

# City of Chesapeake, Virginia



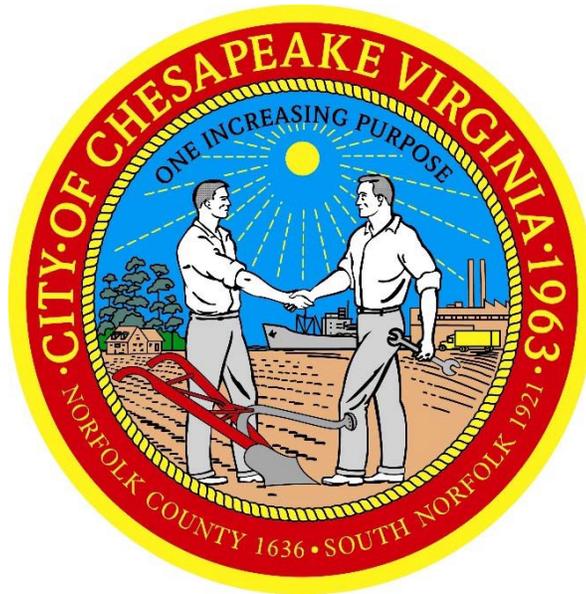
*Great Bridge Battlefield Museum  
& Visitor's Center*

**Comprehensive Annual Financial Report**  
*For Fiscal Year Ended June 30, 2019*

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**Chesapeake**  
VIRGINIA

Comprehensive Annual  
Financial Report  
of the  
City of Chesapeake, Virginia  
for Fiscal Year Ended  
June 30, 2019



Prepared by the  
Chesapeake Department of Finance  
Nancy C. Tracy, Director

# City of Chesapeake, Virginia

## Mission

The employees of the City of Chesapeake are committed to providing quality service to all Citizens equitably, in a responsive and caring manner.

## Code of Ethics

We, the employees of the City of Chesapeake, are committed to the highest standards of ethical conduct that reflect:  
Responsibility, Honesty, Respect, Fairness, Compassion, Integrity and Loyalty

## Acknowledgments...

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

The following Finance employees were instrumental in the preparation of this report:

Kristen Bailey	Pamela Hardesty	Terry Shaw
Shirell Belcher	Stephanie Lowell	Nancy Tracy
Lisa Blackford	Linda Mathis	Tamara Walters
Lorra Calvert	Lisa Morris	Brenda Ward
Evellyn Chesley	Cory Obermark	Katherine Williams
Susan Evans	Nancy Randall	

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.

*Please visit us at: [www.cityofchesapeake.net](http://www.cityofchesapeake.net)*

**CITY OF CHESAPEAKE, VIRGINIA**

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**Chesapeake**  
VIRGINIA

# INTRODUCTORY SECTION

**Chesapeake**  
VIRGINIA

November 26, 2019

To the Citizens of Chesapeake, Virginia:

The Comprehensive Annual Financial Report of the City of Chesapeake, Virginia (the City) for the fiscal year ended June 30, 2019 is hereby submitted. The financial statements included in this report conform to generally accepted accounting principles in the United States of America (GAAP) as established by the Governmental Accounting Standards Board (GASB). Responsibility for both accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the City and its component units. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included. Management's Discussion and Analysis (MD&A) immediately follows the Report of Independent Auditor and provides a narrative introduction, overview and analysis to accompany the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

### **The Reporting Entity and Its Services**

The present City of Chesapeake was formed on January 1, 1963 by the merger of Norfolk County and the City of South Norfolk. This merger created the second largest city in the Commonwealth with 353 square miles, surrounded by the cities of Norfolk, Portsmouth, Virginia Beach, Suffolk and the North Carolina state line.

The City of Chesapeake derives its governing authority from a charter granted by the Virginia General Assembly. The City is organized under the Council-Manager form of government. The City Council is the legislative body of the City government with the Mayor as the presiding officer. The Mayor is elected on an at-large basis as are the eight remaining City Council members. The City Manager is appointed by the City Council and is responsible for the day to day administration of the City.

In accordance with the requirements of GASB, the financial reporting entity consists of the Primary Government (the City of Chesapeake), as well as its component units, which are legally separate organizations for which the City Council is financially accountable. Financial accountability is determined on the basis of the City Council's selection of governing authority, designation of management, ability to influence operations and accountability for fiscal matters. Component units are discretely presented and are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the Primary Government and to differentiate their financial position and results of operations from those of the Primary Government. Discretely presented component units qualifying for inclusion in this report are Chesapeake Public Schools, Chesapeake Mosquito Control Commission, Chesapeake Airport Authority and Elizabeth River Properties of Chesapeake, Inc. The activities of two component units, CSB of Chesapeake, Inc. (CSBC, Inc.) and Economic Development Authority of the City of Chesapeake (the EDA) are considered to be so intertwined with the City's activities that they are in substance part of the City's operations. Therefore, CSBC, Inc. is blended with the City's governmental activities and the EDA is blended with the City's business-type activities. The Other Postemployment Benefits (OPEB) Trust Fund is where the City accounts for the costs of future benefits that are promised to City employees after retirement primarily in the form of retiree health insurance benefits. This fiduciary-type component unit is included within the fiduciary fund financial statements.

The City provides a full range of general governmental services for its citizens. These services include law enforcement, emergency medical response, fire protection, collection and disposal of solid waste, water and sewer utility services, stormwater utility services, parks, recreation, tourism, libraries and the construction and maintenance of highways, streets and other infrastructure. Other services provided include public education in grades pre-kindergarten through twelfth, public health and social services, planning and zoning, mental health assistance, agricultural services, judicial activities and general administrative services.

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

### **Economic Condition and Outlook**

This is the ninth consecutive calendar year of sales tax revenue growth for the City. The City's taxable sales as reported to the Virginia Department of Taxation for calendar year 2018 increased \$102.5 million or 2.9% from \$3.5 billion in 2017 to \$3.6 billion.

Unemployment for the City and the Commonwealth remains below the national rate. For the fiscal year ended June 30, 2019, the average unemployment rates were 3.0% for Chesapeake (a decline from the prior year's average unemployment rate of 3.5%), 3.2% for the Hampton Roads region and 2.9% for the Commonwealth, compared to 3.8% for the United States.

The Chesapeake Economic Development Department's 2019 Annual Report (highlighting 2018 business announcements and job creation) noted the following accomplishments:

- Investment in Chesapeake totaled \$241.6 million during 2018 and with that came the creation of 2,866 new jobs.
- Cloverleaf Cold Storage expanded in Chesapeake investing a total of \$21.0 million and plans to create 33 new jobs in Cavalier Industrial Park. This expansion will allow the company to increase its current service volume of blast freezing, exporting and importing with a new 100,000 square foot facility.
- Standard Calibrations, Inc. (SCI) will expand in Chesapeake adding 40,000 square feet to the existing corporate headquarters; an investment of \$9.6 million. In addition to the construction, SCI announced an additional 89 jobs to support the new calibration lab and warehouse operation. SCI has been providing products for data centers such as those found in social media, software, finance and government since 1989.
- Sumitomo Machinery announced its expansion in Chesapeake. This planned expansion totals \$10.0 million and brings 26 new jobs. The company will add 100,000 square feet to its North American headquarters in Cavalier Industrial Park.
- The Chesapeake City Council made a strategic move to compete in the data center sector. The City now has one of the lowest personal property tax rates for data centers in the Commonwealth of Virginia; valued at \$0.48 on each one hundred dollars (\$100) of assessed value for computer equipment and peripherals in a data center. This new rate positions Chesapeake to compete aggressively in the data center industry.
- Chesapeake is expected to be the 2nd most populous city in the Commonwealth of Virginia by 2020 with a total projected population of 253,355 according to the UVA Weldon Cooper Center for Public Service.

- SmartAsset named Chesapeake the #1 City in the United States where veterans are thriving professionally.
- Chesapeake was ranked the 16th hardest working City in America by WalletHub.

Chesapeake's General Obligation bonds continue to hold a AAA rating, the highest bond rating available, from Fitch Ratings and Standard & Poor's Ratings Services and an Aa1 rating from Moody's Investors Service.

## **Major Initiatives**

***For the Fiscal Year.*** The City Council serves the citizens by striving to provide efficient City services, quality education, and balanced and planned development while maintaining a fiscally sound government. The City Council and management continue to work proactively to effectively manage resources and costs.

During fiscal year 2019, the City achieved the following accomplishments:

- Strong financial performance resulted from continued cost containment and the careful management of resources. Specifically, General Fund expenditures, encumbrances and other financing uses of \$575.3 million were \$31.3 million or 5.2% below the revised budget. Total General Fund revenues and other financing sources of \$594.7 million exceeded budget by \$9.8 million or 1.7%.
- The City's Operating and Capital budgets adopted by the City Council preserved core services, funded strategic initiatives and selected services and included no tax increases. In fiscal year 2019, a revision was made to increase cigarette taxes by fifteen cents per pack and allocate proceeds to efforts that improve the health of residents.
- Process Improvement Initiative - the budget includes a new initiative to better serve customers and improve process efficiency. Process Improvement (PI) describes numerous models including Six Sigma, Lean, Lean Six Sigma and Quality Management. Similar initiatives have been successful in many private sector and governmental organizations. Typically, PI is employee centered with a focus on working smarter and more efficiently. Our objective is to improve the quality of our service and to expand the City's capacity to serve a growing customer demand. The non-departmental section of the budget includes \$0.5 million to begin a multi-year process improvement program in Chesapeake. We envision hiring additional Lean Six Sigma trainers to facilitate workshops and training sessions for participants on quality and process improvement.
- The City continues to promote the Dominion Boulevard Corridor (U.S. Route 17 South) as a key strategic economic development area for Chesapeake. Development demand continues to increase since the completion of the Veterans Memorial Bridge and the adoption of the Dominion Boulevard Corridor Study by City Council in 2016. Since that time, the City has focused on implementing the study and has administered some of the study's key development standards to four significant residential rezoning applications and one pending Planned Unit Development application. Staff have also implemented these development standards during several pre-application meetings for other prospective development applications in the study area. In accordance with the study's recommendations to maximize economic potential and develop the corridor into a regional commercial destination and employment center, the City continues to devise "tools" to manage development in the study area. Currently, staff is reviewing an initial draft of a design guidelines manual for the study area. The manual will contain new development standards, design guidelines and best practices, and professional architectural renderings. Efforts are also still underway to create a special zoning overlay district, which will enforce the design guidelines, as will efforts to update pertinent infrastructure policies. Each of these new development policies, in addition to the City's existing land use tools, will better equip the City for achieving the goals set forth by the corridor study. Furthermore, staff continues to explore the possibility of delineating an Urban Development Area (UDA) within the Dominion Boulevard Corridor pursuant to Virginia Code 15.2-22231 as part of the next Comprehensive Plan update. Designating part of the study area as a UDA would strategically position the City to be competitive for state grants applicable to implementing plans and studies within UDAs. Moreover, a UDA designation will give the City more exposure to have transportation needs identified and memorialized in the State's next VTrans update, which focuses on multimodal long range transportation objectives, particularly in regional networks and corridors of statewide significance such as U.S. Route 17 South.

- The City established the Navy Auxiliary Landing Field (NALF) Fentress Encroachment Protection Acquisition Program (FEPAP) in 2014 with a purpose of acquiring property rights from willing property owners to prevent incompatible land uses and encroachment within the Fentress Airfield Overlay District. The program is funded by both the Commonwealth of Virginia and the City of Chesapeake. In December 2018, the City purchased a 34 acre property for \$0.6 million, bringing overall program acquisitions to six properties totaling over 300 acres. Utilizing a multi-year encroachment protection agreement between the U.S. Navy and the City for the NALF Fentress, the City completed the sale of two restrictive use easements to the U.S. Navy and is preparing to sell easements over the remaining four properties.
- The City continues its mission of protecting and preserving Chesapeake’s unique environmental assets for future generations through the Open Space and Agriculture Preservation (OSAP) Program, as well as its partnership with the U.S. Navy under the Readiness and Environmental Protection Initiative (REPI). The City applied for and received \$111,619 of matching grant funds from the Virginia Department of Agriculture and Consumer Services for the purchase of development rights activities. Using local and grants funds, the City purchased two new conservation easements and retired nine development rights.
- The City receives Community Development Block Grant (CDBG) and HOME Investment Partnership Program (HOME) entitlement funds annually to carry out community development activities including residential rehabilitation, affordable housing development, code enforcement, public facility improvements, public services, employment training and youth development. A total allocation of \$1.7 million (\$1.2 million in CDBG funds and \$0.5 million in HOME funds) was used during the July 1, 2018 through June 30, 2019 program year.
- City Council approved the transfer of City owned property in the South Norfolk Local Historic District to non-profit affordable housing developer Chesapeake “HOME” Incorporated and the allocation of \$215,250 in Community Revitalization Housing Initiative (CRHI) funds to develop and sell a single family residence as part of the South Norfolk Revitalization Initiative. Proceeds will be used for future CRHI activities.
- The Municipal Facility Study was completed in mid-2018. The study determined the best location for the Municipal Facilities Complex is on the unutilized portion of the Gateway site, near the corner of Poindexter Street and Bainbridge Boulevard. This remaining 3.122 acre portion of the Gateway Site was purchased for \$3.3 million, utilizing TIF funds, by the City of Chesapeake in May 2019.
- In preparation for a Commonwealth of Virginia required five-year review of the City’s Moving Forward Chesapeake 2035 Comprehensive Plan in 2019, Mayor West appointed the Mayor’s Advisory Committee on Comprehensive Plan Strategies in early 2018. The committee’s mission was to review the Comprehensive Plan’s implementation strategies and to provide recommendations for changes. The committee met for six months and submitted a final report of comments and recommendations to the Mayor in August 2018. The report provides useful guidance to City Council when considering various development applications and land use initiatives, as well as being a valuable resource to Planning staff in preparing for the five-year review of the Comprehensive Plan during FY2019-2020.
- The Planning Department continues to administer the City’s Neighborhood Stabilization Program (NSP). NSP funds have been used to acquire, develop and sell sixteen single family homes to eligible home buyers to date.
- The Planning Department’s coordination of land planning functions during fiscal year 2019 included: 338 total public hearing and administrative application reviews which include 92 Planning Commission public hearing item reviews; 35 Chesapeake Bay Preservation Area related-reviews; 78 administrative plan reviews and 133 historic district architectural reviews, in addition to 4,334 customer service transactions.

***For the Future:***

- Chesapeake’s future as a desirable community in which to live and work continues to show promise and opportunity. Its central location, availability of land and good transportation network will continue to contribute to Chesapeake’s attractiveness as a well-balanced commercial center. The City’s close port proximity and strong employee pool continue to encourage a strong international business presence. As a result of these qualities, the Chesapeake civilian labor force has grown from 97,963 in 2000 to 121,125 in 2018 per

of these qualities, the Chesapeake civilian labor force has grown from 97,963 in 2000 to 121,125 in 2018 per the Virginia Employment Commission, an increase of 23.6% over the period. Median household income has risen from \$50,743 in 2000 to \$72,214 in 2017, per the U.S. Census Bureau.

- The City has begun its Census 2020 outreach efforts. The Chesapeake Census 2020 Complete Count Committee was formed by Mayor West on June 28, 2019. The purpose of the Complete Count Committee is to increase the 2020 Census participation rate by identifying opportunities for partnerships and education. Activities are on-going and ramping up in anticipation of 2020.
- The City continues its efforts to manage growth to achieve a balance between employment opportunities, an expanding tax base, housing that meets the needs of a diverse population and a healthy natural environment. The City plans to continue to make the best use of land resources and infrastructure so that growth will include revitalization and redevelopment, as well as development of new areas in a manner that will preserve rural, historic and environmental assets. Such efforts have helped to better manage the City's annual growth rate from an average of 3.2% between 1985 and 1995, to an average annual growth rate of roughly 1.0% since 2001. According to projections from the Hampton Roads Planning District Commission, Chesapeake's total population in 2045 will be approximately 317,206. Additionally, total households are projected to be 111,673, while total employment will be 138,475. This yields 1.2 jobs per household, which is considered to be a sustainable balance. On June 12, 2018, City Council voted to establish the Chesapeake Land Bank Authority (CLBA). The CLBA is a non-profit corporation whose focus is on the conversion of vacant, abandoned and tax delinquent properties to productive use. The CLBA has certain powers such as the ability to obtain property at a low or no cost through tax foreclosure, to hold land tax-free, to clear clouded titles and back taxes, and to strategically assemble properties to benefit the community.
- City Staff continues to plan for and implement key catalyst activities for revitalization in South Norfolk, including reallocating TIF Funds authorized for use in the South Norfolk TIF District. \$19.9 million was allocated from the TIF to the 22nd Street Bridge realignment project. The new bridge is under construction with a proposed completion date of May 2020. \$1.0 million from the South Norfolk Property Acquisition Program was allocated to the CLBA to acquire properties in South Norfolk; another \$0.5 million was allocated from the TIF to create the South Norfolk Residential Rehabilitation Program, a grant fund for residents of South Norfolk to rehabilitate residential homes
- The City continued its partnership with the U.S. Navy to acquire property interests under multi-year encroachment protection agreements for the Naval Auxiliary Landing Field Fentress (NALF) and Naval Support Activity Norfolk Northwest Annex. Under these agreements, the Navy agrees to reimburse the City half of the purchase price of the property in exchange for a conservation easement. These purchases bolster the City's support of each installation's mission and furthers its commitment to environmental stewardship. Acquisition of properties in these areas also adds to the network of conservation lands in southern Chesapeake. The City received seventeen new applications for its land conservation programs during the latest open application period and is working to sort, prioritize and acquire properties that best achieve program goals.
- The City continues its participation in the Portsmouth-Chesapeake Joint Land-Use Study (JLUS). This is the City's second JLUS effort, following the Hampton Roads JLUS completed in 2005. The scope of this JLUS includes Saint Juliens Creek Annex, located in Chesapeake, and six other Navy facilities in Portsmouth. Traditionally, a JLUS analyzes and recommends compatible land uses for areas adjacent to military facilities; however, the Portsmouth-Chesapeake JLUS is focused primarily on identifying the impacts of recurrent flooding and sea level rise in the communities and transportation networks surrounding the designated Navy facilities and recommending projects, programs and policies to address impacts. The report is expected to be completed sometime in late 2020.
- Construction continues on several of the Planned Unit Developments in the City, including Culpepper Landing, Bryan's Cove and Edinburgh, as well as commercial construction at Edinburgh.
- There have been multiple large residential developments proposed or submitted in calendar years 2018 and 2019. In addition, many development proposals approved prior to the economic downturn and placed on hold are resurfacing and proceeding to construction. In particular, the development community has shown particular interest in the Dominion Corridor. The City expects that the trend of increasing numbers of development

proposals being submitted for review and beginning construction will continue to pick up in concert with a healthy economy.

- The Planning Department received approval of funds amounting to \$268,800 for a small area plan and corridor study for the Indian River Road and Military Highway Corridors. The Department will be using the funds allocated to hire an outside consulting firm to assist with the study. This project is currently in the negotiation phase of the RFP process and is anticipated to begin September 2019. The project is scheduled for a duration of six months.

## **Financial Information**

### ***Financial Information and Significant Financial Policies***

The keystone to the City's ability to maintain its fiscal responsibility is the continuing dedication of the City Council, which is evidenced by the City Council's adoption of sound financial policies that are contained in City publications such as the Annual Operating Budget and Five Year Capital Improvement Plan documents. These policies relate primarily to the integration of capital planning, debt capacity and planning, cash management and operational efficiencies as a means of ensuring prudent and responsible allocation of the City's resources. From time to time, the City Council evaluates these policies and makes amendments as needed to address the changing economic conditions and management practices. In addition, the City Council annually adopts tenets for budgetary developments which serve to guide the City in adhering to a fiscally conservative budget preparation methodology.

***Minimum Fund Balance Policy.*** The City Council adopted a resolution effective July 1, 2014, to maintain an Unassigned Fund Balance in the General Fund at a minimum of 10.0% of the General Fund Revenues and Tax Revenues Committed to Special Revenue Funds, including Tax Increment Financing Funds. The City Council budgets 12.0% year-end Unassigned Fund Balance to ensure compliance. In the event that the Unassigned Fund Balance shall fall below 10.0% due to unexpected operating emergencies or emergency event response, the City shall develop a plan to replenish the balance to 10.0% within three years. Funds in excess of 10.0% may be retained in the Unassigned General Fund Balance, may be designated as Committed for capital projects or other non-recurring expenditure requirements or high priority needs. This policy is in addition to the 6.0% of General Fund revenue restricted for cash flow emergencies that will remain in force.

***Debt Policy.*** In February 2007, the City Council adopted debt affordability policies that limit the overall net debt to 3.5% of assessed value of taxable real property and \$3,000 per capita. On May 10, 2015, to further limit the amount of revenues that are consumed by fixed debt service costs, the City Council approved a resolution amending the debt policy to include limiting the City's tax-supported debt service to 10.0% of budgeted general governmental revenues, effective July 1, 2015.

***Internal Controls.*** City management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

***Budgetary Controls.*** Budgetary controls are maintained to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of the General Fund, certain Special Revenue Funds, Debt Service Fund, Enterprise Funds, Chesapeake Mosquito Control Commission—Component Unit and Public Schools—Component Unit are included in the annual appropriated budget. Project-length financial plans are adopted for the Capital Projects Funds, including the Public Schools—Component Unit Construction Fund, Grants Fund, Community Development Fund and certain other Special Revenue Funds. The legal level of budgetary control (level at which expenditures cannot exceed the appropriated amount) takes place at the fund level. The City Council may authorize supplemental appropriations based on the availability of financial resources. Any revisions that alter total appropriations must be approved by the City Council. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Although encumbered amounts lapse at year-end, the outstanding encumbrances are reviewed and are generally re-appropriated as part of the following year's budget provided there is availability of funding at year-end. The City Council approves transfers of \$250,000 or greater and transfers between funds. The City

Manager has been delegated authority to approve transfers less than \$250,000 with the exception of transfers between the capital and operating budgets and between capital projects.

**Other Information**

**Single Audit.** As a recipient of federal and state financial assistance, the City is also responsible for establishing and maintaining an adequate internal control structure to ensure and document compliance with applicable laws and regulations related to those programs. The internal control structure is subject to periodic evaluation by management and the City Auditor. As part of the City's Single Audit, tests are performed to determine the adequacy of internal controls and of its compliance with applicable laws and regulations, including that portion related to federal awards. The testing of major federal award programs for the fiscal year ended June 30, 2019 disclosed no internal control material weaknesses or material violations of applicable laws and regulations.

**Independent Audit.** The City's Charter, SEC 11.06, *Annual Audit*, requires an audit by independent certified public accountants. The accounting firm of Cherry Bekaert LLP was selected by the City's Audit Selection Committee and approved by the City Council. In addition to meeting the requirements set forth in the City's Charter, the audit is also designed to meet the requirements of the Single Audit Act Amendment of 1996, OMB Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations and Title 2 U.S. Code of Federal Regulations ("CFR") Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance" or "UG")*. The Report of Independent Auditor on the Basic Financial Statements is included in the Financial Section of this report. The Reports of Independent Auditor on internal controls and compliance can be found in the Compliance Section of this report.

**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 for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018. This was the thirty-seventh consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements. The GFOA also presented the Distinguished Budget Presentation Award to the City for its annual budget for the fiscal year beginning July 1, 2018.

A Certificate of Achievement is valid for a period of one year only. The City believes that the current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and is submitting it to the GFOA to determine its eligibility for another certificate.

**Acknowledgments.** The preparation of the Comprehensive Annual Financial Report on a timely basis was made possible by the dedicated service of the entire staff of the Finance Department. Each member of the Department has our sincere appreciation for the contributions made in the preparation of this report. Also deserving special commendation are all of the skilled, talented and dedicated employees of the City of Chesapeake - the workforce of the City. We also express our sincere appreciation to the Mayor and the City Council for their leadership, guidance and establishment of policies for managing financial operations in a sound and progressive manner.

Very truly yours,

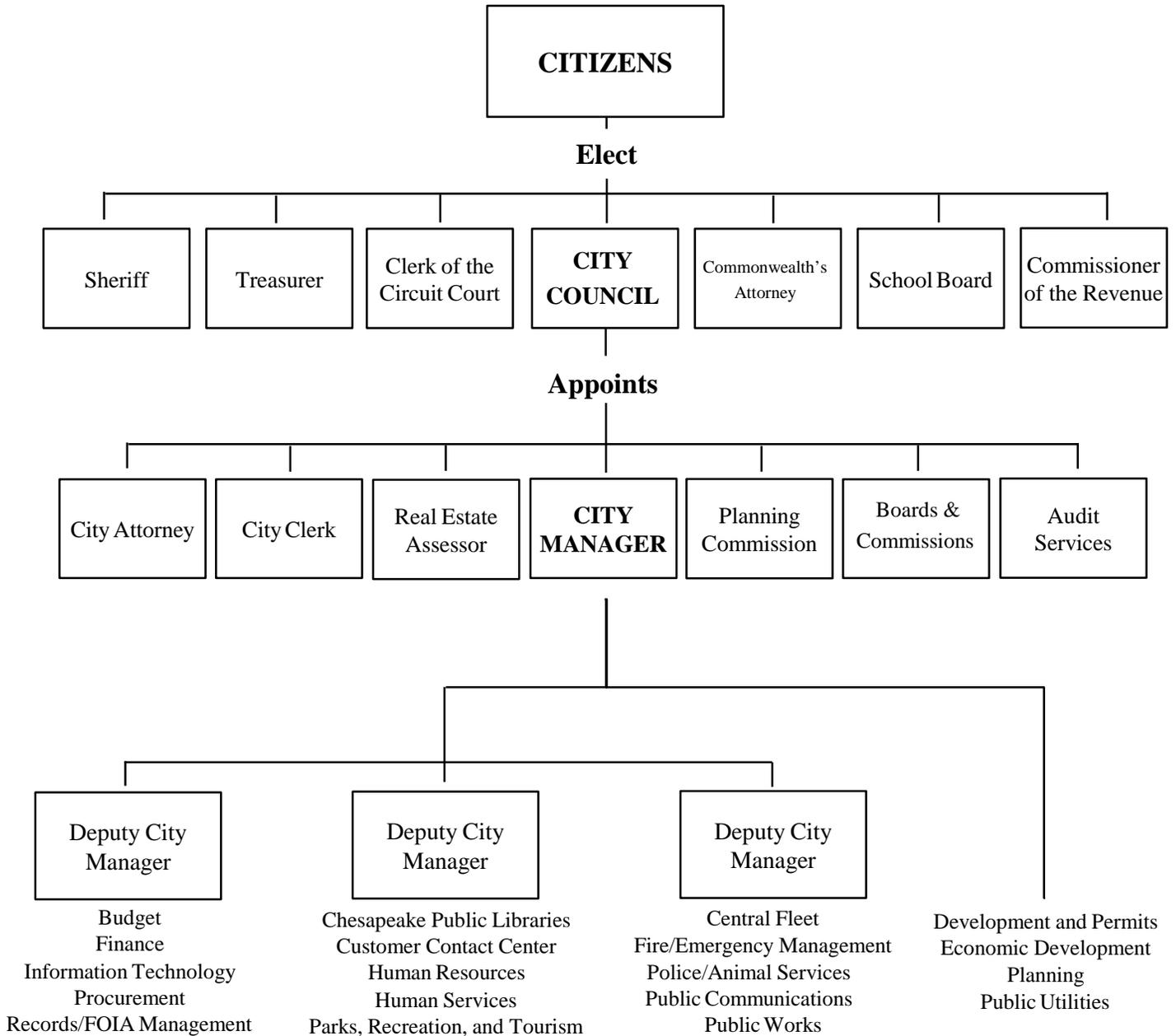


Christopher M. Price  
City Manager



Nancy Tracy  
Nancy Tracy  
Director of Finance

## CITY WIDE ORGANIZATIONAL CHART



# CITY OF CHESAPEAKE, VIRGINIA

City Officials  
June 30, 2019

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## City Council

Dr. Richard W. West  
John M. de Triquet, M.D.

Mayor  
Vice Mayor

R. Stephen. Best, Sr.  
Matthew R. Hamel  
Robert C. Ike, Jr.  
Dwight M. Parker  
S.Z. “Debbie” Ritter  
Susan R. Vitale  
Dr. Ella Ward

## Other Officials

Barbara O. Carraway  
Frank X. King  
Nancy G. Parr  
James O’Sullivan  
James E. Baker  
Jacob P. Stroman  
Jay Poole  
Sandy Madison  
Gregory H. Daniels  
Robert Geis  
Dr. Wanda Barnard-Bailey  
Laura Fitzpatrick  
Randall D. Smith  
John W. Brown, Marjorie T. Arrington, Stephen J. Telfeyan and Rufus A. Banks, Jr.  
Alan P. Krasnoff  
Robert G. MacDonald  
Philip J. Infantino, Michael R. Katchmark and Erin Evans-Bedois  
Barbara C. Shaw  
Larry D. Willis  
Andrew Kubovcik, Lori B. Galbraith and David J. Whitted  
Bonnie Coffey  
Watson Lawrence  
Steven L. Jenkins  
Joseph J. Scislowicz  
Elizabeth F. St. John  
Jay B. Tate  
Steven C. Wright  
Nancy C. Tracy  
Edmund E. Elliott, Jr.  
Dr. Nancy M. Welch  
Donna L. Mears  
Jill Baker  
Scott D. Fairholm  
Amanda B. Jackson  
Michael D. Barber  
Jaleh M. Shea  
Colonel Kelvin L. Wright

City Treasurer  
Commissioner of the Revenue  
Commonwealth’s Attorney  
Sheriff  
City Manager  
City Attorney  
City Auditor  
City Clerk  
Real Estate Assessor  
Deputy City Manager  
Deputy City Manager  
Deputy City Manager  
Chief Judge, Circuit Court  
Judges, Circuit Court  
Clerk of the Circuit Court  
Chief Judge, General District Court  
Judges, General District Court  
Clerk of the General District Court  
Chief Judge, Juvenile and Domestic Relations Court  
Judges, Juvenile and Domestic Relations Court  
Clerk of the Juvenile and Domestic Relations Court  
Director of Agriculture  
Budget Director  
Executive Director, Chesapeake Integrated Behavioral Healthcare  
Director of Court Services  
Director of Development and Permits  
Director of Economic Development  
Director of Finance  
Fire Chief  
Health Director  
Director of Human Resources  
Director of Human Services  
Chief Information Officer  
Director of Libraries  
Director of Parks, Recreation and Tourism  
Director of Planning  
Chief of Police

# CITY OF CHESAPEAKE, VIRGINIA

City Officials  
June 30, 2019

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Heath Covey  
David Jurgens  
Eric J. Martin  
Anthony E. Cannon

Director of Public Communications  
Director of Public Utilities  
Director of Public Works  
Procurement Administrator

## School Board

Victoria L. Proffitt  
Colleen C. Leary

Chairman  
Vice Chairman

Samuel L. Boone, Jr.  
C. Jeff Bunn  
Dr. Patricia Y. King  
Thomas L. Mercer, Sr.  
Harry A. Murphy  
Christie New Craig  
Michael J. Woods

## Other School Board Officials

Dr. Jared A. Cotton  
Dr. Jacqueline C. Miller  
Dr. Anita B. James  
Victoria Lucente  
Dr. Alan L. Vaughan  
J. Paige Stutz  
Dr. Jean A. Infantino

Superintendent  
Assistant Superintendent for Student Services  
Assistant Superintendent for Curriculum and Instruction  
Assistant Superintendent for Budget and Finance  
Assistant Superintendent for Human Resources and School Services  
Assistant Superintendent for Operations  
Executive Director of Administrative Services / Clerk of the Board

## Supplemental Listing

Donald H. Britt  
Steven C. Wright  
Lisa Vanlandingham  
Justin D. Brooks  
Raimundo Rivera

Secretary/Treasurer, Chesapeake Airport Authority  
Executive Secretary, Economic Development Authority  
Executive Director, Elizabeth River Properties of Chesapeake, Inc.  
Executive Director, Chesapeake Redevelopment and Housing Authority  
Director of Finance and Administration,  
Chesapeake Redevelopment and Housing Authority  
Director, Chesapeake Mosquito Control Commission

Dreda Symonds



Government Finance Officers Association

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

Presented to

**City of Chesapeake  
Virginia**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2018**

*Christopher P. Morrell*

Executive Director/CEO

FINANCIAL SECTION



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**Chesapeake**  
VIRGINIA

## Report of Independent Auditor

To the Honorable Members of the City Council  
City of Chesapeake, Virginia

### **Report on Financial Statements**

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 Chesapeake, Virginia, (the "City"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Chesapeake Airport Authority and the Elizabeth River Properties of Chesapeake, Inc., which represent 2.82%, 0.31%, and 3.80%, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Chesapeake Airport Authority and the Elizabeth River Properties of Chesapeake, Inc., is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards and specifications require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Elizabeth River Properties of Chesapeake, Inc. were not audited in accordance with *Government Auditing Standards*.

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

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

## ***Opinions***

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2019, 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.

## ***Emphasis of Matter***

### ***Change in Reporting Entity***

As described in note 17 to the financial statements, effective as of July 1, 2018, the City has changed its reporting entity presentation of a previously reported discretely presented component unit to a business-type activity and proprietary fund blended component unit. Our opinion is not modified with respect to this matter.

## ***Other Matters***

### ***Required Supplementary Information***

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

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Introductory Section, Other Supplementary Information, and Statistical Section, as listed on the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for the purpose of additional analysis as required by Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The Other Supplementary Information and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Other Supplementary Information and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2019, 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 the City's internal control over financial reporting and compliance.

*Cheryl Bekant LLP*

Virginia Beach, Virginia  
November 26, 2019

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**Chesapeake**  
VIRGINIA

Management's  
Discussion and Analysis - (MD&A)

**Chesapeake**  
VIRGINIA

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**Chesapeake**  
VIRGINIA

## CITY OF CHESAPEAKE, VIRGINIA

Management's Discussion and Analysis  
Year Ended June 30, 2019

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The discussion and analysis of the financial performance of the City of Chesapeake, Virginia (the City) provides an overall review of the City's financial activities for the fiscal year ended June 30, 2019. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the basic financial statements to enhance their understanding of the City's financial performance.

### FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2019

- For the year ended June 30, 2019, the City implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*.
- The total net position of the City on a government-wide basis, excluding component units, was \$2.0 billion. Of this amount, \$225.6 million was unrestricted.
- The City's government-wide total net position increased by \$109.7 million from the prior year. The governmental activities' net position increased by \$81.5 million and business-type net position increased by \$28.2 million.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$460.6 million, an increase of \$17.9 million from the prior year. Approximately \$382.9 million or 83.1% of this amount was unrestricted (committed, assigned or unassigned).
- The General Fund, on a current financial resources basis, reported a net increase in fund balance of \$25.0 million. The original budget projected a deficit of \$18.7 million. The final amended budget resulted in a revised deficit projection of \$21.7 million. A combination of strong revenue performance of \$8.6 million or 1.5% greater than the amended budget and expenditures, exclusive of payments to Chesapeake Public Schools (CPS), of \$28.8 million or 9.1% lower than the amended budget resulted in the increase in fund balance. The expenditure performance resulted from management focus on operational efficiency and cost containment efforts coupled with employment vacancies.
- At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$72.3 million or 14.5% of total General Fund expenditures (including payments to CPS).
- The total fund balance of the General Fund of \$247.0 million increased \$25.0 million from the prior year. Fund balance composition at year end was 0.6% nonspendable, 15.0% restricted, 50.6% committed, 4.5% assigned and 29.3% unassigned.
- The City's total bonded debt decreased by \$22.2 million from fiscal year 2018 (approximately 3.3%).

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: *government-wide financial statements*, *fund financial statements* and *notes to basic financial statements*. This report also contains other supplementary information in addition to the basic financial statements themselves.

The basic financial statements include statements that present different views of the City:

- The first two statements presented are *government-wide financial statements* that provide both *long-term* and *short-term* information about the City's *overall* financial status.
- The next statements are *fund financial statements* that focus on *individual parts* of the City's government, reporting the City's operations in *more detail* than the government-wide statements.

## CITY OF CHESAPEAKE, VIRGINIA

Management's Discussion and Analysis  
Year Ended June 30, 2019

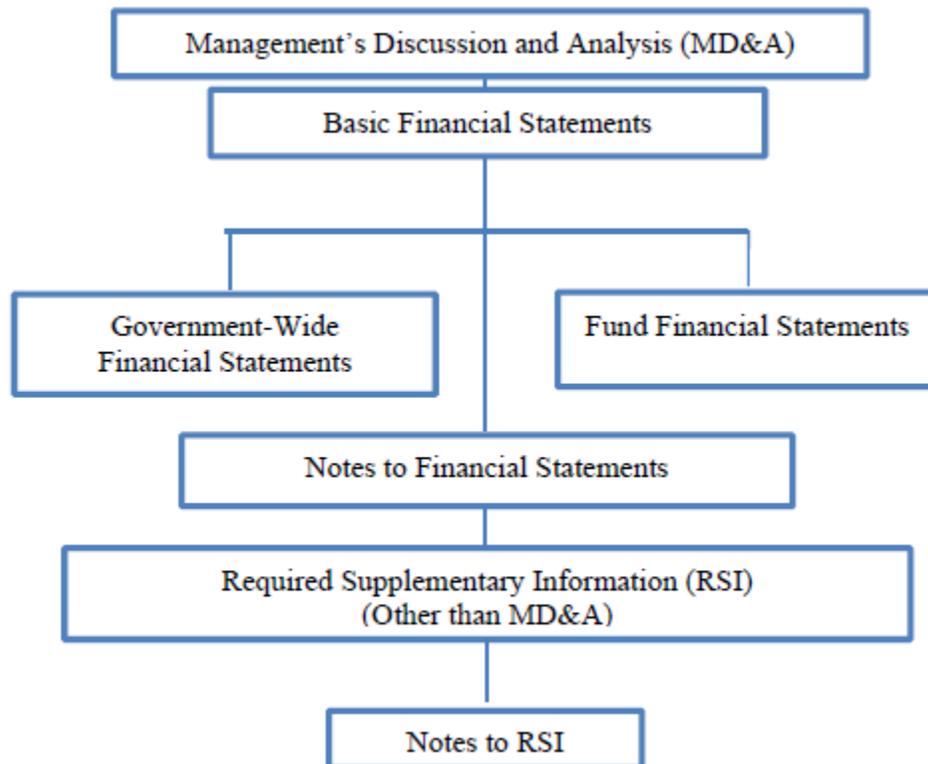
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- The *governmental fund* statements tell how *general government* services such as public safety are financed in the *short-term* as well as what amounts remain for future spending.
  - The *proprietary fund* statements offer *short-* and *long-term* financial information about the activities the government operates *like businesses*, such as the public utilities (water and sewer) system. Also presented are internal services funds which are primarily supported through charges to other funds in order to allocate the cost of services provided.
  - The *fiduciary fund* statements provide information about the financial relationships in which the City acts solely as a *trustee or agent* for the benefit of others to whom the resources in question belong. The City's fiduciary funds consist of an Agency Fund (Special Welfare) and an Other Postemployment Benefit (OPEB) Trust Fund. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's operations.
- The remaining statements are *other discretely presented component units' financial statements* that provide financial information about the Chesapeake Public Schools and the City's other discretely presented component units, which are aggregated on the *government-wide financial statements*.

The financial statements also include *Notes to Basic Financial Statements* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section titled *Required Supplementary Information* that further explains and supports the information in the financial statements.

The following graphic shows how the required parts of this *Management's Discussion and Analysis* and the City's *basic financial statements* are arranged and relate to one another.

### Required Components of the City of Chesapeake Financial Statements



## CITY OF CHESAPEAKE, VIRGINIA

Management's Discussion and Analysis  
Year Ended June 30, 2019

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The City's financial statements present two kinds of statements, each with a different snapshot of the City's finances. 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 City's operations in more detail than the government-wide statements. Both perspectives (government-wide and fund) allow the user to address relevant questions, broaden the basis of comparison (year-to-year or government-to-government) and enhance the City's accountability.

### Government-Wide Statements

The government-wide statements, the Statement of Net Position and the Statement of Activities, report information about the City as a whole using accounting methods similar to those used by private-sector companies. These statements include *all* of the government's assets, liabilities and deferred inflows and outflows using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two government-wide statements report the City's net position and how they have changed. Net position, the residual of assets, deferred outflow of resources, liabilities and deferred inflow of resources, is one way to measure the City's financial health, or *financial position*. Over time, increases or decreases in the City's net position are an indicator of whether its financial health is improving or deteriorating. Other non-financial factors such as changes in the City's property tax base and the condition of the City's roads and other infrastructure may need to be considered to assess the overall health of the City.

In the Statement of Net Position and the Statement of Activities, the City is divided into three categories:

- *Governmental activities* – Most of the City's basic services are included here, such as the police, fire, public works, public welfare, parks and recreation activities and general administration. Property taxes, other taxes and state and federal grants finance most of these activities.
- *Business-type activities* – The City charges fees to customers to help it cover the costs of certain services it provides. The City's water and sewer system, Chesapeake Transportation System and stormwater system are included in this category.
- *Component units* – The City includes four discretely presented component units, separate legal entities, in its report – the Chesapeake Public Schools, the Chesapeake Mosquito Control Commission, the Chesapeake Airport Authority and Elizabeth River Properties of Chesapeake, Inc. Although legally separate, these component units are important because the City is financially accountable for them and provides operating funding.

### Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant funds – not the City as a whole. Funds are accounting mechanisms that the City uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by State law and/or by bond covenants; City Council establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants. The City has three kinds of funds:

- *Governmental funds* – Most of the City's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances remaining at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps the reader 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 on a subsequent page that explains the relationship (or differences) between the government-wide and fund statements. The City includes in its governmental fund statements a

## CITY OF CHESAPEAKE, VIRGINIA

Management's Discussion and Analysis  
Year Ended June 30, 2019

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blended component unit, CSB of Chesapeake, Inc., because it provides services entirely for the benefit of the City.

- *Proprietary funds* – The City's proprietary funds consist of enterprise funds and internal service funds. Proprietary funds, like the government-wide statements, provide both short and long-term financial information. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private sector entities in which costs are recovered mainly through user fees. The City includes in its proprietary fund statements the blended component unit the Economic Development Authority of the City of Chesapeake (the EDA) because of its financial dependence on the City. The City's internal service funds are the same as its business-type activities, with the exception of the allocation of the funds' gains or losses. The internal service funds are used to report activities that provide supplies and services for the City's other programs and activities – such as the City Garage Fund and the Information Technology Fund.
- *Fiduciary funds* – The City is the trustee, or fiduciary, for certain donated funds. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. These activities are reported in a separate Statement of Fiduciary Net Position. The City excludes these activities from its government-wide financial statements because the City cannot use these assets to finance its operations. The City includes in its fiduciary fund statements the City of Chesapeake Other Postemployment Benefits Trust Fund (OPEB Trust Fund).

The Total Governmental Funds column requires reconciliation, presented on the page following each statement, because of the difference in measurement focus from the government-wide statements (current financial resources versus total economic resources). The flow of current financial resources will reflect bond proceeds and interfund transfers as other financing sources as well as capital expenditures and bond principal payments as expenditures. The reconciliation will eliminate these transactions and incorporate the capital assets and long-term obligations into the governmental activities column in the government-wide statements.

### FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net position may serve over time as a useful indicator of a government's financial position. In the case of the City, net position totaled \$2.0 billion at the close of fiscal year 2019, an increase of \$109.7 million from the net position at June 30, 2018. By far the largest portion of the City's net position (72.4%) is net investment in capital assets (e.g., land, buildings, equipment and infrastructure), less accumulated depreciation and less any related outstanding debt used to acquire those assets. The City uses these assets to provide services to its citizens and consequently, these assets are not available for future spending. The resources needed to repay the debt related to these capital assets must be provided from other sources.

## CITY OF CHESAPEAKE, VIRGINIA

Management's Discussion and Analysis  
Year Ended June 30, 2019

### Statement of Net Position

The following table reflects the condensed net position of the City.

**June 30, 2019 and 2018**  
**(in millions)**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	FY2019	FY2018	FY2019	FY2018*	FY2019	FY2018
<b>Assets and deferred outflows of resources</b>						
Current and other assets	\$ 597.7	575.9	297.6	279.8	895.3	855.7
Capital assets	1,235.6	1,217.0	875.1	855.7	2,110.7	2,072.7
Total assets	1,833.3	1,792.9	1,172.7	1,135.5	3,006.0	2,928.4
Deferred outflows of resources	38.9	31.9	5.1	5.1	44.0	37.0
<b>Total assets and deferred outflows of resources</b>	<b>1,872.2</b>	<b>1,824.8</b>	<b>1,177.8</b>	<b>1,140.6</b>	<b>3,050.0</b>	<b>2,965.4</b>
<b>Liabilities and deferred inflows of resources</b>						
Current and other liabilities	88.9	87.2	34.2	23.9	123.1	111.1
Long-term liabilities	440.7	466.5	475.8	476.3	916.5	942.8
Total liabilities	529.6	553.7	510.0	500.2	1,039.6	1,053.9
Deferred inflows of resources	18.6	28.6	9.4	10.2	28.0	38.8
Total liabilities and deferred inflows of resources	548.2	582.3	519.4	510.4	1,067.6	1,092.7
<b>Net position</b>						
Net investment in capital assets	988.3	948.0	446.7	424.4	1,435.0	1,372.4
Restricted	84.3	90.0	237.5	222.1	321.8	312.1
Unrestricted (deficit)	251.4	204.5	(25.8)	(16.3)	225.6	188.2
Total net position	1,324.0	1,242.5	658.4	630.2	1,982.4	1,872.7
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 1,872.2</b>	<b>1,824.8</b>	<b>1,177.8</b>	<b>1,140.6</b>	<b>3,050.0</b>	<b>2,965.4</b>

\*The FY2018 Business-type Activities totals have been restated to include the EDA financial information, which was reclassified from a component unit to an Enterprise Fund in FY2019 (note 17).

Approximately 16.2% of the City's net position is subject to external restrictions. The remaining balance of unrestricted net position (\$225.6 million or 11.4%) may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City reported positive balances in all three categories of net position for the Primary Government as a whole. In addition, all categories of net position for its separate governmental and business-type activities are positive balances except for the unrestricted deficit for business-type activities of \$25.8 million. Total unrestricted net position increased by \$37.4 million or 19.9% from the prior year. Total restricted net position increased \$9.7 million or 3.1%, primarily due to restricted funds for capital projects for business-type activities. Lastly, net investment in capital assets increased \$62.6 million or 4.6%. The City's total net position increased by \$109.7 million or 5.9% during the fiscal year.

## **CITY OF CHESAPEAKE, VIRGINIA**

Management's Discussion and Analysis  
Year Ended June 30, 2019

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### **Governmental Activities**

The increase in net position from the prior fiscal year was \$81.5 million, as shown on the Statement of Activities. This increase is attributable to the excess of revenues over expenses of \$96.2 million net of \$14.7 million of transfers.

Revenues for the City's governmental activities were \$711.1 million, representing an increase of \$27.7 million over fiscal year 2018. The net increase was primarily due to an increase of \$16.7 million in property taxes. Additional increases were recorded in operating grants and contributions of \$3.7 million and unrestricted investment earnings of \$5.1 million. Total donated land and infrastructure assets, including roads, of \$19.3 million were reported in the public works function versus \$19.8 million in the prior fiscal year.

General revenues increased \$25.0 million over the prior year. Real and personal property taxes, the largest source of the City revenues, showed an increase of \$16.7 million or 4.9%. This increase is primarily due to an increase in real estate and personal property assessed values of 5.3% and 3.7%, respectively. Other taxes increased \$3.3 million or 2.4%. Unrestricted investment income increased by \$5.1 million or 110.0%.

Expenses increased by \$12.1 million or 2.0%. Major increases are in the following functional areas: \$10.3 million in general government and \$9.0 million in public safety. These were offset by a decrease of \$9.5 million in public works.

### **Business-type Activities**

The increase in net position from the prior fiscal year was \$28.2 million. These resources cannot be used to offset any net deficit in governmental activities. The City generally can only use this net position to finance the continuing operations of its enterprise operations, which include Public Utilities, Chesapeake Transportation System (CTS), Stormwater Management and the EDA, which is classified as a blended component unit on the enterprise fund statements beginning in fiscal year 2019. The net increase in capital assets was comprised of increases in Public Utilities of \$13.4 million, Stormwater Management of \$5.9 million and EDA of \$14.1 million offset by a decrease in CTS of \$14.0 million. Total revenues increased \$7.2 million or 5.6% for business-type activities primarily due to a \$5.2 million increase in capital grants and contributions and \$2.6 million increase in operating grants and contributions offset by a decline in charges for services of \$0.6 million.

**CITY OF CHESAPEAKE, VIRGINIA**

Management's Discussion and Analysis  
Year Ended June 30, 2019

**Statement of Activities**

The following comparative statement of activities presents the revenues, expenses and transfers of the governmental and business-type activities:

**Year Ended June 30, 2019 and 2018**  
**(in millions)**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Activities</b>	
	<b>FY2019</b>	<b>FY2018</b>	<b>FY2019</b>	<b>FY2018*</b>	<b>FY2019</b>	<b>FY2018</b>
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 35.3	34.7	117.3	117.9	152.6	152.6
Operating grants and contributions	115.2	111.5	7.4	4.8	122.6	116.3
Capital grants and contributions	21.0	22.6	10.2	5.0	31.2	27.6
General revenues						
Property taxes	355.9	339.2	-	-	355.9	339.2
Other taxes	138.1	134.8	-	-	138.1	134.8
Grants and contributions not restricted to specific program	32.4	32.2	-	-	32.4	32.2
Unrestricted investment earnings	9.7	4.6	-	-	9.7	4.6
Other	3.5	3.8	-	-	3.5	3.8
Total revenues	711.1	683.4	134.9	127.7	846.0	811.1
<b>Expenses</b>						
General government	164.8	154.5	-	-	164.8	154.5
Public safety	103.2	94.2	-	-	103.2	94.2
Public works	38.1	47.6	-	-	38.1	47.6
Parks and recreation	8.8	7.7	-	-	8.8	7.7
Public welfare	50.0	47.7	-	-	50.0	47.7
Education	217.1	217.9	-	-	217.1	217.9
Public utilities	-	-	63.6	68.3	63.6	68.3
Chesapeake Transportation System	-	-	37.9	37.0	37.9	37.0
Stormwater management	-	-	13.2	11.0	13.2	11.0
Economic Development Authority	-	-	6.7	1.3	6.7	1.3
Interest on long-term debt	12.7	13.8	-	-	12.7	13.8
Depreciation and Amortization unallocated	20.2	19.4	-	-	20.2	19.4
Total expenses	614.9	602.8	121.4	117.6	736.3	720.4
Excess (deficiency) before transfers	96.2	80.6	13.5	10.1	109.7	90.7
Transfers	(14.7)	(1.4)	14.7	1.4	-	-
Increase (decrease) in net position	81.5	79.2	28.2	11.5	109.7	90.7
Net Position - beginning	1,242.5	1,163.3	630.2	620.0	1,872.7	1,799.5
Adjustment due to restatement (note 17)	-	-	-	(1.3)	-	(17.5)
Net Position - beginning, as restated	1,242.5	1,163.3	630.2	618.7	1,872.7	1,782.0
Net Position - ending	1,324.0	1,242.5	658.4	630.2	1,982.4	1,872.7

\*The FY2018 Business-type Activities totals have been restated to include the Economic Development Authority financial information, which was reclassified from a discretely presented component unit to a blended component unit included as an Enterprise Fund in FY2019.

## CITY OF CHESAPEAKE, VIRGINIA

Management's Discussion and Analysis  
Year Ended June 30, 2019

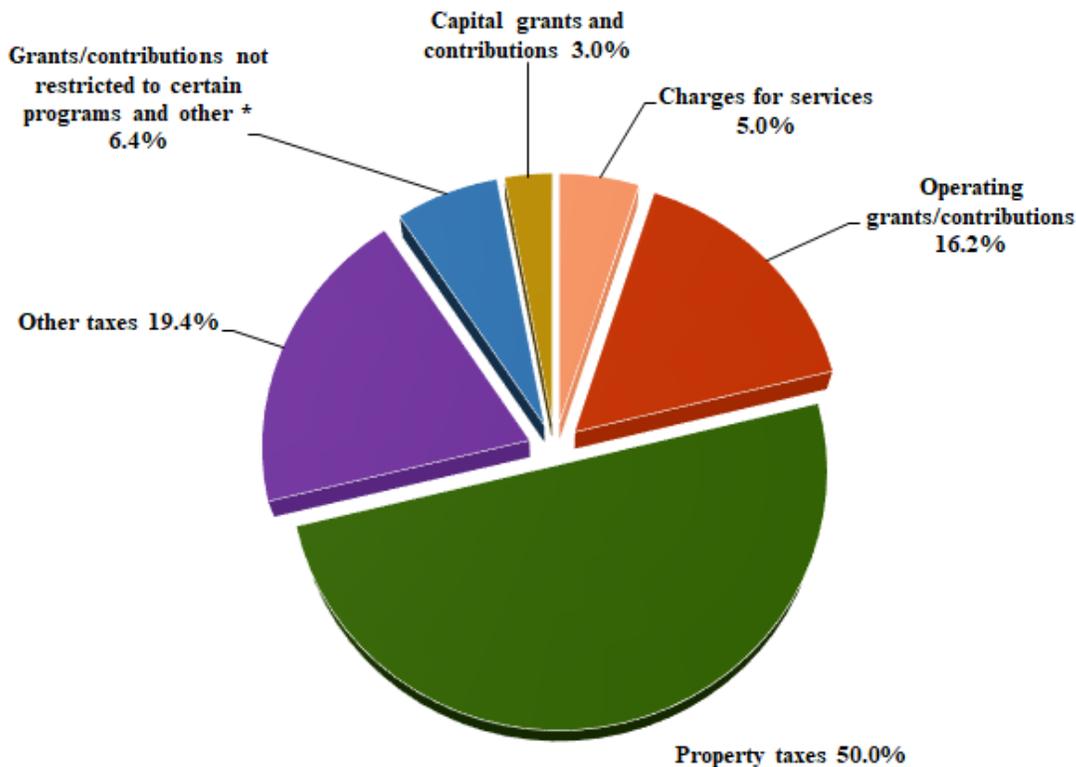
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### Governmental Activities

The City's total revenues from governmental activities were \$711.1 million for the fiscal year ended June 30, 2019. The largest source of revenue for the City, property taxes (composed of real estate and personal property taxes) totaled \$355.9 million and accounted for 50.0% of total revenues. Property taxes increased \$16.7 million or 4.9% from the prior year, primarily due to an increase in assessments of 5.3% in real estate coupled with other property taxes increasing 3.7%. Both the personal property tax and the real estate tax rates remained unchanged in fiscal year 2019.

Revenues from other taxes, \$138.1 million, make up 19.4% of the City's revenues and increased 2.4% from the prior fiscal year. This revenue increase was primarily driven by consumer spending activity reflected in increased tax collections on local sales, business license, restaurant meals and hotel/motel rooms. Approximately 69.4% of the City's revenue from governmental activities comes from some type of tax and 5.0% comes from fees charged for services.

### Revenues by Source – Governmental Activities – Year Ended June 30, 2019



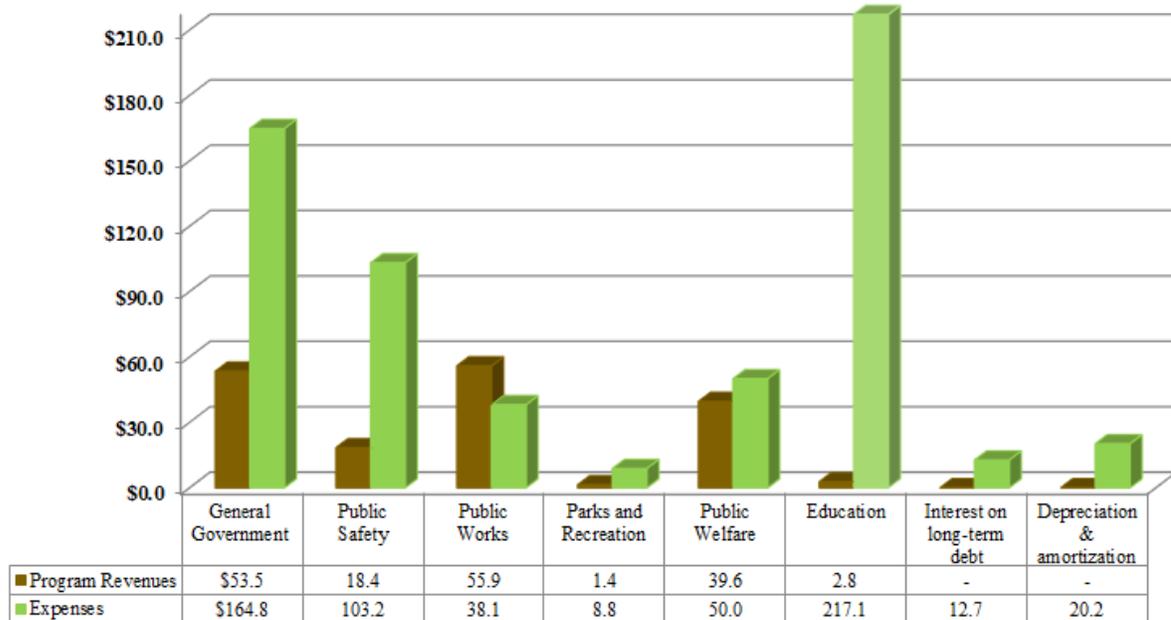
\* "Other" includes unrestricted investment earnings and other general revenues.

## CITY OF CHESAPEAKE, VIRGINIA

Management's Discussion and Analysis  
Year Ended June 30, 2019

The City's expenses for governmental activities cover a wide range of services, with \$103.2 million or 16.8% related to public safety, \$50.0 million or 8.1% for public welfare and \$38.1 million or 6.2% for public works. Education continues to be the City's largest program. Education expenses totaled \$217.1 million or 35.3% (including payments to the Chesapeake Public Schools, a component unit) in fiscal year 2019. Overall expenses for governmental activities increased by \$12.1 million or 2.0% from fiscal year 2018, primarily due to expense increases of \$10.3 million in general government and \$9.0 million in public safety, offset by an expense decrease of \$9.5 million in public works.

### Expenses and Program Revenues – Governmental Activities Year Ended June 30, 2019 (in millions)



### Business-type Activities

Net position for the City's business-type activities reached \$658.4 million, an increase of \$28.2 million from the prior year. For fiscal year 2019, total revenues of business-type activities increased \$7.2 million mainly due to a \$5.2 million increase in capital grants and contributions. Charges for services of \$117.3 million, including water and sewer utility fees, toll revenues and stormwater fees, decreased \$0.6 million or 0.5% and made up 87.0% of total revenues for business-type activities. Operating grants and contributions increased \$2.6 million or 54.2%. Additionally transfers of \$14.7 million were an increase of \$13.3 million over the prior year primarily due to the transfer of \$11.6 million to the EDA which is now being included as a business-type activity. Total expenses for fiscal year 2019 were \$121.4 million, an increase of \$3.8 million over fiscal year 2018.

## CITY OF CHESAPEAKE, VIRGINIA

Management's Discussion and Analysis  
Year Ended June 30, 2019

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### 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. In particular, unassigned fund balance may serve as a useful measure of net resources available at the end of a fiscal year. For the fiscal year ended June 30, 2019, the governmental funds reported combined ending fund balances of \$460.6 million, an increase of \$17.9 million from the prior year. Included in this increase are the following major transactions in governmental funds for the year ended June 30, 2019:

- \$210.4 million contributed from the City's General Fund to finance the Public School operations
- \$44.1 million spent in the Capital Projects Fund to fund capital items
- \$14.5 million of tax revenues generated by incremental increases in property values within the City's Greenbrier and South Norfolk Tax Increment Financing Districts

The City's OPEB Trust Fund, established in 2008, committed to fund the fiscal year 2019 current premiums portion of the pay-go, \$4.0 million, by recognizing \$2.0 million as a payment in lieu of receiving the annual required contribution and recording a payable to the City at June 30, 2019 for the net of the two amounts.

Approximately \$382.9 million of the combined total fund balances constitute unrestricted fund balance, which is comprised of funds committed at the discretion of City Council, as well as assigned and unassigned funds. The \$208.5 million unrestricted funds in the General Fund represents 41.9% of total General Fund expenditures and provide some measure of the General Fund's liquidity. Committed and assigned portions of the unrestricted governmental funds balances at June 30, 2019 were as follows:

- \$70.0 million committed for one time projects
- \$46.5 million committed for current capital projects
- \$38.9 million committed for future capital projects
- \$22.4 million committed for various programs and projects
- \$78.8 million assigned for future capital projects
- \$13.5 million assigned for debt service
- \$40.5 million assigned for various other purposes

The remainder of the unrestricted fund balance at June 30, 2019, the unassigned fund balance, includes \$72.3 million in the General Fund, the City's chief operating fund, and is in compliance with the City's fund balance policy. The restricted fund balance totals \$76.1 million at year end and includes \$36.2 million for General Fund cash flow emergencies (6.1% of revenue as required by City Charter).

Total fund balance of the General Fund increased by \$25.0 million during fiscal year 2019, primarily due to the excess of revenues over expenditures of \$91.1 million, an increase of \$5.8 million or 6.8% over the prior year, while other net financing uses totaled \$66.1 million, a decrease of \$3.9 million or 5.6% from the prior year. The excess of revenues over expenditures can be attributed to revenue increases of \$13.7 million or 4.2% in property taxes, \$3.3 million or 2.6% in other local taxes, \$2.9 million or 167.9% in investment income and \$2.9 million or 3.2% in revenues from the Commonwealth of Virginia, while total expenditures increased by \$14.9 million or 3.1% from the prior fiscal year. The major contributing factors to increased expenditures over the prior year (including related capital outlay) are general government increases of \$5.3 million or 4.8%, public safety increases of \$6.2 million or 6.7% and education increases of \$4.4 million or 2.1%.

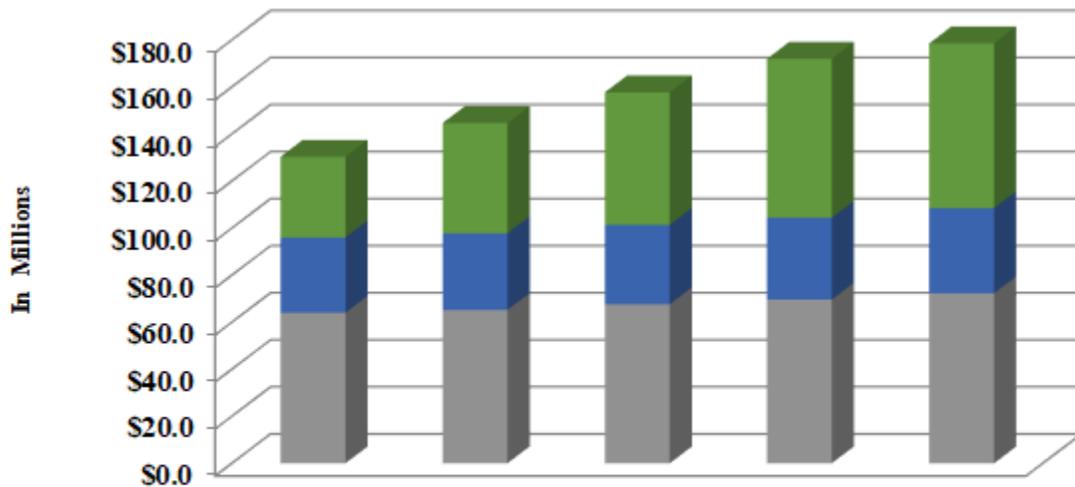
**CITY OF CHESAPEAKE, VIRGINIA**

Management’s Discussion and Analysis  
 Year Ended June 30, 2019

The City Charter requires that a minimum of 6.0% of total General Fund revenues be set aside in fund balance for emergency cash flow needs which may arise throughout the fiscal year. The restriction for cash flow emergencies totaled \$36.2 million at June 30, 2019. The City maintains a fund balance policy that was updated most recently to be effective beginning fiscal year 2015. This policy requires the maintenance of an unassigned fund balance equal to at least 10.0% of General Fund revenues and tax revenues committed to certain special revenue funds. City Council budgets for a 12.0% year-end unassigned fund balance to ensure compliance.

The fund balance policy implemented in fiscal year 2015 also created a committed fund balance category for one time projects. In addition to \$70.0 million committed for one time projects, \$55.1 million has been committed for other purposes including \$38.8 million set aside for lockbox funds for School and City capital projects to be used for future debt service and pay-as-you go financing.

**General Fund  
 Selected components of the City’s fund balance  
 (in millions)**



	06/30/15	06/30/16	06/30/17	06/30/18	06/30/19
■ One time projects	34.3	46.9	56.3	67.6	70.0
■ Cash flow emergencies	32.0	32.6	33.8	34.8	36.2
■ Unassigned	64.0	65.2	67.6	69.6	72.3

The unassigned fund balance of the General Fund, which represents available current financial resources, totaled \$72.3 million at June 30, 2019. A healthy fund balance allows the City to provide adequate services for the citizens, plan for future projects and retain its sound financial position.

## CITY OF CHESAPEAKE, VIRGINIA

Management's Discussion and Analysis  
Year Ended June 30, 2019

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### Summary of Changes in General Fund Unassigned Fund Balance

Year ended June 30, 2019

(in Millions)

Unassigned fund balance at June 30, 2018		\$	69.6
Revenues	\$	589.0	
Expenditures:			
Current, Capital Outlay and Debt Service		497.9	
Other financing sources (uses)		(66.1)	
Net Change in fund balance		25.0	
Increase in reservations (Restricted, Committed and Assigned)		(22.3)	
Increase in unassigned fund balance			2.7
Unassigned fund balance at June 30, 2019		\$	72.3

The Debt Service Fund ended the year with \$13.6 million in total fund balance, a decrease of \$0.9 million from 2018. The decrease is mainly due to a \$4.0 million planned use of fund balance offset by \$2.7 million in unbudgeted transfers from capital project funds resulting from interest earnings on bond proceeds. The assigned fund balance of \$13.5 million is for the payment of debt service as directed by City Council.

The total fund balance of the Capital Project Fund decreased by \$9.0 million as a result of \$44.1 million in capital outlay offset by \$14.6 million of revenues (primarily intergovernmental revenues) and \$20.6 million in interfund transfers to fund various capital projects.

### Proprietary Funds

The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail. Generally, the City can only use the net position of these funds to finance continuing costs of the enterprise operations.

For fiscal year 2019, Public Utilities reported an increase in net position of \$27.4 million to \$501.5 million at June 30, 2019. Total operating revenues of \$74.7 million were \$2.3 million less than the prior year primarily due to decreases in water sales and connections and fees from local developers. Total operating expenses for fiscal year 2019 were \$57.2 million, a decrease of \$5.3 million from the prior year.

Chesapeake Transportation System reported operating revenues for fiscal year 2019 of \$26.5 million versus \$24.8 million for fiscal year 2018. The increase is due primarily to \$1.6 million in additional toll revenue collected from the Dominion Boulevard Veterans Bridge Toll Road. Operating expenses for the year amounted to \$25.1 million, with \$15.3 million from depreciation and amortization. Net position decreased by \$9.9 million from the prior year.

Stormwater Management had \$44.6 million in restricted net position at June 30, 2019, a decrease of \$1.6 million from fiscal 2018. Operating revenues were \$16.1 million. Operating expenses totaled \$12.4 million, a 12.2% increase from the previous fiscal year. Any fees collected in excess of current operating needs are restricted for use on future Stormwater projects around the City. The increase in operating expense is due primarily to an increase in depreciation and amortization expenses. Stormwater utility fees remain unchanged from January 1, 2010.

**CITY OF CHESAPEAKE, VIRGINIA**

Management’s Discussion and Analysis  
Year Ended June 30, 2019

**GENERAL FUND BUDGETARY HIGHLIGHTS**

**General Fund**  
**Year Ended June 30, 2019**  
**(in millions)**

	<b>Original Budget*</b>	<b>Amended Budget</b>	<b>Actual</b>
Revenues:			
Taxes	\$ 460.9	460.9	465.7
Intergovernmental	92.1	92.5	94.1
Other	27.0	27.0	29.2
Total	580.0	580.4	589.0
Expenditures and transfers:			
Expenditures *	526.6	530.2	497.9
Transfers (net)	72.1	71.9	66.1
Total	598.7	602.1	564.0
Change in fund balance	\$ (18.7)	(21.7)	25.0

\* The City's budget ordinance includes, as a part of the original budget for expenditures, the amount of \$4.5 million for encumbrances reappropriated from June 30, 2018.

