

CITY of SUFFOLK, VIRGINIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR
ENDED 6/30/2023



CITY OF SUFFOLK, VIRGINIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT

AS OF AND FOR THE FISCAL YEAR ENDED
June 30, 2023

Prepared by:
The Department of Finance

CITY OF SUFFOLK, VIRGINIA

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INTRODUCTORY SECTION



CITY OF SUFFOLK

P.O. BOX 1858, SUFFOLK, VIRGINIA 23439-1858 PHONE: (757) 514-4012

CITY MANAGER

November 30, 2023

The Honorable Council
City of Suffolk, Virginia

Dear Council Members:

We are pleased to submit the Annual Comprehensive Financial Report (ACFR) for the period of July 1, 2022 through June 30, 2023. The code of the Commonwealth of Virginia and the charter of the City of Suffolk, Virginia (the City) require the City to publish, at the close of each fiscal year, a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with *Government Auditing Standards* by a firm of licensed certified public accountants. This report has been prepared by the Department of Finance and complies with state law and guidelines of the Auditor of Public Accounts of the Commonwealth of Virginia.

The City's Management assumes full responsibility for the accuracy, completeness, and reliability of all information presented in this report. We believe the data, as presented, are accurate in all material respects and are presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds. All disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included. In order to provide reasonable, but not absolute, assurance regarding the data, the management of the City has designed a framework of internal accounting controls to protect the City's assets from loss through unauthorized use or disposition, provide reliability of financial records for preparing financial statements and maintain the accountability of assets.

The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and that the valuation of costs and benefits requires estimates and judgments by management. We assert to the best of our knowledge this ACFR is complete and reliable in all material aspects.

According to Section 8.08 of the City Charter and Section 15.2-2511 of the 1950 Code of Virginia, as amended, an annual audit by an independent auditor of the City is required. The City's financial statements have been audited by Cherry Bekaert LLP. As a result of an audit of the City's financial records and transactions of all funds, component units, and departments of the City, Cherry Bekaert LLP has concluded that the financial statements are in compliance with GAAP and has issued an unmodified opinion of the City's financial statements, as of and for the year ended June 30, 2023. The report of the independent auditor is presented as the first component of the financial section of this report.

The audit included and was part of a broader federally mandated “Single Audit” designed to meet the special needs of federal grants. The standards governing single audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the City’s internal controls and compliance with legal requirements, with special emphasis on those involving the administration of federal awards. The analysis by the auditors will be a separately issued report.

GAAP requires management to provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City’s MD&A can be found within the financial section immediately following the independent auditor’s opinion.

Profile of the City

The present City of Suffolk was formed January 1, 1974, from the consolidation of the City of Suffolk and the City of Nansemond (formerly Nansemond County). The City is Virginia’s largest city in land area and one of the top twenty largest cities in land area in the nation with over 400 square miles of land mass and 30 square miles of waterways. The diverse landscape includes a mix of rural, suburban and urban development areas. The City is situated in the western portion of Hampton Roads, Virginia’s coastal plain area, and is bounded by the James River to the north, the Cities of Chesapeake and Portsmouth to the east, the State of North Carolina to the south, and the Counties of Southampton and Isle of Wight to the west. The City of Suffolk is one of seven major cities that form the Norfolk-Virginia Beach-Newport News metropolitan area with 1.7 million people. This region is also known as the Hampton Roads area.

The City’s government is organized under the Council-Manager form of government. The governing body, the City Council, is composed of seven members and a Mayor who develop policies for the administration of the City. The Mayor is elected at large and the Council members are elected by borough in a city-wide election every other year with terms of office being four years. The City Council appoints a City Manager to act as administrative head of the City. The City Manager serves at the pleasure of City Council and carries out the City Council’s policies and directs business procedures. The City Manager also appoints and removes the directors of all departments.

The School Board is elected by borough. Under Virginia law, all operations of the School Board are completely independent of the City Council and City Administration. City Council is required to make an annual appropriation to the School Board based upon an approved budget, but has no authority to direct how such appropriation is expended.

As a full-service city, Suffolk provides a broad range of municipal services authorized by statute or charter. Those services include education, public safety, highways and streets, parks and recreation, sanitation, health and social services, public improvements, planning and zoning, public utilities, storm water management and general administrative services.

The funds and entities included in the City’s ACFR are those controlled by, or dependent on, the City. This determination is explained in Note 1A within the Notes to Financial Statements tab. Consequently, this report includes the public School System and the Economic Development Authority as component units and excludes related organizations such as the Suffolk Redevelopment and Housing Authority, the Western Tidewater Regional Jail Authority, and the Western Tidewater Water Authority.

The City maintains budgetary controls, the objective of which is to ensure compliance with the legal provisions embodied in the annual appropriated budget approved by City Council. Budgetary control is maintained at the expenditure level of each department using an encumbrance accounting system. Open encumbrances are reported within the appropriate classification of fund balance at June 30, 2023. A description of the procedures utilized to establish budgetary data is presented in Note 1D within the Notes to Financial Statements tab.

Economic Activity – Calendar Year 2022

The City of Suffolk experienced another strong year of economic growth in 2022 with an influx of investments from both domestic and international companies across various sectors including technology and logistics, healthcare, food and beverage, and retail.

The first Amazon robotics fulfillment center in Virginia officially opened in Suffolk in October 2022. At nearly four million square feet, the facility can process an average of 200,000 packages per day with the potential for growth up to one million. The facility employs approximately 1,000 people. In addition to Amazon's major investment in Suffolk, Lowe's, the second-largest home improvement and hardware retailer in the United States is slated to open a 1.5 million square foot regional distribution center estimated at \$75 million in the Virginia Port Logistics Park. The new center is projected to create 100 new jobs.

Bon Secours Mercy Health, one of the 20 largest health systems in the country, celebrated the groundbreaking of their new Harbour View Hospital in 2022. The new hospital will adjoin the Bon Secours Health Center at Harbour View Campus. The new three-story hospital will be 98,000 square feet and cost nearly \$80 million to construct. The surgically-focused hospital will feature 18 medical/surgical beds, up to four operating rooms, a 15-bed emergency department, on-site lab services, and imaging services, including CTs, MRIs, and X-rays.

Sentara, another valued health system in Suffolk, recently invested \$10.6 million in its local operations. With more than 1,500 employees in Suffolk, Sentara's footprint has expanded with major improvements to its health care technology, medical equipment, and physical plant, including the addition of a new outpatient unit, laparoscopic equipment upgrades, CT and X-ray expansion, Cath/EP lab replacement, and outpatient rehab expansions.

Suffolk's food and beverage industry remained strong over the past year and included several noteworthy investments and expansion. Birdsong Peanuts, a staple in Virginia's peanut industry for more than 100 years, announced it would invest \$25.1 million to modernize and automate production lines in its Suffolk peanut shelling facility.

Massimo Zanetti Beverage USA also announced it would invest more than \$29 million to consolidate and expand operations at its coffee roasting facility in Suffolk creating 80 jobs. This significant investment will not only boost the local economy but also underscores the City's reputation as a favorable destination for manufacturing companies.

Suffolk's retail sector continued to thrive in 2022. HomeGoods, a national home décor retailer, opened its new Suffolk location in November 2022 in the Harbour View East Shopping Center. The new store employs approximately 65 employees and contains 28,000 square feet filled with furniture, decorative accessories, and other supplies. Tractor Supply, another major national retailer also opened its second Suffolk location in the Northgate Commerce Park. Banner's Hallmark, a family-owned and operated card and gift company, relocated to a larger storefront boasting 6,000 square feet of space.

The City made considerable progress over the last year enhancing broadband connectivity options citywide that will ultimately provide universal coverage in western Hampton Roads through Cox for Business, Spectrum, and GloFiber. Broadband capability for every home in Suffolk will enhance quality of life for citizens and provide more opportunities for businesses. The Hampton Roads Planning District Commission, in partnership with Charter Communications, was awarded a \$21 million Virginia Telecommunications Initiative (VATI) grant to bring universal broadband coverage to Suffolk. The City also invested \$3 million in American Rescue Plan Act (ARPA) funding for the project. The grant provides needed funding to build a high-speed, reliable, and affordable fiber internet network. More than 12,000 homes and businesses are estimated to gain access to new broadband service.

In addition, the City has invested \$5 million in American Rescue Plan Act (ARPA) funding in the Southside Network Authority regional fiber optic network ring, a dark fiber, open access ring, which will connect all five South Hampton Roads cities to the transoceanic cables and serve as a foundation for the region's digital ecosystem. The project is designed to enable and not compete with internet service providers and will spur business growth and development. A portion of the ring will be constructed in Suffolk.

Downtown Suffolk continued taking steps forward in 2022 with everything from the reintroduction of the Downtown Business Association and beautification projects, to highlighting our business community in partnership with a Suffolk Center for Cultural Arts exhibition. The new downtown library and festival event park capital projects also continued to gain momentum and are expected to break ground within the next 12 months.

The Suffolk Tourism Office launched several marketing campaigns to highlight the City's unique attractions, including historic landmarks, outdoor recreational activities, and annual festivals. These efforts yielded positive results, as visitor numbers increased by 15% compared to the previous year. This boost in tourism spending provided a direct economic benefit to local businesses, hotels, and restaurants.

Overall, 2022 proved to be a successful year for Suffolk businesses. Capital investments totaled over \$359 million, 620 new jobs were created, and 3 million square feet of space were added in Suffolk throughout the year.

New and Expanding Industry (Calendar Year 2022)

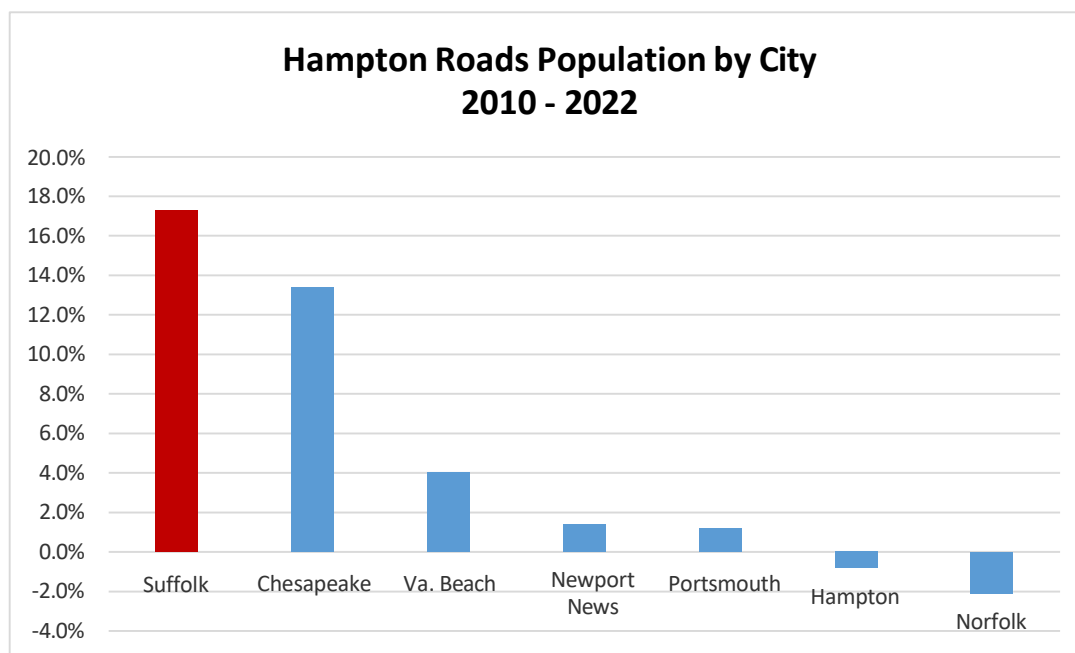
	<u>Number of Jobs</u>	<u>Square Feet</u>	<u>Approximate Capital Investment</u>
Advanced Manufacturing	0	165,265	\$38,428,468
Warehousing & Distribution	276	2,514,983	279,496,688
Medical	85	17,020	16,786,744
Retail	234	296,413	22,278,073
Office & Administration	22	37,842	531,133
Hospitality & Other	3	7,468	1,763,500
<u>TOTAL</u>	<u>620</u>	<u>3,038,991</u>	<u>\$359,284,606</u>

Source: City of Suffolk, Virginia, Department of Economic Development.

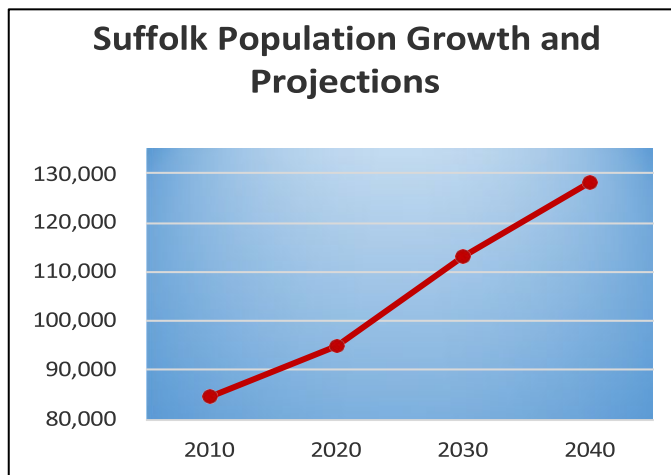
In addition to the growth of new and expanding businesses, Suffolk has continued to experience sustained population growth. Suffolk's population increased to 99,179 residents in 2022, a 17.3% increase since 2010. The City leads the region in population growth among the seven major cities in Hampton Roads. This positive trend is anticipated to continue in the years ahead with the City reaching 112,920 residents by 2030, according to projections by the Weldon Cooper Center at the University of Virginia.

City	2010 Census	2022	Percent Change (2010 -2022)
Suffolk	84,585	99,179	17.3%
Chesapeake	222,209	251,959	13.4%
Virginia Beach	437,994	455,385	4.0%
Newport News	180,966	183,504	1.4%
Portsmouth	95,535	96,700	1.2%
Hampton	137,467	136,387	-0.8%
Norfolk	242,803	237,770	-2.1%

Source: Weldon Cooper Center for Public Service, Population Estimates.



Source: Weldon Cooper Center for Public Service, Population Estimates.



Source: Weldon Cooper Center for Public Service, Population Estimates

The City of Suffolk also has the second highest median household income (MHI) in the region (\$81,883) and higher than the state (\$80,615) and national (\$69,021) MHI.

Strategic planning, key location, a highly-trained workforce and business-friendly environment once again catapulted Suffolk to the enviable position of one of the fastest growing cities in Virginia and a top pick for business development. The residential growth and change in Suffolk require the City to be proactive in planning for its future to insure efficient and effective delivery of services and a high quality of life for its citizens. Through the proficient management of residential and commercial development, the City continues to offer families and businesses plenty of room to live, work and play.

Long-term Financial Planning

City Council and City Management maintain their visionary process in their commitment to planning for the future of the City. Through a series of retreats and work sessions, City Council has established priorities as the guiding principles to move the City into the twenty-first century and to develop partnerships to further the City's objectives. Financial planning is further extended with the aid of financial advisors for bond issues and rate consultants for utility rate analysis.

In planning for the specific initiatives under these priorities, the City's adopted ten-year Capital Improvements Plan represents a planned schedule of the City's needed expenditures for physical improvements over the next decade. The Capital Improvements Plan, which covers the ten-year period from fiscal year 2024 through fiscal year 2033, totals approximately \$1.4 billion. Of this amount, utilities, stormwater, fleet, and information technology projects are estimated at \$212.8 million while general government projects are estimated at \$1.2 billion.

Financial policies are vital in maintaining consistency and focus. One of the financial policies continually reviewed is that of fund balance levels. The ratio of unassigned General Fund balance as a percentage of budgeted governmental funds expenditures (net of the general fund contribution to the Schools, transfers to other governmental funds, and Capital Projects fund expenditures), plus the budgeted expenditures in the School Operating and Food Service Funds, indicates the ability of the City to cope with unexpected financial challenges or emergencies. The policy also states that any surplus amounts over 20% will be put into a budget stabilization fund until it reaches 2.5% based on the same ratio and the remaining will go to a capital reserve fund. The City has set the unassigned fund balance percentage at 20%. At June 30, 2023,

the fund balance ratio exceeded the target. The City was also able to establish the budget stabilization fund at 2.5% and has put \$47.8 million in the capital reserve fund.

Financial policies were developed for the Utility Fund which provided for written documentation of many sound business practices. Categories include financial independence, target percentage for unrestricted cash and long term investments, debt service coverage ratios, plus policies for asset replacement and system extension. The Utility Fund is further governed by revenue bond Master Trust Indenture requirements.

Awards and Recognition

Bond Ratings – Maintain rating of AAA

In September 2023, the City's bond ratings were reaffirmed by all three rating agencies: Moody's (Aaa), Fitch Rating Agency (AAA), and Standard and Poor's (AAA). These ratings reflect the City's commitment to strong financial management.

Annual Comprehensive Financial Report

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting (Certificate) to the City of Suffolk, Virginia for its annual comprehensive financial report for the fiscal year ended June 30, 2022, representing the 38th consecutive year that the City has received this award. The Certificate is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

Citizen Reporting

The City of Suffolk received the GFOA Award for Outstanding Achievement in Popular Annual Financial Reporting for its Popular Annual Financial Report (PAFR) for fiscal year ended June 30, 2022. This is the seventh year that the City received the award. The report provides an overview of the City's financial results and is designed to increase awareness throughout the community of the City's financial operations in a user-friendly manner. The information is derived from the audited financial statements in the City's 2022 Annual Comprehensive Financial Report.

Annual Budget

The GFOA presented a Distinguished Budget Presentation Award to the City of Suffolk, Virginia for its annual budget for the fiscal year beginning July 1, 2022. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device. This is the fifteenth consecutive year for this recognition and it is valid for a one-year period.

Suffolk's Future is Bright

There is a saying that, "Life's only limitations are the ones we make." In Suffolk, there is no limit to what can be accomplished. Our level of success can be attributed to a strong, shared vision, with cooperative leadership, committed partners, and engaged citizens.

Suffolk is known as one of Virginia's fastest growing cities, outpacing not only the majority of the region, but also the state and much of the nation. Businesses and people alike are saying "Yes, Suffolk!"

Acknowledgments

During the year, the staff of the Finance department rendered professional and knowledgeable services to the City. We are most appreciative of these efforts and take this opportunity to recognize these outstanding public servants.

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

Respectfully,

Albert S. Moor II

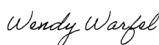
Albert Moor II, P.E.
City Manager

Wendy Warfel

Wendy Warfel
Interim Director of Finance

Signature: 
Al Moor (Oct 31, 2023 15:01 EDT)

Email: amoor@suffolkva.us

Signature: 

Email: wwarfel@suffolkva.us



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Suffolk
Virginia**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO

CITY OF SUFFOLK, VIRGINIA
DIRECTORY OF PRINCIPAL OFFICIALS

As of June 30, 2023

MEMBERS OF CITY COUNCIL

Michael D. Duman	Mayor
Lue R. Ward Jr.	Vice Mayor
Shelley Butler Barlow.....	City Council Member
Roger W. Fawcett	City Council Member
Timothy J. Johnson.....	City Council Member
John Rector	City Council Member
LeRoy Bennett... ..	City Council Member
LeOtis L. Williams	City Council Member

CONSTITUTIONAL OFFICERS

Everett C. Harris.....	Sheriff
Narendra Pleas.....	Commonwealth’s Attorney
Susan L. Draper.....	Commissioner of the Revenue
Ronald H. Williams.....	Treasurer
W. Randolph Carter, Jr.	Clerk of the Circuit Court

CITY ADMINISTRATION

Albert S. Moor, II.....	City Manager
Kevin Hughes	Deputy City Manager
Azeez Felder	Deputy City Manager
William Hutchings.....	City Attorney
Holt Butt	City Assessor
Erika S. Dawley.....	City Clerk
Gerry Jones	Capital Programs and Buildings
Brian Spicer	Deputy Emergency Management Coordinator
Dr. Nancy Welch	Health
Clint Rudy	Library
Jennifer Moore.. ..	Media and Community Relations
Kevin Wyne.....	Planning and Community Development
Robert Lewis	Public Works
Tealen Hansen	Finance
Michael Barakey.....	Fire and Rescue
Jessica Stallings – Acting Director.....	Human Resources
Alfred Chandler	Police
Mark Furlo.....	Parks and Recreation
Paul Retel	Public Utilities
Harry Cromer	Social Services
Charles Kiriakou	Information Technology

CITY OF SUFFOLK, VIRGINIA
DIRECTORY OF PRINCIPAL OFFICIALS
(continued)

As of June 30, 2023

SUFFOLK PUBLIC SCHOOLS – SCHOOL BOARD

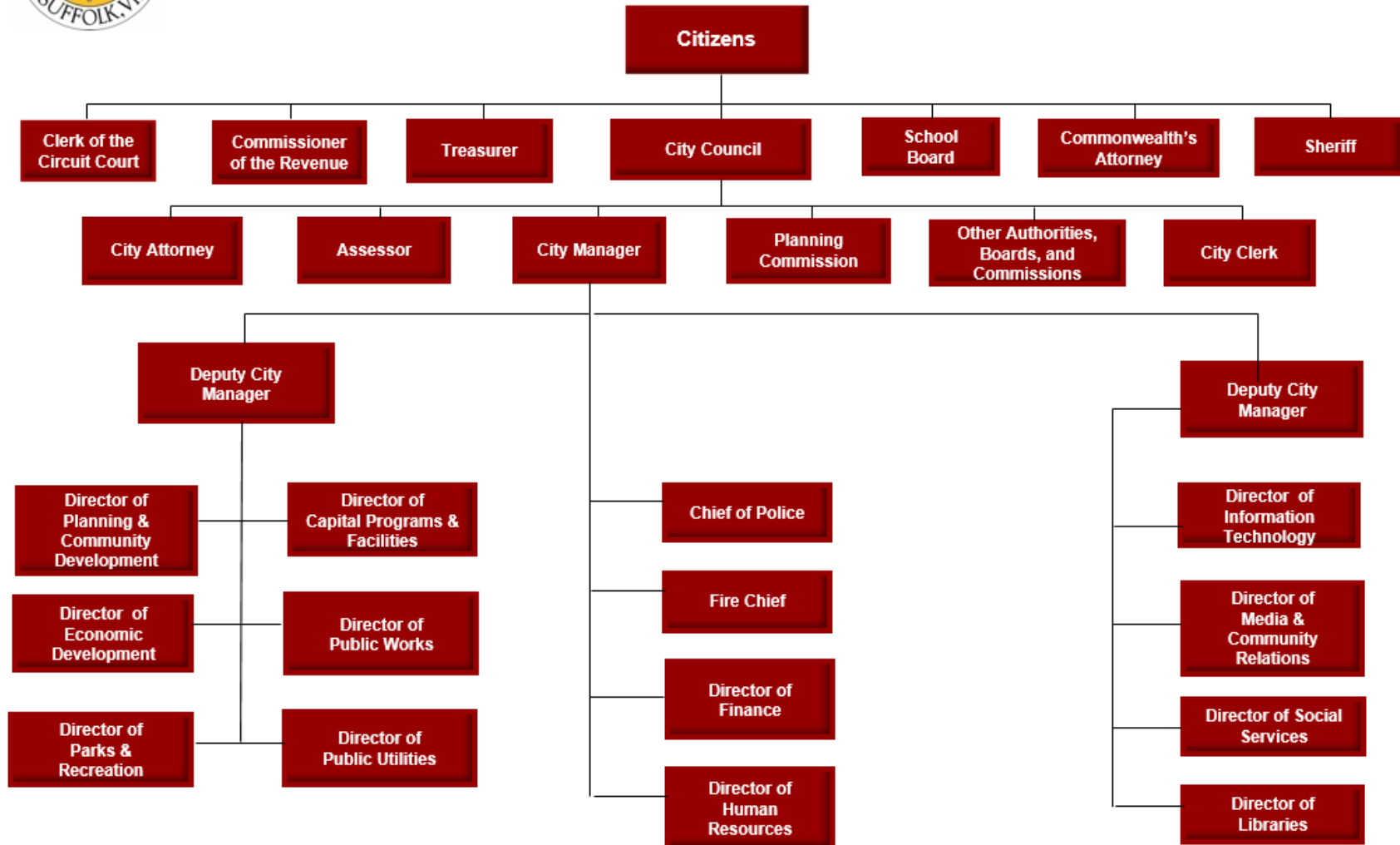
Tyron D. Riddick	Chairman
Heather S. Howell.....	Vice Chairman
Phyllis C. Byrum.....	Board Member
Karen L. Jenkins	Board Member
Dawn Marie Brittingham, Ed.D.....	Board Member
Dr. Judith Brooks-Buck.....	Board Member
Kimberly A. Slingluff.....	Board Member

SUFFOLK PUBLIC SCHOOLS – ADMINISTRATION

Dr. John B. Gordon III.....	School Superintendent
Wendy Forsman.....	Executive Director of Finance



City of Suffolk FY 2022-2023 Operating and Capital Budget Organizational Chart



FINANCIAL SECTION

Report of Independent Auditor

To the City Council
City of Suffolk, Virginia

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Suffolk, Virginia (the "City"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia (the "Specifications"). Our responsibilities under those standards and Specifications are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Other Supplementary Information, as listed in the table of contents, and Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Cherry Bekaert LLP".

Virginia Beach, Virginia
November 30, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management of the City of Suffolk, Virginia (the "City") presents this narrative discussion and analysis of the City's financial performance as of and for the fiscal year ended June 30, 2023. To enhance your understanding of the City's financial performance, please read this discussion and analysis in conjunction with the transmittal letter in the front of this report, the City's basic financial statements, and supporting notes following this section.

FINANCIAL HIGHLIGHTS

The government-wide financial statements report information about the City as a whole using the economic resources measurement focus and accrual basis of accounting.

- The City's total net position (assets and deferred outflows of resources less liabilities and deferred inflows of resources) on a government-wide basis was \$748.9 million at June 30, 2023. Of this balance, \$554.0 million is attributed to the governmental activities and \$194.9 million to the business-type activities.
- For fiscal year 2023, taxes, other general revenues net of transfers of the City's governmental activities amounted to \$271.7 million and net program expenses \$190.1 million, which resulted in an increase from 2022 in net position for the City's governmental activities of \$81.6 million.
- Revenues of the City's business-type activities were \$84.7 million, expenses were \$71.7 million and net transfers to the General Fund were \$1.5 million, which resulted in an increase of net position for the City's business-type activities of \$11.5 million.
- The City is rated AAA with Fitch, Standard and Poor's and Moody's.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The financial section of this report includes management's discussion and analysis, the basic financial statements, and required supplementary information. The City's basic financial statements comprise three components: 1) Government-wide financial statements, 2) Fund financial statements, and 3) Notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

The City's financial statements present two kinds of statements, each with a different measurement focus and basis of accounting. The *government-wide statements* (economic resources measurement focus and accrual basis of accounting) provide both long and short term information about the City's overall financial status. The *fund financial statements* (current financial resources measurement focus and modified accrual basis of accounting) focus on the individual functions of the city government, reporting the City's operations in more detail than the government-wide statements. Both perspectives allow the user to address relevant questions, broaden the basis of comparison and enhance the City's accountability.

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide the readers with a broad overview of the City's finances in a manner similar to a private-sector business. These statements include all of the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources reported using the accrual basis of accounting. Government-wide financial reporting consists of two statements: The Statement of Net Position and the Statement of Activities.

The *Statement of Net Position* presents information on all City assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference reported as *net position*. Net position is one way to measure the City's financial health, or financial position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *Statement of Activities* presents information identifying how net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, some items of revenues and expenses are reported in this statement that will result in cash flows in future fiscal periods.

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

- **Governmental Activities** – Most of the City's basic services are reported here including general government, public safety, public works, education, health and welfare, parks and recreation and economic and community development. Government activities are financed primarily through property taxes, other taxes and state and federal grants.
- **Business-type Activities** – The City's water and sewer services are reported here as well as the City's stormwater utility, and the refuse collection service. These services are supported by charges for services based on use.
- **Component Units** – The City includes two separate legal entities in its report – the Suffolk School Board and the Economic Development Authority of the City of Suffolk. While legally separate, the City is financially accountable and provides operating and capital funding to these component units.

Fund Financial Statements

Fund financial statements provide more detailed information about the City's most significant funds. Funds are groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate finance-related legal compliance. Traditional users of government financial statements will find the fund financial statement presentation more familiar. The focus is now on the City's most significant funds. The fund financial statements are divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for

governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Since this presentation does not include the long term focus of the government-wide statements, both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The fund financial statements using the current financial resources measurement focus will show bond proceeds and interfund transfers as other financing sources, in addition capital outlay and bond principal payments will be shown as expenditures. The reconciliation between the fund statements and the government-wide statements will eliminate these transactions and incorporate capital assets and long term debt obligations in to the governmental activities column in the government-wide statements.

The City maintains several individual governmental funds. Information is presented separately in the governmental funds' statements for the General, Capital Projects, Road Maintenance, Grants and Debt Service funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Proprietary Funds – Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds statements, like the government-wide statements; provide both short- and long-term financial information. The City maintains two different types of proprietary funds.

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements, and provide more detail and additional information, such as a cash flow statement. The City uses enterprise funds to account for its water and sewer operations, the activities of the stormwater utility fund, and the refuse collection services.

Internal Service funds are an accounting mechanism used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its fleet management, information technology and insurance programs.

Fiduciary Funds – The fiduciary funds consist of custodial funds that are used to account for resources held for the benefit of parties outside the government. Custodial funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's programs. The accounting used for custodial funds is similar to that of the proprietary funds. The OPEB trust fund is also reported as a fiduciary fund.

Notes to the Financial Statements – Included as part of the basic financial statements, the notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found at the end of the Basic Financial Statements section of this report.

Required Supplementary Information – In addition to the basic financial statements and notes, this section presents budgetary comparison schedules, a schedule of funding progress for defined benefit pension plan and an analysis of funding progress for other postemployment benefits.

Other Supplementary Information – This section of the report presents combining and individual fund statements and schedules.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

The following table reflects the condensed Statement of Net Position:

Net Position (In Millions)						
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Other assets	\$ 391.3	\$ 325.3	\$ 104.1	\$ 96.1	\$ 495.4	\$ 421.4
Capital assets	601.0	576.4	459.3	465.1	1,060.3	1,041.5
Total assets	<u>992.3</u>	<u>901.7</u>	<u>563.4</u>	<u>561.2</u>	<u>1,555.7</u>	<u>1,462.9</u>
Deferred Outflows of Resources	36.5	36.8	25.5	26.5	62.0	63.3
Current and other liabilities	72.1	44.4	23.5	6.7	95.6	51.1
Long-term liabilities	355.0	367.1	365.6	391.3	720.6	758.4
Total liabilities	<u>427.1</u>	<u>411.5</u>	<u>389.1</u>	<u>398.0</u>	<u>816.2</u>	<u>809.5</u>
Deferred Inflows of Resources	47.7	54.6	4.9	6.4	52.6	61.0
Net position:						
Net investment in capital assets	344.4	325.9	137.4	128.9	481.8	454.8
Restricted	32.4	28.4	2.8	2.7	35.2	31.1
Unrestricted	177.2	118.1	54.7	51.7	231.9	169.8
Net position	<u>\$ 554.0</u>	<u>\$ 472.4</u>	<u>\$ 194.9</u>	<u>\$ 183.3</u>	<u>\$ 748.9</u>	<u>\$ 655.7</u>

The City's combined net position (which is the City's "bottom line") increased by \$93.1 million in fiscal year 2023 of which approximately 4.7% represents resources that are subject to external restrictions or enabling legislation. Net investment in capital assets (land, buildings, infrastructure, improvements, machinery and equipment, less accumulated depreciation and related outstanding debt used to acquire those assets) of \$481.8 million comprises 64.33% of the net position. These assets are not available for future spending because they are assets used to provide services to citizens.

The City has a solid financial position with 30.97% of net position, or \$231.9 million, as unrestricted. The unrestricted portion of net position is available to allow the City to provide services to citizens.

Statement of Activities

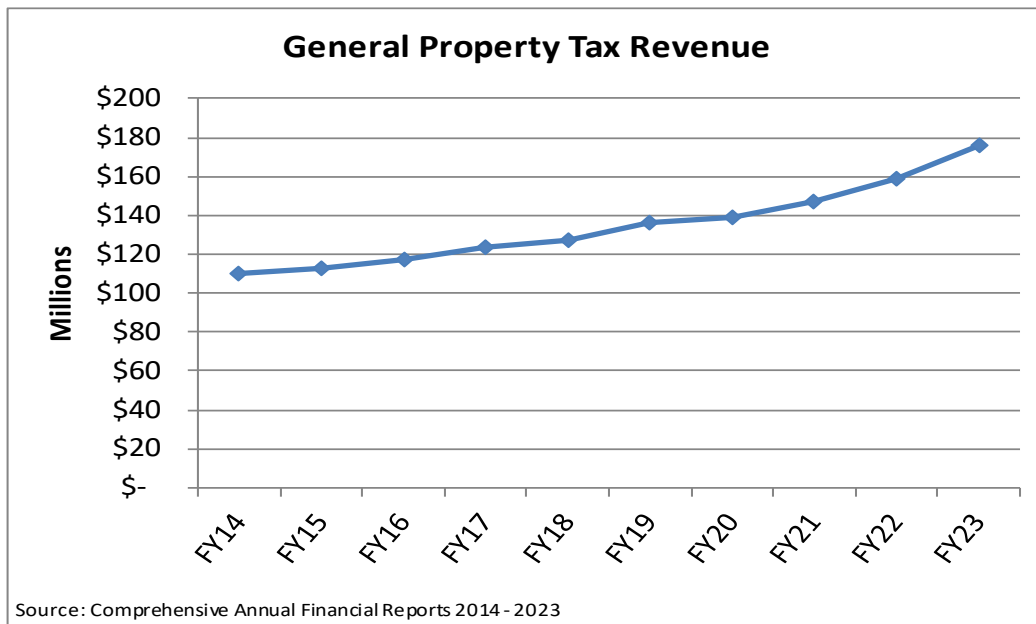
The following table summarizes the changes in net position for governmental and business-type activities:

Change in Net Position (In Millions)						
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 10.5	\$ 10.6	\$ 76.4	\$ 77.9	\$ 86.9	\$ 88.5
Operating grants and contributions	51.8	57.5	-	-	51.8	57.5
Capital grants and contributions	36.3	25.2	2.7	5.3	39.0	30.5
General revenues:						
Real estate and property taxes	176.3	161.2	-	-	176.3	161.2
Other taxes	61.2	61.4	-	-	61.2	61.4
Grants and contributions, not restricted	14.5	14.4	-	-	14.5	14.4
Unrestricted investment earnings	11.2	1.5	2.9	0.1	14.1	1.6
Miscellaneous	7.7	5.8	2.7	0.9	10.4	6.7
Total revenues	369.5	337.6	84.7	84.2	454.2	421.8
Expenses:						
General government	29.4	27.9	-	-	29.4	27.9
Judicial	11.1	10.5	-	-	11.1	10.5
Public safety	78.9	72.9	-	-	78.9	72.9
Public works	49.1	61.0	-	-	49.1	61.0
Health and welfare	19.7	14.7	-	-	19.7	14.7
Transportation	1.7	1.6	-	-	1.7	1.6
Education	66.5	65.4	-	-	66.5	65.4
Parks, recreation, cultural	14.1	12.3	-	-	14.1	12.3
Community development	9.3	9.3	-	-	9.3	9.3
Interest on long-term debt	8.9	8.5	-	-	8.9	8.5
Utility	-	-	56.4	54.0	56.4	54.0
Refuse collection services	-	-	10.2	9.4	10.2	9.4
Stormwater utility	-	-	5.1	5.1	5.1	5.1
Total expenses	288.7	284.1	71.7	68.5	360.4	352.6
Excess of revenues over expenses	80.8	53.5	13.0	15.7	93.8	69.2
Loss on disposal of assets	(0.7)	(0.5)	-	-	(0.7)	(0.5)
Transfers	1.5	1.1	(1.5)	(1.1)	-	-
Change in net position	81.6	54.1	11.5	14.6	93.1	68.7
Net position - beginning	472.4	418.3	183.3	168.7	655.7	587.0
Net position - ending	\$ 554.0	\$ 472.4	\$ 194.8	\$ 183.3	\$ 748.8	\$ 655.7

Governmental Activities

Revenue Highlights:

Real estate and personal property tax revenues, the City's largest revenue source, totaled \$178.4 million and \$161.2 million in fiscal years 2023 and 2022, respectively. The chart following indicates the growth in the General Property Taxes revenue over the past ten years. The decrease in the real estate and personal property taxes over time is due to a decrease in assessed value of the real and personal property as well as tax decreases in FY's 2016, 2017, and 2019. There was a tax rate decrease in FY2023 of \$.02; the new tax rate was \$1.09. The past tax rate decreases were added to fund decreases in education as well as public safety.



Other Local Taxes are comprised of revenue from local sales tax, meals, lodging, and utilities decreased from fiscal year 2022 into fiscal year 2023. This decrease is due to decreased sales and meals taxes. While the City did lose revenue due to the worldwide pandemic, there was little effect on sales taxes and the effect on the meals taxes was not as large as originally estimated. The decrease is also attributable to decreased economic development in the City and decreasing population.

Expense Highlights:

The City is committed to ensuring the highest level of safety for its citizens and has expended \$79.0 million towards public safety efforts; this represents 27.33% of the governmental expenses.

Education continues to be one of the City's highest priorities and commitments representing \$66.5 million, this amount is an increase from fiscal year 2022 and represents 23.04% of governmental expenses.

Public Safety and Education together make up 50.37% of total governmental expenses for the City.

Business-type Activities

The business-type activities consist of Public Utilities, Stormwater Utilities, and Refuse Collection services.

Revenue Highlights:

Charges for services, including water and sewer fees, Stormwater utility fees and refuse collection fees represent 90.20% of the total revenues collected. These revenues decreased slightly from fiscal year 2022 to 2023 due to normal fluctuations in revenue streams in the utility funds.

Expense Highlights:

Utility Fund expenses were \$56.5 million of which 33.13% is depreciation and amortization expenses. There is a increase in total expenditures. Stormwater expenses were \$5.1 million for fiscal year 2023, which is level with expenditures as compared to fiscal year 2022. The refuse fund expenses were \$10.0 million in fiscal year 2023, which is a slight increase from fiscal year 2022.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$297.4 million. Approximately 33.0% of this amount is available for spending at the government's discretion (unassigned fund balance). Fund Balance is divided into five classifications: non-spendable, restricted, committed, assigned and unassigned.

General Fund: The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the General Fund balance was \$169.0 million of which \$98.0 million represents unassigned fund balance. Fund Balance in the General Fund increased from fiscal year 2022. This increase is attributable to better than anticipated collections of real estate taxes and other local taxes such as sales tax and business license taxes as well as rising interest rates, which resulted in an increase of interest revenue, earned on the City's cash balances.

As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total budgeted expenditures. The City has a financial policy goal that unassigned fund balance should be 20% of the following fiscal years governmental funds budget. The City also has a policy that any excess amounts over the 20% is dedicated to a budget stabilization fund, until that reaches 2.5% of the budgeted revenue and then to a capital reserve fund, both of these reserves are reported as committed fund balance. The restricted portion of fund balance, \$1.4 million reflects restricted cash for unspent grant funds and developer deposits. The committed portion, \$66.6 million, is comprised of funds committed for by the City Council for economic development incentives and cash funded capital, unspent funds re-appropriated to the School board, the budget stabilization funds and the capital reserve funds.

General Fund Budget analysis: The general fund final amended budget for fiscal year 2023 revenue excluding transfers was \$260.2 million. The total revenue collected in the general fund was \$283.1 million, which resulted

in a revenue surplus over the budget of \$23 million. This surplus is primarily due to an increase in the assessed values of real and personal property over what was estimated during the budget development process. In addition, the other local taxes experienced increases due to increased economic development and population growth in the City. The other area of significant surplus over the budget was in the interest earnings, due to rising interest rates. On the expenditure side, the total actual expenditures on a budgetary basis were \$217.7 million compared to the final amended budget excluding transfers of \$230.5 million; this resulted in an expenditure savings of \$12.8 million. The expenditure savings is primarily due to savings in salary line items.

Debt Service Fund: The Debt Service Fund has a fund balance of \$643 thousand. The General Fund routinely transfers monies to this fund to meet debt service requirements. The fund balance in the Debt Service fund increased slightly as compared to the prior year.

Road Maintenance Fund: The Road Maintenance Fund has a fund balance of \$15.9 million. The Road Maintenance Fund accumulates resources from the Virginia Department of Transportation for the maintenance of roadways in the City. The fund balance in the fund decreased by \$2.5 million from the prior year. The decrease is a result of the funds spent to improve roadways and bridges throughout the City.

Grants Fund: The grants fund has a fund balance of \$3.7 million. The Grants fund accumulates resources from various state and federal agencies in the form of grant for specific purposes. The majority of the activity in the grants fund in fiscal year 2023 was for pandemic response related grants. The fund balance in the grant fund increased by \$966 thousand from the prior year.

Capital Projects Fund: The Capital Projects Fund accounts for all construction projects of general public improvements, excluding capital projects related to business-type activities, which are accounted for elsewhere. At the end of the current fiscal year, the fund balance was \$97.5 million, \$18.4 million was committed for contracts and purchase orders in process, and the remaining balance of \$79.1 million is restricted, as it consists of unspent bond proceeds, grant funding and cash proffers for subsequent years' projects. The overall fund balance increased in the current year, as there are several large projects that are getting started that have funds accumulated.

Five of the City's significant capital projects are the following in fiscal year 2023

- Shoulders Hill Intersection Improvements
- Reconstruction of Rt. 58/Holland Road
- New Central Library
- New Fire Station
- Replacement of John F. Kennedy Middle School

Proprietary funds: The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Enterprise funds: The City's enterprise funds account for its water and sewer operations, stormwater utility efforts, and refuse collection services. The net position of the enterprise funds at the end of the current fiscal year totaled \$194.9 million.

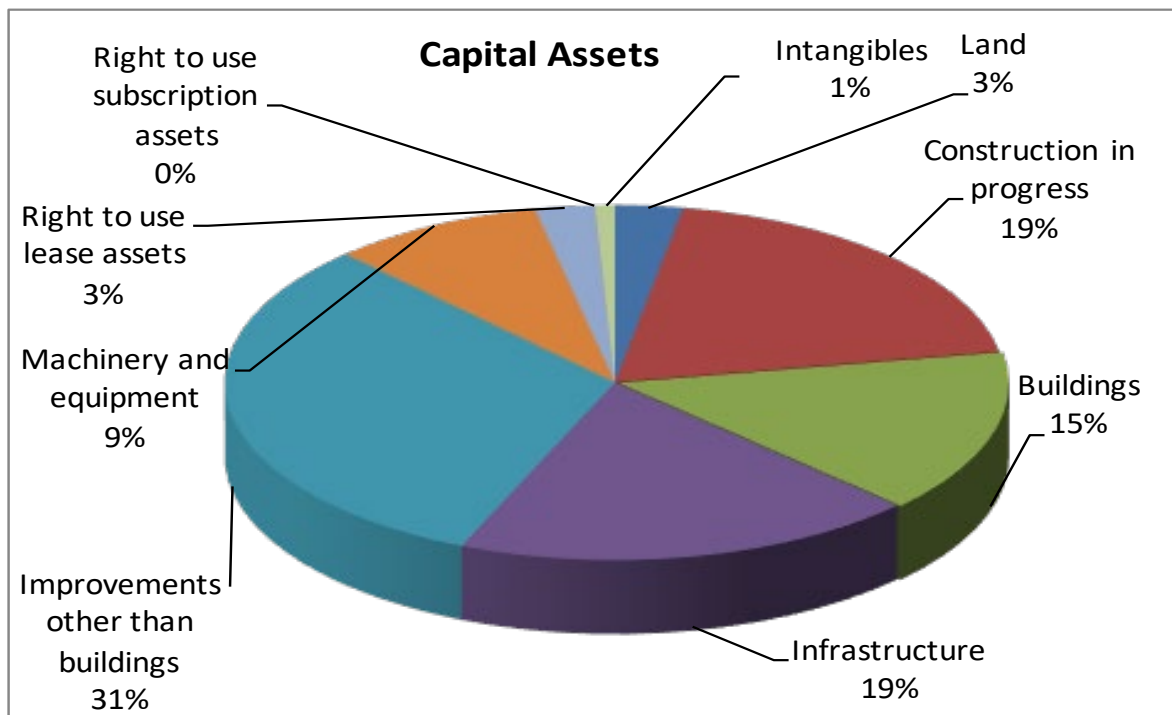
Internal service funds: The internal service funds are used to account for entity-wide fleet management, information technology and risk management programs. The total net position at the end of the current fiscal year was \$40.8 million.

Trust funds: In fiscal year 2023, the City fully funded its annual contribution to the fund as calculated by the actuaries and there is currently a balance of \$50.4 million cash and cash equivalents in the OPEB Trust Fund.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets: The City's capital assets for its governmental and business-type activities as of June 30, 2023, totaled \$1,060.3 million, net of accumulated depreciation. This investment in capital assets includes land, buildings, improvements other than buildings, infrastructure, machinery and equipment, intangibles, the intangible right to use assets, and construction in progress.

Capital Assets (net of depreciation) (in Millions)						
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 25.1	\$ 23.6	\$ 4.7	\$ 4.7	\$ 29.8	\$ 28.3
Construction in progress	185.0	152.4	20.9	18.9	205.9	171.3
Buildings	86.8	83.4	71.6	73.4	158.4	156.8
Infrastructure	204.3	217.2	-	-	204.3	217.2
Improvements other than buildings	42.8	39.2	290.5	291.4	333.3	330.6
Machinery and equipment	30.2	32.0	63.6	66.6	93.8	98.6
Intangible right to use lease assets	22.5	22.6	3.6	4.1	26.1	26.7
Intangible right to use subscription assets	0.3	-	-	-	0.3	-
Intangibles	4.0	4.1	4.4	6.0	8.4	10.1
Total	\$ <u>601.0</u>	\$ <u>574.5</u>	\$ <u>459.3</u>	\$ <u>465.1</u>	\$ <u>1,060.3</u>	\$ <u>1,039.6</u>



Additional information on the City's capital assets can be found in Note 7.

Long-term debt: At the end of the current fiscal year, the City had total outstanding debt of \$705.2 million. Claims payable, compensated absences and pension and OPEB liabilities are not included in these figures.

Outstanding Debt (in millions)						
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Bonds payable	\$ 289.3	\$ 283.8	\$ 358.4	\$ 367.9	\$ 647.7	\$ 651.7
Bond Premiums	18.0	17.4	14.3	15.2	32.3	32.6
Lease Liabilities	21.4	21.6	3.6	4.1	25.0	25.7
Subscription Liabilities	0.2	-	-	-	0.2	-
Total	<u>\$ 328.9</u>	<u>\$ 322.8</u>	<u>\$ 376.3</u>	<u>\$ 387.2</u>	<u>\$ 705.2</u>	<u>\$ 710.0</u>

The Commonwealth of Virginia limits the amount of general obligation debt outstanding to 10% of the locality's assessed value of real property, which is \$1.3 billion for 2023. The City Charter further limits this general obligation limit to 7% of the City's assessed value of real property or \$931.2 million. Of the debt shown above, only \$444.1 million is general obligation debt that is applicable to the legal debt limits. The City has met both of the legal debt limits.

The City has a financial policy that further restricted the debt ratio of general government debt, not pledged by other revenue sources, to 4% or \$532.1 million to reflect its conservative use of borrowed monies. The City has met this policy limit as well. Achieving these limits represents the City's conservative debt borrowing policy.

Additional information on the City's long-term debt can be found in Note 9.

ECONOMIC FACTORS

- The City's economic development initiatives created over 598 new jobs and over \$369 million dollars in new and expanding capital investment in the City during the calendar year 2022.
- For fiscal year 2023, the City's tax rate was \$1.09 per \$100 and remains the third lowest tax rate in the region.
- Population in the City has increased 12.9% in the last ten years.
- The City has achieved bond ratings from Moody's Investor Service of Aaa, and from Fitch Rating Agency and Standard and Poor's Ratings Services of "AAA". These ratings reflect the City's continued commitment to strong financial management.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. Questions concerning this report or requests for additional information should be directed to the City's Department of Finance, 442 West Washington Street, Suffolk, Virginia, 23439.

