voter Registration & Elections</u>				
Admin & Support	2,517,777	3,439,001	3,340,831	98,170
Total Voter Registration & Elections	<u>2,517,777</u>	<u>3,439,001</u>	<u>3,340,831</u>	<u>98,170</u>
<u>Non Departmental</u>				
Computer Replacements	1,766,444	4,325,904	2,488,183	1,837,721
Independent Financial Services	179,655	208,165	208,165	-
Subscriptions	7,288,156	8,039,235	8,983,530	(944,295)
Employee Services	9,020,056	9,185,056	8,154,455	1,030,601
Facilities Management	3,365,000	3,426,311	2,281,212	1,145,099
Vehicle Replacement	6,000,000	8,984,973	4,371,293	4,613,680
Revenue Reimbursement	12,391,265	12,391,265	11,988,542	402,723
Community & Organization Contributions	9,916,731	10,506,201	10,575,651	(69,450)
Community Organization Grant	505,417	505,417	510,417	(5,000)
General	-	234,940	237,286	(2,346)
Total Non Departmental	<u>50,432,724</u>	<u>57,807,467</u>	<u>49,798,734</u>	<u>8,008,733</u>
<u>General Government</u>				
Lease Payments	-	-	3,707,313	(3,707,313)
Subscription Payments	-	-	3,723,519	(3,723,519)
Contingencies	61,989,146	40,629,654	-	40,629,654
Total General Government	<u>61,989,146</u>	<u>40,629,654</u>	<u>7,430,832</u>	<u>33,198,822</u>

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA
GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO FINAL BUDGET
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<u>Debt Service</u>				
Retirement	41,758,045	41,758,045	37,330,169	4,427,876
Interest and Fiscal Charges	17,553,254	17,553,254	14,330,454	3,222,800
Total Debt Service	<u>59,311,299</u>	<u>59,311,299</u>	<u>51,660,623</u>	<u>7,650,676</u>
<u>Education</u>				
School Operating	438,395,022	439,899,569	409,510,736	30,388,833
Capital Projects	11,000,000	46,294,167	46,294,167	-
School Operating from Reserves	667,182	667,182	667,182	-
Total Education	<u>450,062,204</u>	<u>486,860,918</u>	<u>456,472,085</u>	<u>30,388,833</u>
Total Department Expenditures	<u>1,240,245,666</u>	<u>1,305,589,270</u>	<u>1,188,917,942</u>	<u>116,671,328</u>
<u>Other Financing Uses</u>				
Transfers Out:				
General Debt Service	46,171,521	46,171,521	46,171,521	-
General Government Capital Projects	78,304,533	90,436,479	90,436,479	-
Grants Consolidated	821,611	808,652	808,652	-
Sheriff's Department	30,252,054	34,608,250	34,608,250	-
Parks and Recreation	7,233,433	7,830,025	7,830,025	-
Water and Sewer Utility Capital Projects	-	682,718	682,718	-
Storm Water Utility Capital Projects	827,633	1,389,886	1,389,886	-
Federal Section 8	76,000	76,000	76,000	-
Housing and Neighborhood Preservation	539,184	539,184	539,184	-
Oyster Heritage Fund	115,453	115,453	-	115,453
Total Other Financing Uses	<u>164,341,422</u>	<u>182,658,168</u>	<u>182,542,715</u>	<u>115,453</u>
TOTAL EXPENDITURES AND OTHER FINANCIAL USES	<u>\$ 1,404,587,088</u>	<u>\$ 1,488,247,438</u>	<u>\$ 1,371,460,657</u>	<u>\$ 116,786,781</u>

**NONMAJOR
SPECIAL REVENUE FUNDS**

NONMAJOR SPECIAL REVENUE FUNDS

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

The City has the following Nonmajor Special Revenue Funds:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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**CITY OF VIRGINIA BEACH, VIRGINIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2023**

	<u>Agriculture Reserve Program</u>	<u>Central Business District South Tax Increment Financing</u>	<u>Combined Area Dredging Projects</u>	<u>Emergency FEMA</u>
<u>ASSETS</u>				
Cash and Investments	\$ 19,504,292	\$ 7,458,253	\$ 685,228	\$ 433,468
Restricted Cash	-	-	-	-
Accounts Receivable	-	-	-	-
Leases	-	-	-	-
Loans Receivable	-	-	-	-
Due from Other Funds	-	-	-	-
Due from Commonwealth	-	-	-	-
Due from Federal Government	-	-	-	349,979
Inventories	-	-	-	-
Total Assets	<u>19,504,292</u>	<u>7,458,253</u>	<u>685,228</u>	<u>783,447</u>
<u>LIABILITIES</u>				
Vouchers and Accounts Payable	-	-	-	-
Due to Other Funds	-	-	-	-
Intergovernmental Payables	-	-	-	-
Unearned Revenues	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Inflows from Leases	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>FUND BALANCES</u>				
Nonspendable Inventories	-	-	-	-
Restricted for:				
General Government	-	-	-	-
Housing and Community Development	-	-	-	-
Judicial	-	-	-	-
Public Safety	-	-	-	783,447
Special Service District	-	-	436,771	-
Committed for:				
Agriculture	19,504,292	-	-	-
Convention and Visitor Development	-	-	-	-
Judicial	-	-	-	-
Parks and Recreation	-	-	-	-
Public Safety	-	-	-	-
Tax Increment Financing	-	7,458,253	-	-
Assigned to:				
Convention and Visitor Development	-	-	-	-
Special Service District	-	-	248,457	-
Unassigned	-	-	-	-
Total Fund Balances	<u>19,504,292</u>	<u>7,458,253</u>	<u>685,228</u>	<u>783,447</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 19,504,292</u>	<u>\$ 7,458,253</u>	<u>\$ 685,228</u>	<u>\$ 783,447</u>

**CITY OF VIRGINIA BEACH, VIRGINIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2023**

Federal Section Eight Program	Forfeited Assets	Grants Consolidated	Housing and Neighborhood Preservation	Law Library
\$ 1,646,080	\$ 2,507,137	\$ 5,265,253	\$ 3,022,403	\$ -
114,279	-	-	-	-
1,107	-	-	-	-
-	-	-	-	-
-	-	-	4,650,639	-
-	-	-	-	-
-	-	-	-	-
376,720	-	631,478	730,590	-
-	-	-	-	-
<u>2,138,186</u>	<u>2,507,137</u>	<u>5,896,731</u>	<u>8,403,632</u>	<u>-</u>
130,221	-	2,007,405	108,968	13,588
-	-	-	-	86,168
1,977	-	-	-	-
42,461	-	978,342	-	-
<u>174,659</u>	<u>-</u>	<u>2,985,747</u>	<u>108,968</u>	<u>99,756</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	2,910,984	-	-
1,963,527	-	-	8,294,664	-
-	449,082	-	-	-
-	1,890,388	-	-	-
-	-	-	-	-
-	-	-	-	-
-	151,357	-	-	-
-	-	-	-	-
-	16,310	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	(99,756)
<u>1,963,527</u>	<u>2,507,137</u>	<u>2,910,984</u>	<u>8,294,664</u>	<u>(99,756)</u>
<u>\$ 2,138,186</u>	<u>\$ 2,507,137</u>	<u>\$ 5,896,731</u>	<u>\$ 8,403,632</u>	<u>\$ -</u>

**CITY OF VIRGINIA BEACH, VIRGINIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2023**

	<u>Open Space</u>	<u>Parks and Recreation</u>	<u>Sandbridge Special Service District</u>	<u>Sheriff's Department</u>
<u>ASSETS</u>				
Cash and Investments	\$ 6,542,215	\$ 12,324,207	\$ 5,100,864	\$ -
Restricted Cash	-	-	-	-
Accounts Receivable	-	52,398	-	-
Leases	-	22,543	-	-
Loans Receivable	-	-	-	-
Due from Other Funds	-	51,207	-	-
Due from Commonwealth	-	-	-	1,566,910
Due from Federal Government	-	-	-	-
Inventories	-	-	-	816,641
Total Assets	<u>6,542,215</u>	<u>12,450,355</u>	<u>5,100,864</u>	<u>2,383,551</u>
<u>LIABILITIES</u>				
Vouchers and Accounts Payable	-	887,966	-	2,316,062
Due to Other Funds	-	-	-	4,807,071
Intergovernmental Payables	-	-	-	-
Unearned Revenues	-	757,782	-	-
Total Liabilities	<u>-</u>	<u>1,645,748</u>	<u>-</u>	<u>7,123,133</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Inflows from Leases	-	14,993	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>14,993</u>	<u>-</u>	<u>-</u>
<u>FUND BALANCES</u>				
Nonspendable Inventories	-	-	-	816,641
Restricted for:				
General Government	-	-	-	-
Housing and Community Development	-	-	-	-
Judicial	-	-	-	-
Public Safety	-	-	-	-
Special Service District	-	-	5,100,864	-
Committed for:				
Agriculture	-	-	-	-
Convention and Visitor Development	-	-	-	-
Judicial	-	-	-	-
Parks and Recreation	6,542,215	10,789,614	-	-
Public Safety	-	-	-	-
Tax Increment Financing	-	-	-	-
Assigned to:				
Convention and Visitor Development	-	-	-	-
Special Service District	-	-	-	-
Unassigned	-	-	-	(5,556,223)
Total Fund Balances	<u>6,542,215</u>	<u>10,789,614</u>	<u>5,100,864</u>	<u>(4,739,582)</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 6,542,215</u>	<u>\$ 12,450,355</u>	<u>\$ 5,100,864</u>	<u>\$ 2,383,551</u>

**CITY OF VIRGINIA BEACH, VIRGINIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2023**

<u>Tourism Advertising Program</u>	<u>Tourism Investment Program</u>	<u>Town Center Special Service District</u>	<u>Wetlands Board Mitigation</u>	<u>Totals</u>
\$ 12,351,929	\$ 54,648,023	\$ 2,233,896	\$ 534,632	\$ 134,257,880
-	-	-	-	114,279
-	71,725	-	-	125,230
-	895,799	-	-	918,342
-	-	-	-	4,650,639
-	-	-	-	51,207
-	-	-	-	1,566,910
-	-	-	-	2,088,767
-	-	-	-	816,641
<u>12,351,929</u>	<u>55,615,547</u>	<u>2,233,896</u>	<u>534,632</u>	<u>144,589,895</u>
1,289,957	776,262	271,044	-	7,801,473
-	-	-	-	4,893,239
-	-	-	-	1,977
-	-	-	-	1,778,585
<u>1,289,957</u>	<u>776,262</u>	<u>271,044</u>	<u>-</u>	<u>14,475,274</u>
-	1,017,385	-	-	1,032,378
-	1,017,385	-	-	1,032,378
-	-	-	-	816,641
-	-	-	-	2,910,984
-	-	-	-	10,258,191
-	-	-	-	449,082
-	-	-	-	2,673,835
-	-	1,181,582	-	6,719,217
-	-	-	-	19,504,292
11,001,392	43,116,820	-	-	54,118,212
-	-	-	-	151,357
-	-	-	534,632	17,866,461
-	-	-	-	16,310
-	-	-	-	7,458,253
60,580	10,705,080	-	-	10,765,660
-	-	781,270	-	1,029,727
-	-	-	-	(5,655,979)
<u>11,061,972</u>	<u>53,821,900</u>	<u>1,962,852</u>	<u>534,632</u>	<u>129,082,243</u>
<u>\$ 12,351,929</u>	<u>\$ 55,615,547</u>	<u>\$ 2,233,896</u>	<u>\$ 534,632</u>	<u>\$ 144,589,895</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, 2023

	Agriculture Reserve Program	Central Business District South Tax Increment Financing	Combined Area Dredging Projects	Emergency FEMA
REVENUES				
General Property Taxes	\$ 5,896,397	\$ 8,626,852	\$ 711,315	\$ -
Other Local Taxes	-	500,000	-	-
Permits, Privilege Fees, and Regulatory Licenses	-	-	-	-
From Use of Money and Property	225,044	49,581	-	-
Charges for Services	-	-	-	-
Miscellaneous	-	-	-	29,732
From Commonwealth	214,810	-	-	-
From Federal Government	-	-	-	2,676,396
Total Revenues	<u>6,336,251</u>	<u>9,176,433</u>	<u>711,315</u>	<u>2,706,128</u>
EXPENDITURES				
Current:				
Executive	-	-	-	-
Finance	-	-	-	-
Judicial	-	-	-	-
Health	-	-	-	-
Police	-	-	-	-
Human Services	-	-	-	-
Public Works	-	-	-	-
Parks and Recreation	-	-	-	-
Library	-	-	-	-
Planning	-	-	-	-
Agriculture	195,550	-	-	-
Economic Development	-	-	-	-
Convention and Visitor Development	-	-	-	-
Cultural Affairs	-	-	-	-
Emergency Communications and Citizen Services	-	-	-	-
Fire	-	-	-	2,622,769
Housing and Neighborhood Preservation	-	-	-	-
General Government	-	-	-	-
Emergency Medical Services	-	-	-	-
Capital Outlay	-	-	-	-
Lease Payments	-	-	-	-
Subscription Payments	-	-	-	-
Debt Service:				
Principal Retirement	6,949,719	6,991,038	-	-
Interest and Fiscal Charges	2,079,981	1,165,249	-	-
Total Expenditures	<u>9,225,250</u>	<u>8,156,287</u>	<u>-</u>	<u>2,622,769</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,888,999)</u>	<u>1,020,146</u>	<u>711,315</u>	<u>83,359</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	6,949,719	-	-	-
Transfers Out	(1,963,471)	(150,000)	(714,504)	-
Capitalized Subscriptions	-	-	-	-
Total Other Financing Sources (Uses), net	<u>4,986,248</u>	<u>(150,000)</u>	<u>(714,504)</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>2,097,249</u>	<u>870,146</u>	<u>(3,189)</u>	<u>83,359</u>
FUND BALANCES - JULY 1	<u>17,407,043</u>	<u>6,588,107</u>	<u>688,417</u>	<u>700,088</u>
FUND BALANCES - JUNE 30	<u>\$ 19,504,292</u>	<u>\$ 7,458,253</u>	<u>\$ 685,228</u>	<u>\$ 783,447</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, 2023**

Federal Section Eight Program	Forfeited Assets	Grants Consolidated	Housing and Neighborhood Preservation	Law Library
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
16,387	34,007	-	69,246	484
1,688,704	-	1,805,186	-	219,786
121,199	-	42,919	138,892	122
-	252,507	4,475,493	1,221,615	-
23,062,714	15,356	36,819,747	3,159,425	-
<u>24,889,004</u>	<u>301,870</u>	<u>43,143,345</u>	<u>4,589,178</u>	<u>220,392</u>
-	-	786	-	-
-	-	-	-	-
-	29,318	884,892	-	-
-	-	118,391	-	-
-	470,299	972,509	-	-
-	-	12,305,029	-	-
-	-	19,850	-	-
-	-	351,545	-	-
-	-	2,031	-	221,093
-	-	27,645	-	-
-	-	-	-	-
-	-	241,806	-	-
-	-	191,500	-	-
-	-	333,333	-	-
-	-	2,994	-	-
-	-	4,379,907	-	-
25,170,747	-	2,022,684	4,550,436	-
-	-	4,570,349	-	-
-	-	484,225	-	-
-	-	8,502	-	-
-	-	411,503	-	-
42,138	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>25,212,885</u>	<u>499,617</u>	<u>27,329,481</u>	<u>4,550,436</u>	<u>221,093</u>
<u>(323,881)</u>	<u>(197,747)</u>	<u>15,813,864</u>	<u>38,742</u>	<u>(701)</u>
76,000	-	818,652	539,184	-
-	(10,812)	(16,554,711)	(128,858)	(40,000)
312,992	-	-	-	-
<u>388,992</u>	<u>(10,812)</u>	<u>(15,736,059)</u>	<u>410,326</u>	<u>(40,000)</u>
65,111	(208,559)	77,805	449,068	(40,701)
<u>1,898,416</u>	<u>2,715,696</u>	<u>2,833,179</u>	<u>7,845,596</u>	<u>(59,055)</u>
<u>\$ 1,963,527</u>	<u>\$ 2,507,137</u>	<u>\$ 2,910,984</u>	<u>\$ 8,294,664</u>	<u>\$ (99,756)</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, 2023

	<u>Open Space</u>	<u>Parks and Recreation</u>	<u>Sandbridge Special Service District</u>	<u>Sheriff's Department</u>
REVENUES				
General Property Taxes	\$ -	\$ 22,773,198	\$ 306,974	\$ -
Other Local Taxes	8,125,475	-	5,666,369	-
Permits, Privilege Fees, and Regulatory Licenses	-	72,828	-	2,417
From Use of Money and Property	-	2,109,670	57,774	7,740
Charges for Services	-	12,472,147	-	4,288,897
Miscellaneous	-	30,664	-	6,166
From Commonwealth	-	17,462	-	21,343,095
From Federal Government	-	-	-	256,361
Total Revenues	<u>8,125,475</u>	<u>37,475,969</u>	<u>6,031,117</u>	<u>25,904,676</u>
EXPENDITURES				
Current:				
Executive	-	-	-	-
Finance	-	-	-	-
Judicial	-	-	-	61,743,004
Health	-	-	-	-
Police	-	-	-	-
Human Services	-	-	-	-
Public Works	-	3,510,273	318,251	-
Parks and Recreation	335,821	35,324,478	-	-
Library	-	-	-	-
Planning	-	-	-	-
Agriculture	-	-	-	-
Economic Development	-	-	-	-
Convention and Visitor Development	-	-	-	-
Cultural Affairs	-	-	-	-
Emergency Communications and Citizen Services	-	-	-	-
Fire	-	-	-	-
Housing and Neighborhood Preservation	-	-	-	-
General Government	-	-	-	-
Emergency Medical Services	-	-	-	-
Capital Outlay	-	-	-	-
Lease Payments	-	-	-	-
Subscription Payments	-	-	-	-
Debt Service:				
Principal Retirement	1,983,482	2,640,113	-	-
Interest and Fiscal Charges	227,983	1,201,846	-	-
Total Expenditures	<u>2,547,286</u>	<u>42,676,710</u>	<u>318,251</u>	<u>61,743,004</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>5,578,189</u>	<u>(5,200,741)</u>	<u>5,712,866</u>	<u>(35,838,328)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	7,830,025	-	34,608,250
Transfers Out	(3,500,000)	(1,561,500)	(4,676,341)	(13,334)
Capitalized Subscriptions	-	-	-	-
Total Other Financing Sources (Uses), net	<u>(3,500,000)</u>	<u>6,268,525</u>	<u>(4,676,341)</u>	<u>34,594,916</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>2,078,189</u>	<u>1,067,784</u>	<u>1,036,525</u>	<u>(1,243,412)</u>
FUND BALANCES - JULY 1	<u>4,464,026</u>	<u>9,721,830</u>	<u>4,064,339</u>	<u>(3,496,170)</u>
FUND BALANCES - JUNE 30	<u>\$ 6,542,215</u>	<u>\$ 10,789,614</u>	<u>\$ 5,100,864</u>	<u>\$ (4,739,582)</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, 2023**

Tourism Advertising Program	Tourism Investment Program	Town Center Special Service District	Wetlands Board Mitigation	Totals
\$ -	\$ -	\$ 2,337,343	\$ -	\$ 40,652,079
16,544,555	52,922,598	-	-	83,758,997
-	79,580	52,371	66,350	273,546
157,737	1,455,719	351,674	6,503	4,541,566
5,600	2,620	120,866	-	20,603,806
1,215	181,735	5,865	-	558,509
-	-	-	-	27,524,982
-	-	-	-	65,989,999
<u>16,709,107</u>	<u>54,642,252</u>	<u>2,868,119</u>	<u>72,853</u>	<u>243,903,484</u>
-	-	-	-	786
-	-	-	-	-
-	-	-	-	62,657,214
-	-	-	-	118,391
-	-	-	-	1,442,808
-	-	-	-	12,305,029
-	3,441,528	-	-	7,289,902
-	938,545	93,041	-	37,043,430
-	-	-	-	223,124
-	-	-	-	27,645
-	-	-	-	195,550
-	-	245,936	-	487,742
13,081,805	11,523,452	-	-	24,796,757
-	595,500	-	-	928,833
-	-	-	-	2,994
-	-	-	-	7,002,676
-	-	-	-	31,743,867
-	1,485,953	2,281,210	-	8,337,512
-	-	-	-	484,225
-	-	-	-	8,502
-	14,906	-	-	426,409
-	-	-	-	42,138
-	18,965,663	-	-	37,530,015
-	4,888,285	-	-	9,563,344
<u>13,081,805</u>	<u>41,853,832</u>	<u>2,620,187</u>	<u>-</u>	<u>242,658,893</u>
<u>3,627,302</u>	<u>12,788,420</u>	<u>247,932</u>	<u>72,853</u>	<u>1,244,591</u>
-	-	150,000	-	50,971,830
(56,838)	(9,010,230)	(1,634,226)	-	(40,014,825)
-	-	-	-	312,992
<u>(56,838)</u>	<u>(9,010,230)</u>	<u>(1,484,226)</u>	<u>-</u>	<u>11,269,997</u>
3,570,464	3,778,190	(1,236,294)	72,853	12,514,588
<u>7,491,508</u>	<u>50,043,710</u>	<u>3,199,146</u>	<u>461,779</u>	<u>116,567,655</u>
<u>\$ 11,061,972</u>	<u>\$ 53,821,900</u>	<u>\$ 1,962,852</u>	<u>\$ 534,632</u>	<u>\$ 129,082,243</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, 2023**

	Budget Amounts		Actual Amounts	Variance Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
Real Estate Property Taxes	\$ 6,145,597	\$ 6,145,597	\$ 5,896,397	\$ (249,200)
From Use of Money and Property	27,055	27,055	225,044	197,989
From Commonwealth	-	214,810	214,810	-
Total Revenues	<u>6,172,652</u>	<u>6,387,462</u>	<u>6,336,251</u>	<u>(51,211)</u>
<u>EXPENDITURES</u>				
Ag Admin & Support	237,678	243,704	195,550	48,154
Contingencies	438,172	432,146	-	432,146
Debt Service:				
Principal Retirement	6,949,719	6,949,719	6,949,719	-
Interest and Fiscal Charges	4,506,802	4,216,917	2,079,981	2,136,936
Total Expenditures	<u>12,132,371</u>	<u>11,842,486</u>	<u>9,225,250</u>	<u>2,617,236</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>(5,959,719)</u>	<u>(5,455,024)</u>	<u>(2,888,999)</u>	<u>2,566,025</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	6,949,719	6,949,719	6,949,719	-
Transfers Out	(990,000)	(1,494,695)	(1,963,471)	(468,776)
Total Other Financing Sources (Uses)	<u>5,959,719</u>	<u>5,455,024</u>	<u>4,986,248</u>	<u>(468,776)</u>
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>	<u>-</u>	<u>-</u>	<u>2,097,249</u>	<u>2,097,249</u>
<u>FUND BALANCE - JULY 1</u>	<u>17,407,043</u>	<u>17,407,043</u>	<u>17,407,043</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>	<u>\$ 17,407,043</u>	<u>\$ 17,407,043</u>	<u>\$ 19,504,292</u>	<u>\$ 2,097,249</u>

**CITY OF VIRGINIA BEACH, VIRGINIA
CENTRAL BUSINESS DISTRICT SOUTH TAX INCREMENT FINANCING SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Real Estate Property Taxes	\$ 9,460,247	\$ 9,460,247	\$ 8,626,852	\$ (833,395)
Other Local Taxes	500,000	500,000	500,000	-
From Use of Money and Property	2,000	2,000	49,581	47,581
Total Revenues	<u>9,962,247</u>	<u>9,962,247</u>	<u>9,176,433</u>	<u>(785,814)</u>
<u>EXPENDITURES</u>				
Contingencies	1,644,074	1,644,074	-	1,644,074
Debt Service:				
Principal Retirement	6,991,038	6,991,038	6,991,038	-
Interest and Fiscal Charges	1,177,135	1,177,135	1,165,249	11,886
Total Expenditures	<u>9,812,247</u>	<u>9,812,247</u>	<u>8,156,287</u>	<u>1,655,960</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>150,000</u>	<u>150,000</u>	<u>1,020,146</u>	<u>870,146</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers Out	(150,000)	(150,000)	(150,000)	-
Total Other Financing Sources (Uses)	<u>(150,000)</u>	<u>(150,000)</u>	<u>(150,000)</u>	<u>-</u>
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>	<u>-</u>	<u>-</u>	<u>870,146</u>	<u>870,146</u>
<u>FUND BALANCE - JULY 1</u>	<u>6,588,107</u>	<u>6,588,107</u>	<u>6,588,107</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>	<u>\$ 6,588,107</u>	<u>\$ 6,588,107</u>	<u>\$ 7,458,253</u>	<u>\$ 870,146</u>

**CITY OF VIRGINIA BEACH, VIRGINIA
 COMBINED AREA DREDGING PROJECTS SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Real Estate Property Taxes	\$ 749,884	\$ 749,884	\$ 711,315	\$ (38,569)
Total Revenues	<u>749,884</u>	<u>749,884</u>	<u>711,315</u>	<u>(38,569)</u>
<u>EXPENDITURES</u>				
Contingencies	<u>561,775</u>	<u>561,775</u>	<u>-</u>	<u>561,775</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	<u>188,109</u>	<u>188,109</u>	<u>711,315</u>	<u>523,206</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers Out	(714,504)	(714,504)	(714,504)	-
Use of Fund Balance	526,395	526,395	-	(526,395)
Total Other Financing Sources (Uses)	<u>(188,109)</u>	<u>(188,109)</u>	<u>(714,504)</u>	<u>(526,395)</u>
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>				
	<u>-</u>	<u>-</u>	<u>(3,189)</u>	<u>(3,189)</u>
<u>FUND BALANCE - JULY 1</u>				
	<u>688,417</u>	<u>688,417</u>	<u>688,417</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>				
	<u>\$ 688,417</u>	<u>\$ 688,417</u>	<u>\$ 685,228</u>	<u>\$ (3,189)</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, 2023**

	Budget Amounts		Actual Amounts	Variance Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
From Use of Money and Property	\$ -	\$ -	\$ 16,387	\$ 16,387
Charges for Services	3,508,100	3,508,100	1,688,704	(1,819,396)
Miscellaneous	-	-	121,199	121,199
From Federal Government	22,304,637	22,717,911	23,062,714	344,803
Total Revenues	<u>25,812,737</u>	<u>26,226,011</u>	<u>24,889,004</u>	<u>(1,337,007)</u>
<u>EXPENDITURES</u>				
HNP Section 8 Housing	25,887,821	26,340,503	25,170,747	1,169,756
Subscription Payments	-	-	42,138	(42,138)
Contingencies	39,072	-	-	-
Total Expenditures	<u>25,926,893</u>	<u>26,340,503</u>	<u>25,212,885</u>	<u>1,127,618</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	(114,156)	(114,492)	(323,881)	(209,389)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	76,000	76,000	76,000	-
Capitalized Subscriptions	-	-	312,992	312,992
Use of Fund Balance	38,156	38,492	-	(38,492)
Total Other Financing Sources (Uses)	<u>114,156</u>	<u>114,492</u>	<u>388,992</u>	<u>274,500</u>
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>				
	-	-	65,111	65,111
<u>FUND BALANCE - JULY 1</u>				
	<u>1,898,416</u>	<u>1,898,416</u>	<u>1,898,416</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>				
	<u>\$ 1,898,416</u>	<u>\$ 1,898,416</u>	<u>\$ 1,963,527</u>	<u>\$ 65,111</u>

**CITY OF VIRGINIA BEACH, VIRGINIA
FORFEITED ASSETS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023**

	Budget Amounts		Actual Amounts	Variance Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
From Use of Money and Property	\$ -	\$ -	\$ 34,007	\$ 34,007
From Commonwealth	-	-	252,507	252,507
From Federal Government	-	-	15,356	15,356
Total Revenues	<u>-</u>	<u>-</u>	<u>301,870</u>	<u>301,870</u>
<u>EXPENDITURES</u>				
Police Admin & Support	-	40,705	113,498	(72,793)
Police Investigations	-	107,987	91,677	16,310
Judicial	100,000	89,188	29,318	59,870
Police	-	349,803	265,124	84,679
Total Expenditures	<u>100,000</u>	<u>587,683</u>	<u>499,617</u>	<u>88,066</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	(100,000)	(587,683)	(197,747)	389,936
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers Out	-	(10,812)	(10,812)	-
Use of Fund Balance	100,000	598,495	-	(598,495)
Total Other Financing Sources (Uses)	<u>100,000</u>	<u>587,683</u>	<u>(10,812)</u>	<u>(598,495)</u>
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>				
	-	-	(208,559)	(208,559)
<u>FUND BALANCE - JULY 1</u>				
	<u>2,715,696</u>	<u>2,715,696</u>	<u>2,715,696</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>				
	<u>\$ 2,715,696</u>	<u>\$ 2,715,696</u>	<u>\$ 2,507,137</u>	<u>\$ (208,559)</u>

CITY OF VIRGINIA BEACH, VIRGINIA
GRANTS CONSOLIDATED FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023

	<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	\$ 40,000	\$ 2,212,200	\$ 1,805,186	\$ (407,014)
Miscellaneous	-	25,000	42,919	17,919
From Commonwealth	4,296,274	5,803,362	4,475,493	(1,327,869)
From Federal Government	3,771,540	8,231,525	36,819,747	28,588,222
Total Revenues	<u>8,107,814</u>	<u>16,272,087</u>	<u>43,143,345</u>	<u>26,871,258</u>
<u>EXPENDITURES</u>				
Housing & Neighborhood Preservation	2,412,512	12,804,960	2,022,684	10,782,276
Capital Outlay	-	(36,073)	8,502	(44,575)
Lease Payments	-	-	411,503	(411,503)
Parks and Recreation	-	1,133,222	351,545	781,677
Contingencies	2,492	-	-	-
Cultural Affairs	-	669,667	333,333	336,334
Library	-	32,107	2,031	30,076
Judicial	765,897	2,170,363	884,892	1,285,471
Health	-	157,554	118,391	39,163
Human Services	2,970,142	7,539,518	12,305,029	(4,765,511)
Emergency Communications and Citizen Services	3,000	3,000	2,994	6
Emergency Medical Services	375,000	4,171,257	1,193,925	2,977,332
Police	-	1,346,414	972,509	373,905
Convention and Visitor Development	-	2,201,300	191,500	2,009,800
Economic Development	-	243,371	241,806	1,565
Planning	-	37,429	27,645	9,784
Public Works	20,000	20,000	19,850	150
Fire	2,080,382	7,609,271	3,670,207	3,939,064
Communications	-	-	786	(786)
General Government	-	16,663,811	4,570,349	12,093,462
Total Expenditures	<u>8,629,425</u>	<u>56,767,171</u>	<u>27,329,481</u>	<u>29,437,690</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>(521,611)</u>	<u>(40,495,084)</u>	<u>15,813,864</u>	<u>56,308,948</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	821,611	818,652	818,652	-
Transfers Out	(300,000)	(91,808,583)	(16,554,711)	75,253,872
Total Other Financing Sources (Uses)	<u>8,629,425</u>	<u>(74,717,844)</u>	<u>27,407,286</u>	<u>161,000,510</u>
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>	<u>-</u>	<u>(131,485,015)</u>	<u>77,805</u>	<u>131,562,820</u>
<u>FUND BALANCE - JULY 1</u>	<u>2,833,179</u>	<u>2,833,179</u>	<u>2,833,179</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>	<u>\$ 2,833,179</u>	<u>\$ (128,651,836)</u>	<u>\$ 2,910,984</u>	<u>\$ 131,562,820</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, 2023

	<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	\$ -	\$ -	\$ 69,246	\$ 69,246
Miscellaneous	120,000	221,403	138,892	(82,511)
From Commonwealth	1,627,192	1,244,749	1,221,615	(23,134)
From Federal Government	3,100,063	5,924,766	3,159,425	(2,765,341)
Total Revenues	<u>4,847,255</u>	<u>7,390,918</u>	<u>4,589,178</u>	<u>(2,801,740)</u>
<u>EXPENDITURES</u>				
Housing & Neighborhood Preservation	3,586,595	13,844,810	3,827,271	10,017,539
HNP Homeless Services	-	(49)	-	(49)
HNP Section 8 Housing	1,461,599	937,308	723,165	214,143
Contingencies	209,387	-	-	-
Total Expenditures	<u>5,257,581</u>	<u>14,782,069</u>	<u>4,550,436</u>	<u>10,231,633</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	<u>(410,326)</u>	<u>(7,391,151)</u>	<u>38,742</u>	<u>7,429,893</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	539,184	539,184	539,184	-
Transfers Out	(128,858)	(128,858)	(128,858)	-
Total Other Financing Sources (Uses)	<u>410,326</u>	<u>410,326</u>	<u>410,326</u>	<u>-</u>
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>				
	<u>-</u>	<u>(6,980,825)</u>	<u>449,068</u>	<u>7,429,893</u>
<u>FUND BALANCE - JULY 1</u>				
	<u>7,845,596</u>	<u>7,845,596</u>	<u>7,845,596</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>				
	<u>\$ 7,845,596</u>	<u>\$ 864,771</u>	<u>\$ 8,294,664</u>	<u>\$ 7,429,893</u>

**CITY OF VIRGINIA BEACH, VIRGINIA
LAW LIBRARY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023**

	Budget Amounts		Actual Amounts	Variance Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
From Use of Money and Property	\$ 6,293	\$ 6,293	\$ 484	\$ (5,809)
Charges for Services	257,422	257,422	219,786	(37,636)
Miscellaneous	-	-	122	122
Total Revenues	<u>263,715</u>	<u>263,715</u>	<u>220,392</u>	<u>(43,323)</u>
<u>EXPENDITURES</u>				
Admin & Support	-	-	22,224	(22,224)
Programming & Operations	223,554	223,715	198,869	24,846
Contingencies	161	-	-	-
Total Expenditures	<u>223,715</u>	<u>223,715</u>	<u>221,093</u>	<u>2,622</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	<u>40,000</u>	<u>40,000</u>	<u>(701)</u>	<u>(40,701)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers Out	(40,000)	(40,000)	(40,000)	-
Total Other Financing Sources (Uses)	<u>(40,000)</u>	<u>(40,000)</u>	<u>(40,000)</u>	<u>-</u>
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>				
	-	-	(40,701)	(40,701)
<u>FUND BALANCE - JULY 1</u>				
	<u>(59,055)</u>	<u>(59,055)</u>	<u>(59,055)</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>				
	<u>\$ (59,055)</u>	<u>\$ (59,055)</u>	<u>\$ (99,756)</u>	<u>\$ (40,701)</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, 2023**

	<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>				
Other Local Taxes	\$ 7,149,728	\$ 7,149,728	\$ 8,125,475	\$ 975,747
Total Revenues	<u>7,149,728</u>	<u>7,149,728</u>	<u>8,125,475</u>	<u>975,747</u>
<u>EXPENDITURES</u>				
P&R Landscape Management	239,649	239,649	162,141	77,508
P&R Open Space Program	191,374	191,789	173,680	18,109
Contingencies	1,003,624	1,003,624	-	1,003,624
Debt Service:				
Principal Retirement	1,983,482	1,983,482	1,983,482	-
Interest and Fiscal Charges	231,599	231,599	227,983	3,616
Total Expenditures	<u>3,649,728</u>	<u>3,650,143</u>	<u>2,547,286</u>	<u>1,102,857</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>3,500,000</u>	<u>3,499,585</u>	<u>5,578,189</u>	<u>2,078,604</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers Out	(3,500,000)	(3,500,000)	(3,500,000)	-
Use of Fund Balance	-	415	-	(415)
Total Other Financing Sources (Uses)	<u>(3,500,000)</u>	<u>(3,499,585)</u>	<u>(3,500,000)</u>	<u>(415)</u>
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>	<u>-</u>	<u>-</u>	<u>2,078,189</u>	<u>2,078,189</u>
<u>FUND BALANCE - JULY 1</u>	<u>4,464,026</u>	<u>4,464,026</u>	<u>4,464,026</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>	<u>\$ 4,464,026</u>	<u>\$ 4,464,026</u>	<u>\$ 6,542,215</u>	<u>\$ 2,078,189</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, 2023**

	<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>				
Real Estate Property Taxes	\$ 23,735,660	\$ 23,735,660	\$ 22,773,198	\$ (962,462)
Permits, Privilege Fees, and Regulatory Licenses	39,500	39,500	72,828	33,328
From Use of Money and Property	1,412,968	1,412,968	2,109,670	696,702
Charges for Services	12,802,567	12,802,567	12,472,147	(330,420)
Miscellaneous	55,400	65,910	30,664	(35,246)
From Commonwealth	11,000	17,462	17,462	-
Total Revenues	<u>38,057,095</u>	<u>38,074,067</u>	<u>37,475,969</u>	<u>(598,098)</u>
<u>EXPENDITURES</u>				
P&R Admin & Support	4,975,632	4,979,421	4,303,766	675,655
P&R Landscape Management	2,356,746	2,356,746	2,277,164	79,582
P&R Programming & Operations	-	-	371	(371)
P&R Open Space Program	744,024	744,853	845,401	(100,548)
PW Facilities Management	3,396,634	3,993,626	3,510,273	483,353
Parks and Recreation	28,810,370	29,694,949	27,897,776	1,797,173
Contingencies	601,133	-	-	-
Debt Service:				
Principal Retirement	2,640,113	2,640,113	2,640,113	-
Interest and Fiscal Charges	1,204,376	1,204,376	1,201,846	2,530
Total Expenditures	<u>44,729,028</u>	<u>45,614,084</u>	<u>42,676,710</u>	<u>2,937,374</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>(6,671,933)</u>	<u>(7,540,017)</u>	<u>(5,200,741)</u>	<u>2,339,276</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	7,233,433	7,830,025	7,830,025	-
Transfers Out	(561,500)	(1,561,500)	(1,561,500)	-
Use of Fund Balance	-	1,271,492	-	(1,271,492)
Total Other Financing Sources (Uses)	<u>6,671,933</u>	<u>7,540,017</u>	<u>6,268,525</u>	<u>(1,271,492)</u>
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>	<u>-</u>	<u>-</u>	<u>1,067,784</u>	<u>1,067,784</u>
<u>FUND BALANCE - JULY 1</u>	<u>9,721,830</u>	<u>9,721,830</u>	<u>9,721,830</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>	<u>\$ 9,721,830</u>	<u>\$ 9,721,830</u>	<u>\$ 10,789,614</u>	<u>\$ 1,067,784</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, 2023