Differences between the original budget and the final amended budget for the City’s General Fund included additional revenues of \$0.4 million, a \$3.6 million increase in appropriations and a net decrease of \$0.2 million in transfers resulting in a \$3.0 million decrease to the change in fund balance. Major changes included the following:

- Appropriation of \$0.3 million of VDOT State Maintenance funds
- Appropriation of \$0.9 million of fund balance for street maintenance
- Appropriation of \$0.3 million committed one time projects fund balance for Dock Landing Fire Station #11 replacement
- Appropriation of \$2.2 million assigned for Education from cash reversion for School Safety Measures

Actual total revenues were above the amended budget by \$8.6 million, primarily due to general property taxes and other local taxes exceeding the amended budget by \$2.6 million and \$2.2 million, respectively. The remaining favorable variance was comprised of \$0.7 million in revenues from the Commonwealth, \$0.9 million in other local revenues, \$3.3 million in investment income and \$0.9 million in revenue from Schools. The favorable budget variances were partially offset by unfavorable variances of \$1.4 million in charges for services and \$0.7 million in fines and forfeitures.

Expenditures and transfers were below the amended budget by \$36.9 million or 6.1%, prior to encumbrances. The general government category returned \$13.8 million or 10.5% of its budget, in part due to cost savings resulting from employee retirements and vacancies. Departments with notable savings include Sheriff – \$3.8 million and Treasurer – \$1.0 million. Public Works departments were \$7.5 million or 11.2% below the amended budget mainly in street maintenance – \$1.8 million, bureau of drainage - \$1.4 million and bridges and structures - \$1.3 million. Public Safety departments were \$5.3 million or 5.1% below the amended budget. The Police and Fire departments generated savings of \$3.8 million and \$0.6 million, respectively. Additionally, the Parks and Recreation departments were \$2.3 million or 15.9% below the amended budget. Although the amended budget called for a reduction of \$21.7 million in fund balance, the actual revenues and expenditures resulted in a net increase in fund balance of \$25.0 million, a positive budget variance of \$46.7 million.

## CITY OF CHESAPEAKE, VIRGINIA

Management's Discussion and Analysis  
Year Ended June 30, 2019

### CAPITAL ASSETS AND LONG-TERM DEBT

#### Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2019 amounts to approximately \$2.1 billion (net of accumulated depreciation). This investment includes land, intangibles, municipal and school buildings, improvements, machinery and equipment, drainage and water/sewer systems, roads, bridges and construction in progress. The total change in the City's investment in capital assets for the current year was a net increase of \$38.0 million or 1.8% – an increase of \$18.6 million or 1.5% for governmental activities and an increase of \$19.4 million or 2.3% for business-type activities, primarily due to the completion of various projects, including donated infrastructure from local developers as well as various construction projects in progress.

**Capital Assets (net of accumulated depreciation)**  
**June 30, 2019 and 2018**  
**(in millions)**

	Governmental Activities		Business-Type Activities		Total Primary Government Activities	
	2019	2018	2019	2018	2019	2018
Land	\$ 68.6	66.1	96.1	95.8	164.7	161.9
Intangibles	353.1	344.1	18.6	4.0	371.7	348.1
Construction in progress	102.3	121.1	56.9	62.8	159.2	183.9
Buildings	364.2	346.4	4.0	4.1	368.2	350.5
Improvements other than buildings	36.5	33.1	2.7	2.5	39.2	35.6
Software, equipment and vehicles	72.1	65.8	14.2	14.2	86.3	80.0
Infrastructure	238.8	240.4	682.6	672.3	921.4	912.7
Total	\$ 1,235.6	1,217.0	875.1	855.7	2,110.7	2,072.7

Major capital asset events during the fiscal year included the following:

- Completed capital projects totaling \$62.6 million for governmental activities.
- Completed capital projects totaling \$29.8 million for business-type activities.
- Construction in progress totaled \$102.3 million for governmental activities at the end of the fiscal year.
- Construction in progress totaled \$56.9 million for business-type activities, which includes Public Utilities, CTS and Stormwater projects.

Additional information on the City's capital assets can be found in Note 4 of the financial statements.

The City's fiscal year 2020 capital budget provides approximately \$143.2 million for various capital projects. Some of the major categories include \$18.4 million for community facilities projects, \$51.7 million in school related projects, \$22.9 million for transportation projects, \$22.8 million for Public Utilities projects and \$10.1 million for Stormwater projects. Projects budgeted to commence in fiscal year 2020 include:

- South Central Water Transmission Main & Loop - Phase I
- Western Branch Elevated Tank Rehabilitation
- Greenbrier Outfall Improvements
- Nina Drive Area Outfall Improvements
- George Washington Highway (US Route 17) Widening

## CITY OF CHESAPEAKE, VIRGINIA

Management's Discussion and Analysis  
Year Ended June 30, 2019

### Long-term Debt

At the end of the current fiscal year, the City had total bonded debt outstanding (including literary loans and an installment purchase agreement) of \$648.0 million. Of this amount, \$325.4 million comprises debt backed by the full faith and credit of the City and \$322.6 million is debt secured by revenues of the Water and Sewer System, CTS toll revenues and certain revenues from the Greenbrier TIF pursuant to the terms of a Cooperation Agreement on behalf of the EDA.

#### City of Chesapeake Outstanding Debt June 30, 2019 and 2018 (in millions)

	Governmental Activities		Business-Type Activities		Total Primary Government Activities	
	2019	2018	2019	2018	2019	2018
General obligation bonds*	\$ 262.9	287.7	61.0	66.5	323.9	354.2
Revenue bonds*	-	-	322.6	314.5	322.6	314.5
Literary loans	0.2	0.4	-	-	0.2	0.4
Installment purchase agreement	1.3	1.3	-	-	1.3	1.3
	\$ 264.4	289.4	383.6	381.0	648.0	670.4

\*does not include bond premiums and discounts.

Chesapeake's total debt decreased by \$22.4 million during fiscal year 2019. The CTS Convertible Capital Appreciation Bonds increased \$2.7 million due to accreted interest. The Virginia Transportation Infrastructure Bank (VTIB) subordinate bonds decreased by \$0.7 million resulting from an early payment of a portion of the principal due to excess funds remaining in the construction fund at the time of final completion of the Dominion Boulevard project. Also, the EDA borrowed \$8.1 million to partially fund the acquisition of a possessory interest in public parking spaces in a parking garage in the Greenbrier area of the City.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10.0% of its total assessed valuation of real property. The current debt limitation for the City is \$2.76 billion, which is significantly in excess of the City's total outstanding debt subject to the legal debt limit.

Additional information on the City's long-term debt can be found in Note 6 of the financial statements.

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The average unemployment rate for fiscal year 2019 for the City was 3.0%, a decline from the 2018 rate of 3.5%. This compares to the average unemployment rates of 3.2% for the region, 2.9% for Virginia and 3.8% nationally for the same time period.
- The Hampton Roads Planning District Commission projects Chesapeake's total population for 2040 will be approximately 314,600.
- The City's real estate tax base increased by \$1.4 billion or 5.3% from the prior year. Personal property taxes experienced an \$87.1 million or 3.9% increase from fiscal year 2018 to fiscal year 2019.
- Taxable retail sales for calendar year 2018 increased by \$102.5 million or 2.9%.
- The Virginia Public School Authority refunded bonds in fiscal year 2019 and the City will be receiving approximately \$142,000 in savings that will be allocated over the remaining amortization period for the City's bonds which have a final maturity of 2022. The savings commence during fiscal year 2020.

## **CITY OF CHESAPEAKE, VIRGINIA**

Management's Discussion and Analysis  
Year Ended June 30, 2019

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- The City will continue to focus on core service delivery for the next three to five years. To help address the identified City and School capital requirements, funds continue to be assigned to provide resources for future debt service and cash funding for projects.

All of these factors will be considered in preparing the City's budget for fiscal year 2021. Additionally, the City budget process includes detailed three-year resource requirements in order to improve projections, to further support strategic planning and to maintain the City's fiscal stability and strong financial position.

### **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the funds it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Director of Finance, 306 Cedar Road, Chesapeake, Virginia 23322.

# Basic Financial Statements



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**Chesapeake**  
VIRGINIA

# Government-Wide Financial Statements

**Chesapeake**  
VIRGINIA

CITY OF CHESAPEAKE, VIRGINIA

Schedule A

Statement of Net Position  
June 30, 2019

	Governmental Activities	Business-type Activities	Total Primary Government	Discretely Presented Component Units	
				Public Schools	Other
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>					
<b>Assets</b>					
Cash and temporary investments (note 2)	\$ 343,021,042	97,597,165	440,618,207	70,488,548	6,543,062
Receivables, net of allowance for uncollectible amounts (note 3)	114,912,526	24,953,199	139,865,725	29,651,198	19,525
Due from component unit, net of allowance for uncollectible amounts (note 7)	142,100	-	142,100	-	-
Internal balances (note 8)	6,787,501	(6,787,501)	-	-	-
Inventories	1,989,415	1,534,356	3,523,771	2,509,757	342,895
Prepaid expenses	3,950,780	142,207	4,092,987	-	122,628
Restricted assets (note 2):					
Cash and temporary investments with trustee	-	46,713,231	46,713,231	-	-
Cash restricted for debt service	-	5,209,073	5,209,073	-	-
Cash restricted for debt service with trustee	-	17,973,547	17,973,547	-	-
Cash with State Set-Aside	863,488	-	863,488	-	-
Capital construction:					
Cash and temporary investments	124,411,936	86,719,012	211,130,948	-	-
Cash and temporary investments with trustee	219	11,394,964	11,395,183	-	-
Cash restricted for improvement and redemption	-	1,000,000	1,000,000	-	-
Investment - zero coupon bond	1,040,278	-	1,040,278	-	-
Capital Assets (notes 4, 6 and 9):					
Land	68,648,395	96,104,153	164,752,548	17,726,428	3,411,066
Intangibles	353,129,328	18,626,133	371,755,461	-	-
Construction in progress	102,345,138	56,926,619	159,271,757	42,586,196	682,692
Buildings	670,345,882	6,619,211	676,965,093	231,425,431	3,987,395
Improvements other than buildings	63,958,077	4,112,949	68,071,026	5,604,230	21,839,183
Software, equipment and vehicles	198,659,548	35,516,632	234,176,180	79,322,684	1,926,753
Infrastructure	1,220,306,645	1,050,471,048	2,270,777,693	-	-
Accumulated depreciation	(1,441,843,210)	(393,212,281)	(1,835,055,491)	(91,865,351)	(19,617,286)
Land and improvements held for sale	-	11,079,578	11,079,578	-	-
Net OPEB asset (note 11)	591,939	51,317	643,256	-	7,120
Total assets	1,833,261,027	1,172,744,612	3,006,005,639	387,449,121	19,265,033
<b>Deferred outflows of resources (note 5)</b>	38,919,483	5,085,477	44,004,960	56,556,840	384,281
<b>Total assets and deferred outflows of resources</b>	\$ 1,872,180,510	1,177,830,089	3,050,010,599	444,005,961	19,649,314
<b>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>					
<b>Liabilities</b>					
Accounts payable, deposits and accrued expenses (notes 3 and 16)	\$ 35,861,856	17,294,311	53,156,167	57,343,428	176,401
Unearned revenues	5,342,191	895,670	6,237,861	-	3,890
Due to Primary Government (note 7)	-	-	-	-	142,100
Long-term liabilities (notes 6, 9, 10, 11 and 16):					
Due within one year	47,716,526	15,980,702	63,697,228	3,894,297	100,000
Due in more than one year	440,673,767	475,803,573	916,477,340	620,040,190	1,345,600
Total liabilities	529,594,340	509,974,256	1,039,568,596	681,277,915	1,767,991
<b>Deferred inflows of resources (note 5)</b>	18,631,555	9,381,555	28,013,110	59,564,456	230,952
<b>Net position</b>					
Net investment in capital assets	988,305,860	446,770,028	1,435,075,888	269,465,015	11,457,703
Restricted for:					
Capital projects	7,214,178	128,596,183	135,810,361	-	-
Debt service	1,580,849	40,716,139	42,296,988	-	-
Other purposes:					
Expendable:					
General Fund - state and federal restrictions	36,136,202	-	36,136,202	-	-
Special projects	38,883,363	-	38,883,363	-	-
Educational purposes	188,387	-	188,387	46,349,348	-
Public Works	219	-	219	-	-
Public Utilities Operations	-	40,327,182	40,327,182	-	-
Chesapeake Transportation System Operations	-	24,397,474	24,397,474	-	-
Stormwater Management Operations	-	3,473,878	3,473,878	-	-
Chesapeake Airport Authority	-	-	-	-	220,509
Nonexpendable - Special projects	230,699	-	230,699	-	-
Nonexpendable - Permanent Funds	12,795	-	12,795	-	-
Unrestricted (deficit)	251,402,063	(25,806,606)	225,595,457	(612,650,773)	5,972,159
Total net position	1,323,954,615	658,474,278	1,982,428,893	(296,836,410)	17,650,371
<b>Total liabilities, deferred inflows and net position</b>	\$ 1,872,180,510	1,177,830,089	3,050,010,599	444,005,961	19,649,314

The notes to the financial statements are an integral part of this statement.

CITY OF CHESAPEAKE, VIRGINIA

Schedule B

Statement of Activities  
Year Ended June 30, 2019

Functions/Programs	Program Revenues				Net Revenue (Expense) and Changes in Net Position				Discretely Presented Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Public Schools	Others	
					Governmental Activities	Business-type Activities	Total			
<b>PRIMARY GOVERNMENT</b>										
Governmental activities:										
General government	\$ 164,759,758	16,642,078	36,645,614	164,023	(111,308,043)	-	(111,308,043)	-	-	-
Public safety	103,262,634	7,404,405	10,863,684	112,310	(84,882,235)	-	(84,882,235)	-	-	-
Public works	38,099,274	319,224	35,952,487	19,614,313	17,786,750	-	17,786,750	-	-	-
Parks and recreation	8,812,469	1,193,031	181,799	-	(7,437,639)	-	(7,437,639)	-	-	-
Public welfare	49,972,356	9,733,420	29,879,024	-	(10,359,912)	-	(10,359,912)	-	-	-
Education	217,100,015	-	1,656,215	1,095,390	(214,348,410)	-	(214,348,410)	-	-	-
Interest on long-term debt	12,651,370	-	-	-	(12,651,370)	-	(12,651,370)	-	-	-
Depreciation and amortization - net unallocated portion (note 4)	20,245,562	-	-	-	(20,245,562)	-	(20,245,562)	-	-	-
Total governmental activities	614,903,438	35,292,158	115,178,823	20,986,036	(443,446,421)	-	(443,446,421)	-	-	-
Business-type activities:										
Public Utilities	63,598,130	74,669,373	3,332,055	9,852,945	-	24,256,243	24,256,243	-	-	-
Chesapeake Transportation System	37,904,311	26,500,786	1,737,897	-	-	(9,665,628)	(9,665,628)	-	-	-
Stormwater Management	13,156,095	16,141,817	927,469	362,849	-	4,276,040	4,276,040	-	-	-
Economic Development Authority	6,723,039	-	1,421,263	-	-	(5,301,776)	(5,301,776)	-	-	-
Total business-type activities	121,381,575	117,311,976	7,418,684	10,215,794	-	13,564,879	13,564,879	-	-	-
Total Primary Government	\$ 736,285,013	152,604,134	122,597,507	31,201,830	(443,446,421)	-	(429,881,542)	(356,004,120)	1,130,747	29,628
<b>COMPONENT UNITS</b>										
Public Schools	\$ 483,006,298	19,686,232	106,954,077	361,869	-	-	-	(356,004,120)	1,130,747	29,628
Chesapeake Mosquito Control Commission	3,719,396	-	4,850,143	-	-	-	-	-	-	-
Chesapeake Airport Authority	1,368,689	472,310	926,007	-	-	-	-	-	-	-
Elizabeth River Properties of Chesapeake, Inc	229,936	115,352	74,613	-	-	-	-	-	-	-
Total component units	\$ 488,324,319	20,273,894	112,804,840	361,869	-	-	-	(356,004,120)	1,130,747	29,628

General revenues:

Taxes:										
Property taxes, levied for general purposes	\$ 355,881,792									
Local sales and use taxes	41,660,626									
Consumer utility taxes	10,828,586									
Communication sales tax	10,088,071									
Business license taxes	28,048,966									
Local utility consumption tax	880,085									
Bank stock taxes	1,731,069									
Taxes on recordation and wills	3,329,708									
Tobacco taxes	5,055,551									
Hotel and motel room taxes	6,469,844									
Restaurant food taxes	28,008,569									
Admission taxes	1,051,583									
Short-term rental taxes	895,455									
Pari-mutuel wagering pool tax	50,149									
Payment from City	-									
Grants and contributions not restricted to specific programs	32,448,856									
Unrestricted investment earnings	9,670,264									
Miscellaneous	3,519,909									
Transfers	(14,708,259)									
Total general revenues and transfers	524,910,824									
Change in net position	81,464,403									
Net position - beginning*	1,242,490,212									
Net position - ending	\$ 1,323,954,615									

\*The FY2018 Business-Type Activities totals have been adjusted to include the EDA financial information, which was reclassified from a discretely presented component unit to a blended component unit included as an Enterprise Fund in FY2019.

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**Chesapeake**  
VIRGINIA

# Fund Financial Statements



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**Chesapeake**  
VIRGINIA

# Governmental Fund Financial Statements

**Major Governmental Funds** – Include General, Debt Service and Capital Projects Funds.

**Other Governmental Funds** – Include Special Revenue and Permanent Funds.



## CITY OF CHESAPEAKE, VIRGINIA

Schedule C

Balance Sheet  
Governmental Funds  
June 30, 2019

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and temporary investments (note 2)	\$ 212,120,596	13,414,137	-	69,649,460	295,184,193
Intergovernmental revenues due from (note 3):					
Commonwealth of Virginia:					
Local sales tax	3,701,066	-	-	-	3,701,066
State categorical aid	1,857,086	-	-	-	1,857,086
Personal property tax relief act	28,590,001	-	-	-	28,590,001
Other	211,623	-	9,612,132	2,424,202	12,247,957
Federal government	-	-	256,199	2,942,453	3,198,652
Receivables (note 3):					
Property taxes	44,292,715	-	-	-	44,292,715
Accounts receivable	9,144,697	-	-	5,259,085	14,403,782
Utility taxes	2,609,306	-	-	-	2,609,306
Interest	1,587,480	100,412	-	1,203	1,689,095
Ambulance fees	5,353,290	-	-	-	5,353,290
Restaurant and food tax	2,576,859	-	-	-	2,576,859
Other	3,639,249	13,497	-	720,487	4,373,233
Allowance for uncollectible amounts	(6,761,292)	-	-	(3,552,816)	(10,314,108)
Inventory	1,398,870	-	-	4,279	1,403,149
Prepaid expenditures and other assets	40,702	-	-	226,420	267,122
Restricted assets (note 2):					
Cash with state set-aside (note 6)	863,488	-	-	-	863,488
Capital construction:					
Cash and temporary investments	-	-	124,411,936	-	124,411,936
Cash and temporary investments with trustee	-	-	219	-	219
Investments	-	-	-	1,040,278	1,040,278
Advances to component units (note 7)	59,682	82,418	-	-	142,100
Advances to other funds (note 8):					
Advances to other funds, net of allowance (note 8):	6,671,429	-	-	-	6,671,429
<b>Total assets</b>	<b>\$ 317,956,847</b>	<b>13,610,464</b>	<b>134,280,486</b>	<b>78,715,051</b>	<b>544,562,848</b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable (note 3)	\$ 7,052,472	3,291	-	2,883,820	9,939,583
Deposits (note 3)	2,598,898	-	-	-	2,598,898
Accrued expenditures (note 3)	6,118,520	-	-	892,599	7,011,119
Unearned revenues	320,723	-	1,441,708	101,073	1,863,504
Other liabilities (note 3)	710,580	-	-	2,975	713,555
Payables from restricted assets:					
Construction projects payable (note 3)	-	-	7,595,007	-	7,595,007
Due to Commonwealth of Virginia	475,170	-	-	59,761	534,931
Total liabilities	17,276,363	3,291	9,036,715	3,940,228	30,256,597
<b>Deferred Inflows of Resources (note 5)</b>	<b>53,694,116</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>53,694,116</b>
<b>Fund Balances (note 12)</b>					
Nonspendable	1,439,572	-	-	243,494	1,683,066
Restricted for cash flow emergencies	36,173,619	-	-	-	36,173,619
Restricted other	908,488	277	219	38,989,333	39,898,317
Committed for one time projects	69,990,232	-	-	-	69,990,232
Committed other	55,107,370	82,418	46,460,751	6,103,063	107,753,602
Assigned	11,019,850	13,524,478	78,782,801	29,438,933	132,766,062
Unassigned	72,347,237	-	-	-	72,347,237
Total fund balances	246,986,368	13,607,173	125,243,771	74,774,823	460,612,135
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 317,956,847</b>	<b>13,610,464</b>	<b>134,280,486</b>	<b>78,715,051</b>	<b>544,562,848</b>

The notes to the financial statements are an integral part of this statement.

(Continued)

Balance Sheet  
Governmental Funds  
June 30, 2019

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**Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position**

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

Ending fund balance - governmental funds \$ 460,612,135

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Total capital assets used in governmental activities as reported in note 4 to the financial statements also include assets of \$50,808,013 associated with the internal service funds (ISF) as indicated below.

Capital assets 1,184,741,790

The City's single employer OPEB Plan has a net fiduciary position greater than the net liability, or funding which exceeds actuarial projected liabilities. This is a long-term asset not related to the current period and, therefore, not reported in the funds.

Net OPEB asset (net of ISF) 568,412

Some of the City's expenses have been incurred but are not yet due until after year-end and, therefore, are deferred in the funds.

Pension and OPEB deferred outflows (net of ISF)	\$ 36,387,780	
Unamortized deferred loss on refundings	1,137,560	37,525,340

Some of the City's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.

Governmental funds' deferred inflows	53,694,116	
Pension and OPEB deferred inflows (net of ISF)	(17,557,263)	
Unamortized deferred gain on refundings	(437,673)	35,699,180

Internal service funds (ISF) are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position as detailed below. The total amount included in governmental activities does not include the portion allocable to business-type activities of \$116,072 as noted on Schedule E.

Current assets	52,440,365	
Capital assets	50,808,013	
Net OPEB asset	23,527	
Pension and OPEB deferred outflows	1,394,143	
Liabilities	(2,878,991)	
Unearned revenues	(3,478,687)	
Long-term debt	(38,314,653)	
Pension and OPEB deferred inflows	(636,619)	
Net cumulative profit(loss) allocation	116,072	59,473,170

Unmatured interest payable reported in governmental activities will not be paid with current financial resources and, therefore, is not reported in the funds.

(4,589,772)

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. Total long-term obligations for governmental activities as reported in footnote 6 to the financial statements also include long-term obligations of \$38,314,653 associated with the internal service funds as indicated above.

General obligation bonds	(278,226,151)	
Net pension liability (net of ISF)	(113,301,184)	
Net OPEB liability (net of ISF)	(30,686,633)	
Arbitrage rebate and yield restriction	(277)	
Compensated absences (net of ISF)	(20,904,578)	
Literary loans	(199,533)	
Installment Purchase Agreement	(1,342,284)	
Supplemental Payments Agreement	(5,415,000)	(450,075,640)

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**Net position of governmental activities** **\$ 1,323,954,615**

The notes to the financial statements are an integral part of this statement.

## CITY OF CHESAPEAKE, VIRGINIA

Schedule D

Statement of Revenues, Expenditures and Changes in Fund Balances  
 Governmental Funds  
 Year Ended June 30, 2019

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
General property taxes	\$ 336,657,320	-	-	14,873,322	351,530,642
Other local taxes	129,053,264	-	-	9,044,998	138,098,262
Licenses, permits and fees	9,248,331	-	-	224,364	9,472,695
Fines and forfeitures	1,631,763	-	-	432,242	2,064,005
Investment income	4,549,468	343,615	2,758,476	1,037,600	8,689,159
Revenues from use of property	775,618	54,889	-	287,551	1,118,058
Charges for services	11,923,544	-	-	11,622,388	23,545,932
Miscellaneous local revenues	534,343	453,191	1,168,726	1,902,001	4,058,261
Recovered costs	501,299	-	-	1,512,615	2,013,914
Program income	-	-	-	130,249	130,249
Revenues from local developers	-	-	656,179	-	656,179
Intergovernmental revenues:					
Commonwealth of Virginia	93,133,714	-	9,473,477	24,197,256	126,804,447
Federal government	134,795	-	501,303	15,113,124	15,749,222
Federal government - American Reinvestment and Recovery Act	-	876,007	-	-	876,007
Chesapeake Public Schools	872,804	41,862	-	741,549	1,656,215
<b>Total revenues</b>	<b>589,016,263</b>	<b>1,769,564</b>	<b>14,558,161</b>	<b>81,119,259</b>	<b>686,463,247</b>
<b>EXPENDITURES</b>					
Current:					
General government	115,720,671	-	-	12,267,207	127,987,878
Public safety	97,690,025	-	-	8,676,069	106,366,094
Public works	57,885,633	-	-	-	57,885,633
Parks and recreation	11,403,864	-	-	51,531	11,455,395
Public welfare	-	-	-	52,022,091	52,022,091
Education - payments to public schools	210,428,306	-	-	-	210,428,306
Capital outlay	2,749,757	-	44,074,977	2,578,144	49,402,878
Debt service	1,992,750	37,801,120	-	-	39,793,870
<b>Total expenditures</b>	<b>497,871,006</b>	<b>37,801,120</b>	<b>44,074,977</b>	<b>75,595,042</b>	<b>655,342,145</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>91,145,257</b>	<b>(36,031,556)</b>	<b>(29,516,816)</b>	<b>5,524,217</b>	<b>31,121,102</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers from other funds (note 8)	5,707,215	35,157,398	23,924,767	21,984,900	86,774,280
Transfers to other funds (note 8)	(71,880,655)	-	(3,366,288)	(24,772,369)	(100,019,312)
<b>Total other financing sources (uses), net</b>	<b>(66,173,440)</b>	<b>35,157,398</b>	<b>20,558,479</b>	<b>(2,787,469)</b>	<b>(13,245,032)</b>
<b>Net change in fund balance</b>	<b>24,971,817</b>	<b>(874,158)</b>	<b>(8,958,337)</b>	<b>2,736,748</b>	<b>17,876,070</b>
<b>Fund balance - beginning</b>	<b>222,014,551</b>	<b>14,481,331</b>	<b>134,202,108</b>	<b>72,038,075</b>	<b>442,736,065</b>
<b>Fund balance - ending</b>	<b>\$ 246,986,368</b>	<b>13,607,173</b>	<b>125,243,771</b>	<b>74,774,823</b>	<b>460,612,135</b>

The notes to the financial statements are an integral part of this statement.

(Continued)

Statement of Revenues, Expenditures and Changes in Fund Balances  
 Governmental Funds  
 Year Ended June 30, 2019

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances  
 of Governmental Funds to the Statement of Activities**

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

Net change in fund balances - total governmental funds		\$ 17,876,070
<p>Governmental funds report capital outlays 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. The Statement of Activities also includes expenses which relate to current-year closed projects that included assets that are no longer capitalizable at the time of project closure. In addition, donated assets and gains and losses on disposal of assets are not reported in governmental funds, but are reported as revenues (expenses) in the Statement of Activities. This represents the net effect of the donated assets plus the difference between depreciation expense and capital outlay expenditures. The details of this difference are as follows:</p>		
	Depreciation expense \$ (44,754,342) Capital outlay expenditures 49,023,278 Donated assets 19,280,597 Noncapitalizable expenses related to closed projects (3,701,444) Asset transfers (73,013) Disposal of assets (32,862)	19,742,214
Because some revenues will not be collected for several months after the City's fiscal year end, they are not considered "available" revenues and are deferred in the governmental funds. Unearned revenues changed by this amount this year.		4,351,150
<p>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 premiums 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 accounts. The details of this difference are as follows:</p>		
	Principal repayments 29,568,793 Amortization of debt related deferred outflows and inflows 3,872 Arbitrage rebate and yield restriction (277)	29,572,388
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	Accrued interest 449,060 Compensated absences (409,461) Pension expense 11,364,632	11,404,231
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenues (expenses), excluding capital contributions from the Primary Government, of certain activities of the internal service funds are reported with governmental activities.		(1,677,378)
Interfund loan activity that does not contribute to current financial resources and, therefore, is not reported in the funds.		195,728
<b>Change in net position of governmental activities</b>		<b>\$ 81,464,403</b>

The notes to the financial statements are an integral part of this statement.

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**Chesapeake**  
VIRGINIA

# Proprietary Fund Financial Statements

## **Major Enterprise Funds:**

**Public Utilities** – To account for the City’s water and sewer operations.

**Chesapeake Transportation System** – To account for the operations of the Chesapeake Expressway and Dominion Boulevard toll roads.

**Stormwater Management** – To account for the operation of the City’s stormwater utility and to fund the required improvements to stormwater quality.

**Blended Component Unit - Economic Development Authority (EDA)** – To account for the operation of the EDA, which is responsible for promoting industry and developing trade.

**Internal Service Funds** – Include Information Technology, City Garage, Self-Insurance and Self-Funded Health Funds.



Statement of Net Position  
Proprietary Funds  
June 30, 2019

	Enterprise Funds					Internal Service Funds
	Public Utilities	Chesapeake Transportation System	Stormwater Management	Economic Development Authority	Total	
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>						
<b>Assets</b>						
Current assets:						
Cash and temporary investments (note 2)	\$ 77,740,772	1,853,483	12,328,872	5,674,038	97,597,165	47,836,849
Receivables (note 3):						
Accounts	14,386,139	2,244,557	12,448,375	1,078,482	30,157,553	161,570
Interest	377,121	144,663	92,288	-	614,072	176,758
Allowance for uncollectible amounts	(2,087,096)	(1,556,242)	(2,491,650)	-	(6,134,988)	(4,736)
Intergovernmental revenues due from:						
Commonwealth of Virginia	-	-	316,562	-	316,562	-
Inventory of materials and supplies	1,534,325	31	-	-	1,534,356	586,266
Prepaid expenses	133,163	9,044	-	-	142,207	3,683,658
Total current assets	92,084,424	2,695,536	22,694,447	6,752,520	124,226,927	52,440,365
Noncurrent assets:						
Restricted assets (note 2):						
Cash and temporary investments with trustee	-	46,706,006	7,225	-	46,713,231	-
Cash restricted for debt service	5,209,073	-	-	-	5,209,073	-
Cash restricted for debt service with trustee	4,915,736	13,057,811	-	-	17,973,547	-
Capital construction:						
Cash and temporary investments	52,586,961	554,509	33,577,542	-	86,719,012	-
Cash and temporary investments with trustee	154,165	11,240,799	-	-	11,394,964	-
Cash restricted for improvement and redemption	1,000,000	-	-	-	1,000,000	-
Total restricted assets	63,865,935	71,559,125	33,584,767	-	169,009,827	-
Capital assets (note 4):						
Land	11,013,494	84,667,793	422,866	-	96,104,153	-
Intangibles	2,896,624	-	1,624,862	14,104,647	18,626,133	-
Construction in progress	44,281,892	1,891,163	10,753,564	-	56,926,619	3,507,439
Buildings	877,985	5,389,295	351,931	-	6,619,211	648,167
Improvements other than buildings	4,002,133	50,583	60,233	-	4,112,949	4,582,725
Software, equipment and vehicles	23,869,544	11,403,515	243,573	-	35,516,632	132,033,141
Infrastructure	647,280,730	361,587,165	41,603,153	-	1,050,471,048	77,584
Less accumulated depreciation	(275,283,727)	(107,452,089)	(10,476,465)	-	(393,212,281)	(90,041,043)
Total capital assets, net of accumulated depreciation	458,938,675	357,537,425	44,583,717	14,104,647	875,164,464	50,808,013
Land and improvements held for sale	-	-	-	11,079,578	11,079,578	-
Net OPEB asset (note 11)	34,214	4,610	12,493	-	51,317	23,527
Total noncurrent assets	522,838,824	429,101,160	78,180,977	25,184,225	1,055,305,186	50,831,540
Total assets	614,923,248	431,796,696	100,875,424	31,936,745	1,179,532,113	103,271,905
Deferred Outflows of Resources (note 5)	3,971,968	320,831	792,678	-	5,085,477	1,394,143
Total assets and deferred outflows of resources	\$ 618,895,216	432,117,527	101,668,102	31,936,745	1,184,617,590	104,666,048
<b>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>						
<b>Liabilities</b>						
Current liabilities:						
Accounts payable (note 3)	\$ 5,398,522	566,980	264,360	1,099,706	7,329,568	2,708,342
Accrued expenses and other liabilities (notes 3, 6 and 16)	2,453,802	2,405,015	94,511	23,182	4,976,510	170,649
Deposits (note 3)	1,082,056	-	-	-	1,082,056	-
Unearned revenues	715,918	-	-	-	715,918	3,478,687
Construction projects payable (note 3)	2,847,272	220,459	838,446	-	3,906,177	-
Current portion of long-term debt (note 6)	7,439,558	7,260,822	-	704,000	15,404,380	-
Current portion of accrued vacation, sick pay and overtime leave (note 6)	424,560	54,837	96,925	-	576,322	290,244
Current portion of liability for self-insurance losses (notes 6 and 16)	-	-	-	-	-	10,235,572
Total current liabilities	20,361,688	10,508,113	1,294,242	1,826,888	33,990,931	16,883,494
Noncurrent liabilities:						
Unearned revenues	179,752	-	-	-	179,752	-
General obligation bonds (note 6)	59,331,702	-	-	-	59,331,702	-
Revenue bonds (note 6)	29,040,000	283,780,118	-	6,713,000	319,533,118	-
Due to Commonwealth of Virginia (note 6)	-	68,875,605	-	-	68,875,605	-
Accrued interest payable on subordinate revenue bonds (note 6)	-	15,317,294	-	-	15,317,294	-
Loan payable (note 6)	-	-	-	1,319,095	1,319,095	-
Advances from other funds (note 8)	-	6,671,429	-	-	6,671,429	-
Accrued vacation, sick pay and overtime leave (note 6)	548,296	66,321	122,213	-	736,830	385,512
Liability for self-insurance losses (notes 6 and 16)	-	-	-	-	-	22,046,315
Net pension liability (note 10)	6,345,707	873,005	2,438,727	-	9,657,439	4,887,294
Net OPEB liability (note 11)	681,001	91,195	260,294	-	1,032,490	469,716
Total noncurrent liabilities	96,126,458	375,674,967	2,821,234	8,032,095	482,654,754	27,788,837
Total liabilities	116,488,146	386,183,080	4,115,476	9,858,983	516,645,685	44,672,331
Deferred Inflows of Resources (note 5)	919,858	122,325	8,339,372	-	9,381,555	636,619
<b>Net Position</b>						
Net investment in capital assets	380,165,017	15,333,646	44,583,718	6,687,647	446,770,028	50,808,013
Restricted for:						
Capital projects	72,859,668	14,580,857	41,155,658	-	128,596,183	-
Debt service	8,135,345	32,580,794	-	-	40,716,139	-
Other purposes - Expendable	40,327,182	24,397,474	3,473,878	-	68,198,534	-
Unrestricted (deficit)	-	(41,080,649)	-	15,390,115	(25,690,534)	8,549,085
Total net position	501,487,212	45,812,122	89,213,254	22,077,762	658,590,350	59,357,098
Total liabilities, deferred inflows and net position	\$ 618,895,216	432,117,527	101,668,102	31,936,745	1,184,617,590	104,666,048
Net position of enterprise funds, Schedule E					\$ 658,590,350	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					(116,072)	
Net position of business-type activities, Schedule A					\$ 658,474,278	

The notes to the financial statements are an integral part of this statement.

## CITY OF CHESAPEAKE, VIRGINIA

Schedule F

Statement of Revenues, Expenses and Changes in Net Position  
 Proprietary Funds  
 Year Ended June 30, 2019

	Enterprise Funds					Internal Service Funds
	Public Utilities	Chesapeake Transportatio n System	Stormwater Management	Economic Development Authority	Total	
<b>OPERATING REVENUES</b>						
Licenses, permits and fees	\$ -	-	296,080	-	296,080	-
Charges for services:						
Sale of water	40,222,000	-	-	-	40,222,000	-
Billings to departments	-	-	-	-	-	81,073,177
Billings to outside agencies and component units	-	-	-	-	-	1,298,399
Sewer service charges	28,580,277	-	-	-	28,580,277	-
Stormwater management fees	-	-	15,845,737	-	15,845,737	-
Tolls and tickets	-	26,215,490	-	-	26,215,490	-
Rental fees	1,202,500	-	-	-	1,202,500	256,359
Connection fees	3,981,215	-	-	-	3,981,215	-
Miscellaneous	662,592	284,965	-	1,270,140	2,217,697	5,312
Recovered costs	7,832	331	-	-	8,163	3,686,816
Other	12,957	-	-	40,501	53,458	14,409
Total operating revenues	74,669,373	26,500,786	16,141,817	1,310,641	118,622,617	86,334,472
<b>OPERATING EXPENSES</b>						
Cost of materials billed	-	-	-	-	-	3,241,580
Purchases for resale	16,287,343	13,115	-	674,965	16,975,423	2,644,235
General and administrative	6,167,662	449,782	1,792,132	341,982	8,751,558	1,292,967
Other salaries and wages	10,062,464	1,289,977	3,750,916	-	15,103,357	6,485,944
Other fringe benefits	3,791,862	577,551	1,522,877	-	5,892,290	2,510,421
Self-insurance losses	-	-	-	-	-	6,878,955
Indemnity and medical claims	-	-	-	-	-	43,761,621
Other repairs and supplies	4,829,900	4,885,562	2,529,302	-	12,244,764	5,654,662
Equipment rental	50,859	4,907	28,362	-	84,128	6,242
Other contractual services	1,574,617	2,588,113	1,627,944	97,387	5,888,061	3,929,892
Depreciation and amortization	14,448,364	15,291,316	1,194,807	-	30,934,487	10,121,533
Insurance premiums	-	-	-	12,227	12,227	3,206,236
Other	-	25,775	-	2,692	28,467	-
Total operating expenses	57,213,071	25,126,098	12,446,340	1,129,253	95,914,762	89,734,288
<b>Operating income (loss)</b>	17,456,302	1,374,688	3,695,477	181,388	22,707,855	(3,399,816)
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Investment income	2,753,978	1,737,897	927,469	110,622	5,529,966	981,106
Interest expense	(4,527,294)	(12,981,280)	-	(307,222)	(17,815,796)	-
Gain on sale of equipment	44,800	-	45,965	-	90,765	145,588
Loss on sale of equipment	(1,933,187)	-	(739,696)	-	(2,672,883)	(46,332)
Build America Bonds subsidy reimbursement - American Reinvestment and Recovery Act	578,077	-	-	-	578,077	-
Grants to businesses	-	-	-	(4,534,500)	(4,534,500)	-
Other	-	-	-	(752,064)	(752,064)	-
Total nonoperating revenues (expenses), net	(3,083,626)	(11,243,383)	233,738	(5,483,164)	(19,576,435)	1,080,362
<b>Income (loss) before transfers and contributions</b>	14,372,676	(9,868,695)	3,929,215	(5,301,776)	3,131,420	(2,319,454)
Transfers in (note 8)	3,100,000	-	100,000	11,630,974	14,830,974	-
Transfers out (note 8)	-	-	-	-	-	(1,585,942)
Capital contributions	9,878,345	-	319,697	-	10,198,042	6,160,140
<b>Increase (decrease) in net position</b>	27,351,021	(9,868,695)	4,348,912	6,329,198	28,160,436	2,254,744
<b>Total net position - beginning, as restated (note 17)</b>	474,136,191	55,680,817	84,864,342	15,748,564	630,429,914	57,102,354
<b>Total net position - ending</b>	\$ 501,487,212	45,812,122	89,213,254	22,077,762	658,590,350	59,357,098

Change in net position of enterprise funds, Schedule F	\$ 28,160,436
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	112,702
Change in net position of business-type activities, Schedule B	<u>\$ 28,273,138</u>

The notes to the financial statements are an integral part of this statement.

Statement of Cash Flows  
 Proprietary Funds  
 Year Ended June 30, 2019

	Enterprise Funds					Internal Service Funds
	Public Utilities	Chesapeake Transportation System	Stormwater Management	Economic Development Authority	Total	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Cash received from customers	\$ 75,421,509	26,342,544	18,078,370	264,659	120,107,082	5,565,776
Cash received from interfund services provided	-	-	-	-	-	81,073,177
Payments to suppliers	(26,917,680)	(7,884,218)	(6,235,079)	490,310	(40,546,667)	(67,907,230)
Payments to employees	(14,433,778)	(1,936,102)	(5,528,294)	-	(21,898,174)	(9,223,837)
Net cash provided by (used in) operating activities	34,070,051	16,522,224	6,314,997	754,969	57,662,241	9,507,886
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Transfers in	3,100,000	-	100,000	4,659,287	7,859,287	-
Transfers out	-	-	-	-	-	(1,585,942)
Noncapital financing activity - outflow	-	-	-	(5,286,564)	(5,286,564)	-
Net cash provided by (used in) noncapital financing activities	3,100,000	-	100,000	(627,277)	2,572,723	(1,585,942)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Transfers in	-	-	-	6,971,687	6,971,687	-
Acquisition of capital assets	(19,419,397)	(1,200,500)	(6,393,404)	(14,104,647)	(41,117,948)	(6,634,937)
Proceeds from Commonwealth of Virginia	-	-	(316,562)	-	(316,562)	-
Proceeds from Federal government	872,124	-	-	-	872,124	-
Proceeds from GO bonds	-	-	-	8,109,000	8,109,000	-
Proceeds from sale of capital assets	44,800	-	(693,731)	-	(648,931)	99,256
Principal payment of long-term debt	(6,459,998)	(1,162,073)	-	(692,000)	(8,314,071)	-
Interest paid	(4,188,530)	(5,680,135)	-	(284,040)	(10,152,705)	-
Due to other funds	-	195,728	-	-	195,728	-
Net cash provided by (used in) capital and related financing activities	(29,151,001)	(7,846,980)	(7,403,697)	-	(44,205,950)	(6,535,681)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Investment income	2,576,092	1,593,234	885,097	110,622	5,165,045	909,018
Net cash provided by investing activities	2,576,092	1,593,234	885,097	110,622	5,165,045	909,018
Net increase (decrease) in cash and temporary investments	10,595,142	10,268,478	(103,603)	238,314	20,998,331	2,295,281
<b>Cash and temporary investments beginning of year</b>	131,011,565	63,144,130	46,017,242	5,435,724	245,608,661	45,541,568
<b>Cash and temporary investments end of year</b>	\$ 141,606,707	\$ 73,412,608	\$ 45,913,639	\$ 5,674,038	266,606,992	\$ 47,836,849
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>						
Operating income (loss)	\$ 17,456,302	1,374,688	3,695,477	181,388	22,707,855	(3,399,816)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation and amortization	14,448,364	15,291,316	1,194,807	-	30,934,487	10,121,533
Pension expense	(470,324)	(39,540)	(190,274)	-	(700,138)	(180,313)
OPEB expense	(170,044)	(22,613)	(68,233)	-	(260,890)	(117,685)
Change in assets and liabilities increasing (decreasing) cash and temporary investments:						
Receivables	786,009	1,143,267	1,874,633	(1,045,982)	2,757,927	41,573
Prepaid expenses and other assets	(111,233)	-	-	-	(111,233)	(340,910)
Inventory of materials and supplies	(55,090)	4,071	-	-	(51,019)	(98,541)
Land and improvements held for sale	-	-	-	607,028	607,028	-
Accounts payable	2,159,024	78,965	(261,211)	1,012,535	2,989,313	647,390
Deposits	80,496	-	-	-	80,496	-
Unearned revenues	(114,369)	(1,301,509)	-	-	(1,415,878)	261,684
Deferred inflows	-	-	61,920	-	61,920	-
Accrued expenses and other liabilities	-	(2,378)	3,872	-	1,494	20,805
Liability for self-insurance losses	-	-	-	-	-	2,501,221
Accrued vacation, sick pay and overtime leave	60,916	(4,043)	4,006	-	60,879	50,945
Total adjustments	16,613,749	15,147,536	2,619,520	573,581	34,954,386	12,907,702
<b>Net cash provided by (used in) operating activities</b>	\$ 34,070,051	\$ 16,522,224	\$ 6,314,997	\$ 754,969	57,662,241	\$ 9,507,886
<b>Supplemental information on significant noncash transactions:</b>						
Contributions of capital assets	\$ 9,878,345	-	319,697	-	10,198,042	6,160,140

The notes to the financial statements are an integral part of this statement.

# Fiduciary Fund Financial Statements

**Agency Fund** – Includes Special Welfare Fund.

**Trust Fund** – Includes Other Postemployment Benefits Fund.



CITY OF CHESAPEAKE, VIRGINIA

*Schedule H*

Statement of Fiduciary Net Position  
 Fiduciary Funds  
 June 30, 2019

	<u>Agency Special Welfare</u>	<u>Other Postemployment Benefits Trust</u>
<b>ASSETS</b>		
Cash and temporary investments (note 2)	\$ 19,700	-
Investments with trustee, at fair value (note 2)		
Stocks	-	53,923,008
Taxable bonds	-	34,981,799
Money market	-	88,946
Total assets	\$ 19,700	88,993,753
<b>LIABILITIES AND NET POSITION</b>		
<b>Liabilities</b>		
Accounts payable	\$ -	2,059,219
Due to children under foster care	19,700	-
Total liabilities	19,700	2,059,219
<b>Net Position</b>		
Restricted for other postemployment benefits	-	86,934,534
<b>Total liabilities and net position</b>	\$ 19,700	88,993,753

The notes to the financial statements are an integral part of this statement.

CITY OF CHESAPEAKE, VIRGINIA

Schedule I

Statement of Changes in Fiduciary Net Position  
 Fiduciary Fund  
 Year Ended June 30, 2019

	<b>Other Postemployment Benefits Trust</b>
<b>ADDITIONS</b>	
Contributions from employer (note 11)	\$ 2,005,000
Contributions from plan members (note 11)	1,035,025
Investment income:	
Interest and dividend income	5,540,987
Net appreciation (depreciation) in fair value of investments	(76,150)
Less investment expenses	192,206
Net investment income	5,272,631
Total additions	8,312,656
<b>DEDUCTIONS</b>	
Administrative expenses	24,276
Benefits and refunds paid on behalf of plan members and beneficiaries (note 11)	5,050,492
Total deductions	5,074,768
<b>Change in net position</b>	<b>3,237,888</b>
<b>Held in trust for other postemployment benefits - beginning of year</b>	<b>83,696,646</b>
<b>Held in trust for other postemployment benefits - end of year</b>	<b>86,934,534</b>

The notes to the financial statements are an integral part of this statement.

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**Chesapeake**  
VIRGINIA

## Other Discretely Presented Component Units

**Chesapeake Mosquito Control Commission** – To account for the operation of the City's Mosquito Control Commission.

**Chesapeake Airport Authority** – To account for the operation of the Chesapeake Airport and its ancillary activities.

**Elizabeth River Properties of Chesapeake, Inc. (ERPC)** – To account for the operation of ERPC which assists the City's Community Services Department with residential services.



Combining Statement of Net Position  
Other Discretely Presented Component Units  
June 30, 2019

	Governmental Activities		Business-type Activities		Total
	Chesapeake Mosquito Control Commission	Chesapeake Airport Authority	Elizabeth River Properties of Chesapeake, Inc.		
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>					
<b>Assets</b>					
Cash and temporary investments (note 2)	\$ 4,921,426	1,123,210	498,426		6,543,062
Receivables, net of allowance for uncollectible amounts (note 3)	-	15,991	3,534		19,525
Inventories	342,895	-	-		342,895
Prepaid expenses	117,439	-	5,189		122,628
Capital assets:					
Land	530,778	2,266,581	613,707		3,411,066
Construction in progress	-	682,692	-		682,692
Buildings	2,405,297	-	1,582,098		3,987,395
Improvements other than buildings	14,897	21,787,285	37,001		21,839,183
Software, equipment and vehicles	1,668,507	258,246	-		1,926,753
Less accumulated depreciation	(2,199,603)	(16,662,314)	(755,369)		(19,617,286)
Net OPEB asset	7,120	-	-		7,120
Total assets	7,808,756	9,471,691	1,984,586		19,265,033
<b>Deferred Outflows of Resources (note 5)</b>	384,281	-	-		384,281
<b>Total assets and deferred outflows of resources</b>	\$ 8,193,037	9,471,691	1,984,586		19,649,314
<b>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>					
<b>Liabilities</b>					
Current liabilities:					
Accounts payable, deposits and accrued expenses (notes 3 and 16)	\$ 94,024	71,157	11,220		176,401
Unearned revenues	-	3,890	-		3,890
Due to primary government	-	142,100	-		142,100
Long-term liabilities (notes 6, 10 and 11):					
Due within one year	-	100,000	-		100,000
Due in more than one year	815,600	530,000	-		1,345,600
Total liabilities	909,624	847,147	11,220		1,767,991
<b>Deferred Inflows of Resources (note 5)</b>	230,952	-	-		230,952
<b>NET ASSETS</b>					
Net investment in capital assets	2,419,876	7,560,390	1,477,437		11,457,703
Restricted	-	220,509	-		220,509
Unrestricted	4,632,585	843,645	495,929		5,972,159
Total net position	7,052,461	8,624,544	1,973,366		17,650,371
<b>Total liabilities, deferred inflows and net position</b>	\$ 8,193,037	9,471,691	1,984,586		19,649,314

The notes to the financial statements are an integral part of this statement.

Combining Statement of Activities  
Other Discretely Presented Component Units  
Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues		Net Revenue (Expense) and Changes in Net Position			Total
		Charges for Services	Operating Grants and Contributions	Chesapeake Mosquito Control Commission	Chesapeake Airport Authority	Elizabeth River Properties of Chesapeake, Inc.	
<b>Governmental Type Activities</b>							
Chesapeake Mosquito Control Commission	\$ 3,719,396	-	4,850,143	1,130,747	-	-	1,130,747
<b>Business-type Activities</b>							
Chesapeake Airport Authority	1,368,689	472,310	926,007	-	29,628	-	29,628
Elizabeth River Properties of Chesapeake, Inc.	229,936	115,352	74,613	-	-	(39,971)	(39,971)
<b>Total component units</b>	\$ 5,318,021	587,662	5,850,763	1,130,747	29,628	(39,971)	1,120,404
	<b>Change in net position</b>			\$ 1,130,747	29,628	(39,971)	1,120,404
	<b>Net position - beginning</b>			5,921,714	8,594,916	2,013,337	16,529,967
	<b>Net position - ending</b>			\$ 7,052,461	8,624,544	1,973,366	17,650,371

The notes to the financial statements are an integral part of this statement.

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**Chesapeake**  
VIRGINIA

# Notes to Basic Financial Statements



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**Chesapeake**  
VIRGINIA

Notes to Basic Financial Statements  
June 30, 2019

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**(1) Summary of Significant Accounting Policies**

***The Reporting Entity***

The City of Chesapeake, Virginia (the City) was formed on January 1, 1963, under the provision of Chapter 211 of the Acts of Assembly of 1962, by the merger of the former City of South Norfolk and the County of Norfolk. The City is comprised of six boroughs; one borough representing the former City of South Norfolk and five boroughs representing the five magisterial districts of the former County of Norfolk.

The City's reporting entity consists of the Primary Government, as well as its component units, which are legally separate organizations for which the elected officials of the Primary Government are financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board and either (a) the ability to impose will by the Primary Government or (b) the possibility that the component unit will provide a financial benefit or impose a financial burden on the Primary Government.

The accompanying financial statements present the City (the Primary Government) 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 relationships with the City.

All of the City's component units are discretely presented except the CSB of Chesapeake, Inc. (CSBC, Inc.), which is blended with the City's governmental activities, the City of Chesapeake Other Postemployment Benefits Trust Fund (OPEB Trust Fund), which is a fiduciary-type component unit, and beginning in FY2019, the Economic Development Authority of the City of Chesapeake (the EDA), which is blended with the City's proprietary funds. Discretely presented component units are entities that are legally separate from the City, but for which the City is financially accountable or whose relationships with the City are such that exclusion would cause the City's financial statements to be misleading. These component units are reported in separate columns to emphasize that they are legally separate from the City. All of the City's component units have a fiscal year end of June 30. The following component units are discretely presented in the City's financial statements:

- The Chesapeake Public Schools (the Schools) are responsible for elementary and secondary education within the City. All nine members of the School Board are elected. The City Council approves the annual budget of the Schools, levies the necessary taxes to finance the Schools' operations and approves the borrowing of money and the issuance of bonds. Separate audited financial statements are available from the Chesapeake Public Schools at 312 Cedar Road, Chesapeake, Virginia 23322.
- The Chesapeake Airport Authority (the Airport Authority) was established by action of the General Assembly to operate the Chesapeake Airport and its ancillary operations. The City Council appoints the members of the Board of the Airport Authority, appropriates funds annually to pay administrative expenses of the Authority and funds operating deficits as necessary. The City has also provided the Airport Authority with a loan which is still outstanding. In addition, the Airport Authority issued revenue bonds for which the City has a non-binding obligation to appropriate sufficient funds if a deficit exists in the debt service reserve account for these bonds. Separate audited financial statements are available from the Chesapeake Airport Authority at 1777 West Road, Chesapeake, Virginia 23323.

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Notes to Basic Financial Statements  
June 30, 2019

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**(1) Continued**

- The Chesapeake Mosquito Control Commission (the Commission) manages the City's insecticide program. The Commission has seven appointed commissioners. The City finances the operations of the Commission through incremental property taxes of \$.01 per \$100 of assessed value for real estate properties and \$.08 per \$100 of assessed value for personal property. Although it is legally separate, the Commission is fiscally dependent on the City. The Commission does not issue separate audited financial statements.
- Elizabeth River Properties of Chesapeake, Inc. (ERPC) is a not-for-profit corporation organized under Section 501 (c)(3) of the Internal Revenue Code. ERPC provides housing for individuals served by Chesapeake Integrated Behavioral Healthcare (CIBH). The Board of Directors of CSBC, Inc., whose members are appointed by City Council, appoints the members of the Board of ERPC and appropriates funds annually to provide rental assistance to individuals served by CIBH. The CSBC, Inc. Board has also transferred funds to ERPC to be used for the purchase of additional residences for its use. Separate audited financial statements are available through the CIBH at 224 Great Bridge Boulevard, Chesapeake, Virginia 23320.

Blended component units are entities that are legally separate from the City, but which provide services entirely, or almost entirely, to the City or otherwise exclusively benefit the City. Activities of blended component units are considered to be so intertwined with the City's that they are, in substance, part of the City's operations. The following are blended component units in the City's financial statements:

- CSBC, Inc. was organized for the purpose of owning and financing a building to be used as a community services building by the City. CSBC, Inc. issued lease revenue bonds backed by the City's general obligation pledge. The holding bank had the option to require prepayment in 2014 so, as a result, the City issued general obligation bonds prior to that time to retire the remainder of the original bonds. The City Council appoints the members of the Board of Directors and appropriates funds annually to pay rent on the building, which CSBC, Inc. then uses to pay debt service on the bonds. No distinction is made between the activities of CSBC, Inc. and the City. As a result, CSBC, Inc. is reported as a special revenue fund in the City's financial statements. It does not issue separate audited financial statements.
- The EDA was established under the Industrial Development and Revenue Bond Act, Code of Virginia. The EDA is responsible for promoting industry and developing trade by inducing manufacturing, industrial and commercial enterprises to locate or to remain in the City. They also have all rights and powers normally associated with a port authority as approved by the City Council. The City Council appoints the members of the Board of the EDA. The City also appropriates funds annually to pay the administrative and grant expenses of the EDA. Although legally separate in substance, the EDA meets the requirements of a blended component unit under GAAP because the EDA's outstanding debt is expected to be repaid entirely or almost entirely with the resources of the primary government. Separate audited financial statements for the EDA are available through the City's Department of Economic Development at 676 Independence Parkway, Suite 200, Chesapeake, Virginia 23320.

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Notes to Basic Financial Statements  
June 30, 2019

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**(1) Continued**

Fiduciary-type component units are entities that are legally separate from the City, but are included within the fiduciary fund financial statements, where no distinction is made between component units and fiduciary funds of the City. The OPEB Trust Fund is a fiduciary-type component unit of the City established for the purpose of accumulating and investing assets to fund other postemployment benefits obligations. The City Council appoints the members of the OPEB Trust Fund Finance Board and appropriates funds annually to pay current retiree health insurance premiums and prefund future benefits. The OPEB Trust Fund is included as a fiduciary fund in the City's financial statements.

***Government-wide and Fund Financial Statements***

The government-wide financial statements report information on all of the nonfiduciary activities of the Primary Government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services. Likewise, the Primary Government is reported separately from certain legally separate discretely presented component units for which the Primary Government is financially accountable.

Separate financial statements are also provided for the Schools and other discretely presented component units which are aggregated in the government-wide financial statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or activity is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Included in direct expenses are certain indirect costs that have been allocated to the various programs. 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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate fund financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter is excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

***Measurement Focus, Basis of Accounting and Financial Statement Presentation***

The government-wide and proprietary 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 revenue as soon as all eligibility requirements imposed by the provider have been met. The fiduciary fund financial statements are custodial in nature, do not involve the measurement of results of operations and use the accrual basis of accounting.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are susceptible to accrual (i.e. both measurable and available). Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period, usually within 45 days after year end. Expenditures, other than interest on long-term debt which is recorded when due, are recorded when the related fund liability is incurred.

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Notes to Basic Financial Statements  
June 30, 2019

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**(1) Continued**

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the accrual criteria are met.

In the fund financial statements, real and personal property taxes are recorded as revenues and receivables when levied and billed, net of allowances for uncollectible amounts. Property tax receivables not collected within 45 days after year end are reflected as deferred inflows of resources. Sales and utility taxes, which are collected by the Commonwealth of Virginia or utility companies by year end and subsequently remitted to the City, are recognized as revenues and receivables upon collection by the Commonwealth of Virginia or utility company, which is generally in the month preceding receipt by the City. Licenses and permits, fines and forfeitures, charges for services and miscellaneous revenues (except interest on temporary investments) are recorded as revenues when received in cash because they are generally not measurable until actually received.

The City reports the following major governmental funds:

The *General Fund* is the City's primary operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

The *Debt Service Fund* accounts for the accumulation of resources for the payment of principal, interest and related costs on long-term debt of governmental funds.

The *Capital Projects Fund* is used to account for financial resources to be used for the acquisition or construction of most major capital facilities other than those financed by proprietary funds.

The City reports the following proprietary funds:

The *Public Utilities Fund* accounts for the operation of the City's water and sewer departments.

The *Chesapeake Transportation System Fund* accounts for the operation of the Chesapeake Expressway and Dominion Boulevard Veterans Bridge toll roads and related construction projects.

The *Stormwater Management Fund* accounts for the operation of the City's stormwater utility and to fund the required improvements to stormwater quality.

The *Economic Development Authority* accounts for the operation of the EDA, which is responsible for promoting industry and developing trade.

The *Internal Service Funds* account for central computer and information technology services, central fleet management services for City-owned vehicles and the services of the City's self-insurance programs provided to other departments, agencies or component units of the City on a cost-reimbursement basis.

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Notes to Basic Financial Statements  
June 30, 2019

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**(1) Continued**

Operations of the proprietary funds are designed to be primarily self-supporting through user charges. These funds service their own debt and construction projects and record the acquisition of their depreciable assets and land.

Additionally, the City reports the following fund types:

Nonmajor governmental funds:

*Special Revenue Funds* account for revenues and expenditures related to programs that are restricted in nature for specific purposes. Examples include providing services to mental health, mental retardation and substance abuse programs, juvenile detention services, emergency call center services, activities of the Community Development Block Grant Program, individual grant programs, tax increment financing districts, accounting for cash proffers provided by developers for specific purposes and rendering economic aid to certain qualifying citizens under several different programs.

*Permanent Funds* account for the investment of funds donated to the City whose principal must be maintained in perpetuity.

Fiduciary funds:

The *Special Welfare Agency Fund* accounts for the transfer of funds provided by the Virginia Public Assistance Fund for aid to dependent children. The City acts in an agent capacity for these individual dependent children.

The *Other Postemployment Benefits (OPEB) Trust Fund* accounts for assets accumulated to fund other postemployment benefit obligations of the City. The component unit acts in a trustee capacity for retirees and beneficiaries receiving these benefits.

As a general rule, the effect of interfund activity has 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 public utility 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 concerned.

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 City's proprietary funds are charges to customers for sales and services. The Public Utilities Enterprise Fund also recognizes certain rental fees as operating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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Notes to Basic Financial Statements  
June 30, 2019

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**(1) Continued**

***Cash and Temporary Investments***

The City maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the Statement of Net Position or Balance Sheet as "Cash and temporary investments." In addition, the City has restricted deposits held by trustees for future retirements of bonds at the appropriate call date and for construction projects.

Cash and temporary investments are stated at fair value, which is based on quoted market prices. For U.S. Government securities with maturity dates of less than one year, the investments are valued at amortized cost. Because the City uses the pooled cash investment method, individual fund overdrafts are reclassified as due to/due from other funds or internal balances for financial statement purposes. Income from the investment of pooled cash is allocated to the various funds based on the percentage of cash and temporary investments of each fund to the total pooled cash and temporary investments.

For purposes of the Statement of Cash Flows, all highly liquid debt instruments and certificates of deposit, with original maturities of three months or less from the date of purchase, are grouped into cash and temporary investments. The cash and investment pool discussed above is considered cash since it has the same characteristics as a demand deposit account.

***Receivables and Payables***

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" or "advances to/from other funds" in the fund statements. All residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

In the fund statements, long-term interfund advances and advances to component units are recorded as receivables with corresponding committed classification of fund balance by the advancing fund.

Provisions for uncollectible advances to component units are based upon the terms of the notes, which are non-interest bearing, unsecured with the City.

Provisions for uncollectible accounts receivable are generally established using historical collection data, receivable types, age of receivables and subsequent cash receipts.

The two major sources of property taxes are described below as reported in the fund financial statements:

***Real Estate***

Each year as of July 1, the City levies real estate taxes on all real estate within its boundaries, except that exempted by statute. Real estate taxes are levied on the estimated market value of the property and become a lien on real property the first day of the levy year. The City follows the practice of reassessing all property annually.

Real estate taxes are collected in quarterly payments due September 30, December 30, March 30 and June 5. During the fiscal year, the current year real estate taxes reported as revenue are the levies on assessed valuation on July 1, 2018, less an allowance for uncollectible amounts and taxes not collected within 45 days after year end. The tax rate for 2019 was \$1.04 per \$100 of assessed value with an additional \$.01 per \$100 of assessed value for mosquito control services.

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Notes to Basic Financial Statements  
June 30, 2019

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**(1) Continued**

*Personal Property*

The City levies personal property taxes on motor vehicles and tangible personal business property. These levies are made each year as of January 1 with payment due the following June 5. The current year personal property taxes reported as revenue are the levies on assessed valuation at January 1, 2019 less an allowance for uncollectible amounts and taxes not collected within 45 days after year end. The tax rate for 2019 was \$4.00 per \$100 of assessed value with an additional \$.08 per \$100 of assessed value for mosquito control services.

*Inventories and Prepaids*

Inventory consists of expendable materials and supplies held for future consumption and are valued using the weighted average cost method. All inventories of governmental funds and proprietary funds are recorded under the consumption method as expenditures or expenses when consumed, rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

*Land and Improvements Held for Sale*

The EDA recognizes revenues from the sale of land upon settlement. Land held for sale is stated at acquisition cost plus improvements and capitalized interest, net of interest income, if any, adjusted for any revisions to value. Costs other than acquisition costs are allocated on a per acre basis to all parcels held during the year. As a parcel of land is sold, all costs associated with that parcel are charged to cost of land sold.

*Capital Assets*

Capital assets, which include land, intangible assets, buildings, improvements, equipment, vehicles and infrastructure assets (i.e. roads, bridges, drainage and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the proprietary fund financial statements. Drainage infrastructure assets are capitalized in the Stormwater Management Fund to the extent they are funded with stormwater fees. All other drainage is capitalized in the governmental activities column in the government-wide financial statements.

Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if actual cost is not available. Donated capital assets are measured at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as the projects are constructed.

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Notes to Basic Financial Statements  
June 30, 2019

**(1) Continued**

Capital assets of the Primary Government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

<b>Capital Assets</b>	<b>Useful Lives</b>
Buildings	10-50 years
Improvements other than buildings	10-45 years
Software, equipment and vehicles	3-50 years
Infrastructure	10-50 years

***Vacation, Sick Pay, Paid Time Off and Accrued Overtime Leave***

City employees are granted vacation, sick pay, paid time off and accrued overtime leave in varying amounts as services are provided. Employees may accumulate, subject to certain limitations, unused vacation, sick pay, paid time off and accrued overtime leave earned and, upon retirement, termination or death, may be compensated for certain amounts at their most current rate of pay. The costs of accumulated vacation, paid time off and overtime leave are accrued as a liability as the benefits are earned by employees if attributable to services already rendered and compensation through paid time off or some other means is probable. Sick leave liability is accrued as the benefits are earned by employees if it is probable the City will compensate the employees for the benefits through cash payments conditioned upon the employees' termination or retirement. These liabilities are accounted for in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured as a result of employee resignations and retirements.

***Deferred Outflows/Inflows of Resources***

In addition to assets, the financial statements will sometimes report a separate section for deferred outflows of resources representing a consumption of net position that applies to future periods and will not be recognized as an expense or expenditure until that time. In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources representing an acquisition of net position that applies to future periods and will not be recognized as revenue until that time.

***Long-term Obligations***

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable Statement of Net Position. Bond premiums and discounts, as well as gains or losses on refunding, are deferred and amortized over the life of the bonds using the straight-line method. Beginning with the 2007B Series of bonds issued, the effective interest method is applied to that and all subsequent bond premiums and discounts for all issuances where the straight line method is materially different than the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Gains or losses on bond refundings are reported as deferred outflows or inflows, respectively.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond refunding 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 received, are reported as debt service expenditures in the year incurred.

(Continued)

Notes to Basic Financial Statements  
June 30, 2019

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**(1) Continued**

The City implemented GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, effective for the year ending June 30, 2019. This statements requires that additional essential information related to debt be disclosed in the notes to the financial statements, including information on direct borrowings and placements, unused lines of credit, assets pledged as collateral, significant events of default with finance-related consequences and significant subjective acceleration clauses.

***Encumbrances***

Encumbrances outstanding at year end represent the estimated amount of the expenditures required to complete contracts, purchase orders and other commitments in process of completion at fiscal year end. Encumbrances outstanding at year end do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year. Fund balances in the fund financial statements at year end reflect the encumbrances as commitments.

***Net Position***

The government-wide and business-type fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

***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 either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

***Restricted*** - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (City charter). 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, the highest level of decision making authority for the City. 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 (such as an ordinance) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

(Continued)

Notes to Basic Financial Statements  
June 30, 2019

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**(1) Continued**

**Assigned** - Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes that are neither considered restricted nor committed. These amounts can be assigned either by any action of the governing board or by designees with authority to assign. Amounts can be unassigned by the same process. Per the City's policy, the City Manager (or his designee) has the authority to assign amounts of a fund balance to promote sound financial operations of the City or to meet future obligations.

In governmental funds other than the General Fund, assigned fund balance represents the remaining amounts (except for negative balances) that are not classified as nonspendable and are neither restricted nor committed.

**Unassigned** - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. The General Fund is the only fund that reports a positive unassigned fund balance amount. 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.

***Minimum Fund Balance Policy***

The City Charter requires that a minimum of 6% of specified revenues of the General Fund and Special Revenue funds be restricted for emergency use and cash flow needs, which may occur throughout the fiscal year. In addition, the City shall budget for 12% of these same revenues as unassigned fund balance in the General Fund in order to maintain the policy requirement of a minimum 10% as adopted by resolution of City Council on June 10, 2014.

Notes to Basic Financial Statements  
June 30, 2019

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**(2) Deposits and Investments**

***Deposits***

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the Act) Section 2.2-4400 et. seq. of the *Code of Virginia*. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial Institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50.0% to 130.0% of excess deposits. Accordingly, all deposits are considered fully collateralized.

The carrying value of pooled deposits, as of June 30, 2019 is \$251,606,901 including petty cash of \$55,299 and cash in the special welfare fiduciary fund of \$19,700. Cash of \$863,488 is being held by the Commonwealth of Virginia.

***Investments***

Statutes, as well as the City's investment policy, authorize the City to invest in obligations of the United States or agencies thereof; "prime quality" commercial paper and certain corporate notes, bankers' acceptances, repurchase agreements, certain certificates of deposit and time deposits and the State Treasurer's Local Government Investment Pool (LGIP). Money market accounts and mutual funds with underlying securities which are within the parameters described above are also allowable as well as investment of funds in deposits. Though not authorized by the City's investment policy, statutes do allow the following investments: obligations of 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, obligations of any state of the United States, obligations of any city, county, town or district situated in any one of the states of the United States and certificates representing ownership of either treasury bond principal at maturity or its coupons for accrued periods.

***Fair Value Measurements:***

The City categorizes its investments (non-restricted) by fair value measurements within the fair value hierarchy established by the accounting principles generally accepted in the United States of America (GAAP). These principles recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Investments reflect prices quoted in active markets for identical assets.
- Level 2: Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs that are not considered to be active; and,
- Level 3: Investments reflect prices based upon unobservable sources.

Investments with a maturity of one year or less are measured at amortized cost and investments with a maturity of one year or more are measured at fair value.