BASIC FINANCIAL STATEMENTS

CITY OF SUFFOLK, VIRGINIA
STATEMENT OF NET POSITION
June 30, 2023

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	Economic Development Authority
ASSETS					
Cash and cash equivalents (Note 2)	\$ 246,938,193	\$ 57,154,779	\$ 304,092,972	\$ 20,556,835	\$ 6,540,888
Cash and cash equivalents, restricted (Note 2)	111,816,923	36,460,278	148,277,201	-	1,998,586
Receivables, net (Note 3)	6,858,093	9,007,003	15,865,096	404,789	-
Due from other governments (Note 4)	14,127,703	-	14,127,703	11,962,175	-
Due from component units	1,904,805	-	1,970,970	-	-
Inventories	788,510	268,937	1,057,447	814,893	7,257,686
Prepaid items	-	-	-	95,000	-
Net pension asset (Note 11)	-	-	-	2,253,379	-
Net OPEB asset - local trust (Note 12)	7,009,283	1,199,390	8,208,673	8,622,164	-
Net OPEB asset - state plans (Note 13)	-	-	-	8,608	-
Leases receivable	1,849,015	-	1,849,015	-	17,821,087
Capital assets: (Note 7)					
Land and construction in progress	210,054,801	25,619,676	235,674,477	6,387,523	1,021,162
Other capital assets, net	368,153,772	430,072,665	798,226,437	154,987,486	17,973,048
Right to use and subscription assets, net of amortization	22,800,973	3,594,286	26,395,259	-	156,408
Total assets	992,302,071	563,377,014	1,555,745,250	206,092,852	52,768,865
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on refunding	4,311,198	21,132,385	25,443,583	-	41,736
Deferred outflows related to pension plan (Note 11)	15,354,125	2,243,480	17,597,605	25,086,797	-
Deferred outflows related to OPEB local trust (Note 12)	11,657,693	1,994,800	13,652,493	2,403,513	-
Deferred outflows related to OPEB state plans (Note 13)	5,153,823	117,935	5,271,758	4,246,431	-
Total deferred outflows of resources	36,476,839	25,488,600	61,965,439	31,736,741	41,736
LIABILITIES					
Accounts payable and accrued liabilities	11,737,121	2,838,928	14,642,214	3,350,567	46,070
Accrued payroll and related liabilities	3,717,935	391,710	4,109,645	17,434,382	-
Accrued interest payable	3,617,053	3,245,013	6,862,066	-	10,861
Due to Primary Government	-	-	-	1,731,715	239,255
Deposits and amounts held for others	-	-	-	-	17,500
Unearned revenues (Note 8)	22,019,218	162,056	22,181,274	-	-
Arbitrage Liability	914,000	-	914,000	-	-
Long-term liabilities: (Note 9)					
Due within one year	29,868,798	16,885,901	46,754,699	415,477	1,167,134
Net OPEB liability -- state plans (Note 13)	217,674	-	217,674	-	-
Due in more than one year	309,951,759	360,370,069	670,321,828	3,113,572	2,021,225
Net pension liability (Note 11)	31,841,965	4,713,812	36,555,777	87,093,484	-
Net OPEB liability -- state plans (Note 13)	13,206,181	525,339	13,731,520	17,249,097	-
Total liabilities	427,091,704	389,132,828	816,290,697	130,388,294	3,502,045
DEFERRED INFLOWS OF RESOURCES					
Prepaid taxes (Note 8)	1,688,975	-	1,688,975	-	-
Unearned -- proffers (Note 8)	6,830,624	-	6,830,624	-	-
Unearned -- deposits (Note 8)	1,720,151	-	1,720,151	-	-
Deferred inflows related to leases	1,797,605	-	1,797,605	-	17,614,507
Deferred inflows related to pension plan (Note 11)	13,047,348	1,931,501	14,978,849	24,304,539	-
Deferred inflows related to OPEB local trust (Note 12)	16,497,403	2,822,947	19,320,350	4,726,002	-
Deferred inflows related to OPEB state plans (Note 13)	6,083,892	121,195	6,205,087	2,663,452	-
Total deferred inflows of resources	47,665,998	4,875,643	52,541,641	31,693,993	17,614,507
NET POSITION					
Net investment in capital assets	355,517,552	137,366,371	492,883,923	161,375,009	15,962,259
Restricted:					
Operating reserves	-	2,832,420	2,832,420	-	-
Cemetery care	1,013,809	-	1,013,809	-	-
Debt service	643,011	-	643,011	-	-
Various grants	22,691,977	-	22,691,977	-	-
Deposits and proffers	8,020,551	-	8,020,551	-	-
Other governmental purposes	-	-	-	10,875,543	-
Unrestricted	166,134,308	54,658,352	220,792,660	(96,503,246)	13,744,065
Total net position	\$ 554,021,208	\$ 194,857,143	\$ 748,878,351	\$ 75,747,306	\$ 31,694,049

CITY OF SUFFOLK, VIRGINIA

STATEMENT OF ACTIVITIES

Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Units	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government				
					Governmental Activities	Business-type Activities	Total	School Board	Economic Development Authority
PRIMARY GOVERNMENT:									
Governmental activities:									
General government administration	\$ 29,364,108	\$ 4,480,553	\$ 635,285	\$ 2,586,696	\$ (21,661,574)	\$ -	\$ (21,661,574)		
Judicial administration	11,073,827	254,891	3,843,402	-	(6,975,534)	-	(6,975,534)		
Public safety	78,899,315	3,268,111	2,404,123	-	(73,227,081)	-	(73,227,081)		
Public works	49,098,480	1,555,254	29,637,125	29,303,248	11,397,147	-	11,397,147		
Health and welfare	19,749,753	-	11,780,622	4,433,808	(3,535,323)	-	(3,535,323)		
Transportation	1,750,556	65,326	2,273,206	2,419	590,395	-	590,395		
Education	66,512,206	-	-	-	(66,512,206)	-	(66,512,206)		
Parks, recreation, and cultural	14,057,260	921,014	246,906	-	(12,889,340)	-	(12,889,340)		
Community development	9,336,334	-	950,140	-	(8,386,194)	-	(8,386,194)		
Interest on long-term debt	8,858,680	-	-	-	(8,858,680)	-	(8,858,680)		
Total governmental activities	288,700,518	10,545,149	51,770,809	36,326,171	(190,058,389)	-	(190,058,389)	-	-
Business-type activities:									
Utility	56,493,225	57,440,756	-	2,652,117	-	3,599,648	3,599,648		
Stormwater utility	5,091,000	8,634,197	-	-	-	3,543,197	3,543,197		
Refuse	10,072,140	10,319,134	-	-	-	246,994	246,994		
Total business-type activities	71,656,365	76,394,087	-	2,652,117	-	7,389,839	7,389,839	-	-
Total Primary Government	\$ 360,356,883	\$ 86,939,236	\$ 51,770,809	\$ 38,978,288	\$ (190,058,389)	\$ 7,389,839	\$ (182,668,550)	\$ -	\$ -
COMPONENT UNITS:									
School Board	\$ 207,017,551	\$ 131,202	\$ 150,255,461	\$ -	\$ -	\$ -	\$ -	\$ (56,630,888)	\$ -
Economic Development Authority	1,476,156	1,890,825	39,174	-	-	-	-	-	453,843
Total component units	\$ 208,493,707	\$ 2,022,027	\$ 150,294,635	\$ -	-	-	-	(56,630,888)	453,843
General revenues:									
Property taxes					176,258,134	-	176,258,134	-	-
Sales and use taxes					18,035,988	-	18,035,988	-	-
Business license taxes					11,819,247	-	11,819,247	-	-
Meals taxes					14,299,363	-	14,299,363	-	-
Utility taxes					5,034,466	-	5,034,466	-	-
Communication taxes					2,434,071	-	2,434,071	-	-
Motor vehicle license taxes					2,837,185	-	2,837,185	-	-
Tobacco taxes					1,849,863	-	1,849,863	-	-
Lodging taxes					2,067,131	-	2,067,131	-	-
Recordation taxes					1,851,695	-	1,851,695	-	-
Other local taxes					996,325	-	996,325	-	-
Grants and contributions not restricted to specific programs					14,515,047	-	14,515,047	-	-
Miscellaneous					7,678,379	2,633,526	10,311,905	3,594,364	102,232
Unrealized gain on land held for sale					-	-	-	-	648,110
City of Suffolk contribution					-	-	-	65,990,971	-
Unrestricted revenues from use of money and property					11,270,149	2,938,084	14,208,233	80,872	52,325
Loss on disposal of assets					(758,837)	-	(758,837)	-	-
Transfers (Note 5)					1,466,547	(1,466,547)	-	-	-
Total general revenues and transfers					271,654,753	4,105,063	275,759,816	69,666,207	802,667
Change in net position					81,596,364	11,494,902	93,091,266	13,035,319	1,256,510
Net position at July 1, Note 17					472,424,843	183,362,241	655,787,084	62,711,987	30,437,539
Net position at June 30					\$ 554,021,207	\$ 194,857,143	\$ 748,878,350	\$ 75,747,306	\$ 31,694,049

CITY OF SUFFOLK, VIRGINIA

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2023

	General	Capital Projects	Road Maintenance	Consolidated Grants	Debt Service	Nonmajor Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 166,016,250	\$ 16,960,453	\$ 19,197,461	\$ -	\$ -	\$ 8,741,380	\$ 210,915,544
Cash and cash equivalents, restricted (Note 2)	1,189,928	84,861,471	148,639	22,691,977	643,011	1,240,550	110,775,576
Receivables, net (Note 3)	6,321,657	-	8,816	188,321	-	255,032	6,773,826
Due from other governmental units (Note 4)	3,107,672	7,031,479	-	3,728,330	-	260,222	14,127,703
Due from component units	1,904,805	-	-	-	-	-	1,904,805
Leases receivable	986,014	-	-	-	-	779,310	1,765,324
Inventories	132,357	-	-	-	-	90,766	223,123
Total assets	<u>\$ 179,658,683</u>	<u>\$ 108,853,403</u>	<u>\$ 19,354,916</u>	<u>\$ 26,608,628</u>	<u>\$ 643,011</u>	<u>\$ 11,367,260</u>	<u>\$ 346,485,901</u>
LIABILITIES							
Accounts payable and accrued liabilities	\$ 2,711,426	\$ 4,485,625	\$ 2,699,407	\$ 860,530	\$ -	\$ 146,819	\$ 10,903,807
Accrued payroll and related liabilities	3,231,954	-	228,220	109,189	-	10,644	3,584,007
Unearned grant receipts	-	-	-	21,933,304	-	6,143	21,939,447
Total liabilities	<u>5,943,380</u>	<u>4,485,625</u>	<u>2,927,627</u>	<u>22,903,023</u>	<u>-</u>	<u>163,606</u>	<u>36,423,261</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenues - taxes	861,126	-	-	-	-	147	861,273
Prepaid Taxes	1,688,975	-	-	-	-	-	1,688,975
Proffers received	-	6,830,624	-	-	-	-	6,830,624
Deferred inflows related to leases	959,546	-	-	-	-	772,260	1,731,806
Deposits	1,189,928	-	530,223	-	-	-	1,720,151
Total deferred inflows of resources	<u>4,699,575</u>	<u>6,830,624</u>	<u>530,223</u>	<u>-</u>	<u>-</u>	<u>772,407</u>	<u>12,832,829</u>
FUND BALANCES (NOTE 17)							
Nonspendable	132,357	-	-	-	-	90,766	223,123
Restricted	1,373,625	79,093,750	15,897,066	3,705,605	-	1,246,223	101,316,269
Committed	66,624,120	18,443,404	-	-	643,011	9,105,077	94,815,612
Assigned	2,871,082	-	-	-	-	-	2,871,082
Unassigned	98,014,544	-	-	-	-	(10,819)	98,003,725
Total fund balances	<u>169,015,728</u>	<u>97,537,154</u>	<u>15,897,066</u>	<u>3,705,605</u>	<u>643,011</u>	<u>10,431,247</u>	<u>297,229,811</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 179,658,683</u>	<u>\$ 108,853,403</u>	<u>\$ 19,354,916</u>	<u>\$ 26,608,628</u>	<u>\$ 643,011</u>	<u>\$ 11,367,260</u>	<u>\$ 346,485,901</u>

	Primary Government
Total fund balances - governmental funds	\$ 297,229,811
Amounts reported for governmental activities in the Statement of	
Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	584,206,546
Unavailable revenues represent amounts that were not available to fund current expenditures and, therefore, are not reported in the funds.	1,870,814
Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due.	(3,533,719)
Deferred charges on refunding are not current outflows of resources and not reported in the governmental funds	4,311,198
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	
General obligation bonds	(285,243,984)
Lease liabilities	(19,463,140)
Unamortized premiums and other credits on bonds	(17,435,066)
Arbitrage Liability	(914,000)
Compensated absences	(6,426,963)
Net pension and OPEB liabilities and related deferred inflows and outflows are not due and payable in the current period and therefore, not reported in the governmental funds:	
Net pension liability	(30,371,234)
Deferred outflows - pension plan	14,642,692
Deferred inflows - pension plan	(12,444,712)
Net OPEB Asset - Local trust	6,695,680
Deferred outflows - OPEB Local trust	11,136,115
Deferred inflows - OPEB Local trust	(15,759,294)
Net OPEB liability - state plans	(13,254,644)
Deferred outflows - OPEB state plans	5,115,894
Deferred inflows - OPEB state plans	(6,044,855)
Unearned revenues not recorded in the funds as it did not arise from current financial resources relating to the golf course lease agreement.	(1,089,312)
The internal service funds are used by management to charge the costs of certain activities such as information technology, fleet management, and insurance to individual funds. The assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the internal service funds are included in the governmental activities in the Statement of Net Position.	40,793,381
Net position of governmental activities	<u>\$ 554,021,208</u>

CITY OF SUFFOLK, VIRGINIA
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 Year Ended June 30, 2023

	General	Capital Projects	Road Maintenance	Consolidated Grants	Debt Service	Non-major Funds	Total Governmental Funds
REVENUES							
Real estate and personal property taxes	\$ 175,877,992	\$ -	\$ -	\$ -	\$ -	\$ 2,561,935	\$ 178,439,927
Other local taxes	61,187,205	-	-	-	-	-	61,187,205
Permits, privilege fees and regulatory licenses	1,884,467	-	497,509	-	-	-	2,381,976
Fines and forfeitures	674,465	-	173,521	-	-	-	847,986
Revenue from use of money and property	8,390,369	-	509,851	569,238	300,582	497,369	10,267,409
Charges for services	4,678,055	-	1,314,818	20,011	-	778,612	6,791,496
Miscellaneous	1,221,464	2,135,035	33,091	110,681	-	35,316	3,535,587
Intergovernmental:							
Revenue from the Commonwealth	23,563,327	29,498,713	17,794,465	628,027	-	571,155	72,055,687
Revenue from the Federal government	5,670,103	2,035,231	11,797,084	7,859,225	-	1,718,475	29,080,118
Total revenues	283,147,447	33,668,979	32,120,339	9,187,182	300,582	6,162,862	364,587,391
EXPENDITURES							
Current:							
General government administration	21,867,786	-	-	-	-	961,850	22,829,636
Judicial administration	10,506,792	-	-	938,055	-	9,809	11,454,656
Public safety	77,236,269	-	-	1,793,828	-	-	79,030,097
Public works	1,210,369	-	32,226,552	45,575	-	188,882	33,671,378
Health and welfare	15,043,883	-	-	5,058,854	-	-	20,102,737
Transportation	-	-	-	-	-	1,753,973	1,753,973
Education	66,507,115	-	-	-	-	-	66,507,115
Parks, recreation, and cultural	13,544,987	-	-	24,817	-	-	13,569,804
Community development	7,531,008	-	-	950,140	-	-	8,481,148
Nondepartmental	1,356,352	-	-	-	-	-	1,356,352
Capital outlay	-	49,043,204	-	-	-	-	49,043,204
Debt service:							
Principal retirement	-	-	-	-	20,809,488	-	20,809,488
Bond issuance costs	-	-	-	-	470,758	-	470,758
Interest and fiscal charges	-	-	-	-	9,013,974	-	9,013,974
Total expenditures	214,804,561	49,043,204	32,226,552	8,811,269	30,284,220	2,914,514	338,094,320
Excess (deficiency) of revenues over/(under) expenditures	68,342,886	(15,374,225)	(106,213)	375,913	(29,993,638)	3,248,348	26,493,071
OTHER FINANCING SOURCES (USES)							
General obligations bonds issued	-	27,735,000	-	-	-	-	27,735,000
Premiums on bonds issued	-	2,176,939	-	-	469,766	-	2,646,705
Transfers in	2,915,074	13,847,615	-	590,315	29,674,163	527,637	47,554,804
Transfers out	(37,751,872)	(1,026,937)	(2,597,248)	-	-	(4,850,506)	(46,226,563)
Total other financing sources (uses), net	(34,836,798)	42,732,617	(2,597,248)	590,315	30,143,929	(4,322,869)	31,709,946
Net change in fund balances	33,506,088	27,358,392	(2,703,461)	966,228	150,291	(1,074,521)	58,203,017
Fund balances at July 1	135,509,640	70,178,762	18,600,527	2,739,377	492,720	11,505,768	239,026,794
Fund balances at June 30	\$ 169,015,728	\$ 97,537,154	\$ 15,897,066	\$ 3,705,605	\$ 643,011	\$ 10,431,247	\$ 297,229,811

CITY OF SUFFOLK, VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2023

	Total Governmental Funds
Change in fund balance - total governmental funds	\$ 58,385,017
Adjustments for the Statement of Activities:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets.	
Capital outlay	52,223,000
Depreciation expense	(24,994,971)
Loss on disposal of assets	(504,044)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	
Unavailable revenues	(1,134,123)
Lease revenue paid in form of leasehold improvements	356,000
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, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.	
Principal repayment and payments to escrow agent	23,242,382
Net change in deferred bond charges from refunding	(674,248)
Proceeds from issuance of new debt	(28,397,221)
Net change in bond premiums	(743,024)
Record the net flow of resources in the current year related to the Pension Plan.	3,156,579
Record the net flow of resources in the current year related to the OPEB City trust fund.	1,951,804
Record the net flow of resources in the current year related to the state OPEB plans.	(615,501)
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 payable	(172,797)
Change in compensated absences	(218,890)
Change in arbitrage liability	(914,000)
Change in Golf Course unearned revenues	(296,688)
The internal service funds are used by management to charge the costs of the information technology, fleet management, and insurance. The change in net position of the internal service funds are reported with governmental activities.	1,129,090
Change in net position of governmental activities	\$ 81,778,364

CITY OF SUFFOLK, VIRGINIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2023

	Business-type Activities – Enterprise Funds			Governmental Activities – Internal Service Funds
	Utility Fund	Non-Major Funds	Total	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 37,911,059	\$ 19,243,720	\$ 57,154,779	\$ 36,022,649
Cash and cash equivalents, restricted	32,056,689	4,403,589	36,460,278	1,041,347
Receivables, net	8,063,311	943,692	9,007,003	84,267
Leases receivable	-	-	-	83,691
Inventories	268,937	-	268,937	565,387
Total current assets	78,299,996	24,591,001	102,890,997	37,797,341
Noncurrent assets:				
Net OPEB asset City trust	704,229	495,161	1,199,390	313,603
Land and construction in progress	20,673,603	4,946,073	25,619,676	1,365,165
Other capital assets, net	429,856,793	215,872	430,072,665	13,146,061
Right to use lease and subscription assets, net of amortization	3,578,484	15,802	3,594,286	2,291,774
Total noncurrent assets	454,813,109	5,672,908	460,486,017	17,116,603
Total assets	533,113,105	30,263,909	563,377,014	54,913,944
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	21,132,385	-	21,132,385	-
Deferred outflows related to pension plan	1,323,659	919,821	2,243,480	711,433
Deferred outflows related to OPEB City trust	1,171,259	823,541	1,994,800	521,578
Deferred outflows related to OPEB state plans	68,742	49,193	117,935	37,929
Total deferred outflows of resources	23,696,045	1,792,555	25,488,600	1,270,940
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	1,974,827	498,516	2,473,343	833,314
Accounts payable from restricted resources	365,585	-	365,585	-
Accrued payroll and related liabilities	222,289	169,421	391,710	137,928
Unearned revenues	162,056	-	162,056	-
Claims payable	-	-	-	1,666,927
Accrued interest payable	3,211,762	33,251	3,245,013	83,334
Compensated absences	22,212	6,606	28,818	25,213
Subscriptions payable	-	-	-	133,005
Bonds and leases payable	16,641,541	215,542	16,857,083	2,174,517
Total current liabilities	22,600,272	923,336	23,523,608	5,054,238
Noncurrent liabilities:				
Compensated absences	575,480	336,744	912,224	261,706
Net pension liability	2,714,818	1,998,994	4,713,812	1,470,731
Net OPEB liability state plans	299,027	226,312	525,339	169,211
Subscriptions payable	-	-	-	106,350
Claims payable	-	-	-	2,568,179
Bonds and leases payable	354,332,061	5,125,784	359,457,845	4,315,507
Total noncurrent liabilities	357,921,386	7,687,834	365,609,220	8,891,684
Total liabilities	380,521,658	8,611,170	389,132,828	13,945,922
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pension plan	1,112,406	819,095	1,931,501	602,636
Deferred inflows related to OPEB City trust	1,657,510	1,165,437	2,822,947	738,109
Deferred inflows related to OPEB state plans	68,985	52,210	121,195	39,037
Deferred inflows related to leases receivable	-	-	-	65,799
Total deferred inflows of resources	2,838,901	2,036,742	4,875,643	1,445,581
NET POSITION				
Net investment in capital assets	133,126,348	4,240,023	137,366,371	11,111,151
Restricted:				
Operating reserves	2,832,420	-	2,832,420	-
Unrestricted	37,489,823	17,168,529	54,658,352	29,682,230
Total net position	\$ 173,448,591	\$ 21,408,552	\$ 194,857,143	\$ 40,793,381

CITY OF SUFFOLK, VIRGINIA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
Year Ended June 30, 2023

	Business-type Activities – Enterprise Funds			Governmental Activities – Internal Service Funds
	Utility Fund	Non-Major Funds	Total	
OPERATING REVENUES				
Charges for services	\$ 57,440,756	\$ 18,953,331	\$ 76,394,087	\$ 40,899,310
Other	169,722	2,451,584	2,621,306	1,023,511
Total operating revenues	57,610,478	21,404,915	79,015,393	41,922,821
OPERATING EXPENSES				
Personnel services	7,707,920	5,091,423	12,799,343	3,814,801
Self-insured claims	-	-	-	14,718,485
Contractual services	531,796	5,896,265	6,428,061	6,999,944
Administration	3,589,178	3,267,926	6,857,104	1,070,407
Supplies	1,299,277	257,367	1,556,644	46,708
Repairs and maintenance	2,454,124	20,075	2,474,199	341,381
Vehicle and power equipment – fuel	-	-	-	2,104,789
Vehicle and power equipment – supplies	-	-	-	2,907,973
Computers and equipment	-	-	-	512,377
Utilities	1,705,976	66,691	1,772,667	229,270
Insurance	-	-	-	2,372,807
Bulk-water purchases	8,611,046	-	8,611,046	-
Depreciation and amortization	18,714,795	65,016	18,764,230	6,123,016
Building and equipment rental	62,050	89,628	151,678	97,368
Other charges	464,477	104,051	568,528	249,344
Total operating expenses	45,140,639	14,858,442	59,983,893	41,588,670
Operating income	12,469,839	6,546,473	19,031,893	334,151
NONOPERATING REVENUES (EXPENSES)				
Loss on disposal of capital assets	(55,041)	-	(55,041)	(254,793)
Interest income	2,319,972	618,112	2,938,084	1,002,740
Rental Income	12,220	-	12,220	-
Interest expense and other fiscal charges	(10,819,932)	(304,698)	(11,124,630)	(135,186)
Costs of issuance	(445,857)	-	(445,857)	43,872
Contribution to WTW infrastructure	(31,756)	-	(31,756)	-
Nonoperating revenues (expenses), net	(9,020,394)	313,414	(8,706,980)	656,633
Income before contributions and transfers	3,449,445	6,859,887	10,309,332	990,784
Capital contributions	2,652,117	-	2,652,117	-
Transfers in	-	-	-	853,172
Transfers out	(737,020)	(729,527)	(1,466,547)	(714,866)
Change in net position	5,364,542	6,130,360	11,494,902	1,129,090
Net position at July 1	168,084,049	15,278,192	183,362,241	39,664,291
Net position at June 30	\$ 173,448,591	\$ 21,408,552	\$ 194,857,143	\$ 40,793,381

CITY OF SUFFOLK, VIRGINIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2023

	Business-type Activities – Enterprise Funds			Governmental Activities – Internal Service Funds
	Utility Fund	Non-Major Funds	Total	
OPERATING ACTIVITIES				
Receipts from customers	\$ 57,140,482	\$ 21,246,035	\$ 78,386,517	\$ 41,972,124
Payments to employees	(8,311,706)	(5,431,899)	(13,743,605)	(4,116,880)
Payments to suppliers	(18,359,021)	(9,831,262)	(28,190,283)	(31,862,261)
Net cash provided by operating activities	30,469,755	5,982,874	36,452,629	5,992,982
NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	-	-	-	853,172
Transfers to other funds	(768,776)	(729,527)	(1,498,303)	(714,866)
Net cash used in noncapital financing activities	(768,776)	(729,527)	(1,498,303)	138,306
CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(8,238,242)	(2,596,270)	(10,834,512)	(3,526,140)
Proceeds from issuance of debt	-	4,955,000	4,955,000	-
Principal paid on capital debt, net	(14,327,960)	(184,491)	(14,512,451)	(2,347,830)
Bond issuance costs	-	(156,065)	(156,065)	-
Interest paid on capital debt	(10,982,319)	(137,099)	(11,119,418)	(275,939)
Net cash used in capital and related financing activities	(33,548,521)	1,881,075	(31,667,446)	(6,149,909)
INVESTING ACTIVITIES				
Rental income	12,220	-	12,220	-
Interest received	2,319,972	618,112	2,938,084	1,002,740
Net cash provided by investing activities	2,332,192	618,112	2,950,304	1,002,740
Net increase (decrease) in cash and cash equivalents	(1,515,350)	7,752,534	6,237,184	984,120
CASH AND CASH EQUIVALENTS				
Beginning, July 1,	71,483,098	15,894,775	87,377,873	36,079,876
Ending, June 30	\$ 69,967,748	\$ 23,647,309	\$ 93,615,057	\$ 37,063,996
RECONCILIATION TO STATEMENT OF NET POSITION:				
Cash and cash equivalents	\$ 37,911,059	\$ 19,243,720	\$ 57,154,779	\$ 36,022,649
Cash and cash equivalents, restricted	32,056,689	4,403,589	36,460,278	1,041,347
	\$ 69,967,748	\$ 23,647,309	\$ 93,615,057	\$ 37,063,996

(Continued)

CITY OF SUFFOLK, VIRGINIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2023

	Business-type Activities – Enterprise Funds			Governmental Activities –
	Utility Fund	Non-Major Funds	Total	Internal Service Funds
RECONCILIATION OF OPERATING INCOME TO NET CASH				
PROVIDED BY OPERATING ACTIVITIES				
Operating income	\$ 12,469,839	\$ 6,546,473	\$ 19,016,312	\$ 334,151
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	18,714,795	65,016	18,779,811	6,123,016
Increase in allowance for uncollectible accounts	-	29,715	29,715	-
Changes in assets and liabilities:				
(Increase) decrease in:				
Receivables	(300,041)	(188,595)	(488,636)	132,995
Lease receivables	-	-	-	(209,185)
Inventories	(52,524)	-	(52,524)	-
Increase (decrease) in:				
Accounts payable and accrued liabilities	411,428	(129,259)	282,169	(285,278)
Accrued payroll and related liabilities	(603,787)	(340,476)	(944,263)	(302,078)
Unearned revenues	(169,955)	-	(169,955)	-
Claims payable	-	-	-	199,361
Net cash provided by operating activities	<u>\$ 30,469,755</u>	<u>\$ 5,982,874</u>	<u>\$ 36,452,629</u>	<u>\$ 5,992,982</u>

CITY OF SUFFOLK, VIRGINIA

STATEMENT OF FIDUCIARY NET POSITION

June 30, 2023

	OPEB Trust Fund	Custodial Funds
ASSETS		
Cash and cash equivalents	\$ 50,407,682	\$ 150,183
Total assets	<u>50,407,682</u>	<u>150,183</u>
LIABILITIES		
Accounts payable	-	8,090
Amounts held for others	-	30,764
Total liabilities	<u>-</u>	<u>38,854</u>
NET POSITION		
Restricted:		
Postemployment benefits other than pensions	50,407,682	-
Individuals, organizations, and other governments	-	111,329
Total net position	<u>\$ 50,407,682</u>	<u>\$ 111,329</u>

CITY OF SUFFOLK, VIRGINIA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
Year Ended June 30, 2023

	OPEB Trust Fund	Custodial Funds
ADDITIONS		
Employer contributions	\$ 729,520	\$ -
Gain on Investments	3,544,513	-
Permits and fees	-	24,677
Miscellaneous revenue	-	27,789
Total additions	<u>4,274,033</u>	<u>52,466</u>
DEDUCTIONS		
Administrative fees	38,300	-
Special welfare agency payments	-	8,316
Payments to other governments	-	21,919
Total deductions	<u>38,300</u>	<u>30,235</u>
Change in net position	4,235,733	22,231
NET POSITION AT JULY 1	<u>46,171,949</u>	<u>89,098</u>
NET POSITION AT JUNE 30	<u><u>\$ 50,407,682</u></u>	<u><u>\$ 111,329</u></u>

NOTES TO FINANCIAL STATEMENTS

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 1. Summary of Significant Accounting Policies

The financial statements of the City of Suffolk, Virginia (the “City”) have been prepared in conformity with accounting principles generally accepted in the United States of America (the “GAAP”) as applied to governmental units. The Governmental Accounting Standards Board (the “GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Significant accounting policies of the City are described below.

A. Reporting Entity

Primary Government – The City was formed on January 1, 1974, by the merger of the former Cities of Suffolk and Nansemond. The City of Nansemond was previously formed by the merger of the County of Nansemond and the Towns of Whaleyville and Holland. The City is a political subdivision of the Commonwealth of Virginia operating under the council-manager form of government. The elected Mayor and seven-member City Council, vested with the legislative powers, appoints the City Manager, who is the executive and administrative head of the City’s government.

The City provides a full range of services to include the following: public safety (police and fire), education, community development (planning and zoning), water treatment and distribution, sewage collection, refuse collection, maintenance of highways, streets and infrastructure, stormwater management, transit, recreational activities, cultural events, social services, and library, among other services.

Discretely Presented Component Units – Discretely presented component units are entities that are legally separate from the City, but for which the City is financially accountable, or whose relationship with the City is such that exclusion would cause the City’s financial statements to be incomplete. They are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the City.

City of Suffolk Public Schools

The City of Suffolk Public Schools (the “School Board”) is responsible for elementary and secondary education within the City. Management of the School Board is composed of seven members popularly elected to a four-year term. The School Board is fiscally dependent upon the City because the City Council approves the annual budget of the School Board, levies the necessary taxes to finance operations and approves the borrowing of money and issuance of debt. The School Board does not issue separate financial statements, as such, they have been included in these statements.

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 1. Summary of Significant Accounting Policies (Continued)

A. Reporting Entity (Continued)

Economic Development Authority of the City of Suffolk

The Economic Development Authority of the City of Suffolk (the “EDA”) was established under the Industrial Development and Revenue Bond Act – *Code of Virginia*. A separate board appointed by the City Council governs the EDA. The EDA is authorized to acquire, own, lease, and dispose of properties, and to conduct related activities to promote industry and develop trade by inducing manufacturing, industrial, governmental, and commercial enterprises to locate or to remain in the City. The City makes significant contributions to the EDA relating to the property the EDA develops and markets. Separate audited financial statements may be obtained from the EDA by contacting the EDA’s Deputy Secretary/Treasurer, at P.O. Box 1858, Suffolk, Virginia 23439.

The following entities are excluded from the accompanying financial statements.

Jointly governed organizations:

Western Tidewater Water Authority

The Western Tidewater Water Authority (the “Water Authority”) was created March 18, 1998, by the City Council and the Board of Supervisors of the County of Isle of Wight, Virginia (the “County”) pursuant to the Virginia Water and Sewer Authorities Act, Chapter 51, Title 15.2, *Code of Virginia*. The members of the Water Authority Board representing both the City and the County have equal voting interests. The Water Authority was formed for the purpose of acquiring, financing, constructing, leasing, operating, and maintaining facilities for the production, impoundment, treatment, and transmission of potable and non-potable water. The City is not obligated to pay the principal or interest on notes or any other liabilities of the Authority and has no financial interest in the Authority. Separate audited financial statements can be obtained by contacting the City Finance Director at the City of Suffolk at 442 West Washington St., Suffolk, Virginia 23434.

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 1. Summary of Significant Accounting Policies (Continued)

A. Reporting Entity (Continued)

Jointly Governed Organization: (Continued)

Western Tidewater Regional Jail Authority

The Western Tidewater Regional Jail Authority (the “Jail Authority”) was created as a political subdivision of the Commonwealth of Virginia jointly through an agreement dated November 1, 1989, among the Cities of Suffolk and Franklin, and the County of Isle of Wight (the member jurisdictions) under the Jail Authority Act, Code of the Commonwealth of Virginia. The member jurisdictions are responsible for a percentage of the annual operating costs of the jail based on the jail population. The Jail Authority has the responsibility to finance the acquisition, construction, equipping, and maintenance of a regional jail facility to operate for the benefit of the member jurisdictions.

Historically, notes issued by the Jail Authority are limited obligations payable solely from revenues received from the member jurisdictions. The City has not been obligated to pay the principal or interest on the notes or any other liability of the Jail Authority and has no financial interest in the Authority beyond its annual contribution. However, during 2014, the member jurisdictions pledged to pay its pro rata share of any debt service on the issuance of the Authority’s 2014 bonds. Separate financial statements can be obtained by contacting the Superintendent of Jail Authority at 2402 Godwin Blvd., Suffolk, Virginia 23434.

Southeastern Public Service Authority of Virginia

The Southeastern Public Service Authority of Virginia (the “PSA”) is a special purpose government entity engaged in business-type activities with no component units and was created for solid waste disposal. The members of the PSA are the Cities of Chesapeake, Franklin, Norfolk, Portsmouth, Suffolk, and Virginia Beach and the Counties of Isle of Wight and Southampton.

In fiscal year 2018, each member jurisdiction signed a new use and support agreement with the PSA and have agreed to deliver, or cause to be delivered, 100% of all municipal solid waste collected by the municipality, excluding certain classifications of waste such as recyclables, yard waste and storm debris. The City has also signed a host agreement that details the amount that the City will receive in host fees related to the waste delivered to the landfill located within the City limits from the PSA. Separate audited financial statements can be obtained by contacting the Chief Financial Officer at 723 Woodlake Drive, Chesapeake, VA 23320.

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 1. Summary of Significant Accounting Policies (Continued)

A. Reporting Entity (Continued)

Related Organization:

Suffolk Redevelopment and Housing Authority

The Suffolk Redevelopment and Housing Authority (the “SRHA”) administers public housing and redevelopment activities in the City. It applies, receives, and invests its own funds and formulates and approves its own budget. City Council is responsible for appointing members of the Board of SRHA, but the City’s accountability does not extend beyond making such appointments. SRHA does not have a significant operational or financial relationship with the City. Separate financial statements can be obtained by contacting the SRHA Executive Director at 530 E. Pinner Street, Suffolk, Virginia 23434.

B. Government-wide and Fund Financial Statements

The government-wide financial statements consist of a Statement of Net Position and a Statement of Activities that report information on all of the non-custodial activities of the Primary Government and its component units. *Governmental activities*, which normally are supported by taxes and intergovernmental activities, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *Primary Government* is reported separately from certain legally separate *component units* for which the Primary Government is financially accountable.

The Statement of Net Position offers information on the assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference between the two reported as net position.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly associated with program revenues are reported instead as *general revenues*.

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and custodial fund financial statements, with the exception of agency fund financial statements, which have no measurement focus. Revenues are recorded when earned and the expenses are recorded when a liability is incurred, regardless of the timing related cash flows. Property taxes are recognized as revenue when the tax is levied.

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Governmental Fund Types:

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are 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. For this purpose, the City considers revenues to be available if they are collected within 45 days of the end of the current period.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectable amounts. Property taxes not collected within 45 days after year-end are reflected as deferred inflows of resources - unavailable revenues taxes. Sales and utility taxes, which are collected by the Commonwealth or utilities and subsequently remitted to the City, are recognized as revenues and receivable upon collection, which is generally one or two months preceding receipt by the City. Licenses, permits, fines, and rents are recorded revenues when received. Intergovernmental revenues, consisting primarily of Federal, state, and other grants for the purpose of funding specific expenditures, are recognized when the qualifying expenditures have been incurred and all other eligibility requirements have been met. Revenues from general-purpose grants are recognized in the period to which the grant applies. All other revenue items are considered to be measurable and available only when the City receives cash.

Amounts reported as *program revenues* include charges to customers or applicants for goods, services, or privileges provided, operating grants and contributions, and capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes and contributions not restricted to specific programs and other revenues not meeting the definition of program revenues.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this rule include: (1) accumulated unpaid vacation leave, sick leave, and other employee amounts (e.g., other postemployment benefits), which are recognized when paid, and (2) principal and interest payments on general long-term debt, both of which are recognized when due.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's proprietary funds 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.

The City presents the following major governmental funds:

General Fund – The General Fund is the primary operating fund of the City, which accounts for all financial resources not accounted for in another fund.

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Capital Projects Fund – The Capital Projects Fund is used to account for financial resources that are restricted, committed, or assigned to expenditures for capital outlays, except for those financed by proprietary funds or for assets held in trust for individuals, private organizations, or other governments.

Road Maintenance Fund – accounts for revenue and expenditures related to maintaining roadways City wide. Revenues are derived from the state and from the sale of service to other funds.

Consolidated Grants Fund – accounts for revenue and expenditures related to grants received from various federal and state granting agencies.

Debt Service Fund – accounts for the accumulation of resources that are restricted, committed, or assigned to the expenditure for principal and interest on the general long-term debt of the City, with the exception of the debt in the proprietary funds, and compensated absences.

The City presents the following non-major governmental funds:

Special Revenue Funds – account for proceeds of specific revenue sources restricted or committed to expenditure for a specific purpose other than debt service or capital projects. These funds consist of the Suffolk Taxing District, Downtown Business Overlay District, Law Library, Route 17 Taxing District, Transit, Cemetery, and Aviation.

Proprietary Fund Types:

Proprietary funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The proprietary funds utilize the accrual basis of accounting where the measurement focus is upon determination of net income. Proprietary funds consist of enterprise and internal service funds.

Proprietary funds distinguish *operating* revenues and expense from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds' principal ongoing operations. The principal operating revenues of the Utility Fund, Stormwater Utility Fund, Refuse Fund and the internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting the operating definition are reported as non-operating revenues and expenses.

The City presents the following major enterprise fund:

Utility Fund - accounts for the provision of water and sewer services. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operation, maintenance, billing, collections, capital financing and related debt service, and capital assets.

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The City presents the following non-major enterprise funds:

Stormwater Utility Fund – accounts for the maintenance and improvements to the City’s stormwater infrastructure. All activities necessary to provide such services are funded by charges to citizens and are accounted for in this fund. The City’s mosquito control activities are also accounted for in this fund.

Refuse Fund – accounts for the provision of refuse and waste management services. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operation, billing, and collections.

Internal Service Funds account for the financing of goods or services provided by one department to other departments or agencies of the City on a cost-reimbursement basis. The Internal Service Funds are included in governmental activities for government-wide reporting purposes.

The City has the following internal service funds:

Information Technology Fund – accounts for technology infrastructure and allocated costs to the various departments or agencies using the service.

Fleet Management Fund – accounts for, on a cost-reimbursement basis, the financing of vehicles and related maintenance, repairs and fuel costs and allocates those costs to the various departments or agencies using the equipment.

Risk Management Fund – accounts for the funding and payment of auto, personal liability, general liability, health insurance, and workers’ compensation claims against the City exclusive of the School Board employees. Charges to other funds are based on estimated claims for the year.

Fiduciary Fund Types:

The City and School Board each have the following fiduciary funds:

OPEB Trust Fund – accounts for activities related to other postemployment benefits (OPEB). This fund accumulates resources for health insurance for retired employees.

Custodial Funds – *Custodial Funds* accounts for assets held by the City as an agent for individuals, private organization, and other governments. Custodial funds are not included in the government-wide financial statements. Custodial funds utilize an economic resources measurement focus. In addition to the City’s agency funds listed below.

Special Welfare Fund – accounts for receipt of welfare checks and foster children support checks from the state and payments made on behalf of individuals.

Commonwealth of Virginia Fund – accounts for monies collected by the City on behalf of the Commonwealth of Virginia.

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 1. Summary of Significant Accounting Policies (Continued)

D. Stewardship, Compliance, and Accountability

The provisions of the *Code of Virginia* shall control the preparation, consideration, adoption, and execution of the budget of the City. The City Charter requires the budget to be balanced with planned expenditures equal to revenue estimates. The City will prepare and annually update a long range (5 year) financial forecast model utilizing trend indicators and projections of annual operating revenues, expenditures, capital improvements, and related debt service and operating costs as well as fund balance levels. The City Manager, through the Budget and Finance division of the Finance Department, will exercise appropriate fiscal management as necessary to live within the limits of the adopted budget.

Budgeting Information

The City utilizes the following procedures in establishing annual budget.

At least 60 days prior to June 30, the City Manager submits to City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.

- The budget is formulated from estimates of revenues and expected expenditures from each department. The School Board is treated as a single expenditure line item.
- The City Manager submits the proposed budget to City Council and recommends an appropriation ordinance and an ordinance levying the tax rates for the ensuing year.
- City Council holds a public hearing on the proposed budget. Notice of such public hearing must appear in a local newspaper not less than seven days prior to the hearing.
- The budget must be approved by a majority vote of City Council and legally adopted before July 1. If City Council does not adopt the proposed budget before July 1, the budget as submitted is automatically adopted.
- Additional appropriations may be made by City Council only if there is an unencumbered fund balance or additional funding becomes available.

Formal budgetary integration is employed as a management control device. Annual operating budgets are adopted by ordinance passed by City Council for the General Fund, the Debt Service Fund, the Utility Fund, Stormwater Fund, Refuse Fund, the internal service funds, and the following Special Revenue Funds: Aviation, Route 17 Tax District, Downtown Business Overlay District, Road Maintenance, Transit and Law Library. Annual operating budgets are also adopted for the School Operating, School Food Service, and School Grants funds. Budgets for proprietary fund types are prepared on the accrual basis of accounting. The General, Special Revenue, and Debt Service Funds and School Board General, Grants, Food Service fund budgets are adopted on the modified accrual basis.

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 1. Summary of Significant Accounting Policies (Continued)

D. Stewardship, Compliance, and Accountability (Continued)

Budgeting Information (Continued)

Beginning fund balances for budgetary basis presentation purposes are adjusted for the carry-forward of prior year encumbrances. According to City Code, unexpended and unencumbered appropriations lapse at June 30 of each year. Appropriations that are encumbered or assigned by City Council at June 30 are carried forward into the following year's appropriations to allow for liquidation of the encumbrances or to complete a project.

Individual grants and projects included in the Consolidated Grants Fund and Capital Projects Fund are budgeted separate from the operating budget. These appropriations do not parallel the City's fiscal year and the accounting, encumbering, and controlling of the funds is based upon the length of each individual grant or project, which may be more than one year.

Financial Policies

The City's Finance Committee (the "Committee") is empowered by City Council to implement and establish various financial policies. The Committee meets on a quarterly basis to manage and review financial activities and to insure compliance with established policies. Members of the Committee include those individuals stipulated by ordinance adopted by City Council.

It is the City's policy to fund current expenditures with current revenues and the City's mission is to strive to maintain a diversified and stable revenue stream to protect from problematic fluctuations in any single revenue source and provide stability to ongoing services. The City's unassigned fund balance in the General Fund will be maintained to provide the City with sufficient working capital and a margin of safety to address local and regional emergencies without borrowing.

E. Cash and Cash Equivalents

Cash and Cash Equivalents include cash on hand, money market funds, certificates of deposit, and investments with maturities of three months or less.

F. Investments

Investments are reported at fair value. Interest income on investments is allocated to the appropriate funds based upon the average monthly cash balance of each fund. Interest income is accrued as earned.

G. Receivables

Receivables are shown net of an allowance for uncollectable amounts calculated by management using historical collection data, specific account analysis, and management's judgment.

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 1. Summary of Significant Accounting Policies (Continued)

H. Inventories and Prepaid Items

Inventories of materials and supplies and fuel are recorded at cost. The cost of inventory is recorded as an expenditure at the time individual inventory items are consumed (consumption method) on a first in, first out basis. Inventories held by the EDA consist of land and improvements held for sale and are valued at the lower of the cost or market.

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.

I. Leases Receivable

The City's lease receivable is measured at the present value of lease payments expected to be received during the lease term. The City may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments would be recorded as an inflow of resources.

J. Capital Assets

Capital outlays are recorded as expenditures of the governmental funds and as assets in the proprietary funds and in the government-wide financial statements to the extent the City's capitalization threshold is met.

Buildings, improvements, machinery and equipment, intangible, and infrastructure capital outlays are recorded as capital assets and depreciated over their useful lives on a straight-line basis in both the proprietary fund's and the government-wide statements. To the extent that the construction period has not closed, interest expense is capitalized on proprietary fund type assets. The amount of interest expense capitalized is offset by interest income earned on invested proceeds.

The City's capitalization policy threshold is \$5,000. All capital assets are valued at historical costs or estimated historical cost if actual cost was not available. Donated assets are valued at their estimated acquisition value on the date donated. Assets acquired under capital leases are capitalized at the net present value of all lease payments, and related amortization expense is included with depreciation expense.

The City has recorded intangible right to use assets in accordance with GAAP. The right to use asset is initially measured as an amount equal to the initial measurement of the related lease liability. The right to use assets are amortized on a straight line basis over the life of the related lease.

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 1. Summary of Significant Accounting Policies (Continued)

J. Capital Assets (continued)

The estimated useful lives of capital assets are as follows:

Buildings	40 years
Improvements other than buildings	15-75 years
Infrastructure	5-50 years
Machinery and equipment	3-50 years
Intangibles	5-10 years

Maintenance, repairs, and minor equipment less than \$5,000 are expended/expensed when incurred. Costs that materially change capacities or extend useful lives are capitalized. Upon sale or retirement of land, buildings, or equipment, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts and any resulting gain or loss is recorded.

K. Unavailable/Unearned Revenues

Unavailable revenues in the governmental funds consists of monies that are measurable but not available for use during the current period. Property taxes receivable at June 30 but not collected within 45 days after that date, are reported as unavailable revenues in the governmental funds' financial statements. Unavailable revenues arise when assets are recognized before revenue recognition criteria can be satisfied and also when assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period. Grants and entitlements received before the eligibility requirements are met have been recorded as unearned revenues. Unearned revenues in the government-wide statements also consists of lease payments credited for future years relating to certified capital improvements at the golf course.

L. Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net assets that applies to a future period and so will not be recognized as an expense or expenditure until then. The City's deferred outflows of resources consist of the amount by which the principal and premium of a refunding bond exceed the net carrying amount of the refunded debt. The related deferred outflow is being amortized over the remaining life of the refunded debt. Deferred outflows for pensions and OPEB related activities may result from changes in actuarial assumptions, differences between expected and actual experience, pension investment returns that exceed projected earnings, changes in proportionate share and contributions made subsequent to the measurement date. Changes in actuarial assumptions other than investment related are deferred and amortized over the remaining service life of all participants and investment experience amounts are deferred and amortized over a closed five-year period. Contributions made subsequent to the measurement date are expensed in the following year.

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 1. Summary of Significant Accounting Policies (Continued)

M. Deferred Inflows of Resources

Deferred Inflows of resources represent an acquisition of net assets that applies to a future period and so will not be recognized as revenue until then. Deferred inflows of resources, under the modified accrual basis of accounting, can consist of revenues which are received in advance, but are applicable to a future period, and will not be recognized until the period they become available. In governmental funds' financial statements, receivables that will not be collected within the available period have also been reported as unavailable revenues. Deferred inflows for pensions and OPEB related activities may result from changes in actuarial assumptions, differences between the expected and actual experience, investment results and changes in proportionate share. Changes in actuarial assumptions not related to investment activity are deferred and amortized over the remaining service life of all participants and investment experience results are deferred and amortized over a closed five-year period. Deferred Inflows recorded related to leases receivable are recorded at the initiation of the lease in the amount equal to the initial recording of the lease receivable. The deferred inflow is amortized on a straight-line basis over the term of the lease.