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Real Estate Property Taxes	\$ 297,642	\$ 297,642	\$ 306,974	\$ 9,332
Other Local Taxes	7,060,280	7,060,280	5,666,369	(1,393,911)
From Use of Money and Property	3,017	3,017	57,774	54,757
Total Revenues	<u>7,360,939</u>	<u>7,360,939</u>	<u>6,031,117</u>	<u>(1,329,822)</u>
<u>EXPENDITURES</u>				
PW Infrastructure Maintenance	457,675	502,675	318,251	184,424
Contingencies	2,417,935	2,417,935	-	2,417,935
Total Expenditures	<u>2,875,610</u>	<u>2,920,610</u>	<u>318,251</u>	<u>2,602,359</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	<u>4,485,329</u>	<u>4,440,329</u>	<u>5,712,866</u>	<u>1,272,537</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers Out	(4,676,341)	(4,676,341)	(4,676,341)	-
Use of Fund Balance	191,012	236,012	-	(236,012)
Total Other Financing Sources (Uses)	<u>(4,485,329)</u>	<u>(4,440,329)</u>	<u>(4,676,341)</u>	<u>(236,012)</u>
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>				
	-	-	1,036,525	1,036,525
<u>FUND BALANCE - JULY 1</u>				
	<u>4,064,339</u>	<u>4,064,339</u>	<u>4,064,339</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>				
	<u>\$ 4,064,339</u>	<u>\$ 4,064,339</u>	<u>\$ 5,100,864</u>	<u>\$ 1,036,525</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, 2023

	<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>				
Permits, Privilege Fees, and Regulatory Licenses	\$ 4,000	\$ 4,000	\$ 2,417	\$ (1,583)
From Use of Money and Property	14,000	14,000	7,740	(6,260)
Charges for Services	5,976,608	5,976,608	4,288,897	(1,687,711)
Miscellaneous	3,000	3,000	6,166	3,166
From Commonwealth	21,206,207	21,206,207	21,343,095	136,888
From Federal Government	150,000	150,000	256,361	106,361
Total Revenues	<u>27,353,815</u>	<u>27,353,815</u>	<u>25,904,676</u>	<u>(1,449,139)</u>
<u>EXPENDITURES</u>				
Judicial	<u>57,594,269</u>	<u>62,040,286</u>	<u>61,743,004</u>	<u>297,282</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	<u>(30,240,454)</u>	<u>(34,686,471)</u>	<u>(35,838,328)</u>	<u>(1,151,857)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	30,252,054	34,608,250	34,608,250	-
Transfers Out	(11,600)	(13,334)	(13,334)	-
Use of Fund Balance	-	91,555	-	(91,555)
Total Other Financing Sources (Uses)	<u>30,240,454</u>	<u>34,686,471</u>	<u>34,594,916</u>	<u>(91,555)</u>
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>				
	-	-	(1,243,412)	(1,243,412)
<u>FUND BALANCE - JULY 1</u>				
	<u>(3,496,170)</u>	<u>(3,496,170)</u>	<u>(3,496,170)</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>				
	<u>\$ (3,496,170)</u>	<u>\$ (3,496,170)</u>	<u>\$ (4,739,582)</u>	<u>\$ (1,243,412)</u>

CITY OF VIRGINIA BEACH, VIRGINIA
TOURISM ADVERTISING PROGRAM SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023

	Budget Amounts		Actual Amounts	Variance Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Other Local Taxes	\$ 15,892,057	\$ 15,892,057	\$ 16,544,555	\$ 652,498
From Use of Money and Property	49,100	49,100	157,737	108,637
Charges for Services	-	-	5,600	5,600
Miscellaneous	4,000	4,000	1,215	(2,785)
Total Revenues	<u>15,945,157</u>	<u>15,945,157</u>	<u>16,709,107</u>	<u>763,950</u>
EXPENDITURES				
CVB Admin & Support	654,356	654,356	357,118	297,238
CVB Sales & Marketing	14,063,720	14,194,261	11,668,460	2,525,801
CVB Tourism Promotion	1,230,039	1,239,679	1,056,227	183,452
Contingencies	19,298	-	-	-
Total Expenditures	<u>15,967,413</u>	<u>16,088,296</u>	<u>13,081,805</u>	<u>3,006,491</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(22,256)</u>	<u>(143,139)</u>	<u>3,627,302</u>	<u>3,770,441</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	(56,838)	(56,838)	(56,838)	-
Use of Fund Balance	79,094	199,977	-	(199,977)
Total Other Financing Sources (Uses)	<u>22,256</u>	<u>143,139</u>	<u>(56,838)</u>	<u>(199,977)</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>-</u>	<u>-</u>	<u>3,570,464</u>	<u>3,570,464</u>
FUND BALANCE - JULY 1	<u>7,491,508</u>	<u>7,491,508</u>	<u>7,491,508</u>	<u>-</u>
FUND BALANCE - JUNE 30	<u>\$ 7,491,508</u>	<u>\$ 7,491,508</u>	<u>\$ 11,061,972</u>	<u>\$ 3,570,464</u>

CITY OF VIRGINIA BEACH, VIRGINIA
TOURISM INVESTMENT PROGRAM SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Other Local Taxes	\$ 49,150,082	\$ 49,150,082	\$ 52,922,598	\$ 3,772,516
Permits, Privilege Fees, and Regulatory Licenses	-	-	79,580	79,580
From Use of Money and Property	891,250	891,250	1,455,719	564,469
Charges for Services	-	-	2,620	2,620
Miscellaneous	1,778	351,778	181,735	(170,043)
Total Revenues	<u>50,043,110</u>	<u>50,393,110</u>	<u>54,642,252</u>	<u>4,249,142</u>
<u>EXPENDITURES</u>				
CA Admin & Support	1,270,500	1,345,500	599,488	746,012
P&R Landscape Management	999,689	968,725	938,545	30,180
CVB Admin & Support	8,544	8,544	7,472	1,072
CVB Programming & Operations	11,688,250	16,413,542	11,003,752	5,409,790
CVB Sales & Marketing	483,408	763,408	528,323	235,085
PW Engineering	-	-	99	(99)
PW Facilities Management	780,896	801,754	697,204	104,550
PW Infrastructure Maintenance	3,117,806	4,161,437	2,724,142	1,437,295
Non Dept Community & Organization Contributions	1,323,888	1,358,888	1,358,888	-
GG General	-	405,582	127,065	278,517
Lease Payments	-	-	14,906	(14,906)
Contingencies	3,900,320	3,552,500	-	3,552,500
Debt Service:				
Principal Retirement	18,965,663	18,965,663	18,965,663	-
Interest and Fiscal Charges	7,704,808	7,649,226	4,888,285	2,760,941
Total Expenditures	<u>50,243,772</u>	<u>56,394,769</u>	<u>41,853,832</u>	<u>14,540,937</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>(200,662)</u>	<u>(6,001,659)</u>	<u>12,788,420</u>	<u>18,790,079</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers Out	(6,798,230)	(9,010,230)	(9,010,230)	-
Use of Fund Balance	6,998,892	15,011,889	-	(15,011,889)
Total Other Financing Sources (Uses)	<u>200,662</u>	<u>6,001,659</u>	<u>(9,010,230)</u>	<u>(15,011,889)</u>
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>	<u>-</u>	<u>-</u>	<u>3,778,190</u>	<u>3,778,190</u>
<u>FUND BALANCE - JULY 1</u>	<u>50,043,710</u>	<u>50,043,710</u>	<u>50,043,710</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>	<u>\$ 50,043,710</u>	<u>\$ 50,043,710</u>	<u>\$ 53,821,900</u>	<u>\$ 3,778,190</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, 2023**

	<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>				
Real Estate Property Taxes	\$ 2,313,491	\$ 2,313,491	\$ 2,337,343	\$ 23,852
Permits, Privilege Fees, and Regulatory Licenses	-	-	52,371	52,371
From Use of Money and Property	365,500	365,500	351,674	(13,826)
Charges for Services	194,300	194,300	120,866	(73,434)
Miscellaneous	-	-	5,865	5,865
Total Revenues	<u>2,873,291</u>	<u>2,873,291</u>	<u>2,868,119</u>	<u>(5,172)</u>
<u>EXPENDITURES</u>				
P&R Landscape Management	132,990	132,990	93,041	39,949
Parking Operations	2,874,990	2,946,729	2,527,146	419,583
Total Expenditures	<u>3,007,980</u>	<u>3,079,719</u>	<u>2,620,187</u>	<u>459,532</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	(134,689)	(206,428)	247,932	454,360
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	150,000	150,000	150,000	-
Transfers Out	(1,634,226)	(1,634,226)	(1,634,226)	-
Use of Fund Balance	1,618,915	1,690,654	-	(1,690,654)
Total Other Financing Sources (Uses)	<u>134,689</u>	<u>206,428</u>	<u>(1,484,226)</u>	<u>(1,690,654)</u>
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>				
	-	-	(1,236,294)	(1,236,294)
<u>FUND BALANCE - JULY 1</u>				
	<u>3,199,146</u>	<u>3,199,146</u>	<u>3,199,146</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>				
	<u>\$ 3,199,146</u>	<u>\$ 3,199,146</u>	<u>\$ 1,962,852</u>	<u>\$ (1,236,294)</u>

DEBT SERVICE FUND

DEBT SERVICE FUND

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

CITY OF VIRGINIA BEACH, VIRGINIA
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023

	Budget Amounts		Actual Amounts	Variance Final Budget Positive (Negative)
	Original	Final		
REVENUES				
From Use of Money and Property	\$ -	\$ -	\$ (1,150,676)	\$ (1,150,676)
Federal Reimbursement of Interest	-	-	245,047	245,047
Total Revenues	-	-	(905,629)	(905,629)
EXPENDITURES				
Contingencies	-	504,695	-	504,695
Principal	33,652,075	33,652,075	31,458,108	2,193,967
Interest	16,481,579	16,481,579	14,958,460	1,523,119
Total Expenditures	50,133,654	50,638,349	46,416,568	4,221,781
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(50,133,654)	(50,638,349)	(47,322,197)	3,316,152
OTHER FINANCING SOURCES (USES)				
Transfers In	50,133,654	50,638,349	47,144,992	(3,493,357)
Transfers Out	(6,949,719)	(6,949,719)	(6,949,719)	-
Use of Fund Balance	6,949,719	6,949,719	-	(6,949,719)
Total Other Financing Sources (Uses)	50,133,654	50,638,349	40,195,273	(10,443,076)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	-	-	(7,126,924)	(7,126,924)
FUND BALANCE - JULY 1	37,409,169	37,409,169	37,409,169	-
FUND BALANCE - JUNE 30	\$ 37,409,169	\$ 37,409,169	\$ 30,282,245	\$ (7,126,924)

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 General Government capital assets and infrastructure. The categories of projects accounted for in this fund are engineering and highways, buildings and assets, flood protection, communications and information technology, parks and recreation, coastal, and economic and tourism development.

**CITY OF VIRGINIA BEACH, VIRGINIA
ENGINEERING AND HIGHWAYS CAPITAL PROJECTS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2023**

Project Number	Project Name	Budget to Date	Current Year Expenditures	Total Expenditures	Construction In Progress	Outstanding Encumbrances	Available Balance
100041	BIRDNECK ROAD - PHASE II	\$ 8,415,975	\$ -	\$ 8,069,815	\$ -	\$ -	\$ 346,160
100050	BUS STOP INFRASTRUCTURE-ACCESS IMP	1,667,126	324,235	757,316	757,316	9,321	900,489
100055	CAVALIER DRIVE IMPROVEMENTS	2,449,040	-	2,059,972	-	-	389,068
100057	CENTERVILLE TURNPIKE - PHASE II	44,077,711	137,934	3,815,304	3,815,304	74,730	40,187,677
100058	CENTERVILLE TURNPIKE - PHASE III	41,145,909	4,173	1,680,573	1,680,573	2,586,534	36,878,802
100122	STREET LIGHTING IMPROVEMENTS - PHASE II	820,000	290	667,229	290	152,771	-
100123	CLEVELAND STREET IMPROVEMENTS IV	20,249,933	619,483	788,177	788,177	10,359	19,451,397
100159	ELBOW ROAD EXTENDED - PHASE II-C	25,091,600	84,091	522,097	522,097	1,447	24,568,056
100160	ELBOW ROAD EXTENDED II-D	500,000	-	2,911	-	-	497,089
100171	FERRELL PARKWAY	4,245,672	-	92,548	92,548	65,706	4,087,418
100183	FIRST COLONIAL RD-VB BLVD INTERSECTION	34,044,516	4,017,664	15,970,308	-	398,496	17,675,712
100192	GENERAL BOOTH-CAMP PENDLETON INTERS IMPR	1,909,000	67,830	260,638	260,638	27,997	1,620,365
100199	GREENWICH RD-CLEVELAND ST CROSSOVER	14,881,314	79,796	8,648,672	8,648,672	9,909	6,222,733
100211	I-264 INDEPENDENCE INTERCHANGE IMPROVEMENTS	500,000	196,424	196,424	196,424	-	303,576
100212	INDEPENDENCE BLVD-BAXTER RD SIDEWALK	1,631,809	444,078	1,526,056	-	73,971	31,782
100213	INDIAN RIVER ROAD - PHASE VII-B	12,879,886	-	-	-	-	12,879,886
100214	INDIAN RIVER ROAD-KEMPSVILLE ROAD IMPROVEMENT	20,863,848	232,453	19,921,580	232,453	10,051	932,217
100217	INDIAN RIVER ROAD - PHASE VII-A	59,273,923	350,211	9,372,460	9,372,460	1,472	49,899,991
100218	INDIAN RIVER-PROVIDENCE INTER IMPROVE	2,052,200	777,133	1,984,460	-	67,740	-
100235	LANDSTOWN ROAD IMPROVEMENTS PHASE I	4,457,565	36,915	1,253,774	1,253,774	137,218	3,066,573
100239	LASKIN ROAD PHASE I-B	2,278,981	-	2,266,061	2,266,061	-	12,920
100240	LASKIN ROAD BRIDGE REPLACEMENT	20,530,598	3,601,807	3,602,127	-	350,170	16,578,301
100242	LASKIN ROAD - PHASE I-A (VDOT)	23,619,480	4,214,573	4,225,249	-	16,231,840	3,162,391
100246	LESNER BRIDGE REPLACEMENT	111,304,439	42,572	110,243,414	42,572	1,061,025	-
100261	LYNNHAVEN PARKWAY - PHASE XI	1,769,125	-	1,402,919	-	-	366,206
100268	MAJOR BRIDGE REHABILITATION - PHASE II	13,820,284	2,616,330	10,365,745	-	223,836	3,230,703
100276	NIMMO PARKWAY PHASE II-A	3,277,261	29,229	2,986,177	29,229	14,748	276,336
100278	NIMMO PARKWAY - PHASE VII-B	19,011,438	130,827	1,420,599	1,420,599	173,867	17,416,972
100296	PACIFIC AVENUE IMPROVEMENTS	15,080,000	5,537	14,391,994	-	-	688,006
100301	PARLIAMENT DRIVE SIDEWALK PHASE II	1,212,658	32,943	174,350	174,350	1,038,308	-
100306	PLEASURE HOUSE ROAD STREET IMPROVE - PHASE II	1,905,211	57,058	119,040	119,040	41,073	1,745,098
100317	PRINCESS ANNE ROAD - PHASE V11-A	350,000	-	218,763	218,763	-	131,237
100318	PRINCESS ANNE PHASE VII	30,109,843	971,375	29,132,412	-	235,029	742,402
100319	PRINCESS ANNE-KEMPSVILLE ROAD INTERSECTION	86,071,045	300	86,064,018	-	-	7,027
100322	PROVIDENCE ROAD SIDEWALK	1,099,000	598,312	1,054,623	-	44,377	-
100329	INDIAN RIVER RD/PRINCESS ANNE RD INT IMP	210,211	-	210,211	210,211	-	-
100340	ROSEMONT ROAD - PHASE V	19,690,000	81,270	1,325,348	1,325,348	673,439	17,691,213
100347	RURAL ROAD IMPROVEMENTS - PHASE II	1,754,424	54,787	92,647	92,647	28,310	1,633,467
100355	SANDBRIDGE ROAD BRIDGE REPLACEMENT	7,887,467	4,987	7,503,129	4,987	19,391	364,947
100356	SANDBRIDGE ROAD-NIMMO - PHASE VII-A	25,425,742	9,643,185	11,734,815	-	353,191	13,337,736
100379	SHIPPS CORNER ROAD IMPROVEMENTS	750,240	2,269	405,173	405,173	35,737	309,330
100381	SHORE DRIVE CORRIDOR IMPRV-PHASE III	39,255,831	230,522	2,449,175	2,449,175	344,467	36,462,189
100383	SHORE DRIVE CORRIDOR IMPRV-PHASE IV	10,930,538	534,034	932,471	932,471	1,934,031	8,064,036
100401	STREET RECONSTRUCTION - PHASE II	28,625,000	4,184,173	21,242,085	2,995,912	410,357	6,972,558
100422	TRAFFIC CALMING	650,000	92,102	142,491	142,491	6,626	500,883
100423	TRAFFIC SAFETY IMPROVEMENTS - PHASE IV	18,662,809	6,277,561	14,914,826	14,914,826	80,000	3,667,983
100424	TRAFFIC SAFETY IMPROVEMENTS - PHASE III	17,062,305	203,416	16,173,391	212,167	888,914	-
100425	TRAFFIC SIGNAL REHAB - PHASE II	5,930,250	514,648	2,491,212	2,491,212	257,025	3,182,013
100428	TRANSPORTATION NETWORK ANALYSIS	2,632,250	-	2,444,486	-	187,764	-
100429	UPTON DR EXT-DAM NECK IMPROVEMENTS	1,300,000	-	13,219	13,219	-	1,286,781
100447	VAR COST PARTICIPATION PROJECTS II	325,000	-	-	-	-	325,000
100483	WEST NECK ROAD - PHASE IV	9,366,533	3,770,350	5,580,322	5,580,322	424,539	3,361,672
100484	WETLANDS MITIGATION BANKING - PHASE II	200,000	-	500	500	-	199,500
100492	WITCHDUCK ROAD - PHASE II	58,788,998	1,060,269	57,186,193	1,060,269	75,125	1,527,680
100501	LASKIN ROAD - PHASE II	783,111	-	625,465	-	-	157,646
100502	CITY WIDE STREET LIGHTING IMPROVEMENTS III	210,000	64,614	82,385	82,385	127,614	1
100522	TRAFFIC SIGNAL RETIMING II	1,361,180	227,796	425,482	425,482	338,116	597,582
100524	PLEASURE HOUSE ROAD STREET IMPROVEMENTS - PHASE I	1,057,139	36,421	76,288	76,288	127,136	853,715
100529	ELBOW ROAD EXTENDED - PHASE II - B	50,117,537	407,436	7,697,704	8,135,828	1,269,750	41,150,083
100537	DAM NECK RD-HOLLAND RD INTERSECTION IMPROVEMENTS	430,000	-	-	-	-	430,000
100542	GENERAL BOOTH BOULEVARD-OCEANA BLVD INTER IMPRV	500,000	-	-	-	-	500,000
100554	INDEPENDENCE BLVD-COLUMBUS ST PEDESTRIAN IMP	511,385	51,404	74,559	74,559	436,826	-
100555	PARLIAMENT DR-SIDEWALK PHASE I	1,083,386	79,186	79,186	79,186	9,323	994,877
100556	SANDBRIDGE RD-SIDEWALK	787,602	81,114	81,114	81,114	3,753	702,735
100633	ATLANTIC AVE PEDESTRIAN IMPROVEMENTS	266,000	-	-	-	-	266,000
100634	CONSTRUCTION & ENGINEERING INSPECTION PROGRAM	3,500,000	31,191	31,191	31,191	51,313	3,417,496
		<u>\$ 942,651,328</u>	<u>\$ 47,306,308</u>	<u>\$ 499,272,873</u>	<u>\$ 73,711,214</u>	<u>\$ 31,124,742</u>	<u>\$ 412,253,713</u>

**CITY OF VIRGINIA BEACH, VIRGINIA
BUILDINGS CAPITAL PROJECTS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2023**

Project Number	Project Name	Budget to Date	Current Year Expenditures	Total Expenditures	Construction In Progress	Outstanding Encumbrances	Available Balance
100015	AQUARIUM MARSH PAVILION ENHANCEMENTS	\$ 15,252,933	\$ -	\$ 14,811,742	\$ -	\$ 9,825	\$ 431,366
100016	AQUARIUM MARSH PAVILION - PHASE II	13,418,683	973,379	13,284,976	973,379	48,060	85,647
100019	ARC FLASH MITIGATION	4,780,000	132,823	3,516,810	-	83	1,263,107
100047	BUILDING SECURITY	1,100,000	170,680	368,095	187,721	731,905	-
100120	CITY HALL REPLACEMENT	50,250,000	1,663,080	49,910,483	1,592,200	95,569	243,948
100138	CONVENTION CENTER CAPITAL MAINTENANCE	11,572,549	437,655	5,433,769	437,655	267,992	5,870,788
100164	ENERGY PERFORMANCE CONTRACTS - PHASE I	5,459,915	41,486	4,958,440	-	79,740	421,735
100165	ENERGY PERFORMANCE CONTRACTS - PHASE II	2,200,000	292,591	691,499	691,499	478,702	1,029,799
100166	EOC SPACE REVISION, TECH & SECURITY UPGRADE	525,814	-	525,814	-	-	-
100170	FACILITIES PLANNING SERVICES	1,120,467	105,936	533,556	105,936	586,911	-
100175	FIRE APPARATUS - PHASE IV	17,201,525	4,528,686	16,283,736	12,394,802	307,104	610,685
100176	FIRE FACILITY REHAB & RENEWAL - PHASE III	6,315,791	309,768	5,607,880	-	707,911	-
100178	FIRE TRAINING CENTER IMPROVEMENTS - PHASE IV	2,273,155	649,200	1,314,697	1,314,697	228,409	730,049
100181	FIRE-RESCUE STATION BURTON STATION	7,810,000	2,628,037	7,390,348	-	267,230	152,422
100202	HERITAGE BUILDING MAINTENANCE - PHASE I	2,094,746	890	2,062,682	890	32,064	-
100203	HERITAGE BUILDING MAINTENANCE - PHASE II	2,775,000	368,078	1,158,653	-	10,178	1,606,169
100224	INTERMEDIATE CARE FACILITIES REN-REP - PHASE I	1,549,776	36,945	240,463	36,945	57,750	1,251,563
100225	JUDICIAL CENTER MAINTENANCE	2,104,372	704,365	1,433,265	-	39,940	631,167
100233	LANDFILL #2 - PHASE I CAPPING	21,677,000	9,797,617	17,642,445	17,642,445	3,549,133	485,422
100248	LIBRARY ENHANCEMENTS	5,347,039	424,807	4,315,685	-	276,598	754,756
100291	OPERATIONS FACILITIES RENOVATIONS	84,640,000	14,318,251	44,753,014	14,318,251	1,031,881	38,855,105
100308	POLICE DEPT HELICOPTER	9,127,667	-	8,890,650	4,556,561	-	237,017
100325	PUBLIC SAFETY EQUIPMENT REPLACEMENT	9,635,572	2,617,969	8,642,835	8,642,835	34,651	958,086
100392	CITY SECURITY ENHANCEMENTS	3,229,818	493,488	969,120	969,120	226,231	2,034,467
100435	VA AQUARIUM ANIMAL CARE ANNEX	19,261,914	124,884	19,212,404	-	2,267	47,243
100436	VA AQUARIUM BLDG SYS REHAB & RENEWAL	13,706,589	3,093	13,206,769	3,093	48,190	451,630
100437	VA AQUARIUM BUILDING SYSTEMS & FACILITY	5,738,160	721,163	2,783,682	-	36,064	2,918,414
100445	VAR BLDGS HVAC REHAB & RENEWAL - PHASE IV	12,500,000	1,457,696	7,700,692	-	205,123	4,594,185
100446	VAR BLDGS REHAB & RENEWAL - PHASE IV	20,924,751	3,699,353	15,388,581	-	1,464,561	4,071,609
100457	VETERANS MEMORIAL SUSTAINMENT	655,829	32,493	490,404	-	-	165,425
100463	VIRGINIA AQUARIUM RENEW & REPLACE - PHASE III	2,699,204	694,984	1,040,468	694,984	1,448,220	210,516
100503	JUDICIAL CENTER ESCALATOR REPLACEMENT	10,614,900	278,821	369,006	278,821	55,483	10,190,411
100513	VIRGINIA AQUARIUM MONUMENT SIGNS	600,000	25,315	27,240	25,315	21,153	551,607
100584	HOUSING RESOURCE CENTER ACCESSIBILITY	1,464,000	90,855	94,632	94,632	1,512	1,367,856
100588	HVAC REC CENTERS HVAC REHAB & REN ARPA	4,400,000	147,937	147,937	147,937	1,614,260	2,637,803
100589	HVAC CENTRAL UTILITY PLANT HVAC REHAB & RENEW ARPA	4,646,254	101,365	101,365	101,365	347,158	4,197,731
100590	HVAC COURTS BUILDING DDC HVAC REHAB & RENEW ARPA	2,970,000	63,148	63,148	63,148	51,760	2,855,092
100591	PARKS & RECREATION LANDSCAPE YARD ARPA	13,251,244	348,729	492,195	492,195	68,745	12,690,304
100608	VIRGINIA AQUARIUM ANIMAL HOLDING FACILITY RENO	4,321,715	320,442	356,607	356,607	20,877	3,944,231
100614	LEROY RD IMPOUND LOT REMEDIAL ACTION	1,443,700	-	-	-	-	1,443,700
TOTAL BUILDINGS CAPITAL PROJECTS		<u>\$ 400,660,082</u>	<u>\$ 48,806,009</u>	<u>\$ 276,215,787</u>	<u>\$ 66,123,033</u>	<u>\$ 14,453,240</u>	<u>\$ 109,991,055</u>

**CITY OF VIRGINIA BEACH, VIRGINIA
FLOOD PROTECTION PROGRAM CAPITAL PROJECTS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2023**

Project Number	Project Name	Budget to Date	Current Year Expenditures	Total Expenditures	Construction In Progress	Outstanding Encumbrances	Available Balance
100061	CENTRAL RESORT DISTRICT - 24TH ST CULVER	\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ 100,000
100062	CENTRAL RESORT DISTRICT DRAINAGE IMPROVEMENT	92,000,000	4,395	330,316	330,315	628,832	91,040,852
100418	THE LAKES HOLLAND ROAD GATE	8,507,000	97,499	97,499	97,499	68,385	8,341,116
100487	WINDSOR WOODS PUMP STATION	39,750,000	219,981	481,773	481,773	10,269,536	28,998,691
100516	PRINCESS ANNE PLAZA - BOW CREEK STORMWATER PARK	76,895,850	2,864,854	4,479,614	4,479,615	368,229	72,048,007
100517	PRINCESS ANNE PLAZA N LONDON BRIDGE PUMP STATION	60,900,000	249,133	3,412,819	5,450,179	2,146,654	55,340,527
100538	EASTERN SHORE DR-ELEVATE LYNNHAVEN DR	3,600,000	-	-	-	-	3,600,000
100548	PUNGO FERRY RD IMPROVEMENTS	11,500,000	118,512	118,512	118,512	121,049	11,260,439
100551	STORMWATER GREEN INFRASTRUCTURE	39,925,000	522,227	522,227	522,227	1,189,201	38,213,572
100553	WINDSOR WOODS-THALIA CREEK-LAKE TRASHMORE IMP	5,200,000	-	-	-	-	5,200,000
100578	STORMWATER PROJECT ADMINISTRATION	3,000,000	1,238,716	2,094,242	2,094,242	55,405	850,353
100595	CHUBB LAKE/LAKE BRADFORD PUMP STATION AND OUTFALL	78,200,000	236,695	236,695	236,695	601,007	77,362,298
100596	CHURCH POINT/THOROUGHGOOD DRAINAGE IMPROV	35,900,000	-	-	-	528,362	35,371,638
100597	EASTERN SHORE DRIVE - PH 1 SECTION 1F IMPROVEMENTS	1,560,000	-	-	-	68,832	1,491,168
100598	EASTERN SHORE DRIVE - PH 1 SECTION 1G IMPROVEMENTS	940,000	-	-	-	410,492	529,508
100599	EASTERN SHORE DRIVE - POINCIANA PUMP STATION	8,200,000	36,261	36,261	36,261	410,492	7,753,247
100600	SEATAACK NEIGHBORHOOD DRAINAGE IMPROVEMENTS	4,325,000	312,835	312,835	312,835	1,458,576	2,553,589
100601	FIRST COLONIAL & OCEANA BLVD DRAINAGE IMPROVEMENTS	4,346,663	94,445	94,445	94,445	91,927	4,160,291
100602	WEST NECK CREEK BRIDGE	69,000,000	385	385	385	-	68,999,615
100603	SANDBRIDGE/NEW BRIDGE INTERSECTION IMPROVEMENTS	7,990,000	144,889	144,889	144,889	245,455	7,599,656
100604	THE LAKES - FLOOD BARRIERS	3,600,000	97,499	97,499	97,499	329,799	3,172,702
100605	WINDSOR WOODS - FLOOD BARRIERS	14,000,000	-	-	-	-	14,000,000
TOTAL FLOOD PROTECTION PROGRAM CAPITAL PROJECTS		\$ 569,439,513	\$ 6,238,326	\$ 12,460,011	\$ 14,497,371	\$ 18,992,233	\$ 537,987,269

CITY OF VIRGINIA BEACH, VIRGINIA
COMMUNICATIONS AND INFORMATION TECHNOLOGY CAPITAL PROJECTS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2023

Project Number	Project Name	Budget to Date	Current Year Expenditures	Total Expenditures	Construction In Progress	Outstanding Encumbrances	Available Balance
100067	NEXT GENERATION CONTENT MANAGMENT	\$ 575,000	\$ 262,605	\$ 534,907	\$ -	\$ 7,370	\$ 32,723
100074	21ST CENTURY ENTERPRISE RESOURCE (HCM)	8,863,226	368,606	518,606	518,606	28,146	8,316,474
100075	21ST CENTURY ENTERPRISE RESOURCE (ERP)	13,873,284	175,201	12,777,952	-	114,000	981,332
100076	ACCELA SUSTAINMENT	2,121,532	670,854	2,044,797	-	76,734	1
100082	CABLE ACCESS INFRASTRUCTURE REPLACE - PHASE I	3,797,261	502,162	3,237,099	-	-	560,162
100083	CABLE ACCESS INFRASTRUCTURE REPLACE - PHASE II	1,575,000	-	-	-	-	1,575,000
100084	CITY SOFTWARE UPGRADE-REPLACE	12,695,800	2,487,277	10,765,211	-	1,838	1,928,751
100086	COMMUNICATION INFRASTRUCTURE REPLACE - PHASE II	32,106,051	959,537	31,879,241	-	-	226,810
100087	COMMUNICATION INFRASTRUCTURE REPLACE - PHASE III	29,736,166	9,742,804	14,456,854	-	1,509,824	13,769,488
100094	ENTERPRISE CUST RELATIONSHIP MGMT SY	2,031,219	731,579	1,330,580	731,579	700,639	-
100095	ENTERPRISE SCHEDULING-TIMEKEEPING SY	5,736,589	1,223,407	5,101,948	-	170,062	464,579
100097	FIRE MOBILE RADIO REPEATERS	475,520	-	308,208	308,208	167,311	1
100100	HS COMPREHENSIVE HEALTH RECORDS SYSTEM	1,496,168	440,201	1,301,521	-	24,177	170,470
100103	IT SERVICE CONTINUITY - PHASE II	7,431,139	917,152	6,037,741	-	193,075	1,200,323
100105	MAINTAIN & SECURE CORPORATE DATA	3,962,460	1,147,954	3,421,208	-	439,204	102,048
100106	NEXT GENERATION NETWORK	16,705,648	2,041,431	10,866,732	1,744,589	98,196	5,740,720
100107	NETWORK INFRASTRUCTURE REPLACE - PHASE III	26,125,407	7,697,189	18,489,809	-	2,972,840	4,662,758
100110	POLICE OCEANFRONT CAMERAS	4,965,400	293,777	4,323,193	-	642,207	-
100112	POLICE RADIO ENCRYPTION	4,958,165	272,863	4,678,768	-	-	279,397
100113	ENTERPRISE PUBLIC SAFETY SYSTEMS	19,276,162	6,154,675	16,133,181	-	17,895	3,125,086
100116	STORM SURGE AND SUSTAIN MODELING	306,158	13,540	250,283	-	55,875	-
100118	TELECOMMUNICATIONS REPLACEMENT - PHASE II	5,654,494	295,358	3,435,755	-	3,441	2,215,298
100412	E-BUSINESS SUITE UPGRADE	943,188	-	806,777	-	136,411	-
100514	REAL ESTATE SOFTWARE REVITALIZATION	3,250,000	-	-	-	-	3,250,000
100533	NEXT GENERATION 911	4,061,397	957,677	1,125,802	-	14,907	2,920,688
100569	LIBRARIES MEETING SPACE TECHNOLOGY MODERNIZATION	325,396	268,433	268,433	268,433	-	56,963
100570	ECCS BACK-UP SITE PHASE II	250,000	-	-	-	12,910	237,090
100572	HR/FINANCE SOFTWARE SUSTAINMENT	2,485,862	1,445,294	2,177,657	-	226,080	82,125
100574	COURTS TECHNOLOGY SYSTEM SUSTAINMENT	1,643,064	757,547	1,137,630	-	242,681	262,753
100579	JUVENILE DETENTION CENTER SECURITY REPLACEMENT	1,088,266	408,343	461,266	461,266	627,000	-
100580	GUNSHOT DETECTION SYSTEM	2,016,000	369,500	649,500	649,500	254,007	1,112,493
100581	CRIME PREVENTION THROUGH ENVIRONMENTAL DESIGN	1,867,000	953,700	1,246,935	-	104,985	515,080
100583	WIFI IN CITY PARKS	217,480	54,843	80,511	80,511	136,969	-
100592	TELEHEALTH & CASE MANAGEMENT ARPA	2,224,000	739,125	1,058,366	1,058,366	212,894	952,740
100593	SOUTHSIDE NETWORK AUTH REG BROADBAND RING ARPA	8,300,000	804,401	5,804,401	-	-	2,495,599
100594	LIBRARIES MEETING SPACE TECH MODERNIZATION ARPA	743,000	28,850	28,850	28,850	246,563	467,587
100618	REVENUE MANAGEMENT SYSTEM SUSTAINMENT	547,696	269,480	269,480	269,480	278,215	1
100619	CHECK PROCESSING SYSTEM UPGRADE	677,000	287,030	287,030	287,030	-	389,970
100620	HSD DOCUMENT MANAGEMENT SYSTEM	1,353,000	68,340	68,340	68,340	-	1,284,660
100621	CSA MODERNIZATION	975,000	20,305	20,305	20,305	-	954,695
100624	FORENSIC EVIDENCE MANAGEMENT	506,000	-	-	-	137,360	368,640
100656	SHERIFFS BODY WORN CAMERAS	640,123	605,172	605,172	605,172	34,951	-
TOTAL COMMUNICATIONS AND INFORMATION TECHNOLOGY CAPITAL PROJECTS		\$ 238,581,321	\$ 44,436,212	\$ 167,990,049	\$ 7,100,235	\$ 9,888,767	\$ 60,702,505

**CITY OF VIRGINIA BEACH, VIRGINIA
PARKS AND RECREATION CAPITAL PROJECTS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2023**

Project Number	Project Name	Budget to Date	Current Year Expenditures	Total Expenditures	Construction In Progress	Outstanding Encumbrances	Available Balance
100023	ATHLETIC FIELDS LIGHTING-RENOV - PHASE III	\$ 3,152,277	\$ 239,939	\$ 2,103,356	\$ 2,103,356	\$ 567,163	\$ 481,758
100040	BIKEWAYS-TRAILS REPAIRS-RENOVATIONS - PHASE I	1,740,000	665,119	1,369,804	1,039,607	192,607	177,589
100119	CITY BIKEWAYS & TRAILS PLAN IMPLEM - PHASE II	2,982,978	57,633	2,441,271	2,441,271	220,746	320,961
100127	RECREATION CENTERS REPAIRS & RENOV - PHASE III	22,087,768	835,571	12,079,771	835,571	171,518	9,836,479
100190	FOXFIRE TRAIL PEDESTRIAN BRIDGE	2,423,530	43,406	244,302	244,302	2,176,838	2,390
100194	GOLF COURSES CONTRACTUAL OBLIGATIONS	1,440,000	114,365	1,019,357	114,365	-	420,643
100198	GREENWAY SCENIC WATER & NAT AREA - PHASE III	2,975,000	45,364	1,564,308	1,564,308	34,477	1,376,215
100256	LYNNHAVEN BOAT RAMP-BEACH FAC REP-RENOV	562,221	49,400	410,758	49,400	106,431	45,032
100289	OPEN SPACE PARK DEVELOPMENT-MAINT-PHASE II	20,671,100	3,719,048	14,641,277	3,718,708	180,206	5,849,617
100299	PARK PLAYGROUND RENOVATIONS - PHASE III	6,519,027	422,497	4,950,030	422,497	912,121	656,876
100320	PARKS-SPEC USE FACILIT DEV-RENOV-PHASE III	18,633,075	754,494	11,306,277	754,494	481,080	6,845,718
100393	SPORTSPLEX-NATL TRNG CTR REN & REPLACE	11,409,903	349,020	6,241,845	349,020	200,241	4,967,817
100402	STUMPY LAKE GOLF COURSE LEASE OBLIGATION	350,503	-	173,408	157,995	-	177,095
100413	TENNIS COURT RENOVATIONS - PHASE III	3,075,000	-	1,619,891	-	1	1,455,108
100414	THALIA CREEK GREENWAY TRAIL	800,000	-	791,842	67	-	8,158
100415	THALIA CREEK GREENWAY - PHASE I	3,400,157	34,875	520,724	520,724	100,000	2,779,433
100511	SOUTHERN RIVERS WATERSHED SITE ACQUISITION PROGRAM	2,000,000	-	-	-	-	2,000,000
100558	VIOLET BANK TRAIL	1,600,000	-	-	-	-	1,600,000
100559	THREE OAKS PATH	545,873	9,485	9,835	9,485	-	536,038
100587	PARKS CAPITAL INFRASTRUCTURE REPLACEMENT - ARPA	15,200,000	4,559,420	5,223,585	5,223,585	1,217,768	8,758,647
100607	LITTLE ISLAND PARKING LOT IMPROVEMENT ARPA	2,000,000	26,223	26,223	26,223	681,231	1,292,546
100632	PARK INFRASTRUCT REPLACE & UNDERDEVELOPED PARKS	1,000,000	154,957	154,957	154,957	82,340	762,703
100637	PUNGO FERRY LANDING PARK	2,585,625	17,194	17,194	17,194	1,824,182	744,249
TOTAL PARKS AND RECREATION CAPITAL PROJECTS		<u>127,154,037</u>	<u>\$ 12,098,010</u>	<u>\$ 66,910,015</u>	<u>\$ 19,747,129</u>	<u>\$ 9,148,950</u>	<u>\$ 51,095,072</u>