*(Continued)*

Notes to Basic Financial Statements  
June 30, 2019

**(2) Continued**

Investments by Fair Value Level and Amortized Cost at year end are shown below:

<b>Investments by Fair Value Level (Market Approach: maturity &gt;1yr)</b>	<b>Other Observable Inputs (Level 2)</b>	<b>Total</b>
Debt Securities:		
Federal Agency Coupon Securities	\$ 3,363,623	3,363,623
Corporate Notes	38,836,594	38,836,594
Certificates of Deposit	126,208,082	126,208,082
Commercial Paper Discount-Amortizing	86,825,300	86,825,300
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Total investments by fair value level (a)	255,233,599	255,233,599
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<b>Investments measured at Amortized Cost (Book Value: maturity &lt;1yr)</b>		
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Money Market Fund		287,170,352
U.S. Treasury Notes		13,588,330
U.S. Treasury Bills		49,939
Federal Agency Coupon Securities		47,262,376
Federal Agency Discount-Amortizing		2,785,729
Taxable Municipal Bonds		500,000
<hr/>		
Total investments at amortized cost (b)		351,356,726
<hr/>		
Total Pool and Directed Investments (a+b)		\$ 606,590,325

The City has investments, other than commercial paper, which are valued at \$168,408,299. 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 the benchmark quoted prices. Fair value is defined as the quoted market value on the last trading day of the period. These prices are obtained from various pricing sources by our custodian bank.

Investments in Commercial Paper are classified in Level 2 of the fair value hierarchy and are valued in accordance with pricing sources by the custodian bank.

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Notes to Basic Financial Statements  
June 30, 2019

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**(2) Continued**

*Credit Risk*

Generally credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by nationally recognized statistical rating organizations. Presented at the end of this footnote are the specifically identified investment ratings as of June 30, 2019.

*Custodial Credit Risk – Deposits*

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. All deposits of the City are maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-400 et. seq. of the *Code of Virginia* or covered by the FDIC.

*Custodial Credit Risk – Investments*

Investment custodial credit risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments. The City's investment policy requires securities be purchased only from brokerage firms/institutions with offices that are under the Commonwealth of Virginia's supervision and located in the Commonwealth of Virginia. The City holds no investments that are at risk.

*Concentration of Credit Risk*

The City's investment policy requires that its portfolio be diversified with not more than 5.0% of the value of the portfolio invested in securities of any single issuer, excluding securities of the U.S. Government or agency thereof, government-sponsored corporation securities, or fully insured and/or collateralized certificates of deposit.

At June 30, 2019, the City was holding collateralized certificates of deposit in TowneBank of \$105,198,642, which represented 16.3% of the City's total investments. The City held no other investments by any one issuer that represented over 5.0% of the City's total investments other than U.S. Treasury securities, mutual funds and external investment pools.

*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 U.S. Treasury and U.S. Agency securities to maturities of less than five years; guaranteed investment contracts to maturities of less than 30 years; bankers' acceptances to maturities of less than 180 days; commercial paper to maturities of less than 270 days; and corporate notes to maturities of less than five years.

Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements. These debt agreements limit U.S. Agency securities to maturities of less than five years and guaranteed investment contracts to maturities of less than 30 years.

(Continued)

Notes to Basic Financial Statements  
June 30, 2019

**(2) Continued**

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.

*Foreign Currency Risk*

The City of Chesapeake OPEB Trust invests in U.S. dollars denominated mutual funds that may invest in international stocks, bonds and other assets. Although the assets of the funds are all held in U.S. dollars, the market value of the assets may fluctuate in part due to changes in foreign currency exchange rates.

*Amounts Relating to Component Units*

The cash and investments of the Schools and the Mosquito Control Commission component units, along with the OPEB fiduciary trust fund have been pooled with the cash and investments of the Primary Government and, therefore, are included in the above information. The remaining component units, with cash and investments amounting to \$1,621,636 have been excluded because risk information is not available.

A reconciliation of the carrying value of deposits and investments as reported above to amounts reported in the Statement of Net Position and Statement of Fiduciary Net Position for the reporting entity is as follows:

Deposits and investments:	
Pooled deposits	\$ 251,606,901
State set-aside fund	863,488
Restricted deposits	1,000,000
Investments	569,782,380
Restricted cash and investments	77,114,613
Other Component Units	1,621,636
<hr/>	
Total deposits and investments	\$ 901,989,018
<hr/>	
Per Schedules A and H:	
Cash and temporary investments	\$ 517,669,517
Cash and temporary investments with trustee	135,706,984
Cash restricted for debt service	5,209,073
Cash restricted for debt service with trustee	17,973,547
Cash with state set-aside	863,488
Cash restricted for Public Utilities improvement and redemption	1,000,000
Investment - zero coupon bond	1,040,278
Capital construction - cash and temporary investments	211,130,948
Capital construction - cash and temporary investments with trustee	11,395,183
<hr/>	
Total cash and temporary investments per Schedules A and H	\$ 901,989,018

(Continued)

Notes to Basic Financial Statements  
June 30, 2019

**(2) Continued**

Investments by type and rating at year-end are shown below:

	Amount	Rating	Weighted Average Maturity (Months)	
<b>Investments:</b>				
Bank Money Market Accounts	\$ 30,913,474	AAA	0.0	
Caprin Money Market Mutual Fund - First American Government	7,075	AAA	0.0	
Commercial Paper	86,825,300	AAA	7.5	
U.S. Government-Sponsored Coupon Securities	50,660,881	AA	4.8	
U.S. Government-Sponsored Coupon Securities - Discounts	2,782,408	AA	3.5	
Corporate Notes	6,990,270	AA	7.0	
Corporate Notes	31,846,324	AA-	7.0	
Municipal Bonds - Taxable	502,775	AAA	5.1	
U.S. Treasury Coupon Securities - Discounts	14,010,317	AAA	1.5	
Local Government Investment Pool	217,616,944	AAA	0.0	
OPEB - Irrevocable Trust at Local Government Investment Pool	3,339	AAA	0.0	
Virginia State Non-Arbitrage Program	38,632,859	AAA	0.0	
<b>Total Investments</b>	<b>480,791,966</b>			
<b>Restricted investments:</b>				
Money market deposit	2,487,998	Unrated	0.0	
Wells Fargo Advantage Heritage - Money Mkt Institutional (VML)	219	AAA	0.0	
U.S. Government-sponsored discount securities	1,040,278	AAA	141.6	
PFM - SNAP (Virginia State Non-Arbitrage Program)	64,063,135	AAA	0.0	
PFM - SNAP First Americ Treas Oblig Fd - CID-Toll Road Bonds	9,522,983	AAA	0.0	
<b>Total Restricted Investments</b>	<b>77,114,613</b>			
<b>Total Investments and Restricted Investments</b>	<b>557,906,579</b>			
<b>Portfolio weighted average maturity (months)</b>			<b>2.4</b>	
<b>Irrevocable Trust:</b>				
OPEB - Diversified Portfolio	88,990,414	Various		
<b>Total</b>	<b>88,990,414</b>			
<b>Total Investments, Restricted Investments and Irrevocable Trust</b>	<b>\$ 646,896,993</b>			
	<b>Investments</b>	<b>Restricted Investments</b>	<b>Irrevocable Trust</b>	<b>Total</b>
<b>Investment totals by rating:</b>				
<b>AAA</b>	\$ 388,512,083	74,626,615	-	463,138,698
<b>AA</b>	60,433,559	-	-	60,433,559
<b>AA-</b>	31,846,324	-	-	31,846,324
<b>Unrated</b>	-	2,487,998	-	2,487,998
<b>Various</b>	-	-	88,990,414	88,990,414
<b>Total</b>	<b>\$ 480,791,966</b>	<b>77,114,613</b>	<b>88,990,414</b>	<b>646,896,993</b>

(Continued)

Notes to Basic Financial Statements  
June 30, 2019

**(3) Accounts Receivable and Payable**

Accounts receivable, net of allowance for uncollectibles, for the Primary Government in the Statement of Net Position as of June 30, 2019 are as follows:

	<b>Governmental Activities</b>	<b>Business-type Activities</b>
Due from Commonwealth of Virginia	\$ 46,396,110	316,562
Due from Federal government	3,198,652	-
Due from customers	6,382,702	24,022,565
Property taxes receivable	41,702,066	-
Interest receivable	1,865,853	614,072
Other	15,367,143	-
<b>Total accounts receivable</b>	<b>\$ 114,912,526</b>	<b>24,953,199</b>

Accounts receivable, net of allowance for uncollectibles, for the discretely presented component units in the Statement of Net Position as of June 30, 2019 are as follows:

	<b>Public Schools</b>	<b>Other</b>
Due from Commonwealth of Virginia	\$ 9,367,418	-
Due from Federal government	18,888,581	-
Other	1,395,199	19,525
<b>Total accounts receivable</b>	<b>\$ 29,651,198</b>	<b>19,525</b>

Accounts receivable, net of allowance for uncollectibles, in the governmental funds as of June 30, 2019 are as follows:

	<b>General Fund</b>	<b>Debt Service Fund</b>	<b>Capital Projects Fund</b>	<b>Other Governmental Funds</b>
Due from Commonwealth of Virginia	\$ 34,359,776	-	9,612,132	2,424,202
Due from Federal government	-	-	256,199	2,942,453
Property taxes receivable	41,702,066	-	-	-
Interest receivable	1,587,480	100,412	-	1,203
Other	19,152,758	13,497	-	2,426,756
<b>Total accounts receivable</b>	<b>\$ 96,802,080</b>	<b>113,909</b>	<b>9,868,331</b>	<b>7,794,614</b>

(Continued)

Notes to Basic Financial Statements  
June 30, 2019

**(3) Continued**

Property taxes receivable in the General Fund as of June 30, 2019 are as follows:

	Taxes Receivable	Allowance for Uncollectible Amounts	Net Taxes Receivable
Real property	\$ 7,255,532	172,600	7,082,932
Personal property	37,033,960	2,418,049	34,615,911
Public service coporations	3,224	-	3,224
Total property taxes receivable	\$ 44,292,715	2,590,649	41,702,066

The total allowance for uncollectible receivables in the General Fund is \$6,761,292, which includes a \$2,590,649 allowance for uncollectible taxes, a \$677,174 allowance for uncollectible emergency medical service fees, a \$520,064 allowance for uncollectible vehicle license fees, a \$2,139,405 allowance for uncollectible miscellaneous City invoices and a \$834,000 allowance for the Gateway at SoNo receivable. The allowance for uncollectible accounts in the other governmental funds consists of \$2,090,726 in uncollectible client fees from CIBH, \$1,380,174 in the Fee Supported Fund for red light cameras and \$81,916 in miscellaneous uncollectible invoices for various other Special Revenue funds.

Accounts receivable, net of allowance for uncollectibles, in the proprietary funds as of June 30, 2019 are as follows:

	Public Utilities Fund	Chesapeake Transportation System	Stormwater Management Fund	Economic Development Authority	Internal Service Funds
Due from customers and others	\$ 12,299,043	688,315	10,273,287	1,078,482	156,834
Interest receivable	377,121	144,663	92,288	-	176,758
Total accounts receivable	\$ 12,676,164	832,978	10,365,575	1,078,482	333,592

Accounts payable, deposits and accrued expenses for the Primary Government in the Statement of Net Position as of June 30, 2019 are as follows:

	Governmental Activities	Business-type Activities
Accounts payable	\$ 12,647,925	7,329,568
Deposits	2,598,898	1,082,056
Accrued expenses, excluding interest	7,180,482	383,679
Accrued interest payable	4,589,772	3,496,451
Other liabilities	714,841	1,096,380
Construction projects payable	7,595,007	3,906,177
Due to Commonwealth of Virginia	534,931	-
Total accounts payable, deposits and accrued expenses	\$ 35,861,856	\$ 17,294,311

(Continued)

Notes to Basic Financial Statements  
June 30, 2019

**(3) Continued**

Accounts payable, deposits and accrued expenses for the discretely presented component units in the Statement of Net Position as of June 30, 2019 are as follows:

	<b>Public Schools</b>	<b>Other</b>
Accounts payable	\$ 8,470,894	54,456
Deposits	-	31,791
Accrued expenses	42,784,154	90,154
Claims payable	6,088,380	-
Total accounts payable, deposits and accrued expenses	\$ 57,343,428	176,401

Accounts payable, deposits and accrued expenditures in the governmental funds as of June 30, 2019 are as follows:

	<b>General Fund</b>	<b>Debt Service Fund</b>	<b>Capital Projects Fund</b>	<b>Other Governmental Funds</b>
Accounts payable and deposits	\$ 9,651,370	3,291	-	2,883,820
Accrued expenditures, excluding interest	6,118,520	-	-	892,599
Other liabilities	710,580	-	-	2,975
Construction projects payable	-	-	7,595,007	-
Due to Commonwealth of Virginia	475,170	-	-	59,761
Total accounts payable, deposits and accrued expenditures	\$ 16,955,640	3,291	7,595,007	3,839,155

Accounts payable, deposits and accrued expenses in the proprietary funds as of June 30, 2019 are as follows:

	<b>Public Utilities Fund</b>	<b>Chesapeake Transportation System</b>	<b>Stormwater Management Fund</b>	<b>Economic Development Authority</b>	<b>Internal Service Funds</b>
Accounts payable and deposits	\$ 6,480,578	566,980	264,360	1,099,706	2,708,342
Accrued expenses, excluding interest	255,702	33,465	94,511	-	169,363
Accrued interest payable	1,101,944	2,371,325	-	23,182	-
Other liabilities	1,096,156	225	-	-	1,286
Construction projects payable	2,847,272	220,459	838,446	-	-
Total accounts payable, deposits and accrued expenses	\$ 11,781,652	3,192,454	1,197,317	1,122,888	2,878,991

(Continued)

Notes to Basic Financial Statements  
June 30, 2019

**(4) Capital Assets**

Capital asset activities for the year ended June 30, 2019 are as follows:

**Primary Government  
Governmental activities:**

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets, not being depreciated:				
Land	\$ 63,066,377	2,565,937	-	65,632,314
Land - School	3,016,081	-	-	3,016,081
Intangibles	344,103,444	9,028,696	(2,812)	353,129,328
Construction in progress	117,885,728	44,431,697	(63,479,726)	98,837,699
Construction in progress - ISF	3,187,539	319,900	-	3,507,439
<b>Total capital assets, not being depreciated</b>	<b>531,259,169</b>	<b>56,346,230</b>	<b>(63,482,538)</b>	<b>524,122,861</b>
Capital assets, being depreciated:				
Buildings	239,834,220	31,949,884	-	271,784,104
Buildings - ISF	648,167	-	-	648,167
Buildings - School	397,913,611	-	-	397,913,611
Improvements other than buildings	52,547,810	6,840,272	(12,730)	59,375,352
Improvements other than buildings - ISF	4,582,725	-	-	4,582,725
Software, equipment and vehicles	57,563,633	14,578,652	(5,515,878)	66,626,407
Software, equipment and vehicles - ISF	123,370,594	12,562,438	(3,899,891)	132,033,141
Infrastructure	1,201,533,537	18,698,689	(3,165)	1,220,229,061
Infrastructure - ISF	77,584	-	-	77,584
<b>Total capital assets being depreciated</b>	<b>2,078,071,881</b>	<b>84,629,935</b>	<b>(9,431,664)</b>	<b>2,153,270,152</b>
Less accumulated depreciation for:				
Buildings	(107,412,524)	(6,853,827)	-	(114,266,351)
Buildings - ISF	(277,280)	(17,376)	-	(294,656)
Buildings - School	(184,293,181)	(7,405,217)	-	(191,698,398)
Improvements other than buildings	(20,641,494)	(3,277,788)	8,805	(23,910,477)
Improvements other than buildings - ISF	(3,354,252)	(209,871)	-	(3,564,123)
Software, equipment and vehicles	(35,056,102)	(6,971,950)	1,588,820	(40,439,232)
Software, equipment and vehicles - ISF	(80,065,796)	(9,889,132)	3,812,630	(86,142,298)
Infrastructure	(961,242,148)	(20,245,561)	-	(981,487,709)
Infrastructure - ISF	(34,813)	(5,153)	-	(39,966)
<b>Total accumulated depreciation</b>	<b>(1,392,377,590)</b>	<b>(54,875,875)</b>	<b>5,410,255</b>	<b>(1,441,843,210)</b>
<b>Total capital assets being depreciated, net</b>	<b>685,694,291</b>	<b>29,754,060</b>	<b>(4,021,409)</b>	<b>711,426,942</b>
<b>Capital assets, net</b>	<b>\$ 1,216,953,460</b>	<b>86,100,290</b>	<b>(67,503,947)</b>	<b>1,235,549,803</b>

(Continued)

Notes to Basic Financial Statements  
June 30, 2019

**(4) Continued**

Governmental Activities capital assets, net of accumulated depreciation, at June 30, 2019 are comprised of the following:

General Government Capital Assets, net	\$	1,184,741,790
Internal Service Fund Capital Assets, net		50,808,013
<b>Total</b>	<b>\$</b>	<b>1,235,549,803</b>

Depreciation expense for governmental activities was charged to functions of the Primary Government for the year ended June 30, 2019 as follows:

General government	\$	13,054,484
Public safety		1,934,578
Public works		1,496,274
Parks and recreation		429,521
Public welfare		188,706
Education		7,405,217
Net unallocated portion (depreciation of general infrastructure assets)		20,245,562
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets		10,121,533
<b>Total depreciation expense, governmental activities</b>	<b>\$</b>	<b>54,875,875</b>

Construction in progress for governmental activities is composed of the following:

Function	Project Authorization	Expended to June 30, 2019	Committed
General government	\$ 114,396,428	44,852,229	19,065,182
Public safety	38,341,823	10,942,338	7,815,475
Public works	120,776,430	44,586,750	11,694,886
Parks and recreation	6,574,623	1,469,322	572,469
Public welfare	2,590,248	494,499	98,561
Education	221	-	-
<b>Total</b>	<b>\$ 282,679,773</b>	<b>102,345,138</b>	<b>39,246,573</b>

The construction in progress consists of \$97,355,630 from capital projects, \$364,952 from grants, \$1,117,117 from operating funds and \$3,507,439 from internal service funds.

Notes to Basic Financial Statements  
June 30, 2019

**(4) Continued****Business-type activities:**

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets, not being depreciated:				
Land	\$ 95,818,549	285,604	-	96,104,153
Intangibles	4,028,102	14,598,031	-	18,626,133
Construction in progress	62,808,045	26,288,362	(32,169,788)	56,926,619
<b>Total capital assets, not being depreciated</b>	<b>162,654,696</b>	<b>41,171,997</b>	<b>(32,169,788)</b>	<b>171,656,905</b>
Capital assets, being depreciated:				
Buildings	6,584,139	35,072	-	6,619,211
Improvements other than buildings	3,858,249	254,700	-	4,112,949
Software, equipment and vehicles	33,289,659	4,689,930	(2,462,957)	35,516,632
Infrastructure	1,010,936,234	39,934,972	(400,158)	1,050,471,048
<b>Total capital assets, being depreciated</b>	<b>1,054,668,281</b>	<b>44,914,674</b>	<b>(2,863,115)</b>	<b>1,096,719,840</b>
Less accumulated depreciation for:				
Buildings	(2,485,252)	(177,081)	-	(2,662,333)
Improvements other than buildings	(1,323,093)	(103,038)	-	(1,426,131)
Software, equipment and vehicles	(19,133,736)	(2,227,766)	88,940	(21,272,562)
Infrastructure	(338,622,272)	(29,330,275)	101,292	(367,851,255)
<b>Total accumulated depreciation</b>	<b>(361,564,353)</b>	<b>(31,838,160)</b>	<b>190,232</b>	<b>(393,212,281)</b>
<b>Total capital assets being depreciated, net</b>	<b>693,103,928</b>	<b>13,076,514</b>	<b>(2,672,883)</b>	<b>703,507,559</b>
<b>Capital assets, net</b>	<b>\$ 855,758,624</b>	<b>54,248,511</b>	<b>(34,842,671)</b>	<b>875,164,464</b>

Depreciation expense for business-type activities was charged to functions of the Primary Government as follows:

Public Utilities Fund	\$ 15,041,986
Chesapeake Transportation System	15,601,367
Stormwater Management Fund	1,194,807
<b>Total depreciation expense, business-type activities</b>	<b>\$ 31,838,160</b>

Depreciation and amortization expense for business-type activities of \$30,934,487 includes unallocated portion of depreciation expense noted above of \$31,838,160 net of amortization of deferred bond premiums and refunding costs of \$903,673.

The estimated cost to complete the construction in progress of the business-type activities amounted to approximately \$169.8 million at June 30, 2019.

(Continued)

Notes to Basic Financial Statements  
June 30, 2019

**(4) Continued****Public Utilities Fund:**

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets, not being depreciated:				
Land	\$ 10,727,890	285,604	-	11,013,494
Intangibles	2,605,322	291,302	-	2,896,624
Construction in progress	53,712,375	16,882,733	(26,313,216)	44,281,892
<b>Total capital assets, not being depreciated</b>	<b>67,045,587</b>	<b>17,459,639</b>	<b>(26,313,216)</b>	<b>58,192,010</b>
Capital assets, being depreciated:				
Buildings	842,913	35,072	-	877,985
Improvements other than buildings	3,747,433	254,700	-	4,002,133
Software, equipment and vehicles	21,643,214	3,943,921	(1,717,591)	23,869,544
Infrastructure	612,701,726	34,979,162	(400,158)	647,280,730
<b>Total capital assets, being depreciated</b>	<b>638,935,286</b>	<b>39,212,855</b>	<b>(2,117,749)</b>	<b>676,030,392</b>
Less accumulated depreciation for:				
Buildings	(110,790)	(25,077)	-	(135,867)
Improvements other than buildings	(1,301,130)	(94,957)	-	(1,396,087)
Software, equipment and vehicles	(11,852,359)	(1,672,124)	83,270	(13,441,213)
Infrastructure	(247,162,024)	(13,249,828)	101,292	(260,310,560)
<b>Total accumulated depreciation</b>	<b>(260,426,303)</b>	<b>(15,041,986)</b>	<b>184,562</b>	<b>(275,283,727)</b>
<b>Total capital assets being depreciated, net</b>	<b>378,508,983</b>	<b>24,170,869</b>	<b>(1,933,187)</b>	<b>400,746,665</b>
<b>Capital assets, net</b>	<b>\$ 445,554,570</b>	<b>41,630,508</b>	<b>(28,246,403)</b>	<b>458,938,675</b>

The construction in progress consists of \$38,198,569 from capital projects, \$5,516,218 from capitalized interest (prior to the adoption of GASB 89) and \$567,105 from operating funds.

(Continued)

Notes to Basic Financial Statements  
June 30, 2019

**(4) Continued****Chesapeake Transportation System Fund:**

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets, not being depreciated:				
Land	\$ 84,667,793	-	-	84,667,793
Construction in progress	278,594	1,612,569	-	1,891,163
Total capital assets, not being depreciated	84,946,387	1,612,569	-	86,558,956
Capital assets, being depreciated:				
Buildings	5,389,295	-	-	5,389,295
Improvements other than buildings	50,583	-	-	50,583
Software, equipment and vehicles	11,402,872	6,313	(5,670)	11,403,515
Infrastructure	361,587,165	-	-	361,587,165
Total capital assets, being depreciated	378,429,915	6,313	(5,670)	378,430,558
Less accumulated depreciation for:				
Buildings	(2,199,609)	(134,732)	-	(2,334,341)
Improvements other than buildings	(7,587)	(5,058)	-	(12,645)
Software, equipment and vehicles	(7,069,665)	(546,330)	5,670	(7,610,325)
Infrastructure	(82,579,531)	(14,915,247)	-	(97,494,778)
Total accumulated depreciation	(91,856,392)	(15,601,367)	5,670	(107,452,089)
Total capital assets being depreciated, net	286,573,523	(15,595,054)	-	270,978,469
Capital assets, net	\$ 371,519,910	(13,982,485)	-	357,537,425

(Continued)

Notes to Basic Financial Statements  
June 30, 2019

**(4) Continued****Stormwater Management Fund:**

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets, not being depreciated:				
Land	\$ 422,866	-	-	422,866
Intangibles	1,422,780	202,082	-	1,624,862
Construction in progress	8,817,076	7,793,060	(5,856,572)	10,753,564
Total capital assets, not being depreciated	10,662,722	7,995,142	(5,856,572)	12,801,292
Capital assets, being depreciated:				
Buildings	351,931	-	-	351,931
Improvements other than buildings	60,233	-	-	60,233
Software, equipment and vehicles	243,573	739,696	(739,696)	243,573
Infrastructure	36,647,343	4,955,810	-	41,603,153
Total capital assets, being depreciated	37,303,080	5,695,506	(739,696)	42,258,890
Less accumulated depreciation for:				
Buildings	(174,853)	(17,272)	-	(192,125)
Improvements other than buildings	(14,376)	(3,023)	-	(17,399)
Software, equipment and vehicles	(211,712)	(9,312)	-	(221,024)
Infrastructure	(8,880,717)	(1,165,200)	-	(10,045,917)
Total accumulated depreciation	(9,281,658)	(1,194,807)	-	(10,476,465)
Total capital assets being depreciated, net	28,021,422	4,500,699	(739,696)	31,782,425
Capital assets, net	\$ 38,684,144	12,495,841	(6,596,268)	44,583,717

(Continued)

Notes to Basic Financial Statements  
June 30, 2019

**(4) Continued**

**Blended component unit - Economic Development Authority:**

	<b>Beginning Balances</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balances</b>
Capital assets, not being depreciated:				
Intangibles	\$ -	14,104,647	-	14,104,647
Total capital assets, not being depreciated	-	14,104,647	-	14,104,647
Capital assets, net	\$ -	14,104,647	-	14,104,647

Notes to Basic Financial Statements  
June 30, 2019

**(4) Continued****Discretely presented component unit - Public Schools:**

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets, not being depreciated:				
Land and land improvements	\$ 17,277,065	449,363	-	17,726,428
Construction in progress	20,373,524	29,213,911	(7,001,239)	42,586,196
<b>Total capital assets, not being depreciated</b>	<b>37,650,589</b>	<b>29,663,274</b>	<b>(7,001,239)</b>	<b>60,312,624</b>
Capital assets, being depreciated:				
Buildings	224,873,555	6,551,876	-	231,425,431
Improvements other than buildings	5,604,230	-	-	5,604,230
Furniture and equipment	75,615,308	9,195,549	(8,982,512)	75,828,345
Textbooks	6,382,053	806,225	(3,693,939)	3,494,339
<b>Total capital assets, being depreciated</b>	<b>312,475,146</b>	<b>16,553,650</b>	<b>(12,676,451)</b>	<b>316,352,345</b>
Less accumulated depreciation for:				
Buildings	(32,572,229)	(4,415,413)	-	(36,987,642)
Building improvements	(4,342,770)	(158,528)	-	(4,501,298)
Furniture and equipment	(52,946,309)	(4,759,748)	8,969,150	(48,736,907)
Textbooks	(4,057,032)	(1,276,411)	3,693,939	(1,639,504)
<b>Total accumulated depreciation</b>	<b>(93,918,340)</b>	<b>(10,610,100)</b>	<b>12,663,089</b>	<b>(91,865,351)</b>
<b>Total capital assets being depreciated, net</b>	<b>218,556,806</b>	<b>5,943,550</b>	<b>(13,362)</b>	<b>224,486,994</b>
<b>Capital assets, net</b>	<b>\$ 256,207,395</b>	<b>35,606,824</b>	<b>(7,014,601)</b>	<b>284,799,618</b>

Depreciation expense was charged to governmental functions for the year ended June 30, 2019 as follows:

Instruction	\$ 6,247,741
Administration	29,426
Attendance and health services	927
Pupil transportation	2,978,648
Operations and maintenance	181,264
School technology services	1,153,837
Food services	18,257
<b>Total depreciation expense, governmental activities</b>	<b>\$ 10,610,100</b>

At June 30, 2019, the Schools had contractual commitments of approximately \$12.0 million for work remaining to be performed under capital projects.

(Continued)

Notes to Basic Financial Statements  
June 30, 2019

**(5) Deferred Outflows and Inflows of Resources**

Deferred outflows of resources represent costs that have been incurred but have not yet been matched with the period to which they belong.

Deferred outflows of resources for the Primary Government, including the discretely presented component unit, Chesapeake Mosquito Control Commission, in the Statement of Net Position as of June 30, 2019 are as follows:

	Governmental Activities	Business-type Activities	Other	Total
Pension - contributions subsequent to measurement date	\$ 20,930,867	1,860,401	238,944	23,030,212
Pension - experience	3,627,009	322,380	41,405	3,990,794
Pension - change in assumptions	1,156,386	102,783	13,201	1,272,370
Pension - change in allocation basis	45,581	37,929	-	83,510
OPEB - contributions subsequent to measurement date	1,765,340	80,425	10,720	1,856,485
OPEB - investment experience	909	81	10	1,000
OPEB - experience	9,611,789	606,964	77,957	10,296,710
OPEB - change in proportion	644,042	15,914	2,044	662,000
Unamortized deferred loss on refundings	1,137,560	2,058,600	-	3,196,160
Total deferred outflows of resources	\$ 38,919,483	5,085,477	384,281	44,389,241

Deferred outflows of resources for the discretely presented Schools component unit in the Statement of Net Position as of June 30, 2019 are as follows:

	Public Schools
Pension - contributions subsequent to measurement date	\$ 38,579,214
Pension - change in proportion	3,076,000
Pension - change in assumptions	4,057,000
OPEB - contributions subsequent to measurement date	9,645,626
OPEB - investment experience	1,000
OPEB - experience	992,000
OPEB - change in proportion	202,000
OPEB - change in assumptions	4,000
Total deferred outflows of resources	\$ 56,556,840

Deferred outflows of resources in the proprietary funds as of June 30, 2019 are comprised of the following:

	Public Utilities Fund	Chesapeake Transportation System	Stormwater Management Fund	Internal Service Funds
Pension - contributions subsequent to measurement date	\$ 1,212,581	161,251	486,569	839,207
Pension - experience	210,123	27,942	84,315	145,422
Pension - change in assumptions	66,992	8,909	26,882	46,365
Pension - change in allocation basis	18,932	7,364	11,633	45,581
OPEB - contributions subsequent to measurement date	52,984	7,091	20,350	36,558
OPEB - investment experience	53	7	21	36
OPEB - experience	395,609	52,609	158,746	273,795
OPEB - change in proportion	10,373	1,379	4,162	7,179
Unamortized deferred loss on refundings	2,004,321	54,279	-	-
Total deferred outflows of resources	\$ 3,971,968	320,831	792,678	1,394,143

(Continued)

Notes to Basic Financial Statements  
June 30, 2019

**(5) Continued**

Deferred inflows of resources represent amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met.

Deferred inflows of resources for the Primary Government, including the discretely presented component unit, Chesapeake Mosquito Control Commission, in the Statement of Net Position as of June 30, 2019 are as follows:

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Other</b>	<b>Total</b>
Pension - investment experience	\$ 6,049,850	537,730	69,064	6,656,644
Pension - experience	5,402,014	480,148	61,669	5,943,831
Pension - change in allocation basis	33,821	-	49,690	83,511
OPEB - investment experience	538,066	43,381	5,572	587,019
OPEB - experience	216,214	19,307	2,480	238,001
OPEB - change in assumptions	5,953,917	330,727	42,477	6,327,121
Unamortized deferred gain on refundings	437,673	-	-	437,673
Stormwater management fees	-	7,970,262	-	7,970,262
Total deferred inflows of resources	\$ 18,631,555	9,381,555	230,952	28,244,062

Deferred inflows of resources for the discretely presented Schools component unit in the Statement of Net Position as of June 30, 2019 are as follows:

	<b>Public Schools</b>
Pension - investment experience	\$ 7,990,483
Pension - experience	29,757,531
Pension - change in proportion	5,746,000
Pension - change in assumptions	404,407
OPEB - investment experience	844,326
OPEB - experience	3,259,599
OPEB - change in proportion	175,000
OPEB - change in assumptions	11,387,110
Total deferred inflows of resources	\$ 59,564,456

(Continued)

Notes to Basic Financial Statements  
June 30, 2019

**(5) Continued**

Deferred inflows of resources in the governmental funds as of June 30, 2019 are comprised of the following:

	<b>General Fund</b>
Taxes receivable	\$ 39,871,383
Personal Property Tax Relief Act	3,209,133
EMS fees receivable	3,940,472
Solid waste fees receivable	1,699
Advance to CTS (note 8)	6,671,429
Total deferred inflows of resources	\$ 53,694,116

Deferred inflows of resources in the proprietary funds as of June 30, 2019 are comprised of the following:

	<b>Public Utilities Fund</b>	<b>Chesapeake Transportation System</b>	<b>Stormwater Management Fund</b>	<b>Internal Service Funds</b>
Pension - investment experience	\$ 350,484	46,608	140,638	242,564
Pension - experience	312,953	41,617	125,578	216,590
OPEB - investment experience	28,275	3,760	11,346	19,569
OPEB - experience	12,584	1,674	5,049	8,709
OPEB - change in assumptions	215,562	28,666	86,499	149,187
Stormwater management fees	-	-	7,970,262	-
Total deferred inflows of resources	\$ 919,858	122,325	8,339,372	636,619

Notes to Basic Financial Statements  
June 30, 2019

**(6) Long-Term Obligations**

A summary of changes in long-term obligations for governmental activities for the year ended June 30, 2019 follows:

	Balances at July 1, 2018	Increases	Decreases	Balances at June 30, 2019	Due Within One Year
Bonds and loans payable:					
General obligation bonds	\$ 287,723,903	-	(24,820,049)	262,903,854	23,601,943
Literary loans - direct borrowing	399,070	-	(199,537)	199,533	199,533
Installment Purchase Agreement - direct placement	1,342,284	-	-	1,342,284	-
	289,465,257	-	(25,019,586)	264,445,671	23,801,476
Deferred amounts:					
Plus bond premiums	17,746,091	-	(2,423,794)	15,322,297	2,263,678
Total bonds and loans payable	307,211,348	-	(27,443,380)	279,767,968	26,065,154
Other long-term obligations:					
Supplemental payments agreement (SPA)	7,055,000	-	(1,640,000)	5,415,000	1,720,000
Edinburgh loan payable	485,413	-	(485,413)	-	-
	7,540,413	-	(2,125,413)	5,415,000	1,720,000
Arbitrage rebate and yield restriction	-	277		277	-
Liability for self-insurance losses	29,780,666	50,640,577	(48,139,356)	32,281,887	10,235,572
Compensated absences	21,119,926	17,261,437	(16,801,029)	21,580,334	9,017,800
Subtotal before Pension and OPEB Liabilities	365,652,353	67,902,291	(94,509,178)	339,045,466	47,038,526
Net pension liability	120,342,441	36,154,531	(38,308,494)	118,188,478	-
Net OPEB liability - VRS directed*	27,619,155	8,878,272	(5,341,078)	31,156,349	678,000
Total long-term obligations	\$ 513,613,949	112,935,094	(138,158,750)	488,390,293	47,716,526

\* The City directed OPEB plan has a net OPEB asset at June 30, 2019 and June 30, 2018.

Compensated absences, net pension liabilities and net OPEB liabilities associated with governmental activities were liquidated primarily using the General Fund.

(Continued)

Notes to Basic Financial Statements  
June 30, 2019

**(6) Continued**

A summary of changes in long-term obligations for business-type activities for the year ended June 30, 2019 follows:

	Balances at June 30, 2018	Increases	Decreases	Balances at June 30, 2019	Due Within One Year
<b>Public Utilities:</b>					
Bonds payable:					
General obligation bonds	\$ 66,535,000	-	(5,580,000)	60,955,000	5,755,000
Revenue bonds	30,830,000	-	(880,000)	29,950,000	910,000
	97,365,000	-	(6,460,000)	90,905,000	6,665,000
Deferred amounts:					
Plus bond premiums	5,693,594	-	(787,334)	4,906,260	774,558
Total bonds payable	103,058,594	-	(7,247,334)	95,811,260	7,439,558
Compensated absences	911,940	756,906	(695,990)	972,856	424,560
Subtotal before Pension and OPEB liabilities	103,970,534	756,906	(7,943,324)	96,784,116	7,864,118
Net pension liability	6,471,318	2,093,228	(2,218,839)	6,345,707	-
Net OPEB liability - VRS directed*	671,446	135,157	(125,602)	681,001	-
	111,113,298	2,985,291	(10,287,765)	103,810,824	7,864,118
<b>Chesapeake Transportation System:</b>					
Revenue Bonds Payable:					
Current Interest Bonds	107,890,000	-	(445,000)	107,445,000	1,575,000
Convertible CABs <sup>1</sup>	56,047,759	2,744,139	-	58,791,898	-
	163,937,759	2,744,139	(445,000)	166,236,898	1,575,000
VTIB Bonds - Direct Placement <sup>2 5</sup>	119,700,130	-	(717,073)	118,983,057	5,361,082
	283,637,889	2,744,139	(1,162,073)	285,219,955	6,936,082
Deferred Amounts:					
Plus bond premiums	6,150,589	-	(329,604)	5,820,985	324,740
Total bonds payable	289,788,478	2,744,139	(1,491,677)	291,040,940	7,260,822
Direct Placement and direct borrowings:					
VTIB bonds accrued interest payable <sup>3</sup>	11,354,363	3,962,931	-	15,317,294	-
Due to Commonwealth of Virginia <sup>4</sup>	67,971,480	904,125	-	68,875,605	-
	79,325,843	4,867,056	-	84,192,899	-
Compensated absences	125,201	94,983	(99,026)	121,158	54,837
Subtotal before Pension and OPEB Liabilities	369,239,522	7,706,178	(1,590,703)	375,354,997	7,315,659
Net pension liability	889,076	279,357	(295,428)	873,005	-
Net OPEB liability - VRS directed*	89,869	18,025	(16,699)	91,195	-
	370,218,467	8,003,560	(1,902,830)	376,319,197	7,315,659
<b>Stormwater Management:</b>					
Compensated absences	215,132	188,909	(184,903)	219,138	96,925
Net pension liability	2,502,060	819,589	(882,922)	2,438,727	-
Net OPEB liability - VRS directed*	257,599	54,234	(51,539)	260,294	-
	2,974,791	1,062,732	(1,119,364)	2,918,159	96,925
<b>Economic Development Authority</b>					
Revenue Bond Payable - Direct Placement	-	8,109,000	(692,000)	7,417,000	704,000
Loan payable	1,319,095	-	-	1,319,095	-
	1,319,095	8,109,000	(692,000)	8,736,095	704,000
<b>Total long-term obligations</b>	<b>\$ 485,625,651</b>	<b>20,160,583</b>	<b>(14,001,959)</b>	<b>491,784,275</b>	<b>15,980,702</b>

<sup>1</sup> The increase to the convertible Capital Appreciation Bonds (CABs) for 2019 is the accreted interest amount and is shown as such in the City's future debt service requirements for business-type activities.

<sup>2</sup> The Virginia Transportation Infrastructure Bonds (VTIB) have a subordinate bond lien.

<sup>3</sup> The accrued interest on the VTIB will be added to the principal when the first payment is due on July 15, 2019.

<sup>4</sup> The amount due to the Commonwealth of Virginia includes accrued interest of \$417,990 at June 30, 2019.

<sup>5</sup> The current amount of \$5,361,083 reflects an unscheduled prepayment of \$931,263 from excess revenues.

\* The City directed OPEB plan has a net OPEB asset at June 30, 2019 and June 30, 2018.

(Continued)

Notes to Basic Financial Statements  
June 30, 2019

**(6) Continued**

A summary of changes in long-term obligations for the discretely presented component unit - Public Schools for the year ended June 30, 2019 follows:

	Balances at July 1, 2018	Increases	Decreases	Balances at June 30, 2019	Due Within One Year
Net pension liability	\$ 367,075,211	45,712,214	(60,407,278)	352,380,147	-
Net OPEB liability - Schools directed plans	153,886,656	14,980,530	(13,089,035)	155,778,151	-
Net OPEB liability - VRS directed plans	56,504,000	2,808,000	(2,577,000)	56,735,000	-
Compensated absences	38,693,033	23,151,592	(21,276,598)	40,568,027	1,629,166
Liability for self-insurance losses	3,066,482	1,205,447	(1,133,370)	3,138,559	-
Capital leases	10,342,266	7,425,268	(2,432,931)	15,334,603	2,265,131
Total long-term obligations	\$ 629,567,648	95,283,051	(100,916,212)	623,934,487	3,894,297

The *Code of Virginia*, Section 22, sets forth the powers and responsibilities of the local school boards. School boards in Virginia have no taxing authority, but they are authorized to borrow money from the Commonwealth and to sell local school bonds through the City to the Virginia Public School Authority (VPSA).

In February 2002, the Virginia General Assembly passed Senate Bill 276, which was subsequently signed by the Governor of Virginia, that provides that localities have a tenancy in common with the school board whenever a locality incurs a financial obligation for school property which is payable over more than one fiscal year. As a result, the City records on its Statement of Net Position certain school property that is purchased with City long-term obligations. However, the Schools are still tasked with all care, management and control over these properties.

(Continued)

Notes to Basic Financial Statements  
June 30, 2019

**(6) Continued**

Outstanding bonds, literary loans and installment purchase agreement for governmental activities at June 30, 2019 are comprised of the following issues:

	Remaining Interest Rates	Amount Outstanding	Callable	Noncallable	Call Premium
Governmental activities - General Obligation bonds					
1999A School bonds	6.10%	\$ 500,000	500,000	-	.00% - 2.00%
2000A School bonds	5.60%	1,245,000	1,245,000	-	.00% - 2.00%
2001A School bonds	5.10%	1,515,000	1,515,000	-	.00% - 2.00%
2001B School bonds	3.10-5.10%	293,854	-	293,854	-
2002A School bonds	5.10%	1,545,000	1,545,000	-	.00% - 1.00%
2003A School bonds	4.60-5.10%	795,000	795,000	-	.00% - 1.00%
2005A School bonds	4.10-5.10%	8,980,000	8,980,000	-	.00% - 1.00%
2005B School bonds	4.60-5.10%	4,440,000	4,440,000	-	.00% - 1.00%
2006A School bonds	4.48-5.10%	9,075,000	9,075,000	-	.00% - 1.00%
2006B School bonds	4.35-4.60%	9,020,000	9,020,000	-	.00% - 1.00%
2007A School bonds	4.10-5.10%	6,010,000	6,010,000	-	.00% - 1.00%
2007B School bonds	4.35-5.10%	5,455,000	5,455,000	-	.00% - 1.00%
2008B Tax Increment Financing bonds	4.00-4.63%	8,110,000	8,110,000	-	.00% - 1.00%
2009A School bonds	4.05-5.05%	22,735,000	21,130,000	1,605,000	.00% - 1.00%
2010A Tax Increment Financing bonds, RZED	4.61-6.07%	1,570,000	1,445,000	125,000	-
2010A School bonds	3.05-5.05%	8,570,000	7,445,000	1,125,000	.00% - 1.00%
2010A-2 Public Improvement bonds	3.41-5.36%	31,290,000	29,070,000	2,220,000	-
2010B-2 Tax Increment Financing bonds	3.41-5.36%	4,615,000	4,290,000	325,000	-
2010C-2 Tax Increment Financing bonds	3.41-5.36%	4,215,000	3,915,000	300,000	-
2011A Public Improvement Refunding bonds	3.00-4.00%	4,150,000	-	4,150,000	-
2011A School bonds	3.30-4.05%	6,935,000	5,675,000	1,260,000	.00% - 1.00%
2011B School bonds (QSCB)	2.00-4.00%	3,180,000	-	3,180,000	-
2012A Public Improvement Refunding bonds	2.00-4.00%	5,500,000	1,960,000	3,540,000	-
2012D Public Improvement Refunding bonds	3.00-5.00%	7,320,000	3,375,000	3,945,000	-
2013A School bonds	3.05-5.05%	15,170,000	11,235,000	3,935,000	.00% - 1.00%
2013B School bonds	4.05-5.05%	4,660,000	-	4,660,000	-
2014A Public Improvement Refunding bonds	2.00-3.38%	2,690,000	1,565,000	1,125,000	-
2016A School bonds	2.05-5.05%	4,120,000	2,280,000	1,840,000	.50% - 1.00%
2016B School bonds	5.05%	6,070,000	-	6,070,000	-
2017A Public Improvement Refunding bonds	3.00-5.00%	5,190,000	635,000	4,555,000	-
2017A Public Improvement bonds (5 Yr.)	3.00-5.00%	2,340,000	-	2,340,000	-
2017A Public Improvement bonds (20 Yr.)	4.00-5.00%	60,195,000	30,090,000	30,105,000	-
2017B Tax Increment Financing bonds	3.00-5.00%	5,405,000	3,120,000	2,285,000	-
		262,903,854	183,920,000	78,983,854	
Add unamortized bond premiums		15,322,297	n/a	n/a	n/a
Total general obligation bonds, governmental activities		278,226,151	183,920,000	78,983,854	
Governmental activities - direct borrowings					
School literary loans, collateralized by certain school buildings	3.00%	199,533	-	199,533	-
Total Literary loans		199,533	-	199,533	
Governmental activities - direct placement					
Installment purchase agreement	4.80%	1,342,284	-	1,342,284	-
Total Installment purchase agreement		\$ 1,342,284	-	1,342,284	

(Continued)

Notes to Basic Financial Statements  
June 30, 2019

**(6) Continued**

Outstanding bonds for business-type activities at June 30, 2019 are comprised of the following issues:

	Remaining Interest Rates	Amount Outstanding	Callable	Noncallable	Call Premium
Business-type activities					
Public Utilities - General Obligation bonds					
2011B Water and Sewer Refunding bonds	3.00 - 5.00%	\$ 16,420,000	12,915,000	3,505,000	-
2012B Water and Sewer Refunding bonds	3.50 - 5.00%	16,960,000	16,960,000	-	-
2014B Water and Sewer Refunding bonds	1.42 - 2.70%	7,570,000	7,570,000	-	-
2017C Water and Sewer Refunding bonds	4.00 - 5.00%	20,005,000	-	20,005,000	-
Total Public Utilities - General Obligation bonds		60,955,000	37,445,000	23,510,000	-
Public Utilities - Revenue bonds					
2010B Water and Sewer Revenue bonds	3.99 - 6.28%	29,950,000	29,040,000	910,000	-
Total Public Utilities - Revenue bonds		29,950,000	29,040,000	910,000	-
Add unamortized bond premiums		4,906,260	n/a	n/a	n/a
Total Public Utilities bonds		95,811,260	66,485,000	24,420,000	-
Chesapeake Transportation System (CTS) -					
Revenue bonds:					
2012A - Refunding	3.00 - 5.00%	15,020,000	3,580,000	11,440,000	-
2012A - New Money	4.00 - 5.00%	92,425,000	92,425,000	-	-
2012B - Convertible CABS	4.75 - 4.88%	58,791,898	55,822,266	2,969,632	-
2012C - VTIB - Direct Placement	3.33%	118,983,057	118,983,057	-	-
Total CTS Toll Road Revenue bonds		285,219,955	270,810,323	14,409,632	-
Add unamortized bond premiums		5,820,985	n/a	n/a	n/a
Total CTS - Revenue bonds		291,040,940	270,810,323	14,409,632	-
Economic Development Authority (EDA) - Revenue Bond					
2018 Public Facility bond - Direct Placement	3.88%	7,417,000	7,417,000	-	-
Add unamortized bond premiums		-	n/a	n/a	n/a
Total EDA Public Facility bond		\$ 7,417,000	7,417,000	-	-

The following table summarizes the City's future debt service requirements for general obligation bonds, revenue bonds, literary loans and installment purchase agreement for governmental activities:

	Governmental Activities					
	General Obligation Bonds		Direct Borrowing		Direct Placement	
	Principal	Interest	Literary Loans Principal	Literary Loans Interest	Installment Purchase Agreement Principal	Installment Purchase Agreement Interest
Year ending June 30:						
2020	\$ 23,601,943	11,613,848	199,533	5,986	-	64,430
2021	23,802,935	10,577,807	-	-	-	64,430
2022	23,933,976	9,507,949	-	-	-	64,430
2023	23,045,000	8,446,750	-	-	-	64,430
2024	22,440,000	7,423,205	-	-	-	64,430
2025-2029	93,390,000	22,722,830	-	-	-	322,147
2030-2034	40,850,000	6,055,718	-	-	1,342,284	193,288
2035-2038	11,840,000	692,837	-	-	-	-
	\$ 262,903,854	77,040,944	199,533	5,986	1,342,284	837,585

(Continued)

Notes to Basic Financial Statements  
June 30, 2019

**(6) Continued**

The following table summarizes the City's future debt service requirements for general obligation bonds and revenue bonds for business-type activities:

	Business-type Activities								
	Public Utilities		Chesapeake Transportation System				Economic Development Authority		
	Bonds		Senior Revenue Bonds		Direct Placement VTIB Bonds <sup>1</sup>		Direct Placement Revenue Bond		
	Principal	Interest	Principal	Accreted Interest on Convertible CABS	Interest	Principal	Interest	Principal	Interest
Year ending June 30:									
2020	\$ 6,665,000	4,351,314	1,575,000	-	5,142,300	5,361,083	-	704,000	287,780
2021	6,255,000	4,144,639	2,435,000	-	5,062,100	100,000	4,298,809	732,000	260,464
2022	6,455,000	3,911,533	3,300,000	-	4,930,900	103,330	4,295,479	760,000	232,062
2023	6,725,000	3,621,855	4,130,000	-	4,745,150	106,771	4,292,038	790,000	202,574
2024	7,125,000	3,298,042	4,975,000	-	6,242,656	110,326	4,288,482	820,000	171,922
2025-2029	26,155,000	11,838,091	11,845,791	1,414,209	37,958,625	609,249	21,384,795	3,611,000	356,924
2030-2034	19,110,000	6,298,297	13,894,910	9,100,090	33,731,797	4,320,971	21,175,900	-	-
2035-2039	8,495,000	2,604,017	18,075,519	12,139,481	27,271,672	13,137,839	19,871,237	-	-
2040-2044	3,920,000	248,807	33,231,300	5,833,700	19,052,056	27,539,320	16,860,612	-	-
2045-2049	-	-	56,815,000	-	6,808,625	47,183,316	10,852,603	-	-
2050-2054	-	-	-	-	-	35,882,230	2,359,920	-	-
	90,905,000	40,316,595	150,277,520	28,487,480	150,945,881	134,454,435	109,679,875	7,417,000	1,511,726
Accreted interest on CABS through June 30, 2019	-	-	15,959,378	-	-	-	-	-	-
VTIB interest accrued through July 15, 2019 <sup>2</sup>	-	-	-	-	-	(15,471,378)	-	-	-
Principal outstanding as of June 30, 2019	\$ 90,905,000	-	166,236,898	-	-	118,983,057	-	7,417,000	-

<sup>1</sup> The future debt service requirements for the Chesapeake Transportation System incorporates the revised Minimum Payment Schedule for VTIB. FY2020 includes a prepayment of \$931,263 from excess revenues.

<sup>2</sup> VTIB interest accrued through July 15, 2019 is composed of \$15,317,294 to June 30, 2019 and \$154,084 to July 14, 2019, for a total of \$15,471,378. This will be added to the principal at the time of the first payment date of July 15, 2019.

Additional detail on the City's long-term liabilities, specific debt issuances and other debt related items are as follows:

- (a) In July 2018, the EDA issued an \$8.1 million taxable public facility revenue bond that was privately-placed with a local banking institution. The bond had a true interest cost of 4.15% and matures on June 1, 2028. The net bond proceeds after closing costs were, in conjunction with approximately \$6 million funded by the Greenbrier TIF, used to acquire by restrictive covenant a possessory interest in 1,000 public parking spaces in the Parking Garage adjacent to the Dollar Tree Headquarters.

As part of this transaction, the City has entered into a Cooperation Agreement dated December 20, 2016, with subsequent amendments, where the City has agreed, subject to appropriation by City Council, to fund the required annual debt service payments and other costs incurred by the EDA under the Development Agreement and amendments thereto. Payments made by the City are not secured by a pledge of the City's full faith and credit and do not constitute a general obligation of the City.

(Continued)

Notes to Basic Financial Statements  
June 30, 2019

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**(6) Continued**

- (b) In March 2017, the City issued \$75.97 million of general obligation public improvement and refunding bonds with a true interest cost of 2.96% and an original issue premium of \$10.06 million. Proceeds were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds, which are considered to be defeased and the liabilities have been removed from the Statement of Net Position. On June 30, 2019, none of the defeased bonds remain outstanding.
- (c) In March 2017, the City issued \$20.01 million of general obligation tax-exempt water and sewer refunding bonds with a true interest cost of 2.199% and a net original issue premium of \$3,166,928. The bonds were issued to advance refund the remaining outstanding general obligation water and sewer refunding bonds, Series 2010D. The net proceeds were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds which are considered defeased and the liabilities have been removed from the business-type activities column of the Statement of Net Position and from the Statement of Net Position of the Public Utilities Fund. On June 30, 2019, \$20.63 million of the defeased bonds remain outstanding.
- (d) In November 2012, the City issued \$150,722,520 of Chesapeake Transportation System Senior Toll Road Revenue Bonds. The bonds were issued in part to finance a portion of the construction costs of the Dominion Boulevard project improvements. Additionally, a portion of the bonds refunded the 1999 Chesapeake Expressway Toll Road Revenue bonds for the purpose of being incorporated into the Chesapeake Transportation System Plan of Finance and Indenture of Trust. The issuance included \$42,832,520 of Convertible Capital Appreciation Bonds (CABS) that will have accreted interest of \$28,487,480 comprised of \$8,378,891 on the 2032 maturity at 4.750% and \$20,108,589 on the 2040 maturity at 4.875%, for a total value at conversion and maturity of \$71,320,000. Interest on the CABS is compounded semi-annually and added to the value of the bonds until the conversion date of July 15, 2023 at which time the interest will be payable semi-annually. The accreted interest on the CABS through June 30, 2019 is \$15,959,378.

In November 2012, a Bond Purchase and Loan Agreement was made between the Virginia Transportation Infrastructure Bank (VTIB), acting through its Manager, Virginia Resources Authority and the City. VTIB agreed to lend the City an amount not to exceed \$151,893,495 as evidenced by the purchase of the Chesapeake Transportation System Subordinate Toll Road Revenue Bond, Series 2012C. The VTIB Bond is subordinate to the 2012A and 2012B senior bonds and repayment will begin on July 15, 2019. Final completion of the Dominion Boulevard Project was certified complete as defined in the Master Indenture on June 1, 2018 and the total draws on the loan amounted to \$119,700,130. The total accrued interest as of June 30, 2019 is \$15,317,294 for a total liability of \$134,300,351, which includes a principal prepayment of \$717,073 made in fiscal year 2019. The minimum principal and interest payments schedule that was established at the time of issuance has been revised to reflect the actual aggregate amount of advances, accrued interest through the first payment date to be added to the advances and any prepayments. Beginning in February 2019, which was the second anniversary of the substantial completion date, revenues remaining after the requirements are met for operations, debt service, all associated reserves, and renewal and replacement must be used to prepay the outstanding principal amount of the VTIB bond on the next payment date.

(Continued)

Notes to Basic Financial Statements  
June 30, 2019

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**(6) Continued**

In November 2012, an amended and restated "City-State Agreement" between the City and the Commonwealth of Virginia, Department of Transportation (VDOT) was executed. No repayments with respect to the 1999 Toll Facilities Revolving Account (TFRA) Payments, the Urban Allocation Payments or the City contribution shall be made until the VTIB loan has been paid in full. The 1999 TFRA payment and the City contribution shall accrue interest at a rate of 3% per year, compounded semi-annually on each interest payment date. The Urban Allocation payments to be replenished as provided in the 2012 Indenture shall not accrue interest. State contributions to be repaid as of June 30, 2019 are \$68,875,605, which is comprised of \$30,817,259 to TFRA and \$38,058,346 to Urban Allocation.

- (e) In addition to the full faith and credit of the City, the City has pledged certain incremental tax revenues derived from the Greenbrier District and the South Norfolk District to pay principal and interest on Tax Incremental Financing bonds. Additionally, under a Cooperation Agreement, the City makes payments funded by Greenbrier TIF and subject to appropriation to the EDA or their assignees in association with the EDA's 2018 Public Facility Revenue bond.

Water and Sewer Revenue Bonds are obligations of the City, payable solely from pledged revenues of the Public Utilities System (the PU System), 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 the services furnished by the PU System so as to produce revenues sufficient to meet its cash requirements and debt covenants detailed in its Agreement of Trust. Additionally, revenues from the PU System shall also be pledged on a subordinate lien basis for all general obligation bonds issued for the purpose of the PU System.

Chesapeake Transportation System Toll Road Revenue bonds and other obligations of CTS are payable solely from net toll revenues as defined in its Indenture.

- (f) In August 2011, the City purchased the completed transportation facilities and incidental right-of-way improvements in the Edinburgh Planned Unit Development for \$3,759,307. The funds for this purchase are to be derived solely from ½ of the real estate tax and ½ of 1% in sales tax that the City collects from the adjacent commercial area and is contingent on the City's receipt of these taxes. The agreement provides for principal payments to be made in January and July of each calendar year. These payments are expected to take place over a five year period but this projection is not guaranteed and may involve a longer (or shorter) period of time. This debt has a 0% interest rate. At June 30, 2019, this liability was extinguished.
- (g) On February 26, 2003, City Council adopted an ordinance establishing the Open Space and Agricultural Preservation Program (OSAP). The purpose of the program is to encourage and promote the conservation of open space and agricultural land to preserve the rural character of Chesapeake. In January 2007, the City entered into its initial Installment Purchase Agreement in the amount of \$1,342,284 for the acquisition of development rights through the purchase of preservation easements on land meeting the eligibility criteria. The agreement provides for the payment of the principal balance in a single installment due in 2032, with interest on the unpaid balance payable semi-annually until that date. This obligation represents general obligation debt that will be repaid from maturing zero coupon Treasury securities.

(Continued)

Notes to Basic Financial Statements  
June 30, 2019

**(6) Continued**

- (h) In July 1997, the Commonwealth Transportation Board (CTB) issued \$33,075,000 of Commonwealth of Virginia transportation program revenue bonds. These bonds are not obligations of the City. However, at the time of issuance, the City entered into a Supplemental Payments Agreement (SPA) with the CTB to make annual payments equal to the debt service payments on the bonds. In May 2006, the CTB partially refunded the 1997 bonds in the amount of \$23,830,000. In January 2016, the CTB refunded the 2006 bonds maturing in the years 2017-2022 in the amount of \$11,300,000. The SPA was adjusted accordingly to reflect a total debt service savings of \$1,586,875 and an economic gain of \$1,451,250. The SPA is being paid from recordation tax revenues of the City which have been set aside for such purpose in the Transportation Improvement Program Set-Aside Fund for the account of the City. The SPA states that if the City's portion of State recordation taxes dedicated by the City Council to pay the debt service for the project is not sufficient to cover the projected annual debt service on the bonds, the City will allocate, on an annual basis, subject to appropriation, certain local revenues to pay an amount equal to the annual debt service on the bonds, less the City's share of State recordation taxes already dedicated to the Set-Aside Fund. Payments on the SPA are not secured by a pledge of the City's full faith and credit. The City made a \$1,640,000 principal payment from the Transportation Improvement Program Set-Aside Fund on the SPA during the current year.

The following table summarizes the City's debt service requirements for the SPA as of June 30, 2019.

<b>Fiscal year ending June 30:</b>	<b>Principal</b>	<b>Interest</b>
2020	\$ 1,720,000	270,750
2021	1,800,000	184,750
2022	1,895,000	94,750
Total payments	\$ 5,415,000	550,250

- (i) Section 148 of the Internal Revenue Code of 1986 requires public entities to refund interest earned in excess of interest paid over the first five years outstanding on tax exempt borrowings. The regulations are applicable to borrowings incurred subsequent to August 1986. The City has calculated the rebate due as if June 30, 2019 was the settlement date and reflected the liability, if any, in either the Public Utilities Fund, Chesapeake Transportation System Fund or the governmental activities column of the Statement of Net Position, depending on the bond issue and timing of payment. The fund balance in the Debt Service Fund, where interest earnings are accumulated for all applicable obligations, has been reserved in an amount equal to the liability in the Statement of Net Position.
- (j) The future payments by year of accumulated vacation, sick pay, paid time off and accrued overtime leave, arbitrage, net pension liability, net OPEB liability and liability for self-insurance losses are not determinable. However, amounts due within one year for each of these liabilities have been estimated with the exception of the net pension liability and the net OPEB liability, which cannot be estimated. The portion of net OPEB liability - VRS Directed reported as due within one year represents the City's proportionate share of the OPEB Line of Duty Act Program fiduciary net position at June 30, 2019 that is less than the projected fiscal year 2019 benefit expense. The accumulated vacation, sick pay, paid time off and accrued overtime leave liability is generally liquidated by the department for which the employee works for the General Fund, Public Utilities, Chesapeake Transportation System and Stormwater Management. The arbitrage liability for governmental activities is generally liquidated by the Debt Service Fund. The net pension liability and net OPEB liability are liquidated by the correlating funds in respect to the departmental costs and are reflected, based on allocation, on Internal Service Fund, Enterprise Fund and Entity-Wide Fund statements. The liability for self-insurance losses is liquidated by the Self-Insurance Fund and the Self-Funded Health Fund.

(Continued)

Notes to Basic Financial Statements  
June 30, 2019

**(6) Continued**

(k) Under a City charter amendment approved by the General Assembly of Virginia during 1994, City Council may authorize issuance of bonds or notes in any calendar year in an amount not to exceed \$4,500,000 plus the amount of all bonds and notes retired in the prior calendar year, provided that the amount of such bonds or notes together with existing indebtedness of the City does not exceed 8% of the assessed valuation of real estate in the City subject to taxation, as shown by the last preceding assessment for taxes. The charter bond authorization for the calendar year ended December 31, 2018 was \$34,685,000. Any bonds or notes in excess of this amount must either be intended to refund other debt or be supported by a referendum, except as noted in Chapter 6, Section .05 of the City Code. Contractual obligations, other than bonds and notes, are excluded from the City's annual borrowing limit. The total charter bonds authorized but unissued are \$428,420,000 as of June 30, 2019.

**(l) Computation of Legal Debt Margin (per Constitution of Virginia)**

Assessed valuation - real estate	\$	27,624,978,340
Legal debt limit - 10.0% of assessed valuation	\$	2,762,497,834
Amount of debt applicable to legal debt limit:		
General bonded debt	\$	656,042,004
Less:		
Self-supporting debt not chargeable to debt limit		357,631,333
Amounts available for debt service		13,524,478
		284,886,193
Legal debt margin available	\$	2,477,611,641
Percent of:		
Legal debt margin outstanding		10.3%
Legal debt margin available		89.7%
		100.0%
Summary of assessed valuation:		
Public service real estate	\$	985,111,640
Other city real estate		26,639,866,700
	\$	27,624,978,340

The City Council adopted affordability policies that further restrict the amount that can be borrowed including a ceiling of \$3,000 of overall net debt per capita and a threshold of 3.5% of overall net debt to assessed value of taxable real property. Effective July 1, 2015, the City Council amended the policies to include limiting the City's tax-supported debt service to 10.0% of budgeted general governmental revenues. For fiscal year 2019, management believes the City is in compliance with these policies.

(m) Management believes the City is in compliance, in all material respects, with all significant financial covenants contained in the bond indentures.

*(Continued)*

Notes to Basic Financial Statements  
June 30, 2019

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**(6) Continued**

- (n) From time to time, the EDA has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are collateralized by the property financed and are payable solely from payments received on the underlying mortgage loans. Neither the EDA, the City, the Commonwealth nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.
- (o) In November 2011, the Airport Authority (Airport) sold its \$1,220,000 revenue refunding bonds to the Virginia Resources Authority (VRA) as administrator of the Virginia Airports Revolving Fund. The purpose of the 2011 bonds was to refund the outstanding 1999 bonds to achieve debt service savings as well as restructuring the debt repayment by extending full maturity by five years. If the Airport shall fail to make a payment or to perform any act required by the Agreement, VRA may without notice cure the default and all amounts paid by VRA together with interest of 5% per annum shall be incurred by the Airport. As part of this transaction, the City Council approved a new support agreement for the 2011 bonds, which pledges the City's moral obligation with respect to the debt service reserve in substitution for the 1999 Agreement. At June 30, 2019, \$630,000 of the bonds remain outstanding, all of which are callable.
- (p) On May 13, 1986, the City Council approved an advance to the EDA in a maximum amount of \$1,500,000. At June 30, 2019, \$1,319,095 is outstanding in the General Fund. The City has recorded a valuation allowance of an equal amount because the timing and certainty of collection is unknown.
- (q) In event of default, the Water and Sewer Revenue Bonds (Bonds) are subject to an acceleration clause under the Indenture of Trust. The Trustee may, and if requested by the holders of 25% of the aggregate principal amount of Bonds outstanding, declare the entire unpaid principal and interest on the Bonds due and payable, but only from the revenues and other funds pledged for such purpose.
- (r) The City has no outstanding lines of credit as of the fiscal year ended June 30, 2019.

Notes to Basic Financial Statements  
June 30, 2019

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**(7) Advances and On Behalf Of Payments**

Advances from the Primary Government to its component units are reported on the Statement of Net Position.

In September 2008, the City Council authorized the restructuring of two previous advances made to the Airport Authority with different repayment terms. The restructuring allowed both note terms to run simultaneously, with a 15-year repayment. The remaining balances of the two notes were cancelled and a new note for \$439,100 was executed. Semi-annual payments of \$13,500 began in fiscal year 2009 with a final balloon payment of \$47,600 on June 15, 2023. A committed classification of fund balance has been made in the General Fund for \$59,682 and in the Debt Service Fund for \$82,418 for the balance outstanding at June 30, 2019 of \$142,100.

The General Fund also budgeted and made payments of \$294,050 on behalf of the Airport Authority during fiscal year 2019. The City does not intend to collect these payments from the Airport Authority, as they were not part of a note or loan.

**(8) Interfund Balances and Transfers**

Interfund balances and transfers between governmental funds and interfund balances and transfers between enterprise funds are not included in the government-wide Statement of Net Position or the government-wide Statement of Activities.

***Interfund Balances***

***Chesapeake Transportation System***

A contribution in the amount of \$7,800,000 was made by the City to the Chesapeake Transportation System, formerly known as the Chesapeake Expressway Toll Road, by acquiring and constructing the Hanbury Road Interchange. This interchange project was recorded in the Capital Projects Fund. According to the previous indenture and City/State agreement, the Expressway was to repay the City's contribution semi-annually. Since the funding contributed by the City was for the interchange, the partial repayment of the City contribution made prior to the current indenture from the Expressway was made directly to the Capital Project fund instead of to the General Fund.

According to Section 4.2 (b) of the new 2012 Indenture, there shall be no repayment of the City contribution until the Virginia Transportation Infrastructure Bank (VTIB) loan has been repaid in full. The City contribution accrues interest at a rate of 3.0% per year, compounded semi-annually on each interest payment date. As of June 30, 2019, the amount currently outstanding on this loan is reported in the General Fund as Advances to other funds and totals \$6,671,429, which includes principal of \$6,580,941 and accrued interest of \$90,488.

Notes to Basic Financial Statements  
June 30, 2019

**(8) Continued*****Blended Component Unit – Economic Development Authority of the City of Chesapeake***

The City budgeted and made payments of \$11,630,974 on behalf of the EDA during fiscal year 2019. The City is not anticipating the collection of these payments from the EDA.

In connection with the addition of a new Cinemark 12 screen, state of the art, stadium seating theater in the Western Branch section of the City, the EDA committed to acquire the old theater in the event it did not sell within a reasonable time of the opening of the new theater. The City acquired the property in August 2013. In 2016, the former theater building was demolished after the EDA determined that the specialized use for the building reduced the value of the property. During fiscal year 2019 a developer purchased the adjacent property and there are ongoing discussions regarding the possible sale of the old theater property.

***Interfund Transfers***

Individual fund interfund transfers for the Primary Government were made for budgeted operating, debt service and capital purposes. In the year ended June 30, 2019, City Council approved transfers totaling \$16,732,257 to the Capital Projects Fund from the General Fund. Included in these transfers were funding for various capital projects, which came from prior years' resources. Major projects included \$2,000,000 for Residential Street Repaving, \$1,827,000 for Facilities High Priority Renewal & Replacement, \$1,500,000 for Broadband Wireless, \$1,500,000 for Fire Vehicle Replacement, \$1,100,000 for Joint City/Schools Garage Facility, \$1,029,813 for Gilmerton Auxiliary Counter Weight, \$1,000,000 for Joint Study School Facility Redistrict, \$787,550 for Replacement of PBX Phone System with VOIP and \$750,000 for Public Safety Facility Feasibility and Concept.