N. Compensated Absences

City and School Board employees are granted vacation and sick pay in varying amounts based on years of service. Employees may accumulate, subject to certain limitations, unused vacation and sick pay earned and, upon retirement, termination, or death, may be compensated for certain amounts at specific rates. The cost of accumulated vacation and sick pay expected to be paid from future expendable resources is accounted for as a liability in the government-wide statements and proprietary fund statements.

For governmental fund types, the amount of accumulated unpaid vacation leave is recorded as a liability of the respective fund only if it has matured, for example, as a result of employee retirement or resignation. For proprietary funds, the cost of vacation and sick leave is recorded as a liability when earned.

O. Long-Term Liabilities

In the government-wide and proprietary funds' financial statements, long-term debt and other long-term obligations are reported as liabilities in the appropriate Statement of Net Position. Bonds payable are reported net of the applicable bond premium or discount. Related bond issuance costs are expensed when incurred.

In the governmental funds' financial statements, bond premiums, discounts, and bond issuance costs, are expensed when incurred. The face amount of debt issued is 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.

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 1. Summary of Significant Accounting Policies (Continued)

P. Pension Plan

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

Q. VRS Sponsored OPEB Programs

Group Life Insurance (GLI)

The VRS GLI Program is a multiple employer, cost-sharing plan. It provides coverage to state employees, teachers, and employees of participating political subdivisions. The GLI Program was established pursuant to §51.1-500 et seq. of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended. The GLI Program is a defined benefit plan that provides a basic group life insurance benefit for employees of participating employers. For purposes of measuring the net GLI Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the GLI Program OPEB, and GLI OPEB expense, information about the fiduciary net position of the VRS GLI program OPEB and the additions to/deductions from the VRS GLI OPEB's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Line of Duty Act Program (LODA)

The LODA is a multiple-employer, cost-sharing plan. The LODA Program was established pursuant to §9.1-400 et seq. of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended. The LODA Program provides death and health insurance benefits to eligible state employees 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. For purposes of measuring the net LODA Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the LODA Program OPEB, and LODA Program OPEB expense, information about the fiduciary net position of the VRS LODA Program OPEB Plan and the additions to/deductions from the VRS LODA Program OPEB Plan's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 1. Summary of Significant Accounting Policies (Continued)

Q. VRS Sponsored OPEB Programs (continued)

Virginia Local Disability Program (VLDP)

The VRS VLDP is a multiple-employer, cost-sharing plan. For purposes of measuring the VLDP OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Teacher Employee VLDP OPEB, and the Teacher Employee VLDP OPEB expense, information about the fiduciary net position of the VRS VLDP and the additions to/deductions from the VLDP net fiduciary position 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.

Teacher Employee Health Insurance Credit Program (THIC)

The VRS HIC Program is a multiple-employer, cost-sharing plan. The THIC Program was established pursuant to §51.1-1400 et seq. of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended. The THIC Program is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired teachers. For purposes of measuring the net THIC Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC Program OPEB, and the THIC Program OPEB expense, information about the fiduciary net position of the VRS THIC Program; and the additions to/deductions from the VRS THIC Program's net fiduciary position 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.

Non-Teacher Employee Health Insurance Credit Program (NTHIC)

The VRS NTHIC Program is a multiple-employer, agent defined benefit plan that provides a credit toward the cost of health insurance coverage for retired school board non-teacher employees. The NTHIC Program was established pursuant to §51.1-1400 et seq. of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended. For purposes of measuring the net NTHIC Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the NTHIC Program OPEB, and the NTHIC Program OPEB expense, information about the fiduciary net position of the VRS NTHIC Program; and the additions to/deductions from the VRS Teacher Employee HIC Program's net fiduciary position 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.

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 1. Summary of Significant Accounting Policies (Continued)

R. Fund Balance

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 resources:

Nonspendable fund balance – Includes amounts that cannot be spent because they are either not in spendable form or, for legal or contractual reasons, must be kept intact. This classification includes inventories, prepaid amounts, assets held for sale, long-term receivables.

Restricted fund balance – Restricted funds are either externally imposed (such as debt covenants, grantor, contributors or other governments) or are imposed by law (constitutionally or enabling legislations).

Committed fund balance – The City’s committed funds include amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the highest level of decision making authority – City Council. Formal Council action includes the annual adoption of the City’s Budget Ordinance for the subsequent year, Council Ordinances appropriating funds and/or resources, and budget amendments to carry forward appropriations that were encumbered but unexpended at fiscal year-end. The same action of council is required to uncommit.

Assigned fund balance – Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed, in accordance with the City’s financial policies. Intent can be stipulated by the governing body, or by designees with authority to assign such as the Finance Committee, or by the City Manager.

Unassigned fund balance – this is the residual classification of the General Fund. Only the General Fund can report a positive “unassigned fund balance”. Other governmental funds may report a negative balance in this classification.

General fund unassigned fund balance target – the ratio of General Fund unassigned fund balance as a percentage of budgeted governmental funds expenditures (net of the General Fund contribution to schools, transfer to other governmental funds, and capital projects fund expenditures) plus budgeted expenditures in the School operating and food service funds indicates the ability of the City to cope with unexpected financial problems or emergencies. The larger the general fund unassigned fund balance, the greater the City’s ability to cope with financial emergencies and fluctuations in revenue cycles.

The City has a financial policy goal that unassigned fund balance should be 20% of the following fiscal years governmental funds budget, using the formula stated above. The City also has a policy that any excess amounts over the 20% will be dedicated to a budget stabilization fund, until that reaches 2% of the budgeted revenue and then to a capital reserve fund, both of these reserves are reported as committed fund balance.

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 1. Summary of Significant Accounting Policies (Continued)

R. Fund Balance

The budget stabilization fund is established by City Council and will be added to as necessary each year with excess fund balance to maintain 2% of the budgeted revenue; the stabilization fund can be spent with approval of council. As of June 30, 2023, the balance is \$11,741,438.

The City considers restricted fund balance to be spent when expenditures are incurred for purposes for which restricted and any other fund balance classification is available unless prohibited by legal documents or contracts. When expenditures are incurred for purposes for which committed, assigned, or unassigned amounts are available, the City considers committed fund balance to be spent first, followed by assigned fund balance, and lastly unassigned fund balance.

The School Board currently does not have a policy regarding whether to first apply restricted or other resources when expenditures are incurred.

S. Net Position

Net position in the government-wide and proprietary financial statements represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources, and is classified as net investment in capital assets, restricted, or unrestricted. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Restricted net position is reported when there are assets and deferred outflows of resources, net of related liabilities and deferred inflows of resources, that have limitations imposed on their use either through enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

T. Estimates

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

U. Component Unit-School Board Capital Asset and Debt Presentation

By law, the School Board does not have taxing authority and, therefore, it cannot incur debt through general obligation bonds to fund the acquisition, construction, or improvement of its capital assets. That responsibility lies with the City to issue the debt on behalf of the School Board. However, the *Code of Virginia* requires the School Board to hold title to the capital assets (buildings and equipment) due to their responsibility for maintaining the assets. During the construction of the School Board assets, they are reflected in the City's construction in progress balance.

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 1. Summary of Significant Accounting Policies (Continued)

U. Component Unit-School Board Capital Asset and Debt Presentation (continued)

In the Statement of Net Position, this scenario presents a dilemma for the City. Debt issued on behalf of the School Board is reported as a liability of the Primary Government, thereby reducing the net position of the City. The corresponding capital assets are reported as assets of the component unit – School Board (title holder), thereby increasing its net position.

V. Change in Accounting Principle

Effective July 1, 2022 the City has implemented the provisions of the following GASB Statements.

GASB Statement No. 91, *Conduit Debt Obligations*, which provides a single method of reporting conduit debt obligations by issue and eliminates diversity in practice. The implementation of this standard has no impact on the financial reporting for the City.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which improves financial reporting by addressing issues related to the Public-private and Public-public partnership arrangements. The implementation of this standard had no impact on the financial reporting for the City, as the City is not a party to any of these agreements

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, which established improved financial reporting for subscriptions-based information technology arrangements for governments. The statement establishes a definition for subscription-based information technology arrangements. The implementation of this statement in the financial statements is reflected as long-term liabilities and related intangible assets in the current year. The implementation of the statement is shown throughout the notes to the financial statements specifically in the notes for capital assets and long-term liabilities.

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 2. Deposits and Investments

Deposits

Deposits with banks are covered by the Federal Deposit Insurance Corporation (the “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% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

Investments

The City’s investments are subject to credit risk, concentration of credit risk, and interest rate risk as described below. The City’s investments are not subject to custodial risk or foreign currency risk.

Credit Risk

Credit risk is the risk that an issuer or other counterpart to an investment will not fulfill its obligations. Credit risk is measured by the assignment of a rating by a nationally recognized statistical rating organization. If a credit quality disclosure is required and the investment is unrated, the disclosure should indicate that fact.

Statutes authorize the City to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (the “World Bank”), the Asian Development Bank, the African Development Bank, “prime quality” commercial paper and certain corporate notes, bankers’ acceptances, repurchase agreements, the State Treasurer’s Local Government Investment Pool (the “LGIP”), and the State Non-Arbitrage Program (the “SNAP”). The City’s policy emphasizes the use of securities of high credit quality and marketability, and follows statute, but does not specify minimum credit ratings.

The Virginia Pooled OPEB Trust Fund’s investments are not restricted to fixed-income securities but rather are commingled across sectors and include investments in fixed-income securities, equity securities, and real assets. Credit quality disclosure is not required for the Virginia Pooled OPEB Trust Fund.

Interest Rate Risk

Interest rate risk is the risk that change in interest rates will adversely affect the fair value of an investment.

The City Treasurer’s policy states that the investment portfolio shall be designed to attain a market rate of return, taking into account investment risk constraints and liquidity needs. The portfolio shall be structured so that securities mature concurrent with estimated cash needs and remain sufficiently liquid to meet anticipated operating requirements. Investment of current operating funds shall have maturities of no longer than 24 months.

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 2. Deposits and Investments (Continued)

Interest Rate Risk (continued)

Interest rate risk does not apply to the SNAP pooled investments. Investments held in the Virginia Pooled OPEB Trust Fund are not restricted to fixed-income securities but rather are commingled across sectors and include investments in fixed-income securities, equity securities and real assets. Interest rate disclosures for the Virginia Pooled Trust fund is not required.

External Investment Pool

The SNAP is an open-end management investment company registered with the Securities and Exchange Commission (the “SEC”). The fair value of the positions in the SNAP is the same as the net asset value of the pool shares.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a governments investment in a single issuer. Investments in external investment pools are excluded from the concentration of credit risk disclosure requirements. 100% of the City’s investments at June 30 were with SNAP. These investments were not considered by management to represent a risk to the City.

Fair Value Disclosures

Fair value disclosures related to the Virginia Pooled OPEB Trust Fund are as follows:

Portfolio I: The fair value of portfolio I is determined using the NAV per share of the investments. Portfolio I is an external investment pool and is constructed to achieve an expected rate of return of approximately 7.5%. This objective is achieved by weighting the asset allocation more heavily towards equities and real assets, an allocation that tends to have greater market volatility than a portfolio weighted more heavily towards fixed income. The portfolio includes investments diversified across fixed-income, equities, and real assets. Participant redemptions may be made to pay authorized OPEB expenses. Participant withdrawals are redeemable quarterly and require a ninety-day written notice.

Portfolio II: The fair value of Portfolio II is determined using the NAV per share of investments. Portfolio II is an external investment pool and is constructed to achieve an expected rate of return of approximately 6.0% and to experience less volatility by allocating a greater weight to fixed-income investments than equity investments. The portfolio includes investments diversified across fixed-income, equities, and real assets. Participant redemptions may be made to pay authorized OPEB expenses. Participant withdrawals are redeemable quarterly and require a ninety-day written notice.

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 2. Deposits and Investments (Continued)

Restricted Cash

The City has restricted cash as follows:

	Governmental Activities	Business-type Activities	Primary Government
Unspent debt proceeds	\$ 79,068,377	\$ 9,865,753	\$ 88,934,130
Capital Projects	643,011	23,762,106	24,405,117
Cemetery	1,013,809	-	1,013,809
Escrow/bond/customer deposits	8,169,190	-	8,169,190
Other external purposes	22,922,536	2,832,419	25,754,955
Total	\$ 111,816,923	\$ 36,460,278	\$ 148,277,201

Cash and Cash Equivalents

	Primary Government	Component Units School Board	Economic Development Authority
Deposits and Investments:			
SNAP	\$ 88,934,130	\$ -	\$ -
Deposits	363,436,043	20,549,102	8,539,474
	\$ 452,370,173	\$ 20,556,835	\$ 8,539,474
Statement of Net Position:			
Cash and cash equivalents	\$ 304,092,972	\$ 20,556,835	\$ 6,540,888
Cash and cash equivalents, restricted	148,277,201	-	1,998,586
	\$ 452,370,173	\$ 20,549,102	\$ 8,539,474

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 3. Receivables

Receivables are as follows:

Governmental Activities						
	General	Road Maintenance	Consolidated Grants Fund	Non-major Governmental Funds	Fleet Management	Total
Taxes	\$ 8,825,348	\$ -	\$ -	\$ 897	\$ -	\$ 8,826,245
Accounts	4,512,065	8,816	188,321	254,443	84,267	5,047,912
Subtotal	13,337,413	8,816	188,321	255,340	84,267	13,874,157
Less Allowance	(7,015,756)	-	-	(308)	-	(7,016,064)
Receivables, net	<u>\$ 6,321,657</u>	<u>\$ 8,816</u>	<u>\$ 188,321</u>	<u>\$ 255,032</u>	<u>\$ 84,267</u>	<u>\$ 6,858,093</u>

Business-type Activities					
	Utilities	Refuse	Stormwater	Total	Component Unit -- School Board
Accounts	\$ 8,688,836	\$ 864,092	\$ 368,038	\$ 9,920,966	\$ 404,789
Less Allowance	(625,525)	(173,242)	(115,196)	(913,963)	-
Receivables, net	<u>\$ 8,063,311</u>	<u>\$ 690,850</u>	<u>\$ 252,842</u>	<u>\$ 9,007,003</u>	<u>\$ 404,789</u>

Allowances for Uncollectible Accounts

The City calculates its allowances for uncollectible receivables using historical collection data and specific account analysis. The receivables shown on the Statement of Net Position are presented net of the following allowances for doubtful accounts:

	Governmental Activities	Business-type Activities
General Fund - Taxes receivable	\$ 5,967,425	\$ -
General Fund - EMS receivable	1,048,331	-
Non-major Funds - Taxes receivable	308	-
Utility Fund - Accounts receivable	-	625,525
Non-major Proprietary Funds - accounts receivable	-	288,438
	<u>\$ 7,016,064</u>	<u>\$ 913,963</u>

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 3. Receivables (Continued)

Property Taxes – Property taxes are levied as of January 1 for personal property for the current calendar year and as of July 1 for real estate for the current year, based on the assessed value the related property as of the date. The City’s legal right to collect property taxes attaches each year when the rates are approved and the taxes are assessed. Real estate taxes are collectible twice a year, on December 5 and June 5. Personal property taxes are due on December 5. Amounts not collected within 45 days after the end of the fiscal year are reflected as unearned revenues in the General Fund. A lien is created when the real estate taxes are levied and, after three years, it becomes enforceable by judicial sale of the property.

Due from Other Governments

Due from other governments in the fund statements are as follows:

Primary Government:

Note 4.

	General	Capital Projects	Consolidated Grants	Non-major Governmental Funds	Total
<u>Commonwealth of Virginia:</u>					
State sales tax	\$ 1,399,754	\$ -	\$ -	\$ -	\$ 1,399,754
Communication sales tax	194,415	-	-	-	194,415
Non-categorical state aid	249,050	-	-	-	249,050
Shared expenses	289,709	-	-	-	289,709
Social services reimbursement	490,373	-	-	-	490,373
VA Department of Transportation	-	1,232,759	-	-	1,232,759
Various other state aid and grants	43,529	133,041	1,325,108	4,182	1,505,860
	<u>2,666,830</u>	<u>1,365,800</u>	<u>1,325,108</u>	<u>4,182</u>	<u>5,361,920</u>
<u>Federal Government:</u>					
Social services reimbursement	440,842	-	-	-	440,842
Various grants	-	5,665,679	2,403,222	256,040	8,324,941
	<u>440,842</u>	<u>5,665,679</u>	<u>2,403,222</u>	<u>256,040</u>	<u>8,765,783</u>
Total due from other governments	<u>\$ 3,107,672</u>	<u>\$ 7,031,479</u>	<u>\$ 3,728,330</u>	<u>\$ 260,222</u>	<u>\$ 14,127,703</u>

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 4. Due from Other Governments (Continued)

Component Unit – School Board:

	School Operating	School Grants	School Food Service	Total
<u>Commonwealth of Virginia:</u>				
Digital Mapping	\$ -	\$ 29,323	\$ -	\$ 29,323
Security Equipment Grant	-	158,911	-	158,911
Sales Tax	1,775,220	-	-	1,775,220
	<u>1,775,220</u>	<u>188,234</u>	<u>-</u>	<u>1,963,454</u>
<u>Federal Government:</u>				
School Improvement Grant	-	66,770	-	66,770
RIPE	-	15,000	-	15,000
Title I	-	2,080,927	-	2,080,927
Title II	-	170,938	-	170,938
Title VI-A	-	217,526	-	217,526
CARES III	-	1,596,093	-	1,596,093
Title VI-B	-	1,913,573	-	1,913,573
CARES II	-	3,303,134	-	3,303,134
Various grants	32,203	533,773	-	565,976
	<u>32,203</u>	<u>9,897,734</u>	<u>-</u>	<u>9,929,937</u>
<u>Local</u>	<u>-</u>	<u>68,784</u>	<u>-</u>	<u>68,784</u>
		<u>\$ 10,154,752</u>	<u>\$ -</u>	<u>\$ 11,962,175</u>
Total due from other governments	<u>\$ 1,807,423</u>			

Note 5. Interfund Transactions:

	Transfers to:						Total
	General Fund	Capital Projects	Major Special Revenue	Debt Service	Non-major Special Revenue	Internal Service Funds	
Transfers from:							
General Fund	\$ -	\$ 9,000,058	\$ 590,315	\$ 27,583,236	\$ 328,263	\$ 250,000	\$ 37,751,872
Major Special Revenue	563,241	704,114	-	1,329,893	-	-	2,597,248
Capital Projects	-	-	-	373,765	50,000	603,172	1,026,937
Utility	737,020	-	-	-	-	-	737,020
Non-major:							
Special Revenue	319,794	4,143,443	-	387,269	-	-	4,850,506
Enterprise	580,153	-	-	-	149,374	-	729,527
Internal Service	714,866	-	-	-	-	-	714,866
	<u>\$ 2,915,074</u>	<u>\$ 13,847,615</u>	<u>\$ 590,315</u>	<u>\$ 29,674,163</u>	<u>\$ 527,637</u>	<u>\$ 853,172</u>	<u>\$ 48,407,976</u>

Transfers are used to (1) move revenues from the funds that statute or budget requires to collect them to the funds that statute or budget requires to expend them and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgeting authorization.

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 6. Transactions between Primary Government and Component Units

Significant Transactions of the City and Component Unit – School Board

Certain transactions between the City and School Board are explained here in detail to provide a more informed understanding of the operational relationship of the two entities and how such transactions are presented in the financial statements.

1. The School Board can neither levy taxes nor incur debt under Virginia Law. Therefore, the City issues debt “on behalf” of the School Board. The debt obligation is recorded as a liability of the City. The proceeds from the debt issued “on behalf” of the School Board are recorded in the City’s General Fund. This fund then accounts for capital expenditures relating to major school construction projects.
2. Debt service payments for school related bonded debt are reported as part of the City in the Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Fund.
3. If all economic resources associated with school activities were reported with the School Board, its total expenditures would be as follows:

Expenditures of School Board – Component Unit	\$ 223,546,772
Repayment of School Board debt	<u>11,160,091</u>
	<u>\$ 234,706,863</u>

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 7. Capital Assets

The following is a summary of governmental activities' capital asset activity:

	Governmental Activities			
	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, non-depreciable				
Land	\$ 23,619,394	\$ 1,454,967	\$ -	\$ 25,074,361
Construction in Progress	152,428,947	48,713,901	16,162,408	184,980,440
Total Capital assets, non-depreciable	176,048,341	50,168,868	16,162,408	210,054,801
Capital Assets, depreciable				
Buildings	129,269,783	6,405,559	338,158	135,337,184
Infrastructure	439,741,785	1,172,093	5,500	440,908,378
Improvements other than buildings	59,464,637	6,171,706	1,272,337	64,364,006
Machinery and equipment	116,911,585	6,506,600	3,504,220	119,913,965
Intangible right to use assets - Equipment	6,009,092	2,480,942	-	8,490,034
Intangible right to use assets - Real Estate	18,716,537	370,612	-	19,087,149
Intangible right to use assets - subscriptions	-	426,849	-	426,849
Intangibles	7,165,160	794,844	284,445	7,675,559
Total capital assets, depreciable	777,278,579	24,329,205	5,404,660	796,203,124
Less accumulated depreciation for:				
Buildings	45,903,999	2,950,026	328,469	48,525,556
Infrastructure	222,525,468	14,080,632	5,500	236,600,600
Improvement other than buildings	20,243,167	2,093,071	797,073	21,539,165
Machinery and equipment	84,845,331	8,310,366	3,429,448	89,726,249
Intangible right to use assets - Equipment	950,095	1,536,954	-	2,487,049
Intangible right to use assets - Real Estate	1,223,918	1,359,423	-	2,583,341
Intangible right to use assets - subscriptions	-	132,669	-	132,669
Intangibles	3,084,237	654,846	85,333	3,653,750
Total accumulated depreciation	378,776,215	31,117,987	4,645,823	405,248,379
Total capital assets, depreciable, net	398,502,364	(6,788,782)	758,837	390,954,745
Governmental activities, capital assets, net	\$ 574,550,705	\$ 43,380,086	\$ 16,921,245	\$ 601,009,546

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 7. Capital Assets (Continued)

The following is a summary of depreciation expense charged to various functions:

Governmental Activities:

General government	\$ 9,137,596
Judicial administration	11,775
Public safety	2,189,166
Public works	17,753,918
Community Development	889,283
Education	1,131,158
Parks, recreation, and cultural	5,091
	<u>\$ 31,117,987</u>

Government activities included depreciation of \$4,629,569 for the Fleet Maintenance fund, \$107,220 for the Risk Management fund, and \$1,386,227 for Information Technology fund.

The following is a summary of Business-type Activities capital asset activity:

	Business-type Activities			
	Beginning Balance *	Increases	Decreases	Ending Balance
Capital Assets, non-depreciable				
Land	\$ 4,675,235	\$ -	\$ -	\$ 4,675,235
Construction in Progress	18,940,501	17,038,611	15,034,671	20,944,441
Total Capital assets, non-depreciable	23,615,736	17,038,611	15,034,671	25,619,676
Capital Assets, depreciable				
Buildings	108,337,858	713,265	-	109,051,123
Improvements other than buildings	421,190,864	7,400,327	-	428,591,191
Infrastructure	24,656	-	-	24,656
Machinery and equipment	124,678,101	1,626,856	229,337	126,075,620
Intangible right to use assets - equipment	5,038,898	417,189	-	5,456,087
Intangibles	17,837,002	793,875	-	18,630,877
Total capital assets, depreciable	677,107,379	10,951,512	229,337	687,829,554
Less accumulated depreciation for:				
Buildings	34,874,578	2,530,644	-	37,405,222
Improvement other than buildings	129,791,913	8,355,202	-	138,147,115
Infrastructure	2,928	616	-	3,544
Machinery and equipment	58,174,044	4,476,740	174,296	62,476,488
Intangible right to use assets - equipment	919,569	942,232	-	1,861,801
Intangibles	11,809,637	2,458,796	-	14,268,433
Total accumulated depreciation	235,572,669	18,764,230	174,296	254,162,603
Total capital assets, depreciable, net	441,534,710	(7,812,718)	55,041	433,666,951
Business-type activities, capital assets, net	\$ 465,150,446	\$ 9,225,893	\$ 15,089,712	\$ 459,286,627

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 7. Capital Assets (Continued)

The City has recorded right to use assets. The assets are right to use assets for leased equipment and real estate. The related leases are discussed in the Leases note (see note 10). The right to use lease assets are amortized on a straight-line basis over the terms of the related lease.

The following is a summary of Component Unit – School Board capital asset activity:

	Component Unit -- School Board			
	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, non-depreciable				
Land	\$ 6,387,523	\$ -	\$ -	\$ 6,387,523
Total Capital assets, non-depreciable	6,387,523	-	-	6,387,523
Capital Assets, depreciable				
Buildings	256,875,637	442,779	-	257,318,416
Improvements other than buildings	17,014,498	5,285,944	-	22,300,442
Machinery and equipment	63,210,674	3,071,291	-	66,281,965
Total capital assets, depreciable	337,100,809	8,800,014	-	345,900,823
Less accumulated depreciation for:				
Buildings	119,797,497	5,101,802	-	124,899,299
Improvement other than buildings	13,826,968	533,457	-	14,360,425
Machinery and equipment	46,546,993	5,106,620	-	51,653,613
Total accumulated depreciation	180,171,458	10,741,879	-	190,913,337
Total capital assets, depreciable, net	156,929,351	(1,941,865)	-	154,987,486
Component Unit - School Board, capital assets, net	\$ 163,316,874	\$ (1,941,865)	\$ -	\$ 161,375,009

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 8. Unavailable and Unearned Revenues

Governmental funds report unavailable revenues in connection with receivables for revenues that are not considered to be available to liquidate liabilities in the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At year end, the various components of unavailable revenues and unearned revenues in the governmental funds and governmental activities were as follows:

	Governmental Funds' Unavailable Revenues	Governmental Activities' Unearned Revenues
Liability:		
Grant receipts -- unearned	\$ 21,939,447	\$ 20,929,906
Golf-course lease revenue -- unearned (Note 10)	-	1,089,312
Total unavailable/unearned revenues	<u>\$ 21,939,447</u>	<u>\$ 22,019,218</u>
Deferred inflows of resources:		
Prepaid taxes and other amounts -- unearned	\$ 1,688,975	\$ 1,688,975
Leases receivable	1,731,806	1,797,605
Developer deposits -- unearned (General)	1,189,928	1,189,928
Developer deposits -- unearned (Road Maintenance)	530,223	530,223
Proffers received -- unearned	6,830,624	6,830,624
Taxes receivable, net -- unavailable	861,273	-
Total unavailable/unearned revenues -- governmental funds	<u>\$ 12,832,829</u>	<u>\$ 12,037,355</u>

Unearned revenue for governmental activities related to leases receivable includes \$65,799 of deferred inflows in the Information Technology fund.

Unearned revenue in the Utility Fund of \$162,056 represents payments that will be recognized as the City provides services to the Western Tidewater Water Authority.

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 9. Long-Term Liabilities

The following is a summary of changes in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental Activities:</u>					
General obligation debt	\$ 280,048,472	\$ 27,735,000	\$ 21,874,488	\$ 285,908,984	\$ 22,514,488
Bonds from direct borrowing and direct placements	3,750,000	-	415,000	3,335,000	415,000
Add bond premiums and other credits	17,445,372	2,646,705	2,097,822	17,994,255	2,053,950
	<u>301,243,844</u>	<u>30,381,705</u>	<u>24,387,310</u>	<u>307,238,239</u>	<u>24,983,438</u>
Lease Liabilities	21,644,960	3,202,545	3,453,529	21,393,976	2,464,319
Subscriptions liability	-	432,867	193,513	239,354	133,005
	<u>322,888,804</u>	<u>34,017,117</u>	<u>28,034,352</u>	<u>328,871,569</u>	<u>27,580,762</u>
Net pension liability	17,824,917	29,342,838	15,325,790	31,841,965	-
Net OPEB liability state plans	15,667,921	10,250,103	12,494,169	13,423,855	217,674
Claims payable	4,035,745	17,171,780	16,972,420	4,235,105	1,666,927
Compensated absences	6,521,759	704,904	512,780	6,713,883	621,109
Governmental activities, long-term liabilities	<u>\$ 366,939,146</u>	<u>\$ 91,486,742</u>	<u>\$ 73,339,511</u>	<u>\$ 385,086,377</u>	<u>\$ 30,086,472</u>
<u>Business-type activities:</u>					
General obligation bonds	\$ 163,191,528	\$ -	\$ 8,370,510	\$ 154,821,018	\$ 8,535,512
Revenue bonds	201,520,000	-	5,360,000	196,160,000	5,759,000
Bonds from direct borrowing and direct placements	3,221,000	4,955,000	785,000	7,391,000	800,000
Add bond premiums and other credits	15,156,334	-	834,284	14,322,050	823,471
	<u>383,088,862</u>	<u>4,955,000</u>	<u>15,349,794</u>	<u>372,694,068</u>	<u>15,917,983</u>
Lease Liabilities	4,133,310	530,103	1,042,553	3,620,860	939,099
	<u>387,222,172</u>	<u>5,485,103</u>	<u>16,392,347</u>	<u>376,314,928</u>	<u>16,857,082</u>
Net pension liability	2,682,623	4,299,984	2,268,795	4,713,812	-
Net OPEB liability state plans	519,712	290,366	284,739	525,339	-
Compensated absences	882,458	96,647	38,063	941,042	28,819
Business-type activities, long-term liabilities	<u>\$ 391,306,965</u>	<u>\$ 10,172,100</u>	<u>\$ 18,983,944</u>	<u>\$ 382,495,121</u>	<u>\$ 16,885,901</u>

The liability for compensated absences will be liquidated out of the funds in which the employee is normally paid from. For the Governmental activities these funds include: The General Fund, Roads Maintenance Fund, and Fleet, Risk Management and Information Technology internal service funds. The liability for the claims payable will be liquidated out of the Risk Management internal service fund.

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 9. Long-Term Liabilities (Continued)

Details of long-term indebtedness are as follows:

	Issue Date	Final Maturity	Interest Rate	Authorized and Issued	Governmental Activities	Business-type Activities
Bonds Payable:						
General Obligation Bonds:						
2011 VPSA Local School Bond (a)	12/15/11	06/30/31	4.97	\$ 7,500,000.00	\$ 3,335,000.00	\$ -
2013 Public Improvement and Refunding Bonds	07/30/13	12/01/32	3.00-5.00	64,415,000	3,848,984	2,636,018
2014 Public Improvement and Refunding Bonds	07/30/15	02/01/42	2.00-5.00	124,820,000	3,975,000	2,195,000
2015 Public Improvement and Refunding Bonds	07/08/15	02/01/35	2.00-5.00	41,170,000	9,025,000	-
2016 Public Improvement and Refunding Bonds	07/14/16	02/01/36	1.50-5.00	51,085,000	38,520,000	-
2016 Refunding Bonds -- Taxable	07/14/16	02/01/35	1.10-4.00	25,745,000	16,460,000	-
2017 Public Improvement and Refunding Bonds	07/27/17	02/01/42	3.125-5.00	69,775,000	22,645,000	35,025,000
2017 Taxable Refunding Bonds	07/27/17	02/01/32	2.25-3.36	20,245,000	665,000	18,980,000
2018 Public Improvement Bonds	08/14/18	02/01/38	2.95 - 5.00	18,530,000	15,815,000	-
2019 Public Improvement Bonds	09/26/19	02/01/40	2.5 - 5.00	21,705,000	18,915,000	335,000
2019 Taxable Refunding Bonds	09/26/19	02/01/33	1.87 - 2.76	52,335,000	25,160,000	18,340,000
2020A Public Improvement Bonds	09/15/20	02/01/41	1.125 - 5.00	25,635,000	23,725,000	-
2020AB Public Improvement Refunding Bonds	09/15/20	02/01/42	0.18 - 2.41	115,800,000	34,685,000	76,375,000
2021A Public Improvement Bonds	10/05/21	02/01/42	1.625 - 5.00	27,305,000	27,275,000	-
2021AB Public Improvement Refunding Bonds	10/05/21	02/01/35	0.10 - 2.00	18,970,000	17,460,000	935,000
2022 Public Improvement Bonds	08/24/22	02/01/43	4.0 - 5.0	27,735,000	27,735,000	-
Total general obligation bonds					\$ 289,243,984	\$ 154,821,018

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 9. Long-Term Liabilities (Continued)

Details of long-term indebtedness are as follows: (Continued)

	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Authorized and Issued</u>	<u>Business-type Activities</u>
Bonds Payable:					
Pledged Revenue Bonds:					
2015B VRA Revenue and Refunding Bonds	11/18/15	10/01/45	3.12-5.12%	\$ 81,125,000	\$ 37,410,000
2016C VRA Revenue and Refunding bonds	11/16/16	10/21/43	2.12-5.12	92,795,000	76,985,000
2017C VRA Revenue bonds	11/01/17	10/01/42	3.012-5.125	14,355,000	13,065,000
2019 Refunding Bonds (a)	01/19/00	10/01/25	1.88	4,854,000	2,436,000
2020 VRA Revenue Bonds	07/22/20	10/01/46	2.125 - 5.125	14,020,000	13,395,000
2020 VRA Refunding Bonds	10/27/20	10/01/45	0.374 - 2.954	41,585,000	40,290,000
2021 VRA Refunding Bonds	11/17/21	10/01/37	1.485 - 2.818	15,190,000	15,015,000
Pledged Stormwater Revenue Bonds:					
2022 Stormwater Revenue Bonds(a)	08/23/22	11/01/41	3.39	4,955,000	4,955,000
Total pledged revenue bonds					<u>\$ 203,551,000</u>

(a) Indicates the bond is a direct placement or borrowing

The annual requirements to amortize long-term debt and related interest as follows:

Year Ending	Governmental Activities			
	General Obligations Bonds		Bonds from direct borrowings or placements	
	Principal	Interest	Principal	Interest
June 30,				
2024	\$ 22,514,488	\$ 8,708,221	\$ 415,000	\$ 318,750
2025	23,449,496	7,744,214	415,000	318,750
2026	23,185,000	6,958,386	415,000	318,750
2027	22,825,000	6,277,089	415,000	318,750
2028	22,695,000	5,576,390	415,000	318,750
2029-2033	92,050,000	18,754,542	1,260,000	796,875
2034-2038	55,990,000	7,446,922	-	-
2039-2043	23,200,000	1,789,125	-	-
	<u>\$ 285,908,984</u>	<u>\$ 63,254,889</u>	<u>\$ 3,335,000</u>	<u>\$ 2,390,625</u>

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 9. Long-Term Liabilities (Continued)

Year Ending June 30,	Business-type Activities					
	General Obligations Bonds		Revenue Bonds		Revenue Bonds from Direct Placement	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 8,535,512	\$ 3,700,892	\$ 5,759,000	\$ 6,658,752	\$ 800,000	\$ 203,048
2025	8,840,504	3,399,012	5,805,000	6,426,622	1,006,000	181,396
2026	9,020,000	3,221,113	6,070,000	6,167,828	1,027,000	159,288
2027	9,235,000	3,033,958	7,210,000	5,882,894	209,000	144,567
2028	8,195,000	2,818,290	8,505,000	5,590,730	216,000	137,363
2029-2033	45,760,000	11,591,500	43,995,000	23,807,269	1,200,000	569,520
2034-2038	45,155,000	6,713,181	57,255,000	15,862,884	1,421,000	348,000
2039-2043	20,080,000	1,605,528	51,560,000	4,977,713	1,323,000	91,615
2044-2048	-	-	10,190,000	446,841	-	-
	<u>\$154,821,016</u>	<u>\$ 36,083,474</u>	<u>\$196,349,000</u>	<u>\$ 75,821,533</u>	<u>\$ 7,202,000</u>	<u>\$ 1,834,796</u>

Pledge-Revenue Bond Restrictions:

The City's Utility fund has outstanding obligations with VRA for which revenue has been pledged to secure the obligations. The net revenues of the Utility Fund have been pledged to meet the debt service requirement of these bonds. The bonds have been issued to finance the capital improvements and construction of the water and sewer systems. The total amount remaining debt service to be paid over the life of these VRA bonds is \$274,486,698 through 2047.

In accordance with the master trust indenture, the revenue covenant has been met for the pledged-revenue bonds. Net revenues are required to be no less than greater of (i) the sum of 1.5 times senior debt service and 1.0 times subordinate debt service for the fiscal year (ii) net revenues are not less than 1.0 times the funding requirements for transfers from the revenue fund to the bond fund, the parity debt service fund, the debt service reserve fund, the subordinate debt service fund, the repair and replacement reserve fund, and the rate stabilization fund. This coverage ratio for the current year is 2.51, which exceeds the requirement. Furthermore, there has been no occurrence of any condition or event which constitutes, or which, with notice or lapse of time, or both, would constitute an event of default within the terms of the master trust indenture.

The City's Stormwater fund has outstanding revenue bonds for which revenue has been pledged to secure the obligations. The net revenues of the Stormwater Fund have been pledged to meet the debt service requirement of these bonds. The bonds have been issued to finance the capital improvements of the Stormwater Utility system. The total amount remaining debt service to be paid over the life of these revenue bonds is \$6,720,631 through 2042.

In accordance with the master trust indenture, the revenue covenant has been met for the pledged-revenue bonds. Net revenues are required to be no less than greater of (i) the sum of 1.5 times senior debt service and 1.0 times subordinate debt service for the fiscal year (ii) net revenues are not less than 1.0 times the funding requirements for transfers from the revenue fund to the bond fund, the parity debt service fund, the debt service reserve fund, the subordinate debt service fund, the repair and replacement reserve fund, and

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 9. Long-Term Liabilities (Continued)

Pledge-Revenue Bond Restrictions (continued):

the rate stabilization fund. This coverage ratio for the current year is 38.58, which exceeds the requirement. Furthermore, there has been no occurrence of any condition or event which constitutes, or which, with notice or lapse of time, or both, would constitute an event of default within the terms of the master trust indenture.

General Obligation Bonds and the Legal Debt Limit:

General Fund revenues are used to pay all general long-term liabilities. The City retains the liability for the portion of general obligation bonds issued to fund capital projects of the School Board.

The General Fund has a contingent liability for repayment of the general obligation bonds outstanding in the Utility Fund, from which repayment is anticipated, should the Utility Fund be unable to do so. General obligation bonds are direct obligations and pledge the full faith and credit of the City.

The Commonwealth of Virginia imposes a legal limit of 10% of the assessed valuation of taxable real property on the amount of general obligation borrowing which may be outstanding by the City. The City has independently set a lower debt limit of 7% of the assessed valuation. As of June 30, 2023, the City's aggregate general obligation indebtedness is approximately \$886.2 million less than the Commonwealth's limit and \$487.1 million less than the City's independent limit.

School Board Long-Term Liabilities:

Following is a summary of changes in noncurrent liabilities of the School Board for the year ended June 30, 2023:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Component Unit - School Board					
Other postemployment benefits, net	\$ 17,911,008	\$ -	\$ 661,911	\$ 17,240,489	\$ -
Net pension liability	73,840,253	13,253,231	-	87,093,484	-
Compensated Absences	3,124,121	2,068,695	1,663,767	3,529,049	415,477
	<u>\$ 94,875,382</u>	<u>\$ 15,321,926</u>	<u>\$ 2,325,678</u>	<u>\$ 107,871,630</u>	<u>\$ 415,477</u>

Direct Borrowings or Placements:

The City has outstanding bonds from direct borrowings and placement related to governmental activities and Business-type activities of \$3,335,000 and \$7,391,000 respectively. The full faith and credit of the City's or the pledged revenue of the Utility or Stormwater fund secure all of the bonds from direct borrowings. A portion of the direct borrowing bonds in the amount of \$3,335,000 are bonds issued with the Virginia Public School Authority (VPSA). These VPSA bonds contain 1) a provision that if a default exists the governor of the State of Virginia may intercept other state aid to the City to pay the bonds and 2) a clause that allows the lender to require redemption in whole or part if it is necessary to maintain the bonds as qualified tax credit bonds, the lender may, with 90 days written notice require redemption if there are amendments to the applicable tax section or there is a reduction or elimination of the refundable credit received by the lender.

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 9. Long-Term Liabilities (Continued)

Prior Year Defeasances:

In prior years, the City defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At June 30, 2023, the balance of these defeased bonds was \$184,955,000.

Note 10. Leases and Subscription Based Information Technology Agreements

City as a Lessor – Leases Receivable:

The City has recorded seventy-five (75) GASB Statement No. 87, leases, where the City is a lessor. The revenues are received for leasing airport hangars, farmland, and communications antenna space. These related leases are discussed by type below. The discount rate for all leases is based on the average of the City's Municipal Market Data (MMD) rate. The discount rates assigned to each lease is the average MMD rate from 7/1/2022 – 02/01/2023 and the number of years of the lease.

Lessor activity for the year ended June 30, 2023 is as follows:

The City has a communications antenna space lease. Under the lease the lessee pays \$34,560 per year for a total of 5 years, ending on December 31, 2024 and, \$41,472 per year for the next 5 years, in exchange for space on the City's communications antenna. In fiscal year 2023, the City recognized \$43,595 of lease revenues and \$14,506 of interest income. This lease has no variable payment terms. The lease is measured at the present value of future minimum lease payments expected to be received during the lease term at a discount rate equal to the average MMD rate for the City.

The City has a communications antenna space lease initiated on January 1, 2023. Under the lease the lessee pays \$40,858 per year for a total of 1 year, ending on December 31, 2023 and, \$42,084 per year for the following year in exchange for space on the City's communications antenna. In fiscal year 2023, the City recognized \$26,319 of lease revenues and \$2,113 of interest income. This lease has no variable payment terms. The lease is measured at the present value of future minimum lease payments expected to be received during the lease term at a discount rate equal to the average MMD rate for the City.

The City has four (4) land leases. Under the leases the lessees pay \$8,615 per year for a total of 10 years, in exchange for the right to farm or use the associated land. In fiscal year 2023, the City recognized \$7,954 of lease revenues and \$807 of interest income. These leases have no variable payment terms. The leases are measured at the present value of future minimum lease payments expected to be received during the lease term at a discount rate equal to the average MMD rate for the City.

The City has sixty-nine (69) airport hangar leases. Under the leases the city collects \$258,952 per year in lease revenues for a total of 60 months, in exchange for the use of the hangars at the airport. In fiscal year 2023, the City recognized \$239,506 of lease revenues and \$7,337 of interest income. These leases have no variable payment terms. The leases are measured at the present value of future minimum lease payments expected to be received during the lease term at a discount rate equal to the average MMD rate for the City.

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 10. Leases and Subscription Based Information Technology Agreements (continued)

City as a Lessee:

The City has entered into various agreements to lease certain equipment, buildings, office space and land. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of each lease inception. The agreements have varying contractual dates.

There are no conditions related to any additional variable payments, such as those based on the future performance of the lessee or usage of the underlying asset, that are not included in the lease liabilities.

There are no residual value guarantees not included in the lease liability, along with the terms and conditions of the guarantees.

The discount rate is based on the average of the City's Municipal Market Data (MMD) rate. The discount rate assigned to each lease is the average MMD rate from 7/1/21 – 2/1/22 and the number of years of the lease.

There are no future lease commitments, sublease transactions, sale-leaseback or lease back transactions on lease assets.

The detail for the City's lease agreements are contained below:

Lease Classification	End Dates	Number of individual leases
Buildings	12/31/2023, and 5/31/2044	2
Land	06/30/2035, and 06/30/2026	2
Office Space	06/30/2023	1
Copiers	04/30/2025, and 02/25/2025	326
Fuel Tank	10/31/2022	2
Generators	Various years through 6/30/2032	60
Public Safety Equipment	08/31/2026	1
Mailing Equipment	Various through 07/29/2026	10

	Future Minimum Payment Schedule		
Fiscal Years	Principal	Interest	Total
2024	\$3,403,418	\$369,313	\$3,772,731
2025	3,035,457	329,635	3,365,092
2026	2,728,341	291,995	3,020,336
2027	1,488,483	267,097	1,755,579
2028	1,362,794	246,663	1,609,427
2029 – 2033	4,888,172	966,622	5,854,794
2034 – 2038	3,882,159	602,756	4,484,915
2039 – 2043	4,226,012	231,302	4,457,315
Total	\$25,014,836	\$3,305,353	\$28,320,190

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 10. Leases and Subscription Based Information Technology Agreements (continued)

Subscription Liabilities:

The City has entered into various agreements for subscription based information technology agreements (SBITA) under GASB 96 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of each SBITA inception. The agreements have varying contractual dates.

There are no conditions related to any additional variable payments, such as those based on the future performance of the lessee or usage of the underlying asset, that are not included in the SBITA liabilities.

There are no residual value guarantees not included in the SBITA liability, along with the terms and conditions of the guarantees.

The discount rate is based on the average of the City's Municipal Market Data (MMD) rate. The discount rate assigned to each lease is the average MMD rate from 7/1/21 – 2/1/22 and the number of years of the agreement.

There are no future SBITA commitments on the related assets.

The City has seven SBITA agreements, these agreements are for a variety of applications that serve the City. The details of these agreements are as follows:

Agreement description/purpose	End date
Public Safety	06/14/2025
Lease Tracking	01/31/2025
Time and attendance	03/31/2025
IT servers	06/30/2025
Public safety communication	06/30/2026
Emergency notification	07/09/2024
Public safety equipment support	08/31/2026

	Future Minimum Payment Schedule		
Fiscal Years	Principal	Interest	Total
2024	\$133,005	\$3,301	\$136,305
2025	53,863	1,118	54,981
2026	47,734	100	47,833
2027	4,753	-	4,753
Total	\$239,354	\$4,518	\$243,872

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 11. Defined Benefit Pension Plan

Plan Description

The City and School Board contribute to the VRS, a qualified defined benefit retirement plan to provide pension benefits for all permanent full-time general and public safety employees of the City and the Schools. The VRS is an agent-multiple employer defined benefit plan (City and School Board) and a cost-sharing multiple employer plan (School Board) administered by VRS.

Benefits Provided:

All full-time, salaried permanent (professional) employees are automatically enrolled in VRS upon employment. Benefits vest after five years of service credit, and are eligible to retire with an unreduced or reduced benefit when they meet the age and service requirements of the plan. Members can earn one month of service credit for each month they are employed and contributions are deposited into the VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as credit in their plan. The VRS also provided Death and disability benefits. Title 51.1 of the *Code of Virginia* (1950), as amended assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The System issues a publically available Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information for the plans administered by VRS. A copy of that report may be obtained from the VRS website at <http://www.varetire.org/Pdf/publications/2023-Annual-Report.pdf> or obtained by writing to the Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

The System administers different benefit structures (called plans) for the City and School Board employees: Plan 1, Plan 2 and the Hybrid Retirement Plan (“Hybrid”) each of these have different provisions with a specific eligibility and benefit structure. See Table below for details.

Benefit Terms, and Contribution Requirements

Plan 1	Plan 2	Hybrid
<p>Description (Employees Covered): Plan 1 is a defined benefit plan. The benefit is based on a member’s age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of July 1, 2013.</p> <p>Non-hazardous duty members were allowed to make an irrevocable decision to opt into the Hybrid plan during a special elections window held January 1 through April 30, 2014.</p>	<p>Description (Employees Covered): Plan 2 is a defined benefit plan. The retirement benefit is based on a member’s age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 2 if their membership date is on or after July 1, 2010 or their membership dates is before July 1, 2010 and they were not vested as of January 1, 2013.</p> <p>Eligible members in Plan 2 were allowed to make an irrevocable decision to opt into the Hybrid plan during a special election window held January 1 through April 30, 2014.</p>	<p>Description (Employees Covered): The Hybrid Plan combines the features of a defined benefit and a defined contribution plan. Members hired on or after January 1, 2014 are on this plan, as well as any eligible Plan 1 or Plan 2 members who opted into the plan during the special election period.</p> <ul style="list-style-type: none"> • The defined benefit is based on the member’s age, creditable service and average final compensation. • 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.