**CITY OF VIRGINIA BEACH, VIRGINIA
COASTAL CAPITAL PROJECTS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2023**

Project Number	Project Name	Budget to Date	Current Year Expenditures	Total Expenditures	Construction In Progress	Outstanding Encumbrances	Available Balance
100030	BAY BEACHES RESTORATION	\$ 6,625,000	\$ 4,208,857	\$ 4,594,379	\$ -	\$ 61,629	\$ 1,968,992
100036	BEACH PROFILE MONITORING - PHASE II	795,000	40,897	601,241	-	127,566	66,193
100038	BEACH REPLENISHMENT - PHASE II	13,341,921	2,660,546	10,947,341	-	118,182	2,276,398
100064	CHESAPEAKE BEACH RESTORATION	8,528,079	12,688	5,853,638	-	1,505,212	1,169,229
100065	CHESOEPIAN COLONY NEIGHBORHOOD DREDGING II	2,677,034	-	2,647,641	-	902	28,491
100142	CROATAN BEACH RESTORATION	1,838,000	33,393	260,693	260,693	71,155	1,506,152
100149	DREDGE OPERATIONS REHAB & MODIFICATIONS	2,000,000	-	-	-	-	2,000,000
100152	EASTERN BRANCH LYNNHAVEN RIVER DREDGING	11,280,502	1,213,909	3,916,310	1,213,909	2,948,785	4,415,407
100193	GILLS COVE NEIGHBORHOOD DREDGING	1,018,009	78,199	213,391	78,199	190,560	614,058
100210	HURDS COVE NEIGHBORHOOD DREDGING	3,225,777	103,706	511,479	103,706	132,491	2,581,807
100253	BAYVILLE CREEK NEIGHBORHOOD DREDGING II	436,000	-	8,158	-	120,053	307,789
100258	LYNNHAVEN INLET MAINTENANCE DREDGING - PHASE II	1,808,284	52,165	1,771,048	-	-	37,236
100274	NEIGHBORHOOD DREDGING SPUR CHANNELS	583,816	138,711	186,744	186,744	69,433	327,639
100304	PLEASURE HOUSE POINT MITIGATION - PHASE I	426,493	-	385,420	-	41,073	-
100305	PLEASURE HOUSE POINT MITIGATION - PHASE II	1,000	-	225	-	-	775
100334	RUDEE INLET DREDGE REPLACEMENT	8,582,769	579,613	1,033,275	1,033,275	7,549,494	-
100344	RUDEE INLET FEDERAL DREDGING - PHASE II	5,760,000	519,098	5,356,332	-	189,116	214,552
100345	RUDEE INLET OUTER CHAN MAINT DREDG - PHASE II	3,213,433	-	3,032,619	-	-	180,814
100349	SANDBRIDGE BEACH ACCESS IMPROV - PHASE II	3,400,000	475,210	2,725,742	-	224,202	450,056
100364	SCHILLING POINT NEIGHBORHOOD DREDGING	543,893	352,955	502,303	502,303	41,590	-
100450	VAR MINOR DREDGING - PHASE II	3,484,166	372,539	3,377,348	-	23,940	82,878
100510	SANDBRIDGE BEACH RESTORATION IV	23,402,783	-	-	-	-	23,402,783
100534	OLD DONATION CREEK AREA DREDGING-PHASE II	759,107	22,574	35,846	35,846	723,261	-
100550	SHADOWLAWN AREA DREDGING II	42,000	15,704	15,704	15,704	-	26,296
100560	HARBOUR POINT DREDGING II	22,000	14,133	14,133	14,133	-	7,867
100636	SANDBRIDGE BEACH RESTORATION - PHASE III	20,737,922	-	-	-	-	20,737,922
TOTAL COASTAL CAPITAL PROJECTS		\$ 124,532,988	\$ 10,894,897	\$ 47,991,010	\$ 3,444,512	\$ 14,138,644	\$ 62,403,334

**CITY OF VIRGINIA BEACH, VIRGINIA
ECONOMIC AND TOURISM CAPITAL PROJECTS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2023**

Project Number	Project Name	Budget to Date	Current Year Expenditures	Total Expenditures	Construction In Progress	Outstanding Encumbrances	Available Balance
100001	17TH STREET IMPROVEMENTS - PHASE I	\$ 25,416,516	\$ 281,343	\$ 1,613,326	\$ 1,613,326	\$ -	\$ 23,803,190
100002	17TH STREET IMPROVEMENTS - PHASE II	293,631	-	293,631	293,631	-	-
100006	19TH STREET INFRASTRUCTURE IMPROVEMENTS	14,326,700	174,611	13,829,100	-	497,600	-
100014	APZ-1 ECONOMIC INCENTIVES	1,857,692	16,498	721,305	16,498	-	1,136,387
100048	BURTON STATION ROAD IMPROVEMENTS-PHASE III	3,541,465	146,950	2,631,143	2,631,143	248,116	662,206
100049	BURTON STATION ROADWAY IMPROVEMENTS	12,989,931	5,461	11,028,548	-	307,988	1,653,395
100059	RESORT PARKING DISTRICT	26,125,000	-	-	-	-	26,125,000
100146	ATLANTIC PARK ENTERTAINMENT VENUE	48,437,000	3,956,711	5,351,409	-	-	43,085,591
100147	ATLANTIC PARK PARKING	49,500,000	44,889,611	45,869,714	-	-	3,630,286
100148	ATLANTIC PARK STREETSAPES	7,500,000	4,200,656	4,287,993	-	-	3,212,007
100156	ECONOMIC DEVELOPMENT INVESTMENT PROGRAM - PHASE I	57,892,016	1,966,449	55,755,317	-	-	2,136,699
100157	ECONOMIC DEVELOPMENT INVESTMENT PROGRAM - PHASE II	7,418,426	-	2,000,000	-	-	5,418,426
100204	HISTORIC KEMPSVILLE	4,550,000	6,076	4,362,046	-	-	187,954
100251	LONDON BRIDGE COMMERCE CENTER - PHASE I	3,895,100	650	91,404	91,404	-	3,803,696
100262	LYNNHAVEN PARKWAY CORRIDOR IMPROVEMENTS	4,625,000	807	485,920	485,920	26,761	4,112,319
100282	OCEANA & ITA CONFORMITY & ACQUISITION - PHASE II	8,067,650	464,682	5,127,544	464,682	2,940,105	1
100283	OCEANFRONT CAPITAL PROJECTS REINVEST	6,131,861	71,107	5,370,285	71,107	42,072	719,504
100285	OCEANFRONT PARKING FACILITY CAP MAIN-DEV	4,831,269	205,267	1,409,489	205,267	195,201	3,226,579
100286	OCEANFRONT RESTROOM	2,333,484	485,318	1,017,498	682,608	129,197	1,186,789
100300	ATLANTIC AVENUE STREET IMPROVEMENTS	11,900,000	432,659	785,255	785,255	378,019	10,736,726
100399	STRATEGIC GROWTH AREA PROGRAM	10,829,687	274,353	10,228,343	274,353	601,344	-
100419	TOWN CENTER GARAGE & PLAZA CAP MAINT - PHASE I	3,368,179	324,614	2,634,342	-	7,197	726,640
100420	TOWN CENTER GARAGE & PLAZA CAP MAINT - PHASE II	2,763,630	515,821	515,821	515,821	196	2,247,613
100421	TOWN CENTER REINVESTMENT	750,000	78,051	350,894	78,051	399,106	-
100439	VA BEACH BIO INFRASTRUCTURE - PHASE I	3,734,928	-	3,734,870	25,928	-	58
100456	VB AMPHITHEATER CAPITAL MAINTENANCE	3,841,446	827,041	2,987,553	827,041	-	853,893
100459	VIBE DISTRICT STREET INF - PHASE I	10,875,750	228,877	2,422,519	2,422,519	307,440	8,145,791
100466	VIRGINIA BEACH SPORTS CENTER	73,651,047	183,855	68,097,511	-	502,023	5,051,513
100489	WINSTON-SALEM AVENUE IMPROVEMENTS	8,920,000	67,910	815,780	815,780	8,104,220	-
100575	31ST STREET STAGE CANOPY	3,128,720	17,169	177,923	177,923	358,569	2,592,228
100576	VA BEACH INNOVATION PARK INFRASTRUCTURE II	6,000,000	557,400	371,559	371,559	-	5,628,441
100577	STRATEGIC SITE ACQUISITION & DISPOSITION	2,250,000	10,992	10,992	10,992	-	2,239,008
100606	ATLANTIC PARK OFFSITE INFRASTRUCTURE	25,434,965	6,366,770	6,982,300	6,982,300	7,197	18,445,468
100631	RESORT AREA SITE ACQUISITION	12,900,000	12,814,300	12,814,300	-	-	85,700
100635	CORPORATE LANDING BUSINESS PARK INFRASTRUCTURE	5,000,000	1,884,377	1,884,377	1,884,377	-	3,115,623
TOTAL ECONOMIC & TOURISM CAPITAL PROJECTS		<u>\$ 475,081,093</u>	<u>\$ 81,456,386</u>	<u>\$ 276,060,011</u>	<u>\$ 21,727,485</u>	<u>\$ 15,052,351</u>	<u>\$ 183,968,731</u>

CITY OF VIRGINIA BEACH, VIRGINIA
SUMMARY OF GENERAL GOVERNMENT CAPITAL PROJECTS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2023

Project Name	Budget to Date	Current Year Expenditures	Total Expenditures	Construction In Progress	Outstanding Encumbrances	Available Balance
ENGINEERING AND HIGHWAYS	\$ 942,651,328	\$ 47,306,308	\$ 499,272,873	\$ 73,711,214	\$ 31,124,742	\$ 412,253,713
BUILDINGS	400,660,082	48,806,009	276,215,787	66,123,033	14,453,240	109,991,055
FLOOD PROTECTION PROGRAM	569,439,513	6,238,326	12,460,011	14,497,371	18,992,233	537,987,269
COMMUNICATIONS & INFORMATION TECHNOLOGY	238,581,321	44,436,212	167,990,049	7,100,235	9,888,767	60,702,505
PARKS AND RECREATION	127,154,037	12,098,010	66,910,015	19,747,129	9,148,950	51,095,072
COASTAL	124,532,988	10,894,897	47,991,010	3,444,512	14,138,644	62,403,334
ECONOMIC AND TOURISM	<u>475,081,093</u>	<u>81,456,386</u>	<u>276,060,011</u>	<u>21,727,485</u>	<u>15,052,351</u>	<u>183,968,731</u>
GENERAL GOVERNMENT EXPENDITURES	<u>\$ 2,878,100,362</u>	251,236,148	<u>\$ 1,346,899,756</u>	<u>\$ 206,350,979</u>	<u>\$ 112,798,927</u>	<u>\$ 1,418,401,679</u>
CLOSED CAPITAL PROJECTS EXPENDITURES		1,652,786				
CAPITALIZED SUBSCRIPTION EXPENDITURES		<u>1,129,542</u>				
TOTAL CURRENT YEAR CAPITAL PROJECTS EXPENDITURES AND OTHER FINANCING USES		<u>\$ 254,018,476</u>				
TOTAL GENERAL GOVERNMENT CAPITAL PROJECTS REVENUES			\$ 1,523,521,190			
TOTAL GENERAL GOVERNMENT CAPITAL PROJECTS EXPENDITURES			<u>(1,346,899,756)</u>			
GENERAL GOVERNMENT CAPITAL PROJECT FUND BALANCE			<u>\$ 176,621,434</u>			

**CITY OF VIRGINIA BEACH, VIRGINIA
SUMMARY OF GENERAL GOVERNMENT CAPITAL PROJECTS REVENUES
FOR THE YEAR ENDED JUNE 30, 2023**

	Budget Revenues	Actual Revenues		
		Prior Years	Current Year	Total
FEDERAL FUNDING	\$ 175,122,934	\$ 128,188,186	\$ 3,151,696	\$ 131,339,882
STATE FUNDING	246,681,149	131,577,088	6,963,587	\$ 138,540,675
LOCAL FUNDING	2,456,296,279	1,121,830,040	131,810,593	\$ 1,253,640,633
TOTAL GENERAL GOVERNMENT CAPITAL PROJECTS REVENUES	<u>\$ 2,878,100,362</u>	<u>\$ 1,381,595,314</u>	<u>\$ 141,925,876</u>	<u>\$ 1,523,521,190</u>

WATER AND SEWER

ENTERPRISE FUND

WATER AND SEWER ENTERPRISE FUND

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

CITY OF VIRGINIA BEACH, VIRGINIA
WATER AND SEWER ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2023

ASSETS

Current Assets:	
Cash and Investments	\$ 123,778,687
Accounts Receivable - Net of Estimated Uncollectibles	15,148,762
Intergovernmental Receivables	723,666
Inventory	3,195,663
Total Current Assets	<u>142,846,778</u>
Noncurrent Assets:	
Cash and Investments - Restricted	99,493,045
Capital Assets:	
Land	14,618,544
Buildings	21,037,299
Utility System	1,256,214,787
Machinery and Equipment	37,458,171
Construction in Progress	36,562,668
Less: Accumulated Depreciation	(657,236,355)
Total Capital Assets	<u>708,655,114</u>
Total Noncurrent Assets	<u>808,148,159</u>
Total Assets	<u>950,994,937</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred Outflows for Pensions	5,681,547
Deferred Outflows for OPEB	1,070,032
Total Deferred Outflows of Resources	<u>6,751,579</u>

LIABILITIES

Current Liabilities:	
Vouchers and Accounts Payable	3,702,331
Deposits Payable	242,212
Accrued Interest Payable	1,793,840
Construction Contracts Payable	2,019,969
Unearned Revenue	2,625,430
Current Portion of Long-term Liabilities	16,532,811
Total Current Liabilities	<u>26,916,593</u>
Long-Term Liabilities:	
Compensated Absences	542,894
Bonds and Notes Payable	192,959,807
Subscriptions Payable	290,079
Leases Payable	168,381
Net Pension Liability	16,153,266
Net OPEB Liability	3,325,730
Total Long-Term Liabilities	<u>213,440,157</u>
Total Liabilities	<u>240,356,750</u>

DEFERRED INFLOWS OF RESOURCES

Debt Refundings Resulting in Gain Transactions	125,386
Deferred Inflows for Leases	2,649
Deferred Inflows for Pensions	4,565,595
Deferred Inflows for OPEB	910,548
Total Deferred Inflows of Resources	<u>5,604,178</u>

NET POSITION

Net Investment in Capital Assets	498,370,175
Restricted for Debt Service	20,259,887
Unrestricted	193,155,526
Total Net Position	<u>\$ 711,785,588</u>

**CITY OF VIRGINIA BEACH, VIRGINIA
WATER AND SEWER ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023**

<u>OPERATING REVENUES</u>	
Service Charges	\$ 76,580,250
Sale of Water	49,986,295
Tap Fees	1,379,048
Fire Hydrant Rental	3,720
Navy Wheelage Charges	162,408
Interfund Services Provided	2,126,293
Miscellaneous	195,406
Total Operating Revenues	<u>130,433,420</u>
<u>OPERATING EXPENSES</u>	
Cost of Goods Sold - Water Purchases	32,558,116
Personal Services	29,799,690
Contractual Services	10,877,039
Internal Services	4,474,786
Other Charges	15,991,805
Leases and Rentals	8,660
Depreciation	29,163,315
Total Operating Expenses	<u>122,873,411</u>
<u>OPERATING INCOME (LOSS)</u>	<u>7,560,009</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>	
Interest Income	3,374,596
Gain From Sale of Assets	92,083
Interest and Fiscal Charges	(5,780,029)
Total Non Operating Expenses, net	<u>(2,313,350)</u>
<u>INCOME (LOSS) BEFORE CONTRIBUTIONS</u>	5,246,659
Capital Contributions	4,101,159
Capital Contributions - Transfers In	682,718
<u>CHANGE IN NET POSITION</u>	10,030,536
<u>TOTAL NET POSITION - BEGINNING</u>	<u>701,755,052</u>
<u>TOTAL NET POSITION - ENDING</u>	<u>\$ 711,785,588</u>

**CITY OF VIRGINIA BEACH, VIRGINIA
WATER AND SEWER ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023**

CASH FLOWS FROM OPERATING ACTIVITIES:

Receipts from Customers and Users	\$ 130,338,357
Receipts from Interfund Services Provided	1,918,853
Other Operating Cash Receipts	195,406
Cash Payments to Suppliers of Goods and Services	(67,162,016)
Cash Payments to Employees for Services	(31,883,656)
Net Cash Provided By Operating Activities	<u>33,406,944</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Payments to Other Funds	-
Net Cash Used in Noncapital Financing Activities	<u>-</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Receipts of Capital Contributions	3,738,733
Interest on Long-term Debt	(7,481,405)
Acquisition and Construction of Capital Assets	(22,406,743)
Subscription Financing	574,363
Lease Financing	(819,572)
Proceeds from Sale of Salvage	92,083
Principal Paid on Capital Debt	(11,405,000)
Net Cash Used in Capital and Related Financing Activities	<u>(37,707,541)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Interest and Dividends Received	<u>3,374,596</u>
Net Increase (Decrease) in Cash and Investments	(926,001)
Cash and Investments, July 1	<u>224,197,734</u>
Cash and Investments, June 30	<u>\$ 223,271,733</u>

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

Operating Income	\$ 4,614,498
Adjustments to Reconcile Operating Income to Net Cash Provided By Operating Activities:	
Depreciation	29,163,315
Net changes in assets and liabilities:	
Accounts Receivable	2,226,636
Intergovernmental Receivables	(219,522)
Lease Receivable	12,082
Inventory	(502,848)
Deferred Outflows of Resources	1,965,792
Vouchers and Accounts Payable	271,696
Deposits Payable	25,086
Unearned Revenue	(100,033)
Deferred Inflows of Resources	(6,854,497)
Accrued Compensated Leave	139,424
Net Pension Liability	2,786,043
Net OPEB Liability	(120,728)
Net Cash Provided (Used) By Operating Activities	<u>33,406,944</u>

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:

Capital Contributions of Capital Assets	\$ 1,045,144
Amortization of Bond Premiums	1,726,134

**CITY OF VIRGINIA BEACH, VIRGINIA
WATER AND SEWER ENTERPRISE FUND
SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<u>Administration and Support</u>			
Personal Services	\$ 312,590	\$ 315,753	\$ (3,163)
Fringe Benefits	104,186	136,167	(31,981)
Contractual Services	3,102	1,037	2,065
Internal Services	27,330	28,215	(885)
Other Charges	47,718	53,628	(5,910)
Total Administration and Support	<u>494,926</u>	<u>534,800</u>	<u>(39,874)</u>
<u>Business Services</u>			
Personal Services	3,890,712	2,943,982	946,730
Fringe Benefits	1,306,322	1,062,980	243,342
Contractual Services	3,196,100	2,819,221	376,879
Internal Services	252,816	258,534	(5,718)
Other Charges	38,051,018	32,562,754	5,488,264
Total Business Services	<u>46,696,968</u>	<u>39,647,471</u>	<u>7,049,497</u>
<u>Employee Services</u>			
	-	689	(689)
<u>Engineering</u>			
Personal Services	6,385,806	5,962,184	423,622
Fringe Benefits	1,944,541	2,171,937	(227,396)
Contractual Services	7,005,291	4,028,196	2,977,095
Internal Services	309,984	285,808	24,176
Other Charges	1,872,820	1,803,577	69,243
Total Engineering	<u>17,518,442</u>	<u>14,251,702</u>	<u>3,266,740</u>
<u>Operational Management</u>			
Personal Services	14,831,755	12,672,466	2,159,289
Fringe Benefits	4,751,452	4,339,899	411,553
Contractual Services	5,661,649	4,344,500	1,317,149
Internal Services	3,629,285	3,898,862	(269,577)
Other Charges	6,228,352	6,642,041	(413,689)
Total Operational Management	<u>35,102,493</u>	<u>31,897,768</u>	<u>3,204,725</u>
<u>Technical Services</u>			
Personal Services	1,838,070	1,534,265	303,805
Fringe Benefits	565,220	544,903	20,317
Contractual Services	79,900	13,956	65,944
Internal Services	2,893	2,726	167
Other Charges	65,135	13,850	51,285
Total Technical Services	<u>2,551,218</u>	<u>2,109,700</u>	<u>441,518</u>

**CITY OF VIRGINIA BEACH, VIRGINIA
WATER AND SEWER ENTERPRISE FUND
SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund Charges			
Building Maintenance	\$ 152,500	\$ 127,433	\$ 25,067
Direct Cost	141,396	141,396	-
DSC	355,121	374,978	(19,857)
Indirect Cost	4,047,475	4,047,475	-
Landscape Services	522,079	481,553	40,526
Occupational Health	50,000	29,800	20,200
Office Rent	127,660	127,660	-
Right of Way	4,000,000	4,000,000	-
Treasurer Support	339,271	342,125	(2,854)
Water Assistance	250,000	242,813	7,187
Total General Fund Charges	<u>9,985,502</u>	<u>9,915,233</u>	<u>70,269</u>
Other Charges			
Retiree Health Insurance	550,500	325,574	224,926
CIP Annual Expenditures	-	(2,760,045)	2,760,045
Net Deferred OPEB Contributions	-	(321,609)	321,609
Net Deferred Pension Contributions	-	(1,891,187)	1,891,187
Reserves	1,270,350	-	1,270,350
Total Other Charges	<u>1,820,850</u>	<u>(4,647,267)</u>	<u>6,468,117</u>
Total Budgeted Operating Expenses	<u>\$ 114,170,399</u>	<u>\$ 93,710,096</u>	<u>\$ 20,460,303</u>

Note: Total General Fund Charges reclassified as Other Charges.

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

**CITY OF VIRGINIA BEACH, VIRGINIA
WATER AND SEWER FUND CAPITAL PROJECTS
WATER CAPITAL PROJECTS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2023**

Project Number	Project Name	Budget to Date	Current Year Expenditures	Total Expenditures	Construction In Progress	Outstanding Encumbrances	Available Balance
100052	CAMP PENDLETON IMPROVEMENTS - WATER	\$ 530,000	\$ -	\$ 517,003	\$ -	\$ -	\$ 12,997
100124	CLEVELAND STREET IMPROVEMENTS	1,000,000	-	575,020	575,020	-	424,980
100144	CUSTOMER INFO SYSTEM VERSION MIGRATION- WATER	1,371,277	32,086	1,330,819	-	40,457	1
100158	ELBOW ROAD EXT - PHASE I & II	1,754,663	219,785	420,818	-	1,447	1,332,398
100185	FIRST COLONIAL RD-VB BLVD INTERSECTION - WATER	1,920,000	249,669	290,317	290,317	1,394,766	234,917
100196	GREAT NECK WATER TANK REPLACEMENT	9,285,000	13,342	412,186	218,832	34,477	8,838,337
100216	INDIAN RIVER ROAD - WATER	1,598,548	3,472	61,696	3,472	-	1,536,852
100230	LAKE GASTON RAW WATER TRANSMISSION SYSTEM	12,497,000	1,944,847	8,939,387	1,944,847	374,452	3,183,161
100236	LANDSTOWN ROAD IMPROVEMENTS - WATER	720,000	-	13,700	13,700	4,300	702,000
100238	LANDSTOWN YARD IMPROVEMENTS IV - WATER	7,684,000	1,669,658	4,288,557	1,669,658	350,170	3,045,273
100303	PEMBROKE MEADOWS NEIGHBORHOOD WATER REHAB	10,700,000	2,110,882	3,699,628	3,699,628	1,372,728	5,627,644
100337	RESORT AREA NEIGHBORHOOD REVITALIZATION - WATER	7,446,636	682,239	5,436,481	682,239	673,439	1,336,716
100341	ROSEMONT ROAD - PHASE V - WATER	1,740,000	-	-	-	138,262	1,601,738
100369	SERVICE ORDER AUTOMATION SOLUTION PHASE II WATER	208,193	11,200	205,446	11,200	2,746	1
100386	SHORE DRIVE WATER LINE IMPROVE - PHASE IV	175,000	-	-	-	-	175,000
100387	SHORE DRIVE WATER LINE IMPROVEMENTS - PHASE V	3,385,000	11,378	142,790	142,790	70	3,242,140
100408	SYSTEM EXP COST PARTICIPATION AGREE - PHASE II - WATER	640,000	825	151,825	825	-	488,175
100432	UTILITIES TECHNOLOGY SUPPORT PROGRAM - WATER	900,000	115,334	229,515	229,515	2,267	668,218
100451	VAR ROADWAY STORM WATER - PHASE VI	4,650,000	499,322	2,569,957	499,322	862,555	1,217,488
100460	VIBE DISTRICT WATER IMPROVEMENTS	1,700,000	-	-	-	1,448,220	251,780
100464	VIRGINIA BEACH BLVD WATER SYSTEM IMPROVE	350,000	-	-	-	-	350,000
100470	WATER LINE EXT, REPLACE, REHAB PROGRAM II	1,989,217	103,609	606,390	103,609	43,835	1,338,992
100471	WATER PUMP REPAIRS AND REPLACEMENTS	175,000	15,420	91,219	15,420	-	83,781
100478	WATER TAP INSTALLATION PROGRAM - PHASE II	3,139,754	348,897	2,457,774	348,897	376,589	305,391
100479	WATER TRANSMISSION SYSTEM UPGRADE PRG - PHASE II	5,114,950	578,196	2,132,781	578,196	424,539	2,557,630
100518	ROYAL PALM ARCH WATER SYSTEM REHAB	3,150,000	-	311,357	311,357	-	2,838,643
100530	LASKIN ROAD PHASE I - WATER	3,310,458	-	2,413,964	2,258,358	13,513	882,981
100561	PRINCESS ANNE PLAZA WINDSOR WOODS & LAKES	1,945,000	69,652	92,948	92,948	489,321	1,362,731
100562	ATLANTIC AVENUE METER VAULT REPLACEMENTS	2,230,000	145,611	145,611	145,611	918,458	1,165,931
100612	GREEN GARDEN WATER SYSTEM IMPROVEMENTS	1,400,000	-	-	-	-	1,400,000
TOTAL WATER CAPITAL PROJECT EXPENDITURES		<u>\$ 92,709,696</u>	<u>\$ 8,825,424</u>	<u>\$ 37,537,189</u>	<u>\$ 13,835,761</u>	<u>\$ 8,966,611</u>	<u>\$ 46,205,896</u>
CLOSED WATER CAPITAL PROJECTS EXPENDITURES			54,446				
TOTAL CURRENT YEAR CAPITAL PROJECT EXPENDITURES			<u>\$ 8,879,870</u>				

**CITY OF VIRGINIA BEACH, VIRGINIA
WATER AND SEWER FUND CAPITAL PROJECTS
SEWER CAPITAL PROJECTS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2023**

Project Number	Project Name	Budget to Date	Current Year Expenditures	Total Expenditures	Construction In Progress	Outstanding Encumbrances	Available Balance
100021	ARROWHEAD SUSQEHANNA SS REHAB PHASE III	\$ 250,000	\$ -	\$ 205,713	\$ 205,713	\$ -	\$ 44,287
100051	CAMP PENDLETON IMPROVEMENTS - SEWER	770,000	-	765,714	-	-	4,286
100143	CUSTOMER INFO SYSTEM VERSION MIGRATION - SEWER	1,850,000	32,086	1,312,588	-	40,457	496,955
100186	FIRST COLONIAL RD-VB BLVD INTERSECTION - SEWER	2,985,000	384,028	424,676	424,676	2,176,838	383,486
100215	INDIAN RIVER ROAD - SEWER	381,717	3,772	13,245	13,245	1,472	367,000
100237	LANDSTOWN ROAD IMPROVEMENTS - SEWER	370,000	-	18,040	18,040	5,960	346,000
100302	PEMBROKE MEADOWS NEIGHBORHOOD SS REHAB	2,190,000	510,332	788,383	788,383	96,820	1,304,797
100327	PUMP STATION PROGRAM - PHASE VI	28,524,398	2,865,436	12,548,428	2,865,437	7,833,315	8,142,655
100342	ROYAL PALM ARCH SANITARY SEWER REHAB	14,850,000	20,993	5,349,204	5,349,204	189,116	9,311,680
100361	SANITARY SEWER REVITALIZATION PROGRAM III	21,816,538	3,258,339	10,258,414	3,258,339	2,670,701	8,887,423
100371	SEWER PUMP REPAIRS AND REPLACEMENTS	3,895,000	1,125,074	3,215,522	1,125,074	668,029	11,449
100374	SEWER TAP INSTALLATION PROGRAM - PHASE II	5,021,811	284,069	3,513,741	284,069	619,025	889,045
100409	SYSTEM EXP COST PARTICIPATION AGREE - PHASE III	3,270,000	-	2,169,873	-	-	1,100,127
100440	VACUUM VALVE MONITORING SYSTEM	2,345,000	71,865	1,498,401	71,865	205,123	641,476
100448	VAR HRSD COORDINATION	2,493,000	319,476	914,382	914,382	23,940	1,554,678
100452	VAR ROADWAY-STRM WTR COORDINATION - PHASE VI	5,500,000	361,140	2,875,541	361,139	137,686	2,486,773
100458	VIBE DISTRICT SEWER IMPROVEMENTS	2,100,000	-	807,304	807,304	307,440	985,256
100519	SANITARY SEWER FORCE MAIN REHAB I	5,935,000	1,427,469	1,643,951	1,638,192	1,802,292	2,488,757
100523	CLEVELAND STREET IMPROVEMENTS – SEWER	1,138,000	-	250,338	250,338	127,136	760,526
100525	LANDSTOWN YARD IMPROVEMENTS IV – SEWER	6,868,000	1,643,821	3,761,462	1,643,822	335,595	2,770,943
100526	UTILITIES TECHNOLOGY SUPPORT PROGRAM – SEWER	900,000	54,964	168,782	168,783	362	730,856
100527	SERVICE ORDER AUTOMATION SOLUTION - PHASE II	487,895	11,200	205,211	11,200	2,981	279,703
100528	RESORT AREA NEIGHBORHOOD REVITALIZATION – SEWER	16,543,000	513,452	14,685,675	513,453	1,269,750	587,575
100531	LASKIN ROAD PHASE I – SEWER	3,950,264	-	2,014,279	2,014,249	14,907	1,921,078
100563	PRINCESS ANNE PLAZA WINDSOR WOODS	2,477,000	-	-	-	1,562,845	914,155
100611	GREEN GARDEN SANITARY SEWER IMPROVEMENTS	2,250,000	-	-	-	-	2,250,000
TOTAL SEWER CAPITAL PROJECT EXPENDITURES		\$ 139,161,623	\$ 12,887,516	\$ 69,408,867	\$ 22,726,907	\$ 20,091,790	\$ 49,660,966
CLOSED SEWER CAPITAL PROJECT EXPENDITURES			\$ 58,952				
TOTAL CURRENT YEAR SEWER CAPITAL PROJECTS EXPENDITURES			\$ 12,946,468				
WATER AND SEWER CAPITAL PROJECTS		\$ 231,871,319	\$ 21,826,338	\$ 106,946,056	\$ 36,562,668	\$ 29,058,401	\$ 95,866,862
TOTAL WATER AND SEWER CAPITAL PROJECTS REVENUES				\$ 186,379,214			
TOTAL WATER AND SEWER CAPITAL PROJECTS EXPENDITURES				<u>(106,946,056)</u>			
WATER AND SEWER CASH RESTRICTED FOR CAPITAL PROJECTS				<u>\$ 79,433,158</u>			

**CITY OF VIRGINIA BEACH, VIRGINIA
WATER AND SEWER FUND CAPITAL PROJECTS
BUDGETED AND ACTUAL REVENUES
FOR THE YEAR ENDED JUNE 30, 2023**

	Budget Revenues	Actual Revenues		
		Prior Years	Current Year	Total
FEDERAL FUNDING	\$ 372,245	\$ 372,245	\$ -	\$ 372,245
STATE FUNDING	90,121	90,121	-	90,121
LOCAL FUNDING	231,408,953	173,625,466	12,291,382	185,916,848
TOTAL WATER AND SEWER CAPITAL PROJECTS REVENUES	<u>\$ 231,871,319</u>	<u>\$ 174,087,832</u>	<u>\$ 12,291,382</u>	<u>\$ 186,379,214</u>



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STORM WATER
ENTERPRISE FUND

STORM WATER ENTERPRISE FUND

The Storm Water Enterprise Fund accounts for revenues and expenditures generated by the storm water utility fee for operational and capital needs for storm water management in the city. The storm water CIP is designed to create an effective drainage and storm water management system, protect natural resources, enhance quality of land and waterways, maintain the city's utility systems, encourage development only in accordance with principles of natural environment protection, and provide adequate resources to maintain existing infrastructure.

CITY OF VIRGINIA BEACH, VIRGINIA
STORM WATER ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2023

ASSETS

Current Assets:	
Cash and Investments	\$ 22,904,038
Accounts Receivable - Net of Estimated Uncollectibles	5,689,026
Total Current Assets	<u>28,593,064</u>
Non-current Assets:	
Cash and Investments - Restricted	69,487,095
Capital Assets:	
Land	134,087,267
Buildings	664,899
Utility System	427,669,661
Machinery and Equipment	23,288,378
Construction in Progress	62,485,559
Less: Accumulated Depreciation	<u>(114,504,499)</u>
Total Capital Assets	<u>533,691,265</u>
Total Non-current Assets	<u>603,178,360</u>
Total Assets	<u>631,771,424</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred Outflows for Pensions	1,398,534
Deferred Outflows for OPEB	253,182
Total Deferred Outflows of Resources	<u>1,651,716</u>

LIABILITIES

Current Liabilities:	
Vouchers and Accounts Payable	588,587
Deposits Payable	669
Accrued Interest Payable	592,645
Construction Contracts Payable	3,969,146
Current Portion of Long-term Liabilities	6,364,196
Total Current Liabilities	<u>11,515,243</u>
Compensated Absences	137,984
Bond and Notes Payable	138,144,519
Net OPEB Liability	786,669
Net Pension Liability	3,976,189
Total Long-term Liabilities	<u>143,045,361</u>
Total Liabilities	<u>154,560,604</u>

DEFERRED INFLOWS OF RESOURCES

Debt Refundings Resulting in Gain Transactions	423,300
Deferred Inflows for Pensions	1,123,838
Deferred Inflows for OPEB	215,396
Total Deferred Inflows of Resources	<u>1,762,534</u>

NET POSITION

Net Investment in Capital Assets	385,220,835
Restricted for Future Debt Services	9,447,757
Unrestricted	<u>82,431,410</u>
Total Net Position	<u>\$ 477,100,002</u>

**CITY OF VIRGINIA BEACH, VIRGINIA
STORM WATER ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023**

<u>OPERATING REVENUES</u>	
Service Charges	\$ 45,710,506
Total Operating Revenues	45,710,506
<u>OPERATING EXPENSES</u>	
Personal Services	5,947,128
Contractual Services	3,338,823
Internal Services	1,474,982
Other Charges	4,367,137
Depreciation	10,624,806
Total Operating Expenses	25,752,876
<u>OPERATING INCOME (LOSS)</u>	19,957,630
<u>NONOPERATING REVENUES (EXPENSES)</u>	
Interest Income	1,633,071
Gain From Sale of Assets	6,089
Interest and Fiscal Charges	(3,007,696)
Total Nonoperating Revenues (Expenses)	(1,368,536)
<u>INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS</u>	18,589,094
Capital Contributions	500,000
Capital Contributions - Federal Government	1,383,248
Capital Contributions - Transfers In	1,828,183
Transfers In	551,703
Total Transfers and Contributions	4,263,134
<u>CHANGE IN NET POSITION</u>	22,852,228
<u>TOTAL NET POSITION - BEGINNING</u>	454,247,774
<u>TOTAL NET POSITION - ENDING</u>	\$ 477,100,002

**CITY OF VIRGINIA BEACH, VIRGINIA
STORM WATER ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023**

CASH FLOWS FROM OPERATING ACTIVITIES:

Receipts from Customers and Users	\$ 46,173,500
Cash Payments to Suppliers of Goods and Services	(9,285,177)
Cash Payments to Employees for Services	(8,426,078)
Net Cash Provided By Operating Activities	<u>28,462,245</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Receipts from Other Funds	551,703
Net Cash Provided By Noncapital Financing Activities	<u>551,703</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Receipts of Capital Contributions	3,211,431
Interest on Long-term Debt	(5,409,496)
Acquisition and Construction of Capital Assets	(49,522,291)
Proceeds from Sale of Salvage	6,089
Principal Paid on Capital Debt	(4,470,000)
Net Cash Provided By (Used in) Capital and Related Financing Activities	<u>(56,184,267)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Interest and Dividends Received	<u>1,633,071</u>
Net Increase (Decrease) in Cash and Investments	(25,537,248)
Cash and Investments, July 1	<u>117,928,381</u>
Cash and Investments, June 30	<u>\$ 92,391,133</u>

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

Operating Income	\$ 20,511,645
Adjustments to Reconcile Operating Income to Net Cash Provided By Operating Activities:	
Depreciation	10,624,806
Net changes in assets and liabilities:	
Accounts Receivable	462,994
Deferred Outflow of Resources	962,093
Vouchers and Accounts Payable	(658,265)
Deposits Payable	15
Deferred Inflow of Resources	(1,497,384)
Accrued Compensated Leave	45,080
Net Pension Liability	(1,953,241)
Net OPEB Liability	(35,498)
Net Cash Provided By (Used in) Operating Activities	<u>\$ 28,462,245</u>

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:

Amortization of Bond Premiums	<u>\$ 1,233,464</u>
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CITY OF VIRGINIA BEACH, VIRGINIA
STORM WATER ENTERPRISE FUND
SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<u>Infrastructure Maintenance</u>			
Personal Services	\$ 1,156,546	\$ 1,084,901	\$ 71,645
Fringe Benefits	376,604	413,885	(37,281)
Contractual Services	6,720,042	3,338,756	3,381,286
Internal Services	1,615,763	1,431,314	184,449
Other Charges	4,119,247	682,299	3,436,948
Total Infrastructure Maintenance	<u>13,988,202</u>	<u>6,951,154</u>	<u>7,037,048</u>
<u>Operational Management</u>			
Personal Services	5,301,208	5,253,520	47,688
Fringe Benefits	1,563,462	1,641,970	(78,508)
Contractual Services	752	67	685
Internal Services	40,528	43,668	(3,140)
Other Charges	10,897	18,693	(7,796)
Total Operational Management	<u>6,916,847</u>	<u>6,957,918</u>	<u>(41,071)</u>
<u>Stormwater Operations</u>			
Contractual Services	-	586	(586)
Total Stormwater Operations	<u>-</u>	<u>586</u>	<u>(586)</u>
<u>General Fund Charges</u>			
Direct Cost	53,691	53,691	-
Indirect Cost	1,499,728	1,254,265	245,463
Landscape Services	115,760	115,760	-
Occupational Health	10,650	10,650	-
Regulations	142,324	142,324	-
Technology and Support	53,691	53,691	-
Total General Fund Charges	<u>1,875,844</u>	<u>1,630,381</u>	<u>245,463</u>
<u>Other Charges</u>			
Retiree Health Insurance	73,333	76,882	(3,549)
CIP Annual Expenditures	-	235,453	(235,453)
Water and Sewer Account Management Charges	205,319	205,319	-
Water and Sewer Billing System Charges	1,040,391	1,040,391	-
Net Deferred OPEB Contributions	-	(83,160)	83,160
Net Deferred Pension Contributions	-	(2,440,870)	2,440,870
Total Other Charges	<u>1,319,043</u>	<u>(965,985)</u>	<u>2,285,028</u>
Total Budgeted Operating Expenses	<u>\$ 24,099,936</u>	<u>\$ 14,574,055</u>	<u>\$ 9,525,881</u>

Note: Total General Fund Charges reclassified as Other Charges.