Interfund transfers for the year ended June 30, 2019 are as follows:

Transfers To Other Funds	Transfers From Other Funds				Total
	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Internal Service Funds	
General Fund	\$ -	548,648	4,830,543	328,024	5,707,215
Debt Service Fund	28,864,640	2,717,640	3,575,118	-	35,157,398
Capital Projects Fund	16,732,257	-	6,166,592	1,025,918	23,924,767
Nonmajor governmental funds	21,734,927	-	17,973	232,000	21,984,900
Public Utilities Fund			3,100,000		3,100,000
Stormwater Fund		100,000			100,000
Economic Development Authority	4,548,831	-	7,082,143	-	11,630,974
Total	\$ 71,880,655	3,366,288	24,772,369	1,585,942	101,605,254

(Continued)

Notes to Basic Financial Statement  
June 30, 2019

**(9) Leases**

The City and the Schools, a component unit, lease certain property under non-cancelable capital leases and certain facilities under non-cancelable operating leases with scheduled rent increases. As of June 30, 2019, there were no outstanding capital leases for the City's capital assets from governmental activities.

The future minimum operating lease payments for governmental activities as of June 30, 2019 are as follows:

	<b>Operating</b>
Fiscal years:	
2020	\$ 1,026,717
2021	986,997
2022	819,761
2023	480,096
2024	83,705
Total future minimum lease payments	\$ 3,397,276

The total governmental operating lease payments for the year ended June 30, 2019 were \$1,057,847.

At June 30, 2019, the Schools capital assets include \$21,949,530 of equipment financed under capital leases. Current year amortization expense for leased assets is \$1,888,630. Accumulated amortization expense for these assets is \$7,547,969. The future minimum capital lease payments and the present value of minimum capital lease payments for the Schools as of June 30, 2019 are as follows:

	<b>Capital</b>
Fiscal years:	
2020	\$ 2,634,540
2021	2,634,540
2022	2,489,156
2023	1,962,722
2024	1,728,867
2025-2028	5,519,349
Total future minimum lease payments	16,969,174
Less amounts representing interest	1,634,571
Present value of minimum capital lease payments	\$ 15,334,603

**(10) Retirement Plans*****Plan Description***

The City and Schools contribute to the Virginia Retirement System Plan (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 Schools Nonprofessional employees are covered by the agent, multiple-employer defined benefit plan and Schools Professional employees are covered by the cost-sharing, multiple-employer defined benefit plan.

All full-time, salaried permanent (professional) employees of public school divisions and employees of participating employers are automatically covered by VRS upon employment. These plans are administered by VRS 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 as defined in the *Code of Virginia*, as amended. Eligible prior service that may be purchased includes prior public service, active duty military service, certain periods of leave and previously refunded service.

(Continued)

Notes to Basic Financial Statement  
June 30, 2019

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**(10) Continued**

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

**VRS PLAN 1**

***About VRS Plan 1***

VRS Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for VRS Plan 1 if their membership date is before July 1, 2010 and they were vested as of January 1, 2013.

***Eligible Members***

Employees are in VRS Plan 1 if their membership date is before July 1, 2010 and they were vested as of January 1, 2013.

***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. The Hybrid Retirement Plan's effective date for eligible VRS Plan 1 members who opted in was July 1, 2014.

If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.

Members who were eligible for an optional retirement plan (ORP) and had prior service under VRS Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as VRS Plan 1 or ORP.

***Retirement Contributions***

Members 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.

***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.

***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.

(Continued)

Notes to Basic Financial Statement  
June 30, 2019

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**(10) Continued**

***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.

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.

***Average Final Compensation***

A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.

***Service Retirement Multiplier***

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%.

The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.

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.

***Retirement Age***

Normal retirement: Age 65. Political subdivision hazardous duty employees: Age 60.

***Earliest Unreduced Retirement Eligibility***

Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit at age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.

Hazardous duty members are eligible for an unreduced retirement benefit at age 60 with at least five years (60 months) of creditable service or age 50 with at least 25 years of creditable service.

***Earliest Reduced Retirement Eligibility***

Members may retire with a reduced benefit as early as age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.

Political subdivision hazardous duty employees may retire with a reduced benefit as early as age 55 with at least five years of creditable service.

***Cost-of-Living Adjustment (COLA) in Retirement***

The 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%.

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.

(Continued)

Notes to Basic Financial Statement  
June 30, 2019

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**(10) Continued**

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.

***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:

- 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.

***Disability Coverage***

Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.70% on all service, regardless of when it was earned, purchased or granted.

VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

***Purchase of Prior Service***

Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.

**VRS PLAN 2**

***About VRS Plan 2***

VRS Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for VRS 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.

***Eligible Members***

Employees are in VRS 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.

***Hybrid Opt-In Election***

Eligible VRS 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.

(Continued)

Notes to Basic Financial Statement  
June 30, 2019

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**(10) Continued**

The Hybrid Retirement Plan's effective date for eligible VRS Plan 2 members who opted in was July 1, 2014.

If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.

Members who were eligible for an ORP and have prior service under VRS Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as VRS Plan 2 or ORP.

***Retirement Contributions***

Same as VRS Plan 1.

***Creditable Service***

Same as VRS Plan 1.

***Vesting***

Same as VRS Plan 1.

***Calculating the Benefit***

See definition under VRS Plan 1.

***Average Final Compensation***

A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.

***Service Retirement Multiplier***

Same as VRS 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.

Sheriffs, regional jail superintendents and political subdivision hazardous duty employees: Same as Plan 1.

***Normal Retirement Age***

Normal Social Security retirement age. Political subdivision hazardous duty employees: Same as VRS Plan 1.

***Earliest Unreduced Retirement Eligibility***

Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.

Political subdivision hazardous duty employees: Same as VRS Plan 1.

***Earliest Reduced Retirement Eligibility***

Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.

Political subdivision hazardous duty employees: Same as VRS Plan 1.

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Notes to Basic Financial Statement  
June 30, 2019

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**(10) Continued*****COLA in Retirement***

The 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%.

***Eligibility:***

Same as VRS Plan 1.

***Exceptions to COLA Effective Dates:***

Same as VRS Plan 1.

***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.

VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

***Purchase of Prior Service***

Same as VRS Plan 1.

**VRS HYBRID RETIREMENT PLAN*****About VRS Hybrid Retirement Plan***

The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as VRS Plan 1 and VRS Plan 2 members who were eligible and opted into the plan during a special election window. (See "Eligible Members")

The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses and any required fees.

***Eligible Members***

Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:

- Political subdivision employees\*
- School division employees
- Members in VRS Plan 1 or VRS 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

\*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.

Those employees eligible for an ORP must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under VRS Plan 1 or VRS Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select VRS Plan 1 or VRS Plan 2 (as applicable) or ORP.

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Notes to Basic Financial Statement  
June 30, 2019

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(10) Continued

***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.

***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.

**Defined Contributions Component:**

Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.

***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. VRS Plan 1 or VRS 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.

**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. Members are always 100% vested in the contributions that they make.

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.

- 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.

Distribution is not required by law until age 70½.

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Notes to Basic Financial Statement  
June 30, 2019

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(10) Continued

*Calculating the Benefit*

**Defined Benefit Component:**

See definition under VRS Plan 1.

**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*

Same as VRS Plan 2. It is used in the retirement formula for the defined benefit component of the plan.

*Service Retirement Multiplier*

**Defined Benefit Component:**

The retirement multiplier for the defined benefit component is 1.0%.

For members that opted into the Hybrid Retirement Plan from VRS Plan 1 or VRS Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

**Defined Contribution Component:**

Not applicable.

*Normal Retirement Age*

**Defined Benefit Component:**

Same as VRS Plan 2.

**Defined Contribution Component:**

Members are eligible to receive distributions upon leaving employment, subject to restrictions.

*Earliest Unreduced Retirement Eligibility*

**Defined Benefit Component:**

Members are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.

**Defined Contribution Component:**

Members are eligible to receive distributions upon leaving employment, subject to restrictions.

*Earliest Reduced Retirement Eligibility*

**Defined Benefit Component:**

Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.

**Defined Contribution Component:**

Members are eligible to receive distributions upon leaving employment, subject to restrictions.

*COLA in Retirement*

**Defined Benefit Component:**

Same as VRS Plan 2.

(Continued)

Notes to Basic Financial Statement  
June 30, 2019

**(10) Continued****Defined Contribution Component:**

Not applicable.

**Eligibility:**

Same as VRS Plan 1 and VRS Plan 2.

**Exceptions to COLA Effective Dates:**

Same as VRS Plan 1 and VRS Plan 2.

**Disability Coverage**

Eligible political subdivision and school division (including VRS Plan 1 and VRS Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.

Hybrid members (including VRS Plan 1 and VRS Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

**Purchase of Prior Service****Defined Benefit Component:**

Same as VRS Plan 1, with the following exceptions:

- Hybrid Retirement Plan members are ineligible for ported service.
- The cost of purchasing refunded service is the higher of 4% of creditable compensation or average final compensation.
- Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost. After that one year period, the rate for most categories of service will change to actuarial cost.

**Defined Contribution Component:**

Not applicable.

**Employees Covered by Benefit Terms**

As of the June 30, 2018 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	City	Schools Nonprofessional Employees
Inactive members or their beneficiaries currently receiving benefits	2,184	701
Inactive members not currently receiving benefits:		
Vested inactive members	450	97
Non-vested inactive members	749	224
LTD	1	-
Active elsewhere in VRS	767	146
Total inactive members not currently receiving benefits	1,967	467
Active members	3,186	1,053
Total covered employees	7,337	2,221

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Notes to Basic Financial Statement  
June 30, 2019

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**(10) Continued**

***Contributions***

The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly or as a result of funding provided to 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 is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution.

The City's contractually required contribution rate for the year ended June 30, 2019 was 14.26% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. This 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. Contributions to the pension plan from the City were \$23,132,261 and \$21,536,320 for the years ended June 30, 2019 and June 30, 2018, respectively.

Each school division's contractually required contribution rate for the year ended June 30, 2019 was 15.68% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan by Schools were \$36,815,952 and \$37,345,663 for the years ended June 30, 2019 and June 30, 2018, respectively.

In addition, for the Nonprofessional (non-teacher) employees, Schools' contractually required contribution rate for the year ended June 30, 2019 was 8.68% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan by Schools were \$1,763,262 and \$1,867,510 for the years ended June 30, 2019 and June 30, 2018, respectively.

***Net Pension Liability***

The City's net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2017 and rolled forward to the measurement date of June 30, 2018. At June 30, 2019, the City reported a net pension liability of \$128,523,356.

At June 30, 2019, Schools reported a net pension liability of \$339,880,000 for its proportionate share of the net pension liability of the Teacher Retirement Plan (Professional). The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. Schools' proportion of the net pension liability was based on the Schools' actuarially determined employer contributions to the pension plan for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, Schools' proportion was 2.89014% compared to 2.87861% at June 30, 2017.

(Continued)

Notes to Basic Financial Statement  
June 30, 2019

**(10) Continued**

In addition, Schools' net pension liability for the Nonprofessional (non-teacher) Retirement Plan was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2017, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018. At June 30, 2019, Schools reported a liability of \$12,500,147 for the Nonprofessional (non-teacher) Retirement Plan.

**Actuarial Assumptions – General Employees**

The total pension liabilities for General Employees in the City's and Schools' nonprofessional Retirement Plans were based on an actuarial valuations as of June 30, 2017, 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, 2018.

Inflation	2.5%
Salary increases, including inflation	3.5% – 5.35%
Investment rate of return	7.0%, 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 7.0%. However, since the difference was minimal and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Mortality rates:	20% of deaths are assumed to be service related for Largest 10, 15% for other.
Largest 10 – Non-LEOs:	
Pre-Retirement:	RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020: males 95% of rates; females 105% of rates
Post-Retirement:	RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70-90.
Post-Disablement:	RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

- Largest 10 – Non-LEOs:
- Update to a more current mortality table - RP-2014 projected to 2020
  - Lowered retirement rates at older ages and changed final retirement from 70 to 75
  - Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service
  - Lowered disability rates
  - Increased line of duty disability rate from 14% to 20%

(Continued)

Notes to Basic Financial Statement  
June 30, 2019

**(10) Continued****Actuarial Assumptions – Public Safety Employees**

The total pension liability for Public Safety employees in the City Retirement Plan was based on an actuarial valuation as of June 30, 2017, 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, 2018.

Inflation	2.5 percent
Salary increases, including inflation	3.5% – 4.75%
Investment rate of return	7.0%, 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 7.0%. However, since the difference was minimal and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Mortality rates:	70% of deaths are assumed to be service related for largest 10, 45% for other.
Largest 10 – LEOs:	
Pre-Retirement:	RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at age 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.
Post-Retirement:	RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years.
Post-Disablement:	RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

- Largest 10 –LEOs:
- Update to a more current mortality table – RP-2014 projected to 2020
  - Lowered retirement rates at older ages
  - Adjusted withdrawal rates to better fit experience
  - Increased disability rates
  - Increased line of duty disability rate from 60% to 70%

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Notes to Basic Financial Statement  
June 30, 2019

**(10) Continued*****Actuarial Assumptions – Schools Teachers***

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2017, 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, 2018.

Inflation	2.50%
Salary increases, including inflation	3.5% – 5.95%
Investment rate of return	7.0%, 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 7.0%. However, since the difference was minimal and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

## Mortality rates:

Pre-Retirement:	RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.
Post-Retirement:	RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.
Post-Disablement:	RP- 2014 Disability Mortality Rates projected with scale BB to 2020; 115% of rates for males and females.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

- Update to a more current mortality table – RP-2014 projected to 2020
- Lowered retirement rates at older ages and changed final retirement from 70 to 75
- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service
- Adjusted disability rates to better match experience

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Notes to Basic Financial Statement  
June 30, 2019

**(10) Continued*****Long-Term Expected Rate of Return***

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%	N/A	4.80%
Inflation			2.50%
* Expected arithmetic nominal return			7.30%

\*The above allocation provides a one year return of 7.30%. 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 6.83%, including expected inflation of 2.50%.

Notes to Basic Financial Statement  
June 30, 2019

**(10) Continued*****Discount Rate***

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; political subdivisions were also provided with the opportunity to use an alternate employer contribution rate. For the year ended June 30, 2018, the alternate rate was the employer contribution rate used in fiscal year 2012 or 90% of the actuarially determined contribution rate from the June 30, 2015 actuarial valuations whichever was greater. Through the fiscal year ending June 30, 2018, the rate contributed by Schools for the VRS Teacher Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension 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 pension liability.

***Changes in City Net Pension Liability***

City	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at June 30, 2017	\$ 916,830,822	785,927,692	130,903,130
Changes for the year:			
Service cost	20,662,658	-	20,662,658
Interest	62,557,454	-	62,557,454
Differences between expected and actual experience	979,966	-	979,966
Contributions - employer	-	21,536,966	(21,536,966)
Contributions - employee	-	7,846,621	(7,846,621)
Net investment income	-	57,749,705	(57,749,705)
Benefit payments, including refunds of employee contributions	(46,305,819)	(46,305,819)	-
Administrative expense	-	(502,161)	502,161
Other changes	-	(51,279)	51,279
Net changes	37,894,259	40,274,033	(2,379,774)
Balances at June 30, 2018	\$ 954,725,081	826,201,725	128,523,356

(Continued)

Notes to Basic Financial Statement  
June 30, 2019

**(10) Continued**

Schools - Nonprofessional	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at June 30, 2017	\$ 99,933,946	86,868,735	13,065,211
Changes for the year:			
Service cost	1,999,505	-	1,999,505
Interest	6,796,198	-	6,796,198
Differences between expected and actual experience	(213,340)	-	(213,340)
Contributions - employer	-	1,858,617	(1,858,617)
Contributions - employee	-	1,015,533	(1,015,533)
Net investment income	-	6,334,762	(6,334,762)
Benefit payments, including refunds of employee contributions	(5,690,801)	(5,690,801)	-
Administrative expense	-	(55,879)	55,879
Other changes	-	(5,606)	5,606
Net Changes	2,891,562	3,456,626	(565,064)
Balances at June 30, 2018	\$ 102,825,508	90,325,361	12,500,147

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00)%
Net Pension Liability - City	\$ 245,792,619	128,523,356	30,332,537
Net Pension Liability - Schools Nonprofessional			
Schools' proportionate share of the VRS	24,533,192	12,500,147	2,346,406
Teacher Employee Retirement Plan Net Pension Liability	519,176,000	339,880,000	191,473,000

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

For the year ended June 30, 2019, the City recognized pension expense of \$12,550,548. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,990,794	5,943,831
Change in assumptions	1,272,370	-
Net difference between projected and actual earnings on pension plan investments	-	6,656,644
Employer contributions subsequent to the measurement date	23,030,212	-
Total	\$ 28,293,376	12,600,475

(Continued)

Notes to Basic Financial Statement  
June 30, 2019

**(10) Continued**

\$23,030,212 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,		
2020	\$	3,174,739
2021		(2,025,357)
2022		(7,817,409)
2023		(669,284)
Thereafter		-
	\$	<u>(7,337,311)</u>

For the year ended June 30, 2019, Schools recognized pension expense of \$19,806,000 for the Teacher Retirement Plan (Professional). Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

In addition, for the year ended June 30, 2019, Schools recognized pension expense of \$15,498 for the Nonprofessional (non-teacher) Retirement Plan.

At June 30, 2019, for the Teacher Retirement Plan (Professional), Schools reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	7,208,000
Differences between expected and actual experience	-	29,062,000
Changes in proportion and differences between employer contributions and proportionate share contributions	3,076,000	5,746,000
Changes in assumptions	4,057,000	-
Employer contributions subsequent to the measurement date	36,815,952	-
Total	\$ 43,948,952	42,016,000

\$36,815,952 reported as deferred outflows of resources related to pensions resulting from Schools' contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

(Continued)

Notes to Basic Financial Statement  
June 30, 2019

**(10) Continued**

Year ended June 30,	
2020	\$ (5,591,000)
2021	(9,214,000)
2022	(15,214,000)
2023	(3,774,000)
2024	(1,090,000)
Thereafter	-
	<u>\$ (34,883,000)</u>

In addition, at June 30, 2019, for the Nonprofessional (non-teacher) Retirement Plan, Schools reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	695,531
Change in assumptions	-	404,407
Net difference between projected and actual earnings on pension plan investments	-	782,483
Employer contributions subsequent to the measurement date	1,763,262	-
<b>Total</b>	<b>\$ 1,763,262</b>	<b>\$ 1,882,421</b>

\$1,763,262 reported as deferred outflows of resources related to pensions resulting from Schools' contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	
2020	\$ (605,635)
2021	(307,590)
2022	(898,258)
2023	(70,938)
2024	-
Thereafter	-
	<u>\$ (1,882,421)</u>

***Payables to the Pension Plan***

The City and Schools reported payables of \$1,924,625 and \$4,939,059, respectively, due to the VRS at June 30, 2019 which represent the June 2019 employer contributions for all plans not contractually required to be remitted until July 2019.

VRS issues a publicly available CAFR that includes financial statements and required supplementary information for the plans administered by VRS. A copy of the most recent report may be obtained from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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Notes to Basic Financial Statements  
June 30, 2019

## (11) Other Postemployment Benefits

### Plans Offered by the City and Schools

The City and Schools each administer single-employer, defined benefit plans that provide access to medical and dental insurance benefits to eligible Pre-Medicare retirees and their dependents. Additionally, the City and Schools provide postemployment benefits through VRS based programs associated with participation in the VRS retirement plans or which are administered by VRS as directed by the Commonwealth of Virginia. The following VRS programs are applicable to the City and Schools –

The Group Life Insurance Plan (GLIP)	Both City and Schools
Virginia Local Disability Plan (VLDP)	Both City and Schools
Line of Duty Act (LODA)	City only
Teacher Health Insurance Credit (THICP)	Schools only

### SINGLE-EMPLOYER CITY ADMINISTERED OPEB PLAN

#### PLAN DESCRIPTIONS AND GENERAL INFORMATION

The City directed Other Postemployment Benefit Plan (OPEB Plan) is a single-employer, defined benefit plan that provides access to medical and dental insurance benefits to eligible Pre-Medicare retirees and their dependents. The City also provides a fully insured long-term disability plan to active City employees enrolled in VRS Plans 1 and 2. Contributions and payments for this benefit plan occur on a current basis, therefore, the net position of this fully insured plan is not reported.

#### *Membership and Eligibility*

OPEB Plan membership as of June 30, 2019, consisted of 3,382 active service participants and 411 retirees and beneficiaries currently receiving benefits. There are no retirees entitled to benefits but not currently receiving them, because if they do not choose to continue coverage at the time of retirement, then they are no longer eligible to participate.

The City's administrative regulations outline the benefits provided and criteria for eligibility. City Ordinance established the City of Chesapeake OPEB Trust for the purpose of accumulating and investing assets to fund other postemployment benefits obligations. Management of the City's OPEB Trust is vested in the Chesapeake OPEB Finance Board of Trustees, which consists of five members appointed by City Council.

#### CONTRIBUTIONS

Amounts contributed to the Trust by the City are irrevocable and must be used solely to discharge the City's obligations for other postemployment benefits and pay for reasonable expenses of the Trust. The OPEB Trust is included as a fiduciary fund in the City's financial statements. The contribution requirements of plan members and the City are established and may be amended by the City's administrative regulations. The required contribution is based on projected pay-go financing requirements, with an additional amount to prefund benefits as determined annually by the City Council-approved Operating Budget. These amounts are offset by any amounts determined to be funded by the OPEB Trust. For fiscal year 2019, the City contributed \$6,602,481 to the plan, including \$4,015,467 for current premiums (79.5% of total premiums). The OPEB Trust reimbursed the City for the current premiums portion of the pay-go in the amount of \$2,005,000 by recognizing that amount as a payment in lieu of receiving the actuarial determined contribution (ADC) and at June 30, 2019 has recorded as a payable to the City for the net of the two amounts.

(Continued)

Notes to Basic Financial Statements  
June 30, 2019

**(11) Continued**

Plan members with greater than 19 years of service at retirement contribute based on the active employee contribution rate and plan members with 15 to 19 years of service contribute the entire premium. Plan members receiving benefits contributed \$1,035,025, or 20.5% of the total premiums, through their required monthly contributions. Member contributions are 0.62% of covered payroll. Costs to administer current benefits are paid from the General Fund.

For the year ended June 30, 2019, the City's average contribution rate was 2.42% of covered employee payroll.

**ACTUARIAL ASSUMPTIONS – CITY DIRECTED PLAN**

The total OPEB liability was determined by an actuarial valuation as of June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement, based on the measurement date of June 30, 2019, unless otherwise specified:

Inflation	2.50%
Investment rate of return	7.00%
Health care trend rates	5.40% initially. The ultimate trend is 4.00%
Mortality Table	RP 2000 Combined Mortality Table fully Generational projected using scale AA

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2018 through June 30, 2019.

The OPEB Plan valuation uses Entry Age Normal for GAAP required disclosures. An initial unfunded liability base was established on July 1, 2018. This base is amortized over a closed level dollar 13-year period. Each subsequent year a new base is established for experience losses and gains and will be amortized over 15 years as a level dollar amount.

**LONG-TERM EXPECTED RATE OF RETURN*****Investments***

The investment policy of the OPEB Plan in regard to the allocation of invested assets is established and may be amended by the Chesapeake OPEB Finance Board of Trustees by a majority vote of its members. It is the policy of the Chesapeake OPEB Finance Board of the Trust to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of asset classes. The investment policy discourages the use of cash equivalents, except for liquidity purposes and aims to refrain from dramatically shifting asset class allocations over short time spans.

The adopted asset allocation policy as of June 30, 2019 was as follows:

Asset Class (Strategy)	Target Allocation
Domestic Equity	39.00%
International Equity	21.00%
Fixed Income	40.00%
Total	100.00%

(Continued)

Notes to Basic Financial Statements  
June 30, 2019

**(11) Continued**

For the year ended June 30, 2019, the annual money-weighted rate of return on investments, net of investment expense, was 6.48%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for amounts actually invested.

**DISCOUNT RATE**

The discount rate of 7.0% was selected by the City and is the expected rate of return of trust assets.

The medical trend assumption was developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model. The following assumptions were used as input variables into this model:

Rate of Inflation	2.20%
Rate of Growth in Real Income / GDP per capita	1.60%
Extra Trend due to Technology and other factors	1.30%
Health Share of GDP Resistance Point	25.00%
Year for Limiting Cost Growth to GDP Growth	2075

The SOA Long-Run Medical Cost Trend Model and its baseline projections are based on an econometric analysis of historical U.S. medical expenditures and the judgments of experts in the field. The long-run baseline projection and input variables have been developed under the guidance of an SOA Project Oversight Group.

The medical trend was increased to reflect the impact of the Cadillac Tax. General inflation was assumed to be 2.2% per annum.

***Sensitivity of the net OPEB asset to changes in the discount rate***

The following tables present the net OPEB asset of the City, as well as what the City's net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate of 7.0%:

	1% Decrease (6.00)%	Current Discount Rate (7.00)%	1% Increase (8.00)%
Net OPEB (asset) liability - City directed plan	\$ 6,561,525	(650,376)	(7,158,771)

***Sensitivity of the net OPEB liability to Health Care Trend Rate***

The following tables present the net OPEB asset of the City, as well as what the City's net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate of 4%:

	1% Decrease (3.00)%	Current Discount Rate (4.00)%	1% Increase (5.00)%
Net OPEB (asset) liability - City directed plan	\$ (8,358,947)	(650,376)	8,248,938

(Continued)

Notes to Basic Financial Statements  
June 30, 2019

**(11) Continued*****OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources******Changes in City Net OPEB Liability(Asset)***

City	Total OPEB Liability	Plan OPEB Net Position	Net OPEB Liability(Asset)
Balances at June 30, 2018	\$ 80,196,978	85,202,899	(5,005,921)
Changes for the year:			
Service cost	2,622,677	-	2,622,677
Interest	5,405,083	-	5,405,083
Differences between expected and actual experience	6,721,119	-	6,721,119
Contributions - employer	-	5,120,704	(5,120,704)
Net investment income	-	5,272,630	(5,272,630)
Benefit payments, including refunds of employee contributions	(6,602,481)	(6,602,481)	-
Net changes	8,146,398	3,790,853	4,355,545
Balances at June 30, 2019	\$ 88,343,376	88,993,752	(650,376)

For the year ended June 30, 2019, the City recognized OPEB expense related to the City directed plan of \$2,586,949. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to City directed OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,884,710	-
Changes of Assumptions	-	3,549,121
Net difference between projected and actual earnings on OPEB plan investments	-	119,019
Total	\$ 6,884,710	3,668,140

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the City Administered OPEB Plan will be recognized in OPEB expense as follows:

Year ended June 30,		
2020	\$	471,530
2021		471,530
2022		471,532
2023		681,795
2024		1,120,183
	\$	<u>3,216,570</u>

(Continued)

Notes to Basic Financial Statements  
June 30, 2019

(11) Continued

***Significant Accounting Policies***

The OPEB Trust is a fiduciary-type component unit of the City. Fiduciary funds use the flow of economic resources measurement focus and the accrual basis of accounting. Contributions are recognized in the period in which amounts are due and the benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value using a variety of methods, including quoted market prices, net asset value or third party assessment

**SCHOOLS DIRECTED OPEB PLAN**

**PLAN DESCRIPTIONS AND GENERAL INFORMATION**

The Schools' Pre-Medicare and Post-Medicare Medical Plans are single-employer defined benefit plans that provide medical and dental insurance benefits to eligible retirees and their dependents. The Schools' administrative policies and regulations outline the benefits provided and criteria for eligibility. City Ordinance established the Schools' OPEB Trust for the purpose of accumulating and investing assets to fund other postemployment benefits obligations. The School Board, in accordance with this election, has agreed to become part of the Virginia Pooled OPEB Trust Fund (the Trust). Amounts contributed to the Trust by the Schools are irrevocable and must be used solely to discharge the Schools' obligations for other postemployment benefits and pay for reasonable expenses of the Trust. The OPEB Trust is included as a fiduciary fund in the Schools' financial statements.

***Membership and Eligibility***

Plan membership as of July 1, 2018 consisted of 5,253 active service participants and 1,197 retirees and beneficiaries currently receiving benefits.

Any full-time eligible employee of Schools is eligible to participate in the plan. Access to the plan is allowed if the employee or former employee:

- a) Is/Was eligible to retire under the Virginia Retirement System pension plan
- b) Is/Was covered under the Schools active medical plan for a period of at least 2 years prior to retirement
- c) Elects to receive retiree medical coverage under this plan upon retiring prior to Medicare

Schools also requires participants hired prior to July 1, 2012 to have at least 10 years of service with Schools as of their date of retirement and participants hired on or after July 1, 2012 to have at least 20 years of service with Schools as of their date of retirement to receive a benefit from the plan.

**CONTRIBUTIONS**

The contribution requirements of plan members and the Schools are established and may be amended by the School Board. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the School Board. For fiscal year 2019, the Schools contributed \$5,223,504 to the plan to pay for current premiums (54% of total premiums). Plan members receiving benefits contributed \$4,521,559, or 46% of the total premiums, through their required monthly contributions. Costs to administer current benefits are paid from the Schools General Fund.

(Continued)

Notes to Basic Financial Statements  
June 30, 2019

(11) Continued

**ACTUARIAL ASSUMPTIONS – SCHOOLS DIRECTED PLAN**

The total OPEB liability was determined by an actuarial valuation as of June 30, 2018 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Investment rate of return	3.58%

Mortality rates were based on the RP 2014 Total Dataset Mortality Table, Fully Generational, projected using Scale MP-2014.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2016 through June 30, 2017.

GAAP required disclosures use the Entry Age Normal method for OPEB plan valuation. There were not additional postemployment increases assumed. The amortization period is closed and equal to 29 years as of June 30, 2017.

**LONG-TERM EXPECTED RATE OF RETURN**

***Investments***

The Trust's Board of Trustees has the responsibility for managing the investment process. In fulfilling this responsibility, the Board established and maintains investment policies and objectives. Within this framework, the Board monitors and evaluates investment managers, bank custodian and other parties to monitor whether operations conform to the guidelines and actual results meet objectives. If necessary, the Board is responsible for making changes to achieve this. The investment objective of the Trust is to maximize total long-term rate of return with reasonable risk by seeking capital appreciation and secondarily, principal protection. The adopted asset policy as of June 30, 2019 was as follows:

Asset Class (Strategy)	Target Allocation
Domestic Equity	36.00%
International Equity	13.00%
Emerging Markets Equity	5.00%
Long/Short Equity	6.00%
Private Equity	5.00%
Fixed Income	25.00%
Real Estate	10.00%
Total	100.00%

For the year ended June 30, 2019, the annual money-weighted rate of return on investments, net of investment expense was 9.0%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

(Continued)

Notes to Basic Financial Statements  
June 30, 2019

**(11) Continued****DISCOUNT RATE**

The discount rate used to measure the total OPEB liability was 3.62%. The projection of cash flows used to determine the discount rate assumed the Schools' contribution will be made on a pay-as-you-go basis. Based on those assumptions, the OPEB plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

***Sensitivity of the net OPEB liability to changes in the discount rate***

The following presents the net OPEB liability of the Schools', as well as what the Schools' net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.62%) or one percentage point higher (4.62%) than the current discount rate.

	1% Decrease (2.62)%	Current Discount Rate (3.62%)	1% Increase (4.62)%
Net OPEB liability - Schools Administered Plan	\$ 174,837,860	155,778,151	139,782,235

In fiscal year 2014, Schools changed its OPEB policy to incorporate flat dollar employer contributions and those amounts will not be increased in the future. Therefore, no annual healthcare cost trend rates were used in the June 30, 2018 actuarial valuation.

***OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources******Changes in Schools Net OPEB Liability***

Schools	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances at June 30, 2017	\$ 157,027,523	3,140,867	153,886,656
Changes for the year:			
Service cost	4,948,794	-	4,948,794
Interest	5,496,930	-	5,496,930
Changes of assumptions	(698,818)	-	(698,818)
Differences between expected and actual experience	(2,077,490)	-	(2,077,490)
Contributions - employer	-	5,481,286	(5,481,286)
Net investment income	-	296,635	(296,635)
Benefit payments, including refunds of employee contributions	(5,481,286)	(5,481,286)	-
Net changes	2,188,130	296,635	1,891,495
Balances at June 30, 2018	\$ 159,215,653	3,437,502	155,778,151

(Continued)

Notes to Basic Financial Statements  
June 30, 2019

**(11) Continued**

For the year ended June 30, 2019, the Schools recognized OPEB expense related to the Schools directed plans of \$7,671,520. At June 30, 2019, the Schools reported deferred outflows of resources and deferred inflows of resources related to Schools directed OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	2,708,599
Changes of assumptions	-	10,223,110
Net difference between projected and actual earnings on OPEB plan investments	-	157,326
Employer contributions subsequent to the measurement date	5,223,504	-
<b>Total</b>	<b>\$ -</b>	<b>13,089,035</b>

\$5,223,504 reported as deferred outflows of resources related to The School Division OPEB Plan resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the School Division OPEB Plan liability in the fiscal year ending June 30, 2020. Other amounts will be reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense in future reporting periods as follows:

Year ended June 30,	
2020	(2,554,343)
2021	(2,554,343)
2022	(2,554,343)
2023	(2,522,373)
2024	(2,507,015)
Thereafter	(396,618)
	<u>\$ (13,089,035)</u>

**Significant Accounting Policies**

The OPEB Trust is a fiduciary-type component unit of the Schools. Fiduciary funds use the flow of economic resources measurement focus and the accrual basis of accounting. Contributions are recognized in the period in which amounts are due and benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value based on quoted market prices.

**VRS DIRECTED OPEB PLANS FOR CITY AND SCHOOLS**

VRS directs other employee and postemployment benefit plans for City and Schools active, deferred and retired members of VRS. These plans include the Group Life Insurance Program (GLIP), the Virginia Local Disability Program (VLDP), the Line of Duty Act (LODA Program) and the Teacher Employee Health Insurance Credit Program (THICP). Contributions and payments for other employee benefit plans for active VRS members occur on a current basis; therefore, the net position of these plans is not reported.

(Continued)

Notes to Basic Financial Statements  
June 30, 2019

(11) Continued

**PLAN DESCRIPTIONS AND GENERAL INFORMATION**

**Group Life Insurance Programs**

The GLIP is a cost-sharing, multiple-employer plan. It provides coverage to state employees, teachers and employees of participating political subdivisions. The GLIP 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 GLIP is a defined benefit plan that provides a basic group life insurance benefit.

**Plan Description:**

All full-time, salaried permanent employees of the state agencies, teachers and employees of participating political subdivisions are automatically covered upon employment. In addition to the Basic Group Life Insurance 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 group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from member 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 GLIP.

Specific information about the plan is as follows:

**Eligibility:**

The GLIP 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 retirement member contributions and accrued interest.

**Benefit Amounts:**

The benefits payable under the GLIP have several components.

**Natural Death Benefit** - Equal to the employee's covered compensation rounded to the next highest thousand and then doubled

**Accidental Death Benefit** - Double the natural death benefit

**Other Benefit Provisions** - In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances, including; accidental dismemberment, safety belt benefit, repatriation benefit, felonious assault benefit and accelerated death benefit options.

**Reduction in Benefit Amounts:**

The benefit amounts provided to members covered under the GLIP 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.

**Minimum Benefit Amount and Cost-of-Living Adjustment:**

For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the GLIP. The minimum benefit was set at \$8,000 by statute. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and was increased to \$8,279 effective July 1, 2018.

(Continued)

Notes to Basic Financial Statements  
June 30, 2019

(11) Continued

**Virginia Local Disability Programs**

The Political Subdivision and Teacher Employee VLDPs are each cost-sharing, multiple-employer plans.

***Plan Description:***

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; and all full-time, salaried permanent (professional) employees of public school divisions and who are in the VRS Hybrid Retirement Plan and whose employer has not elected to opt out of the VRS-sponsored program are automatically covered. These programs are directed by the VRS, along with pension and other OPEB plans, for eligible public employer groups in the Commonwealth of Virginia. Political subdivisions and School divisions 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 employees either through a local plan or through the VLDPs.

Specific information about the plans is as follows:

***Eligibility:***

The VLDPs were 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 retirement benefits. Eligible employees include full-time general employees, local law enforcement officers, firefighters or emergency medical technicians who do not have enhanced hazardous duty benefits and teachers and other full-time permanent (professional) salaried employees of public school divisions covered under VRS, are automatically enrolled upon employment, unless their employer has elected to provide comparable coverage.

***Benefit Amounts:***

The benefits provided under the VLDPs include the following:

**Short-Term Disability** - The VLDP Programs provide short-term disability benefits 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 Programs 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 Programs provide long-term disability benefits 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.

***Other Plan Information:***

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.

(Continued)

Notes to Basic Financial Statements  
June 30, 2019

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(11) Continued

**Line of Duty Act Program**

The LODA Program is a cost-sharing, multiple-employer plan. The LODA Program was established pursuant to §9.1-400 et seq. of the *Code of Virginia*, as amended, and 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. In addition, health insurance benefits are provided to eligible survivors and family members.

**Plan Description:**

All paid employees and volunteers in hazardous duty positions in Virginia who are covered under VRS are automatically covered. VRS is responsible for managing the assets of the program. Participating employers made contributions to the program beginning in fiscal year 2012. The employer contributions are determined by the VRS engaged actuary using anticipated program costs and the number of covered individuals associated with all participating employers.

**Eligibility:**

The eligible employees of the LODA Program are paid employees, volunteers in hazardous duty positions in Virginia localities and hazardous duty employees who are covered under VRS.

**Benefit Amounts:**

The LODA program provides death and health insurance benefits for eligible individuals.

**Death-** Benefit is a one-time payment made to the beneficiary or beneficiaries of a covered individual. Amounts vary as follows:

- \$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 presumptions and occurred earlier than five years after the retirement data.
- An additional \$20,000 benefit is payable when certain members of the National Guard and U.S. Military reserves are killed in action in any armed conflict on or after October 7, 2001.

**Health Insurance -**

- Prior to July 1, 2017, these benefits were managed through the various employer plans and maintained the benefits that existed prior to the employee's death or disability. These premiums were reimbursed by the LODA Program.
- Beginning July 1, 2017, the health insurance benefits are managed through the Virginia Department of Human Resource Management (DHRM). 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. Individuals receiving the health insurance benefits must continue to meet eligibility requirements.

**Teacher Employee Health Insurance Credit Program**

The THICP is a cost-sharing, multiple-employer plan. This is a defined benefit plan that provides a credit towards the cost of health insurance coverage for retired teachers. The THICP 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 THICP is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired teachers.

(Continued)

Notes to Basic Financial Statements  
June 30, 2019

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**(11) Continued**

Specific information about the plans is as follows:

***Plan Description:***

All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by this plan. This plan is directed 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 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.

***Eligibility:***

The THICP was established July 1, 1993 for retired teacher employees covered under VRS who retire with at least 15 years of service credit. Full-time permanent (professional) salaried employees of public school divisions covered under VRS are enrolled automatically upon employment.

***Benefit Amounts:***

The THICP provides the following benefits for eligible employees:

*At Retirement* - For teachers and other professional school employees who retire with at least 15 years of service credit, the monthly benefit is \$4.00 per year of service per month with no cap on the benefit amount.

*Disability Retirement* - For teachers and other professional school employees who retire on disability or go on long-term disability under the VLDP Program, the monthly benefit is either:

- \$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.

***Other Plan Information:***

The monthly Health Insurance Credit benefit cannot exceed the individual premium amount. Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the health insurance credit as a retiree.

(Continued)

Notes to Basic Financial Statements  
June 30, 2019

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(11) Continued

**CONTRIBUTIONS**

**Group Life Insurance Programs**

The contribution requirements for the GLIPs 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 GLIPs was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% X 60%) and the employer component was 0.52% (1.31% 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, 2019 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate, from an actuarial valuation as of June 30, 2017. 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 for the years ended June 30, 2019 and June 30, 2018 to the GLIPs from the City and Schools follow in a summary of contributions for the VRS directed OPEB Plans.

**Virginia Local Disability Programs**

The contribution requirements for active Hybrid employees of the City and Schools are 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. The contractually required employer contribution rates as a percentage of covered employee compensation for the year ended June 30, 2019 was 0.72% for City and Schools Nonprofessional employees and 0.41% for Schools Teacher employees in the VLDPs. These rates were based on actuarially determined rates from an actuarial valuation as of June 30, 2017. The actuarially determined rates were expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance unfunded accrued liabilities. Contributions for the years ended June 30, 2019 and June 30, 2018 to the VLDPs from the City and Schools follow in a summary of contributions for the VRS directed OPEB Plans.

**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 by the Virginia General Assembly. Each employer's contractually required employer contribution rate for the LODA Program for the year ended June 30, 2019 was \$705.77 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017 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 for the years ended June 30, 2019 and June 30, 2018 from the City to the LODA Program follow in a summary of contributions for the VRS directed OPEB Plans.

(Continued)

Notes to Basic Financial Statements  
June 30, 2019

## (11) Continued

**Teacher Employee Health Insurance Credit Program**

The contribution requirement for active employees is governed by §51.1-1402(E) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2019 was 1.20% of covered employee compensation for employees in the THICP. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. 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 for the years ended June 30, 2019 and June 30, 2018 from Schools to the THICP follow in a summary of contributions for the VRS directed OPEB Plans.

Contributions for the years ended June 30,	City 2019	City 2018	Schools 2019	Schools 2018
GLIPs - City and Nonprofessional Schools	\$ 866,852	834,086	110,970	111,262
GLIP - Professional employees Schools	N/A	N/A	1,246,552	1,208,848
VLDPs - City and Nonprofessional Schools	221,571	148,817	35,036	25,576
VLDP - Professional employees Schools	N/A	N/A	161,756	88,973
LODA Program	768,062	658,716	N/A	N/A
THICP	N/A	N/A	2,867,808	2,850,861
Total VRS OPEB Contributions	\$ 1,856,485	1,641,619	4,422,122	4,285,520

**ACTUARIAL ASSUMPTIONS - All VRS Directed OPEB Plans of the City and Schools**

The OPEB liabilities of the VRS directed plans of the City and Schools were based on actuarial valuations as of June 30, 2017. The following assumptions and methods were used for the VRS directed OPEB Plans of the City and Schools and rolled forward to the measurement date of June 30, 2018.

Actuarial Assumptions and Methods	GLIPs	VLDPs	LODA Program	THICP
Valuation Interest Rate	7.00%	7.00%	4.75%	7.00%
Salary Scale Inflation Factor	2.50%	2.50%	2.50%	2.50%
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Effective Amortization Period				
City	27.2 Years	18.9 Years	30.0 Years	N/A
Schools	27.2 Years	18.6 Years	N/A	25.7 Years
Amortization Method	Level % of Pay Closed	Level % of Pay Closed	Level % of Pay Open	Level % of Pay Closed
Payroll Growth Rate	3.00%	3.00%	3.00%	3.00%
Assets Valuation Method	5 Year Smoothed	5 Year Smoothed		
City	Market	Market	Market Value	N/A
Schools	5 Year Smoothed	5 Year Smoothed	N/A	5 Year Smoothed
Market	Market	Market		Market

Additional information about actuarial assumptions and methods is available from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

(Continued)

Notes to Basic Financial Statements  
June 30, 2019

## (11) Continued

**LONG-TERM EXPECTED RATE OF RETURN**

For the GLIP, VLDPs and THICP, the long-term expected rate of return was the long-term expected rate of return on all VRS System investments, which 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	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%	N/A	4.80%
Inflation			2.50%
* Expected arithmetic nominal return			7.30%

\* The above allocation provides a one-year return of 7.30%. 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 6.83%, including expected inflation of 2.50%.

The long-term expected rate of return on LODA Program OPEB investments was set at 3.89% for this valuation. Since LODA is funded on a current-disbursement basis, it is not able to use the VRS pooled investments 7.00% assumption. Instead, the assumed annual rate of return of 3.89% 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 published monthly by the Board of Governors of the Federal Reserve System as of the measurement date of June 30, 2018.

**DISCOUNT RATE**

The discount rate used to measure the GLIP, the VLDPs and THICP portions of the VRS administered OPEB liability, was 7.0%. The projection of cash flows used to determine the discount rate assumed City and Schools 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, 2018, the rate contributed by the City and Schools will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia Assembly, which was 100.0% of the actuarially determined contribution rate. From July 1, 2018 on, all agencies are assumed to continue to contribute 100.0% of the actuarially determined contribution rates. Based on those assumptions, the City's and Schools' GLIP, VLDP and THICP OPEB plans' fiduciary net positions were projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total City's and Schools' GLIP, VLDP and THICP OPEB liabilities.

(Continued)

Notes to Basic Financial Statements  
June 30, 2019

**(11) Continued**

The discount rate used to measure the LODA Program portion of the VRS administered OPEB liability, was 3.89%. 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 rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2018, 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 of the proportionate share of net OPEB liability to changes in the discount rate***

The following tables present the proportionate share of net OPEB liability of the City and Schools, as well as what the City's and Schools' proportionate share of 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 discount rate:

Proportionate share of Net OPEB Liability	Employer Proportionate Share	1% Decrease (6.00)%	Current Discount Rate (7.00)%	1% Increase (8.00)%
City GLIP	0.84669%	\$ 16,805,000	12,859,000	9,655,000
City VLDP	10.44129%	95,000	81,000	68,000
Schools GLIP Nonprofessional	0.11253%	2,233,000	1,709,000	1,283,000
Schools GLIP Professional	1.22538%	24,266,000	18,568,000	13,942,000
Schools VLDP				
Nonprofessional	1.75555%	16,000	14,000	12,000
Schools VLDP Professional	7.69735%	71,000	58,000	46,000
Schools THICP	2.86573%	40,640,000	36,386,000	32,768,000

Proportionate share of Net OPEB Liability	City Proportionate Share	1% Decrease (2.89)%	Current Discount Rate (3.89)%	1% Increase (4.89)%
City LODA Program	6.18415%	\$ 22,212,000	19,387,000	17,110,000

***Sensitivity of the net OPEB liability to Health Care Trend Rate***

Because the LODA Program contains a provisions for the payment of health insurances premiums, the liabilities are also impacted by the health care trend rate. The following presents the City's proportionate share of the net LODA Program OPEB liability using a health care trend rate of 7.75% decreasing to 5.00%, as well as what the City's proportionate share of the net LODA OPEB liability would be if it were using a health care trend rate that is one percentage point lower (6.75% decreasing to 4.00%) or one percentage point higher (8.75% decreasing to 6.00%) than the current rate:

Proportionate share of Net OPEB Liability	1% Decrease (6.75% to 4.00%)	Current Discount Rate (7.75% to 5.00%)	1% Increase (8.75% to 6.00%)
City LODA Program	\$ 16,517,000	19,387,000	22,961,000

(Continued)

Notes to Basic Financial Statements  
June 30, 2019

**(11) Continued*****OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources***

As of June 30, 2019, the City and Schools reported the following OPEB liabilities for their proportionate shares of VRS directed OPEB plans.

OPEB Liabilities as of June 30, 2019	City	Schools
GLIPs - City and Nonprofessional Schools	\$ 12,859,000	\$ 1,709,000
GLIP - Professional employees Schools	N/A	18,568,000
VLDPs - City and Nonprofessional Schools	81,000	14,000
VLDP - Professional employees Schools	N/A	58,000
LODA Program	19,387,000	N/A
THICP	N/A	36,386,000
<b>Total VRS OPEB Liabilities</b>	<b>32,327,000</b>	<b>56,735,000</b>

For the year ended June 30, 2019, the City and Schools recognized the following OPEB expenses for their proportionate shares of VRS directed OPEB plans.

OPEB Expenses for the year ended June 30, 2019	City	Schools
GLIPs - City and Nonprofessional Schools	\$ 133,000	(7,000)
GLIP - Professional employees Schools	N/A	145,000
VLDPs - City and Nonprofessional Schools	183,000	31,000
VLDP - Professional employees Schools	N/A	110,000
LODA Program	1,614,000	N/A
THICP	N/A	2,975,000
<b>Total VRS OPEB Expenses</b>	<b>1,930,000</b>	<b>3,254,000</b>

(Continued)

Notes to Basic Financial Statements  
June 30, 2019

**(11) Continued**

At June 30, 2019, the City and Schools reported deferred outflows of resources and deferred inflows of resources related to VRS directed OPEB Plans from the following sources:

	City		Schools	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience				
GLIPs - City and Nonprofessional Schools	\$ 629,000	231,000	84,000	30,000
GLIP - Professional employees Schools	N/A	N/A	908,000	333,000
VLDPs - City and Nonprofessional Schools	-	8,000	-	1,000
VLDP - Professional employees Schools	N/A	N/A	-	6,000
LODA Program	2,783,000	(999)	N/A	N/A
THICP	N/A	N/A	-	181,000
Changes of assumptions				
GLIPs - City and Nonprofessional Schools	-	536,000	-	71,000
GLIP - Professional employees Schools	N/A	N/A	-	774,000
VLDPs - City and Nonprofessional Schools	-	9,000	-	2,000
VLDP - Professional employees Schools	N/A	N/A	4,000	-
LODA Program	-	2,233,000	N/A	N/A
THICP	N/A	N/A	-	317,000
Net difference between projected and actual earnings				
GLIPs - City and Nonprofessional Schools	-	418,000	-	56,000
GLIP - Professional employees Schools	N/A	N/A	-	604,000
VLDPs - City and Nonprofessional Schools	1,000	-	-	-
VLDP - Professional employees Schools	N/A	N/A	1,000	-
LODA Program	-	50,000	N/A	N/A
THICP	N/A	N/A	-	27,000
Changes in proportion				
GLIPs - City and Nonprofessional Schools	194,000	-	-	93,000
GLIP - Professional employees Schools	N/A	N/A	97,000	40,000
VLDPs - City and Nonprofessional Schools	3,000	-	-	-
VLDP - Professional employees Schools	N/A	N/A	-	-
LODA Program	465,000	-	N/A	N/A
THICP	N/A	N/A	105,000	42,000
Employer contributions subsequent to the measurement date				
GLIPs - City and Nonprofessional Schools	866,852	-	110,970	-
GLIP - Professional employees Schools	N/A	N/A	1,246,552	-
VLDPs - City and Nonprofessional Schools	221,571	-	35,036	-
VLDP - Professional employees Schools	N/A	N/A	161,756	-
LODA Program	768,062	-	N/A	N/A
THICP	N/A	N/A	2,867,808	-
<b>Total</b>	<b>\$ 5,931,485</b>	<b>3,484,001</b>	<b>5,621,122</b>	<b>2,577,000</b>

(Continued)

Notes to Basic Financial Statements  
June 30, 2019

**(11) Continued**

Employer contributions subsequent to the measurement date reported as deferred outflows of resources for the City and Schools totaled \$1,865,485 and \$4,422,122 respectively and will be recognized as a reduction of the OPEB liabilities in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the City's and Schools' OPEB expense in future reporting periods as follows:

	City	Schools
Year ended June 30,		
2020	\$ (35,000)	(391,000)
2021	(35,000)	(390,000)
2022	(34,001)	(390,000)
2023	91,000	(183,000)
2024	185,000	(27,000)
Thereafter	419,000	3,000
	<u>\$ 590,999</u>	<u>(1,378,000)</u>

***Significant Accounting Policies******VRS Directed Plans (GLIPs, VLDPs, LODA Program and THICP)***

For purposes of measuring the net OPEB liability for all VRS Directed plans, deferred outflows of resources and deferred inflows of resources related to the VRS Directed Plan OPEB, and the VRS Directed Plan OPEB expense, information about the fiduciary net position of the VRS Administered Plans and the additions to/deductions from the VRS Administered Plans' net fiduciary positions have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

***Payables to the VRS Directed OPEB Plans***

The City and Schools reported payables \$92,683 and \$628,196, respectively, due to the VRS at June 30, 2019 which represent the June 2019 employer contributions for all plans not contractually required to be remitted until July 2019.

VRS issues a publicly available CAFR that includes financial statements and required supplementary information for the plans administered by VRS. A copy of the most recent report may be obtained from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

*(Continued)*

Notes to Basic Financial Statements  
June 30, 2019

**(12) Fund Balances*****Primary Government***

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total
<b>Nonspendable:</b>					
Inventory	\$ 1,398,870	-	-	-	1,398,870
Prepaid expenditures and other assets	40,702	-	-	230,699	271,401
Education permanent funds principal	-	-	-	12,795	12,795
<b>Total nonspendable</b>	<b>1,439,572</b>	<b>-</b>	<b>-</b>	<b>243,494</b>	<b>1,683,066</b>
<b>Restricted for cash flow emergencies</b>	<b>36,173,619</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>36,173,619</b>
<b>Restricted other:</b>					
General Government:					
Advances to component units and other	-	277	-	-	277
Chesapeake Bay Preservation Areas	45,000	-	-	-	45,000
Tax increment financing - Greenbrier	-	-	-	5,641,682	5,641,682
Tax increment financing - South Norfolk	-	-	-	8,575,662	8,575,662
Proffers	-	-	-	1,571,536	1,571,536
Grants	-	-	-	3,255,754	3,255,754
<b>Total General Government</b>	<b>45,000</b>	<b>277</b>	<b>-</b>	<b>19,044,634</b>	<b>19,089,911</b>
Public Safety:					
Proffers	-	-	-	556,655	556,655
Grants	-	-	-	1,849,363	1,849,363
<b>Total Public Safety</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,406,018</b>	<b>2,406,018</b>
Public Works:					
Proffers	-	-	-	1,364,801	1,364,801
Grants	-	-	-	33,432	33,432
<b>Total Public Works</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,398,233</b>	<b>1,398,233</b>
Parks and Recreation:					
Grants	-	-	-	217,683	217,683
<b>Total Parks and Recreation</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>217,683</b>	<b>217,683</b>
Public Welfare:					
Integrated behavioral healthcare	-	-	-	8,396,169	8,396,169
Grants	-	-	-	259,242	259,242
<b>Total Public Welfare</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,655,411</b>	<b>8,655,411</b>
Education:					
Proffers	-	-	-	7,078,966	7,078,966
Education permanent funds interest	-	-	-	188,388	188,388
<b>Total Education</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,267,354</b>	<b>7,267,354</b>
Oak Grove connector	863,488	-	-	-	863,488
Poindexter Street construction	-	-	219	-	219
<b>Total restricted other</b>	<b>908,488</b>	<b>277</b>	<b>219</b>	<b>38,989,333</b>	<b>39,898,317</b>

(Continued)

Notes to Basic Financial Statements  
June 30, 2019

## (12) Continued

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total
<b>Committed for one time projects</b>	<b>69,990,232</b>	-	-	-	<b>69,990,232</b>
<b>Committed other:</b>					
General Government:					
Advances to component units and other	59,682	82,418	-	-	142,100
Law Library	49,051	-	-	-	49,051
Technology fees	565,166	-	-	-	565,166
Treasurer's EGOV	73,719	-	-	-	73,719
Treasurer's late license fee	4,430,445	-	-	-	4,430,445
Litigation reserve	1,252,558	-	-	-	1,252,558
Treasurer's EZ Pass	12,106	-	-	-	12,106
Juvenile services	-	-	-	375,000	375,000
Open space agriculture preservation	-	-	-	3,161,465	3,161,465
Total General Government	6,442,727	82,418	-	3,536,465	10,061,610
Public Safety:					
Radio system (800 MHZ)	2,454,269	-	-	-	2,454,269
Animal Control fees	14,270	-	-	-	14,270
Total Public Safety	2,468,539	-	-	-	2,468,539
Public Works:					
Road/Transportation	12,005	-	-	-	12,005
Excavation fees	242,532	-	-	-	242,532
Prorata drainage	-	-	5,430,220	-	5,430,220
Total Public Works	254,537	-	5,430,220	-	5,684,757
Parks and Recreation:					
Open space	-	-	1,783,958	-	1,783,958
Total Parks and Recreation	-	-	1,783,958	-	1,783,958
Public Welfare:					
Public assistance	-	-	-	186,338	186,338
CSB of Chesapeake, Inc.	-	-	-	360,125	360,125
Community development	-	-	-	141,211	141,211
Housing trust	-	-	-	50,143	50,143
Total Public Welfare	-	-	-	737,817	737,817
City future capital projects	13,722,099	-	-	-	13,722,099
Encumbrances	5,544,944	-	39,246,573	1,828,781	46,620,298
Economic development investment program	937,547	-	-	-	937,547
Public health initiative	191,666	-	-	-	191,666
Community housing initiative	408,649	-	-	-	408,649
Schools future capital projects	25,136,662	-	-	-	25,136,662
<b>Total committed other</b>	<b>55,107,370</b>	<b>82,418</b>	<b>46,460,751</b>	<b>6,103,063</b>	<b>107,753,602</b>

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Notes to Basic Financial Statements  
June 30, 2019

**(12) Continued**

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total
<b>Assigned:</b>					
General Government:					
Clerk of the Circuit Court - technology	109,893	-	-	-	109,893
Sheriff - work release	245,422	-	-	-	245,422
Commissioner of the Revenue - cigarette tax stamps	35,000	-	-	-	35,000
Local developers	-	-	224,296	-	224,296
Conference Center	-	-	-	6,495,660	6,495,660
Juvenile services	-	-	-	2,051,325	2,051,325
<b>Total General Government</b>	<b>390,315</b>	<b>-</b>	<b>224,296</b>	<b>8,546,985</b>	<b>9,161,596</b>
Public Safety:					
E-911	-	-	-	7,402,760	7,402,760
Fee supported activities	-	-	-	1,144,746	1,144,746
<b>Total Public Safety</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,547,506</b>	<b>8,547,506</b>
Public Works:					
Street maintenance	688,450	-	-	-	688,450
Prorata drainage	-	-	1,521,121	-	1,521,121
Jordan Bridge	-	-	300,000	-	300,000
<b>Total Public Works</b>	<b>688,450</b>	<b>-</b>	<b>1,821,121</b>	<b>-</b>	<b>2,509,571</b>
Parks and Recreation:					
Open space	-	-	13,150	-	13,150
<b>Total Parks and Recreation</b>	<b>-</b>	<b>-</b>	<b>13,150</b>	<b>-</b>	<b>13,150</b>
Public Welfare:					
Public assistance	-	-	-	8,357,552	8,357,552
Integrated behavioral healthcare	-	-	-	3,779,907	3,779,907
Interagency consortium	-	-	-	206,983	206,983
<b>Total Public Welfare</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,344,442</b>	<b>12,344,442</b>
Education:					
Revenue sharing	6,292,969	-	-	-	6,292,969
Cash reversion	3,648,116	-	-	-	3,648,116
<b>Total Education</b>	<b>9,941,085</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,941,085</b>
Debt service payments	-	13,524,478	-	-	13,524,478
City future capital projects	-	-	76,724,234	-	76,724,234
<b>Total assigned</b>	<b>11,019,850</b>	<b>13,524,478</b>	<b>78,782,801</b>	<b>29,438,933</b>	<b>132,766,062</b>
<b>Unassigned:</b>	<b>72,347,237</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>72,347,237</b>
<b>Total fund balance</b>	<b>\$ 246,986,368</b>	<b>13,607,173</b>	<b>125,243,771</b>	<b>74,774,823</b>	<b>460,612,135</b>

(Continued)

Notes to Basic Financial Statements  
June 30, 2019

**(13) Deferred Compensation Plan**

The City offers its employees a deferred compensation plan created in accordance with *Internal Revenue Code* Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts and all income attributable to those amounts, property or rights are held in trust by a third party for the participants. Therefore, the assets are not included in the accompanying financial statements as of June 30, 2019.

**(14) Commitments*****Capital Improvements Program***

The City Council adopted a five-year capital improvements program on May 14, 2019, which was later amended on June 25, 2019. The total estimated cost of this program amounted to \$1,231,487,543 to be funded from anticipated state and federal funds, debt financing, local fees and funds on hand, both appropriated and unappropriated. The first year of the plan was appropriated on the same date.

A summary of the sources of funds per the adopted capital budget follows:

Funds Previously Appropriated	\$ 654,819,978
General Fund - Unassigned	51,028,121
General Fund - Committed for City Capital Projects	44,631,600
General Fund - Committed for Schools	38,500,000
Capital Projects Fund Balance	4,760,179
Open Space and Agricultural Preservation Fund Balance	3,050,000
Information Technology - Fund Balance	520,000
Other Funds - Fund Balance	740,000
Greenbrier TIF Fund Cash	1,850,000
SoNo TIF Fund Cash	2,041,500
State Grant	61,278,000
Other Grants	13,000,000
Public Utilities Operations	67,485,404
Stormwater Management Operations	24,575,000
Chesapeake Transportation System - Fund Balance	4,010,000
Borrowing Authority - Unissued	82,010,500
Borrowing Authority - South Norfolk TIF	10,170,000
Borrowing Authority - VPSA	106,138,465
Public Utilities - Borrowing Authority Revenue Supported	60,878,796
	\$ 1,231,487,543

(Continued)

Notes to Basic Financial Statements  
June 30, 2019

**(14) Continued*****Dollar Tree***

In August 2016, Dollar Tree formally announced the \$110 million expansion of its corporate headquarters in the Greenbrier area. The project is anticipated to be completed by 2023 and features the construction of a new 12-story office building within a “town center” environment and is expected to include dining and retail development. The City Council approved a Development Agreement between the City, the EDA and Dollar Tree in December 2016, with a subsequent amendment in February 2019. The City committed to providing through the EDA an Economic Development Incentive Program grant of \$4.5 million. In addition, the City has agreed to contribute a maximum of \$19.4 million for transportation, public utility and other public improvements in connection with the project. This includes an estimated \$3.1 million for construction of a pump station and force main that is anticipated to be reimbursed to the City over time as Dollar Tree or its assigns develops the property and pays a pro rata share of the costs.

The EDA sold \$8.1 million of revenue bonds in July 2018 that, together with \$6 million funded from the Greenbrier TIF, were used to acquire a possessory interest in 1,000 public parking spaces within a parking garage. Thus far, \$14.1 million has been paid and an additional \$0.58 million is anticipated in Spring 2020 under the terms of the Development Agreement when the build out of the Garage is completed.

***Encumbrances***

Encumbrances outstanding at year end represent the estimated amount of the expenditures required to complete contracts, purchase orders and other commitments in process of completion at fiscal year-end. Outstanding encumbrances as of June 30, 2019 for the City and the Schools are as follows:

<b>City</b>		<b>Schools</b>	
<u>Governmental Funds</u>		<u>Governmental Funds</u>	
General Fund	\$ 5,544,944	General Fund	\$ 5,581,827
Capital Projects	39,246,573	Capital Projects	11,956,145
Other Governmental Funds	1,828,781	Other Governmental Funds	429,934
<b>Total</b>	<b>\$ 46,620,298</b>	<b>Total</b>	<b>\$ 17,967,906</b>

**(15) Joint Venture**

On October 1, 2014, the City was inducted as a member of the Hampton Roads Regional Jail Authority (HRRJA). HRRJA is a regional organization which includes the cities of Hampton, Newport News, Norfolk, Portsmouth and Chesapeake and is governed by a 15 member Board of Directors, consisting of three representatives appointed by each of the member cities. The Authority was created for the purpose of providing, operating and maintaining a regional jail facility for the correctional overflow from each community. Chesapeake is responsible for paying the Authority a per diem charge per inmate. Chesapeake guaranteed paying for 50 inmates per day starting July 1, 2014 and increasing by 25 inmates per quarter until the guaranteed payment of 250 inmates per day is reached.

As a condition of its admission as a member, the City agreed to make a payment of \$3.0 million in addition to its required payments for inmates. The \$3.0 million was scheduled and paid in three parts. The City paid \$1.0 million for the initial payment that was due October 1, 2014, \$1.0 million that was due before July 15, 2015 and \$1.0 million that was due before July 15, 2016. The terms of this agreement do not convey an equity interest in the HRRJA and accordingly, no equity interest has been reflected in the City’s financial statements. Complete audited financial statements for the HRRJA are available from the administrative office at 2690 Elmhurst Lane, Portsmouth, Virginia 23701-2745.

*(Continued)*

Notes to Basic Financial Statements  
June 30, 2019

**(16) Contingent Liabilities*****Self-Insurance***

The City is exposed to various risks of loss related to civil torts; theft, damage and destruction of assets; errors and omissions; injuries to employees; and natural perils. Accordingly, during fiscal year 1987, the City established a Self-Insurance Fund (an Internal Service Fund) to account for and finance its uninsured risk of loss. Under this program, the Self-Insurance Fund provides coverage for the following types of liability claims retaining risk up to certain limits and obtaining excess commercial insurance policy coverage to additional limits.

	<b>Self-insurance Risk Retention</b>	<b>Commercial Insurance Aggregate Coverage Limit</b>
General and automobile liability claims	\$ 2,000,000	10,000,000
Public official, law enforcement officer and other liability	100,000	2,000,000
Workers' compensation claims (non-safety)	1,250,000	25,000,000
Workers' compensation claims (public safety)	1,500,000	25,000,000

The Self-Insurance Fund also provides for injured employees that are permanently and totally disabled. Indemnity for these injured workers is 66 <sup>2</sup>/<sub>3</sub> percent of their salary for up to 500 weeks and medical care for their injury. The settlements using commercial insurance did not exceed insurance coverage for each of the past three years and the insurance coverage is substantially the same as in the prior three years.

All funds of the City participate in the self-insurance program and make payments to the Self-Insurance Fund based on actuarial estimates of the amounts needed to pay prior year and current year claims and to establish a reserve for catastrophic losses. The City uses an actuary to aid in the determination of self-insurance liabilities. The actuary also provides guidance regarding the appropriate fund balance reserves to be maintained. Interfund premiums are recorded as operating revenues in the Self-Insurance Fund and as expenditures or expenses in the funds charged. Claims processing and payments for workers' compensation are made through a third party administrator.

The claims liability of \$27,680,572 reported in the Self-Insurance Fund at June 30, 2019 is based on the requirements of GAAP. It requires that a liability for claims should be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The claims liability includes an amount for claims that have been incurred but not reported (IBNR).

Changes in the Self-Insurance Fund's liability amount during the fiscal years ended June 30, 2019 and 2018 were as follows:

<b>Fiscal Year Ended</b>	<b>Beginning Balance</b>	<b>Claims and Changes in Estimates</b>	<b>Claims Payments</b>	<b>Ending Balance</b>
June 30, 2019	\$ 27,241,287	7,267,559	6,828,274	27,680,572
June 30, 2018	26,099,460	6,819,609	5,677,782	27,241,287

(Continued)

Notes to Basic Financial Statements  
June 30, 2019

**(16) Continued**

Effective January 1, 2016 the City began self-funding health insurance coverage for its participating employees and retirees and established the Self-Funded Health Fund for reporting of these activities. The City-provided health insurance has a specific stop loss limit of \$325,000 per member covering both medical and drug expenses, and aggregate coverage is capped at 120% of expected claims as determined during the annual rate setting process in consultation with the City's third-party administrator and health benefits consultant. The City purchases commercial insurance coverages for excess amounts. Claims processing and payments for self-funded health claims are made through a third-party administrator. Amounts due as of June 30, 2019 are recognized as the current portion of a long-term liability in the statement of net position. The City uses information provided by the third-party administrator and health benefits consultant to aid in the determination of self-funded health insurance liabilities. The total computed liability as of June 30, 2019 is \$4,601,315. Other health related insurance coverages (dental and vision) are provided on a fully insured basis.

Fiscal Year Ended	Beginning Balance	Claims and Changes in Estimates	Claims Payments	Ending Balance
June 30, 2019	\$ 2,539,379	41,311,082	39,249,146	4,601,315
June 30, 2018	2,517,342	36,243,304	36,221,267	2,539,379

The Schools, a component unit, is self-insured for its workers' compensation, health and dental insurance. Workers' compensation has an \$800,000 limit per claim. Health insurance has a specific stop loss limit of \$300,000 per member covering both medical and drug expenses. Dental care has a cap at 120% of expected claims as calculated by the third-party administrator. Commercial insurance is purchased to cover other types of losses. The insurance coverage is substantially the same as in prior fiscal years. Claims processing and payments for workers' compensation, medical and dental claims are made through a third-party administrator. The settlements using commercial insurance did not exceed insurance coverage for each of the past three years. Amounts due in future years on claims as of June 30, 2019 are recognized as a long-term liability in the statement of net position. The Schools use the information provided by the third-party administrator to aid in the determination of self-insurance liabilities. The total computed liability as of June 30, 2019 is \$9,226,939.

Changes in the Schools' self-insurance program liability amount during the fiscal years ended June 30, 2019 and 2018 were as follows:

Fiscal Year Ended	Beginning Balance	Claims and Changes in Estimates	Claims Payments	Ending Balance
June 30, 2019	\$ 9,432,330	66,731,962	66,937,353	9,226,939
June 30, 2018	10,608,300	69,342,548	70,518,518	9,432,330

The liability at June 30, 2019 is comprised of \$3,138,559 in long-term liabilities and \$6,088,380 in accounts payable and accrued expenses related to medical and dental claims.

(Continued)

Notes to Basic Financial Statements  
June 30, 2019

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(16) Continued

*Public Utilities Pro-Rata*

The City's Pro-Rata Program ("program"), administered by the Department of Public Utilities (DPU), allows developers or entities that construct utility assets that will serve an area greater than its subdivision or development ("the initial developers") to receive a reimbursement as a proportionate share of its construction costs from other individuals or entities that will utilize the installed utility assets ("subsequent developers"). Upon acceptance, the utility assets are dedicated to the City and accepted into the public utility water and sewer system. The City's DPU has responsibility for the operation and maintenance of the dedicated utility assets.