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 11. Defined Benefit Pension Plan (Continued)

Benefit Terms, and Contribution Requirements (continued)

Plan 1	Plan 2	Hybrid
Retirement Eligibility: Normal: <ul style="list-style-type: none"> Non-hazardous duty members are eligible for an unreduced benefit at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Hazardous duty members are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit, or age 50 with at least 25 years of service credit. 	Retirement Eligibility: Normal: <ul style="list-style-type: none"> Non-hazardous duty members are eligible for an unreduced benefit at their normal Social Security retirement age with at least 5 years of service credit, or when their combined age and service credit equals 90. Hazardous duty members' eligibility is the same as Plan 1. 	Retirement Eligibility: Normal: <ul style="list-style-type: none"> Defined Benefit Component: members are eligible for an unreduced benefit at their normal Social Security retirement age with at least 5 years of service credit, or when their combined age and service credit equals 90. Defined Contribution Component: Members are eligible to receive distributions upon leaving employment
Early Retirement with reduced benefit: <ul style="list-style-type: none"> Non-hazardous duty members may retire early with a reduced benefit at age 55 with at least 5 years of service credit, or age 50 with at least 10 years of service credit. Hazardous duty members may retire early with a reduced benefit at age 50 with at least 5 years of service credit. 	Early Retirement with reduced benefit: <ul style="list-style-type: none"> Non-hazardous duty members may retire early with a reduced benefit at age 60 with at least 5 years of service credit. Hazardous duty members' eligibility is the same as Plan 1. 	Early Retirement with reduced benefit: <ul style="list-style-type: none"> Defined Benefit Component: Members are eligible for a reduced benefit at age 60 with at least 5 years of creditable service. Defined Contribution Component: Members are eligible to receive distributions upon leaving employment
Vesting: <ul style="list-style-type: none"> Members become vested when they have at least 5 years of creditable service 	Vesting: <ul style="list-style-type: none"> Same as Plan 1. 	Vesting: <ul style="list-style-type: none"> Defined Benefit Component: Same as Plan 1. Defined Contribution Component: After 2 years a member is 50% vested in employer contributions, after 3 years 75% vested in employer contributions and after 4 years 100% vested. Members are 100% vested in contributions they make.
Types of Benefits: The VRS Basic Benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the member's final compensation multiplied by the member's total service credit at retirement. Members can elect the Basic Benefit, the Survivor Option, a Partial Lump-Sum Option Payment (PLOP) or the Advance Pension Option. If any option other than the basic benefit is selected a retirement reduction factor is applied.	Types of Benefits: Same as Plan 1.	Types of Benefits: Defined Benefit Component: Same as Plan 1. Defined Contribution Component: The benefit is based on contributions made by the member and any matching contributions made by the City, plus net investment earnings on those contributions.

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 11. Defined Benefit Pension Plan (Continued)

Benefit Terms, and Contribution Requirements (continued)

Plan 1	Plan 2	Hybrid
Elements of the Pension Formula:	Elements of the Pension Formula:	Elements of the Pension Formula:
Average Final Compensation: <ul style="list-style-type: none"> The average of the 36 consecutive months of highest compensation as a covered employee. 	Average Final Compensation: <ul style="list-style-type: none"> The average of the 60 consecutive months of highest compensation as a covered employee. 	Average Final Compensation: <ul style="list-style-type: none"> Same as Plan 2 for the Defined Benefit Component.
Service Retirement Multiplier: <ul style="list-style-type: none"> Non-hazardous duty members is 1.7% Sheriffs and regional jail superintendents is 1.85% Hazardous duty members other than sheriffs and regional jail superintendents is 1.7% or 1.85% as elected by the employer. 	Service Retirement Multiplier: <ul style="list-style-type: none"> For service earned, purchased or granted prior to 1/1/13, and hazardous duty members it is the same as Plan 1. For service earned, purchased or granted after 1/1/13 for non-hazardous duty members it is 1.65% 	Service Retirement Multiplier: <ul style="list-style-type: none"> Defined Benefit Component: 1.0% For members who opted into this plan, the retirement multiplier for their previous plan will be used for service credited in those plans.
Creditable Service: <ul style="list-style-type: none"> Earned for each month employed in a covered position 	Creditable Service: <ul style="list-style-type: none"> Same as Plan 1 	Creditable Service: <ul style="list-style-type: none"> Defined Benefit Component: Same as Plan 1
Cost-of-Living Adjustments: <ul style="list-style-type: none"> 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 of 5% Eligible July 1 of the 2nd calendar year of retirement. 	Cost-of Living Adjustments: <ul style="list-style-type: none"> Matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%) for a maximum of 3%. <p>Eligibility is the same as Plan 1.</p>	Cost-of Living Adjustments: <ul style="list-style-type: none"> Defined Benefit Component: Same as Plan 2 Eligibility is the same as Plans 1 and 2. Defined Contribution Component: Not applicable
Contribution Requirements: Employees are required to contribute 5% of their compensation toward the plan, through a pre-tax salary deduction. Beginning July 1, 2012 for members in the plan, employers were required to begin making the employee pay the 5% member contribution. This could be phased in over a period of up to 5 years, the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. All employees will be paying the full 5 % by July 1, 2016. The employer makes a separate actuarially determined contribution to VRS for all covered employees.	Contribution Requirements: Same as Plan 1.	Contribution Requirements: 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.

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 11. Defined Benefit Pension Plan (Continued)

Number of Employees by Class:	City	School Board – Non Teacher Plan
Retirees or beneficiaries currently receiving benefits:	828	214
Inactive Members:		
Vested inactive members	232	32
Non-vested inactive members	421	133
Inactive members active elsewhere in VRS	431	63
Total inactive members	1,912	228
Active Employees:	1,269	321
Total	3,181	549

Contributions:

Members and employers are required to contribute to the retirement plans as provided by Title 51.1 of the *Code of Virginia* (1950), as amended. The member contribution is 5% of compensation contributed by members or employers. The City and School Board are required to contribute the remaining amounts necessary to fund the pension plans using the entry age normal actuarial cost method adopted by the VRS Board of Trustees. The System's actuary computed the amount of contributions to be provided by the City and School Board. The contribution rates for fiscal year 2023 were based on the actuary's valuation as of June 30, 2021. In addition, the actuary computed a separate contribution requirement for the School Board for the teacher cost-sharing pool using the same valuation date.

The City's contractually required contribution rate for the year ended June 30, 2023 was 13.88% of covered employee compensation. This rate was based on actuarially determined rate from an actuarial valuation as of June 30, 2021.

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. Employer contributions to the pension plan for the years ended June 30, 2023 and June 30, 2022, respectively were \$11,027,523 and \$8,992,126.

The School Board's contractually required contribution rate for the Teacher Retirement Plan for the year ended June 30, 2023 was 16.62% of covered employee compensation. This rate was based on actuarially determined rate from an actuarial valuation as of June 30, 2021.

The School Board's (non-teacher plan) contractually required contribution rate for the year ended June 30, 2023 was 4.40% of covered employee compensation. This rate was based on actuarially determined rate from an actuarial valuation as of June 30, 2021.

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 11. Defined Benefit Pension Plan (Continued)

Contributions (continued):

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. Based on the provisions of section 51.1-145 of the *Code of Virginia*, as amended, the contributions were funded at 100% of the actuarial rate for the year ended June 30, 2023. Contributions to the Teacher Retirement pension plan for the years ended June 30, 2023 and June 30, 2022, respectively were \$14,811,454 and \$13,650,009. Contributions to the Non-Teacher pension plan for the years ended June 30, 2023 and June 30, 2022, respectively were \$356,654 and \$444,256. In June 2021 the commonwealth made a special contribution of approximately \$61.3 million to the VRS Teacher Employee Plan. This special payment was authorized by a budget amendment included in Chapter 552 of the 2021 Appropriation Act, and is classified as a non-employer contribution.

Actuarial Assumptions

The most recent actuarial valuation to determine the net pension liabilities for the City and School Board was prepared as of June 30, 2021. The total pension liability was determined based on that actuarial valuation using updated actuarial assumptions applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2022. The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	General City and School Board (non- teacher)Employees	Public Safety Employees	School Board Teacher Retirement Plan Employees
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Investment Rate of Return, net of pension plan investment expense, including inflation *	6.75%	6.75%	6.75%
Inflation	2.5%	2.5%	2.5%
Projected Salary Increases	3.5% - 5.35%	3.5% - 4.75%	3.5% - 5.95%
Mortality Rates (% of deaths assumed to be service related)	15%	45%	N/A

General City and School Board (non-teacher) employees:

Pre-Retirement:

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

Post-Retirement:

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

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 11. Defined Benefit Pension Plan (Continued)

Actuarial Assumptions (continued)

Post-Disablement:

Pub2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.

Beneficiaries and Survivors:

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

Mortality Improvement:

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

Public Safety Employees:

Pre-Retirement:

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

Post-Retirement:

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

Post – Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

School Board Teacher Retirement Plan employees:

Pre-Retirement:

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

Post-Retirement:

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

Post – Disablement:

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

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 11. Defined Benefit Pension Plan (Continued)

Actuarial Assumptions (continued)

School Board Teacher Retirement Plan employees (continued):

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally.

Mortality Improvement:

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

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

General City and School Board (non-teacher) Employees: Public Safety Employees:

- | | |
|---|--|
| <ul style="list-style-type: none">- Update Mortality Rates to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.- Adjusted retirement to better fit experience for Plan1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age.- Adjusted withdrawal rates to better fit experience at each year age and service through 9 year of service- No change in disability rates- No change in Line of Duty Disability rates.- No change in discount rate of 6.75% | <ul style="list-style-type: none">- Updated mortality rates to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020- Adjusted Retirement Rates to better fit experience and changed final retirement age from 65 to 70.- Decreased withdrawal rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty.- No change to disability rates- No change to line of Duty Disability rates.- No change in discount rate of 6.75%. |
|---|--|

School Board Teacher Retirement Plan Employees:

- Updated mortality rates to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
- Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age from 75 to 80 for all.
- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service.
- No change in disability rates.
- No change in discount rate of 6.75%.

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 11. Defined Benefit Pension Plan (Continued)

Net Pension Liability

The net pension liability (NPL) for the teacher retirement plan is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2022, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

	Teacher Employee Retirement Plan
Total Pension Liability	\$54,732,329
Plan Fiduciary Net Position	45,211,731
Employers' Net Pension Liability	<u>\$9,520,598</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.61%

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using 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 estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

City and School Board Pension Plans			
Asset Class:	Target Allocation:	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long- Term Rate of Return:
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS – Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP – Private Investment Partnership	3.00%	6.55%	0.20%
Total	<u>100.00%</u>		<u>5.33%</u>
Inflation			<u>2.50%</u>
**Expected arithmetic nominal return			<u>7.83%</u>

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 11. Defined Benefit Pension Plan (Continued)

** The above allocation provides a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%. On October 10, 2019 the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.5%. .

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in FY2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2021, actuarial valuations, whichever was greater. From July 1, 2022 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the Long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

	Increase/(Decrease)		
	City Pension Plan		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at 7/01/2021	\$ 370,970,497	\$ 350,462,957	\$ 20,507,540
Changes for the Year:			
Service cost	8,374,519	-	8,374,519
Interest	25,051,249	-	25,051,249
Difference between expected and actual experience	(5,678,453)	-	(5,678,453)
Contributions -- employer	-	8,744,932	(8,744,932)
Contributions -- employee	-	3,524,800	(3,524,800)
Net investment income	-	(361,724)	361,724
Benefit payments including refunds of employee contributions	(16,430,793)	(16,430,793)	-
Administrative expense	-	(217,054)	217,054
Other changes	-	8,124	(8,124)
Net Changes	11,316,522	(4,731,715)	16,048,237
Balances at 6/30/2022	\$ 382,287,019	\$ 345,731,242	\$ 36,555,777

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 11. Defined Benefit Pension Plan (Continued)

Changes in the Net Pension Liability (continued)

	Increase/(Decrease)		
	School Board (non-teacher) Plan		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at 7/01/2021	\$ 32,205,071	\$ 36,107,067	\$ (3,901,996)
Changes for the Year:			
Service cost	636,507	-	636,507
Interest	2,162,362	-	2,162,362
Change of assumptions	-	-	-
Difference between expected and actual experience	(354,739)	-	(354,739)
Contributions -- employer	-	446,099	(446,099)
Contributions -- employee	-	409,545	(409,545)
Net investment income	-	(38,447)	38,447
Benefit payments including refunds of employee contributions	(1,613,180)	(1,613,180)	-
Administrative expense	-	(22,513)	22,513
Other changes	-	829	(829)
Net Changes	830,950	(817,667)	1,648,617
Balances at 6/30/2022	\$ 33,036,021	\$ 35,289,400	\$ (2,253,379)

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

In accordance with the requirements of GAAP, regarding the sensitivity of the net pension liability (rounded) to changes in the discount rate, the table below presents the net pension liability for the City and School Board calculated using the discount rate of 6.75%, as well as what it would be at a discount rate 1.00% lower and 1.00% higher.

	1.00% Lower 5.75%	Current Discount Rate: 6.75%	1.00% Higher 7.75%
City's Net Pension Liability	\$89,943,174	\$36,555,777	\$(6,956,988)
School Board's (non-teacher) Net Pension Liability (Asset)	\$1,912,747	\$(2,253,379)	\$(5,669,304)
School Board's Teacher Retirement Plan Net Pension Liability	\$155,555,631	\$87,093,484	\$31,350,243

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 11. Defined Benefit Pension Plan (Continued)

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

For the year ended June 30, 2023, the City recognized pension expense of \$6,886,302.

For the year ended June 30, 2023, the School Board (non-teacher) plan recognized pension expense of \$(462,858).

At June 30, 2023, the School Board Teacher Retirement Plan reported a liability of \$87,093,484 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2022 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2021 and rolled forward to the measurement date of June 30, 2022.

The School Board's proportion of the Net Pension Liability was based on the School Board Teacher Retirement Plan's actuarially determined employer contributions to the pension plan for the year ended June 30, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the School Board Teacher Retirement Plan's proportion was 0.91479% as compared to 0.95117% at June 30, 2021.

For the year ended June 30, 2022, School Board's Teacher Retirement plan recognized pension expense of \$3,814,943. Since, for the School Board's Teacher Retirement Plan 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.

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

	City Pension Plan		School Board Non-teacher Plan		School Board Teacher Retirement Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 241,092	\$ 5,126,762	\$ -	\$ 435,177	\$ -	\$ 6,005,440
Change of assumptions	6,328,990	-	238,149	-	8,211,161	-
Net difference between projected and actual earnings on pension plan investments.	-	9,852,087	-	1,032,898	-	11,355,166
Change in proportion and differences between employer contributions and proportionate share of contributions	-	-	-	-	1,469,379	5,475,858
Contributions to the plan subsequent to the measurement date	11,027,523	-	356,654	-	14,811,454	-
Total	\$ 17,597,605	\$ 14,978,849	\$ 594,803	\$ 1,468,075	\$ 24,491,994	\$ 22,836,464

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 11. Defined Benefit Pension Plan (Continued)

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions (continued)

\$11,027,523, \$356,654, and \$14,811,454 reported as deferred outflows of resources related to pensions resulting from the City's, School Board (non-teacher) plan and School Board's Teacher Retirement plan (respectively) contributions subsequent to the measurement date will be recognized as a reduction of the respective Net Pension Liability in the year ended June 30, 2024.

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

Year Ended June 30:	City Pension Plan	School Board (non- teacher) Plan	School Board Teacher Retirement Plan
2024	\$(1,998,178)	\$(509,617)	\$(3,804,499)
2025	(3,747,313)	(514,699)	(5,202,467)
2026	(7,437,376)	(695,485)	(8,490,301)
2027	4,774,100	489,875	4,341,343
2028	-	-	-
	<u>\$(8,408,767)</u>	<u>\$(1,229,926)</u>	<u>\$(13,155,924)</u>

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS ACFR, which may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2023-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Note 12. Other Postemployment Benefits Program – Local Trust

Plan Description

The City has established an irrevocable trust pursuant to Section 15.21544 of the *Code of Virginia*, as amended for the purpose of accumulated and investing assets to OPEB, to participate in the Virginia Pooled OPEB Trust Fund and has established a local Finance Board to become a Participating Employer in the Trust Fund. The Trust Fund provides administrative, custodial, and investment services to the Participating Employers in the Trust Fund. The Trust Fund issues a separate report, which can be obtained by requesting a copy from the plan administrator, Virginia Municipal League ("VML") at P.O. Box 12164, Richmond, Virginia 23241.

The City and School Board provide postemployment medical coverage for retired employees through a single-employer defined benefit plan. The plan is established under the authority of City Council and the School Board, which may also amend the plan as deemed appropriate.

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 12. Other Postemployment Benefits Program – Local Trust

Plan Description (continued)

Participants in the City's and School Board's OPEB plans must have attained 20 years and 10 years of full-time consecutive service, respectively, and been enrolled in the group health insurance plan for the 24 months prior to their retirement date to be eligible, coverage ceases at age 65 for the school board employees. Retirees pay 100% of spousal premiums and surviving spouses are not allowed on the plan.

Plan Membership

Number of Employees by Class:

	City	School Board
Inactive members and beneficiaries currently receiving benefits	140	59
Active Employees:	1,276	1,919
Total	1,416	1,978

Contribution Requirements

The City and School Board establish employer contribution rates for plan participants as part of the budgetary process each year and determines how the plan will be funded each year and whether it will partially fund or fully fund the plan. The City and School Board currently fund postemployments health care benefits on a pay-as-you-go basis and as contributions to their respective Trust Funds.

The annual cost of OPEB is the Actuarially Determined Contribution (ADC). The City and School Board elected to pre-fund OPEB liabilities. The City and School Board are contributing the ADC, an amount actuarially determined in accordance with GAAP. The ADC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over open amortization period not to exceed thirty years.

For the fiscal year ended June 30, 2023, the City contributed \$2,394,963 toward OPEB costs which was a combination of \$729,520 deposited in the trust fund and \$1,665,443 in claims paid on behalf of the retirees, net of premiums paid by retirees. The School Board contributed \$435,346 toward OPEB costs representing claims paid on behalf of retirees.

Plan Investments

The Board of Trustees has the responsibility for managing the investment process. In fulfilling this responsibility, the Board will establish and maintain investment policies and objectives. Within this framework, the Board will monitor and evaluate the 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 fund is to maximize total long-term rate of return with reasonable risk by seeking capital appreciation and, secondarily, principal protection.

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 12. Other Postemployment Benefits Program – Local Trust (Continued)

Plan Investments (continued)

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized below:

Asset Class:	Target Allocation	Long-Term Arithmetic Weighted Average Real Return
U.S Equity – Large Cap	21.00%	1.51%
U.S Equity – Small Cap	10.00%	0.86%
Non U.S. Equity – Developed	13.00%	1.05%
Non U.S. Equity – Emerging	5.00%	0.47%
US Corporate Bonds – Core	5.00%	0.13%
US Corporate Bonds – Core Plus	11.00%	0.32%
Long/Short Equity	6.00%	0.35%
Liquid Absolute Return	4.00%	0.13%
Real Estate	10.00%	0.65%
Opportunistic Real Estate	5.00%	0.48%
Private Equity	10.00%	1.06%
Total	100.00%	7.01
	Inflation	2.75%
	Expected arithmetic nominal return	9.76%

There are no investments in any one organization that represent 5 percent or more of the OPEB Trust's fiduciary net position.

For the year ended June 30, 2023, and June 30, 2022 the annual money-weighted rate of return on investments, net of investment expense was 9.76% and -9.28% respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 12. Other Postemployment Benefits Program – Local Trust (Continued)

Net OPEB Liability for the Plan (GASB 74 Disclosures)

The City's net OPEB Asset was measured as of its fiscal year end June 30, 2023, based on a valuation date of August 16, 2022. The School Board net OPEB Liability was measured as of its fiscal year end of December 31, 2022 based on a valuation date of May 1, 2022. The components of the Plans' net OPEB Asset were as follows:

	Net OPEB Asset	
	City	School Board
Total OPEB liability	\$40,401,010	\$11,580,042
Plan fiduciary net position	50,407,682	20,202,206
Net OPEB asset	<u>\$(10,006,672)</u>	<u>(\$8,622,164)</u>
Fiduciary net position as a percent of total OPEB asset	124.77%	174.46%

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The total OPEB liability for the City as part of the actuarial valuation performed as of January 1, 2022 for the City and May 1, 2022 for the School Board, using the following actuarial assumptions:

	City	School Board
Investment rate of return	6.75%	6.75%
Actuarial Cost Method	Entry Age Normal, level percentage of pay.	Entry Age Normal, level percentage of pay.
Inflation Rate	2.5%	2.5%
Projected salary increases	3.5% - 5.35%	3.50 – 5.95%
Real Wage Growth Rate	1.00%	1.00%
Health care cost trend rate:		
Initial	6.00%	6.00%
Ultimate (year of ultimate trend rate)	3.94%	3.94%

Mortality rates were based on amount –weighted Pub-2010 mortality tables with generationally project mortality improvements using Scale MP-2018. Generationally projected healthy and disabled mortality rates reflect differences for males and females, and for general and safety (i.e. enhanced hazardous duty) employment classifications.

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 12. Other Postemployment Benefits Program – Local Trust (Continued)

Discount Rate

The discount rate used to measure the total OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate was performed in accordance with GAAP. The projection's basis was an actuarial valuation performed as of January 1, 2022 for the City and May 1, 2022 for the School Board. The fiduciary net position projections are based upon the Plan's financial status on the measurement date, the indicated set of methods and assumptions, and the requirements of GAAP. The long-term expected rate of return on plan investments is 6.75%. The long-term expected rate of return was applied to the periods of projected benefit payments and it is not anticipated that the plan's assets will be exhausted. The expected municipal bond rate was not applied to determine the discount rate.

Sensitivity of the Net OPEB Liability – for the Plan (GASB 74 disclosures)

The net OPEB asset is shown below as calculated at the current discount rate and current health care cost trend rate as indicated and also calculated using rates 1% lower and 1% higher. The City's net OPEB asset for the plan was based on a valuation date of January 1, 2022 and rolled forward to a measurement date of June 30, 2023 for the City. The School Board had a valuation date of May 1, 2022 and with a measurement date of December 31, 2022.

Net OPEB Asset analysis using discount rate:			
	1% lower (5.75%)	Current Rate (6.75%)	1% higher (7.75%)
City's Plan	\$(3,673,990)	\$(10,006,672)	\$(15,156,804)
School Board	\$(7,790,681)	\$(8,622,164)	\$(9,398,257)

Net OPEB Asset using the health care cost trend rate:			
	1% lower (2.94%)	Current rate (3.94%)	1% higher (4.94%)
Ultimate Trend			
City's Plan	\$(16,103,209)	\$(10,006,672)	\$(2,349,978)
School Board	\$(9,686,330)	\$(8,622,164)	\$(7,406,407)

Sensitivity of the Net OPEB Liability – for the Employer (GASB 75 disclosures)

The net OPEB liability is shown below as calculated at the current discount rate and current health care cost trend rate as shown in the tables below and also as calculated using rates 1% lower and 1% higher.

Net OPEB Liability (Asset) analysis using discount rate:			
	1% lower (5.75%)	Current Rate (6.75%)	1% higher (7.75%)
City's Plan	\$(2,104,867)	\$(8,208,673)	\$(13,158,147)
	1% lower (5.75%)	Current Rate (6.75%)	1% higher (7.75%)
School Board	\$(7,790,681)	\$(8,622,164)	\$(9,398,257)

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 12. Other Postemployment Benefits Program – Local Trust (Continued)

Sensitivity of the Net OPEB Liability – for the Employer (GASB 75 disclosures) (continued)

	Net OPEB Asset using the health care cost trend rate:		
	1% lower (2.94%)	Current rate (3.94%)	1% higher (4.94%)
Ultimate Trend			
City's Plan	<u>\$(13,763,106)</u>	<u>\$(8,208,673)</u>	<u>\$(1,242,355)</u>
Ultimate Trend			
School Board	<u>\$(9,686,330)</u>	<u>\$(8,622,162)</u>	<u>\$(7,406,407)</u>

Changes in the Net OPEB Liability

	<u>Increase/(Decrease)</u>		
	<u>City Plan</u>		
	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Asset</u>
Balance at 7/01/2021	\$ 50,399,861	\$ 50,149,449	\$ 250,412
Changes for the Year:			
Service cost	1,250,647	-	1,250,647
Interest	3,143,180	-	3,143,180
Difference between expected and actual experience	(21,471,616)	-	(21,471,616)
Changes in assumptions	5,714,895	-	5,714,895
Contributions -- employer	-	1,803,211	(1,803,211)
Net investment income	-	(4,707,020)	4,707,020
Benefit payments including refunds of employee contributions	(1,073,690)	(1,073,690)	-
Net Changes	(12,436,584)	(3,977,499)	(8,459,085)
Balances at 6/30/2022	\$ 37,963,277	\$ 46,171,950	\$ (8,208,673)

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 12. Other Postemployment Benefits Program – Local Trust (Continued)

Changes in the Net OPEB Liability (continued)

	School Board Plan		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Asset
Balance at 12/31/2021	\$ 11,075,152	\$ 23,078,282	\$ (12,003,130)
Changes for the Year:			
Service cost	366,810	-	366,810
Interest	727,741	-	727,741
Difference between expected and actual experience	(154,315)	-	(154,315)
Contributions -- employer	-	435,346	(435,346)
Net investment income	-	(2,858,127)	2,858,127
Benefit payments including refunds of employee contributions	(435,346)	(435,346)	-
Administrative expense	-	(17,949)	17,949
Net Changes	504,890	(2,876,076)	3,380,966
Balances at 12/31/2022	\$ 11,580,042	\$ 20,202,206	\$ (8,622,164)

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2023, the City and School Board recognized OPEB expense in the amount of \$3,209 and (\$1,070,694) respectively.

The aggregate amount of OPEB Expense for the City and School Board plans, including the local trust and Virginia Retirement System (VRS) plans are as follows:

	City OPEB Expense	School OPEB Expense
OPEB Plan:		
Local Trust	\$3,209	(\$1,070,694)
VRS Plans: (note 13)		
GLI	147,003	136,822
LODA	1,276,494	-
HIC	-	867,873
VLDP	-	122,540
TOTAL:	\$1,426,706	\$56,541

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 12. Other Postemployment Benefits Program – Local Trust (Continued)

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

The City and School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	City		School Board	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 2,487,962	\$ 18,783,684	\$ 339,337	\$ 4,726,002
Change of assumptions	6,617,231	536,666	362,005	-
Net difference between projected and actual earnings on plan investments.	2,152,337	-	1,702,171	-
Contributions to the plan subsequent to the measurement date	2,394,963	-	-	-
Total	\$ 13,652,493	\$ 19,320,350	\$ 2,403,513	\$ 4,726,002

Deferred outflows in the amount of \$2,394,963 for the City, related to contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense in the future fiscal years and noted below:

Year Ended June 30:	City OPEB Plan	School Board OPEB Plan
2024	\$(849,969)	\$(997,884)
2025	(1,055,486)	(621,813)
2026	(1,384,421)	(297,309)
2027	(181,841)	451,097
2028	(2,327,344)	(473,246)
Thereafter	(2,263,759)	(383,334)
Total	\$(8,062,820)	\$(2,322,489)

Additional information on changes in net OPEB Liability, related ratios, and employer contributions can be found in the required supplementary information following the notes to the financial statements.

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 13. Other Postemployment Benefits Program – VRS Plans

Plan Description

Group Life Insurance Program:

All full-time, salaried permanent employees of the City and School Board, including the teachers are automatically covered by the VRS GLI Program upon employment. This plan is administered by the VRS, along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia. 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. Since this is a separate and fully insured program, it is not included as part of the GLI.

Line of Duty Act Program:

All paid employees and volunteers in hazardous duty position in the City and hazardous duty employees who are covered under the VRS, the State Police Officer's retirement system (SPORS), or the Virginia Law Officers Retirement System (VaLORS) are automatically covered by LODA. VRS is responsible for managing the assets of the program as required by statute. Participating employers made contributions to the program beginning in FY2012. The employer contributions are determined by the VRS actuary using anticipated program costs and the number of covered individuals associated with all participating employers.

Employee Virginia Local Disability Program):

All full-time, salaried permanent (professional) employees of the School Board who are in the VRS Hybrid Retirement Plan benefit structure and whose employer has not elected to opt of the VRS-sponsored program are automatically covered by the VLDP. This plan is administered by VRS, along with pension and other OPEB plans, for eligible public employer groups in the Commonwealth of Virginia. 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 VLDP.

Teacher and Non-Teacher Employee Health Insurance Credit Programs:

All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher and NTHIC Programs. This plan is administered by the System, 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.

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 13. Other Postemployment Benefits Program – VRS Plans (Continued)

Plan Description (continued)

The specific information for each of the plans, including eligibility, coverage and benefits are set out in the table below:

Group Life Insurance	Line of Duty Act	Health Insurance Credit Programs	Virginia Local Disability Program
<p>Eligible Employees: GLI was established July 1, 1960, for state employees, teachers and employees of political subdivision that elect the program.</p> <p>Basic group life insurance coverage is automatic upon employment. Coverage ends for employee who leave their position before retirement eligibility or who take a refund of their contributions and interest.</p>	<p>Eligible Employees: Paid employees and volunteers in hazardous duty position in the City and hazardous duty employees who are covered under the VRS, the State Police Officer's retirement system (SPORS), or the Virginia Law Officers Retirement System (VaLORS) are automatically covered by LODA.</p>	<p>Eligible Employees: THIC: Retired teacher employees who retire with at least 15 years of service credit. Enrolled automatically upon employment if they are full-time permanent professional salaried employees covered under VRS.</p> <p>NTHIC: Full-time permanent salaried employees who are covered under the VRS pension plan.</p>	<p>Eligible Employees: Eligible employees are enrolled automatically upon employment. Teachers and other full-time permanent (professional) salaried employees of public school divisions covered under VRS.</p>
<p>Benefit Amounts: <i>Natural Death Benefit:</i> equal to the employees' covered compensation rounded to the next highest thousand then doubled. <i>Accidental Death Benefit:</i> double the natural death benefit <i>Other Benefit Provisions:</i> other benefits provided under specific circumstances, including, accidental dismemberment, safety belt benefit, repatriation benefit, felonious assault and accelerated death benefit option.</p>	<p>Benefit Amounts: <i>Death:</i> A one-time payment made to the beneficiary of a covered individual. Amounts vary as follows: \$100,000 when a death occurs as a direct or proximate result of performing duty as of 1/1/06 or after, or \$25,000 when the cause of death is attributed to one of the applicable presumptions and occurred earlier than 5 years after retirement. An additional \$20,000 benefit is payable when certain members of the National Guard and U.S Military reserves are killed in action after 10/7/01.</p>	<p>Benefit Amounts: THIC: <i>At retirement:</i> Monthly benefit is \$4.00 per year of servers per month with no cap on the benefit amount. <i>Disability retirement:</i> If retire on disability or go on long-term disability under VLDP the benefit is either: (a) \$4.00 per month, multiplied by twice the amount of service credit, or (b) \$4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.</p>	<p>Benefit Amounts: <i>Short-Term Disability:</i> Beginning after a 7 calendar-day waiting period from the first day of disability. Employees are eligible for non-work related coverage after one year of continuous participation with their current employer. During the first 5 years of continuous participation employees are eligible for 60% of their pre-disability income. Once the eligibility period is satisfied employees are eligible for higher income replacement levels.</p>

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 13. Other Postemployment Benefits Program – VRS Plans (Continued)

Plan Description (continued)

Group Life Insurance	Line of Duty Act	Teacher Health Insurance Credit Program	Virginia Local Disability Program
The benefit amounts are subject to a reduction factor. The amount reduced by 25% on January 1 following one calendar year of separation, and an additional 25% reduction on each January 1 until it reached 25% of its original value.	<i>Health Insurance:</i> beginning July 1, 2017 the health insurance benefits are managed through the Virginia department of human resource management and modeled after the state employee plans and provide consistent, premium-free continued health plan coverage for LODA-eligible disabled individuals, survivors and family members. Individuals must continue to meet eligibility requirements as defined by the Act.	<i>NTHIC: At retirement:</i> Monthly benefit is \$1.50 per year of service per month with a maximum benefit of \$45.00 per month. <i>Disability retirement:</i> For employees who retire on disability or go on long-term disability under the VLDP, the monthly benefit is \$45.00 per month.	<i>Long-Term Disability:</i> Begins after 125 workdays of short-term disability. Eligible if member is unable to work at all or less than 20 hours per week. Members will receive 60% of their pre-disability income and will be offset by any worker's compensation benefit.
Minimum benefit and COLA: For members with at least 30 years of creditable service there is a minimum benefit set and is increased annually based on the VRS Plan 2 cost of living adjustment.	Program Notes:	Program Notes: The monthly HIC benefit cannot exceed the individual premium amount. Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for HIC as a retiree.	Program Notes: If the member is aged 60 or older will be eligible for the benefit provided they remain medically eligible.

Plan Membership – School Board Non-Teacher HIC Single Employer Plan

Membership (as of the valuation data)	School Board
Number of	
-Retirees and Beneficiaries	91
-Inactive Vested Members	3
-Active Employees:	321
- Total	415

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 13. Other Postemployment Benefits Program – VRS Plans (Continued)

Contribution Requirements

Group Life Insurance Program:

The contribution requirements for GLI 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 GLI was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% X 60%) and the employer component was 0.54% (1.34% X 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2023 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contribution to GLI from the City were \$423,066 and \$385,940 for the years ended June 30, 2023 and June 30, 2022, respectively. Contributions to GLI for the School Board were \$1,371,082 and \$509,405 for the years ended June 30, 2023 and June 30, 2022 respectively.

Line of Duty Act Program:

The contribution requirements for LODA 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 LODA for the year ended June 30, 2023 was \$681.84 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021 and represents the pay-as-you-go funding rate and not the full actuarial cost of the benefits under the program. The actuarially determined pay-as-you-go rate was expected to finance the costs and related expenses of benefits payable during the year. Contributions to the LODA program from the City were \$351,318 and \$358,834 for the years ended June 30, 2023 and June 30, 2022, respectively.

Virginia Local Disability Program:

The contribution requirement for active Hybrid employees is governed by §51.1-1178(C) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2023 was 0.47% of covered employee compensation for employees in the VLDP Teacher plan and 0.83% of covered employee compensation for the non-teacher employees covered in the VLDP. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the School Board to the VLDP were \$197,496 and \$158,126 for the years ended June 30, 2023 and June 30, 2022, respectively.

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 13. Other Postemployment Benefits Program – VRS Plans (Continued)

Contribution Requirements (continued)

Teacher and Non-Teacher Employee Health Insurance Credit Programs:

The contribution requirement for active employees is governed by §51.1-1401(E) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2023 was 1.21% of covered employee compensation for employees in the THIC Program and 0.81% for employees in the NTHIC Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021 for the THIC plan and June 30, 2021 for the NTHIC plan. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS THIC Program were \$1,111,707, and \$1,024,485 for the years ended June 30, 2023 and June 30, 2022, respectively. Contributions from the school division to the VRS NTHIC program were \$79,788 and \$62,748 for the years ended June 30, 2023 and June 30, 2022, respectively.

Long-Term Expected Rate of Return

GLI, THIC, NTHIC and VLDP:

The long-term expected rate of return on the System's 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 System's 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 estimates of arithmetic real rates of return for each major asset class are summarized below:

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 13. Other Postemployment Benefits Program – VRS Plans (Continued)

Long-Term Expected Rate of Return (continued)

<i>GLI, THIC and VLDP Programs:</i>			
Asset Class:	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS – Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP – Private Investment Partnership	3.00%	6.55%	0.20%
Total	<u>100.00%</u>		<u>5.33%</u>
Inflation			<u>2.50%</u>
		*Expected arithmetic nominal return	<u>7.83%</u>

- * The above allocation provides a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.5%

LODA:

The long-term expected rate of return on LODA OPEB Program's investments was set at 3.69% for this valuation. Since LODA is funded on a current-disbursement basis, it is not able to use the VRS Pooled Investments 6.75% assumption. Instead, the assumed annual rate of return of 3.69% was used since it approximates the risk-free rate of return. This Single Equivalent Interest Rate (SEIR) is the applicable municipal bond index rate based on the Bond Buyer General Obligation 20-year Municipal Bond Index as of the measurement date of June 30, 2022.

Net OPEB Liability (Asset)

The net OPEB liability (NOL) for the GLI, HIC, LODA and VLDP represents the programs' total OPEB liability determined in accordance with GAAP, less the associated fiduciary net position. As of the measurement date of June 30, 2022, NOL amounts for the four programs are as follows:

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 13. Other Postemployment Benefits Program – VRS Plans (Continued)

Net OPEB Liability (Asset) (continued)

	City and School - GLI	City - LODA	School – THIC	School - VLDP
Total OPEB liability	\$3,672,085,000	\$385,669,000	\$1,470,891,000	\$14,567,000
Plan fiduciary net position	2,467,989,000	7,214,000	221,845,000	15,268,000
Net OPEB liability (asset)	<u>\$1,204,096,000</u>	<u>\$378,455,000</u>	<u>\$1,249,049</u>	<u>\$(701,000)</u>
Fiduciary net position as a percent of total OPEB liability	67.21%	1.87%	15.08%	107.99%

The total OPEB liabilities are calculated by the System's actuary and the plan's fiduciary net position is reported in the System's financial statements. The net OPEB liabilities are disclosed in accordance with the requirements of GAAP in the System's notes to the financial statements and required supplementary information.

Actuarial Methods and Assumptions

The total GLI, THIC, NTHIC LODA and VLDP, OPEB liabilities were based on actuarial valuations as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

	City and School - GLI	City - LODA	School THIC, NTHIC and VLDP
Investment rate of return, net of investment expenses, including inflation	6.75%	3.69% *	6.75%
Health Care cost trend rate:			
Under age 65	n/a	7.00%-4.75%	n/a
Age 65 and older	n/a	5.25% - 4.75%	n/a
Inflation Rate	2.50%	2.50%	2.50%
Projected salary increases:			
Locality – general	3.5% - 5.35%	n/a	3.5% - 5.35%
Locality – hazardous duty	3.5% - 4.75%	n/a	3.5% - 4.75%
Teachers	3.5% - 5.95%	n/a	3.5% - 5.95%

* **LODA:** Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 3.69% was used since it approximates the risk-free rate of return.

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 13. Other Postemployment Benefits Program – VRS Plans (Continued)

Actuarial Methods and Assumptions (continued)

Mortality Rates are as follows for all plans:

Mortality Rates – Teachers:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally.

Mortality Improvement Scale:

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

Mortality rates – General Employees:

Pre-Retirement:

Pub-2010 Amount Weighted General Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years.

Post-Retirement:

Pub-2010 Amount Weighted General Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year.

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years.

Beneficiaries and Survivors:

Pub-2010 Amount Weighted General Contingent Annuitant Rates projected generationally.

Mortality Improvement Scale:

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

Mortality rates – Hazardous Duty and Public Safety Employees:

Pre-Retirement:

Pub-2020 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.

Post-Retirement:

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

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 13. Other Postemployment Benefits Program – VRS Plans (Continued)

Actuarial Methods and Assumptions (continued)

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

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

	General Employees	Teachers	Hazardous Duty Employees
Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020	Update to PUB2010 public sector mortality tables. Increase disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all.	Adjusted rates to better fit experience for Plan 1, set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all.	Adjusted rates to better fit experience and changed final retirement age from 65 to 70.
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service	Adjusted rates to better fit experience at each age and service decrement through 9 years of service	Decreased rates and changed from rates based on service only to better fit experience and to be more consistent with Locals top 10 Hazardous duty.
Disability Rates	No change	No change	No change
Salary Scale	No change	No change	No change
Line of Duty Disability	No change	n/a	No change
Discount Rate	No change	No change	No change

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 13. Other Postemployment Benefits Program – VRS Plans (Continued)

Actuarial Methods and Assumptions (continued)

LODA:	Public Safety Employees
Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB201 public sector mortality tables. Increased disability life expectancy. For future mortality improvements. Replace load with a modified Mortality Improvement scale MP-2020.
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70.
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty.
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change

Discount Rate

Group Life Insurance Program:

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2022, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2022 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

Line of Duty Act Program:

The discount rate used to measure the total LODA OPEB liability was 3.69%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made per the VRS Statutes and that they will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2022, the rate contributed by 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.

Virginia Local Disability Program:

The discount rate used to measure the total School Board Employee VLDP OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2022, the rate contributed by the school division for the VRS VLDP will be subject to the portion of the VRS-

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 13. Other Postemployment Benefits Program – VRS Plans (Continued)

Discount Rate (continued)

Virginia Local Disability Program (continued)

Board certified rates that are funded by the Virginia General Assembly. From July 1, 2022 on, all agencies are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the VLDP OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total VLDP OPEB liability.

Teacher and Non-Teacher Employee Health Insurance Credit Program:

The discount rate used to measure the total Teacher and Non-Teacher Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2022 the rate contributed by each school division for the VRS Teacher and Non-Teacher Employee Health Insurance Credit Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2022 on, all agencies are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher and Non-Teacher Employee HIC OPEB liability.

Changes in the Net NTHIC Liability

	School Board Non-Teacher HIC		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB
Balance at 6/30/2020	\$ 693,284	\$ 59,009	\$ 634,275
Changes for the Year:			
Service cost	9,501	-	9,501
Interest	46,945	-	46,945
Difference between expected and actual experience	(839)	-	(839)
Changes in assumptions	51,707	-	51,707
Contributions -- employer	-	62,759	(62,759)
Net investment income	-	(1,673)	1,673
Benefit payments including refunds of employee contributions	(14,603)	(14,603)	-
Administrative Expenses	-	(201)	201
Net Changes	92,711	46,282	46,429
Balances at 6/30/2021	\$ 785,995	\$ 105,291	\$ 680,704

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 13. Other Postemployment Benefits Program – VRS Plans (Continued)

Sensitivity of the Net OPEB Liability

The following present the employer's proportionate share of the Net OPEB liabilities using the discount rate for each plan (the current rate shown below) as well as what the NOL would be using a discount rate that is one percentage point lower or one percentage point higher.

	Net OPEB Liability (asset) analysis using Discount rate:		
	1% lower (5.75%)	Current Rate (6.75%)	1% higher (7.75%)
City - GLI	\$5,844,835	\$4,016,745	\$2,539,399
School - GLI	\$7,598,337	\$5,221,805	\$3,301,242
School - THIC	\$12,787,735	\$11,346,588	\$10,124,965
School - NTHIC	\$759,809	\$680,704	\$613,103
School VLDP	\$27,656	\$(8,608)	\$(39,990)
	1% lower (2.69%)	Current Rate (3.69%)	1% higher (4.69%)
City - LODA	\$11,337,798	\$9,932,449	\$8,782,710

Because the LODA Program contains a provisions for the payment of health insurance premiums, the liabilities are also impacted by the health care trend rates. The following presents the covered employer's proportionate share of the net LODA OPEB liability using health care trend rate of 7.00% decreasing to 4.75%, as well as what the covered employer's proportionate share of the net LODA OPEB liability would be if it were calculated using a health care trend rate that is one percentage point lower (6.00% decreasing to 3.75%) or one percentage point higher (8.00% decreasing to 5.75%) than the current rate:

	Net OPEB Liability using the health care cost trend rate:		
	1% lower (6.00% decreasing to 3.75%)	Current rate (7.00% decreasing to 4.75%)	1% higher (8.00 decreasing to 5.75%)
City - LODA	\$8,370,248	\$9,932,449	\$11,893,252

OPEB Liabilities, Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2023, the City and School Board reported liabilities for the four various OPEB plans in the amount shown in the table below for their proportionate share of the OPEB plans. The OPEB Liabilities were measured as of June 30, 2022 and the total OPEB liabilities used to calculate the Net OPEB Liabilities were determined by an actuarial valuation as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022. The City and School Board's GLI, THIC and VLDP OPEB liabilities were based on the covered employer's actuarially determined employer contributions to the plans for the year ended June 30, 2022, relative to the total of the actuarially determined employer contributions for all participating employers. The City's proportion of the Net LODA OPEB liability was based on the City's actuarially determined pay-as-you-go employer contributions to the LODA OPEB plan for the year ended June 30,

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 13. Other Postemployment Benefits Program – VRS Plans (Continued)

OPEB Liabilities, Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources
(continued)

2021 relative to the total of the actuarially determined pay-as-you go employer contributions for all participating employers.

At June 30, 2022, the City and School Board's respective proportions of the various programs as compared to the proportions for June 30, 2021 are shown in the table below.

	<u>City – GLI</u>	<u>City – LODA</u>	<u>School – GLI</u>	<u>School - THIC</u>	<u>School - VLDP</u>	<u>School - NTHIC</u>
Net OPEB Liability (Asset)	\$4,016,745	\$9,932,449	\$5,221,805	\$11,346,588	\$(8,608)	\$680,704
TOTALS FOR CITY AND SCHOOL	\$13,949,194			\$17,240,489		
6/30/22 Proportionate share of contributions	0.33359%	2.62447%	0.43367%	0.90842%	4.15872%	n/a
6/30/21 Proportionate share of contributions	0.33655%	2.78220%	0.44273%	0.94441%	4.07483%	n/a

For the year ended June 30, 2023, the City and School Board OPEB expense for the various plans as shown below. Since there was a change in proportionate share between measurement dates a portion of the VRS Teacher Employee VLDP and LODA Net OPEB expense was related to deferred amounts from changes in proportion.

	<u>OPEB Expense</u>
<u>City – GLI</u>	\$147,003
<u>City – LODA</u>	\$1,276,494
<u>School – GLI</u>	\$136,822
<u>School - THIC</u>	\$802,383
<u>School - NTHIC</u>	\$65,490
<u>School - VLDP</u>	\$122,540

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 13. Other Postemployment Benefits Program – VRS Plans (Continued)

OPEB Liabilities, Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

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

	<u>City – GLI</u>		<u>City - LODA</u>		<u>School NTHIC</u>	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Diff. between expected and actual experience	\$318,076	\$161,142	\$763,082	\$1,856,354	\$-	\$667
Investment Experience	-	250,987	-	42,476	2,823	-
Change in assumptions	149,818	391,247	2,769,884	2,449,804	51,800	-
Changes in proportion	28,810	123,284	467,704	929,793	-	-
Employer contributions subsequent to the MD	423,066	-	351,318	-	79,788	-
Total	\$919,770	\$926,660	\$4,351,988	\$5,278,427	\$134,411	\$667

	<u>School Board - GLI</u>		<u>School Board - THIC</u>		<u>School Board - VLDP</u>	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Diff. Between expected and actual experience	\$413,501	\$209,486	\$-	\$462,505	\$51,017	\$21,769
Investment Experience	-	326,286	-	11,389	-	1,063
Change in Assumptions	194,765	508,625	331,492	28,975	11,361	1,744
Changes in proportion	197,935	336,091	229,211	753,893	2,535	1,959
Employer contributions subsequent to the MD	1,371,082	-	1,111,707	-	197,414	-
Total	\$2,177,283	\$1,379,488	\$1,672,410	\$1,256,762	\$262,327	\$26,535

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 13. Other Postemployment Benefits Program – VRS Plans (Continued)

OPEB Liabilities, Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

The amounts shown in the totals earlier reported as deferred outflows of resources related to the OPEB from the City and School Boards contributions subsequent to the measurement date will be recognized as a reduction of the Net OPEB Liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB will be recognized in the OPEB expense in future reporting periods as follows:

	<u>City – GLI</u>	<u>City – LODA</u>	<u>School – GLI</u>	<u>School – THIC plan</u>	<u>School – NTHIC plan</u>	<u>School – VLDP</u>
FY 2024	(79,362)	(59,273)	(116,950)	14,444	(139,043)	2,988
FY 2025	(102,864)	(58,366)	(104,729)	14,444	(124,460)	2,932
FY 2026	(228,318)	(57,401)	(306,171)	14,442	(105,394)	227
FY 2027	17,451	(43,233)	14,564	10,626	(92,032)	7,855
FY 2028	(36,863)	(102,635)	(60,001)	-	(119,607)	3,958
Thereafter	-	(956,849)	-	-	(115,523)	20,418
Total	\$(429,956)	\$(1,277,757)	\$(573,171)	\$53,956	\$(696,059)	\$38,378

Plan Fiduciary Net Positions

Detailed information about the various programs' Fiduciary Net Position is available in the separately issued VRS 2021 ACFR, which may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2023-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 14. Commitments and Contingencies

Federally assisted grant programs:

The City participates in a number of federally assisted grant programs. Although the City has been audited in accordance with the provisions of the Uniform Guidance, these programs remain 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, City management believes such disallowances, if any, will not be significant.

Construction Commitments:

The City has authorized expenditures for capital additions and construction of various governmental, stormwater, grant (ARPA), and utility capital projects. At June 30, 2023, projects expected to be completed at various dates through 2024 had a total unexpended balance of \$41,683,426 (governmental), \$1,185,568 (stormwater), \$1,367,250 (grant – ARPA) and \$7,494,895 (utility).