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

**CITY OF VIRGINIA BEACH, VIRGINIA
STORM WATER CAPITAL PROJECTS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2023**

Project Number	Project Name	Budget to Date	Current Year Expenditures	Total Expenditures	Construction In Progress	Outstanding Encumbrances	Available Balance
100010	42ND STREET PUMP STATION OUTFALLS	\$ 4,476,522	\$ 22,322	\$ 516,889	\$ 29,624	\$ 9,825	\$ 3,949,808
100018	ARAGONA DRAINAGE IMPROVEMENTS	4,220,000	55,857	4,201,370	55,857	83	18,547
100022	ASHVILLE PARK DRAINAGE IMPROVEMENTS	12,000,000	1,767,630	9,695,267	1,767,631	567,163	1,737,570
100032	BAYVILLE LAKE WATER QUALITY IMPROVEMENT	2,430,000	186,663	186,663	186,663	127,566	2,115,771
100043	BMP MAINTENANCE PROGRAM PHASE I	3,300,000	291,800	1,345,669	-	1,397,045	557,286
100053	CANAL MANAGEMENT PHASE I	3,000,000	55,027	565,819	-	74,730	2,359,451
100061	CENTRAL RESORT DISTRICT - 24TH ST CULVER	100,000	-	-	-	-	100,000
100062	CENTRAL RESORT DISTRICT DRAINAGE IMPROVEMENT	800,000	-	-	-	-	800,000
100126	COLLEGE PARK DRAINAGE IMPROVEMENTS	3,121,000	347,474	2,095,286	-	171,518	854,196
100150	EASTERN SHORE DRIVE - LYNNHAVEN DRIVE PUMP	9,500,000	1,770,970	1,779,907	1,779,907	-	7,720,093
100153	EASTERN SHORE DRIVE - CAPE HENRY CANAL PHASE I	8,539,490	2,745,119	2,745,319	2,745,119	526,622	5,267,549
100154	EASTERN SHORE DRIVE DRAINAGE	17,060,510	589,740	12,285,502	589,740	3,034,070	1,740,938
100161	ELIZABETH RIVER WATER QUALITY	6,861,527	37,331	4,857,460	4,857,460	79,740	1,924,327
100167	LYNNHAVEN COLONY PARK PUMP STATION	1,700,000	-	-	-	-	1,700,000
100189	FLOOD MITIGATION ASSIST GRANT PROGRAM - PHASE II	874,061	-	735,220	65,247	-	138,841
100229	LAKE CHUBB/BRADFORD LAKE	6,000,500	1,404,574	3,178,061	3,178,061	2,272,222	550,217
100231	LAKE MANAGEMENT - PHASE I	6,953,735	14,866	6,913,134	-	24,999	15,602
100232	LAKE MANAGEMENT - PHASE II	50,358,347	3,602,815	38,972,132	-	3,549,133	7,837,082
100263	LYNNHAVEN RIVER BASIN ECOSYSTEM RESTORATION	13,100,000	1,595,653	5,667,436	1,595,653	-	7,432,564
100264	LYNNHAVEN RIVER WATER QUALITY II	2,948,367	87,033	436,216	436,216	223,836	2,288,315
100273	NEIGHBORHOOD STORMWATER INF IMP - PHASE II	6,759,827	89,838	4,095,630	-	69,433	2,594,764
100275	CENTRAL RESORT DISTRICT-21ST & BALTIC DRAINAGE	1,400,000	115,681	313,940	115,681	-	1,086,060
100280	NORTH LAKE HOLLY WATERSHED	25,351,135	1,994,473	18,393,111	-	2,961,462	3,996,562
100287	OCEANFRONT STORM WATER FACILITIES MAINT	11,330,740	726,567	7,435,637	-	180,206	3,714,897
100314	PRIMARY SYSTEM INFRASTRUCTURE IMP - PHASE II	18,950,000	3,398,056	17,652,152	-	1,082,368	215,480
100315	PRINCESS ANNE PLAZA DRAINAGE AREA	5,073,597	120,742	4,835,120	-	235,029	3,448
100335	RESIDENTIAL DRAINAGE COST PART PRGM - PHASE II	500,000	-	285,770	-	9,732	204,498
100353	ATLANTIC OCEAN WATER QUALITY	700,000	10,000	10,000	10,000	19,391	670,609
100365	SEA LEVEL RISE/RECURRENT FLOODING ANALYS	5,239,571	277,380	4,335,227	-	123,892	780,452
100378	SHERWOOD LAKES DRAINAGE	3,400,000	2,843	3,132,290	-	35,737	231,973
100380	CAVE-IN REPAIR PROGRAM	6,000,000	2,941,606	5,742,248	-	-	257,752
100388	SOUTH LAKE HOLLY WATERSHED	16,009,587	163,340	15,477,008	-	343,516	189,063
100390	SOUTHERN CANAL-LEAD DITCH & CULVERT IMP	13,300,000	270,430	7,021,818	-	1,025,474	5,252,708
100391	SOUTHERN RIVERS WATER QUALITY	3,370,000	35,619	1,084,511	1,084,512	226,231	2,059,258
100395	STORM WATER PUMP STATION MODIFICATIONS	11,275,229	163,540	8,731,451	-	378,309	2,165,469
100397	STORM WATER QUALITY ENHANCEMENTS - PHASE II	11,423,497	514,895	8,192,172	2,285,339	1,575,465	1,655,860
100404	SURFACE WATER REGULATORY COMPLIANCE PRGM	11,805,565	1,542,500	9,749,102	9,749,102	1,088,810	967,653
100405	SW INFRASTRUCTURE REHAB & IMPROV-PHASE II	62,106,982	2,924,904	49,219,160	-	4,023,807	8,864,015
100406	SWM MSTR PLANNING, ANALYSIS & INVENTORY	19,572,766	3,311,071	12,511,179	220,712	6,459,964	601,623
100417	THE LAKES DRAINAGE IMPROVEMENTS	2,000,000	80,303	1,771,557	-	68,385	160,058
100472	WATER QUALITY & RESTORE PARTICIPATION	466,773	160,000	160,000	160,000	-	306,773
100486	WINDSOR WOODS DRAINAGE	33,672,000	715,217	14,556,342	14,556,342	10,269,536	8,846,122
100487	WINDSOR WOODS PUMP STATION	500,000	-	-	-	-	500,000
100488	WINDSOR WOODS TIDE GATE	21,209,000	2,904,532	4,449,912	4,449,912	15,477,741	1,281,347
100504	PARCEL LEVEL FLOOD MITIGATION PROGRAM	2,500,000	-	129,112	129,112	-	2,370,888
100512	USACE REGIONAL COASTAL STORM STUDY	1,500,000	967,821	967,821	967,821	21,153	511,026
100515	ENHANCED NEIGHBORHOOD REHABILITATION	3,643,755	-	721,403	721,404	368,229	2,554,123
100516	PAP - BOW CREEK STORMWATER PARK	15,150	-	-	-	-	15,150
100520	SOUTHERN RIVERS WATERSHED STORMWATER PRGM	500,000	773	349,224	433,860	6,794	143,982
100521	THE LAKES-SOUTH LONDON BRIDGE CREEK	2,700,000	146,915	147,056	147,055	338,116	2,214,828
100543	LAKE EDWARD WATER QUALITY IMPR PROJECT	100,000	-	-	-	-	100,000
100549	ROADSIDE DITCH PROGRAM	2,000,000	40,879	40,879	40,879	-	1,959,121
100551	STORMWATER GREEN INFRASTRUCTURE	75,000	-	-	-	-	75,000
100557	FLOOD MITIGATION ASSISTANCE GRANT IV	585,707	320,789	564,251	564,251	-	21,456
100566	CHATAM HALL LAKE WATER QUALITY IMPROVEMENT	3,300,000	203,504	203,504	203,504	92,584	3,003,912
100567	KEMPS LAKE WATER QUALITY IMPROVEMENT	8,880,000	281,311	291,737	291,737	12,910	8,575,353
100578	STORMWATER PROJECT ADMINISTRATION	1,000,000	-	-	-	-	1,000,000

**CITY OF VIRGINIA BEACH, VIRGINIA
STORM WATER CAPITAL PROJECTS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2023**

Project Number	Project Name	Budget to Date	Current Year Expenditures	Total Expenditures	Construction In Progress	Outstanding Encumbrances	Available Balance
100582	STORMWATER INFRASTRUCTURE COST PARTICIPATION	2,000,000	56,174	67,158	67,158	1,712,729	220,113
100585	ENHANCED NEIGHBORHOOD REHABILITATION ARPA	23,580,000	8,448,581	9,838,560	-	4,337,538	9,403,902
100586	LAKE MANAGEMENT ARPA	21,300,000	943,239	1,090,202	-	1,217,768	18,992,030
100609	REGIONAL BMPS	9,010,550	-	9,000,000	9,000,000	-	10,550
TOTAL STORM WATER EXPENDITURES		\$ 531,450,490	\$ 48,448,397	\$ 318,743,594	\$ 62,485,559	\$ 65,820,861	\$ 146,886,035
CLOSED STORM WATER CAPITAL PROJECT EXPENDITURES			\$ 69,033				
TOTAL CURRENT YEAR STORM WATER CAPITAL PROJECT EXPENDITURES			\$ 48,517,430				
STORM WATER CAPITAL PROJECTS		<u>\$ 531,450,490</u>	<u>\$ 48,448,397</u>	<u>\$ 318,743,594</u>	<u>\$ 62,485,559</u>	<u>\$ 65,820,861</u>	<u>\$ 146,886,035</u>
TOTAL STORM WATER CAPITAL PROJECTS REVENUES				\$ 378,782,932			
TOTAL STORM WATER CAPITAL PROJECTS EXPENDITURES				(318,743,594)			
STORM WATER CASH RESTRICTED FOR CAPITAL PROJECTS				<u>\$ 60,039,338</u>			

**CITY OF VIRGINIA BEACH, VIRGINIA
STORM WATER CAPITAL PROJECTS BUDGETED AND ACTUAL REVENUES
FOR THE YEAR ENDED JUNE 30, 2023**

Funding Sources	Budget Revenues	Actual Revenues		
		Prior Years	Current Year	Total
FEDERAL FUNDING	\$ 13,827,066	\$ 7,357,184	\$ 1,383,248	\$ 8,740,432
STATE FUNDING	431,153	411,821	-	411,821
LOCAL FUNDING	517,192,271	345,597,430	24,033,249	369,630,679
TOTAL STORM WATER UTILITY CAPITAL PROJECTS	<u>\$ 531,450,490</u>	<u>\$ 353,366,435</u>	<u>\$ 25,416,497</u>	<u>\$ 378,782,932</u>

WASTE MANAGEMENT

ENTERPRISE FUND

WASTE MANAGEMENT ENTERPRISE FUND

The Waste Management Enterprise Fund provides citywide residential automated, manual and special solid waste collections, providing containers for residents to dispose of large quantities of yard debris, centralizing the City's recycling effort, operating a city landfill, and serving as a conduit between the City and the Southeastern Public Service Authority, which is the agency responsible for the regional waste disposal program.

CITY OF VIRGINIA BEACH, VIRGINIA
WASTE MANAGEMENT ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2023

ASSETS

Current Assets:	
Cash and Investments	\$ 12,640,190
Accounts Receivable - Net of Estimated Uncollectibles	4,638,451
Total Current Assets	<u>17,278,641</u>
Non-current Assets:	
Capital Assets:	
Machinery and Equipment	22,367,725
General Site Improvements Other Than Buildings	410,325
Building	8,730
Less: Accumulated Depreciation	<u>(17,729,705)</u>
Total Capital Assets	<u>5,057,075</u>
Total Non-current Assets	<u>5,057,075</u>
Total Assets	<u>22,335,716</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred Outflows for Pensions	1,598,325
Deferred Outflows for OPEB	404,130
Total Deferred Outflows of Resources	<u>2,002,455</u>

LIABILITIES

Current Liabilities:	
Vouchers and Accounts Payable	1,668,793
Current Portion of Long-term Liabilities	649,167
Total Current Liabilities	<u>2,317,960</u>
Long-Term Liabilities (less current portion):	
Net OPEB Liability	1,256,379
Net Pension Liability	4,544,216
Accrued Compensated Leave	341,259
Total Long-Term Liabilities (less current portion)	<u>6,141,854</u>
Total Liabilities	<u>8,459,814</u>

DEFERRED INFLOWS OF RESOURCES

Deferred inflows for Pensions	1,284,387
Deferred Inflows for OPEB	343,964
Total Deferred Inflows of Resources	<u>1,628,351</u>

NET POSITION

Net Investment in Capital Assets	5,057,075
Unrestricted	9,192,931
Total Net Position	<u>\$ 14,250,006</u>

**CITY OF VIRGINIA BEACH, VIRGINIA
WASTE MANAGEMENT ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023**

<u>OPERATING REVENUES</u>	
Service Charges	\$ 37,188,648
Miscellaneous	882,751
Total Operating Revenues	<u>38,071,399</u>
<u>OPERATING EXPENSES</u>	
Cost of Goods Sold	352,007
Personal Services	10,674,072
Contractual Services	15,746,116
Internal Services	6,638,157
Other Charges	4,089,871
Depreciation	2,604,444
Total Operating Expenses	<u>40,104,667</u>
<u>OPERATING INCOME (LOSS)</u>	<u>(2,033,268)</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>	
Interest Income	147,646
Gain (Loss) From Sale of Assets	81,173
From Commonwealth	69,849
Total Nonoperating Revenues (Expenses)	<u>298,668</u>
<u>CHANGE IN NET POSITION</u>	<u>(1,734,600)</u>
<u>TOTAL NET POSITION - BEGINNING</u>	<u>15,984,606</u>
<u>TOTAL NET POSITION - ENDING</u>	<u>\$ 14,250,006</u>

**CITY OF VIRGINIA BEACH, VIRGINIA
WASTE MANAGEMENT ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023**

CASH FLOWS FROM OPERATING ACTIVITIES:

Receipts from Customers and Users	\$ 37,773,495
Other Operating Cash Receipts	882,751
Cash Payments to Suppliers of Goods and Services	(26,715,209)
Cash Payments to Employees for Services	(11,169,515)
Net Cash Provided By Operating Activities	<u>771,522</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Intergovernmental Receipts	69,849
Net Cash Provided By Noncapital Financing Activities	<u>69,849</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Acquisition and Construction of Capital Assets	(1,057,757)
Gain from Sale of Salvage	81,173
Net Cash Used in Capital and Related Financing Activities	<u>(976,584)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Interest and Dividends Received	<u>147,646</u>
Net Increase (Decrease) in Cash and Investments	12,433
Cash and Investments, July 1	<u>12,627,757</u>
Cash and Investments, June 30	<u>\$ 12,640,190</u>

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

Operating Income (Loss)	\$ (2,033,268)
Adjustments to Reconcile Operating Income to Net Cash Provided By Operating Activities:	
Depreciation	2,604,444
Net changes in assets and liabilities:	
Accounts Receivable	584,847
Deferred Outflows of Resources	640,764
Vouchers and Accounts Payable	110,867
Deposits Payable	75
Deferred Inflows of Resources	(2,284,951)
Accrued Compensated Leave	84,817
Net Pension Liability	1,111,388
Net OPEB Liability	(47,461)
Net Cash Provided By Operating Activities	<u>\$ 771,522</u>

CITY OF VIRGINIA BEACH, VIRGINIA
WASTE MANAGEMENT ENTERPRISE FUND
SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023

	Budget	Actual	Variance Positive (Negative)
<u>Program Support</u>			
Personal Services	\$ 765,247	\$ 500,973	\$ 264,274
Fringe Benefits	283,720	202,838	80,882
Contractual Services	489,047	149,285	339,762
Internal Services	91,856	78,483	13,373
Other Charges	45,717	61,920	(16,203)
Total Program Support	<u>1,675,587</u>	<u>993,499</u>	<u>682,088</u>
<u>Bureau of Waste Disposal</u>			
Personal Services	804,299	889,861	(85,562)
Fringe Benefits	237,515	238,483	(968)
Contractual Services	11,510,643	10,885,738	624,905
Internal Services	500,347	588,904	(88,557)
Other Charges	287,708	119,420	168,288
Total Bureau of Waste Disposal	<u>13,340,512</u>	<u>12,722,406</u>	<u>618,106</u>
<u>Bureau of Waste Collections</u>			
Personal Services	6,561,460	6,503,479	57,981
Fringe Benefits	2,617,830	2,284,156	333,674
Contractual Services	119,500	47,490	72,010
Internal Services	5,371,030	5,928,069	(557,039)
Other Charges	892,380	1,193,372	(300,992)
Total Bureau of Waste Collections	<u>15,562,200</u>	<u>15,956,566</u>	<u>(394,366)</u>
<u>Yard Debris & Hazardous Household Waste</u>			
Personal Services	270,229	284,902	(14,673)
Fringe Benefits	91,568	78,729	12,839
Contractual Services	1,361,266	270,869	1,090,397
Internal Services	43,199	41,269	1,930
Other Charges	23,300	28,535	(5,235)
Total Yard Debris & Hazardous Household Waste	<u>1,789,562</u>	<u>704,304</u>	<u>1,085,258</u>
<u>Recycling</u>			
Personal Services	158,509	111,030	47,479
Fringe Benefits	60,835	36,713	24,122
Contractual Services	5,298,795	4,490,984	807,811
Internal Services	946	946	-
Other Charges	78,099	31,789	46,310
Total Recycling	<u>5,597,184</u>	<u>4,671,462</u>	<u>925,722</u>
<u>General Fund Charges</u>			
Direct Costs Allocation	2,126,259	2,126,259	-
<u>Administration</u>			
Personal Services	31,825	-	31,825
Fringe Benefits	14,972	-	14,972
Contractual Services	-	(98,251)	98,251
Other Charges	-	486	(486)
Total Unspecified Program	<u>46,797</u>	<u>(97,765)</u>	<u>144,562</u>
<u>Other Charges</u>			
Retiree Health Insurance	173,929	123,169	50,760
Water and Sewer Billing System Charges	880,583	880,583	-
Net Deferred Retirement Contributions	-	(456,975)	456,975
Net Deferred OPEB Contributions	-	(123,285)	123,285
Total Other Charges	<u>1,054,512</u>	<u>423,492</u>	<u>631,020</u>
Total Budgeted Operating Expenses	<u>\$ 41,192,613</u>	<u>\$ 37,500,223</u>	<u>\$ 3,692,390</u>

Note: Total General Fund Charges reclassified as Other Charges.

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



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DEVELOPMENT AUTHORITY
ENTERPRISE FUND

DEVELOPMENT AUTHORITY ENTERPRISE FUND

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

**CITY OF VIRGINIA BEACH, VIRGINIA
DEVELOPMENT AUTHORITY ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2023**

ASSETS

Current Assets:	
Cash and Investments	\$ 5,951,464
Accounts Receivable - Net	2,605,458
Due From Other Funds	12,220,351
Lease Receivable	805,617
Total Current Assets	<u>21,582,890</u>
Non-current Assets:	
Cash and Investments - Restricted	40,396,454
Deposits Receivable	29,985
Lease Receivable	27,343,316
Notes Receivable	-
Land Held for Resale	32,521,030
Capital Assets:	
Land	52,698,440
Buildings	145,408,109
Construction in Progress	20,419,050
Machinery and Equipment	1,900,510
Less: Accumulated Depreciation	(55,068,802)
Total Capital Assets	<u>165,357,307</u>
Total Non-current Assets	<u>265,648,092</u>
Total Assets	<u>287,230,982</u>

DEFERRED OUTFLOWS OF RESOURCES

Debt Refundings Resulting in Loss Transactions	<u>66,785</u>
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LIABILITIES

Current Liabilities:	
Vouchers and Accounts Payable	13,230,314
Accrued Interest Payable	275,150
Due To Other Funds	447,255
Current Portion of Long-term Bonds	5,484,215
Total Current Liabilities	<u>19,436,934</u>
Long-Term Liabilities:	
Public Facility Revenue Bonds	20,616,591
Premium on Revenue Bonds	1,346,000
Total Long-Term Liabilities	<u>21,962,591</u>
Total Liabilities	<u>41,399,525</u>

DEFERRED INFLOWS OF RESOURCES

Deferred Inflows from Leases	27,703,149
Debt Refundings Resulting in Gain Transactions	343,758
Total Deferred Inflows of Resources	<u>28,046,907</u>

NET POSITION

Net Investment in Capital Assets	137,633,528
Restricted for Debt Service	44,071,495
Unrestricted	36,146,312
Total Net Position	<u>\$ 217,851,335</u>

**CITY OF VIRGINIA BEACH, VIRGINIA
DEVELOPMENT AUTHORITY ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023**

<u>OPERATING REVENUES</u>	
Land Sales	\$ 1,901,434
Industrial Revenue Bond Fees	166,191
Lease Income	2,849,693
Miscellaneous	28,810
Total Operating Revenues	<u>4,946,128</u>
<u>OPERATING EXPENSES</u>	
Cost of Land Sold	2,358,808
General and Other Expenses	1,912,704
Construction Expenses	702,868
Payments to City of Virginia Beach	3,636,525
Depreciation	3,703,142
Garage Operations	3,018,139
Total Operating Expenses	<u>15,332,186</u>
<u>OPERATING INCOME (LOSS)</u>	<u>(10,386,058)</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>	
Interest Income	582,255
Payment Under Support Agreement	14,992,095
Net Charity Golf Proceeds	(10,692)
Interest and Fiscal Charges	(827,324)
Total Nonoperating Revenues	<u>14,736,334</u>
<u>OTHER FINANCING SOURCES:</u>	
Capital Contributions from City	69,239,861
Capital Contributions from Atlantic Park CDA	12,055,091
Capital Contribution to Developers	(14,675,226)
Total Other Financing Sources	<u>66,619,726</u>
<u>CHANGE IN NET POSITION</u>	70,970,002
TOTAL NET POSITION - BEGINNING	<u>146,881,333</u>
<u>TOTAL NET POSITION - ENDING</u>	<u>\$ 217,851,335</u>

**CITY OF VIRGINIA BEACH, VIRGINIA
DEVELOPMENT AUTHORITY ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023**

CASH FLOWS FROM OPERATING ACTIVITIES:

Receipts from Customers and Users	\$ 131,343
Cash Payments to Suppliers of Goods and Services	(11,168,391)
Net EDIP activities	61,294
Net Cash Used in Operating Activities	<u>(10,975,754)</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Capital Contributions, Net	35,325,621
Acquisition of Capital Assets	(845,665)
Non-operating Revenues from City of Virginia Beach	14,992,095
Charity Golf Outing Proceeds, Net	(10,692)
Payments to City for Undistributed VBCDC Loan Proceeds	(388,064)
Interest Paid on Long-term Debt	(1,311,243)
Principal Paid on Capital Debt	(8,454,937)
Net Cash Provided By Capital and Related Financing Activities	<u>39,307,115</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Interest and Dividends Received	<u>582,255</u>
Net Cash Provided By Investing Activities	<u>582,255</u>
Net Increase (Decrease) in Cash and Investments	28,913,616
Cash and Investments, July 1	<u>17,434,302</u>
Cash and Investments, June 30	<u><u>46,347,918</u></u>

**RECONCILIATION (INDIRECT METHOD) OF OPERATING INCOME (LOSS)
TO NET CASH USED IN OPERATING ACTIVITIES:**

Operating (Loss)	(10,386,058)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities:	
Depreciation Expense	3,703,142
Net changes in assets and liabilities:	
Accounts Receivable	(3,915,840)
Lease Receivables	(3,702,670)
Land Inventory	(1,164,688)
Vouchers and Accounts Payable	1,813,044
Unearned Revenues	(897,920)
Deferred Inflow from Leases	3,575,236
Net Cash Used in Operating Activities	<u><u>(10,975,754)</u></u>

Noncash Transactions:

Capital Contributions, Net	31,249,102
Amortization of Bond Premiums	(439,948)
EDIP Appropriations	1,966,449

INTERNAL SERVICE FUNDS

INTERNAL SERVICE FUNDS

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

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

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

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

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

**CITY OF VIRGINIA BEACH, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2023**

	<u>City Garage</u>	<u>Risk Management</u>
<u>ASSETS</u>		
Current Assets:		
Cash and Investments	\$ 6,463,639	\$ 44,437,948
Inventory	3,126,333	-
Total Current Assets	<u>9,589,972</u>	<u>44,437,948</u>
Noncurrent Assets:		
Capital Assets:		
Site Improvements	265,782	-
Machinery and Equipment	5,320,654	-
Less: Accumulated Depreciation	<u>(4,141,531)</u>	<u>-</u>
Total Capital Asset, net of Depreciation	<u>1,444,905</u>	<u>-</u>
Total Assets	<u>11,034,877</u>	<u>44,437,948</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred Outflows for Pensions	1,273,666	112,383
Deferred Outflows for OPEB	205,683	17,795
Total Deferred Outflows of Resources	<u>1,479,349</u>	<u>130,178</u>
<u>LIABILITIES</u>		
Current Liabilities:		
Vouchers and Accounts Payable	573,390	386,175
Current Portion of Long-term Liabilities	407,765	8,209,118
Total Current Liabilities	<u>981,155</u>	<u>8,595,293</u>
Noncurrent Liabilities:		
Compensated Absences	129,810	-
Claims and Contingencies	-	33,799,676
Net Pension Liability	3,621,172	319,515
Net OPEB Liability	<u>639,556</u>	<u>55,426</u>
Total Noncurrent Liabilities	<u>4,390,538</u>	<u>34,174,617</u>
Total Liabilities	<u>5,371,693</u>	<u>42,769,910</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Inflows for Pensions	1,023,496	90,309
Deferred Inflows for OPEB	175,087	15,168
Total Deferred Inflows of Resources	<u>1,198,583</u>	<u>105,477</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	1,444,905	-
Unrestricted (deficit)	4,499,045	1,692,739
Total Net Position	<u>\$ 5,943,950</u>	<u>\$ 1,692,739</u>

**CITY OF VIRGINIA BEACH, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2023**

<u>School Site Landscaping</u>	<u>Telecommunications</u>	<u>Totals</u>
\$ 2,745,954	\$ 2,648,042	\$ 56,295,583
-	-	3,126,333
2,745,954	2,648,042	59,421,916
-	-	265,782
3,056,237	16,766	8,393,657
(2,760,543)	(11,835)	(6,913,909)
295,694	4,931	1,745,530
3,041,648	2,652,973	61,167,446
611,858	224,764	2,222,671
175,372	23,072	421,922
787,230	247,836	2,644,593
-	919,930	1,879,495
77,895	75,909	8,770,687
77,895	995,839	10,650,182
-	41,958	171,768
-	-	33,799,676
1,739,583	639,030	6,319,300
545,051	71,771	1,311,804
2,284,634	752,759	41,602,548
2,362,529	1,748,598	52,252,730
491,679	180,617	1,786,101
149,231	19,648	359,134
640,910	200,265	2,145,235
295,694	4,931	1,745,530
529,745	947,015	7,668,544
\$ 825,439	\$ 951,946	\$ 9,414,074

**CITY OF VIRGINIA BEACH, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>City Garage</u>	<u>Risk Management</u>
<u>OPERATING REVENUES</u>		
Billings to Departments	\$ 23,764,771	\$ 18,575,253
Insurance Recovery	187,693	1,277,000
Total Operating Revenues	<u>23,952,464</u>	<u>19,852,253</u>
<u>OPERATING EXPENSES</u>		
Cost of Goods Sold	16,136,627	-
Personal Services	6,267,565	516,376
Contractual Services	1,623,263	368,877
Internal Services	431,624	17,279
Other Charges	526,452	10,712,928
Depreciation	602,021	-
Total Operating Expenses	<u>25,587,552</u>	<u>11,615,460</u>
<u>OPERATING INCOME (LOSS)</u>	<u>(1,635,088)</u>	<u>8,236,793</u>
<u>NONOPERATING REVENUES (EXPENSES) AND TRANSFERS</u>		
Interest Income	148,817	679,891
Gain (Loss) on Disposition of Assets	(5,414)	-
Transfers Out	-	-
Total Nonoperating Revenues (Expenses)	<u>143,403</u>	<u>679,891</u>
<u>CHANGE IN NET POSITION</u>	<u>(1,491,685)</u>	<u>8,916,684</u>
<u>TOTAL NET POSITION - BEGINNING</u>	<u>7,435,635</u>	<u>(7,223,945)</u>
<u>TOTAL NET POSITION - ENDING</u>	<u>\$ 5,943,950</u>	<u>\$ 1,692,739</u>

CITY OF VIRGINIA BEACH, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023

<u>School Site Landscaping</u>	<u>Telecommunications</u>	<u>Totals</u>
\$ 4,929,962	\$ 3,037,831	\$ 50,307,817
-	-	1,464,693
<u>4,929,962</u>	<u>3,037,831</u>	<u>51,772,510</u>
-	-	16,136,627
3,180,633	1,076,729	11,041,303
513,212	1,256,579	3,761,931
572,381	33,056	1,054,340
541,396	578,429	12,359,205
132,443	11,835	746,299
<u>4,940,065</u>	<u>2,956,628</u>	<u>45,099,705</u>
(10,103)	81,203	6,672,805
39,206	39,096	907,010
-	-	(5,414)
-	(1,100,000)	(1,100,000)
<u>39,206</u>	<u>(1,060,904)</u>	<u>(198,404)</u>
29,103	(979,701)	6,474,401
<u>796,336</u>	<u>1,931,647</u>	<u>2,939,673</u>
<u>\$ 825,439</u>	<u>\$ 951,946</u>	<u>\$ 9,414,074</u>

**CITY OF VIRGINIA BEACH, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023**

	City Garage	Risk Management
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Receipts from Customers and Users	\$ 23,952,464	\$ 19,852,253
Cash Payments to Suppliers of Goods and Services	(17,941,431)	(10,883,209)
Cash Payments to Employees for Services	(6,640,592)	(7,968,099)
Net Cash Provided By (Used in) Operating Activities	<u>(629,559)</u>	<u>1,000,945</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>		
Payments to Other Funds	-	-
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Acquisition and Construction of Capital Assets	(47,080)	-
Proceeds from Sale of Salvage	(5,414)	-
Net Cash Used in Capital and Related Financing Activities	<u>(52,494)</u>	<u>-</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Interest and Dividends Received	<u>148,817</u>	<u>679,891</u>
Net Increase (Decrease) in Cash and Temporary Investments	(533,236)	1,680,836
Cash and Temporary Investments, July 1	<u>6,996,875</u>	<u>42,757,112</u>
Cash and Temporary Investments, June 30	<u><u>6,463,639</u></u>	<u><u>44,437,948</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
Operating Income (Loss)	(1,635,088)	8,236,793
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:		
Depreciation Expense	602,021	-
Net Changes in assets and liabilities:		
Inventory	540,170	-
Deferred Outflow of Resources	424,910	39,537
Vouchers and Accounts Payable	236,365	215,875
Net Pension Liability	786,489	59,452
Net OPEB Liability	(30,339)	(2,707)
Deferred Inflow of Resources	(1,577,858)	(139,131)
Estimated Claims and Judgments	-	(7,414,218)
Accrued Compensated Leave	23,771	5,344
Net Cash Provided By (Used In) Operating Activities	<u>\$ (629,559)</u>	<u>\$ 1,000,945</u>

CITY OF VIRGINIA BEACH, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

School Site Landscaping	Telecommunications	Totals
\$ 4,929,962	\$ 3,037,831	\$ 51,772,510
(1,627,151)	(1,849,848)	(32,301,639)
(3,238,060)	(1,149,342)	(18,996,093)
<u>64,751</u>	<u>38,641</u>	<u>474,778</u>
-	(1,100,000)	(1,100,000)
-	(1,100,000)	(1,100,000)
(198,413)	(16,766)	(262,259)
-	-	(5,414)
<u>(198,413)</u>	<u>(16,766)</u>	<u>(267,673)</u>
39,206	39,096	907,010
(94,456)	(1,039,029)	14,115
<u>2,840,410</u>	<u>3,687,071</u>	<u>56,281,468</u>
<u>2,745,954</u>	<u>2,648,042</u>	<u>56,295,583</u>
(10,103)	81,203	6,672,805
132,443	11,835	746,299
-	-	540,170
150,367	82,965	697,779
(162)	18,216	470,294
465,276	144,912	1,456,129
(19,670)	(8,489)	(61,205)
(665,575)	(299,256)	(2,681,820)
-	-	(7,414,218)
12,175	7,255	48,545
<u>\$ 64,751</u>	<u>\$ 38,641</u>	<u>\$ 474,778</u>



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CUSTODIAL FUNDS

CUSTODIAL FUNDS

Custodial 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. Custodial Funds do not involve the measurement of results of operations, as they are custodial in nature (assets = liabilities).

The City has the following Custodial 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.

Sheriff's Inmate Fund - funds are held on behalf of the inmates to cover charges while they are in jail. Funds are returned directly to the inmates upon their removal from jail.

**CITY OF VIRGINIA BEACH, VIRGINIA
CUSTODIAL FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2023**

	<u>Escheat Property</u>	<u>Special Welfare</u>	<u>Sheriff's Inmate Fund</u>	<u>Total</u>
<u>ASSETS</u>				
Cash and Investments	\$ 5,149	\$ 368,073	\$ 171,831	\$ 545,053
<u>LIABILITIES</u>				
Due to Commonwealth	5,149	-	-	5,149
<u>NET POSITION</u>				
Restricted for Individuals, Organizations & Others	\$ -	\$ 368,073	\$ 171,831	\$ 539,904

**CITY OF VIRGINIA BEACH, VIRGINIA
CUSTODIAL FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Escheat Property</u>	<u>Special Welfare</u>	<u>Sheriff's Inmate Accounts</u>	<u>Total</u>
ADDITIONS				
State Receipts for Other Individuals	\$ -	\$ 272,114	\$ -	\$ 272,114
Deposits on Accounts	-	-	1,406,207	1,406,207
Unclaimed Property Transfers from City and School Funds	596,721	-	-	596,721
Total Additions	<u>596,721</u>	<u>272,114</u>	<u>1,406,207</u>	<u>2,275,042</u>
DEDUCTIONS				
Payments to Other Individuals	-	169,731	1,361,143	1,530,874
Unclaimed Property Remittance to State	596,721	-	-	596,721
Total Deductions	<u>596,721</u>	<u>169,731</u>	<u>1,361,143</u>	<u>2,127,595</u>
 Change in Net Position	 <u>-</u>	 <u>102,383</u>	 <u>45,064</u>	 <u>147,447</u>
Net Position - Beginning	-	265,690	126,767	392,457
Net Position - Ending	<u>\$ -</u>	<u>\$ 368,073</u>	<u>\$ 171,831</u>	<u>\$ 539,904</u>



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**DISCRETELY PRESENTED
SCHOOL BOARD
COMPONENT UNIT**

DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT

Major Governmental Funds:

School Operating Fund - is the general operating fund of the School Board which is used to account for all of the financial resources, except those required to be accounted for in another fund.

School Grants Special Revenue Fund - accounts for certain private, Commonwealth of Virginia, and Federal grants (with matching local funds, if required).

School Textbooks Special Revenue Fund - accounts for the financing (e.g., Commonwealth of Virginia) and acquisition of textbooks and related materials used in the school division.

School Capital Projects Fund - accounts for all revenues and expenditures related to the construction of the School's capital assets and infrastructure.

Nonmajor Governmental Funds:

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

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

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

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

Internal Service Funds:

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

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

Fiduciary Funds:

Other Postemployment Benefits Trust Fund - accounts for assets held by the School Board in a trustee capacity for others

CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
STATEMENT OF NET POSITION
June 30, 2023

	Governmental Activities
<u>ASSETS</u>	
Current Assets:	
Cash and Temporary Investments	\$ 369,991,488
Accounts Receivable	5,233,857
Due from Commonwealth	14,392,874
Due from Federal Government	25,868,614
Lease Receivable	682,434
Inventories	726,037
Prepaid Items	1,160,282
Total Current Assets	<u>418,055,586</u>
Noncurrent Assets:	
Net OPEB Asset	45,743
Lease Receivable, Non-Current	1,286,339
Capital Assets:	
Land	38,967,870
Buildings, Improvements, Equipment and Vehicles (net of accumulated depreciation)	513,263,333
Construction in Progress	18,441,696
Total Noncurrent Assets	<u>572,004,981</u>
Total Assets	<u>990,060,567</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred Outflows from Pensions	121,293,159
Deferred Outflows from OPEB	40,977,121
Total Deferred Outflows of Resources	<u>162,270,280</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Salaries Payable	84,555,619
Vouchers and Accounts Payable	35,390,922
Accrued Interest Payable	45,468
Deposits Payable	75,000
Due to Commonwealth	33,745
Due to Federal Government	89,677
Unearned Revenue	14,096,616
Long-term Liabilities (due within one year)	27,312,974
Total Current Liabilities	<u>161,600,021</u>
Noncurrent Liabilities:	
Net Pension Liability	462,205,827
Net OPEB Liability	157,587,101
Long-term Liabilities (due in more than one year)	36,314,348
Total Noncurrent Liabilities	<u>656,107,276</u>
Total Liabilities	<u>817,707,297</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred Inflows from Pensions	122,002,414
Deferred Inflows from OPEB	23,321,600
Deferred Inflows from Leases	1,902,638
Total Deferred Inflows of Resources	<u>147,226,652</u>
<u>NET POSITION</u>	
Investment in Capital Assets	557,050,053
Restricted	36,829,279
Unrestricted	(406,482,434)
Total Net Position (Deficit)	<u>\$ 187,396,898</u>

**CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

	Expenses	Program Revenues			Net (Expenses) Revenues and Change In Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<u>GOVERNMENTAL ACTIVITIES</u>					
Instruction	\$ 661,318,464	\$ 2,850,609	\$ 176,694,407	\$ -	\$ (481,773,448)
Admin, Attendance, & Health	36,864,956	500	43,770,322	-	6,905,866
Pupil Transportation	53,277,359	1,235,478	164,845	-	(51,877,036)
Operations and Maintenance	121,182,598	332,074	556,524	15,823,813	(104,470,187)
Cafeterias	37,165,648	9,298,152	27,794,623	-	(72,873)
Technology	62,660,454	1,062,803	20,529,950	-	(41,067,701)
Total Governmental Activities	<u>\$ 972,469,479</u>	<u>\$ 14,779,616</u>	<u>\$ 269,510,671</u>	<u>\$ 15,823,813</u>	<u>(672,355,379)</u>

General Revenues:

Local Sources:

Local Government	456,010,900
Miscellaneous	8,122,786
Sale of Capital Assets	613,955

Federal and State Aid not Restricted to Specific Purposes:

State Basic Aid	192,465,613
State Sales Tax	98,633,260
Federal Impact Aid	15,699,124

Interest Earnings

Interest Earnings	977,987
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Total General Revenues	<u>772,523,625</u>
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Change in Net Position	100,168,246
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Total Net Position - July 1	<u>87,228,652</u>
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Total Net Position - June 30	<u>\$ 187,396,898</u>
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CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	School Operating	School Grants	School Cafeterias	Capital Projects	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>						
Cash and Investments	\$ 89,644,224	\$ -	\$ 21,847,240	\$ 131,331,882	\$ 17,179,352	\$ 260,002,698
Accounts Receivable	530,435	24,824	113,180	4,700	40,785	713,924
Due from Other Funds	7,126,492	-	-	-	-	7,126,492
Due from Commonwealth	10,892,564	3,489,458	10,852	-	-	14,392,874
Due from Federal Government	77,309	24,399,577	1,391,728	-	-	25,868,614
Lease Receivable	-	-	-	-	1,968,773	1,968,773
Inventories	-	-	726,037	-	-	726,037
Prepaid Items	309,327	-	7,290	-	573,736	890,353
Total Assets	<u>108,580,351</u>	<u>27,913,859</u>	<u>24,096,327</u>	<u>131,336,582</u>	<u>19,762,646</u>	<u>311,689,765</u>
<u>LIABILITIES</u>						
Salaries Payable	79,289,604	3,938,714	1,290,652	35,508	-	84,554,478
Vouchers and Accounts Payable	10,834,743	7,665,454	604,956	11,999,035	12,455	31,116,643
Deposits Payable	-	-	-	-	75,000	75,000
Due to Other Funds	-	7,126,492	-	-	-	7,126,492
Due to Commonwealth	2,004	31,741	-	-	-	33,745
Due to Federal Government	-	1,763	-	87,914	-	89,677
Unearned Revenues	579,081	4,387,250	665,280	-	-	5,631,611
Total Liabilities	<u>90,705,432</u>	<u>23,151,414</u>	<u>2,560,888</u>	<u>12,122,457</u>	<u>87,455</u>	<u>128,627,646</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Leases	-	-	-	-	1,902,638	1,902,638
<u>FUND BALANCES</u>						
Nonspendable	309,327	-	733,327	-	639,871	1,682,525
Restricted	-	4,762,445	20,802,112	-	11,218,979	36,783,536
Committed	-	-	-	119,214,125	5,913,703	125,127,828
Assigned	17,565,592	-	-	-	-	17,565,592
Total Fund Balances	<u>17,874,919</u>	<u>4,762,445</u>	<u>21,535,439</u>	<u>119,214,125</u>	<u>17,772,553</u>	<u>181,159,481</u>
Total Liabilities and Fund Balances	<u>\$ 108,580,351</u>	<u>\$ 27,913,859</u>	<u>\$ 24,096,327</u>	<u>\$ 131,336,582</u>	<u>\$ 19,762,646</u>	<u>\$ 311,689,765</u>

**CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2023**

Amounts reported for governmental activities in the Statement of Net Position in Exhibit A-1 are different from amounts reported for governmental funds in this exhibit because:

Total Fund Balances - Governmental Funds (this exhibit)	\$	181,159,481
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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	1,115,347,792	
Less: Accumulated Depreciation	<u>544,674,893</u>	570,672,899

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	(43,913,225)	
Subscription Liability	(1,623,811)	
Accrued Interest on Long Term Debt	<u>(45,468)</u>	(45,582,504)

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

Total Assets	114,778,652	
Less: Total Liabilities	<u>30,830,711</u>	
Total Net Position		83,947,941

GAAP accounting for Pensions was implemented in Fiscal Year 2015. Pensions are not reported in the governmental funds.