The program's Pro Rata Policy ("policy") requires each initial developer to satisfy five conditions before it is eligible to receive reimbursements under the program. Among these five conditions is a requirement that the initial developer submit appropriate documentation to Public Utilities that verifies the initial developer's total cost expenditures for the installed utility asset. In addition, initial developers must execute an agreement with the City that quantifies its proportional share of the construction costs (i.e., what that developer would have paid if the utility asset served just its development) and also an approximation of estimated subsequent developer reimbursements (i.e., what subsequent developers will likely owe to the initial developer when or if they utilize or benefit from the initial developer installed utility assets). The initial developer, once it receives the agreement, has twenty-one days to elect a method of reimbursement. It can elect a traditional pro rata reimbursement, which is a reimbursement of payments that the City receives from each subsequent developer (and is based upon the estimated benefit that the subsequent developer receives by utilizing the installed utility assets), or it can elect to receive connection fees, which are generally paid by home builders that purchase properties within the initial developer's subdivision. Connection fees are a standardized City-wide service fee paid by citizens or entities that utilize City water and sewer assets. The total connection fee reimbursement that an initial developer can receive is contractually limited to the estimated pro rata reimbursement figure contained in its initial developer agreement with the City. If no method of reimbursement is elected within the twenty-one days, the initial developer forfeits its right to connection fee reimbursement and elects, by default, traditional pro rata reimbursement. The initial developer is not eligible for a reimbursement where a subsequent developer has not yet paid its pro rata share of costs to the DPU.

In fiscal year 2019, DPU staff has continued to evaluate the program for revisions to enhance the reporting and financial accountability as it relates to the Pro Rata Liabilities. Further research of Pro Rata records and historical data, as well as some fiscal year 2019 activity, has the liabilities further refined. At the year-end, the recorded liability totaled \$1.1 million for amounts received, but not yet reimbursed to initial developers who signed an agreement with the City and have met all five required conditions for pro rata reimbursement under the program. The amount payable to initial developers for whom the City has not yet received cash from subsequent developers or connection fees (depending on selection), but with whom the City has executed agreements is approximated herein as a contingent liability and is roughly estimated as approximately up to \$5.7 million. Upon receipt of cash from subsequent developers or connection fees, these payments will be made and the contingent liability will be reduced. The estimated contingent liability for reimbursements that are due to initial developers wherein payments have already been received from subsequent developers, but that have not been paid by the City as a result of the five conditions not yet having been met, total a contingent liability of approximately up to \$5.1 million. Nevertheless, these amounts will be reimbursed by the City if and when all five conditions required under the policy have been met.

(Continued)

Notes to Basic Financial Statements  
June 30, 2019

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**(16) Continued**

***Federal Award Programs***

The City and the Schools participate in a number of federal award programs. Although they have been audited in accordance with the provisions of the Uniform Guidance, these programs are still subject to financial and compliance audits by the grantors or their representatives. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grant. Based on prior experience, management believes such disallowances, if any, will not be significant.

***Southeastern Public Service Authority (SPSA)***

Southeastern Public Service Authority (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. On April 29, 2010, the City executed a guaranty agreement with SPSA, along with all of its other member communities. Under the agreement, these cities and counties agreed to guarantee the remainder of SPSA's debt not to exceed \$50.0 million in the aggregate. The City's applicable percentage was 22.49%. Any amounts expended by the City to pay debt service on behalf of SPSA were required to be repaid by SPSA. The change in the City's guaranty agreement resulted in part from the sale of SPSA's Waste-to-Energy facilities to Wheelabrator Technologies, Inc. on April 29, 2010, allowing the principal amount of SPSA's outstanding indebtedness to be reduced to \$75.0 million from \$218.0 million. At June 30, 2018, SPSA's outstanding indebtedness was satisfied. The City's contract with SPSA terminated on January 24, 2018; however, on April 26, 2016, the City Council approved a new contract with SPSA for post-2018 service thru 2027 with an additional ten year extension available. Complete audited financial statements for SPSA are available from the administrative office at 723 Woodlake Drive, Chesapeake, Virginia 23320.

***SPSA Lease Extension***

On April 26, 2016 the City Council voted to extend an existing lease agreement between SPSA and the City dated June 12, 1984 for the use of property located at 901 Hollowell Lane in the Washington Borough of the City. The prior lease was to expire on May 31, 2016 and the lease extension agreement extended the term of the lease until January 24, 2018 when the current Use and Support Agreements with SPSA was to expire. On January 17, 2018 the City negotiated and entered into a subsequent Use and Support Agreement extending the term of the lease to January 25, 2023. This property is utilized by SPSA as a waste transfer station and the City uses this transfer station for 87% of its waste disposal tonnages with the remainder divided among the Wheelabrator plant in Portsmouth, the Norfolk transfer station and the Suffolk transfer stations.

***Litigation***

The City is involved in various claims and litigation resulting from its normal operations. The ultimate outcome of these matters is not presently determinable. The City management, based on the advice of the City Attorney, is of the opinion that these matters will not have a material effect on the City's financial position.

(Continued)

Notes to Basic Financial Statements  
June 30, 2019

**(16) Continued*****Pollution Remediation***

The City of Chesapeake is under a Commonwealth of Virginia Department of Environmental Quality Consent Order Dated December 19, 2014, relating to sanitary sewer overflows. This order applies to 14 localities in the Hampton Roads Area. The Consent Order reflects a February, 2014 Memorandum of Agreement (MOA) between all of the Localities and the Hampton Roads Sanitation District (HRSD) and assigns responsibilities to each party. HRSD assumes responsibility for all wet weather and capacity based on sanitary sewer overflows and their associated repairs. The City of Chesapeake assumes responsibility for dry weather, maintenance and operations based sanitary overflows and their associated remediation and repair. The HRSD is also subject to a USEPA Consent Decree relating to the same issue, which also identifies responsibilities per the February, 2014 MOA. Per this Consent Decree, HRSD is developing a Regional Wet Weather Management Plan that will identify what work tasks need to be completed when HRSD and localities' sewer systems relating to capacity. Once this plan is completed, each locality, including the City of Chesapeake, will be able to complete development of their own plan identifying what work needs to be completed in order to comply with the DEQ Consent Order. An amendment to the 2014 MOA is being considered by all 14 localities and HRSD that updates the MOA and incorporates proposed changes to USEPA-HRSD Consent Decree that include the impacts of the Sustainable Water Initiative for Tomorrow (SWIFT) aquifer injection program currently being pilot tested by HRSD.

**(17) Fund Results and Reconciliation*****Blended Component Unit Restatements***

In fiscal year 2019, the EDA was reclassified from a component unit to an Enterprise Fund. The EDA, 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 a support agreement for debt payments on an outstanding public facility revenue bond that was privately-placed with a local banking institution to finance the Greenbrier TIF parking garage per stipulations under a development agreement with Dollar Tree. Therefore, the EDA's outstanding bonds are expected to be repaid entirely from resources from the City. The development and support agreement for the majority of the outstanding debt of the EDA necessitates the treatment as a blended component unit in the City's financial statements.

To implement this change, the beginning net position for Business-type Activities has been restated to include the EDA as follows:

	2018 Net Position Previously Presented	Changes in assets and deferred outflows of resources	Changes in liabilities and deferred inflows of resources	2019 Net Position Restated
<b>Primary Government:</b>				
Business-type Activities	614,452,576	17,154,830	(1,406,266)	630,201,140
Discretely Presented Component Units	32,278,531	(17,154,830)	1,406,266	16,529,967
<b>Proprietary Funds:</b>				
Economic Development Authority	-	17,154,830	(1,406,266)	15,748,564
<b>Discretely Presented Component Units:</b>				
Economic Development Authority	15,748,564	(17,154,830)	1,406,266	-

(Continued)

Notes to Basic Financial Statements  
June 30, 2019

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**(17) Continued**

***Fund Deficits***

The Self-Insurance Fund and Self-Funded Health Fund, both Internal Service Funds, had net position deficits of \$2,230,115 and \$3,912,587, respectively at June 30, 2019. These deficits will be funded by future internal billings to other funds of the City.

The Chesapeake Public Schools, a component unit, had a net position deficit of \$296,836,410 at June 30, 2019. The deficit is primarily due to a steady increase of Schools' net OPEB obligation and net pension liability. At June 30, 2019, the School's net OPEB liability and net pension liability were \$212,513,151 and \$352,380,147 respectively.

**(18) Subsequent Events**

***Chesapeake Land Bank Authority***

On June 12, 2018, City Council voted to establish the Chesapeake Land Bank Authority (CLBA). The City is authorized to create the CLBA under the Virginia Land Bank Entities Act, *Code of Virginia* §§ 15.2-7500 et. seq., as amended ("the Act").

The CLBA is a non-profit corporation whose focus is on the conversion of vacant, abandoned and tax delinquent properties to productive use. The CLBA has certain powers such as the ability to obtain property at low or no cost through tax foreclosure, to hold land tax-free, to clear clouded titles and back taxes, and to strategically assemble properties to benefit the community.

City Council originally approved an appropriation of \$3.0 million from a combination of the General Fund and the South Norfolk Tax Increment Financing (TIF) Fund. The funds were not transferred in fiscal year 2019. The fiscal year 2020 budget was amended to include this appropriation and the funds were transferred to the CLBA on September 4, 2019.

***Virginia Public School Authority bond sale***

In November 2019, the City sold \$19,835,000 of general obligation school bonds to the VPSA at a true interest cost of 2.353% and a premium of \$2,733,203. The bonds were issued to partially fund the replacement of a primary school in the Great Bridge area of the City and three separate building additions to schools in South Norfolk, Hickory and Greenbrier. The City also sold \$4,685,000 of general obligation bonds to VPSA at a true interest cost of 1.560% and a premium of \$833,262. The bonds were issued to fund major renewal and replacement projects for several schools.

***Other Postemployment Benefits***

Effective January 1, 2020, employees who met all eligibility requirements to participate in the Single-Employer City Administered OPEB plan at their retirement may now elect to participate until age 65 or Medicare eligible even if they previously elected non-participation in the plan.

(Continued)

Notes to Basic Financial Statements  
June 30, 2019

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**(18) Continued**

*New City Manager*

Effective November 4, 2019, Christopher M. Price became the City Manager, replacing James E. Baker who retired on October 31, 2019.

**(19) New Accounting Pronouncements**

The GASB has issued the following pronouncements prior to June 30, 2019, which have effective dates that may impact future presentations.

GASB Statement No. 84, *Fiduciary Activities* will be effective for the City beginning with the year ending June 30, 2020.

GASB Statement No. 87, *Leases* will be effective for the City beginning with the year ending June 30, 2021.

GASB Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61* will be effective for the City beginning with the year ending June 30, 2020.

GASB Statement No. 91, *Conduit Debt Obligations* will be effective for the City beginning with the year ending June 30, 2022 although early implementation is encouraged.

Management has not currently determined what impact the implementation of the above statements may have on the financial statements of the City.

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**Chesapeake**  
VIRGINIA

# Required Supplementary Information

**Chesapeake**  
VIRGINIA

CITY OF CHESAPEAKE, VIRGINIA

Schedule L-1

Schedule of Revenues, Expenditures and Changes in Fund Balance -  
 Budget and Actual - General Fund - unaudited  
 Year Ended June 30, 2019

	<b>General Fund</b>			
	<b>Original Budget</b>	<b>Revised Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>REVENUES</b>				
General property taxes	\$ 334,051,416	334,051,416	336,657,320	2,605,904
Other local taxes	126,843,802	126,843,802	129,053,264	2,209,462
Licenses, permits and fees	9,155,093	9,155,093	9,248,331	93,238
Fines and forfeitures	2,324,500	2,324,500	1,631,763	(692,737)
Investment income	1,222,800	1,222,800	4,549,468	3,326,668
Revenues from use of property	815,596	815,596	775,618	(39,978)
Charges for services	13,348,367	13,348,367	11,923,544	(1,424,823)
Miscellaneous local revenues	122,200	122,200	534,343	412,143
Recovered costs	-	60,384	501,299	440,915
Intergovernmental revenues:				
Commonwealth of Virginia	92,083,524	92,421,784	93,133,714	711,930
Federal government	46,400	46,400	134,795	88,395
Chesapeake Public Schools	-	-	872,804	872,804
Total revenues	580,013,698	580,412,342	589,016,263	8,603,921
<b>EXPENDITURES</b>				
Current:				
General government	130,237,262	129,824,787	116,048,703	13,776,084
Public safety	102,975,991	103,317,349	98,044,908	5,272,441
Public works	65,433,276	66,919,515	59,431,904	7,487,611
Parks and recreation	14,196,741	14,175,741	11,924,435	2,251,306
Education - payments to public schools	211,813,000	214,015,920	210,428,306	3,587,614
Debt Service	1,994,000	1,994,000	1,992,750	1,250
Total expenditures	526,650,270	530,247,312	497,871,006	32,376,306
<b>Excess (deficiency) of revenues over (under) expenditures</b>	53,363,428	50,165,030	91,145,257	40,980,227
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from other funds	4,686,949	4,514,949	5,707,215	1,192,266
Transfers to other funds	(76,774,011)	(76,359,425)	(71,880,655)	4,478,770
Total other financing sources (uses)	(72,087,062)	(71,844,476)	(66,173,440)	5,671,036
<b>Net change in fund balance</b>	(18,723,634)	(21,679,446)	24,971,817	46,651,263
<b>Fund balance - beginning</b>	222,014,551	222,014,551	222,014,551	-
<b>Fund balance - ending</b>	\$ 203,290,917	200,335,105	246,986,368	46,651,263

Unaudited - see accompanying auditors' report and notes to required supplementary information

**CITY OF CHESAPEAKE, VIRGINIA**

*Schedule L-2*

Schedule of Employer Contributions - Virginia Retirement System - unaudited  
Year Ended June 30, 2019

**City**

<b>For Fiscal Year Ended</b>	<b>Contractually Required Contribution</b>	<b>Contributions in Relation to Contractually Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Contributions as a % of Covered Payroll</b>
June 30, 2019	\$ 23,030,212	23,020,212	-	165,769,435	13.89%
June 30, 2018	21,536,320	21,536,320	-	158,317,359	13.60%
June 30, 2017	20,969,936	20,969,936	-	153,143,100	13.69%
June 30, 2016	23,566,227	23,566,227	-	147,330,182	16.00%
June 30, 2015	23,293,190	23,293,190	-	144,086,821	16.17%
June 30, 2014	21,787,520	21,787,520	-	138,455,434	15.74%

**Schools' Nonprofessional Employees**

<b>For Fiscal Year Ended</b>	<b>Contractually Required Contribution</b>	<b>Contributions in Relation to Contractually Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Contributions as a % of Covered Payroll</b>
June 30, 2019	\$ 1,763,262	1,763,262	-	21,167,806	8.33%
June 30, 2018	1,867,510	1,867,510	-	21,169,819	8.82%
June 30, 2017	1,936,293	1,936,293	-	21,645,530	8.95%
June 30, 2016	2,290,138	2,290,138	-	21,335,475	10.73%
June 30, 2015	2,321,931	2,321,931	-	21,478,860	10.81%
June 30, 2014	2,399,609	2,399,609	-	21,063,314	11.39%

**Schools' Professional Employees**

<b>For Fiscal Year Ended</b>	<b>Contractually Required Contribution</b>	<b>Contributions in Relation to Contractually Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Contributions as a % of Covered Payroll</b>
June 30, 2019	\$ 36,815,952	36,815,952	-	238,636,634	15.43%
June 30, 2018	37,345,663	37,345,663	-	231,560,514	16.13%
June 30, 2017	32,815,991	32,815,991	-	225,349,626	14.56%
June 30, 2016	30,557,558	30,557,558	-	218,100,620	14.01%
June 30, 2015	31,725,142	31,725,142	-	219,173,315	14.47%
June 30, 2014	25,246,663	25,246,663	-	216,535,628	11.66%

Schedule is intended to show information for 10 years. Since 2014 is the first year for this presentation, no other historical data is available. However, additional years will be included as they become available.

Unaudited - see accompanying auditors' report and notes to required supplementary information

## CITY OF CHESAPEAKE, VIRGINIA

Schedule L-3

Schedule of Changes in the Net Pension Liability and Related Ratios - unaudited  
Year Ended June 30, 2019

City Employees	2015*	2016*	2017*	2018*	2019*
<b>Total pension liability</b>					
Service cost	\$ 18,811,281	18,816,001	19,256,498	19,415,271	20,662,658
Interest cost	52,973,477	55,502,643	57,375,617	60,663,347	62,557,454
Changes of Assumptions	-	-	-	2,557,592	-
Difference between expected and actual experience	-	(8,933,171)	11,760,453	(11,011,574)	979,966
Benefit payments, including refunds of employee contributions	(34,074,130)	(37,233,496)	(40,023,900)	(42,826,108)	(46,305,819)
<b>Net change in total pension liability</b>	37,710,628	28,151,977	48,368,668	28,798,528	37,894,259
<b>Total pension liability - beginning</b>	773,801,021	811,511,649	839,663,626	888,032,294	916,830,822
<b>Total pension liability - ending</b>	\$ 811,511,649	839,663,626	888,032,294	916,830,822	954,725,081
<b>Plan fiduciary net position</b>					
Contributions - employer	\$ 21,780,263	23,309,941	23,585,872	20,970,594	21,536,966
Contributions - employee	7,107,584	7,364,024	7,428,153	7,699,143	7,846,621
Net investment income	94,184,657	31,352,624	12,288,110	86,401,631	57,749,705
Benefit payments, including refunds of employee contributions	(34,074,130)	(37,233,496)	(40,023,900)	(42,826,108)	(46,305,819)
Administrative expense	(507,330)	(429,327)	(441,129)	(502,418)	(502,161)
Other	4,964	(6,630)	(5,228)	(76,806)	(51,279)
<b>Net change in plan fiduciary net position</b>	88,496,008	24,357,136	2,831,878	71,666,036	40,274,033
<b>Plan fiduciary net position - beginning</b>	598,576,634	687,072,642	711,429,778	714,261,656	785,927,692
<b>Plan fiduciary net position - ending</b>	\$ 687,072,642	711,429,778	714,261,656	785,927,692	826,201,725
<b>Net pension liability - ending</b>	\$ 124,439,007	128,233,848	173,770,638	130,903,130	128,523,356
<b>Plan fiduciary net position as a percentage of total pension liability</b>	84.67%	84.73%	80.43%	85.72%	86.54%
<b>Covered payroll</b>	\$ 138,455,434	144,086,821	147,330,182	153,143,100	158,317,359
<b>Net pension liability as a percentage of covered payroll</b>	89.88%	89.00%	117.95%	85.48%	81.18%

\* The amounts presented have a measurement date of the previous fiscal year end.

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other historical data is available. However, additional years will be included as they become available.

Unaudited - see accompanying auditors' report and notes to required supplementary information

## CITY OF CHESAPEAKE, VIRGINIA

Schedule L-4

Schedule of Changes in the Net Pension Liability and Related Ratios - unaudited  
Year Ended June 30, 2019

<b>Schools' Nonprofessional Employees:</b>	<b>2015*</b>	<b>2016*</b>	<b>2017*</b>	<b>2018*</b>	<b>2019*</b>
<b>Total pension liability</b>					
Service cost	\$ 2,157,963	2,148,602	2,136,694	2,097,124	1,999,505
Interest cost	5,971,479	6,232,246	6,531,345	6,711,839	6,796,198
Difference between expected and actual experience	-	366,267	(1,148,254)	(1,139,936)	(213,340)
Change in assumption	-	-		(1,036,291)	-
Benefit payments, including refunds of employee contributions	(4,578,086)	(4,230,322)	(4,718,205)	(5,164,407)	(5,690,801)
<b>Net change in total pension liability</b>	<b>3,551,356</b>	<b>4,516,793</b>	<b>2,801,580</b>	<b>1,468,329</b>	<b>2,891,562</b>
<b>Total pension liability - beginning</b>	<b>87,595,888</b>	<b>91,147,244</b>	<b>95,664,037</b>	<b>98,465,617</b>	<b>99,933,946</b>
<b>Total pension liability - ending</b>	<b>\$ 91,147,244</b>	<b>95,664,037</b>	<b>98,465,617</b>	<b>99,933,946</b>	<b>102,825,508</b>
<b>Plan fiduciary net position</b>					
Contributions - employer	\$ 2,399,609	2,321,495	2,290,549	1,927,178	1,858,617
Contributions - employee	1,057,299	1,063,283	1,052,203	1,052,494	1,015,533
Net investment income	10,545,595	3,503,699	1,365,632	9,566,139	6,334,762
Benefit payments, including refunds of employee contributions	(4,578,086)	(4,230,322)	(4,718,205)	(5,164,407)	(5,690,801)
Administrative expense	(57,298)	(48,093)	(49,417)	(56,156)	(55,879)
Other	556	(743)	(582)	(8,489)	(5,606)
<b>Net change in plan fiduciary net position</b>	<b>9,367,675</b>	<b>2,609,319</b>	<b>(59,820)</b>	<b>7,316,759</b>	<b>3,456,626</b>
<b>Plan fiduciary net position - beginning</b>	<b>67,634,802</b>	<b>77,002,477</b>	<b>79,611,796</b>	<b>79,551,976</b>	<b>86,868,735</b>
<b>Plan fiduciary net position - ending</b>	<b>\$ 77,002,477</b>	<b>79,611,796</b>	<b>79,551,976</b>	<b>86,868,735</b>	<b>90,325,361</b>
<b>Net pension liability - ending</b>	<b>\$ 14,144,767</b>	<b>16,052,241</b>	<b>18,913,641</b>	<b>13,065,211</b>	<b>12,500,147</b>
<b>Plan fiduciary net position as a percentage of total pension liability</b>	<b>84.48%</b>	<b>83.22%</b>	<b>80.79%</b>	<b>86.93%</b>	<b>87.84%</b>
<b>Covered payroll</b>	<b>\$ 21,063,314</b>	<b>21,478,860</b>	<b>21,335,475</b>	<b>21,645,530</b>	<b>21,169,819</b>
<b>Net pension liability as a percentage of covered payroll</b>	<b>67.15%</b>	<b>74.74%</b>	<b>88.65%</b>	<b>60.36%</b>	<b>59.05%</b>

\* The amounts presented have a measurement date of the previous fiscal year end.

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

Unaudited - see accompanying auditors' report and notes to required supplementary information

**CITY OF CHESAPEAKE, VIRGINIA**

*Schedule L-5*

Schedule of Employer's Share of Net Pension Liability -  
 unaudited  
 VRS Teacher Retirement Plan  
 Year Ended June 30, 2019

<b>Schools' Professional Employees:</b>	<b>2015*</b>	<b>2016*</b>	<b>2017*</b>	<b>2018*</b>	<b>2019*</b>
Employer's Proportion of the Net Pension Liability (Asset)	2.96080%	2.94792%	2.86078%	2.87861%	2.89014%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 357,804,000	371,035,000	400,913,000	354,010,000	339,880,000
Employer's Covered Payroll	\$ 216,535,628	219,173,315	218,100,620	225,349,626	231,560,514
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	165.24%	169.29%	183.82%	157.09%	146.78%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.88%	70.68%	68.28%	72.92%	74.81%

\* The amounts presented have a measurement date of the previous fiscal year end.

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

Unaudited - see accompanying auditors' report and notes to required supplementary information

**CITY OF CHESAPEAKE, VIRGINIA**

**Schedule L-6**

Schedules of Employer Contributions - Other Postemployment Benefits - City and Schools Directed - unaudited  
 Year Ended June 30, 2019

**City Directed**

<b>Fiscal year ended June 30:</b>	<b>Actuarial Determined Contribution</b>	<b>Actual Amount Contributed in Dollars</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Percentage of Covered Payroll</b>
2019	\$ 2,753,000	6,602,481	(3,849,481)	165,769,435	3.98%
2018*	2,005,000	6,200,342	(4,195,342)	158,317,359	3.92%
2017	2,557,000	5,041,599	(2,484,599)	153,143,100	3.29%
2016	3,089,000	8,643,349	(5,554,349)	147,326,696	5.87%
2015	7,851,000	13,401,054	(5,550,054)	144,086,821	9.30%

**Schools Directed**

<b>Fiscal year ended June 30:</b>	<b>Annual Determined Contribution</b>	<b>Actual Amount Contributed in Dollars</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Percentage of Covered Payroll</b>
2019+	\$ n/a	5,223,504	n/a	259,804,440	2.01%
2018*+	n/a	5,481,286	n/a	252,730,333	2.17%
2017	12,990,000	5,681,682	7,308,318	246,995,156	2.30%
2016	12,377,878	6,100,004	6,277,874	239,436,096	2.55%
2015	12,017,270	6,637,601	5,379,669	240,652,174	2.76%

\* 2018 represents the first year of Actuarial Determined Contribution, which replaces ARC (Annual Required Contribution) for 2017 and prior

+ Actuarial Determined Contribution is not currently available for this plan

**CITY OF CHESAPEAKE, VIRGINIA**

*Schedule L-7*

Schedule of Changes in the Net OPEB Liability (Asset) and Related Ratios - unaudited  
Year Ended June 30, 2019

<b>City Directed OPEB Plan</b>	<b>2018</b>	<b>2019</b>
<b>Total OPEB liability</b>		
Service cost	\$ 2,470,272	2,622,677
Interest cost	5,541,256	5,405,083
Change of benefit terms		
Difference between expected and actual experience	1,925,666	6,721,119
Changes in Assumptions	(5,323,681)	-
Benefit payments	(6,200,342)	(6,602,481)
<b>Net change in total OPEB liability</b>	<b>(1,586,829)</b>	<b>8,146,398</b>
<b>Total OPEB liability - beginning</b>	<b>81,783,807</b>	<b>80,196,978</b>
<b>Total OPEB liability - ending</b>	<b>\$ 80,196,978</b>	<b>88,343,376</b>
<b>Plan fiduciary net position</b>		
Contributions - employer	\$ 6,200,342	5,120,704
Net investment income	6,556,557	5,272,630
Benefit payments	(6,200,342)	(6,602,481)
<b>Net change in plan fiduciary net position</b>	<b>6,556,557</b>	<b>3,790,853</b>
<b>Plan fiduciary net position - beginning</b>	<b>78,646,342</b>	<b>85,202,899</b>
<b>Plan fiduciary net position - ending</b>	<b>\$ 85,202,899</b>	<b>88,993,752</b>
<b>Net OPEB liability (asset) - ending</b>	<b>(5,005,921)</b>	<b>(650,376)</b>
<b>Plan fiduciary net position as a percentage of total OPEB liability (asset)</b>	<b>106.24%</b>	<b>100.74%</b>
<b>Covered payroll</b>	<b>\$ 158,317,359</b>	<b>165,769,435</b>
<b>Net OPEB liability (asset) as a percentage of covered payroll</b>	<b>-3.16%</b>	<b>-0.39%</b>
<b>Expected average remaining service years of all participants</b>	<b>6</b>	<b>6</b>
<b>Annual money - weighted rate of return, net of investment expense</b>	<b>7.98%</b>	<b>6.48%</b>

Schedule is intended to show information for 10 years. Since 2018 is the first year for this presentation, no other historical data is available. However, additional years will be included as they become available.

Unaudited - see accompanying auditors' report and notes to required supplementary information

**CITY OF CHESAPEAKE, VIRGINIA**

*Schedule L-8*

Schedule of City of Chesapeake Proportionate Share of Net OPEB Liability - VRS Directed Programs - unaudited  
Year Ended June 30, 2019

	<b>2018</b>	<b>2019</b>
<b>Virginia Local Disability Program</b>		
Employers Proportion of the Net VLDP OPEB Liability	9.82223%	10.44129%
City of Chesapeake Proportionate Share of the Net VLDP OPEB Liability	\$ 56,000	81,000
City of Chesapeake Covered Payroll	17,984,904	24,838,835
City of Chesapeake Proportionate Share of the Net VLDP OPEB Liability as a Percentage of its covered payroll	0.31%	0.33%
Plan Fiduciary Net Position as a Percentage of the Total VLDP OPEB Liability	35.25%	48.80%
<b>Group Life Insurance Program</b>		
Employers Proportion of the Net GLIP OPEB Liability	0.84410%	0.84669%
City of Chesapeake Proportionate Share of the Net GLIP OPEB Liability	\$ 12,702,000	12,859,000
City of Chesapeake Covered Payroll	153,143,100	158,317,359
City of Chesapeake Proportionate Share of the Net GLIP OPEB Liability as a Percentage of its covered payroll	8.29%	8.12%
Plan Fiduciary Net Position as a Percentage of the Total GLIP OPEB Liability	48.86%	51.22%
<b>Line of Duty Act</b>		
Employers Proportion of the Net LODA OPEB Liability	6.09451%	6.18415%
City of Chesapeake Proportionate Share of the Net LODA OPEB Liability	\$ 16,016,000	19,387,000
City of Chesapeake Covered Payroll	153,143,100	158,317,359
City of Chesapeake Proportionate Share of the Net LODA OPEB Liability as a Percentage of its covered payroll	10.46%	12.25%
Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability	0.60%	1.30%

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Unaudited - see accompanying auditors' report and notes to required supplementary information

## CITY OF CHESAPEAKE, VIRGINIA

Schedule L-9

Schedule of Changes in the Net OPEB Liability and Related Ratios - unaudited  
Year Ended June 30, 2019

<b>Schools Directed OPEB Plan</b>	<b>2018</b>	<b>2019</b>
<b>Total OPEB liability</b>		
Service cost	\$ 5,640,881	4,948,794
Interest cost	4,683,042	5,496,930
Difference between expected and actual experience	(1,299,051)	(2,077,490)
Change in assumption	(13,473,773)	(698,818)
Benefit payments	(5,681,682)	(5,481,286)
<b>Net change in total OPEB liability</b>	<b>(10,130,583)</b>	<b>2,188,130</b>
<b>Total OPEB liability - beginning</b>	<b>167,158,106</b>	<b>157,027,523</b>
<b>Total OPEB liability - ending</b>	<b>\$ 157,027,523</b>	<b>159,215,653</b>
<b>Plan fiduciary net position</b>		
Contributions - employer	\$ 5,681,862	5,481,286
Net investment income	354,865	296,635
Benefit payments	(5,681,862)	(5,481,286)
<b>Net change in plan fiduciary net position</b>	<b>354,865</b>	<b>296,635</b>
<b>Plan fiduciary net position - beginning</b>	<b>2,786,002</b>	<b>3,140,867</b>
<b>Plan fiduciary net position - ending</b>	<b>\$ 3,140,867</b>	<b>3,437,502</b>
<b>Net OPEB liability - ending</b>	<b>\$ 153,886,656</b>	<b>155,778,151</b>
<b>Plan fiduciary net position as a percentage of total OPEB liability</b>	<b>2.00%</b>	<b>2.16%</b>
<b>Covered payroll</b>	<b>\$ 246,995,156</b>	<b>252,730,333</b>
<b>Net OPEB liability as a percentage of covered payroll</b>	<b>62.30%</b>	<b>61.64%</b>
<b>Expected average remaining service years of all participants</b>	<b>7</b>	<b>7</b>
<b>Annual money - weighted rate of return, net of investment expense</b>	<b>9.52%</b>	<b>9.00%</b>

Schedule is intended to show information for 10 years. Since 2018 is the first year for this presentation, no other historical data is available. However, additional years will be included as they become available.

Unaudited - see accompanying auditors' report and notes to required supplementary information

Schedule of City of Chesapeake Schools' Proportionate Share of Net OPEB Liability - VRS Directed Programs - unaudited  
Year Ended June 30, 2019

	2018	2019
<b>Virginia Local Disability Program</b>		
Employers Proportion of the Net VLDP OPEB Liability		
Nonprofessional employees	1.77573%	1.75555%
Professional employees	7.09952%	7.69735%
Schools Proportionate Share of the Net VLDP OPEB Liability		
Nonprofessional employees	\$ 10,000	14,000
Professional employees	42,000	58,000
Schools Covered Payroll		
Nonprofessional employees	3,260,758	4,262,590
Professional employees	20,034,887	28,701,027
Schools Proportionate Share of the Net VLDP OPEB Liability as a Percentage of its covered payroll		
Nonprofessional employees	0.31%	0.33%
Professional employees	0.21%	0.20%
Plan Fiduciary Net Position as a Percentage of the Total VLDP OPEB Liability		
Nonprofessional employees	38.40%	51.39%
Professional employees	31.96%	46.18%
<b>Group Life Insurance Program</b>		
Employers Proportion of the Net GLIP OPEB Liability		
Nonprofessional employees	0.11811%	0.11253%
Professional employees	1.22538%	1.22538%
Schools Proportionate Share of the Net GLIP OPEB Liability		
Nonprofessional employees	\$ 1,777,000	1,709,000
Professional employees	18,440,000	18,568,000
Schools Covered Payroll		
Nonprofessional employees	21,784,960	21,396,564
Professional employees	226,026,199	232,470,818
Schools Proportionate Share of the Net GLIP OPEB Liability as a Percentage of its covered payroll		
Nonprofessional employees	8.16%	7.99%
Professional employees	8.16%	7.99%
Plan Fiduciary Net Position as a Percentage of the Total GLIP OPEB Liability		
Nonprofessional employees	48.86%	51.22%
Professional employees	48.86%	51.22%
<b>Teacher Health Insurance Credit Program - Professional Employees</b>		
Employers Proportion of the Net THICP OPEB Liability	2.85627%	2.86573%
Schools Proportionate Share of the Net THICP OPEB Liability	\$ 36,235,000	36,386,000
Schools Covered Payroll	225,417,292	231,762,672
Schools Proportionate Share of the Net THICP OPEB Liability as a Percentage of its covered payroll	16.07%	15.70%
Plan Fiduciary Net Position as a Percentage of the Total THICP OPEB Liability	7.04%	8.08%

Schedule is intended to show information for 10 years. Since 2018 is the first year for this presentation, no other historical data is available. However, additional years will be included as they become available.

Unaudited - see accompanying auditors' report and notes to required supplementary information

## CITY OF CHESAPEAKE, VIRGINIA

Schedule L-11

Schedules of Employer Contributions - Other Postemployment Benefits - VRS Directed Programs - unaudited  
Year Ended June 30, 2019

<b>Fiscal year ended June 30:</b>	<b>Annual Required Contribution</b>	<b>Actual Amount Contributed in Dollars</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Contributions as a % of Covered Payroll</b>
<b>City - VRS Directed Programs</b>					
<b>Virginia Local Disability Program</b>					
2019	\$ 221,571	221,571	-	31,630,332	0.70%
2018	148,817	148,817	-	24,838,835	0.60%
2017	108,219	108,219	-	17,984,904	0.60%
2016	68,377	68,377	-	8,027,845	0.85%
<b>Group Life Insurance</b>					
2019	\$ 866,852	866,852	-	165,769,435	0.52%
2018	834,086	834,086	-	158,317,359	0.53%
2017	809,643	809,643	-	153,143,100	0.53%
2016	716,757	716,757	-	147,330,182	0.49%
<b>Line of Duty Act *</b>					
2019	\$ 768,062	768,062	-	165,769,435	0.46%
2018	658,716	658,716	-	158,317,359	0.42%
2017	657,156	657,156	-	153,143,100	0.43%
2016	583,954	583,954	-	147,330,182	0.40%
*The contributions for the Line of Duty Act Program are based on the number of participants in the Program using a per capita-based contribution versus a payroll-based contribution; therefore, covered employee payroll is the relevant measurement.					
<b>Schools - VRS Directed Programs</b>					
<b>Virginia Local Disability Program</b>					
Nonprofessional employees					
2019	\$ 35,036	35,036	-	5,650,999	0.62%
2018	25,576	25,576	-	4,262,590	0.60%
2017	19,565	19,565	-	3,260,758	0.60%
2016	13,986	13,986	-	2,330,961	0.60%
Professional employees					
2019	161,756	161,756	-	39,452,671	0.41%
2018	88,973	88,973	-	28,701,027	0.31%
2017	62,108	62,108	-	20,034,887	0.31%
2016	30,785	30,785	-	10,615,473	0.29%
<b>Group Life Insurance</b>					
Nonprofessional employees					
2019	\$ 110,970	110,970	-	21,340,312	0.52%
2018	111,262	111,262	-	21,396,564	0.52%
2017	113,282	113,282	-	21,784,960	0.52%
2016	103,034	103,034	-	21,465,516	0.48%
Professional employees					
2019	1,246,552	1,246,552	-	239,721,566	0.52%
2018	1,208,848	1,208,848	-	232,470,818	0.52%
2017	1,175,336	1,175,336	-	226,026,199	0.52%
2016	1,050,010	1,050,010	-	218,752,180	0.48%
<b>Teacher Health Insurance Credit Program - Professional Employees</b>					
2019	\$ 2,867,808	2,867,808	-	238,986,997	1.20%
2018	2,850,681	2,850,681	-	231,762,672	1.23%
2017	2,502,132	2,502,132	-	225,417,292	1.11%
2016	2,312,292	2,312,292	-	218,140,798	1.06%

Schedule is intended to show information for 10 years. Since 2016 is the first year for this presentation, no other historical data is available. However, additional years will be included as they become available.

Unaudited - see accompanying auditors' report and notes to required supplementary information

Notes to Required Supplementary Information  
June 30, 2019

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**(1) Budgets and Budgetary Accounting**

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

Annual budget requests of the General Fund, Special Revenue Funds (except the Community Development Fund, Grants Fund, Open Space Agriculture Preservation Fund and CSB of Chesapeake, Inc., a blended component unit), Debt Service Fund and Enterprise Funds (excluding construction funds) for the ensuing fiscal year are submitted to the City Manager by department or agency heads during the second quarter of the fiscal year. The City Manager reviews the requests and meets with department heads to discuss the requests. The Capital Projects Funds, Public Utilities Construction Funds, Chesapeake Transportation System Construction Fund, Stormwater Management Construction Fund, Grants Fund, Open Space Agriculture Preservation Fund and the Community Development Fund utilize project budgets in lieu of legally adopted annual budgets. The City Council does not adopt a budget for CSB of Chesapeake, Inc.

Section 5.02 of the City Charter states that “the City Manager shall submit to the Council an operating budget and a budget message at least 90 days prior to the beginning of each fiscal year”. This budget includes the Public Schools budget request as adopted by the School Board which is by law a separate and autonomous “body politic”. The City Manager can recommend a revision only in the total estimated resources and requirements in the School Board budget request. The City Council makes an annual appropriation to the Public Schools but is prohibited from exercising any control over specific expenditures of the Public Schools operating funds.

The budget is required to be adopted at the fund level by a majority vote of the City Council at least 47 days prior to the end of the current fiscal year.

After work sessions and public hearings, the City Manager’s recommended budget may be amended as necessary by the City Council and an appropriations ordinance, tax levy and other revenue enhancements as may be necessary to balance the budget are adopted. Tax rates are established prior to the beginning of the fiscal year.

The City Council may authorize supplemental appropriations during the fiscal year based on the availability of financial resources. Effective with budget year beginning July 1, 2016, the City Manager is authorized by City Council to make transfers of funds between funds, departments and programs up to \$250,000 and is required to notify City Council. For any budget transfers are greater than \$250,000, cross capital projects or cross between operating and capital budgets, the requests must be authorized by City Council. Any revisions that alter total appropriations must be approved by City Council. The legal level of budgetary control rests at the fund level.

Each appropriation in a legally adopted annual budget lapses at the close of the fiscal year to the extent that it has not been expended or encumbered. Because encumbrances outstanding at year end are reappropriated under the following year’s budget adoption process, encumbrances are considered expenditures (for budgetary purposes) in the year that the expenditure is incurred.

Appropriations for funds utilizing capital or project budgets do not lapse at year end but are multi-year and continue until the purpose of the appropriation has been fulfilled or abandoned. Appropriations under the capital improvement program are considered abandoned if three years pass without any disbursement or encumbrance of the appropriation. The level of budgetary control is on a project basis with additional controls being exercised administratively, as reasonable and necessary.

Notes to Required Supplementary Information  
June 30, 2019

The General Fund budget is adopted on a modified accrual basis consistent with accounting principles generally accepted in the United States of America.

The original budget includes the adjustments necessary to bring forward the reappropriated encumbrances as authorized in the annual budget resolution.

**(2) Retirement Plans**

**Changes of benefit terms – All Plans**

There have been no actuarially material changes to benefit provisions since the prior actuarial valuation.

**Changes of assumptions** – The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the VRS for the four year period ending June 30, 2016:

**Schools Professional Employees (Teachers)**

- Update to a more current mortality table- RP-2014 projected to 2020
- Lowered retirement rates at older ages and changed final retirement from 70 to 75
- Adjusted withdrawal rates to better fit experience at each age and service year through 9 years of service
- Adjusted disability rates to better match experience
- Reduce rates of salary increase by 0.25% per year

**City Employees and Schools Nonprofessional Employees**

**General Employees:**

- Update to a more current mortality table – RP-2014 projected to 2020
- Lowered retirement rates at older ages and changed final retirement from 70 to 75
- Adjusted withdrawal rates to better fit experience at each age and service year through 9 years of service
- Lowered disability rates
- Increased line of duty disability rate from 14% to 20%

**Hazardous Duty Employees:**

- Update to a more current mortality table – RP-2014 projected to 2020
- Lowered retirement rates at older ages
- Adjusted withdrawal rates to better fit experience
- Increased disability rates
- Increased line of duty disability rate from 60% to 70%

**(3) Other Postemployment Benefit Plans - VRS Directed Plans**

**Changes of benefit terms – All Plans**

There have been no actuarially material changes to benefit provisions since the prior actuarial valuation.

**Changes of assumptions** – The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the VRS for the four year period ending June 30, 2016:

**Health Insurance Credit Program-**

- Update to a more current mortality table – RP-2014 projected to 2020
- Lowered retirement rates at older ages and changed final retirement from 70 to 75
- Adjusted withdrawal rates to better fit experience at each age and service year through 9 years of service
- Adjusted disability rates to better match experience

Unaudited - see accompanying auditors' report

Notes to Required Supplementary Information  
June 30, 2019

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**Group Life Insurance Program-****General Employees**

- Update to a more current mortality table – RP-2014 projected to 2020
- Lowered retirement rates at older ages and extended final retirement age from 70 to 75
- Adjusted withdrawal rates to better fit experience at each age and service year
- Lowered disability rates
- Increased rate from 14% to 20%

**Hazardous Duty Employees**

- Update to a more current mortality table – RP-2014 projected to 2020
- Lowered retirement rates at older ages
- Adjusted withdrawal rates to better fit experience at each age and service year
- Increased disability rates
- Increased Line of Duty Disability from 60% to 70%

**Teachers**

- Update to a more current mortality table – RP-2014 projected to 2020
- Lowered retirement rates at older ages and changed final retirement from 70 to 75
- Adjusted withdrawal rates to better fit experience at each age and service through 9 years of service
- Adjusted disability rates to better match experience

**Line of Duty Act Plan-**

- Update to a more current mortality table – RP-2014 projected to 2020
- Lowered retirement rates at older ages
- Adjusted withdrawal rates to better fit experience at each age and service year through 9 years of service
- Adjusted disability rates to better match experience
- Increased Line of Duty Disability from 14% to 25%

**Virginia Local Disability Program-****General Employees**

- Update to a more current mortality table – RP-2014 projected to 2020
- Lowered retirement rates at older ages and extended final retirement age from 70 to 75
- Adjusted withdrawal rates to better fit experience at each age and service year
- Lowered disability rates
- Increased Line of Duty Disability from 14% to 20%

**Teachers**

- Update to a more current mortality table – RP-2014 projected to 2020
- Lowered retirement rates at older ages and changed final retirement from 70 to 75
- Adjusted withdrawal rates to better fit experience at each age and service year through 9 years of service.
- Adjusted disability rates to better match experience.

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**Chesapeake**  
VIRGINIA

Other Supplementary Information -  
Combining and Individual Fund  
Schedules

**Chesapeake**  
VIRGINIA

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**Chesapeake**  
VIRGINIA

# General Fund

**General Fund** – To account for all revenues and expenditures of the City which are not accounted for in other funds. Revenues are primarily derived from general property taxes, other local taxes, charges for services and revenue from state and federal grants.

A significant part of the General Fund's revenue is transferred to component units and other funds, principally to fund operations of the Chesapeake Public Schools, the Virginia Public Assistance Fund, the Community Services Fund, debt service requirements for the City and Public Schools and to fund construction projects.



CITY OF CHESAPEAKE, VIRGINIA

Schedule M-1

General Fund  
 Schedule of Revenues and Other Financing Sources -  
 Budget and Actual  
 Year Ended June 30, 2019

	Revised Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
<b>General property taxes</b>			
Current taxes on real property	\$ 257,570,716	258,285,903	715,187
Current taxes on public service corporations	9,932,000	10,261,985	329,985
Current taxes on personal property	46,560,000	45,936,240	(623,760)
Delinquent taxes on real property	3,779,900	3,091,606	(688,294)
Delinquent taxes on personal property	13,146,600	15,776,716	2,630,116
Penalties, interest and advertising	3,062,200	3,304,870	242,670
<b>Total general property taxes</b>	<b>334,051,416</b>	<b>336,657,320</b>	<b>2,605,904</b>
<b>Other local taxes</b>			
Local sales and use taxes	41,579,600	41,660,626	81,026
Consumer utility taxes	10,750,000	10,828,586	78,586
Communications sales tax	6,033,102	5,140,073	(893,029)
Business license taxes	25,876,000	28,048,966	2,172,966
Local utility consumption tax	865,000	880,085	15,085
Bank stock taxes	1,525,000	1,731,069	206,069
Taxes on recordation and wills	3,467,100	3,329,708	(137,392)
Tobacco taxes	5,425,000	5,055,551	(369,449)
Lodging sales tax	5,200,000	4,918,824	(281,176)
Restaurant food tax	24,500,000	25,462,589	962,589
Admission taxes	875,000	1,051,583	176,583
Short-term rental taxes	740,000	895,455	155,455
Pari-mutuel wagering pool tax	8,000	50,149	42,149
<b>Total other local taxes</b>	<b>126,843,802</b>	<b>129,053,264</b>	<b>2,209,462</b>
<b>Revenues from local sources</b>			
Licenses, permits and fees:			
Bicycle licenses	10	10	-
Building structure and equipment permits	1,057,300	981,110	(76,190)
Precious metals and gems permits	4,600	3,800	(800)
Palmistry permits	-	200	200
Highway and driveway permits	24,400	22,770	(1,630)
Transfer fees	7,000	7,062	62
Zoning inspection fees	66,200	92,750	26,550
Building inspection fees	112,800	118,430	5,630
Electrical inspection fees	307,000	274,205	(32,795)
Elevator inspection fees	15,120	11,000	(4,120)
Plumbing inspection fees	203,500	186,607	(16,893)
Mechanical permits	409,500	391,945	(17,555)
Subdivision review fees	215,100	223,029	7,929
Solicitors permits	6,200	2,720	(3,480)
Taxi operators licenses	1,400	400	(1,000)
Motor vehicle license	6,471,200	6,679,643	208,443
Inspection fees - gas appliances	69,400	68,952	(448)
Animal license and fees	171,163	167,658	(3,505)
Rodent free certification fee	5,400	5,040	(360)
Hunting and fishing license	-	10	10
Rental inspection fees	7,800	10,990	3,190
<b>Total licenses, permits and fees</b>	<b>9,155,093</b>	<b>9,248,331</b>	<b>93,238</b>
Fines and forfeitures	2,324,500	1,631,763	(692,737)
Investment income	1,222,800	4,549,468	3,326,668

(Continued)

CITY OF CHESAPEAKE, VIRGINIA

Schedule M-1, Continued

General Fund  
 Schedule of Revenues and Other Financing Sources -  
 Budget and Actual  
 Year Ended June 30, 2019

	Revised Budget	Actual	Variance Positive (Negative)
<b>Revenues from local sources, continued:</b>			
Revenues from use of property:			
Rental of general property	\$ 240,319	235,469	(4,850)
Rental of recreational properties and facilities	517,275	481,285	(35,990)
Library rental revenue	19,602	22,361	2,759
Rental of showmobile	38,400	36,503	(1,897)
Total revenues from use of property	815,596	775,618	(39,978)
Charges for services:			
Special court costs	64,100	58,279	(5,821)
Law library fees	100,341	112,911	12,570
Accident report fees	47,000	42,216	(4,784)
Municipal court fees	56,400	43,674	(12,726)
Civil penalties	37,700	38,688	988
Non-support fees	131,200	110,390	(20,810)
Commonwealth's Attorney fees	23,800	26,796	2,996
Police escort fees	24,000	16,204	(7,796)
Sale of service - police	189,600	94,617	(94,983)
Fire report fees	1,000	785	(215)
Sheriff fees	22,861	22,861	-
Inmate medical fees	20,000	34,694	14,694
Sale of service - jail	94,900	82,888	(12,012)
Sale of service - jail inmates	68,255	35,719	(32,536)
Inmate phone system - jail	924,000	435,796	(488,204)
Sale of service - Sheriff	1,069,421	1,018,696	(50,725)
Sale of service - public works	290,150	203,066	(87,084)
Engineering and administrative fees	15,000	30	(14,970)
Recreation fees	1,386,500	1,180,195	(206,305)
Sale of food and beverages	38,426	18,935	(19,491)
Library fines and fees	305,929	377,435	71,506
Lot processing fees	95,600	64,535	(31,065)
Sale of service - planning	7,300	5,524	(1,776)
Sale of service - public information	100	-	(100)
Sale of publications	-	503	503
Returned check fees	12,800	16,110	3,310
Custodian service	110,000	77,000	(33,000)
Wage assignment fees	-	6,623	6,623
Sale of service - assessor	5,500	1,609	(3,891)
Emergency medical service fees	6,388,284	6,028,086	(360,198)
Administration collected fees	925,400	977,061	51,661
Wetland board civil fees	28,600	51,600	23,000
Passport application fee	80,000	42,371	(37,629)
Sale of service - Commissioner of the Revenue	94,000	109,000	15,000
Subdivision inspection fees	420,000	355,113	(64,887)
Fire plan review fees	47,500	34,615	(12,885)
Zoning fees	24,300	22,350	(1,950)
Building plan fees	69,400	58,505	(10,895)
Inspections technology fee	81,700	76,645	(5,055)
E-Government subscription fee	28,300	28,134	(166)
Other charges for services	19,000	13,285	(5,715)
Total charges for services	13,348,367	11,923,544	(1,424,823)

(Continued)

CITY OF CHESAPEAKE, VIRGINIA

Schedule M-1, Continued

General Fund  
 Schedule of Revenues and Other Financing Sources -  
 Budget and Actual  
 Year Ended June 30, 2019

	Revised Budget	Actual	Variance Positive (Negative)
<b>Revenues from local sources, continued:</b>			
Miscellaneous local revenues:			
Payments in lieu of taxes	\$ -	74,452	74,452
Sale of real property	-	89,001	89,001
Sale of ARC - public works	23,500	30,472	6,972
Sale of junk and salvage	-	50,303	50,303
Escheated funds	-	123,498	123,498
Other revenue	98,700	166,617	67,917
Total miscellaneous local revenues	122,200	534,343	412,143
Recovered costs:			
Insurance claims and collections	60,384	60,384	-
Other recoveries and rebates	-	439,333	439,333
Recoveries - Jury	-	1,582	1,582
Total recovered costs	60,384	501,299	440,915
<b>Total revenues from local sources</b>	<b>487,944,158</b>	<b>494,874,950</b>	<b>6,930,792</b>
<b>Revenues from the Commonwealth</b>			
Noncategorical aid:			
Motor vehicle carrier taxes	165,000	164,369	(631)
Mobile home titling taxes	35,000	35,966	966
Indirect costs	240,307	262,288	21,981
Daily rental taxes - auto	1,210,000	1,360,975	150,975
Deed taxes	890,200	932,748	42,548
Personal Property Tax Relief	28,590,000	28,590,001	1
Total noncategorical aid	31,130,507	31,346,347	215,840
Categorical aid:			
Shared expenses:			
Commonwealth's Attorney	1,920,300	2,007,028	86,728
Sheriff	11,312,481	11,494,736	182,255
Commissioner of the Revenue	354,000	358,581	4,581
Treasurer	378,800	388,071	9,271
Registrar/Electoral Board	87,300	76,836	(10,464)
Circuit Court Clerk	1,173,000	1,027,320	(145,680)
Agriculture	84,100	91,950	7,850
<b>Total shared expenses</b>	<b>15,309,981</b>	<b>15,444,522</b>	<b>134,541</b>

(Continued)

CITY OF CHESAPEAKE, VIRGINIA

Schedule M-1, Continued

General Fund  
 Schedule of Revenues and Other Financing Sources -  
 Budget and Actual  
 Year Ended June 30, 2019

	Revised Budget	Actual	Variance Positive (Negative)
<b>Revenues from the Commonwealth, continued:</b>			
Other categorical aid:			
Local jail	\$ 2,148,000	2,131,875	(16,125)
Police	6,502,735	6,743,336	240,601
Street and highway maintenance	35,948,646	35,948,646	-
Library	185,115	186,973	1,858
Excess fees	196,800	229,506	32,706
Transportation improvement set-aside	1,000,000	1,102,509	102,509
<b>Total other categorical aid</b>	<b>45,981,296</b>	<b>46,342,845</b>	<b>361,549</b>
Total categorical aid	61,291,277	61,787,367	496,090
<b>Total revenues from the Commonwealth</b>	<b>92,421,784</b>	<b>93,133,714</b>	<b>711,930</b>
<b>Revenues from the Federal Government</b>			
Noncategorical aid - Refuge Revenue Sharing Act	29,100	35,541	6,441
Categorical aid:			
Other federal grants	6,300	21,400	15,100
Drug Enforcement Agency	-	16,820	16,820
Emergency reimbursement - Federal	11,000	61,034	50,034
<b>Total revenues from the Federal Government</b>	<b>46,400</b>	<b>134,795</b>	<b>88,395</b>
<b>Revenues from Chesapeake Public Schools</b>	<b>-</b>	<b>872,804</b>	<b>872,804</b>
<b>Total revenues</b>	<b>580,412,342</b>	<b>589,016,263</b>	<b>8,603,921</b>
<b>OTHER FINANCING SOURCES</b>			
Transfers from other funds	4,514,949	5,707,215	1,192,266
<b>Total other financing sources</b>	<b>4,514,949</b>	<b>5,707,215</b>	<b>1,192,266</b>
<b>Total revenues and other financing sources</b>	<b>\$ 584,927,291</b>	<b>594,723,478</b>	<b>9,796,187</b>

**CITY OF CHESAPEAKE, VIRGINIA**

*Schedule M-2*

General Fund  
 Schedule of Expenditures, Encumbrances and Other Financing Uses -  
 Budget and Actual  
 Year Ended June 30, 2019

	Appropriations		Expenditures		Total	Balance	Encumbrances	Unencumbered Balance
	Operating	Capital Outlay	Operating	Capital Outlay				
<b>EXPENDITURES</b>								
<b>General government:</b>								
Legislative Department - City Council	\$ 1,051,330	-	923,567	-	923,567	127,763	22,500	105,263
Executive Department:								
City Manager	1,985,530	-	1,881,351	-	1,881,351	104,179	14,833	89,346
Public communications	1,456,306	-	1,346,250	-	1,346,250	110,056	8,975	101,081
Contingencies	452,110	-	-	-	-	452,110	-	452,110
Environmental emergencies	390,267	-	-	-	-	390,267	-	390,267
Emergency event - 2016 Hurricane Matthew	184,568	70,200	114,368	-	184,568	-	-	-
Department of Law - City Attorney	2,659,301	-	2,291,390	-	2,291,390	367,911	203	367,708
Department of Finance:								
Commissioner of Revenue	3,973,925	-	3,589,553	-	3,589,553	384,372	-	384,372
Real Estate Assessor	2,754,652	-	2,635,257	-	2,635,257	119,395	-	119,395
Board of Equalization	4,383	-	3,507	-	3,507	876	-	876
City Treasurer	5,835,127	-	4,799,747	-	4,799,747	1,035,380	16,521	1,018,859
Director of Finance	2,691,815	-	2,524,451	-	2,524,451	167,364	59,665	107,699
Economic development	1,991,370	-	1,887,238	-	1,887,238	104,132	1,883	102,249
Budget Director	762,536	-	721,047	-	721,047	41,489	-	41,489
City Auditor	671,276	-	638,989	-	638,989	32,287	-	32,287
Independent auditors	197,400	-	187,500	-	187,500	9,900	-	9,900
Financial advisory services	57,000	-	48,167	-	48,167	8,833	-	8,833
Department of Human Resources:								
Human resources	2,520,692	-	2,352,376	-	2,352,376	168,316	12,500	155,816
HIPAA	293,715	-	284,167	-	284,167	9,548	-	9,548
Judicial Department:								
Circuit court	726,934	-	699,243	-	699,243	27,691	-	27,691
Magistrates office	77,183	-	52,300	-	52,300	24,883	-	24,883
General district court	355,896	-	208,990	-	208,990	146,906	1,854	145,052
Juvenile and domestic relations court	130,232	-	104,265	-	104,265	25,967	-	25,967
Court services unit	421,096	-	399,646	-	399,646	21,450	1,632	19,818
Commonwealth's Attorney	4,946,913	6,951	4,733,146	-	4,740,097	206,816	-	206,816
Circuit Court Clerk	2,517,615	-	2,352,248	-	2,352,248	165,367	6,937	158,430
Sheriff	50,799,540	242,976	46,780,131	-	47,023,107	3,776,433	555,372	3,221,061
Purchasing	1,044,928	-	879,753	-	879,753	165,175	42,871	122,304
Department of Public Health:								
General clinics	2,178,655	-	1,974,651	-	1,974,651	204,004	-	204,004
OSHA services	614,787	-	580,634	-	580,634	34,153	3,483	30,670

(Continued)

CITY OF CHESAPEAKE, VIRGINIA

General Fund  
 Schedule of Expenditures, Encumbrances and Other Financing Uses -  
 Budget and Actual  
 Year Ended June 30, 2019

	Expenditures					Unencumbered Balance	
	Appropriations	Operating	Capital Outlay	Total	Balance		Encumbrances
<b>General government, continued:</b>							
Department of Public Library:							
Public library	\$ 9,945,832	9,326,558	-	9,326,558	619,274	203,353	415,921
Public library state aid	186,973	186,973	-	186,973	-	-	-
Law library	127,934	96,369	-	96,369	31,565	-	31,565
Boards and Commissions:							
Planning department	2,595,020	2,295,359	-	2,295,359	299,661	119	299,542
Planning commission	68,613	47,942	-	47,942	20,671	-	20,671
Electoral board	1,201,388	1,090,067	-	1,090,067	111,321	45,640	65,681
Department of Agriculture	442,644	436,987	-	436,987	5,657	-	5,657
Department of Human Services							
Division of Community Programs	1,419,535	1,197,248	-	1,197,248	222,287	9,573	212,714
Customer Contact Center	961,954	917,474	-	917,474	44,480	-	44,480
Department of Development and Permits:							
Code compliance and zoning administration	4,595,958	4,472,634	7,905	4,480,539	115,419	-	115,419
Development and permits administration	2,930,093	2,476,997	-	2,476,997	453,096	-	453,096
Nondepartmental:							
Support of civic and community organizations	410,172	379,017	-	379,017	31,155	2,100	29,055
Regional cooperation and support	6,514,563	6,278,554	-	6,278,554	236,009	-	236,009
Other nondepartmental support	4,382,976	1,230,510	-	1,230,510	3,152,466	17,205	3,135,261
Chesapeake regional airport	294,050	294,050	-	294,050	-	-	-
Debt service	1,994,000	1,992,750	-	1,992,750	1,250	-	1,250
<b>Total general government</b>	<b>131,818,787</b>	<b>117,713,421</b>	<b>328,032</b>	<b>118,041,453</b>	<b>13,772,334</b>	<b>1,027,219</b>	<b>12,750,115</b>
<b>Public Safety:</b>							
Police department	49,768,988	45,775,772	203,873	45,979,645	3,789,343	224,293	3,565,050
Animal control	2,062,385	1,904,986	6,580	1,911,566	150,819	15,540	135,279
Public safety training	2,222,384	1,661,040	-	1,661,040	561,344	25,947	535,397
Fire department	46,836,005	46,050,506	144,430	46,194,936	641,069	9,798	631,271
Fire prevention bureau	1,916,314	1,894,404	-	1,894,404	21,910	-	21,910
Emergency management operations	511,273	403,317	-	403,317	107,956	3,989	103,967
<b>Total public safety</b>	<b>103,317,349</b>	<b>97,690,025</b>	<b>354,883</b>	<b>98,044,908</b>	<b>5,272,441</b>	<b>279,567</b>	<b>4,992,874</b>
<b>Public works:</b>							
Engineering and administration	5,658,205	5,002,554	-	5,002,554	655,651	9,822	645,829
Traffic engineering	7,013,656	6,619,132	38,957	6,658,089	355,567	113,005	242,562
Street maintenance	13,778,279	11,630,323	361,366	11,991,689	1,786,590	1,341,603	444,987
Bridges and structures	4,069,631	2,575,444	183,270	2,758,714	1,310,917	761,116	549,801

(Continued)

CITY OF CHESAPEAKE, VIRGINIA

Schedule M-2, Continued

General Fund  
 Schedule of Expenditures, Encumbrances and Other Financing Uses -  
 Budget and Actual  
 Year Ended June 30, 2019

	Expenditures					Unencumbered Balance
	Appropriations	Operating	Capital Outlay	Total	Encumbrances	
<b>Public works, continued:</b>						
Bureau of drainage	\$ 4,300,442	2,001,694	865,337	2,867,031	1,433,411	310,654
Contractual services	924,123	895,355	-	895,355	28,768	-
Buildings maintenance	7,479,038	7,004,318	-	7,004,318	474,720	435,815
Facilities Management - building	1,781,778	1,414,330	70,599	1,484,929	296,849	236,518
Public works operations	1,918,576	1,836,042	-	1,836,042	82,534	82,242
Solid waste collection	19,991,081	18,901,735	26,742	18,928,477	1,062,604	699,073
SPSA	4,706	4,706	-	4,706	-	-
<b>Total public works</b>	<b>66,919,515</b>	<b>57,885,633</b>	<b>1,546,271</b>	<b>59,431,904</b>	<b>7,487,611</b>	<b>3,840,130</b>
<b>Parks and recreation:</b>						
Administration	2,975,664	2,753,841	-	2,753,841	221,823	210,393
Community centers	2,627,972	2,059,753	102,797	2,162,550	465,422	387,811
Parks operations	1,579,677	1,416,737	-	1,416,737	162,940	150,952
Parks and grounds maintenance	3,588,454	2,628,668	410,037	3,038,705	549,749	261,083
Parks, grounds and building maintenance - warehouse and work order	154,715	135,422	-	135,422	19,293	-
Recreation programs	1,151,331	938,297	-	938,297	213,034	19,293
Special programs	2,032,953	1,417,171	7,737	1,424,908	608,045	205,571
Fine arts programs	64,975	53,975	-	53,975	11,000	870
<b>Total parks and recreation</b>	<b>14,175,741</b>	<b>11,403,864</b>	<b>520,571</b>	<b>11,924,435</b>	<b>2,251,306</b>	<b>1,853,278</b>
<b>Education - payments to public schools</b>	<b>214,015,920</b>	<b>210,428,306</b>	<b>-</b>	<b>210,428,306</b>	<b>3,587,614</b>	<b>-</b>
<b>Total expenditures and encumbrances</b>	<b>530,247,312</b>	<b>495,121,249</b>	<b>2,749,757</b>	<b>497,871,006</b>	<b>32,376,306</b>	<b>5,544,944</b>
<b>OTHER FINANCING USES</b>						
Transfers to other funds:						
Debt Service Fund	28,867,610	28,864,640	-	28,864,640	2,970	2,970
Capital Projects Fund	21,045,052	16,732,257	-	16,732,257	4,312,795	4,312,795
Virginia Public Assistance Fund	6,706,628	6,706,628	-	6,706,628	-	-
Integrated Behavioral Healthcare Fund	7,940,645	7,940,645	-	7,940,645	-	-
Juvenile Services Fund	2,054,373	2,054,373	-	2,054,373	-	-
Interagency Consortium Fund	2,100,975	2,100,975	-	2,100,975	-	-
E-911 Operations Fund	2,868,227	2,868,227	-	2,868,227	-	-
Fee Supported Activities Fund	-	56,019	-	56,019	(56,019)	(56,019)
Grants Fund	23,915	8,060	-	8,060	15,855	15,855
Economic Development Authority	4,752,000	4,548,831	-	4,548,831	203,169	203,169
Total transfers to other funds	<b>76,359,425</b>	<b>71,880,655</b>	<b>-</b>	<b>71,880,655</b>	<b>4,478,770</b>	<b>4,478,770</b>
<b>Total other financing uses</b>	<b>76,359,425</b>	<b>71,880,655</b>	<b>-</b>	<b>71,880,655</b>	<b>4,478,770</b>	<b>4,478,770</b>
<b>Total expenditures, encumbrances and other financing uses</b>	<b>\$ 606,606,737</b>	<b>567,001,904</b>	<b>2,749,757</b>	<b>569,751,661</b>	<b>36,855,076</b>	<b>31,310,132</b>

# Debt Service Fund

**Debt Service Fund** – To account for the accumulation of resources for the payment of principal, interest and related costs on long-term financial obligations of governmental funds.



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**Chesapeake**  
VIRGINIA

CITY OF CHESAPEAKE, VIRGINIA

Schedule N

Debt Service Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balance -  
 Budget and Actual  
 Year Ended June 30, 2019

	Revised Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Investment income	\$ -	343,615	343,615
Revenues from use of property	54,889	54,889	-
Miscellaneous local revenues	453,191	453,191	-
Intergovernmental revenues:			
Federal government - American Reinvestment and Recovery Act	872,357	876,007	3,650
Chesapeake Public Schools	-	41,862	41,862
Total revenues	1,380,437	1,769,564	389,127
<b>EXPENDITURES</b>			
Interest on general obligation bonds	12,724,785	12,671,278	53,507
Interest on literary loans	-	11,972	(11,972)
Interest on open space agriculture preservation	64,430	64,430	-
Other debt expenditures	55,000	33,854	21,146
Redemption of general obligation bonds	24,978,064	24,820,049	158,015
Redemption of literary loans	-	199,537	(199,537)
Total expenditures	37,822,279	37,801,120	21,159
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(36,441,842)</b>	<b>(36,031,556)</b>	<b>410,286</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers from other funds	32,441,841	35,157,398	2,715,557
Total other financing sources (uses), net	32,441,841	35,157,398	2,715,557
<b>Net change in fund balance</b>	<b>(4,000,001)</b>	<b>(874,158)</b>	<b>3,125,843</b>
<b>Fund balance - beginning</b>	<b>14,481,331</b>	<b>14,481,331</b>	<b>-</b>
<b>Fund balance - ending</b>	<b>\$ 10,481,330</b>	<b>13,607,173</b>	<b>3,125,843</b>

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**Chesapeake**  
VIRGINIA

# Capital Projects Funds

**General Capital Projects Fund** – To account for financial resources to be used for the acquisition or construction of most major capital facilities other than those financed by proprietary funds.

**Public Utilities Capital Projects Fund** – To account for financial resources to be used for the acquisition or construction of most major capital facilities or infrastructure for Public Utilities.

**Chesapeake Transportation System Capital Projects Fund** – To account for financial resources to be used for the acquisition or construction of most major capital facilities or infrastructure for the Chesapeake Transportation System.

**Stormwater Management Capital Projects Fund** – To account for financial resources to be used for the acquisition or construction of most major capital facilities or infrastructure for Stormwater Management.