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 14. Commitments and Contingencies (continued)

Encumbrances:

The City has the following encumbrances as of June 30, 2023:

General Fund	Road Maintenance Fund	Capital Projects Fund	Special Revenue Governmental Funds	Utility Fund	Non-Major Enterprise Fund	Internal Service Funds
\$2,884,690	\$6,813,221	\$41,683,426	\$1,994,575	\$7,615,977	\$1,242,205	\$4,822,591

Litigation:

There are various lawsuits pending against the City, one of which have a potential range of loss up to \$1,000,000. There are no significant lawsuits pending against the School Board. These and other claims outstanding against the City and School board, in the opinion of management after consulting with legal counsel, will not materially affect the City or School Board's financial position.

Note 15. Risk Management

The City and School Board are exposed to various risks of loss related to the following: torts; theft of damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City and School Board participate with other localities in a public entity risk pool, the Virginia Municipal League, for their coverage of property damage. The City and School Board pay an annual premium to the pools for its general insurance coverage. The agreement for the formation of the pools provides that the pools will be self-sustaining through member premiums. The City and School Board continue to carry commercial insurance for all other risks of loss.

There have been no significant reductions in insurance coverage from the prior year. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

Self-Insurance – City:

The City is self-insured for a portion of its health insurance risks up to \$125,000 per occurrence. An external insurance policy provides coverage over the specified amount up to \$1,000,000 per individual for life.

Claims payable reported in the Risk Management Fund at June 30, 2023 consists of all current self-insured claims payable, including an estimate of incurred but not reportable claims amounting to \$4,235,106 the current portion of which is \$1,666,927. Claims payable for health insurance are based on current enrollment and benefits and historical experience.

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 15. Risk Management (Continued)

Self-Insurance – City (continued):

Claims payable for workers' compensation and property and liability are based on insurance coverage and specific claims which have presented. Following is a summary of changes in claims payable for the fiscal years ended June 30, 2023 and 2022:

		Beginning Balance	Claims and Reserves	Claim Payments	Ending Balance
Workers' Compensation					
2023	\$	2,050,939	\$ 1,642,220	\$ 724,980	\$ 2,968,179
2022	\$	1,893,808	\$ 991,844	\$ 834,713	\$ 2,050,939
Property and Liability					
2023	\$	864,896	\$ 131,950	\$ 678,374	\$ 318,472
2022	\$	1,133,343	\$ 653,405	\$ 921,852	\$ 864,896
Health Insurance					
2023	\$	1,119,910	\$ 15,397,610	\$ 15,569,066	\$ 948,454
2022	\$	1,299,568	\$ 14,622,492	\$ 14,802,150	\$ 1,119,910

Self-Insurance – School Board:

The School Board is self-insured for workers' compensation benefits. Charges are made to the School Operating, Grants, and Food Service Funds as approved by City Council in the annual operating budgets. Any excess charges are reflected as nonspendable balance for workers' compensation claims in the School Operating Fund. At June 30, 2023, \$225,000 of fund balance was allocated for purposes of funding future claims.

Claims are paid by a third-party administrator acting in behalf of the School Board under terms of a contractual agreement. Administrative fees are included within the provisions of that agreement. The plan pays all claims up to \$600,000 for each covered accident. Any claims exceeding \$600,000 for each covered accident are paid by specific stop-loss insurance provided by a third-party insurance company. As of June 30, 2023, the workers' compensation benefit obligation consisted of \$627,978 in reported unpaid claims and estimated incurred but not reported claims.

Workers' Compensation Self-Insurance Coverage – School Board

Changes in the balance of claims liabilities during the years ended June 30, 2023 and 2022, are as follows:

		Beginning Balance	Claims and Reserves	Claim Payments	Ending Balance
Workers' Compensation					
2023	\$	498,943	\$ 953,702	\$ 824,667	\$ 627,978
2022	\$	709,407	\$ 223,732	\$ 434,196	\$ 498,943

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 15. Risk Management (Continued)

Health Insurance Self-Insurance Coverage – School Board:

Claims are paid by a third-party administrator acting on behalf of the School Board under terms of a contractual agreement. The plan pays all claims up to \$125,000 for each participant. Any claims exceeding \$125,000 for each participant are paid by specific stop-loss insurance provided by a third-party insurance company. As of June 30, 2023, School Operating Fund prepaids of \$95,000 were held for purposes of funding the School Board's future claims liabilities. As a result, \$285,122 of the School Operating Fund balance is allocated for payment of future claims liabilities.

Note 16. Subsequent Events

On October 17, 2023, the City issued \$28,955,000 of authorized Tax-Exempt General Obligation, with maturity dates of February 1, 2044. These bonds were issued to finance capital projects approved in the FY2024 Capital Improvements Plan.

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 17. Fund Balances

Fund Balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on the general fund balance and other governmental funds balance are presented below:

	General Fund	Capital Projects Fund	Road Maintenance	Consolidated Grants	Debt Service Fund	Non-major Governmental Funds
Nonspendable:						
Inventories	\$ 132,357	\$ -	\$ -	\$ -	\$ -	\$ 90,766
Total Nonspendable	132,357	-	-	-	-	90,766
Restricted for:						
Judicial Administration	-	-	-	1,187,628	-	232,414
Public Safety	183,697	-	-	-	-	-
Public Works	1,189,928	-	15,897,066	206,823	-	-
Cemetery Care	-	-	-	-	-	1,013,809
Health and Welfare	-	-	-	1,717,633	-	-
Community Development	-	-	-	383,671	-	-
Parks and Recreation	-	-	-	209,850	-	-
Capital Outlay:	-	5,729,202	-	-	-	-
Roadway Projects	-	35,407,615	-	-	-	-
Schools	-	8,038,281	-	-	-	-
Public Facilities	-	13,403,862	-	-	-	-
Aviation	-	101,697	-	-	-	-
Recreation facilities	-	16,413,093	-	-	-	-
Total Restricted	1,373,625	79,093,750	15,897,066	3,705,605	-	1,246,223
Committed to:						
General Government	19,152	-	-	-	-	-
Judicial administration	267,511	-	-	-	-	-
Public Safety - Police	325,328	-	-	-	-	-
Public Safety - Fire	1,325,727	-	-	-	-	-
Transportation	-	-	-	-	-	3,456,103
Education	1,665,550	-	-	-	-	-
Public Works	-	-	-	-	-	308,933
Aviation	-	-	-	-	-	747,401
Route 17 Taxing District	-	-	-	-	-	4,592,640
Economic Development Incentives	1,953,571	-	-	-	-	-
Budget Stabilization fund	12,251,818	-	-	-	-	-
Capital Outlay	1,000,000	18,443,404	-	-	-	-
Capital Projects Reserve	47,815,463	-	-	-	-	-
Debt Service	-	-	-	-	643,011	-
Total Committed	66,624,120	18,443,404	-	-	643,011	9,105,077
Assigned to:						
General Government Administration	41,584	-	-	-	-	-
Judicial Administration	1,136	-	-	-	-	-
Public Safety - Police	220,758	-	-	-	-	-
Public Safety - Fire	811,036	-	-	-	-	-
Public Works	233,068	-	-	-	-	-
Social Services	13,800	-	-	-	-	-
Parks, Recreation and Cultural	122,067	-	-	-	-	-
Community Development	1,427,633	-	-	-	-	-
Total Assigned	2,871,082	-	-	-	-	-
Unassigned	98,014,544	-	-	-	-	(10,819)
Total Fund Balance	\$ 169,015,728	\$ 97,537,154	\$ 15,897,066	\$ 3,705,605	\$ 643,011	\$ 10,431,247

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 17. Fund Balances (continued)

The City Council has adopted a financial policy goal that unassigned fund balance should be 20% of the following fiscal years governmental funds budget. The adopted policy also established a budget stabilization fund the policy states that any excess amounts over the 20% will be dedicated to the budget stabilization fund, until that reaches 2% of the budgeted revenue and then to a capital reserve fund, both of these reserves are reported as committed fund balance. The amounts in the budget stabilization fund can only be drawn with the approval of City Council in an emergency situation, that would result in increased expenditures over budgeted amount or significant shortfalls in revenue.

Note 18. Tax Abatement Agreements

As of June 30, 2023, the City provides tax abatement through two programs -- the land use program and the rehabilitated structures program.

The Land use program provides for a reduction in the assessed value for land preservation with property devoted to agricultural, horticultural, forest or open space under *Code of Virginia* sections 58.1-3229 thru 3230, 58.1-3235 and 58.1-3237 as well as City Ordinance 82-71-77. The property owner must make a 6 year commitment, and must revalidate the use every 6 years. The valuation of the property is determined by the State Land Evaluation Advisory Committee; this process gives the property a reduction in value based on the agricultural use. This reduction in value is used to calculate the real estate tax reduction. If the property owner fails to comply with the requirements of the use, or has a change in use, the property is subject to roll back taxes.

The rehabilitated structures program provides a partial exemption from real estate taxes for qualifying rehabilitated real estate under *Code of Virginia* sections 58.1-3220 thru 3221 and City Ordinance 82-481-482. For qualifying properties, the initial increase in the real estate assessment caused by rehabilitation will be excused for 10 years. Upon receipt of an application the Assessor will determine the base value prior to commencement of the rehabilitation. The credit will remain with the property for the term of the exemption. There are separate requirements for residential and commercial properties to qualify for the program.

- Residential buildings should be at least 25 years old. The improvements need to increase the assessed value by no less than 40 percent. The total square footage of the building shall not be increased by more than 15 percent.
- Commercial/Industrial buildings should be at least 25 years old. The improvements need to increase the assessed value by no less than 60 percent.
- For both Residential and commercial/industrial properties, improvements to vacant land and total replacement of structures are not eligible. In order to be eligible all appropriate building permits must have been acquired and an application for exemption must be filed with the City Assessor.

Tax Abatement Program	<u>Amount of Taxes Abated</u>	
	City Wide Real Estate	Downtown Business Overlay District
Land Use program	\$4,131,817	\$ -
Rehabilitated Structures	\$52,339	\$134,820

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 19. Future Accounting Standards

The GASB has issued the following statements, which are not yet effective.

GASB Statement No. 99, *Omnibus*, enhances comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements related to leases, PPP's and SBITA's are effective for fiscal year ending June 30, 2023, the remaining provisions are effective for fiscal year ending June 30, 2024.

GASB Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*, enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability. This statement is effective for fiscal year ending June 30, 2024.

GASB Statement No. 101, *Compensated Absences*, the objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This statement is effective for fiscal year ending June 30, 2025.

Management has not yet evaluated the effects, if any, of adopting these standards.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SUFFOLK, VIRGINIA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
General property taxes:				
Real estate	\$ 134,267,754	\$ 134,267,754	\$ 137,128,382	\$ 2,860,628
Personal property	29,000,000	29,000,000	29,885,632	885,632
Public service corporations	4,800,000	4,800,000	4,901,989	101,989
Machinery and tools	-	-	1,799,567	1,799,567
Payments in Lieu of Taxes	3,000	3,000	-	(3,000)
Penalties	1,600,000	1,600,000	2,162,422	562,422
Total general property taxes	169,670,754	169,670,754	175,877,992	6,207,238
Other Local Taxes				
Sales and use	15,500,000	15,500,000	18,035,988	2,535,988
Utility tax	4,700,000	4,700,000	5,034,466	334,466
Communication taxes	2,300,000	2,300,000	2,434,071	134,071
Business and occupational licenses	9,300,000	9,300,000	11,819,247	2,519,247
Motor vehicle license	2,500,000	2,500,000	2,837,185	337,185
Bank stock	706,203	706,203	768,872	62,669
Recordation	2,200,000	2,200,000	1,851,695	(348,305)
Tobacco	1,600,000	1,600,000	1,849,863	249,863
Lodging	1,600,000	1,600,000	2,067,131	467,131
Meals	13,500,000	13,500,000	14,261,234	761,234
Admission	75,000	75,000	227,453	152,453
Total other local taxes	53,981,203	53,981,203	61,187,205	7,206,002
Permits, fees, and licenses				
Animal license	30,000	30,000	25,298	(4,702)
Permits and other licenses	1,655,700	1,655,700	1,859,169	203,469
Total permits, fees, and licenses	1,685,700	1,685,700	1,884,467	198,767
Fines and forfeitures	685,000	685,000	674,465	(10,535)
Revenue from use of money and property:				
Revenue from use of money	500,000	500,000	7,941,087	7,441,087
Revenue from use of property	352,773	352,773	449,283	96,510
Total use of money and property	852,773	852,773	8,390,369	7,537,596
Charges for services:				
Court costs	243,787	243,787	190,598	(53,189)
Commonwealth's Attorney fee	10,000	10,000	8,356	(1,644)
Police and traffic control	35,000	35,000	36,778	1,778
Charges for fire and rescue service	2,560,826	2,560,826	3,200,179	639,353
Charges for other protection	50,000	50,000	31,154	(18,846)
Charges for parks and recreation	600,000	600,000	799,863	199,863
Charges for library	15,000	15,000	13,557	(1,443)
Charges for tourism	26,100	26,100	22,509	(3,591)
Charges for planning and community development	50	50	-	(50)
Charges for other services	277,500	277,500	375,061	97,561
Total charges for services	3,818,263	3,818,263	4,678,055	859,792

(Continued)

CITY OF SUFFOLK, VIRGINIA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES (Continued)				
Miscellaneous revenues				
Recovered Costs	707,758	707,758	915,653	207,895
Miscellaneous	526,000	531,000	305,811	(225,189)
Total revenue from local sources	231,927,451	231,932,451	253,914,018	21,981,567
Revenue from the Commonwealth:				
Noncategorical aid:				
Tax on deeds	450,000	450,000	542,418	92,418
Railroad rolling stock tax	125,000	125,000	138,544	13,544
House bill 599 funds	3,200,896	3,200,896	3,380,654	179,758
PPTRA	10,169,730	10,169,730	10,169,730	-
Mobile home titling tax	25,000	25,000	32,755	7,755
Vehicle rental tax	175,000	175,000	250,946	75,946
Total noncategorical aid	14,145,626	14,145,626	14,515,047	369,421
Categorical aid:				
Commonwealth's Attorney	1,125,098	1,125,098	1,137,238	12,140
Commissioner of the Revenue	229,865	229,865	240,374	10,509
Treasurer	269,531	269,531	288,525	18,994
Sheriff	1,041,253	1,041,253	1,141,792	100,539
Circuit Court Clerk	594,471	613,047	681,831	68,785
Registrar	49,916	49,916	92,380	42,464
Total categorical aid	3,310,134	3,328,710	3,582,141	253,432
Other categorical aid:				
Public assistance and welfare administration	4,505,543	4,505,543	4,393,732	(111,811)
Police	400,000	400,000	442,948	42,948
Fire and rescue	429,504	429,504	471,873	42,369
Library	184,160	184,160	157,586	(26,574)
Total other categorical aid	5,519,207	5,519,207	5,466,139	(53,068)
Total categorical aid	8,829,341	8,847,917	9,048,280	200,363
Total revenue from the Commonwealth	22,974,967	22,993,543	23,563,327	569,784
Revenue from the Federal government				
Categorical aid:				
Public assistance and welfare administration	5,213,702	5,213,702	5,643,557	429,855
Public Safety	-	-	3,042	3,042
Parks, recreation and cultural	20,000	20,000	23,504	3,504
Total revenue from the Federal government	5,233,702	5,233,702	5,670,103	436,401
Total revenues	260,136,120	260,159,696	283,147,447	22,987,752

(Continued)

CITY OF SUFFOLK, VIRGINIA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
EXPENDITURES				
General Government administration:				
Legislative:				
City Council	\$ 603,228	\$ 603,228	\$ 516,151	\$ 87,077
General and financial administration:				
City Manager	1,344,733	1,365,133	1,227,740	137,393
Budget and strategic planning	401,827	401,827	391,951	9,876
City Attorney	1,323,626	1,323,626	1,286,717	36,909
Human resources	1,794,834	1,798,203	1,689,892	108,311
Commissioner of the Revenue	1,339,245	1,339,245	1,316,428	22,817
City Assessor	2,298,704	2,298,704	2,178,399	120,305
City Treasurer	1,928,269	1,928,269	1,903,806	24,463
Finance	1,968,307	1,968,722	1,977,672	(8,950)
Purchasing	394,220	394,220	386,439	7,781
Capital program management	5,070,870	5,318,538	5,125,164	193,374
Media and community relations	824,072	841,572	796,411	45,161
Local and regional organizations	2,373,894	2,376,244	2,376,244	-
Board of Elections:				
Registrar	985,365	985,365	940,224	45,141
Total general government administration	22,651,194	22,942,897	22,113,240	829,656
Judicial administration:				
Courts:				
Circuit Court	228,452	228,452	228,375	77
District Court	98,585	98,585	87,053	11,532
Magistrate	19,561	19,561	14,463	5,098
Juvenile and Domestic Relations Court	20,160	20,160	13,261	6,899
Juvenile and Domestic Relations Court Service Unit	973,885	973,885	793,516	180,369
Circuit Court Clerk	1,921,007	1,942,845	1,819,514	123,331
Sheriff	3,590,691	3,751,248	3,836,164	(84,916)
Commonwealth's Attorney	3,811,305	4,081,592	3,715,581	366,010
Total judicial administration	10,663,646	11,116,328	10,507,927	608,400
Public safety:				
Police	30,670,771	30,907,384	29,630,237	1,277,147
Communications	2,385,693	2,385,693	2,108,432	277,261
Property seizure program - Federal	-	175,862	(32,487)	208,349
Police E-ticketing	-	186,724	3,026	183,698
Confiscation program - State	-	134,014	17,846	116,169
DARE	-	2,850	-	2,850
Fire	42,555,824	43,777,912	41,982,463	1,795,448
Western Tidewater Regional Jail	4,644,332	4,560,701	4,560,701	-
Animal shelter and management	1,114,283	1,114,518	982,915	131,602
Emergency services	14,867	14,867	11,452	3,415
Total public safety	81,385,770	83,260,524	79,264,587	3,995,938
Public works:				
Administration	1,235,171	1,283,554	1,239,566	43,988
Total public works	1,235,171	1,283,554	1,239,566	43,988

(Continued)

CITY OF SUFFOLK, VIRGINIA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
EXPENDITURES (Continued)				
Health and welfare:				
Western Tidewater Health Department	\$ 1,189,651	\$ 1,189,651	\$ 1,189,651	\$ -
Western Tidewater CSB	550,000	550,000	550,000	-
Social Services	12,888,052	12,904,890	10,839,345	2,065,545
Comprehensive Services Act	2,625,748	2,625,748	2,478,687	147,061
Total health and welfare	17,253,451	17,270,289	15,057,683	2,212,606
Education:				
Contributions to component unit school board	67,332,201	67,729,686	66,064,136	1,665,550
Lease rent of building	442,979	442,979	442,979	-
Total education	67,775,180	68,172,665	66,507,115	1,665,550
Parks, recreation, and cultural:				
Parks and recreation	3,435,463	3,456,818	3,318,663	138,155
Parks and recreation maintenance	3,670,963	3,690,832	3,375,972	314,859
Parks and recreation - recreation	3,650,776	3,672,019	3,038,602	633,417
Public libraries	4,002,168	4,004,414	3,933,816	70,598
Total parks, recreation, and cultural	14,759,370	14,824,083	13,667,054	1,157,029
Community Development:				
Planning and community development	5,362,191	6,163,407	5,194,894	968,513
Economic development	1,096,598	3,142,999	1,901,215	1,241,784
Tourism	819,609	819,609	823,914	(4,305)
Cooperative extension services	76,799	76,799	55,703	21,096
Total community development	7,355,197	10,202,814	7,975,726	2,227,088
Nondepartmental:				
Salary, fringe benefits and insurance	1,102,150	171,216	54,563	116,653
Other Miscellaneous	60,000	1,289,696	1,301,790	(12,094)
Total nondepartmental	1,162,150	1,460,912	1,356,353	104,558
Total expenditures	224,241,129	230,534,065	217,689,251	12,844,814
Excess of revenues over expenditures	35,894,991	29,625,630	65,458,196	35,832,566
OTHER FINANCING SOURCES (USES)				
Fund Balance Surplus	-	6,227,839	-	6,227,839
Transfers in	2,915,074	2,915,074	2,915,074	-
Transfers out	(38,810,065)	(38,768,543)	(37,751,872)	(1,016,671)
Total other financing uses, net	(35,894,991)	(29,625,630)	(34,836,798)	5,211,168
Net change in fund balances	\$ -	\$ -	\$ 30,621,398	\$ 30,621,398
Reconciliation to Governmental Fund Statement:				
Total net change in fund balance			\$ 30,621,398	
Encumbrances			2,884,690	
Total net change in fund balance per Statement of Revenues, Expenditures and Changes in Fund Balance (Exhibit 4)			<u>\$ 33,506,088</u>	

CITY OF SUFFOLK, VIRGINIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - BUDGETARY BASIS
ROAD MAINTENANCE FUND
For the Year Ended June 30, 2023**

	Road Maintenance			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Permits, fees and licenses	\$ 395,000	\$ 395,000	\$ 497,509	\$ 102,509
Fines and forfeitures	250,000	250,000	173,521	(76,479)
Revenue from use of money and property	15,000	15,000	509,851	494,851
Charges for services	1,335,593	1,335,593	1,314,818	(20,775)
Miscellaneous	22,500	22,500	33,091	10,591
Intergovernmental:				
Revenue from the Commonwealth	25,057,707	29,591,550	28,887,435	(704,115)
Fund balance (rollover/appropriations)	5,231,328	12,560,132	-	(12,560,132)
Total revenues	32,307,128	44,169,775	31,416,225	(12,753,550)
EXPENDITURES				
Current:				
Public Works	30,118,994	41,277,527	39,039,775	2,237,752
Total expenditures	30,118,994	41,277,527	39,039,775	2,237,752
Excess (deficiency) of revenues over (under) expenditures	2,188,134	2,892,248	(7,623,550)	(10,515,798)
OTHER FINANCING USES				
Transfers out	(2,188,134)	(2,892,248)	(1,893,134)	999,114
Total other financing uses, net	(2,188,134)	(2,892,248)	(1,893,134)	999,114
Net change in fund balances	\$ -	\$ -	\$ (9,516,684)	\$ (9,516,684)
Reconciliation to Governmental Fund Statement:				
Total net change in fund balance			\$ (9,516,684)	
Encumbrances			6,813,223	
Total net change in fund balance per Statement of Revenues,				
Expenditures and changes in Fund Balance (Exhibit 4)			\$ (2,703,461)	

CITY OF SUFFOLK, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2023

	2014	2015	2016	2017	2018	2019	2020	2021	2022
Total Pension Liability									
Service cost	\$ 6,994,155	\$ 7,018,182	\$ 7,104,813	\$ 7,259,255	\$ 7,533,051	\$ 7,567,281	\$ 8,132,336	\$ 8,280,040	\$ 8,374,519
Interest	15,882,027	16,812,748	17,359,071	18,400,909	19,140,479	20,613,324	21,574,861	22,671,297	25,051,249
Changes in assumptions	-	-	-	(690,942)	-	9,986,163	-	14,289,977	-
Difference between expected and actual experience	-	(5,841,034)	1,303,368	(2,868,934)	6,884,588	651,344	1,274,360	(2,470,637)	(5,678,453)
Benefit payments, including refunds of employee contributions	(9,322,789)	(9,837,539)	(10,533,021)	(11,234,683)	(11,835,331)	(13,199,609)	(14,133,599)	(15,342,506)	(16,430,793)
Net change in total pension liability	13,553,393	8,152,357	15,234,231	10,865,605	21,722,787	25,618,503	16,847,958	27,428,171	11,316,522
Total pension liability -- beginning	231,547,492	245,100,885	253,253,242	268,487,473	279,353,078	301,075,865	326,694,368	343,542,326	370,970,497
Total pension liability -- ending	<u>\$245,100,885</u>	<u>\$253,253,242</u>	<u>\$268,487,473</u>	<u>\$279,353,078</u>	<u>\$301,075,865</u>	<u>\$326,694,368</u>	<u>\$343,542,326</u>	<u>\$370,970,497</u>	<u>\$382,287,019</u>
Plan fiduciary net position									
Contributions -- employer	\$ 7,684,006	\$ 7,327,510	\$ 7,519,618	\$ 6,958,618	\$ 7,172,294	\$ 7,031,636	\$ 7,256,065	\$ 8,393,781	\$ 8,744,931
Contributions -- employee	2,877,613	2,851,871	2,962,118	3,248,534	3,241,083	3,260,682	3,361,141	3,350,831	3,524,800
Net investment income	28,132,949	9,496,953	3,824,803	26,854,025	18,158,127	17,460,442	5,284,646	76,007,281	(361,724)
Benefit payments, including refunds of employee contributions	(9,322,789)	(9,837,539)	(10,533,021)	(11,234,683)	(11,835,331)	(13,199,609)	(14,133,599)	(15,342,506)	(16,430,793)
Administrative expense	(149,011)	(127,715)	(132,646)	(152,890)	(154,614)	(171,506)	(178,495)	(187,378)	(217,054)
Other	1,483	(2,019)	(1,608)	(24,013)	(16,278)	(11,042)	(6,273)	7,191	8,124
Net change in plan fiduciary net position	29,224,251	9,709,061	3,639,264	25,649,591	16,565,281	14,370,603	1,583,485	72,229,200	(4,731,715)
Plan fiduciary net position -- beginning	177,492,218	206,716,469	216,425,533	220,064,797	245,714,388	262,279,669	276,650,272	278,233,757	350,462,956
Plan fiduciary net position -- ending	<u>\$206,716,469</u>	<u>\$216,425,530</u>	<u>\$220,064,797</u>	<u>\$245,714,388</u>	<u>\$262,279,669</u>	<u>\$276,650,272</u>	<u>\$278,233,757</u>	<u>\$350,462,957</u>	<u>\$345,731,241</u>
Total net pension liability -- beginning	<u>\$ 54,055,274</u>	<u>\$ 38,384,416</u>	<u>\$ 36,827,709</u>	<u>\$ 48,422,676</u>	<u>\$ 33,638,690</u>	<u>\$ 38,796,196</u>	<u>\$ 50,044,096</u>	<u>\$ 65,308,569</u>	<u>\$ 20,507,540</u>
Total net pension liability -- ending	<u>\$ 38,384,416</u>	<u>\$ 36,827,712</u>	<u>\$ 48,422,676</u>	<u>\$ 33,638,690</u>	<u>\$ 38,796,196</u>	<u>\$ 50,044,096</u>	<u>\$ 65,308,569</u>	<u>\$ 20,507,540</u>	<u>\$ 36,555,777</u>
Plan fiduciary net position as a percentage of total pension liability	84.34%	85.46%	81.96%	87.96%	87.11%	84.68%	80.99%	94.47%	90.44%
Covered payroll	\$ 55,954,879	\$ 63,639,606	\$ 59,144,296	\$ 64,085,203	\$ 67,302,874	\$ 67,256,705	\$ 69,343,981	\$ 69,212,248	\$ 72,395,220
Net pension liability as a percentage of covered payroll	68.60%	57.87%	81.87%	52.49%	57.64%	74.41%	94.18%	29.63%	50.49%

Schedules are intended to show information for 10 years. Additional years will be included as they become available.

Per GAAP, Net Pension Liability is reported using the measurement date, which is one year prior to the reporting date.

CITY OF SUFFOLK, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF CHANGES IN THE SCHOOL BOARD'S (NON-TEACHER) NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30**

	2014	2015	2016	2017	2018	2019	2020	2021	2022
Total Pension Liability									
Service cost	\$ 738,127	\$ 713,970	\$ 733,174	\$ 668,468	\$ 648,762	\$ 642,823	\$ 687,145	\$ 669,620	\$ 636,507
Interest	1,455,330	1,537,449	1,650,099	1,706,059	1,742,804	1,849,648	1,921,663	2,025,076	2,162,362
Changes of assumptions	-	-	-	(209,695)	-	801,043	-	899,673	-
Difference between expected and actual experience	-	304,251	(570,559)	(515,637)	270,296	(42,381)	148,865	(796,573)	(354,739)
Benefit payments, including refunds of employee contributions	(1,049,323)	(991,325)	(901,450)	(1,125,127)	(1,123,413)	(1,147,613)	(1,263,572)	(1,187,694)	(1,613,180)
Net change in total pension liability	1,144,134	1,564,345	911,264	524,068	1,538,449	2,103,520	1,494,101	1,610,102	830,950
Total pension liability -- beginning	21,315,088	22,459,222	24,023,567	24,934,831	25,458,899	26,997,348	29,100,868	30,594,969	32,205,071
Total pension liability -- ending	\$ 22,459,222	\$ 24,023,567	\$ 24,934,831	\$ 25,458,899	\$ 26,997,348	\$ 29,100,868	\$ 30,594,969	\$ 32,205,071	\$ 33,036,021
Plan fiduciary net position									
Contributions -- employer	\$ 587,401	\$ 477,042	\$ 663,115	\$ 393,829	\$ 395,475	\$ 356,625	\$ 351,095	\$ 381,546	\$ 446,099
Contributions -- employee	330,019	312,739	314,507	324,226	324,119	341,637	339,946	353,744	409,545
Net investment income	3,042,856	1,014,884	405,924	2,848,179	1,910,589	1,823,319	548,651	7,850,056	(38,447)
Benefit payments, including refunds of employee contributions	(1,049,323)	(991,325)	(901,450)	(1,125,127)	(1,123,413)	(1,147,613)	(1,263,572)	(1,187,694)	(1,613,180)
Administrative expense	(16,345)	(13,901)	(14,198)	(16,505)	(16,379)	(18,028)	(18,730)	(19,450)	(22,513)
Other	161	(215)	(171)	(2,534)	(1,688)	(1,148)	(679)	741	829
Net change in plan fiduciary net position	2,894,769	799,224	467,727	2,422,068	1,488,703	1,354,792	(43,289)	7,378,943	(817,667)
Plan fiduciary net position -- beginning	19,344,130	22,238,899	23,038,123	23,505,850	25,927,918	27,416,621	28,771,413	28,728,124	36,107,067
Plan fiduciary net position -- ending	\$ 22,238,899	\$ 23,038,123	\$ 23,505,850	\$ 25,927,918	\$ 27,416,621	\$ 28,771,413	\$ 28,728,124	\$ 36,107,067	\$ 35,289,400
Total net pension liability (asset) -- beginning	\$ 1,970,958	\$ 220,323	\$ 985,444	\$ 1,428,981	\$ (469,019)	\$ (419,273)	\$ 329,455	\$ 1,866,845	\$ (3,901,996)
Total net pension liability (asset) -- ending	\$ 220,323	\$ 985,444	\$ 1,428,981	\$ (469,019)	\$ (419,273)	\$ 329,455	\$ 1,866,845	\$ (3,901,996)	\$ (2,253,379)
Plan fiduciary net position as a percentage of total pension liability	99%	96%	94%	102%	102%	99%	94%	112%	107%
Covered payroll	\$ 6,739,997	\$ 6,271,733	\$ 7,303,711	\$ 6,556,134	\$ 6,718,706	\$ 7,179,989	\$ 7,228,784	\$ 7,502,569	\$ 8,968,585
Net pension liability (asset) as a percentage of covered payroll	3.27%	15.71%	19.57%	-7.15%	-6.24%	4.59%	25.83%	-52.01%	-25.13%

Schedules are intended to show information for 10 years. Additional years will be included as they become available.

Per GAAP, Net Pension Liability is reported using the measurement date, which is one year prior to the reporting date.

CITY OF SUFFOLK, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF NET PENSION LIABILITY - SCHOOL BOARD TEACHER RETIREMENT PLAN
FOR THE YEAR ENDED JUNE 30**

	2014	2015	2016	2017	2018	2019	2020	2021	2022
Employer's proportion of the net pension liability	0.93031%	0.91814%	0.94584%	0.95248%	0.95078%	0.98036%	0.94792%	0.95117%	0.91479%
Employer's proportionate share of the net pension liability	\$ 112,425,000	\$ 115,560,000	\$ 132,551,000	\$ 117,136,000	\$ 111,812,000	\$ 129,020,948	\$ 137,947,254	\$ 73,840,253	\$ 87,093,484
Employer's covered payroll	89,528,345	68,193,037	71,032,824	73,624,141	76,657,195	81,801,705	82,806,334	83,522,903	84,666,483
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	125.57%	169.46%	186.61%	159.10%	145.86%	157.72%	166.59%	88.41%	102.87%
Plan fiduciary net position as a percentage of the total pension liability	70.88%	70.68%	68.28%	72.92%	70.88%	73.51%	71.47%	85.46%	82.61%

Note: The amounts presented have a measurement date of the previous fiscal year.

Schedules are intended to show information for 10 years. Since 2014 is the first year of this presentation, no other data is available. Additional years will be included as they become available.

CITY OF SUFFOLK, VIRGINIA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30**

Date		Contractually Required Contribution	Contribution in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
City Pension Plan:						
2014	\$	10,385,226	\$ 10,526,564	\$ (141,338)	\$ 55,954,879	18.81%
2015		8,171,325	8,321,012	(149,687)	63,639,606	13.08%
2016		6,772,022	8,035,838	(1,263,816)	59,144,296	13.59%
2017		7,068,598	7,030,967	37,631	64,085,203	10.97%
2018		7,423,507	7,309,368	114,139	67,302,874	10.86%
2019		7,243,547	7,200,075	43,472	67,256,705	10.71%
2020		7,468,347	7,462,406	5,941	69,343,981	10.76%
2021		8,630,767	8,610,229	20,538	69,212,248	12.44%
2022		8,992,126	8,992,126	-	72,395,220	12.42%
2023		11,027,523	11,027,523	-	79,565,797	13.86%
School Board (non-teacher) Pension Plan:						
2014	\$	936,860	\$ 820,701	\$ 116,159	\$ 6,739,997	12.18%
2015		747,583	747,583	-	6,271,733	11.92%
2016		701,325	701,325	-	7,303,711	9.60%
2017		586,121	586,121	-	6,556,134	8.94%
2018		395,660	395,660	-	6,718,706	5.89%
2019		356,136	356,136	-	7,179,989	4.96%
2020		350,347	350,347	-	7,228,784	4.85%
2021		420,144	420,144	-	7,502,569	5.60%
2022		444,256	444,256	-	8,968,585	4.95%
2023		356,654	356,654	-	9,859,115	3.62%
School Board Teacher Retirement Plan:						
2014	\$	-	\$ 10,439,005	\$ (10,439,005)	\$ 89,528,345	11.66%
2015		11,594,588	11,594,588	-	68,193,037	17.00%
2016		11,533,874	11,533,874	-	71,032,824	16.24%
2017		11,760,656	11,760,656	-	73,624,141	15.97%
2018		12,290,506	12,290,506	-	76,657,195	16.03%
2019		12,543,319	12,543,319	-	81,801,705	15.33%
2020		12,616,285	12,616,285	-	82,806,334	15.24%
2021		13,881,507	13,881,507	-	83,522,903	16.62%
2022		13,650,009	13,650,009	-	84,666,483	16.12%
2023		14,811,454	14,811,454	-	91,882,191	16.12%

CITY OF SUFFOLK, VIRGINIA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2022

Notes to the Required Supplementary Information related to Pensions

Changes in Benefit terms

There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions

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

General City and School Board (non-teacher) Employees: Public Safety Employees:

- | | |
|--|---|
| <ul style="list-style-type: none">- Updated mortality rates to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.- Lowered retirement rates to better fit experience for Plan1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age.- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service.- No change to disability rates.- No change to line of duty disability rates.- No change to discount rate of 6.75% | <ul style="list-style-type: none">- Updated mortality rates to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.- Adjusted retirement rates to better fit experience and changed final retirement age from 65 to 70.- Decreased withdrawal rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty.- No change to disability rates.- No change to line of disability rates.- No change to discount rate of 6.75%. |
|--|---|

School Board Teacher Retirement Plan Employees:

- Update mortality rates to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
- Adjusted Retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all.
- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service.
- No change in disability rates.
- No change in discount rate of 6.75%

CITY OF SUFFOLK, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE CITY'S NET OPEB LIABILITY (ASSET) AND RELATED RATIOS - PLAN REPORTING
CITY OPEB TRUST
FOR THE YEAR ENDED JUNE 30

	2017	2018	2019	2020	2021	2022	2023
Total OPEB Liability							
Service cost	\$ 886,026	\$ 646,056	\$ 835,242	\$ 936,260	\$ 972,561	\$ 1,250,647	\$ 885,615
Interest	2,225,368	2,369,007	2,976,786	3,435,345	3,568,007	3,143,180	2,529,533
Difference between expected and actual experience	-	5,564,681	576,876	(479,096)	(109,112)	(21,471,616)	688,028
Changes of assumptions or other inputs	-	289,822	3,129,118	(863,241)	-	5,714,895	-
Benefit payments, including refunds of employee contributions	(1,060,396)	(1,454,455)	(1,655,212)	(1,349,107)	(1,242,451)	(1,073,690)	(1,665,443)
Net change in total OPEB liability	2,050,998	7,415,111	5,862,810	1,680,161	3,189,005	(12,436,584)	2,437,733
Total OPEB liability -- beginning	30,201,776	32,252,774	39,667,885	45,530,695	47,210,856	50,399,861	37,963,277
Total OPEB liability -- ending	<u>\$ 32,252,774</u>	<u>\$ 39,667,885</u>	<u>\$ 45,530,695</u>	<u>\$ 47,210,856</u>	<u>\$ 50,399,861</u>	<u>\$ 37,963,277</u>	<u>\$ 40,401,010</u>
Plan fiduciary net position							
Contributions -- employer	\$ 3,340,696	\$ 2,488,905	\$ 1,655,212	\$ 1,349,107	\$ 1,742,451	\$ 1,803,211	\$ 2,394,963
Net investment income	3,390,546	3,045,950	1,629,195	1,131,826	11,551,219	(4,707,020)	3,506,213
Benefit payments, including refunds of employee contributions	(1,060,396)	(1,454,455)	(1,655,212)	(1,349,107)	(1,242,451)	(1,073,690)	(1,665,443)
Administrative fees	-	(31,912)	(32,333)	(33,677)	(36,395)	-	-
Net change in plan fiduciary net position	5,670,846	4,048,488	1,596,862	1,098,149	12,014,825	(3,977,499)	4,235,733
Plan fiduciary net position -- beginning	25,720,279	31,391,125	35,439,613	37,036,475	38,134,624	50,149,449	46,171,949
Plan fiduciary net position -- ending	<u>\$ 31,391,125</u>	<u>\$ 35,439,613</u>	<u>\$ 37,036,475</u>	<u>\$ 38,134,624</u>	<u>\$ 50,149,449</u>	<u>\$ 46,171,950</u>	<u>\$ 50,407,682</u>
Total net OPEB liability (asset) -- beginning	\$ 4,481,497	\$ 861,649	\$ 4,228,272	\$ 8,494,220	\$ 9,076,232	\$ 250,412	\$ (8,208,672)
Total Net OPEB liability (asset) -- ending	<u>\$ 861,649</u>	<u>\$ 4,228,272</u>	<u>\$ 8,494,220</u>	<u>\$ 9,076,232</u>	<u>\$ 250,412</u>	<u>\$ (8,208,673)</u>	<u>\$ (10,006,672)</u>
Plan fiduciary net position as a percentage of total OPEB liability	97.33%	89.34%	81.34%	80.78%	99.50%	121.62%	124.77%
Covered payroll	\$ 58,111,943	\$ 67,302,874	\$ 61,416,353	\$ 69,886,884	\$ 69,886,884	\$ 75,470,202	\$ 78,923,637
Net OPEB Liability as a percentage of covered payroll	1.48%	6.28%	13.83%	12.99%	0.36%	-10.88%	-12.68%

Schedules are intended to show information for 10 years. Since 2017 is the first year of this presentation, no other data is available. Additional years will be included as they become available.

Per GAAP, Net OPEB Liability is reported using the measurement date, which is one year prior to the reporting date.

CITY OF SUFFOLK, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE SCHOOL BOARD'S NET OPEB LIABILITY (ASSET) AND RELATED RATIOS
SCHOOL BOARD OPEB TRUST
FOR THE YEAR ENDED DECEMBER 31

	2017	2018	2019	2020	2021	2022
Total OPEB Liability						
Service cost	\$ 518,107	\$ 456,968	\$ 458,381	\$ 474,424	\$ 532,956	\$ 366,810
Interest	1,168,697	1,034,554	1,024,964	1,124,926	869,162	727,741
Changes of benefit terms	(391,210)	-	-	-	-	-
Difference between expected and actual experience	(2,060,226)	(651,244)	695,593	(4,196,230)	(1,920,563)	(154,315)
Changes of assumptions or other inputs	1,303,406	34,634	-	26,928	79,997	-
Benefit payments, including refunds of employee contributions	(1,323,985)	(588,348)	(1,435,329)	(267,861)	(304,691)	(435,346)
Net change in total OPEB liability	(785,211)	286,564	743,609	(2,837,813)	(743,139)	504,890
Total OPEB liability -- beginning	14,411,142	13,625,931	13,912,495	14,656,104	11,818,291	11,075,152
Total OPEB liability -- ending	<u>\$ 13,625,931</u>	<u>\$ 13,912,495</u>	<u>\$ 14,656,104</u>	<u>\$ 11,818,291</u>	<u>\$ 11,075,152</u>	<u>\$ 11,580,042</u>
Plan fiduciary net position						
Contributions -- employer	\$ 1,323,985	\$ 588,348	\$ 1,435,329	\$ 267,861	\$ 304,691	\$ 435,346
Net investment income	2,073,264	(699,998)	2,823,320	2,533,238	3,020,825	(2,858,127)
Benefit payments, including refunds of employee contributions	(1,323,985)	(588,348)	(1,435,329)	(267,861)	(304,691)	(435,346)
Administrative expenses	(14,546)	(14,727)	(15,166)	(15,718)	(18,731)	(17,949)
Net change in plan fiduciary net position	2,058,718	(714,725)	2,808,154	2,517,520	3,002,094	(2,876,076)
Plan fiduciary net position -- beginning	13,406,521	15,465,239	14,750,514	17,558,668	20,076,188	23,078,282
Plan fiduciary net position -- ending	<u>\$ 15,465,239</u>	<u>\$ 14,750,514</u>	<u>\$ 17,558,668</u>	<u>\$ 20,076,188</u>	<u>\$ 23,078,282</u>	<u>\$ 20,202,206</u>
Total net OPEB liability (asset) -- beginning	<u>\$ 1,004,621</u>	<u>\$ (1,839,308)</u>	<u>\$ (838,019)</u>	<u>\$ (2,902,564)</u>	<u>\$ (8,257,897)</u>	<u>\$ (12,003,130)</u>
Total Net OPEB asset -- ending	<u>\$ (1,839,308)</u>	<u>\$ (838,019)</u>	<u>\$ (2,902,564)</u>	<u>\$ (8,257,897)</u>	<u>\$ (12,003,130)</u>	<u>\$ (8,622,164)</u>
Plan fiduciary net position as a percentage of total OPEB liability	113.50%	106.02%	119.80%	169.87%	208.38%	174.46%
Covered payroll	\$ 79,940,967	\$ 80,618,413	\$ 81,801,705	\$ 84,334,164	\$ 90,628,803	\$ 94,222,692
Net OPEB Asset as a percentage of covered payroll	-2.30%	-1.04%	-3.55%	-9.79%	-13.24%	-9.15%

Schedules are intended to show information for 10 years. Since 2017 is the first year of this presentation, no other data is available. Additional years will be included as they become available.

Per GAAP, Net OPEB Liability is reported using the measurement date, which is one year prior to the reporting date.

CITY OF SUFFOLK, VIRGINIA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS -- OPEB PLAN
LOCALLY OWNED OPEB TRUST
FOR THE YEAR ENDED JUNE 30**

Date	Actuarially Determined Contribution	Contributions in Relation to Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
City Plan:					
2014	\$ 2,999,000	\$ 2,621,943	\$ 377,057	\$ 53,941,000	4.86%
2015	3,077,600	3,503,479	(425,879)	53,941,000	6.50%
2016	3,182,500	3,501,603	(319,103)	58,111,943	6.03%
2017	1,083,859	3,340,696	(2,256,837)	58,111,943	5.75%
2018	734,245	2,488,906	(1,754,661)	67,302,874	3.70%
2019	1,330,615	1,655,212	(324,597)	61,416,353	2.70%
2020	1,330,615	1,349,107	(18,492)	69,886,884	1.93%
2021	1,702,081	1,742,451	(40,370)	69,886,884	2.49%
2022	1,702,081	1,803,210	(101,129)	75,470,202	2.39%
2023	-	2,394,963	(2,394,963)	78,923,637	3.03%
School Board					
2014	\$ 1,285,500	\$ 1,312,268	\$ (26,768)	\$ 58,391,400	2.25%
2015	1,339,100	1,631,285	(292,185)	55,537,800	2.94%
2016	112,200	1,578,887	(1,466,687)	55,537,800	2.84%
2017	613,629	1,822,143	(1,208,514)	79,940,967	2.28%
2018	613,629	1,063,180	(449,551)	80,618,413	1.32%
2019	588,348	1,053,194	(464,846)	81,801,705	1.29%
2020	1,435,329	621,810	813,519	84,334,164	0.74%
2021	-	267,861	(267,861)	90,628,803	0.30%
2022	-	304,691	(304,691)	94,222,692	0.32%
2023	-	435,346	(435,346)	102,506,109	0.42%

CITY OF SUFFOLK, VIRGINIA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF ANNUAL MONEY WEIGHTED RATE OF RETURN ON OPEB PLAN INVESTMENTS
LOCALLY OWNED OPEB TRUST
FOR THE YEAR ENDED JUNE 30**

	City OPEB Trust	School Board OPEB Trust
2017	13.04%	15.52%
2018	9.52%	9.52%
2019	4.67%	4.67%
2020	4.88%	4.88%
2021	30.05%	30.05%
2022	-9.28%	-9.28%
2023	9.76%	9.76%

Schedule is intended to show information for 10 years.
Since 2017 is the first year of this presentation, no other
data is available. Additional years will be included as they
become available.

CITY OF SUFFOLK, VIRGINIA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2022

Notes to the Required Supplementary Information related to Other Postemployment Benefit Plans
City Trust

Changes in Benefit Terms:

There were no changes in the Plan's benefit provisions during the measurement period ending on January 1, 2022.

Changes to assumptions or other inputs

The following changes in assumptions were made for the valuation date of January 1, 2022:

- The discount rate was lowered from 7.5% to 6.75% to be in line with the current VRS assumption.
- The claims assumption was updated to include the most recent plan experience.
- The trend assumption was updated to the most recent table released by the Society of Actuaries.
- The salary scale assumption was updated to match that of the most recent VRS valuation.
- The decrement assumptions were updated to match those used by the most recent VRS valuation.

CITY OF SUFFOLK, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF NET OPEB LIABILITY LINE OF DUTY ACT PROGRAM (LODA) FOR THE CITY
FOR THE YEAR ENDED JUNE 30

	2017	2018	2019	2020	2021	2022
Employer's proportion of the net LODA OPEB liability	2.76316%	2.86170%	2.62930%	2.75114%	2.78220%	2.62447%
Employer's proportionate share of the net LODA OPEB liability	\$ 7,261,000	\$ 8,972,000	\$ 9,433,565	\$ 11,522,199	\$ 12,269,269	\$ 9,932,449
Employer's covered payroll	\$ 23,102,737	\$ 24,288,204	\$ 28,324,247	\$ 29,370,754	\$ 27,241,531	\$ 31,137,183
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	31.43%	36.94%	33.31%	39.23%	45.04%	31.90%
Plan fiduciary net position as a percentage of the total LODA OPEB liability	1.30%	0.60%	0.79%	1.02%	1.68%	1.87%

Note: The amounts presented have a measurement date of the previous fiscal year.

Schedules are intended to show information for 10 years. Since 2017 is the first year of this presentation, no other data is available. Additional years will be included as they become available.

CITY OF SUFFOLK, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF NET OPEB LIABILITY GROUP LIFE INSURANCE PROGRAM (GLI) FOR THE CITY
FOR THE YEAR ENDED JUNE 30

	2017	2018	2019	2020	2021	2022
Employer's proportion of the net GLI OPEB liability	0.34781%	0.34952%	0.34159%	0.33753%	0.33655%	0.33359%
Employer's proportionate share of the net GLI OPEB liability	\$ 5,234,000	\$ 5,308,000	\$ 5,558,578	\$ 5,632,832	\$ 3,918,355	\$ 4,016,745
Employer's covered payroll	\$ 64,154,851	\$ 66,461,255	\$ 66,963,814	\$ 69,692,322	\$ 69,484,722	\$ 72,564,393
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	8.16%	7.99%	8.30%	8.08%	5.64%	5.54%
Plan fiduciary net position as a percentage of the total GLI OPEB liability	48.86%	51.22%	52.00%	52.64%	67.45%	67.21%

Note: The amounts presented have a measurement date of the previous fiscal year.