Net Pension Liability	(462,205,827)	
Deferred Outflows of Resources	121,293,159	
Deferred Inflows of Resources	<u>(122,002,414)</u>	(462,915,082)

GAAP accounting for OPEB was implemented in Fiscal Year 2018. OPEB is not reported in the governmental funds.

Net OPEB Liability	(157,587,101)	
Net OPEB Asset	45,743	
Deferred Outflows of Resources	40,977,121	
Deferred Inflows of Resources	<u>(23,321,600)</u>	(139,885,837)

Total Net Position - Governmental Activities (Exhibit 42)	\$	<u><u>187,396,898</u></u>
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CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	School Operating	School Grants	School Cafeterias	Capital Projects	Other Governmental Funds	Total Governmental Funds
<u>REVENUES</u>						
From Use of Money and Property	\$ 332,074	\$ -	\$ 253,620	\$ 263,917	\$ 791,493	\$ 1,641,104
Charges for Services	1,018,801	-	8,569,073	-	155,672	9,743,546
Miscellaneous	3,915,181	290,159	794,588	-	7,785,969	12,785,897
From Local Government	407,913,456	-	-	48,103,743	-	456,017,199
From Commonwealth	424,442,822	12,991,741	1,002,667	15,823,813	4,986,359	459,247,402
From Federal Government	18,437,704	87,365,261	26,791,956	-	-	132,594,921
Total Revenues	<u>856,060,038</u>	<u>100,647,161</u>	<u>37,411,904</u>	<u>64,191,473</u>	<u>13,719,493</u>	<u>1,072,030,069</u>
<u>EXPENDITURES</u>						
Current:						
Instruction	618,857,056	71,037,127	-	3,467,637	8,572,071	701,933,891
Admin, Attendance, & Health	39,236,548	3,093,943	-	-	-	42,330,491
Pupil Transportation	50,149,031	3,199,249	-	-	-	53,348,280
Operations and Maintenance	107,459,456	13,261,728	-	8,405,388	-	129,126,572
Cafeterias	-	2,764,815	35,671,275	-	-	38,436,090
Technology	46,353,359	11,525,807	195,212	135,940	4,558,073	62,768,391
Capital Outlay	822,690	-	-	39,622,538	-	40,445,228
Debt Service:						
Principal - Subscriptions	633,726	-	-	-	258,581	892,307
Total Expenditures	<u>863,511,866</u>	<u>104,882,669</u>	<u>35,866,487</u>	<u>51,631,503</u>	<u>13,388,725</u>	<u>1,069,281,250</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>(7,451,828)</u>	<u>(4,235,508)</u>	<u>1,545,417</u>	<u>12,559,970</u>	<u>330,768</u>	<u>2,748,819</u>
<u>OTHER FINANCING SOURCES (USES)</u>						
Transfers In	-	5,140,987	-	-	-	5,140,987
Transfers Out	(5,140,987)	-	-	-	-	(5,140,987)
Sale of Capital Assets	607,655	-	-	-	-	607,655
Capitalized Subscriptions	822,690	-	-	-	-	822,690
Loss on Lease	-	-	-	-	(24,127)	(24,127)
Total Other Financing Sources (Uses)	<u>(3,710,642)</u>	<u>5,140,987</u>	<u>-</u>	<u>-</u>	<u>(24,127)</u>	<u>1,406,218</u>
<u>NET CHANGES IN FUND BALANCES</u>	<u>(11,162,470)</u>	<u>905,479</u>	<u>1,545,417</u>	<u>12,559,970</u>	<u>306,641</u>	<u>4,155,037</u>
<u>FUND BALANCES - JULY 1</u>	<u>29,037,389</u>	<u>3,856,966</u>	<u>19,990,022</u>	<u>106,654,155</u>	<u>17,465,912</u>	<u>177,004,444</u>
<u>FUND BALANCES - JUNE 30</u>	<u>\$ 17,874,919</u>	<u>\$ 4,762,445</u>	<u>\$ 21,535,439</u>	<u>\$ 119,214,125</u>	<u>\$ 17,772,553</u>	<u>\$ 181,159,481</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, 2023**

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

Net Change in Fund Balances - Governmental Funds (this exhibit) \$ 4,155,037

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities. This is the amount by which capital outlay exceeded depreciation expense (including other transactions (e.g., loss on disposals)) for the fiscal year. 21,297,732

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	12,647,065	
Leave Earned	<u>(14,338,573)</u>	(1,691,508)

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

Risk Management Transfer	2,000,000	
Risk Management	4,166,711	
Health Insurance	<u>209,105</u>	6,375,816

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, 2022. This amount is the applicable Net Book Value change and depreciation expense for the fiscal year. (16,784,178)

Principal and interest on subscription liabilities are reported as expenditures in governmental funds. However, the principal payments reduce the liabilities in the Statement of Net Position and does not result in expenses in the Statement of Activities and Interest is expensed as it accrues in the Statement of Activities. 846,839

Other financing sources recorded at the inception of subscription liabilities increase fund balance of the governmental funds. In government-wide statements, new debt increases non-current liabilities in the Statement of Net Position and does not affect the Statement of Activities. (822,690)

This amount is the Pension Expense and Deferred Outflow (pension contributions paid) for the fiscal year.

Pension Expense	(88,840,119)	
Deferred Inflows	196,454,745	
Deferred Outflows	<u>(23,455,634)</u>	84,158,992

This amount is the OPEB Expense and Deferred Outflow (OPEB contributions paid) for the fiscal year.

OPEB Expense	(12,714,940)	
Deferred Inflows	7,191,836	
Deferred Outflows	<u>8,155,310</u>	<u>2,632,206</u>

Change in Net Position of governmental activities in the Statement of Activities (Exhibit 41) \$ 100,168,246

**CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2023**

	School Textbooks	School Communication Towers/ Technology	School Vending Operations	School Equipment Replacement	School Activity	Totals
<u>ASSETS</u>						
Cash and Investments	\$ 5,991,247	\$ 5,122,825	\$ 222,245	\$ 615,499	\$ 5,227,536	\$ 17,179,352
Accounts Receivable	196	-	40,589	-	-	40,785
Lease Receivable	-	1,968,773	-	-	-	1,968,773
Prepaid Items	573,736	-	-	-	-	573,736
Total Assets	<u>6,565,179</u>	<u>7,091,598</u>	<u>262,834</u>	<u>615,499</u>	<u>5,227,536</u>	<u>19,762,646</u>
<u>LIABILITIES</u>						
Liabilities:						
Vouchers and Accounts Payable	-	10,203	-	2,252	-	12,455
Deposits Payable	-	75,000	-	-	-	75,000
Total Liabilities	<u>-</u>	<u>85,203</u>	<u>-</u>	<u>2,252</u>	<u>-</u>	<u>87,455</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Leases	-	1,902,638	-	-	-	1,902,638
<u>FUND BALANCE</u>						
Nonspendable	573,736	66,135	-	-	-	639,871
Restricted	5,991,443	-	-	-	5,227,536	11,218,979
Committed	-	5,037,622	262,834	613,247	-	5,913,703
Total Fund Balances	<u>6,565,179</u>	<u>5,103,757</u>	<u>262,834</u>	<u>613,247</u>	<u>5,227,536</u>	<u>17,772,553</u>
Total Liabilities and Fund Balances	<u>\$ 6,565,179</u>	<u>\$ 7,091,598</u>	<u>\$ 262,834</u>	<u>\$ 615,499</u>	<u>\$ 5,227,536</u>	<u>\$ 19,762,646</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, 2023

	School Textbooks	School Communication Towers/ Technology	School Vending Operations	School Equipment Replacement	School Activity	Totals
<u>REVENUES</u>						
From Use of Money and Property	\$ 60,311	\$ 715,636	\$ 1,545	\$ 8,438	\$ 5,563	\$ 791,493
Charges for Services	-	-	155,672	-	-	155,672
Miscellaneous	6,337	-	-	-	7,779,632	7,785,969
From Commonwealth	4,986,359	-	-	-	-	4,986,359
Total Revenues	<u>5,053,007</u>	<u>715,636</u>	<u>157,217</u>	<u>8,438</u>	<u>7,785,195</u>	<u>13,719,493</u>
<u>EXPENDITURES</u>						
Instruction	966,519	-	64,198	490	7,540,864	8,572,071
Technology	4,463,421	-	-	94,652	-	4,558,073
Debt Service:						
Principal - SBITA	258,581	-	-	-	-	258,581
Total Expenditures	<u>5,688,521</u>	<u>-</u>	<u>64,198</u>	<u>95,142</u>	<u>7,540,864</u>	<u>13,388,725</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>						
	(635,514)	715,636	93,019	(86,704)	244,331	330,768
<u>OTHER FINANCING USES</u>						
Loss on Lease	-	(24,127)	-	-	-	(24,127)
<u>NET CHANGE IN FUND BALANCES</u>						
	(635,514)	691,509	93,019	(86,704)	244,331	306,641
<u>FUND BALANCES - JULY 1</u>						
	7,200,693	4,412,248	169,815	699,951	4,983,205	17,465,912
<u>FUND BALANCES - JUNE 30</u>						
	<u>\$ 6,565,179</u>	<u>\$ 5,103,757</u>	<u>\$ 262,834</u>	<u>\$ 613,247</u>	<u>\$ 5,227,536</u>	<u>\$ 17,772,553</u>

**CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2023**

	School Risk Management	School Health Insurance	Totals
<u>ASSETS</u>			
Cash and Investments	\$ 19,640,267	\$ 90,348,523	\$ 109,988,790
Accounts Receivable	-	4,519,933	4,519,933
Prepaid Items	269,929	-	269,929
Total Assets	<u>19,910,196</u>	<u>94,868,456</u>	<u>114,778,652</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Salaries Payable	1,138	3	1,141
Vouchers and Accounts Payable	287,276	3,987,003	4,274,279
Unearned Revenues	-	8,465,005	8,465,005
Estimated Claims and Judgments (due within one year)	6,824,465	6,743,250	13,567,715
Total Current Liabilities	<u>7,112,879</u>	<u>19,195,261</u>	<u>26,308,140</u>
Noncurrent Liabilities:			
Estimated Claims and Judgments (due in more than one year)	2,274,821	2,247,750	4,522,571
Total Liabilities	<u>9,387,700</u>	<u>21,443,011</u>	<u>30,830,711</u>
<u>NET POSITION</u>			
Unrestricted	<u>\$ 10,522,496</u>	<u>\$ 73,425,445</u>	<u>\$ 83,947,941</u>

**CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2023**

	School Risk Management	School Health Insurance	Totals
<u>OPERATING REVENUES</u>			
Charges for Services	\$ 8,995,919	\$ 154,289,877	\$ 163,285,796
Miscellaneous Revenues	2,688,897	-	2,688,897
Total Operating Revenues	<u>11,684,816</u>	<u>154,289,877</u>	<u>165,974,693</u>
<u>OPERATING EXPENSES</u>			
Personnel Services	407,990	557,018	965,008
Fringe Benefits	142,391	222,883	365,274
Purchased Services	1,085,649	1,664,718	2,750,367
Other Charges	6,123,274	152,680,096	158,803,370
Total Operating Expenses	<u>7,759,304</u>	<u>155,124,715</u>	<u>162,884,019</u>
<u>OPERATING INCOME (LOSS)</u>	<u>3,925,512</u>	<u>(834,838)</u>	<u>3,090,674</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>			
From Local Government	2,000,000	-	2,000,000
Interest Income	241,199	1,043,943	1,285,142
Total Nonoperating Revenues (Expenses)	<u>2,241,199</u>	<u>1,043,943</u>	<u>3,285,142</u>
<u>CHANGE IN NET POSITION</u>	6,166,711	209,105	6,375,816
<u>TOTAL NET POSITION - JULY 1</u>	<u>4,355,785</u>	<u>73,216,340</u>	<u>77,572,125</u>
<u>TOTAL NET POSITION - JUNE 30</u>	<u>\$ 10,522,496</u>	<u>\$ 73,425,445</u>	<u>\$ 83,947,941</u>

**CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2023**

	School Risk Management	School Health Insurance	Totals
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>			
Receipts from Customers and Users	\$ 11,690,543	\$ 153,513,098	\$ 165,203,641
Payments to Vendors for Goods and Services	(9,600,747)	(149,234,482)	(158,835,229)
Payments to Employees for Services	(550,352)	(779,898)	(1,330,250)
Net Cash Provided (Used) By Operating Activities	<u>1,539,444</u>	<u>3,498,718</u>	<u>5,038,162</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>			
Intragovernmental Receipts	2,000,000	-	2,000,000
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>			
Interest Received on Investments	<u>241,199</u>	<u>1,043,943</u>	<u>1,285,142</u>
Net Increase (Decrease) in Cash and Investments	3,780,643	4,542,661	8,323,304
Cash and Temporary Investments, July 1	<u>15,859,624</u>	<u>85,805,862</u>	<u>101,665,486</u>
Cash and Temporary Investments, June 30	<u>\$ 19,640,267</u>	<u>\$ 90,348,523</u>	<u>\$ 109,988,790</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</u>			
Operating Income (Loss)	<u>\$ 3,925,512</u>	<u>\$ (834,838)</u>	<u>\$ 3,090,674</u>
Adjustments to Reconcile Operating Income (Loss) to Net Changes in Assets and Liabilities:			
Accounts Receivable	5,727	(950,193)	(944,466)
Prepaid Items	1,972	-	1,972
Salaries Payable	29	3	32
Vouchers and Accounts Payable	(372,463)	3,732,332	3,359,869
Unearned Revenue	-	173,414	173,414
Estimated Claims and Judgments	(2,021,333)	1,378,000	(643,333)
Total Adjustments	<u>(2,386,068)</u>	<u>4,333,556</u>	<u>1,947,488</u>
Net Cash Provided By Operating Activities	<u>\$ 1,539,444</u>	<u>\$ 3,498,718</u>	<u>\$ 5,038,162</u>

**CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2023**

	Other Postemployment Benefits Trust Fund
<u>ASSETS</u>	
Fixed Income	\$ 8,556,841
Stocks	20,964,261
Real Estate	6,417,631
Alternative Investments	6,845,473
Total Assets	42,784,206
 <u>NET POSITION</u>	
Restricted for Postemployment Benefits Other than Pensions	\$ 42,784,206

**CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023**

	Other Postemployment Benefits Trust Fund
<u>ADDITIONS</u>	
Contributions:	
Employer	\$ 7,514,976
Investment Earnings:	
Increase in Fair Value of Investments	3,032,165
Total Additions	<u>10,547,141</u>
<u>DEDUCTIONS</u>	
Benefits	7,514,976
Administrative Expenses	<u>27,865</u>
Total Deductions	<u>7,542,841</u>
Change in Net Position	3,004,300
Net Position at Beginning of Year	<u>39,779,906</u>
Net Position at End of Year	<u><u>\$ 42,784,206</u></u>

OTHER COMPONENT UNITS

CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF NET POSITION
OTHER COMPONENT UNIT FUNDS
JUNE 30, 2023

	<u>Community Development Corporation</u>	<u>Atlantic Park Community Development Authority</u>	<u>Totals</u>
ASSETS			
Cash and Investments	\$ 2,747,374	\$ -	\$ 2,747,374
Cash and Investments - Restricted	-	43,600,147	43,600,147
Accounts Receivable - Net	933,171	-	933,171
Due from Commonwealth	208,671	-	208,671
Prepaid Items	30,901	2,333	33,234
Notes Receivable	4,153,259	-	4,153,259
Interest Receivable	-	244,528	244,528
Replacement Reserves and escrows	1,638,906	-	1,638,906
Property, Net	26,003,236	-	26,003,236
Total Assets	<u>35,715,518</u>	<u>43,847,008</u>	<u>79,562,526</u>
LIABILITIES			
Accounts Payable	198,838	-	198,838
Deposits Payable	234,341	-	234,341
Accrued Interest Payable	167,467	833,828	1,001,295
Bonds and Notes Payable	19,777,064	50,337,570	70,114,634
Accrued Liabilities	93,954	869,575	963,529
Due to Other Governments	-	178,121	178,121
Total Liabilities	<u>20,471,664</u>	<u>52,219,094</u>	<u>72,690,758</u>
NET POSITION			
Net Investment in Capital Assets	6,345,375	-	6,345,375
Restricted	32,347	43,600,147	43,632,494
Unrestricted (Deficit)	8,866,132	(51,972,233)	(43,106,101)
Total Net Position	<u>\$ 15,243,854</u>	<u>\$ (8,372,086)</u>	<u>\$ 6,871,768</u>

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

CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
OTHER COMPONENT UNIT FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Community Development Corporation</u>	<u>Atlantic Park Community Development Authority</u>	<u>Totals</u>
<u>OPERATING REVENUES</u>			
Grants and Contracts	\$ 2,583,560	\$ -	\$ 2,583,560
Contributions	14,899	-	14,899
Rental/program fee income	5,123,955	-	5,123,955
Other income	11,259	-	11,259
Management fees	60,519	-	60,519
Total Operating Revenues	<u>7,794,192</u>	<u>-</u>	<u>7,794,192</u>
<u>OPERATING EXPENSES</u>			
Operating Expenses	<u>7,882,388</u>	<u>2,879,617</u>	<u>10,762,005</u>
Total Operating Expenses	<u>7,882,388</u>	<u>2,879,617</u>	<u>10,762,005</u>
<u>OPERATING INCOME (LOSS)</u>	<u>(88,196)</u>	<u>(2,879,617)</u>	<u>(2,967,813)</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>			
Interest Income	45,116	377,607	422,723
Gain (loss) on disposal of property and equipment	93,236	-	93,236
Total Nonoperating Revenues (Expenses)	<u>138,352</u>	<u>377,607</u>	<u>515,959</u>
<u>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</u>			
	50,156	(2,502,010)	(2,451,854)
Contributions from Primary Government	-	6,185,015	6,185,015
Contributions to VBDA	-	(12,055,091)	(12,055,091)
<u>CHANGE IN NET POSITION</u>			
Total Net Position at Beginning of Year	15,193,698	-	15,193,698
Total Net Position at End of Year	<u>\$ 15,243,854</u>	<u>\$ (8,372,086)</u>	<u>\$ 6,871,768</u>

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

**CITY OF VIRGINIA BEACH, VIRGINIA
OTHER COMPONENT UNITS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>COMMUNITY DEVELOPMENT CORPORATION</u>	<u>ATLANTIC PARK COMMUNITY DEVELOPMENT AUTHORITY</u>	<u>TOTALS</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Receipts from Customers and Users	\$ 5,056,363	\$ -	\$ 5,056,363
Cash receipts from Grants	2,661,190	-	2,661,190
Cash Payments to Suppliers of Goods and Services	(5,555,018)	-	(5,555,018)
Cash payments for administrative fees	-	(3,500)	(3,500)
Other Operating Cash Receipts	(97,467)	-	(97,467)
Net Cash Provided By (Used in) Operating Activities	<u>2,065,068</u>	<u>(3,500)</u>	<u>2,061,568</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>			
Change in Notes Receivables	149,035	-	149,035
Net Change in Reserves	23,494	-	23,494
Principal payments on long-term debt	(578,604)	-	(578,604)
Cash payments for interest expense	(794,947)	-	(794,947)
Purchases of capital assets	(935,427)	-	(935,427)
Payment of debt issuance costs	(71,389)	-	(71,389)
Net proceeds from notes payable	52,869	-	52,869
Proceeds from line of credit	119,203	-	119,203
Cash paid outside of closing	(37,558)	-	(37,558)
Proceeds from bond issuance, net of underwriter's discount	-	49,496,571	49,496,571
Payments for VBDA capital assets	-	(11,185,516)	(11,185,516)
Bond issuance costs paid	-	(1,025,502)	(1,025,502)
City contribution	-	6,185,015	6,185,015
Net Cash Used in Capital and Related Financing Activities	<u>(2,073,324)</u>	<u>43,470,568</u>	<u>5,159,513</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Interest and dividends received on investments	-	219,635	219,635
Investments purchased	-	(11,849,542)	(11,849,542)
Change in short-term investments/interest received	(3,150)	-	(3,150)
Net Cash Used in Investing Activities	<u>(3,150)</u>	<u>(11,629,907)</u>	<u>(11,633,057)</u>
Net Increase (Decrease) in Cash and Temporary Investments	(11,406)	31,837,161	31,825,755
Cash and Temporary Investments, July 1	<u>2,239,622</u>	<u>-</u>	<u>2,239,622</u>
Cash and Temporary Investments, June 30	<u>2,228,216</u>	<u>31,837,161</u>	<u>34,065,377</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:</u>			
Operating Income (Loss)	(88,196)	(179,288)	(267,484)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:			
Depreciation Expense	1,258,352	-	1,258,352
Interest Expense	794,947	-	794,947
Non-cash interest expense	38,914	-	38,914
Pro-rated real estate taxes and utilities	5,316	-	5,316
Non-cash insurance expense	30,100	-	30,100
Bad debt expense	72,764	-	72,764
Net Changes in assets and liabilities:			
Accounts Receivable	(184,473)	-	(184,473)
Grants Receivable	77,630	-	77,630
Prepaid Expenses	-	(2,333)	(2,333)
Deposits	56,810	-	56,810
Accounts Payable	10,872	-	10,872
Accrued Expenses	59,295	-	59,295
Deferred Revenue	(61,803)	-	(61,803)
Security Deposits	(5,460)	-	(5,460)
Payments to City of Virginia Beach and VBDA	-	178,121	178,121
Net Cash Provided By (Used In) Operating Activities	<u>\$ 2,065,068</u>	<u>\$ (3,500)</u>	<u>\$ 2,061,568</u>



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STATISTICAL SECTION

Statistical Section

This part of the City's Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance has changed over time.	259
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.	266
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.	271
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.	276
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.	279
Schedule of the Treasurer's Cash Accountability This schedule contains information about the City's deposits and investments.	281

Sources: Unless otherwise noted, the information in these schedules is derived from the ACFR for the relevant year.



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Table 1

CITY OF VIRGINIA BEACH, VIRGINIA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental Activities										
Net Investment in Capital Assets	\$ 2,273,830,446	\$ 2,252,154,557	\$ 2,286,145,556	\$ 2,324,672,499	\$ 2,382,782,109	\$ 2,382,782,109	\$ 2,304,432,557	\$ 2,394,262,385	\$ 2,462,107,866	\$ 2,602,704,864
Restricted	272,044,037	343,675,422	362,820,736	347,382,648	67,047,985	68,166,411	71,573,421	77,885,069	68,601,719	62,571,732
Unrestricted	168,304,006	(171,554,644)	(122,670,333)	(84,470,897)	147,877,239	146,768,813	271,559,081	254,195,122	303,191,590	258,404,644
Total Governmental Activities Net Position	2,714,178,489	2,424,275,335	2,526,295,959	2,587,584,250	2,597,707,333	2,597,717,333	2,647,565,059	2,726,342,576	2,833,901,175	2,923,681,240
Business-type Activities										
Net Investment in Capital Assets	716,074,522	758,928,371	760,003,698	813,703,550	920,273,999	920,273,999	966,433,599	873,636,000	927,531,666	1,026,281,613
Restricted	249,548,491	212,357,644	259,716,984	246,364,646	25,178,718	25,178,718	25,757,255	28,120,678	36,385,148	73,779,139
Unrestricted	29,249,082	30,523,779	31,289,060	33,551,935	251,112,602	251,112,602	240,256,063	373,022,454	367,697,502	332,297,432
Total Business-type Activities Net Position	994,872,095	1,001,809,794	1,051,009,742	1,093,620,131	1,196,565,319	1,196,565,319	1,232,446,917	1,274,779,132	1,331,614,316	1,432,358,184
Primary Government										
Net Investment in Capital Assets	2,989,904,968	3,011,082,928	3,046,149,254	3,138,376,049	3,303,056,108	3,303,056,108	3,270,866,156	3,267,898,385	3,389,639,532	3,628,986,477
Restricted	521,592,528	556,033,066	622,537,720	593,747,294	92,226,703	93,345,129	97,330,676	106,005,747	104,986,867	136,350,871
Unrestricted	197,553,088	(141,030,865)	(91,381,273)	(50,918,962)	398,999,841	397,881,415	511,815,144	627,217,576	670,889,092	590,702,076
Total Primary Government Net Position	\$ 3,709,050,584	\$ 3,426,085,129	\$ 3,577,305,701	\$ 3,681,204,381	\$ 3,794,282,652	\$ 3,794,282,652	\$ 3,880,011,976	\$ 4,001,121,708	\$ 4,165,515,491	\$ 4,356,039,424

Source: City Department of Finance

Table 2

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental Activities:										
Legislative	\$ 1,189,512	\$ 1,186,251	\$ 1,181,030	\$ 1,197,802	\$ 1,197,802	\$ 1,137,306	\$ 1,186,759	\$ 1,150,487	\$ 1,144,853	\$ 1,270,590
Executive	2,498,694	2,621,111	4,185,699	4,291,911	4,291,911	4,989,525	5,148,732	5,061,684	5,813,525	11,164,998
Law	3,937,096	3,776,063	3,763,766	4,407,207	4,407,207	4,398,166	4,646,337	4,700,230	4,925,401	5,649,595
Finance	18,521,840	17,241,258	18,382,696	19,077,306	18,914,577	19,589,053	23,528,882	23,528,882	22,481,818	21,494,055
Human Resources	10,479,994	11,031,258	11,750,627	11,264,020	11,839,137	12,369,244	12,303,650	12,303,650	12,303,650	5,904,595
Judicial	56,389,216	54,160,608	56,308,364	61,622,028	61,571,616	63,543,647	67,317,493	70,800,824	73,890,423	82,081,133
Health	3,126,176	3,215,269	3,179,240	3,391,817	3,438,812	3,702,796	3,690,540	3,987,416	4,097,764	4,014,844
Police	98,885,662	96,431,059	93,988,335	101,644,605	99,016,027	97,153,874	90,164,472	111,033,033	115,206,986	122,888,250
Human Services	110,266,430	110,140,108	109,133,450	116,434,440	114,896,878	121,506,719	125,692,508	126,378,186	124,058,301	137,187,024
Public Works	201,565,478	151,146,960	173,634,278	173,634,278	182,099,702	221,572,129	184,476,409	180,759,392	179,266,059	202,890,102
Parks and Recreation	46,944,369	46,372,607	45,082,490	47,512,722	52,804,501	53,773,326	53,773,326	47,365,473	52,636,040	58,488,037
Library	17,811,215	17,581,450	17,001,977	18,354,780	17,605,034	18,321,890	18,321,890	17,775,399	17,952,609	19,107,761
Planning	9,788,352	9,963,622	9,689,950	11,162,446	19,392,297	18,951,218	19,600,411	10,136,563	15,879,782	1,481,207
Agriculture	889,198	1,249,439	1,427,900	4,605,108	3,327,833	3,429,550	3,505,824	989,561	5,450,992	15,006,254
Economic Development	1,531,524	1,624,276	2,076,114	1,562,948	4,463,692	2,460,948	130,286	10,270,726	16,525,448	71,265,585
Convention and Visitor Development	21,970,212	29,153,694	25,836,560	28,761,957	29,398,089	30,880,566	25,952,164	25,827,302	30,301,295	36,847,213
Cultural Affairs	35,271,946	33,630,014	33,641,832	38,964,868	43,482,116	38,010,079	37,031,425	40,478,404	46,447,924	53,390,404
Information Technology	8,948,709	8,750,026	8,140,536	8,970,142	9,050,582	8,883,445	7,651,383	66,743,662	72,063,215	81,434,129
Emergency/Communications and Citizen Services	28,052,251	29,450,284	30,230,164	34,738,707	26,461,340	28,038,995	23,022,240	52,187,797	1,143,281	1,239,155
Boards and Commissions	52,577,157	49,680,380	50,306,088	57,104,376	58,983,144	59,205,902	52,187,797	66,743,662	72,063,215	81,434,129
Fire	1,466,132	1,420,917	1,415,041	1,365,506	1,341,640	1,263,505	1,304,787	1,199,201	1,143,281	1,239,155
Budget and Management Services	376,409,572	390,015,055	398,127,741	396,304,003	423,487,979	430,808,133	444,640,435	393,805,472	519,790,190	470,150,749
Education	26,185,221	26,348,557	26,300,165	28,485,380	28,485,380	31,587,037	33,526,690	38,434,839	39,516,778	38,590,491
Housing and Neighborhood Preservation	10,314,480	10,704,799	10,841,342	11,113,741	10,775,551	11,115,822	10,318,444	10,524,870	11,696,711	12,946,911
Museums	10,052,359	10,028,682	10,201,025	12,532,240	12,591,888	13,018,124	11,506,086	16,191,211	14,653,727	18,241,153
Emergency Medical Services	1,254,362	1,102,864	638,519	-	3,705,291	8,269,691	55,756,647	151,934,189	12,491,959	46,326,095
Strategic Growth Area	1,657,913	2,095,946	1,826,647	20,905,051	24,905,558	24,527,747	24,527,747	12,491,959	12,491,959	12,600,164
General Government	32,290,625	33,395,513	33,580,400	29,622,762	24,905,558	24,527,747	24,527,747	12,491,959	12,491,959	12,600,164
Interest on Long-term Debt	\$ 1,190,428,695	\$ 1,153,518,070	\$ 1,182,031,334	\$ 1,247,623,917	\$ 1,271,935,584	\$ 1,330,896,846	\$ 1,340,125,749	\$ 1,401,348,476	\$ 1,409,019,651	\$ 1,543,812,273
Total Governmental Activities Expenses	\$ 107,549,122	\$ 110,779,437	\$ 109,232,931	\$ 107,922,521	\$ 115,336,137	\$ 139,843,870	\$ 122,936,900	\$ 128,355,819	\$ 123,082,346	\$ 129,355,105
Business-Type Activities:										
Water and Sewer	19,561,223	22,908,803	23,288,944	34,666,545	33,518,183	38,120,181	33,328,873	28,390,383	27,277,527	28,806,275
Storm Water	10,154,302	11,025,011	9,920,441	39,724,605	17,545,543	12,383,812	11,848,737	14,201,332	11,483,345	16,170,202
Development Authority	-	41,907,754	39,965,302	12,582,903	37,051,532	34,569,612	34,898,954	39,922,657	39,623,039	40,531,439
Waste Management	1,902,855	4,419,983	3,770,402	3,383,691	3,984,236	4,211,205	3,279,464	3,554,852	4,012,896	6,814,732
Parking	139,167,502	191,040,988	186,178,020	198,280,265	207,435,631	229,128,680	206,292,928	214,434,043	205,479,153	221,677,753
Total Business-Type Activities Expenses	\$ 1,329,596,197	\$ 1,344,559,058	\$ 1,368,209,354	\$ 1,445,906,182	\$ 1,479,371,215	\$ 1,560,025,526	\$ 1,546,418,677	\$ 1,615,782,519	\$ 1,614,498,804	\$ 1,765,490,026
Total Primary Government Expenses	\$ 3,101,433	\$ 3,735,209	\$ 3,549,429	\$ 4,907,694	\$ 5,409,133	\$ 5,439,707	\$ 4,970,675	\$ 4,952,035	\$ 4,593,372	\$ 4,452,638
Governmental Activities:										
Charges for services:										
Judicial	3,472,080	3,854,581	3,965,201	3,308,747	2,967,178	2,897,398	2,895,919	1,465,641	1,213,588	1,362,460
Police	25,031,069	25,615,214	24,956,662	25,167,062	25,755,690	26,226,827	24,294,428	23,856,142	24,423,403	30,846,325
Human Services	44,380,916	2,766,927	3,564,521	4,058,165	2,193,888	4,244,989	2,178,507	7,386,964	2,451,772	2,582,647
Public Works	15,114,163	14,974,524	15,569,444	15,021,272	16,988,062	17,445,906	12,115,841	6,879,205	12,933,902	15,426,715
Parks and Recreation	760,734	789,508	726,001	695,152	671,344	557,576	446,146	200,103	234,847	285,528
Library	4,496,079	5,226,904	5,020,717	5,097,944	5,431,804	5,051,831	5,347,196	4,552,407	5,347,196	6,543,851
Planning	55,585	72,725	62,171	86,449	115,176	135,819	97,087	57,515	2,299,988	7,030,591
Agriculture	-	-	-	-	-	-	-	-	-	-
Economic Development	5,484,357	5,270,419	5,904,184	6,620,853	5,174,206	16,500	163,000	239,772	252,693	582,110
Convention and Visitor Development	141,747	404,789	5,904,184	6,620,853	7,171,215	3,142,035	3,142,035	3,364,093	2,364,093	3,203,148
Fire	2,033,427	2,300,624	2,427,410	2,841,867	182,387	480,323	422,241	843,577	446,095	1,000,780
Housing and Neighborhood Preservation	-	-	-	-	-	-	-	-	-	-
Total Governmental Activities Revenues	\$ 1,904,286,695	\$ 1,914,428,695	\$ 1,904,286,695	\$ 1,904,286,695	\$ 1,904,286,695	\$ 1,904,286,695	\$ 1,904,286,695	\$ 1,904,286,695	\$ 1,904,286,695	\$ 1,904,286,695