CITY OF CHESAPEAKE, VIRGINIA

Schedule O-1

General Capital Projects Fund  
 Schedule of Expenditures and Encumbrances - Budget and Actual  
 Year Ended June 30, 2019

Project	Appropriations			Expenditures			Unexpended Balance	Encumbrances	Unencumbered Balance
	Prior Years	Current Year	Total	Prior Years	Current Year	Total			
General construction projects:									
General Government:									
1011500100	\$	9,700,000	2,531,429	33,984	2,565,413	7,134,587	22,176	7,112,411	
1011600100		1,599,406	-	339,652	339,652	1,259,755	16,937	1,242,818	
1011600100		5,610,914	3,924,571	1,686,342	5,610,914	-	-	-	*
1011700100		168,996	168,996	-	168,996	-	-	-	*
1011800100		1,380,937	1,059,275	321,662	1,380,937	-	-	-	
1012200100		100,000	-	-	100,000	100,000	-	100,000	
1021500100		1,923,199	1,827,985	94,347	1,922,332	867	-	867	
1021500100		4,794,412	4,794,412	-	4,794,412	-	-	-	*
1021510100		4,002,000	1,098,418	1,614,019	2,712,437	1,289,563	292,989	996,753	
1021600100		5,470,000	139,456	-	139,456	5,330,544	83,794	5,246,750	
1021700100		31,699	-	-	31,699	-	-	31,699	*
1021700100		313,901	313,901	-	313,901	-	-	-	
1021800100		100,000	-	-	100,000	100,000	-	100,000	
1022200100		175,000	-	-	175,000	175,000	-	-	
1022300100		100,000	-	-	100,000	100,000	-	100,000	
1032200100		10,200,000	-	3,016,199	3,016,199	7,183,801	-	7,183,801	
1041500100		950,000	898,181	17,325	915,506	34,494	-	34,494	
1041510100		150,000	-	150,000	150,000	-	34,319	(34,319)	
1041700100		1,106,204	261,080	147,545	147,545	958,659	9,000	949,659	
1041700100		572,987	390,766	431,197	572,987	821,963	-	821,963	
1042000100		2,000,000	4,886	10,962	15,848	84,152	1,218	82,934	
1042100100		100,000	275	27,120	27,395	2,972,605	135,408	2,837,197	
1042100100		3,000,000	-	290,163	290,163	109,837	2,179	107,658	
1042200100		400,000	-	7,500	7,500	7,020	7,018	1	
1052200100		462,625	-	-	462,625	462,625	108,986	353,639	*
1061700100		157,375	157,375	-	157,375	-	-	-	
1061710100		750,000	89,364	647,568	736,932	13,068	-	13,068	
1062300100		268,800	-	-	268,800	268,800	-	268,800	
1071700100		707,817	510,257	134,397	644,654	63,163	-	63,163	
1071700100		42,183	42,183	-	42,183	-	-	-	*
1081600100		1,732,140	999,887	368,944	1,368,831	363,309	-	363,309	
1081700100		30,000	-	-	30,000	30,000	-	30,000	
1081900100		5,920,826	333,949	469,822	803,771	5,117,055	4,047,535	1,069,520	
1082100100		250,000	-	57,663	57,663	192,337	33,351	158,986	
1091100100		236,411	66,976	15,000	81,976	154,435	-	154,435	
1091700100		265,000	-	-	265,000	265,000	-	265,000	
1101900100		2,846,150	-	46,002	46,002	2,800,148	-	2,800,148	*
1101900100		719,032	65,394	653,638	719,032	-	-	-	
1111700100		305,600	-	-	305,600	305,600	-	305,600	
1111900100		150,000	20,601	59,874	80,475	69,525	-	69,525	
1112000100		325,043	114,892	63,879	178,771	146,272	90,501	55,771	

(Continued)

CITY OF CHESAPEAKE, VIRGINIA

Schedule O-1, Continued

General Capital Projects Fund  
 Schedule of Expenditures and Encumbrances - Budget and Actual  
 Year Ended June 30, 2019

Project	Appropriations			Expenditures		Unexpended Balance	Encumbrances	Unencumbered Balance
	Prior Years	Current Year	Total	Prior Years	Current Year			
General construction projects, continued:								
General Government, continued:								
1112200100	400,000	-	-	-	-	400,000	-	400,000
1112200100	240,942	51,354	155,485	-	-	85,457	49,537	35,920
1121700100	2,110,480	326,260	100,434	(225,826)	-	2,010,046	44,929	1,965,117
1122000100	57,763	57,763	-	-	-	-	-	-
1131200100	3,452,624	1,602,590	1,602,590	-	-	1,850,034	-	1,850,034
1131210100	681,402	571,649	571,649	-	-	109,753	-	109,753
1132100100	100,000	-	-	-	-	100,000	-	100,000
1132200100	150,000	-	-	-	-	150,000	-	150,000
1142100100	1,622,550	-	756,748	-	-	865,802	-	865,802
1151000100	538,917	-	351,150	-	-	187,767	-	187,767
1152100100	440,000	227,318	384,439	157,121	-	55,561	-	55,561
1181000100	250,000	-	-	-	-	250,000	-	250,000
1181300100	3,374,912	-	-	-	-	3,374,912	-	3,374,912
1181300100	6,546,058	-	6,546,058	-	-	-	-	-
1191200100	248,127	24,023	24,023	-	-	224,104	-	224,104
1201000100	1,310,238	80,920	80,920	-	-	1,229,318	-	1,229,318
1201200100	53,131	-	-	-	-	53,131	378	52,753
1201900100	10,539	-	-	-	-	10,539	-	10,539
1211200100	18,349,300	2,727,174	3,089,066	3,089,066	-	12,533,061	12,421,669	111,392
1212000100	332,783	-	-	-	-	332,783	-	332,783
1212000100	107,217	67,170	107,217	40,047	-	157,019	-	157,019
1271600100	157,019	-	-	-	-	-	-	-
1281500100	5,500,000	5,500,000	5,500,000	-	-	-	-	-
1411300100	208,745	74,575	74,575	-	-	134,169	108,857	25,312
1441300100	516,425	103,645	315,670	212,024	-	200,755	200,720	35
1441300100	783,576	783,576	783,576	-	-	-	-	-
1452000100	14,799	-	-	-	-	14,799	-	14,799
1452000100	35,202	35,202	35,202	-	-	-	-	-
1482000100	8,554	-	-	-	-	8,554	-	8,554
1482000100	248,446	247,699	248,446	747	-	-	-	-
1482000100	1,100,000	-	297,983	297,983	-	802,017	635,836	166,181
1491700100	296,400	249,880	268,595	18,715	-	27,805	-	27,805
1492300100	1,000,000	-	-	-	-	1,000,000	-	1,000,000
1502300100	750,000	-	-	-	-	750,000	-	750,000
1512300100	4,156,187	-	3,267,043	3,267,043	-	889,144	-	889,144
1532300100	295,400	-	176,508	176,508	-	118,892	-	118,893
1561700100	1,359,390	763,964	832,675	68,711	-	526,715	12,263	514,452
1621200100	2,484,404	834,412	834,412	-	-	1,649,992	3,750	1,646,242
1631210100	40,904	-	-	-	-	40,904	-	40,904
1911200100	700,000	700,000	700,000	-	-	-	-	-
1981200100	548,649	-	-	-	-	548,649	-	548,649
Total General Government	129,714,258	41,389,740	60,720,619	19,330,879	-	68,993,639	19,023,447	49,970,192

(Continued)

CITY OF CHESAPEAKE, VIRGINIA

Schedule O-1, Continued

Capital Projects Fund  
 Schedule of Expenditures and Encumbrances - Budget and Actual  
 Year Ended June 30, 2019

Project	Appropriations			Expenditures		Total	Unexpended Balance	Encumbrances	Unencumbered Balance
	Prior Years	Current Year	Total	Prior Years	Current Year				
General construction projects, continued:									
Department of Public Safety:									
1041800200	4,456,956	-	180,722	180,722	-	180,722	4,276,233	499,580	3,776,654
1041800200	24,354,141	23,970,023	384,119	24,354,141	-	24,354,141	-	-	-
1071100200	10,476,338	1,055,867	3,154,826	4,210,693	-	4,210,693	6,265,645	5,478,270	787,375
1072100200	545,000	458,405	23,404	481,808	-	481,808	63,192	53,899	9,292
1072200200	330,435	-	296,962	296,962	-	296,962	33,473	8,145	25,328
1082200200	100,000	-	60,381	60,381	-	60,381	39,619	39,156	463
1101600200	8,138,666	493,618	35,577	529,196	-	529,196	7,609,470	110,692	7,498,778
1102100200	75,000	-	1,590	1,590	-	1,590	73,410	17,264	56,147
1122100200	100,000	34,363	53,191	87,554	-	87,554	12,446	-	12,446
1131100200	614	-	614	614	-	614	-	-	-
1142300200	119,728	-	119,728	119,728	-	119,728	272	-	272
1142300200	204	-	-	-	-	-	204	-	204
1162000200	200,000	-	4,661	4,661	-	4,661	-	-	-
1162100200	200,000	3,600	-	3,600	-	3,600	196,400	196,248	152
1162300200	750,000	-	-	-	-	-	750,000	-	750,000
1172000200	150,000	4,869	3,135	8,004	-	8,004	141,996	3,681	138,315
1182300200	175,000	-	14,167	14,167	-	14,167	160,833	122	160,711
1192300200	130,000	-	92,367	92,367	-	92,367	37,633	29,168	8,465
1202100200	1,490	-	-	-	-	-	1,490	1,490	-
1202100200	61,995	6,791	55,204	61,995	-	61,995	-	-	-
1222100200	194,484	-	-	-	-	-	194,484	-	194,484
1232100200	146,516	-	146,516	146,516	-	146,516	-	-	-
1242100200	986	-	-	-	-	-	986	-	986
1242100200	64,883	59,573	5,310	64,883	-	64,883	-	-	-
1251500200	39,712	-	39,712	39,712	-	39,712	-	-	-
1251500200	722,000	15,296	598,626	613,921	-	613,921	108,079	43,388	64,691
1261900200	18,518	-	-	-	-	-	18,518	-	18,518
1261900200	593,882	-	593,882	593,882	-	593,882	-	-	-
1262100200	925,000	335,930	457,849	793,779	-	793,779	131,221	83,073	48,149
1271900200	5,337,203	444,022	36,932	480,955	-	480,955	4,856,248	161,692	4,694,557
1272100200	405,947	-	199,964	199,964	-	199,964	205,983	200,964	5,019
1281900200	27,827	-	-	-	-	-	27,827	-	27,827
1281900200	622,174	315,091	307,083	622,174	-	622,174	-	-	-
1371400200	1,387,833	627,895	3,915	631,810	-	631,810	756,022	598,193	157,829
1391400200	1,047,838	-	151,636	151,636	-	151,636	896,202	189,283	706,919
1391400200	4,085,723	3,251,659	834,064	4,085,723	-	4,085,723	-	-	-
1392000200	1,501,116	-	1,372,958	1,372,958	-	1,372,958	128,158	101,168	26,990
1591200200	860,119	710,505	149,614	860,119	-	860,119	-	-	-
1591200200	413,441	-	-	-	-	-	413,441	-	413,441
1591200200	20,800	20,800	-	20,800	-	20,800	-	-	-
Total Department of Public Safety	68,586,501	31,808,305	9,378,711	41,187,016	-	41,187,016	27,399,485	7,815,475	19,584,010

(Continued)

CITY OF CHESAPEAKE, VIRGINIA

Capital Projects Fund  
 Schedule of Expenditures and Encumbrances - Budget and Actual  
 Year Ended June 30, 2019

Schedule O-1, Continued

Project	Appropriations			Expenditures		Total	Unexpended	Encumbrances	Unencumbered Balance
	Prior Years	Current Year	Total	Prior Years	Current Year				
General construction projects, continued:									
Department of Public Works:									
1021900300	1,519,812	844,496	1,061,411	216,915	844,496	1,061,411	458,401	311,105	147,296
1031200300	200,000	-	-	-	-	-	200,000	-	200,000
1031900300	10,474,053	1,149,504	2,324,696	1,149,504	1,175,192	2,324,696	8,149,357	7,084,256	1,065,101
1051100300	37,038	-	-	-	-	-	37,038	-	37,038
1061900300	575,691	575,691	575,691	575,691	-	575,691	-	-	-
1071900300	7,175,720	1,934,914	1,934,914	-	1,934,914	1,934,914	5,240,806	65,086	5,175,720
1081800300	20,274,900	40,442	49,642	9,200	40,442	49,642	20,225,258	160,095	20,065,163
1131800300	2,788	-	-	-	2,788	2,788	-	-	-
1141500300	479,890	-	-	-	-	-	479,890	-	479,890
1171300300	198,099	59,746	143,551	59,746	83,805	143,551	54,548	20,995	33,553
1200510300	79,573	-	-	-	-	-	79,573	-	79,573
1200510300	469,655	198,150	469,655	198,150	271,505	469,655	-	-	*
1210820300	43,943	750	9,440	750	8,690	9,440	34,503	20,145	14,358
1210820300	313,448	313,448	313,448	313,448	-	313,448	-	-	*
1222000300	45,330	300	300	-	300	300	45,030	-	45,030
1222000300	238,770	172,278	238,770	66,491	172,278	238,770	-	-	*
1232000300	1,000,000	-	-	-	-	-	1,000,000	-	1,000,000
1252200300	700,000	31,241	31,241	-	31,241	31,241	668,759	60,551	1,000,000
1262200300	335,709	89,801	89,801	-	89,801	89,801	245,908	19,152	226,756
1270710300	2,813	-	-	-	2,813	2,813	-	-	*
1270710300	350,000	-	-	-	-	-	350,000	-	350,000
1282200300	700,000	-	-	-	-	-	700,000	-	700,000
1292200300	611,000	64,056	64,056	-	64,056	64,056	546,944	-	546,944
1302200300	2,500,000	1,461,294	1,507,023	45,728	1,461,294	1,507,023	992,977	68,926	924,052
1302300300	700,000	30,671	30,671	-	30,671	30,671	669,329	-	669,329
1311600300	21,017	-	-	21,017	-	21,017	-	-	*
1312200300	36,696	5,242	36,696	31,453	5,242	36,696	-	-	*
1312300300	500,000	1,441	1,441	-	1,441	1,441	498,559	358,183	140,376
1321500300	783	783	783	783	-	783	-	-	-
1322200300	750,180	1,954	1,954	-	1,954	1,954	748,226	69,970	678,256
1332200300	438,300	-	-	-	-	-	384,404	77,270	307,134
1341100300	44,490	-	-	-	-	-	44,490	-	44,490
1341900300	332,378	97,199	97,199	-	-	-	235,179	-	235,179
1342200300	268,800	42,175	42,175	-	42,175	42,175	226,625	88,992	137,634
1351000300	18,920,171	16,805,684	17,948,652	16,805,684	1,142,967	17,948,652	971,519	60,847	910,672
1352200300	1,000,000	79,122	931,858	79,122	852,736	931,858	68,142	-	68,142
1352300300	9,670,000	250,509	250,509	-	250,509	250,509	9,419,491	256,568	9,162,923
1362100300	2,300,000	146,341	303,074	156,733	146,341	303,074	1,996,926	108,067	1,888,859
1372100300	740,573	245,838	272,307	245,838	26,470	272,307	468,266	55,631	412,635
1382100300	2,160,000	81,933	252,135	81,933	170,203	252,135	1,907,865	108,657	1,799,208
1382300300	1,514,913	-	184,457	-	184,457	184,457	1,330,456	56,591	1,273,865

(Continued)

CITY OF CHESAPEAKE, VIRGINIA

Schedule O-1, Continued

Capital Projects Fund  
 Schedule of Expenditures and Encumbrances - Budget and Actual  
 Year Ended June 30, 2019

Project	Appropriations			Expenditures		Encumbrances	Unencumbered Balance
	Prior Years	Current Year	Total	Unexpended Balance			
General construction projects, continued:							
Department of Public Works, continued:							
1392300300	350,000	-	83,213	266,787	20,959	245,828	
1402300300	250,000	-	-	250,000	-	250,000	
1412100300	1,600,000	750	7,606	1,592,394	12,000	1,580,394	
1412300300	150,000	-	-	150,000	-	150,000	
1432000300	359,791	795	795	358,996	-	358,996	
1441700300	150,000	-	-	150,000	-	150,000	
1442300300	120,000	-	-	120,000	-	120,000	
1451700300	4,448,000	304,582	1,338,433	3,109,567	1,947,213	1,162,353	
1452300300	150,000	-	-	150,000	-	150,000	
1461700300	2,188,000	736,659	736,659	1,451,341	-	1,451,341	
1462300300	150,000	-	-	150,000	-	150,000	
1471700300	20,227,309	13,019,070	13,035,826	7,191,483	-	7,191,483	
1472300300	338,000	-	-	338,000	-	338,000	
1481700300	398,364	298,323	298,323	100,041	-	100,041	
1541700300	90,856	-	-	90,856	-	90,856	
1541700300	2,559,841	2,364,374	2,559,841	-	-	-	
1542300300	1,210,000	-	46,463	299,117	237,352	926,185	
1552300300	999,000	-	699,883	699,883	297,117	2,000	
1562300300	39,000	-	-	482,000	-	482,000	
1572300300	161,000	-	70,840	39,000	39,000	-	
1582300300	5,000	-	-	90,160	90,160	-	
1612300300	35,000	-	-	5,000	-	5,000	
1622300300	130,974	65,844	103,044	35,000	-	35,000	
1671210300	124,418,669	36,945,783	48,228,989	27,930	11,694,886	64,494,794	
Total Department of Public Works							
Department of Parks and Recreation:							
1112300400	\$ 1,000,000	-	75,639	924,361	157,376	766,985	
1132000400	600,000	-	40,613	559,388	187,388	372,000	
1152200400	324,157	43,642	169,229	154,928	55,429	99,499	
1152200400	55,843	55,843	55,843	-	-	-	
1161910400	6,720	-	-	6,720	-	6,720	
1161910400	483,749	105,661	483,749	-	-	-	
1170500400	142,903	-	-	142,903	-	142,903	
1172100400	376,467	-	-	376,467	39,111	337,356	
1172100400	123,533	-	123,533	-	-	-	
1181920400	70,844	-	64,049	6,795	-	6,795	
1181920400	284,267	77,988	284,267	-	-	-	
1182100400	300,000	3,750	12,385	287,615	-	287,615	
1191920400	497,475	33,824	456,698	40,777	24,006	16,771	
1192100400	353,791	-	-	353,791	-	353,791	
1211910400	114,138	-	71,693	42,445	12,489	29,956	
1211910400	173,964	166,934	173,964	-	-	-	

(Continued)

CITY OF CHESAPEAKE, VIRGINIA

Capital Projects Fund  
 Schedule of Expenditures and Encumbrances - Budget and Actual  
 Year Ended June 30, 2019

Project	Appropriations		Expenditures		Total	Unexpended Balance	Encumbrances	Unencumbered
	Prior Years	Current Year	Prior Years	Current Year				
General construction projects, continued:								
Department of Parks and Recreation, continued:								
1221200400 Johnson Park Improvements	-	-	-	-	-	170,353	-	170,353
1221200400 Johnson Park Improvements	170,353	-	37,037	38,006	75,043	-	32,358	(32,358) *
1221910400 ADA Facility Compliance	227,579	-	130,820	24,567	155,387	72,192	-	72,192
1231900400 Oak Grove Lake Park Additional Parking	60,000	-	-	-	-	60,000	-	60,000
1241910400 Security Improvements Parks & Recreation	80,569	-	37,499	43,070	80,569	-	-	-
1260700400 Battlefield Visitor Center	101,959	-	-	13,812	13,812	88,147	83	88,065
1260700400 Battlefield Visitor Center	5,959,962	-	4,552,701	1,407,260	5,959,962	-	-	-
1301500400 Cascade Blvd. Park Lighting	15,904	-	-	-	-	15,904	-	15,904
1461400400 Centerville Park Upgrade	17,006	-	-	-	-	17,006	-	17,006
1472000400 Open Space and Recreation Funded Projects	1,926,498	-	-	301,572	301,572	1,624,926	46,246	1,578,681
1472000400 Open Space and Recreation Funded Projects	475,182	-	166,701	308,480	475,182	-	-	-
1662300400 Joint Dismal Swamp Canal Trail Visitor & Refuge Study	35,968	-	-	17,984	17,984	-	17,984	-
1662300400 Great Bridge Battlefield Monument Plaza	142,600	-	-	-	-	142,600	-	142,600
Total Department of Parks and Recreation	14,196,474	-	5,412,401	3,678,772	9,091,173	5,105,301	572,469	4,532,832
Department of Public Welfare:								
1012100500 CIBH - Parking Addition	87,611	-	-	-	-	87,611	-	87,611
1012100500 CIBH - Parking Addition	262,389	-	12,320	250,069	262,389	-	-	-
1012300500 CIBH - Study of 224 Great Bridge Blvd. Building Annex	100,000	-	-	56,533	56,533	43,467	36,425	7,042
1141900500 Psychosocial Support Building Expansion	2,079,000	-	333,427	21,809	355,236	1,723,764	61,429	1,662,335
1151900500 Intellectual Disability Support Building Renovation	265,100	-	-	24,194	24,194	240,906	706	240,200
Total Department of Public Welfare	2,794,100	-	345,747	352,604	698,351	2,095,749	98,561	1,997,188
Department of Libraries:								
1022101000 Library Customer Service Desk Replacements	182,500	-	-	16,134	16,134	166,366	18,754	147,612
1032101000 Library Russell Memorial Parking Addition	500,000	-	-	34,181	34,181	465,819	7,039	458,780
1072001000 Library-Switch/Router Refresh	4,708	-	-	-	-	4,708	-	4,708
1082001000 Library Tablet Lending System	60,000	-	15,000	(15,000)	-	60,000	-	60,000
1092001000 Library - Virtual Desktop Infrastructure Expansion	1,109	-	-	1,104	1,104	5	-	5
1092201000 Library - Data Center Redundancy/DIT Colocation	25,813	-	-	4,830	4,830	20,983	-	20,983
1092201000 Library - Data Center Redundancy/DIT Colocation	6,855	-	-	6,855	6,855	-	-	-
1121910000 Library Automated Materials Handling System	2,941	-	-	2,702	2,702	239	-	239
1121910000 Library Automated Materials Handling System Ph II	353,300	-	-	-	-	353,300	-	353,300
1131901000 Library Technology Upgrade/Replacement Phase II	27,786	-	-	-	-	27,786	15,942	11,844
Total Department of Libraries	1,165,013	-	15,000	50,805	65,805	1,099,208	41,735	1,057,473
Total General construction projects	340,875,015	-	115,916,976	44,074,977	159,991,953	180,883,062	39,246,573	141,636,489
School capital projects:								
9050326650 Grassfield High School	221	-	-	-	-	221	-	221
Total school capital projects	221	-	-	-	-	221	-	221
Total expenditures and encumbrances	340,875,236	-	115,916,976	44,074,977	159,991,953	180,883,283	39,246,573	141,636,710
Less completed projects	63,184,972	-	-	-	-	62,636,323	-	-
Construction in progress	\$ 277,690,264	-	-	-	-	97,355,630	-	-

\*Completed Projects

**CITY OF CHESAPEAKE, VIRGINIA**

*Schedule O-2*

Public Utilities Capital Projects Fund  
 Schedule of Expenses and Encumbrances - Budget and Actual  
 Year Ended June 30, 2019

Project	Expenses					Unexpended Balance	Encumbrances	Unencumbered Balances
	Appropriations	Prior Years	Current Year	Total	Unexpended Balance			
1010900800	\$ 122,379	-	-	-	-	122,379	122,365	14
1011500800	4,000,000	121,262	-	121,262	-	3,878,738	-	3,878,738
1041400800	1,875	-	-	-	-	1,875	1,875	-
1051810800	2,312,749	-	651,927	651,927	-	1,660,822	306,998	1,353,824
1051820800	3,181,230	-	206,080	206,080	-	2,975,150	170,803	2,804,347
1051830800	2,567,630	69,757	37,866	107,623	-	2,460,007	1,424,773	1,035,234
1051840800	1,681,711	-	60,080	60,080	-	1,621,631	1,621,631	-
1051840800	918,289	70,844	847,445	918,289	-	-	-	-
1051850800	700,000	-	403,325	403,325	-	296,675	129,665	167,010
1051900800	390,000	57,991	-	57,991	-	332,009	286,943	45,066
1061000800	2,700,389	47,898	-	47,898	-	2,652,491	43,533	2,608,958
1131600800	252,118	-	40,539	40,539	-	211,579	123,234	88,345
1131600800	1,136,903	1,049,658	87,245	1,136,903	-	-	-	-
1141600800	2,976,656	609	7,057	7,666	-	2,968,989	-	2,968,989
1151700800	1,124,270	28,898	81,187	110,086	-	1,014,184	34,485	979,700
1181700800	616,797	-	41,674	41,674	-	575,123	18,993	556,130
1191300800	901,973	396,686	-	396,686	-	505,288	-	505,288
1191300800	855,894	855,894	-	855,894	-	-	-	-
1201700800	1,191,145	-	-	-	-	1,191,145	-	1,191,145
1201700800	1,640,390	1,267,821	372,569	1,640,390	-	-	-	-
1211400800	182,214	-	-	-	-	182,214	-	182,214
1211400800	5,023,475	3,460,170	1,563,305	5,023,475	-	-	-	-
1211700800	633,708	-	-	-	-	633,708	-	633,708
1211700800	966,656	845,214	121,442	966,656	-	-	-	-
1221400800	602,738	-	-	-	-	602,738	-	602,738
1221400800	3,561,262	2,585,400	975,861	3,561,262	-	-	-	-
1222200800	700,000	3,512	16,209	19,721	-	680,279	-	680,279
1222300800	205,000	-	204,211	204,211	-	789	-	789
1231700800	2,155,000	-	-	-	-	2,155,000	-	2,155,000
1232300800	893,000	657,648	49,387	49,387	-	950,614	385,124	565,490
1241200800	2,256,870	-	127,719	127,719	-	2,35,352	129,509	105,844
1242000800	100,000	-	-	-	-	100,000	100,000	2,042,631
1242000800	250,000	-	-	-	-	113,508	34,410	79,098
1252000800	2,753,902	284,398	16,789	301,186	-	2,452,716	981,243	1,471,472
1261700800	1,004	-	-	-	-	1,004	-	1,004
1262000800	8,545,080	6,794,067	144,002	6,938,069	-	1,607,011	921,933	685,078
1281700800	467,862	-	250,455	250,455	-	217,407	48,765	168,642
1281700800	327,545	290,770	36,775	327,545	-	-	-	-
1290500800	653,781	-	-	-	-	653,781	-	653,781
1292000800	1,680,000	-	-	-	-	1,680,000	-	1,680,000
1302000800	1,200,000	231,449	-	231,449	-	968,551	968,083	468
1302100800	100,000	15,924	2,625	18,549	-	81,451	2,625	78,826

(Continued)

CITY OF CHESAPEAKE, VIRGINIA

Public Utilities Capital Projects Fund  
 Schedule of Expenses and Encumbrances - Budget and Actual  
 Year Ended June 30, 2019

Project	Expenses					Total	Unexpended Balance	Encumbrances	Unencumbered Balances
	Appropriations	Prior Years	Current Year						
1311200800 Sewer System Repair	46,554	-	-	46,554	-	46,554	-	-	
1311200800 Sewer System Repair	49,091	24,791	24,300	49,091	49,091	-	-	-	
1312000800 Water Production Security System Upgrades	400,000	22,711	196,934	219,644	219,644	180,356	154,758	25,597	
1321200800 Sewer Renewal - SSES Ph I	1,159,047	-	-	1,159,047	-	1,159,047	52,059	1,106,988	
1321200800 Sewer Renewal - SSES Ph I	1,262,216	637,360	624,855	1,262,216	1,262,216	-	-	-	
1322000800 Water Residuals Disposal	320,000	-	-	320,000	-	320,000	-	320,000	
1322100800 Water & Sewer Pump Station Telemetry Installation and Upgrade	88,655	31,520	57,084	88,604	88,604	52	-	52	
1322100800 Water & Sewer Pump Station Telemetry Installation and Upgrade	311,345	311,345	-	311,345	311,345	-	-	-	
1331200800 Sewer Renewal - SSES Ph II	4,879,737	476,572	46,116	5,222,688	5,222,688	4,357,049	161,506	4,195,543	
1332100800 Water System Planning and Upgrades	900,000	-	-	900,000	-	900,000	-	900,000	
1341200800 Customer Service Billing System	1,085,727	162,994	-	1,248,721	1,248,721	922,734	73,852	848,881	
1342000800 Force Main Replacement - Dominion Blvd. and I-64	5,238,700	20,947	65,928	5,285,575	5,285,575	5,151,826	402,684	4,749,142	
1351700800 Service Area Gravity Sewer	6,272,978	504,426	-	6,777,404	6,777,404	5,768,552	168,975	5,599,577	
1352000800 Sewer Pump Station Safety Improvements	875,917	-	-	875,917	-	875,917	642,957	232,960	
1352000800 Sewer Pump Station Safety Improvements	624,083	466,826	157,256	1,248,165	1,248,165	624,083	-	-	
1372000800 Lake Gaston WTP Miscellaneous Modifications	3,370,000	477,108	-	3,847,108	3,847,108	2,892,892	2,279,509	613,384	
1381200800 Military Highway 36" Water Main	3,950,000	266,323	14,634	4,230,957	4,230,957	3,669,043	-	3,669,043	
1382000800 Lake Gaston Water Treatment Plant Expansion	1,000,000	119,808	-	1,119,808	1,119,808	880,192	699,956	180,236	
1391200800 Raw Water Transmission Main	24,250,394	14,371,432	91,767	38,713,593	38,713,593	9,787,195	542,612	9,244,584	
1401300800 Murray Dr/Whitmore Rd Water	1,436,923	-	-	1,436,923	-	1,436,923	-	1,436,923	
1421700800 Sewer Renewal - Westwood Ave. and Redstart Ave.	1,106,000	139,176	25,155	1,270,331	1,270,331	941,669	941,669	0	
1431200800 Centerville Turnpike Loop 3	4,075,000	-	439,903	4,514,903	4,514,903	3,635,097	754,693	2,880,404	
1451200800 South Norfolk Improvements	1,480,068	-	-	1,480,068	-	1,480,068	-	1,480,068	
1451200800 South Norfolk Improvements	1,369,932	1,225,997	143,935	2,739,864	2,739,864	1,369,932	930	(930)	
1471200800 Western Branch Interconnect to Lake Gaston WTP	8,298,000	1,786,939	104,860	10,189,800	10,189,800	6,406,201	409,811	5,996,391	
1511280800 Unserved Areas - Manning, Wampler & Vico	3,395,186	1,575,408	944,262	5,914,856	5,914,856	875,516	73,706	801,810	
1511290800 Unserved Areas - Battlewood Meadows	8,054,774	536,613	3,718,323	12,309,710	12,309,710	3,799,838	3,162,920	636,918	
1522300800 Water Franchise Acquisition and System Renewals	942,891	-	129,798	1,072,689	1,072,689	813,093	388,544	424,549	
1522300800 Water Franchise Acquisition and System Renewals	2,057,109	-	2,057,109	4,114,218	4,114,218	2,926,211	33,582	2,892,629	
1522310800 Indian River Estates - Water Main Improvements	3,000,000	-	73,789	3,073,789	3,073,789	1,333,960	-	1,333,960	
1531200800 Replace Meter Reading Equip	1,399,623	65,663	-	1,465,286	1,465,286	720,755	-	720,755	
1541200800 30" Raw Water Main	720,755	-	-	720,755	-	720,755	-	-	
1541200800 30" Raw Water Main	2,837,283	2,539,464	297,820	5,674,567	5,674,567	2,837,283	-	-	
1642300800 Volvo & Executive Pump Station & Force Main (Summit Pointe)	3,100,000	-	141,540	3,241,540	3,241,540	2,958,460	131,183	2,827,277	
1652300800 Philmont Ave Septic Disconnect	650,000	-	-	650,000	-	650,000	-	650,000	
1711200800 Water Renewal - Water Line Upgrade	751,126	-	403,118	1,154,244	1,154,244	348,008	288,493	59,515	
1711200800 Water Renewal - Water Line Upgrade	982,398	722,013	260,385	1,964,796	1,964,796	982,398	-	-	
Total project expenses and encumbrances	165,273,008	45,621,302	16,501,136	227,395,446	227,395,446	103,150,570	19,384,741	83,765,829	
Less completed projects	23,923,869	-	-	23,923,869	-	-	-	-	
Construction in progress - construction	141,349,139	-	-	141,349,139	-	38,198,569	-	38,198,569	
Capitalized interest expenses	-	6,407,319	-	6,407,319	-	-	-	-	
Less closed capitalized interest	-	-	-	-	-	891,101	-	891,101	
Construction in progress - capitalized interest	-	-	-	-	-	5,516,218	-	5,516,218	
Total construction in progress	-	-	-	-	-	43,714,787	-	43,714,787	

\* Completed Projects

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**Chesapeake**  
VIRGINIA

CITY OF CHESAPEAKE, VIRGINIA

Chesapeake Transportation System Capital Projects Fund  
 Schedule of Expenses and Encumbrances - Budget and Actual  
 Year Ended June 30, 2019

Project	Expenses					Unexpended Balance	Encumbrances	Unencumbered Balance
	Appropriations	Prior Years	Current Year	Total	Unexpended Balance			
1230600300 Rt. 17/Steel Bridge/Dominion Boulevard	\$ 2,007,045	-	-	-	2,007,045	-	2,007,045	
1230610300 Dominion Blvd Wetland Mitigation	594,000	-	-	-	594,000	-	594,000	
1230630300 Rt. 17/Steel Bridge/Dominion Boulevard	30,538,418	-	-	-	30,538,418	-	30,538,418	
1261610300 Chesapeake Expressway Repairs	150,570	44,845	3,083	47,927	102,643	-	102,643	
1261610300 Chesapeake Expressway Repairs	399,306	-	-	-	399,306	-	399,306	
1261620300 Chesapeake Expressway Repairs	86,303	-	-	-	86,303	-	86,303	
1350900300 Rt. 17 Financing Study	20,019	-	-	-	20,019	-	20,019	
1352100300 Chesapeake Transportation System Renewals - Phase II	2,290,850	-	1,535,923	1,535,923	754,927	-	754,927	
1462000300 Expressway Admin Building Modifications	450,000	233,749	73,563	307,313	142,687	-	116,571	
Total expenses and encumbrances	36,536,510	278,594	1,612,569	1,891,163	34,645,347	26,116	34,619,231	
Less completed projects	-	-	-	-	-	-	-	
Total construction in progress	\$ 36,536,510	-	-	1,891,163	-	-	-	

\* Completed Projects

**CITY OF CHESAPEAKE, VIRGINIA**

Stormwater Management Capital Projects Fund  
 Schedule of Expenses and Encumbrances - Budget and Actual  
 Year Ended June 30, 2019

*Schedule O-4*

Project	Expenses			Unexpended Balance	Encumbrances	Unencumbered Balance
	Prior Years	Current Year	Total			
1011100300 Halifax Street Outfall Improvement	\$ 1,144,187	-	-	1,144,187	-	1,144,187
1021300900 Chesapeake Drive Drainage Improvements	72,522	-	-	72,522	-	72,522
1021300900 Chesapeake Drive Drainage Improvements	677,335	-	677,335	-	-	-
1031600900 Citywide Outfall Regrading & Restoration	921,048	769,633	769,633	151,415	7,641	143,774
1031600900 Citywide Outfall Regrading & Restoration	120,862	120,862	120,862	-	-	-
1040800300 Citywide Undesignated Drainage	1,285	-	-	1,285	-	1,285
1041300900 D Street Drainage Improvements	370,000	-	-	370,000	-	370,000
1051210300 Neighborhood Drainage Improvements	279,952	12,420	181,995	97,958	22,733	75,225
1051210300 Neighborhood Drainage Improvements	93,809	4,154	93,809	-	-	-
1051220300 Neighborhood Drainage Improvements	160,005	56,968	117,394	42,611	42,611	-
1051400900 VPDES Compliance	4,051,080	255,917	1,257,495	2,793,585	108,086	2,685,500
1051420900 Meads Court BMP (DEQ)	1,368,456	-	85,044	1,283,412	-	1,283,412
1051430900 New Mill Regional BMP (DEQ)	2,045,950	-	46,738	1,999,212	61,191	1,938,020
1051440900 22nd Street BMP Management Facility	627,500	-	463,250	164,250	-	164,250
1061200900 Stormwater Mapping & Master Drainage Plan	1,000,000	795,387	833,784	166,216	68,464	97,752
1061400900 Border Road Area Drain Improvement	1,200,000	452,685	2,975	744,340	2,182	742,158
1071300900 Lamberts Trail Area Drain Improvement	2,100,000	654,200	843,451	1,256,549	2	1,256,547
1071500900 Citywide Undesignated Drainage Phase III	842,743	116,901	822,218	20,525	10,379	10,146
1071500900 Citywide Undesignated Drainage Phase III	33,604	-	33,604	-	-	-
1071800900 Major Equipment Purchases	1,374,647	-	88,790	1,285,858	1,049,664	236,194
1071800900 Major Equipment Purchases	692,781	-	692,781	-	-	-
1081500900 Neighborhood Drainage Improvements II	3,174,600	174,095	393,304	2,607,201	195,768	2,411,433
1091500900 Oakdale Area BMP and Drainage Improvements	4,000,000	321,065	44,057	3,634,877	5,899	3,628,978
1101300900 Royce Drive Drainage Improvements	550,000	2,100	2,691	547,309	-	547,309
1101500900 Stormwater Mapping & Master Drainage Plan III	501,124	825	91,674	408,625	250,989	157,636
1111500900 Stormwater Quality Program Phase II	3,940,565	370,659	533,030	3,407,535	167,577	3,239,958
1113100900 Sunray Area Outfall Re-Grading	1,192,211	-	185,104	1,007,107	494,856	512,251
1192000900 Welch Lane Drainage Improvements	480,000	-	-	480,000	-	480,000
1202000900 Whittamore Rd. Outfall Improvements	300,000	-	34,091	265,909	42,911	222,998
1242200900 Old Mill Rd. Drainage Improvements (Crossing Replacement)	750,000	-	28,884	721,116	163,679	557,437
1252300900 Elmwood Landing Area Drainage Improvements	150,000	-	-	150,000	-	150,000
1262300900 Forest Lakes Outfall Improvements	100,000	-	-	100,000	-	100,000
1282300900 Parkview Area Drainage Improvements	200,000	-	-	200,000	-	200,000
1292300900 Resiliency & Reliability Program	600,000	-	-	600,000	-	600,000
1402100900 Master Drainage Improvements II	1,089,740	321,322	722,820	45,598	45,475	123
1402100900 Master Drainage Improvements II	818,260	-	818,260	-	-	-

(Continued)

CITY OF CHESAPEAKE, VIRGINIA

Stormwater Management Capital Projects Fund  
 Schedule of Expenses and Encumbrances - Budget and Actual  
 Year Ended June 30, 2019

Project	Expenses					Unexpended Balance	Encumbrances	Unencumbered Balance
	Appropriations	Prior Years	Current Year	Total	Balance			
1431700900 Citywide System Rehab	1,722,948	181,012	155,290	336,302	1,386,646	797,940	588,707	
1431700900 Citywide System Rehab	1,177,052	56,816	1,120,235	1,177,052	-	-	1 *	
1652300900 Philmont Ave Septic Disconnect	675,000	-	-	-	675,000	-	675,000	
1681200300 CityWide Undesignated Drainage	1	-	-	-	1	-	1	
1702300900 Crestwood Master Drainage Plan Ph I	97,752	-	84,556	84,556	13,196	13,195	-	
1721200900 Colony Manor Outfall Improvements	415,000	24,327	310,525	334,852	80,148	34,039	46,109	
1731200900 BMP Restoration Citywide	1,568,820	-	118,612	118,612	1,450,208	100	1,450,108	
1751200300 Partridge/Cloverdale Area Improvements	290,544	1,056	98,004	99,060	191,484	124,937	66,548	
1761200300 Scenic Blvd Improvements	260,000	-	-	-	260,000	-	260,000	
1771200900 Shillelagh Road Drainage Outfall Improvement	3,100,000	492,164	437,101	929,266	2,170,734	182,626	1,988,108	
1781200300 Shillelagh Roadside Ditch Improvements	32,502	32,502	-	32,502	-	-	-	
1801200900 Washington Manor Drainage Outfall Improvements	15,525	-	-	-	15,525	-	-	
1801200900 Washington Manor Drainage Outfall Improvements	2,242,870	2,232,975	9,895	2,242,870	-	-	15,525 *	
Total expenses and encumbrances	48,622,280	8,817,076	7,793,060	16,610,136	32,012,144	3,892,943	28,119,201	
Less completed projects	5,856,572	-	-	5,856,572	-	-	-	
Construction in progress	\$ 42,765,708	-	-	10,753,564	-	-	-	

\* Completed Projects

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**Chesapeake**  
VIRGINIA

# Special Revenue and Permanent Funds

## Special Revenue Funds:

**Tax Increment Financing Funds** – To account for incremental tax revenues generated in designated commercial areas of the City, Greenbrier and South Norfolk, and to fund improvements in the relevant areas through the use of those revenues.

**Virginia Public Assistance Fund** – To account for the rendering of economic aid to qualifying citizens.

**Integrated Behavioral Healthcare Fund** – To account for revenues and expenditures to provide services for mental health, intellectual disability and substance abuse programs.

**Conference Center Fund** – To account for the operation of the City's Conference Center and the City's Conventions and Tourism programs.

**Juvenile Services Fund** – To account for revenues and expenditures related to the operation of a regional detention facility.

**Interagency Consortium Fund** – To account for revenues and expenditures of the delivery system for severely emotionally and/or behaviorally disturbed children.

**E-911 Operations Fund** – To account for revenues and expenditures related to the emergency call center.

**Fee Supported Activities Fund** – To account for revenues and expenditures related to fee supported activities.

**Grants Fund** – To account for revenues and expenditures related to specific grant activities.

**Community Development Fund** – To account for revenues and expenditures under the Community Development Block Grant Program.

**Open Space Agriculture Preservation Fund** – To account for the revenues and expenditures related to the purchase of development rights from willing sellers who own qualified agriculture land or open space.

**Proffers Fund** – To account for cash proffers provided to the City from developers for specific purposes.

**Housing Trust Fund** – To account for revenues and expenditures to provide services for temporary and permanent housing.

**CSB of Chesapeake, Inc.** – To account for the issuance of debt and the rental of a community services facility for the Community Services Board.

## Permanent Funds:

**Poor Fund and Carney Fund** – To account for the investment of funds donated to the City. The expenditures of the income earned by these endowments are to be used for education.



## CITY OF CHESAPEAKE, VIRGINIA

Schedule P-1

Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2019

	Special Revenue Funds				
	Tax Increment Financing Greenbrier	Tax Increment Financing South Norfolk	Virginia Public Assistance	Integrated Behavioral Healthcare	Conference Center
<b>ASSETS</b>					
Cash and temporary investments	\$ 5,641,682	8,575,662	7,699,543	12,227,625	6,320,993
Intergovernmental revenues due from:					
Commonwealth of Virginia	-	-	458,805	19,176	-
Federal government	-	-	837,645	-	-
Receivables:					
Accounts receivable	-	-	618	3,440,186	5,005
Interest	-	-	-	-	-
Other	-	-	1,244	-	479,979
Allowance for uncollectible amounts	-	-	(7,928)	(2,090,726)	(6,036)
Inventory of materials and supplies	-	-	-	-	4,279
Prepaid expenditures and other assets	-	-	-	7,320	219,100
Restricted asset:					
Investments	-	-	-	-	-
<b>Total assets</b>	\$ 5,641,682	8,575,662	8,989,927	13,603,581	7,023,320
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable	\$ -	-	50,151	612,274	153,494
Accrued expenditures	-	-	260,242	343,129	48,274
Unearned revenues	-	-	-	-	101,073
Other liabilities	-	-	1,422	1,433	-
Due to Commonwealth of Virginia	-	-	483	-	-
Total liabilities	-	-	312,298	956,836	302,841
<b>Fund Balances</b>					
Nonspendable	-	-	-	7,320	223,379
Restricted	5,641,682	8,575,662	-	8,396,169	-
Committed	-	-	320,077	463,349	1,440
Assigned	-	-	8,357,552	3,779,907	6,495,660
Total fund balances	5,641,682	8,575,662	8,677,629	12,646,745	6,720,479
<b>Total liabilities and fund balances</b>	\$ 5,641,682	8,575,662	8,989,927	13,603,581	7,023,320

## CITY OF CHESAPEAKE, VIRGINIA

Schedule P-1, Continued

Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2019

	Special Revenue Funds				
	Juvenile Services	Interagency Consortium	E-911 Operations	Fee Supported Activities	Grants
<b>ASSETS</b>					
Cash and temporary investments	2,327,958	304,271	8,388,642	1,067,678	3,778,077
Intergovernmental revenues due from:					
Commonwealth of Virginia	-	1,634,439	-	-	311,782
Federal government	-	-	-	-	1,869,659
Receivables:					
Accounts receivable	302,440	2,975	88,081	1,284,900	134,880
Interest	-	-	-	-	-
Other	959	-	-	235,759	-
Allowance for uncollectible amounts	(2,688)	(2,915)	-	(1,380,174)	(62,349)
Inventory of materials and supplies	-	-	-	-	-
Prepaid expenditures and other assets	-	-	-	-	-
Restricted asset:					
Investments	-	-	-	-	-
<b>Total assets</b>	<b>2,628,669</b>	<b>1,938,770</b>	<b>8,476,723</b>	<b>1,208,163</b>	<b>6,032,049</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable	58,931	1,728,137	26,450	53,143	136,832
Accrued expenditures	99,113	3,650	92,522	8,248	33,482
Unearned revenues	-	-	-	-	-
Other liabilities	-	-	-	-	120
Due to Commonwealth of Virginia	-	-	-	-	59,278
Total liabilities	158,044	1,731,787	118,972	61,391	229,712
<b>Fund Balances</b>					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	5,615,474
Committed	419,300	-	954,991	2,026	186,863
Assigned	2,051,325	206,983	7,402,760	1,144,746	-
Total fund balances	2,470,625	206,983	8,357,751	1,146,772	5,802,337
<b>Total liabilities and fund balances</b>	<b>2,628,669</b>	<b>1,938,770</b>	<b>8,476,723</b>	<b>1,208,163</b>	<b>6,032,049</b>

## CITY OF CHESAPEAKE, VIRGINIA

Schedule P-1, Continued

Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2019

	Special Revenue Funds				
	Community Development	Open Space Agriculture Preservation	Proffers	Housing Trust	CSB of Chesapeake, Inc
<b>ASSETS</b>					
Cash and temporary investments	16,482	2,121,187	10,569,412	50,143	360,125
Intergovernmental revenues due from:					
Commonwealth of Virginia	-	-	-	-	-
Federal government	235,149	-	-	-	-
Receivables:					
Accounts receivable	-	-	-	-	-
Interest	-	-	-	-	-
Other	-	-	2,546	-	-
Allowance for uncollectible amounts	-	-	-	-	-
Inventory of materials and supplies	-	-	-	-	-
Prepaid expenditures and other assets	-	-	-	-	-
Restricted asset:					
Investments	-	1,040,278	-	-	-
<b>Total assets</b>	<b>251,631</b>	<b>3,161,465</b>	<b>10,571,958</b>	<b>50,143</b>	<b>360,125</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable	64,408	-	-	-	-
Accrued expenditures	3,939	-	-	-	-
Unearned revenues	-	-	-	-	-
Other liabilities	-	-	-	-	-
Due to Commonwealth of Virginia	-	-	-	-	-
Total liabilities	<b>68,347</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances</b>					
Nonspendable	-	-	-	-	-
Restricted	-	-	10,571,958	-	-
Committed	183,284	3,161,465	-	50,143	360,125
Assigned	-	-	-	-	-
Total fund balances	<b>183,284</b>	<b>3,161,465</b>	<b>10,571,958</b>	<b>50,143</b>	<b>360,125</b>
<b>Total liabilities and fund balances</b>	<b>251,631</b>	<b>3,161,465</b>	<b>10,571,958</b>	<b>50,143</b>	<b>360,125</b>

CITY OF CHESAPEAKE, VIRGINIA

Schedule P-1, Continued

Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2019

	Permanent Funds		Total Nonmajor Governmental Funds
	Poor	Carney	
<b>ASSETS</b>			
Cash and temporary investments	185,645	14,335	69,649,460
Intergovernmental revenues due from:			
Commonwealth of Virginia	-	-	2,424,202
Federal government	-	-	2,942,453
Receivables:			
Accounts receivable	-	-	5,259,085
Interest	816	387	1,203
Other	-	-	720,487
Allowance for uncollectible amounts	-	-	(3,552,816)
Inventory of materials and supplies	-	-	4,279
Prepaid expenditures and other assets	-	-	226,420
Restricted asset:			
Investments	-	-	1,040,278
<b>Total assets</b>	<b>186,461</b>	<b>14,722</b>	<b>78,715,051</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accounts payable	-	-	2,883,820
Accrued expenditures	-	-	892,599
Unearned revenues	-	-	101,073
Other liabilities	-	-	2,975
Due to Commonwealth of Virginia	-	-	59,761
Total liabilities	-	-	3,940,228
<b>Fund Balances</b>			
Nonspendable	11,295	1,500	243,494
Restricted	175,166	13,222	38,989,333
Committed	-	-	6,103,063
Assigned	-	-	29,438,933
Total fund balances	186,461	14,722	74,774,823
<b>Total liabilities and fund balances</b>	<b>186,461</b>	<b>14,722</b>	<b>78,715,051</b>

## CITY OF CHESAPEAKE, VIRGINIA

Schedule P-2

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 Nonmajor Governmental Funds  
 Year Ended June 30, 2019

	Special Revenue Funds				
	Tax Increment Financing Greenbrier	Tax Increment Financing South Norfolk	Virginia Public Assistance	Integrated Behavioral Healthcare	Conference Center
<b>REVENUES</b>					
General property taxes	\$ 9,132,746	5,335,347	-	-	-
Other local taxes	-	-	-	-	4,097,000
Licenses, permits and fees	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Investment income	146,417	135,674	139,548	207,408	-
Revenues from use of property	-	-	-	-	248,951
Charges for services	-	-	2,115	9,735,150	1,341,439
Miscellaneous local revenues	-	-	-	-	2,602
Recovered costs	-	-	21,614	62,476	-
Program income	-	-	-	-	-
Intergovernmental revenues:					
Commonwealth of Virginia	-	-	4,377,751	8,419,064	-
Federal government	-	-	9,771,008	1,534,601	-
Chesapeake Public Schools	-	-	-	-	-
Total revenues	9,279,163	5,471,021	14,312,036	19,958,699	5,689,992
<b>EXPENDITURES</b>					
Current:					
General government	-	250	-	-	3,828,012
Public safety	-	-	-	-	-
Parks and recreation	-	-	-	-	-
Public welfare	-	-	19,438,917	25,529,441	-
Capital outlay	-	-	-	-	16,070
Total expenditures	-	250	19,438,917	25,529,441	3,844,082
<b>Excess (deficiency) of revenues over (under) expenditures</b>	9,279,163	5,470,771	(5,126,881)	(5,570,742)	1,845,910
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers from other funds	-	-	6,706,628	7,940,645	-
Transfers to other funds	(15,812,927)	(5,645,416)	(149,201)	(600,557)	(780,000)
Total other financing sources (uses), net	(15,812,927)	(5,645,416)	6,557,427	7,340,088	(780,000)
<b>Net change in fund balance</b>	(6,533,764)	(174,645)	1,430,546	1,769,346	1,065,910
<b>Fund balance - beginning</b>	12,175,446	8,750,307	7,247,083	10,877,399	5,654,569
<b>Fund balance - ending</b>	\$ 5,641,682	8,575,662	8,677,629	12,646,745	6,720,479

## CITY OF CHESAPEAKE, VIRGINIA

Schedule P-2, Continued

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 Nonmajor Governmental Funds  
 Year Ended June 30, 2019

	Special Revenue Funds				
	Juvenile Services	Interagency Consortium	E-911 Operations	Fee Supported Activities	Grants
<b>REVENUES</b>					
General property taxes	-	-	-	-	-
Other local taxes	-	-	4,947,998	-	-
Licenses, permits and fees	-	-	-	224,364	-
Fines and forfeitures	-	-	-	432,242	-
Investment income	44,597	2,640	122,744	24,177	42,251
Revenues from use of property	-	-	-	-	-
Charges for services	15,301	-	-	346,408	181,975
Miscellaneous local revenues	-	-	-	-	103,001
Recovered costs	1,408,425	5,367	30	14,703	-
Program income	-	-	-	-	-
Intergovernmental revenues:					
Commonwealth of Virginia	3,330,827	2,949,780	1,030,545	-	3,890,720
Federal government	-	-	-	-	2,446,714
Chesapeake Public Schools	-	-	-	-	-
Total revenues	4,799,150	2,957,787	6,101,317	1,041,894	6,664,661
<b>EXPENDITURES</b>					
Current:					
General government	6,558,891	-	-	-	1,880,054
Public safety	-	-	5,518,759	1,213,934	1,943,376
Parks and recreation	-	-	-	-	51,531
Public welfare	-	5,125,345	-	-	713,017
Capital outlay	-	-	230,773	-	864,212
Total expenditures	6,558,891	5,125,345	5,749,532	1,213,934	5,452,190
<b>Excess (deficiency) of revenues over (under) expenditures</b>	(1,759,741)	(2,167,558)	351,785	(172,040)	1,212,471
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers from other funds	2,054,373	2,100,975	3,100,227	56,019	26,033
Transfers to other funds	(44,596)	(2,640)	(122,743)	(24,178)	-
Total other financing sources (uses), net	2,009,777	2,098,335	2,977,484	31,841	26,033
<b>Net change in fund balance</b>	250,036	(69,223)	3,329,269	(140,199)	1,238,504
<b>Fund balance - beginning</b>	2,220,589	276,206	5,028,482	1,286,971	4,563,833
<b>Fund balance - ending</b>	2,470,625	206,983	8,357,751	1,146,772	5,802,337

CITY OF CHESAPEAKE, VIRGINIA

Schedule P-2, Continued

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 Nonmajor Governmental Funds  
 Year Ended June 30, 2019

	Special Revenue Funds				
	Community Development	Open Space Agriculture Preservation	Proffers	Housing Trust	CSB of Chesapeake, Inc
<b>REVENUES</b>					
General property taxes	-	405,229	-	-	-
Other local taxes	-	-	-	-	-
Licenses, permits and fees	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Investment income	-	162,363	-	890	3,382
Revenues from use of property	-	38,600	-	-	-
Charges for services	-	-	-	-	-
Miscellaneous local revenues	-	-	1,796,398	-	-
Recovered costs	-	-	-	-	-
Program income	130,249	-	-	-	-
Intergovernmental revenues:					
Commonwealth of Virginia	-	198,569	-	-	-
Federal government	1,360,801	-	-	-	-
Chesapeake Public Schools	-	-	741,549	-	-
<b>Total revenues</b>	<b>1,491,050</b>	<b>804,761</b>	<b>2,537,947</b>	<b>890</b>	<b>3,382</b>
<b>EXPENDITURES</b>					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Parks and recreation	-	-	-	-	-
Public welfare	1,215,346	-	-	-	25
Capital outlay	486,206	979,423	-	-	1,460
<b>Total expenditures</b>	<b>1,701,552</b>	<b>979,423</b>	<b>-</b>	<b>-</b>	<b>1,485</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(210,502)</b>	<b>(174,662)</b>	<b>2,537,947</b>	<b>890</b>	<b>1,897</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers from other funds	-	-	-	-	-
Transfers to other funds	-	(108,469)	(1,481,642)	-	-
<b>Total other financing sources (uses), net</b>	<b>-</b>	<b>(108,469)</b>	<b>(1,481,642)</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>(210,502)</b>	<b>(283,131)</b>	<b>1,056,305</b>	<b>890</b>	<b>1,897</b>
<b>Fund balance - beginning</b>	<b>393,786</b>	<b>3,444,596</b>	<b>9,515,653</b>	<b>49,253</b>	<b>358,228</b>
<b>Fund balance - ending</b>	<b>183,284</b>	<b>3,161,465</b>	<b>10,571,958</b>	<b>50,143</b>	<b>360,125</b>

## CITY OF CHESAPEAKE, VIRGINIA

Schedule P-2, Continued

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 Nonmajor Governmental Funds  
 Year Ended June 30, 2019

	Permanent Funds		Total Nonmajor Governmental Funds
	Poor	Carney	
<b>REVENUES</b>			
General property taxes	-	-	14,873,322
Other local taxes	-	-	9,044,998
Licenses, permits and fees	-	-	224,364
Fines and forfeitures	-	-	432,242
Investment income	5,121	388	1,037,600
Revenues from use of property	-	-	287,551
Charges for services	-	-	11,622,388
Miscellaneous local revenues	-	-	1,902,001
Recovered costs	-	-	1,512,615
Program income	-	-	130,249
Intergovernmental revenues:			
Commonwealth of Virginia	-	-	24,197,256
Federal government	-	-	15,113,124
Chesapeake Public Schools	-	-	741,549
<b>Total revenues</b>	<b>5,121</b>	<b>388</b>	<b>81,119,259</b>
<b>EXPENDITURES</b>			
Current:			
General government	-	-	12,267,207
Public safety	-	-	8,676,069
Parks and recreation	-	-	51,531
Public welfare	-	-	52,022,091
Capital outlay	-	-	2,578,144
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>75,595,042</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>5,121</b>	<b>388</b>	<b>5,524,217</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers from other funds	-	-	21,984,900
Transfers to other funds	-	-	(24,772,369)
<b>Total other financing sources (uses), net</b>	<b>-</b>	<b>-</b>	<b>(2,787,469)</b>
<b>Net change in fund balance</b>	<b>5,121</b>	<b>388</b>	<b>2,736,748</b>
<b>Fund balance - beginning</b>	<b>181,340</b>	<b>14,334</b>	<b>72,038,075</b>
<b>Fund balance - ending</b>	<b>186,461</b>	<b>14,722</b>	<b>74,774,823</b>

CITY OF CHESAPEAKE, VIRGINIA

Schedule P-3

Tax Increment Financing Greenbrier Fund  
 Schedule of Revenues, Expenditures and Changes  
 in Fund Balance - Budget and Actual  
 Year Ended June 30, 2019

	<b>Revised Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>REVENUES</b>			
General property taxes	\$ 9,120,000	9,132,746	12,746
Investment income	-	146,417	146,417
<b>Total revenues</b>	<b>9,120,000</b>	<b>9,279,163</b>	<b>159,163</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers to other funds	(16,072,710)	(15,812,927)	259,783
<b>Total other financing sources (uses), net</b>	<b>(16,072,710)</b>	<b>(15,812,927)</b>	<b>259,783</b>
<b>Net change in fund balance</b>	<b>(6,952,710)</b>	<b>(6,533,764)</b>	<b>418,946</b>
<b>Fund balance - beginning</b>	<b>12,175,446</b>	<b>12,175,446</b>	<b>-</b>
<b>Fund balance - ending</b>	<b>\$ 5,222,736</b>	<b>5,641,682</b>	<b>418,946</b>

CITY OF CHESAPEAKE, VIRGINIA

Schedule P-4

Tax Increment Financing South Norfolk Fund  
 Schedule of Revenues, Expenditures and Changes  
 in Fund Balance - Budget and Actual  
 Year Ended June 30, 2019

	Revised Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
General property taxes	\$ 5,061,000	5,335,347	274,347
Investment income	-	135,674	135,674
Total revenues	5,061,000	5,471,021	410,021
<b>EXPENDITURES</b>			
General government	1,525,000	250	1,524,750
Total expenditures	1,525,000	250	1,524,750
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>3,536,000</b>	<b>5,470,771</b>	<b>1,934,771</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers to other funds	(6,508,422)	(5,645,416)	863,006
Total other financing sources (uses), net	(6,508,422)	(5,645,416)	863,006
<b>Net change in fund balance</b>	<b>(2,972,422)</b>	<b>(174,645)</b>	<b>2,797,777</b>
<b>Fund balance - beginning</b>	<b>8,750,307</b>	<b>8,750,307</b>	<b>-</b>
<b>Fund balance - ending</b>	<b>\$ 5,777,885</b>	<b>8,575,662</b>	<b>2,797,777</b>

CITY OF CHESAPEAKE, VIRGINIA

Schedule P-5

Virginia Public Assistance Fund  
 Schedule of Revenues, Expenditures and Changes  
 in Fund Balance - Budget and Actual  
 Year Ended June 30, 2019

	Revised Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Investment income	\$ -	139,548	139,548
Charges for services	500	2,115	1,615
Recovered costs	10,000	21,614	11,614
Intergovernmental revenues:			
Commonwealth of Virginia	4,993,804	4,377,751	(616,053)
Federal government	9,950,151	9,771,008	(179,143)
Total intergovernmental revenues	14,943,955	14,148,759	(795,196)
Total revenues	14,954,455	14,312,036	(642,419)
<b>EXPENDITURES</b>			
Public welfare:			
Bureau of Public Assistance	5,221,479	5,040,718	180,761
Joint Administration	1,878,399	1,531,684	346,715
Service Administration	3,757,847	3,714,016	43,831
Eligibility Administration	9,750,923	8,197,709	1,553,214
Other special programs	2,604,251	954,790	1,649,461
Capital outlay	27,428	-	27,428
Total expenditures	23,240,327	19,438,917	3,801,410
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(8,285,872)</b>	<b>(5,126,881)</b>	<b>3,158,991</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers from other funds	6,706,628	6,706,628	-
Transfers to other funds	(21,200)	(149,201)	(128,001)
Total other financing sources (uses), net	6,685,428	6,557,427	(128,001)
<b>Net change in fund balance</b>	<b>(1,600,444)</b>	<b>1,430,546</b>	<b>3,030,990</b>
<b>Fund balance - beginning</b>	<b>7,247,083</b>	<b>7,247,083</b>	<b>-</b>
<b>Fund balance - ending</b>	<b>\$ 5,646,639</b>	<b>8,677,629</b>	<b>3,030,990</b>

## CITY OF CHESAPEAKE, VIRGINIA

Schedule P-6

Integrated Behavioral Healthcare Fund  
 Schedule of Revenues, Expenditures and Changes  
 in Fund Balance - Budget and Actual  
 Year Ended June 30, 2019

	Revised Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Investment income	\$ -	207,408	207,408
Charges for services:			
Mental health fees	4,501,334	3,017,312	(1,484,022)
Intellectual disability fees	5,264,574	6,527,213	1,262,639
Substance abuse fees	111,400	186,779	75,379
Sale of food and beverages	9,000	3,846	(5,154)
Total charges for services	9,886,308	9,735,150	(151,158)
Recovered costs	-	62,476	62,476
Intergovernmental revenues:			
Commonwealth of Virginia:			
Substance abuse grants	919,592	919,642	50
Mental health grants	6,467,645	6,353,125	(114,520)
Intellectual disability grants	1,131,114	1,146,297	15,183
Total from the Commonwealth of Virginia	8,518,351	8,419,064	(99,287)
Federal government:			
Substance abuse, mental health and intellectual disability grants	1,532,954	1,534,601	1,647
Total revenues	19,937,613	19,958,699	21,086
<b>EXPENDITURES</b>			
Public welfare	28,703,396	25,529,441	3,173,955
Capital outlay	167,000	-	167,000
Total expenditures	28,870,396	25,529,441	3,340,955
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(8,932,783)</b>	<b>(5,570,742)</b>	<b>3,362,041</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers from other funds	7,940,645	7,940,645	-
Transfers to other funds	(393,150)	(600,557)	(207,407)
Total other financing sources (uses), net	7,547,495	7,340,088	(207,407)
<b>Net change in fund balance</b>	<b>(1,385,288)</b>	<b>1,769,346</b>	<b>3,154,634</b>
<b>Fund balance - beginning</b>	<b>10,877,399</b>	<b>10,877,399</b>	<b>-</b>
<b>Fund balance - ending</b>	<b>\$ 9,492,111</b>	<b>12,646,745</b>	<b>3,154,634</b>

CITY OF CHESAPEAKE, VIRGINIA

Schedule P-7

Conference Center Fund  
 Schedule of Revenues, Expenditures and Changes  
 in Fund Balance - Budget and Actual  
 Year Ended June 30, 2019

	Revised Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Other local taxes	\$ 4,051,500	4,097,000	45,500
Revenues from use of property	261,324	248,951	(12,373)
Charges for services	1,805,993	1,341,439	(464,554)
Miscellaneous revenue	9,600	2,602	(6,998)
Total revenues	6,128,417	5,689,992	(438,425)
<b>EXPENDITURES</b>			
General government	4,517,280	3,828,012	689,268
Capital outlay	32,500	16,070	16,430
Total expenditures	4,549,780	3,844,082	705,698
<b>Excess (deficiency) of revenues over (under) expenditures</b>	1,578,637	1,845,910	267,273
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers to other funds	(780,000)	(780,000)	-
Total other financing sources (uses), net	(780,000)	(780,000)	-
<b>Net change in fund balance</b>	798,637	1,065,910	267,273
<b>Fund balance - beginning</b>	5,654,569	5,654,569	-
<b>Fund balance - ending</b>	\$ 6,453,206	6,720,479	267,273

CITY OF CHESAPEAKE, VIRGINIA

Schedule P-8

Juvenile Services Fund  
 Schedule of Revenues, Expenditures and Changes  
 in Fund Balance - Budget and Actual  
 Year Ended June 30, 2019

	Revised Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Investment income	\$ -	44,597	44,597
Charges for services	12,295	15,301	3,006
Recovered costs	1,507,390	1,408,425	(98,965)
Intergovernmental revenues:			
Commonwealth of Virginia	3,256,599	3,330,827	74,228
Total revenues	4,776,284	4,799,150	22,866
<b>EXPENDITURES</b>			
General government	7,544,288	6,558,891	985,397
Total expenditures	7,544,288	6,558,891	985,397
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(2,768,004)</b>	<b>(1,759,741)</b>	<b>1,008,263</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers from other funds	2,090,742	2,054,373	(36,369)
Transfers to other funds	-	(44,596)	(44,596)
Total other financing sources (uses), net	2,090,742	2,009,777	(80,965)
<b>Net change in fund balance</b>	<b>(677,262)</b>	<b>250,036</b>	<b>927,298</b>
<b>Fund balance - beginning</b>	<b>2,220,589</b>	<b>2,220,589</b>	<b>-</b>
<b>Fund balance - ending</b>	<b>\$ 1,543,327</b>	<b>2,470,625</b>	<b>927,298</b>

CITY OF CHESAPEAKE, VIRGINIA

Schedule P-9

Interagency Consortium Fund  
 Schedule of Revenues, Expenditures and Changes  
 in Fund Balance - Budget and Actual  
 Year Ended June 30, 2019

	Revised Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Investment income	\$ -	2,640	2,640
Recovered costs	-	5,367	5,367
Intergovernmental revenues:			
Commonwealth of Virginia	4,010,945	2,949,780	(1,061,165)
Total revenues	4,010,945	2,957,787	(1,053,158)
<b>EXPENDITURES</b>			
Public welfare:			
Contract services	6,191,920	5,125,345	1,066,575
Total expenditures	6,191,920	5,125,345	1,066,575
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(2,180,975)</b>	<b>(2,167,558)</b>	<b>13,417</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers from other funds	2,100,975	2,100,975	-
Transfers to other funds	-	(2,640)	(2,640)
Total other financing sources (uses), net	2,100,975	2,098,335	(2,640)
<b>Net change in fund balance</b>	<b>(80,000)</b>	<b>(69,223)</b>	<b>10,777</b>
<b>Fund balance - beginning</b>	<b>276,206</b>	<b>276,206</b>	<b>-</b>
<b>Fund balance - ending</b>	<b>\$ 196,206</b>	<b>206,983</b>	<b>10,777</b>

CITY OF CHESAPEAKE, VIRGINIA

Schedule P-10

E-911 Operations Fund  
 Schedule of Revenues, Expenditures and Changes  
 in Fund Balance - Budget and Actual  
 Year Ended June 30, 2019

	Revised Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Other local taxes	\$ 4,947,998	4,947,998	-
Investment income	-	122,744	122,744
Recovered costs	-	30	30
Intergovernmental revenues:			
Commonwealth of Virginia	999,392	1,030,545	31,153
Total revenues	5,947,390	6,101,317	153,927
<b>EXPENDITURES</b>			
Public safety	7,842,383	5,518,759	2,323,624
Capital outlay	320,450	230,773	89,677
Total expenditures	8,162,833	5,749,532	2,413,301
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(2,215,443)</b>	<b>351,785</b>	<b>2,567,228</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers from other funds	3,100,227	3,100,227	-
Transfers to other funds	-	(122,743)	(122,743)
Total other financing sources (uses), net	3,100,227	2,977,484	(122,743)
<b>Net change in fund balance</b>	<b>884,784</b>	<b>3,329,269</b>	<b>2,444,485</b>
<b>Fund balance - beginning</b>	<b>5,028,482</b>	<b>5,028,482</b>	<b>-</b>
<b>Fund balance - ending</b>	<b>\$ 5,913,266</b>	<b>8,357,751</b>	<b>2,444,485</b>

CITY OF CHESAPEAKE, VIRGINIA

Schedule P-11

Fee Supported Activities Fund  
 Schedule of Revenues, Expenditures and Changes  
 in Fund Balance - Budget and Actual  
 Year Ended June 30, 2019

	Revised Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Licenses, permits and fees	\$ 212,000	224,364	12,364
Fines and forfeitures	733,653	432,242	(301,411)
Investment income	-	24,177	24,177
Charges for services	400,000	346,408	(53,592)
Recovered costs	5,000	14,703	9,703
Total revenues	1,350,653	1,041,894	(308,759)
<b>EXPENDITURES</b>			
Public safety	1,436,032	1,213,934	222,098
Total expenditures	1,436,032	1,213,934	222,098
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(85,379)</b>	<b>(172,040)</b>	<b>(86,661)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers from other funds	-	56,019	56,019
Transfers to other funds	-	(24,178)	(24,178)
Total other financing sources (uses), net	-	31,841	31,841
<b>Net change in fund balance</b>	<b>(85,379)</b>	<b>(140,199)</b>	<b>(54,820)</b>
<b>Fund balance - beginning</b>	<b>1,286,971</b>	<b>1,286,971</b>	<b>-</b>
<b>Fund balance - ending</b>	<b>\$ 1,201,592</b>	<b>1,146,772</b>	<b>(54,820)</b>

## Internal Service Funds

**Information Technology Fund** – To account for the operation of the City’s central information technology, including technology development and support, and radio and communications operations.