Schedules are intended to show information for 10 years. Since 2017 is the first year of this presentation, no other data is available. Additional years will be included as they become available.

CITY OF SUFFOLK, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF NET OPEB LIABILITY GROUP LIFE INSURANCE PROGRAM (GLI) FOR THE SCHOOL BOARD
FOR THE YEAR ENDED JUNE 30

	2017	2018	2019	2020	2021	2022
Employer's proportion of the net GLI OPEB liability	0.40934%	0.44079%	0.45715%	0.43943%	0.44273%	0.43367%
Employer's proportionate share of the net GLI OPEB liability	\$ 6,704,000	\$ 6,695,000	\$ 7,439,047	\$ 7,333,367	\$ 5,154,577	\$ 5,221,805
Employer's covered payroll	\$ 82,175,449	\$ 83,814,437	\$ 89,616,947	\$ 90,437,143	\$ 91,407,110	\$ 94,334,223
Employer's proportionate share of the net OPEB liability as a percentage of its covered payroll	8.16%	7.99%	8.30%	8.11%	5.64%	5.54%
Plan fiduciary net position as a percentage of the total GLI OPEB liability	48.86%	51.22%	52.00%	52.64%	67.45%	67.21%

Note: The amounts presented have a measurement date of the previous fiscal year.

Schedules are intended to show information for 10 years. Since 2017 is the first year of this presentation, no other data is available. Additional years will be included as they become available.

CITY OF SUFFOLK, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF NET OPEB LIABILITY HEALTH INSURANCE CREDIT PLANS (THIC) FOR THE SCHOOL BOARD -- TEACHERS
FOR THE YEAR ENDED JUNE 30

	2017	2018	2019	2020	2021	2022
Employer's proportion of the net HIC OPEB liability	0.95031%	0.94832%	0.97557%	0.94455%	0.94441%	0.90842%
Employer's proportionate share of the net HIC OPEB liability	\$ 12,056,000	\$ 12,040,000	\$ 12,771,160	\$ 12,321,811	\$ 12,122,156	\$ 11,346,588
Employer's covered payroll	\$ 74,998,650	\$ 76,694,389	\$ 81,827,304	\$ 82,806,334	\$ 83,522,903	\$ 84,666,483
Employer's proportionate share of the net OPEB liability as a percentage of its covered payroll	16.07%	15.70%	15.61%	14.88%	14.51%	13.40%
Plan fiduciary net position as a percentage of the total HIC OPEB liability	7.04%	8.08%	8.97%	9.95%	13.15%	15.08%

Note: The amounts presented have a measurement date of the previous fiscal year.

Schedules are intended to show information for 10 years. Since 2017 is the first year of this presentation, no other data is available. Additional years will be included as they become available.

CITY OF SUFFOLK, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF NET OPEB LIABILITY VIRGINIA LOCAL DISABILITY PROGRAM (VLDP) - SCHOOL BOARD TEACHERS
FOR THE YEAR ENDED JUNE 30**

	2017	2018	2019	2020	2021	2022
Employer's proportion of the net VLDP OPEB liability	4.31966%	4.37837%	4.50925%	4.10950%	4.07483%	4.1872%
Employer's proportionate share of the net VLDP OPEB liability (asset)	\$ 25,000	\$ 34,000	\$ 34,661	\$ 34,104	\$ (30,600)	\$ (8,608)
Employer's covered payroll	\$ 11,799,069	\$ 15,699,589	\$ 20,626,222	\$ 23,040,664	\$ 25,736,865	\$ 30,691,112
Employer's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.21%	0.22%	0.17%	0.15%	-0.12%	-0.03%
Plan fiduciary net position as a percentage of the total VLDP OPEB liability	31.96%	46.18%	74.12%	78.28%	114.46%	101.57%

Note: The amounts presented have a measurement date of the previous fiscal year.

Schedules are intended to show information for 10 years. Since 2017 is the first year of this presentation, no other data is available. Additional years will be included as they become available.

CITY OF SUFFOLK, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS - OPEB CITY STATE VRS PLANS
FOR THE YEAR ENDED JUNE 30

Date	Contractually Required Contribution	Contribution in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
City Group Life Insurance Program (GLI)					
2014	\$ 271,524	\$ 271,524	\$ -	\$ 56,567,440	0.48%
2015	275,235	275,235	-	57,340,704	0.48%
2016	283,950	283,950	-	59,156,221	0.48%
2017	333,605	333,605	-	64,154,851	0.52%
2018	345,599	345,599	-	66,461,255	0.52%
2019	348,212	348,212	-	66,963,814	0.52%
2020	432,439	432,439	-	69,692,322	0.62%
2021	375,217	375,217	-	69,484,722	0.54%
2022	385,940	385,940	-	72,564,393	0.53%
2023	423,066	423,066	-	79,663,713	0.53%
City Line of Duty Act Program (LODA)					
2014	\$ 283,038	\$ 283,038	\$ -	\$ 21,413,893	1.32%
2015	274,077	274,077	-	21,823,152	1.26%
2016	270,316	270,316	-	21,832,593	1.24%
2017	298,011	298,011	-	23,102,737	1.29%
2018	304,819	304,819	-	24,288,204	1.26%
2019	352,885	352,885	-	28,324,247	1.25%
2020	373,881	373,881	-	29,370,754	1.27%
2021	383,044	383,044	-	27,241,531	1.41%
2022	358,834	358,834	-	31,137,183	1.15%
2023	351,318	351,318	-	35,391,248	0.99%

CITY OF SUFFOLK, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS - OPEB SCHOOL BOARD STATE VRS PLANS
FOR THE YEAR ENDED JUNE 30

Date	Contractually Required Contribution	Contribution in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
School Board Group Life Insurance Program (GLI)					
2014	\$ 366,756	\$ 366,756	\$ -	\$ 76,407,583	0.48%
2015	366,410	366,410	-	76,335,421	0.48%
2016	386,299	386,299	-	80,479,145	0.48%
2017	427,312	427,312	-	82,175,449	0.52%
2018	435,835	435,835	-	83,814,437	0.52%
2019	466,008	466,008	-	89,616,947	0.52%
2020	470,273	470,273	-	90,437,143	0.52%
2021	493,598	493,598	-	91,407,110	0.54%
2022	509,405	509,405	-	94,334,223	0.54%
2023	552,457	552,457	-	102,306,872	0.54%
School Board Health Insurance Credit Program (THIC) - Teachers					
2014	\$ 769,958	\$ 769,958	\$ -	\$ 69,365,599	1.11%
2015	737,927	737,927	-	69,615,713	1.06%
2016	779,951	779,951	-	73,580,311	1.06%
2017	832,485	832,485	-	74,998,650	1.11%
2018	943,341	943,341	-	76,694,389	1.23%
2019	981,928	981,928	-	81,827,304	1.20%
2020	993,676	993,676	-	82,806,334	1.20%
2021	1,010,627	1,010,627	-	83,522,903	1.21%
2022	1,024,485	1,024,485	-	84,666,483	1.21%
2023	1,111,707	1,111,707	-	91,882,191	1.21%
School Board Virginia Local Disability Program (VLDP)					
2014	\$ 401	\$ 401	\$ -	\$ 133,150	0.30%
2015	13,200	13,200	-	4,464,403	0.30%
2016	23,681	23,681	-	7,814,391	0.30%
2017	38,690	38,690	-	11,799,069	0.33%
2018	52,058	52,058	-	15,699,589	0.33%
2019	88,363	88,363	-	20,626,222	0.43%
2020	101,154	101,154	-	23,040,664	0.44%
2021	129,938	129,938	-	25,736,865	0.50%
2022	158,126	158,126	-	30,691,112	0.52%
2023	197,414	197,414	-	38,102,735	0.52%

CITY OF SUFFOLK, VIRGINIA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2022

Notes to the Required Supplementary Information related to Other Postemployment Benefit Plans – City and School Board State VRS Plans.

Changes in Benefit Terms:

There have been no actuarially material changes to the benefit provisions since the prior actuarial valuation.

Changes to assumptions or other inputs

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

General City and School Board GLI plan employees	Public Safety Employees GLI and LODA plans
<ul style="list-style-type: none">- Updated mortality rates to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020- Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all.- Adjusted withdrawal rates to better fit experience at each age and service decrement through 9 year of service.- No change in disability rates.- No change in salary scale.- No change in discount rate.	<ul style="list-style-type: none">- Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements replace load with a modified Mortality Improvement Scale MP-2020.- Adjusted retirement rates to better fit experience and changed final retirement age from 65 to 70.- Decreased withdrawal rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with locals Top 10 Hazardous duty.- No change in disability rates.- No change in salary scale.- No change in line of duty disability rates.

School Board Teacher GLI, HIC and VLDP:

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

CITY OF SUFFOLK, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE SCHOOL BOARD'S NET OPEB LIABILITY AND RELATED RATIOS
SCHOOL BOARD NON-TEACHER HIC SINGLE EMPLOYER PLAN
FOR THE YEAR ENDED JUNE 30

	2020	2021	2022
Total OPEB Liability			
Service cost	\$ -	\$ 10,909	\$ 9,501
Interest	-	42,022	46,945
Changes of benefit terms	622,573	-	
Difference between expected and actual experience	-	-	(839)
Changes of assumptions or other inputs	-	17,815	51,707
Benefit payments, including refunds of employee contributions	-	(35)	(14,603)
Net change in total OPEB liability	622,573	70,711	92,711
Total OPEB liability -- beginning	-	622,573	693,284
Total OPEB liability -- ending	\$ 622,573	\$ 693,284	\$ 785,995
Plan fiduciary net position			
Contributions -- employer	\$ -	\$ 52,520	\$ 62,759
Net investment income	-	6,756	(1,673)
Benefit payments, including refunds of employee contributions	-	(35)	(14,603)
Administrative expenses	-	(232)	(201)
Net change in plan fiduciary net position	\$ -	\$ 59,009	\$ 46,282
Plan fiduciary net position -- beginning	-	-	59,009
Plan fiduciary net position -- ending	\$ -	\$ 59,009	\$ 105,291
Total net OPEB liability -- beginning	\$ -	\$ 622,573	\$ 634,275
Total Net OPEB liability -- ending	\$ 622,573	\$ 634,275	\$ 680,704
Plan fiduciary net position as a percentage of total OPEB liability	0.00%	8.51%	13.40%
Covered payroll	\$ 7,502,569	\$ 7,502,569	\$ 8,968,585
Net OPEB Liability as a percentage of covered payroll	8.30%	8.45%	7.59%

Schedules are intended to show information for 10 years. Since 2020 is the first year of this presentation, no other data is available. Additional years will be included as they become available.

Per GAAP, Net OPEB Liability is reported using the measurement date, which is one year prior to the reporting date.

CITY OF SUFFOLK, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS -- SCHOOL BOARD NON-TEACHER HEALTH INSURANCE CREDIT OPEB PLAN
SCHOOL BOARD NON-TEACHER HIC
FOR THE YEAR ENDED JUNE 30

Date	Actuarially Determined Contribution	Contributions in Relation to Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2021	\$ 52,518	\$ 52,518	\$ -	\$ 7,502,569	0.70%
2022	62,748	62,748	-	8,968,585	0.70%
2023	79,858	79,858	-	9,859,115	0.81%

Schedules are intended to show information for 10 years. Since 2021 is the first year of this presentation, no other data is available. Additional years will be included as they become available.

CITY OF SUFFOLK, VIRGINIA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2022

Notes to the Required Supplementary Information related to Other Postemployment Benefit Plans – School Board Non-Teacher Health Insurance Credit Single Employer State VRS Plan.

Changes in Benefit Terms:

There have been no actuarially material changes to the benefit provisions since the prior actuarial valuation.

Changes to assumptions or other inputs

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

Mortality Rates (pre-retirement, post-retirement, healthy and disabled):	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates:	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all.
Withdrawal Rates:	Adjusted rates to better fit experience at each age and service decrement through 9 year of service.
Disability rates:	No change.
Salary Scale:	No change.
Line of Duty Disability:	No change.
Discount Rate:	No change.

OTHER SUPPLEMENTARY INFORMATION

OTHER SUPPLEMENTARY INFORMATION: NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Suffolk Taxing District Fund – accounts for revenues and expenditures related to services provided in the Suffolk Taxing District. Most revenues are derived from a specific percentage of the annual real estate tax assessments in the Suffolk Taxing District. These additional assessments ceased as of July 1, 2007.

Downtown Business Overlay District Fund – accounts for revenues and expenditures related to services provided in the Downtown Business Overlay District. Most revenues are derived from a specific percentage of the annual real estate tax assessments in the Downtown Business Overlay District.

Law Library Fund – accounts for the maintenance of a law library. Revenue is derived from court fees.

Route 17 Taxing District Fund – accounts for revenues and expenditures related to services provided in the Route 17 Taxing District. Most revenues are derived from a specific percentage of the annual real estate tax assessments in the route 17 Taxing District.

Cemetery Fund – accounts for monies received from the sale of burial sites, lots, and mausoleum sites, the revenue from which is to be applied to the perpetual care of the City's cemeteries.

Aviation Fund – accounts for revenues generated through use of airport facilities and governmental grant programs to be used solely for expansion, maintenance, and use of city municipal airport.

Transit Fund -- accounts for revenues and expenditures associated with the City's bus services. The revenue comes from a combination of state grants and fares collected from the passengers.

CITY OF SUFFOLK, VIRGINIA

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2023

	Suffolk Taxing District	Downtown Business Overlay District	Law Library	Route 17 Taxing District	Cemetery	Transit	Aviation	Total Non-Major Governmental Funds
ASSETS								
Assets:								
Cash and cash equivalents	\$ -	\$ 308,574	\$ -	\$ 4,591,739	\$ -	\$ 3,207,930	\$ 633,137	\$ 8,741,380
Cash and cash equivalents, restricted	-	-	226,741	-	1,013,809	-	-	1,240,550
Receivables, net:								
Taxes	-	-	-	901	-	-	-	901
Accounts	-	684	5,754	-	-	124,177	123,516	254,131
Due from other governmental units	-	-	-	-	-	256,040	4,182	260,222
Leases receivable	-	-	-	-	-	-	779,310	779,310
Inventory	-	-	-	-	-	-	90,766	90,766
Total assets	<u>\$ -</u>	<u>\$ 309,258</u>	<u>\$ 232,495</u>	<u>\$ 4,592,640</u>	<u>\$ 1,013,809</u>	<u>\$ 3,588,147</u>	<u>\$ 1,630,911</u>	<u>\$ 11,367,260</u>
LIABILITIES								
Liabilities:								
Accounts payable and accrued liabilities	\$ 10,819	\$ 178	\$ 81	\$ -	\$ -	\$ 130,112	\$ 5,629	\$ 146,819
Accrued payroll and related liabilities	-	-	-	-	-	1,932	8,712	10,644
Unavailable revenues	-	-	-	-	-	-	6,143	6,143
Total liabilities	<u>10,819</u>	<u>178</u>	<u>81</u>	<u>-</u>	<u>-</u>	<u>132,044</u>	<u>20,484</u>	<u>163,606</u>
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenues - taxes	-	147	-	-	-	-	-	147
Deferred inflows related to leases	-	-	-	-	-	-	772,260	772,260
Total deferred inflows	<u>-</u>	<u>147</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>772,260</u>	<u>772,407</u>
FUND BALANCES								
Nonspendable	-	-	-	-	-	-	90,766	90,766
Restricted	-	-	232,414	-	1,013,809	-	-	1,246,223
Committed	-	308,933	-	4,592,640	-	3,456,103	747,401	9,105,077
Unassigned	(10,819)	-	-	-	-	-	-	(10,819)
Total fund balances	<u>(10,819)</u>	<u>308,933</u>	<u>232,414</u>	<u>4,592,640</u>	<u>1,013,809</u>	<u>3,456,103</u>	<u>838,167</u>	<u>10,431,247</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ -</u>	<u>\$ 309,258</u>	<u>\$ 232,495</u>	<u>\$ 4,592,640</u>	<u>\$ 1,013,809</u>	<u>\$ 3,588,147</u>	<u>\$ 1,630,911</u>	<u>\$ 11,367,260</u>

CITY OF SUFFOLK, VIRGINIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2023

	Suffolk Taxing District	Downtown Business Overlay District	Law Library	Route 17 Taxing District	Cemetery	Transit	Aviation	Total Non-Major Governmental Funds
REVENUES								
Real estate taxes	\$ -	\$ 189,168	\$ -	\$ 2,372,767	\$ -	\$ -	\$ -	\$ 2,561,935
Revenue from use of money and property	-	8,933	6,189	11,350	54,154	85,335	331,408	497,369
Charges for services	-	-	35,926	-	-	65,326	677,360	778,612
Miscellaneous	-	-	-	-	22,401	12,915	-	35,316
Intergovernmental:								
Revenue from the Commonwealth	-	-	-	-	-	557,150	14,005	571,155
Revenue from the Federal government	-	-	-	-	-	1,718,475	-	1,718,475
Total revenues	-	198,101	42,115	2,384,117	76,555	2,439,201	1,022,773	6,162,862
EXPENDITURES								
Current:								
General government administration	-	-	-	-	-	-	961,850	961,850
Judicial administration	-	-	9,809	-	-	-	-	9,809
Public works	-	188,882	-	-	-	-	-	188,882
Transportation	-	-	-	-	-	1,753,973	-	1,753,973
Total expenditures	-	188,882	9,809	-	-	1,753,973	961,850	2,914,514
Excess of revenues over (under) expenditures	-	9,219	32,306	2,384,117	76,555	685,228	60,923	3,248,348
financing sources (uses):								
Transfers in	-	-	-	-	-	418,582	109,055	527,637
Transfers out	-	-	-	(4,526,712)	-	(219,659)	(104,135)	(4,850,506)
Total other financing sources (uses), net	-	-	-	(4,526,712)	-	198,923	4,920	(4,322,869)
Net changes in fund balances	-	9,219	32,306	(2,142,595)	76,555	884,151	65,843	(1,074,521)
Fund balances at July 1	(10,819)	299,714	200,108	6,735,235	937,254	2,571,952	772,324	11,505,768
Fund balances at June 30	<u>\$ (10,819)</u>	<u>\$ 308,933</u>	<u>\$ 232,414</u>	<u>\$ 4,592,640</u>	<u>\$ 1,013,809</u>	<u>\$ 3,456,103</u>	<u>\$ 838,167</u>	<u>\$ 10,431,247</u>

CITY OF SUFFOLK, VIRGINIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
 BUDGET AND ACTUAL - BUDGETARY BASIS
 DEBT SERVICE FUND
 Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
REVENUES				
Revenue from use of money and property	\$ -	\$ -	\$ 300,582	\$ 300,582
Total revenues	-	-	300,582	300,582
EXPENDITURES				
Current:				
Principal	20,998,141	20,998,141	20,809,488	188,653
Bond issuance costs	-	471,000	470,758	242
Interest and other fiscal charges	9,975,527	9,504,527	9,013,974	490,553
Total expenditures	30,973,668	30,973,668	30,294,220	679,448
Deficiency of revenues under expenditures	(30,973,668)	(30,973,668)	(29,993,638)	980,030
OTHER FINANCING SOURCES (USES)				
Premium on bonds issued	-	-	469,766	469,766
Transfers in	30,973,668	30,973,668	29,674,163	(1,299,505)
Total other financing sources, net	30,973,668	30,973,668	30,143,929	(829,739)
Net change in fund balances	\$ -	\$ -	\$ 150,291	\$ 150,291

CITY OF SUFFOLK, VIRGINIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY BASIS
SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2023

	Route 17 Taxing District				Aviation			
	Budgeted Amounts		Actual	Variance with	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget	Original	Final	Amounts	Final Budget
REVENUES								
Real estate taxes	\$ 4,526,712	\$ 4,526,712	\$ 2,372,767	\$ (2,153,945)	\$ -	\$ -	\$ -	\$ -
Revenue from use of money and property	-	-	11,350	11,350	278,844	278,844	331,408	52,564
Charges for services	-	-	-	-	695,000	710,000	677,360	(32,640)
Intergovernmental:								
Revenue from the Commonwealth	-	-	-	-	-	14,677	14,005	(672)
Fund balance (rollover/appropriations)	-	-	-	-	-	30,786	-	(30,786)
Total revenues	4,526,712	4,526,712	2,384,117	(2,142,595)	973,844	1,034,307	1,022,773	(11,534)
EXPENDITURES								
Current:								
General government administration	-	-	-	-	982,764	1,039,227	988,334	50,893
Total expenditures	-	-	-	-	982,764	1,039,227	988,334	50,893
Excess (deficiency) of revenues over (under) expenditures	4,526,712	4,526,712	2,384,117	(2,142,595)	(8,920)	(4,920)	34,439	39,359
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	109,055	109,055	109,055	-
Transfers out	(4,526,712)	(4,526,712)	(4,526,712)	-	(100,135)	(104,135)	(104,135)	-
Total other financing sources (uses), net	(4,526,712)	(4,526,712)	(4,526,712)	-	8,920	4,920	4,920	-
Net change in fund balances	\$ -	\$ -	\$ (2,142,595)	\$ (2,142,595)	\$ -	\$ -	\$ 39,359	\$ 39,359
Reconciliation to Governmental Fund Statement:								
Total net change in fund balance			\$ (2,142,595)				\$ 39,359	
Encumbrances			-				26,484	
Total net change in fund balance per Statement of Revenues, Expenditures and Changes in Fund Balance (Exhibit 30)			\$ (2,142,595)				\$ 65,843	

(continued)

CITY OF SUFFOLK, VIRGINIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY BASIS
SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2023

	Law Library				Downtown Business Overlay District			
	Budgeted Amounts		Actual	Variance with	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget	Original	Final	Amounts	Final Budget
REVENUES								
Real estate taxes	\$ -	\$ -	\$ -	\$ -	\$ 190,421	\$ 190,421	\$ 189,168	\$ (1,253)
Revenue from use of money and property	-	-	6,189	6,189	-	-	8,933	8,933
Charges for services	30,000	30,000	35,926	5,926	-	-	-	-
Fund balance (rollover/appropriations)	20,460	20,460	-	(20,460)	-	-	-	-
Total revenues	50,460	50,460	42,115	(8,345)	190,421	190,421	198,101	7,680
EXPENDITURES								
Current:								
Judicial administration	50,460	50,460	9,809	40,651	-	-	-	-
Public works	-	-	-	-	190,421	190,421	188,882	1,539
Total expenditures	50,460	50,460	9,809	40,651	190,421	190,421	188,882	1,539
Excess (deficiency) of revenues over (under) expenditures	-	-	32,306	32,306	-	-	9,219	9,219
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	-	-
Net change in fund balances	\$ -	\$ -	\$ 32,306	\$ 32,306	\$ -	\$ -	\$ 9,219	\$ 9,219
Reconciliation to Governmental Fund Statement:								
Total net change in fund balance			\$ 32,306				\$ 9,219	
Encumbrances			-				-	
Total net change in fund balance per Statement of Revenues, Expenditures and Changes in Fund Balance (Exhibit 30)			\$ 32,306				\$ 9,219	

(continued)

CITY OF SUFFOLK, VIRGINIA

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - BUDGETARY BASIS
SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2023**

Transit				
	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
REVENUES				
Revenue from use of money and property	\$ -	\$ -	\$ 85,335	\$ 85,335
Charges for services	60,000	60,000	65,326	5,326
Miscellaneous	4,500	4,500	12,915	8,415
Intergovernmental:				
Revenue from the commonwealth	318,954	1,383,736	557,150	(826,586)
Revenue from the federal government	880,926	4,206,920	1,718,475	(2,488,445)
Grants to be anticipated	-	-	-	-
Fund balance (rollover/appropriations)	-	14,283	-	(14,283)
Total revenues	<u>1,264,380</u>	<u>5,669,439</u>	<u>2,439,201</u>	<u>(3,230,238)</u>
EXPENDITURES				
Current:				
Transportation	1,463,303	5,868,362	1,774,728	4,093,634
Total expenditures	<u>1,463,303</u>	<u>5,868,362</u>	<u>1,774,728</u>	<u>4,093,634</u>
Excess of revenues over expenditures	<u>(198,923)</u>	<u>(198,923)</u>	<u>664,473</u>	<u>863,396</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	418,582	418,582	418,582	-
Transfers out	<u>(219,659)</u>	<u>(219,659)</u>	<u>(219,659)</u>	<u>-</u>
Total other financing sources, net	<u>198,923</u>	<u>198,923</u>	<u>198,923</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 863,396</u>	<u>\$ 863,396</u>
Reconciliation to Governmental Fund Statement:				
Total net change in fund balance			\$ 863,396	
Encumbrances			<u>20,755</u>	
Total net change in fund balance per Statement of Revenues, Expenditures and Changes in Fund Balance (Exhibit 30)			<u>\$ 884,151</u>	

OTHER SUPPLEMENTARY INFORMATION: NON-MAJOR PROPRIETARY FUNDS

Enterprise Funds are used to account for:

Stormwater Utility Fund -- accounts for the maintenance and improvements to the City's stormwater infrastructure. All activities necessary to provide such services are funded by charges to citizens and are accounted for in this fund.

Refuse Fund -- accounts for the provision of refuse and waste management services. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operation, billing, and collections.

CITY OF SUFFOLK, VIRGINIA

COMBINING STATEMENT OF NET POSITION
NON-MAJOR PROPRIETARY FUNDS

June 30, 2023

	Business-type Activities - Enterprise Funds		
	Stormwater		
	Utility	Refuse	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 13,425,381	\$ 5,818,339	\$ 19,243,720
Cash and cash equivalents, restricted	4,403,589	-	4,403,589
Receivables, net	252,842	690,850	943,692
Total current assets	18,081,812	6,509,189	24,591,001
Noncurrent assets:			
Net OPEB asset City trust	275,090	220,071	495,161
Land and construction in progress	4,946,073	-	4,946,073
Capital assets, net	215,872	-	215,872
Right to use assets, net of amortization	13,172	2,630	15,802
Total noncurrent assets	5,450,207	222,701	5,672,908
Total assets	23,532,019	6,731,890	30,263,909
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension plan	593,297	326,524	919,821
Deferred outflows related to OPEB City trust	457,522	366,019	823,541
Deferred outflows related to OPEB state plans	31,642	17,551	49,193
Total deferred outflows of resources	1,082,461	710,094	1,792,555
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	183,913	314,603	498,516
Accrued payroll and related liabilities	91,812	77,609	169,421
Accrued interest payable	33,251	-	33,251
Compensated absences	5,585	1,021	6,606
Bonds and leases payable	213,959	1,583	215,542
Total current liabilities	528,520	394,816	923,336
Noncurrent liabilities:			
Compensated absences	218,494	118,250	336,744
Net pension liability	1,321,765	677,229	1,998,994
Net OPEB liability state plans	148,034	78,278	226,312
Bonds and leases payable	5,124,724	1,060	5,125,784
Total noncurrent liabilities	6,813,017	874,817	7,687,834
Total liabilities	7,341,537	1,269,633	8,611,170
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pension plan	541,598	277,497	819,095
Deferred inflows related to OPEB City trust	647,465	517,972	1,165,437
Deferred inflows related to OPEB state plans	34,151	18,059	52,210
Total deferred inflows of resources	1,223,214	813,528	2,036,742
NET POSITION			
Net investment in capital assets	4,240,023	-	4,240,023
Unrestricted	11,809,706	5,358,823	17,168,529
Total net position	\$ 16,049,729	\$ 5,358,823	\$ 21,408,552

CITY OF SUFFOLK, VIRGINIA

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
NON-MAJOR PROPRIETARY FUNDS
Year Ended June 30, 2023

	Business-type Activities - Enterprise Funds		
	Stormwater		
	Utility	Refuse	Total
OPERATING REVENUES			
Charges for services	\$ 8,634,197	\$ 10,319,134	\$ 18,953,331
Other	1,631,448	820,136	2,451,584
Total operating revenues	10,265,645	11,139,270	21,404,915
OPERATING EXPENSES			
Personnel services	3,180,997	1,910,426	5,091,423
Contractual services	509,162	5,387,103	5,896,265
Administration	751,566	2,516,360	3,267,926
Supplies	91,019	166,348	257,367
Repairs and maintenance	3,430	16,645	20,075
Utilities	41,076	25,615	66,691
Depreciation and amortization	63,438	1,578	65,016
Building and equipment rental	89,628	-	89,628
Other charges	49,853	54,198	104,051
Total operating expenses	4,780,169	10,078,273	14,858,442
Operating income	5,485,476	1,060,997	6,546,473
NONOPERATING REVENUES (EXPENSES)			
Interest income	495,172	122,940	618,112
Interest expense	(310,831)	6,133	(304,698)
Net nonoperating revenues, net	184,341	129,073	313,414
Income before transfers	5,669,817	1,190,070	6,859,887
Transfers out	(485,130)	(244,397)	(729,527)
Change in net position	5,184,687	945,673	6,130,360
Net position at July 1	10,865,042	4,413,150	15,278,192
Net position at June 30	\$ 16,049,729	\$ 5,358,823	\$ 21,408,552

CITY OF SUFFOLK, VIRGINIA

COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR PROPRIETARY FUNDS
Year Ended June 30, 2023

	Business-type Activities - Enterprise Funds		
	Stormwater		
	Utility	Refuse	Total
OPERATING ACTIVITIES			
Receipts from customers	\$ 10,221,071	\$ 11,024,964	\$ 21,246,035
Payments to employees	(3,329,298)	(2,102,601)	(5,431,899)
Payments to suppliers	(1,691,506)	(8,139,756)	(9,831,262)
Net cash provided by operating activities	5,200,267	782,607	5,982,874
NONCAPITAL FINANCING ACTIVITIES			
Transfers to other funds	(485,130)	(244,397)	(729,527)
Net cash used in noncapital financing activities	(485,130)	(244,397)	(729,527)
CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	(2,596,270)	-	(2,596,270)
Proceeds from issuance of debt	4,955,000	-	4,955,000
Bond issuance costs	(156,065)	-	(156,065)
Principal paid on capital debt	(22,915)	(161,576)	(184,491)
Interest paid on capital debt	(129,083)	(8,016)	(137,099)
Net cash provided by capital and related financing activities	2,050,667	(169,592)	1,881,075
INVESTING ACTIVITIES			
Interest received	495,172	122,940	618,112
Net cash provided by investing activities	495,172	122,940	618,112
Net increase in cash and cash equivalents	7,260,976	491,558	7,752,534
CASH AND CASH EQUIVALENTS			
Beginning, July 1	10,567,994	5,326,781	15,894,775
Ending, June 30	\$ 17,828,970	\$ 5,818,339	\$ 23,647,309
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income	\$ 5,485,476	\$ 1,060,997	\$ 6,546,473
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	63,438	1,578	65,016
Decrease in allowance for uncollectible accounts	29,715	-	29,715
Changes in assets and liabilities:			
(Increase) decrease in:			
Receivables	(74,289)	(114,306)	(188,595)
Increase in:			
Accounts payable and accrued liabilities	(155,772)	26,513	(129,259)
Accrued payroll and related liabilities	(148,301)	(192,175)	(340,476)
Net cash provided by operating activities	\$ 5,200,267	\$ 782,607	\$ 5,982,874

CITY OF SUFFOLK, VIRGINIA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2023

	Information Technology	Fleet Management	Risk Management	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 2,479,656	\$ 18,316,320	\$ 15,226,673	\$ 36,022,649
Cash and cash equivalents, restricted	1,037,529	3,818	-	1,041,347
Receivables other, net	-	84,267	-	84,267
Leases receivable	83,691	-	-	83,691
Inventories	-	565,387	-	565,387
Total current assets	<u>3,600,876</u>	<u>18,969,792</u>	<u>15,226,673</u>	<u>37,797,341</u>
Noncurrent assets:				
Net OPEB asset City trust	154,050	115,538	44,015	313,603
Land and construction in progress	1,067,165	298,000	-	1,365,165
Other capital assets, net	2,895,814	9,897,477	352,770	13,146,061
Right to use and subscription assets, net of amortiz	2,105,379	186,395	-	2,291,774
Total noncurrent assets	<u>6,222,408</u>	<u>10,497,410</u>	<u>396,785</u>	<u>17,116,603</u>
Total assets	<u>9,823,284</u>	<u>29,467,202</u>	<u>15,623,458</u>	<u>54,913,944</u>
DEFERRED OUFLOWS OF RESOURCES				
Deferred outflows related to pension plan	343,374	252,582	115,477	711,433
Deferred outflows related to OPEB City trust	256,214	192,160	73,204	521,578
Deferred outflows related to OPEB state plans	18,476	13,726	5,727	37,929
Total deferred outflows of resources	<u>618,064</u>	<u>458,468</u>	<u>194,408</u>	<u>1,270,940</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	523,666	176,705	132,943	833,314
Accrued payroll and related liabilities	50,266	11,071	76,591	137,928
Claims payable	-	-	1,666,927	1,666,927
Accrued interest	83,334	-	-	83,334
Compensated absences	2,635	22,514	64	25,213
Subscriptions payable	133,005	-	-	133,005
Bonds and leases payable -- current	2,113,139	61,378	-	2,174,517
Total current liabilities	<u>2,906,045</u>	<u>271,668</u>	<u>1,876,525</u>	<u>5,054,238</u>
Noncurrent liabilities:				
Compensated absences	140,523	72,308	48,875	261,706
Net pension liability	714,196	544,438	212,097	1,470,731
Net OPEB liability state plans	81,600	62,842	24,769	169,211
Claims payable	-	-	2,568,179	2,568,179
Subscriptions payable	106,350	-	-	106,350
Bonds and Leases payable	4,195,503	120,004	-	4,315,507
Total noncurrent liabilities	<u>5,238,172</u>	<u>799,592</u>	<u>2,853,920</u>	<u>8,891,684</u>
Total liabilities	<u>8,144,217</u>	<u>1,071,260</u>	<u>4,730,445</u>	<u>13,945,922</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pension plan	292,644	223,085	86,907	602,636
Deferred inflows related to OPEB City trust	362,581	271,935	103,593	738,109
Deferred inflows related to OPEB state plans	18,825	14,498	5,714	39,037
Deferred inflows related to leases receivable	65,799	-	-	65,799
Total deferred inflows of resources	<u>739,849</u>	<u>509,518</u>	<u>196,214</u>	<u>1,445,581</u>
NET POSITION				
Net investment in capital assets	557,891	10,200,490	352,770	11,111,151
Unrestricted	999,391	18,144,402	10,538,437	29,682,230
Total net position	<u>\$ 1,557,282</u>	<u>\$ 28,344,892</u>	<u>\$ 10,891,207</u>	<u>\$ 40,793,381</u>

OTHER SUPPLEMENTARY INFORMATION:

INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for:

Information Technology Fund – account for technology infrastructure and allocates costs to the various departments or agencies using the service.

Fleet Management Fund – accounts for, on a cost-reimbursement basis, the financing of vehicles and the related maintenance, repairs, and fuel costs and allocates those costs to the various departments or agencies using the equipment.

Risk Management Fund -- accounts for the funding and payment of auto, personal liability, general liability, health insurance, and workers' compensation claims against the City exclusive of the School Board employees. Charges to other funds are based on estimated claims for the year.

CITY OF SUFFOLK, VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
Year Ended June 30, 2023

	Information Technology	Fleet Management	Risk Management	Total
OPERATING REVENUES				
Charges for services	\$ 11,928,790	\$ 11,340,811	\$ 17,629,709	\$ 40,899,310
Other	1,559	258,753	763,199	1,023,511
Total operating revenues	11,930,349	11,599,564	18,392,908	41,922,821
OPERATING EXPENSES				
Personnel services	1,728,390	1,344,563	741,848	3,814,801
Self-insured claims	-	-	14,718,485	14,718,485
Contractual services	6,914,591	4,026	81,327	6,999,944
Administration	286,710	742,462	41,235	1,070,407
Supplies	9,685	32,200	4,823	46,708
Repairs and maintenance	290,589	50,792	-	341,381
Vehicle and power equipment – fuel	-	2,104,789	-	2,104,789
Vehicle and power equipment – supplies	-	2,907,973	-	2,907,973
Computers and Equipment	512,377	-	-	512,377
Utilities	177,880	42,620	8,770	229,270
Insurance	-	-	2,372,807	2,372,807
Depreciation and amortization	1,386,227	4,629,569	107,220	6,123,016
Building and equipment rental	75,438	-	21,930	97,368
Other charges	45,982	784	202,578	249,344
Total operating expenses	11,427,869	11,859,778	18,301,023	41,588,670
Operating income (loss)	502,480	(260,214)	91,885	334,151
NONOPERATING REVENUES (EXPENSES)				
Interest income	61,521	525,098	416,121	1,002,740
Interest expense	(118,707)	(16,479)	-	(135,186)
Loss on disposal of capital assets	(210,818)	(43,975)	-	(254,793)
Bond issuance costs	-	43,872	-	43,872
Total nonoperating revenues (expenses), net	(268,004)	508,516	416,121	656,633
Net income before transfers	234,476	248,302	508,006	990,784
Transfers in	853,172	-	-	853,172
Transfers out	(351,128)	(263,842)	(99,896)	(714,866)
Change in net position	736,520	(15,540)	408,110	1,129,090
Net position at July 1	820,762	28,360,432	10,483,097	39,664,291
Net position at June 30	\$ 1,557,282	\$ 28,344,892	\$ 10,891,207	\$ 40,793,381

CITY OF SUFFOLK, VIRGINIA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
Year Ended June 30, 2023

	Information Technology	Fleet Management	Risk Management	Total
OPERATING ACTIVITIES				
Receipts from customers and users	\$ 11,907,658	\$ 11,671,558	\$ 18,392,908	\$ 41,972,124
Payments to employees	(1,956,390)	(1,463,207)	(697,283)	(4,116,880)
Payments to suppliers	(8,477,682)	(6,217,879)	(17,166,700)	(31,862,261)
Net cash provided by operating activities	<u>1,473,586</u>	<u>3,990,472</u>	<u>528,925</u>	<u>5,992,983</u>
NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	853,172	-	-	853,172
Transfers to other funds	(351,128)	(263,842)	(99,896)	(714,866)
Net cash provided by noncapital financing activities	<u>502,044</u>	<u>(263,842)</u>	<u>(99,896)</u>	<u>138,306</u>
CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(1,028,401)	(2,497,739)	-	(3,526,140)
Proceeds from issuance of debt	-	-	-	-
Proceeds from premium on debt issuance	-	-	-	-
Principal paid on capital debt	(1,788,666)	(559,164)	-	(2,347,830)
Bond issuance costs	-	-	-	-
Interest paid on debt	(248,939)	(27,000)	-	(275,939)
Net cash used in capital and related financing activities	<u>(3,066,006)</u>	<u>(3,083,903)</u>	<u>-</u>	<u>(6,149,909)</u>
INVESTING ACTIVITIES				
Interest earned	61,521	525,098	416,121	1,002,740
Net cash provided by investing activities	<u>61,521</u>	<u>525,098</u>	<u>416,121</u>	<u>1,002,740</u>
Net increase (decrease) in cash and cash equivalents	(1,028,855)	1,167,825	845,150	984,120
Beginning, July 1	4,546,040	17,152,313	14,381,523	36,079,876
Ending, June 30	<u>\$ 3,517,185</u>	<u>\$ 18,320,138</u>	<u>\$ 15,226,673</u>	<u>\$ 37,063,996</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ 502,480	\$ (260,214)	\$ 91,885	\$ 334,151
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	1,386,227	4,629,570	107,220	6,123,017
Changes in assets and liabilities:				
(Increase) decrease in:				
Receivables	61,000	71,995	-	132,995
Lease receivables	(83,691)	-	-	(209,185)
Inventories	-	(125,494)	-	-
Increase (decrease) in:				
Accounts payable and accrued liabilities	(164,430)	(206,741)	85,893	(285,278)
Accrued payroll and related liabilities	(228,000)	(118,644)	44,566	(302,078)
Claims payable	-	-	199,361	199,361
Net cash provided by (used in) operating activities	<u>\$ 1,473,586</u>	<u>\$ 3,990,472</u>	<u>\$ 528,925</u>	<u>\$ 5,992,983</u>

OTHER SUPPLEMENTARY INFORMATION: CUSTODIAL FUNDS

Custodial Funds are used to account for assets held by the City as an agent for private organizations or other governments. Funds in this category include:

Special Welfare Fund – accounts for receipt of welfare checks and foster children support checks from the state and payments made on behalf of individuals.

Commonwealth of Virginia Fund – accounts for monies collected by the City on behalf of the Commonwealth of Virginia.

CITY OF SUFFOLK, VIRGINIA

COMBINING STATEMENT OF FIDUCIARY NET POSITION --
CUSTODIAL FUNDS

June 30, 2023

	Special Welfare Fund	Commonwealth of Virginia Fund	Total
ASSETS			
Cash and cash equivalents	\$ 53,084	\$ 97,099	\$ 150,183
Total assets	<u>\$ 53,084</u>	<u>\$ 97,099</u>	<u>\$ 150,183</u>
LIABILITIES			
Accounts payable	\$ 2,359	\$ 5,731	\$ 8,090
Amounts held for others	30,764	-	30,764
Total liabilities	<u>33,123</u>	<u>5,731</u>	<u>38,854</u>
NET POSITION			
Restricted for individuals, organizations or other governments	19,961	91,368	111,329
Total net position	<u>\$ 19,961</u>	<u>\$ 91,368</u>	<u>\$ 111,329</u>

CITY OF SUFFOLK, VIRGINIA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION --
CUSTODIAL FUNDS

Year Ended June 30, 2023

ADDITIONS	Special Welfare Fund	Commonwealth of Virginia Fund	Total
Permits and Fees	\$ -	\$ 24,677	\$ 24,677
Miscellaneous revenue	27,789	-	27,789
Total additions	27,789	24,677	52,466
DEDUCTIONS			
Special welfare agency payments	8,316	-	8,316
Payments to other governments	-	21,919	21,919
Total deductions	8,316	21,919	30,235
Change in net position	19,473	2,758	22,231
NET POSITION AT JULY 1	488	88,610	89,098
NET POSITION AT JUNE 30	<u>\$ 19,961</u>	<u>\$ 91,368</u>	<u>\$ 111,329</u>

OTHER SUPPLEMENTARY INFORMATION: DISCRETELY PRESENTED COMPONENT UNIT – CITY OF SUFFOLK SCHOOL BOARD

School Operating Fund – accounts for revenues and expenditures relating to the operation of the City of Suffolk Public Schools. Revenues are derived from the City’s General Fund and from state and Federal funds.

School Food Service Fund – accounts for revenues and expenditures relating to the operation of school cafeterias. Revenues are derived from state and Federal funds and cafeteria sales.

School Grants Fund – accounts for revenues and expenditures relating to grants received by the school system from Federal and state governments.

OPEB Trust Fund – accounts for the other postemployment benefits (OPEB). This fund accumulates resources for health insurance for retired employees.

Combined School Activity Funds – accounts for the various activity funds of each of the schools. Revenues are derived from school fundraisers, athletic and state event receipts, and School Board allocations.