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Museums	\$ 7,701,899	\$ 8,343,814	\$ 9,171,646	\$ 9,679,208	\$ 9,856,700	\$ 10,181,856	\$ 6,366,013	\$ 9,514,580	\$ 17,789,880	\$ 13,076,280
General Government	7,532,896	7,480,645	6,690,903	6,795,827	11,561,559	17,187,437	22,781,929	10,590,920	36,543,669	32,849,143
Other Activities	3,590,913	4,088,006	3,867,123	3,726,144	3,644,173	3,675,786	5,154,383	9,097,237	3,150,439	1,238,752
Operating grants and contributions	163,734,763	167,099,983	176,554,087	180,792,670	182,245,087	189,379,234	230,763,053	233,977,314	213,595,601	231,324,331
Capital grants and contributions	69,771,674	49,910,249	49,358,726	30,380,171	32,129,238	22,413,389	9,443,815	1,425,123	7,645,253	3,465,260
Total Governmental Activities	\$ 356,403,735	\$ 301,934,121	\$ 312,168,549	\$ 299,790,140	\$ 305,043,395	\$ 310,916,122	\$ 274,509,193	\$ 264,605,174	\$ 278,724,842	\$ 357,283,541
Business-type Activities:										
Charges for services:										
Water and Sewer	\$ 122,079,274	\$ 122,609,520	\$ 124,303,922	\$ 125,124,505	\$ 127,939,734	\$ 127,220,574	\$ 130,615,326	\$ 130,311,714	\$ 130,311,714	\$ 131,686,568
Storm Water	37,087,519	39,048,824	39,522,703	40,164,454	41,715,744	42,192,454	44,779,183	46,283,817	45,987,477	46,221,163
Development Authority	189,011	4,665,161	4,999,007	2,859,707	7,721,739	6,115,757	3,374,565	1,061,751	2,347,657	66,886,214
Waste Management	-	43,457,679	37,766,169	35,390,065	34,225,087	34,508,631	37,841,799	37,841,799	37,841,799	37,771,858
Parking	2,879,228	5,235,524	3,824,504	5,235,807	6,014,164	5,450,631	4,701,165	5,271,225	6,438,914	5,518,809
Operating grants and contributions	-	90,237	72,740	319,888	42,871	45,382	35,658	40,955	58,254	1,453,097
Capital grants and contributions	7,507,130	7,413,070	8,175,896	6,611,382	28,258,904	27,124,075	5,013,019	3,143,542	3,899,017	3,270,306
Total Business-type Activities	\$ 169,742,162	\$ 221,820,015	\$ 218,664,941	\$ 215,705,808	\$ 245,918,243	\$ 242,157,436	\$ 225,888,740	\$ 224,220,522	\$ 226,906,191	\$ 292,748,015
Total Primary Government Program Revenues	\$ 526,145,897	\$ 523,754,136	\$ 530,833,490	\$ 515,495,948	\$ 550,961,638	\$ 553,073,558	\$ 500,397,933	\$ 488,825,696	\$ 505,631,033	\$ 650,031,556
Net (Expenses) Revenues	\$ (834,024,960)	\$ (851,583,949)	\$ (869,862,786)	\$ (947,833,777)	\$ (966,892,189)	\$ (1,019,980,724)	\$ (1,009,109,367)	\$ (1,009,109,367)	\$ (1,070,721,070)	\$ (1,182,522,244)
Governmental Activities	30,574,660	30,779,027	32,486,921	17,425,543	38,482,612	13,028,756	19,595,722	9,786,479	21,427,038	71,067,162
Business-type Activities	(803,450,300)	(820,804,922)	(837,375,865)	(930,410,234)	(928,409,577)	(1,006,951,968)	(989,513,645)	(999,322,888)	(1,049,294,032)	(1,111,455,082)
Total Primary Government Net Expenses	\$ 543,960,594	\$ 574,064,411	\$ 622,389,162	\$ 645,972,461	\$ 673,006,832	\$ 696,206,555	\$ 705,605,610	\$ 779,250,961	\$ 769,713,599	\$ 833,480,162
General Property Taxes -	55,990,140	58,521,297	61,409,466	66,262,790	63,647,610	65,946,655	68,531,053	79,933,540	87,057,030	90,129,727
Real Estate & Personal Property	42,665,494	44,724,955	40,961,377	48,273,048	48,998,305	47,636,484	44,798,145	45,595,676	42,558,346	40,428,732
Utility	43,657,877	45,155,698	44,956,510	47,143,398	48,777,766	49,129,284	53,879,101	53,804,526	55,604,297	59,007,924
Business Licenses	57,041,072	59,693,981	63,558,427	68,900,065	66,600,924	69,540,210	54,489,832	72,458,074	86,795,077	92,398,321
Meal	26,252,617	28,216,513	29,999,408	32,385,074	36,467,582	37,085,103	30,962,264	39,580,825	48,073,978	52,095,548
Lodging	6,247,637	6,001,024	6,953,928	7,032,632	6,485,738	7,295,403	5,196,698	4,074,079	7,779,671	9,055,008
Amusement	6,377,834	7,044,958	7,299,045	7,858,406	7,565,471	7,809,055	8,554,150	13,988,672	13,146,819	7,870,701
City Tax on Deeds and Wills	12,073,540	12,983,847	10,950,799	12,060,433	11,447,553	10,309,971	10,477,789	9,651,125	8,534,975	8,241,038
Cigarette	9,421,028	9,048,539	10,867,860	11,762,967	11,147,509	11,232,389	10,014,639	11,075,156	10,523,967	10,596,831
Automobile Licenses	10,231,840	11,460,710	13,480,842	10,937,880	5,783,324	3,607,656	3,348,538	3,696,076	4,367,291	4,183,698
Other Taxes	53,412,868	53,412,868	53,412,868	53,412,868	53,412,868	53,412,868	53,412,868	53,412,868	53,412,868	53,412,868
Grants and contributions not restricted	3,557,973	3,956,635	7,172,459	2,255,088	6,488,405	15,272,598	14,404,603	4,679,808	4,243,769	18,884,519
Investment Earnings	22,454,268	14,876,713	14,369,406	17,446,147	16,752,791	7,464,961	6,526,999	15,415,264	18,413,330	14,380,430
Miscellaneous	(17,580,646)	(15,850,873)	(15,898,147)	(22,611,189)	(23,409,462)	(22,248,564)	(11,245,196)	(31,945,328)	(31,945,328)	(17,856,710)
Transfers	875,764,136	913,311,276	971,883,410	1,009,094,068	1,033,091,216	1,059,700,628	1,058,957,093	1,161,182,396	1,178,279,669	1,276,308,797
Total Governmental Activities	\$ 522,661	\$ 660,764	\$ 814,880	\$ 2,573,657	\$ 4,196,130	\$ 5,046,919	\$ 4,234,320	\$ 1,911,998	\$ 1,743,049	\$ 5,830,296
Business-type Activities:	21	(478,876)	-	1,115,089	997,384	997,384	806,360	5,200,484	1,719,769	6,034,510
Investment Earnings	17,580,646	15,850,873	15,898,147	22,611,189	23,409,462	22,248,564	11,245,196	25,433,254	31,945,328	17,856,710
Miscellaneous	18,103,328	16,032,761	16,713,027	25,184,846	28,720,681	28,292,867	16,285,876	32,545,736	35,408,146	29,721,516
Transfers	893,867,464	929,344,037	988,596,437	1,034,278,914	1,061,811,897	1,087,993,495	1,075,242,969	1,193,728,132	1,213,687,815	1,306,030,313
Total Primary Government	\$ 41,739,176	\$ 61,727,327	\$ 102,020,624	\$ 61,258,291	\$ 66,199,027	\$ 39,719,904	\$ 49,847,726	\$ 152,073,029	\$ 107,558,599	\$ 93,786,553
Governmental Activities	48,677,988	46,811,788	49,199,948	42,610,389	67,203,293	41,321,623	35,835,598	42,332,215	56,835,184	100,788,678
Business-type Activities	90,417,164	108,539,115	151,220,572	103,868,680	133,402,320	81,041,527	85,729,324	194,403,244	164,393,783	194,573,231
Total Primary Government	\$ 139,155,152	\$ 155,350,903	\$ 200,240,601	\$ 146,479,073	\$ 200,605,617	\$ 122,363,150	\$ 121,564,850	\$ 236,476,259	\$ 211,929,383	\$ 195,361,809

Source: City Department of Finance
Note: Strategic Growth Area merged with Planning in 2018

Table 3

CITY OF VIRGINIA BEACH, VIRGINIA
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(UNAUDITED)

General Fund	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Nonspendable	\$ 7,482,460	\$ 7,093,861	\$ 10,937,946	\$ 10,647,511	\$ 11,088,350	\$ 10,934,636	\$ 11,259,961	\$ 10,382,347	\$ 8,737,296	\$ 9,450,411
Restricted	892,701	1,080,998	675,616	2,047,751	2,201,965	2,901,470	1,460,287	4,701,470	2,901,470	1,922,110
Committed	16,616,865	12,299,308	12,299,308	17,299,308	17,299,308	17,299,308	16,549,308	16,249,308	15,914,944	15,247,762
Assigned	50,789,758	46,342,481	54,485,191	69,793,355	85,216,602	78,139,398	123,695,484	207,158,449	120,959,370	119,364,503
Unassigned	96,084,791	97,004,933	107,119,381	118,396,300	114,298,452	121,304,984	152,842,932	110,999,710	180,383,159	196,086,564
Total General Fund	\$ 171,866,575	\$ 163,821,581	\$ 185,517,442	\$ 218,184,225	\$ 230,104,677	\$ 230,579,796	\$ 305,807,972	\$ 349,491,284	\$ 328,896,239	\$ 342,071,350
All Other Governmental Funds										
Nonspendable*	\$ -	\$ 6,453,867	\$ 6,488,666	\$ -	\$ -	\$ 47,307	\$ 141,784	\$ 162,681	\$ 195,777	\$ 816,641
Restricted	41,303,255	36,878,328	43,568,700	49,567,841	49,242,719	54,282,998	58,853,173	63,673,930	59,796,132	53,293,554
Committed	321,477,382	337,402,946	357,531,393	336,873,103	387,589,280	311,654,234	391,054,880	318,040,698	358,706,696	275,736,319
Assigned	8,601,614	9,047,083	6,154,607	2,273,180	1,052,730	2,361,660	2,464,037	11,867,831	11,539,720	11,795,387
Unassigned	(554,019)	(391,769)	-	-	-	(1,118,426)	(3,538,892)	(973,056)	(3,555,225)	(5,655,979)
Total All Other Governmental Funds	\$ 370,828,232	\$ 389,390,455	\$ 413,743,366	\$ 388,714,124	\$ 437,884,729	\$ 367,227,773	\$ 448,974,982	\$ 392,772,084	\$ 426,683,100	\$ 335,985,922

Source: City Department of Finance

* 2020, 2021, and 2022 were reported as unassigned.



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Table 4

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
REVENUES										
Real Estate Taxes	\$ 464,439,667	\$ 481,774,192	\$ 526,451,909	\$ 544,302,460	\$ 567,573,017	\$ 586,407,784	\$ 603,119,216	\$ 631,547,267	\$ 633,156,847	\$ 683,138,841
Personal Property Taxes	78,678,322	90,898,635	95,930,682	100,073,205	108,123,397	106,029,083	112,728,082	122,853,013	136,544,911	140,251,330
Total General Property Taxes	543,117,989	572,672,827	622,382,591	644,377,665	675,696,414	692,436,867	715,847,298	754,400,280	769,701,758	823,390,171
Other Local Taxes:										
General Sales	56,431,418	58,164,569	61,099,407	62,614,614	63,511,403	65,851,817	67,855,536	78,732,948	87,383,198	89,501,992
Utility	44,050,182	43,308,157	42,658,906	44,829,994	49,832,408	47,636,484	45,536,508	45,707,678	45,707,678	40,543,327
Business Licenses	44,027,381	44,586,110	45,301,911	47,009,925	48,676,655	49,141,505	52,759,292	54,766,642	55,489,629	59,030,932
Franchise Taxes-Cox Communications	7,531,593	7,939,584	8,115,171	5,163,159	10,961,726	11,260,550	10,112,035	11,009,970	10,474,573	10,753,542
Automobile Licenses	-	-	10,862,073	11,189,995	10,961,726	11,260,550	10,112,035	11,009,970	10,474,573	10,753,542
Bank Stock	2,151,058	2,739,645	3,023,394	3,100,922	3,469,803	3,607,656	3,348,538	3,696,076	4,367,291	4,183,698
City Tax on Deeds	6,297,952	6,970,299	7,222,757	7,755,788	7,475,502	7,708,985	8,494,352	13,867,356	13,006,544	7,767,037
City Tax on Wills	79,882	74,659	76,288	102,618	89,969	99,895	59,798	121,316	140,275	103,664
Cigarette	11,693,536	13,707,486	10,164,199	11,906,282	11,406,153	10,568,721	10,353,589	9,702,875	8,804,084	8,479,917
Amusement	6,015,026	5,902,807	7,034,792	6,349,234	6,349,234	6,762,346	6,300,510	3,407,997	7,568,665	9,236,340
Hotel Taxes	26,643,369	27,914,212	29,780,108	29,196,087	35,494,796	37,127,745	32,682,467	36,821,128	48,186,507	51,768,589
Restaurant Meals	56,872,794	59,968,375	63,437,485	65,207,699	66,264,685	69,278,652	60,561,741	65,572,967	85,941,096	92,035,336
Transient Occupancy Taxes	761,557	771,695	815,025	3,609,510	-	-	-	-	-	-
Total Other Local Taxes	262,555,748	272,047,598	289,591,516	298,498,333	303,532,334	309,044,356	298,112,337	323,235,783	367,069,540	373,404,374
Fines and Forfeitures	5,443,331	7,359,085	6,417,007	5,507,315	5,749,252	5,784,450	3,841,464	-	-	1,326,584
Permits, Privilege Fees, and Regulatory Licenses	6,312,079	5,138,080	4,922,398	5,250,146	5,260,171	4,948,973	5,291,220	6,924,448	8,145,586	9,464,416
From Use of Money and Property	9,281,953	9,706,351	15,856,367	8,910,323	15,389,069	20,766,143	18,434,539	5,253,590	5,561,694	25,192,831
Charges for Services	110,064,203	72,565,586	70,998,949	71,800,886	72,356,349	74,794,925	64,290,614	63,777,821	72,122,243	75,166,201
Miscellaneous	18,041,512	11,935,463	11,148,714	13,723,105	12,917,055	13,245,098	12,503,197	12,657,547	15,872,678	9,216,775
From Other Local Governments	98,153	49,077	-	-	-	-	-	-	-	-
From Commonwealth	178,507,205	199,209,892	216,035,262	204,502,438	187,643,619	196,365,167	199,406,262	193,598,286	201,786,954	214,566,317
From Federal Government	59,113,705	65,227,667	57,728,271	56,119,173	77,856,895	62,086,134	94,757,533	103,770,533	108,672,400	95,360,970
Total Revenues	\$ 1,192,535,878	\$ 1,215,911,626	\$ 1,295,081,075	\$ 1,308,689,384	\$ 1,356,601,158	\$ 1,379,472,113	\$ 1,412,484,464	\$ 1,463,618,288	\$ 1,548,932,853	\$ 1,627,088,642
EXPENDITURES										
Legislative	\$ 1,184,883	\$ 1,208,704	\$ 1,233,934	\$ 1,173,001	\$ 1,248,240	\$ 1,144,252	\$ 180,302	\$ 1,148,867	\$ 1,136,896	\$ 1,267,998
Executive	2,528,002	2,615,031	3,998,371	4,093,880	4,488,041	5,013,472	5,150,430	5,350,574	5,814,781	6,669,856
Law	3,913,804	3,919,348	4,022,217	3,969,488	4,477,543	4,529,203	4,595,060	4,648,025	4,989,558	5,623,140
Finance	17,367,222	17,815,815	18,062,607	18,207,252	19,293,822	20,044,583	19,694,983	22,485,637	21,829,965	23,949,092
Human Resources	10,416,987	11,174,602	11,914,851	11,245,572	11,912,017	12,545,582	12,308,232	4,641,373	5,339,985	6,114,668
Judicial	55,458,238	55,398,991	58,516,561	61,187,703	63,333,887	65,909,658	67,994,838	70,898,766	74,191,658	81,468,470
Health	3,113,772	3,213,191	3,177,862	3,376,761	3,442,478	3,716,750	3,689,009	3,977,832	4,102,391	4,016,549

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Police	\$ 95,036,357	\$ 94,259,577	\$ 95,179,158	\$ 97,550,859	\$ 99,210,134	\$ 99,395,675	\$ 87,195,246	\$ 104,706,083	\$ 109,936,071	\$ 120,472,141
Human Services	110,005,531	112,506,829	112,944,110	115,193,857	117,245,898	124,188,922	125,796,095	126,498,778	124,707,774	140,207,663
Public Works	104,583,810	63,701,224	66,744,291	73,368,698	71,637,743	72,246,833	78,688,736	84,766,606	87,568,991	96,027,726
Parks and Recreation	48,891,417	46,973,301	43,265,384	43,768,393	48,547,482	50,723,021	50,284,384	41,771,348	45,562,141	52,599,740
Library	17,381,850	17,618,171	17,368,746	17,615,908	18,018,356	18,190,701	17,792,956	17,976,360	19,312,737	19,312,737
Planning	9,291,336	9,874,195	9,741,864	10,993,105	19,193,976	19,279,051	19,507,678	18,144,394	19,455,733	12,285,540
Agriculture	3,389,546	3,503,327	1,468,560	4,607,650	969,705	1,043,558	1,056,388	983,928	1,030,830	1,102,779
Economic Development	3,018,382	3,037,408	3,949,271	3,749,275	4,242,488	5,577,029	2,936,165	10,261,721	9,247,887	7,556,960
Convention and Visitor Development	52,048,685	50,793,408	26,306,456	27,050,391	27,058,450	27,868,190	22,513,470	23,522,938	28,156,079	34,293,956
Cultural Affairs							3,156,488	4,066,520	3,489,894	3,886,382
Information Technology	22,249,372	22,008,128	20,463,895	22,132,288	24,774,178	25,707,312	25,166,518	29,152,624	25,819,118	25,013,855
Emergency Communications and Citizen Services	9,033,409	8,985,752	8,609,489	8,859,237	9,122,044	9,147,638	7,631,901	8,890,972	9,609,934	10,604,080
Boards and Commissions	34,742,684	35,603,080	35,367,590	60,714,680	33,601,257	36,875,467	25,951,685			
Fire	47,774,858	49,212,062	51,237,605	55,117,288	58,151,454	59,007,138	48,921,561	66,959,752	72,785,714	81,754,940
Budget and Management Services	1,481,262	1,526,664	1,485,496	1,409,775	1,365,183	1,323,859	1,324,913	1,176,117	1,149,059	1,229,516
Development Authority	736,650	400,429		55,008						
Education	382,971,859	372,506,081	388,092,326	407,548,658	436,811,968	401,945,731	527,340,170	415,985,447	519,866,042	456,472,085
General Government	26,138,828	26,490,648	26,550,331	28,246,526	28,499,449	31,727,306	33,420,457	38,409,709	39,522,022	38,881,389
Housing and Neighborhood Preservation	10,225,773	11,435,283	11,140,739	10,961,337	10,880,638	11,318,527	10,151,547		11,732,959	13,058,273
Museums										3,340,831
General Registrar	7,489,469	11,482,238	2,566,531	2,331,474	4,685,528	3,641,535	42,058,231	62,183,937	65,533,732	59,209,157
Emergency Medical Service	9,500,960	9,508,751	10,111,253	11,405,734	12,213,689	12,637,136	10,799,955	16,248,594	14,713,533	18,495,449
Strategic Growth Area	1,223,232	1,136,261	746,889							
Capital Outlay	142,572,128	180,758,500	148,425,984	75,596,098	127,054,115	180,430,527	169,446,236	145,763,843	144,465,888	254,026,978
Lease Payments										4,133,722
Subscription Payments										5,400,148
Debt Service:										
Principal Retirement	58,392,964	61,522,444	86,698,132	88,609,860	87,908,194	91,689,035	93,299,097	90,767,130	101,672,131	106,318,292
Interest and Fiscal Charges	29,114,205	32,248,023	45,188,801	46,498,278	42,872,488	42,773,286	41,008,013	43,209,156	42,417,787	38,852,258
Total Expenditures	\$ 1,321,277,475	\$ 1,322,437,466	\$ 1,314,579,304	\$ 1,316,638,034	\$ 1,392,259,645	\$ 1,438,741,574	\$ 1,559,458,489	\$ 1,464,415,627	\$ 1,616,285,220	\$ 1,733,646,370
Excess (Deficiency) of Revenues over (under) Expenditures	\$ (128,741,597)	\$ (106,525,840)	\$ (19,498,229)	\$ (7,948,650)	\$ (35,658,487)	\$ (59,269,461)	\$ (146,974,025)	\$ (797,339)	\$ (67,352,367)	\$ (106,557,728)
OTHER FINANCING SOURCES (USES)										
Transfers In	\$ 131,854,570	\$ 142,195,756	\$ 151,503,513	\$ 153,805,994	\$ 160,358,211	\$ 161,180,542	\$ 175,293,404	\$ 156,191,300	\$ 218,986,295	\$ 228,976,155
Transfers Out	(130,979,095)	(144,189,251)	(156,245,123)	(166,095,354)	(170,748,899)	(172,092,918)	(173,201,224)	(154,381,924)	(233,981,737)	(229,507,259)
Capitalized Leases										6,123,168
Capitalized Subscriptions										9,173,502
Agriculture Reserve Agreement	270,504	344,842	565,264	3,728,464						
Issuance of Debt	111,248,370	99,540,000	111,685,000	21,225,000	98,035,000		260,170,000		94,915,000	
Premium on Bonds Sold	16,096,112	29,213,786	13,623,894	2,922,087	22,476,887		51,237,936		15,181,556	
Proceeds of Refunding Bonds	20,320,000	91,415,000		71,530,000			80,329,587			
Payment to Refunding Bonds Escrow Agent	(22,353,602)	(109,664,176)	(55,585,547)		(84,900,655)		(89,022,077)			
Total Other Financing Sources (Uses)	\$ 126,456,859	\$ 108,855,957	\$ 65,547,001	\$ 15,586,191	\$ 96,750,544	\$ (10,912,376)	\$ 304,807,626	\$ (1,629,290)	\$ 95,101,114	\$ 14,765,566
Net Change in Fund Balance	\$ (2,284,738)	\$ 2,330,117	\$ 46,048,772	\$ 7,637,541	\$ 61,092,057	\$ (70,181,837)	\$ 157,833,601	\$ (2,426,629)	\$ 27,748,747	\$ (91,792,162)
Debt Service as a Percentage of Noncapital Expenditures	7.4%	8.2%	11.3%	10.9%	10.3%	10.7%	9.7%	10.2%	9.8%	9.8%

Source: City Department of Finance

Note: Franchise Tax was combined with Utility Tax beginning in FY2018

Table 5

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
City Taxes										
Real Estate	\$ 464,439,667	\$ 481,774,192	\$ 526,451,909	\$ 544,302,460	\$ 567,573,017	\$ 586,407,784	\$ 603,119,216	\$ 631,547,267	\$ 633,156,847	\$ 683,138,841
Personal Property	78,678,322	90,898,635	95,930,682	100,075,205	108,123,397	106,029,083	112,728,082	122,853,013	136,544,911	140,251,330
General Sales	56,431,418	58,164,569	61,099,407	62,614,614	63,511,403	65,851,817	67,855,536	78,732,948	87,383,198	89,501,992
Utility	44,050,182	43,308,157	42,658,906	44,829,994	49,832,408	47,636,484	45,584,479	45,536,508	45,707,678	40,543,327
Business Licenses	44,027,381	44,586,110	45,301,911	47,009,925	48,676,655	49,141,505	52,759,292	54,766,642	55,489,629	59,030,932
Franchise Taxes	7,531,593	7,939,584	8,115,171	5,163,159	-	-	-	-	-	-
Automobile Licenses	9,346,971	9,225,176	10,862,073	11,189,995	10,961,726	11,260,550	10,112,035	11,009,970	10,474,573	10,753,542
Bank Stock	2,151,058	2,739,645	3,023,394	3,100,922	3,469,803	3,607,656	3,348,538	3,696,076	4,367,291	4,183,698
City Tax on Deeds	6,297,952	6,970,299	7,222,757	7,755,788	7,475,502	7,708,985	8,494,352	13,867,356	13,006,544	7,767,037
City Tax on Wills	79,882	74,659	76,288	102,618	89,969	99,895	59,798	121,316	140,275	103,664
Cigarette	11,693,536	13,707,486	10,164,199	11,906,282	11,406,153	10,568,721	10,353,589	9,702,875	8,804,084	8,479,917
Amusement	6,015,026	5,902,807	7,044,913	6,811,740	6,349,234	6,762,346	6,300,510	9,732,814	7,568,665	9,236,340
Hotel Taxes	27,404,926	28,685,907	30,595,133	32,805,597	35,493,796	37,127,745	32,682,467	36,821,128	48,186,507	51,768,589
Restaurant Meals	56,872,794	59,968,375	63,437,485	65,207,699	66,264,685	69,278,652	60,561,741	65,572,967	85,941,096	92,035,336
Total	\$ 815,020,708	\$ 853,945,601	\$ 911,984,228	\$ 942,875,998	\$ 979,227,748	\$ 1,001,481,223	\$ 1,013,959,635	\$ 1,083,980,880	\$ 1,136,771,298	\$ 1,196,794,545

Source: City Department of Finance

Note: Franchise Tax was combined with Utility Tax beginning in FY2018
 Hotel Taxes include Transient Occupancy Taxes

Table 6

**CITY OF VIRGINIA BEACH, VIRGINIA
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year	Real Property			Total Taxable			Personal Property			Total Taxable Personal Property		Estimated		Assessed Value as a Percentage of Actual Value
	Residential	Commercial	Public Service*	Real Property Assessed Value	Direct Tax Rate	Residential	Commercial	Public Service	Assessed Value	Commercial	Public Service	Actual Taxable Value	Rate	
2014	\$ 40,590,297,065	\$ 8,147,317,125	\$ 888,427,995	\$ 49,626,042,185	\$ 0.9300	\$ 3,362,985,338	\$ 971,033,585	\$ 622,805	\$ 4,334,641,728	\$ 3.7000	\$ 53,960,683,913	100.0%		
2015	42,110,642,755	8,466,636,425	873,940,844	51,451,220,024	0.9300	3,446,918,395	1,122,915,183	1,555,727	4,571,389,305	4.0000	56,022,609,329	100.0%		
2016	43,302,214,028	8,714,160,476	893,717,743	52,910,092,247	0.9900	3,552,544,174	1,029,515,444	1,762,202	4,583,821,820	4.0000	57,493,914,067	100.0%		
2017	45,017,777,981	8,822,768,056	943,063,814	54,783,609,851	0.9900	3,612,948,282	1,079,435,074	2,030,566	4,694,413,922	4.0000	59,478,023,773	100.0%		
2018	46,426,321,920	9,094,379,313	981,368,382	56,502,069,615	1.0025	3,662,270,285	1,124,495,564	2,239,486	4,789,005,335	4.0000	61,291,074,950	100.0%		
2019	47,819,472,210	9,479,885,409	1,017,679,883	58,317,037,502	1.0025	4,465,618,146	1,181,448,770	2,499,889	5,649,566,805	4.0000	63,966,604,307	100.0%		
2020	49,373,623,875	9,975,795,660	1,043,594,888	60,393,014,423	1.0175	4,570,825,950	1,025,877,871	3,326,909	5,600,030,730	4.0000	65,993,045,153	100.0%		
2021	51,177,172,399	10,254,365,192	1,107,286,164	62,538,823,755	1.0175	5,151,658,034	744,898,436	4,468,203	5,901,024,673	4.0000	68,439,848,428	100.0%		
2022	53,720,116,305	10,096,383,587	1,127,390,416	64,943,890,308	0.9900	5,484,917,057	1,665,362,748	3,706,449	7,153,986,254	4.0000	72,097,876,562	100.0%		
2023	59,655,289,015	10,026,808,819	1,190,111,242	70,872,209,076	0.9900	5,721,976,158	1,186,640,535	3,885,008	6,912,501,701	4.0000	77,784,710,777	100.0%		

Sources: Office of Real Estate Assessor
Commissioner of the Revenue

Notes: 1 - The City is the only entity with local taxing authority within its boundaries.
2 - See Table 7 for revenue rates
* The assessed value includes Public Service Personal Property taxed at the same rate as Real Estate

**CITY OF VIRGINIA BEACH, VIRGINIA
REVENUE RATES FOR REAL ESTATE AND FOR PERSONAL PROPERTY
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year	Base Real Property Tax Rate	Sandbridge SSD		Town Center SSD		Bayville Creek SSD		Shadowlawn SSD		Chesapeake SSD		Harbor Point SSD		Gills Cove SSD		Hurds Cove SSD		Additional Real Property Tax Rate		Personal Property Tax Rate
		Additional Real Property Tax Rate	Residents																	
2014	0.9300	0.0600	0.4500	0.1840	0.3630	0.1594	-	-	-	-	-	-	-	-	-	-	-	-	-	3.700
2015	0.9300	0.0600	0.4500	0.1840	0.3630	0.1594	0.2913	0.0790	0.0630	0.4380	0.4380	0.4380	0.4380	0.4380	0.4380	0.4380	0.4380	0.4380	0.4380	4.000
2016	0.9900	0.0600	0.4500	0.1840	0.3630	0.1594	0.2913	0.0790	0.0630	0.4380	0.4380	0.4380	0.4380	0.4380	0.4380	0.4380	0.4380	0.4380	0.4380	4.000
2017	0.9900	0.0600	0.4500	0.1840	0.3630	0.1594	0.2913	0.0790	0.0630	0.4380	0.4380	0.4380	0.4380	0.4380	0.4380	0.4380	0.4380	0.4380	0.4380	4.000
2018	1.0025	0.0600	0.4500	0.1840	0.3690	0.1594	0.2913	0.0790	0.0630	0.4380	0.4380	0.4380	0.4380	0.4380	0.4380	0.4380	0.4380	0.4380	0.4380	4.000
2019	1.0025	0.0600	0.4500	0.1840	0.4720	0.1594	0.2913	0.1200	0.0630	0.4380	0.4380	0.4380	0.4380	0.4380	0.4380	0.4380	0.4380	0.4380	0.4380	4.000
2020	1.0175	0.0400	0.4500	0.1840	0.4720	0.1594	0.2913	0.1200	0.0630	0.4380	0.4380	0.4380	0.4380	0.4380	0.4380	0.4380	0.4380	0.4380	0.4380	4.000
2021	1.0175	0.0400	0.4500	0.1840	0.4720	0.1594	0.2913	0.1200	0.0630	0.4380	0.4380	0.4380	0.4380	0.4380	0.4380	0.4380	0.4380	0.4380	0.4380	4.000
2022	0.9900	0.0400	0.4500	0.1840	0.4720	0.1594	0.2913	0.1200	0.0630	0.4380	0.4380	0.4380	0.4380	0.4380	0.4380	0.4380	0.4380	0.4380	0.4380	4.000
2023	0.9900	0.0200	0.4500	0.1840	0.4720	0.1594	0.2913	0.1200	0.0630	0.4380	0.4380	0.4380	0.4380	0.4380	0.4380	0.4380	0.4380	0.4380	0.4380	4.000

Fiscal Year	Regular	Sandbridge SSD		Town Center SSD		Old Donation SSD		Bayville Creek SSD		Shadowlawn SSD		Chesapeake SSD		Harbor Point SSD		Gills Cove SSD		Hurds Cove SSD		Schilling Point	
		Additional Real Property Tax Rate	Residents																		
2014	0.9300	0.9900	1.3800	1.1140	1.2930	1.0894	0.9300	0.9300	0.9300	0.9300	0.9300	0.9300	0.9300	0.9300	0.9300	0.9300	0.9300	0.9300	0.9300	0.9300	0.9300
2015	0.9300	1.0500	1.4400	1.1740	1.3530	1.1494	1.2813	1.0690	1.0690	1.0690	1.0690	1.0690	1.0690	1.0690	1.0690	1.0690	1.0690	1.0690	1.0690	1.0690	1.0690
2016	0.9900	1.0500	1.4400	1.1740	1.3530	1.1494	1.2813	1.0690	1.0690	1.0690	1.0690	1.0690	1.0690	1.0690	1.0690	1.0690	1.0690	1.0690	1.0690	1.0690	1.0690
2017	0.9900	1.0625	1.4525	1.1865	1.3655	1.1619	1.2938	1.0815	1.0815	1.0815	1.0815	1.0815	1.0815	1.0815	1.0815	1.0815	1.0815	1.0815	1.0815	1.0815	1.0815
2018	1.0025	1.0625	1.4525	1.1865	1.3655	1.1619	1.2938	1.0815	1.0815	1.0815	1.0815	1.0815	1.0815	1.0815	1.0815	1.0815	1.0815	1.0815	1.0815	1.0815	1.0815
2019	1.0025	1.0775	1.4675	1.2015	1.4895	1.1769	1.3088	1.1375	1.1375	1.1375	1.1375	1.1375	1.1375	1.1375	1.1375	1.1375	1.1375	1.1375	1.1375	1.1375	1.1375
2020	1.0175	1.0575	1.4675	1.2015	1.4895	1.1769	1.3088	1.1375	1.1375	1.1375	1.1375	1.1375	1.1375	1.1375	1.1375	1.1375	1.1375	1.1375	1.1375	1.1375	1.1375
2021	1.0175	1.0575	1.4675	1.2015	1.4895	1.1769	1.3088	1.1375	1.1375	1.1375	1.1375	1.1375	1.1375	1.1375	1.1375	1.1375	1.1375	1.1375	1.1375	1.1375	1.1375
2022	0.9900	1.0300	1.4400	1.1740	1.4620	1.1494	1.2813	1.1100	1.1100	1.1100	1.1100	1.1100	1.1100	1.1100	1.1100	1.1100	1.1100	1.1100	1.1100	1.1100	1.1100
2023	0.9900	1.0100	1.4400	1.1740	1.4620	1.1494	1.2813	1.1100	1.1100	1.1100	1.1100	1.1100	1.1100	1.1100	1.1100	1.1100	1.1100	1.1100	1.1100	1.1100	1.1100

Source: City Adopted Resource Management Plan

- Notes:
- 1 - The City is the only entity with local taxing authority within its boundaries.
 - 2 - Real Property Tax Rate is applied to Real Estate such as land and buildings.
 - 3 - Personal Property Tax Rate is applied to personal property such as automobiles and equipment.
 - 4 - The tax bases are mutually exclusive.

Table 8

**CITY OF VIRGINIA BEACH, VIRGINIA
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)**

	2023			2014		
	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	\$ 593,275,500	0.85	% 1	\$ 305,596,200	0.62	% 4
Ramon W. Breeden, Jr.	587,046,300	0.84	2	325,456,300	0.66	2
Dominion Energy, Inc.	536,630,228	0.77	3	314,843,428	0.63	3
A.D. & L.E. Fleder & J.M. & R.J. Caplan	379,743,600	0.54	4	241,364,200	0.49	6
E. C. & A. F. Ruffin & B. L. Thompson	357,910,000	0.51	5	409,736,900	0.83	1
Lynnhaven Mall LLC	265,809,200	0.38	6	303,446,700	0.61	5
Watergate Treehouse Associates LP	186,155,700	0.27	7	110,952,300	0.22	9
Pembroke Square Associates	185,655,200	0.27	8	168,112,500	0.34	7
Virginia Natural Gas, Inc	178,372,585	0.26	9	80,563,914	0.16	10
Cheryl P. McLeskey	165,047,000	0.24	10	118,974,700	0.24	8
Totals	\$ 3,435,645,313	4.93	%	\$ 2,379,047,142	4.80	%

* Formerly Virginia Electric & Power Company

Sources: Office of Real Estate Assessor
Commissioner of the Revenue

**CITY OF VIRGINIA BEACH, VIRGINIA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year	Total Real Estate Tax Levy ¹	Total Personal Property Tax Levy ¹	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2014	446,015,531	81,020,900	509,339,982	96.6	16,193,709	525,533,691	99.7
2015	463,184,807	95,236,086	537,056,367	96.2	18,365,505	555,421,872	99.5
2016	510,528,757	102,577,135	589,411,524	96.1	18,629,325	608,040,849	99.2
2017	528,410,384	106,583,082	609,085,906	95.9	19,983,532	629,069,438	99.1
2018	551,883,966	110,388,668	636,789,707	96.2	22,187,597	658,977,304	99.5
2019	570,105,091	117,968,242	638,348,095	92.8	23,473,695	661,821,790	96.2
2020	596,677,843	125,943,586	631,762,062	87.4	66,091,985	697,854,047	96.6
2021	616,188,945	167,235,010	687,116,605	87.7	46,812,549	733,929,154	93.7
2022	621,125,929	167,129,147	707,907,083	89.8	31,713,848	739,620,931	93.8
2023	673,307,081	187,700,131	755,199,729	87.7	-	755,199,729	87.7

Source: Commissioner of Revenue, Real Estate Assessor's Office and City Department of Finance

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

¹ Includes Public Service.

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

Fiscal Year ¹	General Obligation Bonds ²	State Literary Fund Loans ²	Appropriation Backed Debt ³	Total	Percentage of Estimated Actual Full Value of Property ⁴	Net Debt Per Capita ⁵
2014	\$ 720,118,515	\$ 3,500,000	\$ 383,138,178	\$ 1,106,756,693	2.1	\$ 2,256
2015	716,612,342	2,875,000	405,353,486	1,124,840,828	2.0	2,258
2016	721,310,401	2,250,000	373,133,427	1,096,693,828	1.9	2,195
2017	655,854,925	1,875,000	360,528,148	1,018,258,073	1.7	2,040
2018	664,558,868	1,500,000	360,314,441	1,026,373,309	1.7	2,056
2019	600,663,013	1,125,000	321,622,445	923,410,458	1.4	1,856
2020	649,974,113	750,000	467,510,392	1,118,234,505	1.7	2,174
2021	585,872,515	375,000	429,128,906 *	1,015,376,421	1.5*	1,975
2022	634,010,034	-	378,137,659	1,012,147,693	1.4	1,971
2023	570,888,217	-	329,158,637	900,046,854	1.2	1,971

¹ Fiscal Years 2014-2023 have been adjusted to reflect the related unamortized premiums.

² Per Table 10. The State Literary Fund Loan program is part of the Virginia Public School Authority (VPSA) pooled bond program and is not a loan. It is General Obligation debt for the City, which was paid-off in FY 2022.

³ Includes all Governmental Public Facility Revenue Bonds and Business Type Virginia Beach Development Authority Debt as per Table 10.

⁴ Actual Full Value of property is from Table 6.

⁵ Population is from Table 15. Computation of Net Debt Per Capita is net of premiums in the above numbers.

* Restated from FY 2021 Annual Comprehensive Financial Report to include Virginia Beach Development Authority appropriations backed debt.

Source: City Department of Finance

Table 12

CITY OF VIRGINIA BEACH, VIRGINIA
LEGAL DEBT MARGIN INFORMATION
 Last Ten Fiscal Years
 (Unaudited)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Debt Limit	\$ 4,962,666,499	\$ 5,145,277,575	\$ 5,291,185,445	\$ 5,478,360,985	\$ 5,650,206,962	\$ 5,831,703,750	\$ 6,039,301,442	\$ 6,253,886,891	\$ 6,494,389,031	\$ 7,087,220,908
Total Net Debt applicable to limit ¹	712,384,323	697,079,775	697,520,721	641,749,326	646,061,132	590,409,579	629,730,209	575,052,122	613,872,302	552,965,034
Legal Debt Margin	\$ 4,250,282,176	\$ 4,448,197,800	\$ 4,593,664,724	\$ 4,836,611,659	\$ 5,004,145,830	\$ 5,241,294,171	\$ 5,409,571,233	\$ 5,678,834,769	\$ 5,880,516,729	\$ 6,534,255,874
Total Net Debt applicable to the limit as a percentage of debt limit	14.35%	13.55%	13.18%	11.71%	11.43%	10.12%	10.43%	9.20%	9.45%	7.80%

Legal Debt Margin Calculation For Fiscal Year 2023

Assessed Value of Real Property (Taxable) ² :	
Regular	\$ 69,682,097,834
Public Service (excluding vehicle assessments)	1,190,111,242
Total Assessed Value of Real Property	<u>70,872,209,076</u>
Debt limit (10% of Total Assessed Value)	7,087,220,908
Total Net Debt applicable to limit	<u>552,965,034</u>
Legal Debt Margin	<u>\$ 6,534,255,874</u>

Notes:

- ¹ Total net debt applicable to the limit is tax-supported debt, which includes General Obligation Bonds, State Literary Fund debt for Public Schools, and Agricultural Reserve Program installment purchase agreements. Under State law, the City's outstanding general obligation debt should not exceed 10% of total assessed property value. In addition, the City has established financial affordability indicators to restrict debt as follows:
- The total annual debt service for general government supported debt may not exceed 10% of general government expenditures (excluding interfund transfers).
 - The City's overall net debt may not exceed 3.0% of the estimated full value of taxable real property.
 - The City's fixed costs (tax-supported debt plus annual costs for pension and OPEB) may not exceed 20% of general government expenditures.
 - The City's ten-year pay-out of tax-supported debt shall be greater than 50%.

² Assessed value of real property based on data from Table 6; the assessed value is based on June 30th of each fiscal year including supplements and exonerations.

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

- City Department of Finance
- Office of the Real Estate Assessor
- Virginia State Corporation Commission, Public Service Corporations Report Real and Personal Property Assessment

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

Fiscal Year	Water and Sewer Revenue Bonds							Coverage
	Water and Sewer Charges and Other	Less: Operating Expenses ¹	Net Available Revenue	Debt Service		Total		
				Principal	Interest ²			
2014	\$ 121,766,102	\$ 72,145,813	\$ 49,620,289	\$ 7,796,175	\$ 7,231,505	\$ 15,027,680	3.30	
2015	127,007,164	75,396,537	51,610,627	9,083,131	8,091,897	17,175,028	3.00	
2016	128,045,227	73,930,294	54,114,933	9,371,805	8,202,712	17,574,517	3.08	
2017	130,403,502	72,814,216	57,589,286	7,812,706	7,808,592	15,621,298	3.69	
2018	130,905,466	79,514,710	51,390,756	8,820,728	8,160,477	16,981,205	3.03	
2019	130,015,725	80,883,044	49,132,681	9,215,276	7,791,849	17,007,125	2.89	
2020	136,972,800	84,039,313	52,933,487	9,625,000	7,398,916	17,023,916	3.11	
2021	133,137,043	88,818,626	44,318,417	10,045,000	7,670,002	17,715,002	2.50	
2022	134,675,235	82,747,472	51,927,763	10,800,000	8,037,626	18,837,626	2.76	
2023	137,909,175	89,710,096	48,199,079	11,405,000	7,473,730	18,878,730	2.55	

¹ Operating expenses exclude depreciation and right of way utility cost, see Exhibit 21.