**City Garage Fund** – To account for the maintenance and repair of City-owned vehicles.

**Self-Insurance Fund** – To account for the City’s self-insurance program.

**Self-Funded Health Fund** – To account for the City’s self-funded health insurance program.



## CITY OF CHESAPEAKE, VIRGINIA

Schedule Q-1

Combining Statement of Net Position  
Internal Service Funds  
June 30, 2019

	Information Technology	City Garage	Self- Insurance	Self-Funded Health	Total
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>					
<b>Assets</b>					
Current assets:					
Cash and temporary investments	\$ 7,847,377	12,225,112	23,613,325	4,151,035	47,836,849
Receivables:					
Accounts	40,495	43,231	-	77,844	161,570
Interest	-	-	176,758	-	176,758
Allowance for uncollectible amounts	-	-	-	(4,736)	(4,736)
Inventory of materials and supplies	-	586,266	-	-	586,266
Prepaid expenses	862,411	4,740	2,718,470	98,037	3,683,658
Total current assets	8,750,283	12,859,349	26,508,553	4,322,180	52,440,365
Noncurrent assets:					
Capital assets:					
Construction in progress	3,172,141	335,298	-	-	3,507,439
Buildings	489,072	159,095	-	-	648,167
Improvements other than buildings	4,399,546	183,179	-	-	4,582,725
Software, equipment and vehicles	20,881,504	110,885,647	265,990	-	132,033,141
Infrastructure	-	77,584	-	-	77,584
Less accumulated depreciation	(23,391,910)	(66,383,143)	(265,990)	-	(90,041,043)
Total capital assets, net of accumulated depreciation	5,550,353	45,257,660	-	-	50,808,013
Net OPEB asset	13,497	8,599	1,431	-	23,527
Total noncurrent assets	5,563,850	45,266,259	1,431	-	50,831,540
Total assets	14,314,133	58,125,608	26,509,984	4,322,180	103,271,905
<b>Deferred Outflows of Resources</b>	699,504	608,346	86,293	-	1,394,143
<b>Total assets and deferred outflows of resources</b>	\$ 15,013,637	58,733,954	26,596,277	4,322,180	104,666,048
<b>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>					
<b>Liabilities</b>					
Current liabilities:					
Accounts payable	\$ 623,548	1,107,423	823,892	153,479	2,708,342
Accrued expenses and other liabilities	87,459	70,601	11,303	1,286	170,649
Unearned revenues	-	-	-	3,478,687	3,478,687
Current portion of accrued vacation, sick pay and overtime leave	147,891	127,495	14,858	-	290,244
Current portion of liability for self-insurance losses	-	-	5,634,257	4,601,315	10,235,572
Total current liabilities	858,898	1,305,519	6,484,310	8,234,767	16,883,494
Noncurrent liabilities:					
Accrued vacation, sick pay and overtime leave	193,806	171,394	20,312	-	385,512
Liability for self-insurance losses	-	-	22,046,315	-	22,046,315
Net pension liability	2,932,057	1,747,704	207,533	-	4,887,294
Net OPEB liability	255,017	185,967	28,732	-	469,716
Total noncurrent liabilities	3,380,880	2,105,065	22,302,892	-	27,788,837
Total liabilities	4,239,778	3,410,584	28,787,202	8,234,767	44,672,331
<b>Deferred Inflows of Resources</b>	323,925	273,504	39,190	-	636,619
<b>Net Position</b>					
Net investment in capital assets	5,550,353	45,257,660	-	-	50,808,013
Unrestricted (deficit)	4,899,581	9,792,206	(2,230,115)	(3,912,587)	8,549,085
<b>Total net position</b>	10,449,934	55,049,866	(2,230,115)	(3,912,587)	59,357,098
<b>Total liabilities, deferred inflows and net position</b>	\$ 15,013,637	58,733,954	26,596,277	4,322,180	104,666,048

## CITY OF CHESAPEAKE, VIRGINIA

Schedule Q-2

Combining Statement of Revenues, Expenses and Changes in Fund Net Position  
Internal Service Funds  
Year Ended June 30, 2019

	Information Technology	City Garage	Self- Insurance	Self-Funded Health	Total
<b>OPERATING REVENUES</b>					
Billings to departments	\$ 12,954,492	17,702,401	9,762,466	40,653,818	81,073,177
Billings to outside agencies and component units	358,816	939,583	-	-	1,298,399
Rental fees	256,359	-	-	-	256,359
Miscellaneous charges for services	5,312	-	-	-	5,312
Recovered costs	23,173	79,223	222,429	3,361,991	3,686,816
Other	-	14,409	-	-	14,409
Total operating revenues	13,598,152	18,735,616	9,984,895	44,015,809	86,334,472
<b>OPERATING EXPENSES</b>					
Cost of materials billed	-	3,241,580	-	-	3,241,580
Purchases for resale	-	2,644,235	-	-	2,644,235
General and administrative	1,180,167	95,183	4,216	13,401	1,292,967
Other salaries and wages	3,158,520	2,884,762	442,662	-	6,485,944
Other fringe benefits	1,011,731	1,361,381	137,309	-	2,510,421
Self-insurance losses	-	-	4,817,020	2,061,935	6,878,955
Indemnity and medical claims	-	-	2,450,539	41,311,082	43,761,621
Other repairs and supplies	4,092,940	1,504,769	56,953	-	5,654,662
Equipment rental	2,290	2,888	1,064	-	6,242
Other contractual services	1,955,076	60,578	116,513	1,797,725	3,929,892
Depreciation and amortization	1,065,207	9,056,326	-	-	10,121,533
Insurance premiums	-	-	1,593,757	1,612,479	3,206,236
Total operating expenses	12,465,931	20,851,702	9,620,033	46,796,622	89,734,288
Operating income (loss)	1,132,221	(2,116,086)	364,862	(2,780,813)	(3,399,816)
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment income	121,099	203,924	582,046	74,037	981,106
Gain on sale of equipment	-	145,588	-	-	145,588
Loss on sale of equipment	-	(46,332)	-	-	(46,332)
Total nonoperating revenues (expenses), net	121,099	303,180	582,046	74,037	1,080,362
Income (loss) before transfers and contributions	1,253,320	(1,812,906)	946,908	(2,706,776)	(2,319,454)
Transfers out	(1,351,068)	(234,874)	-	-	(1,585,942)
Capital contributions	199,560	5,960,580	-	-	6,160,140
Change in net position	101,812	3,912,800	946,908	(2,706,776)	2,254,744
Total net position - beginning	10,348,122	51,137,066	(3,177,023)	(1,205,811)	57,102,354
Total net position - ending	\$ 10,449,934	55,049,866	(2,230,115)	(3,912,587)	59,357,098

Combining Statement of Cash Flows  
Internal Service Funds  
Year Ended June 30, 2019

	Information Technology	City Garage	Self- Insurance	Self-Funded Health	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from customers	\$ 642,450	1,050,298	222,429	3,650,599	5,565,776
Cash received from interfund services provided	12,954,492	17,702,401	9,762,466	40,653,818	81,073,177
Payments to suppliers	(7,646,112)	(7,178,100)	(8,144,653)	(44,938,365)	(67,907,230)
Payments to employees	(4,335,266)	(4,308,321)	(580,250)	-	(9,223,837)
Net cash provided by (used in) operating activities	1,615,564	7,266,278	1,259,992	(633,948)	9,507,886
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers out	(1,351,068)	(234,874)	-	-	(1,585,942)
Net cash provided by (used in) noncapital financing activities	(1,351,068)	(234,874)	-	-	(1,585,942)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition of capital assets	(32,262)	(6,602,675)	-	-	(6,634,937)
Proceeds from sale of capital assets	-	99,256	-	-	99,256
Net cash provided by (used in) capital and related financing activities	(32,262)	(6,503,419)	-	-	(6,535,681)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Investment income	121,099	203,924	509,958	74,037	909,018
Net cash provided by investing activities	121,099	203,924	509,958	74,037	909,018
Net increase (decrease) in cash and temporary investments	353,333	731,909	1,769,950	(559,911)	2,295,281
<b>Cash and temporary investments beginning of year</b>	<b>7,494,044</b>	<b>11,493,203</b>	<b>21,843,375</b>	<b>4,710,946</b>	<b>45,541,568</b>
<b>Cash and temporary investments end of year</b>	<b>\$ 7,847,377</b>	<b>12,225,112</b>	<b>23,613,325</b>	<b>4,151,035</b>	<b>47,836,849</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>					
Operating income (loss)	\$ 1,132,221	(2,116,086)	364,862	(2,780,813)	(3,399,816)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	1,065,207	9,056,326	-	-	10,121,533
Pension expense	(117,137)	(53,991)	(9,185)	-	(180,313)
OPEB expense	(59,880)	(50,560)	(7,245)	-	(117,685)
Change in assets and liabilities increasing (decreasing) cash and temporary investments:					
Receivables	(1,210)	17,083	-	25,700	41,573
Prepaid expenses and other assets	(206,092)	(4,740)	(59,539)	(70,539)	(340,910)
Inventory of materials and supplies	-	(98,541)	-	-	(98,541)
Accounts payable	(209,547)	474,414	515,663	(133,140)	647,390
Unearned revenues	-	-	-	261,684	261,684
Accrued expenses and other liabilities	4,793	13,096	1,692	1,224	20,805
Liability for self-insurance losses	-	-	439,285	2,061,936	2,501,221
Accrued vacation, sick pay and overtime leave	7,209	29,277	14,459	-	50,945
Total adjustments	483,343	9,382,364	895,130	2,146,865	12,907,702
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 1,615,564</b>	<b>7,266,278</b>	<b>1,259,992</b>	<b>(633,948)</b>	<b>9,507,886</b>
<b>Supplemental information on significant noncash transactions:</b>					
Contributions of capital assets:	\$ 199,560	5,960,580	-	-	6,160,140

# Fiduciary Fund

**Agency Fund:** Includes Special Welfare Fund – To account for the assets held by the City as an agent for children in foster care.

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**Chesapeake**  
VIRGINIA

**CITY OF CHESAPEAKE, VIRGINIA***Schedule R*Statement of Changes in Assets and Liabilities  
Special Welfare Fund  
Year Ended June 30, 2019

	<b>Balances at July 1, 2018</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balances at June 30, 2019</b>
<b>ASSETS</b>				
Cash and temporary investments	\$ 9,015	49,772	39,087	19,700
Total current assets	\$ 9,015	49,772	39,087	19,700
<b>LIABILITIES</b>				
Due to children under foster care	\$ 9,015	49,772	39,087	19,700
Total liabilities	\$ 9,015	49,772	39,087	19,700

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**Chesapeake**  
VIRGINIA

# Chesapeake Public Schools Component Unit

## *Major Governmental funds*

**Schools General Fund** – To account for the general operations 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.

**Schools Food Services Fund**– To account for the operations of the Schools’ cafeterias.

**Schools Textbooks Fund** – To account for the operation of the School Textbook program.

**Schools Capital Projects Fund** – To account for financial resources to be used for the acquisition or construction of major capital facilities or maintenance of the school plant (other than those financed by the other funds or the City).

## *Fiduciary Funds:*

**Schools OPEB Trust Fund** – To account for assets accumulated to fund other postemployment benefit (OPEB) obligations of the Schools.

**Schools Agency Fund** – Includes the Student Activity Fund, which accounts for the student activity monies maintained on behalf of the students by the principals at each school.



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**Chesapeake**  
VIRGINIA

**CITY OF CHESAPEAKE, VIRGINIA  
CHESAPEAKE PUBLIC SCHOOLS COMPONENT UNIT**

*Schedule S-1*

Balance Sheet  
Governmental Funds  
Year Ended June 30, 2019

	General	Food Services	Textbooks	Capital Projects	Total Governmental Funds
<b>ASSETS</b>					
Cash and temporary investments	\$ 60,111,221	5,171,731	5,205,596	-	70,488,548
Receivables	1,311,671	43,425	40,103	-	1,395,199
Due from federal government	18,490,485	398,096	-	-	18,888,581
Due from Commonwealth of Virginia	9,367,418	-	-	-	9,367,418
Due from other funds	4,935,971	-	-	-	4,935,971
Inventory	1,903,428	606,329	-	-	2,509,757
<b>Total assets</b>	<b>\$ 96,120,194</b>	<b>6,219,581</b>	<b>5,245,699</b>	<b>-</b>	<b>107,585,474</b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable and accrued expenses	\$ 44,489,621	455,905	813	6,290,038	51,236,377
Due to other funds	-	-	-	4,935,971	4,935,971
Claims payable	6,088,380	-	-	-	6,088,380
Total liabilities	50,578,001	455,905	813	11,226,009	62,260,728
<b>Deferred Inflows of Resources</b>					
Unavailable revenues - sales taxes	1,739,472	-	-	-	1,739,472
Unavailable revenues due to timing - federal	24,283	-	-	-	24,283
Total deferred inflows of resources	1,763,755	-	-	-	1,763,755
<b>Fund Balances</b>					
Nonspendable:					
Inventory	1,903,428	606,329	-	-	2,509,757
Restricted:					
Food services	-	5,157,347	-	-	5,157,347
School textbook	-	-	5,244,886	-	5,244,886
Future health, dental and workers' compensation	34,495,392	-	-	-	34,495,392
Technology	1,248,854	-	-	-	1,248,854
Instruction	202,869	-	-	-	202,869
Assigned to:					
Instruction	5,378,961	-	-	-	5,378,961
Unassigned	548,934	-	-	(11,226,009)	(10,677,075)
Total fund balances	43,778,438	5,763,676	5,244,886	(11,226,009)	43,560,991
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 96,120,194</b>	<b>6,219,581</b>	<b>5,245,699</b>	<b>-</b>	<b>-</b>

**Adjustments for the statement of net position:**

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.	284,799,618
Long-term liabilities are not reported as liabilities in the governmental funds.	(59,041,189)
Net OPEB liabilities are not reported as liabilities in the governmental funds.	(212,513,151)
Deferred outflows are not reported in the governmental funds.	56,556,840
Net pension liabilities are not reported in the governmental funds.	(352,380,147)
Deferred inflows are not reported in the governmental funds.	(59,564,456)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(18,671)
Assets are not available to pay current period expenditures and, therefore, are reported as unavailable in the governmental funds.	1,763,755
<b>Net position of governmental activities</b>	<b>\$(296,836,410)</b>

**CITY OF CHESAPEAKE, VIRGINIA**  
**CHESAPEAKE PUBLIC SCHOOLS COMPONENT UNIT**

*Schedule S-2*

Statement of Revenues, Expenditures and Changes in Fund Balances  
 Governmental Funds  
 Year Ended June 30, 2019

	General	Food Services	Textbooks	Capital Projects	Total Governmental Funds
<b>REVENUES</b>					
Intergovernmental revenues:					
City of Chesapeake	\$ 201,225,385	-	-	-	201,225,385
Commonwealth of Virginia	247,302,881	348,379	-	-	247,651,260
Federal government	24,899,338	8,483,650	-	-	33,382,988
Donated commodities from Federal government	-	1,064,545	-	-	1,064,545
Total intergovernmental	473,427,604	9,896,574	-	-	483,324,178
Charges for services	15,824,730	3,861,502	-	-	19,686,232
Interest	872,804	140,365	113,646	41,862	1,168,677
Miscellaneous	1,529,762	27,545	20,081	-	1,577,388
Total revenues	491,654,900	13,925,986	133,727	41,862	505,756,475
<b>EXPENDITURES</b>					
Education:					
Administration	9,506,560	-	-	-	9,506,560
Instruction	366,570,800	-	-	-	366,570,800
Attendance and health services	6,759,488	-	-	-	6,759,488
Pupil transportation	29,144,911	-	-	-	29,144,911
Operations and maintenance	46,808,381	-	-	-	46,808,381
School facilities services	539,479	-	-	-	539,479
School technology services	15,673,194	-	-	-	15,673,194
Total education	475,002,813	-	-	-	475,002,813
Food services	-	12,913,366	-	-	12,913,366
Debt service	2,634,540	-	-	-	2,634,540
Payment to primary government – return of interest income	872,804	-	-	41,862	914,666
Capital outlay	7,425,268	-	-	30,614,392	38,039,660
Total expenditures	485,935,425	12,913,366	-	30,656,254	529,505,045
<b>Excess (deficiency) of revenues over (under) expenditures</b>	5,719,475	1,012,620	133,727	(30,614,392)	(23,748,570)
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from capital leases	7,425,268	-	-	-	7,425,268
Payment from primary government for capital outlay and textbooks	-	-	-	8,461,371	8,461,371
Transfers in	-	-	-	1,716,233	1,716,233
Transfers out	-	(1,716,233)	-	-	(1,716,233)
Total other financing sources (uses)	7,425,268	(1,716,233)	-	10,177,604	15,886,639
<b>Net change in fund balance</b>	13,144,743	(703,613)	133,727	(20,436,788)	(7,861,931)
<b>Fund balance - beginning</b>	30,755,544	6,389,734	5,111,159	9,210,779	51,467,216
Increase (decrease) in reserve for inventory	(121,849)	77,555	-	-	(44,294)
<b>Fund balance - ending</b>	\$ 43,778,438	5,763,676	5,244,886	(11,226,009)	43,560,991

**CITY OF CHESAPEAKE, VIRGINIA**  
**CHESAPEAKE PUBLIC SCHOOLS COMPONENT UNIT**

*Schedule S-2, Continued*

Statement of Revenues, Expenditures and Changes in Fund Balances  
 Governmental Funds  
 Year Ended June 30, 2019

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**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances  
 of Governmental Funds to the Statement of Activities**

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

Net change in fund balances - total governmental funds	\$	(7,861,931)
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. This is the amount by which new capital assets exceeded depreciation expense in the current period.		28,605,585
In the Statement of Activities, the loss on the sale of equipment is reported, whereas in the governmental funds, only the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balances by the cost of the equipment sold.		(13,362)
Some capital assets acquired this year were financed with capital leases. The amount financed by the leases is reported in the governmental funds as a source of financing. Capital leases are not revenues in the Statement of Activities.		(7,425,268)
Repayment of debt principal is an expenditure in the governmental funds, but does not affect the Statement of Activities.		2,432,931
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due. In the Statement of Activities, however, interest expense is recognized as the interest accrues.		(146,419)
Because some sales taxes and revenues will not be received for several months after the fiscal year ends, they are reported as unavailable revenue in the governmental funds.		(15,944)
Change in reserve for inventory from governmental funds is included in expenditures in the Statement of Activities.		(44,294)
Changes in net OPEB liability and related deferred outflows and inflows are reported only in the Statement of Activities.		(1,284,414)
Changes in net pension liabilities and related deferred outflows and inflows of resources are reported only in the Statement of Activities.		18,774,160
In the Statement of Activities, certain operating expenses are measured by the liabilities incurred during the year. In the governmental funds, expenditures for these items are measured by the amount of financial resources used. This year, compensated absences amount used exceeded the liabilities incurred by \$1,874,994 and self-insurance amount paid exceeded claims incurred by \$72,077.		(1,947,071)
<b>Change in net position of governmental activities</b>	<b>\$</b>	<b>31,073,973</b>

CITY OF CHESAPEAKE, VIRGINIA  
 CHESAPEAKE PUBLIC SCHOOLS COMPONENT UNIT

Schedule S-3

Statement of Fiduciary Net Position  
 Fiduciary Funds  
 June 30, 2019

	Agency Fund	Other Postemployment Benefits Trust Fund
<b>ASSETS</b>		
Cash and temporary investments	\$ 4,628,041	-
Investments, at fair value		
Money market trust	-	3,591,294
<b>Total assets</b>	<b>\$ 4,628,041</b>	<b>3,591,294</b>
<b>LIABILITIES AND NET POSITION</b>		
<b>Liabilities:</b>		
Due to students	\$ 4,628,041	-
Total liabilities	4,628,041	-
<b>Net position:</b>		
Restricted for other postemployment benefits	-	3,591,294
Total net position	-	3,591,294
<b>Total liabilities and net position</b>	<b>\$ 4,628,041</b>	<b>3,591,294</b>

**CITY OF CHESAPEAKE, VIRGINIA  
CHESAPEAKE PUBLIC SCHOOLS COMPONENT UNIT**

*Schedule S-3A*

Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
Year Ended June 30, 2019

		<b>Other Postemployment Benefits Trust Fund</b>
<b>ADDITIONS</b>		
Contributions from employer	\$	5,223,504
Contributions from plan members		4,521,559
Investment income:		
Interest and dividends		158,027
Net investment income		158,027
<b>Total additions</b>		<b>9,903,090</b>
<b>DEDUCTIONS</b>		
Administrative expenses		4,235
Benefits and refunds paid on behalf of plan members and beneficiaries		9,745,063
<b>Total deductions</b>		<b>9,749,298</b>
<b>Change in net position</b>		<b>153,792</b>
<b>Held in trust for other postemployment benefits - beginning of year</b>		<b>3,437,502</b>
<b>Held in trust for other postemployment benefits - end of year</b>	<b>\$</b>	<b>3,591,294</b>

**CITY OF CHESAPEAKE, VIRGINIA**  
**CHESAPEAKE PUBLIC SCHOOLS COMPONENT UNIT**

*Schedule S-4*

Schedule of Revenues, Expenditures and Changes in Fund Balances -  
 Budget and Actual - Schools General Fund  
 Year Ended June 30, 2019

	Original Budget	Revised Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Intergovernmental revenues:				
City of Chesapeake	\$ 204,813,000	204,813,000	201,225,385	(3,587,615)
Commonwealth of Virginia	248,377,211	247,998,884	247,302,881	(696,003)
Federal government	29,361,449	29,719,476	24,899,338	(4,820,138)
Charges for services	2,430,800	2,430,800	15,824,730	13,393,930
Interest	-	-	872,804	872,804
Miscellaneous	659,135	679,435	1,529,762	850,327
Total revenues	485,641,595	485,641,595	491,654,900	6,013,305
<b>EXPENDITURES</b>				
Education:				
Administration	9,299,175	9,534,647	9,506,560	28,087
Instruction	376,772,591	376,351,313	366,570,800	9,780,513
Attendance and health services	7,126,275	6,756,277	6,759,488	(3,211)
Pupil transportation	27,325,696	28,825,696	29,144,911	(319,215)
Operations and maintenance	45,057,426	47,402,354	46,808,381	593,973
School facilities services	682,200	554,200	539,479	14,721
School technology services	16,853,692	16,381,439	15,673,194	708,245
Total education	483,117,055	485,805,926	475,002,813	10,803,113
Debt service:				
Principal	2,432,931	2,432,931	2,432,931	-
Interest	201,609	201,609	201,609	-
Total debt service	2,634,540	2,634,540	2,634,540	-
Payment to primary government – return of interest income	-	-	872,804	(872,804)
Capital Outlay	-	-	7,425,268	(7,425,268)
Total expenditures	485,751,595	488,440,466	485,935,425	2,505,041
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>\$ (110,000)</b>	<b>(2,798,871)</b>	<b>5,719,475</b>	<b>8,518,346</b>
Other financing sources (uses):				
Proceeds from capital leases			7,425,268	
Total other financing uses			7,425,268	
<b>Net change in fund balance</b>			13,144,743	
<b>Fund balance - beginning</b>			30,755,544	
<b>Increase (decrease) in reserve for inventory</b>			(121,849)	
<b>Fund balance - ending</b>			<b>\$ 43,778,438</b>	

**CITY OF CHESAPEAKE, VIRGINIA  
CHESAPEAKE PUBLIC SCHOOLS COMPONENT UNIT**

*Schedule S-5*

Schedule of Revenues, Expenditures and Changes in Fund Balances -  
Budget and Actual - Schools Food Services Fund  
Year Ended June 30, 2019

	<b>Original Budget</b>	<b>Revised Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>REVENUES</b>				
Intergovernmental revenues:				
Commonwealth of Virginia	\$ 176,202	176,202	348,379	172,177
Federal government	8,857,387	8,857,387	8,483,650	(373,737)
Charges for services	4,130,209	4,130,209	3,861,502	(268,707)
Interest	25,000	25,000	140,365	115,365
Miscellaneous	17,000	17,000	27,545	10,545
Total revenues	13,205,798	13,205,798	12,861,441	(344,357)
<b>EXPENDITURES</b>				
Operating costs:				
Purchases for resale	3,810,000	4,271,753	3,737,644	534,109
Food service salaries and fringe benefits	6,410,019	6,410,019	6,048,164	361,855
General and administrative	2,666,112	2,178,500	1,723,361	455,139
Other repairs and supplies	467,082	476,143	189,236	286,907
Capital outlay	137,000	152,000	122,346	29,654
Other expenditures	15,585	22,085	28,070	(5,985)
Total expenditures	13,505,798	13,510,500	11,848,821	1,661,679
<b>Other financing sources (uses)</b>				
Transfer to other funds:	-	-	(1,716,233)	(1,716,233)
<b>Excess (deficiency) of revenues over (under) expenditures</b>				
	\$ (300,000)	(304,702)	(703,613)	(398,911)
<b>Fund balance - beginning</b>			6,389,734	
<b>Increase (decrease) in reserve for inventory</b>			77,555	
<b>Fund balance - ending</b>			<u>\$ 5,763,676</u>	

**CITY OF CHESAPEAKE, VIRGINIA  
CHESAPEAKE PUBLIC SCHOOLS COMPONENT UNIT**

*Schedule S-6*

Schedule of Revenues, Expenditures and Changes in Fund Balances -  
Budget and Actual - Schools Textbooks Fund  
Year Ended June 30, 2019

	<b>Original Budget</b>	<b>Revised Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>REVENUES</b>				
Interest	\$ 15,000	15,000	113,646	98,646
Miscellaneous	15,000	15,000	20,081	5,081
Total revenues	30,000	30,000	133,727	103,727
<b>EXPENDITURES</b>				
Instruction				
Textbooks	2,721,715	3,441,031	-	(3,441,031)
Expendable workbooks	750,000	871,212	-	(871,212)
Total expenditures	3,471,715	4,312,243	-	(4,312,243)
<b>Excess (deficiency) of revenues over (under) expenditures</b>	\$ (3,441,715)	(4,282,243)	133,727	4,415,970
<b>Net change in fund balance</b>			133,727	
<b>Fund balance - beginning</b>			5,111,159	
<b>Fund balance - ending</b>			<u>\$ 5,244,886</u>	

## Other Component Unit

**Chesapeake Mosquito Control Commission** – To account for the operation of the City's Mosquito Control Commission.

## CITY OF CHESAPEAKE, VIRGINIA

Schedule T-1

Combining Balance Sheet and Statement of Net Position  
 Chesapeake Mosquito Control Commission  
 June 30, 2019

	<b>Chesapeake Mosquito Control Commission</b>
<b>ASSETS</b>	
<b>Assets</b>	
Cash and temporary investments	\$ 4,921,426
Inventory of materials and supplies	342,895
Prepaid expenses	117,439
Total current assets	5,381,760
<b>Total assets</b>	<b>\$ 5,381,760</b>
<b>LIABILITIES, FUND BALANCE AND NET POSITION</b>	
<b>Liabilities</b>	
Current liabilities:	
Accounts payable and accrued expenses	\$ 94,024
Total current liabilities	94,024
<b>Total liabilities</b>	<b>94,024</b>
<b>Fund Balance</b>	
Nonspendable:	
Inventory	342,895
Prepaid	117,439
Committed:	
Biology testing	17,909
Future capital improvements	1,000,000
Operations	1,093,728
Unassigned	2,715,765
<b>Total fund balance</b>	<b>5,287,736</b>
<b>Total liabilities and fund balance</b>	<b>\$ 5,381,760</b>
<b>Reconciliation to Net Position:</b>	
Total fund balance	\$ 5,287,736
Capital assets - net of depreciation	2,419,876
Net OPEB asset	7,120
Deferred outflows	384,281
Net pension liability	(677,439)
Net OPEB liability	(138,161)
Deferred inflows	(230,952)
<b>Net Position</b>	<b>\$ 7,052,461</b>

Statement of Revenues, Expenditures and Changes in Fund Balance  
 Chesapeake Mosquito Control Commission  
 Year Ended June 30, 2019

	Chesapeake Mosquito Control Commission
<b>REVENUES</b>	
Property taxes	\$ 4,628,352
Investment income	67,154
Other	154,637
Total revenues	4,850,143
<b>EXPENDITURES</b>	
Other salaries and wages	1,824,103
Other fringe benefits	794,567
Other repairs and supplies	714,689
Insurance premiums	234,458
Capital outlay	144,003
Other	360,926
Total expenditures	4,072,746
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>777,397</b>
<b>Net change in fund balance</b>	<b>777,397</b>
<b>Fund balance - beginning</b>	<b>4,510,339</b>
<b>Fund balance - ending</b>	<b>\$ 5,287,736</b>

**Reconciliation to Change in Net Position:**

Governmental funds report capital outlay as expenditures. However, when reporting net position, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Additionally, some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.

Net change in fund balance	\$ 777,397
Pension expense	329,409
OPEB expense	33,508
Depreciation expense	(153,570)
Capital outlay expenditures	144,003
<b>Change in Net Position</b>	<b>\$ 1,130,747</b>

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**Chesapeake**  
VIRGINIA

# STATISTICAL SECTION

This part of the City of Chesapeake's Comprehensive Annual Financial Report presents detailed information as a context for understanding how the information in the financial statements, note disclosures and required supplementary information depict the government's overall financial health.

**Financial Trends** – These schedules contain information to help the reader understand how the government's financial performance and well-being have changed over time.

**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.

**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.

**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.

**Operating Information** – These schedules contain service and infrastructure data to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.



**CITY OF CHESAPEAKE, VIRGINIA**

Net Position by Component  
Last Ten Fiscal Years - Unaudited

	<b>Fiscal Years</b>			
	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>Governmental Activities</b>				
Net investment in capital assets	\$ 711,456,653	735,161,026	762,765,688	715,309,724
Restricted for:				
Capital projects	6,733,774	7,208,270	7,541,231	7,945,218
Debt service	5,977,598	5,585,278	2,974,020	3,051,674
Other purposes:				
Expendable	61,966,212	64,874,383	66,019,778	65,320,915
Nonexpendable	12,795	12,795	12,795	12,795
Unrestricted	172,115,671	197,640,231	180,953,477	194,955,789
<b>Total governmental activities net position</b>	<b>\$ 958,262,703</b>	<b>1,010,481,983</b>	<b>1,020,266,989</b>	<b>986,596,115</b>
<b>Business-type Activities</b>				
Net investment in capital assets	\$ 274,620,304	282,334,648	286,255,165	338,956,191
Restricted for:				
Capital projects	1,421,019	2,969,658	1,765,682	4,909,101
Debt service	8,400,300	11,051,969	10,331,849	40,167,626
Other purposes:				
Expendable	90,743,786	99,837,905	116,409,613	112,058,449
Unrestricted	(1,229,016)	(1,185,861)	(1,543,594)	(1,170,944)
<b>Total business-type activities net position</b>	<b>\$ 373,956,393</b>	<b>395,008,319</b>	<b>413,218,715</b>	<b>494,920,423</b>
<b>Primary Government</b>				
Net investment in capital assets	\$ 986,076,957	1,017,495,674	1,049,020,853	1,054,265,915
Restricted for:				
Capital projects	8,154,793	10,177,928	9,306,913	12,854,319
Debt service	14,377,898	16,637,247	13,305,869	43,219,300
Other purposes:				
Expendable	152,709,998	164,712,288	182,429,391	177,379,364
Nonexpendable	12,795	12,795	12,795	12,795
Unrestricted	170,886,655	196,454,370	179,409,883	193,784,845
<b>Total Primary Government net position</b>	<b>\$ 1,332,219,096</b>	<b>1,405,490,302</b>	<b>1,433,485,704</b>	<b>1,481,516,538</b>
<b>Component Units</b>				
Net investment in capital assets	\$ 155,905,524	177,640,500	218,780,868	226,212,630
Restricted for:				
Capital projects	44,293,952	22,133,039	15,625,180	27,122,536
Other purposes:				
Expendable	2,334,502	1,234,356	38,848,921	36,950,588
Unrestricted	(143,537,497)	(189,089,275)	(286,045,269)	(303,617,981)
<b>Total component units' net position</b>	<b>\$ 58,996,481</b>	<b>11,918,620</b>	<b>(12,790,300)</b>	<b>(13,332,227)</b>

*Table 1*

<b>Fiscal Years</b>					
<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
725,639,898	751,215,126	803,408,601	917,873,047	948,007,008	988,305,860
7,730,629	9,289,916	9,496,284	7,573,672	7,295,431	7,214,178
1,104,771	524,780	572,809	800,317	975,681	1,580,849
71,603,633	73,178,331	79,026,265	86,689,437	81,470,421	75,208,171
12,795	12,795	12,795	184,459	203,604	243,494
212,685,592	100,085,810	127,611,781	166,360,668	204,538,067	251,402,063
1,018,777,318	934,306,758	1,020,128,535	1,179,481,600	1,242,490,212	1,323,954,615
363,131,229	380,994,500	374,310,640	398,107,933	424,400,639	446,770,028
4,192,551	10,285,096	13,054,525	97,882,413	108,317,526	128,596,183
36,168,752	33,995,534	33,421,662	33,684,535	34,184,641	40,716,139
133,882,562	135,829,971	149,570,921	79,037,754	79,578,055	68,198,534
(18,150,568)	(28,147,438)	(4,026,298)	(4,182,599)	(32,028,285)	(25,806,606)
519,224,526	532,957,663	566,331,450	604,530,036	614,452,576	658,474,278
1,088,771,127	1,132,209,626	1,177,719,241	1,315,980,980	1,372,407,647	1,435,075,888
11,923,180	19,575,012	22,550,809	105,456,085	115,612,957	135,810,361
37,273,523	34,520,314	33,994,471	34,484,852	35,160,322	42,296,988
205,486,195	209,008,302	228,597,186	165,727,191	161,048,476	143,406,705
12,795	12,795	12,795	184,459	203,604	243,494
194,535,024	71,938,372	123,585,483	162,178,069	172,509,782	225,595,457
1,538,001,844	1,467,264,421	1,586,459,985	1,784,011,636	1,856,942,788	1,982,428,893
231,613,876	240,465,301	238,621,923	245,580,745	257,008,802	280,922,718
22,562,553	17,708,059	23,976,510	18,863,830	9,210,779	-
27,909,453	22,479,251	22,906,943	26,003,608	38,675,687	46,569,857
(298,929,160)	(692,757,169)	(673,085,649)	(685,656,442)	(600,527,120)	(606,678,614)
(16,843,278)	(412,104,558)	(387,580,273)	(395,208,259)	(295,631,852)	(279,186,039)

**CITY OF CHESAPEAKE, VIRGINIA**

Changes in Net Position

Last Ten Fiscal Years - Unaudited

	2010	2011	2012	2013
<b>Program Revenues</b>				
Governmental activities:				
Charges for Services:				
General government	\$ 14,634,265	15,176,526	15,655,753	19,070,413
Public safety	6,066,443	7,170,555	8,004,960	4,552,411
Public works	2,533,979	1,819,486	572,422	491,789
Parks and recreation	1,058,795	1,203,236	1,185,891	1,119,617
Public welfare	3,758,146	3,907,048	3,634,765	3,876,330
Operating grants and contributions	93,882,445	112,543,495	114,361,618	95,148,851
Capital grants and contributions	10,319,478	2,840,507	2,971,533	7,941,256
Total governmental activities' program revenues	<u>\$ 132,253,551</u>	<u>144,660,853</u>	<u>146,386,942</u>	<u>132,200,667</u>
Business-type activities:				
Charges for Services:				
Public Utilities	\$ 55,733,051	66,688,401	63,871,301	59,999,277
Chesapeake Transportation System	7,097,481	8,151,134	10,488,113	10,310,889
Stormwater Management	14,194,442	14,767,660	14,833,052	14,973,046
Jordan Bridge	-	-	-	-
Operating grants and contributions	1,145,292	1,185,967	1,309,146	1,501,314
Capital grants and contributions	3,597,675	3,102,397	2,662,708	32,250,518
Total business-type activities' program revenues	<u>\$ 81,767,941</u>	<u>93,895,559</u>	<u>93,164,320</u>	<u>119,035,044</u>
Total Primary Government Activities' program revenues	<u>\$ 214,021,492</u>	<u>238,556,412</u>	<u>239,551,262</u>	<u>251,235,711</u>
Component Units:				
Charges for Services:				
Public Schools	\$ 7,245,368	7,243,389	7,097,754	7,628,806
Chesapeake Port Authority	-	38,550	36,210	39,400
Chesapeake Airport Authority	431,858	435,781	424,813	434,049
Elizabeth River Properties of Chesapeake, Inc.	88,050	96,100	100,730	97,283
Operating grants and contributions	89,515,940	100,528,447	112,735,654	93,629,158
Capital grants and contributions	955,420	1,125,139	1,541,294	1,204,851
Total component units' program revenues	<u>\$ 98,236,636</u>	<u>109,467,406</u>	<u>121,936,455</u>	<u>103,033,547</u>
Total Primary Government and component units' program revenues	<u>\$ 312,258,128</u>	<u>348,023,818</u>	<u>361,487,717</u>	<u>354,269,258</u>

Table 2

<b>Fiscal Years</b>					
<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
17,991,011	17,221,747	17,919,246	18,626,308	18,369,446	16,642,078
4,930,678	6,065,257	6,327,000	6,842,159	6,958,674	7,404,405
579,655	423,362	397,605	433,412	567,340	319,224
1,199,110	1,179,898	1,325,959	1,273,734	1,260,627	1,193,031
4,730,175	6,036,692	8,128,191	7,269,310	7,549,567	9,733,420
94,884,033	94,843,600	108,437,341	111,174,626	111,552,585	115,178,823
4,135,767	7,297,723	23,145,655	107,671,523	22,555,997	20,986,036
128,450,429	133,068,279	165,680,997	253,291,072	168,814,236	171,457,017
66,585,995	69,235,499	71,895,798	75,891,505	76,927,836	74,669,373
10,475,725	11,101,413	11,938,642	17,591,317	24,825,405	26,500,786
15,183,909	15,644,842	15,661,983	16,031,408	16,115,527	16,141,817
-	-	-	-	-	-
1,132,388	1,210,881	1,419,816	1,723,497	3,305,879	7,418,684
7,412,395	7,932,525	12,942,811	19,668,084	5,040,018	10,215,794
100,790,412	105,125,160	113,859,050	130,905,811	126,214,665	134,946,454
229,240,841	238,193,439	279,540,047	384,196,883	295,028,901	306,403,471
14,692,607	16,611,124	18,998,372	18,635,543	18,870,975	19,686,232
42,135	35,905	39,722	1,200	-	-
429,444	427,789	434,638	466,335	473,455	472,310
110,753	124,003	111,979	106,776	117,546	115,352
99,476,140	93,982,567	97,479,921	103,321,427	111,090,487	112,804,840
1,311,294	1,190,330	1,163,712	392,204	2,020,383	361,869
116,062,373	112,371,718	118,228,344	122,923,485	132,572,846	133,440,603
345,303,214	350,565,157	397,768,391	507,120,368	427,601,747	439,844,074

**CITY OF CHESAPEAKE, VIRGINIA**

Changes in Net Position  
Last Ten Fiscal Years - Unaudited

	2010	2011	2012	2013
<b>Expenses</b>				
Governmental activities:				
General government	\$ 143,639,154	138,721,838	144,974,198	149,330,767
Public safety	87,113,239	90,494,294	100,787,254	83,454,031
Public works	48,092,037	40,170,140	47,637,435	40,647,017
Parks and recreation	7,795,681	8,344,251	7,804,170	9,693,509
Public welfare	42,497,064	44,417,008	44,804,508	40,991,944
Education	213,633,155	179,064,673	203,047,686	208,985,915
Interest on long-term debt	19,234,044	19,801,226	17,885,365	15,821,682
Depreciation and amortization - net unallocated portion	22,734,730	21,783,568	20,169,069	19,429,215
Total governmental activities	\$ 584,739,104	542,796,998	587,109,685	568,354,080
Business-type activities:				
Public Utilities	\$ 53,143,253	54,051,300	56,133,023	54,559,573
Chesapeake Transportation System	11,183,690	9,728,730	10,587,608	11,981,231
Stormwater Management	8,838,137	8,903,174	7,761,421	9,256,065
Jordan Bridge	181,365	-	-	-
Economic Development Authority	-	-	-	-
Total business-type activities	\$ 73,346,445	72,683,204	74,482,052	75,796,869
Total Primary Government	\$ 658,085,549	615,480,202	661,591,737	644,150,949
Component units				
Public Schools	\$ 486,073,626	474,747,371	472,886,416	449,879,147
Chesapeake Mosquito Control Commission	4,717,522	4,087,128	4,630,205	4,520,768
Economic Development Authority	2,232,533	1,521,383	2,364,300	883,000
Chesapeake Port Authority	8,619	38,752	44,866	50,187
Chesapeake Airport Authority	1,656,760	1,297,329	1,324,282	1,285,463
Elizabeth River Properties of Chesapeake, Inc.	110,503	116,800	145,536	188,512
Total component units	\$ 494,799,563	481,808,763	481,395,605	456,807,077
<b>Net (Expense)/Revenue</b>				
Governmental activities	\$ (452,485,553)	(398,136,145)	(440,722,743)	(436,153,413)
Business-type activities	8,421,496	21,212,355	18,682,268	43,238,175
Total Primary Government net expense	\$ (444,064,057)	(376,923,790)	(422,040,475)	(392,915,238)
Total component units net expense	\$ (396,562,927)	(372,341,357)	(359,459,150)	(353,773,530)

*Table 2, Continued*

<b>Fiscal Years</b>					
2014	2015	2016	2017	2018	2019
152,704,171	129,569,793	125,133,326	145,413,520	154,492,115	164,759,758
93,375,929	91,413,819	90,907,369	93,094,728	94,172,297	103,262,634
38,746,709	58,920,091	52,877,267	58,915,648	47,580,380	38,099,274
2,516,007	2,439,039	8,423,774	3,415,829	7,730,292	8,812,469
42,027,655	44,174,172	45,705,033	48,443,596	47,746,439	49,972,356
189,942,276	191,962,233	208,466,021	207,382,512	217,851,053	217,100,015
15,001,553	13,597,584	12,228,723	12,696,190	13,797,966	12,651,370
18,824,944	16,215,291	15,331,944	15,216,230	19,448,199	20,245,562
553,139,244	548,292,022	559,073,457	584,578,253	602,818,741	614,903,438
57,339,899	59,665,753	59,789,391	61,195,818	68,295,315	63,598,130
10,430,045	8,973,844	8,987,678	20,513,144	36,979,915	37,904,311
8,755,098	11,578,159	11,541,070	12,825,364	11,027,245	13,156,095
-	-	-	-	-	-
-	-	-	-	-	6,723,039
76,525,042	80,217,756	80,318,139	94,534,326	116,302,475	121,381,575
629,664,286	628,509,778	639,391,596	679,112,579	719,121,216	736,285,013
444,265,205	442,852,339	435,759,664	488,960,206	470,920,045	483,006,298
4,018,404	4,033,457	5,181,759	4,013,749	3,693,645	3,719,396
789,713	686,818	3,322,203	642,787	1,329,256	-
53,350	46,498	46,795	19,642	1,696	
1,359,188	1,583,143	1,340,246	1,270,448	1,340,143	1,368,689
179,427	190,881	223,076	225,496	225,065	229,936
450,665,287	449,393,136	445,873,743	495,132,328	477,509,850	488,324,319
(424,688,815)	(415,223,743)	(393,392,460)	(331,287,181)	(434,004,505)	(443,446,421)
24,265,370	24,907,404	33,540,911	36,371,485	9,912,190	13,564,879
(400,423,445)	(390,316,339)	(359,851,549)	(294,915,696)	(424,092,315)	(429,881,542)
(334,602,914)	(337,021,418)	(327,645,399)	(372,208,843)	(344,937,004)	(354,883,716)

*(Continued)*

**CITY OF CHESAPEAKE, VIRGINIA**

Changes in Net Position  
Last Ten Fiscal Years - Unaudited

	2010	2011	2012	2013
<b>General Revenue and Other Changes in Net Position</b>				
Governmental activities:				
Taxes:				
Property taxes, levied for general purposes	\$ 307,213,245	298,873,974	293,799,799	288,743,868
Local sales and use taxes	31,888,444	32,065,910	33,751,538	34,451,337
Business license taxes	22,022,114	23,030,916	24,752,986	24,268,792
Consumer utility taxes	10,115,683	10,312,035	10,027,978	10,258,697
Other taxes	48,297,304	49,341,676	50,533,368	50,956,443
Grants and contributions not restricted to specific programs	31,520,409	31,510,142	31,646,114	31,739,924
Unrestricted investment earnings	3,881,599	2,281,828	2,400,850	162,669
Miscellaneous	3,465,033	2,778,515	3,123,243	2,961,604
Transfers	3,133,630	160,429	471,873	5,295,381
Total governmental activities revenues & transfers	\$ 461,537,461	450,355,425	450,507,749	448,838,715
Business-type activities:				
Unrestricted investment earnings	\$ 1,269	-	-	-
Transfers	(3,133,630)	(160,429)	(471,873)	(5,295,381)
Total business-type activities revenues & transfers	\$ (3,132,361)	(160,429)	(471,873)	(5,295,381)
Total Primary Government revenues & transfers	\$ 458,405,100	450,194,996	450,035,876	443,543,334
Component Units:				
Payment from City	\$ 205,717,540	171,309,720	195,333,708	201,293,387
Grants and contributions not restricted to specific programs	155,771,193	152,297,184	137,894,439	151,059,807
Unrestricted investment earnings	1,105,263	591,149	333,931	86,192
Miscellaneous	1,363,181	1,065,443	1,188,152	792,217
Total component units	\$ 363,957,177	325,263,496	334,750,230	353,231,603
<b>Change in Net Position</b>				
Governmental activities	\$ 9,051,908	52,219,280	9,785,006	12,685,302
Business-type activities	5,289,135	21,051,926	18,210,395	37,942,794
Total Primary Government net change in net position	\$ 14,341,043	73,271,206	27,995,401	50,628,096
Total component units net change in net position	\$ (32,605,750)	(47,077,861)	(24,708,920)	(541,927)

Table 2, Continued

<b>Fiscal Years</b>					
2014	2015	2016	2017	2018	2019
298,879,122	305,738,657	311,753,152	323,945,517	339,175,321	355,881,792
35,389,855	37,236,136	38,134,836	39,192,394	40,912,255	41,660,626
25,068,518	25,684,602	25,432,077	26,124,990	27,319,871	28,048,966
10,450,356	10,624,686	10,549,605	10,631,194	10,856,726	10,828,586
50,985,268	52,988,967	55,170,564	55,182,708	55,699,035	57,560,084
31,725,721	31,873,268	32,200,518	32,146,547	32,144,107	32,448,856
1,538,560	1,688,206	2,212,618	2,307,567	4,642,652	9,670,264
2,871,351	3,718,394	3,593,743	2,936,430	3,789,863	3,519,909
(38,733)	190,553	167,124	(1,827,101)	(1,351,488)	(14,708,259)
456,870,018	469,743,469	479,214,237	490,640,246	513,188,342	524,910,824
-	-	-	-	-	-
38,733	(190,553)	(167,124)	1,827,101	1,351,488	14,708,259
38,733	(190,553)	(167,124)	1,827,101	1,351,488	14,708,259
456,908,751	469,552,916	479,047,113	492,467,347	514,539,830	539,619,083
182,260,318	184,457,843	200,669,966	199,801,485	210,380,798	209,686,756
147,665,810	155,306,935	154,989,654	163,341,019	163,273,264	174,766,903
168,006	242,790	262,926	450,365	982,738	1,168,677
1,046,806	1,146,129	950,105	987,988	1,525,959	1,455,757
331,140,940	341,153,697	356,872,651	364,580,857	376,162,759	387,078,093
32,181,203	54,519,726	85,821,777	159,353,065	79,183,837	81,464,403
24,304,103	24,716,851	33,373,787	38,198,586	11,263,678	28,273,138
56,485,306	79,236,577	119,195,564	197,551,651	90,447,515	109,737,541
(3,461,974)	4,132,279	29,227,252	(7,627,986)	31,225,755	32,194,377

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**Chesapeake**  
VIRGINIA

CITY OF CHESAPEAKE, VIRGINIA  
Fund Balances, Governmental Funds  
Last Ten Fiscal Years - Unaudited

Table 3

	Fiscal Years				
	2010	2011	2012	2013	2014
<b>General Fund</b>					
Nonspendable	\$ -	1,215,836	1,128,589	1,173,244	\$ 1,189,121
Restricted for cash flow emergencies	-	30,710,709	30,923,382	30,923,382	31,310,247
Restricted other	-	3,758,367	1,011,910	833,686	700,071
Committed for operating emergencies	-	25,592,084	25,769,311	25,769,311	26,091,873
Committed for emergency event response and recovery	-	20,000,000	20,000,000	20,000,000	20,000,000
Committed other	-	28,300,785	21,354,919	19,799,695	19,669,549
Assigned	-	9,217,166	1,288,513	4,364,542	1,677,416
Unassigned	-	19,406,510	33,445,706	40,797,644	52,230,084
Reserved:					
Expendable	25,528,781	-	-	-	-
Unreserved:					
Designated - cash flow emergencies	32,100,281	-	-	-	-
Designated - operating emergencies	26,783,568	-	-	-	-
Designated - General Fund	3,900,779	-	-	-	-
Undesignated	41,699,790	-	-	-	-
<b>Total General Fund</b>	<b>130,013,199</b>	<b>138,201,457</b>	<b>134,922,330</b>	<b>143,661,504</b>	<b>152,868,361</b>
<b>All Other Governmental Funds <sup>1</sup></b>					
Nonspendable	-	232,310	215,768	203,387	593,670
Restricted	-	43,324,930	38,624,448	34,357,794	40,383,450
Committed	-	37,283,577	35,592,442	27,181,725	25,246,730
Assigned	-	131,466,032	108,523,321	116,794,758	107,129,606
Unassigned	-	(30,855)	(21,229)	(146,211)	-
Reserved:					
Expendable	48,617,453	-	-	-	-
Nonexpendable	12,795	-	-	-	-
Unreserved:					
Designated - debt service	38,282,537	-	-	-	-
Designated - Special Revenue Funds	3,100,225	-	-	-	-
Undesignated - Capital Projects Fund	26,962,867	-	-	-	-
Undesignated - Special Revenue Funds	58,467,663	-	-	-	-
Undesignated - Permanent Funds	171,038	-	-	-	-
<b>Total all other governmental funds</b>	<b>175,614,578</b>	<b>212,275,994</b>	<b>182,934,750</b>	<b>178,391,453</b>	<b>173,353,456</b>
<b>Total Governmental Funds</b>	<b>\$ 305,627,777</b>	<b>350,477,451</b>	<b>317,857,080</b>	<b>322,052,957</b>	<b>326,221,817</b>

	Fiscal Years				
	2015	2016	2017	2018	2019
<b>General Fund <sup>2</sup></b>					
Nonspendable	\$ 1,433,615	1,559,275	1,311,843	1,508,708	1,439,572
Restricted for cash flow emergencies	31,981,331	32,623,282	33,795,931	34,786,564	36,173,619
Restricted other	468,823	540,507	4,725,626	4,794,161	908,488
Committed for operating emergencies	-	-	-	-	-
Committed for emergency event response and recovery	-	-	-	-	-
Committed for one time projects	34,275,685	46,901,273	56,288,856	67,624,832	69,990,232
Committed other	21,351,556	30,964,586	37,702,547	36,344,926	55,107,370
Assigned	5,416,979	9,832,438	5,292,608	7,382,231	11,019,850
Unassigned	63,962,662	65,246,428	67,591,862	69,573,129	72,347,237
<b>Total General Fund</b>	<b>158,890,651</b>	<b>187,667,789</b>	<b>206,709,273</b>	<b>222,014,551</b>	<b>246,986,368</b>
<b>All Other Governmental Funds</b>					
Nonspendable	422,548	402,847	184,459	203,604	243,494
Restricted	39,598,073	46,583,273	48,811,144	42,612,835	38,989,829
Committed	54,059,196	48,759,647	51,053,591	26,152,649	52,646,232
Assigned	77,828,467	62,346,748	132,555,851	151,752,426	121,746,212
Unassigned	-	-	-	-	-
<b>Total all other governmental funds</b>	<b>171,908,284</b>	<b>158,092,515</b>	<b>232,605,045</b>	<b>220,721,514</b>	<b>213,625,767</b>
<b>Total Governmental Funds</b>	<b>\$ 330,798,935</b>	<b>345,760,304</b>	<b>439,314,318</b>	<b>442,736,065</b>	<b>460,612,135</b>

<sup>1</sup> Total Governmental Funds expendable minus General Fund expendable.

<sup>2</sup> With the implementation of the Governmental Accounting Standards Board Statement No. 54 (GASB 54 - *Fund Balance Reporting and Governmental Fund Type Definitions*), the fund balance is divided into five categories: Nonspendable, Restricted, Committed, Assigned and Unassigned. Previously, fund categories were comprised of reserved, unreserved-designated and unreserved-undesignated. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2010.

**CITY OF CHESAPEAKE, VIRGINIA**

Statement of Changes in Fund Balances, Governmental Funds  
Last Ten Fiscal Years - Unaudited

	<b>Fiscal Years</b>			
	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>REVENUES</b>				
General property taxes	\$ 304,947,151	296,632,594	293,402,936	290,256,858
Other local taxes	112,323,545	114,750,537	119,065,871	119,935,269
Licenses, permits and fees	7,575,603	7,972,072	8,307,084	8,091,767
Fines and forfeitures	2,028,178	2,261,473	2,675,066	3,000,462
Investment income	3,591,409	2,050,170	2,252,138	220,723
Revenues from use of property	804,015	778,597	898,374	895,198
Charges for services	18,153,264	18,828,633	17,862,425	17,754,480
Miscellaneous local revenues	3,173,343	1,794,641	2,129,706	2,400,427
Recovered costs	2,272,195	1,809,704	2,036,718	1,736,917
Program income	206,739	124,629	158,692	69,815
Revenues from local developers	831,779	412,363	585,076	669,054
Intergovernmental revenues:				
Commonwealth of Virginia	95,205,573	103,376,371	106,086,317	103,681,099
Federal government	19,485,307	31,301,818	35,562,794	19,525,713
Federal government - American Reinvestment and Recovery Act	9,012,210	7,508,761	2,262,536	1,769,751
Mosquito Control Commission	-	-	-	-
Chesapeake Public Schools	960,855	541,907	269,357	119,662
<b>Total revenues</b>	<b>580,571,166</b>	<b>590,144,270</b>	<b>593,555,090</b>	<b>570,127,195</b>
<b>EXPENDITURES</b>				
Current:				
General government	117,475,619	115,688,136	118,108,161	114,270,761
Public safety	87,356,259	89,830,242	97,250,186	90,042,746
Public works	54,166,903	48,602,743	49,987,411	53,610,904
Parks and recreation	8,364,559	8,397,383	8,251,131	8,237,407
Public welfare	42,255,922	44,026,969	44,353,875	41,062,109
Public welfare - Payment to Elizabeth River Properties of Chesapeake, Inc.	53,368	43,133	33,625	-
Education - Payments to Public Schools	205,717,540	171,309,720	195,333,708	201,293,387
General government - Payments to Mosquito Control Commission	-	-	347,408	-
Capital outlay	42,246,435	56,570,778	67,227,782	26,928,990
Debt service:				
Principal <sup>1</sup>	37,413,352	27,821,247	40,084,951	42,023,919
Interest	17,129,985	29,811,366	18,612,948	16,496,449
<b>Total expenditures</b>	<b>612,179,942</b>	<b>592,101,717</b>	<b>639,591,186</b>	<b>593,966,672</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(31,608,776)</b>	<b>(1,957,447)</b>	<b>(46,036,096)</b>	<b>(23,839,477)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from other funds	113,218,228	109,787,305	95,800,084	97,153,386
Proceeds from equipment capital leases	4,490,443	-	-	-
General obligation bonds issued	2,555,000	52,845,000	-	-
General obligation refunding bonds issued	-	-	76,840,000	-
Transfers to other funds	(109,862,086)	(116,595,421)	(95,643,209)	(99,773,872)
Payment to refunded bond escrow agent	-	-	(84,369,830)	-
Premiums on general obligation bonds issued	-	770,237	5,786,007	-
Premiums on refunding bonds issued	-	-	-	-
VPSA bond proceeds	12,280,000	-	14,170,000	26,690,000
Premiums on VPSA bonds	978,896	-	832,673	3,997,373
<b>Total other financing sources (uses)</b>	<b>23,660,481</b>	<b>46,807,121</b>	<b>13,415,725</b>	<b>28,066,887</b>
<b>Net change in fund balances</b>	<b>\$ (7,948,295)</b>	<b>44,849,674</b>	<b>(32,620,371)</b>	<b>4,227,410</b>
<b>Debt service as a percentage of noncapital expenditures <sup>2</sup></b>	<b>9.57%</b>	<b>10.76%</b>	<b>10.26%</b>	<b>10.32%</b>

<sup>1</sup> Includes other debt related expenses

<sup>2</sup> Debt service as a percentage of noncapital expenditures is calculated as follows: (debt service payments (principal and interest) / total expenditures less capital outlay expenditures)

Table 4

Fiscal Years					
2014	2015	2016	2017	2018	2019
295,012,634	303,776,731	309,687,694	321,436,947	336,040,424	351,530,642
121,893,999	126,534,391	129,287,082	131,131,286	134,787,887	138,098,262
8,526,755	8,744,557	8,984,478	8,976,982	9,005,712	9,472,695
2,689,990	2,585,943	2,497,583	2,324,124	1,984,717	2,064,005
1,417,282	1,533,894	2,026,798	2,122,324	4,164,768	8,689,159
946,050	876,770	953,199	963,352	1,089,188	1,118,058
18,047,555	19,459,056	22,356,868	22,919,619	23,452,511	23,545,932
4,542,690	3,080,064	3,791,848	3,820,723	3,906,796	4,058,261
1,853,213	2,790,430	2,188,833	1,842,339	2,324,958	2,013,914
649,715	138,654	257,538	640,718	462,012	130,249
809,803	1,617,834	1,062,059	1,135,388	721,759	656,179
105,987,373	108,369,232	116,529,745	121,239,674	118,276,206	126,804,447
15,611,161	15,175,831	19,863,946	18,526,865	21,939,696	15,749,222
1,853,891	888,431	892,605	889,080	889,902	876,007
-	-	1,250,000	-	-	-
146,377	213,430	235,270	404,392	841,381	1,656,215
579,988,488	595,785,248	621,865,546	638,373,813	659,887,917	686,463,247
116,553,224	112,021,828	112,965,759	118,097,428	122,583,859	127,987,878
89,357,145	94,467,782	93,772,637	97,964,884	99,550,223	106,366,094
50,867,236	60,880,687	59,339,632	59,041,469	59,096,571	57,885,633
8,705,783	9,767,667	10,382,616	10,479,224	11,325,996	11,455,395
41,755,349	44,677,723	46,735,975	48,235,096	48,973,078	52,022,091
-	-	-	-	-	-
182,260,318	184,457,843	200,669,966	199,801,485	210,380,853	210,428,306
-	-	-	-	-	-
27,565,329	29,755,807	56,329,436	58,432,829	58,753,654	49,402,878
56,969,642	41,354,583	28,911,589	24,816,589	30,268,297	26,693,440
15,151,883	14,093,015	12,608,768	11,832,061	13,725,307	13,100,430
589,185,909	591,476,935	621,716,378	628,701,065	654,657,838	655,342,145
(9,197,421)	4,308,313	149,168	9,672,748	5,230,079	31,121,102
82,474,033	95,845,901	71,832,037	81,270,597	95,988,015	86,774,280
-	(383,863)	-	-	-	-
-	-	-	76,640,000	-	-
13,175,000	-	-	5,190,000	-	-
(82,721,065)	(95,193,233)	(71,117,755)	(83,542,939)	(97,796,347)	(100,019,312)
-	-	-	(5,915,421)	-	-
438,313	-	-	9,478,205	-	-
-	-	-	760,824	-	-
-	-	12,170,000	-	-	-
-	-	1,927,919	-	-	-
13,366,281	268,805	14,812,201	83,881,266	(1,808,332)	(13,245,032)
4,168,860	4,577,118	14,961,369	93,554,014	3,421,747	17,876,070
12.84%	9.87%	7.34%	6.43%	7.38%	6.57%

CITY OF CHESAPEAKE, VIRGINIA

Table 5

Assessed and Estimated Actual Value of Taxable Property  
Last Ten Fiscal Years - Unaudited

	Fiscal Years				
	2010	2011	2012	2013	2014
Real Property Assessed Value <sup>1</sup>	\$ 25,479,133,480	24,341,395,672	23,821,885,769	23,197,467,449	23,391,965,862
Real Property Estimated Actual Value <sup>1</sup>	25,479,133,480	24,341,395,672	23,821,885,769	23,197,467,449	23,391,965,862
Personal Property Assessed Value <sup>1</sup>	1,729,944,961	1,787,140,740	1,821,013,997	1,880,111,642	1,965,284,896
Personal Property Estimated Actual Value <sup>1</sup>	1,729,944,961	1,787,140,740	1,821,013,997	1,880,111,642	1,965,284,896
Total Assessed Value	27,209,078,441	26,128,536,412	25,642,899,766	25,077,579,091	25,357,250,758
Total Direct Tax Rate <sup>2</sup>	1.23	1.24	1.25	1.26	1.27
Estimated Actual Value	27,209,078,441	26,128,536,412	25,642,899,766	25,077,579,091	25,357,250,758
Ratio of Total Assessed Value to Total Estimated Actual Value	100.00%	100.00%	100.00%	100.00%	100.00%

	Fiscal Years				
	2015	2016	2017	2018	2019
Real Property Assessed Value <sup>1</sup>	\$ 23,905,386,600	24,370,701,634	25,174,589,034	26,241,692,929	27,624,978,340
Real Property Estimated Actual Value <sup>1</sup>	23,905,386,600	24,370,701,634	25,174,589,034	26,241,692,929	27,624,978,340
Personal Property Assessed Value <sup>1</sup>	2,003,412,774	2,125,717,799	2,125,088,965	2,256,293,543	2,343,369,694
Personal Property Estimated Actual Value <sup>1</sup>	2,003,412,774	2,125,717,799	2,125,088,965	2,256,293,543	2,343,369,694
Total Assessed Value	25,908,799,374	26,496,419,433	27,299,677,999	28,497,986,472	29,968,348,034
Total Direct Tax Rate <sup>2</sup>	1.27	1.28	1.27	1.27	1.27
Estimated Actual Value	25,908,799,374	26,496,419,433	27,299,677,999	28,497,986,472	29,968,348,034
Ratio of Total Assessed Value to Total Estimated Actual Value	100.00%	100.00%	100.00%	100.00%	100.00%

<sup>1</sup> Source: City of Chesapeake Commissioner of the Revenue

<sup>2</sup> The Direct Tax Rate is calculated using a formula that includes the City's actual current tax rates which are \$1.04 per \$100 for real property and \$4.00 per \$100 for personal property.

**CITY OF CHESAPEAKE, VIRGINIA**

**Table 6**

Direct and Overlapping Property Tax Rates <sup>2 3</sup>  
 Last Ten Fiscal Years - Unaudited  
 (rate per hundred)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Real Estate <sup>1 2</sup>	\$ 1.04	1.04	1.04	1.04	1.04	1.04	1.04	1.04	1.04	1.04
Motor Vehicles	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Motor Vehicles Disabled Vets	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Motor Carriers	3.12	3.12	3.12	3.12	3.12	3.12	3.12	3.12	3.12	3.12
Recreation Vehicles <sup>4</sup>	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Handicap Vehicles	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Boats	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Business Personal Property <sup>4</sup>	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Mobile Homes <sup>5</sup>	1.04	1.04	1.04	1.04	1.04	1.04	1.04	1.04	1.04	1.04
Machinery & Tools <sup>4</sup>	3.12	3.12	3.12	3.12	3.12	3.12	3.12	3.12	3.12	3.12
Farm <sup>4</sup>	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Airplanes <sup>4</sup>	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Data Center Computers <sup>7</sup>	-	-	-	-	-	-	-	-	0.40	0.40
Total Direct Rate <sup>6</sup>	1.23	1.24	1.25	1.26	1.27	1.27	1.28	1.27	1.27	1.27

<sup>1</sup> Assessment of Real Estate is 100 percent of fair market value.

<sup>2</sup> The general City real estate tax levy is currently \$1.04 per \$100 assessed value. An additional \$0.01 per \$100 assessed value is imposed for mosquito control services.

<sup>3</sup> The general City personal property tax levy is currently \$4.00 per \$100 assessed value. An additional \$0.08 per \$100 assessed value is imposed for mosquito control services.

<sup>4</sup> Boats and vehicles are assessed using 100% of the loan value from a recognized pricing guide. Boats and vehicles that are not found in a recognized pricing guide are assessed as a percentage of their original cost. Airplanes, business personal property and machinery and tools are assessed at 20% of their original cost. Farm equipment is assessed at 12% of its original cost.

<sup>5</sup> Mobile home assessments are based on per square foot values provided by a recognized pricing guide.

<sup>6</sup> The Direct tax rate is calculated using a weighted formula that includes the current tax rates of \$1.04 for real property and \$4.00 for personal property.

<sup>7</sup> Data Center Computer equipment is currently \$.40 per \$100 assessed value. Added February 2018.