CITY OF SUFFOLK, VIRGINIA

COMBINING BALANCE SHEET
GOVERNMENTAL FUNDS - DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD
June 30, 2023

	School Operating Fund	School Grants Fund	School Food Service Fund	School Student Activity Funds	Total School Board
ASSETS					
Cash and cash equivalents	\$ 15,550,114	\$ -	\$ 3,627,834	\$ 1,378,887	\$ 20,556,835
Receivables, net	363,276	-	41,513	-	404,789
Due from other funds	3,558,853	-	-	-	3,558,853
Due from other governments	1,807,423	10,154,752	-	-	11,962,175
Inventories	680,899	-	133,994	-	814,893
Prepaid items	95,000	-	-	-	95,000
Total assets	<u>\$ 22,055,565</u>	<u>\$ 10,154,752</u>	<u>\$ 3,803,341</u>	<u>\$ 1,378,887</u>	<u>\$ 37,392,545</u>
LIABILITIES					
Accounts payable	\$ 1,949,543	\$ 893,572	\$ 507,452	\$ -	\$ 3,350,567
Accrued payroll and related liabilities	16,579,168	611,773	243,441	-	17,434,382
Due to the Primary Government	1,731,715	-	-	-	1,731,715
Due to other funds	-	3,558,853	-	-	3,558,853
Total liabilities	<u>20,260,426</u>	<u>5,064,198</u>	<u>750,893</u>	<u>-</u>	<u>26,075,517</u>
FUND BALANCES					
Nonspendable:					
Inventories and prepaids	775,899	-	133,994	-	909,893
Premiums held for workers' compensation claims	225,000	-	-	-	225,000
Premiums held for health insurance claims	380,122	-	-	-	380,122
Assigned:					
Special revenue	-	5,090,554	-	1,378,887	6,469,441
Food service	-	-	2,918,454	-	2,918,454
Encumbrances	414,118	-	-	-	414,118
Total fund balances	<u>1,795,139</u>	<u>5,090,554</u>	<u>3,052,448</u>	<u>1,378,887</u>	<u>11,317,028</u>
Total liabilities and fund balance	<u>\$ 22,055,565</u>	<u>\$ 10,154,752</u>	<u>\$ 3,803,341</u>	<u>\$ 1,378,887</u>	<u>\$ 37,392,545</u>
Reconciliation to the Statement of Net Position (Exhibit 1)					
Total fund balance					\$ 11,317,028
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.					
School Board					161,375,009
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.					
School Board compensated absences					(3,529,049)
Net pension liability (asset) and pension and OPEB deferred inflows and outflows are not due and payable in the current period and, therefore, not reported in the governmental funds:					
Net pension asset - Schools					2,253,379
Net pension liability - Schools					(87,093,484)
Deferred outflows - pension					25,086,797
Deferred inflows - pension					(24,304,539)
Net OPEB asset - School Trust					8,622,164
OPEB Deferred Inflows - School Trust					(4,726,002)
OPEB Deferred Outflows - School Trust					2,403,513
Net OPEB asset - State Plans					8,608
Net OPEB liability - State Plans					(17,249,097)
OPEB Deferred Inflows - State Plans					4,246,431
OPEB Deferred Outflows - State Plans					(2,663,452)
Net position of governmental activities					<u>\$ 75,747,306</u>

CITY OF SUFFOLK, VIRGINIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS - DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD
Year Ended June 30, 2023

	School Operating Fund	School Grants Fund	School Food Service Fund	School Student Activity Funds	Total School Board
REVENUES					
Revenue from use of money and property	\$ 27,904	\$ 750	\$ 52,218	\$ -	\$ 80,872
Charges for services	11,885	-	119,317	-	131,202
Miscellaneous	458,378	279,033	330,427	2,526,526	3,594,364
Intergovernmental:					
City contribution	65,990,971	-	-	-	65,990,971
Revenue from the Commonwealth	107,552,162	5,152,561	202,734	-	112,907,457
Revenue from the Federal Government	877,978	29,351,032	7,118,994	-	37,348,004
Total revenues	<u>174,919,278</u>	<u>34,783,376</u>	<u>7,823,690</u>	<u>2,526,526</u>	<u>220,052,870</u>
EXPENDITURES					
Current:					
Education	180,733,209	30,730,490	9,736,398	2,346,675	223,546,772
Total expenditures	<u>180,733,209</u>	<u>30,730,490</u>	<u>9,736,398</u>	<u>2,346,675</u>	<u>223,546,772</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,813,931)</u>	<u>4,052,886</u>	<u>(1,912,708)</u>	<u>179,851</u>	<u>(3,493,902)</u>
Other financing sources (uses):					
Transfers in	-	166,470	-	-	166,470
Transfers out	(166,470)	-	-	-	(166,470)
Total other financing sources (uses), net	<u>(166,470)</u>	<u>166,470</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	(5,980,401)	4,219,356	(1,912,708)	179,851	(3,493,902)
Fund balances at July 1 (as restated)	<u>7,775,540</u>	<u>871,198</u>	<u>4,965,156</u>	<u>1,199,036</u>	<u>14,810,930</u>
Fund balances at June 30	<u>\$ 1,795,139</u>	<u>\$ 5,090,554</u>	<u>\$ 3,052,448</u>	<u>\$ 1,378,887</u>	<u>\$ 11,317,028</u>

Reconciliation to the Statement of Activities (Exhibit 2)

Net change in fund balance - governmental funds	\$ (3,493,902)
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.	
Depreciation expense for the School Board	(10,741,879)
Capitalized expenditures	8,800,014
Record the net flow of resources in the current year related to the Pension Plan	16,249,525
Record the net flow of resources in the current year related to the OPEB School trust	1,506,040
Record the net flow of resources in the current year related to the OPEB State plans	1,120,449
Compensated absences and other postemployment benefits are not due and payable at June 30, and, therefore, are not reported in the fund statements.	
This amount represents the current year change in those items for the School Board - compensated absences	(404,928)
Change in net position of governmental activities (Exhibit 2)	<u>\$ 13,035,319</u>

CITY OF SUFFOLK, VIRGINIA

BUDGETARY RECONCILIATION SCHEDULE
GOVERNMENTAL FUNDS – DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
Year Ended June 30, 2023

	School Operating Fund			School Grants Fund			School Food Service Fund		
	Total Exhibit 44	Budget Based Items	Total Exhibit 42	Total Exhibit 44	Budget Based Items	Total Exhibit 42	Total Exhibit 44	Budget Based Items	Total Exhibit 42
Total revenues	\$ 174,919,278	\$ -	\$ 174,919,278	\$ 34,783,376	\$ -	\$ 34,783,376	\$ 7,823,690	\$ -	\$ 7,823,690
Total other financing sources	-	-	-	166,470	-	166,470	-	-	-
Total revenues	174,919,278	6,338,474	174,919,278	34,949,846	-	34,949,846	7,823,690	-	7,823,690
Total expenditures	180,733,209		180,733,209	30,730,490		30,730,490	9,736,398		9,736,398
Total other financing uses	166,470	-	166,470	-	-	-	-	-	-
Total expenditures	180,899,679	-	180,899,679	30,730,490	-	30,730,490	9,736,398	-	9,736,398
Net changes in fund balances	\$ (5,980,401)	\$ 6,338,474	\$ (5,980,401)	\$ 4,219,356	\$ -	\$ 4,219,356	\$ (1,912,708)	\$ -	\$ (1,912,708)
CY encumbrance	\$ 414,118			CY encumbrance	\$ -		CY encumbrance	\$ -	
PY encumbrance	(6,752,592)			PY encumbrance	-		PY encumbrance	-	
	\$ (6,338,474)				\$ -			\$ -	

CITY OF SUFFOLK, VIRGINIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (Non-GAAP Budgetary Basis)
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
Year Ended June 30, 2023

	School Operating Fund				School Grants Fund				School Food Service Fund			
	Budgeted Amounts		Actual	Variance with Final Budget -	Budgeted Amounts		Actual	Variance with Final Budget -	Budgeted Amounts		Actual	Variance with Final Budget -
	Original	Final			Original	Final			Original	Final		
REVENUES												
Revenue from use of money and property	\$ 35,000	\$ 35,000	\$ 27,904	\$ (7,096)	\$ -	\$ -	\$ 750	\$ 750	\$ 8,800	\$ 8,800	\$ 52,218	\$ 43,418
Charges for services	130,000	130,000	11,885	(118,115)	-	-	-	-	500,000	500,000	119,317	(380,683)
Miscellaneous	650,880	641,880	458,378	(183,502)	-	1,509,525	279,033	(1,230,492)	1,244,864	1,244,864	330,427	(914,437)
Intergovernmental:												
Contribution from the City of Suffolk	67,332,201	67,729,686	65,990,971	(1,738,715)	-	-	-	-	-	-	-	-
Revenue from the Commonwealth	106,262,103	106,262,103	107,552,162	1,290,059	8,237,690	3,532,110	5,152,561	1,620,451	216,000	216,000	202,734	(13,266)
Revenue from the Federal Government	1,092,000	1,092,000	877,978	(214,022)	40,395,000	43,591,055	29,351,032	(14,240,023)	6,439,100	6,439,100	7,118,994	679,894
Total revenues	175,502,184	175,890,669	174,919,278	(971,391)	48,632,690	48,632,690	34,783,376	(13,849,314)	8,408,764	8,408,764	7,823,690	(585,074)
EXPENDITURES												
Current:												
Education	175,493,184	182,727,248	180,733,209	(1,994,039)	-	-	-	-	-	-	-	-
Grant expenditures	-	-	-	-	48,632,690	48,632,690	30,730,490	17,902,200	-	-	-	-
Food Services	-	-	-	-	-	-	-	-	8,408,764	8,408,764	9,736,398	(1,327,634)
Total expenditures	175,493,184	182,727,248	180,733,209	(1,994,039)	48,632,690	48,632,690	30,730,490	17,902,200	8,408,764	8,408,764	9,736,398	(1,327,634)
Excess (deficiency) of revenues over (under) expenditures	9,000	(6,836,579)	(5,813,931)	(2,965,430)	-	-	4,052,886	4,052,886	-	-	(1,912,708)	(1,912,708)
OTHER FINANCING SOURCES (USES)												
Transfers in	-	-	-	-	-	-	166,470	166,470	-	-	-	-
Transfers out	-	-	(166,470)	166,470	-	-	-	-	-	-	-	-
Total other financing sources (uses), net	-	-	(166,470)	166,470	-	-	166,470	166,470	-	-	-	-
Net change in fund balances	\$ 9,000	\$ (6,836,579)	\$ (5,980,401)	\$ (2,798,960)	\$ -	\$ -	\$ 4,219,356	\$ 4,219,356	\$ -	\$ -	\$ (1,912,708)	\$ (1,912,708)

CITY OF SUFFOLK, VIRGINIA

STATEMENT OF NET POSITION
OPEB FUND – DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
June 30, 2023

	OPEB Trust Fund
ASSETS	
Cash and cash equivalents	\$ 21,497,803
Total assets	21,497,803
Net Position	
Held in trust for OPEB benefits	21,497,803
Net position	\$ 21,497,803

CITY OF SUFFOLK, VIRGINIA

STATEMENT OF CHANGES IN NET POSITION
OPEB TRUST FUND – DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
Year Ended June 30, 2023

	<u>School Board</u>
Additions:	
Gain on investments	\$ 1,523,682
Total additions	<u>1,523,682</u>
Deductions:	
Administrative fees	<u>16,868</u>
Total deductions	<u>16,868</u>
Change in net position	1,506,814
Net position - beginning of year	<u>19,990,989</u>
Net position - end of year	<u><u>\$ 21,497,803</u></u>

STATISTICAL SECTION

This section of the City’s Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note to financial statements, and required supplementary information says about the City’s overall financial health.

<u>Contents</u>	<u>Table</u>
Financial Trends These tables contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	1-4
Revenue Capacity These tables contain information to help the reader assess the factors affecting the City’s ability to generate its property and sales taxes, as well as revenues from its water and sewer operations.	5-12
Debt Capacity These tables 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.	13-15
Demographic and Economic Information These tables offer demographic and economic indicators to help the reader understand the environment in which the City’s financial activities take place and to help make comparison over time and with other governments.	16-17
Operating Information These schedules contain information about the City’s operations and resources to help the reader understand how the City’s financial information relates to the services the City provides and the activities it performs.	18-20

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental Activities										
Net investment in capital assets	\$ 290,323,371	\$ 294,142,955	\$ 323,431,229	\$ 318,746,466	\$ 335,967,276	\$ 301,764,919	\$ 312,862,208	\$ 318,301,547	\$ 325,875,876	\$ 344,406,401
Restricted:										
Capital Projects	1,162,771	1,270,512	1,626,277	1,934,672	618,062	-	-	-	-	-
Debt Service	392,259	392,299	392,424	393,352	397,267	-	-	-	-	-
Other Purposes	8,023,744	3,374,719	2,514,171	6,554,243	1,071,735	1,638,228	9,549,799	12,168,525	28,450,136	32,369,348
Unrestricted	46,588,610	46,662,695	41,928,355	61,188,152	66,603,036	76,528,512	83,422,805	86,760,259	118,098,831	177,245,458
Total Net Position										
Governmental Activities	<u>\$ 346,490,755</u>	<u>\$ 345,843,180</u>	<u>\$ 369,892,456</u>	<u>\$ 388,816,885</u>	<u>\$ 404,657,376</u>	<u>\$ 379,931,659</u>	<u>\$ 405,834,812</u>	<u>\$ 417,230,331</u>	<u>\$ 472,424,843</u>	<u>\$ 554,021,207</u>
Business-type Activities										
Net investment in capital assets	\$ 145,111,492	\$ 125,468,343	\$ 116,807,623	\$ 108,816,928	\$ 108,549,474	\$ 104,233,265	\$ 107,008,077	\$ 111,034,005	\$ 128,990,591	\$ 137,366,371
Restricted:										
Other Purposes	2,144,619	2,195,062	2,299,048	2,911,089	2,501,238	2,527,027	2,583,899	2,559,990	2,651,628	2,832,420
Unrestricted	7,422,809	20,915,542	28,611,789	38,601,383	43,538,079	46,309,138	45,555,329	54,713,620	51,720,022	54,658,352
Total Net Position										
Business-type Activities	<u>\$ 154,678,920</u>	<u>\$ 148,578,947</u>	<u>\$ 147,718,460</u>	<u>\$ 150,329,400</u>	<u>\$ 154,588,791</u>	<u>\$ 153,069,430</u>	<u>\$ 155,147,305</u>	<u>\$ 168,307,615</u>	<u>\$ 183,362,241</u>	<u>\$ 194,857,143</u>
Primary Government										
Net investment in capital assets	\$ 435,434,863	\$ 419,611,298	\$ 440,238,852	\$ 427,563,394	\$ 444,516,750	\$ 405,998,184	\$ 419,870,285	\$ 429,335,552	\$ 454,866,467	\$ 481,772,772
Restricted:										
Capital Projects	1,162,771	1,270,512	1,626,277	1,934,672	618,062	-	-	-	-	-
Debt Service	392,259	392,299	392,424	393,352	397,267	-	-	-	-	-
Other Purposes	10,168,363	5,569,781	4,813,219	9,465,332	3,572,973	4,165,255	12,133,698	14,728,515	31,101,764	35,201,768
Unrestricted	54,011,419	67,578,237	70,540,144	99,789,535	110,141,115	122,837,650	128,978,134	141,473,879	169,818,853	231,903,810
Total Net Position										
Primary Government	<u>\$ 501,169,675</u>	<u>\$ 494,422,127</u>	<u>\$ 517,610,916</u>	<u>\$ 539,146,285</u>	<u>\$ 559,246,167</u>	<u>\$ 533,001,089</u>	<u>\$ 560,982,117</u>	<u>\$ 585,537,946</u>	<u>\$ 655,787,084</u>	<u>\$ 748,878,350</u>
	(1)	(2)		(3)						

(1) This includes a restatement of Net Position in both the Governmental of \$40,382,530 and Business-type Activities of \$5,988,738 due to implementation of GASB No.'s 68 and 71

(2) This includes a restatement of Net Position in the Governmental Activities of \$16,444,391 due to a correction of an error and a change in accounting treatment.

(3) Previous years not restated related to the implementation of GASB 75.

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental Activities:										
General Government	\$ 18,904,150	\$ 18,757,768	\$ 22,013,103	\$ 23,932,608	\$ 17,264,292	\$ 18,671,840	\$ 24,148,299	\$ 39,918,523	\$ 27,864,340	\$ 29,364,108
Judicial	7,994,313	8,031,886	8,153,863	8,867,642	8,806,323	9,323,342	10,446,204	10,860,585	10,536,210	11,073,827
Public Safety	52,439,287	48,708,228	49,908,535	58,213,081	63,472,949	63,195,836	66,848,213	69,025,111	72,861,636	78,899,315
Public Works	35,491,175	36,760,229	38,037,370	40,501,580	37,224,174	39,080,373	42,200,323	44,417,911	61,008,906	49,098,480
Health and Welfare	12,941,699	12,536,910	11,901,139	13,162,760	13,044,274	13,260,821	15,192,043	15,114,251	14,673,123	19,749,753
Transportation	619,876	908,293	960,983	1,005,429	997,267	1,300,636	1,511,098	1,426,778	1,631,135	1,750,556
Education	49,180,560	51,093,179	53,440,550	54,983,835	57,818,350	60,358,348	58,464,243	65,531,837	65,382,786	66,512,206
Parks, Recreation and Cultural	8,817,413	9,750,157	10,318,851	12,111,876	11,737,262	12,621,117	12,333,012	12,100,733	12,265,195	14,057,260
Community Development	8,665,119	9,933,559	8,621,160	10,563,461	7,323,375	6,472,008	8,481,703	8,205,329	9,261,924	9,336,334
Interest on Long-Term Debt	9,858,244	10,065,468	9,419,498	8,849,091	9,765,103	9,663,773	9,095,957	8,047,611	8,570,572	8,858,680
Total Governmental Activities Expenses	204,911,837	206,545,676	212,775,052	232,191,363	227,453,369	233,948,094	248,721,095	274,648,669	284,055,827	288,700,519
Business-type Activities:										
Utilities	45,108,820	49,334,155	51,423,536	49,295,373	52,035,621	55,186,848	56,508,083	56,442,957	53,977,360	56,493,225
Refuse collection	5,198,550	5,772,239	5,718,442	5,320,579	6,713,015	8,458,504	9,194,200	5,044,152	9,419,082	10,072,140
Stormwater management	3,413,963	3,734,024	4,450,559	4,749,518	4,912,097	4,830,797	4,989,456	9,566,700	5,087,932	5,091,000
Total Business-type Activities Expenses	53,721,333	58,840,418	61,592,537	59,365,461	63,660,733	68,476,149	70,691,739	71,053,809	68,484,374	71,656,365
Total Primary Government Expenses	\$ 258,633,169	\$ 265,386,094	\$ 274,367,589	\$ 291,556,824	\$ 291,114,102	\$ 302,424,243	\$ 319,412,834	\$ 345,702,478	\$ 352,540,201	\$ 360,356,884
Program Revenues										
Governmental activities:										
Charges for Services:										
General Government Administration	\$ 4,977,004	\$ 5,044,744	\$ 4,887,432	\$ 4,659,243	\$ 4,880,782	\$ 5,035,626	\$ 4,478,205	\$ 4,100,866	\$ 4,527,721	\$ 4,480,553
Judicial Administration	275,113	286,398	304,129	272,141	313,092	274,208	288,709	323,618	352,911	254,891
Public Safety	-	1,864,675	1,885,914	1,948,166	1,836,661	2,199,385	2,272,912	2,337,613	2,716,979	3,268,111
Public Works	1,460,003	1,479,054	899,794	990,045	988,507	1,288,947	1,243,877	1,318,980	1,877,344	1,555,254
Transportation	46,870	53,055	67,759	76,099	71,652	87,229	68,430	5	64,817	65,326
Parks, Recreation and Cultural	824,628	982,354	1,108,862	1,056,185	1,020,013	1,009,068	727,136	284,721	759,552	921,014
Community Development	287	85	70	107	16,447	24,742	40,069	-	-	-
Total Charges for Services	7,583,905	9,710,365	9,153,960	9,001,986	9,127,154	9,919,205	9,119,338	8,365,803	10,299,324	10,545,149
Operating Grants and Contributions:										
General Government Administration	1,433,125	636,628	1,503,473	1,477,767	450,386	456,759	2,355,721	12,928,654	9,474,000	635,285
Judicial Administration	2,102,897	3,017,272	2,047,647	2,170,053	3,410,191	3,318,391	2,209,983	2,424,511	2,437,198	3,843,402
Public Safety	1,563,382	818,251	1,057,389	1,347,604	1,145,864	1,271,752	1,218,376	1,416,529	4,803,818	2,404,123
Public Works	20,799,365	21,534,701	22,758,708	23,496,157	23,395,546	24,220,184	24,434,363	25,076,636	28,013,220	29,637,125
Health and Welfare	7,682,494	7,557,634	7,598,958	8,088,860	7,452,411	9,237,862	8,984,117	9,379,042	9,481,473	11,780,622
Transportation	142,793	152,565	141,002	188,364	186,942	984,425	1,571,026	1,501,150	2,146,421	2,273,206
Education	62,308	20,000	-	-	-	-	3,724	-	-	-
Parks, Recreation and Cultural	266,774	521,608	287,351	295,998	275,996	377,344	310,848	292,180	287,343	246,906
Community Development	1,153,383	1,128,636	1,032,855	2,725,076	1,209,289	1,116,646	719,004	984,074	878,525	950,140
Total Operating Grants and Contributions	35,206,521	35,387,295	36,427,383	39,789,879	37,526,625	40,983,363	41,807,162	54,002,776	57,521,998	51,770,809
Capital Grants and Contributions:										
General Government	506,228	973,634	3,077,758	2,548,273	4,248,322	1,407,912	376,848	543,372	433,763	2,586,696
Public Works	1,321,424	2,869,669	5,006,683	6,800,136	10,824,821	6,101,699	8,725,657	2,469,464	24,728,332	29,303,248
Health and Welfare	-	-	-	-	-	-	-	-	-	4,433,808
Transportation	1,561	206,665	49,422	50,259	59,508	40,683	62,052	324	65,360	2,419
Parks, Recreation and Cultural	42,882	474,341	1,028,457	1,660	414,599	23,647	-	774,910	-	-
Community Development	-	-	-	-	93,400	-	-	-	-	-
Total Capital Grants and Contributions	1,872,095	4,524,309	9,162,320	9,400,328	15,640,650	7,573,941	9,164,557	3,788,070	25,227,455	36,326,171
Total Governmental Activities Program Revenues	44,662,521	49,621,969	54,743,663	58,192,193	62,294,429	58,476,509	60,091,057	66,156,649	93,048,777	98,642,129

(Continued)

CHANGES IN NET POSITION
LAST EIGHT FISCAL YEARS

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Program Revenues: (Continued)										
Business-type Activities:										
Charges for Services:										
Utility	39,013,878	41,209,347	46,876,297	47,818,262	48,999,436	51,703,463	51,378,596	61,760,354	58,898,742	57,440,756
Non-major	10,570,683	12,012,686	11,877,376	12,288,034	13,765,024	13,972,060	15,157,707	17,077,913	19,036,742	18,953,331
Total Charges for Services	49,584,561	53,222,033	58,753,673	60,106,296	62,764,460	65,675,523	66,536,303	78,838,267	77,935,484	76,394,087
Operating Grants and Contributions:										
Utility	-	-	-	88,315	-	-	-	-	-	-
Total Operating Grants and Contributions	-	-	-	88,315	-	-	-	-	-	-
Capital Grants and Contributions:										
Utility	456,001	565,595	3,682,628	1,870,646	5,483,390	579,166	4,990,101	5,457,474	5,269,223	2,652,117
Total Capital Grants and Contributions	456,001	565,595	3,682,628	1,870,646	5,483,390	579,166	4,990,101	5,457,474	5,269,223	2,652,117
Total Business-type Activities Program Revenues	50,040,562	53,787,628	62,436,301	62,065,257	68,247,850	66,254,689	71,526,404	84,295,741	83,204,707	79,046,204
Total Primary Government Program Revenues	\$ 94,703,083	\$ 103,409,597	\$ 117,179,964	\$ 120,257,450	\$ 130,542,279	\$ 124,731,198	\$ 131,617,461	\$ 150,452,390	\$ 176,253,484	\$ 177,688,333
Net (Expense)/Revenue										
Governmental Activities	\$ (160,249,316)	\$ (156,923,707)	\$ (158,031,389)	\$ (173,999,170)	\$ (165,158,940)	\$ (175,471,585)	\$ (188,630,038)	\$ (208,492,020)	\$ (191,007,050)	\$ (190,058,390)
Business-type Activities	(3,680,771)	(5,052,790)	843,764	2,699,796	4,587,117	(2,221,460)	834,665	13,241,932	14,720,333	7,389,839
Total Primary Government Net Expense	\$ (163,930,086)	\$ (161,976,497)	\$ (157,187,625)	\$ (171,299,374)	\$ (160,571,823)	\$ (177,693,045)	\$ (187,795,373)	\$ (195,250,088)	\$ (176,286,717)	\$ (182,668,551)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes	\$ 146,247,763	\$ 152,576,375	\$ 160,158,953	\$ 166,579,230	\$ 173,015,098	\$ 182,439,367	\$ 187,808,386	\$ 199,820,382	\$ 222,616,258	\$ 237,483,468
Grants and Contributions Not Restricted to Specific Programs	13,609,376	13,385,064	13,545,057	13,589,564	13,726,367	14,011,120	14,094,789	14,530,452	14,422,449	14,515,047
Revenue from use of money and property	1,230,251	1,167,212	1,374,395	1,837,341	2,892,413	5,524,760	4,067,125	1,702,489	1,735,694	11,270,149
Gain (Loss) on disposal of capital assets	-	242,375	(1,904,854)	-	-	-	-	(2,905,626)	(484,909)	(758,836)
Capital assets donated to Component Unit	-	(18,234,608)	(185,632)	-	-	(57,874,651)	-	-	-	-
Transfers/Miscellaneous	4,562,119	7,139,716	9,092,746	10,917,464	7,742,293	6,645,272	8,562,891	6,739,842	6,801,975	9,144,926
Total Governmental Activities	165,649,509	156,276,134	182,080,665	192,923,599	197,376,171	150,745,868	214,533,191	219,887,539	245,091,467	271,654,754
Business-type Activities:										
Investment Earnings	571,581	562,699	983,001	935,690	970,727	2,020,795	1,128,542	210,580	150,244	2,938,084
Transfers/Miscellaneous	(338,342)	(1,609,882)	(2,687,252)	(1,024,546)	121,844	(1,318,696)	114,668	(292,202)	(218,278)	1,166,979
Total Business-type Activities	233,239	(1,047,183)	(1,704,251)	(88,856)	1,092,571	702,099	1,243,210	(81,622)	(68,034)	4,105,063
Total Primary Government	\$ 165,882,748	\$ 155,228,951	\$ 180,376,414	\$ 192,834,743	\$ 198,468,742	\$ 151,447,967	\$ 215,776,401	\$ 219,805,917	\$ 245,023,433	\$ 275,759,817
Change in Net Position										
Governmental Activities	\$ 5,400,193	\$ (647,573)	\$ 24,049,276	\$ 18,924,429	\$ 32,217,231	\$ (24,725,717)	\$ 25,903,153	\$ 11,395,519	\$ 54,084,417	\$ 81,596,364
Business-type Activities	(3,447,532)	(6,099,973)	(860,487)	2,610,940	5,679,688	(1,519,361)	2,077,875	13,160,310	14,652,299	11,494,902
Total Primary Government	\$ 1,952,662	\$ (6,747,546)	\$ 23,188,789	\$ 21,535,369	\$ 37,896,919	\$ (26,245,078)	\$ 27,981,028	\$ 24,555,829	\$ 68,736,716	\$ 93,091,266

(1)

(1) In FY2016, prior period adjustments were made that impacted FY2015. Therefore, FY2015 values for Governmental activities were decreased by \$16,444,391.

FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Non-Spendable	\$ 3,920	\$ 42,454	\$ 24,905	\$ 47,669	\$ 37,908	\$ 64,993	\$ 73,373	\$ 95,434	\$ 100,474	\$ 132,357
Restricted	580,948	668,506	1,162,069	1,528,879	1,552,547	1,614,632	1,455,994	1,401,576	1,324,839	1,373,625
Committed	8,792,595	6,285,381	4,472,517	5,920,555	6,633,215	4,237,613	9,022,280	25,260,455	38,290,681	66,624,120
Assigned	2,348,576	701,393	425,008	2,609,232	426,564	748,518	526,269	1,500,527	1,862,146	2,871,082
Unassigned	45,575,368	48,647,116	56,491,224	58,392,937	65,326,008	73,858,094	86,344,490	81,006,638	93,931,500	98,014,544
Total General Fund	<u>\$ 57,301,407</u>	<u>\$ 56,344,850</u>	<u>\$ 62,575,723</u>	<u>\$ 68,499,272</u>	<u>\$ 73,976,242</u>	<u>\$ 80,523,850</u>	<u>\$ 97,422,406</u>	<u>\$ 109,264,630</u>	<u>\$ 135,509,640</u>	<u>\$ 169,015,728</u>
All Other Governmental Funds										
Nonspendable	\$ 88,383	\$ 38,309	\$ 30,776	\$ 45,654	\$ 45,654	\$ 45,654	\$ 45,654	\$ 45,654	\$ 164,694	\$ 90,766
Restricted	35,666,062	60,045,985	67,568,640	63,765,980	56,841,100	56,027,201	65,409,783	67,810,242	85,261,656	99,942,644
Committed, reported in:										
Capital Projects Funds	6,469,155	1,972,667	5,914,066	7,319,905	10,890,140	9,448,361	6,777,753	10,232,234	9,966,324	18,443,404
Nonmajor Governmental Funds	2,125,879	2,170,497	2,516,047	3,498,144	2,599,519	3,240,732	4,436,654	5,974,413	7,642,579	9,105,077
Other Governmental Funds	13,337,889	2,822,872	2,148,460	99,368	95,453	492,720	492,720	492,720	492,720	643,011
Assigned, reported in:										
Special Revenue Funds	1,941,868	-	-	-	-	-	-	-	-	-
Unassigned	(10,909)	(10,951)	(10,945)	(10,818)	(10,819)	(10,819)	(10,819)	(10,819)	(10,819)	(10,819)
Total all other Governmental Funds	<u>\$ 59,618,327</u>	<u>\$ 67,039,379</u>	<u>\$ 78,167,044</u>	<u>\$ 74,718,233</u>	<u>\$ 70,461,047</u>	<u>\$ 69,243,849</u>	<u>\$ 77,151,745</u>	<u>\$ 84,544,444</u>	<u>\$ 103,517,154</u>	<u>\$ 128,214,083</u>
Component Unit (School Board)										
Nonspendable	\$ 1,549,179	\$ 1,563,699	\$ 1,134,919	\$ 1,125,204	\$ 1,118,041	\$ 1,222,261	\$ 1,206,139	\$ 1,179,061	\$ 1,201,469	\$ 1,515,015
Committed	504,320	477,237	417,309	433,862	420,990	490,778	721,628	-	-	-
Assigned	7,016,812	9,091,818	7,125,361	7,682,280	9,170,789	10,150,397	9,978,500	10,977,207	11,863,486	9,802,013
Unassigned	-	-	154,815	-	-	-	-	-	-	-
	<u>\$ 9,070,311</u>	<u>\$ 11,132,754</u>	<u>\$ 8,832,404</u>	<u>\$ 9,241,346</u>	<u>\$ 10,709,820</u>	<u>\$ 11,863,436</u>	<u>\$ 11,906,267</u>	<u>\$ 12,156,268</u>	<u>\$ 13,064,955</u>	<u>\$ 11,317,028</u>

(1)

(1) FY2015 includes a restatement of fund balance between the General Fund and the other special revenue funds of \$763,185

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
General Property Taxes	\$ 110,069,867	\$ 112,558,761	\$ 118,076,619	\$ 123,457,208	\$ 127,047,858	\$ 135,696,638	\$ 141,959,059	\$ 146,642,458	\$ 158,483,622	\$ 178,439,927
Other Local Taxes	36,077,720	39,723,172	42,544,952	43,202,375	45,768,255	46,261,507	48,737,290	53,092,031	61,403,956	61,187,205
Licenses, Permits and Fees	1,282,637	1,436,613	1,589,474	1,678,881	1,825,728	1,723,958	2,141,327	2,484,061	2,811,187	2,381,976
Fines and Forfeitures	1,067,296	1,254,627	1,042,219	983,988	1,142,491	1,179,110	1,012,104	1,068,804	1,013,613	847,986
Use of Money and Property	1,180,391	1,118,245	1,289,414	1,775,226	2,708,976	3,965,689	3,516,133	1,610,402	1,648,532	10,267,409
Intergovernmental	50,170,399	52,623,910	58,698,660	62,362,464	66,206,954	62,089,557	64,516,765	71,603,311	96,690,342	101,135,805
Charges for Services	5,354,741	5,344,154	5,018,523	4,827,273	4,770,834	5,508,401	5,104,191	4,743,554	6,501,353	6,791,496
Miscellaneous	1,385,847	1,981,761	2,482,439	1,983,706	3,794,081	2,076,460	3,331,856	1,269,900	1,252,595	3,535,587
Total Revenues	206,588,898	216,041,243	230,742,300	240,271,121	253,265,177	258,501,320	270,318,725	282,514,521	329,805,200	364,587,391
Expenditures										
General Government Administration	15,045,173	15,717,849	15,511,299	16,302,909	17,074,074	17,062,724	18,200,342	28,646,499	27,772,839	22,829,636
Judicial Administration	7,978,377	8,308,093	8,467,689	8,896,483	9,051,250	9,624,709	10,133,068	10,430,783	10,917,499	11,454,656
Public Safety	48,997,652	49,275,180	50,488,261	57,115,046	60,265,740	62,900,211	63,883,434	64,154,020	72,428,273	79,030,097
Public Works	21,231,887	22,352,347	23,038,899	25,102,596	23,998,099	22,333,618	24,421,117	24,658,890	25,772,021	33,671,378
Health and Welfare	12,933,567	12,813,152	12,219,597	13,256,252	13,319,870	13,634,568	14,670,632	14,580,535	14,961,450	20,102,737
Transportation	672,274	1,209,090	1,033,663	1,079,339	1,090,607	1,592,193	1,898,154	1,420,397	2,045,390	1,753,973
Education	49,170,847	51,134,708	53,435,459	54,900,377	56,467,515	60,353,258	58,106,679	65,526,746	65,377,695	66,507,115
Parks, Recreation and Cultural	7,857,639	9,382,259	9,835,503	10,576,486	11,147,634	12,281,589	11,331,545	10,854,151	11,558,710	13,569,804
Community Development	8,238,220	9,355,031	7,948,520	9,844,679	6,686,201	5,846,241	7,305,136	6,752,880	8,302,351	8,481,148
Non-Departmental	531,079	1,848,130	466,002	323,725	226,481	675,842	594,989	759,119	673,338	1,356,352
Capital Outlay	46,949,925	32,536,679	28,950,011	46,189,812	56,107,239	37,532,944	30,648,655	33,190,478	48,026,860	49,043,204
Debt Service:										
Other	521,661	497,736	446,658	720,840	323,069	245,499	582,569	409,738	506,360	470,758
Interest	10,206,705	10,334,731	10,346,003	9,388,267	10,319,538	10,535,818	9,579,925	9,519,802	8,801,914	9,013,974
Principal	17,233,990	16,435,462	17,015,462	16,781,132	15,767,400	17,815,620	18,118,620	18,774,488	19,074,488	20,809,488
Total Expenditures	247,568,997	241,200,447	239,203,026	270,477,943	281,844,717	272,434,834	269,474,865	289,678,526	316,219,188	338,094,320
Excess (Deficiency) of Revenues Over (Under) Expenditures	(40,980,099)	(25,159,204)	(8,460,726)	(30,206,822)	(28,579,540)	(13,933,514)	843,860	(7,164,005)	13,586,012	26,493,071
Other Financing Sources (Uses)										
Proceeds of Refunding Bonds	5,370,000	20,160,000	20,176,111	47,215,000	3,395,000	575,000	31,345,000	36,855,000	17,990,000	-
Proceeds of Bonds Issued	33,105,000	28,820,000	20,360,000	26,380,000	26,665,000	17,370,000	18,965,000	22,000,000	27,090,000	27,735,000
Premiums on Debt	4,248,968	6,695,020	3,955,535	7,912,562	2,313,366	1,182,718	2,323,802	2,163,968	2,928,122	2,646,705
Transfers to other governments	(304,763)	-	-	-	-	-	-	-	-	-
Transfers In	34,821,649	38,022,629	37,593,204	36,594,695	37,425,621	39,252,347	37,704,027	40,940,955	39,721,127	47,554,804
Payment to Refunded Bonds Escrow Agent	(4,844,006)	(23,830,555)	(22,362,261)	(51,298,280)	(3,734,892)	(600,000)	(31,033,899)	(36,743,990)	(17,754,699)	-
Transfers Out	(36,007,972)	(38,243,395)	(33,903,324)	(34,122,417)	(36,264,770)	(38,516,141)	(35,341,338)	(38,817,005)	(38,342,842)	(46,226,563)
Total Other Financing Sources, net	36,388,876	31,623,699	25,819,265	32,681,560	29,799,325	19,263,924	23,962,592	26,398,928	31,631,708	31,709,946
Net Change in Fund Balance	<u>\$ (4,591,223)</u>	<u>\$ 6,464,495</u>	<u>\$ 17,358,539</u>	<u>\$ 2,474,738</u>	<u>\$ 1,219,785</u>	<u>\$ 5,330,410</u>	<u>\$ 24,806,452</u>	<u>\$ 19,234,923</u>	<u>\$ 45,217,720</u>	<u>\$ 58,203,017</u>
Capital outlay (1)	\$ 44,465,715	\$ 36,911,941	\$ 31,474,338	\$ 48,309,227	\$ 58,064,359	\$ 39,808,562	\$ 32,231,862	\$ 34,373,563	\$ 52,498,272	\$ 52,222,998
Debt Service as a percentage of non-capital expenditures (1)	13.49%	13.10%	13.17%	11.78%	11.66%	12.19%	11.68%	11.08%	10.57%	10.43%
Add'l School Operating & Food Service Expenditures (2)	\$ 80,056,924	\$ 82,309,125	\$ 88,999,257	\$ 88,031,891	\$ 90,729,115	\$ 96,781,541	\$ 99,580,517	\$ 102,129,429	\$ 108,480,077	\$ 124,478,636
Debt Service as a percentage of non-capital plus school expenditures (2)	9.68%	9.34%	9.22%	8.44%	8.29%	8.61%	8.22%	7.92%	7.49%	7.27%

(1) Calculated as the Principal plus Interest shown above divided by the Total Expenditures less Capital Outlay as shown in the Exhibit 4 reconciliation schedule, as defined by GFOA. This ratio may have changed from previous years' presentations.

(2) Additional School expenditures are found in the Component Unit section of the ACFR (School Operating and School Food Service Fund expenditures less Contribution revenue from the City). The related ratio is part of bond continuing disclosure requirements.

TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Change 2014-2023
General Property Tax	\$ 110,069,867	\$ 112,558,761	\$ 117,651,210	\$ 123,411,724	\$ 127,047,858	\$ 135,696,638	\$ 141,959,059	\$ 146,689,685	\$ 161,212,302	\$ 176,258,134	60%
Other Local Taxes:											
Sales and Use	8,473,872	9,397,170	9,904,693	10,399,254	10,977,388	10,421,185	12,626,601	15,618,307	16,370,461	18,035,988	113%
Utility Tax	4,430,346	4,509,480	4,478,378	4,447,778	4,839,131	4,799,814	4,755,918	4,864,689	5,024,008	5,034,466	14%
Communication Taxes	3,535,356	3,492,721	3,115,672	3,311,375	3,212,841	3,001,565	2,890,793	2,627,477	2,499,745	2,434,071	-31%
Business and Occupational License	5,158,825	6,928,327	7,680,254	6,891,756	7,552,220	8,095,262	8,412,262	9,212,742	10,964,624	11,819,247	129%
Motor Vehicle License	2,240,157	2,301,259	2,449,544	2,436,079	2,354,440	2,472,521	2,624,213	2,682,701	2,709,174	2,837,185	27%
Bank Stock	505,550	529,855	564,037	629,727	675,738	691,626	582,250	706,211	747,889	768,872	52%
Recordation	1,269,043	1,456,395	1,466,044	1,477,475	1,866,957	1,697,180	2,513,189	2,448,497	3,279,397	1,851,695	46%
Tobacco	1,354,757	1,391,263	2,050,259	2,069,356	1,971,283	1,955,756	1,920,427	2,028,076	1,831,481	1,849,863	37%
Lodging	1,119,678	1,172,193	1,484,031	1,706,709	1,787,927	1,762,778	1,470,419	1,657,435	2,206,627	2,067,131	85%
Meals	7,646,834	8,329,490	8,996,483	9,432,240	10,111,438	10,996,828	10,749,762	11,278,549	15,592,762	14,299,363	87%
Admission	243,203	215,019	318,348	365,757	418,892	366,992	191,456	6,013	177,788	227,453	-6%
Public Facility Tax Rebate	100,099	-	-	-	-	-	-	-	-	-	
Total	<u>\$ 146,147,587</u>	<u>\$ 152,281,933</u>	<u>\$ 160,158,953</u>	<u>\$ 166,579,230</u>	<u>\$ 172,816,113</u>	<u>\$ 181,958,145</u>	<u>\$ 190,696,349</u>	<u>\$ 199,820,382</u>	<u>\$ 222,616,258</u>	<u>\$ 237,483,468</u>	

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year	Real Property					Personal Property				Total
	Assessed Value			Estimated Actual Value	City Wide Rate	Assessed Value			Tax Rate	Assessed Value
	Citizens Property (1)	Public Service (2)	Total			Citizens Property (3), (4)	Public Service (2)	Total		
2014	\$ 8,612,541,300	\$ 28,707,851	\$ 8,641,249,151	\$ 9,132,641,100	\$ 1.03	\$ 864,971,340	\$ 297,602,714	\$ 1,162,574,054	\$ 4.25	\$ 9,803,823,205
2015	8,802,263,400	28,123,794	8,830,387,194	9,266,762,600	1.03	885,552,076	308,852,863	1,194,404,939	4.25	10,024,792,133
2016	9,012,246,300	30,898,516	9,043,144,816	9,423,596,600	1.07	941,845,500	329,961,909	1,271,807,409	4.25	10,314,952,225
2017	9,234,719,500	37,249,670	9,271,969,170	9,591,955,500	1.07	985,809,155	346,169,603	1,331,978,758	4.25	10,603,947,928
2018	9,536,521,300	44,371,412	9,580,892,712	9,874,324,100	1.07	1,002,785,230	360,467,216	1,363,252,446	4.25	10,944,145,158
2019	9,758,914,800	43,055,984	9,801,970,784	10,211,179,800	1.11	1,074,774,050	370,951,482	1,445,725,532	4.25	11,247,696,316
2020	10,041,879,300	43,414,519	10,085,293,819	10,513,127,400	1.11	1,178,762,000	370,348,948	1,549,110,948	4.25	11,634,404,767
2021	10,550,088,600	46,398,554	10,596,487,154	11,024,342,300	1.11	1,237,467,530	388,395,491	1,625,863,021	4.25	12,222,350,175
2022	11,389,979,300	44,111,509	11,434,090,809	11,865,794,500	1.11	1,390,991,290	390,958,029	1,781,949,319	4.25	13,216,040,128
2023	13,257,772,600	45,049,752	13,302,822,352	13,735,927,200	1.09	1,566,913,590	404,249,850	1,971,163,440	4.25	15,273,985,792

(1) Real property is assessed at 100% of estimated actual value except land use property which approximates 30%. Source: City Assessor's Office

(2) Determined by the State Corporation Commission of Virginia.

(3) Vehicles are assessed at 100% of clean loan value: recreation vehicles are assessed at 100% of lowest NADA value; and machinery and tools are assessed at 20% of original cost for the first five years and 10% thereafter. Source: City Commissioner of the Revenue's Office.

(4) In Fiscal Year a 75% assesment ratio was applied to the value of the personal property, due to the increase in value in the market.

DIRECT PROPERTY TAX RATES (PER HUNDRED) (1)
LAST TEN FISCAL YEARS

Fiscal Year	Real Property (2)			Personal Property (3)	Machinery and Tools (4)	Minimum Total Direct Rate (5)
	City Wide	Route 17 Taxing District	Downtown Business Overlay District			
2014	\$ 1.03	\$ 0.25	\$ 0.105	\$ 4.25	\$ 3.15	\$ 5.28
2015	1.03	0.24	0.105	4.25	3.15	5.28
2016	1.07	0.24	0.105	4.25	3.15	5.28
2017	1.07	0.24	0.105	4.25	3.15	5.28
2018	1.07	0.24	0.105	4.25	3.15	5.28
2019	1.11	0.24	0.105	4.25	3.15	5.28
2020	1.11	0.24	0.105	4.25	3.15	5.28
2021	1.11	0.24	0.105	4.25	3.15	5.28
2022	1.11	0.24	0.105	4.25	3.15	5.28
2023	1.09	0.24	0.105	4.25	3.15	5.28

- (1) The City is not a component of any overlapping governments; therefore, it does not share any overlapping tax rates nor debt.
- (2) Real property is assessed at 100% of estimated actual value, except land use property which approximates 30%.
- (3) Vehicles are assessed at 100% of average loan value. In FY2023 a 75% assessment ratio was applied to personal vehicles under 2
- (4) Assessed at 20% of original cost during the first five years of life; 10% thereafter.
- (5) The district tax rates include the City-wide rate. Additionally, districts overlap some properties, resulting in those properties being taxed at the City rate plus the additional rate for each applicable district. Therefore, only the City-wide rate is used with the personal property rate to calculate the Minimum Total Direct Rate.

PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO

Real Property

Taxpayer	Type of Business	2023		2014	
		Taxable Assessed Value	Percentage of Total City Taxable Assessed Value (1)	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value (1)
Amazon.com Services Inc	Retail Merchandise	\$ 354,940,700	2.68%	\$ -	0.00%
SE VA Suffolk Property Owner LLC	Real Estate Holding Company	107,414,900	0.81%	\$ -	0.00%
Target Corporation	Distribution Warehouse	65,111,900	0.49%	\$ 39,245,000	0.46%
BEC Investors LLC	Apartment Complex	65,098,900	0.49%	-	0.00%
2152 LLC	Apartment Complex	62,359,000	0.47%	-	0.00%
Park 216 LLC	Apartment Complex	61,279,900	0.46%	-	0.00%
EGP 116 Suffolk LLC /116 Lakeview Parkway, LLC	Joint Military Training Facility	53,232,400	0.40%	54,180,500	0.63%
GGT Hampton Roads VA Venture	Apartment Complex	50,621,200	0.38%	-	0.00%
CL Meridian LP	Apartment Complex	49,692,800	0.37%	-	0.00%
The Pergola Group	Apartment Complex	48,985,300	0.37%	-	0.00%
QVC of Suffolk Inc. / CVN Distribution	Distribution Warehouse	-	0.00%	44,294,900	0.51%
TowneBank	Financial Institution	-	0.00%	36,721,800	0.43%
Sysco Food Services of Hampton Roads	Food Service Distribution	-	-	42,381,300	0.49%
Centerpoint Properties Trust	Real Property Management	-	-	41,236,600	0.48%
Belleville Widow & Orphans	Counseling Services	-	-	30,317,400	0.35%
Lake View Development Group LLC	Joint Military Training Facility	-	-	27,315,400	0.32%
Inland American Suffolk LV, LLC	Joint Military Training Facility	-	-	25,852,800	0.30%
Walmart	Retail Merchandise	-	-	-	0.00%
		<u>\$ 918,737,000</u>	<u>4.48%</u>	<u>\$ 341,545,700</u>	<u>3.97%</u>
(1) Total Assessed Value (does not include public service corporations)		\$ 13,257,772,600		\$ 8,612,541,300	

Source: City of Suffolk Assessor's Office

Personal Property

Taxpayer	Type of Business	2023		2014	
		Taxable Assessed Value	Percentage of Total City Taxable Assessed Value (2)	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value (2)
Ekaterina Tea Manufacturing USA LLC/ (Unilever/Lipton, Inc.)	Beverage Company	\$ 15,411,930	0.98%	\$ 9,562,190	1.11%
Target Corporation	Distribution Warehouse	11,416,620	0.73%	3,679,930	0.43%
Hormel Foods Corporation (Planters)	Food Processing	7,840,890	0.50%	8,244,730	0.95%
Solenis LLC/BASF Corporation/CIBA	Chemical Plant	6,952,240	0.44%	5,810,300	0.67%
Lockheed Martin Corporation	Technology Company	6,239,660	0.40%	5,469,110	0.63%
Massimo Zanetti Beverage USA	Beverage Company	5,764,780	0.37%	5,008,610	0.58%
QVC of Suffolk Inc. / CVN Distribution	Distribution Warehouse	5,689,920	0.36%	7,589,110	0.88%
Spectrum Southeast LLC/Charter Communications	Cable Products	4,394,460	0.28%	2,801,150	0.32%
JM Smucker Company	Beverage Company	3,867,560	0.25%	5,454,520	0.63%
Sysco Food Services of Hampton Roads	Food Service Distribution	3,589,040	0.23%	3,783,780	0.44%
		<u>\$ 71,167,100</u>	<u>4.54%</u>	<u>\$ 57,403,430</u>	<u>6.64%</u>
(2) Total Assessed Value (does not include public service corporations)		\$ 1,566,913,590		\$ 864,971,340	

Source: City of Suffolk, Commissioner of Revenue's Office

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

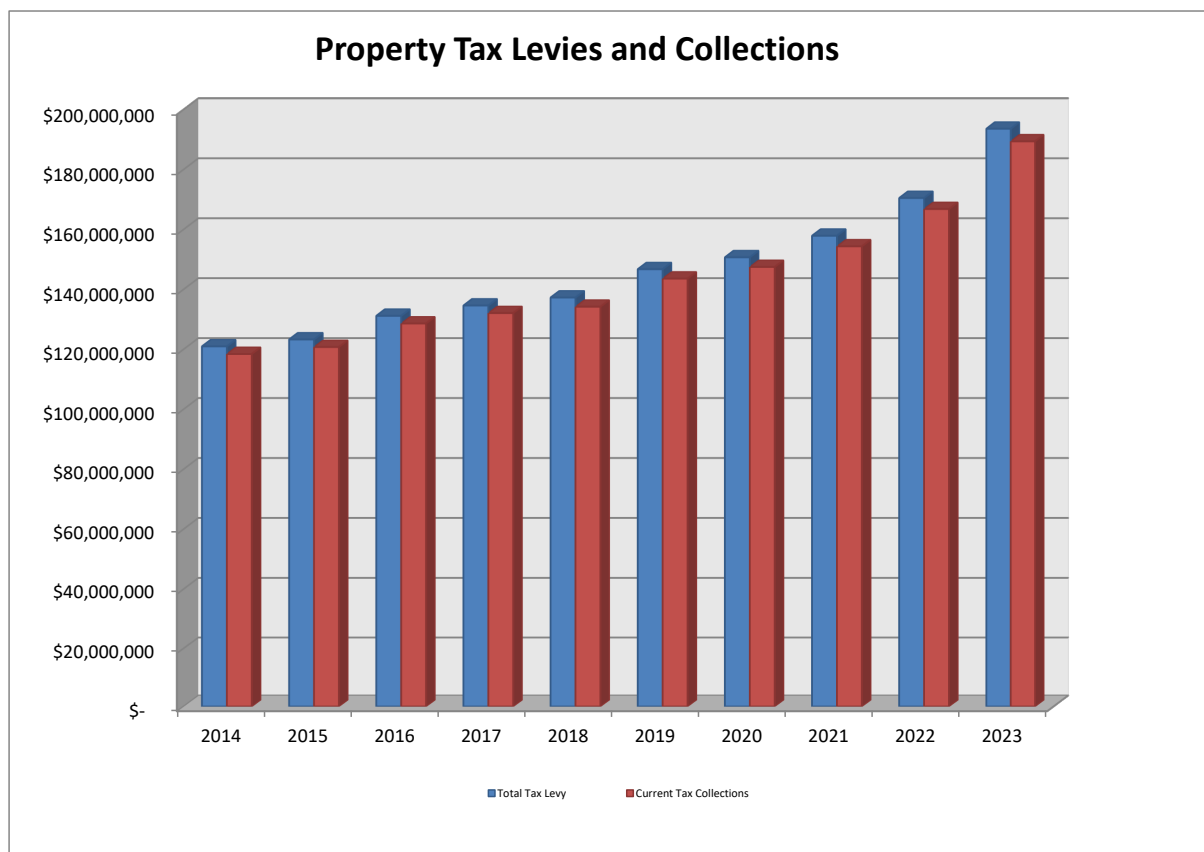
Fiscal Year	Total Tax Levy (1)	Current Tax Collections	Percent of Levy Collected	Tax Collections				Outstanding Delinquent Taxes At End of Fiscal Year (2)
				Delinquent		Total		
				Delinquent Tax Collections	As Percent of Outstanding Delinquent Taxes	Total Tax Collections (2)	Total Collections as a Percent of the Levy	
2014	\$ 121,016,827	\$ 118,482,416	97.91%	\$ 1,818,928	42.55%	\$ 120,301,344	99.41%	\$ 4,275,281
2015	123,326,675	120,807,937	97.96%	1,919,984	45.51%	122,727,921	99.51%	4,218,636
2016	131,208,221	128,655,899	98.05%	1,880,684	44.26%	130,536,583	99.49%	4,249,557
2017	134,647,214	132,124,360	98.13%	1,856,687	43.57%	133,981,047	99.51%	4,261,779
2018	137,308,853	134,243,292	97.77%	1,639,344	32.58%	135,882,636	98.96%	5,032,040
2019	146,769,909	143,637,167	97.87%	2,796,009	60.97%	146,433,176	99.77%	4,585,660
2020	150,738,427	147,518,704	97.86%	1,920,465	41.63%	149,439,169	99.14%	4,612,663
2021	157,939,087	154,394,883	97.76%	3,010,123	59.28%	157,405,006	99.66%	5,077,608
2022	170,525,879	166,849,227	97.84%	3,563,113	60.15%	170,412,340	99.93%	5,923,453
2023	193,627,936	189,435,697	97.83%	2,767,297	42.15%	192,202,994	99.26%	6,565,975

Note A: Delinquent real property taxes not collected within three years, a lien is recorded on the property of the collection thereof. Collections in subsequent years represent delinquent accounts collected during the course of that fiscal year for all prior fiscal years.