² Includes bank and fiscal charges and issuance costs. Interest amounts shown for 2014-2021 are net of federal subsidy. As such, the coverage ratios shown on this table may be different from the amounts shown on Continuing Disclosure Schedule 2-4 that are calculated based on gross interest. FY 2021 was the last year the subsidy was received due to the refunding of the outstanding Water and Sewer System Revenue Bonds, Series 2010A-2 (Taxable) and Water and Sewer System Refunding Revenue Bonds, Series 2010B&C (Tax Exempt) by the Series 2020B Bonds.

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

Coverage: The Master Water and Sewer Revenue Bond Resolution, Section 601, dated February 11, 1992, as amended and supplemented, states that the City shall fix, charge and collect such rates, fees, and other charges for the use of and for the services furnished by the system and and collect such rates, fees, and other charges for the use of and for the services furnished by the system and shall from time to time and as often as shall appear necessary, revise such rates, fees and other charges so as to meet two independent requirements.

Source: City Department of Finance

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

Storm Water Utility Revenue Bonds								
Fiscal Year	Storm Water Charges and Other ¹	Less: Operating Expenses	Net Available Revenues	Debt Service			Coverage ³	
				Principal	Interest ²	Total		
2014	\$ 37,150,524	\$ 15,366,723	\$ 21,783,801	\$ 1,232,016	\$ 1,026,704	\$ 2,258,720	9.64	
2015	39,294,658	17,489,866	21,804,792	1,030,000	1,228,238	2,258,238	9.66	
2016	39,648,163	18,385,165	21,262,998	1,660,000	1,733,570	3,393,570	6.27	
2017	40,471,105	26,074,915	14,396,190	1,700,000	1,692,383	3,392,383	4.24	
2018	42,158,382	26,051,322	16,107,060	1,740,000	1,647,563	3,387,563	4.75	
2019	43,419,299	29,702,205 ⁴	13,717,094	1,795,000	1,745,480	3,540,480	3.87	
2020	45,816,512	23,692,462 ⁴	22,124,050	2,525,000	2,402,590	4,927,590	4.49	
2021	46,500,751	16,755,560 ⁴	29,745,191	2,620,000	4,039,434	6,659,434	4.47	
2022	46,352,158	13,935,261 ⁴	32,416,897	4,265,000	5,053,793	9,318,793	3.48	
2023	47,343,577	14,574,055 ⁴	32,769,522	4,470,000	4,855,481	9,325,481	3.51	

¹ Storm Water Charges and Other include interest income, see Exhibit 24.

² Interest amounts shown for 2014-2018 are at gross. Beginning in FY 2019, interest shown net of federal subsidy and includes bank and fiscal charges and issuance costs. FY 2021 was the last year the subsidy was received due to the refunding of a portion of the outstanding Storm Water Utility Revenue Bonds, Series 2010A-2 (Taxable) Bonds and Storm Water Utility Refunding Revenue Bonds, Series 2010B (Tax-Exempt), other than the Series 2010 Bonds maturing on November 15, 2020, by the Series 2020B Bonds.

³ Revenue coverage ratios for debt service shown on this table may differ from amounts shown on the Continuing Disclosure Schedule 3-4 due to differences in the basis for the calculations regarding operating expenses and debt service. The calculation shown in this table reflects annual gross debt service, whereas the calculation in Schedule 3-4 reflects maximum annual debt service per bond issue.

⁴ Beginning in FY 2019, operating expenses are based on Exhibit 26, which include annual Capital Improvement Program (CIP) expenditures. Operating expenses for prior fiscal years excluded annual CIP expenditures based on terms set forth in the Master Agreement of Trust.

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

Source: City Department of Finance

**CITY OF VIRGINIA BEACH, VIRGINIA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year	Population*	Personal Income**I	Per Capita Personal Income**	Median Age	Number of City Employees	Education Level In Years of Formal Schooling	School Enrollment	Unemployment Rate
2014	451,672	\$ 22,525,869	\$ 49,773	35.7	7,669	13.9	68,569	5.5%
2015	453,500	23,587,639	51,853	35.9	7,560	14.0	68,351	4.4%
2016	453,628	24,289,218	53,196	35.9	7,370	13.9	67,890	3.8%
2017	454,448	25,080,703	54,964	36.4	7,087	13.9	67,152	3.8%
2018	453,410	25,175,706	55,065	36.4	7,255	13.9	67,091	2.8%
2019	452,643	26,065,921	56,876	36.4	7,332	13.9	66,593	2.7%
2020	454,209	27,593,887	60,069	36.9	7,410	14.0	66,714	8.2%
2021	459,470	29,264,545	63,942	36.6	7,388	14.2	63,452	4.2%
2022	458,028	30,064,333	65,986	37.1	7,419	14.2	63,579	3.7%
2023	455,385	***	***	36.7	7,591	14.2	65,183	2.8%

Sources: City Department of Finance
City Department of Economic Development
Weldon Cooper Center for Public Service
Virginia Employment Commission
Bureau of Economic Analysis
United States Census Bureau

Notes: * Weldon Cooper Center for Public Service; except for 2022 which is a projection.
** Figures were updated to reflect the latest data released by the Bureau of Economic Analysis on November 16, 2022.
*** Information Unavailable
I In thousands of dollars

**CITY OF VIRGINIA BEACH, VIRGINIA
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)**

	Approximate Number of Employees	Percent of Total City Employment	Rank	Approximate Number of Employees	Percent of Total City Employment	Rank
	2023			2014		
City of Virginia Beach / Schools	18,269	8.01	1	17,860	7.57	1
* Naval Air Station Oceana-Dam Neck	5,850	2.57	2	3,600	1.53	4
Sentara Healthcare	5,200	2.28	3	5,189	2.20	3
* Joint Expeditionary Base Little Creek/ Ft. Story	3,600	1.58	4	6,000	2.54	2
GEICO General Insurance Company	2,700	1.18	5	2,300	0.97	7
Lynnhaven Mall	2,600	1.14	6	2,600	1.10	5
Gold Key/PHR Hotels and Resorts	2,365	1.04	7	2,365	1.00	6
STIHL Inc	2,113	0.93	8	2,067	0.88	8
Amerigroup (Anthem)	1,850	0.81	9	1,850	0.78	9
Navy Exchange Service Command	1,550	0.68	10	1,550	0.66	10
Totals	<u>46,097</u>	<u>22.92</u>		<u>45,381</u>	<u>19.23</u>	

Sources: City Department of Economic Development
City Department of Finance
City Department of Budget and Management Services

* Information does not include contractors for 2023.

Table 17

CITY OF VIRGINIA BEACH, VIRGINIA
FULL-TIME EQUIVALENT GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS
(UNAUDITED)

Department	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Agriculture	12.0	12.0	12.0	12.0	12.5	9.0	9.0	9.0	9.0	9.0
Budget and Management Services	14.0	15.0	15.0	14.0	14.0	14.0	14.0	13.0	13.0	13.0
City Attorney	39.6	39.6	39.6	40.6	42.6	42.6	43.6	43.0	39.6	39.6
City Auditor	6.0	6.0	7.0	7.0	7.0	8.0	8.0	8.0	8.0	8.0
City Manager's Office	19.5	20.5	34.0	33.0	16.5	20.0	19.0	21.0	21.0	23.0
City Real Estate Assessor	34.3	34.3	34.3	34.0	34.0	34.0	35.0	35.0	35.0	35.0
City Treasurer	75.8	76.8	74.6	74.6	74.6	74.6	77.6	76.6	76.6	76.6
Commissioner of the Revenue	63.9	64.9	64.9	64.9	65.5	64.9	64.9	63.9	64.9	64.9
Commonwealth's Attorney	86.3	86.7	87.4	94.9	94.8	97.8	103.8	102.8	104.8	120.8
Communications Office ¹	-	-	-	-	18.5	20.5	20.5	20.0	24.0	27.0
Convention and Visitor Bureau	110.5	106.7	106.3	120.3	120.3	120.3	120.3	109.3	119.3	119.3
Courts and Courts' Support	75.0	75.0	75.0	75.0	75.0	75.0	74.0	73.5	70.5	70.5
Cultural Affairs	3.0	3.0	3.0	3.0	3.0	4.0	4.0	12.0	12.0	12.0
Department of Aquarium and Museums	155.9	161.0	164.5	156.8	153.6	151.2	131.0	127.0	128.9	125.6
Economic Development	18.0	18.0	18.0	18.0	19.0	20.0	21.0	32.0	33.0	34.0
Emergency Communications & Citizen Services	127.8	131.8	131.8	130.8	137.8	137.8	135.8	133.8	133.8	132.8
Emergency Medical Services	69.3	73.3	75.1	80.1	87.6	89.6	95.6	101.6	124.6	165.1
Finance	57.0	57.0	57.0	57.0	59.0	59.0	62.0	62.0	62.0	65.0
Fire	479.7	485.7	485.7	501.7	521.7	523.2	528.2	555.2	558.2	561.2
Health	9.1	9.1	9.1	9.1	9.0	9.1	7.4	6.4	11.4	8.0
Housing and Neighborhood Preservation	63.0	62.0	61.0	64.0	79.0	80.0	80.0	87.0	88.0	94.0
Human Resources	47.0	47.0	47.0	47.0	49.0	50.0	57.0	62.0	64.0	70.0
Human Services	1,081.4	1,115.2	1,094.9	1,099.0	1,148.7	1,177.7	1,188.7	1,175.2	1,191.6	1,187.6
Information Technology	180.5	183.5	168.0	175.0	184.0	193.0	252.5	189.0	195.0	199.0
Legislative ²	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0	18.0
Library	260.0	255.0	253.5	251.5	251.5	253.0	252.5	241.5	241.5	245.5
Office of Emergency Management	-	-	-	4.0	5.0	6.0	8.0	8.0	10.0	13.0
Office of Performance and Accountability	-	-	-	4.0	6.0	6.0	6.0	8.0	-	8.0
Parks and Recreation	843.9	838.1	830.1	882.3	886.2	886.5	870.1	869.1	869.1	875.0
Planning	109.0	116.0	115.5	133.0	134.0	137.0	141.0	132.0	142.0	143.0
Police	1,009.4	1,015.8	1,015.8	1,028.8	1,040.8	1,048.5	1,048.5	1,042.1	1,050.9	1,068.2
Public Utilities	412.0	415.0	418.0	414.0	417.0	415.0	415.0	415.0	415.0	416.0
Public Works	890.4	893.9	902.9	902.9	925.9	938.9	950.9	977.9	975.9	988.9
Resort Management Office	-	-	-	-	-	-	10.0	10.0	-	-
Sheriff's Office	525.4	525.4	514.4	526.4	532.8	536.8	535.8	536.0	536.0	536.4
Strategic Growth Areas ³	17.0	18.0	20.0	-	-	-	-	-	-	-
Voter Registration & Elections	12.0	11.9	11.9	12.0	12.0	12.0	12.0	13.0	13.0	14.0
Total City Positions	6,924.7	6,990.2	6,964.3	7,087.7	7,254.9	7,331.9	7,419.7	7,387.9	7,458.6	7,587.0
Total School Positions	10,190.9	10,220.0	10,034.3	10,154.8	10,207.8	10,333.4	10,549.0	10,571.9	10,639.4	10,678.2
TOTAL POSITIONS	17,115.6	17,210.2	16,998.6	17,242.5	17,462.7	17,665.3	17,968.7	17,959.8	18,098.0	18,265.1

Source: City of Virginia Beach Resource Management Plans

¹ Communications Office was previously reported as part of the City Manager's Office.

² City Clerk and Council are reported in Legislative.

³ Strategic Growth Area was consolidated with Planning in 2017.

Table 18

CITY OF VIRGINIA BEACH, VIRGINIA
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS
(UNAUDITED)

FUNCTION	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Police										
Number of physical adult arrests	22,224	21,698	19,042	17,933	18,307	16,971	17,415	12,732	12,233	10,798
Number of calls for service	179,974	176,474	173,451	178,929	173,602	167,598	163,134	150,674	221,169	219,746
Number of traffic accidents	8,138	7,913	8,368	8,813	8,290	7,916	7,637	6,693	4,947	4,441
Fire										
Number of structure fire incidents	410	396	463	398	398	406	389	403	328	338
Number of non-structure fire incidents	614	546	543	542	543	379	449	447	521	432
Number of medical assisted incidents	26,099	26,952	27,786	27,854	27,257	27,141	22,989	26,614	29,640	27,820
Number of other incidents	13,379	13,679	16,309	17,031	14,597	13,688	14,552	15,475	15,971	15,574
Public Utilities										
Number of water connections	132,615	132,940	133,411	133,777	134,076	137,375	134,665	134,887	134,995	135,117
Number of sewer connections	129,639	129,908	130,599	130,926	131,186	131,464	131,747	131,933	134,336	132,135
Planning and Community Development										
Number of building permits issued	7,607	8,192	8,349	8,450	10,461	6,222	3,429	7,788	8,006	5,897
Storm Water										
Number of storm water service Accounts	***	***	***	***	***	132,176	134,261	134,471	134,627	134,771
Waste Management										
Number of homes receiving refuse collection	124,634	122,041	122,282	122,369	122,622	122,942	123,294	123,600	124,039	124,150
Number of tons of garbage collected	130,245	208,917	211,004	180,757	171,315	178,590	187,416	148,000	157,168	163,134
Public Libraries										
Number of items circulated	3,269,563	3,076,575	2,777,954	2,557,104	2,478,687	2,482,408	1,932,701	1,634,295	1,781,783	2,044,706
Number of visits to libraries	1,784,513	1,808,352	1,916,430	1,672,127	1,431,773	1,270,459	863,206	354,173	380,032	799,233
Culture and Recreation										
Number of visits to recreation centers	1,871,312	1,896,615	2,004,301	1,905,763	2,598,493	1,779,107	1,244,091	563,638	1,272,362	1,634,062
Number of recreation centers	7	7	7	7	7	7	7	7	7	7
Education										
Student enrollment	68,569	68,351	67,890	67,152	67,091	66,593	66,714	63,452	63,579	63,452
Number of elementary schools	55	55	55	55	55	55	55	55	55	55
Number of secondary schools	24	25	25	25	25	25	25	25	25	25
Number of specialty schools	8	8	7	7	7	7	7	7	7	7

Sources: Various City Departments
*** Information not available.

Table 19

**CITY OF VIRGINIA BEACH, VIRGINIA
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS
(UNAUDITED)**

FUNCTION	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Police										
Stations	4	4	4	4	4	4	4	4	6	6
Patrol Vehicles Units - Marked	262	246	230	206	227	222	222	228	317	317
Helicopter	2	2	2	2	2	2	2	2	2	2
Watercraft:										
Boats	6	8	9	8	9	9	9	9	9	9
Fire										
Stations	19	19	19	19	20	20	20	20	20	21
Fire Trucks	45	45	47	49	52	57	60	60	63	64
Public Works										
Miles of streets:										
Lane miles:										
Arterial	744	745	750	712	717	717	722	729	729	729
Collector/Local	2,686	2,714	2,726	2,701	2,704	2,705	2,710	2,721	2,721	2,727
Center Lane miles:										
Arterial	192	193	193	173	174	174	174	176	176	176
Collector/Local	1,312	1,326	1,330	1,322	1,324	1,324	1,327	1,333	1,333	1,336
Number of Street Lights	48,747	48,788	49,118	49,285	49,342	49,335	49,335	49,301	50,680	50,779
Collection Trucks	100	100	103	99	84	84	84	90	91	102
Public Library										
Number of Branches	10	10	10	10	10	10	10	10	10	10
Number of Physical Items	858,784	757,209	717,734	678,122	683,371	587,946	525,265	522,917	564,315	465,826
Number of Electronic Items	***	***	***	***	***	720,473	889,374	1,047,068	1,365,625	1,535,409
Culture and Recreation										
Number of Developed Metro Parks	8	8	8	8	8	8	8	8	6	6
Number of Developed Community Parks	11	11	13	13	13	13	11	11	12	12
Number of Developed Neighborhood Parks	179	179	169	167	167	167	167	166	176	176
Number of Natural Parks	5	5	5	5	5	5	6	6	6	6
Other Park Areas	48	48	48	48	48	50	83	89	89	89
Number of Acres in Developed Parks	3,649	3,661	3,664	3,685	3,685	3,927	3,676	2,668	3,924	3,924
Golf Courses (City Owned)	5	5	5	5	5	5	5	5	5	4
Recreation Centers	7	7	7	7	7	7	7	7	7	7
Water										
Miles of Water Lines	1,496	1,499	1,499	1,501	1,503	1,505	1,504	1,507	1,507	1,511
Water Pumping Stations	9	10	10	10	10	10	11	10	11	10
Sewer										
Miles of Sewer Lines	1,646	1,653	1,646	1,646	1,648	1,649	1,648	1,672	1,673	1,675
Sewer Pumping Stations	407	408	408	408	410	412	412	412	412	413
Storm Water*										
Miles of Pipe Lines	***	***	***	***	1,109	1,156	1,165	1,200	1,189	1,154
Miles of Ditches	***	***	***	***	717	657	755	719	780	783
Storm Water Pumping Stations	***	***	***	***	16	16	16	17	16	17

Source: Various City Departments

*** Information not available.

Note: Ambulances are not included in the above information as they are privately owned by the Volunteer Rescue Squads.

CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULE OF THE TREASURER'S CASH ACCOUNTABILITY
JUNE 30, 2023
(UNAUDITED)

Table 20

<u>Cash in Office</u>		\$	6,100
<u>Cash With</u>			
Bank of America:			
Regular	98,913,121		
Investments	8,000,000		
Welfare	1,335,052		
School Board Empl Salary Escrow	202,049		
Truist:			
Investments	112,619,810		
School Payroll	16,009,182		
City Payroll	19,542,249		
Raymond James:			
Investments	656,085,554		
RBC Bank:			
Investments	49,962,500		
Towne Bank:			
Investments	55,000,000		
Atlantic Union Bank			
Investments	20,003,452		
PNC:			
Money Market	10,208,097		
Treasurer of Virginia:			
Investment Pool	172,000,000		
VML/VACO:			
Virginia Investment Pool	10,745,840		
Virginia Investment Pool - Liquidity Pool	173,406,099		
Total Deposits and Investments			1,404,033,005
<u>Cash with Trust Agents</u>			
Cash With SNAP Program	20,040,364		
Cash With Trustee - Debt Service	29,507,644		
Cash With Trustee - Treasury Strips	30,550,053		
Total Cash with Trust Agents			80,098,061
Total Cash Accountability			1,484,137,166
<u>Add:</u>			
Accrued Interest on Investments	10,694,355		
Commonwealth of Virginia - Deferred Debits	6,773		
Deposits in Transit	1,380,164		
			12,081,292
<u>Deduct:</u>			
Commonwealth of Virginia - Current Credits	-		
Treasurer Restitution	132,404		
Treasurer Court Costs & Fines	65,169		
Treasurer - Deferred Account	25,753		
Over and Short	-		
Outstanding Checks:			
Bank of America	1,864,460		
Bank of America - Welfare	455,491		
Truist - School Payroll	9,182		
Truist - City Payroll	92,249		
			(2,644,708)
Total Cash Accountability			1,493,573,750
<u>Reconciliation of Cash Accountability to the government-wide financial statements at June 30, 2022 as reported in Note 8:</u>			
Balance of City and School funds			1,493,573,750
Funds for which the Treasurer does not act as fiscal agent:			
City OPEB Trust Fund			57,641,366
School OPEB Trust Fund			42,784,206
School Activity Funds			5,227,536
Development Authority			46,347,918
Other			171,931
Total deposits and investments of the government-wide financial statements			<u>\$ 1,645,746,707</u>



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SINGLE AUDIT SECTION

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia (the “Specifications”), the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Virginia Beach, Virginia (the “City”), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated December 7, 2023. Our report includes a reference to other auditors who audited the financial statements of the Virginia Beach Development Corporation. This report does not include the results of the other auditors’ testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City’s internal control over financial reporting (“internal control”) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City’s financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified two deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2023-001 and 2023-002, that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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* or the Specifications.

City's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's responses to the findings identified in our audit and described in the Schedule of Findings and Questioned Costs. The City's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Virginia Beach, Virginia
December 7, 2023

Report of Independent Auditor on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance

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

Report on Compliance for Each Major Federal Program

Opinion of Each Major Federal Program

We have audited the City of Virginia Beach, Virginia's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2023. The City's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Cherry Bekaert LLP

Virginia Beach, Virginia
December 7, 2023

**CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

A. Summary of Auditor’s Results

Financial Statements:

Type of auditor’s report issued on the financial statements:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified:	No
Significant deficiencies identified:	Yes, 2023-001, 2023-002
Noncompliance material to the financial statements noted?	No

Federal Awards:

Type of auditor’s report issued on compliance for major programs:	Unmodified
Internal control over major programs:	
Material weaknesses identified:	No
Significant deficiencies identified:	None reported
Any audit findings disclosed that are required to be reported in Accordance with 200.516(a) of the Uniform Guidance?	No

The programs tested as major programs were:

<u>Name of Program:</u>	<u>AL #</u>
Department of Agriculture:	
Child Nutrition Cluster	10.553/555/559
Department of Defense:	
Department of Defense Impact Aid	12.558
Department of Housing and Urban Development:	
Community Development Block Grant – Entitlement Grants Cluster	14.218
Department of Treasury:	
Coronavirus State and Local Fiscal Recovery Funds	21.027
Department of Education:	
Special Education Cluster (IDEA)	84.027/173
Education Stabilization Fund	84.425C/D/U/W

Dollar threshold used to distinguish between type A and type B programs: **\$3,000,000**

City of Virginia Beach, Virginia (the “City”) qualified as a low-risk auditee under Uniform Grant Guidance: **Yes**

CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

B. Findings Relating to Financial Statements Reported in Accordance with *Government Auditing Standards*

Finding: 2023-001

Type of Finding: Significant Deficiency in Internal Control over Financial Reporting

Criteria:

The City's financial activities should be recorded in accordance with accounting principles generally accepted in the United States of America.

Condition:

During fiscal year 2023, the City discovered they had recorded \$8,026,306 of construction in progress assets related to the Atlantic Park project that were appropriately capitalized by the Virginia Beach Development Authority ("Authority") and were recorded in both the Authority's and City's financial statements, as of and for the fiscal year ended June 30, 2022.

Cause:

During the early stages of the Atlantic Park project, there was an unclear understanding of who had ownership of certain capital assets and infrastructure associated with the project. Additionally, during fiscal year 2022, the Authority did not reconcile the capital project activity related to the Atlantic Park project with that of the City resulting in the assets being recorded on both the City's and Authority's financial statements.

Effect:

The City's capital assets and net position were overstated by \$8,026,306 at June 30, 2022. The City has adjusted amounts during fiscal year 2023 to accurately present capital assets and net position as of June 30, 2023.

Auditor Recommendation:

We recommend the City review and reconcile transactions yearly between the City and the Authority to ensure they are completely and accurately reported.

Management Response:

The City will establish annual reconciliation procedures related to transactions between the City and the Authority to ensure complete and accurate reporting. In addition, the City will make sure the ownership of capitalizable projects is properly identified at the start of the projects and related transactions between the City and Authority will be carefully reviewed and properly recorded on the City's books.

CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Finding: 2023-002

Type of Finding: Significant Deficiency in Internal Control over Financial Reporting

Criteria:

The City's financial activities should be recorded in accordance with accounting principles generally accepted in the United States of America.

Condition:

While performing our audit procedures to ensure proper cut-off of expenditures at year-end, we noted two (2) invoices for services provided in fiscal year 2023 totaling \$3,893,070 had not been properly accrued for as of June 30, 2023.

Cause:

During the City's year-end close process, the finance department's cut-off procedures did not identify these expenditures that should have been accrued in fiscal year 2023.

Effect:

The City's accounts payable and expenditures were understated by \$3,893,070, prior to the entry to properly accrue these amounts.

Auditor Recommendation:

We recommend the City review and adjust their year-end cut-off procedures to ensure amounts are appropriately accounted for in the proper period.

Management Response:

The City will update its year-end procedures adding additional controls to ensure all expenditures in the subsequent year are captured, thoroughly reviewed and transactions are recognized in the proper fiscal year when they were incurred. In addition, the City will explore and evaluate new system delivered functionary to see if it meets the City's business requirements.

C. Findings and Questioned Costs Relating to Federal Awards

None reported.

D. Findings and Questioned Costs Relating to Compliance with Commonwealth of Virginia Laws, Regulations, Contracts, and Grants

None reported.

E. Status of Prior Year Findings:

2022-001: Status: Corrective action complete – not a repeat finding

**CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

Federal Grantor/Pass-Through Entity/Program Title	Assistance Listing Numbers	Pass Through Entity Identifying Number	Federal Expenditures (\$)	Loans (\$)	Cluster Total (\$)	Program Total (\$)	Passed through to Sub-Recipients (\$)
DEPARTMENT OF AGRICULTURE							
<u>Direct Payments:</u>							
Child and Adult Care Food Program 1	10.558		\$ 129,032				
<u>Pass Through Payments:</u>							
Virginia Department of Education							
School Breakfast Program	10.553	202221N11994 1/202121N11994 1	5,764,490				
National School Lunch Program (Child Nutrition Cluster)	10.555	202221N11994 1/202221N89034 1/202121H17034 202222N11994 1/202221N20204 1/202221N11994 1/202121N11994 1/202121N20204	26,504,042				
Child and Adult Care Food Program 1	10.558	1/202121H17064	376,431				
Summer Food Service Program for Children (Child Nutrition Cluster)	10.559	202121N11994 1	241,128				
Child Nutrition Discretionary Grants (NSLP Equipment Assistant Grant)	10.579	2023211500341/202121N81034 1	10,299				
PEBT Administration Funds	10.649	202121S900941	5,950				
Virginia Department of Social Services							
State Administrative Matching Grants for SNAP (SNAP Cluster)	10.561		6,269,076				
<i>Total for Child Nutrition Cluster (10.553, 10.555 and 10.559)</i>							
<i>1 - Total for Child and Adult Care Food Program (10.558)</i>							
DEPARTMENT OF DEFENSE							
<u>Direct Payments:</u>							
Promoting K-12 Student Achievement at Military Connected Schools	12.556	97-0100-0-6-000	247,241				
Department of Defense Impact Aid	12.558		5,110,346				
Language Grant Program	12.900		15,440				
Department of the Navy	12.U01	H982302010027/H982302210035 NPROTC	357,214				
Military Spouse Career Advancement	12.U02		3,298				
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT							
<u>Direct Payments:</u>							
COVID-19 Community Development Block Grants/Entitlement Grants (CDBG - Entitlement Grants Cluster)3	14.218	B-20-MC-51-0021	454,677				\$ 250,000
Passed through to - FORKIDS INC3							
Community Development Block Grants/Entitlement Grants (CDBG - Entitlement Grants Cluster)3	14.218	B-13-MC-51-0021/ B-155 thru 19-MC-51-0021	2,452,659				
Passed through to - PIN Ministries3	14.218	P161525					96,821
Passed through to - Seton House3	14.218	P162440/P166573					364,999
Passed through to - LGBT Life Center3	14.218	P164425					19,479
Passed through to - FORKIDS Inc3	14.218	P161526					108,284
Passed through to - JCOC4	14.218	P161527					76,128
Community Development Block Grants/Entitlement Grants - Loans (CDBG - Entitlement Grants Cluster)	14.218		2,386,288				
Loans beginning balance3	14.218			\$ 2,587,544			
New Loans/Payoff	14.218		188,935	(201,256)			
COVID-19 Emergency Solutions Grant Program4	14.231	E-20-MW-51-0021					
Passed through to - JCOC4	14.231	P107012					31,067

**CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

Federal Grantor/Pass-Through Entity/Program Title	Assistance Listing Numbers	Pass Through Entity Identifying Number	Federal Expenditures (\$)	Loans (\$)	Cluster Total (\$)	Program Total (\$)	Passed through to Sub-Recipients (\$)
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (continued)							
Emergency Solutions Grant Program ⁴	14.231	E-19-MC-51-0021	199,802				
Passed through to - LGBT Life Center ⁴	14.231	P164425					36,221
Passed through to - Samaritan House ⁴	14.231	P164562					88,356
Passed through to - JCOCA	14.231	P162442 & P161527					63,052
Home Investment Partnerships Program ⁵	14.239	M-16 thru 20-MC-51-0207	378,376				
Passed through to - VBCDC	14.239	P126309					90,558
Passed through to - Community Alternatives Management Group	14.239	P161858	2,399,237				20,242
Home Investment Partnerships Program - Loans	14.239			2,559,476			
New Loans/Payoff	14.239			(160,239)			
Housing Opportunities for Persons with AIDS	14.241	VAH2F002/VAH2IF002/VAH22F002	1,406,964				
Passed through to - LGBT Life Center	14.241	P142545/P168963					1,357,002
Section 8 Moderate Rehab Single Room Occupancy (Section 8 Project-Based Cluster)	14.249	VA039SR0002/VA039SR0003	142,849				
Continuum of Care Program	14.267	VA0376L3F031900/VA0403L3F032000	56,177				
Section 8 Housing Choice Voucher (Housing Voucher Cluster)	14.871		24,306,676				
Mainstream 5 Program (Housing Voucher Cluster)	14.879		237,458				
Family self Sufficiency Program	14.896		58,228				
Emergency Housing Voucher	14. EHV	FSS22VA4504-01-00/FSS23VA5478	154,683				
<i>Total for Housing Voucher Cluster (14.871 and 14.879)</i>					24,544,134		
<i>Total for Section 8 Project-Based Cluster (14.249)</i>					142,849		
<i>3 - Total for Community Development Block Grants/Entitlement Grants (14.218)</i>						5,293,624	
<i>4 - Total for Emergency Solutions Grant Program (14.231)</i>						388,737	
<i>5 - Total for Home Investment Partnership Program (14.239)</i>						2,777,613	
DEPARTMENT OF INTERIOR - U.S. DEPARTMENT OF NATIONAL PARK SERVICES							
Direct Payments:							
Historic Preservation Grants-In-Aid	15.659	P20AF00055	2,645				
<i>Total for Historic Preservation Grants-In-Aid</i>							86,133
DEPARTMENT OF INTERIOR - U.S. FISH AND WILDLIFE SERVICE							
Pass through Payments:							
Virginia Department of Game and Inland Fisheries	15.049	54072206141600					
Historic Preservation Fund Grants-In-Aid							

**CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

Federal Grantor/Pass-Through Entity/Program Title	Assistance Listing Numbers	Pass Through Entity Identifying Number	Federal Expenditures (\$)	Loans (\$)	Cluster Total (\$)	Program Total (\$)	Passed through to Sub-Recipients (\$)
DEPARTMENT OF JUSTICE							
<u>Direct Payments:</u>							
FY 2020 Enhanced Collaborative Model to Combat Human Trafficking Competitive Solicitation	16.320		4,793				
Public Safety Partnership and Community Policing - LEMHWA ⁶	16.710	15/COPS-22GG-04078-LEMH	29,976				
Public Safety Partnership and Community Policing - School Violence Program ⁶	16.710	15/COPS-22-GG-04207-SCAX	205,304				
Edward Byrne Memorial Justice Assistance Grant Program	16.74	15PB/A-22-GG-02329-JAGX/2018-DJ-BX-0596/2018	75,961				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	/DJ-BX-0202/2019-DJ-BX-0767/2020-DJ-BX-0091	289,494				
Assistance to Localities for Administration	16.XXX	15PB/A-21-GG-01949-JAGX/2018-DJ-BX-0728	256,361				
<u>Pass Through Payments:</u>							
Virginia Department of Criminal Justice Services							
Crime Victim Assistance	16.575	2019-V2-GX-0054/2020-V2-GX-0048/22-001062VG	392,855			235,280	
Drug Court Discretionary grant Program	16.585	19 DCJS 15PB/A-21GG-04240-DGCT	7,405				
6 - Total for Public Safety Partnership and Community Policing Program (16.710)							
DEPARTMENT OF LABOR							
<u>Pass Through Payments:</u>							
Virginia Community College System							
Workforce Innovation and Opportunity Act (WIOA Adult Programs)	17.258	AA-33260-19-55-A51	4,205,964			4,205,964	
Passed through to - Hampton Roads Workforce Council (WIOA Cluster)							
Workforce Innovation and Opportunity Act (WIOA Youth Activities)	17.259	AA-33260-19-55-A51	3,315,992			3,315,992	
Passed through to - Hampton Roads Workforce Council (WIOA Cluster)							
Workforce Innovation and Opportunities Act (WIOA Dislocated Workers)	17.278	AA-33260-19-55-A51	1,874,537			1,874,537	
Passed through to - Hampton Roads Workforce Council (WIOA Cluster)							
Total for WIA/WIOA Cluster (17.258, 17.259 and 17.278)							
DEPARTMENT OF TRANSPORTATION FEDERAL HIGHWAY ADMINISTRATION							
<u>Pass Through Payments:</u>							
Virginia Department of Motor Vehicles							
Alcohol Open Container Requirements	20.607	154AL-2021-51130-21130/154AL-2022-52013-2201	45,777				
State and Community Highway Safety (Highway Safety Cluster)	20.600	FOP-2021-51133-21133/FSC-2022-52116-22116/FO P-2022-52129-22129	164,062				
UPCs: 15828/15829/100301/100322/100423/103005/109 053/111003/111004/111307/111308/112317/1134 63/113469/113821/114722/117117/117118							
Highway Planning and Construction	20.205		6,780,271				
Total for Highway Safety Cluster							
							164,062

CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-Through Entity/Program Title	Assistance Listing Numbers	Pass Through Entity Identifying Number	Federal Expenditures (\$)	Loans (\$)	Cluster Total (\$)	Program Total (\$)	Passed through to Sub-Recipients (\$)
DEPARTMENT OF TREASURY							
Pass Through Payments:							
Virginia Department of Finance							
COVID-19 State and Local Fiscal Recovery Fund-ARPA 7	21.027		20,992,807				195,982
Passed through to - VBCDC-Scarborough Square							536,112
Passed through to - Samaritan House Inc							2,592,425
Passed through to - United Way of South Hampton Roads							1,722,987
Passed through to - Foodbank of Southeastern Virginia							1,680
Passed through to - Virginia Beach Psychiatric Center							
Virginia Department of Social Services							
COVID-19 Federal consolidated Appropriations ACT (HR 1333) 7	21.027		25,709				
COVID-19 Federal Coronavirus Aid, Relief, and Economic Security ACT 7	21.027		39,146				
Virginia Tourism Corporation							
COVID-19 Coronavirus State Local Recovery Funds - ARPA 7	21.027		191,500				
Virginia Department of Education							
COVID-19 State and Local Recovery Act - ARPA 7	21.027	SLFRPI026	6,962,787				
Direct Payments:							
Shuttered Venue Operators Grant	59.075	5BAHQ21SV003524	320,442				
7 - Total for Coronavirus State and Local Fiscal Recovery Funds (21.027)						28,211,949	
DEPARTMENT OF VETERANS AFFAIRS							
Direct Payments:							
Post-9/11 Veterans Educational Assistance	64.027		4,784				
DEPARTMENT OF EDUCATION							
Direct Payments:							
Impact Aid	84.041B		10,588,778				
Federal Pell Grant Program (Student Financial Assistance Cluster)	84.063		51,155		51,155		
Pass Through Payments:							
Virginia Department of Education							
Adult Education - Basic Grants to States	84.002A	V002A200047/V002A200147	364,693				
Title 1 Grants to Local Education Agencies	84.010A	S010A190046/ S010A200046/S010A210046	13,159,090				
Title 1 State Agency Program for Neglected and Delinquent Children and Youth	84.013A	S013A190046/S013A200046/S013A210046	19,103				
Special Education Grants to States (Special Education Cluster - IDEA) 8	84.027X	H027A200107/H027A210107	15,749,526				
COVID-19 Special Education Grants to States (Special Education Cluster - IDEA) 8	84.027X	H027X210107	1,812,263				
Career and Technical Education-Basic Grants to States	84.048A	V048A210046	1,123,128				
Special Education Preschool Grants (Special Education Cluster - IDEA) 9	84.173A	H173A210112	433,515				
COVID-19 Special Education Preschool Grants (Special Education Cluster - IDEA) 9	84.173X	H173X210112	194,083				
Special Education - Grants for Infants and Families	84.181		447,207				
Education for Homeless Children and Youth	84.196A	S196A200048/S196A210048/S196A220048	55,096				
English Language Acquisition State Grants	84.365A	S365A190046, S365A200046, S365A210046	189,324				
Supporting Effective Instruction Grants	84.367A	S367A190044, S367A200044, S367A210044	1,678,498				
Student Support and Academic Enrichment Program	84.424A	S424A190048/S424A200048/S424A210048	784,313				
COVID-19 Education Stabilization Fund 10	84.425C	S425C200042	88,644				
COVID-19 Education Stabilization Fund 10	84.425D	S425D200008/S425D210008/S425C210042	4,622,265				
ARPA ESSER III 10	84.425U	S425U210008	36,485,238				
COVID-19 ARP Homeless I, II 10	84.425 W	S425W210048	209,647				
8 - Total for Special Education Grants to States (84.027)						17,561,789	
9 - Total for Special Education Preschool Grants (84.173)						627,598	
10 - Total for Education Stabilization Fund (84.425)						41,405,794	
Total for Special Education Cluster - IDEA (84.027 and 84.173)					18,189,387		

**CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

Federal Grantor/Pass-Through Entity/Program Title	Assistance Listing Numbers	Pass Through Entity Identifying Number	Federal Expenditures (\$)	Loans (\$)	Cluster Total (\$)	Program Total (\$)	Passed through to Sub-Recipients (\$)
DEPARTMENT OF HEALTH AND HUMAN SERVICES							
<u>Pass Through Payments:</u>							
Virginia Department of Education							
CDC-RFATP18-1802 School Based Health Workforce	93.354	NU907P922153	257,105				
Virginia Department of Medical Assistance Services							
Projects for Assistance in Transition from Homelessness (PATH)	93.150		131,622				
Medical Assistance Program (Medicaid Cluster) ¹¹	93.778	1346250065	2,451,803				
Opioid STR	93.788		321,789				
Block Grants for Community Mental Health Services	93.958		283,769				
Block Grants for Prevention and Treatment of Substance Abuse	93.959		1,752,147				
Virginia Department of Health							
CDC - Epidemiology and Laboratory Capacity for Infectious Diseases - ARPA	93.323	VAB55T610-GY23	2,569,500				
Promoting Safe and Stable Families for Needy Families	93.556		102,084				
HIV Prevention Activities Health Department Based	93.940		16,785				
Virginia Department of Social Services							
<i>Guardianship Assistance</i>	93.090		1,318				
Title IV-E Prevention	93.472		60,478				
Promoting Safe and Stable Families	93.556		165,127				
Temporary Assistance for Needy Families	93.558		2,155,251				
Refugee and Entrant Assistance State Administered Programs	93.566		74,360				
Low-Income Home Energy Assistance	93.568		423,818				
Child Care and Development Block Grant (CCDF Cluster)	93.575		(23,794)				
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CCDF Cluster)	93.596		486,986				
Chafee Education and Training Vouchers Program (ETV)	93.599		9,565				
Adoption and Legal Guardianship Incentiv	93.603		4,394				
Stephanie Tubbs Jones Child Welfare Services Program	93.645		4,128				
Foster Care Title IV-E	93.658		2,478,641				
Adoption Assistance	93.659		3,466,198				
Social Services Block Grant	93.667		2,589,630				
Chafee Foster Care Independence Program	93.674		40,783				
Children's Health Insurance Program	93.767		25,522				
Medical Assistance Program (Medicaid Cluster) ¹¹	93.778		3,115,184				
11 - Total for Medical Assistance Program (93.778)						5,566,987	
<i>Total for CCDF Cluster (93.575 and 93.596)</i>					463,192		
<i>Total for Medicaid Cluster (93.778)</i>					5,566,987		
DEPARTMENT OF HOMELAND SECURITY							
<u>Direct Payments:</u>							
National Urban Search and Rescue Response System	97.025	VARIOUS	4,380,019				
Assistance to Fire Fighter Grants	97.044	EMW-2018-FO-01591	420,237				
Port Security Grant Program	97.056	EMW-2018-PU-0080/EMU-2019-PU-00069/EMU-2019-PU-00251/EMU-2020-PU-00076/00177	13,331				
<u>Pass Through Payments:</u>							
Virginia Department of Emergency Management							
Flood Mitigation Assistance	97.029	FMA-PJ-03VA-2013-7/FMA-PJ-03VA-2015-003/FMA-PJ-03VA-2016/FMA-PJ-03VA-2019-6	421,238				
Homeland Security Grant	97.067	019-00079-501/8211	477,393				
Emergency Management Performance Grants	97.042	EMP-2019-EP-00006-501	102,914				
Federal Emergency Management Agency	97.111	EMP-2020-CA-00020	623,587				
COVID 19 Disaster Grants - Public Assistance (Presidential Declared Disasters) ⁷	97.036		2,542,939				
TOTAL FEDERAL EXPENDITURES			<u>\$ 246,133,118</u>			<u>\$ 17,047,887</u>	

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

1. General

The accompanying Schedule of Expenditures of Federal Awards presents federally assisted programs of the City of Virginia Beach, Virginia (the "City") 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. Loans

The City provides loans to qualified low income borrowers through CFDA #14.239, Home Investment Partnerships Program, to promote home ownership and provide assistance with down payments and closing costs. The outstanding principal balance of the HOME loans was \$2,399,237 at June 30, 2023.