**SOURCE: City of Chesapeake, Ordinances**

CITY OF CHESAPEAKE, VIRGINIA

Table 7

Principal Property Taxpayers  
Current Year and Nine Years Ago - Unaudited

Principal Taxpayer	Type of Business	Fiscal Year 2019		Fiscal Year 2010	
		Real Property Assessed Value	Percent of Total Assessed Value	Real Property Assessed Value	Percent of Total Assessed Value
Dominion Virginia Power	Electric Utility	\$ 661,880,805	2.40%	\$ 698,334,895	2.74%
Dollar Tree Distribution Inc	Retail, Distribution	106,080,100	0.38%		
Greenbrier Mall II LLC	Shopping Mall & Vacant Land	90,075,300	0.33%	104,228,300	0.41%
CP Venture Two LLC	Shopping Mall	66,597,500	0.24%	54,522,600	0.21%
Crossways Associates LLC	Apartment Complex	61,717,400	0.22%	42,183,500	0.17%
JLP Chesapeake LLC	Retail and Vacant Land	52,501,600	0.19%	42,734,400	0.17%
ICON Mars Prop Owner Pool	Warehouse/Office/Industrial Properties	51,308,000	0.19%		
Walmart Stores East LP	Shopping Center	48,613,600	0.18%	53,612,400	0.21%
USPA Greenbrier LLC	Shopping Center	37,904,000	0.14%		
LCP Hampton Roads V LLC	Commercial Offices	37,331,800	0.14%		
Liberty Property LTD	Shopping Center & Office Bldg	-	-	82,479,200	0.32%
Chesapeake Mall LLC	Shopping Mall	-	-	76,284,700	0.30%
Empirian Chesapeake LLC	Apartment Complex	-	-	57,460,300	0.23%
Woodlake Company Limited Partnership	Apartment Complex	-	-	50,183,500	0.20%
352 LLC	Apartment Complex	-	-	43,500,000	0.17%
<b>Total Top Ten Principal Taxpayers <sup>1</sup></b>		<b>\$ 1,214,010,105</b>	<b>4.41%</b>	<b>\$ 1,305,523,795</b>	<b>5.13%</b>
<b>Total Assessed Valuation <sup>2</sup></b>		<b>\$ 27,624,978,340</b>		<b>\$ 25,479,133,480</b>	

Source: <sup>1</sup> City of Chesapeake Real Estate Assessor

<sup>2</sup> City of Chesapeake Commissioner of Revenue

Property Tax Levies  
Last Ten Fiscal Years - Unaudited

	Fiscal Years				
	2010	2011	2012	2013	2014
Real Property <sup>1</sup>	\$ 256,686,437	244,714,892	239,592,086	232,728,788	234,953,853
Motor Vehicles	52,583,399	54,526,861	57,005,425	58,046,052	60,253,531
Motor Carriers	783,122	772,340	832,321	1,078,933	1,096,643
Recreation Vehicles	398,344	435,204	428,150	434,856	468,503
Boats	18,376	15,348	38	16,577	25,467
Business	10,907,821	11,110,574	10,871,320	10,823,401	11,393,593
Motor Homes	161,994	158,567	150,445	145,410	133,526
Machinery & Tools	2,467,120	2,656,780	2,525,561	2,807,478	2,840,962
Farm	122,016	124,308	125,153	137,745	136,734
Airplanes	52,265	49,359	44,540	40,719	51,540

	Fiscal Years				
	2015	2016	2017	2018	2019
Real Property <sup>1</sup>	\$ 240,400,500	246,824,270	254,741,865	265,497,154	279,719,056
Motor Vehicles	61,865,858	65,747,073	65,520,521	69,393,003	71,566,602
Motor Carriers	1,231,613	1,487,378	1,551,850	1,692,336	1,652,944
Recreation Vehicles	495,862	564,838	579,382	666,676	723,342
Boats	19,677	28,080	17,996	23,607	28,021
Business	11,588,129	11,514,150	12,497,273	12,786,377	13,667,431
Motor Homes	133,987	135,097	89,304	132,888	132,617
Machinery & Tools	2,697,358	2,803,960	2,666,692	2,855,192	2,995,448
Farm	145,217	160,854	150,138	141,963	146,680
Airplanes	45,349	51,958	45,729	41,117	27,457

<sup>1</sup> Public service corporation property is not included

Source: City of Chesapeake Commissioner of the Revenue

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**Chesapeake**  
VIRGINIA

**CITY OF CHESAPEAKE, VIRGINIA**

**Table 9**

Property Tax Levies and Collections  
Last Ten Fiscal Years - Unaudited

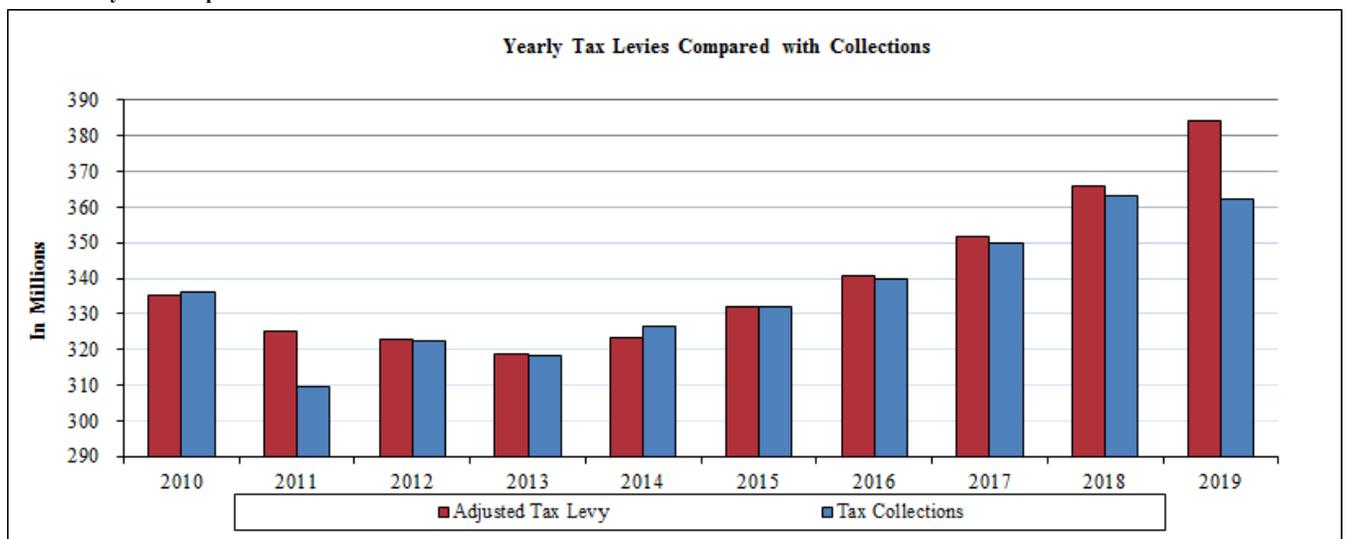
<b>Fiscal Years</b>	<b>Original Levy</b>	<b>Adjusted Levy <sup>3</sup></b>	<b>Collected in Initial Period <sup>1 2</sup></b>	<b>Percent of Levy Collected Within Fiscal Year of Levy</b>	<b>Collections in Subsequent Years <sup>1</sup></b>	<b>Cumulative Tax Collections</b>	<b>Cumulative Collections as a Percent of Adjusted Tax Levy</b>
2010	\$ 335,044,180	335,000,692	322,313,673	96%	13,936,275	336,249,948	100%
2011	325,454,707	325,119,953	293,876,393	90%	15,497,361	309,373,754	95%
2012	322,131,965	322,915,229	307,325,140	95%	14,979,666	322,304,806	100%
2013	317,138,129	318,754,040	303,370,705	96%	14,806,380	318,177,085	100%
2014	322,052,626	323,134,607	309,803,612	96%	14,828,773	324,632,385	100%
2015	329,262,203	331,910,156	315,733,576	96%	16,037,421	331,770,997	100%
2016	338,408,560	340,880,764	323,578,869	96%	16,386,711	339,965,580	100%
2017	347,470,586	351,863,685	333,495,476	96%	16,511,342	350,006,818	99%
2018	363,286,184	365,728,582	347,048,456	96%	16,111,027	363,159,483	99%
2019	381,019,427	384,440,496	362,170,574	95%	-	362,170,574	94%

<sup>1</sup> Includes tax collections recorded by Chesapeake Mosquito Control Commission, a component unit, and the Tax Increment Financing Funds.

<sup>2</sup> Collections include amount reimbursed by the State for Personal Property Tax under the Personal Property Tax Relief Act (PPTRA) of 1998.

<sup>3</sup> Adjusted Levy reflects residual amount after exonerations and reassessments.

Source: City of Chesapeake Commissioner of the Revenue



## CITY OF CHESAPEAKE, VIRGINIA

### Ratios of Outstanding Debt by Type Last Ten Fiscal Years - Unaudited

	Governmental Activities			
	2010	2011	2012	2013
General Obligation Bonds <sup>5 6</sup>	\$ 374,866,922	393,645,104	379,311,630	374,250,425
School Literary Loans	2,979,383	2,429,890	1,920,312	1,596,819
Installment Purchase Agreement	1,342,284	1,342,284	1,342,284	1,342,284
Section 108 Loans	755,000	390,000	-	-
Edinburgh Loan Payable	-	-	3,566,037	3,372,767
Supplemental Payments Agreement	19,735,000	18,495,000	17,190,000	15,825,000
Capital Leases to Component Unit	19,650,000	16,245,000	3,905,000	1,740,000
Capital Leases	7,065,815	4,572,549	2,713,052	1,717,634
<b>Total Governmental Activities <sup>1</sup></b>	<b>\$ 426,394,404</b>	<b>437,119,827</b>	<b>409,948,315</b>	<b>399,844,929</b>

	Business-type Activities			
	2010	2011	2012	2013
General Obligation Bonds <sup>2 5 6</sup>	\$ 113,726,503	109,491,935	104,530,235	102,400,760
Revenue Bonds <sup>5 6</sup>	56,704,446	56,228,710	54,994,987	193,293,117
Due to the Commonwealth of Virginia	65,828,257	66,265,372	63,210,753	63,483,912
<b>Total Business-type Activities</b>	<b>236,259,206</b>	<b>231,986,017</b>	<b>222,735,975</b>	<b>359,177,789</b>
<b>Total Primary Government Activities</b>	<b>\$ 662,653,610</b>	<b>669,105,844</b>	<b>632,684,290</b>	<b>759,022,718</b>

Percent of Personal Income <sup>3</sup> 7.28% 6.99% 6.20% 7.39%

All Debt Per Capita <sup>3 4</sup> 2,919 2,992 2,765 3,322

<sup>1</sup> Represents net direct debt.

<sup>2</sup> In addition to the City's general obligation pledge, the bonds are secured on a junior lien basis by the pledge of water and sewer system revenues.

<sup>3</sup> See Table 17 Demographic and Economic Statistics for personal income and population data.

<sup>4</sup> All Debt Per Capita is calculated by [sum of governmental activities + business-type activities] / population

<sup>5</sup> General obligation bonds and revenue bonds for governmental and business-type activities are reported net of premiums, discounts and refunding costs.

<sup>6</sup> GASB 65 was implemented in fiscal year 2013 which requires unamortized deferred gains/losses on refunding (previously referred to as "refunding gains/costs") to be reflected as deferred inflows/outflows of resources on the financial statements and are no longer included in the outstanding debt amount.

n/a = not yet available.

**Table 10**

Governmental Activities					
2014	2015	2016	2017	2018	2019
330,377,432	289,178,539	274,392,374	336,429,602	305,469,994	278,226,151
1,272,785	997,681	798,144	598,607	399,070	199,533
1,342,284	1,342,284	1,342,284	1,342,284	1,342,284	1,342,284
-	-	-	-	-	-
2,918,727	2,546,285	1,946,273	1,226,520	485,413	-
14,390,000	12,885,000	10,100,000	8,615,000	7,055,000	5,415,000
-	-	-	-	-	-
756,950	-	-	-	-	-
351,058,178	306,949,789	288,579,075	348,212,013	314,751,761	285,182,968

Business-type Activities					
2014	2015	2016	2017	2018	2019
96,811,378	90,125,836	83,545,253	78,431,500	72,228,594	65,861,260
205,804,863	249,214,950	300,932,845	313,548,582	320,618,478	328,407,940
64,252,400	65,044,115	65,859,760	66,700,057	67,565,753	68,457,615
366,868,641	404,384,901	450,337,858	458,680,139	460,412,825	462,726,815
717,926,819	711,334,690	738,916,933	806,892,152	775,164,586	747,909,783
6.74%	6.46%	6.57%	n/a	n/a	n/a
3,101	3,041	3,124	3,370	3,199	3,057

Ratios of Outstanding General Bonded Debt  
Last Ten Fiscal Years - Unaudited

General Bonded Debt Outstanding								
Fiscal Year	Governmental	Business-type	Total	School Literary Loans	Installment Purchase Agreement	Total	% of Actual Taxable Value of Property <sup>2</sup>	Per Capita <sup>3</sup>
	Activities General Obligation Bonds <sup>1 5</sup>	Activities General Obligation Bonds <sup>1 4 5</sup>	General Obligation Bonds					
2010	\$ 374,866,922	113,726,503	488,593,425	2,979,383	1,342,284	492,915,092	1.81%	\$ 2,171
2011	393,645,104	109,491,935	503,137,039	2,429,890	1,342,284	506,909,213	1.94%	2,267
2012	379,311,630	104,530,235	483,841,865	1,920,312	1,342,284	487,104,461	1.90%	2,129
2013	374,250,425	102,400,760	476,651,185	1,596,819	1,342,284	479,590,288	1.91%	2,099
2014	330,337,432	96,811,377	427,148,809	1,272,785	1,342,284	429,763,878	1.69%	1,856
2015	289,178,539	90,125,836	379,304,375	997,681	1,342,284	381,644,340	1.47%	1,632
2016	274,392,374	83,545,253	357,937,627	798,144	1,342,284	360,078,055	1.36%	1,522
2017	336,429,602	78,431,500	414,861,102	598,607	1,342,284	416,801,993	1.53%	1,741
2018	305,469,994	72,228,594	377,698,588	399,070	1,342,284	379,439,942	1.33%	1,566
2019	278,226,151	65,861,260	344,087,411	199,533	1,342,284	345,629,228	1.15%	1,413

<sup>1</sup> General Obligation Bonds for Governmental and Business-type Activities are reported net of premiums, discounts and refunding costs.

<sup>2</sup> Refer to Table 5 Assessed and Estimated Actual Value of Taxable Property for assessed value data.

<sup>3</sup> Refer to Table 17 Demographic and Economic Statistics for population information.

<sup>4</sup> In addition to the City's general obligation pledge, the bonds are secured on a junior lien basis by the pledge of water and sewer system revenues.

<sup>5</sup> GASB 65 was implemented in fiscal year 2013, which requires unamortized deferred gains/losses on refunding (previously referred to as "refunding gains/costs") to be reflected as deferred inflows/outflows of resources on the financial statements and are no longer to be included in the outstanding debt amount.

<sup>6</sup> The Installment Purchase Agreement provides for the payment of the principal balance in a single installment due in 2032 that will be repaid from maturing zero coupon Treasury securities

Debt Affordability Indicators  
 Last Ten Fiscal Years - Unaudited

*The City's overall net debt to assessed value of taxable real property will not exceed 3.5% nor will the City's overall net debt per capita exceed \$3,000. The City's tax-supported debt service shall be limited to 10% of budgeted general governmental revenues. <sup>1</sup>*

Fiscal Year	Overall Net Debt <sup>2 6</sup>	Assessed Value of Taxable Real Property <sup>3</sup>	Overall Net Debt to Assessed Value of Taxable Real Property	Population <sup>4</sup>	Overall Net Debt Per Capita	Budgeted General Governmental Revenues <sup>5</sup>	Overall Net Debt Service	Overall Net Debt Service to Budgeted General Governmental Revenues
2010	\$ 417,183,606	25,479,133,480	1.64%	226,995	\$ 1,838	-	-	-
2011	427,773,273	24,341,395,672	1.76%	223,647	1,913	-	-	-
2012	400,308,060	23,821,885,769	1.68%	228,835	1,749	513,630,194	61,313,863	11.94%
2013	382,862,836	23,197,467,449	1.65%	228,513	1,675	513,377,029	60,627,222	11.81%
2014	337,333,541	23,391,965,862	1.44%	231,542	1,457	533,122,006	60,853,346	11.41%
2015	295,259,842	23,905,386,600	1.24%	233,908	1,262	542,235,502	56,086,868	10.34%
2016	276,830,385	24,370,701,634	1.14%	236,538	1,170	552,192,580	42,008,224	7.61%
2017	327,984,560	25,174,589,034	1.30%	239,399	1,370	571,599,873	36,853,676	6.45%
2018	297,005,670	26,241,692,929	1.13%	242,336	1,226	589,122,079	44,704,137	7.59%
2019	277,277,671	27,624,978,340	1.00%	244,657	1,133	612,166,942	40,841,869	6.67%

<sup>1</sup> Policy adopted by resolution on February 27, 2007 and amended on May 12, 2015, commencing FY 2016 to include overall net debt service to budgeted general governmental revenues.

<sup>2</sup> Overall net debt excluding premiums, discounts and refunding costs.

<sup>3</sup> Source: City of Chesapeake Commissioner of Revenue.

<sup>4</sup> Population figures acquired from City of Chesapeake Planning Department estimates.

<sup>5</sup> General Governmental revenues include General Fund, Greenbrier TIF Fund, South Norfolk TIF Fund, Conference Center Fund, Debt Service Fund, E-911 Operations Fund, Parks and Recreation Fund and Mosquito Control Fund.

<sup>6</sup> Beginning FY 2019 includes debt service for 2018 EDA Taxable Facility Revenue Bond supported by Greenbrier TIF revenues.

**CITY OF CHESAPEAKE, VIRGINIA**

**Table 13**

Ratio of Annual Debt Expenditures for General Obligation  
 Bonded Debt to Total General Governmental Expenditures  
 Last Ten Fiscal Years - Unaudited

<b>Fiscal Year</b>		<b>Total General Governmental Expenditures <sup>1</sup></b>	<b>Bonded Debt Expenditures <sup>2</sup></b>	<b>Ratio of Bonded Debt Expenditures to General Governmental Expenditures</b>
2010	\$	788,313,157	51,373,945	6.52%
2011		786,367,294	53,671,048	6.83%
2012		804,601,179	54,520,530	6.78%
2013		790,069,938	54,617,831	6.91%
2014		823,228,739	68,534,817 <sup>3</sup>	8.33%
2015		827,830,607	52,540,073	6.35%
2016		815,582,062	39,459,982	4.84%
2017		840,174,358	36,648,650	4.36%
2018		871,770,408	42,002,854	4.82%
2019		898,432,498	37,801,120	4.21%

<sup>1</sup> This table includes the expenditures from the following funds: General, Special Revenue, Permanent, Chesapeake Mosquito Control Commission - component unit, Debt Service and Chesapeake Public Schools - component unit. Excluded are Capital Projects - Primary Government and Public Schools Capital Projects - component unit.

<sup>2</sup> Expenditures for general obligation bonds, excluding those reported in Enterprise Funds.

<sup>3</sup> Includes \$13.5 million of bonded expenditure for the redemption of bonds that were refunded in April 2014.

**CITY OF CHESAPEAKE, VIRGINIA**

*Table 14*

Ratio of Bonded Debt Expenditures to Local Revenues  
Last Ten Fiscal Years - Unaudited

<b>Fiscal Year</b>	<b>Local Revenues <sup>1</sup></b>	<b>Bonded Debt Expenditures <sup>2</sup></b>	<b>Ratio of Bonded Debt Expenditures To Local Revenues</b>
2010	\$ 530,717,664	63,449,882	11.96%
2011	548,808,465	67,150,204	12.24%
2012	549,969,765	68,582,088	12.47%
2013	542,272,274 <sup>4</sup>	66,406,955	12.25%
2014	560,717,795	79,181,410 <sup>3</sup>	14.12%
2015	588,067,951	65,684,722	11.17%
2016	604,791,609	49,316,405	8.15%
2017	630,347,714	48,814,491	7.74%
2018	657,210,227	65,807,468	10.01%
2019	688,187,136	63,956,762	9.29%

<sup>1</sup> Includes local revenues of the following funds: General, Special Revenue, Permanent, Debt Service, Chesapeake Fund, Chesapeake Transportation System and Stormwater Fund. Excluded are Capital Projects - Primary Government, Chesapeake Public Schools Capital Projects - component unit and transfers/expenditures/revenues between the City, Chesapeake Public Schools and Elizabeth River Properties of Chesapeake.

<sup>2</sup> Includes bonded debt expenditures for governmental and business-type activities.

<sup>3</sup> Includes \$13.5 million in bonded debt expenditure for the redemption of bonds that were refunded in April 2014.

<sup>4</sup> Amount restated.

**CITY OF CHESAPEAKE, VIRGINIA**  
 Legal Debt Margin Information  
 Last Ten Fiscal Years - Unaudited

**Table 15**

Fiscal Year	Debt Limit <sup>1</sup>	Total net debt applicable to limit	Legal Debt Margin	Total net debt applicable to the limit as a % of debt limit
2010	\$ 2,547,913,348	389,179,252	2,158,734,096	15.3%
2011	2,434,139,567	402,817,256	2,031,322,311	16.5%
2012	2,382,188,577	386,127,534	1,996,061,043	16.2%
2013	2,319,746,745	375,857,548	1,943,889,197	16.2%
2014	2,339,196,586	336,424,470	2,002,772,116	14.4%
2015	2,390,538,660	299,396,296	2,091,142,364	12.5%
2016	2,437,070,163	286,138,466	2,150,931,697	11.7%
2017	2,517,458,903	340,363,489	2,177,095,414	13.5%
2018	2,624,169,293	311,267,004	2,312,902,289	11.9%
2019	2,762,497,834	284,886,193	2,477,611,641	10.3%

<sup>1</sup> Under state law, the City's outstanding general obligation debt should not exceed 10 % of total assessed real property value. However, the City has adopted three affordability ratios that further restrict the debt below the amount indicated by the Legal Debt Margin.

## Revenue Bond Coverage (Pledged-Revenue)

Last Ten Fiscal Years - Unaudited

Water and Sewer Systems				SENIOR BONDS DEBT SERVICE REQUIREMENTS <sup>3</sup>			
Fiscal Year	Revenues <sup>1</sup>	Operating Expenses <sup>2</sup>	Net Revenue Available for Debt Service	Principal	Interest	Total	Coverage <sup>4</sup>
2010	\$ 56,638,587	37,271,969	19,366,618	-	381,528	381,528	50.76
2011	62,490,959 <sup>5</sup>	36,607,270	25,883,689	735,000	1,962,143	2,697,143	9.60
2012	61,960,470 <sup>5</sup>	38,720,225	23,240,245	750,000	1,947,443	2,697,443	8.62
2013	60,824,884 <sup>5</sup>	38,852,321	21,972,563	770,000	1,930,568	2,700,568	8.14
2014	67,418,806 <sup>5</sup>	41,653,842	25,764,964	790,000	1,911,318	2,701,318	9.54
2015	70,193,594 <sup>5</sup>	40,046,910	30,146,684	815,000	1,887,618	2,702,618	11.15
2016	72,939,176 <sup>5</sup>	40,362,445	32,576,731	835,000	1,865,206	2,700,206	12.06
2017	77,077,017 <sup>5</sup>	43,585,633	33,491,384	860,000	1,833,308	2,693,308	12.44
2018	78,917,902 <sup>5</sup>	43,610,138	35,307,764	880,000	1,799,002	2,679,002	13.18
2019	78,001,428 <sup>5</sup>	42,764,707	35,236,721	910,000	1,760,820	2,670,820	13.19

Chesapeake Expressway/Chesapeake Transportation System <sup>6</sup>

Chesapeake Expressway/Chesapeake Transportation System <sup>6</sup>				SENIOR BONDS DEBT SERVICE REQUIREMENTS <sup>7</sup>			
Fiscal Year	Toll Revenues	Operating Expenses <sup>2</sup>	Net Toll Revenue Available for Debt Service	Principal	Interest	Total	Coverage <sup>8</sup>
2010	\$ 7,086,364	2,803,534	4,282,830	430,000	1,159,875	1,589,875	2.69
2011	8,119,694	2,880,655	5,239,039	455,000	1,134,984	1,589,984	3.30
2012	10,393,888	2,760,383	7,633,505	480,000	1,108,688	1,588,688	4.80
2013	10,275,031	2,817,156	7,457,875	-	466,388	466,388	15.99
2014	10,450,019	2,683,507	7,766,512	-	707,318	707,318	10.98
2015	11,024,004	3,165,665	7,858,338	-	724,250	724,250	10.85
2016	11,835,168	3,452,690	8,382,478	-	724,250	724,250	11.57
2017	17,334,638	5,612,099	11,722,539	-	1,296,320	1,296,320	9.04
2018	24,638,185	8,943,040	15,695,145	445,000	4,995,667	5,440,667	2.88
2019	26,215,490	9,390,213	16,825,277	1,575,000	4,830,101	6,405,101	2.63

<sup>1</sup> The definition of revenues for the Water and Sewer System includes interest, 100% of connection fees and the Build America Bonds subsidy reimbursement. Capital grants and revenues transferred to the rate stabilization fund have been excluded from the calculation.

<sup>2</sup> Operating expenses are exclusive of depreciation and amortization and renewal and replacement costs.

<sup>3</sup> As of June 30, 2005, all revenue bonds for the Water and Sewer System had been refunded as general obligation bonds and in addition to the City's general obligation pledge, the bonds are secured on a junior lien basis by the pledge of water and sewer system revenues. Revenue bonds were issued in April 2010 under a new Indenture of Trust.

<sup>4</sup> As of fiscal year 2010, net revenues shall be sufficient in each fiscal year to equal 120% (or 1.2) of annual debt service for senior debt.

<sup>5</sup> The transfers to the Rate Stabilization Fund for the fiscal years 2011 and 2012 were \$5.2 million and \$3.0 million, respectively. There were no transfers in fiscal years 2013 through 2019.

<sup>6</sup> Beginning with fiscal year 2013, the financial information is presented to be consistent with the applicable Indenture of Trust. In fiscal year 2013, a new Indenture of Trust was created for the Chesapeake Transportation System and all outstanding Chesapeake Expressway bonds were refunded.

<sup>7</sup> Beginning with fiscal year 2013, debt payments made July 15 are treated as due the previous fiscal year. Additionally, debt service shall not include the principal and interest on outstanding bonds to the extent that they are paid from bond proceeds or investment earnings on such proceeds.

<sup>8</sup> From 2007 to 2012, net toll revenues shall be sufficient in each fiscal year to equal 125% (or 1.25 times) annual debt service. Beginning in fiscal year 2013, net toll revenues shall be sufficient in each fiscal year to equal 130% (or 1.3 times) annual debt service.

**CITY OF CHESAPEAKE, VIRGINIA**

**Table 17**

Demographic and Economic Statistics  
Last Ten Fiscal Years - Unaudited

Fiscal Year	Population <sup>1</sup>	Personal Income <sup>2</sup> (in thousands)	Per Capita Income <sup>2</sup>	School Enrollment <sup>3</sup>	Chesapeake Unemployment Rate <sup>4</sup>	Virginia Unemployment Rate <sup>4</sup>
2010	226,995	\$ 9,103,000	\$ 40,812	38,864	6.8%	7.0%
2011	223,647	9,565,620	42,504	38,668	6.6%	6.5%
2012	228,835	10,205,818	44,681	38,421	6.3%	6.0%
2013	228,513	10,274,744	44,562	38,591	5.8%	5.6%
2014	231,542	10,645,488	45,616	38,685	5.3%	5.3%
2015	233,908	11,010,828	46,769	38,678	5.0%	4.9%
2016	236,538	11,254,969	47,302	38,935	4.3%	4.1%
2017	239,399	11,675,805	48,569	39,153	4.2%	4.0%
2018	242,336	n/a	n/a	39,497	3.5%	3.4%
2019	244,657	n/a	n/a	40,898	3.0%	2.9%

n/a - Information not yet available

Sources:

<sup>1</sup> City of Chesapeake Planning Department Estimates (2010 - 2019). For fiscal year 2011 the population estimates have been adjusted to reflect the official decennial census count conducted by the U.S. Census Bureau. The 2010 Census counts are the basis for future population estimates generated by the Planning Department during this decade.

<sup>2</sup> Bureau of Economic Analysis an agency of the U.S. Department of Commerce (restated as of November 2012)

<sup>3</sup> Chesapeake Public Schools

<sup>4</sup> U. S. Department of Labor Bureau of Labor Statistics (average for fiscal year, not seasonally adjusted - restated through December 2014)

CITY OF CHESAPEAKE, VIRGINIA

Table 18

Principal Employers  
Current Year and Nine Years Ago - unaudited

Principal Employers	Type of Business	Fiscal Year 2019		Fiscal Year 2010	
		Employees	Percent of Total City Employment	Employees	Percent of Total City Employment
City of Chesapeake Public Schools <sup>1</sup>	Government	5,995	4.95%	5,726	5.22%
City of Chesapeake <sup>4</sup>	Government	3,860	3.19%	3,167	2.89%
Chesapeake Regional Medical Center	Hospital and healthcare services	2,032	1.68%	2,400	2.19%
Walmart Associates, Inc.	Discount department retailer	1,908	1.58%	-	0.00%
Sentara Health System	Home care nursing	1,821	1.51%	1,400	1.28%
Cox Communications Hampton	Hampton Roads headquarters/customer care center	1,246	1.03%	800	0.73%
Tidewater Staffing, Inc.	Professional services	1,215	1.00%	-	0.00%
Capital One Services LLC	Credit intermediation and related activities	1,158	0.96%	-	0.00%
Dollar Tree Management, Inc.	Corporate head quarters/distribution facility	1,083	0.90%	660	0.60%
QVC Chesapeake, Inc.	Phone center/order processing facility	1,031	0.85%	1,276	1.16%
Food Lion, LLC	Grocery store company	739	0.61%	-	0.00%
USAA	Financial services group	691	0.57%	-	0.00%
YMCA of South Hampton Roads	Youth and community development	640	0.53%	-	0.00%
General Dynamics Advanced, Inc.	Engineering and technical services	609	0.50%	600	0.55%
Commonwealth of Virginia	State governmental agencies	555	0.46%	-	0.00%
Home Depot USA, Inc.	Home improvements supplies retailer	495	0.41%	-	0.00%
Oceaneering International	Transportation equipment manufacturing	483	0.40%	-	0.00%
Xerox HR Solutions, LLC	Administration service center	477	0.39%	-	0.00%
US Department of Homeland Security	Financial service and data warehousing	460	0.38%	-	0.00%
Tecnico Corporation	Support activities for water transportation	438	0.36%	-	0.00%
<b>Total Employment <sup>2 3</sup></b>		<b>120,996</b>		<b>109,770</b>	

Source: City of Chesapeake Economic Development Department unless otherwise noted.

<sup>1</sup> Source is Chesapeake Public Schools' Comprehensive Annual Financial Report

<sup>2</sup> Source is Virginia Employment Commission, Local Area Unemployment Statistics (2019)

<sup>3</sup> Source is Bureau of Economic Analysis, an agency of the U.S. Department of Commerce (2010)

<sup>4</sup> Source is Budget Department

Note: With the implementation of the City's payroll system during fiscal year 2011, the data provided is the budgeted full-time equivalents instead of the actually filled positions. Also, data is now available to convert part-time employees to full-time equivalent employees and is included in fiscal year 2011 and subsequent years. Total employees has been represented for fiscal years 2007 through 2013 to tie to the approved Operating Budget documents.

**CITY OF CHESAPEAKE, VIRGINIA**

**Table 19**

Municipal Employment Statistics  
Last Ten Fiscal Years - Unaudited

Fiscal Year	Population <sup>1</sup>	Total Employees <sup>2</sup>	Employees Per 1,000 Population
2010	226,995	3,378	14.9
2011	223,647	3,444	15.4
2012	228,835	3,530	15.4
2013	228,513	3,555	15.6
2014	231,542	3,608	15.6
2015	233,908	3,636	15.5
2016	236,538	3,680	15.6
2017	239,399	3,758	15.7
2018	242,336	3,831	15.8
2019	244,657	3,860	15.8

Sources: <sup>1</sup>City of Chesapeake Planning Department Estimates (2010 - 2019)

<sup>2</sup>Authorized full-time equivalent positions per approved fiscal year Operating Budget for the year indicated

**Population and Employee Figures**



**Note:** With the implementation of the City's payroll system during fiscal year 2011, the data provided is the budgeted full-time equivalents instead of actually filled positions. Also, data is now available to convert part-time employees to full-time equivalent employees and is included in fiscal year 2011 and subsequent years. Total employees has been represented for fiscal years 2010 through 2019 to tie to the approved Operating Budget documents.

**CITY OF CHESAPEAKE, VIRGINIA**

**Table 20**

Authorized Full-Time Equivalent City Government Employee Positions by Department  
Last Ten Fiscal Years - Unaudited

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Department</b>										
General Government										
Management Services	43	42	42	42	41	43	45	48	47	47
Economic Development <sup>2</sup>	58	69	76	80	44	34	34	35	36	37
Finance	25	24	25	24	27	28	28	29	29	29
Information Technology	58	59	61	58	56	57	57	54	55	56
Human Resources	18	20	21	20	21	23	24	23	22	23
Budget	6	7	7	6	6	6	6	6	6	6
Agriculture	8	7	7	6	6	6	6	6	6	6
Development & Permits	82	73	77	75	73	80	80	75	76	76
Other	151	148	235	240	251	246	245	251	254	256
Police	542	543	552	548	549	552	552	564	577	581
Sheriff	405	407	406	398	400	400	404	417	428	433
Fire	439	428	438	443	443	446	446	447	449	449
Integrated Behavioral Health	192	207	210	248	245	245	246	266	291	297
Community Programs <sup>4</sup>	19	24	24	23	10	11	11	11	11	11
Public Works <sup>1</sup>	420	420	446	451	451	463	468	476	478	484
Parks, Recreation & Tourism <sup>1 2 3</sup>	93	110	177	172	246	230	236	242	245	245
Library	84	119	122	123	123	125	125	125	126	127
Public Utilities	207	208	208	208	209	212	222	233	246	253
General Services <sup>1</sup>	113	134	-	-	-	-	-	-	-	-
Justice	82	84	84	84	84	84	83	83	84	84
Health & Human Services <sup>4</sup>	333	311	312	306	323	345	362	367	365	360
<b>Total</b>	<b>3,378</b>	<b>3,444</b>	<b>3,530</b>	<b>3,555</b>	<b>3,608</b>	<b>3,636</b>	<b>3,680</b>	<b>3,758</b>	<b>3,831</b>	<b>3,860</b>

**Source:** Authorized full time equivalent positions per approved fiscal year Operating Budgets for the year indicated

<sup>1</sup> The Department of General Services was absorbed into Parks and Recreation, Economic Development and Public Works in fiscal year 2012

<sup>2</sup> Conference Center and Conventions & Tourism were moved from Economic Development to form the Department of Parks, Recreation and Tourism during fiscal year 2014

<sup>3</sup> A contractor was hired by the City to manage the Conference Center in April 2014

<sup>4</sup> Community Programs became a division of the Human Services Department in fiscal year 2014

**Note:** Fiscal year 2010 does not include data for part-time employees.

**CITY OF CHESAPEAKE, VIRGINIA**

Operating Indicators by Function/Program  
Last Ten Fiscal Years - Unaudited

	Fiscal Year				
	2010	2011	2012	2013	2014
<b>Function/Program</b>					
<b>General Government</b>					
Building Permits Issued	3,481	3,973	4,199	3,940	3,602
Building Inspections Conducted	7,417	8,085	8,744	9,933	10,301
Electrical Permits Issued	4,926	3,194	2,911	2,994	3,000
Electrical Inspections Performed	7,857	8,842	7,968	9,151	7,810
Plumbing Permits Issued	1,490	1,530	1,402	1,260	1,389
Plumbing Inspections Performed	5,849	5,639	5,261	5,724	5,743
Mechanical/Gas Permits Issued	4,688	4,390	4,268	5,016	5,339
Mechanical/Gas Inspections Performed	8,339	8,039	7,821	8,678	10,040
Code Compliance Inspections	21,580	17,183	16,612	14,397	13,775
<b>Police</b>					
Calls for Police Service <sup>6</sup>	136,811	120,216	126,508	124,261	128,733
Part I Law Violations	9,338	8,534	7,914	7,122	7,431
Total Criminal Charges (primary and secondary)	17,685	16,148	16,773	17,078	15,681
Total Traffic Charges (moving/ non-moving/excludes DUI)	38,555	38,810	35,666	35,976	35,011
DUI Arrests <sup>4</sup>	735	951	1,216	1,187	1,004
<b>Fire</b>					
Calls answered for Fire Protection Services	25,051	24,916	25,268	26,508	26,784
<b>Public Works</b>					
Refuse Collected (tons per year)	111,348	93,171	94,184	91,908	91,313
Street Resurfacing (miles)	41.99	32.76	44.33	50.00	29.21
Potholes Repaired	7,249	9,980	8,367	11,110	10,777
<b>Water</b>					
Active Service Accounts	61,713	62,029	62,333	62,504	63,090
Daily Average Consumption in Gallons (in mgd)	16.88	17.20	16.30	15.57	16.44
Daily Average Water Provided by Chesapeake (in mgd)	10.66	11.10	10.10	11.27	11.42
Daily Average Water Purchased from other localities (in mgd)	6.22	6.10	6.19	5.81	6.43
<b>Wastewater</b>					
Active Service Accounts	59,909	60,154	60,449	60,831	61,426
<b>Parks and Recreation</b>					
Youth Athletics - Participants	5,819	5,140	4,884	4,279	4,401
Youth Athletics - Teams	481	433	413	370	406
Youth Athletics - Coaches	834	727	664	612	487
Adult Athletics - Participants	3,999	3,639	3,070	2,560	2,256
Adult Athletics - Teams	228	218	189	172	151
Special Programs Athletics - Programs <sup>3</sup>	3	1	2	3	6
Leisure Classes - Youth Participants	1,901	1,249	1,159	1,196	1,371
Leisure Classes - Adult Participants	855	703	787	712	718
Leisure Classes - Community Program Participants	3,386	3,277	3,644	3,773	4,434
Special Events - PR&T Sponsored Attendance <sup>5</sup>	28,095	34,328	20,525	29,375	31,025
Community Center Attendance <sup>1</sup>	202,884	361,059	425,108	407,456	409,178
Community Center ID Sales	8,086	9,518	7,060	6,474	6,561
Community Center Rentals	1,340	1,637	2,092	2,054	1,929
Senior Program Participants	23,478	18,337	21,664	19,855	16,475
Therapeutic Program Participants	2,113	2,563	1,094	1,707	2,968
<b>Library</b>					
Items Checked Out	2,526,633	2,600,964	2,561,515	2,352,046	2,208,274
Interlibrary Loans - Borrowed	1,151	605	311	216	259
Interlibrary Loans - Loans	2,298	1,350	878	246	293
Library Collection	566,744	575,462	580,046	534,037	493,340
Patron Visits	1,520,528	1,392,890	1,410,177	1,287,912	1,255,427
Website Visits	433,480	433,889	472,836	453,106	406,741
Registered Patrons	139,821	130,989	154,252	162,903	158,952
Total Programming	3,237	3,138	3,054	3,928	4,332
Total Programming - Participants	71,425	64,416	58,945	78,575	100,217
Typewriter Use	641	681	660	880	371
Public Computer Use	682,863	636,072	565,386	541,384	437,362
Bookmobile - Patrons <sup>2</sup>	14,390	6,176	9,645	10,232	11,605
Bookmobile - Number of Stops <sup>2</sup>	1,324	448	492	515	576
Bookmobile - Miles Driven <sup>2</sup>	7,510	2,186	2,339	1,982	1,444
<b>Schools</b>					
Student Enrollment	38,864	38,668	38,421	38,591	38,685

**Source:** Various City Departments

n/a - Information not available

<sup>1</sup> Beginning in FY11, this number includes all activities taking place in the Community Center; prior years exclude athletic programs.

<sup>2</sup> Beginning in FY18, Public Libraries has two Mobile Edition Outreach vans for Bookmobile services.

<sup>3</sup> Beginning in FY14, this number includes all events instead of just tournaments (restated FY10 through FY13)

<sup>4</sup> Beginning in FY11, this number is calculated based on reports from the RMS system; prior years were hand counted by personnel.

<sup>5</sup> Beginning in FY16, the Parks, Recreation and Tourism greatly increased their involvement in City Special Events.

<sup>6</sup> Beginning in FY17, this number is based on reports from the new RMS system allowing the count to exclude services such as officers signing into court, traffic stops, etc.

Operating Indicators by Function/Program  
Last Ten Fiscal Years - Unaudited

Function/Program	Fiscal Year				
	2015	2016	2017	2018	2019
<b>General Government</b>					
Building Permits Issued	3,900	4,758	4,758	4,551	4,830
Building Inspections Conducted	9,414	8,780	13,311	12,573	10,885
Electrical Permits Issued	2,846	3,181	3,148	3,039	3,136
Electrical Inspections Performed	8,586	9,283	8,641	7,889	7,639
Plumbing Permits Issued	1,722	2,312	1,869	1,765	1,992
Plumbing Inspections Performed	6,298	9,275	8,377	7,499	7,095
Mechanical/Gas Permits Issued	5,279	6,945	5,713	5,626	5,378
Mechanical/Gas Inspections Performed	9,767	11,145	10,832	10,781	9,812
Code Compliance Inspections	16,500	12,875	14,678	17,195	16,418
<b>Police</b>					
Calls for Police Service <sup>6</sup>	130,371	129,340	102,041	104,092	148,388
Part I Law Violations	7,375	6,203	6,439	6,423	6,871
Total Criminal Charges (primary and secondary)	14,358	15,363	16,894	13,939	11,406
Total Traffic Charges (moving/ non-moving/excludes DUI)	35,310	33,201	32,627	29,750	25,220
DUI Arrests <sup>4</sup>	622	638	606	530	551
<b>Fire</b>					
Calls answered for Fire Protection Services	27,838	30,072	29,914	29,559	30,021
<b>Public Works</b>					
Refuse Collected (tons per year)	95,950	95,309	94,148	91,239	109,574
Street Resurfacing (miles)	38.10	67.00	45.67	31.00	31.00
Potholes Repaired	13,463	11,765	10,438	13,008	12,440
<b>Water</b>					
Active Service Accounts	63,491	64,171	66,249	67,983	69,133
Daily Average Consumption in Gallons (in mgd)	15.27	14.64	14.83	15.23	14.97
Daily Average Water Provided by Chesapeake (in mgd)	9.06	8.66	8.55	9.57	9.73
Daily Average Water Purchased from other localities (in mgd)	6.21	5.98	6.13	5.65	5.23
<b>Wastewater</b>					
Active Service Accounts	61,822	62,514	64,422	66,693	67,329
<b>Parks and Recreation</b>					
Youth Athletics - Participants	4,314	4,780	5,351	5,391	5,856
Youth Athletics - Teams	379	433	473	482	413
Youth Athletics - Coaches	674	708	838	835	811
Adult Athletics - Participants	2,363	2,947	2,230	2,094	2,145
Adult Athletics - Teams	162	164	149	141	143
Special Programs Athletics - Programs <sup>3</sup>	4	5	4	5	5
Leisure Classes - Youth Participants	1,025	1,272	1,588	1,529	2,396
Leisure Classes - Adult Participants	619	609	287	238	344
Leisure Classes - Community Program Participants	1,955	1,794	1,225	1,235	1,721
Special Events - PR&T Sponsored Attendance <sup>5</sup>	44,525	83,141	101,350	105,350	102,400
Community Center Attendance <sup>1</sup>	410,657	408,274	413,252	449,729	462,634
Community Center ID Sales	6,499	6,927	6,409	6,234	6,309
Community Center Rentals	1,590	1,546	1,455	1,737	1,994
Senior Program Participants	15,030	13,686	10,786	11,672	16,916
Therapeutic Program Participants	3,493	3,716	3,611	3,595	1,029
<b>Library</b>					
Items Checked Out	2,021,708	1,954,756	1,782,003	1,625,698	1,558,711
Interlibrary Loans - Borrowed	252	226	204	278	258
Interlibrary Loans - Loans	145	101	174	324	313
Library Collection	471,183	451,422	429,825	478,315	444,622
Patron Visits	1,176,510	1,124,284	1,150,782	1,054,839	1,029,251
Website Visits	408,087	603,517	699,502	1,628,802	1,291,251
Registered Patrons	163,502	186,336	185,417	188,511	205,982
Total Programming	4,220	3,810	3,852	2,854	3,149
Total Programming - Participants	133,221	64,031	103,252	72,089	92,294
Typewriter Use	144	82	117	76	57
Public Computer Use	462,942	374,827	309,202	282,288	253,397
Bookmobile - Patrons <sup>2</sup>	6,718	6,649	n/a	11,227	9,146
Bookmobile - Number of Stops <sup>2</sup>	862	323	n/a	414	203
Bookmobile - Miles Driven <sup>2</sup>	1,478	1,487	n/a	3,610	2,023
<b>Schools</b>					
Student Enrollment	38,678	38,935	39,153	39,497	40,898

Source: Various City Departments

n/a - Information not available

<sup>1</sup> Beginning in FY11, this number includes all activities taking place in the Community Center; prior years exclude athletic programs.

<sup>2</sup> Beginning in FY18, Public Libraries has two Mobile Edition Outreach vans for Bookmobile services.

<sup>3</sup> Beginning in FY14, this number includes all events instead of just tournaments (restated FY10 through FY13)

<sup>4</sup> Beginning in FY11, this number is calculated based on reports from the RMS system; prior years were hand counted by personnel.

<sup>5</sup> Beginning in FY16, the Parks, Recreation and Tourism greatly increased their involvement in City Special Events.

<sup>6</sup> Beginning in FY17, this number is based on reports from the new RMS system allowing the count to exclude services such as officers signing into court, traffic stops, etc.

CITY OF CHESAPEAKE, VIRGINIA

Table 22

Capital Asset Statistics by Function/Program  
Last Ten Fiscal Years - Unaudited

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Function/Program</b>										
<b>Police</b>										
Precincts	5	5	5	5	5	5	5	5	5	5
Marked Patrol Units	235	203	198	222	206	213	206	221	229	226
<b>Fire Stations</b>	15	15	15	15	15	15	15	15	15	15
<b>Public Works</b>										
<b>Refuse Collection</b>										
Collection Trucks	60	52	52	61	57	60	57	57	56	57
<b>Other Public Works</b>										
Storm Sewers (miles)	1,100	1,100	1,100	1,150	1,200	1,650	1,684	1,730	1,744	1,750
Streets (miles)	2,354	2,364	2,361	2,700	2,366	2,372	2,376	2,364	2,378	2,395
Streetlights	23,763	23,874	23,759	23,706	23,790	24,045	24,457	24,785	25,106	25,665
<b>Water</b>										
Water Mains (miles)	821	828	829	832	833	840	844	853	859	872
Fire Hydrants <sup>1</sup>	5,270	5,339	5,365	5,398	5,411	5,508	5,592	5,681	5,765	5,821
<b>Wastewater</b>										
Sanitary Sewers (miles)	1,053	1,057	1,060	1,062	1,065	1,072	1,083	1,091	1,096	1,101
Sewage Pumping Stations	263	264	262	262	269	271	271	273	273	274
<b>Parks and Recreation</b>										
Park Acreage	2,322	2,322	2,322	2,349	2,349	2,450	2,450	2,454	2,454	2,458
Parks and Play Areas	70	70	70	71	71	71	72	77	77	79
Athletic Fields/Tennis Courts	226	226	228	228	228	228	239	239	239	245
Community Centers	8	8	8	8	8	8	8	8	8	8
Specialized Centers	4	5	5	5	5	5	5	5	5	5
<b>Schools</b>										
Elementary Schools	28	28	28	28	28	28	28	28	28	28
Secondary Schools	17	17	17	17	17	17	17	17	17	17
Educational Centers	2	3	3	3	2	2	2	2	2	2

Source: Various City Departments

<sup>1</sup> Updated in FY 2016 per Public Utilities GIS system (2015 and prior)

# COMPLIANCE SECTION



**CITY OF CHESAPEAKE, VIRGINIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
 For the Period Ended June 30, 2019

Federal Granting Agency/Recipient State Agency/Grant Program	Sub-Recipient	Grant or Project Number (Indirect Grants)	CFDA Number	Federal Expenditures	Cluster Total	Pass-Through Total	CFDA# Total
Department of Agriculture:							
Direct payments:							
Food and Nutrition Service:							
Summer Food Program for Children (Child Nutrition Cluster)			10.559	\$ 61,284			
Pass-through payments:							
Virginia Department of Education:							
Child and Adult Care Food Program		N/A	10.558	227,736			227,736
Summer Food Service Program for Children (Child Nutrition Cluster)		N/A	10.559	6			
School Breakfast Program (Child Nutrition Cluster)		N/A	10.553	2,429,590			2,429,590
National School Lunch Program (Child Nutrition Cluster)		N/A	10.555	5,826,318			
Virginia Department of Agriculture and Consumer Services:							
Food Distribution - commodities value - Schools' Food Services (Child Nutrition Cluster)		N/A	10.555	1,064,545			6,915,204
Food Distribution - commodities value - Detention Home (Child Nutrition Cluster)		N/A	10.555	24,341			57,690
Food Distribution - commodities value - Summer Food Service Program for Children (Child Nutrition Cluster)		N/A	10.559	(3,600)			
Virginia Department of Social Services:							
		0010118, 0030118, 0040118, 0050118, 0010119, 0030119, 0040119, 0050119	10.561	2,271,563			2,271,563
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP Cluster)							
Virginia Department of Forestry:							
Department of Forestry and the US Forest Service		17UCF08	10.664	625			5,425
Department of Forestry and the US Forest Service		18UCF03	10.664	4,800			
Total Child Nutrition Cluster (10.553, 10.555, 10.559)					9,402,484		
Total SNAP Cluster (10.561)					2,271,563		
Total Department of Agriculture					11,907,208	-	11,907,208
Department of Defense:							
Direct payments - Navy:							
Department of Defense Impact Aid			12.558	956,154			956,154
Support for Student Achievement at Military Connected Schools/SPED (DODEA Algebra)			12.556	90,415			90,415
Support for Student Achievement at Military Connected Schools/SPED (DODEA SPED)			12.557	25,271			25,271
Pass-through payments:							
Department of Education:							
Payments to States in Lieu of Real Estate Taxes		N/A	12.112	29,682			29,682
Total Department of Defense					1,101,522	-	1,101,522
Department of Housing and Urban Development:							
Direct payments:							
Community Development Block Grant Program:							
Program Year 2014 (CDBG Entitlement Grants Cluster)		B-14-MC-51-0010	14.218	530			
Program Year 2015 (CDBG Entitlement Grants Cluster)		B-15-MC-51-0010	14.218	2,698			
Program Year 2016 (CDBG Entitlement Grants Cluster)		B-16-MC-51-0010	14.218	77,971			
Program Year 2016 (CDBG Entitlement Grants Cluster)	Children's Harbor	B-16-MC-51-0010	14.218	3,730		3,730	
Program Year 2016 (CDBG Entitlement Grants Cluster)	CRHA	B-16-MC-51-0010	14.218	13,703		13,703	
Program Year 2017 (CDBG Entitlement Grants Cluster)		B-17-MC-51-0010	14.218	444,280			
Program Year 2017 (CDBG Entitlement Grants Cluster)	Children's Harbor	B-17-MC-51-0010	14.218	32,243		32,243	
Program Year 2017 (CDBG Entitlement Grants Cluster)	CRHA	B-17-MC-51-0010	14.218	3,708		3,708	
Program Year 2017 (CDBG Entitlement Grants Cluster)	Habitat for Humanity	B-17-MC-51-0010	14.218	138,741		138,741	

CITY OF CHESAPEAKE, VIRGINIA  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Period Ended June 30, 2019

Federal Granting Agency/Recipient State Agency/Grant Program	Sub-Recipient	Grant or Project Number (Indirect Grants)	CFDA Number	Federal Expenditures	Cluster Total	Pass-Through Total	CFDA# Total
Program Year 2017 (CDBG Entitlement Grants Cluster)	STOP	B-17-MC-51-0010	14.218	53,321		53,321	
Program Year 2018 (CDBG Entitlement Grants Cluster)		B-18-MC-51-0010	14.218	236,525			
Program Year 2018 (CDBG Entitlement Grants Cluster)	Boys and Girls Clubs of Southeast VA	B-18-MC-51-0010	14.218	9,000		9,000	
Program Year 2018 (CDBG Entitlement Grants Cluster)	Children's Harbor	B-18-MC-51-0010	14.218	35,000		35,000	
Program Year 2018 (CDBG Entitlement Grants Cluster)	CRHA	B-18-MC-51-0010	14.218	24,680		24,680	
Program Year 2018 (CDBG Entitlement Grants Cluster)	ForKids, Inc.	B-18-MC-51-0010	14.218	105,927		105,927	
Program Year 2018 (CDBG Entitlement Grants Cluster)	Heron's Landing	B-18-MC-51-0010	14.218	9,000		9,000	1,191,057
HOME Investment Partnerships Program:							
Program Year 2014	CRHA	M-14-MC-51-0200	14.239	(7,315)		(7,315)	
Program Year 2015	CRHA	M-15-MC-51-0200	14.239	8,531		8,531	
Program Year 2016	CRHA	M-16-MC-51-0200	14.239	51,546		51,546	
Program Year 2017	CRHA	M-17-MC-51-0200	14.239	51,665		51,665	
Program Year 2017	HRPDCHD	M-17-MC-51-0200	14.239	91,321		91,321	
Program Year 2018	ForKids, Inc.	M-18-MC-51-0200	14.239	61,748		61,748	257,496
Total CDBG-Entitlement Grants Cluster (14.218)				1,191,057			
Total Department of Housing and Urban Development				1,448,553	1,191,057	686,549	1,448,553
Department of the Interior:							
Direct payments:							
Payment in Lieu of Taxes			15.226	7,000			7,000
U.S. Fish and Wildlife Service - Department of the Interior:							
National Wildlife Refuge Sharing Fund			15.659	35,541			35,541
Total Department of the Interior				42,541	-	-	42,541
Department of Justice:							
Direct payments:							
Drug Control and System Improvement:							
Asset Forfeiture Transfer for Sheriff Dept- OAG			16.578	9,361			9,361
Hampton Roads Human Trafficking - OAG			16.320	1,363			1,363
Pass-through payments:							
Victim Witness 2019		19-Y8571VG17	16.575	506,722			527,604
Court Appointed Special Advocates		19-Y8550CA19	16.575	20,882			
Bureau of Justice Assistance - Edward Byrne Grant Program:							
Fiscal Year 2016		2015-DI-BX-0530	16.738	20,837			
Fiscal Year 2017		2016-DI-BX-0508	16.738	59,150			
Fiscal Year 2018		2017-DI-BX-0434	16.738	64,711			
Fiscal Year 2019		2018-DI-BK-0203	16.738	20,198			
Total Department of Justice				703,224	-	-	164,896
U.S. Department of Transportation:							
Pass-through payments:							
Virginia Department of Transportation:							
Federal Highway Administration - Planning and Construction:							
Military Hwy at Baugher Ave. (Highway Planning and Construction Cluster)		0013-131-S31	20.205	1,811			
Military Hwy at State St. (Highway Planning and Construction Cluster)		0013-131-S32	20.205	5,089			
Western Branch Rail Trail (Highway Planning and Construction Cluster)		EN14-131-008	20.205	12,385			
Battlefield Visitor Center (Highway Planning and Construction Cluster)		EN02-131-120	20.205	161,091			
Gum Road (Highway Planning and Construction Cluster)		EN99-131-128	20.205	96,862			
Total Department of Transportation							703,224

CITY OF CHESAPEAKE, VIRGINIA  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Period Ended June 30, 2019

Federal Granting Agency/Recipient State Agency/Grant Program	Sub-Recipient	Grant or Project Number (Indirect Grants)	CFDA Number	Federal Expenditures	Cluster Total	Pass-Through Total	CFDA# Total
Traffic signal Improvement S. Military Hwy (Highway Planning and Construction Cluster)		0013-131-726	20.205	209			
Expressway Guardrail Improvements (Highway Planning and Construction Cluster)		0168-131-S30	20.205	1,758			
Battlefield Flashing Yellow (Highway Planning and Construction Cluster)		0168-131-S32	20.205	48,507			
Portsmouth Blvd Flashing Yellow (Highway Planning and Construction Cluster)		0337-131-S31	20.205	37,957			
Portsmouth Blvd Phase 4 (Highway Planning and Construction Cluster)		0337-131-104	20.205	(7,570)			
Hanbury/Battlefield Interchange (Highway Planning and Construction Cluster)		U000-131-164	20.205	56,286			
Safe Routes to School Division Coordinator (UPC No. 111896) (Highway Planning and Construction Cluster)		U000-131-S52	20.205	51,966			622,725
Traffic Mgmt Center and System (Highway Planning and Construction Cluster)			20.205	156,374			
Department of Motor Vehicles - Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants:							
Fiscal year 2018 - Selective Enforcement - Alcohol (Highway Safety Cluster)		K8-2018-58033-8033	20.600	11,287			
Fiscal year 2019 - Selective Enforcement - Alcohol (Highway Safety Cluster)		M60T-2019-59215-9215	20.616	10,749			10,749
Fiscal year 2018 - Selective Enforcement - Alcohol (Highway Safety Cluster)		FOP-2018-58054-8054	20.600	5,044			
Fiscal year 2019 - Selective Enforcement - Alcohol (Highway Safety Cluster)		FOP-2019-59217-9217	20.600	7,190			23,521
Total Highway Planning and Construction Cluster (20.205)					622,725		
Total Highway Safety Cluster (20.600, 20.616)					34,270		
Total U.S. Department of Transportation				656,995	656,995	-	656,995
Department of Education:							
Direct payments:							
Impact Aid			84.041	5,371,604			5,371,604
Pass-through payments:							
Virginia Department of Education:							
Adult Education - State Grant Program		V002A170047	84.002	183,335			183,335
Title I Grants to Local Educational Agencies		S010A170046	84.010	6,289,608			6,289,608
Title I, Part D - Program for Neglected & Delinquent Children		S013A160046	84.013	5,018			5,018
Special Education - Grants to States (Special Education Cluster IDEA)		H027A170107	84.027	8,610,279			8,610,279
Vocational Education - Basic Grants to States		V048A170046	84.048	600,398			600,398
Special Education - Preschool Grants (Special Education Cluster IDEA)		H173A170112	84.173	224,255			224,255
Part C Funds			84.181	308,246			308,246
Title III, Part A - English Language Acquisition Grants		S365A170046	84.365	115,643			115,643
Title II, Part A - Improving Teacher Quality State Grants		S367A170044	84.367	1,034,386			1,034,386
Title IV, Part A - Student Support and Academic Enrichment Program		S424A170048	84.424	205,018			205,018
Total Special Education Cluster IDEA (84.027, 84.173)					8,834,534		
Total Department of Education				22,947,790	8,834,534	-	22,947,790
Department of Health and Human Services:							
Pass-through payments:							
Department of Mental Health, Mental Retardation and Substance Abuse:							
Regional Opioid Treatment		N/A	93.788	363,000			363,000
Block Grants for Community Mental Health Services		N/A	93.958	135,980			135,980
Block Grants for Prevention and Treatment of Substance Abuse		N/A	93.959	727,375			727,375
Virginia Department of Social Services:							
Promoting Safe and Stable Families		0950117, 0950118	93.556	35,519			35,519
Temporary Assistance for Needy Families (TANF Cluster)		0400118, 0400119	93.558	1,384,219			1,384,219
Refugee and Entrant Assistance State Administered Programs		0500118, 0500119	93.566	432			432
Low-Income Home Energy Assistance		0600418, 0600419	93.568	216,494			216,494
Child Care and Development Block Grant (CCDF Cluster)		0770118, 0770119	93.575	(1,690)			(1,690)
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CCDF Cluster)		0760118, 0760119	93.596	240,021			240,021
Stephanie Tubbs Jones Child Welfare Services Program		0900117, 0900118	93.645	1,503			1,503
Foster Care Title IV-E		1100118, 1100119, 1110119	93.658	1,219,108			1,219,108
Adoption Assistance		1120118, 1120119	93.659	897,342			897,342

CITY OF CHESAPEAKE, VIRGINIA  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Period Ended June 30, 2019

Federal Granting Agency/Recipient State Agency/Grant Program	Sub-Recipient	Grant or Project Number (Indirect Grants)	CFDA Number	Federal Expenditures	Cluster Total	Pass-Through Total	CFDA# Total
Social Services Block Grant		1000118, 1000119	93-667	927,000			927,000
Chafee Foster Care Independence Program		9150118	93-674	17,620			17,620
Children's Health Insurance Program		0540118, 0540119	93-767	58,526			58,526
Medical Assistance Program (Medicaid Cluster)		1200118, 1200119	93-778	2,558,494			
Virginia Department of Education:							
Medical Assistance Program (Medicaid: Title XIX) (Medicaid Cluster)		N/A	93-778	1,174,982			3,733,476
Total TANF Cluster (93.558)					1,384,219		
Total CCDF Cluster (93.575, 93.596)					238,331		
Total Medicaid Cluster (93.778)					3,733,476		
Total Department of Health and Human Services				9,955,925	5,356,026	-	9,955,925
Social Security Administration:							
Direct payments:							
Social Security-Work Incentives Planning and Assistance Program			96.008	14,400			14,400
Total Social Security Administration				14,400	-	-	14,400
Department of Homeland Security:							
Pass-through payments:							
Virginia Department of Emergency Management:							
FEMA Flood Mitigation		FMA-P1-03-VA-2016-003	97-029	9,948			9,948
FEMA Flood Mitigation		FMA-PF-03-VA-2017-001	97-039	737,060			738,060
FEMA Hazard Mitigation		DR-4291-VA-006	97-039	1,000			61,034
City of Va Beach - FEMA - VATF2			97-036	61,034			71,246
Local Emergency Management Planning Grant - 2018		7762	97-042	71,246			5,078
Port Security Grant - 2015		EMW-2015-PJ-00103-501	97-056	5,078			9,082
SHSP Comm Preparedness		N/A	97-067	9,082			29,383
2016 SHSP HRIMT Sustainment		7318	97-067	29,383			126,699
2017 SHSP HRIMT Sustainment		7610	97-067	126,699			5,563
2018 SHSP Incident Management Team		7932	97-067	5,563			65,692
2017 SHSP Foam Team Sustainment		7630	97-067	65,692			548
2018 SHSP Foam Team Sustainment		7925	97-067	548			68,934
2017 SHSP Foam Team Training		7630	97-067	68,934			12,721
2018 SHSP Foam Team Training		7926	97-067	12,721			18,015
2017 SHSP Foam Team Equipment		7631	97-067	18,015			150,000
2017 SHSP Radio Cache Sustainment		7621	97-067	150,000			18,106
2018 SHSP Radio Cache Team		7931	97-067	18,106			7,989
2017 State Homeland Security Program Grant		EMW-2017-SS-00088	97-067	7,989			65,108
2017 Hampton Roads Urban Area Security Initiative, HRIMT		7620	97-067	65,108			248
2018 Hampton Roads Urban Area Security Initiative, HRIMT		7965	97-067	248			1,463,454
Total Department of Homeland Security				1,463,454	-	-	578,088
				\$ 50,241,612	27,712,659	686,549	50,241,612

**(1) General**

The accompanying Schedule of Expenditures of Federal Awards (Schedule) presents the activity of all federally assisted programs of the City's Reporting Entity as defined in Note 1 to the City's basic financial statements. All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the Schedule.

**(2) Basis of Accounting**

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

**(3) Relationship to Financial Statements**

Federal expenditures, revenues and capital contributions are reported in the Reporting Entity's basic financial statements as follows:

Intergovernmental revenues per the basic financial statements:	
Primary Government:	
General Fund	\$ 134,795
Capital Projects Fund	501,303
Special Revenue Funds:	
Virginia Public Assistance Fund	9,771,008
Grants Fund	2,446,714
Community Development Fund	1,360,801
Intergrated Behavioral Healthcare Fund	1,534,601
Enterprise Funds	578,077
Total primary government	16,327,299
Component unit - Public Schools:	
School Operating Fund	24,899,338
School Food Services Fund	9,548,195
Total component unit - Public Schools	34,447,533
Total federal expenditures from intergovernmental revenue	50,774,832
Water and sewer federal bond subsidy (not subject to single audit)	(578,077)
Other reconciling items	44,857
Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ 50,241,612

**(4) Subrecipients**

The Chesapeake Redevelopment and Housing Authority, Children's Harbor, ForKids, Habitat for Humanity, STOP, Boys and Girls Clubs of Southeast VA and Heron's Landing are the subrecipients for federal awards of \$429,053 from the Community Development Block Grant Program. Chesapeake Redevelopment and Housing Authority, ForKids and The Hampton Roads Planning District Commission (Housing Division) are the subrecipients of \$257,496 from the HOME Investment Program received from the U.S. Department of Housing and Urban Development.

**(5) Indirect Cost Rate**

The City did not elect to use a 10% de minimis indirect cost rate allowed under section 2 CFR 200.331(a)(4).

**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***

To the Honorable Members of the City Council  
City of Chesapeake, 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 financial statements of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Chesapeake, Virginia (the “City”), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated November 26, 2019. Our report includes a reference to other auditors who audited the financial statements of the Chesapeake Airport Authority and the Elizabeth River Properties of Chesapeake, Inc. 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 on separately by those auditors. The financial statements of Elizabeth River Properties of Chesapeake, Inc. were not audited in accordance with *Government Auditing Standards*.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City’s internal control over financial reporting (“internal control”) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

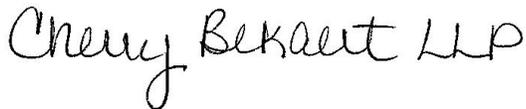
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and two instances of noncompliance or other matters that are required to be reported under the *Specifications for Audits of Counties, Cities, and Towns*, which are described in the accompanying schedule of findings and questioned costs as items 2019-002 and 2019-003.

### **City of Chesapeake, Virginia's Responses to Findings**

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing on internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Cheryl Bekant LLP". The signature is written in a cursive, flowing style.

Virginia Beach, Virginia  
November 26, 2019

**Report of Independent Auditor on Compliance for Each Major  
Federal Program and Internal Control over Compliance  
Required by the Uniform Guidance**

To the Honorable Members of the City Council  
City of Chesapeake, Virginia

**Report on Compliance for Each Major Federal Program**

We have audited the City of Chesapeake, 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, 2019. 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.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2019-001. Our opinion on each major federal program is not modified with respect to this matter.

The City's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

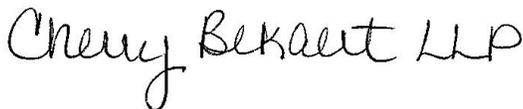
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be a significant deficiency.

*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. We did not identify any deficiencies in internal control over compliance that we consider to be a material weakness.

*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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2019-001 to be a significant deficiency.

The City's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.



Virginia Beach, Virginia  
November 26, 2019

**City of Chesapeake, Virginia**  
**Schedule of Findings and Questioned Costs**  
**For the Fiscal Year Ended June 30, 2019**

**1) Summary of Auditor’s Results**

Financial Statements:

Type of auditor’s report issued on the financial statements:	<b>Unmodified</b>
Internal control over financial reporting:	
Material weaknesses identified:	<b>No</b>
Significant deficiencies identified:	<b>None reported</b>
Noncompliance material to the financial statements noted?	<b>No</b>

Federal Awards:

Type of auditor’s report issued on compliance for major programs:	<b>Unmodified</b>
Internal control over financial reporting:	
Material weaknesses identified:	<b>No</b>
Significant deficiencies identified:	<b>Yes, Finding 2019-001</b>
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<b>Yes</b>

Identification of major federal programs:

<u><b>Name of Program</b></u>	<u><b>CFDA #</b></u>
U.S. Department of Health and Human Services Medicaid Cluster	93.778-CL
Department of Education: Special Education Cluster (IDEA)	84.027/84.173-CL

Dollar threshold to distinguish between Types A and B Programs:	<b>\$1,507,248</b>
The City of Chesapeake was qualified as a low risk auditee?	<b>Yes</b>

**2) Findings – Financial Statement Audit Performed in Accordance with *Government Auditing Standards***

None

### 3) Findings and Questioned Costs – Major Federal Awards

**Finding:** 2019-001

**Program Name:** Medicaid Cluster (CFDA # 93.778-CL)

**Federal Awarding Agency:** Department of Health and Human Services (HHS)

**State Awarding Agency:** Virginia Department of Social Services (VDSS)

**Department:** Chesapeake Department of Social Services (the Department)

**Compliance Requirement:** Eligibility

**Type of Finding:** Significant Deficiency; Non-material noncompliance

**Criteria:**

Per *42 Code of the Federal Regulation* Section 435.10, The City is required to determine applicant and beneficiary eligibility in accordance with eligibility requirements defined in the State approved plan.

**Statement of Condition:**

Of the forty (40) beneficiaries that were enrolled in Medicaid and selected for testing, we identified one (1) beneficiary in our testing that was not eligible to receive benefits, and three (3) instances where case files lacked documentation to support the current year's determination of eligibility.

**Cause:**

The primary underlying causes for this finding are due to the increase in cases and requirements related to the Medicaid Expansion program, as well as the recent conversion to electronic case files.

**Effect or Potential Effect:**

The City is not in compliance with the Medicaid eligibility compliance requirement.

**Recommendation:**

The City should put procedures in place to ensure personnel responsible for verifying the eligibility of Medicaid participants follow all guidelines for ensuring eligibility based on the State's plan and retain all documentation related to the proof of eligibility within the case files.

**Questioned Costs:**

Undeterminable

**Management's Response:**

Eligibility Supervisors will continue to monitor cases and hold monthly meetings to discuss training needs and error types and trends. The Department will utilize its Quality Assurance Team to conduct random case reviews to identify errors and training needs.

#### 4) Findings and Questioned Costs – State Compliance

**Finding:** 2019-002:

**Department:** Chesapeake Department of Social Services (The Department)

**Compliance Requirement:** Children's Services Act Funds

**Type of Finding:** Non-material noncompliance

**Criteria:**

The *Code of Virginia*, Section 2.2 requires CSA expenditures to be authorized by the community policy and management team prior to the expenditure being incurred.

**Condition:**

While performing our audit procedures to ensure compliance with Section 3-12 of the *Specifications for Audits of Counties, Cities, and Towns*, we noted three instances where the community policy and management team did not authorize Comprehensive Services Act ("CSA") expenditures before the transactions occurred.

**Cause:**

The City is responsible for ensuring that authorization has been obtained from the community policy and management team before entering into CSA transactions; however, in the cases noted, management did not ensure the expenditures had been authorized before entering into transactions.

**Effect or Potential Effect:**

The City is not in compliance with Section 2.2 of the *Code of Virginia* and is potentially at risk for entering into unauthorized CSA transactions.

**Recommendation:**

We recommend the City's case workers only enter into CSA transactions once they have reviewed the listing of community policy and management team authorized transactions.

**Management's Response:**

Management agrees that entering into CSA transactions in accordance with Section 2.2 of the *Code of Virginia* and Section 3-12 of the *Specifications for Audits of Counties, Cities, and Towns* is critical. The City will review the listing of community policy and management team authorized transactions before incurring expenditures.

**Finding:** 2019-003:

**Department:** Chesapeake Department of Social Services (CDSS)

**Compliance Requirement:** Information Systems Security Controls

**Type of Finding:** Non-material noncompliance

**Criteria:**

Section 63.2 of the *Code of Virginia* requires the Local Department of Social Services (DSS) to maintain computer access request forms documenting a user's access authority.

#### 4) Findings and Questioned Costs – State Compliance (continued)

**Condition:**

While performing our audit procedures to ensure compliance with Section 3-15 of the *Specifications for Audits of Counties, Cities, and Towns*, we noted one instance where an employee's computer access request form did not match their computer access privileges.

**Cause:**

The Chesapeake DSS IT Department is responsible for ensuring that system privileges match the Computer Access Forms. However, in the case noted, the IT Department did not ensure that changes to system privileges were properly supported by Computer Access Request Forms.

**Effect or Potential Effect:**

The City is not in compliance with Section 63.2 of the *Code of Virginia* and is potentially at risk for employees having access to systems that they do not need. Additionally, noncompliance may result in action by the Commonwealth of Virginia.

**Recommendation:**

We recommend the Chesapeake DSS IT Department only make changes to system privileges if those changes are supported by Computer Access Request Forms.

**Management's Response:**

Management agrees that user credentials in accordance with Section 63.2 of the *Code of Virginia* and Section 3-15 of the *Specifications for Audits of Counties, Cities, and Towns* are critical. The Information Technology Department acknowledges and confirms the current policies directing the oversight of user credentials, and will work with staff to ensure policy compliance of user credentials are maintained in accordance.

#### 5) Resolution of Prior Year's Findings

**2018-001**

Status:Corrected

**2018-002**

Status:Corrected

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**Chesapeake**  
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*End of Comprehensive Annual Financial Report  
Of the City of Chesapeake, Virginia  
For the Fiscal Year Ended  
June 30, 2019*

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