(1) Beginning in the year ended June 30, 2000, the tax levy includes the Commonwealth's reimbursement.

(2) Adjusted for collections through August 15.

Source: City Treasurer



PROPERTY VALUE AND CONSTRUCTION
LAST TEN FISCAL YEARS

Fiscal Year	Commercial Construction (1)		Residential Construction (1)		Real Property Value (2)				Total
	Number of Permits	Value	Number of Permits	Value	Residential	Commercial	Agricultural	Nontaxable	
2014	149	\$ 66,694,893	750	\$ 84,679,157	\$ 6,685,327,800	\$ 1,726,979,800	\$ 720,333,500	\$ 1,022,171,600	\$ 10,154,812,700
2015	173	75,494,303	694	86,837,291	6,649,577,300	1,938,055,900	679,129,400	1,016,443,600	10,283,206,200
2016	152	58,345,994	691	79,256,973	6,739,083,100	2,023,675,300	660,838,200	1,026,465,000	10,450,061,600
2017	158	160,651,157	914	95,043,903	6,868,962,400	2,065,945,200	657,047,900	1,077,730,700	10,669,686,200
2018	295	739,050,509	894	106,647,685	7,067,095,400	2,158,117,900	667,451,000	1,106,232,700	10,998,897,000
2019	256	58,233,219	866	108,747,841	7,337,983,600	2,203,841,700	669,354,500	1,107,389,400	11,318,569,200
2020	192	318,398,197	1,067	119,255,504	7,537,092,200	2,239,871,900	736,163,300	1,117,665,100	11,630,792,500
2021	166	79,712,825	1,644	359,505,429	7,912,235,000	2,387,318,000	724,789,300	1,103,723,400	12,128,065,700
2022	246	170,488,979	1,760	345,748,542	8,528,616,800	2,651,573,500	685,604,200	1,107,563,400	12,973,357,900
2023	782	1,092,802,776	5,829	181,266,282	9,738,276,800	3,297,165,000	700,485,400	1,129,089,900	14,865,017,100

(1) Department of Planning and Community Development

(2) City Assessor's Office, estimated actual value (only residential, commercial, and Agricultural are reflected in Table 6)

PRINCIPAL COMMERCIAL/INDUSTRIAL WATER AND SEWER CONSUMERS
YEAR ENDED JUNE 30, 2023

Water Consumers	Type of Business	Annual Consumption (Hundred Cubic Feet)	% of Total Annual Consumption (1)
Western Tidewater Water Authority	Regional Water Supply	307,194	11.38%
Sentara/Obici Hospital	Hospital	31,761	1.18%
Suffolk Public Schools	Education	28,673	1.06%
Wanchese Fish Company	Seafood Processing	20,024	0.74%
Western Tidewater Regional Jail	Jail-Regional Facility	19,561	0.72%
Harbour Breeze Apartments	Real Property Management	18,518	0.69%
Suffolk Operations LLC	Assisted Living	18,542	0.69%
Hormel Food Corp	Food Processing	16,414	0.61%
Ekaterra Tea MSO USA LLC	Beverage Company	15,137	0.56%
Belleville Harbour Apts	Real Property Management	9,750	0.36%
		<u>485,574</u>	<u>17.99%</u>

(1) Total annual consumption (all water customers) 2,699,092

Sewer Consumers	Type of Business	Annual Consumption (Hundred Cubic Feet)	% of Total Annual Consumption (2)
Sentara/Obici Hospital	Hospital	31,761	1.44%
Suffolk Public Schools	Education	28,673	1.30%
City of Suffolk	Water Production	26,371	1.20%
Wanchese Fish Company	Seafood Processing	20,024	0.91%
Western Tidewater Regional Jail	Jail-Regional Facility	19,561	0.89%
Suffolk Operations, LLC	Assisted Living	18,542	0.84%
Harbour Breeze Apartments	Real Property Management	17,923	0.81%
Ekaterra Tea MSO USA LLC	Beverage Company	17,814	0.81%
Southeastern Public Service Authority	Regional Solid Waste Disposal	11,289	0.51%
Belleville Harbour Apts	Real Property Management	9,750	0.44%
		<u>201,708</u>	<u>9.15%</u>

(2) Total annual consumption (all sewer customers) 2,204,412

Source: Department of Public Utilities

WATER AND SEWER RATE SCHEDULE
LAST TEN FISCAL YEARS

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
WATER										
Water Rate per 100 cubic feet	\$ 7.84	\$ 8.29	\$ 8.86	\$ 9.03	\$ 9.20	\$ 9.71	\$ 9.71	\$ 9.71	\$ 10.31	\$ 10.43
Minimum Bi-monthly Charge (5 ccf)	-	-	-	-	-	-	-	-	-	-
Meter Service Charge (per month)										
5/8 inch meter	5.35	6.40	7.00	8.40	8.40	10.00	11.25	11.25	12.75	13.25
Water Connection Charge (installed by city)										
5/8 inch meter	1,100	1,100	1,100	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Water Connection Charge (installed by developer)	50	50	50	50	50	50	50	50	50	50
Water Availability Charge (residential)										
Single Family	5,520	5,520	5,520	5,520	5,520	5,520	5,520	5,520	5,520	5,520
Water Availability Charge (commercial)										
5/8 inch meter	5,520	5,520	5,520	5,520	5,520	5,520	5,520	5,520	5,520	5,520
3/4 inch meter	8,180	5,520	5,520	5,520	5,520	5,520	5,520	5,520	5,520	5,520
1 inch meter	13,520	13,520	13,520	13,520	13,520	13,250	13,250	13,250	13,250	13,250
1½ inch meter	26,950	26,950	26,950	26,950	26,950	26,950	26,950	26,950	26,950	26,950
2 inch meter	43,120	43,120	43,120	43,120	43,120	43,120	43,120	43,120	43,120	43,120
3 inch meter	80,850	80,850	80,850	80,850	80,850	80,850	80,850	80,850	80,850	80,850
4 inch meter	134,750	134,750	134,750	134,750	134,750	134,750	134,750	134,750	134,750	134,750
WTWA Wholesale Water Rate										
Water Rate (CCF)	\$ 4.36	\$ 4.46	\$ 4.67	\$ 4.56	\$ 4.55	\$ 4.76	\$ 4.84	\$ 4.84	\$ 4.84	\$ 5.09
Fixed Capacity Charge (Per Month)	\$ 204,641	\$ 210,994	\$ 204,959	\$ 222,995	\$ 202,454	\$ 197,983	\$ 199,026	\$ 200,470	\$ 176,896	\$ 172,836
SEWER										
Sewer Collection (per 100 cubic feet)	5.82	6.47	6.74	6.97	7.21	7.27	7.27	7.27	7.27	7.27
Minimum Bi-monthly period (5 ccf)	-	-	-	-	-	-	-	-	-	-
Sewer Connection Charge (installed by city)										
4 inch lateral size	1,450	1,450	1,450	1,800	1,800	1,800	1,800	1,800	1,800	1,800
6 inch lateral size	2,650	2,650	2,650	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Sewer Connection Charge (installed by developer)	50	50	50	50	50	50	50	50	50	50
Sewer Availability Charge (residential)										
Single Family	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Sewer Availability Charge (commercial)										
5/8 inch meter	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
3/4 inch meter	9,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
1 inch meter	14,800	14,800	14,800	14,800	14,800	14,800	14,800	14,800	14,800	14,800
1½ inch meter	29,500	29,500	29,500	29,500	29,500	29,500	29,500	29,500	29,500	29,500
2 inch meter	47,100	47,100	47,100	47,100	47,100	47,100	47,100	47,100	47,100	47,100
3 inch meter	88,100	88,100	88,100	88,100	88,100	88,100	88,100	88,100	88,100	88,100
4 inch meter	146,800	146,800	146,800	146,800	146,800	146,800	146,800	146,800	146,800	146,800

Source: Department of Public Utilities

RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS*

Fiscal Year **	General Bonded Debt (1)					Other Governmental Activities Debt		
	a	b	c	a+b+c+d	Percentage of Estimated Actual Taxable Value of Property (3)	e	f	
	General Obligation Bonds General Gov't (2)	General Obligation Bonds Business-type activities	Literary Bonds	Total General Bonded Debt		Per Capita (4)	Lease and subscription Liabilities (6)	Section 108 Loan Payable
2014	\$ 234,108,838	\$ 182,234,124	\$ -	\$ 416,342,962	4.56%	\$ 4,740	\$ 10,738,856	\$ 2,494,000
2015	249,478,100	259,509,734	-	508,987,834	5.49%	5,795	11,537,472	2,301,000
2016	259,928,278	253,567,653	-	513,495,931	5.45%	5,679	9,183,208	2,108,000
2017	276,109,544	194,329,673	-	470,439,217	4.90%	5,129	6,163,199	1,915,000
2018	286,010,859	191,436,465	-	477,447,324	4.84%	5,205	3,537,987	1,722,000
2019	284,948,761	182,347,200	-	467,295,961	4.58%	5,050	2,057,108	-
2020	287,124,014	177,851,721	-	464,975,735	4.42%	5,015	1,487,534	-
2021	293,516,607	174,674,835	-	468,191,442	4.25%	4,930	1,283,236	-
2022	301,243,843	163,989,241	-	465,233,084	3.87%	4,783	21,644,960	-
2023	307,238,239	157,785,846	-	465,024,085	3.39%	4,689	21,633,330	-

Fiscal Year**	Business-Type Activities (1)					Percentage of Personal Income (4)	Total Per Capita (4)	
	g	h	i	a+c+d+e+f	b+g+h			
	Lease and Lease Liabilities (6)	Senior Revenue Bonds	Presentation only Subordinate: GO Bonds (5)	Total Governmental Activities	Total Business-type Activities	Grand Total		
2014	\$ 1,767,419	\$ 141,572,222	\$ 25,780,000	\$ 247,341,694	\$ 325,573,765	\$ 572,915,459	14.54%	\$ 6,523
2015	1,432,958	81,143,931	25,150,000	263,316,572	342,086,622	605,403,195	14.45%	6,758
2016	1,166,659	117,709,923	24,505,000	271,219,486	372,444,235	643,663,721	14.88%	7,118
2017	987,740	199,345,172	23,840,000	284,187,743	394,662,585	678,850,327	15.11%	7,401
2018	785,452	213,022,740	700,000	291,270,846	405,244,657	696,515,503	14.75%	7,527
2019	562,671	210,667,350	-	287,005,869	393,577,221	680,583,090	13.75%	7,341
2020	454,908	207,712,784	-	288,611,548	386,019,413	674,630,961	13.63%	7,190
2021	411,085	223,268,539	-	294,799,843	398,354,459	693,154,302	14.68%	7,299
2022	4,133,310	219,099,622	-	322,888,803	387,222,173	710,110,976	14.24%	7,330
2023	3,620,860	214,908,222	-	328,871,569	376,314,928	705,186,497	14.25%	7,110

(1) Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(2) GO Bonds include Utility GO Bonds (with or without an additional revenue pledge). They exclude the unamortized premiums and deferred amounts for advance refunding. This change required restating previous years' balances.

(3) See Table 6 for estimated actual taxable value of property data.

(4) See Table 16 for personal income and population data. The most recent personal income data available from the Bureau of Economic Analysis is 2011 and is used to analyze years 2011 through 2013.

(5) The subordinate GO bonds are "double-barreled", they have a revenue pledge, but are backed by the City's general obligation. They are presented under Business-type activities, but are actually included in the General Bonded Debt total.

(6) GASB 87 was implemented for leases in FY2022

*Previous years restated to include Utility GO bond debt in General bonded debt.

** Previous years restated to include the related premiums, discounts and adjustments.

LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS

Legal Debt Margin Calculation		City's Financial Policy Goal	City's Legal Debt Limit	Commonwealth's Legal Debt Limit (1)							
Assessed value (as of July 1) - taxable real property, including public service corporations (2)		\$ 13,302,822,352	\$ 13,302,822,352	\$ 13,302,822,352							
Adopted and Legal debt limits:											
4% of assessed value (authorized limit adopted by City Council 2010)		\$ 532,112,894									
7% of assessed value (authorized limit imposed by City Charter)			\$ 931,197,565								
10% of assessed value (authorized by the Commonwealth for all cities)				\$ 1,330,282,235							
Deduct amount of debt applicable to debt limit:											
Gross general bonded debt (includes bonds and notes payable)	(4)	313,908,314	444,065,002	444,065,002							
		\$ 218,204,580	\$ 487,132,563	\$ 886,217,233							
	2014*	2015	2016	2017	Fiscal Year 2018	2019	2020	2021	2022	2023	
City's Legal Debt Margin											
Debt Limit	\$ 604,887,441	\$ 618,127,104	\$ 633,020,137	\$ 649,037,842	\$ 670,662,490	\$ 686,137,955	\$ 705,970,567	\$ 741,754,101	\$ 800,386,357	\$ 931,197,565	
Total Net Debt Applicable to Limit*	299,613,810	452,589,444	456,621,633	413,420,487	442,666,000	434,875,002	436,105,000	446,880,000	441,510,000	444,065,002	
Legal Debt Margin	\$ 305,273,631	\$ 165,537,660	\$ 176,398,504	\$ 235,617,355	\$ 227,996,490	\$ 251,262,953	\$ 269,865,567	\$ 294,874,101	\$ 358,876,357	\$ 487,132,563	
Total Net Debt Applicable to Limit as percentage of Debt Limit	49.5%	73.2%	72.1%	63.7%	66.0%	63.4%	61.8%	60.2%	55.2%	47.7%	
Commonwealth's Legal Debt Margin											
Debt Limit	\$ 864,124,915	\$ 883,038,719	\$ 904,314,482	\$ 927,196,917	\$ 958,089,271	\$ 980,197,078	\$ 1,008,529,382	\$ 1,059,648,715	\$ 1,143,409,081	\$ 1,330,282,235	
Total Net Debt Applicable to Limit*	299,613,810	452,589,444	456,621,633	413,420,487	442,666,000	434,875,002	436,105,000	446,880,000	441,510,000	444,065,002	
Legal Debt Margin	\$ 564,511,105	\$ 430,449,275	\$ 447,692,849	\$ 513,776,430	\$ 515,423,271	\$ 545,322,076	\$ 572,424,382	\$ 612,768,715	\$ 701,899,081	\$ 886,217,233	
Total Net Debt Applicable to Limit as percentage of Debt Limit	34.7%	51.3%	50.5%	44.6%	46.2%	44.4%	43.2%	42.2%	38.6%	33.4%	

Notes:

(1) Virginia state statute limits bond issuing authority of Virginia cities to 10% of the assessed real estate value. The above calculation includes all debt secured by the full faith and credit of the City (including Utility GO Bonds--with or without an additional revenue pledge, see table 13). Prior fiscal years have been restated in order to accommodate this determination. The calculation excludes the unamortized premiums and deferred amounts for advance refunding, installment purchase contracts, accrued sick and annual leave, landfill liability, and net pension and OPEB obligations.

(2) See Table 6 for assessed value of real property data.

(3) There are no overlapping or underlying tax jurisdictions.

(4) The debt applicable to the City's financial policy limit is only the General Obligation bonds and leases that are payable with general government funds, Stormwater and Refuse funds (excluding Utility fund debt) and the General Obligation debt of the City's Economic Development Authority issued to fund the Health and Human Services Building.

*Previous years' general bonded debt has been restated to include Utility General Obligation debt.

** Previous years' Net debt applicable to the Limit has been restated to include the guarantee of SPSA debt for FY2011 - 2013.

PLEDGE-REVENUE COVERAGE
LAST TEN FISCAL YEARS

Fiscal Year	Gross Revenues (1)	Direct Operating Expenses (2)	Net Revenue Available For Debt Service	Debt Service Requirements (3)			Coverage (4)
				Principal	Interest	Total	
UTILITY REVENUE BONDS (WATER AND SEWER)							
2014	\$ 39,711,399	\$ 19,718,299	\$ 19,993,100	\$ 2,070,000	\$ 8,317,701	\$ 10,387,701	1.92
2015	41,928,618	19,255,373	22,673,245	2,135,000	5,385,232	7,520,232	3.01
2016	48,200,503	23,090,668	25,109,835	1,135,000	5,158,290	6,293,290	3.99
2017	49,516,030	21,945,068	27,570,962	1,240,000	6,226,515	7,466,515	3.69
2018	50,195,913	21,952,124	28,243,789	1,820,000	8,398,014	10,218,014	2.76
2019	54,500,177	25,205,851	29,294,326	2,230,000	9,061,412	11,291,412	2.59
2020	53,256,705	25,665,502	27,591,203	2,001,000	8,043,368	10,044,368	2.75
2021	62,511,014	25,746,183	36,764,831	4,597,000	7,853,326	12,450,326	2.95
2022	59,243,844	23,752,023	35,491,821	5,725,000	7,282,489	13,007,489	2.73
2023	59,942,670	27,162,864	32,779,806	6,145,000	6,930,484	13,075,484	2.51

Fiscal Year	Gross Revenues (1)	Direct Operating Expenses (2)	Net Revenue Available For Debt Service	Debt Service Requirements (3)			Coverage (5)
				Principal	Interest	Total	
UTILITY REVENUE BONDS (STORMWATER)							
2023 ^(a)	\$ 10,760,817	\$ 5,201,861	\$ 5,558,956	\$ 15,000	\$ 129,078	\$ 144,078	38.58

(1) Gross revenues include operating revenues, miscellaneous revenues, transfers in, interest income and BAB interest subsidy.

(2) Operating expenses are exclusive of depreciation, amortization, interest expense, debt issuance costs and loss on disposal of capital assets.

(3) Includes principal and interest of revenue debt that falls under the debt covenant requirements of the master indenture and other agreements.
(Capitalized interest paid by bond proceeds is excluded from the interest)

There were significant changes in debt service requirements from previous years because they now exclude GO-bonded debt.

(4) The debt service coverage ratio is calculated as Net Revenue Available for Debt Service divided by Total Debt Service Requirements
(For the Utility (Water and Sewer) fund the coverage must be over 1.15; since 2009, Suffolk's financial policy has recommended a target of 1.30, including all non-parity debt which has not been included in this analysis)

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Population (1)	Personal Income (2)	Per Capita Income (2)*	Schools: Average Daily Membership (3)	Unemployment Rate (4)		
		In Thousands			City of Suffolk	State of Virginia	United States
2014	87,831	\$ 3,940,083	\$ 45,390	13,739	6.4%	5.4%	6.3%
2015	89,586	4,190,597	47,533	13,762	5.3%	5.0%	5.3%
2016	90,426	4,326,809	48,467	13,837	4.3%	4.0%	5.1%
2017	91,722	4,491,916	49,779	13,760	4.1%	3.6%	4.1%
2018	92,533	4,723,202	51,798	13,630	3.1%	2.9%	3.6%
2019	92,714	4,949,924	53,740	13,543	3.2%	2.9%	3.7%
2020	93,825	5,217,894	55,561	13,308	8.8%	8.5%	11.2%
2021	94,960	5,705,145	59,309	13,357	5.0%	4.5%	5.9%
2022	96,130	not available	not available	12,934	4.4%	3.9%	5.3%
2023	99,179	not available	not available	13,330	3.1%	2.9%	3.6%

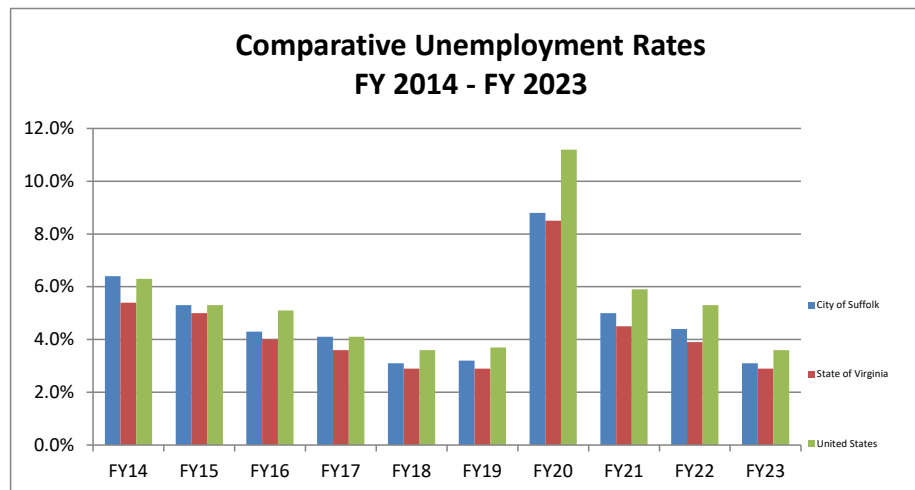
Sources:

(1) Weldon Cooper Center for Public Service

(2) Bureau of Economic Analysis based on calendar year

(3) City of Suffolk Public Schools

(4) Virginia Employment Commission - Area Unemployment Statistics, based on calendar year. 2021 rate as of June 2021



PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

Employer	Type of Business	2023	
		Employees	Percentage of Total City Employment
Navy Information Dominance Forces Commands (Cyber Force)	ModSim & Technology	2,250	6.34%
Sentara Health Systems	Medical	1,503	4.24%
Target	Warehousing & Distribution	1,500	4.23%
Amazon	Warehousing & Distribution	1,000	2.82%
CVN Distribution / QVC, Inc	Warehousing & Distribution	700	1.97%
Towne Bank	Banking	600	1.69%
J-7 Joint Staff	ModSim & Techology	550	1.55%
Wal-Mart Stores	Retail	525	1.48%
Bon Secours Health System	Medical	450	1.27%
Hormel/Planters/Kraft Foods	Food Processing	380	1.07%
		9,458	26.65%
Total Employment by Industry in City of Suffolk for fiscal year		35,489	
Employer	Type of Business	2014	
		Employees	Percentage of Total City Employment
Navy Information Dominance Forces Commands (Cyber Force)	ModSim & Technology	1,500	5.50%
Sentara Health Systems	Medical	1,300	4.77%
J-7 Joint Staff	ModSim & Technology	1,200	4.40%
CVN Distribution / QVC, Inc	Warehousing & Distribution	900	3.30%
SYSCO Food Services of Hampton Roads	Food Service Distribution	500	1.83%
Wal-Mart Stores	Retail	450	1.65%
Planters/Kraft Foods	Food Processing	340	1.25%
Unilever/Lipton Inc.	Beverage Company	300	1.10%
Towne Bank	Banking	300	1.10%
Lakeview Medical Center	Medical	270	0.99%
		7,060	25.88%
Total Employment by Industry in City of Suffolk for fiscal year		27,276	

The Suffolk Public Schools (2,300 employees) and the City of Suffolk (1,479 employees) have not been included to give a clearer reflection of community activity.

Source: Economic Development Department and Virginia Employment Commission

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS (2)

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund:										
General Government:										
City Council	2	2	2	2	2	2	2	2	3	3
City Manager	7	7	7	7	7	7	7	7	8	8
Budget and Strategic Planning	4	4	3	3	3	3	3	3	3	3
City Attorney	9	9	9	9	9	9	9	9	9	10
Human Resources	10	10	7	7	7	7	7	7	10	13
Commissioner of the Revenue	12	12	12	12	12	12	12	12	13	13
City Assessor	16	17	17	18	17	17	19	19	21	21
Treasurer	15	15	16	16	16	16	17	17	17	17
Finance - Administration and Accounting	14	16	17	15	16	15	15	15	16	16
Finance - Purchasing	4	4	4	4	4	4	4	4	4	4
Registrar	2	2	2	3	3	3	3	3	3	4
Total	95	98	96	96	96	95	98	98	107	112
Judicial:										
Circuit Court	2	2	2	2	2	2	2	2	2	2
Circuit Court - Clerk's Office	14	14	14	14	14	14	15	15	15	16
Sheriff	25	25	25	25	25	25	25	25	27	28
Commonwealth's Attorney	24	24	24	24	24	25	26	26	26	26
Total	65	65	65	65	65	66	68	68	70	72
Public Safety:										
Police										
Administration and Officers	214	213	213	213	215	216	227	227	229	233
Emergency Communications	27	27	27	27	28	27	29	29	29	29
Animal Shelter and Management	10	10	10	10	10	10	10	10	10	11
Fire										
Fire and Rescue	253	252	252	252	255	274	274	279	297	316
Community Development (5)	26	26	26	26	26	-	-	-	-	-
Total	530	528	528	528	534	527	540	545	565	589
Public Works:										
Public Works										
Administration	2	2	2	2	2	2	3	3	3	3
Maintenance Building and Grounds (3)	4	-	-	-	-	-	-	-	-	-
Capital Programs and Facilities	24	24	24	24	24	24	25	25	25	27
Total	30	26	26	26	26	26	28	28	28	30

(continued)

CITY OF SUFFOLK, VIRGINIA

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Table 18 (continued)

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund:										
Health and Welfare:										
Social Services	103	103	103	103	103	102	102	102	102	104
Comprehensive Services Act	2	2	2	2	2	2	2	2	2	2
Total	105	105	105	105	105	104	104	104	104	106
Parks, Recreation and Cultural:										
Parks and Recreation										
Administration	5	4	4	4	4	13	13	13	13	14
Office on Youth (4)	-	2	2	1	1	-	-	-	-	-
Support Services (4)	6	6	6	7	7	-	-	-	-	-
Parks, Gateway and Facility Maintenance	19	19	19	19	18	22	22	22	22	26
Grounds Maintenance (3) (4)	-	4	4	4	4	-	-	-	-	-
Recreation	22	21	21	21	22	22	22	22	29	29
Library	31	31	31	32	32	32	32	32	33	33
Total	83	87	87	88	88	89	89	89	97	102
Community Development:										
Planning	14	14	14	15	15	41	44	44	46	51
Geographic Information Systems	-	-	-	-	-	-	-	-	-	-
Economic Development	5	5	5	5	5	5	6	6	6	6
Tourism	3	3	3	3	3	3	3	3	3	3
Media and Community Relations	6	6	6	6	6	6	6	6	6	6
Total	28	28	28	29	29	55	59	59	61	66
Total General Fund	936	937	935	937	943	962	986	991	1,032	1,077
Special Revenue Fund:										
Transit	-	-	-	-	1	1	1	1	1	1
Road Maintenance										
Road Maintenance	101	99	100	101	102	102	102	102	105	107
Traffic Engineering	23	23	24	25	25	25	25	25	26	30
Aviation Facilities	3	3	3	3	3	3	3	2	2	2
Total Special Revenue Fund	127	125	127	129	131	131	131	130	134	140
Enterprise Fund:										
Public Utilities										
Administration	8	9	9	9	8	8	8	8	7	7
Customer Service	18	18	20	22	23	23	23	23	23	23
Line Maintenance	26	27	28	28	28	29	29	29	30	30
Maintenance	26	25	25	25	25	25	26	26	26	26
Water Production	30	30	28	28	28	28	28	28	28	28
Engineering	15	15	15	14	14	14	14	14	14	14
Stormwater Utility										
Stormwater Utility	31	38	38	41	40	40	41	41	41	43
Mosquito Control	7	7	7	7	7	7	7	7	7	7
Refuse	41	40	40	40	42	42	40	40	40	40
Total Enterprise Fund	202	209	210	214	215	216	216	216	216	218
Internal Service Funds:										
Fleet Management	21	21	21	21	21	21	21	21	21	21
Information Technology	25	25	25	26	26	26	27	28	29	28
Risk Management	4	4	6	6	6	6	6	6	8	8
Total Risk Management	50	50	52	53	53	53	54	55	58	57
Total	1,315	1,321	1,324	1,333	1,342	1,362	1,387	1,392	1,440	1,492

1. Change in methodology of calculating full time employees in this department.
2. Data provided by the Budget Office
3. In 2015 The grounds maintenance function was moved out of Public Works and placed in Parks and Recreation.
4. In 2019 The divisions within Parks and Recreation were consolidated into 3 divisions.
5. In 2019 Community Development was combined with the Planning department.

OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Government:										
Building permits issued	899	867	843	1,072	1,189	1,122	1,259	1,810	2,006	6,611
Value of permits issued (millions)	\$ 151.4	\$ 162.3	\$ 137.6	\$ 255.7	\$ 845.7	\$ 167.0	\$ 437.7	\$ 439.2	\$ 516.2	\$ 1,274.0
Number of registered voters	57,280	56,268	58,141	60,652	62,458	62,334	64,780	67,706	69,886	71,493
Taxable retail sales (millions)	\$ 759.9	\$ 821.3	\$ 873.0	\$ 895.5	\$ 956.9	\$ 976.1	\$ 1,033.1	\$ 1,154.8	\$ 1,246.2	**Not Available
Taxable retail sales per capita	\$ 8,404	\$ 9,083	\$ 9,654	\$ 9,763	\$ 10,341	\$ 10,404	\$ 10,879	\$ 12,013	\$ 12,565	**Not Available
Parks, Recreation and Cultural:										
Library volumes in collection (thousands)	224.9	286.8	827.1	291.2	178.0	168.3	133.2	133.2	143.4	138.6
Circulation (thousands)	320	335	339	322	303.5	304.0	223.0	216.0	345.7	331.8
Transit										
Number of Service days (not including ADA service)	252	253	257	257	252	305	308	306	305	307
Number of Routes (not including ADA service)	4	6	6	6	6	7	7	6	6	3
Vehicle Trips (not including ADA service)	8,885	13,004	13,856	13,825	13,589	18,602	18,791	18,663	19,979	20,181 (1)
Passenger Trips (not including ADA service)	64,563	77,631	101,616	113,084	110,569	128,845	111,114	106,739	73,369	72,551 (2)
Vehicle Trips (ADA Service)	757	1,081	1,271	1,450	1,025	1,565	1,919	1,605	1,738	2,228 (1)
Passenger Trips (ADA Service)	1,152	1,353	1,537	1,917	1,247	1,565	1,919	1,919	1,897	2,526 (2)
Enterprise Fund:										
Public Utilities										
Customers - Water	24,836	24,912	24,868	25,237	25,576	25,936	25,952	27,037	27,550	28,037
Customers - Sewer	21,010	21,486	21,770	22,160	22,506	22,851	23,272	23,865	24,350	24,853
Average daily production (mgd)	6.71	6.82	6.77	6.88	6.86	6.58	6.84	7	7.26	7.38
Treatment Capacity daily (mgd)	17.45	17.45	17.45	17.45	17.45	17.45	17.45	17.45	17.45	17.63
Stormwater										
Billed customers	30,791	31,395	31,470	31,752	32,126	32,866	33,179	33,652	34,188	34,957
Refuse collection										
Customers	27,982	28,046	28,311	28,618	28,895	29,409	29,720	30,040	30,493	31,067
Recycled (tons)	5,767	5,534	5,878	5,821	5,511	5,842	6,075	6,085	5,472	5,503

Sources: Various City Departments

** Data is not available as this is shown on a calendar year basis

(1) A vehicle trip is defined as a bus completing the route one time.

(2) A Passenger trip is defined as a passenger boarding a bus at one point and disembarking at another. A passenger taking a trip with a transfer in the middle would count as two passenger trips.

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Public Safety:										
Police Stations	5	5	5	5	5	5	5	5	5	5
Fire and Rescue Stations	10	10	10	10	10	10	10	10	9	9
Public Works:										
State maintained road miles	18	18	18	18	18	18	18	18	18	18
City maintained road miles	1,626	1,626	1,596	1,621	1,632	1,650	1,660	1,660	1,669	1,671
Streetlights	8,425	8,593	8,657	8,913	8,988	9,136	9,217	9,288	9,571	9,890
Bridges and Culverts	147	150	149	151	151	151	152	151	151	151
Traffic Signals	98	96	98	99	99	100	100	101	102	102
Education:										
Elementary Schools	12	12	12	11	11	11	11	11	11	11
Middle Schools	4	4	4	4	4	4	4	4	4	4
High Schools	3	3	3	3	3	3	3	3	3	3
Alternative Schools	1	1	1	1	1	1	1	1	1	1
Number of Teachers, Principals, and Assistants	1,398	1,345	1,383	1,380	1,380	1,464	1,410	1,422	1,444	1,456
Average Daily Membership	13,739	13,762	13,837	13,760	13,630	13,543	13,308	13,357	12,934	13,330
Capacity of Schools	14,352	14,590	14,590	14,205	14,205	16,005	16,005	16,005	16,005	16,005
Enterprise Fund:										
Public Utilities										
Miles of Water Main	462	467	475	482	486	487	490	497	501	503
Miles of Sanitary Sewers	334	344	352	355	361	363	367	375	378	380
Pump Stations	140	144	146	147	150	150	152	154	154	154
Storage Tanks	10	10	10	10	10	10	11	11	11	11
Stormwater Utility										
Miles of Storm Sewers	246	294	333	396	407	412	420	428	433	435
Parks, Recreation and Cultural:										
Parks and Recreation										
Number of major parks and recreation facilities	43	50	50	50	52	52	52	54	56	57
Acreage of major parks and recreation facilities	1,879	2,031	2,042	2,092	2,118	2,118	2,118	2,111	2,216	1,928
Library										
Number of libraries	1	1	1	1	1	1	1	1	1	1
Number of branch libraries	2	3	3	3	3	3	3	3	3	3
Number of bookmobiles	1	1	1	1	1	1	1	1	1	1
Transit (1)										
Buses	4	6	8	9	9	10	14	14	12	12
Bus Stops with Shelters	6	8	8	8	10	11	11	10	16	16

Sources: Various City Departments

1. In Fiscal year 2015 The City added a route serving the northern end of the City and one that connects the north and south routes, as well as to HRT in Chesapeake.

COMPLIANCE SECTION

**Report of Independent Auditor on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards**

To the City Council
City of Suffolk, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia (the “Specifications”), the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Suffolk, Virginia (the “City”), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated November 30, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City’s internal control over financial reporting (“internal control”) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City’s financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses, or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and one instance of noncompliance that are required to be reported under the Specifications, which is described in the accompanying schedule of findings and questioned costs as items 2023-001.

City's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Virginia Beach, Virginia
November 30, 2023

Report of Independent Auditor on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance

To the City Council
City of Suffolk, Virginia

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Suffolk, Virginia's (the "City") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2023. The City's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purposed 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 30, 2023

CITY OF SUFFOLK, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Period Ending June 30, 2023

Federal Grantor/Pass-Through Grantor/Grant Program	Assistance Listing Number (ALN)	Passed Through To Sub-Recipients	Cluster Total	ALN Total	Federal Expenditures	Department Totals
<u>U.S. Department of Agriculture</u>						
Passed Through Commonwealth of Virginia:						
Department of Agriculture and Department of Education						
Child Nutrition Cluster						
School Breakfast Program (SBP)	10.553			\$ 1,920,106	\$ 1,920,106	
National School Lunch Program (NSLP)	10.555			4,530,660	4,530,660	
Summer Food Service Program for Children (SFSP)	10.559			163,187	163,187	
Total Child Nutrition Cluster			\$ 6,613,953			
Child & Adult Food Program	10.558			6,848	6,848	
Pandemic EBT Administrative Costs	10.649			5,950	5,950	
Department of Social Services						
SNAP Cluster						
State Administrative Matching Grants for Supplemental Nutrition Assistance	10.561			1,716,288	1,716,288	
Total SNAP Cluster			\$ 1,716,288			
Total U.S. Department of Agriculture						<u>\$ 8,343,039</u>
<u>U.S. Department of Defense</u>						
Direct Program:						
JROTC Instruction	12.000			\$ 128,774	\$ 128,774	
Total U.S. Department of Defense						<u>\$ 128,774</u>
<u>U.S. Department of Housing and Urban Development</u>						
Direct Program:						
CDBG - Entitlement Grants Cluster						
Community Development Block Grants/Entitlement Grants	14.218			\$ 219,781	\$ 219,781	
Total CDBG - Entitlement Grants Cluster			\$ 219,781			
ForKids		\$ 28,554				
SRHA Emergency Repair		96,606				
The Genieve Shelter		15,000				
Western Tidewater Clinic		22,000				
Boys & Girls Club of Southeastern VA		57,621				
Home Investment Partnerships Program	14.239		\$ 123,636	123,636	123,636	
Isle of Wight County		28,563				
Southampton County		57,069				
CHDO		38,004				
Total U.S. Department of Housing and Urban Development						<u>\$ 343,417</u>

CITY OF SUFFOLK, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Period Ending June 30, 2023

Federal Grantor/Pass-Through Grantor/Grant Program	Assistance Listing Number (ALN)	Passed Through To Sub-Recipients	Cluster Total	ALN Total	Federal Expenditures	Department Totals
<u>U.S. Department of Justice</u>						
Direct Program:						
Bullet Proof Vest Partnership Program	16.607			\$ 20,520	\$ 20,520	
Passed Through Department of Criminal Justice Services						
Crime Victim Assistance	16.575			319,566	319,566	
Violence Against Women Formula Grants	16.588			84,865	84,865	
COPs Grant	16.710			61,392	61,392	
Edward Byrne Memorial Justice Assistance Grant Program	16.738			67,343	67,343	
Equitable Sharing Program	16.922			2,274	2,274	
Total U.S. Department of Justice						\$ 555,960
<u>U.S. Department of Transportation</u>						
Direct Program:						
Airport Improvement Program	20.106			\$ 2,035,231	\$ 2,035,231	
Highway Safety Grant - Selective Enforcement - Alcohol	20.607					315
Highway Safety Grant - Selective Enforcement - Speed	20.607			12,809	12,494	
Federal Transit Cluster						
Federal Transit - Capital Investment Grants	20.507			\$ 1,578,512	\$ 1,578,512	
Total Federal Transit Cluster			\$ 1,578,512			
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505			9,000	9,000	
Highway Planning and Construction Cluster						
Passed Through Commonwealth of Virginia:						
Highway Planning and Construction						
CMAQ Bridge Road Traffic Signal Upgrades UPC #102991 #2199	20.205					283,530
CMAQ Nansemond Pkwy Traffic Signal Upgrades UPC #102990 #2215	20.205					156,014
CMAQ Nansemond Pkwy/Wilroy Road Overpass UPC #110634 #2198	20.205					696,264
CMAQ Rt. 17 Crittenden Rd. UPC 111089 # 2193	20.205					15,749
CMAQ Shoulders Hill Road UPC #102992 #2222	20.205					33,346
CMAQ Suffolk Transportation Op. Center UPC #108982 #2231	20.205					62,770
HSIP Portsmouth Boulevard Sidewalk, Phase I UPC #110998 #2201	20.205					59,130
HSIP Portsmouth Boulevard Sidewalk, Phase II UPC #110999 #2202	20.205					116,099
HSIP Portsmouth Boulevard Sidewalk, Phase III UPC #111000 #2203	20.205					41,931
RSTP Suffolk Bypass ITS UPC #102994 Project #2200	20.205					456,948
RSTP Suffolk Bypass/Godwin Blvd/Wilroy Rd/Pruden Blvd UPC #111036 #2240	20.205					17,500
Rte.58/Holland Rd Corridor Improvements UPC #100937 #3015	20.205					12,066,437
SGR Carolina Rd. UPC #117158 #2227	20.205					388,906
SGR Elwood Road Over Kingsdale Swamp UPC #113698 #2213	20.205					695,448
SGR Franklin Bypass UPC #117159 #2228	20.205					182,313

CITY OF SUFFOLK, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Period Ending June 30, 2023

Federal Grantor/Pass-Through Grantor/Grant Program	Assistance Listing Number (ALN)	Passed Through To Sub-Recipients	Cluster Total	ALN Total	Federal Expenditures	Department Totals
SGR Kings Hwy UPC #117154 #2226	20.205				210,022	
SGR Whaleyville Blvd. UPC #117150 #2225	20.205				441,427	
Shoulders Hill Road Reconstruction UPC #69050 #2173	20.205				283,096	
Turlington Rd. Over Kilby Creek	20.205				163,385	
Total U.S. Department of Transportation				\$ 16,370,313		<u>\$ 20,005,865</u>
<u>U.S. Department of Treasury</u>						
Passed Through Virginia Department of Accounts						
AARPA	21.027				\$ 4,939,396	
AARPA Bonus Payments Gra	21.027				1,422,864	
HVAC ARP CSLFRF	21.027				1,762,577	
Total U.S. Department of Treasury						<u>\$ 8,124,837</u>
<u>U.S. Department of Education</u>						
Direct Program:						
Impact Aid Award #S041B-2015-5303	84.041			\$ 426,147	\$ 426,147	
Passed Through Commonwealth of Virginia:						
Career and Technical-Basic Grants to States #V048A150046	84.048			385,342	385,342	
Cares III Before and After Care	84.225X			289,186	289,186	
Title II-A #S367A150044	84.367			391,827	391,827	
Title IV-A Grant	84.424			359,574	359,574	
Education Stabilization Fund						
RIPE Grant	84.425				15,000	
Cares Act	84.425				9,577	
Cares Act II	84.425D				6,588,676	
Cares Act III	84.425U				9,835,577	
ESSER/GEER	84.425				31,282	
ESSER Bus Driver Incentive	84.425C&D				27,365	
Education Stabilization Fund Total			\$ 16,507,477			
School Based Mental Health Grant	84.184			101,815	101,815	
Title I Grants to Local Educational Agencies #S010A150046	84.010			3,956,122	3,956,122	
Special Education Cluster (IDEA)						
Special Education - Grants to States #H027A150107	84.027			3,537,446	3,537,446	
Special Education - Preschool Grants #H173A150112	84.173			66,655	66,655	
Special Education Cluster Total			\$ 3,604,101			
School Improvement Grants Cluster						
School Improvement 1003A	84.377			66,770	66,770	
SREB Conference	84.U01			6,903	6,903	
Total U.S. Department of Education						<u>\$ 26,095,264</u>

CITY OF SUFFOLK, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Period Ending June 30, 2023

Federal Grantor/Pass-Through Grantor/Grant Program	Assistance Listing Number (ALN)	Passed Through To Sub-Recipients	Cluster Total	ALN Total	Federal Expenditures	Department Totals
<u>U.S. Department of Health and Human Services</u>						
Direct Payments:						
Medical Assistance Program #1003996083	93.778			\$ 323,058	\$ 323,058	
Epidemiology	93.323			244,565	244,565	
COVID 19 Health Workforce Grant	93.354			169,487	169,487	
Passed Through Commonwealth of Virginia:						
Medicaid Cluster						
Medical Assistance Program	93.778			883,195	883,195	
Medicaid Cluster Total			\$ 1,206,252			
Guardianship Assistance	93.090			9,772	9,772	
Title IV -E Prevention Program	93.472			15,025	15,025	
Promoting Safe and Stable Families	93.556			13,096	13,096	
Temporary Assistance for Needy Families	93.558			869,314	869,314	
Refugee & Entrant Assistance	93.566			8,181	8,181	
Low-Income Home Energy Assistance	93.568			174,557	174,557	
Child Welfare Services	93.645			1,888	1,888	
Foster Care - Title IV-E	93.658			625,756	625,756	
Adoption Assistance	93.659			310,038	310,038	
Social Service Block Grant	93.667			791,385	791,385	
Foster Care Independent Living	93.674			9,042	9,042	
Children's Health Insurance Program	93.767			7,728	7,728	
APS COVID-19 Relief - Purchase of Services	93.747			2,185	2,185	
CCDF Cluster						
Child Care and Development Block Grant	93.575			(2,018)	(2,018)	
Child Care Mandatory & Matching Funds for Child Care Dev Fund	93.596			206,157	206,157	
CCDF Cluster Total			\$ 204,139			
Total U.S. Department of Health and Human Services						\$ 4,662,413
<u>U.S. Department of Homeland Security</u>						
Passed Through Department of Criminal Justice:						
Port Security Grant Program	97.056			\$ 164,569	\$ 164,569	
Total U.S. Department of Homeland Security						\$ 164,569
Grand Total					\$ 68,424,138	\$ 68,424,138

CITY OF SUFFOLK, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Period Ending June 30, 2023

Federal Grantor/Pass-Through Grantor/Grant Program	Assistance Listing Number (ALN)	Passed Through To Sub-Recipients	Cluster Total	ALN Total	Federal Expenditures	Department Totals
<p>Note 1: <u>Basis of Accounting</u> This schedule was prepared on the modified accrual basis of accounting.</p> <p>Note 2: <u>Nonmonetary Assistance:</u> Nonmonetary assistance is reported in the Schedule of Federal Awards at the fair market value of the food commodities. At June 30, 2023, the School Board had USDA food commodities totaling \$133,994 in inventory.</p> <p>Note 3: <u>Reporting Entity:</u> The Schedule of Expenditures of Federal Awards reports the expenditures for the City of Suffolk, Virginia and it's component unit the School Board.</p> <p>Note 4: <u>De minimis cost rate:</u> The City did not elect to use the 10% de minimis cost rate.</p>						

CITY OF SUFFOLK, VIRGINIA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

A. Summary of Auditor's Results

1. The type of report issued on the basic financial statements: **Unmodified**
2. Significant deficiencies in internal control over financial reporting: **None reported**
3. Material weaknesses in internal control over financial reporting: **No**
4. Noncompliance, which is material to the financial statements: **No**
5. Significant deficiencies in internal control over major programs: **None reported**
6. Material weaknesses in internal control over major programs: **No**
7. The type of report issued on compliance for major programs: **Unmodified**
8. Any audit findings which are required to be reported under Uniform Grant Guidance: **No**
9. The programs tested as major programs were:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
10.561	State Administrative Matching Grants for Supplemental Cluster
20.106	Airport Improvement Program
21.027	Coronavirus State and Local Fiscal Recovery Funds
84.010	Title I
84.425/84.425C/ 84.425D/84.424U	Education Stabilization Fund

10. Dollar threshold used to distinguish between type A and type B programs: \$2,052,724
11. City of Suffolk, Virginia (the "City") qualified as a low-risk auditee under Uniform Grant Guidance: **Yes**

B. Findings Relating to Financial Statements Reported in Accordance with Government Auditing Standards

None reported

C. Findings and Questioned Costs Relating to Federal Awards

None reported

D. Findings and Questioned Costs Relating to Compliance with Commonwealth of Virginia Laws, Regulations, Contracts, and Grants

Finding: 2023-001 (Repeat Finding – 2022-001)

Department: Suffolk Department of Social Services ("DSS")

Compliance Requirement: Section 3-15 of the *Specifications for Audits of Counties, Cities, and Towns* (the "Specifications"), issued by the Auditor of Public Accounts of the Commonwealth of Virginia.

Type of Finding: Non-material Noncompliance

Criteria: Section 63.2 of the Code of Virginia requires that the Local Department of Social Services ("DSS") remove access privileges for terminated users from all systems they were authorized to use within three (3) working days of employment termination.

Condition: While performing our audit procedures to ensure compliance with Section 3-15 of the Specifications, we identified one (1) employee in our sample of five (5) that did not have their access removed within three (3) working days.

CITY OF SUFFOLK, VIRGINIA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

Cause: The DSS is responsible for communicating all employee terminations to the Information Technology ("IT") Department to ensure all system access is promptly removed. They did not properly communicate employee terminations within the required timeframe to remove system access compliantly.

Effect: The City is not in compliance with Section 63.2 of the Code of Virginia and is potentially at risk of terminated employees having access to DSS systems. Additionally, noncompliance may result in action by the Commonwealth of Virginia.

Auditor's Recommendation: We recommend the City ensure the IT Department is notified of an employee's termination immediately upon the termination to ensure access is removed in accordance with the prescribed requirements.

Management's Response: Management agrees with this finding. DSS, the Finance Department, Information Technology Department and Human Resources Management Department experienced turnover this fiscal year. However, each department will review and strengthen the notification process to the IT Department of an employee's termination immediately upon the employee's termination to ensure access is removed in accordance with the prescribed requirements.

E. Status of Prior Year Findings:

Finding 2022-001 – Non-material Noncompliance Relating to Compliance with Commonwealth of Virginia Laws, Regulations, Contracts, and Grants

Status: Finding repeated in the current year. See Finding 2023-001

Finding 2022-002 – Non-material Noncompliance Relating to Compliance with Commonwealth of Virginia Laws, Regulations, Contracts, and Grants

Status: Corrective action was taken. Finding not repeated in current year.



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