The City provides loans to qualified low income homeowners or homeowners living in areas targeted for improvement, resulting in the elimination of health or safety code violations, through CDFA #14.218, Community Development Block Grants. The outstanding principal balance of \$2,386,288 at June 30, 2023.

4. Relationship to Financial Statements

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

General Fund	\$	25,974,231
Capital Projects Fund		3,151,696
Non Major Governmental Funds		66,235,046
Enterprise Funds		1,383,248
School Board Funds		132,594,921
		<hr/>
Total federal awards reported in basic financial statements		229,339,142

Less: Revenue closed to fund balances from the following:

National School Lunch Program	10.555	\$	(6,110,383)
Promoting Safe and Stable Families	10.561		(1,331,960)
NJROTC	12.xxx		39,244
Community Development Block Grants	14.218		(79,341)
Community Development Block Loans	14.218		(2,386,288)
Home Investment Partnerships Program Grants	14.239		(46,946)
Home Investment Partnerships Program Loans	14.239		(2,399,237)
HOPWA Total	14.241		387
Section 8 Housing Choice Voucher	14.871		(1,738,296)
Mainstream Vouchers	14.879		35,096
Emergency Housing Voucher	14.EHV		(133,979)
Historic Preservation Fund Grants-In-Aid	15.904		9,191
Enhanced Collaborative Model to Combat Human Trafficking	16.320		8,305
Victims of Crime Act Grant Program (Victim Witness Program)	16.575		(99,184)
Drug Court Discretionary Grant Program	16.585		(1,487)
Public Safety Partnership and Community Policing Grants	16.710		(70,814)
Edward Byrne Memorial Justice Assistance Grant Program	16.738		40,011
Edward Byrne Memorial Justice Assistance Grant Program	16.740		(28,428)
Highway Planning and Construction	20.205		(3,728,573)
DMV Seat Belt Enforcement	20.600		(28,371)
DMV Select DUI	20.607		(12,952)
Equitable Sharing Program	21.000		15,356
Federal Coronavirus Aid, Relief, and Economic Security (CARES) Act	21.027		(64,855)
Shuttered Venue Operations Grant	59.075		(320,442)
Early Intervention	84.181		40,431
Adult Education - Basic Grants to States	84.002A		(47,569)
Career and Technical Education - Basic Grants to States	84.048A		(18,585)
Education for Homeless Children and Youth	84.196A		101,533

**CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

Promoting Safe and Stable Families	93.556	(2,913)
Child Care and Development Block Grant	93.575	47,754
Foster Care Title IV-E	93.658	(201,390)
National Urban Search & Rescue Response System	97.025	(62,666)
Flood Mitigation Assistance	97.029	1,062,009
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	(967,757)
Assistance to Firefighters Grant	97.044	(87,177)
Port Security Grant Program	97.056	5,925
State Homeland Security Grant	97.067	53,731
Regional Catastrophic Preparedness Grant	97.111	(134,884)
		<u>(18,645,504)</u>

Less: Revenues not subject to Single Audit:

Federal Reimbursement for Police OT	168,573
Federal Indirect Cost Recovery	1,434,179
Federal Reimbursement of Interest	245,046
Federal Reimbursement of Telecommunication Services	3,730
	<u>1,851,528</u>

Total Federal Expenditures	<u>\$ 246,133,118</u>
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5. 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.

6. Highway Planning and Construction Grants

The City's Highway Planning and Construction Grants are typically multi-year projects with flexible funding sources that result in funding allocation changes throughout the life of the project. Accordingly, due to the inherent nature of these transportation grants, the City prepares the accompanying Schedule using the best information received at the time of reporting. In cases where it is difficult to identify the mix of Federal and State money under the Highway Planning and Construction program, the expenditures are reported on the accompanying schedule.

7. Indirect Cost Rate

The City does not elect to use a 10% de minimis indirect cost rate allowed under section §200.414(f).

CONTINUING DISCLOSURE

Continuing Disclosure

This part of the City of Virginia Beach comprehensive annual financial report presents detailed information with regards to Rule 15c2-12 promulgated by the Securities and Exchange Commission to provide certain annual financial information and material event notices.

Contents

Page

General Obligation and Public Facility Revenue Bond Operating Data:	298
Schedule 1-1 Principal Taxpayers	
Schedule 1-2 Property Tax Rates and Changes in Tax Levy	
Schedule 1-3 Historical Assessed Value	
Schedule 1-4 Property Tax Levies and Collections	
Schedule 1-5 Principal Tax Revenue by Source	
Water and Sewer Revenue Bond Operating Data:	303
Schedule 2-1 Ten Largest Utility (Water) Customers	
Schedule 2-2 Outstanding Debt by Issue	
Schedule 2-3 History of Receipts and Disbursements	
Schedule 2-4 System Operating Revenues, Expenses and Coverage	
Schedule 2-5 Debt Service Requirements	
Schedule 2-6 Water and Sewer Rate History	
Storm Water Revenue Bond Operating Data:	309
Schedule 3-1 Ten Largest Storm Water Utility Accounts	
Schedule 3-2 Distribution by Type of Property	
Schedule 3-3 Utility Fee Collections	
Schedule 3-4 Pro Forma Calculation of Revenue Covenants	
Schedule 3-5 Debt Service Requirements	
Schedule 3-6 Storm Water Rate History	

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

CITY OF VIRGINIA BEACH, VIRGINIA
PRINCIPAL TAXPAYERS¹
FISCAL YEAR ENDING JUNE 30, 2023
(UNAUDITED)

Taxpayer	Business Type	Real Property Assessed
1 Armada Hoffler	Office/ Apartments/ Hotel/ Retail/ Restaurant/ Bank/ Shopping Centers/ University/ Parking Garage/ Vacant Commercial Land/ Single Family Residence	\$ 593,275,500
2 Ramon W. Breeden, Jr.	Apartments/ Shopping Centers/ Fast-Food/ Restaurant/ Office/ Vacant Residential Land/ Single Family Residence	587,046,300
3 Dominion Energy, Inc.	Utility	536,630,228 ²
4 A.D. & L.E. Fleder & J.M. & R.J. Caplan	Shopping Centers/ Retail/ Bank/ Fast-Food/ Apartments/ Condominiums/ Vacant Commercial & Residential Land/ BMP	379,743,600
5 E. C. & A. F. Ruffin & B. L. Thompson	Hotels/ Apartments/ Shopping Center/ Retail/ Restaurant/ Beach Club/ Laundry Plant/ Offices/ Parking Garage/ Vacant Commercial Land/ Single Family Residences	357,910,000
6 Lynnhaven Mall LLC	Shopping Mall	265,809,200
7 Watergate Treehouse & Chanticleer Associates LP	Apartments	186,155,700
8 Pembroke Square Associates LLC	Shopping Mall/ Retail/ Bank/ Restaurants/ Fast Food/ Shopping Centers/ Office/ Apartments/ Condominium/ Warehouse/ Vacant Residential Land	185,655,200
9 Virginia Natural Gas, Inc.	Utility	178,372,585 ²
10 Cheryl P. McLeskey	Shopping Centers/ Townhouses/ Duplex/Condominiums/ Marinas/ Retail/ Fast-Food/ Car Dealership/ Vacant Commercial, Vacant Industrial & Residential Land/ Single Family Residences & Lots	165,047,000
11 Windsor Lake Apartments LLC.	Apartments/ Shopping Centers/ Restaurant/ Vacant Commercial Land	152,930,000
12 W. Taylor Franklin	Apartments/ Single Family Residence	150,572,200
13 Christian Broadcasting Associates, Inc./Network, Inc.	Broadcasting/ Office/ Apartments/ Hotel	144,284,900
14 Verizon Virginia, LLC	Utility	137,496,357 ²
15 Joan N. Lyons	Hotels/Office/ Outdoor Cafes/ Single Family Residence	136,064,200
16 Shamin Hotels	Hotels/ Retail/ Parking Garages/ Outdoor Cafes	118,455,600
17 T.J. & A. Stiffler & M.B. & M.J. Stone Lewis	Offices/ Hotesl/ Retail/ Shopping Center/ Single Family Residences	114,557,500
18 Westminster Canterbury of Etc.	Retirement Center/ Condominiums/ Vacant Commercial Land with Asphalt Parking Only	107,777,800
19 Occidental Development, Ltd.	Apartments	105,621,100
20 Potter Properties	Shopping Centers/ Banks/ Fast-Food/ Restaurant/ Retail/ Vacant Commercial & Residential Land/ Single Family Residence	102,658,300
21 Sifen, Michael D.	Shopping Centers/ Restaurant/ Paving/ Retail/ Parking Garage/ Vacant Commercial & Residential Land/ Industrial Office Warehouse/ Single Family Residence	101,402,400
22 Spence Properties LC	Apartments	99,846,500
23 VA8 Marina Shores LLC	Apartments	85,485,200
24 Landstown Commons Owner LLC	Shopping Center	81,038,400
25 Runaway Bay Acquisitions LLC	Apartments	80,643,700
Total		\$ 5,154,479,470

¹ Twenty-five of the principal taxpayers are shown for consistency with past Official Statements. Also see Statistical Table 8.

² For Public Service Corporations, reflects real estate assessments (excludes personal property assessments taxed as real estate).

Sources: Office of Real Estate Assessor
Commissioner of the Revenue

CITY OF VIRGINIA BEACH, VIRGINIA
PROPERTY TAX RATES AND CHANGE IN TAX LEVY
FISCAL YEARS 2013 THROUGH 2023
(UNAUDITED)

Fiscal Year ¹	Tax Rate on Real Property ²	Real Property Tax Levy ³	Percentage Annual Change in Tax Levy
2013	0.9500	457,287,081	3.19
2014	0.9300	446,015,531	(2.46)
2015	0.9300	463,184,807	3.85
2016	0.9900	510,528,757	10.22
2017	0.9900	528,410,384	3.50
2018	1.0025	551,883,966	4.44
2019	1.0025	570,105,091	3.30
2020	1.0175	596,677,843	4.66
2021	1.0175	616,188,945	3.27
2022	0.9900	621,125,929	0.80
2023	0.9900	673,307,081	8.40

Source: City Department of Finance

¹ Eleven years of data are shown for consistency with past Official Statements.

² Tax rate per \$100 per assessed value. See Statistical Table 7.

³ Calculation of the Real Property Tax Levy begins with the Real Property Assessed Value on Schedule 1-3 and then is adjusted by Supplements, Exonerations, Special Service District additional levies and other miscellaneous adjustments to arrive at the Tax Levy. See Statistical Table 9.

**CITY OF VIRGINIA BEACH, VIRGINIA
HISTORICAL ASSESSED VALUE
FISCAL YEARS 2013 THROUGH 2023
(UNAUDITED)**

Fiscal Year ¹	Real Property Assessed Value ²		Percentage Change From Prior Year		Personal Property Assessed Value		Percentage Change From Prior Year		Public Service Property Assessed Value ³		Percentage Change From Prior Year		Total Assessed Value		Percentage Change From Prior Year	
	Value	Value	From Prior Year	From Prior Year	Value	Value	From Prior Year	From Prior Year	Value	Value	From Prior Year	From Prior Year	Value	Value	From Prior Year	From Prior Year
2013	\$ 48,851,994,658	\$ 4,249,692,532	(3.28)	(1.29)	\$ 929,843,170	\$ 54,031,530,360	(0.90)	(0.90)								(3.09)
2014	48,737,614,190	4,334,018,923	(0.23)	1.98	889,050,800	53,960,683,913		(4.39)								(0.13)
2015	50,577,279,180	4,569,833,578	3.77	5.44	875,496,571	56,022,609,329		(1.52)								3.82
2016	52,016,374,504	4,582,059,618	2.85	0.27	895,479,945	57,493,914,067		2.28								2.63
2017	53,840,546,037	4,692,383,356	3.51	2.41	945,094,380	59,478,023,773		5.54								3.45
2018	55,520,701,233	4,786,765,849	3.12	2.01	983,607,868	61,291,074,950		4.08								3.05
2019	57,299,357,619	5,647,066,916	3.20	17.97	1,020,179,772	63,966,604,307		3.72								4.37
2020	59,349,419,535	5,980,866,800	3.58	5.91	1,046,921,797	66,377,208,132		2.62								3.77
2021	61,431,537,591	5,896,556,470	3.51	(1.41)	1,111,754,367	68,439,848,428		6.19								3.11
2022	63,816,499,892	7,150,279,805	3.88	21.26	1,131,096,865	72,097,876,562		1.74								5.34
2023	69,682,097,834	6,908,616,693	9.19	(3.38)	1,193,996,250	77,784,710,777		5.56								7.89

¹ Eleven years of data are shown for consistency with past Official Statements.

² Real Property is assessed at 100% of fair market value.

³ Includes both real estate and personal property assessment. All public service property is taxed at the real estate tax rate, except for vehicles.

Source: City Department of Finance, Statistical Table 6

CITY OF VIRGINIA BEACH, VIRGINIA
PROPERTY TAX LEVIES AND COLLECTIONS
FISCAL YEARS 2013 THROUGH 2023
(UNAUDITED)

Fiscal Year ¹	Total Tax Levy ²	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2013	\$ 536,618,666	\$ 516,542,429	96.3	\$ 16,456,038	\$ 532,998,467	99.3
2014	527,036,431	509,339,982	96.6	16,193,709	525,533,691	99.7
2015	558,420,893	537,056,367	96.2	18,365,505	555,421,872	99.5
2016	613,105,892	589,411,524	96.1	18,629,325	608,040,849	99.2
2017	634,993,466	609,085,906	95.9	19,983,532	629,069,438	99.1
2018	662,272,634	636,789,707	96.2	22,187,597	658,977,304	99.5
2019	688,073,333	638,348,095	92.8	23,473,695	661,821,790	96.2
2020	722,621,429	631,762,062	87.4	66,091,985	697,854,047	96.6
2021	783,423,955	687,116,605	87.7	46,812,549	733,929,154	93.7
2022	788,255,076	707,907,083	89.8	31,713,848	739,620,931	93.8
2023	861,007,212	755,199,729	87.7	-	755,199,729	87.7

Source: City Department of Finance

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

¹ Eleven years of data are shown for consistency with past Official Statements.

² Includes both Real and Personal Property including Public Service Corporations. See Statistical Table 9. For FY 2023, the breakdown is as follows:

Real Property tax levy (includes Public Service Corporation real property):	\$ 673,307,081
Personal Property tax levy (includes Public Service Corporation personal property):	<u>187,700,131</u>
	<u>\$ 861,007,212</u>

**CITY OF VIRGINIA BEACH, VIRGINIA
PRINCIPAL TAX REVENUES BY SOURCE
FISCAL YEARS 2013 THROUGH 2023
(UNAUDITED)**

Fiscal Year¹	Real Property Taxes²	Personal Property Taxes^{2,3}	General Sales Tax	Utility Tax	Restaurant Meal Tax	Other Taxes	Total Taxes Assessed
2013	\$ 476,217,120	\$ 74,723,035	\$ 54,978,531	\$ 44,623,292	\$ 55,122,465	\$ 115,403,784	\$ 821,068,227
2014	464,439,667	78,678,322	56,431,418	44,050,182	56,872,794	114,548,325	815,020,708
2015	481,774,192	90,898,635	58,164,569	43,308,157	59,968,375	119,831,673	853,945,601
2016	526,451,909	95,930,682	61,099,407	42,658,906	63,437,485	122,405,839	911,984,228
2017	544,302,460	100,075,205	62,614,614	44,829,994	65,207,699	125,846,026	942,875,998
2018	567,573,017	108,123,397	63,511,403	49,832,408 ⁴	66,264,685	123,922,838 ⁴	979,227,748
2019	586,407,784	106,029,083	65,851,817	47,636,484	69,278,652	126,277,403	1,001,481,223
2020	603,119,216	112,728,082	67,855,536	45,584,479	60,561,741	124,110,581	1,013,959,635
2021	631,547,267	122,853,013	78,732,948	45,536,508	65,572,967	139,738,177	1,083,980,880
2022	633,156,847	136,544,911	87,383,198	45,707,678	85,941,096	148,037,568	1,136,771,298
2023	683,138,841	140,251,330	89,501,992	40,543,327	92,035,336	151,323,719	1,196,794,545

Source: City Department of Finance, see Statistical Table 5

Note: Real and Personal Property Tax Revenues include collections for Current Year and Prior years levies collected within the Current Fiscal Year.

¹ Eleven years of data are shown for consistency with past Official Statements.

² Includes taxes, penalty & interest (\$10 minimum) on delinquent collections from prior years.

³ Excludes personal property tax reimbursement from the Commonwealth of Virginia under the Personal Property Tax Relief Act of 1998. The amount has consistently been \$53,412,868 since FY 2012 (see Exhibit 12, revenue "From Commonwealth").

⁴ Franchise Taxes were included in Other Taxes prior to FY 2018. Beginning FY 2018, Franchise Taxes are included with Utility Taxes.

**CITY OF VIRGINIA BEACH, VIRGINIA
TEN LARGEST UTILITY (WATER) CUSTOMERS
FISCAL YEAR 2023
(UNAUDITED)**

Customer	Annual Consumption in 1,000 Gallons	Type of Customer
1 Virginia Beach Correction Center	47,005	City Correction Center
2 Sentara Princess Anne Hospital	38,270	Hospital
3 Westminster-Canterbury of Hampton Roads	34,138	Retirement Community
4 S L Nusbaum Realty	31,349	Thalia Garden Apartments
5 Sentara Virginia Beach General Hospital	29,612	Hospital
6 Dragas Management Corporation	27,505	Spence Crossing
7 Brookfield Apartment Homes LLC	26,719	Apartment Homes
8 Carriage House Apartments	23,644	Apartment Homes
9 Colony Mobile Home Park	22,542	Mobile Home Park
10 Dragados-USA	22,223	Chesapeake Tunnel Joint Venture

Source: City Department of Public Utilities

**CITY OF VIRGINIA BEACH, VIRGINIA
WATER AND SEWER ENTERPRISE FUND
OUTSTANDING DEBT BY ISSUE
AT JUNE 30, 2023
(UNAUDTED)**

2020B Water and Sewer Refunding Revenue Bonds	\$ 42,225,000
2020A Water and Sewer Revenue Bonds	43,380,000
2016B Water and Sewer Refunding Revenue Bonds	28,770,000
2016A Water and Sewer Revenue Bonds	39,360,000
2013 Water and Sewer System Revenue Bonds	<u>33,990,000</u>
Total Water and Sewer Debt Outstanding ¹	<u><u>\$ 187,725,000</u></u>

¹ All Water & Sewer Bonds listed above are Parity Debt.

Source: City Department of Finance

**CITY OF VIRGINIA BEACH, VIRGINIA
WATER RESOURCE RECOVERY FEES
HISTORY OF RECEIPTS AND DISBURSEMENTS
FISCAL YEAR 2018 THROUGH 2023
(IN THOUSANDS OF DOLLARS)
(UNAUDITED)**

	Fiscal Year					
	2018	2019	2020	2021	2022	2023
Balance - July 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fees Received	2,046	2,107	2,143	1,174	2,682	1,663
Disbursements	<u>2,046</u>	<u>2,107</u>	<u>2,143</u>	<u>1,174</u>	<u>2,682</u>	<u>1,663</u>
Balance - June 30	<u>\$ -</u>					

Source: City Departments of Finance and Public Utilities.

CITY OF VIRGINIA BEACH, VIRGINIA
WATER AND SEWER ENTERPRISE FUND
SYSTEM OPERATING REVENUES, EXPENSES AND COVERAGE
FOR FISCAL YEAR JUNE 30, 2023
(IN THOUSANDS OF DOLLARS)
(UNAUDITED)

	Fiscal Year				
	2019	2020	2021	2022	2023
<u>Operating Revenues</u>					
Service Charges	\$ 77,256	\$ 76,803	\$ 75,730	\$ 76,113	\$ 75,879
Water Usage	44,679	49,652	51,365	50,729	49,986
Interfund Services Provided	1,082	3,225	1,893	1,832	2,126
Miscellaneous	1,008	829	726	1,396	2,442
Total Operating Revenues	<u>124,025</u>	<u>130,509</u>	<u>129,714</u>	<u>130,070</u>	<u>130,433</u>
<u>Operating Expenses</u>					
Water Acquisition	27,529	29,914	25,463	26,316	27,276
Water Distribution	6,576	6,791	5,300	5,549	7,687
Sewer Collection	13,547	13,305	13,093	13,229	16,648
Administration and Engineering	22,801	23,242	27,889	21,514	20,551
Customer Services	10,430	10,787	17,074	16,139	17,548
Total Operating Expenses	<u>80,883</u>	<u>84,039</u>	<u>88,819</u>	<u>82,747</u>	<u>89,710</u>
Net Operating Income	<u>43,142</u>	<u>46,470</u>	<u>40,895</u>	<u>47,323</u>	<u>40,723</u>
<u>Non-Operating Revenues/(Expense)</u>					
Interest	2,981	3,290	1,068	840	3,375
Water Resource Recovery Fee	2,107	2,143	1,174	2,682	1,663
Connection Fees	903	1,031	1,180	1,083	2,438
Norfolk Water True-Up	-	-	-	-	-
Total Non-Operating Income	<u>5,991</u>	<u>6,464</u>	<u>3,422</u>	<u>4,605</u>	<u>7,476</u>
Income Available For Debt Service	<u>\$ 49,133</u>	<u>\$ 52,934</u>	<u>\$ 44,317</u>	<u>\$ 51,928</u>	<u>\$ 48,199</u>
<u>Annual Debt Service</u>					
Water and Sewer Revenue Bonds	¹ \$ 17,921	\$ 17,913	\$ 18,509	\$ 18,838	\$ 18,879
<u>Coverage of Debt Service on Water and Sewer Revenue Bonds</u>					
	² 2.74 x	2.96 x	2.39 x	2.76 x	2.55 x

¹ Includes Principal, Interest at gross, and Bank Charges

² The Master Water and Sewer Revenue Bond Resolution dated February 11, 1992, as amended and supplemented sets the debt service coverage and revenue requirements at 115% of maximum annual debt service for Water and Sewer revenue bonds and 1.0 times for Water and Sewer General Obligation Bonds. City Council set the revenue coverage goal of not less than 1.5x annual debt service for Water and Sewer Bonds and 1.2x for total debt (combined Water and Sewer Revenue Bonds and any Water and Sewer General Obligation Bonds) May 14, 2002 in the FY 2003 Operating Budget.

Source: City Departments of Finance and Public Utilities.

**CITY OF VIRGINIA BEACH
WATER AND SEWER ENTERPRISE FUND
DEBT SERVICE REQUIREMENTS
AS OF JUNE 30, 2023
(UNAUDITED)**

Fiscal Year	Principal	Interest	Total	Principal Outstanding
2024	\$ 12,045,000	\$ 6,871,150	\$ 18,916,150	\$ 175,680,000
2025	12,720,000	6,252,025	18,972,025	162,960,000
2026	13,445,000	5,597,900	19,042,900	149,515,000
2027	11,470,000	4,992,675	16,462,675	138,045,000
2028	11,960,000	4,464,787	16,424,787	126,085,000
2029	10,075,000	3,984,075	14,059,075	116,010,000
2030	10,555,000	3,529,375	14,084,375	105,455,000
2031	11,000,000	3,075,675	14,075,675	94,455,000
2032	8,985,000	2,660,775	11,645,775	85,470,000
2033	9,400,000	2,289,100	11,689,100	76,070,000
2034	9,775,000	1,960,194	11,735,194	66,295,000
2035	10,125,000	1,669,988	11,794,988	56,170,000
2036	10,460,000	1,387,250	11,847,250	45,710,000
2037	6,985,000	1,133,006	8,118,006	38,725,000
2038	7,210,000	911,250	8,121,250	31,515,000
2039	7,435,000	685,025	8,120,025	24,080,000
2040	4,740,000	509,800	5,249,800	19,340,000
2041	4,855,000	387,775	5,242,775	14,485,000
2042	4,985,000	262,500	5,247,500	9,500,000
2043	2,300,000	176,000	2,476,000	7,200,000
2044	2,350,000	128,031	2,478,031	4,850,000
2045	2,400,000	77,563	2,477,563	2,450,000
2046	2,450,000	26,031	2,476,031	-
Totals	<u>\$ 187,725,000</u>	<u>\$ 53,031,950</u>	<u>\$ 240,756,950</u>	

All Water & Sewer Debt is comprised of Revenue Bonds and Notes issued pursuant to Article VII, Sec. 10(a)(3) of the Constitution of Virginia, secured solely by the Revenues of the system.

Source: City Department of Finance

**CITY OF VIRGINIA BEACH, VIRGINIA
WATER AND SEWER ENTERPRISE FUND
WATER AND SEWER RATE HISTORY ¹
(UNAUDITED)**

Effective Date of Rate Adjustment	Water Commodity Rate (per 1,000 gallons)	Water Service Availability Charge (5/8" meter)	Sanitary Sewer Service Charge Single Family Residence (per month)
July 1, 2013	\$ 4.41	\$ 4.41	\$ 27.76
July 1, 2014	4.41	4.41	30.81
July 1, 2015	4.41	4.41	30.81
July 1, 2016	4.41	4.41	30.81
July 1, 2017	4.41	4.41	30.81
July 1, 2018	4.41	4.41	30.81
July 1, 2019	4.90	4.41	30.81
July 1, 2020	4.90	4.41	30.81
July 1, 2021	4.90	4.41	30.81
July 1, 2022	4.90	4.41	30.81
July 1, 2023	5.20	5.00	31.58

¹ Reflects eleven-year rate history consistent with time-span shown in Official Statements for outstanding Water and Sewer System Refunding and Revenue Bonds, series 2013, 2016 A&B and 2020 A&B.

Source: City Department of Public Utilities

CITY OF VIRGINIA BEACH, VIRGINIA
TEN LARGEST STORM WATER UTILITY ACCOUNTS
FOR BILLING PERIOD ENDING JUNE 30, 2023
(UNAUDITED)

Customer	Fees Billed
Lynnhaven Mall Group LLC	\$ 239,894
Stihl, Incorporated	179,785
Virginia Wesleyan University	161,123
Sentara Healthcare	141,097
Spence Crossing Res Inc	136,290
City of Virginia Beach	100,723
Pembroke Square Associates	99,237
Sentara Virginia Beach General Hospital	87,765
Evergreen Virginia LLC	86,655
Emerald Point LLC	84,007

Source: City Department of Public Utilities

**CITY OF VIRGINIA BEACH, VIRGINIA
STORM WATER UTILITY
DISTRIBUTION BY TYPE OF PROPERTY
AS OF JUNE 30, 2023
(UNAUDITED)**

Type of Property	FY 2023 Percent of Equivalent Residential Units (ERU)
Residential	47.4%
Multi-Family	12.7%
Non-Residential	39.9%

Source: City Department of Public Utilities

CITY OF VIRGINIA BEACH, VIRGINIA
STORM WATER UTILITY FEE COLLECTIONS
AS OF JUNE 30, 2023
(UNAUDITED)

Fiscal Year	Assessed fees ¹	Collected fees ¹	% Collected
2014	\$ 36,709,700	\$ 36,537,711	99.53
2015	39,055,783	38,684,230	99.05
2016	39,804,972	39,530,243	99.31
2017	39,738,434 ²	39,593,321 ²	99.63
2018	43,099,967 ²	42,896,849 ²	99.53
2019	41,918,755	41,579,356	99.19
2020	44,935,049	41,267,793 ³	91.84
2021	45,877,894	45,335,509 ³	98.82
2022	45,786,704	45,171,664 ³	98.66
2023	46,051,958	45,381,187	98.54

¹ Represents billings and collections of Equivalent Residential Unit (ERU) Fees through June 30th of each Fiscal Year. Storm Water billing is part of a combined utility service bill including water, sewer and waste management. The City anticipates that for each of the recent years, collection rates will be consistent with earlier years.

² The City included incorrect amounts for FY 2017 and FY 2018 in previous schedules provided in its annual continuing disclosure reports as well as the Official Statement for the Series 2019 Storm Water Utility Revenue Bonds. Previously, Assessed Fees and Collected Fees were shown as \$39,854,926 and \$40,046,975 with 100.48% collected for FY 2017 and \$42,654,304 and \$41,579,356 with 98.12% collected for FY 2018, respectively.

³ Fee collection for FY 2021 and FY 2020 declined year-over-year as a result of the suspension of water service disconnections from June 2019 to December 2019 due to staffing shortages after the May 31st mass shooting incident and from March 2020 – August 2021 due to the state’s moratorium on water service disconnections in response to the COVID-19 (coronavirus) pandemic. The City resumed delinquent disconnections on August 30, 2021 resulting in a high rate of payment and/or application for bill assistance.

Source: City Departments of Public Works/Storm Water Management and Public Utilities

CITY OF VIRGINIA BEACH, VIRGINIA
STORM WATER UTILITY FUND
PRO FORMA CALCULATION OF REVENUE COVENANTS
(UNAUDITED)

Revenue Requirement A	Fiscal Year					
	2019	2020	2021	2022	2023	2024 Budget
Total Revenues:						
System Revenues (including interest income)	\$ 43,419,253	\$ 45,815,995	\$ 46,500,751	\$ 46,352,158	\$ 47,343,577	\$ 46,519,210
Budgeted Operating Expenses	25,697,342	14,900,439	15,037,414	14,498,280	16,862,632	18,057,359
Revenues Available for Debt Service	<u>17,721,911</u>	<u>30,915,556</u>	<u>31,463,337</u>	<u>31,853,878</u>	<u>30,480,945</u>	<u>28,461,851</u>
Maximum Principal and Interest Requirement on Revenue Bonds ¹	\$ 3,393,984	\$ 5,180,749	\$ 10,556,775	\$ 9,355,925	\$ 9,355,925	\$ 9,355,925
Debt Service Coverage Ratio ²	5.2 x	6.0 x	3.0 x	3.4 x	3.3 x	3.0 x
Revenue Requirement B ³	Fiscal Year					
	2019	2020	2021	2022	2023	2024 Budget
Total System Revenues (including interest income)	\$ 43,419,253	\$ 45,815,995	\$ 46,500,751	\$ 46,352,158	\$ 47,343,577	\$ 46,519,210
Less:						
Budgeted Operating Expenses	25,697,342	14,900,439	15,037,414	14,498,280	16,862,632	18,057,359
Revenue Bond Debt Service ¹ :						
Requirement on Series 2010A Bonds	1,382,793	1,376,896	642,600	-	-	-
Requirement on Series 2010B Bonds	645,475	642,881	558,250	-	-	-
Requirement on Series 2015 Bonds	1,358,631	1,359,256	1,360,606	1,359,200	1,361,069	1,357,419
Requirement on Series 2019 Bonds	-	1,786,638	1,787,262	1,786,137	1,783,262	1,783,512
Requirement on Series 2020A Bonds	-	-	1,711,996	4,552,900	4,552,150	4,551,775
Requirement on Series 2020B Bonds	-	-	382,287	1,606,300	1,614,800	1,634,925
Parity Double Barrel Bond Fund	-	-	-	-	-	-
Subordinate Debt Fund (Prior Bonds)	-	-	-	-	-	-
Total Debt Service	3,386,899	5,165,671	6,443,001	9,304,537	9,311,281	9,327,631
Capital Improvement Account (Cash) ⁴	8,000,000	21,554,151	22,511,777	18,464,685	19,334,063	17,138,220
Deposit to Debt Service Reserve Fund ⁵	-	-	-	-	-	-
Total Expenditures	<u>37,084,241</u>	<u>41,620,261</u>	<u>43,992,192</u>	<u>42,267,502</u>	<u>45,507,976</u>	<u>44,523,210</u>
Surplus Revenue	<u>\$ 6,335,012</u>	<u>\$ 4,195,734</u>	<u>\$ 2,508,559</u>	<u>\$ 4,084,656</u>	<u>\$ 1,835,601</u>	<u>\$ 1,996,000</u>
Reconciliation of Expenses to ACFR						
Total Operating Expenses (per ACFR)	\$ 36,161,097	\$ 31,002,402	\$ 25,021,710	\$ 23,442,280	\$ 25,198,861	NA
Add (Subtract):						
Depreciation	(6,458,891)	(7,309,940)	(8,266,150)	(9,507,019)	(10,624,806)	
Annual CIP Expense	(4,447,355)	(8,134,590)	(1,782,901)	(1,810,337)	(235,453)	
Net Deferred Retirement Contribution	433,800	(482,704)	(933,623)	2,317,898	2,440,870	
OPEB Expenditures	8,691	(174,729)	998,378	55,458	83,160	
Total Budgeted Expenses (Pro Forma Requirement)	<u>\$ 25,697,342</u>	<u>\$ 14,900,439</u>	<u>\$ 15,037,414</u>	<u>\$ 14,498,280</u>	<u>\$ 16,862,632</u>	

¹ All Interest is presented at "gross", and does not reflect the United States Treasury subsidy payment to be received for a portion of the series 2010A-2 bonds issued as "Build America Bonds. FY 2021 was the last year the subsidy was received due to the refunding of a portion of the Series 2010A-2 Bonds and Series 2010 Bonds by the Series 2020B Bonds.

² Per the Agreement of Trust dated January 1, 2000, as amended and supplemented, pledged revenues will be sufficient to equal the sum of (1) the Operating Expenses shown in the Annual Operating Budget and (2) 115% of Maximum Annual Debt Service.

³ Also per the Agreement of Trust, system revenues will be sufficient to equal the sum of (1) the Operating Expenses payable from System Revenues shown in the Annual Operating Budget, (2) the amount required to be paid into the Bond Fund, (3) the amount (if any) required to be paid into the Parity Double Barrel Bond Fund, (4) the amount (if any) required to be paid into the Subordinate Debt Fund, (5) the amount of any other indebtedness of the City attributable to the System required to be paid from Pledged Revenues, (6) the amount transferred to the Capital Improvement Account as may be determined by the Director of Public Works and (7) any amount necessary to be paid into the Debt Service Reserve Fund to restore the amount on deposit therein to the amount of the Debt Service Reserve Requirement.

⁴ Reflects use of current year pay-go/cash and excludes use of net position.

⁵ Deposits to the Storm Water Debt Service Reserve required as a result of new bond issuances are made from the Storm Water Enterprise Fund and not from system revenues, and are not reflected under Revenue Requirement B. The amounts deposited from the Storm Water Enterprise Fund for Storm Water Utility Revenue Bonds, Series: 2015 issued January 28, 2015 - \$1,353,563; 2019 issued July 31, 2019 - \$1,786,637.51; and 2020 issued October 7, 2020 - \$4,140,050.

NA = Not applicable

Source: City Department of Finance

CITY OF VIRGINIA BEACH, VIRGINIA
STORM WATER UTILITY FUND
DEBT SERVICE REQUIREMENTS
AS OF JUNE 30, 2023
(UNAUDITED)

Fiscal Year	Principal	Interest	Total
2024	\$ 4,700,000	\$ 4,627,631	\$ 9,327,631
2025	4,955,000	4,394,381	9,349,381
2026	4,550,000	4,165,231	8,715,231
2027	4,800,000	3,940,306	8,740,306
2028	5,035,000	3,708,231	8,743,231
2029	5,290,000	3,469,006	8,759,006
2030	5,550,000	3,222,982	8,772,982
2031	5,815,000	2,970,131	8,785,131
2032	6,100,000	2,704,606	8,804,606
2033	6,345,000	2,468,381	8,813,381
2034	6,565,000	2,269,731	8,834,731
2035	6,780,000	2,069,556	8,849,556
2036	7,010,000	1,862,706	8,872,706
2037	6,035,000	1,666,163	7,701,163
2038	6,220,000	1,478,894	7,698,894
2039	6,410,000	1,284,209	7,694,209
2040	6,615,000	1,083,425	7,698,425
2041	5,440,000	896,888	6,336,888
2042	5,615,000	724,013	6,339,013
2043	5,795,000	544,538	6,339,538
2044	5,980,000	359,288	6,339,288
2045	4,355,000	199,875	4,554,875
2046	4,485,000	67,275	4,552,275
	<u>\$ 130,445,000</u>	<u>\$ 50,177,447</u>	<u>\$ 180,622,447</u>

Source: City Department of Finance

**CITY OF VIRGINIA BEACH, VIRGINIA
STORM WATER UTILITY FUND
STORM WATER RATE HISTORY
(UNAUDITED)**

Effective Date	Rate per day per ERU
7/1/2014	\$ 0.433
7/1/2015	0.433
7/1/2016	0.433
7/1/2017	0.458
7/1/2018	0.458
7/1/2019	0.493
7/1/2020	0.493
7/1/2021	0.493
7/1/2022	0.493
7/1/2023	0.493

Source: City Department of Public Works/Storm Water Management

Code of the City of Virginia Beach, Section 32.5-2

Members of the City of Virginia Beach Finance Department



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